KEYVALUE
GLOBAL RESEARCH

Equity Research

ANALYSIS OF VISA INC.

DATE:
25/02/2025

Keyvalueam.com

VISA

Buy: $376,13(7,51%)

Equity Research Division
29/03/2025

Summary

UNITS

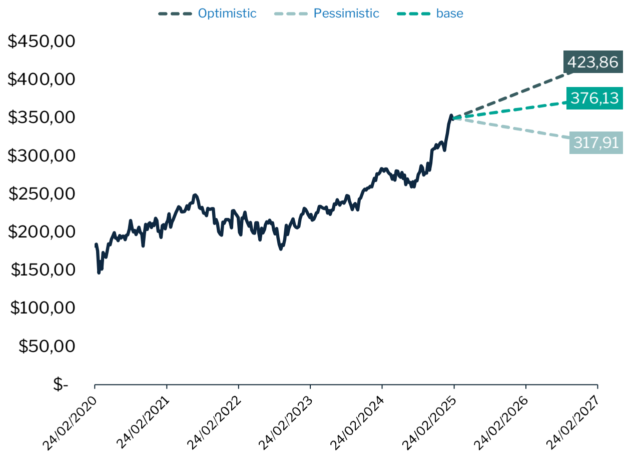
Country	United States	
Sector	Financial Services	
Current Price	349,86	$
Target Price	376,13	$
Upside	8%	%
Ticker	V	
Stock Exchange	NASDAQ	
Shares Outstanding	2.014	m
Market Capitalization	704.618	m
EPS (2024)	9,7	$



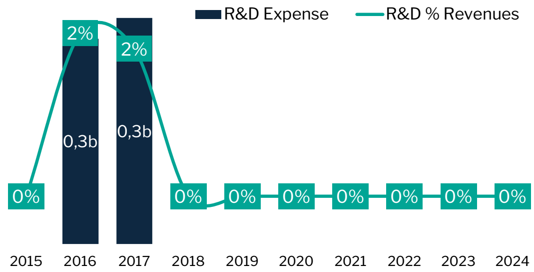
Analyst
Daniel Vincent

Analyst
Gianluca Farina

Supervisor
Marco Tempestini

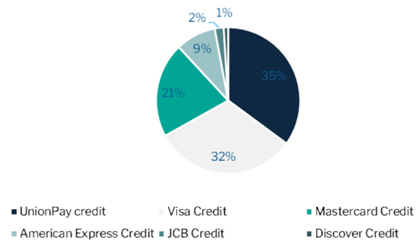


Source: Team Analysis



Source: Company data, Team Analysis

Global Purchase Volume by Credit Card Brand 2023.
(Nilson Report)



Source: Company data, Team Analysis

INVESTMENT SUMMARY

We issue a BUY recommendation for Visa with a one-year price target of $376,13, presenting an 8% upside potential from V's closing price of $349,86 on February 27th, 2025. The target price is based on a Discounted Cash Flow (DCF) method and supported by Relative Valuation. Our recommendation rests on the following key catalysts: (1) Visa's comprehensive transaction ecosystem, (2) its excellent positioning to lead the digital payments trend, (3) the company's growth-oriented vision, and (4) its unique position as a market leader in duopoly of transaction services.

VISA'S ECOSYSTEM

Visa's ecosystem is a vast global network that enables secure and efficient digital transactions. At its core, VisaNet connects over 14,500 financial institutions, 130 million merchants, and billions of consumers in more than 200 countries, ensuring real-time authorization, clearing, and settlement with high security and reliability. The company continually invests in technology to enhance processing efficiency, cybersecurity, and transaction capabilities. Beyond traditional card payments, Visa has built a multi-layered financial infrastructure that supports digital wallets, real-time payments, and alternative payment methods. Its "Network of Networks" strategy enables transactions across bank transfers, blockchain, and mobile payments while integrating innovations like tokenization, AI-driven fraud prevention, and biometric authentication.

Visa also offers value-added services such as fraud detection, analytics, and advisory solutions that help businesses optimize operations and enhance customer engagement. Through open banking and embedded finance, Visa enables fintechs and enterprises to integrate its payment infrastructure directly into their digital ecosystems. The company leads in cross-border transactions and real-time payments through Visa Direct, which supports over 75 domestic payment schemes and 15 real-time networks. Visa B2B Connect streamlines corporate payments, reducing intermediaries and costs. By continuously innovating, Visa strengthens its role in shaping the future of digital payments and financial inclusion.

EXCELLENT POSITIONING TO LEAD THE DIGITAL PAYMENTS TREND

Visa is at the forefront of digital payments, leveraging technological innovation, strategic partnerships, and the global shift away from cash. Its market reach continues to grow with advancements in security, speed, and efficiency, incorporating biometric authentication, AI-driven fraud detection, and tokenization. The rapid expansion of e-commerce and mobile transactions has increased demand for seamless payments. Visa's extensive network and partnerships with e-commerce giants enable secure and convenient payment methods across multiple platforms. The company also promotes contactless and mobile payments through Apple Pay, Google Pay, and Samsung Pay.

Visa's global strategy focuses on emerging markets, where smartphone adoption and financial inclusion initiatives are driving digital payment growth. Collaborating with banks, fintechs, and governments, Visa is helping digitize cash economies while meeting the rising demand for instant transactions through Visa Direct and peer-to-peer payments. The company is also investing in blockchain and cryptocurrency integration, ensuring its infrastructure supports stablecoins and Central Bank Digital Currencies (CBDCs). Partnerships with blockchain firms facilitate crypto-to-fiat conversions, positioning Visa as a key player in the future of decentralized finance.

GROWTH ORIENTED VISION

Visa's long-term growth strategy focuses on expanding consumer payments, developing new payment flows, and enhancing value-added services. The company drives digital transaction adoption through tap-to-pay, biometric authentication, and tokenization while expanding Buy Now, Pay Later (BNPL) solutions. Beyond consumer payments, Visa is strengthening its presence in B2B, P2P, and government-to-consumer transactions. Visa Direct enables real-time payments for payroll, gig economy workers, and remittances, while Visa B2B Connect streamlines corporate transactions by reducing costs and intermediaries.

Visa is also expanding its value-added services, offering analytics, risk management, and advisory solutions to financial institutions and merchants. Through open banking and embedded finance, Visa helps businesses integrate its payment infrastructure into their platforms, fostering fintech innovation.

The company continues investing in AI-driven fraud detection, real-time payments infrastructure, and blockchain-based financial solutions. With a future-focused approach, Visa is strengthening its position as a global leader in digital finance and payment technology.

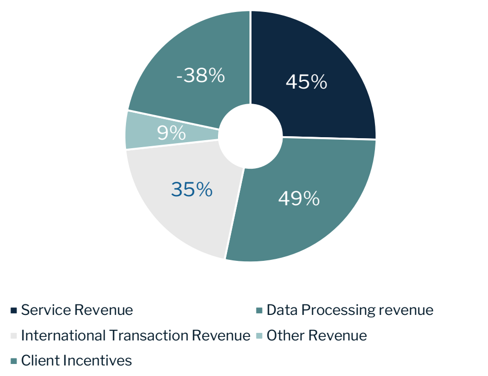
MARKET LEADER IN DUOPOLY OF TRANSACTION SERVICES

Visa dominates the transaction services industry alongside Mastercard, controlling 90% of global payment processing outside China. Its leadership is driven by an extensive network, strong brand recognition, and continuous innovation in secure payment technologies. In the U.S., Visa holds 52% of total credit card purchase volume, significantly outpacing Mastercard, American Express, and Discover. Its widespread consumer trust, merchant acceptance, and advanced payment solutions help maintain its market dominance.

Despite increasing competition from fintechs and alternative payment methods, Visa's deep integration with financial institutions ensures resilience. However, regulatory scrutiny over interchange fees and competitive practices poses challenges. To navigate these pressures, Visa continues to innovate, diversify, and expand into emerging financial services, reinforcing its leadership in global transaction processing.

