

# MARKET EXPECTATIONS FOR ADYEN PAYMENT PROCESSING EBITDA MARGIN



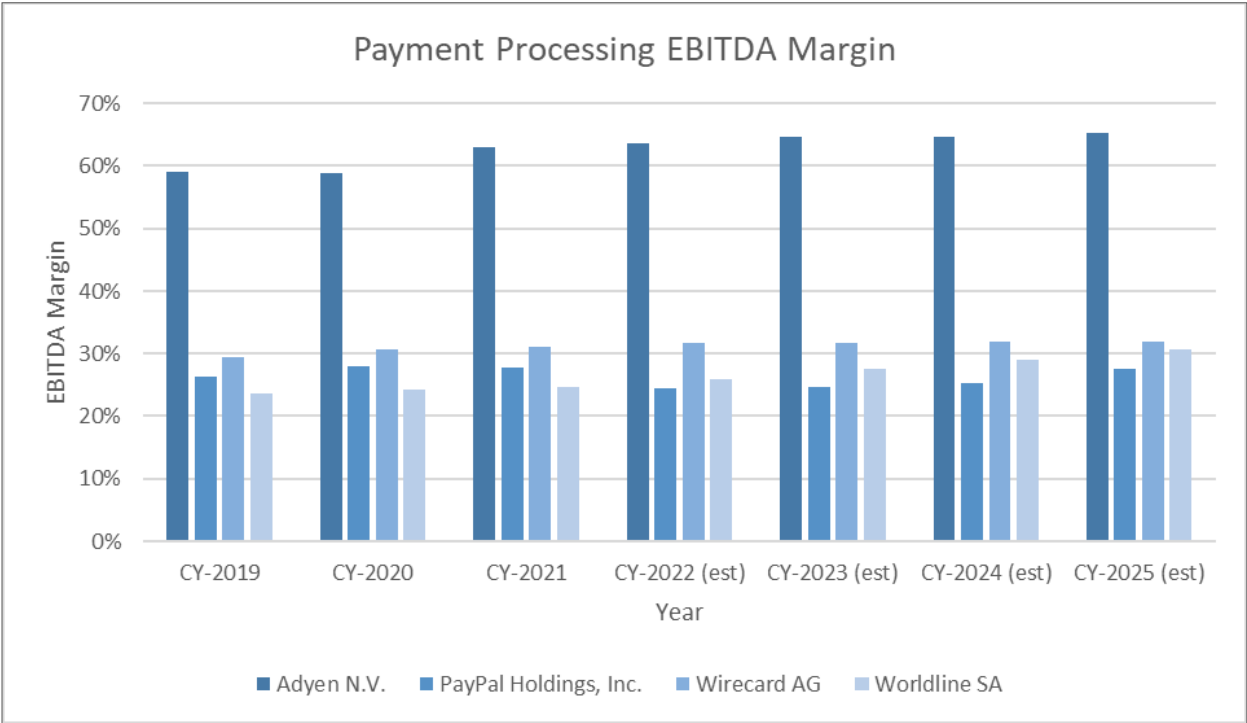
visible alpha

**In Business Breakdown’s podcast episode “[Adyen: A First Principles Payment Platform](#),” released March 9, 2022, host Zack Fuss interviews Michael Willar, a portfolio manager at Stenham Asset Management. They cover what has led to the company’s unusually high levels of profitability and growth, and why payments doesn’t have to be a winner-take-all market.**

During the episode, listeners learn about Adyen’s history and value proposition, which includes giving merchants an increased probability of higher authorization rates (increasing incremental revenue), lower transaction costs, and faster settlement processing. As a single-platform payment processor, Adyen has a competitive advantage to allow merchants to scale into most major markets around the world in a matter of weeks or months instead of years.

Adyen’s key revenue drivers include total payment volume (TPV) and gross revenue. Gross revenue includes merchant discount rates, settlement charges and processing charges.

Adyen has a 64% EBITDA margin of which 90% is converted into free cash flow. This attractive EBITDA margin puts them in the top 5% of companies globally, and coupling that margin with 40% revenue growth makes this a rare story. Because the company is significantly more efficient than competitors, Adyen’s EBITDA margin is well above those of its competitors and is expected to continue to maintain a strong lead in the coming years.



Source: Visible Alpha consensus (March 10, 2022)

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