



H1 2019 Results Presentation

July 29th, 2019



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Executive Summary

H1 results highlights

Strong focus on financial delivery

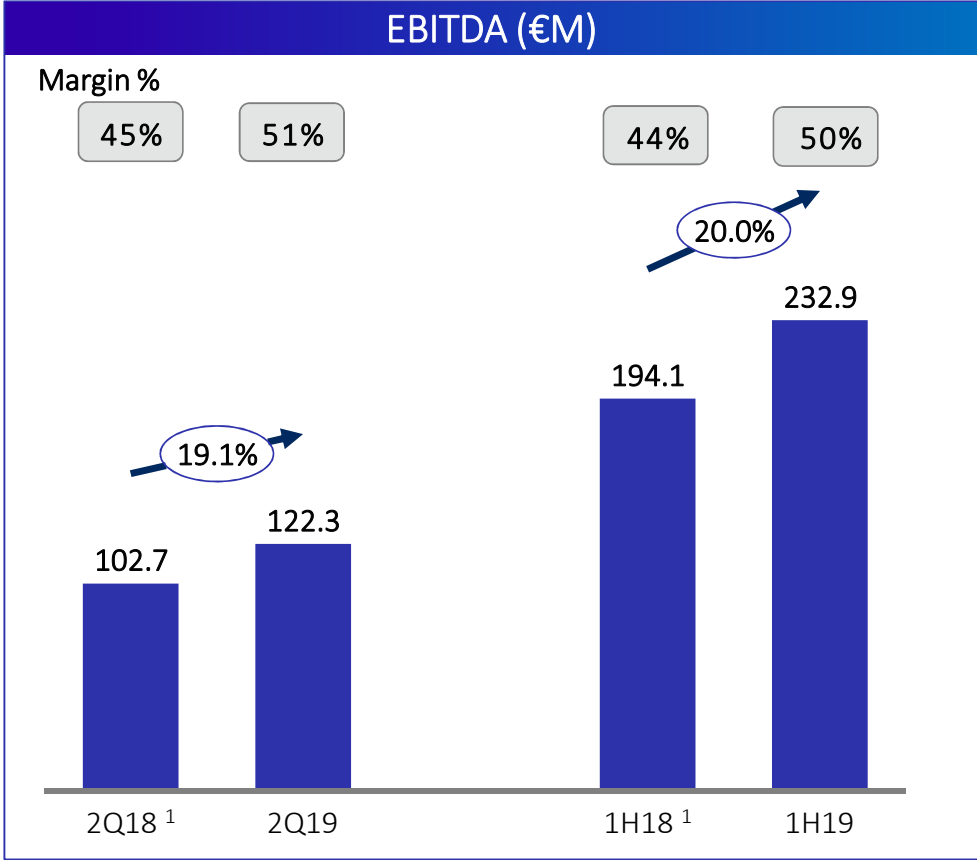
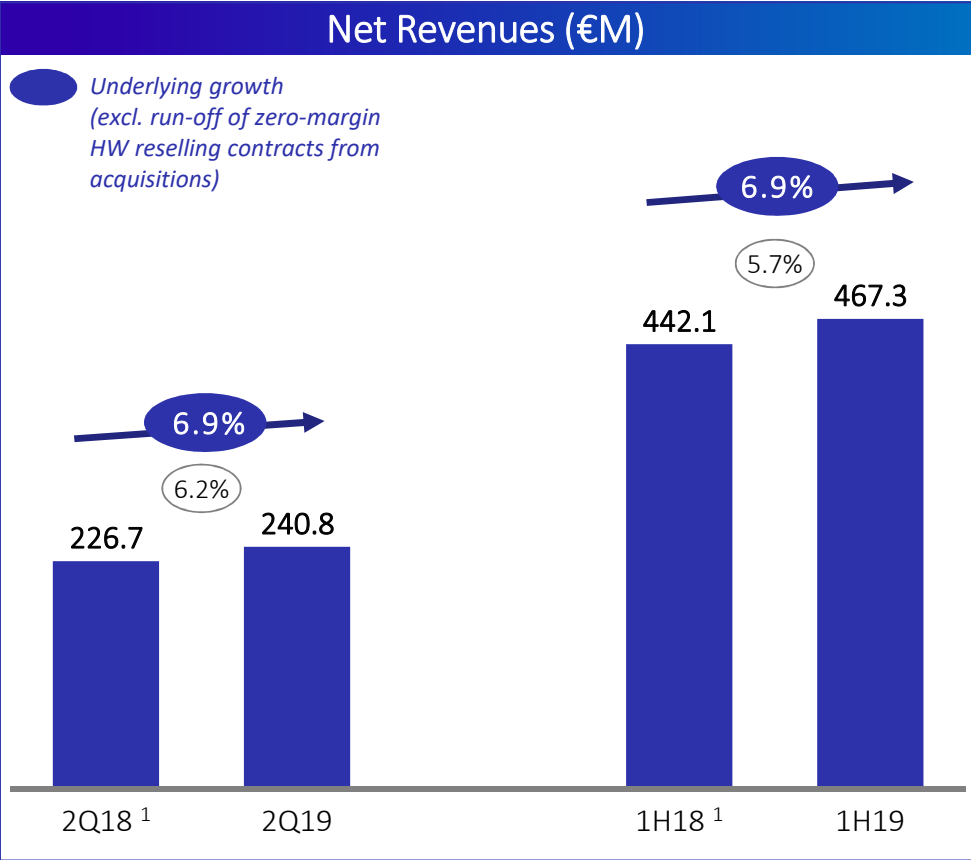
- EBITDA +20.0% y/y growth, at 232.9 €M in H1 2019
- Revenues +6.9% y/y underlying growth excluding run-off of zero-margin hardware reselling contracts from acquisitions. +5.7% y/y reported growth at 467.3 €M in H1 2019

Continued progress on key business initiatives

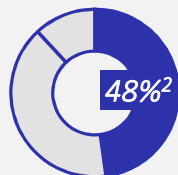
- **Merchant Services and Solutions** (48% of Revenues): continued traction on SmartPOS proposition, good progress in E-Commerce and large merchants omni-channel, ramp-up of omni-acceptance to additional rails
- **Cards and Digital Payments** (40% of Revenues): continued growth of International Debit, YAP millennials payments app and CVM up/cross selling activities
- **Digital Banking Solutions** (12% of Revenues): good progress on strategic initiatives to support H2 growth
- Cost initiatives and integration synergies contributing to -5.5% y/y reported costs reduction, -3.7% y/y excluding run-off of zero-margin hardware reselling contracts, despite continued investments
- Transformation costs below EBITDA **-60% y/y**
- Continued focus on investments in Technology and Innovation: Capex at 59 €M (**13%** of H1 2019 Revenues)
- Debt refinancing successfully completed. Gross Debt now at 1.8 €B (net 1.5 €B) with a significant average cost decrease

Overall H1 results well on track to deliver Financial Guidance, with 2019 expected EBITDA raised to ~500 €M (vs ~490 €M), +18% y/y and 2019 Net financial Debt/EBITDA improved to ~3.0x EBITDA (vs < 3.2x)

