

**nexi**



# FY 2020 Preliminary Results Presentation

February 11<sup>th</sup>, 2021



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# Key messages from today

## Strong overall performance, despite Covid, better than anticipated ambition

- EBITDA at 601.4 €M, +2.5% y/y
- EBITDA – Capex at 466.2 €M, +11.2% y/y
- Revenues at 1,043.9 €M, -2.8% y/y, positive in Q3 and -0.7% in Q4
- Very resilient operating performance

## Visible signals of possible digital payments acceleration

- Visible customer habits acceleration towards digital payments during Covid-19
- Growing interest for more advanced digital/omnichannel solutions
- Good traction of Government “cashless” initiatives

## Accelerated transformation into European PayTech leadership

- ISP merchant book acquisition completed. Integration executed since Q3
- Nexi-Nets merger signed. Antitrust filing completed
- Nexi-SIA merger signed

Positive mid-long term outlook as society and economy gradually recovers from Covid-19

# Executive Summary

## Covid-19 update

- **Transaction volumes** (acquiring + issuing) at 417 €B in FY20, **-11.4% y/y**, and 113 €B in 4Q20, **-8.6% y/y** due to Covid-19 second wave
- **Due to Covid-19 second wave restrictions, progressive slowdown on acquiring volumes from late October.** Second wave impact (-20% during the peak) materially lower than first wave (-50%). Compared to last Spring first wave:
  - **More selective soft lockdown:** industrial production and B2B activities open, only selected retail businesses closed
  - **Regions segmented in three risk tiers** based on Covid-19 situation, reviewed periodically, and characterized by different soft lockdown measures
- **Rapid volume recovery starting from mid-January 2021 after the easing of restrictions with material growth in Basic consumption** and fast recovery in Discretionary spending. **Acquiring volumes on Italian cards back to visible growth since end of January** while overall Acquiring volumes at  $-2\% \text{ y/y}^1$  in the last week rolling (1<sup>st</sup>- 7<sup>th</sup> February), still affected by weakness in Foreign cards<sup>1</sup>
- **Strong E-commerce acceleration in 2020** net of high impact consumption sectors:  $+37\% \text{ y/y}$  in FY20 and  $+42\% \text{ y/y}$  in 4Q20<sup>1</sup>. Overall FY20 E-commerce performance less impacted by Covid-19 compared to physical sales ( $-2.1\% \text{ y/y}$  transaction value)
- **Continued signs of acceleration from cash to digital transactions. Good traction of Government cashless initiatives, cashback in particular**

# Executive Summary

## Results highlights

- **EBITDA** at 601.4 €M, **+2.5% y/y in FY20**. EBITDA at 172.5 €M, **+8.3% y/y in 4Q20**
- **EBITDA – Capex** at 466.2 €M, **+11.2% y/y in FY20**
- **Revenues** at 1,043.9 €M, **-2.8% y/y in FY20**. Revenues at 290.3 €M, **-0.7% y/y in 4Q20**

## Key business update

- **Merchant Services & Solutions** (53% of Revenues): continued growth of POS customer base driven by vertical industry propositions, significant acceleration on omni-channel and mobility solutions and strong e-commerce sales results across segments
- **Cards and Digital Payments** (36% of Revenues): sustained growth of cards customer base, accelerated bank interest on International Debit and step up growth in c-less transactions and mobile payments transaction volumes
- **Digital Banking Solutions** (11% of Revenues): increasing demand for advanced Self, Remote and Open Banking solutions and further improvements to Nexi innovative Digital Banking offer
- **Costs -9.2% y/y in FY20** thanks to the continued focus on efficiency and 100+ €M cash cost containment plan over achievement
- **FY20 Net financial Debt/EBITDA down at 3.5x**; net of ISP merchant book acquisition down to 2.5x

## SIA and Nets transaction update

- Journey for creating the European PayTech Leader progressing as planned. SIA transaction: binding documentation signed. Nets transaction: filing of the cross-border merger plan to European Antitrust done. Closing expected in 2Q21 for Nets and 3Q21 for SIA
- **SIA results**: EBITDA at 285 €M, +3% y/y in FY20 and EBITDA at 89 €M, +13% y/y in 4Q20. Revenues at 748 €M, +2% y/y in FY20 and Revenues at 222 €M, +7% y/y in 4Q20
- **Nets results<sup>1</sup>**: EBITDA at 360 €M, +4.1% y/y in FY20 and EBITDA at 109 €M, +21.5% y/y in 4Q20. Revenues at 976 €M, -1.2% y/y in FY20 and Revenues at 254 €M, -1.9% y/y in 4Q20

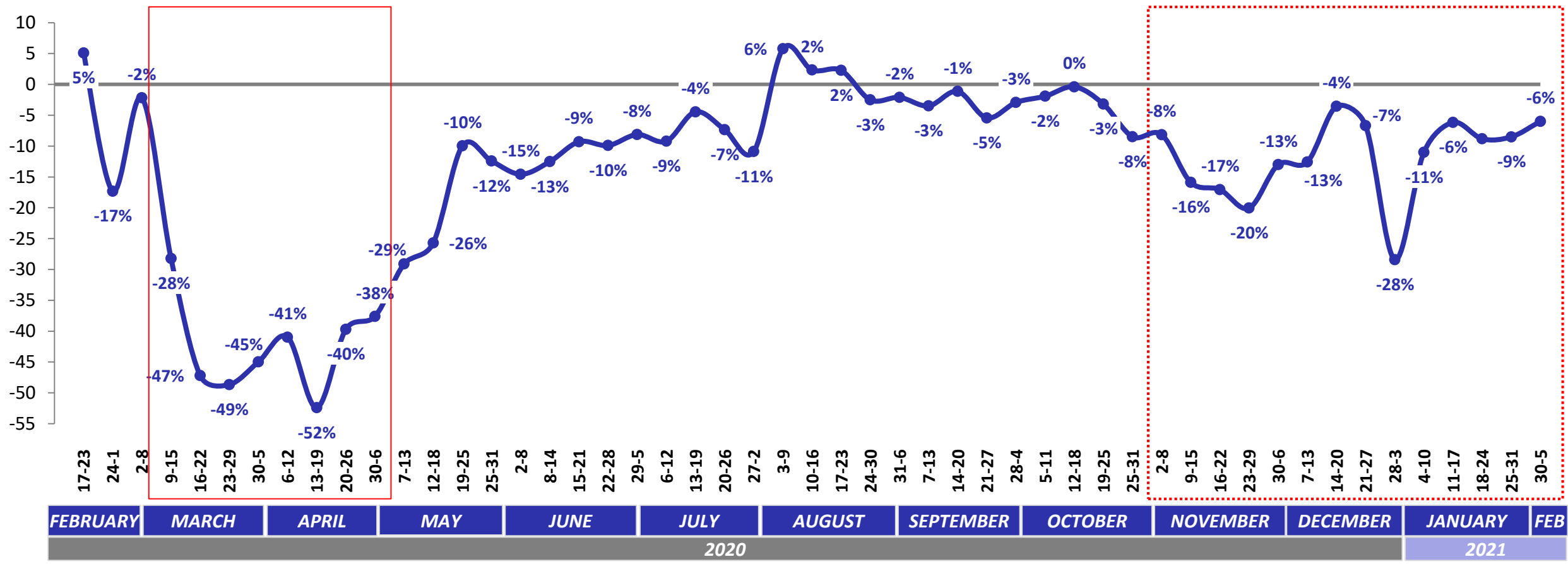
# Covid-19 second wave impacting volumes less than first wave.

## Rapid recovery visible from mid-January



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

Total Acquiring and Issuing volumes<sup>1</sup>  
**-11.4%** in FY20

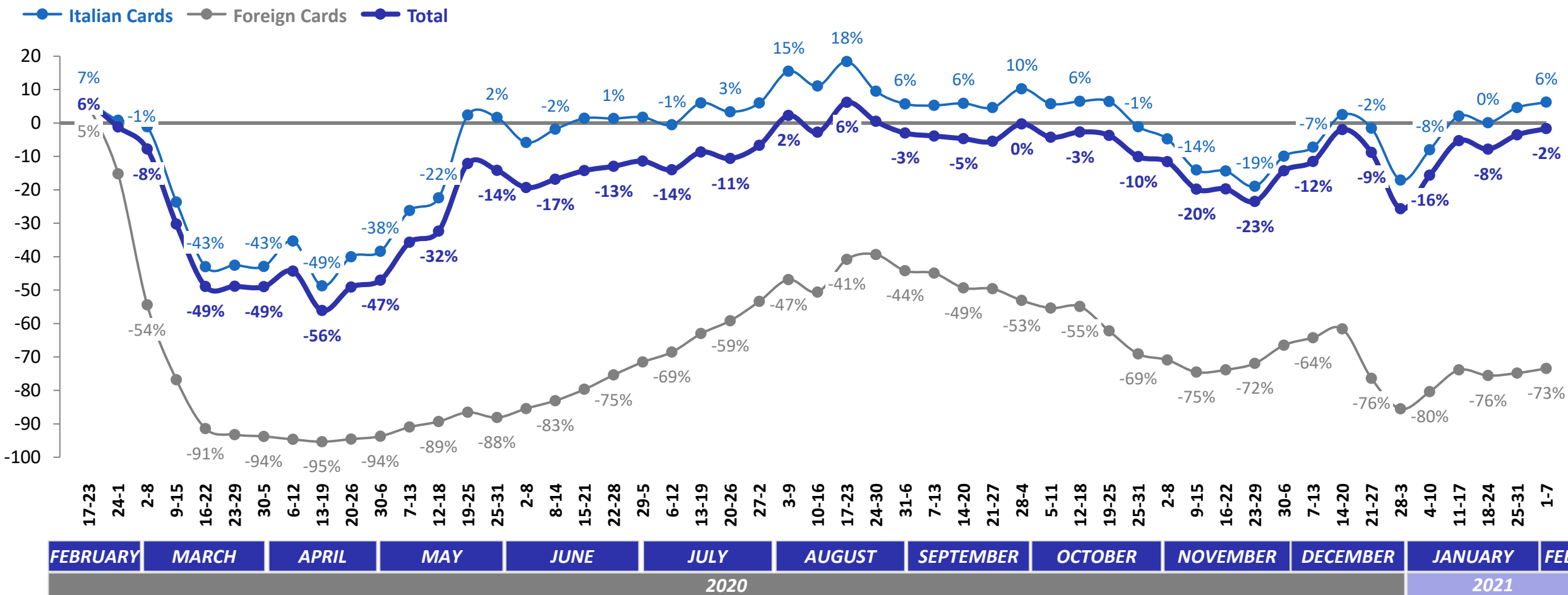


Covid-19 lockdown in Italy (Feb-Mar 2020) | Covid-19 second wave in Italy (Nov-Dec 2020)

# Acquiring volume recent recovery driven by Italian customers spending, now back to growth Y/Y. Foreign customers volume trend still negative



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



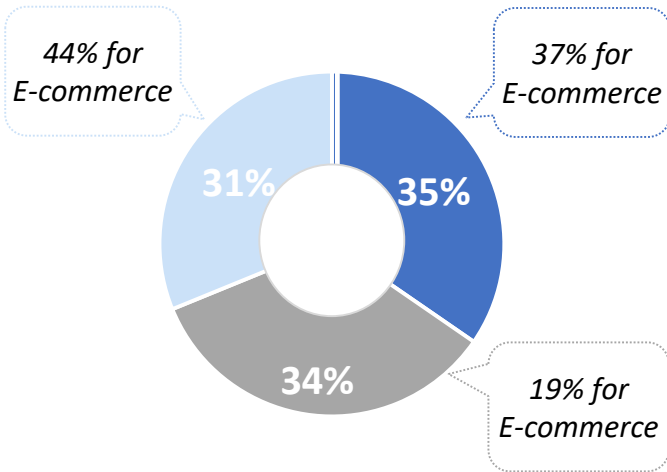
### 2019 monthly weight Foreign Cards on total volumes





