
PayPal Holdings, Inc. (PYPL)



Pershing Square Value Investing and Philanthropy Challenge:

**Ian Gorman
Mitesh Amarthaluru
Jake Wheelock**

What is PayPal?



How do they make money?

\$ millions	2014	2015	2016	2017	2018	2019	2020	2021
Volume Processed	234,635	281,764	354,014	456,179	578,419	711,925	936,061	1,245,879
Revenue	8,025	9,248	10,842	13,094	15,451	17,772	21,454	25,371
Take Rate %	3.4%	3.3%	3.1%	2.9%	2.7%	2.5%	2.3%	2.0%

Who uses their services?

383 million consumers

33 million merchants



75% of top 1,500 retailers

How do they help people pay for things?

P2P (send money to other people)



Online Checkout (pay merchants for things)



Processing (help funds get to merchant)



In-Person Checkout



Other



Who do they compete with?



PYPL helps customers make digital payments and generates revenue by taking a cut of the volume from merchants. Operations span most key parts of the digital payments value chain.

LONG PYPL: A Dominant Global Payments Compounder; YE25E PT of \$232, 32% IRR

Recommend Long PayPal (PYPL), a dominant global payments platform, with YE25 price target of **\$232 (+32% IRR)**. Price dislocation over the last year allows for an opportunity to long a de-rated high-quality compounder.

Investment Thesis

PYPL is a unique, hard-to-replicate, high-quality compounder with strong barriers to entry and a deep competitive moat. The company has a long runway for growth with multiple tailwinds.

- 1) **Shifting Customer Acquisition Strategy** – PYPL benefits from value accretive customer growth and is placing increased focus on increasing user engagement.
- 2) **Powerful Engagement and Volume Growth Drivers** – Expanding super app ecosystem, and secular eCommerce tailwinds support strong TPV growth trends.
- 3) **Call Option on Venmo Monetization In-Store** – Potential for PYPL to take advantage of changing payment habits and capture in-store retail transactions (4x eCommerce TPV).
- 4) **High Operating Leverage Drives Margin Expansion** – We estimate ~60% of non-transaction expenses are fixed, which will result in margin expansion as TPV grows.
- 5) **Underappreciated Capital Return Potential** – PYPL is set to deliver >\$50B of free cash flow over the next five years and could *cough cough* be a potential activist target.

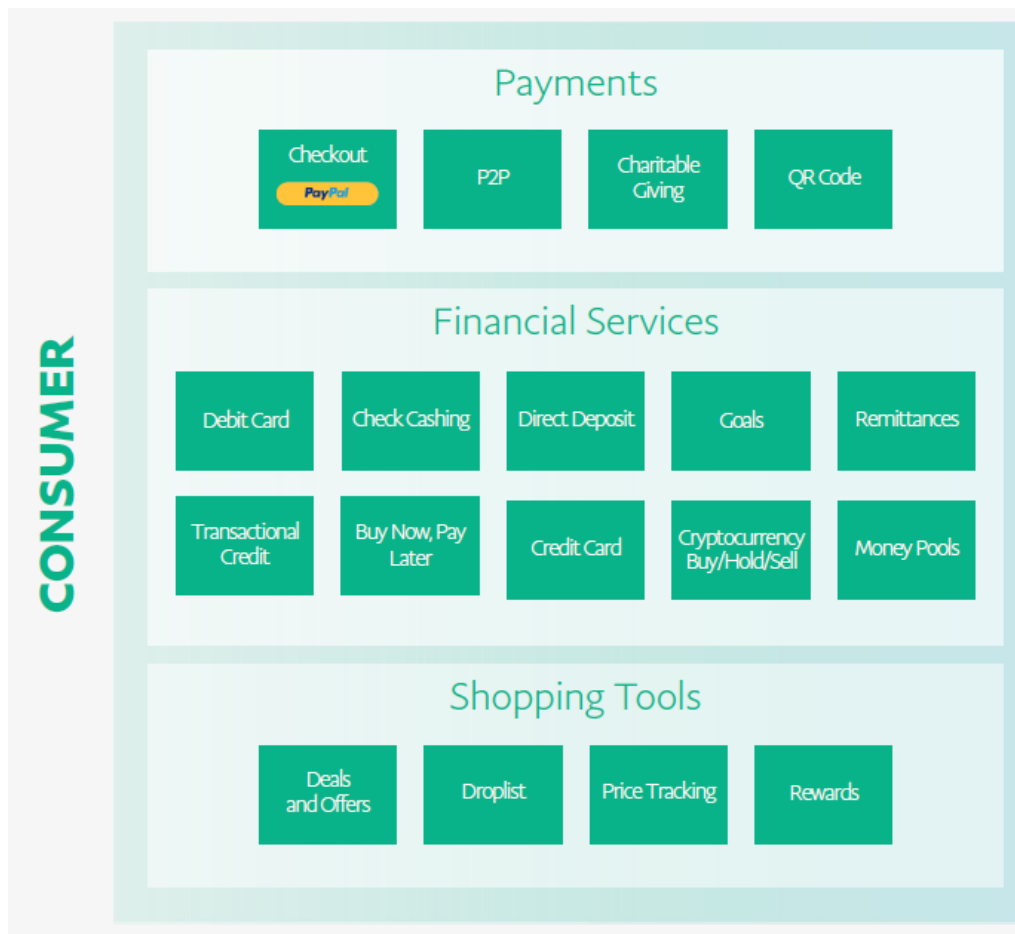
Valuation Summary

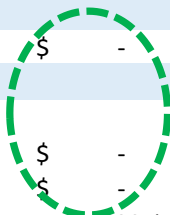
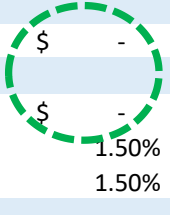
Current Share Price = \$83.7	Base	Bull	Bear	Consensus
Summary				
YE25 Price Target	232	351	44	
% IRR	32%	48%	-16%	
Target P/E Multiple	20.0x	25.0x	10.0x	
Implied '21-'36E Rev. CAGR*	10.2%	13.1%	4.1%	
Key Assumptions				
'21-'25E Account CAGR	7.9%	8.6%	3.2%	6.0%
'21-'25E Transaction CAGR	17.9%	19.4%	7.3%	17.8%
'22-'25E Avg. Take Rate	1.9%	1.9%	1.8%	1.8%
'21-'25E Rev. CAGR	20.5%	23.1%	8.6%	18.2%
'22-'25E Avg. EBIT Margin	18.0%	19.0%	14.5%	17.8%
'21-'25E EPS CAGR	31.5%	37.7%	8.4%	26.3%
'22-'25E Avg. ROIC	19.9%	22.1%	12.2%	
'22-'25E Avg. Buybacks (\$M)	4,667	5,072	3,131	753

*Assuming 10% Cost of Equity and 3% Terminal Growth



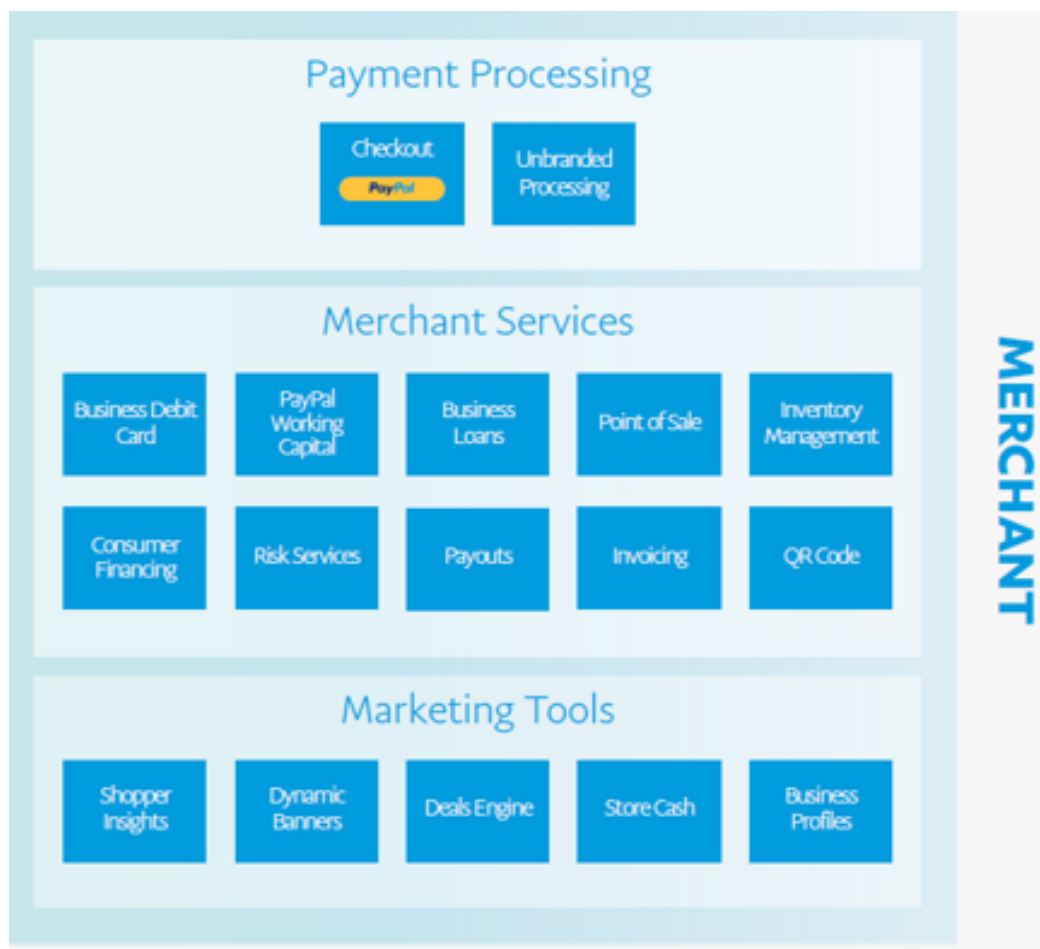
Value Proposition – Customers



PYPL Consumer Fees			Rate		
Buying with PayPal					
Online purchases			\$ -		
Sending Money					
Domestic personal transactions					
Existing PayPal balance					
Linked bank account					
Cards					
			2.90% + Fixed Fee		
International personal transactions					
Existing PayPal balance			5.00% min fee 0.99		
Linked bank account			5.00% min fee 0.99		
Cards			5.00% min fee 0.99		
Currency conversions for international transactions have 4.00% rate					
Receiving Money					
Receiving personal transactions			\$ -		
Withdrawals					
Withdrawals to local account					
Instant transfer					
Cards			1.50%		
Other					
Buying and selling cryptocurrencies, \$1k+ transaction			1.50%		
Donate button			2.89% + Fixed Fee		
International Transactions	Fixed Fees	Credit Card and Debit Card Link		Fixed Fees	Credit Card and Debit Card Link
Australian dollar	0.30 AUD	2.00 AUD	Japanese yen	40.00 JPY	200.00 JPY
Brazilian real	0.60 BRL	4.00 BRL	Mexican peso	4.00 MXN	20.00 MXN
Canadian dollar	0.30 CAD	2.45 CAD	Russian ruble	10.00 RUB	60.00 RUB
Euro	0.35 EUR	1.50 EUR	UK pounds sterling	0.20 GBP	1.00 GBP
Hong Kong dollar	2.35 HKD	15.00 HKD	US dollar	0.30 USD	1.95 USD

PYPL enables customers to utilize a comprehensive user experience including payments, financial services, and shopping tools for ease of daily transactions.

Value Proposition – Merchants



PYPL Merchant Fees	Rate
Receiving Domestic Transactions	
Invoicing	3.49% + Fixed Fee
PayPal Checkout	3.49% + Fixed Fee
PayPal Guest Checkout	3.49% + Fixed Fee
QR Code Transactions \$10+	1.90% + Fixed Fee
Pay with Venmo	3.49% + Fixed Fee
Send/receive money for goods and services	2.89% + Fixed Fee
Standard credit and debit card payments	2.99% + Fixed Fee
All other commercial transactions	3.49% + Fixed Fee
Alternative payment method	2.59% + Fixed Fee
PayPal Here Rates	
Card present transactions	2.70%
PayPal transactions (in store)	2.70%
QR code transactions	2.70%
PayPal Online Card Payment Services	
Advanced credit and debit card payments	2.59% + Fixed Fee
Payments Pro	2.89% + Fixed Fee
Virtual terminal	3.09% + Fixed Fee
Payflow Pro (Payment Gateway)	
Payflow Pro Transaction	\$ 0.10
Monthly fee	\$ 25.00
PayPal Zettle	
Card present transactions	2.29% + 0.09
QR code transactions	2.29% + 0.09

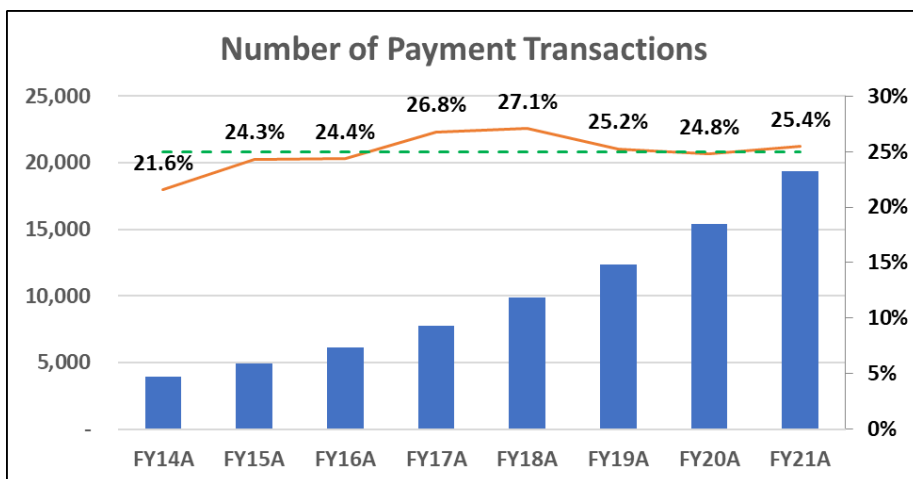
PYPL gives merchants a flexible and holistic payments processing platform, including security, credit, and analytics. Checkout conversion rate is ~90% vs ~49% for all other payment types.

Competitive Advantages – Barriers to Entry



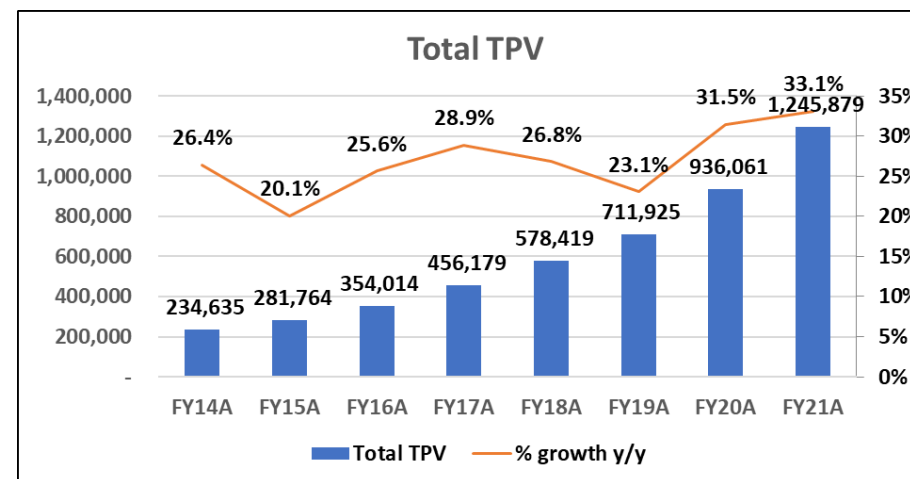
Network Effects

- PYPL operates a global two-sided network serving customers and merchants.
- The marketplace provides **positive cross-sided network effects** as customers attract merchants and merchants attract more customers to the platform, allowing the company to spin the flywheel even faster
- The platform links 392 million consumer active accounts and 34 million merchant accounts across 200+ markets



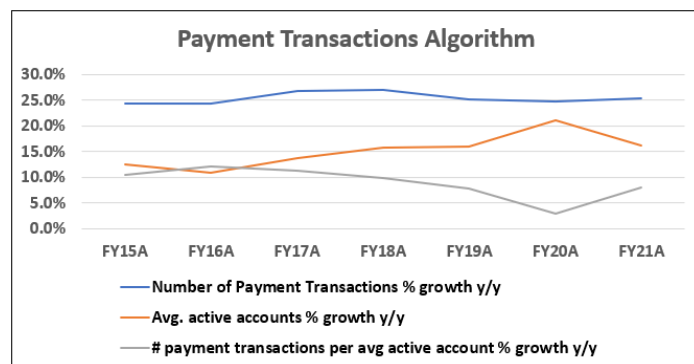
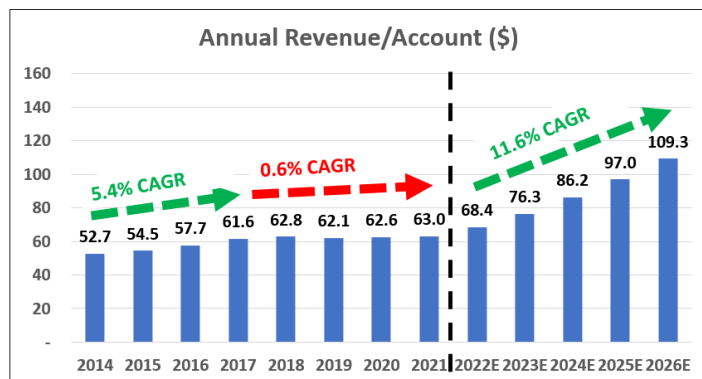
Economies of Scale

- PYPL benefits from tremendous economies of scale
- Regulatory licenses across 200 markets enables global reach
- Increasing market share at checkout and among digital wallets
- Since FY14, avg. active accounts grew at 15.2% CAGR, **total payment transactions at 25.4% CAGR, total TPV at 26.9% CAGR.**



PYPL is a compounding machine with a deep competitive moat. Barriers to entry include a global two-sided network and economies of scale.