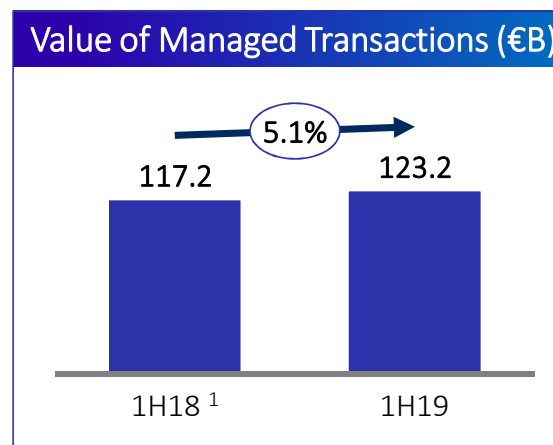
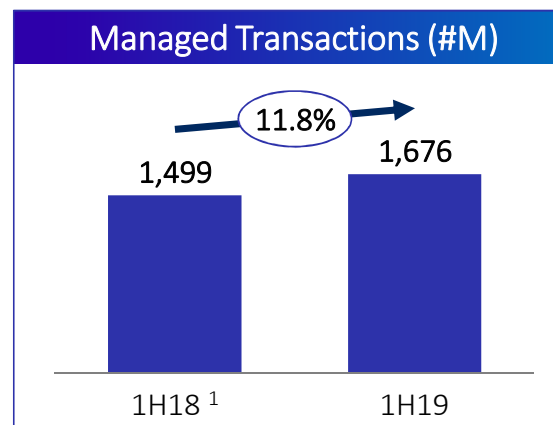
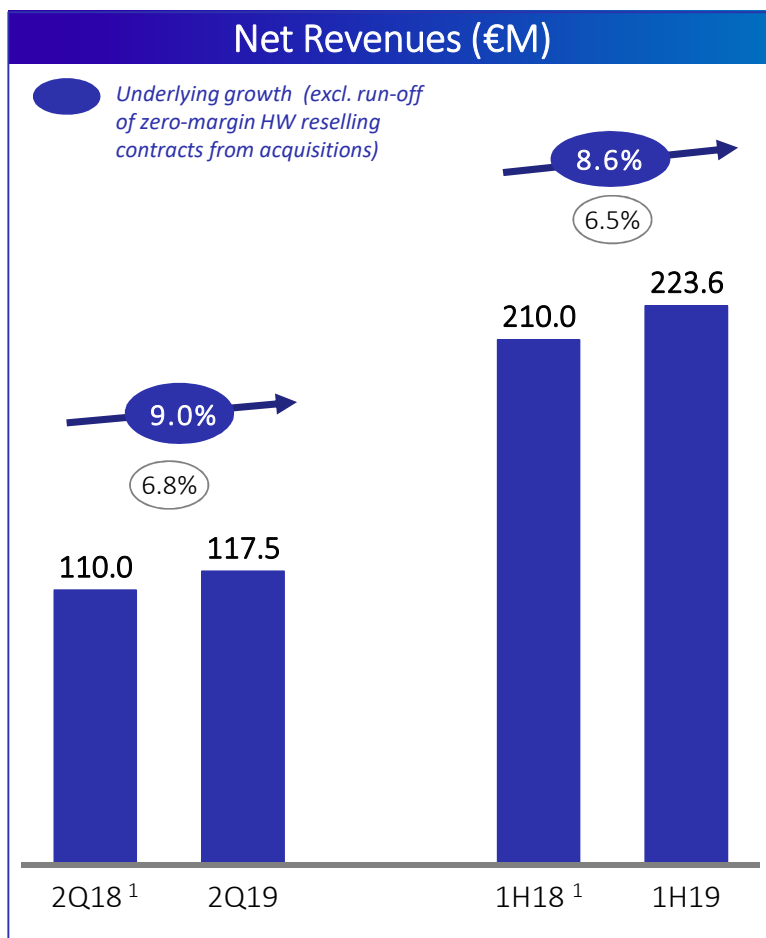
Healthy Revenue growth and strong EBITDA performance



Merchant Services & Solutions: continued strong growth



Merchant Services & Solutions



- ### Key Highlights
- Value of managed transactions sustained by strong International Schemes growth (+11.9% y/y)
 - Continued E-Commerce growth (+17% y/y transaction value)
 - Y/y growth negatively affected by fewer working days in the semester, neutral in Q2

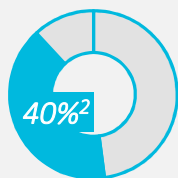
Merchant Services & Solutions: key business update

Be the payment services provider of choice for every Italian merchant, in partnership with our partner banks

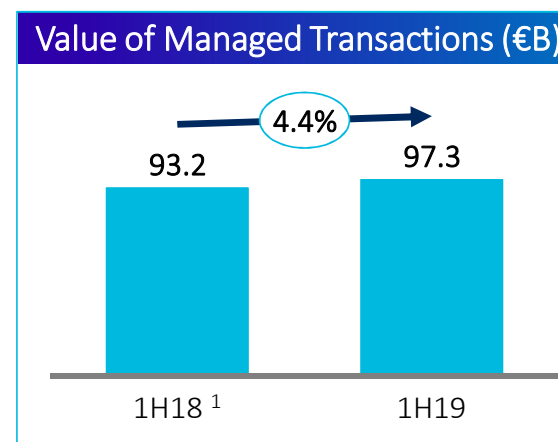
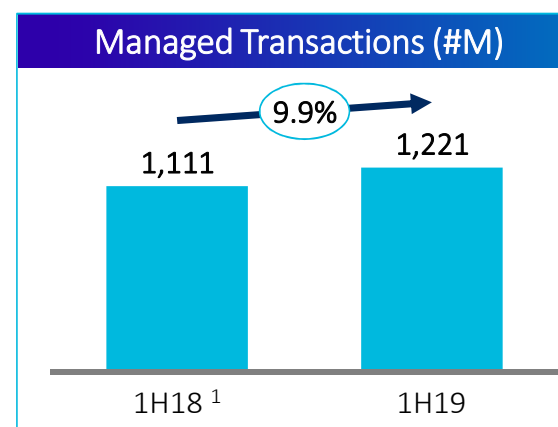
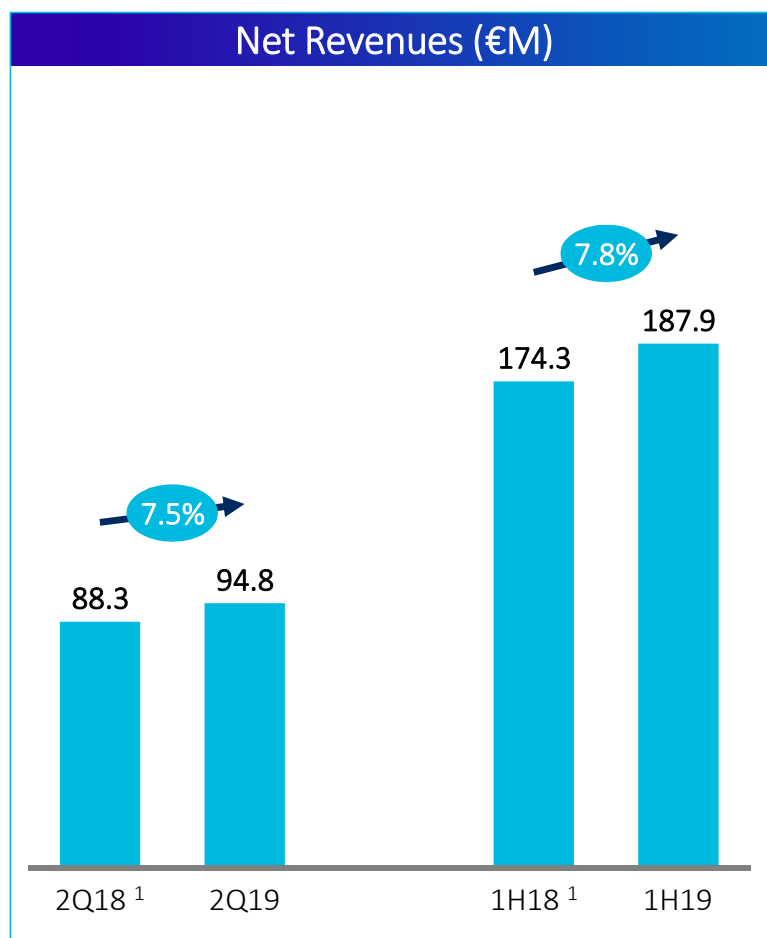
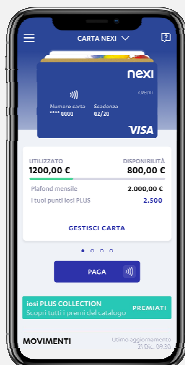
SmartPOS	<ul style="list-style-type: none"> Continued traction on SmartPOS proposition (now including SmartPOS Mini), with frontbook penetration up to 30% during CVM-supported campaigns Strong interest across all merchant segments, from SME to Large Merchants, and industries Growing success of SmartPOS Cassa (i.e. incl. cash register), also due to new regulation on electronic tax data transmission
Large Merchants Omni-Channel	<ul style="list-style-type: none"> Progressing on development of new omni-channel proposition, incl. cross border capabilities from 4Q19 Further investment on dedicated team, with focus on vertical industry experts and solution engineers Rolling out Large Merchants solutions on different verticals (insurance, supermarkets, travel & mobility,..)
E-Commerce	<ul style="list-style-type: none"> Continued growth supported by physical customer base cross-selling (with full cross-channel contractual enablement already in place), partnerships with developers and Public Administration payments (Pago PA)
Omni-Acceptance	<ul style="list-style-type: none"> Acceleration of multiple payment rails acceptance Partnership on meal voucher acceptance (5 contracts with EMV issuers signed) Partnership with UnionPay
Nexi Business data app	<ul style="list-style-type: none"> Nexi Business Merchant app, data/business intelligence service, achieving >180k enrolled merchants (+80k from December 2018), with positive customer feedback (4.6 rating on Apple store) Overall penetration on addressable merchant base at 35%, with best practice at ~62%



