Capital Markets Day

Company Participants

- Andrea Novelli, Head of PosteVita
- Camillo Greco, CFO
- Guido Maria Nola, Head of BancoPosta
- Marco Siracusano, Head of PMD Business Unit
- Massimiliano R. Riggi, Head of IR
- Massimo Rosini, Head of the Mail Communications & Logistics Department
- Matteo Del Fante, CEO, GM & Director
- Satya Nadella, CEO & Director
- Unidentified Speaker, Unknown

Other Participants

- Azzurra Guelfi, Analyst
- Elena Perini, Analyst
- Gian Luca Ferrari, Analyst
- Manuela Meroni, Analyst
- Unidentified Participant, Analyst

Presentation

Massimiliano R. Riggi {BIO 20490987 <GO>}

Good morning, ladies and gentlemen. Welcome to Poste Italiane Capital Markets Day.

I am Massimiliano Riggi, Head of Investor Relations. Thank you for joining us.

Today we will present our new strategic plan, 2024 Sustain & Innovate.

On screen, you can see our agenda for the day.

In a few moments, you will hear from Matteo Del Fante, who will provide an overview of the new four-year plan. Then Massimo Rosini will focus on the ongoing transformation of our core logistics businesses -- followed by Guido Nola and then Andrea Novelli, who will discuss the key developments related to our financial and insurance activities. Marco Siracusano will present the strategy of our payments and mobile business. Finally, the CFO, Camillo Greco, will do a deep dive in our financials.

After the concluding remarks from our CEO, we will be happy to answer your questions during the Q&A session. (Operator Instructions)

For any topics not covered, feel free to contact me and my team, we will get back to you as soon as possible.

Before we start, I must ask you to read the disclaimer on the screen. A copy is also included in the presentation pack you can find on our Web site. So let's get started.

Thank you.

Matteo, over to you.

Matteo Del Fante {BIO 6237992 <GO>}

Good morning, ladies and gentlemen. Thank you for joining us on our Virtual Capital Markets Day. We're very pleased to present today our four-year strategic plan, 2024 Sustain & Innovate.

Today you will hear from our business segments, and I'm sure that by the end of today's presentation, you will have a clear picture of how Poste Italiane is uniquely positioned to capture growth and create a sustainable long-term value for its shareholders and communities in the coming years.

Let's get started with a video highlighting our operational resilience during 2020, please.

(Presentation)

In 2018, we started our transformation journey, building on our historical competitive advantages to address areas of growth with a clear strategy. Today Poste Italiane consolidated the position of strength, confirming its role of strategic pillar for the country. Our vision today is simple; to maximize the value of our powerful omnichannel network, leveraging on trust and interaction with our clients.

We emerged stronger from COVID-19 emergency when we took timely and decisive actions to safeguard our customers, support our communities and protect our employees. Unfortunately, we nevertheless lost more than 30 colleagues to COVID in the last 12 months and a special thought goes from all of us to them and to the families.

During the pandemic, we have always ensured continued service to our communities with the highest safety standards. At least one post office was open in every small municipality, even during the first toughest lockdown period last year. We're now playing a key role in the distribution of the COVID vaccine, as I will comment shortly.

We accelerated the deployment of digital and contactless services to promptly address evolving customer needs, taking a central stage in the digitalization of the country. Throughout these difficult times, we enhanced significantly our reputation among our people, customers and stakeholders. We believe that these are the key assets for the sustainable growth of our business.

Let's now take a look at our main achievements on Deliver22 on slide four. We indeed deliver what we promised, every single year, over the course of the last three years, we overachieved net profit targets set in February 2018. In 2020, net profits reached EUR 1.2 billion, exceeding the target of EUR 1.1 billion. We distributed over EUR 1.8 billion to shareholders, confirming our dividend policy even in 2020.

Moving to slide five. You can appreciate our Deliver22 segment achievements. In the last three years, we successfully transformed Mail & Parcels, shifting it from a pure mail, which faces a secular decline, to a parcel-driven business becoming market leader in B2C.

In Financial & Insurance, we built a comprehensive open platform for savings, insurance and investment products to meet all client needs, which we now understand better, thanks to a wider-spread profiling of all our clients. With more than 8,000 financial advisers and 30,000 tellers, we serve all our clients, we increasingly targeted the financial insurance and payment products.

On payment and mobile, since Postepay foundation in Q4 2018, our vision proved successful, affirming Poste as the key player in the Italian payment market, also by offering a unique platform, integrating payments and telcos. Over the last three years, we have constantly renewed our offer, introducing innovative services and products, which have further consolidated our brand. We continue to look ahead with new value-added services. Utilities will be the next in the pipeline, as Marco will show you in his presentation later.

Moving to slide six. In the last three years, we focused on delivering positive impact to all our stakeholders. We dropped change and achieved results across all our businesses. It has been our duty and honor to serve Italians during the pandemic.

We are proud of the important role that we're playing in the country-wide vaccination plan, with around 2 million vaccines doses already delivered in support of the Italian army operations. Thanks to our agile and cloud-based IT, we created a state-of-the-art tech platform to deliver and track, thus seeing doses along the logistics chain, offering a multichannel booking system in six key regions in Italy, reaching, today around 35% of the Italian population.

In the crisis, we also delivered over 1.5 billion PPEs. Paid pension and guaranteed continued services across the country with at least one post office open in each small municipality at the peak of the emergency.

Employee safety remains our top priority. That's why we enable over 85% of our staff to smart work and provided over 200,000 COVID tests to employees.

We're also committed to fighting climate change. Over the last three years, we kept our renewable energy consumption level at 95% and we reduced carbon emission by 15% in 2019.

Moving to slide eight. With 35 million customers, we have, by far, the largest client base in the country with 11 million daily interactions, 4.7 million of which via digital channels. We earned the loyalty of our customers through our commitment to quality and social responsibility in all our businesses.

Italian trust us with their savings, rely on our insurance products, use our cards and phone and, of course come to us to deliver their Mail & Parcels. We have 27 million postal saving clients, and retail net inflows reached a record of more than EUR 15 billion in 2020. Insure investment product lapse rate is only 2.5% versus a market average of 5.5%. Even in the very competitive telco market, our clients bear with us. In a standard year, our churn rate is indeed 13% compared to an industry average of around 20%.

Moving to slide nine. Poste is an important engine of innovation and digitalization of Italy, connecting the country in a new hybrid world. In fact, in more than 115 years, our Postene [ph], and our Postini and our post offices have been the main physical connections in the country. Now we aim to become the single point of entry for all Italian daily needs. Along this path, we're the only company able to link Italian SMEs, public administrations and citizens. We further strengthened our partnership with Microsoft to provide innovative and digital services to Italian companies and public administration, supporting and facilitating SMEs growth in Italy. We play a primary role in transforming the e-commerce landscape.

In 2020, 37% of overall B2C deliveries went through our network, with 210 million parcel delivered and almost 400 million e-commerce transactions via our payment tools. We also committed to reinforce the relationship between individuals and public administration with over 15 million public digital identities, speed, with a national market share of above 80%.

Let's move to slide 10. To deliver responsible growth, and drive Italy sustainability and social integrity, our strategy follow eight pillars, aligned with the UN SDGs. Our business is built on governance, risk management and resilience. Along these lines, we foster integrity and transparency, and we're committed to a code of ethics to manage our investment and business in a responsible and sustainable way. We consider this feature as an essential enabler to create positive impact to our customers, communities and stakeholders.

We invest in our people to build an inclusive workplace where everyone can prosper. Since 2018, we have, in fact, offered over 5.9 million training hours to our employees, 92% of which were done remotely. To confirm our strong commitment to people, we're aiming to the equal salary certification by 2022, led by our customer and society first philosophy, will support financial and digital education for all communities.

On slide 12 -- 11, sorry. In the past three years, we have adopted sustainability policy guidelines. We published our first integrated report in 2018, and we're now in the top sustainability indices. We can now define a clear road map towards carbon neutrality. We have adopted the science-based target methodology to set carbon emission reduction targets across the entire value chain, consistent with keeping global warming to 1.5 degrees above the preindustrial levels.

As a result, we're committing to reducing carbon emission by 30% by 2025 across the three streams of logistics, real estate and investment. By 2025, we intend to introduce more than 27,000 green vehicles, reducing by 40% emissions from our Postini and Postini fleet; reduced real estate CO2 emissions and optimize the footprint of our investment portfolios. Finally, we are committing to direct emission reduction, indirect emission containment and purchase of carbon credits on the market, so that we aim to transform Poste Italiane as a certified net-zero-emission company in 2030.

On slide 13, we come to the core of our plan with the rollout of the group strategy for the coming years. In Mail & Parcels, the evolution of our logistic network throughout the entire value chain will capture the full potential coming from the growing parcel market. We started our journey back in 2016, with more than 80% of segment revenues coming from the declining mail business. Over the plan, we're targeting more than 50% of logistics revenues to come from parcel. The shift in business mix is happening very fast.

In this market, we will continue to leverage on our B2C leadership. We will put new focus on growing C2X and B2B, where we will work on developing a unique and integrated value proposition and create a profitable business in the logistics space in Italy for the long run for Poste Italiane.

As Italy most trusted financial institution, we will leverage on our omnichannel platform and our skilled people to do more and better. Our focus on client segmentation will allow us to attract significant financial assets and promote a more diversified asset allocation. We're integrating insurance products inside our wealth management services in order to become a one-stop shop for all customer financial and protection needs. Our insurance is now fully fledged with life business confirming its key role within the group wealth management strategy. We will continue to deliver profitable and sustainable growth in P&C, contributing to the reduction of under-insurance in Italy.

Our payment and mobile business is a real digital market disruptor, uniquely combining payment, telco and soon to be launched energy offers. Payments remain at the core. Starting from this, we intend to engage with customers on other more value-added services. We will continue to consolidate our leadership in digital payments, acting as a market facilitator and connecting customer, SMEs and public administration. In 2022, we will launch a new entirely green gas and power offers, promoting market liberalization and providing sales market access to customers.

Moving to slide 14. Our strategy allows us to capture business trends and deliver growth across all our segments. As we intend to affirm our role as an omnichannel platform serving evolving customer needs, adapting to a changing world and customer habits. In fact, when comparing to the other developed markets in Europe, we still have a huge potential in our key business areas.

Starting from Italy B2C e-commerce penetration, which is well below U average. The pandemic has accelerated B2C parcel growth, confirming our strategy to push on a parcel-based network model.

Customer digital behavior has strongly accelerated, especially in Italy, where we expect digital transaction to converge towards the U average. Postepay bundled payment telco offers will address these trends.

In the financial segment, as Guido will shortly show in more detail, the low interest rate environment has increased liquidity on current accounts, and we intend to leverage on low penetration of managed products in Italy. Our enhanced service model is well equipped to attract wealth and assist our customer in diversifying their portfolio, thanks to our life insurance products. P&C penetration in Italy is indeed well below European average, and this represents a clear opportunity for the plan.

Moving to slide 15. We look at some impressive figures on our footprint, in particular, 94% of the Italian population lives within five minutes from a post office or (Speaking via interpreter) touch point. Almost 5 million average daily visits with 39% of our clients, making at least one access on one of our digital properties last year. We target this number to reach 50% in 2024.

On slide 16, let's focus on our new channels, enabled by our digital properties and third-party networks. Starting on the left-hand side of the slide. Out of 11 million daily interactions today around 50% come from our new channels. This represents a great potential to generate value from our customer base going forward.

Moving to the middle graph, we represent the share of transactions. such as Postepay or SIM card top-ups, currently managed on our new channels. We're targeting a share of 40% by 2024. This will allow our physical network of 30,000 tellers to focus on new higher-value products such as model insurance and energy offers.

Moving to the graph on the right-hand side of the slide, 12% of 2020 relevant revenues are generated by new channel, increasing by 4% points year-on-year and we target to reach a share of more than 20% by 2024. Please note, this is not a different way of doing the same business. This is a mindset innovation, which is allowing Poste to build the best business platform.

Let's move to slide 17. As learned from past experience, constant updates and investments in technology are essential to respond to emerging trends and promptly review our business and operational model. We have built a powerful technology engine based on hybrid cloud, open APIs and exponential technologies applied to all our business and infrastructure. Today we can indeed claim to be a data-driven and cloud-based company, also thanks to over EUR 300 million accumulated cloud investments, making Poste today the first user of cloud services for Italian operations.

In the plan, the share of investment related to transformation and innovation will grow from 30% to 64% of total investments. Our technology platform already enables flexible process operation and innovative customer services supported by a layer of data management. These features defined Poste as the platform of choice across all distribution channels as we are able to rapidly integrate external partner within our value chain, connecting service providers to consumers in a seamless experience. Technology and artificial intelligence enable a proactive customer service model with a differentiated customer assistance.

For example, during 2020, 25% of total contact center interaction were successfully handled by AI or chatbot, which is an important achievement in terms of customer experience and internal process optimization.

On slide 18, our organization is the key driver for the execution of our strategic view and plan. We have a perfect structure in place to successfully implement our plan today with an experienced management team ensuring the deployment of a strategic view that they have contributed to define in the first place and which they are, therefore, fully committed to. The centralized operational and technology brain will lead the execution of the plan across all business units, which are enabled by distribution networks and dedicated channels.

