ALASTAIR MATCHETT | 14 AUGUST 2026

The $53bn Bid for PayPal

Stripe and Advent want to take PayPal private. Can they actually pay for it?

PayPal

THE PROPOSAL

Term	Detail
Offer price	$60.50 per share, all cash
Equity value	~$53bn (882m shares)
Premium when it leaked	27.7% over $47.37
Where the shares trade now	**$60.59 — through the offer**
Bidders	Stripe (rival) + Advent (private equity)
PayPal's answer	Inadequate. No talks, no process
Formal documents filed	**None**

HOW IT UNFOLDED

- **14 Jul** PayPal closes at $47.37 — the last clean price
- **15 Jul** Reuters breaks the $60.50 approach; shares jump 17%
- **15 Jul** PayPal already working with Goldman and Evercore on a sale or break-up
- **16 Jul** Board calls the offer inadequate on value, regulatory and financing risk
- **28 Jul** Q2 results: guidance nudged up, turnaround plan reaffirmed
- **13 Aug** Shares $60.59 — the market now expects more than $60.50

The question for the next 30 minutes: is $60.50 too little, or more than the buyers can actually afford?

Source: Reuters, CNBC and FT reporting; S&P Capital IQ market data; PayPal 2Q'26 results. Prices to 13 August 2026.

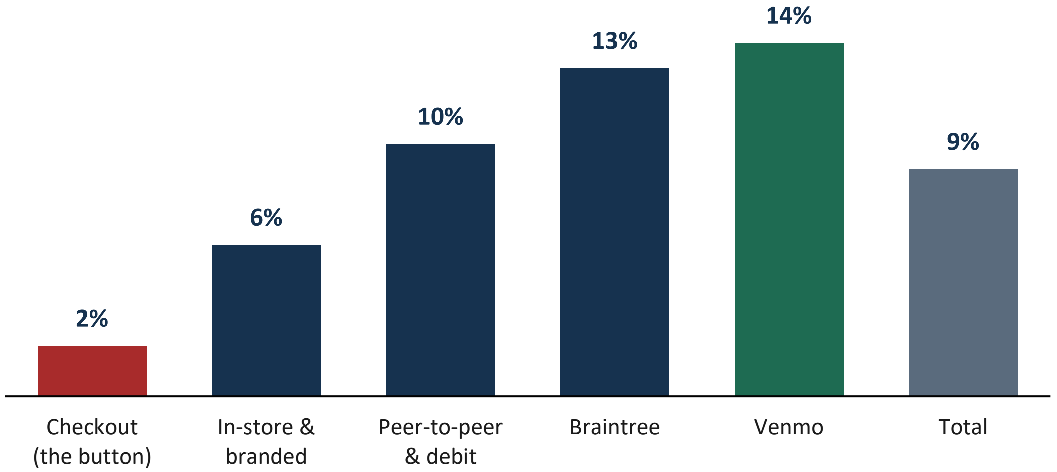
THE TARGET

What You'd Be Buying: A Cash Machine With a Shrinking Core

THREE BUSINESSES, ONE PROBLEM

Business	2Q'26 profile	Role in the deal
Checkout (the PayPal button)	28% of volume — and the profit engine. Growing just 2%	*The asset under threat*
Venmo & consumer finance	19% of volume, growing 14%. Venmo debit users up 50%	*The under-monetised jewel*
Braintree (behind the scenes)	45% of volume, growing 13% — big, but thin margins	*Direct overlap with Stripe*

PAYMENT VOLUME GROWTH BY BUSINESS, LATEST QUARTER



Growth shown FX-neutral (FXN) — stripping out currency moves so you see underlying growth. Categories overlap and do not sum.

WHY A BUYER LOOKS AT IT

Revenue	Profit (EBITDA)	Margin	Free cash flow	Earnings per share	Active accounts	Buyback
$34.1bn	$6.5bn	18.9%	$6bn+	~$5.38	439m	$6.0bn

The debate in one line: PayPal throws off about $6bn of cash a year from 439m accounts — but its most profitable product, the checkout button, is growing at 2% while a new management team asks for two years to fix it.

