

# Creating The European PayTech Leader

## Strategic Combination Between Nexi and Nets

16 November 2020



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# Three Key Messages

We are creating  
a **stronger** Nexi

- More growth potential
- More resilience

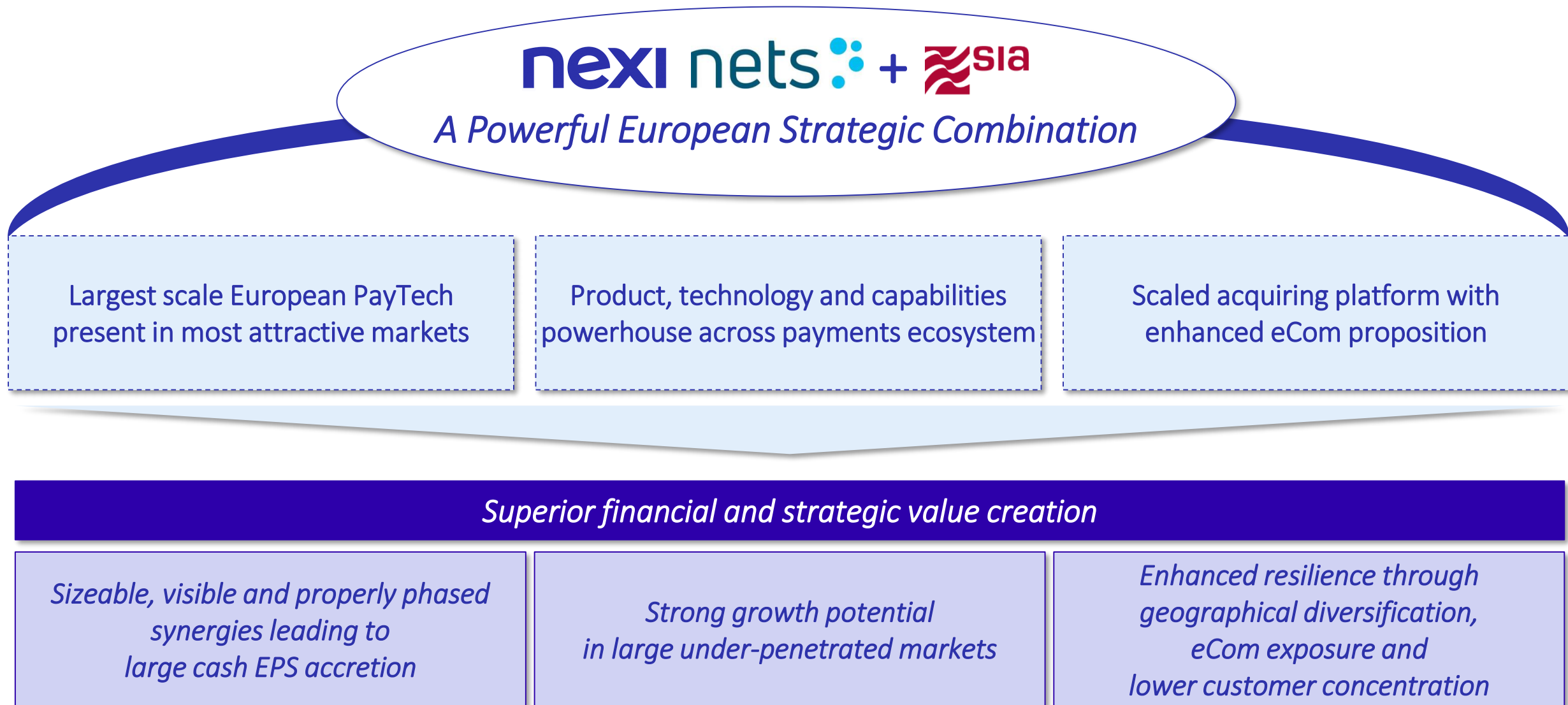
Nets is  
a **growth** PayTech

- Transformed since 2018
- Executing a strong growth plan

We will execute  
**effectively**

- Clear, focused and phased integration plan
- Strong and experienced team in place

# Creating The European PayTech Leader



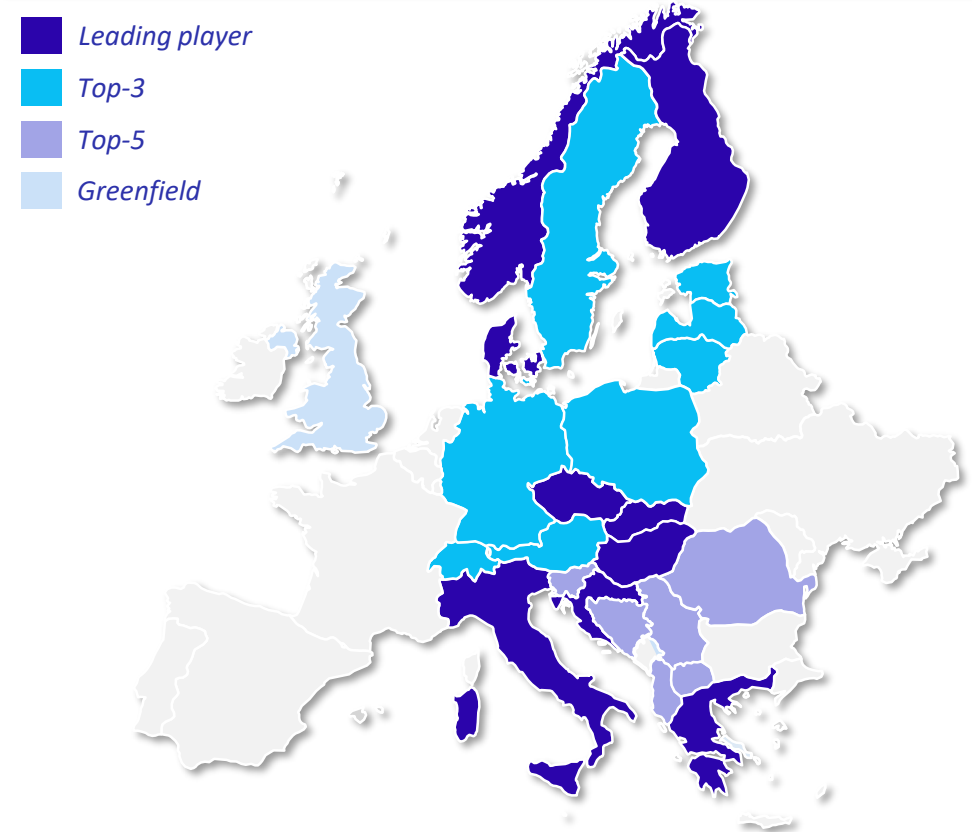
# Creating The European PayTech Leader

## Highlights

- ✓ Largest PayTech in Europe as a result of major European players joining forces
  - Present in >25 countries, representing 65% of European consumption
  - #1 merchant acquirer by number of merchants and transaction value
  - #1 card processor by number of cards and transaction volume<sup>(2)</sup>
  - #1 by EBITDA
- ✓ Strong growth potential in large underpenetrated markets
  - >4x addressable market by consumer spend (vs Nexi standalone)
  - 33%<sup>(3)</sup> average penetration
- ✓ Largest Pan-European operational scale driving material financial and strategic benefits
- ✓ Best-in-class products and capabilities, especially in acquiring
  - Leading eCom proposition, including PayLater and A2A solutions
  - Innovative SME product suite fit for roll-out across Europe
  - Complete omni-channel offering with tailored vertical solutions
- ✓ Diversified and highly resilient revenue pool

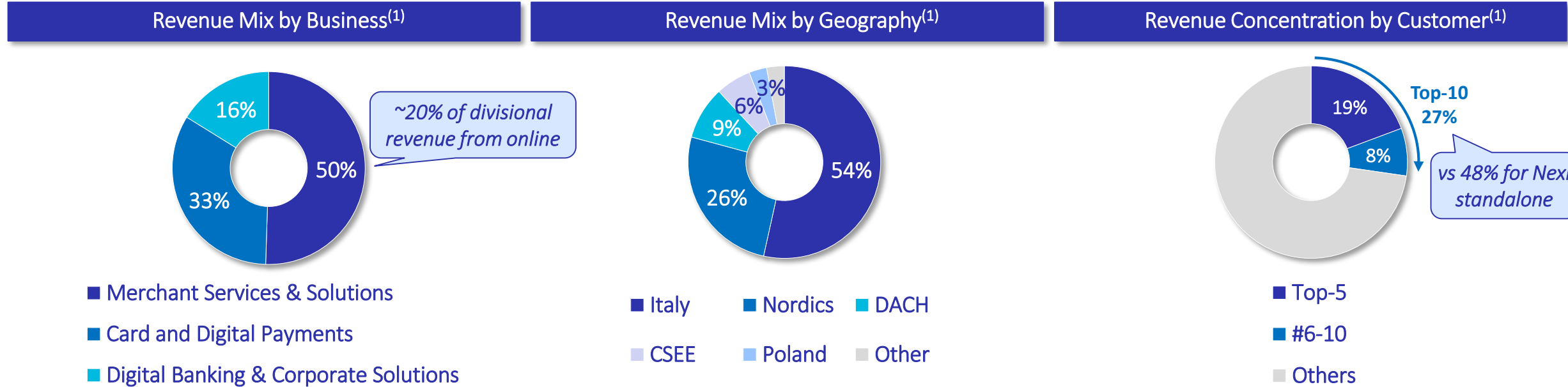
## Nexi + Nets + SIA Combined Reach<sup>(1)</sup>

*Addressable market expanded >4x to €4.6tn in terms of consumer spend with average digital payments penetration of 33%<sup>(3)</sup>*



Positioned to drive the European transition to cashless

# The New Nexi Group at a Glance



# Transaction Highlights & Rationale

# Transaction Highlights

## Compelling Transaction Rationale

- Largest pan-European platform with the scale to drive superior product and efficiency leadership
- Significant growth potential from leadership and exposure to key attractive European markets
- Full solution portfolio across payment ecosystem, with key strengths in acquiring and eCom
- Best-of-breed technology platform and capabilities leveraging on complementarity and scale
- Significant value creation from highly visible and properly phased synergies
- Superior profitability and cash generation at scale with enhanced resilience
- Uniquely positioned for further organic and inorganic growth

## Superior Financial and Strategic Value Creation

- Substantial value creation for all shareholders through revenue and cost synergies as well as capex savings
  - ~€170m<sup>(1)</sup> of total recurring cash synergies resulting from the combination with Nets
- Nets + SIA generate 2022 Cash EPS Accretion of >25%<sup>(2)</sup> on a run-rate synergies basis and ~15% on a phased-in basis
- Pro-forma EBITDA of ~€1.5bn<sup>(3)</sup> in 2020, with enhanced growth potential and further overall resilience through geographic diversification, acquiring / eCom exposure and lower customer concentration



# Transaction Highlights (Cont'd)

## Transaction Overview and Key Terms

- Strategic combination of Nexi and Nets structured as an all-share cross-border merger on the basis of equivalent 2020 EBITDA multiples with Nets' shareholders receiving 407m new Nexi shares
- Based on Nexi share price as of 13 November, Nets' Enterprise Value of €7.8bn (Equity Value would be equal to €6.0bn) and EV/EBITDA 2020E of ~20x<sup>(1)</sup>
- Earn-out of up to €250m payable in shares in 2022 based on 2021 EBITDA (at a significantly lower implied multiple)
- Lock up in place for Nets' shareholders up to 24 months post closing (1/3 locked for 6 months, 1/3 for 12 months and 1/3 for 24 months)
- No incremental debt raised as a result of the transaction. About €1.5bn Nets' financial debt<sup>(2)</sup> to be refinanced, with a committed bridge facility already in place
- Pro-forma ownership post Nets and SIA closing: CDP (17%)<sup>(3)</sup>, Hellman & Friedman (16%)<sup>(4)</sup>, Mercury UK (10%)<sup>(5)</sup>, Advent International & Bain Capital (10%), Intesa Sanpaolo (5%), GIC Private Equity (3%)<sup>(6)</sup>, with a free float<sup>(7)</sup> of 38%<sup>(8)</sup>
- The transaction is subject to a whitewash vote in the context of the EGM called to approve the merger

# Transaction Highlights (Cont'd)

## Governance

- Group Chair: Michaela Castelli
- Group CEO: Paolo Bertoluzzo
- Bo Nilsson, current CEO of Nets, will become non-executive Board member of Nexi and Chairman of Nets
- Hellman & Friedman will appoint also another Board member as a result of the transaction

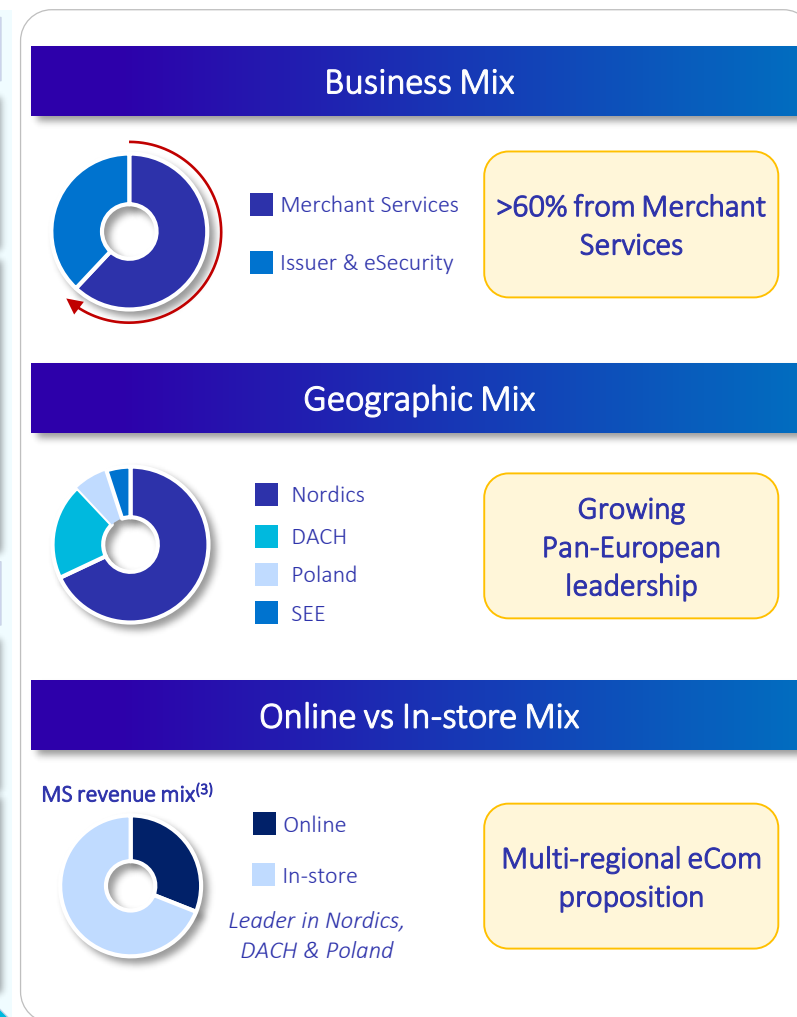
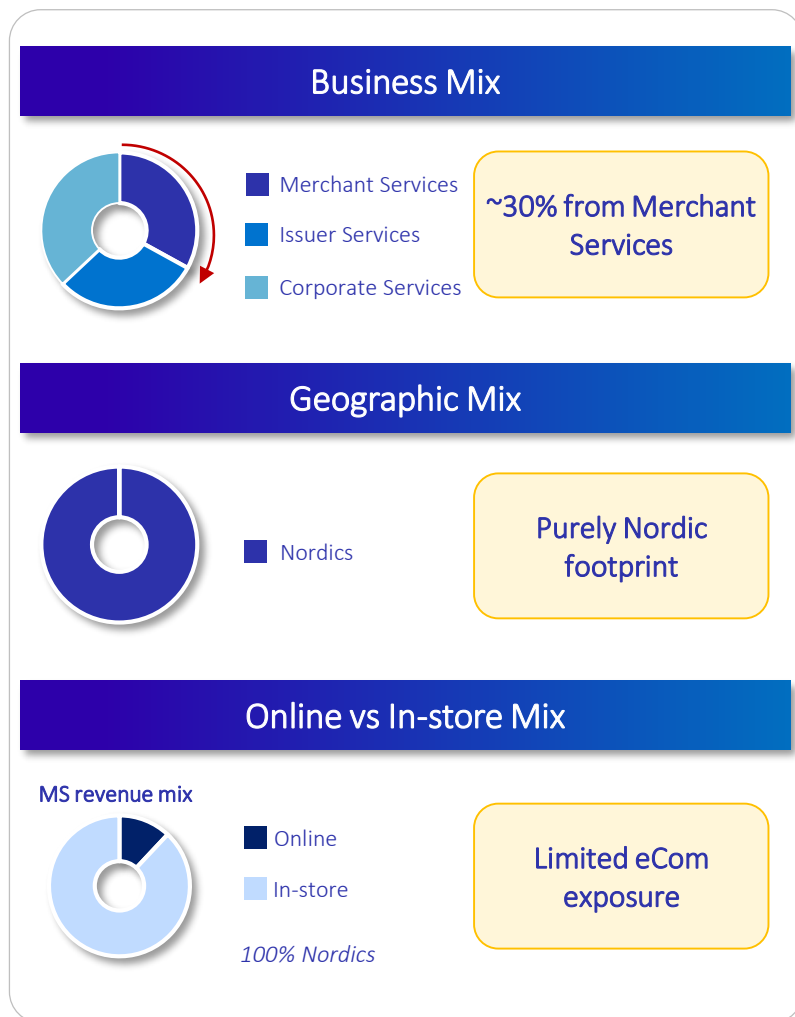
## Integration Approach and Roadmap

