

NEXI

Sector: Industrials

OUTPERFORM

Price: Eu6.07 - Target: Eu8.10

1Q OK, Guidance Confirmed, Buyback: No News is Good News!

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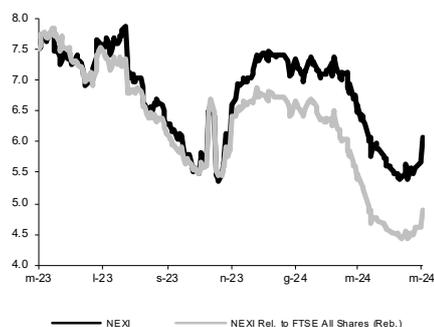
Stock Rating

Rating: Unchanged

Target Price (Eu): Unchanged

	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

NEXI - 12M Performance



Stock Data

Reuters code: NEXII.MI

Bloomberg code: NEXI IM

Performance	1M	3M	12M
Absolute	8.9%	-15.3%	-19.2%
Relative	7.7%	-25.2%	-43.0%
12M (H/L)		7.87/5.37	
3M Average Volume (th):		5,230.08	

Shareholder Data

No. of Ord shares (mn):	1,312
Total no. of shares (mn):	1,274
Mkt Cap Ord (Eu mn):	7,961
Total Mkt Cap (Eu mn):	7,961
Mkt Float - Ord (Eu mn):	3,293
Mkt Float (in %):	41.4%
Main Shareholder:	
Hellman & Friedman	19.9%

Balance Sheet Data

Book Value (Eu mn):	4,036
BVPS (Eu):	3.17
P/BV:	1.9
Net Financial Position (Eu mn):	-4,506
Enterprise Value (Eu mn):	12,233

■ **1Q24 results a touch above expectations. FY24 guidance confirmed and €500mn buyback program starting.** Nexi's 1Q24 results were slightly better than our EBITDA estimate and broadly in line with consensus, while revenues were in line, with a slightly different growth mix vs our expectation. Total revenues at €782mn (+6% YoY) with the contribution to growth from Merchant Solutions (+7% YoY) mainly related to double-digit growth of E-commerce and volume growth of international schemes (double-digit in DACH and high single-digit in Italy). Positive growth contributions also came from Issuing Solutions revenues (+5% YoY, slightly below our estimate), and Digital Banking Solutions revenues (+4% YoY, slightly above our estimate and consensus). EBITDA (+8.6% YoY) margin at 46.3%, +112 bps YoY and 127bp better than our estimate with OpEx starting to benefit from redundancy plans begun in 2024. Net financial position at €5,035mn, declining from €5,262mn as at 31 December with the NFP / EBITDA ratio at 2.8x from 3.0x as at the end of 2023.

■ **Key highlights from conf call: i) Expected operating trends:** management confident of confirming expectations for growth resilience in the rest of the year with a slowdown expected in issuing due to a more challenging YoY comparison in 2H24, while for the merchant business, good resilience of non-discretionary spending volumes in all geographies should support the growth path; **ii) Sabadell:** currently no date set for closing the deal pending approval by the authority. In the meantime, management is monitoring the evolution of BBVA's offer on Banco Sabadell although they are relaxed about the deal closing. The agreement includes clauses allowing the parties to exit the deal in the event of a change of control; **iii) Financial leverage:** no need to refinance debt in 2024/2025 as use of available cash to refinance maturities is confirmed: €220mn in bonds expired in April while the next maturities include €536mn in 4Q24 and €507mn in 2025; **iv) UniCredit:** the current partnership on issuing is valid until 2036, while Nexi management said it was ready to support their wish to enhance digital payments, even involving a possible extension of the partnership to the merchant sphere if they require; **v) the presentation also focused on the evolution of payment software:** Europe remains fragmented and Nexi is the partner of choice for main operators; rising entry barriers for large international operators offering a standardized value proposition.

■ **Estimates confirmed.** Our FY24 estimates are broadly aligned to company guidance with a slightly more conservative view on EBITDA margin expansion at 52.6% in FY24 (-40bps vs guidance) and 53.1%/54.1% in 2025/2026 respectively. We keep our FY24 estimates unchanged and believe 1Q increases visibility on FY24 guidance.

■ **OUTPERFORM, TP at €8.1 confirmed.** We confirm OUTPERFORM considering that at our TP, Nexi would be trading at 14.6x/14.0x 2024/25 P/E. Our target does not include any premium for speculative appeal (fair value in a bid scenario at ~€9ps). The business environment remains challenging but the increased visibility on excess cash generation, the start of the buy-back, and lower concerns on leverage should allow for a re-rating following the highly negative relative and absolute stock performance in the past 12/24 months.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	3,143	3,344	3,513	3,695	3,897
EBITDA Adj (Eu mn)	1,592	1,739	1,848	1,961	2,109
Net Profit Adj (Eu mn)	678	702	743	777	845
EPS New Adj (Eu)	0.529	0.535	0.583	0.629	0.684
EPS Old Adj (Eu)	0.529	0.542	0.583	0.629	0.684
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	11.2	8.4	6.6	5.7	4.9
EV/EBIT Adj	15.3	11.3	8.9	7.7	6.6
P/E Adj	11.5	11.3	10.4	9.6	8.9
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	3.4	3.0	2.4	1.9	1.3

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
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- 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)

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Frequency of research: quarterly.

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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;

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BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

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BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short
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