



# Q1 2019 Results Presentation

May 10<sup>th</sup>, 2019



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# Executive Summary

## Q1 results highlights

### Strong focus on financial delivery

- EBITDA +21.0% YoY growth, at 110.6 €M in Q1'2019
- Revenues +5.1% YoY reported growth at 226.5 €M in Q1'2019, +6.8% YoY underlying growth excluding run-off of zero-margin hardware reselling contracts from acquisitions

### Continued progress on key business initiatives

- **Merchant Services and Solutions** (47% of Revenues): good progress on SME Smart POS proposition, large merchants omni-channel and E-commerce
- **Cards and Digital Payments** (41% of Revenues): continuous progress on international debit, acceleration on YAP millennials payments app and CVM up/cross selling activities
- **Digital Banking Solutions** (12% of Revenues): new propositions rollout (Digital Corporate Banking, ATM, Open Banking) supporting underlying growth from H2
- **Cost** initiatives and integration synergies contributing to -6.5% YoY reported costs reduction, -4.0% YoY excluding run-off of zero-margin hardware reselling contracts, despite continued investments
- Non-recurring costs below EBITDA ~-60% YoY
- IT strategy delivery progressing according to plan

Overall Q1 results well on track to deliver Financial Guidance

# Nexi: The leading PayTech with full coverage of the payments ecosystem

● % of Group Revenues

## Merchant Services & Solutions ~50%

*One-stop solution provider for merchants of all categories and size*

Business Activities

 SME solutions	 Large merchants omni-channel
 e-Commerce & Invisible Payments	 Data-enabled products

Scale <sup>1</sup>





~890k	€249bn	3.2bn
Merchants served	Value of Transactions	Number of Transactions

Share of Served Market <sup>2</sup>

~70%

## Cards and Digital Payments ~40%

*Comprehensive portfolio, leading towards complete digitalisation of payments*

 Consumer Cards	 Commercial Cards
 Mobile Payments	 Payment Apps

41m	€197bn	2.4bn
Payment Cards Managed	Value of Transactions	Number of Transactions

~60%

## Digital Banking Solutions ~10%

*Driving adoption of advanced banking solutions and developing Open Banking*

 Instant Payments	 ATMs
 Digital Corporate Banking	 PSD2 (Gateway) & Open Banking

936m	13.4k	~420k
Number of Clearing Transactions	ATMs managed	Corporate Banking Workstations

16-70%

Clients Served


















150 Banks >800k SMEs ~30m Cardholders

Key Figures 2018 PF

Revenues: 931 €M (+ 6% YoY) EBITDA: 424 €M (+ 15% YoY)

# Financial guidance

## 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<sup>1</sup>; growth after 2019 at higher end of the range

## EBITDA

- **13-16% annual EBITDA growth** over medium term
- **2019 EBITDA of ~€490 million**, implying YoY growth at the **upper end of range**
- Continued **strong operating leverage**

## Non-recurring Items

- **>60% reduction in non-recurring items in 2019<sup>2</sup>**
- Rapid further decrease of non-recurring items affecting reported EBITDA thereafter

## Capex

- **8-10% ordinary capex as % of net revenues** over long term
- Total capex in 2019 (including ordinary and transformation capex) at 16-17% of net revenues
- **Total capex to trend towards ordinary capex as % of net revenues** over medium to long term

