Nexi S.p.A.

"First Quarter 2026 Financial Results Presentation Conference Call"

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OPERATOR: Good morning, this is the Chorus Call conference operator. Welcome and thank you for joining the First Quarter 2026 Financial Results Presentation Conference Call

At this time, I would like to turn the conference over to Bernardo Mingrone of Nexi. Please go ahead, sir.

BERNARDO MINGRONE: Good morning, everyone. Good morning and welcome to our first quarter 2026 results call. I'm here today with Piergiorgio Pedron, our CFO; and Stefania Mantegazza, our Head of IR, as usual.

Let me start on Slide #3 with the key highlights of the first quarter performance. We continue to deliver profitable growth, as you can see, and we'll discuss later with Piergiorgio as well. Our revenues grew about 1% in the quarter, year on year.

Our underlying growth continues to grow in the region of 5%, consistently with what we discussed a couple of months ago at the Capital Markets Day, in line with our historic performance in this respect. Things change in terms of mix and our well-diversified portfolio of geographies and businesses help us achieve this resilient underlying growth. In this context, EBITDA also grew 2.6% in the quarter, and we continue to have margin expansion, which we'll see in a moment.

In the first quarter of this year, we continued to work to shape Nexi to continue to grow profitably in the future. Our strategic initiatives, which we discussed back in March, continue to deliver and are on track.

In particular, on ISVs and direct channels, we continue to grow, and we have strong commercial momentum in e-commerce, and the front book in Germany and the DACH region, which, as you know, we consider to be a very important growth engine in our group.

In the process, we continue to create value for all our stakeholders and shareholders. We are a couple of weeks away from paying our second dividend of €0.30 per share dividend, an increase of 20% compared to last year when we paid €0.25, a total distribution of €350 million.

And in this context, we continued to de-lever. We're now at 2.5 times net financial debt to EBITDA, down from 2.6 at year-end. In the process, we have also started to reduce gross debt. We reimbursed about a billion euros of maturities, including what we reimbursed in April with available cash balances. We can also speak of that later on.

Before handing the floor over to Piergiorgio, who will give us more details with regards to the quarterly financial performance, I'm on slide 4 now, I'd just like to take a few moments to recap and discuss a few points with regards to the fact that this is my first quarterly call as CEO of Nexi, a position I took over just over a month ago.

And clearly, I'm not new to the company. I presented together with Paolo back in March our Capital Markets Day, but I would like to reiterate some of the points we made during the course of the Capital Markets presentation. But also introduce, let's say, the way I view my role in the job and what I seek to achieve going forward.

Some things don't change. I believe Nexi is a compelling equity story. I hope I have put cash where my mouth is. I've bought stock over time, I've invested in Nexi stock more than 100% of the cash bonuses I've received over the last 3 or 4 years. And I believe it's a very attractive financial investment.

Based on our strong, unique positioning, I've tried to recap here some of the things we've said over time. I believe we combined in a unique fashion European scale and have very strong local presence, characteristics, I believe, are essential to be successful in Europe.

I believe we are a critical European infrastructure. Actually, to put more appropriately, we are not the infrastructure. The infrastructure is composed by central banks, banks, market players like large customers, smaller customers, cardholders, other regulators, schemes.

We're at the heart of all of this. We are very central to a very complex ecosystem of payments in Europe. And it's very hard to think of us as something which can be displaced from this position.

We have a very diversified portfolio of products, diversified across geographies and customers, helping us deliver that resilient underlying performance. And we've spoken about the difference between underlying and reporting. We'll come back to that.

And we have very attractive exposure to some local MS segments, which will deliver top-line growth sustainably in the future. From a financial perspective, we've also discussed this. I think we possess some characteristics, most characteristics that you can find in many other payment companies. I think what makes us unique is the fact that you have them all under one roof in Nexi. We continue to deliver sustainable, profitable growth. We have a very predictable, resilient cash flow and cash generation. We have now, over the last couple of years, distributed a significant amount of capital, close to €1.5 billion, including the dividend which will be paid on May the 20th. And our credit profile has significantly improved over time. We're now investment-grade and a repeat issuer in the investment-grade market.