Thesis 1 – Shifting Customer Acquisition Strategy



Market Misperception

- **PYPL does NOT have a subscription business model**
- Not all users are worth the same

Strategic Shift

- **Pivoting emphasis toward engagement**
- Driving higher value net new accounts (NNAs)
- Optimization variable is revenue generation driven by increased customer usage

Impact to PYPL

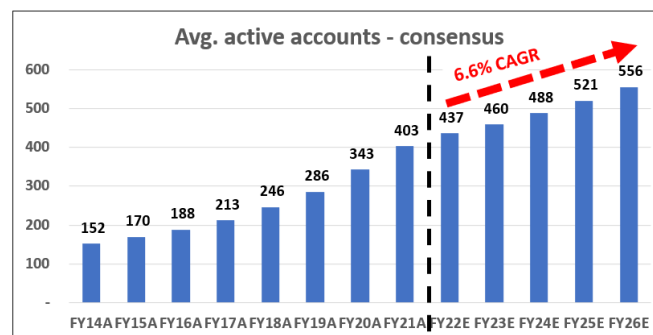
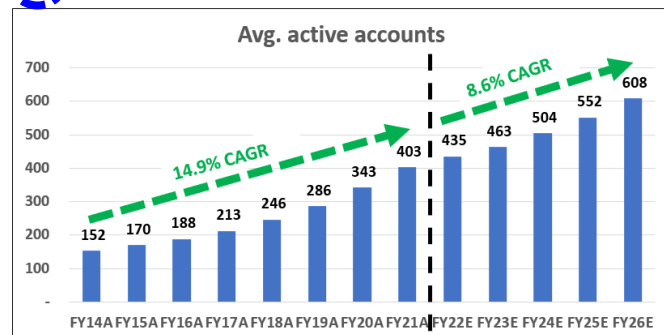
- Will start reporting MAU and ARPU metrics, signaling commitment for productivity
- Higher engaged customers drive incremental sales for merchants
- Supports demand side competitive advantage through customer captivity
- While NNA growth rate decreases, transactions per customer increases
- Drives higher incremental margins and ROI as less productive investments are reduced

PYPL growth narrative is evolving to focus on user engagement.

Thesis 1 – Shifting Customer Acquisition Strategy



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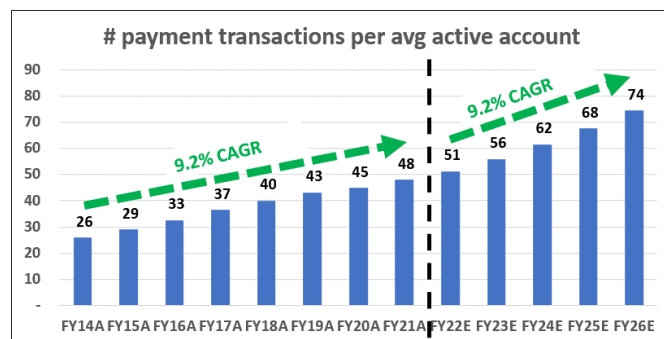


Avg. Active Accounts

- Consensus is too conservative for avg. account growth
- We see 200bps upside to consensus 5yr CAGR
- Strengthening network effects supports continued customer expansion
- While the new engagement strategy limits PYPL from reaching the pre-pandemic ~16% growth profile, expect normalization of net adds after minimally engaged users roll off to support HSD growth

Transactions Per Account

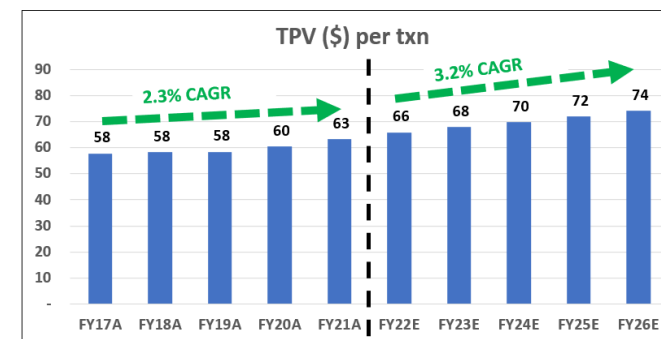
②



- Focus on the engagement strategy and mix shift to higher usage customers supports a higher growth profile
- Similar to consensus estimate

TPV Per Transaction

③

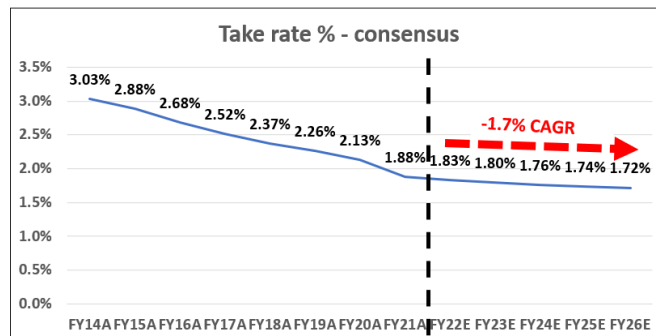
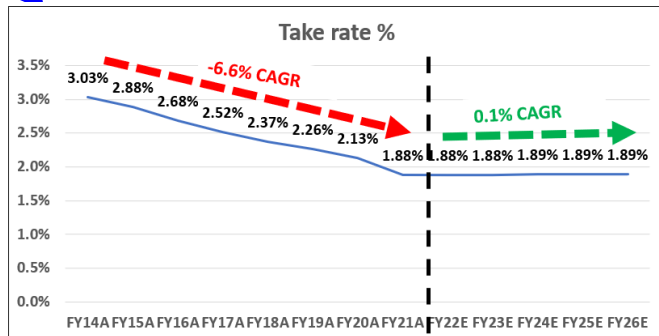


- Record inflation levels creates a step function increase in TPV per transaction
- Similar to consensus estimate

Thesis 1 – Shifting Customer Acquisition Strategy

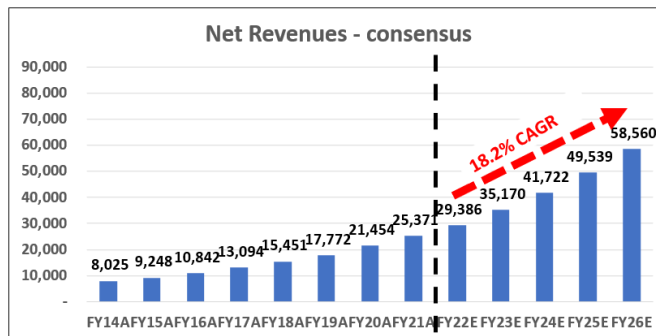
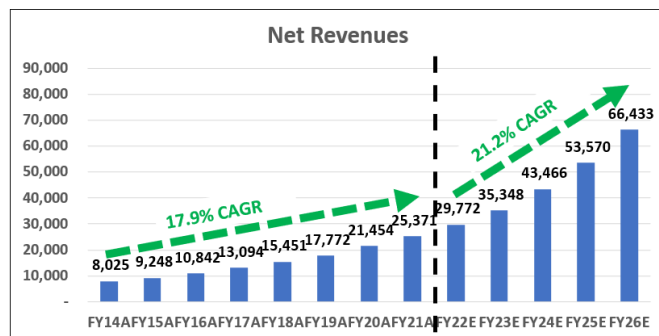


(4)



Take Rate %

- Historical take rate % decline largely due to Venmo TPV growth and EBAY roll off, which will complete in 1H22
- **20%+ price hike for merchants late last year** for U.S. online transactions to 3.49% + 49c from 2.90% + 30c
- **Consensus is giving no credit to the pricing hike; we see 180bps upside to consensus 5yr CAGR**
- Pull back of incentive-driven campaigns with low ROI further supports a bounce back for take rate %



Total Revenue

- **We see 300bps upside to consensus 5yr CAGR**
- Total revenue growth algorithm composed of avg. active accounts, # payment transactions per avg. active account, TPV per transaction, and take rate %
- Network effects, focus on engagement, customer captivity, and pricing power all reinforce PYPL competitive advantages

PYPL total revenue algorithm is comprised of (1) avg. active accounts, (2) payment transactions per account, (3) TPV per transaction, and (4) take rate %.

Thesis 2 – Powerful Engagement and Volume Growth Drivers



(1) Expanding “Super App” Ecosystem

- PYPL released its super app in **October 2021**
- Goal is to make PYPL into a one-stop-shop consumer finance hub (bill pay, crypto investing, BNPL, high yield savings accounts, Honey shopping deals)
- **Key stats from past 6 months:**
 - Active super app users generate **2x the average revenue** per active account compared to checkout-only users
 - **Only 50% of PYPL users have downloaded the app**



(2) Buy Now Pay Later (BNPL)

- **Released in August 2020, run rate is ~\$13 billion TPV.** U.S. penetration should increase from 4% of retail to ~10.0% like we see in Europe/Australia
- **Best-in-class value proposition vs competitors (Klarna, Afterpay, Affirm)**
 - Merchants: no additional integration required, zero incremental fees
 - Customers: no late fees, high approval rates, future integration with Honey which will allow retailers to offer customized shopping deals

U.S. BNPL Opportunity (\$ millions)	2025E
Total Retail Sales	7,456,713
BNPL Sales	299,387
% Penetration of In-Store	2.5%
% Penetration of eCommerce	10.0%
PayPal BNPL Volume	74,847
% Market Share	25.0%
PayPal BNPL Revenue	2,245
Take Rate	3.0%
PayPal BNPL Operating Income	871
Operating Margin	38.8%

EBIT	BNPL In-Store Penetration						
	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
PayPal % Market Share	5.0%	122	140	157	174	192	209
	10.0%	245	279	314	349	383	418
	15.0%	367	419	471	523	575	627
	20.0%	489	559	628	697	766	836
	25.0%	612	698	785	871	958	1,044
	30.0%	734	838	942	1,046	1,149	1,253
	35.0%	856	977	1,099	1,220	1,341	1,462
	40.0%	978	1,117	1,256	1,394	1,533	1,671
	45.0%	1,101	1,257	1,412	1,568	1,724	1,880
							2,036

(3) Secular eCommerce Growth

- eMarketer projects a **13.5% U.S. eCommerce CAGR from 2021 to 2025**



PayPal has finally integrated its recent acquisitions and developments into a “super app” full of use cases. The super app will drive both user growth and increased engagement.

Thesis 3 – Call Option on Venmo Monetization In-Store



Taking Advantage of Changing Consumer Payment Habits Due to COVID-19

- \$900 million of revenue on \$230 billion TPV in FY 2021 but **did not begin monetizing until Q4 2019**
- Monetization levers**
 - Instant balance transfer
 - Interest income on customer balances
 - Pay with Venmo (online)
 - Venmo QR code (in-store)
- Venmo QR code call option**
 - Potential for PYPL to **capture in-store retail transactions** (~4x the TPV of eCommerce)
 - Pricing at **1.90% + \$0.10** (card-based payments at 2.29% + \$0.09, Square at 2.60% + \$0.10)
 - Uses low-cost funding sources (debit and ACH)** which results in **high incremental margins**



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Venkata Phani Mitesh Amarthalu...
@MiteshMinion



% Share of
In-Store
Retail
Spending
per Capita

In-Store QR Code Opportunity (2025E)

Illustrative Success Case	2025E
Venmo Users	125
QR Code Adoption Rate	10.0%
Venmo QR Code Users	13
Annual QR Code Spend per Year	4,500
% of ~\$15,000 Annual In-Store Retail Spending per Capita	30.0%
Venmo QR Code Total Payment Volume (TPV)	56,250
Take Rate	2.0%
Revenue	1,125
Incremental Operating Margin	47.0%
Operating Income	528
<i>As a % of Current Operating Income</i>	12.4%

Sensitivity Table

	QR Code Adoption Rate							
	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	17.5%	20.0%
22.5%	99	198	297	396	495	594	693	792
25.0%	110	220	330	440	550	660	770	880
27.5%	121	242	363	484	605	726	847	968
30.0%	132	264	396	528	660	792	924	1,057
32.5%	143	286	429	572	715	858	1,001	1,145
35.0%	154	308	462	616	770	924	1,079	1,233
37.5%	165	330	495	660	825	990	1,156	1,321
40.0%	176	352	528	704	880	1,057	1,233	1,409

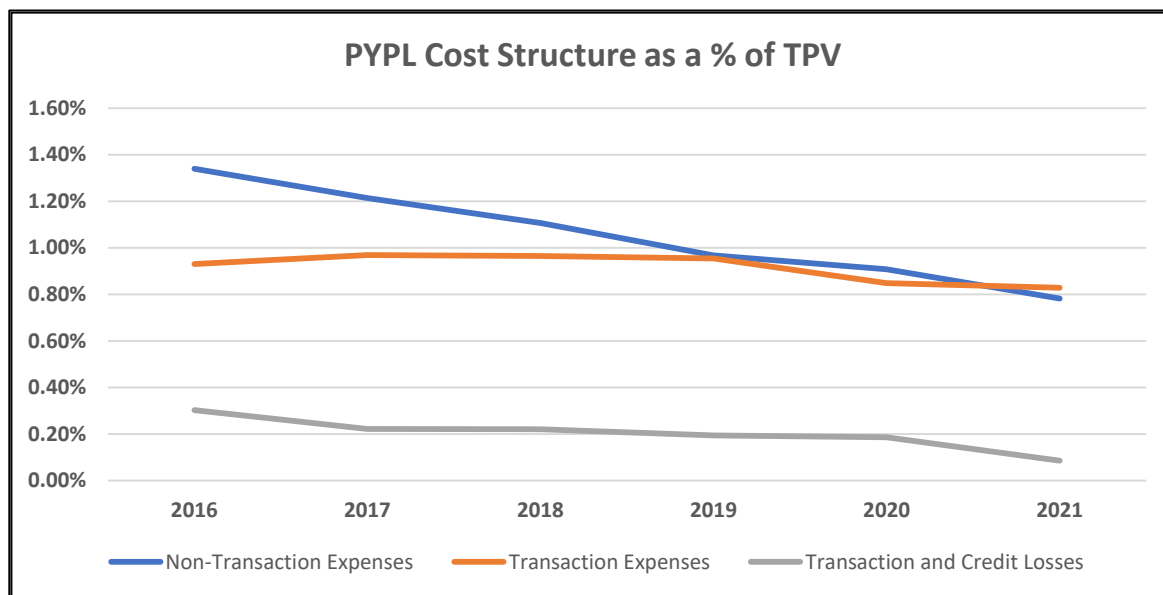
The call option on Venmo cracking in-store transactions is very valuable. For those interested in a live demo, you can practice sending funds to either: @jakewheelock, @Ian-Gorman, or @MiteshMinion to help them afford NYC!

Thesis 4 – High Operating Leverage Drives Margin Expansion



High Incremental Operating Margins

- Non-transaction expenses as a % of TPV have declined from 1.34% in FY 2016 to 0.78% in FY 2021
- Management claims that ~70% of non-transaction expenses are fixed
- We believe this is directionally correct and **estimate that ~60% of non-transaction expenses are fixed** by reconstructing historical financials
- Current operating margin is 16.8% but **incremental margins are 21.8%**



Cost Structure as a % of TPV

	2016	2017	2018	2019	2020	2021
Non-Transaction Expenses	1.34%	1.21%	1.11%	0.97%	0.91%	0.78%
Transaction Expenses	0.93%	0.97%	0.96%	0.95%	0.85%	0.83%
Transaction and Credit Losses	0.30%	0.22%	0.22%	0.19%	0.19%	0.09%
Assumed Fixed % of Cost Structure	60.0%					

Non-Transaction Expenses Math Check

	2016	2017	2018	2019	2020	2021
Beginning Non-Transaction Expense Layer		4,822	5,338	5,993	6,708	7,909
Incremental TPV		96,251	122,240	133,506	224,137	309,817
Incremental Expenses		516	655	715	1,201	1,660
Ending Non-Transaction Expense Layer	4,822	5,338	5,993	6,708	7,909	9,570
% of TPV	1.34%	1.17%	1.04%	0.94%	0.84%	0.77%
Incremental TPV Cost as a % of TPV		0.54%	0.54%	0.54%	0.54%	0.54%

Margin Structure

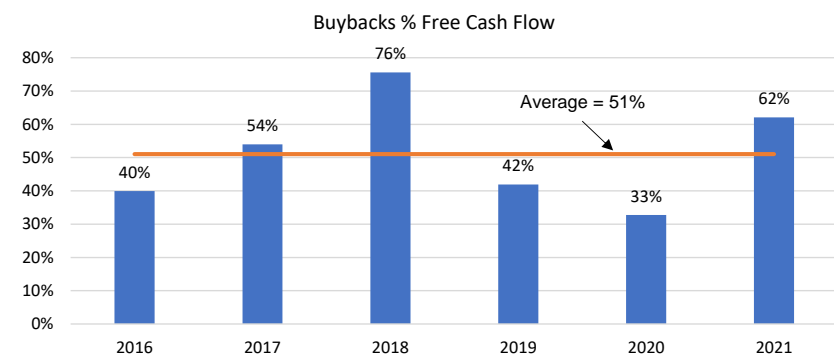
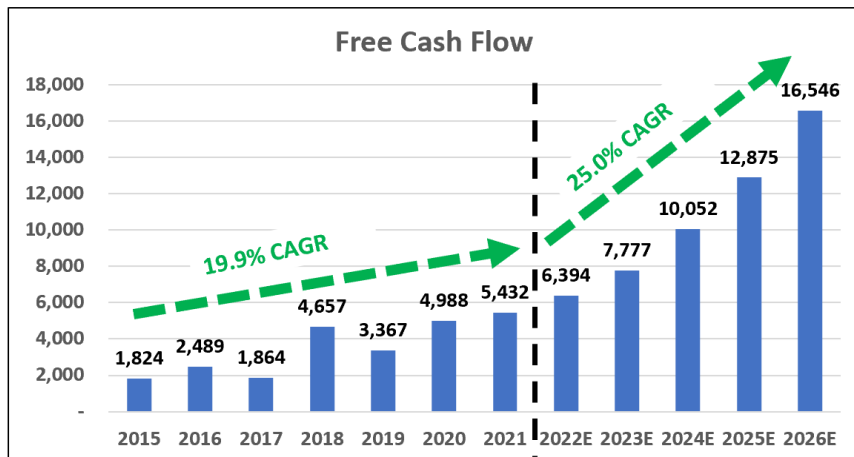
	Current	Incremental
Total Payment Volume (TPV)	100	100
PayPal Take Rate	2.04%	1.90%
Revenue	2.04	1.90
Transaction Expenses	0.83%	0.81%
Transaction and Credit Losses	0.09%	0.14%
Non-Transaction Expenses	0.78%	0.54%
Operating Income	0.34	0.41
Margin	16.8%	21.8%

PYPL's operating margins will expand from 16.8% as total payment volumes increase. We estimate that ~60% of non-transaction expenses are fixed by reconstructing historical financials.

Thesis 5 – Underappreciated Capital Return Potential



A Free Cash Flow Machine



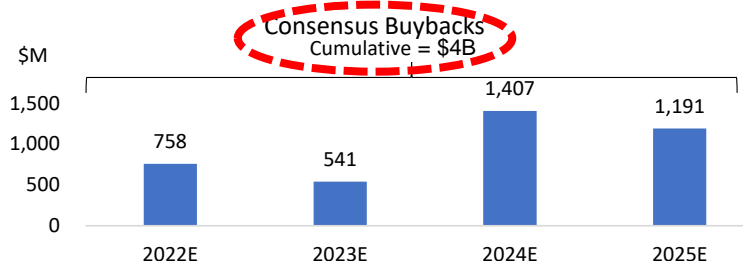
Balance Sheet Capacity to Retire ~90% of Shares

FCF Generation Outlook (\$M)

YE21 Net Debt	2,743
Cumulative '22E-'26E FCF	53,644
FCF less Net Debt	50,901
Current Market Cap	99,017
% Market Cap	51.4%

Additional Potential w/ Leverage	\$M	% Market Cap
2026E FCF	16,546	
YE26 Net Debt w/ Above Buybacks	0	
Additional Buybacks w/ Leverage of:		
0.5x FCF	8,273	8%
1.0x FCF	16,546	17%
1.5x FCF	24,819	25%
2.0x FCF	33,092	33%

Total Buybacks at 2.0x Exit Leverage	83,993	85%
Assumed '22-'26 Buybacks	26,972	27%



Potential *Cough Cough* Activism Target

- **CEO Dan Schulman stock + unvested options ~\$86 million** (~2.7x annual comp)
- Management has committed to \$3 billion of annual acquisition spend; shares fell 6% in October 2021 on news of PINS acquisition.
- Former employees noted that mgmt is far too focused on acquisitions and has been slow to take simple steps like monetizing Venmo or further enhancing the super app.
- A stronger focus on product development could improve PYPL's competitive positioning.



