



VISA INC

Compounding Commies



Introductions



Pablo Samanez - Team Captain/ Leader

BBA – Accounting

Tenure - 1 Year



Carson Alldredge

BBA – Management

Tenure - < 1 Year



Joaquin Rodriguez – Leader

BBA – Finance

Tenure - 2 Years



Jenna Lindemann

BBA – Accounting

Tenure - 1.5 Years



Colton Harvey

BBA - Management

Tenure - < 1 Year



Gameplan

Part	Presenter	Slide Numbers
Company Overview	Colton Harvey	5-11
Management	Jenna Lindemann	12-15
Revenue Breakdown	Joaquin Rodriguez	16-34
Interpretation Of Financial Statements & Capital Allocation	Carson Alldredge	35-59
Economic Moat	Joaquin Rodriguez	60-62
Competitor Analysis	Pablo Samanez	63-77
Risk Factors & Growth Opportunities	Jenna Lindemann	78-88
Valuation & Conclusion	Pablo Samanez	89-106



Why Visa Inc.?

Easy To Understand

Predictable & Consistent

Sustained Competitive Advantage

Attractive Valuation/ Opportunity Cost



Company Overview



Colton Harvey





Company Information

Ticker: V (NYSE)

Market Capitalization: \$585.51 Billion

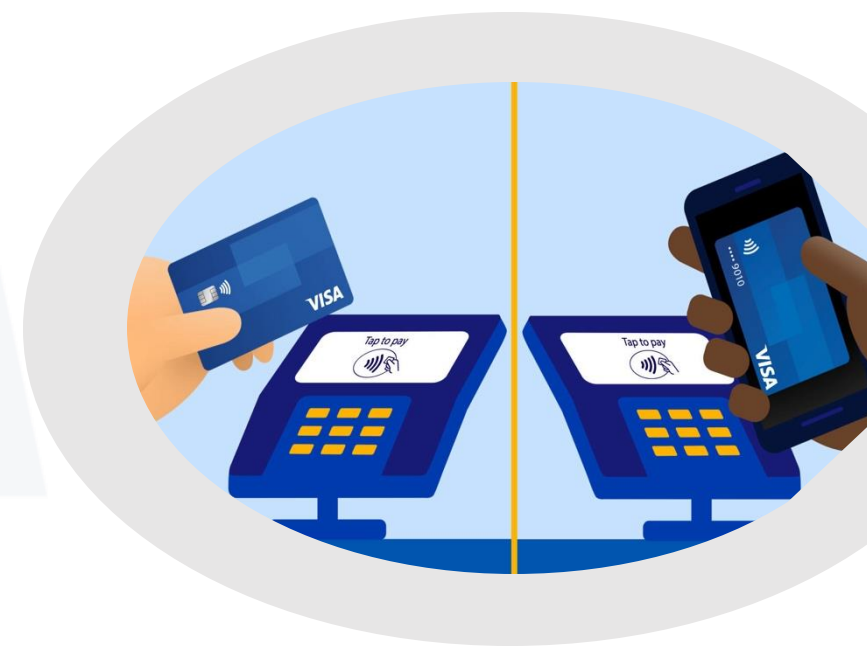
2023 Revenue: \$33.35 Billion

Founded: September 18, 1958

IPO: \$10 Billion

Headquarters: San Francisco, CA

Employees: 28,800





Our Position

Our position: 650 shares

Cost Basis: \$179.95

Current Market Value: \$183,976

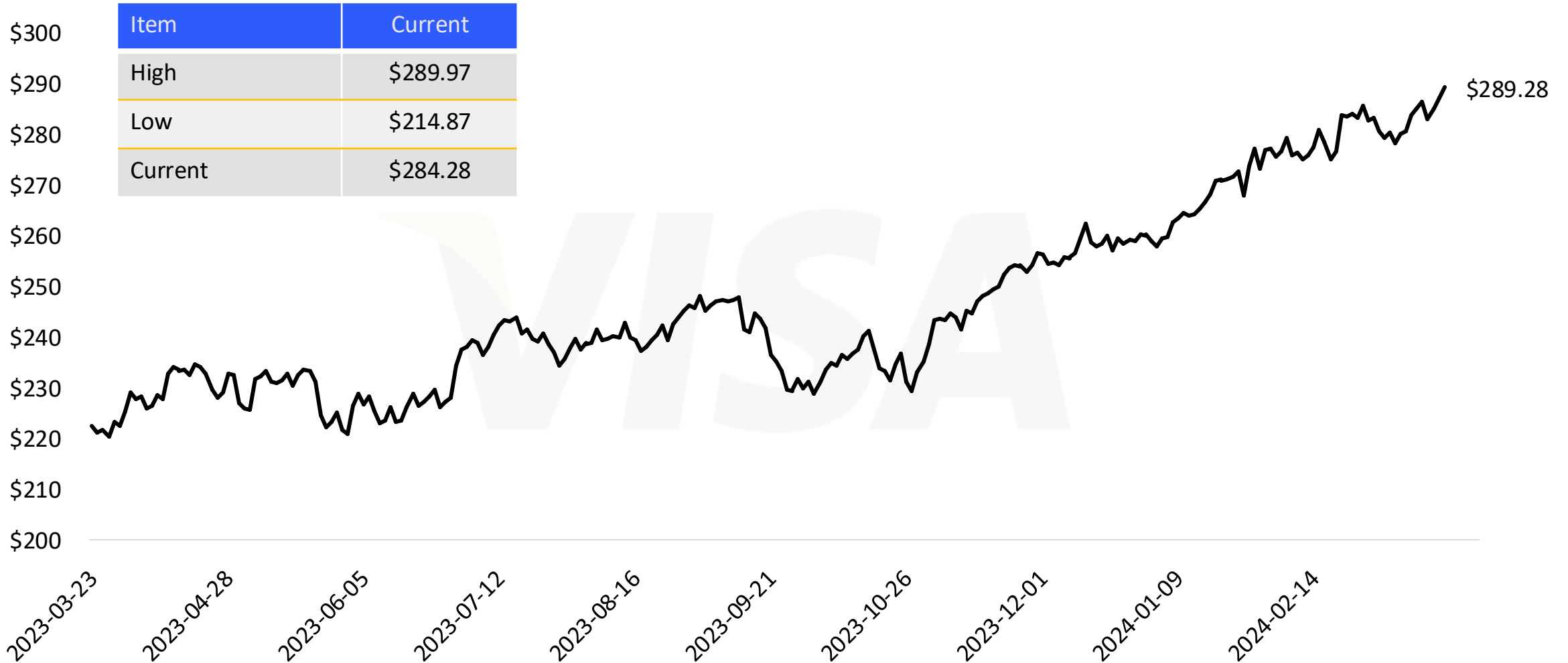
Portfolio Weighting: 8.4%

VISA



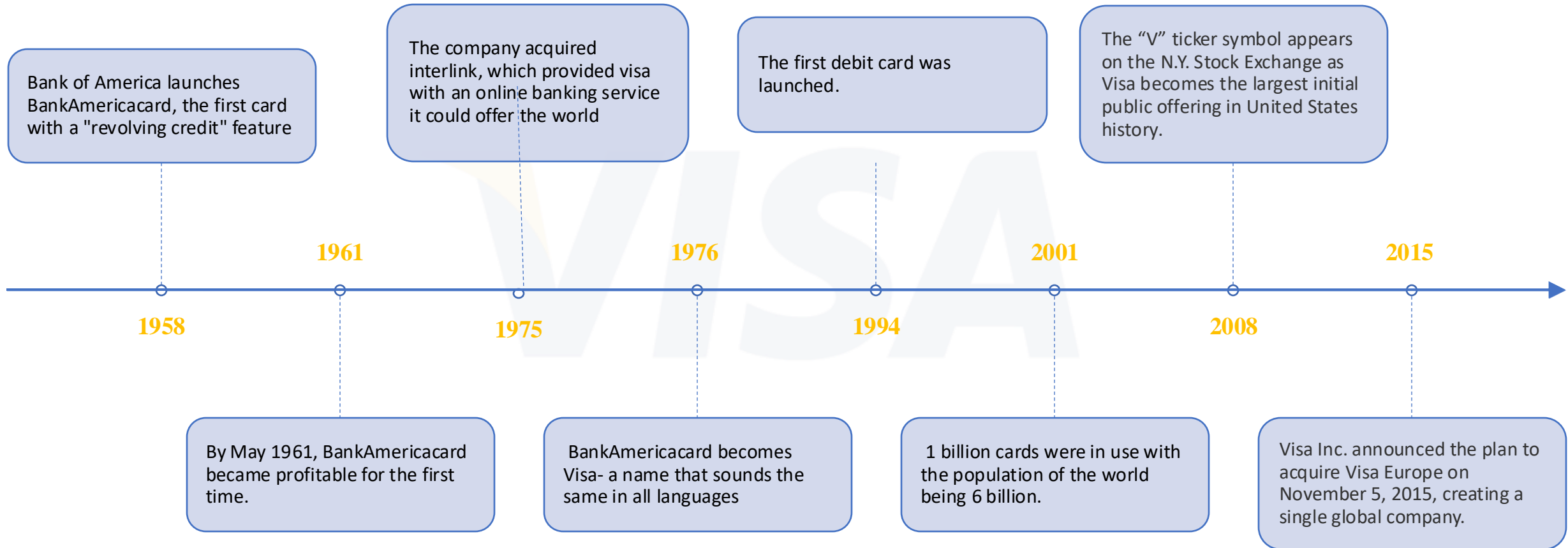


52 Week Price Chart





History





Recent News

F1 Sponsorship with Red Bull

- With 20 wins out of a 23-race calendar
- Global sports sponsorship



Olympics credit card

- Agreement with İşbank in Turkey
- 1st Olympic and Paralympic Games Credit Card outside of France





Building/ Renewing Contracts

Extended Bank of America Contract:



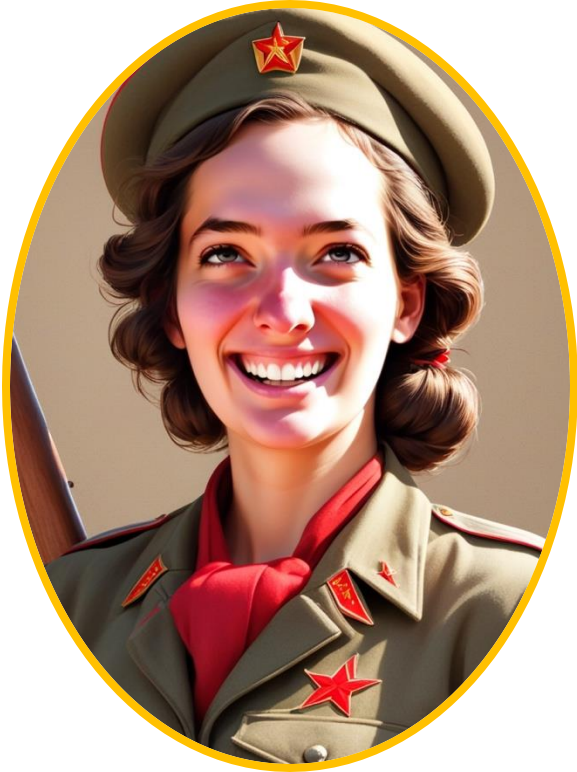
- Contract was extended with value-added services
- These include: Visa's loyalty program Service, Cardinal Commerce 3D Secure Service, Verifi Order Insight Digital Service, DPS debit Processing

Partnership with Meta:

- Cash out earnings across their family of apps to debit cards
- Live in US, UK, France, Italy



Management



Jenna Lindemann





Executive Team

Chief Executive Officer



Ryan McInerney

- 48 Years old
- Formerly President of Visa since 2013
- CEO of Consumer Banking at JP Morgan Chase

Chief Financial Officer



Chris Suh

- 51 Years old
- Formerly CFO of Electronic Arts
- Over 26yrs at Microsoft.

Chief Risk Officer



Paul Fabara

- 57 Years Old
- Joined Visa in 2019
- American Express - 8yrs
- GCO at Alliance Data Systems



Experienced & Qualified

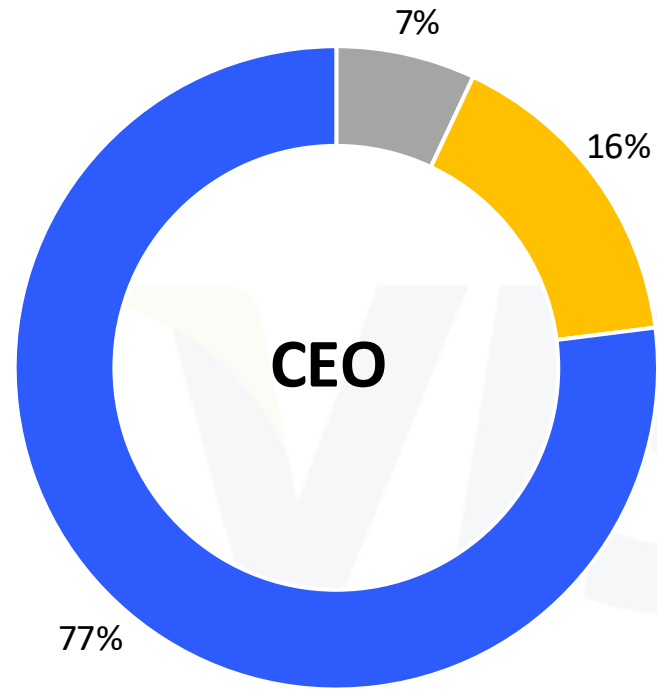


Compensation

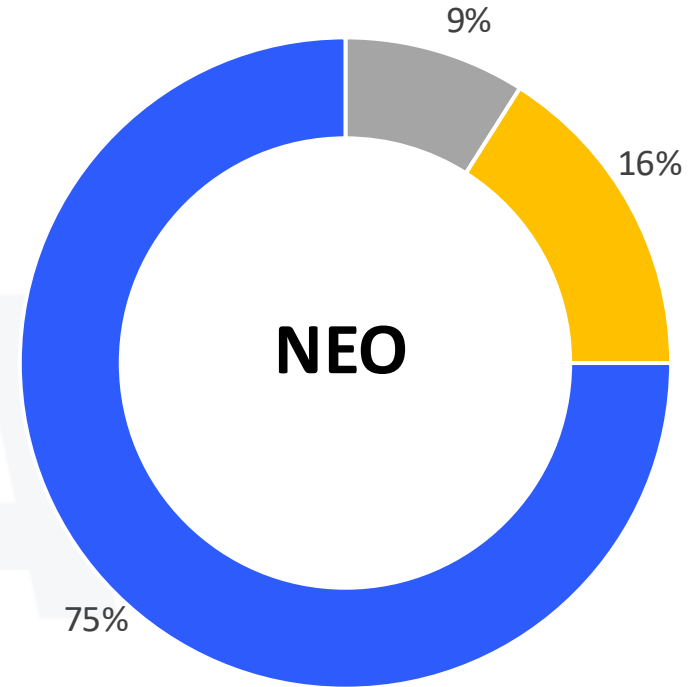
■ Salary

■ Target Annual Incentive

■ Target Long-Term Incentive



93% at Risk



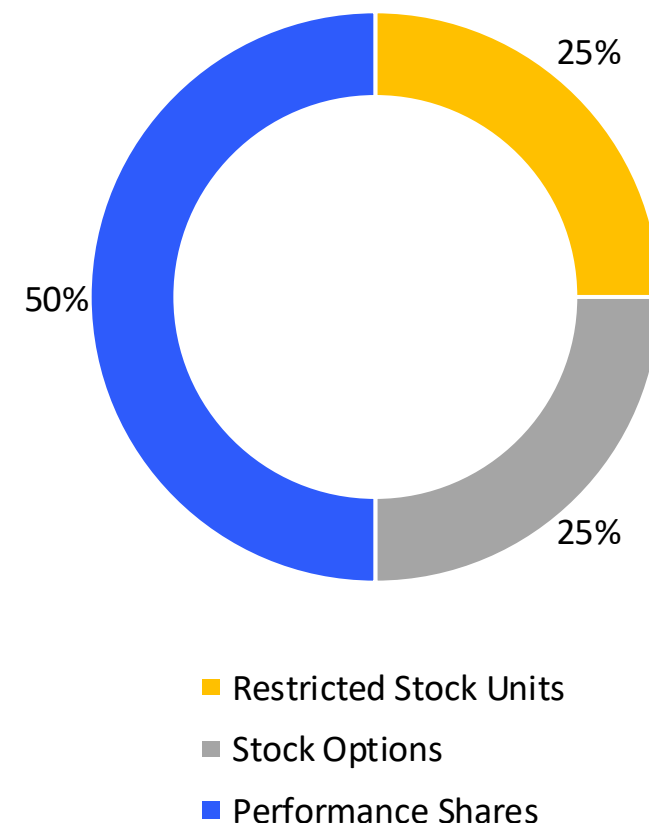
91% at Risk

✓ **Aligned Interest**



Long-Term Incentives

- 25% total value of equity awards in stock options
- 25% Restricted Stock Units
- 50% Performance Shares @ target value
 - Annual EPS goal est. for each of the 3 fiscal years



Revenue Breakdown



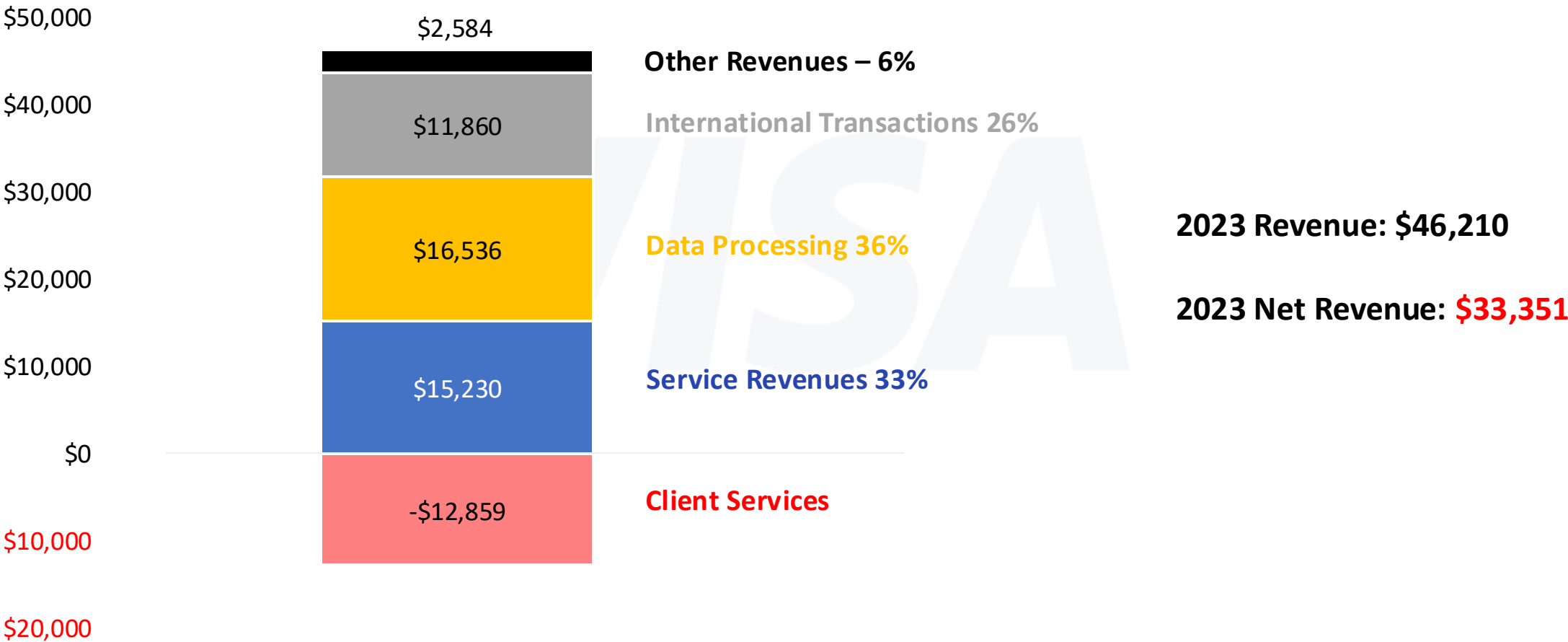
Joaquin Rodriguez





Reportable Revenue Segments

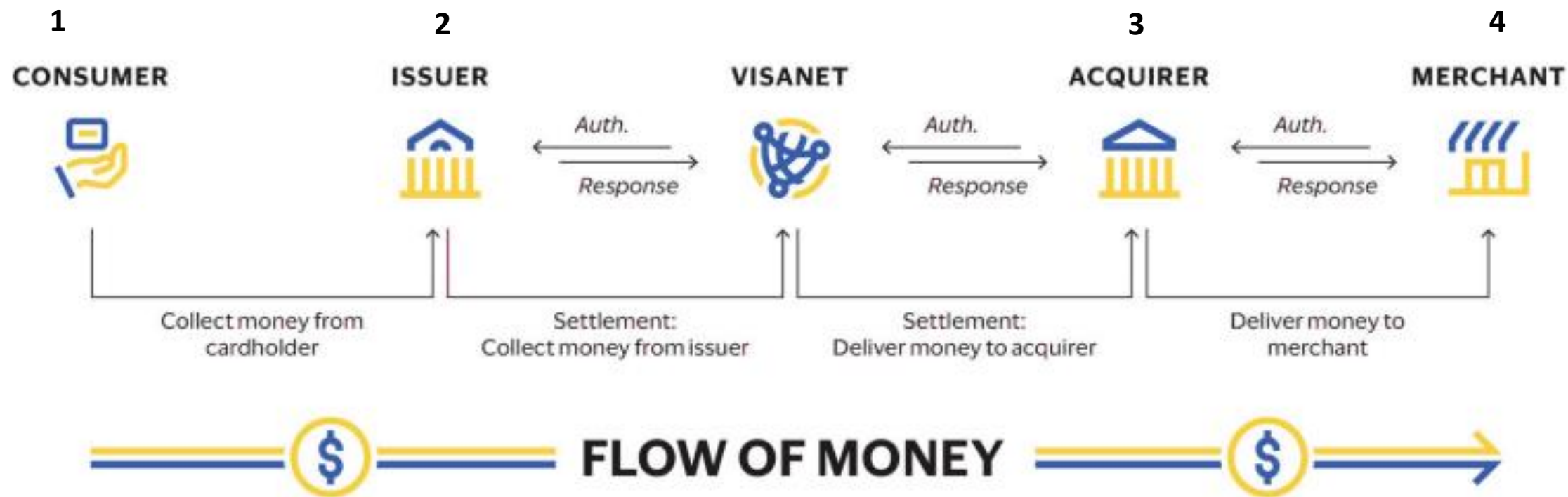
FY2023 Net Revenues *In Millions*





VisaNet

Four Party Model

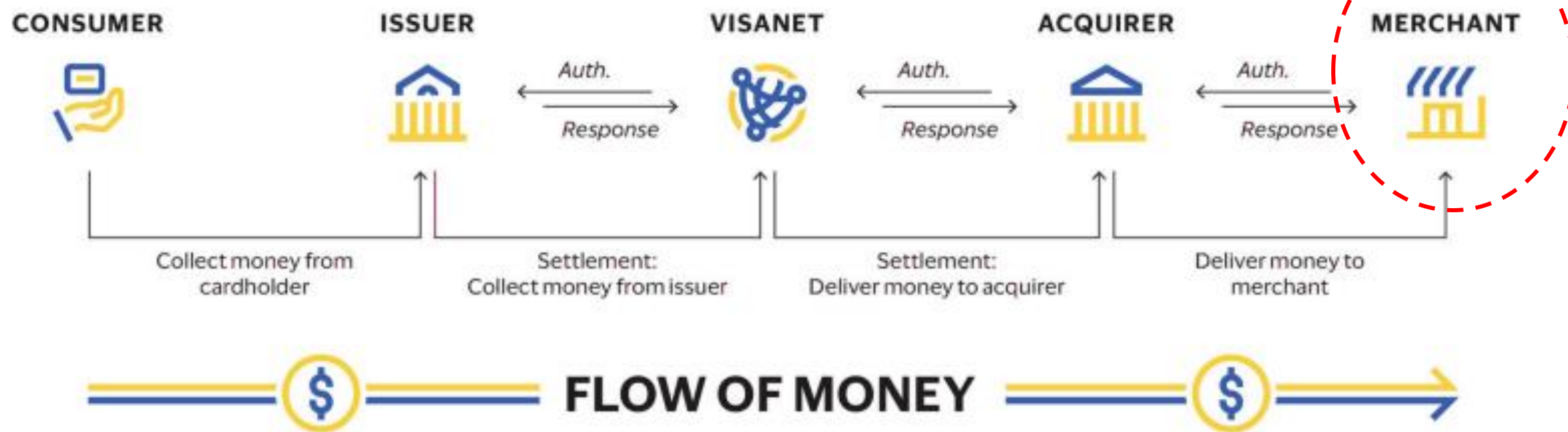


Source: Annual Report 2023



Merchant Discount Rate

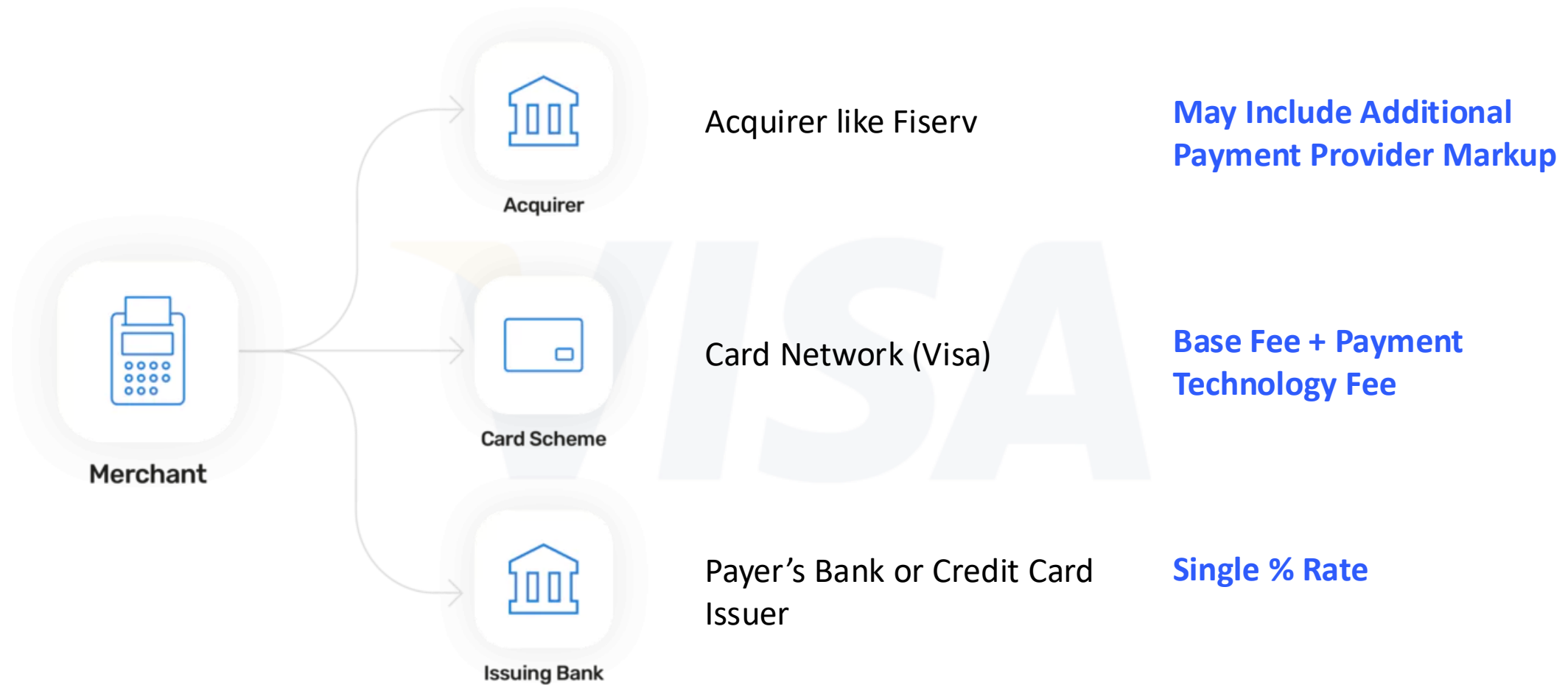
\$\$ Interchange Fee (Merchant Discount Rate)



Source: Annual Report 2023



Interchange Breakdown





VisaNet Additional - 2023

- Handles 65,000 transactions per minute
- Used by 14,500 financial institutions
- Located at 130 Million Merchant Locations





Types of Transactions VisaNet Processes

What Types?

- Credit
- Debit
- Prepaid
- Commercial Payments

Where?

- International
- Domestic

Between Who?

- B2B
- B2C
- P2P
- C2B
- GTC
- Etc.





