



# 9M 2019 Results Presentation

November 8<sup>th</sup>, 2019



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# Executive Summary

## 9M results highlights

### Strong focus on financial delivery

- **EBITDA +19.2% y/y growth**, at 368.5 €M in 9M 2019
- **Revenues +6.8% y/y underlying growth** excluding run-off of zero-margin hardware reselling contracts from acquisitions. +5.6% y/y reported growth at 718.4 €M in 9M 2019

### Continued progress on key business initiatives

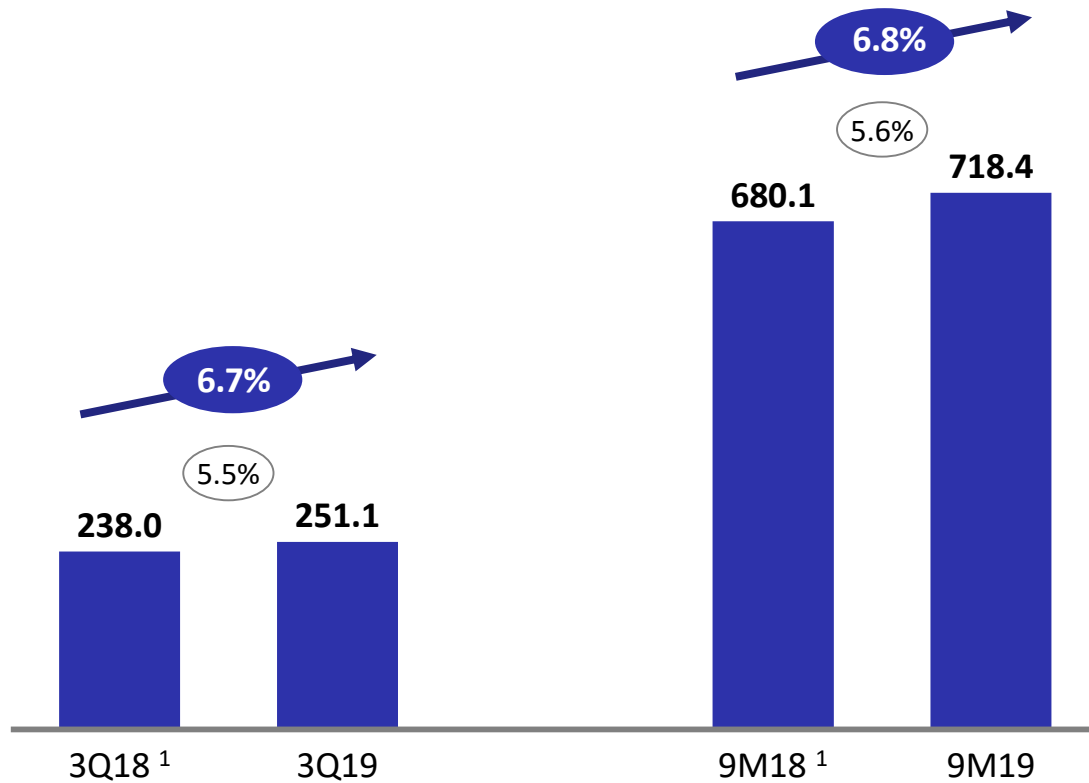
- **Merchant Services and Solutions** (48% of Revenues): good progress on SmartPOS proposition, continued growth on E-Commerce and Nexi Business data app penetration
- **Cards and Digital Payments** (40% of Revenues): continued growth of International Debit, YAP millennials payments app and CVM up/cross selling activities
- **Digital Banking Solutions** (12% of Revenues): return to growth in Q3 supported by new propositions acceleration and unwinding of revenue impact from banking consolidation in prior year
- **Cost** initiatives and integration synergies contributing to -5.7% y/y reported costs reduction, **-3.8% y/y** excluding run-off of zero-margin hardware reselling contracts, despite continued investments
- Transformation costs below EBITDA **~-60% y/y**
- 825 €M refinanced in October 2019, weighted average coupon per annum further reduced from 3.1% post IPO to 1.9%, with yearly cash coupon (after tax)<sup>1</sup> at 27 €M compared to 186 €M before July 2018

**Overall 9M results well on track to deliver updated Financial Guidance (2019 expected EBITDA at ~500 €M, +18% y/y, and 2019 Net financial Debt/EBITDA at ~3.0x EBITDA)**

