

ModernGraham Valuation

Company Name:

Paypal Holdings Inc

Company Ticker PYPL

Date of Analysis

3/6/2017



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$52,083,791,097	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.52	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	17049900.00%	Pass
6. Moderate PEmg Ratio	PEmg < 20	44.10	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.55	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.52	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.97
MG Growth Estimate	15.00%
MG Value	\$37.42
MG Value based on 3% Growth	\$14.09
MG Value based on 0% Growth	\$8.26
Market Implied Growth Rate	17.80%

MG Opinion

Current Price	\$42.87
% of Intrinsic Value	114.56%
Opinion	Overvalued
MG Grade	C

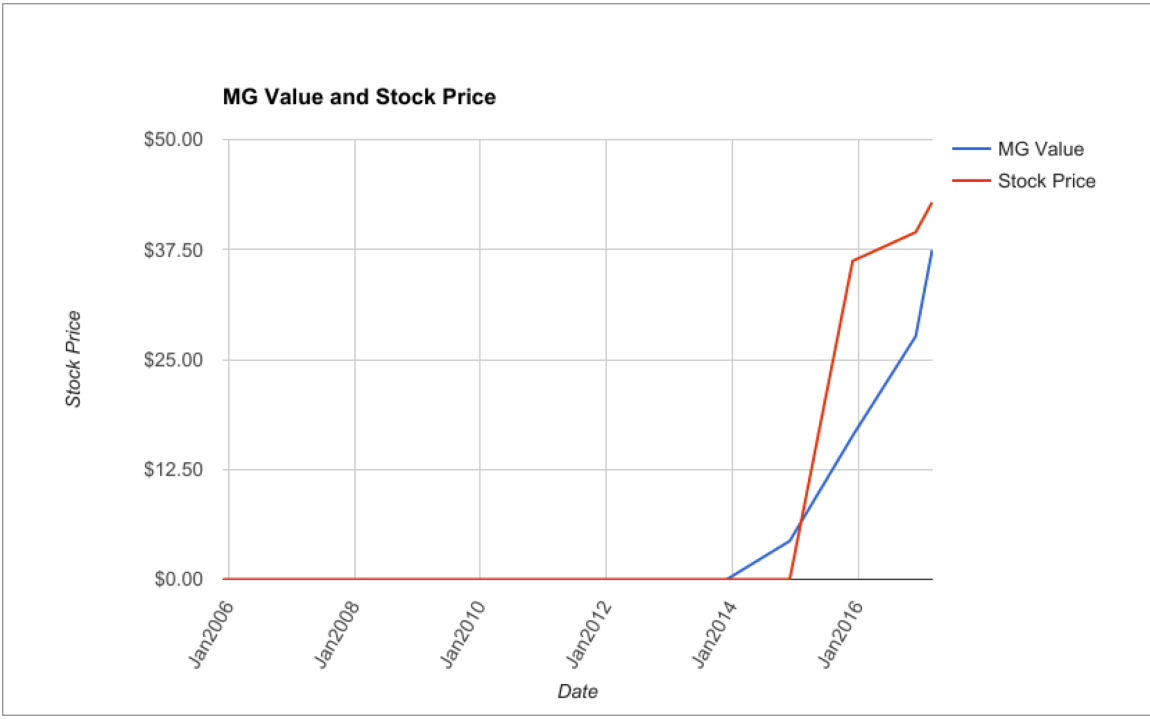
Stage 3: Information for Further Research

