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Oggetto : 1Q21 Financial Results

<i>Testo del comunicato</i>

Vedi allegato.

**GROUP FINANCIAL RESULTS AS OF MARCH 31ST 2021 APPROVED.
RESULTS AHEAD OF EXPECTATIONS**

- **Revenues at € 258.6 million in 1Q21, +4.1% Y/Y, +5.3% vs 1Q19**
- **EBITDA at € 139.8 million in 1Q21, +2.0% Y/Y, +9.2% vs 1Q19**
- **Recovery in total volumes in the first quarter. Continued strong performance in Basic consumption and fast recovery in Discretionary consumption**
- **Volume acceleration from mid-April after the progressive easing of the restrictions. Acquiring volumes at +7% vs 2019 in the week May 4th – 10th, with Italian Cards at +21% vs 2019**
- **Journey for creating the European PayTech Leader progressing as planned. Nexi-Nets closing confirmed in 2Q21 and Nexi- SIA closing expected in 3Q21**
- **2021 Ambition raised to high single digit /double digit Revenue growth Y/Y**

Milan, May 13th 2021 – The Board of Directors of Nexi S.p.A. approved the Group's consolidated financial results as of March 31st 2021.

As a preliminary remark, January and February of last year were not impacted by Covid-19 while starting from March 2020 a hard lockdown was imposed at national level. Therefore a comparison with 2019 is also added to provide a clearer understanding of current performance and dynamics.

Following the easing of restrictions imposed at a national level during the Christmas break, a steady recovery in transaction volumes has been observed in Italy since mid-January. Such recovery continued throughout February and until mid-March when, following a new surge in Covid-19 cases led to new restrictions being imposed in many regions throughout the Country and causing a slight slow-down in acquiring volumes.

Transaction volumes (acquiring+issuing) in the first quarter were equal to € 99 billion, +1.1% vs 1Q20 and -7.0% vs 1Q19. In the quarter, Basic consumption category confirmed a strong double digit growth performance (+21% vs 1Q20 and +40% vs 1Q19)¹ and a fast recovery in Discretionary spending was also recorded.

E-commerce showed a strong acceleration in transaction volumes, +63% vs 1Q19 and +30% vs 1Q20, net of high impact consumption sectors (i.e. travel/tourism related sectors,

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

restaurants)². Overall, E-commerce was less impacted than physical sales (value of managed transactions +4% vs 1Q19).

Starting from mid-April, transaction volumes rapidly recovered, on the wave of the easing of restrictions and a progressive reopening plan. In the week May 4th-10th, acquiring volumes recorded +7% vs 2019², with a confirmed double-digit growth in Basic consumption category, a continued strong recovery in Discretionary consumption category and visible signs of recovery in travel/leisure sectors (especially Restaurants and Bars). Furthermore, Italian Cards registered +21% compared to 2019. These trends further confirm the acceleration in the growth rate of digital payments in the Country, already highlighted since last year.

Key financial results

€M	1Q20	1Q21	Δ% vs. 1Q20	Δ% vs. 1Q19
Merchant Services & Solutions	128.3	128.3	+0.0%	+2.6%
Cards & Digital Payments	92.6	99.3	+7.2%	+6.8%
Digital Banking Solutions	27.6	30.9	+12.2%	+13.1%
Revenues	248.5	258.6	+4.1%	+5.3%
Personnel & related expenses	(40.6)	(44.8)	+10.3%	+5.8%
Operating Costs	(70.8)	(74.0)	+4.5%	-1.4%
Total Costs	(111.4)	(118.8)	+6.6%	+1.2%
EBITDA	137.0	139.8	+2.0%	+9.2%

In the first quarter of 2021, Nexi registered a solid financial performance despite the third wave of Covid-19. In 1Q21, Revenues reached € 258.6 million, +4.1% vs 1Q20 and +5.3% vs 1Q19, ahead of expectations.

EBITDA reached € 139.8 million, +2.0% vs 1Q20 and +9.2% vs 1Q19, and the EBITDA Margin reached 54%, almost in line with the level registered in the same period of the past year despite the cash cost containment plan implemented in 2020, and up ~2 p.p. compared to 1Q19, confirming the operating leverage.