# Double digit growth and acceleration in Basic consumption and fast recovery in Discretionary spending. Strong E-Commerce growth net of high impact category

## Acquiring volumes by category<sup>1</sup>



### Basic consumption

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

### 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

### 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

	Q120	Q220	Q320	Oct	Nov	Dec	FY20	Jan	LWR <sup>2</sup>
<b>Basic consumption</b>	<b>15%</b>	<b>12%</b>	<b>13%</b>	<b>21%</b>	<b>18%</b>	<b>25%</b>	<b>16%</b>	<b>25%</b>	<b>24%</b> +26%
of which Physical	14%	11%	12%	20%	16%	24%	14%	24%	23%
of which E-commerce	29%	37%	36%	31%	43%	46%	36%	29%	35%
<b>Discretionary consumption</b>	<b>-19%</b>	<b>-41%</b>	<b>-7%</b>	<b>-5%</b>	<b>-32%</b>	<b>-15%</b>	<b>-21%</b>	<b>-25%</b>	<b>3%</b> +12%
of which Physical	-21%	-44%	-8%	-6%	-35%	-16%	-23%	-26%	2%
of which E-commerce	15%	62%	34%	31%	71%	36%	39%	26%	20%
<b>High-impact consumption</b>	<b>-19%</b>	<b>-67%</b>	<b>-21%</b>	<b>-34%</b>	<b>-58%</b>	<b>-53%</b>	<b>-38%</b>	<b>-58%</b>	<b>-45%</b> -35%
of which Physical	-18%	-67%	-20%	-30%	-55%	-51%	-37%	-56%	-41%
of which E-commerce	-23%	-69%	-33%	-66%	-78%	-71%	-50%	-73%	-71%
<b>Total</b>	<b>-5%</b>	<b>-29%</b>	<b>-5%</b>	<b>-4%</b>	<b>-19%</b>	<b>-8%</b>	<b>-12%</b>	<b>-14%</b>	<b>-2%</b> +6%
of which Physical	-6%	-31%	-6%	-3%	-20%	-8%	-13%	-14%	-1%
of which E-commerce	4%	-8%	4%	-10%	-3%	0%	-1%	-12%	-12%

○ % change Y/Y on Italian Cards

## 2020 Acquiring volumes: split between Physical and E-commerce

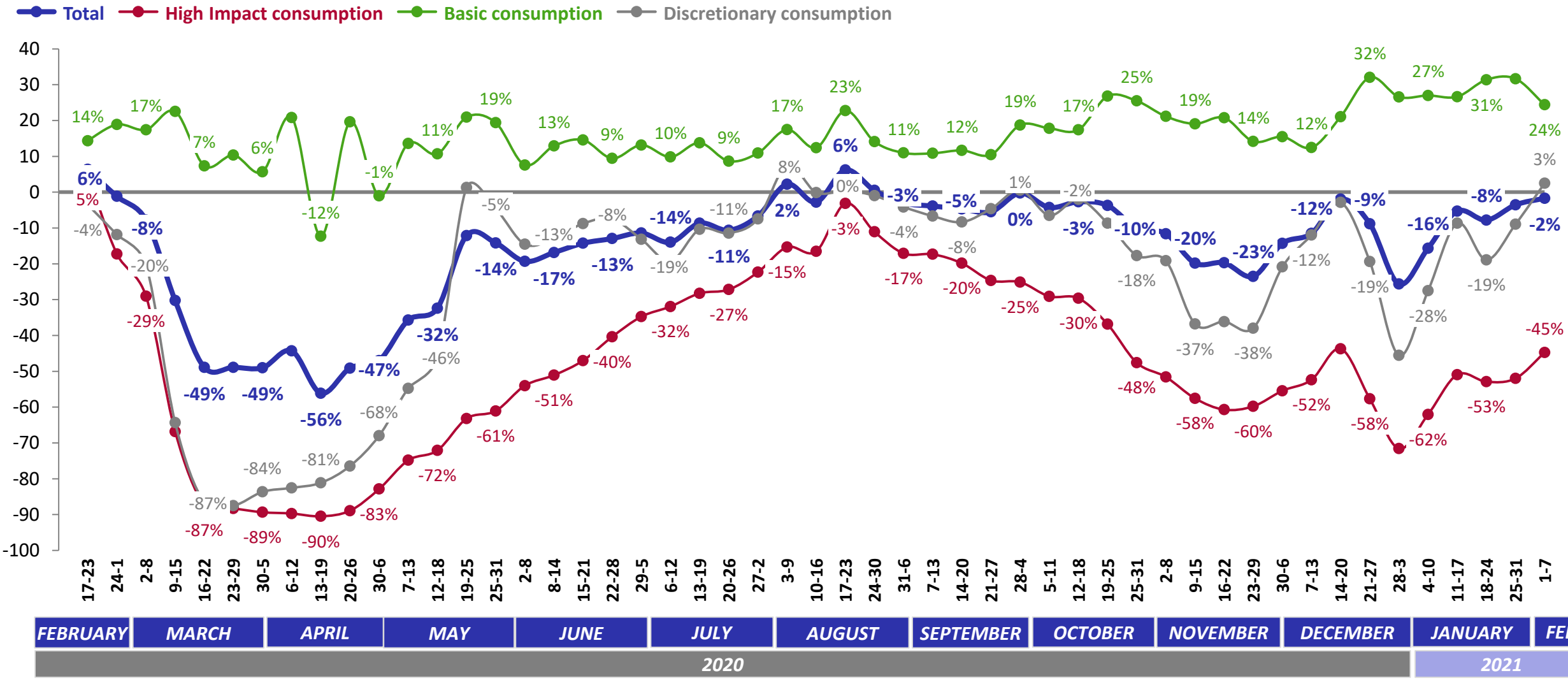
	Q1	Q2	Q3	Oct	Nov	Dec	FY	Jan	LWR <sup>2</sup>
Physical	93%	92%	94%	94%	92%	94%	93%	93%	93%
E-commerce	7%	8%	6%	6%	8%	6%	7%	7%	7%



# Double digit growth and acceleration in Basic consumption and fast recovery in Discretionary spending, while High impact category still suffering

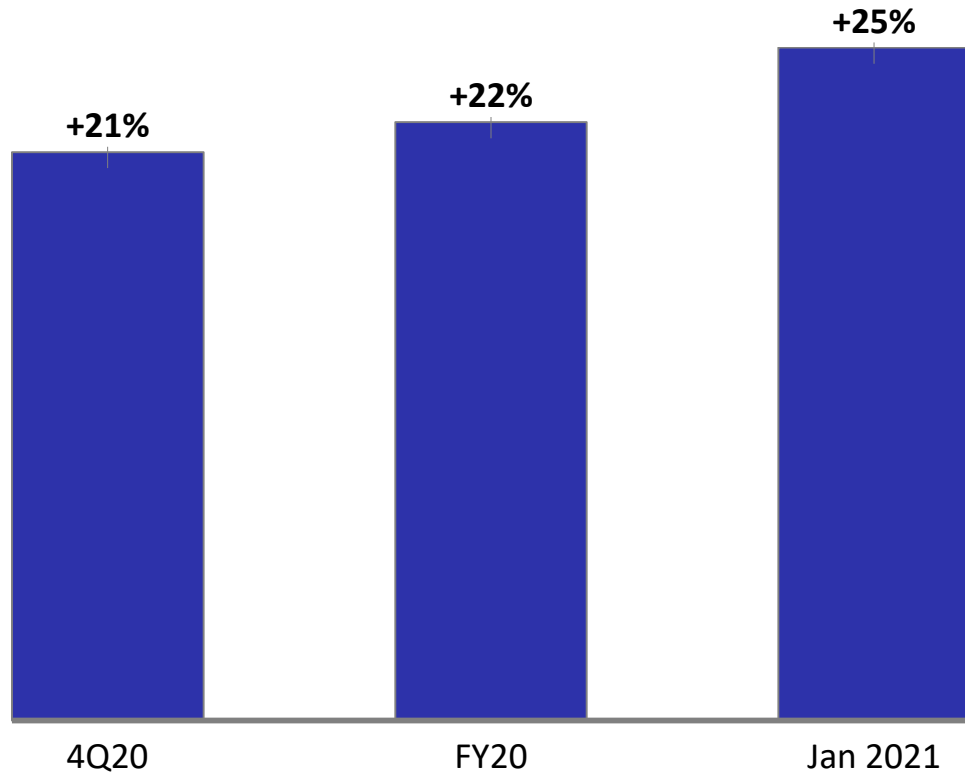


## Acquiring volumes by product category – Y/Y trend



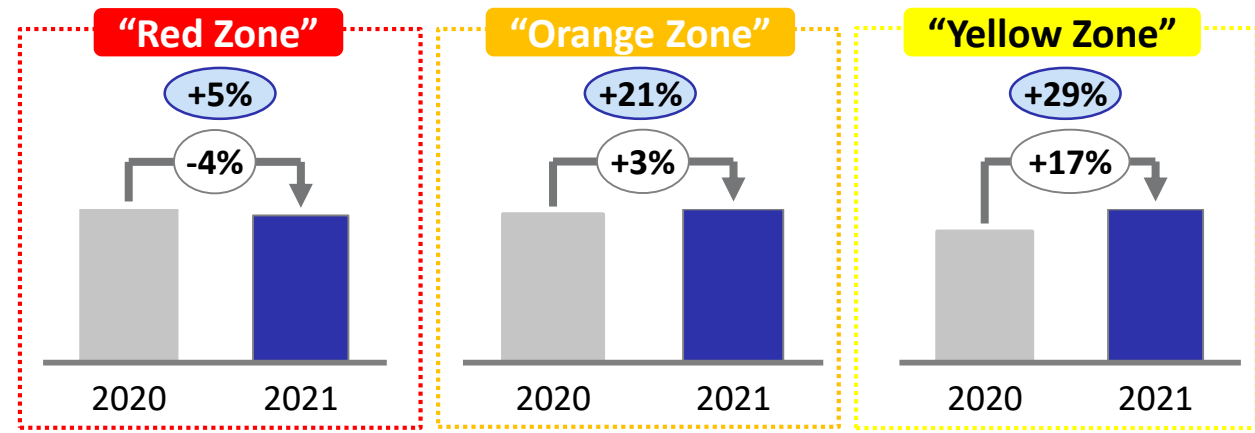
# Visible signals of acceleration of digital payments penetration in non-COVID affected sectors and less affected areas in the Country

