

1998 – 2013: Development of Italian Post

***Presentation by SLP CISL – Italy
(Part 1)***

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1998 – 2013: Stabilization and Development of Italian Post

- Early in 1998, Italian Post had a huge deficit.
- Annual reports showed losses.
- The quality of the postal service was quite poor.
- Only traditional services were offered (lettermail, post cards, packets and payment services).
- Since then, Italian Post has implemented a stabilization and new service development policy that is still in effect today.

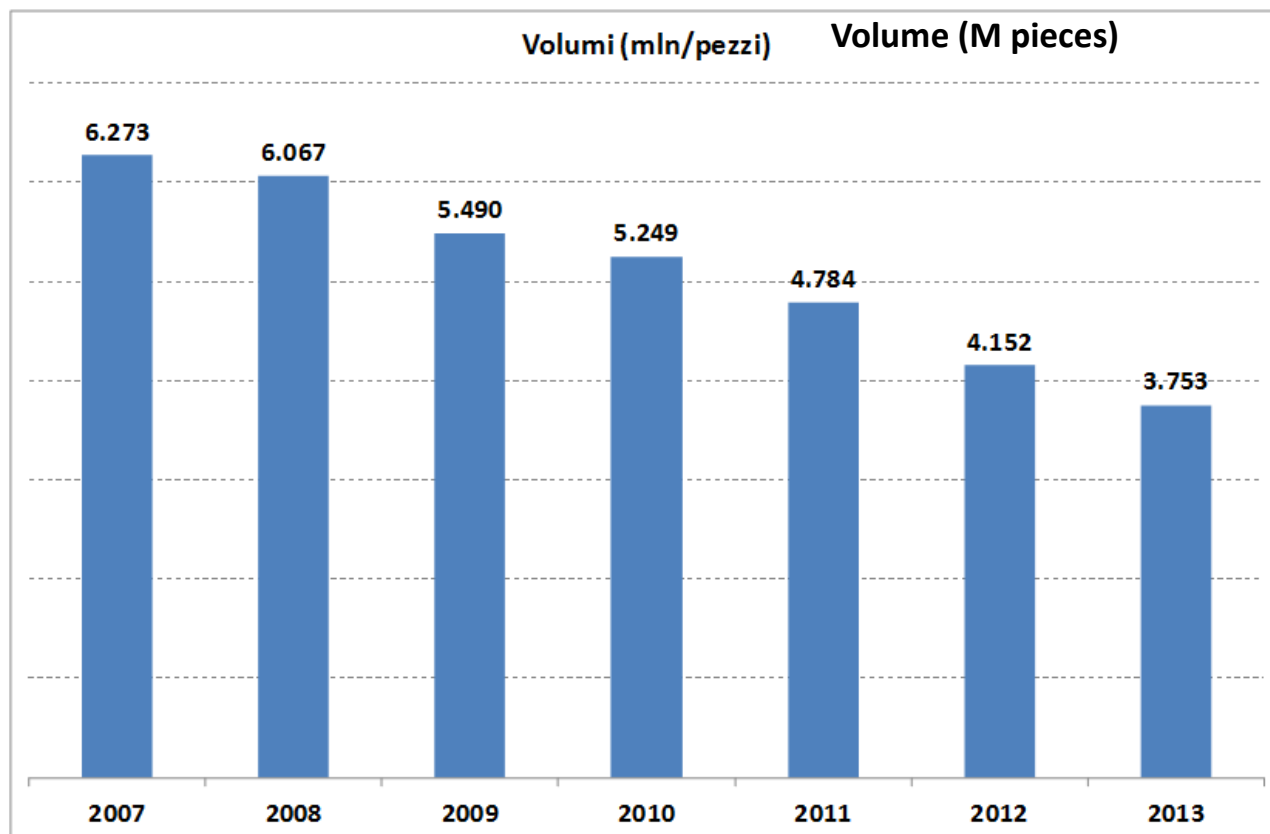
A Postal Service in Crisis

- Traditional postal services (paper correspondence) are in crisis in Italy and the entire Western world; mail volumes are in constant decline.
- In addition to the **structural** crisis resulting from new technologies and “e-substitution” (e-mail, MMS, PEC, etc.), we are facing an **economic climate** crisis (businesses that are closing their doors or slashing their postal publicity budget).
- The liberalization process has also resulted in a reduction of mail volumes at Italian Post.