Source: PayPal 2Q'26 results presentation (28-Jul-2026); S&P Capital IQ, last twelve months to 30-Jun-2026.

The Buyers: Why Stripe Needed a Partner

stripe — The rival — payments plumbing for the internet

Own valuation (Feb-26)	**$159bn**
Payments processed, 2025	**$1.9tn**
Volume growth	**+34%**
Listed?	**No**

Wants PayPal's consumer wallet and 439m accounts

Overlap with Braintree is the competition-law problem

Private, so it cannot simply write a cheque

Advent — The private equity firm — the money and the deal machinery

Assets managed	**~$94bn**
Latest flagship fund	**$25bn**
Next fund target	**~$26bn**
Sector pedigree	**Payments**

Strong payments and cost-programme record

But a $53bn deal is bigger than one fund can carry

So the size of Stripe's contribution decides everything

WHY THIS PAIRING MATTERS

Financing risk is real

A private buyer plus a fund means bank debt, fund money and probably outside co-investors. The board named financing risk explicitly.

The competition problem is Stripe's

Stripe plus Braintree concentrates online card processing. A fund buying alone would not face the same review.

Break-up is the shadow deal

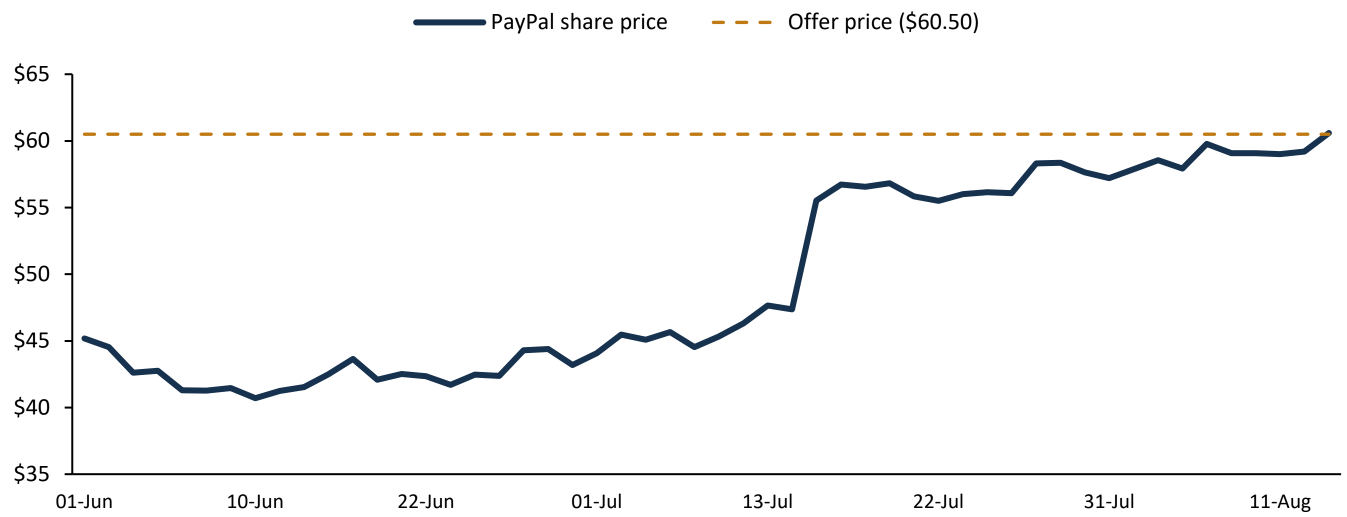
PayPal was already exploring a sale or break-up. The buyers may want the parts, not the whole.

Source: Stripe 2025 annual letter and February 2026 tender offer; Private Equity International and public fund disclosures for Advent; Reuters and Bloomberg reporting.

