

Group Financial results as of June 30th 2019 approved. Revenue and EBITDA growth trend confirmed

- **EBITDA at € 232.9 million in H1 2019, +20.0% Y/Y**
- **Revenues at € 467.3 million in H1 2019, +6.9% Y/Y excluding run-off of selected zero-margin contracts included in recently acquired businesses, +5.7% Y/Y reported**
- **H1 2019 Results in line and/or exceeding Guidance: expected 2019 EBITDA increased and 2019 Net Debt/ EBITDA improved compared to previous Guidance**

Milan, July 29th 2019 – The Board of Directors of Nexi S.p.A. approved the Group’s consolidated financial results as of June 30th 2019, showing a continued solid financial and underlying operational growth trend.

Paolo Bertoluzzo, CEO of Nexi, commented: “Nexi’s results confirm a growth trend, at times above the announced financial guidance, thanks to the growth of the Italian market, our initiatives and the continuous cost reduction. In these first six months of 2019, we have continued to invest in technology, innovation and people capabilities to continue strengthening the offer of products and services for our partner Banks, thus confirming Nexi as the leading PayTech in Italy. Going forward we will continue in this direction, fully promoting the development of digital payments in our Country, for the benefit of Banks, cardholders, businesses and public administration, and contributing to the digitalization and modernization process of the Country”.

Key financial results

€M	1H18	1H19	1H19 vs. 1H18 ⁽¹⁾	2Q18	2Q19	2Q19 vs. 2Q18 ⁽¹⁾
Merchant Services & Solutions	210.0	223.6	+8.6%	110.0	117.5	+9.0%
Cards & Digital Payments	174.3	187.9	+7.8%	88.3	94.8	+7.5%
Digital Banking Solutions	57.8	55.9	-2.2%	28.5	28.5	-2.6%
Operating revenue	442.1	467.3	+6.9%	226.7	240.8	+6.9%
Personnel & related expenses	(77.7)	(84.1)	+8.2%	(39.0)	(42.4)	+8.8%
Operating Costs	(170.3)	(150.3)	-9.4%	(85.0)	(76.1)	-9.3%
Total Costs	(248.0)	(234.5)	-3.7%	(124.0)	(118.6)	-3.4%
EBITDA	194.1	232.9	+20.0%	102.7	122.3	+19.1%
D&A	(30.6)	(52.8)	+72.5%			
Interests & financing costs	(32.2)	(32.8)	+2.0%			
Normalized Pre-tax Profit	131.3	147.2	+12.1%			
Income taxes	(46.2)	(51.5)	+11.4%			
Minorities	(0.6)	(0.0)	-95.9%			
Normalized Net Profit	84.5	95.7	+13.3%			

First half 2018 results pro-forma based on current perimeter/ new debt structure in order to provide a better Y/Y comparison.

First half 2019 results normalized for non-recurring items below EBITDA. Interest & financing costs based on new debt structure, fully realized as of July 2nd 2019 (see page 6).

In the first half of 2019, Group's **EBITDA** reached € 232.9 million with strong organic Y/Y growth of 20.0% thanks to sound revenue growth and the continued focus on cost efficiency and operating leverage. Consequently, the EBITDA Margin increased by ~6 p.p. to 50% in the first half of 2019 compared to the same period of 2018.

In particular, in the second quarter of 2019, Group's EBITDA reached € 122.3 million (+19.1% Y/Y), with an EBITDA Margin at 51%, increasing ~6 p.p. compared to the same period of 2018.

In the first half of 2019, **Revenues** increased to € 467.3 million, up by +6.9% Y/Y excluding the run-off of zero margin hardware reselling contracts included in recently acquired businesses (+5.7% Y/Y on a reported basis).

In the second quarter of 2019, Revenues increased to € 240.8 million (+6.9% Y/Y excluding the run-off of zero margin hardware reselling contracts included in recently acquired businesses, +6.2% Y/Y on a reported basis).

Nexi's operating segments delivered the following results in the first semester of the year:

- **Merchant Services & Solutions**, which represented 48% of the Group's total revenues, achieved revenues € 223.6 million in H1 2019, up by 8.6% Y/Y excluding the run-off of zero margin hardware reselling contracts included in recently acquired businesses (+6.5% Y/Y on a reported basis). In the first half of 2019, 1,676 million transactions were managed, up 11.8% Y/Y, with value of managed transactions increasing to € 123.2 billion (+5.1% Y/Y), sustained by volume growth of international schemes (+11.9% Y/Y) and despite a lower number of working days compared to the same period in 2018. E-commerce volume growth also accelerated in the first half of 2019, with value of transactions up 17% Y/Y. In Q2 2019, Merchant Services & Solutions reached € 117.5 million of revenues (+9.0% Y/Y excluding the run-off of zero margin hardware reselling contracts included in recently acquired businesses, +6.8% Y/Y on a reported basis). In the quarter 886 million transactions were managed (+12.5% Y/Y), with value of managed transactions increasing to € 65.5 billion (+5.3% Y/Y);
- **Cards & Digital Payments**, which represented 40% of the Group's total revenues, reported revenues of € 187.9 million in H1 2019, up 7.8% Y/Y. In the first half of 2019, 1,221 million transactions were managed (+9.9% Y/Y) with volumes of € 97.3 billion (+4.4% Y/Y). These positive results were sustained in particular by the continued volume growth of international schemes (+9.6% Y/Y), despite a lower number of working days compared to the same period in 2018. In Q2 2019, Cards & Digital Payments reached € 94.8 million of revenues (+7.5% Y/Y). In the quarter, 633 million transactions were managed (+10.6% Y/Y), with value of managed transactions increasing to € 50.5 billion (+4.1% Y/Y);
- **Digital Banking Solutions**, which represented 12% of the Group's total revenues, recorded in H1 2019 revenues equal to € 55.9 million, decreasing by 2.2% Y/Y (equal to -1.2 million of revenues) excluding the run-off of zero margin hardware reselling contracts included in recently acquired businesses (-3.3% Y/Y reported). The Y/Y performance continued to be impacted by banking sector consolidation in 2018, and is expected to return to growth in H2 2019. In Q2 2019, Digital Banking Solutions achieved € 28.5 million of revenues (-2.6% Y/Y excluding the run-off of zero margin hardware reselling contracts included in recently acquired businesses, +0.2% Y/Y on a reported basis).

In the first half of 2019, **total Costs** were € 234.5 million, down 3.7% Y/Y excluding the run-off of zero margin hardware reselling contracts included in recently acquired businesses (-5.5% Y/Y on a reported basis), notwithstanding the continuous investments in people capabilities and innovation. This positive trend is mainly supported by cost cutting initiatives, integration synergies related to the recent acquisitions and early results in the IT strategy implementation. In addition, adoption of IFRS 16 positively impacted total Costs by € 5.9 million in the first half of 2019.

All announced initiatives are on track versus the delivery plan with accelerated integration synergies in H1 2019.



In the second quarter of 2019, total Costs were € 118.6 million, down 3.4% Y/Y excluding the run-off of zero margin hardware reselling contracts included in recently acquired businesses (-4.4% Y/Y on a reported basis).

In the first half of 2019, Nexi continued to focus on investments in technology and innovation, with **total Capital Expenditure** equal to € 59 million (corresponding to 13% of H1 2019 net revenues). In particular, € 26 million (6% of H1 2019 Net Revenues), was related to transformation projects and extraordinary innovation and € 32 million (equal to 7% of H1 2019 Net Revenues) was related to investments in ordinary innovation of products and services and for the maintenance of high quality services and security. The cumulative Transformation Capex required to complete the transformation program by 2023 amounts to ~ € 180 million, in addition to Ordinary Capex (~8-10% of Net Revenues per annum).

D&A, excluding customer contracts amortization, were € 52.8 million, up 72.5% Y/Y due to significant investments in software and technological developments carried out in recent years, aimed at the digital transformation of the Group.

Normalized Interest costs were € 32.8 million in the first half of 2019. Reported interest costs of € 101.6 million include both additional interest costs/ fees related to the pre-IPO debt structure and non-recurring items linked to the early repayment and refinancing of the previous debt.

Transformation costs, below EBITDA, were significantly reduced by ~60% Y/Y at ~€ 26.4 million in H1 2019. This does not include the extraordinary IPO costs and the gains from M&A disposals.

Adjusted net profit, in the first half of 2019, was € 95.7 million, up 13.3% Y/Y.

As of June 30th 2019, **Net Debt** was reduced to € 1,523 million compared to € 2,454 million as of December 2018, also thanks to the debt reimbursement and refinancing realized after the IPO.

In the light of the positive results realized in the first half of 2019, Nexi upgrades the previously announced financial guidance only for 2019 as follows:

- expected EBITDA of ~€ 500 million (~+18% Y/Y) compared to ~€ 490 million (~+16% Y/Y);
- Net Debt/EBITDA at ~3.0x compared to < 3.2x

* * *

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..

Results under review by PricewaterhouseCoopers that will release limited revision.



About Nexi

Nexi is the leading PayTech company in Italy. We operate in strong partnership with ~150 partner banks covering 80% of the system in Italy in number of branches. Our integrated end-to-end omni-channel technology connects banks, merchants and consumers enabling digital payments. We help simplify payments for our clients and digitalise the Italian economy. Nexi operates in three market areas: Merchant Services & Solutions, Cards & Digital Payments and Digital Banking Services.

Merchant Services & Solutions: Nexi, together with its partner Banks, serves c.890,000 merchants and manages 1.4 million POS terminals;

Cards & Digital Payments: Nexi, together with its partner Banks, manages 41 million payment cards for c.30 million cardholders;

Digital Banking Solutions: Nexi manages 13,400 ATMs, approximately 420,000 e-banking workstations and over 900 million clearing transactions in 2018. In addition, Nexi is developing the open banking system in collaboration with the CBI consortium which the main Italian banks have already adhered to.

