



1Q 2020 Results Presentation

May 12th, 2020



Disclaimer

- This Presentation may contain written and oral “forward-looking statements”, which includes all statements that do not relate solely to historical or current facts and which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the control of Nexi Group (the “Company”). There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents of any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice. Neither this Presentation nor any part of it nor the fact of its distribution may form the basis of, or be relied on or in connection with, any contract or investment decision.
- The information, statements and opinions contained in this Presentation are for information purposes only and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful (the “Other Countries”), and there will be no public offer of any such securities in the United States. This Presentation does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries.
- Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2) Enrico Marchini, in his capacity as manager responsible for the preparation of the Company’s financial reports declares that the accounting information contained in this Presentation reflects Nexi Group’s documented results, financial accounts and accounting records.
- Neither the Company nor any of its representatives, directors or employees accept any liability whatsoever in connection with this Presentation or any of its contents or in relation to any loss arising from its use or from any reliance placed upon it.
- This Presentation has been prepared on a voluntary basis since the financial disclosure additional to the half-year and annual ones is no longer compulsory pursuant to law 25/2016 in application of Directive 2013/50/EU. Nexi Group is therefore not bound to prepare similar presentations in the future, unless where provided by law. Neither the Company nor any of its representatives, directors or employees accept any liability whatsoever in connection with this Presentation or any of its contents or in relation to any loss arising from its use or from any reliance placed upon it.

Executive Summary

Covid-19 update

- After ~2 months of lockdown in Italy, one of the strictest in Western Countries, on May 4th Phase 2 started with a gradual easing of lockdown measures. Several government initiatives to support businesses and families being executed
- **Full business continuity and usual high standards of efficiency ensured while safeguarding health and safety of all employees** since the start of the emergency at the end of February
- Several **social and sustainability initiatives** launched to support consumers, merchants and institutions across the Country
- **Nexi resilient business and economic model:**
 - 52% revenues related to installed base not directly impacted by volume contraction, 48% revenues related to volumes¹
 - 38% variable costs¹ linked to volumes/ level of activities
- **Strong January and February performance** (acquiring+issuing value of managed transactions +5.4% Y/Y) **and contraction in March and April** (acquiring+issuing value of managed transactions -33.0% Y/Y and -43.4% Y/Y respectively) due to lockdown measures. **Volume decrease mainly driven by travel, tourism, restaurants and discretionary consumption sectors while basic consumption category increasing in volumes. E-commerce transactions declining less and materially accelerating out of travel/tourism sectors.** Last week rolling (2nd – 8th May) shows very early signals of possible initial recovery across categories, to be confirmed in the coming weeks: acquiring+issuing value of managed transactions² -25% Y/Y
- Early observations of customers' behaviors evolution well support secular growth of digital payments. **Nexi already accelerating product and initiatives plans**, in anticipation of “new normal” customer needs

Executive Summary

1Q20 results highlights

- **EBITDA +3.9% y/y growth**, at 115.0 €M in 1Q20
- **Revenues -0.5% y/y growth**, at 225.3 €M in 1Q20

Key business initiatives

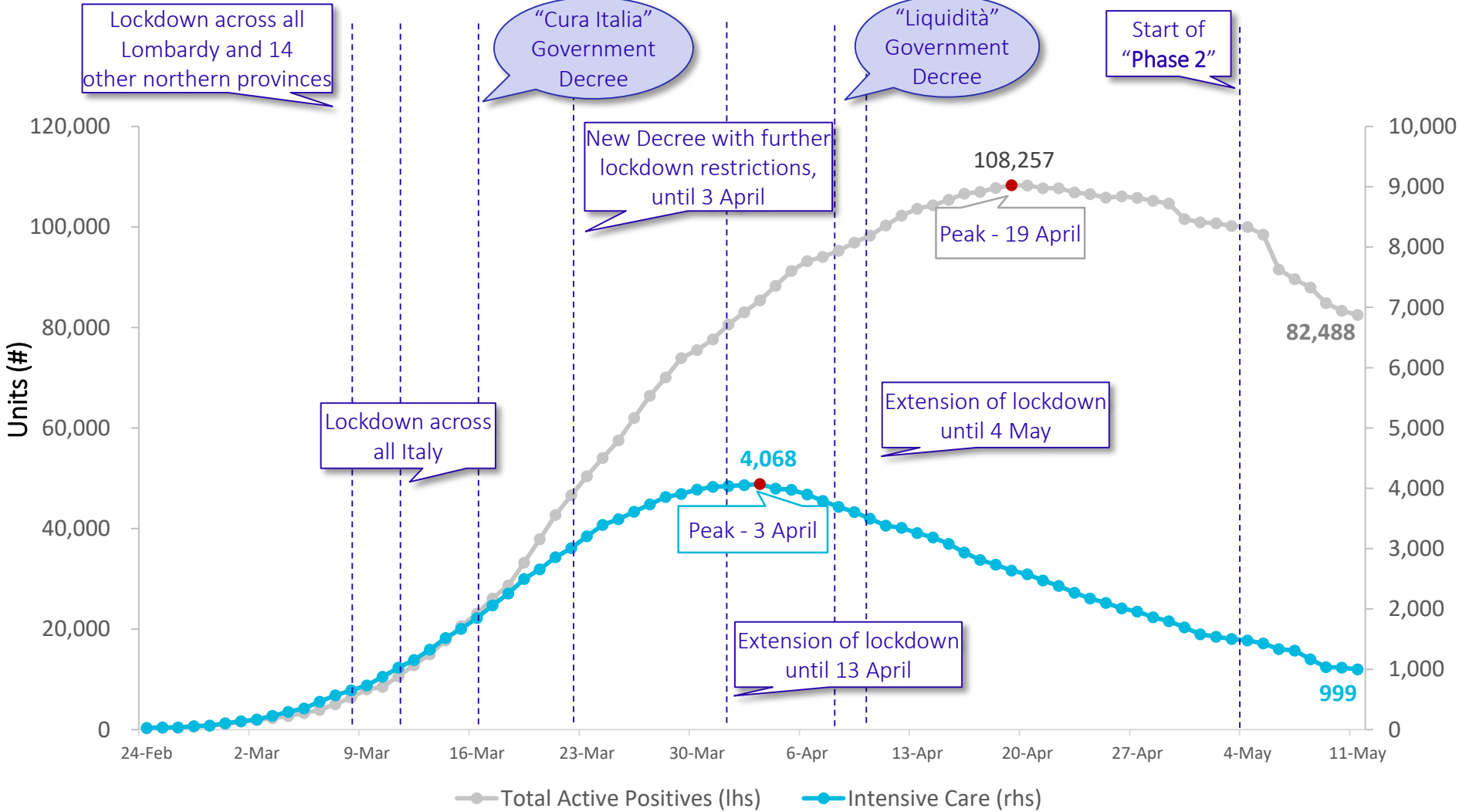
- **Merchant Services & Solutions** (47% of Revenues): new partnerships to accelerate E-commerce for SMEs (e.g. Italiaonline), launch of Pay-by-Link for remote payments acceptance and Nexi Welcome as entrance proposition for merchants without POS
- **Cards and Digital Payments** (41% of Revenues): launched education/communication campaign on cardholders to help “less digital” consumers to buy online and use contactless; continued progress on YAP
- **Digital Banking Solutions** (12% of Revenues): new propositions acceleration, further step into Open Banking leadership thanks to the launch of “Nexi Open” ecosystem, including partnerships with Plug and Play and Microsoft
- **Cost -4.8% y/y**. Decrease mainly driven by variable costs linked to volumes/activities and continued focus on efficiency
- **Strong cash position. 1Q20 Net financial Debt/EBITDA at 2.8x**
- **1Q20 Pro-forma data for ISP’s Merchant Acquiring acquisition**: Revenues +1.0% y/y growth and EBITDA +6.3% y/y growth

