

NEXI

Sector: Industrials

OUTPERFORM

Price: Eu7.65 - Target: Eu11.40

Good Start to the Year, Confirming FY Estimates

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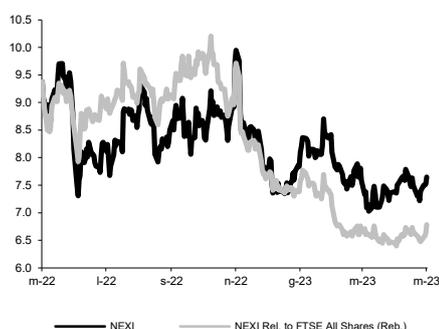
Stock Rating

Rating: Unchanged

Target Price (Eu): Unchanged

	2023E	2024E
Chg in Adj EPS	0.0%	0.0%

NEXI - 12M Performance



Stock Data

Reuters code: NEXII.MI

Bloomberg code: NEXI IM

Performance	1M	3M	12M
Absolute	3.5%	-5.5%	-18.4%
Relative	5.2%	-4.7%	-31.4%
12M (H/L)			9.95/7.03
3M Average Volume (th):			3,150.44

Shareholder Data

No. of Ord shares (mn): 1,310

Total no. of shares (mn): 1,312

Mkt Cap Ord (Eu mn): 10,023

Total Mkt Cap (Eu mn): 10,023

Mkt Float - Ord (Eu mn): 3,197

Mkt Float (in %): 31.9%

 Main Shareholder:
 Evergood H&F 19.9%

Balance Sheet Data

Book Value (Eu mn): 1,946

BVPS (Eu): 1.48

P/BV: 5.2

Net Financial Position (Eu mn): -5,175

Enterprise Value (Eu mn): 15,209

■ **1Q23 broadly in line with expectations.** The company reported revenues in 1Q23 of €741.8mn, up 9.1% YoY (in line with our estimate, but a touch better than consensus [1.3%]) thanks to higher Merchant Solutions and Issuing Solutions revenues. EBITDA was €335.8mn, up 13.7% YoY with 45.3% margin (vs 43.4% in 1Q22). Personnel costs increased 8.8% YoY, while operating costs rose 2.7%. EBITDA was in bang in line with consensus, while our estimate was a bit more optimistic on lower costs (€342mn). The net financial position increased from €5.4bn as at the end of 2022 to €5.52bn, although this included the cash-out for the acquisition of the ISP merchant book in Croatia, completed in February 2023. **By geography**, revenues in Italy were up 9.5% YoY (11.8% gross of scheme fees), Nordics up 7.7% (7.5% gross), DACH & Poland up 9.8% (13.1% gross) and SE Europe & Other up 7.9% (10.7% gross). 1Q23 results by division:

- **Merchant Solutions:** revenues were €412.5mn, up 11.5% YoY and in line/1.4% higher than our/consensus expectations. The number of managed transactions grew by 16.9%, with value increasing 11.4%, driven by international schemes (+20.2% and 14.9% respectively). Gross of scheme fees, revenues were up 14.0%, compared to Worldline's +12.6%;
- **Issuing Solutions:** revenues increased by 8.2% YoY to €246.5, up 1.1%/1.9% compared to our/consensus expectations. The number of managed transactions increased by 14.1%, with value increasing 11.8%, again driven by international schemes (+17.4% and +16.1% respectively). The company highlighted positive contract renewals across geographies, with healthy price dynamics, and continued up/cross-selling of VAS and more valuable propositions;
- **Digital Banking Solutions:** revenues were basically stable at €82.8mn (+0.6% YoY), and 3.2%/0.2% lower than our/consensus expectations. Strong volume growth was broadly offset by the impact of banking consolidation in Italy in 2022.

■ **Guidance confirmed.** Management confirmed 2023 guidance of >7% revenue growth, >10% EBITDA growth and at least €600mn excess cash generation. In the confcall, management highlighted that double-digit volume growth continued in April, but that in any case they expected 1Q23 to show the highest growth given the tougher comp base going forward and an expected deceleration in consumption. Ultimately, the macro environment will drive under/over-performance

■ **No change to the equity story.** 1Q23 results show a good start to the year, as expected; however, at present this will not lead to more optimistic expectations on FY estimates. Our 7.3% expected top-line growth for 2023 implies a rate for the remaining 9M of the year of 6.8%, which looks achievable despite macro uncertainties. The valuation remains very depressed and we note that the under-performance vs WLN appears to be unjustified, also considering the better organic performance in the last few quarters.

Key Figures & Ratios	2021A	2022A	2023E	2024E
Sales (Eu mn)	2,269	3,260	3,372	3,635
EBITDA Adj (Eu mn)	1,094	1,613	1,757	1,983
Net Profit Adj (Eu mn)	451	693	755	934
EPS New Adj (Eu)	0.433	0.529	0.575	0.712
EPS Old Adj (Eu)	0.433	0.529	0.575	0.712
DPS (Eu)	0.000	0.000	0.000	0.000
EV/EBITDA Adj	20.1	11.1	8.7	7.2
EV/EBIT Adj	27.7	15.1	11.6	9.4
P/E Adj	17.6	14.5	13.3	10.7
Div. Yield	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	4.7	3.3	2.9	2.1