

POSTE ITALIANE:

**ROBUST Q3-20 RESULTS WITH NET PROFIT AT €353M, +10.3% Y/Y
Q3-20 EBIT AT €479M (+4.2% Y/Y), CONFIRMING A RESILIENT BUSINESS
MODEL ACROSS ALL SEGMENTS**

**INTERIM DIVIDEND OF €0.162 (+5% Y/Y) ON 2020 RESULTS
PARCEL & DISTRIBUTION REVENUES OFFSETTING MAIL DECLINE
COMMERCIAL ACTIVITIES UPSWING IN FINANCIAL AND INSURANCE
TFAs RECORD INCREASE YTD WITH €9.8BN RETAIL NET INFLOWS
STEADY INCREASE IN PAYMENTS AND MOBILE REVENUES**

- Q3-20 REVENUES AT €2.6BN, +0.8% Y/Y (-5.2% 9M/9M TO €7.7BN IN 9M-20) WITH COMMERCIAL ACTIVITIES BACK ON TRACK:
 - Q3-20 MAIL, PARCEL & DISTRIBUTION REVENUES AT €779M, -2.7% Y/Y (-11.9% 9M/9M AT €2.3BN IN 9M-20) WITH PARCEL REVENUES ALMOST FULLY COMPENSATING MAIL DECLINE;
 - Q3-20 PAYMENTS & MOBILE REVENUES AT €185M, +8.2% Y/Y (+9.5% 9M/9M AT €522M IN 9M-20) GAINING FURTHER MOMENTUM FROM ENLARGED SCOPE OF USAGE IN PAYMENTS AND TELCO GROWING CUSTOMER BASE;
 - Q3-20 FINANCIAL SERVICES REVENUES AT €1.2BN, -0.1% Y/Y (-3.4% 9M/9M AT €3.7BN IN 9M-20) WITH FOCUSSED POSTAL SAVINGS DISTRIBUTION;
 - Q3-20 INSURANCE SERVICES REVENUES AT €454M, +7.1% Y/Y (-2.2% 9M/9M AT €1.2BN IN 9M-20) WITH INCREASING GROSS AND NET INFLOWS.
- Q3-20 COSTS STABLE AT €2.1BN, +0.1% Y/Y (-1.8% 9M/9M AT €6.4BN IN 9M-20); COSTS DOWN IN THE QUARTER EXCLUDING €28M EMERGENCY ONE-OFF AND €43M BUSINESS DRIVEN COSTS;
- Q3-20 EBIT AT €479M, +4.2% Y/Y (-19.2% 9M/9M AT €1.2BN IN 9M-20). Q3-20 EBIT AT €507M (+10% Y/Y), NET OF ONE-OFF COSTS TO FACE THE EMERGENCY;
- Q3-20 NET PROFIT AT €353M, +10.3% Y/Y (-17.1% 9M/9M AT €898M IN 9M-20);
- TFAs UP €20.3BN YEAR-TO-DATE TO €556BN IN SEPTEMBER THANKS TO STRONG RETAIL NET INFLOWS OF €9.8BN, CONFIRMING CUSTOMERS' TRUST.

Q3 & 9M 2020 Group Financial Highlights

- **Revenues back to a growing trajectory:** Q3-20 at €2.6bn (+0.8% y/y) and 9M-20 at €7.7bn (-5.2% 9m/9m);
- **Total Operating Costs in Q3-20: HR Costs** at €1.2bn (-3.4% y/y) supported by lower FTEs; **Non-HR Costs** at €801m (+€51m y/y) down €20m excluding one-off costs to face the emergency and higher business-driven costs in parcels and telco due to accelerating key trends;
- **EBIT** at €479m in Q3-20 (+4.2% y/y) and at €1,244m in 9M-20 (-19.2% 9m/9m). Significant improvement in Q3-20, +10% y/y to €507m (€1,325m at 9M-20), net of one-off costs to face the emergency;
- **Total Financial Assets** (TFAs) at €556bn (€+20.3bn vs December 2019) with net inflows of €11.2bn and positive market effect of €9.1bn;
- **Solid capital position:** BancoPosta CET1 ratio at 17.5% and Poste Vita Group Solvency II Ratio at 250%.

Q3 & 9M 2020 Operational Segment Highlights

- **Mail, Parcel & Distribution:** Monthly mail volumes decline slowing down since June as a result of resuming delivery of recorded and direct marketing mail. Parcel volumes increasing across all products with almost 20m parcels delivered by *Postini* (+41% y/y) in the quarter and 53m delivered in 9M-20. New automated parcel sorting hub operational in Rome from November and one in northern Italy to be fully operational by Q1-21.
- **Payments & Mobile:** Surge in Poste Italiane cards usage for digital payments, with a broader activity on Poste's digital channels, growing e-commerce transactions and contactless payments; growing telco services thanks to an enlarged customer base.
- **Financial Services:** Renewed commercial focus on resuming network sales activity with postal savings distribution in strong momentum coupled with dedicated commercial campaigns.
- **Insurance Services:** Continued expansion of life products offer, with the launch of new policies aimed at satisfying changing customer needs and characterized by capital-light structures. Strong P&C products, with modular offer fully operational and ranking second in the non-motor bancassurance P&C market. €0.9bn higher gross written premiums year-on-year and net inflows at €1.9bn in the quarter, with a commercial focus across the network.