## Digital payments Y/Y volumes for Italian cards: Focus on Grocery category

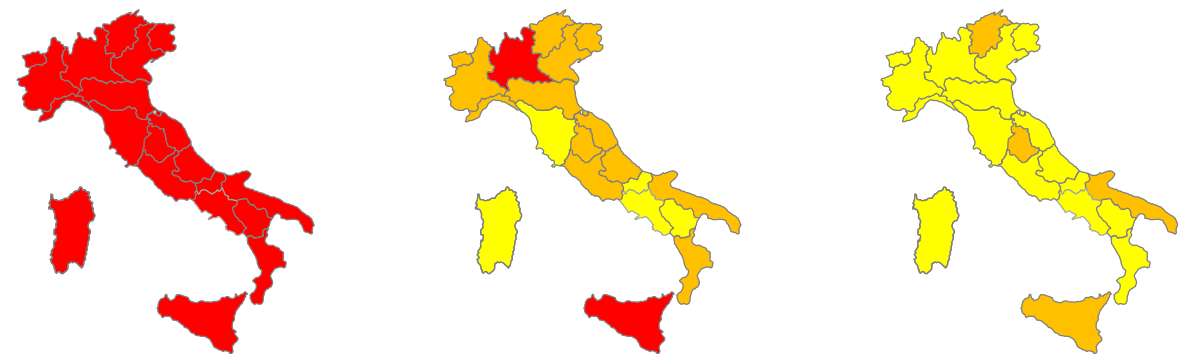


## Italian cards Y/Y volumes trend by "Covid areas"<sup>1</sup> Week 25<sup>th</sup> – 31<sup>st</sup> January

Net of high impact consumption sectors



### Christmas period      Mid-January      Current



# Focus on FY20 Preliminary Results

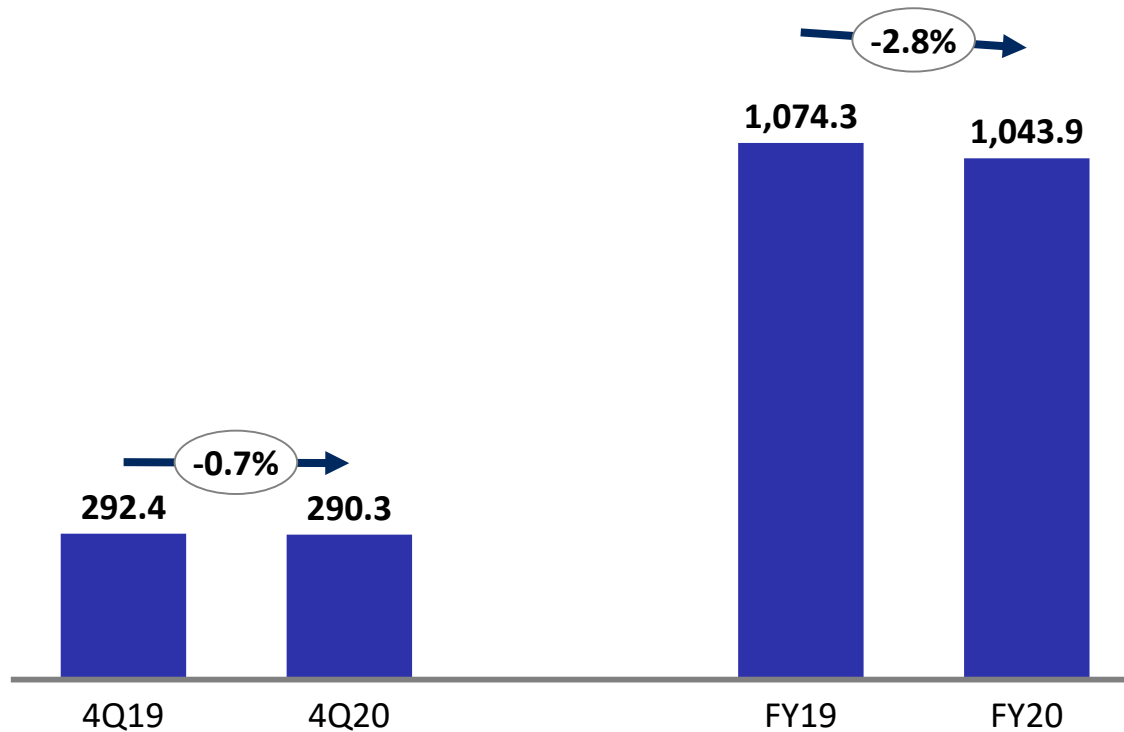
2019 and 2020 data include ISP merchant book acquisition



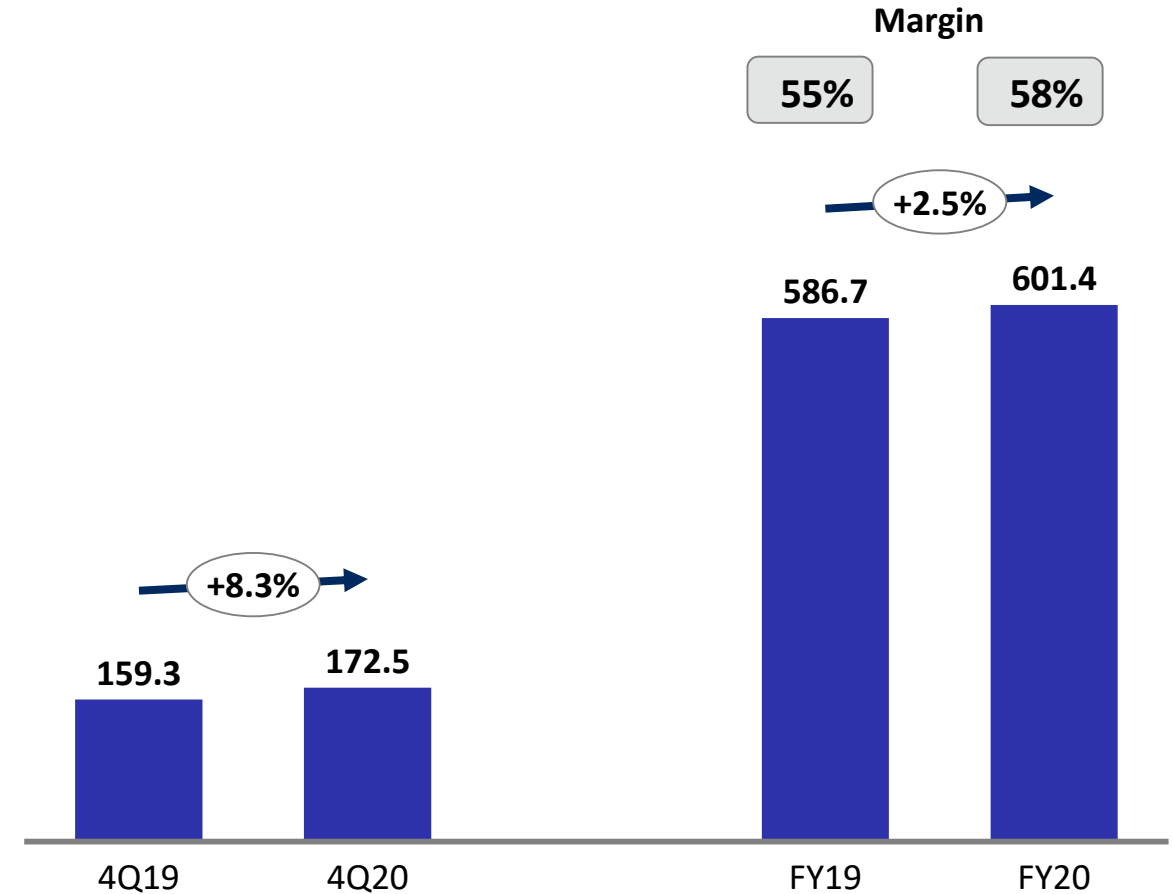
# Strong financial performance with EBITDA growing 2.5% y/y at 601.4 €M. Resilient revenue performance, despite Covid-19 second wave in 4Q



## Net Revenues (€M)



## EBITDA (€M)



# Merchant Services & Solutions: key business update (1/2)

*Be the payment services provider of choice for every Italian merchant, in partnership with our partner banks*

## 2020 Key drivers

**1** Further development of Nexi proposition with effective and user friendly acceptance solutions for both SME and LAKA. Acceleration on **E-commerce proposition**

**2** Stronger demand of advanced & omnichannel solutions driven by evolution of retail distribution

**3** Government cashless initiatives



## Key business update

SMEs

- **Strong growth of POS customer base** (+4.2% y/y) driven by **vertical industry propositions** (e.g. x3 sales on medical professionals)
- Significant acceleration on **omnichannel and mobility solutions** to support also home deliveries (e.g. **Pay-by-link offer** for remote acceptance)
- Good progress on **SmartPOS sales** (sales on ISP book started at year-end 2020)
- New **completely redesigned mPOS proposition**, with innovative companion app and multi-hardware capabilities
- **Merchant data-driven app Nexi Business** reaching over 55% penetration, becoming a digital channels for upselling
- **Expanding distribution footprint** with new direct online sales capabilities and new strategic distribution agreements with leading retailers, software developers (ISVs) and eCR distributors



# Merchant Services & Solutions: key business update (2/2)

*Be the payment services provider of choice for every Italian merchant, in partnership with our partner banks*



## 2020 Key drivers

1

**Further development of Nexi proposition** with effective and user friendly acceptance solutions for both SME and LAKA. Acceleration on **E-commerce proposition**

2

**Stronger demand of advanced & omnichannel solutions** driven by evolution of retail distribution

3

**Government cashless initiatives**



## Key business update

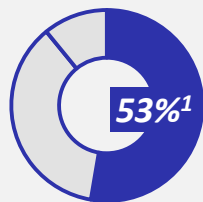
### Large Merchants & Omnichannel

- **Good volumes' resilience** during Covid-19 thanks to leading position on large-scale food retailers
- **Highly differentiated proposition** combining advanced capabilities with local expertise and Country specific business requirements (e.g. cashback, BancomatPay, ...)
- **Clear acceleration on delivering omnichannel solutions** to increase customer base value and stickiness
- Strong pipeline on **emerging verticals** such as **B2B payments for distribution chains**, insurance agent networks and pharma retail chains
- **Strong pipeline** in metropolitan/regional **transport** segment
- New sales specialist team **dedicated to mid-corporates** in place

### E-commerce

- **Strong sales results across all segments** (gateway activations +50% y/y, new merchants acquisitions x4 including Pay-by-link)
- Further enlargement of **strategic partnerships footprint** with CMS and marketplaces platforms (e.g. ItaliaOnLine, StoreEden,..)
- New wins in **invisible payments** (e.g. on taxi/mobility apps)
- **Very good traction on Public Administration segment** (e.g #1 acquirer on PagoPA with +100% y/y growth)
- Strong focus on managing impacts **from PSD2/ SCA regulation**

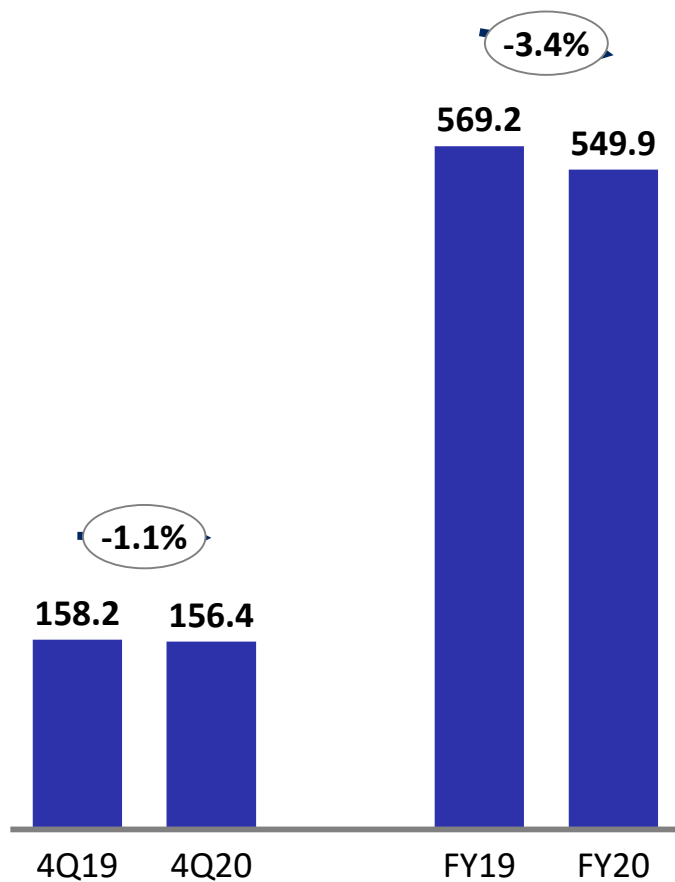
# Merchant Services & Solutions: customer base growth and more advanced solutions support performance