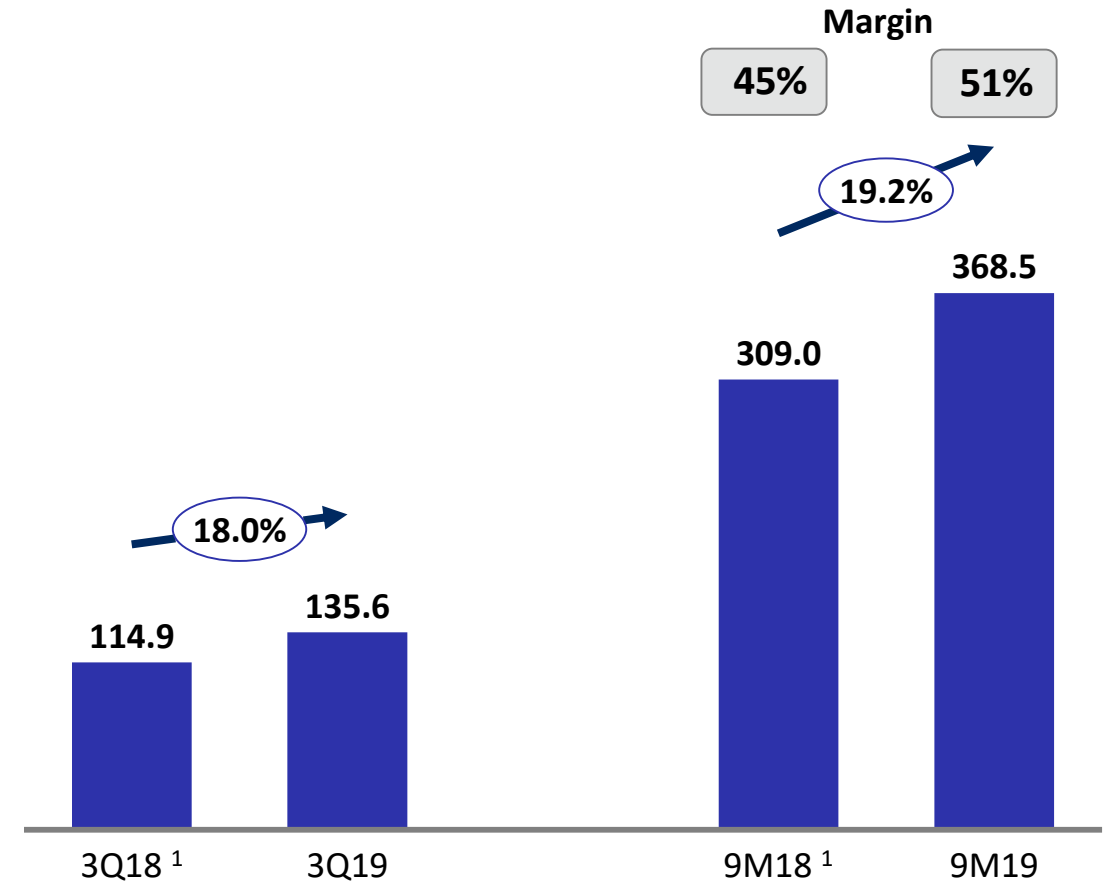
# Healthy Revenue growth and strong EBITDA performance

## Net Revenues (€M)

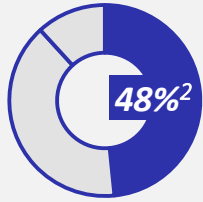
Underlying performance  
(excl. run-off of zero-margin HW  
reselling contracts from acquisitions)