IN UNCERTAIN TIMES, POSTE ITALIANE CONFIRMS ITS ROLE OF SYSTEMIC PLAYER IN ITALY. THE EXPERIENCE GAINED FROM THE FIRST WAVE OF THE COVID-19 PANDEMIC HAS MADE POSTE ALREADY PREPARED, TO ENSURE BUSINESS CONTINUITY WITH THE HIGHEST SAFETY STANDARDS.

STRATEGIC EXECUTION PRIORITIES

- Building a stronger company for the present and future scenarios
- Remain committed to serving clients, protecting employees and supporting communities
- Strengthen leadership in B2C and grow in B2B
- Stabilize investment portfolio contribution to P&L in an ultra-low-for-longer interest rate environment with a resilient mix of interest income and capital gains
- Accelerate in remote customer engagement, for advisory and sale of financial and insurance products as part of the digital transformation programme
- Reinforce focus on digital and contactless payments through cross-selling between mobile and payments solutions
- Cost discipline as a lever to flexibly adapt to a challenging market environment
- Demonstrate financial strength and ongoing commitment to sustain long-term operating profitability
- Enhance the distribution platform with investments, partnerships and new commercial initiatives

POSTE ITALIANE'S SOCIAL ROLE STRENGTHENED

- Silver Class Badge awarded in 2020 Lundquist *.trust* research report (Bronze Class in 2019), for Italian Blue Chip companies presenting coherent, interlinked sustainability and business strategies, in particular for the effectiveness of COVID-19 communication to all stakeholders;
- MSCI upgraded Poste Italiane's ESG rating from 'BBB' to 'A', having adopted, in its Group policies standards, important provisions on human rights, subscribed to the United Nations Global Compact (UNGC) and the Women Empowerment Principles (WEP) along with awards for the responsible management of its investments and climate strategy;
- TGPoste launched: a daily Poste Italiane television news programme broadcast on-line and across post offices. The daily 15-minute bulletin features national and international news, interviews with staff on a wide-range of Poste Italiane related topics and experts on general interest matters.

Rome, 12 November 2020, yesterday, the Board of Directors of Poste Italiane S.p.A. ("Poste Italiane" or the "Group"), chaired by Maria Bianca Farina, approved 9M 2020 Financial Results (unaudited).

Matteo Del Fante, Poste Italiane Chief Executive Officer and General Manager, commented:

"This quarter has shown clear signs of recovery, confirming the resilience of our business model across all segments. Third quarter EBIT was up 4.2%, net of one-off costs put in place to face this unforeseen emergency, grew an impressive 10% year on year. This result is even more striking if you bear in mind that 2019 was a record year. Our strategy has proved a right one and helped us to successfully weather these challenging times.

Since the beginning of this testing year, Italians have clearly demonstrated their trust and loyalty in Poste Italiane across all the distribution channels, with a steady increase in multi-channel and third-party-network transactions. We have been able to enrich our distribution platform with an additional network (digital and third party channels) which is managing now almost one third of transactions currently performed by our post offices.

Our strong customer base has also enabled us to achieve record retail net inflows of €9.8 billion in the nine months of 2020, contributing to reach €556 billion Total Financial Assets.

The valuable experiences learnt during the first Covid-19 wave, successfully addressing the emergency and rapidly adapting to key trends, have once again highlighted our business' resilience. We are more than ever prepared for the second wave, confirming our role as the Italian systemic player.

Underlying operational activity is healthy and our attention to cost discipline offers us further flexibility addressing potential revenue headwinds. The group's digital strategy and effective corporate re-organisation are key enablers of the successful implementation of our plan. In particular, we have centralized our digital transformation and technological operations into a single unit, acting as the key business enabler in Digital, Technology and Operations.

Our solid business results and fortress capital position allow us to confirm our 2020 dividend policy, with the distribution in November of an interim dividend, embedding the yearly growth of 5% outlined in Deliver 2022.

Let me thank once again all our people for their tireless work in these last months."

POSTE ITALIANE Q3 & 9M 2020 Results

Thursday 12 November 2020 - 14:30 CET

To attend the event click here:

Poste Italiane Q3 & 9M 2020 Results Webcast

A listen only audio conference is also available:

+39 02 8020927 (Listen-only, Italy)

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CONSOLIDATED FINANCIAL RESULTS SUMMARY

