

Creating a Fully Integrated European PayTech Leader

Strategic Combination Between Nexi and SIA

5 October 2020

Creating a Fully Integrated European PayTech Leader



Transaction Highlights & Rationale

Transaction Highlights

Strong Transaction Rationale

- National champion in the attractive Italian Payments market with leading scale and positioning in the pan-European landscape
- Full portfolio of solutions and capabilities across the payments ecosystem, rails and value chain
- Fully integrated end-to-end technology powerhouse
- Long standing relationships with a broad universe of loyal customers
- Significant value creation from highly visible synergies with low execution risk
- Superior profitability and cash generation at scale
- Best positioned to capture multiple growth avenues, organic and inorganic

Superior Financial and Strategic Value Creation

- Substantial value creation for all shareholders through highly visible synergies with low execution risk
 - ~€150m of total recurring cash synergies¹ and ~€65m of one-off capex synergies
- 15%-20% cash EPS² accretive at anticipated full run-rate synergies, double digit cash EPS² accretive in 2022 with ~40-50% synergy phasing
- EBITDA of €1.0bn³ and strong cash generation capacity, with cash conversion rate of ~80%^{3,4}

Transaction Highlights (Cont'd)

Transaction Overview and Key Terms

- Signing of a Memorandum of Understanding (“MOU”) between Nexi, SIA, Mercury UK¹ and CDP Equity, for the merger of SIA into Nexi. All-share transaction, with 1.5761 newly issued Nexi shares for each SIA existing share
- Pro-forma ownership: 70% Nexi shareholders (23% Mercury UK), 30% SIA shareholders (with CDP² holding a relative majority stake slightly in excess of 25%)
- CDP² as long-term institutional shareholder, committed to support the New Group’s strategic growth in Europe
- 2019 EV / EBITDA multiple of 13.6x including run-rate synergies; ~€4.6bn Equity Value of SIA implied at Nexi current share price³
- “Whitewash” procedure (majority of the minority vote) in the context of Nexi shareholders’ meeting to approve the merger, as a condition to closing in order to exclude mandatory tender offer

Corporate Governance

- Top Management:
 - Group CEO and General Manager: Paolo Bertoluzzo (current Nexi CEO)
- Board of Directors:
 - Continuity of Nexi’s corporate governance aligned to international best practices, with Board of Directors to remain in office until end of its term on the approval date of 2021 financial statements
 - 13 members Board of Directors of which 5⁴ designated by CDP² (including 3 independents and the Vice-Chair)
 - Group Chair: Michaela Castelli (current Nexi Chair)

Timeline

- Signing of Merger Agreement expected by December 2020, subject to confirmatory due diligence
- Closing expected by summer 2021⁵, subject to customary closing conditions including regulatory bodies, Antitrust authorities and shareholders’ approvals

SIA at a Glance



Group Overview

- Italian provider of mission-critical payment technology and infrastructure services serving more than 2,300 clients (including financial institutions, corporates, PAs, central banks and other institutions) in 50+ countries
- Growing European footprint, with main operations in Italy and CSEE¹, following acquisitions of UniCredit processing activities and First Data CSEE¹
- Main shareholder: CDP²

Main Activities

- Issuing and acquiring processing
- Acceptance and processing of retail and corporate payments
- Payment solutions for public administration
- National debit payment and clearing services
- Account-to-account and instant payments
- Clearing / settlement systems for central institutions
- Access to the main network infrastructure for banks and financial institutions (RNI)
- Network / Connectivity and blockchain interbanking services
- Trading / post-trading and data services

Leading Edge Innovation Capabilities

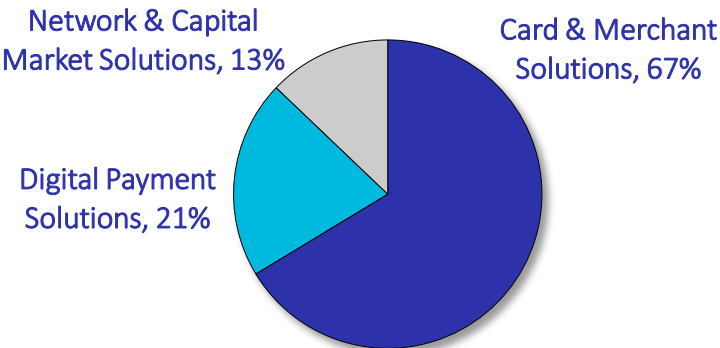
- Account-to-account mobile payments
- Instant payments for Corporates/B2B
- Central PA payment hub
- Mobility solutions
- Blockchain interbanking solutions

Selected Examples

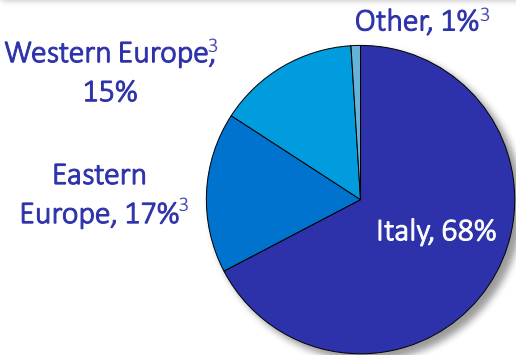
Highly Scalable, Resilient and Channel-Neutral Payments Technology Platform

- Over #1,100 internal Product & Tech Development specialists
- 10 data centers across Europe
- Best-in-class quality and reliability standards

Business Mix (by Revenues 2019A)



Geographic Presence (by Revenues 2019A)



SIA Intl. Acquisitions



Net Revenues: €728m

SIA at a Glance (Cont'd)



Business Segments Overview

	% of '19 revenue	Highlights	KPIs (2019A)	Examples of Clients
Card & Merchant Solutions	67%	<ul style="list-style-type: none"> Issuing and acquiring processing for credit, debit and prepaid cards (including domestic scheme Bancomat) Services are dedicated to physical commerce and e-commerce 	<ul style="list-style-type: none"> #16bn card payments transactions managed² #84m+ cards managed #840k+ POS 	
Digital Payment Solutions	21%	<ul style="list-style-type: none"> Digital payments solutions for processing retail and corporate payments (e.g., SEPA, Instant Payments) and for the public administration Clearing and settlement services for central banks (e.g., RTGS¹, Automated Clearing house) Digital banking, open banking and PSD2 solutions 	<ul style="list-style-type: none"> ~40% of clearing processes for payments across EU through EBA Clearing 4,800+ banks served with EBA clearing #65m PagoPa transactions³ 	
Network & Capital Market Solutions	13%	<ul style="list-style-type: none"> Network and connectivity services for banks and financial institutions to access key EU payments infrastructures and innovative blockchain-based solutions Primary market services, trading and post-trading for capital market operators 	<ul style="list-style-type: none"> 4.5 terabytes managed on SIA network ~€2,500bn average weekly transaction volumes to partner institutions 	

Financial Highlights

€m	2018A ⁴	2019A
Net Revenues	614	728
Operating Costs	(392)	(452)
EBITDA	222	276
Profit Before Tax	106	123
Net Profit	76	95

Business Highlights⁵

#1 Card processor in Italy	#1 Card processor in CSEE ⁶	#2 Card processor in EU
#1 in cross-border transactions in Europe	50+ Countries served	10 Data centres in Europe

A Powerful Strategic Combination

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*Product and digital solutions factory,
merchant services focused*

Platform and processing factory

Front-end driven digital innovation

Back-end technology platform innovation

International card rails leader

*Account-to-account and
national card rails leader*

*Value oriented partnerships with over 150
Italian banks*

*Reference technology partner
for Banks, Central Institutions,
Corporates and Public Administration*

