

Preliminary Group Financial results as of December 31st 2019 approved. Revenue and EBITDA growth trend confirmed

- EBITDA at € 503 million, +18.5% Y/Y
- Revenues at € 984 million, +7.1% Y/Y excluding zero-margin hardware reselling contracts, +5.7% Y/Y reported
- Investments in innovation, quality and security at record high level in Europe: Capex at € 167 million, equal to 17% of FY 2019 net revenues
- Normalized Operating Cash Flow at € 389 million, +25% Y/Y. Cash Flow conversion at 77%, up by 3 p.p. Y/Y
- FY2019 Results exceeding IPO guidance

Milan, February 12th 2020 – The Board of Directors of Nexi S.p.A. approved the preliminary consolidated financial results as of December 31st 2019, confirming the solid financial and operational growth trend.

*"In the past year we consolidated our position as PayTech leader in the Italian digital payments market." commented **Paolo Bertoluzzo, Nexi CEO**. "In 2019 we were leader in the European sector in investing in technology and expertise to keep providing our customers innovation, quality and safety. This supported our continuous and sustainable growth providing our partner Banks with simpler and highly innovative solutions to simplify life for citizens, enterprises and the Public Administration. Extraordinary actions taken in 2019 provided us even further scale, opportunities and investment capacity, key elements to seize the opportunities in an more dynamic and active international environment. We will continue to invest alongside the Banks, with the belief that digital payments represent a strategic platform for our Country development."*

Key financial results ⁽¹⁾

€M	FY18	FY19	Δ% vs. FY18 ⁽²⁾	4Q18	4Q19	Δ% vs. 4Q18 ⁽²⁾
Merchant Services & Solutions	448.2	479.0	+8.1%	120.7	131.4	+7.7%
Cards & Digital Payments	360.6	387.4	+7.4%	94.1	101.4	+7.7%
Digital Banking Solutions	121.7	117.7	+1.8%	35.6	32.9	+7.9%
Revenues	930.6	984.1	+7.1%	250.4	265.7	+7.7%
Personnel & related expenses	(155.3)	(166.6)	+7.3%	(41.0)	(44.7)	+9.1%
Operating Costs	(351.2)	(315.0)	-7.6%	(94.3)	(86.9)	-4.4%
Total Costs	(506.4)	(481.6)	-2.9%	(135.3)	(131.6)	-0.1%
EBITDA	424.1	502.5	+18.5%	115.1	134.1	+16.4%
D&A	(74.8)	(120.5)	+61.1%			
Interests & financing costs	(64.4)	(42.6)	-33.8%			
Normalized Pre-tax Profit	285.0	339.4	+19.1%			
Income taxes	(95.8)	(115.8)	+20.9%			
Minorities	(1.5)	(0.9)	-41.1%			
Normalized Net Profit	187.7	222.7	+18.7%			

(1) FY 2019 results normalized for non-recurring items below EBITDA. Interest & financing costs based on new debt structure, fully realized as of October 21st 2019. FY 2018 results pro-forma based on current perimeter and post IPO debt structure in order to provide a better Y/Y comparison.

(2) Y/Y revenues and costs performance excluding zero-margin hardware reselling contracts. Please refer to Annex for Y/Y performance on a reported basis.

In FY 2019, Group's **EBITDA** reached € 502.5 million with an organic Y/Y growth of 18.5% thanks to sound revenue growth and the continued focus on cost efficiency and operating leverage. In particular, in the fourth quarter of 2019, Group's EBITDA reached € 134.1 million (+16.4% Y/Y).

In FY 2019, **Revenues** increased to € 984.1 million, up by 7.1% Y/Y excluding zero-margin hardware reselling contracts (+5.7% Y/Y on a reported basis).

In the fourth quarter of 2019, Revenues increased to € 265.7 million (+7.7% Y/Y excluding zero-margin hardware reselling contracts, +6.1% Y/Y on a reported basis).

