

The logo for 'nets' is displayed in a dark blue, sans-serif font. The word 'nets' is followed by three small, solid blue circles arranged in a slight upward curve, resembling a stylized smile or a cluster of data points. The background of the slide features a hand holding a credit card over a laptop keyboard, with a white geometric grid pattern overlaid on the entire scene.

nets

# Creating a European payments champion

July 2018

# Disclaimer

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# Agenda

**1** Introduction

**2** Refresher on Nets and Concardis

**3** Combination rationale

**4** Key credit highlights

**5** Financial highlights

# Introduction

- On June 4th 2018, Nets A/S (“Nets” or the “Company”) and the Germany-based Concardis Payment Group (“Concardis”) announced that the two companies would merge under a share exchange transaction. On June 19th 2018, Nets also announced the acquisition of the Poland-based payments company Dotpay (“Dotpay”)
  - The merger with Concardis and the acquisition of Dotpay are subject to the approval of the respective authorities and are expected to close around Q4 2018
- The combined group encompassing Nets, Concardis and Dotpay (the “Group”) will become a leading European payments player, hence validating Hellman & Friedman’s (“H&F”) vision to create a payments European champion following their take-private of Nets (which closed in February 2018)
- As part of the proposed transaction, the refinancing of Concardis’ existing debt of c.€400m and the Dotpay acquisition of c.€75m is expected to be funded via a financing package consisting of:
  - €475m EUR Term Loan B; and
  - €40m equiv. multicurrency add-on Revolving Credit Facility with a view to further bolster liquidity and expected to be undrawn at closing
- Existing shareholders of Concardis, Advent and Bain, will roll their ownership of Concardis into the overall Nets ownership structure
- In addition to the €2.7bn equity from the time of the LBO, the additional rolled equity from Concardis existing shareholders gives a significant equity cushion
- The transaction will reduce net senior secured and total net leverage from 5.4x and 6.9x to 5.3x and 6.5x respectively, based on Financing EBITDA of €490m<sup>1</sup> / DKK3,642m

## Notes

1. Pro forma adjusted EBITDA of DKK 3,642m using FY2017 average actual EUR/DKK FX rate of 7.438

# Investment thesis

## The Group is a leading European payments player

- Strong platform with vertical integration across the card and account-based payments value chain driving network effects and scale
- Excellent track record of innovation and operating in world's most advanced payments regions
- Ideal platform for consolidation in the fragmented European payments sector

## Defensible and stable market position

- **Nets** is #1 digital payments operator in the Nordic region<sup>(1)</sup>, with a fragmented SME customer base and long-term relationships with banking and corporate customers
- **Concardis** is one of the market leaders in the DACH region<sup>(2)</sup>, operating at scale with excellent customer relationships and long-standing, diversified blue-chip and customer base and superior value proposition
- **Dotpay / eCard** is one of the leading e-payments service providers in Poland

## Attractive financial model

- Track record of transaction growth across economic cycles driven by cash to digital payments transition
- Contracted, recurring revenue resulting in significant high free cash flow generation
- Strong operating leverage with further optimisation potential as some of the faster growing areas reach scale

## Initiatives to accelerate growth

- Opportunity to further enhance commercialisation initiatives to accelerate growth and benefit from continued and increased digitalisation of Nordic society driving structural growth
- Expanding selected products and capabilities outside the Nordic region
- The acquisitions provide entry into growing payments markets with significant penetration upside and a structural shift towards international cards and online card usage

## Proven and experienced management team

- Visionary team with interests aligned through equity investment alongside Sponsors
- Strong track record of delivering commitments and financial targets

Source Company Information

### Notes

1. #1 in Denmark, Norway and Finland and #2 in Sweden

2. #1 in Germany, #2 in Switzerland and #3 in Austria

## Transaction rationale



Strong partnership

Strategic fit

Superior customer offerings

Extensive industrial scale

Organic growth and synergies

Solid springboard for further European expansion



# Agenda

**1** Introduction










**2** Refresher on Nets and Concardis

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**5** Financial highlights

# Nets has compelling value proposition to customers through integrated solutions

	Merchant Services (MS)	Financial & Network Services (FNS)	Corporate Services (CS)
Overview	Integrated payment solutions for merchants Omni-channel offering	Operator of only national debit card networks in Denmark and Norway Offers payment and processing solutions to financial institutions	Operating critical account-based payments and digital ID ecosystem primarily to corporates
Primary revenue model	% Of Acquired Transaction Value	Fee per Transaction Processed	Fee per Transaction Processed
KPI (FY2017)	Total transactions value: DKK526bn 11% growth y-o-y	Total transactions processed: DKK5.7bn 9% growth y-o-y	Total transactions volume: 0.92bn 5% growth y-o-y
Net revenue (FY2017)	 33% DKK2,519m	 30% DKK2,313m	 37% DKK2,892m
EBITDA b.s.i. (FY2017)	 33% DKK943m, margin: 37.4%	 32% DKK901m, margin: 39.0%	 35% DKK991m, margin: 34.3%
Key customers	<p><b>Merchants</b></p> 	<p><b>Banks</b></p> 	<p><b>Corporates</b></p> 
Competitive position	#1 in online/mobile and in-store in the Nordics <sup>(1)</sup> Excellent local scale and scope	c.78% of Danish and c.88% of Norwegian issued card transactions volume #1 pan-Nordic payment processor <sup>(2)</sup> A leading operator in European Payment <sup>(3)</sup>	>90% of Danish households use Nets' recurring bill payment for utility bills in Denmark >80% of Norwegians access online/mobile banking using Nets' BankID platform Strong integrated value chain offering

## Notes

1. First Annapolis. Ranking based on number of card payment transactions processed or acquired
2. Management estimate based on First Annapolis report. Ranking based on number of cards processed
3. Based on management estimates



# Concardis is a scale player with a strong track record

For over 35 years successfully operating at scale... (as of 2017)

**€67bn<sup>(1)</sup>**  
Transaction Volume



**€225m<sup>(2),(3)</sup>**  
Net Revenue



**116k**  
Customers

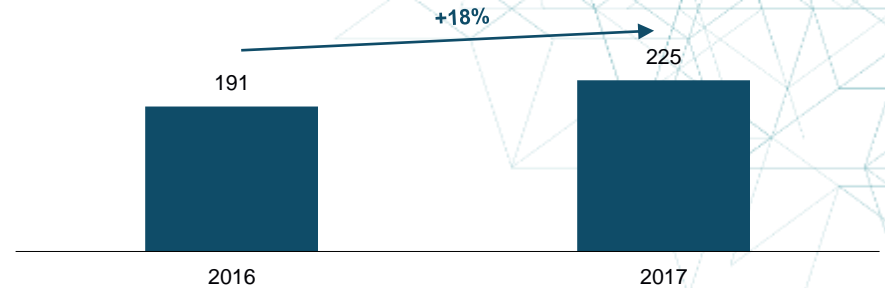


**470k**  
Connected Terminals



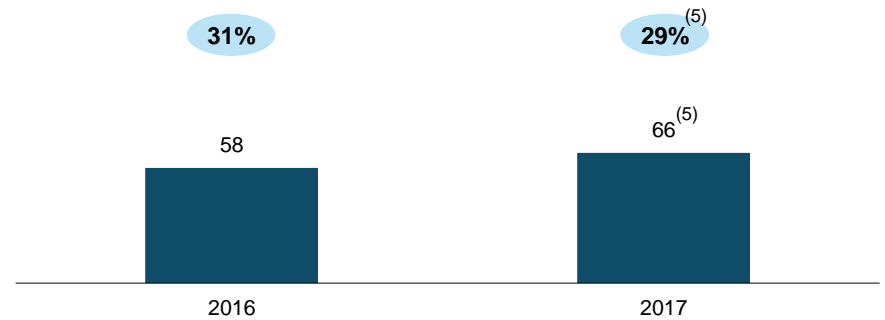
...driving revenue growth... <sup>(2),(4)</sup>