## EBITDA (€M)



# Merchant Services & Solutions: continued strong growth

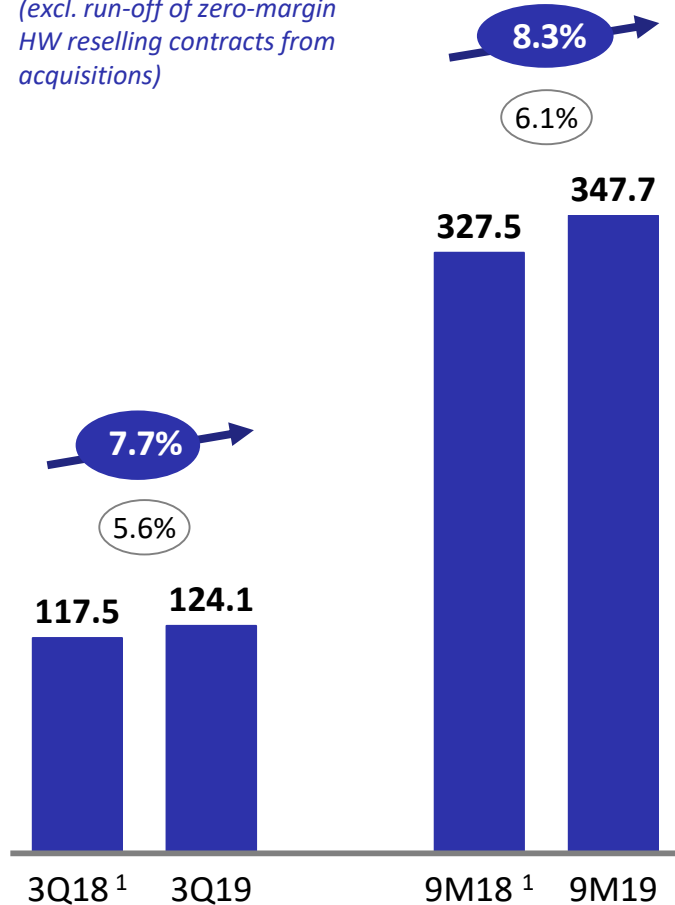


Merchant Services & Solutions

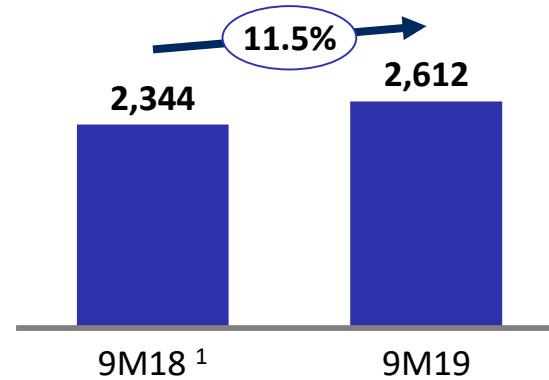


## Net Revenues (€M)

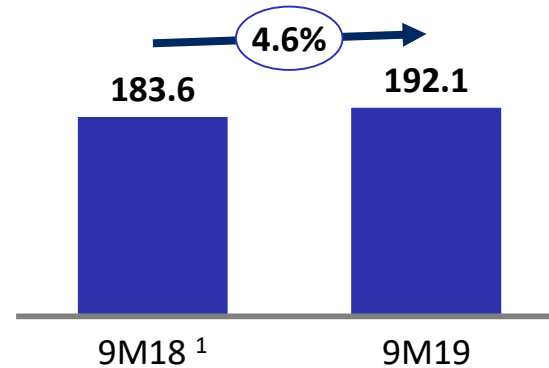
Underlying performance (excl. run-off of zero-margin HW reselling contracts from acquisitions)



## Managed Transactions (#M)



## Value of Managed Transactions (€B)



## Key Highlights

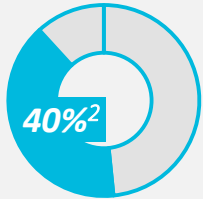
SmartPOS proposition progressing well: strong demand for SmartPOS Cassa<sup>3</sup> and SmartPOS Mini (full mobility proposition). Frontbook penetration up to 40% with CVM-supported campaigns

Nexi Business data app: >40% penetration on target customer base, >70% for early adopter banks

Continued E-Commerce growth (+18% y/y transaction value)

Value of managed transactions sustained by International Schemes growth (+10.9% y/y), partially offset by reduction in certain domestic debit low value/margin services and fewer inbound International travellers in August

