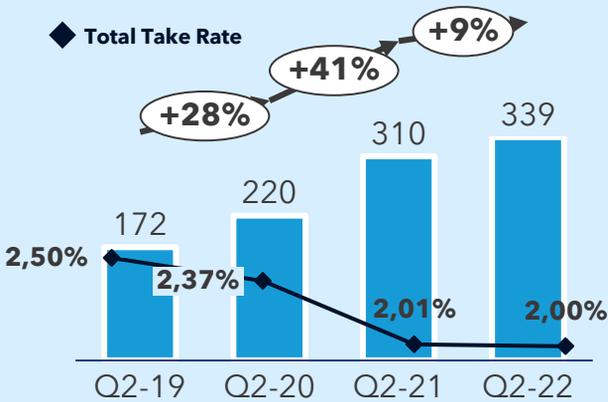


PayPal Q2 '22: Strong Results from a Maturing Business

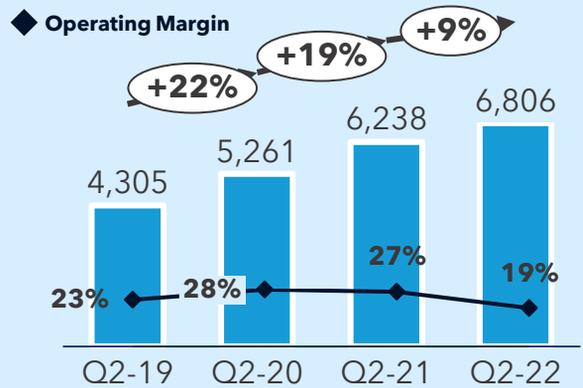


1 PAYPAL PAYMENT VOLUME (in \$ billions)

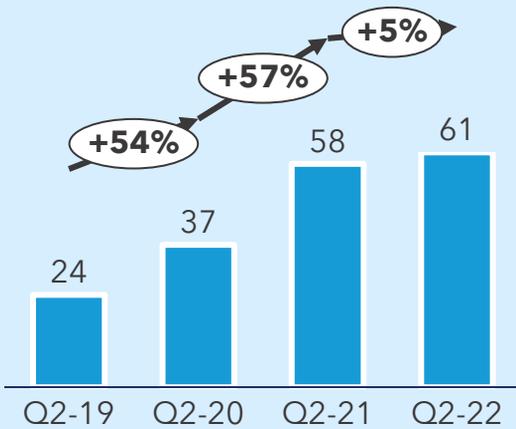


Source: PayPal earnings release and investor update Q2 2022

2 PAYPAL TOTAL REVENUE (in \$ millions)



3 VENMO PAYMENT VOLUME (in \$ billions)



Source: PayPal earnings release and investor update Q2 2022

4 PAYPAL STOCK PRICE 6M (in \$)



Source: Yahoo!Finance

COMMENTARY

- PayPal is a digital commerce giant, but showing signs of maturity
- Volume growth slowed significantly post-Covid, notably also in Venmo
- PayPal's take rate has declined significantly over time due to higher P2P volumes
- M&A has slowed significantly, and organic growth initiatives are incremental rather than big bets (e.g., Tap to Pay with Zettle in NL, SE and UK; expanding PayPal working capital solution in NL and FR)
- Announced cost-saving initiatives of \$900 mil. in '22 and \$1.3 bil. '23
- Announced \$15 billion share repurchase program, returning \$2.25 billion in H1-22 which is ~95% of free cash flow generated in the period
- Strong Q2 results (\$0.93 EPS vs. estimates of \$0.86) led to ~10% bounce in share price
- PayPal confirmed the rumors that the activist investor Elliott Management has an over \$2 billion stake and plans to push for faster cost-reduction efforts