POSTE ITALIANE

Q2 & H1-2025 FINANCIAL RESULTS

Rome, 22 July 2025

Giuseppe Esposito

Good afternoon and welcome to Poste Italiane's Second Quarter and First Half 2025 Results Conference Call.
In a few moments, the CEO - Matteo Del Fante - will take you through some opening remarks and then the CFO - Camillo Greco - will cover the financials.
As usual, the presentation will be followed by a Q&A session where you can ask questions, either via phone or through our webcast platform.
For any topics we won't be able to cover today, please do contact the Investor Relations team who will provide any clarification you might require.
With that, over to you, Matteo.

Matteo Del Fante

Good afternoon everyone and thank you for joining us today for our Q2 and first-half 2025 results call.
It's great to have you with us today as we share another record-breaking quarter of growth and an impressive first half of 2025, as we continue to deliver on our strategic plan.
We have delivered record second-quarter group revenues, EBIT and net income. All business units contributed to a solid 5% year-on-year top-line growth, to 6.5 billion euros, and EBIT growth at 12% to over 1.7 billion euros.
These results are yet another demonstration of the solidity of our business model, seamless execution and continued ability to adapt and grow in a dynamic environment, and relentless cost discipline.
Net profit at 1.2 billion is up a remarkable 14% compared to the same period of last year.
Since the beginning of the year, we registered strong net inflows in investment products, confirming the robust commercial performance in insurance products, coupled with record quarterly NII. Our balance sheet remains extremely solid, supporting our upgraded dividend policy.
Solvency 2 ratio remains well above 300%, including the impact of the first 500 million of additional remittance from Poste Vita to the parent company paid in June 2025.
The strong momentum across our platform, and particularly in our financial and insurance divisions, gives us the confidence to increase our adjusted EBIT guidance for full

year 2025 to 3.2 billion, and our Net Profit guidance to 2.2 billion.

Let's move to Group financial results on Slide 4.

Poste delivered a strong performance in the second quarter and first half of the year. Let's focus on the half, with a record top line at 6.5 billion euro, up 5% year-on-year.

Adjusted EBIT is at 1.7 billion euro and net profit at 1.2 billion, up a remarkable 12% and 14%, respectively.

These are our best-ever first half results since going public.

Adjusted EBIT for the quarter is at 864-million-euro and net profit is at 572-million-euro, up 10% and 9% respectively.

On Slide 5, the strong underlying revenue momentum across all our business segments continues in the second quarter.

In Mail, Parcel and Distribution, revenue growth was driven by increasing parcel volumes. The anticipated decline in mail volumes is effectively mitigated through ongoing re-pricing actions.

In Financial Services, revenues increased by 6% year-on-year to 2.8 billion, supported by record-level quarterly NII and solid commercial performance.

Insurance Services delivered strong profitability in both life and protection segments. Revenues rose 10% in the first half, reflecting growing CSM and higher release.

Postepay Services' unique and integrated ecosystem of everyday services delivered growth in both revenues and profitability.

Payment revenues benefitted from an overall increase in card usage by our clients.
The telco customer base remains solid and stable, while the number of energy clients has almost doubled year-on-year, reaching around 900 thousand clients.
Let's go to slide 6 and EBIT evolution by segment.
Mail, Parcel and Distribution reported an adjusted EBIT of 67 million for the first half of 2025, in line with our full-year guidance.
Financial Services operating profitability is up a sound 27% in the half to 528 million euro driven by record NII and overall strong revenue trends.
Insurance Services EBIT is up 8% to 789 million in the first half, supported by both Life Investments and Protection.
Finally, Postepay Services EBIT growth of 11% to 276 million in H1 is driven by resilient top-line performance and effective cost management, significantly outperforming the market.
Let's move to a more detailed review of the financials by our CFO.
Over to you, Camillo.

