

# **POSTE ITALIANE**

# **Q2 & H1 2020 FINANCIAL RESULTS**

Rome, July 31, 2020



**EXECUTIVE SUMMARY**

**BUSINESS REVIEW**

**APPENDIX**

# EXECUTIVE SUMMARY

**Q2 AND H1 FINANCIAL PERFORMANCE IMPACTED BY LOCKDOWN WHILE POSTE SUCCESSFULLY MANAGED THE EMERGENCY, STRENGTHENING ITS ROLE AS SYSTEMIC PLAYER FOR ITALY**

**SHARP MAIL DECLINE, PARTIALLY MITIGATED BY UPWARD TREND IN B2C**

**FINANCIAL & INSURANCE, PAYMENTS & MOBILE BACK TO LONG TERM TRAJECTORY**

**ONGOING TRANSFORMATION TO EXPLOIT EMERGING MARKET OPPORTUNITIES**

**TANGIBLE COST CUTTING ACTIONS ALREADY IN Q2**

# Q2-20 & H1-20 RESULTS OVERVIEW

FINANCIAL PERFORMANCE AFFECTED BY LOCKDOWN, STRONG COST REDUCTION MITIGATING EBIT IMPACT

€ m unless otherwise stated

	Q2-19	Q2-20	Var.	Var. (%)	H1-19	H1-20	Var.	Var. (%)
TOTAL REVENUES	2,679	2,328	(352)	(13.1%)	5,521	5,083	(438)	(7.9%)
TOTAL COSTS	2,216	2,003	(213)	(9.6%)	4,441	4,317	(123)	(2.8%)
EBIT	464	325	(139)	(29.9%)	1,081	766	(315)	(29.2%)
NET PROFIT	324	239	(85)	(26.2%)	763	546	(218)	(28.5%)



### GROUP STRENGTHS

- Strong balance sheet
- Distribution platform of choice – diversified business model serving basic customer needs
- Ongoing implementation of a strategy leveraging on long-term market trends across all business lines



### MANAGING THE CRISIS

- Uninterrupted services, despite a voluntary reduction of non-essential activities
- Taking care of our stakeholders' needs
  - Employees: company driven service reduction to protect health & safety
  - Customers: adopting targeted initiatives and promoting third-party and digital channels
  - Communities: cooperating with key institutions to facilitate the implementation of State's social and economic initiatives; supporting government entities with significant logistic capabilities



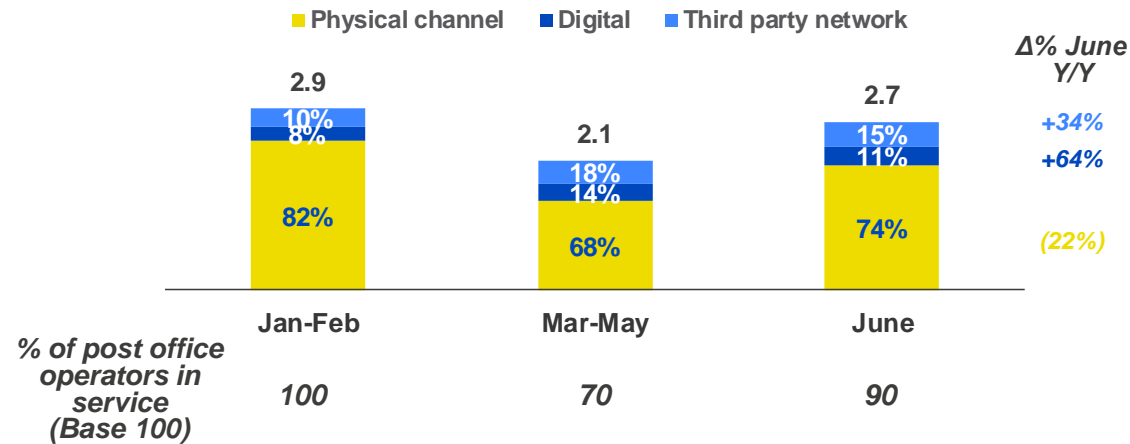
### BEYOND THE EMERGENCY

- Emerging trends in line with our strategy, supported by 5-year transformation plan
- Comprehensive strategic review to seize emerging market opportunities
  - Synergies between physical, digital and third-party networks
  - Complementing in person with digital/remote interactions
  - Reassess costs to increase future profitability
  - Implemented new organization and accelerated internal processes transformation (i.e. smart-working, insourcing)

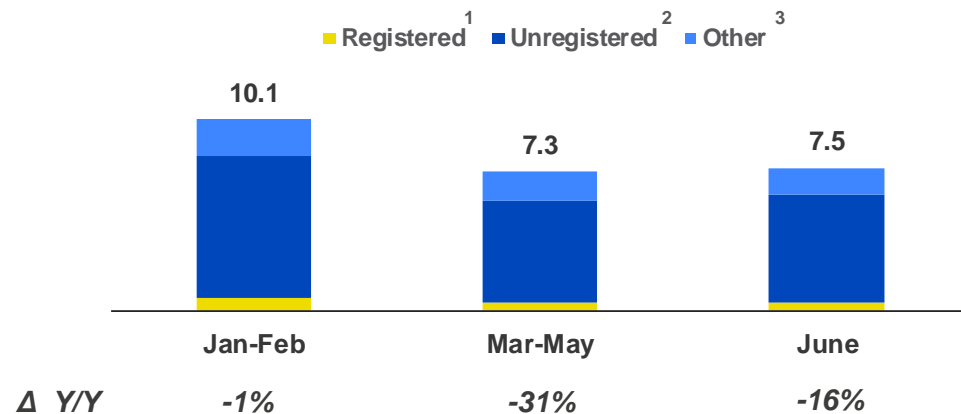
# BUSINESS TRENDS IN H1-20: MAIL, PARCEL AND DISTRIBUTION

RESUMING ACTIVITIES ON ALL DISTRIBUTION CHANNELS – DIVERGING TRENDS IN MAIL & PARCELS

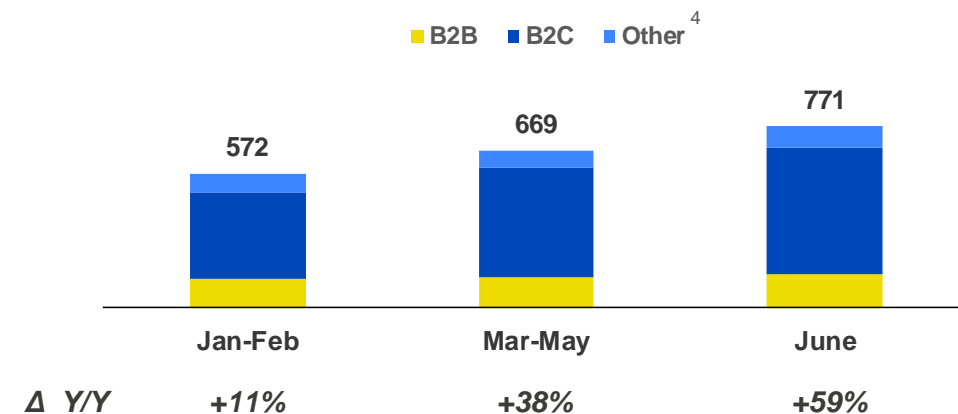
## DISTRIBUTION CHANNELS (DAILY AVG, M/TRANSACTIONS)



## MAIL VOLUMES (DAILY AVG, M/PCS)



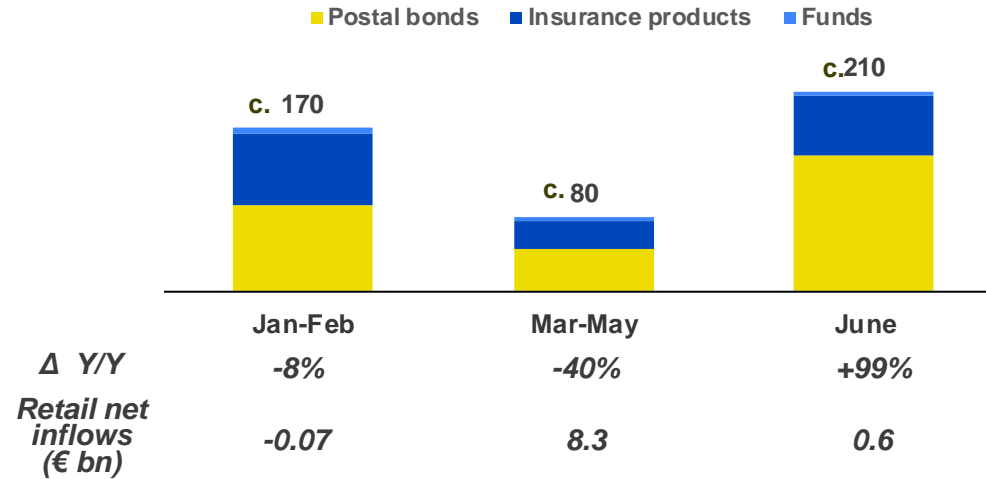
## PARCEL VOLUMES (DAILY AVG, K/PCS)



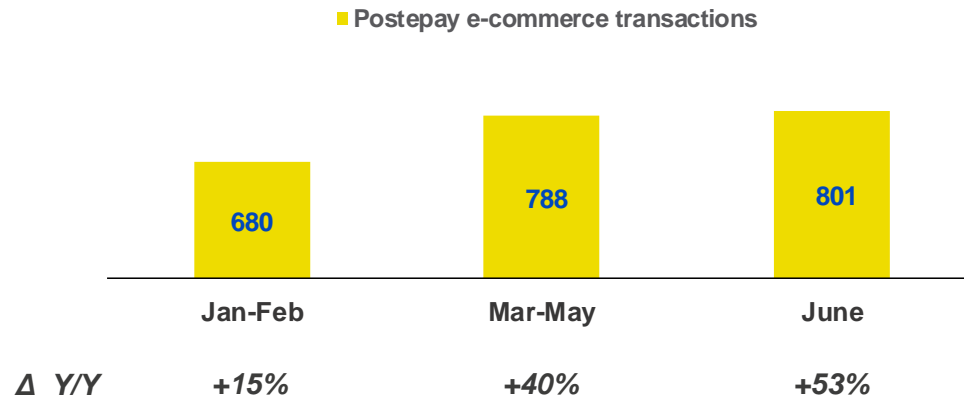
# BUSINESS TRENDS IN H1-20: PAYMENTS & MOBILE, FINANCIAL AND INSURANCE

BACK TO BUSINESS FROM JUNE AND INCREASING Y/Y

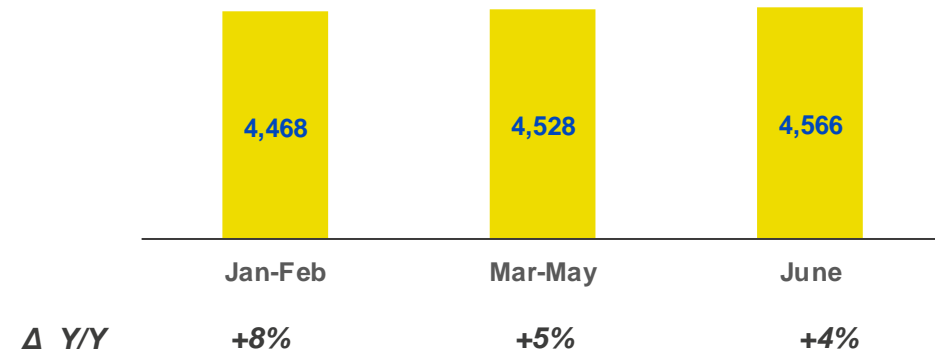
## INVESTMENT GROSS INFLOWS (DAILY AVG<sup>1</sup>, €M)



## POSTEPAY DAILY AVG E-COMMERCE TRANSACTIONS (K/#)



## TELCO: CUSTOMER BASE (K/#)





EXECUTIVE SUMMARY

**BUSINESS REVIEW**

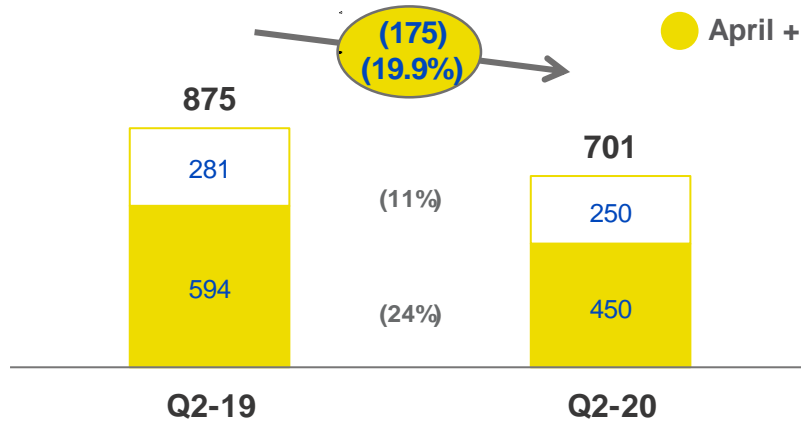
APPENDIX

# SEGMENT REVENUES

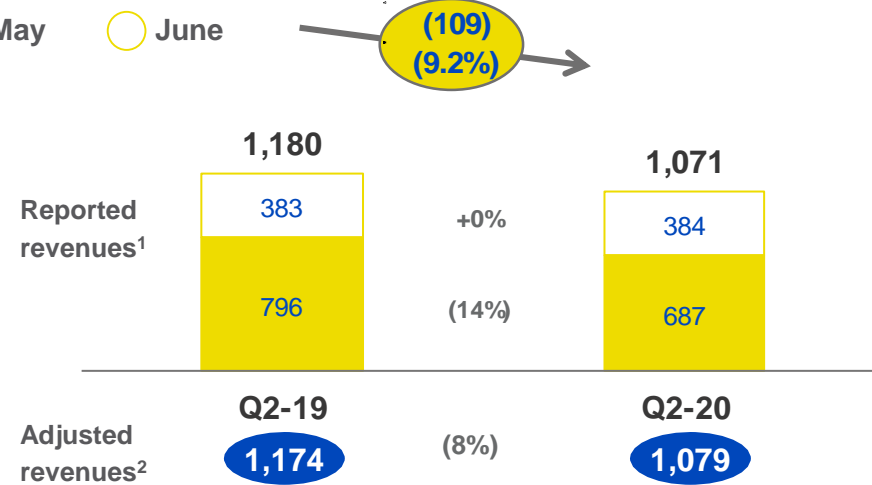
LOCKDOWN IMPACTING REVENUES ACROSS ALL SEGMENTS, RECOVERING SINCE JUNE AT GROUP LEVEL

€ m unless otherwise stated

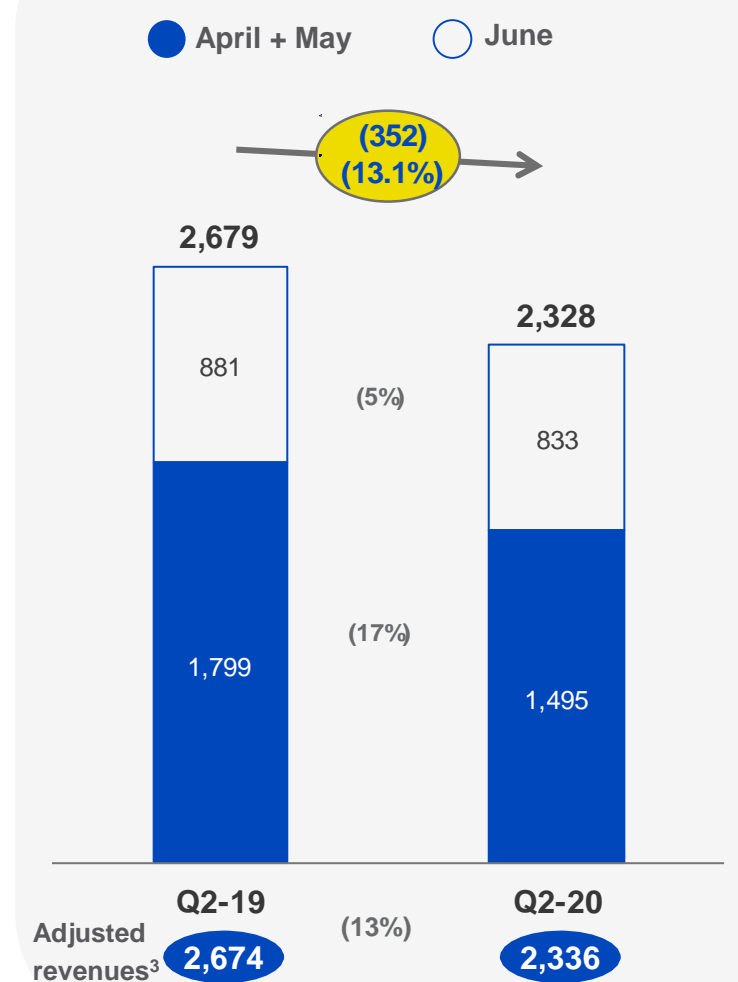
## MAIL, PARCEL & DISTRIBUTION



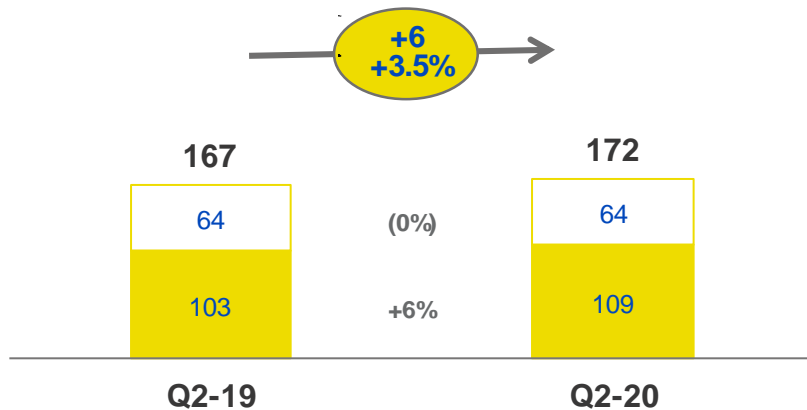
## FINANCIAL SERVICES



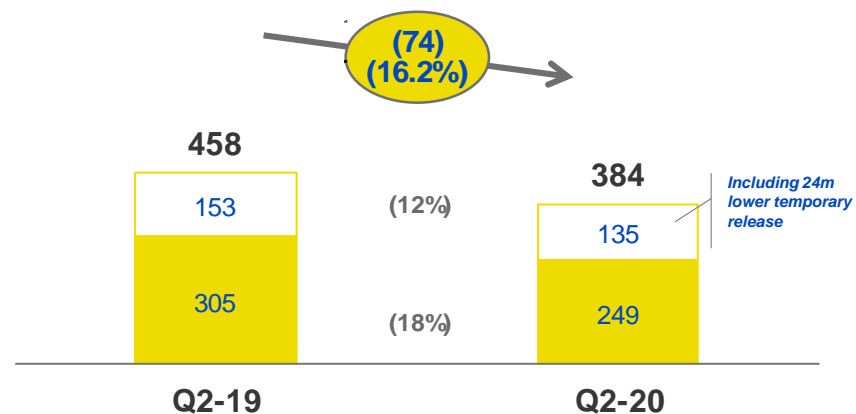
## GROUP



## PAYMENTS & MOBILE



## INSURANCE SERVICES



1. Financial Services revenues presented in this slide based on gross capital gains whereas figures presented on slide 16 are based on net capital gains

2. Refer to slide 37 for further details on adjustments

3. Refer to slide 28 for further details on adjustments

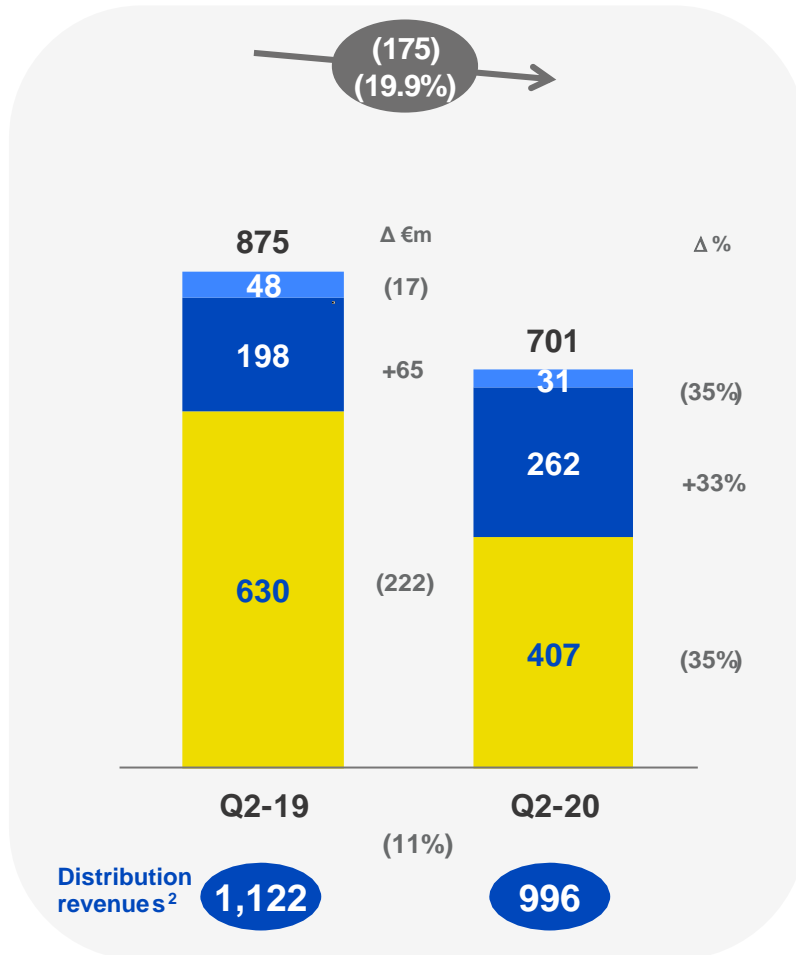
# MAIL, PARCEL & DISTRIBUTION REVENUES

ACCELERATED MAIL DECLINE MITIGATED BY STRONG PARCEL REVENUES BOOSTED BY B2C GROWTH

€ m unless otherwise stated

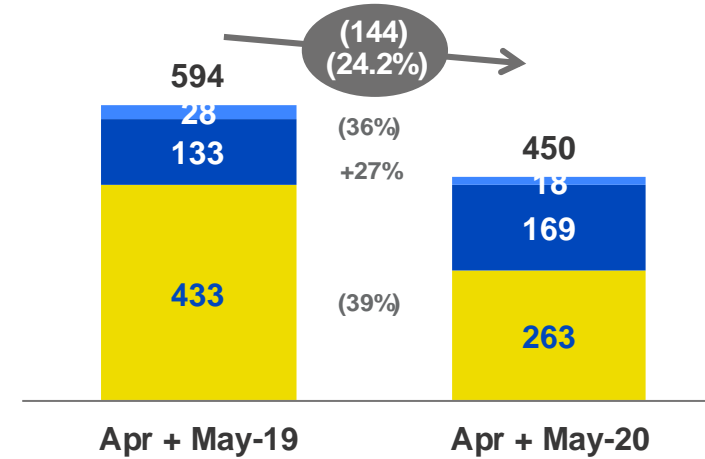


## QUARTERLY SEGMENT REVENUES

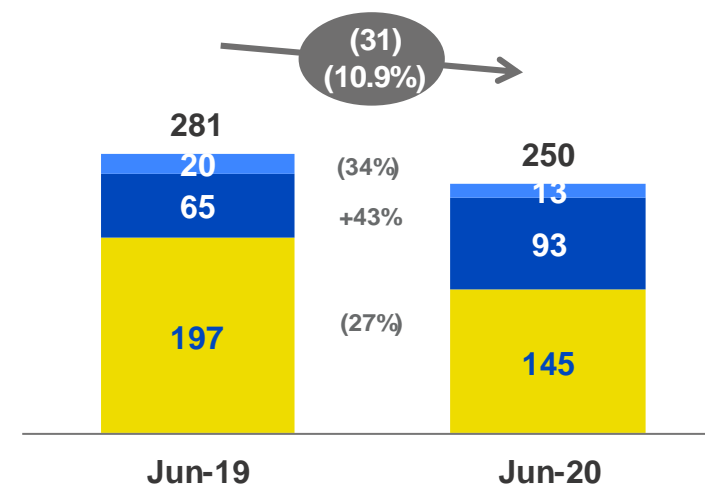


● Mail ● Parcels ● Other<sup>1</sup>

## APRIL + MAY



## JUNE



## HIGHLIGHTS

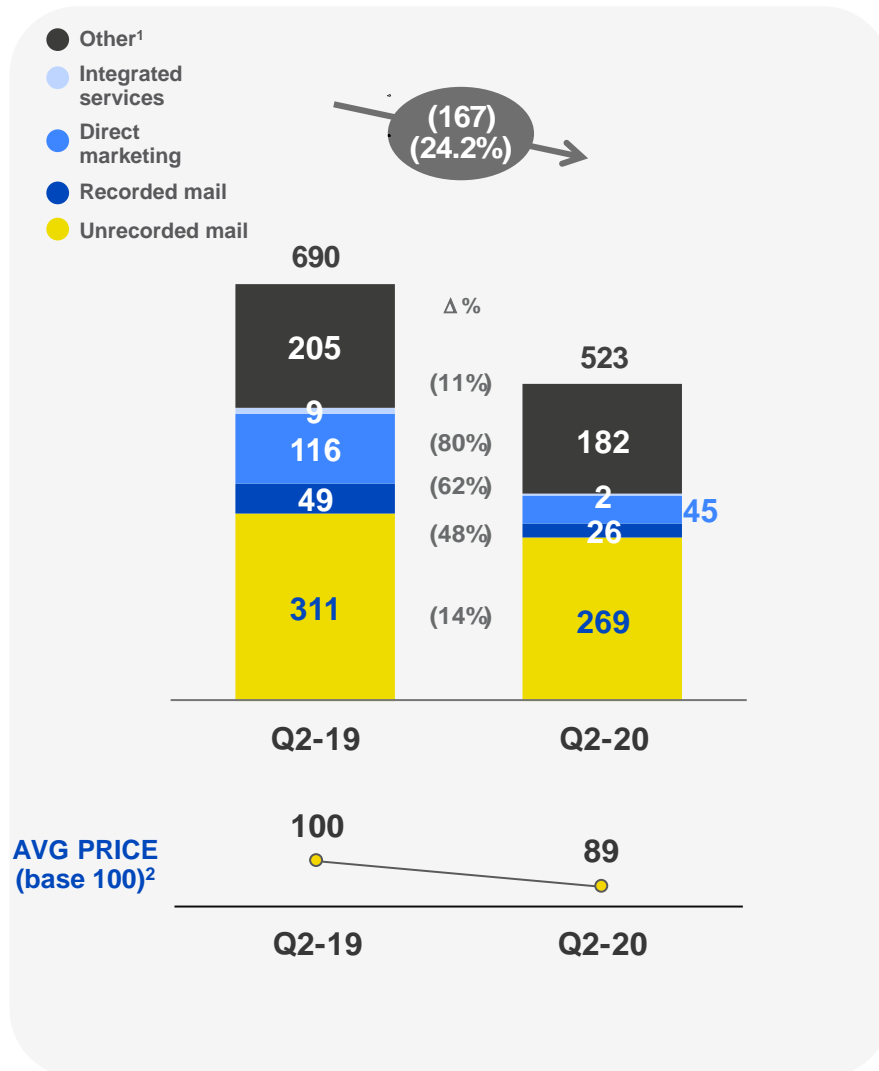
- Mail revenues down 35% impacted by lockdown, slightly recovering in June
- Parcel revenues up 33% boosted by B2C
- Distribution revenues down due to lower financial and insurance product sales y/y