I'm very proud of my team. And after four years of hard work, our management team is in the best position to execute the plan that we prepare and presented today with a 100% of internal resources.

On slide 19, we see the evolution of our total financial assets, which grew 12% since 2017 to EUR 569 billion last year. We expect the sales to continue to grow steadily over the plan, but a lower pace of 8%, also supported by a changing investment product mix. As Guido will describe more in detail, our enhanced advisory model will allow us to improve customer portfolio asset allocation with a more diversified product mix on an increasing share of managed assets. We intend to achieve this goal, focusing on our multi-class insurance offer, which we believe is the best choice for our customers in the current market environment.

On slide 20, you can see the evolution of our human capital. Over the last few years, we have focused on developing our workforce to support ongoing business transformation. As part of our strategy, we subsidized early retirements to achieve continuing development and renewal of the workforce. As you can appreciate, indeed, the average age of our employees marginally decreased in the last three years, and we expect it to remain stable until 2024.

In order to implement our plan, it is fundamental to continue to invest in our people, attracting qualified, talented women and men, as we remain committed to giving equal opportunities to everybody, with diversity and inclusion embedded in our corporate culture. As a result of our ambitious human capital strategy, we are targeting to renew 25% of our workforce compared to 2017, deeply changing the company culture.

On slide 21, we measure our commitment to business transformation. Strategic CapEx will support the successful implementation of our business plan over the next four years. To drive change and innovation across all business, we intend to invest over EUR 3 billion over the plan, keeping the ratio of capital expenditures over revenues broadly stable, thanks to efficient business management and conservative cost strategy. Camillo will go more in detail later on this topic.

Let's move to slide 22, please. As just observed, conservative and efficient cost management is an essential element of our transformation strategy. Our approach to cost is flexible, ensuring those costs necessary to support growth. In order to structurally improve business profitability, we will keep focusing on the three key areas of HR, non-HR and real estate-related expenditures.

On HR, we will continue to actively manage our FTE base, balancing retirements, new hiring and temporary workers with the integration of the Nexi direct and indirect resources. In-sourcing, rescaling and upscaling of employees will also be an essential element to support our human capital strategy. As Camillo will show, we're also optimizing variable costs related to growing telcos and parcel volumes to reduce cost per unit. Finally, real estate rationalization can contribute to our cost management strategy, and we also intend to invest in energy efficiency measures on our key headquarters.

On slide 23, as I mentioned earlier, our commitment to sustainability and responsible growth is a pillar of our business and of this plan. In order to be able to measure our impact and monitor our progress, we have adopted smart ESG targets, which are specific, measurable, attainable, relevant and time-based. On this slide, we summarize our targets with which we will constantly monitor to ensure effective implementation of the plan.

Moving to slide 25. We find the profitability trajectory over the next few years. We foresee an EBIT growth of 5% on average over the plan, with net profit lending at EUR 1.6 billion in 2024. Revenues will continue to grow steadily, reaching EUR 12.7 billion in 2024, with a positive contribution from all segments. As a result, we intend to distribute over the plan, dividends for over EUR 3 billion based on a growing and competitive dividend per share. Starting from 2022, we commit to 6% annual growth rate of dividend, in line with the increase of net profit.

Let's move to slide 26 for more insights on our dividend policy. Our new plan will enable us to continue delivering value to our shareholders with a dividend policy that is sustainable and in line with group performance. As just said, over the plan, we target a 6% yearly dividend increase, starting from EUR 0.55 for 2021, up by a solid 14% versus 2020. The implied payout ratio is also sustainable, and we remain, therefore, committed to a competitive dividend policy.

Thank you, now and over to Massimo, Head of our Logistics business. Thank you.

Massimo Rosini {BIO 20101636 <GO>}

Thank you, Matteo. Good morning, everyone. Let me start with a video that shows the main operational achievements of Mail, Parcel & Distribution.

(Presentation)

The achievements we shared with you in the video are based on the transformation laid down by Deliver22. In the last years, we have turned Mail & Parcel from a mail-centric operator in terms of positioning, capabilities and service offer into a parcel-focused operator, market leader in B2C. Our reshaped network and successful market offer led mail and parcel and dist people to a deep cultural change. The turn of the follower into a first mover. This is the starting point for our next challenge.

Our goal is to make Mail & Parcel a fully fledged logistic operator, supported by state-of-the-art digital technology and ensuring the economic and environmental sustainability of the business.

Three are the key drivers. First, the evolution of the logistics network, leveraging on the successful implementation of the joint delivery model and the change of customers' needs, we will further move towards a parcel-driven network. Second, leverage on the B2C market leadership. We will consolidate the partnerships with top e-commerce merchants and we'll widen even further the customer base, also through the upgrade of our value-added services. Third, growth in the C2X and B2 billion markets. Our extensive knowledge of the market allows us to offer a unique integrated value proposition towards C2X and B2 billion segments.

Let's now turn to slide four. Here, we have a clear view of market trends. The pandemic has accelerated the secular trends of mail decrease and B2C growth. It's worth mentioning how the mail market in 2019 was 2x the B2C market, while at the end of our plan, we will have an opposite evidence. Therefore, we now forecast an annual decline of 7% on the mail market and an annual growth of 21% on the B2C parcel market. In short, compared to a no-COVID projection in 2024, the mail market will be EUR 250 million smaller, while the parcel market will be EUR 700 million larger. This confirms our strategy to push on a parcel-based network.

Now let's turn to slide six for a deep dive in the logistics network evolution. The first milestone on our logistics evolution agenda is Nexive's integration. Nexive is the second mail operator in Italy with a significant nationwide network. This industrial structure will be integrated in our value chain and will generate running cost synergies of about EUR 100 million per year, mostly realized by 2022. By combining the commercial offer of Poste and Nexive, we will be able to activate the following cost synergies.

On indirect and operated costs, we will adopt a zero-based cost approach. Merging transportation and sorting into Poste's network, we will gain strong synergies in terms of COGS and facilities. Last, but not least, we will realize synergies on delivery based on the application of the joint delivery model to Nexive's partner-based last mile network.

Now moving forward, I want to take you through other technical initiatives related to the logistics network. We have an action plan for each stage of our logistics chain.

Let's turn to slide seven. Let me now deep dive into the action plan related to the sorting network. Within the logistics chain, sorting is the brain to address each shipment into the right last mile network. A solid, flexible and efficient sorting network is the key to face the challenges deriving from the parcel increase and the mail drop. In line with the previous planned synergies, we will implement three kinds of actions; investments in heavy and light automation, economies of scale through network downsizing and day-by-day waste hunting through the implementation of a specific lean program that we call world-class mail and parcel.

On the investment side, we will, first, complete our fully automated parcel hubs program. After Bologna and Roma, in the coming days, we will launch Milano and another hub will become operational over the plan. In this way by 2024, we will have doubled the sorting capacity versus 2019. Second, we will continue to reduce and replace legacy sorting machines with new mixed mail technologies. To support this transformation, we will continue to push our lean approach across the whole network. Our target is to implement this methodology in all our Mail & Parcel sorting centers.

Turning to slide eight. On the transportation part of the logistics network, we will continue the integration between Mail & Parcel with cost efficiency in mind. As you know, we have an air network and a ground network. In air network, we will continue to balance air connections with parcel destinations and to increase the payload through larger airplanes. As for efficiency, a new maintenance program and the reengineered spare parts management, combined with the payload increase, will enable a reduction of direct cost per cubic meter of 15% on each connection.

On ground transportation, we will exploit sender's digital capabilities in road planning, truck saturation and empty round trips reduction. With sender, we will generate an overall 10% saving in terms of cost per unit loaded, also thanks to the extension of its customer base.

Now let's move forward to delivery on slide nine. We will continue to leverage on the joint delivery model to deliver mail and small parcels in an integrated way to efficiently saturate our Postene [ph] and Postini bag and to exploit our arrived network. At the same time, the update of the delivery network work cycle will create further efficiency based on the following operational innovation. Contactless delivery for parcels, route planning according to daily shipments, productivity increase driven by higher coincidence enabled by our PuntoPoste network.

In line with our continuous improvement mindset, we will deploy our lean approach also on delivery. Moreover, we will renew our fleet to make it green and designed for parcel.

Moving to slide 10. In the coming years, we will continue to introduce electric and hybrid vehicles. At the same time, we will invest in setting up a dedicated charging infrastructure, reaching 6,000 points in 2024. This is a significant target, considering that we currently have 2,000 charging points comparing with the total 13,000 public points existing in Italy. Of course this action will contribute to support our ambitious CO_2 reduction plan, which targets a 40% emissions cut on our fleet by 2024. This year, we will activate the first two cities with a zero-emission Postini fleet and by 2024, we will expand to 35 main city centers and 800 small municipalities.

Turning to slide 11. Here, we summarize how our logistic network will look like. We are working to have one integrating sorting network to address Mail & Parcels into the right delivery network.

One single transportation network connecting the sorting phase with last mile by ground and air. And four specialized delivery networks described on the right side of the slide. The postal network focused on delivering small parcels and mail with the joint delivery model. The new flexible partner network delivering registered mail and small-, medium-sized parcels with joint delivery approach. The express courier network increasingly focused on big-sized parcels and specialized in warehouse management, B2 billion logistics and customized delivery services. Finally, the value-added services delivery network to offer same-day scheduled and distant delivery. The evolution of our operating model, combined with all the efficiency projects described and the implementation of our lean approach are the right ways to face future challenges.

Let's move to the second pillar of our strategy on slide 13. We will double B2C revenues from key merchants, thanks to our unique value proposition. The recently renewed partnership with Amazon is based on our solid service level and the rail network coverage. We perfectly match Zalando's needs for returns, where we owned 100% share of wallet, thanks to our widespread and diversified network of alternative delivery points. With such a network, we are best positioned to serve the whole fashion segment.

The provision of a wide range of best cost-effective services is the winning factor with main Chinese marketplaces. The success of our offering to Chinese merchants, and so our market penetration will be further enhanced by our direct local commercial presence.

On this topic, let's move to slide 14. Sengi is the main Chinese logistics provider for Italy. Our acquisition of a controlling stake signed on the 1st of March this year will enhance cross-border parcel logistic flows supported by advanced end-to-end tracking. Shorter transit times and continuous improvement of customer experience, we steadily boost inbound volumes from China. For Poste, this is the first historic opening to international markets, allowing the scale-up on the value chain to increase profitability.

Let's move to slide 15. We confirm our leadership in B2C over the plan with a wider merchants customer base and the proposition of value-added services for the shoppers with a higher profitability. This will happen through a further customization of the delivery time windows in scheduled delivery. The introduction of instant delivery models, deliveries within 90 minutes to meet growing demand for local-to-local services. For example, a few weeks ago, we launched the instant delivery service on pharma products already available in 42 cities and expected to grow rapidly.

The further growth of PuntoPoste network, reaching 21,000 parcel-enabled points out of a total 37,000, this is by far the largest network of alternative delivery points in Italy. Liquors, tobacco, supermarket, gas stations, an assorting network to satisfy different customer needs and to maximize proximity. 80% of the Italian population will have a delivery point within 1 kilometer, with an excellent user experience.

All this will lead us, first, to broaden and diversify even further the customer base, reaching a higher diversification than the market itself. Second, to double 2024 revenues compared to 2019. Third, to gain further market share from 35% in 2019 to 38% in 2024.

Let's move to the third pillar of our strategy on slide 17. Building on our experience of value-added services for e-shoppers in B2C, we plan to grow in the C2X market, reaching 57% market share in 2024, starting from the current 41%. This will be possible thanks to the continuous improvement of our user experience.

In particular, we are allowing customers to send a package without ever using any pen or paper and even without leaving home. That is quite a cultural change. We will be also enhancing the traditional physical service through the support of the PuntoPoste network, guaranteeing an inclusive and omnichannel service able to satisfy different customers' needs.

Let's watch a video on this topic.

(Presentation)

Moving back to our strategic path. During the pandemic, we promptly supported the government on delivering PPEs, capitalizing on our logistic capabilities, as mentioned by Matteo. In a few weeks, we designed and implemented a set of solutions to store and distribute over 1.5 billion PPE; distribute around 2 million doses of vaccines with the challenge of a cold chain and over 5 million injection kits in addition to doses distributed by Italian Army. It's confirmed by this experience, our network has evolved in offering tailor-made services, combining warehousing and delivery with a record time to market.

Now let's start to slide 19. The evolution to fully fledged logistic player is completed by the growth in the B2 billion and contract logistics market, where we expect a relevant growth in a stable market. We will achieve it through, first, a customized offer facilitated by consolidated knowledge of our customers, and by the implementation of a new industry-specific commercial organization. Second, the integration between warehousing and distribution solutions to improve end-to-end efficiency. Third, the introduction of advanced and integrated tracking technologies, which will allow us to offer a high-level customer service, a key success factor in the B2 billion market. Finally, dedicated investments to further improve our productive capacity. We will increase our market share from 10% to 13% in 2024, with a positive price/mix effect, thanks to yield management.

Moving to slide 20. Let me translate our strategy into financial targets. Segment revenues will grow 2% on average, with parcel revenues as the main driver, up 16% per year between 2019 and 2024. On mail, we expect to offset the market decline through the integration of Nexive. Efficiencies will drive the plan with growing segment revenues per FTE. This is a significant increase, driven by network transformation and cost discipline.