PYPL is set to deliver >\$50B of FCF over the next 5 years. Activist involvement could help increase focus on core product development and buybacks.

Valuation: 32% Base Case IRR; Risk/Reward Skew of 3:1 in Bull/Bear Cases



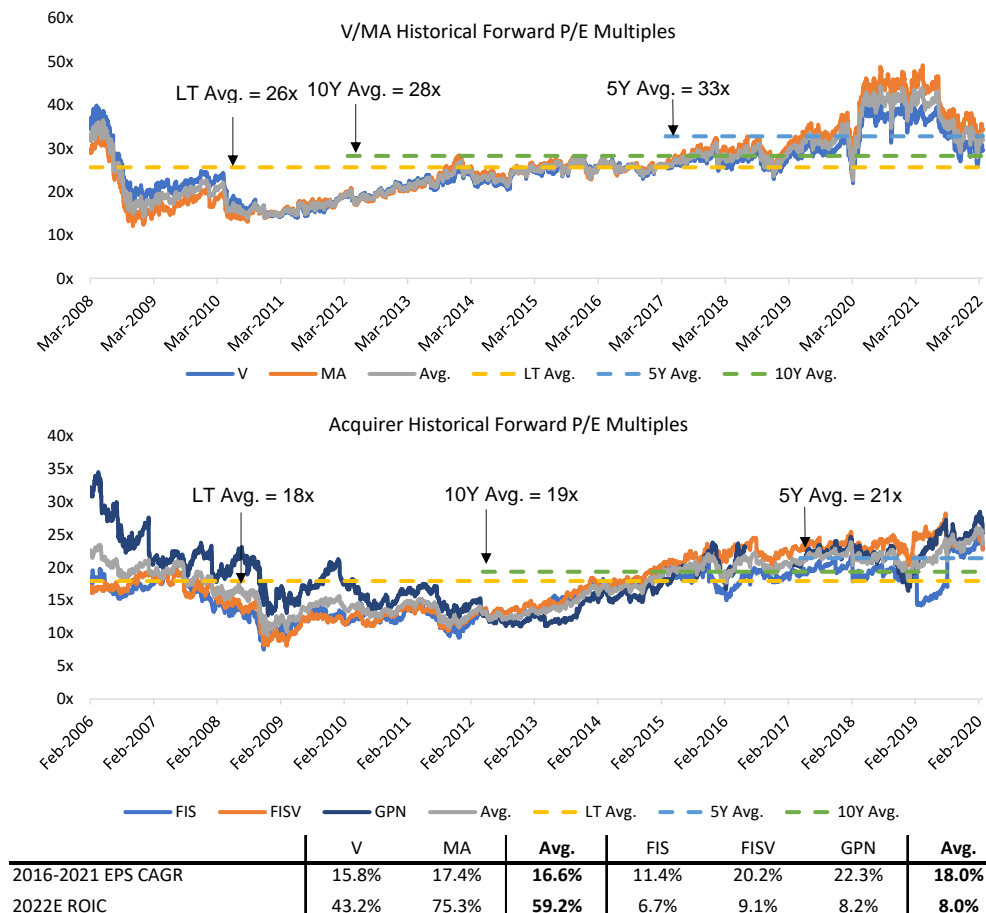
Price Target Summary

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	2022E	2023E	2024E	2025E
Modeled EPS	3.31	4.25	5.96	8.26
Implied P/E	25.3x	19.7x	14.0x	10.1x
Consensus EPS	3.12	4.40	5.45	7.02
Implied P/E	26.8x	19.0x	15.4x	11.9x

Target Multiple Between V/MA and Acquirers



PYPL's competitive moat, high ROIC, and strong EPS growth will fuel the compounding machine for years to come.

Risks



- 1) PayPal is a diversified business that is exposed to competition across all its payment offerings.
- 2) Shifting focus away from customer account growth could lead to reverse network effects.
- 3) Recent price hike leads to unforeseen merchant churn and decreases PYPL's market share.
- 4) PayPal executes poorly on its growth initiatives. Super app and Venmo QR code in-store product fail to gain consumer adoption.
- 5) eCommerce growth over the next five years comes in lower than expected.
- 6) Owning an eCommerce platform becomes key. Shopify funnels customers away from PayPal and towards its own checkout button.
- 7) Management makes poor capital allocation choices and does value-destructive acquisitions.
- 8) PYPL's transaction base skews towards discretionary purchases.

APPENDIX SLIDES



1. Former Director of Global Sales at PYPL
2. Former Executive at Major BNPL Company & Partnerships Executive at PYPL
3. Head of Payments at Fortune 500 Financial Services Organization
4. Managing Director at Major Payments Gateway in SE Asia

Primary Research – Quotes



- **“PayPal/Braintree is almost always in the top 3 for merchant RFP’s...sales team is really good at getting SMEs to sign on”**
- “Venmo is super sticky and users are far more active than the average PayPal user”
- “Consumers just discover PayPal in their purchasing flow. PayPal finds you even if you aren’t looking for PayPal.”
- **“Go to the Home Depot product page. They will push PayPal because they want you to convert, and PayPal converts better than a private card.”**
- “PayPal’s diversity of wallet is a big competitive advantage. You can use JPM Chase rewards, Citi points...lots of ways to pay for a transaction.”
- “PayPal was late to the game in BNPL. They are bad at this. Their BNPL experience isn’t elegant like Affirm’s.”
- “Merchants see their fraud loss metrics improve once they move onto PayPal.”
- **“PayPal is easier than Stripe to integrate onto your e-commerce. There’s no coding required.”**
- **“PayPal has a leg up in BNPL because the other providers are competing for space on checkout pages, but PayPal has it all built out on the super app and will leapfrog.”**
- “PayPal is definitely a set of payment methods that is table stakes.”
- “[the latest pricing increase] is proof that no one is on parity with them as a wallet...I haven’t heard any grumblings about it...PayPal is a minority share of checkout for everybody.”
- “Dan Schulman has run PayPal as a massive financial services organization as opposed to being a technology company”

Primary Research – Quotes (cont'd)



- “Dan Schulman has done well retaining transactions with PayPal’s aging user base, but not at making something compelling for younger generations.”
- “PayPal is very expensive in southeast Asia. Standard card rates top off at ~3.2% while PayPal starts at 4% and caps at 5% and beyond.”
- **“BNPL could ultimately reach 20-25% of eCommerce sales. It’s a very convenient way to pay without running up a credit card bill.”**
- “There is really no one else in the market [except PayPal] for foreign/cross-border transaction in southeast Asia.”
- “Management has been unable to customize products to include alternative payment methods, look at what the market is demanding, or bring down costs.”
- “PayPal needs a more hyper localized understanding of what people want in their respective markets. It is arrogant to not want to understand individual markets.”
- “It’s very expensive to switch over to Stripe. However, it’s not uncommon for merchants to use multiple processors.”
- “[vs. Cash App] Venmo demographics are more affluent, more educated, younger, and smarter about money.”
- “The process of switching over to Braintree is very easy.”
- **“There is a whole demographic of consumers that are very comfortable with PayPal, so merchants need to keep it as a payment option.”**
- **“Australia’s 10% BNPL penetration is achievable in the US. Australia has more service transactions than the US does.”**
- “PayPal is not at risk from legacy players like FIX/Worldpay.”

Estimates vs. Consensus



Base						
	2021A	2022E	2023E	2024E	2025E	'21-'25E CAGR
Revenue (\$M)						
Modeled	25,371	29,772	35,348	43,466	53,570	
% Growth		17.3%	18.7%	23.0%	23.2%	20.5%
Consensus	29,386	35,170	41,722	49,539		
% Growth		15.8%	19.7%	18.6%	18.7%	18.2%
% Diff		1.3%	0.5%	4.2%	8.1%	2.3%
EBIT (\$M)						
Modeled	4,262	4,727	5,974	8,172	10,927	
% Growth		10.9%	26.4%	36.8%	33.7%	26.5%
Consensus	4,667	6,202	7,660	9,560		
% Growth		9.5%	32.9%	23.5%	24.8%	22.4%
% Diff		1.3%	-3.7%	6.7%	14.3%	4.2%
EBIT Margin (%)						
Modeled	16.8%	15.9%	16.9%	18.8%	20.4%	
% Growth		-0.9%	1.0%	1.9%	1.6%	5.0%
Consensus		15.9%	17.6%	18.4%	19.3%	
% Growth		-0.9%	1.8%	0.7%	0.9%	3.5%
% Diff		0.0%	-0.7%	0.4%	1.1%	1.4%
EPS						
Modeled	2.76	3.31	4.25	5.96	8.26	
% Growth		19.8%	28.6%	40.2%	38.6%	31.5%
Consensus		3.12	4.40	5.45	7.02	
% Growth		13.0%	41.0%	23.9%	28.8%	26.3%
% Diff		6.0%	-3.4%	9.4%	17.7%	5.3%
FCF (\$M)						
Modeled	5,432	6,394	7,777	10,052	12,875	
% Growth		17.7%	21.6%	29.3%	28.1%	24.1%
Consensus		6,836	8,594	10,815	13,052	
% Growth		25.8%	25.7%	25.8%	20.7%	24.5%
% Diff		-6.5%	-9.5%	-7.1%	-1.4%	-0.4%
Diluted Shares (M)						
Modeled	1,186	1,172	1,152	1,124	1,084	
% Growth		-1.1%	-1.7%	-2.4%	-3.5%	-2.2%
Consensus		1,179	1,174	1,161	1,150	
% Growth		-0.6%	-0.4%	-1.1%	-0.9%	-0.8%
% Diff		-0.6%	-1.9%	-3.2%	-5.7%	-1.4%
Buybacks (\$M)						
Modeled	3,373	3,227	3,918	5,056	6,468	
% Growth		-4.3%	21.4%	29.0%	27.9%	17.7%
Consensus		586	419	1,088	921	
% Growth		-82.6%	-28.6%	160.0%	-15.4%	-27.7%
% Diff		450.8%	836.3%	364.7%	602.5%	45.4%
Ending Active Accounts (M)						
Modeled	426	444	482	526	578	
% Growth		4.2%	8.6%	9.1%	9.9%	7.9%
Consensus		447	472	504	538	
% Growth		4.9%	5.6%	6.8%	6.7%	6.0%
% Diff		-0.7%	2.1%	4.4%	7.4%	1.9%

Bull						
	2021A	2022E	2023E	2024E	2025E	'21-'25E CAGR
Revenue (\$M)						
Modeled	25,371	30,265	36,836	46,332	58,193	
% Growth		19.3%	21.7%	25.8%	25.6%	23.1%
Consensus		29,386	35,170	41,722	49,539	
% Growth		15.8%	19.7%	18.6%	18.7%	18.2%
% Diff		3.0%	4.7%	11.0%	17.5%	4.9%
EBIT (\$M)						
Modeled	4,262	4,851	6,488	9,339	12,951	
% Growth		13.8%	33.8%	43.9%	38.7%	32.0%
Consensus		4,667	6,202	7,660	9,560	
% Growth		9.5%	32.9%	23.5%	24.8%	22.4%
% Diff		3.9%	4.6%	21.9%	35.5%	9.6%
EBIT Margin (%)						
Modeled	16.8%	16.0%	17.6%	20.2%	22.3%	
% Growth		-0.8%	1.6%	2.5%	2.1%	7.3%
Consensus		15.9%	17.6%	18.4%	19.3%	
% Growth		-0.9%	1.8%	0.7%	0.9%	3.5%
% Diff		0.1%	0.0%	1.8%	3.0%	3.8%
EPS						
Modeled	2.76	3.39	4.63	6.85	9.93	
% Growth		23.0%	36.3%	48.1%	44.9%	37.7%
Consensus		3.12	4.40	5.45	7.02	
% Growth		13.0%	41.0%	23.9%	28.8%	26.3%
% Diff		8.8%	5.1%	25.7%	41.5%	11.4%
FCF (\$M)						
Modeled	5,432	6,493	8,217	11,040	14,582	
% Growth		19.5%	26.6%	34.4%	32.1%	28.0%
Consensus		6,836	8,594	10,815	13,052	
% Growth		25.8%	25.7%	25.8%	20.7%	24.5%
% Diff		-5.0%	-4.4%	2.1%	11.7%	3.5%
Diluted Shares (M)						
Modeled	1,186	1,172	1,150	1,117	1,069	
% Growth		-1.2%	-1.9%	-2.8%	-4.3%	-2.6%
Consensus		1,179	1,174	1,161	1,150	
% Growth		-0.6%	-0.4%	-1.1%	-0.9%	-0.8%
% Diff		-0.6%	-2.0%	-3.8%	-7.0%	-1.8%
Buybacks (\$M)						
Modeled	3,373	3,277	4,139	5,550	7,321	
% Growth		-2.9%	26.3%	34.1%	31.9%	21.4%
Consensus		586	419	1,088	921	
% Growth		-82.6%	-28.6%	160.0%	-15.4%	-27.7%
% Diff		459.2%	888.9%	410.1%	695.2%	49.1%
Ending Active Accounts (M)						
Modeled	426	446	488	538	592	
% Growth		4.7%	9.4%	10.2%	10.0%	8.6%
Consensus		447	472	504	538	
% Growth		4.9%	5.6%	6.8%	6.7%	6.0%
% Diff		-0.2%	3.4%	6.7%	10.0%	2.6%

Bear						
	2021A	2022E	2023E	2024E	2025E	'21-'25E CAGR
Revenue (\$M)						
Modeled	25,371	28,618	30,328	32,658	35,342	
% Growth		12.8%	6.0%	7.7%	8.2%	8.6%
Consensus		29,386	35,170	41,722	49,539	
% Growth		15.8%	19.7%	18.6%	18.7%	18.2%
% Diff		-2.6%	-13.8%	-21.7%	-28.7%	-9.6%
EBIT (\$M)						
Modeled	4,262	4,397	4,236	4,611	5,198	
% Growth		3.2%	-3.7%	8.8%	12.7%	5.1%
Consensus		4,667	6,202	7,660	9,560	
% Growth		9.5%	32.9%	23.5%	24.8%	22.4%
% Diff		-5.8%	-31.7%	-39.8%	-45.6%	-17.3%
EBIT Margin (%)						
Modeled	16.8%	15.4%	14.0%	14.1%	14.7%	
% Growth		-1.4%	-1.4%	0.2%	0.6%	-3.3%
Consensus		15.9%	17.6%	18.4%	19.3%	
% Growth		-0.9%	1.8%	0.7%	0.9%	3.5%
% Diff		-0.5%	-3.7%	-4.2%	-4.6%	-6.8%
EPS						
Modeled	2.76	3.07	3.01	3.32	3.81	
% Growth		11.4%	-2.2%	10.5%	14.8%	8.4%
Consensus		3.12	4.40	5.45	7.02	
% Growth		13.0%	41.0%	23.9%	28.8%	26.3%
% Diff		-1.5%	-31.7%	-39.1%	-45.7%	-17.9%
FCF (\$M)						
Modeled	5,432	5,919	5,848	6,234	6,804	
% Growth		9.0%	-1.2%	6.6%	9.1%	5.8%
Consensus		6,836	8,594	10,815	13,052	
% Growth		25.8%	25.7%	25.8%	20.7%	24.5%
% Diff		-13.4%	-32.0%	-42.4%	-47.9%	-18.7%
Diluted Shares (M)						
Modeled	1,186	1,173	1,156	1,138	1,118	
% Growth		-1.1%	-1.4%	-1.5%	-1.8%	-1.5%
Consensus		1,179	1,174	1,161	1,150	
% Growth		-0.6%	-0.4%	-1.1%	-0.9%	-0.8%
% Diff		-0.5%	-1.6%	-2.0%	-2.8%	-0.7%
Buybacks (\$M)						
Modeled	3,373	2,989	2,954	3,147	3,432	
% Growth		-11.4%	-1.2%	6.5%	9.1%	0.4%
Consensus		586	419	1,088	921	
% Growth		-82.6%	-28.6%	160.0%	-15.4%	-27.7%
% Diff		410.2%	605.8%	189.2%	272.7%	28.2%
Ending Active Accounts (M)						
Modeled	426	442	456	470	484	
% Growth		3.8%	3.2%	3.1%	3.0%	3.2%
Consensus		447	472	504	538	
% Growth		4.9%	5.6%	6.8%	6.7%	6.0%
% Diff		-1.1%	-3.4%	-6.7%	-10.0%	-2.8%

Estimates vs. Consensus (cont'd)