Services Segment

Example: Check Card

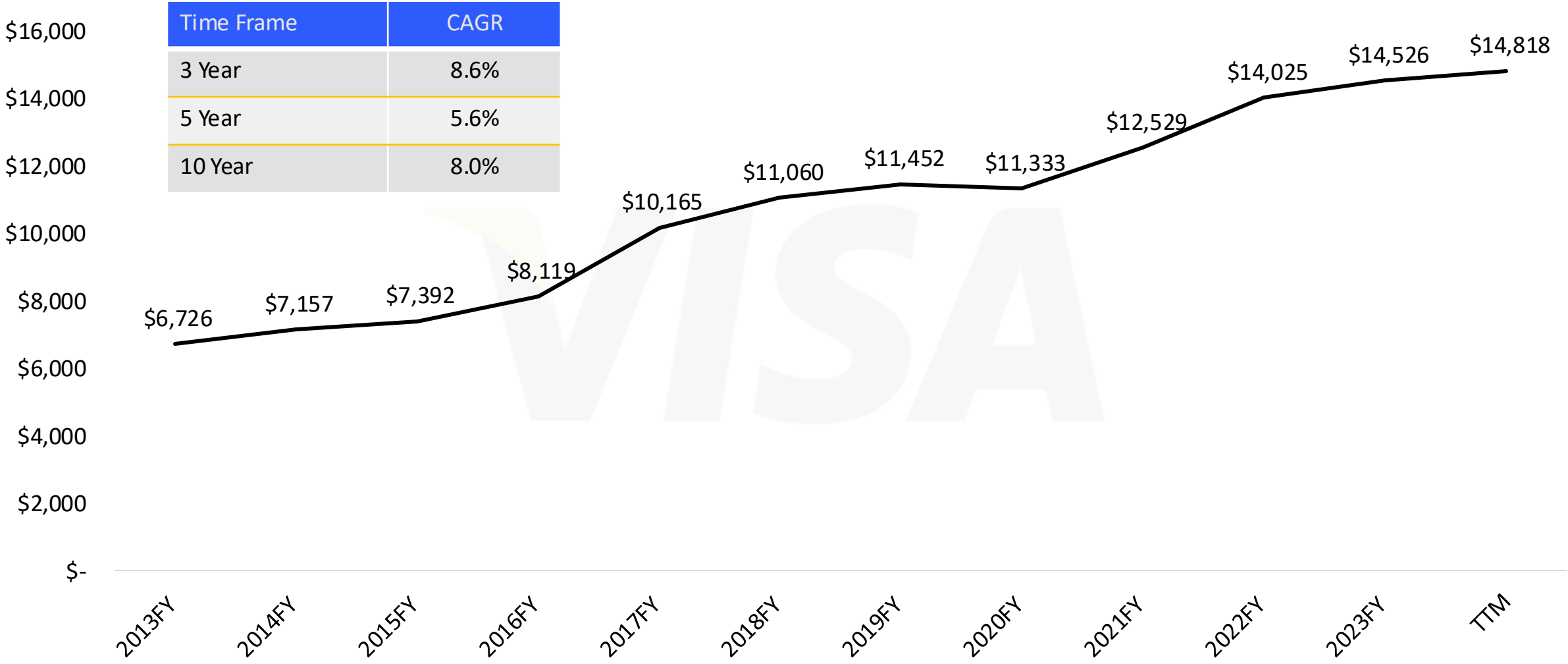
% of Transaction Based:

- Interchange Reimbursement Fees
- Other Service Charges

<i>Card Present Fee Program</i>	<i>Exempt Visa Check Card Card Present Transactions</i>	<i>Regulated Visa Check Card Card Present Transactions</i>
CPS/Supermarket, Debit	\$0.30	0.05% + \$0.21*
CPS/Retail, Debit	0.80% + \$0.15	0.05% + \$0.21*
CPS/Automated Fuel Dispenser (AFD), Debit	0.80% + \$0.15 (\$0.95 Cap)	0.05% + \$0.21*
CPS/Service Station, Debit	0.80% + \$0.15 (\$0.95 Cap)	0.05% + \$0.21*
CPS/Small Ticket, Debit	1.55% + \$0.04 ¹	0.05% + \$0.21*
CPS/Restaurant, Debit	1.19% + \$0.10	0.05% + \$0.21*
CPS/Hotel and Car Rental Card Present, Debit	1.19% + \$0.10	0.05% + \$0.21*
CPS/Passenger Transport Card Present, Debit	1.19% + \$0.10	0.05% + \$0.21*
Travel Service, Debit	1.19% + \$0.10	0.05% + \$0.21*
CPS/Retail Key Entry, Debit ²	1.65% + \$0.15	0.05% + \$0.21*

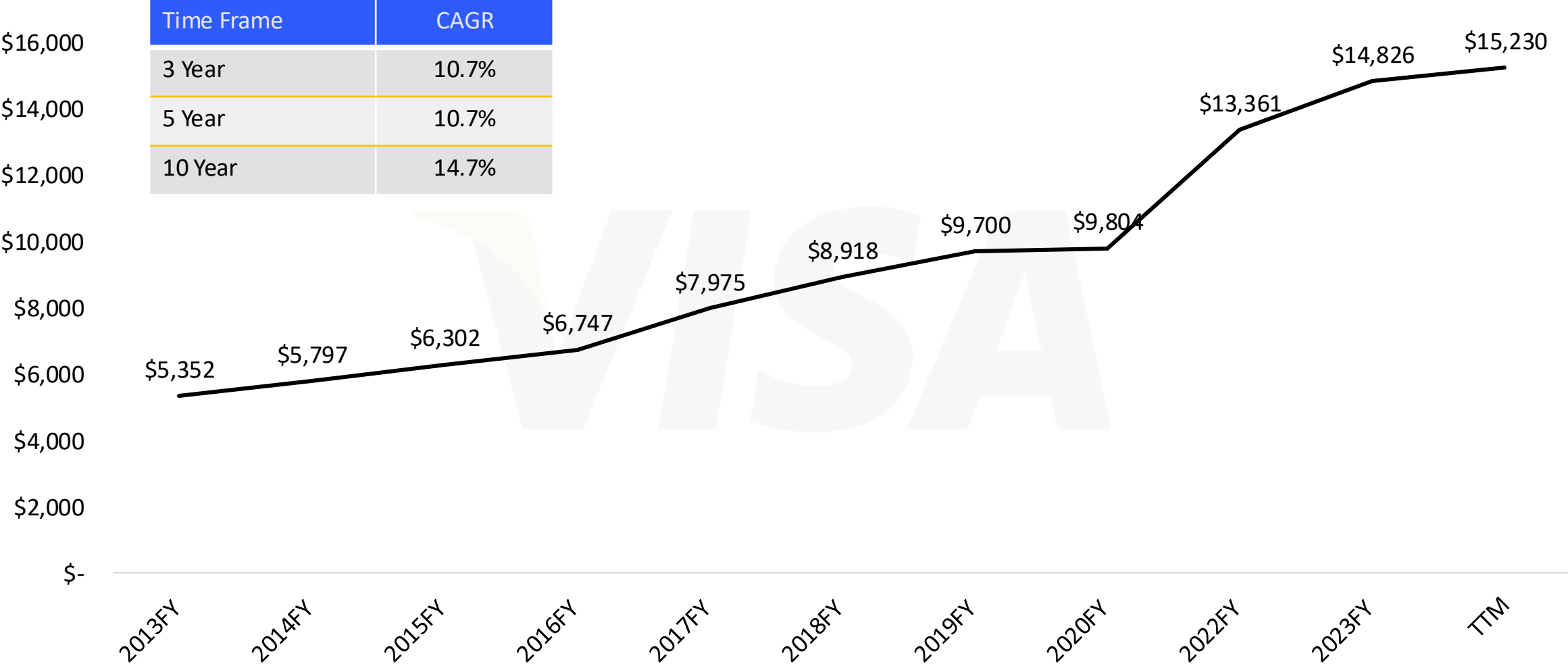


Service - Total Nominal Payments Volume





Services Revenue 10 Year





Data Processing Segment

Transaction Based Fees

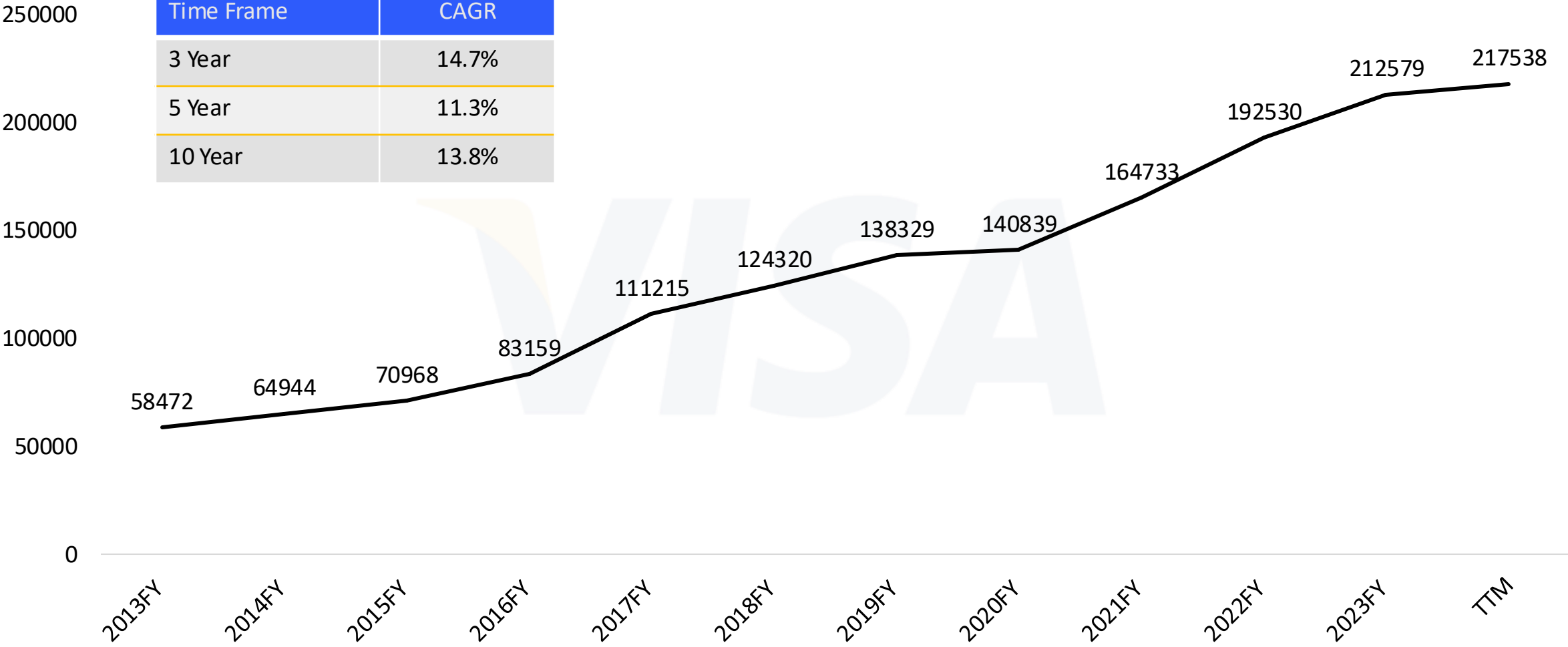
- Authorization Fees
- Clearing Fees
- Settlement Fees
- Network Access and Switching Fees
- Value-Added Services





Data Processing – Processed Transactions

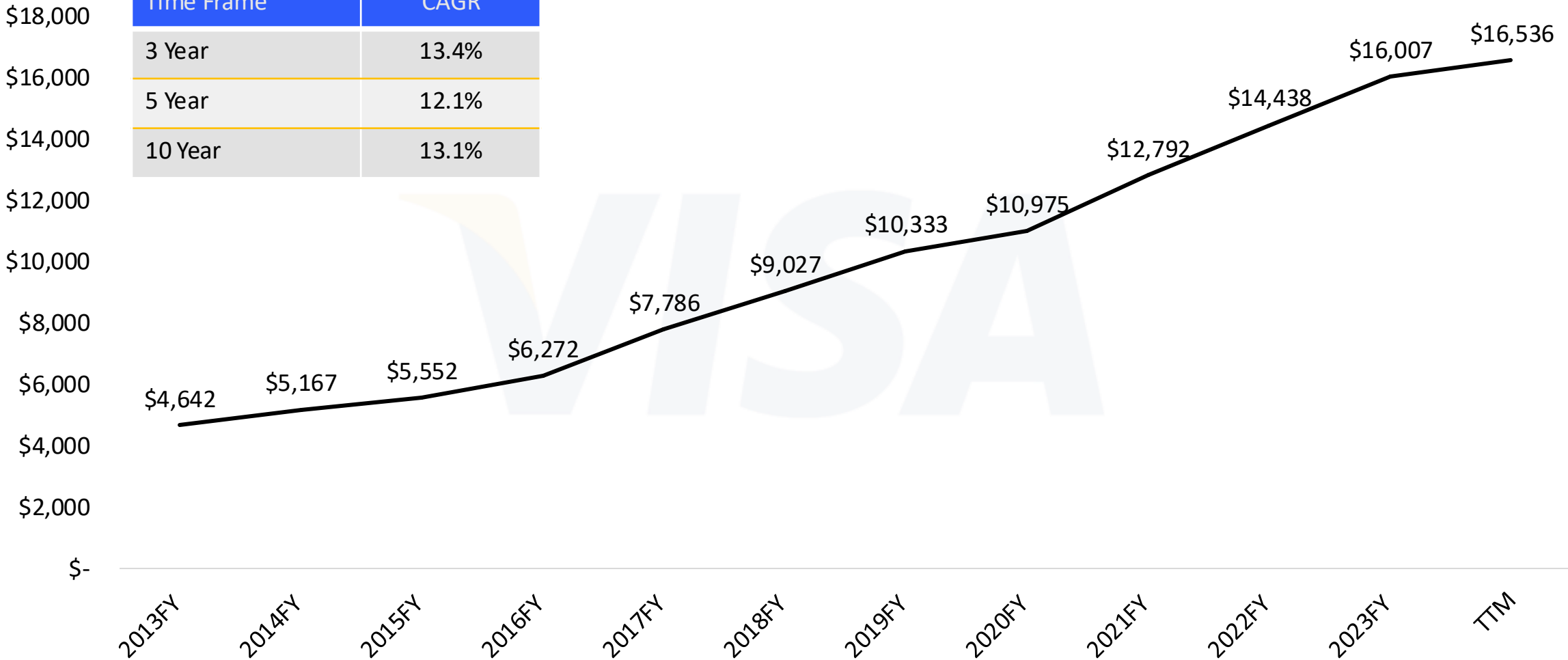
Time Frame	CAGR
3 Year	14.7%
5 Year	11.3%
10 Year	13.8%





Data Processing Revenue 10Y

Time Frame	CAGR
3 Year	13.4%
5 Year	12.1%
10 Year	13.1%

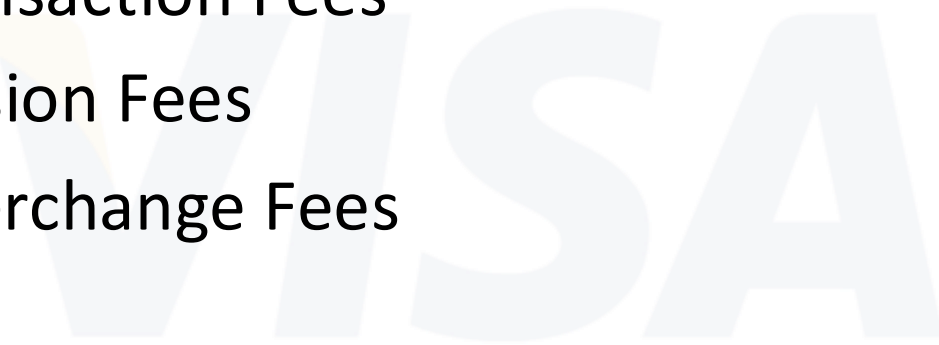




International Transactions Segment

International Transaction Fees:

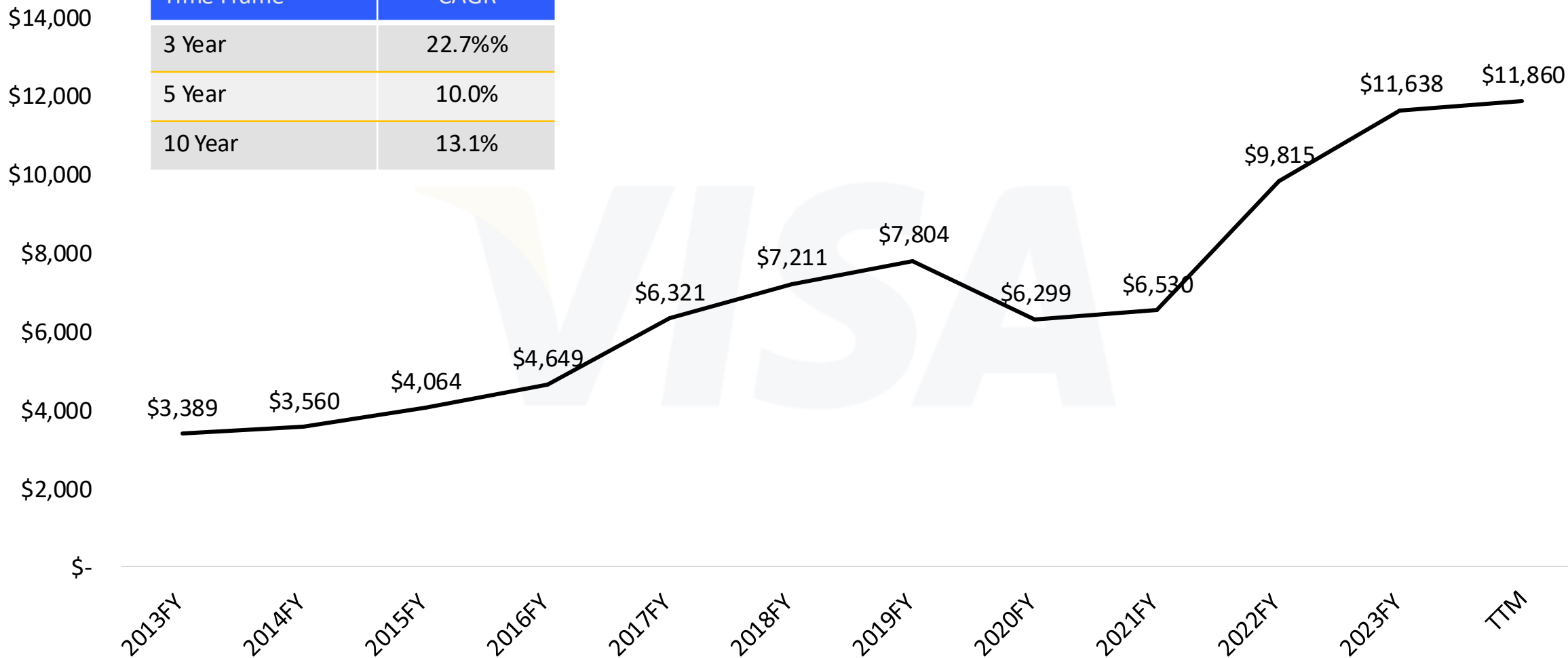
- Cross-Border Transaction Fees
- Currency Conversion Fees
- Cross-Border Interchange Fees
- Other





International Transactions Revenue 10 Year

Time Frame	CAGR
3 Year	22.7%%
5 Year	10.0%
10 Year	13.1%





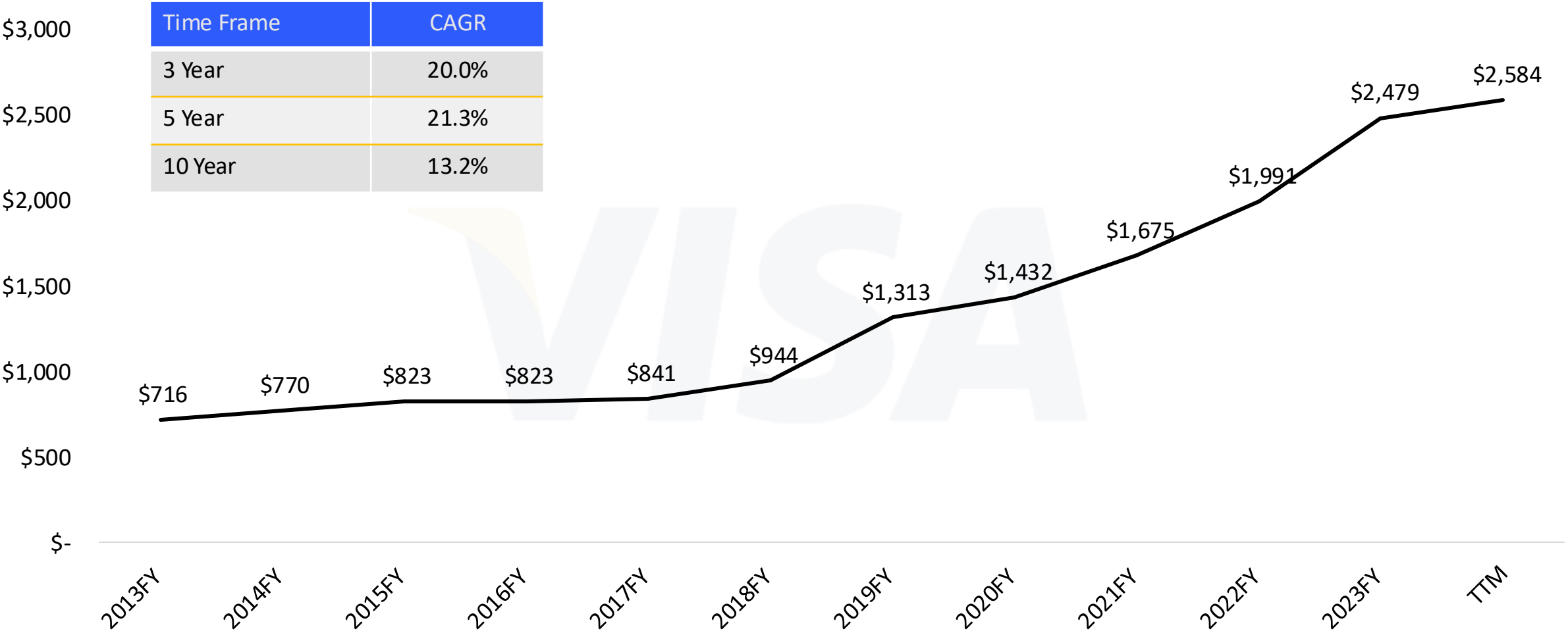
Other Revenues Segment

Other Revenues:

- Licensing Revenue
- Consulting and Professional Services
- Data & Analytics Services
- Strategic Investments & Ventures
- Non-Payment Initiatives



Other Revenue 10 Year





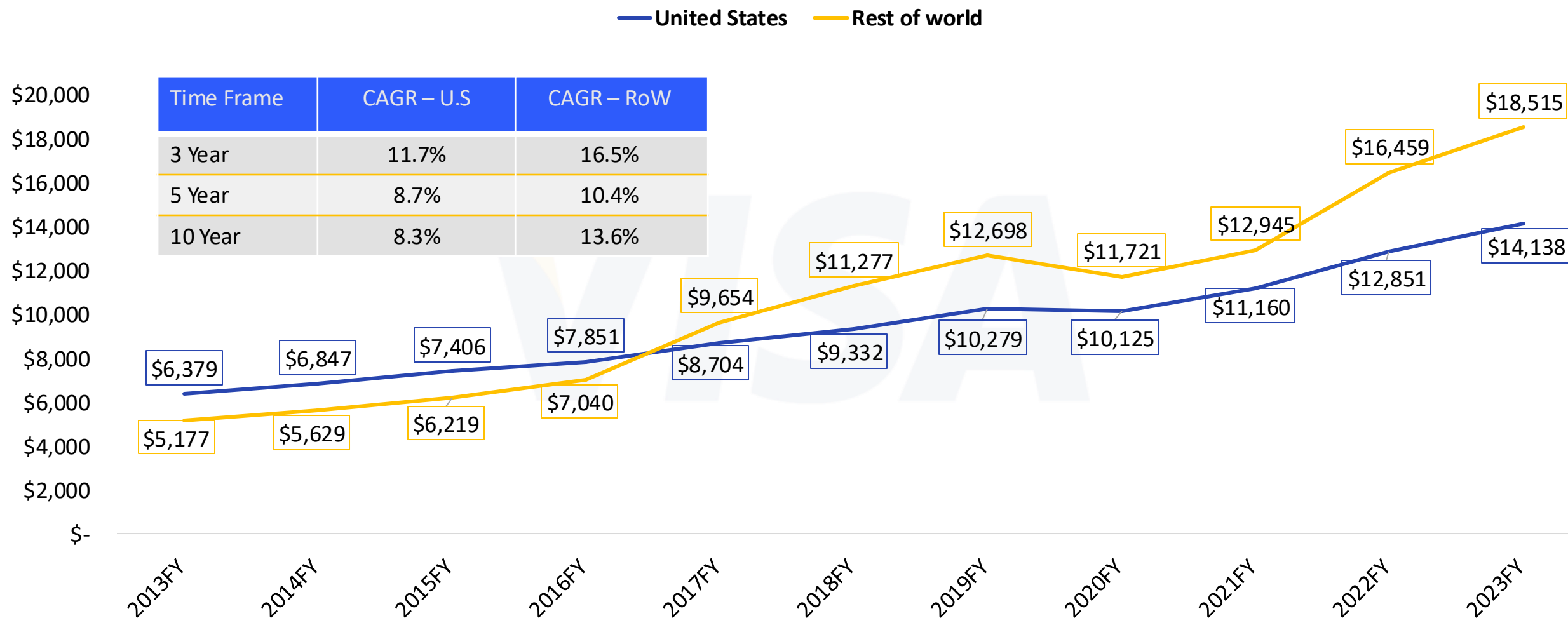
Client Incentives Segment

Incentives:

- Issuer Incentives
- Merchant Incentives
- Co-Marketing Programs
- Promotional campaigns
- Volume-Based Discounts



