



9M 2020 Results Presentation

November 11th, 2020



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Executive Summary

Covid-19 update

- **Overall acquiring volumes rapidly recovered across all categories on the back of improving Covid-19 situation, with acceleration in August. Acquiring volumes on Italian cards back to pre-Covid growth level, while Travel/tourism and International travelers contribution still behind last year**
- **Transaction volumes (acquiring + issuing) at 118 €B, -4.1% y/y, in 3Q20 and 304 €B, -12.4% y/y, in 9M20 from ~-50% during the peak of the health emergency**
- **From October first signs of a progressive slowdown in volumes** due to Covid-19 second wave and related progressive restrictions in the Country. Compared to last Spring:
 - Regions segmented in three risk tiers based on Covid-19 situation, reviewed periodically
 - Most affected Regions subject to **soft lockdown measures** from November 6th for at least 15 days
 - **More selective lockdown**: industrial production and B2B activities open, only selected retail businesses closed
- **Following Covid-19 second wave, Acquiring volumes in the last week rolling (29th October-4th November) at -8% y/y¹ driven by high impact consumption category performance** (e.g. travel/tourism related sectors and restaurants)
- **Overall E-commerce strong acceleration in 2020 net of high impact consumption sectors: +35% y/y in 9M20 and +35% y/y in 3Q20¹**
- **Continued signs of acceleration from cash to digital transactions**

Executive Summary

Results highlights

- **EBITDA** at 167.0 €M, **+7.0% y/y in 3Q20**. EBITDA at 428.9 €M, **+0.4% y/y in 9M20**
- **Revenues** at 276.0 €M, **+1.0% y/y in 3Q20**. Revenues at 753.6 €M, **-3.6% y/y in 9M20**

Key business update

- **Merchant Services & Solutions** (52% of Revenues): continued growth of POS installations and acceleration in mPOS demand, step up on e-commerce gateway activations despite shops reopening
- **Cards and Digital Payments** (37% of Revenues): accelerated banks interest on International Debit, continued evolution on National Debit digital capabilities and increased incidence of mobile payments and c-less transactions
- **Digital Banking Solutions** (11% of Revenues): continued extension of Nexi Open ecosystem, banks go-to-market progressing; continued roll out of new higher value advanced self banking and digital corporate banking solutions
- **Costs -8.4% y/y in 9M20** thanks to the 100+ €M cash cost containment plan well in execution and the continued focus on efficiency
- **9M20 Net financial Debt/EBITDA down at 3.7x**

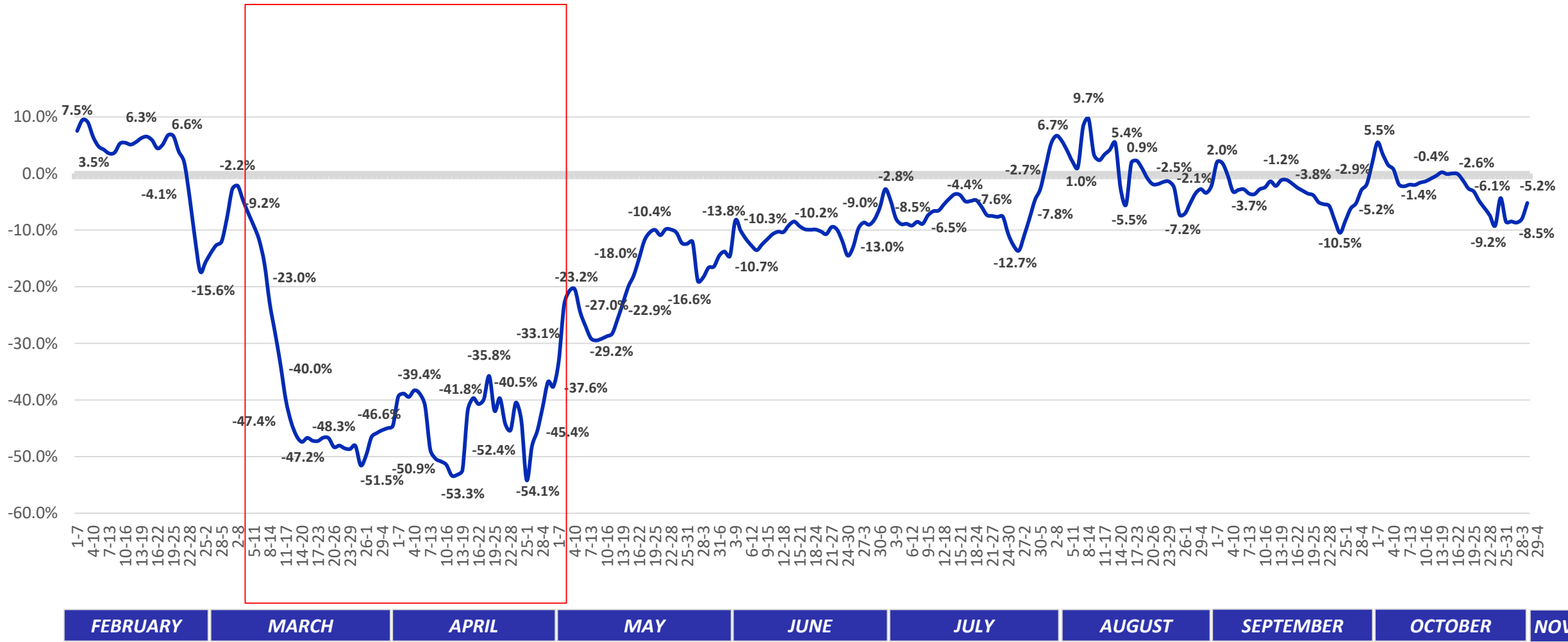
SIA transaction update

- Finalizing transaction documentation and confirmatory due diligence ongoing with signing of binding documentation expected over the next two months and closing in Q3 2021
- **EBITDA** at 81.1 €M, **+8.3% y/y in 3Q20**. EBITDA at 194.9 €M, **-0.7% y/y in 9M20** thanks to a resilient business model, the focus on operating cost efficiency and the increasing transaction volumes in Cards&Merchant Solutions and Digital Payment Solutions divisions
- **Revenues** at 189.9 €M, **+2.3% y/y in 3Q20**. Revenues at 525.8 €M, **+0.5% y/y in 9M20**

Transaction volumes rapidly recovery and back to growth in August. Signals of slow down following Covid-19 second wave and restrictions