# MAIL VOLUMES AND PRICING

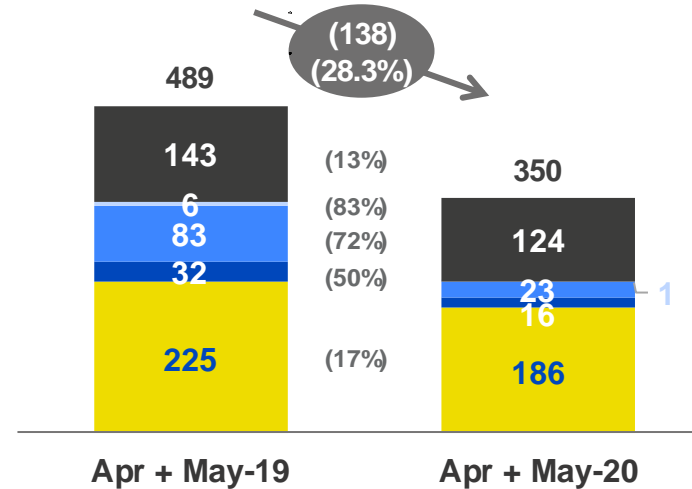
ACCELERATED VOLUME DECLINE ACROSS ALL PRODUCTS, SLOWING DOWN SINCE JUNE



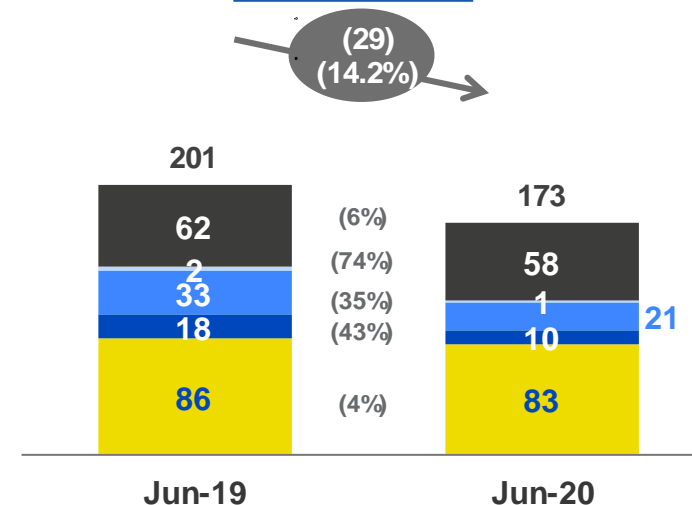
## MAIL VOLUMES (M/PC)



## APRIL + MAY



## JUNE



## HIGHLIGHTS

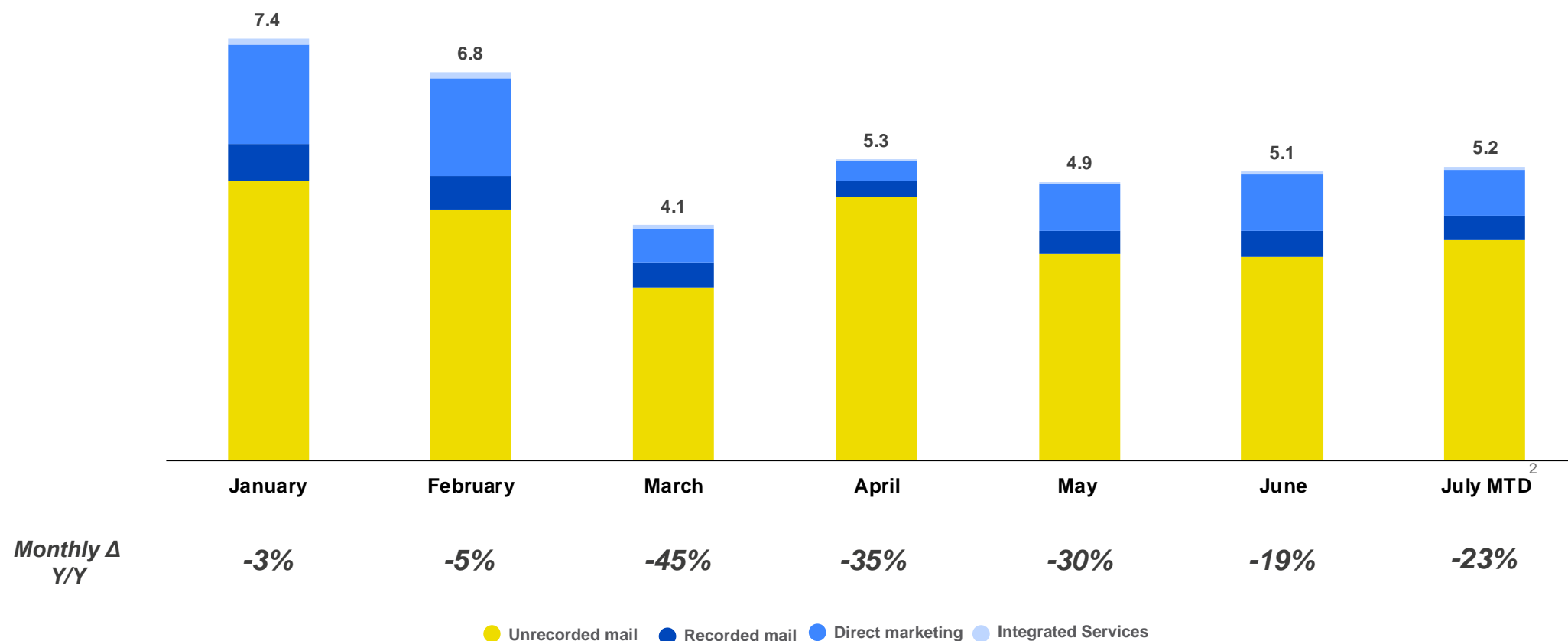
- Mail volumes, in particular higher margin products, strongly impacted by lockdown
- Direct marketing and unrecorded mail decline slowing down in June
- Recorded mail and integrated services expected to partially recover in H2
- Average tariff down due to product mix effect

# MAIL VOLUME EVOLUTION

PARTIALLY RECOVERING SINCE JUNE Y/Y SUPPORTED BY LOWER MARGIN PRODUCTS



## DAILY AVERAGE MAIL VOLUME EVOLUTION (M/PC)<sup>1</sup>

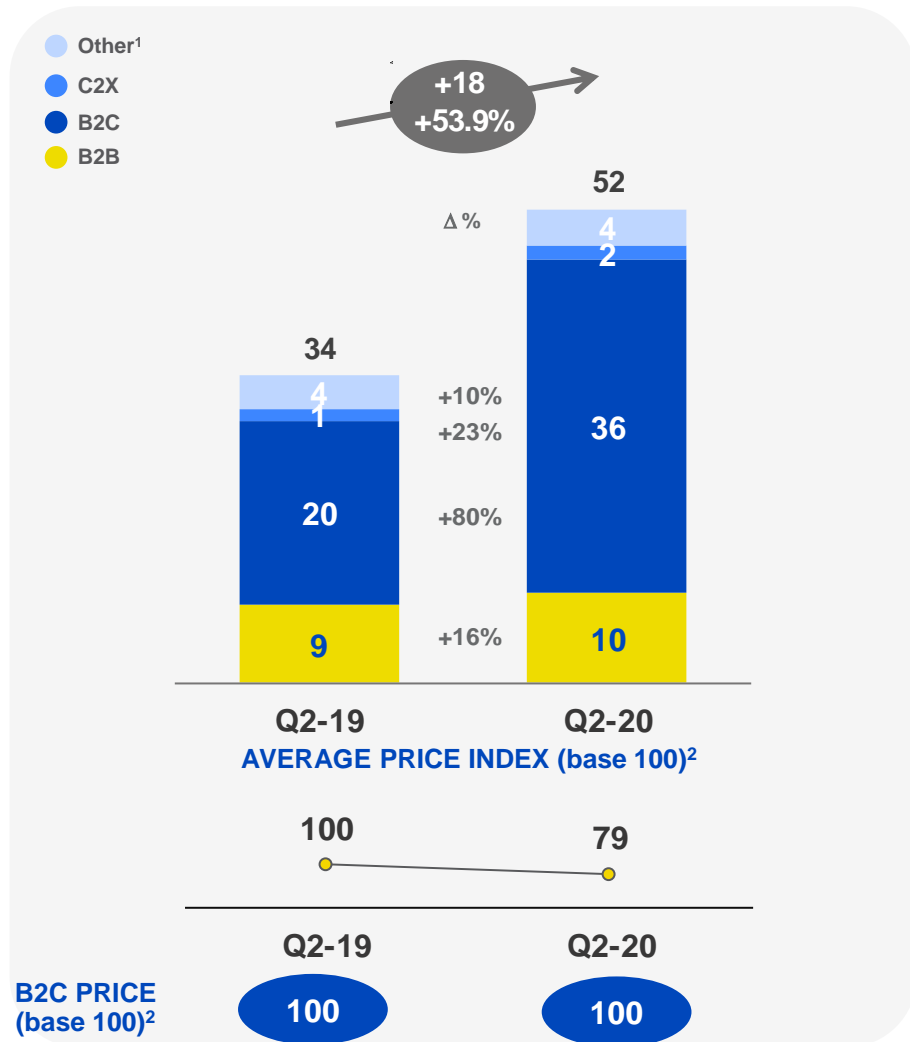


# PARCEL VOLUMES AND PRICING

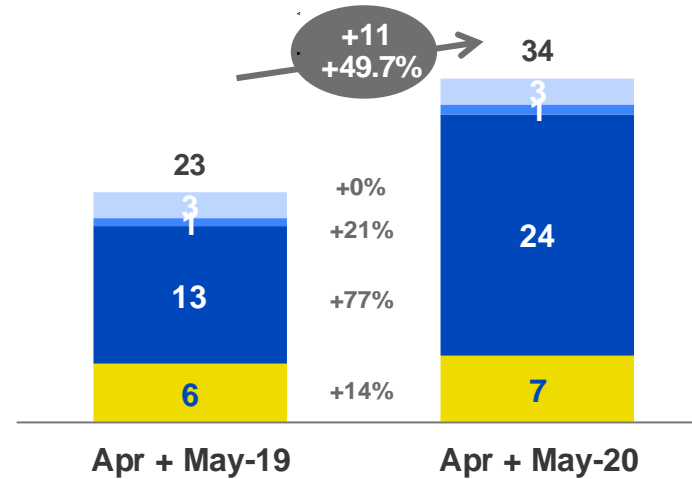
STRONG PARCEL GROWTH BOOSTED BY RECORD HIGH B2C VOLUMES



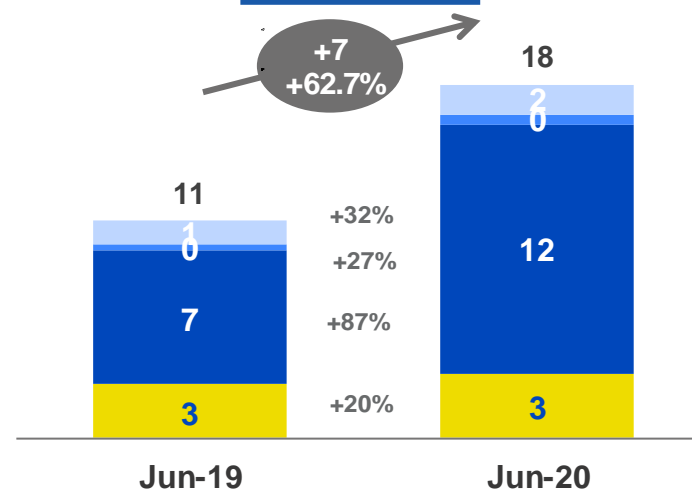
## PARCEL VOLUMES (M/PC)



## APRIL + MAY



## JUNE



## HIGHLIGHTS

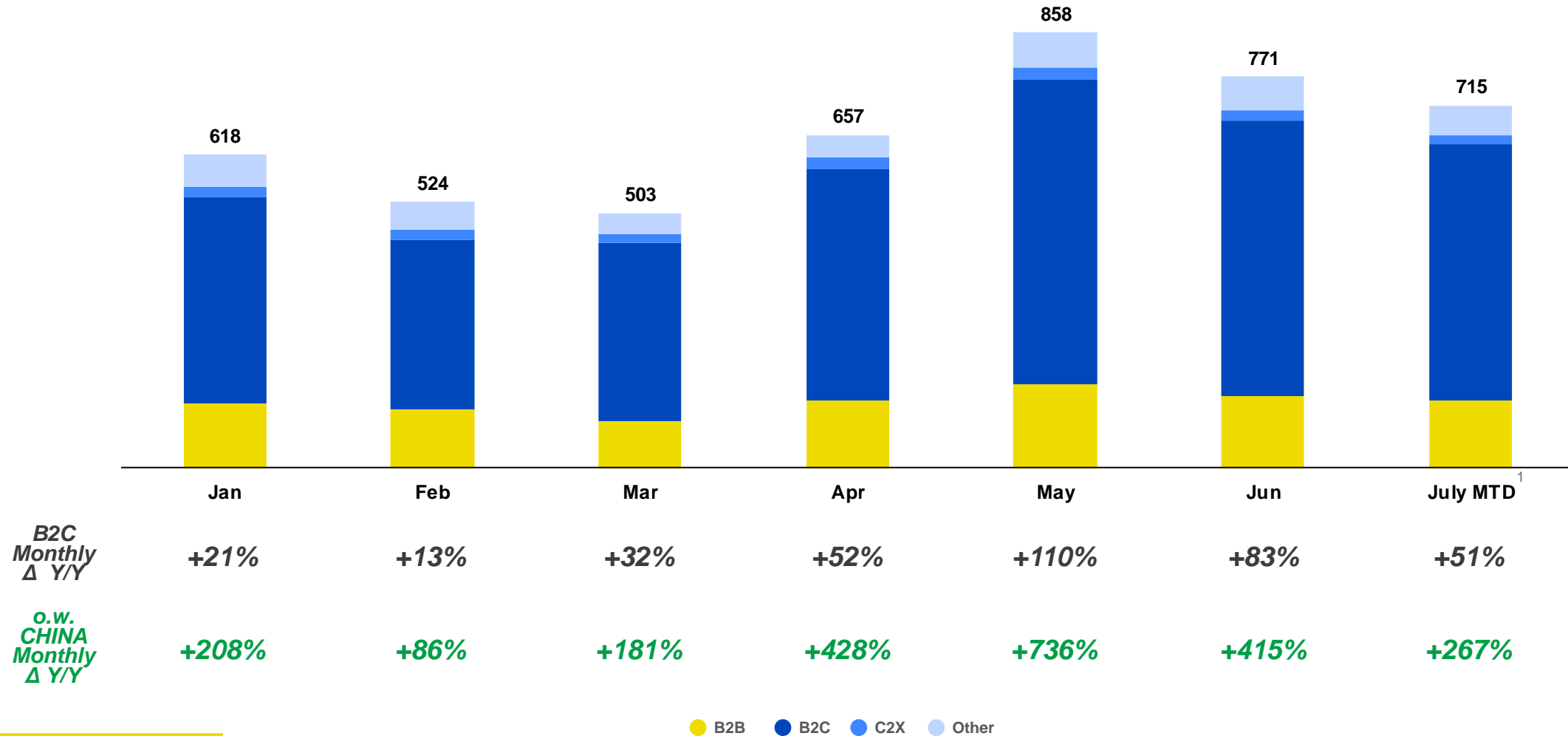
- Parcel volumes up, strongly supported by all products and surge in B2C
- B2B volumes increased, with corporates diversifying shipments also to retail customers
- Successful industrial transformation to manage record high volumes, seizing extraordinary e-commerce growth
- Average tariffs down due to mix effect, while each B2C product tariff increased

# PARCEL VOLUME EVOLUTION

RECORD B2C – INTERNATIONAL INBOUND VOLUMES FROM CHINA CONTRIBUTING TO DIVERSIFY CUSTOMER BASE



## DAILY AVERAGE PARCEL VOLUMES EVOLUTION (K/PC)



# PAYMENTS AND MOBILE

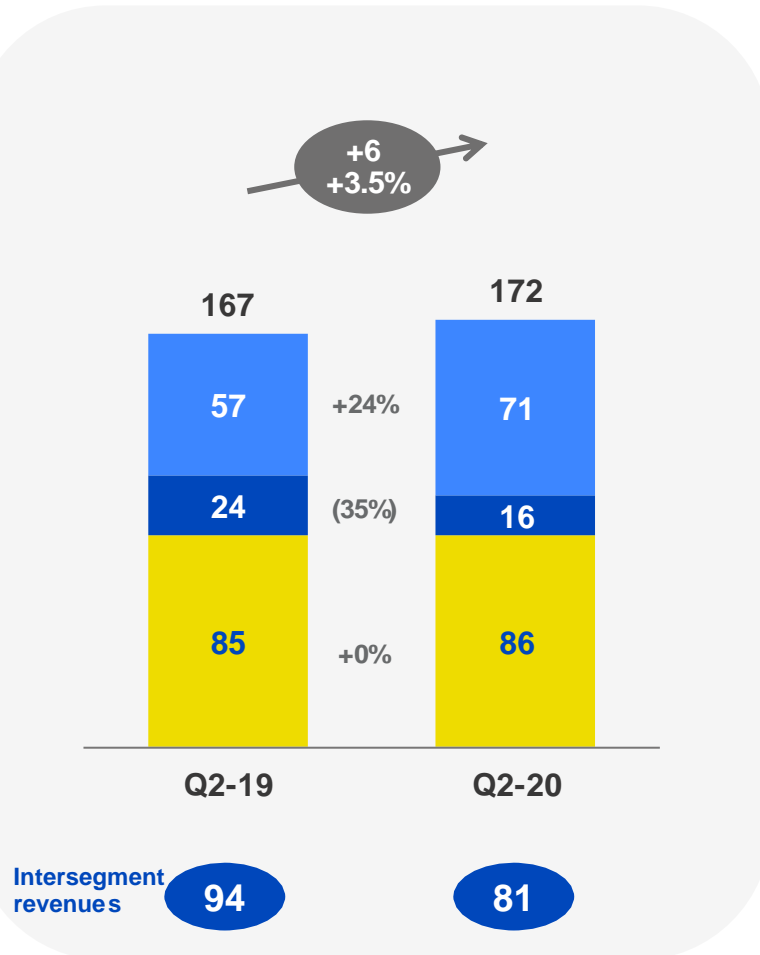
## INCREASING REVENUES IN A CHALLENGING ENVIRONMENT

€ m unless otherwise stated

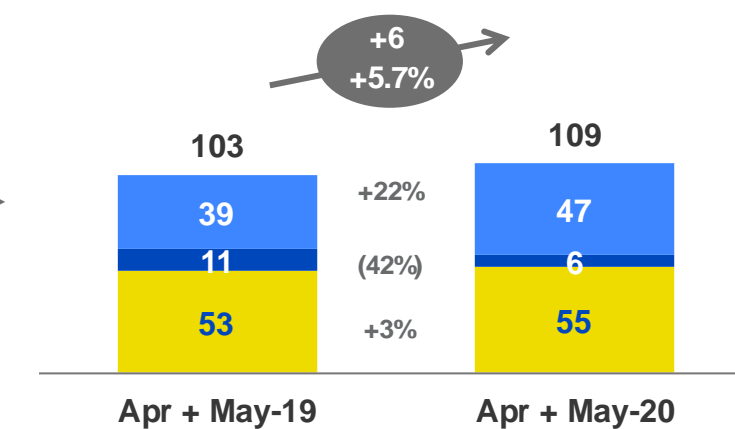


● Card payments ● Other payments ● Telecom

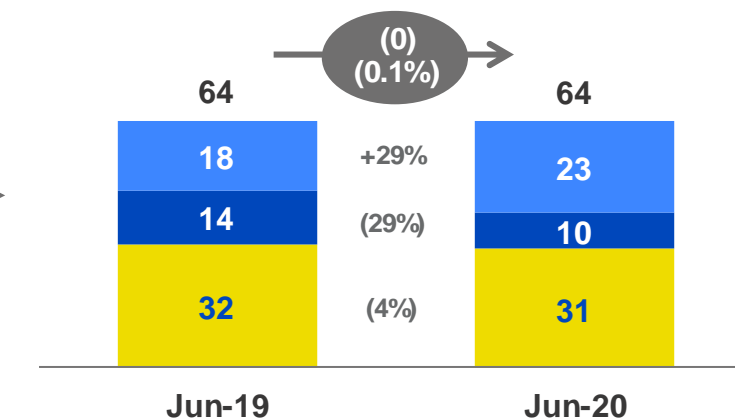
### QUARTERLY SEGMENT REVENUES



### APRIL + MAY



### JUNE



### HIGHLIGHTS

- Telco revenues increasing against a downward market trend, thanks to a widening customer base
- Other payments down, with tax payments postponed to H2
- Card payments slightly up, due to lockdown and a different transaction mix (lower international transactions and ATM withdrawals) mainly in June
- Intersegment revenues down due to lower payment-slip volumes

# FINANCIAL SERVICES

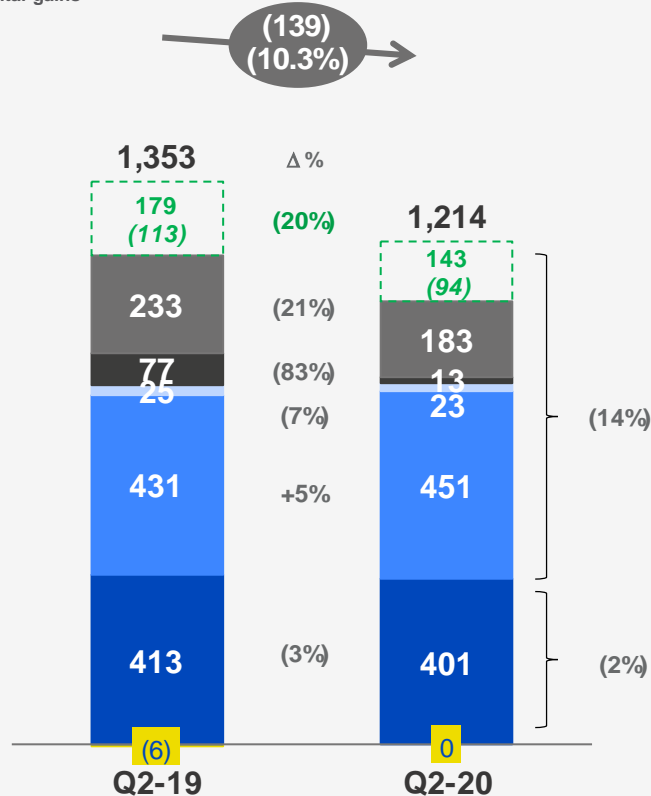
## RE-IGNITING THE COMMERCIAL DISTRIBUTION ENGINE STARTING FROM JUNE

€ m unless otherwise stated

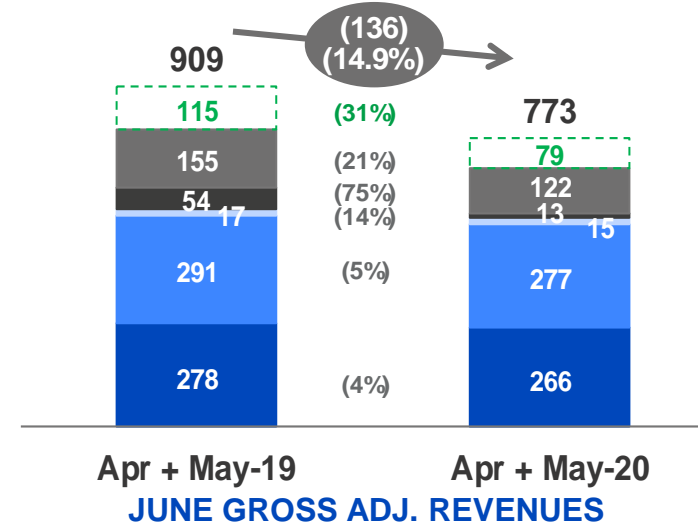


### QUARTERLY GROSS REVENUES<sup>1</sup>

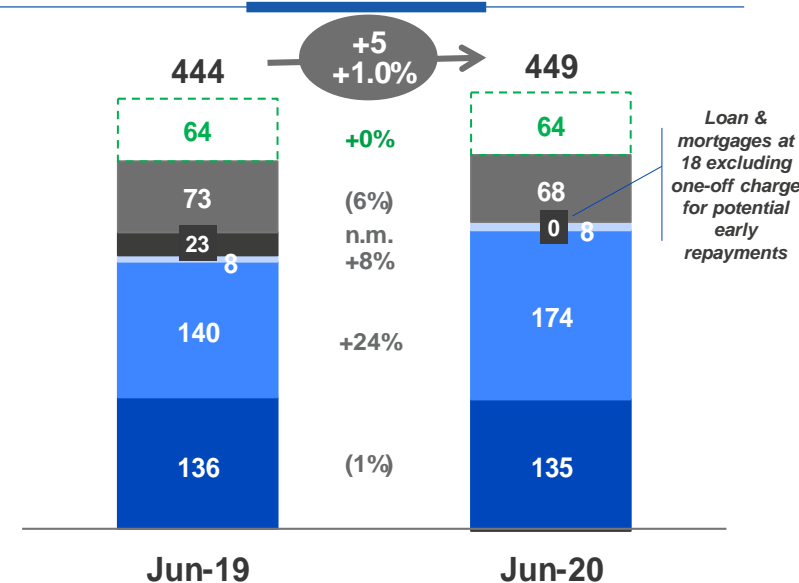
- Intersegment distribution revenues (o.w. Insurance)
- Transaction banking<sup>2</sup>
- Loan & mortgage distribution<sup>3</sup>
- Asset management
- Postal savings
- Interest income
- Net capital gains<sup>4</sup>



### APRIL + MAY GROSS ADJ. REVENUES



### JUNE GROSS ADJ. REVENUES



### HIGHLIGHTS

- Interest income resilient with higher volumes mitigating lower yields impact
- Postal savings distribution fees back on track since June, thanks to successful new 'campaign products'
- Loan & mortgage fees recovering in June supported by increasing volumes
- Resilient asset management fees thanks to recurring component
- Transaction banking fees impacted by fewer payment slips during lockdown, gradually recovering starting from June