Financial guidance

- 2020 volume-driven revenue will depend on the duration of the peak, the speed of recovery and the dynamics by sector; **100+ €M cash cost containment plan across different categories being implemented**, while remaining fully focused on implementing commercial plans and strategic initiatives to support future growth
- **Financial guidance conservatively suspended, while implementing cost/capex initiatives to minimize impact on EBITDA and cash flow**

Covid-19 situation improving. Phase 2 started in May with gradual easing of lockdown measures and material government interventions to support recovery

Evolution of Active Positives and Intensive Care Cases in Italy



"Phase 2" Key Dates

- 4-May**
Re-opening of manufacturing / industrial production, B2B activities and food delivery.
Re-opening of parks and visit of relatives within the Region allowed.
- 18-May**
Re-opening of retail businesses, museums and exhibitions (with controlled accesses)
- 1-June (anticipation being considered)**
Re-opening of bars, restaurants, barber shops and beauty centers.
Schools to re-open from September
- New Government Decree "Rilancio" expected in May**

Ensured full business continuity and highest efficiency of service, while safeguarding health and safety of all employees

Swiftly implemented effective business continuity plan

- Creation of a dedicated crisis management task force in place since day1 with Executive Committee supervision
- Definition and implementation of an **emergency plan** aiming to guarantee **health and safety** of colleagues / third parties and **Business continuity**
- **Coordination and cooperation** with Bank of Italy, Civil Protection and other relevant Authorities



People Safety

- **>95% Nexi people in remote working since the beginning**
- Remote working, collaboration tools and IT security enhancement fully in place
- Implementation of precautionary measures for the limited number of employees still working in the operational centres
- Continued companywide communication
- Dedicated employees Welfare program



Business Continuity

- **Guaranteed 100% functioning of all services**, including operations of all POS acceptance terminals and ATMs and cards production/personalization
- Activated business continuity strategies for **outsourcers**
- **Maintained or even improved all service levels**
- **Improved NPS** across most areas

Launched several customer and social initiatives to support Italy through the crisis

Customer Initiatives



E-commerce for SMEs

- All physical contracts already extended to e-commerce (XPay360)
- Partnerships to offer easy website development/ payment gateway bundle (e.g. ItaliaOnline)
- Payment provider for shop-owners national association for pay now/use later Restaurant vouchers



Nexi Pay-by-Link

Remote acceptance service via mail, sms, whatsapp,.. for use cases such as home delivery. Fees waived until year end



Nexi Welcome

Mobile POS proposition. Monthly fees waived on new activations until end of June



Micro-payments

Merchant fees refund for SMEs on payments <10€. From the 1st of March until year end



Cardholders education

Communication campaign on cardholders to help “less digital” consumers to buy online and use contactless

Social initiatives



Support to Italian Institutions

- Streamlining of government subsidies payments through Nexi Open Banking platform (real-time bank data check)
- Yap mobile payments app under evaluation as digital payment tool for Red Cross volunteer teams