Nexi's operating segments delivered the following results in 2019:

- **Merchant Services & Solutions**, which represented 49% of the Group's total revenues, achieved revenues € 479.0 million in FY2019, up by 8.1% Y/Y excluding zero-margin hardware reselling contracts (+6.9% Y/Y on a reported basis). In FY2019, 3,548 million transactions were managed, up by 11.1% Y/Y, with value of managed transactions increasing to € 259.1 billion (+4.0% Y/Y); this trend is sustained by growth on international schemes, with managed transactions up by 20.6% Y/Y and value of transactions up by 10.2% Y/Y. E-commerce continues to accelerate the growth highlighted in the previous quarters, with value of transactions significantly increasing by 19% Y/Y in 2019. In Q4 2019, Merchant Services & Solutions reached € 131.4 million of revenues (+7.7% Y/Y excluding zero-margin hardware reselling contracts, +8.9% Y/Y on a reported basis);
- **Cards & Digital Payments**, which represented 39% of the Group's total revenues, reported revenues of € 387.4 million in FY2019, up by 7.4% Y/Y. In FY2019, 2,592 million transactions were managed, up by 9.9% Y/Y, with value of managed transactions increasing to € 204.0 billion (+3.7% Y/Y); this trend is sustained by growth on international schemes, with managed transactions up by 19.1% Y/Y and value of transactions up by 10.2% Y/Y. In Q4 2019, Cards & Digital Payments reached € 101.4 million of revenues (+7.7% Y/Y);
- **Digital Banking Solutions**, which represented 12% of the Group's total revenues, recorded in FY2019 revenues equal to € 117.7 million, increasing by 1.8% Y/Y excluding zero-margin hardware reselling contracts (-3.3% Y/Y reported). In Q4 2019 the growth trend acceleration is sustained by the new initiatives introduced during the year. The area achieved € 32.9 million of revenues (+7.9% Y/Y excluding zero-margin hardware reselling contracts, -7.6% Y/Y on a reported basis).

In FY 2019, **total Costs** were € 481.6 million, down 2.9% Y/Y excluding zero-margin hardware reselling contracts (-4.9% Y/Y on a reported basis), notwithstanding the continuous investments in people capabilities and innovation. This positive trend is supported by cost cutting initiatives, synergies from the integration of acquired businesses realized slightly ahead of plan and early results of the IT strategy implementation.

In addition, adoption of IFRS 16 positively impacted total Costs by € 13.6 million in 2019.

All announced initiatives are on track versus the delivery plan.

In the fourth quarter of 2019, total Costs were € 131.6 million, stable Y/Y excluding zero-margin hardware reselling contracts (-2.7% Y/Y on a reported basis).

In 2019, Nexi continued to strongly focus on investments in technology and innovation, with **total Capex** equal to € 167 million (corresponding to 17% of FY2019 Net revenues). In particular, € 65 million (7% of Net Revenues) was related to transformation initiatives and projects and extraordinary innovation and € 103 million (equal to 10% of Net Revenues) was related to investments in ordinary continuous innovation of products and services and for the maintenance of high quality services and security in addition to hardware investments in ATM and POS equal to 4% of FY2019 Net Revenues.

Transformation Capex still remaining and required to complete by ~2023 amounts to € 142 million, in addition to Ordinary Capex equal to ~8-10% of Net Revenues.



D&A, excluding customer contracts amortization ("*Customer Contracts*"), were € 120.5 million in 2019, up by 61.1% Y/Y due to significant investments in software and technological developments made in the last three years, aimed at the digital transformation of the Group.

Normalized Interest costs were € 42.6 million in 2019. Reported interest costs of € 159.9 million include both additional interest costs/fees related to the pre-IPO debt structure and non-recurring items linked to the early repayment and refinancing of the previous debt. Cost of debt at 1.9%, reduced from 3.8% post reorganization in July 2018.

Transformation costs, below EBITDA, were € 51.9 million in 2019, significantly reduced by 60% Y/Y. This does not include the extraordinary IPO costs and the gains from M&A disposals.