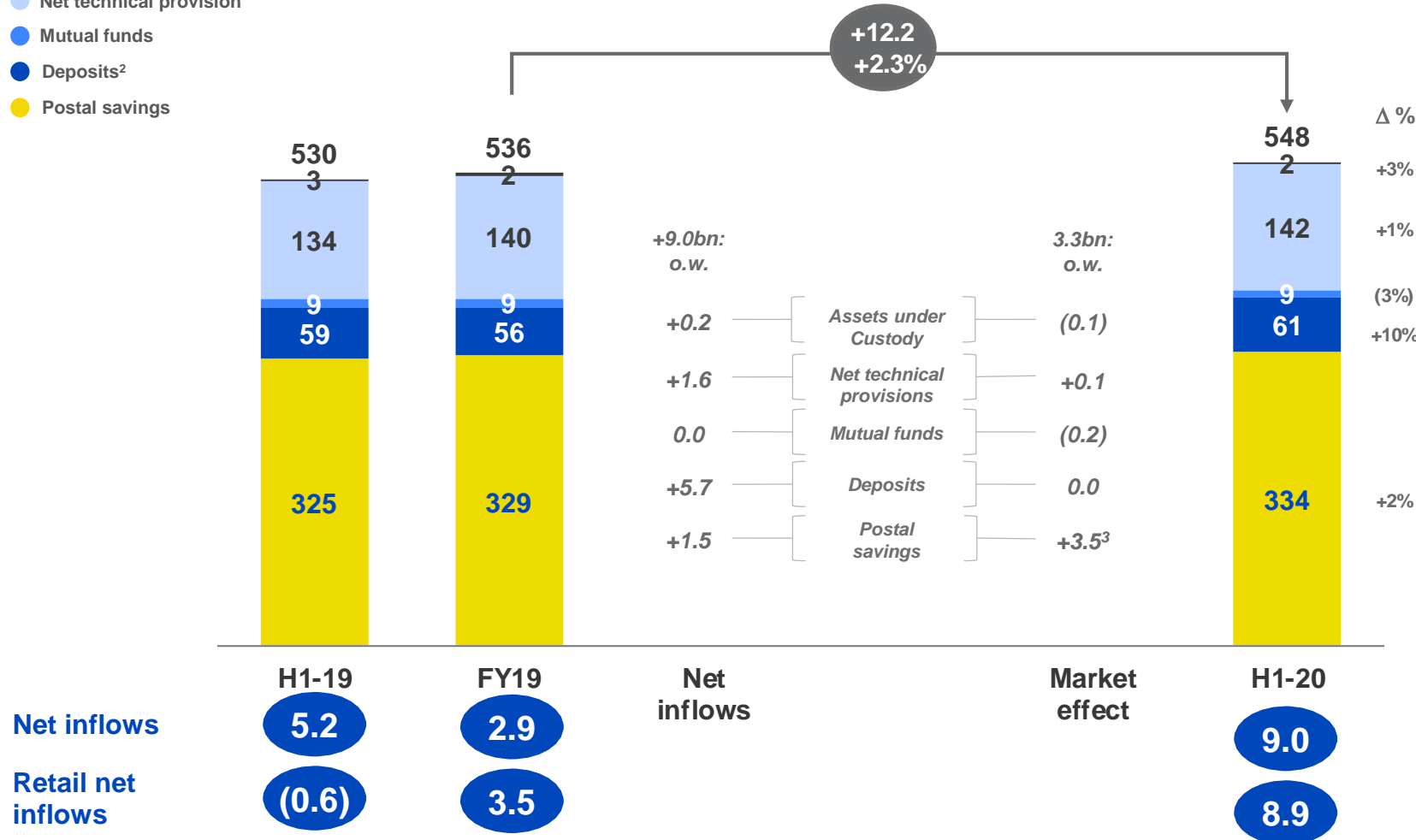
# GROUP TOTAL FINANCIAL ASSETS

## STRONG RETAIL NET INFLOWS ACROSS ALL ASSET CLASSES

Eop data, € bn unless otherwise stated

### TFA EVOLUTION<sup>1</sup>

- Assets under custody
- Net technical provision
- Mutual funds
- Deposits<sup>2</sup>
- Postal savings

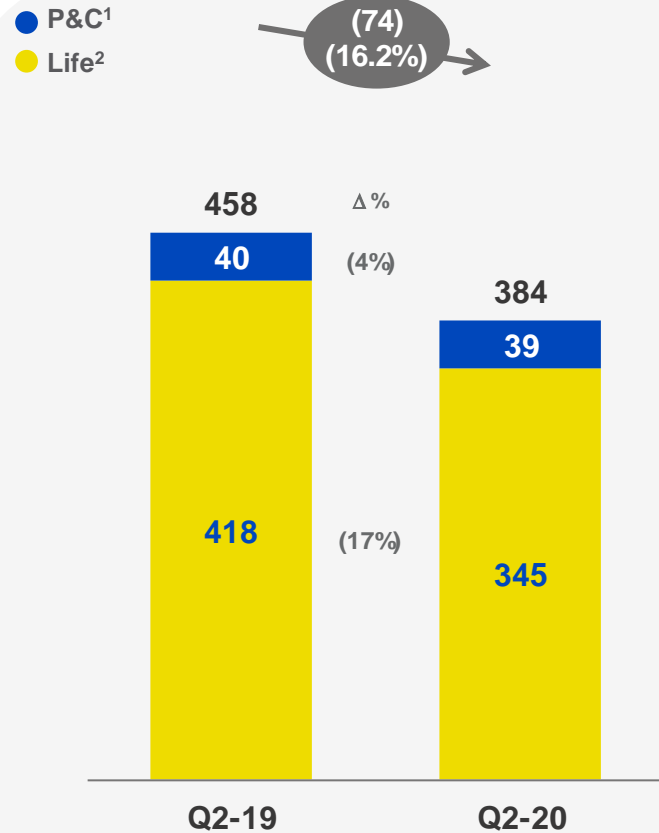


### HIGHLIGHTS

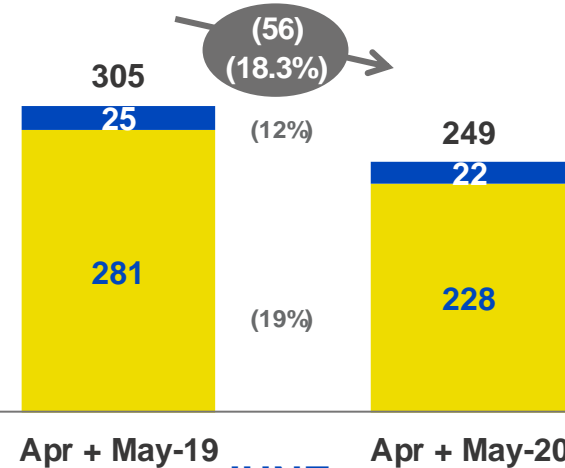
- Positive net inflows across all products:
- Postal savings increasing in June thanks to successful campaign products
- Deposits increasing with continued preference for liquidity products
- Net technical provisions up, thanks to commercial focus on multiclass products, with over 10bn GWP since launch in July 2018



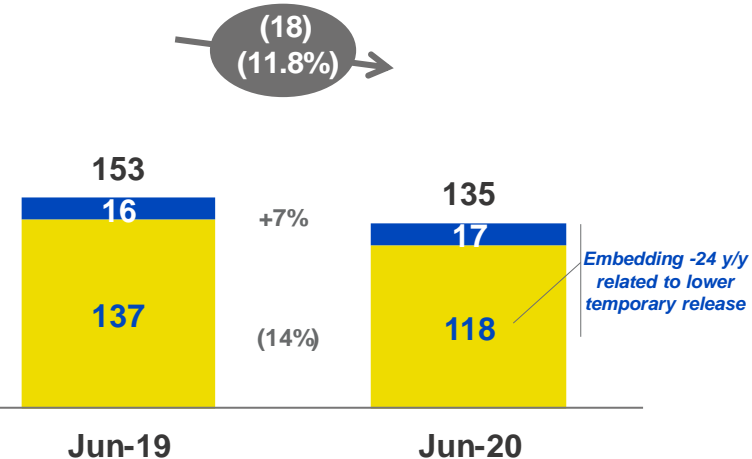
### QUARTERLY SEGMENT REVENUES



### APRIL + MAY



### JUNE



### HIGHLIGHTS

- Life revenues impacted by:
  - Lower upfront fees due to -1.0bn GWP
  - Lower temporary release on technical reserves (-24m in Jun-20 y/y), with an opposite effect expected in H2
- Non-life revenues impacted by lockdown in April and May, with strong daily average sales starting from June
- Commercial activity back on track, with GWP up y/y since June, driving higher revenues

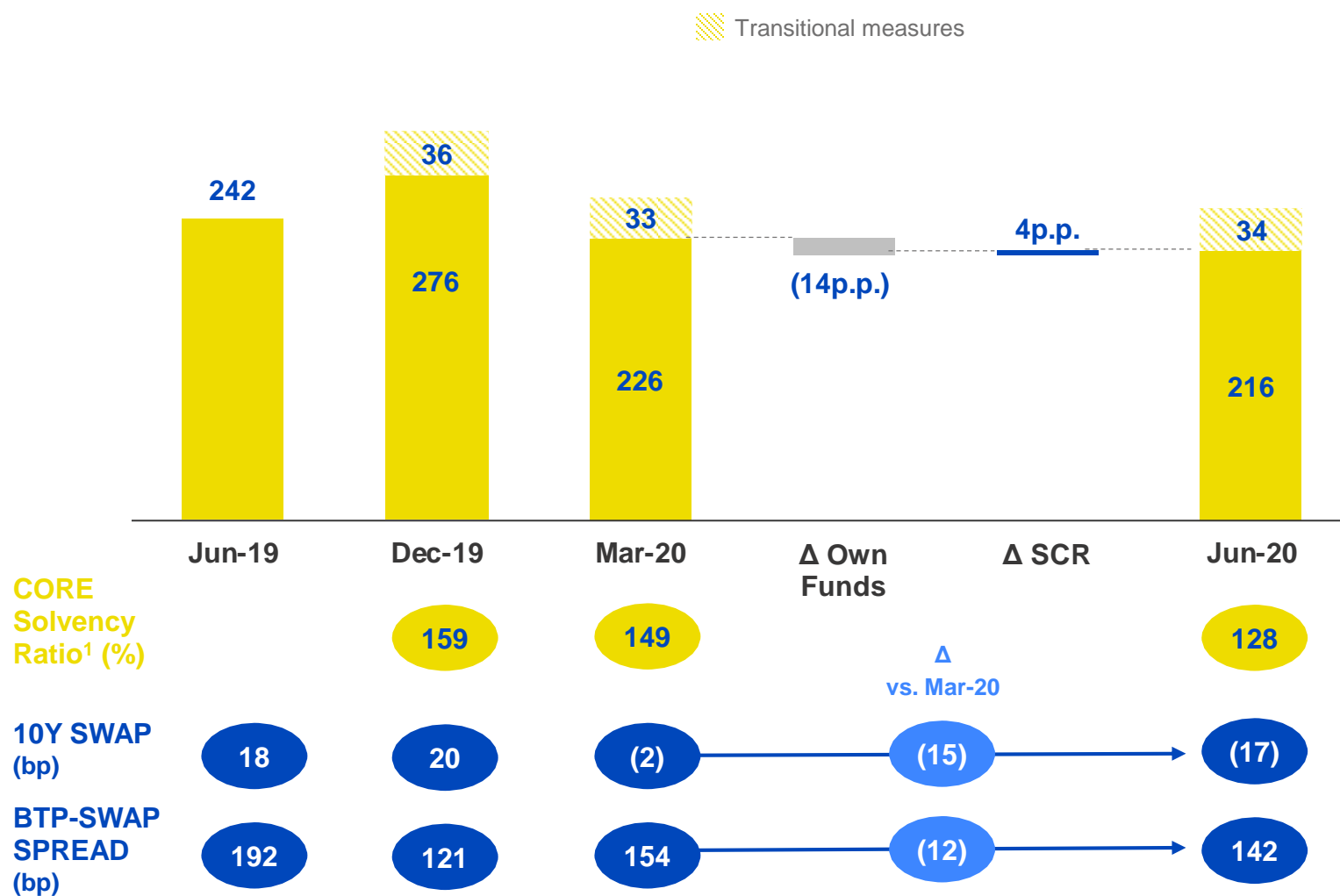
# SOLVENCY II RATIO

ABOVE 200% MANAGERIAL AMBITION THROUGH THE CYCLE, RESILIENT IN A VOLATILE MARKET



## SOLVENCY II RATIO EVOLUTION

 Transitional measures



## HIGHLIGHTS

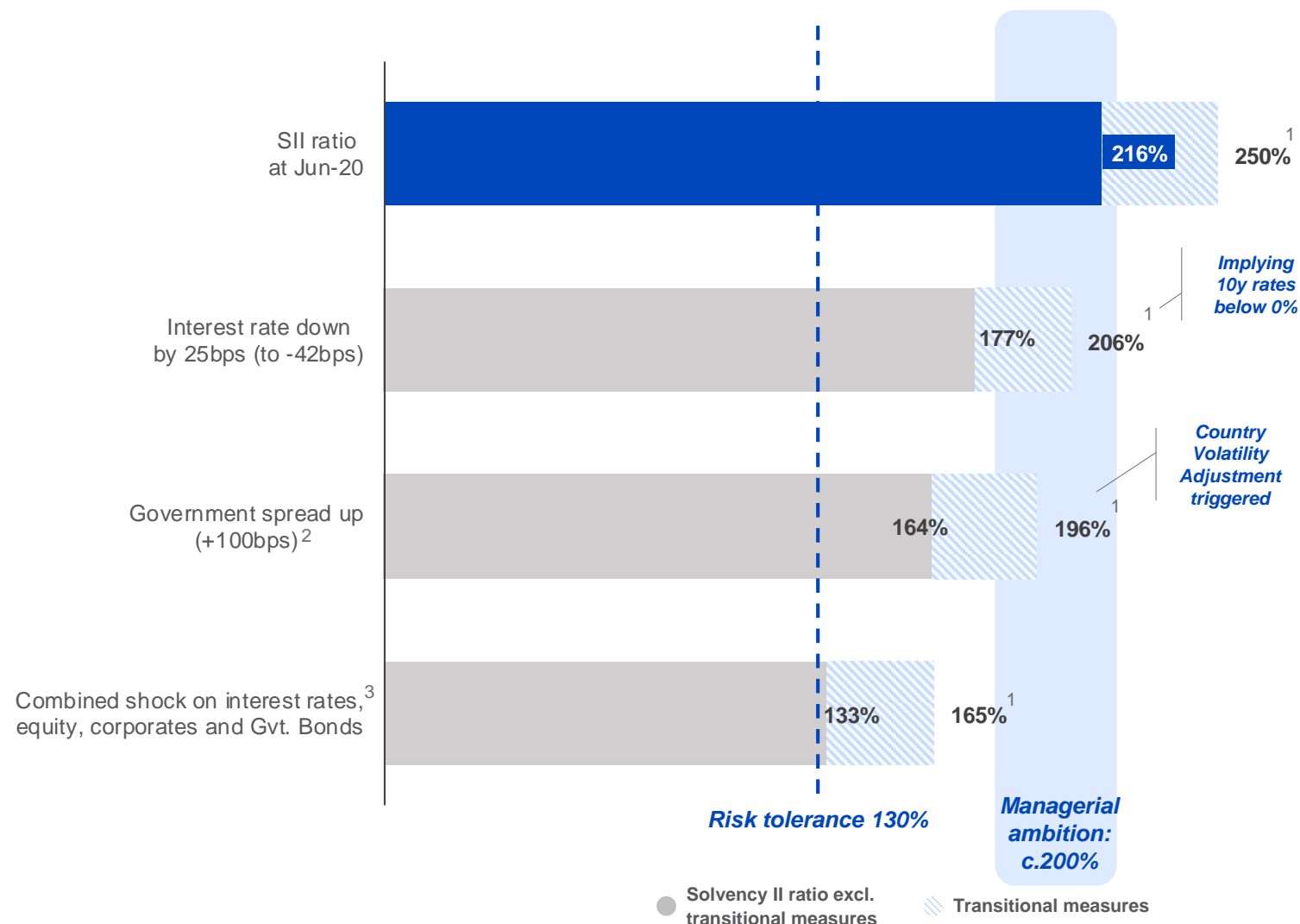
- Solvency II ratio at 216%:
  - Negative impact from lower risk-free rates and lower VA (-27bps) more than offsetting BTP-SWAP spread tightening
  - Positive trend of corporate spreads
- Transitional measures provide additional 34p.p. buffer to address market volatility

# SOLVENCY II RATIO KEY SENSITIVITIES

RESILIENT UNDER SEVERE SCENARIOS



## SOLVENCY II RATIO SENSITIVITIES

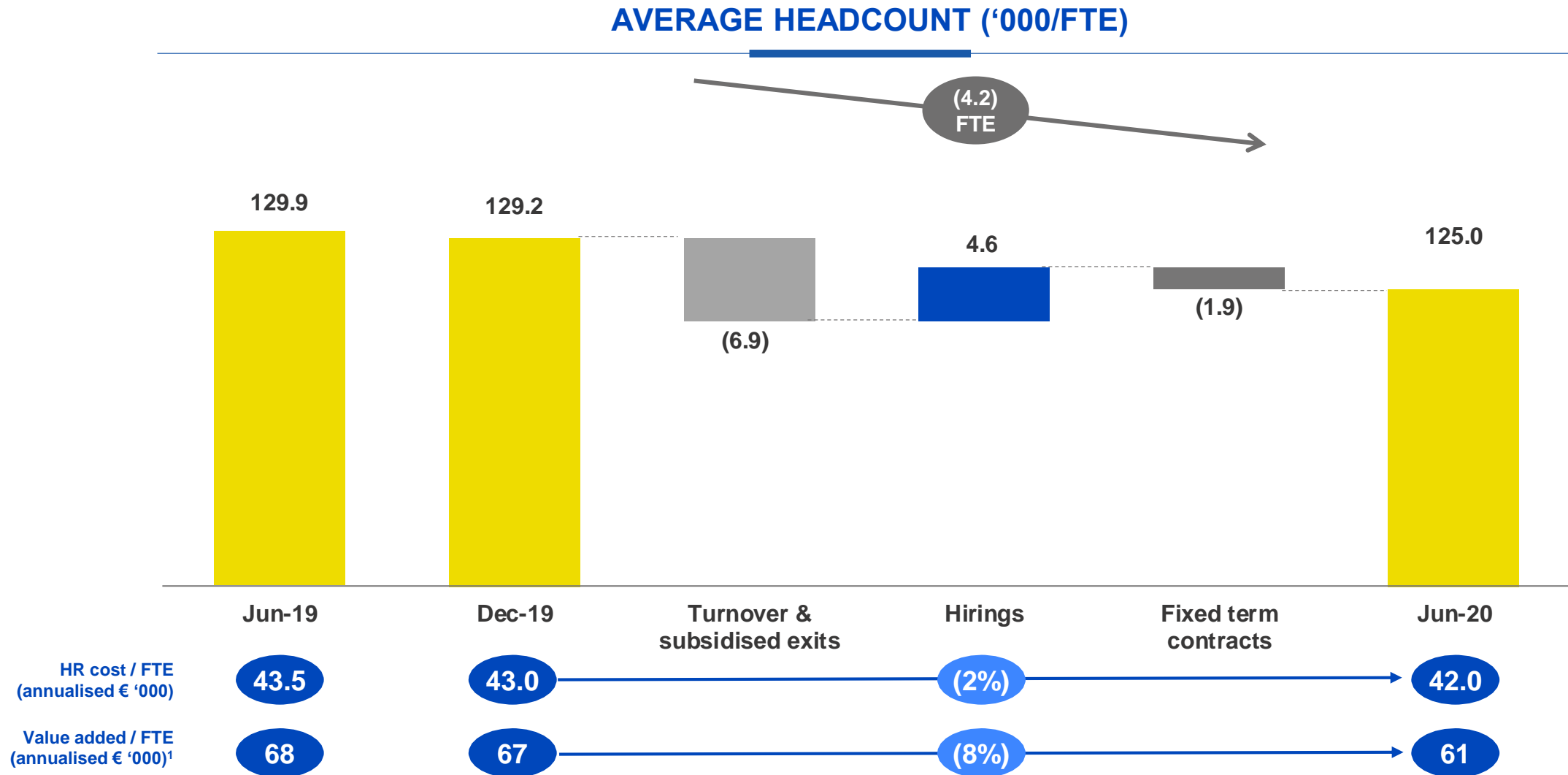


## HIGHLIGHTS

- Solvency II ratio in line with risk tolerance under all assumed scenarios
- Solvency II ratio still above risk tolerance under combined shock on interest rates (-25bp), equity (-30%), corporate spread (+100bps) and Italian Government Bond spread (+100bps), supported by currency VA
- Ongoing process to develop internal model to reduce volatility going forward

# GROUP WORKFORCE EVOLUTION

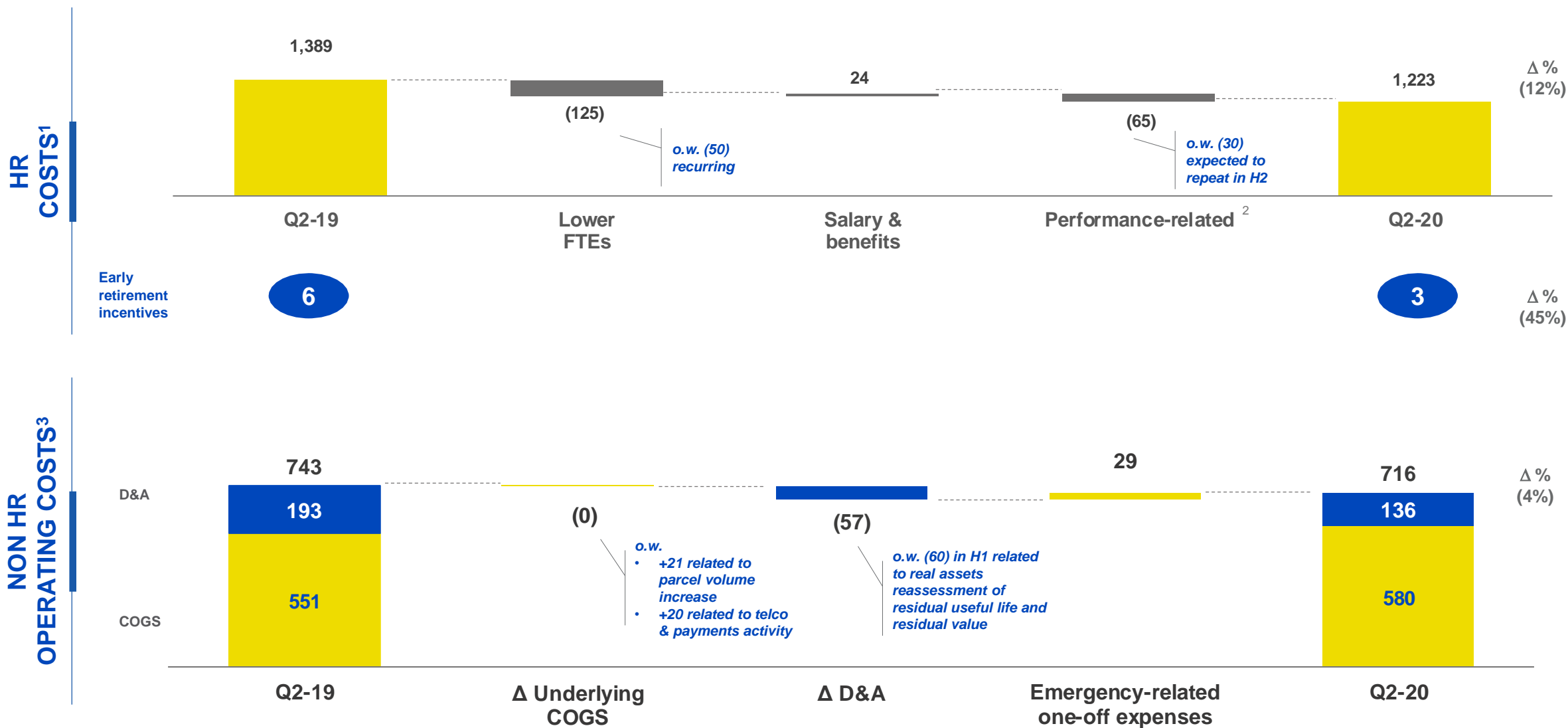
SIGNIFICANT HEADCOUNT REDUCTION TO SUPPORT TRANSFORMATION



# QUARTERLY GROUP COSTS





MATERIAL COST REDUCTION, MORE THAN OFFSETTING EMERGENCY-RELATED ONE-OFF EXPENSES

€ m unless otherwise stated



# COST REDUCTION LEVERS

ONGOING INITIATIVES REDUCING COSTS IN 2020 – OUTPERFORMING INITIAL PROPENSITY

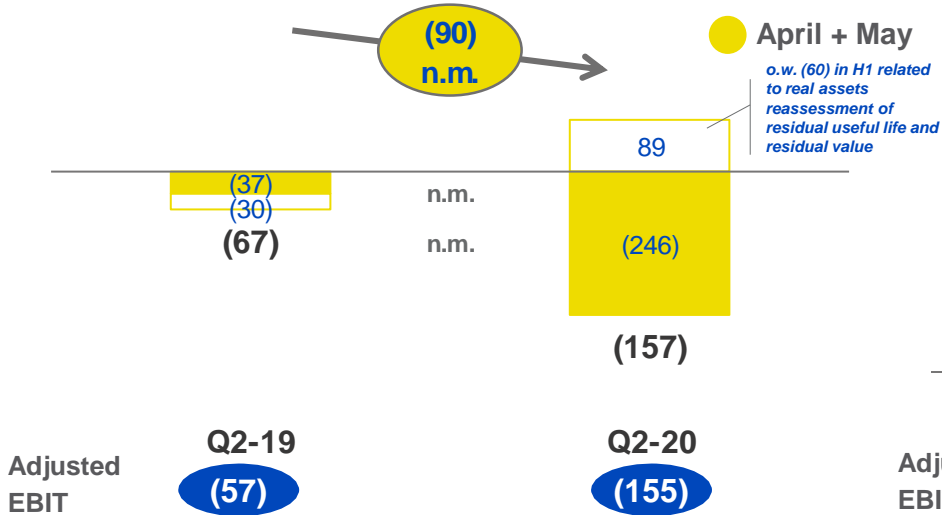
	COST INITIATIVES	DESCRIPTION	COST BASE UNDER REVIEW (€ M)	PROPENSITY TO ACTIVATE IN 2020	EXECUTED IN Q2 (€ M)
HR COSTS	PERFORMANCE RELATED INCENTIVES	<ul style="list-style-type: none"> <li>Review of incentives related to commercial targets achievement and overall performance</li> </ul>	c.400		65
	HEADCOUNT FLEXIBILITY	<ul style="list-style-type: none"> <li>Capability to adapt the workforce quickly to changing business needs</li> <li>Targeting a lean organization to support business, also via early retirement plans</li> </ul>	c.500		c.100
	OTHER MEASURES	<ul style="list-style-type: none"> <li>State wage support for employees in the emergency</li> </ul>	c.100		75
NON-HR COSTS <sup>1</sup>	OTHER DISCRETIONARY COSTS	<ul style="list-style-type: none"> <li>Smart-working &amp; reskilling, consultancies, insourcing, travel expenses</li> </ul>	c.100		c.15