## Capital Structure & Capital Allocation

- **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

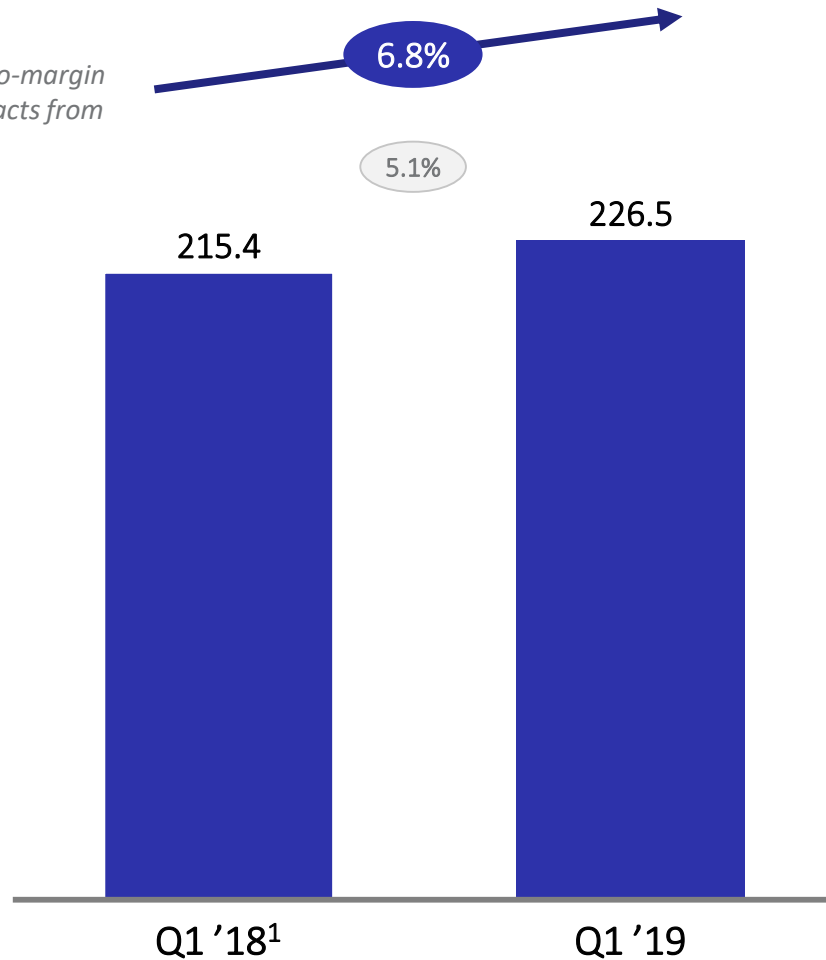
**Q1 2019 Key-Financials**



# Healthy revenue growth and strong EBITDA performance

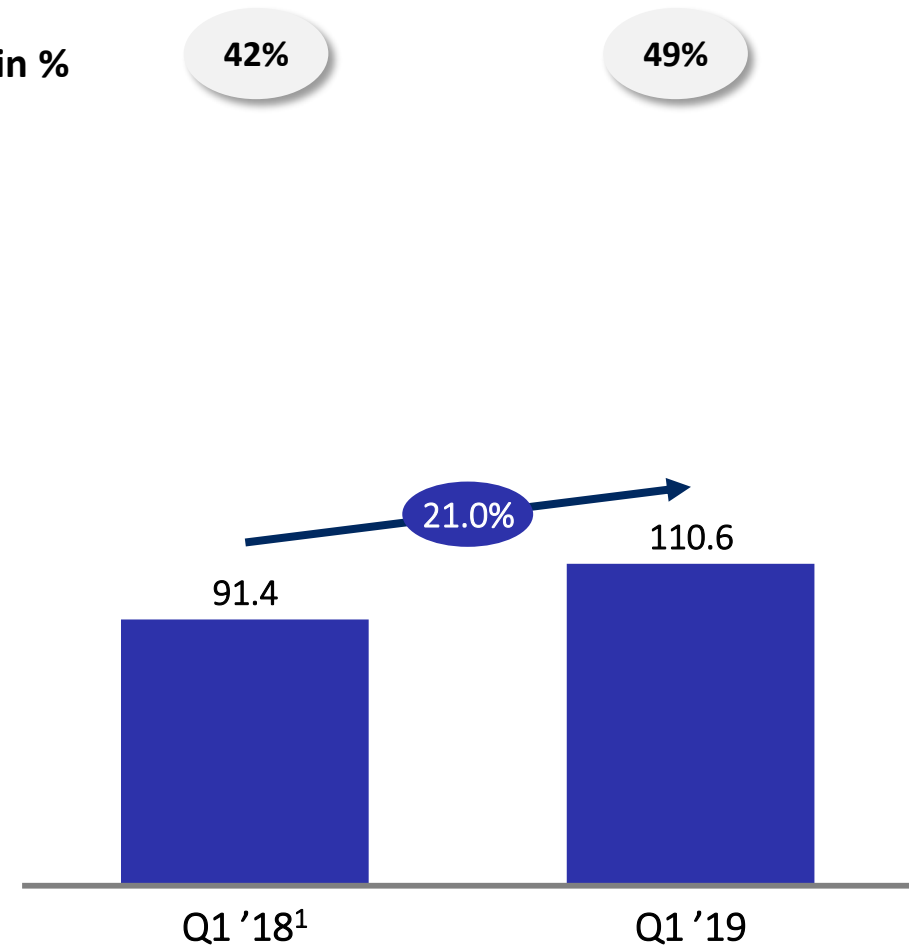
## Net Revenues (€M)