Camillo Greco

Thank you Matteo and good afternoon everyone. Let's move to slide 8 on Mail, Parcel & Distribution.
Revenues amount to 960 million in Q2 and 1.9 billion in H1, up both 1%.
Mail revenues at 516 million in Q2, and at just over 1 billion in H1, are in line with the trend that we anticipated with our FY-25 guidance in February.
In addition, the year-on-year comparison on mail revenues is unfavourable this quarter as 2024 benefitted from positive one-off items and Q2-24, in particular, benefitted from volumes related to the EU elections.
Parcel revenues were up 9% to 408 million in Q2 and up 8% to 801 million in H1, supported by all customer segments with a
strong acceleration vs Q1.
Distribution revenues from other business units are up almost 4% in Q2 and H1, reflecting positive commercial trends and compensating for higher network costs.
Adjusted EBIT at 67 million in H1-25 is in line with the guidance provided for the full year.
Let's look at volumes and tariffs on slide 9.
Parcel volumes are up a solid 14% in Q2 and 11% in H1 to 159 million items, with growth in all customer segments - from large e-commerce platforms to small-medium merchants - as we are managing increasing volumes, gaining market share from competitors.

In Q2 we also increased the portion of items delivered via the postal network to 43%, with a positive contribution to the overall business' profitability.
Looking at pricing, the average tariff was impacted by higher volumes with lower pricing and unit costs as we saw a strong acceleration vs Q1 of volumes in second-hand items and boxless returns.
Moving to Mail. The volume trend is in line with expectations, with the bulk of the volume decline concentrated on lower value items such as direct marketing and unregistered mail.
We continue to compensate the anticipated volume decline with ongoing re-pricing actions across both regulated and market products.
Moving to Financial Services on Slide 10.
Gross revenues for the quarter came at 1.7 billion and 3.4 billion for H1, both up 7%.
Net interest income came at a record 671 million in Q2, up 3%, and at 1.3 billion in the half, up 7%, benefitting from higher average deposits and lower cost of funding.
Postal Savings distribution fees amounted to 451 million in Q2, up 9%, and 892 million in H1, up 6% in the first six months supported by improving gross inflows and longer maturity of products sold.
Consumer Loans distribution fees reached 69 million in the quarter, up 17%, and 140 million in the half, up 15%, driven by higher margins.

A different product mix with lower up-front fees leads to Q2 revenues at 46 million and first half at 89 million in asset management, while AUM are growing thanks to positive net inflows.
Finally, adjusted EBIT came in at 268 million in Q2, up 23%, and at 528 million in the first half, up 27% compared to the first half of 2024, on the back of positive revenue trends.
Moving to Slide 11.
TFAs continue to grow reaching 600 billion in the half, up 9 billion from the start of the year.
Let's look at each component:
We reported strong 1.9-billion net inflows in investment products confirming the positive trend in Life insurance where net inflows reached just under 1 billion.
Deposits were up, benefitting from resilient retail deposits at 58 billion and higher balances from PA clients which however have a more volatile nature.
Postal Savings net outflows were driven by high maturities, mitigated by new commercial initiatives resulting in strong gross inflows.
Moving to Slide 12.
Insurance Services revenues amounted to 464 million in Q2, up 8% year-on-year and 0.9 billion in H1, up 10% and supported by both Life and Protection.
We continue to report positive net flows also in Q2 driven by strong gross written premiums (up 20% year on year) with increased share of multiclass products.

Our new advisory offering built in the context of the new commercial service model is leading to proactive rebalancing our clients' portfolios, resulting in a lapse rate of 8.9% in the first half of the year, 45% of which have been reinvested into new Life, Investments & Pension products.
Life, Investments and Pension revenues are up 9% to 412 million in Q2, and up 10% to 811 million in H1 on the back of higher CSM stock and CSM release.
Protection revenues were up a strong 9% in H1, supported by higher gross written premiums, up 29% in the first half and a remarkable 43% in the quarter, also boosted by new corporate contracts. Combined ratio stood at 83% in the first half, while we confirm our FY25 guidance of about 85%.
Adjusted EBIT of 789 million in the half is up 8% compared to H1-24, reflecting top-line trends.
On slide 13, we show the CSM evolution in the first half of 2025.
Our stock of CSM has grown to 14.2 billion on the back of strong new business and recovery of financial variances. This provides us with strong visibility on the future profitability of the business.
Normalised CSM growth stood at 3.2% on an annualised basis, up from 2.0% in 2024, with a strong increase in new business value and expected return more than compensating H1-25 release.
Let’s look at the Solvency ratio evolution on Slide 14.
Poste Vita Group’s Solvency 2 was 315% at the end of June 2025, well above the managerial ambition of circa 200%

