The Leading PayTech

Redefining Payments in Italy

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Acquisition of Intesa Sanpaolo's Merchant Acquiring Business

19th December 2019

Key Highlights

The Transaction: Acquisition by Nexi of Intesa Sanpaolo's Merchant Acquiring Business

- **Acquisition of Intesa Sanpaolo's merchant acquiring business** for **€1.0bn cash consideration** (plus potential earn-out payable in 2025)
  - ~180k merchants[1] and ~€66bn of transaction volumes[2]
  - 2020E EBITDA and earnings of ~€95m and ~€61m[3] respectively
    - Implied multiples: 10.5x EV/EBITDA 2020E, 16.4x P/E 2020E
  - 100% cash consideration, with committed bridge financing already in place
- **Deeping of strategic partnership with Intesa Sanpaolo in merchant acquiring**
  - Acquisition of Intesa Sanpaolo's merchant acquiring business
  - Marketing and distribution agreement for merchant acquiring, with 25 years duration until 2044
- **Extension of remaining existing processing contract** in relation to issuing and ATM acquiring services (from original 2026 to 2044, in line with new framework)
- **Marginal additional ordinary Capex**; limited extraordinary integration Capex
- **Expected leverage ratio pro-forma of ~3.4x net leverage by year-end 2020**, in line with leverage range guidance at IPO
  - ~2.0x-2.5x target leverage confirmed over medium / long-term
- **Reiterating financial guidance on a larger and more resilient business**
- Transaction expected to be **cash EPS accretive in the high teens from 2020**
- **Closing of the transaction is expected before summer 2020** subject to customary regulatory approvals

Other Considerations

- Separate transaction being agreed by our shareholder **Mercury UK HoldCo** to **sell a 9.9% stake in Nexi to Intesa Sanpaolo** after closing of the Nexi transaction
- **No changes** to Nexi's governance framework or board composition as result from this separate transaction

(1) As of Sept-2019. Figure already reflected in Nexi's reported KPIs in light of existing processing activities.
(2) As of 9M 2019 LTM. Figure already reflected in Nexi's reported KPIs in light of existing processing activities.
(3) For illustrative purposes, target earnings figure before any potential impacts from financing or any non-recurring items associated with the transaction.

A Strategic Transaction Strengthening Nexi Role as the Leading Italian PayTech

1. **Enhanced platform and positioning in the acquiring segment**
2. **Greater coverage of the acquiring value chain and enhanced ability to drive further innovation and value for merchants**
3. **Increased scale with diversification of revenue streams**
4. **Value enhancing transaction with cash EPS accretion in the high teens from 2020E**
5. **Deepening of partnership across businesses with the largest bank in Italy**

Transaction Overview

Key Components of the Transaction

Acquisition of Intesa Sanpaolo's Merchant Acquiring for €1.0bn (Plus Potential Earn-Out Payable in 2025)

- **Acquisition of merchant acquiring business of Intesa Sanpaolo**
  - ~180k merchants[1]
  - €66bn of transaction volumes[2]
- **Marketing and distribution agreement for merchant acquiring activities**
  - 25 years duration until 2044
  - Comprehensive commercial, marketing and distribution framework
  - Alignment of interests through rebate mechanism to Intesa Sanpaolo and jointly agreed performance targets
  - Downside protection for Nexi in relation to potential business losses from merchants

Extension of Remaining Existing Contract with Mercury Payment Services

- Extension of remaining existing processing contract in relation to issuing and ATM acquiring services
- Duration extended until 2044, in line with new partnership framework

Key P&L Figures of Intesa Sanpaolo's Merchant Acquiring

Incremental Economics for Nexi (€m)

Key Items	2020E
Net Revenues	~106
EBITDA	~95
Net Income	~61[3]

(1) As of Sept-2019. Figure already reflected in Nexi's reported KPIs in light of existing processing activities.
(2) As of 9M 2019 LTM. Figure already reflected in Nexi's reported KPIs in light of existing processing activities.
(3) For illustrative purposes, target earnings figure before any potential impacts from financing or any non-recurring items associated with the transaction.

Transaction Impact on the Merchant Acquiring Value Chain

ILLUSTRATIVE MERCHANT ACQUIRING VALUE CHAIN

Technological Platform		Operations	Products / Solutions			Sales & Customer Mgmt	
Processing	Clearing & Settlement	Operations	POS Mgmt / Front-End	Scheme Membership	Product Design and Marketing	Pricing and Sales	Customer Mgmt

Status Quo

nexi

INTESA SANPAOLO

Post Transaction

Marketing and Distribution Agreement Until 2044

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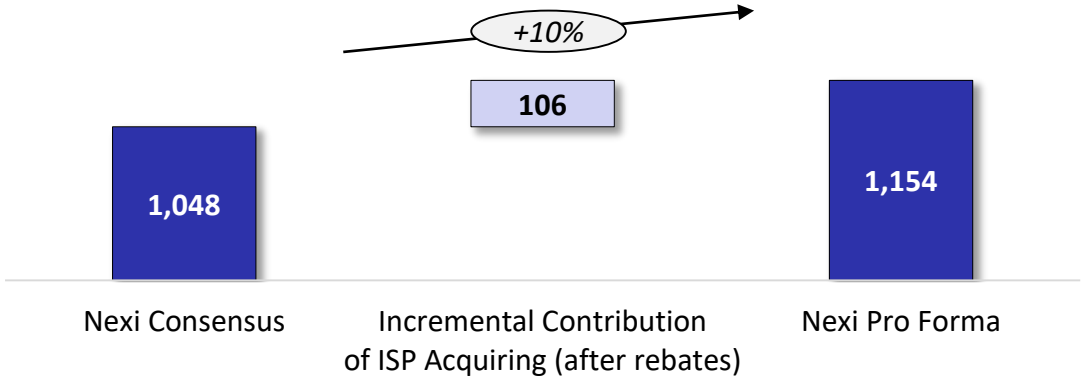
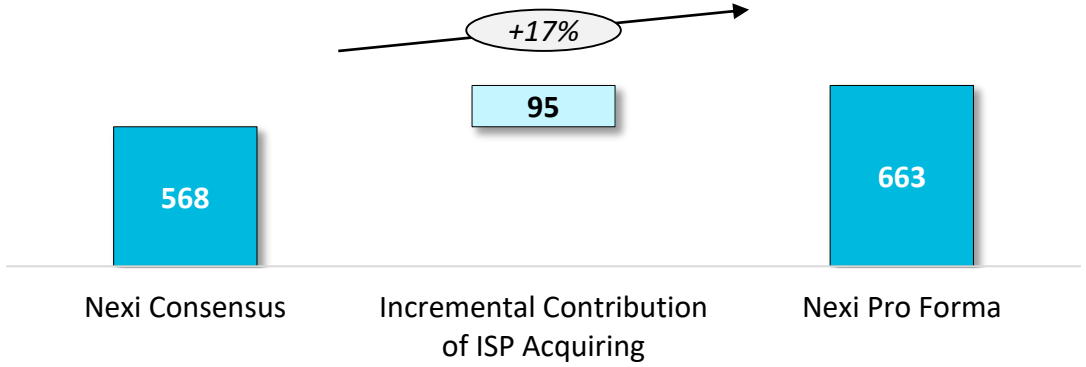
INTESA SANPAOLO

Key Financial and Business Mix Impacts

Net Revenues 2020E



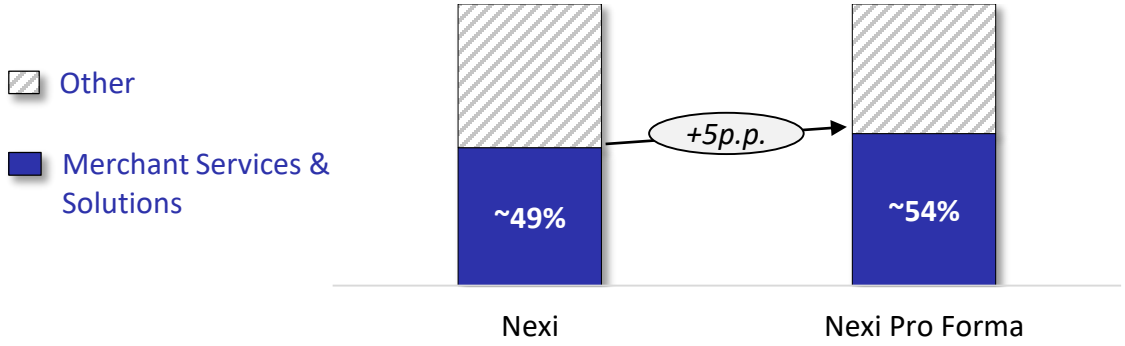
EBITDA 2020E



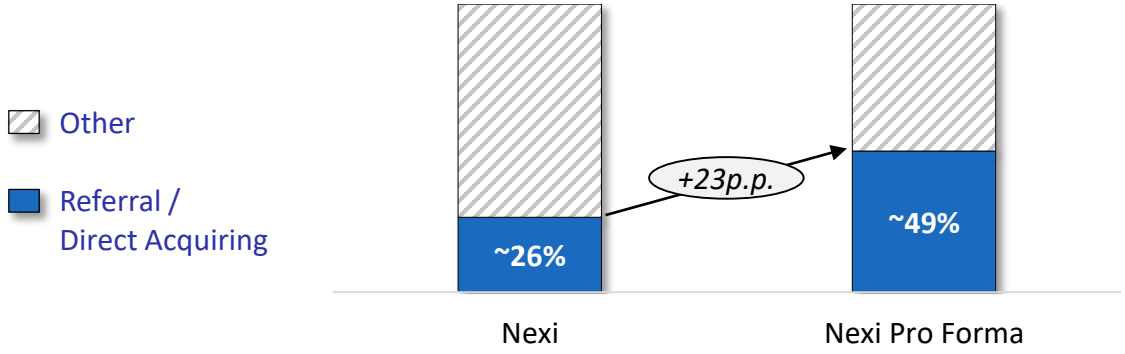
Cash EPS Accretion

Transaction expected to be cash EPS accretive in the high teens from 2020E

Nexi Net Revenues Mix 2020E



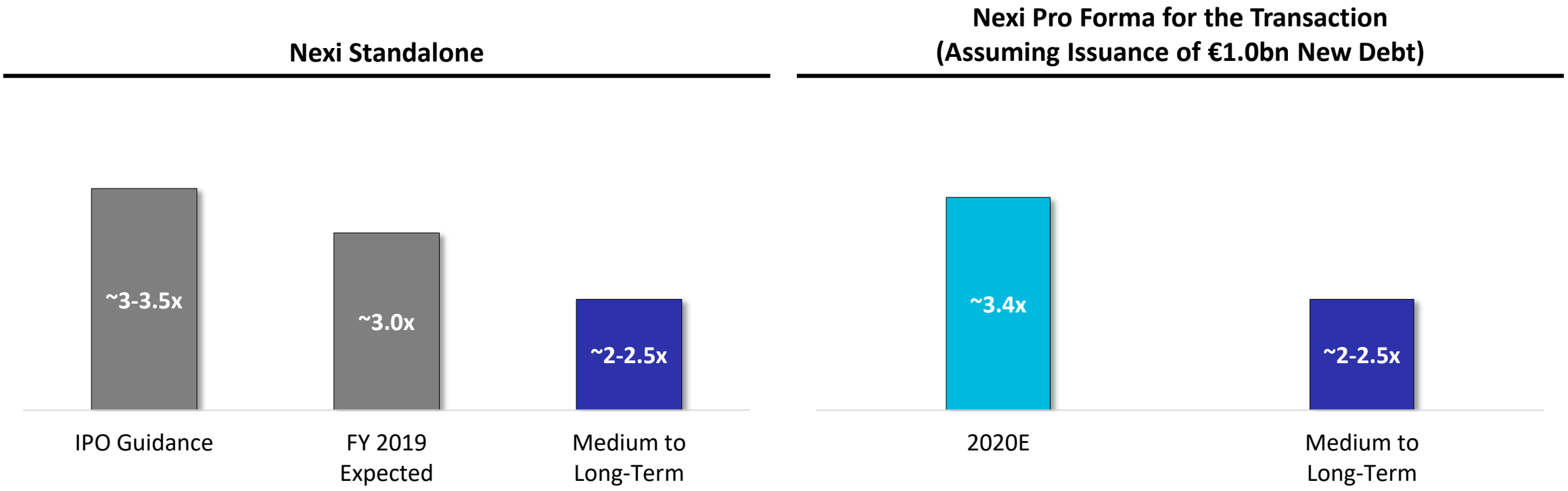
Merchant Services & Solutions Net Revenues Mix 2020E



Source: Company information and Nexi consensus estimates as of December 2019.

Update on Leverage

Net Financial Debt / LTM EBITDA



Reiterating Financial Guidance on a Larger and More Resilient Business

	Current Guidance	Update on Guidance After for the Transaction
Net Revenues	5 - 7% annual net revenues growth over medium-term	✓ **Reiterated** *Increased scale and resilience, with further diversification*
EBITDA	13 - 16% annual EBITDA growth over medium-term	✓ **Reiterated** *Marginal fixed cost impact*
Capex	8-10% ordinary Capex as % of net revenues over long term Transformation Capex on top of ordinary Capex of ~€180m cumulative (2H19 –c.2023)	✓ **Improved** *Marginal incremental ordinary Capex on larger revenue base* *Limited extraordinary integration Capex* *Increased cash conversion*
Capital Structure	Target Net Debt of ~2.0-2.5x EBITDA over medium to long-term	✓ **Reiterated** *Strong organic deleveraging*

Improved cash EPS and cash flows conversion

9M 2019 Results Presentation

Executive Summary

9M results highlights

Strong focus on financial delivery

- **EBITDA +19.2% y/y growth**, at 368.5 €M in 9M 2019
- **Revenues +6.8% y/y underlying growth** excluding run-off of zero-margin hardware reselling contracts from acquisitions. +5.6% y/y reported growth at 718.4 €M in 9M 2019

Continued progress on key business initiatives

- **Merchant Services and Solutions** (48% of Revenues): good progress on SmartPOS proposition, continued growth on E-Commerce and Nexi Business data app penetration
- **Cards and Digital Payments** (40% of Revenues): continued growth of International Debit, YAP millennials payments app and CVM up/cross selling activities
- **Digital Banking Solutions** (12% of Revenues): return to growth in Q3 supported by new propositions acceleration and unwinding of revenue impact from banking consolidation in prior year
- **Cost** initiatives and integration synergies contributing to -5.7% y/y reported costs reduction, **-3.8% y/y** excluding run-off of zero-margin hardware reselling contracts, despite continued investments
- Transformation costs below EBITDA ~**-60% y/y**
- 825 €M refinanced in October 2019, weighted average coupon per annum further reduced from 3.1% post IPO to 1.9%, with yearly cash coupon (after tax)[1] at 27 €M compared to 186 €M before July 2018

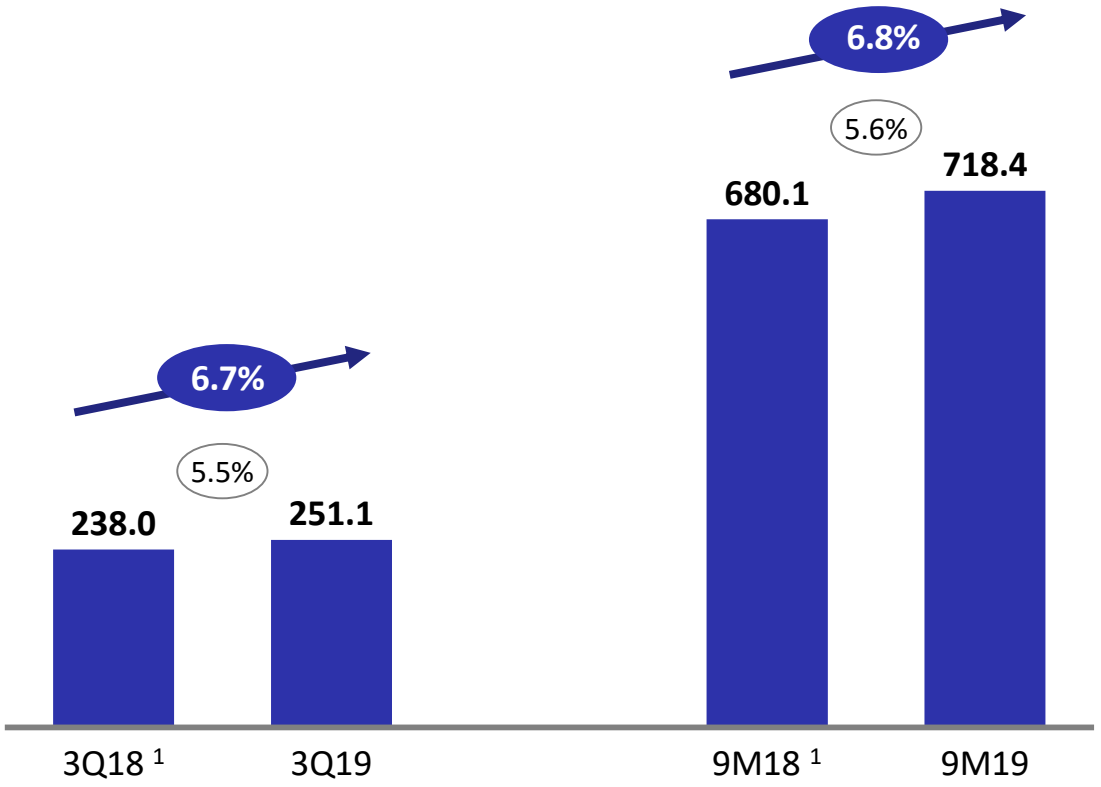
Overall 9M results well on track to deliver updated Financial Guidance (2019 expected EBITDA at ~500 €M, +18% y/y, and 2019 Net financial Debt/EBITDA at ~3.0x EBITDA)

Note: (1) Cash coupon only (net of taxes) excluding extraordinary items

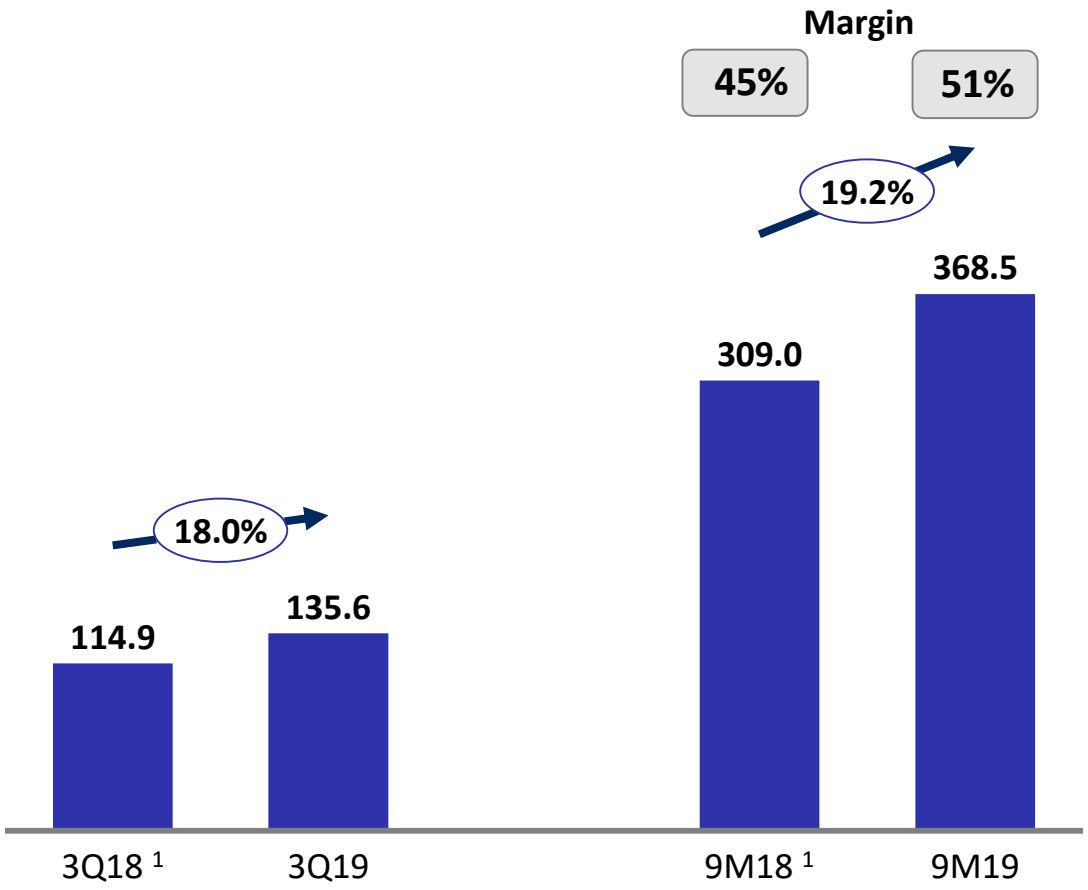
Healthy Revenue growth and strong EBITDA performance