Base							Bull							Bear						
	2021A	2022E	2023E	2024E	2025E	'21-'25E CAGR		2021A	2022E	2023E	2024E	2025E	'21-'25E CAGR		2021A	2022E	2023E	2024E	2025E	'21-'25E CAGR
Net New Accounts (M)							Net New Accounts (M)							Net New Accounts (M)						
Modeled	49	18	38	44	52		Modeled	49	20	42	50	54		Modeled	49	16	14	14	14	
% Growth		-63.3%	111.1%	15.8%	18.2%	1.5%	% Growth		-59.2%	110.0%	19.0%	8.0%	2.5%	% Growth		-67.3%	-12.5%	0.0%	0.0%	-26.9%
Consensus		18	27	33	40		Consensus		17	27	35	40		Consensus		17	27	35	40	
% Growth		-63.3%	50.0%	22.2%	21.2%	-4.9%	% Growth		-65.3%	58.8%	29.6%	14.3%	-4.9%	% Growth		-65.3%	58.8%	29.6%	14.3%	-4.9%
% Diff		0.0%	40.7%	33.3%	30.0%	6.4%	% Diff		17.6%	55.6%	42.9%	35.0%	7.4%	% Diff		-5.9%	-48.1%	-60.0%	-65.0%	-21.9%
Revenue/Account							Revenue/Account							Revenue/Account						
Modeled	63	68	76	86	97		Modeled	63	69	79	90	103		Modeled	63	66	68	71	74	
% Growth		8.7%	11.5%	13.0%	12.5%	11.4%	% Growth		10.2%	13.6%	14.5%	14.0%	13.1%	% Growth		4.8%	2.3%	4.4%	5.0%	4.1%
Consensus		62	71	79	88		Consensus		62	71	79	88		Consensus		62	71	79	88	
% Growth		-1.0%	13.9%	11.9%	11.2%	8.8%	% Growth		-1.0%	13.9%	11.9%	11.2%	8.8%	% Growth		-1.0%	13.9%	11.9%	11.2%	8.8%
% Diff		9.8%	7.5%	8.6%	9.9%	2.6%	% Diff		11.3%	11.1%	13.7%	16.7%	4.3%	% Diff		5.9%	-4.9%	-11.2%	-16.1%	-4.7%
# Transactions (M)							# Transactions (M)							# Transactions (M)						
Modeled	19,349	22,322	25,908	31,024	37,380		Modeled	19,349	22,688	26,622	32,318	39,330		Modeled	19,349	21,620	22,952	24,259	25,617	
% Growth		15.4%	16.1%	19.7%	20.5%	17.9%	% Growth		17.3%	17.3%	21.4%	21.7%	19.4%	% Growth		11.7%	6.2%	5.7%	5.6%	7.3%
Consensus		22,580	26,571	31,842	37,234		Consensus		22,580	26,571	31,842	37,234		Consensus		22,580	26,571	31,842	37,234	
% Growth		16.7%	17.7%	19.8%	16.9%	17.8%	% Growth		16.7%	17.7%	19.8%	16.9%	17.8%	% Growth		16.7%	17.7%	19.8%	16.9%	17.8%
% Diff		-1.1%	-2.5%	-2.6%	0.4%	0.1%	% Diff		0.5%	0.2%	1.5%	5.6%	1.6%	% Diff		-4.3%	-13.6%	-23.8%	-31.2%	-10.5%
Transaction Expense (%)							Transaction Expense (%)							Transaction Expense (%)						
Modeled	0.83%	0.81%	0.81%	0.81%	0.81%		Modeled	0.83%	0.81%	0.81%	0.81%	0.81%		Modeled	0.83%	0.82%	0.82%	0.82%	0.82%	
% Growth		-0.02%	0.00%	0.00%	0.00%	-0.5%	% Growth		-0.02%	0.00%	0.00%	0.00%	-0.5%	% Growth		-0.01%	0.00%	0.00%	0.00%	-0.2%
Consensus		0.84%	0.84%	0.84%	0.82%		Consensus		0.84%	0.84%	0.84%	0.82%		Consensus		0.84%	0.84%	0.84%	0.82%	
% Growth		0.01%	0.00%	0.00%	-0.02%	-0.2%	% Growth		0.01%	0.00%	0.00%	-0.02%	-0.2%	% Growth		0.01%	0.00%	0.00%	-0.02%	-0.2%
% Diff		-0.03%	-0.03%	-0.03%	-0.01%	-0.31%	% Diff		-0.03%	-0.03%	-0.03%	-0.01%	-0.31%	% Diff		-0.02%	-0.02%	-0.02%	0.00%	0.00%
Loss Rate (%)							Loss Rate (%)							Loss Rate (%)						
Modeled	0.09%	0.14%	0.14%	0.14%	0.14%		Modeled	0.09%	0.14%	0.14%	0.14%	0.14%		Modeled	0.09%	0.16%	0.16%	0.16%	0.16%	
% Growth		0.05%	0.00%	0.00%	0.00%	13.3%	% Growth		0.05%	0.00%	0.00%	0.00%	13.3%	% Growth		0.07%	0.00%	0.00%	0.00%	17.1%
Consensus		0.12%	0.13%	0.13%	0.12%		Consensus		0.12%	0.13%	0.13%	0.12%		Consensus		0.12%	0.13%	0.13%	0.12%	
% Growth		0.03%	0.01%	0.00%	-0.01%	9.0%	% Growth		0.03%	0.01%	0.00%	-0.01%	9.0%	% Growth		0.03%	0.01%	0.00%	-0.01%	9.0%
% Diff		0.02%	0.01%	0.01%	0.02%	4.28%	% Diff		0.02%	0.01%	0.01%	0.02%	4.28%	% Diff		0.04%	0.03%	0.03%	0.04%	8.13%
TPV (\$M)							TPV (\$M)							TPV (\$M)						
Modeled	1,245,879	1,471,570	1,759,200	2,169,790	2,692,690		Modeled	1,245,879	1,495,698	1,825,221	2,304,329	2,916,506		Modeled	1,245,879	1,425,322	1,558,490	1,696,663	1,845,398	
% Growth		18.1%	19.5%	23.3%	24.1%	21.2%	% Growth		20.1%	22.0%	26.2%	26.6%	23.7%	% Growth		14.4%	9.3%	8.9%	8.8%	10.3%
Consensus	1,250,000	1,492,497	1,813,700	2,231,011	2,675,659		Consensus	1,250,000	1,492,497	1,813,700	2,231,011	2,675,659		Consensus	1,250,000	1,492,497	1,813,700	2,231,011	2,675,659	
% Growth		19.8%	21.5%	23.0%	19.9%	21.1%	% Growth		19.8%	21.5%	23.0%	19.9%	21.1%	% Growth		19.8%	21.5%	23.0%	19.9%	21.1%
% Diff		-1.4%	-3.0%	-2.7%	0.6%	0.2%	% Diff		0.2%	0.6%	3.3%	9.0%	2.6%	% Diff		-4.5%	-14.1%	-24.0%	-31.0%	-10.7%
Take Rate (%)							Take Rate (%)							Take Rate (%)						
Modeled	1.88%	1.88%	1.88%	1.89%	1.89%		Modeled	1.88%	1.88%	1.89%	1.90%	1.90%		Modeled	1.88%	1.86%	1.80%	1.78%	1.77%	
% Growth		0.00%	0.00%	0.01%	0.00%	0.2%	% Growth		0.00%	0.01%	0.01%	0.00%	0.3%	% Growth		-0.02%	-0.06%	-0.02%	-0.01%	-1.5%
Consensus		1.83%	1.80%	1.76%	1.74%		Consensus		1.97%	1.94%	1.87%	1.85%		Consensus		1.97%	1.94%	1.87%	1.85%	
% Growth		-0.05%	-0.03%	-0.04%	-0.02%	-1.9%	% Growth		0.09%	-0.03%	-0.07%	-0.02%	-0.4%	% Growth		0.09%	-0.03%	-0.07%	-0.02%	-0.4%
% Diff		0.05%	0.08%	0.13%	0.15%	2.05%	% Diff		-0.09%	-0.05%	0.03%	0.05%	0.65%	% Diff		-0.11%	-0.14%	-0.09%	-0.08%	-1.11%
Venmo (\$M)																				
Consensus	230,100	301,357	398,215	457,197	489,981															
% Growth		31.0%	32.1%	14.8%	7.2%	20.8%														

IRR Bridge



Base Case	FY21A	FY22E	FY23E	FY24E	FY25E	FY26E	5yr CAGR
Avg. Active Accounts	403	435	463	504	552	608	8.6%
Transactions Per Account	48	51	56	62	68	74	9.2%
Total Transactions	19,349	22,322	25,908	31,024	37,380	45,291	18.5%
TPV Per Transaction	63	66	68	70	72	74	3.2%
Total TPV	1,245,879	1,471,570	1,759,200	2,169,790	2,692,690	3,360,474	22.0%
Take Rate %	1.88%	1.88%	1.88%	1.89%	1.89%	1.89%	0.1%
Total Net Revenue	25,371	29,772	35,348	43,466	53,570	66,433	21.2%
Transaction Expenses	(11,375)	(13,980)	(16,712)	(20,613)	(25,581)	(31,925)	22.9%
Other Operating Expense	(9,734)	(11,066)	(12,662)	(14,682)	(17,063)	(19,935)	15.4%
Total Expenses	(21,109)	(25,046)	(29,374)	(35,295)	(42,644)	(51,860)	19.7%
Total Operating Profit	4,262	4,727	5,974	8,172	10,927	14,573	27.9%
Operating Margin %	16.8%	15.9%	16.9%	18.8%	20.4%	21.9%	5.5%
Net Income	4,169	3,876	4,899	6,701	8,960	11,950	23.4%
EPS	2.76	3.31	4.25	5.96	8.26	11.60	33.3%
ROIC	14.2%	12.7%	15.3%	19.5%	23.7%	28.1%	14.7%
Buybacks	3,373	3,227	3,918	5,056	6,468	8,303	19.7%

Comp Sheet

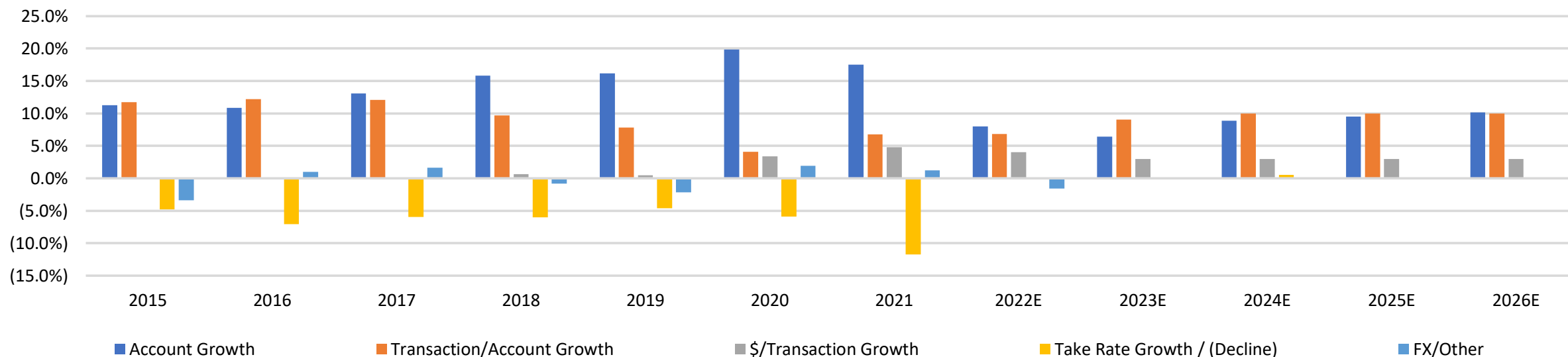


Company	Ticker	2023E P/E (x)	'22-'24E EPS CAGR	P/E/G (x)	2022E FCF Yield (%)	2022E ROIC (%)
Block Inc	SQ US	58.5x	51%	1.1x	1.2%	-1%
Fiserv Inc	FISV US	13.6x	14%	0.9x	6.3%	9%
Fidelity National Info Serv	FIS US	12.4x	12%	1.0x	6.8%	7%
Global Payments Inc	GPN US	12.1x	17%	0.7x	7.3%	8%
Fleetcor Technologies Inc	FLT US	14.2x	14%	1.0x	7.0%	15%
Affirm Holdings Inc	AFRM US				(2.6%)	38%
Wex Inc	WEX US	12.7x	13%	1.0x	5.1%	12%
Western Union Co	WU US	9.1x	6%	1.6x	12.0%	37%
Euronet Worldwide Inc	EEFT US	13.4x	24%	0.5x	5.9%	29%
Evo Payments Inc-Class A	EVOP US	17.5x	15%	1.2x	10.3%	10%
Mastercard Inc - A	MA US	27.6x	23%	1.2x	2.9%	75%
Visa Inc-Class A Shares	V US	25.7x	17%	1.5x	3.3%	43%
Moneygram International Inc	MGI US	13.4x				11%
Coinbase Global Inc -Class A	COIN US	36.5x	50%	0.7x	2.0%	16%
Aci Worldwide Inc	ACIW US	12.6x			8.6%	7%
Bottomline Technologies (De)	EPAY US	41.3x	17%	2.5x		15%
Median		13.6x	17%	1.0x	6.1%	13%
Paypal Holdings Inc	PYPL US	19.7x	34%	0.6x	6.5%	13%
<i>vs. Median</i>		<i>45.0%</i>	<i>17.7%</i>	<i>-44.6%</i>	<i>0.4%</i>	<i>-0.6%</i>

Revenue Build Summary



	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
Account Growth	11.3%	10.8%	13.1%	15.8%	16.2%	19.9%	17.5%	8.0%	6.4%	8.9%	9.5%	10.1%
Transaction/Account Growth	11.7%	12.2%	12.1%	9.7%	7.8%	4.1%	6.8%	6.8%	9.0%	10.0%	10.0%	10.0%
\$/Transaction Growth				0.6%	0.4%	3.4%	4.8%	4.0%	3.0%	3.0%	3.0%	3.0%
Take Rate Growth / (Decline)	(4.8%)	(7.1%)	(6.0%)	(6.0%)	(4.6%)	(5.9%)	(11.7%)	0.1%	0.0%	0.5%	0.0%	0.0%
FX/Other	(3.4%)	1.0%	1.7%	(0.8%)	(2.2%)	1.9%	1.2%	(1.6%)	0.0%	0.0%	0.0%	0.0%
Transaction Revenue Growth	14.4%	16.8%	21.2%	19.2%	17.4%	23.7%	17.5%	18.2%	19.5%	24.0%	24.1%	24.8%
Transaction % Total	87.9%	87.5%	87.8%	88.7%	90.6%	92.8%	92.2%	92.9%	93.6%	94.3%	95.0%	95.6%
Value Added Services Growth	22.0%	20.7%	17.8%	9.4%	(4.0%)	(8.2%)	28.2%	7.0%	8.0%	8.0%	9.0%	9.0%
Value Added Services % Total	12.1%	12.5%	12.2%	11.3%	9.4%	7.2%	7.8%	7.1%	6.4%	5.7%	5.0%	4.4%
Total Growth	15.3%	17.3%	20.8%	18.1%	15.4%	21.4%	18.3%	17.4%	18.8%	23.1%	23.3%	24.1%
Annual Revenue/Account	54.53	57.67	61.59	62.76	62.14	62.58	62.99	68.44	76.35	86.24	97.05	109.26



Revenue Build Summary



Revenue breakdown	FY13A	FY14A	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E	FY26E
Geographic breakdown:														
U.S.	3,240.0	3,877.0	4,640.0	5,760.0	7,084.0	8,324.0	9,417.0	11,013.0	13,712.0					
United Kingdom ("U.K.")	949.0	1,155.0	1,191.0	1,257.0	1,402.0	1,658.0	1,872.0	2,340.0	2,340.0					
Other countries	2,538.0	2,993.0	3,417.0	3,825.0	4,608.0	5,469.0	6,483.0	8,101.0	9,319.0					
Total international revenue	3,487.0	4,148.0	4,608.0	5,082.0	6,010.0	7,127.0	8,355.0	10,441.0	11,659.0					
Total net revenues	6,727.0	8,025.0	9,248.0	10,842.0	13,094.0	15,451.0	17,772.0	21,454.0	25,371.0					
Check	-	-	-	-	-	-	-	-	-					
% mix by geography														
U.S. % mix	48.2%	48.3%	50.2%	53.1%	54.1%	53.9%	53.0%	51.3%	54.0%					
United Kingdom ("U.K.") % mix	14.1%	14.4%	12.9%	11.6%	10.7%	10.5%	10.9%	10.9%	9.2%					
Other countries % mix	37.7%	37.3%	36.9%	35.3%	35.2%	35.4%	36.5%	37.8%	36.7%					
Total international revenue % mix	51.8%	51.7%	49.8%	46.9%	45.9%	47.0%	46.7%	48.7%	46.0%					
Total net revenues % mix	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%					
% growth y/y														
U.S. % growth y/y		19.7%	19.7%	24.1%	23.0%	17.5%	13.1%	16.9%	24.5%					
United Kingdom ("U.K.") % growth y/y		21.7%	3.1%	5.5%	11.5%	18.3%	12.9%	25.0%	0.0%					
Other countries % growth y/y		17.9%	14.2%	11.9%	20.5%	18.7%	18.5%	25.0%	15.0%					
Total international revenue % growth y/y		19.0%	11.1%	10.3%	18.3%	18.6%	17.2%	25.0%	11.7%					
Total net revenues % growth y/y		19.3%	15.2%	17.2%	20.8%	18.0%	15.0%	20.7%	18.3%					
Revenue category														
Merchant active accounts			13.0	15.0	18.0	21.0	24.0	29.0	34.0	36.0	38.0	40.0	44.0	48.0
Consumer active accounts			166.0	182.0	211.0	246.0	281.0	348.0	392.0	408.0	444.0	486.0	534.0	590.0
Total active accounts	143.0	162.0	179.0	197.0	229.0	267.0	305.0	377.0	426.0	444.0	482.0	526.0	578.0	638.0
Merchant active accounts % mix			7.3%	7.6%	7.9%	7.9%	7.9%	7.7%	8.0%	8.1%	7.9%	7.6%	7.6%	7.5%
Consumer active accounts % mix			92.7%	92.4%	92.1%	92.1%	92.1%	92.3%	92.0%	91.9%	92.1%	92.4%	92.5%	92.5%
Total active accounts % mix			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Merchant active accounts - BOP				13.0	15.0	18.0	21.0	24.0	29.0	34.0	36.0	38.0	40.0	44.0
Net adds				2.0	3.0	3.0	3.0	5.0	5.0	2.0	2.0	2.0	4.0	4.0
Merchant active accounts - EOP			13.0	15.0	18.0	21.0	24.0	29.0	34.0	36.0	38.0	40.0	44.0	48.0
% growth q/q														
% growth y/y				15.4%	20.0%	16.7%	14.3%	20.8%	17.2%	5.9%	5.6%	5.3%	10.0%	9.1%
Consumer active accounts - BOP				166.0	182.0	211.0	246.0	281.0	348.0	392.0	408.0	444.0	486.0	534.0
Net adds			166.0	16.0	29.0	35.0	35.0	67.0	44.0	16.0	36.0	42.0	48.0	56.0
Consumer active accounts - EOP			166.0	182.0	211.0	246.0	281.0	348.0	392.0	408.0	444.0	486.0	534.0	590.0
% growth q/q														
% growth y/y				9.6%	15.9%	16.6%	14.2%	23.8%	12.6%	4.1%	8.8%	9.5%	9.9%	10.5%
Total active accounts - BOP		143.0	162.0	179.0	197.0	229.0	267.0	305.0	377.0	426.0	444.0	482.0	526.0	578.0
Net adds		19.0	17.0	18.0	32.0	38.0	38.0	72.0	49.0	18.0	38.0	44.0	52.0	60.0
Total active accounts - EOP	143.0	162.0	179.0	197.0	229.0	267.0	305.0	377.0	426.0	444.0	482.0	526.0	578.0	638.0
% growth q/q														
% growth y/y		13.3%	10.5%	10.1%	16.2%	16.6%	14.2%	23.6%	13.0%	4.2%	8.6%	9.1%	9.9%	10.4%
Avg. active accounts														
% growth q/q		152.4	169.6	188.0	212.6	246.2	286.0	342.8	402.8	435.0	463.0	504.0	552.0	608.0
% growth y/y			11.3%	10.8%	13.1%	15.8%	16.2%	19.9%	17.5%	8.0%	6.4%	8.9%	9.5%	10.1%
# payment transactions per EOP active account		24.5	27.5	31.1	33.9	37.0	40.5	40.9	45.4	50.3	53.8	59.0	64.7	71.0
# payment transactions per avg active account		26.0	29.1	32.6	36.5	40.1	43.2	45.0	48.0	51.3	56.0	61.6	67.7	74.5
% growth q/q														
% growth y/y			11.7%	12.2%	12.1%	9.7%	7.8%	4.1%	6.8%	6.8%	9.0%	10.0%	10.0%	10.0%