Total Acquiring and Issuing volumes - 7-days rolling % change Y/Y

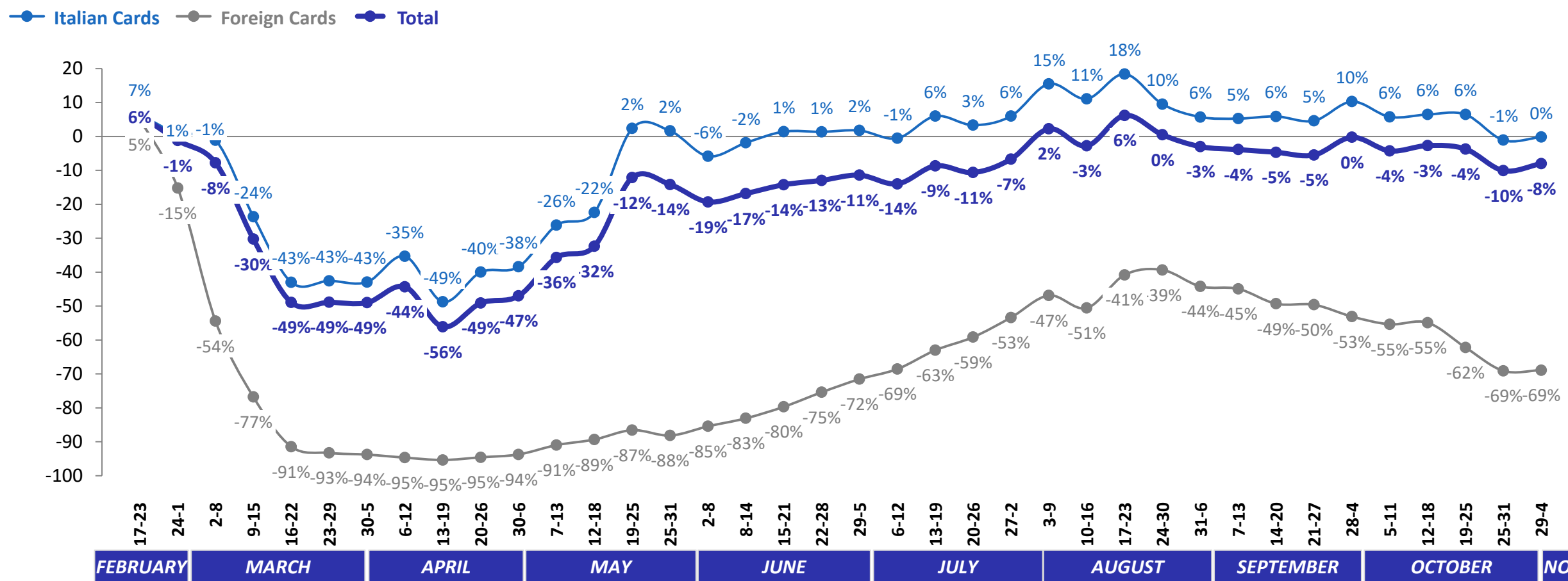


Covid-19 lockdown in Italy

Acquiring volumes recovery driven by Italian Cards back to pre-Covid growth in Q3. Foreign Cards slower recovery before second wave new slowdown



Acquiring volumes – Italian Cards vs Foreign Cards – Y/Y trend



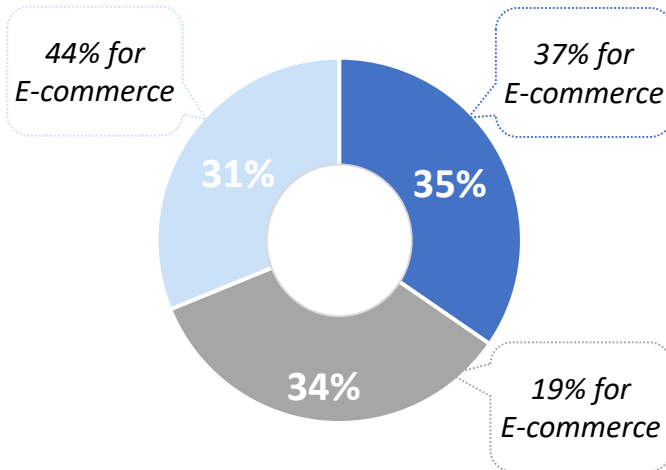
2019 monthly weight Foreign Cards on total volumes



Rapid recovery across categories from May after the easing of lockdown measures and accelerating in August. Slow down following recent restrictions



Acquiring volumes by category¹



Basic consumption

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

Generic/discretionary consumption

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

High-impact consumption

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

Product category

Basic consumption

of which Physical
of which E-commerce

Generic/discretionary consumption

of which Physical
of which E-commerce

High-impact consumption

of which Physical
of which E-commerce

Total

of which Physical
of which E-commerce

% change Y/Y

	Jan + Feb	March	April	May	June	July	August	Sept	LWR ²	
Basic consumption	15%	13%	11%	13%	14%	12%	13%	14%	28%	+30%
of which Physical	15%	12%	9%	12%	11%	10%	12%	13%	27%	
of which E-commerce	27%	31%	42%	29%	55%	44%	32%	30%	45%	
Generic/discretionary consumption	6%	-62%	-77%	-33%	-11%	-13%	-1%	-5%	-14%	-6%
of which Physical	5%	-65%	-81%	-37%	-13%	-14%	-2%	-6%	-16%	
of which E-commerce	25%	8%	47%	47%	51%	32%	36%	33%	39%	
High-impact consumption	10%	-68%	-89%	-70%	-46%	-29%	-13%	-22%	-50%	-41%
of which Physical	10%	-67%	-89%	-69%	-46%	-29%	-12%	-20%	-47%	
of which E-commerce	10%	-75%	-90%	-81%	-42%	-22%	-32%	-48%	-76%	
Total	11%	-35%	-48%	-27%	-14%	-10%	-1%	-3%	-8%	0%
of which Physical	10%	-36%	-50%	-28%	-15%	-12%	-1%	-4%	-8%	
of which E-commerce	19%	-21%	-17%	-14%	7%	11%	2%	-2%	-9%	