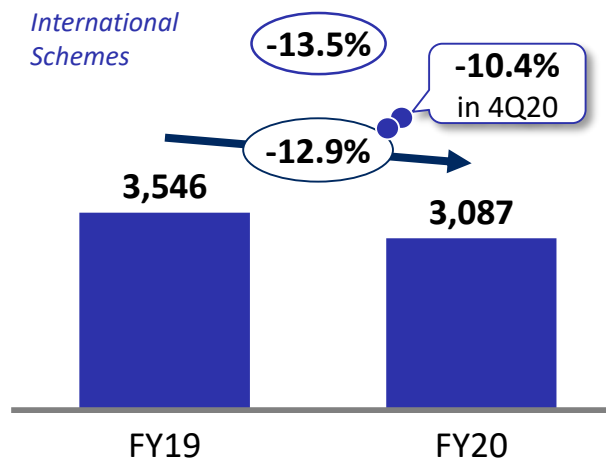
Merchant Services & Solutions



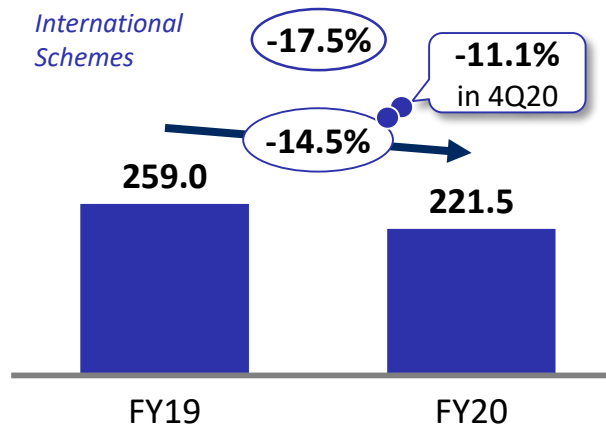
## Net Revenues (€M)



## Managed Transactions (#M)



## Value of Managed Transactions (€B)



## Key Highlights

- Managed transactions and Value of managed transactions reflects the impacts of Covid-19 first and second wave
- Strong E-commerce volume performance net of high impact consumption sectors (+37% y/y in FY20 and +42% y/y in 4Q20)<sup>2</sup>; overall FY20 performance less impacted by Covid-19 compared to physical sales (-2.1% y/y transaction value)
- E-commerce revenue growth despite overall e-commerce marginal declining volumes thanks to technology sales and mix
- Flat y/y revenues from installed base (1/3 of total revenues)
- 4Q Net Revenues positively impacted by volume mix more skewed towards Italian cards while Foreign cards still suffering



# Cards & Digital Payments: key business update

## 2020 Key drivers

1

**Continuous improvement of Nexi proposition** with innovative digital payments solutions for both consumers and banks

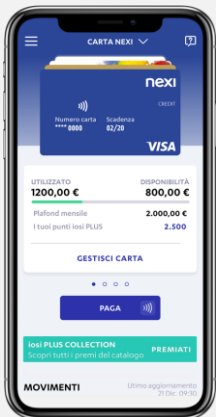
2

**Increasing demand from customer and banks for advanced solutions** (i.e. on digital issuing and B2B virtual cards)

3

**Government cashless initiatives**

*Be the Italian banks' partner of choice, offering a full portfolio with best-in-class Cards and Digital Payments services for customers*



## Key business update

### Cards

- **Sustained growth of cards customer base**, in particular debit and prepaid cards, more oriented to everyday spending and e-commerce
- **Accelerated bank interest on International Debit**, with over 50 banks already onboarded/enrolled
- Launching **new International Debit premium proposition in 1H21**
- **Continued evolution on National Debit digital capabilities**
- **Growing interest on B2B virtual cards for working capital optimization. Slowdown of business/commercial cards usage** due to Covid-19

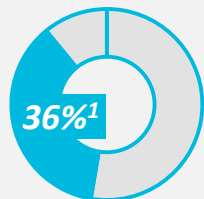
### Digital and VAS

- **Continued growth of c-less transactions** (from 38% pre lockdown to 45% in December). Increase from 25€ to 50€ limit for PIN/signature-less C-less payments; gradual roll-out from 1Q21
- **Step up growth in mobile payments transaction volumes +140% y/y** with +57% y/y enrolled cards
- Increased penetration and diversification of **VAS and loyalty program**
- **One-click activation and monitoring of Government Cash-back program through Nexi Pay app**, driving penetration and usage

### YAP

- **Continued progress on YAP – millennials mobile payment app** - with ~880k enrolled clients to date, +98% y/y in Q4 in P2B volumes

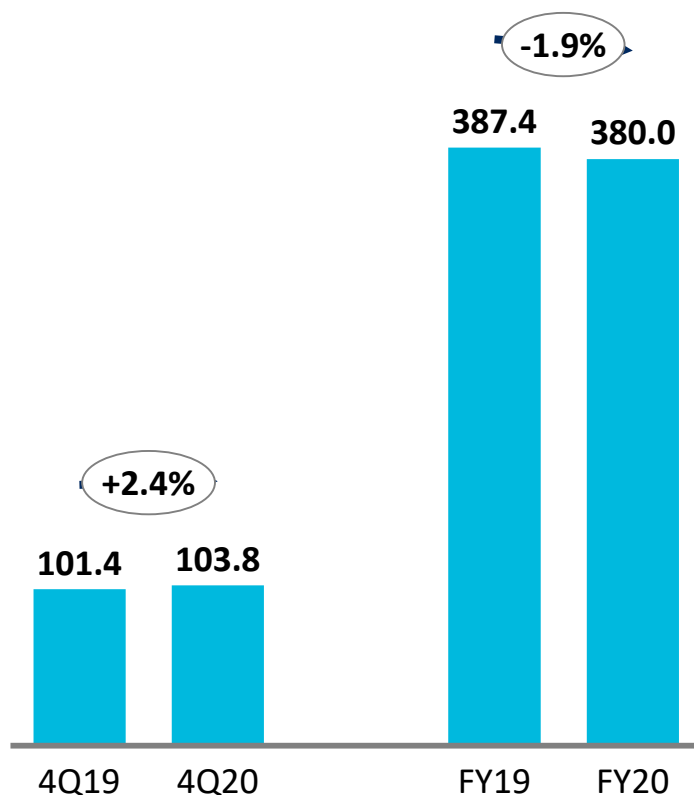
# Cards & Digital Payments: back to growth in 4Q, supported by customer base growth and more valuable products



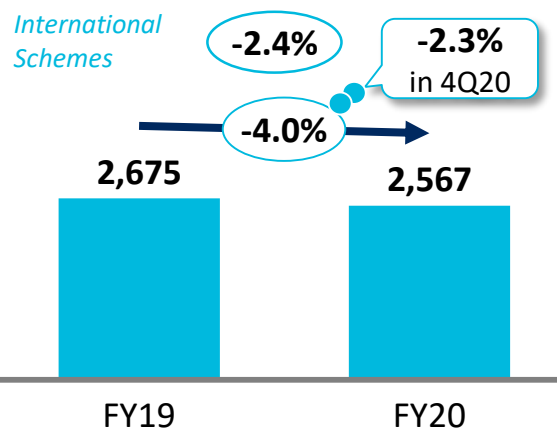
## Cards & Digital Payments



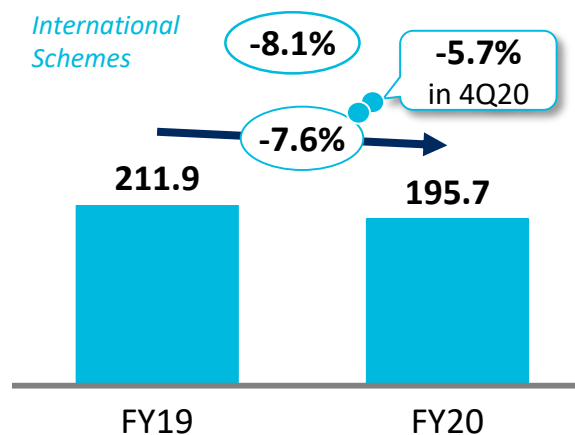
### Net Revenues (€M)



### Managed Transactions (#M)



### Value of Managed Transactions (€B)



### Key Highlights

- Managed transactions and Value of managed transactions affected by Covid-19 first and second wave.
- Managed transactions sustained by international schemes in Q420 (-1.6% y/y)
- Continued push on international debit, with increasing cards stock and Value of managed transactions (+0.8% y/y in FY)
- +6.8% y/y revenues from installed base (>60% of total revenues)
- 4Q Net Revenues still affected by mix due to lower domestic travellers spending extra EU and lower commercial cards volumes

# Digital Banking Solutions: key business update

Provide state-of-the-art innovative solutions to support Bank customers digitalization with E2E outsourcing models



## 2020 Key drivers

**1** Further improvements to Nexi innovative Digital Banking offer (e.g. new DCB features and ATM VAS)

**2** Increasing demand for advanced Self, Remote and Open Banking solutions

**3** Partial slowdown of business ordinary activities (eg ATMs maintenance) and delayed Banks' projects/initatives due to Covid-19



## Key business update

### Self-banking

- Roll-out of the new front-end platform completed at 95% on ATMs installed base
- Continued growth of advanced ATM (+5% y/y). Slight decrease of total stock (-2%)
- Started commercialization of new innovative VAS (e.g. CRM)

### Digital Corporate Banking

- Further wave of innovative functionalities for the new Digital Corporate banking platform (e.g. Mobile app for CFOs, e-invoicing/payment)
- Continued growth of installed workstations (+2% y/y)

### B2B/ Corporate Payments

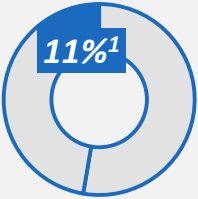
- Good progress on Instant payments onboarding, with 15+ more banks live in 2020
- Strong commercial pipeline and flagship customer wins in Corporate payments, especially on:
  - New Pay-by-account large tickets payment solution, based on open banking (PIS)
  - Payments-as-a-service 360° platforms for Corporate/IMEL/IPs
- Renewed strategic partnership with BFF/Depobank, for combined offering of digital payments and treasury-settlement banking services
- Slow-down of domestic ACH transactions (in part. checks) due to Covid-19

### Open Banking

- Good progress on third-parties connected to CBI Globe platform (now at 140) and on customer wins on CBI Globe TPP Gateway. Strong growth of volumes (3x 2H vs 1H), although still at early stage, also due to Covid-19 and Brexit
- More than 20 top fintechs/business partners onboarded on Nexi Open platform (e.g. Meniga, Experian). Acceleration of commercial activities with Banks/Corporates

# Digital Banking Solutions: partial slow-down of ordinary activities and delayed Banks' projects/initiatives due to Covid-19