Italian Post Mail Volumes 2007 - 2013

Andamento Volumi Servizi Postali

Postal Service Volume Reduction



Postal Group: Diversification

- Starting in 1999, Italian Post created many more fully-owned share capital companies, specialized in the production of innovative services (banking, financial and digital) instead of traditional services (paper mail and payment services).
- Today, Italian Post, through its companies, is involved in new markets, such as insurance, telephone, credit, digitization.
- Among the Group's major new service offerings are financial transactions through mobile phones.

POSTAL AND COMMERCIAL SERVICES

Mail, express delivery, logistics and packets, philately and activities proposed by the various commercial areas of the parent company

Postel



Poste.com

FINANCIAL SERVICES

Current accounts and payment services, investment products and third party financial services

BancoPostaFondi SGR



INSURANCE SERVICES

Sale of insurance products

**Postevita
Posteassicura**
GruppoAssicurativoPostevita

OTHER SERVICES

Activities proposed by Mobile Post, the mobile phone operator

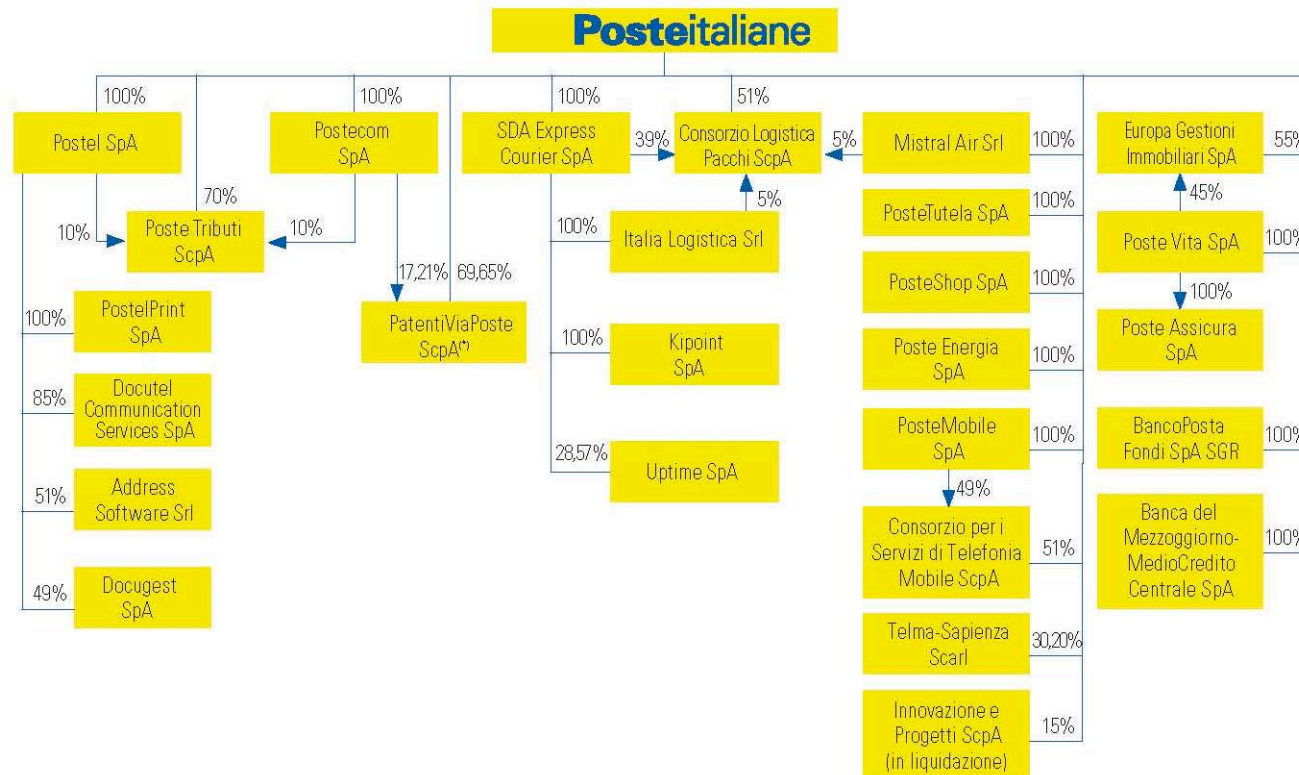
**Poste
mobile**

Postal Group: Diversification

Italian Post: Yesterday and Today

- At the end of 1998, Italian Post was a single conventional postal company offering postal and payment services;
- It employed 175,000 people.
- Today, Italian Post is the parent company of holdings that employ approximately 142,000 people and offer many postal, financial and electronic communication services.
- The Group delivers correspondence in every community five days a week, Monday to Friday.
- Financial offices are also opened on Saturdays (unlike banks).