○ % change Y/Y on Italian Cards

2020 Acquiring volumes: split between Physical and E-commerce

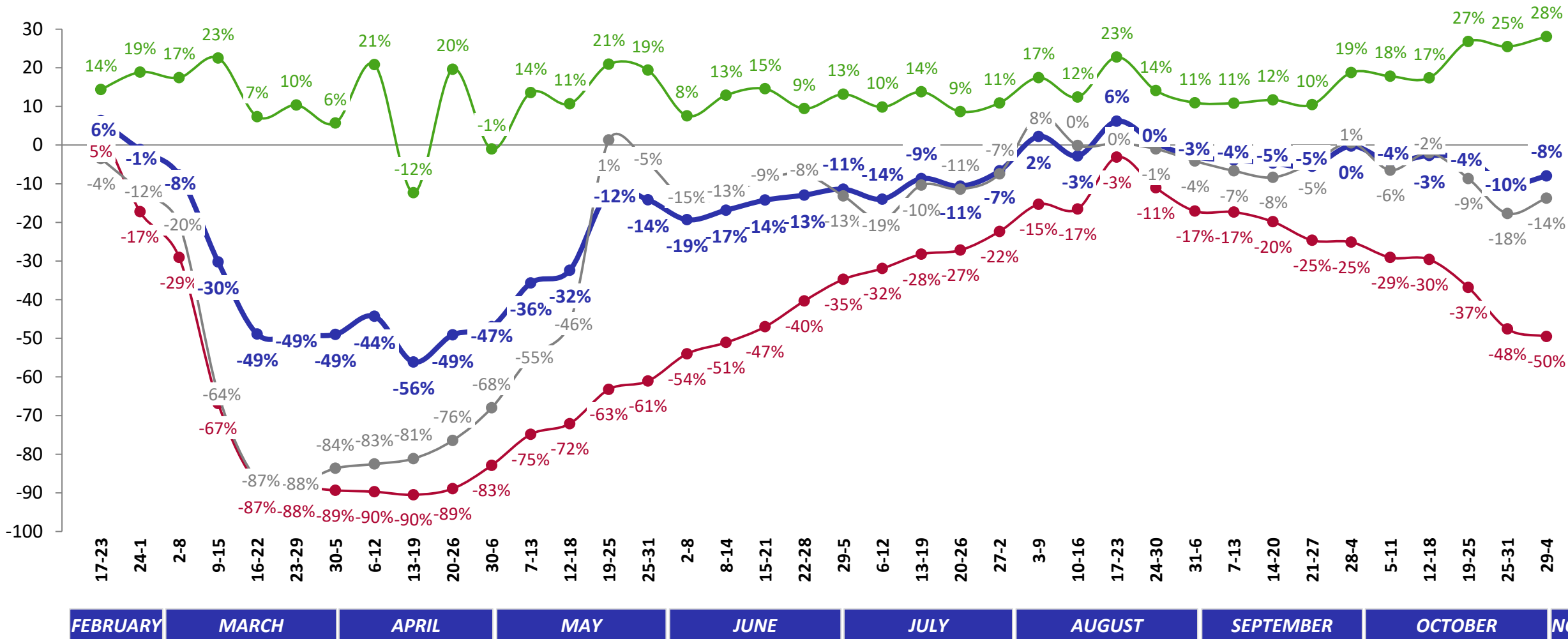
	Jan + Feb	March	April	May	June	July	August	Sept	LWR ²
Physical	93%	92%	90%	92%	92%	93%	95%	94%	93%
E-commerce	7%	8%	10%	8%	8%	7%	5%	6%	7%

Rapid recovery across categories from May after the easing of lockdown measures and accelerating in August. Slow down following recent restrictions



Acquiring volumes by product category – Y/Y trend

● Total
 ● High Impact consumption
 ● Basic consumption
 ● Discretionary consumption



9M Business update: commercial activities back to pre- Covid levels.

Preparation ongoing to support Government 'cashless promotion' initiatives



Merchant Services & Solutions

- **Continued growth of POS installations** (+10% y/y after spring lockdown)
- **Further acceleration in mPOS demand** for small/micro merchants
- **Continued strong demand on E-commerce** despite shops reopening
- **Nexi Business app** with over 50% penetration on enabled merchants (active users +60% y/y in 3Q 2020)

Cards & Digital Payments

- **Accelerated bank interest on International Debit** as a mass market ecommerce-enabled product
- **Continued evolution on National Debit digital capabilities**; Next generation platform tender ongoing
- Accelerated pipeline of digital onboarding/digital issuing projects for banks
- **Step up in mobile payments transaction volumes** (~+190% 3Q20 vs 3Q19) and **progressive increase in c-less transactions incidence** (from 38% pre lockdown to 45% in October)

Digital Banking Solutions

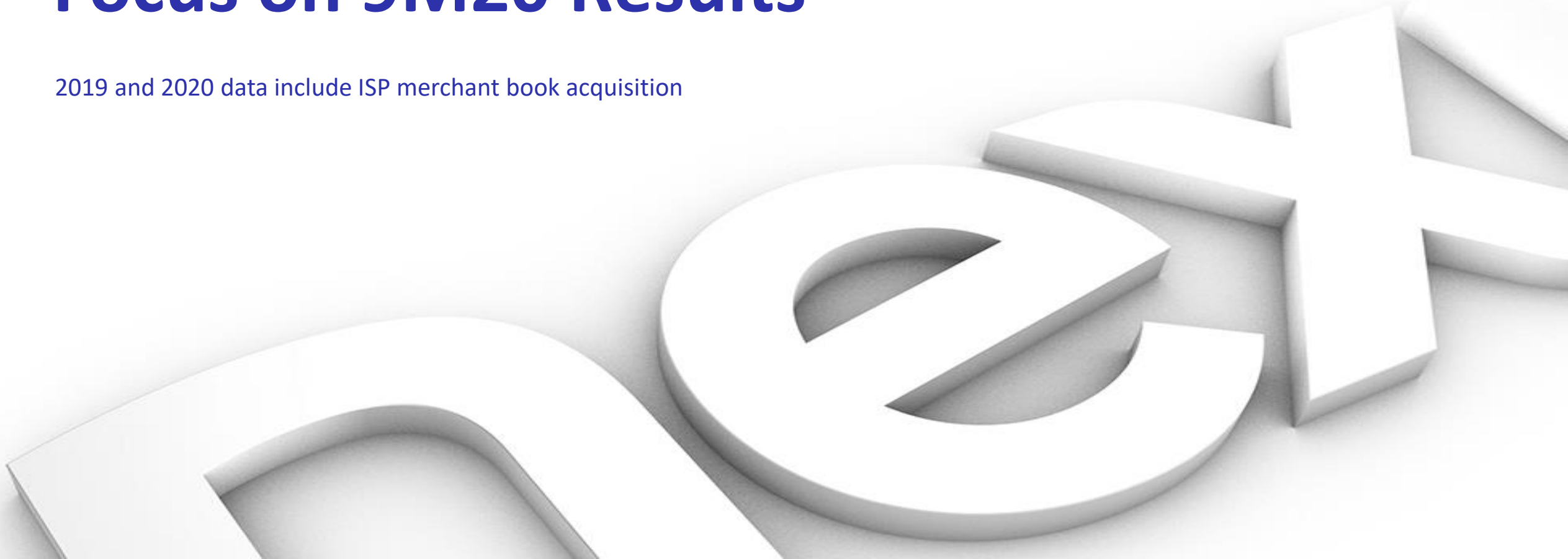
- Progress on advanced ATMs. Adoption of **new ATM front-end by Nexi clients completed**
- **Continued growth of Digital Corporate Banking installed workstations.** Rollout of the new platform completed.
- **Instant Payments** progress continuing, with further players adopting Nexi platform
- New relevant players adopted **CBI Globe open banking TPP gateway.** Continued extension of **Nexi Open ecosystem**, banks go-to-market progressing