Net Revenues (€M)

Underlying performance (excl. run-off of zero-margin HW reselling contracts from acquisitions)

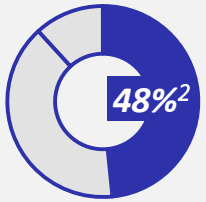


EBITDA (€M)



Note: (1) Proforma for Group reorganization and OASI / Bassilichi non core disposal

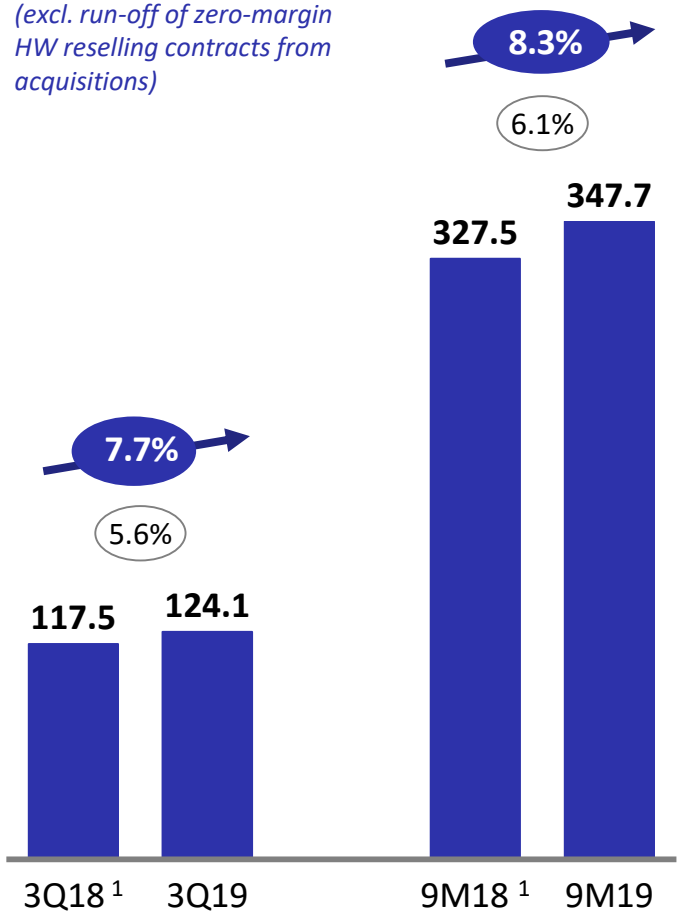
Merchant Services & Solutions: continued strong growth



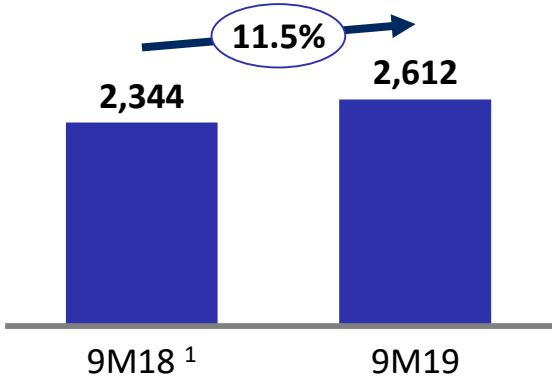
Merchant Services & Solutions

Net Revenues (€M)

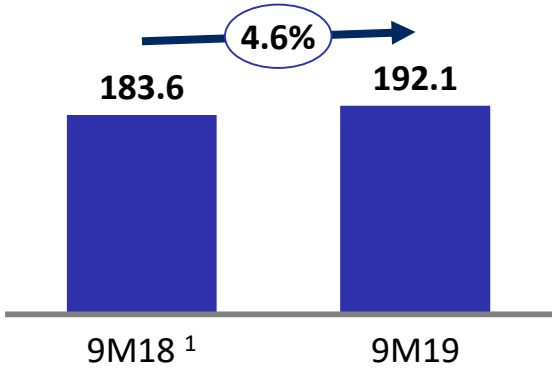
Underlying performance (excl. run-off of zero-margin HW reselling contracts from acquisitions)



Managed Transactions (#M)



Value of Managed Transactions (€B)



Key Highlights

SmartPOS proposition progressing well: strong demand for SmartPOS Cassa[3] and SmartPOS Mini (full mobility proposition). Frontbook penetration up to 40% with CVM-supported campaigns

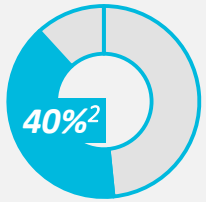
Nexi Business data app: >40% penetration on target customer base, >70% for early adopter banks

Continued E-Commerce growth (+18% y/y transaction value)

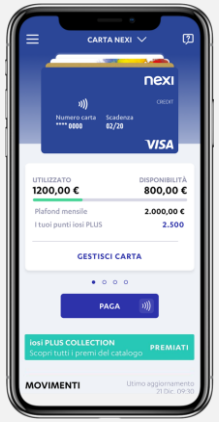
Value of managed transactions sustained by International Schemes growth (+10.9% y/y), partially offset by reduction in certain domestic debit low value/margin services and fewer inbound International travellers in August

Note: (1) 2018 pro-forma figures. (2) Contribution to total 9M Group Revenues . (3) Electronic cash register

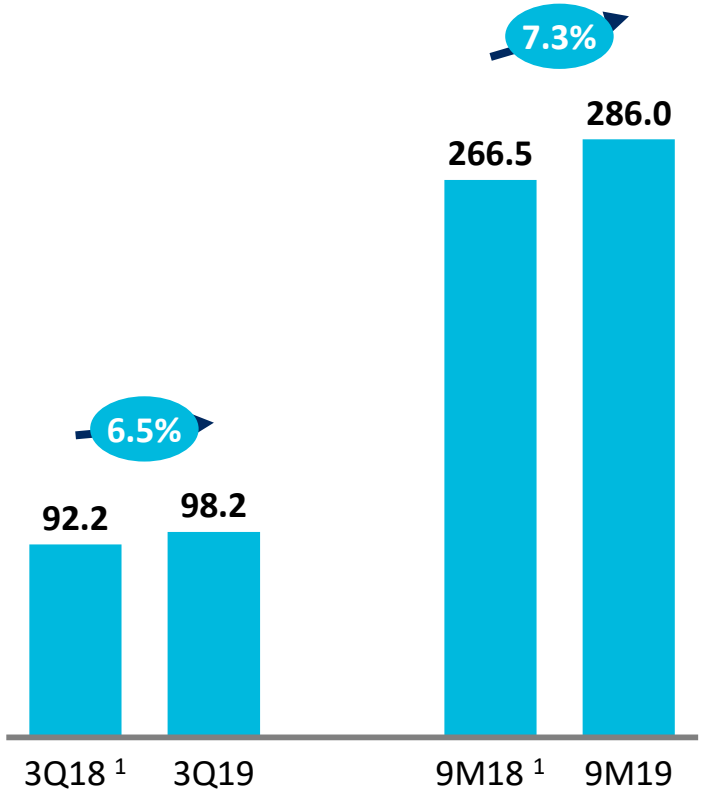
Cards & Digital Payments: continued strong growth



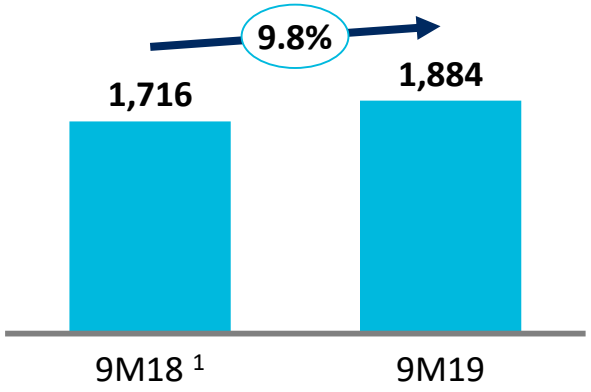
Cards & Digital Payments



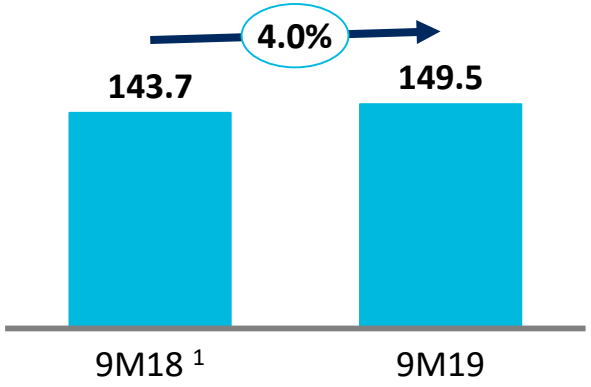
Net Revenues (€M)



Managed Transactions (#M)



Value of Managed Transactions (€B)



Key Highlights

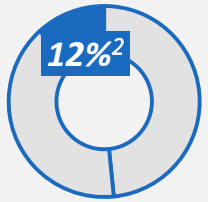
Contribution to growth from up/cross selling, engagement and usage stimulation initiatives
(e.g. pay in installments option)

Continued growth on YAP, with ~650k enrolled clients to date.
YAP bank- connect now live

Value of managed transactions sustained by International Scheme (+10.9% y/y) with strong Debit growth (+31% y/y), partially offset by reduction in certain domestic debit low value/margin services and fewer domestic travellers abroad in August

Note: (1) 2018 pro-forma figures. (2) Contribution to total 9M Group Revenues

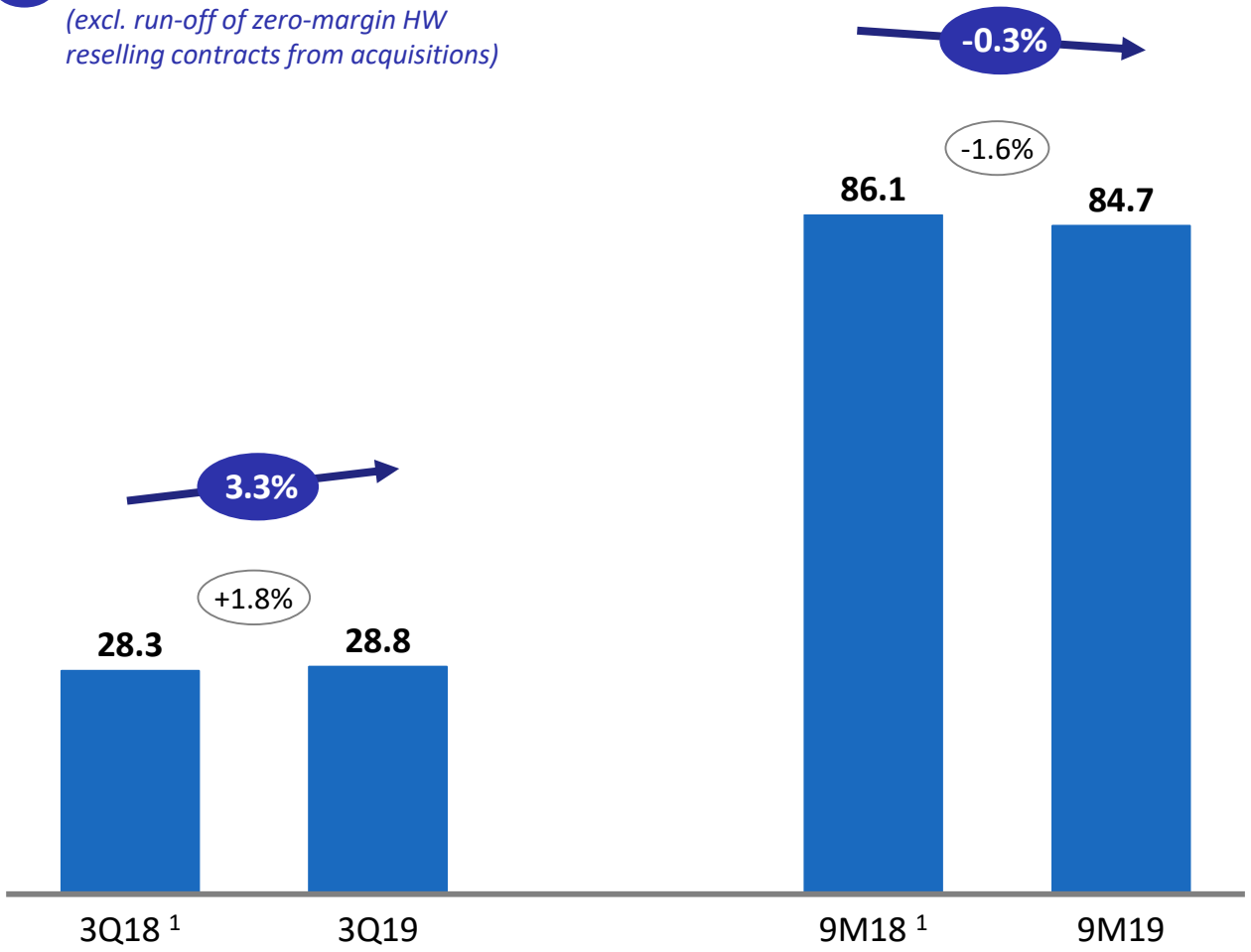
Digital Banking Solutions: return to growth in Q3 thanks to new propositions



Digital Banking Solutions

Net Revenues (€M)

Underlying performance (excl. run-off of zero-margin HW reselling contracts from acquisitions)



Key Highlights

Self-banking: continued shift from traditional to advanced ATMs and roll out of new higher value self banking products/platform

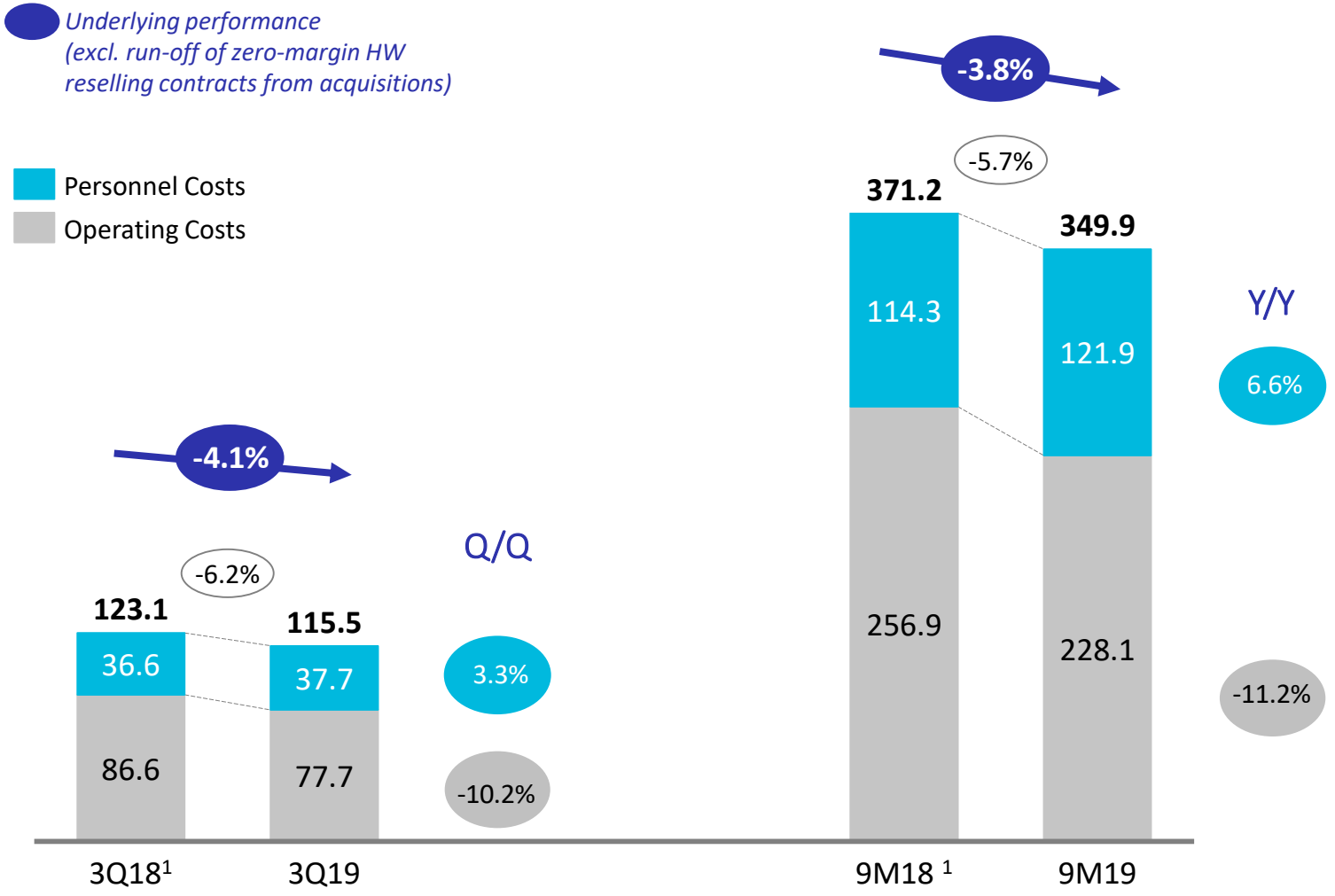
Digital Corporate Banking: continued growth of installed workstations and roll out new advanced platform

Open Banking Gateway (CBI Globe): 280+ banks / financial institutions live (>78% Italian market) and 60+ third parties connected to date

Note: (1) 2018 pro-forma figures. (2) Contribution to total 9M Group Revenues

Costs: strong reduction despite continuous investment in development initiatives

Total Costs (€M)

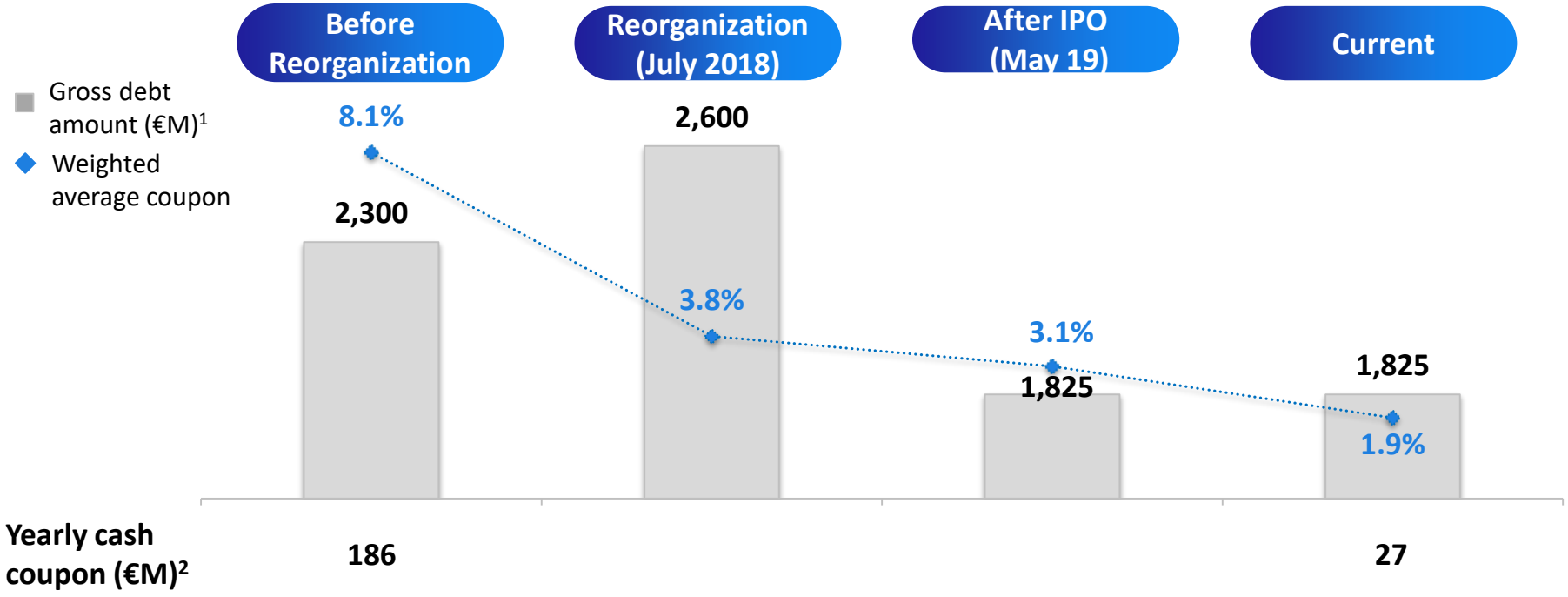


Key Highlights

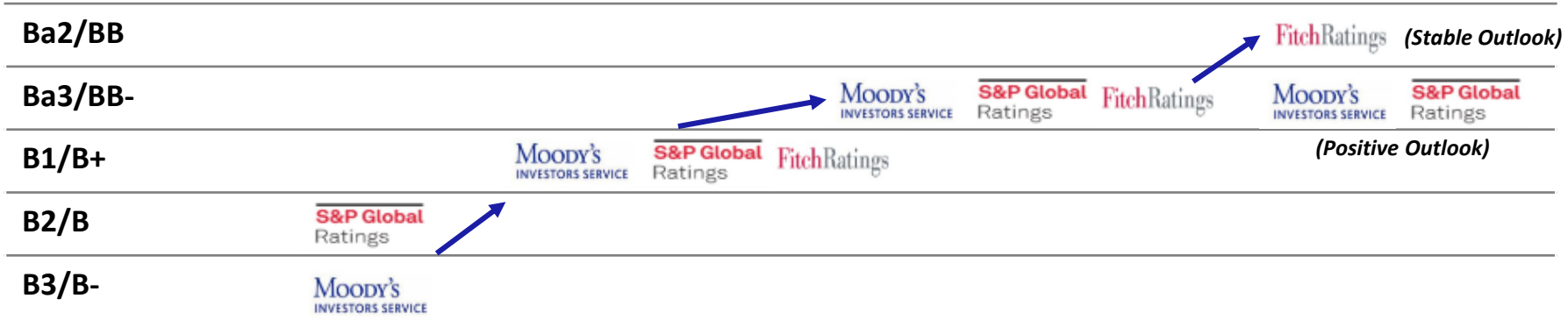
- Strong decrease in operating costs driven by saving initiatives and accelerated integration of acquired businesses
- Early results in terms of improved efficiency from implementation of IT strategy
- Continuous investment in people capabilities, Q3 personnel costs positively impacted by holidays accrual
- IFRS 16 impact ~9.3 €M in 9M 2019
- Non-recurring items below EBITDA in 9M ~35 €M (~-60% y/y)

Note: (1) 2018 pro-forma figures.