	Q3-19	Q3-20	Y/Y%	9M-19	9M-20	9M/9M %
GROUP						
Revenues	2,568	2,589	+0.8%	8,089	7,672	-5.2%
Adjusted Revenues	2,565	2,582	+0.7%	7,807	7,374	-5.5%
EBIT	459	479	+4.2%	1,540	1,244	-19.2%
Adjusted EBIT	463	479	+3.5%	1,288	1,010	-21.6%
Net Profit	320	353	+10.3%	1,083	898	-17.1%
Adjusted Net Profit	323	352	+9.0%	901	751	-16.7%
MAIL, PARCEL & DISTRIBUTION						
External Revenues	800	779	-2.7%	2,555	2,251	-11.9%
EBIT	(77)	(50)	+34.7%	4	(244)	n.m.
Adjusted EBIT	(73)	(43)	+40.8%	(183)	(419)	n.m.
Net Profit	(60)	(42)	+30.0%	(10)	(177)	n.m.
PAYMENTS & MOBILE						
External Revenues	171	185	+8.2%	477	522	+9.5%
EBIT	69	69	-0.0%	180	196	+8.7%
Net Profit	51	55	+7.5%	134	145	+8.4%
FINANCIAL SERVICES						
External Revenues	1,173	1,172	-0.1%	3,838	3,707	-3.4%
External Adjusted Revenues	1,170	1,165	-0.4%	3,556	3,409	-4.1%
EBIT	192	181	-5.7%	627	579	-7.6%
Adjusted EBIT	192	174	-9.0%	562	519	-7.6%
Net Profit	135	134	-0.6%	440	407	-7.5%
Adjusted Net Profit	135	128	-5.1%	391	384	-2.0%
INSURANCE SERVICES						
External Revenues	423	454	+7.1%	1,219	1,192	-2.2%
EBIT	275	279	+1.2%	730	714	-2.2%
Net Profit	194	206	+6.0%	519	523	+0.7%

In addition to the standard financial indicators required by IFRS, Poste Italiane discloses alternative performance indicators to provide a better understanding of business performance and financial position. These indicators are described in the Interim Report for the nine months ended 30 September 2020, in line with the ESMA/2015/1415 Guidelines of 5 October 2015.

MAIL, PARCEL & DISTRIBUTION – Q3 OPERATING PROFIT IMPROVING, WITH PARCEL AND DISTRIBUTION REVENUES OFFSETTING MAIL DECLINE

€m	Q3-19	Q3-20	Y/Y%	9M-19	9M-20	9M/9M %
SEGMENT REVENUES	800	779	-2.7%	2,555	2,251	-11.9%
INTERSEGMENT REVENUES	1,051	1,123	+6.9%	3,504	3,379	-3.5%
TOTAL REVENUES	1,851	1,902	+2.8%	6,059	5,630	-7.1%
EBIT	(77)	(50)	+34.7%	4	(244)	n.m.
Adjusted EBIT	(73)	(43)	+40.8%	(183)	(419)	n.m.
EBIT Margin (%)	-4.2%	-2.6%	n.m.	0.1%	-4.3%	n.m.
NET PROFIT	(60)	(42)	+30.0%	(10)	(177)	n.m.

KPI's						
Mail Volumes (#m)	634	540	-14.8%	2,041	1,677	-17.8%
Parcels delivered by mailmen (#m)	14	20	+41.3%	37	53	+41.6%
Parcel Volumes (#m)	36	50	+39.7%	104	140	+34.3%
B2C Revenues (€m)	91	145	+58.2%	258	398	+54.4%

In Q3 Mail, Parcel & Distribution segment revenues are down 2.7% y/y to €779m (-11.9% 9M/9M to €2.3bn in 9M-20) with parcel revenues growth mitigating reduced mail revenues. Intersegment distribution revenues are up 6.9% y/y to €1.1bn (-3.5% 9m/9m to €3.4bn in 9M-20) thanks to the upswing in commercial activities across the network.

Q3 parcel revenues are up 45.6% y/y to €291m (+27.7% 9m/9m to €764m), boosted by B2C growth of 58.2% to €145m (+54.4% 9m/9m to €398m). In Q3, parcel volumes are up 39.7% y/y to 50 million items (+34.3% 9m/9m to 140 million items in 9M-20) with total B2C parcels reaching 36 million items delivered (+51.9% 9m/9m to 97 million items in 9M-20).

The successful industrial transformation, fuelled by ongoing investments, further strengthens Poste's logistic value-chain. In the first nine months of 2020, *Postini* delivered a record 53 million parcels thanks to the Joint Delivery Model, up 41.6% compared to the same period in 2019. A new parcel sorting hub is now fully operational in Rome with another hub to open by Q1-21 in northern Italy, to comfortably meet increasing parcel delivery demand.

Segment EBIT in Q3 up 34.7% to €-50m, improving from €-157m in Q2-20.

PAYMENTS AND MOBILE – CARD PAYMENTS UP WITH ENLARGED SCOPE OF USAGE; TELCO REVENUES UP IN A COMPETITIVE ENVIRONMENT

€m	Q3-19	Q3-20	Y/Y%	9M-19	9M-20	9M/9M %
SEGMENT REVENUES	171	185	+8.2%	477	522	+9.5%
Cards Payments	86	94	+8.9%	247	264	+6.9%
Other Payments	20	19	-4.3%	57	48	-16.5%
Telecom	64	71	+11.1%	173	211	+21.9%
INTERSEGMENT REVENUES	92	89	-3.0%	282	260	-7.5%
TOTAL REVENUES	262	274	+4.3%	759	783	+3.2%
EBIT	69	69	-0.0%	180	196	+8.7%
EBIT Margin (%)	26.4%	25.3%	n.m.	23.7%	25.0%	n.m.
NET PROFIT	51	55	+7.5%	134	145	+8.4%
KPI's						
Postepay cards (#m) *	-	-	-	21.5	21.6	+0.5%
of which Postepay Evolution cards(#m) *	-	-	-	7.2	7.4	+3.0%
Total payment cards transactions (#bn)	-	-	-	1.0	1.1	+7.2%
of which eCommerce transactions (#m)	-	-	-	171.0	274.7	+60.6%
Mobile & land-line (#m) *	-	-	-	4.4	4.6	+4.0%
Digital e-Wallets (#m) *	-	-	-	5.4	6.7	+24.1%

* 9M-19 data refers to FY19

In Q3 Payments & Mobile segment revenues are up 8.2% y/y by €185m (+9.5% 9m/9m to €522m in 9M-20).