Italian home market leader

*Established Italian player with
growing European presence*

The New Group in Numbers

Leadership¹



#1

Payment Company by
Acquiring Transaction Volumes in
Continental Europe



#1

Payment Company by
of Merchants
in Continental Europe



#1

Acquirer and Card
Processor in Italy



#1

Processor of
Cross-border Payments³



#1

Payment Company by
of Cards
in Continental Europe



#1

Card Processor in Central &
South-Eastern Europe

Scale²



~€1.8bn

Revenues



~€1.0bn

EBITDA



~€0.8bn

Operating Cash Flow⁴

Reach



~120m

Cards



~2m

Merchants



50+

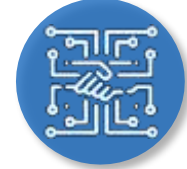
Countries Reached

Capabilities



2,200+

Product & Tech
Development Specialists



6

Digital Factories



~€200m

Annual Total IT &
Innovation Spend

Creating a Fully Integrated European PayTech Leader

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Creating a Fully
Integrated European
PayTech Leader



1

National champion in the attractive Italian Payments market with leading scale and positioning in the pan-European landscape

2

Full portfolio of solutions and capabilities across the payments ecosystem, rails and value chain

3

Fully integrated end-to-end technology powerhouse

4

Long standing relationships with a broad universe of loyal customers

5

Significant value creation from highly visible synergies with low execution risk

6

Superior profitability and cash generation at scale

7

Best positioned to capture multiple growth avenues, organic and inorganic

1 National Champion in the Attractive Italian Payment Market

Italian Secular Growth Tailwinds

3rd Largest Economy
in Continental Europe

€1.1trn

2019
Consumer spend¹

3.7m

Largest SME
population in Europe²

Italy Still a Cash Driven
Economy

24%

Card payment penetration³

Strong and Resilient
Secular Growth

+ ~9%

Card payments transaction value
15-19 CAGR³

Unique Structural
Characteristics

- SME-dominated and mainly physical commerce market
- Underdeveloped and fast growing e-commerce market
- Fragmented and bank led distribution
- Country digitalization core for national agenda

Strong Contribution from SIA to Nexi's Platform



Posteitaliane



BNL
GRUPPO BNP PARIBAS

Long Term Relationships with
Major Financial Institutions



- National debit payment and clearing services, with 2.2bn transactions per year
- ~50% market share in national debit in 2019⁽⁴⁾

Strengthening the
Positioning in the National
Debit Space



- Leader in A2A and B2B / corporate payments

Leading Capabilities in
Account-to-Account



- Multi-channel payment services
- Payment gateways for physical and digital terminals

Established Relationships
with Large Italian Corporates
in Digital Payments



- Recognised excellence in payment solutions to the PA

Enhancement of Digital
Solutions for Public
Administration



- Rete interbancaria (RNI)
- Connecting over 720 banks and institutions

Provider of Mission-Critical
Connectivity and
Infrastructure Services



- Recognized European leader in processing
- Superior tech infrastructure with 10 operating data centres, of which 5 in Italy

Technology Powerhouse
on Processing
Back-end Platforms

1 Leading Scale and Positioning in the Pan-European Landscape

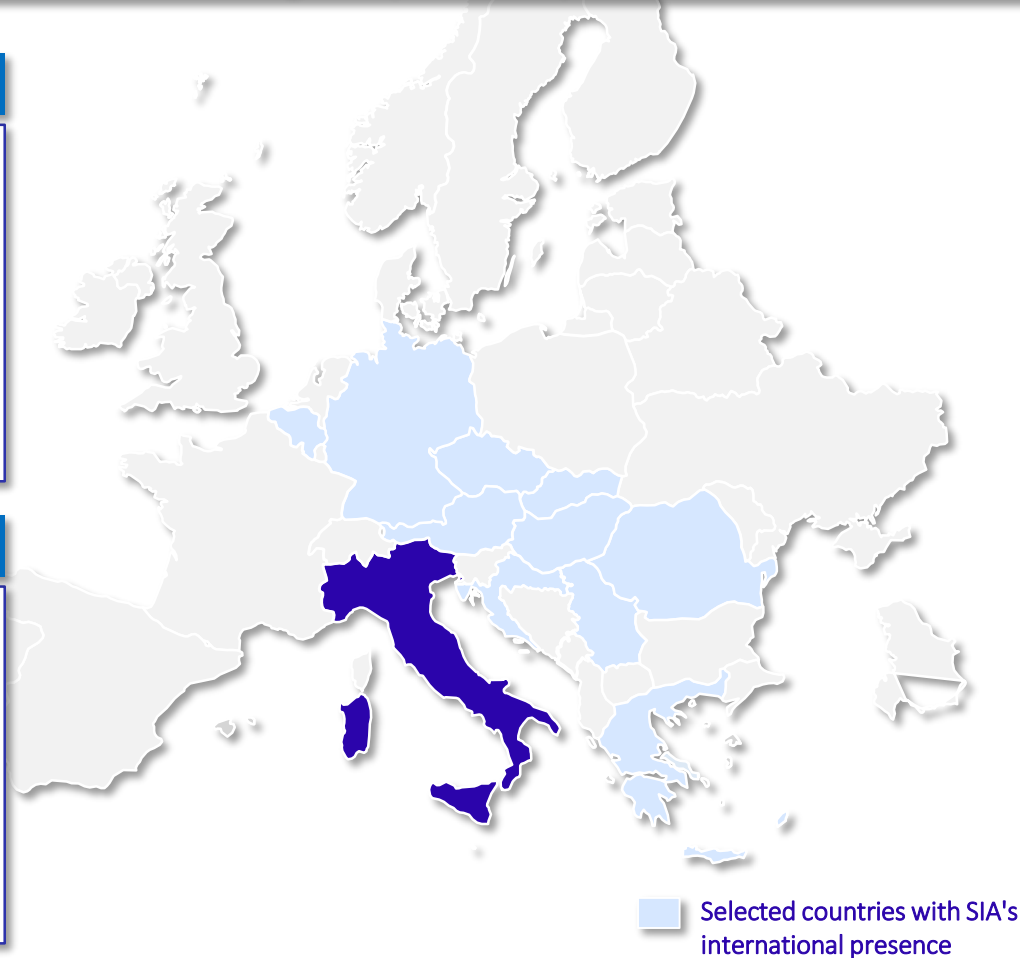
Large Scale and Growing European Footprint

Financial Highlights¹

- **€1.8bn** Revenue (o/w €0.2bn international)
- **€1.0bn** EBITDA
- **€0.8bn** Operating Cash Flow²

Business Highlights

- **~#2m** Merchants
- **~#120m** Cards
- **#21bn+** Acquiring and Issuing transactions



Operational presence in 15 countries serving customers
across 50+ countries also outside of Europe

Continental Europe³

- Leadership positioning in Continental Europe
- Largest payment company by acquiring transaction volumes
- Largest payment company by # of merchants
- Largest payment company by # of cards
- #1 processor of cross-border payments⁴

