



**Evolve**  
Capital Partners

**Adyen N.V.**

June 2018

**Summary of Initial Public Offering**

**adyen**

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**SPECIALIZED INVESTMENT BANKERS AT  
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# Adyen IPO – Executive Summary

## Initial Public Offering Overview



ENXTAM:ADYEN



### Description










Adyen is a technology company that is redefining payments for merchants globally. The company built an efficient single platform that enables acceptance and processing of cards and local payments globally across its merchants' online, mobile and point of sale ("POS") channels.



### Use of Proceeds

The company intends to use the proceeds to maintain, promote, and enhance the Adyen brand among merchants, and to attract and retain talented employees. In addition, the offering is being conducted to provide the selling shareholders with an exit opportunity for part of their holdings.

Source(s): Adyen IPO Prospectus

 <b>Headquarters</b>	Amsterdam, Netherlands
 <b>Founded</b>	2006
 <b>Employees</b>	668
 <b>Trading Date</b>	06/13/2018
 <b>Underwriters</b>	Morgan Stanley    
 <b>Issue Price</b>	\$282.92
 <b>Shares Offered</b>	3.5 million
 <b>Gross Proceeds</b>	\$1.0 billion

# Adyen IPO – Executive Summary

## Key Metrics – IPO

Shares Offered through the IPO	3.5 million
Issue Price	\$282.92
Total Shares Outstanding after the IPO	29.4 million
Market Value <sup>(1)</sup>	\$8.3 billion
Enterprise Value at Issue Price <sup>(2)</sup>	\$7.3 billion
EV / Revenue <sup>(3)</sup>	5.6x
Trading Date	06/13/2018
Listing Price	\$466.14
Listing Premium	\$183.22

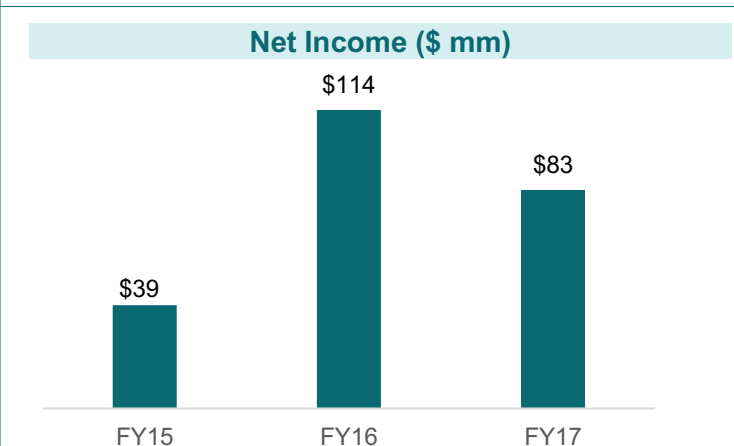
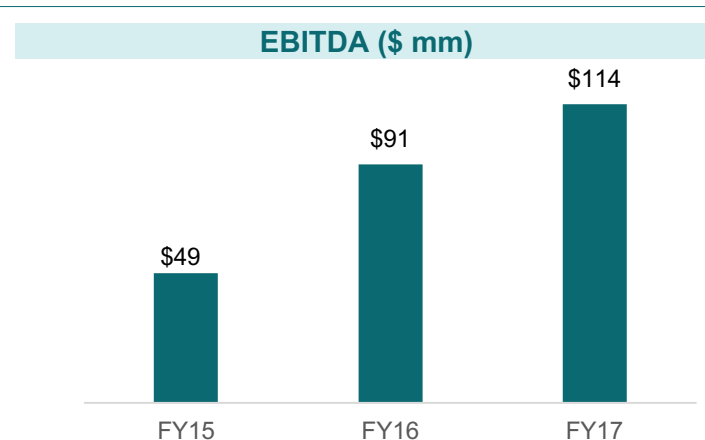
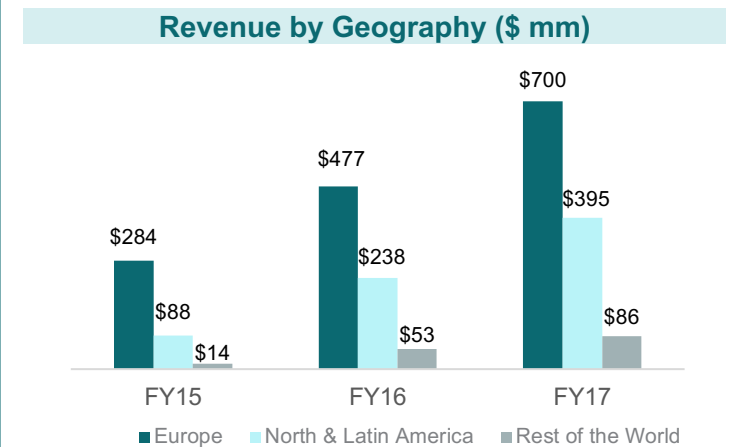
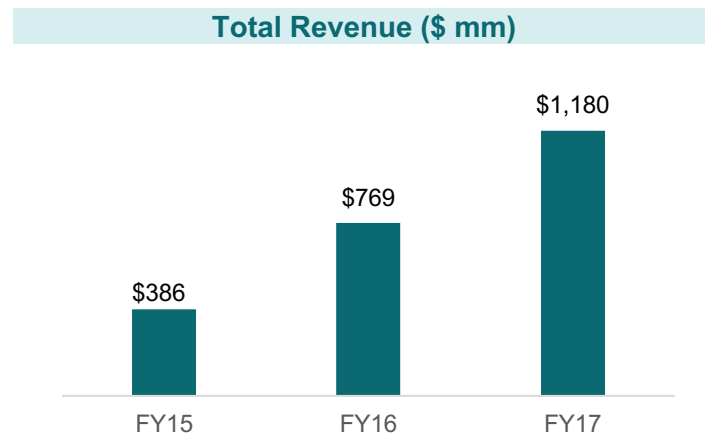
Source(s): Capital IQ, Pitchbook, Media Reports, Adyen IPO Prospectus