Preparation ongoing to support Government 'cashless promotion' initiatives

- **Cashback bonus for consumers from Dec 1st 2020:** 10% cashback of in-store transactions. Entry gate 50 transactions every 6 months. Each transaction eligible up to 150€. Special bonuses for consumers with the highest number of transactions. In place for 2 years: 1.75bn Dec 2020-2021 and 3bn in 2022 to finance the mechanism.
- **Lottery on receipts from Jan 1st 2021:** Prize draw for consumers: 45 €M for electronic payments. In place for 2 years

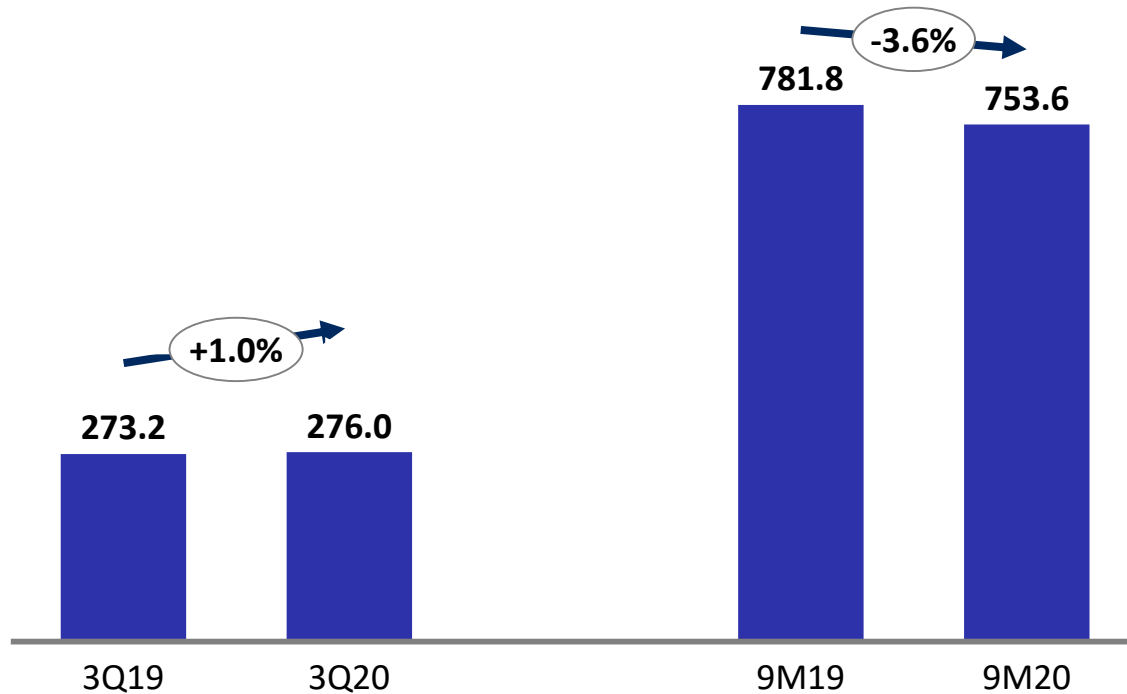
Focus on 9M20 Results

2019 and 2020 data include ISP merchant book acquisition

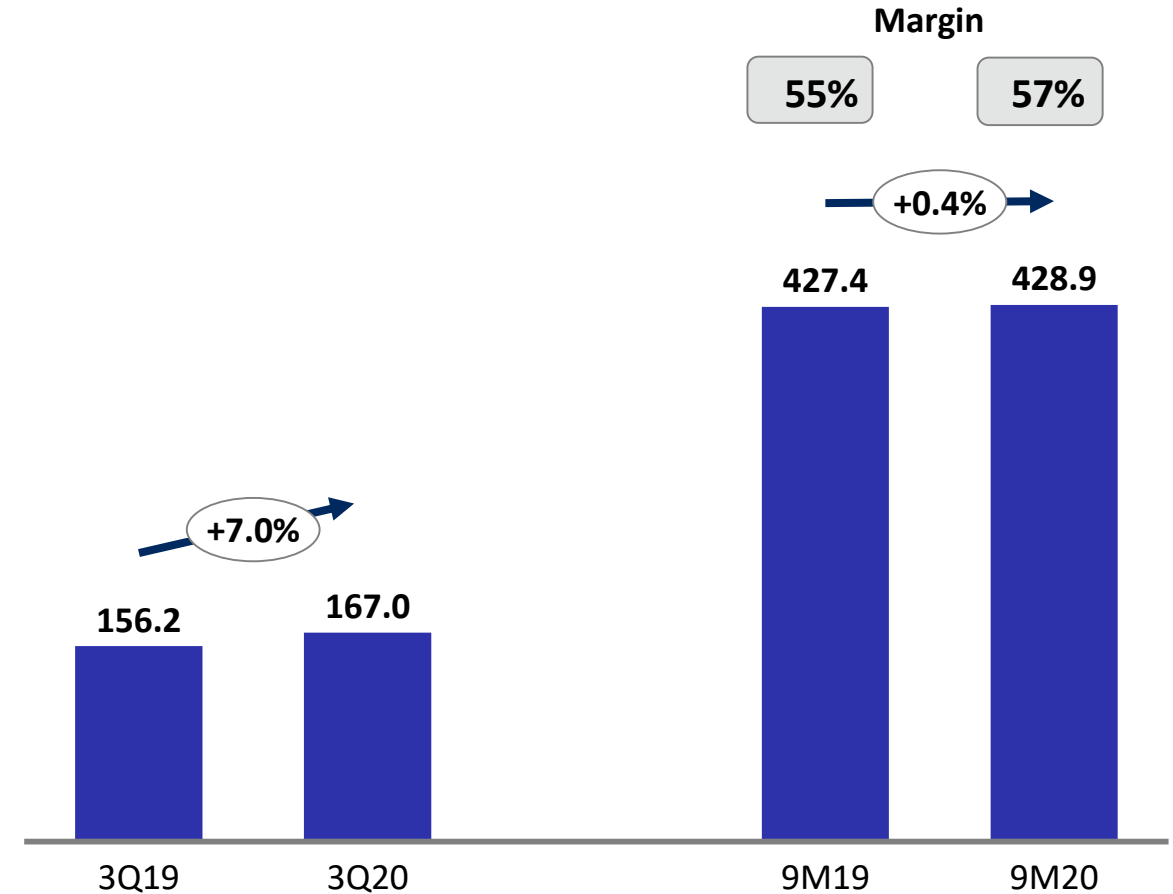


Net Revenues back to growth in 3Q, earlier than 2020 Ambition. EBITDA back to material growth in 3Q, slightly positive year-to-date

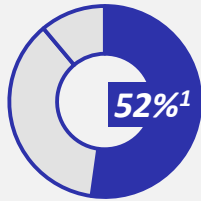
Net Revenues (€M)



EBITDA (€M)