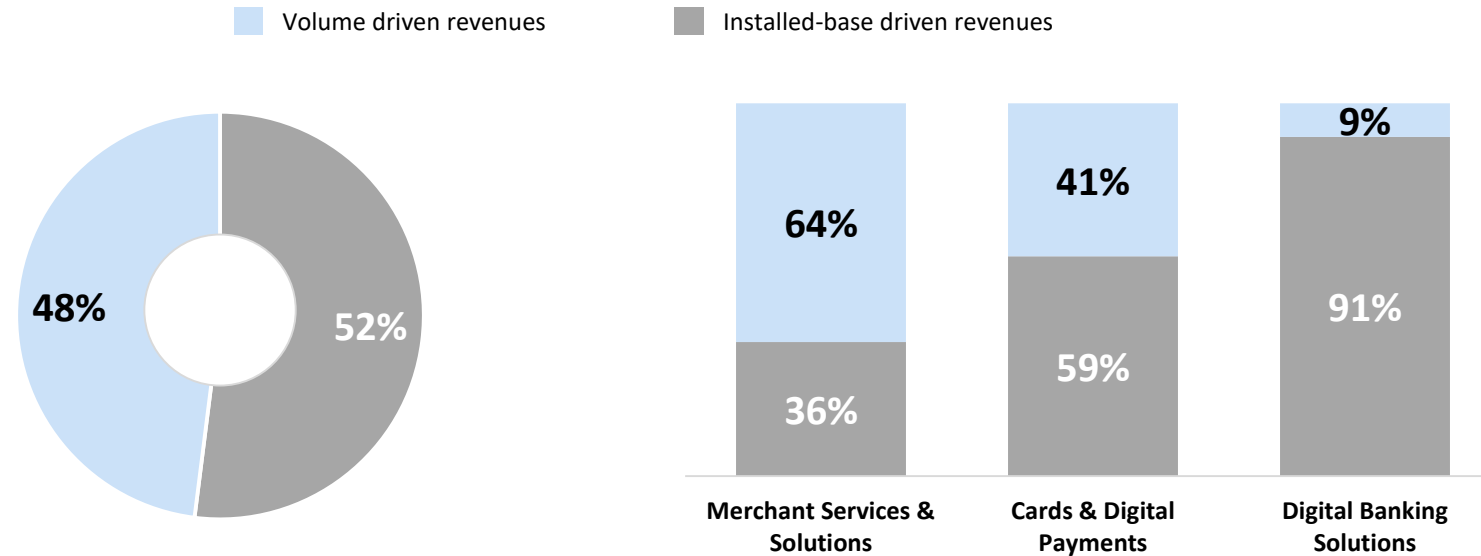


Community Charity program

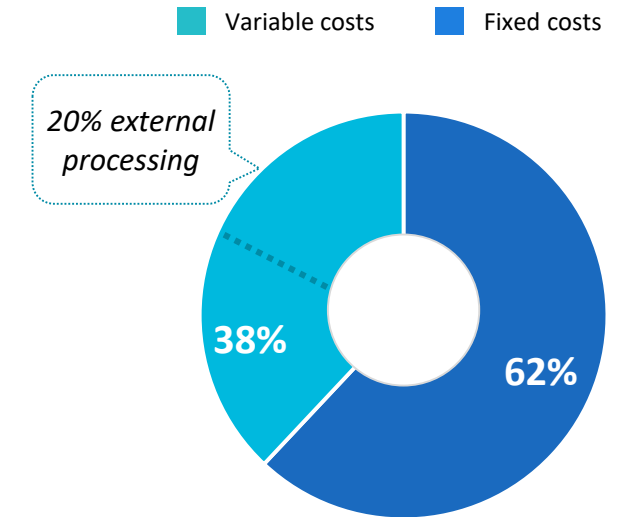
- Donation program from employees, customers and company to support the creation of the new Covid-19 hospital in Milan, with 1 €M collected

Resilient business model with 50+% revenues not impacted by volumes and 38% variable and semi-variable costs

Revenues breakdown¹



Operating costs breakdown¹

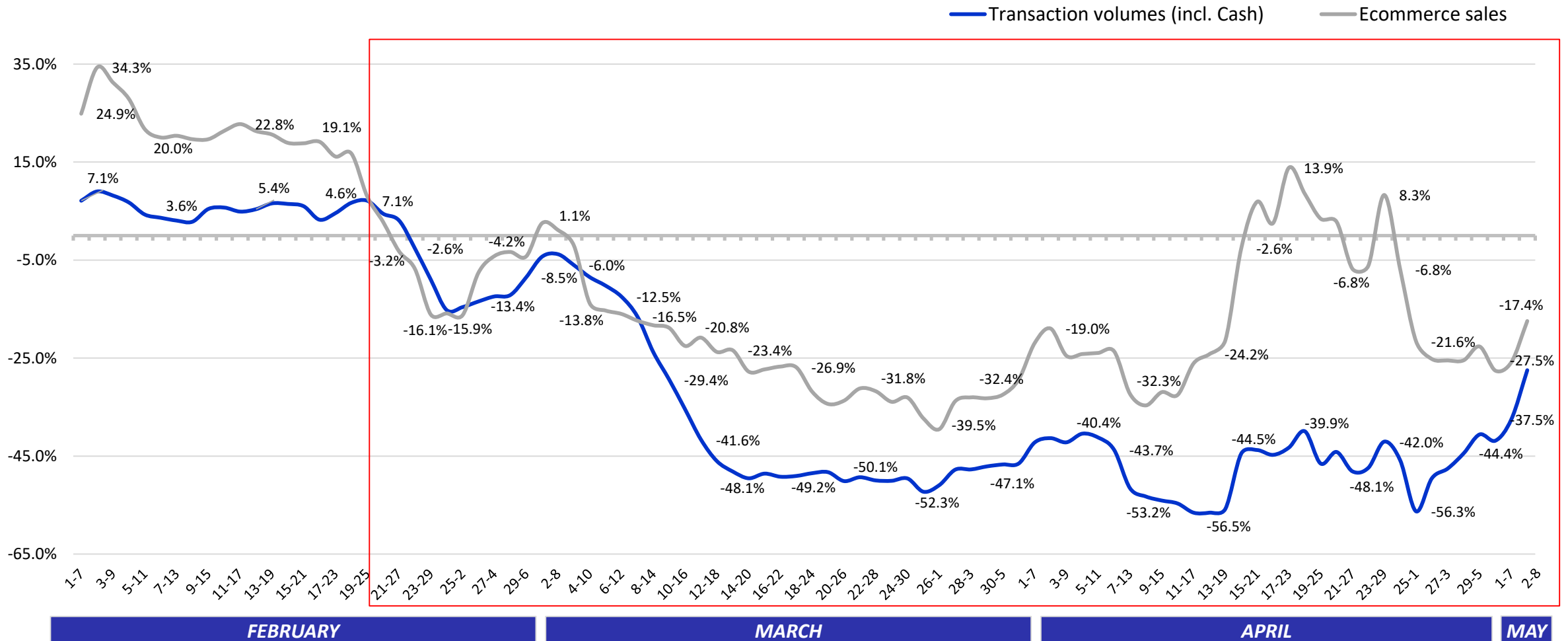


- **Installed Base Driven revenues** are subscription-like and linked to n. of POS terminals, n. of merchants, managed cards, n. of ATMs, etc.
 - No material expected impacts in the short term.
 - Closely monitoring the evolution to confirm the expected limited medium/long term impact due to POS installation slowdown and SMEs potential distress
 - Possible rephasing of certain projects
- **Volume Driven revenues** driven by n. of transactions and value of transactions
 - Direct impact from volume contraction due to Covid-19

- **Variable costs** linked to:
 - Volumes of transactions (e.g. external and internal processing)
 - Level of activities (e.g. variable compensation, external contact center, POS and ATM management, operations,..);
- **Fixed costs**
(e.g. personnel, running IT costs, g&a,..)