PayPal - PYPL Model (in \$mm)	FY13A	FY14A	FY15A	FY16A	Dec-17 FY17A	Dec-18 FY18A	Dec-19 FY19A	Dec-20 FY20A	Dec-21 FY21A	Dec-22 FY22E	Dec-23 FY23E	Dec-24 FY24E	Dec-25 FY25E	Dec-26 FY26E
83.7														
# TTM payment transactions per avg active account - calculated	22.8	26.0	29.1	32.6	36.5	40.1	43.2	45.0	48.0	51.3	56.0	61.6	67.7	74.5
# TTM payment transactions per EOP active account - calculated	24.5	27.5	31.1	34.0	38.9	43.0	46.5	49.0	53.0	58.0	64.7	71.0		
# TTM payment transactions per EOP active account - reported	22.9	24.5	27.5	31.1	34.0	36.9	40.6	40.9	45.4					
Number of Payment Transactions	3,261	3,964	4,928	6,129	7,769	9,871	12,362	15,424	19,349	22,322	25,908	31,024	37,380	45,291
% growth q/q		21.6%	24.3%	24.4%	26.8%	27.1%	25.2%	24.8%	25.4%	15.4%	16.1%	19.7%	20.5%	21.2%
% growth y/y														
CC TPV per txn (\$)					57.9	58.2	58.5	60.5	63.4	65.9	67.9	69.9	72.0	74.2
% growth q/q						0.6%	0.4%	3.4%	4.8%	4.0%	3.0%	3.0%	3.0%	3.0%
% growth y/y														
Gross TPV per txn (\$)	56.9	59.2	57.2	57.8	58.7	58.6	57.6	60.7	64.4	65.9	67.9	69.9	72.0	74.2
% growth q/q		4.0%	-3.4%	1.0%	1.7%	-0.2%	-1.7%	5.4%	6.1%	2.4%	3.0%	3.0%	3.0%	3.0%
% growth y/y														
Constant Currency TPV					449,598	574,786	723,024	932,622	#####	#####	#####	#####	#####	#####
% growth q/q						27.0%	26.0%	31.0%	31.0%	20.0%	19.5%	23.3%	24.1%	24.8%
% growth y/y						6,581	3,633	(11,099)	3,439	19,639	-	-	-	-
FX impact on volumes						-3.7%	-3.8%	24.0%	0.0%	-35.5%	-2.3%	19.4%	3.3%	2.9%
% growth y/y														
Total TPV	185,606	234,635	281,764	354,014	456,179	578,419	711,925	936,061	#####	#####	#####	#####	#####	#####
% growth q/q		26.4%	20.1%	25.6%	28.9%	26.8%	23.1%	31.5%	33.1%	18.1%	19.5%	23.3%	24.1%	24.8%
% growth y/y														
Txn revenue % gross TPV	3.23%	3.03%	2.88%	2.68%	2.52%	2.37%	2.26%	2.13%	1.88%	1.88%	1.88%	1.89%	1.89%	1.89%
bps change y/y		-20 bps	-14 bps	-20 bps	-16 bps	-15 bps	-11 bps	-13 bps	-25 bps	0 bps	0 bps	1 bps	0 bps	0 bps
Total revenue / avg. active account	52.7	54.5	57.7	61.6	62.8	62.1	62.6	63.0	68.4	76.3	86.2	97.0	109.3	
% growth q/q		3.6%	5.8%	6.8%	1.9%	-1.0%	0.7%	0.6%	8.7%	11.5%	13.0%	12.5%	12.6%	
% growth y/y														
Transaction revenues	5,992.0	7,107.0	8,128.0	9,490.0	11,501.0	13,709.0	16,099.0	19,918.0	23,402.0	27,665.5	33,073.0	41,009.0	50,891.8	63,513.0
Revenues from other value added services	736.0	918.0	1,120.0	1,352.0	1,593.0	1,742.0	1,673.0	1,536.0	1,969.0	2,106.8	2,275.4	2,457.4	2,678.6	2,919.6
Total net revenues	6,727.0	8,025.0	9,248.0	10,842.0	13,094.0	15,451.0	17,772.0	21,454.0	25,371.0	29,772.4	35,348.3	43,466.4	53,570.4	66,432.6
Transaction revenues % mix	89.1%	88.6%	87.9%	87.5%	87.8%	88.7%	90.6%	92.8%	92.2%	92.9%	93.6%	94.3%	95.0%	95.6%
Revenues from other value added services % mix	10.9%	11.4%	12.1%	12.5%	12.2%	11.3%	9.4%	7.2%	7.8%	7.1%	6.4%	5.7%	5.0%	4.4%
Total net revenues % mix	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Transaction revenues % growth y/y	18.6%	14.4%	16.8%	21.2%	19.2%	17.4%	23.7%	17.5%	18.2%	19.5%	24.0%	24.1%	24.8%	
Revenues from other value added services % growth y/y	24.9%	22.0%	20.7%	17.8%	9.4%	-4.0%	-8.2%	28.2%	7.0%	8.0%	8.0%	9.0%	9.0%	
Total net revenues % growth y/y	19.3%	15.2%	17.2%	20.8%	18.0%	15.0%	20.7%	18.3%	17.3%	18.7%	23.0%	23.2%	24.0%	
4Q21 - FY22 revenue growth 15-17%														
4Q21 - FY22 revenue growth ex EBAY 19-21%														

Expense Build Summary



Expense breakdown	FY13A	FY14A	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E	FY26E
Transaction expense	(1,835.0)	(2,170.0)	(2,610.0)	(3,346.0)	(4,419.0)	(5,581.0)	(6,790.0)	(7,934.0)	(10,315.0)	(11,919.7)	(14,249.5)	(17,575.3)	(21,810.8)	(27,219.8)
Transaction and loan losses	(502.0)	(646.0)	(809.0)	(1,088.0)	(1,011.0)	(1,274.0)	(1,380.0)	(1,741.0)	(1,060.0)	(2,060.2)	(2,462.9)	(3,037.7)	(3,769.8)	(4,704.7)
Total transaction expenses	(2,337.0)	(2,816.0)	(3,419.0)	(4,434.0)	(5,430.0)	(6,855.0)	(8,170.0)	(9,675.0)	(11,375.0)	(13,979.9)	(16,712.4)	(20,613.0)	(25,580.6)	(31,924.5)
<i>Txn expense % gross TPV</i>	0.99%	0.92%	0.93%	0.95%	0.97%	0.96%	0.95%	0.85%	0.83%	0.81%	0.81%	0.81%	0.81%	0.81%
<i>bps change y/y</i>	-6 bps	0 bps	2 bps	2 bps	0 bps	-1 bps	-11 bps	-2 bps	-2 bps	0 bps	0 bps	0 bps	0 bps	0 bps
<i>Txn and loan losses % gross TPV</i>	0.27%	0.28%	0.29%	0.31%	0.22%	0.22%	0.19%	0.19%	0.09%	0.14%	0.14%	0.14%	0.14%	0.14%
<i>bps change y/y</i>	0 bps	1 bps	2 bps	-9 bps	0 bps	-3 bps	-1 bps	-10 bps	5 bps	0 bps	0 bps	0 bps	0 bps	0 bps
Total transaction expense % gross TPV	1.26%	1.20%	1.21%	1.25%	1.19%	1.19%	1.15%	1.03%	0.91%	0.95%	0.95%	0.95%	0.95%	0.95%
<i>bps change y/y</i>	-6 bps	1 bps	4 bps	-6 bps	-1 bps	-4 bps	-11 bps	-12 bps	4 bps	0 bps	0 bps	0 bps	0 bps	0 bps
<i>Transaction expense % growth q/q</i>														
<i>Transaction and loan losses % growth q/q</i>														
<i>Total transaction expenses % growth q/q</i>														
<i>Transaction expense % growth y/y</i>		18.3%	20.3%	28.2%	32.1%	26.3%	21.7%	16.8%	30.0%	15.6%	19.5%	23.3%	24.1%	24.8%
<i>Transaction and loan losses % growth y/y</i>		28.7%	25.2%	34.5%	-7.1%	26.0%	8.3%	26.2%	-39.1%	94.4%	19.5%	23.3%	24.1%	24.8%
<i>Total transaction expenses % growth y/y</i>		20.5%	21.4%	29.7%	22.5%	26.2%	19.2%	18.4%	17.6%	22.9%	19.5%	23.3%	24.1%	24.8%
<i>Txn expense growth / txn revenue growth</i>		1.0	1.4	1.7	1.5	1.4	1.2	0.7	1.7	0.9	1.0	1.0	1.0	1.0
<i>Transaction expense % of transaction revenue</i>	30.6%	30.5%	32.1%	35.3%	38.4%	40.7%	42.2%	39.8%	44.1%	43.1%	43.1%	42.9%	42.9%	42.9%
<i>Transaction and loan losses % of transaction revenue</i>	8.4%	9.1%	10.0%	11.5%	8.8%	9.3%	8.6%	8.7%	4.5%	7.4%	7.4%	7.4%	7.4%	7.4%
<i>Total transaction expenses % of transaction revenue</i>	39.0%	39.6%	42.1%	46.7%	47.2%	50.0%	50.7%	48.6%	48.6%	50.5%	50.5%	50.3%	50.3%	50.3%
<i>Transaction expense % of revenue</i>	27.3%	27.0%	28.2%	30.9%	33.7%	36.1%	38.2%	37.0%	40.7%	40.0%	40.3%	40.4%	40.7%	41.0%
<i>Transaction and loan losses % of revenue</i>	7.5%	8.0%	8.7%	10.0%	7.7%	8.2%	7.8%	8.1%	4.2%	6.9%	7.0%	7.0%	7.0%	7.1%
<i>Total transaction expenses % of revenue</i>	34.7%	35.1%	37.0%	40.9%	41.5%	44.4%	46.0%	45.1%	44.8%	47.0%	47.3%	47.4%	47.8%	48.1%
Transaction profit	4,390.0	5,209.0	5,829.0	6,408.0	7,664.0	8,596.0	9,602.0	11,779.0	13,996.0	15,792.4	18,635.9	22,853.4	27,989.9	34,508.1
Transaction margin (total net revenue less total transaction expense)	65.3%	64.9%	63.0%	59.1%	58.5%	55.6%	54.0%	54.9%	55.2%	53.0%	52.7%	52.6%	52.2%	51.9%
Customer support and operations	(950.0)	(1,055.0)	(1,220.0)	(1,267.0)	(1,265.0)	(1,407.0)	(1,615.0)	(1,778.0)	(2,075.0)	(2,365.5)	(2,696.7)	(3,128.1)	(3,628.6)	(4,209.2)
<i>% growth q/q</i>														
<i>% growth y/y</i>		11.1%	15.6%	3.9%	-0.2%	11.2%	14.8%	10.1%	16.7%	14.0%	14.0%	16.0%	16.0%	16.0%
<i>% of revenue</i>	14.1%	13.1%	13.2%	11.7%	9.7%	9.1%	9.1%	8.3%	8.2%	7.9%	7.6%	7.2%	6.8%	6.3%
Sales and marketing	(791.0)	(998.0)	(985.0)	(969.0)	(1,142.0)	(1,314.0)	(1,401.0)	(1,861.0)	(2,445.0)	(2,836.2)	(3,290.0)	(3,849.3)	(4,542.2)	(5,359.8)
<i>% growth q/q</i>														
<i>% growth y/y</i>		26.2%	-1.3%	-1.6%	17.9%	15.1%	6.6%	32.8%	31.4%	16.0%	16.0%	17.0%	18.0%	18.0%
<i>% of revenue</i>	11.8%	12.4%	10.7%	8.9%	8.7%	8.5%	7.9%	8.7%	9.6%	9.5%	9.3%	8.9%	8.5%	8.1%
Technology/Product development	(727.0)	(890.0)	(947.0)	(834.0)	(1,740.0)	(1,831.0)	(2,085.0)	(2,642.0)	(3,038.0)	(3,432.9)	(3,879.2)	(4,461.1)	(5,130.3)	(6,002.4)
<i>% growth q/q</i>														
<i>% growth y/y</i>		22.4%	6.4%	-11.9%	108.6%	5.2%	13.9%	26.7%	15.0%	13.0%	13.0%	15.0%	15.0%	17.0%
<i>% of revenue</i>	10.8%	11.1%	10.2%	7.7%	13.3%	11.9%	11.7%	12.3%	12.0%	11.5%	11.0%	10.3%	9.6%	9.0%
General and administrative	(378.0)	(482.0)	(560.0)	(1,028.0)	(1,258.0)	(1,541.0)	(1,711.0)	(2,070.0)	(2,114.0)	(2,431.1)	(2,795.8)	(3,243.1)	(3,762.0)	(4,363.9)
<i>% growth q/q</i>														
<i>% growth y/y</i>		27.5%	16.2%	83.6%	22.4%	22.5%	11.0%	21.0%	2.1%	15.0%	15.0%	16.0%	16.0%	16.0%
<i>% of revenue</i>	5.6%	6.0%	6.1%	9.5%	9.6%	10.0%	9.6%	9.6%	8.3%	8.2%	7.9%	7.5%	7.0%	6.6%
Depreciation and amortization	(453.0)	(516.0)	(608.0)	(724.0)	-	-	-	-	-	-	-	-	-	-
Restructuring	-	-	(48.0)	-	(132.0)	(309.0)	(71.0)	(139.0)	(62.0)	-	-	-	-	-
Total operating expenses	(5,636.0)	(6,757.0)	(7,787.0)	(9,256.0)	(10,967.0)	(13,257.0)	(15,053.0)	(18,165.0)	(21,109.0)	(25,045.7)	(29,374.0)	(35,294.6)	(42,643.6)	(51,859.8)
<i>% growth q/q</i>														
<i>% growth y/y</i>		19.9%	15.2%	18.9%	18.5%	20.9%	13.5%	20.7%	16.2%	18.6%	17.3%	20.2%	20.8%	21.6%
<i>% of revenue</i>	83.8%	84.2%	84.2%	85.4%	83.8%	85.8%	84.7%	84.7%	83.2%	84.1%	83.1%	81.2%	79.6%	78.1%

Illustrative DCF Implied by Target Multiple



DCF Valuation (\$M, except per-share)	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Revenue	25,371	29,772	35,348	43,466	53,570	66,433	69,754	73,242	76,904	80,749	84,787	89,026	93,477	98,151	103,059	108,212
% Growth		17.3%	18.7%	23.0%	23.2%	24.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
EBIT	4,262	4,727	5,974	8,172	10,927	14,573	15,301	16,067	16,870	17,713	18,599	19,529	20,505	21,531	22,607	23,738
% Margin	16.8%	15.9%	16.9%	18.8%	20.4%	21.9%	21.9%	21.9%	21.9%	21.9%	21.9%	21.9%	21.9%	21.9%	21.9%	21.9%
Net Income	4,169	3,876	4,899	6,701	8,960	11,950	12,547	13,175	13,833	14,525	15,251	16,014	16,814	17,655	18,538	19,465
Add: Non-Cash Charges	2,171	3,411	3,938	4,655	5,522	6,589	5,580	5,859	6,152	6,460	6,783	7,122	7,478	7,852	8,245	8,657
Less: Capex	(908)	(893)	(1,060)	(1,304)	(1,607)	(1,993)	(2,093)	(2,197)	(2,307)	(2,422)	(2,544)	(2,671)	(2,804)	(2,945)	(3,092)	(3,246)
Free Cash Flow to Equity	5,432	6,394	7,777	10,052	12,875	16,546	16,035	16,837	17,678	18,562	19,491	20,465	21,488	22,563	23,691	24,875
% Net Income	130%	165%	159%	150%	144%	138%	128%	128%	128%	128%	128%	128%	128%	128%	128%	128%
Discount Factor						0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47	0.42	0.39	0.35
YE25 NPV Free Cash Flow						15,042	13,252	12,650	12,075	11,526	11,002	10,502	10,024	9,569	9,134	8,719

Summary Valuation (\$M, except-per share)	
Target Multiple Approach	
2026E EPS	11.60
Target Multiple (x)	20.0x
Price Target	232
Current Share Price	84
% Upside	177%
% IRR	32%

DCF Approach	
Assumed WACC (%)	10.0%
2026E-2036E NPV at YE25	123,493
Assumed Terminal Growth Rate	3.0%
Terminal Value NPV at YE25	128,289
Equity Value	251,782
YE25 Share Count (M)	1,059
Price Target	238
Current Share Price	84
% Upside	184%
% IRR	33%

Model Summary: Income Statement



Income Statement (\$M, except per-share)	FY13A	FY14A	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E	FY26E
Net revenues	6,727.0	8,025.0	9,248.0	10,842.0	13,094.0	15,451.0	17,772.0	21,454.0	25,371.0	29,772.4	35,348.3	43,466.4	53,570.4	66,432.6
Transaction expense	(1,835.0)	(2,170.0)	(2,610.0)	(3,346.0)	(4,419.0)	(5,581.0)	(6,790.0)	(7,934.0)	(10,315.0)	(11,919.7)	(14,249.5)	(17,575.3)	(21,810.8)	(27,219.8)
Transaction and loan losses	(502.0)	(646.0)	(809.0)	(1,088.0)	(1,011.0)	(1,274.0)	(1,380.0)	(1,741.0)	(1,060.0)	(2,060.2)	(2,462.9)	(3,037.7)	(3,769.8)	(4,704.7)
Customer support and operations	(950.0)	(1,055.0)	(1,220.0)	(1,267.0)	(1,265.0)	(1,407.0)	(1,615.0)	(1,778.0)	(2,075.0)	(2,365.5)	(2,696.7)	(3,128.1)	(3,628.6)	(4,209.2)
Sales and marketing	(791.0)	(998.0)	(985.0)	(969.0)	(1,142.0)	(1,314.0)	(1,401.0)	(1,861.0)	(2,445.0)	(2,836.2)	(3,290.0)	(3,849.3)	(4,542.2)	(5,359.8)
Technology/Product development	(727.0)	(890.0)	(947.0)	(834.0)	(1,740.0)	(1,831.0)	(2,085.0)	(2,642.0)	(3,038.0)	(3,432.9)	(3,879.2)	(4,461.1)	(5,130.3)	(6,002.4)
General and administrative	(378.0)	(482.0)	(560.0)	(1,028.0)	(1,258.0)	(1,541.0)	(1,711.0)	(2,070.0)	(2,114.0)	(2,431.1)	(2,795.8)	(3,243.1)	(3,762.0)	(4,363.9)
Depreciation and amortization	(453.0)	(516.0)	(608.0)	(724.0)						-	-	-	-	-
Restructuring	-	-	(48.0)	-	(132.0)	(309.0)	(71.0)	(139.0)	(62.0)	-	-	-	-	-
Total operating expenses	(5,636.0)	(6,757.0)	(7,787.0)	(9,256.0)	(10,967.0)	(13,257.0)	(15,053.0)	(18,165.0)	(21,109.0)	(25,045.7)	(29,374.0)	(35,294.6)	(42,643.6)	(51,859.8)
Operating income	1,091.0	1,268.0	1,461.0	1,586.0	2,127.0	2,194.0	2,719.0	3,289.0	4,262.0	4,726.7	5,974.3	8,171.8	10,926.8	14,572.8
Other income (expense), net	(7.0)	(7.0)	27.0	45.0	73.0	182.0	279.0	1,776.0	(163.0)	-	-	-	-	-
Income before taxes	1,084.0	1,261.0	1,488.0	1,631.0	2,200.0	2,376.0	2,998.0	5,065.0	4,099.0	4,726.7	5,974.3	8,171.8	10,926.8	14,572.8
Income tax expense	(129.0)	(842.0)	(260.0)	(230.0)	(405.0)	(319.0)	(539.0)	(863.0)	70.0	(850.8)	(1,075.4)	(1,470.9)	(1,966.8)	(2,623.1)
Net income	955.0	419.0	1,228.0	1,401.0	1,795.0	2,057.0	2,459.0	4,202.0	4,169.0	3,875.9	4,898.9	6,700.9	8,960.0	11,949.7
Diluted Share Count	1,224.0	1,224.0	1,229.0	1,218.0	1,221.0	1,203.0	1,188.0	1,187.0	1,186.0	1,172.4	1,152.1	1,124.0	1,084.5	1,030.0
EPS	0.78	0.34	1.00	1.15	1.47	1.71	2.07	3.54	3.52	3.31	4.25	5.96	8.26	11.60