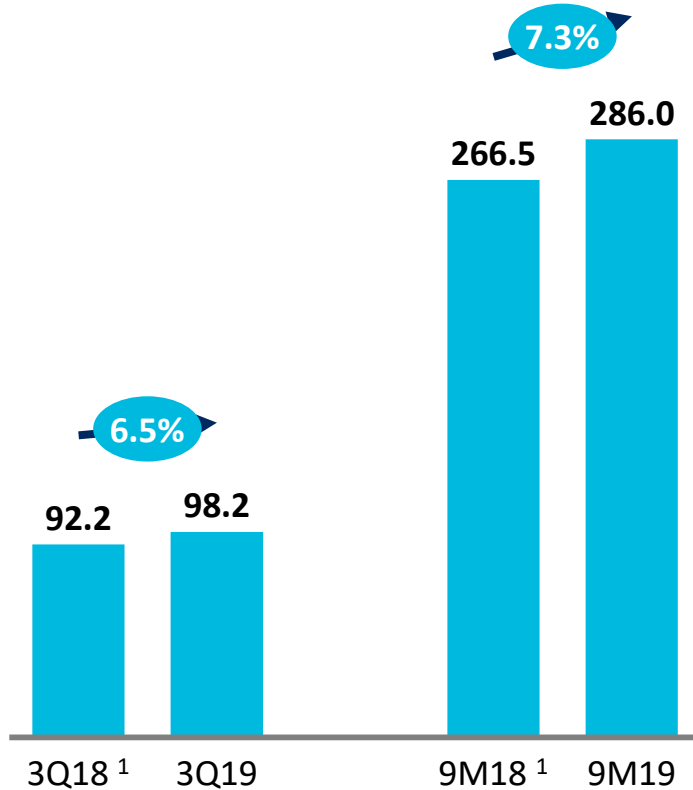
# Cards & Digital Payments: continued strong growth



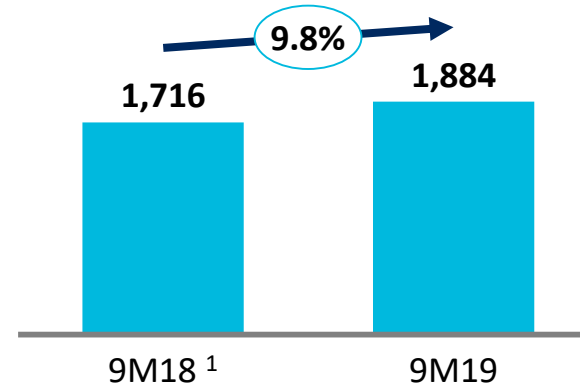
## Cards & Digital Payments



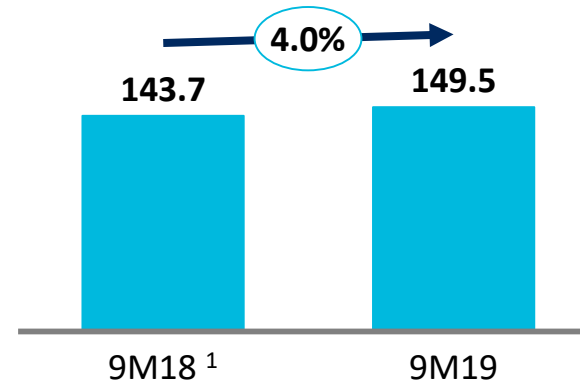
### Net Revenues (€M)



### Managed Transactions (#M)



### Value of Managed Transactions (€B)



### Key Highlights

Contribution to growth from up/cross selling, engagement and usage stimulation initiatives (e.g. pay in installments option)

Continued growth on YAP, with ~650k enrolled clients to date.  
YAP bank- connect now live

Value of managed transactions sustained by International Scheme (+10.9% y/y) with strong Debit growth (+31% y/y), partially offset by reduction in certain domestic debit low value/margin services and fewer domestic travellers abroad in August