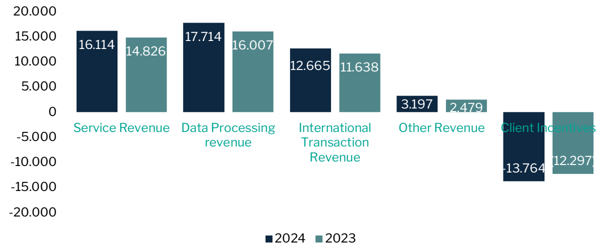
Business Model

Visa's 2024 Revenue Segmentation

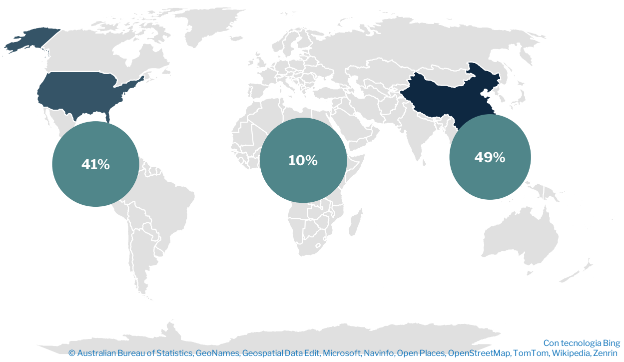


Source: Team Analysis, Company Data

Visa's 2023 and 2024 Revenue Segments



Source: Team Analysis, Company Data



Source: Team Analysis, Company Data

OVERVIEW

Visa Inc. is a global payment technology company offering transaction processing through its VisaNet network. It provides credit, debit, and prepaid cards, along with services like tap to pay, tokenization, and Visa Direct for fund delivery. Visa's B2B and cross-border payment solutions include Visa B2B Connect and Visa Cross-Border Solution. It also offers fraud mitigation, data analytics, and digital solutions through Visa DPS, and supports ecommerce with Cybersource and Authorize.net. The company serves merchants, financial institutions, and governments globally. Founded in 1958, Visa is headquartered in San Francisco.

BUSINESS SEGMENTS & GEOGRAPHIC REACH

Visa Inc. operates within a single reportable segment, the Payment Services sector, which includes financial transaction processing and value-added services. The company generates revenue primarily from four key sources, however, client incentives, such as rebates and incentives offered to financial institutions and merchants, negatively impact net revenue.

Revenue Breakdown

Service Revenue: Fees earned from supporting Visa payment services, primarily tied to payment volumes, which increased 9% YoY in 2024.

Data Processing Revenue: Generated from transaction authorization, clearing, and settlement, as well as value-added services related to issuing, acceptance, and risk and identity solutions. This also includes fees for network access, maintenance, and support services, ensuring reliable and efficient transaction processing. In 2024, data processing revenue grew 11% YoY, driven by a 10% increase in processed transactions.

International Transaction Revenue: Earned from cross-border transaction processing and currency conversion services. Growth in international payments, travel, and e-commerce transactions drove a 9% YoY increase in 2024, supported by 14% growth in nominal cross-border volume (excluding intra-European transactions). However, lower currency volatility partially offset revenue gains.

Other Revenue: Includes value-added services such as advisory, marketing, licensing, and account holder services. This segment saw a 29% YoY increase in 2024, primarily due to growth in marketing and consulting services, along with select pricing modifications.

Client Incentives: A negative revenue flow, paid to financial institutions, merchants, and partners to drive payment volume, expand product acceptance, and foster innovation. Client incentives increased 10% YoY in 2024, reflecting overall growth in payment volume.

Visa facilitates money movement across a vast global network of financial institutions and merchants, playing a critical role in the payments ecosystem by connecting businesses, consumers, and financial entities. The company benefits from a strong domestic market presence while also expanding internationally.

Visa's business model is driven by transaction volume growth, the increasing adoption of digital payments, and the expansion of financial services and payment infrastructure worldwide. The company continues to invest in security, technology, and value-added services to enhance global transaction processing. Through innovations in AI-driven fraud prevention, cross-border transaction capabilities, and multi-network interoperability, Visa strengthens its competitive position and continues to shape the future of digital payments.

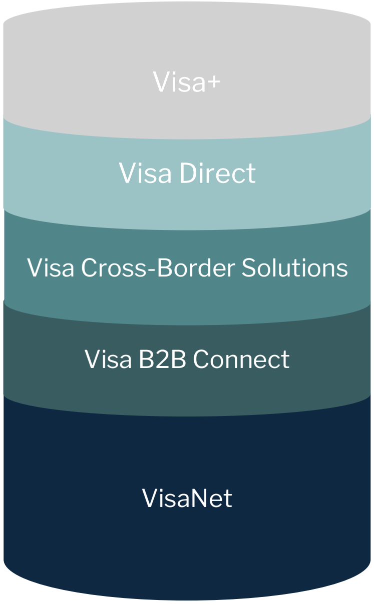
COMPANY STRATEGY

Visa's strategy is centered on maintaining its leadership in digital payments and driving future growth by expanding revenue, strengthening core business foundations, and adapting to the evolving financial ecosystem. Its overarching mission is to "uplift everyone, everywhere by being the best way to pay and be paid."

To accelerate revenue growth, Visa focuses on three key areas: consumer payments, new flows, and value-added services. It enhances its business model by investing in its network of networks, technology platforms, security, brand, and talent. Visa's consumer payments strategy aims to convert cash, checks, and other payment methods into digital transactions by expanding payment credentials, increasing acceptance points, and deepening consumer engagement through key enablers. The company also drives new payment flows beyond traditional consumer-to-business transactions, facilitating person-to-person (P2P), business-to-consumer (B2C), business-to-business (B2B), and government-to-consumer (G2C) payments. These initiatives are powered by Visa Direct and Visa Commercial Solutions. Additionally, Visa diversifies its revenue through value-added services that help clients optimize performance and differentiate their offerings. These services span issuing, acceptance, risk and identity management, open banking, and advisory solutions, supporting Visa and non-Visa transactions, as well as services beyond payments.

Visa's strategy is supported by key underlying principles. Its "network of networks" approach ensures seamless money movement across all endpoints and form factors by leveraging multiple networks and serving as a single connection point for partners. The company invests heavily in technology platforms, including software, hardware, data centers, and telecommunications infrastructure, to deliver secure and reliable services. Security remains a top priority, with Visa employing a multi-layered approach that includes data devaluation, embedded security, access management, and cyber threat detection.

Visa also focuses on attracting, developing, and retaining top talent, fostering a culture of impact, growth, and inclusivity while prioritizing employee engagement and recognition. The company leverages its globally recognized brand to enhance client and partner relationships, strengthening brand preference and commercial value.



INTERNATIONAL TRANSACTIONS

Visa enables the movement of money across more than 200 countries and territories, connecting 14,500 financial institutions and 130 million merchant locations worldwide. Cross-border transactions are a significant part of Visa's business, driving international transaction revenue and supporting businesses and consumers in a globally connected economy. These solutions include:

1, Visa B2B Connect is a multilateral cross-border payments network designed for direct bank-to-bank transactions, reducing intermediaries and increasing security and cost efficiency. It serves over 100 countries and territories, facilitating B2B settlements for corporate clients and financial institutions.

2, Visa Cross-Border Solutions, strengthened by Currencycloud capabilities, provides real-time foreign exchange rates, virtual accounts, and enhanced liquidity and settlement services. These offerings support both new flows and established cross-border consumer payment businesses, enabling more streamlined global transactions.

3, Visa Direct facilitates both domestic and cross-border money movement, allowing clients to collect, convert, hold, and send funds across a vast network. It supports over 11 billion endpoints, including cards, bank accounts, and digital wallets, making it a key component of Visa's strategy to drive digitization and improve the global payments ecosystem.

4, Visa+ enhances peer-to-peer (P2P) interoperability, allowing users of platforms like PayPal and Venmo in the U.S. to transfer funds seamlessly.

International Card Payments & Digital Wallets: Visa processes cross-border transactions from traditional card payments as well as alternative payment methods like Apple Pay, Google Pay, and digital wallets, which continue to drive international payment volume.

5, Blockchain & Digital Currencies: Visa is actively exploring blockchain technology, stablecoins, and Central Bank Digital Currencies (CBDCs) as part of its long-term cross-border payments strategy, ensuring interoperability between traditional and emerging digital financial ecosystems.

Visa is also advancing interoperability within international payments by integrating multiple payment networks, real-time payment schemes, and alternative payment methods. By expanding its cross-border transaction capabilities, Visa continues to strengthen its role in facilitating seamless global commerce.

