

<b>Company:</b> PAYPAL	<b>Ticker:</b> PYPL <b>Current Price:</b> \$58.11	<b>Industry:</b> FinTech
<b>Target Price:</b> \$75 <b>Stop Loss:</b> \$51.30 <b>52 Week High/Low:</b> \$55.85-93.66	<b>TTM P/E:</b> 11.94 <b>Forward P/E:</b> 11.67 <b>EPS:</b> \$5.26	<b>Beta (5Y):</b> 1.45 <b>Credit Rating:</b> A- (S&P) <b>Rating Outlook:</b> Stable

**Company Background:**  
PayPal Holdings, Inc. is an American multinational financial technology company headquartered in San Jose, California. Founded in 1998, PayPal's best-known products include its core PayPal digital wallet, the Venmo peer-to-peer and social payments app, and its Braintree processing platform for merchants. It enables commerce for consumers and merchants online, in-store, and through its buy now, pay later (BNPL) solutions.

**Industry Outlook:**  
CFRA maintains a positive fundamental outlook for the FinTech industry. Projections highlight double-digit growth for both revenue and EPS in 2025 and 2026 fueled by the structural shift from cash to digital transactions, the expansion of e-commerce, and emerging trends like instant payments, BNPL, & AI-driven "Agentic Commerce."

**Investment Thesis:**  
PayPal is a cash-generative leader in digital payments, currently trading at a depressed valuation. Catalysts for a positive re-rating include the successful monetization of Venmo's large, young user base, the rapid expansion of its high-growth BNPL platform, and strategic partnerships with OpenAI and Google that position PayPal as the essential payment layer for the emerging AI-commerce ecosystem.

**Investment Risks:**  
1-Macroeconomic & Competitive Pressure: Deteriorating consumer spending, particularly on discretionary goods, poses a headwind. PayPal also faces formidable competition across its services, especially from Apple Pay in checkout and other fintechs in BNPL and digital wallets.  
2-Execution on Monetization: A key risk is the failure to effectively monetize the Venmo user base beyond P2P payments. Slower-than-expected adoption of "Pay with Venmo" and the Venmo debit card could limit a major growth vector.  
3-Strategic Initiative Underperformance: Investment return depends on the successful execution of several complex initiatives, including the modernization of the checkout experience, scaling omnichannel presence, and capturing the opportunity in Agentic Commerce. Delays or failures here could impact growth.

**3-5 take away from last quarter investor call transcript:**  

- **Aggressive Positioning for the Future (AI & Dividends):** This includes major partnerships with OpenAI and Google for "Agentic Commerce" and the official pilot of "PayPal World." Simultaneously, the initiation of a dividend signals confidence in durable free cash flow generation and a disciplined capital allocation strategy.
- **Venmo Monetization Accelerating:** Revenue growth accelerated 10 points over two years to ~20%. Key metrics like "Pay with Venmo" TPV (\$1B in September alone) and debit card actives (~40% growth) are soaring, though penetration rates remain low (5-10%), signaling massive untapped upside.
- **Strategic Inflection:** Management highlights a positive inflection from negative to 6-7% transaction margin dollar growth.

Financial Performance: PYPL								Discounted Cash Flow		
In millions*	2019	2020	2021	2022	2023	2024	TTM		2025-29	2030-35
Revenue*	11,772	21,454	25,371	27,518	29,771	31,797	32,862	Avg Revenue growth 3.9% NA	~4%	N/A
Operating Profit*	2,797	3,428	4,315	4,039	4,855	5,632	6,140	Avg EBITDA Margin	~20.5%	N/A
Net Income*	2,459	4,202	4,169	2,419	4,246	4,147	4,917	Avg Net EBIT Margin	~18.5%	N/A
Revenue Growth %	15%	20.7%	18.3%	8.5%	8.2%	6.8%	4.5%	Avg Debt/Equity	~.60	N/A
EBITDA%	19.2%	20%	20.6%	17.9%	18.3%	19.4%	20.1%	Avg FCF/Margin	~13.5	N/A
Operating Profit %	15.7%	16%	17%	14.7%	16.3%	17.7%	18.7%	Cost of Debt		3.45%
Net Income Margin	13.8%	19.6%	16.4%	8.8%	14.3%	13%	15%	Tax Rate		22.18%
D/E	.32	.49	.45	.57	.56	.58	.60	Cost of Equity		11.26%
EPS	2.07	3.54	3.52	2.09	3.84	3.99	4.98	WACC		9.93%
PE Ratio	29x	68x	88x	32x	23x	16x	12x	Perpetuity growth rate		3%
Current Ratio	1.43	1.33	1.22	1.28	1.29	1.26	1.34	<b>Analyst Opinion</b>		
ROE	15.2%	22.7%	20%	11.5%	20.5%	20%	24.4%	<b>Buy:</b>	<b>Hold:</b>	<b>Sell:</b>
ROA	3.7%	3.5%	3.7%	3.3%	3.8%	4.3%	4.3%		Rating	Target
Dividend Per share	-	-	-	-	-	\$ .14	\$ .56	S&P Capital IQ	Strong Buy	\$90
FCF %	22.9	29	22.8	21.1	16.3	23.4	19.6	Morning Star	★★★★★	N/A

Relative Valuation					Total Return			
	PAYPAL (PYPL)	Mastercard (MA)	Block Inc. (XYZ)	PEER GROUP Avg.*		PYPL	Industry	S&P 500
P/E	12.1x	33.9x	12.4x	19.5x	YTD	-31.92	5.54	11.17
P/B	2.8	60.4	1.7	21.6	Last 3 Years	-27.94	44.22	65.54
Dividend Yield	0.9%	0.6%	0.0%	0.5%	Last 5 Years	-25.02	50.79	45.78
PEG Ratio	N/A	N/A	N/A	N/A	<b>CSR Characteristics</b>			
EPS	4.98	15.64	5.00	8.54		NVDA		
Revn Grth	4.5%	15.6%	0.5%	6.9%	Governance Disclosure Score	-		
NI Grth	15.8%	10.7%	N/A	13.3%	ESG Disclosure	18.99		
Operating Margin	18.7%	58.9%	5.7%	27.8%	Social Disclosure Score	-		
Debt/Equity	0.6	2.40	0.36	1.12	Environmental Disclosure Score	-		
Market Cap	\$54.4B	\$476.3B	\$37.7B	--	<b>Prepared by John Cordova (11/20/2025) using Bloomberg, S&amp;P Net Advantage, Morning Star, Yahoo Finance</b>			
Revenue TTM	32,862	31,474	23,974	--				
Net Income TTM	15.0	45.3	13.1	--				
FCF TTM	19.6	55.5	7.0	--				