through the cycle. This ratio already embeds the 100% remittance of net profits for the period to the parent company, as well as the impact from the first 500 million additional remittance was paid in June.
The improvement was mainly related to the reduction of the BTP spread over the quarter.
Our Solvency 2 ratio currently stands between 305% and 320%.
Moving to Postepay Services on Slide 15.
The Postepay ecosystem continues to represent a powerful engine of growth, innovation and customer engagement for the group.
Revenues rose to 404 million in Q2 and 802 million in H1, up 6% and 5% respectively with a strong recovery in payments growth in Q2.
Payments revenues are up 5% to 296 million in Q2 and up 3% to 580 million in H1, supported by transaction value growth of 11% in the quarter and 9% year-to-date. The total number of ecosystem transactions also accelerated in the quarter with a 15% year-on-year growth, testament to our clients' increased card usage. This performance offsets the decline in instant payment revenues following recent EU regulatory changes.
Telco revenues are stable in the quarter and up 1% in H1 to 165 million, supported by our resilient client base and the new fibre offer.

Finally, energy net revenues are up a remarkable 68% to 57 million in the first half, reflecting an increased customer base currently at around 900 thousand clients.
Adjusted EBIT grew 9%, to 144 million in Q2 and 11% to 276 million in H1, underpinned by solid top-line performance and cost discipline.
On to slide 16, let's look at workforce evolution.
In the first half of the year, the average headcount was just shy of 120 thousand, with the increased aimed at supporting business growth, both at the holding company and subsidiaries.
HR costs per FTE are up 2% to 47,800 euro driven by increases linked to the new labour agreement and variable compensation to reward performance.
Moving to Group HR costs on Slide 17.
In H1, ordinary HR costs increased by 3% to just under 2.9 billion due to higher FTEs and variable compensation as already mentioned. In the half, ordinary HR Costs on Revenues are down to 40%.
Moving to slide 18.
Non-HR costs increased by 120-million year-on-year, mainly driven by 72 million additional variable COGS reflecting higher business volumes. Fixed COGS are up 10 million. D&A are up by 38 million in line with the increasing investments driving our continuous transformation.
In general, our focus on cost and capex discipline across all divisions remains laser sharp and protecting the bottom-

line profitability, as well as cash flow, remains our top priority.
Thanks for your time, let me hand over to Matteo for a wrap up.

Matteo Del Fante

Thank you, Camillo.
I am proud to say that 2025 is progressing very well, with these results reflecting consistent strength across all businesses, achieving record first half revenue and profitability.
We continue to build upon solid momentum with a clear commitment to generate long-term value for our stakeholders.
The strong performance to date gives us the confidence to raise our full-year 2025 guidance. We are increasing our 2025 adjusted EBIT guidance from the initial 3.1 billion to 3.2 billion, and the 2025 net profit guidance from 2.1 to 2.2 billion, resulting in higher shareholders' remuneration in light of our dividend policy based on a payout ratio.
We maintain a solid group balance sheet, with low leverage and an insurance solvency II ratio at 315%, well above our managerial ambition, providing us with significant financial flexibility.
Our unique model continues to position us well for sustained, profitable growth in all market conditions and is fully supported by the strong diversification of the Group.
Finally, I want to thank again our dedicated employees, whose hard work, commitment and professionalism are key to the strong results we continue to achieve.
Thank you for listening, and Giuseppe, over to you for the Q&A.

Question & Answer Session

Gian Luca Ferrari – Mediobanca

The first is on the news of the day. So, the article reporting that you might be exploiting a Danish compromise to be applied to the group, and that would also bring a reorganization of your operations. Now, apart from the comments you can make today, my question is, in case of a significant benefit, would you ever consider taking a full banking license? Second question is on the retail investment flows. Apparently, the number is not that high in Q2, but I think if my reading is correct, you made a very strong qualification of your life business in Q2 with a big switch from G&A savings into unit and multiclass. And if you can remind us, what are the margins on those two products? And also on the postal savings, it seems that the net outflows are reducing quite materially. So much more gross flows, and will this lead to potentially more than EUR1.7 billion for the year?