# SEGMENT OPERATING PROFIT

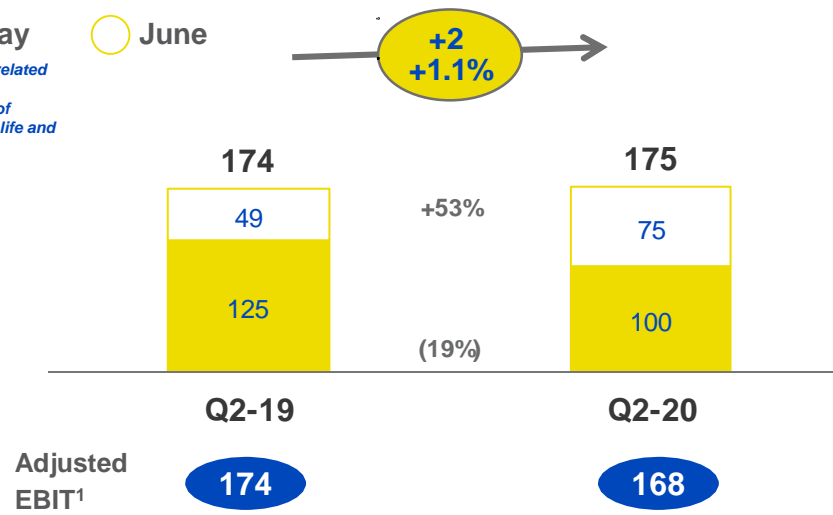
GROUP EBIT IMPACTED BY LOCKDOWN - LOWER COSTS MITIGATING IMPACT ON REVENUES

€ m unless otherwise stated

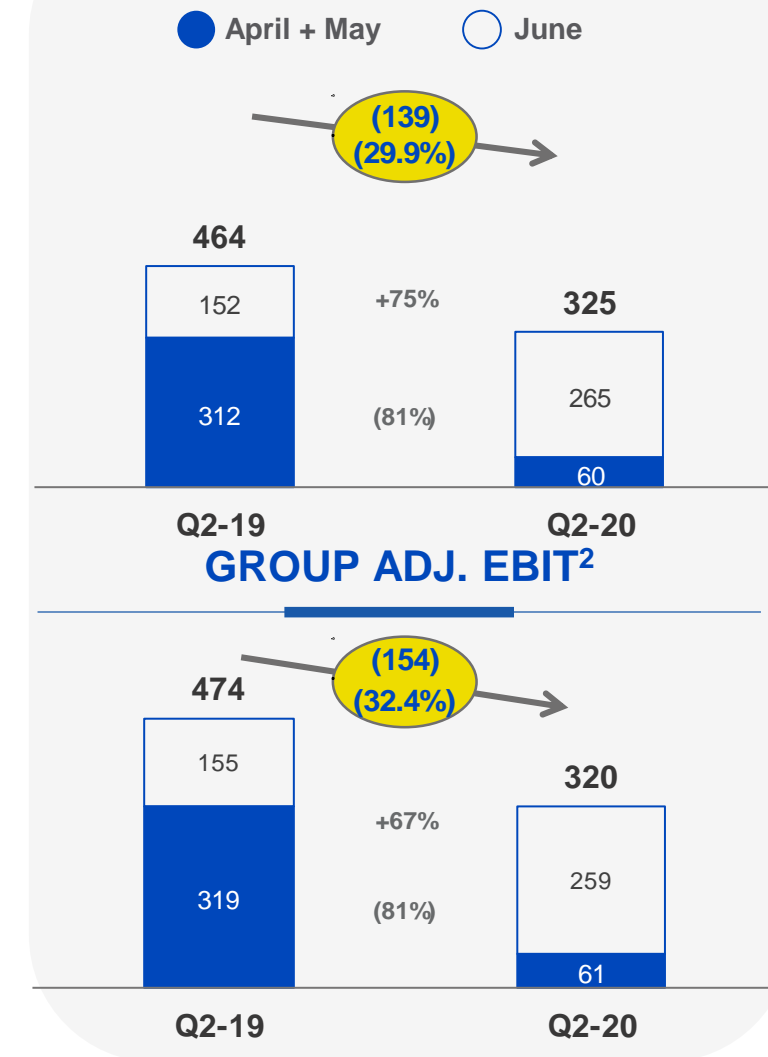
## MAIL, PARCEL & DISTRIBUTION



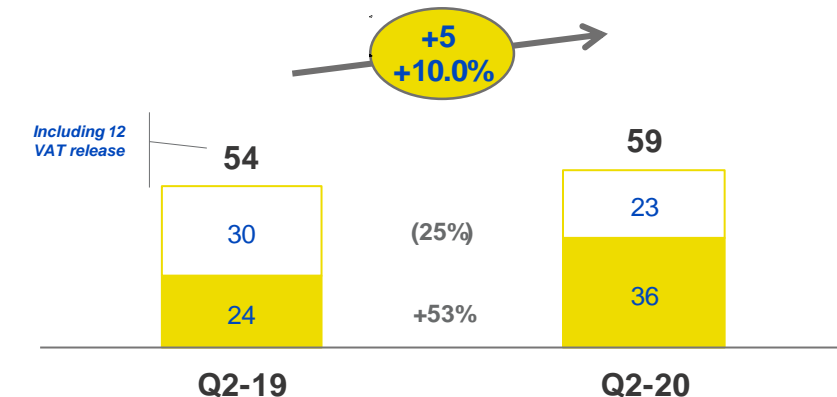
## FINANCIAL SERVICES



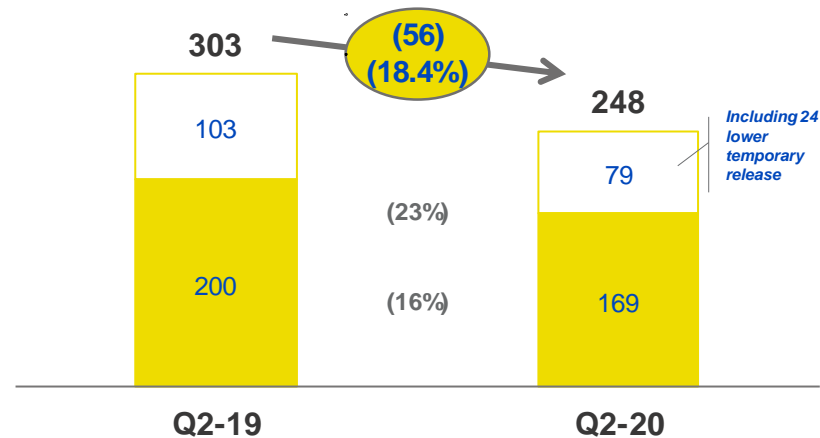
## GROUP EBIT



## PAYMENTS & MOBILE



## INSURANCE SERVICES



**SUSTAINABLE BUSINESS MODEL ENSURING LONG TERM PROFITABILITY**

**TARGETED INITIATIVES TO STRUCTURALLY REDUCE COST BASE**

**FINANCIAL & INSURANCE, PAYMENTS & MOBILE BACK ON TRACK SINCE JUNE**

**DIVIDEND STRATEGY UNCHANGED AHEAD OF PLAN UPDATE IN Q4**



EXECUTIVE SUMMARY

BUSINESS REVIEW

**APPENDIX**

# POSTE ITALIANE TOP RANKING WITHIN MAJOR SUSTAINABILITY INDICES



**RANKED #1**  
in the Environment and Social  
fields by Institutional Shareholder  
Services



**RANKED #1**  
in the Integrated Governance  
Index



**RANKED #3**  
in the Gender-Parity Index



**RANKED #3**  
among 134 companies worldwide  
and at European level in  
'Transports and Logistics'

*The Group is included in the international  
index and in the regional indices Euronext  
Vigeo Eurozone 120 and Europe 120*



**TOP TEN**  
among the best performing  
companies in the insurance  
sector worldwide

*Awarded as 'Industry Mover' for the best  
score improvement y/y compared to  
selected sector peers*

**Dow Jones  
Sustainability Indices**

**SINCE 2019**

*Poste has been included in the Dow  
Jones Sustainability World Index and in  
the more selective Europe Dow Jones  
Sustainability Index*



**SINCE 2019**

*Poste Italiane has been included in the  
Bloomberg Gender-Equality Index (GEI)  
2020, assessing gender equality and  
reporting transparency*



**FTSE4Good**

**SINCE 2019**

*Poste has been included in the  
FTSE4Good Europe and FTSE4Good  
Developed indices, standing out for  
transparent management and the  
application of sustainable criteria*



**AMONG TOP**  
in 2019 within Stoxx Europe 600,  
within the Gender Diversity Index

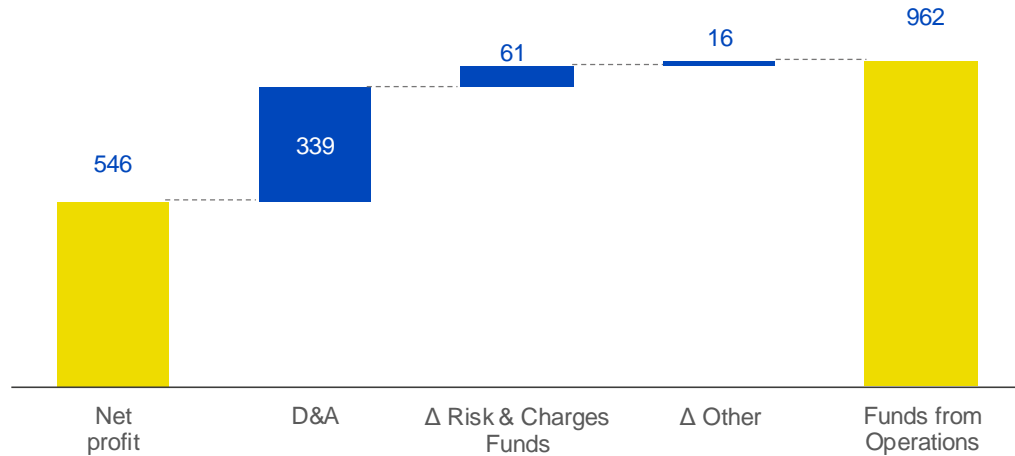
# POSTE GROUP: Q2-20 & H1-20 ADJUSTMENTS

## EXPLANATORY NOTES TO ADJUSTED FIGURES

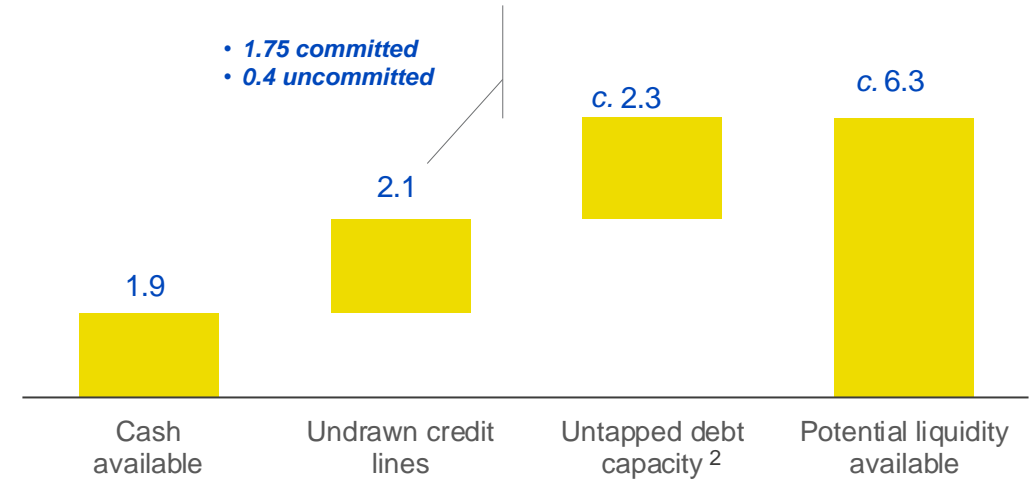
	Q2-19	Q2-20	€ m	%	H1-19	H1-20	€ m	%
<b>REPORTED REVENUES</b>	<b>2,679</b>	<b>2,328</b>	<b>(352)</b>	<b>(13%)</b>	<b>5,521</b>	<b>5,083</b>	<b>(438)</b>	<b>(8%)</b>
GROSS CAPITAL GAINS ON INVESTMENT PORTFOLIO	0	0			261	291		
VISA - FAIR VALUE VALUATION/ FAIR VALUE HEDGE	4	(8)			17	0		
VISA - CAPITAL GAIN ON SHARE DISPOSAL	1	0			1	0		
<b>ADJUSTED REVENUES</b>	<b>2,674</b>	<b>2,336</b>	<b>(338)</b>	<b>(13%)</b>	<b>5,242</b>	<b>4,792</b>	<b>(450)</b>	<b>(9%)</b>
<b>REPORTED COSTS</b>	<b>2,216</b>	<b>2,003</b>	<b>(213)</b>	<b>(10%)</b>	<b>4,441</b>	<b>4,317</b>	<b>(123)</b>	<b>(3%)</b>
CAPITAL LOSSES ON INVESTMENT PORTFOLIO	6	0			6	57		
EARLY RETIREMENT INCENTIVES	6	3			9	4		
VISA - FAIR VALUE VALUATION/ FAIR VALUE HEDGE	5	-1			9	10		
REAL ESTATE FUNDS PROVISIONS	0	-15				-15		
<b>ADJUSTED COSTS</b>	<b>2,200</b>	<b>2,015</b>	<b>(184)</b>	<b>(8%)</b>	<b>4,418</b>	<b>4,261</b>	<b>(157)</b>	<b>(4%)</b>
<b>REPORTED EBIT</b>	<b>464</b>	<b>325</b>	<b>(139)</b>	<b>(30%)</b>	<b>1,081</b>	<b>766</b>	<b>(315)</b>	<b>(29%)</b>
<b>ADJUSTED EBIT</b>	<b>474</b>	<b>320</b>	<b>(154)</b>	<b>(32%)</b>	<b>825</b>	<b>531</b>	<b>(294)</b>	<b>(36%)</b>
IMPAIRMENTS	0	19			0	19		
<b>REPORTED NET PROFIT</b>	<b>324</b>	<b>239</b>	<b>(85)</b>	<b>(26%)</b>	<b>763</b>	<b>546</b>	<b>(218)</b>	<b>(29%)</b>
<b>ADJUSTED NET PROFIT</b>	<b>332</b>	<b>256</b>	<b>(75)</b>	<b>(23%)</b>	<b>579</b>	<b>399</b>	<b>(180)</b>	<b>(31%)</b>

# STRONG CASH GENERATION, LIMITED AND BALANCED DEBT PROFILE

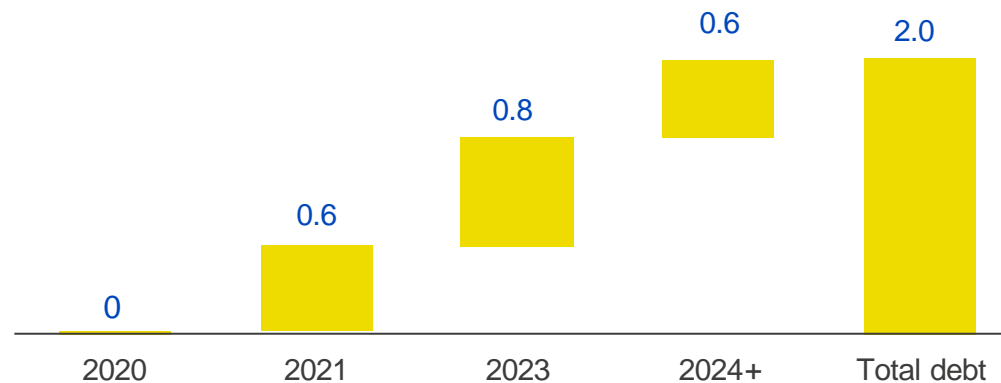
## GROUP FUNDS FROM OPERATIONS (FFO) – H1-20 (€ m)



## ...SIGNIFICANT LIQUIDITY RESOURCES<sup>1</sup> (€ bn)



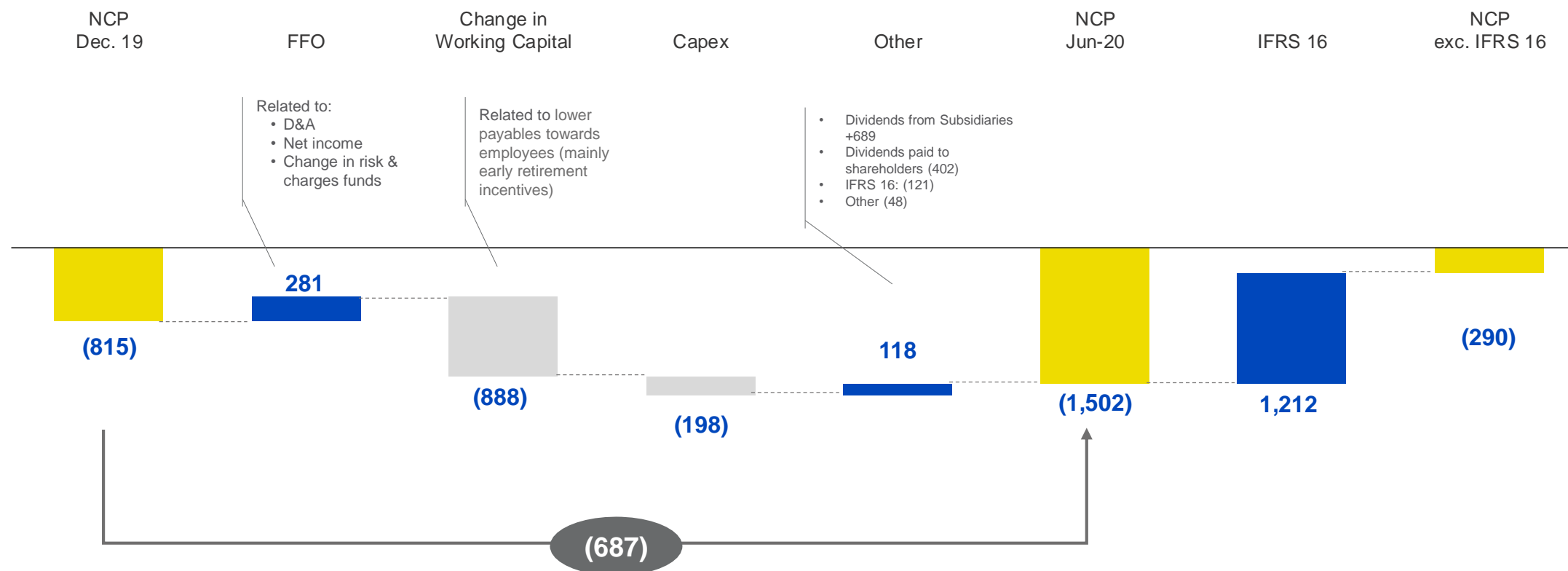
## BALANCED MATURITY PROFILE (€ bn)





€ m unless otherwise stated

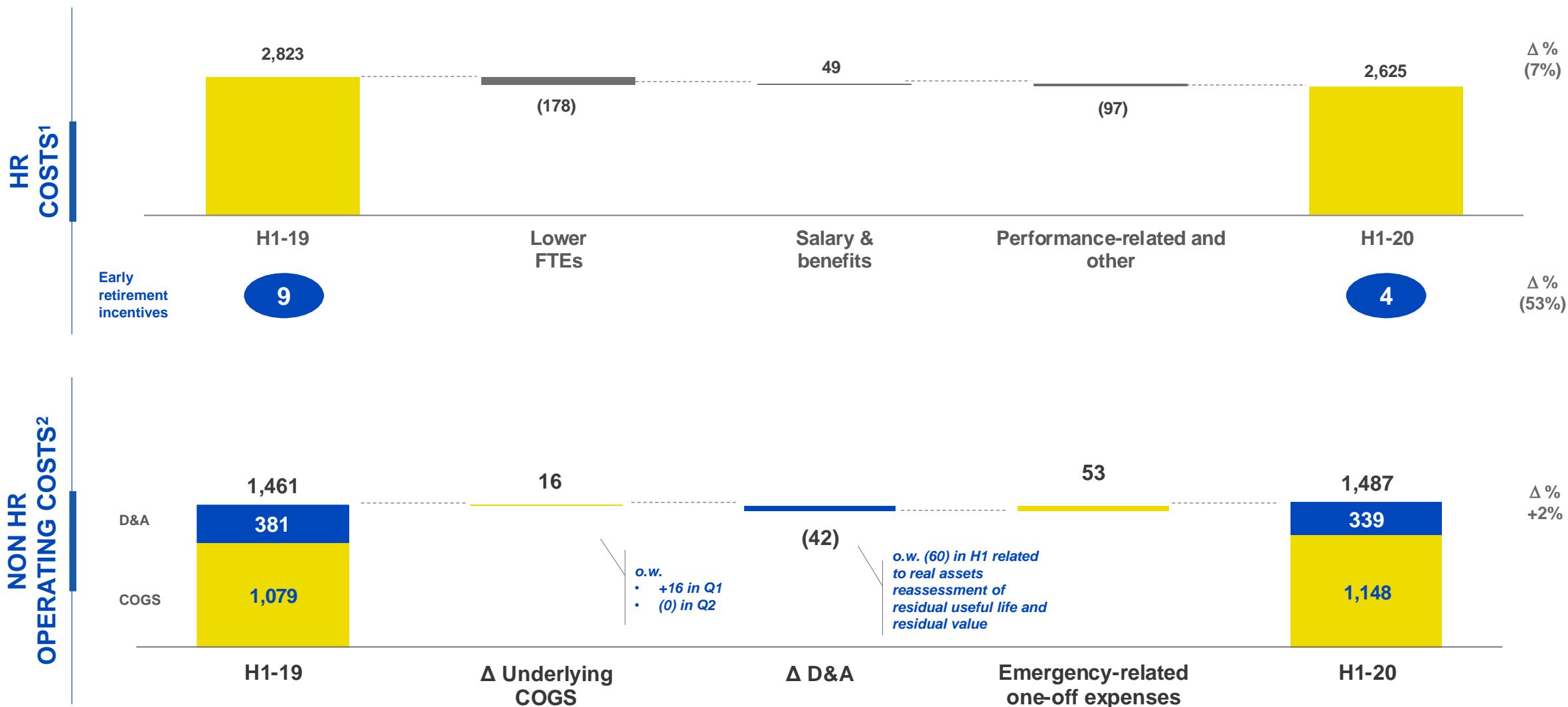
## NET CASH POSITION (+CASH – DEBT)



