

NEXI

Sector: Industrials

OUTPERFORM

Price: Eu4.89 - Target: Eu7.40

Softer Growth, Strong Cash Generation Still the Key Driver

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Stock Rating

Rating: Unchanged

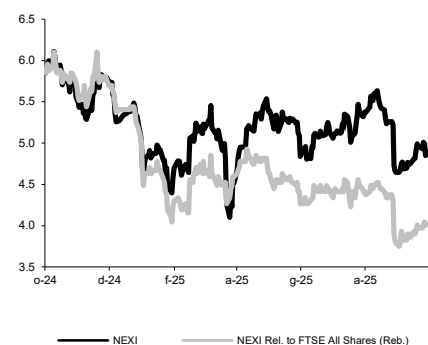
Target Price (Eu): from 8.00 to 7.40

	2025E	2026E	2027E
Chg in Adj EPS	-2.0%	-3.5%	-5.7%

Next Event

Results Out: Nov-5

NEXI - 12M Performance



Stock Data

Reuters code: NEXI.MI

Bloomberg code: NEXI IM

Performance	1M	3M	12M
Absolute	5.4%	-4.6%	-15.7%
Relative	6.2%	-9.7%	-38.6%
12M (H/L)		6.11/4.10	
3M Average Volume (th):		6,121.55	

Shareholder Data

No. of Ord shares (mn):	1,173
Total no. of shares (mn):	1,173
Mkt Cap Ord (Eu mn):	5,738
Total Mkt Cap (Eu mn):	5,738
Mkt Float - Ord (Eu mn):	2,635
Mkt Float (in %):	45.9%
Main Shareholder:	
Hellman & Friedman	21.2%

Balance Sheet Data

Book Value (Eu mn):	11,125
BVPS (Eu):	9.49
P/BV:	0.5
Net Financial Position (Eu mn):	-4,770
Enterprise Value (Eu mn):	10,508

Nexi will report 3Q25 results on 5 November. After a solid first half, we expect the figures to confirm the gradual normalisation of growth and profitability following contract terminations and amid a softer consumer environment. Estimate revisions reflect a slightly more cautious stance on revenue growth and margin expansion although we still expect Nexi to show improving results in the future. The equity story remains focused on cash generation and shareholder remuneration, with visibility still high despite softer revenue trends in the second half. The >€650mn capital distribution planned on 2025 results (dividends + buyback) represents a yield above 11% at current prices, providing support for the stock, in our view.

■ **3Q25 preview – slowest revenue growth of the year as contract terminations and cost normalisation weigh in.** We expect 3Q25 revenues at €925mn (+1.6% YoY), the slowest growth rate of the year, reflecting the full impact of the Banco BPM and Cassa Centrale contract terminations and a softer consumer environment over the summer, particularly in the Nordics. EBITDA is seen at €526mn (+0.6% YoY) with a 56.8% margin (-56bps YoY), as the easy cost comparison that benefited 1H25 fades away. Overall, trends remain consistent with FY25 guidance for low-to-mid single-digit revenue growth and at least 50bp margin expansion.

■ **FY25 targets broadly achievable, with margin outlook more cautious.** Nexi's FY25 guidance should be confirmed by 3Q results, as current trends remain broadly consistent with management's targets. Revenue growth is tracking within the low-to-mid single-digit range, while cash generation above €800mn appears at reach. On the EBITDA margin, both our forecasts and consensus are currently slightly below the company target of at least +50bp expansion vs. FY24, as the softer revenue growth expected in 2H25 is unlikely to fully offset the less favourable cost comparison. We expect management to provide additional context on this target during the results call.

■ **Change in estimates: FY25/26/27 adj. EPS -2.0%/-3.5%/-5.7%.** Our 3Q25 assumptions have prompted us to slightly revise our 2025-27 estimates to reflect a softer 2H25 operating environment. Revenue forecasts are revised down by ca. 1% on average, mainly due to slower Merchant volume growth and the full effect of the Banco BPM and Cassa Centrale contract terminations. EBITDA estimates have been reduced by -1.3% for FY25 and -3.7% for FY27, as the normalisation of costs in 2H25 limits further margin expansion after the strong ~86bp improvement in 1H25. Cash generation remains broadly unchanged, while the recent cancellation of 57.6mn shares following the 2025 buyback offsets part of the earnings downgrade, resulting in adjusted EPS down -2.0%/-3.5%/-5.7% for FY25-27.

■ **OUTPERFORM confirmed; target €7.4 (from €8.0).** With revenue growth and margin expansion normalising, Nexi's equity story now hinges on cash generation and shareholder returns. Strong visibility on excess cash generation supports attractive valuation multiples. We confirm our OUTPERFORM rating with a Target Price of €7.4 (from €8.0), based on DCF and peer multiples. The lower TP mainly reflects revised estimates, while cumulative 2026–2028 shareholder remuneration equals ~25% of the market cap or ~17% of the average EV.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	3,344	3,514	3,605	3,760	3,950
EBITDA Adj (Eu mn)	1,739	1,863	1,922	2,021	2,155
Net Profit Adj (Eu mn)	702	731	798	844	907
EPS New Adj (Eu)	0.535	0.594	0.681	0.720	0.773
EPS Old Adj (Eu)	0.535	0.594	0.695	0.746	0.820
DPS (Eu)	0.000	0.250	0.285	0.322	0.364
EV/EBITDA Adj	8.4	6.7	5.5	5.1	4.6
EV/EBIT Adj	11.3	9.0	7.4	6.9	6.3
P/E Adj	9.1	8.2	7.2	6.8	6.3
Div. Yield	0.0%	5.1%	5.8%	6.6%	7.4%
Net Debt/EBITDA Adj	3.0	2.7	2.5	2.2	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:	31.30%
OUTPERFORM:	38.93%
NEUTRAL:	29.77%
UNDERPERFORM:	00.00%
SELL:	00.00%

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BUY:	51.32%
OUTPERFORM:	31.58%
NEUTRAL:	17.10%
UNDERPERFORM:	00.00%
SELL:	00.00%

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