PRICING THE BID

The Price: A 27.7% Premium — And the Market Wants More

PAYPAL SHARE PRICE, 1 JUN TO 13 AUG 2026 ($)



$47.37 before the leak, $55.52 the day it broke, $60.59 on 13 August. The shares now trade above the offer.

HOW BIG IS THE PREMIUM? IT DEPENDS WHAT YOU COMPARE IT TO

Compared with…	Price	Premium at $60.50
The day before the leak (14 Jul)	**$47.37**	**27.7%**
Average of the prior week	$46.24	30.8%
Average of the prior month	$43.52	39.0%
The low of the summer	$40.70	48.6%
Where it trades today (13 Aug)	**$60.59**	**(0.1%)**

WHAT $60.50 VALUES PAYPAL AT

Measure	Before	At $60.50
Share price	$47.37	**$60.50**
Equity value	$41.8bn	**$53.4bn**
Enterprise value	$44.1bn	**$55.7bn**
Value / profit (EBITDA)	6.8x	**8.6x**
Value / next year's profit	6.5x	**8.2x**
Price / earnings	8.8x	**11.2x**
Cash flow yield	14.4%	**11.2%**

EBITDA = profit before interest, tax and depreciation — the measure buyers price off.

PAYPAL'S POSITION

Inadequate. Undervalues the company, and carries regulatory and financing risk.

ANALYSTS' VIEW

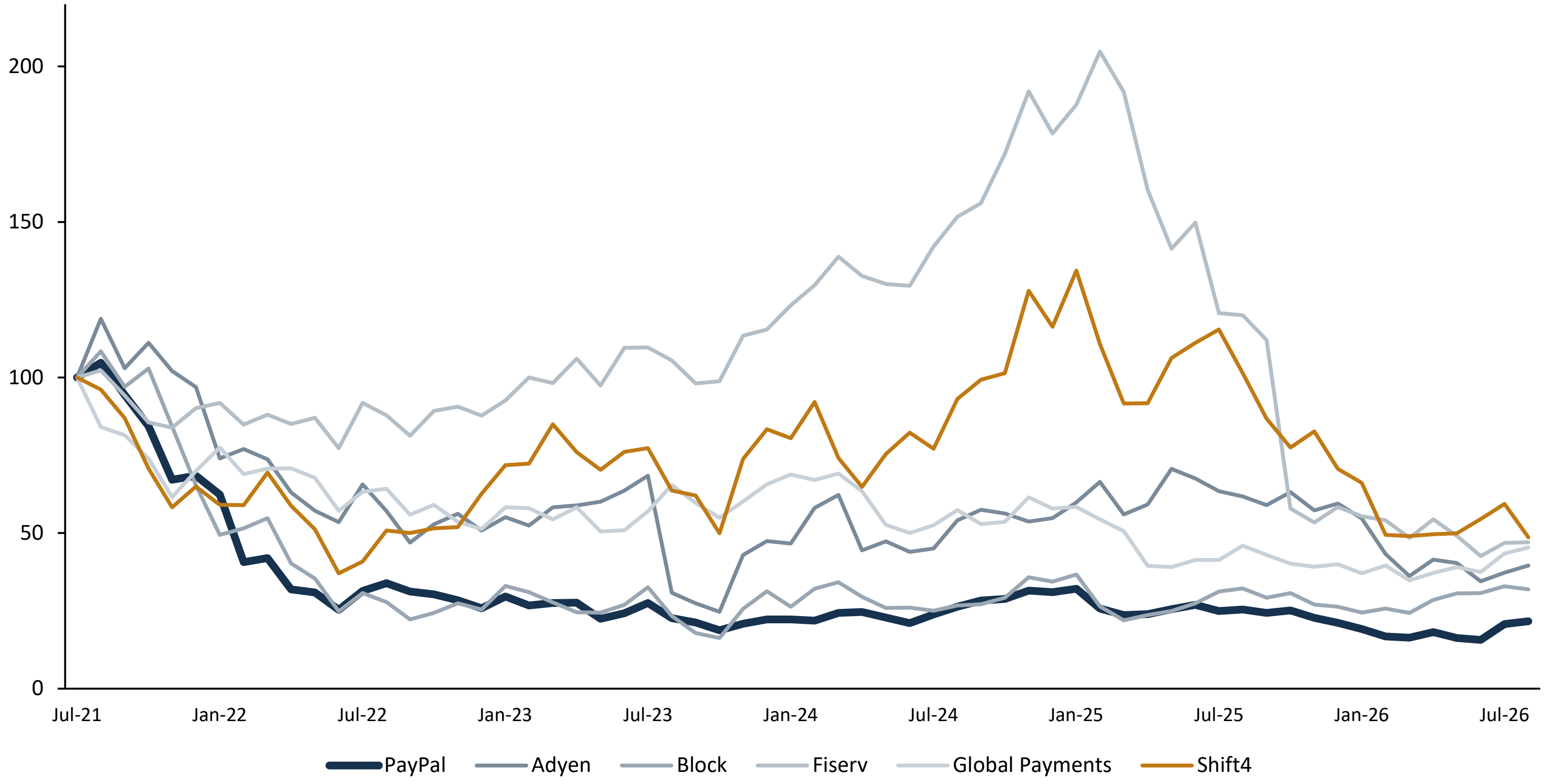
Price targets span $36 to $70 around a ~$55 average. Even the experts disagree.