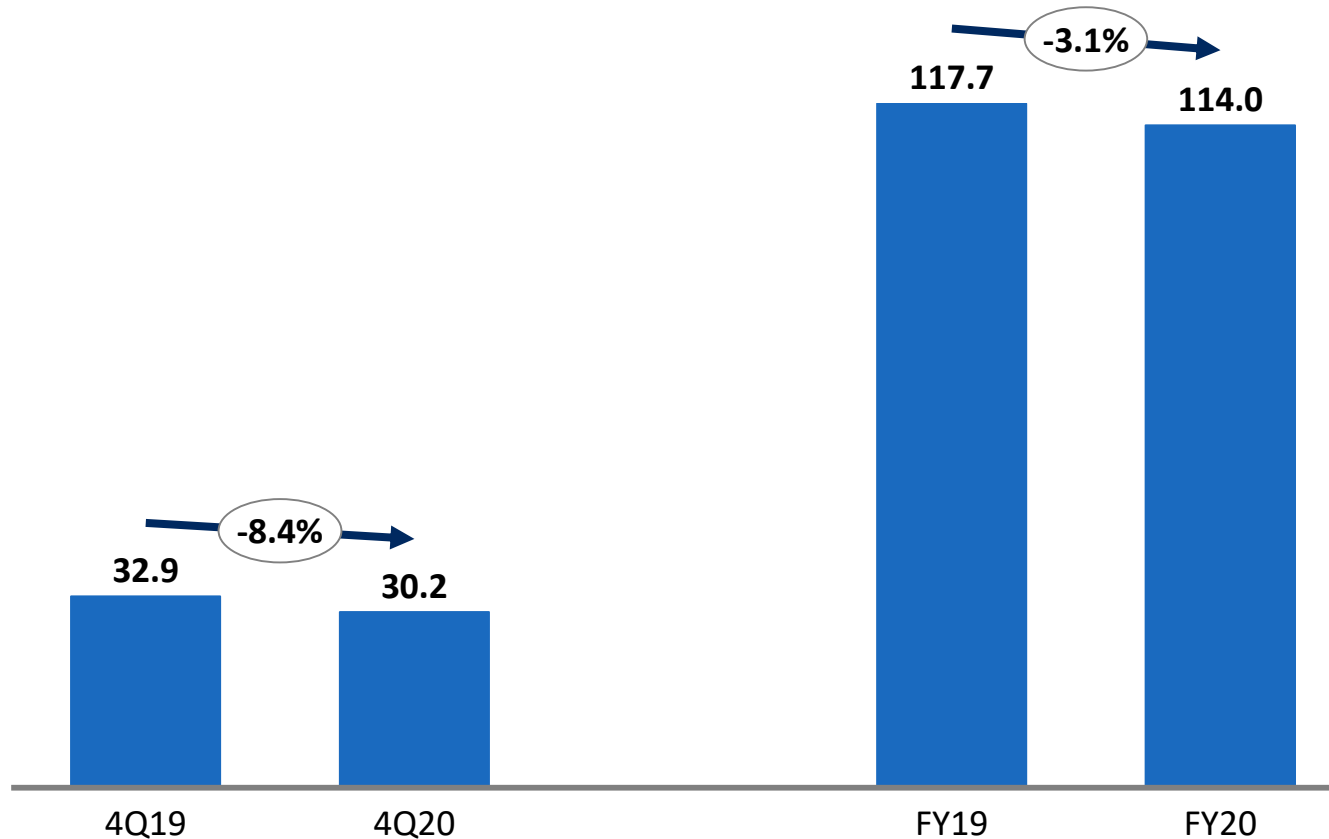
11%<sup>1</sup>



Digital  
Banking  
Solutions



## Net Revenues (€M)

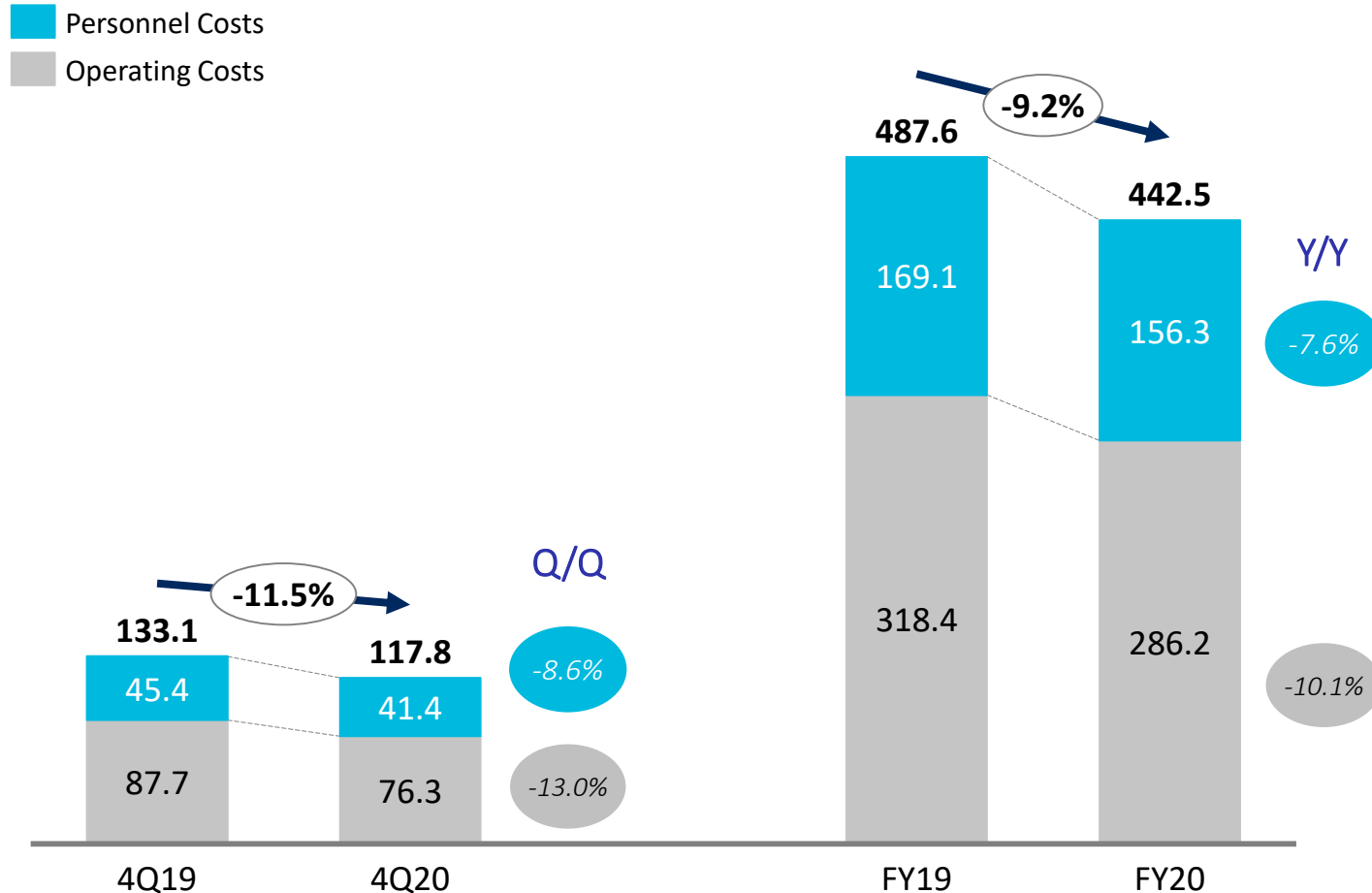


## Key Highlights

- Slowdown of some business activities (e.g. DCB small evolutions, ATMs maintenance) and delayed banks' projects/initiatives (e.g. branch transformation) due to Covid-19
- Good contribution from new DCB and ATM platforms and initial contribution from Open banking
- Performance of 4Q20 affected by lower reselling and other one-off events (net of these effects substantially flat Q/Q performance)

# Material cost reduction delivered both in the quarter and in the year

## Total Costs (€M)



## Key Highlights

Decrease in total costs (-45.1 €M) mainly driven by:

- 100+ €M cash cost containment plan execution
- continued focus on efficiency
- impacts from implementation of IT strategy

**Limited credit risk exposure. 2020 LLPs at 3.0 €M acquiring and 3.3 €M issuing, broadly in line with 2019 level despite Covid-19**

- **Merchant Services & Solutions:**  
Diversified exposure across sectors and no direct exposure to riskier sectors (e.g. airlines)
- **Cards & Digital Payments:**  
Credit risk limited to direct issuing model (~49k cards, equal to ~0.1% of Group total cards) and corporate cards

# 100+ €M cash cost containment plan to mitigate Covid-19 impacts over delivered despite higher volumes



% % realized



## Cost containment plan

### Volume-base costs

92%

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

### Discretionary spending

#### Operating Expenses

- Hiring
- Consulting expenses
- Internal and external events, travels, etc..
- Voluntary waiver by Top management of their 2020 short term variable compensation

109%

#### Transformation Costs

- Postponement of few activities:
- YAP development
  - Other transformation projects

#### Capex

113%

- 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**

# Continued investments to support quality, innovation and IT transformation

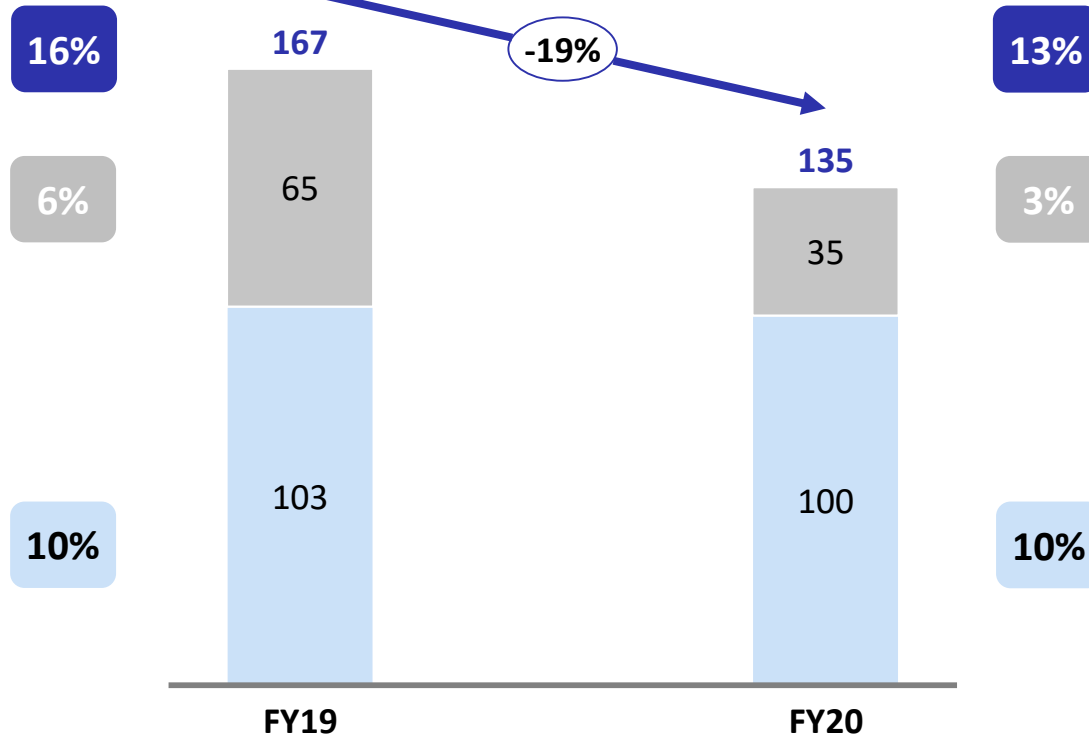


## Capital Expenditure (€M)

- Transformation Capex
- Ordinary capex

% of FY19 net revenues

% of FY20 net revenues



## Ongoing investments (FY 2020): key examples

### Transformation Capex 35

#### Extraordinary Innovation:

- ✓ Open Banking Gateway & Corporate Banking

#### Next Generation Platform:

- ✓ Next generation omni-channel payment gateway
- ✓ New Acquiring Core Platform – 1<sup>st</sup> release
- ✓ Network infrastructure completion
- ✓ New GT POS Platform completion
- ✓ New CRM, Disputes, Marketing automation and channel management platforms
- ✓ New Data Lake infrastructure & analytics

### Ordinary Capex 100

#### Continuous Innovation and Delivery:

- ✓ Digital properties evolution
- ✓ SMEs digitalization (e.g Pay-by-link)
- ✓ POS ecosystem evolution
- ✓ Cards and digital payments new VAS
- ✓ Bank migrations/integrations (UBI acquisition)
- ✓ Regulatory Compliance
- ✓ Anti pandemic related initiatives

#### Running and Maintenance/ Quality/ Security:

- ✓ Cyber security continuous improvement
- ✓ Hardware upgrade/refresh
- ✓ Acquisition Enterprise software licenses

POS and ATM purchase & other



# IT strategy progress at 65%. ~40 €M of savings from M&A synergies reducing the remaining transformation capex to ~63 €M

## Capital Expenditure (€M)

Transformation Capex progress

53%      65%

**Transformation Capex for Extraordinary Innovation and Next Generation Platform deployment**

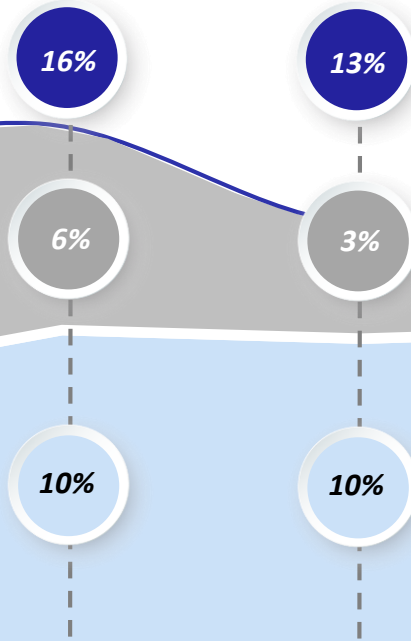
- ~65% program spend completed to date
- ~103 €M expected to complete (2021 – c.2023)
- ~13 IT projects