<sup>(1)</sup> Market Value has been calculated as Issue Price x Total Shares Outstanding after the IPO.

<sup>(2)</sup> Enterprise value is based on the calculated Market Value at Issue Price and preferred equity, debt and cash as of March 31, 2018 taken from Capital IQ

<sup>(3)</sup> Based on LTM Revenue till March 31, 2018.

\* Revenue and Gross Profit for fiscal year ending December 31



# Adyen IPO – Executive Summary

## Company Overview

### Overview

- Adyen enables businesses to process payments online with over 250 payment methods and 187 transaction currencies.
- Adyen's technology removes friction for both shoppers and merchants, allowing an improved shopper experience by simplifying the global management of payments across sales channels and geographies.
- The company's platform supports "unified commerce" for merchants across online, mobile and POS channels. These channels are connected to the same Adyen back-end infrastructure for processing and settling payments and offer feature-rich application programming interfaces ("APIs").
- The company also provides valuable data insights to merchants to help them understand their shoppers' behavior better and tailor their marketing efforts.
- In 2017, Adyen obtained a banking license in Europe that allows the company to offer payment processing services. The license directly settles funds from an Adyen account to merchant accounts, without relying on the company's banking partners. This ability enhances Adyen's performance and increases reliability.

Source(s): Adyen IPO Prospectus; \*Currency converted from Euro to USD as of July 4, 2018

### Key Statistics



In 2017, Adyen received 3.7 billion transactions, generating \$126.7 billion\* in processed volumes and \$255.4 million\* in net revenue.



Over the period from 2015 to 2017, Adyen's annual churn rate was less than 1% of processed volume.



For the year ended December 31 2017, as measured by net revenue, Adyen's top 10 merchants represented 33% of net revenue and its top 120 merchants represented 69% of net revenue.



Processed volumes coming from Adyen's point of sale (POS) offering have increased from \$0.6 billion\* (approximate) in 2015, to \$3.0 billion\* in 2016 and \$9.8 billion in 2017.



Adyen, headquartered in Amsterdam, offers its platform services in the US, Latin America, Asia-Pacific, and Europe.

#### Adyen's Merchant Portfolio

UBER

NETFLIX



Spotify

Etsy



SEPHORA

TORY BURCH

L'ORÉAL

Booking.com



# Adyen IPO – Executive Summary

## Services Overview

The Adyen platform combines global reach with local capabilities, directly connecting merchants to Visa, Mastercard and many other payment methods while supporting numerous transaction currencies across six continents.

**The key revenue-generating services that Adyen provides merchants with are processing services and settlement services.**

