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NYSE: V

Executive Overview

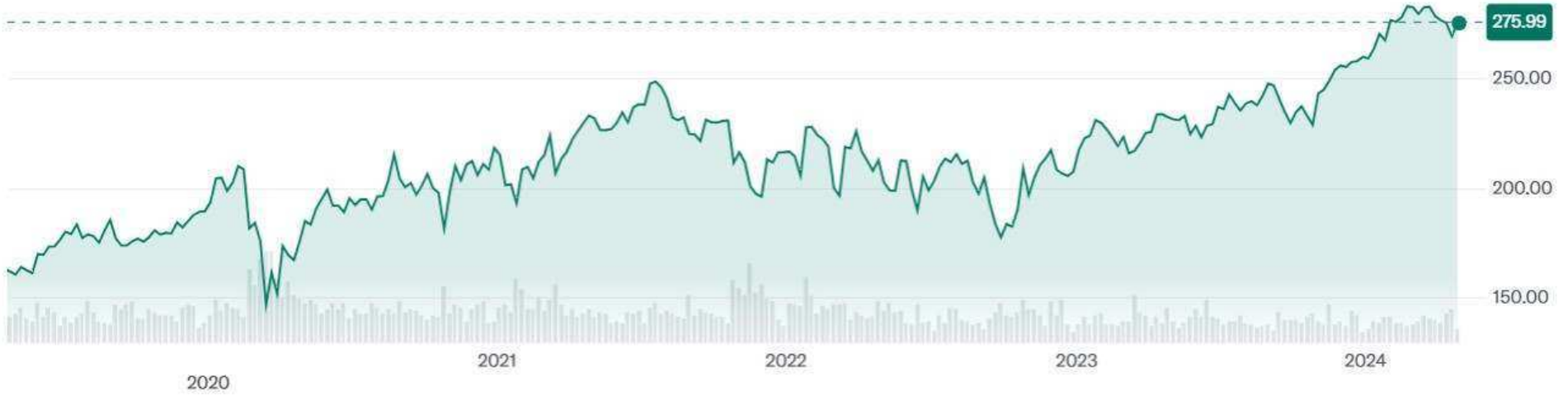
Basic Financial Information

Market Cap	$554.15 B
Last Close 4/25	$274.97
52 Week Range	$216.4-$290.96
P/E	31.08x
EV/EBITDA	23.41x

Investment Thesis

Recommend a BUY with a projected 2026 price of $378.03 , a 37.4% increase from current price.

1. Strong financial performance with high margins and solid growth potential due to consumers shifting to digital payments.
2. Visa is dominant in international markets compared to their competitors which presents a unique opportunity to capture additional market share.
3. The growth of e-commerce further drives demand for Visa's products and services.





Company Overview

Company Overview

Revenue Segments

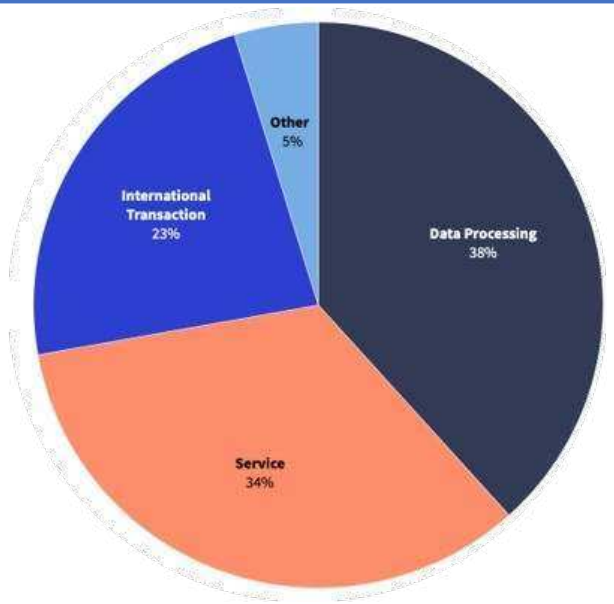
Data Processing
Earned for authorization, clearing, settlement; value added services related to issuing, acceptance, and risk and identity solutions; network access; and other maintenance and support services that facilitate transaction and information processing among clients globally