Cost of Debt strongly improved thanks to refinancing



Issuer LT Rating



Key Highlights

825 €M 1.75% Senior Unsecured Notes (due Oct2024) issued in October to repay the outstanding 825 €M 4.125% Senior Secured Notes (due Nov2023)

Indebtedness now fully unsecured

Weighted average coupon per annum further reduced from 3.1% post IPO to 1.9%, with yearly cash coupon[2] at 27 €M compared to 186 €M before July 2018

On Oct 10th Fitch upgraded Nexi IDR to BB with Stable outlook. New Notes rated BB as well

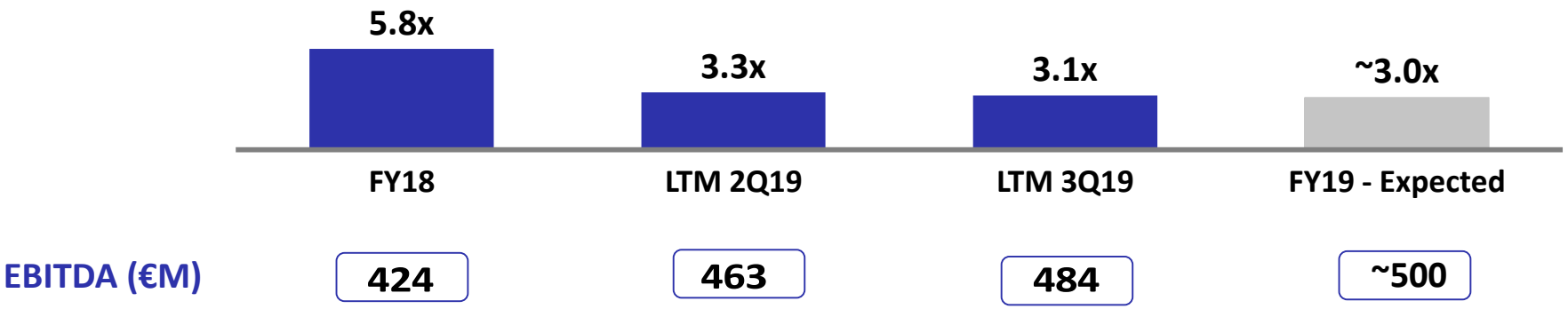
Note: (1) Bonds/Bank Loans, excluding other financial debt (mainly IFRS16).
(2) Cash coupon only (net of taxes). Normalized yearly interest expenses, including other financial costs and fees (mainly non-cash items i.e. amortized costs) currently stand at 43 €M gross of taxes (33 €M net of taxes). Extraordinary items (e.g. payment of make-whole premium) are excluded from such calculation

Net Financial Debt / EBITDA expected to be ~3.0x at year-end

Net Financial Debt (€M)

	Dec 18	Jun 19	Sept 19
Gross Financial Debt	2,605	1,845	1,878
Cash	(41)	(231)	(271)
Cash Equivalents [1]	(110)	(92)	(90)
Net Financial Debt	**2,454**	**1,523**	**1,517**

Net Financial Debt / EBITDA (€M)



Note: (1) Visa preferred shares held by the Company, VISA Europe deferred compensation (until Q1 2019) and Oasi earn-out

Annex

P&L

€M	9M18	9M19	Δ% vs. 9M18	Δ% vs. 9M18	3Q18	3Q19	Δ% vs. 3Q18	Δ% vs. 3Q18
Merchant Services & Solutions	327.5	347.7	*+8.3%*	*+6.1%*	117.5	124.1	*+7.7%*	*+5.6%*
Cards & Digital Payments	266.5	286.0	*+7.3%*	*+7.3%*	92.2	98.2	*+6.5%*	*+6.5%*
Digital Banking Solutions	86.1	84.7	*-0.3%*	*-1.6%*	28.3	28.8	*+3.3%*	*+1.8%*
Operating revenue	**680.1**	**718.4**	***+6.8%***	***+5.6%***	**238.0**	**251.1**	***+6.7%***	***+5.5%***
Personnel & related expenses	(114.3)	(121.9)	*+6.6%*	*+6.6%*	(36.6)	(37.7)	*+3.3%*	*+3.3%*
Operating Costs	(256.9)	(228.1)	*-8.7%*	*-11.2%*	(86.6)	(77.7)	*-7.4%*	*-10.2%*
Total Costs	**(371.2)**	**(349.9)**	***-3.8%***	***-5.7%***	**(123.1)**	**(115.5)**	***-4.1%***	***-6.2%***
EBITDA	**309.0**	**368.5**	***+19.2%***	***+19.2%***	**114.9**	**135.6**	***+18.0%***	***+18.0%***

Underlying growth excluding run-off of zero-margin HW reselling contracts from acquisitions

Underlying growth excluding run-off of zero-margin HW reselling contracts from acquisitions

Note: 2018 pro-forma figures

Financial guidance (updated in H1 2019 results presentation)

Net Revenues	• 5-7% annual net revenue growth over medium term • 2019 growth at lower end of range due to one-time effect of selected contracts run-offs[1]; growth after 2019 at higher end of the range
EBITDA	• 13-16% annual EBITDA growth over medium term • 2019 EBITDA ~500 €M (~+18% y/y) • Continued strong operating leverage
Non-recurring Items	• >60% reduction in non-recurring items in 2019[2] • Rapid further decrease of non-recurring items affecting reported EBITDA thereafter
Capex	• 8-10% ordinary capex as % of net revenues over long term • Transformation capex on top of ordinary capex of ~180 €M cumulative (2H19 – c.2023) • Total capex to trend towards ordinary capex as % of net revenues over medium to long term
Capital Structure & Capital Allocation	• 2019 net debt of ~3.0x EBITDA • Organic de-leveraging with target net debt of ~2.0-2.5x EBITDA over medium to long term • Invest in organic growth; potentially consider accretive and strategically compelling M&A • Progressive moderate dividend policy, targeting pay-out ratio of 20-30% of distributable profits in medium to long term

Notes: (1) Run-off of zero margin HW reselling contracts of acquired businesses
(2) Non-recurring items affecting reported EBITDA in 2019, excluding extraordinary IPO/refinancing expenses

Nexi in a nutshell

Italy: Large and underpenetrated market with unique structural characteristics

#4 Largest economy in Europe[1,3]

€841bn
2018 Consumer spend[1]

3.7m
Largest SME population in Europe[2]

One of the most underpenetrated card payments markets in Europe

24%
Italy vs 45% Western Europe card payment penetration[1]

Strong and resilient secular growth

+ ~9%
Card payments transaction value 15-18 CAGR[4]

Unique structural characteristics

- SME-dominated and mainly physical commerce market
- Underdeveloped and fast growing e-commerce market
- Fragmented and bank led distribution
- Country digitalization core for national agenda

Note: Total Consumer Spending is defined as the sum of Card Payment Transactions (Excl Commercial), Cash Transactions, Other Paper Payment Transactions and Electronic Direct/ACH Transactions. This tracks retail purchases, purchases of services, utility payments, rent payments, etc. Excluded transactions include peer-to-peer payments, taxes, fines, loan interest charges, and investments (including real estate). Card Payment Penetration is defined as Card Payment Transactions (Excl Commercial) divided by Total Consumer Spending. Consumer Card Payments is defined as Card Payment Transactions (Excl Commercial).

Note: (1) Euromonitor International Consumer Finance 2020 Edition. (2) Eurostat 2015. (3) Based on Total Consumer Spending. (4) Bank of Italy – Appendix to the Annual Report 2018 as published in May 2019; based on value of card payment transactions (including credit, debit and prepaid cards).

Nexi: The leading PayTech with full coverage of the payment ecosystem

% of Group Pro-Forma 2018 Revenues

	Merchant Services & Solutions (48%)	Cards and Digital Payments (39%)	Digital Banking Solutions (13%)
	One-stop solution provider for merchants of all categories and size	*Comprehensive portfolio, leading towards complete digitalisation of payments*	*Driving adoption of advanced banking solutions and developing Open Banking*
Business Activities	SME solutions; Large merchants omni-channel; e-Commerce & Invisible Payments; Data-enabled products	Consumer Cards; Commercial Cards; Mobile Payments; Payment Apps	Instant Payments; Self Banking; Digital Corporate Banking; PSD2 & Open Banking
Scale (1)	~890k Merchants served; €249bn Value of Transactions; 3.2bn Number of Transactions	41m Payment Cards Managed; €197bn Value of Transactions; 2.4bn Number of Transactions	936m Number of Clearing Transactions; 13.4k ATMs managed; ~420k Corporate Banking Workstations
Share of Served Market (2)	~70%; ~90% (3)	~60%	16-70%

Clients Served

INTESA SANPAOLO; Deutsche Bank; MONTE DEI PASCHI DI SIENA BANCA DAL 1472; CRÉDIT AGRICOLE CARIPARMA | FRIULADRIA | CARISPEZIA; BANCA MEDIOLANUM GRUPPO BANCARIO MEDIOLANUM; TRENITALIA GRUPPO FERROVIE DELLO STATO; vodafone; eni; UBI Banca; BANCO BPM; Banca Popolare di Sondrio; Banco Desio; GRUPPO BANCARIO Credito Valtellinese; BPER: Banca; *150 Banks*; *>800k SMEs*; *~30m Cardholders*

Source: Company information. Note: leading Italian PayTech in terms of revenues. (1) 2018 data. (2) Merchant Acquiring and Card Issuing data refer to International Schemes only 2018; Digital Banking solutions shares are based on 2018 data (excl. Clearing based on 2017). (3) Spending Flows through Nexi. Market share calculated as a ratio of Nexi's Net Issuing + Acquiring volumes on Total Market Acquiring volumes, estimated allocating proportionally Other Issuers' cards volumes among Nexi's clients and Other Merchants. Data refer to International Schemes only (VISA and MC) for 2018.

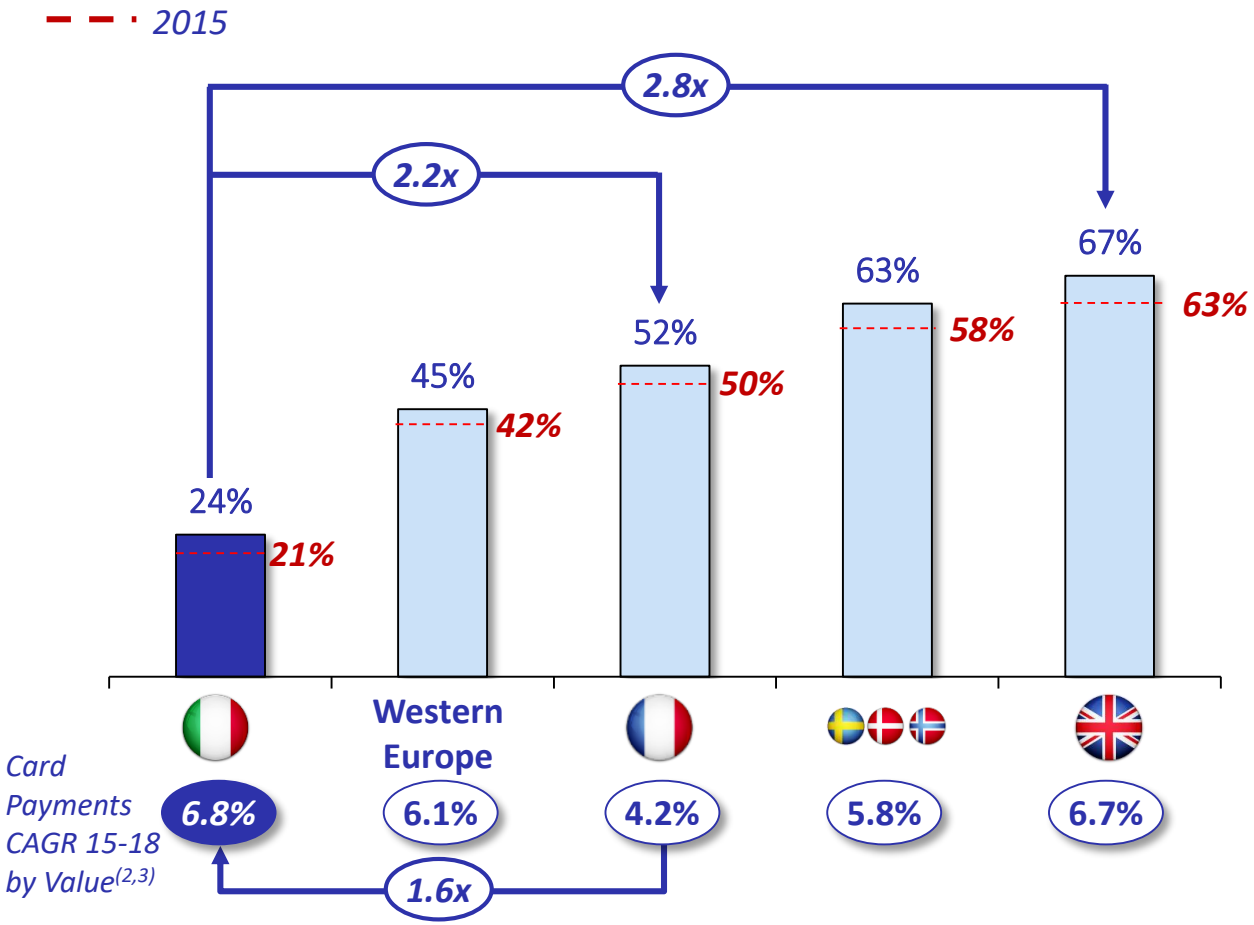
Nexi: The leading PayTech redefining payments in Italy

nexi
every day, every pay

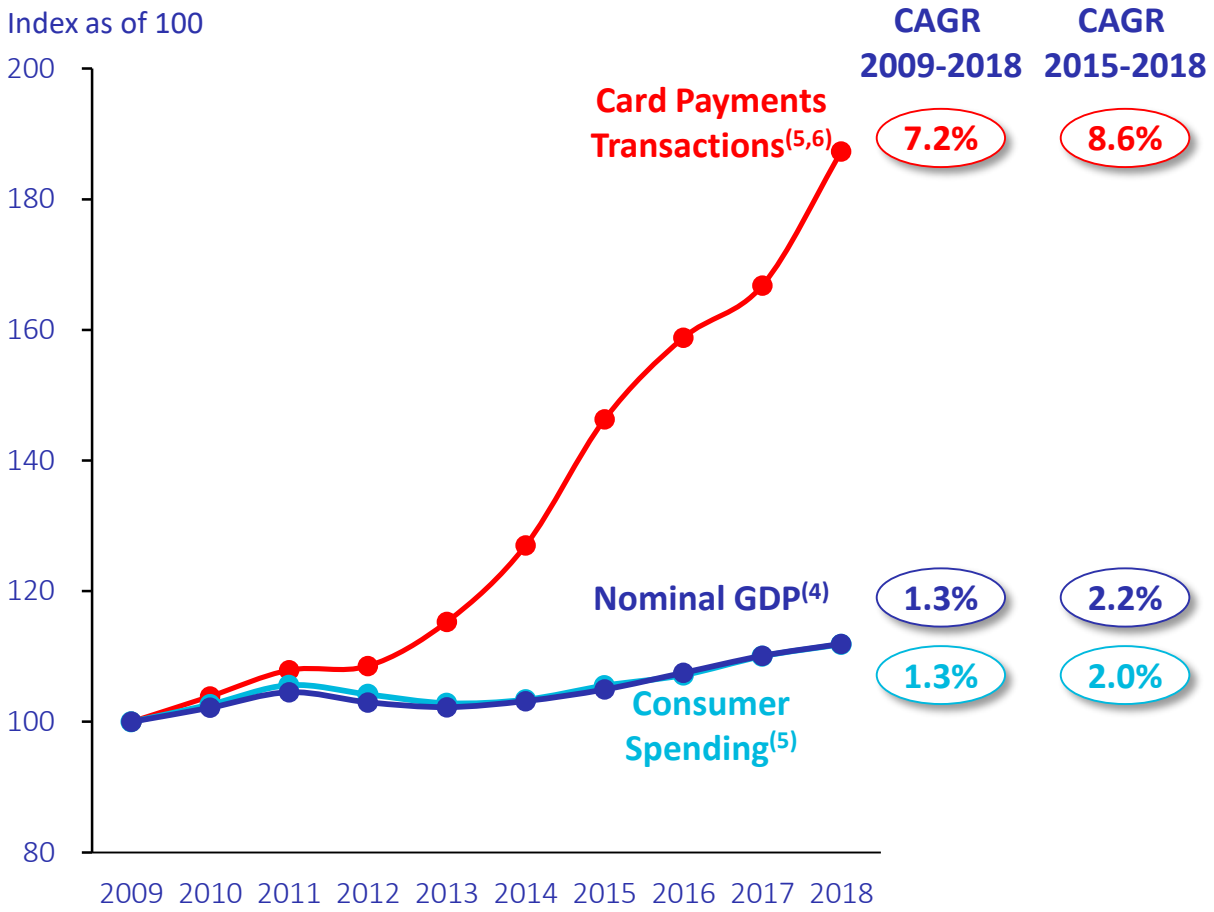
1. Europe's most attractive payments market with strong secular growth drivers
2. Established market leader at scale with extensive payments ecosystem coverage
3. Long term, extensive and value-oriented partnerships with Italian banks
4. Superior products driving multiple growth opportunities
5. Leading technology capabilities driving innovation and Next Generation Platform deployment
6. Attractive financial profile combining profitable growth, resilience, operating leverage and strong cash flow generation
7. Strong leadership team with proven track record across all value creation levers

1 Large and attractive market with secular growth tailwinds

2018 Card Payments Penetration (% by Value)[1]



Growth of Italian Card Payments Values Outperforming Italian Nominal GDP and Consumer Spending



Note: Selected countries include Western European countries and exclude Turkey and countries with data based on modelled assumptions made by Euromonitor International. Total Consumer Spending is defined as the sum of Card Payment Transactions (Excl. Commercial), Cash Transactions, Other Paper Payment Transactions and Electronic Direct/ACH Transactions. This tracks retail purchases, purchases of services, utility payments, rent payments, etc. Excluded transactions include peer-to-peer payments, taxes, fines, loan interest charges, and investments (including real estate). Card Payment Penetration is defined as Card Payment Transactions (Excl. Commercial) divided by Total Consumer Spending.