Geographical Revenue Breakdown *In Millions*



Interpretation Of Financial Statements & Capital Allocation

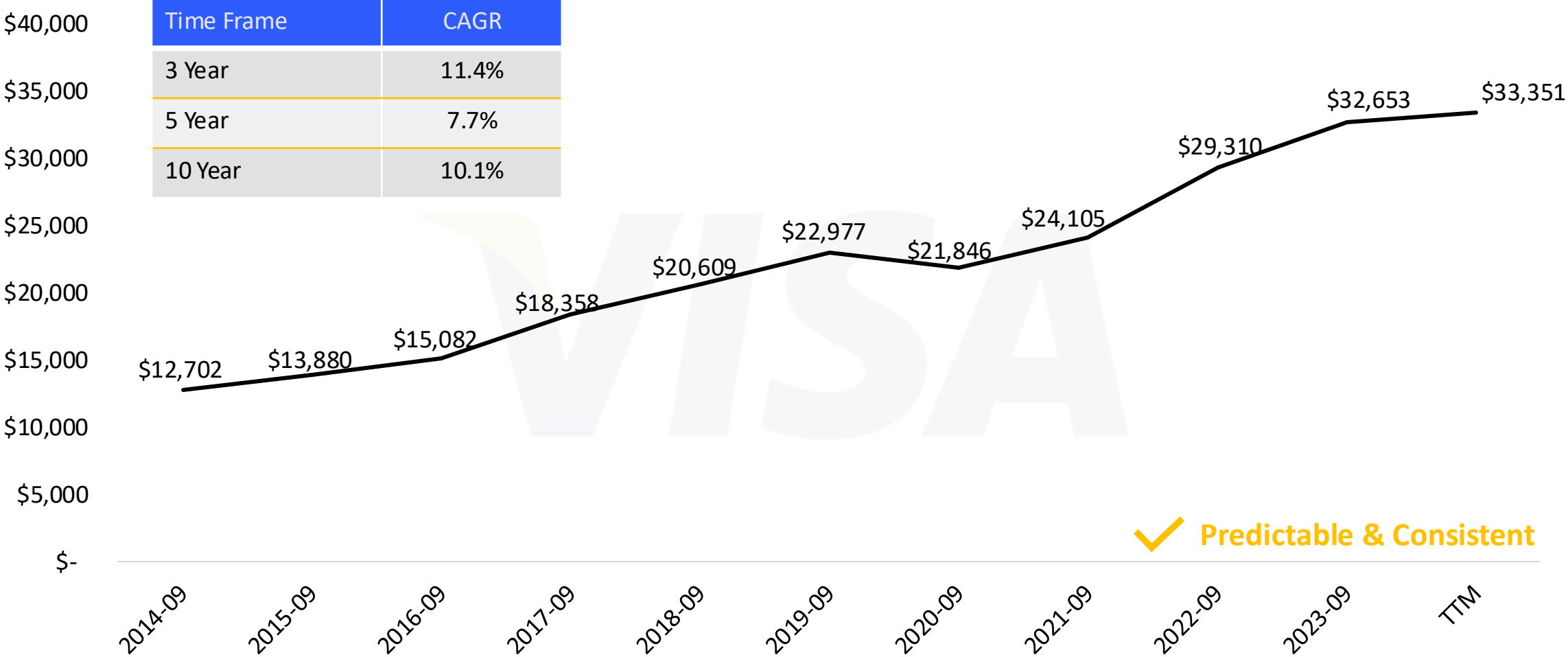


Carson Alldredge



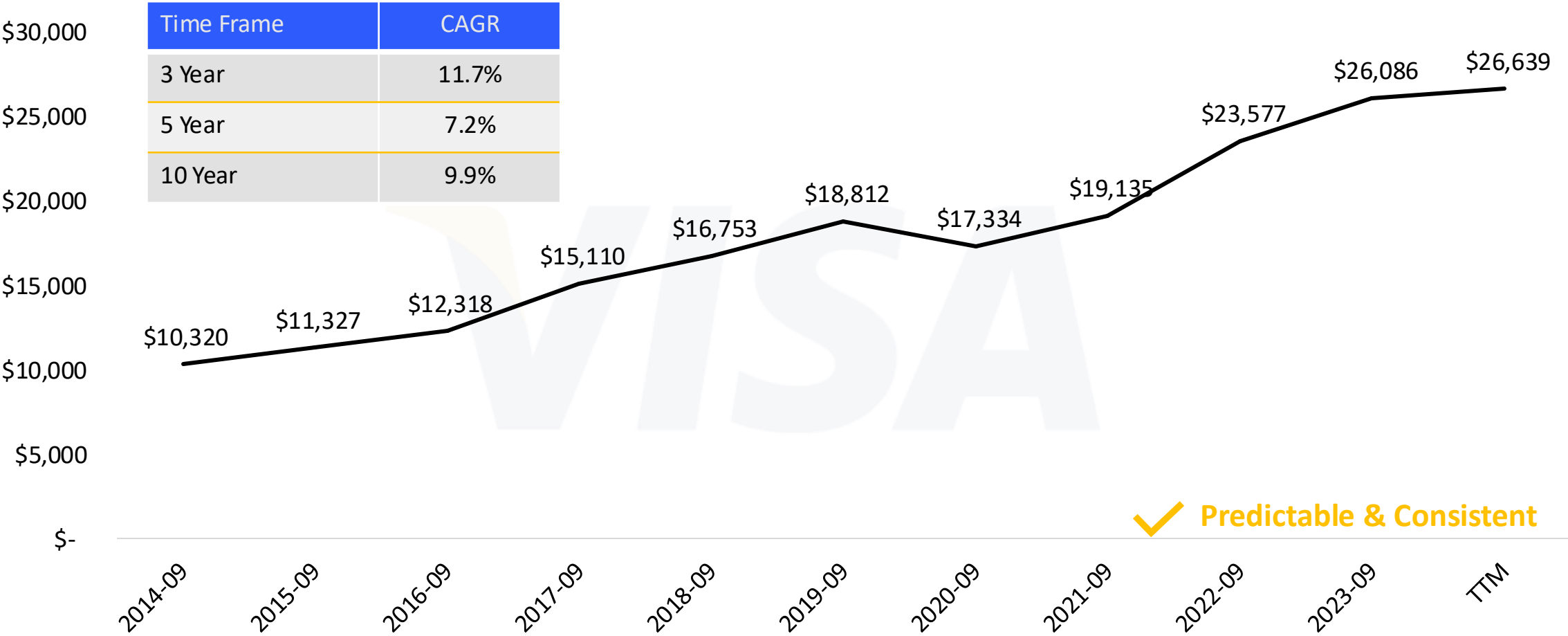


Revenue *in millions*





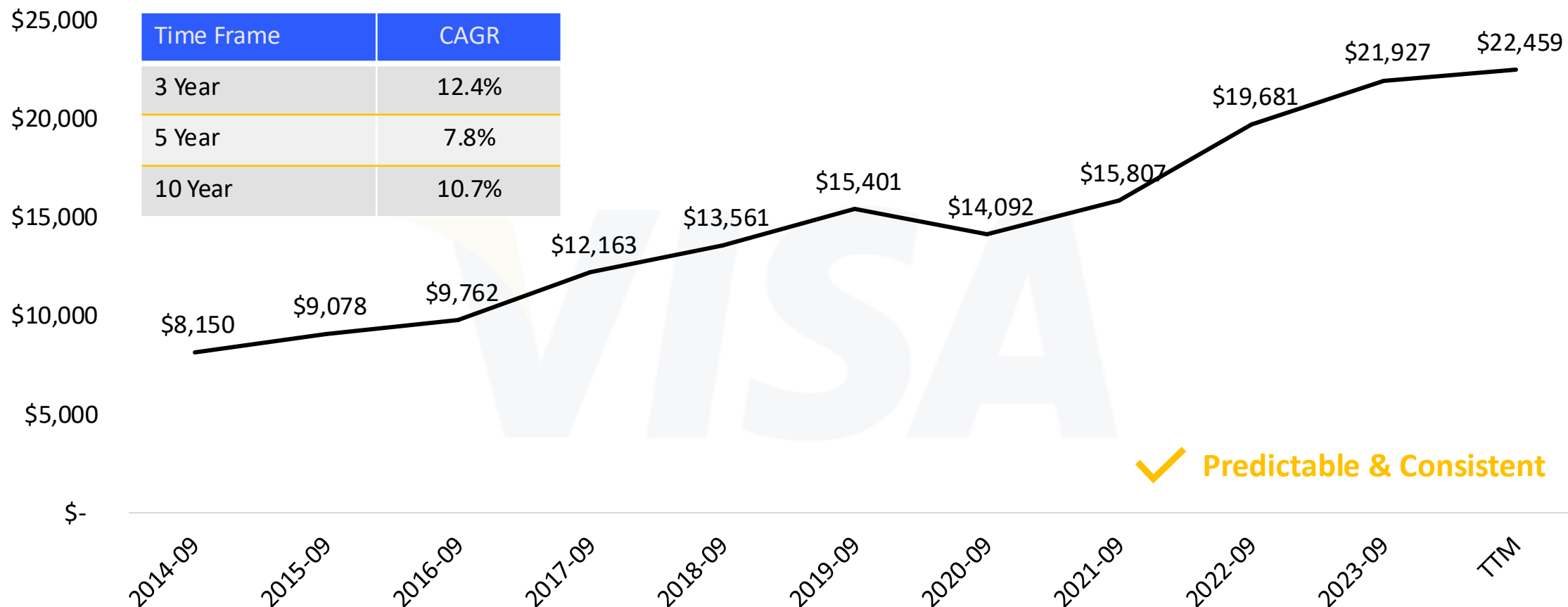
Gross Profit *in millions*



Gross Profit = Revenue – Cost of Goods Sold



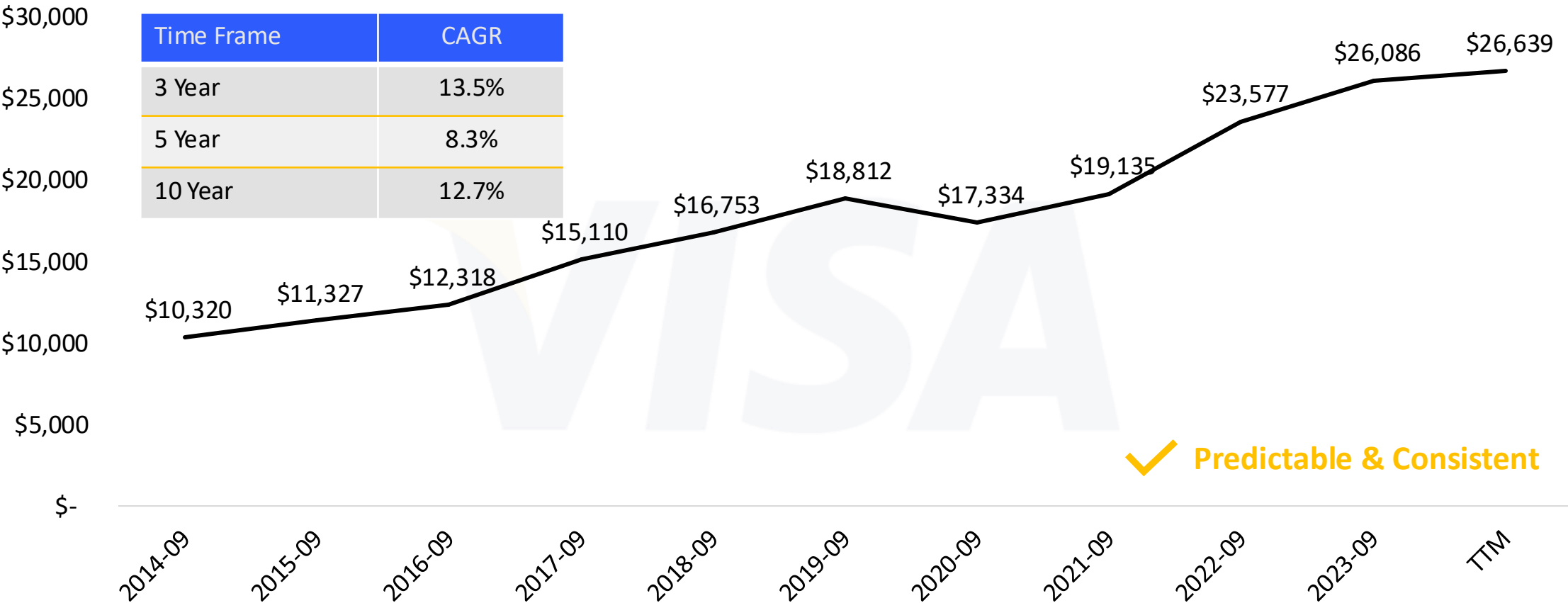
Operating Income *in millions*



Operating Income = Gross profit – Operating Expenses



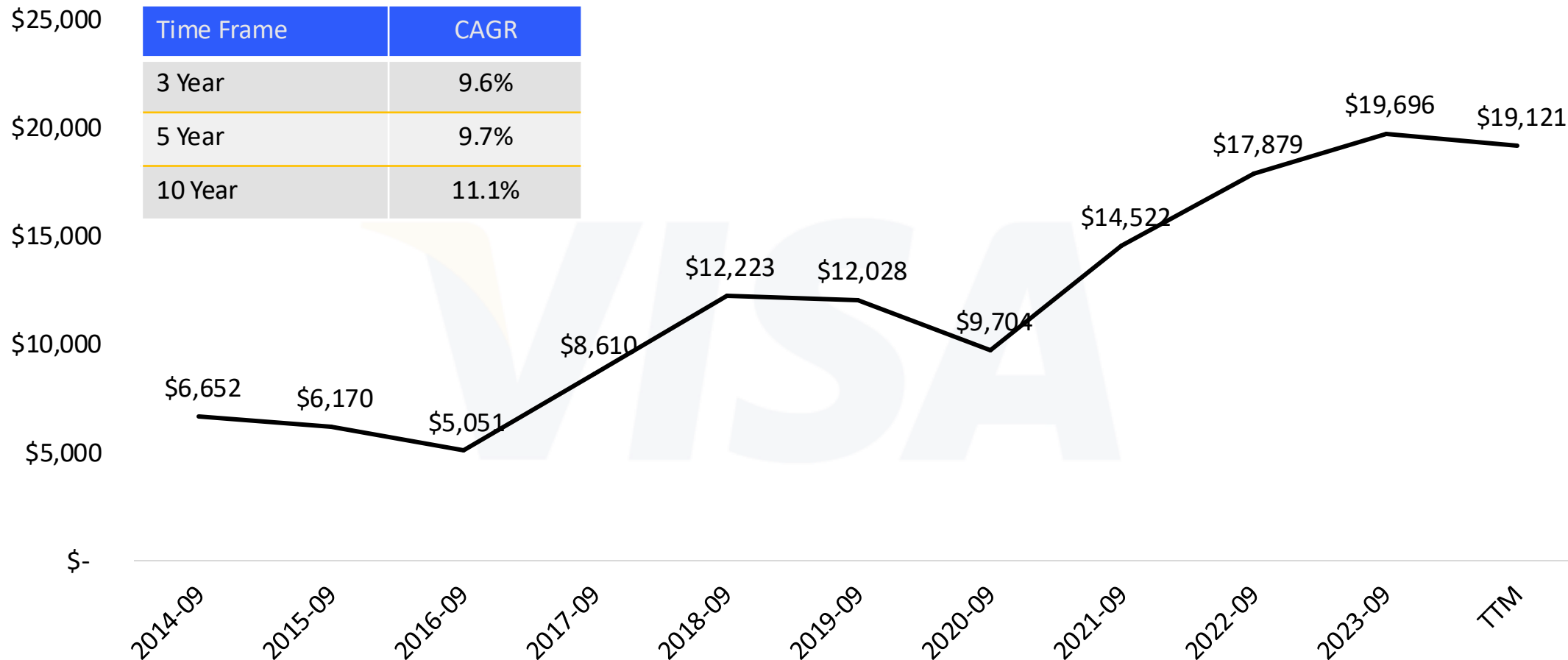
Net Income *in millions*



Net Income = Total Revenue – Total Expenses



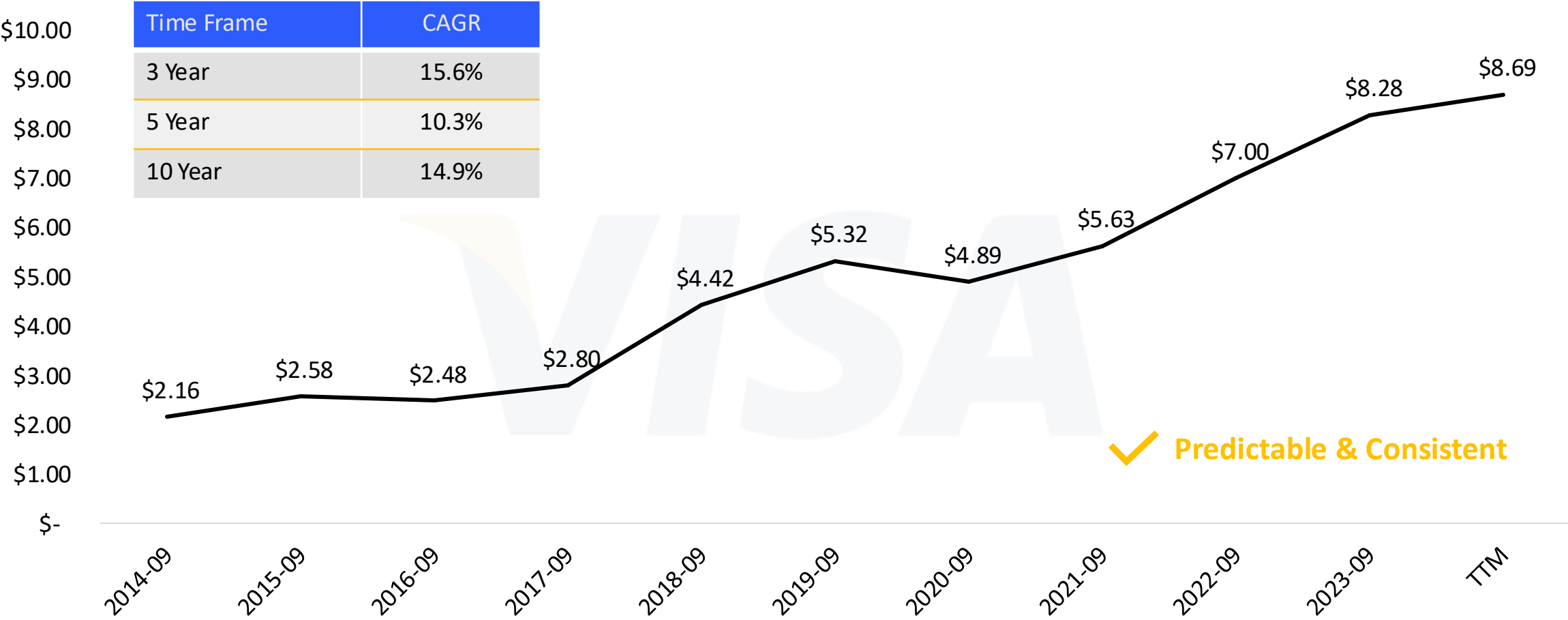
Free Cash Flow *in millions*



Free Cash Flow = Operating Cash Flow – Capital Expenditures



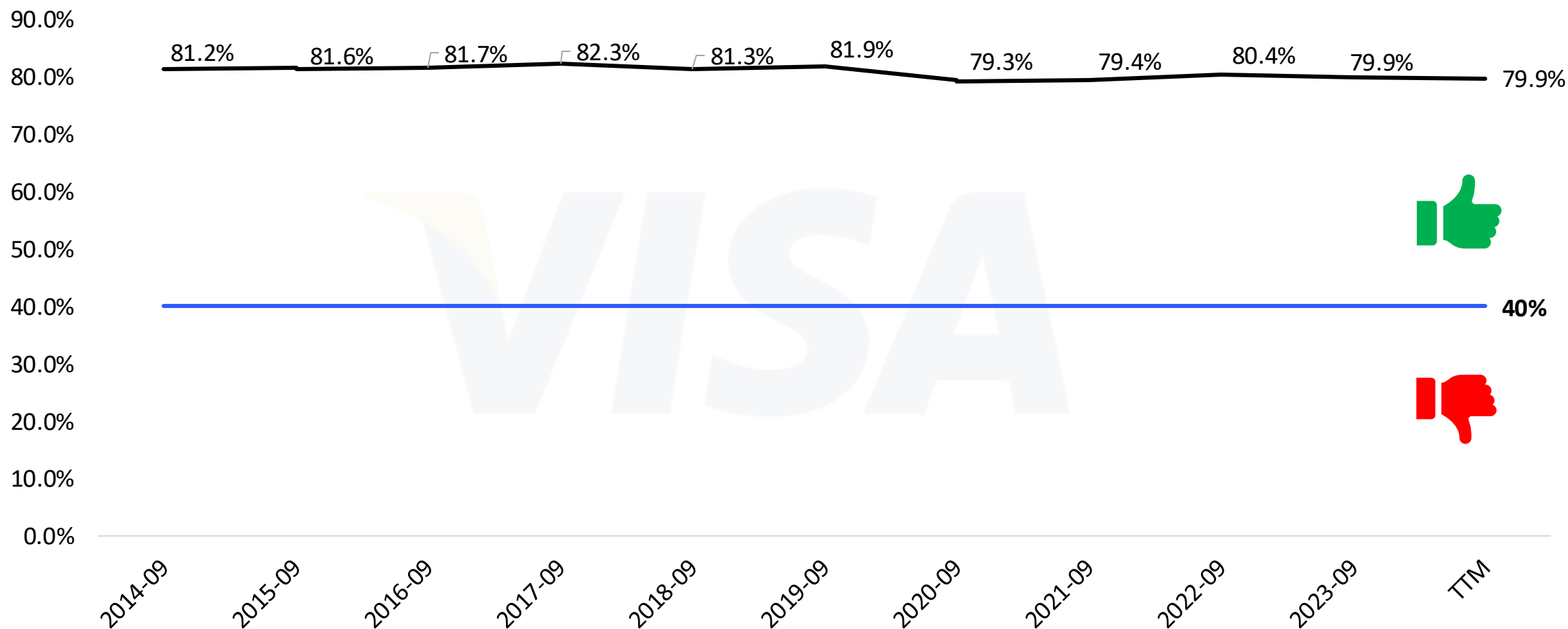
Earnings Per Share



Earnings Per Share = (Net Income / Shares Outstanding)



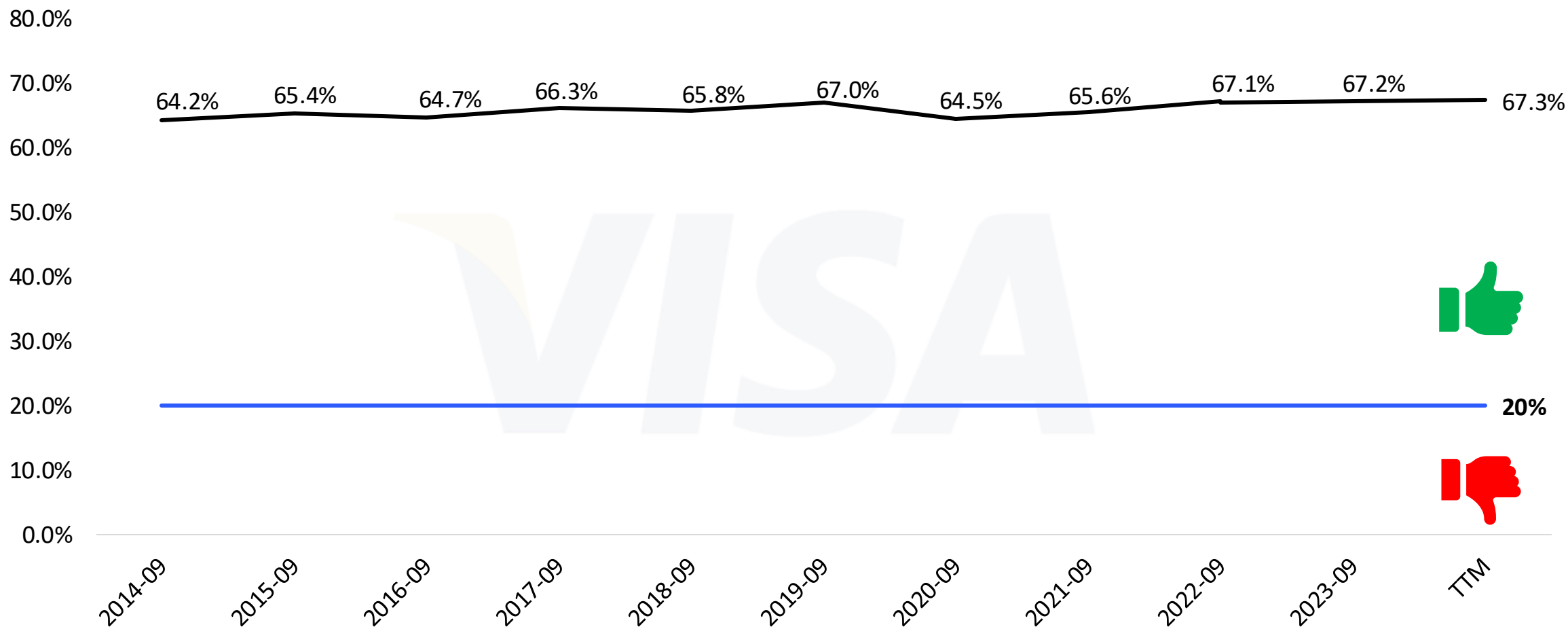
Gross Margin



Gross Margin = Gross Profit / Revenue



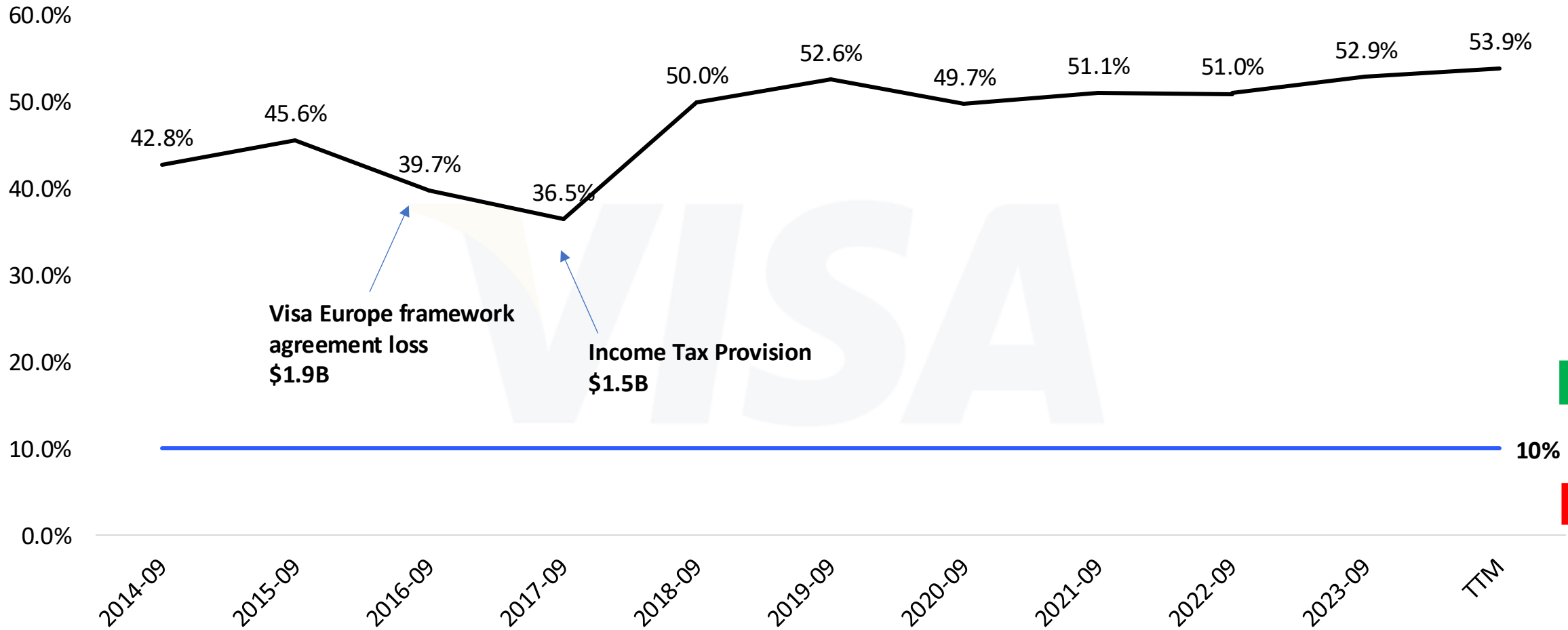
Operating Margin



Operating Margin = Operating Income / Net Sales

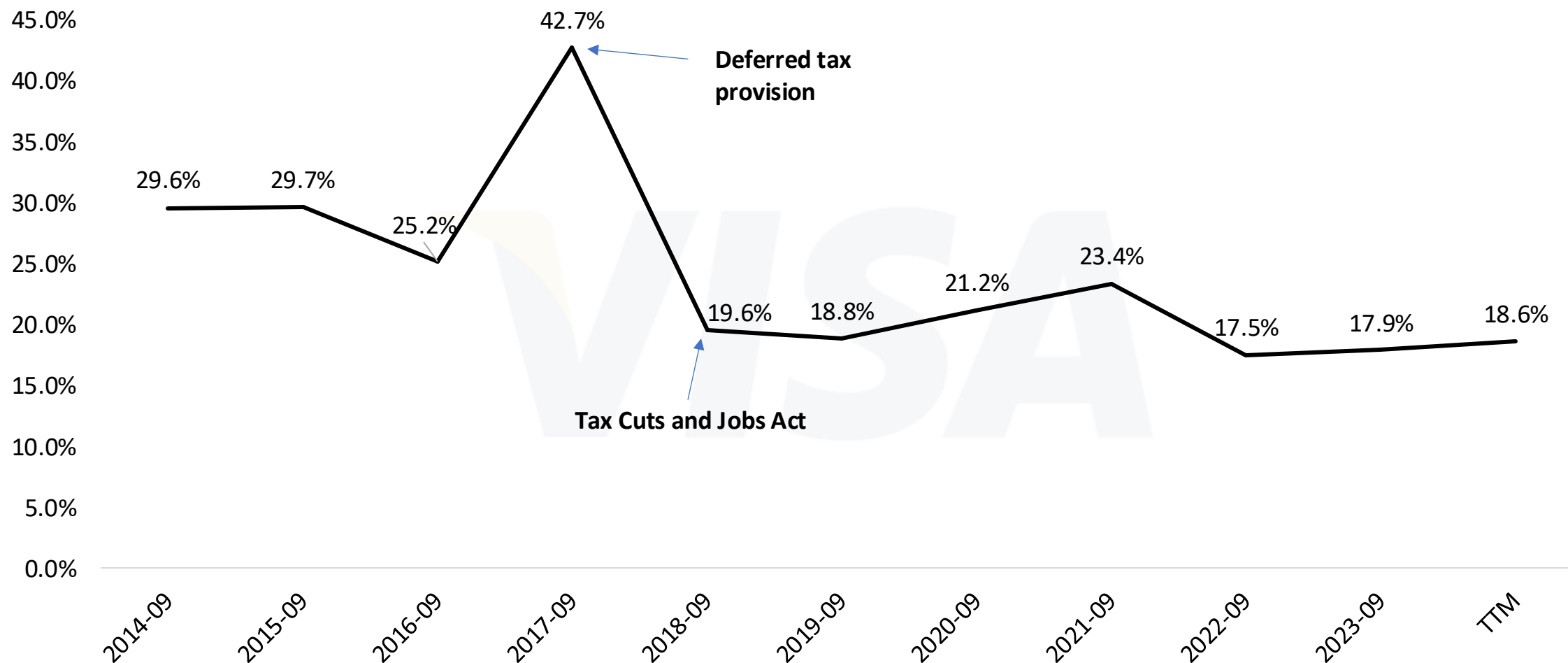


Net Margin



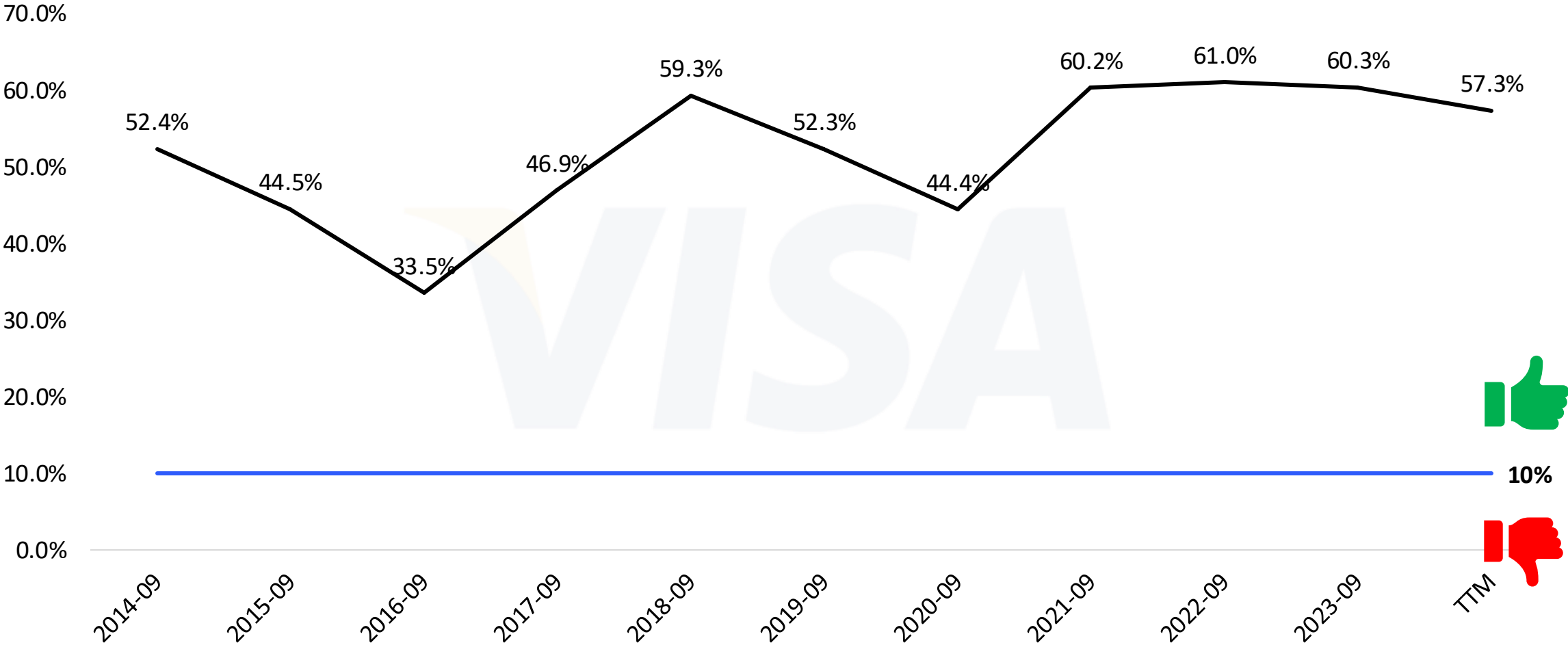


Tax Rate





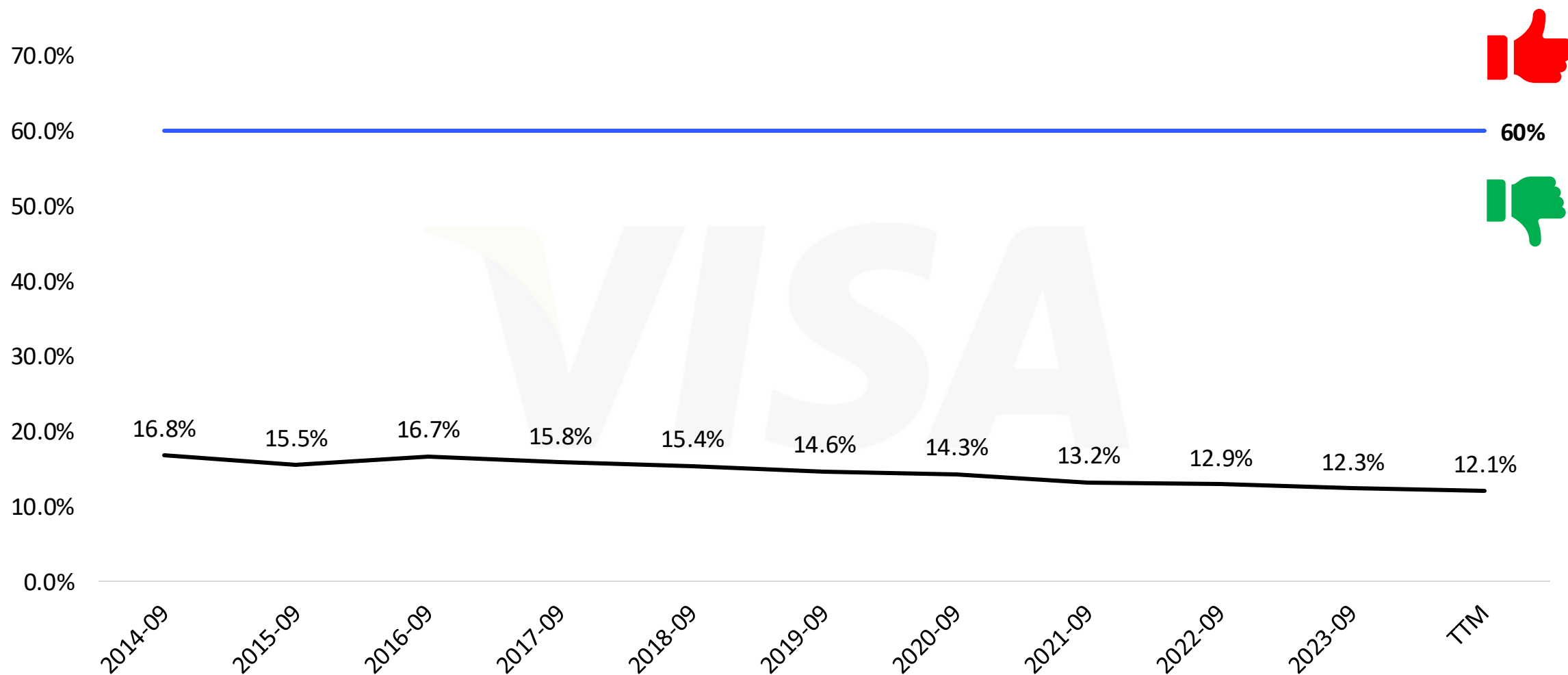
Free Cash Flow Margin



$$\text{FCF Margin} = (\text{Operating Cash Flow} - \text{CAPEX}) / \text{Revenue}$$