Matteo Del Fante

I'll take the first question and let Camillo take retail investment flows and gross postal savings. The answer is

very simple. I mean, technically today, as you pointed out, we don't have a banking license. These are decisions that lie with our shareholder, not with management, but as far as we know, there is nothing in the cards of changing the status of Poste Italiane. So there is nothing to focus upon on the Danish compromise space at the moment, as far as we know.

Camillo Greco

Yes. So, I'll start talking about the net inflows.

First of all, I'll say that the net inflows are in line with our expectations. We have had an acceleration in net inflows in the Insurance business. If you compare it to both the first quarter and second quarter of 2024, which objectively were unsatisfactory, with EUR900 million of net inflows, and we are, as I said, exactly in line with what we expect to do for the full year, which is probably twice that amount.

Secondly, I also like to point out that we had also very strong performance in terms of gross inflows, both on Insurance in our Postal business. So, our retail workforce has been working very hard to convert the gross maturity that we have. And just to give you a number, only in the second

quarter, and is in the appendix of the presentation, we had EUR1 billion more of gross inflows if compared to the same period of last year, with more than EUR4 billion in Q2 2024 to a bit more than EUR5 billion in Q2 2025. With respect to the other question on postal savings, we had indeed a good first half. At this point, we do not intend to change the guidance on specifically this product or on-air product for that matter. What we want to do is that we want to give you an overall feel of what's going to be the EBIT of the group, which we feel comfortable is increasing by EUR100 million in terms of guidance from EUR3.1 billion to EUR3.2 billion. It is probable to assume that part of the performance will also come from postal savings, like possibly some of the other stuff from NII or other divisions of division of the business. You also asked a question around fees in capital guaranteed versus non-capital guaranteed. Yes, we have marginally higher fees in the multiclass product, but we're talking about an amount which I would be a tenth of 100 basis points order of magnitude. But obviously, what we are doing here is that we are moving our customer base

towards products that are more competitive in the current rate environment.

Alberto Villa – Intermonte

A couple from my side. One is again on the potential reorganization. First of all, just to understand if this is something that you are considering or not, and then if this will be eventually functional, also to manage let's say, reorganization of payments and mobile businesses, and if it could eventually facilitate in the future the combination of the mobile business with the team in the future. Is that something that could be considered in the future? And the second question is related to the revision of the guidance. I see that the NII is stronger than expected and the first half was very strong. So I was considering whether the revision of the guidance is mostly related to NII or there are other parts of the business that are delivering stronger than compared to what you anticipated when you released the guidance? And finally, on the NII, the dynamics we have to consider on the second half of the year, also considering the resetting in September. Please, just to understand what

are your expectations for the second part of the year in terms of NII?

Matteo Del Fante

I will take the first question and then let Camillo again to prepare for the second one. I mean, there is first of all, at the moment we are technically not yet fully authorized by the antitrust. So we're still in the process of getting the final clearance. Having said that, assuming we will get the clearance sometime down the road, we will explore potential additional synergies on the cost side for sure. And we will start looking at the revenue side of the income statement as well in the future. But to do that it doesn't need to, you know, at the moment we don't think there is any reorganization needed to achieve within Poste to achieve those results. So we can carry on as I answer to Gian Luca with our current organization, and obviously, we're always trying to optimize everything we do, but at the moment winning team is unchanged.

Camillo Greco

I'll start with NII. So when we presented the numbers in February, we talked about overall portfolio return of EUR2.6

billion. The EUR2.6 billion was a combination of around EUR2.5 billion of NII and EUR100 million of what we call active portfolio management, total EUR2.6 billion. What we are now saying is that we think that the number will indeed be EUR2.6 billion with probably a lower contribution of active portfolio management, as the business is performing in a way that we might decide also for we're looking to keep some of those gains in the base of our investments. With respect instead to the guidance, I'll repeat what I said to Gianluca, which is that we have indeed increased the EBIT of EUR100 million from EUR3.1 billion to EUR 3.2 billion. There are a number of drivers for that decision. One is certainly NII, but not the only one. Postal Savings are also performing well, as was highlighted and also other parts of the business are doing too also both the Insurance and the Payments business are performing strongly. So I think I wouldn't single out a single driver for that decision.