The historic achievement of operating profit breakeven will be reached by 2024, and the segment will be profitable starting from 2025, as our CFO will discuss later on.

With Deliver22, we reached the stronger position in parcels through the leadership in the fast-growing and competitive B2C segment. With our new plan, we will complete the transformation of Mail & Parcel. From a mail-centric loss-making business unit, we will turn into an all around logistic operator, running a profitable business. We are looking forward to planning for the challenges after 2025.

Thank you for your attention. Over to you, Guido.

Guido Maria Nola {BIO 20719012 <GO>}

Good morning, everyone. It is nice to speak to you again in a different role since last time we met. I'm indeed very proud to present you with our plan for the Financial Services segment. After a quick overview of our achievements, I will focus on our strategy and targets.

Before I start taking you through this presentation, let's watch a short video to set the scene.

(Presentation)

On slide two, in performing Deliver22, we have achieved great results in terms of increased volume across all products and improved quality, complexity and range. As Massimo Rosini said, we made a cultural change.

In Financial Services, we started from a zero-risk approach regardless of clients' profile to a customized offer, better meeting their needs. A new products range prove successful to shield our clients from the huge market volatility experienced in 2020, confirming the role of Poste looking after clients' interest first. We have invested and focused on our people and platforms. In the coming years, we will build on these solid grounds to enhance and evolve our technological platforms and become truly omnichannel, allowing our customers to interact with us whenever and wherever they want, moving seamlessly from one channel to another.

From a financial standpoint, we demonstrated our ability to effectively manage our BTP portfolio with returns steadily above market yields. For the future, we'll retain flexibility in a reflationary scenario due to its hedging structure. Gross revenues are expected to be broadly stable over the plan, supporting the investment in people to achieve definite transformation of the network.

Let's move to slide four. As shown in the video, from a commercial point of view, our people of 8,000 financial advisers, our products range and our technological platforms are the reason of our success and so far, and will be the pillars of our future evolution. Deliver22 drove a deep transformation of the way we engage with our clients, the way we look at their needs and the products we offer to them. We've successfully implemented this transformation working along three pillars.

First, the skills of our people. We invested in our financial advisers, up-skilling and reenergizing our workforce, providing training and specific commercial incentives. We have created a new career stream focused on financial and insurance sales, along which our people will be able to progress in a comprehensive and linear career evolution. From an organizational point of view, we have promoted 600 middle managers through an effective implementation and supervision of commercial strategies.

Second, on products, we introduced a wider range in wealth management, in insurance and lending. We did this, leveraging on Poste's power to attract, a growing number of partners, which have been successfully integrated in our controlled open platform. The latest is our JV with BNP Group in the salary-backed loans business. Lastly, as you saw from Matteo's presentation and from the video, our tech platforms and capabilities were key. They allow us today to profile and segment our client base and to prioritize and monitor quantity and quality of commercial activity. Better and deeper client data are now used to recognize the true potential of clients and to engage with them and we intend to accelerate this evolution in the next years.

Coming to slide five. We have updated the breakdown of our total financial assets by customer segment. Back in February '18, with the presentation of Deliver22, many of you were impressed by how many TFAs we had from private clients. At the time, we served all clients in a very similar way and therefore, the relevant target set by the plan was to develop a more customized service model. This is what we did. As a consequence, total financial assets grew 12% from EUR 510 billion in 2017 to EUR 569 billion in 2020 despite a challenging market conditions.

Besides, clients with more complex investment needs contributed more than proportionately to such growth. People are indeed now aware that Poste can provide them with liquidity products as well as with savings and investment products, such as multi-class insurance. As already mentioned, in the last three years, we have profiled our customers and evolved our service model, focusing on private and affluent. The private client segment, which embeds high-value and profitability grew 37% since 2017. The affluent one grew 10% with a stunning EUR 25 billion increase.

As you may recall, this last year, we provided a dedicated service to private clients with our premium offer. In just one year, we attracted over 3,000 customers with over 2 billion TFAs. As we will see later, this is our laboratory to grow and develop new and better solutions for our clients. Finally, on mass clients, TFAs increased by EUR 10 million, while we work on the cost to serve efficiency and cross-selling.

Let's move to slide seven. Let me stress that our plan is based on the conservative macroeconomic assumptions on the top of the slide, which are relevant for both the financial and insurance segments. We indeed assume European and Italian GDP to bounce back over the plan. The low house debt ratio could also represent a significant opportunity for our business model. We expect the financial wealth of households to increase at a steady rate over the plan, supporting our growth in savings and investment products. More importantly, we're conservatively assuming that rates will remain low for long, and we have used the forward curve rate for all projections. We believe Italian spreads will remain in line with current levels, benefiting from European recovery plan and ECB support. As we will see later, this environment will allow for solid, although trending downwards return on our BTP portfolio.

Turning to slide eight. Medium-term market trends paved the way to the business opportunities embedded in our plan. As a first trend, preference for liquidity, which has increased in these volatile times represents our first opportunity to increase flows from liquid savings products. As we just said, we're assuming a low interest rate environment. This, combined with increased preference for liquidity, will enable us to improve portfolio's asset allocation, shifting it towards managed products with high returns, leveraging on the described evolution of the advisory model. As a third trend, customers' expectation for integrated physical and remote interactions have been accelerated by the pandemic and are now considered essential. This will lead to a faster transition towards an omnichannel service model. As a fourth trend, the envisaged economic recovery is expected to favor consumer spending, which we intend to address with our comprehensive personal lending products.

Turning to slide nine. As you've seen in the video, the continuous evolution of our service model has been and is the basis for growth across all business lines. We were right in marking the path back in 2017, and now we need to keep doing more and better of the same, becoming fully omnichannel.

In wealth management, growth in the coming years will be driven by diversification of customers' portfolio and further segmentation, fueled by new products to maximize risk return profile with a focus on ESG. In this sense, the impressive figure is that TFAs are expected to increase by EUR 45 billion in four years, 75% of which represented by investment products, reaching over EUR 200 billion in assets under management, thanks to the leadership of our insurance company. Financial advisers will keep working in retaining client assets and bringing in the wealth they have invested elsewhere.

They will focus on improving efficiencies and portfolios supported by client profiling and the integration of P&C into our advisory model. In this way customers can increase their P&C coverage, limiting their exposure to risk from casualties and investor savings in a more efficient way. P&C is embedded in our modular offer, which allows to add more protections in a very simple way increasing average ticket. The distribution of model insurance will then make us a fully fledged insurance company in the eyes of our clients.

In loan and mortgages, the strengthening of our partnerships, customer segmentation and data suite will allow us to double our volumes. In salary- and pension-backed loans, we intend to address our clients, leveraging on our comprehensive database and partners. The next challenge is now to provide clients with a seamless journey across all Poste's distribution channels.

On slide 10, our key priority is to become the main reference for all clients' financial needs, attracting all of their wealth and advising them across higher value segments. Meeting more complex customer needs will also drive higher per capita profitability. The premium segment has been a successful pilot, and we want to keep developing along this line and expect it to -- and extend it to other segments. We set up a team of our top-performing financial advisers providing them with the most advanced tools such as BlackRock's Aladdin platform to define clients portfolio, monitor market movements and suggest tactical and strategic actions. Clients fully understood the validity of such model based on a flat fee scheme and shows to trust Poste as the reference financial institution to manage their wealth.

As an enabler in the coming years, we target over 200 dedicated financial advisers for this segment. As shown in the graph, this evolution brings with it the increase of value per client along all segments. A traction of clients' wealth is indeed key to this process, enabling us to upgrade mass clients towards the affluent segment and the affluent towards the premium one.

Moving to the right side of the slide, we intend to further support our financial advisers to increase clients' coverage, providing them with state of the art technology and data-driven capabilities. Most demanding clients will want to interact with us shifting seamlessly from one channel to another, looking up an online offer, discussing it with a financial adviser at the post office and then confirming the trade on app or web. Our platforms will also enable us to serve mass clients in a more cost-efficient way.

Coming to slide 11. The integration of a P&C modular offer into our advisory model will contribute to reduced liquidity held by clients for precautionary purposes, increasing their investment and thus, optimizing their portfolios. Indeed, a client was properly covered from the main casualty risk in the best position to take savviest and more learned investment decisions.

The structure of our modular policy permits customers to quickly and easily identify areas to cover and allows them to add or recovers in time, depending on their risk perception and needs. This will promote cross-selling and increase the average ticket size. Andrea will go into more details in his presentation, describing how we embed some casualty protection in our life investment product.

Let's now move to the loans and mortgages on slide 12. We have a wide range of client base with more than 7 million having their salary or pension credited monthly in our accounts or passbooks. We also have a lot of data about them, which, thanks to our IT capabilities, we can elaborate on and analyze. The same IT capabilities also allow us to interact and liaise with third-party partners by means of our controlled open platform. These features are very valuable assets to financial institutions underwriting personal loans and mortgages and permit us to select the leading players to partner with in the best interest of our clients.

The combination of a deep knowledge of customers, state-of-the-art IT platform and best partners allow us today to be market leader in this segment with a competitive time to market and high approval rate. This will enable us to significantly increase volumes of loans and mortgages distributed over the plan. A major role in our growth is played by salary and pension backed loans where we intend to strengthen our leadership, such as product, is indeed very interesting in a volatile scenario for both clients and partners. It appeals to customers since it is sound and straightforward. It appeals to partners since it presents low capital absorption and good margins. Poste is focused on this segment to render the product more transparent and easier to access and to accelerate this strategy as recently invested and financed, a specialized vehicle in JV with BNP Group.

On to slide 13. We're fully aware that to implement our ambitious plan, we need our advisory to be able to sell our entire range of products, financial P&C and investments. In this sense, hidden value and potential of our people is still significant. Performance is indeed very concentrated and therefore, even minor efficiency improvements, if implemented across the entire workforce, are bound to bring a material effect on results. It is thus fundamental to grow and transform our financial advisory network by constantly adding qualified women and men, improving overall skills and productivity.

We started back in 2017 with 8,000 financial advisers with an average age of 45.5 years, 26% of which holding a university degree. The transformation, which we've put in place over the past years, has deeply changed these figures. We've hired and promoted to this role 2,600 people. At the same time, 2,500 retired or were allocated to other more suitable roles. As a result, we still have 8,000 financial advisers, but 1/3 of them are now new to their role, 43% hold a university degree, and the average age fell to almost 43. And by the way in the meantime, everybody got older by three years. I'm also very proud that almost 70% of our financial advisers are women, a gender mix that I expect to remain stable over the plan. Once again we need to do more and better of what we already did. This is why we will continue investing in people, and this is particularly true in the next four years when we intend to reach 10,000 financial advisers with an average age of 40 years, 60% of which holding a university degree.

On slide 15, we've set ambitious but achievable targets in terms of volumes and quality. TFAs will grow an average 2% each year, reaching EUR 650 billion by 2024, supported by retail net inflows with an improving mix between liquidity, which has significantly increased on our accounts over the last few years and investment products. To achieve this goal in wealth management, as said, we will continue to leverage on our leadership in insurance and, in particular, on our multi-class offer, which guarantees appealing returns with a limited exposure to market. We expect this product to remain key in the coming years also because it proved successful in effectively shielding portfolios from the severe market volatility experienced in 2020.

In clients portfolio reallocation, we will target a mix having asset under management at 32% of retail portfolios. We expect that this will bring the multi-class share in insurance product mix to 60% in 2024. Andrea will go into more details of our ambition on the insurance side. On loan and mortgages, the partnership just described will enable us to double distributed volumes, also thanks to salary-backed loans and without bearing any credit risk.

On slide 16. Revenues from investments are trending downwards as low interest rates and spreads are expected to continue over the plan and deposits are projected stable with liquidity shifting to savings and investment products. Back in February '18, we presented our strategy for the investment portfolio with a mix between NII and capital gains adapting to changing interest rates.

We've demonstrated our ability to effectively manage our portfolio with returns steadily above market yields over the past years. Based on the current low interest rate environment, and our track record, we intend to mitigate the reduction of net interest income with an active portfolio management contribution of EUR 0.4 billion per year over the plan.

Please note that our notion of active portfolio management does not mean realizing capital gains at the phase of future coupons, but rather crystallizing a value that would be lost otherwise, taking advantage of Italian bond market volatility and our countercyclical deposit base. At the end of 2016, indeed, we had EUR 2.9 billion of annualized capital gains. Over the last four years, our active portfolio management delivered EUR 1.6 billion revenues. And as of today our portfolio still shows an unrealized value above EUR 6 billion.

Slide 17 now, where we show the results of a sensitivity analysis on investment portfolio returns and the different stressed interest rate scenarios. Parallel shocks apply to the swap rate last one year, with rates increased by 50 and 100 basis points and decreased by 50 basis points. The yellow and blue bars show that overall revenues from the investment portfolio are resilient under all scenarios.

Please note that these sensitivities do not factor in any strategy which we might implement to dynamically adapt to different scenarios and would considerably improve results. The gray shaded part of the graph shows that we have significant gross unrealized capital gains. The result of this analysis confirm the resilience of the BTP portfolio returns as we are able to meet our revenue targets under all scenarios.