Card Payment revenues are up 8.9% in Q3 to €94m (+6.9% 9m/9m to €264m in 9M-20) with diversified usage leading to increasing transaction volumes both on-line and through physical channels. The gradual shift towards higher recurring margin Evolution cards continues.

In Q3 Other Payments are down 4.3% y/y to €19m (-16.5% 9m/9m to €48m in 9M-20) primarily due to the deferral of tax payments deadlines.

In Q3 Telecom revenues increase by a strong 11.1% y/y to €71m (+21.9% 9m/9m to €211m in 9M-20), thanks to a larger customer-base.

In the first nine months of the year, volumes for e-commerce transactions remain high at 275m (+60.6% 9m/9m in 9M-20) as more Italians use Poste Italiane cards for on-line purchases.

PosteID (Poste Italiane's National Digital ID solution) has been adopted by 8.5m clients (+118% y/y) more than doubling since the start of the year and Poste remains the leading provider in Italy.

In Q3 Segment EBIT is flat y/y to €69m (+8.7% 9m/9m to €196m in 9M-20), with Q3-19 benefitting from lower one-off intersegment costs.

FINANCIAL SERVICES – UPSWING IN COMMERCIAL ACTIVITIES, WITH RECORD HIGH POSTAL SAVINGS DISTRIBUTION FEES

€m	Q3-19	Q3-20	Y/Y%	9M-19	9M-20	9M/9M %
SEGMENT REVENUES	1,173	1,172	-0.1%	3,838	3,707	-3.4%
ADJUSTED SEGMENT REVENUES	1,170	1,165	-0.4%	3,556	3,409	-4.1%
INTERSEGMENT REVENUES	163	191	+17.3%	535	500	-6.5%
TOTAL REVENUES	1,336	1,364	+2.1%	4,373	4,208	-3.8%
EBIT	192	181	-5.7%	627	579	-7.6%
ADJUSTED EBIT	192	174	-9.0%	562	519	-7.6%
EBIT Margin (%)	14.4%	13.3%	-	14.3%	13.8%	-
NET PROFIT	135	134	-0.6%	440	407	-7.5%
ADJUSTED NET PROFIT	135	128	-5.1%	391	384	-2.0%
KPI's						
TOTAL FINANCIAL ASSETS - TFAs (€/bn) *	-	-	-	536	556	+3.8%
Average Current Account Deposits (€m)	-	-	-	61.8	66.4	+7.4%
Average Postal Savings Deposits (€bn)	-	-	-	310.8	316.1	+1.7%
Postal Savings Net Inflows (€m)	(372)	(1,917)	n.m.	(4,025)	(426)	+89.4%
Unrealized gains (€m)	-	-	-	2,721	2,067	-24.1%
Product Sales (# m)	-	-	-	6.0	5.8	-3.1%

* 9M-19 data refers to FY19

In Q3 segment revenues are slightly down 0.1% y/y to €1.2bn (-3.4% 9m/9m to €3.7bn in 9M-20), strongly recovering from the temporary suspension of commercial activities during lockdown.

Lockdown marked the commercial performance but this quarter shows tangible signs of activity upswing. In Q3 postal savings distribution fees are back on track, up 11% y/y to €480m (+3.5% 9m/9m to €1.4bn in 9M-20), boosted by new product campaigns activated since June.

In Q3, interest income is down 2.6% y/y at €399m (-2.3% 9m/9m to €1.2bn in 9M-20) as a result of higher retail volumes mitigating the impact of yield compression.

Loan and mortgage distribution fees amount to €58m in Q3-20 down 21.3% y/y (-37.4% 9m/9m to €143m) with mortgage distribution fees up 19.9% to €4m in 9M-20.

In Q3, transaction banking fees are down 9.7% y/y to €209m (-12.8% 9m/9m to €620m in 9M-20), mainly related to lower payment slips volumes during lockdown, mitigated by increasing volumes via third party networks and digital channels.

In Q3 asset management fees are down 2.9% y/y to €24m (-3.9% 9m/9m to €72m in 9M-20). Average assets under management are resilient at €8.8bn as of end of September.

Total Financial Assets reached €556bn at the end of September (up €20.3bn from December 2019), as a result of €11.2bn net inflows and €9.1bn positive market effects. Postal Savings products sales registered important results, having almost completely re-invested funds from maturing Postal Savings products and remains a strategic staple in the financial services product range. Deposits also increased by €7.9bn, confirming a clear preference for liquidity by customers.

In Q3 EBIT is down 5.7% y/y to €181m (-7.6% 9m/9m to €579m in 9M-20).

