Milan, 09 May 2025

**Italian Equity Research – 1Q25 Results**

# NEXI

# OUTPERFORM

*Sector: Industrials*

Price: Eu5.40 - **Target: Eu7.80**

## Strong Start to Year Provides Shelter from Macro Uncertainty


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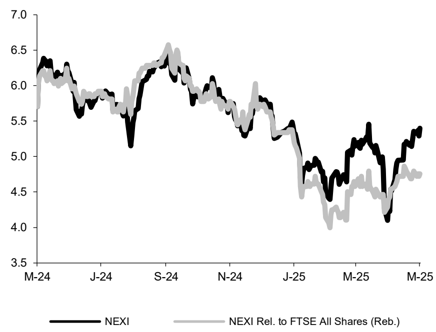
| Stock Rating | | | |
|---|---|---|---|
| **Rating:** | | | Unchanged |
| **Target Price (Eu):** | | | from 8.10 to 7.80 |
| | **2025E** | **2026E** | **2027E** |
| **Chg in Adj EPS** | 0.2% | 0.2% | 0.2% |

**NEXI - 12M Performance**




| Stock Data | | | |
|---|---|---|---|
| Reuters code: | | | NEXII.MI |
| Bloomberg code: | | | NEXI IM |
| **Performance** | **1M** | **3M** | **12M** |
| Absolute | 25.3% | 20.3% | -5.3% |
| Relative | 9.7% | 15.1% | -18.9% |
| 12M (H/L) | | | 6.43/4.10 |
| 3M Average Volume (th): | | | 7,238.37 |

| Shareholder Data | |
|---|---|
| No. of Ord shares (mn): | 1,230 |
| Total no. of shares (mn): | 1,174 |
| Mkt Cap Ord (Eu mn): | 6,643 |
| Total Mkt Cap (Eu mn): | 6,643 |
| Mkt Float - Ord (Eu mn): | 2,524 |
| Mkt Float (in %): | 38.0% |
| Main Shareholder: | |
| Hellman & Friedman | 21.2% |

| Balance Sheet Data | |
|---|---|
| Book Value (Eu mn): | 11,140 |
| BVPS (Eu): | 9.49 |
| P/BV: | 0.6 |
| Net Financial Position (Eu mn): | -4,766 |
| Enterprise Value (Eu mn): | 11,104 |

**Nexi reported 1Q25 results that were solid and in line with expectations. 2025 guidance was confirmed, as expected, in spite of increased macro uncertainty. We believe 2025 guidance is achievable, along with the crucial target of gradually increasing excess cash generation. This is the bedrock of the attractive shareholder remuneration indicated by the company (dividends + buyback) equal to €600mn in 2025, which at current market prices represents a yield of >9%. We expect the launch of the buyback on 21st May to support the stock price over the coming months.**

- **1Q25 results in line - €300mn buyback to start on 21st May.** Nexi's 1Q25 results were in line with our estimates and consensus, and the company also confirmed the FY25 guidance announced in February. The €300mn buyback announced along with FY24 results will get underway on 21st May, the same day as the €300mn dividend payment. 1Q25 revenues came to €810mn, +3.7% YoY (in line with consensus, our estimates and preliminary indications). Adj. EBITDA was €387mn, +7% YoY (slightly better than consensus and our €381mn estimate). EBITDA margin 47.8% (vs. 46.3% in 1Q24). NFP/EBITDA 2.5x vs. 2.7x at YE24, in line with structural guidance for below 2.5x. Total costs +0.8% YoY with staff costs down 5.3% mainly thanks to the favourable comparison related to the one-off redundancy plan costs in 1Q24.
- **Confident of hitting guidance even in a macro slowdown.** Management remains conscious of macro developments, but remains very confident of achieving FY25 guidance. 1Q25 is likely to prove the best quarter this year, with the top line set to be hit by some disruption arising from Italian banking sector consolidation, while the favourable YoY comparison on staff costs will be less evident in the coming quarters. The CEO indicated there remains room to reduce inefficiencies, but no particularly large plan, as executed last year, is currently being studied.
- **Change in estimates: FY25/26/27 adj. EPS +0.2%/+0.2%/+0.2%.** Our FY25 estimates were already largely in line with company guidance, which was confirmed in full. For this reason, we are only tweaking personnel expenses after better-than-expected figures in 1Q25. As a result, our FY25 EBITDA margin estimate is currently 53.5% vs. 53.0% in FY24, aligned with guidance for an expansion of at least 50bp YoY in 2025. Despite the one-off easy comparison in 1Q25, we believe the ~150bp margin expansion was very positive, enhancing visibility on achieving >+50bp YoY in FY25.
- **OUTPERFORM confirmed; target €7.8 (from €8.1).** We recognise that main European competitor Worldline is trading at extremely depressed multiples, but Nexi is showing much stronger operating trends and visibility on excess cash generation, making multiples undemanding, especially considering attractive shareholder remuneration. Finally, recent sector M&A in the US confirmed the appeal of digital payment players and potential future M&A opportunities could unlock value for Nexi and its shareholders. We confirm our OUTPERFORM rating, with a target of €7.8, down from €8.1 based on a DCF and peer multiple valuation. The TP decrease is mainly related to the higher market ERP (from 5.50% to 6.00%). On our TP, cumulative 2025-2028 shareholder remuneration is equal to ~25% of the current market cap or ~16% on EV.

| Key Figures & Ratios | 2023A | 2024A | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| Sales (Eu mn) | 3,344 | 3,514 | 3,639 | 3,818 | 4,042 |
| EBITDA Adj (Eu mn) | 1,739 | 1,863 | 1,946 | 2,068 | 2,239 |
| Net Profit Adj (Eu mn) | 702 | 731 | 814 | 869 | 952 |
| EPS New Adj (Eu) | 0.535 | 0.594 | 0.693 | 0.740 | 0.811 |
| EPS Old Adj (Eu) | 0.535 | 0.594 | 0.692 | 0.739 | 0.810 |
| DPS (Eu) | 0.000 | 0.250 | 0.285 | 0.322 | 0.364 |
| EV/EBITDA Adj | 8.4 | 6.7 | 5.7 | 5.2 | 4.7 |
| EV/EBIT Adj | 11.3 | 9.0 | 7.8 | 7.2 | 6.4 |
| P/E Adj | 10.1 | 9.1 | 7.8 | 7.3 | 6.7 |
| Div. Yield | 0.0% | 4.6% | 5.3% | 6.0% | 6.7% |
| Net Debt/EBITDA Adj | 3.0 | 2.7 | 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 of 5.5% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the S&PMIB40 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.
As at 31 March 2025 Intermonte's Research Department covered 131 companies.
As of today Intermonte's distribution of stock ratings is as follows:

| | |
|---|---|
| BUY: | 32.59 % |
| OUTPERFORM: | 37.78 % |
| NEUTRAL: | 29.63 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

| | |
|---|---|
| BUY: | 52.70 % |
| OUTPERFORM: | 29.73 % |
| NEUTRAL: | 17.57 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

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