# Digital Banking Solutions: return to growth in Q3 thanks to new propositions



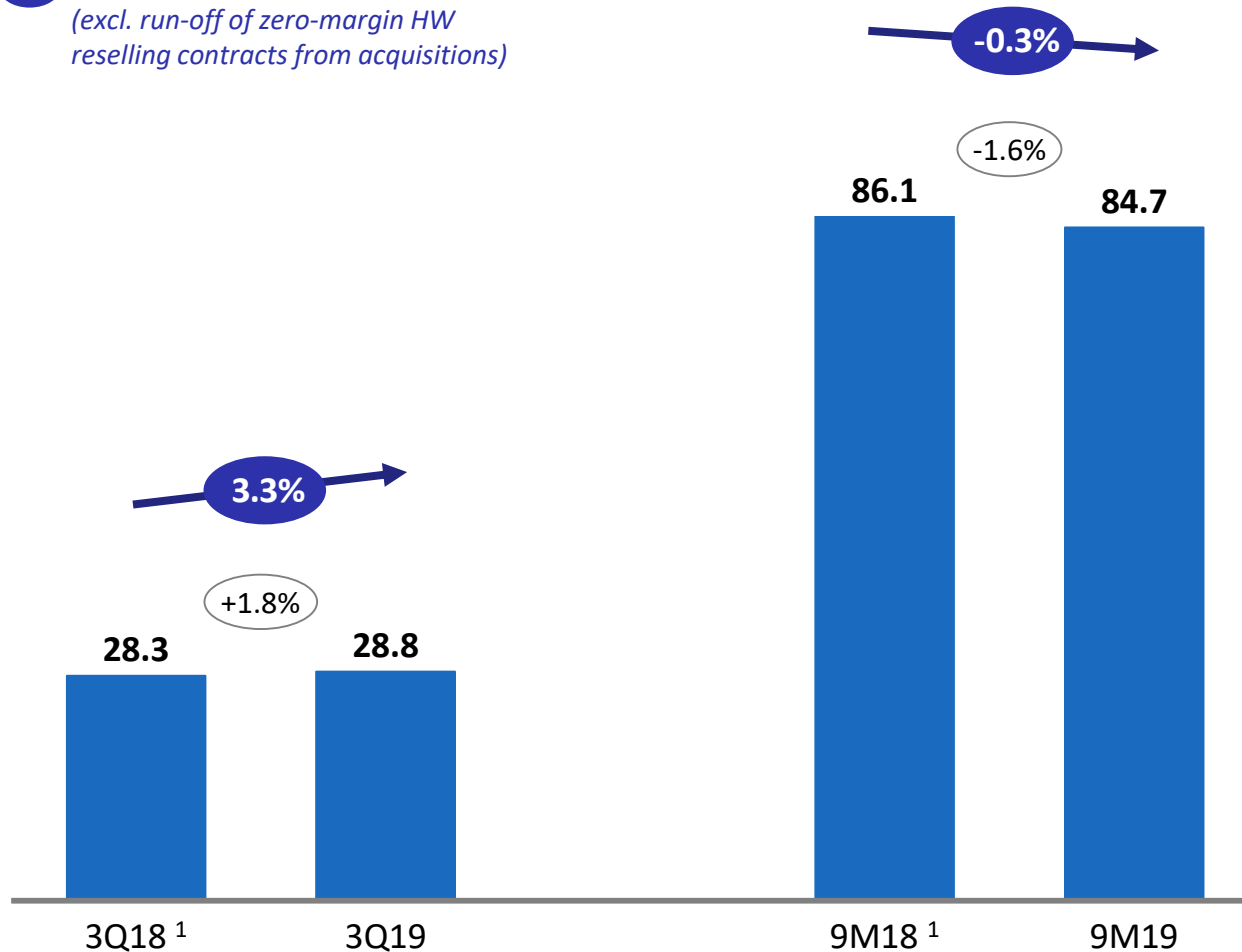
**Digital Banking Solutions**





## Net Revenues (€M)

Underlying performance  
(excl. run-off of zero-margin HW  
reselling contracts from acquisitions)



## Key Highlights

Self-banking: continued shift from traditional to advanced ATMs and roll out of new higher value self banking products/platform

Digital Corporate Banking: continued growth of installed workstations and roll out new advanced platform