Normalized net profit, in 2019, was € 222.7 million, up by 18.7% Y/Y.

As of December 31st 2019, **Net Debt** was reduced to € 1,470 million compared to € 2,454 million as of December 2018, thanks to early repayment and refinancing of the previous debt and the cash flow generated in the period. Net Debt/EBITDA at 2.9x at the end of 2019, significantly improved from 5.8x at the end of 2018 and 3.5x post IPO.

* * *

Pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, the undersigned, Enrico Marchini, in his capacity as the manager in charge of preparing Nexi's financial reports, declares that the accounting information contained in this press release corresponds to the accounting documents, books and records of Nexi S.p.A..

About Nexi

Nexi is the leading PayTech company in Italy, listed on MTA of Borsa Italiana. We operate in strong partnership with ~150 partner banks. Our integrated end-to-end omni-channel technology connects banks, merchants and consumers enabling digital payments. We help simplify payments for our clients and digitalize the Italian economy. Nexi operates in three market areas: Merchant Services & Solutions, Cards & Digital Payments and Digital Banking Solutions:

Merchant Services & Solutions: Nexi, together with its partner Banks, serves c. 890,000 merchants and manages 1.4 million POS terminals;

Cards & Digital Payments: Nexi, together with its partner Banks, manages 41 million payment cards for c.30 million cardholders;

Digital Banking Solutions: Nexi manages 13,400 ATMs, approximately 420,000 e-banking workstations and over 900 million clearing transactions in 2018. In addition, Nexi developed the open banking system in collaboration with the CBI consortium to which the main Italian banks have already adhered.

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FY 2019 P&L reported vs P&L normalized

€M	Reported FY19	Delta	Normalized FY19
Merchant Services & Solutions	479.0		479.0
Cards & Digital Payments	387.4		387.4
Digital Banking Solutions	117.7		117.7
Revenues	984.1		984.1
Personnel & related expenses	(166.6)		(166.6)
Operating Costs	(315.0)		(315.0)
Total Costs	(481.6)		(481.6)
EBITDA	502.5		502.5
D&A	(157.8)	37.2	(120.5)
Interests & financing costs	(159.9)	117.3	(42.6)
Pre-tax Profit	141.0	198.4	339.4
Income taxes	(10.1)	(105.7)	(115.8)
Minorities	(0.9)		(0.9)
Net Profit	130.0	92.7	222.7
<i>Transformation costs ¹</i>	<i>(51.9)</i>		<i>(51.9)</i>

(1) Transformation costs included in Reported Non recurring items

Income Statement

(€'000)	2019	2018 Restated
Fee for services rendered and commission income	1,639,573	906,948
Fee for services received and commission expense	(652,187)	(328,118)
Net fee and commission income	987,386	578,830
Interest and similar income	18,036	45,640
Interest and similar expense	(183,543)	(79,741)
Net interest income	(165,507)	(34,101)
Profit / loss on trading activity / hedging on financial assets and liabilities designated at fair value through profit or loss	(7,526)	(265)
Dividends and profit / loss from investments and sale of assets at fair value through OCI (ex AFS)	(8,685)	(5,470)
Financial and operative income	805,668	538,994
<i>Personnel expense</i>	<i>(223,044)</i>	<i>(105,444)</i>
<i>Other administrative expenses</i>	<i>(375,533)</i>	<i>(270,955)</i>
Total administrative expenses	(598,577)	(376,399)
Other operating income, net	(9,496)	(264)
Net value adjustments on assets measured at amortized cost	(6,239)	100
Net accruals to provisions for risks and charges	6,455	(14,353)
Net value adjustments / write-backs on tangible and intangible assets	(155,817)	(84,434)
Operating margin	41,994	63,644
Share of profits (losses) of investees and net gains (losses) on sales of investments	(598)	20,717
Pre-tax profit from continuing operations	41,396	84,361
Income taxes	(10,075)	(40,247)
Income (Loss) after tax from discontinued operations	99,547	(7,431)
Profit for the period	130,868	36,683
Profit for the period attributable to the owners of the parent	129,978	35,905
Profit for the period attributable to non-controlling interests	890	778