- Independent and sequential antitrust approval processes expected for Nets and SIA transactions, with Nets merger intended to close earlier
- Clear and phased integration and synergies delivery plan; most synergies deriving separately from Nexi-SIA or Nexi-Nets
- Nets management initially focused on delivering highly accretive Nets' standalone plan
- SIA synergies focused on Italy with relatively low execution risk
- Clear fast-track joint initiatives identified both on revenue and cost sides

## Implications on SIA Merger


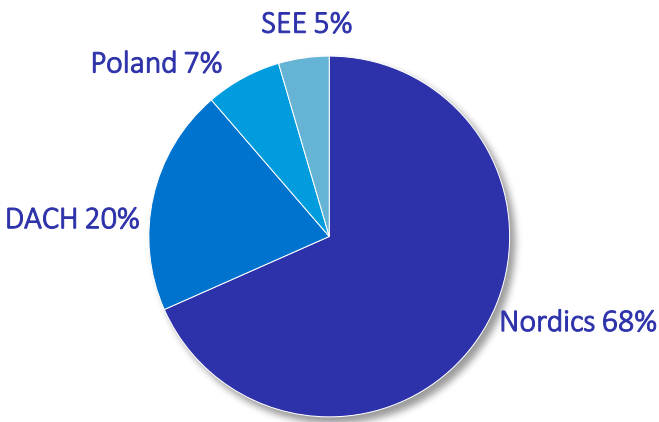
- No relevant impact expected in relation to confirmatory due diligence, approvals process and overall timeline
- The contents of the MoU signed on October 5 are expected to be amended to reflect the implications of the Nets merger agreement

# Nets – A Deep Transformation Creating a European Growth PayTech



# Nets at a Glance



Group Overview			Key Financials (€m) <sup>(1)</sup>	
	<ul style="list-style-type: none"><li>Nets is a leading integrated Pan-European PayTech player, with a leadership position in advanced digital payments markets (i.e. Nordics), large underpenetrated economies (Germany), as well as in underpenetrated markets with significant growth potential (i.e. Austria, Switzerland, Poland)</li><li>In Aug 2019, announced the disposal of majority of the Corporate Services division to Mastercard for €2.85bn (division historically growing below group average), reducing net debt to ~€1.8bn (transaction expected to close by 1Q 2021)</li><li>Today, Nets operates through two business segments: <b>Merchant Services</b> and Issuer &amp; eSecurity Services, covering the full digital payments value chain from payment capture and authorization to processing, clearing and settlement</li></ul>		€1.1bn Revenue 2019	€387m Adj. EBITDA 2019
			36% EBITDA margin 2019	€135m Annual innovation & technology spend <sup>(5)</sup>
<div><div></div>As % of '19 revenue<sup>(1)</sup></div>			Revenue Mix by Geography (2019) <sup>(1)</sup>	
	Highlights	KPIs		
Merchant Services 62%	<ul style="list-style-type: none"><li>Provides merchant customers with payment acceptance solutions across channels (in-store, online and mobile)</li><li>Strong exposure to eCom and alternative payment methods (A2A, PayLater solutions)</li><li>Direct merchant relationship and contractual ownership</li></ul>	<ul style="list-style-type: none"><li>740k merchant RGUs<sup>(2)</sup></li><li>€125bn Txn value<sup>(3)</sup></li><li>~440 direct sales FTEs<sup>(4)</sup></li></ul>		
Issuer & eSecurity Services 38%	<ul style="list-style-type: none"><li>End-to-end issuer services: core payment processing, account management and fraud &amp; dispute management services</li><li>Developer / operator of the Danish eID scheme for authentication and signing used by 99% of the Danish population</li><li>Wide range of digitisation services: authentication, digital signatures, document e-access and bill payments hub</li></ul>	<ul style="list-style-type: none"><li>40m+ cards managed</li><li>250+ financial institutions</li><li>19 European countries</li></ul>		

# Nets Key Reference Geographies

### Nordics

#### Key Figures<sup>(1)</sup>

Consumer Spend	Card penetration	Card payments CAGR '17-19
€0.6tn	67%	6% <sup>(4)</sup>

Key Brand

Competitive Positioning

Leading Nordics payments champion & merchant acquirer

### DACH

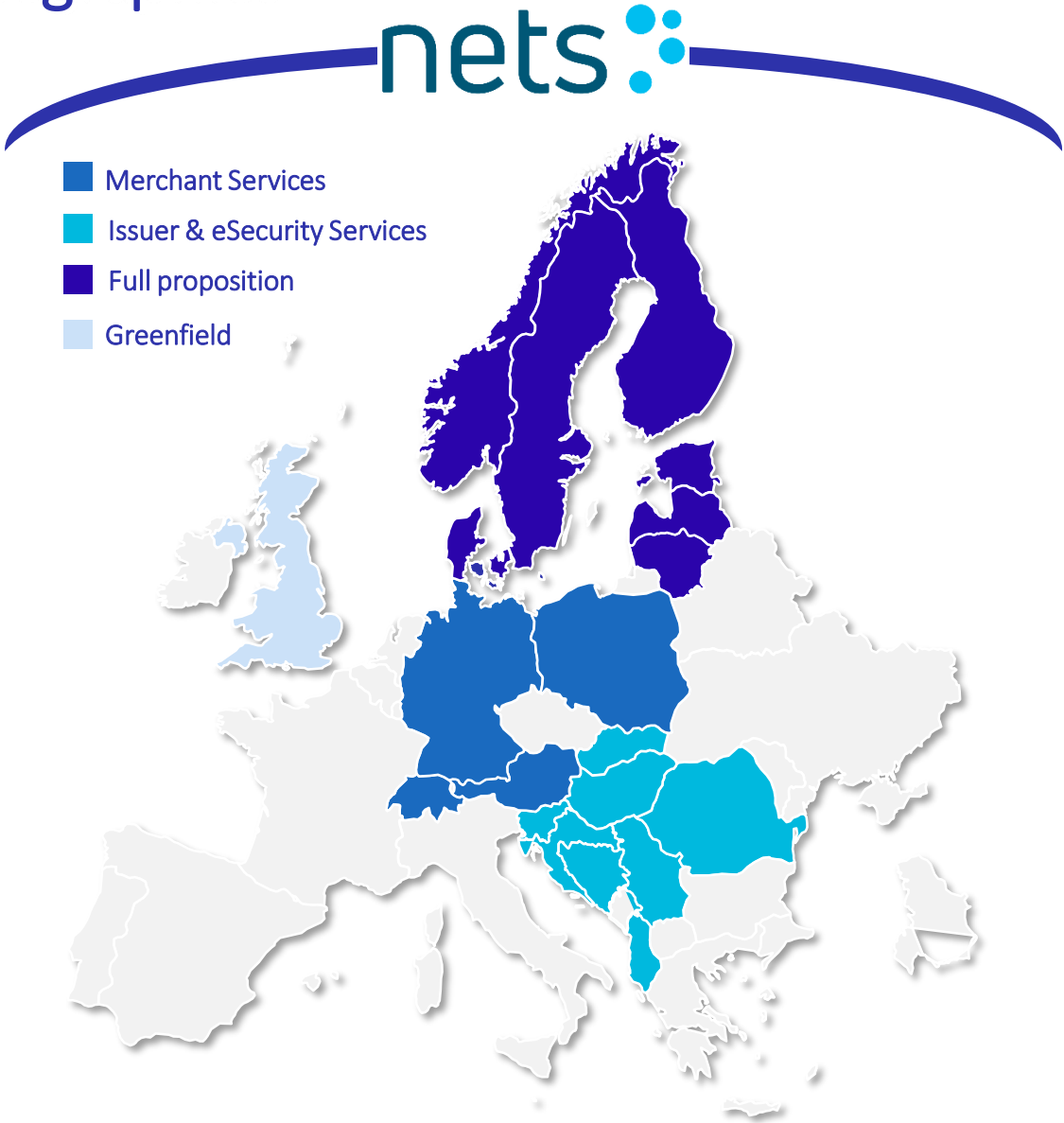
#### Key Figures<sup>(2)</sup>

Consumer Spend	Card penetration	Card payments CAGR '17-19
€2.2tn	31%	12%

Key Brands

Competitive Positioning

Leading challenger merchant acquirer



### Poland

#### Key Figures

Consumer Spend	Card penetration	Card payments CAGR '17-19
€0.3tn	31%	20%

Key Brands

Competitive Positioning

Innovation leader in eCom & SME merchant acquiring

### SEE

#### Key Figures<sup>(3)</sup>

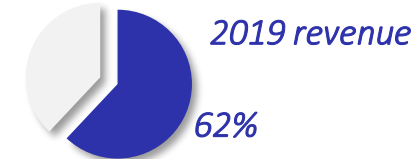
Consumer Spend	Card penetration	Card payments CAGR '17-19
€0.3tn	26%	23%

Key Brand

Competitive Positioning

Leading independent processor

# Nets Merchant Services (“MS”)



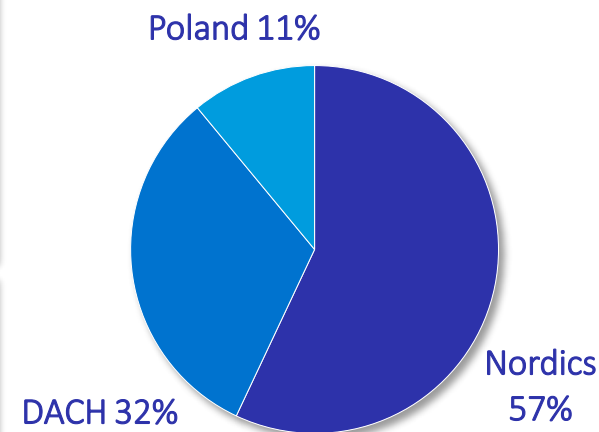
## Sub-Segment Description

	Divisional Revenue (2019) <sup>(1)</sup>	Highlights
<b>SME</b> <i>(Small &amp; Medium Enterprises)</i>	<b>54%</b> €360m	<ul style="list-style-type: none"> <li>Digital, integrated product proposition</li> <li>VAS portfolio on data/insight, merchant finance and loyalty</li> <li>Country organizations with local direct distribution</li> </ul>
<b>LAKA</b> <i>(Large &amp; Key Accounts)</i>	<b>19%</b> €128m	<ul style="list-style-type: none"> <li>Blue-chip merchant portfolio</li> <li>Full omni-channel proposition with dedicated salesforce</li> <li>Loyalty, eTicket and data integration</li> <li>Key verticals served include: grocery, bar &amp; restaurants, apparel, petrol stations</li> </ul>
<b>eCom</b>	<b>21%<sup>(5)</sup></b> €138m	<ul style="list-style-type: none"> <li>Full next-gen gateway proposition for online merchants</li> <li>Expertise across alternative payment methods:                         <ul style="list-style-type: none"> <li>Account-to-account</li> <li>PayLater solutions</li> <li>PSP solutions</li> </ul> </li> <li>Full value-chain ownership driving attractive economics with dedicated salesforce</li> </ul>

## Key Figures

€664m 2019A revenue	740k Merchant RGUs <sup>(3)</sup>	~440 Direct sales FTEs
9% Revenue growth YoY <sup>(2)</sup>	€125bn 2019A transaction value <sup>(4)</sup>	6 eCom & omni-channel Competence centres

## 2019 Revenue by Geography

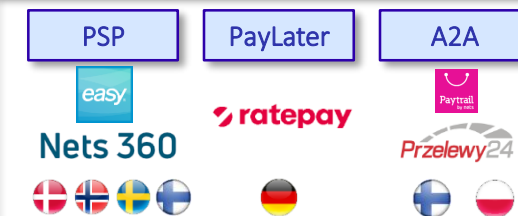


## Key Customers & Brands

### Key Customers





### Key eCom / APM Brands

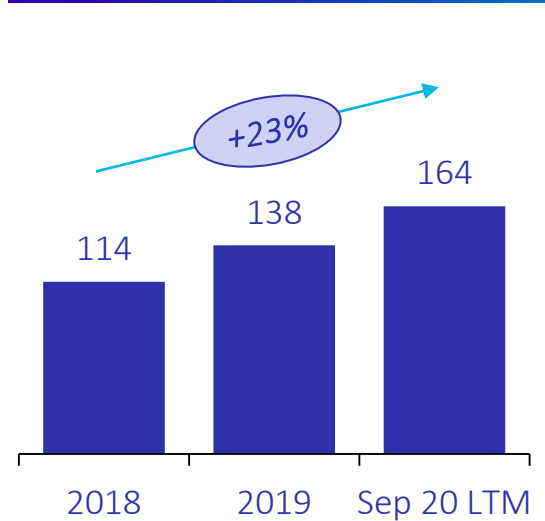




# Nets eCom: Strong Proposition Driving Accelerated Growth

eCom Solutions		
Gateway / PSP	 <b>Nets 360</b>	<ul style="list-style-type: none"><li>• Fast integration with single set of growing APIs – low friction to win new business</li><li>• Single collecting contract for all payment methods – high value to merchants</li><li>• One-click checkout with cross-merchant card on file (20% of Nordics population on file)</li></ul>
Account to account	 	<ul style="list-style-type: none"><li>• Dedicated payment method expandable to full PSP solution (PayPal-like)</li><li>• Strong engagement with all Polish and Finnish banks, with exportable PSD2 capabilities</li><li>• Innovative solutions create a “must-have” product for global merchants</li></ul>
PayLater solutions		<ul style="list-style-type: none"><li>• Unique white-label merchant invoicing and payment collection</li><li>• Multiple payment options (open invoices, direct debit and instalments)</li><li>• Strong underwriting capabilities, leveraging AI and machine learning for risk engine</li></ul>

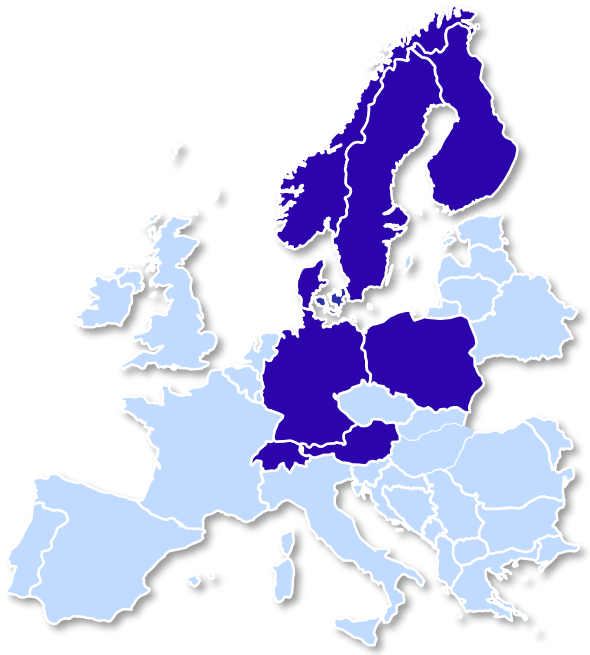
Revenue Evolution (€m)



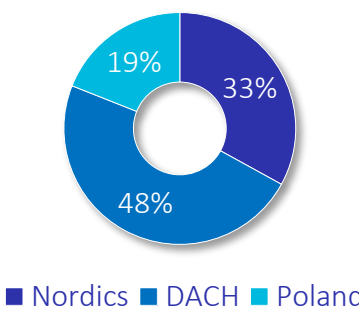
Distinctive Position

- ✓ >650 employees in 6 countries
- ✓ Dedicated digital factories in Poznan, Berlin, Copenhagen
- ✓ Strong network of global and domestic customers and partner integrators
- ✓ Predominantly direct go-to-market model
- ✓ Local integration and payment methods support
- ✓ 270 net new merchants per month on gateways (YTD August 2020)