# GROUP COSTS – H1-20

SIGNIFICANT COST REDUCTION, MORE THAN OFFSETTING EMERGENCY-RELATED ONE-OFF EXPENSES

€ m unless otherwise stated



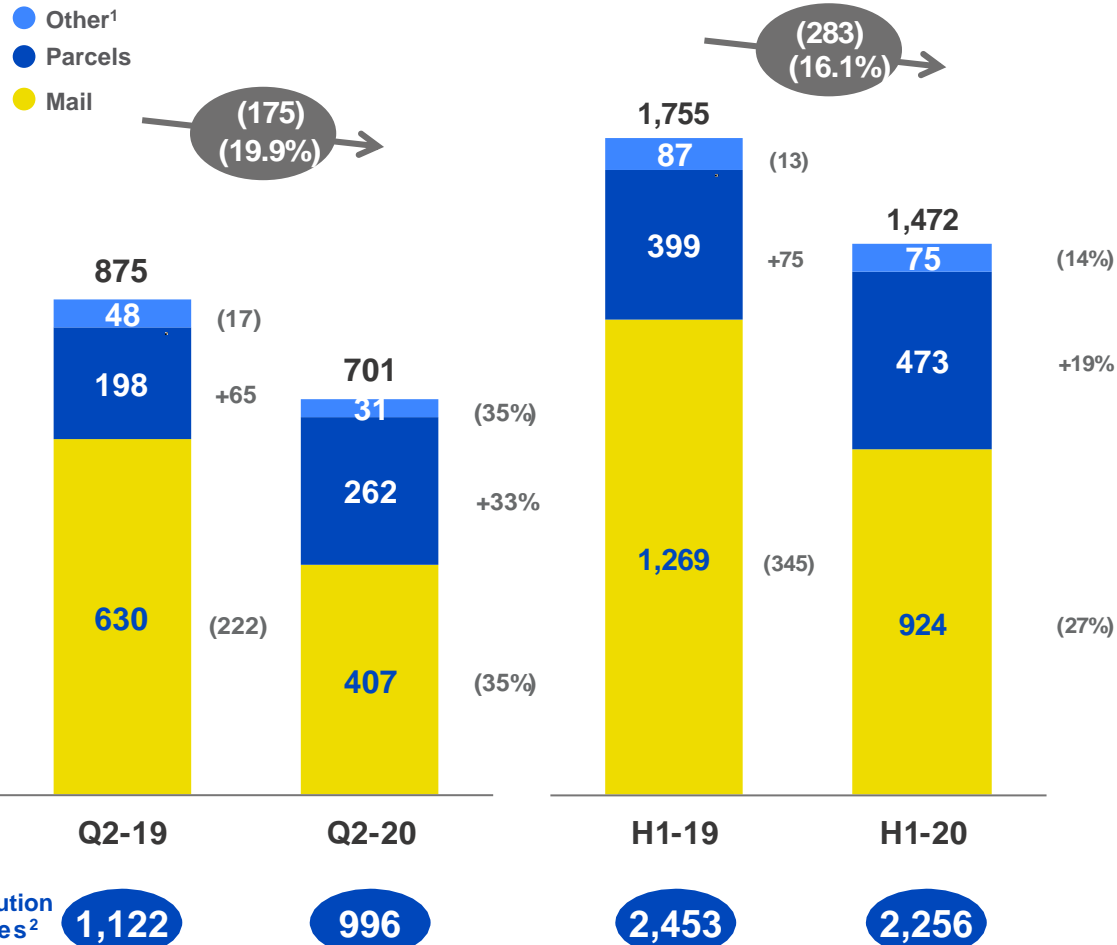
# MAIL, PARCEL & DISTRIBUTION

ACCELERATED MAIL DECLINE MITIGATED BY STRONG PARCEL REVENUES BOOSTED BY B2C GROWTH

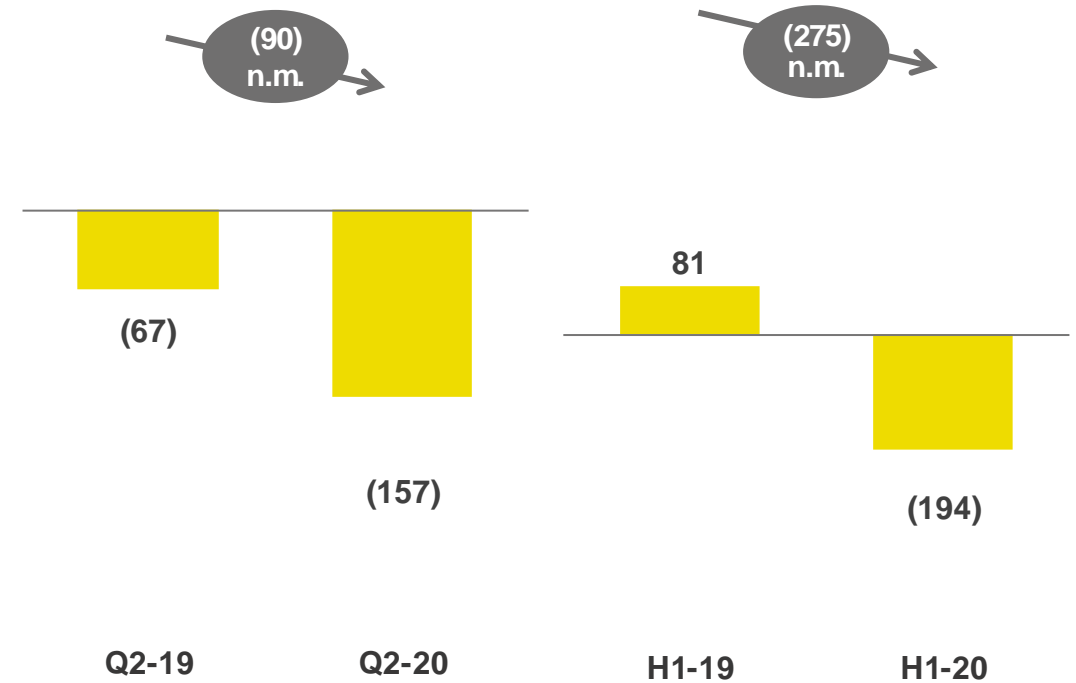
€ m unless otherwise stated



## SEGMENT REVENUES



## EBIT



Distribution  
revenues<sup>2</sup>

# PAYMENTS AND MOBILE

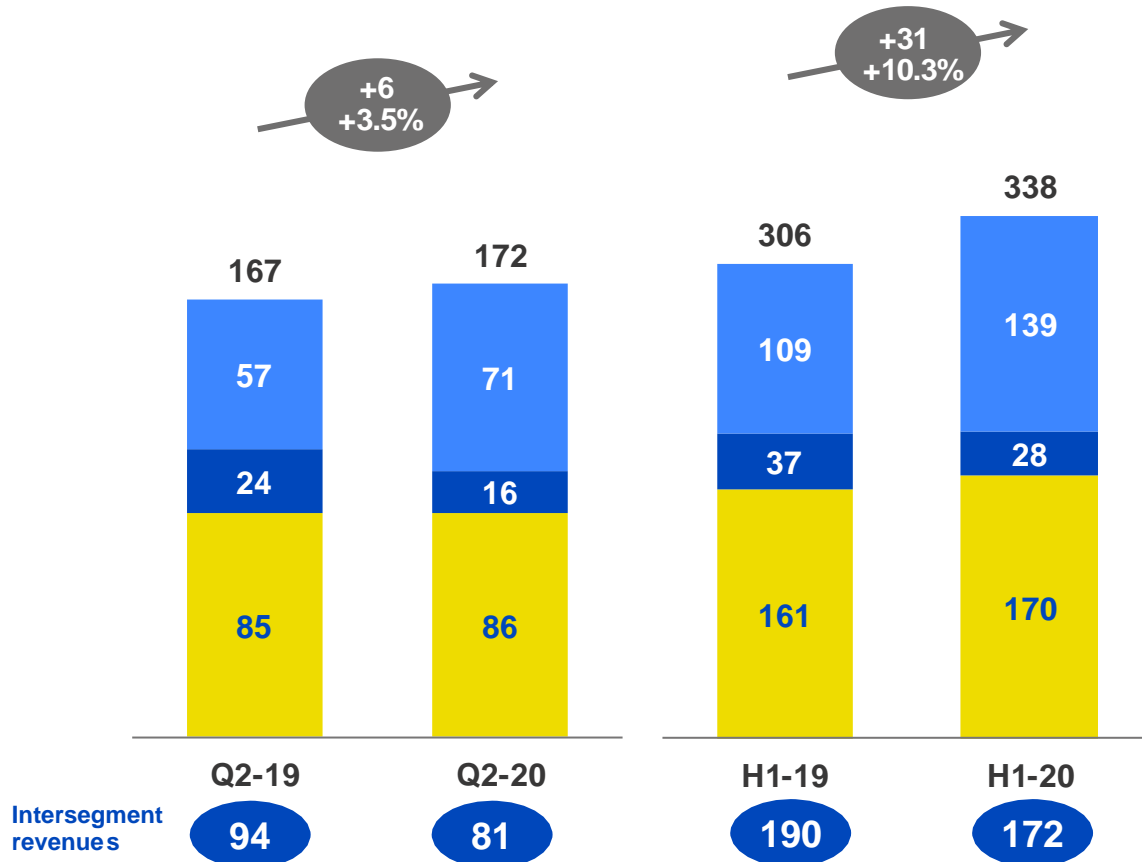
## INCREASING REVENUES IN A CHALLENGING ENVIRONMENT

€ m unless otherwise stated

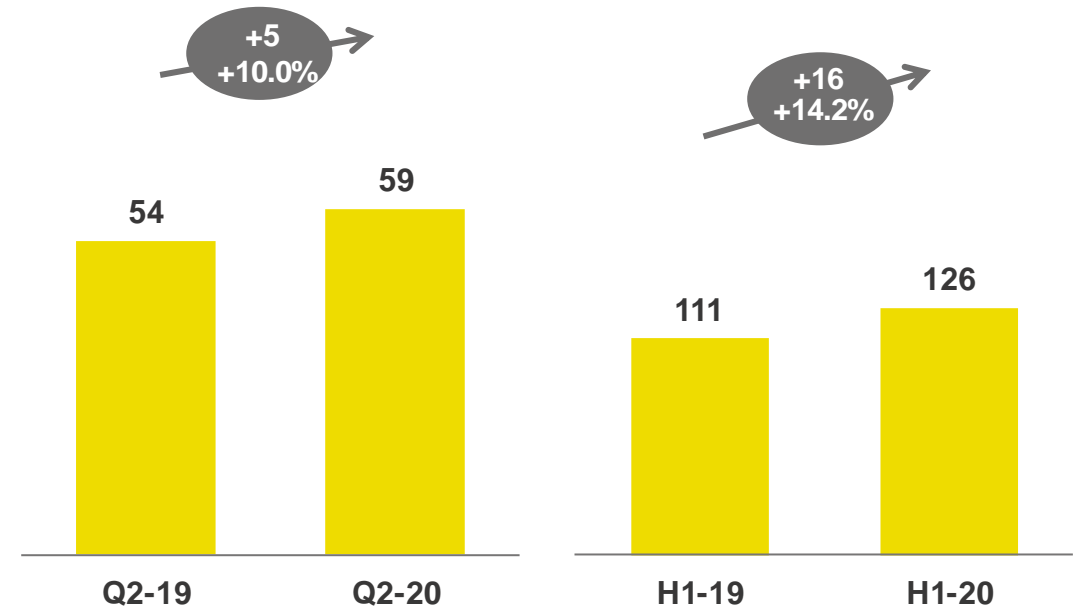


### SEGMENT REVENUES

- Telecom
- Other payments
- Card Payments

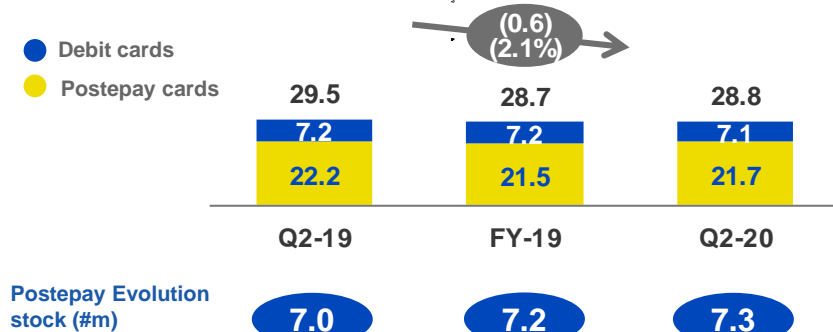


### EBIT

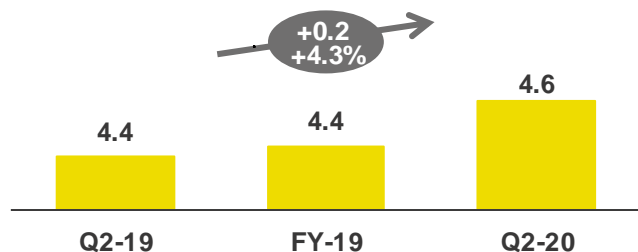




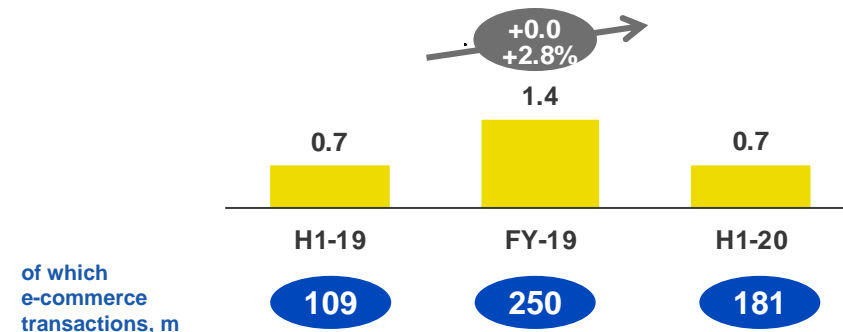
## CARD STOCK<sup>1</sup>



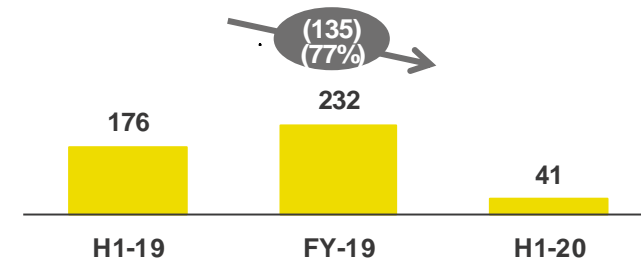
## MOBILE & LAND LINE, STOCK (# M)



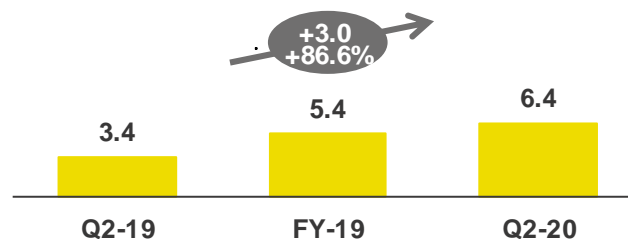
## TOTAL PAYMENT CARD TRANSACTIONS (# BN)



## POSTEPAY CONNECT SUBSCRIPTIONS (# K)

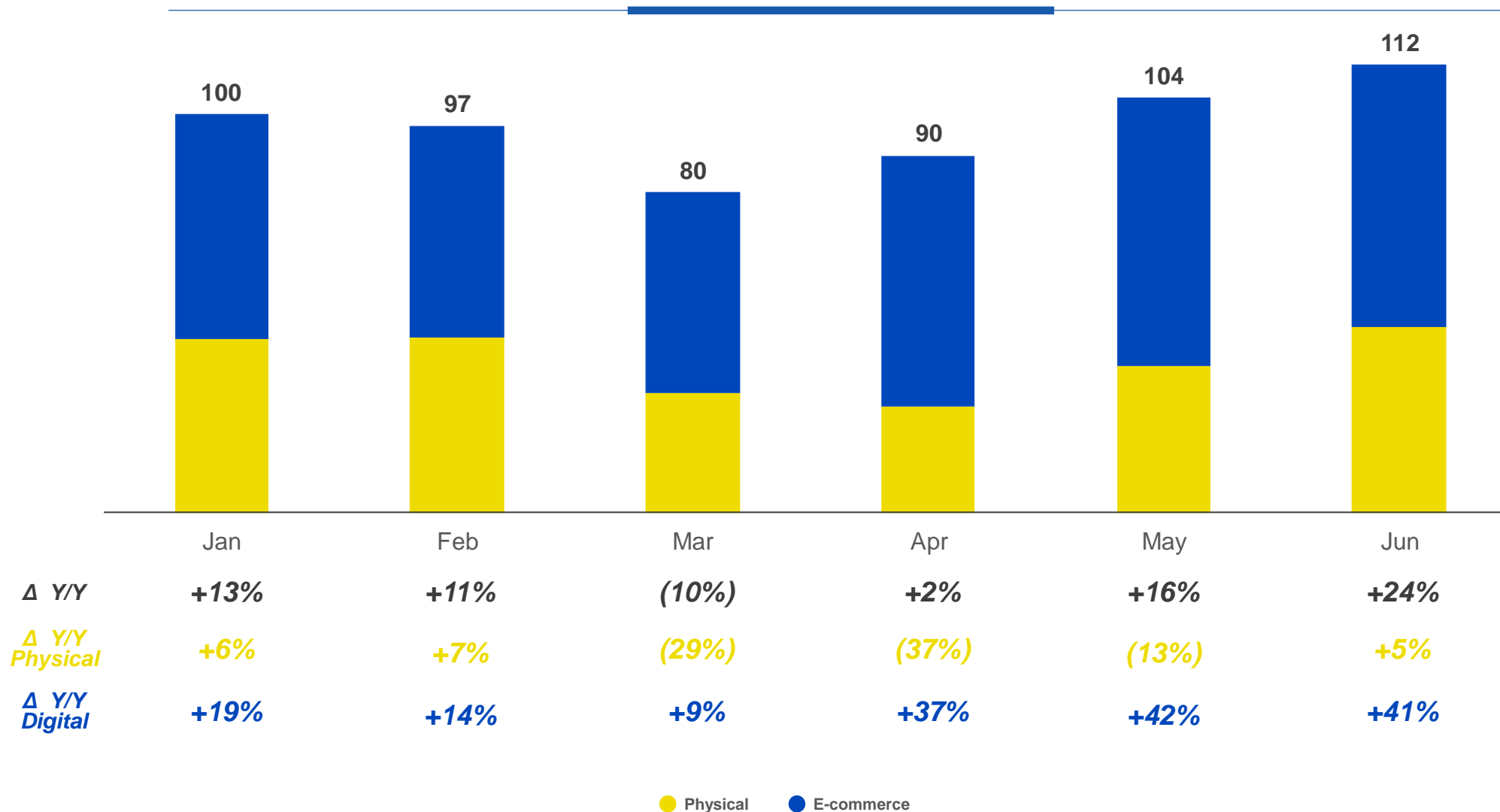


## POSTE ITALIANE DIGITAL E-WALLET (# M)<sup>2</sup>





*POSTEPAY DAILY AVERAGE TRANSACTION VALUE (BASE 100)*

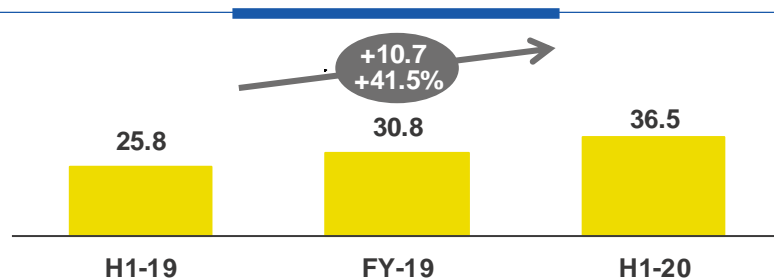


# POSTE ITALIANE DIGITAL FOOTPRINT

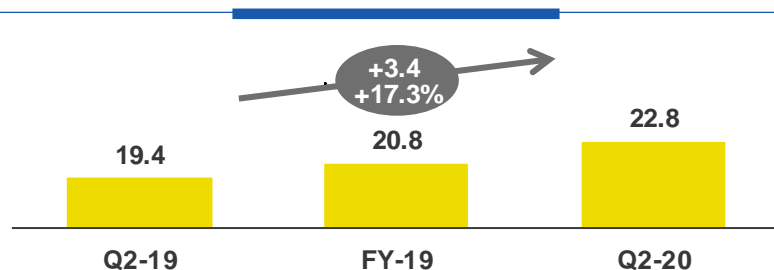
KEY METRICS CONSTANTLY IMPROVING

# m

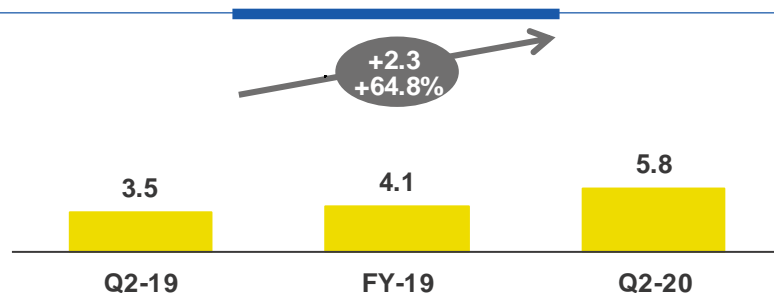
## CUMULATED APP DOWNLOADS<sup>1</sup>



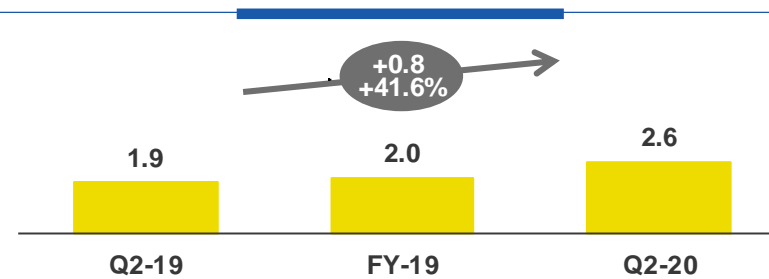
## REGISTERED ONLINE USERS



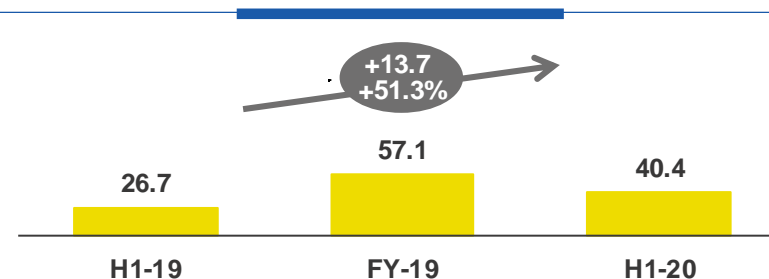
## ELECTRONIC IDENTIFICATION<sup>2</sup> STOCK



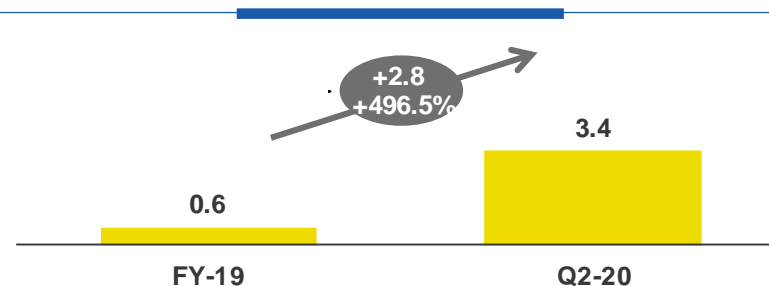
## DAILY ONLINE USERS



## CONSUMER FIN. TRANSACTIONS



## PRIVATE DIGITAL IDs



# FINANCIAL SERVICES: Q2-20 & H1-20 ADJUSTMENTS

## EXPLANATORY NOTES TO ADJUSTED FIGURES



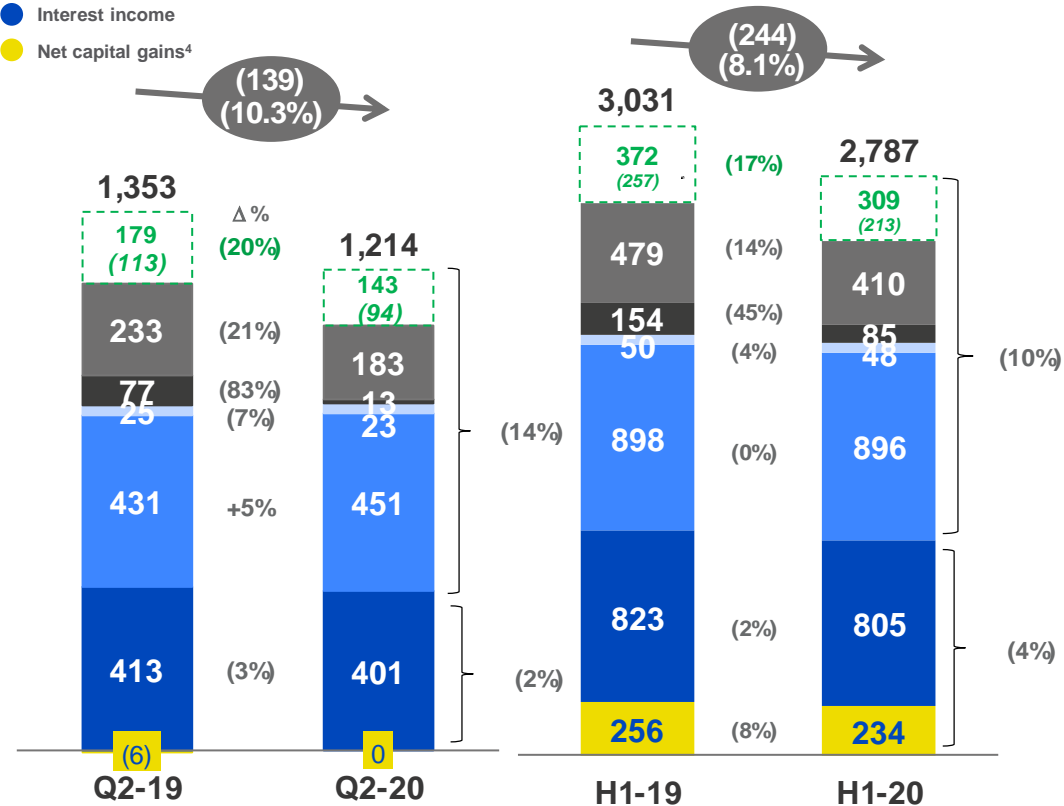
	Q2-19	Q2-20	€ m	%	H1-19	H1-20	€ m	%
<b>SEGMENT REPORTED REVENUES</b>	<b>1,180</b>	<b>1,071</b>	<b>(109)</b>	<b>(9%)</b>	<b>2,665</b>	<b>2,535</b>	<b>(130)</b>	<b>(5%)</b>
GROSS CAPITAL GAINS ON INV. PORTFOLIO	0	0			261	291		
VISA - FAIR VALUE VALUATION/FAIR VALUE HEDGE	4	-8			17	0		
VISA - CAPITAL GAIN ON SHARES DISPOSAL	1	0			1	0		
<b>SEGMENT ADJUSTED REVENUES</b>	<b>1,174</b>	<b>1,079</b>	<b>(95)</b>	<b>(8%)</b>	<b>2,386</b>	<b>2,244</b>	<b>(142)</b>	<b>(6%)</b>
INTERSEGMENT REVENUES	179	143	(36)	(20%)	372	309	(63)	(17%)
<b>ADJUSTED TOTAL REVENUES</b>	<b>1,353</b>	<b>1,222</b>	<b>(131)</b>	<b>(10%)</b>	<b>2,758</b>	<b>2,553</b>	<b>(205)</b>	<b>(7%)</b>
<b>REPORTED COSTS</b>	<b>1,185</b>	<b>1,038</b>	<b>(147)</b>	<b>(12%)</b>	<b>2,602</b>	<b>2,446</b>	<b>(156)</b>	<b>(6%)</b>
EARLY RETIREMENT INCENTIVES	0	1			1	1		
CAPITAL LOSSES ON INV. PORTFOLIO	6	0			6	57		
CAPITAL GAINS COMMISSIONING	-4	0			199	185		
REAL ESTATE FUNDS PROVISIONS	0	-15			0	-15		
VISA - FAIR VALUE VALUATION/FAIR VALUE HEDGE	5	-1			9	10		
<b>ADJUSTED COSTS</b>	<b>1,179</b>	<b>1,053</b>	<b>(125)</b>	<b>(11%)</b>	<b>2,388</b>	<b>2,208</b>	<b>(179)</b>	<b>(8%)</b>
<b>REPORTED EBIT</b>	<b>174</b>	<b>175</b>	<b>2</b>	<b>+1%</b>	<b>435</b>	<b>398</b>	<b>(37)</b>	<b>(8%)</b>
<b>ADJUSTED EBIT</b>	<b>174</b>	<b>168</b>	<b>(6)</b>	<b>(3%)</b>	<b>370</b>	<b>345</b>	<b>(25)</b>	<b>(7%)</b>
IMPAIRMENTS	0	19			0	19		
<b>REPORTED NET PROFIT</b>	<b>114</b>	<b>117</b>	<b>3</b>	<b>+2%</b>	<b>305</b>	<b>273</b>	<b>(32)</b>	<b>(11%)</b>
<b>ADJUSTED NET PROFIT</b>	<b>115</b>	<b>133</b>	<b>18</b>	<b>+15%</b>	<b>257</b>	<b>256</b>	<b>(1)</b>	<b>(0%)</b>



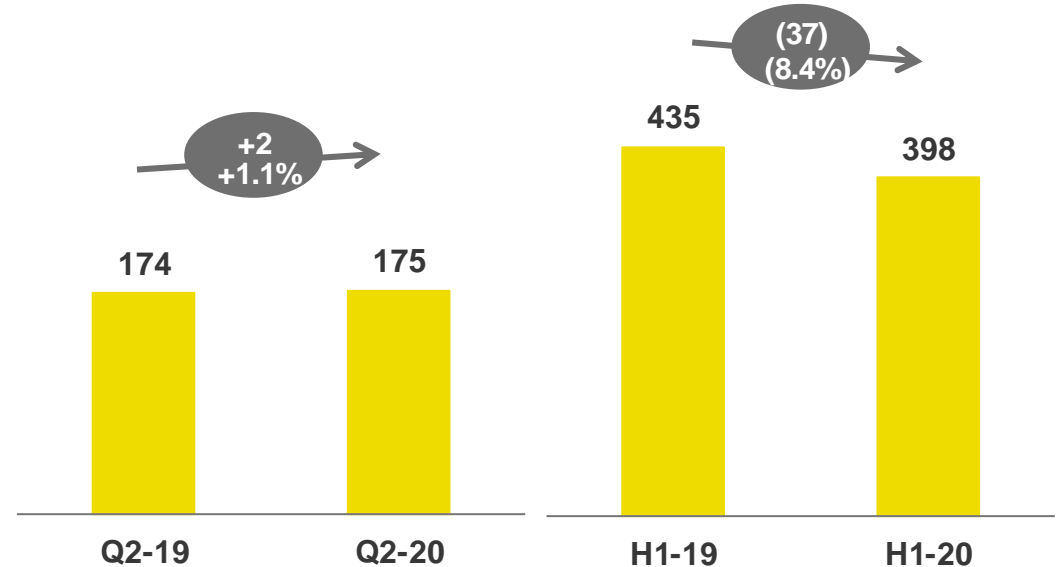
### SEGMENT GROSS REVENUES

Intersegment distribution revenues (o.w. Insurance)

- Transaction banking<sup>2</sup>
- Loan & mortgage distribution<sup>3</sup>
- Asset management
- Postal savings
- Interest income
- Net capital gains<sup>4</sup>



### EBIT



# BANCOPOSTA ASSETS AND LIABILITIES STRUCTURE

## PRUDENT ALM STRATEGY TO MATCH ASSETS AND LIABILITIES

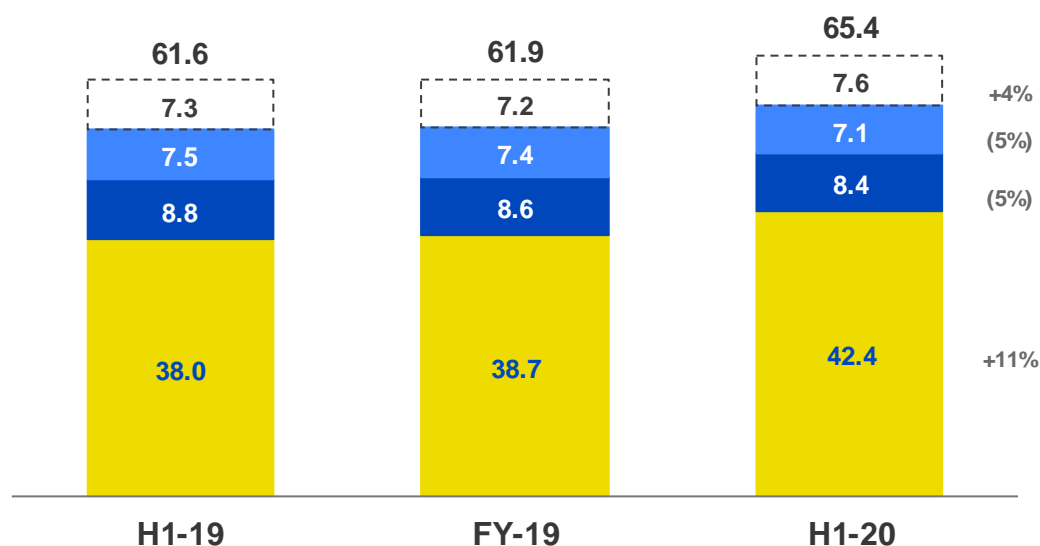
€ bn unless otherwise stated



### AVERAGE CURRENT ACCOUNT DEPOSITS

- Public Administration<sup>1</sup>
- REPO
- Corporate customers & other<sup>2</sup>
- Retail + PostePay