Note: (1) Euromonitor International Consumer Finance 2020 Edition. (2) Refers to card payments market. (3) Consumer card payments CAGR 15-18 by value for Nordics based on fixed 2019 euro exchange rates and for all other countries based on local currency. (4) ISTAT; Nominal current market prices. (5) Bank of Italy – Appendix to the Annual Report as published in May 2019. (6) Value of card payment transactions (including credit, debit and prepaid cards).

Extensive payments ecosystem coverage extending to digital and technology solutions

2

Covering Traditional Card Payments Rails…

Merchant Acceptance

Merchant Processing

Co-issuing (no credit risk)

Card Issuer Processing

POS terminal lifecycle management

Antifraud, disputes and chargebacks

…

…Relevant Adjacent Digital Services…

Advanced POS Solutions

SME Software

nexi XPay

E-Commerce & Invisible Payments

Pay

G Pay

SAMSUNG pay

Mobile Payments

nexi pay

PAY

Payment Apps

nexi business

Data-Enabled Products

Engagement Platforms

…

…and Extended Payment Solutions

Instant Payments

Self Banking

Digital Corporate Banking

B2B & e-invoicing

Omni Acceptance

CBI GLOBE

PSD2 Gateway & Open Banking

…

3 Long-term, extensive and value-oriented partnerships with 150 banks across all segments

Nexi value contribution to partner banks

Mission Critical Services	Quality of Service and Reliability	Extensive Portfolio of Superior Products	Broad Range of Service Models	Payments Advanced Knowledge Transfer	Scale Benefits / Advantages	Support to Commercial Activity

Sources: Company information
(1) In terms of branches.

4 A rich portfolio of growth drivers and emerging opportunities

Growth Drivers

Merchant Services & Solutions

SmartPOS

Large Merchant Omnichannel

E-Commerce & Invisible Payments

Omniacceptance

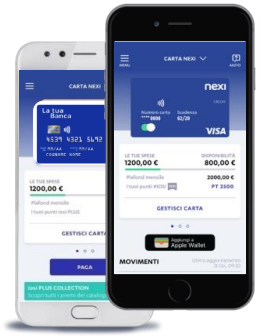
Merchant App

Cards & Digital Payments

Credit Full Potential

Corporate Cards Solutions

Debit evolution



Mobile Payments

Next Generation CVM

Digital Banking Solutions

Instant Payments Solutions

Self Banking

Digital Corporate Banking for Large-Mid

...and for Small/Micro Business

CBI GLOBE
GLOBAL OPEN BANKING ECOSYSTEM

PSD2 Gateway & Open Banking

Emerging Growth Opportunities

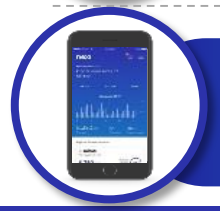
YAP Millennials Mobile Payments

Data Enabled Solutions

B2B/Corporate Payments

Dual-sided Opportunities

4 Merchant Services and Solutions: Empowering merchants and simplifying their lives

PRODUCT/ INITIATIVE	DESCRIPTION	NEW BUSINESS	CUSTOMER VALUE INCREASE	LAUNCH DATE
SMARTPOS	• Smart Point-of-Sale comprehensive proposition • Advanced ECR software for an "all-in-one device" • Proprietary App store, covering full range of business needs • Vertical/Industry solutions for SME and bespoke tech, integrated solutions for Large Merchants	◔	●	**Q3 18** • *~20% penetration on Front Book of early adopter banks*
LARGE MERCHANTS OMNICHANNEL	• Omni-channel payments solutions for Large/Key Accounts • Dedicated sales support, delivery and service model • Customized solutions for industry verticals	◑	●	**Q1 19**
XPAY E-COMMERCE	• Comprehensive E-commerce payment gateway • Easy-to-deploy solution (plug-ins for developers) • Digital Onboarding in 24/48 h • Invisible payments-specific solutions, IoT-ready	●	◑	**Q2 17** • *+46% growth on Frontbook sales ('18 vs. '17)* • *+18% Customer Base growth ('17 Vs '18)*
OMNIACCEPTANCE	• Acceptance extension to Additional Rails (e.g. meal voucher, alternative schemes) • Simplification of merchants' experience ("one-POS")	◔	◔	**Q1 19** • *+120k merchants enrolled* • *>35% penetration on customer base of early-adopter banks*
 **MERCHANT APP**	• Data-centric mobile app with real-time smart tracking • Business Intelligence services • Smart access to self-care activities	○	◔	**Q4 17**

Source: 2018 Company information

4 Cards and Digital Payments: Expanding portfolio, unlocking usage, leading mobile transformation

PRODUCT/ INITIATIVE	DESCRIPTION	NEW BUSINESS	CUSTOMER VALUE INCREASE	LAUNCH DATE
CREDIT FULL POTENTIAL	• **Flexible instalment** function, "Easy Shopping" • **Smart/ Dynamic plafond management** • **Full range** of solutions, including Black, first contactless metal card in Europe	◔	◕	**Q4 17**
CORPORATE CARDS SOLUTIONS	• **Comprehensive portfolio of corporate solutions** • **Centralized virtual account** for B2B payments to enter the "procure to pay" segment • **Lodged virtual card** (capture business travel spend)	●	◔	**Q2 19**
DEBIT EVOLUTION	• **International Debit Best-in-class card** enabling e-commerce, mobile payments and full international spending • **National Debit evolution** enabling e-commerce and selected mobile payments use cases	●	◔	**Q2 17**
MOBILE PAYMENTS	• **New "mobile-centric" paradigm**: instant issuing, card tokenization and Apple, Samsung, Google Pay offering • **Nexi Pay app:** expense monitoring, card management and access to value added services	◔	◕	**Q4 17**
NEXT GENERATION CVM	• **CVM campaigns** focused on **behaviours** • **Fully renovated** comprehensive **engagement** program • **Frequency of usage and card spending** driving initiatives	○	●	**Q2 17**

- *+3.8m cards in stock 2018 (+33% YoY)*
- *~50 signed and being rolled out*
- *4 negotiations ongoing with 4 major banks*

- *200 campaigns in 2018*
- *+8pp on activated cards in welcome campaign*
- *+73% incremental spending with ad hoc campaign*
- *+9pp cards reactivation in renewal campaigns*

Source: 2018 Company information

4 Digital Banking Solutions: Driving advanced banking solutions and developing Open Banking

PRODUCT/ INITIATIVE	DESCRIPTION	NEW BUSINESS	CUSTOMER VALUE INCREASE	LAUNCH DATE
INSTANT PAYMENTS SOLUTIONS	• Highly reliable, secure and efficient solution for instant money transfer • Nexi Gateway and VAS • Full pan-european interoperability			Q2 18 • *4 Banking Groups onboarded* • *3.6k branches (~14% of total banks' branches in Italy)*
DIGITAL CORPORATE BANKING	• Advanced solution for Corporates: - E-invoice management platform - Dedicated mobile app for CFOs - Digital signature document exchange platform • Unique dedicated solution for Small Business			Q1 19 • *18 client banks* • *~420k workstations* • *+3b transactions*
SELF BANKING	• Comprehensive end-to-end value proposition • Innovative "App-like" frontend • Unique features: "one-click" fast processes, interactive CRM functions, cardless withdrawals • Full advanced management/outsourcing offer			Q1 19 • *15 client banks* • *13.4k Self Banking terminals (~1/3 Advanced ATM)* • *30 seconds one-click withdrawal*
OPEN BANKING	• PSD2 gateway solution for the Italian banking system • Open Banking value added services and solutions			Q3 19 • *100+ banks already signed* • *>70% of Italian Banking Market coverage*

Source: Company information
Note: Digital Corporate Banking data are inclusive of existing platform and recently launched platform

4 Nexi already well positioned to capture additional emerging opportunities

	YAP MILLENIALS PROPOSITION	B2B / CORPORATE PAYMENTS	DATA-ENABLED SOLUTIONS	DUAL-SIDED OPPORTUNITIES
Market opportunity	• **6m Millennials** in Italy (high propensity to spend, digital consumers of tomorrow) • **Often disconnected from traditional banks**	• **Large market opportunity** (3.7m enterprises in Italy, ~€85bn EMEA addressable market) • Rising demand from **SMEs and Corporates to digitalize enterprise payments**	• **Big data & advanced analytics** opening **new opportunities in payments**	• **Opportunities** for differentiating solutions through visibility of **both "sides" of a transaction**
Nexi assets	• Complete range of **mobile payments solutions** • **Instant issuing digital prepaid cards** • **Best in class capabilities in front-end UX/UI design**	• **Strong position** in enterprise **front-ends** (~420k DCB workstations) • **Strong position in** Corporate Cards, Instant Payments, Open Banking and Merchant Services	• **Unique data capital**, leveraging on 5.6bn managed transactions per year	• **As co-issuer and acquirer**, Nexi uniquely positioned to "see" both sides of a significant portion of overall market
Nexi progress & outlook	• YAP app offering **both P2B and P2P (to drive virality)** • **Good traction achieved in 6 months (300k+ users)** with very high consumer rating (4.7 stars iOS, 41 NPS trending up)	• **Comprehensive proposition and strategy** under development (i.e. e-invoicing, virtual accounts)	• **European best practice on anti fraud** • **Nexi Business** business insights app, **used weekly by >100k merchants** • **Further investments planned to enhance capabilities**	• **"On-us" cost benefits** and improved **frauds detection** and chargebacks • Multiple **additional opportunities under** development (i.e. large merchants customer profiling..)

Source: Company disclosure

5 Investing in Technology leading capabilities to drive quality and security, innovation and Next Generation Platform deployment

December 2018

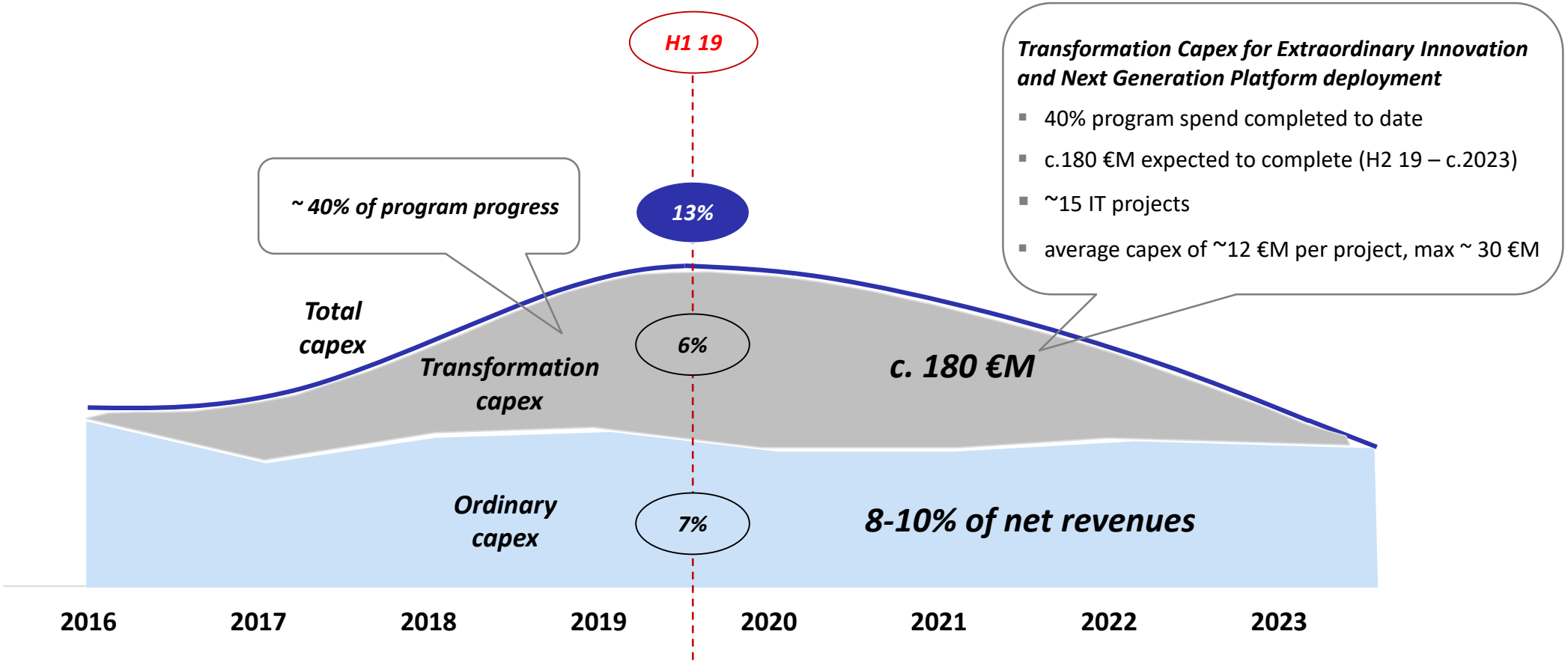
	What we delivered (2016-2018)		Plan Forward
People and Capabilities	✓ IT Team & Tech capabilities in place ✓ 6 Digital Factories, 3 specialized structures, 4 CoE in place ✓ Bassilichi and Sparkling integration ✓ …	• 330+ FTEs (end 2018) • ~ 70% new IT managers • ~ 110 new hiring	*Ordinary continuous improvement*
Quality and Security	✓ Live service process 24x7x365 ✓ Hot line with main Banks ✓ Robotic check and prevention ✓ Security framework and capabilities ✓ …	• 72% y-o-y improvement in Service Stability Index • 99.99% core service availability in 2018 • No data and GDPR breaches	*Ordinary continuous improvement*
Innovation and Delivery	✓ SmartPOS, E-Com, Merchant App ✓ Mobile Payments, Credit Installment, Debit Evolution, next-gen CVM ✓ Instant Payments, new Digital Corporate Banking, Self Banking/new ATMs ✓ YAP, Data, …	• 4,200 new IT releases in 2018 vs. 1,400 in 2017 • 6 digital factories	*Ordinary continuous improvement* • Omni-channel payment gateway • Digital Corp. Banking completion • Open banking gateway completion
WIP **Next Generation Platform**	✓ Data Center insourcing ✓ POS and ATM management platform ✓ Merchant Services sales tools and Issuing Onboarding ready ✓ …	• Clear integrated architectural vision • Step by step modular execution on going	• Data & Analytics implementation • CRM and ops transformation • Processing Hubs consolidation • ….

2016 - 2018

Ordinary Effort Extraordinary Transformation Effort

5 Cumulative Transformation Capex required to complete transformation program by 2023 of c.180 €M (included in guidance) on top of 8-10% Ordinary Capex

Capital expenditure



Transformation Capex for Extraordinary Innovation and Next Generation Platform deployment

- 40% program spend completed to date
- c.180 €M expected to complete (H2 19 – c.2023)
- ~15 IT projects
- average capex of ~12 €M per project, max ~ 30 €M

% *Capex in % of net revenues*

For illustrative purposes only

6 Attractive financial profile combining profitable growth, resilience, operating leverage and strong cash flow generation[1]

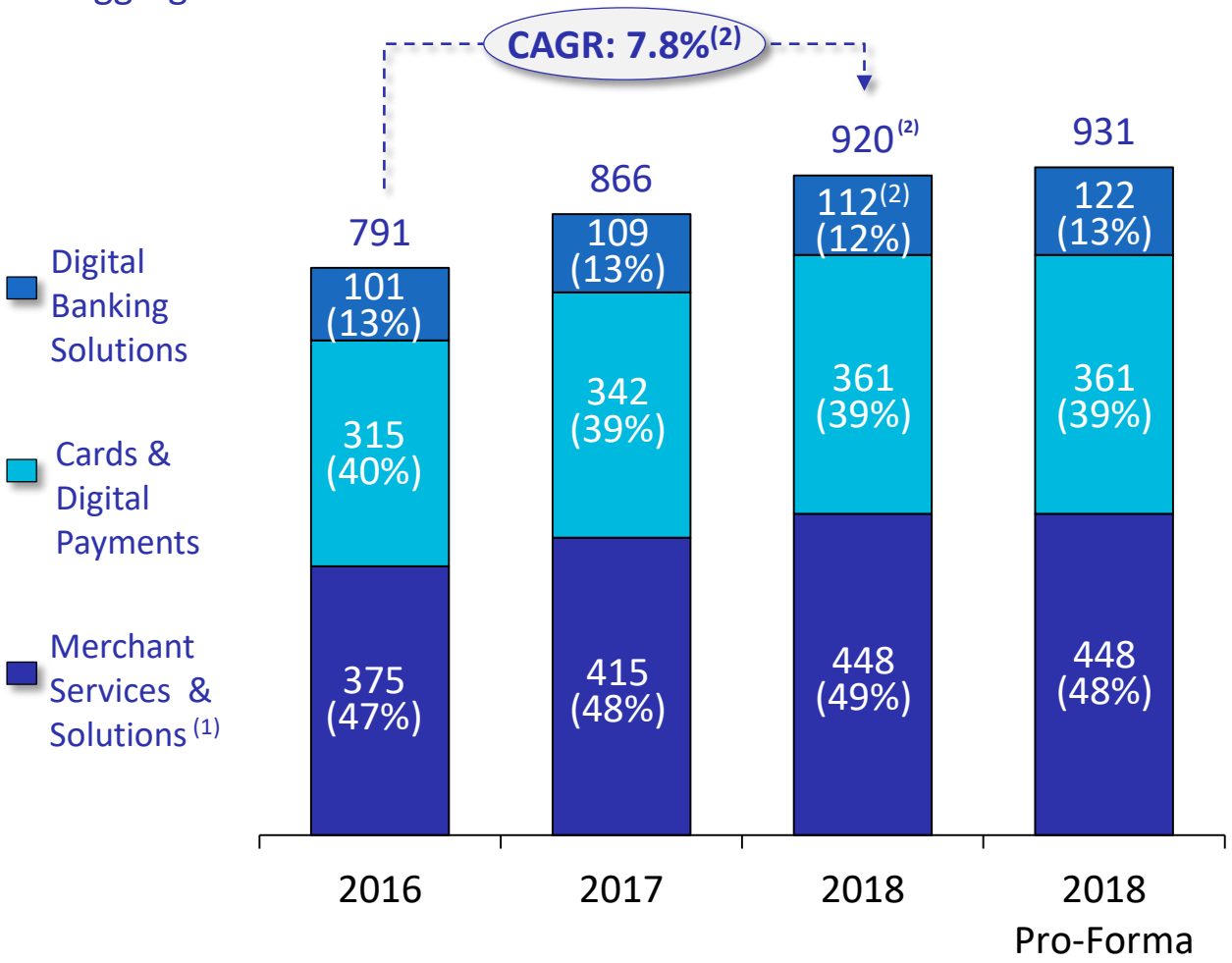
Unmatched Scale in Italy	**€931**	2018 Pro-Forma Net Revenues
	€519m	2018 Pro-Forma EBITDA Incl. Initiatives[2]
Consistent Profitable Organic Growth	**7.8%**	2016-2018 Revenues CAGR Organic
	15.5%	2016-2018 EBITDA CAGR Organic
Resilient and Diversified Recurring Revenues	**7.2x**	Cards Spend vs. Consumer Spend CAGR '09-'18 in Italy
	47% / 53%	Revenue Split (Volume-Driven / Installed Base)
Proven Operating Leverage	**64%**	Fixed Costs as % of Opex
	46%	2018 EBITDA Margin
Strong Cash Flow Generation	**€312m**	2018 Operating Cash Flow [3]
	74%	2018 Cash Flow Conversion[4]

Source: Company information. (1) Selected financials include Aggregated financials for Net Revenue CAGR, Normalised EBITDA CAGR and Fixed Costs as % of Operating Costs. Selected financials include 2018 Pro-Forma figures for Normalised EBITDA Margin, Normalised Operating Cash Flow and Cash Flow Conversion. (2) Normalised EBITDA incl. impact of Announced Initiatives expected to be fully realised by 2020. (3) Operating cash flow calculated as Normalised EBITDA minus Ordinary Capex and minus Δ Working Capital. (4) Defined as Normalised Operating Cash Flow as % of Normalised PF EBITDA.