Transaction volumes decreasing since the end of February, now stabilizing at ~-50%. E-commerce declined less sharply compared to physical sales

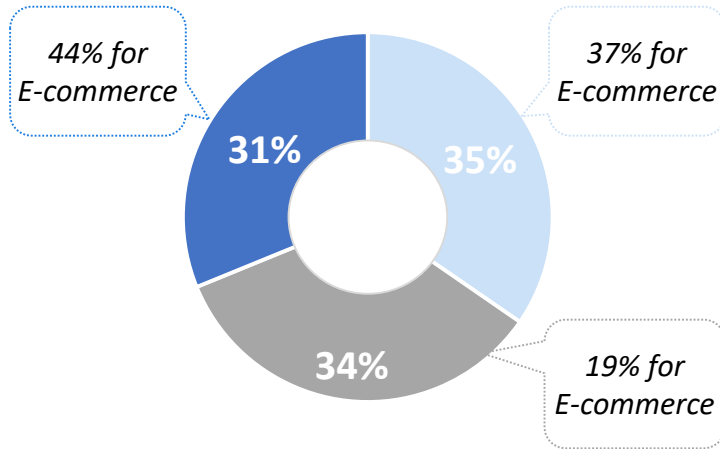
Acquiring transaction volumes - 7-days rolling % change Y/Y



Covid-19 timeframe in Italy

Volume decrease driven by high-impact and discretionary spending while growing in basic consumption. E-commerce acceleration outside travel and tourism

Acquiring volumes by category¹



Basic consumption

Groceries, medical retail, utilities and services (e.g. insurance, bank services)

Generic/discretionary consumption

Clothing, household, other non-alimentary retail and other services (e.g. laundries, beauty)

High-impact consumption

Hotels and restaurants, travel and transports, entertainment, etc.

Product category

Basic consumption

of which Physical
of which E-commerce

Generic/discretionary consumption

of which Physical
of which E-commerce

High-impact consumption

of which Physical
of which E-commerce

Total

of which Physical
of which E-commerce

% change Y/Y

	Jan + Feb	March	Apr	Last week rolling ²
Basic consumption	15%	13%	11%	18%
of which Physical	15%	12%	9%	19%
of which E-commerce	27%	31%	42%	16%
Generic/discretionary consumption	6%	-62%	-77%	-58%
of which Physical	5%	-65%	-81%	-63%
of which E-commerce	25%	8%	47%	55%
High-impact consumption	10%	-68%	-89%	-77%
of which Physical	10%	-67%	-89%	-76%
of which E-commerce	10%	-75%	-90%	-85%
Total	11%	-35%	-48%	-35%
of which Physical	10%	-36%	-50%	-36%
of which E-commerce	19%	-21%	-17%	-17%

2020 Acquiring volumes: split between Physical and E-commerce

	Jan + Feb	March	Apr	Last week rolling ²
Physical	93%	92%	90%	90%
E-commerce	7%	8%	10%	10%

Nexi accelerating product plans, in anticipation of “new normal” customer needs

Observed/expected trends

- Large and mid-size merchants **accelerating on omnichannel**
- **SMEs engaging with ecommerce and remote payments** for deliveries/@home services
- Accelerated **online purchasing**
- Increased consumer focus on **security and budget control**
- **B2B payments going more digital**, (checks decreasing,..)
- Services digitalization acceleration, Open Banking area of focus
- Banks **materially accelerating digitalization**, with an «omnichannel» focus

Merchant Services & Solutions

- **Acceleration of new omnichannel proposition** for Large Merchants; extension to mid-Large segment
- «E-commerce in a box» proposition for SMEs through new **partnerships with store platforms**
- New mobilePOS/app proposition for **home delivery and mobility payments**
- Push on **Pay-by-link** for remote acceptance service
- ...

Cards & Digital Payments

- New push on **prepaid/international debit** as mass-market ecommerce enabled cards, with enhanced **card control** capabilities
- **Acceleration of digital onboarding/digital issuing capabilities** for banks
- **B2B commercial/virtual cards** to manage working capital for corporates (i.e. supply chain networks)
- ...

Digital Banking Solutions

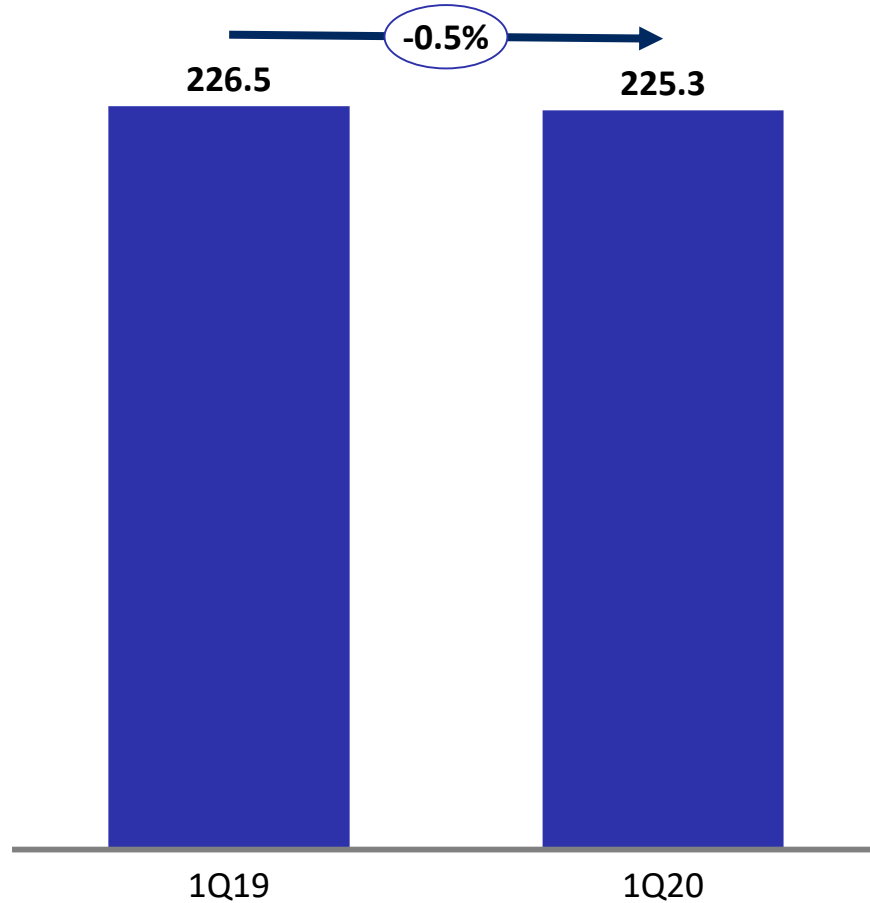
- Push for **advanced ATMs** (self banking vs in-branch services)
- B2B use cases for **Instant payments** (i.e. cash pooling, distribution networks,..)
- Enrichment of **Open Banking proposition** through both Nexi services and partnerships (fintechs,..)
- ...