Cards & Digital Payments: continued strong growth



Cards & Digital Payments

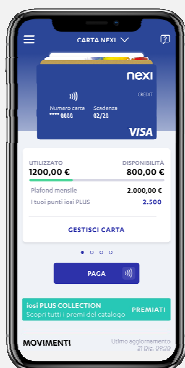


Key Highlights

- Value of managed transactions sustained by strong International Schemes growth (+9.6% y/y)
- Y/y growth negatively affected by fewer working days in the semester, neutral in Q2

Cards & Digital Payments: key business update

Be the Italian banks' partner of choice, offering a full portfolio with best-in-class Cards and Digital Payments services for customers



Credit

- **New full corporate proposition including virtual account B2B and lodge solutions** ready by 3Q19
- Growing spontaneous interest from corporates across multiple industrial sectors

Debit

- **Continued growth of International Debit** (+30% y/y transaction value). Further launches under development
- **National Debit upgrade** under development

Customer Value Management

- **Distinctive capabilities** to drive usage and up/cross selling to higher value products through campaigns with banks and cardholder engagement programs
- **~38 up/cross-selling campaigns available** supported by internal data scientist team with about 25 banks already engaged

Digital

- **Continued evolution of Nexi Pay mobile app**, with new features being released every month
- **Growing support to large banks on their digital properties**, both via API integrations and whitelabel projects

YAP millennials payments app

- **Continued progress on YAP**, with ~550k enrolled clients to date. Positive customer feedback, with 50 Net Promoter Score and 4.8 rating on Apple store
- Solution now ready for **banks' engagement**, with multiple ongoing discussions

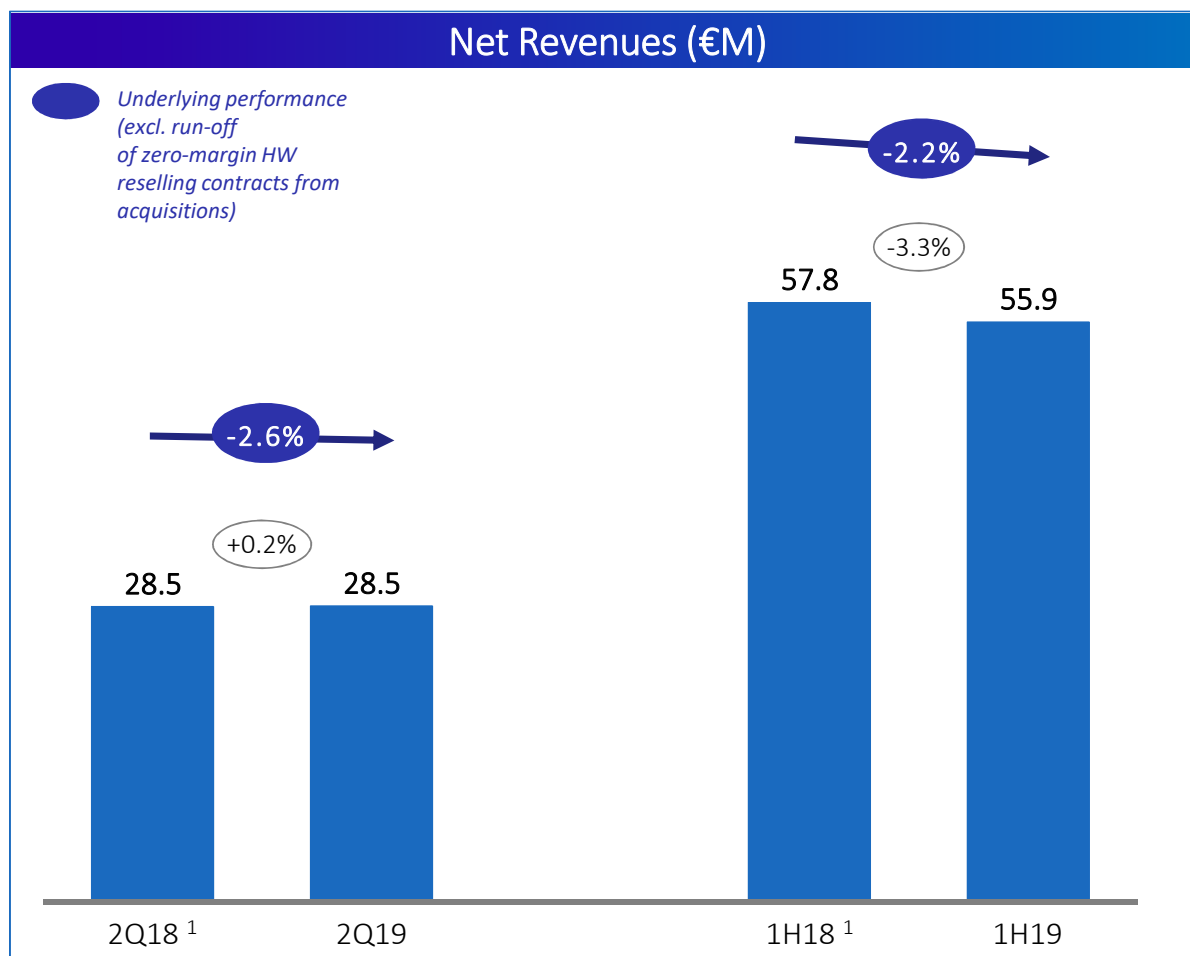
Digital Banking Solutions: expected return to growth in H2