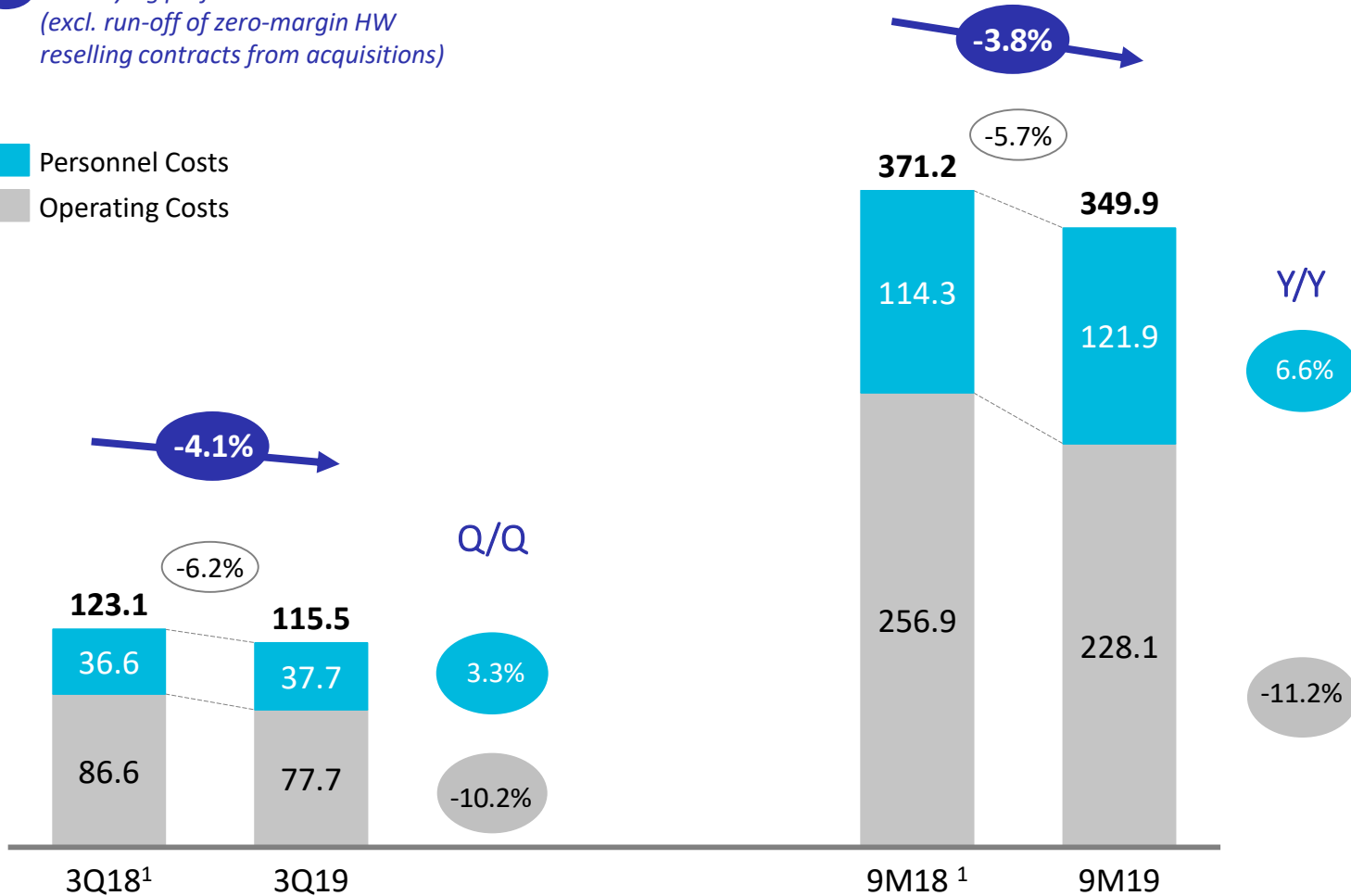
Open Banking Gateway (CBI Globe): 280+ banks / financial institutions live (>78% Italian market) and 60+ third parties connected to date

# Costs: strong reduction despite continuous investment in development initiatives

## Total Costs (€M)

Underlying performance  
(excl. run-off of zero-margin HW  
reselling contracts from acquisitions)

Personnel Costs  
Operating Costs



## Key Highlights

Strong decrease in operating costs driven by saving initiatives and accelerated integration of acquired businesses