Source: S&P Capital IQ prices and consensus estimates; PayPal FY26 guidance; MT Newswires broker updates, July-August 2026.

WHY THE STARTING POINT IS CONTESTED

Five Years of Decline: PayPal Against Its Rivals

SHARE PRICE PERFORMANCE, ALL REBASED TO 100 IN JULY 2021



WHERE THEY ENDED UP

Company	Index	5 years
PayPal	**21.7**	**(78%)**
Block	32.0	(68%)
Adyen	39.6	(60%)
Global Payments	45.3	(55%)
Fiserv	47.0	(53%)
Shift4	48.6	(51%)

WHY THIS MATTERS

Every one of them has fallen. This is a sector problem, not just a PayPal problem.

But PayPal is the worst of the six — even after the bid bounce.

The board's case: today's price is a low, not fair value.

The buyers' case: five years of underperformance is the evidence.

The same chart argues both sides. Measure the premium against today and the bid looks generous. Measure it against 2021 and it looks like a bottom-of-the-cycle raid.

Source: S&P Capital IQ monthly total-return series, 30-Jul-2021 to 6-Aug-2026, converted to US dollars and rebased to 100.

THE FUNDING PROBLEM

Can They Actually Pay For It? Not On Their Own

WHERE THE $57BN COMES FROM

Item	Amount
Buy PayPal's shares	$53.4bn
Repay PayPal's debt	$2.3bn
Fees	$1.4bn
Total needed	**$57.1bn**
Borrowed against combined profits	$50.0bn
Equity still required	**$7.1bn**

THE EQUITY PROBLEM — PAYPAL ALONE

Stripe's share	Advent's cheque	% of its fund	Verdict
0%	**$21.9bn**	**84%**	**Impossible**
25%	$16.4bn	63%	Impossible
40%	$13.1bn	51%	Impossible
50%	$10.9bn	42%	Still too big
60%	$8.8bn	34%	Needs co-investors

On a PayPal-only deal, no plausible split lets Advent fund this from one $26bn fund. A 15% single-deal limit is normal.

SO THERE ARE ONLY TWO ROUTES THAT WORK

Route one — merge the two businesses. Combined profits support $50bn of debt instead of $35bn, so Advent's cheque drops to about $7bn.

Route two — break PayPal up. Stripe takes the checkout business, Advent takes Venmo and Braintree for about $4.9bn, which also removes the competition-law overlap.

