



CDP: the digital payments champion is born

The SIA-Nexi merger given the green light

The merger creates a European paytech leader in the digital payments market with a market capitalisation among the top 10 in Italy

The deal is a key driver in the country's digital transition efforts as it promotes the more widespread use of electronic transactions benefiting individuals, businesses, public administrations and banks

The merger is part of CDP's strategy launched in 2014 to increase the value of SIA. This strategy has allowed the company to grow and position itself as a global player, offering a portfolio of solutions, technologies and expertise in all areas of best-in-class digital payments on an international level

CDP confirms its role as the principal investor in the country's infrastructure and partner in the development and innovation strategies of its subsidiaries, which is in line with the objectives of the 2019-21 Business Plan

Rome, 5 October 2020 - Acting on a proposal by CEO Fabrizio Palermo, the Board of Directors of CDP, chaired by Giovanni Gorno Tempini, has given the go-ahead to CDP Equity to proceed with the merger of its subsidiary SIA into Nexi (a subsidiary of Mercury UK HoldCo, the investment vehicle owned by funds managed by Bain Capital, Advent and Clessidra).

The merger will create the largest payments processor in Europe in terms of the number of merchants served and cards managed, with a presence across 4 continents and 50 countries, and pro-forma aggregate revenues of over 1.8 billion euro and EBITDA of over 1,000 million euro (2019 figures), including estimated synergies. The merged company will be one of the top ten companies by market capitalisation on the Milan Stock Exchange, with a free float of over 40% and governance that is aligned with the best international market standards.

The merger of SIA into Nexi is a key driver for developing the technological infrastructure and services essential for operating payment systems and accessing financial markets, which are fundamental elements for accelerating the country's digital transition.



The new company will be able to develop an integrated range of solutions for the entire payment system, promoting the more widespread use of electronic transactions benefiting individuals, businesses, public administrations and banks and providing favourable systemic effects. The Bank of Italy estimates that in a market like Italy where digital payments, despite being on the rise, have a penetration rate of 25% - much lower than the European average - the increase in the number of transactions made via cashless forms of payment could reduce the cost to the economy by around 7 billion euro (0.44% of GDP).

The new Group will be an increasingly independent and key partner for the entire banking and financial system. It will also be a major technological partner for Borsa Italiana - another project in which CDP is strongly committed - namely, by providing MTS and Monte Titoli with trading and post-trading services.

The deal is part of a long-term strategy to increase the value of SIA being pursued by CDP which involved the acquisition of an equity investment from the leading Italian banking groups in 2014, taking control of the company in 2018 and starting the consolidation process with Nexi today.

Thanks in part to CDP's support, the company has grown significantly over the years (with turnover increasing by more than 10% on average per year and the number of employees increasing from 1,500 to over 3,500), strengthening its technological leadership through continuous investments in innovation and expanding in international markets both organically and through acquisitions.

The transaction also paves the way for expansion into foreign markets, with plans to position the merged company as a technological leader and accelerator of innovation in the digital payments sector at an international level, including through extraordinary transactions.

CDP, indirectly through CDP Equity, headed by Pierpaolo Di Stefano, will hold a combined stake of just over 25% of the New Group's share capital and voting rights, making it the relative majority shareholder. As an anchor investor, it will therefore be able to provide the new group with even greater support for its development both nationally and internationally. A shareholders' agreement between CDP Equity, FSIA and Mercury will then be executed that will be effective from the transaction closing date.

This transaction is a significant achievement for CDP which reinforces its role as the principal investor in the country's infrastructure and partner in the development and innovation strategies of its large strategic equity investments, in line with the objectives of the 2019-2021 Business Plan.

The Chief Executive Officer of Cassa Depositi e Prestiti, Fabrizio Palermo, commented:

"The merger of SIA and Nexi will provide a decisive boost to developing a key infrastructure for Italy and will facilitate the country's transformation in terms of modernisation and digitisation, transparency and security of the payment system, which will benefit businesses, public



administrations and individuals. The new digital payments champion will be able to compete and grow internationally, assuming a leading role in the European market. With the transaction announced today, we continue to achieve the objectives of the CDP Group's Business Plan, which - for its investee companies - envisages the creation of industrial synergies with other partners, to assist them in their development and support the growth of the businesses in the supply chains. This is yet another important milestone in implementing the CDP Group's strategy for SIA, which began last year when it acquired a controlling equity investment in the company. In this way, we safeguard and provide development opportunities to strategic assets for Italy, just as we aim to do with the recent initiative launched with Borsa Italiana and Euronext. The synergies generated by this agreement will create value for all shareholders and will lead the new company, even through extraordinary transactions, to more opportunities for consolidation and growth at an international level".

The Chairman of Cassa Depositi e Prestiti, Giovanni Gorno Tempini, commented:

"Cassa Depositi e Prestiti invested in SIA in 2014, guiding the company during these years and supporting its growth in terms of both size and geographical reach. Today, thanks to the merger with Nexi, CDP guarantees another step forward in SIA's expansion strategy and Nexi makes creating a leading European operator that represents Italian excellence at international level possible. This is an important market transaction that highlights Cassa Depositi e Prestiti's role as a long-term, patient shareholder that is committed to fostering the growth and development of the businesses in which it invests, and prepared to take advantage of all opportunities that arise to create national champions capable of excelling in European and international markets."

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