Net revenue <sup>(3)</sup>, €m



...and profitability <sup>(2),(4)</sup>

Adj. EBITDA, €m



Adj. EBITDA Margin (% of Net Revenue)

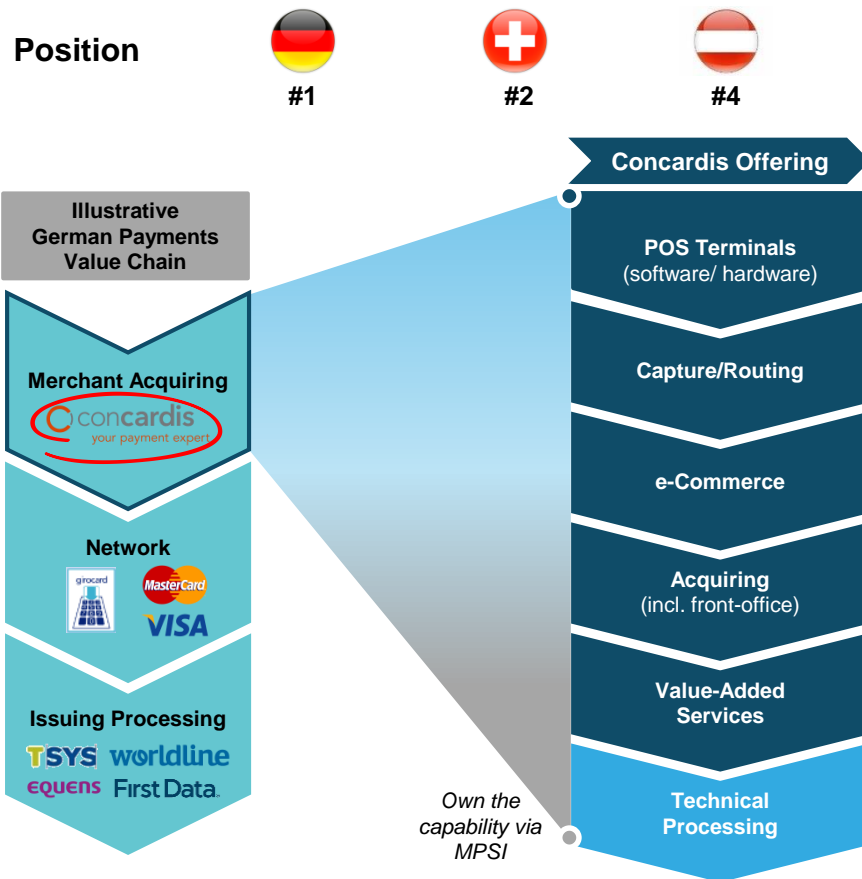
Source Company Information

**Notes**

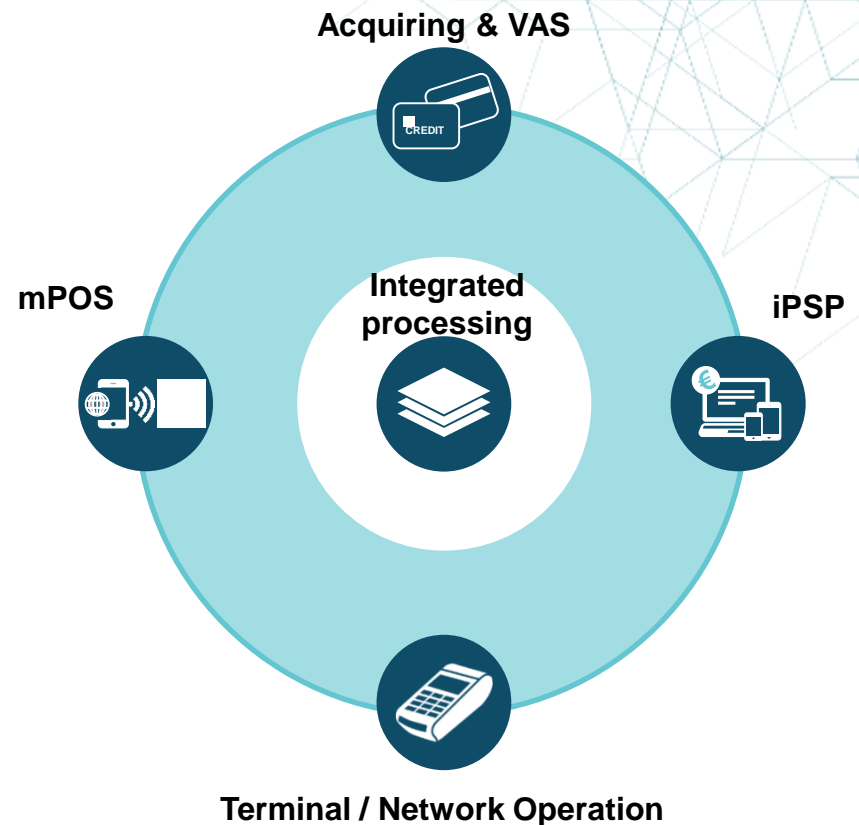
1. Total value of transactions processed by Concardis Payments Group (DACH Merchant Services, MPSI, RatePAY)
2. Based on DACH Merchant Services, MPSI, RatePAY, PCS & Simplepay
3. Based on Contribution Margin 0 before deduction of commissions to sales partners
4. DACH Merchant Services in 2016 adjusted for c.€9.1m net revenue / €9.1m EBITDA of one-time windfall profits
5. Excluding c.€2m of exceptional costs in 2017 not normalised by management, translating into a decrease in adj. EBITDA margin compared to 2016