Visa generates additional revenue from a range of value-added services beyond core payment processing. These include licensing fees, advisory services, marketing solutions, and account holder services that enhance Visa's product offerings and strengthen client relationships.

Visa Consulting & Analytics (VCA) – Provides strategic advisory services, data-driven insights, and payment optimization solutions for banks, merchants, and fintech partners.

Marketing and Loyalty Programs – Visa partners with financial institutions and merchants to design marketing campaigns, rewards programs, and cardholder engagement strategies that drive transaction volume.

Licensing Fees & Brand Partnerships – Visa earns revenue from licensing its brand and payment technology to financial institutions, fintech companies, and co-branded card partners.

Embedded Finance & Banking-as-a-Service (BaaS) – Visa's embedded finance solutions allow businesses to integrate payment capabilities directly into their platforms, expanding Visa's reach beyond traditional card networks.

Buy Now, Pay Later (BNPL) & Alternative Lending – Visa is expanding its footprint in the BNPL space by enabling installment payment solutions through its network, allowing issuers and merchants to offer flexible financing options to consumers.

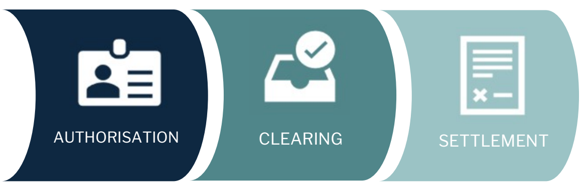
This segment continues to grow as Visa diversifies beyond payment transaction fees, focusing on advisory services, embedded finance, and strategic partnerships. By expanding its value-added services, Visa strengthens client engagement, enhances revenue streams, and reinforces its position as a leader in the payments industry.

SERVICES

Visa provides a comprehensive suite of services that support financial institutions, merchants, and consumers in facilitating seamless and secure transactions. At the core of these services is VisaNet, the company's proprietary transaction processing network, which acts as a single connection point for multiple payment endpoints, including cards and other form factors. VisaNet handles authorization, clearing, and settlement, ensuring the reliability and efficiency of transactions across the Visa ecosystem.

Visa continues to invest in its technology platforms, including software, hardware, data centers, and telecommunications infrastructure, to enhance VisaNet's processing capabilities and security. Additionally, Visa provides value-added services such as Issuing Solutions, Acceptance Solutions, Risk and Identity Solutions, Open Banking Solutions, and Advisory Services, delivering critical support for financial institutions and businesses.

Visa's network of networks strategy plays a key role in interoperability, enabling transactions across multiple payment networks. This approach allows Visa to extend its reach beyond its own network, facilitating new types of money movement and ensuring that transactions remain accessible, secure, and efficient across various systems.



DATA PROCESSING

Visa's data processing capabilities underpin its global transaction processing services, supporting businesses, financial institutions, and merchants. VisaNet processes billions of transactions annually, ensuring secure and efficient money movement. Key aspects of Visa's data processing include:

Authorization, Clearing, and Settlement – VisaNet facilitates these core transaction processes, enabling seamless payment experiences for consumers and businesses worldwide.

Visa Direct – Plays a crucial role in enabling real-time domestic and cross-border payments across more than 75 domestic payment schemes, 15 real-time payment networks, 15 card-based networks, and multiple payment gateways.

Risk and Identity Solutions – Visa integrates AI and advanced data analytics to enhance fraud detection, improve payment security, and optimize identity verification processes.

Embedded Finance & Banking-as-a-Service (BaaS) – Visa is investing in open banking and embedded financial solutions, allowing third-party financial services to leverage its payment infrastructure.

Blockchain & Alternative Payment Processing – Visa is exploring blockchain technology to enhance transaction security and efficiency, particularly in stablecoins, CBDCs, and tokenized payments.

Visa is investing in AI-driven infrastructure to improve transaction processing, security, and fraud detection. Its four global data centers ensure high availability, network resilience, and operational reliability. Visa's multi-layered security approach, including cryptography, embedded software security, identity and access controls, and cyber detection, further reinforces the integrity of its data processing capabilities.

Visa utilizes cutting-edge technology to keep its data processing services scalable, efficient, and secure, meeting the evolving needs of businesses, financial institutions, and consumers globally.

Featurespace Limited

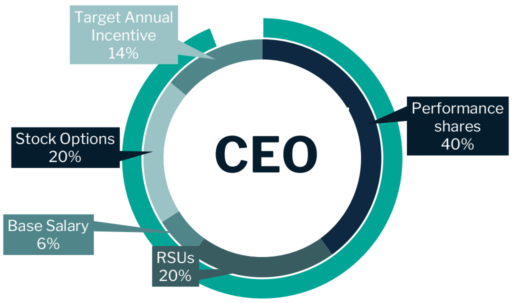
Acquired for $946mn in 2024, Featurespace strengthened Visa's fraud prevention capabilities with its AI-native transaction monitoring technology. The deal enhanced Visa's security offerings, enabling real-time detection of financial crime while Featurespace continued serving its global client base, including HSBC and NatWest.

Pismo Soluções Tecnologicas Ltda.

Acquired for $1bn in 2024, Pismo expanded Visa's capabilities by providing cloud-based APIs for core banking and card issuing across all product types. The deal also strengthened Visa's support for emerging payment schemes and RTP networks, enabling financial institutions to innovate and scale regardless of network, geography or currency.

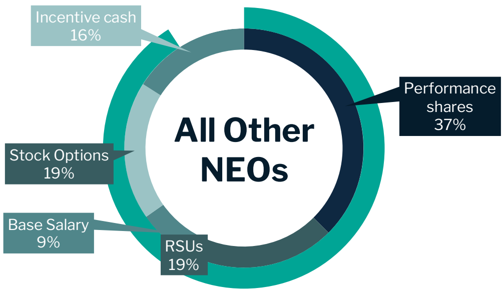
The Currency Cloud Limited

Acquired for $940mn in 2021, Currency Cloud enhances Visa's cross-border payments capabilities, enabling greater transparency and flexibility for businesses and consumers. The deal expands Visa's role in embedded finance, strengthening its global payments network while Currencycloud continued serving its banking and fintech clients.



94,00% At Risk

Source: Team Analysis, Company Data



91,00% At Risk

Source: Team Analysis, Company Data

Position	Minimum Ownership Value
CEO	6x base salary
President - Tech, Vice Chair, CFO	4x base salary
Chief Risk and Client Services Officer	3x base salary

CAPITAL ALLOCATION

Visa's disciplined approach to capital allocation ensures that investments drive innovation, enhance network capabilities, and deliver long-term value.

Visa prioritizes technology and infrastructure investments to improve payment security, processing speed, and scalability. In FY 2024, Visa allocated $1.257 billion toward technology, infrastructure, and equipment, reinforcing its network's resilience and efficiency. Key advancements include AI-driven fraud prevention, cloud infrastructure expansion, and real-time payments solutions, ensuring seamless cross-border transactions and stronger risk management.

Visa's acquisition strategy is a key pillar of its capital allocation framework. The company targets acquisitions that differentiate its network, enhance value-added services, and accelerate digital transformation, as evidenced by the Featurespace, Pismo, Currency Cloud and Tink AB acquisitions. Visa also invests in high-growth fintech firms through non-marketable equity securities and equity method investments, ensuring it remains at the forefront of emerging trends in embedded finance, blockchain-based payments, and decentralized finance.

Visa maintains a strong balance sheet, allowing for consistent shareholder returns through share repurchases and dividends. In FY 2024, Visa repurchased 64 million shares for $17 billion, reducing the share count and increasing shareholder value. As of September 30, 2024, Visa had $13.1 billion remaining in its share repurchase authorization. The company also returned $4.2 billion in dividends, and in October 2024, the board declared a quarterly cash dividend of $0.59 per share.

BACKGROUND AND COMPENSATION

The Visa leadership team and board of directors have diverse backgrounds in payments, technology, senior leadership, finance, global markets, and risk management, which ensures deep industry knowledge and strategic vision. The CEO McInerney, who has been with Visa since 2013 and has served as CEO since 2023, has contributed significantly to the company's growth and innovation. Internal promotion is a key value at Visa, with many executives rising through the ranks within the company, fostering a deep understanding of internal and external operations, which is critical to effective leadership. He had previously served as CEO of consumer banking at JPMorgan Chase and therefore possessed the prior knowledge crucial for success.

