



SPAFID CONNECT

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Testo del comunicato

Vedi allegato.

**GROUP FINANCIAL RESULTS AS OF JUNE 30TH 2020 APPROVED.
SOLID RESULTS DESPITE LOCKDOWN IMPACTS. STRONG RECOVERY IN VOLUMES**

- **ISP merchant book acquisition successfully executed**
- **Revenues at € 478.7 million in 1H20, -6.3% Y/Y including the organic contribution of ISP merchant book; 427.7 million, -8.5% Y/Y on a standalone basis**
- **EBITDA at € 261.8m, -3.9% Y/Y including the organic contribution of ISP merchant book; € 214.2 million in 1H20, -8.0% Y/Y on a standalone basis**
- **Progressive recovery in volumes, Italian cards now back to pre-Covid-19 levels**

Milan, July 30th 2020 – The Board of Directors of Nexi S.p.A. approved the Group's consolidated financial results as of June 30th 2020.

In the Covid-19 emergency context in the first semester of 2020, digital payments have been even more necessary to ensure the functioning of the whole Country's economy and Nexi, in its role of Paytech leader in Italy, guaranteed its services to partner Banks and customers with the usual standards of quality and safety.

Italy was the first Country in Europe to adopt, since the beginning of March, some of the most restrictive measures with a generalized lockdown nationwide. Given the emergency is almost overcome with a gradual return to "normality", the first positive effects on transaction volumes, which are gradually returning to the pre-Covid level are visible.

Transaction volumes (acquiring+issuing) in the first semester were equal to € 186 billion, -16.9% Y/Y: after ~-50% due to the lockdown measures in place during the peak of the health emergency, starting from May 2020 a strong recovery across categories is observed. It should also be noted that in the last week rolling (13th-19th July) acquiring volumes on Italian cards came back to pre-Covid growth level.

E-commerce performance has been well supported by non-high impact consumptions (i.e. travel/tourism related sectors, restaurants) with transaction volumes strongly increasing Y/Y: +35% Y/Y in the first semester 2020 and +43% Y/Y in the second quarter 2020¹. Overall, E-commerce declined less sharply compared to physical sales (value of managed transactions down by 2.8% Y/Y).

In light of the new market context emerged in the recent months, an evolution in customers' behaviors and habits can be observed, well supporting the underlying trend of structural growth related to digital payments in the Country, showing the first signs of a possible acceleration. In this context, Nexi has already accelerated the launched innovation initiatives, e.g. in the digital field and on e-commerce, showing its flexibility in effectively addressing the complexity coming from the Covid-19 emergency and its ability to anticipate customer needs in a "new normal" context.

After the launch of several initiatives to support its customers during the emergency phase of Covid-19, Nexi recently launched the **Nexi GO** program, a new initiative designed to allow partner

¹ Data include International schemes only for Nexi Payments, International and national schemes for MePS



Banks to support merchants to safely restart and which enriches the "*Digital Solidarity*" program promoted in April to support merchants in the hardest phase of the lockdown. In addition to the enhancement of the products for store sales - such as *POS Cordless*, *PIN PAD* and *SmartPOS* - and the promotion for the products for online and home sales - such as *Pay By Link* and *XPay* - Nexi Go provides optimal services to seize new commercial opportunities in this phase as *Social Commerce* (the brand-new offer that, through *Easy Delivery* and *Easy Calendar*, allows merchants to sell products and services and to manage online bookings and reservations on their Social profile pages), *Micropayments* (the offer that refunds merchant fees for payments lower than €10 until December 2020) and *Nexi Business* (the portal that allows merchants to keep under control the transaction data of their POS and e-commerce, without additional costs).

During the lockdown period, the Company was also engaged in completing the acquisition of the Intesa Sanpaolo merchant book successfully completed on 30th June which includes a partnership of over 20 years with ISP for the marketing and distribution of Nexi Group products for merchants and the extension, for a similar duration, of the issuing partnership and ATM acquiring services already in place. Thanks to this deal, that will generate an expected increase in the Group's EBITDA of approximately €95 million in 2020 and a high teens increase in EPS cash from 2020, Nexi consolidates its position in the merchant services by increasing the operational scale of its merchant acquiring activities, in the face of greater diversification of revenues, and with the consequent possibility of making available to ISP customers all the innovation of its services and products. Nexi thus strengthens its PayTech role, independent leader in the development of digital payments in Italy in partnership with Banks.