6 Consistent and solid revenue growth

Net revenues evolution over time

€M – Aggregated



2016-2018 CAGR Aggregated

5.0%(2)

7.0%

9.3%

Healthy growth in core markets

Combination of organic growth and delivery of Initiatives

High quality, predictable and recurring revenue model

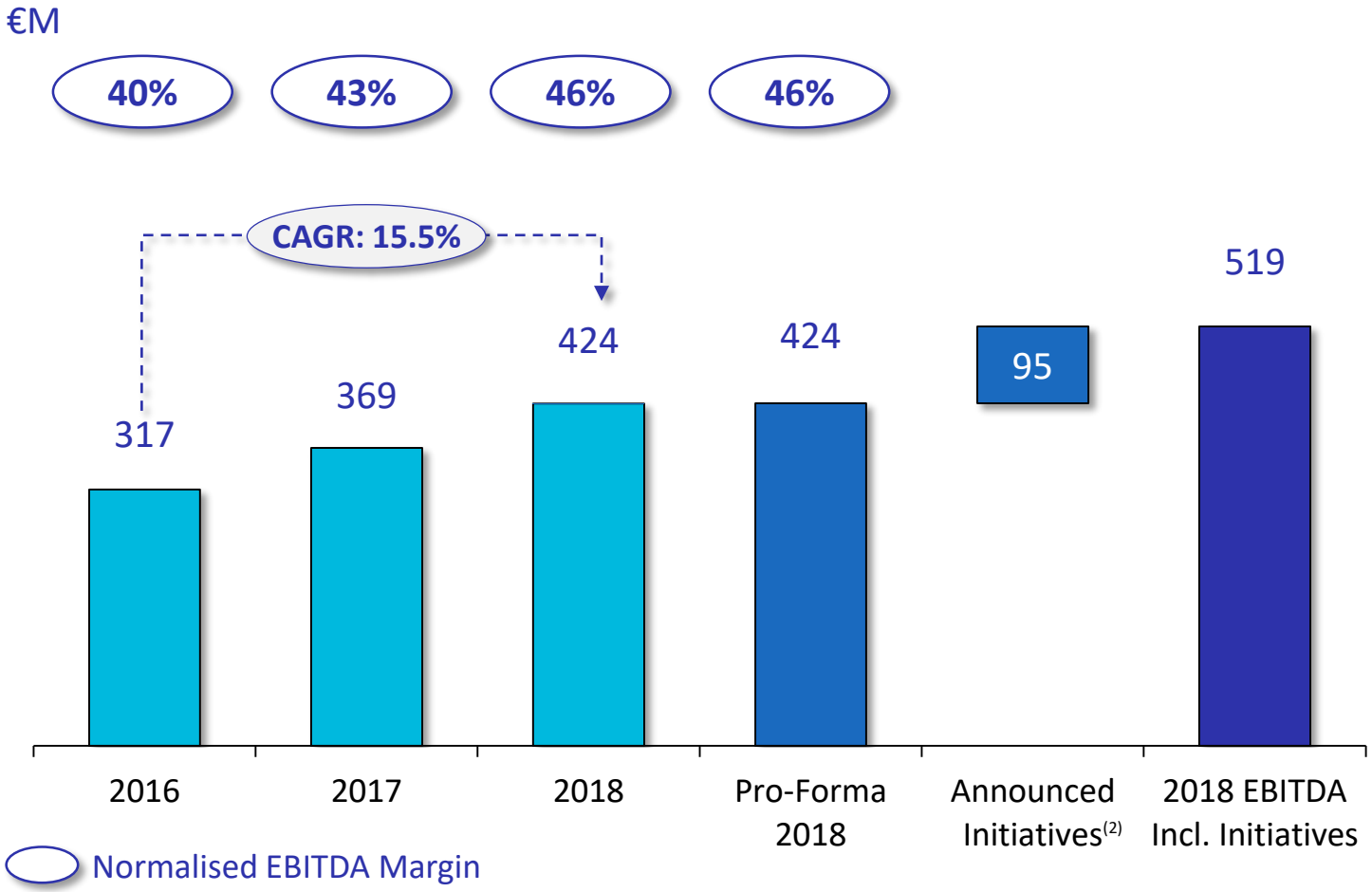
High resilience driven by product portfolio and large customer base

Source: Company disclosure and Management information.
(1) Includes "Other Services" such as Helpline. (2) DBS Revenues and costs growth overstated by 10M€ vs. underlying performance (no EBITDA impact) due to European prospectus accounting rules limiting pro-forma to only one year.

Consistent and strong EBITDA growth; tangible further uplift from Announced Initiatives

6

Normalised EBITDA evolution[1]



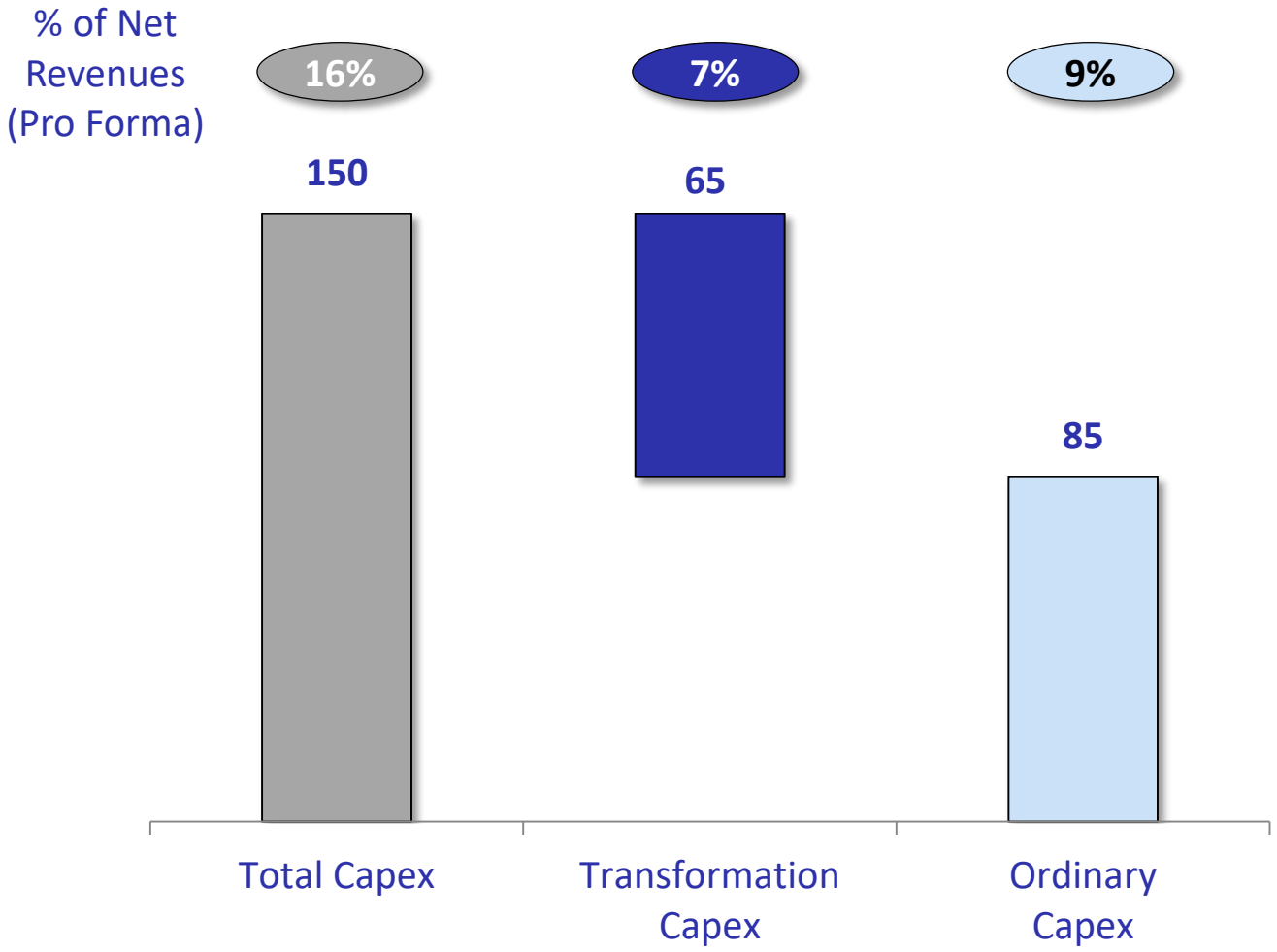
Impact of initiatives

- **Strong EBITDA growth**
- **Significant degree of operating leverage (64% fixed operating costs[3])**
- **Efficiency and cost reduction**
- **Substantially enhanced profitability**
- **Tangible EBITDA uplift from Announced Initiatives and realisation of synergies**

Source: Company disclosure.
Note: (1) Aggregated figures. (2) Expected to be fully realized by 2020. (3) 2018 Pro Forma.

6 Strong investments, with Transformation Capex on top of Ordinary Capex

2018 Capital Expenditure[1]



Transformation Capex

- *Quality and security transformation*
- *Product portfolio transformation*
- *Next-Generation Platform deployment*
- *M&A and corporate separation*

Ordinary Capex

- *Ongoing product innovation*
- *Ongoing evolutionary maintenance*
- *Revenue-driven POS and ATM spend*

Source: Company and management information.
(1) Net of customer contracts acquisition expenses.

7 Strong and experienced extended Leadership Team…

~2000 FTEs; ~1000 new vs. 2016

350 new talent hired coming from **>100** corporates

83% new in Top 100

Paolo Bertoluzzo
Group CEO
vodafone · Bain & Company · INSEAD · Monitor Consulting

Enrico Trovati
Merchant Services & Solutions
Telecom Italia · TIM · McKinsey & Company

Andrea Mencarini
Cards & Digital Payments
Banco BPM · UniCredit

Renato Martini
Digital Banking Solutions
UniCredit · McKinsey & Company · INSEAD

Roberto Catanzaro
Business Development
Allianz · accenture · McKinsey & Company

Giuseppe Dallona
CIO
Posteitaliane · Intesa Sanpaolo · UBI Banca · EY

Bernardo Mingrone
Group CFO
Monte dei Paschi di Siena · UniCredit · Lehman Brothers · LSE

Marco Ferrero
Commercial Division
vodafone · Bain & Company · Stanford University

Stefania Gentile
Mercury Payments
Intesa Sanpaolo · accenture

Federico Ferlenghi
Operations & Help Line
sky · vodafone · MP

Silvia Beraldo
CAO
GSK · parmalat · Deloitte.

Saverio Tridico
Corporate & External Affairs
vodafone · Autostrade · eni

Daniela Bragante
Compliance & AML
citibank

Emanuele Boati
Audit
UniCredit

Alessia Carnevale
Risk
Luxottica · Pirelli

Source: Company disclosure.

7 …with proven track record of delivery across all value creation levers

Outstanding Financial Performance	***+15.5% EBITDA Organic CAGR '16-'18[1]***
Value-Accretive M&A	mercury payment services; Deutsche Bank; MONTE DEI PASCHI DI SIENA BANCA DAL 1472; GRUPPO BANCA CARIGE; Bassilichi; SPARKLING 18
Corporate Reorganisation	***From Banking group to Technology group***
Broadened and Strengthened Product Offering	***Full Digital Payments Portfolio***
IT and Technology Transformation	***Investment of €325M in 3 years***
Strengthened Capabilities and Team	***260+ new hires***
Rebranding	nexi every day, every pay

Source: Company disclosure
(1) Normalized Aggregated Financial Information

Nexi: Best poised to capture multiple avenues for future value growth

1 Italian Market Strong Tailwinds

- One of the most underpenetrated card payments markets in Europe
- Strong and resilient growth
- National Agenda towards a cashless society

2 Ongoing Growth Product Initiatives

Broad portfolio of product initiatives across all business segments:

- Merchant Services & Solutions
- Cards & Digital Solutions
- Digital Banking Solutions

3 Capture Future Strategic Growth Opportunities

- B2B / corporate payments
- Open banking
- Millennials / mobile centric payments
- Data products and propositions

4 Further Margin Expansion

- IT strategy
- Operations transformation
- Continued operational efficiencies

5 Potential Local M&A Opportunities

- Further consolidation
- Value chain expansion (e.g. books)
- Capabilities enhancement in strategic product/tech areas

6 Potential International M&A Opportunities

- International acquisitions
- Actor in pan-European consolidation

"Future-Ready"

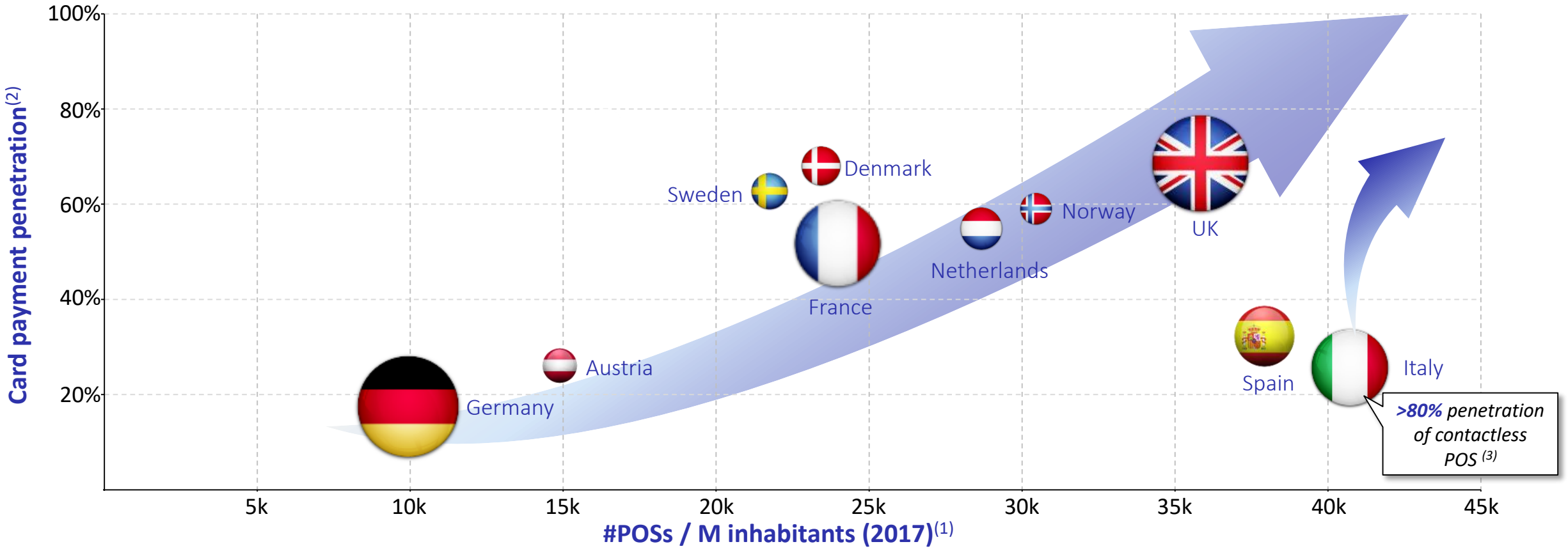
- Breadth of portfolio
- Market entrenchment
- Full set of capabilities

Supporting Materials

Italy - Acceptance infrastructure already in place, enabling market growth

Italy's Infrastructure is ready for further card payment penetration [1,2]

Size of flag bubble represents relative total consumer spend[2]



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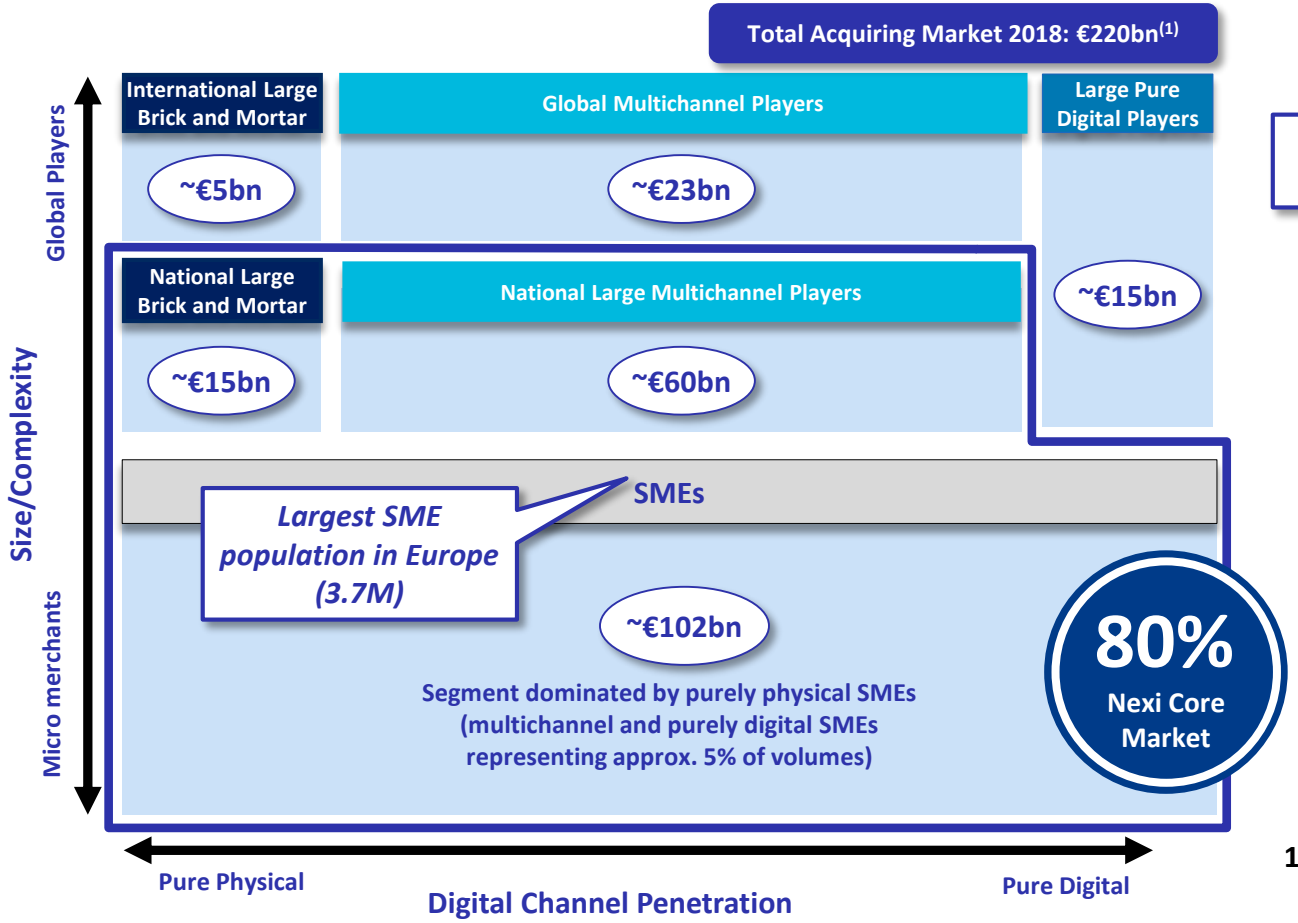
(1) Edgar, Dunn & Company (EDC). (2) Euromonitor International Consumer Finance 2019 Edition. (3) Based on management estimates.