However, we need a clear roadmap, I think, to close this valuation gap. And I see, a big part of my role is aimed at closing this valuation gap between what I at least perceive and my colleagues perceive to be the intrinsic and true value in Nexi and what the market believes it to be. And I think I've highlighted here on this slide just 3 of the main areas where I believe we need to focus on in order to bridge this gap.

We need to build a credible path towards our mid-single-digit revenue growth target, which we have highlighted in the Capital Markets Day. And this gap between reported and underlying, we tried to make the point, has to do with certain things which happened back in the day, and we are reabsorbing over last year, this year, and next year, unfortunately.

But we need to win your hearts and your conviction with regards to our ability to compete successfully in the long term with new entrants, and that's what we discussed in terms of our ISV strategy, our direct sales force, which, as I said, is delivering the kind of results we're expecting.

It will obviously take time to prove the point, but we're patient, continue investing in the space, and continue to deliver the results associated with it. We need to prove the resilience and nature of our business and being able to work with sophisticated partners like banks, in particular, in Italy. We need to strengthen our relationship with them.

The vast majority of the gap between underlying and reported performance comes from what broke down at a certain point during the course of 2023 and 2024, but has since, I think, come a long way and been amended. Indeed, we highlighted how over the last couple of years we've had 100% success rate in terms of renewing our partnership with these all-important partners in Italy.

Another key concern that I pick up when speaking with you all in the market has been our structural efficiency., I think credit is given to us for having been able to contain costs over time, but I think there might be some skepticism out there with regards to our ability to continue this going forward given the necessary investments to be able to bridge the gap I spoke of on revenues. And here we need to convince you that our steadfast commitment to cost control and enhanced cost efficiency is something which is structural and will continue. We'll discuss costs later on.

And one of the areas where I am particularly focused, together with my colleagues from the Expo, is to be as rigorous as we can be, extremely focused on prioritizing our investments and making sure that we focus on those that create network effects and returns rather than casting the net too wide and spreading ourselves too thin across products and geographies.

Of course, I think the name of the game here will be in the short term, but even more so in the medium term, about AI and how we structure ourselves to be able to adopt AI across geographies, across products and services. And this is an extremely fast-changing environment and indeed the information that we have today, the tools that we have today, are even different to the ones that we were considering in the days leading up to the Capital Markets Day.

It is a very rapidly changing environment and I believe, together with my team, we need to think very hard as to how we want to structure ourselves to be able to embrace the benefits of AI. And indeed, I think we discussed this back in March. I believe Nexi is positioned in a favorable space with regards to AI as we benefit from any asymmetry in terms of the kind of disruption, which we can suffer from on the revenue front, given that most of our acquiring is in-store.

And potentially, this will have more time to adapt to AI than e-commerce space, which will probably be most impacted by it in the short-term. Whereas we can benefit in the short-term and the medium-term much more on the cost front, just thinking of the kind of benefits you have in all the software space, which we are obviously a big consumer of. So, AI is clearly critical to our success going forward and something I expect to be speaking with you over time a lot more.

One of the other things, and I believe I've discussed this with my colleagues internally, we are now in a phase in our company's evolution where we can push back into the local regions a lot of the things, which we are centralizing at the time of our Capital Markets Day back in 2022 in order to gain control of our Pan-European platform, the biggest in Europe, relatively complex, a phase which was necessary and we have now completed. And we can now improve our time to market and local legitimacy by some organizational simplification which will be implemented in the coming weeks and months.

And finally, on disciplined capital allocation, it is not so much the fact that we are distributing capital. It is a fact, and you will be able to test it over time, the fact that we have a dividend policy, which we expect to stick to, so, a dividend which will be paid every year and growing over time as we discussed in the past.

Again, here we have had, at least in some conversations, some concerns with regards to leverage. It is coming down, but it is still substantial. But it will continue to come down given the cash generation going forward. I hope it gives you comfort that we are paying down our gross debt, as I said, about €1 billion now in April. We have about €1.9 billion of cash sitting on our balance sheet, and that has already started to be used to pay down that €1 billion of debt.

