

The logo for Key Value Asset Management is positioned in the top left corner. The word 'Key' is in a white serif font, 'Value' is in a white sans-serif font with a teal 'V', and 'ASSET MANAGEMENT' is in a smaller white sans-serif font below it. The background features a dark, low-angle photograph of skyscrapers, partially obscured by a large teal diagonal stripe that runs from the top right towards the bottom left.

Key Value

ASSET MANAGEMENT

EQUITY RESEARCH

ANALYSIS OF
ADYEN N.V.

DATE :

13 August 2024

keyvalueam.com

Adyen N.V. (ADYEN)

STRONG BUY: 1601,18 (+47,49%)

Summary

Informations

Country	Paesi Bassi
Tax Rate	21%
Sector	Payments
Date	13/08/2024
Last Price	1.085,60 €
Target Price	\$ 1.601,18
+/- Potential	47,49%
Ticker	ADYEN

Market Data

52-Week High	1596
52-Week Low	602,8
Avg. 3 Month Volume	0,06
5 Yr Beta	1,48

Market Data

Revenue Growth (Cagr 3 yr)	33,45%
Revenue Growth (Cagr 5 yr)	36,05%
Price Return (ytd)	-2,80%
Price return (1 yr)	-28,10%
Price Return (5 yr)	65,70%

Capital structure

Market Cap	33.827
Enterprise Value	26.016
Shares O/S	31
Interest cover Ratio	142,64
Debt/Equity	0,54%

(€mnl) FY22 FY23 LTM

Revenues	1.330	1.626	1.626
Gross Profit	949	1.006	1.006
EBITDA	693	728	728
EBIT	665	682	682
Net Income	564	698	698

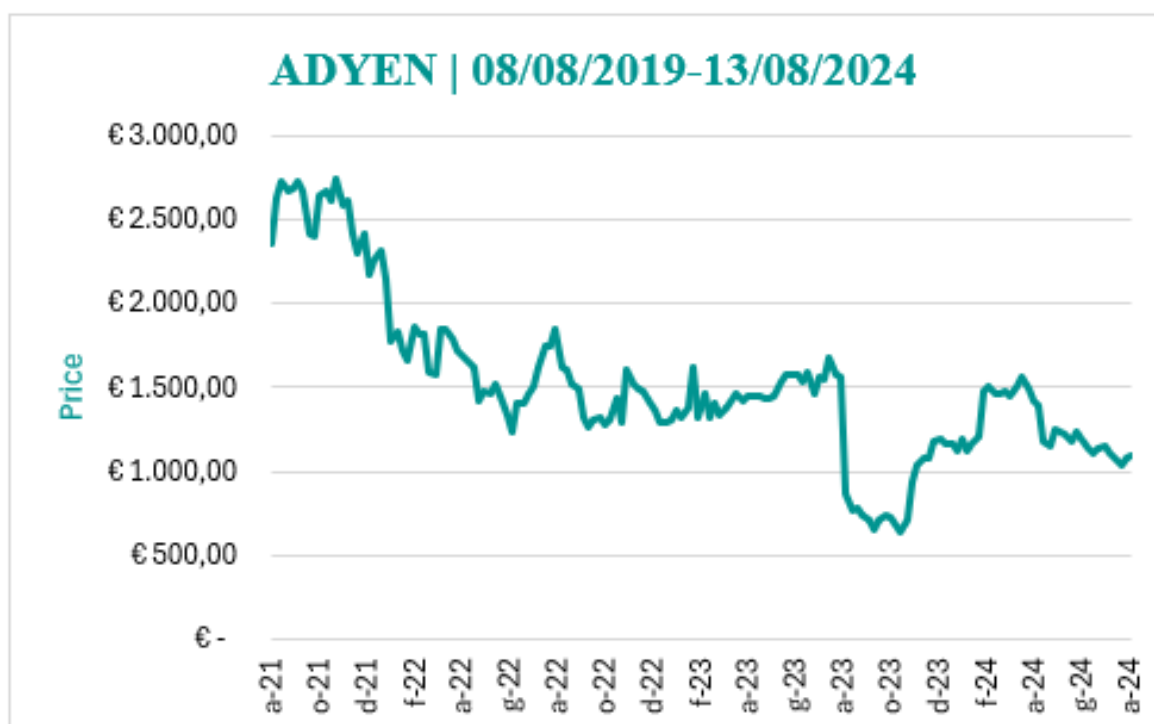
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OVERVIEW

Introduction

"Engineered for Ambition" perfectly encapsulates Adyen's mission to facilitate seamless global payments, eliminating obstacles and empowering businesses to reach their full potential.

Adyen is the global financial technology platform chosen by leading businesses worldwide. Through a single integration, Adyen's platform offers a comprehensive suite of services including payment gateway, risk management, processing, issuing, acquiring, and settlement, all integrated through a single interface. This seamless integration simplifies the payment process for businesses, enabling them to optimize efficiency, reduce costs, and enhance customer experience. This comprehensive service features direct connections to local and international card and banking networks, reinforcing Adyen's position as a strategic partner across various industries. With a strong emphasis on security, performance, and continuous innovation, Adyen aims to empower businesses to thrive in the future of global commerce.

Powered by Adyen's unique data ecosystem, both in-person and digital-native businesses can meet today's consumer expectations while enhancing efficiency and driving growth.

Adyen offers a wide range of applications catering to the needs of various industries. For retailers, Adyen's platform integrates online, in-store, and mobile payments, enabling centralized transaction management and enhancing customer experience with omnichannel solutions. E-commerce businesses benefit from advanced risk management and fraud prevention tools, ensuring secure payments and minimizing losses. In the hospitality sector, Adyen simplifies global bookings and payments with ease and security. Additionally, digital services and subscription-based companies leverage Adyen's ability to handle recurring payments and microtransactions, optimizing revenue streams and improving customer satisfaction. With a single integration, Adyen provides a comprehensive and flexible payment infrastructure, adaptable to any business model.

This flexibility helps Adyen maintain a long-term vision and achieve sustainable growth, especially in the aftermath of the pandemic, which has driven revenue and profitability. By adapting to changing market conditions and customer needs, Adyen ensures continued sustainable growth for years to come.

13 June 2018 Adyen completed the IPO in the Euronext Amsterdam Exchange with a price of 240€

Business Model

Adyen inc. for its nature is a tech company which it guarantees a wide variety of products, with a strong Customer-centric approach, this commitment is why the firm prioritize long-term partnerships, a philosophy embodied in its long-standing land and expand strategy.

In 2023, more than 80% of the growth originated from existing customers. These collaborations broadened to include new product features, channels, and regions, with the majority of the expansion credited to established partnerships.

To continuously increase the share of wallet with customers, the engineering and product organization has been structured to most effectively support the commercial strategy.

The Business products of Adyen could be divided into three categories:

The Digital pillar: Adyen ensures its clients have the simplest payment experience in the digital economy by continuously adapting to emerging methods, regulations, and technologies. Adyen offers an integrated and unified system, maintaining a customer-centric approach at all times.

Unified Commerce Pillar: Adyen's Unified Commerce solution powers sophisticated cross-channel experiences, offering valuable data insights and unparalleled point-of-sale (POS) technology. As businesses worldwide increasingly digitalize, this solution bridges multiple geographies, enabling seamless in-store, digital, and in-app payments through a single platform. Moving forward, the focus will be on facilitating intricate customer journeys, reducing complexity, and optimizing checkout funnel performance by leveraging Adyen's extensive data network.

Platforms pillar: Within Platforms, Adyen's embedded payments offering provides SMBs with a high-quality, multi-channel solution, serving as a gateway to broader adoption of the Enterprise Financial Platform (EFP) suite. By leveraging superior Digital and Unified Commerce solutions, along with products such as cash advances, business bank accounts, and card issuing, the goal is to elevate platform businesses to their peak potential, enabling maximum competitive advantage and growth.