# Concardis is a leading full-service payment solution provider for DACH merchants

Leading full service provided across the merchant payment value chain



Strategic framework for Concardis centres around 5 pillars



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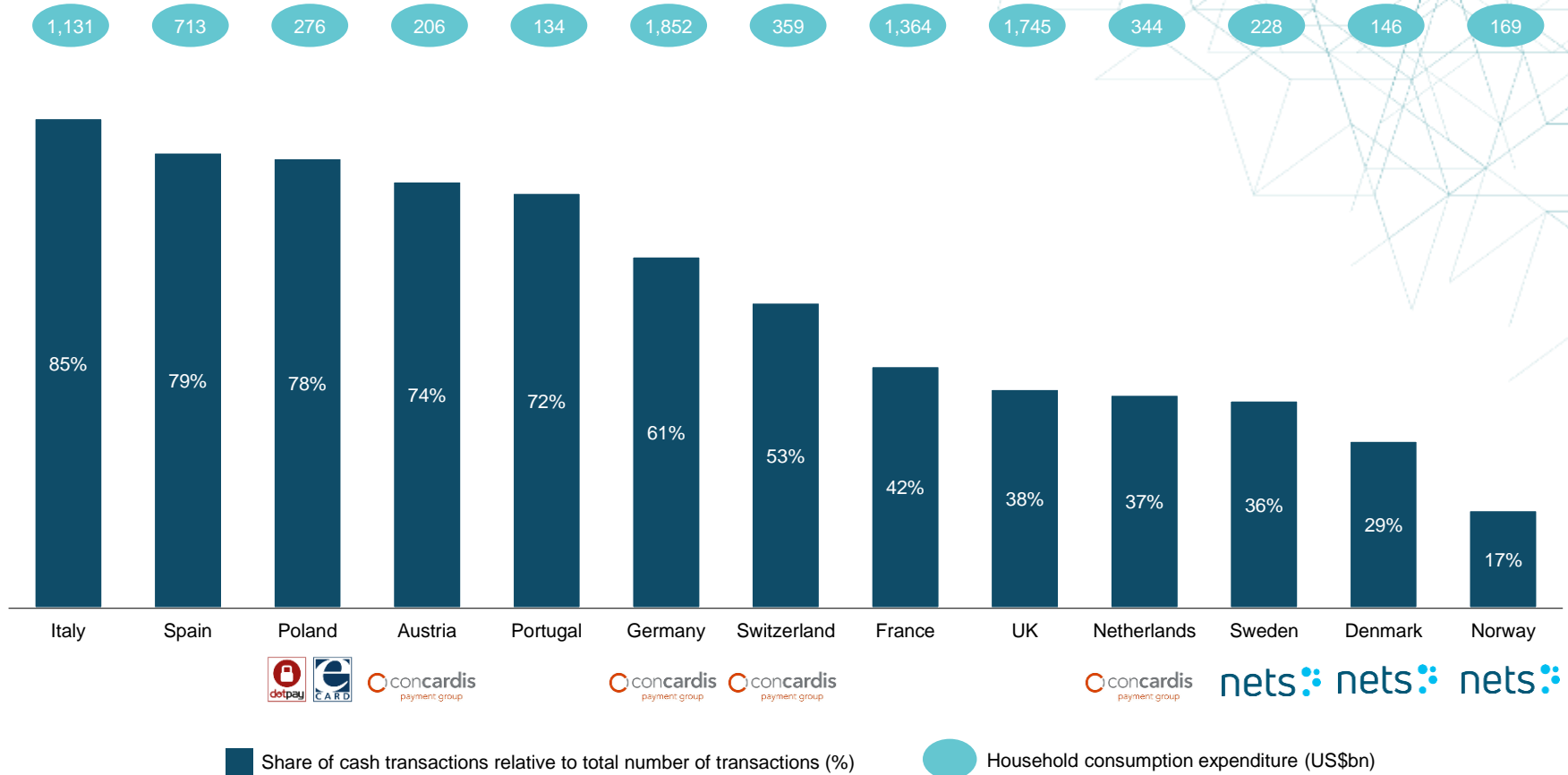
5 Financial highlights

# Laying the foundation for path to long term sustainable growth and to become a continental European payments champion



# 1 Increased focus on both advanced payment countries and markets with penetration upside

Share of cash transactions relative to total number of transactions (%) and household consumption expenditure (US\$bn), 2016

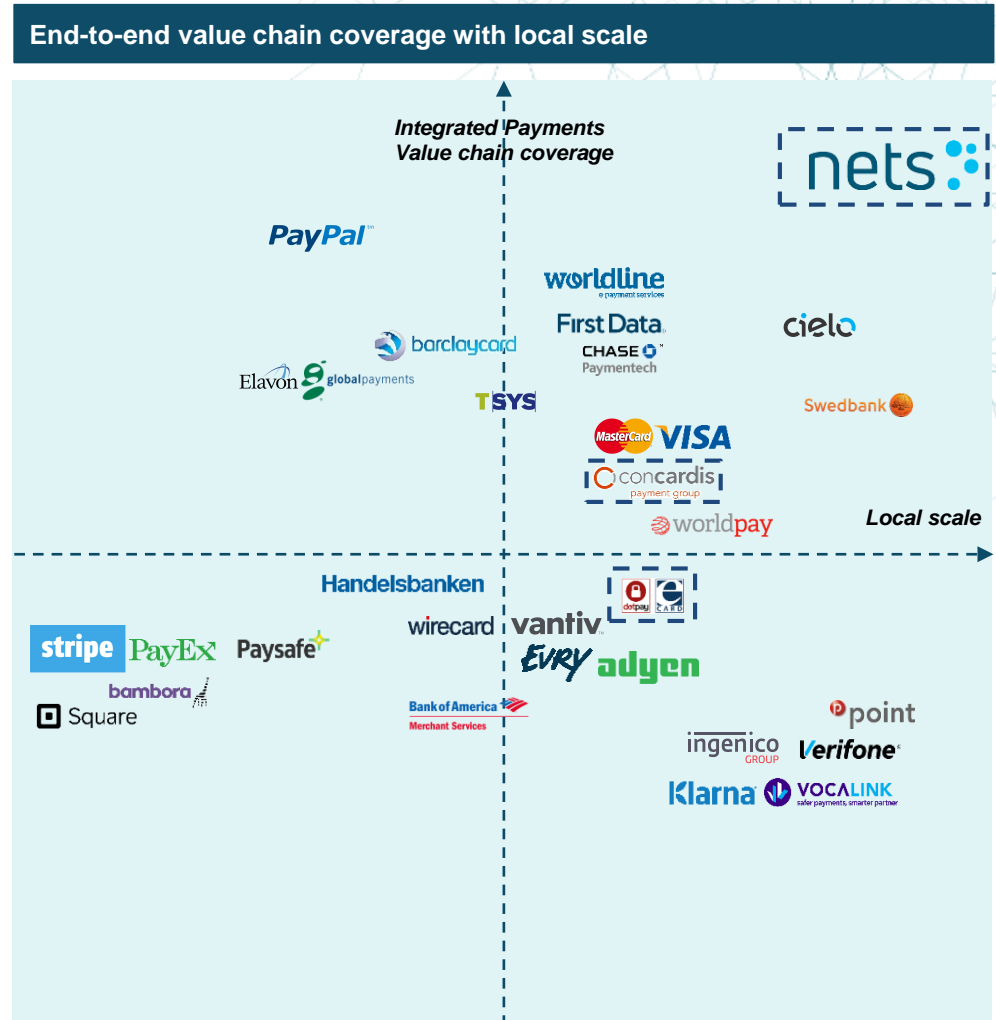


Source McKinsey Global Payments Map, World Bank

## 2 Contribution to end-to-end value chain coverage with local scale

Integrated value chain capabilities					
	Acquiring	E-Com	Network	Issuing processing	e-bill payments
<b>Selected international players</b>					
nets	Strong	Strong	Strong	Medium	None/Low
concardis	Strong	Strong	Strong	Medium	None/Low
point	Strong	Strong	Strong	Medium	None/Low
<b>Selected Nordic players</b>					
bambora	Strong	Strong	Strong	None/Low	None/Low
Evry	Strong	Strong	Strong	Strong	None/Low
Handelsbanken	Strong	Strong	Strong	None/Low	None/Low
Klarna	Strong	Strong	Strong	None/Low	None/Low
PayEx	Strong	Strong	Strong	None/Low	None/Low
point	Strong	Strong	Strong	None/Low	None/Low
Swedbank	Strong	Strong	Strong	None/Low	None/Low
<b>Selected international players</b>					
adyen	Strong	Strong	Strong	None/Low	None/Low
Bank of America Merchant Services	Strong	Strong	Strong	None/Low	None/Low
barclaycard	Strong	Strong	Strong	None/Low	None/Low
CHASE Paymentech	Strong	Strong	Strong	None/Low	None/Low
cielo	Strong	Strong	Strong	None/Low	None/Low
Elavon	Strong	Strong	Strong	None/Low	None/Low
First Data	Strong	Strong	Strong	None/Low	None/Low
globalpayments	Strong	Strong	Strong	None/Low	None/Low
ingenico	Strong	Strong	Strong	None/Low	None/Low
MasterCard	Strong	Strong	Strong	None/Low	None/Low
PayPal	Strong	Strong	Strong	None/Low	None/Low
Paysafe	Strong	Strong	Strong	None/Low	None/Low
Square	Strong	Strong	Strong	None/Low	None/Low
stripe	Strong	Strong	Strong	None/Low	None/Low
TSYS	Strong	Strong	Strong	None/Low	None/Low
vantiv	Strong	Strong	Strong	None/Low	None/Low
Verifone	Strong	Strong	Strong	None/Low	None/Low
VISA	Strong	Strong	Strong	None/Low	None/Low
VOCALINK	Strong	Strong	Strong	None/Low	None/Low
wirecard	Strong	Strong	Strong	None/Low	None/Low
worldline	Strong	Strong	Strong	None/Low	None/Low
worldpay	Strong	Strong	Strong	None/Low	None/Low