Turning to slide 18. Bear in mind that our projections assume that interest rates remain low over the plan. In a reflationary scenario, we would benefit from significant upside from NII. Remember that about 50% of our portfolio swapped or forward swap and its overall duration is below six years and decreasing based on our investment plan. In a reflationary scenario, indeed, the flexible structure of our portfolio would allow us to exceed our targets with a number of actions.

Should long-term rates start to increase, we can restructure or unwind part of the hedges, locking in higher NII, while marginally increasing duration. Should short-term rates also increase, we would benefit from the variable leg of our asset swaps. In the unlikely event the rates decreased further, we will leverage on unrealized capital gains to achieve our overall planned revenue targets.

On slide 19. As you can see from inflows, in the last three years, we have put postal savings back at the core of our financial offer, overachieving by EUR 1.5 billion our ambition inflows targets. As you know, the new postal savings distribution agreement is under negotiation with the issuer GDP. Remember that postal savings are key for government financial needs and that by law a service of general economic interest. Poste, as the sole distributor is, therefore, continuing its activity and over the first two months of the year has already beaten last year results by almost EUR 2.3 billion gross inflows. The previous fee structure provided for both management and upfront fees, depending on the product placed. The new agreement, according to law and in line with previous contracts, will remunerate Poste as a distributor in line with market standards.

Let's look at slide 20, with a brief overview of the targets and KPIs for the financial segment, while Camillo will give you further detail in his presentation. Segment gross revenues will be broadly stable over the plan, thanks to higher distribution revenues, offsetting the decrease in NII. The operating profit trend reflects higher intersegment costs required to support the transformation of the distribution network and the upgrade of the service model. As we have seen, a key driver of our results will be the increase in TFAs, which will grow an average 3% between '19 and '24, supported by retail net inflows with an improving mix between liquidity and investment products. The average fee per client will reach almost EUR 300 as a result of an increased average ticket per product sold and higher value per client.

Thank you. And over to you, Andrea.

Andrea Novelli {BIO 15185958 <GO>}

Thank you, Guido. Good morning, ladies and gentlemen. I'm Andrea Novelli, Head of PosteVita, our insurance company. Today I'm going to present to you our strategy of sustainable and profitable growth for the insurance division, starting from our achievements on Deliver22.

Moving to slide four. In the past three years, we delivered on all fronts despite unexpected headwinds coming from the COVID-19 emergency. We exceeded our profitability targets, delivering EUR 200 million EBIT on top of our plan with the resilient results in 2020. We also currently enjoy a capital position stronger than when we started, with the Solvency II ratio around 300% despite the growth of our business. This is due to the recent improvement of market conditions, but also to the management actions taken to reinforce the capital against market volatility. Along these lines, we improved the mix of our life business, reaching in advance the share of multi-class products targeted for 2022. On top of our capital, this helps the diversification of our clients' portfolios and has a positive impact on our margins. We are now a fully fledged non-life insurance business. We have a complete retail modular offer, a smart distribution model for motor insurance and a fast-growing employee benefits business. This is combined with one of the leading third-party administrator for health insurance.

Going to slide five. So our 2020 results were resilient despite the COVID-19 emergency. We suffered the most in terms of new business volumes during the first national lockdown in Italy between Q1 and Q2 last year due to post offices' closures. At the same time, even during that period, our insurance business remained very stable because we actually saw lapse rate going down as opposed to other players. And after the summer, we experienced a strong rebound in commercial activity. We also suffered some volatility in our Solvency II ratio which, however remained always above our managerial ambition, despite the sharp deterioration of financial market conditions before the summer. Since then, we recovered well above the COVID-19 levels, as I showed earlier.

Turning to slide six. So on top of reaching our Deliver22 targets, in the past three years we created the condition to upgrade them. So let's now see what lies ahead.

Going to slide seven. First of all, looking at the macro and market plans, as Guido showed before, financial savings of Italian families will continue to steadily grow. We believe that given the uncertain environment and the recent financial markets volatility, retail investors will look more and more for low-risk and low-volatility investment products. As we had anticipated to be conservative, we still expect very low interest rates in the coming years, but as we will further explore, the structure of our insurance portfolio ensures flexibility and resilience of returns also in that scenario. Finally, there are secular trends that will continue to foster our growth in P&C, such as the under-insurance of Italians compared to most other European countries, and I will present later the actions we are putting in place to help to progress on this front.

On to slide eight. As I just said, we expect an increasing demand for low-risk and low-volatility investment products from retail investors. PosteVita is ideally positioned to serve such demand because managed life insurance products are not subject to mark-to-market volatility, and we take care of adjusting the asset allocation over time in the interest of our clients. We believe this is the best approach in the risk adverse environment caused by COVID-19.

On top of that, as we've explained earlier, BancoPosta is going to upgrade its advisory model to also help clients diversify their existing portfolios. As you can see on the slide, like most Italians, our clients have excess liquidity on current accounts and passbooks, and they lack long-term diversified investments. We expect that an increased demand for new investments and an additional control turnover of the enforced business will lead to a strong growth of life gross written premiums, which are expected to reach EUR 26 billion by 2024. This, in turn, leads to a significant increase of life technical reserves and TFAs, which will also benefit from much lower maturities compared to the previous years.

Going to slide nine. So reaching in advance the target of mixed diversification, PosteVita became the largest issuer of multi-class products in Italy already in 2019. We are now ready to upgrade our target of share of multi-class products to more than 60% by 2024. Besides the mix, between the end of last year and the first months of 2021, we reshaped all our products in a way that is more efficient in terms of capital absorption, while remaining very attractive for retail investors.

We now offer capital guarantee, or in case of death, but we shortened the maturity of products to be closer to the current duration of our investment portfolio, meaning that the risk for our clients not getting back at least the invested capital is very remote. This new generation of capital-light products will account for most of gross written premiums going forward as legacy products will remain available only for subsequent premiums.

New products also carry higher margins compared to the existing stock, while remaining very competitive for investors with respect to market benchmarks. In turn, multi-class products have better fees than Class 1 instruments due to a larger equity component. All this will contribute to an improvement of our investment margin, which will get above 100 basis points on average reserves by 2024.

Moving to slide 10. Over the past years, we also started to diversify the investment portfolio underlying our Life business. Going ahead, we plan to gradually reduce the weight of government bonds and increase investments in real assets. This will have several positive effects; it will reduce the volatility of solvency ratio, it will benefit investment returns, and it will contribute to the relaunch of investments in Italy and Europe supporting recovery.

Investment returns are already significantly higher than the average minimum guaranteed return of our portfolio. The diversification of the mix, combined with a sizable amount of unrealized gains embedded in the portfolio and its long duration, will allow us to keep the return stable through the cycle, while minimum guarantees are expected to further decline because the new business does not carry any minimum guarantee. As already mentioned, this will allow us to deliver to clients very attractive risk-adjusted returns in the current environment.

Let's now move to the Non-Life business on slide 11. Thanks to what we have done in the past years, this business is now ready for strong growth. First, our modular retail offer launched in Q1 last year was already showing very good results before COVID-19 and is now growing high double digits in the first months of 2021.

On one hand, our financial and insurance advisers are becoming more and more efficient at selling, both in terms of number of policies and average ticket. On the other hand, in the post-COVID-19 environment, most clients will be more and more sensitive to the importance of insurance coverage.

Moving to motor insurance. After completing a pilot project with our employees, we opened to the market at the beginning of March, and we've gradually increased the number of post offices enabled to sell such products. We expect to be at full speed before the end of the plan.

All this will contribute to the fast growth of protection gross written premiums, reaching EUR 1.5 billion by 2024. Leveraging on our internal capabilities in non-motor insurance and on the risk-free model we have for motor, we are comfortable with keeping costs under control, with a combined ratio stable around 80%.

A clear example of our capabilities is our third-party administrator for health insurance. We're already one of the largest in Italy, which, in 2020 alone, managed more than 3 million health care claims. Another example, our multichannel capabilities for claims management, thanks to which, last year, we managed around 50% of claims through our digital channels. So thanks to this profitable growth, the Non-Life business is expected to account for up to 15% of PosteVita revenues by 2024, thus contributing to the progressive diversification of the insurance business.

Moving to slide 12. Now I would like to explain our business model in motor insurance because, as we do with loans, we believe it is quite unique in Italy. We have initially partnered with the two largest Non-Life insurance groups in Italy, Unipol and Generali, to distribute motor insurance to our clients, leveraging on our significant customer base.

To do this, we are training 6,000 salespeople selected among the best frontline tellers in the largest post offices, and we will gradually enable 4,000 offices to sell motor insurance by the end of 2021. We will pass on the underwriting risk to our partners, and we will retain distribution fees in line with market practice. Our partners will also be in charge of claims management, while we're keeping control of the relationship with our clients.

As Matteo already mentioned, we believe this is a smart distribution model, both for us and our partners. We will also create on our side additional cross-selling opportunities for other products, as Italians will increasingly come to recognize Poste as a fully fledged insurance company.

On slide 13, let's now focus on our ESG journey. In the past years, we increasingly put ESG policies at the core of our investment and further structuring activities. We are now ready to raise the bar further by committing to integrate ESG within all Life investment products.

Going to slide 14. We believe that as an ESG-responsible investor and insurer, we should also contribute to the reduction of underinsurance in our country. This is particularly important for more vulnerable social groups. We will do this in two ways.

First, BancoPosta will include the P&C products in its wealth management advisory model. We will propose each client to do an insurance checkup without any obligation to buy products. Then based on the results, our advisers will explain to clients the importance and relevance of missing insurance coverage.

On top of this, as we do say BancoPosta advisory model will leverage our enhanced client profiling tools, enabling us to offer more tailored solutions to clients. With this approach, we expect to more than double over the plan the assure of clients buying P&C covers on top of other products.

We are also progressively investing P&C coverage in our Life products. Once again we do this today to raise client awareness on their need to protect their families and properties from risk. A clear example of this approach is the critical illness protection we embedded in all Life investment products since the beginning of 2021 with no additional charge for clients. We plan to generate by 2024 more than EUR 50 million of P&C gross written premiums from these kind of products.

And finally, on slide 15, we discuss capital management as the last pillar of our strategy. As you have already seen, we closed last year and started this year with a strong capital position, thanks to the improvement of market conditions and to the actions we put in place in the past years. As you have seen, our solvency ratio is currently around 300%.

So we are comfortable in reaffirming our managerial ambition of a Solvency II ratio above 200% through the cycle, at the same time, putting at work the capital we need to support strong business growth. We will also continue to work on the reduction of the sensitivity of our solvency ratio to the risk factors relevant for us, such as the exposure to the volatility of BTP spreads and to ultra-low or negative risk-free rates.

The diversification of our investment portfolio and the improvement of the product mix will benefit both our clients and us by reducing solvency volatility. On top of this, we are continuing to work on the development of the internal model, and we'll consider over time any available opportunity to optimize our capital structure.

Moving now to slide 16. Let me show you our financial targets for the insurance segments. Thanks to strong growth in both volumes and margins, we anticipate a robust 10% average growth for our top line, with a target of EUR 2.7 billion at the end of the plan. For the first part of the plan, the Life business will contribute the most to our growth, while towards the end, we expect the share coming from Non-Life to be more and more material as protection products will go faster in the coming years.

In line with the significant increase of the advisory and commercial effort by our network and along with market benchmarks, we foresee higher distribution fees, which will translate in revenues for our network. As a consequence, EBIT is estimated to steadily grow to EUR 1.3 billion and net profit to reach EUR 0.9 billion.

Now let me wrap up my presentation with some key messages on slide 18. The financial targets you have just seen clearly showed the insurance division to strongly contribute to the group's top and bottom line growth, as PosteVita will be even more at the core of Poste Italiane wealth management strategy. We believe our growth will be sustainable and profitable, both in Life and P&C insurance, as we intend to broaden further our role of ESG-responsible investor and insurer.

Based on our achievements on all fronts in the previous years, we are confident that our upgraded targets are within our reach. As you have seen, we have very clear in mind the actions we need to put in place and how to execute them. Thank you very much for your attention, and over to you, Marco.

Marco Siracusano {BIO 20101643 <GO>}

Thank you, Andrea. Good morning, everyone. It is my pleasure today to lead you through our transformation journey, implementing Deliver 2022 and towards our new plan. But let me start with our impressive achievements, KPIs and financials.

Payments & Mobile showed a resilient performance, paving the way for future growth, thanks to increasing market of opportunities. We are ready to cope with the new scenario through our product innovations and ecosystem developed over the past three years.

Postepay is definitely key for Poste Italiane's omnichannel platform through the successful integration of payments and telco and, in the near future, also energy as a new business, providing integrated solutions for our customers' everyday needs. All business lines will contribute to future growth.

Turning to slide four. In 2020, COVID-19 pandemic deeply changed customers' behaviors, both in payments and telco. Thanks to Deliver22, we have been able to successfully respond to an unprecedented situation, riding the wave on new trends, both in digital payments and telco, and overperforming the market.

Payments transactions value grew 16% year-on-year versus a market decrease of 1%. Contactless transactions value grew 37% versus a market increase of 29%. E-commerce transactions value grew by 32% versus a reduction of the market of 3%.

In telco, lockdown measures and widespread smart working habits generated for all Italians a strong increase of faster [ph] broadbands and mobile connections usage, of which our customers' usage grew by over 100%.