12%²

Digital Banking Solutions

CBI GLOBE

€



Key Highlights

- Underlying revenue performance consistent with Q1 2019 trend, affected by banking sector consolidation in prior year
- Expected underlying growth in H2 2019 thanks to rollout of new propositions and the unwinding of the impact on revenues from banking consolidation in prior year

Digital Banking Solutions: key business update

Provide state-of-the-art innovative solutions to support Bank customers digitalization with E2E outsourcing models



Self-banking

- Rolling out new higher value **self banking products/platform** (front-end /back-end) with positive early customer feedback
- Growing demand for **advanced ATMs**, with ongoing activities to support Banks' transformation

Instant Payments

- Continued progress on **Banks' onboarding and rollout**

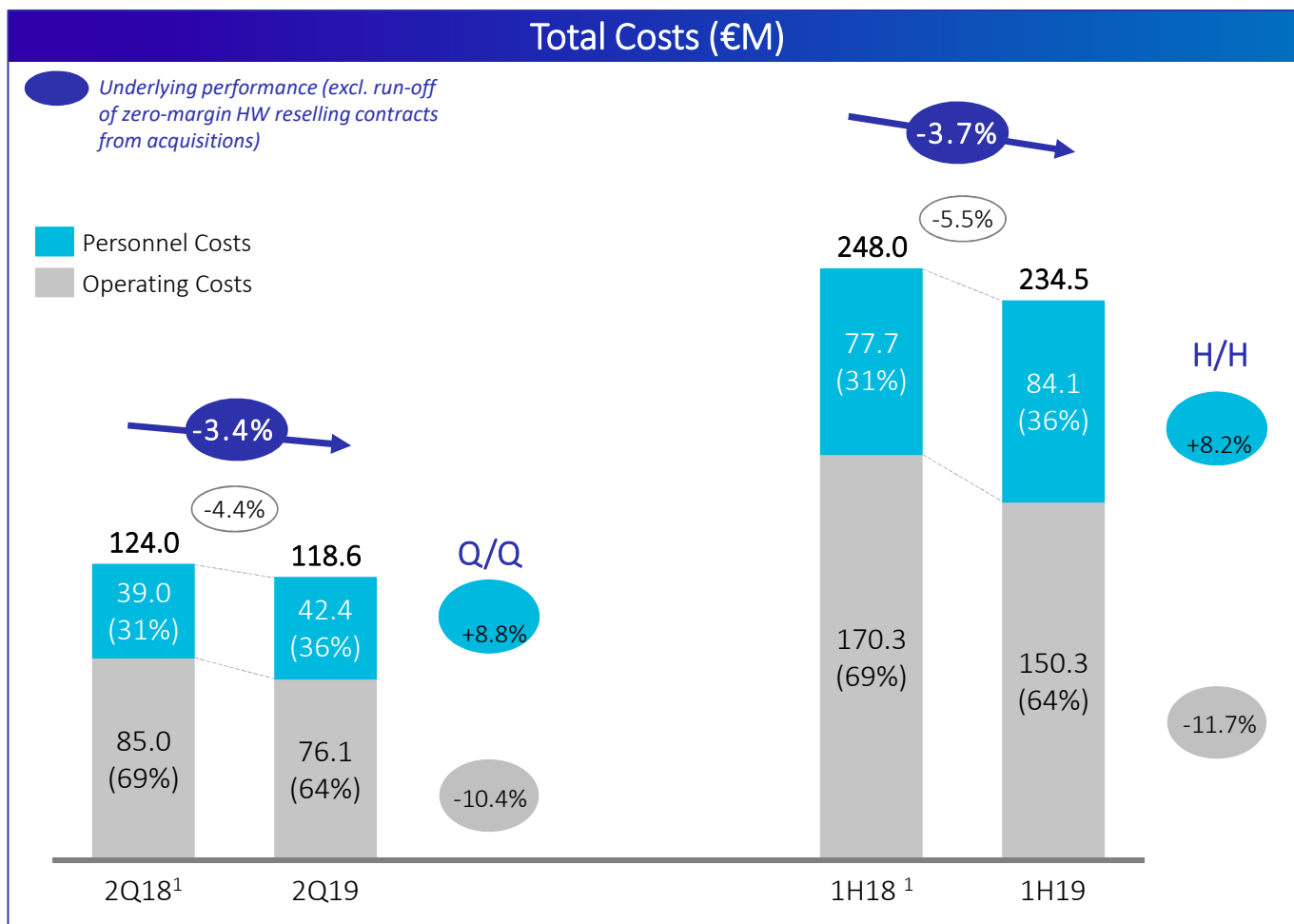
Digital Corporate Banking

- **Good progress on onboarding and roll-out of bank customers** on the new advanced platform
- **Continued growth of installed workstations** confirming Digital Corporate Banking, and Corporate Payments more in general, as key strategic opportunity

Open Banking/ PSD2

- **Open Banking Gateway (CBI Globe) now live**, largest PSD2 Platform in the Eurozone
- 280+ banks/financial institutions live (over 78% of Italian market) and 20+ third parties already connected to gateway
- Growing focus on delivering **innovative value added services, both cooperative and competitive**

Costs: strong reduction supported by saving initiatives and integration synergies



- ### Key Highlights
- Strong decrease in operating costs despite continuous investment in development initiatives driven by:
 - ✓ saving initiatives and accelerated integration in H1 of acquired businesses
 - ✓ early results in terms of improved efficiency from implementation of IT strategy
 - ✓ IFRS16 impact ~5.9 €M in H1 2019
 - Continuous investment in people capabilities

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

December 2018

People and Capabilities ✓

- ✓ IT Team & Tech capabilities in place
- ✓ 6 Digital Factories, 3 specialized structures, 4 CoE in place
- ✓ Basilichi 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
- ✓ ...