■ Strong   
 ■ Medium   
 ■ None/Low

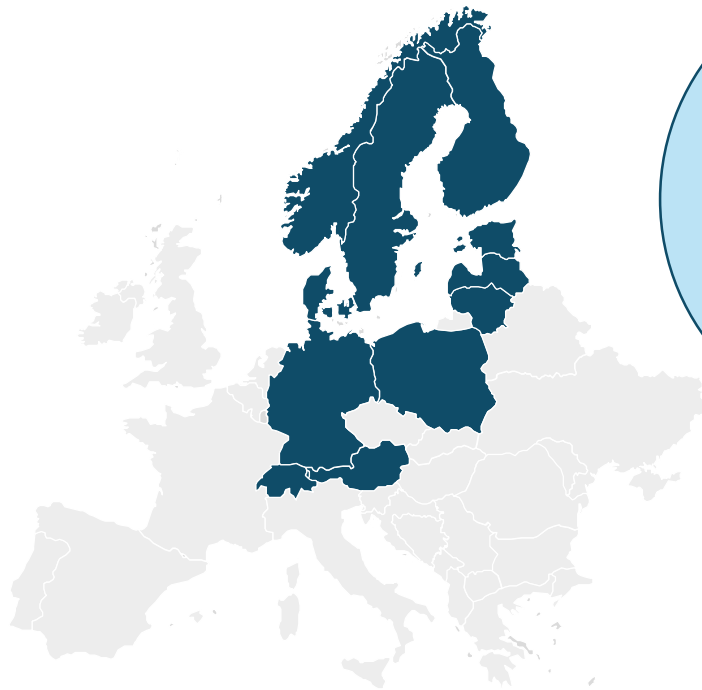




### 3 Scalable presence across Europe with excellent market positions with perfect geographical match

#### Merchant Services

- Strong merchant acquirer
- Strong provider of VAS



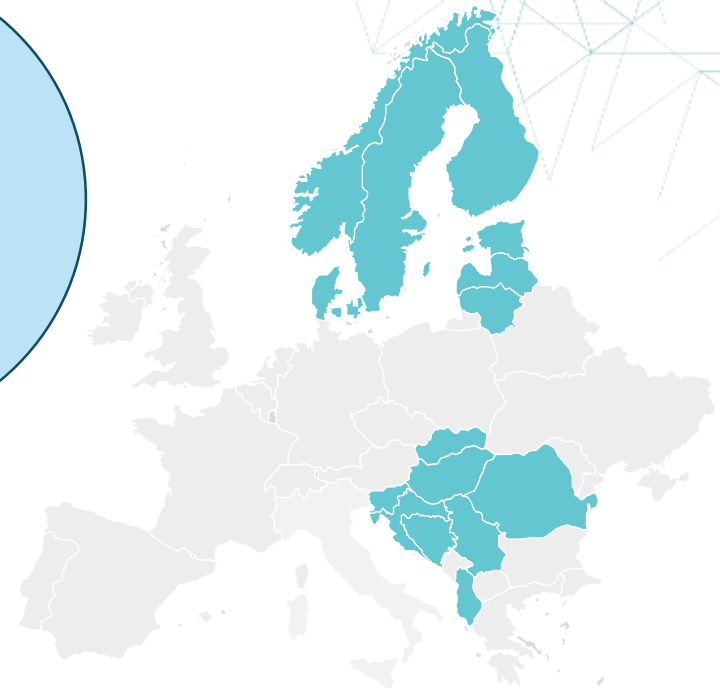
Represented in 11 countries across Europe

#### Financial & Network Services

- Strong issuer processor and provider of VAS
- Sole operator of the domestic debit card schemes in DK & NO

#### Corporate Services

- Strong provider of recurring payments, e-ID and VAS
- Operating ACH / instant payments infrastructure in DK & NO



Represented in 15 countries across Europe

**FY2017 Key Financials<sup>1</sup>**  
Revenue: DKK9.4bn  
EBITDA: DKK3.3bn  
Net CAPEX: DKK0.9bn

**Key transaction statistics**  
+8.9bn transactions  
Initiate transactions from  
+40m cards

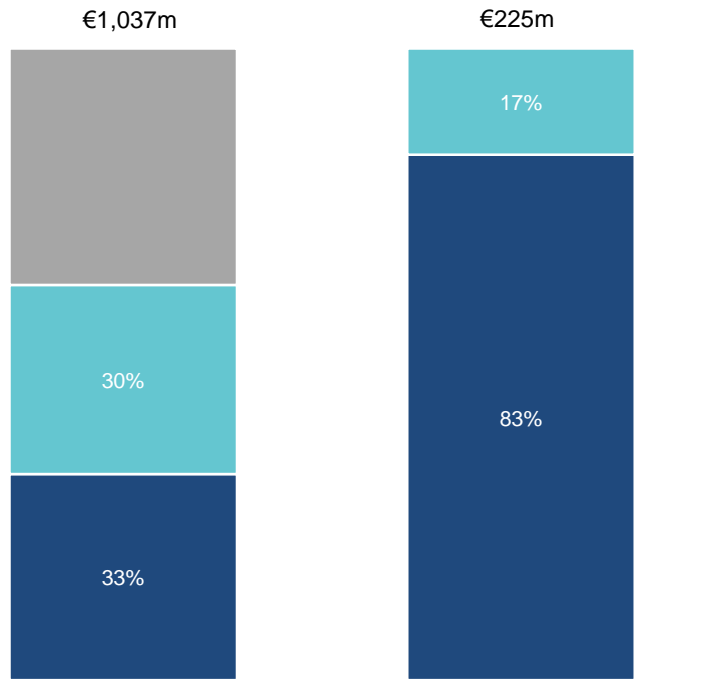
**Geography**  
Represented in 19  
countries across Europe

Notes Based on EUR / DKK FX rate of 7.44618  
1. Excluding Dotpay

# 4 Combination creates a broader business portfolio and world-class propositions for clients

## Business mix by segment

FY2017, net revenues



nets

concardis  
payment group

■ Merchant Services ■ FNS ■ Corporate Services

## Leading customer propositions



### Notes

1. Based on DACH Merchant Services, MPSI, RatePAY and PCS & Simplepay. Based on Contribution Margin 0 before deduction of commissions to sales partners

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- 5 Financial highlights

# Key credit highlights

1

Strong presence in key segments of the payments value chain with increased scale

2

Diversified and complimentary presence in attractive growth markets across the Nordic and DACH region which are amongst the strongest economies in Europe

3

Long-standing customer base with high retention rates and limited customer concentration