Geographic Footprint



Revenue by Geography



Key Customers



# Nets Issuer & eSecurity ("leS")



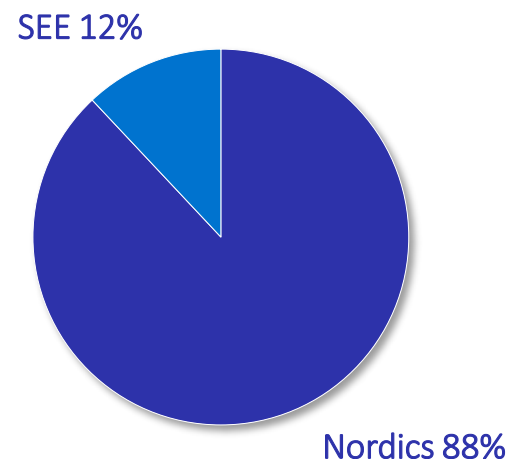
## Sub-Segment Description

	Divisional Revenue (2019)	Highlights
Nordic issuers	23% of Group revenue 61% €246m	<ul style="list-style-type: none"> <li>End-to-end issuer services provider: core payment processing, account management and fraud &amp; dispute management services</li> <li>In the Nordics, Nets is the historical partner for banks for issuer processing services</li> <li>In SEE, Nets has gained a significant footprint across 8 countries following the acquisition of Mercury Processing</li> </ul>
SEE issuers	12% €48m	
eID	17% €70m	<ul style="list-style-type: none"> <li>Operator of eID schemes for authentication &amp; signing in Denmark</li> <li>Identity infrastructure services to banks, corporates and public sector</li> </ul>
Digitisation	9% €37m	<ul style="list-style-type: none"> <li>Provider of wide range of digitisation services: authentication, digital signatures, document e-access and bill payments hub</li> </ul>

## Key Figures

€401m Revenue 2019	40m+ Cards managed	>50 Direct sales FTEs
5% Revenue growth YoY <sup>(1)</sup>	250+ Financial institutions	6% / 13% Nordic / SEE annual TRX volume growth <sup>(2,3)</sup>

## 2019 Revenue by Geography



## European Reach

### 19 European Countries

#### Nordics & Baltics



#### South - Eastern Europe (SEE)



#### Newly Won Markets



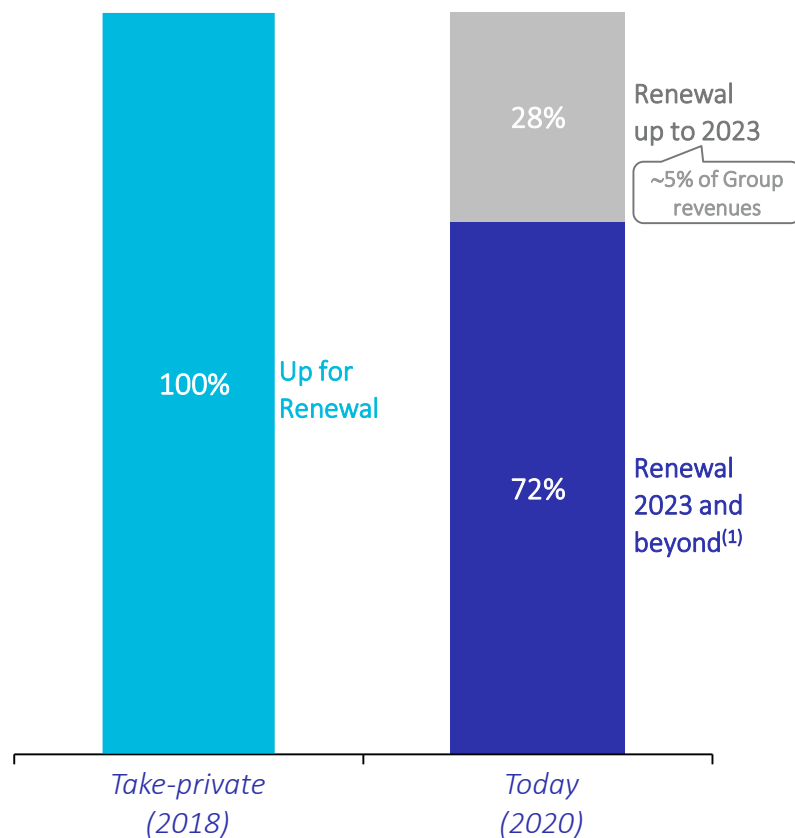


# Nets – Issuer Processing Business Reshaped and Ready for Growth

- The Nordic Issuers business represents 23% of Nets' total revenue in 2019
- Over the last 2 years the Nordics Issuer business has been reshaped through renegotiation of customer contracts and rebasing to market pricing
- Issuer platform ideally positioned for growth in Europe supported by recent customer wins and attractive pipeline

## De-risked Customer Portfolio in the Nordics

% of revenues by contract expiry



## Ideally Positioned for Growth in Europe

- ✓ European digital payments leader powered by strong Nordic heritage
- ✓ Full suite of innovative and modular digital payments products
- ✓ Next-gen payments infrastructure (UNI<sup>(2)</sup>) with industry-leading scale
- ✓ Flexible platform enabling rapid integration to banks' existing infrastructure
- ✓ Customer-centric organization and fit-for-growth scalable delivery model

## Attractive Pipeline & Recent Customer Wins

- ✓ Proven track record of winning new customers in Europe (4 customer wins in 2020 thus far)
- ✓ Attractive pipeline supporting further growth in Nordic, DACH, Poland and UK



>30

New customer opportunities at various stages across EU



~€200m  
TCV pipeline probability weighted<sup>(3)</sup>

### Recent Customer Wins

**LUNAR<sup>®</sup>**

Digital native Nordic bank targeting pan-EU expansion

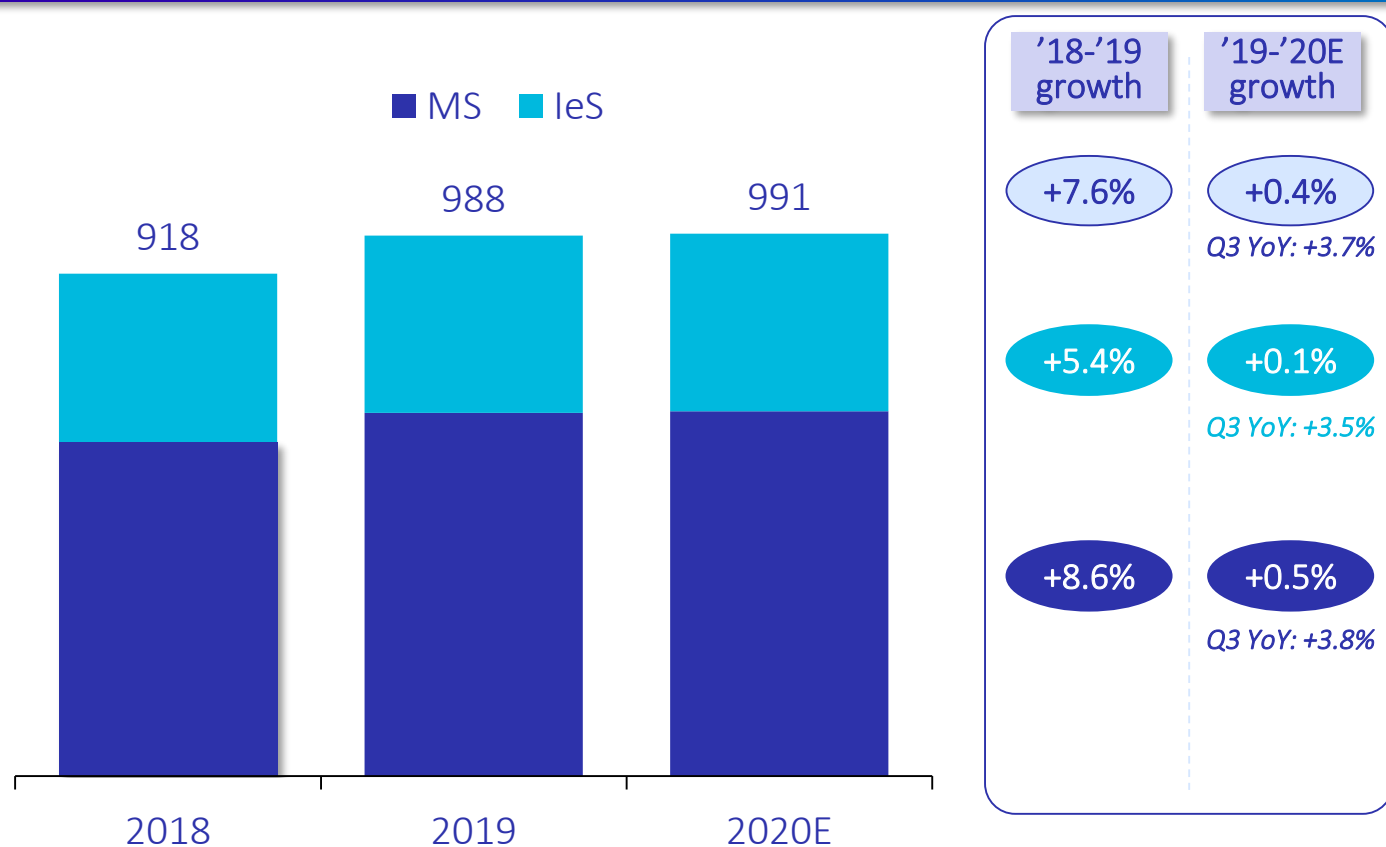
**IKANO**

Leading Swedish consumer finance bank present in UK, DACH and Poland

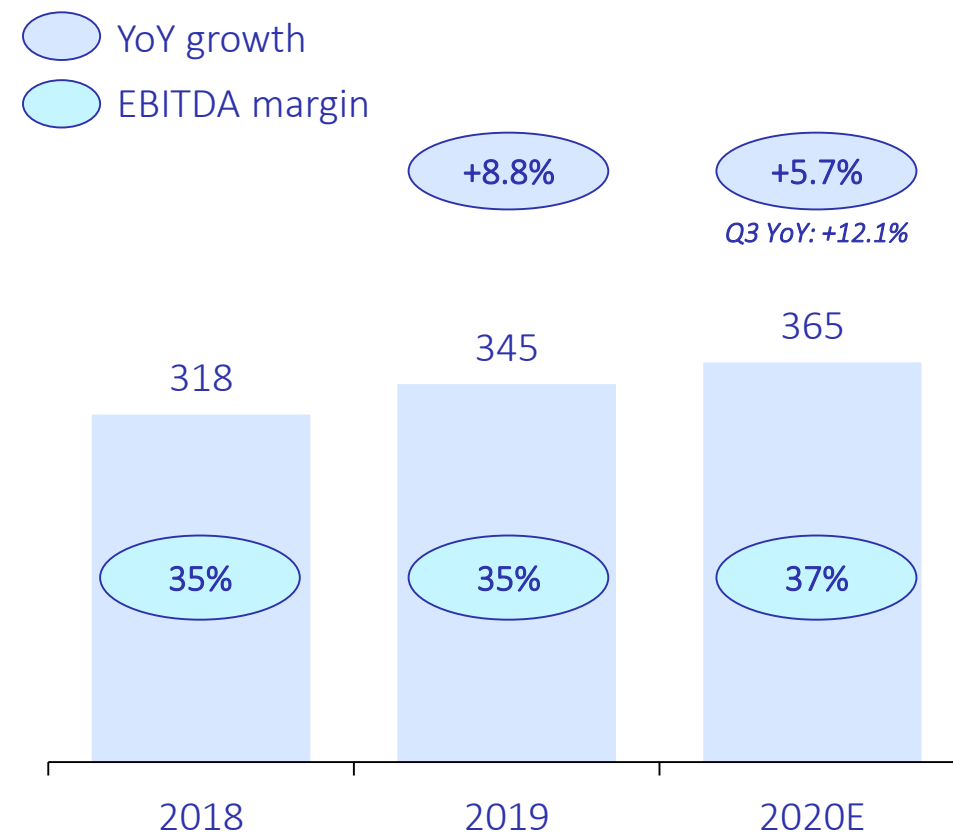
# Nets – Organic Underlying Growth Driven by Acquiring and eCom

- Strong underlying top-line performance in 2019 YoY mainly driven by growth in eCom and SME acquiring, adjusted for non-recurring effects for leS only
- 2020 financial performance resilient to COVID-19 with underlying EBITDA up ~6% mainly driven by revenue resilience and cost transformation

Underlying Revenue (€m)<sup>(1)</sup>

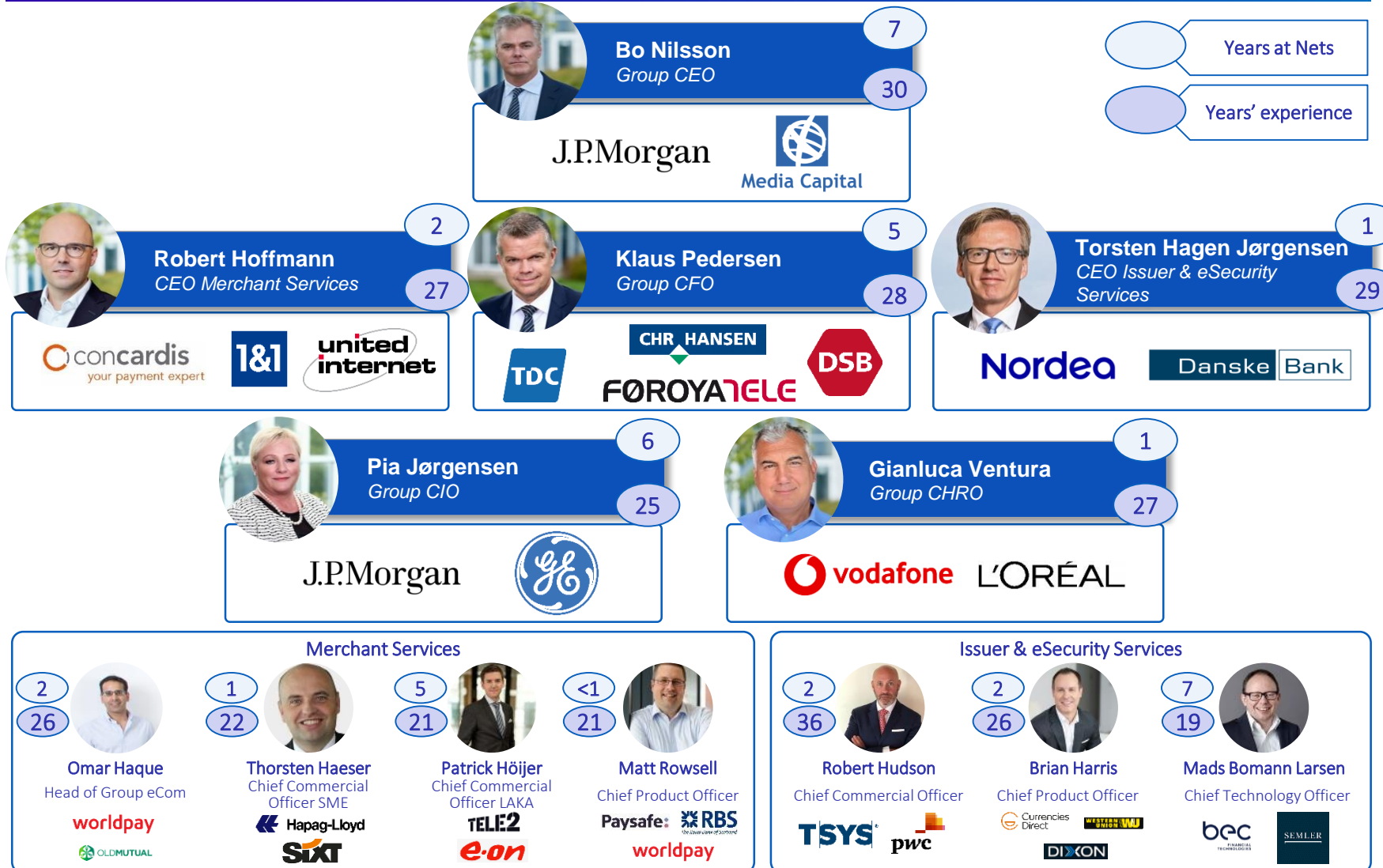


Underlying EBITDA (€m)<sup>(1)</sup>



# Nets – Highly Experienced and Committed Management Team Strengthened by Recent Key Hires

## Nets Executive Management Team



- Strong international top management with ~30 years experience
- Unparalleled industry and cross disciplinary background spanning payments, technology and banking
- Long-term commitment supported by market-standard lock-up provisions
- Highly engaged and committed talent pool
- Vertical organization including ~4k FTEs across Europe
- Customer-centric organization with dedicated salesforce of ~440 FTEs across acquiring verticals
- Consistently high employee engagement scores

# Creating The European PayTech Leader



Creating The European  
PayTech Leader



1

Largest pan-European platform with the scale to drive superior product and efficiency leadership

2

Significant growth potential from leadership and exposure to key attractive European markets

3

Full solution portfolio across payment ecosystem, with key strengths in acquiring and eCom