Focus on 1Q20 Results

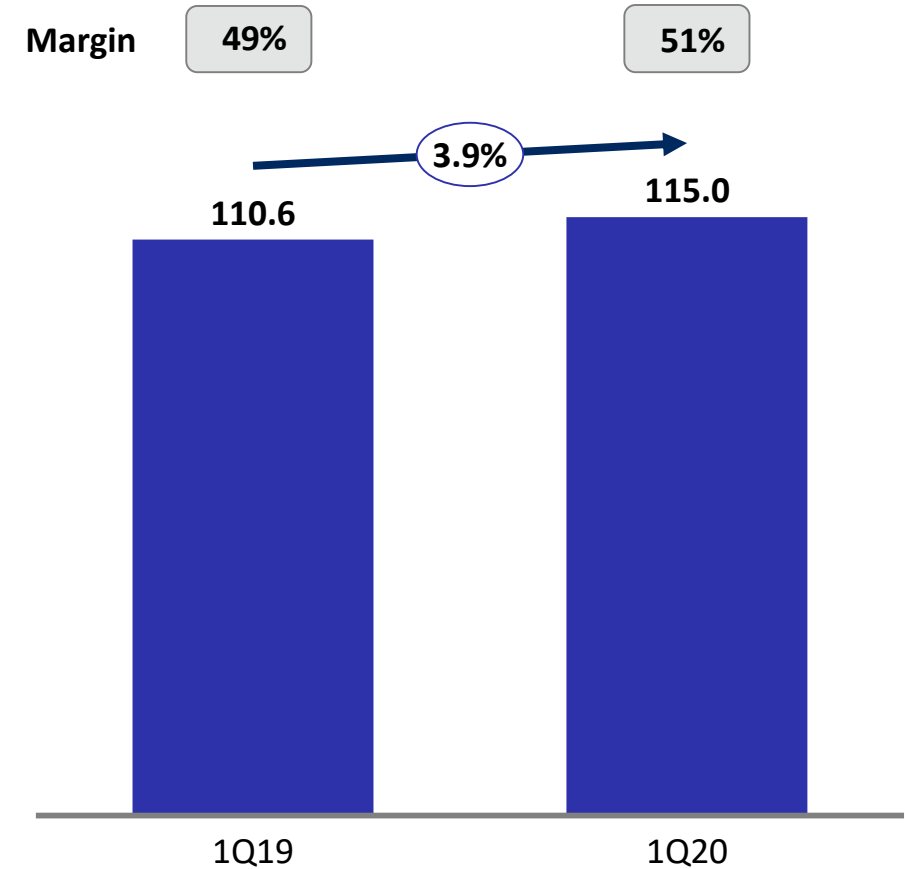


Resilient Net Revenues and positive EBITDA performance, despite the deterioration in March due to lockdown measures

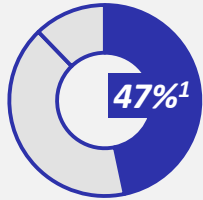
Net Revenues (€M)



EBITDA (€M)



Merchant Services & Solutions: ~40% of revenues not impacted by Covid-19



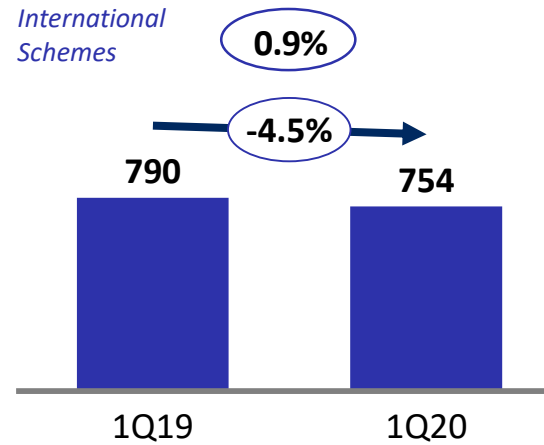
Merchant Services & Solutions



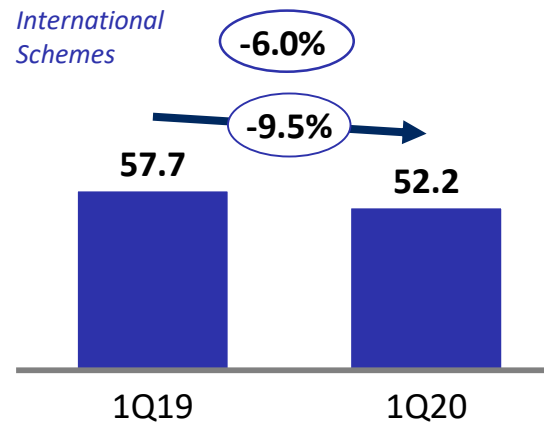
Net Revenues (€M)



Managed Transactions (#M)



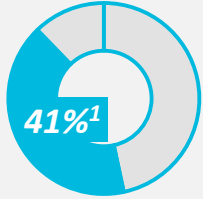
Value of Managed Transactions (€B)



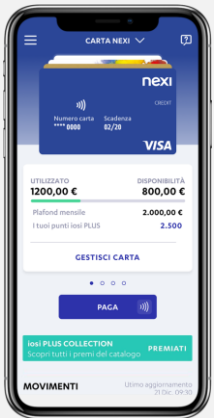
Key Highlights

- Managed transactions sustained by International Schemes growth (+0.9% y/y)
- Value of managed transactions sustained by International Schemes (-6.0% y/y)
- E-commerce less impacted by Covid-19 compared to physical sales (+4% y/y transaction value). Strong acceleration in non-travel/tourism related sectors
- New partnerships to accelerate E-commerce for SMEs (e.g. Italiaonline, StoreDen, eDock, ..)
- Launch of Pay-by-Link for remote payments acceptance
- Launched Nexi Welcome as entry level proposition for un-possed merchants or as "second POS" for deliveries