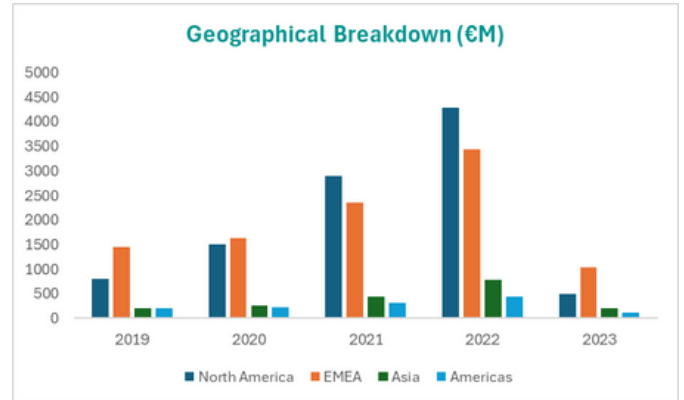
- 1) **Settlement fees:** includes interchange and payment network fees and other costs incurred from financial institutions -> **Net Revenue**
- 2) **Processing fees:** fixed payment per transaction for use of the platform-> **Gross revenue**
- 3) **Sales of Goods:** includes the fees to deliver POS terminal and related accessories-> **Gross revenue**
- 4) **Other Services:** Includes foreign exchange service fees, third party commission and issuing services which are deemed other services-> **Gross revenue**

Segment	Revenues				
	2023	%	2022	%	Incr/Decr
Settlement fees	1,082	67%	8,271	622%	-87%
Processing fees	0,461	28%	0,388	29%	19%
Sales of goods	0,084	5%	0,056	4%	51%
Other services	0,237	15%	0,222	17%	7%
Costs incurred from FI	0,148	9%	7,551	568%	-98%
COGS	0,090	6%	0,054	4%	64%
		0%		0%	
Net Revenues	1,626		1,330		22%

Business Model

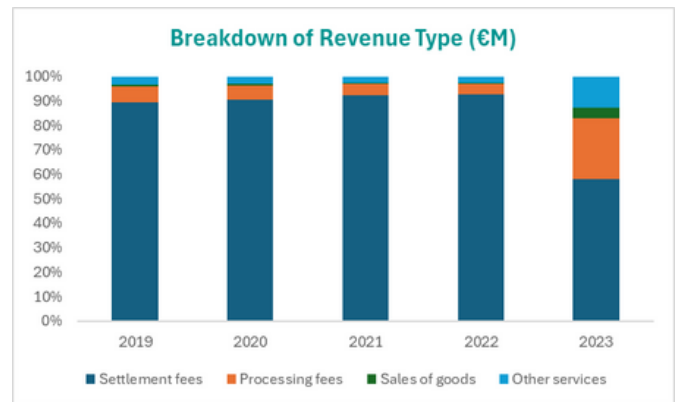
Revenues Analysis

The geographical breakdown of Adyen's revenues reveals a clear trend where EMEA and North America dominate the revenue streams. Both regions have experienced simultaneous growth in gross revenues. However, there was a notable decline in gross revenues in 2023. Despite this decline, net revenues increased due to reduced costs with other financial institutions. In contrast, Asia and the Americas have a marginal impact on the overall net revenues of Adyen. This indicates that while EMEA and North America are crucial markets, other regions currently contribute less significantly to the company's financial performance.



Source: Adyen annual reports

The revenue breakdown highlights another clear trend: settlement fees overwhelmingly dominate other sources of revenue. This underscores that Adyen's primary business strength lies in the extensive network it has built over the years with other financial institutions. This robust network enables the firm to generate increasing amounts of gross revenues. Consequently, Adyen benefits from economies of scale, leading to higher net revenues. The strategic leveraging of its financial partnerships allows Adyen to maximize profitability, reinforcing its position as a main player in the payments industry. This dynamic demonstrates the company's ability to effectively capitalize on its established infrastructure to drive financial growth.



Source: Adyen annual reports

-78%

These number indicates a decrease in gross revenues from 2022 to 2023, accompanied by a more significant reduction in costs with other financial institutions. However, overall, they reflect a decline in the general volume of activity.

Composition

Adyen's management team is led by two CEOs. Pieter van der Does, who co-founded the company in 2006, has 15 years of experience in the payment industry. Ingo Uytdehaage, who joined Adyen in 2011, brings extensive experience in finance from several large enterprises. Both CEOs are graduates of the University of Amsterdam. The management board comprises seven members, with an average age of 44, making it relatively young. The board includes two women, responsible for Compliance and Human Resources. It is also a multinational team, with two members from the US and one from Germany.

At Adyen, the management is supported and monitored by four management board committees dedicated to addressing the main risk categories. The *Compliance Committee* oversees Adyen's integrity risks, while the *Merchant Risk Committee* focuses on merchant risk exposures. The *Risk Committee* plays an overarching role, monitoring all risk categories to ensure comprehensive risk management.

The supervisory board at Adyen adheres to all regulatory requirements for composition, including a 40% female representation. The board members have an average tenure of 5 years, ensuring a balanced mix of experience and fresh perspectives.

Sustainability

Adyen is actively involved in sustainability initiatives, reflecting its commitment to social and environmental responsibility. The company has launched several impactful programs, such as "Planet," which allows merchants to offer their customers the option to offset the carbon footprint of their purchases at checkout. This initiative supports climate action projects like reforestation and renewable energy without adding any cost to the merchants.

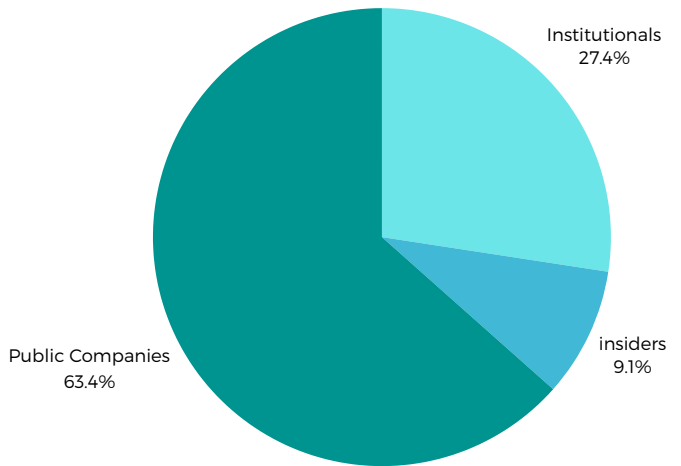
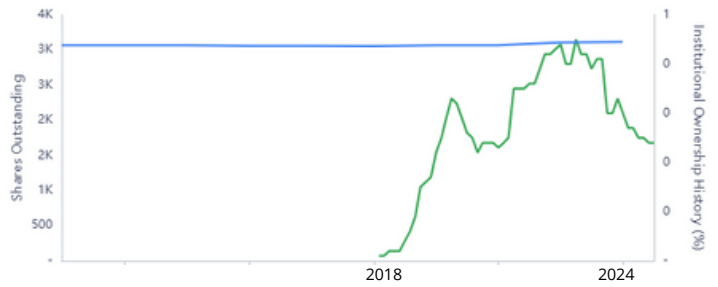
Additionally, Adyen pledges 1% of its annual net revenue to support the United Nations' Sustainable Development Goals (UN SDGs). This commitment is part of their broader strategy to integrate sustainability into their core operations, ensuring that 100% of contributions from their "Giving" product reach the intended non-profits by absorbing all associated fees.

By partnering with organizations like the South Pole, Adyen has also developed a greenhouse gas emissions calculator to help measure and improve the environmental impact of purchases. These efforts are part of Adyen's strategy to use its technology and resources to drive positive change and support global sustainability initiatives.

