EXECUTIVE SUMMARY

ACQUISITION OF NEXIVE, SECOND PLAYER IN THE ITALIAN MAIL MARKET, UNDER ART. 75 OF LAW DECREE N. 104

CONCENTRATION ENSURES LONG-TERM SUSTAINABILITY OF NATIONAL POSTAL SERVICE – EVEN MORE RELEVANT AFTER LOCKDOWN IMPACT

ITALY CONVERGING TOWARDS THE EUROPEAN TREND OF A NATIONAL CHAMPION – IN LINE WITH THE MOST RECENT TRANSACTION IN THE NETHERLANDS

CONSOLIDATION WOULD ENSURE ECONOMIES OF SCALE, ENABLING THE IMPROVEMENT OF OVERALL SERVICE QUALITY OF THE MARKET, WHILE PRESERVING WORKFORCE LEVELS

PENDING FULFILMENT OF CERTAIN CONDITIONS AND OF THE PROCEDURE UNDER ART. 75 SIGNING AND CLOSING ARE EXPECTED BY END OF JANUARY 2021
ART. 75 OF LAW DECREE N. 104 OF AUGUST 14, 2020

**LAW PROVISION**
- On August 14 the Italian Government passed a law decree bearing “Urgent measures to support employment and the economy”
- The law decree was converted into law on October 13, 2020

**SCOPE**
- Art 75 of the law decree allows certain concentrations which respond to relevant general interest of the national economy, regarding companies that:
  - operate in markets characterized by the presence of labor intensive services or of general economic interest
  - have recorded losses for the last three financial years
  - could cease their activity, also as result of health emergency

**PROCESS**
- Art. 75 prescribes that such concentrations are deemed approved, with prior notification to the AGCM\(^2\) of measures to prevent the risks of burdensome effects for final users
- The AGCM, no later than 30 days from the notification, could prescribe further measures, also taking into account the overall sustainability of the concentration

Note: 1. Art. 75 of Law Decree n. 104 of August 14, 2020 and converted into law on October 13, 2020 2. Refers to the Italian Competition Authority «Autorità Garante della Concorrenza e del Mercato»
CONSOLIDATION IN ITALY NECESSARY TO CREATE A SUSTAINABLE MAIL MARKET

POSTE ITALIANE UNIQUELY POSITIONED TO GUARANTEE A RELIABLE POSTAL SERVICE ACROSS ITALY

ADVANTAGES FOR ALL STAKEHOLDERS: CLIENTS, EMPLOYEES, SHAREHOLDERS AND THE COUNTRY

• 7% HISTORIC YEARLY VOLUME DECLINE, c.14% IN 2020
• EXPECTED c.400M VOLUMES LOST IN 2020 BY POSTE ALSO DUE TO LOCKDOWN
• ACCELERATED E-SUBSTITUTION

• SEIZE ECONOMIES OF SCALE
• POWER TO INNOVATE
• LEVERAGING ON JOINT DELIVERY MODEL

• PROVIDE RELIABLE SERVICE
• CREATE SUSTAINABLE VALUE
• PRESERVE WORKFORCE LEVELS
### ITALIAN MAIL MARKET: HIGH FRAGMENTATION AND LOW VOLUMES

#### MAIL MARKET (2019)

<table>
<thead>
<tr>
<th>Mail per capita (#)</th>
<th>N. of postal operators</th>
<th>Volumes (#bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>171</td>
<td>1,200</td>
<td>14.2</td>
</tr>
<tr>
<td>153</td>
<td>12</td>
<td>10.3</td>
</tr>
<tr>
<td>144</td>
<td>22</td>
<td>9.3</td>
</tr>
<tr>
<td>56</td>
<td>1,800</td>
<td>2.6</td>
</tr>
<tr>
<td>116</td>
<td>26</td>
<td>2.0</td>
</tr>
</tbody>
</table>

### POSTAL OPERATORS (2019)

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>-3%</td>
<td>85%</td>
<td>12.1</td>
</tr>
<tr>
<td>-4%</td>
<td>99%</td>
<td>10.2</td>
</tr>
<tr>
<td>-5%</td>
<td>97%</td>
<td>9.1</td>
</tr>
<tr>
<td>-6%</td>
<td>97%</td>
<td>2.4</td>
</tr>
<tr>
<td>-9%</td>
<td>99%¹</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: Company information
Note: 1. Post acquisition of Sandd
ITALIAN MAIL MARKET: SIGNIFICANT DROP IN MAIL VOLUMES ACCELERATED BY LOCKDOWN

AVG. YEARLY % MAIL VOLUME TREND BY COUNTRY (CAGR 2013-2018)

Source: European Commission

EUROPEAN AVG. YEARLY % MAIL VOLUME TREND

Source: Copenhagen Economics and UPU – Survey Principali Operatori Europei
# POSTE ITALIANE AND NEXIVE – 2019 KEY FIGURES

<table>
<thead>
<tr>
<th><strong>POSTE ITALIANE/ MAIL AND PARCELS</strong></th>
<th><strong>NEXIVE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td>c.€200M</td>
</tr>
<tr>
<td><strong>MAIL VOLUMES &amp; MARKET SHARE</strong></td>
<td>c.0.35BN 12%</td>
</tr>
<tr>
<td><strong>PARCEL VOLUMES &amp; MARKET SHARE</strong></td>
<td>c.8M 1.2%</td>
</tr>
<tr>
<td><strong>EMPLOYEES</strong></td>
<td>c.1,300 (+ c.5,000 delivery partners)</td>
</tr>
<tr>
<td></td>
<td>c.51,000</td>
</tr>
</tbody>
</table>
**VALUATION & FUNDING**
- Nexive valued at €60m enterprise value with the support of Lincoln International
- Final price to be determined upon completion of the due diligence process
- Total consideration entirely funded by cash at hand

**EXPECTED TIMELINE**
- **November 16**: signature of Heads of Agreement and filing under art. 75
- **30 days**: AGCM deadline to potentially prescribe further measures
- **By end of January 2021**: expected signing and closing, subject to fulfilment of the relevant conditions and the procedure under art. 75

**FINANCIAL IMPACTS**
- Seize economies of scale
- Positive impact on expected timing of Mail, Parcel and Distribution breakeven
APPENDIX
### POSTNL AND SANDD 2018

**CONSOLIDATION OF MAIL MARKET IN THE NETHERLANDS**

**POSTNL AND SANDD\(^1\)**

<table>
<thead>
<tr>
<th>Category</th>
<th>POSTNL</th>
<th>SANDD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td>38,000</td>
<td>19,000</td>
<td>57,000</td>
</tr>
<tr>
<td><strong>Postal deliverers</strong></td>
<td>18,000</td>
<td>16,000</td>
<td>34,000</td>
</tr>
<tr>
<td><strong>Mail volumes</strong></td>
<td>1,781m</td>
<td>720m</td>
<td>2,501m</td>
</tr>
<tr>
<td><strong>Mail volumes Market share (%)(^2)</strong></td>
<td>75%</td>
<td>21%</td>
<td>96%</td>
</tr>
<tr>
<td><strong>Domestic Mail Revenues</strong></td>
<td>€1,678m</td>
<td>€201m</td>
<td>€1,879m</td>
</tr>
</tbody>
</table>

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**Source:** Company data

**Notes:** 1. Company data as presented on February 25, 2019; 2. 2018 data

- **Deal announcement:** February 25, 2019
- **Deal closing:** October 1, 2019
- **Integration completed:** February 1, 2020

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*POSTNL and SANDD are not actual companies or products. This is a fictional example.*
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