Cards & Digital Payments: ~60% of revenues not impacted by Covid-19



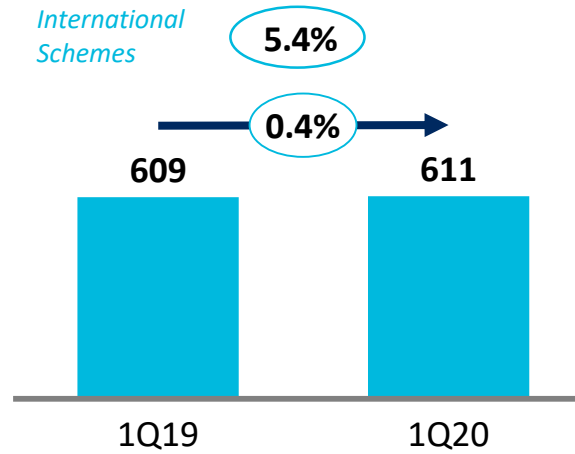
Cards & Digital Payments



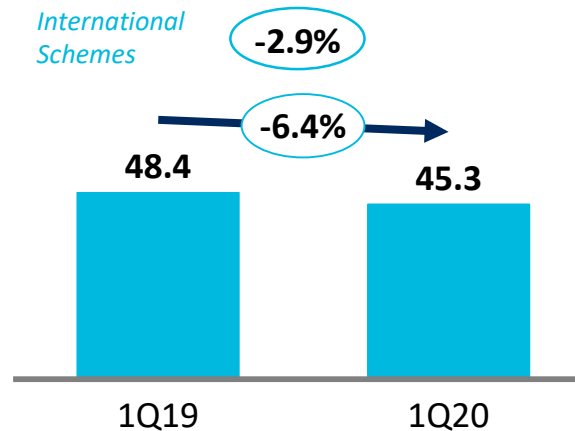
Net Revenues (€M)



Managed Transactions (#M)



Value of Managed Transactions (€B)



Key Highlights

- Managed transactions sustained by International Schemes growth (+5.4% y/y)
- Value of managed transactions sustained by International Schemes (-2.9% y/y)
- Continued progress on YAP, with ~825k enrolled clients to date. YAP under evaluation as digital payment tool for Red Cross volunteer teams
- Launched communication campaign on cardholders to help “less digital” consumers to buy online and use contactless

Digital Banking Solutions: marginally impacted by Covid-19 lockdown in March

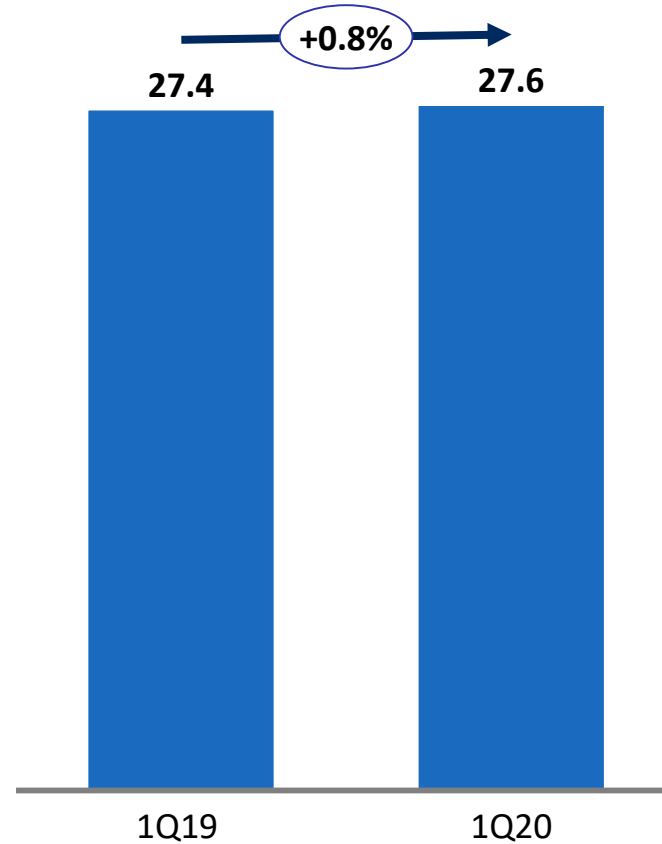


12%¹

Digital Banking Solutions



Net Revenues (€M)