Model Summary: Cash Flow Statement



Cash Flow Statement (\$M)	FY13A	FY14A	FY15A	FY16A	FY17A	FY18A	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E	FY26E
CFO														
Net income	955	419	1,228	1,401	1,795	2,057	2,459	4,202	4,169	3,876	4,899	6,701	8,960	11,950
Transaction and loan losses	502	646	809	1,088	1,011	1,274	1,380	1,741	1,060	2,060	2,463	3,038	3,770	4,705
Depreciation and amortization	453	516	608	724	805	776	912	1,189	1,265	1,489	1,767	2,173	2,679	3,322
Stock-based compensation	253	299	346	438	733	853	1,021	1,376	1,376	1,580	1,817	2,108	2,445	2,837
Deferred income taxes	52	680	127	52	(1,299)	(171)	(269)	165	(482)	43	54	74	98	131
Excess tax benefits from stock-based compensation	(76)	(41)	(26)	(40)	-	-	-	-	-	-	-	-	-	-
Cost basis adjustments to loans and interest receivable held for sale	-	-	-	-	92	244	-	-	-	-	-	-	-	-
Unrealized gains on strategic investments	-	-	-	-	-	-	(207)	(1,914)	(46)	-	-	-	-	-
Other	-	-	-	-	-	(172)	(150)	47	100	-	-	-	-	-
Premium received on sale of principal loans receivable held for sale	-	-	(40)	(24)	(25)	-	-	-	-	-	-	-	-	-
CFO before WC	2,139.0	2,519.0	3,052.0	3,639.0	3,112.0	4,861.0	5,146.0	6,806.0	7,442.0	9,047.5	11,000.2	14,093.5	17,951.9	22,943.7
Accounts receivable	1	(13)	(22)	(77)	12	(59)	(120)	(100)	(222)	-	-	-	-	-
Receivable from eBay	79	(24)	121	-	-	-	-	-	-	-	-	-	-	-
Sale of consumer credit receivables to Synchrony	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in principal loans receivable held for sale, net	-	-	14	24	(1,308)	1,407	4	-	-	-	-	-	-	-
Transaction loss allowance for cash losses, net	(304)	(414)	(493)	-	(817)	-	(1,079)	(1,120)	(1,178)	(2,060)	(2,463)	(3,038)	(3,770)	(4,705)
Other current assets and non-current assets	(62)	(38)	(384)	-	(188)	-	(566)	(498)	(150)	-	-	-	-	-
Accounts payable	(13)	42	12	11	62	26	4	(4)	(31)	-	-	-	-	-
Payable to eBay	43	(2)	(217)	-	-	-	-	-	-	-	-	-	-	-
Income taxes payable	41	37	40	69	19	(44)	(40)	(230)	73	-	-	-	-	-
Funds receivable	-	-	-	-	-	-	(9)	-	-	-	-	-	-	-
Funds payable and amounts due to customers	-	-	-	-	-	-	499	-	-	-	-	-	-	-
Other assets and liabilities	69	113	423	(508)	1,639	(711)	232	1,000	406	300	300	300	300	300
Net CFO	1,993.0	2,220.0	2,546.0	3,158.0	2,531.0	5,480.0	4,071.0	5,854.0	6,340.0	7,287.3	8,837.3	11,355.8	14,482.1	18,539.0
CFI														
Purchases of property and equipment	(391)	(492)	(722)	(669)	(667)	(823)	(704)	(866)	(908)	(893)	(1,060)	(1,304)	(1,607)	(1,993)
Proceeds from sales of property and equipment	-	-	26	-	-	3	17	120	5	-	-	-	-	-
Changes in principal loans receivable, net	(793)	(1,023)	(819)	(1,523)	(920)	3,121	(1,631)	294	(1,594)	-	-	-	-	-
Purchases of investments	(610)	(76)	(7,542)	(21,041)	(19,418)	(22,381)	(27,881)	(41,513)	(40,116)	-	-	-	-	-
Maturities and sales of investments	320	409	3,318	18,429	18,450	21,898	24,878	30,908	39,698	-	-	-	-	-
Acquisitions, net of cash acquired	(731)	(2)	(1,225)	(19)	(323)	(2,124)	(70)	(3,609)	(2,763)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Funds receivable and customer accounts	-	-	-	(176)	(2,480)	1,127	(351)	(1,552)	193	-	-	-	-	-
Notes and receivables from eBay	484	(362)	575	-	-	-	-	-	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net CFI	(1,721.0)	(1,546.0)	(6,389.0)	(4,999.0)	(5,358.0)	821.0	(5,742.0)	(16,218.0)	(5,485.0)	(3,893.2)	(4,060.5)	(4,304.0)	(4,607.1)	(4,993.0)
CFF														
Proceeds from issuance of common stock	-	-	75	109	144	144	138	137	162	140	140	140	140	140
Purchases of treasury stock	-	-	-	(995)	(1,006)	(3,520)	(1,411)	(1,635)	(3,373)	(3,227)	(3,918)	(5,056)	(6,468)	(8,303)
Excess tax benefits from stock-based compensation	76	41	26	40	-	-	-	-	-	-	-	-	-	-
Contribution from eBay	(28)	(71)	3,858	-	-	-	-	-	-	-	-	-	-	-
Tax withholdings related to net share settlements of restricted stock	-	-	(18)	(118)	(166)	(419)	(504)	(521)	(1,036)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Borrowings under financing arrangements	-	-	-	-	-	2,075	5,471	6,966	272	-	-	-	-	-
Repayments under financing arrangements, net of borrowings	(133)	(21)	(862)	(21)	820	(1,115)	(2,516)	(3,000)	(361)	(1,000)	(1,000)	(1,250)	(1,000)	(1,250)
Funds receivable and customer accounts	(1,653)	(1,335)	(1,649)	-	-	-	-	-	-	-	-	-	-	-
Funds payable and amounts due to customers	1,653	1,335	1,649	3,023	4,292	1,595	3,009	10,597	3,572	6,000	6,000	6,000	6,000	6,000
Other financing activities	-	-	-	-	-	-	-	(52)	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net CFF	(85.0)	(51.0)	3,079.0	2,038.0	4,084.0	(1,240.0)	4,187.0	12,492.0	(764.0)	913.0	221.6	(1,165.9)	(2,327.5)	(4,413.0)
FX	3	(26)	(44)	-	36	(113)	(6)	169	(102)	-	-	-	-	-
Net Change in Cash Balance	190.0	597.0	(808.0)	197.0	1,293.0	4,948.0	2,510.0	2,297.0	(11.0)	4,307.0	4,998.4	5,885.9	7,547.5	9,133.0
Beginning Cash Balance	1,414.0	1,604.0	2,201.0	1,393.0	1,590.0	8,285.0	13,233.0	15,743.0	18,040.0	18,029.0	22,336.0	27,334.5	33,220.4	40,767.9
Ending Cash Balance	1,604.0	2,201.0	1,393.0	1,590.0	2,883.0	13,233.0	15,743.0	18,040.0	18,029.0	22,336.0	27,334.5	33,220.4	40,767.9	49,900.9

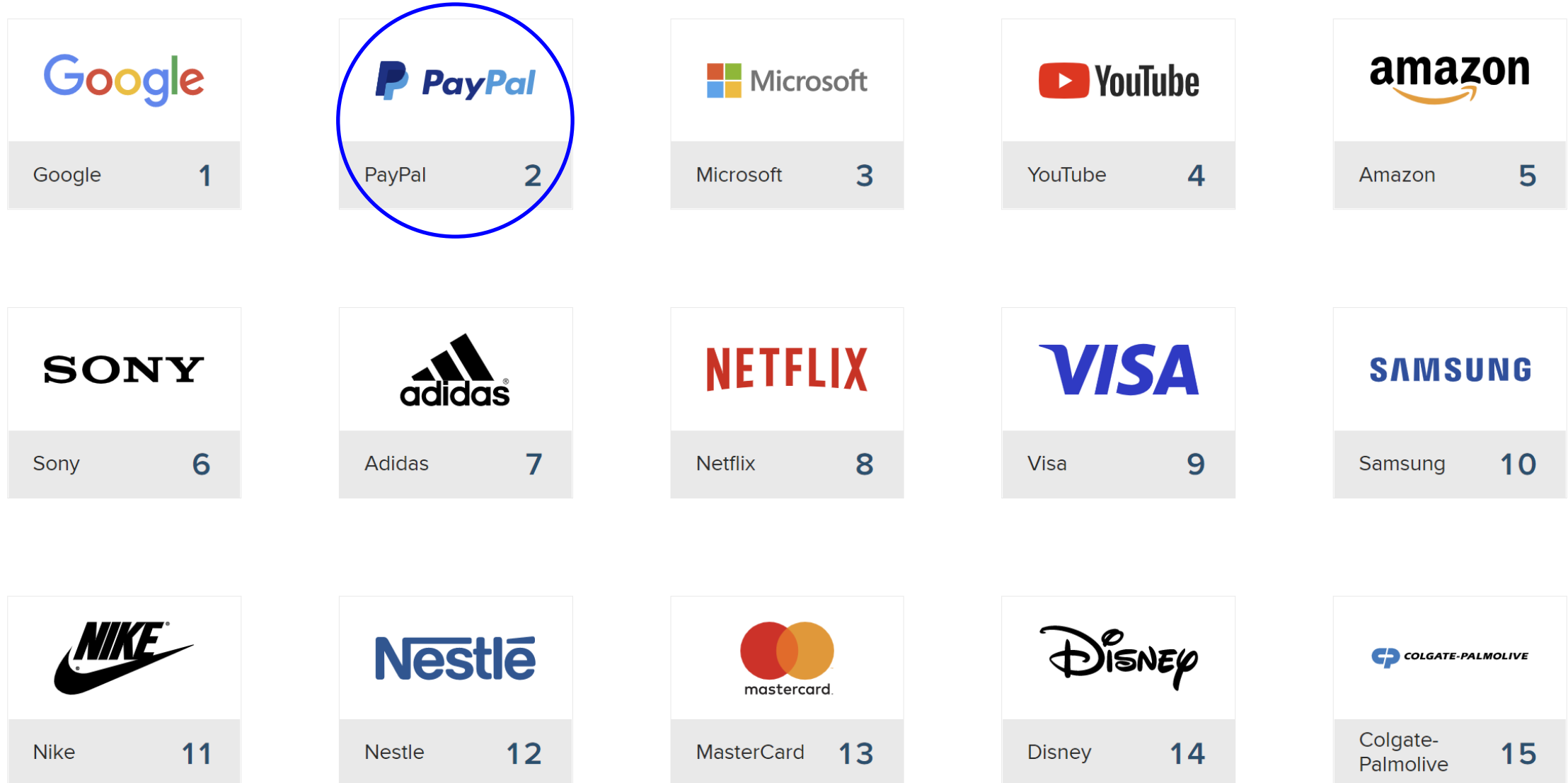
Merchant Wins



Electronics & Technology	Travel	Fashion	Accessories	Entertainment	Sports	Retail
						
						

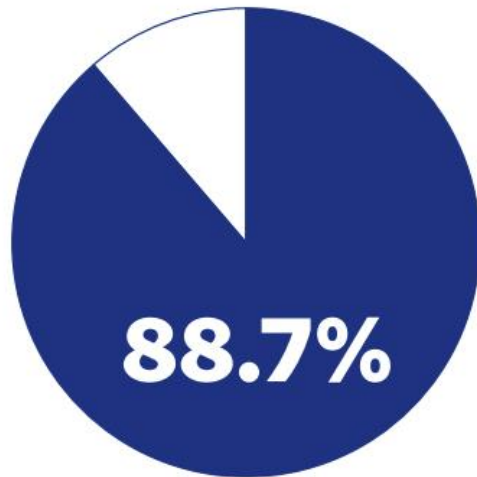
PYPL merchant wins include the logos of some of the most respected companies across a variety of verticals.

Morning Consult – The Top 15 Most Trusted Brands Globally (2021)

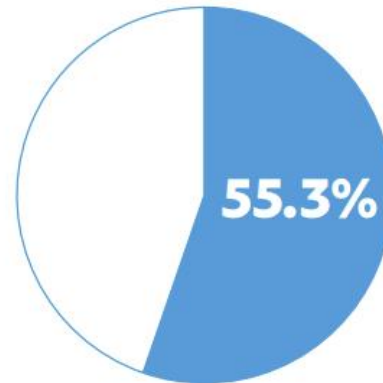


Checkout Conversion by Payment Type:

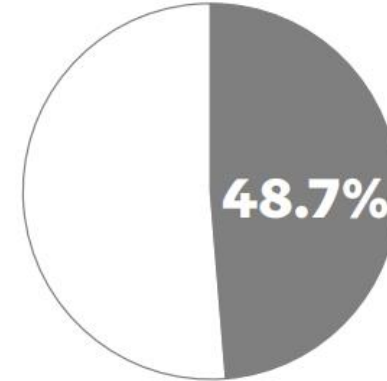
PayPal Conversion



Other Digital Wallets Conversion

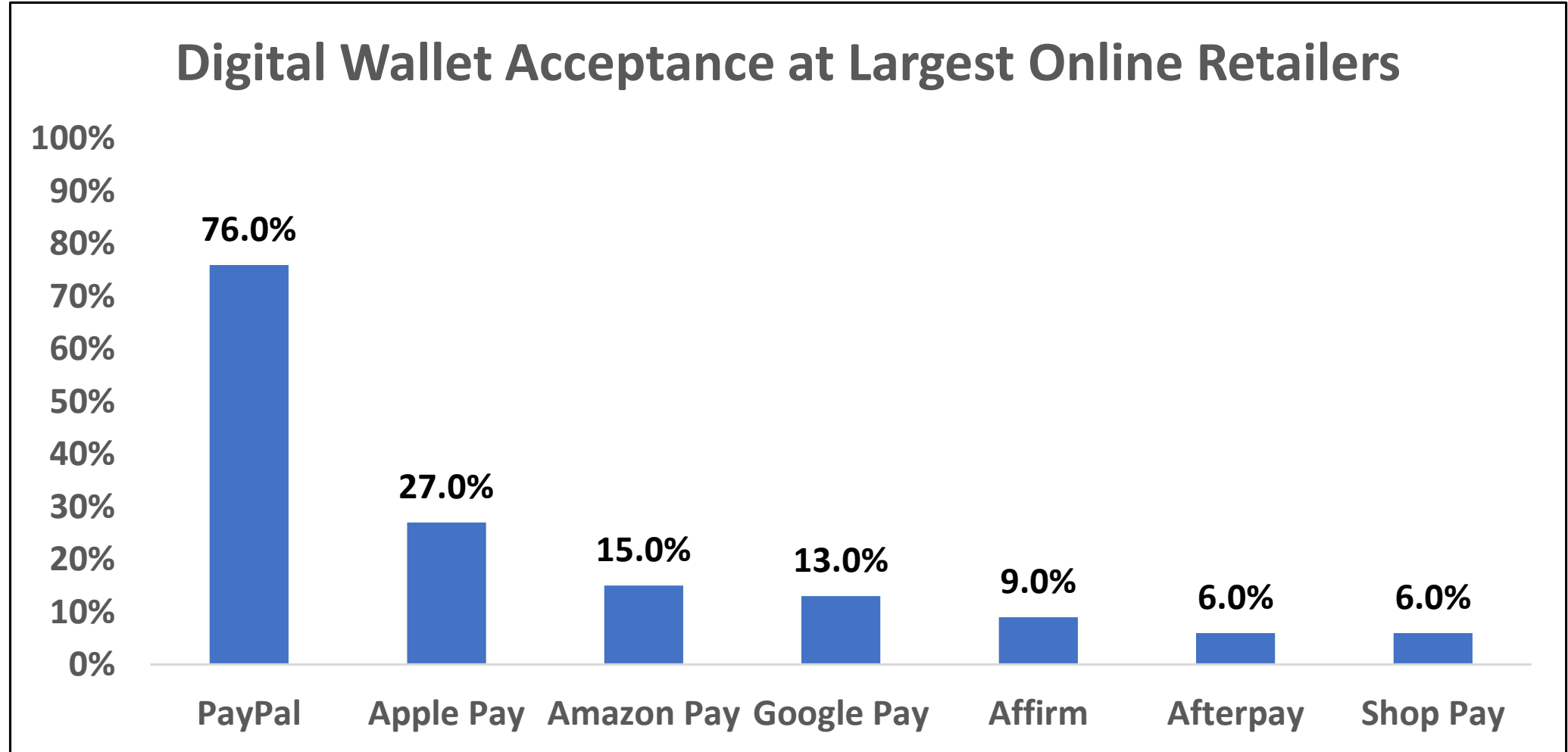


Overall Conversion (All Payment Types)



Checkout conversion is measured from the point when consumer selects a payment type to completion of purchase within the same browsing session.

Source: comScore online panel, Q4 2017. Analyzed shopping behavior at 20 large merchant sites across categories, utilizing its 1 million US consumer panel.



PayPal Pricing – By Transaction Type



PayPal Digital Payments

Provide a simple, convenient, and trustworthy payment experience familiar to our 390+ million customers worldwide.

Credit and debit card payments

Accept most major credit and debit card brands from across the globe with one of the world's most trusted companies.