M&A will drive 40 €M reduction from 103 €M to 63 €M

Total capex

Transformation capex

Ordinary capex



~ 103 €M

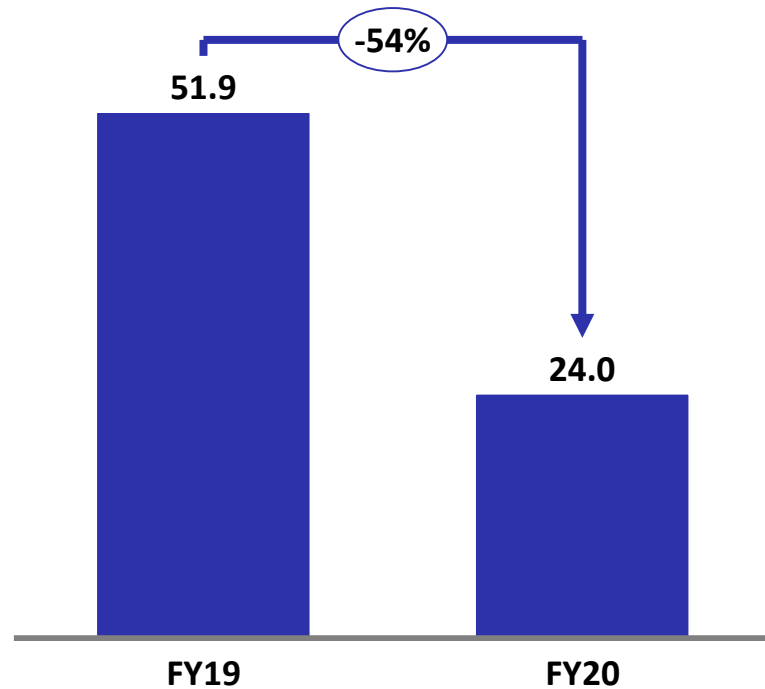
8-10% of net revenues

2016      2017      2018      2019      2020      2021      2022      2023

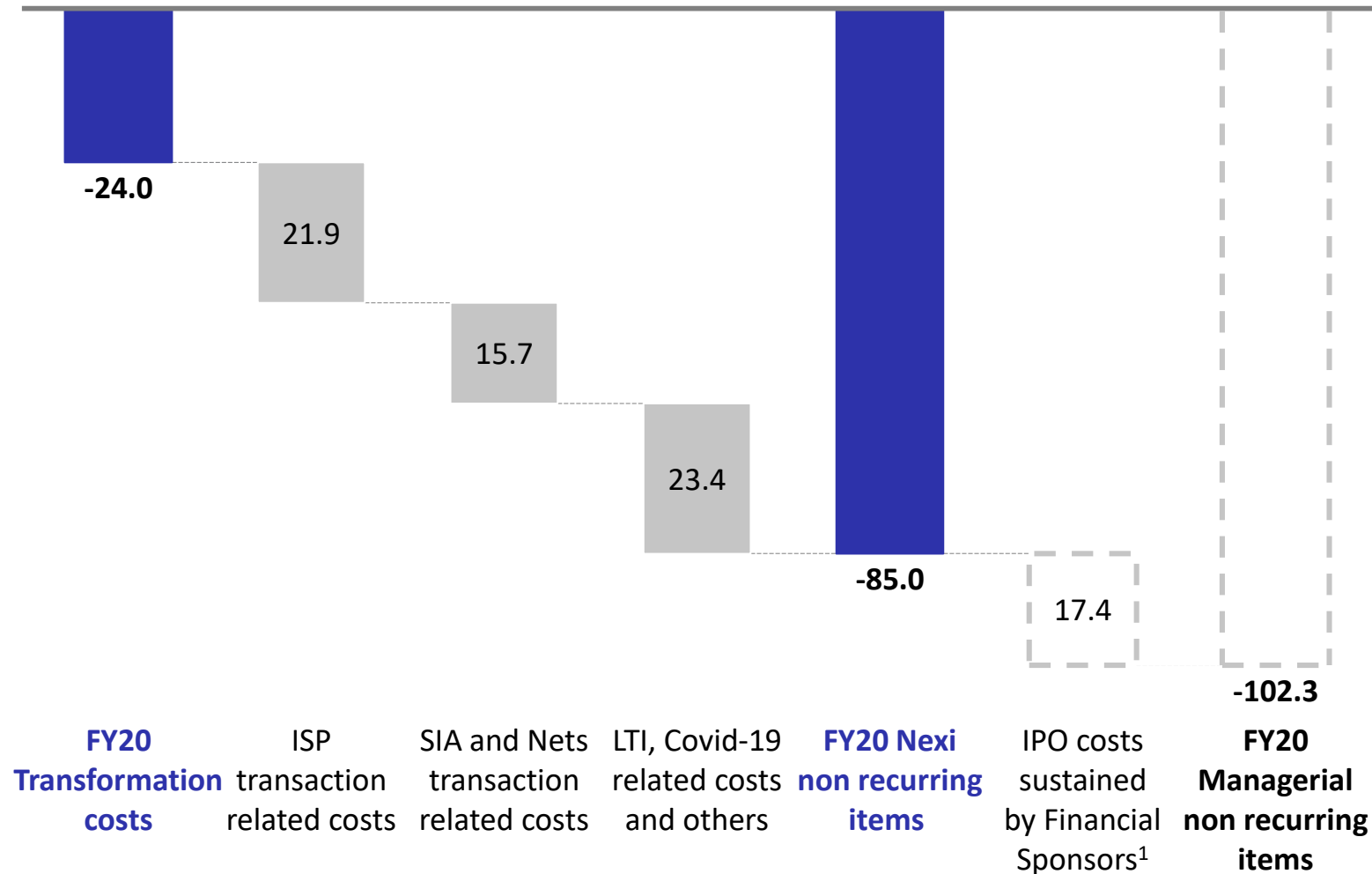
% Capex in % of net revenues

# Transformation Costs down by 54% Y/Y in FY20

Transformation Costs (€M)

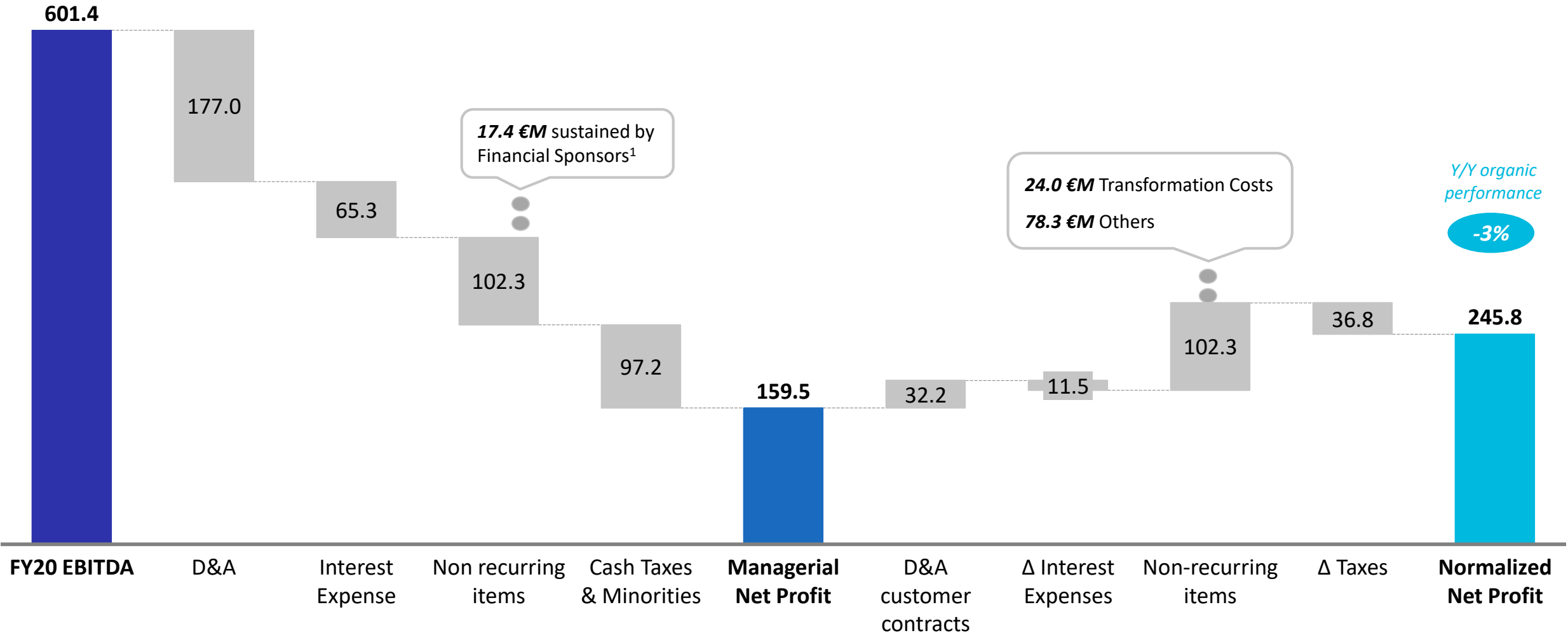


Bridge from FY 2020 Transformation Costs to Managerial Non recurring items (€M)



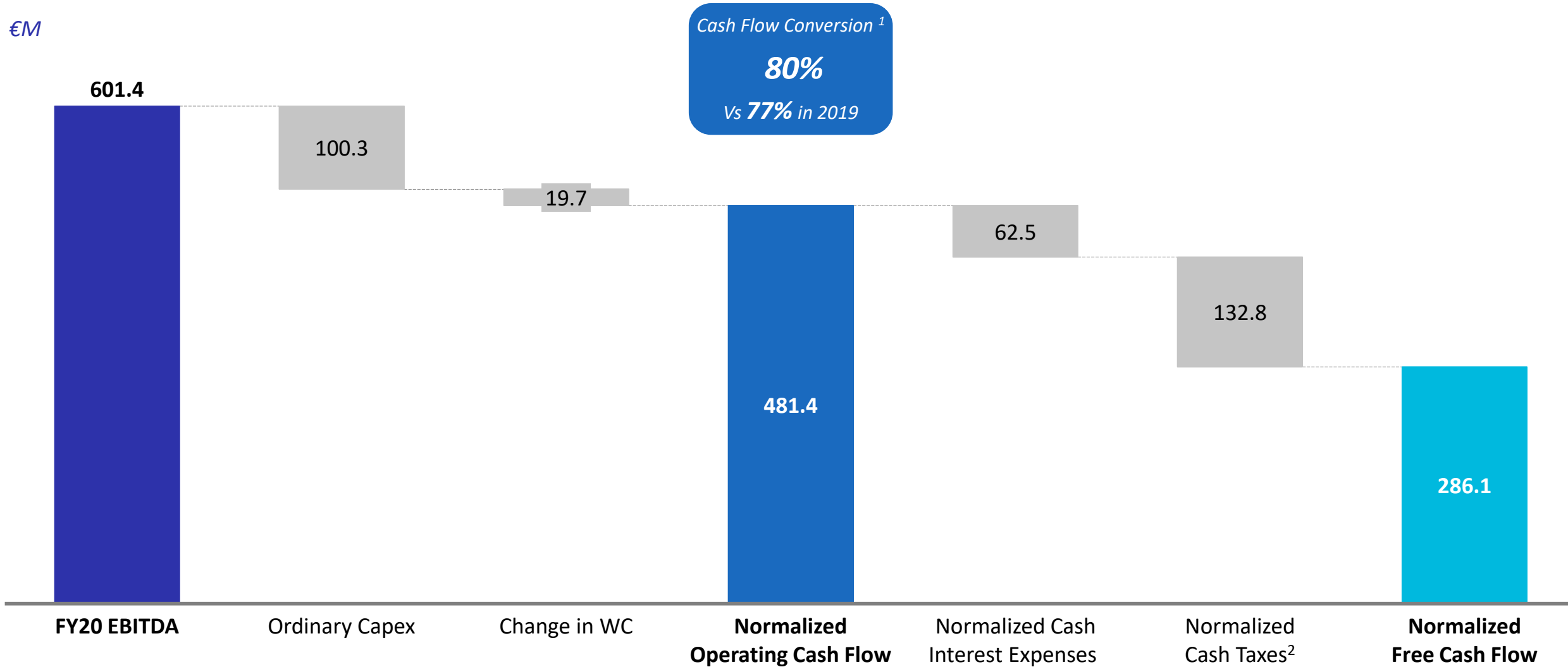
# Normalized Net Profit at 245.8 €M, down by 3% Y/Y