SME and physical dominated market. E-commerce still at inception

SME and physical dominated market

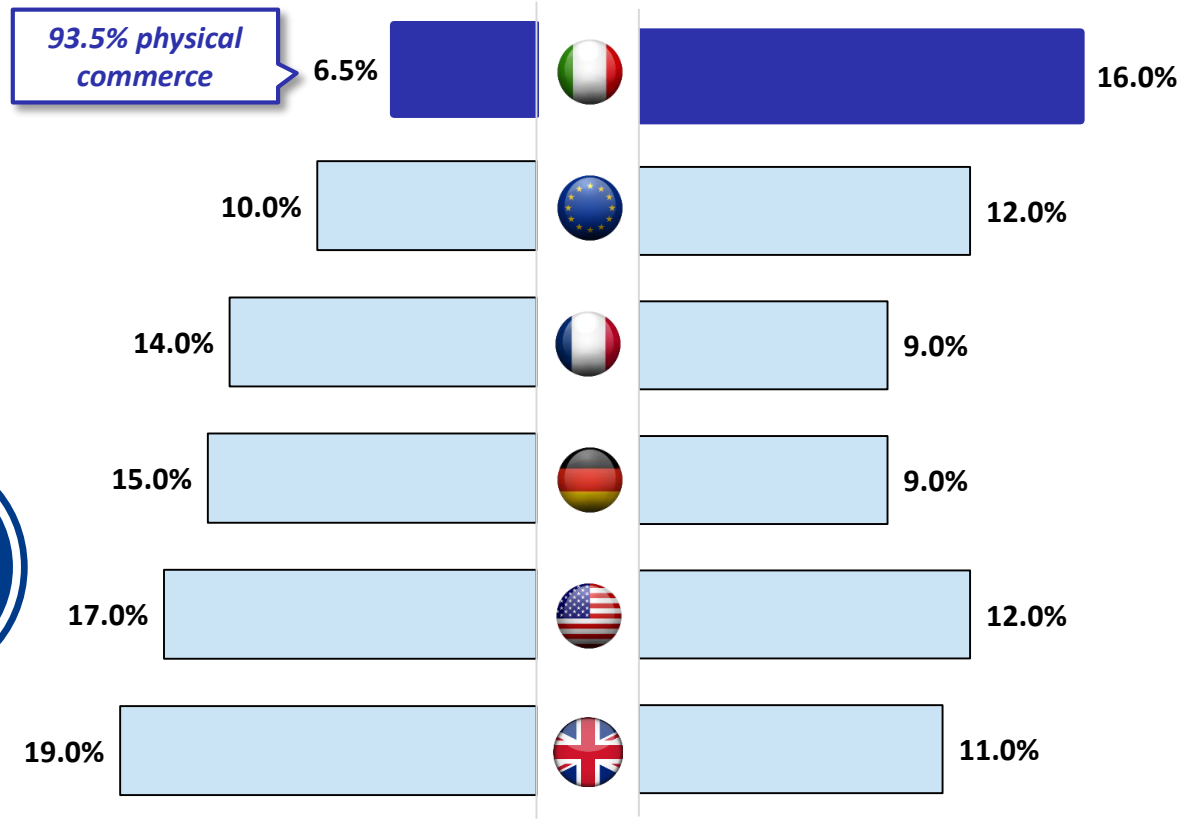


Italy has the lowest E-commerce penetration…(2,3)

2018 online share of total retail consumption

…and the highest recent growth rates(2)

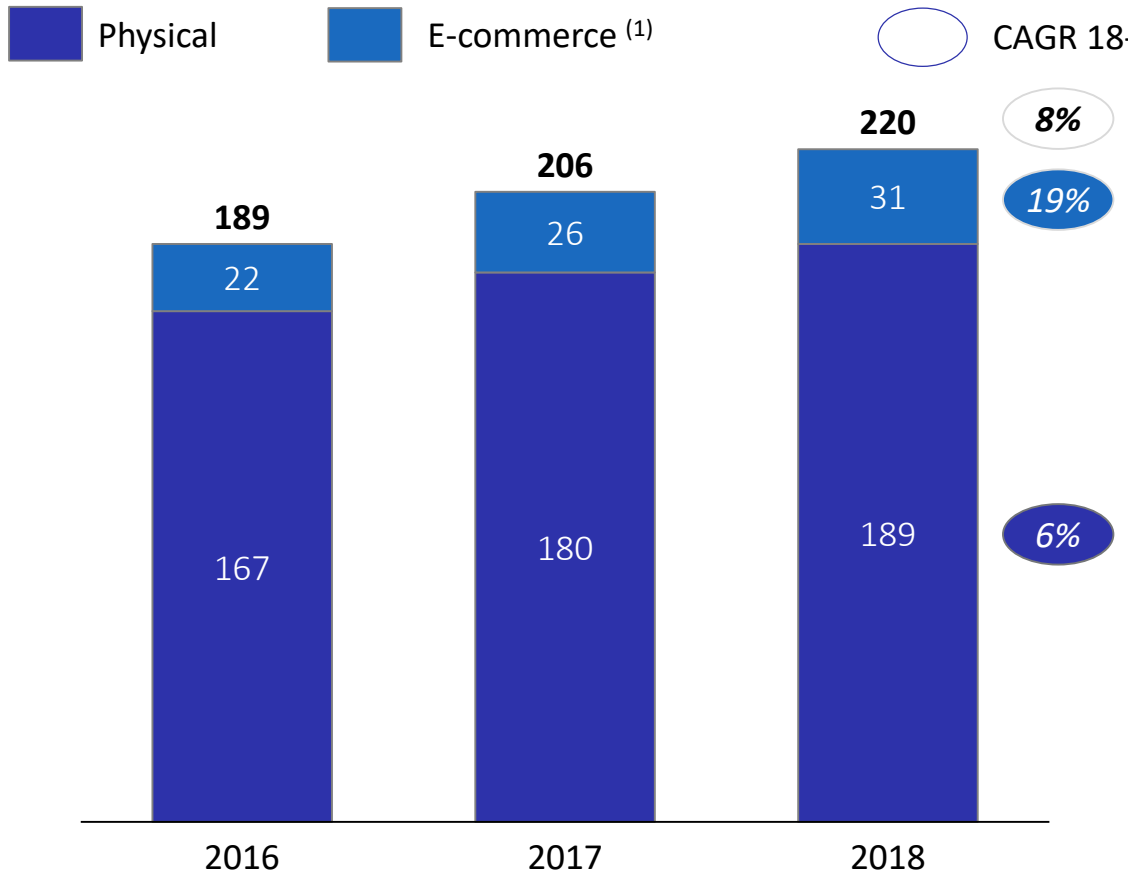
2017-18 growth in value of online transactions (2017-18)



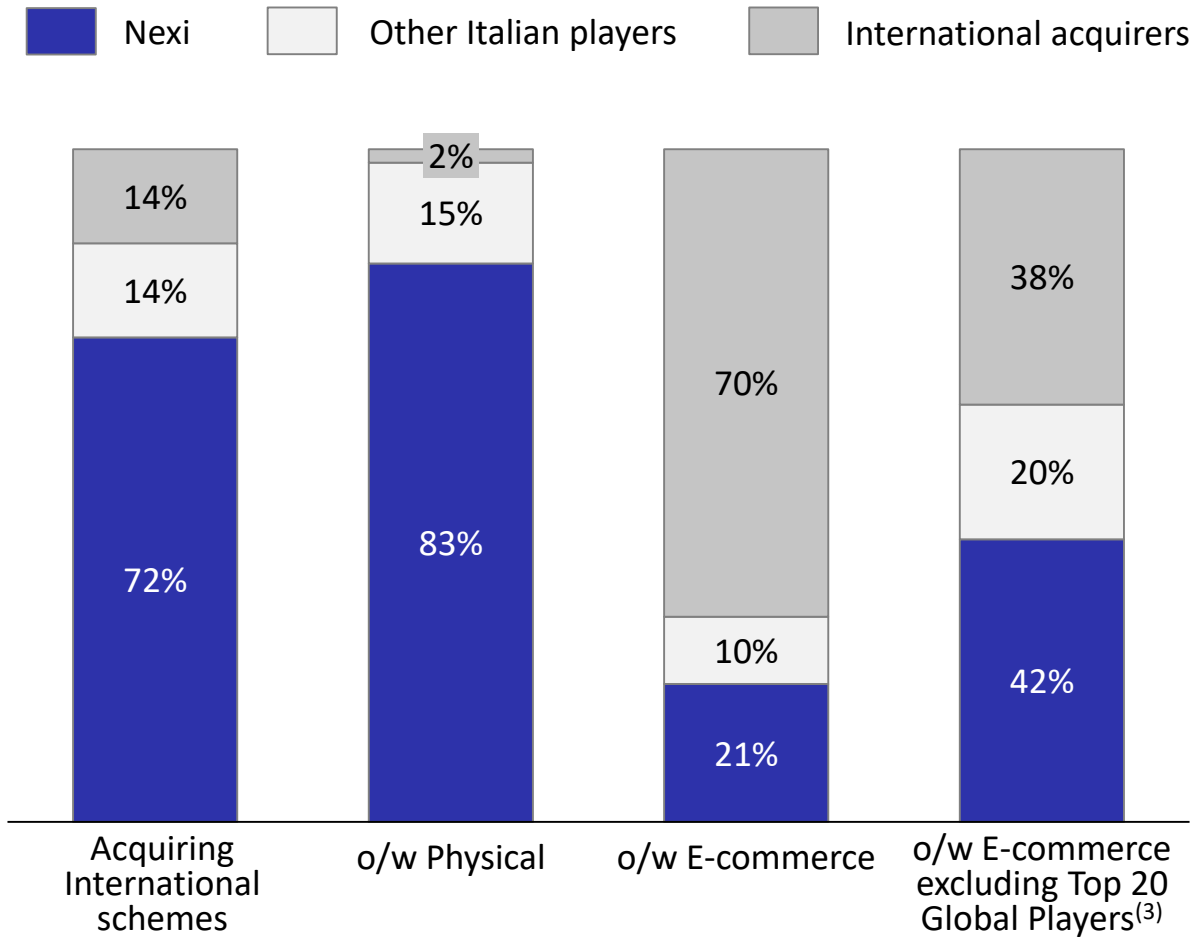
(1) Euromonitor International Consumer Finance, 2019 Edition for size of card transaction values; Management estimates for segmentation. (2) Politecnico, Osservatorio eCommerce B2c, Oct 2018. (3) E-commerce penetration calculated as the ratio between online spending and total spending (online and physical). Online spending includes purchases of products and services, excluding digital-only contents. Total spending is calculated on those categories of products that are sold online but that are also available offline (i.e. excluding cigarettes, gaming, betting etc.).

Reference Market and Nexi's Share of Served Market
Merchant Services & Solutions

Italian consumer card payments market (transactions, €B)



Nexi's share of served market(2) (2018)



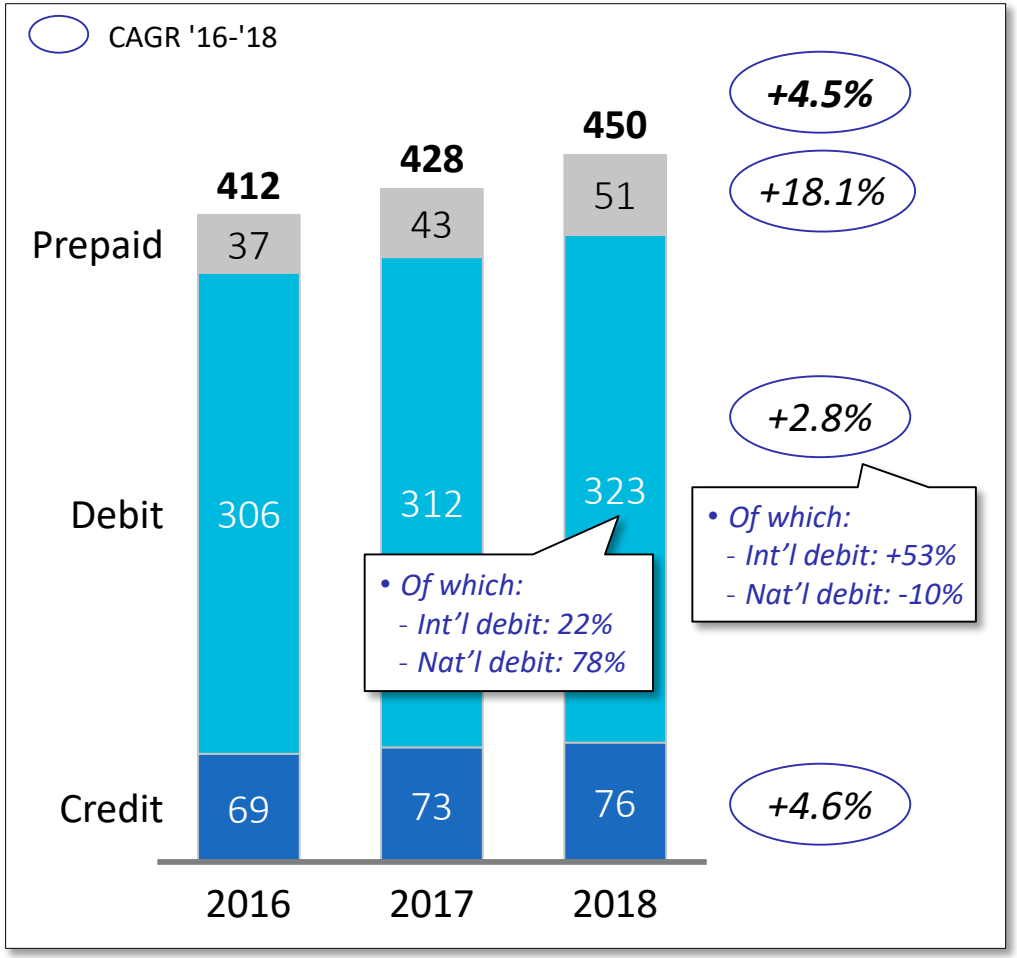
Leading share of served market in Italian acquiring

Note: Euromonitor International Consumer Finance – 2019 Edition; Total Consumer Spending is defined as the sum of Card Payment Transactions (Excl Commercial), Cash Transactions, Other Paper Payment Transactions and Electronic Direct/ACH Transactions. This tracks retail purchases, purchases of services, utility payments, rent payments, etc. Excluded transactions include peer-to-peer payments, taxes, fines, loan interest charges, and investments (including real estate). Consumer Card Payments is defined as Card Payment Transactions (Excl Commercial).

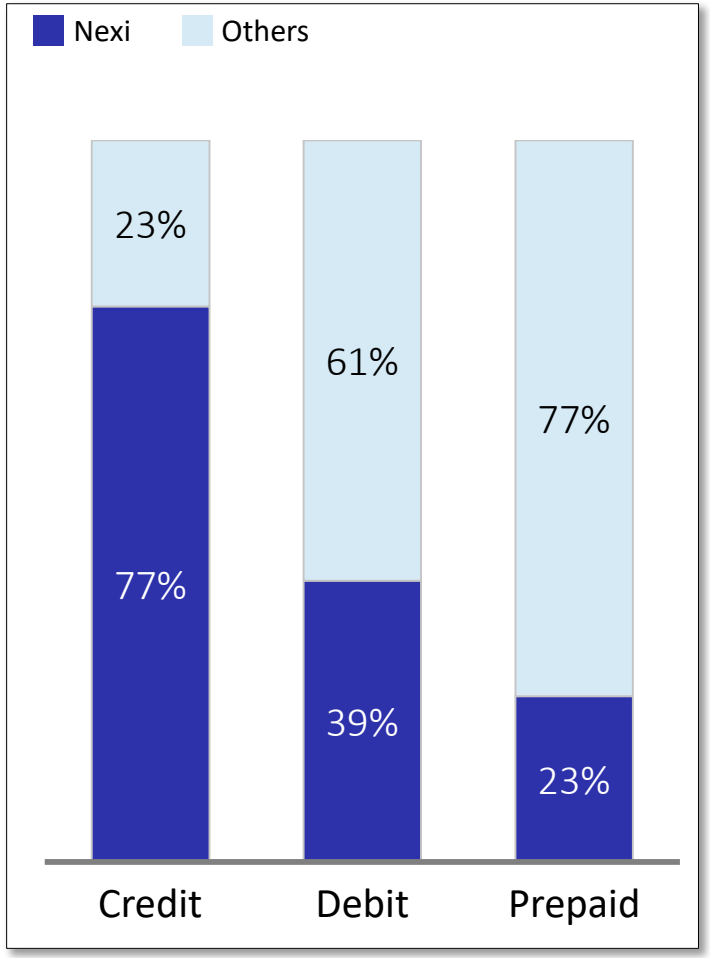
Source: Euromonitor International Consumer Finance – 2019 Edition. (1) e-comm market volumes estimated allocating proportionally Other Issuers' cards volumes among Nexi clients and Other Merchants. Data refer to International Schemes only. (2) Internal estimates for Acquiring International volumes, on the hypothesis of a proportional distribution of Other Issuers' cards volumes among Nexi's clients and Other Merchants. Acquiring international volumes (POS and ATM transactions). (3) Management estimates.

Reference Market and Nexi's Share of Served Market
Cards & Digital Payments

Italian Issuing Market Transactions at POS and ATM (€B)



2018 Nexi's Shares of Served Market (by Value of Transactions)[1]



Main Differences Compared to Other EU Countries

Credit: mainly **charge cards with low credit limit**

Debit: legacy and **shrinking share of National debit; International debit only recently introduced** and accelerating

Prepaid: high number of cards with **low level of activation;** mainly used for **e-commerce**

Leading served market share across segments in a growing issuing landscape, still dominated by National debit products

Source: Bank of Italy; Management estimates.
(1) Includes POS and ATMs issuing transactions; Market shares calculated as a ratio of Nexi's volumes on total market volumes provided by Global Data.

Established market leader at scale covering all value chain activities, in the same country

Cards & Digital Payments

Merchant Services & Solutions

Digital Banking Solutions

Technological Platform		Operations	Products / Solutions			Sales & Customer Management	
Processing	Clearing & Settlement	Operations[1]	POS Mgmt / Front-end	Schemes Membership	Product Design and Marketing	Pricing and Sales	Customer Mgmt
nexi coverage ✓	✓	✓	✓	✓	✓	✓	✓
• Issuing and Acquiring core processing, both on International and National schemes • Performed either through in-house platforms or selected outsourcing partners		• Card production factory • Antifraud and fraud management • Disputes and chargebacks • Cards produced: ~10m	• POS terminal lifecycle management (Multi–HW on multi OEM) • Terminals managed: - *1.4m POS* - *13.4k ATM*		• 6 Digital Factories • 500+ Product and Technology professionals • Dedicated customer value management teams • Co-branded banks marketing campaigns deployment	• Banks pricing support tools • Sales advisory and trade marketing teams	• Largest payments-focused Customer Care

Source: 2018 Company disclosure
(1) Disputes, Frauds, Customer care, Account statement

Serving Banks with multiple business models to fit their strategic needs

Nexi Business Models

EXAMPLE MS&S ACQUIRING

Technological Platform		Operations	Products / Solutions			Sales & Customer Mgmt	
Processing	Clearing & Settlement	Operations[1]	POS Mgmt / Front-end	Scheme Member - ship	Product Design and Marketing	Pricing and Sales	Customer Mgmt

Referral *(acquiring merchant books)*

Licensing

Associate

Servicing

Nexi Business models

Key Characteristics

- **End to End value creation** also supporting customer facing activities
- **End to End products / services including VAS and CVM**
- **Full exploitation of innovation roadmap**

- **Specialization on outsourced activities and execution** (technology, operations, schemes)
- **Innovation adoption driven by partners'** commitment

Source: Company disclosure. (1) Disputes, Frauds, Customer care, Account statement.

Established, deep, robust and value-oriented bank relationships

Long, established and deep…

- Most bank partnerships have been in place for more than 25 years
- Top 10 partner banks[1] have been customers for > 15 years
- No customer loss since 2015 change of ownership[2]
- Customer concentration reflects Italian Banking sector

…value-oriented partnerships…

- Multiple product/ service relationships with each bank
- "Volume based" pricing allowing further future upside
- Evolving towards more value-added models

…underpinned by established agreements

- Multiple contracts per relationship: ~150 relationships for a total ~1,000 contracts
- 54% of revenues in contracts/distribution agreements to 2023+
- 86% of top 5 partner banks' revenues committed to 2023+ (68% to 2025+)[1]
- Most of the remaining contracts with undated duration[3]

Source: Company disclosure
(1) By 2018 normalised revenues. (2) Excluding banks' consolidation transactions. (3) Subject to termination by the client bank.