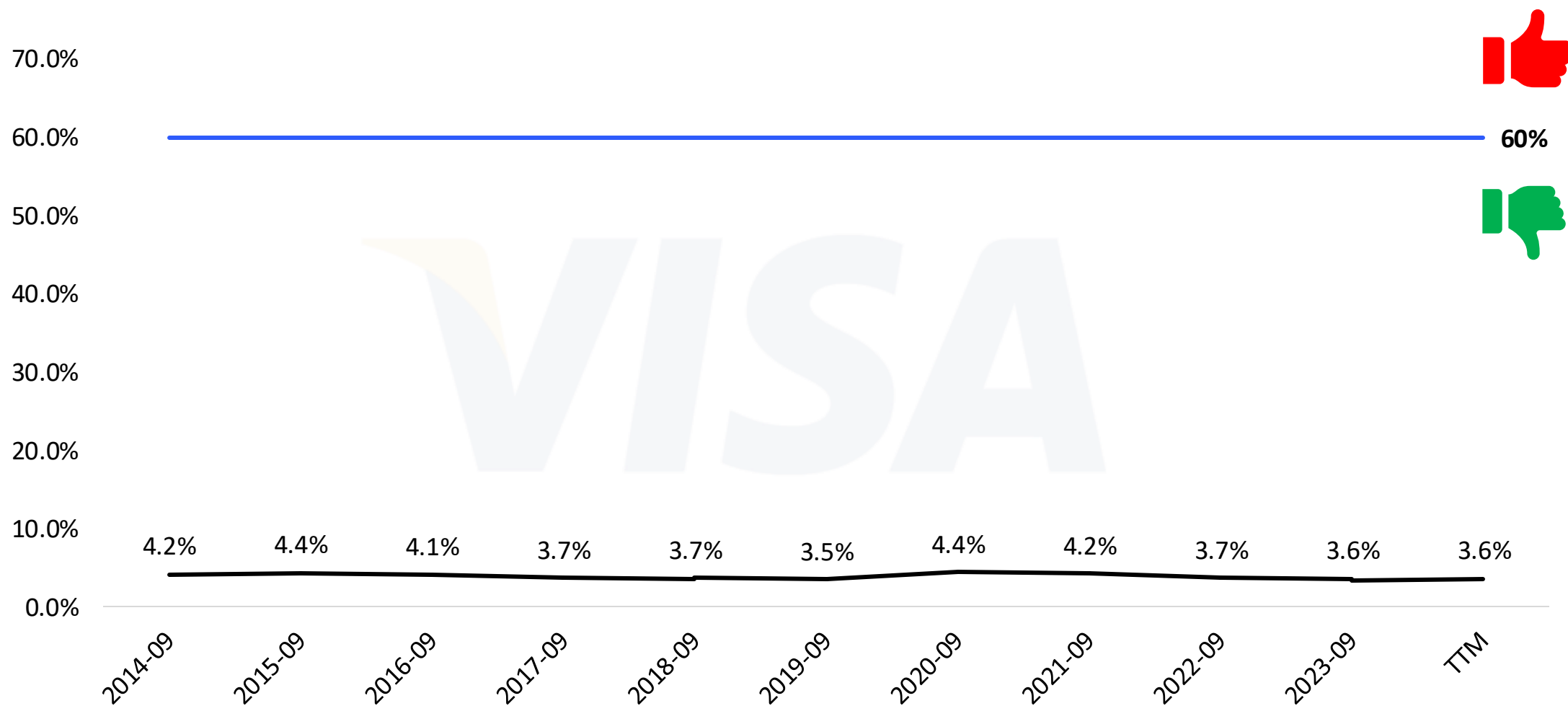


Selling General Admin. (SGA) / Gross Profit



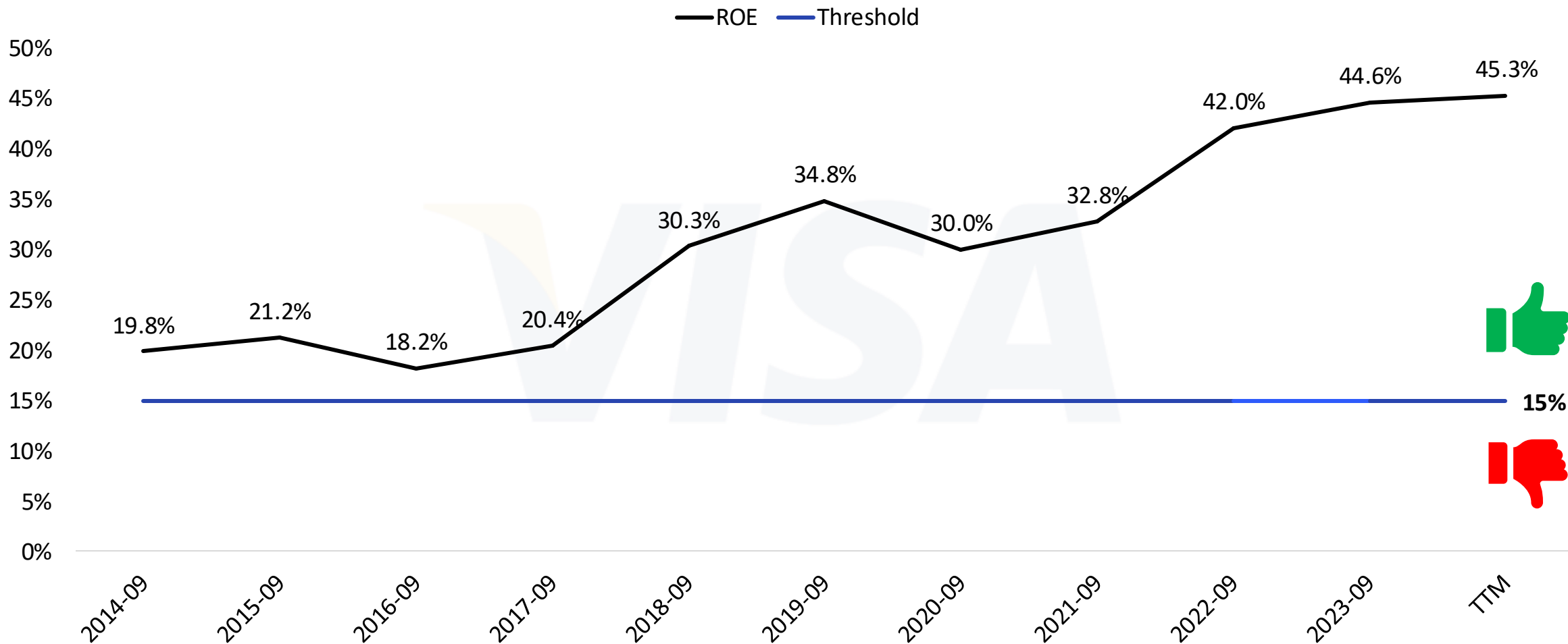


Depreciation & Amortization/ Gross Profit





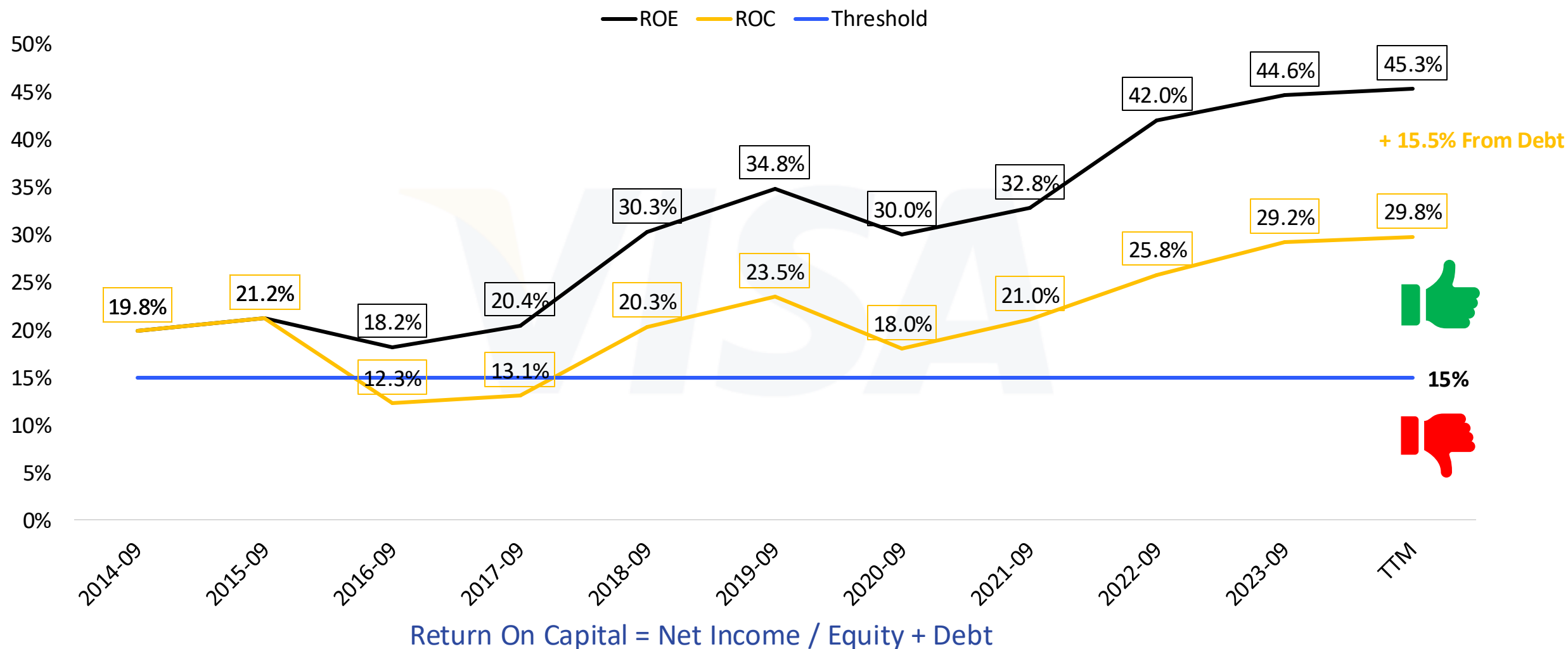
Return On Equity



Return On Equity = Net Income / Equity



Return On Equity & Return On Capital





Obligation Ratio Current

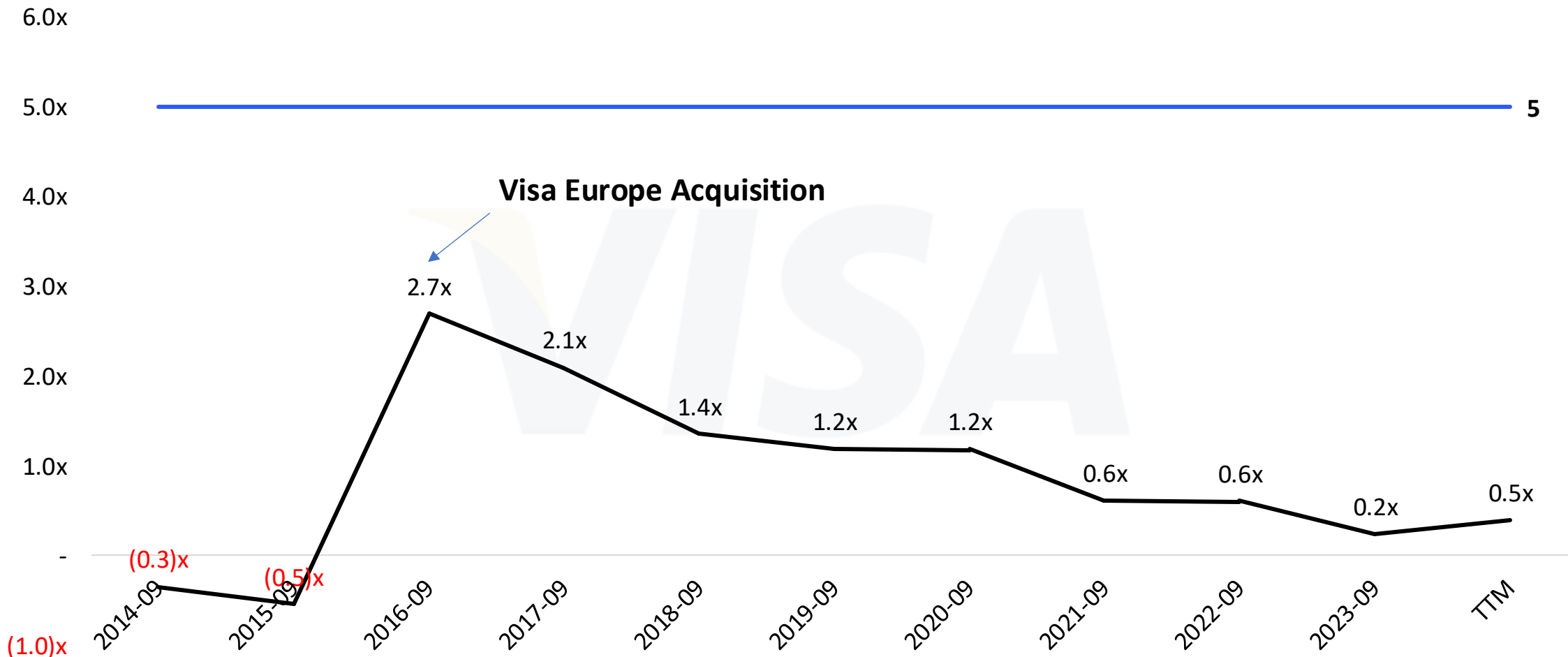
Item	Amount
(+) Long-Term Debt	\$20.7 billion
(+) Short Term Debt	\$0
(+) Preferred Stock	\$1.7 billion
(+) Pension Funding Shortfall	\$0
(+) Annualized Leases * 7	\$714 million
(-) Cash	\$13.6 billion
(/) TTM Net Income	\$17.9 billion

Obligation Ratio: 0.53x 

Source: Value Line (2/2/2024)

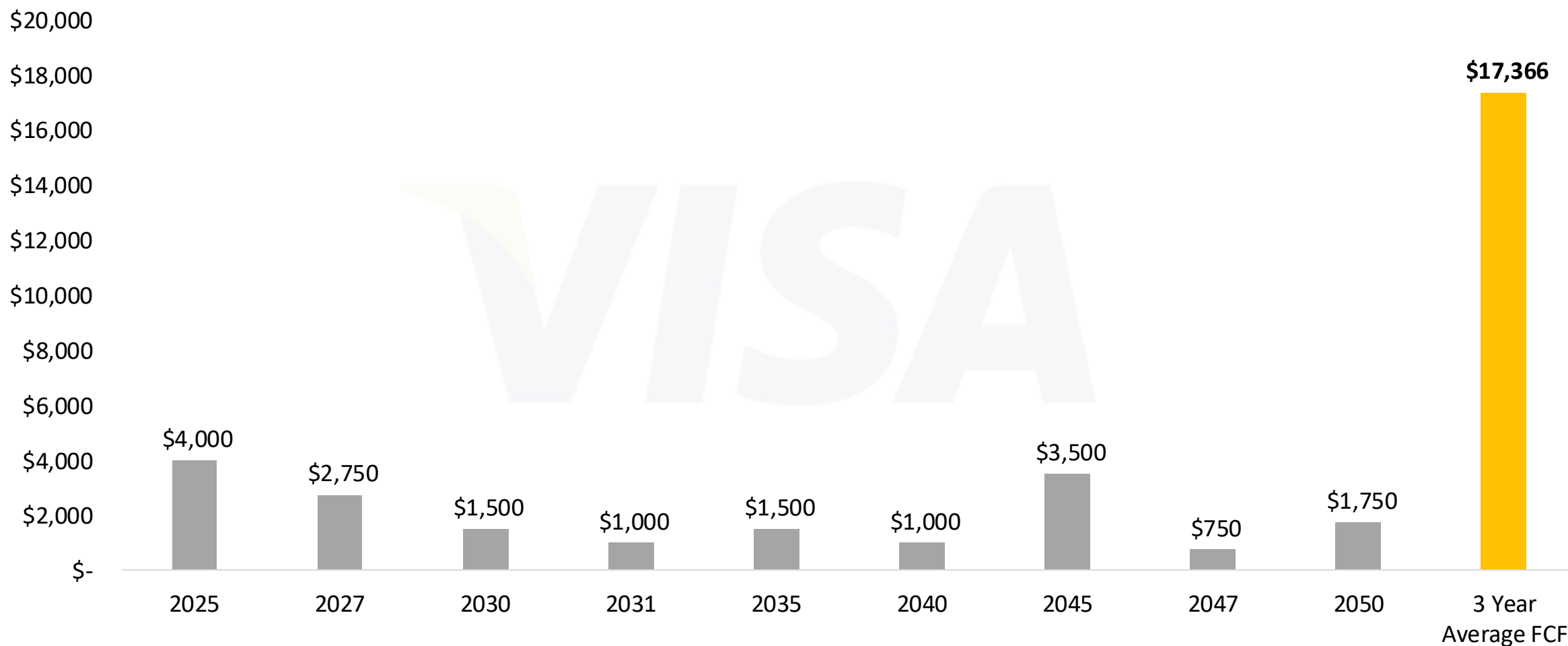


Obligation Ratio 10Y





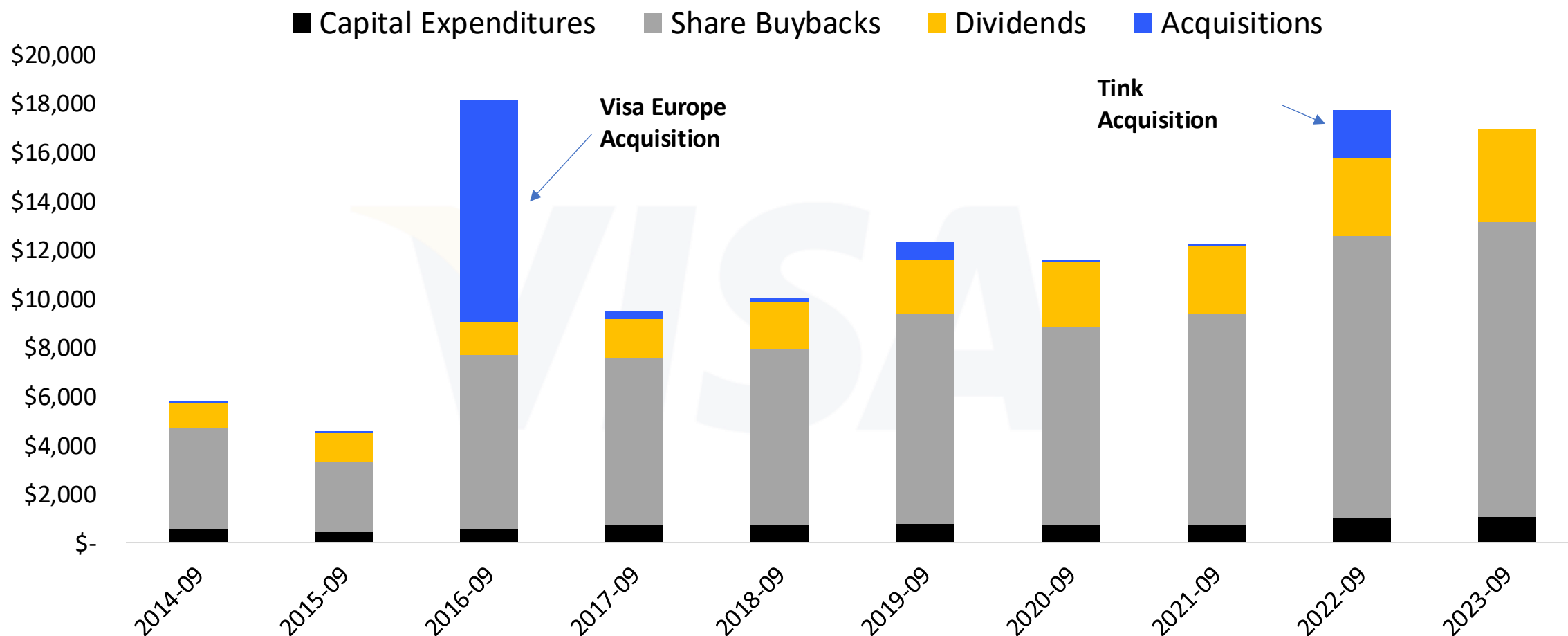
Debt Maturity Schedule *in millions*





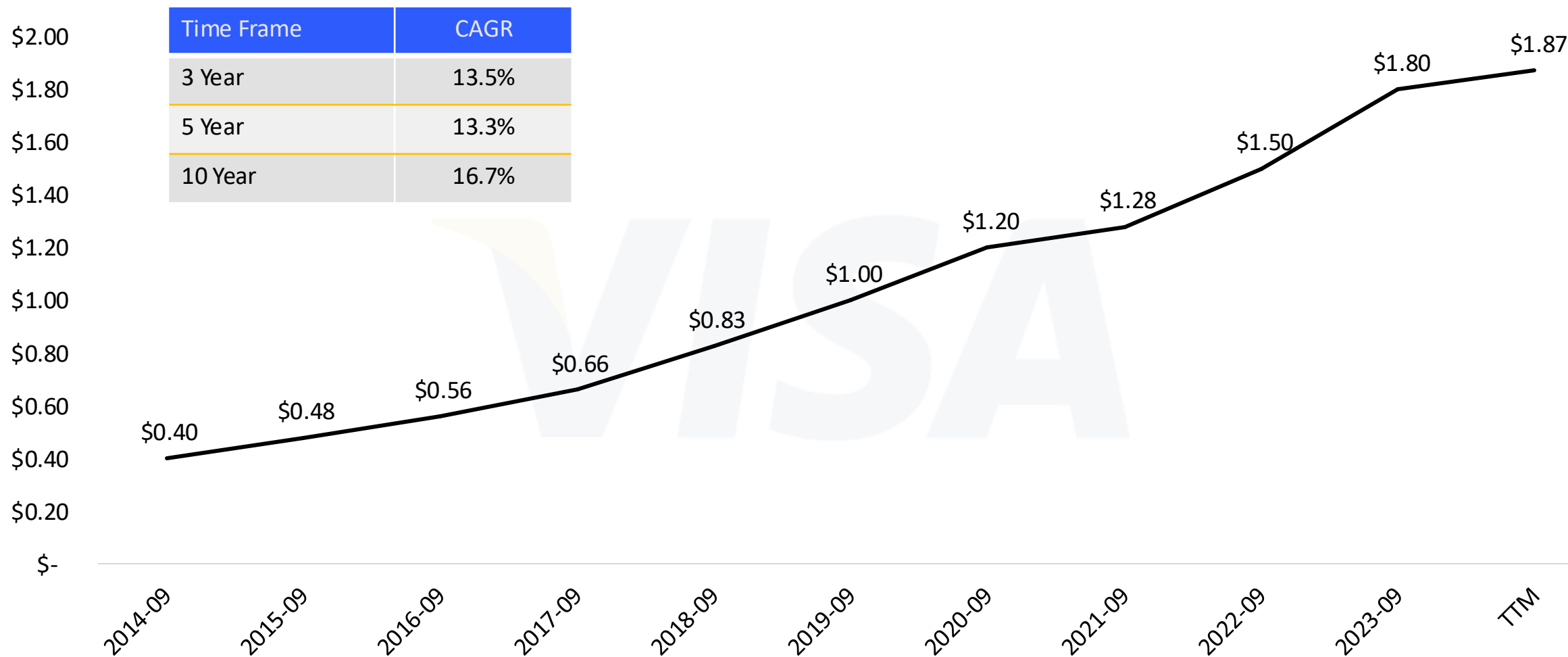
Capital Allocation – Capital Spending

in millions



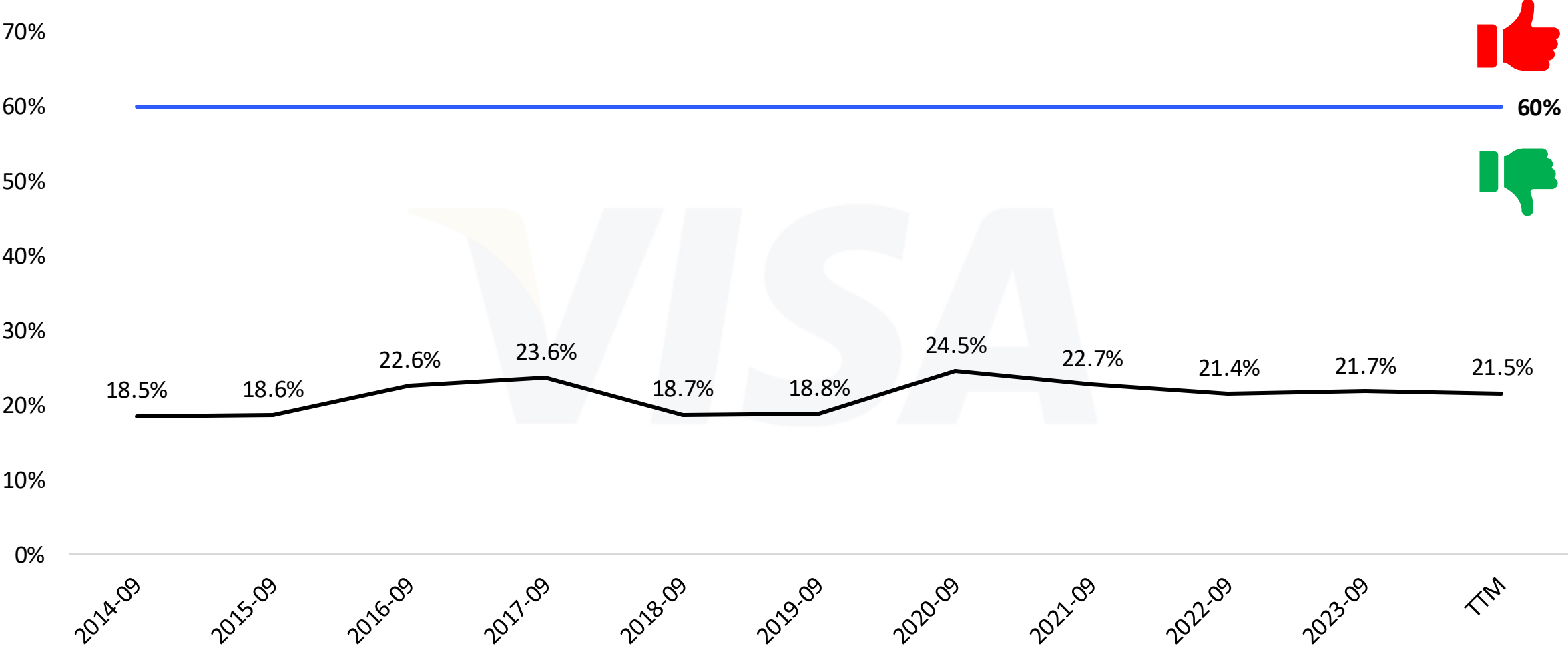


Capital Allocation – Dividends Per Share



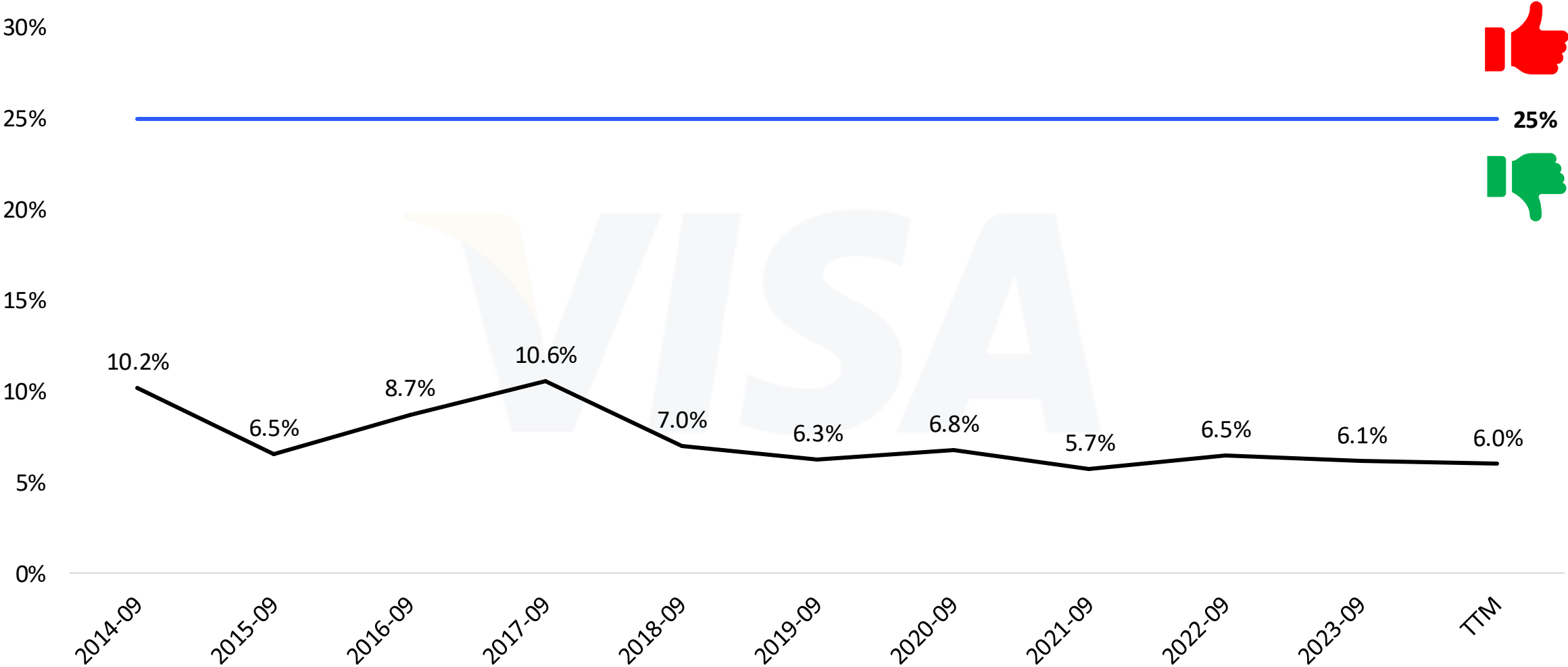


Capital Allocation – Dividend Payout Ratio



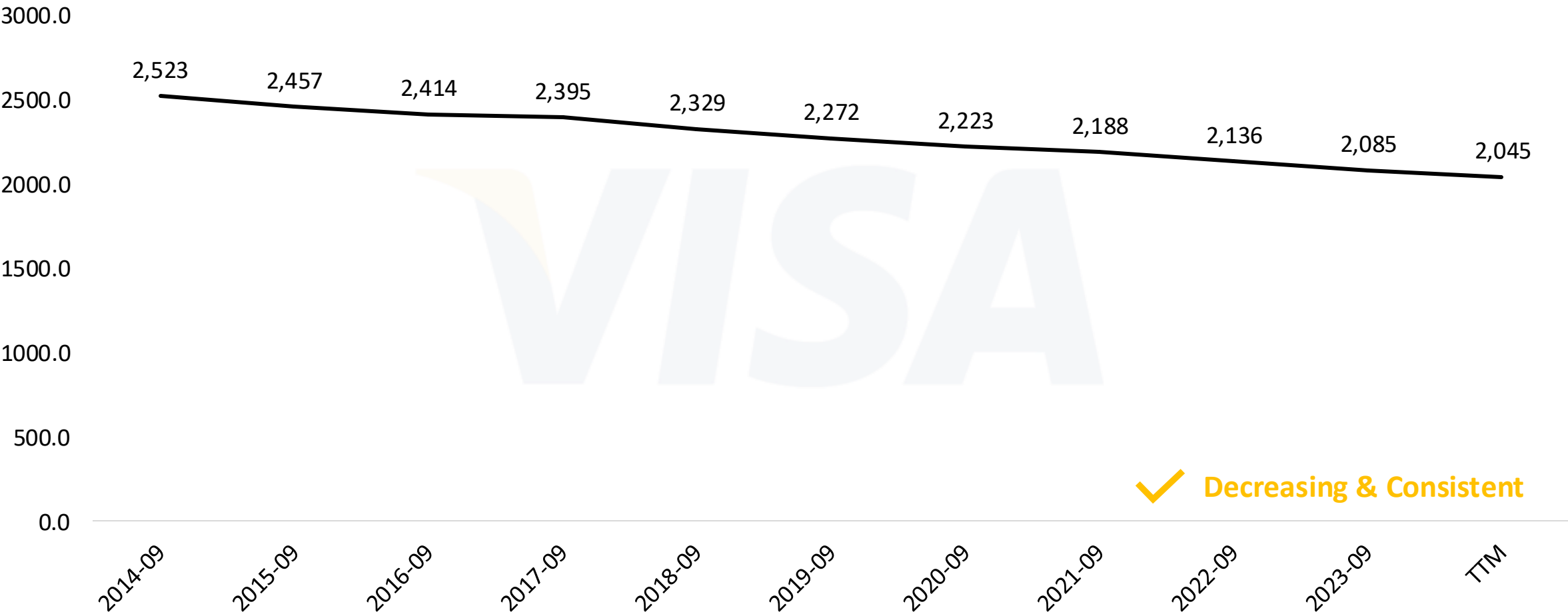


Capital Allocation – CAPEX/ Net Income





Capital Allocation - Shares Outstanding





Capital Allocation - Acquisitions

- 2011 acquires Fundamo for \$110 Million
- 2016 acquired Visa Europe for \$23.4 Billion
- 2019 acquired Verifi which integrates into risk management serv.
- 2022 acquired Tink which enables customers to better control their financial experiences