Either way this stops being a private equity buyout. Advent becomes a partner or a carve-out buyer, not the acquirer.

THE PUNCHLINE

The headlines call this a private equity buyout. The arithmetic says Advent cannot simply buy PayPal — it can only merge with it or break it up.

Source: author's model. Advent fund size from Private Equity International; Stripe valuation from its February 2026 tender offer.

Two Routes for Advent — And Why the Structure Decides It

THE TWO WAYS IN

	Option 1	Option 1 structured	Option 2
What Advent owns	5% of the group	Preferred + 5%	All of Venmo + Braintree
Advent cash in	$7.1bn	$7.1bn	$4.9bn
Debt raised	$50bn	$50bn	$2.4bn
MOIC over 4 years	1.5x	2.8x	5.0x
Return per year	**10%**	**30%**	**49%**

Option 1: Advent buys into the combined Stripe + PayPal group. Option 2: Stripe takes PayPal's checkout business, Advent takes Venmo and Braintree.

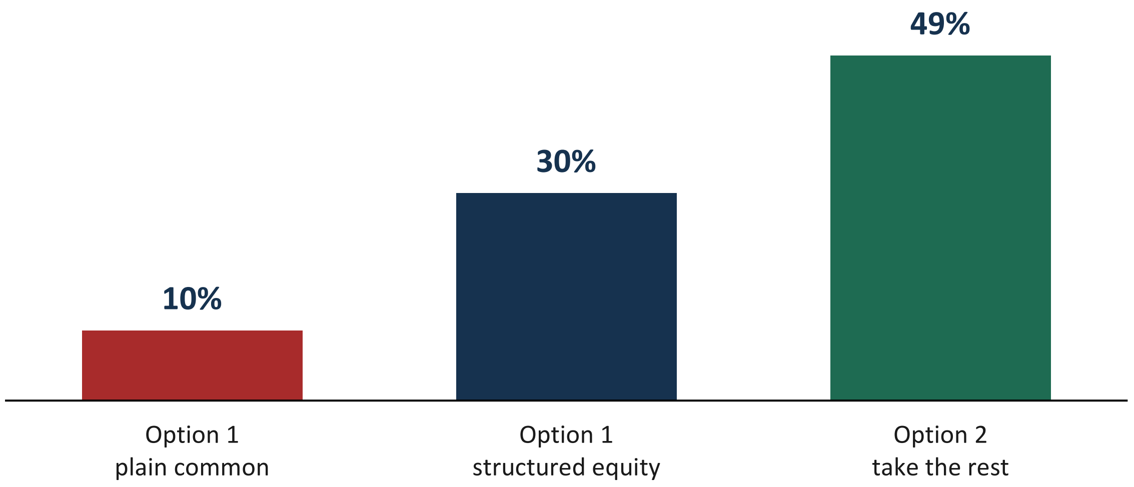
WHY OPTION 1 NEEDS STRUCTURED EQUITY

Stripe contributes a business worth $127bn. Advent's $7bn buys just 5% of the group — and only 5% of any improvement.

So Advent invests in preferred equity instead: an 11% coupon that accrues and gets paid back first, plus a 5% slice of what is left.

Same deal, same operational plan. Very different return.

ADVENT'S RETURN PER YEAR, FOUR-YEAR HOLD



All three assume PayPal's margins reach the industry average, worth about $2.7bn of extra profit. Private equity typically targets 20%+.

THE STRUCTURE IS THE DEAL

Plain common in Option 1 returns 10% — below what a tracker fund would do.

Preferred equity turns the same deal into 30%, and still returns 19% if the business sells for 40% less.
Option 2 needs no structure — Advent owns the assets outright, so it keeps everything.

But it starts from a $0.6bn profit base, so it is by far the higher-risk route.

Source: author's model. Four-year hold; PayPal margins improved to the peer median; Stripe financials estimated from disclosed volume.

What Could They Actually Pay?