Italy³

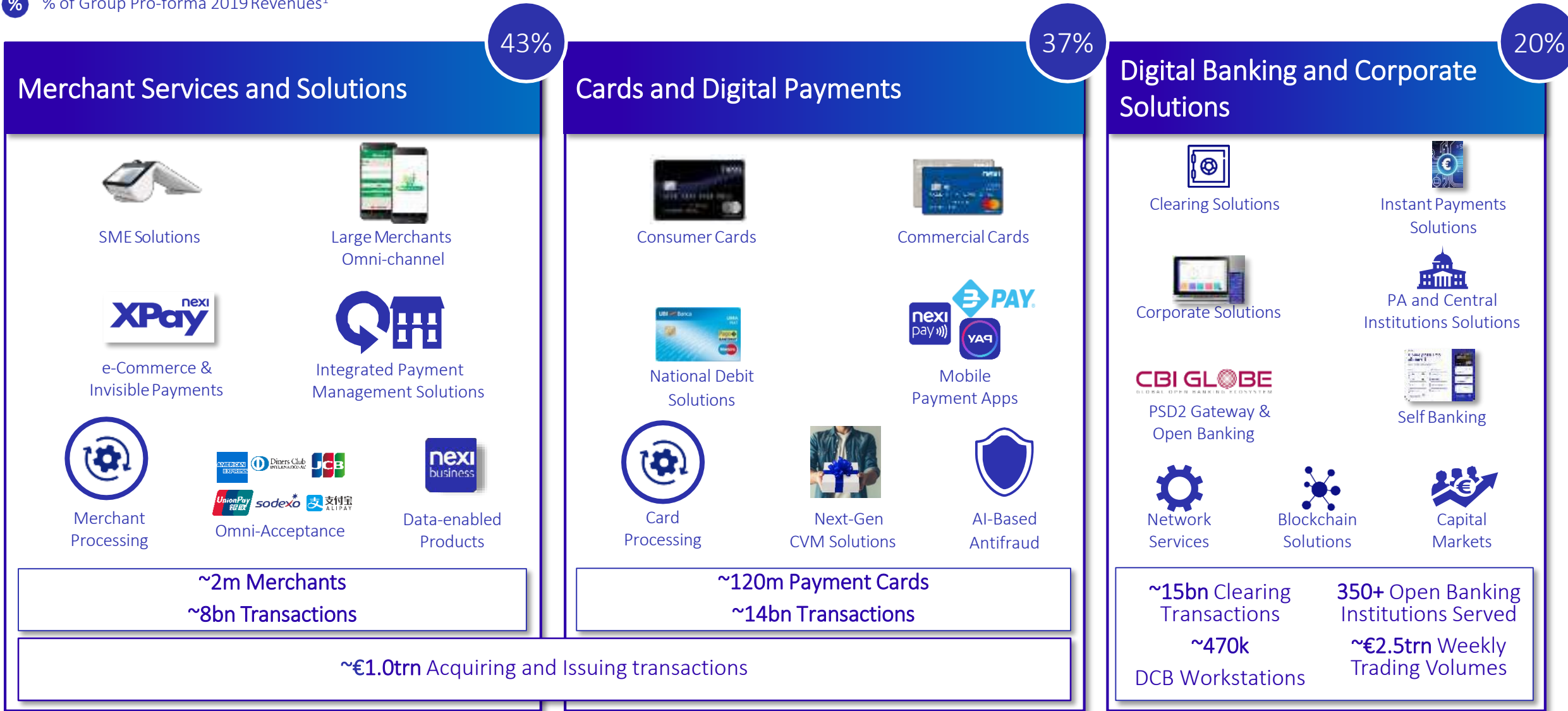
- National champion in Europe's most attractive market
- #1 Merchant acquirer
- #1 Card processor

Central and South-Eastern Europe³

- Regional leader in CSEE
- #1 Card processor in the region

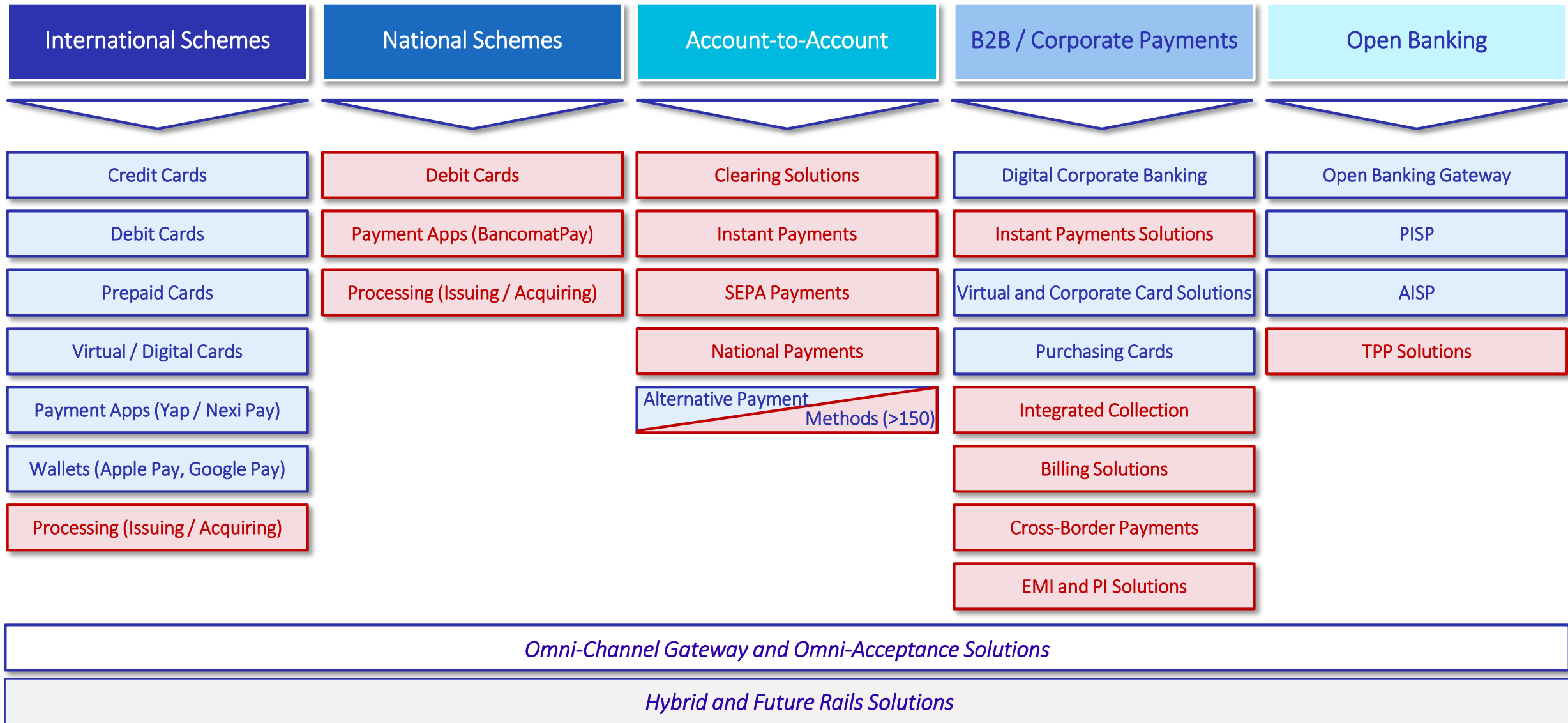
2 Full Portfolio of Solutions and Capabilities Across the Payments Ecosystem