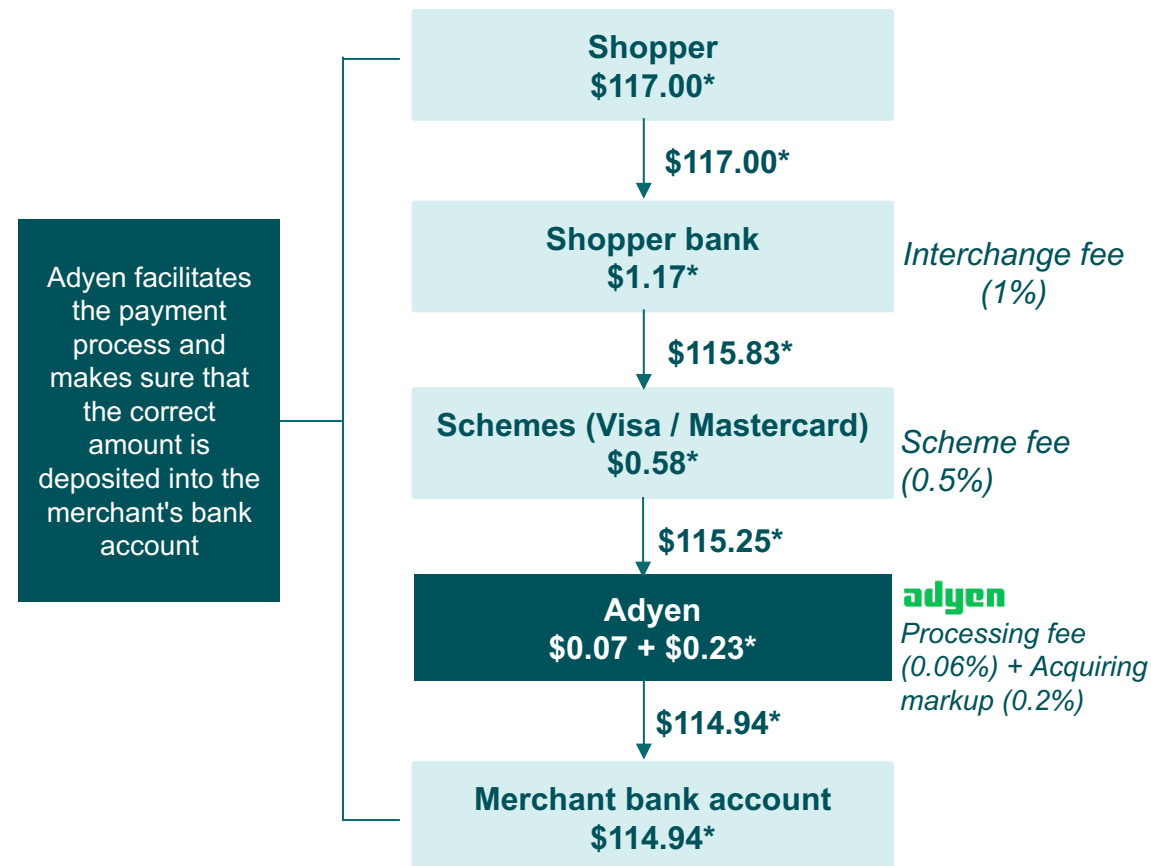
### Payment Processing Services

Processing services include authorization, reconciliation, risk management, tokenization and payout services. The processing fee that Adyen receives from merchants is usually charged in the form of a fixed fee per transaction. In some cases, Adyen only acts as a "gateway" and does not provide any acquiring services. In those cases, Adyen earns only the processing fee.

### Settlement Services

Settlement involves underwriting the settlement risk that arises when Adyen acts as an acquirer for a merchant. The settlement fee is usually charged as a percentage of the transaction value.

The following graph provides an illustration of Adyen's acquiring markup and processing fee within the broader value chain.



Source(s): Adyen IPO Prospectus; \*Currency converted from Euro to USD as of July 4, 2018

# Adyen IPO – Executive Summary

## Products Overview

Adyen offers its merchants tools to integrate Adyen's processing and settling services into their various sales channels:

### Adyen Checkout

- Adyen Checkout is designed to generate higher shopper conversion through built-in personalization and localization tools, shopper preferences, and risk profiles.
- Adyen Checkout traces shoppers in the payment flow, enabling both merchants and Adyen to make data-driven decisions to further drive conversion.

### Adyen MarketPay

- Adyen MarketPay is a global payout solution for marketplaces.
- This payments solution automates and secures onboarding of sub-merchants, automatically splits payments between merchant funds and sub-merchant payouts, optimizes payout facilitation, and manages compliance.

### RevenueAccelerate

- RevenueAccelerate aims to correct inconsistencies in the payments ecosystem by converting wrongly refused card transactions into approvals.
- RevenueAccelerate is a data-driven suite of automated tools that works in the background of each payment to increase authorization rates and revenue.

### RevenueProtect

- Adyen's RevenueProtect product uses machine learning, data mining and Artificial intelligence (AI) techniques to screen out fraudulent transactions.
- The screening results in a total score for every transaction, which gives an indication of the likelihood the transaction is fraudulent.