These achievements provide a clear picture of how Postepay is leading the fast-growing payment market in Italy with an over-the-top positioning. In e-commerce transactions, we indeed serve both Poste Italiane customers and other Italians as the preferred payment tool supplier for the shoppers, as already mentioned by Matteo.

Moving to slide five. Since 2018, we delivered a double-digit growth on all targets, with revenues increasing 11.6% and EBIT increasing 12.8%. 2020 results are material evidence of the resiliency of our business model in payments and telco, adapting to the changing environment. The number of card transactions grew 19%, with e-commerce transaction growing a remarkable 40%. In telco, thanks to our loyal customer base, we increased mobile and landline stock by 6%.

Moving to slide seven. We operate in one of the most attractive markets for the upcoming years. Italy is one of the most underpenetrated card payments market in Europe, being 23rd out of the 27 European countries. But we had recently seen an acceleration, which is expected to continue steadily over the plan.

With regards to the telco market, while mobile segment is now stable in terms of human-to-human theme, the broadband and fiber market offers significant growth opportunities. In particular, fiber-to-the-home penetration in Italy is just at 7%, significantly below European standards. But it is expected to grow quickly, with the subscribers increasing by 39% by 2025, reaching 10 million lines. These trends will be supported by the change in customers' behavior and the focus of national investments on digital transition.

Let's move to slide eight, where we present our role as the key driver of Poste Italiane's omnichannel platform, successfully integrating an unrivaled network our post offices, digital and third-party channels. Payments will remain at the heart of Postepay's ecosystem, simplifying and enhancing our customer access also to telco and the new energy services.

We will also increase cross-selling to improve customer experience, benefiting from the wide range of services offered at the group level. Our fully integrated platform is a fundamental part of Poste Italiane's sustainability framework, supporting eco-friendly products, issuing 20 million biodegradable cards by 2025 and also contributing to reduce the digital device in Italy.

Let's move to slide nine. To widen the range of products and services, we decided to enter into the energy market by the first half of 2022, capitalizing on our omnichannel platform. In this field, Postepay aims at promoting market maturity, becoming a safe and trusted provider ahead of market liberalization by 2023.

Our new energy offer, both power and gas, will represent an accessible and very innovative option to reach the liberalized market for more than 40% of retail customers who are still, today part of the protected market. Postepay's integrated platform will provide the customers a fully fledged offer of own family services; mobile, broadband, fiber, power and gas, in a user-friendly and modular way creating a one-stop shop experience available both in our post offices and on our digital channels.

Let's move to slide 10 on the key drivers of our new plan. In payments, we will strengthen our offer through digital and touchless solutions for the retail market, while seizing new opportunities in the SMEs segment. Furthermore, focusing on the opportunities arising from PSD2, we aim at increasing the number of use cases for both Postepay card holders and other customers holding a bank account.

Moreover, we'll expand cooperation with Bancomat from acquiring to issuing, and we'll leverage from partnership with these third-party networks. Total card transactions are expected to increase 14% over the plan, supported by 29% increase in e-commerce transactions. The number of the wallets is also expected to increase 15%, reaching 10.7 million.

Moving to telco. We will strengthen our position with innovative loyalty and acquisition offers in mobile, while increasing efficiency, thanks to our new five-year wholesale agreement with Vodafone. In the fixed-line business, we will expand our addressable market by launching both a broadband and a new distinctive fiber offer in Q2 2021. This will lead telco stocks to 5.1 million, leveraging on a growing market trend.

Let's move to slide 11 on our strategy in the energy business. We will enter the market for both power and gas as a forefront runner for the green energy. We intend to differentiate our 100% green offer with an innovative approach to sustainability.

And we'll engage with the final retail customers, thanks to a smart use of technology, superior digital customer experience, and proximity. The stock of contracts is expected to reach 1.5 million by 2025, with EBIT breakeven in 2024, positioning Postepay among the top five players in Italy in terms of customer base.

Let's move to slide 12 on the main KPIs and targets. Over the plan, we expected the total number of cards to remain broadly stable, about 29 million, with a double-digit growth of higher-margin Postepay Evolution, our light checking account. Moreover, card payments are expected to grow double digit, both in value and the number of transactions, with e-commerce transaction growing 29%.

And in addition, we expect a double-digit growth in Postepay deposit balance and e-wallets. In telco, we expect to grow our mobile and fixed-line stock by 3%, reaching 5.1 million lines by 2024.

Moving to slide 13, our financial targets. Our strategy will lead to a double-digit growth in both revenues and EBIT. We target EUR 1 billion revenues by 2022 and EUR 1.6 billion by 2024, thanks to the contribution of payments, telco and the new energy offer, leading to a 20% growth. EBIT is expected to reach EUR 0.4 billion by 2024 and net income at EUR 0.3 billion, with an average growth of 10%.

Compared to 2018, when this segment was established, we are doubling both EBIT and net profit by 2024. Moreover, we are delivering this very attractive financial profile, while creating the new energy business from scratch, upgrading telco offers and managing the transition from traditional payments to innovative and digital payments, which will create a stronger, integrated and sustainable business at the end of the plan.

Let's move to slide 15 for some closing remarks. Our transformation journey, started with Postepay's creation at the end of 2018, has been confirmed by our achievements. Now we are ready to further accelerate our growth path towards 2024 and 2025.

2024 revenues double-digit growth is strongly supported by payments and telco as well as by the new energy offer. Operating profit and net profit will follow a solid growth trajectory over the plan. Starting from 2025, the new energy offer will further boost profitability.

Finally, let me remind you that our achievements and targets are a value of the entire group, supporting Poste Italiane's overall omnichannel strategy. Thank you. And over to you, Matteo.

Matteo Del Fante {BIO 6237992 <GO>}

Thanks. Thank you, Marco. You probably all know Satya Nadella, the CEO of Microsoft, he says that, basically, every company is or is becoming a software company these days. At Poste, we feel a bit this way. So let's hear from our partner. Over to you, Satya.

Satya Nadella {BIO 3224315 <GO>}

Hello, and thank you so much for having me as we mark this important milestone in our partnership. Over the past year, we have witnessed the second wave of digital transformation sweeping every company and every industry. Organizations everywhere are accelerating their digital initiatives to build resilience and transform, and Poste Italiane is a leading example of this.

You quickly leveraged our platform to enable your people to work remotely and maintain business continuity. You kept key services like postal, banking and insurance running when your customers needed them most. You reimagined new ways to serve customers virtually, from remote selling to customer service to chat bots. Together, we rapidly built your COVID vaccine distribution platform, helping streamline the process to get vaccines where they are needed most.

All of this underscores why our strategic partnership is so important. Together, we will accelerate not only the digital transformation of Poste Italiane, but the millions of organizations across Italy that rely on your services everyday. Our partnership builds on a long history of collaboration, and it's just the beginning. Together, we will create trusted digital services to help public sector organizations and small businesses across Italy navigate today's challenges and emerge stronger.

We are glad to be in this journey with you. And look forward to our collective opportunity ahead. Thank you, all so very much.

Camillo Greco {BIO 21978163 <GO>}

Good morning, everyone. Today I will walk you through the key financial targets of our new 2024 Sustain & Innovate strategic plan. I will begin by breaking down the key figures across our business segments. I will then discuss our plans with respect to cost discipline and capital allocation. Lastly, I will show you how we will maintain an efficient and strong balance sheet across all business segments, while continuing to distribute a growing and competitive annual dividend.

Let's start on slide three. As already mentioned by Matteo, we have consistently achieved and overachieved our previous targets despite the unprecedented pandemic situation we faced in 2020. Our strong business resilience allowed us to confirm to our dividend policy in one of the most challenging years of recent history, thus distributing over EUR 1.8 billion over the past three years.

Despite the revenue headwinds in 2020, our net profit reached EUR 1.2 billion, exceeding Deliver22 planned target of EUR 1.1 billion. We were able to achieve these strong results, also thanks to our flexible and efficient cost management strategy.

Turning to slide four. Revenues will grow steadily over the next four years, reaching EUR 12.7 billion in 2024, from EUR 11 billion in 2019, within our growth of 3%. EBIT will grow EUR 2.2 billion in 2024, from EUR 1.8 billion. Net profit will reach a significant EUR 1.6 billion in 2024, from EUR 1.2 billion in 2020. Our enhanced dividend policy will allow us to distribute over EUR 3 billion to our shareholders over the plan, ensuring competitive remuneration as one strong flexibility based on our conservative payout ratio.

As Matteo mentioned before, our policy envisages EUR 0.486 dividend per share for 2020. For 2021, we have committed to circa EUR 0.55, with an increase of 14% year-on-year based on a 60% payout ratio, excluding the revaluation of SIA stake of about EUR

300 million. Starting from 2022, we have committed with 6% annual growth rate, in line with the expected increase of net profit over the plan.

Let's now turn to the financial targets of each business segment, starting with Mail, Parcel & Distribution on slide six. We expect our revenues to increase annually by 2% over the plan. Let me highlight the relevant and transformational nature of this growth trajectory, with Mail, Parcel & Distribution becoming a sustainable business, positively contributing to the overall growth of the group revenues and EBIT.

Looking at the underlying drivers in more detail; the resilient mail revenues capitalizing on the recent Nexive consolidation; successful business transformation with parcel-focused logistics operator, with all product lines contributing to growth; focusing on a value-based strategy, B2C, B2B, C2X and international. By 2025, we expect to reach the landmark goal of our partial revenues accounting for more than 50% of total segment revenues, ensuring a sustainable future for our logistics business.

We will reach breakeven by 2024 and positively within 2025. This is a major business milestone and the biggest achievement ever for Mail, Parcel & Distribution. The successful integration of Nexive will positively contribute with EUR 100 million of annual running synergies, as already highlighted by Massimo in his presentation.

Let's look in detail on slide seven on the EBIT evolution of Mail, Parcel & Distribution. Thanks to sustainable revenue growth, our flexible cost management levers, combined with continuous transformation, we expect to reach breakeven by 2024. Our ability to anticipate key emerging trends and the successful implementation of strategic actions will lead to a profitable business from 2025 onwards. We expect higher revenues paid to this segment and distribution fees as a result of the relevant increase of the advisory and commercial effort at BancoPosta.

Moving to slide eight on financial services. In line with Deliver22, we aim to keep revenue stable as we respond to market headwinds, with increased commercial focus on growing distribution. Given the expected low rates environment, we are rebalancing the mix between the contribution from active portfolio management and NII, in line with the strategy outlined in Deliver22.

We conservatively assume low interest rates over the plan, with a negative impact on NII. However the robustness of our business model will still allow us to reach EUR 5.9 billion of gross revenues in 2024, as P&L is achievable under all rate scenarios.

The contribution from active portfolio management to P&L planned for 2021 has been already secured for the most part. Our investment portfolio has a flexible structure and overall duration below six years and initially decreasing over the plan, and about 50% of the portfolio is swapped to variable. In a reflationary scenario, we are best positioned to realize higher NII, activating managerial levers to restructure or unwind part of the hedges.

Operating profit will decrease over the plan due to higher intersegment costs related to the commercial effort required, in line with the increased value of our advisory model, including an upgraded role of our financial advisers in a more effective interaction with customers to meet more complex needs. This segment is, and will continue to be, a growth engine for the group, coordinating the financial activities across all businesses and strongly contributing to group revenues and profitability, leveraging on products, people and platform.

Moving to slide nine on insurance. We are targeting an average yearly increase in segment revenues of 10%, thanks to a widened and enhanced product offer, embedding a diversification between Life and Non-Life products with multi-class and capital-light Class 1 policies as well as a comprehensive P&C offer.

As Andrea and Guido mentioned earlier, we will take advantage from the new advisory model, combining Life and P&C coverage to develop our approach to wealth management, consistently with the features of our customer base. EBIT is forecast to steadily grow from EUR 1 billion to EUR 1.3 billion in 2024, operating higher distribution fees paid to the network, required by a renewed focus on advisory and commercial effort to send higher value-added Life insurance products.

In Payments & Mobile on slide 10, we can see double-digit organic growth supported by all product lines. Payments are at the core of the business, integrating unrivaled post office, digital channel and third-party networks as well as value-added products. As a result, we expect payment revenues to double over the plan.

Even in a highly competitive market, our telco revenues continue to grow, supported by the enlarged loyal customer base and the upcoming telco offer on fiber. As Marco said, we will enter the energy market to further widen our range of products and services. The one-stop shop experience, leveraging strong customer trust, will support the growth of this segment as well as the group omnichannel strategy.

EBIT is expected to grow by a strong 10%, more than offsetting the structural decline of traditional payments, such as payment slips and the start-up cost of our new energy business. We expect that the energy business will positively contribute to EBIT from 2025. The profit margin will increase from 23% to 26% based on the current business. Including the new energy business start-up, EBIT margin will reach 20% in 2024.

Moving on to slide 12. The revenues are expected to continue to grow steadily over the plan to reach EUR 12.7 billion in 2024, with a positive contribution from all business segments. Mail, Parcel & Distribution revenues will increase, thanks to the consolidation of Nexive and the continued growth of Parcels, contributing with EUR 0.7 billion to group revenues.