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

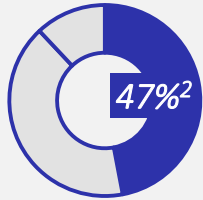


## EBITDA (€M)

Margin %



# Merchant Services & Solutions: continued growth with key initiatives on track

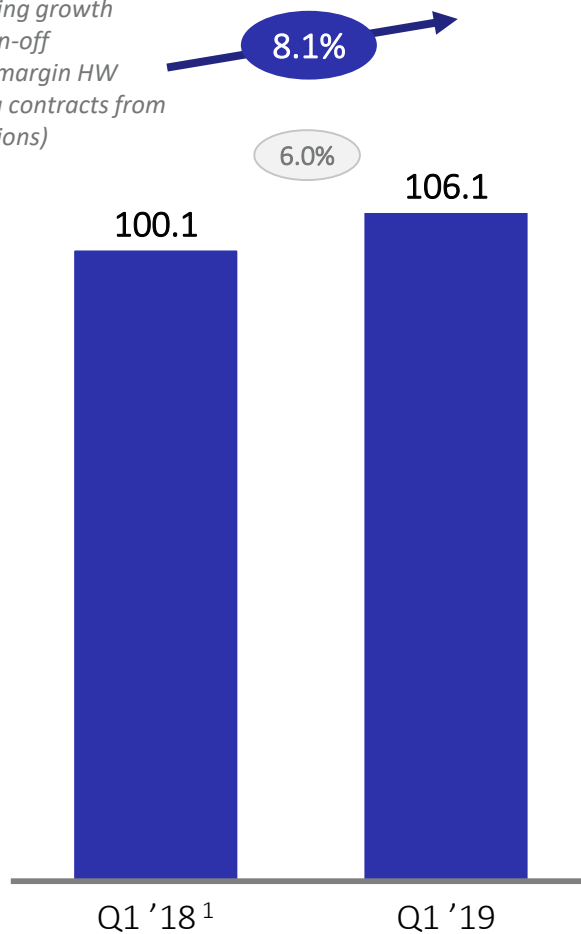


## Merchant Services & Solutions

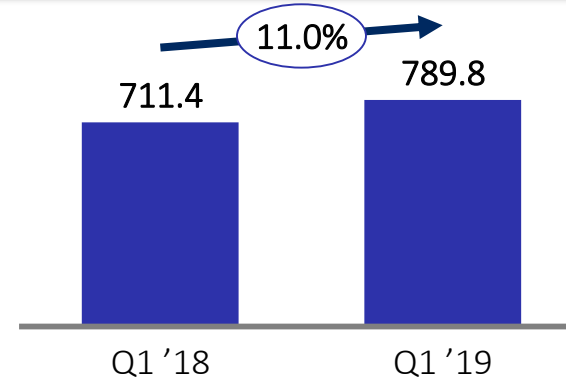


### Net Revenues (€M)

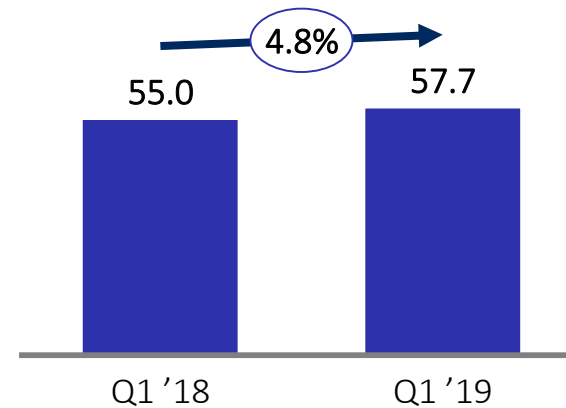
Underlying growth  
(excl. run-off  
of zero-margin HW  
reselling contracts from  
acquisitions)



### Managed Transactions (#M)



### Value of Managed Transactions (€B)



### Key Highlights

Smart POS/SME proposition progressing well; 4 new banks enrolled and launch of Smart POS mini

Growing pipeline for Large Merchant innovative solutions (omni-channel, invisible payments, Smart POS)

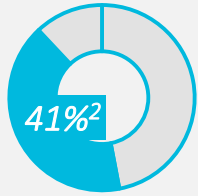
E-commerce growth accelerating (+17.5% YoY transactions value)

Value of managed transactions sustained by international schemes (+12% YoY)