Early results in terms of improved efficiency from implementation of IT strategy

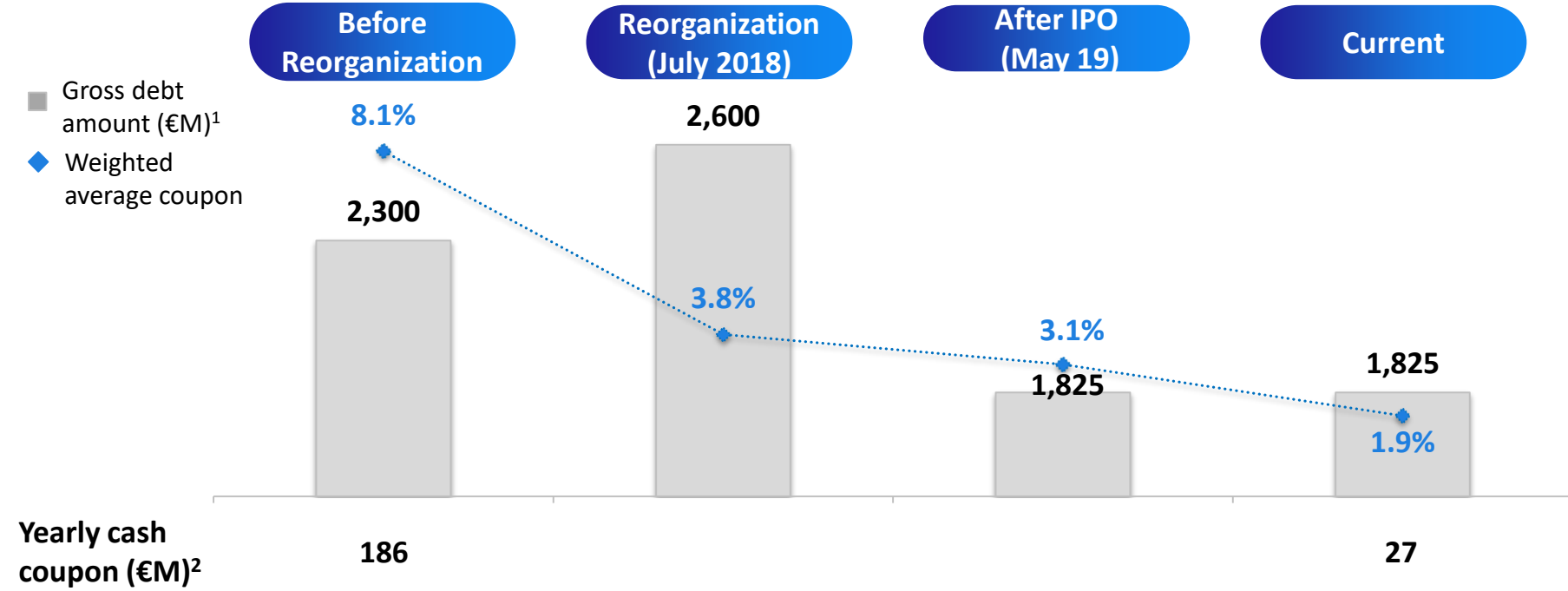
Continuous investment in people capabilities, Q3 personnel costs positively impacted by holidays accrual

IFRS 16 impact ~9.3 €M in 9M 2019

Non-recurring items below EBITDA in 9M ~35 €M (~-60% y/y)



# Cost of Debt strongly improved thanks to refinancing



## Issuer LT Rating



## Key Highlights

825 €M 1.75% Senior Unsecured Notes (due Oct2024) issued in October to repay the outstanding 825 €M 4.125% Senior Secured Notes (due Nov2023)

Indebtedness now fully unsecured

Weighted average coupon per annum further reduced from 3.1% post IPO to 1.9%, with yearly cash coupon<sup>2</sup> at 27 €M compared to 186 €M before July 2018

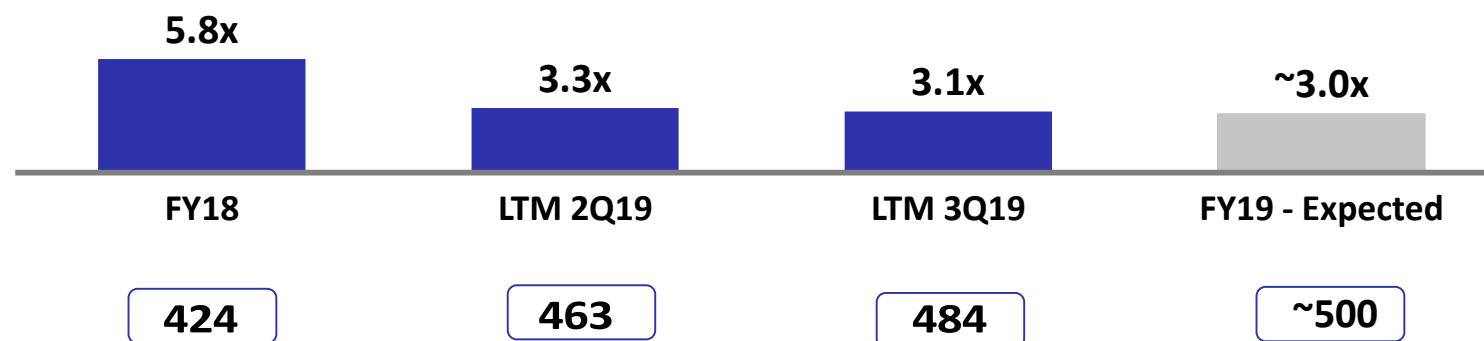
On Oct 10<sup>th</sup> Fitch upgraded Nexi IDR to BB with Stable outlook. New Notes rated BB as well