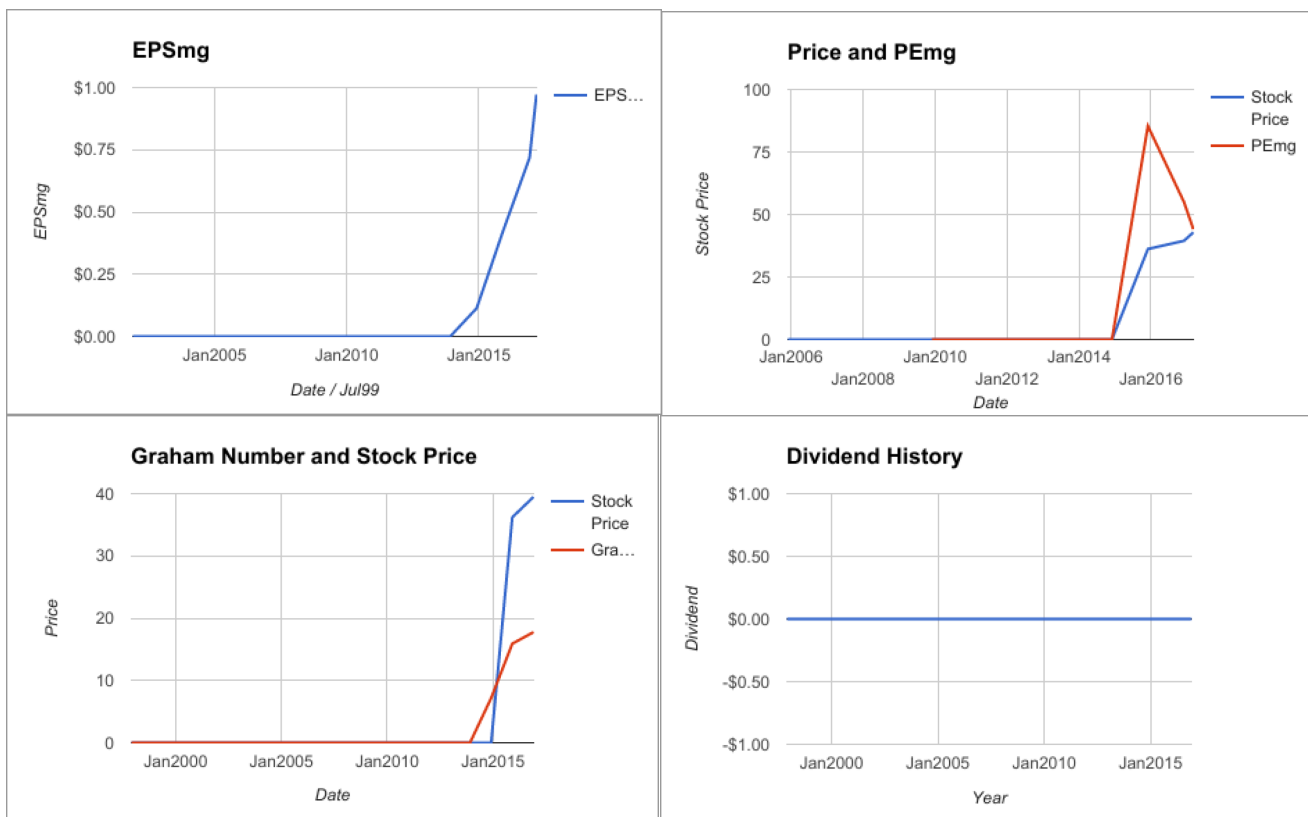
Net Current Asset Value (NCAV)	\$6.03
Graham Number	\$18.59
PEmg	44.10
Current Ratio	1.52
PB Ratio	3.55
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.26	Next Fiscal Year Estimate	\$0.97
Dec2016	\$1.15	Dec2016	\$0.72
Dec2015	\$1.00	Dec2015	\$0.42
Dec2014	\$0.34	Dec2014	\$0.11
Dec2013	\$0.00	Dec2013	\$0.00
Dec2012	\$0.00	Dec2012	\$0.00
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Balance Sheet Information 12/1/2016	
Dec1999	\$0.00	Total Current Assets	\$25,733,000,000
Dec1998	\$0.00	Total Current Liabilities	\$16,878,000,000
Dec1997	\$0.00	Long-Term Debt	\$0
		Total Assets	\$33,103,000,000
		Intangible Assets	\$4,270,000,000
		Total Liabilities	\$18,391,000,000
		Shares Outstanding (Diluted Average)	1,218,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

- [Netflix Inc Valuation – February 2017 \\$NFLX](#)
- [Shutterstock Inc Valuation – Initial Coverage \\$\\$STK](#)
- [Synchronoss Technologies Inc Valuation – Initial Coverage \\$SNCR](#)
- [eBay Inc Valuation – December 2016 \\$EBAY](#)
- [Facebook Inc Valuation – July 2016 \\$FB](#)
- [Salesforce.com Valuation – January 2016 Update \\$CRM](#)
- [Facebook Inc Valuation – January 2016 Update \\$FB](#)
- [Netflix Inc Valuation – November 2015 Update \\$NFLX](#)
- [Facebook Inc. Analysis – August 2015 Update \\$FB](#)
- [Ebay Inc. Analysis – August 2015 Update \\$EBAY](#)