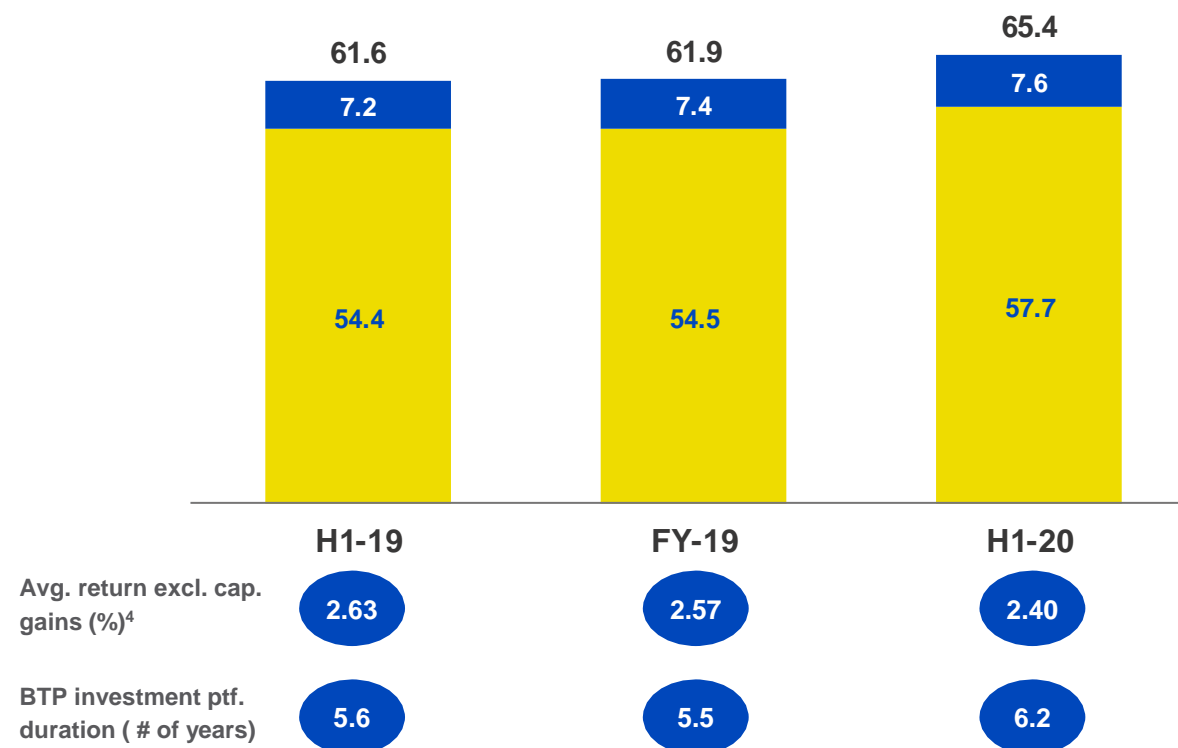
+3.7  
+6.1%



### AVERAGE INVESTMENT PORTFOLIO

- Deposit @ MEF<sup>3</sup>
- Italian Government Bonds

+3.7  
+6.1%



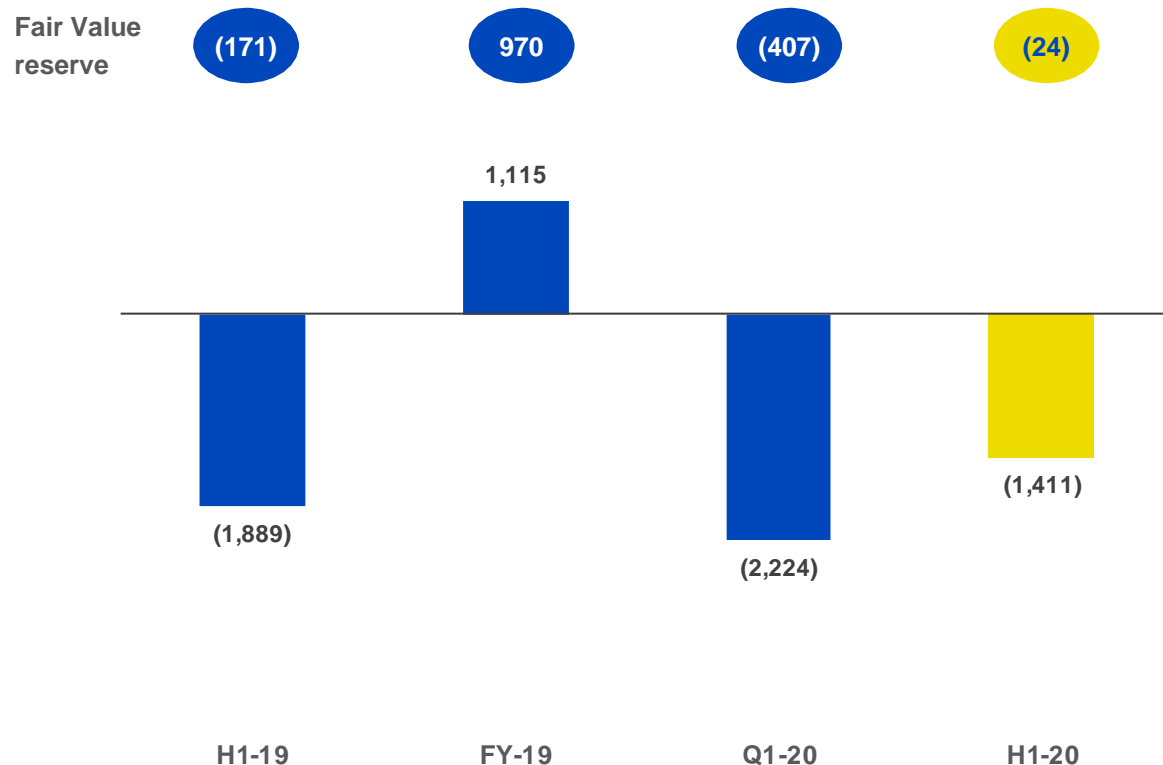
# BANCOPOSTA ASSETS AND LIABILITIES STRUCTURE

NET UNREALIZED LOSSES AT - €1.4BN

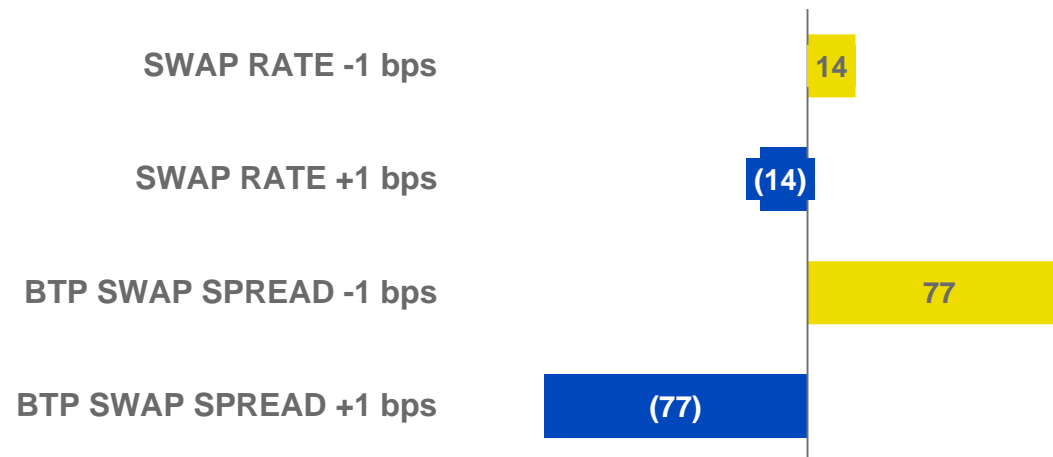
€ m unless otherwise stated



## UNREALIZED GAINS/LOSSES



## UNREALIZED GAINS SENSITIVITIES



	H1-19	FY-19	Q1-20	Q2-20	Var (bps) Q2-20 vs Q1-20
BTP 10Y	2.10	1.41	1.52	1.26	(27)
SWAP 10Y	0.18	0.20	(0.02)	(0.17)	(15)
BTP 15Y	2.55	1.89	1.92	1.68	(24)
SWAP 15Y	0.49	0.46	0.16	0.0	(16)
BTP 30Y	3.09	2.47	2.44	2.22	(22)
SWAP 30Y	0.72	0.63	0.17	0.04	(14)

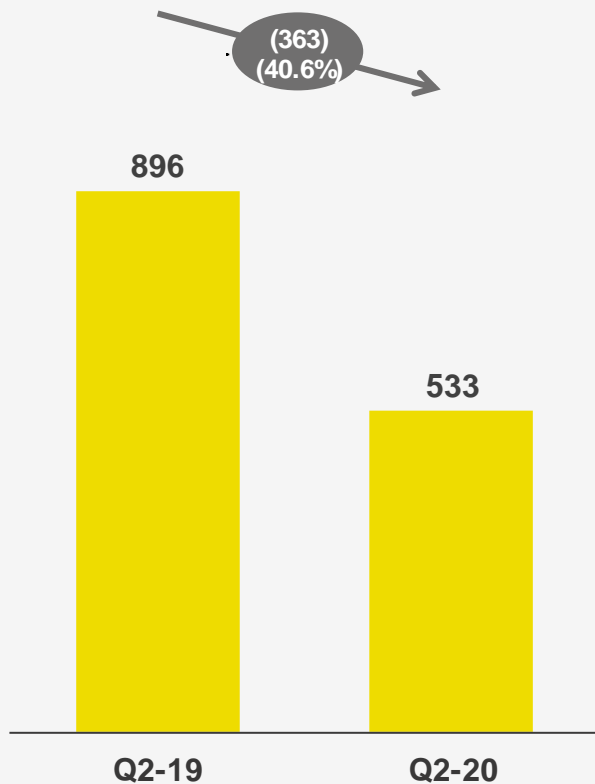
# LOAN AND MORTGAGE DISTRIBUTION

VOLUMES RECOVERING SINCE JUNE IN A DOWNWARD TRENDING MARKET

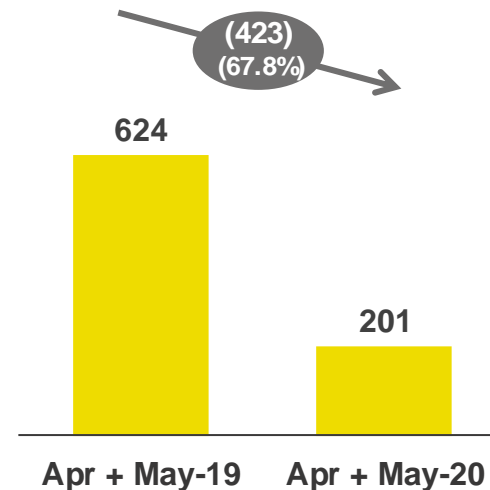
€ bn unless otherwise stated



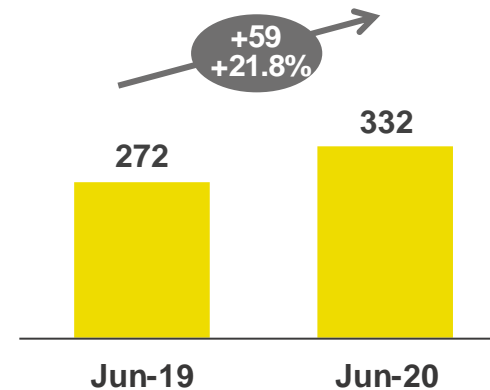
## Q2 VOLUMES



## APRIL + MAY



## JUNE



# POSTAL SAVINGS

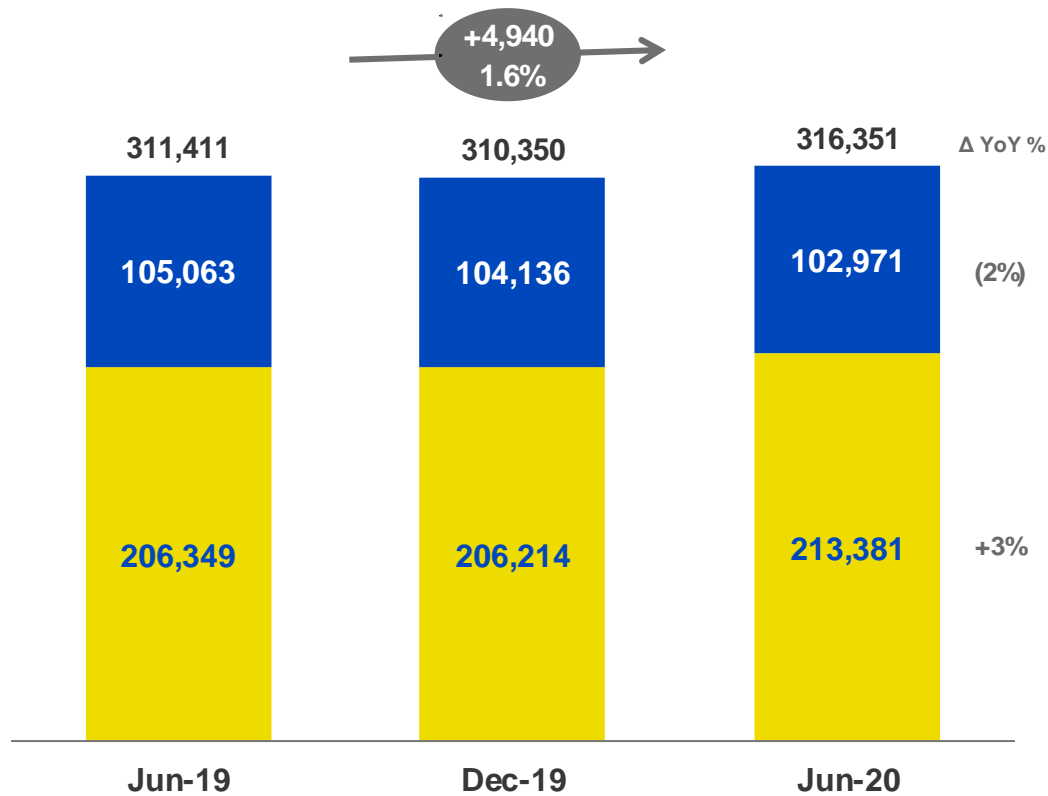
CUSTOMER PREFERENCE FOR LIQUIDITY PRODUCTS RESULTED IN €1.5BN NET INFLOWS

€ m unless otherwise stated

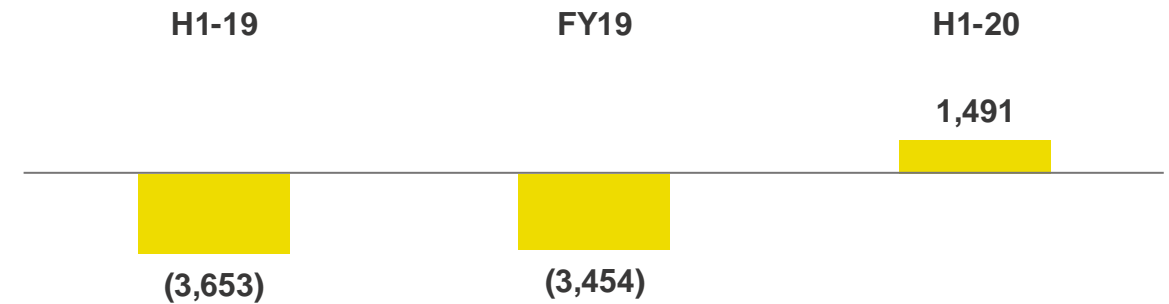


## AVERAGE POSTAL SAVINGS<sup>1</sup>

- Postal saving books
- Postal bonds



## POSTAL SAVINGS NET INFLOWS



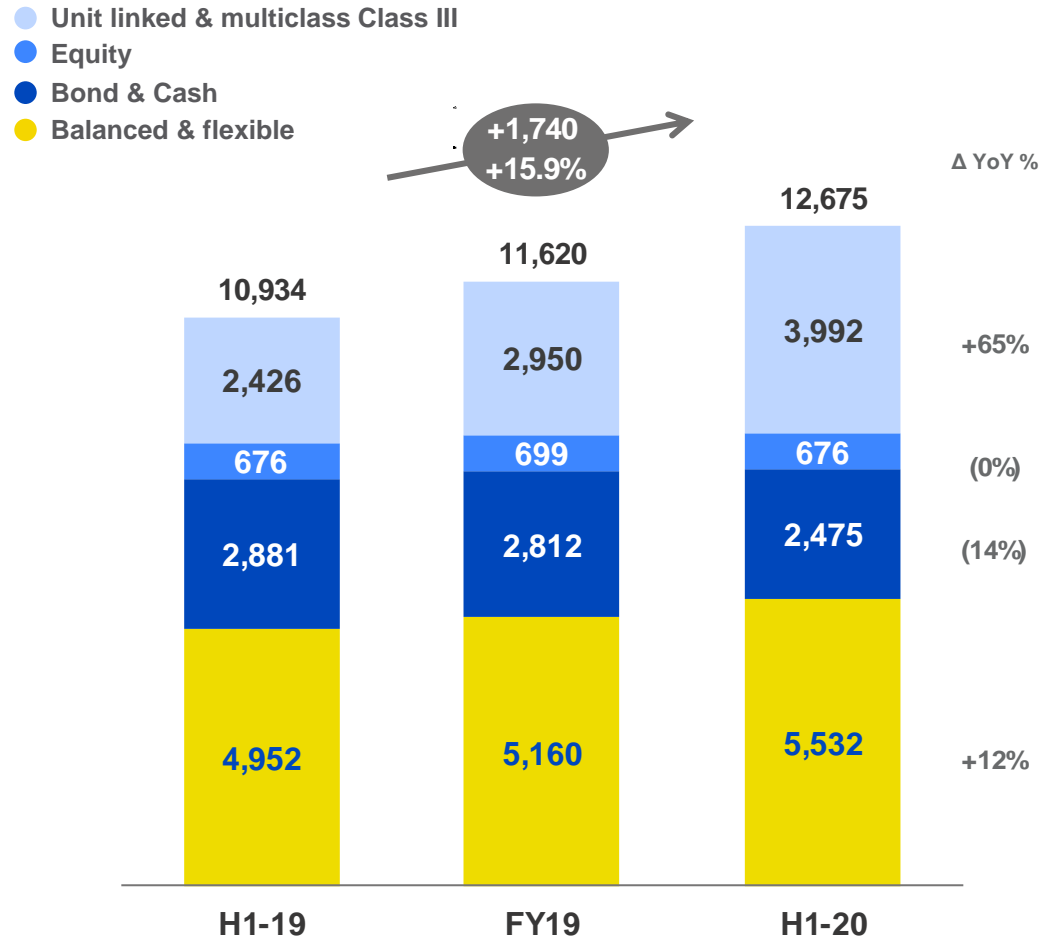
# ASSET MANAGEMENT PROGRESSING

## POSITIVE NET INFLOWS IN A VOLATILE MARKET ENVIRONMENT

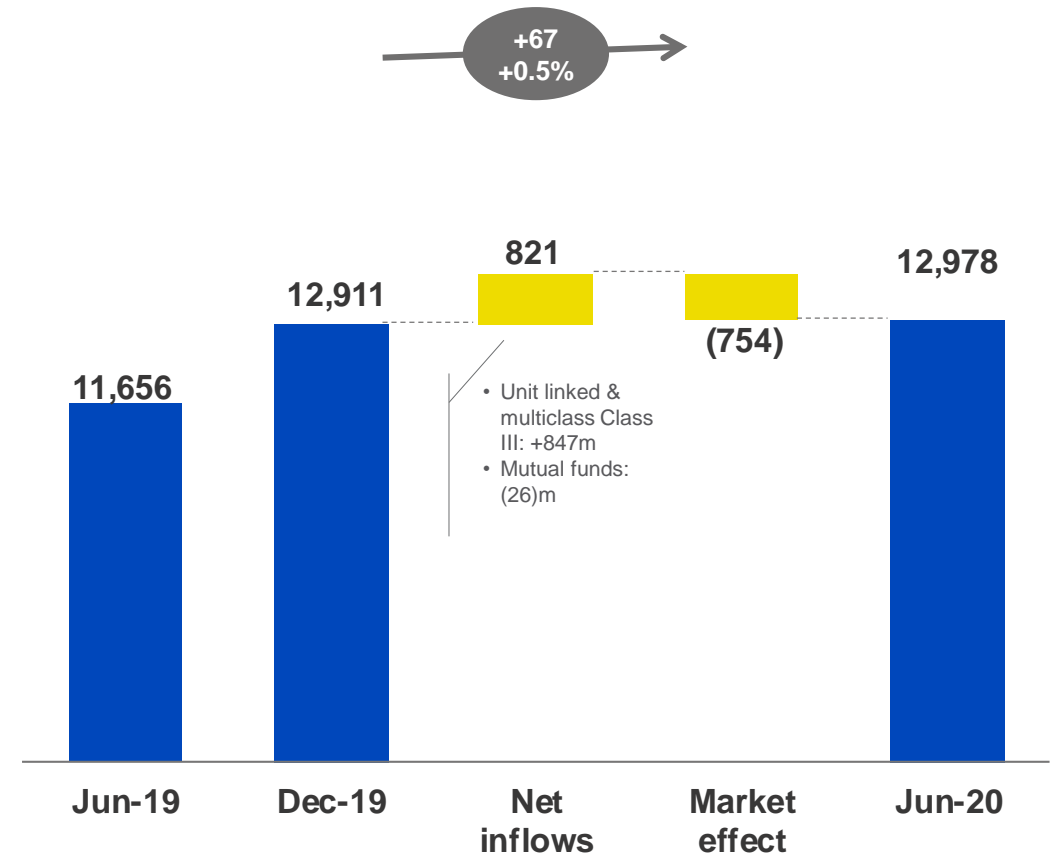
€ m unless otherwise stated



### AVERAGE ASSETS UNDER MANAGEMENT



### ASSETS UNDER MANAGEMENT EVOLUTION – EoP



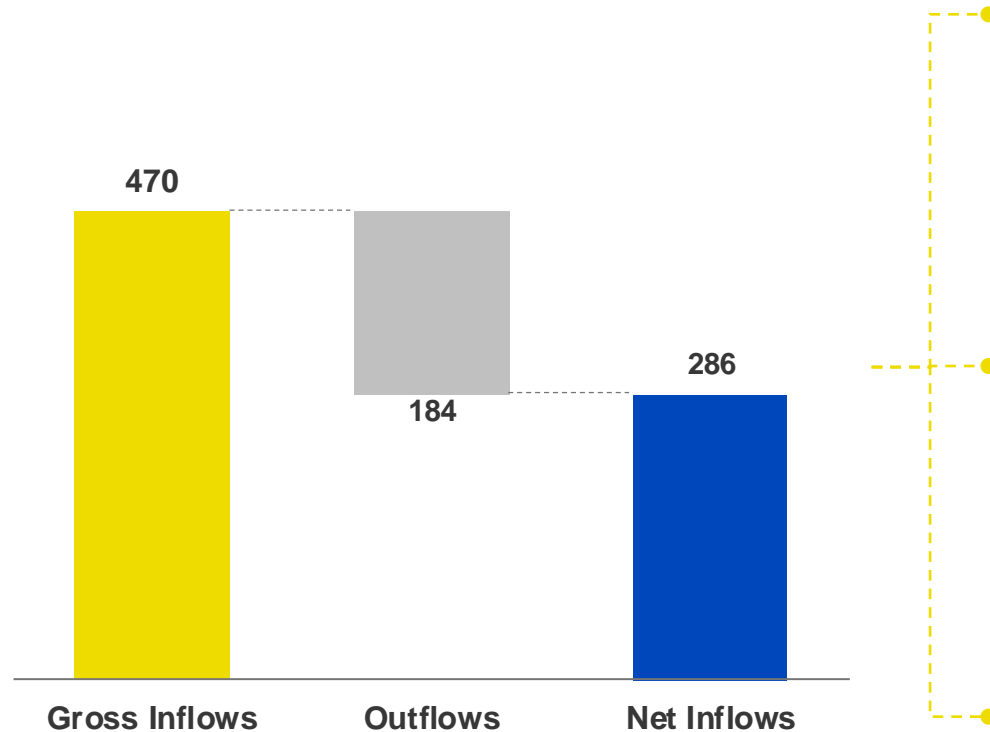
# ASSET MANAGEMENT NET INFLOWS INCREASING IN Q2-20

POSITIVE NET INFLOWS THANKS TO MULTICLASS CLASS III COMPONENT OF INSURANCE PRODUCTS

€ m unless otherwise stated



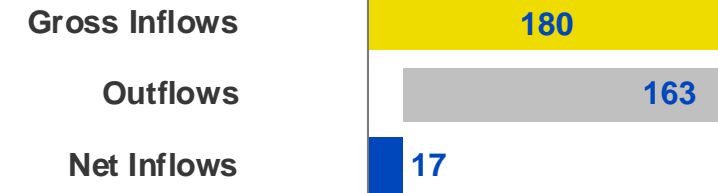
## TOTAL NET INFLOWS – Q2-20



## MULTICLASS CLASS III<sup>1</sup> – Q2-20



## MUTUAL FUNDS – Q2-20



## UNIT LINKED (CLASS III) – Q2-20

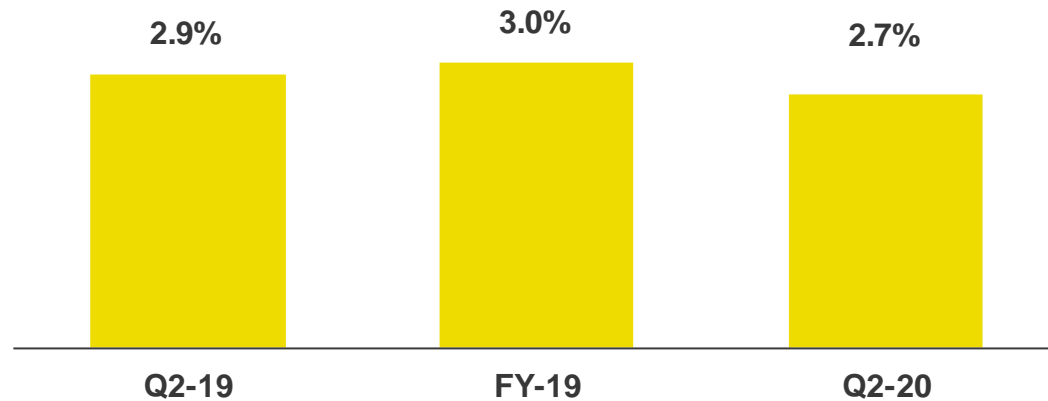


# BANCOPOSTA'S SOLID AND EFFICIENT CAPITAL POSITION

AN ASSET GATHERER WITH A CAPITAL LIGHT BALANCE SHEET



## LEVERAGE RATIO



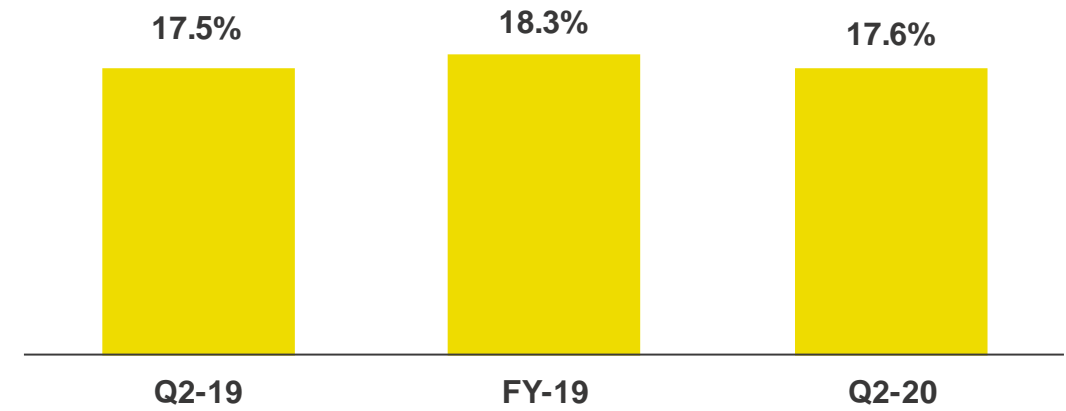
Exposure  
Measure  
(€ bn)