4

Well positioned to capitalise on structural growth drivers, with an innovative, fully invested, and scalable platform

5

Robust and attractive financial profile with a recurring and growing revenue base, attractive margins, and high cash conversion

6

Experienced, industry-leading management with proven track-record



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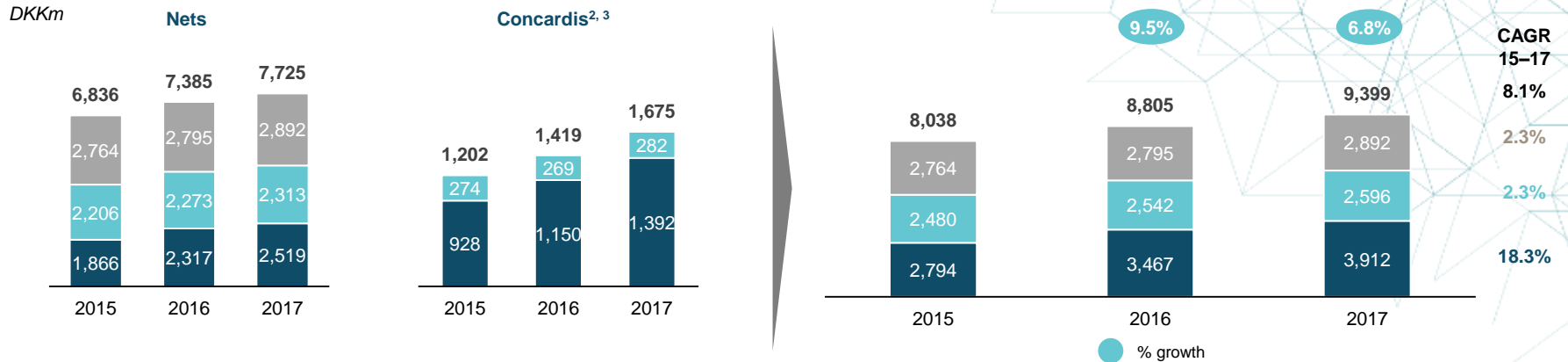
**3** Combination rationale

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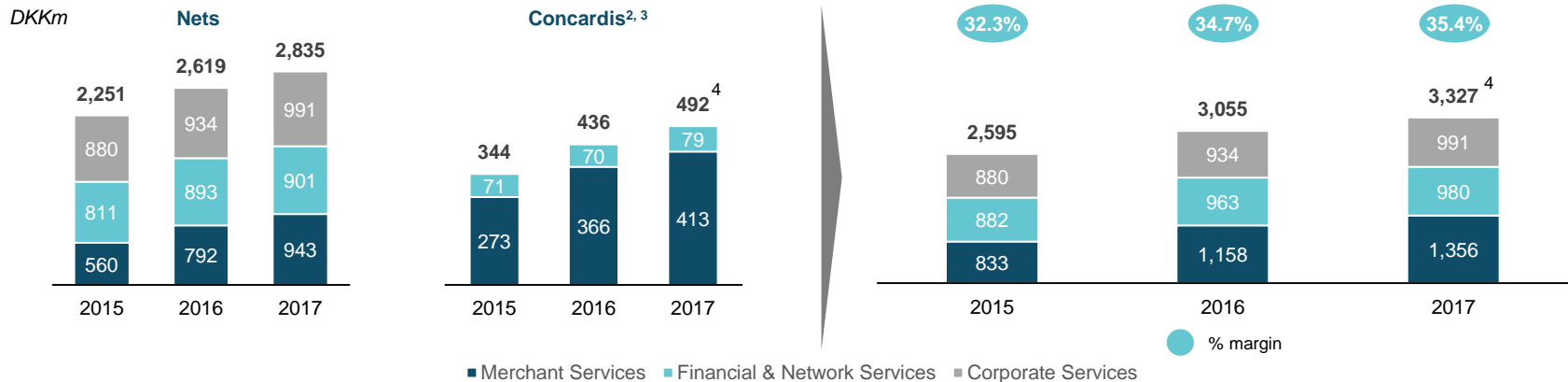
**5** Financial highlights

# Combined group historical performance

## Net revenue<sup>1</sup>



## EBITDA<sup>1</sup>



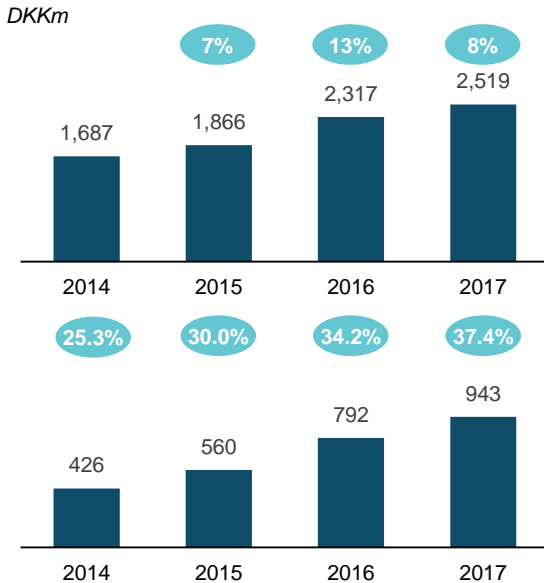
**Notes** Based on EUR / DKK FX rate of 7.44618

1. Excluding Dotpay
2. DACH Merchant Services, RatePAY, PCS & Simplepay included within Merchant Services and MPSI included within Financial Network & Services
3. DACH Merchant Services in 2016 adjusted for c.€9.1m net revenue / €9.1m EBITDA of one-time windfall profits. Adjusted for PCS and Simplepay EBITDA contribution from 2016 onwards
4. Excluding c.€2m of exceptional costs in 2017 not normalised by management, translating into a decrease in adj. EBITDA margin compared to 2016

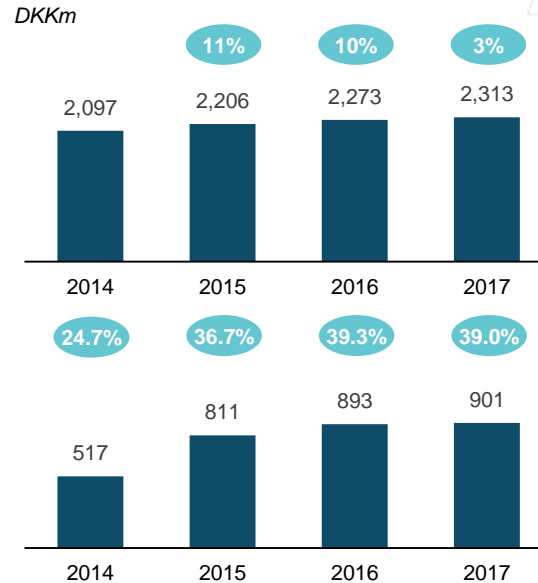


# Nets has demonstrated a strong historical organic revenue growth and margin expansion across all segments...

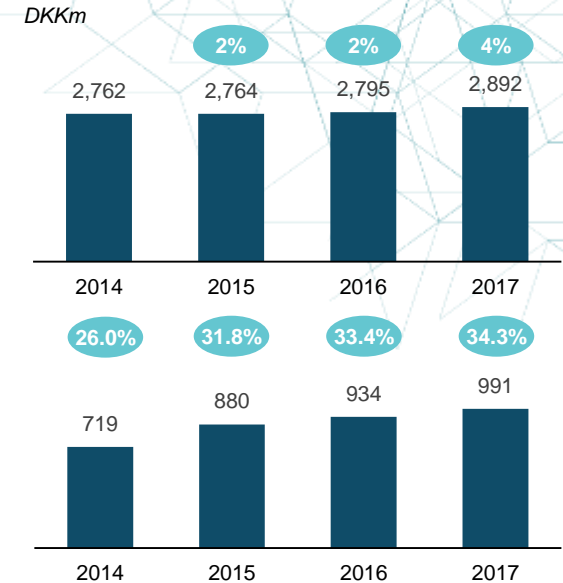
## Merchant Services



## Financial & Network Services



## Corporate Services



- New management team
- Business area not in focus during bank ownership
- Ongoing commercialisation
- Meaningful M&A