The compensation structure reveals a key aspect of Visa's philosophy: its leaders have a strong incentive to focus on creating long-term value for the company and its shareholders, thanks to a large portion of their compensation tied to the company's future performance.

One of the key aspects of the compensation package is the concept of "skin in the game". This term emphasizes that management has a very strong personal and financial interest in the success of the company. In fact, 94% of the CEO's compensation and 91% of that of other executives is exposed to risk, i.e. linked to variable factors such as company performance and share price. This means that most of their remuneration is not guaranteed and depends directly on achieving key objectives for the company.

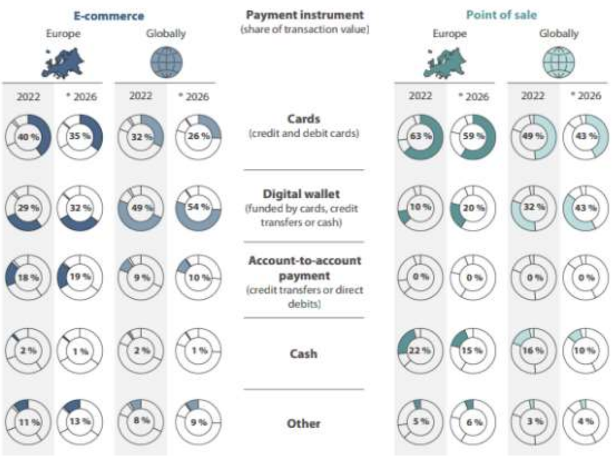
RSUs (Restricted Stock Units) and Performance Shares are key tools that link executive compensation to the future performance of the company. Both RSUs and stock options are structured to vest over a three-year period from the grant date and are conditional on performance goals tied to EPS and Total Shareholder Return. This retention strategy encourages executives to remain with the company long-term, while Performance Shares offer actions only if Visa meets certain financial goals. For example in the November 2023 grants a third of the target performance shares was linked to the EPS goal for fiscal year 2024, where the EPS was $9.98, leading to a performance factor of 129.3%. Furthermore, incentive cash includes goals related to Net Revenue Growth, NI growth and EPS growth. Net Revenue Growth achieved 10.0% (goal was 9.6%); NI Growth was 11.1% (goal was 8.6%) and EPS Growth was achieved 14.1% (goal was 11.5%). In this way, executives have a direct personal interest in the growth of the share price, aligning their incentives with those of shareholders.

With this setup, Visa's philosophy in corporate compensation management is clearly focused on creating long-term value. The high percentage of compensation at risk means that business leaders are incentivized to focus on strategic goals that bring lasting benefits rather than immediate short-term results. This type of structure reduces the risk of opportunistic and short-term decisions, as executives have a vested interest in ensuring that Visa continues to grow and thrive over time.

COMUNICATION

Visa is widely recognized for its transparency in communicating with investors and the market. The company regularly provides detailed information on its financial performance, strategic initiatives, and potential risks to the business. Visa offers clear guidance on key financial metrics, such as revenue, earnings per share (EPS), and operating margins, ahead of earnings reports as well as focusing on key operational payment/transaction metrics. These forecasts are highly reliable, with Visa consistently meeting or exceeding expectations. The company also ensures transparency around the risks it faces, including economic fluctuations and technological disruptions, allowing investors to understand the key factors influencing its long-term growth and stock potential.

Sector Analysis

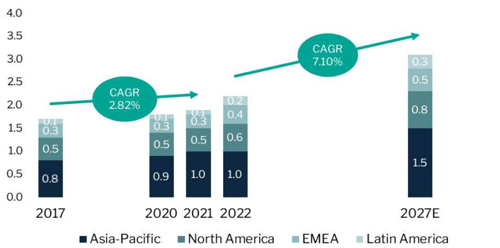


Source: ECA based on 2023 FIS Global Payments Report

Global Payments Revenue by type and Location (2023)
(McKinsey Global Payments Map)

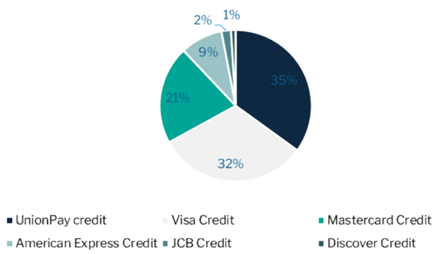
Source: McKinsey Global Payments Map, Team Analysis

Global Payments revenues 2017-2027F, $ Trillion USD
(McKinsey Global Payments Map)



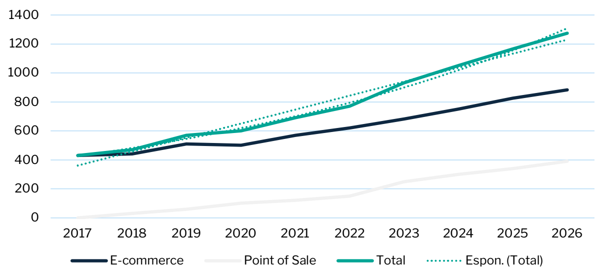
Source: McKinsey Global Payments Map, Team Analysis

Global Purchase Volume by Credit Card Brand 2023.
(Nilson Report)



Source: Nilson Report, Team Analysis

Digital payments in e-commerce and point-of-sale transactions for EU 27
(billion euros)



Source: Statista Market Insights, Team Analysis

DIGITAL PAYMENTS GROWTH

The digital payments market is experiencing rapid growth, driven by several key factors. Firstly, the convenience and speed of digital payments have made them the preferred choice for consumers, particularly among younger generations. Secondly, the increasing digitalisation of businesses has created a growing demand for digital payment solutions that streamline transactions and reduce costs. Thirdly, the rise of e-commerce and online marketplaces has heightened the need for secure and efficient payment systems capable of facilitating cross-border transactions. Lastly, the COVID-19 pandemic accelerated the adoption of contactless payments as consumers and businesses prioritized safety and hygiene, further solidifying the shift toward digital transactions.

DIGITAL PAYMENTS INDUSTRY

Visa operates within the global digital payments sector. The total transaction value of the B2C section of the sector is expected to show an annual growth rate (CAGR) of 15.90% between 2025 and 2029 resulting in a project total transaction value of $36.75tn USD by 2029, owing to the continued strength and expansion of the wider sector. The Asia-Pacific region is expected to dominate the market, with North America and Europe following, owing to the increasing development of the region and the subsequent increasing adoption of digital payments in these regions.

Digital Payment Adoption & Technological Innovation – The shift from cash to digital transactions, along with advancements like biometric authentication, tokenization, and AI-driven fraud prevention, continues to drive sector growth.
E-commerce & Cross-border Payment Growth – The rise of online shopping and increasing global trade are fueling demand for seamless, secure, and efficient international transactions.
Financial Inclusion & Emerging Markets Expansion – Governments and fintech companies are driving digital banking adoption in underbanked regions, expanding the reach of digital payments.
Partnerships with Fintech & Blockchain Companies – Collaborations between traditional financial institutions and fintechs, neobanks, and blockchain firms are integrating real-time payments, stablecoins, and central bank digital currencies (CBDCs).
B2B Payment Digitalization – Businesses are transitioning from traditional paper-based transactions to digital solutions, increasing demand for seamless and automated payment processing.

Slowing Factors:
Regulatory Scrutiny & Compliance Costs – Stricter regulations on transaction fees, data privacy, and anti-money laundering (AML) compliance are raising operational costs and creating market uncertainties.
Rising Competition from Fintech, Digital Wallets & Cryptocurrencies – The growth of digital wallets (e.g., PayPal, Apple Pay, Alipay), decentralized finance (DeFi), and blockchain-based payment solutions is reshaping the competitive landscape.
Merchant Pushback on Fees & Alternative Payment Methods – Businesses are demanding lower transaction fees and increasingly adopting direct bank transfers, real-time payments, and blockchain-based solutions.
Cybersecurity Threats & Fraud Risks – As digital transactions rise, so do cyberattacks and fraud risks, requiring significant security investments to maintain trust and compliance.
Macroeconomic Slowdowns & Inflation Impact on Consumer Spending – Economic downturns and inflation can weaken consumer purchasing power, reducing transaction volumes and overall sector growth.