79.5

79.6

89.0

## CET 1 RATIO



RWA  
(€ bn)

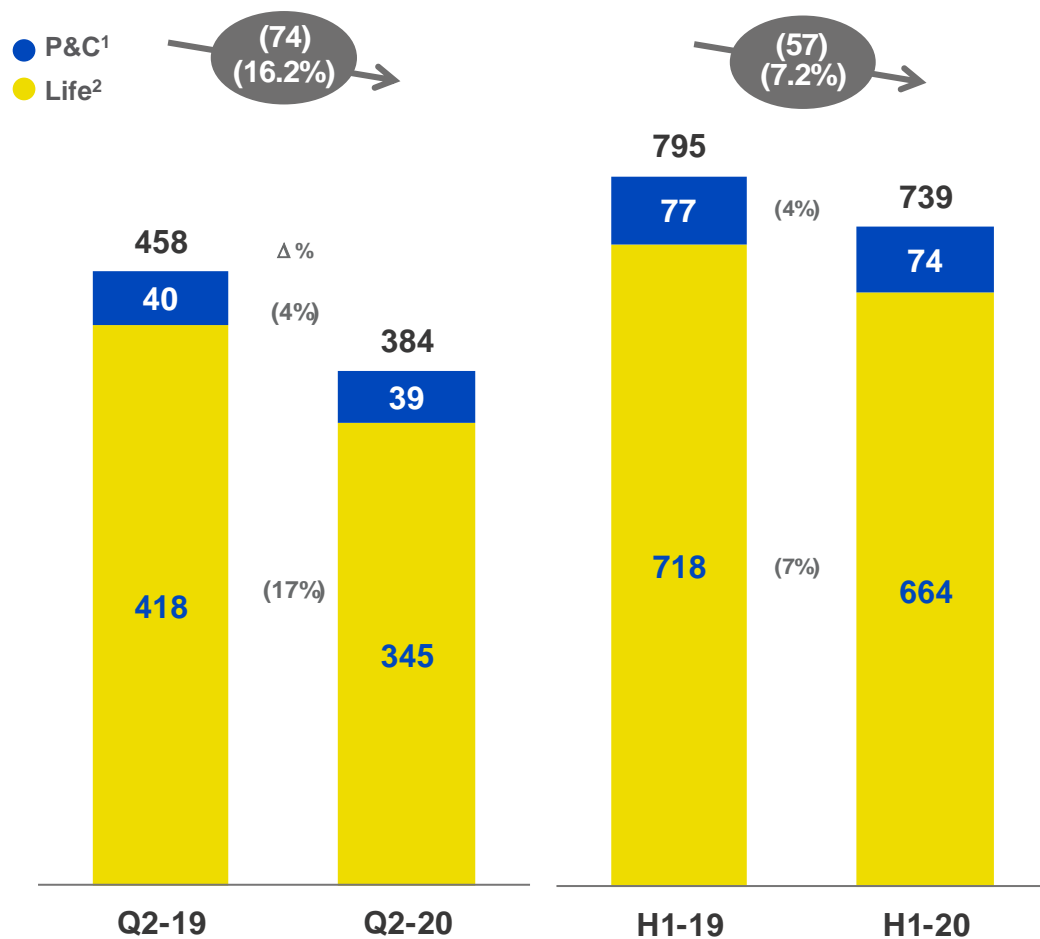
13.1

13.0

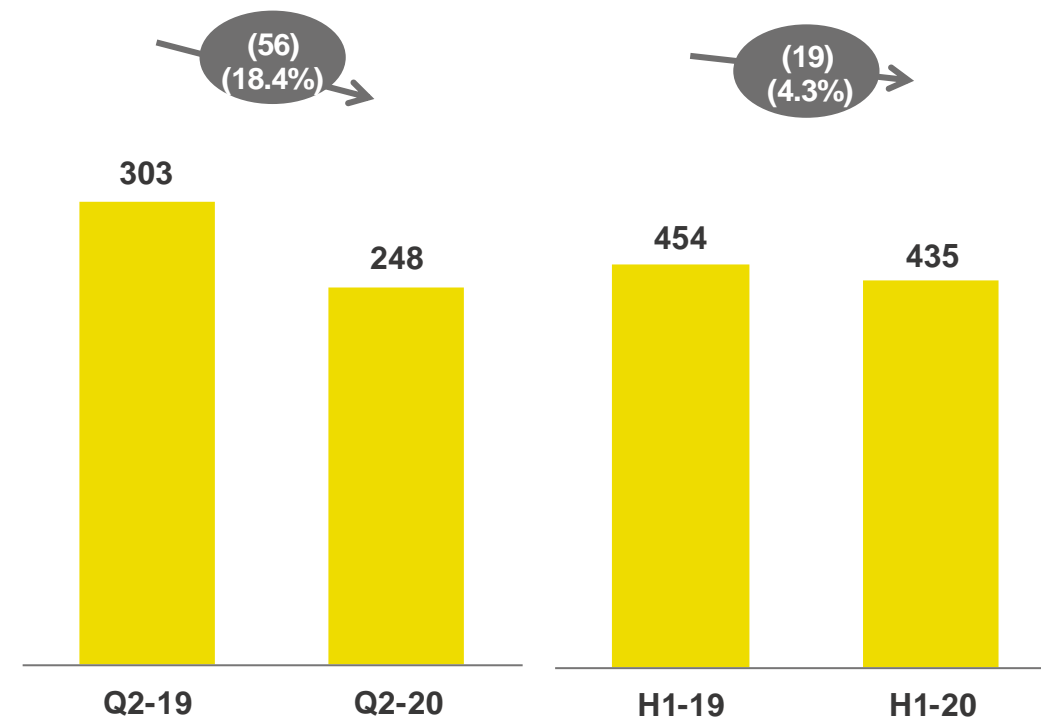
13.5



### SEGMENT REVENUES

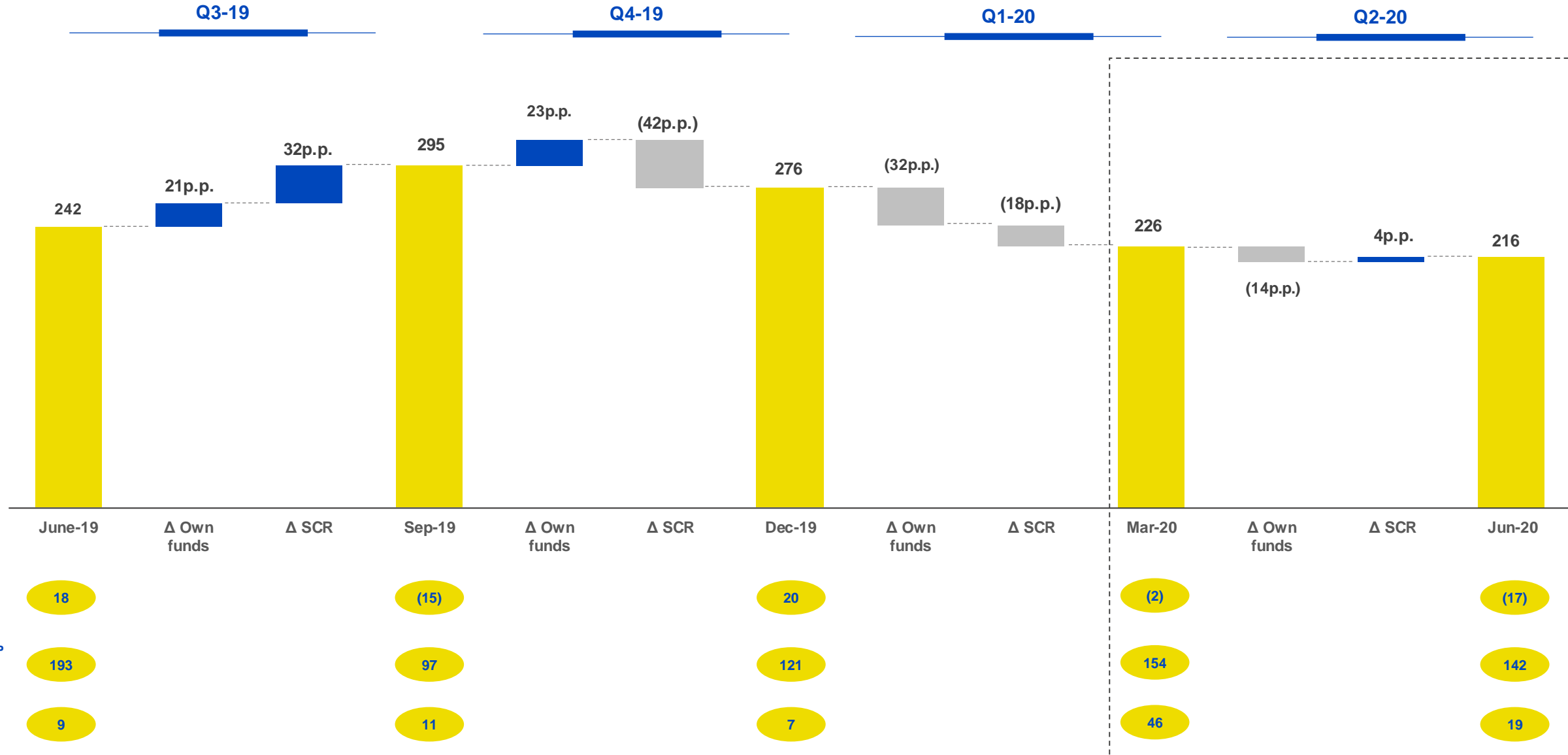


### EBIT



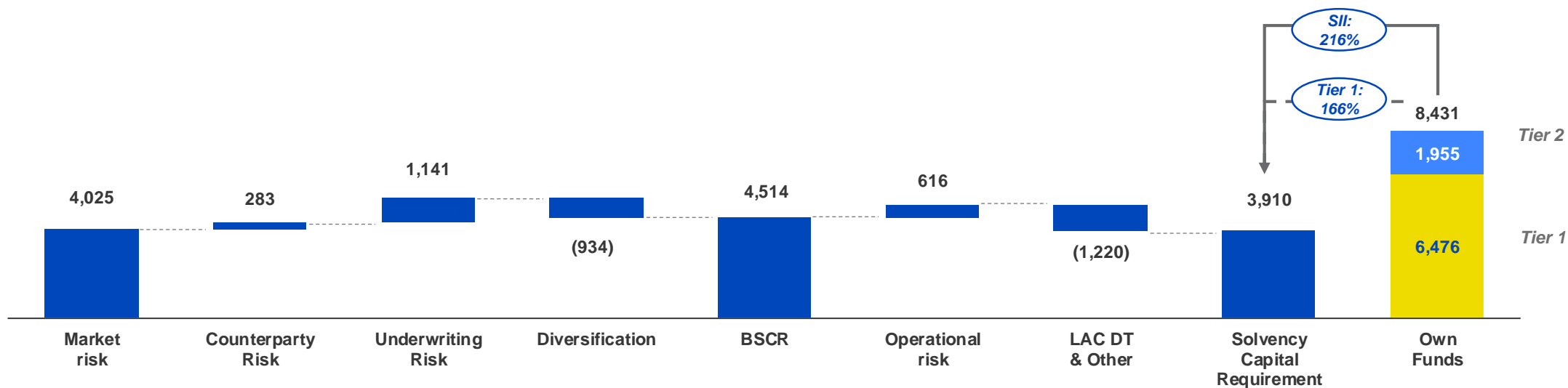
# INSURANCE SERVICES

## SOLVENCY II EVOLUTION

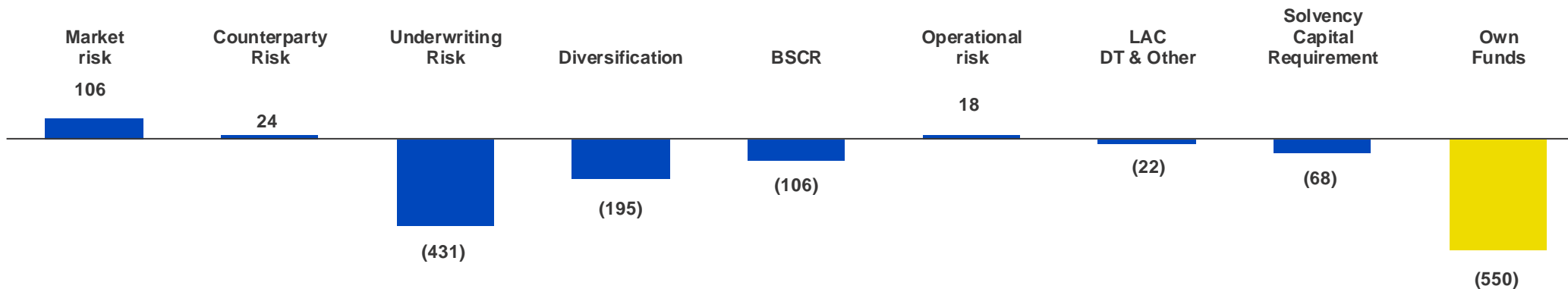




### SOLVENCY II CAPITAL AND SOLVENCY II CAPITAL REQUIREMENT EVOLUTION (€ M)



### CHANGE VS. MARCH 2020 (€ M)



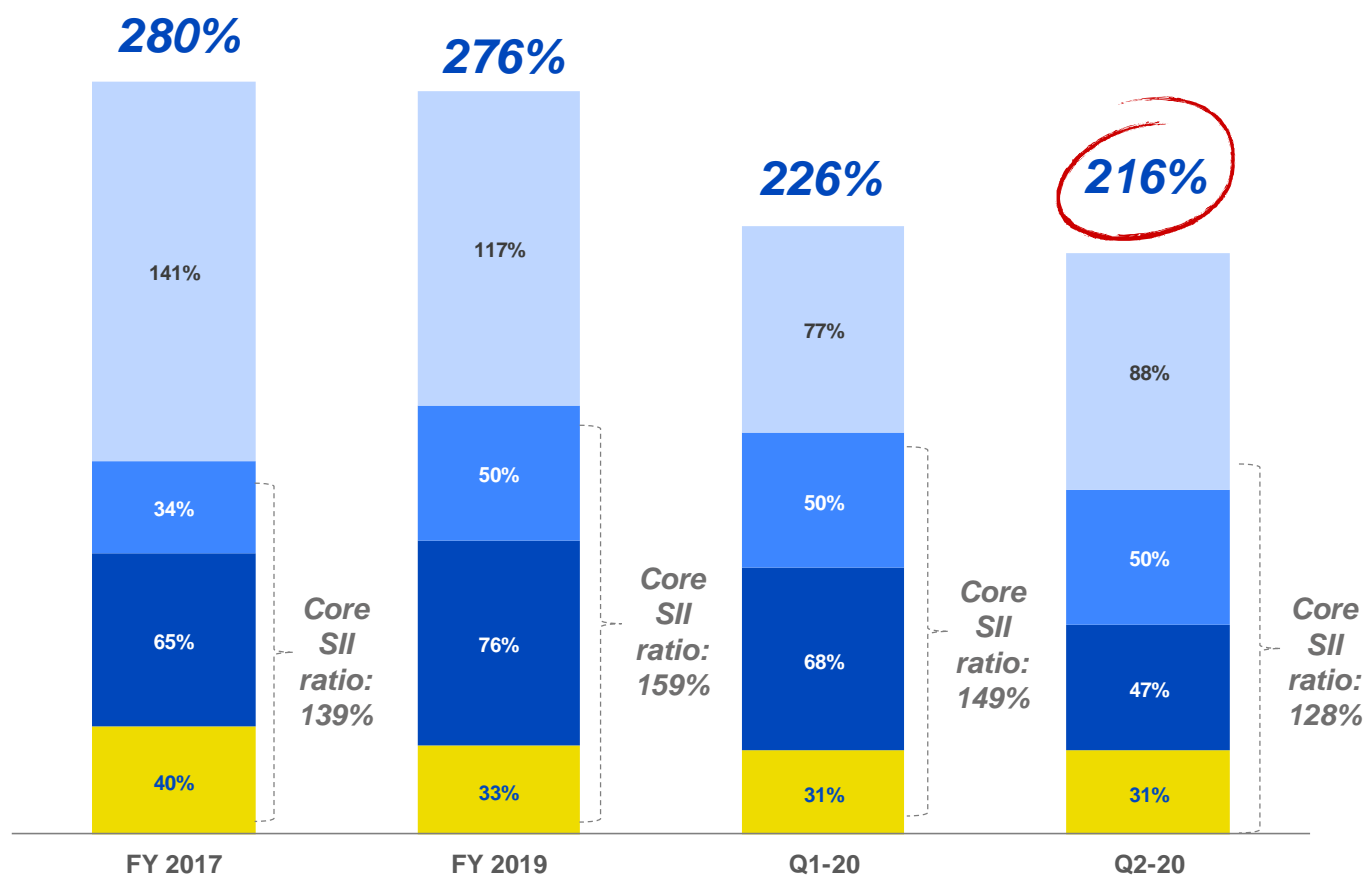
# INSURANCE SERVICES: SOLVENCY II RATIO COMPOSITION

CORE SOLVENCY II RATIO BROADLY STABLE IN A VOLATILE MARKET



## CORE SOLVENCY II RATIO – EXCLUDING TRANSITIONAL MEASURES

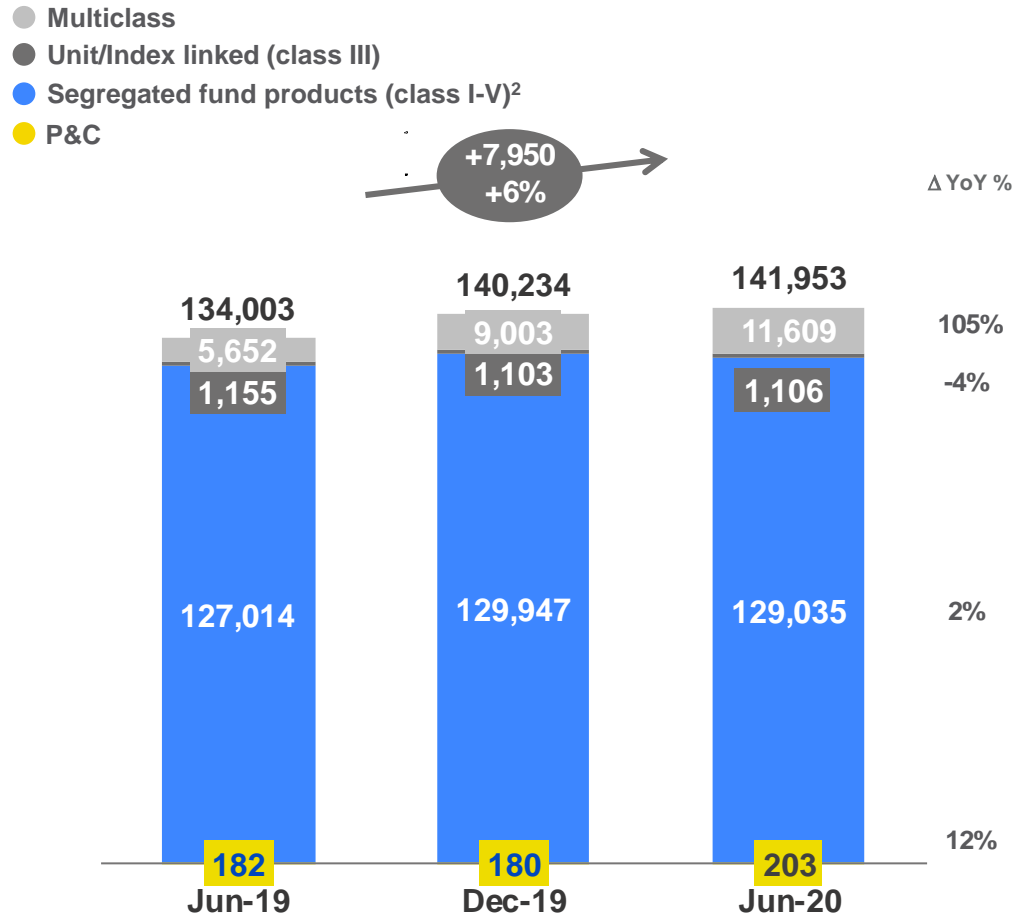
- Reconciliation reserve
- Tier 2
- Retained earnings
- Share capital



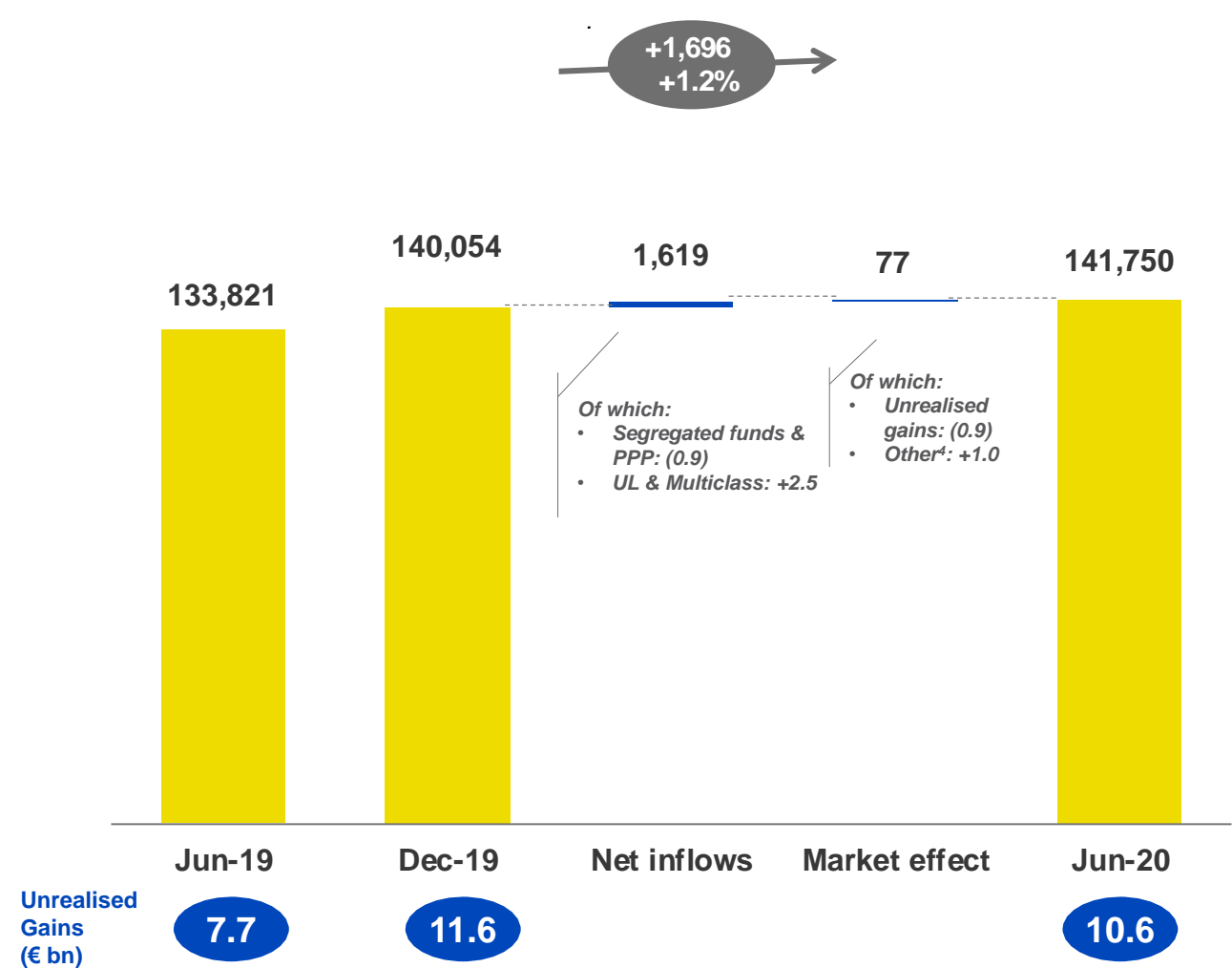


€ m unless otherwise stated

### GROUP NET TECHNICAL PROVISIONS<sup>1</sup>



### LIFE NET TECHNICAL PROVISIONS EVOLUTION<sup>3</sup>



# INSURANCE SERVICES

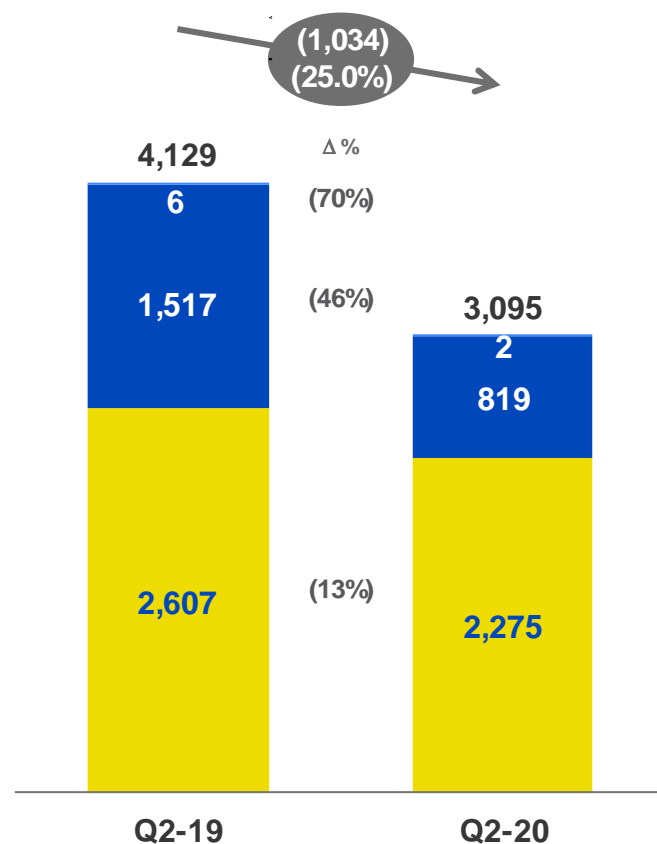
## GROSS WRITTEN PREMIUM MIX IN Q2-20



€ m unless otherwise stated

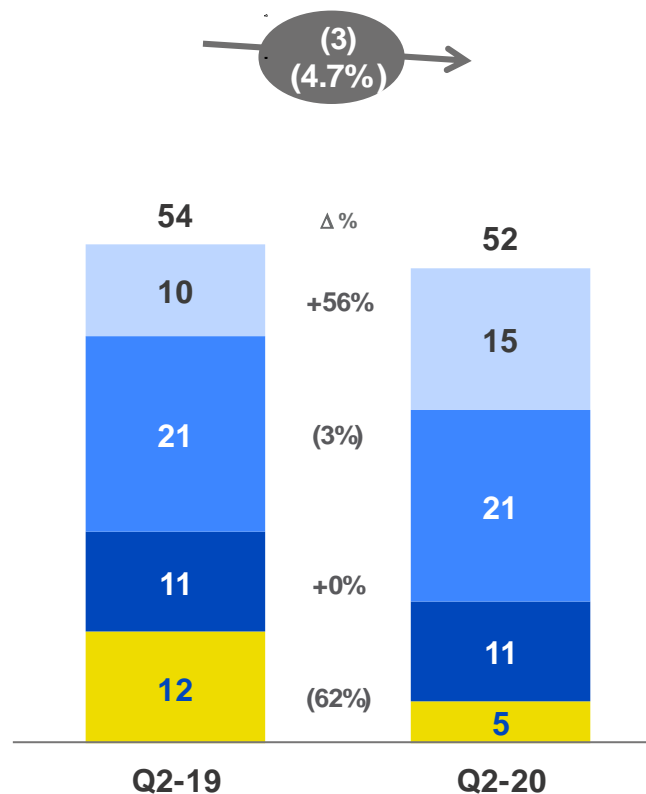
### LIFE

- Unit linked (class III)
- Multiclass
- Segregated fund products (class I-V)<sup>1</sup>