Management

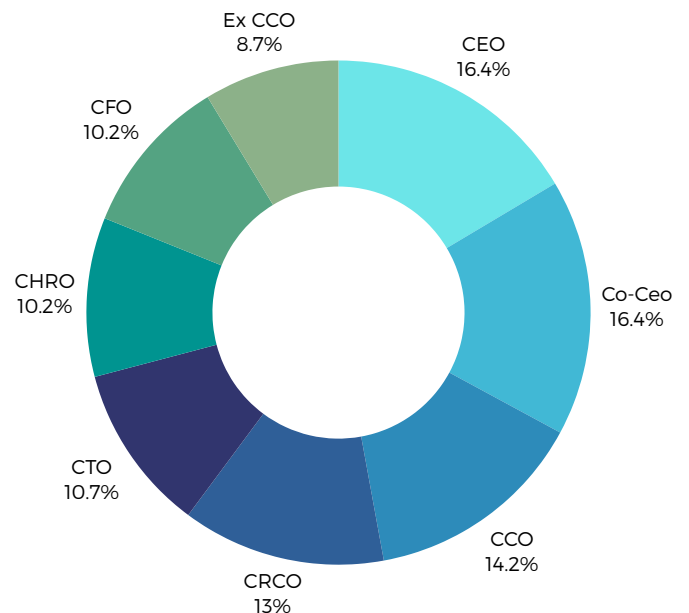
Ownership and Remuneration

Since Adyen's IPO in 2018, institutional ownership has shown a steady increase, peaking at 35% of total shares in 2023 before declining to 27.4% in 2024. This peak and subsequent decline reflect shifting investor sentiment and market conditions. Insiders have consistently maintained a 9.1% ownership since the IPO, indicating strong internal confidence in the company's prospects. The floating shares, owned primarily by public companies, account for 63.4% of the total stock and are freely tradable. This significant proportion of publicly traded shares could pose a risk in the event of a recession, as market volatility might lead to substantial fluctuations in Adyen's stock price. These dynamics underscore the importance of monitoring market trends and investor behavior to anticipate potential impacts on the company's valuation and stability.



Source: Adyen annual reports

The remuneration for Adyen's management team, excluding the two CEOs, is relatively uniform. For the remaining five members of the management board, compensation includes stock options, ensuring that their interests are closely aligned with those of the shareholders. This approach not only incentivizes the management to drive long-term growth and value creation but also aligns their financial success with the performance and prosperity of the company. By integrating stock compensation into the remuneration package, Adyen fosters a sense of ownership and commitment among its top executives, promoting a culture focused on sustained, shareholder-aligned growth.



Source: Adyen annual reports

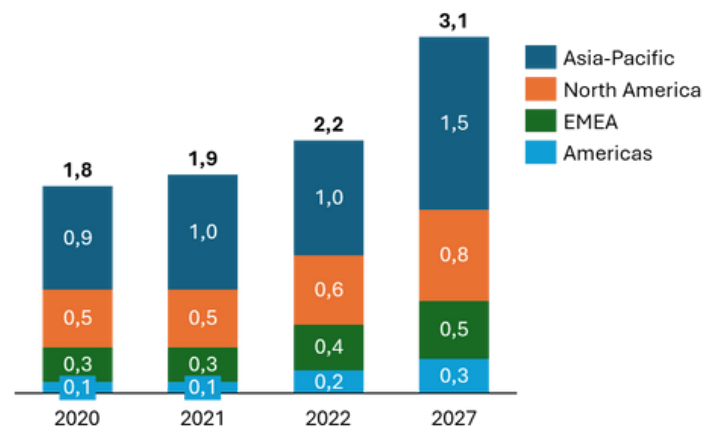
Sector

Sector Size

The digital payments sector is on a continuous growth trajectory. Starting from a market value of €2.2 trillion in 2020, it's expected to reach €3.3 trillion by 2027, driven by a robust CAGR of 8.1%. The Asia-Pacific region will remain the largest market, nearly doubling the size of North America's market by 2027. This surge is fueled by increasing consumer demand for convenient, secure payment methods and advancements in financial technology. As more businesses and individuals adopt digital payment solutions, the sector's expansion presents exciting opportunities for innovation and investment in the coming years.

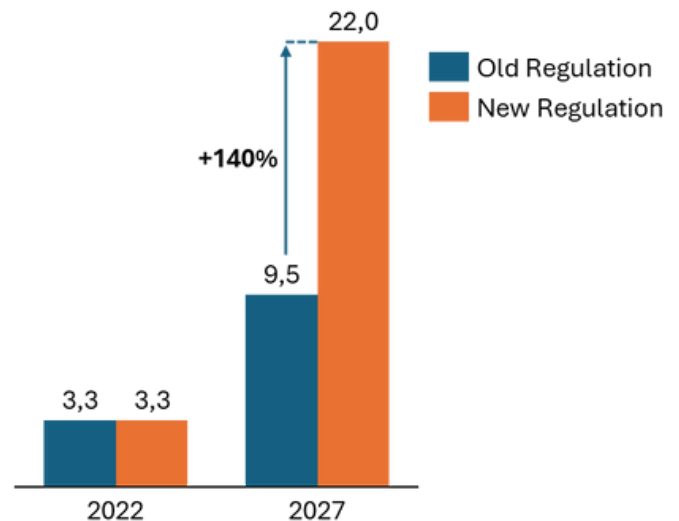
Currently, digital payments have caught up with cash transactions worldwide. In more developed regions, there is a strong push from policymakers to reduce cash transactions and promote digital payments for their convenience, security, and traceability. Assuming new reforms are implemented by 2027, we could see digital payments outpacing cash transactions by a significant margin potentially 140%. This anticipated shift highlights the ongoing transformation in how we handle money, driven by technological advancements and government initiatives aimed at fostering a more efficient and transparent financial ecosystem. The ease and speed of digital transactions are set to make cash increasingly obsolete in the coming years.

Revenues Forecast 2020-2027 (€ trillion)



Source: Mckinsey

Number of instant Payments (billions)



Source: Mckinsey

Market Shares

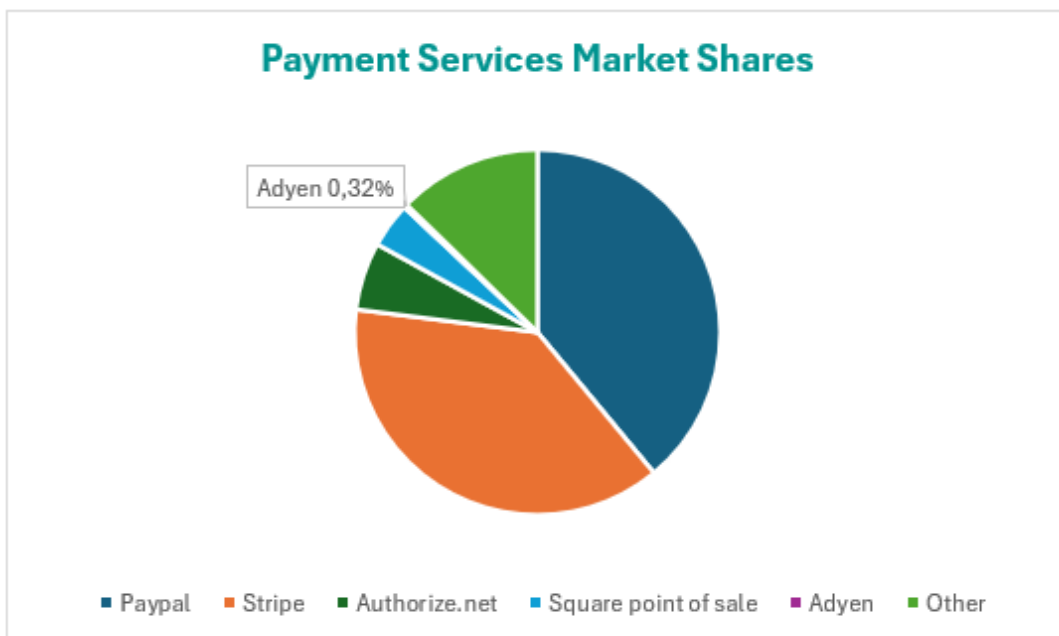
The digital payment sector is dominated by several major players, including PayPal, Visa, and Mastercard, each holding significant market shares. One notable player, Stripe, although not publicly listed, commands a substantial market presence, capturing almost 40% of the total market revenues. This indicates the enormous influence these companies have within the sector.

As the digital payments landscape continues to evolve, the overall market size is expected to grow significantly. This growth is driven by increasing adoption rates, particularly among small and medium-sized enterprises (SMEs) worldwide.

SMEs are gradually shifting from traditional payment methods to digital solutions due to the convenience, efficiency, and security they offer.

This trend is further accelerated by the global push towards financial inclusion and the proliferation of smartphones and internet connectivity.

