



NEXI ENTERS INTO AN AGREEMENT WITH INTESA SANPAOLO REGARDING THE PURCHASE OF ITS MERCHANT ACQUIRING BUSINESS

Strengthened the role of independent PayTech company for Italian banks

Milan, 19 December 2019 – Nexi S.p.A. (“Nexi” and, together with its subsidiaries, “Nexi Group”) on today’s date entered into an agreement with Intesa Sanpaolo S.p.A. (“ISP”) regarding the purchase of its merchant acquiring activities, which strengthens the existing industrial partnership between the two companies. The transaction, which takes place in the context of an increasingly competitive European market, is consistent with the strategic vision of Nexi – the independent PayTech company supporting Italian banks – and will contribute to accelerate the payments digitization process in Italy.

The purchase concerns the ISP merchant acquiring business consisting of approximately 180,000 merchants who, in the 12 months from October 2018 to September 2019, generated a total volume of transactions equal to approximately Euro 66.2 billion. The consideration payable will be equal to Euro one billion¹. The transaction will generate, in 2020, an expected increase in group EBITDA of approximately Euro 95 million and a high teens increase in cash EPS starting from 2020. The transaction will be entirely financed through financial indebtedness, bringing the net debt/EBITDA ratio expected to approximately 3.4x at the end of 2020, in line with the range announced by the Group at the time of its IPO. The objective of reducing this ratio to 2.0x-2.5x, in the medium-long term, remains confirmed.

The agreement provides also for a more than 20-year partnership in marketing and distribution, thanks to which ISP will promote and distribute to customers the technological solutions and innovative services developed by Nexi Group, with mechanisms allowing for interests adjustment on the basis of pre-arranged targets. At the same time, the current industrial partnership with ISP in issuing and ATM acquiring services, started with the purchase of Setefi in 2016, has been extended, thus aligning its duration with that of the above-mentioned commercial agreement.

The closing of the transaction, which is expected to take place within summer 2020, is subject to clearance by the supervisory authorities.

Thanks to this transaction, Nexi consolidates its positioning in the world of merchant services expanding the operational scale of merchant acquiring activities, while increasing revenue diversification and accelerating innovation among its customers. Nexi strengthens its role of PayTech company, an independent leader in the field of digital payments development in Italy, in partnership with banks.

¹ The agreement provides for the contribution by ISP of the business as a going concern in favor of a subsidiary of Nexi. Against such contribution, ISP will receive newly issued shares of such subsidiary that will be then purchased by Nexi for cash.

Mercury UK HoldCo Limited, Nexi's reference shareholder, communicated today that it signed a separate agreement with ISP providing for the sale to ISP of a stake equal to 9.9% of Nexi share capital, the completion of which is subject to the completion of the above-mentioned transaction with Nexi. No special governance rights regarding Nexi will be granted to ISP.

"The agreement with Intesa Sanpaolo represents another important step in the development of Nexi's strategy, that confirms itself to be a key partner for the banking system in the field of digital payments development, a leverage for the modernization of Italy", commented Paolo Bertoluzzo, Nexi's CEO, "the acquisition of Nexi shares by Intesa Sanpaolo represent for us a further signal of confidence in the Company's development outlook and in its mission of being the PayTech company, an independent partner, of Italian banks".

Nexi was assisted in the transaction by Mediobanca - Banca di Credito Finanziario S.p.A. as lead financial advisor, BofA Securities as financial advisor, Legance - Avvocati Associati and Gitti & Partners as legal advisors, as well as by PWC for the financial and accounting due diligence and by KPMG for the fiscal aspects of the transaction.

The transaction was considered by Nexi, in light of a conservative and substantial reading of the applicable regulations, as transaction between related parties. In fact, the Company, in the context of the negotiation of the transaction with its unrelated counterparty ISP, became aware of the fact that the latter was simultaneously discussing with Mercury UK Holdco Limited, Nexi's parent company and, therefore, its related party, the terms and conditions of a possible acquisition of a stake in the share capital of Nexi. Therefore, the transaction was approved by the Company's Board of Directors following the favourable opinion of the Company's Committee for Related Party Transactions. Nexi will publish, within the terms provided for by law, the informative document pursuant to art. 5, paragraph 1, of Consob Regulation no. 17221/2010 since the transaction qualifies as a transaction of major relevance in light of the exceeding of the thresholds identified by the Company pursuant to art. 4, par. 1, let. a) of the Consob Regulation n. 17221/2010.



Nexi is the leading PayTech company in Italy, listed on MTA of Borsa Italiana. We operate in strong partnership with ~150 partner banks. Our integrated end-to-end omni-channel technology connects banks, merchants and consumers enabling digital payments. We help simplify payments for our clients and digitalize the Italian economy. 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. 890,000 merchants and manages 1.4 million POS terminals;

Cards & Digital Payments: Nexi, together with its partner Banks, manages 41 million payment cards;

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 developed the open banking system in collaboration with the CBI consortium to which the main Italian banks have already adhered.

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