NEXI

NEUTRAL

Sector: Industrials

Price: Eu4.18 - **Target: Eu3.60**

Better Start, but Not Out of the Woods Yet

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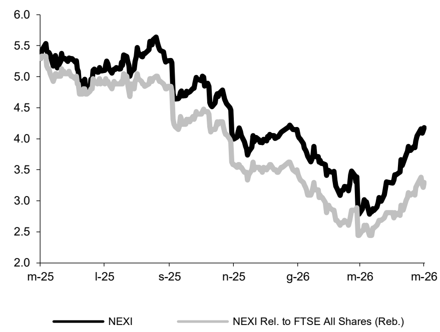
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 3.10 to 3.60
	2026E	**2027E**	**2028E**
Chg in Adj EPS	0.8%	1.2%	1.2%

NEXI - 12M Performance



Stock Data			
Reuters code:			NEXII.MI
Bloomberg code:			NEXI IM
Performance	**1M**	**3M**	**12M**
Absolute	27.2%	20.4%	-21.0%
Relative	18.6%	13.9%	-48.5%
12M (H/L)			5.64/2.79
3M Average Volume (th):			21,581.98

Shareholder Data	
No. of Ord shares (mn):	1,173
Total no. of shares (mn):	1,173
Mkt Cap Ord (Eu mn):	4,902
Total Mkt Cap (Eu mn):	4,902
Mkt Float - Ord (Eu mn):	2,641
Mkt Float (in %):	53.9%
Main Shareholder:	
Hellman & Friedman	22.2%

Balance Sheet Data	
Book Value (Eu mn):	7,469
BVPS (Eu):	6.37
P/BV:	0.7
Net Financial Position (Eu mn):	-4,548
Enterprise Value (Eu mn):	9,450

After Nexi's 1Q results we have a slightly more constructive but still cautious view. Quarterly results were better than expected: revenues, EBITDA and margins beat our estimates, supported by resilient underlying growth, strong Issuing and solid cost discipline. The call also provided positive messages on execution focus and commercial initiatives. However, we do not believe the release is sufficient to change our view on the equity story considering 1Q benefited from favourable cost phasing, while costs are expected to increase as we move forwards due to strategic investments and a normalising comparison. Visibility on cash generation remains high, supporting attractive shareholder remuneration. We nevertheless believe a clearer turning point is needed, which will not just depend on easing bank contract headwinds, but also the macro backdrop, as softer consumer spending in some areas could dilute the benefit of easier comparisons.

- **1Q26 results: slightly above, supported by Issuing/DBS and cost phasing.** Revenues came in at €821mn, +1.0% YoY and +1.4% vs. our estimates, slightly better than expected thanks to stronger Issuing (€278mn, +4.7% YoY) and DBS (€89mn, +2.8% YoY), supported by healthy volumes, favourable project phasing, DACH onboarding and new initiatives. Merchant remained weak at €454mn (-1.4% YoY; underlying +3%), as bank contract headwinds and a lower project contribution offset volume growth and the ramp-up of the Bancomat hub. Costs were broadly in line at €425mn (-0.4% YoY), but with a different mix vs. expectations: personnel costs were higher, reflecting inflation and recruitment, while operating costs were lower on efficiencies, AI initiatives and favourable phasing. EBITDA reached €397mn, +2.6% YoY and +2.6% vs. our estimates, with a 48.3% margin (+73bp YoY; +58bp vs. our estimates).
- **2026 guidance confirmed despite better 1Q.** Nexi confirmed FY26 targets: revenue growth in line vs. FY25, EBITDA flat YoY and excess cash of €750mn. Our estimates are aligned, but we consider confirmation of guidance to reflect prudence on cost phasing in the coming quarters and macro uncertainty, with recovery still back-end loaded in 2H26.
- **Change in estimates. FY26/27/28 adj. EPS +0.8%/+1.2%/+1.2%.** We are only tweaking our forecasts, as FY26 guidance was confirmed and our post-CMD estimates already embedded a cautious growth and margin profile. We are raising our FY26-28 revenue estimates by +0.2%/+0.3%/+0.3%, mainly reflecting a better start in Issuing and DBS, while Merchant remains broadly unchanged in FY26. EBITDA increases by +0.5%/+0.7%/+0.7%, with margins still broadly stable at c.51-52%. We are only making a limited change in the cost mix as 1Q trends should not be fully extrapolated: personnel costs face a tougher comparison from 2Q, while operating costs are expected to rise with strategic investments and normalisation of phasing. Excess cash generation and DPS are unchanged.
- **NEUTRAL confirmed; target at €3.6 from €3.1.** Following our estimate revisions, we are updating our valuation based on an equal-weighted average of DCF and peer multiples, deriving a fair value of €3.6ps. While this remains slightly below the current market price, we see it as a reasonable valuation floor, supported by Nexi's visible cash generation and shareholder remuneration profile. In particular, we estimate cumulative shareholder distributions of ~€1.1bn over 2026-28, corresponding to ~25% of Nexi's market cap at our target price, while the expected ~€750mn excess cash generation in 2026 implies an ~18% FCF yield at our TP. On this basis, we confirm our NEUTRAL rating.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	3,519	3,588	3,659	3,739	3,866
EBITDA Adj (Eu mn)	1,858	1,905	1,897	1,920	1,980
Net Profit Adj (Eu mn)	725	787	763	771	801
EPS New Adj (Eu)	0.589	0.671	0.651	0.658	0.683
EPS Old Adj (Eu)	0.589	0.671	0.645	0.650	0.675
DPS (Eu)	0.250	0.300	0.315	0.337	0.361
EV/EBITDA Adj	6.7	5.6	5.0	4.7	4.4
EV/EBIT Adj	9.1	7.5	6.8	6.5	6.1
P/E Adj	7.1	6.2	6.4	6.4	6.1
Div. Yield	6.0%	7.2%	7.5%	8.1%	8.6%
Net Debt/EBITDA Adj	2.7	2.6	2.4	2.2	1.9

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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.

Explanation of our ratings system:

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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As at 8 May 2026 Intermonte's Research Department covered 136 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.35%
OUTPERFORM:	38.97%
NEUTRAL:	28.68%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (80 in total) is as follows:

BUY:	53.75%
OUTPERFORM:	30.00%
NEUTRAL:	15.00%
UNDERPERFORM:	01.25%
SELL:	00.00%

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