4

Best-of-breed technology platform and capabilities leveraging on complementarity and scale

5

Significant value creation from highly visible and properly phased synergies

6

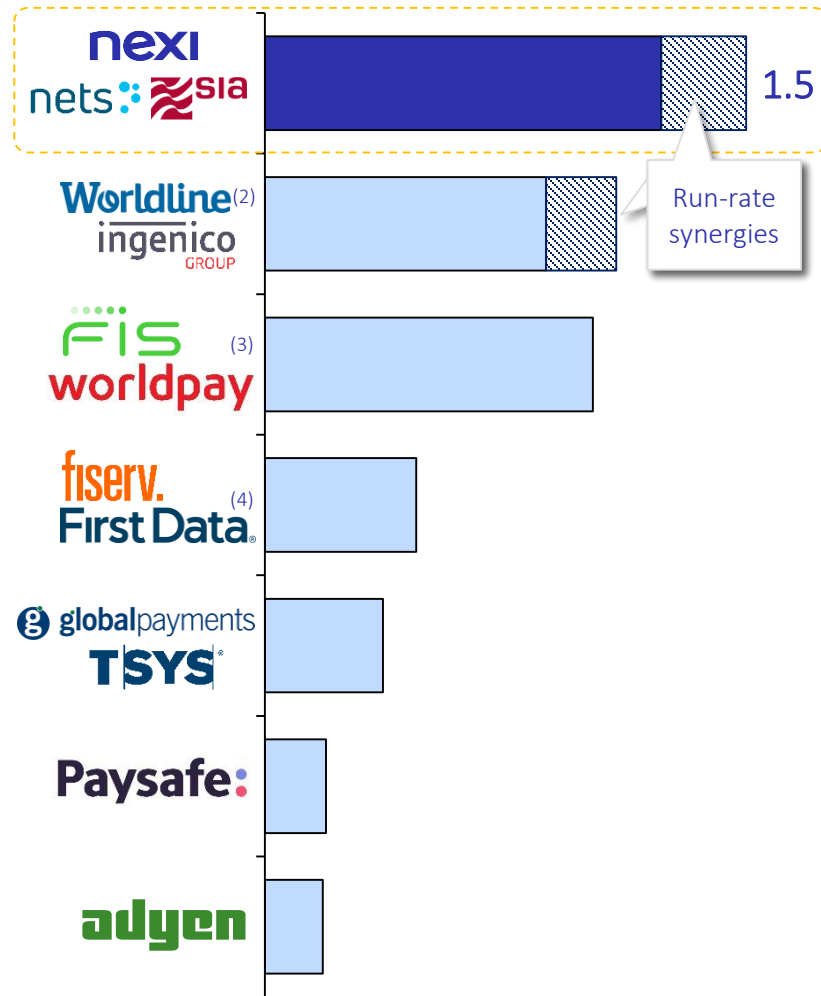
Superior profitability and cash generation at scale with enhanced resilience

7

Uniquely positioned for further organic and inorganic growth

# 1 Largest Pan-European Platform with the Scale to Drive Superior Product and Efficiency Leadership

Ranking by European EBITDA<sup>(1)</sup> 2019 (€bn)



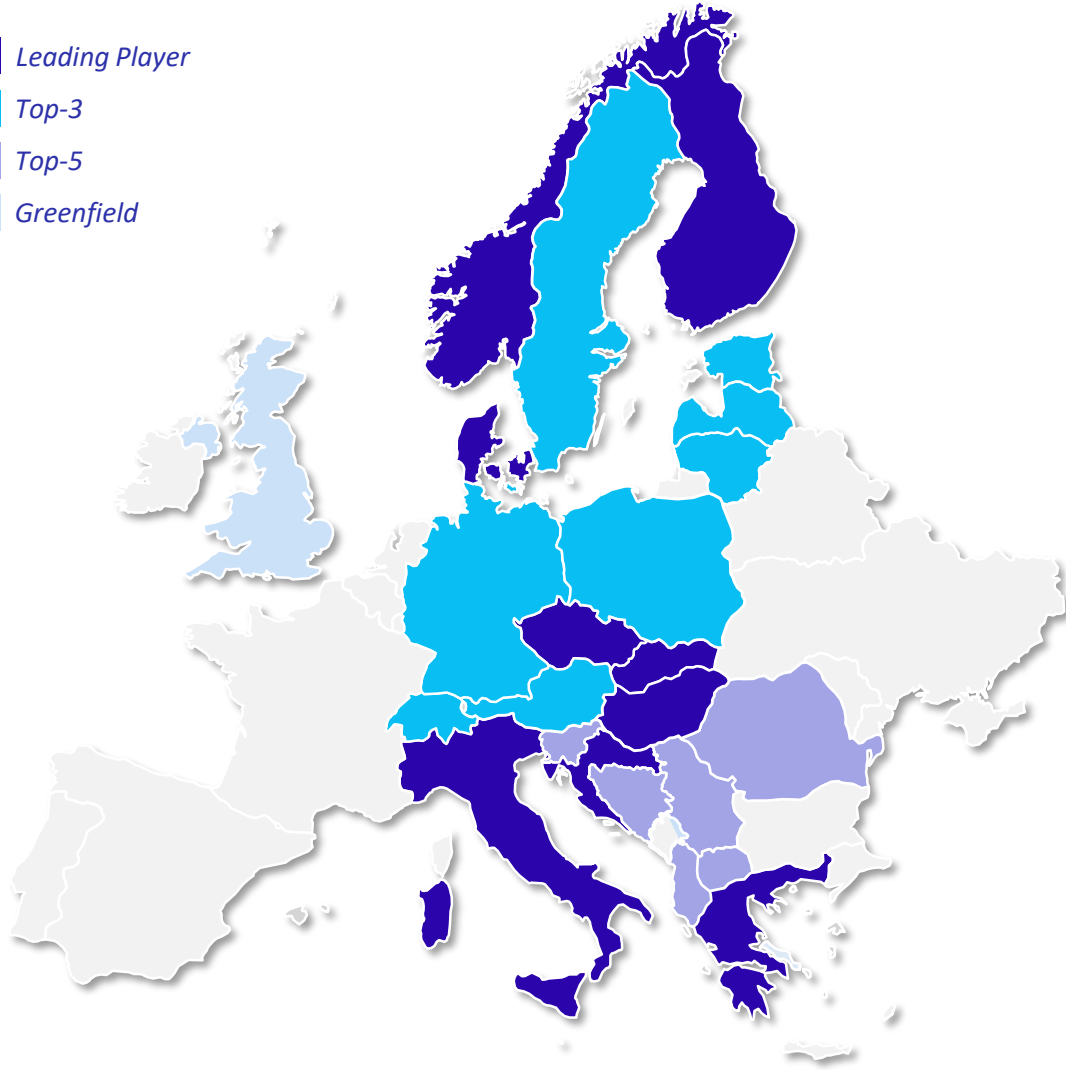
Pan-European Scale Unlocking Significant Industrial Benefits

- Efficiency and operating leverage**
  - Enhanced operational scale driving cost competitiveness and industry-leading margin through cost base optimization and operating leverage
- Innovation and technology firepower**
  - ~€300m IT & innovation spend per year with >3k product and tech development specialists, fuelling digital innovation and next-gen products
- eCom European platform at scale**
  - Advanced gateway/PSP capabilities, including APM and PayLater solutions, designed to serve both local and regional merchants/marketplaces through ~700 dedicated FTEs
- Omni-channel large merchant proposition**
  - Leading-edge capabilities ready to support international merchants with vertical-specific solutions across countries, payment channels and rails
- International financial institutions proposition**
  - Ability to serve banks across multiple business lines (issuing, processing, merchant services, instant payments) and on cross-national and ecosystem initiatives, with deep platform integration across geographies
- Products and capabilities cross-fertilization**
  - Sharing best-of-breed innovative solutions, products, competences and market experiences across geographies with strong integration capabilities

## 2 Leadership Position in Key Attractive European Markets

### Nexi + Nets + SIA Combined Reach<sup>(1)</sup>

- Leading Player
- Top-3
- Top-5
- Greenfield

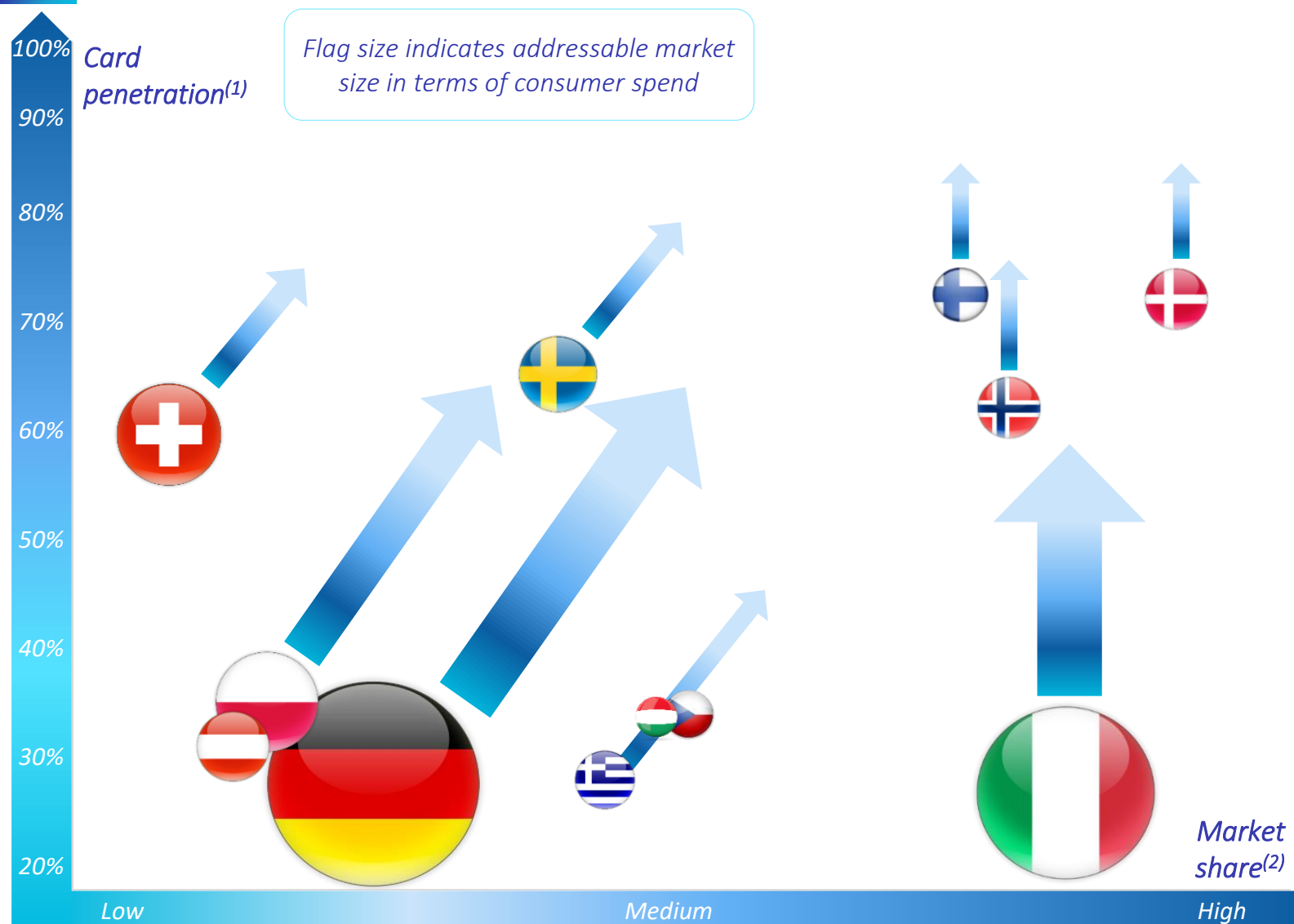


### Unique Portfolio of Underpenetrated and Advanced Markets

Core Geographies	Italy	Nordics	DACH	Poland	CSEE <sup>(3)</sup>
Consumer Spend	€1.1tn	€0.6tn	€2.2tn	€0.3tn	€0.5tn
	Total: €4.6tn (>4x vs Italy)				
Card Penetration <sup>(2)</sup>	24%	67%	31%	31%	28%
	Average: 30%				
Card Transaction Volume CAGR '17-19	8%	6%	12%	20%	20%
	Average: 18%				



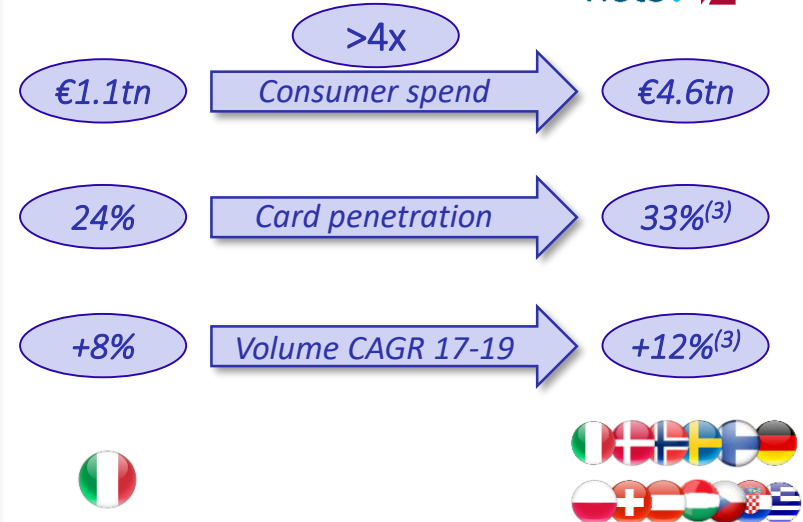
## 2 Significant Upside Potential through a Fast-Growing European Footprint



### New Nexi Addressable Market ('19)

nexi

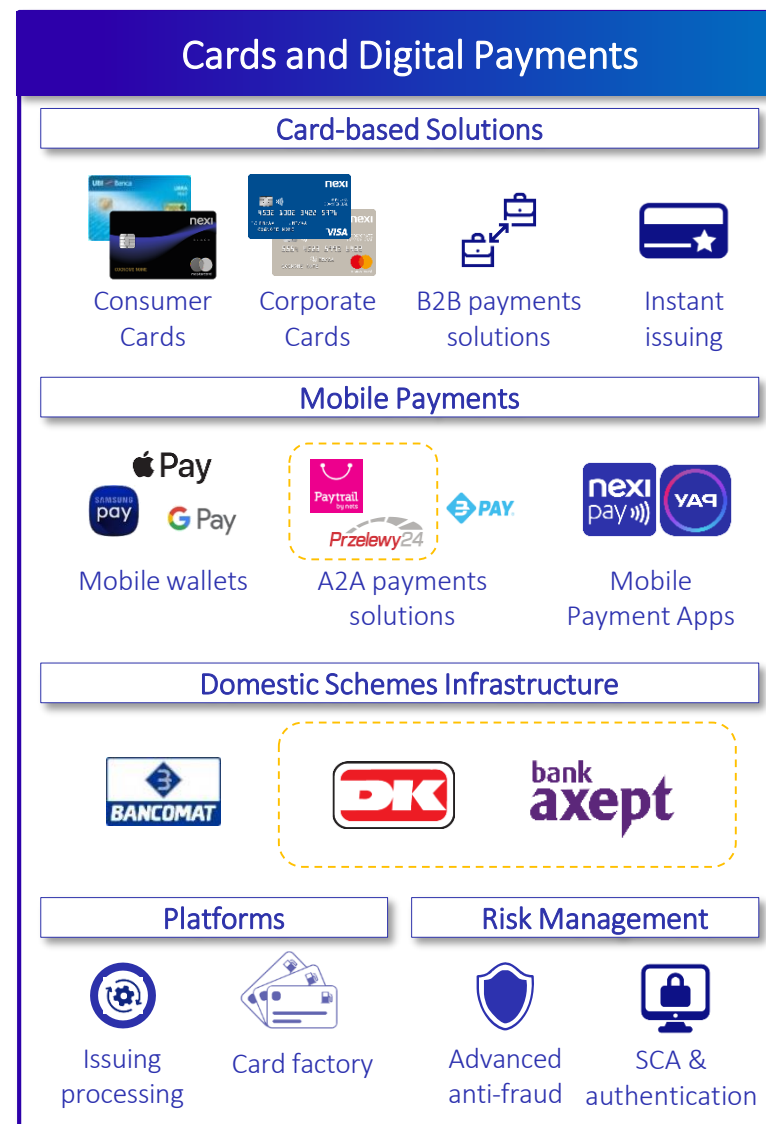
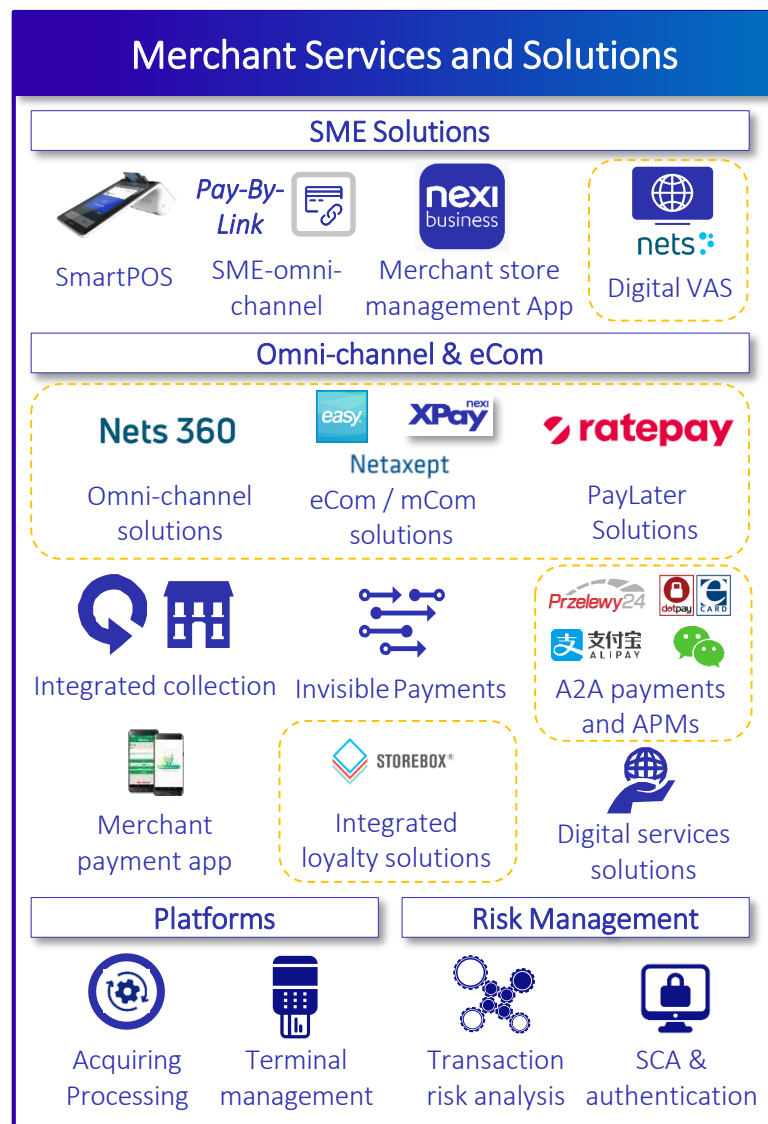
nexi  
nets::sia