- Higher volumes in International & Third-party Processing and for all main products in National Debit Card Networks
- Revenue from new solutions, e.g. fraud prevention and contactless projects contributed to additional growth

- Stable growth in volumes and revenue from recurring payments in both Norway and Denmark
- Stable growth in volumes and revenue from eBilling

● % organic revenue growth / EBITDA b.s.i margin

# ...as well as a solid and steady cash flow conversion historically

## Key cash flow items

DKKm

	2014	2015	2016	2017
EBITDA before special items	1,663	2,248	2,619	2,835
Special items	(411)	(538)	(606)	(254)
Change in narrow working capital	173	64	67	(188)
Capex	(401)	(539)	(646)	(665)
Other non-cash items	(26)	(21)	6	41
Tax paid	(318)	(80)	(653)	(200)
<b>Free cash flow</b>	<b>680</b>	<b>1,134</b>	<b>787</b>	<b>1,569</b>

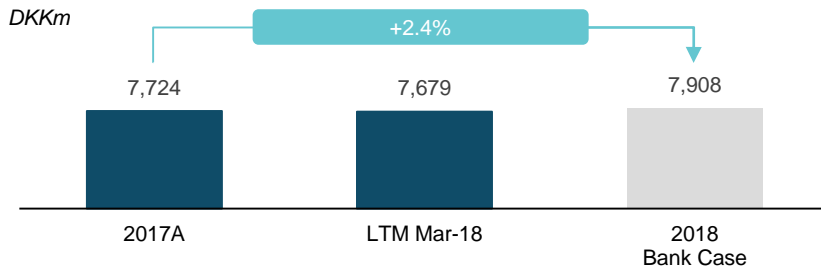
## Comments

- High cash flow conversion underpinned by steady EBITDA margin expansion, targeted capex, carefully managed working capital and slightly impacted by one-offs costs
- Special items mainly includes reorganization, restructuring and optimization programs-related costs
- Relatively stable capex at 6-9% of revenues historically supporting strong organic growth and margin expansion
  - Slight recent increase due to investments in software and network segregation projects and data centers in Norway
- 2015 tax payments partially impacted by extraordinary payments received in Finland relating to tax amortization of intangible assets in connection with the acquisition of Nets Oy (formerly Luottokunta Oy) as well as a group contribution arrangement in Norway
- Very limited narrow working capital requirements historically, in line with top line growth
  - Recent negative change in narrow working capital due to exceptionally high positive change in narrow working capital in Q3 2016 driven by IPO-related accrual build-up

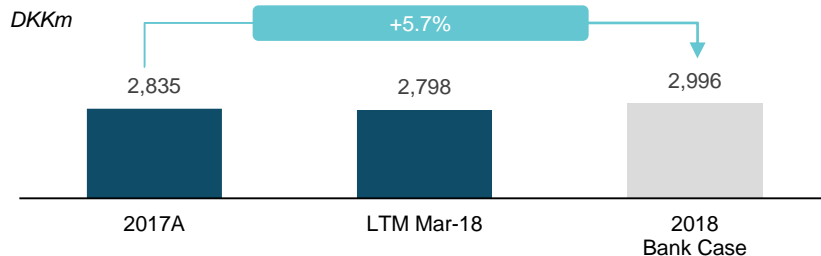
# Nets current trading

## Strong underlying performance, slightly impacted by non-recurring events

### Net revenue



### EBITDA b.s.i.



### Capex



#### Notes

1. Adjusted for FX and scope (M&A)
2. Adjusted for FX, scope (M&A), project revenue and non-recurring effects

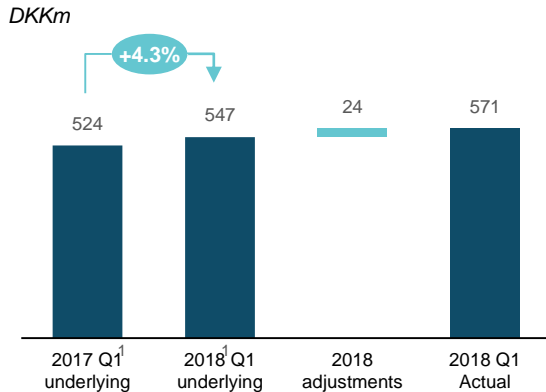
### Comments

- YTD net revenue is up +2.9% on an underlying basis<sup>2</sup> and was driven by a strong growth in eCommerce and international card volumes
- Net revenue (YTD net revenue down (2.4)% year-on-year) was impacted by non-recurring events inflating YTD Q1 2017 performance thereby masking the continued solid performance of the underlying business
- Non-recurring effects during Q1 will impact the remainder of the year to a more limited extent, driving higher growth for the remaining quarters of 2018
- YTD the business is on track to meet the 2018 Budget set by the management team after the H&F takeover. The Budget for 2018 is higher than the Bank Case figures presented to lenders

# Nets revenue current trading by segment

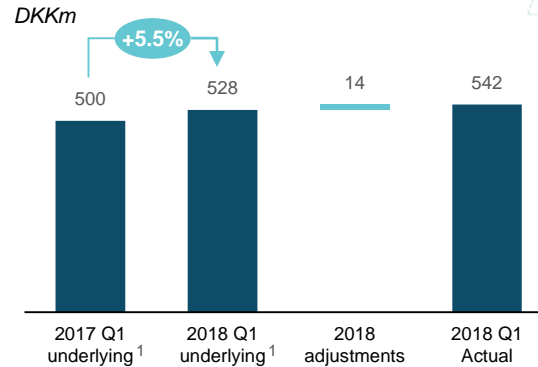
## Strong underlying performance, slightly impacted by non-recurring events

### Merchant Services



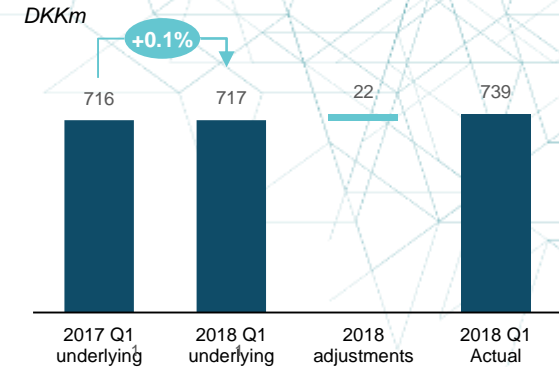
- Strong growth in eCommerce and underlying acquiring volumes
- Positive impact from the acquisition of OP's merchant acquiring portfolio and a terminal customer base in Finland (Elisa)
- YTD Q1 2018 performance impacted by a few non-recurring events which mostly include:
  - Migration of P2P schemes from international cards to A2A infrastructures
  - Give back of the interchange reduction that occurred in September 2016
  - Key Account terminated due to its low profitability