INSURANCE SERVICES – 9M-20 REVENUES AND EBIT IN LINE WITH 2019, FULLY ABSORBING LOCKDOWN IMPACT

€m	Q3-19	Q3-20	Y/Y%	9M-19	9M-20	9M/9M %
SEGMENT REVENUES	423	454	+7.1%	1,219	1,192	-2.2%
Life (inc. Private Pension Plan)	385	417	+8.3%	1,103	1,081	-2.0%
P&C	38	36	-4.5%	116	111	-4.2%
INTERSEGMENT REVENUES	0	0	+69.1%	0	0	-43.8%
TOTAL REVENUES	423	454	+7.1%	1,219	1,192	-2.2%
EBIT	275	279	+1.2%	730	714	-2.2%
EBIT Margin (%)	65.0%	61.4%	-	59.8%	59.9%	-
NET PROFIT	194	206	+6.0%	519	523	+0.7%
KPI's						
Gross Written Premiums (€m)	3,735	4,678	+25.2%	13,908	12,424	-10.7%
GWP - Life + Private Pension Plans (€m)	3,682	4,622	+25.5%	13,722	12,239	-10.8%
GWP - P&C (€m)	53	56	+6.8%	186	185	-0.7%

In Q3, Insurance segment revenues are up 7.1% y/y to €454m (-2.2% 9m/9m to €1.2bn in 9M-20) as commercial activities have resumed.

Life revenues are up 8.3% y/y to €417m (-2.0% 9m/9m to €1.1bn in 9M-20) due to increased production and higher management fees from multiclass products.

Non-life net revenues were resilient in the quarter.

Very positive net inflows of €1.9bn were registered in Q3 (from €541m in Q3-19) and the best quarterly result over the past two years. A new life insurance product has been launched in November, in line with customers' needs and risk-return profiles which represents a key milestone in our ability to balance commercial appeal and capital absorption.

In Q3, EBIT is up 1.2% y/y to €279m (-2.2% 9m/9m to €714m in 9M-20). Both revenues and EBIT for the 9 months are in line with 2019 results, showing that the shock coming from the lockdown was entirely reabsorbed in this last quarter thanks to the upswing in commercial activities.

At the end of September 2020, Poste Vita Group's Solvency II Ratio stood at 250%, well above the 200% managerial ambition through the cycle. Transitional measures provide an additional buffer of 36p.p. to absorb potential market volatility going forward.

INTERIM DIVIDEND

At the above mentioned meeting held on 11 November 2020, Poste Italiane's Board of Directors:

- in light of (i) the financial position and results of operations of the Company at 30 June 2020, (ii) the performance for the following months, (iii) the business outlook, and (iv) the related expected economic prospects at 31 December 2020;
- taking into account the issue on 11 November 2020 by the Auditing Company Deloitte & Touche of the opinion required under Article 2433-bis of the Italian Civil Code; as well as
- in line with the Group's dividend policy approved in 2019, providing, across the duration of the Deliver 2022 Strategic Plan, the distribution of the annual dividend in two tranches, one as an interim dividend and one as a balance dividend;

resolved to pay, as an interim dividend, part of the ordinary dividend for 2020, in the amount of € 0.162 per share gross of any due withholdings, for each ordinary share in circulation on the day scheduled as the ex-dividend date (as subsequently indicated), excluding treasury shares on that date.

The interim dividend will be payable from 25 November 2020, with "ex-dividend date" of coupon no. 7 coinciding with 23 November 2020 and record date (i.e. the date on which the dividend was entitled to be paid) coinciding with 24 November 2020.

RECENT EVENTS AND BUSINESS OUTLOOK

The economic situation during the period, characterised by the ongoing health emergency, generated a sharp decline in national economies in the first half of the year, also significantly impacting Poste Italiane Group's economic and financial results for the nine months. The recovery of the economy during the summer months, marked by the progressive loosening of restrictions imposed by the Government following the fall in the contagion curve, was reflected in a gradual improvement in the Group's performance, which in the third quarter of the year recorded an increase in revenues and EBIT compared to the same period of 2019.

In recent weeks, there has been an evolution of the pandemic, with the number of infections increasing significantly, and with repeated regulatory interventions by national institutions to stem the spread of the virus. This context contributes to conditioning the short-term scenario in which the Group will operate in the coming months, thus making it significantly uncertain and difficult to predict realistic forecasts of its economic and financial results at the end of the year. In this context, the Group has nevertheless shown resilience in its ability to generate cash and positive economic results and high capital strength, as demonstrated by the BancoPosta's CET1 Ratio and the Insurance Group's Solvency II Ratio.

In line with the dividend policy approved in 2019, the Group deemed that the conditions were met for the resolution of the advance payment of part of the ordinary dividend for 2020 for a total amount of approximately €211 million.

In the last part of the year, Poste Italiane will continue its commitment to protect the health of its employees and customers, supporting national communities and institutions in managing the crisis, intercepting and guiding the change in the habits of consumers, businesses and Public Administration, thanks to its characteristics as a systemic company.

The Group will continue to develop new operating and business models in order to offer customers innovative and integrated products and services, leveraging on the valorisation of its physical assets and human capital, the evolution of digital properties (website and Apps) and enhancing the use of third-party networks.

In terms of costs and investments, the Group has implemented a reduction program, with the

main objective of achieving structural savings in the medium and long term. In particular, the Group has used the flexibility levers on cost of labour to reduce the workforce and has adopted extraordinary measures on costs linked to commercial performance and managerial incentives (MBO bonus reduced by 50%). The Group also appealed to the Solidarity Fund in relation to personnel whose work has been reduced/suspended during the health emergency.