- Covering a >270m population and driving >65% of European consumer spend
- Strong growth potential across geographies from combining secular market growth and market share gain

# 3 Full Solution Portfolio across Payment Ecosystem, with Key Strengths in Acquiring and eCom

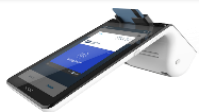
Key Nets contribution





### 3 Superior Merchant Services & Solutions Proposition Across Customer Verticals

#### Unique Superior SME Proposition



- ✓ Leading-edge **SmartPOS** terminal range
- ✓ Omni-channel “sell-everywhere” solution (i.e. Pay-by-link)
- ✓ Complete suite of **digital VAS**, from loyalty to store management
- ✓ **Data-enabled products & services** including mobile Apps

#### European eCom Platform at Scale



- ✓ Segmented offering for **local and regional merchants**
- ✓ Conversion-driving **1 click checkout**
- ✓ **Unique collecting PSP** offering
- ✓ **High-growth A2A solutions**, integrated with PSP offering
- ✓ White-label invoicing **PayLater solutions**, with collection and multiple payment options
- ✓ One of Europe’s **largest product factories**

#### Industry Specific Omni-channel LAKA Solutions



**Nets 360**

- ✓ **International merchants flexible gateway** solution enabling multiple customer journeys
- ✓ Dedicated **vertical, industry-specific solutions** with differentiating capabilities
- ✓ 1-click checkout and **conversion-enhancing tools**
- ✓ Card-linked loyalty and other **in-store VAS**
- ✓ Full range of terminals with **own payment App**
- ✓ **Wide set of ERP**, teller and other software platforms already integrated



**>1m**  
SME merchants served



**>60**  
Apps in Smart POS ecosystem



**~1.3m**  
POS terminals managed



**>360**  
SME direct sales FTEs



**#1**  
eCom acquirer in Italy and Nordics



**4**  
eCom product dev. factories



**~700**  
Dedicated professionals



**>70k**  
Merchants served



**~€50bn**  
Value processed



**€11bn**  
A2A value processed



**#1**  
LAKA acquirer in Italy



**10**  
Vertical solutions



**#2**  
PayLater solution in Germany

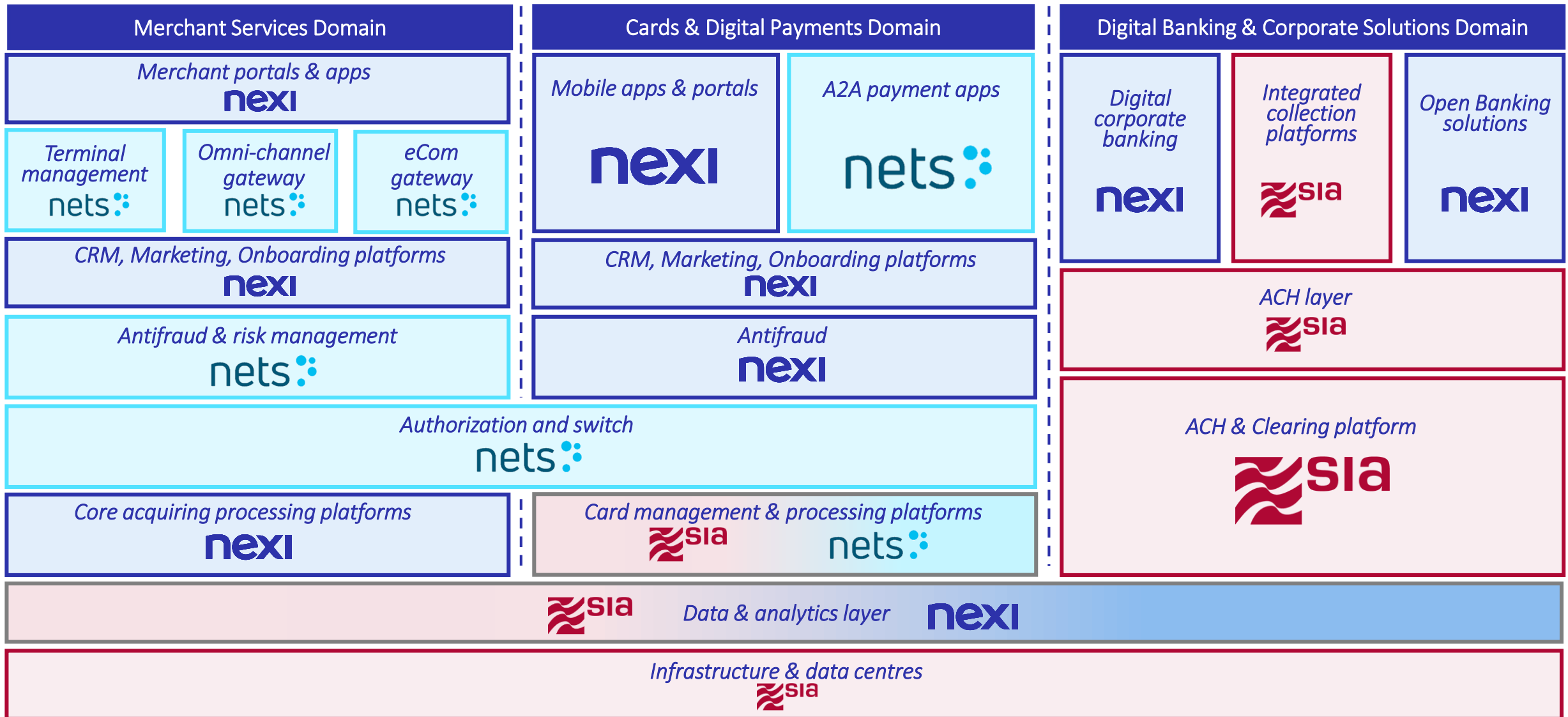


**~330k**  
POS terminals managed



**>100**  
LAKA direct sales FTEs

## 4 Best-of-breed Technology Platform Leveraging on Complementarity and Scale



4

# World-class Technology Capabilities at Scale Ranging from Digital to Processing, from Gateway Technologies to Infrastructure

*Cutting-Edge Product Development Capabilities in eCom and Omni-channel*

- ~700 dedicated professionals
- 7 centres of competence in 7 countries

- ~€50bn eCom transaction value on 3 gateways
- Segment-specific gateways managed by dedicated teams

*Next Generation Digital and Data Innovation*

- >30k new IT releases over the last 12 months
- Cloud-based platforms and data lake

- Dedicated teams on advanced analytics and artificial intelligence
- AI-based antifraud and authentication solutions

*Clear Leadership in Processing and Core Platforms*

- >1.0k dedicated professionals
- >30bn transactions processed per year, with full set of in-house capabilities

- 15bn clearing transactions processed per year
- Instant payments and A2A leader in Europe

*Deep Banking System Integration with Superior Delivery Capabilities*

- >1k financial institutions deeply integrated on mission-critical platforms
- Long-term partner of government / PA on digital identity and digital payments (MitID, PagoPA)

- Partner of choice for systemic initiatives (CBI Globe Open Banking Gateway, Dankort and Bancomat)
- Strategic provider of central institutions and central banks (SEPA, Instant Payments, ACH, Clearing)

*Mission-Critical Leading Edge Infrastructure*

- >800 dedicated professionals
- >35 PetaBytes in storage space

- ~1.6k network nodes
- 42 data centers with >25k servers managed across Europe



&gt;3k

Product & Tech Development Specialists



~€300m

Annual Total IT & Innovation Spend



10

Digital Factories

## 5 Significant Value Creation from Highly Visible and Properly Phased Synergies

Synergies Areas	Overview	Amount
1 Cost Synergies	<ul style="list-style-type: none"> <li>Rationalization of all IT &amp; tech platforms with gradual, phased timeline to account for ongoing development and migrations</li> <li>Creation of shared service &amp; competence centers to drive operational excellence across all activities</li> <li>Central procurement on purchases</li> </ul>	~€95m
2 Revenue Synergies	<ul style="list-style-type: none"> <li>eCom solutions cross-fertilization, including gateways, PSP, PayLater solutions and dedicated offering for digital services</li> <li>Cross-selling of omni-channel and integrated collection solutions to regional and international merchants</li> <li>Innovative, “best-of-breed” SME proposition rolled-out across multiple countries</li> <li>Cross-selling of issuing solutions to international financial institutions</li> </ul>	~€60m <sup>(1)</sup>
3 Capex Synergies	<ul style="list-style-type: none"> <li>Capex optimization, avoiding duplication of investments</li> <li>Joint investment planning with increasing efficiencies</li> <li>Best-of-breed processing platforms consolidation</li> </ul>	~€35m

~€170m  
**Total Recurring Cash Synergies**  
 On Top of ~€150m  
 Expected from SIA  
 Combination

**2022 Nets + SIA  
 Cash EPS<sup>(2)</sup> Accretion**

>25%  
 (run-rate synergies)

~15%  
 (phased-in synergies)

# 5 Driving Revenue Synergies through Cross-selling, New Capabilities and New Propositions Roll-out

nets

ratepay

PayLater solutions

Netaxept

eCom LAKA gateway

Nets 360

Omni-channel solutions

ediEX

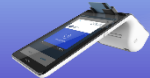
Digital billing platform

easy

eCom SME gateway

STOREBOX

Integrated loyalty solutions



Smart POS



SME omni-channel



Digital front-ends for consumers & merchants

nexi



A2A payments



Local transportation



PA solutions



Instant payments



Blockchain solutions



B2B payments



Service model up-selling to international banks



Cross-sell to Italian financial institutions



## Pan-European Capabilities Cross-fertilization

- ✓ Cross-selling of existing best-of-breed solutions across client base and geographies, with strong focus on merchant services and eCom
- ✓ Development of a European omni-channel, industry-specific proposition for large international merchants and corporates
- ✓ Cross-selling of innovative eCom solutions for SMEs and LAKAs
- ✓ Service model upselling through higher-value services and business models to international banks
- ✓ Cross-selling of integrated collection and B2B payments solutions to Italian and international corporate customers
- ✓ Joint product and solutions development, leveraging state of the art capabilities of each entity

~€110m revenue synergies potential from Nets and SIA transactions resulting in ~€75m EBITDA upside

Superior product development and focused innovation teams driving roll-out of new capabilities

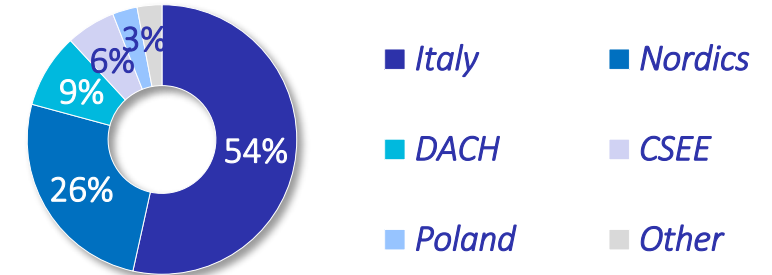
## 6 Superior Profitability and Cash Generation at Scale with Enhanced Resilience



### Combined Financials<sup>(1)</sup> (2020E Pro-forma including run-rate synergies)

Revenue	€2.9bn
EBITDA	€1.5bn
EBITDA Margin	52%
Operating Cash Flow <sup>(2)</sup>	€1.2bn
Cash Flow Conversion Rate <sup>(3)</sup>	81%

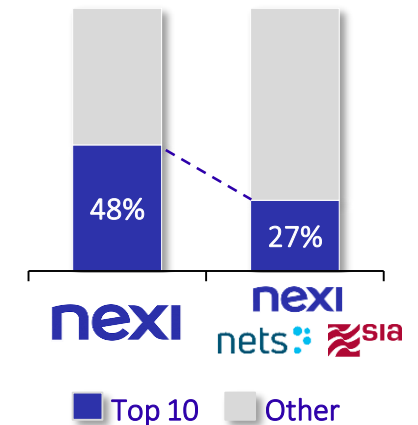
### Revenue Mix by Geography



### MS Revenue Mix



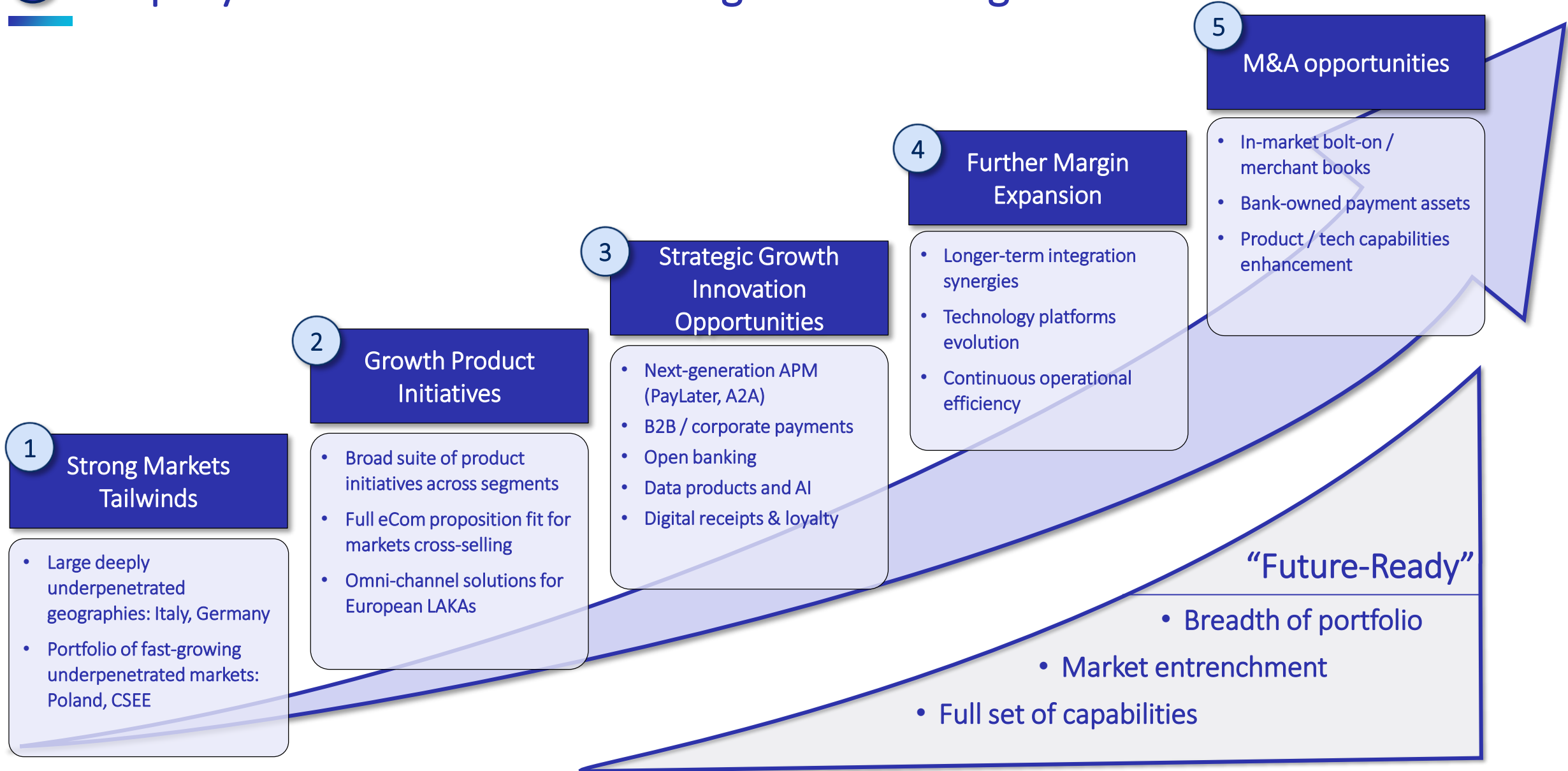
### Revenue by Customer / Partner



- Enhanced resilience from geographic diversification, eCom exposure and significantly lower customer concentration
- Superior cash generation profile, with ability to support at the same time de-leveraging and investments in organic growth and M&A