Accept online payments using PayPal

3.49%

+\$0.49 per transaction



Take in-person payments with your PayPal QR code

1.90%

+\$0.10 per transaction



Accept cards online

2.59%

+\$0.49 per transaction



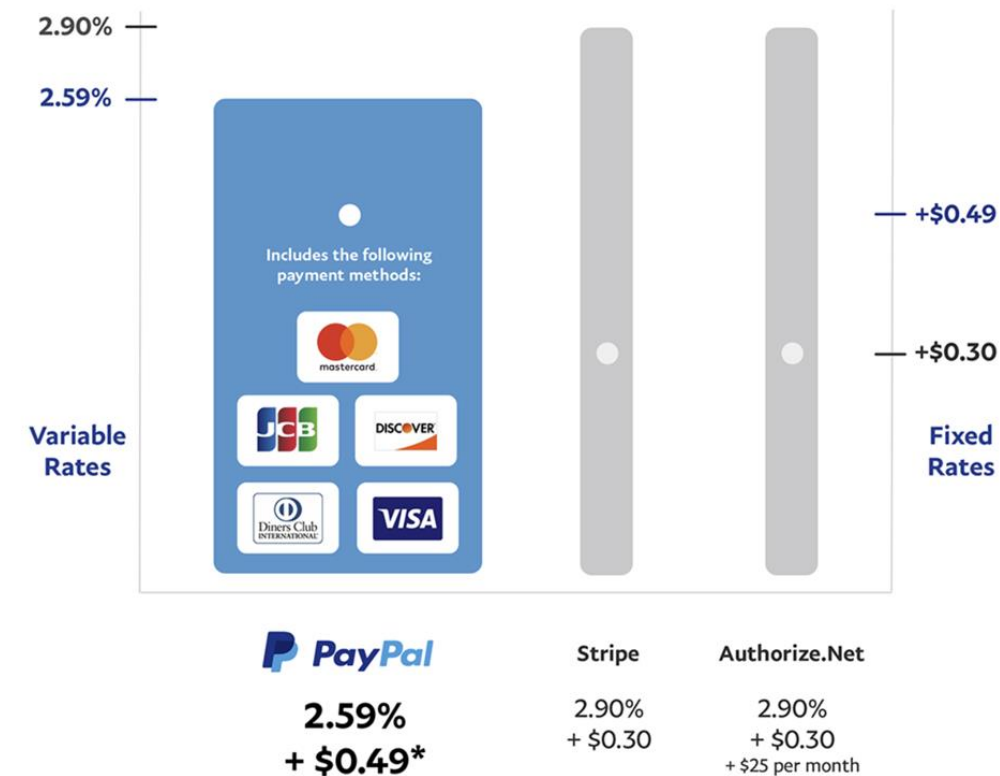
Take card payments in person

2.29%

+\$0.09 per transaction

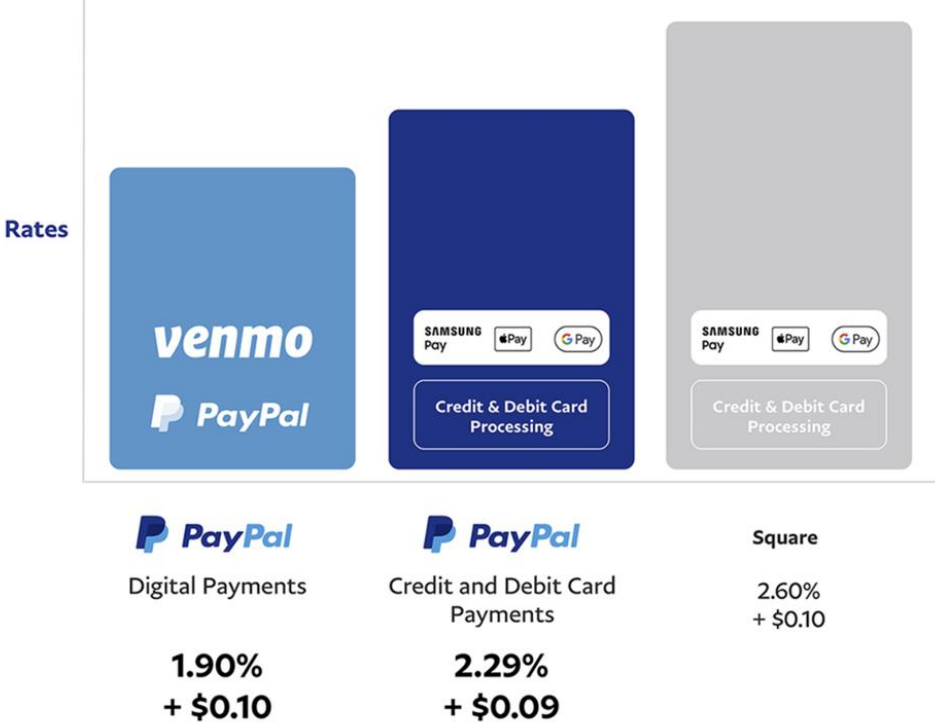


PayPal Pricing – Comparison with Square/Stripe



Online Credit and Debit Card Payments

*PayPal's blended rate is lower for transactions \$60+



In-Person Payments

Apple Pay is a trademark of Apple Inc., registered in the U.S. and other countries. Google Pay is a trademark of Google LLC.

Retail eCommerce (Worldwide)



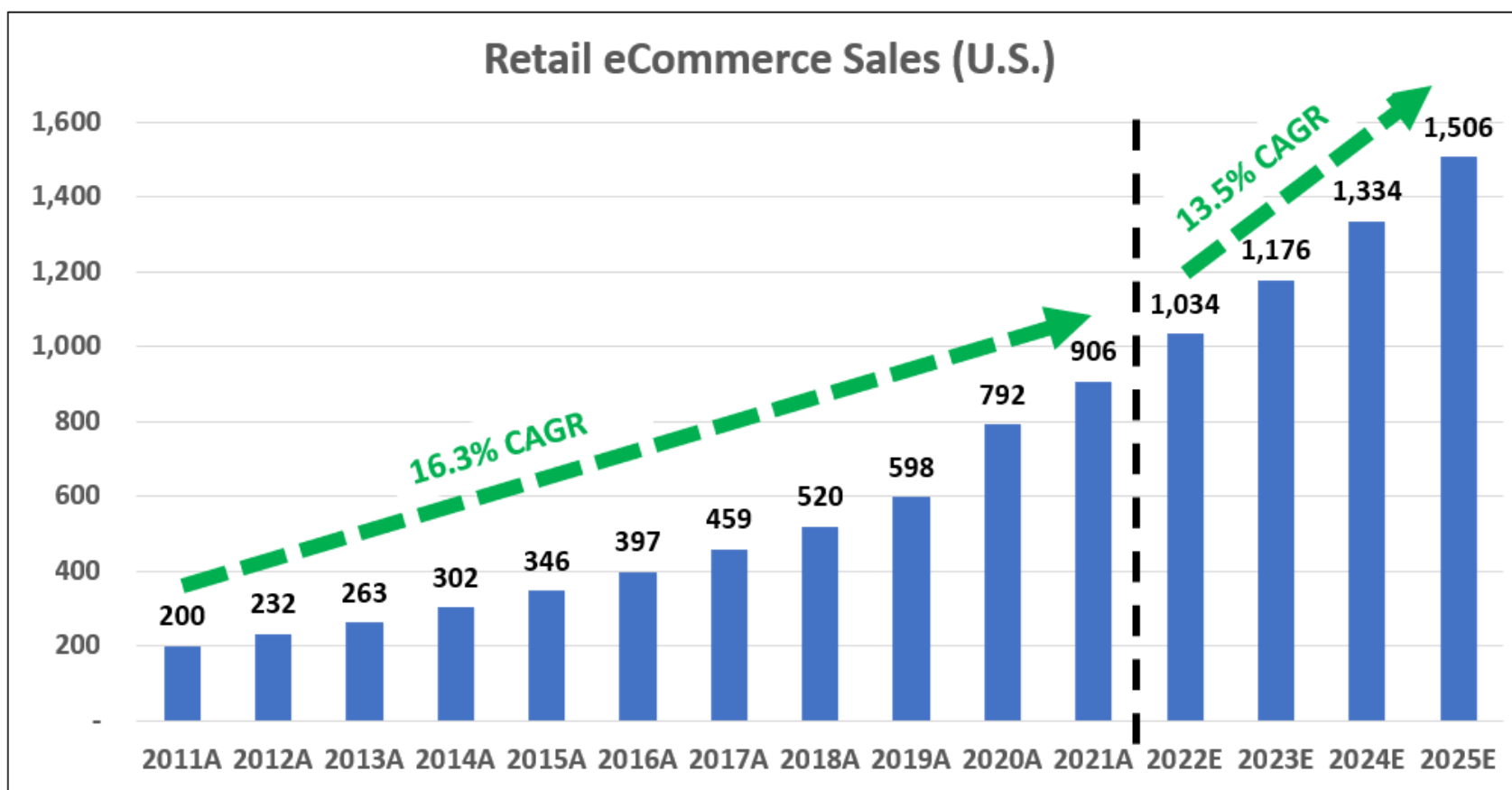
\$ in Billions	2011A	2012A	2013A	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Retail eCommerce Sales	567	723	916	1,157	1,418	1,791	2,291	2,787	3,360	4,248	4,938	5,542	6,151	6,767	7,391
% Growth		27.5%	26.8%	26.3%	22.5%	26.3%	27.9%	21.7%	20.6%	26.4%	16.3%	12.2%	11.0%	10.0%	9.2%
As a % of Total Retail		4.4%	5.3%	6.2%	7.2%	8.6%	10.3%	12.0%	13.8%	17.9%	19.0%	20.3%	21.5%	22.5%	23.6%



Retail eCommerce (U.S.)



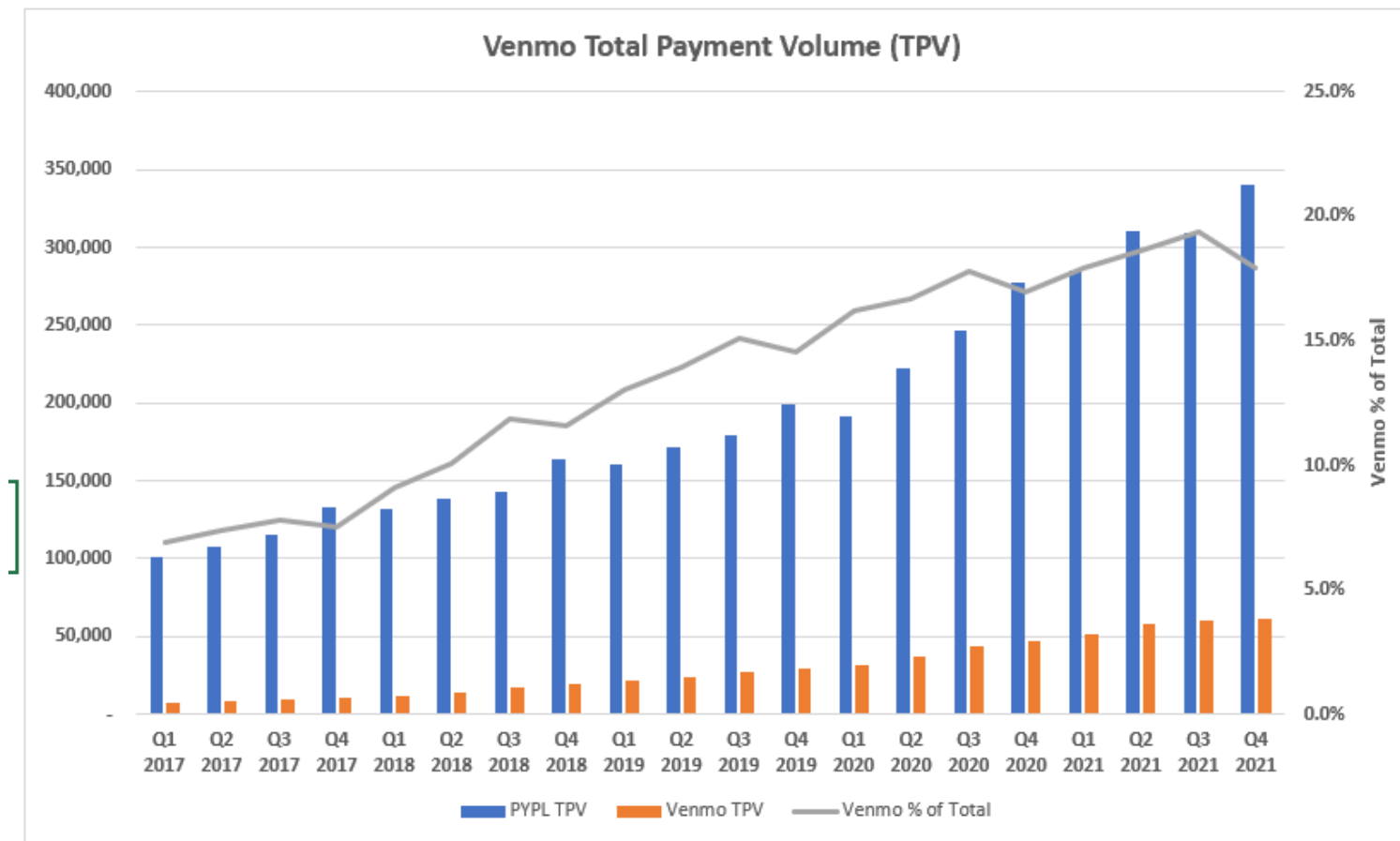
\$ in Billions	2011A	2012A	2013A	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
Retail eCommerce Sales	200	232	263	302	346	397	459	520	598	792	906	1,034	1,176	1,334	1,506
% Growth		15.8%	13.6%	14.9%	14.4%	14.8%	15.5%	13.2%	15.1%	32.4%	14.5%	14.1%	13.8%	13.4%	12.9%
As a % of Total Retail		5.4%	5.9%	6.5%	7.3%	8.2%	9.1%	9.9%	11.1%	14.2%	13.7%	15.2%	16.8%	18.4%	20.2%



Venmo – Quarterly Volume Data



\$ in Millions	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
PYPL TPV	101,000	108,000	115,000	133,000	132,000	139,000	143,000	164,000	161,000	172,000	179,000	199,000	191,000	222,000	247,000	277,000	285,000	311,000	310,000	340,000
Venmo TPV	7,000	8,000	9,000	10,000	12,000	14,000	17,000	19,000	21,000	24,000	27,000	29,000	31,000	37,000	44,000	47,000	51,000	58,000	60,000	61,000
Venmo % of Total	6.9%	7.4%	7.8%	7.5%	9.1%	10.1%	11.9%	11.6%	13.0%	14.0%	15.1%	14.6%	16.2%	16.7%	17.8%	17.0%	17.9%	18.6%	19.4%	17.9%



Venmo QR Code – Margin Structure



Venmo QR Code Margin Structure	2025E	Notes
TPV	100	
Take Rate	2.0%	Assumption
Revenue	2.00	
Transaction Expenses	0.38%	Assume funding mix of 50% debit and 50% ACH
Transaction and Credit Losses	0.15%	Assumption
Other Operating Expenses	0.54%	Based on incremental margin calculation
Operating Income	0.94	
Margin	47.0%	

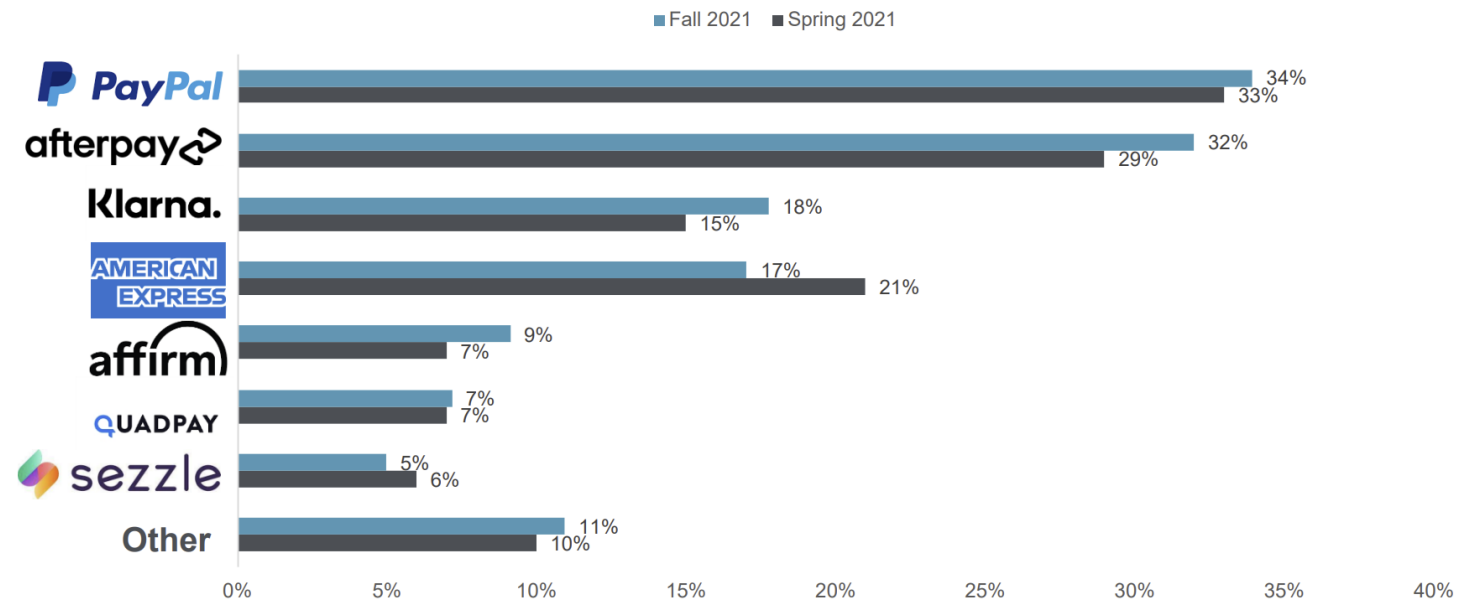
BNPL – Margin Structure



U.S. BNPL Margin Structure	2025E	Notes
TPV	100	Assumption
Take Rate	3.0%	
Revenue	3.00	PYPL reports funding mix of 80% debit and 20% ACH Based on Afterpay 2021 "Gross Loss as a % of TPV" Based on incremental margin calculation
Transaction Expenses	0.60%	
Transaction and Credit Losses	0.70%	
Other Operating Expenses	0.54%	
Operating Income	1.16	
<i>Margin</i>	38.8%	