We now have a €350 million dividend. We have completed the purchase of a merchant book in Italy for north of €100 million. Next year we have a €0.5 billion convertible coming due in March and I expect to reimburse and use that €1.9 billion of cash to meet all of these short-term liabilities without having to access capital markets to do so, giving you proof, hopefully, that cash is there to be used, it is put to its best use. In the past, it was better to keep the cash on balance because we had a positive carry. That is no longer the case with rates having come down, so we are paying down gross debt, and this will continue going forward.

Let me pause here because I have taken up already too much time. I'd like to hand the floor now to Piergiorgio.

PIERGIORGIO PEDRON: Thank you, Bernardo, and good morning everyone and thank you for joining us today. Before we turn to the results, I would like to take just a moment to briefly introduce myself, as this is my first call with you as Nexi CFO. I am really pleased to take on this role, and I would like to thank the Board and Bernardo for their trust. I am excited about this opportunity and very proud to be joining Nexi.

Over the past few weeks, I have had the chance to get to know the company more closely, and what has struck me most is the quality of the people, the strength of the platform, and the strategic relevance of Nexi as an orchestrator and infrastructure provider within the complex and essential European payment ecosystem.

This is a truly strong organization with a clear purpose and a very talented team. While I come from a completely different industry background, I believe this will allow me to bring fresh perspective. My focus will be on working closely with Bernardo and the leadership team to ensure cost discipline, strong execution, and constructive challenge, while supporting Nexi's long-term value creation for all of our stakeholders.

Turning now to Q1 results, I would frame the discussion around 3 key messages. First, growth remains solid, supported by healthy underlying trends as we have just heard from Bernardo, despite temporary and known headwinds as we discussed during the very recent Capital Markets Day. Second, our diversification continues to provide resilience across both businesses and geographies. And third, we are executing with discipline on costs, supporting margin and excess cash generation.

With that in mind, let me start with the performance of the group in the first quarter. Overall, we started the year with a resilient performance with solid underlying growth and sound profitability. This is despite the expected impact of external headwinds on net revenues related to the bank contracts effects across both Merchant Solutions and Issuing Solutions.

Starting with the top line, net revenues grew by 1% year-on-year to about €821 million, broadly in line with our expectations and consistent with a back-end loaded growth profile we outlined on our recent CMD. It is important to highlight that the underlying growth was around 5%.

Looking at the top line in more detail, all businesses contributed positively on an underlying basis, with solid volumes across both merchant and issuing activities, supported by continued structural headwinds such as digitalization of payments and increasing card penetration across our markets.

Turning to profitability, EBITDA reached approximately €397 million, up 2.6% year-on-year, with an EBITDA margin at 48.3%, supported by disciplined cost execution and some favorable phasing in the quarter, which I will comment on in a while.

In general, Q1 confirms the resilience of our business model, with diversification across both businesses and geographies playing a key role in supporting performance and enabling continued delivery of profitable growth.

Let me now turn to Merchant Solutions, where most of the temporary headwinds are concentrated. In MS, revenues were down 1.4% year-on-year, which is broadly consistent with our expectations entering the quarter. The decline is primarily driven, as we know, by bank-related effects in Italy, including known outflows and contract renegotiation, which had a material impact on the year-on-year comparison, and by timing of specific projects compared to last year.

Let me remind you guys that about 25% of our MS revenues are not driven by volumes. H2 2026 will show a reduced impact of the bank contracts effects, which, combined with the additional traction we will get from our strategic commercial initiatives, will lead to a growth acceleration in the second half of the year, as discussed during the CMD.

However, when we look at the underlying performance, revenues grew by about 3% year-on-year, which is consistent with the underlying volume trends. On volumes, we saw continued growth in the number of managed transactions, supported by processing activities, which benefited from the ramp-up of BANCOMAT processing hub consolidation in Italy.

This is an important development to us as it further strengthens our positioning as an infrastructure provider within the domestic payment ecosystem. At the same time, towards the end of the quarter, we observed some softness in consumer spending, particularly in Germany and Nordics, which had a limited impact on volumes.

From a commercial standpoint, we are seeing encouraging signals coming from all of our growth initiatives discussed during the CMD. ISVs, direct channels, and e-commerce, in particular in Italy, are contributing positively, with good commercial momentum in Germany and across geographies.