Nexi's operating segments delivered the following results in the first quarter of 2021:

- **Merchant Services & Solutions**, which represented 50% of the Group's total revenues, reported revenues of € 128.3 million, stable Y/Y, despite the strong performance registered in January and February 2020 and the Covid-19 third wave in March 2021. Transactions – both in terms of volumes and number – came back to growth compared to last year. In particular, the number of managed transactions showed a double digit yearly growth, highlighting an increased daily usage of digital payment methods. In 1Q21, 831 million transactions were managed, +10.2% Y/Y, with value of managed transactions at € 52.3 billion, +0.2%

² Data include International schemes only for Nexi Payments, International and national schemes for MePS. Sales volumes only

Y/Y. E-commerce performance registered a strong acceleration in transaction volumes, +63% vs 1Q19 and +30% vs 1Q20, net of high impact consumption sectors (i.e. travel/tourism related sectors, restaurants)³. Overall, E-commerce was less affected by the pandemic compared to physical sales (value of managed transactions +4% vs 1Q19);

- **Cards & Digital Payments**, which represented 38% of the Group's total revenues, reported revenues of € 99.3 million, up by 7.2% Y/Y. The strong revenue performance in the quarter is sustained by the positive volume trend and by the installed base growth, despite the Covid-19 third wave in March 2021. In 1Q21, 690 million transactions were managed, up by 13.0% Y/Y – highlighting an increased daily usage of digital payments - with volumes of € 46.3 billion, up by 2.2% Y/Y. Moreover, the revenues in the quarter have been positively impacted by some specific projects related to banks' M&A;
- **Digital Banking Solutions**, which represented 12% of the Group's total revenues, reported revenues of € 30.9 million, up by 12.2% Y/Y mainly attributable to some specific projects related to banks' M&A, in addition to business initiatives, e.g. Digital Banking and Open Banking, and value added services offered.

In the first quarter of 2021, **total Costs** were € 118.8 million, +6.6% vs 1Q20 and +1.2% vs 1Q19. The Y/Y comparison is affected by the cash cost containment plan in place in 2020 and by project-related costs connected to banks' M&A in 1Q21. On a like-for-like comparison, i.e. neutralizing mainly the non-recurring elements aforementioned, total costs were down 0.9% Y/Y.

As of March 31st 2021, **Net Financial Debt** was at € 1,904 million and Net Financial Debt/EBITDA was at 3.2x, in reduction compared to the previous quarters (4.0x as of June 30, 2020 3.5x as of December 31, 2020).

With the aim to refinance certain Nets and SIA existing indebtedness, on February 24th, Nexi successfully completed the issuance of € €1 billion senior unsecured equity-linked bonds due 2028. These Bonds will not bear any interest. The initial conversion price is €24.5525 and incorporates a premium of 52.50% above the Reference Share Price of €16.10, in turn determined on the basis of the placement price of the Ordinary Shares realized in the Concurrent Equity Offering supporting the issuance.

The journey for creating the European PayTech Leader is progressing according to plan. On March 3rd, 2021 the merger of Nets into Nexi was approved by the Extraordinary Shareholders' Meeting and on March 8th, 2021 the authorization for the merger was received from the European Antitrust. The closing of the transaction is confirmed in 2Q21. Finally, with reference to the merger with SIA, the filing to the Italian Antitrust was submitted on May 12th, 2021. The closing of the transaction is expected in 3Q21.

For both integrations, the transformation plan is fully operational, with the different workstreams focused on the Day-one activities and on the realization of the announced synergies.

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

Despite the unexpected Covid-19 third wave, Nexi raised its 2021 Ambition announced on February 12th, 2021. Assuming an accelerated recovery from Covid-19 and the current vaccination plans execution, Nexi expects high single digit / double-digit Revenue growth (previously mid-high single digit) in 2021. Moreover, Nexi expects broadly stable EBITDA margin, +3 p.p. vs 2019, with potential upside.

Broadly stable Capex intensity ratio, anticipating M&A synergies, and continued strong organic cash flow generation and de-leveraging profile are confirmed.

Significant subsequent events

- On April 29th, Nexi successfully completed the issuance of €2,100 million in aggregate principal amount of unsecured Senior Notes consisting of €1,050 million of Senior Notes due 2026 (the “2026 Notes”) and €1,050 million of Senior Notes due 2029 (the “2029 Notes”). The 2026 Notes priced at par and have a coupon of 1.625% per annum. The 2029 Notes priced at par and have a coupon of 2.125% per annum.

The offering of the aforementioned Notes allows Nexi to successfully refinance certain Nets and SIA existing indebtedness, extend the tenor of the Group’s debt, achieve a significant reduction in the cost of debt for the Group and set a new benchmark for both the lowest yield (with respect to the 2026 Notes) and the longest tenor (with respect to the 2029 Notes) for non-convertible notes issued by the Group.