Adyen currently holds a 0.32% share of the digital payments market. Given the inevitable market expansion and increasing digital payment adoption, Adyen is well-positioned to acquire a more substantial portion of the market. This potential growth could be realized if major players like Visa and Stripe do not continuously innovate and strengthen their market positions. Adyen's ability to adapt and innovate could enable it to capture a significant share of the growing market, especially as SMEs worldwide increasingly adopt digital payment solutions.



Source: 6sense

EXTERNAL ANALYSIS

Porter's Five Forces

1. Rivalry between existing Competitors



Adyen faces intense rivalry in the digital payment sector due to numerous competitors like PayPal, Square, and Stripe. The market's rapid growth, low switching costs, and significant fixed costs heighten competition. To maintain its edge, Adyen focuses on innovation, superior user experience, and seamless integration, leveraging economies of scale and robust infrastructure to differentiate itself and stay ahead in this highly competitive landscape.

2. Threats of New Entrants



Barriers to entry, such as high initial investment in technology and compliance with stringent regulatory requirements, offer some protection. However, advancements in fintech and the appeal of this rapidly growing market attract new players. Adyen mitigates this threat by continually innovating, enhancing security measures, and leveraging its established reputation and extensive global network.

3. Contractual Power of Suppliers



Key suppliers include technology providers, financial institutions, and security vendors. With many alternatives available and the ability to negotiate favorable terms due to its significant market presence, Adyen can effectively manage supplier relationships.

4. Contractual Power of Customers



Customers, ranging from small businesses to large enterprises, have numerous alternatives like PayPal, Square, and Stripe, increasing their bargaining power. Low switching costs and the availability of competitive pricing and features compel Adyen to continuously innovate and provide superior service to retain customers. Tailored solutions and excellent customer support are crucial for maintaining customer loyalty.

5. Threat of Substitute Products



Alternatives such as traditional banking services, cryptocurrencies, and emerging fintech solutions offer customers different ways to manage payments. As these substitutes often come with competitive pricing and unique features, Adyen must continuously innovate and enhance its offerings to stay relevant. Focusing on seamless integration, security, and superior user experience helps mitigate this threat.

Competition

Adyen targets SMEs that seek a comprehensive suite of payment services. To thrive in this niche market, Adyen needs to excel in delivering tailored solutions that address the unique needs of small and medium-sized enterprises. This includes offering seamless integration with various payment methods, ensuring robust security and fraud prevention, and providing real-time data insights to help businesses optimize their payment processes. Adyen's scalable infrastructure supports growth and international expansion, while its focus on superior user experience and reliability builds trust and loyalty among SMEs. By continuously innovating and adapting to market demands, Adyen can maintain its competitive edge and dominate this niche.

Adyen positions itself as a global payment platform with targeted marketing campaigns but is less visible to end consumers compared to more prominent competitors like PayPal and Stripe.

The Main Competitor PayPal

PayPal is a leading player in the digital payment industry, renowned for its strong global brand and extensive consumer and business recognition. It offers a comprehensive suite of payment solutions, including online payments, mobile payments, and peer-to-peer transfers, catering to a broad audience. PayPal's user-friendly interface and large consumer base make it a preferred choice for many.

The company prioritizes security and efficiency, ensuring robust fraud prevention measures and a seamless user experience. PayPal's extensive reach and integration capabilities with various e-commerce platforms enhance its appeal to both small businesses and large enterprises. Its strong marketing efforts and high visibility among end consumers further solidify its position as a dominant force in the digital payment sector.

PayPal's main product is its versatile digital payment platform, allowing users to send and receive money easily and securely. PayPal also offers services like PayPal Credit for financing purchases and tools for businesses, such as invoicing and payment processing. Its easy-to-use interface, strong security, and widespread acceptance make PayPal a popular choice for both consumers and businesses.

Payment Services

Characteristics	Adyen	Paypal	Stripe	Mastercard	Fidelity	Global Payments
Security and conformity	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Tehnology and Innovations	Excellent	Good	Excellent	Good	Good	Good
Marketing Strategy	Good	Excellent	Good	Excellent	Good	Good
Services Offered	Excellent	Excellent	Excellent	Excellent	Good	Excellent

SWOT

Strengths

Adyen stands out in the payment services industry with its robust, end-to-end payment platform that seamlessly integrates with businesses of all sizes. Known for its innovative technology, Adyen offers a unified solution that supports various payment methods globally, enhancing transaction efficiency and user experience. Its strong focus on security and fraud prevention ensures high trust and reliability. Adyen's ability to provide real-time data insights and analytics helps businesses optimize their payment processes, while its scalable infrastructure supports rapid growth and international expansion. This blend of technological excellence, global reach, and comprehensive service offerings positions Adyen as a leader in the digital payment sector.

Weaknesses

Adyen stands out in the payment services industry with its robust, end-to-end payment platform that seamlessly integrates with businesses of all sizes. Known for its innovative technology, Adyen offers a unified solution that supports various payment methods globally, enhancing transaction efficiency and user experience. Its strong focus on security and fraud prevention ensures high trust and reliability. Adyen's ability to provide real-time data insights and analytics helps businesses optimize their payment processes, while its scalable infrastructure supports rapid growth and international expansion. This blend of technological excellence, global reach, and comprehensive service offerings positions Adyen as a leader in the digital payment sector.

Opportunities

The expansion into emerging markets, where internet penetration and mobile usage are rapidly growing, offers significant growth potential. Leveraging innovative technologies such as blockchain, artificial intelligence, and machine learning can further enhance security, efficiency, and user experience. Forming strategic partnerships and collaborations with fintech companies, banks, and tech giants can create new service offerings and expand market reach. The increasing adoption of contactless payments, accelerated by the COVID-19 pandemic, presents a growth opportunity. Additionally, promoting financial inclusion by providing payment solutions to the unbanked and underbanked populations can drive substantial growth and market penetration for Adyen.

Threats

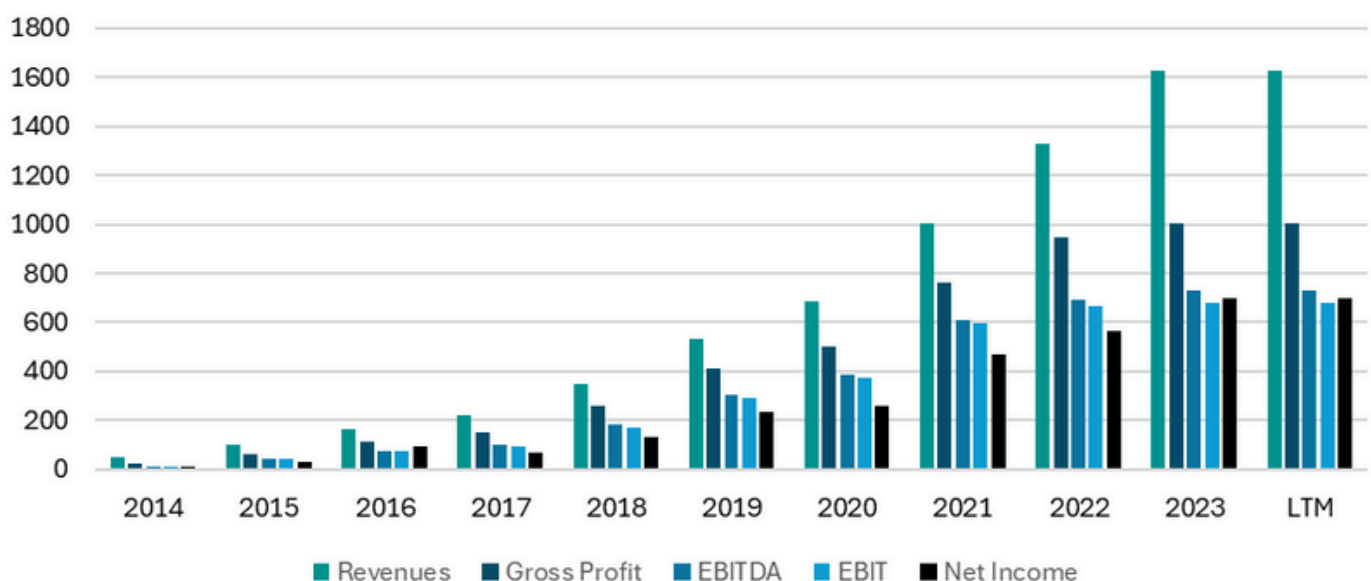
Adyen faces several threats, including sophisticated cyber-attacks that jeopardize security and user trust. Regulatory changes across different countries can impact operations and profitability. Rapid technological advancements require continuous investment in upgrades. Economic instability can reduce transaction volumes and revenues. Additionally, new competitors and alternative payment methods, such as cryptocurrencies, can erode Adyen's market share, intensifying competition and challenging its market position.

