NewStreet Research

Research Analysts

Soomit Datta

+44 20 375 9128
soomit@newstreetresearch.com

Adyen – H1 24: Earnings call feedback

FY 24 consensus revs could move up ~1-2%, FY 25/26 likewise would follow

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Earnings call review: A solid call from the company and specifically we would highlight the commentary on H2 24 revenue growth being lower than H1 (23.5%) - and as expected – BUT not dropping below the low end of the guide range of low to mid-twenties.

Given where consensus has slipped to (21.4%), and taking 21.0% as "low twenties" (could be higher), this would imply a lift to consensus revenue in the range of 0.8-2.2pp for this year.

Elsewhere we liked the focus on TCO and in particular clear messaging on debit routing in the US as something ***peers are not at this stage able to emulate, and it being a key differentiator.*** *Anything steering the debate away from "commoditisation" we think the market should view very favourably.*

India seems an exciting opportunity, though we're less convinced on Brazil given market dynamics there (Pago dominance of E-Comm growth, Chinese cross-border the main growth engine). We think not much from either though is baked into the 2026 outlook.

Sales

Heather Broffman
heather@newstreetresearch.com

Ethan Lacy
ethan.lacy@newstreetresearch.com

Daniel Gilroy
daniel.gilroy@newstreetresearch.com

Michael Chambers
michael@newstreetresearch.com

Charlie Gaynor
charlie@newstreetresearch.com

Mark Franks
mark@newstreetresearch.com

Dimitri Livchits
dimitri@newstreetresearch.com

Additional steer on H2 24 suggests upgrades of 0.8-2.2% for FY 24 revenue

H2 24 sensitivity

Revenue, EUR m	H1 23	H2 23	H1 24	H2 24e	FY 24e	H2 24 %	FY 24 %	Upside to cons
Reported	739	887	913			23.5%		
New Street				1,083	1,996	22.1%	22.8%	
Consenus				1,060	1,973	19.5%	21.4%	
Worst case				1,073	1,986	21.0%	22.2%	0.8%
Best case				1,095	2,008	23.5%	23.5%	2.2%

Based on management commentary, revenue growth for FY 24 would come in between 22.2% and 23.5%

" Growth for H2 lower than H1 in 2024, but will NOT drop below the guide range based on current expectations"

Adyen management, Q2 24 earnings call

Visible Alpha FY 25 revs growth:
23.1%

Visible Alpha FY 26 revs growth:
23.4%

This is close to where FY 25 and FY 26 expectations are for growth, and given the investments made into the business and commentary on accelerating growth through the guide period (24-26), we would assume consensus would then move up FY 25 and FY 26 also

Summary results – H1

- *There was a nice lift in volume growth, led by Digital which accelerated nicely in H1 with an easier comp; Unified Commerce and notably platforms also accelerated*
- *Revenue came in 0.5% ahead of our expectations*
- *With FTEs flat and investments largely made, this dropped though to EBITDA which was 1% ahead*
- *EBITDA margins lifted from H1 23, down slightly on H2 23 though with seasonality and volumes more supportive for H2*
- *Net income came in 3% ahead of consensus*