Service
Earned for services provided in support of client usage of Visa payment services

International Transaction
Earned for cross-border transaction processing and currency conversion activities

Other
Consist mainly of value-added services related to advisory, marketing and certain card benefits; license fees for use of the Visa brand or technology; and fees for account holder services, certification and licensing

Revenue Breakdown



Financials

Ending 9/30/23	(In millions)
Revenue	$32,653
Operating Income	$21,927
Operating Margin	64.3%
Net Income	$17,273
Net Margin	50.1%

Wide Moat and Strong Network Effects



- Established market leader with strong growth prospects
- Digital Payments have surpassed cash payments on a global basis with no signs of slowing down
- Potential for further growth in emerging markets
- Agnostic to small shifts within electronic payments industry – collects fees regardless of credit, debit, or mobile payments

Industry Overview



Industry Analysis

Competitive Landscape

- Rapid growth from the rise of e-commerce, mobile payments and shifts away from cash in developing economies
- Strategic acquisitions by larger players
- Geographic expansion across the eastern hemisphere
- Highly controlled by Visa and Mastercard

Geographic Demographics of Card Usage



Competitor Analysis

mastercard

PayPal

stripe

AMERICAN EXPRESS

DISCOVER

Payoneer

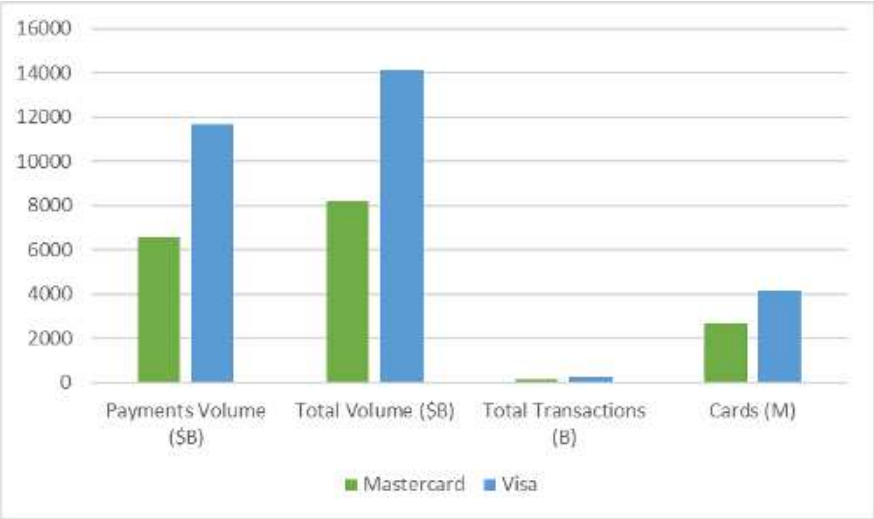
Square

Competition based on payment network product is only by MasterCard, American Express and Discover