Economic Moat

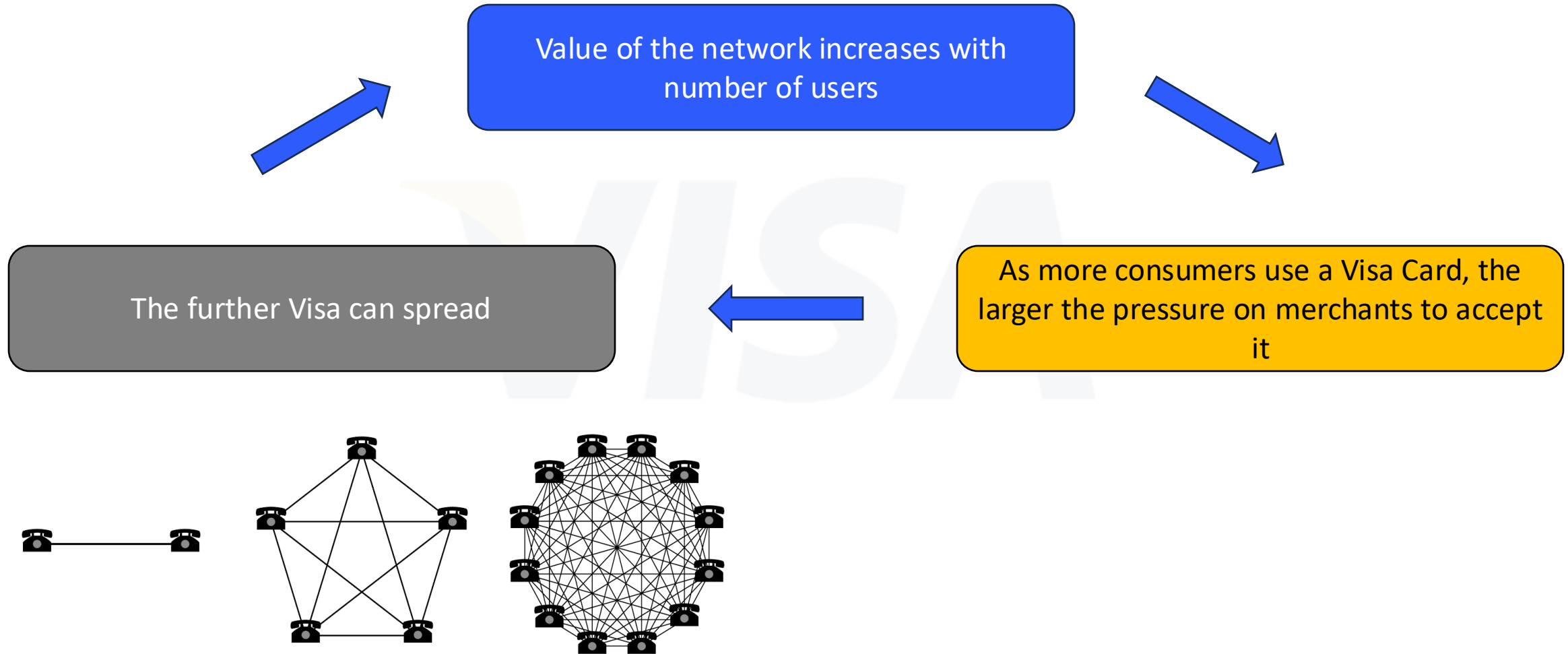


Joaquin Rodriguez





Network Effect

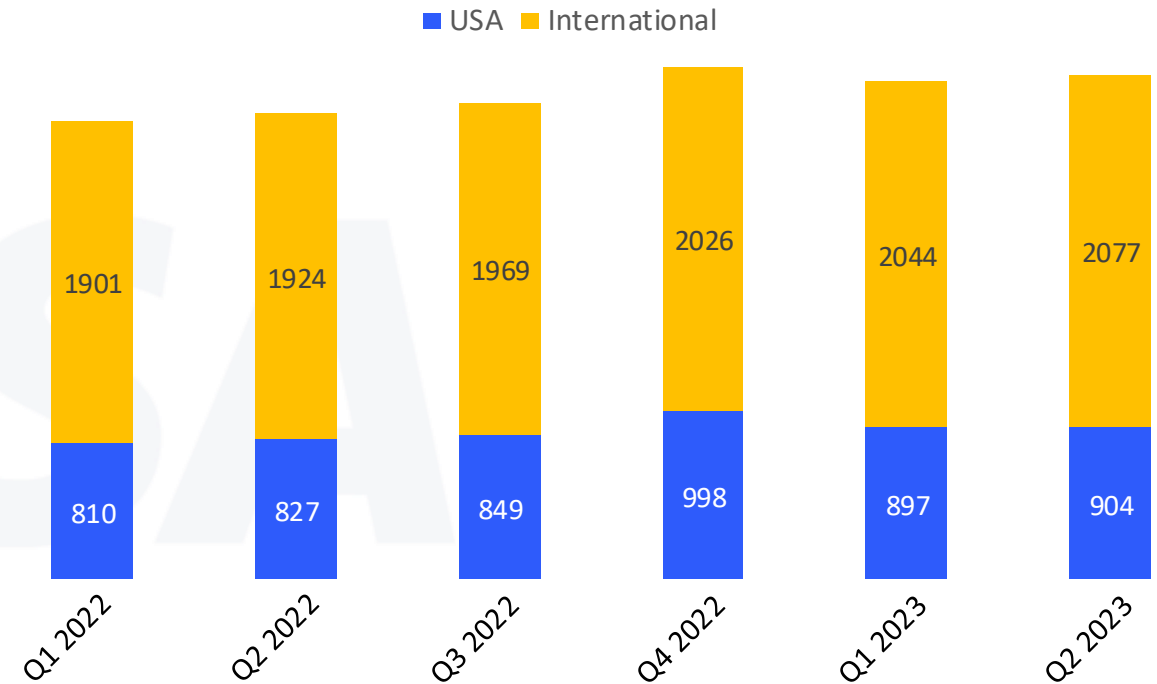




Switching Costs

- The Average cash transaction is \$22, while the average credit card transaction is \$112
- In Q2 2023, there were 2,981 (*In Millions*) Visa Debit Cards in Circulation
- Merchants are forced to make 2 choices