€M



# Cash Flow conversion at 80%

€M



# Strong cash position. Net Financial Debt / EBITDA at 3.5x at year-end

## Net Financial Debt (€M)

	Dec 19	June 20	Sept 20	Dec 20
<b>Gross Financial Debt</b>	1,840	2,741	2,747	2,781
<b>Cash</b>	248	316	406	499
<b>Cash Equivalents<sup>1</sup></b>	123	118	143	149
<b>Net Financial Debt</b>	<b>1,470</b>	<b>2,307</b>	<b>2,198</b>	<b>2,133</b>

## 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)<sup>2</sup>

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

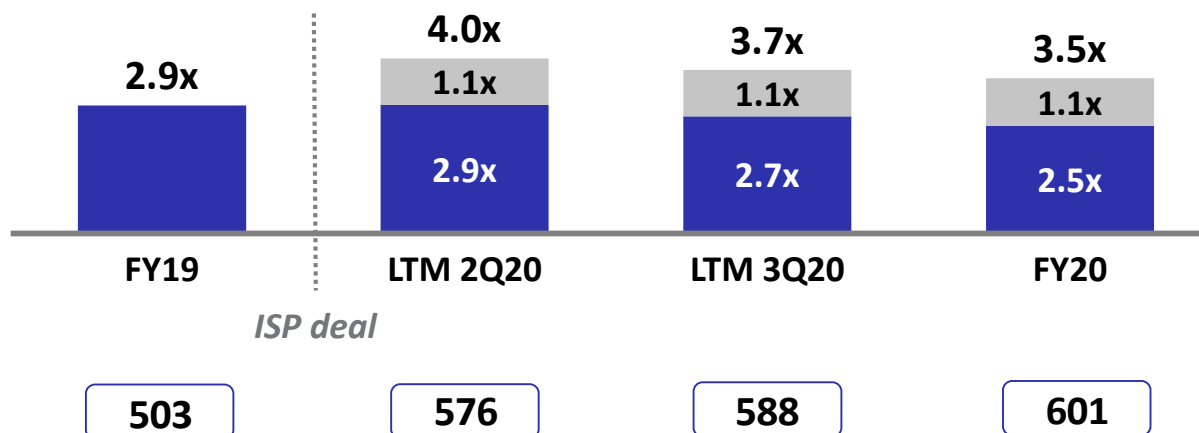
Weighted average pre-tax cash coupon p.a. at ~2.1%

The announced mergers resulted in Nexi's rating (BB-/Ba3/BB-) on CreditWatch Positive and positive outlook by S&P's and Moody's respectively, while Fitch put the rating on Rating Watch Positive after the SIA merger announcement

In November 2020, Nexi secured a 1.7 €B committed bridge facility to cover Nets' financial debt to be refinanced at closing

## Net Financial Debt / EBITDA (€M)

ISP acquisition  
Organic



EBITDA (€M)


# Guidance suspended. 2020 Ambition over achieved

## 2020 Ambition

### Net Revenues

- 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**

### EBITDA and EBITDA-Capex

- 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**

### Cash position

- Strong cash position

## 2020 Results



- Revenue growth positive in 3Q, ahead of plan
- Q4 Revenues at -0.7% y/y despite Covid-19 second wave



- EBITDA back to growth since 3Q, ahead of plan
- FY20 EBITDA growth +2.5%, at 601.4 €M
- 100+ €M Cash cost containment over achieved, despite higher volumes
- EBITDA – Capex at +11.2% y/y, at 466.2 €M



- Normalized Operating Cash Flow conversion at 80%
- Cash position substantially improved in the year
- FY20 NFP/EBITDA already down at 3.5x despite Covid-19, at 2.5x net ISP merchant book acquisition

# Guidance suspended. Ambition to go back to material growth in 2021

## Previous Guidance<sup>1</sup>: 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"> <li>13-16% annual EBITDA growth over medium term</li> <li>Continued strong operating leverage</li> </ul>
Non recurring Items	Rapid further decrease of non-recurring items affecting reported EBITDA
Capex	<ul style="list-style-type: none"> <li>8-10% ordinary capex as % of net revenues over long term</li> <li>Transformation capex on top of ordinary capex of 142 €M cumulative (2020 – c.2023)</li> </ul>
Capital Structure & Capital Allocation	<ul style="list-style-type: none"> <li>Organic de-leveraging with target net debt of ~2.0-2.5x EBITDA over medium to long term</li> <li>Progressive moderate dividend policy, targeting pay-out ratio of 20-30% of distributable profits in medium to long term</li> </ul>

## 2021 Ambition

Assuming gradual recovery from Covid-19 in 1H21 broadly in line with the current trajectory:



- **Mid-high single digit Revenue growth**
- **Broadly stable EBITDA margin, +3 p.p. vs 2019**
- **Broadly stable Capex intensity ratio, anticipating M&A synergies**
- **Continued strong organic cash flow generation and de-leveraging profile**



# Key messages from today

## Strong overall performance, despite Covid, better than anticipated ambition

- EBITDA at 601.4 €M, +2.5% y/y
- EBITDA – Capex at 466.2 €M, +11.2% y/y
- Revenues at 1,043.9 €M, -2.8% y/y, positive in Q3 and -0.7% in Q4
- Very resilient operating performance

## Visible signals of possible digital payments acceleration

- Visible customer habits acceleration towards digital payments during Covid-19
- Growing interest for more advanced digital/omnichannel solutions
- Good traction of Government “cashless” initiatives

## Accelerated transformation into European PayTech leadership

- ISP merchant book acquisition completed. Integration executed since Q3
- Nexi-Nets merger signed. Antitrust filing completed
- Nexi-SIA merger signed

Positive mid-long term outlook as society and economy gradually recovers from Covid-19

# Q&A



# Annex



# P&L

€M	FY19	FY20	Δ% vs. FY19	4Q19	4Q20	Δ% vs. 4Q19
Merchant Services & Solutions	569.2	549.9	-3.4%	158.2	156.4	-1.1%
Cards & Digital Payments	387.4	380.0	-1.9%	101.4	103.8	+2.4%
Digital Banking Solutions	117.7	114.0	-3.1%	32.9	30.2	-8.4%
<b>Operating revenue</b>	<b>1074.3</b>	<b>1043.9</b>	<b>-2.8%</b>	<b>292.4</b>	<b>290.3</b>	<b>-0.7%</b>
Personnel & related expenses	(169.1)	(156.3)	-7.6%	(45.4)	(41.4)	-8.6%
Operating Costs	(318.4)	(286.2)	-10.1%	(87.7)	(76.3)	-13.0%
<b>Total Costs</b>	<b>(487.6)</b>	<b>(442.5)</b>	<b>-9.2%</b>	<b>(133.1)</b>	<b>(117.8)</b>	<b>-11.5%</b>
<b>EBITDA</b>	<b>586.7</b>	<b>601.4</b>	<b>+2.5%</b>	<b>159.3</b>	<b>172.5</b>	<b>+8.3%</b>
D&A	(121.0)	(144.8)	+19.7%			
Interests & financing costs	(76.9)	(76.9)	+0.0%			
<b>Normalized Pre-tax Profit</b>	<b>388.8</b>	<b>379.7</b>	<b>-2.3%</b>			
Income taxes	(135.2)	(132.2)	-2.2%			
Minorities	(1.5)	(1.7)	+14.7%			
<b>Normalized Net Profit</b>	<b>252.1</b>	<b>245.8</b>	<b>-2.5%</b>			

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

# Managerial P&L vs Normalized P&L

€M	FY20	Delta	Normalized FY20
Merchant Services & Solutions	549.9		549.9
Cards & Digital Payments	380.0		380.0
Digital Banking Solutions	114.0		114.0
<b>Revenues</b>	<b>1043.9</b>		<b>1043.9</b>
Personnel & related expenses	(156.3)		(156.3)
Operating Costs	(286.2)		(286.2)
<b>Total Costs</b>	<b>(442.5)</b>		<b>(442.5)</b>
<b>EBITDA</b>	<b>601.4</b>		<b>601.4</b>
D&A	(177.0)	32.2	(144.8)
Interests & financing costs	(65.3)	(11.5)	(76.9)
Non recurring items	(102.3)	102.3	-
<b>Pre-tax Profit</b>	<b>256.7</b>	<b>123.0</b>	<b>379.7</b>
Income taxes	(95.5)	(36.8)	(132.2)
Minorities	(1.7)		(1.7)
<b>Net Profit</b>	<b>159.5</b>	<b>86.3</b>	<b>245.8</b>
<i>Transformation costs<sup>1</sup></i>	<i>(24.0)</i>		<i>(24.0)</i>

## Delta Managerial vs Normalized

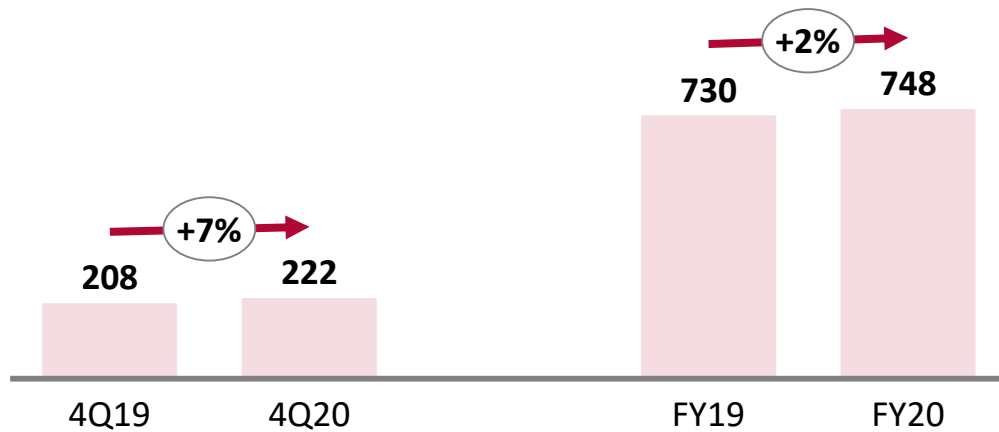
**D&A:** D&A customer contracts

**Interests & financing costs:** higher interest expenses due to the full year effect of the ISP transaction financing

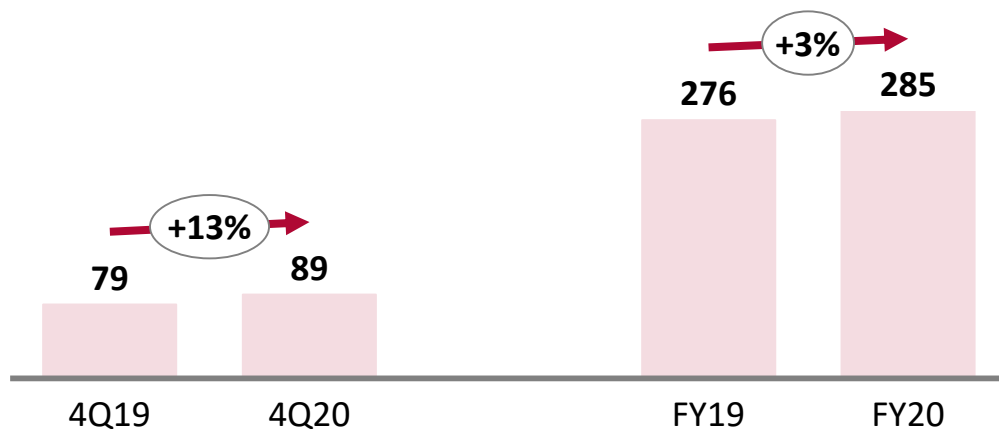
**Non recurring items:** detailed bridge on slide 24