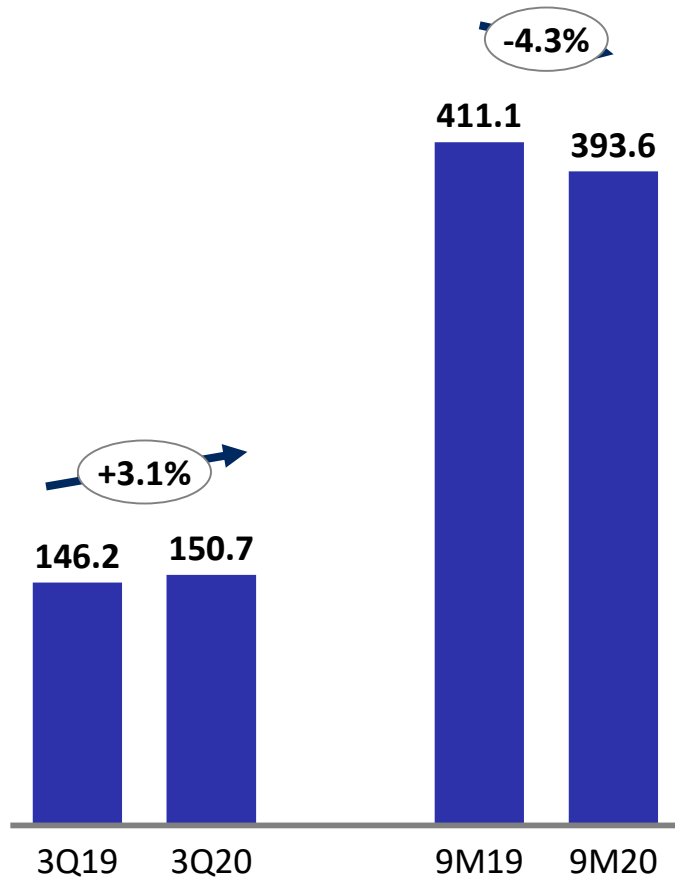
Merchant Services & Solutions: back to growth in 3Q



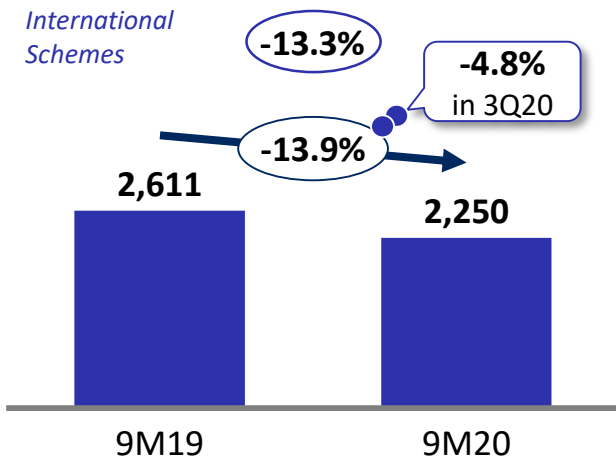
Merchant Services & Solutions



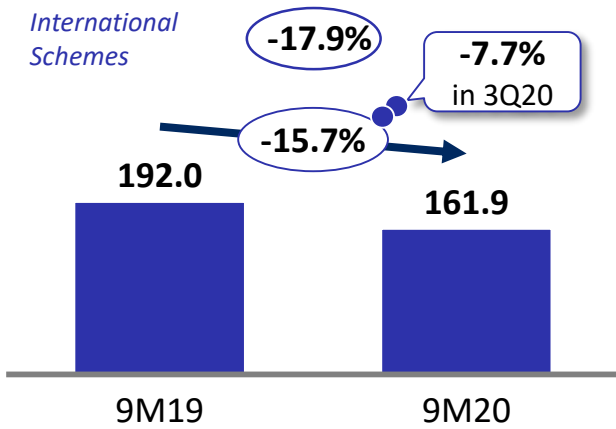
Net Revenues (€M)



Managed Transactions (#M)



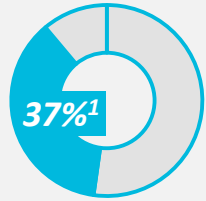
Value of Managed Transactions (€B)



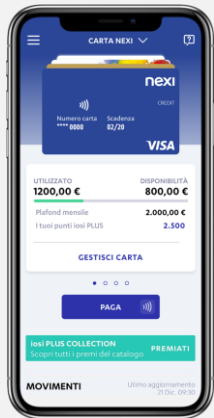
Key Highlights

- Rapid recovery of Managed transactions and Value of managed transactions well progressing in 3Q
- E-commerce performance supported by non travel/tourism related sectors (+35% y/y in 9M20 and +35% y/y in 3Q20)²; overall 9M20 performance less impacted by Covid-19 compared to physical sales (-1.1% y/y transaction value)
- 3Q Net Revenues positively impacted by volume mix more skewed towards Italian cards while Foreign cards still suffering

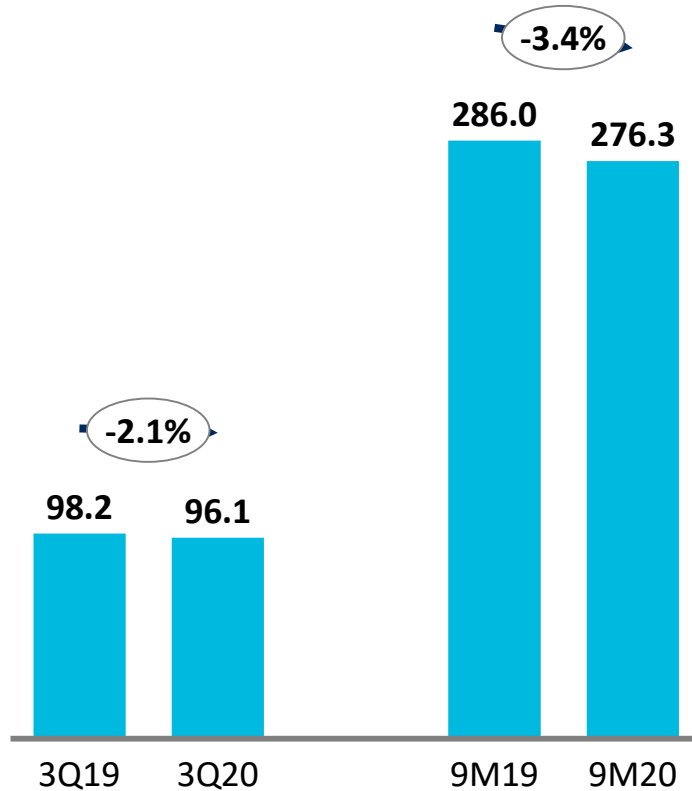
Cards & Digital Payments: International schemes volumes back to growth in 3Q