Competition based on POS is applicable to all

Visa vs. Mastercard

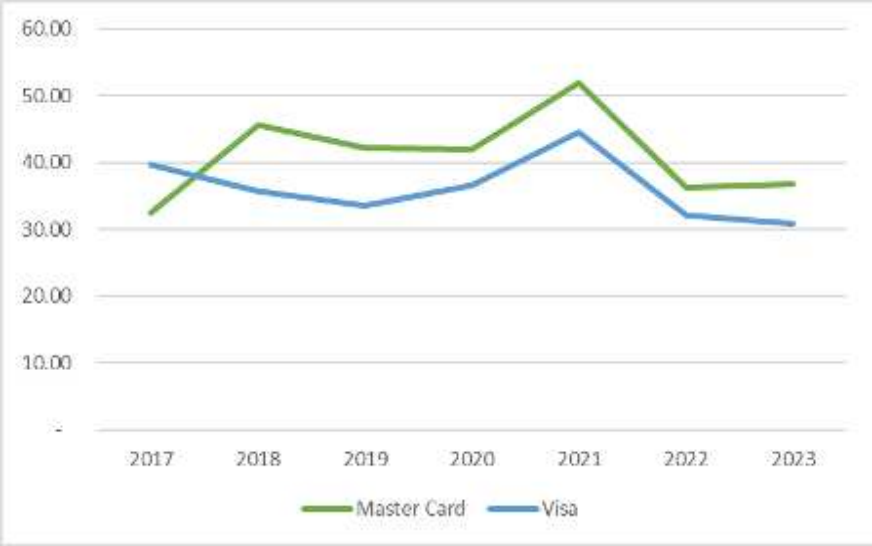
Consumer Activity



Net Margin



P/E Ratios



Takeaways

Visa's reach far exceeds Mastercard with total volume of transactions, total amount of transactions, and cards issued to consumers.

They maintain consistently higher margins due to lower general and administrative expenses and higher investment income.

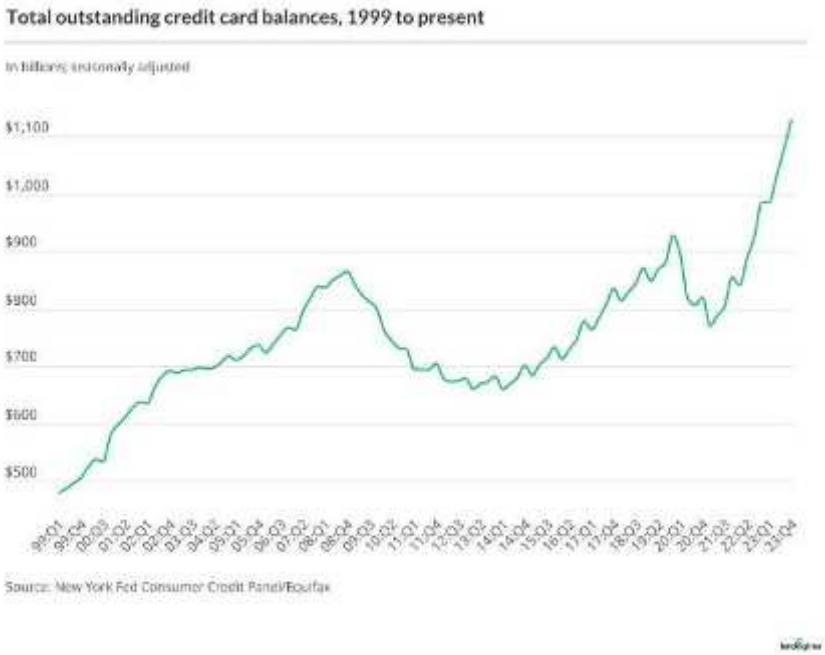
Visa trades at a slightly lower P/E despite being the dominant force in the industry.