- Furthermore, following the provisions of the agreement finalized on June 30th, 2020 with Intesa Sanpaolo S.p.A. (“ISP”) concerning the management of ISP merchant acquiring activities and regarding any M&A transactions throughout the period of the agreement, Nexi announces that it has signed an agreement with ISP for the management of the merchant acquiring activities previously held by UBI and its subsidiaries merged into ISP. This agreement further strengthens the industrial partnership already existing between the two groups with a duration of over twenty years.

The transaction is expected to generate in 2021 an incremental EBITDA for the Group of approximately Euro 16 million and the activities were valued for an amount equal to € 170 million (*implied multiple: 10,5x EV/EBITDA 2021E*). The transaction will be financed entirely through cash already available. The closing of the transaction, expected in the second half of 2021, is subject, among other things, to the necessary authorizations.

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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..

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On the date hereof, the Board of Directors of the Company, implementing the authorization granted by the Shareholders' Meeting held on 5 May 2021 and in compliance with the relevant terms already disclosed to the market, approved, among others, the launch of a share buyback program, for a maximum number of shares equal to 325,000 (the "Program"), equal to 0.05% of the current corporate capital of Nexi.

The purpose of the Program, whose duration will run for a period of 12 months starting from the date hereof, is to serve the LTI plan based on the granting of Company's ordinary shares, approved by the Company's Board of Directors on 12 March 2019, to be served with (alternatively or cumulatively) treasury shares in the Company's portfolio or capital increases with the exclusion of pre-emptive rights.

Taking into account the closing price of Nexi shares as of 12 May 2021 on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. ("MTA"), equal to Euro 15.16, the potential disbursement related to the execution of the Program is estimated to be approximately equal to Euro 4.9 million.

In order to implement the Program, Nexi appointed Intermonte SIM S.p.A. as authorized intermediary who will make the decisions on purchases, also in relation to their timing, in full independence and in compliance with daily price and volume limits consistent with both the authorization granted by the Shareholders' Meeting held on 5 May 2021 and the provisions of article 5 of Regulation (EU) 596/2014 on market abuse and article 3 of Delegated Regulation (EU) 2016/1052. Specifically, the purchase price of the shares shall be no more than 10% lower or higher than the reference price of Nexi shares on the MTA in the trading day preceding each individual transaction and, in any case, shall not exceed the higher between the price of the last independent trade and the highest current independent purchase bid on the MTA. Furthermore, the daily volume of purchases shall not exceed 25% of the average daily volume of Nexi shares traded on the MTA during the 20 trading days preceding the date of purchase.

The purchases will be made on the MTA, so as to ensure equal treatment among shareholders, pursuant to article 144-bis, paragraph 1, letter b), of Consob Regulation no. 11971/1999, and in accordance with the provisions of the aforementioned Regulation (EU) no. 596/2014 on market abuse and with article 3 of Delegated Regulation (EU) 2016/1052.

The Company is not obliged to implement the Program and, if launched, the same could be suspended, interrupted or amended at any time, for any reason and with no prior notice, in compliance with applicable laws and regulations. Subsequent amendments to the Program, if any, would be promptly disclosed to the public, in accordance with applicable laws and regulations.

The transactions carried out, if any, and the relevant details, will be communicated to the market in compliance with the terms and conditions provided for by applicable laws and regulations. As of today, Nexi does not hold treasury shares in its portfolio.

Nexi

Nexi is the leading PayTech company in Italy, the reference point for the digital payments in the Country. The company, listed on MTA of Borsa Italiana, operates in strong partnership with ~150 partner banks: thanks to its end-to-end omni-channel technology connects banks, merchants and consumers with the aim of changing the way people and companies pay and collect money every day, thus accelerating the spread of digital payments and the transition to a cashless society, which is essential for the modernization of the Country. 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 c. 43 million payment cards;

Digital Banking Solutions: Nexi manages c. 12.800 ATMs, c. 480,000 e-banking workstations and c. 900 million clearing transactions. In addition, Nexi, as a technological partner, developed the CBI S.c.p.a. open banking system, to which the main Italian banks have already adhered.

Nexi - External Communication & Media Relations

Daniele de Sanctis

daniele.desanctis@nexi.it
Mobile: +39 346/015.1000
Direct: +39 02/3488.4491

Matteo Abbondanza

matteo.abbondanza@nexi.it
Mobile: +39.348/406.8858
Direct: +39 02/3488.2202

Nexi - Investor Relations

Stefania Mantegazza

stefania.mantegazza@nexi.it
Mobile: +39.335/580.5703
Direct: +39 02/3488.8216

Barabino & Partners

Media Relations

Office: +39 02/72.02.35.35

Sabrina Ragone - s.ragone@barabino.it

Paola Cuccia - p.cuccia@barabino.it

Francesco Faenza – f.faenza@barabino.it

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