% of Group Pro-forma 2019 Revenues¹

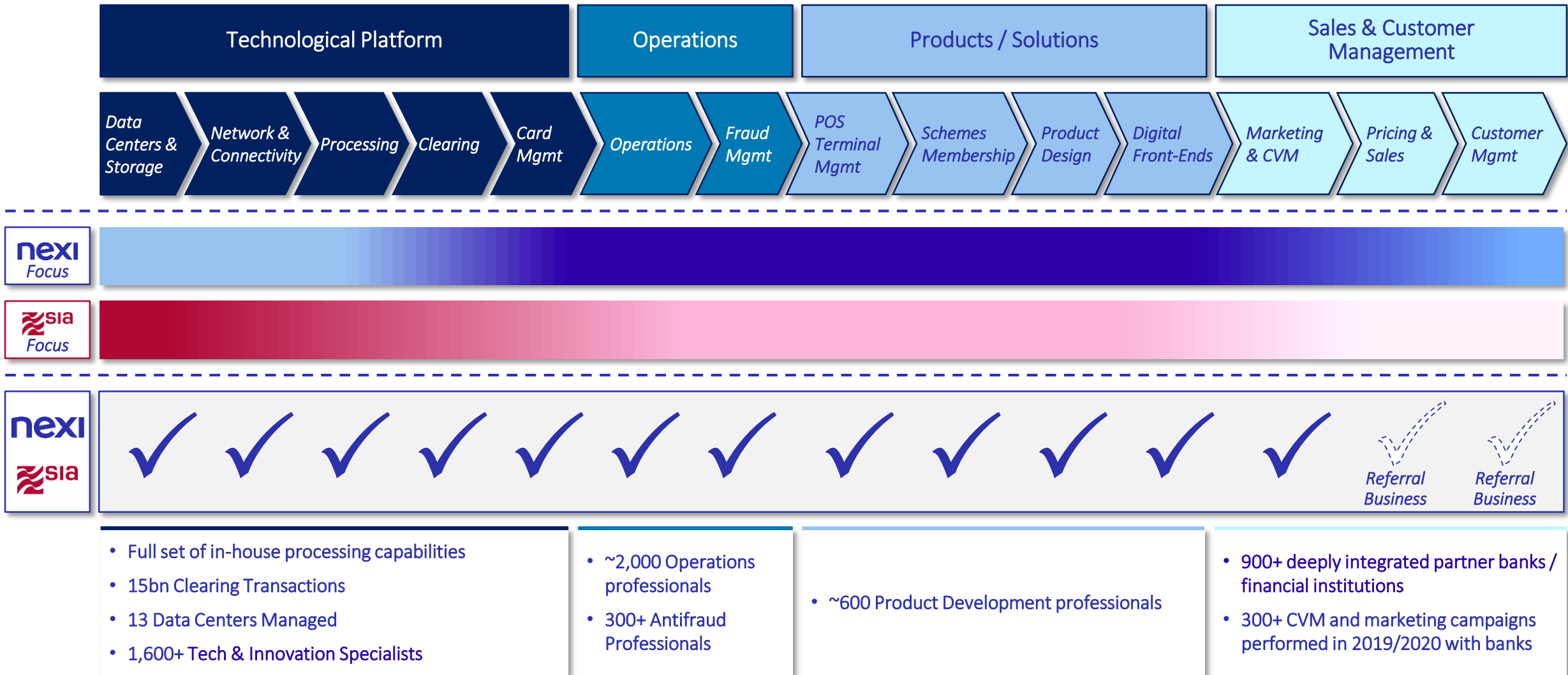


2 Coverage of All Current and Future Payment Rails

 Nexi Leadership
 SIA Leadership



2 Deep In-house Value Chain Coverage and Control



Shading denotes activity focus



Activities performed in-house

3 Fully Integrated End-to-end Technology Powerhouse



*Next Generation
Product Development
and Digital Innovation*

- Data/artificial intelligence dedicated teams
- Omni-channel, e-commerce and instant payments dedicated teams

- Hybrid cloud advanced analytics
- 20k+ New IT releases over the last 12 months



*Clear Leadership
in Processing and
Core Platforms*

- 21bn+ transactions processed per year, with full set of in-house capabilities
- 15bn clearing transactions processed per year

- 23m+ files transferred
- 800+ dedicated professionals



*Deep Banking
System Integration
with Superior
Delivery Capabilities*

- ~900+ financial institutions deeply integrated on mission critical platforms
- Strategic provider of banks systemic platforms and initiatives (SEPA payments, CBI Globe Open Banking Gateway, Bancomat infrastructure)

- Long-term partner of central and local PA on digital payments (PagoPA, digital payments stimulus initiatives)
- Managed all major banks mergers/migration projects in 2018/2020



*Mission Critical Leading
Edge Infrastructure*

- 13 data centers with ~17k+ servers managed across 4 countries
- 30+ PetaBytes in storage space

- ~1,600 network nodes
- 500+ dedicated professionals



*Superior Service Level
and Availability*

- 99.99% service uptime/availability in the last 12 months
- 24/7 live service monitoring with ~100 dedicated professionals
- Leading edge cybersecurity with ~80 professionals and ~€10m investments in 2019



2.2k+

Product & Tech
Development
Specialists



~€200m

Annual Total IT &
Innovation Spend



6

Digital Factories

4 Long Standing Relationships with a Broad Universe of Loyal Customers



- Trusted partner delivering mission critical services
- Long term partner for Banks and Financial institutions
- Long lasting consolidated relationships with largest clients
- Long term strategic partnerships with Intesa Sanpaolo and UniCredit
- Strategic provider of industry wide infrastructure and systems (e.g. Bancomat, CBI hub, Open Banking Gateway etc.)
- Natural partner for institutions for the acceleration of digital payments penetration
- Increased business resilience with a more diversified client base

5 Significant Value Creation from Highly Visible Synergies with Low Execution Risk

Synergy Areas	Brief Overview
1 Cost Synergies	<ul style="list-style-type: none">• Tech platforms optimisation• Insourcing and operational excellence• Procurement and other costs
2 Revenue Synergies	<ul style="list-style-type: none">• Cross-selling and up-selling of current and next generation solutions to international and national clients• Integrated proposition for corporates, public administrations and other institutions
3 Capex Synergies	<ul style="list-style-type: none">• Optimization of investments in overlapping applications and new product /platform development (recurring capex)• Rationalisation of transformation investments (one-off savings)

~€150m
Total Recurring Cash Synergies¹
and Additional ~€65m One-off Capex Synergies

15%-20% Cash EPS² Accretive
at Anticipated Full Run-Rate Synergies;
Double Digit Cash EPS² Accretive in 2022 with ~40-50% Synergy Phasing