Within Payments & Mobile segment, we project the new energy business to generate EUR 0.4 billion in revenues, on top of the significant contribution from payments and telco of almost EUR 0.5 billion. In Financial & Insurance services, we will more than offset the declining investment portfolio contribution with higher revenues from investment products distribution, as well as loan and mortgage distribution fees and the significant expansion of our P&C business.

It's worth mentioning that the revenue composition that we are targeting envisages a changed mix, with a well-diversified business increasingly exposed to growing markets and new businesses. In particular, the share of revenues related to growing markets will increase to 42% as we will be building upon emerging trends and business expansion, ensuring long-term sustainability. As we prioritize investments and constantly search for attractive emerging opportunities, we expect at least 4% of our revenues in 2024 to come from new businesses.

On slide 13, we can see the evolution of our operating profit over the next four years. We envisage an ambitious EBIT growth of EUR 0.7 billion, with all business segments delivering positive contribution. As we mentioned previously we expect Mail, Parcel & Distribution to reach a historical breakeven in 2024, with Mail & Parcel, adding EUR 0.3 billion to EBIT increase and Distribution contributing additional EUR 0.2 billion.

Within Payments & Mobile, we project payments and telco positively contributing to EBIT increase by EUR 0.1 billion, while the new energy business will be at breakeven. In Financial & Insurance services, we will offset the decline in investment portfolio contribution and higher distribution costs with higher revenues, as discussed in the previous slide.

Moving to slide 15, where we discuss the evolution of group workforce. The number of FTAs will decrease, on average, by about 9,000 people over the plan and will be the key driver of labor cost reduction. As you can see from the slide, it is impressive, our ability to effectively manage our workforce over time and in a socially responsible way. The decrease will be driven by the natural demographics of our workforce, the nonrenewal of fixed-term contracts and the subsidized exits.

Let's realize that in 2022, we expect to reach 120,000 FTEs, overachieving the Deliver22 original target by 3,000 FTEs. We continue to see an increase in the value-added per employee, from EUR 60,000 in 2017 to EUR 64,000 in 2020, despite the effects of the pandemic, and EUR 77,000 per FTE in 2024 as a result of continuous productivity enhancement.

On slide 16, you can see the results of our strategy to manage HR costs. Provisions for early retirement incentives will be down, from EUR 0.4 billion in 2020 decreasing to EUR 0.1 billion in 2024, while embedding the restructuring related to accelerated e-substitution and Nexive.

Ordinary HR costs will amount to EUR 5.4 billion in 2024, from EUR 5.6 billion in 2019, while 2020 is not a proper reference as it benefits from a number of positive one-off items. The most significant indicator is the ordinary HR costs on revenues, which will go down from 50% to 43% in 2024, confirming our focus on growing the business.

On slide 17, we discuss non-HR costs. COGS are expected to increase in order to support all business segments over the plan, mostly related to parcel and payment services, with higher D&A are related to increased investments to finance the business transformation. It is important to flag that over the plan, the ratio between variable costs related to business volumes and related variable revenues will steadily decrease from 79% in 2019 to 67% in 2024, highlighting efficiency gains, which we plan to achieve. The ratio between total fixed COGS and revenues will also decline by 8percentage points to 53% in 2024.

Turning to slide 19. The group will grow shareholders' equity over the plan. Each business is sufficiently capitalized and will contribute to our generous dividend policy, achieving an even stronger balance sheet in 2024 with an efficient group capital structure.

Let's now move to slide 20, where we focus on the net financial position of the segment Mail, Parcel & Distribution. As you can see, our net financial position remains steady over the plan, financing a significant CapEx plan and a generous and competitive dividend policy.

We continue to increase our capital expenditure in key areas of development to support transformation over the business plan. The accumulated amount of CapEx comes to a record high of EUR 3.1 billion, with a diverse investment mix across all segments. We are showing here the key areas of focus, and let me underline that more than 60% of the initiatives and investments are ESG related.

Our strategic CapEx priorities will reflect the ambitious business development plan that you've heard so far. The funding for each product is discussed and defined on a case-by-case basis by a Special Investment Committee that takes into consideration the strategic alignment, economic return on investment and risk associated. To evaluate the impact of each investment, we use traditional financial indicators as well as the ESG criteria, such as True Value. All our projects are moving towards paperless standards.

Turning to slide 22. We continue to invest and forge relationships with several partners to boost growth across all our segments. In this slide, you can find an overview of our group key strategic shareholdings that will support us in pursuing and delivering our business targets. At the same time, they represent the financial lever that strengthens our flexibility and optionality during the plan, allowing us to respond promptly to emerging business opportunities.

Our plan is based on conservative assumptions for each of our business segments, which make our targets achievable. All segments will contribute to the positive progression operating profitability, while our approach to cost discipline will be matched with the evolution of the business. Our capital is efficiently allocated across our segments, focusing on the ones which represent the most interesting business opportunities.

Lastly, we have a range of financial holdings, which give us a significant exposure to disruptive businesses and significantly contribute to our value chain, while embedding material financial upside. As we showed throughout the presentation today we are fully committed to delivering responsible growth and a greener future to all our stakeholders. Let's now have a look at our video showcasing our ESG approach.

(Presentation)

Matteo Del Fante {BIO 6237992 <GO>}

So moving to the final remarks. We are proud to say that all market trends and business trends embedded in our previous plan, Deliver 2022, are confirmed in our new plan. We were indeed right in setting our strategy then at the time, and we're now even more confident that our new plan is ready to capture all opportunities that will arise in the next years.

We start from a wide and loyal client base of 35 million Italians, which we engaged via our omnichannel platform with 11 million daily interactions, as we have seen. We are focused on delivering a sustainable strategy as a data-driven and tech-enabled company, which will translate in a strong and sustainable growth.

Four years into the job, I can say that we have a very solid experience and commitment -- committed management team that is working with common targets and a common sense of purpose. Our investors will be rewarded with a generous and competitive dividend policy. Just keep watching.

And to make our promise more credible, we have directly aligned management remuneration to company performance. Our reward strategy supports long-term interest and create sustainable value for stakeholders. Performance measures are set at challenging levels, whereby their achievements ensures self-financing of MBOs and long-term incentive schemes.

The long-term incentive payout provides for up to nine years' performance, the federal and retention periods. All components of our variable incentive plan are subject to strict malus and clawback provisions, with performance measures linked to ESGs, KPIs and long-term incentives entirely paid in shares.

We commit to the highest level of transparency, and we reward our people based on results, inclusivity and adopt appropriate pay practices to attract and retain best talent and drive innovation. Talking about talent, (Speaking via interpreter).

Unidentified Speaker

(Interpreted) And speaking of talent, I would love to (inaudible) the colleagues who were (inaudible) how proud they were in working for our business (inaudible) making efficient of our services that are possible. So (inaudible) they have done.

Questions And Answers

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

(Speaking via interpreter) Rigoberto [ph].

Q - Unidentified Participant

So my question for (inaudible) a good revenue overall. But (inaudible) also growing to support revenues. I just wanted to make sure (inaudible) on the revenue side. Do you have any contingency plan on how you can cut the cost base? So you did very well in 2020. I was wondering (inaudible) if you need to track more profit (inaudible).

And the second one is I think that the dividend policy has been attractive. You raised the bar. You're (inaudible) to an absolute level of dividend, which is pretty unique. So at this point, again is there anything that you read, anything that can go wrong in (inaudible).

Then on a separate level, what should be the base or division that represents a lower GDP in your (inaudible) plan in 2022. Can you elaborate to the Street why this is a lower (inaudible) achieve. Thank you.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Okay. Yes. Thank you. Okay. Thank you for the questions. Yes. I mean compared to Deliver22, this is a plan where we are committing to more revenues. So you have a revenue growth, which is significantly higher than the previous plan, because we had the time to plant the seeds and drive this big company towards future businesses. Therefore, we are in a position of committing to growth more than we were three years ago.

If growth should not come along as anticipated, I think the best the protection we have is on the CFO presentation on page 17. We are showing that we have a component of our cost base, which is, on one hand, going down in terms of the fixed cost over the plan, and this is helping in any scenario.

But if you look at the first line, we're showing the variable cost percentage over the revenues coming from the base that, of course that is variable. It's going down, from 79% to 67%, which means that you will see -- in the case of having been a bit too optimistic on the revenue side, you will see lower cost to protect our margins.

On the dividend policy, I think it's relatively simple what we're doing here. We spent the last three years with a plus 5% per annum of fixed dividend, fixed growth. We're now launching a new plan. We were in a 50% or even below 50% payout. We had committed in '18 to be at 60% payout. So we re-benchmarked ourselves at 60%, which means, for 2021, EUR 0.55, which is equivalent to a 60% payout.

Then looking at the growth in terms of net profit that the company is building. Over the course of the plan, we go back from 2022 onwards to a fixed growth, 6% per annum dividend policy, which, so far, has made investors happy and has allowed us also to be considered by many investors globally that clearly wants consistency in the dividend.

Risk in the plan related to the dividend. We have proven, even 2020, that we are resilient. We have distributable reserves to face the things, like what happened last year, from a regulatory standpoint. The mix of the subsidiary of the holding group that are paying dividend to Poste Italiane, that is paying it to you, to the market, is changing. By the end of the plan, Postepay will contribute 25% of the dividend. So it's -- I think it's a diversified business that is supporting a very solid dividend policy that starting from a 60% payout ratio is allowing us also to, over time, monitor our level of competitiveness versus our broad peer group in terms of dividend yield. So we want our investors to be very happy with the dividend even though we are starting to show that this company is a company that can produce growth. So this is the plan.

If you allow me, of transition, we started from a leverage plan in 2018. We're in transition and maybe the next plan will be more of a growth plan in a more meaningful way.

The last question, I think is the Mail, Parcel & Distribution EBIT target, 2022 versus deliver -- versus the previous plan. On this question, I would like maybe Massimo to give more …

A - Massimo Rosini {BIO 20101636 <GO>}

The plan is EUR 0.2 billion EBIT level in 2022. Two main events have changed our numbers versus the previous plan; COVID and the acquisition of Nexi. COVID has accelerated the mix change, and for this reason, we have to adapt our network with additional restructuring and investments. And as I said during my presentation, Nexi acquisition will have a positive effect. But obviously we need additional costs in 2021 and 2022 to integrate the two companies. So moreover, the additional revenues of Nexi will not compensate the mail revenue decrease with a net effect of about EUR 50 million.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. The next question comes from Manuela Meroni, Banca IMI.

Q - Manuela Meroni {BIO 1782610 <GO>}

The first question is on mail and parcel (inaudible) more on the markets from parcel business and (inaudible) I guess (inaudible) due to the addition of (inaudible) and the parcel business around (inaudible) and where do you expect (inaudible) market share, where the market share coming from and (inaudible) considering (inaudible) assumption. And again (inaudible) and that is (inaudible).

The second question is on the (inaudible). Thank you for (inaudible) activity of (inaudible) space. Is it fair to assume that (inaudible) your services net interest income (inaudible) capital gains remains the same in (inaudible) scenario. So I'm wondering if you are ready to realize more capital gains. Could the results of other Financial Services activities be weaker than you expected?

A - Matteo Del Fante {BIO 6237992 <GO>}

Thank you, Manuela. Okay. I'm afraid that the line was a bit -- the line was not perfect. And looking at the expression of my colleagues, I will start with the first question and then let maybe Massi finalize on mail and parcel. And Guido if you -- yes, mail and parcel, where is the growth coming from? The reality is that Poste Italiane, in 2016, '17, was the number seven logistic parcel operator in Italy. So we had the French, German, two Americans, one Brit ahead of us in 2016, '17. Now we're number two overall, and we're number one in B2C. So in three years, we entered the game. The game, we entered through B2C because clearly, we leverage on our Joint Delivery Model. This was clearly the fast-growing portion of the market and this was win that -- as we said, was a trend that we saw and we follow.

Now as Massimo has stated very clearly, now that we're in the market, we need to create more margins to become a long-term, sustainable, logistic operator. And he focused in his presentation, and we are focusing over the plan on, obviously B2B. B2 billion is not a market that is growing. It's stable. But now that we are in -- on the ground, we are targeting a growth of 3% of market share in B2 billion from 10% to 13%. This is possible because many clients are looking at broad logistic services.

Think about the retailer, the large retailer. He was -- up to five years ago, he was only selling in his shop. So he was getting B2 billion logistics services from the market. Today when you offer B2B, he tells you, look, I have a Web site. I want you to do also the B2C. Can you offer both? Then he tells you, oh look, the portion of what I sell is closing. So I need the reverse service. Can you offer reverse in your B2C because my clients might buy online and they want to ship it back?

So at that point, with the leadership in B2C, which is made of many things -- I mentioned reverse. We have, by far, the largest reverse. That's why we became exclusive of Zalando for our reverse capabilities that are obviously unmatched in Italy. Then offering all these products, you have a much larger chance of winning the B2B, which -- otherwise, logistics is a very sticky business. Clients tend to stay with the provider if they're happy.