FINANCIAL STATEMENT

Income Statement

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Income Statement											
Revenues	47	100	165	218	349	534	684	1,002	1,330	1,626	1,626
% YoY Growth		112,56%	64,72%	32,31%	59,85%	53,13%	28,06%	46,38%	32,82%	22,24%	0,00%
COGS	(21)	(37)	(50)	(65)	(88)	(123)	(181)	(242)	(381)	(620)	(620)
Gross Profit	26	63	115	154	261	411	504	760	949	1,006	1,006
% YoY Growth		140%	81%	34%	70%	58%	22%	51%	25%	6%	0%
Operating expenses	(13)	(23)	(40)	(60)	(88)	(117)	(130)	(165)	(284)	(324)	(324)
EBITDA	14	42	78	98	180	303	385	610	693	728	728
% YoY Growth		196%	84%	26%	84%	68%	27%	58%	14%	5%	0%
Depreciation & Amortization	0,68	1,53	3,12	4,62	7,05	20,13	26,1	31,92	58,39	81,93	81,93
EBIT	14	41	75	93	173	294	374	595	665	682	682
% YoY Growth		200%	83%	25%	85%	70%	27%	59%	12%	3%	0%
Other Expenses/Income	0	0	45	(0)	(7)	5	(41)	(1)	67	266	266
Interest Expenses/Income	0	(0)	(0)	(1)	(2)	(5)	(9)	(13)	(12)	(5)	(5)
Income Tax Expense	(3)	(7)	(22)	(21)	(34)	(61)	(62)	(111)	(156)	(244)	(244)
Net Income	11	34	97	71	131	234	261	470	564	698	698
% YoY Growth		209%	189%	(27%)	84%	79%	11%	80%	20%	24%	0%
Supplementary Data											
Effective Tax Rate	(22%)	(18%)	(19%)	(23%)	(20%)	(21%)	(19%)	(19%)	(22%)	(26%)	(26%)
Diluted Shares Outstanding	0	0	30	31	31	31	31	31	31	31	31
EPS			3,20	2,33	4,29	7,67	8,51	15,31	18,17	22,41	22,41
% YoY Growth				(27%)	84%	79%	11%	80%	19%	23%	0%
Dividends per Share	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Payout Ratio			0%	0%	0%	0%	0%	0%	0%	0%	0%
R&D Expense	0	1	1	1	2	2	2	3	5	4	4
Selling and Marketing Expense	0	0	0	0	0	0	0	0	0	0	0
EBT Incl. Unusual Items	14	41	120	92	165	295	323	581	720	943	943

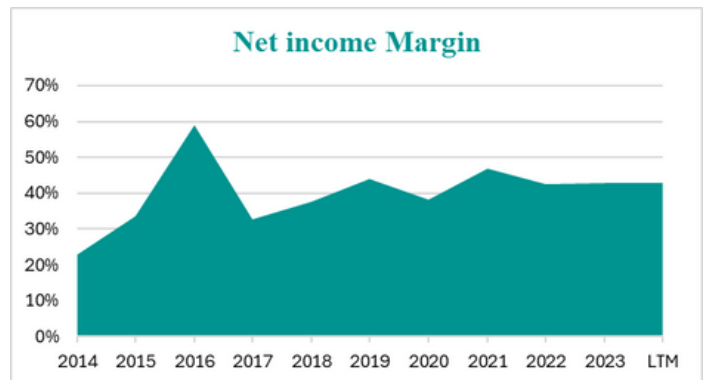
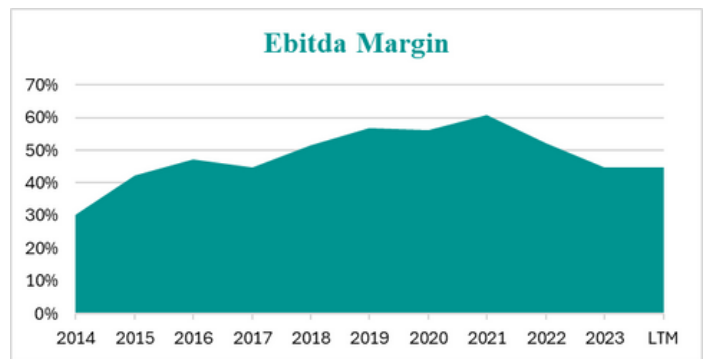
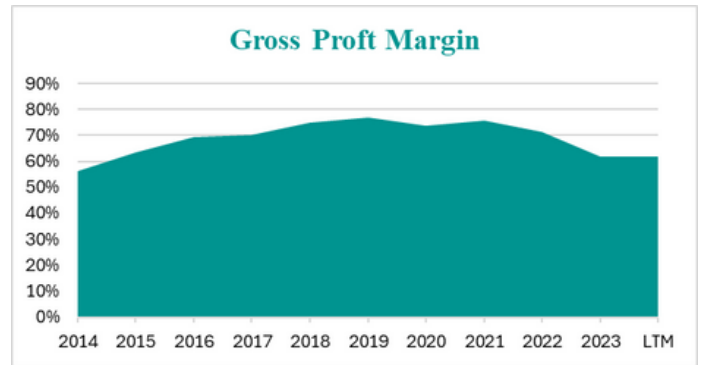
Income Statement



Income Statement

The analysis of Adyen Inc.'s Income Statement highlights an extremely positive trend in terms of performance. Revenues increased from 47 million in 2014 to 1,626 million in 2023, with a nearly stable growth. This steady growth reflects the company's ability to adapt to market needs and continuously innovate its products while maintaining and leveraging its durable competitive advantages. The positive year-over-year (YoY) growth percentages suggest that Adyen has benefited from the increasing demand for online payment solutions, driven by the post-pandemic transition, and especially highlight its resilience even in unfavorable times, classifying it as a counter-cyclical company capable of consistently delivering good and predictable results. The gross margin, despite being already at very high levels, has shown a growth trajectory similar to revenues, increasing from 26 million in 2014 to 1,066 million in 2023. This indicates effective management of production costs and improved operational efficiency, with Adyen able to convert almost all its revenues into gross profit.

Net income has steadily increased over the analysis period, doubling in absolute terms between 2020 and 2021. This indicates a consolidation of the significant growth achieved during the pandemic period, alongside improved cost management. EPS followed a similar positive trend, reflecting effective management of resources and non-operating expenses, achieving a remarkable 92% increase between 2020 and 2021.



Net Revenues: The company prepares its financial statements according to this logic because it operates as an intermediary between financial institutions. In the revenue, therefore, only the difference between the revenues obtained and the costs immediately incurred to ensure the continuity of its core business is included. This approach results in very high margins because most of the costs are already accounted for in the revenue.

