

Acquisition of Intesa Sanpaolo's Merchant Acquiring Business

19th December 2019

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Key Highlights

The Transaction: Acquisition by Nexi of Intesa Sanpaolo's Merchant Acquiring Business

- Acquisition of Intesa Sanpaolo's merchant acquiring business for **€1.0bn cash consideration** (plus potential earn-out payable in 2025)
 - ~180k merchants⁽¹⁾ and ~€66bn of transaction volumes⁽²⁾
 - 2020E EBITDA and earnings of ~€95m and ~€61m⁽³⁾ respectively
 - Implied multiples: 10.5x EV/EBITDA 2020E, 16.4x P/E 2020E
 - 100% cash consideration, with committed bridge financing already in place
- **Deeping of strategic partnership with Intesa Sanpaolo in merchant acquiring**
 - Acquisition of Intesa Sanpaolo's merchant acquiring business
 - Marketing and distribution agreement for merchant acquiring, with 25 years duration until 2044
- **Extension of remaining existing processing contract** in relation to issuing and ATM acquiring services (from original 2026 to 2044, in line with new framework)
- **Marginal additional ordinary Capex**; limited extraordinary integration Capex
- **Expected leverage ratio pro-forma of ~3.4x net leverage by year-end 2020**, in line with leverage range guidance at IPO
 - ~2.0x-2.5x target leverage confirmed over medium / long-term
- **Reiterating financial guidance on a larger and more resilient business**
- Transaction expected to be **cash EPS accretive in the high teens from 2020**
- **Closing of the transaction is expected before summer 2020** subject to customary regulatory approvals

Other Considerations

- Separate transaction being agreed by our shareholder **Mercury UK HoldCo** to **sell a 9.9% stake in Nexi to Intesa Sanpaolo** after closing of the Nexi transaction
- **No changes** to Nexi's governance framework or board composition as result from this separate transaction

A Strategic Transaction Strengthening Nexi Role as the Leading Italian PayTech

The Nexi logo is displayed in a bold, blue, lowercase sans-serif font. It is positioned on the left side of the slide, partially enclosed by a large, dark blue curved line that sweeps from the top left towards the bottom left.

1

Enhanced platform and positioning in the acquiring segment

2

Greater coverage of the acquiring value chain and enhanced ability to drive further innovation and value for merchants

3

Increased scale with diversification of revenue streams

4

Value enhancing transaction with cash EPS accretion in the high teens from 2020E

5

Deepening of partnership across businesses with the largest bank in Italy

Transaction Overview

Key Components of the Transaction

Acquisition of Intesa Sanpaolo's Merchant Acquiring for €1.0bn
(Plus Potential Earn-Out Payable in 2025)

- Acquisition of merchant acquiring business of Intesa Sanpaolo
 - ~180k merchants⁽¹⁾
 - €66bn of transaction volumes⁽²⁾
- Marketing and distribution agreement for merchant acquiring activities
 - 25 years duration until 2044
 - Comprehensive commercial, marketing and distribution framework
 - Alignment of interests through rebate mechanism to Intesa Sanpaolo and jointly agreed performance targets
 - Downside protection for Nexi in relation to potential business losses from merchants

Extension of Remaining Existing Contract with Mercury Payment Services

- Extension of remaining existing processing contract in relation to issuing and ATM acquiring services
- Duration extended until 2044, in line with new partnership framework

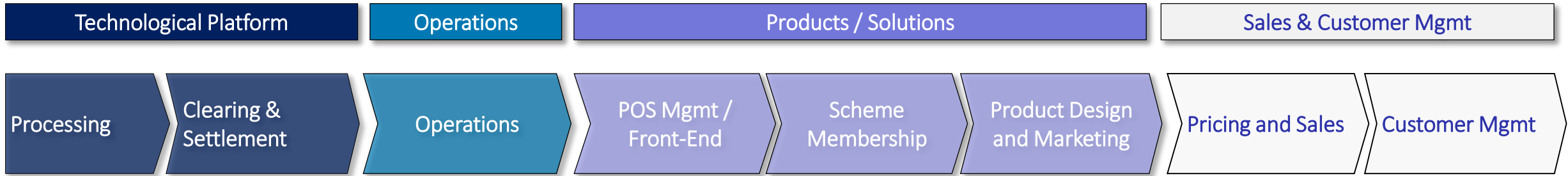
Key P&L Figures of Intesa Sanpaolo's Merchant Acquiring

Incremental Economics for Nexi (€m)