Visa Debit Cards in Circulation



Competitor Analysis

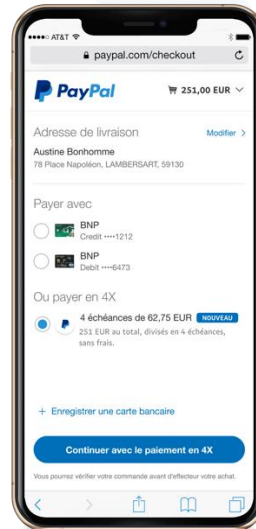


Pablo Samanez





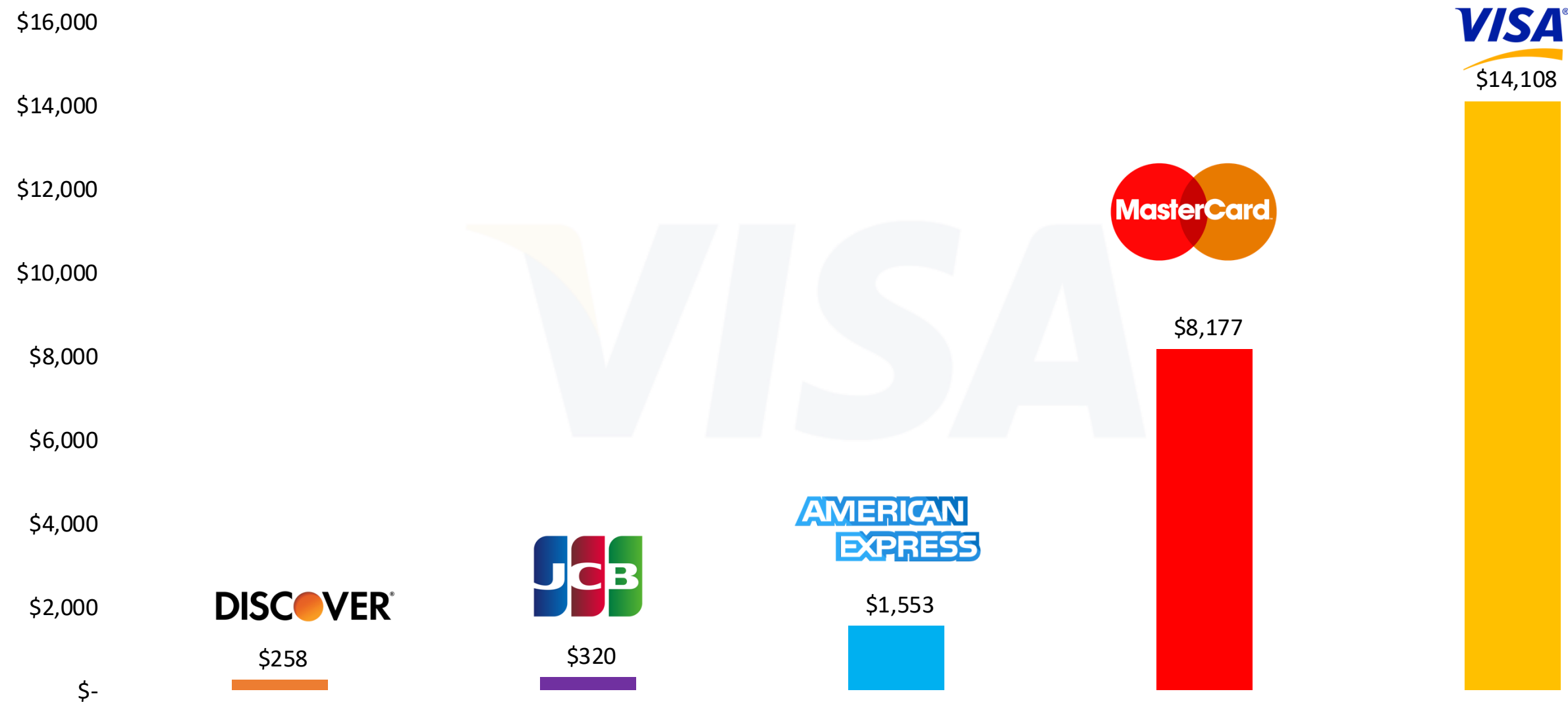
Visa Competitors



VISA

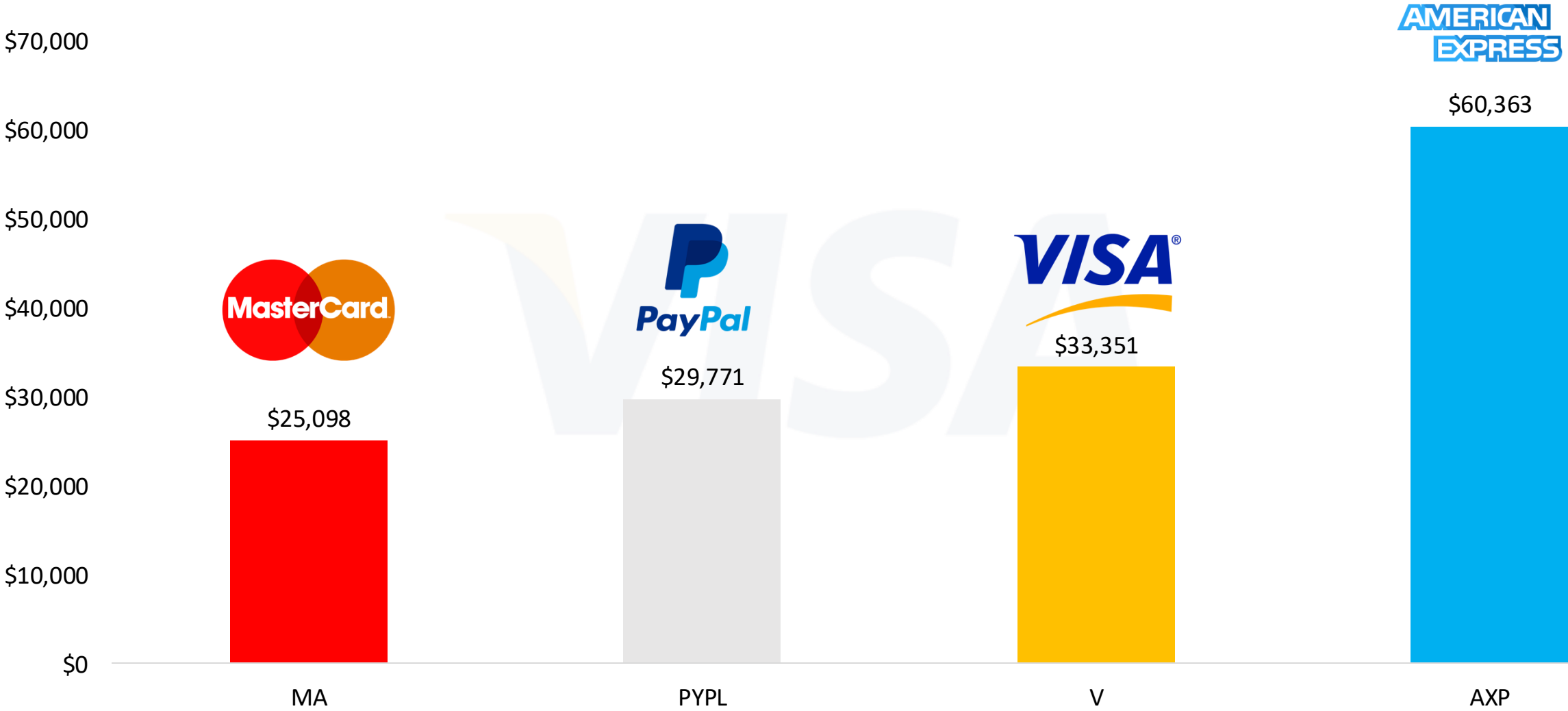


Total Payments Volume *In Billions*



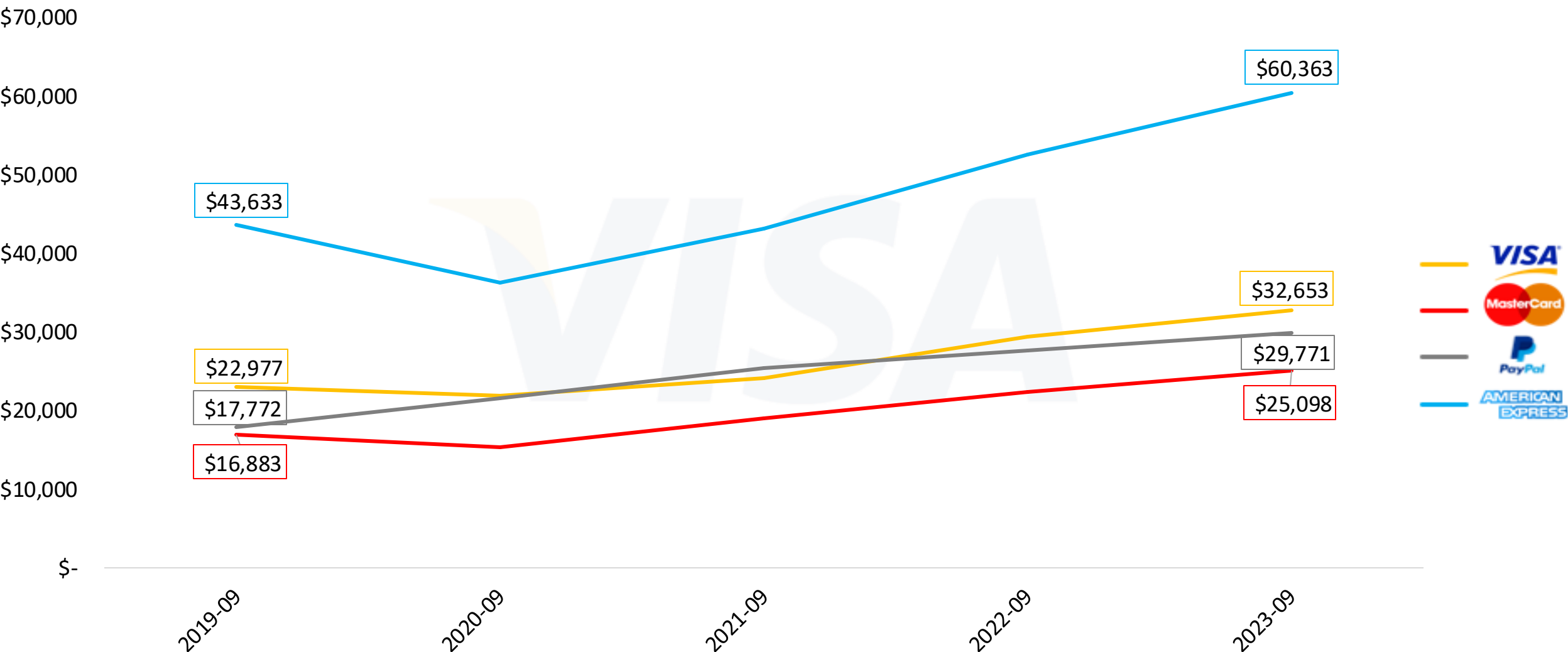


Revenue *In Millions*



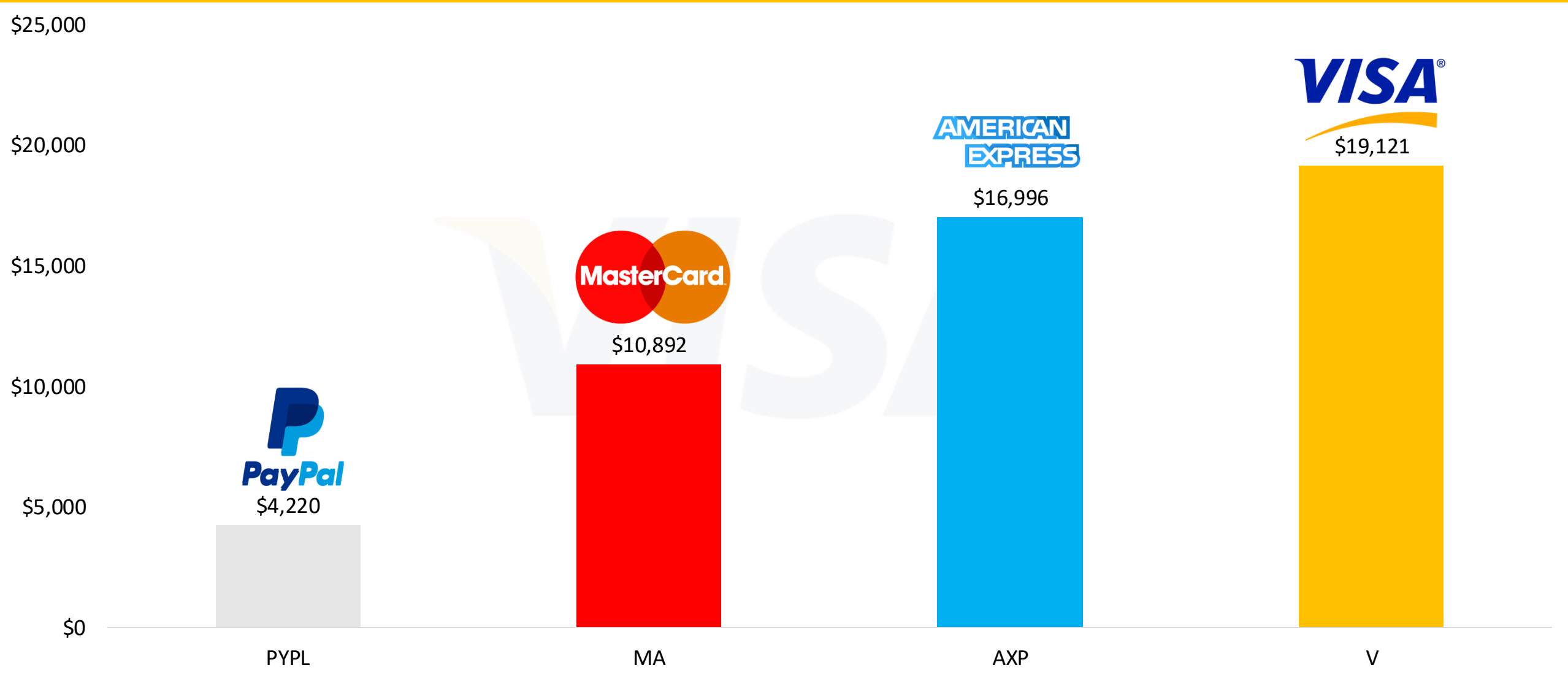


Revenue – 5 Years *In Millions*



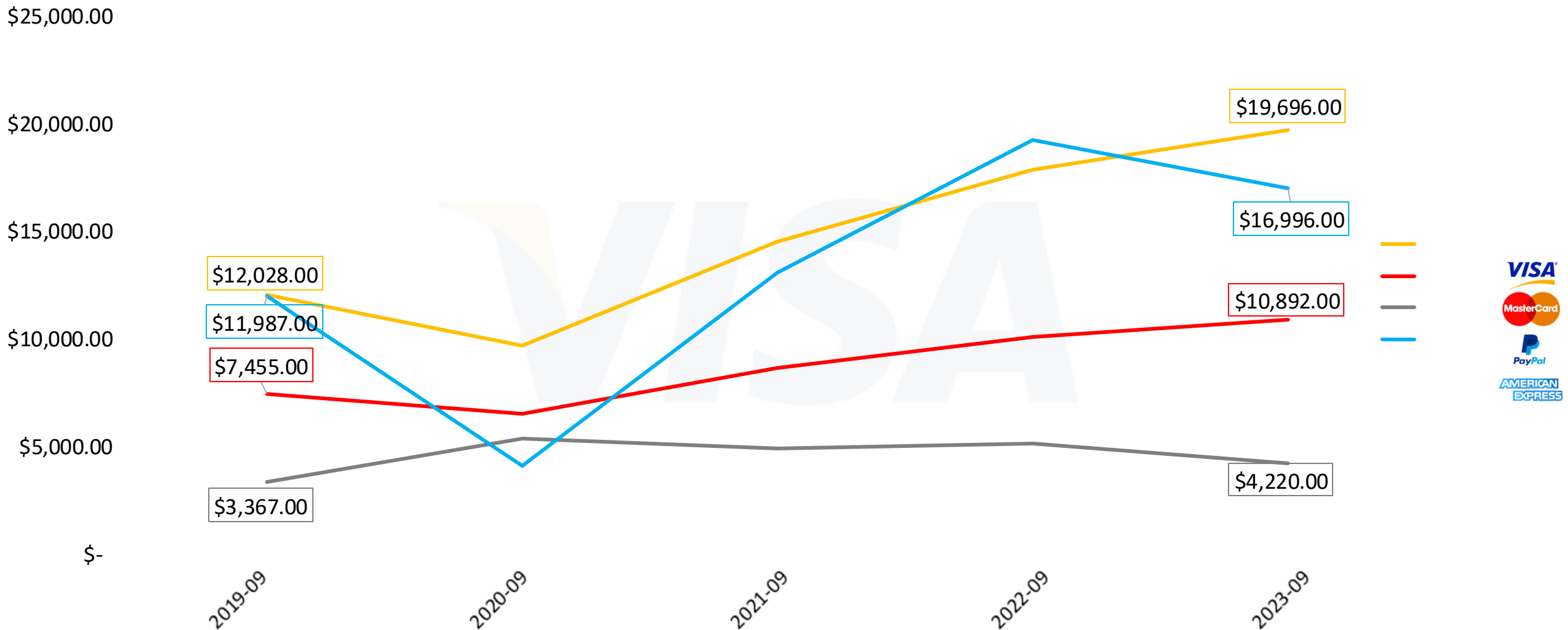


Free Cash Flow *In Millions*



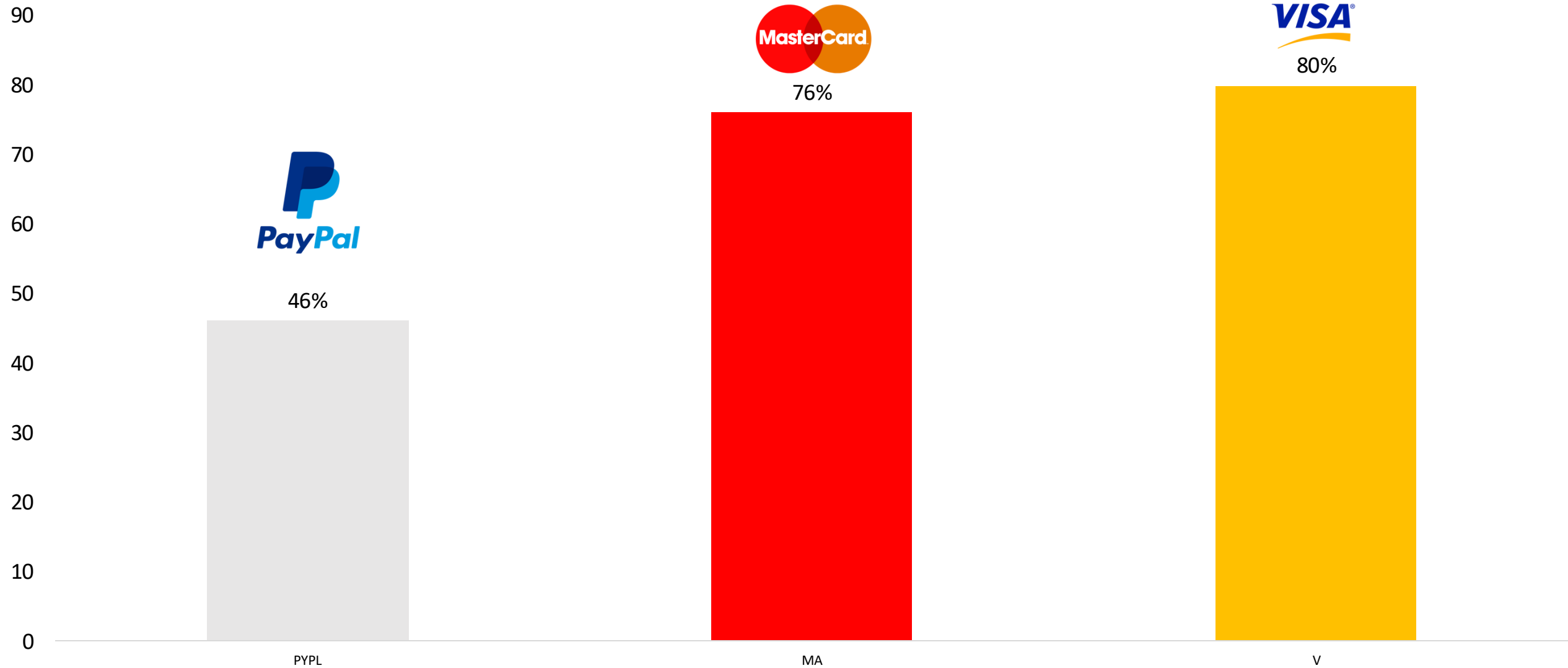


Free Cash Flow – 5 Years



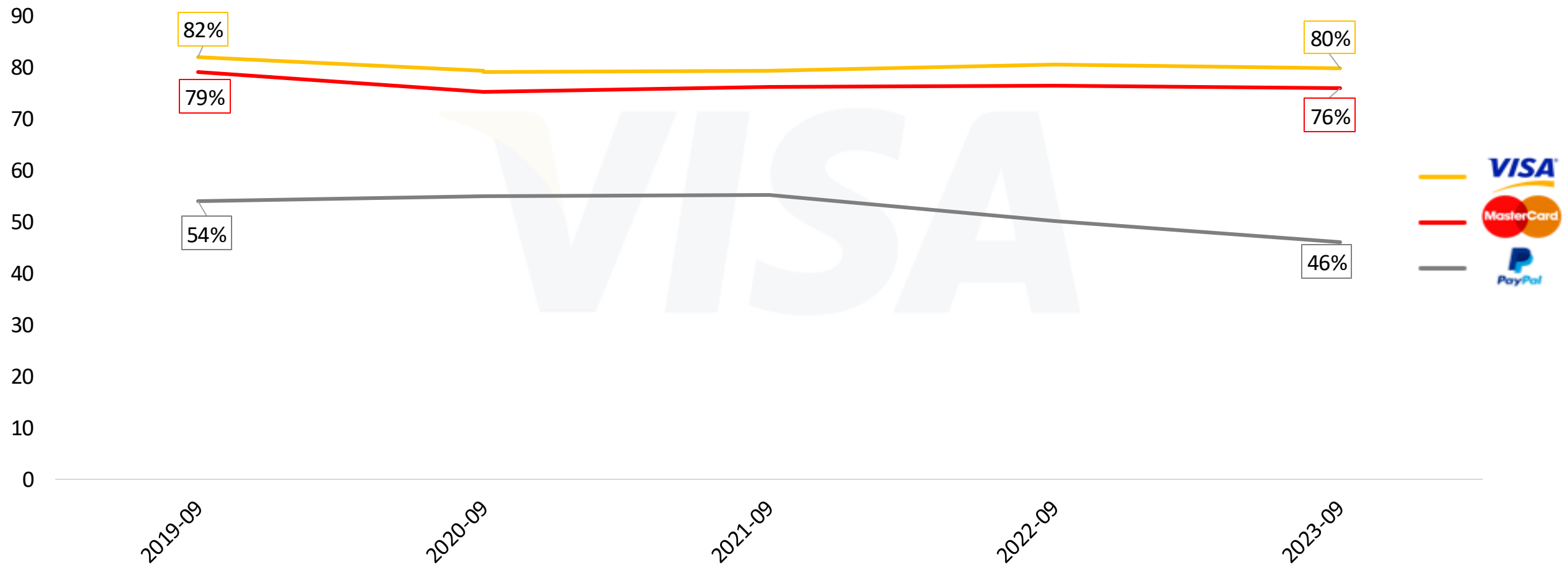


Gross Margin %



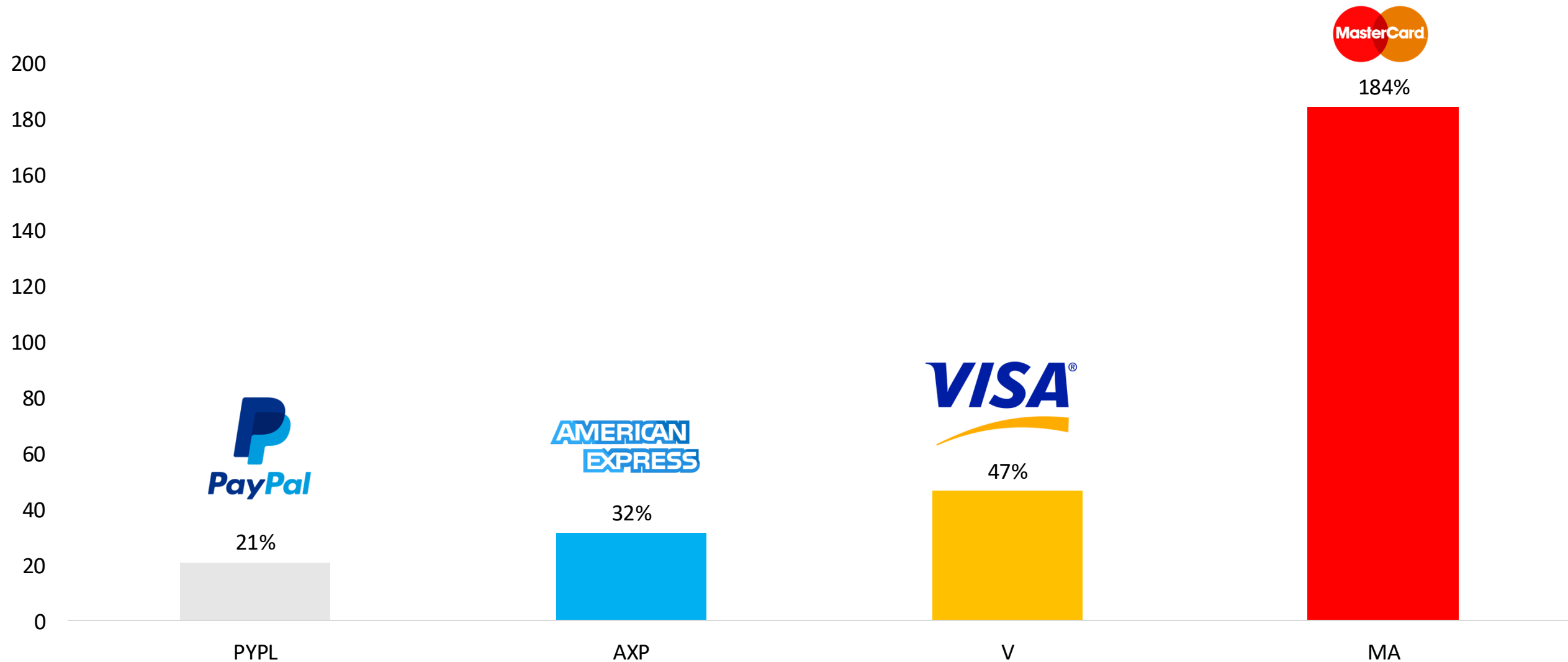


Gross Margin % – 5 Years



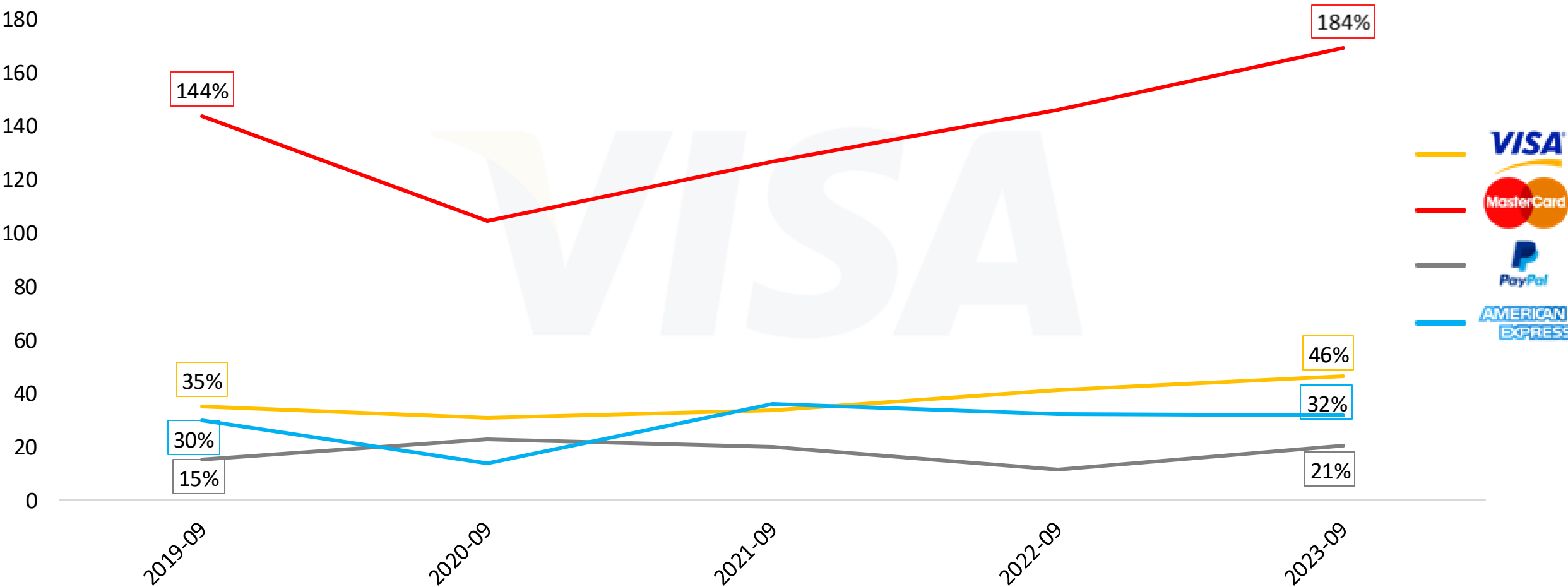


ROE %





ROE % - 5 Years



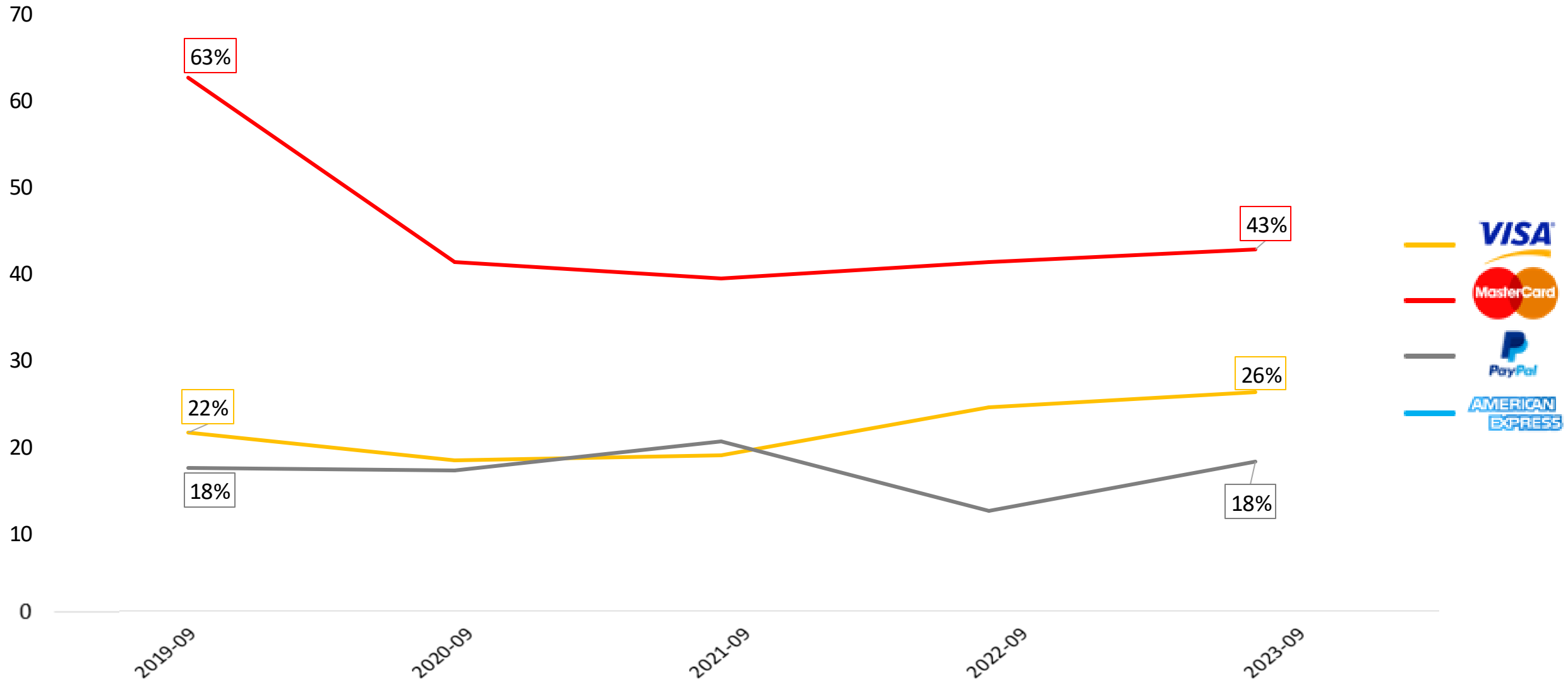


ROIC %





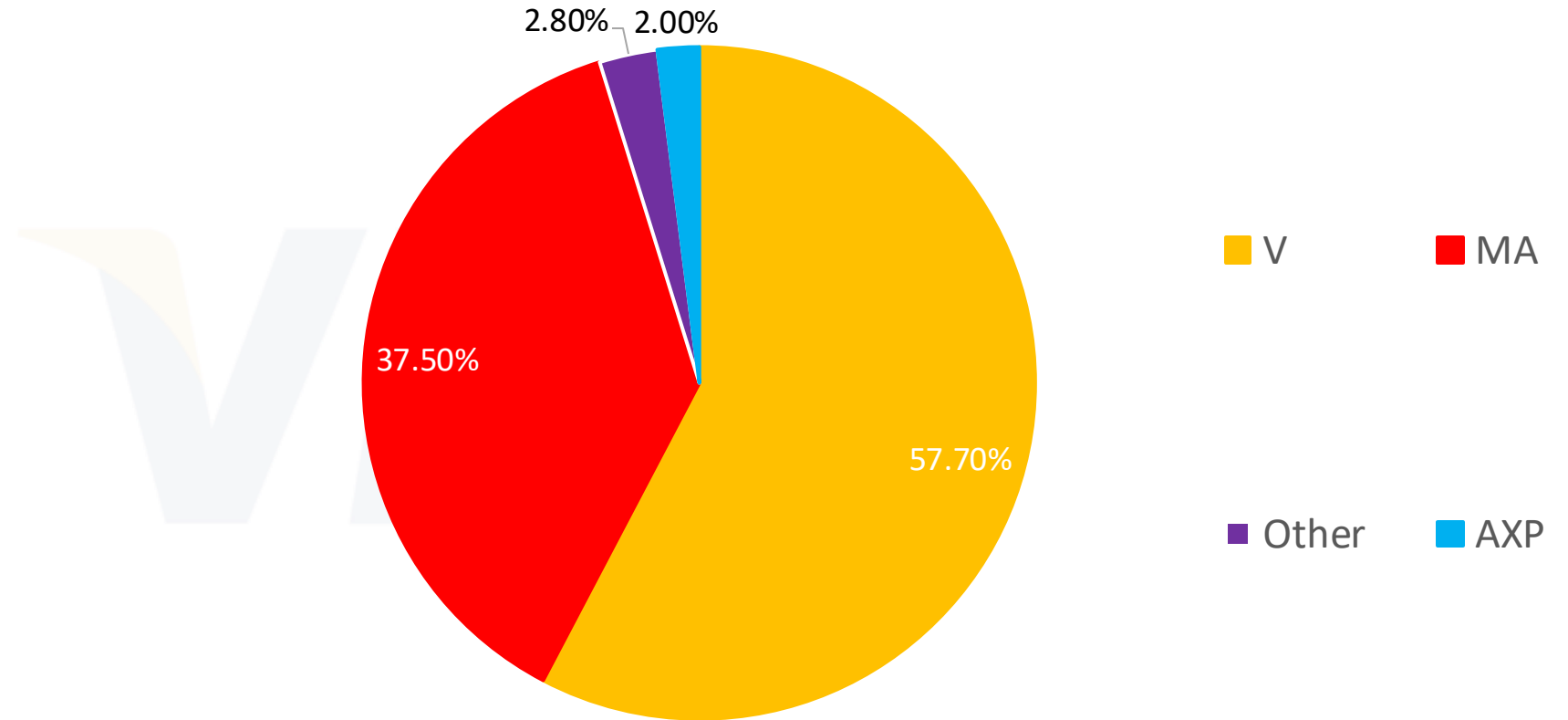
ROIC % - 5 Years





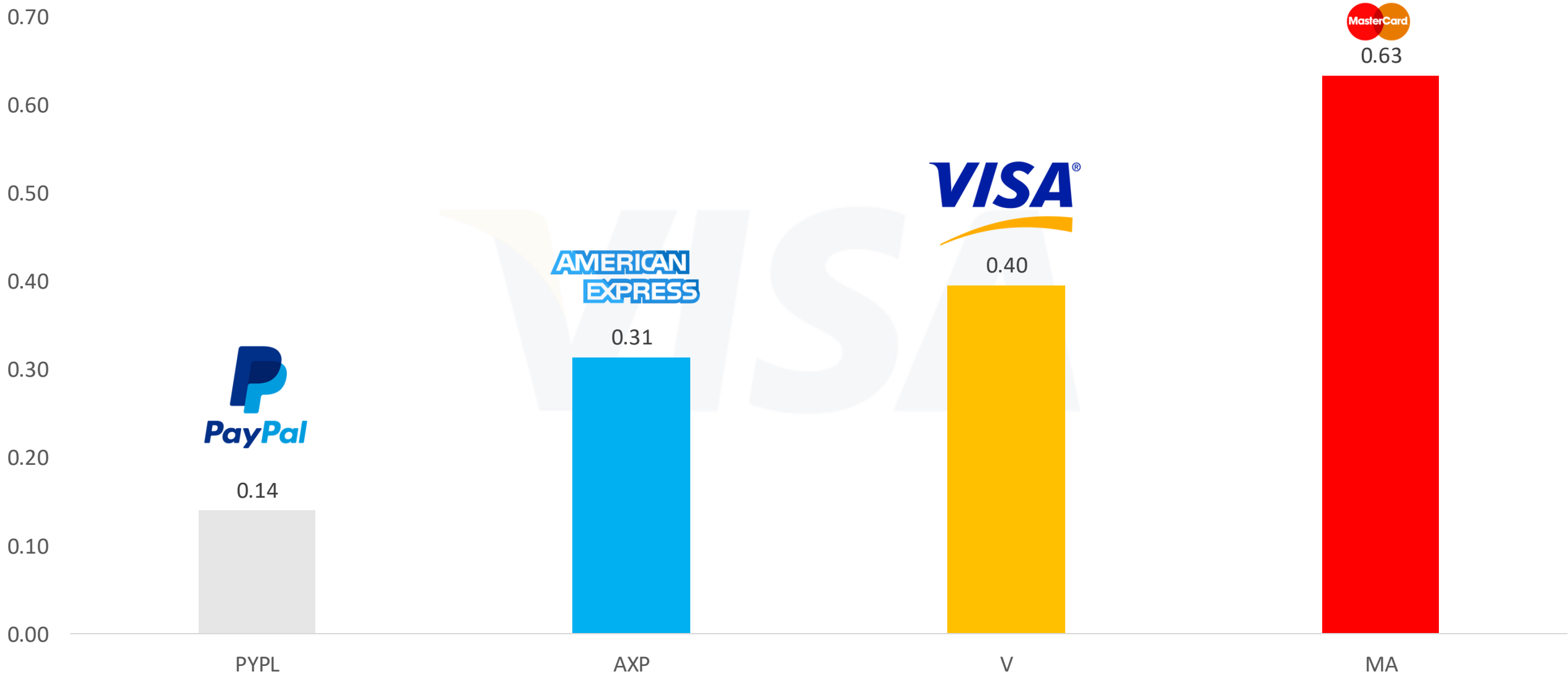
Global Credit Card Circulation

\$5 Trillion Dollar Credit Card Market

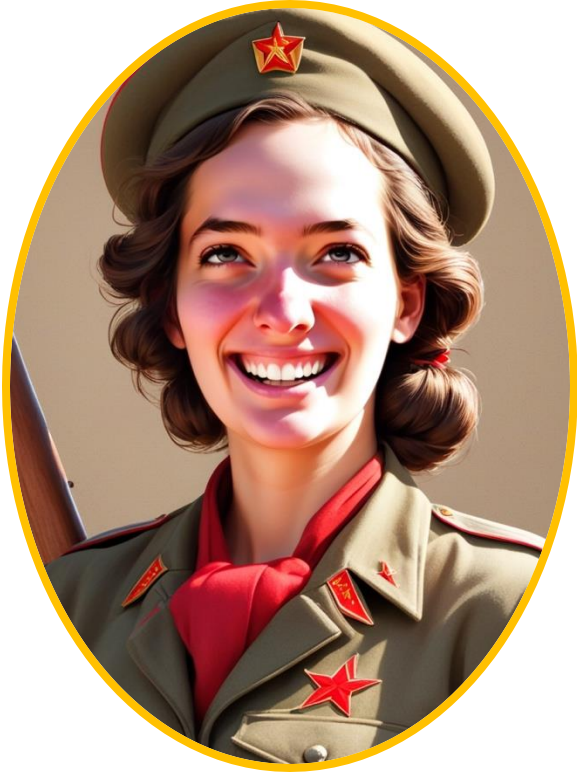




Obligation Ratio



Risk Factors



Jenna Lindemann





Risk Factors

Potential loss of relationships

- Not renewing contracts
- Not getting new contracts with other businesses

Dependent on Client & Merchant Base

- Terminate the contract, which would be a loss in net revenues
- Clients are flexible to issue non-Visa products
- Clients could develop their own competitive services to Visa





Business Risks

Intense Competition

- Mastercard is a direct competitor
- Lower acceptance costs
- Competitors continue to grow and compete



Cybersecurity

- Risk of data being lost/stolen
- Generative AI possible security breach
- 3rd party suppliers





Other Risks

Government-imposed obligations on international payments

- Effects on Taxes
- Conversion fees
- Network fees

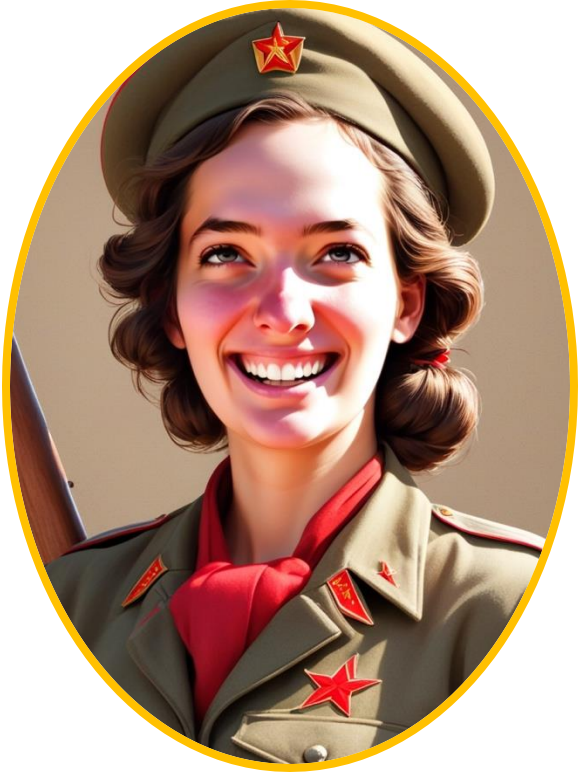


Potential court cases

- Common in companies like Visa
- Related to fees and mergers
- Paying litigation in on-going cases
- Fund settlement losses of clients



Growth Opportunities



Jenna Lindemann





3 Component Revenue Strategy

Value-added services

- To diversify revenue with products and solutions
- Deepen client relationships with innovative solutions



New Flows

- Using all available networks & being the single connection point for our partners

Consumer Payments

- Moving money to all endpoints and all form factors
- Consumer Cash and checks to cards





Recent Value-Added Partnerships

Processing capabilities to Real Time Payment networks:

- **Pismo**, cloud-native issuer processor and core banking platform, with a focus towards issuer clients
- **Prosa**, payment processor in Mexico, Visa is growing in a new environment that is 50% cash





Expanded Acceptance

Brazil with Caixa:

- Allow for cash conversion at their over 10,000 lottery branches
- Now accept Visa credit and debit cards



Asia Pacific with bKash:

- Largest mobile financial service in Bangladesh
- Enabled 15 million Visa users the ability to use in-app QR code to pay at more than 550,000 bKash merchants





Across Border Relations

- **Western Union** partnership covering issuance, Visa Direct, and other services across 40 countries & 5 regions
- **Remitly**, cross-border payments from 30 countries to over 100 countries that have eligible bank accounts/cards
- **Nium**, B2B travel program in Singapore from the US & Europe to Australia, Singapore, Hong Kong, Japan





Moving from Cash to Card

- Growth through converting current and future customers into tap and pay
- Helping go from cash to online pay
- Visa currently has 40% contactless penetration with 520 Million cards





Improving Cybersecurity

Tokenization:

- Helps replace account numbers with a token, to keep privacy
- Applied both in person and online

Click to Pay:

- Removes personal data entry
- Keeps transactions secured when passed through networks
- Makes digital Payments more reliable