### Shopper Insights

- Data-driven reporting is primarily done in three ways: via the user interface for merchants, reporting service, and through general “data enablement” in the payment responses the merchants receive via APIs.
- Adyen analyzes these reports in order to better understand shopper behavior.

Source(s): Adyen IPO Prospectus

# Adyen IPO – Executive Summary

## Market Opportunity

The global market for electronic payments is experiencing a shift towards cashless payments driven by a number of factors. These factors include increased penetration driven by new technologies, lower transaction fees, and the growing prevalence of online and mobile channels.

- **Large number of providers, across channels and geographies**

Global merchants are forced to work with a large number of payment providers, which leads to increased complexity and a higher administrative burden. Additionally, merchants must be able to adapt to local payment methods which may be popular in, but specific to a geographic market. This adaptation frequently creates the need for merchants to partner with additional payment providers who have the capabilities to offer the payment method relevant to a specific market.

- **Omnipresent payment solutions may prove to be costly for current payment providers**

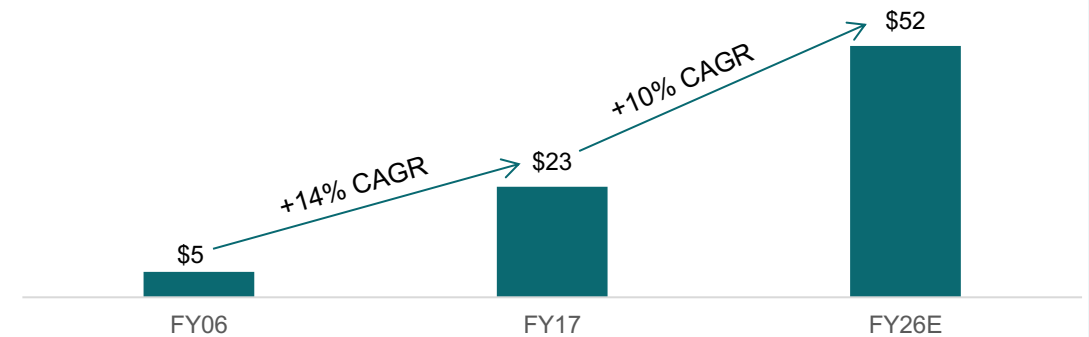
With changing shopper behavior and globalization of commerce, the ability of payment service providers to offer all card-based payments solutions and local payments, e.g., iDeal and next-generation payment methods like Alipay and WeChat Pay, is increasingly important. Capabilities of an underlying platform impact timing of new releases, the success rate of execution, and can result in cost overruns.

- **Lack of sophisticated fraud prevention tools**

Current fraud detection and prevention measures are rigid and primarily stuck in a rule-based approach that results in both false-positives and false-negatives. This problem leads to lower conversion and higher fraud due to improper verification of shoppers.

Source(s): Adyen IPO Prospectus

### Total Global Card Purchases (\$ trillions)



Adyen plans to leverage these market opportunities by following three strategies:

*Continued Focus on Enterprise Merchants*

Adyen aims to grow its business within its merchant base through organic growth, deepening product offerings, and increasing its proportion of transaction volume with current merchants.

*Increasing Adyen's Unified Commerce footprint*

Adyen's platform collects data at a single place, which enhances consumer insights and simultaneously prevents fraud.




*Additional Focus on Mid-Market Merchants*

Adyen provides a single payment solution at a global level that facilitates local acceptance across markets. This solution helps Adyen capture mid-market merchants.

# Adyen IPO – Executive Summary

## Financing History

Adyen raised a total of \$266 million prior to the IPO, with the latest post-money valuation at \$2.3 billion. Adyen's valuation for this IPO at nearly \$8.4 billion represents a 73% increase from its previous financing round in September 2015.

Date	Transaction Type	Amount (\$mm)	Post-Money Valuation (\$mm)	Key Investors	Transaction Notes
09/30/2015	Later Stage VC	NA	\$2,300	ICONIQ	The company raised an undisclosed amount of venture funding from ICONIQ Capital.
12/16/2014	Series B	\$250	\$1,500	 GENERAL ATLANTIC	The company raised \$250 million of Series B venture funding in a deal led by General Atlantic, putting the company's pre-money valuation at \$1.25 million. Temasek Holdings, Man Capital, and Index Ventures also participated in this round.
06/06/2014	Series A	\$16	NA	 Felicis Ventures	The company raised \$16 million of venture funding led by Felicis Ventures on June 6, 2014. Index Ventures also participated in this round. The company intended to use the funds to expand business in the U.S. market.
05/01/2011	Early Stage VC	NA	NA	 Index Ventures	The company raised an undisclosed amount of venture funding from Index Ventures and Partners in Equity.

Source(s): Pitchbook



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