



NEXI, EXCLUSIVE NEGOTIATIONS FOR THE MERGER WITH NETS

Milan 2 November 2020 – Nexi announces to have agreed a 10-day exclusivity period with Nets to reach a potential binding agreement.

The combination between Nexi and Nets would be carried out in the context of the quickly developing consolidation of the European and global digital payments sector, as already framed as part of the announced merger with SIA.

The agreed principles envisage a merger of Nets into Nexi on the basis of equivalent 2020 EBITDA multiples. The transaction will be executed as an “all-share” merger, with long-term lock-up commitments provided by Nets’ current shareholders - including Hellman & Friedman - and does not envisage incremental debt raised by Nexi. This framework would allow both companies’ shareholders to fully benefit from substantial industrial synergies, estimated at approximately €150 million, leading to a significant cash EPS accretion. Expected synergies are incremental to those announced in relation to the SIA transaction, which are of similar amount, and are expected to be realized through a carefully phased synergy plan, compatible with the one already planned for the combination with SIA.

Nets is a leading integrated Pan-European PayTech player, active in 20 countries, with a leadership position in advanced digital payments markets, such as the Nordics, as well as in underpenetrated markets with significant growth potential (such as Germany, Austria, Switzerland, Poland, and Central and Eastern Europe). Over the past 3 years, under Hellman & Friedman’s ownership, Nets has undergone significant transformation and investments resulting in accelerated growth of its core business, both organically and through strategic M&A, including Concardis Payment Group, Dotpay/eCard, P24, and PeP. Following the sale of Nets’ account-to-account business to Mastercard which will complete prior to closing of the merger with Nexi, Nets is focused on merchant services, with a strong eCommerce exposure and proposition, and on issuing processing and innovative digital payments methods. In 2019 Nets generated revenues of c. €1 billion and adjusted EBITDA of c. €0.4 billion¹, and has a growth profile over the medium term broadly in line with the one of Nexi.

The potential combination would create the leading European Player in the digital payments landscape, with unparalleled scale, technology, capabilities and product portfolio, to serve as a “one-stop-shop” to a wide range of customers. This transaction would represent a further value creation opportunity for all Nexi’s shareholders, whilst consolidating the Group strength and prospects through an expanded and diversified geographic reach, broader product and services portfolio, enhanced exposure to eCommerce and lower customer concentration.

In light of the significant industrial benefits resulting from the strategic combination, the transaction carries the support of Nexi’s and Nets’ reference shareholders, which will remain fully invested in the combined group, as well as CDP Equity, confirmed as reference shareholder in the context of the announced combination with SIA. Nexi remains fully committed to pursue organic growth opportunities and to complete the merger with SIA, according to terms and timing previously announced to the market.

¹ Revenues and EBITDA 2019 pro-forma for the Poplatek, Poplapay and PeP acquisitions.



The transaction remains subject, *inter alia*, to reaching a binding agreement between the parties by the terms of the exclusivity period, as well as all necessary corporate and regulatory approvals.

Nexi will provide adequate information to the market according to terms and timing compliant with current legislation.

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Centerview and HSBC are acting as financial advisors to Nexi.
Mercury UK is advised by Mediobanca as financial advisor.

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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 ~ 900,000 merchants;

Cards & Digital Payments: Nexi, together with its partner Banks, manages 41.6 million payment cards

Digital Banking Solutions: Nexi manages 13,100 ATMs, approximately 469,000 e-banking workstations and 947 million clearing transactions in 2019. 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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Pro forma financial profile

Based on 2019 figures (€bn unless otherwise stated)	Nexi ⁽¹⁾	SIA	Recurring SIA synergies	Nets	Recurring Nets synergies	Combined ⁽²⁾ 2019 PF
Net revenues	1.08	0.73	0.05	1.07	0.06	2.94
EBITDA	0.59	0.27	0.13	0.39	0.13	1.51
EBITDA margin	55%	38%		36%		52%
Operating cash flow ⁽³⁾	0.47	0.18	0.15	0.26	0.15	1.22
Operating cash flow conversion ⁽⁴⁾	81%	65%		69%		80%
Net leverage ⁽⁵⁾	3.9x	3.6x		4.5x		3.3x
Number of Nexi shares (m)	627.8	270.0		406.6		1,304.5

Note: Any data and financial information contained in the table above are preliminary and remain subject to the confirmatory due diligence to be carried out after the execution of both MoU.

(1) Nexi pro-forma of acquisition of Intesa Sanpaolo's Merchant Acquiring business.

(2) Net of intercompany adjustments.

(3) Operating Cash Flow calculated as EBITDA net of Ordinary CAPEX and Change in WC. Nets data pro forma for the acquisition of PeP and disposal of Corporate Services business to Mastercard

(4) Including Recurring CAPEX Synergies, calculated as Operating Cash Flow divided by EBITDA.

(5) Calculated as latest available NFP over 2019A EBITDA.