MARKET SHARE

The global payments and transaction sector is dominated by a duopoly, with Visa and Mastercard accounting for 90% of all payment processing outside of China and a combined market capitalization of approximately $1.3 trillion. Including China, Visa holds a 32% share of global purchase volume by credit card brand (2023), ahead of its closest competitor, Mastercard, at 21%.. The duopoly has been negatively received however, giving way to legislation such as the proposed, Credit Card Competition Act, to lower duopoly characteristics and decrease interchange fees.

In Visa's domestic market, the United States, the four major credit card brands processed a total purchase volume of $5.8 trillion USD. Visa led with $3 trillion (52%), followed by Mastercard at $1.4 trillion (24%), American Express at $1.1 trillion (19%), and Discover at $0.3 trillion (5%).

DIGITAL PAYMENT EXPANSION

The digital payments network is expanding rapidly, with three key areas continuing to drive investment and competition:

Instant Payments: transforming cross-border transactions, treasury management, and payouts, with fintechs and banks leading mobile-first remittances and SME platforms. 23% of UK SMEs use nonbank providers for cross-border payments. Banks must develop, partner, or orchestrate solutions, while instant payouts enhance worker retention and customer satisfaction in gig work, refunds, and insurance.

Financial Crime: with $400B in projected fraud losses, regulators are tightening rules and shifting liability. Real-time fraud detection, AI-driven risk analysis, and payee verification are now essential.

Infrastructure Upgrades: faster, cost-effective 24/7 systems with real-time reconciliation and high-speed processing are in demand. While many incumbents struggle, Goldman Sachs and RBC are setting new innovation standards.

External Analysis

SWOT ANALYSIS

S

Strengths

- Strong market position and brand recognition
- Robust global processing network (VisaNet)
- Diverse revenue streams across geographies and services
- Strong financial performance and cash flow generation

W

Weaknesses

- Exposure to regulatory scrutiny and legal challenges
- Potential overreliance on the U.S. market for a significant portion of revenue
- Vulnerability to macroeconomic fluctuations and consumer spending trends

O

Opportunities

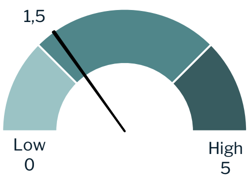
- Expansion of value-added services portfolio
- Growth in cross-border e-commerce and digital payments adoption
- Strategic acquisitions to enhance technological capabilities
- Emerging markets expansion and financial inclusion initiatives

T

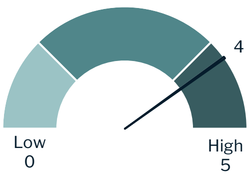
Threats

- Ongoing Department of Justice antitrust lawsuit
- Increased competition from traditional rivals and fintech disruptors
- Potential for new regulations impacting fee structures or business practices
- Cybersecurity risks and the need for continuous investment in security measures

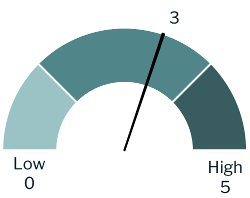
BARGAINING POWER OF SUPPLIERS



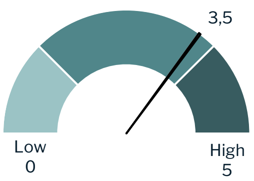
BARGAINING POWER OF BUYERS



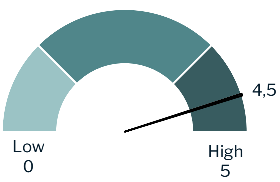
THREAT OF NEW ENTRANTS



THREAT OF SUBSTITUTE PRODUCTS



COMPETITIVE RIVALRY



5 PORTER'S FORCES ANALYSIS

Bargaining Power of Suppliers

The bargaining power of suppliers is relatively low, as Visa works with a wide range of suppliers for its technology and infrastructure needs, reducing reliance on any single provider. The availability of alternative suppliers and Visa's strong market presence further limit supplier influence. However, Visa must remain vigilant against potential risks, such as supplier consolidation or reliance on key partners for critical services. To maintain its advantage, Visa can diversify its supplier base, invest in developing proprietary technology, negotiate long-term contracts with favorable terms, and strengthen supplier relationships to ensure stability and cost efficiency.

The Bargaining Power of Buyers

The bargaining power of customers is high, as financial institutions, merchants, and consumers have multiple payment options and can easily switch providers. Large clients, such as major banks and retailers, have substantial negotiating power and can demand better pricing or tailored solutions. The rise of fintech companies and alternative payment methods further increases customer choice, making loyalty harder to secure. To reduce this power, Visa must differentiate its services with enhanced security, exclusive benefits, and seamless integrations. Building strong customer relationships through superior service and personalized solutions, offering competitive pricing, and continually innovating to increase switching costs will help Visa maintain its customer base. Expanding into new markets and diversifying its client portfolio can further reduce dependence on any single segment.

Threat of New Entrants

Visa faces a moderate threat of new entrants due to significant barriers such as high capital investment, regulatory complexities, and the dominance of established players with extensive networks. However, advancements in digital payment technologies and growing adoption of fintech solutions make entry more feasible for tech-driven startups and challenger banks. To counteract this threat, Visa must focus on continuous innovation, particularly in digital and cross-border payment solutions. Strengthening partnerships with banks, fintech firms, and merchants will reinforce Visa's network effect, making it harder for newcomers to gain traction. Enhancing customer loyalty through value-added services, expanding into emerging markets, and advocating for favorable regulatory frameworks can further solidify Visa's position.

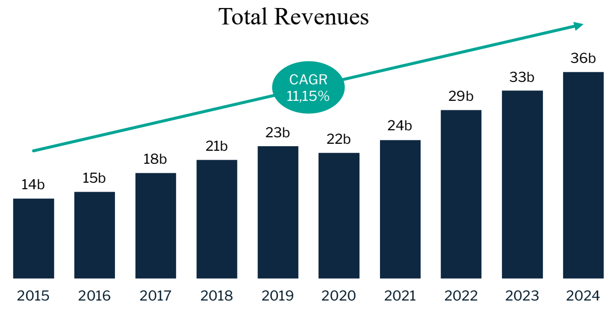
Threat of Substitutes

The threat of substitute products is high, as consumers and businesses have a growing number of payment alternatives, including cash, wire transfers, cryptocurrencies, and digital wallets from tech giants. Emerging fintech firms continue to introduce innovative payment solutions that could challenge Visa's traditional model. To mitigate this risk, Visa must invest in next-generation payment technologies, enhance security and fraud prevention, and explore collaborations with fintech firms to integrate new services. Competitive pricing and customer education on the reliability and benefits of Visa's solutions will be crucial in maintaining its market dominance.

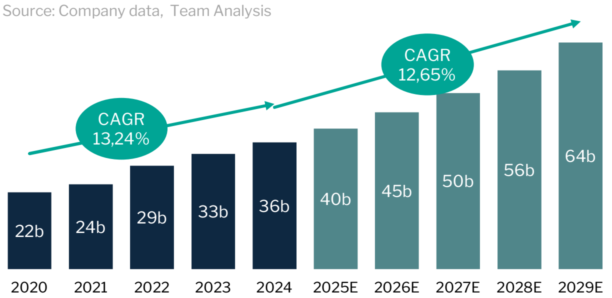
Competitive Rivalry

Industry competition is intense, with Mastercard, American Express, PayPal, and numerous digital payment providers constantly innovating to gain market share. Pricing, technological advancements, customer service, and brand trust play key roles in determining success. To remain a leader, Visa must differentiate itself through superior technology, strategic partnerships, and a seamless payment experience. Continuous investment in research and development, exceptional customer service, and strategic pricing will help Visa maintain its competitive edge without engaging in destructive price wars. By focusing on innovation and strengthening its global network, Visa can reinforce its position as a dominant player in the industry.