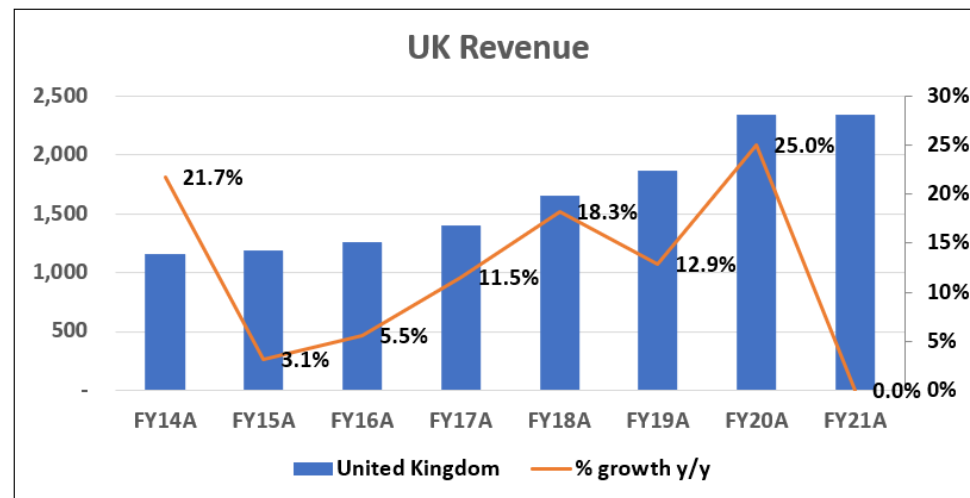
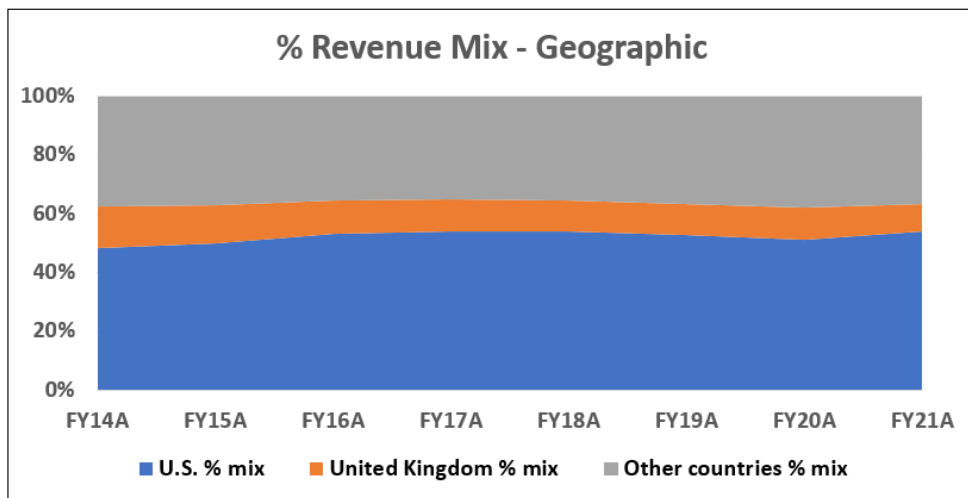
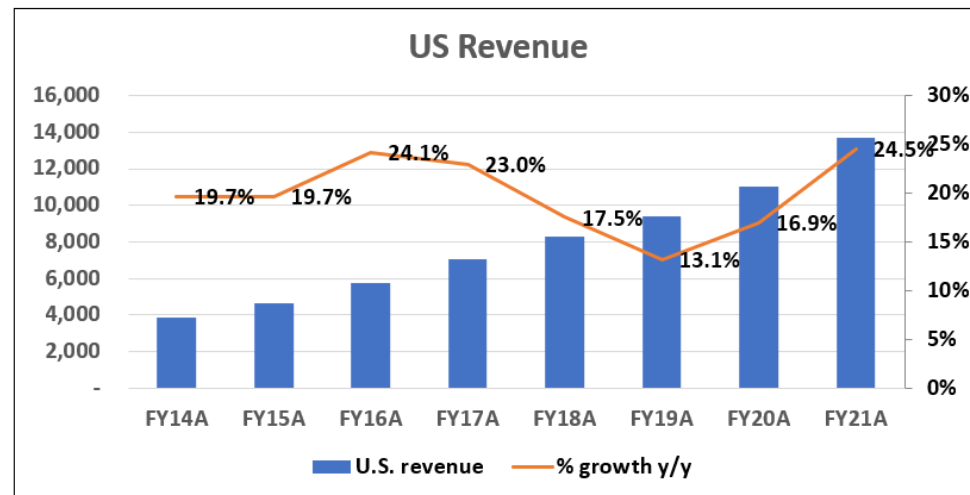
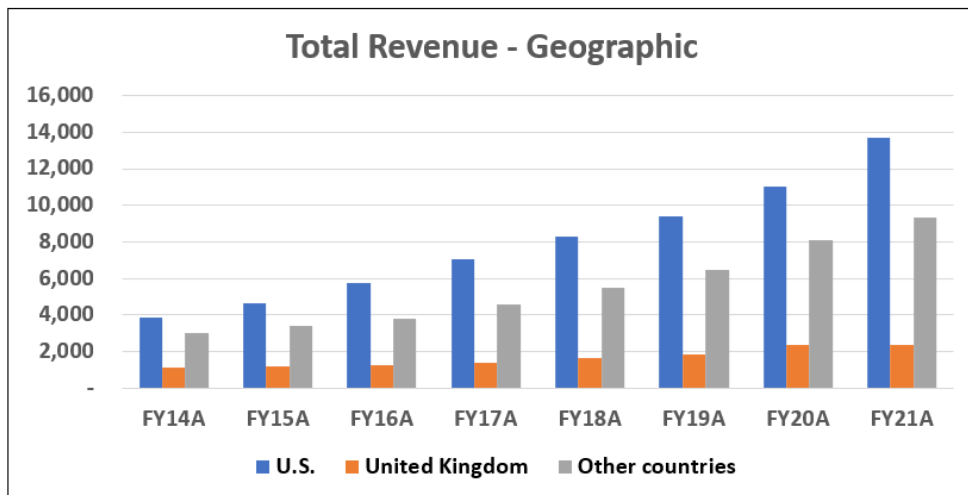
PayPal “Pay In 4” Leads In Top Buy Now Pay Later Offerings

Penetration for Teens on Buy Now Pay Later Offerings

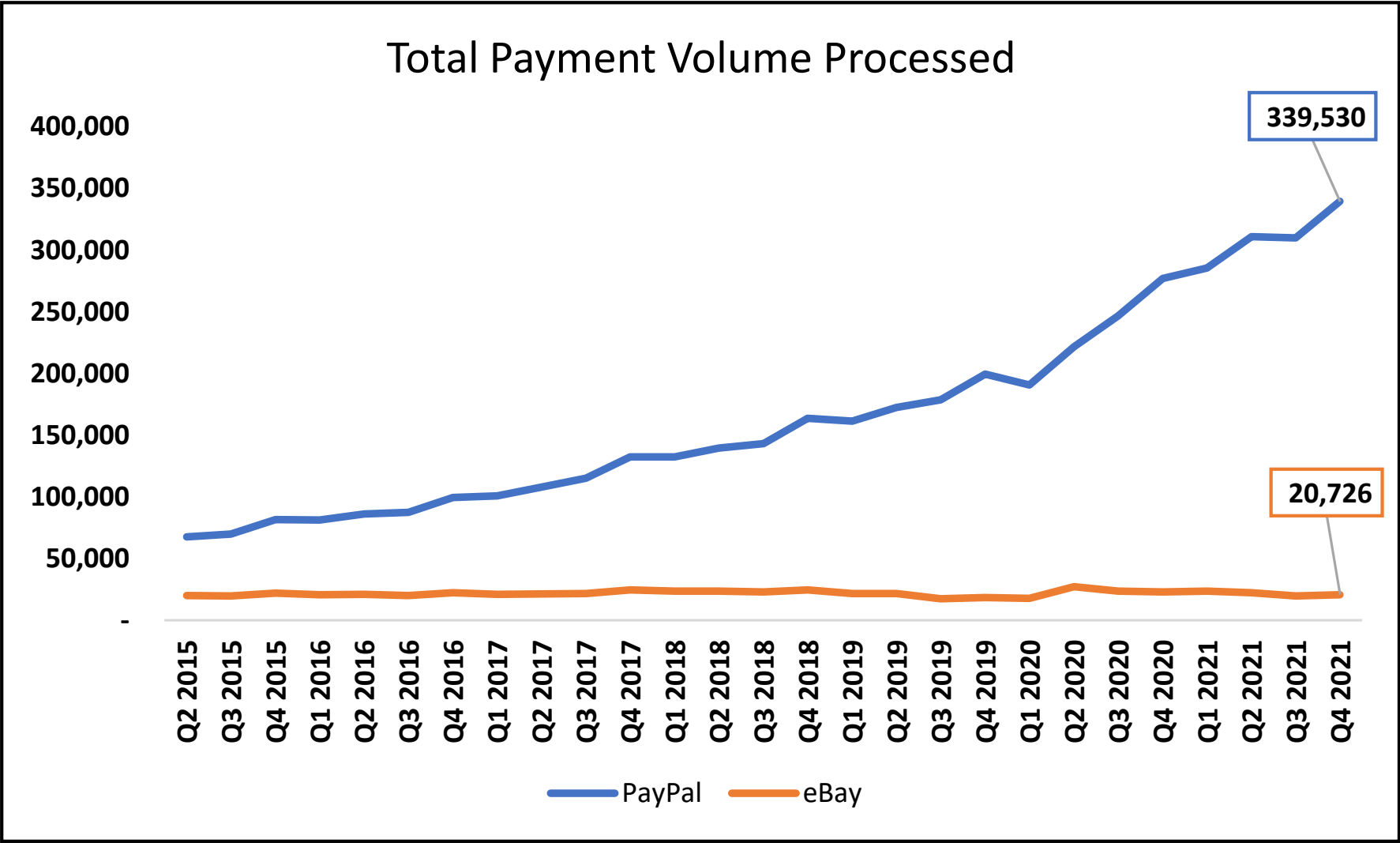


PayPal “Pay in 4” leads in penetration for teens among the top Buy Now Pay Later offerings at 34% (33% penetration in previous survey). Afterpay and Klarna both picked penetration share in the most recent survey with Afterpay gaining 3 points and Klarna also gaining 3 points. BNPL has been a popular topic for investors given recently announced deals and partnerships in the space such as Square announcing its acquisition of Afterpay.

Geographic Mix %

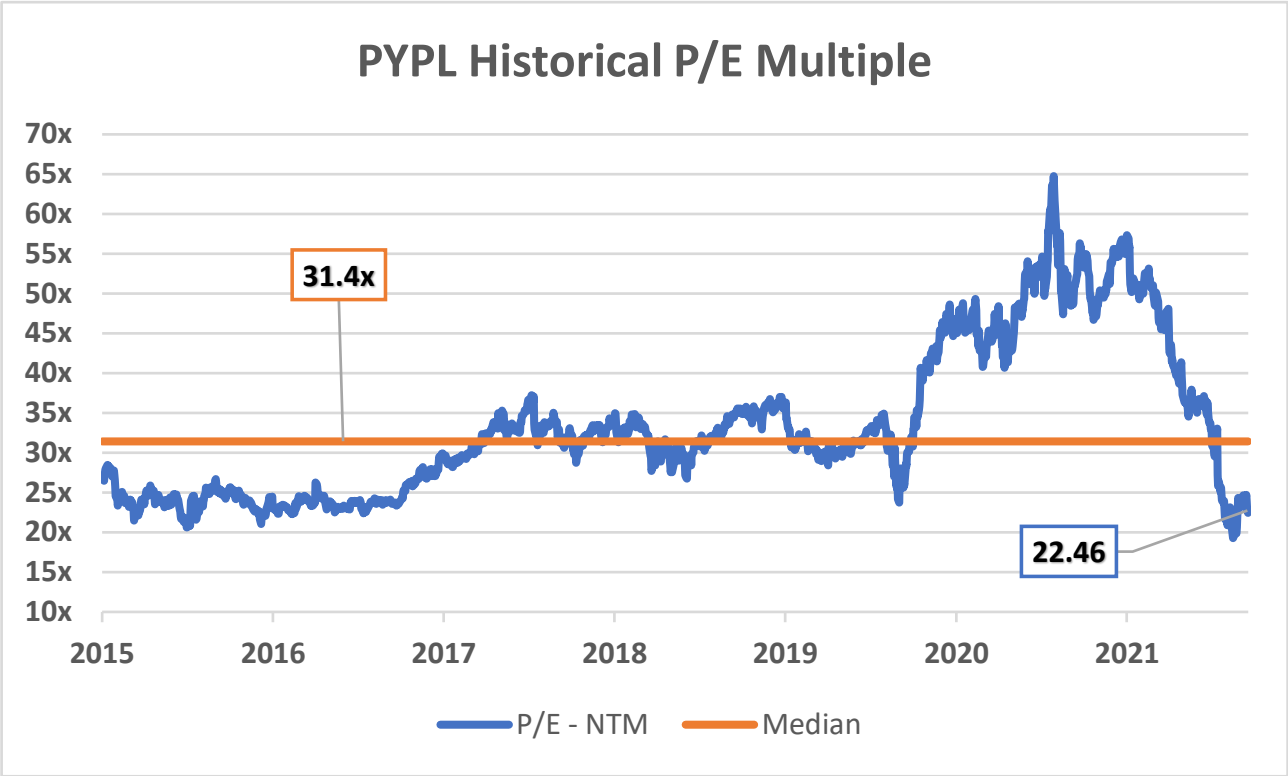


PayPal vs eBay Since July 2015 Spin Off





Historical P/E Multiple



Source: Bloomberg, FactSet Consensus Estimates.

Shareholder Base – Institutional



PYPL Top-50 Shareholders (12/31/21)	% of Shares Outstanding	Market Value	% of Portfolio
1 The Vanguard Group, Inc.	7.66%	9,924	0.16%
2 BlackRock Fund Advisors	4.24%	5,488	0.16%
3 SSgA Funds Management, Inc.	3.99%	5,170	0.23%
4 Comprehensive Financial Management LLC (California)	2.57%	3,335	65.61%
5 Fidelity Management & Research Co. LLC	2.49%	3,220	0.15%
6 Geode Capital Management LLC	1.65%	2,134	0.23%
7 T. Rowe Price Associates, Inc. (Investment Management)	1.57%	2,033	0.17%
8 Edgewood Management LLC	1.42%	1,839	3.72%
9 Fisher Asset Management LLC	1.24%	1,609	0.97%
10 Capital Research & Management Co. (World Investors)	1.20%	1,555	0.16%
11 Fundsmith LLP	1.12%	1,448	2.88%
12 Northern Trust Investments, Inc.(Investment Management)	1.12%	1,445	0.20%
13 AllianceBernstein LP	0.88%	1,143	0.29%
14 Norges Bank Investment Management	0.86%	1,110	0.12%
15 BlackRock Investment Management (UK) Ltd.	0.85%	1,108	0.17%
16 Temasek Holdings Pte Ltd. (Investment Management)	0.82%	1,057	2.06%
17 Morgan Stanley Smith Barney LLC (Investment Management)	0.77%	998	0.24%
18 Massachusetts Financial Services Co.	0.71%	920	0.19%
19 TIAA-CREF Investment Management LLC	0.70%	903	0.36%
20 Goldman Sachs Asset Management LP	0.65%	837	0.16%
21 Polen Capital Management LLC	0.64%	831	1.64%
22 BMO Asset Management, Inc.	0.61%	793	0.06%
23 Jennison Associates LLC	0.56%	722	0.44%
24 BlackRock Advisors (UK) Ltd.	0.55%	714	0.10%
25 American Century Investment Management, Inc.	0.49%	634	0.30%
26 Charles Schwab Investment Management, Inc.	0.49%	632	0.13%
27 The Bank of New York Mellon Corp. (Investment Management)	0.45%	586	0.30%
28 Aristotle Capital Management LLC	0.42%	545	0.99%
29 Mellon Investments Corp.	0.42%	539	0.22%
30 Swedbank Robur Fonder AB	0.41%	536	0.39%
31 Morgan Stanley & Co. LLC	0.41%	532	0.35%
32 Columbia Management Investment Advisers LLC	0.39%	507	0.14%
33 JPMorgan Investment Management, Inc.	0.38%	496	0.03%
34 Franklin Advisers, Inc.	0.38%	492	0.15%
35 Legal & General Investment Management Ltd.	0.38%	490	0.16%
36 Schweizerische Nationalbank (Investment Portfolio)	0.36%	472	0.31%
37 Lindsell Train Ltd.	0.36%	466	1.95%
38 Pictet Asset Management SA	0.36%	462	0.30%
39 Brown Advisory LLC	0.35%	455	0.72%
40 Capital Research & Management Co. (Global Investors)	0.35%	454	0.07%
41 Sustainable Growth Advisers LP	0.35%	451	2.67%
42 Parametric Portfolio Associates LLC	0.35%	451	0.24%
43 DZ PRIVATBANK SA	0.34%	445	0.65%
44 Amundi Asset Management US, Inc.	0.34%	445	0.31%
45 Principal Global Investors LLC	0.32%	416	0.21%
46 Invesco Advisers, Inc.	0.31%	404	0.09%
47 Union Investment Privatfonds GmbH	0.30%	391	0.28%
48 Lyxor International Asset Management SAS	0.30%	384	0.51%
49 Nikko Asset Management Co., Ltd.	0.30%	384	0.15%
50 Managed Account Advisors LLC	0.29%	375	0.09%
Total	48.45%	62,778	

Shareholder Base – Insiders

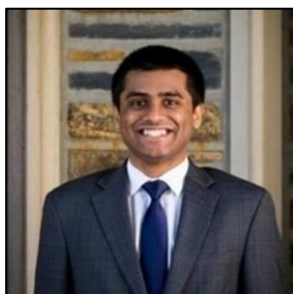


PYPL Top-10 Insiders (12/31/21)		% of Shares Outstanding	Market Value	% of Portfolio
1	Schulman Daniel H	0.03%	43	
2	Rainey John D	0.01%	19	
3	Britto Mark J	0.01%	19	
4	Triodos Investment Management Bv	0.01%	11	
5	Auerbach Jonathan S	0.01%	11	
6	Karczmer Aaron	0.01%	9	
7	Moffett David Mckenzie	0.01%	8	
8	Donahoe John J li	0.01%	8	
9	Shivananda Sripada	0.01%	7	
10	Dorman David Wyatt	0.00%	6	
Total		0.11%	142	



Ian Gorman, CFA

Ian is a first-year MBA student at Columbia Business School focused on investment management and is AVP for the Graham & Doddsville newsletter. Prior to CBS, he was a **sell-side equity research analyst** at Barclays and Scotiabank covering the energy sector in New York, NY. Ian graduated with a degree in Finance and Accounting from Villanova University.



Mitesh Amarthaluru

Mitesh is a first-year MBA student at Columbia Business School. One of his core values is mastery. His journey for mastery of investing is a lifelong pursuit of learning and knowledge-seeking to compound intellectual capital. Prior to CBS, he was an **investment analyst** at Citadel Securities and Balyasny. He graduated from Duke in 2017 with a dual major in Economics and Computer Science with a Finance Concentration.



Jake Wheelock, CFA

Jake is a first-year MBA student at Columbia Business School focused on investment management and is AVP for the Graham & Doddsville newsletter. Prior to CBS, he was an **investment analyst** at Focused Investors, a value-oriented investment firm in Los Angeles, CA. Jake graduated with a degree in Business Economics from University of California, Los Angeles.