The main developmental initiatives currently underway in the individual SBU are described below.

In the Mail, Parcels and Distribution segment, the emergency led to a sharp acceleration of trends already outlined: a decline in mail and growth in e-commerce parcels.

In relation to parcels, in order to support the significant business development, the Group has recently opened a new sorting centre in central Italy and will open a second one in the coming months in northern Italy; both are equipped with advanced sorting technology and are fully compliant with the Group's ESG standards.

In the area of Financial and Insurance Services, the Group will continue to support Institutions, also by proactively implementing all those measures useful for emergency management, as it has done since March for the advance payment of pensions.

As part of the evolution process of the multi-channel approach to product distribution, the Group will continue developing its digital solutions to support remote consulting and sales and further improve customer experience.

With regard to the Insurance Services segment, a new range of products will be offered to customers, both in Class I and Multi-class, also integrating savings and protection products with the aim of consolidating the leading position in the market, gradually rebalancing funding activities towards products that, in full respect of our customers' needs, are capital light.

The Payments and Mobile segment continues to pursue its strategic mission to become the main payment ecosystem in Italy and ensure the convergence between payments and telco and between physical and digital channels, seeking to guide the change in customer patterns. The Group will be engaged in the development of a new card, Postepay Debit, which will gradually replace the current BancoPosta debit card, thus guaranteeing to customers all the services currently available on the BancoPosta Card, plus additional and differentiating

elements, such as payments through Postepay "Codice" (QR Code) or other digital payment services through the Postepay App.

During the coming months, it is also planned to expand some features of the Postepay App such as the sale from the App of the Postepay Evolution card with delivery of the physical card to the address indicated by the customer, and the service to top up directly from the App by debiting any bank account with online banking service, using the Payment Initiation Service (PIS)¹, as required by PSD2.

¹ Online payment order placement services, regulated by PSD2, which allow a user to arrange a payment through a payment service provider other than the one with which the user holds the account.

ALTERNATIVE PERFORMANCE INDICATORS

In keeping with the guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), in addition to the financial disclosures required by IFRS, Poste Italiane has included a number of indicators in this report that have been derived from them. These provide management with a further tool for measuring the Group's performance.

The following alternative performance indicators are used:

EBIT (Earnings before interest and taxes) - this is an indicator of operating profit before financial expenses and taxation.

EBIT margin – this is an indicator of the operating performance and is calculated as the ratio of operating profit (EBIT) to total revenue. This indicator is also presented separately for each Strategic Business Unit.

GROUP NET CASH POSITION - the sum of financial assets, cash and deposits attributable to BancoPosta, cash and cash equivalents, technical provisions for the insurance business (shown net of technical provisions attributable to reinsurers) and financial liabilities. This indicator is also shown separately for each Strategic Business Unit.

NET CASH POSITION OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT – this is the sum of the following items, shown according to the format recommended by ESMA, the European Securities and Markets Authority (document 319 of 2013): financial liabilities after adjusting for intersegment transactions, current financial assets after adjusting for intersegment transactions and cash and cash equivalents.

ADJUSTED EBIT AND NET PROFIT – to provide an improved basis for assessment and comparison, the following statement shows the reconciliation of reported EBIT, net profit and adjusted EBIT and net profit.

EXPLANATORY NOTES ON ADJUSTED FIGURES

	Q3-19	Q3-20	Y/Y%	9M-19	9M-20	9M/9M %
REPORTED REVENUES	2,568	2,589	+0.8%	8,089	7,672	-5.2%
GROSS CAPITAL GAINS ON INVESTMENT PORTFOLIO	0	1		261	292	
VISA - FAIR VALUE VALUATION/ FAIR VALUE HEDGE	3	7		19	7	
VISA - CAPITAL GAIN ON SHARE DISPOSAL	0	0		1	0	
ADJUSTED REVENUES	2,565	2,582	+0.7%	7,807	7,374	-5.5%
REPORTED COSTS	2,108	2,111	+0.1%	6,549	6,428	-1.8%
CAPITAL LOSSES ON INVESTMENT PORTFOLIO	0	1		6	58	
EARLY RETIREMENT INCENTIVES	5	8		13	12	
VISA - FAIR VALUE VALUATION/ FAIR VALUE HEDGE	2	0		11	10	
REAL ESTATE FUNDS PROVISIONS	0	0		0	(15)	
ADJUSTED COSTS	2,101	2,103	+0.1%	6,519	6,364	-2.4%
REPORTED EBIT	459	479	+4.2%	1,540	1,244	-19.2%
ADJUSTED EBIT	463	479	+3.5%	1,288	1,010	-21.6%
IMPAIRMENTS	0	0		0	19	
REPORTED NET PROFIT	320	353	+10.3%	1,083	898	-17.1%
ADJUSTED NET PROFIT	323	352	+9.0%	901	751	-16.7%

Composition of net financial position* (€m):