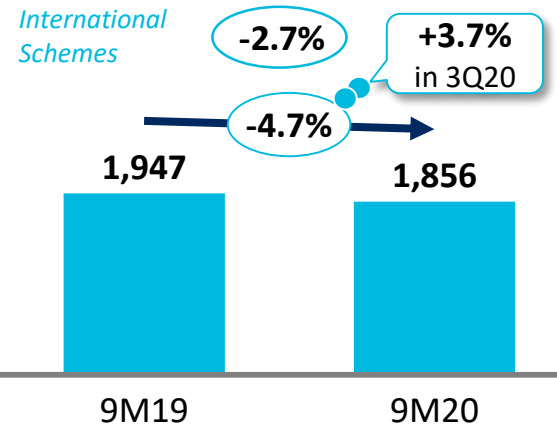
Cards & Digital Payments



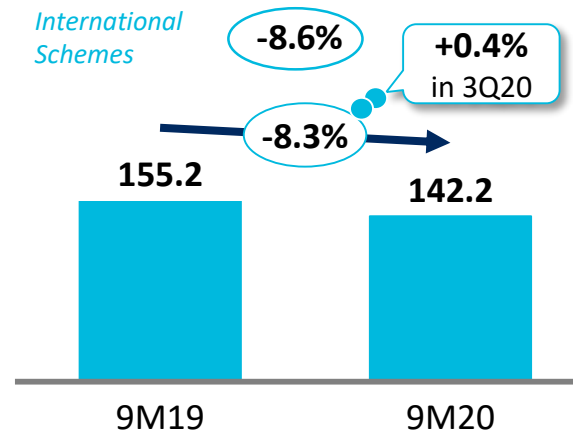
Net Revenues (€M)



Managed Transactions (#M)



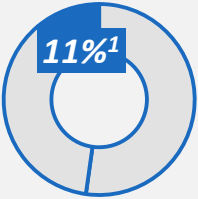
Value of Managed Transactions (€B)



Key Highlights

- Progressive recovery of Managed transactions and Value of managed transactions starting from May and back to growth in Q3
- Managed transactions on international schemes back to growth in Q320 (+1.9% y/y)
- Continued push on international debit, with increasing cards stock and Value of managed transactions (+7.5% y/y in Q3)
- Net Revenues affected by lower domestic travellers spending extra EU and lower commercial cards volumes

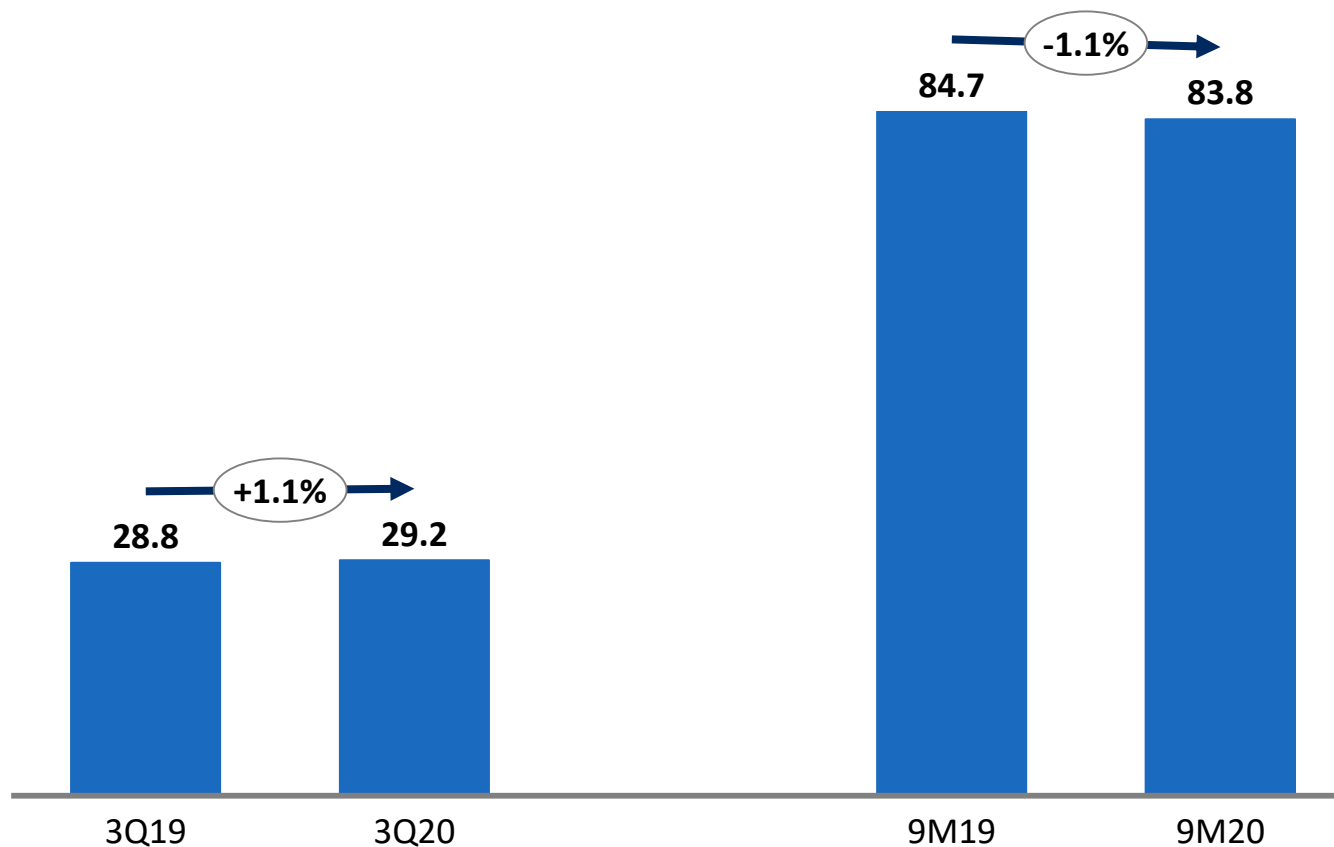
Digital Banking Solutions: marginally impacted by Covid-19



Digital
Banking
Solutions



Net Revenues (€M)