Italian Post Group - Today



^(*) La Società è stata costituita il 6 dicembre 2012.

2013: Postal Group Revenue

Fund: Poste.it Web site

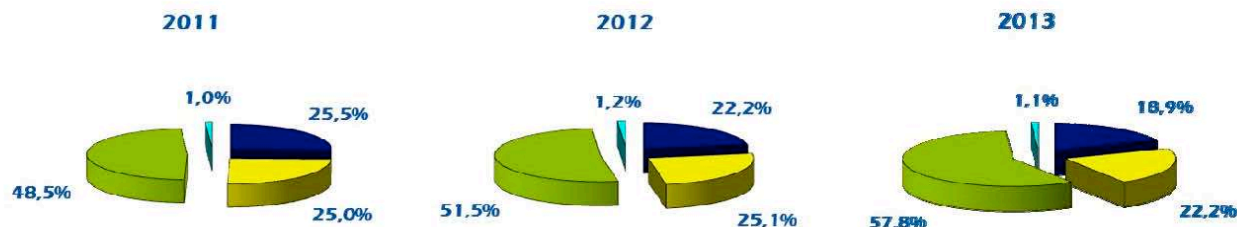
Revenue, profits and insurance premiums – Business Sectors' Contributions (Millions of Euros)

Ricavi, proventi e premi assicurativi – Contributo delle Aree di Business

(milioni di euro)					Var %	
		2011	2012	2013	12 vs 11	13 vs 12
Postal and commercial Services	■ Servizi Postali e Commerciali	5.005	4.533	4.309	(9,4)	(4,9)
Financial Services	■ Servizi Finanziari	4.906	5.145	5.068	4,9	(1,5)
Insurance Services	■ Servizi Assicurativi	9.526	10.531	13.200	10,6	25,3
Other services	■ Altri Servizi	209	255	245	22,0	(3,9)
Totale		19.646	20.464	22.822	4,2	11,5

Ns: non significant

n.s.: non significativo



Reflection on Postal Revenue

- Today, most of the Postal Group's revenue comes from financial and insurance services.
- New services account for the company's growth and continued utilization rate.
- Postal revenue is steadily decreasing.

2007 – 2013: Restructuring of the Postal Sector

- Starting in 2007, various postal sector restructuring agreements were reached; as a result of the crisis and the reduction in the volume of conventional correspondence, the Company and the Union agreed to reduce postal sector staff by about 15,000 positions.
- Surplus staff either received retirement incentives or were transferred to the financial services sector. Unlike the postal sector, this sector is expanding.

Italian Post Today

- Today, Italian Post is the largest logistical and technological **infrastructure** in my country.
- It has 13,000 post offices: a large network of small “supermarkets” where postal, financial, telephone, banking, digital (e.g. Cloud) and insurance services are sold; the Group also provides government services (passport renewal, visas, etc.).
- Correspondence and packet delivery is provided by approximately 2,500 distribution centres and 19 logistical hubs.

Italian Post Today: Infrastructure

- ✓ Italian Post's infrastructure is powerful, reliable and extremely secure. The ICT network supports and links the physical and logistical postal networks, providing multi-channel access to its customers and partners.

Physical Network



- 13,000 post offices
- 2,500 consignment offices
- 19 automated postal centres

ICT Infrastructure

- 12,500 offices joined in a vast network via a national backbone with a speed of up to 10 Gbps
- Large capacity IP transmission network
- 7 Data Centres integrating Business Continuity and Disaster Recovery function
- A data warehouse with 47 M customers
- Monitoring in real time 24/7

Logistical Network

- 38,000 vehicles
- 3,800 carriers
- 540 trucks
- 7 airplanes (8 daily flights)
- 3 automated logistical hubs

Multi-Channel Access Network

- 110,000 work stations
- 1,700 call centre operators
- 8 M Web customers and 127 M Web pages visited each month
- 26,300 postal delivery employees equipped with terminals to provide "on-the-go" services

- 7,000 ATMs
- 700 Multimedia Kiosks
- Mobile phones

Privatization of Italian Post

- By the end of this year, 40% of Italian Post's capital will be tied to the Italian and international stock markets.
- Today, the Group has a large market value (about 10-12 billion euros): the Government has decided to sell part of its postal shares to reduce the public deficit.
- Employees will obtain part of the shares (5%).

In conclusion ...

- Without service diversification and the addition of financial services, the Group would today be one of the many Western companies in crisis; operations would have collapsed.
- Thanks to its service-offering diversification policy, Italian Post was able to maintain a strong presence on the market and to offset postal sector losses with financial services.