	MAIL, PARCEL & DISTRIBUTION	PAYMENTS & MOBILE	FINANCIAL SERVICES	INSURANCE SERVICES	ADJUSTMENTS	CONSOLIDATED
Balance at 30 September 2020						
Financial liabilities	5,521	6,973	91,782	321	-10,343	94,254
Technical reserves for the insurance business	0	0	0	147,892	0	147,892
Financial assets	(1,408)	(7,175)	(89,629)	(148,105)	9,074	(237,243)
Technical reserves attributable to reinsurers	0	0	0	(55)	0	(55)
Cash and deposits attributable to BancoPosta	0	0	(4,272)	0	0	(4,272)
Cash and cash equivalents	(2,367)	(40)	(2,020)	(2,708)	1,260	(5,875)
Net Financial Position*	1,746	(242)	(4,139)	(2,655)	(9)	(5,299)
Balance at 31 December 2019						
Financial liabilities	3,061	5,539	78,219	295	(7,598)	79,516
Technical reserves for the insurance business	0	0	0	140,261	0	140,261
Financial assets	(1,395)	(5,645)	(77,078)	(141,936)	7,120	(218,934)
Technical reserves attributable to reinsurers	0	0	0	(58)	0	(58)
Cash and deposits attributable to BancoPosta	0	0	(4,303)	0	0	(4,303)
Cash and cash equivalents	(851)	(96)	(518)	(1,161)	477	(2,149)
Net Financial Position*	815	(202)	(3,680)	(2,599)	(1)	(5,667)

* Net financial position: (Surplus) / Net debt

TABLES

POSTE ITALIANE GROUP'S FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (€M)

ASSETS	at 30 September 2020	at 31 December 2019
Non-current assets		
Property, plant and equipment	2,040	2,015
Investment property	28	44
Intangible assets	666	648
Right-of-use assets	1,208	1,254
Investments accounted for using the equity method	610	617
Financial assets	207,216	194,207
Trade receivables	5	5
Deferred tax assets	1,181	1,199
Other receivables and assets	3,565	3,729
Technical provisions attributable to reinsurers	55	58
Total	216,574	203,776
Current assets		
Inventories	169	140
Trade receivables	2,483	2,166
Current tax assets	277	52
Other receivables and assets	1,115	938
Financial assets	30,027	24,727
Cash and deposits attributable to BancoPosta	4,272	4,303
Cash and cash equivalents	5,875	2,149
Total	44,218	34,475
TOTAL ASSETS	260,792	238,251
LIABILITIES AND EQUITY	at 30 September 2020	at 31 December 2019
Equity		
Share capital	1,306	1,306
Reserves	2,958	2,646
Own shares	(40)	(40)
Retained earnings	6,241	5,786
Equity attributable to owners of the Parent	10,465	9,698
Equity attributable to non-controlling interests	6	-
Total	10,471	9,698
Non-current liabilities		
Technical provisions for insurance business	147,892	140,261
Provisions for risks and charges	462	501
Employee termination benefits	1,032	1,135
Financial liabilities	18,664	13,964
Deferred tax liabilities	1,021	887
Other liabilities	1,407	1,525
Total	170,478	158,273
Current liabilities		
Provisions for risks and charges	621	717
Trade payables	1,589	1,627
Current tax liabilities	347	274
Other liabilities	1,696	2,110
Financial liabilities	75,590	65,552
Total	79,843	70,280
TOTAL EQUITY AND LIABILITIES	260,792	238,251

CONSOLIDATED STATEMENT OF NET PROFIT (LOSS) (€M)

Third quarter 2020	Third quarter 2019		For the nine months ended 30 September 2020	For the nine months ended 30 September 2019
779	800	Revenue from Mail, Parcels & other	2,251	2,555
185	171	Revenue from Payments & Mobile	522	477
1,172	1,174	Revenue from Financial Services	3,707	3,838
453	424	Revenue from Insurance Services after movements in technical provisions and other claims expenses	1,192	1,219
4,673	3,728	Insurance premium revenue	12,393	13,854
882	1,273	Income from insurance activities	2,441	4,537
(5,354)	(4,526)	Net change in technical provisions for insurance business and other claims expenses	(13,041)	(17,006)
252	(51)	Expenses from insurance activities	(601)	(166)
2,589	2,568	Net operating revenue	7,672	8,089
624	557	Cost of goods and services	1,773	1,637
16	18	Expenses from financial activities	111	53
1,246	1,289	Personnel expenses	3,878	4,121
178	194	Depreciation, amortisation and impairments	517	575
(9)	(7)	Capitalised costs and expenses	(27)	(21)
47	54	Other operating costs	111	150
9	5	Impairment loss/(reversal) on debt instruments, receivables and other assets	65	34
478	459	Operating profit/(loss)	1,244	1,540
19	19	Finance costs	54	59
30	22	Finance income	83	76
-	-	Impairment loss/(reversal) on financial instruments	1	-
9	2	Profit/(Loss) on investments accounted for using the equity method	(1)	6
498	464	Profit/(Loss) before tax	1,271	1,563
146	144	Income tax expense	373	480
352	320	NET PROFIT FOR THE PERIOD	898	1,083
352	320	of which, attributable to owners of the Parent	898	1,083
-	-	of which, attributable to non-controlling interests	-	-
0.271	0.246	Earnings per share	0.691	0.833
0.271	0.246	Diluted earnings per share	0.691	0.833

CONSOLIDATED STATEMENT OF CASH FLOWS (€M)