Key financial results

Key financial results – including ISP merchant book since January 1st, 2020

€M	1H19	1H20	Δ% vs. 1H19	2Q19	2Q20	Δ% vs. 2Q19
Merchant Services & Solutions	267.2	243.9	-8.7%	140.9	115.1	-18.3%
Cards & Digital Payments	187.9	180.1	-4.1%	94.8	87.5	-7.7%
Digital Banking Solutions	55.9	54.6	-2.3%	28.5	27.0	-5.2%
Revenues	510.9	478.7	-6.3%	264.3	229.7	-13.1%
Personnel & related expenses	(85.4)	(79.5)	-6.9%	(43.0)	(38.9)	-9.6%
Operating Costs	(153.1)	(137.3)	-10.3%	(77.5)	(66.0)	-14.9%
Total Costs	(238.5)	(216.8)	-9.1%	(120.6)	(104.9)	-13.0%
EBITDA	272.5	261.8	-3.9%	143.7	124.8	-13.2%
D&A	(52.8)	(66.1)	+25.1%			
Interests & financing costs	(38.4)	(38.4)	+0.0%			
Normalized Pre-tax Profit	181.2	157.3	-13.2%			
Income taxes	(63.3)	(55.4)	-12.5%			
Minorities	(0.3)	(0.8)	n.m.			
Normalized Net Profit	117.6	101.2	-14.0%			

Methodological Note: reported P&L data normalized excluding one-offs and including ISP merchant acquiring book and assuming the current debt structure in place since January 1st, 2020

Key financial results – Nexi standalone

€M	1H19	1H20	Δ% vs. 1H19	2Q19	2Q20	Δ% vs. 2Q19
Merchant Services & Solutions	223.6	192.9	-13.7%	117.5	87.8	-25.3%
Cards & Digital Payments	187.9	180.1	-4.1%	94.8	87.5	-7.7%
Digital Banking Solutions	55.9	54.6	-2.3%	28.5	27.0	-5.2%
Revenues	467.3	427.7	-8.5%	240.8	202.4	-16.0%
Personnel & related expenses	(84.1)	(78.3)	-7.0%	(42.4)	(38.3)	-9.8%
Operating Costs	(150.3)	(135.2)	-10.1%	(76.1)	(64.9)	-14.8%
Total Costs	(234.5)	(213.5)	-8.9%	(118.6)	(103.1)	-13.0%
EBITDA	232.9	214.2	-8.0%	122.3	99.2	-18.9%
D&A	(52.8)	(66.1)	+25.1%			
Interests & financing costs	(32.8)	(20.8)	-41.0%			
Normalized Pre-tax Profit	147.3	127.3	-13.5%			
Income taxes	(51.5)	(43.9)	-14.9%			
Minorities	(0.0)	(0.4)	n.m.			
Normalized Net Profit	95.7	83.0	-13.3%			

Methodological Note: reported P&L data normalized excluding one-offs

Nexi has a diversified and resilient business model, with approximately half of the total Revenues linked to the installed base (n. of POS terminals, n. of merchants, n. of managed cards, n. of ATMs, etc.) - and therefore not directly impacted by the short term volumes' dynamics - and 38% of variable costs related to volumes and activities².

In the first semester of 2020, Group's EBITDA reached € 261.8 million, down by 3.9% Y/Y including the organic contribution of ISP merchant book and € 214.2 million, down by 8.0% Y/Y, on a standalone basis. The EBITDA Margin in the first six months of 2020 increased by ~2 p.p. to 55%,

² Based on 2019 data

including the organic contribution of ISP merchant book, compared to the same period of 2019 also thanks to the implementation of the cash cost containment plan. In particular, in the second quarter of 2020, Group's EBITDA reached € 124.8 million (-13.2% Y/Y), including the organic contribution of ISP merchant book, and 99.2 million (-18.9% Y/Y) on a standalone basis.