Valuation & Conclusion

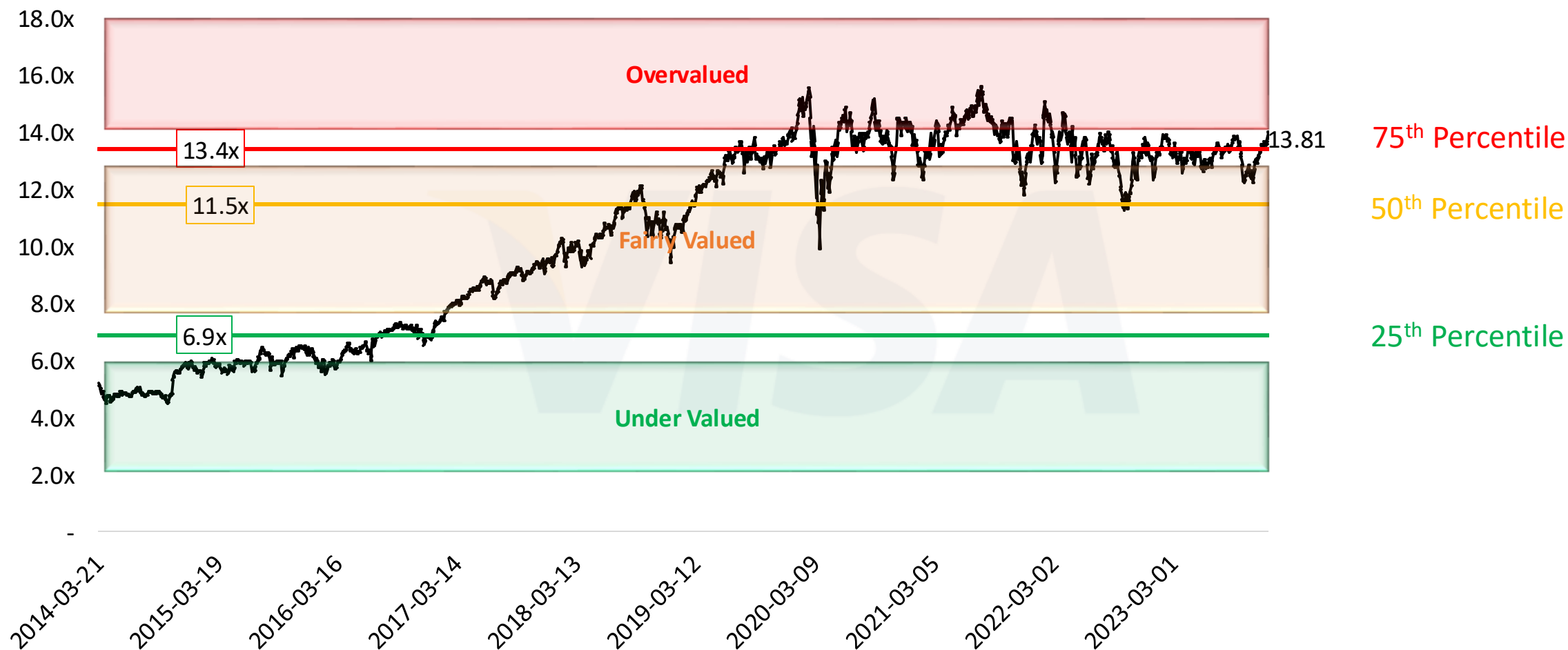


Pablo Samanez



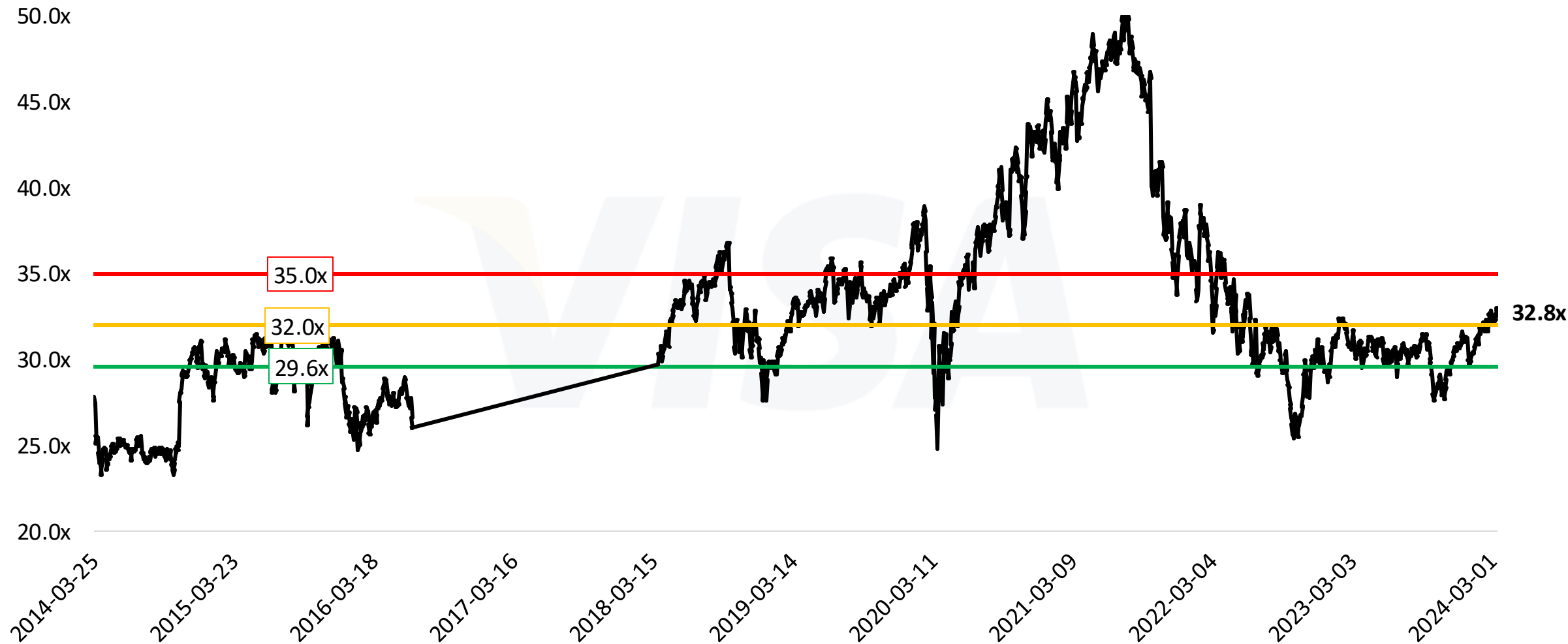


Value Bands Explained



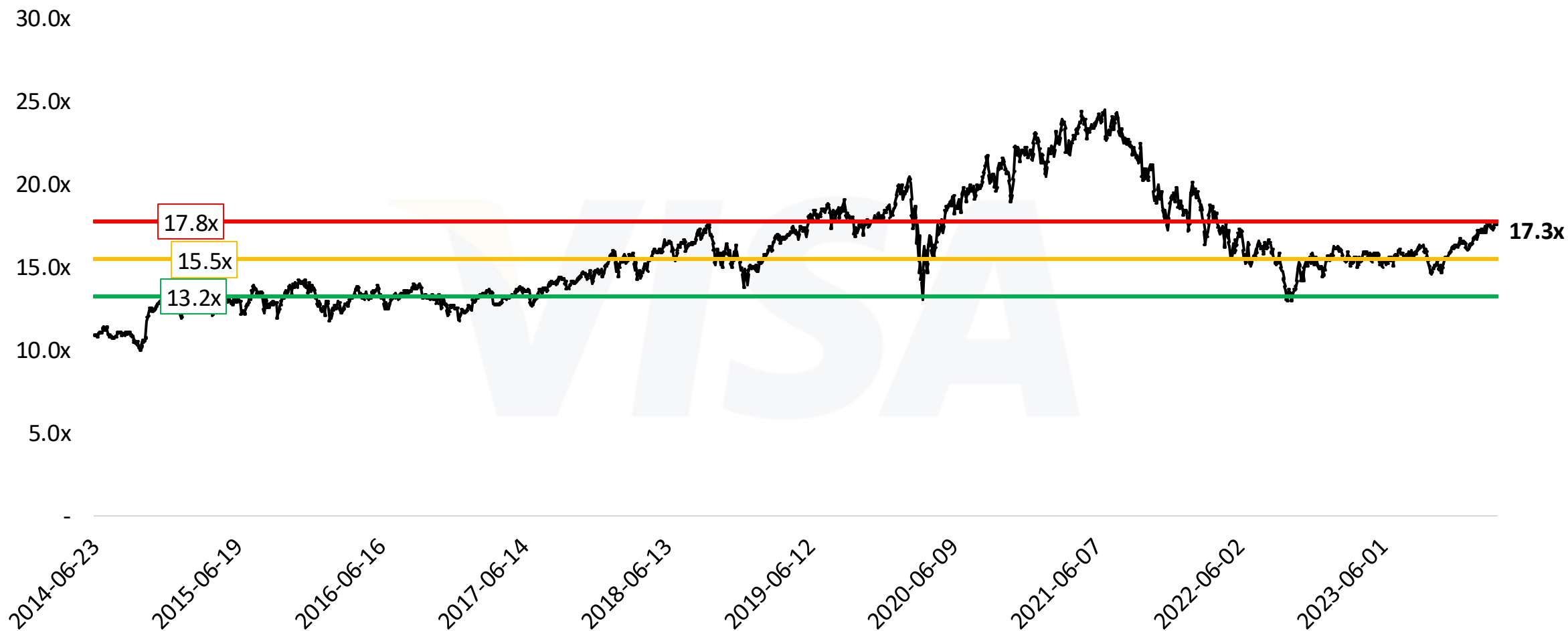


Price To Earnings



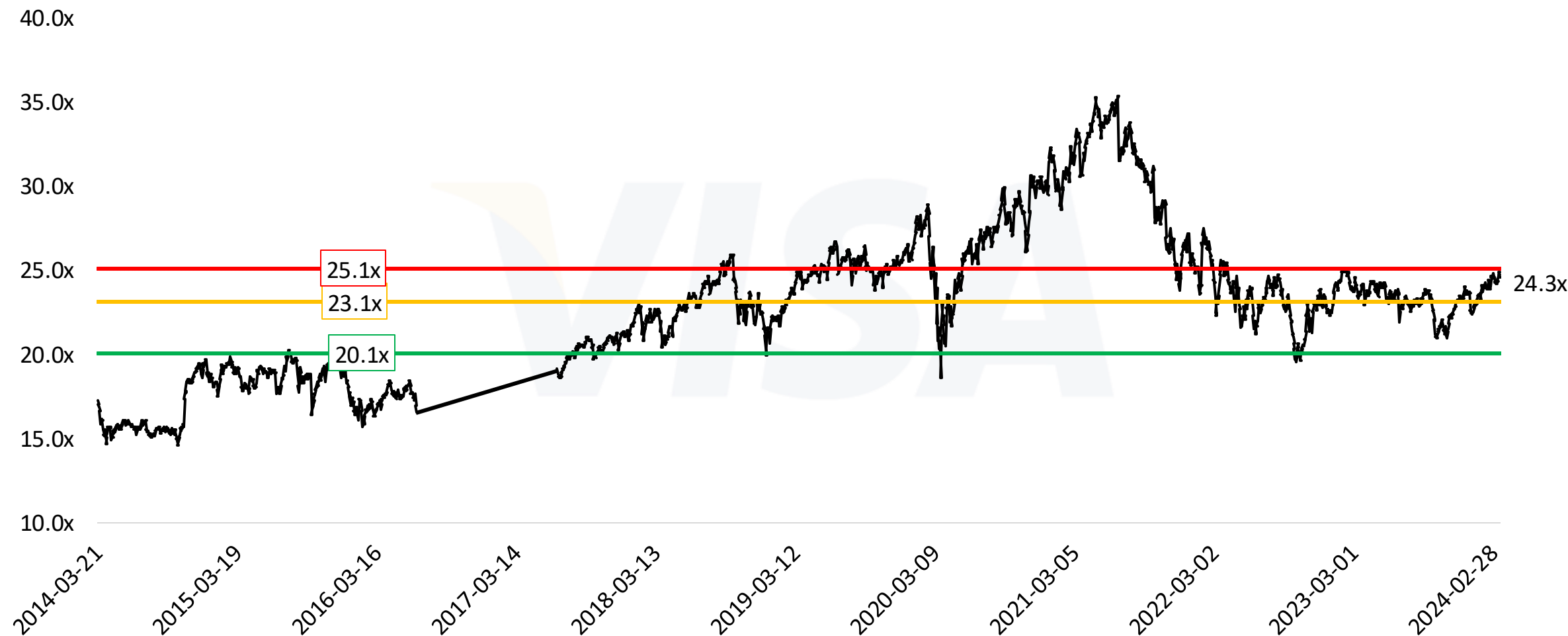


Price To Sales



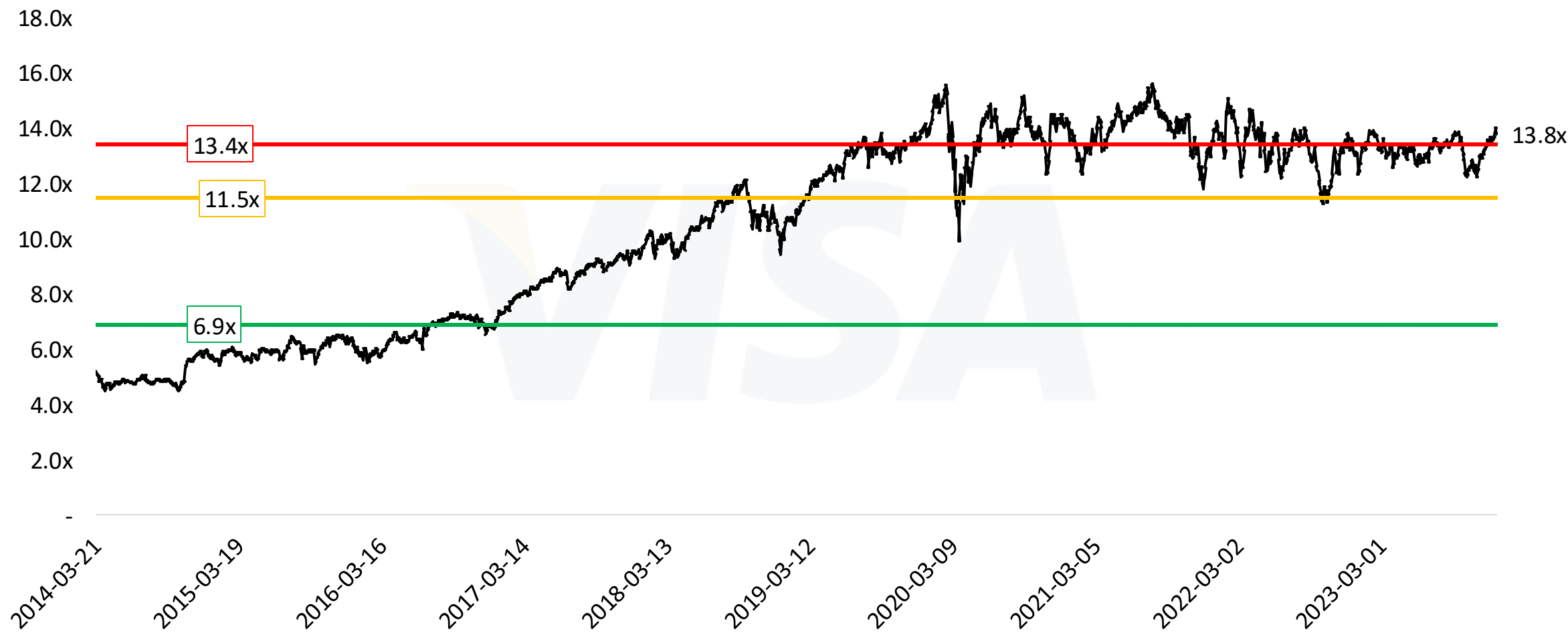


Enterprise Value To EBITDA



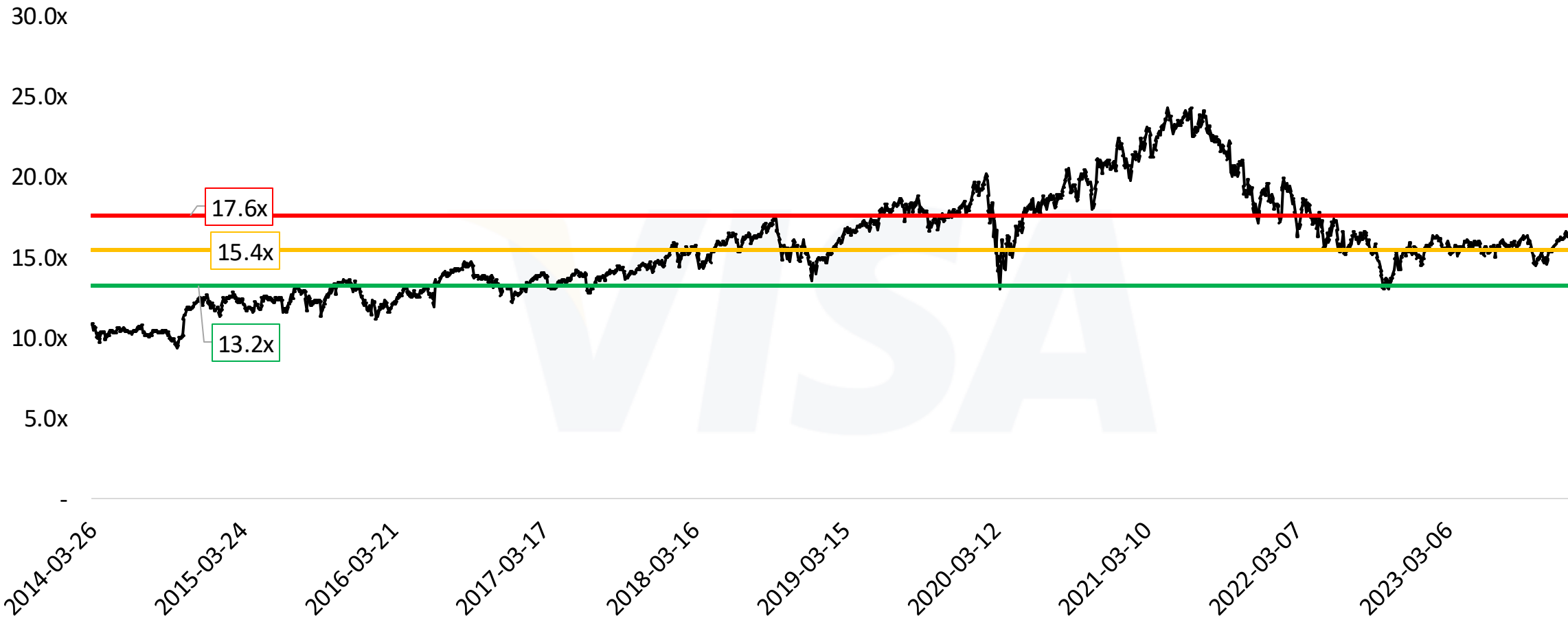


Price To Book Value



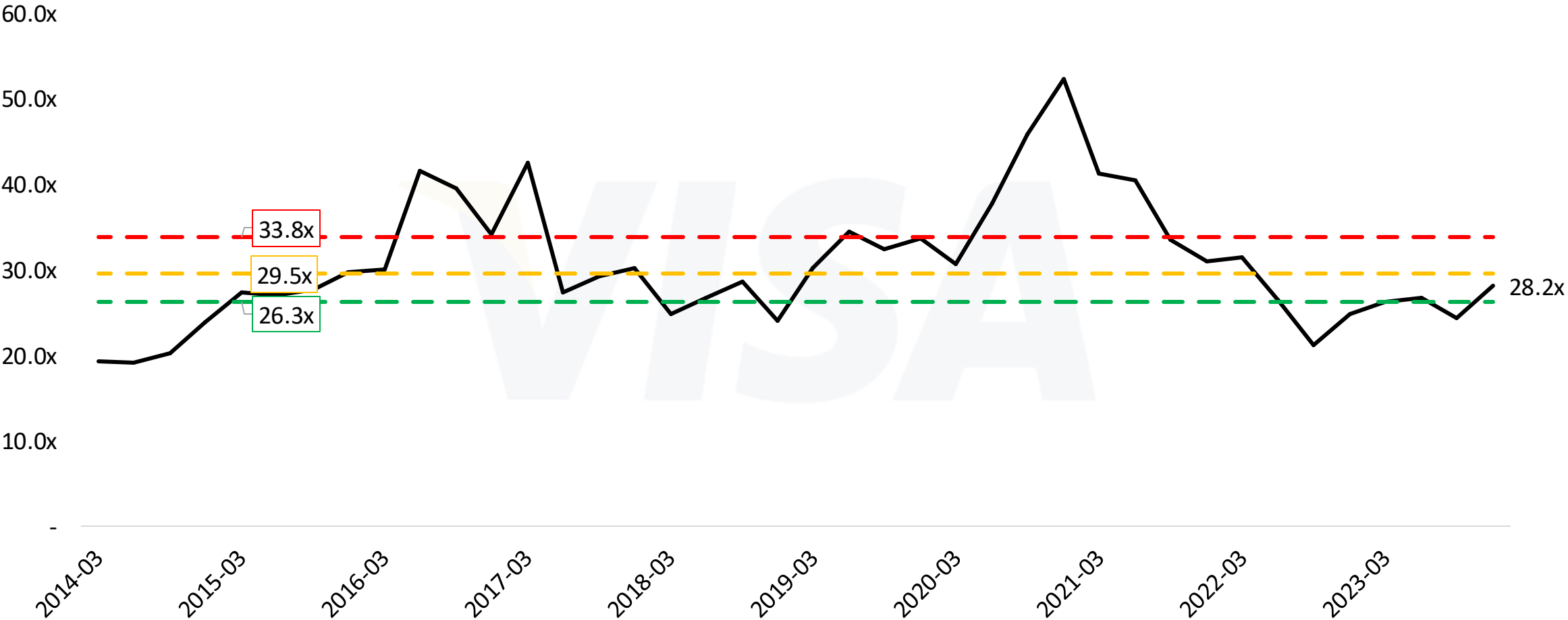


Enterprise Value To Revenue



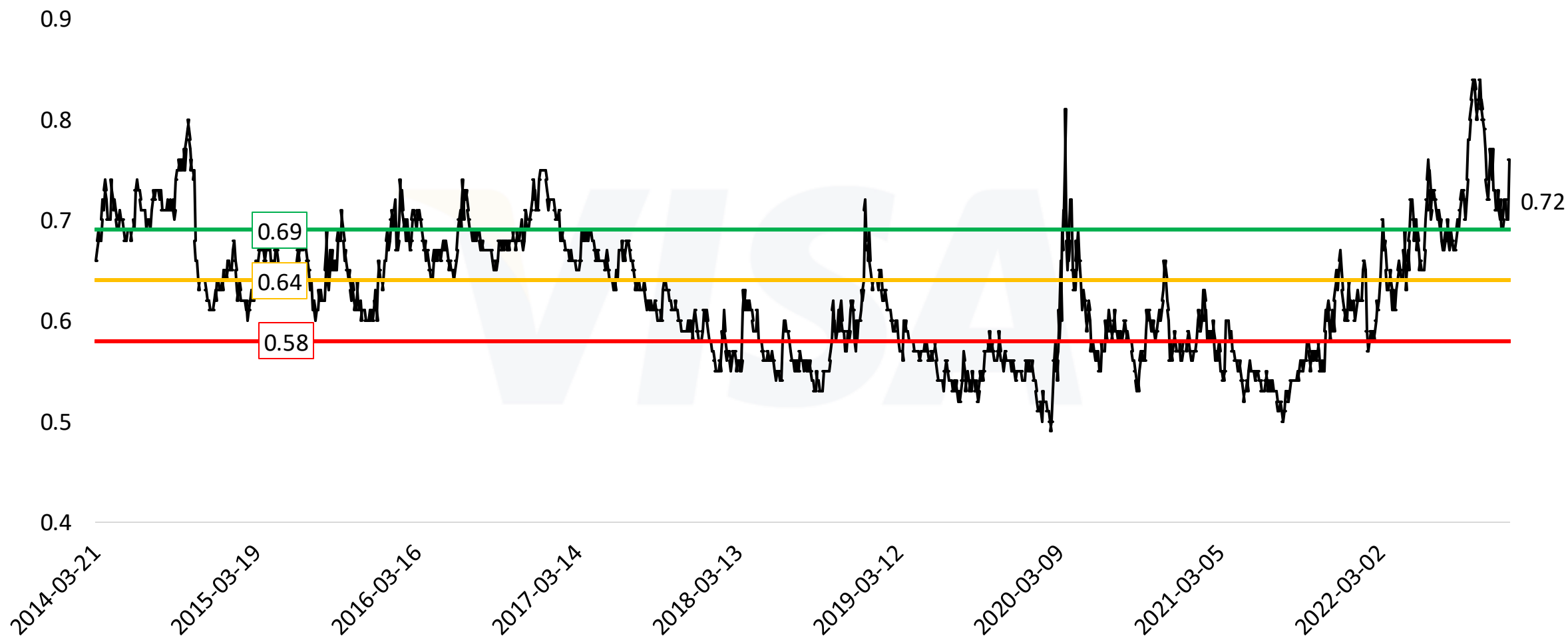


Price To Free Cash Flow



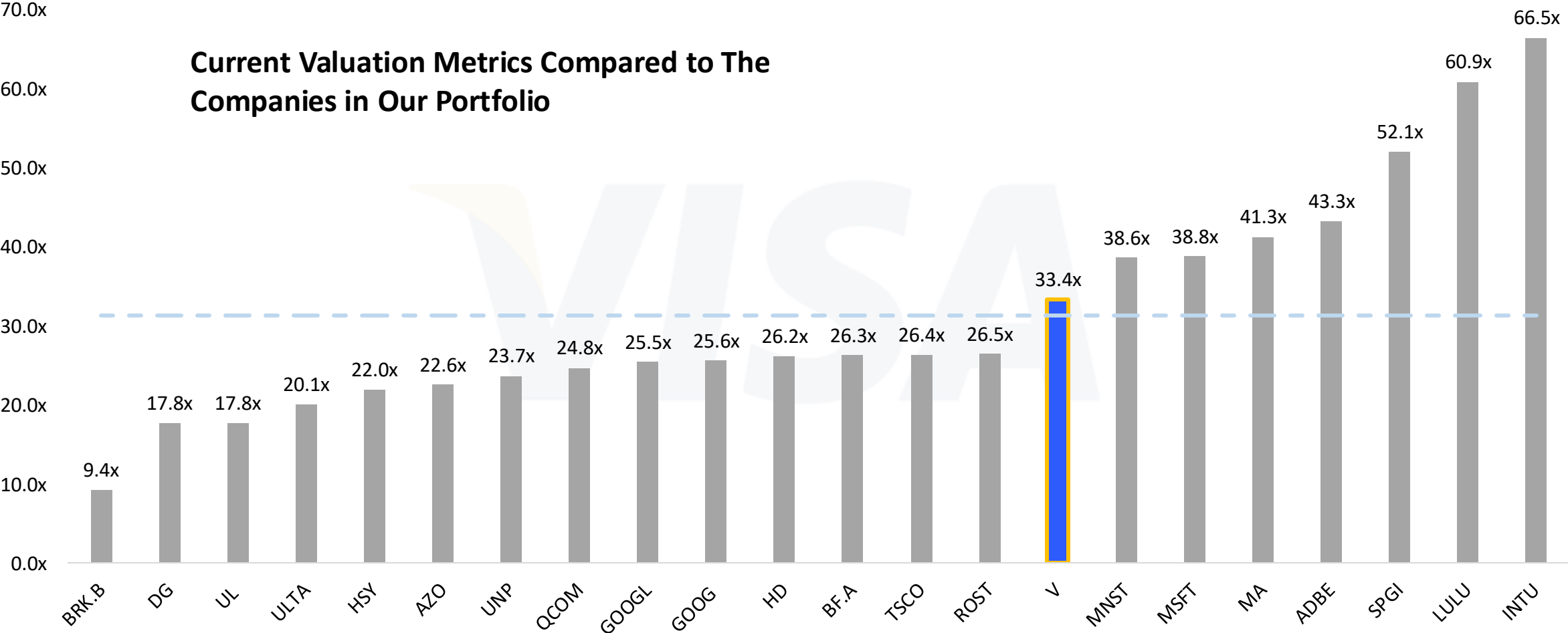


Dividend Yield



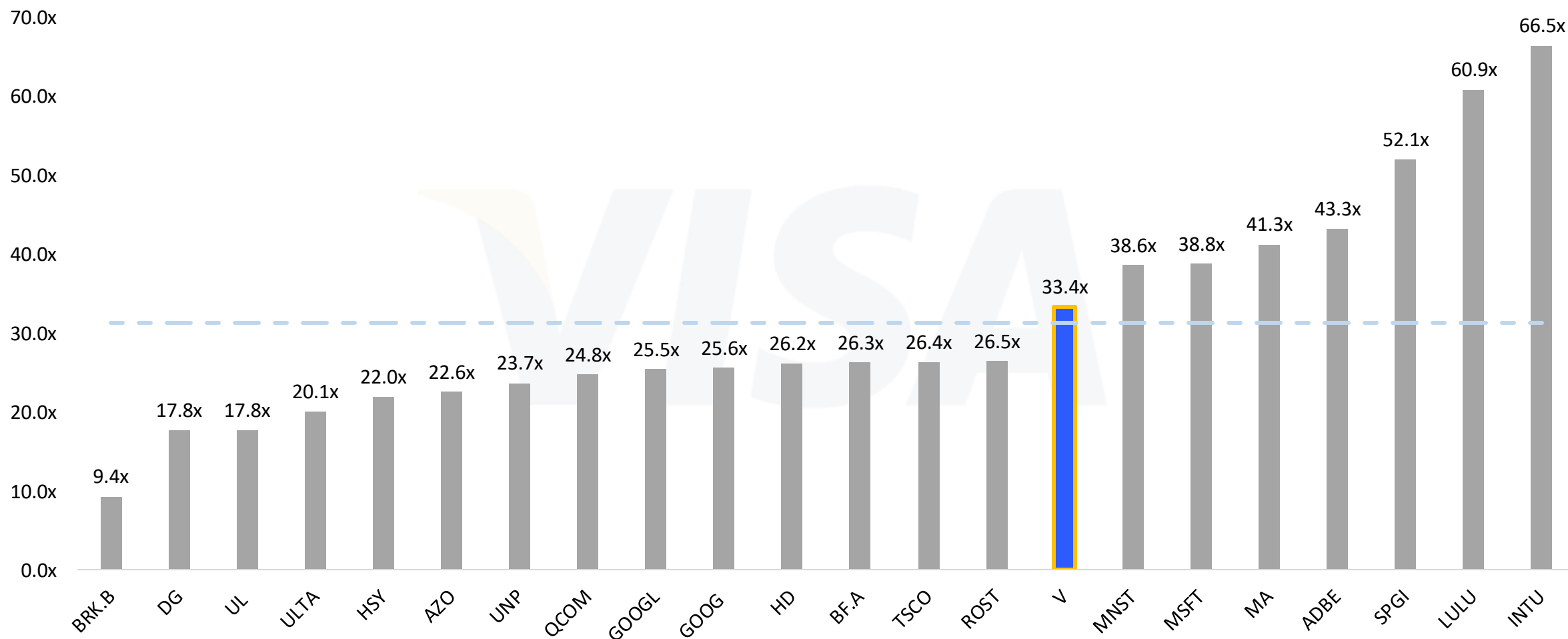


Intraportfolio Analysis Explained



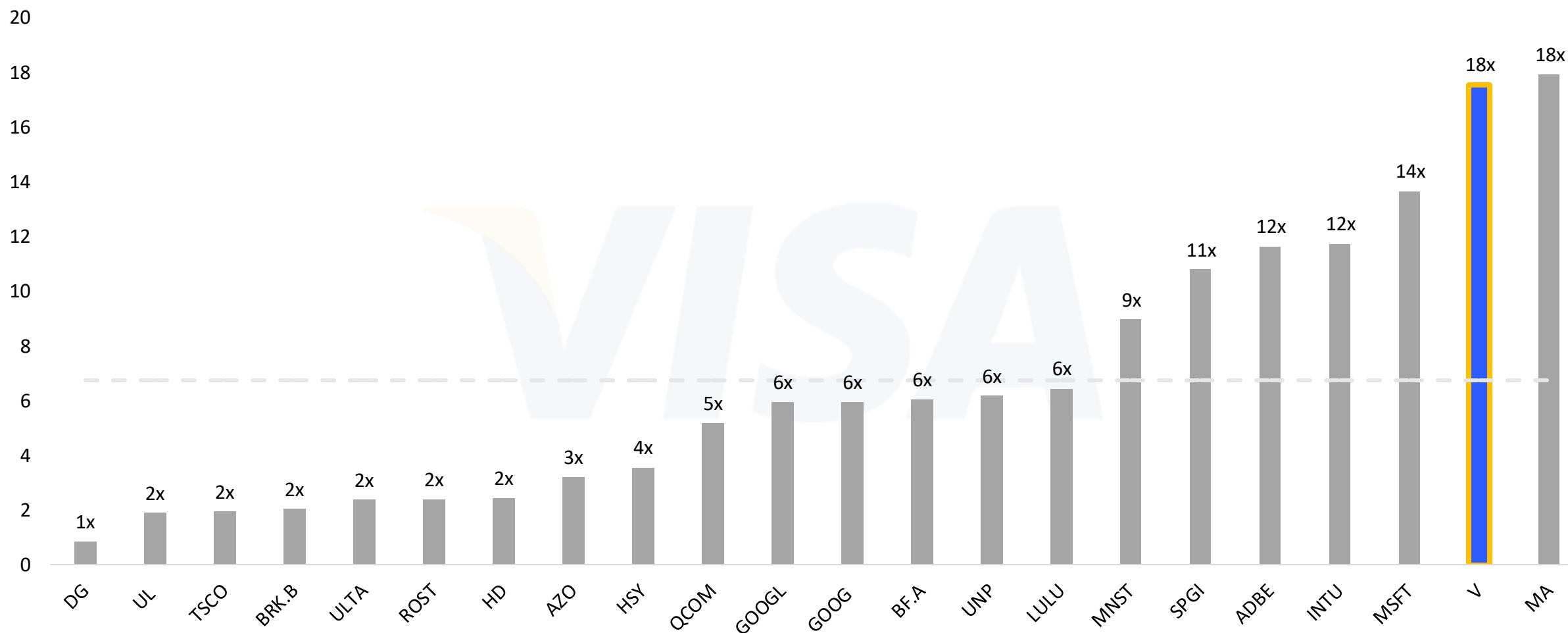


Price To Earnings



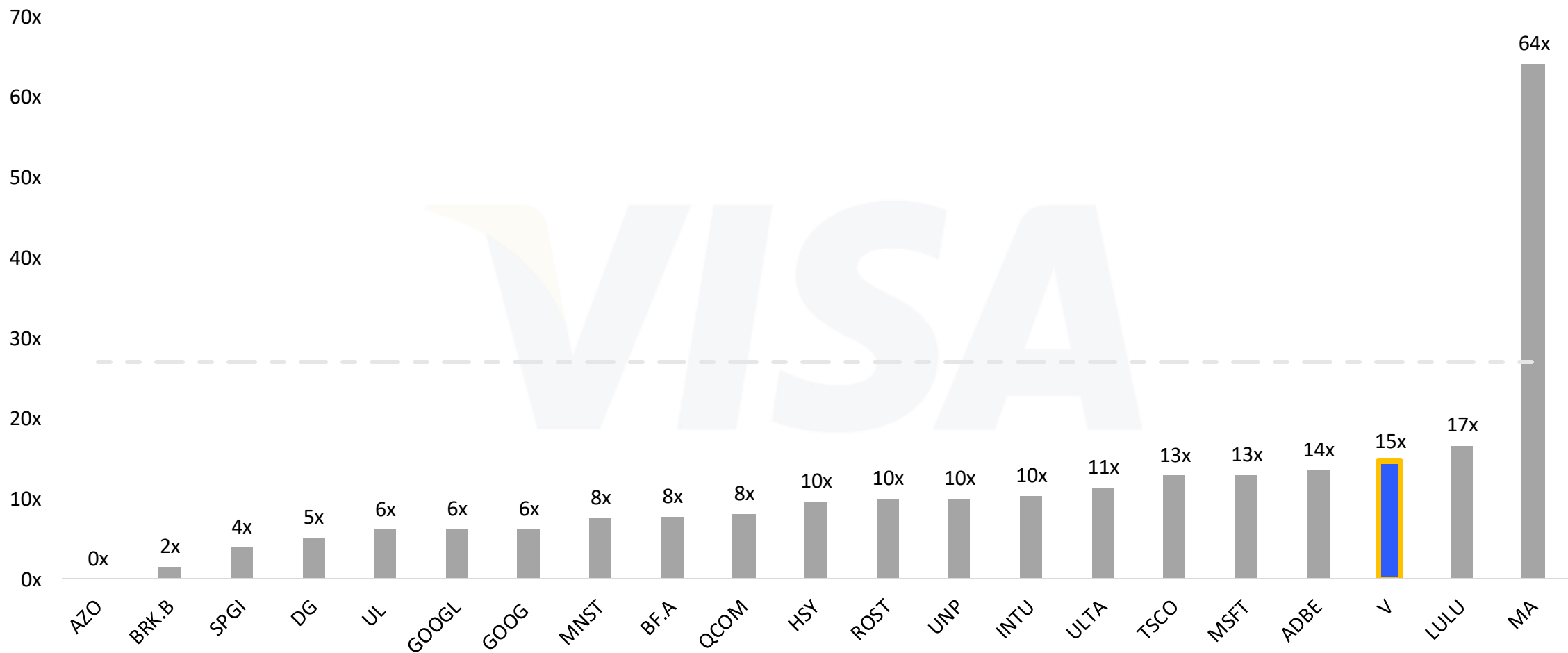


Price To Sales



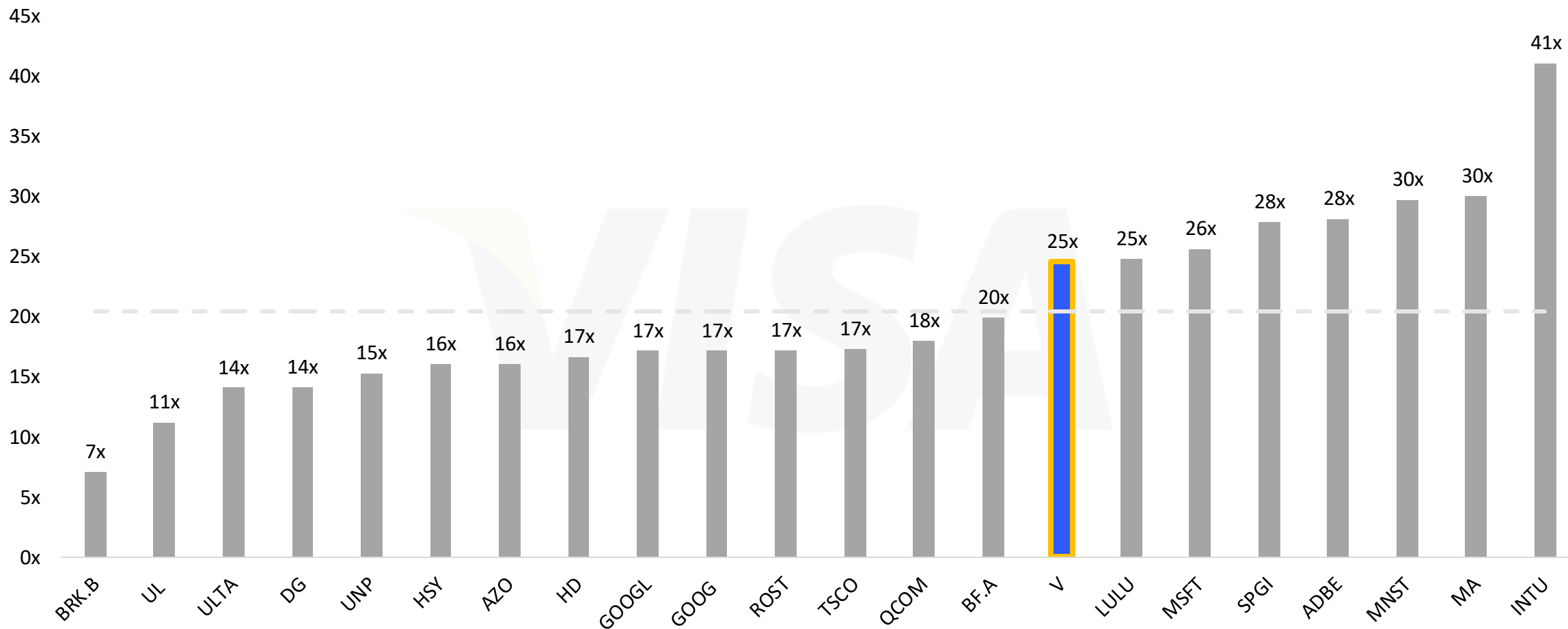


Price To Book Value





Enterprise Value To EBITDA





5 –Year EPS Model

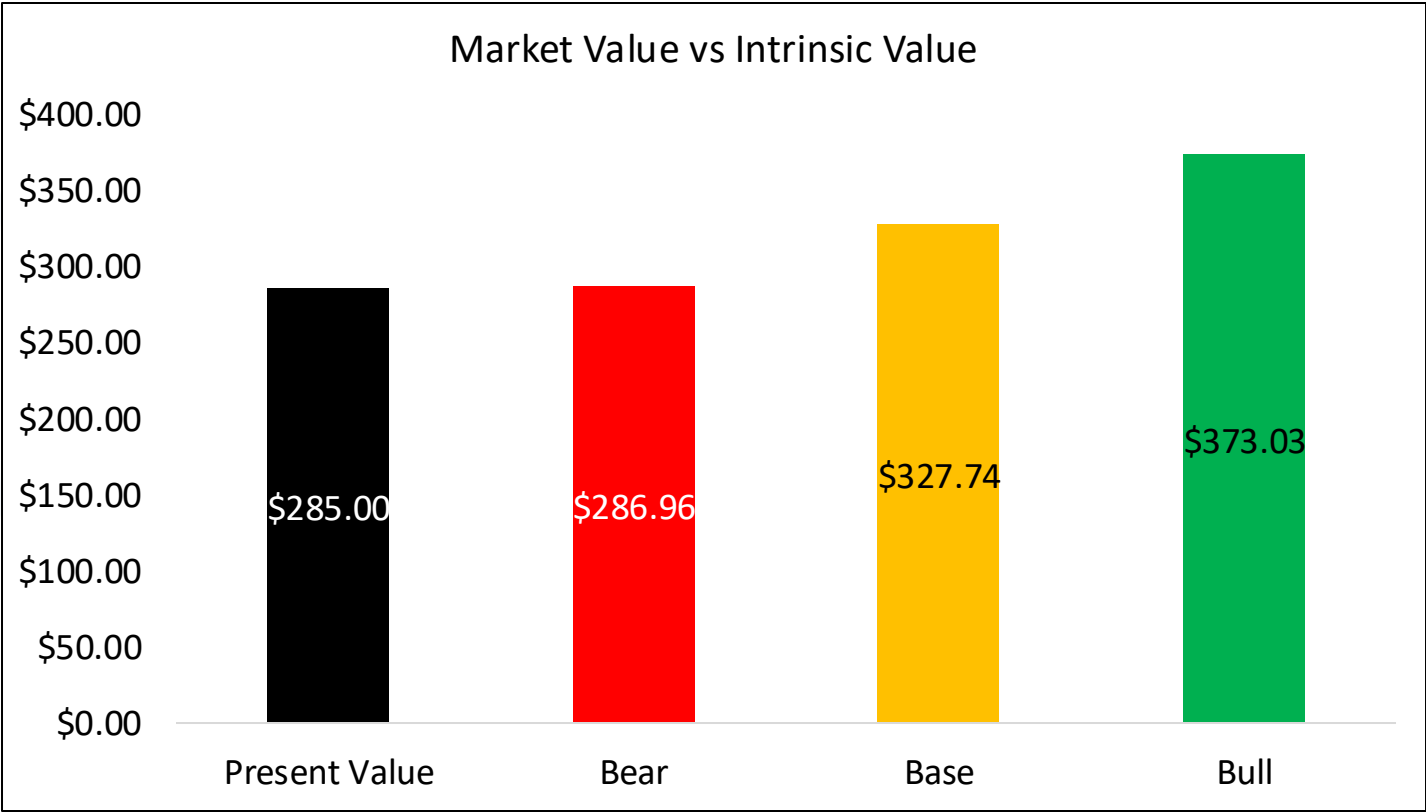
5 Year Discounted Cash Flow												
Ticker: V								P/E	Total Return Price	PV	5 YR Return	Annual Return
Bear	EPS	Current	2024	2025	2026	2027	2028	29.0x	\$432.34	\$268.45	51.7%	8.7%
		\$8.69	\$9.65	\$10.80	\$11.99	\$13.43	\$14.91	31.0x	\$462.15	\$286.96	62.2%	10.2%
		11%	12%	11%	12%	11%	33.0x	\$491.97	\$305.47	72.6%	11.5%	
Base	EPS	Current	2024	2025	2026	2027	2028	29.0x	\$493.77	\$306.59	73.3%	11.6%
		\$8.69	\$9.91	\$11.39	\$12.99	\$14.94	\$17.03	31.0x	\$527.83	\$327.74	85.2%	13.1%
		14%	15%	14%	15%	14%	33.0x	\$561.88	\$348.88	97.2%	14.5%	
Bull	EPS	Current	2024	2025	2026	2027	2028	29.0x	\$562.00	\$348.96	97.2%	14.5%
		\$8.69	\$10.17	\$12.00	\$14.04	\$16.56	\$19.38	31.0x	\$600.76	\$373.03	110.8%	16.1%
		17%	18%	17%	18%	17%	33.0x	\$639.52	\$397.09	124.4%	17.5%	