	For the nine months ended 30 September 2020	For the nine months ended 30 September 2019
Unrestricted net cash and cash equivalents at beginning of period	1,265	1,639
Unrestricted net cash and cash equivalents at beginning of period	884	1,556
Cash and cash equivalents at beginning of period	2,149	3,195
Cash and cash equivalents at beginning of period	2,149	3,195
Profit/(loss) for the period	898	1,083
Depreciation, amortisation and impairments	517	575
Losses and impairments/(recoveries) on receivables	49	27
(Gains)/Losses on disposals	(2)	1
(Increase)/decrease in inventories	(29)	(6)
(Increase)/decrease in receivables and other assets	(512)	(188)
Increase/(decrease) in payables and other liabilities	(594)	34
Movement in provisions for risks and charges	(134)	(393)
Movement in provisions for employee termination benefits and pension plans	(94)	(109)
Differences in accrued finance costs and income (cash correction)	37	97
Other changes	38	(40)
Net cash flow generated by/(used in) non-financial operating activities [a]	174	1,081
Increase/(decrease) in liabilities attributable to financial, payments, cards and acquiring, insurance activities	9,851	10,660
Net cash generated by/(used for) financial assets attributable to financial, payments, cards and acquiring, insurance activities	(10,626)	(13,879)
(Income)/Expenses and other non-cash components	(1,262)	(3,279)
Increase/(decrease) in net technical provisions for insurance business	4,623	6,160
Cash generated by/(used for) financial assets and liabilities attributable to financial, payment, cards and acquiring, insurance activities [b]	2,586	(338)
Net cash flow from/(for) operating activities [c]=[a+b]	2,760	743
<i>Investing activities</i>		
Property, plant and equipment, investment property and intangible assets	(370)	(389)
Investments	(2)	-
Other financial assets	(36)	(15)
<i>Disposals</i>		
Property, plant and equipment, investment property and intangible assets and assets held for sale	4	1
Investments	-	1
Other financial assets	8	27
Net cash flow from/(for) investing activities [d]	(396)	(375)
Proceeds from/(Repayments of) borrowings	1,763	(958)
(Purchase)/disposal of own shares	-	(40)
Dividends paid	(402)	(574)
Other transactions with non-controlling interests	1	-
Net cash flow from/(for) financing activities and shareholder transactions [e]	1,362	(1,572)
Net increase/(decrease) in cash [f]=[c+d+e]	3,726	(1,204)
Cash and cash equivalents at end of period	5,875	1,991
Cash and cash equivalents at end of period	5,875	1,991
Restricted net cash and cash equivalents at the end of period	(3,222)	(821)
Unrestricted net cash and cash equivalents at end of period	2,653	1,170

Poste Italiane reports its quarterly financial reports on a voluntary basis, with a focus on business highlights in compliance with art. 82-ter of the CONSOB Issuers Regulations (as amended by CONSOB Resolution no. 19770 of 26 October 2016), which gives listed companies whose Member State of origin is Italy, the faculty to voluntarily publish additional periodic financial information besides their annual and half-yearly reports.

The document containing the Interim Financial Report as of 30 September 2020 will be published by the deadline set out by the law, made available to the public at the Company's head office, on the Company's website (www.posteitaliane.it), on the website of the authorised storage system "eMarket Storage" (www.emarketstorage.com), and filed with Borsa Italiana S.p.A. (www.borsaitaliana.it), the Italian stock exchange.

Declaration by the Executive responsible for preparing the corporate accounting documents

The undersigned, Alessandro Del Gobbo, in his capacity as Executive responsible for preparing Poste Italiane's corporate accounting documents (*Dirigente Preposto*)

DECLARES

that, pursuant to art. 154-BIS, par. 2, of the Consolidated Financial Bill of February 24, 1998, accounting information disclosed in this document corresponds to document results and accounting books and records.

This document includes summary financial information and should not be considered a substitute for Poste Italiane Group Interim Financial Report as of 30 September 2020.

Rome, 12 November 2020

Forward looking statements and other important information

This document contains certain forward-looking statements that reflect Poste Italiane's management's current views with respect to future events and financial and operational performance of the Company and of the Company's Group.

These forward-looking statements are made as of the date of this document and are based on current expectations, reasonable assumptions and projections about future events and are therefore subject to risks and uncertainties. Actual future results and performance may indeed differ materially from what is expressed or implied in this presentation, due to any number of different factors, many of which are beyond the ability of Poste Italiane to foresee, control or estimate precisely, including, but not limited to, changes in the legislative and regulatory framework, market developments, price fluctuations and other risks and uncertainties, such as, for instance, risks deriving from the recent Covid-19 pandemic and from the restrictive measures taken by each Country to face it.

Forward-looking statements contained herein are not a guarantee of future performance and you are therefore cautioned not to place undue reliance thereon.

This document does not constitute a recommendation regarding the securities of the Company; it does not contain an offer to sell or a solicitation of any offer to buy any securities issued by Poste Italiane or any of its Group companies or other forms of financial assets, products or services.

Except as may be required by applicable law, Poste Italiane denies any intention or obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances after the date of this presentation.

This presentation includes summary financial information and should not be considered a substitute for Poste Italiane's full financial statements.

Numbers in the document may not add up only due to roundings.