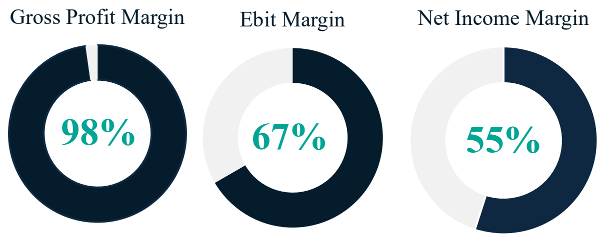
Source: Company data, Team Analysis

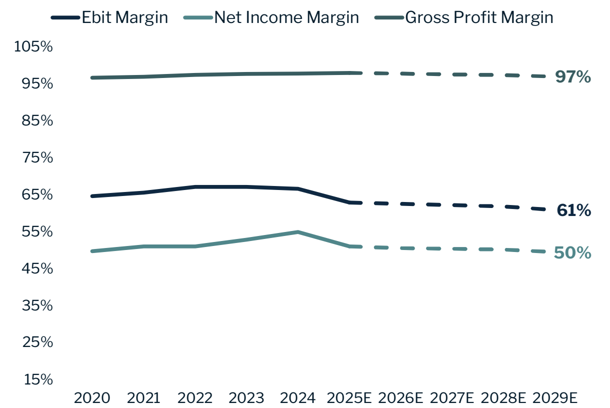


Source: Company data, Team Analysis

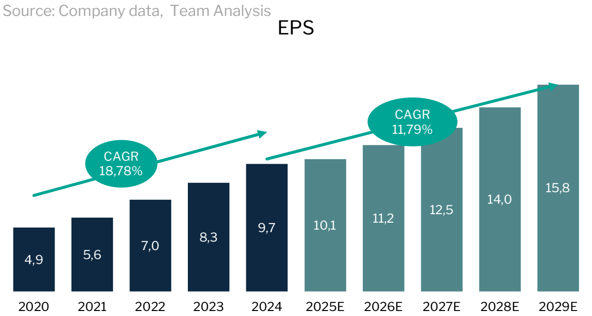


Source: Company data, Team Analysis

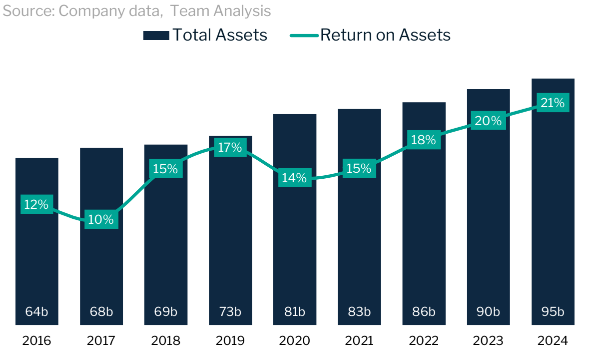




Source: Company data, Team Analysis



Source: Company data, Team Analysis



INCOME STATEMENT

Performace Review

From 2015 to 2024, Visa demonstrated resilient and sustained revenue growth, with little decline in 2020, achieving an average YoY growth of 10.50% and a CAGR of 11.15%. Revenues rose from 13.880 million in 2015 to $35.926 million in 2024, showcasing solid and continuous growth. Examining more recent periods, from 2020 to 2024, Visa achieved a CAGR of 13.24%, reflecting a slight slowdown due to the increasingly high absolute revenue levels but still maintaining an average YoY of 10%. This acceleration was partly driven by a minor decline in 2020, which created a lower base effect, amplifying growth as global consumer spending rebounded.

Future Growth Scenarios (2025-2029)

For the period from 2025 to 2029, Visa's revenue growth is projected across three possible scenarios: base, pessimistic, and optimistic. Each scenario reflects varying levels of adoption of Visa's new features and innovations, as well as the influence of competition and customer preferences.

Base Scenario

Visa is expected to maintain steady and gradual revenue growth, with an estimated CAGR of 12.65% from 2025 to 2029. This scenario assumes that Visa's payment solutions continue to gain traction among consumers and businesses, driving a steady rise in transaction volumes without sudden surges. Revenues are projected to reach $64.210 million by 2029, aligning with historical trends but with a moderate deceleration in growth pace. This scenario is supported by Visa's strong brand recognition and global network, positioning it ahead of competitors in a rapidly evolving digital payments landscape.

Pessimistic Scenario

Visa experiences a slowdown in revenue growth, primarily due to competition from emerging fintech solutions and alternative payment methods gaining market share. Despite Visa's strong leadership in the sector, increasing competition may limit its ability to expand transaction volumes at the anticipated rate. This scenario assumes a CAGR of approximately 9.65%, with revenues potentially reaching $56.080 million by 2029. Nonetheless, Visa is expected to maintain a dominant position due to its extensive global network and trusted brand reputation.

Optimistic Scenario

Visa leverages emerging payment technologies and digital transactions to drive revenue growth, supported by strong customer trust in its secure, efficient network. These advancements would attract new users, boost transaction volumes, and deepen engagement with existing customers. In this scenario, Visa could achieve a 14.65% CAGR from 2024 to 2029, with revenues reaching $70.134 million. Strong adoption would further solidify its market leadership, reducing vulnerability to competition.

Margins

Thanks to the growing demand for its core services, Visa achieved an increase in absolute Net Income while maintaining relatively stable profit margins.

Visa's Gross Profit Margin has remained consistently high, fluctuating from 96.5% in 2014 to 97.8% in 2024. This trend reflects Visa's strategic focus on driving demand for its services and expanding transaction volumes while maintaining stable margins, rather than prioritizing margin expansion.

The EBITDA margin has mirrored the Gross Profit Margin, rising slightly from 67.5% in 2014 to 68.0% in 2024. This stability reflects Visa's strong cost management and operational efficiency, allowing profitability to remain high despite increased investments. The slight rise is driven by recurring revenue growth, which supports scalability without significant margin expansion. The EBIT margin is, on average, 1.5% lower than the EBITDA margin, highlighting the sector's key characteristic of low CAPEX requirements and, consequently, a limited reliance on tangible assets.

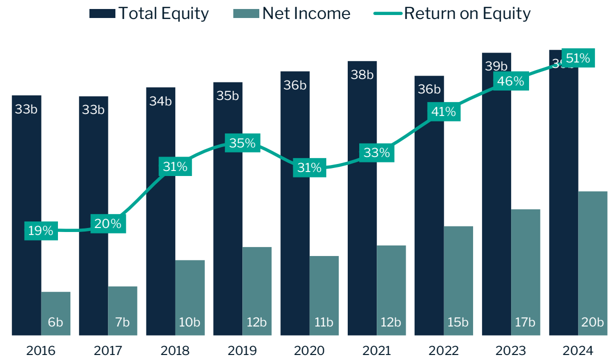
The Net Income Margin has consistently remained above 50.0% throughout the analyzed period (2015–2024). This sustained high level reflects Visa's exceptional profitability, driven by meticulous expense management and a strategic focus on operational efficiency. Looking at the Free Cash Flow Margin, it experienced a high fluctuation, moving from 70.5% in 2015 to 55.5% in 2024. This is particularly significant, as free cash flow is a key indicator of a company's ability to generate cash and finance future growth, and ability to maintain an adequate management of Working Capital.

Finally, considering how much net income the company converts into Free Cash Flow, we observe a Quality Profit Ratio reaching 105% in 2024, indicating a Free Cash Flow conversion rate higher than net income itself. Reviewing the LTM (Last Twelve Months), we see a further prominent increase, reaching 173%, with Free Cash Flow over LTM at $34.616 million, marking a 64.76% increase.

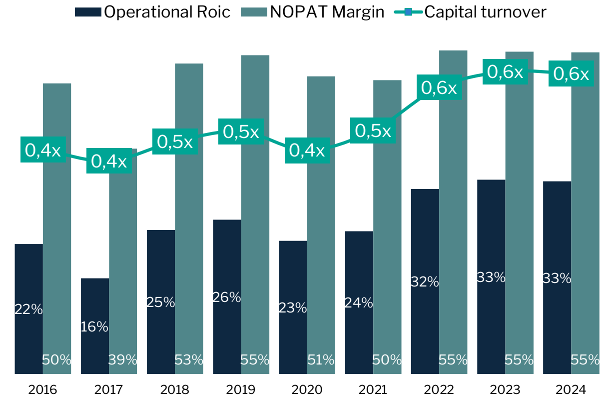
EPS grew from 4.9 in 2019 to 9.7 in 2024, achieving an 18.78% CAGR, demonstrating Visa's ability to enhance profitability and shareholder value despite economic challenges.

Based on our analysis, EPS is projected to rise from 10.1 in 2024 to 15.8 by 2029, with a lower but solid 11.79% CAGR, indicating sustained earnings expansion amid a maturing market and stable cost management.