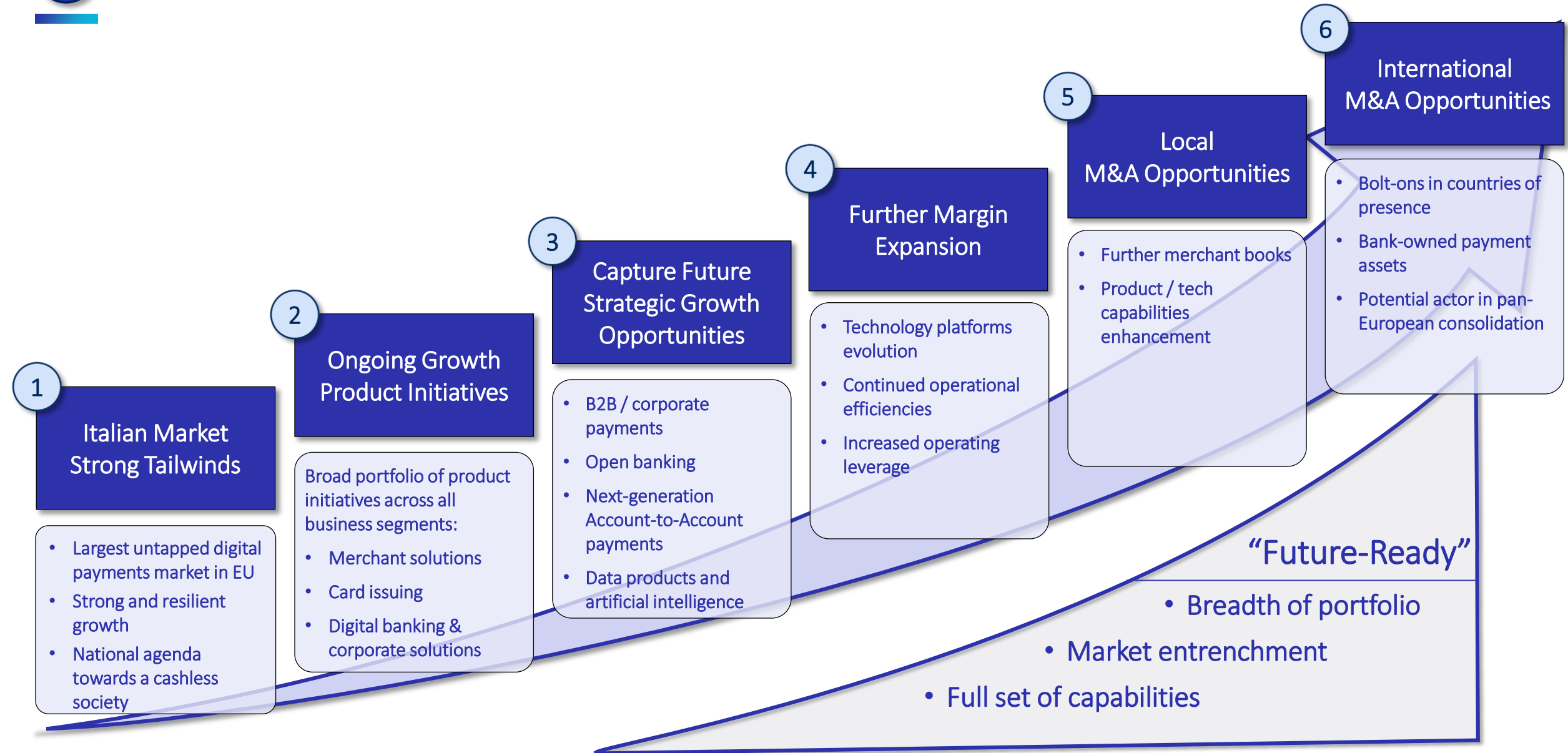
6 Superior Operating Margin and Cash Generation at Scale



	Combined Financials ² (2019 Pro-forma, including run-rate synergies)
Revenue	€1.8bn
EBITDA	€1.0bn
<i>EBITDA Margin</i>	<i>55%</i>
Operating Cash Flow ¹	€0.8bn ³
<i>Operating Cash Flow Conversion Rate⁴</i>	<i>81%</i>

- Increased operating leverage and margin expansion potential
- Superior cash generation profile, with ability to support at the same time de-leveraging and investments in organic growth and M&A

7 Best Positioned to Capture Multiple Growth Avenues, Organic and Inorganic



Value Creation & Financial Benefits

Value Creation and Financial Benefits

1

Significant Value Creation from Synergies

- Highly visible synergies with low execution risk
- Total recurring cash synergies of ~€150m stemming from cost optimization, revenue opportunities and capex spend optimization
- Additional one-off cash savings of ~€65m on capex from combined platform

2

Resilient and Diversified Business Model

- High quality and diversified revenue streams
- Increased business resilience with a more diversified client base

3

Proven Operating Leverage

- Significant improvement in operating leverage
- Superior margin supported by cost synergies realisation

4

Strong Cash Generation Profile

- Superior cash generation profile, with ability to support at the same time de-leveraging and investments in organic growth and M&A

Key Considerations

Selected Highlights

~€150m
Recurring Cash Synergies¹

15% - 20%
Cash EPS² Accretive
at Anticipated Full Run-Rate Synergies;
Double Digit Cash EPS² Accretive in 2022
with ~40-50% Synergy Phasing

Merchant Services Revenues^{3,5} (%)
43%

International Revenues^{3,5} (%)
13%

Increased Client Diversification^{3,7} (%)
~5p.p.

Fixed Costs⁵ (%)
>70%

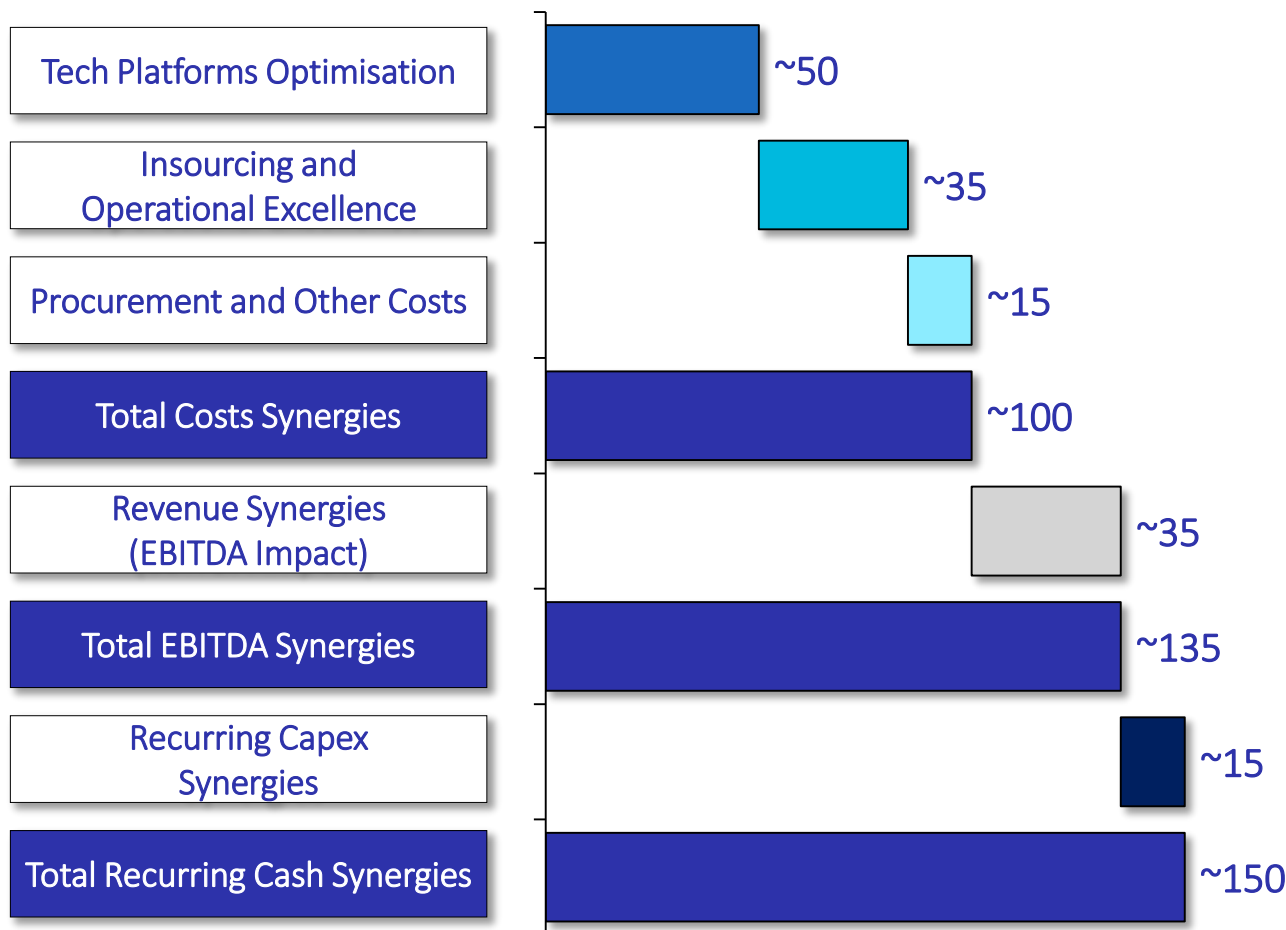
EBITDA Margin⁵ (%)
55%

€0.8bn
Operating Cash Flow^{4,5}

81%
Operating Cash Flow Conversion Rate^{5,6}

Highly Visible Synergies with Low Execution Risk

Recurring Synergies (€m)