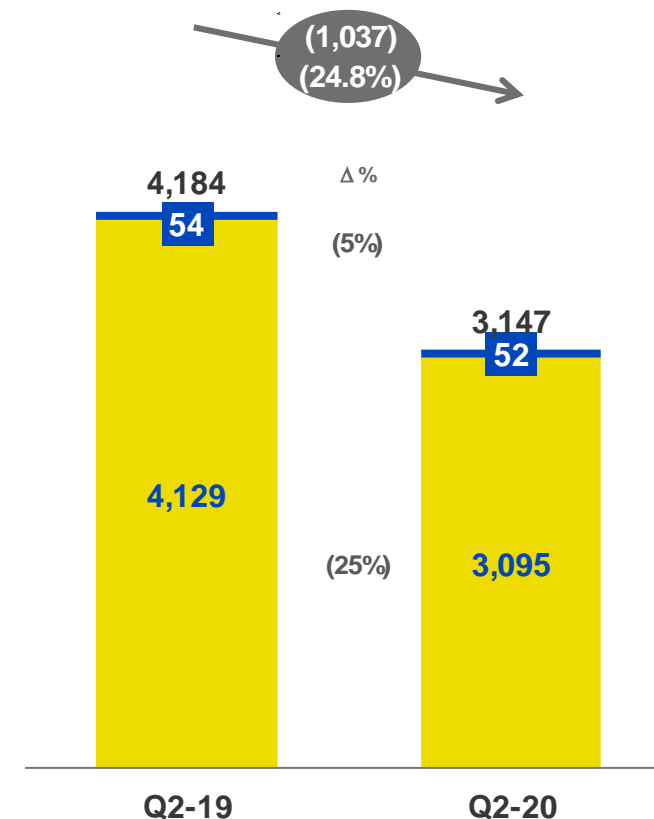
### NON-LIFE

- Welfare
- Personal
- Property
- Payments



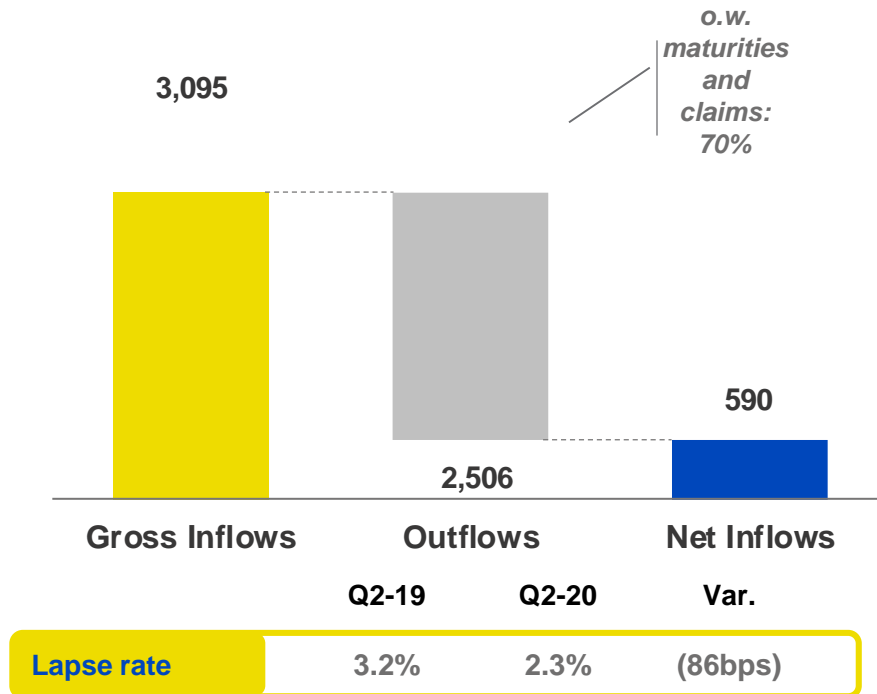
### TOTAL

- P&C
- Life





### TOTAL NET INFLOWS – QUARTER



### UNIT LINKED (CLASS III)

Gross written premiums	2
Outflows	4
Net Outflows	(3)

### MULTICLASS

Gross written premiums	819
Outflows	50
Net Inflows	769

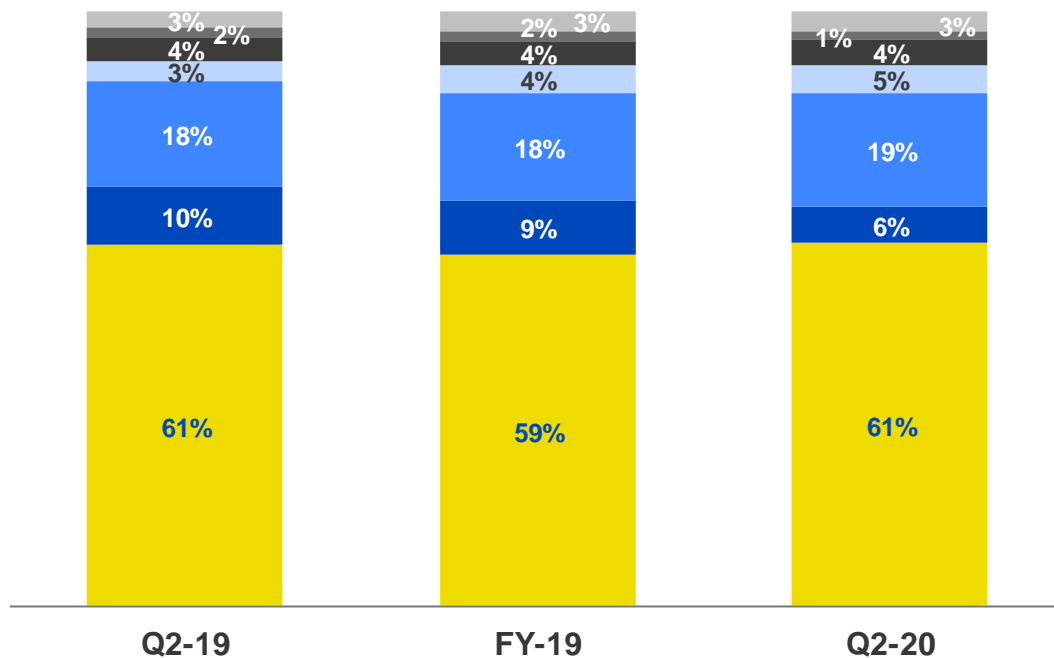
### SEGREGATED FUNDS & PPP<sup>1</sup>

Gross written premiums	2,275
Outflows	2,452
Net Outflows	(176)



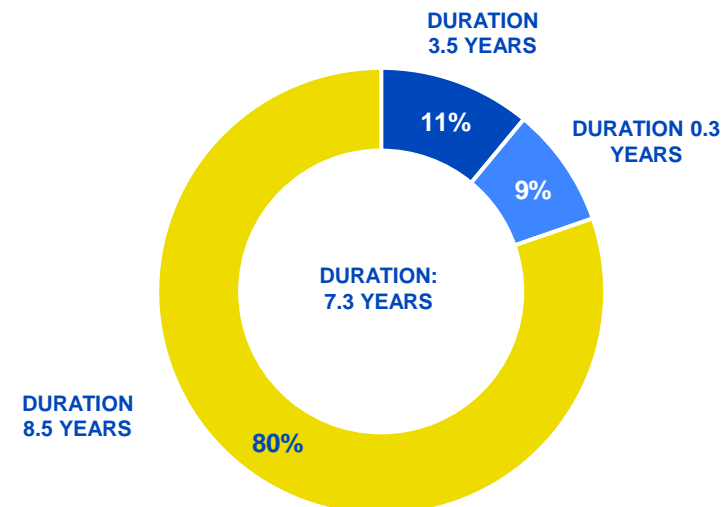
### INVESTMENT PORTFOLIO BREAKDOWN

- Private markets
- Equity
- Emerging markets
- High yield
- Corporate bonds
- Global govies
- Italian Govies



### FIXED INCOME BREAKDOWN BY RATE TYPE





- Floating
- Inflation linked
- Fixed income



	1H 2019	FY 2019	Q1-20	H1-20	Var. YoY
Minimum guaranteed return (Class I) (%)	0.72	0.67	0.64	0.61	(11)bps
Segregated fund return (%)	2.36	2.38	2.06	2.19	(17)bps

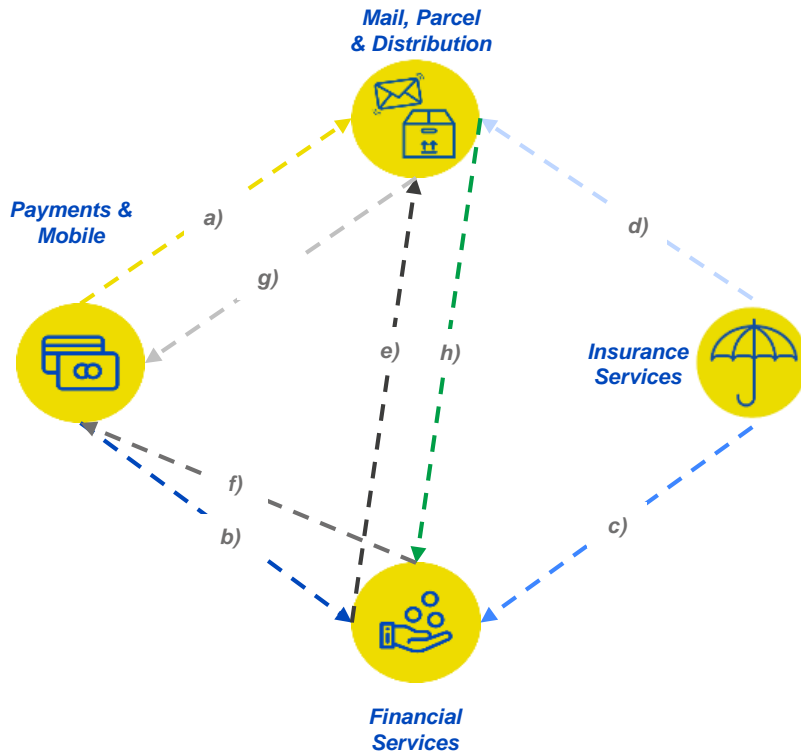
# GROUP PERFORMANCE

## MAIN KPIs

OPERATIONAL KPI's		Q2-19	Q2-20	Δ% YoY	H1-19	H1-20	Δ% YoY
 <b>MAIL PARCEL &amp; DISTRIBUTION</b>	Mail Volumes (#m)	690	523	(24%)	1,407	1,137	(19%)
	Parcels delivered by mailmen (#m)	11	19	+71%	24	33	+42%
	Parcel volumes (#m)	34	52	+54%	68	90	+31%
	B2C Revenues (€m)	81	145	+80%	167	254	+52%
 <b>PAYMENTS &amp; MOBILE</b>	PostePay cards (#m)				22.2	21.7	(3%)
	<i>of which PostePay Evolution cards (#m)</i>				6.9	7.3	+5%
	Total payment cards transactions (#bn)				0.7	0.7	+3%
	<i>of which eCommerce transactions (#m)</i>				0.1	0.2	+66%
	Mobile & land-line (#m)				4.4	4.6	+4%
 <b>FINANCIAL SERVICES</b>	Poste Italiane Digital e-Wallets (#m)				3.4	6.4	+87%
	Total Financial Assets - TFAs (€/bn)				530	548	+3%
	Product Sales (#m)				4.2	3.5	(15%)
 <b>INSURANCE SERVICES</b>	Unrealized gains (€m)				(1,889)	(1,411)	+25%
	Gross Written Premiums (€m)	4,184	3,147	(25%)	10,173	7,746	(24%)
	GWP – Life (€m)	3,903	2,877	(26%)	9,540	7,150	(25%)
	GWP – Private Pension Plan (€m)	227	218	(4%)	499	467	(7%)
	GWP – P&C (€m)	54	52	(5%)	133	128	(4%)

# INTERSEGMENT COSTS AS OF Q2-20

## INTERSEGMENT COST FLOWS



## MAIN RATIONALE

## INDICATIVE MAIN REMUNERATION SCHEME

€ m

Δ Y/Y

### • Payments and Mobile remunerates:

- a) **Mail, Parcel and Distribution** for providing IT, delivery volume and other corporates services<sup>1</sup>;
- b) **Financial Services** for promoting and selling card payments and other payments (e.g. tax payments) throughout the network;

- a) Number of payment transactions x flat fee (depending on the product)
- b) Fixed % of revenues

**Total: 90**

### • Insurance Services remunerates:

- c) **Financial Services** for promoting and selling insurance products<sup>2</sup> and for investment management services<sup>3</sup>;
- d) **Mail, Parcel and Distribution** for providing corporate services<sup>1</sup>;

- c) Fixed % of upfront fees
- d) Depending on service/product

c) 94 (17%)  
d) 14 n.m.  
**Total: 107**

### • Financial Services remunerates:

- e) **Mail, Parcel and Distribution** for promoting and selling Financial, Insurance and PMD products throughout the network and for proving corporate services<sup>4</sup>;
- f) **Payments & Mobile** for providing certain payment services<sup>5</sup>

- e) Fixed % (depending on the product) of revenues
- f) Depending on service/product

e) 933 (10%)  
f) 72 (17%).  
**Total: 1,007**

### • Mail, Parcel and Distribution remunerates:

- g) **Payments & Mobile** for acquiring services and postman electronic devices
- h) **Financial Services** as distribution fees related to "Bollettino DTT"

- g) Annual fee
- h) Flat fee for each «Bollettino»

g) 10 27%  
h) 7 (28%)  
**Total: 17**

# CONSOLIDATED ACCOUNTS

## PROFIT & LOSS

€m	Q2-19	Q2-20	Var.	Var. %	H1-19	H1-20	Var.	Var. %
<b>Total revenues</b>	<b>2,679</b>	<b>2,328</b>	<b>(352)</b>	<b>(13%)</b>	<b>5,521</b>	<b>5,083</b>	<b>(438)</b>	<b>(8%)</b>
of which:								
Mail, Parcel and Distribution	875	701	(174)	(20%)	1,755	1,472	(283)	(16%)
Payments and Mobile	167	172	6	+3%	306	338	31	+10%
Financial Services	1,180	1,071	(109)	(9%)	2,665	2,535	(130)	(5%)
Insurance Services	458	384	(74)	(16%)	795	739	(57)	(7%)
<b>Total costs</b>	<b>2,216</b>	<b>2,003</b>	<b>(213)</b>	<b>(10%)</b>	<b>4,441</b>	<b>4,317</b>	<b>(123)</b>	<b>(3%)</b>
of which:								
Total personnel expenses	1,395	1,228	(167)	(12%)	2,833	2,633	(200)	(7%)
<i>of which personnel expenses</i>	1,389	1,223	(166)	(12%)	2,823	2,625	(198)	(7%)
<i>of which early retirement incentives</i>	6	3	(3)	(45%)	9	4	(5)	(53%)
<i>of which legal disputes with employees</i>	1	2	1	n.m.	1	3	2	n.m.
Other operating costs	627	638	11	+2%	1,227	1,346	119	+10%
Depreciation, amortisation and impairments	193	136	(57)	(30%)	381	339	(42)	(11%)
<b>EBIT</b>	<b>464</b>	<b>325</b>	<b>(139)</b>	<b>(30%)</b>	<b>1,081</b>	<b>766</b>	<b>(315)</b>	<b>(29%)</b>
EBIT Margin	+17%	+14%			+20%	+15%		
Finance income/(costs) and profit/(loss) on investments accounted for using the equity method	12	1	(11)	(89%)	18	8	(10)	(57%)
<b>Profit before tax</b>	<b>476</b>	<b>326</b>	<b>(149)</b>	<b>(31%)</b>	<b>1,099</b>	<b>773</b>	<b>(326)</b>	<b>(30%)</b>
Income tax expense	151	87	(64)	(42%)	336	228	(108)	(32%)
<b>Profit for the period</b>	<b>324</b>	<b>239</b>	<b>(85)</b>	<b>(26%)</b>	<b>763</b>	<b>546</b>	<b>(218)</b>	<b>(29%)</b>

# MAIL, PARCEL & DISTRIBUTION

## PROFIT & LOSS



€m	Q2-19	Q2-20	Var.	Var. %	H1-19	H1-20	Var.	Var. %
Segment revenue	875	701	(175)	(20%)	1,755	1,472	(283)	(16%)
Intersegment revenue	1,122	996	(126)	(11%)	2,453	2,256	(197)	(8%)
<b>Total revenues</b>	<b>1,997</b>	<b>1,697</b>	<b>(300)</b>	<b>(15%)</b>	<b>4,208</b>	<b>3,728</b>	<b>(480)</b>	<b>(11%)</b>
Personnel expenses	1,368	1,206	(162)	(12%)	2,775	2,581	(193)	(7%)
<i>of which personnel expenses</i>	1,362	1,203	(159)	(12%)	2,767	2,579	(188)	(7%)
<i>of which early retirement incentives</i>	6	3	(3)	(54%)	8	3	(5)	(66%)
Other operating costs	499	504	5	+1%	959	987	29	+3%
Intersegment costs	17	17	(0)	(2%)	37	34	(3)	(9%)
<b>Total costs</b>	<b>1,884</b>	<b>1,726</b>	<b>(157)</b>	<b>(8%)</b>	<b>3,770</b>	<b>3,602</b>	<b>(168)</b>	<b>(4%)</b>
<b>EBITDA</b>	<b>114</b>	<b>(29)</b>	<b>(143)</b>	<b>(126%)</b>	<b>438</b>	<b>126</b>	<b>(312)</b>	<b>(71%)</b>
Depreciation, amortisation and impairments	181	128	(53)	(29%)	357	319	(37)	(10%)
<b>EBIT</b>	<b>(67)</b>	<b>(157)</b>	<b>(90)</b>	<b>(135%)</b>	<b>81</b>	<b>(194)</b>	<b>(275)</b>	<b>(339%)</b>
EBIT MARGIN	(3%)	(9%)			+2%	(5%)		
Finance income/(costs)	2	3	2	+100%	4	6	2	+48%
<b>Profit/(Loss) before tax</b>	<b>(65)</b>	<b>(154)</b>	<b>(89)</b>	<b>(136%)</b>	<b>85</b>	<b>(187)</b>	<b>(273)</b>	<b>(319%)</b>
Income tax expense	(14)	(50)	(36)	(257%)	35	(53)	(88)	(249%)
<b>Profit for the period</b>	<b>(51)</b>	<b>(104)</b>	<b>(52)</b>	<b>(102%)</b>	<b>50</b>	<b>(135)</b>	<b>(185)</b>	<b>(370%)</b>

# PAYMENTS & MOBILE

## PROFIT & LOSS



€m	Q2-19	Q2-20	Var.	Var. %	H1-19	H1-20	Var.	Var. %
Segment revenue	167	172	6	+3%	306	338	31	+10%
Intersegment revenue	94	81	(13)	(14%)	190	172	(19)	(10%)
<b>Total revenues</b>	<b>261</b>	<b>254</b>	<b>(7)</b>	<b>(3%)</b>	<b>496</b>	<b>509</b>	<b>13</b>	<b>+3%</b>
Personnel expenses	6	6	(0)	(5%)	15	13	(2)	(16%)
<i>of which personnel expenses</i>	6	6	(0)	(5%)	15	13	(2)	(16%)
<i>of which early retirement incentives</i>	0	0	0	n.m.	0	0	0	n.m.
Other operating costs	62	91	30	+48%	134	178	44	+33%
Intersegment costs	132	90	(42)	(32%)	223	177	(45)	(20%)
<b>Total costs</b>	<b>200</b>	<b>188</b>	<b>(13)</b>	<b>(6%)</b>	<b>372</b>	<b>368</b>	<b>(4)</b>	<b>(1%)</b>
<b>EBITDA</b>	<b>61</b>	<b>66</b>	<b>5</b>	<b>+9%</b>	<b>124</b>	<b>141</b>	<b>17</b>	<b>+14%</b>
Depreciation, amortisation and impairments	7	7	0	+0%	13	15	1	+9%
<b>EBIT</b>	<b>54</b>	<b>59</b>	<b>5</b>	<b>+10%</b>	<b>111</b>	<b>126</b>	<b>16</b>	<b>+14%</b>
EBIT MARGIN	21%	23%			22%	25%		
Finance income/(costs)	2	-3	(6)	n.m.	4	0	(4)	n.m.
<b>Profit/(Loss) before tax</b>	<b>56</b>	<b>56</b>	<b>(0)</b>	<b>(1%)</b>	<b>115</b>	<b>126</b>	<b>12</b>	<b>+10%</b>
Income tax expense	15	16	1	+8%	32	36	4	+13%
<b>Profit for the period</b>	<b>41</b>	<b>39</b>	<b>(2)</b>	<b>(4%)</b>	<b>83</b>	<b>90</b>	<b>7</b>	<b>+9%</b>



€m	Q2-19	Q2-20	Var.	Var. %	H1-19	H1-20	Var.	Var. %
Segment revenue	1,180	1,071	(109)	(9%)	2,665	2,535	(130)	(5%)
Intersegment revenue	179	143	(36)	(20%)	372	309	(63)	(17%)
<b>Total revenues</b>	<b>1,359</b>	<b>1,214</b>	<b>(145)</b>	<b>(11%)</b>	<b>3,037</b>	<b>2,844</b>	<b>(193)</b>	<b>(6%)</b>
Personnel expenses	10	10	(1)	(5%)	22	20	(2)	(7%)
<i>of which personnel expenses</i>	10	9	(1)	(9%)	21	20	(1)	(7%)
<i>of which early retirement incentives</i>	0	1	0	+368%	1	1	(0)	(29%)
Other operating costs	48	22	(26)	(55%)	91	134	43	+47%
Depreciation, amortisation and impairments	0	0	(0)	n.m.	0	0	(0)	(26%)
Intersegment costs	1,127	1,007	(120)	(11%)	2,488	2,291	(198)	(8%)
<b>Total costs</b>	<b>1,185</b>	<b>1,038</b>	<b>(147)</b>	<b>(12%)</b>	<b>2,602</b>	<b>2,446</b>	<b>(156)</b>	<b>(6%)</b>
<b>EBIT</b>	<b>174</b>	<b>175</b>	<b>2</b>	<b>+1%</b>	<b>435</b>	<b>398</b>	<b>(37)</b>	<b>(8%)</b>
EBIT MARGIN	13%	14%	0	+13%	14%	14%		
Finance income/(costs)	(4)	(12)	(8)	n.m.	(2)	(14)	(11)	n.m.
<b>Profit/(Loss) before tax</b>	<b>170</b>	<b>163</b>	<b>(6)</b>	<b>(4%)</b>	<b>432</b>	<b>384</b>	<b>(48)</b>	<b>(11%)</b>
Income tax expense	55	46	(9)	(17%)	128	112	(16)	(12%)
<b>Profit for the period</b>	<b>114</b>	<b>117</b>	<b>3</b>	<b>+2%</b>	<b>305</b>	<b>273</b>	<b>(32)</b>	<b>(11%)</b>



€m	Q2-19	Q2-20	Var.	Var. %	H1-19	H1-20	Var.	Var. %
Segment revenue	458	384	(74)	(16%)	795	739	(57)	(7%)
Intersegment revenue	0	0	0	+311%	0	0	(0)	(73%)
<b>Total revenues</b>	<b>458</b>	<b>384</b>	<b>(74)</b>	<b>(16%)</b>	<b>796</b>	<b>739</b>	<b>(57)</b>	<b>(7%)</b>
Personnel expenses	10	7	(3)	(30%)	20	18	(2)	(11%)
<i>of which personnel expenses</i>	<i>10</i>	<i>7</i>	<i>(3)</i>	<i>(30%)</i>	<i>20</i>	<i>17</i>	<i>(3)</i>	<i>(15%)</i>
<i>of which early retirement incentives</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>n.m.</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>n.m.</i>
Other operating costs	20	21	1	+4%	43	46	3	+7%
Depreciation, amortisation and impairments	6	1	(4)	(77%)	11	6	(6)	(51%)
Intersegment costs	118	107	(11)	(10%)	267	234	(32)	(12%)
<b>Total costs</b>	<b>155</b>	<b>136</b>	<b>(18)</b>	<b>(12%)</b>	<b>341</b>	<b>304</b>	<b>(38)</b>	<b>(11%)</b>
<b>EBIT</b>	<b>303</b>	<b>248</b>	<b>(56)</b>	<b>(18%)</b>	<b>454</b>	<b>435</b>	<b>(19)</b>	<b>(4%)</b>
EBIT MARGIN	66%	64%			57%	59%		
Finance income/(costs)	12	13	2	+16%	12	15	3	+24%
<b>Profit/(Loss) before tax</b>	<b>315</b>	<b>261</b>	<b>(54)</b>	<b>(17%)</b>	<b>466</b>	<b>450</b>	<b>(17)</b>	<b>(4%)</b>
Income tax expense	95	75	(20)	(21%)	141	133	(8)	(6%)
<b>Profit for the period</b>	<b>220</b>	<b>186</b>	<b>(34)</b>	<b>(15%)</b>	<b>325</b>	<b>317</b>	<b>(8)</b>	<b>(3%)</b>

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Pursuant to art. 154- BIS, par. 2, of the Consolidated Financial Bill of February 24, 1998, the executive (Dirigente Preposto) in charge of preparing the corporate accounting documents at Poste Italiane, Alessandro Del Gobbo, declares that the accounting information contained herein corresponds to document results and accounting books and records.

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