

## Poste Italiane: Board of Directors approves the results for first half 2017

02-08-2017

The Board of Directors of Poste Italiane S.p.A. (‘‘Poste Italiane’’), chaired by Maria Bianca Farina, reviewed and approved today the First Half Financial Report as of 30 June 2017, drawn up in compliance with the measurement, recognition and classification criteria laid down by international accounting standards (IAS/IFRS).

The Board of Directors of Poste Italiane S.p.A. (‘‘Poste Italiane’’), chaired by Maria Bianca Farina, reviewed and approved today the First Half Financial Report as of 30 June 2017, drawn up in compliance with the measurement, recognition and classification criteria laid down by international accounting standards (IAS/IFRS).

Matteo Del Fante, Chief Executive Officer and General Manager, commented on the results as follows:

‘‘[The results approved today are showing a growth both in revenues and operating profit, highlighting an acceleration compared to the first quarter of the year. In particular during the second quarter, the Group recorded an important 7% growth in sales that has more than compensated the decline in the previous quarter. At an operational level the result is substantially in line with the first half of 2016; however please bear in mind that in the first half of 2016 benefitted from a one-off capital gain related to the Visa Europe disposal. Furthermore please note that in the first half of the year the Group has recorded some write-offs; net of these one-off effects operating profit would have been equal to €912m, recording a 26% increase when compared to the previous period the year before.

Let me also highlight at the end of the first

half of the year that the Group has reached the remarkable target of over €500 billion assets under management/administration. From the beginning of my mandate, the two principal areas of my attention have been: the implementation of the new management and a focus on drafting strategies to deliver value growth for our stakeholders. The team is now fully in place and working on a new strategic plan which we aim to present to the market at the beginning of 2018.

These new targets will contribute in strengthening the Group's cash generation in support of our 2017 dividend policy, which we confirm to be in line with the last two years’’].

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In addition to the standard financial indicators required by IFRS, Poste Italiane also utilises a number of alternative performance indicators, with a view to providing a clearer assessment of the business performance and financial position. The meaning and makeup of such indicators are described in the annex, in line with the ESMA/2015/1415 Guidelines of 5 October 2015.

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In the first half of 2017, the Group's **total revenue**, inclusive of insurance premiums, registered a 2% growth compared with the

same period of the previous year, rising to € 18 billion. The Insurance Services and Asset Management segment, in a market that has seen a sharp contraction in insurance premiums, contributed € 13.3 billion of total revenues, an increase of 3.3%. Financial Services results were stable, recording revenues of € 2.8 billion (+0.4%) while Postal and Business Services revenues fell to € 1,812 million (-3.8%), impacted by the steady fall in volumes. Revenues for the Express Delivery, Logistics and Parcels segment grew to € 342 million, up 8.9% compared with the same period of the previous year.

**Operating profit** for the first half of the year, of € 847 million, is substantially in line with that of the first half of 2016 (€ 843 million). The smaller contribution from Financial Services and the relatively stable result in Postal and Business Services were offset by the positive contribution from the Insurance Services and Asset Management segment.

**Net profits**, of € 510 million, fell from the € 565 million in the same period of the previous year, due to the higher financial charges linked to the write-down, for € 82 million before tax, of the Convertible Notes subscribed by Poste Italiane in December 2014 and issued by Midco SpA, the company which holds 51% of Alitalia SAI SpA.

The **group net financial position** presents a surplus of € 4.3 billion compared with € 6.2 billion at 31 December 2016. The variation in the six months reflects, among other things, the contraction of the fair value reserve of the available-for-sale financial instruments by € 1.2 billion, payment of € 222 million for the stake in FSIA Investimenti Srl and the distribution of dividends for € 509 million. Cash generated by non-financial operations was € 480 million.

The **net industrial financial position** shows a

surplus of € 54 million.

**Capital expenditure** for the period, before disposals, comes to € 182 million and is primarily related to the digitalisation of telecommunication networks and to property renovation and restructuring.

During the first six months of 2017, the **client assets under management/administration** rose to € 500 billion, up 1.4% from € 493 billion at 31 December 2016. This was attributable mainly to growth in BancoPosta direct deposits to current accounts (+5 € billion) and in the technical provisions of the Life insurance segment.

As regards the **distribution networks**, the process of modernisation and digitalisation of post offices continued in H1 2017 with the roll-out of wi-fi connectivity in 3,926 post offices from the start of the project as well as the installation of a “new queue management” system, now present in 2,414 offices. These initiatives continue to further improve the quality of customer services, including the opening of 27 multilingual offices across the country (4 of which in 2017) to simplify access to the Group’s services for “new Italians”.

## **POSTAL AND BUSINESS SERVICES**

**Market revenues** of € 1.8 billion, down -3.8% (€ 1.9 billion) Total revenues amount to € 4.27 billion (inclusive of € 2.5 billion in captive revenue, mainly due to distribution services), down -1.4% compared with the same period of 2016 (€ 4.32 billion). The fall in market revenues from mail volumes (-6.7% compared with the first half of 2016), is linked to the expected drop in the volume of postal products (-9.6%), though smaller than the 2016 trend compared with the same period of 2015 (-10.3%).

Combating the slide in revenues, besides the new tariffs and the development of the parcels segment, are the measures taken to improve the quality of traditional postal services and the efficiency of the related operating processes.

The parcel segment posted a 19.6% growth compared to the same period of 2016, with a total number of 55 million parcels handled in the first half of 2017, also due to the developing growth of e-commerce in Italy.

**Operating profit** amounts to € 75 million (€ 74 million in the first six months of 2016). The trend in revenues was offset by a similar reduction in costs, primarily thanks to the lower labour costs due to efficiency measures on the workforce.

You can find the full report [here](#)

Source: [Poste Italiane](#)