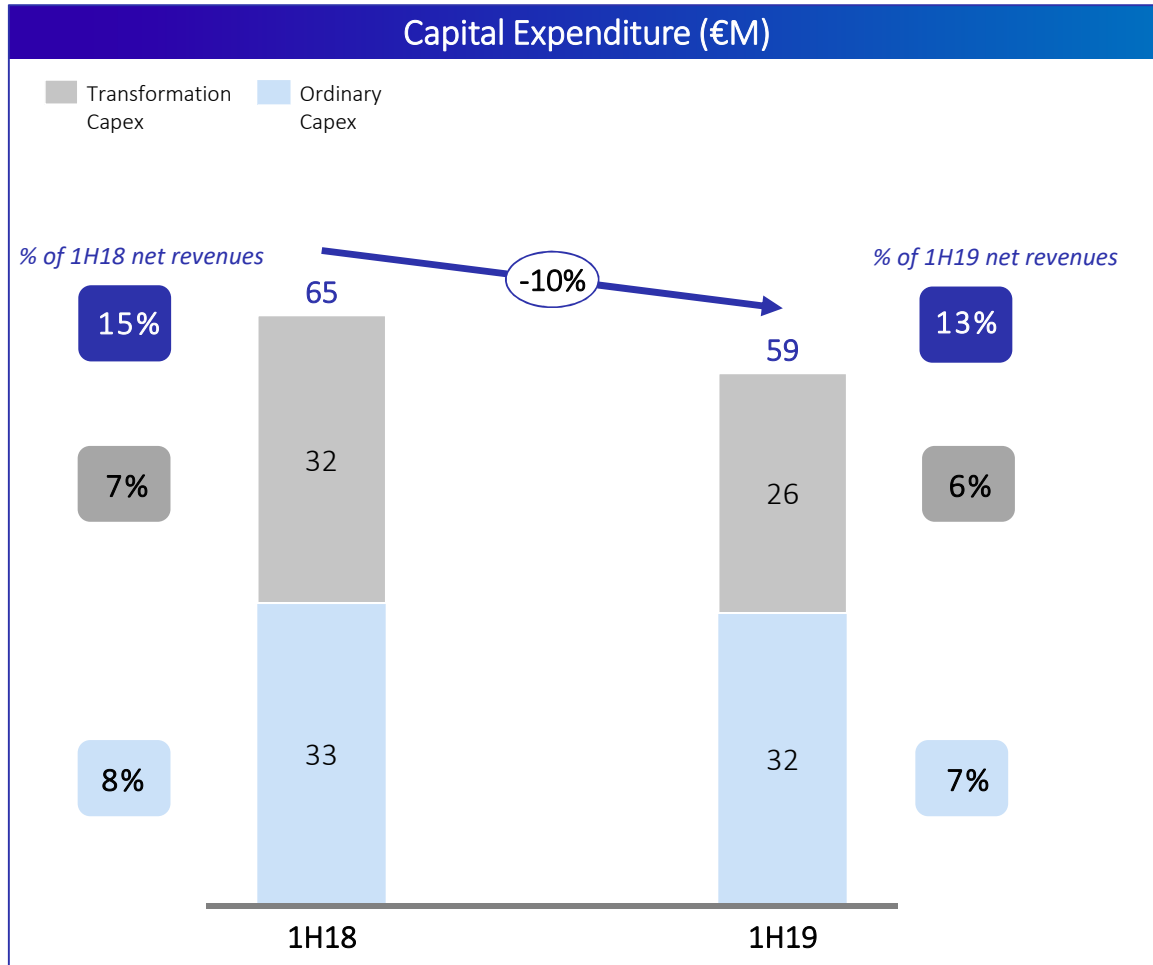
- Clear integrated architectural vision
- Step by step modular execution on going

- Data & Analytics implementation
- CRM and ops transformation
- Processing Hubs consolidation
-

2016 - 2018

Ordinary Effort Extraordinary Transformation Effort

Capex: 59 €M invested in H1 2019, equal to 13% of Revenues



Ongoing investments (H1 2019): key examples

Transformation Capex 26

Extraordinary Innovation:

- ✓ Open Banking Gateway (CBI Globe)
- ✓ New ATM Front End
- ✓ Next generation omni-channel payment gateway

Next Generation Platform:

- ✓ Next Generation Datacenter
- ✓ New Debit Card Platform
- ✓ Cloud Big Data Activation

Ordinary Capex 32

Continuous Innovation and Delivery:

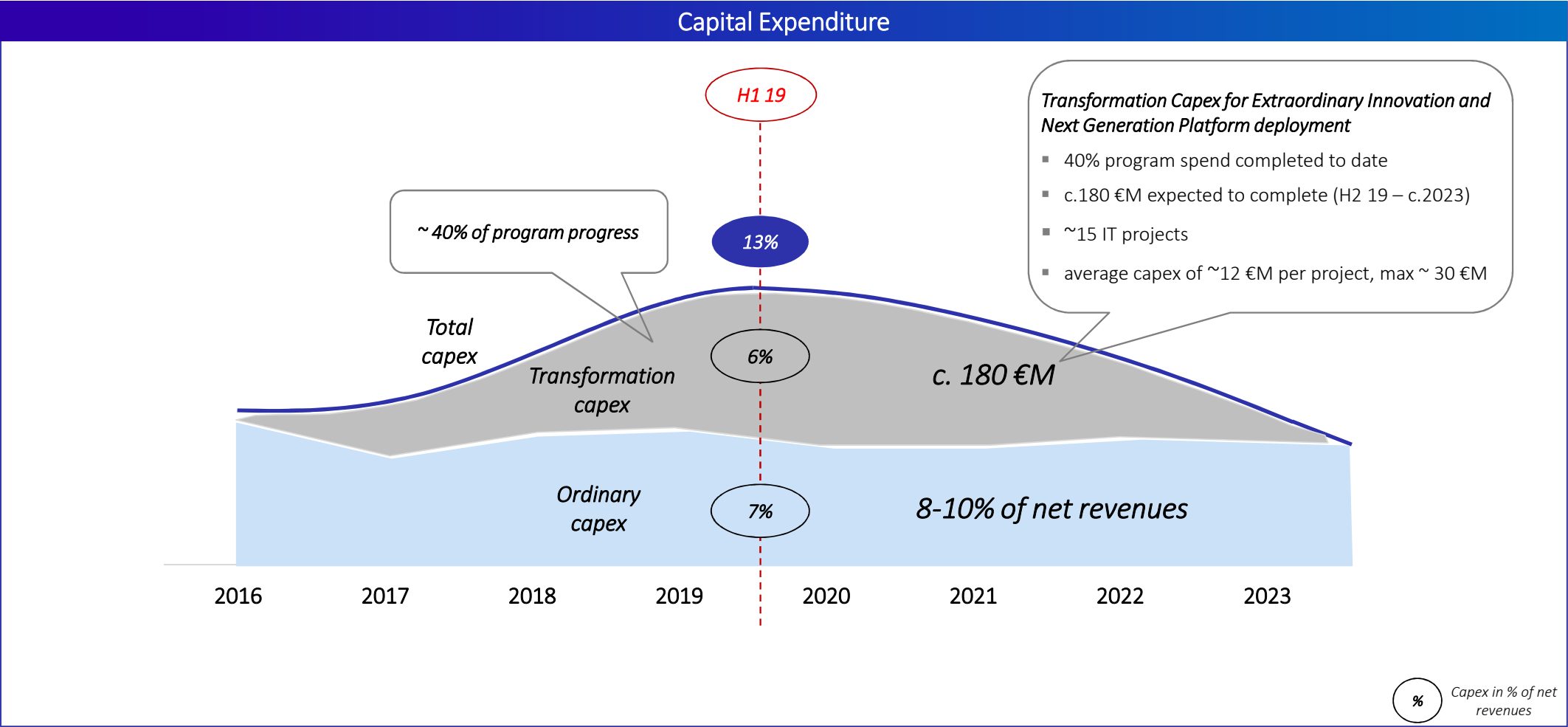
- ✓ PSD2 compliance
- ✓ Debit Card mobile wallet enablement
- ✓ Mobile Wallets evolution
- ✓ New commercial corporate cards
- ✓ SmartPOS Onboarding
- ✓ Banks migrations and new launches

Running and Maintenance/ Quality/ Security:

- ✓ Advanced service monitoring solutions
- ✓ Small product and service upgrades for customers
- ✓ Cyber security continuous improvement
- ✓ Hardware upgrade/refresh

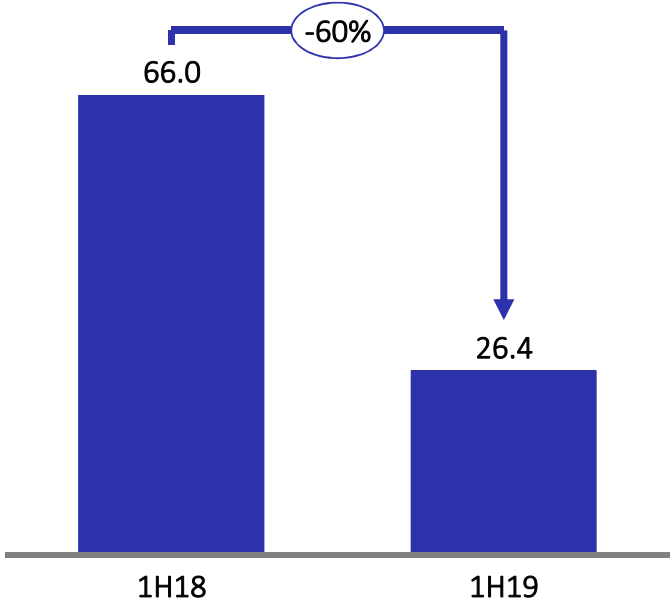
POS and ATM purchase

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

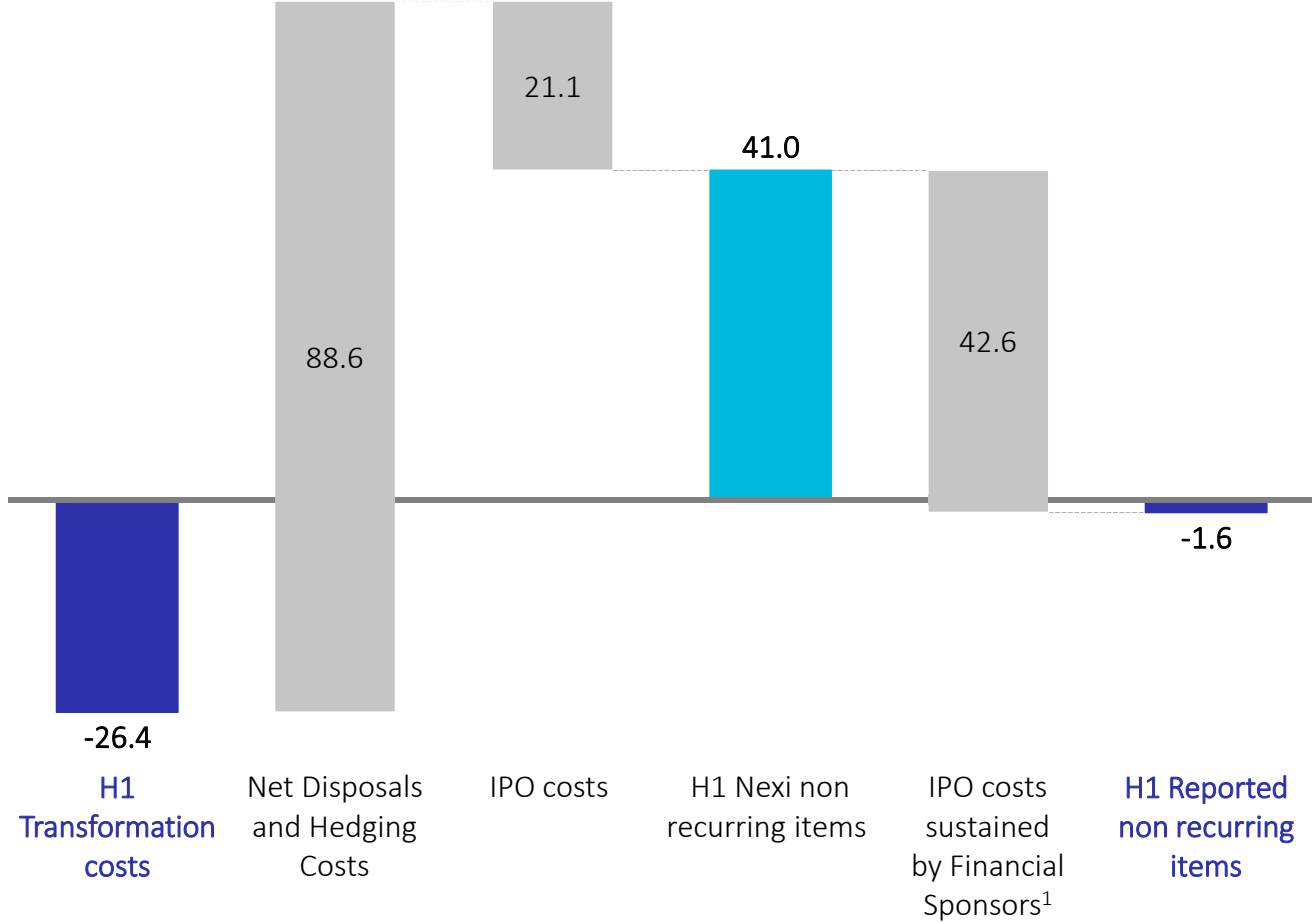


H1 2019 Transformation Costs in line with guidance

Transformation Costs (€M)