Summary of H1 results

	H1 20	H2 20	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23	H1 24	NSR H1 24e	Cons H1 24E	NSR diff	Cons diff
TPV, EUR billion	**129**	**175**	**216**	**300**	**346**	**422**	**426**	**544**	**620**	**640**	**621**	**-3.2%**	**-0.2%**
y/y	23%	29%	67%	72%	60%	41%	23%	29%	46%	50%			
TPV split													
Digital	102	118	141	181	218	254	267	338	400	415	402	-3.6%	-0.5%
y/y			38%	53%	55%	40%	23%	33%	51%	55%			
Unified Commerce	23	41	44	74	80	116	109	144	141	143	141	-1.7%	-0.6%
y/y			95%	82%	83%	58%	36%	24%	30%	31%			
Platforms	5	16	31	45	48	52	50	62	79	82	76	-3.5%	4.6%
y/y			598%	187%	53%	16%	3%	19%	55%	65%			
Take-rate	**0.217%**	**0.217%**	**0.206%**	**0.185%**	**0.176%**	**0.171%**	**0.173%**	**0.163%**	**0.147%**	**0.142%**	**0.147%**		
EUR million	**H1 20**	**H2 20**	**H1 21**	**H2 21**	**H1 22**	**H2 22**	**H1 23**	**H2 23**	**H1 24**	**H1 24e**	**H1 24E**		
Net revenue	280	379	445	556	609	722	739	887	913	909	914	0.4%	-0.1%
y/y	27%	38%	59%	47%	37%	30%	21%	23%	21%	23%	24%		
Wages and salaries	74	78	98	101	135	193	247	267	298	295	297	1.2%	0.4%
# of FTE	1,448	1,747	1,954	2,180	2,575	3,332	3,883	4,196	4,233	4,296			
FTE adds	266	299	207	226	395	757	551	313	37	100			
Social securities and pension cc	14	15	21	21	24	29	39	41	49	43	46	14.0%	7.4%
Amortization and depreciation	13	15	17	19	25	38	41	44	49	47	46	4.7%	7.1%
Other operating expenses	51	50	53	78	94	127	126	139	142	146	152	-3.0%	-6.6%
Other							7	7	7	5			
EBIT	127	222	256	338	331	334	279	379	374	373	373	0.2%	0.2%
EBITDA (adj for one offs)	**141**	**237**	**273**	**357**	**356**	**372**	**320**	**423**	**423**	**420**	**419**	**0.7%**	**1.0%**
% EBITDA margin	50.3%	62.4%	61.3%	64.1%	58.5%	51.5%	43.3%	47.7%	46.3%	46.2%	45.8%		
Finance income	1	0	1	0	1	28	93	153	177	165	154		
Finance expense	4	6	6	7	9	3	2	3	3	3	3		
Other financial results	-26	-17	5	-7	36	2	3	41	-6	0			
Net finance expense	-28	-23	0	-14	29	26	94	192	168	162	154		
Income before income taxes	99	199	256	325	360	360	373	571	542	535	527	1.3%	2.9%
Income taxes	21	36	51	60	77	79	91	153	132	118	129		
% tax rate	21%	18%	20%	18%	22%	22%	24%	27%	24%	22%	24%		
Net income	**78**	**163**	**205**	**264**	**282**	**281**	**282**	**418**	**410**	**417**	**396**	**-1.8%**	**3.4%**
% margin	28.0%	43.0%	46.0%	47.5%	46.4%	39.0%	38.2%	47.1%	44.9%	45.9%	43.4%		

Summary results Q2

- Given we get Q1 volume and revenue we can see how Q2 trended also

Summary of Q2 results

	Q3 22	Q4 22	H1 23	Q3 23	Q4 23	Q1 24	Q2 24	NSR Q2 24e	Cons Q2 24e	NSR diff	Cons diff
TPV, EUR billion	200	221	426	243	301	298	322	342	323	-5.9%	-0.3%
y/y				21.3%	36.0%	46.0%	45.0%	54.0%	45.4%		
TPV split											
Digital	124	130	267	150	188	190	210	225	212	-6.7%	-0.9%
y/y			23%	21%	45%	51%	49%	59%	43%		
Unified Commerce	51	65	109	63	81	69	72	74	72	-3.2%	-1.1%
y/y			36%	25%	24%	30%	27%	32%	30%		
Platforms	26	26	50	30	32	39	40	43	37	-6.7%	9.4%
y/y			3%	15%	22%	55%	63%	75%	72%		
y/y ex-eBay				120%	102%	116%	91%				
Take-rate	0.169%	0.173%	0.173%	0.170%	0.157%	0.147%	0.148%	0.138%	0.147%		
Net revenue, EUR m	339	383	739	414	473	438	475	471	476	0.8%	-0.1%
q/q		13%			14%	-7%	8%	8%	9%		
y/y			21.4%	22.0%	23.7%	21.0%	26.0%	24.9%	26.1%		
constant FX y/y			**20.7%**	**26.0%**	**26.0%**	**21.0%**	**26.0%**	**24.1%**	**25.3%**		