MAXIMUM PRICE UNDER EACH CONSTRAINT

What has to hold	Max price	Advent	Stripe
Advent takes ordinary shares	No price works	—	—
Advent on preferred, Stripe absorbs it	**$69.91**	20%	6.7%
Advent 20% and Stripe keeps 8%	**$63.41**	25%	8.0%
Advent's cheque capped at 25% of its fund	**$59.85**	31%	8.7%
Break up PayPal — Advent 20% on its half	**$74.41**	20%	n/a
The actual offer	***$60.50***	*30%*	*8.6%*

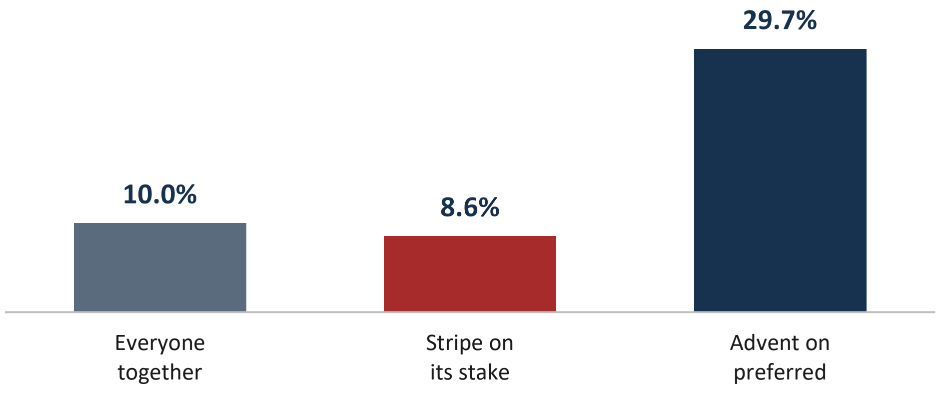
Solved on the model's own assumptions: four-year hold, PayPal's margins improved to the industry average, Stripe rolled in at a 20% discount to its $159bn valuation.

SO IS $60.50 ENOUGH?

No — on these assumptions the pair can afford more. Every route that works supports a price in the $60s or above, and a break-up supports $74.

That is what PayPal's board is arguing when it calls the offer inadequate: not that the deal is impossible, but that the buyers have not shown their hand.

THE RETURN HAS TO COME FROM SOMEWHERE



At the $60.50 offer. The structure decides who gets the return, not how much there is.

WHERE THE CEILING COMES FROM

— The whole deal produces about 10% a year for all shareholders. That is the ceiling.

— Advent can only beat it by taking return from Stripe. Getting to 20% leaves Stripe on 6.7% — for contributing a $127bn business.

— So the merger tops out in the high $60s. Beyond that Stripe walks.

— Breaking PayPal up supports the highest price, because Advent owns its assets outright.

Source: author's model, solving for a 20% annual return to Advent over four years. Advent fund size from Private Equity International; Stripe valuation from its February 2026 tender offer.

FIVE THINGS

What I'd Watch From Here

#	What to watch	Why it matters
1	**Does a bump arrive?**	The shares already trade above $60.50. The market is telling you it expects more.
2	**Does Stripe contribute its business?**	If it only writes a cheque the deal cannot be funded. If it merges, Advent needs preferred equity to earn a return.
3	**Does PayPal get broken up?**	Stripe taking checkout and Advent taking Venmo and Braintree solves the funding and the competition problem at once.
4	**Can margins reach the industry average?**	Worth about $2.7bn of extra profit. Every version of this deal depends on it, and no payments deal has delivered that much.
5	**Or does PayPal just fix itself?**	$1.5bn of savings, $6bn of buybacks and a new chief executive with a two-year plan.

WHERE I LAND

$60.50 is a fair price for PayPal as it is today, and too low for what PayPal could be. But the more interesting point is structural — Advent cannot simply buy PayPal. It has to merge and take preferred equity to earn a return, or break the company up and own the growing half.