In the first semester of 2020, Revenues reached € 478.7 million, down by 6.3% Y/Y including the organic contribution of ISP merchant book, and € 427.7 million, down by 8.5 % Y/Y on a standalone basis. In the second quarter of 2020 Revenues reached € 229.7 million, down by 13.1% Y/Y including the organic contribution of ISP merchant book and € 202.4 million on a standalone basis (-16.0 % Y/Y).

Nexi's operating segments delivered the following results in the first semester of the year:

- **Merchant Services & Solutions**, which represented 51% of the Group's total revenues, reported revenues of € 243.9 million in 1H20, down by 8.7% Y/Y including the organic contribution of ISP merchant book and € 192.9 million, down by 13.7 % Y/Y on a standalone basis. Revenues have been affected by volume mix more skewed towards large merchants than SMEs during the lockdown, now back to pre-Covid levels, and by the strong reduction of inbound international travellers compared to the same period in 2019. Transactions – both in terms of volumes and number – showed a progressive recovery starting from May. In the first semester 1,359 million transactions were managed, down by 18.9% Y/Y, with value of managed transactions at € 98.4 billion (-20.1% Y/Y). E-commerce declined less sharply compared to physical sales (value of managed transactions down by 2.8% Y/Y), with a strong acceleration net of high impact consumptions, i.e. travel/tourism related sectors and restaurants (+35% Y/Y in 1H20 and +43% Y/Y in 2Q20)³. In Q2 2020, Merchant Services & Solutions reached € 115.1 million of revenues, -18.3% Y/Y including the organic contribution of ISP merchant book and € 87.8 million, down by 25.3 % Y/Y on a standalone basis;
- **Cards & Digital Payments**, which represented 38% of the Group's total revenues, reported revenues of € 180.1 million in 1H20, down by 4.1% Y/Y. Revenues have been negatively affected by the strong reduction of domestic travellers abroad and by lower commercial cards volumes. In the first semester 1,144 million transactions were managed, down by 9.2% Y/Y, with volumes of € 87.5 billion (-13.1% Y/Y). Transactions – both in terms of volumes and number – showed a progressive recovery starting from May. In particular, transactions on international schemes showed a return to growth in June 2020. In Q2 2020, Cards & Digital Payments reached € 87.5 million of revenues (-7.7% Y/Y);
- **Digital Banking Solutions**, which represented 13% of the Group's total revenues, have experienced a more limited impact from the lockdown measures introduced in March, with 1H20 revenues equal to € 54.6 million (-2.3% Y/Y). In Q2 2020, Digital Banking Solutions reached € 27.0 million of revenues, down by 5.2% Y/Y mainly due to the phasing of certain low margin banks-related projects.

In the first semester of 2020, **total Costs** were at € 216.8 million, down by 9.1% Y/Y including the organic contribution of ISP merchant book and € 213.5 million, down by 8.9 % Y/Y on a standalone basis. The reduction is triggered by the continuous work on efficiency as well as to the implementation of the € 100+ million cash cost containment plan announced on May 12th, 2020. The actions envisaged in the plan aimed to mitigate the impact of Covid-19 on EBITDA and cash flow, through a strict cost control and a rephasing of certain less strategic projects and

³ Data include International schemes only for Nexi Payments, International and national schemes for MePS

investments. In particular, in 1H20 27% of the plan has been already delivered (55% of the volume-base costs plan and 46% of the operating expenses and transformation costs plan).

In 1H20, Nexi confirmed the strong focus on investments in technology and innovation, with **total Capex** equal to € 62 million (corresponding to 13% of 1H20 Net revenues including the contribution of ISP merchant book). In particular, € 22 million (5% of Net Revenues) was related to transformation initiatives and projects and extraordinary innovation and € 40 million (equal to 8% of Net Revenues) was related to the ordinary innovation of products and services, to the maintenance of high quality services and security and to the POS and ATM purchase. ~€ 120 million transformation capex expected to completion in the next years, in addition to Ordinary Capex equal to ~8-10% of Net Revenues.

D&A, excluding customer contracts amortization (“*Customer Contracts*”), were € 66.1 million in 1H20, up by 25.1% Y/Y due to significant investments in software and technological developments made in the last three years, aimed at the digital transformation of the Group.