Let me now move to Issuing Solutions. In issuing, we delivered a strong performance with revenues increasing by almost 5% year-on-year, despite the expected negative impact from bank-related effects. Important to notice, unlike Merchant Solutions, these bank-related effects are expected to increase in the second half of the year, and therefore we expect the full-year growth of this business to be closer to low single-digit, in line with what we outlined in the CMD.

Looking at the underlying drivers, performance was primarily supported by strong volume growth, with the value of managed transactions increasing by more than 7% year-on-year. Growth was driven by both international and domestic schemes, including the continued ramp-up of BANCOMAT hub in Italy.

In addition, we benefited from the completion of a new client onboarding in DACH, which contributed to the performance of the quarter. We also saw a positive impact from business initiatives, including international debit in Italy and increasing penetration of value-added services across client portfolios.

Finally, part of the performance in the quarter was supported by favorable phasing of certain projects' initiatives. Let me remind you once again that almost 50% of the revenues of this business line are not volume-driven. Overall issuing continues to represent a structurally sound business supporting Nexi profitable growth.

Moving now to DBS, DBS delivered solid and consistent performance with revenues up 2.8% year-on-year. Growth in this segment was supported by both volumes' dynamics and the contribution of new initiatives and projects. In particular, we continue to see good traction in core infrastructure services, such as SEPA, clearing, and network services, which represent a key pillar for this business.

We also made further progress on strategic initiatives, including new account-to-account solutions, such as Zippay for Irish banks, and verification of payee services launched last October and now impacting hundreds of banks across Europe. As a reminder, DBS is structurally even more exposed to project-based revenues compared to the other 2 business lines, and in Q1 we enjoyed some favorable phasing.

Moving now to the next slide, let me comment on performance across geographies, where our diversification continues to be a key strength, allowing us to offset localized headwinds with growth in our region. Starting with Italy, which is the region most impacted by bank contract effects, revenues were broadly stable. Headwinds, especially in Merchant Solutions, driven by these banks' effects, were partially offset by continued growth in Issuing Solutions and DBS.

In the Nordics, revenues were slightly down year -on -year, mainly due to migration of a major issuing client at the end of 2025, as we discussed a few times in the past, as well as somewhat softer macro conditions. Importantly, underlying trends remain positive and we continue to see growth in value-added services and on e-commerce key propositions.

DACH delivered strong year-on-year growth, particularly in Germany. This was driven by solid volume dynamics and the completion of a new client onboarding in Issuing Solutions, despite a macro environment that remains somewhat challenging, in terms of consumer spending, especially in the hospitality sector.

CSEE revenue grew at a mid-single-digit pace, supported by volume growth and installed base expansion. Finally, let me turn to cost performance.

On the cost side, we delivered a solid performance, reflecting our continued focus on efficient and disciplined cost control, going back to what Bernardo just said. Total operating costs were flattish compared to last year at approximately €425 million. This result was achieved despite ongoing inflationary pressure and continued investment in key strategic areas, in line with what we outlined during the CMD.

Looking at the cost components, personal costs increased by approximately 4% year-on-year reflecting inflation, salary adjustment, and the carryover of hiring initiatives starting in 2025 and continued into Q1, aimed at supporting our strategy priorities, ISVs and direct sales to name a few. At the same time, operating costs decreased, largely driven by efficiencies, also enabled by deployment of AI initiatives across the entire organization, as well as favorable phasing in the quarter.

It is important to highlight that part of the cost performance at this point in Q1 reflects this timing effect, and as such, we would expect costs to increase over the coming quarters, both for personnel and operating costs. At the same time, we continue to see structural improvements from our ongoing efficiency program, some of which, are enabled by AI initiatives, which support our ability to manage the cost base with discipline. Overall, these are enforcing our commitment to balancing growth investments with rigorous cost control, supporting the delivery of our EBITDA and excess cash guidance over the year.

Finally, we confirm our 2026 guidance with net revenues growth broadly in line with what we saw in 2025, EBITDA in absolute amount broadly stable and excess cash generation of €750 million.