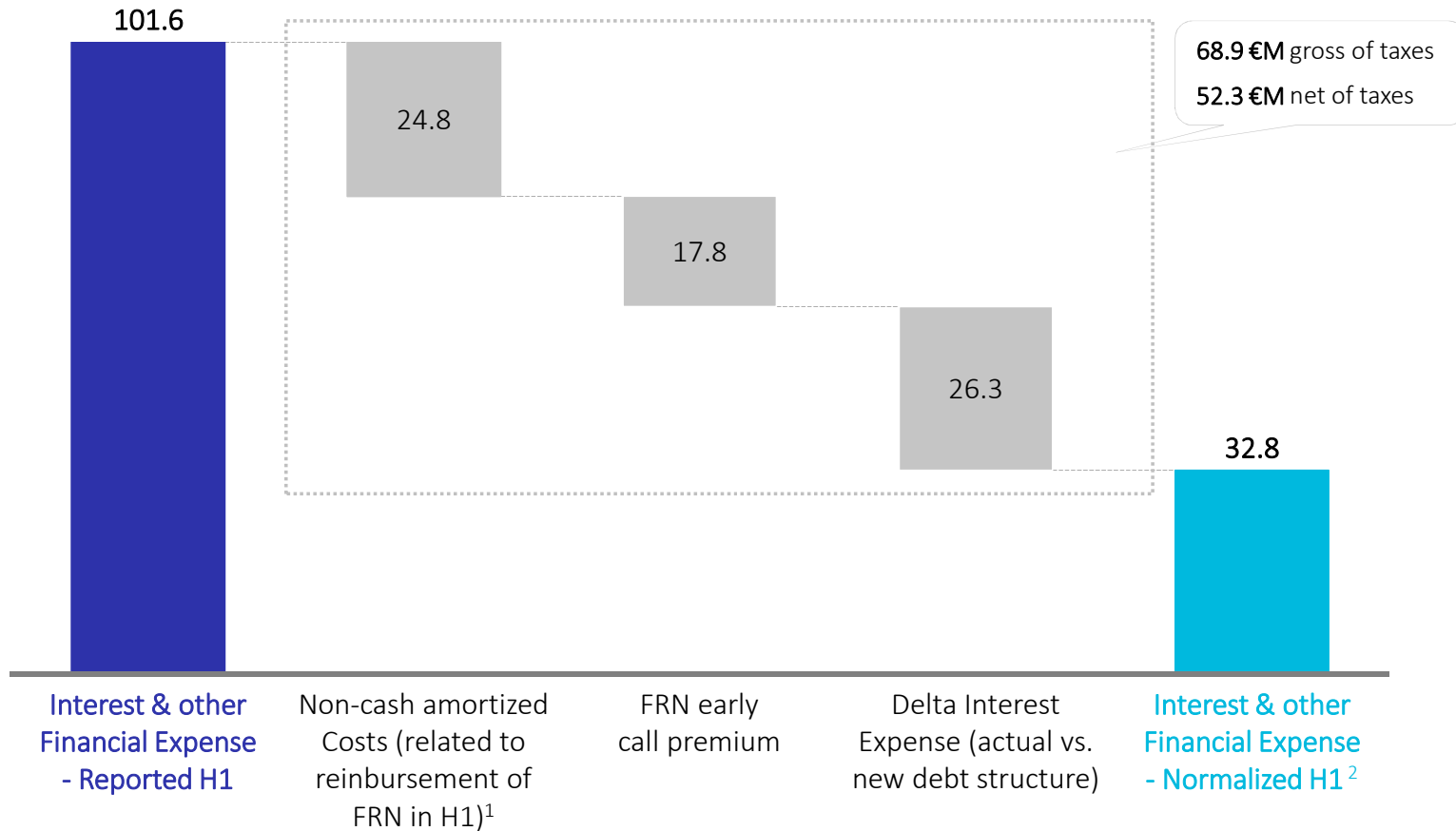


Bridge from H1 2019 Transformation Costs to Reported non recurring items (€M)



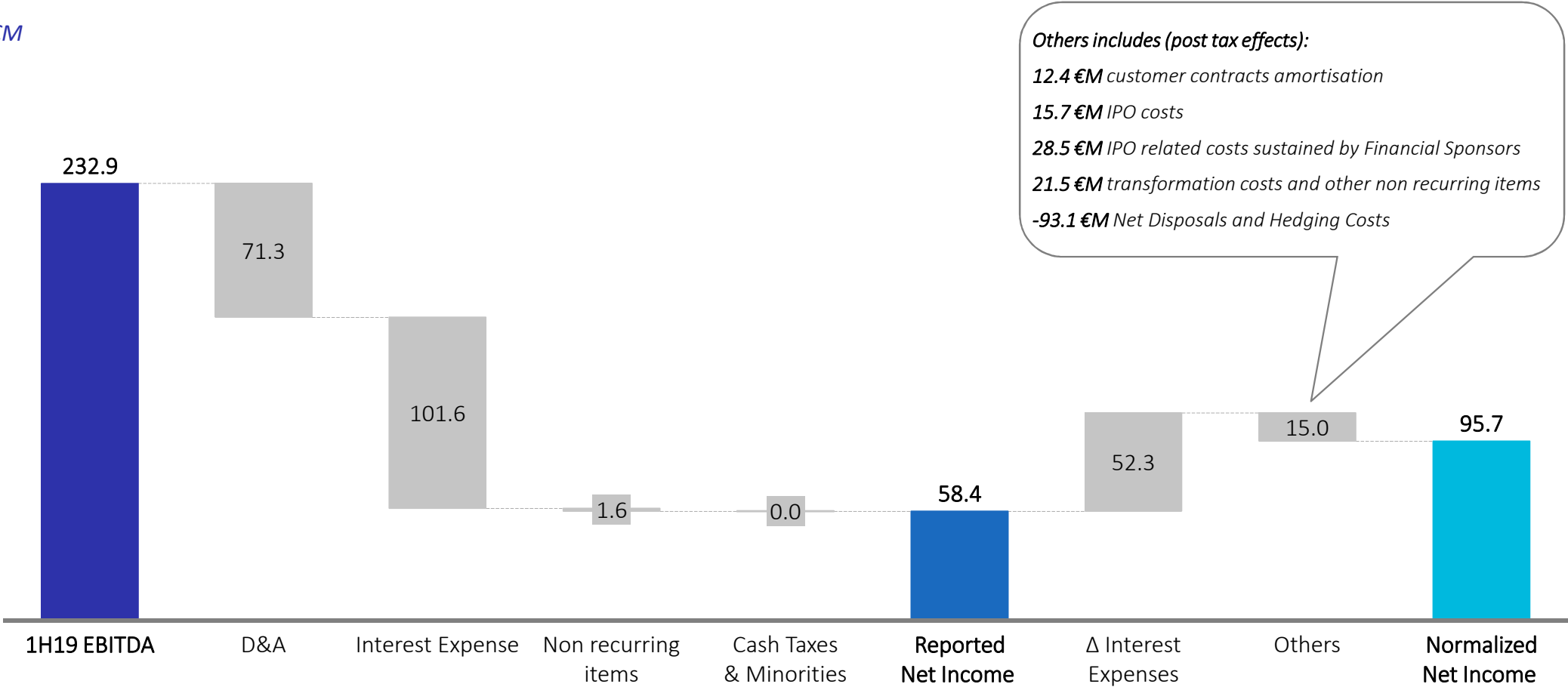
H1 2019 Reported Interest Expense affected by extraordinary events. Run rate of Interest Expense based on new capital structure from H2 2019 onwards

Reported and Normalized Interest Expenses H1 2019 (€M)



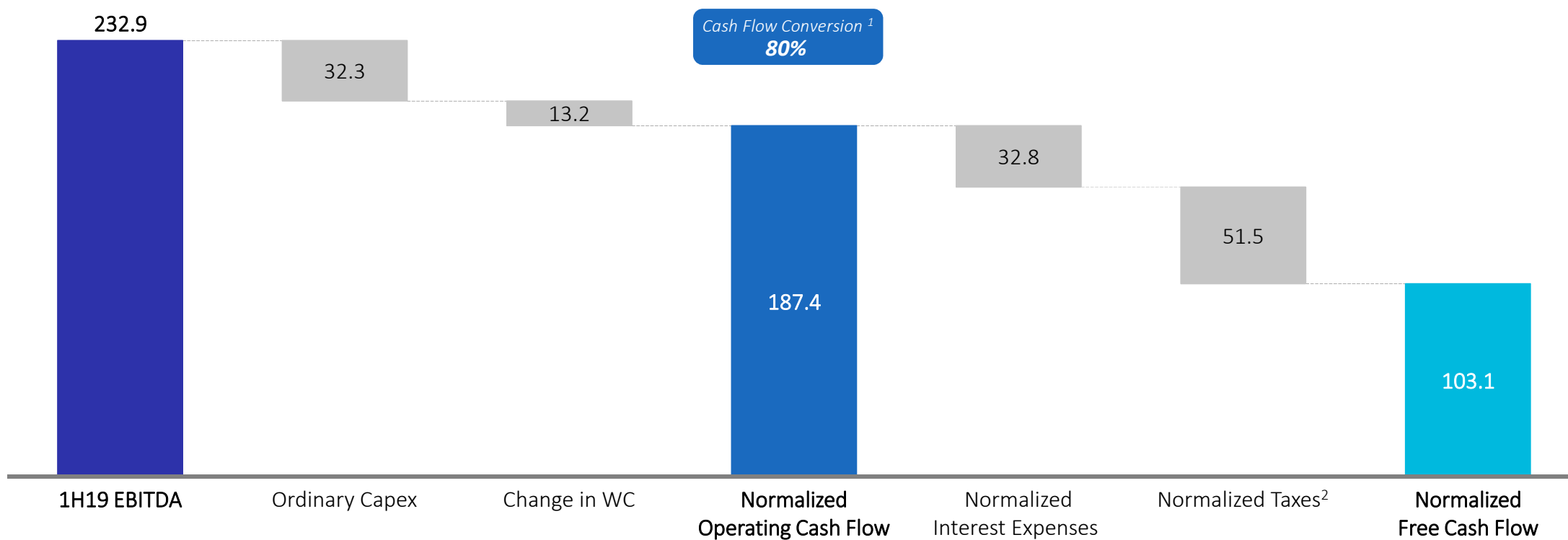
Bridge from EBITDA to normalized Net Income