Balance Sheet

ASSETS (€'000)	31/12/2019	31/12/2018 Restated
Cash and cash equivalents	115,388	40,688
Financial assets at fair value through profit or loss	-	10
Financial assets at fair value through OCI	118,581	100,114
Financial asset measured at amortised cost	1,595,709	1,668,452
a) loans and receivables with banks	507,024	561,209
b) loans and receivables with financial companies and customers	1,088,685	1,107,243
Equity investments	-	730
Property, equipment	193,102	156,193
Investment property	2,229	3,151
Intangible assets	2,684,671	2,668,298
goodwill	2,093,428	2,093,428
Tax assets	80,508	62,873
a) current	46,410	29,299
b) deferred	34,098	33,574
Non-current assets held for sale and discontinued operations	2,262	80,498
Other assets	474,442	405,705
Total assets	5,266,892	5,186,712

LIABILITIES (€'000)	31/12/2019	31/12/2018 Restated
Financial liability measured at amortised cost	3,139,242	3,716,834
a) due to banks	1,952,072	792,896
b) due to financial companies and customers	368,156	354,249
c) securities issued	819,014	2,569,689
Financial liabilities held for trading	-	3,154
Financial liabilities designated at fair value	-	16,557
Tax liabilities	131,909	163,180
a) current	1,820	31,124
b) deferred	130,089	132,056
Liabilities associated with non-current assets held for sale and discontinued operations	335	39,069
Other liabilities	629,580	716,375
Post-employment benefits	14,528	14,084
Provisions for risks and charges	31,967	46,552
Share capital	57,071	50,000
Treasury shares (-)	-	-
Equity instruments	-	-
Share premium	1,082,204	389,275
Reserves	29,428	(47,735)
Valuation reserves	13,609	36,899
Profit for the period (+/-)	129,978	35,905
Equity attributable to non-controlling interests (+/-)	7,041	6,562
Total liabilities and equity	5,266,892	5,186,712

Annex ⁽¹⁾

€M	FY18	FY19	Δ% vs. FY18 ⁽²⁾	Δ% vs. FY18	4Q18	4Q19	Δ% vs. 4Q18 ⁽²⁾	Δ% vs. 4Q18
Merchant Services & Solutions	448.2	479.0	+8.1%	+6.9%	120.7	131.4	+7.7%	+8.9%
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Revenues	930.6	984.1	+7.1%	+5.7%	250.4	265.7	+7.7%	+6.1%
Personnel & related expenses	(155.3)	(166.6)	+7.3%	+7.3%	(41.0)	(44.7)	+9.1%	+9.1%
Operating Costs	(351.2)	(315.0)	-7.6%	-10.3%	(94.3)	(86.9)	-4.4%	-7.9%
Total Costs	(506.4)	(481.6)	-2.9%	-4.9%	(135.3)	(131.6)	-0.1%	-2.7%
EBITDA	424.1	502.5	+18.5%	+18.5%	115.1	134.1	+16.4%	+16.4%
D&A	(74.8)	(120.5)	+61.1%	+61.1%				
Interests & financing costs	(64.4)	(42.6)	-33.8%	-33.8%				
Normalized Pre-tax Profit	285.0	339.4	+19.1%	+19.1%				
Income taxes	(95.8)	(115.8)	+20.9%	+20.9%				
Minorities	(1.5)	(0.9)	-41.1%	-41.1%				
Normalized Net Profit	187.7	222.7	+18.7%	+18.7%				

(1) FY 2019 results normalized for non-recurring items below EBITDA. Interest & financing costs based on new debt structure, fully realized as of October 21st 2019. FY 2018 results pro-forma based on current perimeter and post IPO debt structure in order to provide a better Y/Y comparison.

(2) Y/Y revenues and costs performance excluding zero-margin hardware reselling contracts.