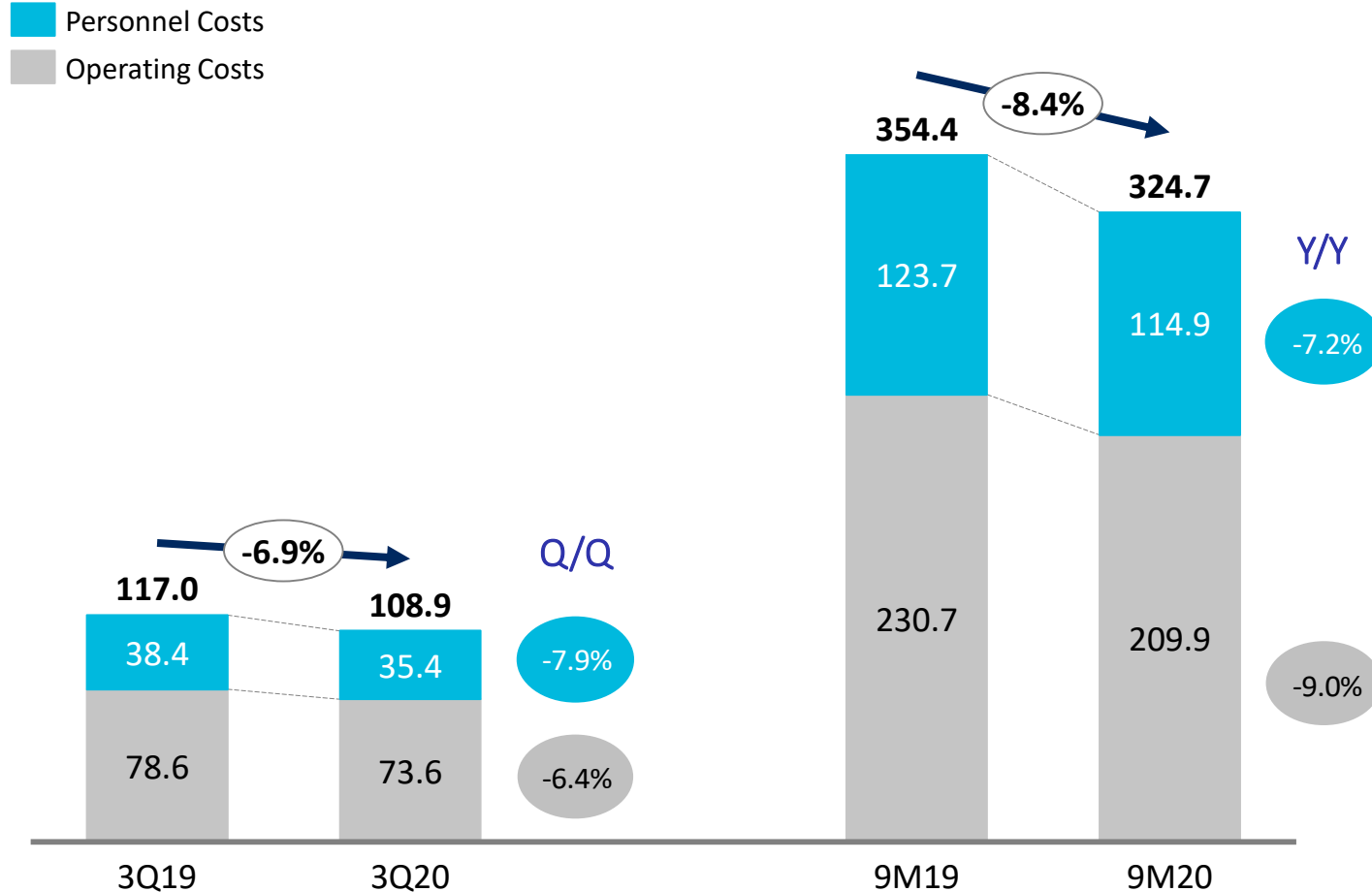


Key Highlights

- Substantially flat performance despite Covid-19; 3Q revenue growth after the phasing of certain low margin banks-related projects in 2Q

Strong costs reduction delivered in the quarter and year-to-date

Total Costs (€M)



Key Highlights

Decrease in total costs (-29.7 €M) mainly driven by:

- 100+ €M cash cost containment plan well on track
- continued focus on efficiency
- impacts from implementation of IT strategy partially offset by variable costs related to increasing volumes in the quarter

Well progressing on 100+ €M cash cost containment plan to mitigate Covid-19 impacts. 63% already delivered in six months



% % realized in Q320 YTD



Cost containment plan

Volume-base costs

59%

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

Discretionary spending

78%

- Operating Expenses**
 - Hiring
 - Consulting expenses
 - Internal and external events, travels, etc..
 - Voluntary waiver by Top management of their 2020 short term variable compensation
- Transformation Costs**
 - Postponement of few activities:
 - YAP development
 - Other transformation projects

47%

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

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

Strong cash position. Net Financial Debt / EBITDA temporarily affected by Covid-19



Net Financial Debt (€M)

	Sept 19	Dec 19	June 20	Sept 20
Gross Financial Debt	1,878	1,840	2,741	2,747
Cash	271	248	316	406
Cash Equivalents ¹	90	123	118	143
Net Financial Debt	1,517	1,470	2,307	2,198

Key Highlights

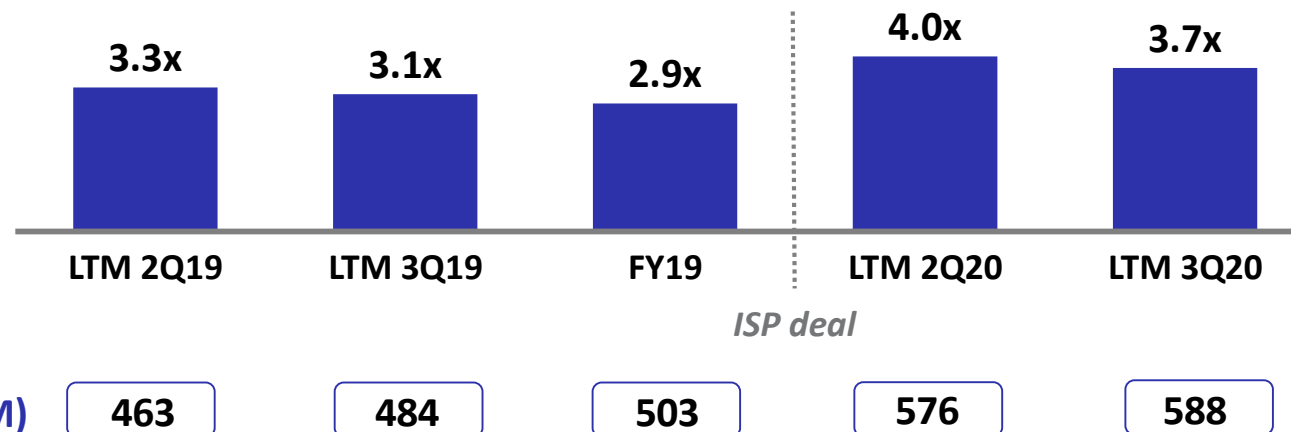
Current Debt structure includes:

- 1 €B Term Loan due 2024
- 825 €M Fixed-Rate Note due 2024
- 500 €M equity-linked due 2027
- 466.5 €M term loan due 2025
- Other residual debt (mainly IFRS 16)

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

Weighted average pre-tax cash coupon per annum at 2.1%, still well below 3.8% post reorganization in July 2018 and 3.1% post IPO

Net Financial Debt / EBITDA (€M)



2020 Guidance suspended. Ambition to grow EBITDA and EBITDA - Capex vs 2019

Previous Guidance¹: suspended

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

2020 Ambition

- 2020 volume-driven revenues depending on speed of recovery and dynamics by sector
 - **Possible return to revenue growth by year-end** assuming continued path of recovery at current trajectory
- 100+ €M cash cost (Opex/Capex) containment plan to mitigate the impact on EBITDA and cash flow targeting:
 - **EBITDA growth vs 2019 including organic ISP book contribution, broadly in line without. FY2020 EBITDA close to ~600 €M.**
 - **Material growth in EBITDA – Capex with and without ISP contribution**
- Strong cash position