Additional ~€65m One-Off Capex Synergies

Key Highlights

- ✓ Total recurring cash synergies of ~€150m by 2025
 - ~€135m EBITDA synergies by 2025, ~40%-50% achieved by 2022 and ~70% by 2023
 - ~€100m of costs synergies
 - ~€35m of EBITDA uplift from revenue synergies¹
 - Additional ~€15m recurring capex synergies
- ✓ Additional ~€65m from one-off capex savings
- ✓ Total integration costs estimated around ~1x total recurring cash synergies
- ✓ Proven track record of successful delivery through M&A
- ✓ Additional earnings benefit from expected reduction in overall cost of funding for the combined entity (estimated at ~50bps)

15%-20% Cash EPS² Accretive at Anticipated Full Run-Rate Synergies; Double Digit Cash EPS² Accretive in 2022 with ~40%-50% Synergy Phasing

Attractive Financial Profile

Based on 2019 Figures
(€bn - unless otherwise stated)

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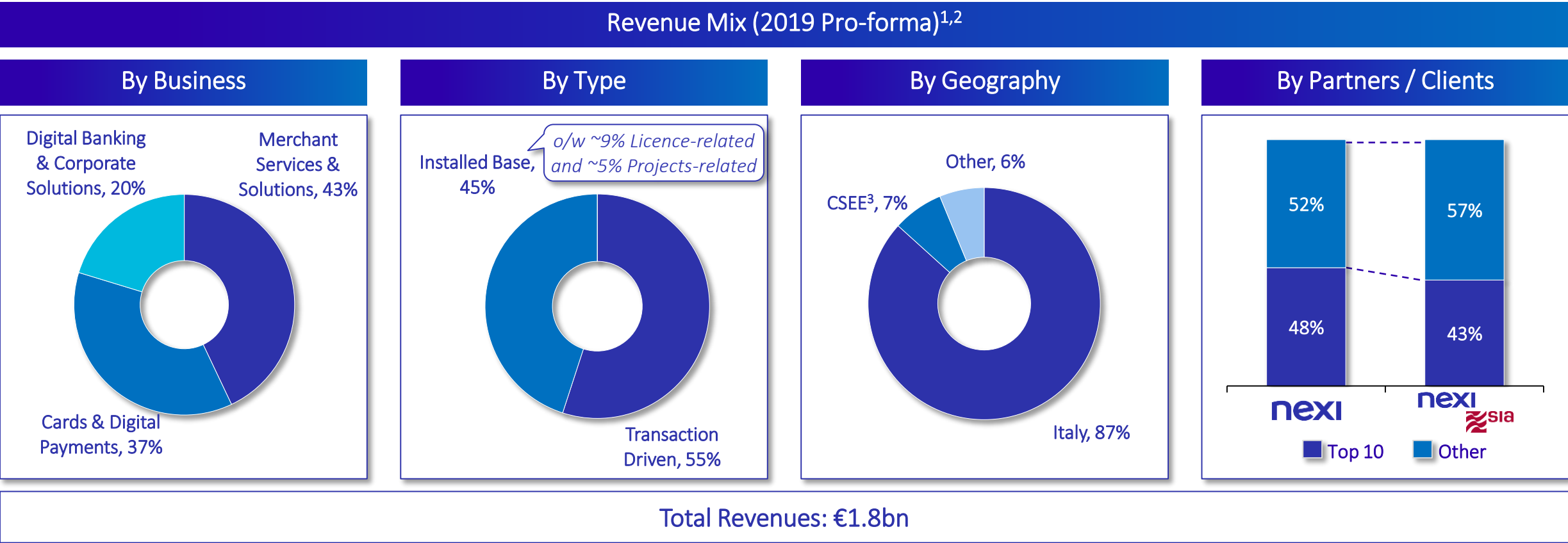
Recurring
Synergies



Combined
(2019PF, including run-rate synergies)

Net Revenues	1.08	0.73	0.05	1.81 ²
EBITDA	0.59	0.28	0.13	1.00
EBITDA Margin	55%	38%		55%
Operating Cash Flow ⁴	0.47	0.18	0.15 ³	0.80
Operating Cash Flow Conversion Rate ⁵	81%	65%		81%
Net Leverage ⁶	3.9x	3.6x		3.3x

Resilient and Diversified Business Model

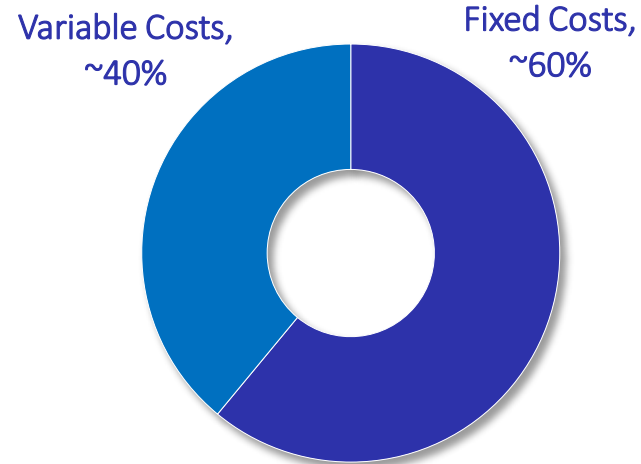


- *High quality and diversified revenue streams*
- *Increased business resilience with a more diversified client base*
- *Long term partner for very large number of banks and institutions*

Superior Margin with Proven Operating Leverage

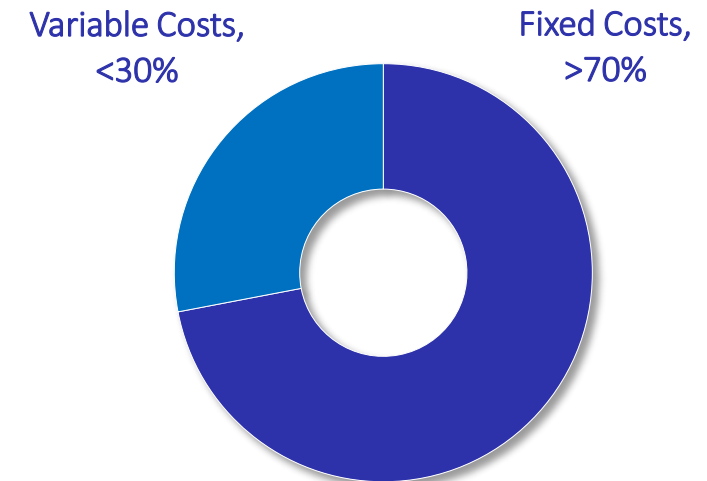
Operating Expenses Mix by Type

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Cost Base: €0.5bn
EBITDA Margin: 55%

