Intermonte

Milan, 06 November 2025

Italian Equity Research – 3Q25 Results

NEXI

OUTPERFORM

Sector: Industrials

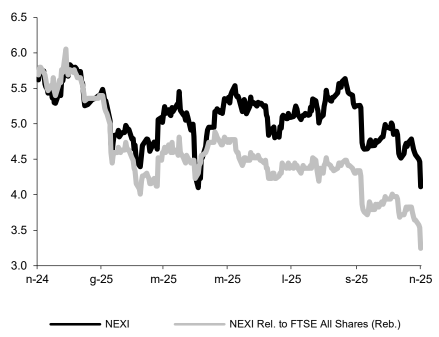
Price: Eu4.11 - **Target: Eu6.60**

A Reset for Margins Outlook but Not for Shareholder Remuneration

Alberto Villa +39-02-77115.431
alberto.villa@intermonte.it
Antonio Gianfrancesco: +39-02-77115.634
antonio.gianfrancesco@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 7.40 to 6.60
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-1.1%	-2.5%	-4.2%

NEXI - 12M Performance



Stock Data			
Reuters code:			NEXII.MI
Bloomberg code:			NEXI IM
Performance	**1M**	**3M**	**12M**
Absolute	-17.1%	-21.6%	-28.2%
Relative	-17.3%	-27.9%	-54.1%
12M (H/L)			5.91/4.10
3M Average Volume (th):			6,720.80

Shareholder Data	
No. of Ord shares (mn):	1,173
Total no. of shares (mn):	1,173
Mkt Cap Ord (Eu mn):	4,820
Total Mkt Cap (Eu mn):	4,820
Mkt Float - Ord (Eu mn):	2,086
Mkt Float (in %):	43.3%
Main Shareholder:	
Hellman & Friedman	22.2%

Balance Sheet Data	
Book Value (Eu mn):	11,116
BVPS (Eu):	9.48
P/BV:	0.4
Net Financial Position (Eu mn):	-4,770
Enterprise Value (Eu mn):	9,590

Nexi 3Q25 results were in line with expectations, confirming the anticipated weaker trends in 2H25 as contract terminations weigh on the comparison. The negative stock reaction to results was likely driven by uncertainty on margin expansion, although this was already somewhat reflected in our expectations. The investment case, in the face of business challenges, is still based on expected strong cash conversion, disciplined capital allocation and an attractive shareholder remuneration profile with >€650mn expected to be returned on 2025 results (~13% yield). On 6 March 2026, the CMD will be key for assessing the group's medium-term ambitions, as operating leverage rebuilds and the group transitions back to a normalised growth trajectory.

- **3Q25 results in line - growth slowed as expected, solid cash generation backdrop.** Nexi reported 3Q25 results broadly in line with expectations, confirming the anticipated slowdown in 2H25. Revenues were €927mn, +1.8% YoY (in line with consensus and our estimates), supported by strong Issuing performance (+6.5% YoY) while Merchant posted modest growth (+0.5% YoY) amid continued churn linked to discontinued banking contracts and weaker in-store spending in selected geographies. DBS declined (-4.8% YoY), reflecting headwinds on the phasing of several projects. Adj. EBITDA was €526mn, flat YoY (in line with our estimates and slightly below consensus), with the margin at 56.8% vs 57.4% in 3Q24.
- **FY25 EBITDA margin expansion guidance down; 4Q to mark peak contract impact.** Management confirmed FY25 guidance for low-to-mid-single-digit revenue growth and ≥€800mn cash generation. However, guidance on EBITDA margin expansion was revised down, with management referring to "positive margin expansion subject to 4Q volumes and mix" vs previous "≥50bps YoY", reflecting limited operating leverage amid the peak impact of the Banco BPM and Cassa Centrale contract terminations. Execution to year-end remains key, with discontinuations expected to steadily ease through 2026 and full strategic visibility to be provided at the March 2026 CMD. Cash generation remains robust and continues to support an attractive capital return profile.
- **Changes to estimates: FY25/26/27 adj. EPS -1.1%/-2.5%/-4.2%.** We trim revenues by ~1% across FY25-27, reflecting softer Merchant trends and a more gradual recovery post contract exits. Cost assumptions broadly unchanged; revisions mainly stem from lower operating leverage and mix, driving EBITDA cuts of ~1%/1.5%/2.6% for FY25-27. For FY25, we now forecast ~10bp YoY EBITDA margin expansion, down from 30bps previously, vs updated management guidance for a positive but unspecified expansion (vs prior ≥50bps). Pre-release, consensus expected a ~50bp expansion; we expect this to be revised, bringing it closer to our stance.
- **OUTPERFORM confirmed. TP cut to €6.6.** Despite a near-term slowdown of growth and a softer margin trajectory, visibility on cash generation remains high, underpinning an attractive shareholder remuneration profile. We confirm the OUTPERFORM rating with a TP of €6.6 (from €7.4), reflecting a lower risk-free rate (3.5% vs 4.0%) offset by a derating of sector multiples and lower estimates. At our TP, cumulative '26-'28 shareholder remuneration equates to 30% of the current mkt cap or 18% of EV.

Key Figures & Ratios	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales (Eu mn)	3,344	3,514	3,598	3,735	3,901
EBITDA Adj (Eu mn)	1,739	1,863	1,909	1,990	2,099
Net Profit Adj (Eu mn)	702	731	790	823	869
EPS New Adj (Eu)	0.535	0.594	0.674	0.702	0.741
EPS Old Adj (Eu)	0.535	0.594	0.681	0.720	0.773
DPS (Eu)	0.000	0.250	0.285	0.322	0.364
EV/EBITDA Adj	8.4	6.7	5.0	4.7	4.3
EV/EBIT Adj	11.3	9.0	6.8	6.5	6.0
P/E Adj	7.7	6.9	6.1	5.9	5.5
Div. Yield	0.0%	6.1%	6.9%	7.8%	8.9%
Net Debt/EBITDA Adj	3.0	2.7	2.5	2.3	2.0

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	32.06%
OUTPERFORM:	39.69%
NEUTRAL:	27.49%
UNDERPERFORM:	00.76%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

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OUTPERFORM:	29.87%
NEUTRAL:	18.18%
UNDERPERFORM:	01.30%
SELL:	00.00%

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