# Net Financial Debt / EBITDA expected to be ~3.0x at year-end

## Net Financial Debt (€M)

	Dec 18	Jun 19	Sept 19
<b>Gross Financial Debt</b>	2,605	1,845	1,878
<b>Cash</b>	(41)	(231)	(271)
<b>Cash Equivalents <sup>1</sup></b>	(110)	(92)	(90)
<b>Net Financial Debt</b>	<b>2,454</b>	<b>1,523</b>	<b>1,517</b>

## Net Financial Debt / EBITDA (€M)



**Q&A**



**Annex**



€M	9M18	9M19	Δ% vs. 9M18	Δ% vs. 9M18	3Q18	3Q19	Δ% vs. 3Q18	Δ% vs. 3Q18
Merchant Services & Solutions	327.5	347.7	+8.3%	+6.1%	117.5	124.1	+7.7%	+5.6%
Cards & Digital Payments	266.5	286.0	+7.3%	+7.3%	92.2	98.2	+6.5%	+6.5%
Digital Banking Solutions	86.1	84.7	-0.3%	-1.6%	28.3	28.8	+3.3%	+1.8%
<b>Operating revenue</b>	<b>680.1</b>	<b>718.4</b>	<b>+6.8%</b>	<b>+5.6%</b>	<b>238.0</b>	<b>251.1</b>	<b>+6.7%</b>	<b>+5.5%</b>
Personnel & related expenses	(114.3)	(121.9)	+6.6%	+6.6%	(36.6)	(37.7)	+3.3%	+3.3%
Operating Costs	(256.9)	(228.1)	-8.7%	-11.2%	(86.6)	(77.7)	-7.4%	-10.2%
<b>Total Costs</b>	<b>(371.2)</b>	<b>(349.9)</b>	<b>-3.8%</b>	<b>-5.7%</b>	<b>(123.1)</b>	<b>(115.5)</b>	<b>-4.1%</b>	<b>-6.2%</b>
<b>EBITDA</b>	<b>309.0</b>	<b>368.5</b>	<b>+19.2%</b>	<b>+19.2%</b>	<b>114.9</b>	<b>135.6</b>	<b>+18.0%</b>	<b>+18.0%</b>

Underlying growth excluding run-off of zero-margin HW reselling contracts from acquisitions

Underlying growth excluding run-off of zero-margin HW reselling contracts from acquisitions

# Financial guidance (updated in H1 2019 results presentation)

<b>Net Revenues</b>	<ul style="list-style-type: none"><li>• 5-7% annual net revenue growth over medium term</li><li>• 2019 growth at lower end of range due to one-time effect of selected contracts run-offs<sup>1</sup>; growth after 2019 at higher end of the range</li></ul>
<b>EBITDA</b>	<ul style="list-style-type: none"><li>• 13-16% annual EBITDA growth over medium term</li><li>• 2019 EBITDA ~500 €M (~+18% y/y)</li><li>• Continued strong operating leverage</li></ul>
<b>Non-recurring Items</b>	<ul style="list-style-type: none"><li>• &gt;60% reduction in non-recurring items in 2019<sup>2</sup></li><li>• Rapid further decrease of non-recurring items affecting reported EBITDA thereafter</li></ul>
<b>Capex</b>	<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 ~180 €M cumulative (2H19 – c.2023)</li><li>• Total capex to trend towards ordinary capex as % of net revenues over medium to long term</li></ul>
<b>Capital Structure &amp; Capital Allocation</b>	<ul style="list-style-type: none"><li>• 2019 net debt of ~3.0x EBITDA</li><li>• Organic de-leveraging with target net debt of ~2.0-2.5x EBITDA over medium to long term</li><li>• Invest in organic growth; potentially consider accretive and strategically compelling M&amp;A</li><li>• Progressive moderate dividend policy, targeting pay-out ratio of 20-30% of distributable profits in medium to long term</li></ul>



## Investor Relations

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