# SIA performance

## Revenues (€M)



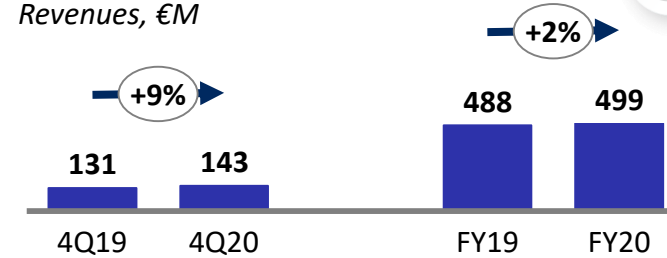
## EBITDA (€M)



## Cards & Merchant Solutions

67%<sup>1</sup>

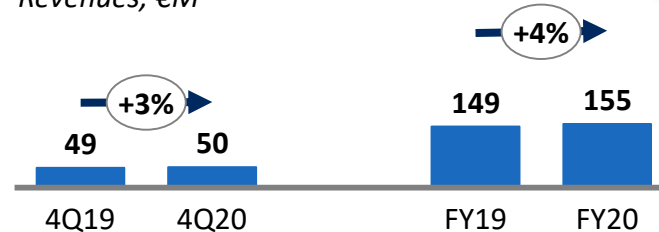
Revenues, €M



## Digital Payment Solutions

21%<sup>1</sup>

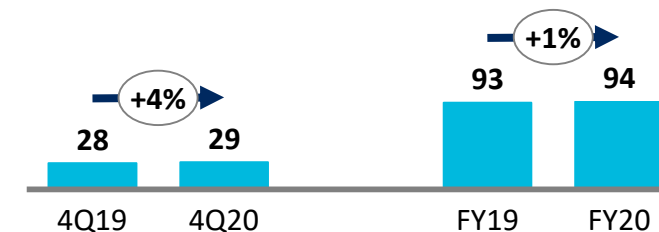
Revenues, €M



## Capital Market & Network Solutions

13%<sup>1</sup>

Revenues, €M



## Key Highlights

### Transaction Progress

- Merger Agreement signed
- Closing expected in 3Q21

- Resilient and diversified business model

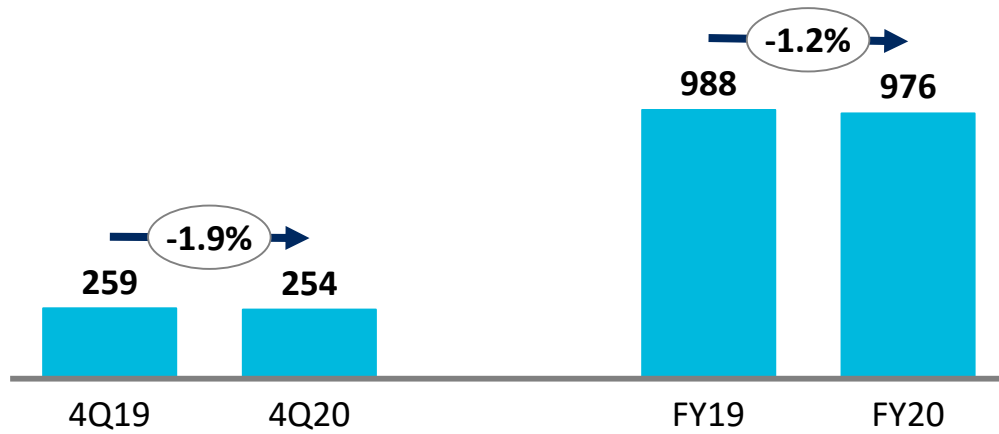
- Increase in transaction volumes during 4Q in all business divisions

- FY20 Revenues y/y growth, with acceleration in 4Q despite Covid-19 second wave

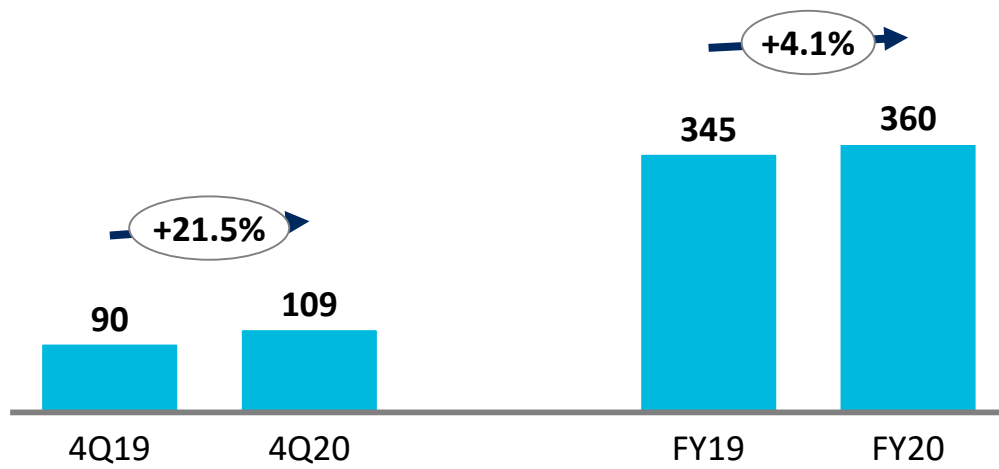
- FY20 EBITDA y/y growth on an organic basis also thanks to focus on operating costs efficiency

# Nets performance

## Underlying Revenues (€M)<sup>1</sup>



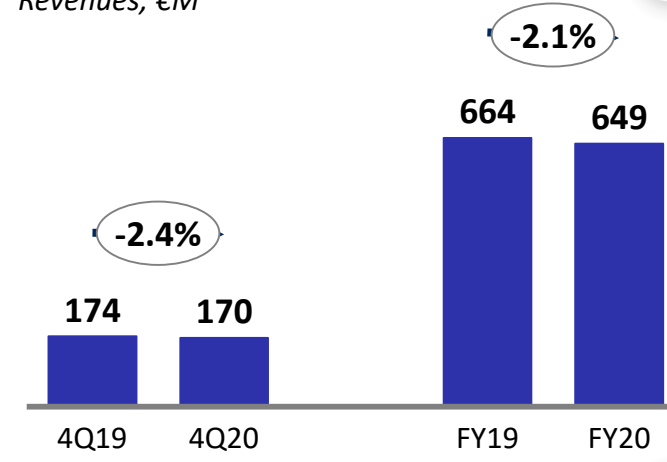
## Underlying EBITDA (€M)<sup>1</sup>



## Merchant Services

67%<sup>2</sup>

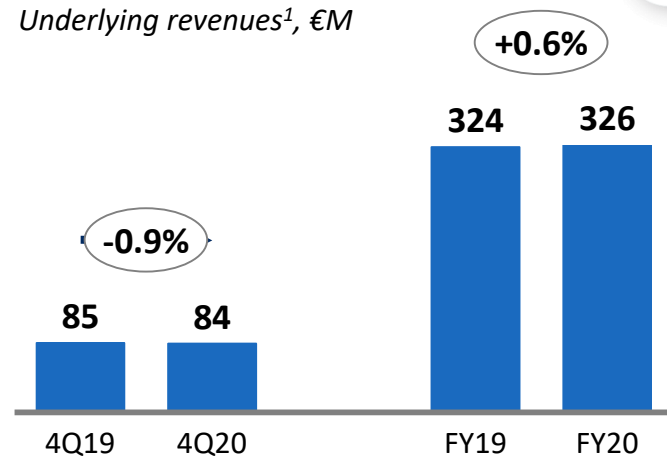
Revenues, €M



## Issuer & eSecurity Services

33%<sup>2</sup>

Underlying revenues<sup>1</sup>, €M



## Key Highlights

### Transaction Progress

- Filing of the cross-border merger plan to European Antitrust completed
- Nexi EGM to approve the merger to be held in March 3rd, 2021
- Closing expected in 2Q21

- Resilient underlying Revenue performance**, despite successive Covid-19 waves, supported by healthy growth in E-Commerce (high-20s) and SME acquiring
- Underlying EBITDA growth** driven by continued cost transformation, resilience and general cost discipline

For further details, please refer to <https://www.nets.eu/about-nets/bondholders>

# Update on Government ‘cashless promotion’ initiatives

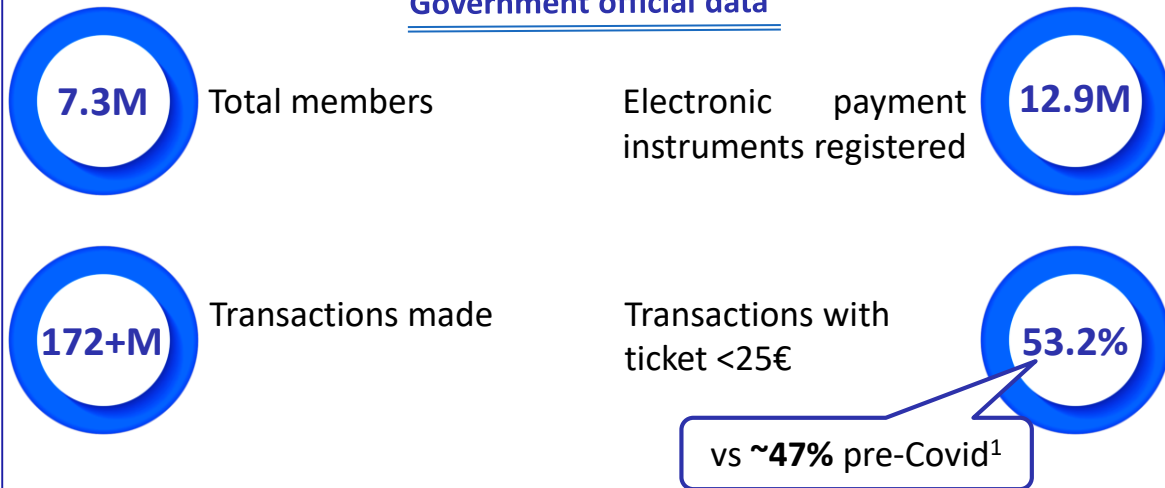
**NEW**

## Cash-back bonus for consumers

- 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
- Extra Christmas trial edition from Dec 8<sup>th</sup> to Dec 31<sup>st</sup>

### Cash-back data

#### Government official data



## Other initiatives

**NEW**

### Lottery on receipts

from 1st February 2021

Prize draw for consumers on electronic payments. 45 €M per year. Every week 15 draws of 25 €k, every month 10 draws of 100 €k and every year 1 draw of 5 €M

In place for 2 years

### Tax deductibility

from 1st January 2020

19% tax deduction on tax deductible expenses (i.e. interests on mortgages, sport centers/school expenses; some medical expenses excluded) if payments are made by traceable instruments

### Tax credit on merchant fees

from 1st July 2020

30% tax credit on merchant fees for card/digital transactions dedicated to small merchants (merchant's revenues <€400k in the previous tax year).

In place for 2 years

### Progressive reduction of cap on the use of cash

Cap on cash usage per single purchase:  
 - from €3,000 to €2,000 from 1st July 2020  
 - to €1,000 from 1st January 2022



## Investor Relations

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