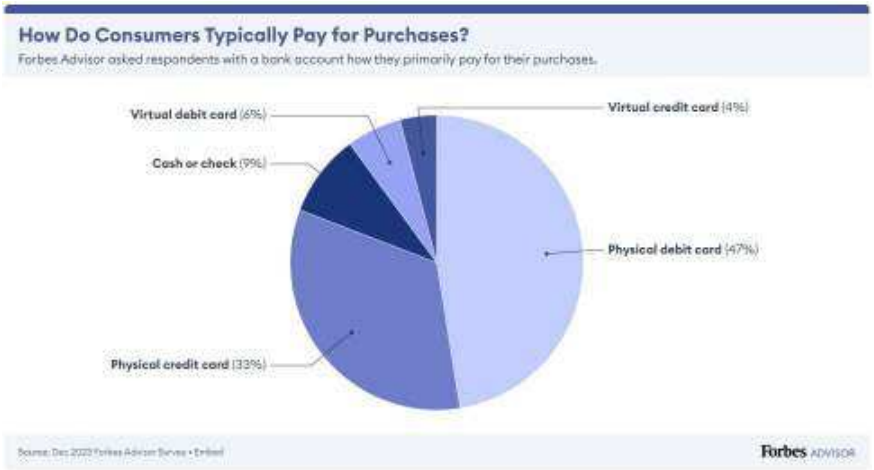
Investment Thesis



Card Transactions on the Rise

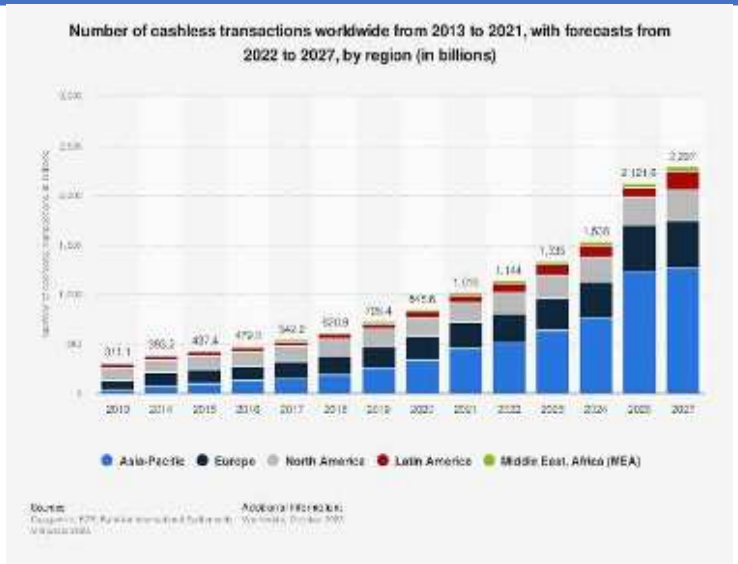
- Throughout the U.S. 91% of all transactions are done via card or virtual card; all which Visa has a strong hold on.
- Credit card usage has been on the rise since 1999 with balances at all-time highs





Increased Consumer Spending and Cashless Transactions

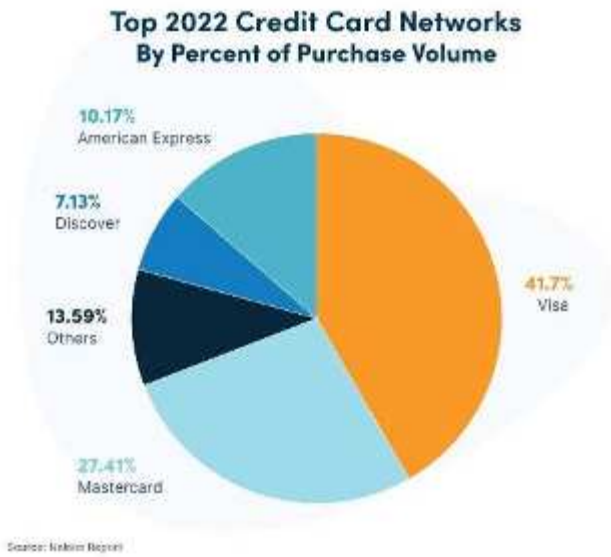
Growth in Cashless Transactions



Increased Consumer Spending



Competitor Analysis



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Increased Consumer Spending and Cashless Transactions

Regions of Opportunity











Expanding Global Network and Solutions

pismo

Visa acquired Pismo Holdings, a global cloud-native issuer processing and core banking platform, for a purchase consideration of $929 million. The Company allocated $139 million of the purchase consideration to technology, customer relationships, other net assets acquired and deferred tax liabilities and the remaining $790 million to goodwill.

Currencycloud

Visa acquired The Currency Cloud Group Limited (Currencycloud), a global platform that enables financial institutions and fintechs to provide innovative cross-border foreign exchange solutions, for a total purchase consideration of $893 million (which includes the fair value of Visa's previously held equity interest in Currencycloud). The Company allocated $150 million of the purchase consideration to technology, customer relationships, other net assets acquired and deferred tax liabilities and the remaining $743 million to goodwill.

tink

Tink: Visa acquired 100% of the share capital of Tink AB (Tink) for $1.9 billion in cash. Tink is an open banking platform that enables financial institutions, fintechs and merchants to build financial products and services and move money. The acquisition is expected to help accelerate the adoption of open banking around the world by providing a secure, reliable platform for innovation