YoY growth negatively affected by fewer working days in the quarter



# Cards & Digital Payments: continued growth with key initiatives on track



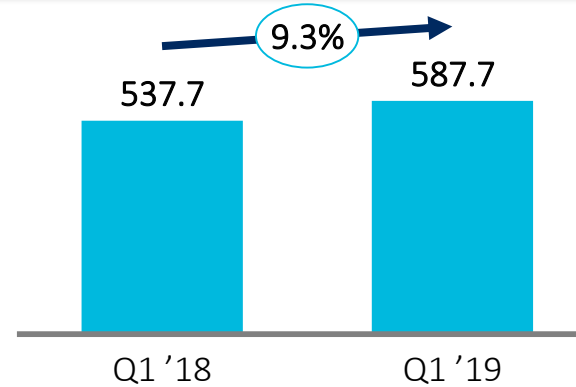
## Cards & Digital Payments



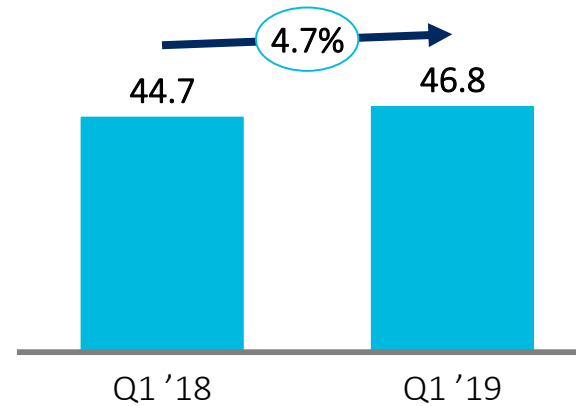
### Net Revenues (€M)



### Managed Transactions (#M)



### Value of Managed Transactions (€B)



### Key Highlights

Contribution to growth from cross-selling, engagement and usage stimulation initiatives (e.g. easy shopping)

Strong acceleration on YAP, with 430K enrolled clients YTD

Sustained growth of volumes on international schemes (+10% YoY)

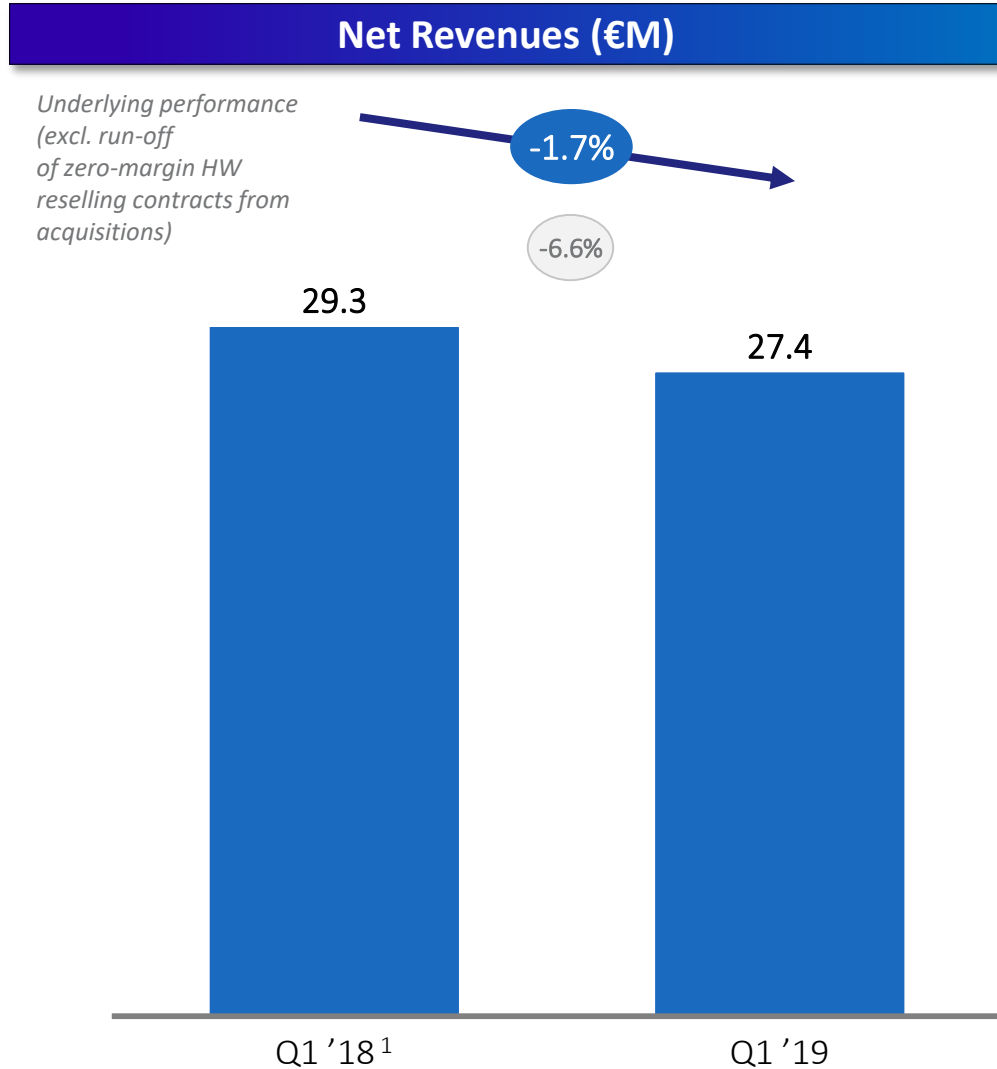
YoY growth negatively affected by fewer working days in the quarter