### Financial & Network Services



- Strong growth in international credit and debit card transactions
- YTD Q1 2018 performance impacted by an exceptionally strong Q1 2017 driven by the launch of Mobile Dankort (finalized in 2017)

### Corporate Services



- YTD performance in line with expectations and expected to accelerate in Q2-4 driven by Real Time Clearing pipeline / order book
- YTD Q1 2018 performance impacted by non-recurring income from Betalingservice notifications and late transaction charges income in Q1 2017

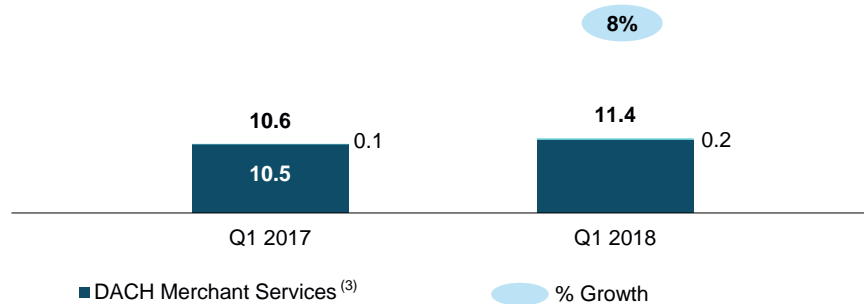
#### Notes

1. Actual revenues have been adjusted for FX, scope (M&A), project revenue and non-recurring effects, thus taking out the non-recurring benefits which increased Q1 2017 actual revenue and therefore reflecting the underlying performance of the business

# Concardis current trading

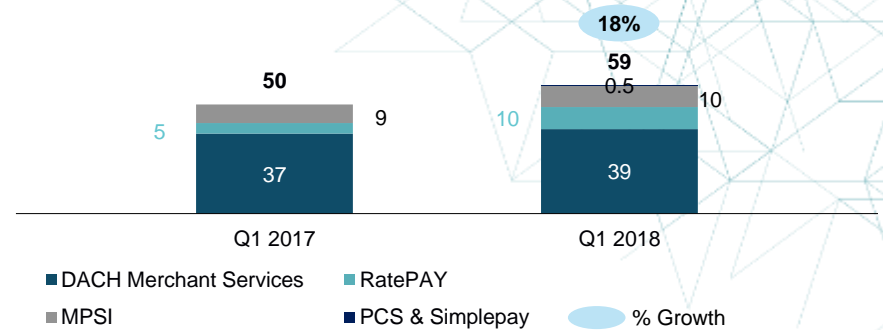
## Transaction Volume <sup>(1)</sup>

€bn



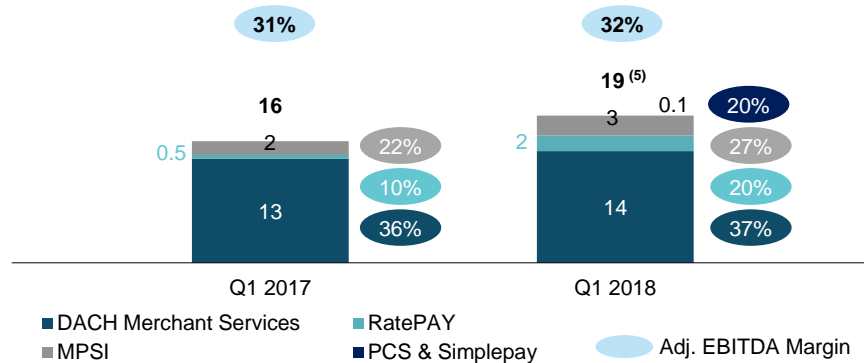
## Net Revenue <sup>(2)</sup>

€m



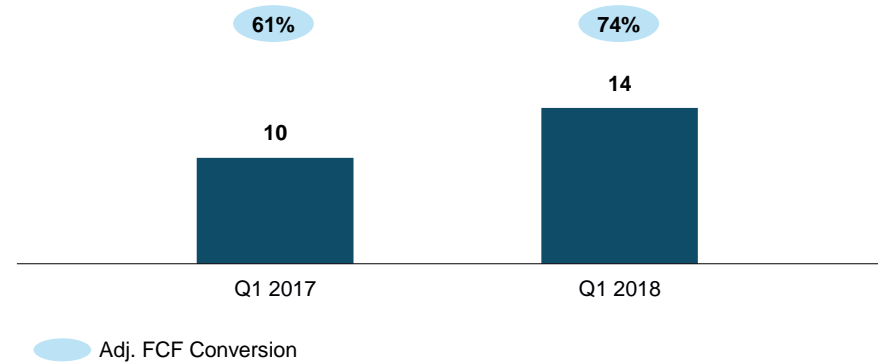
## Adjusted EBITDA <sup>(2)</sup>

€m



## Adjusted Free Cash Flow <sup>(4)</sup>

€m



### Notes

1. Based on DACH Merchant Services and RatePAY
2. Based on Contribution Margin 0 before deduction of commissions to sales partners (€4.7 MM in Q1 2017 and €4.2 MM in Q1 2018); Based on DACH Merchant Services, MPSI, RatePAY, PCS & Simplepay. PCS & Simplepay not available for Q1 2017

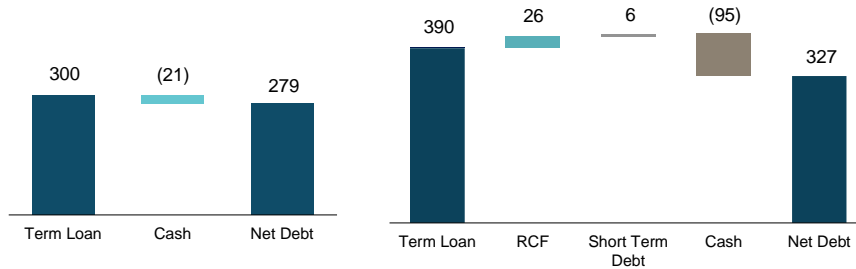
3. Including ATM
4. Adjusted EBITDA – capex
5. Including –€0.1m corporate & HoldCo adjustment

# Concardis – net debt and provision update

## Net debt and leverage

Initial syndication (Mar-2017)  
€m

Current, as of Q1 2018



## Commentary

- Substantial available liquidity through cash on balance sheet of €95m and €40m revolving credit facility
  - In May 2018 cash on balance sheet was used to repay the existing €26m drawing under the RCF
  - Remaining cash on balance is available for use in addition to undrawn RCF

## EBITDA reconciliation and provisions update

FY 2017, €m

<b>Concardis (Reported) <sup>(1)</sup></b>	<b>96.2</b>
<b>DACH Merchant Services</b>	<b>(34.0)</b>
1 Project related costs	15.6
2 Release of provision	(49.0)
Others	(0.6)
<b>Normalizations RatePAY</b>	<b>0.6</b>
<b>Normalizations MPSI</b>	<b>1.4</b>
<b>Normalizations Concardis Payment Group</b>	<b>1.9</b>
Normalization of Concardis entities' exceptional costs	1.1
Pro forma for PCS / SP acquisition	0.8
<b>Total Normalizations</b>	<b>(30.1)</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>66.1</b>

### Notes

- Including the impact of MPSI and RatePAY acquisitions
- Adjusted EBITDA excludes pro forma adjustments of €16m, mostly related to re-pricing actions and MPSI migration synergies, resulting in a Pro Forma Adjusted EBITDA of €83m

- One-off costs incurred for implementation of strategic initiatives
- For FY2016, Concardis made a one time provision in relation to a potential historical customer exposure
  - Entire provision has been reversed in FY17 as agreement was reached and provision is no longer needed

