



Paysafe (PSFE-US): \$19.64
Market Cap: \$1.19 B
Enterprise Value: \$3.46 B
EV/EBITDA: 8.0x
P/E: NA

Upside 50%
Short Interest: 4.2%
12-month perf (%): 41%
30-Day Average Daily Volume: 250,000
Date: 2/5/2025

Company Background

Paysafe's origins date back to Optimal Payments (rebranded to Paysafe in 2015), a payments company founded in 1997, initially focusing on digital wallets and online transactions. Over time, Optimal Payments expanded through strategic acquisitions, establishing itself as a key player in high-risk verticals, particularly iGaming and forex trading. As the company evolved beyond just digital wallets and into processing, it rebranded as Paysafe in 2015 to reflect its broader end-to-end payments capabilities. In 2021, Paysafe went public via SPAC. Since then, its stock has declined significantly from its IPO price largely due to SPAC-related valuation bubble imploding. The company is now positioned to benefit from secular growth in online payments and the rapid expansion of iGaming in the U.S., where legalization continues to unlock new opportunities. Paysafe is successfully transitioning into a cohesive, growth-oriented payments platform after years of fragmented operations borne from its heavy M&A history.

Opportunities

- **Expanding Direct Sales: Higher-Margin Growth**
Paysafe has significantly expanded its direct salesforce, hiring several hundred account managers and sales personnel.
- **Cross-Selling Opportunities from a Unified Business Model**
Following the company's organizational unification under CEO Bruce Lowthers, Paysafe has made significant progress in cross-selling its payment solutions.
- **Gaming & iGaming Expansion Driving Payment Volumes**
While gaming-related processing currently accounts for less than 10% of Paysafe's total processing volume, the U.S. online gambling market is projected to double by 2029, fueled by increasing legalization
- **E-commerce Growth & Secular Payment Trends**
Beyond iGaming, secular e-commerce growth remains a long-term tailwind for Paysafe.

Valuation

Paysafe presents a compelling investment opportunity with 50%+ upside from current levels, driven by sustainable mid-to-high single-digit (MSD-HSD) revenue growth, expanding profitability, and a dominant position in high-risk verticals like iGaming. Given growth and margin expectations, Paysafe's enterprise value is trading at 5.5x estimated 2028 EBITDA and presents a compelling entry point.

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