The other element where we are growing and we're planning to grow is C2X. We have already a large market share, around 45%. We want to increase it to -- sorry, 41% to 57%, yes, exactly. We have seen the video. We're planning to do this. We launched last year a new product. We believe that we will define a bit that market because once you give the offer and the opportunity, the product to clients to send easily from home without a single piece of paper, all in an app with your code or going with a box that you don't even have to wait in terms of putting it on a machine. You just drop it at the next tobacconist or PuntoPoste or post office. You have already paid on your app. That will create more demand for this product. So it's not only growing on a defined market in terms of market share, but I think the pie will get larger. Please, Massi, on -- I believe the breakeven on …

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Yes. It's probably -- your question, if I got it correctly, was about the trend in mail over the plan compared to our previous expectations. So you remember correctly that over -- in the past plan, we were envisaging a decline of 5% on a yearly basis over the plan. We are now envisaging a decline of 7%. By the way this means more or less that we have lost kind of two years due to COVID, to give you an idea.

So we -- I think we should take into consideration that -- I mean as we already -- have already mentioned during our Fourth Quarter results, half of the revenues we have lost in 2020 were lost temporarily. So we're going to recover half of the loss in '21 and '22. This is also to be considered when thinking about our new projection of minus 7% plus consider that the mix that we have in terms of the products is a bit different compared to our competitors. So the share of our recordable [ph], if you want mass mail delivery, is a bit lower in our case. So we're relying more on higher-margin products, which has also an impact on the revenue trend. Plus this is related to volumes.

In terms of the pricing, we can envisage -- we are envisaging over the plan some repricing according to the regulation and the Universal Service Obligation. I mean -- and the last element I would mention, as Massimo was already commenting in his presentation that the competitive context is slightly different compared to the past. We have already been facing a highly competitive environment, which is probably easing going forward.

A - Matteo Del Fante {BIO 6237992 <GO>}

Guido.

A - Guido Maria Nola {BIO 20719012 <GO>}

Yes. On the Financial Services, if I understand correctly the question, which was -- is it -- are you going to use capital gains should you not achieve your commercial results? Well first of all, I want to reiterate that our targets are ambitious, totally ambitious but certainly achievable. So we're very comfortable on that. If I can take you through page 18 and then page 17 of my presentation, I'll try to stress what we said at the bottom of this page, where we said that we have -- we don't foresee rates to come significantly down from here. We see that the rate scenario to be at a place where rates should not come down further. But should it come further, we show, in the previous page, that we always have very significant capital gains. So we look at the portfolio and the yield of the portfolio rather than mixing the two, the commercial side and the management side of BTP portfolio.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

The next question comes from Azzurra Guelfi from Citi.

Q - Azzurra Guelfi {BIO 6148923 <GO>}

I have a couple of questions. One is on your postal saving distribution agreement. You mentioned in the slide it's still underway. But can you provide us some color on what are the assumptions that you made in the plan to make the forecast both in terms of those and in terms of revenue?

The second one is on the energy, the new energy business that you're planning to develop later on in the plan. Can you elaborate what are the main driver and the assumption for the revenue growth that you expect? And if you can -- if the environment changes, if there is any change, how you can modulate investment over the period of time.

And the last one is on the ESG. I've seen and appreciated the slide with the new ESG target. I just wanted to ask how are you going to monitor this progress on ESG. Is it at divisional level? Is it the overall management team, at level of the Board? But basically a little more information on the control of the ESG target.

A - Matteo Del Fante {BIO 6237992 <GO>}

(inaudible) Was the first question related to the CDP agreement? Did we get it correctly?

Q - Azzurra Guelfi {BIO 6148923 <GO>}

Yes, on the postal saving agreement.

A - Matteo Del Fante {BIO 6237992 <GO>}

We couldn't get the first question. I'll start with the last one on ESG. The control of ESG is done -- starting from the top is the Board that has created an ESG board, sub-board unit made of three Board members that is in charge formally for the Board of Directors to monitor all the ESG targets, the achievements and progress. Coming down from the Board, we have a company-wide team coordinated by our corporate affairs that is following on a very systematic way the progresses. And as you know, in that space, you can only do it if you rely on external certification units or entities that are coming, looking very deep into the way you're actually measuring your targets and then they release or not release your certificates of achievements of your ESG.

And we mentioned -- I mentioned in my presentation the science-based target, that methodology that we started using already a few years ago, and they're certifying our processes and also the smart technology, which is another system of doing control on our progresses.

On the energy …

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

We got the first question in writing. Thank you, Azzurra. It was about the hypothesis with regard to the postal distribution -- of the saving distribution agreement. The last one was on the growth trajectory in the energy market there.

A - Matteo Del Fante {BIO 6237992 <GO>}

I mean on the postal, it's kind of a neutral assumption. We're setting slightly lower target than what we achieved in 2020. I think this has been going on for now 100 years, postal savings, and it's not a few weeks that will change. Everybody is extremely busy these days. We will sign the agreement. The EUR 1.8 billion or thereabout is in line with market standards and what the law is actually saying that the distributor is expected to be paid for market services.

The second question on energy was -- Marco, you got it?

A - Marco Siracusano {BIO 20101643 <GO>}

Yes.

A - Matteo Del Fante {BIO 6237992 <GO>}

Please.

A - Marco Siracusano {BIO 20101643 <GO>}

We started to enter into the energy market in view of the complete liberalization of the market by 2023. We decided to do it in 2022 in order to prepare our plan. But you have to consider that we decided to have a platform business because we would like to capitalize around our platform, quite unique in terms of customer base, in terms of integrated offer mainly of all needs to consider telco plus energy. It's also capitalizing around our unrivaled and trusted physical network, also about our advanced digital channels. So we think that there is an ambitious target but achievable only by Poste Italiane for this.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. The next question is from Gian Luca Ferrari from Mediobanca.

Q - Gian Luca Ferrari

I have a couple of questions. The first one is for Massimo. On the EUR 1.3 billion (inaudible) revenues in 2021, it seems that the implied growth rate is something like plus 12%, plus 15% year-on-year. Even assuming that all the other segments will not grow, B2C is around plus 25%, so back to the pre-COVID levels. In reality, we are still in a lockdown mode. So I was wondering, what are the assumptions behind for 2021 with particular reference to B2C?

The second is probably more for Guido on BancoPosta, and it's twofold. The first one is on the strategy on asset management. I appreciate the presentation on the wealth management opportunities. I was wondering on the product side, what is the strategy. You are now selling third-party products together with BancoPosta SGR funds. Given that the scale is growing fast, are you considering sub-delegate kind of agreements or the launch of thematic funds directly managed with advisory of third parties or any potential change in the product strategy here?

And last but not least, still on BancoPosta, I didn't hear anything about SMEs. Is that a segment you want to exploit and to develop during the plan?

A - Matteo Del Fante {BIO 6237992 <GO>}

Okay. Massimo, you want to take the first question, please?

A - Massimo Rosini {BIO 20101636 <GO>}

Yes. For the first question, the B2C market. We are -- our forecast is to -- that the market will increase in revenues of about 20%. We will improve our market share during the plan horizon, reaching the market share of about 38% and -- but the most important challenge on B2C for us is to extract more value because now we are the leader, as mentioned by Matteo, and now we have to improve our profitability and the -- this target -- we will reach this target through a clear management of our tariff and with the reduction plan in terms of cost that I described during my presentation. So the market share of B2C in a growing market will grow with a more perfect ability.

Please Guido.

A - Guido Maria Nola {BIO 20719012 <GO>}

Two points. One on asset management. I think we tried to be as clear as possible in Matteo and Andrea and my own presentation on what would be the focus for us in asset management. Were planning a very significant growth. Our TFA [ph] grew by 45 billion and we are assuming that most of this growth will be in investments.

Were saying that we have a lot of liquidity sitting on our accounts. Were planning those accounts to be pretty much flat throughout the plan. So it means that the new installs will be in the interest of clients, directly to investments and savings. Savings mainly postal bonds. Investments is mostly if -- practically everything on insurance investment products. Out of that, the vastest majority is multi-class.

So all of what you were saying in terms of actively managed projects are normally embedded in the class 3 part of the multi-class product. We have initiatives and we have small growth in asset managed products -- two asset managed products that added accounts for just a couple of billion in the plan. Because, again the focus is its clear in the insurance side.

Second point on SMEs. I think none of this number includes a growth in the SME. Its area where the two of you -- two of us have talked about it in the past. I think there is a potential there but still to be implemented.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

The next questions are from (inaudible) from (inaudible).

Q - Unidentified Participant

The first one on financial services, slide 17, you provided a sensitivity to the changing rates. I read this right, based on the (inaudible) in the (inaudible) was about (inaudible). I mean long end rising and the short term remaining basically stable. If these will lead to a different outcome in your sensitivity?

Second question, in the insurance, you are showing solid growth in the PNC (inaudible). But can you maybe give a little bit more color on what is the penetration you're assuming for this product [ph]? And also if its in the long term, is there a particular reason why the PNC revenues should be significantly lower with the life insurance revenues in these division [ph]? Maybe, I don't know, the nature of the clients or other reasons.

Then the last one on the dividend, you showed that you expect 2022, 2024 net profit to grow from EUR 1.3 to EUR 1.6 billion, so 11% CAGR, while you said that the dividend will grow 6%. So is there any reason, maybe, just prudent to assume dividend growth in 2022, 24 to be lower versus the net income growth?

A - Massimo Rosini {BIO 20101636 <GO>}

Okay. We set the dividend growth of 2022, 2023, and 2024 at 6% because we wanted this growth to be inline with the net profit growth. Okay? We (inaudible) that the roundings [ph] and we are actually lending to a low (inaudible) from where we start in 2021, but it is clear its in a bit of room for maneuver additional that, as I say that we want to keep before remaining competitive in terms of (inaudible).

On financial services, Guido please.

A - Guido Maria Nola {BIO 20719012 <GO>}

So I will take you through page 18 of my presentation because I think that helps explaining exactly what were trying to achieve here. So you said, what happens if the current moves steepens instead of moving parallel? Well certainly, in that case, we would have a reduction of the unrealized capital gains but this is, I think a good place to be. Because as we tried to show on the right side of the presentation -- of this slide, page 18, in that case, we have a lot of flexibility to restructure part of our portfolio and therefore benefit from the steepening. In terms of NII rather unrealized capital gains.

Just to give you a concrete [ph] example, as we said several times, that we tend to buy long-dated BTPs to take -- or we used to, especially when the spreads on the longer dated BTPs was higher. We used to swap that to reduce the interest grade [ph] risk. This -- we've done it in the past and we keep doing it.

The opportunity that gives us is that at the moment when we see that longer term rates go higher, we can unwind the swap and therefore, keep the coupon of the BTP or we can just sell the package and buy a new bond at a higher rate. So that is certainly an upside for us in the rates environment. We have it both on the short end and on the long end.

A - Andrea Novelli {BIO 15185958 <GO>}

And the last question is on insurance that -- you remember the penetration and mix. Yes, first of all, we should bear in mind that the size of the non-motor P&C market is much smaller compared to the life market in Italy because, as I said in my presentation, in Italy, we have under-insurance compared to other European countries. So it's a market thing.

Then looking at us, we should also remember that we started in life insurance 20 years ago and we became number one, whereas for the reasons we discussed in my presentation, we have a fully fledged P&C business basically now that we added motor insurance to our range. Nevertheless, if you look at my presentation on page 14, we are committing to increase significantly the penetration of P&C products in the plan. Actually, we are planning to more than double the penetration of those products. This is why, as you have seen, the contribution to both revenue and profitability growth from P&C will start to be more and more visible towards the end of our plan.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. The next questions are from Elena Perini, Banca IMI.

Q - Elena Perini {BIO 4202240 <GO>}

Yes. My first question is about the contribution of the motor business in terms of premiums and revenues. If you can give us some color on this given that it's a new business for full year.

Then the distribution revenues, your target of EUR 1.1 billion is included in the EUR 2.7 billion total revenue target of the insurance services. What is the split in terms of distribution revenues between Life and non-Life?

And finally, talking about your target of assets under management of EUR 200 billion, how much are you leveraging on the strategic partnership with Anima to reach it?

A - Matteo Del Fante {BIO 6237992 <GO>}

Would -- Andrea and then Guido?

A - Andrea Novelli {BIO 15185958 <GO>}

I think from motor, I would like, first of all, to stress the fact that as you have seen on page 12 of my presentation, this is not a new product. This is a new service model, meaning that we will add -- we are adding 6,000 salespeople on top of the 8,000 financial advisers that Guido presented and that this new service model will be initially underlying our motor business. But in the future, they will be also helping the launch of the energy business and other businesses in our group.

The second point I would like to stress, and this is the reason why we are not breaking down the target of gross written premiums between motor and non-motor, is the fact that motor insurance is not a stand-alone target for us. We don't want to become the leader in motor insurance by entering this market. We want to enter this market because this is the way for Italians to see us as a fully fledged insurance company. And by selling motor insurance, we believe that we will have increasing opportunities to cross-sell other Life and non-Life insurance products.

The second question was on distribution revenues and the breakdown between Life and non-Life. If I understood correctly the question, I think you have the answer on page 16 of my presentation, where we provide the breakdown between Life and non-Life revenues.

