

ModernGraham Valuation

Company Name:

Paypal Holdings Inc

Company Ticker PYPL

Date of Analysis

3/22/2019



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 | \$119,362,281,153 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 1.27 | Fail |
| 3. Earnings Stability | Positive EPS for 10 years prior | | Fail |
| 4. Dividend Record | Dividend Payments for 10 years prior | | Fail |
| | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | 19566.67% | Pass |
| 5. Earnings Growth | | | |
| 6. Moderate PEmg Ratio | PEmg < 20 | 54.19 | Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 7.89 | 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 | 1.27 | Fail |
| 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 Score | | Pass |

Suitability

| | |
|---------------------|-----------|
| Defensive | No |
| Enterprising | No |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|----------------|
| EPSmg | \$1.88 |
| MG Growth Estimate | 15.00% |
| MG Value | \$72.25 |
| MG Value based on 3% Growth | \$27.21 |
| MG Value based on 0% Growth | \$15.95 |
| Market Implied Growth Rate | 22.85% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$101.70 |
| % of Intrinsic Value | 140.76% |
| Opinion | Overvalued |
| MG Grade | F |

Stage 3: Information for Further Research

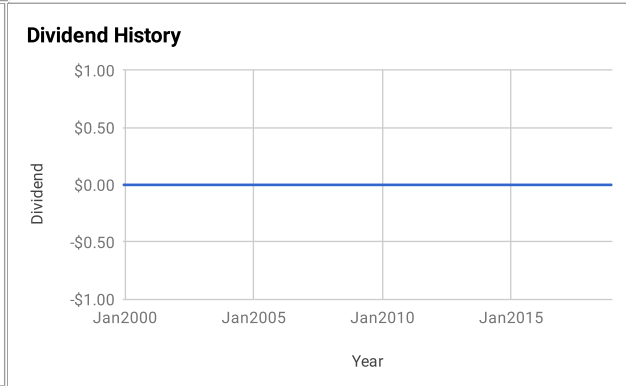
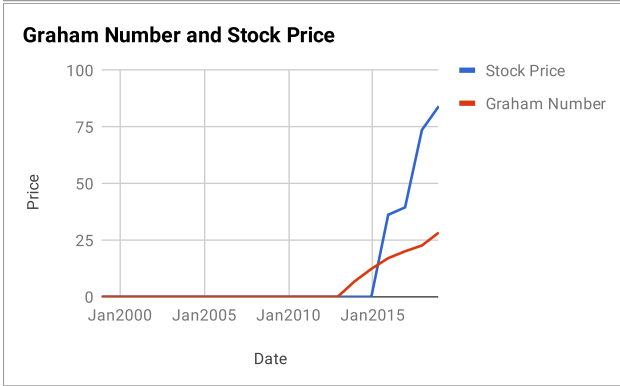
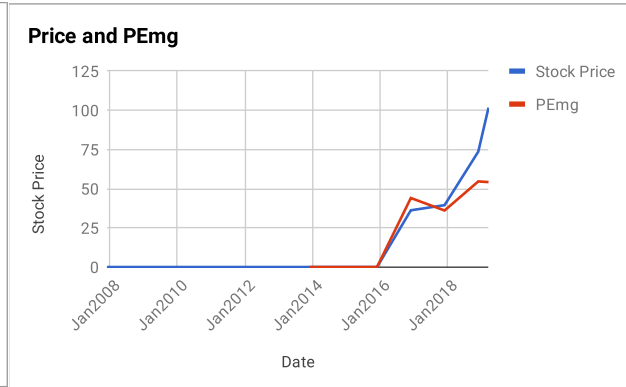
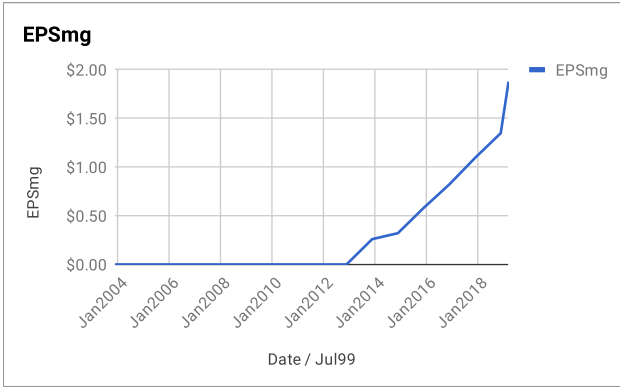
| | |
|--|---------|
| Net Current Asset Value (NCAV) | \$4.20 |
| Graham Number | \$28.32 |
| PEmg | 54.19 |
| Current Ratio | 1.27 |
| PB Ratio | 7.89 |
| Current Dividend | \$0.00 |
| Dividend Yield | 0.00% |
| Number of Consecutive Years of Dividend Growth | 0 |

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 | \$2.72 | Next Fiscal Year Estimate | \$1.88 |
| Dec2018 | \$1.71 | Dec2018 | \$1.35 |
| Dec2017 | \$1.47 | Dec2017 | \$1.09 |
| Dec2016 | \$1.15 | Dec2016 | \$0.82 |
| Dec2015 | \$1.00 | Dec2015 | \$0.58 |
| Dec2014 | \$0.34 | Dec2014 | \$0.32 |
| Dec2013 | \$0.78 | Dec2013 | \$0.26 |
| 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 | Balance Sheet Information 12/1/2018 | |
| Dec2001 | \$0.00 | Total Current Assets | \$32,963,000,000 |
| Dec2000 | \$0.00 | Total Current Liabilities | \$25,904,000,000 |
| Dec1999 | \$0.00 | Long-Term Debt | \$0 |
| | | Total Assets | \$43,332,000,000 |
| | | Intangible Assets | \$7,109,000,000 |
| | | Total Liabilities | \$27,946,000,000 |
| | | Shares Outstanding (Diluted Average) | 1,194,000,000 |





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 [PayPal Holdings Inc Valuation – June 2018 \\$PYPL](#)
[Paypal Holdings Inc Valuation – Initial Coverage \\$PYPL](#)

Other ModernGraham posts about related companies [Synchrony Financial Valuation – March 2019 #SYF](#)
[CBRE Group Inc Valuation – March 2019 #CBRE](#)
[Franklin Resources Inc Valuation – March 2019 #BEN](#)
[S&P Global Inc Valuation – March 2019 #SPGI](#)
[Equifax Inc Valuation – March 2019 #EFX](#)
[CME Group Inc Valuation – March 2019 #CME](#)
[Northern Trust Corp Valuation – March 2019 #NTRS](#)
[Affiliated Managers Group Inc Valuation – February 2019 \\$AMG](#)
[Bank of New York Mellon Corp Valuation – February 2019 \\$BK](#)
[Western Union Co Valuation – February 2019 \\$WU](#)