# Digital Banking Solutions: core business substantially flat, key initiatives on track

**Digital Banking Solutions**

12%<sup>2</sup>

CBI GLOBE



### Key Highlights

New Digital Corporate Banking proposition launched, with two major banks starting roll-out

New ATM proposition starting roll-out. Accelerating shift from traditional to advanced ATMs

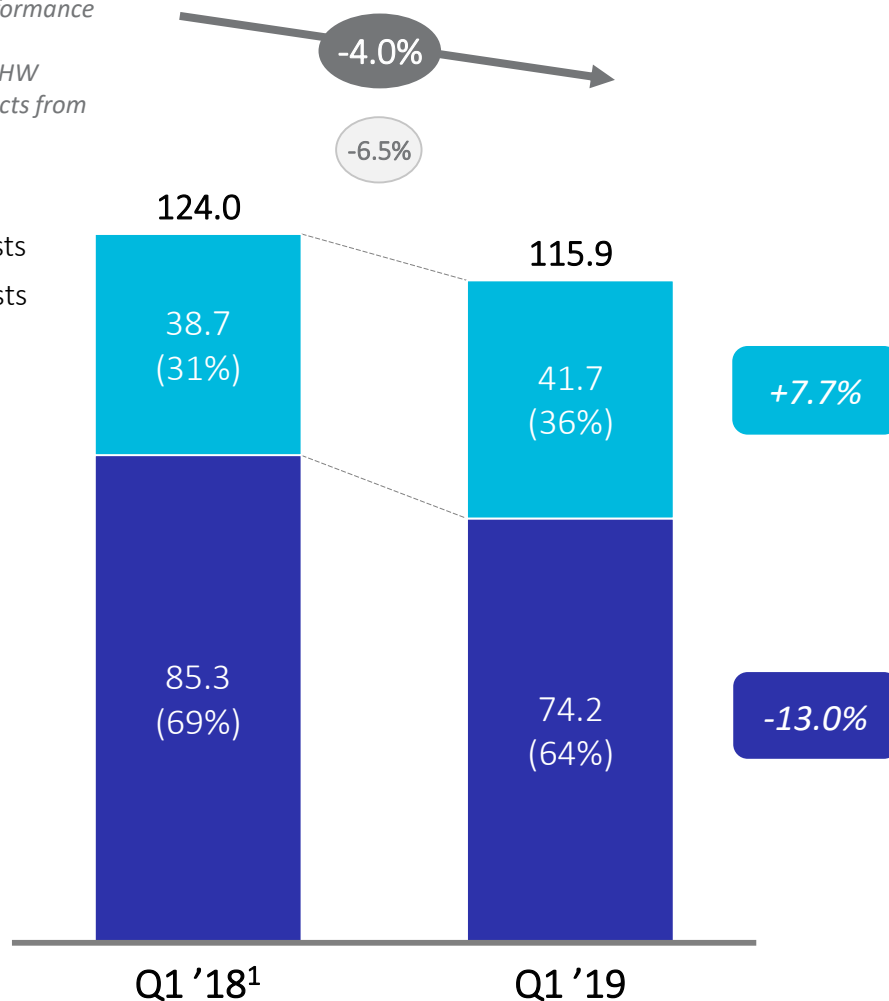
Nexi Open Banking Gateway in pilot phase. 200+ banks / financial institutions signed (over 75% of market)