Normalized Interest costs were € 38.4 million in 1H20. Reported interest costs of € 27.7 million strongly down (-72.7% Y/Y) mainly due to interest costs/fees related to the pre-IPO debt structure.

Transformation costs, below EBITDA, were € 10.6 million in 1H20, significantly reduced by 59% Y/Y. Reported non-recurring items (€ 42.5 million in 1H20) include, among others, one-offs costs related to the ISP merchant book acquisition equal to € 17.2 million.

Normalized net profit in 1H20 was € 101.2 million, down by 14% Y/Y.

As of June 30th 2020, **Net Financial Debt** was at € 2,307 million including the ISP merchant book acquisition. Net Financial Debt/ EBITDA was at 4.0x as of June 30th 2020 (2.9x on a standalone basis) temporarily affected by Covid-19.

On April 24th, Nexi successfully completed the issuance of € 500 million of senior unsecured equitylinked convertible bonds due 2027. The Bonds will pay a coupon of 1.75% per annum, payable semiannually in arrear. The initial conversion price is € 19.47 and incorporates a premium of 50% above the Reference Share Price of € 12.98, in turn determined on the basis of the placement price of the Ordinary Shares realized in the Concurrent Equity Offering supporting the issuance. This bond issue allowed Nexi to extend the average life of its debt – at the same cost of the 5-year bond issued in October 2019 - and further strengthened its liquidity position, also considering the acquisition of the merchant acquiring activities of the Intesa Sanpaolo Group closed on July 30th, 2020.

As already announced in April 2020, given the evolution of the context and the unavoidable uncertainty related to the speed of recovery, Nexi has conservatively suspended the financial **Guidance**.

Volume-driven revenues depend on the speed of recovery and on the different dynamics by sector; assuming a continued path of recovery at current trajectory, a possible return to revenue growth by year-end is expected.

Moreover, thanks to the cash cost containment plan promptly identified and put in place to mitigate the impact of Covid-19 on EBITDA and cash flow, Nexi has the ambition to grow EBITDA versus 2019 including the organic contribution by the ISP merchant book (broadly in line with 2019 on a standalone basis) with an expected 2020 EBITDA close to ~€ 600 million; a material growth in



EBITDA-Capex on a standalone basis, i.e. excluding the important benefit generated by the ISP merchant book acquisition, is also expected.

Lastly, the Company expects to continue to retain a strong cash position.

* * *

Pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, the undersigned, Enrico Marchini, in his capacity as the manager in charge of preparing Nexi's financial reports, declares that the accounting information contained in this press release corresponds to the accounting documents, books and records of Nexi S.p.A..

Results under review by PricewaterhouseCoopers that will release limited revision.

Nexi

Nexi is the leading PayTech company in Italy, listed on MTA of Borsa Italiana. We operate in strong partnership with ~150 partner banks. Our integrated end-to-end omni-channel technology connects banks, merchants and consumers enabling digital payments. We help simplify payments for our clients and digitalize the Italian economy. Nexi operates in three market areas: Merchant Services & Solutions, Cards & Digital Payments and Digital Banking Solutions:

Merchant Services & Solutions: Nexi, together with its partner Banks, serves c. 900,000 merchants;

Cards & Digital Payments: Nexi, together with its partner Banks, manages 41.6 million payment cards;

Digital Banking Solutions: Nexi manages 13,100 ATMs, approximately 469,000 e-banking workstations and 947 million clearing transactions in 2019. In addition, Nexi developed the open banking system in collaboration with the CBI consortium to which the main Italian banks have already adhered.

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1H 2020 P&L reported vs P&L normalized

€M	Reported 1H20	Delta	Normalized 1H20	ISP merchant book contribution	Normalized 1H20 incl. ISP
Merchant Services & Solutions	192.9		192.9	51.0	243.9
Cards & Digital Payments	180.1		180.1		180.1
Digital Banking Solutions	54.6		54.6		54.6
Revenues	427.7		427.7	51.0	478.7
Personnel & related expenses	(78.3)		(78.3)	(1.3)	(79.5)
Operating Costs	(135.2)		(135.2)	(2.1)	(137.3)
Total Costs	(213.5)		(213.5)	(3.3)	(216.8)
EBITDA	214.2		214.2	47.7	261.8
D&A	(84.3)	18.3	(66.1)		(66.1)
Interests & financing costs	(27.7)	7.0	(20.8)	(17.7)	(38.4)
Non recurring items	(42.5)	42.5	-		-
Pre-tax Profit	59.6	67.7	127.3	30.0	157.3
Income taxes	(26.5)	(17.4)	(43.9)	(11.5)	(55.4)
Minorities	(0.4)		(0.4)	(0.3)	(0.8)
Net Profit	32.6	50.4	83.0	18.2	101.2