Andrea Lisi – Equita

The first one is on the trend we are observing on the mail business, where there is an acceleration in the year-on-year decline of revenues versus the first quarter, especially linked to the trend in volumes. Just wondering to understand, if this trend is the one that you were expecting and if we should expect it to continue also in the coming quarters. The second question is on the Protection business, where we are observing a strong year-on-year growth in the corporate side. Is it really linked to the NatCat mandatory coverage or is it linked to something else? How are you positioned on this front? And the last one is still on NII, which benefited the year from higher volumes of investment and also on the asset yield side. The question is, do you have further margin to increase the size of the portfolio? Also considering the leverage, your leverage ratio, the position of your leverage ratio.

Matteo Del Fante

Okay, I'll take the last one and let Camillo prepare for the Mail revenue trend and Protection business. We do have marginal room for increasing the leverage. Andrea, thank

you for your questions. I wanted to take the opportunity to remind you and the other people on the call that we've been working on the stability of the return of our portfolio for the last three to four years. So, when rates backed up back in 2022, we took the opportunity to try to immunize and get the highest possible return in our portfolio so that when rates eventually would have gone south, we would have had the maximum possible resilience. And that's what we are showing today.

And that's what we have committed to when we launched our plan in March last year. So we are performing our plan, but the aim of the management is to try to keep the investment portfolio return stable year-on-year, if possible, increasing it when the market allow us to do so.

Camillo Greco

Okay, so I'll start with mail. So I guess that without going back in time, we have been quite transparent on the fact that the secular trend of mail was downward.. We had a positive year in 2024 with above-expectation performance that was also driven by positive one-offs.

And we specifically talk about one in Q2-25. As in Q2-24, we had European elections, which contributed around EUR20 million to the performance of the quarter. The performance of mail business in the second half of the year is not expected at this point to be impacted by other one-offs. It is going to be down compared to 2024, but absolutely and very forcefully confirmed is going to be at least in line with our expectations.

And our expectation is that mail business will contribute EUR2.1 billion in revenues for 2025. So, we are exactly in line with the trend. With respect -- sorry, I see a touch more saying that that trend will be supported by continuing the repricing actions, including also repricing which kicked in as of the 1st of April. And we had the benefit of repricing around EUR15 million in Q2 and will continue throughout the year. With respect to the performance of P&C, we were pleased too by that performance. First general point is that the strength of the business was throughout the different categories, both at Poste Assicura, Poste Vita, but also our business Net Insurance.

The things that would single out in Q2 are with regards to a specific couple of positive contracts that we won in the corporate world with two large customers, which started to contribute to the P&L of the business. Here instead we had given a guidance of the year of premium well in excess of EUR1 billion. That's obviously, where we will go probably be shy of EUR1.5 billion.

And with respect to the NatCat business, you're not seeing any revenues there, because we have already started, but we are ready. We're not going to be big in the space, but we have the product and we're starting to market it mainly to SMEs.

Iain Pearce – BNP Paribas

The first one was just on the lapse rate in the Insurance division. Just trying to get an understanding of if you see that higher lapse rate being driven by those commercial actions and if the two point increase that we've seen is something you sort of expected and are comfortable with?

And the second one is just on the Postepay. This has been a quite marked decline in the total number of card stock at

Postepay. If you could just give some detail on what's driving that, and if the expectation was that this card stocks will fall and that would be offset by the digital payments in the plan?

Camillo Greco

Yes. So as I mentioned, I think to one of the previous questions, this year we have been much more proactive in terms of commercial actions with our customer base and we have tried in the benefit of our customers to migrate some of them towards a product is not fully capital guaranteed, but towards a product that some flavor of equity, equity content, that has led to close to 50% in the second half of, let's say, induced lapse rate.

Anyway, if you were to exclude that managerial action, you would have a lapse rate in the area of 4%, which is much closer to what we had. Historically, you should assume that these managerial actions will continue. As the strategy is to move more of our customers towards that type of product, we should believe that in this environment is more conducive to value generation.

Matteo Del Fante

And Iain, on the cards stock is correct. We decreased the number of cards, which is a specific evidence of the fact that the Italian Government has stopped paying the minimum salary to citizens. And that was done in the past through a Poste card. So that's a specific technical aspect you see there.