Balance Sheet

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Balance Sheet											
Cash and equivalents	331	502	680	863	1.232	1.745	2.737	4.616	6.522	8.307	8.307
Short Term Investments	0	0	0	7	14	13	12	0	0	0	0
Cash and short Term Investments	331	502	680	870	1.246	1.758	2.750	4.616	6.522	8.307	8.307
Total Receivables	153	260	648	208	398	490	968	697	471	632	632
Inventory	0	1	3	4	8	7	20	22	88	105	105
Prepaid Expenses	0	0	0	0	0	0	0	0	0	0	0
Other current Assets	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	484	764	1.332	1.082	1.652	2.256	3.737	5.335	7.081	9.043	9.043
Net PP&E	4	8	15	20	24	90	160	201	322	365	365
Long term Investments	0	46	20	29	30	44	21	23	12	15	15
Goodwill	0	0	0	0	0	0	0	0	0	0	0
Other intangibles	2	3	4	4	5	8	10	10	8	9	9
Other long-Term Assets	0	0	4	0	0	0	0	0	0	0	0
Total non-current Assets	6	58	44	55	208	353	421	441	539	525	525
Total Assets	490	821	1.376	1.137	1.860	2.609	4.158	5.776	7.620	9.568	9.568
Accounts Payable	0	1	2	4	7	9	8	9	20	14	14
Accrued Liabilities	12	11	12	21	26	77	103	91	128	154	154
Long-Term Debt due within one year	0	0	0	0	0	0	0	0	0	0	0
Current Portion of Capital Lease Obligations	0	0	0	0	0	11	13	23	33	51	51
Other Current Liabilities	352	560	1.027	717	1.187	1.460	2.589	3.609	4.796	5.954	5.954
Total Current Liabilities	366	576	1.057	742	1.230	1.578	2.730	3.742	4.981	6.236	6.236
Long Term Debt	0	0	0	0	0	0	0	0	0	0	0
Other non-current Liabilities	0	0	0	0	24	36	68	87	42	3	3
Total non-current Liabilities	0	0	4	5	48	113	210	224	223	182	182
Total Liabilities	366	576	1.061	747	1.278	1.691	2.940	3.965	5.204	6.418	6.418
Common Stocks	0	0	0	0	0	0	0	0	0	0	0
Additional Paid in Capital	108	148	148	149	160	179	195	336	352	390	390
Retained Earnings	14	94	161	234	364	619	872	1.347	1.913	2.609	2.609
Treasury Stocks	0	0	0	0	(5)	0	0	0	0	0	0
Comprehensive Income and Other	2	4	5	6	63	120	151	128	150	151	151
Total Equity	124	246	315	390	582	918	1.218	1.810	2.416	3.151	3.151

Adyen has consistently demonstrated remarkable stability and financial strength, as evidenced by its financial statements. Short-term investments are negligible, indicating that Adyen has clearly adopted a strategy of not investing its liquidity, thereby allowing it to cover short-term expenses that constitute nearly all of the liabilities related to the company's core business.

Additionally, in line with revenue growth, Adyen has increased investments in property, plant, and equipment (PP&E), fostering the company's organic growth. The net working capital excluding liquidity is negative, indicating strong bargaining power with both customers and suppliers.

Analyzing the non-current liabilities, it is evident that Adyen is completely free of long-term debt, demonstrating an excellent ability to generate liquidity without the need for financing to support its core business. The other current liabilities stem from intermediary relationships with financial institutions due to the nature of Adyen's business.

An important point to highlight is that the company has reinvested most of its profits over the past three years, with the goal of strengthening its financial position. Consequently, the company's capital structure is composed of two-thirds external funding and one-third equity.

Cash Flow Statement

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	LTM
Cash Flow Statement											
D&A	1	2	3	5	7	20	26	32	58	82	82
Asset Writedown & Restructuring Costs	0	0	0	0	0	0	0	0	0	0	0
Stock-Based Compensation	2	2	1	1	4	3	1	6	1	28	28
Change In Accounts Receivable	(1)	(3)	(3)	(14)	(17)	(5)	(15)	20	(33)	(45)	(45)
Change In Inventories	0	(1)	(2)	(1)	(4)	1	(13)	(4)	(66)	(23)	(23)
Change In Accounts Payable	9	0	2	10	8	56	21	(11)	40	20	20
Cash from Operations	146	138	194	201	384	529	1,017	1,820	2,021	1,870	1,870
Change in Net Working Capital	(131)	(101)	(79)	(142)	(221)	(267)	(693)	(1,323)	(1,424)	(1,011)	(1,011)
CAPEX	(3)	(5)	(11)	(10)	(11)	(15)	(17)	(51)	(96)	(66)	(66)
Cash Acquisition	0	0	0	0	0	0	0	0	0	0	0
Divestitures	0	0	0	0	0	0	0	0	0	0	0
Cash From Investing	(5)	(6)	(17)	(18)	(16)	(23)	(22)	(42)	(88)	(70)	(70)
Total Debt Issued	0	0	0	0	0	0	0	0	0	0	0
Total Debt Repaid	0	0	0	0	0	(10)	(9)	(9)	(22)	(34)	(34)
Issuance of Common Stock	97	40	0	1	36	38	13	105	10	13	13
Repurchase of Common Stock	0	0	0	0	(31)	(18)	0	0	0	0	0
Common & Preferred Stock Dividends Paid	0	0	0	0	0	0	0	0	0	0	0
Cash from Financing	97	40	0	1	5	9	3	96	(12)	(21)	(21)
Net Change in Cash	238	171	178	183	369	513	992	1,879	1,906	1,785	1,785
% YoY		-28%	4%	3%	102%	39%	93%	89%	1%	-6%	0
Free Cash Flow to the firm	(123)	(71)	(25)	(75)	(88)	(28)	(382)	(862)	(940)	(490)	(490)
FCFE	(123)	(71)	(25)	(75)	(89)	(32)	(390)	(872)	(950)	(493)	(493)

The company has seen a steady increase in "Cash from Operations," growing from 1,017 million in 2020 to 2,021 million in 2022, with a slight decrease to 1,870 million in 2023. This increase, especially in recent periods, reflects a significant improvement in the ability to generate cash from core operations, highlighting effective operational management and strong demand for the services produced by Adyen.

The cash flow from financing ("Cash from Financing") as well as from investing ("Cash from Investing") are almost negligible in Adyen's cash flow statement. The only noteworthy elements are the increase in capital expenditures, necessary to support the rise in activity levels.

In the context of financial activities, it is important to highlight the issuance of new shares in 2020 valued at 105 million, which occurred during the company's peak growth period.

The "Free Cash Flow to the Firm" (FCFF) of Adyen has increased significantly in recent years, rising from 28 million in 2019 to 940 million in 2022, before halving in 2023 due to a smaller change in net working capital. This increase reflects Adyen's ability to generate sufficient cash flow to finance both current operations and growth investments, further strengthening the company's financial stability.

It is important to note that the company has never conducted buybacks to protect its shareholders, except during the 2018-2019 period when the stock price was undervalued. This buyback contributed, albeit slightly, to increasing the company's EPS.

Profitability, Efficiency and Financial Solidity

Profitability

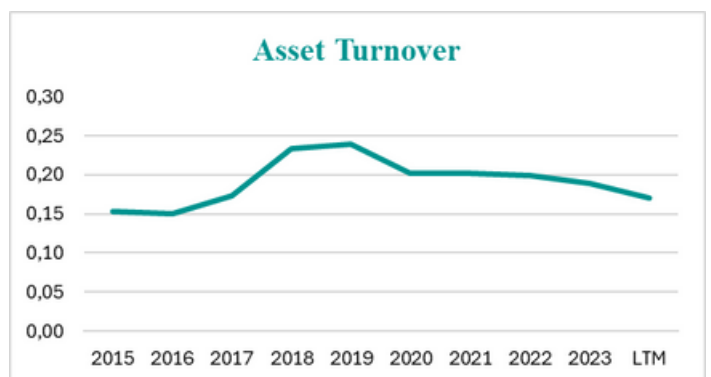
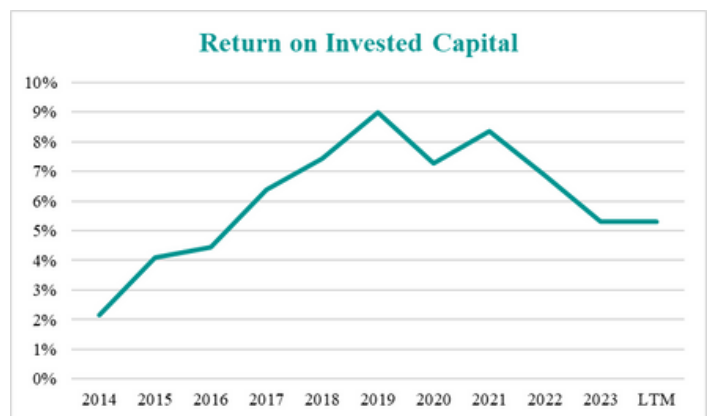
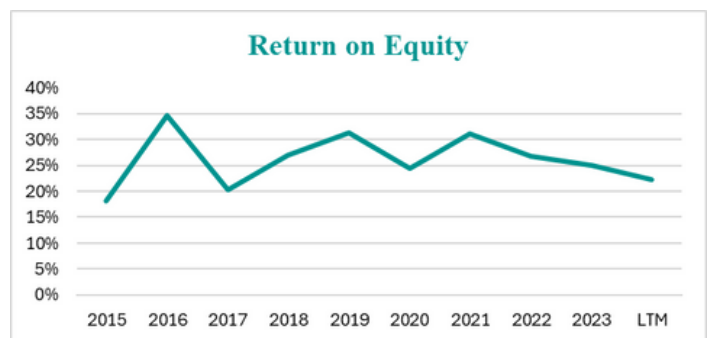
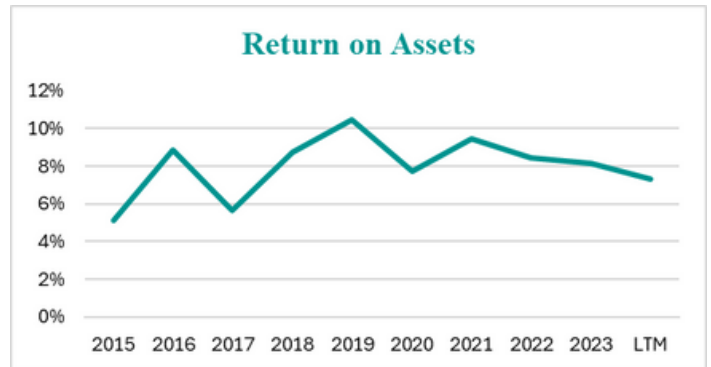
During the analysis years, Adyen Inc. has shown a fluctuating return on assets (ROA), remaining stable between 10% and 8%. This behavior is explainable by the fact that almost all net income is converted into liquidity, limiting significant growth in ROA, which is an indicator of how much profit a company generates relative to its total assets.