# 7 Uniquely Positioned for Further Organic and Inorganic Growth



# A Clear, Phased Execution Plan to Deliver Value Short Term and Long Term

## Key Principles

- One focused transformation program
  - Clear integration priorities and phasing
  - Limited areas of overlap in integration effort of Nexi-Nets and Nexi-SIA respectively
- Nets standalone plan delivering strong value creation, led by strong local management
- Nexi-SIA focus:
  - Cost synergies and integration 100% in Italy
  - Revenue synergies focused on Issuing and Digital Banking & Corporate Solutions
- Nexi-Nets focus:
  - Cost synergies and integration mostly outside of Italy
  - Revenue synergies focused on Merchant Services
- Clear, focused fast-track joint initiatives identified
- Continued strong focus on delivering growth for the ongoing businesses during transformation guaranteed by the breadth and depth of seniority and talent within Nexi, Nets and SIA

## Focus 2021

## Focus 2022

## Longer-term Goal

*One focused transformation program led by a highly experienced leadership team across workstreams*

Nets standalone growth plan

Nexi-Nets integration

Phased progressive integration

Nexi-SIA Italy integration

Fast-track joint initiatives

One European eCom & omni-channel proposition

One SME next-generation proposition

Joint Technology plan

Joint Opex-Capex resource planning and optimization

Joint Procurement optimization

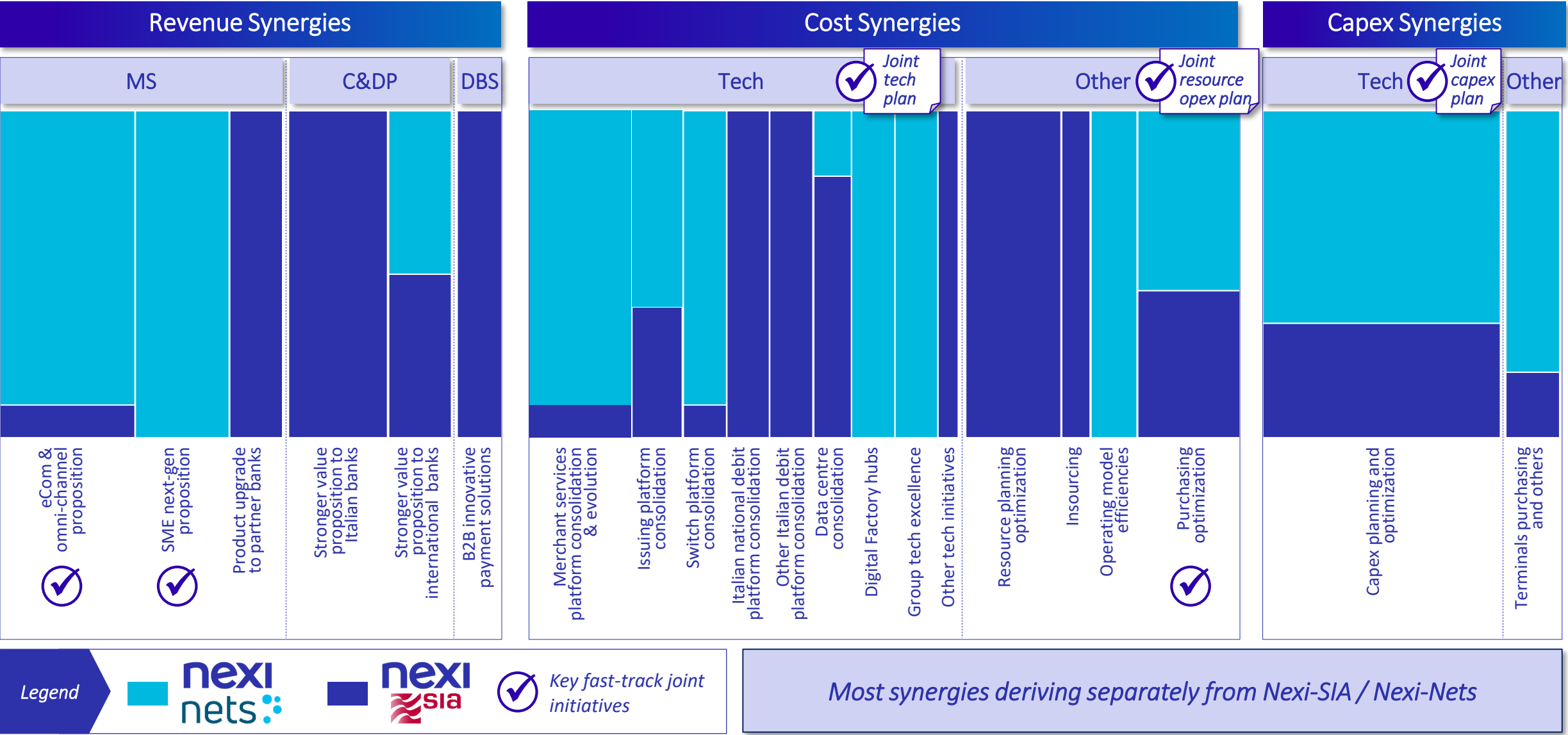
One European Platform

**nexi**

nets  



# Clear and Focused Synergies Initiatives, with Limited Overlaps



# Value Creation & Financial Benefits

# Value Creation and Financial Benefits

	Key Considerations	Highlights
1 Significant Value Creation from Synergies	<ul style="list-style-type: none"> <li>Total recurring cash synergies of ~€170m</li> <li>Properly phased synergies with low execution risk, in addition to those arising from SIA transaction</li> </ul>	<ul style="list-style-type: none"> <li>✓ Nets + SIA generate 2022 Cash EPS<sup>(1)</sup> Accretion of &gt;25% with run-rate synergies and ~15% on a phased-in basis</li> </ul>
2 Enhanced Growth Potential	<ul style="list-style-type: none"> <li>Evolution of addressable market: from home-market focus to Pan-European reach</li> <li>Step-change in the online channel, with Europe-ready eCom platform</li> <li>Significant cross-selling potential with plug-in capabilities across geographies</li> </ul>	<ul style="list-style-type: none"> <li>✓ &gt;4x larger addressable market, with low current penetration of 33%<sup>(2)</sup></li> <li>✓ Significant increase in eCom revenue</li> </ul>
3 Increasingly Diversified Group with Resilient Revenues Streams	<ul style="list-style-type: none"> <li>Increased customer diversification with balanced mix of merchants, banks &amp; central institutions</li> <li>Highly resilient revenue base with a mix of volume-driven, installed base driven, license &amp; project-based revenues</li> <li>Vast majority of MS revenue are either from direct or bank referral relationships</li> </ul>	<ul style="list-style-type: none"> <li>✓ Weight of top-10 clients reduced to 27% of revenues</li> <li>✓ 62% of transaction-driven revenues, 38% installed-base driven</li> </ul>
4 Operating Gearing Fueling Profitability and Cash Generation	<ul style="list-style-type: none"> <li>Combined tech platforms enabling relevant scale benefits, with clear leadership in processing and core platforms</li> <li>Significant margin expansion from operational scale and synergies</li> </ul>	<ul style="list-style-type: none"> <li>✓ €1.2bn pro-forma operating cash flow generation<sup>(3)</sup></li> <li>✓ &gt;€2bn cash generated over 3 years<sup>(4)</sup></li> </ul>

# Financial Profile of the Combined Group

Based on 2020E Figures  
(€bn)

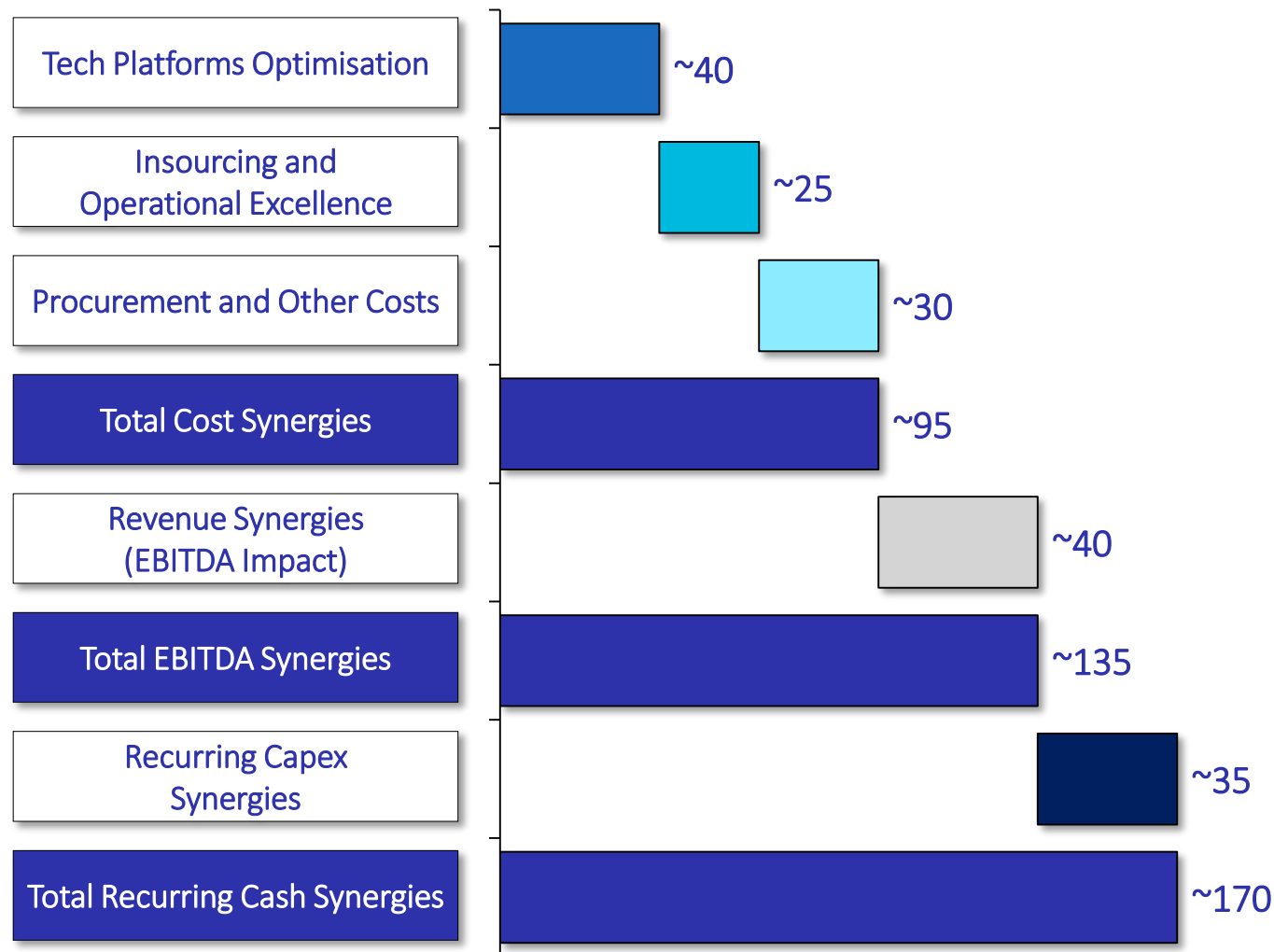


	nexi <sup>(1)</sup>	+ nets <sup>(2)</sup>	+ sia	+ Recurring Synergies <sup>(3)</sup>	= Combined (2020E, including run-rate synergies)
Net Revenues	1.03	1.05	0.74	0.11	2.88 <sup>(4)</sup>
EBITDA	0.58	0.38	0.28	0.27	1.50
EBITDA Margin	56%	36%	38%		52%
Ordinary Capex	(0.09)	(0.12)	(0.09)	0.05	(0.24)
Operating Cash Flow <sup>(6)</sup>	0.48	0.23	0.19	0.32 <sup>(5)</sup>	1.21
Operating Cash Flow Conversion Rate <sup>(7)</sup>	83%	60%	69%		81%
Net Leverage <sup>(8)</sup>	3.7x	4.8x	3.4x		3.3x

<3x as of  
Dec-2021

# Sizeable, Right-Phased Recurring Cash Synergies

## Recurring Synergies (€m)



## Highlights

- ✓ Total recurring cash synergies of ~€170m
  - ~€135m run-rate EBITDA synergies
    - ~€95m of cost synergies
    - ~€40m of EBITDA uplift from revenue synergies
  - Additional ~€35m recurring capex synergies
- ✓ >80% of EBITDA synergies achieved by 2024
- ✓ Limited cost synergies expected in 2021 as key Nets focus will be on standalone business plan delivery
- ✓ Total integration costs estimated at ~1x total recurring annual cash synergies
- ✓ Proven track record of successful delivery through M&A

Synergies estimated on top of ~€150m recurring cash synergies arising from SIA transaction

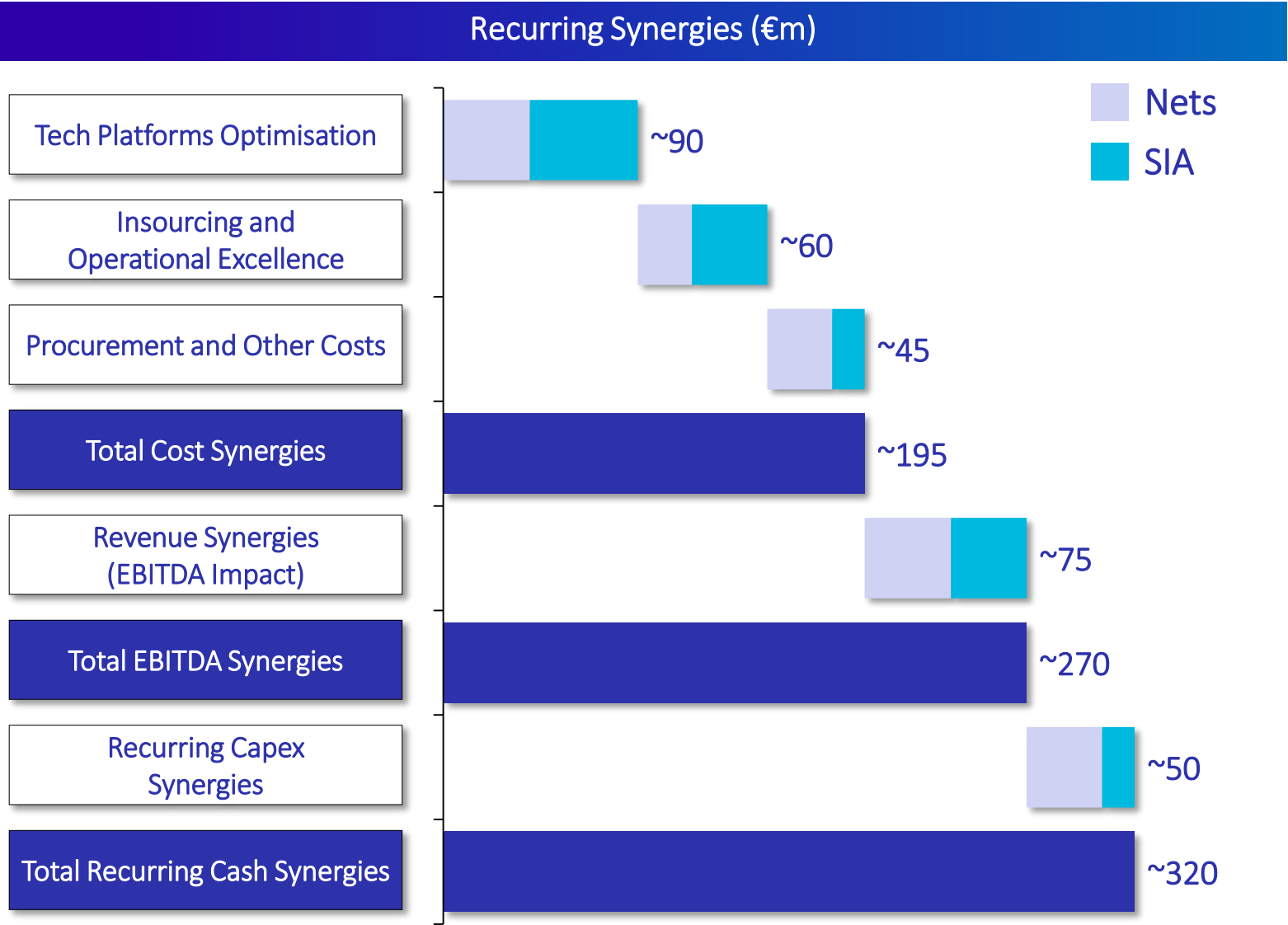
# Highly Visible Cost and Capex Synergies with Low Execution Risk