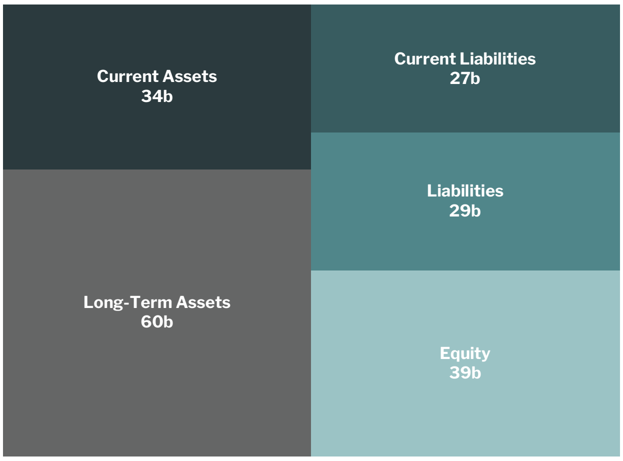
ROA increased from 12% in 2015 to 21% in 2024, reflecting improved asset efficiency. A dip in 2020, driven by pandemic-related challenges, marked a temporary setback. Looking ahead, ROA is expected to reach 25% by 2028, continuing its upward trajectory.



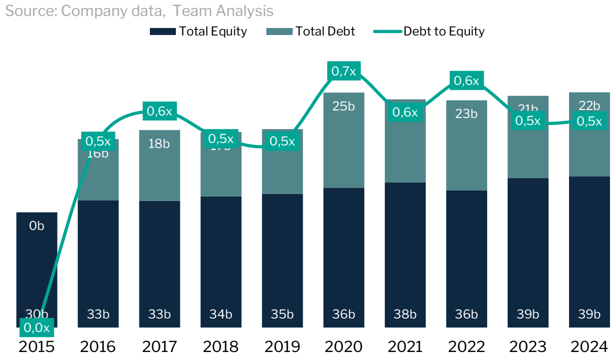
Source: Company data, Team Analysis



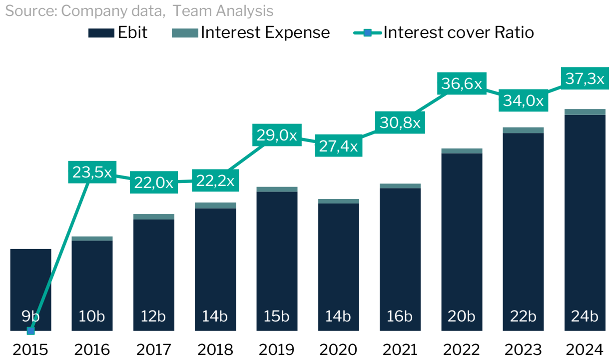
Source: Company data, Team Analysis



Source: Company data, Team Analysis



Source: Company data, Team Analysis



Source: Company data, Team Analysis

Visa's Return on Equity (**ROE**) has demonstrated significant growth from 2016 to 2024, highlighting strong equity management and increasing profitability. Beginning at 19% in 2016, ROE experienced steady growth, reaching 35% in 2019 before slightly declining to 31% in 2020. However, it rebounded in the following years, hitting 46% in 2023 and 51% in 2024. This upward trajectory suggests a well-balanced approach to expansion and operational efficiency, with Visa successfully leveraging its equity base to generate higher net income. The consistent rise in net income—from $6 billion in 2016 to $20 billion in 2024—further supports this trend, reflecting the company's ability to sustain profitability even amid fluctuations in equity levels. This growth in net income reflects Visa's capacity to capture higher transaction volumes and maintain strong profitability margins in the capital-light payments industry. As Visa continues to scale its operations, its relatively low capital expenditures have allowed it to increase revenue without needing to reinvest a significant proportion of its capital.

In terms of operational efficiency, Visa's operating Return on Invested Capital (**ROIC**) has followed a similar growth pattern, increasing from 22% in 2016 to 33% by 2023 and maintaining that level in 2024. This metric, derived from the NOPAT Margin and Capital Turnover, provides insight into how effectively the company utilizes its capital. The NOPAT Margin has remained strong, fluctuating between 50% and 55% over the period, signaling Visa's ability to convert a high percentage of its revenue into operating profit despite growing competition in the digital payments industry. The company's Capital Turnover, which improved from 0.4x in 2016 to 0.6x in 2022 and beyond, highlights the growing efficiency with which Visa uses its invested capital to generate revenue. As a capital-light business, Visa doesn't need to rely heavily on physical assets, making it well-suited to achieve high capital turnover. The peak in operating ROIC during 2022 and 2023 underscores Visa's ability to efficiently reinvest capital while maintaining solid operating margins, enhancing its overall return on investment.

From a practical standpoint, these figures indicate that for Visa to achieve 5% growth, it would need to invest approximately 15% of its capital, while reaching 10% growth would require around 30% reinvestment. This efficiency in capital deployment highlights Visa's strong financial positioning and its ability to generate sustainable long-term growth with relatively moderate reinvestment requirements. Visa's ability to grow without needing substantial capital investment further demonstrates the scalability of its business model, where increasing revenue does not necessarily require proportional increases in capital or operating costs.

BALANCE SHEET

Visa's capital structure is highly efficient and well-capitalized, reflecting a disciplined approach to financial management. With total equity of $39 billion, Visa maintains a strong financial foundation that supports its $60 billion in long-term assets, indicating that a significant portion of its business investments is funded through retained earnings rather than excessive debt. This aligns with Visa's asset-light business model, where intangible assets such as technology infrastructure, data security systems, and brand value form the core of its operations. Unlike capital-intensive industries that require heavy investments in physical infrastructure, Visa primarily allocates resources to software development, cybersecurity, and strategic acquisitions. By keeping leverage at moderate levels, Visa mitigates long-term default risk, ensuring financial stability and reinforcing investor confidence. Additionally, Visa's current assets of $34 billion provide strong liquidity, comfortably covering its current liabilities of $27 billion. The majority of these short-term obligations stem from settlement liabilities, reflecting Visa's role as an intermediary in global payments. Given the high transaction volume processed daily, Visa's ability to efficiently manage these obligations is crucial to maintaining trust among financial institutions and merchants. The company's strong cash position, combined with its low reliance on external financing for operational needs, allows it to navigate market fluctuations with ease.

Visa's prudent approach to capital allocation ensures that it retains the financial flexibility to fund innovation, expand its global network, and invest in AI-driven payment solutions. This conservative yet growth-oriented strategy allows Visa to sustain long-term profitability while maintaining a low-risk financial profile, positioning it as a leader in the competitive payments industry.

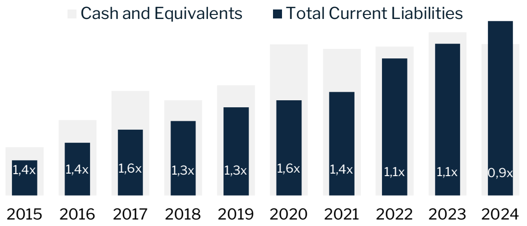
Visa has demonstrated a disciplined approach to managing its debt-to-equity ratio, maintaining a strong capital structure while ensuring financial sustainability. Over the years, Visa's Debt-to-Equity ratio has remained relatively stable, fluctuating between 0.5x and 0.7x from 2016 to 2024. This consistent leverage level indicates a balanced approach to financing growth through both equity and debt, without exposing the company to excessive financial risk.

A key driver behind Visa's stable Debt-to-Equity ratio is its growing equity base, which increased from $30 billion in 2015 to $39 billion in 2024, reflecting strong retained earnings and strategic financial management. Meanwhile, Visa's total debt has remained relatively moderate, fluctuating between $16 billion and $25 billion, further reinforcing its financial health. Unlike capital-intensive industries, Visa operates an asset-light business model, meaning it does not require heavy borrowing for infrastructure or manufacturing investments. Instead, its borrowing is strategically used to support technological advancements, acquisitions, and operational expansion.