Bulls vs. Bears

What Analysts are Saying

Bulls

- Analysts maintain a BUY recommendation for Visa citing its strong financial performance, high net margins, and solid growth potential driven by the ongoing shift to digital payments and expansive market opportunity.
- Visa's investment in Value Added Services (VAS) and cybersecurity solutions is fostering deeper client relationships, broadening revenue streams, and positioning the company as a leader in digital payment innovation.
- Visa's strategic settlement with payment processors and merchants enhances its market positioning, reducing legislative risk and potentially benefiting from increased merchant surcharging flexibility

Bears

- Expenses appear to be creeping up (new FY24 guide of LDD% growth vs. HSD-LDD% prior)
- Regulatory risks due to Visa's dominance could lead to significant losses in earnings if payment network laws change.
- Revenue growth and EPS targets are at elevated risk due to a weak consumer and normalizing travel volumes.

What We Think

Value Added Services



Issuer Processors of Visa debit transactions
- Fraud mitigation
- Dispute management
- Data Analytics
- Campaign Management

Provides secure, reliable services for merchants and acquirers that reduce friction and drive acceptance.

Transform data into insights for near real-time decisions and facilitate account holder authentication to help prevent fraud and protect account holders.

Result of the Tink AB acquisition which catalyzed fintech innovation and accelerated the development and adoption of open banking securely.

Identifies actionable insights, make recommendations, and help implement solutions that can drive better business decisions.

Mitigating Regulatory Risk

- Visa Compliance Program
- Engagement with governments, officials, and policymakers across the globe.
- Strategic Partnerships with multilateral Organizations.

Travel Volumes

"The yields across our entire cross-border business are positive and accretive to Visa overall. And so we're happy with all flavors of cross-border"

-Chris Suh, *CFO*

Q2 2024 Earnings Exceed Expectations

Beating Expectations

Metrics	Expectations	Results
Revenue	8.6B	8.78B (+2.07%)
Total Volume	3,767.6B	3,780B
EPS:	$2.43	$2.51 (+3.29%)

Key Business Drivers

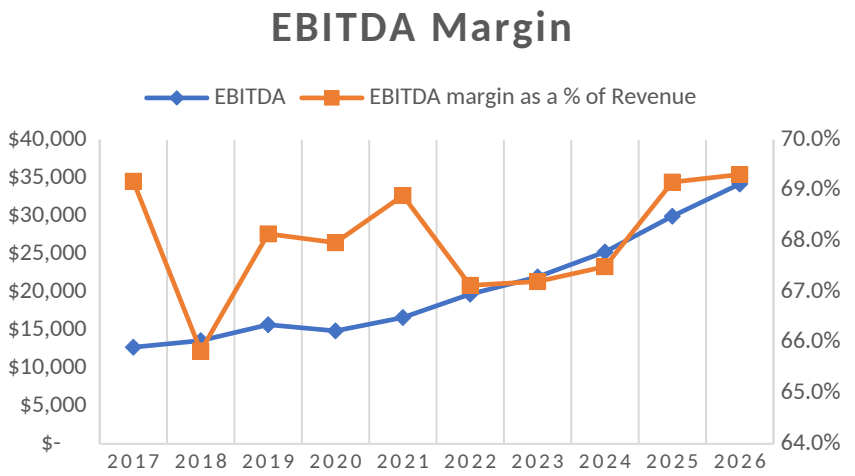
Drivers	YoY increase
Payments Volume	8%
Cross-Border Volume Excluding Intra-Europe	16%
Cross-Border Volume Total	16%
Processed Transactions	11%

Financial Strength

Consistent Revenue Growth Despite COVID Challenges



EBITDA Increase While Maintaining Margin



10 Year Stock Performance



Yahoo Finance

Leverage

	Year End 2023
Debt/ Assets	0.23
Debt/ Equity	0.53
Debt/ EBITDA	0.93

Valuation/Recommendation

Recommendation

Valuation

Valuation	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025	9/30/2026
Mutiples - V Historial										
TEV/NTM EBITDA	20.04	22.88	25.11	26.77	26.17	20.41	19.90	**21.53**	**21.23**	**21.17**
P/NTM EPS	37.59	33.96	32.34	40.91	39.60	26.93	29.34	**31.00**	**30.00**	**30.00**
Stock Price										
	105.24	150.09	172.01	199.97	222.75	177.65	230.01	**291.14**	**344.45**	**394.62**
								266.93	**318.46**	**361.45**
					Average Estimated Stock Price			**279.04**	**331.46**	**378.03**