Nexi investing to drive the transition from cash to digital payments in Italy

	Key Limiting Factors For Digital Payments penetration	nexi
Acceptance Infrastructure	• **Infrastructure well in place and contactless-ready** but…	• **"Start" simple bundled offer to address unpossed merchants** • **m-POS, Smart POS mini 4G**
	• **Still uneven distribution of POS terminals** amongst merchants	
	• **Low speed** due to poor connectivity	• **POS replacement/reconfiguration to broadband connectivity** • **Accelerated transition to Contacless**
Cards infrastructure	• **Unbalanced mix**, high share of prepaid and relatively low credit	• **Revamped and extended credit portfolio**
	• **Credit mainly charge,** with **low plafond limit**; revolving marginal	• **CVM, installment/EasyShopping, smart allowance mgmt., …**
	• **Debit still dominated by national scheme** with limitations	• **International Debit, Next generation National scheme**
Perception	• **Consumer perception on spending control**	• **Nexi Pay, Spending control, #iocontrollo, 3DS, Biometrics**
	• **Merchant perception on reliability, control and price** complexity	• **Nexi Business, simplified packages, micro-payments offer**

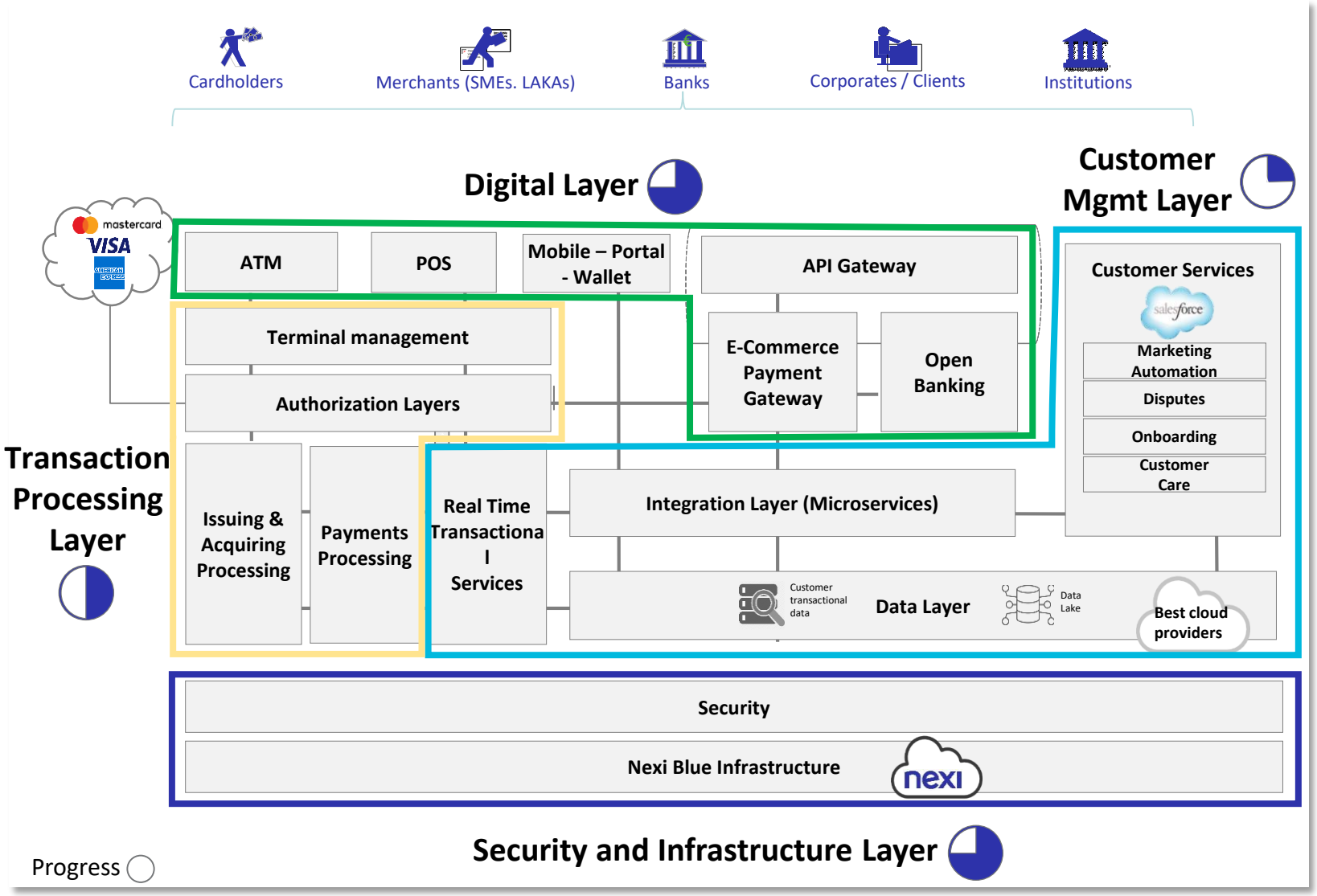
Continued investments in our IT platform resulting in impressive delivery across all areas

DELIVERED

AREA	1H 2017	2H 2017	1H 2018	2H 2018
Product innovation	• International debit consumer • X-Pay ecommerce gateway revamping and digital onboarding	• ApplePay • Nexi Business app • New portals (company and cardholder) • Instant payments ACH • Merchant Referral	• SmartPOS and app marketplace • PagoPa POS integration • New prepaid range • International debit business • Samsung Pay • New #ioSi engagement platform • Bancomat contactless • Bank API integration	• New Nexi Pay app • YAP mobile payments app • Google pay • PagoBancomat mobile • Card spending control • «Easy shopping» installments • Self banking front-ends • Bancomat data lake • Bank API integration
IT transformation	• Live service monitoring / Control Room	• Digital Factories set-up	• POS Terminal Manager consolidation and insourcing • ATM terminal manager insourcing • Digital Factories 2.0	• Nexi Blue data center insourcing • Digital merchants onboarding • Improved marketing automation • Digital Factories 3.0
Bank transformation projects	• UBI Banca Unica Consolidation	• Acquired banks merger in BPER (Carife)	• Veneto banks merger into ISP • Acquired banks merger in UBI	• Banco/BPM merger • Acquired banks merger in CA / Cariparma
Corporate Transformation / M&A	• DB merchant books integration	• Company rebranding • MPS merchant books integration	• Sparkling18 operational integration	• Banking activities carve-out • Bassilichi integration • Carige merchant books integration
	+550 new IT releases	*+850 new IT releases*	*+2,000 new IT releases*	*+2,200 new IT releases*

Source: Company information.

Modular, progressive, evolutionary deployment of Next Generation Platform to boost innovation and cost-efficiency



Key Guiding Principles

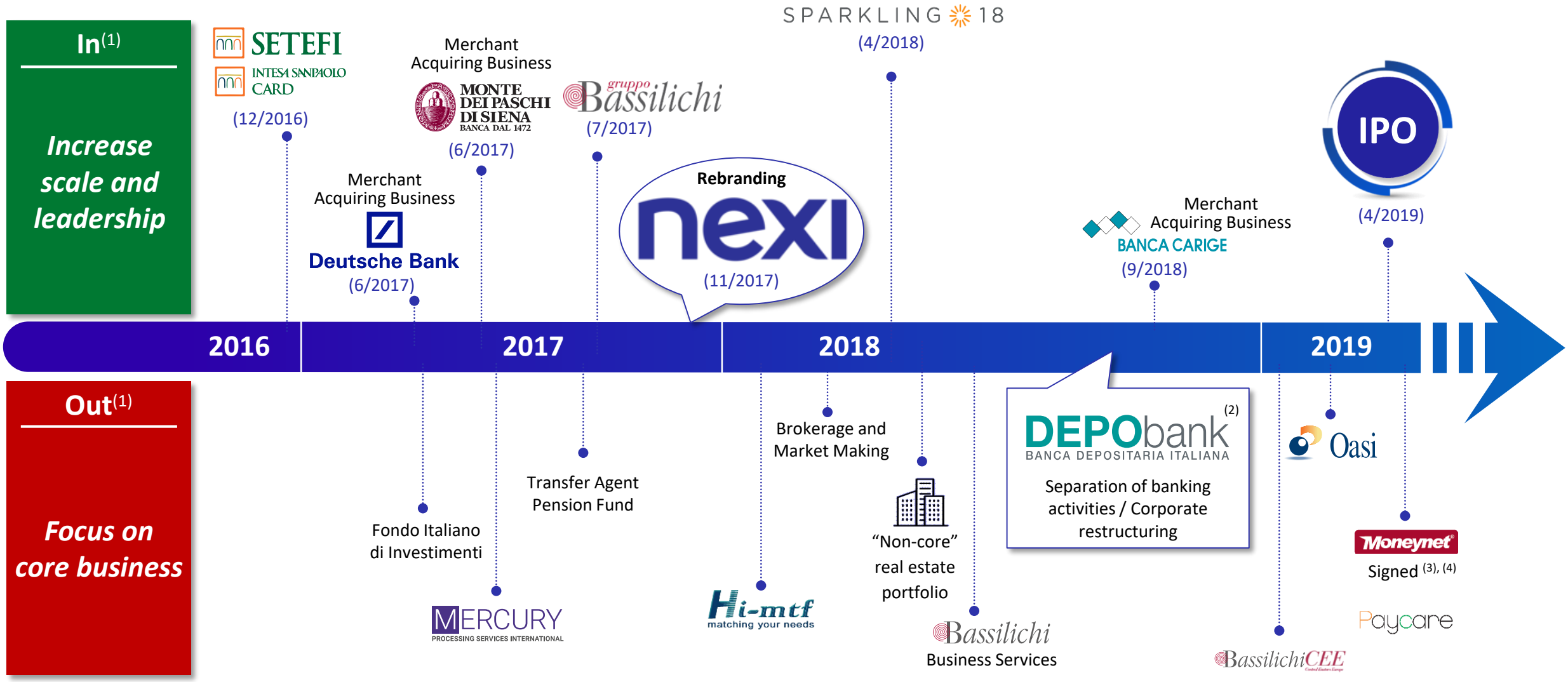
- Clear **integrated architectural vision**, detailed design and execution plan
- Gradual **step-by-step evolution**
- Modular approach in **controllable, self-standing, value-creating deliveries**
- Best-of-breed **combination of components, in-house and with Partners**
- **Nexi IP on key differentiating components** (e.g. digital front-end, API-layer, …)
- Full **Nexi control through strong competences** and governance

Transaction processing layer: leveraging strategic partnerships and internal capabilities

	ACTUAL	OUTLOOK
Terminal Management POS	• Mix of internal/external GT POS capabilities	• Progressive rollout of Nexi POS TM
Terminal Management ATM	• Group ATM platform ready and deployment started	• Progressive rollout of Nexi ATM TM
Cards	• Mix of internal and outsourced processing technology for international cards • Nexi routing capabilities based on standard national protocols for national debit • Full internal capabilities	• Next generation solution and operating model for card platform being assessed • Deploying Nexi platform for prepaid by H1 2019
Acquiring	• Mix of internal and outsourced processing technology • Full internal capabilities	• Next generation solution and operating model for clearing and settlement being assessed
Payments	• Partnership with strategic providers • Connections and gateway layer owned by Nexi	• Continued gradual evolution of legacy platforms

Source: Company information.

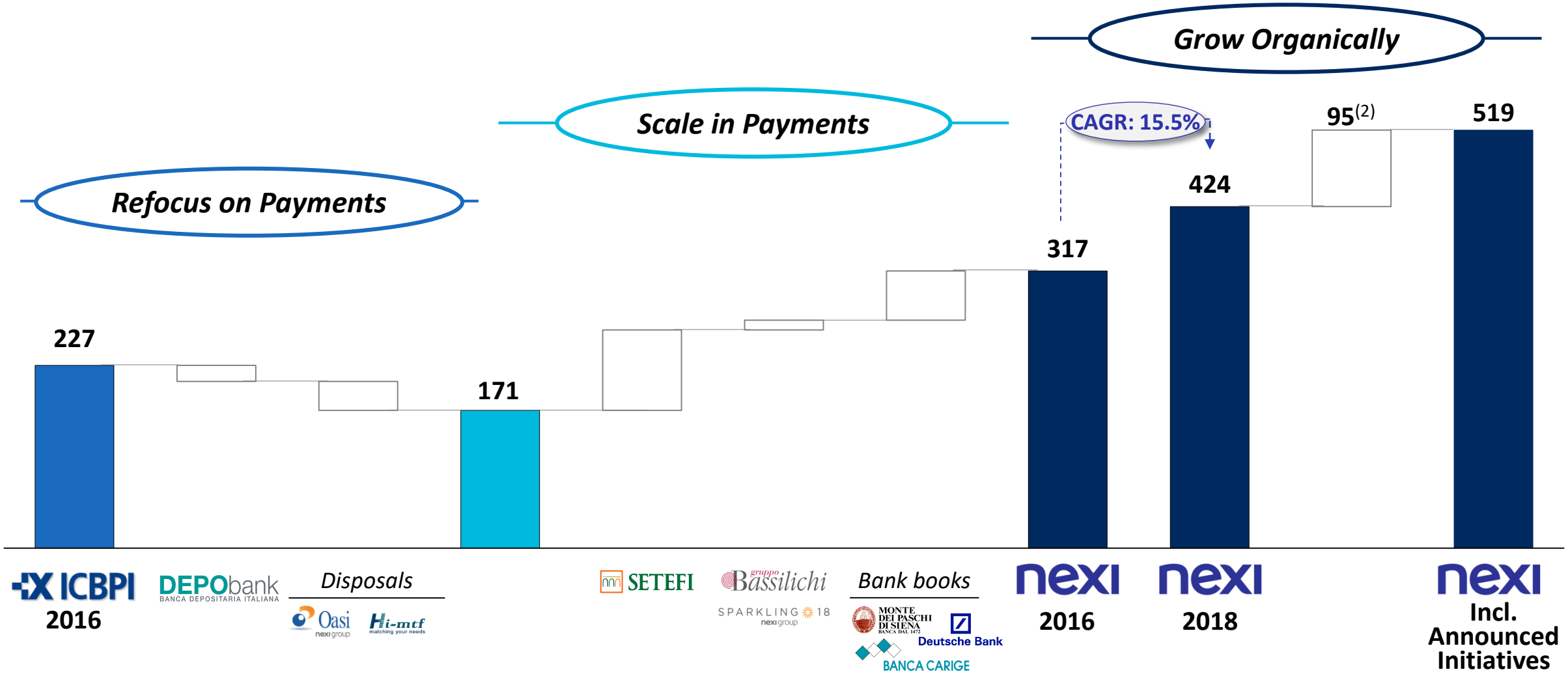
Strategic M&A and corporate restructuring core to the reshaping of Nexi as a PayTech leader



Source: Company disclosure.
(1) Including transactions concerning the former ICBPI Group (2) Separated following the July 2018 Corporate Restructuring operations. (3) Other Assets held for sale include BassmArt. (4) Closing upon authorisation by Banca d'Italia.

Growth driven by disciplined M&A and organic development

EBITDA evolution (€M) [1]



Corporate Separation & Disposals | **Accretive M&A** | **Organic Growth**

Source: Company disclosure and Management information.
(1) Including transactions concerning the former ICBPI Group (now DepoBank). (2) Expected to be fully realised by 2020.

Nexi revenue growth drivers

Nexi Initiatives

- ✓ Customer Value Management
- ✓ Cross-sell / Up-sell
- ✓ New Products
- ✓ New Clients / Segments

Volume Growth

- ✓ Driven by market growth (transaction volumes and transaction values)
- ✓ Supported by strong secular tailwinds
- ✓ Recurring revenues

nexi

Revenue Growth

Installed Base Growth

- ✓ Driven by installed base across segments (e.g. POS, Cards)
- ✓ Slower growth vs. volume growth
- ✓ Recurring revenues

Potential Additional Factors

- Market effects
- Regulatory effects
- Non-performing contracts
- …

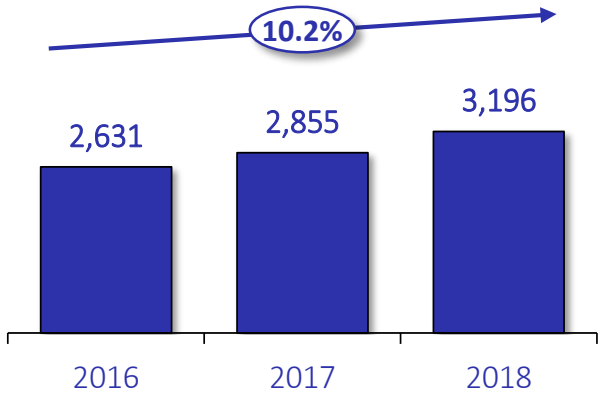
Strong evolution in our key operating KPIs

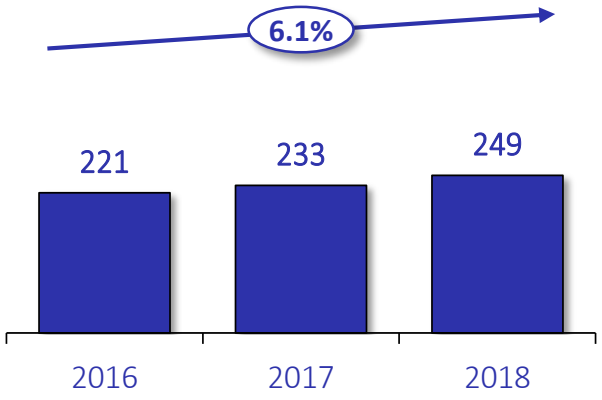
Transaction volume (#M)

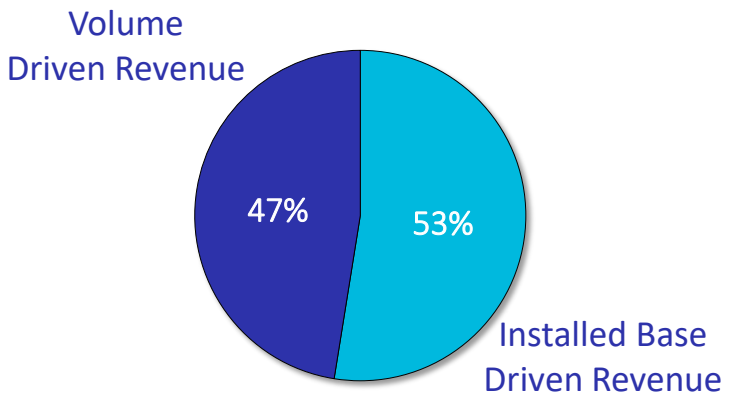
Transaction value (€B)

Revenue breakdown (2018, Aggregated)

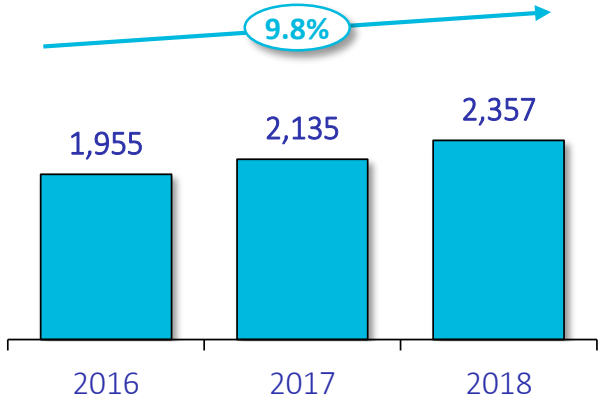
Merchant Services & Solutions[1]

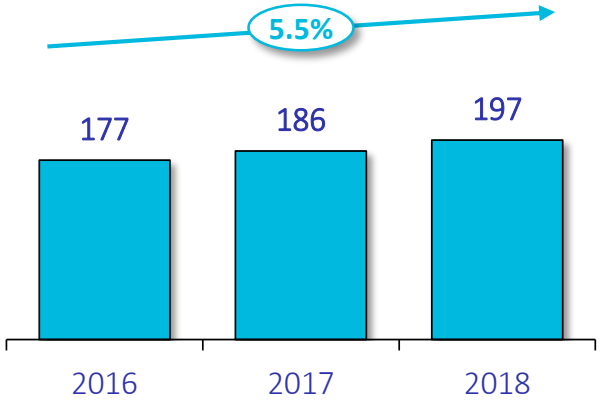






Cards & Digital Payments[1]