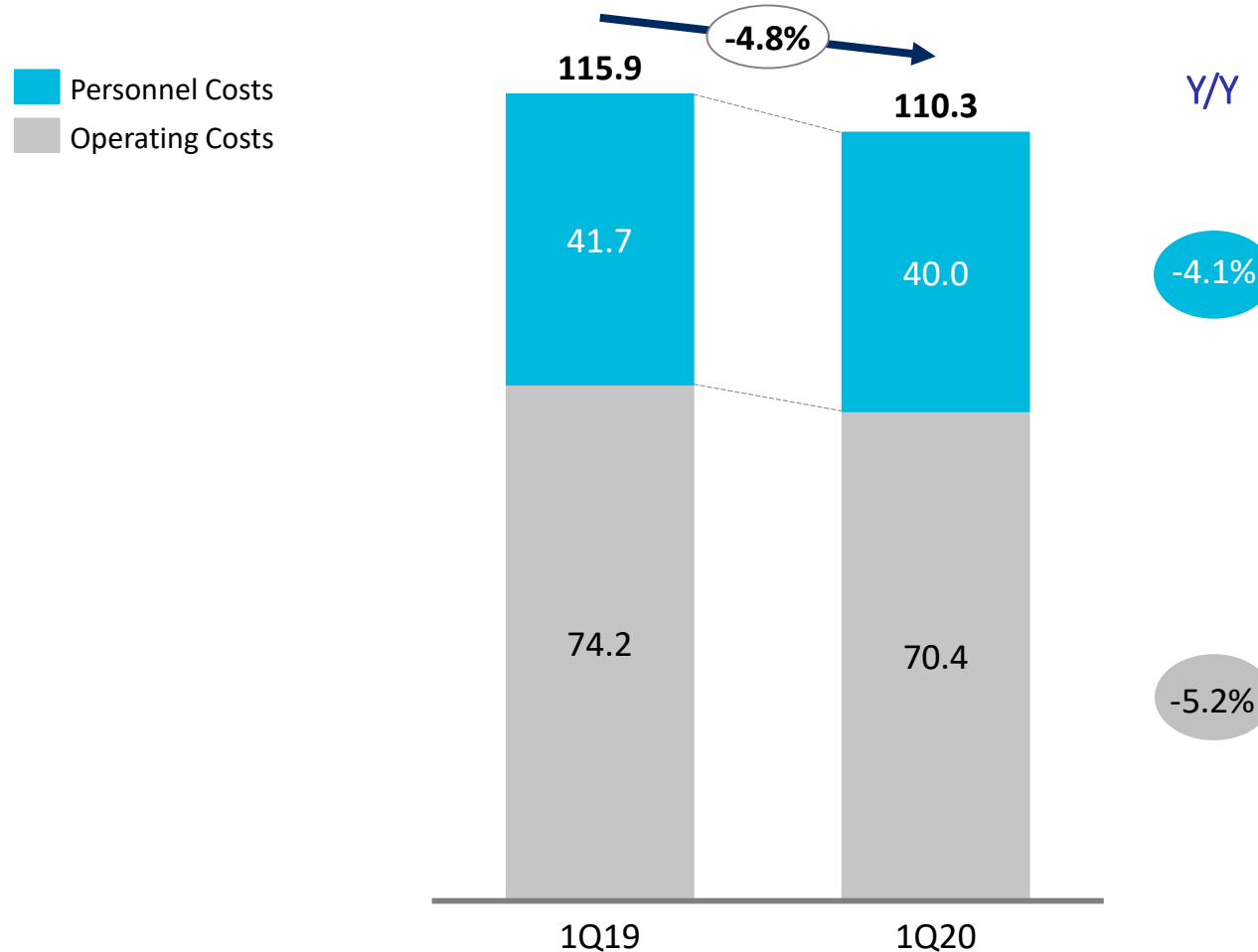


Key Highlights

- Self-banking: Continued rollout of new higher value advanced self-banking products/solutions and continued growth of advanced ATMs installations
- Digital Corporate Banking: continued rollout of new advanced platform with key partner banks
- Instant Payments: continued progress on new banks/financial institutions onboarding and rollout. Development of new VAS
- Open Banking: launch of “Nexi Open”
 - new open banking ecosystem including Nexi and fintech partners services on top of Nexi open banking bank platform. Key partnership already in place
 - Partnership with Plug and Play, worldwide #1 Open Innovation platform, to launch the Italian fintech hub
 - Strategic partnership with Microsoft to create new products and services leveraging on AI and Big Data

Costs: variable costs and discretionary measures to mitigate the financial impact of Covid-19

Total Costs (€M)



Key Highlights

Decrease in total costs mainly driven by:

- variable costs linked to volumes/activities (processing costs, external contact center, marketing events; savings related to meal vouchers, overtime and bonuses accrual)
- continued focus on efficiency

Limited credit risk exposure (2019 LLPs: 5.3 €M acquiring and 0.9 €M issuing)

▪ **Merchant Services & Solutions:**
Diversified exposure across sectors and no direct exposure to riskier sectors (e.g. airlines)

▪ **Cards & Digital Payments:**
Credit risk limited to direct issuing model (~48k cards, equal to ~0.1% of Group total cards) and corporate cards

Task force in place since the beginning of the crisis to daily monitor the situation

Strong cash position. Net Financial Debt / EBITDA at 2.8x

Net Financial Debt (€M)

	Dec 18	Mar 19	Dec 19	Mar 20
Gross Financial Debt	2,605	2,656	1,840	1,843
Cash	(41)	(361)	(248)	(307)
Cash Equivalents¹	(110)	(110)	(123)	(116)
Net Financial Debt	2,454	2,185	1,470	1,420

Key Highlights

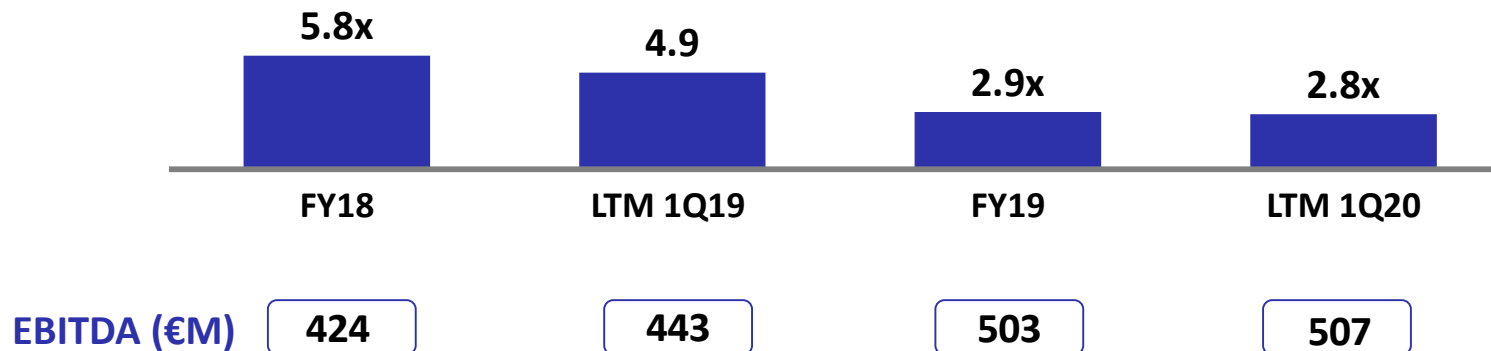
Current Debt structure:

- 1 €B Term Loan due 2024
- 825 €M Fixed-Rate Note due 2024
- Other residual debt (mainly IFRS 16)

Nexi also benefits of an undrawn 350 €M Revolving Credit Facility, committed to 2024, that further supports its liquidity profile