Price target calculated as average between TEV/NTM EBITDA and P/NTM EPS multiple based forecasts

Recommendation

Visa (V) is a BUY
2026 Price Target of $378.03
37.4% Upside from Current Price



Summary of Rationale

- Expansion of International Business
- Growth in E-Commerce
- Shifts from cash to card in cash heavy societies
- Rise in Mobile Payments
- Highly integrable payment network

Appendix

Visa Inc (NYSE: V)

Valuation Model

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Statement of Income:										
Total revenue	$ 18,358	$ 20,609	$ 22,977	$ 21,846	$ 24,105	$ 29,310	$ 32,653	$ 37,370	$ 43,280	$ 49,292
Y-o-Y Growth		*12.3%*	*11.5%*	*-4.9%*	*10.3%*	*21.6%*	*11.4%*	14.4%	15.8%	13.9%
Personnel	$ 2,628	$ 3,170	$ 3,444	$ 3,785	$ 4,240	$ 4,990	$ 5,831	$ 6,997	$ 8,397	$ 10,076
Marketing	$ 922	$ 988	$ 1,105	$ 971	$ 1,136	$ 1,336	$ 1,341	$ 1,600	$ 1,300	$ 1,300
Network and Processing	$ 620	$ 686	$ 721	$ 727	$ 730	$ 743	$ 736	$ 750	$ 750	$ 750
Professional Fees	$ 409	$ 446	$ 454	$ 408	$ 403	$ 505	$ 545	$ 550	$ 600	$ 600
Litigation Provision	$ 19	$ 607	$ 400	$ 11	$ 3	$ 868	$ 927	$ 900	$ 900	$ 900
General and Administrative	$ 1,060	$ 1,145	$ 1,196	$ 1,096	$ 985	$ 1,194	$ 1,330	$ 1,350	$ 1,400	$ 1,500
Depreciation & Ammortization Expense	$ 556	$ 613	$ 656	$ 767	$ 804	$ 861	$ 943	$ 1,018	$ 1,100	$ 1,188
Total operating expenses	$ 6,214	$ 7,655	$ 7,976	$ 7,765	$ 8,301	$ 10,497	$ 11,653	$ 13,166	$ 14,447	$ 16,314
Total operating expenses as a % of revenue	*33.8%*	*37.1%*	*34.7%*	*35.5%*	*34.4%*	*35.8%*	*35.7%*	35.2%	33.4%	33.1%
Income from operations	$ 12,144	$ 12,954	$ 15,001	$ 14,081	$ 15,804	$ 18,813	$ 21,000	$ 24,205	$ 28,834	$ 32,978
Operating Margin	*66.2%*	*62.9%*	*65.3%*	*64.5%*	*65.6%*	*64.2%*	*64.3%*	64.8%	66.6%	66.9%
Interest Expense/Income	$ (563)	$ (612)	$ (533)	$ (516)	$ (513)	$ (538)	$ (644)	$ (675)	$ (708)	$ (743)
Other Expense/Income	$ 113	$ 464	$ 416	$ 225	$ 769	$ (1,007)	$ (246)	$ 135	$ 142	$ 149
Income before income taxes	$ 11,694	$ 12,806	$ 14,884	$ 13,790	$ 16,060	$ 17,268	$ 20,110	$ 23,664	$ 28,267	$ 32,383
Benefit/(provision) for income taxes	$ (4,995)	$ (2,505)	$ (2,804)	$ (2,924)	$ (3,752)	$ (3,179)	$ (3,764)	$ (4,496)	$ (5,371)	$ (6,153)
Tax Rate	*42.7%*	*19.6%*	*18.8%*	*21.2%*	*23.4%*	*18.4%*	*18.7%*	19.0%	19.0%	19.0%