CAGR 2016-2018

Predominantly all revenues are recurring in nature

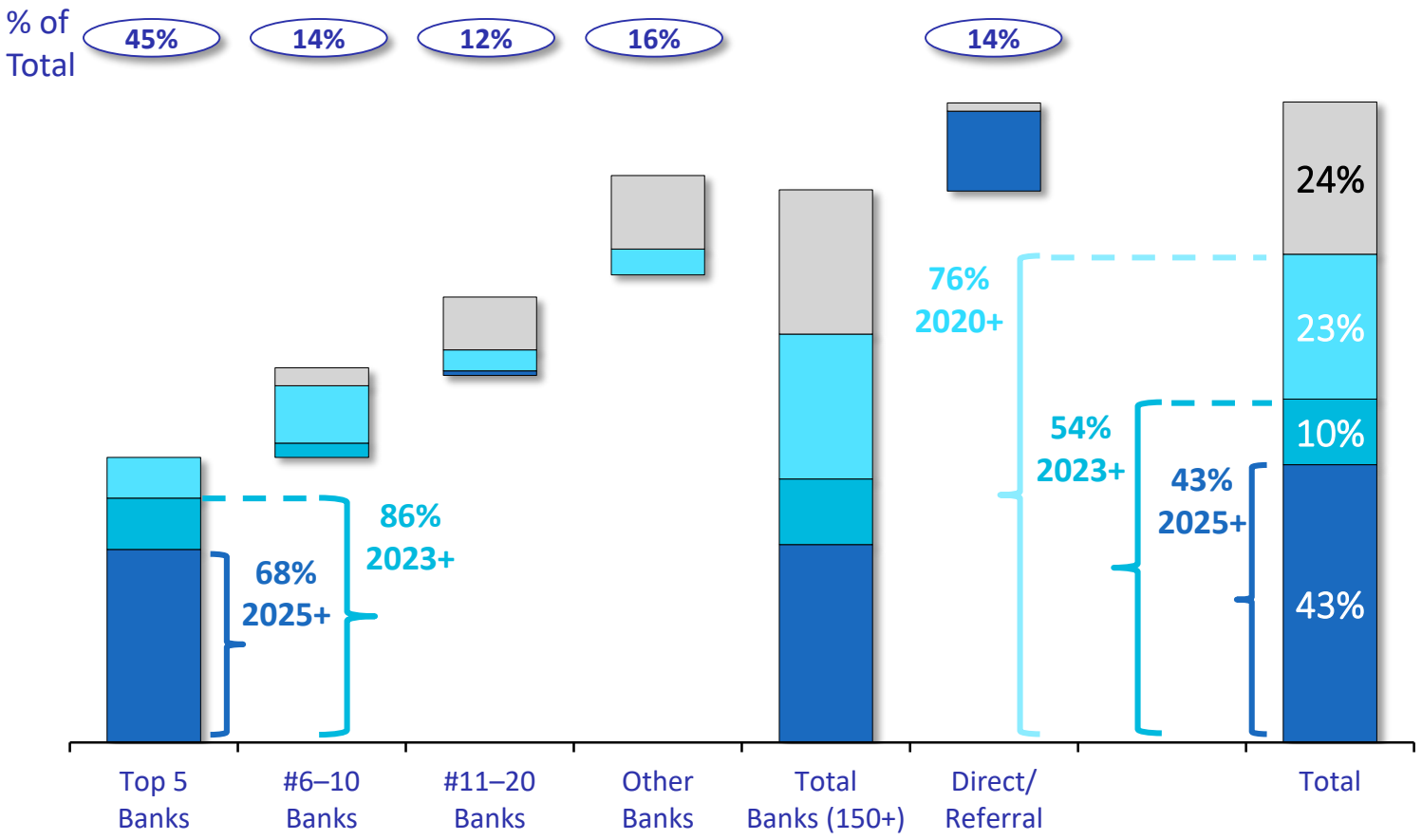
Volume Driven linked to Market Growth (transactional based on transaction # or value)

Installed Base Driven linked to Client Units (monthly or annual fees for POS rental, mobile apps, cards, etc.)

Source: Company information
(1) Group figures for 2016-18 include the pro-forma impact of the full fiscal year contribution from the acquisitions of Mercury Payments, acquired merchant books, and Bassilichi. Figures include the total number of transactions managed under our licensing, servicing and direct issuing and acquiring models.

Revenues underpinned by strong bank partnerships

Revenues Contribution[1]



- Contracts with undated duration[2]
- Framework Agreement through 2023
- Framework Agreement through 2020-2022
- Framework Agreement through 2025+

Value-based partnerships with partner banks

Mission critical services with high switching costs and increasing shift towards outsourcing

Revenues for top customers continue to grow; relative contribution aligned with market

Majority of revenues are based on large number of granular product-level contracts

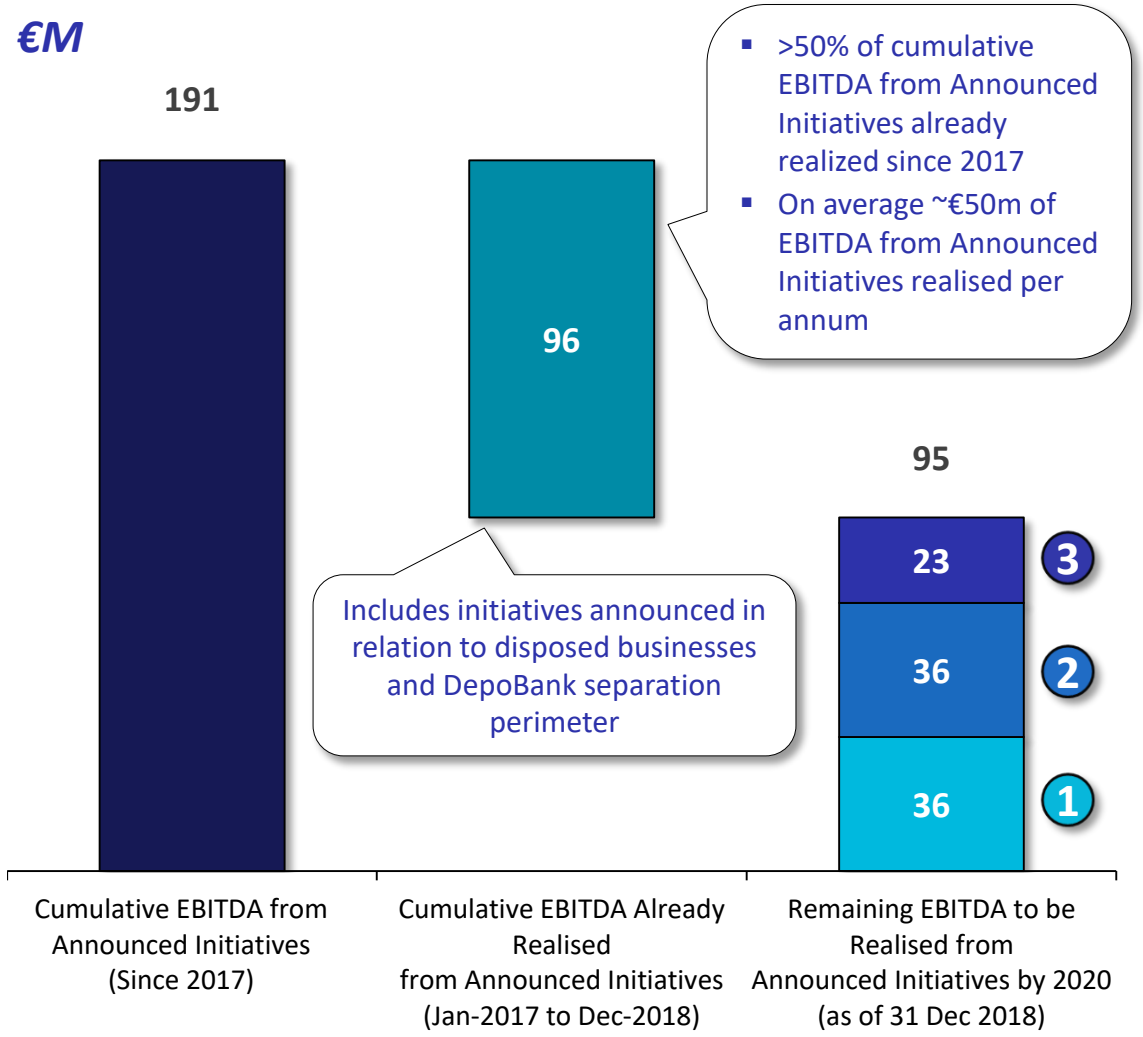
Relationships with most large banks underpinned by multi-year framework agreements

Strong track record of contract renewals and early extension of framework agreements

No material customer losses during the last 3 years [3]

Source: Company disclosure and Management information.
Note: (1) By 2018 normalised revenues. (2) Subject to termination by the client bank. (3) Excluding banks' consolidation transactions.

Established track record in delivering on Announced Initiatives



1 Cost Savings

- Reduction of production costs, personnel expenses through voluntary exits and early retirements
- Renegotiated IT processing contracts with key suppliers
- Targeted actions on IT infrastructure insourcing
- Run-rate savings from operations improvement

2 Integration Synergies

- G&A and procurement savings
- Rationalisation of acquired IT platforms and corporate systems
- Corporate structure simplification

3 Innovation and CVM

- E-commerce offering
- Mobile payments (Apple Pay, Google Pay and Samsung Pay)
- International debit
- Commercial cards
- Instant payments
- Open Banking

Source: Company disclosure and Management information.

Additional upside for further cost savings and efficiencies

Cost Area	Descritpion	2018 Cost Base (€M)
Operations	• **Customer Care**: Continuous improvement on self-care tools and internal processes, leveraging on digital and improving customer experience • **Operations Effectiveness**: End-to-end digital transformation of the main processes in the operations value chain; optimisation of production and stock management practices • **Data & Analytics**: Deployment of predictive tools enabled by big data analytics to further reduce frauds and increase customer satisfaction	~120
IT Costs	• **IT strategy evolution**: Develop a new IT architecture, with more activities and IT processes insourced and launch of next generation platforms with higher efficiency and scalability • **Other IT efficiencies**: Maximization of synergies related to Bassilichi (ATM management) and MePs integration	~180
Other costs (G&A, HR, ...)	• **HR**: Continuous focus on organisation optimisation in coherence with business evolution and outsourcing / insourcing mix • **Procurement**: Further improve procurement processes and maintain strong control of renegotiations • **G&A**: automation of manual, low / non-value added activities; extend “Zero based budgeting” to all cost categories	~200

Source: Company disclosure and Management information

Disposal of non-core assets provided internal funding of transformation and non-recurring costs

Non-Recurring and Extraordinary Items

		2016	2017	2018
A Non-recurring Items Affecting Reported EBITDA		**50**	**134**	**131**[2]
Transformation	• Extraordinary costs linked to transformation projects (including re-branding)	36	54	38
HR Restructuring	• Mainly Nexi in 2016 / 2017 and Bassilichi in 2018	16	51	21
M&A, Corporate Reorganisation & Other Items	• M&A-related extraordinary items, DepoBank separation[1], Bond refinancing, start-up investments (e.g. YAP)	(1)	29	72

Cumulative '16-'18 impact of non-recurring items affecting reported EBITDA **€315m**

B Extraordinary Items Below EBITDA		**-**	**33**	**49**
PPA	• D&A related to the acquisitions of Carige, MPS and DB books	-	33	40
Debt Pushdown	• One-off rating agencies fees as well as amortisation of the bond cost	-	-	9

Proceeds from Disposals

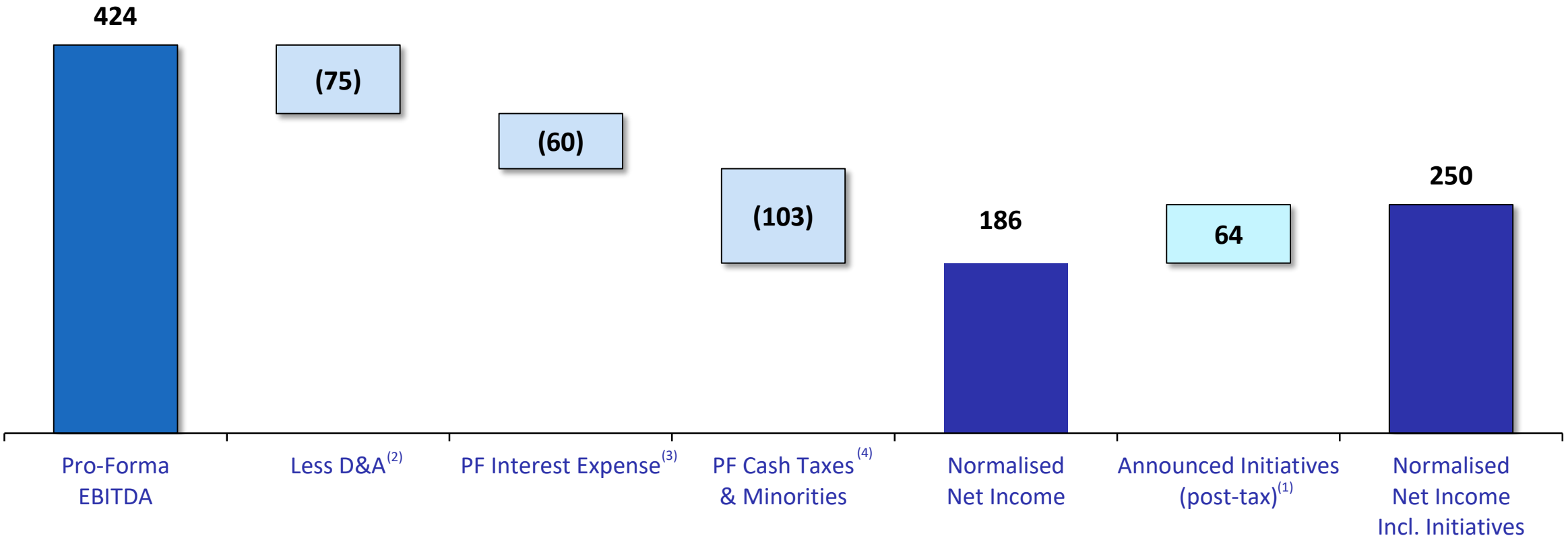
	Disposals	EV (€M)
2017	Fondo Italiano di Investimenti	25
2017	MERCURY PROCESSING SERVICES INTERNATIONAL	114
2017	TAPF (Transfer Agent Pension Fund)	16
2018	Brokerage and Market Making	1
2018	Hi-mtf matching your needs	2
2018	"Non-core" real estate portfolio	73
2018	Bassilichi Business Services	0.1
2018	BassilichiCEE	1
2018	Oasi	149
2019	Moneynet[3]	0.1
	Total	**381**

Source: Company and management information.
(1) Including transactions concerning the former ICBPI Group (former DepoBank). (2) Includes €21m capital gain from the disposal of "Banche venete" acquiring books. (3) Closing upon authorisation by Banca d'Italia.

Strong normalised net income

Bridge from Normalised Pro-Forma EBITDA to Net Income (adjusted for non-recurring items and PPA)

€M – Pro-Forma (2018)

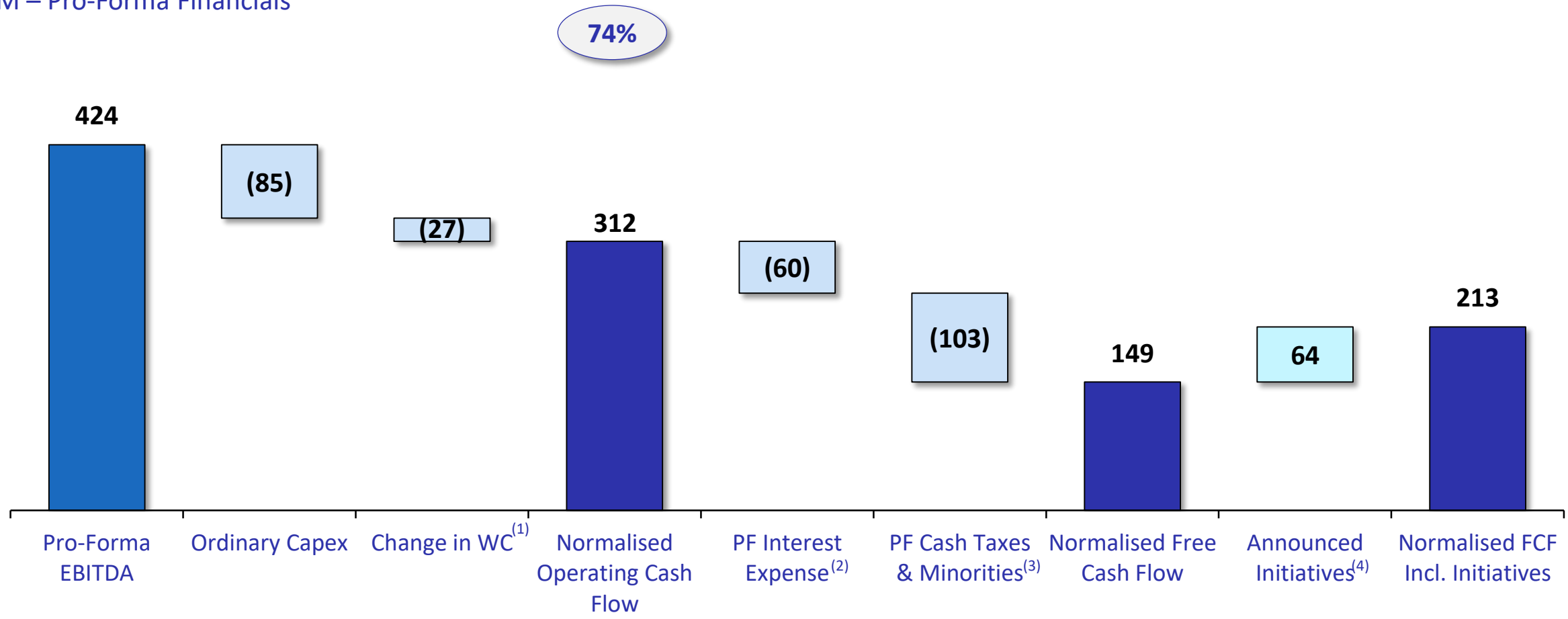


Source: Company disclosure and Management information.
(1) €95m Impact of Announced Initiatives expected to be fully realized by 2020, taxed at 27.5% IRES and 5.5% IRAP. (2) D&A: Ordinary D&A only, excludes D&A related to acquired customer contracts. (3) PF interest expense based on illustrative post-IPO PF Capital Structure and excluding debt amortization costs. (4) Cash Taxes based on illustrative post-IPO PF Capital Structure.

Attractive normalised cash flow generation

Normalised Pro-Forma EBITDA to Cash Flow (2018)

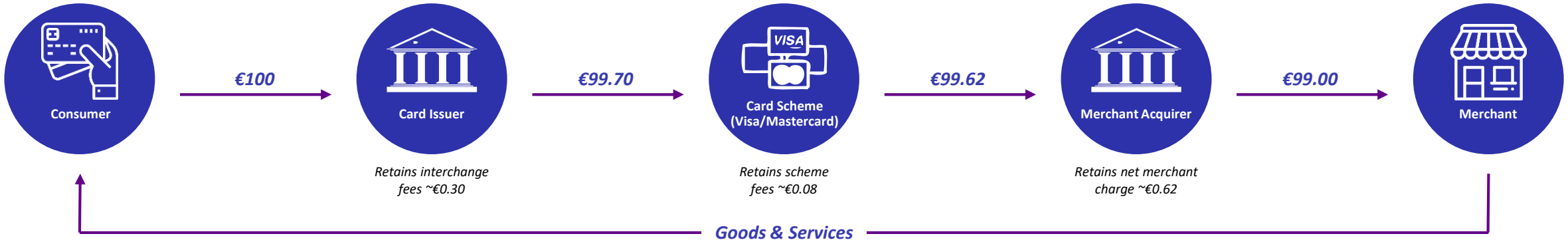
€M – Pro-Forma Financials



Cash Conversion as % of Pro-Forma EBITDA

Source: Company disclosure
(1) Based on management estimates; reflect cash in transit and fully matched settlement balances. (2) PF interest expense based on illustrative post-IPO PF Capital Structure and excluding debt amortization costs. (3) Cash Taxes based on PBT and illustrative post-IPO PF Capital Structure. (4) €95m Impact of Announced Initiatives expected to be fully realized by 2020, taxed at 27.5% IRES and 5.5% IRAP.

Illustrative demonstration of issuing and acquiring payment flows



Consumer	▪ Makes a digital payment by presenting a payment card for its purchase at a merchant (which may be a retail outlet or online store)
Card Issuer	▪ Bank or other service provider which manages the consumer's payment card and underlying bank account or credit allowance ▪ Receives a digital request to authorize the card transaction, after verifying that the consumer has sufficient funds available
Card Scheme	▪ Passes the payment to the merchant acquirer less a scheme fee and an interchange fee payable to the card issuer
Merchant Acquirer	▪ Settles the transaction value with the merchant ▪ As compensation for its services to the merchant, it charges the merchant a gross merchandise service charge, based on a percentage of the transaction value