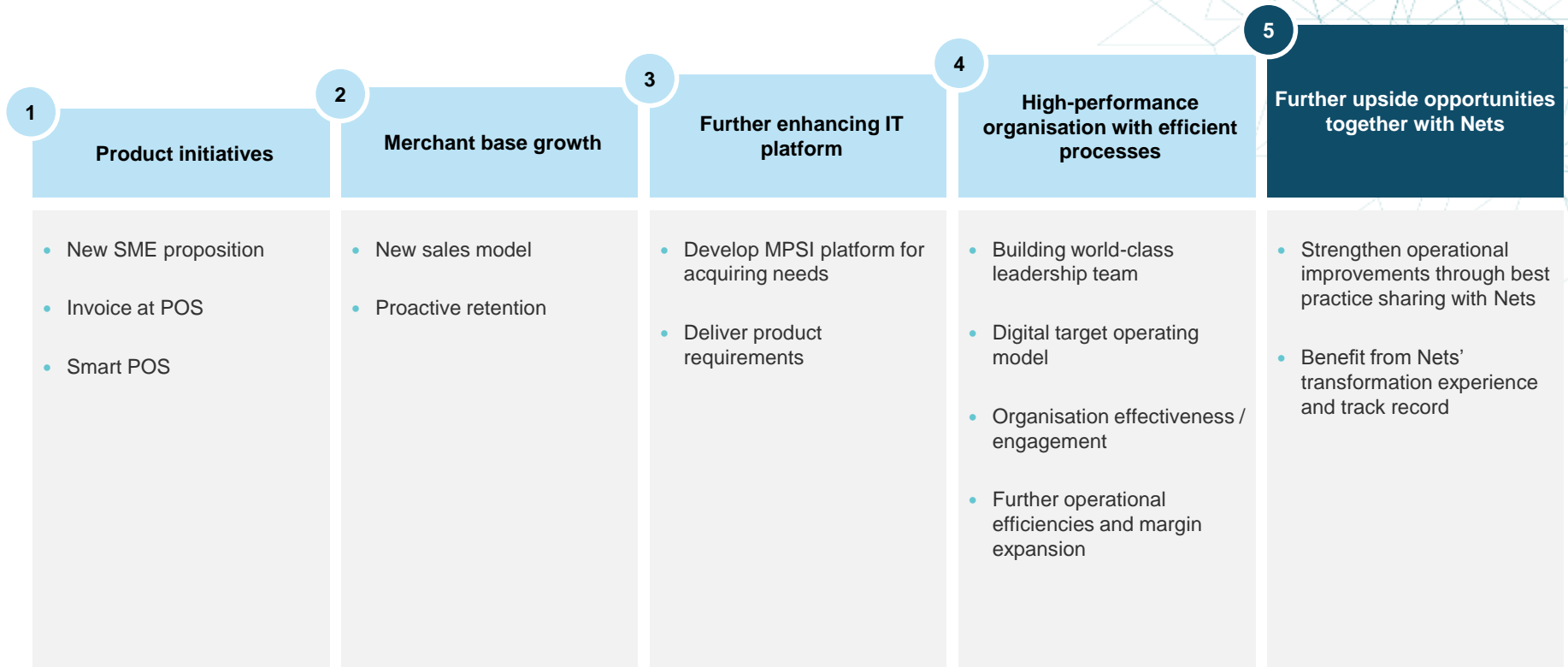




## Appendix I

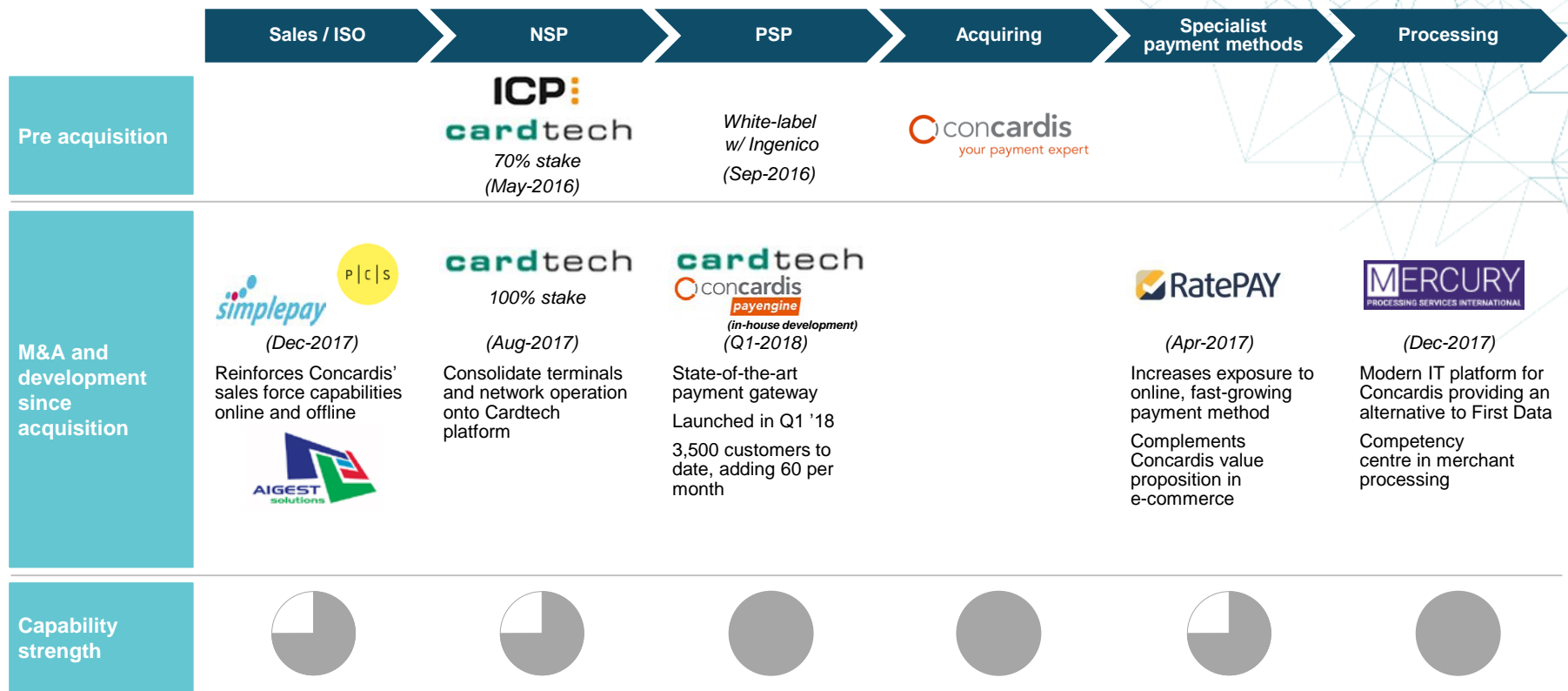
Additional information on Concardis

# Well identified strategy for accelerating growth along with further upside opportunities together with Nets



# Successful track record of inorganic growth

Successful track record of adding capabilities across the payments value chain to build a full-service offering Illustrative



# Significant progress on investment thesis since acquisition

1

Well identified strategy for accelerating organic growth and well positioned to participate in natural market consolidation, along with further upside from Nets

Clear path to execution and strong position for consolidation  
Further opportunities together with Nets

2

Successful track record of inorganic growth

Successful track record of adding capabilities to build a full-service offering

3

Recurring revenues, attractive margins and strong cashflow generation confirmed

Confirmed. See 'Financial highlights Section'