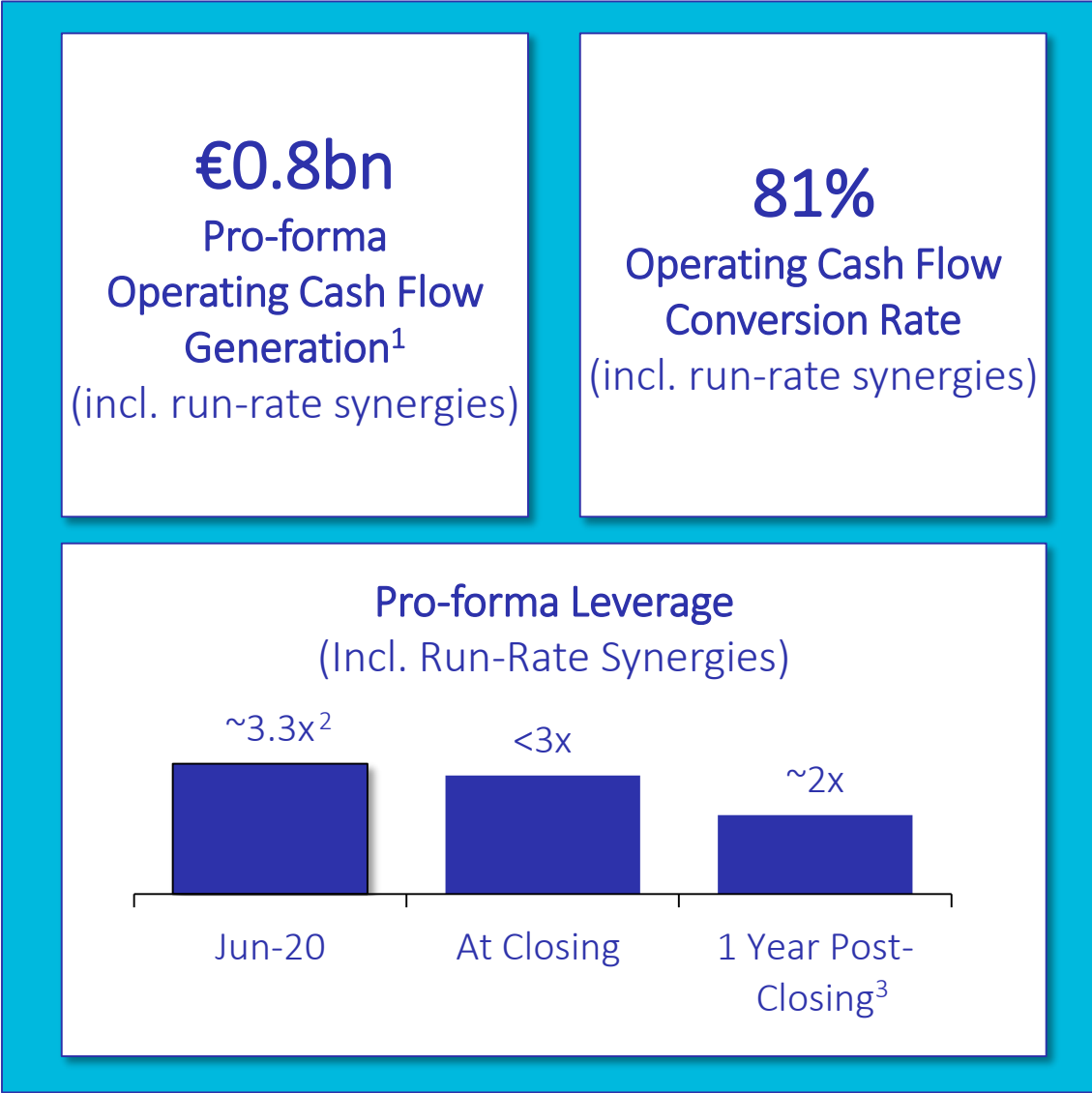
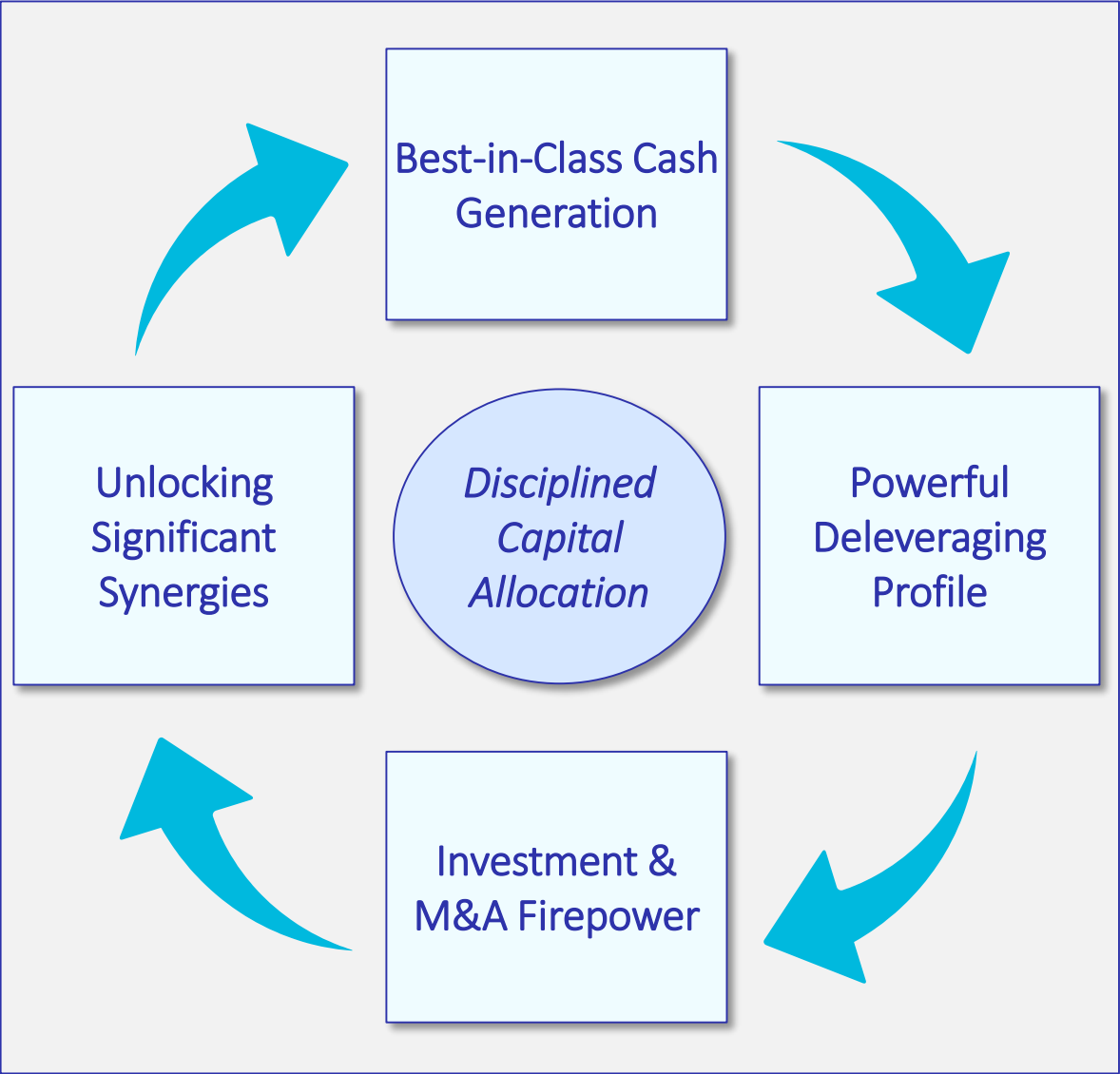
nexi +  sia²
(Including Run-rate Synergies)