What I think is more relevant for our business is that we look at the usage of the cards. So our market share of the transaction that are done with cards, both physical and digital, both on physical sites and on services, so online, and the first half of the year, from the data we have, was a meaningful increase in our market share of the transaction with cards. So we restarted growing in 2025, after we were relatively stable for a couple of years after a big increase we experienced from 2019 to 2021.

Michael Huttner – Berenberg

Two questions. One, you just mentioned increased market share, and it seems to come through not just in cards, but in mail. Obviously, it feels like you're gaining market share in insurance and possibly also in deposits. So I'm just wondering, what's driving this? Is there a big campaign with big picture of Matteo and Camillo at the front saying, but there seems to be a shift here, so I'd be interested.

And the second one is the FTE is rising. I've always hoped or felt that part of the strategy would be to try and reduce or limit the growth in HR costs, and it seems to be the opposite trend, not just in terms of cost per head, but also in terms of the number. My guess is this is linked to what I see as increased market share. But any thoughts would be helpful.

Matteo Del Fante

I'll answer the first question and set the scene for Camillo to answer the second one. I think we are not winning market share everywhere but we monitor market share very closely because for us, having a platform strategy based on often

relatively low margin products, increasing market share is extremely important.

So we go for volumes, and we need to see those volumes coming through. So I think the fact that we are managing to win market share in relatively high number of products and industries is due to the fact that, one, we offer to our clients the best service in terms of physical versus digital.

Let me take the opportunity to say that, on the digital side, we are increasing our footprint. Today we're doing 26.5 million daily interactions with Italians. Our unique app, the one that will combine all services of Poste Italiane, has reached over 9 million Italians linked to it.

And then we have another 6.5 million that will move by the end by mid-October 2025. So last quarter we'll have more than 15 million, 16 million Italians on one single app. But that single app has 5 times the conversion rate of any sales channel of the legacy BancoPosta and Postepay. So, when you go on that app, the UX is helping us doing the sale, and we also observe the fact that the clients that are buying more products and helping us increase market share across products are the one that have a hybrid approach about the

use of Poste. So they most of the time go digital, but every now and then, when they need to, they go to the office, and those are the clients that have more products of Poste, and therefore supporting the market share. So I hope I was, you know, Michael, clear enough in one word. Hopefully this is the platform effect.

Camillo Greco

About FTEs, it is true that FTEs are up compared to year-end. This is also true that we said that for 2025, the FTEs would have stood around 120,000. We are slightly shy of that number. We have a business which is growing and that requires additional manpower not only at the holding companies, also some of our subsidiaries as I mentioned. So that is in terms of number of heads. In terms of labor cost, our colleagues have a four-year union-negotiated agreement, which ends at 31st of December 2027. It has specifically salary increase on a yearly basis. So that is within our numbers and planned.

What we show in the presentation also is that the people effect in terms of additional heads is around EUR37 million, whereas instead we are EUR46 million which are related not

only to the salary increase which is unions negotiated, which I just mentioned, but also related to increased premium to the network to ensure that in fact our products are sold exactly as the CEO was saying. So we're basically paying more and more for performance.

Manuela Meroni – Banca IMI

I have two. The first one is a follow-up on the potential reorganization. Do you see from a theoretical point of view any financial or industrial benefit from reorganizing your -- all your financial activities under BancoPosta? And the second question is on your active portfolio management.

I noticed that the annualized capital losses on the government bond portfolio turned into capital gains. You said that you're not going to realize capital gains in the second part of the year. This is what I understood. So I would like to understand, how we can -- let's say, what are you going to do with the capital gains going forward? Are you going to use it in an opportunistic way? So you can -- if you can, please guide us on that.

Matteo Del Fante

We haven't stated that we're not going to do additional capital gains in the second half. So, we're still assessing the best market opportunity, and it will not certainly be more than what we had in the budget, which is short of EUR100 million. So that you can certainly consider it as a cap for the total year. The capital gain that we now have in the portfolio has emerged as a significant amount.

On a gross basis, we basically reach EUR1.9 billion. And we always stated, since our first plan in February of 2018, that you have a sort of a balancing effect of NII versus capital gains over time, depending on the interest rate environment. So we're probably getting to the phase where the capital gain component of our investment portfolio returns. We will going forward grow to balance what we are going to lose on the NII side of the investment portfolio picture.

So that's, you could probably consider 2025 as a turning year, and from 2026, is probably going to be a different pattern.