Nexi - External Communication & Media Relations

Daniele de Sanctis	Barabino & Partners
daniele.desanctis@nexi.it	Office: +39 02/7202.3535
Mobile: +39 346/015.1000	Sabrina Ragone – Mobile: +39 338/251.9534
Direct: +39 02/3488.4491	s.ragone@barabino.it
Matteo Abbondanza	Elena Bacis – Mobile: +39 329/074.2029
matteo.abbondanza@nexi.it	e.bacis@barabino.it
Mobile: +39 348/406.8858	Francesco Faenza – Mobile: +39 345/831.6045
Direct: +39 02/3488.2202	f.faenza@barabino.it

Nexi - Investor Relations

Stefania Mantegazza
stefania.mantegazza@nexi.it
Mobile: +39 335/580.5703
Direct: +39 02/3488.8216

Income Statement

(€'000)	H1 2019	H1 2018
Fee for services rendered and commission income	770,813	82,925
Fee for services received and commission expense	(300,514)	(1,042)
Net fee and commission income	470,299	81,883
Interest and similar income	9,560	357
Interest and similar expense	(113,530)	(12,761)
Net interest income	(103,970)	(12,404)
Profit / loss on trading activity / hedging on financial assets and liabilities designated at fair value through profit or loss	(5,298)	(9)
Dividends and profit / loss from investments and sale of assets at fair value through OCI (ex AFS)	(4,386)	523
Financial and operative income	356,645	69,993
<i>Personnel expense</i>	<i>(129,794)</i>	<i>(9,188)</i>
<i>Other administrative expenses</i>	<i>(188,411)</i>	<i>(35,351)</i>
Total administrative expenses	(318,205)	(44,539)
Other operating income, net	(2,548)	550
Net accruals to provisions for risks and charges	590	(240)
Net value adjustments / write-backs on tangible and intangible assets	(70,313)	(21,328)
Operating margin	(35,642)	4,436
Share of profits (losses) of investees and net gains (losses) on sales of investments	(74)	-
Pre-tax profit from continuing operations	(35,716)	4,436
Income taxes	542	441
Income (Loss) after tax from discontinued operations	93,623	-
Profit for the period	58,449	4,877
Profit for the period attributable to the owners of the parent	58,424	4,877
Profit for the period attributable to non-controlling interests	25	-

H1 2019 P&L reported vs P&L normalized

€M	Reported 1H19	Delta	Normalized 1H19
Merchant Services & Solutions	223.6		223.6
Cards & Digital Payments	187.9		187.9
Digital Banking Solutions	55.9		55.9
Operating revenue	467.3		467.3
Personnel & related expenses	(84.1)		(84.1)
Operating Costs	(150.3)		(150.3)
Total Costs	(234.5)		(234.5)
EBITDA	232.9		232.9
D&A	(71.3)	18.4	(52.8)
Interests & financing costs	(101.6)	68.8	(32.8)
Non recurring items	(1.6)	1.6	-
Pre-tax Profit	58.4	88.8	147.2
Income taxes	0.1	(51.5)	(51.5)
Minorities	(0.0)		(0.0)
Net Profit	58.4	37.3	95.7
<i>Transformation costs</i> ¹	(26.4)		(26.4)

(1) Transformation costs included in Reported Non recurring items

Balance Sheet

ASSETS (€'000)	30/06/2019	31/12/2018
Cash and cash equivalents	165,891	40,688
Financial assets at fair value through profit or loss	-	10
Financial assets at fair value through OCI	131,764	100,114
Financial asset measured at amortised cost	1,803,387	1,668,452
<i>a) loans and receivables with banks</i>	414,000	561,209
<i>b) loans and receivables with financial companies and customers</i>	1,389,387	1,107,243
Equity investments	682	730
Property, equipment	191,852	156,193
Investment property	3,101	3,151
Intangible assets	2,660,159	2,668,293
<i>goodwill</i>	2,097,379	2,097,379
Tax assets	84,327	62,873
<i>a) current</i>	51,598	29,299
<i>b) deferred</i>	32,729	33,574
Non-current assets held for sale and discontinued operations	8,130	80,498
Other assets	403,272	405,705
Total assets	5,452,565	5,186,707

LIABILITIES (€'000)	30/06/2019	31/12/2018
Financial liability measured at amortised cost	3,198,508	3,716,834
<i>a) due to banks</i>	1,590,658	792,896
<i>b) due to financial companies and customers</i>	385,262	354,249
<i>c) securities issued</i>	1,222,588	2,569,689
Financial liabilities held for trading	8,730	3,154
Financial liabilities designated at fair value	45,833	16,557
Tax liabilities	140,575	163,194
<i>a) current</i>	5,270	31,124
<i>b) deferred</i>	135,305	132,070
Liabilities associated with non-current assets held for sale and discontinued operations	9,774	39,069
Other liabilities	732,045	716,375
Post-employment benefits	15,079	14,084
Provisions for risks and charges	41,857	46,552
Share capital	57,071	50,000
Treasury shares (-)	-	-
Equity instruments	-	-
Share premium	1,082,204	389,275
Reserves	18,124	(47,735)
Valuation reserves	38,075	36,899
Profit for the period (+/-)	58,424	35,933
Equity attributable to non-controlling interests (+/-)	6,266	6,516
Total liabilities and equity	5,452,565	5,186,707