A - Guido Maria Nola {BIO 20719012 <GO>}

So on your second question on Anima contribution. I think I'll go back to what I was saying before to Gian Luca, and I will point you to page 21. Again let's remember where

Anima helps us. Anima helps us managing PosteVita reserves for the -- on the B2 billion side. They are also partnering with us on some of the products we issue on the multi-class and, in particular, obviously under Class 3. So these are the two areas where the cooperation with them will continue. And let me remind you that we are also, in this space, a controlled open platform. So we have a number of partners and we're trying to keep picking the best partners for each specific product in the interest of clients.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. So the next questions have been submitted via our webcast form. So let me read them for everybody.

Ashik Musaddi from JPMorgan. Question number one, it feels like there is a lot of more focus on growth versus cost restructuring. Would you agree? And if yes, what happens to your profit if the revenue growth doesn't come through? I.e., what levels do you have on cost?

A - Matteo Del Fante {BIO 6237992 <GO>}

Okay. I would leave this to the CFO. Please, Camillo.

A - Camillo Greco {BIO 21978163 <GO>}

Thank you, Ashik, for the question. I think that we partly answered to that question at the beginning of this session, that it's important to underline that the majority of the cost increase is related to variable costs, and there were some comments around that from Matteo. But the other point that I wanted to add is that, as you've seen in two other presentations, we are planning to have EUR 3.1 billion of capital expenditure over the life of the plan. That translates into additional D&A over the plan. To the extent that there is a sort of recessionary scenario, which we are not planning for, in which revenues don't perform as we do, we'd also reduce CapEx accordingly.

I'd also like to elaborate on the part of the variable costs, where, yes, variable costs are increasing, but they are increasing less than proportionate revenues over the plan, and most of those costs are related to levers that we control. There is an important increase in the past in related costs, which we also talked about in year-end results that continues throughout the plan. And also, within payments and mobile, our new agreement with Vodafone allows us to control the telecom costs, but there is a part of costs related to transactions through other systems, which also translate into additional costs for us. So yes, there are increased costs, but most of those costs are related to the revenues. If there are no revenues, those costs will not materialize with additional comment around D&A, which we would control by reducing CapEx as revenues do not materialize.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Question number two, what are the sensitivities to rising rates and total pricing rates to -- on NII and capital gains?

A - Matteo Del Fante {BIO 6237992 <GO>}

Please, Guido.

A - Guido Maria Nola {BIO 20719012 <GO>}

I think we commented on (inaudible). We mentioned the flexibility that we have. You've seen in the quarter's presentation, not in this presentation, where we gave the sensitivities on movements of both spread and rates. Current sensitivities on capital gain for rates is about EUR 20 million per basis point. What I can add is that in -- again as we tried to do on page 18, it's mentioned that -- the flexibility and the upside that is embedded in this plan given that we are assuming that the current rate basically doesn't move in the next four years. Should it move, these are all opportunities for us to extract value from the portfolio.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Question number three …

A - Guido Maria Nola {BIO 20719012 <GO>}

Sorry. Maybe I can add that the sensitivity on capital gains is about EUR 20 million. The sensitivity of rates on NII is about 3 million per basis point.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Question number three. You are including revenues from energy, motor and protection business. How confident or conservative are you that the launch of this could work?

A - Matteo Del Fante {BIO 6237992 <GO>}

That's a good question. I think I can let our distribution and our business people give a more detailed answer. But maybe I think it's important to say that I've learned, over the last four years, that this is a very organized company. This is to the credit of my predecessor and my management team, the history of this company. So I've learned from my team that if you don't plan, if you don't set targets, the machine doesn't react.

So we decided, with my management team, to set targets, which we consider are achievable, but we also are aware that they have a content of challenge. There's no doubt if we achieve what we said in our energy space, by the end of the plan, we will be, from scratch, top five player in the country. So it's certainly an ambitious target. But we have proven several segments that our client base -- and this was the core of my message today our client base is very large, is very loyal, and we are becoming better and better at giving to this client base the best services and the best products. So all the ingredients to reach those targets are truly there. And as you -- on the motor component and the P&C component, I can add that as Andrea Novelli anticipated, the modular platform to distribute P&C has started 2021 with the right foot.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. So next question on HR and D&A, non-HR and D&A costs. You look to be very conservative as we expect an increase of some EUR 0.9 billion over the plan. Can you please give more color on that?

A - Matteo Del Fante {BIO 6237992 <GO>}

Thank you. I think we already answered that. (inaudible) ...

A - Camillo Greco {BIO 21978163 <GO>}

HR or non-HR?

A - Matteo Del Fante {BIO 6237992 <GO>}

Non-HR and D&A costs over the plan.

A - Camillo Greco {BIO 21978163 <GO>}

Okay. Well on non-HR, we talked about it a few minutes ago. I think that we feel that the cost that we are putting forward are consistent with the ambitions that we have laid out for you guys. To the extent that revenues do not materialize, we are very confident that, as we have shown in the past, we'll have to control those costs in a way that we protect profitability.

On CapEx, also, we talked about that before. It is an ambitious plan, EUR 3.1 billion. It's, on average, EUR 750 million a year over the next four years and is in excess of what the group has spent in the past, but we believe it is appropriate given the EUR 2.2 billion net growth in revenues that we are planning. To the extent that those revenues don't materialize, on CapEx too, we would control. Just as an example, in 2020, we reduced the number vis-a-vis with what was the original target for the year.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. The next set of questions come from Anna Maria Benassi. First one is on CDP contract negotiations underway that -- due to its EUR 1.8 billion fees. How can you be so confident on such a level?

A - Matteo Del Fante {BIO 6237992 <GO>}

I think we've already answered. I mean it's really business as usual. Personally, I've been following this relationship, this agreement since 1997 when I basically contributed to building the model that has been used to price postal bonds. So it's tight.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Question number two is on the impressive growth targets in the P&C. What is different today compared with three years ago? And can you explain this renewed output and ambition?

A - Matteo Del Fante {BIO 6237992 <GO>}

Andrea, can you elaborate?

A - Andrea Novelli {BIO 15185958 <GO>}

Sure. We have in part already answered the question. Maybe I would like also to add the fact that we are talking about a EUR 40 billion market if you combine motor and non-motor insurance. Our target is to get to EUR 1.5 billion at the end of the plan. So it's ambitious but we believe it's realistic if -- even if you compare that with the ambition set by others in the market.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. The next question is about ESG. Can you share with us how does management remuneration is linked to ESG achievement and the same achievement same from achievements on business plan targets?

If I may we probably answered with your last concluding remarks …

A - Matteo Del Fante {BIO 6237992 <GO>}

Yes.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

With a slide, walked on the conclusion where you have -- or you explained that 40% of short-term incentives and 20% of long-term incentive, ESG-related. On page two of your conclusions, we already -- we gave further details. In terms of ESG as well, I think that we have a thorough plan. I mean we summarized a set of the targets, which give you an idea of how ESG is intertwined in our business as usual. If you want, we can kind of look further.

So you mentioned potential real estate disposals. Could you kindly give us a sense of the size of the target?

A - Matteo Del Fante {BIO 6237992 <GO>}

Camillo?

A - Camillo Greco {BIO 21978163 <GO>}

Yes. So we have been sharing with you information around the fact that we are monitoring the value of our real estate portfolio. It is something which we are working. But for cautiousness, we have not yet included in the plan -- concrete disposals is something which we will update you as things progress. However worthwhile sharing that despite we do not have in the plan concrete disposals, we are working at reengineering what we have. As an example, PosteVita is due to move to a premise which belongs to Poste, and that translates into a EUR 5 million save on the P&L of the group on a yearly basis. So we're not only thinking about disposing the portfolio but also about optimizing what we have to ensure that we translate this into concrete savings in our P&L.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Last question from Anna Maria. You target gender equality, but there's only men on the stage. You are all talented managers, but I hope to see also women in the next presentation.

A - Matteo Del Fante {BIO 6237992 <GO>}

Andrea, Guido?

A - Guido Maria Nola {BIO 20719012 <GO>}

Yes. I will. What I can say is what was in ...

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thirteen.

A - Guido Maria Nola {BIO 20719012 <GO>}

Yes. Page 13, yes. You're right. We are all men on this -- in here, but we are a very diverse company. And as I said in my presentation on the financial adviser side, 70% are women, and a vast majority of the managers there, not just in the ranks but also the managers are -- and vast majority are women. So we -- I think among the Italian company, we are one of the most diverse ones.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. And let's move Anna Maria aside. The next question is from Alberto Villa, Intermonte. On insurance EBIT target, EUR 1.3 billion in 2024 implies EUR 300 million improvement versus '19 and '20 and EUR 1 billion versus '20. This seems to be coming almost entirely from P&C technical margin. Does it imply EBIT -- Life EBIT will stay pretty stable over the next four years?

A - Matteo Del Fante {BIO 6237992 <GO>}

Please, Andrea.

A - Andrea Novelli {BIO 15185958 <GO>}

Okay. So both Life and non-Life will contribute to the improvement of EBIT. You are right to say and I mentioned that also in my presentation that non-Life will be the fastest-growing in terms of contribution. This is also due to the fact that, as I mentioned in my presentation, we are envisaging higher distribution fees paid to the network to remunerate the increased advisory effort, and this will happen in particular in the Life business rather than the non-Life business.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

The next two questions are from John Badilatti [ph] and (inaudible). Thanks for following us from the States at this time. Poste has presented very exciting revenue opportunities across all of your businesses. However what about getting the most out of the (inaudible) operating leverage in your businesses?

And the next question is (inaudible) ...

A - Matteo Del Fante {BIO 6237992 <GO>}

Thank you. No. That's the point we have over the last few years, overperformed our leverage commitments. We think that we can at least do what we have presented today. Obviously our management team is here to do better.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

The last question is from John [ph] related to that. What are the key initiatives where you see the highest potential for over-delivery over the life cycle of the new plan?

I think you already answered this. Do you want to comment on that?

A - Matteo Del Fante {BIO 6237992 <GO>}

Good question. I think one area of overperformance is the flip side of the weaker NII that we have presented today. I think Guido expressed very clearly the conservative assumptions that are behind that drop in NII. So that's clearly an upside potentially in terms of bottom line. From a business standpoint, I think that the area where we could be -- to try to deal, I think in the financial space, in the financial product space, broadly defined where we keep, I think growing our franchise in a remarkable way. So I think the loan distribution, you've seen the product mix with managed asset growing fast, and it was growing faster than we anticipated in 2018 in the last couple of years. So that's an area where -- and certainly, as it was pointed out in the first question by Gian Luca Ferrari on -- maybe on parcel. Let's try to be a bit more optimistic.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. The next two questions are from Fabrizio Bernardi, Bestinver. So in the previous plan, the mail and parcel division was expected to almost breakeven at EBIT level in 2022 with EUR 3.5 billion of revenues. Now we expect to breakeven in 2024 with EUR 3.7 billion of revenues, mail and parcel revenues up EUR 0.2 billion to EUR 1.5 billion and including next year. Would you share with us the trends in that -- in the new -- in this new target versus the previous one?

I think we have already commented on that, if you agree with me. If you need any further detail, Fabrizio, feel free to contact me.

The second one is from Fabrizio. As for the Financial Services division, the contribution from asset management remains really marginal at EUR 0.1 billion revenues since -- in '19 versus 2024 despite TFAs growing remarkably. Given the stake you had in Anima, I was wondering why you did not explore to this level much more.

A - Matteo Del Fante {BIO 6237992 <GO>}

I think we've answered it. It was exactly the same question.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Yes, exactly.

A - Matteo Del Fante {BIO 6237992 <GO>}

(inaudible).

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you. Yes. Fabrizio, we talked to these questions pretty early this morning.

The last question is from Salvatore Cirino from Pramerica. Under which conditions you will be able to get earlier at the breakeven in mail and parcel? And how much growth potential you see in the division after 2025?

And the second question, let me read a few of them. There might be some connection. It looks to me that the plan has been based on pretty conservative assumptions given that despite a good revenue growth in the financial division, payment and insurance, you've just assumed EUR 0.2 billion of additional EBIT from this. But this is because you assume EUR 1 billion of additional non-HR costs. How much conservative is this target.

The last question is about EBIT in 2024. Can you -- can we assume that EBIT in 2024 is a floor?

A - Matteo Del Fante {BIO 6237992 <GO>}

It's been answered.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Yes. I think on the first question, we have already had some color both on the breakeven and on the potential upside to see profitable business starting from 2025.

In terms of non-HR costs, I think that Camillo has already provided you with some color on the variable component and on the way we used to set our targets.

And on the last point, EBIT 2024, EBIT floor, Matteo, will you comment on that?

A - Matteo Del Fante {BIO 6237992 <GO>}

It's hard to say today in 2021 that what we're targeting for 2024 is a floor. So I mean let's go through the motions.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

That was all on our side.

A - Matteo Del Fante {BIO 6237992 <GO>}

Yes. I think probably the follow-up on ESG and the Board that I mentioned, we have specifically a committee which is in charge of ESG.

That committee, by the way is chaired by a woman, the same way that the whole Board of Poste Italiane is chaired by Bianca Farnia, so very important person in our company, a woman. We have two more women. So we have basically four out of nine representation in the Board. The committee in terms of ESG has the full responsibility to monitor the progress of our ESG activities.

So I thank all of you for the time you allocated to Poste Italiane today.

Obviously we will now be on the road virtually. Happy to answer more detailed questions in the next two weeks. Thank you very much.

A - Massimiliano R. Riggi {BIO 20490987 <GO>}

Thank you.