- ~€95m of cost synergies and additional ~€35m recurring savings from right-sizing of tech investments
- Majority of synergies expected to be realized starting from 2022 (key focus in 2021 will be on delivery of Nets standalone business plan)

Synergies Areas	Overview	Phasing	Synergies Amount	
			EBITDA	Capex
Tech Platforms Optimisation	<ul style="list-style-type: none"> <li>• Migration of volumes into already identified IT target platforms across the group for acquiring, issuing and switch</li> <li>• Data centers' consolidation</li> <li>• At scale investments on innovation and product development allowing significant recurring capex savings</li> </ul>	<ul style="list-style-type: none"> <li>• ~20% realized in 2022, &gt;80% in 2024</li> </ul>	~€40m	~€35m
Insourcing and Operational Excellence	<ul style="list-style-type: none"> <li>• Set-up of centres of excellence for Digital Factory serving the entire group</li> <li>• Pooling of resources in group tech</li> </ul>	<ul style="list-style-type: none"> <li>• ~10% realized in 2022, ~85% in 2024</li> </ul>	~€25m	-
Procurement and Other Costs	<ul style="list-style-type: none"> <li>• Benefit from joint negotiation and volume bundling</li> <li>• Purchasing rationalization leveraging scale</li> <li>• Operational efficiency in back office</li> <li>• Reduction of office spaces</li> </ul>	<ul style="list-style-type: none"> <li>• ~25% realized in 2022, at run-rate by 2024</li> </ul>	~€30m	-
Total			~€95m	~€35m

~8% of combined opex base

# Nets + SIA Combined Synergies Driving Compelling Value Creation



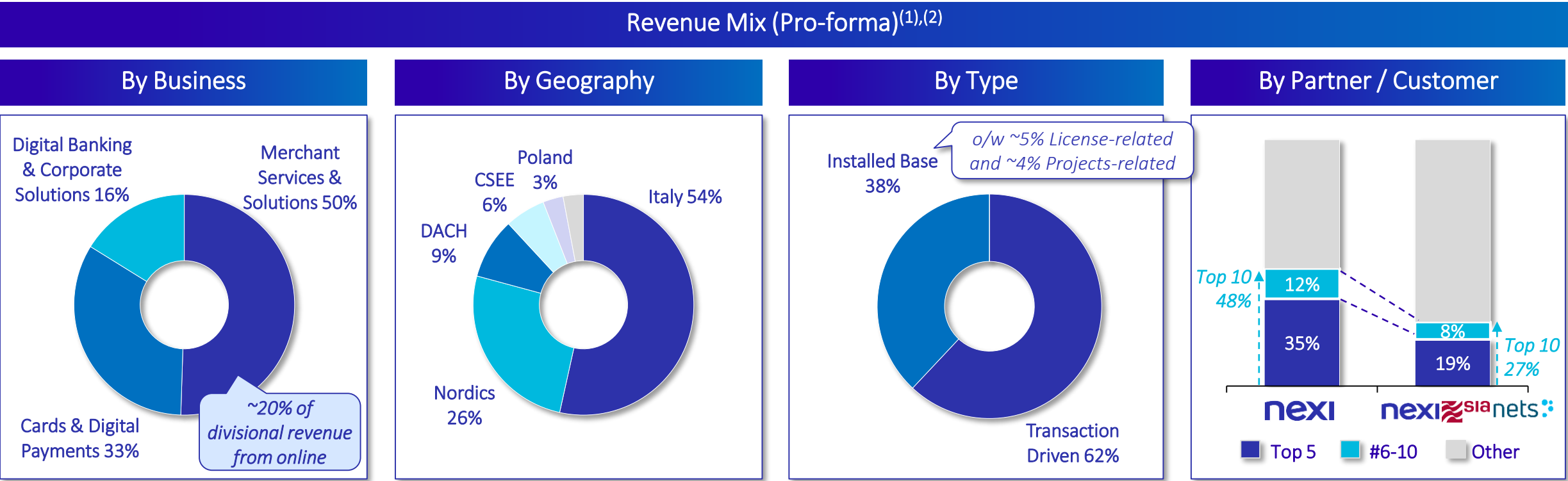
Highlights

- ✓ Total recurring cash synergies of ~€320m, including both Nets and SIA
  - ~90% of cost synergies achieved by 2024
- ✓ Additional ~€65m from one-off capex savings expected from SIA transaction
- ✓ Additional funding synergies for the combined group primarily resulting from overall capital structure optimization

Nets + SIA 2022 Cash EPS<sup>(1)</sup> Accretion:

- >25% on a run-rate synergies basis
- ~15% on a phased-in basis

# Increasingly Diversified Group with Resilient Revenue Streams



- Well-diversified revenue base in terms of both business and geography
- Materially reduced customer concentration, with top-10 clients accounting for 27% of total
- Vast majority of MS from direct or referral models
- Enhanced business resilience with balanced mix of transaction driven, installed base driven, license related & project-based revenues



# Diversified Acquiring Exposure with Strong Risk Management Framework

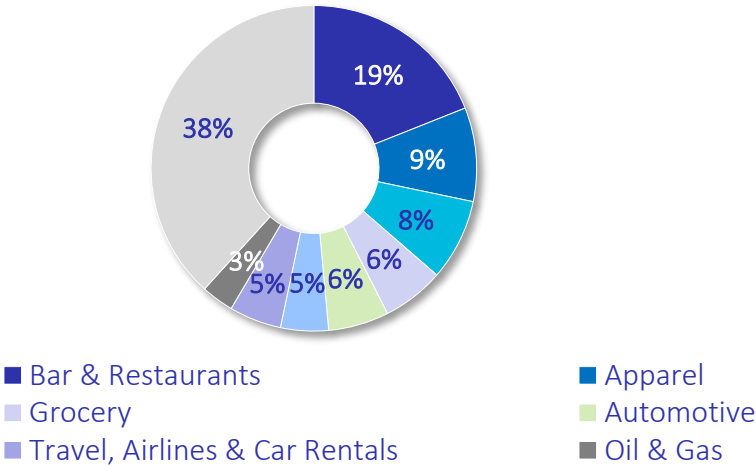


- ✓ Highly fragmented merchant base with very limited exposure to high-risk verticals such as gambling and airlines
- ✓ Cost of risk covered by merchants for verticals with high chargeback risk
- ✓ Majority of direct / referral book covered by downside contract protection in relation to merchant business losses (credit risk borne by partner banks for high-risk merchants)

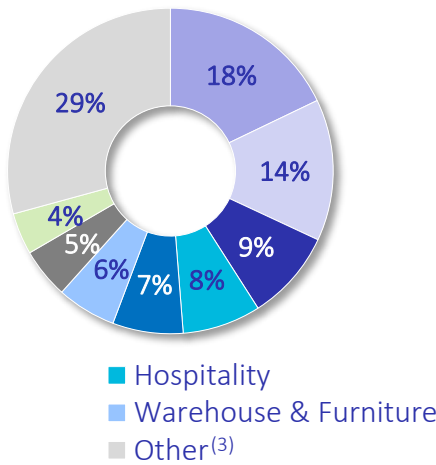


- ✓ Limited exposure to high-risk verticals, with Travel accounting for ~5% of total net MSC (18% of total transaction value compared to 14% for Nexi)
- ✓ Enhanced risk management framework, with significantly de-risked travel portfolio through cash collateral guarantees and early termination of high-risk legacy contracts
- ✓ Exceptional losses in relation to Thomas Cook insolvency (~€200m) 90% provisioned in 2019, fully covered in 2020

Net MSC Breakdown by Vertical<sup>(1)</sup>

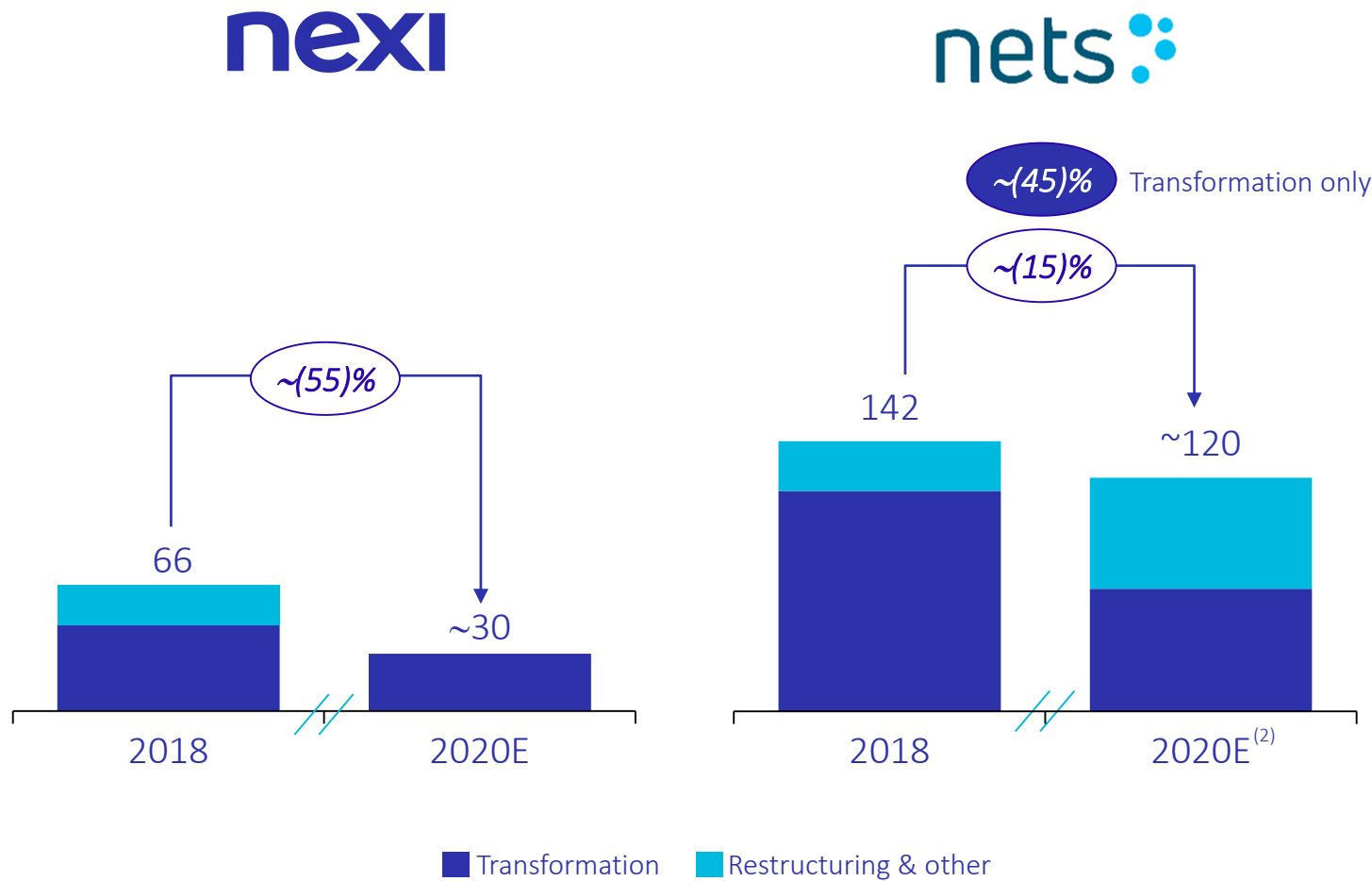


Transaction Value by Vertical<sup>(2)</sup>



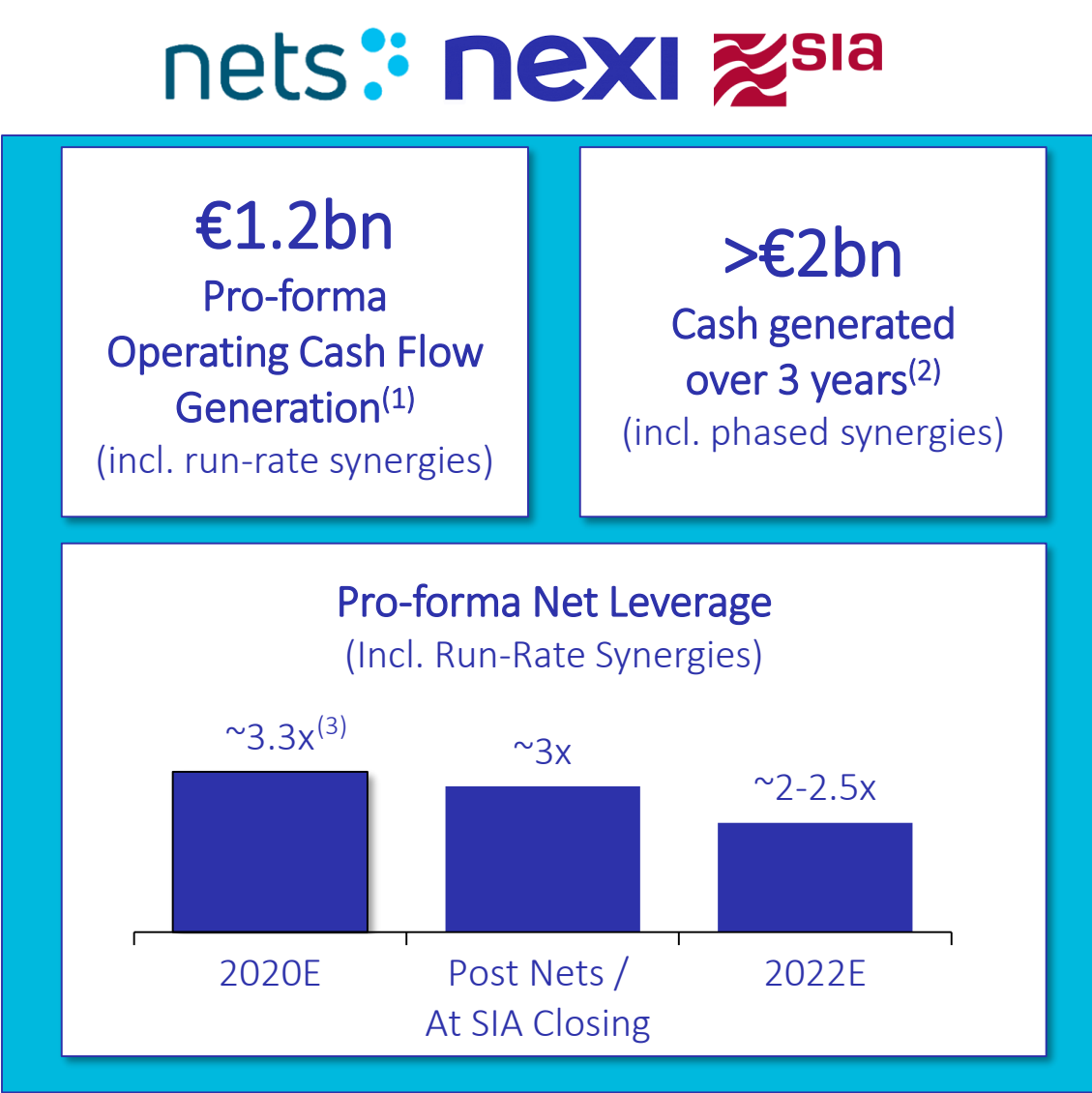
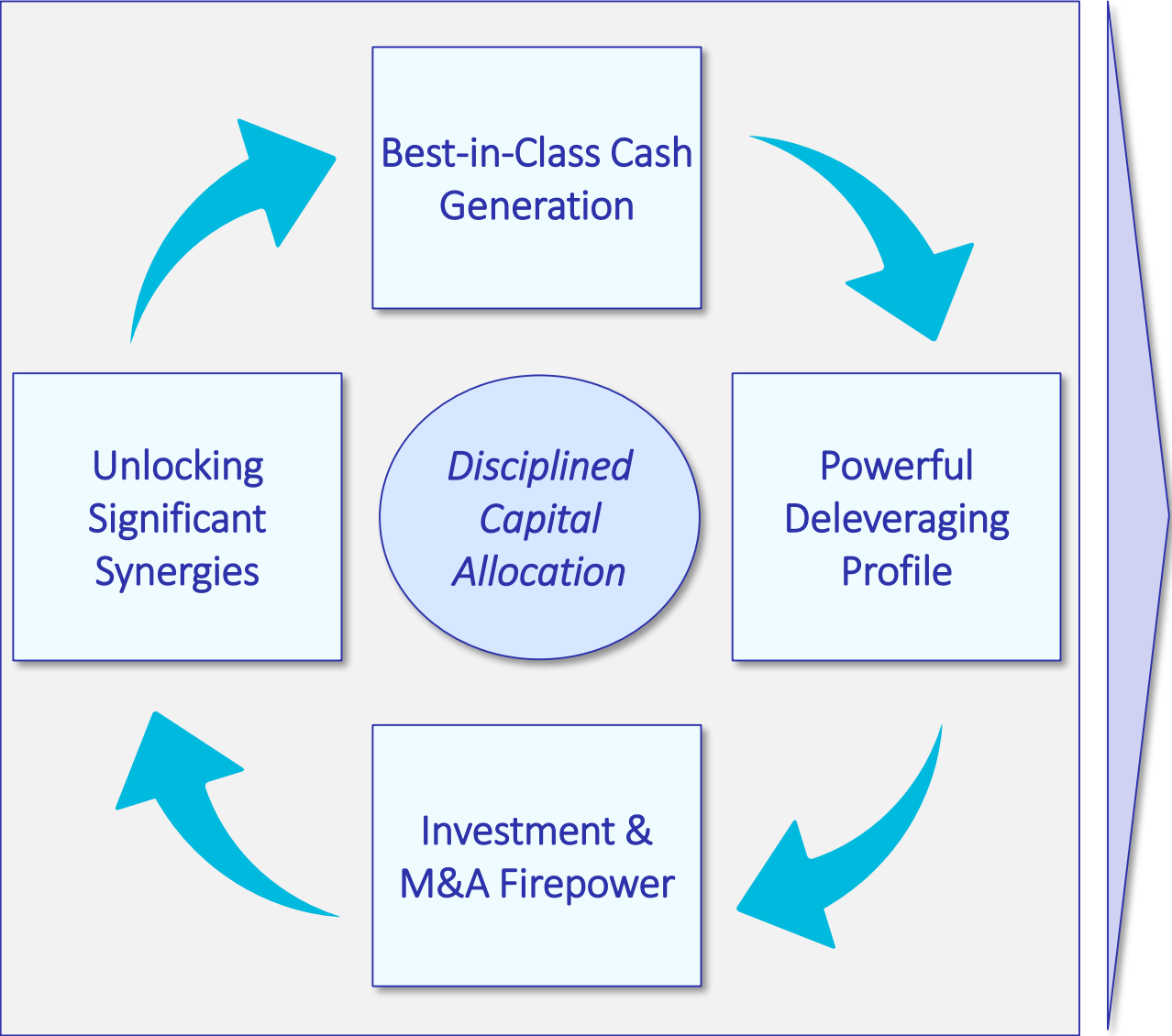
# Significant Reduction in Transformation and Restructuring Costs