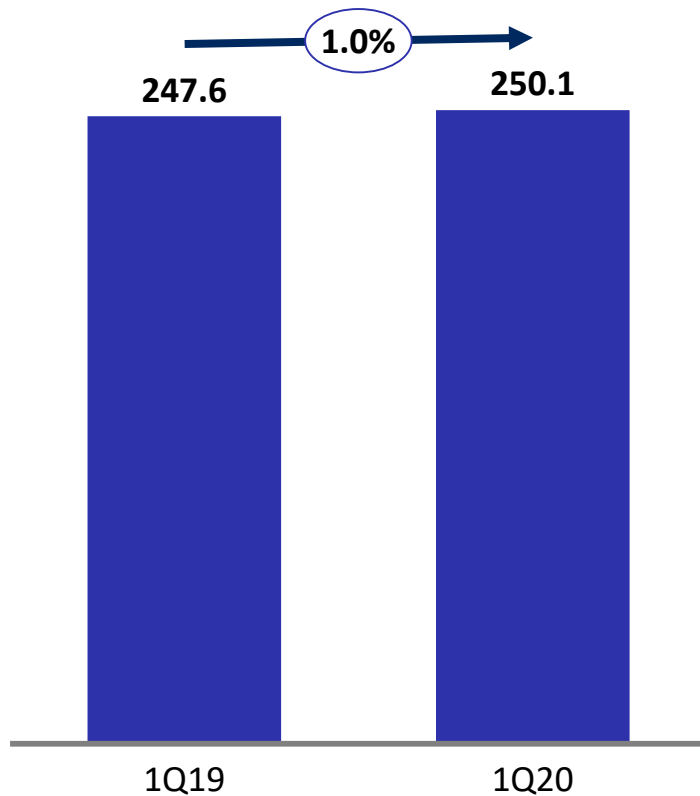
500 €M 1.75% senior unsecured equity-linked convertible bonds (due 2027) issued on Apr 24th. Initial conversion price at €19.47 (premium of 50% above the Reference Share Price)

Net Financial Debt / EBITDA (€M)

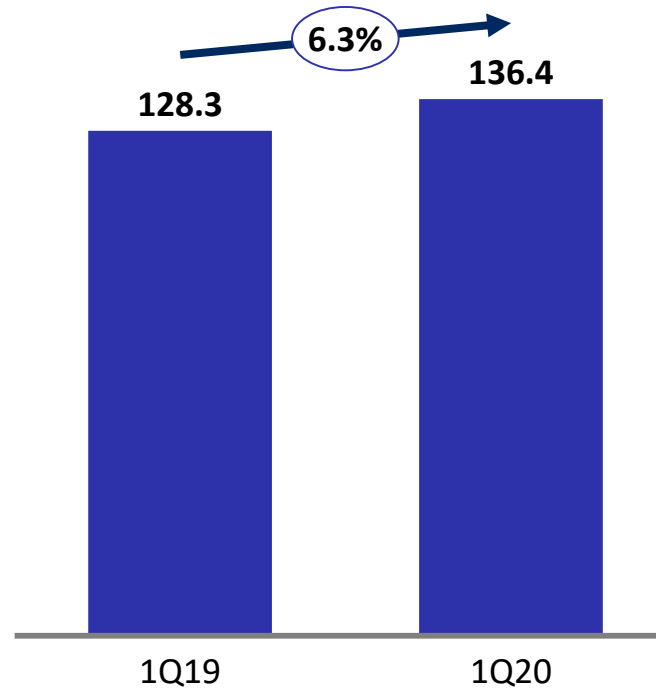


Pro-forma for ISP's Merchant Acquiring acquisition Net Revenues and EBITDA both growing

Net Revenues (€M)



EBITDA (€M)



Update on the transaction

- Process on track, closing date expected by summer 2020
- Cash flow generated by the acquiring book from Jan 1st 2020 to closing will be transferred to Nexi at the closing date
- Through the 500€M convertible bond issued in April 2020, Nexi already took out 50% of the envisaged funding related to the acquisition at better conditions than the existing bridge loan

2020 revenues evolution dependent on Covid-19 crisis recovery. 100+ €M cash cost containment plan in execution to mitigate EBITDA and cash flow impact

100+
€M

Revenues

Cost containment plan

Volume-base costs

Discretionary spending

Volume-driven revenues (48% on total revenues¹) depending on:

- Duration of the peak
- Speed of recovery
- Dynamics by sector

- Personnel expenses (variable compensation, other related costs)
- Processing: reduction in line with volume trends
- External contact center calls

Operating Expenses

- Hiring
- Consulting expenses
- Internal and external events, travels, etc..
- Voluntary waiver by Top management of their 2020 short term variable compensation

Capex

- Postponement of non strategic project spending (e.g. IT systems optimization)
- Limited re-phasing of IT strategy
- Postponement of real-estate investments

Transformation Costs

- Postponement of few activities:
- YAP development
 - Other transformation projects

Confirmed continued focus and investments on key initiatives to drive future growth and efficiency

Financial guidance conservatively suspended

Previous Guidance¹: suspended

Net Revenues	5-7% annual net revenue growth over medium term, targeting higher end of the range
EBITDA	<ul style="list-style-type: none"> 13-16% annual EBITDA growth over medium term Continued strong operating leverage
Non-recurring Items	Rapid further decrease of non-recurring items affecting reported EBITDA
Capex	<ul style="list-style-type: none"> 8-10% ordinary capex as % of net revenues over long term Transformation capex on top of ordinary capex of 142 €M cumulative (2020 – c.2023)
Capital Structure & Capital Allocation	<ul style="list-style-type: none"> Organic de-leveraging with target net debt of ~2.0-2.5x EBITDA over medium to long term Progressive moderate dividend policy, targeting pay-out ratio of 20-30% of distributable profits in medium to long term

Key considerations

- 2020 volume-driven revenues depending on the duration of the peak, speed of recovery and dynamics by sector.**
 Continued assessment of Covid-19 impact through different scenarios
- 100+ €M cash cost (Opex/Capex) containment plan** being implemented to mitigate the impact on EBITDA and cash flow
- Confirmed continued focus and investments on key initiatives** to drive future growth and efficiency
- Strong cash position**

Q&A



Annex



P&L

€M	1Q19	1Q20	Δ% vs. 1Q19
Merchant Services & Solutions	106.1	105.1	-0.9%
Cards & Digital Payments	93.0	92.6	-0.4%
Digital Banking Solutions	27.4	27.6	+0.8%
Operating revenue	226.5	225.3	-0.5%
Personnel & related expenses	(41.7)	(40.0)	-4.1%
Operating Costs	(74.2)	(70.4)	-5.2%
Total Costs	(115.9)	(110.3)	-4.8%
EBITDA	110.6	115.0	+3.9%



Investor Relations

investor.relations@nexi.it

Stefania Mantegazza

stefania.mantegazza@nexi.it