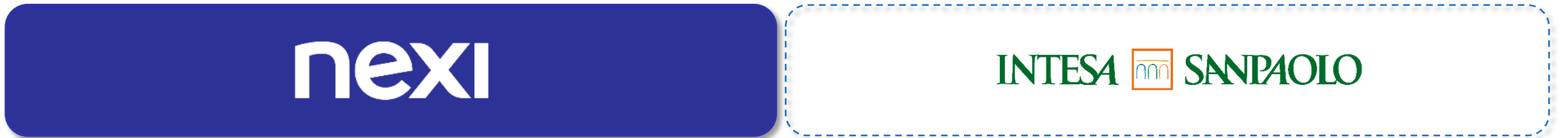
Key Items	2020E
Net Revenues	~106
EBITDA	~95
Net Income	~61 ⁽³⁾

Transaction Impact on the Merchant Acquiring Value Chain

ILLUSTRATIVE MERCHANT ACQUIRING VALUE CHAIN



Status Quo



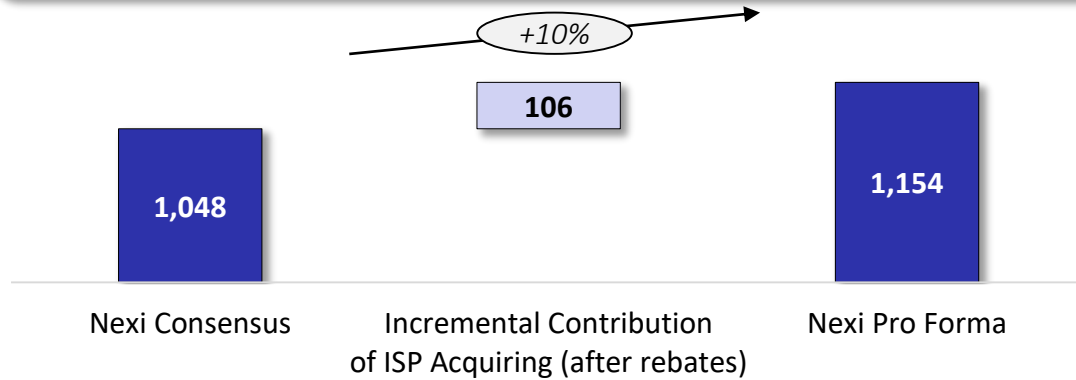
Post Transaction

Marketing and Distribution Agreement Until 2044

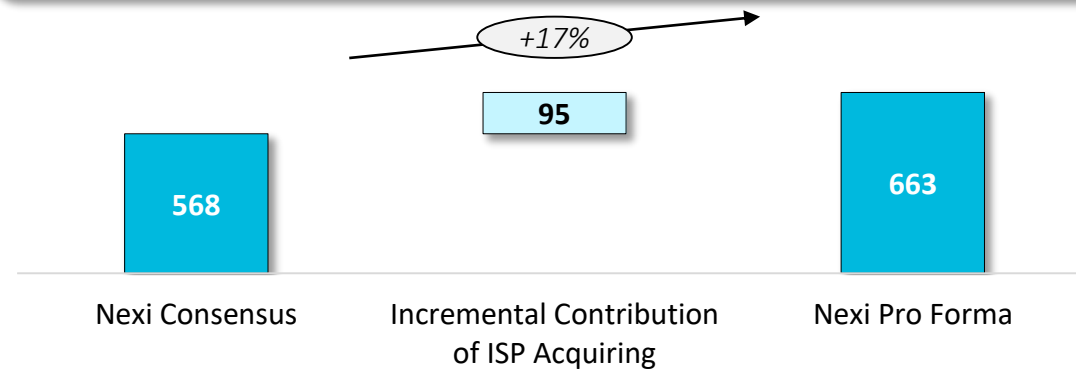


Key Financial and Business Mix Impacts

Net Revenues 2020E



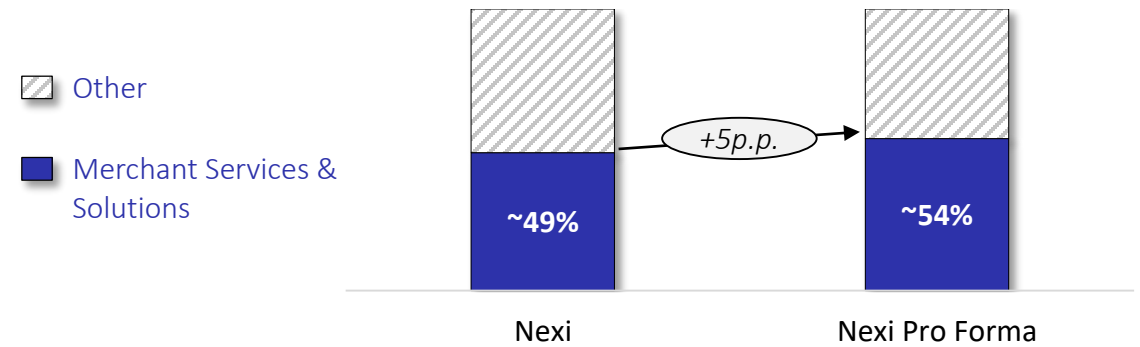
EBITDA 2020E



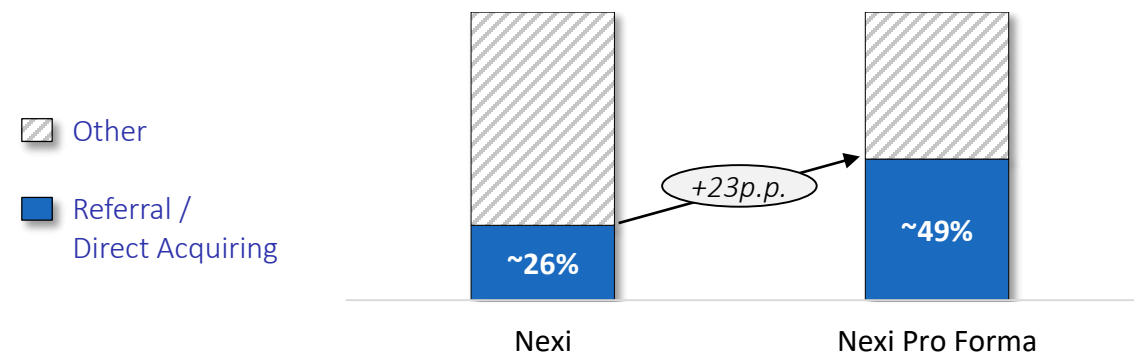
Cash EPS Accretion

Transaction expected to be cash EPS accretive in the high teens from 2020E

Nexi Net Revenues Mix 2020E



Merchant Services & Solutions Net Revenues Mix 2020E

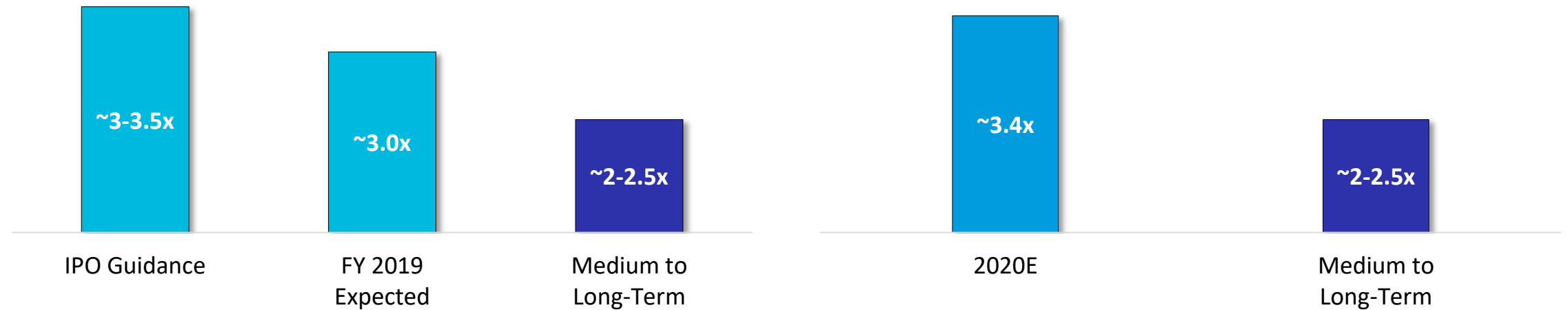


Update on Leverage


Net Financial Debt / LTM EBITDA

Nexi Standalone

Nexi Pro Forma for the Transaction (Assuming Issuance of €1.0bn New Debt)



Reiterating Financial Guidance on a Larger and More Resilient Business

	Current Guidance	Update on Guidance After the Transaction
Net Revenues	5 - 7% annual net revenues growth over medium-term	✓ Reiterated <i>Increased scale and resilience, with further diversification</i>
EBITDA	13 - 16% annual EBITDA growth over medium-term	✓ Reiterated <i>Marginal fixed cost impact</i>
Capex	8-10% ordinary Capex as % of net revenues over long term Transformation Capex on top of ordinary Capex of ~€180m cumulative (2H19 –c.2023)	✓ Improved <i>Marginal incremental ordinary Capex on larger revenue base Limited extraordinary integration Capex Increased cash conversion</i>
Capital Structure	Target Net Debt of ~2.0-2.5x EBITDA over medium to long-term	✓ Reiterated <i>Strong organic deleveraging</i>
		
Improved cash EPS and cash flow conversion		

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every day, every pay