€M



Cash Flow conversion increased to 80% vs 74% in FY 2018

€M

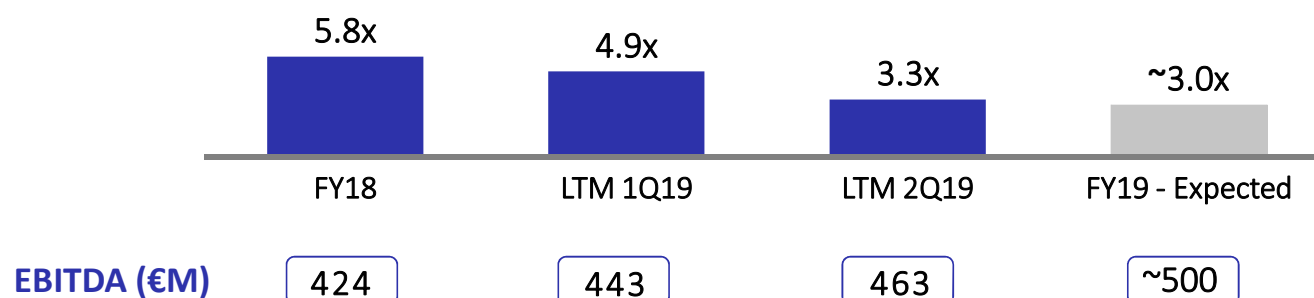


Net Financial Debt / EBITDA expected to be ~3.0x at year-end

Net Financial Debt (€M)

	FY18	1Q19	2Q19
Gross Financial Debt	2,605	2,656	1,845
Cash	(41)	(361)	(231)
Cash Equivalents ¹	(110)	(110)	(92)
Net Financial Debt	2,454	2,185	1,523

Net Financial Debt / EBITDA (€M)



Key Highlights

Rating update:
Fitch upgraded Nexi IDR to BB- with Positive outlook and Nexi outstanding Bond (825 €M Senior Secured Notes) rating to BB

1 €B 5 year Senior Secured Term Loan together with IPO primary proceeds and available cash, used to redeem:

- Senior FRN (1,375 €M)
- Private Notes (400 €M)

Current Debt structure:

- 1 €B SS Term Loan due 2024
- 825 €M SS Fixed-Rate Note due 2023
- Other residual debt (mainly IFR 17)

Nexi also benefits from access to an undrawn 350 €M SS Revolving Credit Facility, committed to 2024, that further support its liquidity profile

Financial guidance updates

	Guidance	Guidance updates
2019 EBITDA	~490 €M (~ +16% y/y)	~500 €M (~+18% y/y)
Net Debt/EBITDA Dec. 2019	< 3.2x	~ 3.0x
Total Capex	<ul style="list-style-type: none"> Ordinary Capex: 8-10% Revenues over long term Tot Capex to trend towards Ordinary Capex over m/l term Tot Capex in 2019: 16-17% Revenues 	<div style="text-align: right; font-weight: bold; color: white; background-color: #555; padding: 5px; transform: rotate(-10deg); display: inline-block;">Clarification</div> <ul style="list-style-type: none"> Ordinary Capex: 8-10% Revenues over long term Transformation Capex on top of Ordinary Capex: ~180 €M (H2 2019 – c.2023) Tot Capex to trend towards Ordinary Capex over m/l term Tot Capex in 2019: 16-17% Revenues

Q&A



Annex



Normalized P&L

€M	1H18	1H19	1H19 vs. 1H18 ⁽¹⁾	1H19 vs. 1H18	2Q18	2Q19	2Q19 vs. 2Q18 ⁽¹⁾	2Q19 vs. 2Q18
Merchant Services & Solutions	210.0	223.6	+8.6%	+6.5%	110.0	117.5	+9.0%	+6.8%
Cards & Digital Payments	174.3	187.9	+7.8%	+7.8%	88.3	94.8	+7.5%	+7.5%
Digital Banking Solutions	57.8	55.9	-2.2%	-3.3%	28.5	28.5	-2.6%	+0.2%
Operating revenue	442.1	467.3	+6.9%	+5.7%	226.7	240.8	+6.9%	+6.2%
Personnel & related expenses	(77.7)	(84.1)	+8.2%	+8.2%	(39.0)	(42.4)	+8.8%	+8.8%
Operating Costs	(170.3)	(150.3)	-9.4%	-11.7%	(85.0)	(76.1)	-9.3%	-10.4%
Total Costs	(248.0)	(234.5)	-3.7%	-5.5%	(124.0)	(118.6)	-3.4%	-4.4%
EBITDA	194.1	232.9	+20.0%	+20.0%	102.7	122.3	+19.1%	+19.1%
D&A	(30.6)	(52.8)	+72.5%	+72.5%				
Interests & financing costs	(32.2)	(32.8)	+2.0%	+2.0%				
Normalized Pre-tax Profit	131.3	147.2	+12.1%	+12.1%				
Income taxes	(46.2)	(51.5)	+11.4%	+11.4%				
Minorities	(0.6)	(0.0)	-95.9%	-95.9%				
Normalized Net Profit	84.5	95.7	+13.3%	+13.3%				

Reported P&L vs Normalized P&L

€M	Reported 1H19	Delta	Normalized 1H19
Merchant Services & Solutions	223.6		223.6
Cards & Digital Payments	187.9		187.9
Digital Banking Solutions	55.9		55.9
Operating revenue	467.3		467.3
Personnel & related expenses	(84.1)		(84.1)
Operating Costs	(150.3)		(150.3)
Total Costs	(234.5)		(234.5)
EBITDA	232.9		232.9
D&A	(71.3)	18.4	(52.8)
Interests & financing costs	(101.6)	68.8	(32.8)
Non recurring items	(1.6)	1.6	-
Pre-tax Profit	58.4	88.8	147.2
Income taxes	0.1	(51.5)	(51.5)
Minorities	(0.0)		(0.0)
Net Profit	58.4	37.3	95.7
<i>Transformation costs</i> ¹	(26.4)		(26.4)

Delta

D&A: D&A customer contracts

Interests & financing costs: coherent with the new debt structure (detailed bridge on slide 16)

Non recurring items: detailed bridge on slide 15

Updated 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-offs¹; 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 2019²
- 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

Thank You for Your Attention

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