Transformation and Restructuring Costs (€m)<sup>(1)</sup>



- Transformation costs include one-off consulting expenses related to commercial enhancing initiatives and investments in tech platform
- Restructuring & other includes reorganization and severance costs, as well as extraordinary expenses related to COVID-19 in 2020
- Rapid decrease of non-recurring items expected in 2020 for both Nexi and Nets

# Proven Operating Leverage Increasing Profitability and Cash Generation



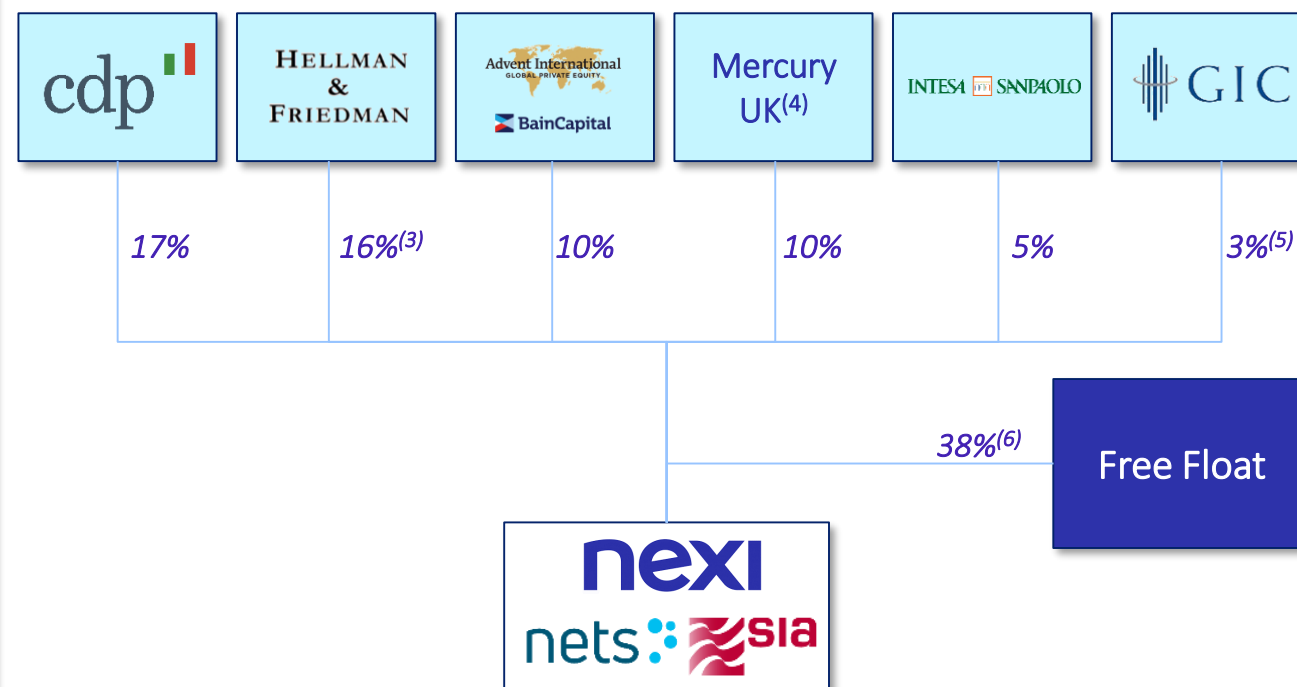
# Cross-border Merger Supported by Reference Shareholders

- All-share cross-border merger between Nexi and Nets with no incremental debt raised by Nexi as a result of the transaction

## Transaction Structure

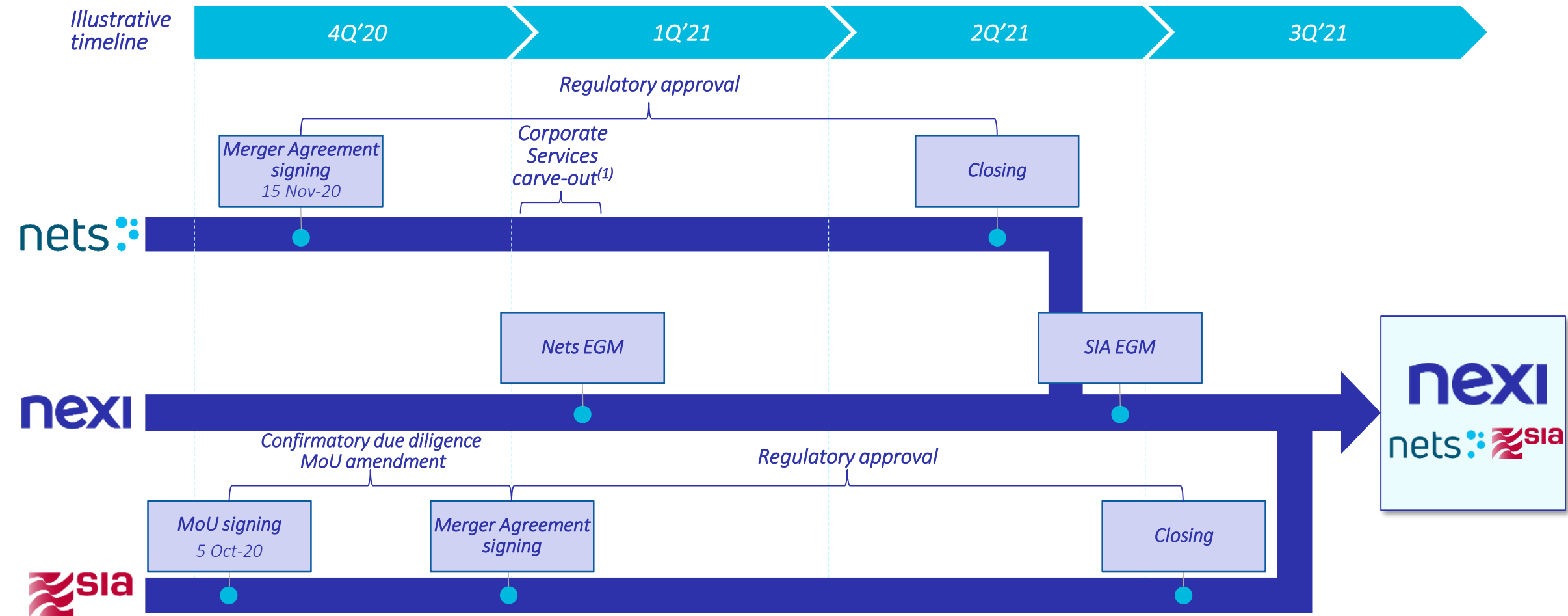
- All-share cross border merger on the basis of equivalent 2020 EBITDA multiples with Nets' shareholders receiving 407m<sup>(1)</sup> new Nexi shares
- Enterprise Value of €7.8bn, based on Nexi share price as at 13 November
  - Earn-out of up to €250m payable in shares in 2022 based on 2021 EBITDA (at significantly lower implied multiple)
- Staggered lock-up mechanism in place for Nets' shareholders (1/3 locked for 6 months, 1/3 for 12 months and 1/3 for 24 months)
- No incremental debt raised as a result of the transaction. About €1.5bn Nets' financial debt<sup>(2)</sup> to be refinanced (committed bridge facility provided by a pool of primary banks already in place)
- The transaction is subject to a whitewash vote in the context of the EGM called to approve the merger
- Mercury UK<sup>(4)</sup> has irrevocably undertaken to vote in favour of the transaction
- Intesa Sanpaolo, significant shareholder of Nexi and key partner of both Nexi and Nets, has expressed strong support to the transaction
- Nexi-Nets closing is subject, inter-alia, to completion of the sale of Nets' Corporate Services to Mastercard

## Pro-Forma Ownership (post Nets and SIA Mergers)<sup>(7)</sup>



# Closing Expected in Q2 2021 ahead of Completion of SIA Merger

- Closing of the merger with Nets expected in 2Q 2021
- The transaction is independent of the merger with SIA, for which signing is expected within 2 months and closing in 3Q 2021



# Closing Remarks



# Three Key Messages

We are creating  
a **stronger** Nexi

- More growth potential
- More resilience

Nets is  
a **growth** PayTech

- Transformed since 2018
- Executing a strong growth plan

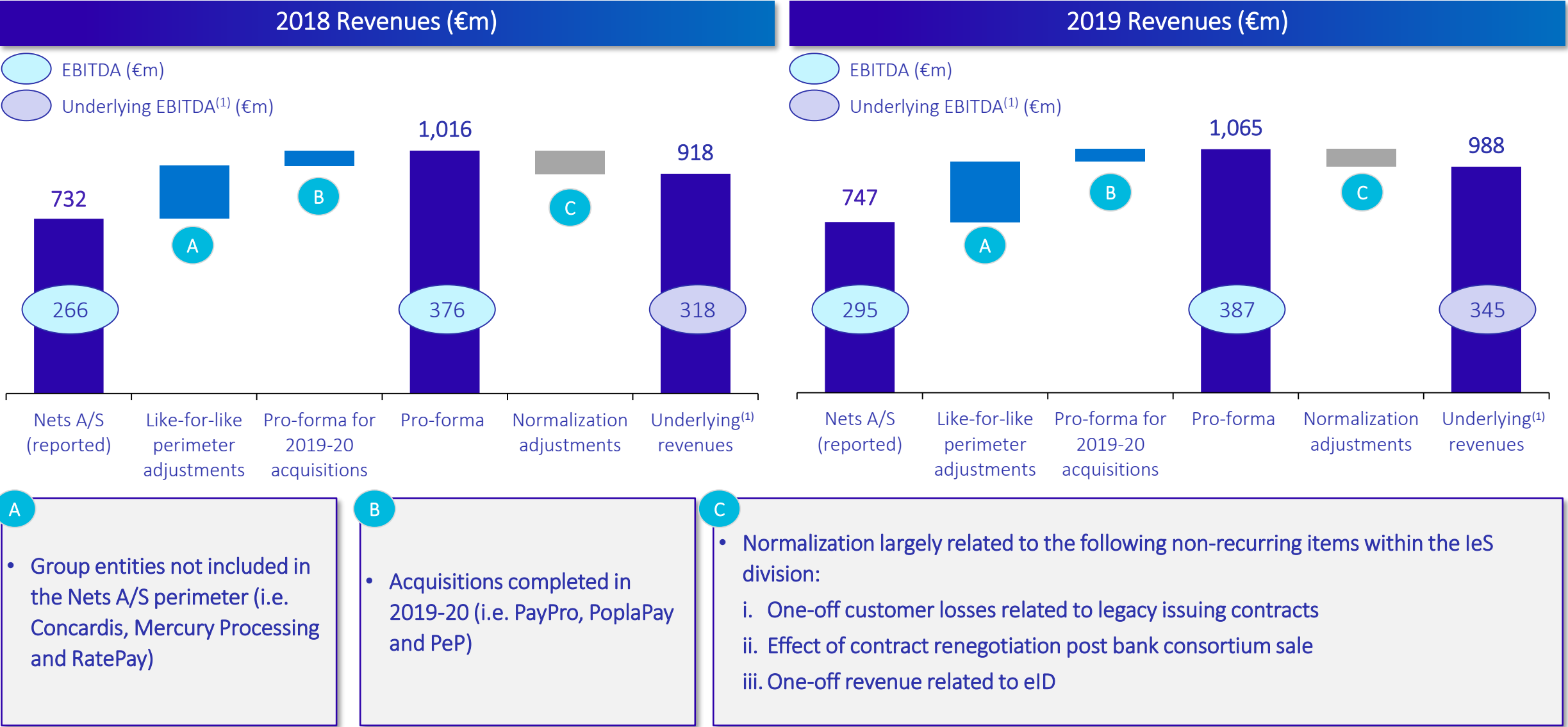
We will execute  
**effectively**

- Clear, focused and phased integration plan
- Strong and experienced team in place

Q&A

# Annex

# Reconciliation with Statutory Nets A/S Financials



# Details on Nets Financials

Nets Group Revenue (€m)		2018	2019	2020E	3Q19	3Q20
Reported revenue		1,016	1,065	1,049	271	273
Growth			4.8%	(1.5%)		0.7%
Underlying revenue <sup>(1)</sup>		918	988	991	252	261
Growth			7.6%	0.4%		3.7%
Merchant services (€m)		2018	2019	2020E	3Q19	3Q20
Reported revenue		611	664	667	170	177
Growth			8.6%	0.5%		3.8%
Issuer & eSecurity Services (€m)		2018	2019	2020E	3Q19	3Q20
Reported revenue		405	401	382	101	96
Growth			(0.9%)	(4.7%)		(4.4%)
Normalization adjustments		(98)	(77)	(58)	(19)	(12)
Underlying revenue <sup>(1)</sup>		308	324	325	82	84
Growth			5.4%	0.1%		3.5%
Nets Group EBITDA (€m)		2018	2019	2020E	3Q19	3Q20
EBITDA		376	387	381	107	112
Growth			2.8%	(1.6%)		4.3%
Margin		37.0%	36.3%	36.3%	39.5%	40.9%
Normalization adjustments		(58)	(41)	(15)	(10)	(3)
Underlying EBITDA <sup>(1)</sup>		318	345	365	97	109
Growth			8.8%	5.7%		12.1%
Margin		34.6%	35.0%	36.8%	38.5%	41.6%