# Costs: strong reduction supported by cost initiatives and integration synergies

## Total Costs (€M)

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

Personnel Costs  
Operating Costs



## Key Highlights

Strong decrease in operating costs driven by cost initiatives and integration of acquired businesses (IFRS 16 impact ~2.5 €M)

Continuous investment in development initiatives and people capabilities

Early results of IT strategy implementation

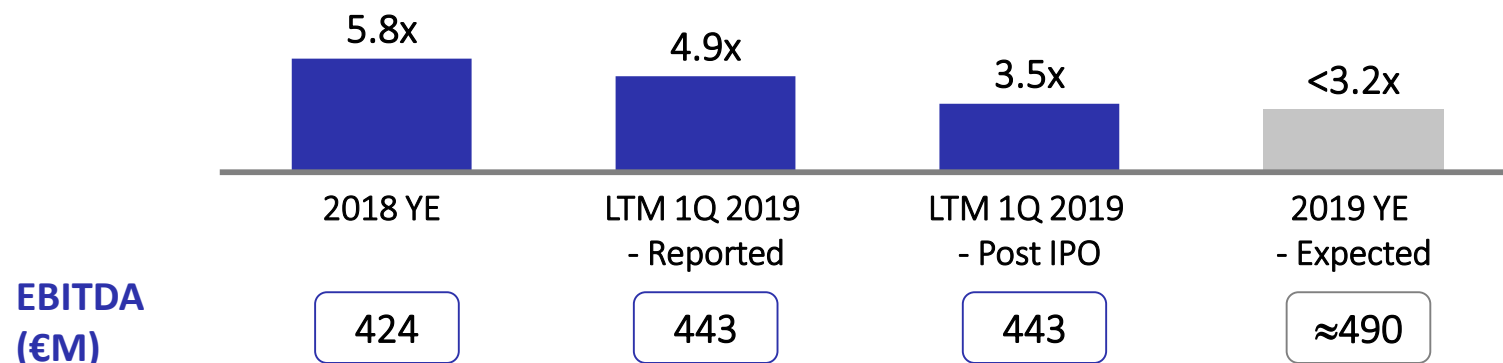
Non-recurring items below EBITDA in the quarter ca. 9 €M (~-60% YoY)

# Update on capital structure and leverage

## Net Financial Debt (€M)

	YE 2018	Q1 2019	Q1 2019 – Post IPO/ Refinancing
Gross Financial Debt	2,605	2,656	1,847
Cash & Cash Equivalents <sup>1</sup>	(151)	(471)	(308)
<b>Net Financial Debt</b>	<b>2,454</b>	<b>2,185</b>	<b>1,538</b>

## Net Financial Debt / EBITDA (€M)



## Key Highlights

Rating update:

- i. S&P's upgraded to BB- with Positive outlook
- ii. Moody's upgraded to Ba3 with Positive outlook

Refinancing agreement includes:

- i. 1,000 €M senior secured Term Loan facility
  - ii. New 350 €M multi-currency RCF
- 5 year tenor and weighted average cost of debt reduction of ca. 70 bps p.a. (from ~3.8% to ~ 3.1%)

Senior Secured Credit Facilities and proceeds from the IPO to refinance:

- i. Outstanding Senior Secured FRNs (1,375€M)
- ii. Private Notes (400€M)

## Appendix: P&L

<i>(in €M)</i>	PF 2018	PF Q1 2018	Act. Q1 2019	$\Delta\%$ PF Q1'18-'19 <sup>1</sup>	$\Delta\%$ PF Q1'18-Act. Q1'19
Merchant Services & Solutions	448.2	100.1	106.1	8.1%	6.0%
Cards & Digital Payments	360.6	86.0	93.0	8.1%	8.1%
Digital Banking Solutions	121.7	29.3	27.4	-1.7%	-6.6%
<b>Operating Revenue</b>	<b>930.6</b>	<b>215.4</b>	<b>226.5</b>	<b>6.8%</b>	<b>5.1%</b>
Personnel Costs	-149.9	-38.7	-41.7	7.7%	7.7%
Operating Costs	-356.5	-85.3	-74.2	-9.5%	-13.0%
<b>Total Costs</b>	<b>-506.4</b>	<b>-124.0</b>	<b>-115.9</b>	<b>-4.0%</b>	<b>-6.5%</b>
<b>EBITDA</b>	<b>424.1</b>	<b>91.4</b>	<b>110.6</b>	<b>21.0%</b>	<b>21.0%</b>

# Thank You for Your Attention

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