The return on equity (ROE) has been very high, averaging 27.60% over the past five years, but has followed a trend parallel to ROA. This is because almost all net income is retained, without the issuance of new shares, either paid or free. ROE measures the profitability of shareholders' equity and how effectively a company uses investments to generate growth.

The return on invested capital (ROIC) showed a growth trajectory until 2019, reaching a peak of 9%. However, in 2020, ROIC decreased due to less than proportional growth in NOPAT compared to invested capital. ROIC indicates how efficiently a company uses invested capital to generate profits, taking into account both debt and equity.

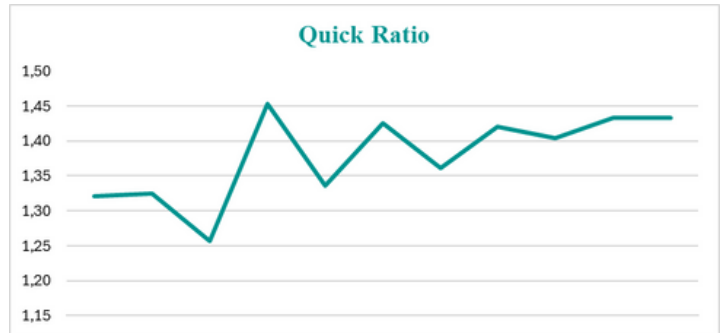
Efficiency

The asset turnover graph for Adyen Inc. has shown a trend similar to the other indices, reaching its peak in 2019 and then decreasing in the following years. However, it has consistently maintained a value above 15% throughout the analysis period. This implies good revenue generation by the company relative to the value of its assets, indicating strong operational efficiency.

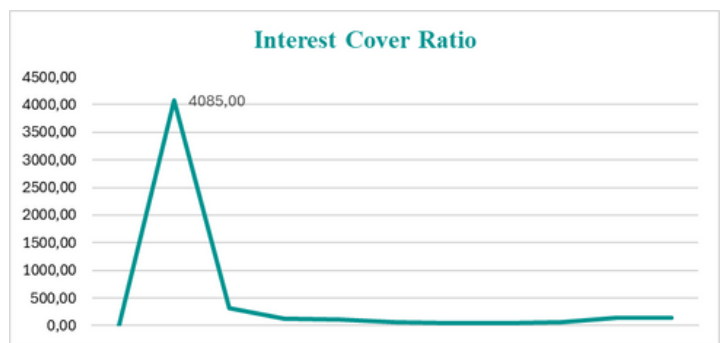


Financial Solidity

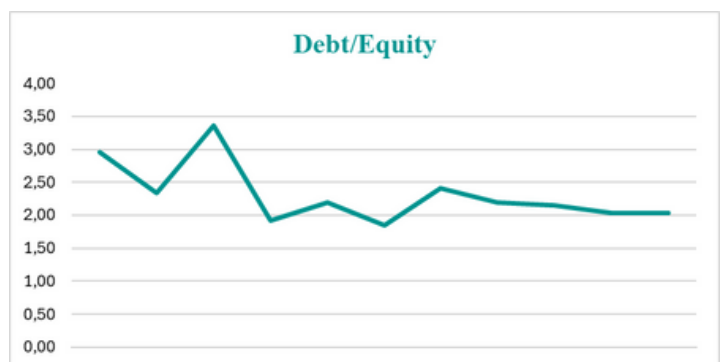
The Quick Ratio of Adyen shows an overall increasing trend, although with a fluctuating trajectory, settling at a value above 1.40. This indicator measures the company's ability to cover its short-term liabilities with liquid assets, excluding inventory. The growth of the Quick Ratio could indicate greater stability in current assets, allowing the company to meet short-term payments. However, the fluctuating trajectory might be due to liquidity investments in illiquid assets, suggesting a better utilization of liquid resources.



The graph of Adyen's Interest Coverage Ratio highlights notable financial stability, with virtually negligible interest-generating debt. In 2015, the ratio peaked at 4085, thanks to a significant increase in EBIT against interests of 0.1. A high value of this indicator signals that the company can easily manage its financial obligations, reducing the risk of insolvency.



The Debt to Equity Ratio has shown a decreasing trend during the analysis period, decreasing by almost one unit. This decline is due to a more than proportional growth in equity compared to debt, reaching a level of 2. This indicator is crucial for evaluating a company's capital structure and the degree of financial leverage used. A lower ratio value indicates less dependence on debt and greater equity strength.



Valuation

Multiples analysis

The detailed analysis of Adyen Inc.'s multiples compared to its competitors highlights both significant strengths and some weaknesses. The only multiple where Adyen is significantly undervalued is P/BV (10.9x), which is lower than the averages of its competitors. However, this is impacted by Mastercard, which has a value of 56.6x, indicating an overvaluation relative to book value.

Adyen appears overvalued compared to its competitors when considering various financial multiples. Specifically, key income statement multiples such as EV/Sales (16.8x), EV/EBITDA (37.4x), and EV/EBIT (40x) are all higher than both the weighted and arithmetic averages of its competitors. These ratios indicate that the market has high growth expectations for Adyen, valuing it significantly higher in terms of revenues and operating profits compared to its competitors. This suggests a perception of strong future potential for the company, but also a risk of overvaluation. In other words, investors may be willing to pay a premium for Adyen in the hope that the company will continue to grow rapidly, but this also carries the risk that these expectations may not materialize.

The P/E multiple of Adyen Inc. (49.5x) is almost identical to the arithmetic average of its competitors (49.2x) but higher than the weighted averages (36.0x), suggesting that the market also anticipates higher future growth for Adyen.

Finally, analyzing the standard deviations of the competitors' multiples, we notice very high values, such as 367% for P/TBV and 153% for EV/EBIT. These high standard deviation values indicate great variability and uncertainty in the competitors' multiples relative to the industry average, making it difficult to perform an accurate valuation based solely on these multiples.

In conclusion, although the multiples suggest that Adyen is overvalued based on the analyzed parameters, the high standard deviations indicate significant uncertainty regarding these valuations. Therefore, relying solely on these multiples is ineffective, and it is advisable to proceed with an absolute analysis.