Discount rate:
10%



Expected Rate of Return

Total RoR Sensitivity				
P / E	Est. EPS growth rate			
		11%	14%	17%
	29.0x	8.7%	11.6%	14.5%
	31.0x	10.2%	13.1%	16.1%
	33.0x	11.5%	14.5%	17.5%





Conclusion

- Good Management
- Low Risks
- Consistent
- Easy To Understand
- Has double digit dividend increase
- Good shareholder buyback
- Top Performer in it's Market



Recommendation

- Purchase 200 shares at the current Market Price





“The best day to buy Visa is a day that end in Y”

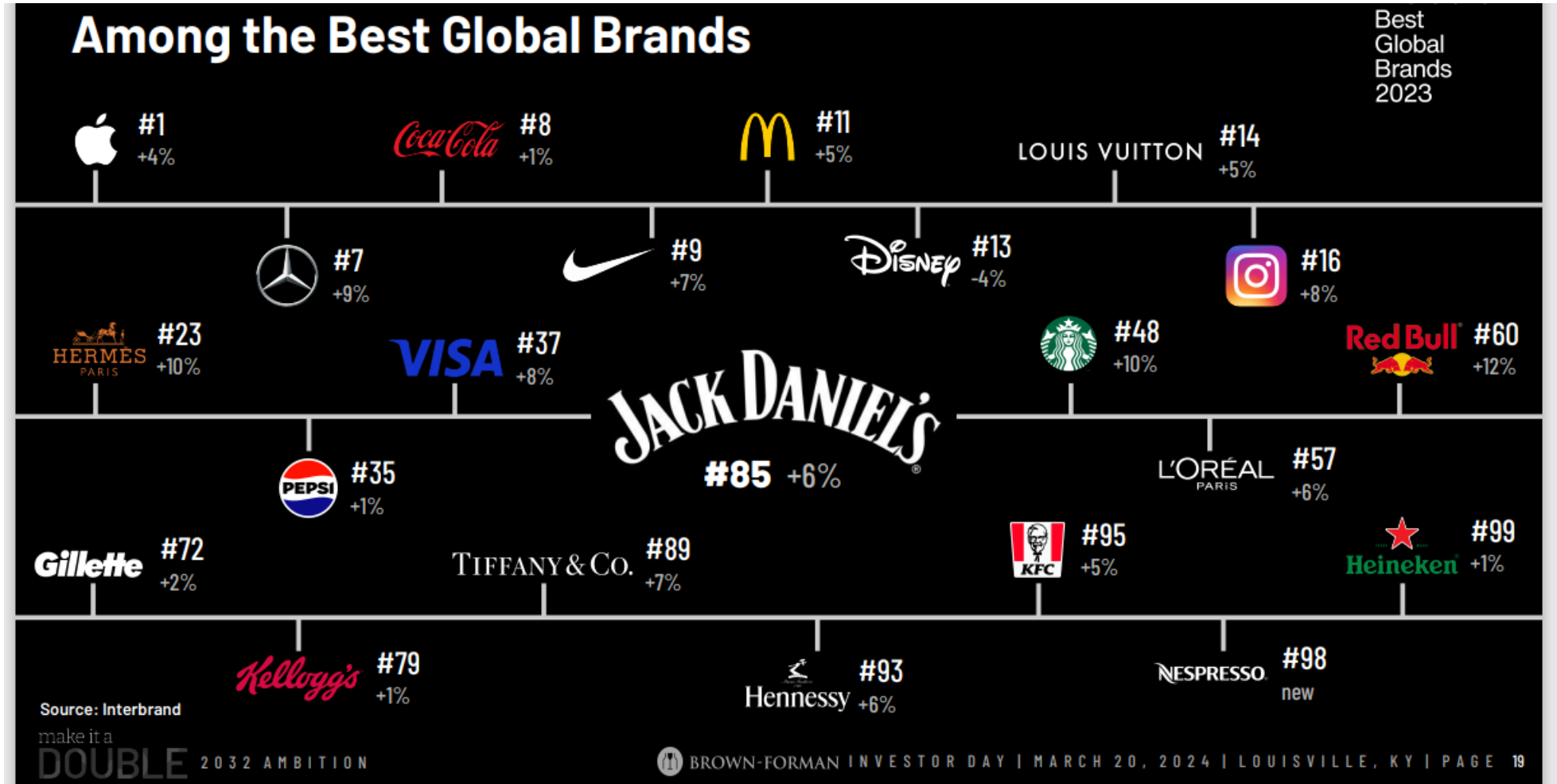


Appendix



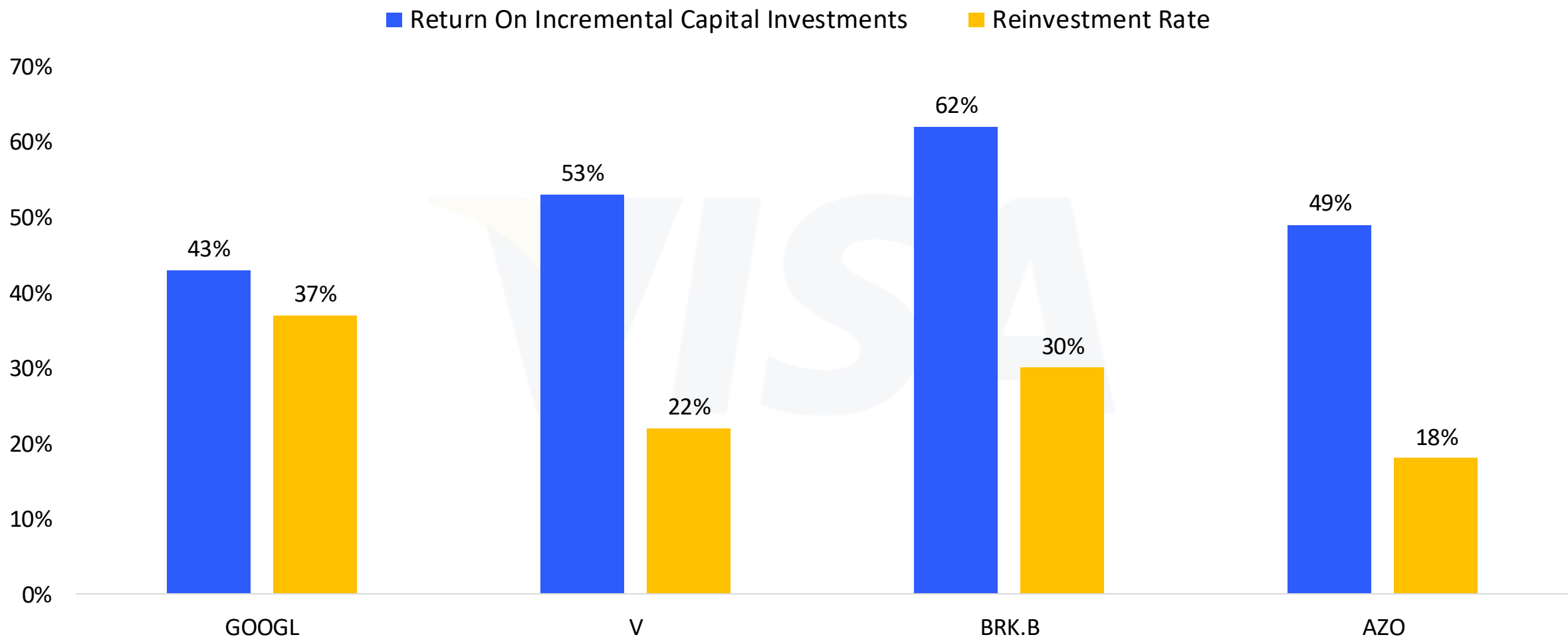


Best Global Brands





Capital Allocation – Return On Incremental Capital Investments





Compensation Structure

Officer	Stock Ownership Guidelines
Ryan McInerney	6 x base salary
Alfred F. Kelly, Jr.	6 x base salary
Chris Suh	4 x base salary
Paul Fabara	3 x base salary
Rajat Taneja	4 x base salary
Kelly Mahon Tullier	4 x base salary

✓ Interest Aligned With Shareholders



Research

February 2023 The board decided to split the jobs of CEO and Chairman

Alfred Kelley Retired from Chairman and CEO of Visa at Annual board meeting

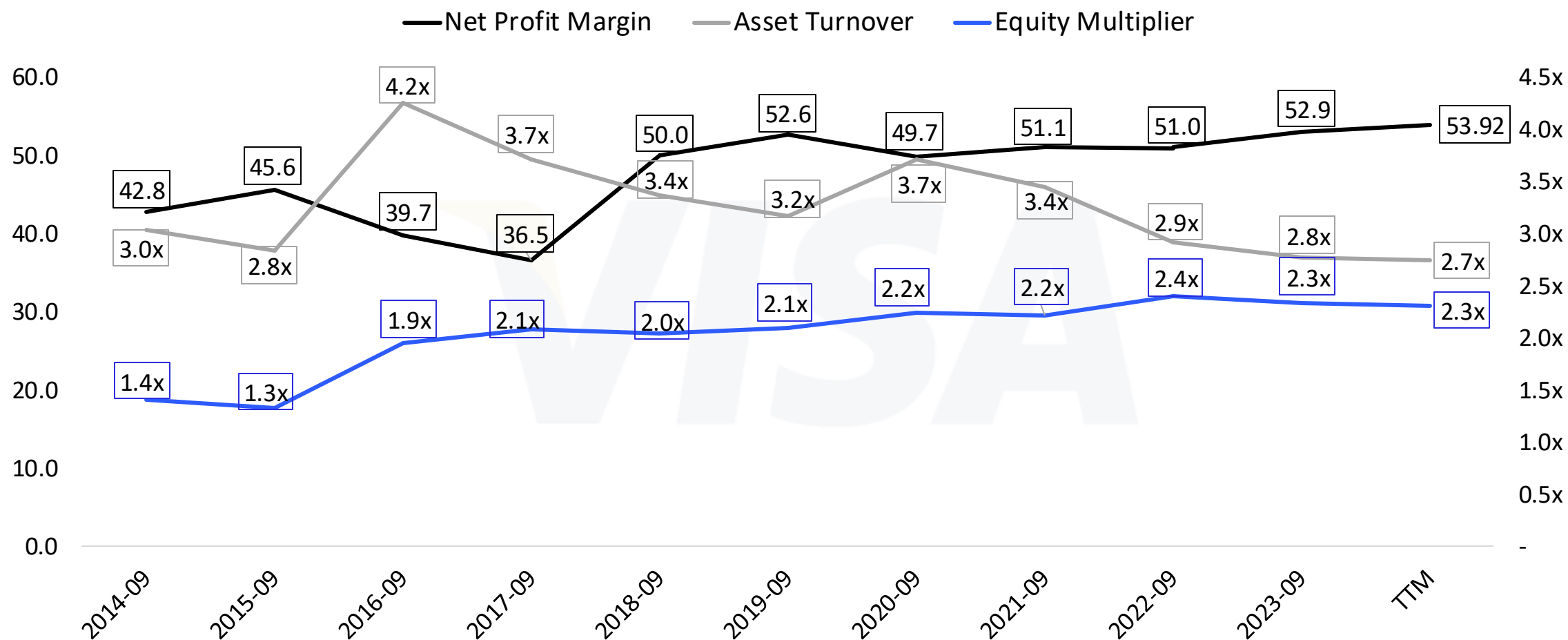
- John Lundgren is now the Chairman
- Chris Suh is the new CEO, since August 2023

Annual Equity Award to Mr. Kelley

- 3 installments of restricted stock



Dupont Analysis

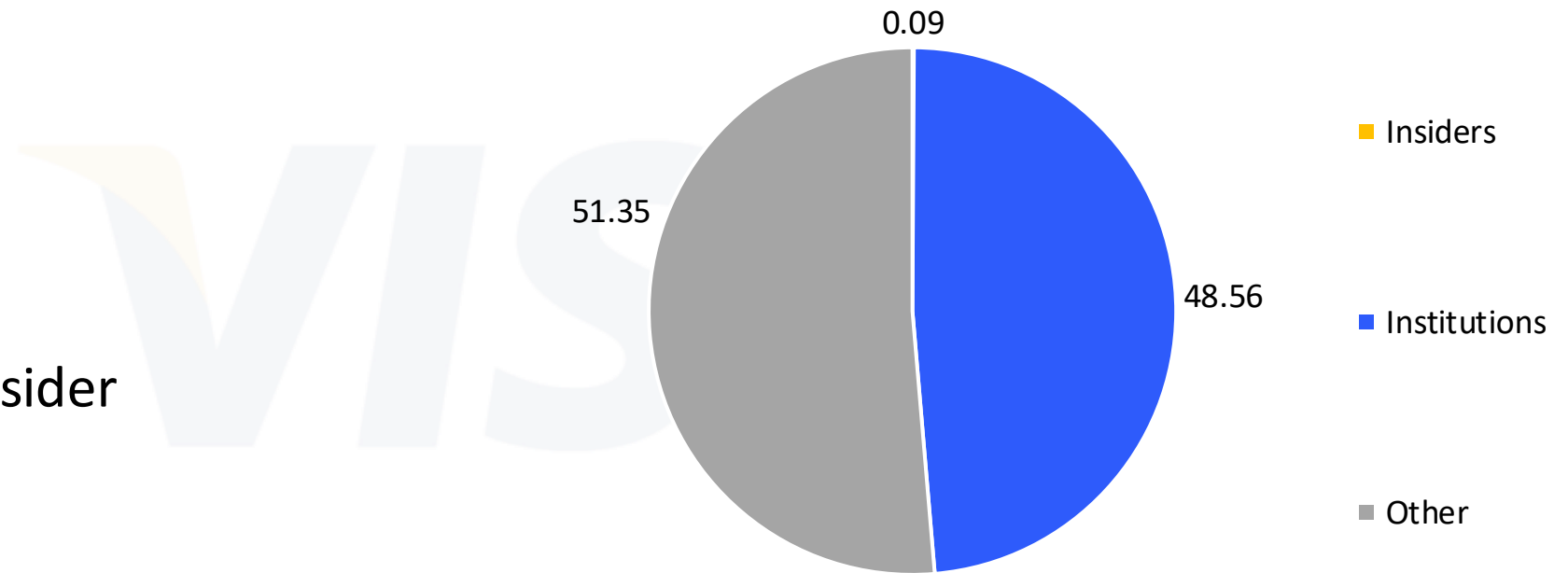




Ownership

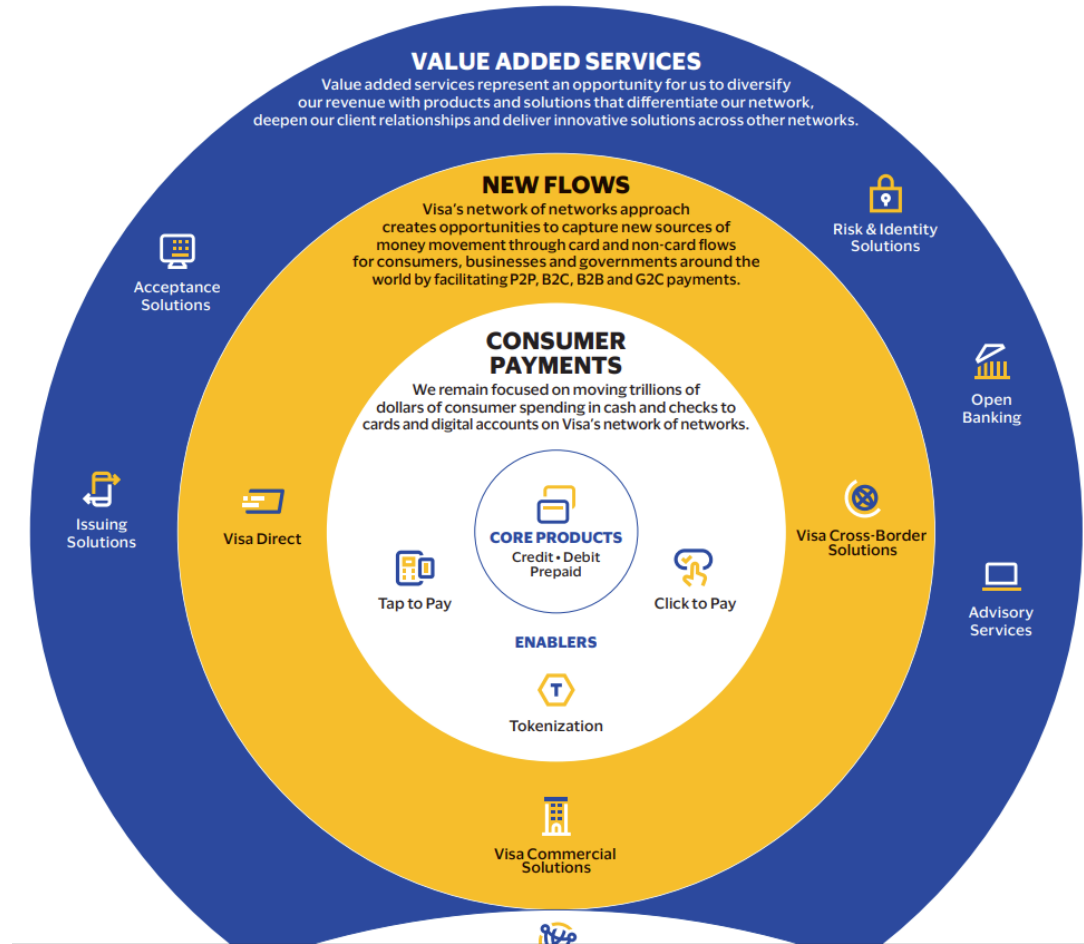
The ownership is

- 49% Institutions
- 51% Other
- Less than .1% Insider



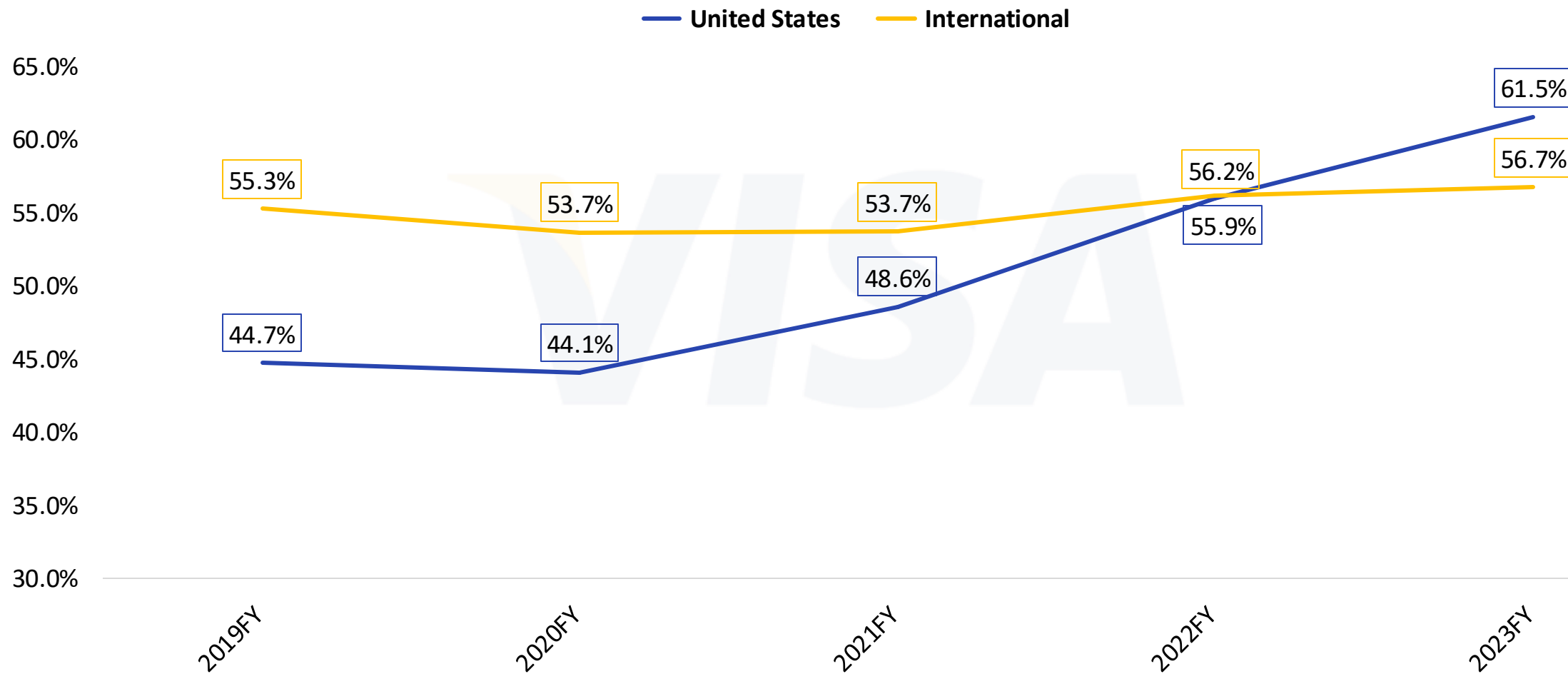


Growth Strategy





Geographical Revenue Breakdown %





Economies of Scale

- Light Asset Business
- Visa is capable of amortizing small fixed costs over a large base

VISA