Volume growth was stable at 45% y/y in Q2
(we estimate the segment mix which isn't reported quarterly)

Take-rate actually moved up slightly in Q2, to 0.148% from 0.147% in Q1

Adyen growth rates

- Revenue growth accelerated to 26% y/y in Q2 from 21% in Q1 (24% for H1)
- This is in the context of the low to high twenties revenue growth guide for the three years through to 2026
- It's not called out but we assume constant currency growth, in Q2, is very similar to reported based on FX moves

Growth rates at Adyen *

y/y	H2 22	H1 23	Q3 23	Q4 23	H2 23	FY 23E	Q1 24	Q2 24	Q2 24E	H1 24E	Q3 24E	Q4 24E	H2 24E	FY 24E	H1 25E	H2 25E	FY 25E	FY 26E
TPV growth	41%	23%	21%	36%	29%	26%	46%	45%	54%	50%	50%	43%	46%	48%	29%	31%	30%	29%
Digital	40%	23%	21%	45%	33%	29%	51%	49%	59%	55%	57%	43%	49%	52%	25%	27%	26%	24%
Unified Commerce	58%	36%	25%	24%	24%	29%	30%	27%	32%	31%	30%	30%	30%	30%	35%	36%	36%	36%
Platform	16%	3%	15%	22%	19%	11%	55%	63%	75%	65%	63%	72%	67%	67%	34%	41%	38%	41%
- eBay																		
- ex-eBay																		
Revenue	29.7%	21.4%	22.0%	23.7%	22.9%	22.2%	21.0%	26.0%	24.9%	23.0%	22.6%	21.7%	22.1%	22.5%	24.3%	25.4%	24.9%	26.9%
Constant FX		20.7%	26.0%	26.0%	26.1%	23.8%	21.0%	26.0%	24.1%	22.6%	21.7%	21.2%	21.4%	21.7%	24.3%	25.4%	24.9%	26.9%

We estimate the segment mix which isn't reported quarterly)

By region

- We saw the expected recovery in US revenue
- EMEA showed a good improvement also, which was partly offset by weaker Asia-Pacific
- Momentum in LatAm continues to be lacklustre

Regional revenue growth rates

Revenue growth, y/y	H1 22	H2 22	H1 23	H2 23	H1 24
Group	36.5%	29.7%	21.4%	22.9%	23.5%
Group constantFX			20.7%	26.1%	23.5%
EMEA	29.8%	20.4%	20.1%	22.9%	25.0%
North America	52.4%	45.2%	23.0%	26.9%	30.1%
Asia-Pacific	25.4%	99.4%	89.7%	25.3%	14.8%
LATAM	53.3%	-1.5%	-22.2%	4.9%	2.2%

Regional revenue split (% of Group)

Split of revenue	H1 22	H2 22	H1 23	H2 23	H1 24
EMEA	57.1%	55.3%	56.5%	55.4%	57.1%
North America	25.1%	26.4%	25.4%	27.3%	26.7%
Asia-Pacific	7.3%	10.8%	11.4%	11.0%	10.6%
LATAM	10.6%	7.4%	6.8%	6.3%	5.6%
Group	100.0%	100.0%	100.0%	100.0%	100.0%

** We estimate the segment mix which isn't reported quarterly)*

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NewStreet Research

Sales Contact

Ethan Lacy
ethan.lacy@newstreetresearch.com

Dimitri Livchits
dimitri@newstreetresearch.com

Michael Chambers
michael@newstreetresearch.com

Heather Broffman
heather@newstreetresearch.com

Daniel Gilroy
daniel.gilroy@newstreetresearch.com

Charlie Gaynor
charlie@newstreetresearch.com

Mark Franks
mark@newstreetresearch.com

Steven Perez
steven.perez@newstreetresearch.com