- Revenue growth positive in 3Q, ahead of plan
- From late October new gradual Covid-19 restrictions in place
- Government Cashback mechanism starts on Dec 1st

- EBITDA back to growth in 3Q and YTD, ahead of plan
- 100+ €M Cash cost containment being executed in line with plan

Q&A



Annex



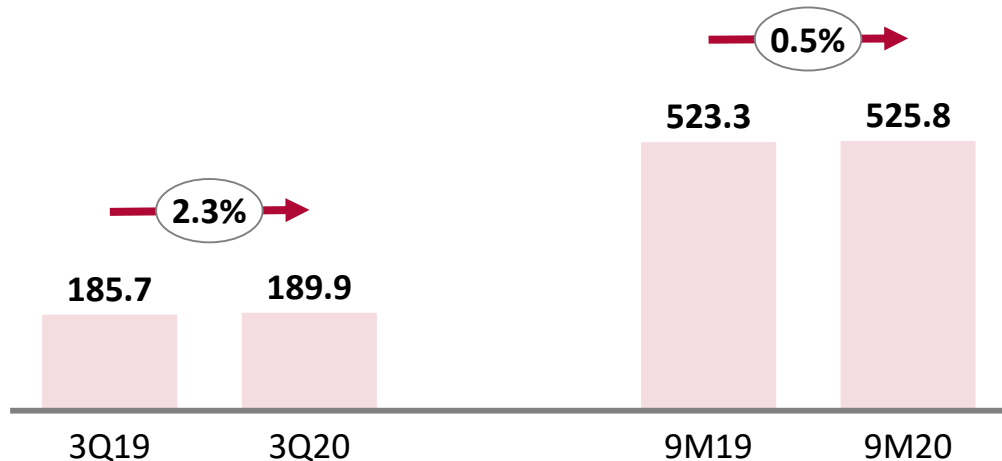
P&L

€M	9M19	9M20	Δ% vs. 9M19	3Q19	3Q20	Δ% vs. 3Q19
Merchant Services & Solutions	411.1	393.6	-4.3%	146.2	150.7	+3.1%
Cards & Digital Payments	286.0	276.3	-3.4%	98.2	96.1	-2.1%
Digital Banking Solutions	84.7	83.8	-1.1%	28.8	29.2	+1.1%
Operating revenue	781.8	753.6	-3.6%	273.2	276.0	+1.0%
Personnel & related expenses	(123.7)	(114.9)	-7.2%	(38.4)	(35.4)	-7.9%
Operating Costs	(230.7)	(209.9)	-9.0%	(78.6)	(73.6)	-6.4%
Total Costs	(354.4)	(324.7)	-8.4%	(117.0)	(108.9)	-6.9%
EBITDA	427.4	428.9	+0.4%	156.2	167.0	+7.0%

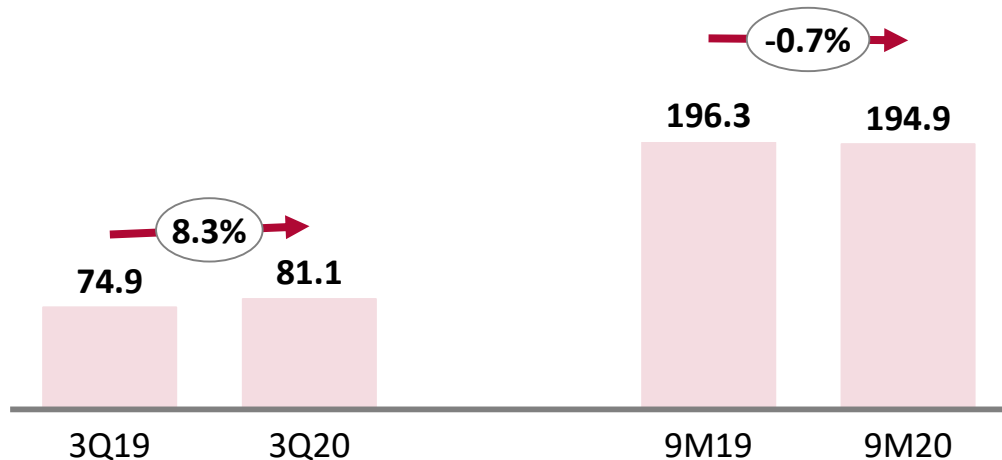
2019 and 2020 data include ISP merchant book acquisition - quarterly data restated after ISP deal transaction close

SIA performance

Revenues (€M)



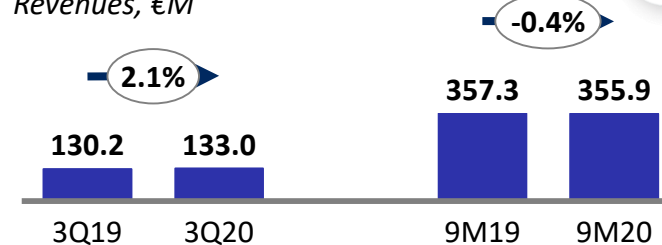
EBITDA (€M)



Cards & Merchant Solutions

68%¹

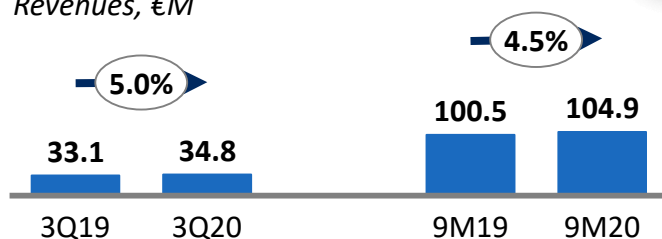
Revenues, €M



Digital Payment Solutions

20%¹

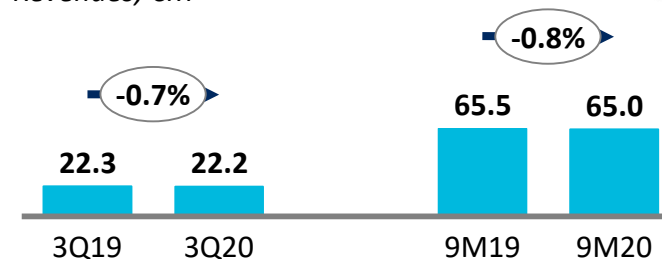
Revenues, €M



Capital Market & Network Solutions

12%¹

Revenues, €M



Key Highlights

- Resilient and diversified business model
- Increase in transaction volumes during 3Q in Cards&Merchant Solutions and Digital Payment Solutions divisions
- 9M20 EBITDA flat y/y on an organic basis thanks to focus on operating costs efficiency

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