Cost Base: €0.8bn
EBITDA Margin: 55%

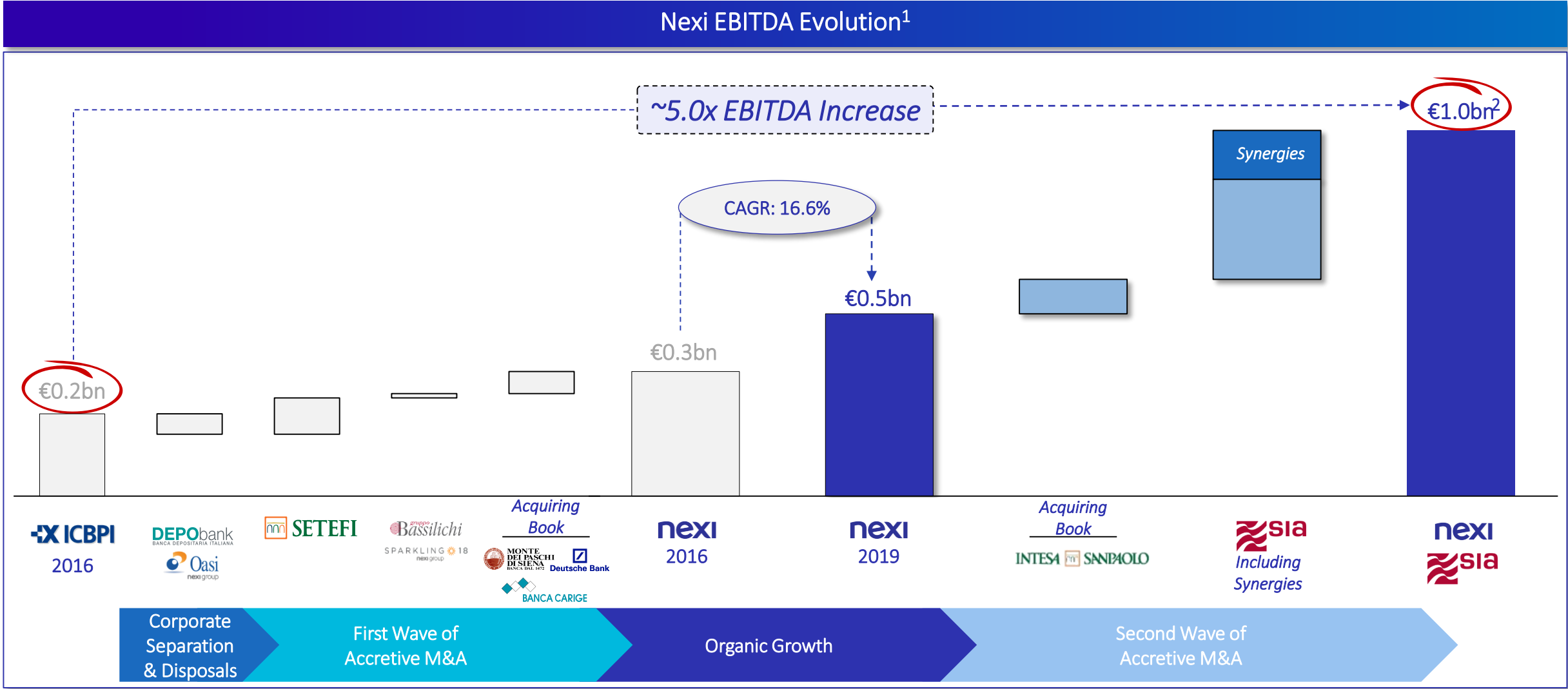
- Improvement in operating leverage from the combination of Nexi with SIA and cost synergies realisation
- Fixed cost to represent more than 70% of combined cost base

Strong Cash Generation Profile



Closing Remarks

Nexi + SIA: A New Powerful Step Forward in Our Value Creation Journey



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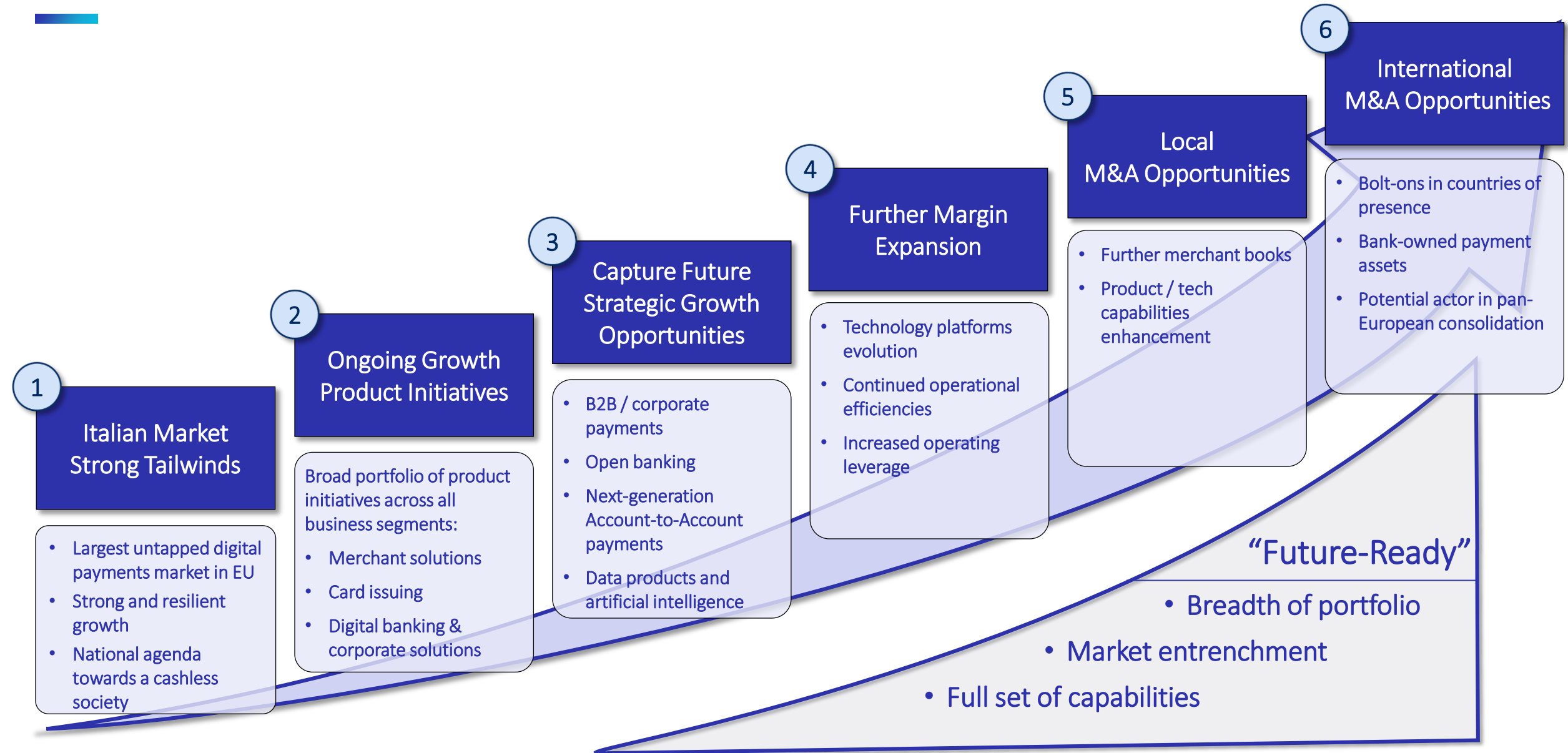
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Superior profitability and cash generation at scale

7

Best positioned to capture multiple growth avenues, organic and inorganic

Best Positioned to Capture Multiple Growth Avenues, Organic and Inorganic



Q&A

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