*Transformation costs*¹ (10.6) (10.6) (10.6)

(1) Transformation costs included in Reported Non recurring items

Income Statement

(€'000)	H1 2020	H1 2019
Fee for services rendered and commission income	656,063	770,813
Fee for services received and commission expense	(223,643)	(300,514)
Net fee and commission income	432,420	470,299
Interest and similar income	8,040	9,560
Interest and similar expense	(38,150)	(113,530)
Net interest income	(30,110)	(103,970)
Profit / loss on trading activity / hedging on financial assets and liabilities designated at fair value through profit or loss	99	(5,298)
Dividends and profit / loss from investments and sale of assets at fair value through OCI (ex AFS)	(3,089)	(4,386)
Financial and operative income	399,320	356,645
<i>Personnel expense</i>	<i>(85,942)</i>	<i>(129,794)</i>
<i>Other administrative expenses</i>	<i>(163,426)</i>	<i>(188,411)</i>
Total administrative expenses	(249,368)	(318,205)
Other operating income, net	(1,486)	(2,548)
Net value adjustments on assets measured at amortized cost	(5,278)	(1,811)
Net accruals to provisions for risks and charges	275	590
Net value adjustments / write-backs on tangible and intangible assets	(83,463)	(70,313)
Operating margin	60,000	(35,642)
Share of profits (losses) of investees and net gains (losses) on sales of investments	(138)	(74)
Pre-tax profit from continuing operations	59,862	(35,716)
Income taxes	(26,506)	542
Income (Loss) after tax from discontinued operations	(263)	93,623
Profit for the period	33,093	58,449
Profit for the period attributable to the owners of the parent	32,644	58,424
Profit for the period attributable to non-controlling interests	449	25

Balance Sheet

ASSETS (€'000)	30/06/2020	30/06/2019
Cash and cash equivalents	176,179	115,388
Financial assets at fair value through OCI	120,594.0	118,581
Financial asset measured at amortised cost	1,229,189	1,595,709
<i>a) loans and receivables with banks</i>	404,261	507,024
<i>b) loans and receivables with financial companies and customers</i>	824,928	1,088,685
Equity investments	-	-
Property, equipment	180,547	193,102
Investment property	2,178	2,229
Intangible assets	3,596,937	2,684,671
<i>Goodwill</i>	3,010,488	2,093,428
Tax assets	79,072	101,909
<i>a) current</i>	30,218	37,614
<i>b) deferred</i>	48,854	64,295
Non-current assets held for sale and discontinued operations	1,935	2,262
Other assets	527,938	474,442
Total assets	5,914,569	5,288,293

LIABILITIES (€'000)	30/06/2020	30/06/2019
Financial liability measured at amortised cost	3,807,304	3,140,389
<i>a) due to banks</i>	2,300,442	1,952,072
<i>b) due to financial companies and customers</i>	245,968	369,303
<i>c) securities issued</i>	1,260,894	819,014
Tax liabilities	129,766	131,896
<i>a) current</i>	1,047.0	1,820
<i>b) deferred</i>	128,719	130,076
Liabilities associated with non-current assets held for sale and discontinued operations	271	335
Other liabilities	521,819	644,628
Post-employment benefits	14,552	14,528
Provisions for risks and charges	27,518	31,967
Share capital	57,071	57,071
Share premium	1,082,204	1,082,204
Reserves	219,021	29,428
Valuation reserves	15,522	13,609
Profit for the period (+/-)	32,644	135,166
Equity attributable to non-controlling interests (+/-)	6,877	7,072
Total liabilities and equity	5,914,569	5,288,293

Fine Comunicato n.2170-46

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