	EV	Market Cap	Ev/Sales	Ev/Ebitda	Ev/Ebit	P/S	P/E	P/BV	P/TBV	MC/FCF
Simple Average	180.104,83	171.917,13	7,3x	25,5x	53,0x	6,7x	49,2x	11,7x	-26,3x	33,8x
Weighted average - EV	-	-	13,1x	23,6x	31,4x	12,7x	36,0x	25,1x	-66,8x	33,4x
Weighted average - MC	-	-	13,3x	24,1x	31,9x	13,0x	36,0x	25,9x	-68,9x	34,0x
Median	60.385,19	63.045,19	5,1x	14,9x	23,4x	4,3x	29,7x	3,1x	-4,8x	22,0x
Standard Deviation			6,12	25,00	81,30	6,27	40,86	20,22	43,10	33,98
(% Average)			84%	98%	153%	94%	83%		367%	100%
High	536.247	531.745	16,8x	80,5x	236,8x	21,7x	110,5x	56,6x	11,2x	107,2x
Low	30.406	24.874	1,8x	10,0x	11,9x	1,9x	15,1x	1,1x	-92,6x	-72,0x
Price based on multiples			765,19	752,85	1.023,48	479,133	845,3850592	1670,420814	NC	-484,71

DCF

WACC

To calculate the weighted average cost of capital (WACC), the following components were selected and computed:

- **Risk-Free Rate:** The US 10-year bond yield (US10Y) as of the valuation date 01.06.2024, which is 4.5%.
- **Country Risk Premium and Market Risk Premium:** These were calculated as the weighted average based on the revenue contributions of individual country risk premiums and market risk premiums for the respective countries/geographical areas.
- **Beta:** This was calculated as a weighted average between the Bottom-Up method (40%) and its direct correlation with the S&P 500 (60%).
- **Cost of Debt:** This was calculated as the average over the previous 5 years, instead of using the Interest Coverage Ratio (ICR) method.

Capital Structure

Equity	99,46%
Debt	0,54%

Wacc Calculation

Cost of Equity	12,50%
Risk-free Rate	3,38%
Country Risk Premium	1,48%
Market Risk Premium	6,44%
Levered Beta	1,19
Net Cost of Debt	4,92%
Cost of Debt	6,33%
Tax Rate	22,23%
WACC	12,46%

Sales (% growth)	21,5%	20,7%	19,9%	19,1%	18,3%	17,5%	14,5%	11,5%	8,5%	5,5%	2,5%
1 Optimistic Scenario	23,50%	22,70%	21,90%	21,10%	20,30%	19,50%	16,10%	12,70%	9,30%	5,90%	2,50%
2 Base Scenario	21,50%	20,70%	19,90%	19,10%	18,30%	17,50%	14,50%	11,50%	8,50%	5,50%	2,50%
3 Pessimistic Scenario	19,50%	18,70%	17,90%	17,10%	16,30%	15,50%	12,90%	10,30%	7,70%	5,10%	2,50%
Gross Profit margin	69,0%	69,2%	69,4%	69,6%	69,8%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%
1 Optimistic Scenario	72,00%	72,20%	72,40%	72,60%	72,80%	73,00%	73,00%	73,00%	73,00%	73,00%	73,00%
2 Base Scenario	69,00%	69,20%	69,40%	69,60%	69,80%	70,00%	70,00%	70,00%	70,00%	70,00%	70,00%
3 Pessimistic Scenario	66,00%	66,20%	66,40%	66,60%	66,80%	67,00%	67,00%	67,00%	67,00%	67,00%	67,00%
Ebit Margin	47,0%	47,2%	47,4%	47,6%	47,8%	48,0%	48,0%	48,0%	48,0%	48,0%	48,0%
1 Optimistic Scenario	50,00%	50,20%	50,40%	50,60%	50,80%	51,00%	51,00%	51,00%	51,00%	51,00%	51,00%
2 Base Scenario	47,00%	47,20%	47,40%	47,60%	47,80%	48,00%	48,00%	48,00%	48,00%	48,00%	48,00%
3 Pessimistic Scenario	44,00%	44,20%	44,40%	44,60%	44,80%	45,00%	45,00%	45,00%	45,00%	45,00%	45,00%
Depreciation & Amortization (% sales)	2,9%	2,9%	2,9%	2,9%	2,9%	2,9%	2,9%	2,9%	2,9%	2,9%	2,9%
1 Optimistic Scenario	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%
2 Base Scenario	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%
3 Pessimistic Scenario	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%
Capital Expenditures (% of sales)	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%
1 Optimistic Scenario	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%
2 Base Scenario	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%
3 Pessimistic Scenario	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%	4,80%

Base Case

In the base scenario, we expect steady and conservative growth for Adyen compared to the consensus over the next few years. Sales will initially increase by 21.5% in 2024, with a slight decline in annual growth rates until stabilizing at 2.5% by 2033. This scenario reflects a stable market without significant changes in the economic landscape or consumer behavior.

The gross profit margin is expected to remain relatively stable around 69.0%, with a slight increase to 70.0% in the long term. This indicates consistent management without major innovations or changes in the cost structure, increasingly leveraging pricing power. The EBIT margin remains constant at 47.0% in the short term, with a slight increase to 48.0% by 2033. This could reflect a "business as usual" strategy focusing on preserving existing resources.

Depreciation and amortization expenses remain stable at 2.9% of sales, indicating prudent and well-managed investments. Capital expenditures show a constant trend in our forecast period, remaining at 4.8% of sales.

Best Case

In the Best scenario, we foresee robust growth for Adyen Inc. Sales are expected to grow by 23.5% in 2024 and maintain higher growth rates compared to the base scenario, reaching 2.5% in 2033. The gross profit margin is projected to improve, starting at 72.0% in 2023 and reaching 73.0% in the long term. This increase reflects slight optimization in cost management and a more aggressive pricing strategy. The EBIT margin is expected to grow from 47.0% in 2023 to 48.0% in 2033, due to high operational efficiency and careful expense control. Depreciation and amortization expenses remain stable at 2.9%, indicating prudent and well-managed investments. Capital expenditures follow a constant trend as in the base scenario, at 4.8% of total sales.

Worst Case

The Worst scenario considers the challenges that Adyen Inc. might face due to strategic errors. Sales growth is expected to be lower, starting at 19.5% in 2023 and slowing to 2.5% by 2033. The gross profit margin could decrease slightly, remaining stable around 67.0% throughout the period. The EBIT margin is expected to drop to 44.0% in 2024, with a slight increase to 45.0% in the long term, indicating pressure on operating margins. Depreciation and amortization expenses, as well as capital expenditures, remain the same as in the other two scenarios.

DCF

Fair Value

Adyen Inc. appears incredibly undervalued compared to the consensus, reflecting a more conservative valuation. However, the valuation in the other two scenarios is asymmetrical relative to the value as of 06/08/2024, indicating that the market is already undervaluing the stock.

	Worse	Base	Optimistic
Value	1335,46	1601,18	1906,46
+/- %	23,02%	47,49%	75,61%

Final Outlook

Currently, cross-referencing the valuations performed, Adyen appears to be overvalued compared to its competitors and shows excellent growth potential in optimal scenarios. We note that, overall, the company is generally overvalued in terms of multiples but has a very good growth outlook in absolute terms, supported by the enormous competitive advantages it possesses. The conclusion of the analysis is a **STRONG BUY**.

Sensitivity Analysis

		Wacc					
		\$1.601,18	11,46%	11,96%	12,46%	12,96%	13,46%
Growth Rate	1,5%	1601,17	1598,12	1595,34	1592,81	1590,49	
	2,0%	1604,55	1601,17	1598,12	1595,34	1592,81	
	2,5%	1608,30	1604,55	1601,17	1598,12	1595,34	
	3,0%	1612,50	1608,30	1604,55	1601,17	1598,12	
	3,5%	1617,23	1612,50	1608,30	1604,55	1601,17	

		Wacc					
		\$1.601,18	10,46%	11,46%	12,46%	13,46%	14,46%
Ev/Ebitda	36,4x	1587,19	1578,27	1571,14	1565,31	1560,45	
	36,9x	1602,21	1593,29	1586,16	1580,33	1575,47	
	37,4x	1617,23	1608,30	1601,17	1595,34	1590,49	
	37,9x	1632,24	1623,32	1616,19	1610,36	1605,51	
	38,4x	1647,26	1638,34	1631,21	1625,38	1620,53	

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13.06.2024.

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