Net income	$ 6,699	$ 10,301	$ 12,080	$ 10,866	$ 12,308	$ 14,089	$ 16,346	$ 19,168	$ 22,896	$ 26,231
Y-o-Y Growth		*53.8%*	*17.3%*	*-10.0%*	*13.3%*	*14.5%*	*16.0%*	*17.3%*	*19.5%*	*14.6%*
Net Margin	*36.5%*	*50.0%*	*52.6%*	*49.7%*	*51.1%*	*48.1%*	*50.1%*	51.29%	52.9%	53.2%
Earnings per share:										
Diluted	$ 2.80	$ 4.42	$ 5.32	$ 4.89	$ 5.63	$ 6.60	$ 7.84	$ 9.39	$ 11.48	$ 13.15
		57.9%	*20.4%*	*-8.1%*	*15.1%*	*17.3%*	*18.9%*	*19.8%*	*22.3%*	*14.6%*
Weighted average common shares: outstanding										
Diluted	2,393	2,331	2,271	2,223	2,188	2,136	2,085	2,041	1,994	1,994
Shares Change (Diluted)		-2.59%	-2.57%	-2.11%	-1.57%	-2.38%	-2.39%	-2.11%	-2.29%	-2.26%
EBITDA	$ 12,700	$ 13,567	$ 15,657	$ 14,848	$ 16,608	$ 19,674	$ 21,943	$ 25,223	$ 29,934	$ 34,166
EBITDA margin as a % of Revenue	*69.2%*	*65.8%*	*68.1%*	*68.0%*	*68.9%*	*67.1%*	*67.2%*	67.5%	69.2%	69.3%
September 30,										
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Balance Sheet Data:										
Total current assets	$ 19,023	$ 18,216	$ 20,970	$ 27,645	$ 27,607	$ 30,205	$ 33,532	$ 37,225	$ 41,777	$ 46,886
Total assets	$ 67,977	$ 69,225	$ 72,574	$ 80,919	$ 82,896	$ 85,501	$ 90,499	$ 95,789	$ 101,716	$ 108,009
Total current liabilities	$ 9,994	$ 11,305	$ 13,415	$ 14,510	$ 15,739	$ 20,853	$ 23,098	$ 25,585	$ 28,636	$ 32,050
Total liabilities	$ 35,217	$ 35,219	$ 37,890	$ 44,709	$ 45,307	$ 49,920	$ 51,766	$ 53,680	$ 55,739	$ 57,876
Total shareholders' equity	$ 32,760	$ 34,006	$ 34,684	$ 36,210	$ 37,589	$ 35,581	$ 38,733	$ 42,164	$ 46,230	$ 50,688
Total Debt	$ 18,367	$ 16,630	$ 16,729	$ 24,070	$ 20,977	$ 22,450	$ 20,463	$ 18,652	$ 17,147	$ 15,764
Cash and cash equivalents	$ 14,469	$ 13,200	$ 13,279	$ 16,289	$ 16,487	$ 15,689	$ 16,286	$ 16,906	$ 17,573	$ 18,268
Operating Cashflow	$ 9,317	$ 12,941	$ 12,784	$ 10,440	$ 15,227	$ 18,849	$ 20,755	$ 23,356	$ 26,325	$ 29,669
Cap Ex	$ 707	$ 718	$ 756	$ 736	$ 705	$ 970	$ 1,059	$ 1,100	$ 1,175	$ 1,250
Free Cash Flow	$ 8,610	$ 12,223	$ 12,028	$ 9,704	$ 14,522	$ 17,879	$ 19,696	$ 22,256	$ 25,150	$ 28,419
Free Cash Flow as % of EBITDA	*67.8%*	*90.1%*	*76.8%*	*65.4%*	*87.4%*	*90.9%*	*89.8%*	*90.0%*	*84.0%*	*83.2%*
Free Cash Flow Growth		*42.0%*	*-1.6%*	*-19.3%*	*49.6%*	*23.1%*	*10.2%*	*13.0%*	*13.0%*	*13.0%*