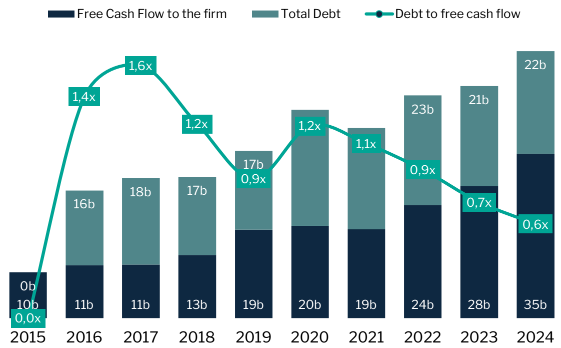
Looking at interest coverage, Visa maintains exceptionally strong debt servicing capability. The interest coverage ratio has improved from 23.5x in 2016 to 37.3x in 2024, indicating that Visa's EBIT is more than sufficient to cover its interest expenses. Even in 2023, despite a slight decrease to 34.0x, Visa remains well within safe limits, ensuring that its debt obligations pose minimal risk to profitability. Also of note is the removal of an anomalous result within 2015, which leads to a 3026x ICR due to an exceptionally low interest expense ($3 million).

From a strategic standpoint, Visa's ability to maintain a moderate leverage ratio while expanding its revenue and profitability positions it well for continued growth. Unlike in capital-intensive sectors, where high debt can strain liquidity, Visa's strong interest coverage and controlled debt levels indicate a conservative yet effective capital structure. This financial prudence allows Visa to invest in technology, enhance payment infrastructure, and explore acquisitions, all while maintaining low financial risk and high operational flexibility.

Quick Ratio

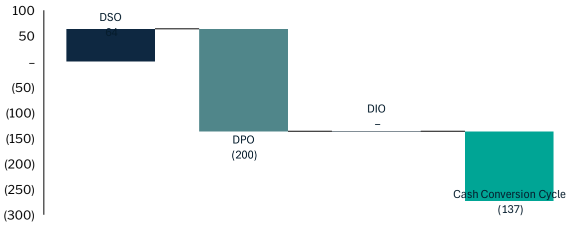


Source: Company data, Team Analysis

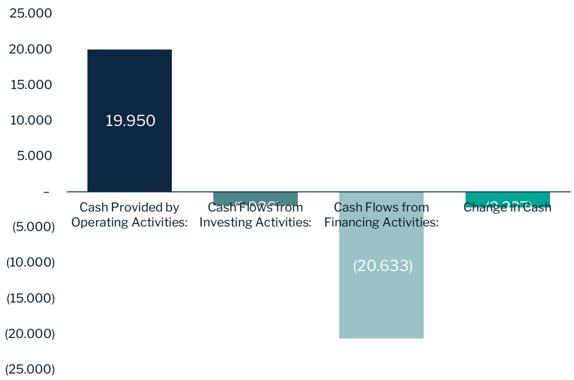


Source: Company data, Team Analysis

Cash Conversion Cycle

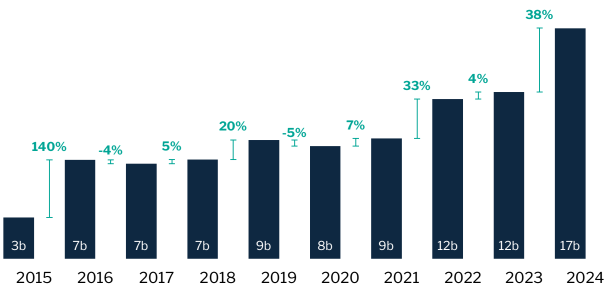


Source: Company data, Team Analysis



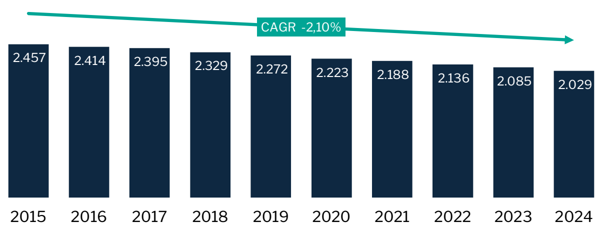
Source: Company data, Team Analysis

Repurchase of Common Stock



Source: Company data, Team Analysis

Diluted Shares Outstanding



Source: Company data, Team Analysis

Visa's **Quick Ratio** analysis from 2015 to 2024 reveals a notable trend in corporate cash management. It remained above 1.2x from 2015 to 2021, reflecting a solid liquidity reserve and ample coverage of short-term debts, ensuring financial stability even during economic fluctuations. However, from 2020, the **Current ratio** dropped from 1.9x to 1.3x, signaling a reduced liquidity buffer due to a surge in short-term liabilities and increased use of cash to drive growth and strategic investments. Between 2015 and 2020, its fluctuating behavior reflected periodic liquidity adjustments and shifting short-term financial dynamics, adapting to market conditions. Over 2021-2024 and the last twelve months, the Current ratio declined further, underscoring Visa's shift toward a leaner business model. This reflects efficient working capital management, positioning Visa as a growth-focused company while maintaining sufficient liquidity for stability and risk mitigation. We view this Quick Ratio as a positive indicator of strong management, effectively deploying Visa's substantial cash flow into high-return opportunities without accumulating excess liquidity, which could lead to inefficient capital allocation and missed investment potential.

Analyzing the **Free Cash Flow/Debt** ratio to assess Visa's financial strength, a fluctuating trend emerges from 2015 to 2024, driven by variations in Free Cash Flow and debt levels. The ratio started at 0.0x in 2015, then peaked at 1.6x in 2017, reflecting a strong capacity to cover debt. However, from 2018 onward, a gradual decline followed, signaling a relative increase in debt or slower Free Cash Flow growth. In 2024, the ratio settled at 0.6x, indicating that Free Cash Flow still largely covers the company's debt, reinforcing its financial stability and resilience to unforeseen financial challenges. This trend highlights Visa's disciplined financial management and strong capital allocation, ensuring strategic flexibility while maintaining a solid financial structure.

With abundant cash flow relative to debt, Visa is uniquely positioned to allocate resources to growth initiatives, such as strategic acquisitions, without compromising its stability. In addition, this strong financial structure allows it to consider strong share buybacks, a beneficial move to create shareholder value. With regard to 2023, we note a ratio that decreased to 0.7x, again as a consequence of the stability of the debt, which, however, was matched by a still considerable growth in cash flow, which on LTM saw a growth of

Visa's Cash Conversion Cycle (CCC) shows an interesting evolution towards negative values in recent years, stabilizing at -137 days in 2024 and in the last period considered (LTM). A negative CCC indicates that Visa is able to collect accounts receivable from customers before it has to pay its suppliers, reducing the risk of illiquidity related to the time cycle between cash inflows and outflows.

This reflects a strong working capital management position: Visa not only covers its financial needs without relying on external sources of liquidity, but also leverages payment terms effectively, improving its liquidity and potentially reducing short-term financing costs.

CASHFLOW STATEMENT

Looking at the composition of cash flows, we see that cash flow from operating activities has seen steady growth, rising from $6.6 billion in 2015 to over $20.0 billion in 2024, a sign of sustained revenue growth and effective cost control. Cash flow from investment activities, on the other hand, was impacted by major acquisitions and strategic investments with significant spikes in years such as 2016 and 2023, when Visa incurred costs for significant cash acquisitions. Overall, capital expenditures (CAPEX) remain relatively low relative to operating flow, allowing a robust Free Cash Flow to be maintained.

An element appears in 2016, with cash flow from investment activities of -$10.9 billion, attributable to significant acquisition expenses ($9.1 billion), an exceptional figure compared to other years. This one-off impact does not seem to have compromised the long-term growth of Free Cash Flow, demonstrating the resilience and ability of the company to generate value even in the presence of extraordinary investments that over time have fueled Visa's growth even more.

Visa's share buyback program from 2015 to 2024 highlights a strategy geared toward creating shareholder value. Through buyback, Visa reduces the total number of shares outstanding, thereby increasing the share of profit per share and supporting long-term share value growth. In particular, the repurchase that took place with greater intensity during periods of undervaluation of shares is an effective strategic choice, as it allows the company to buy back at prices below its intrinsic value. This approach generated additional value for shareholders, as the repurchased shares benefited from the market price appreciation following the undervaluation.

Analyzing historical data, we observe a steady increase in buybacks, from $3 billion in 2015 to a peak of $17 billion in 2024. These buybacks reached significant values at times when Visa felt its shares were undervalued, thereby maximizing the return for investors. Since 2015, this policy has led to a -2.10% CAGR in diluted shares outstanding, effectively enhancing shareholder value by driving EPS growth.

In the most recent period (LTM), Visa increased dramatically (+38%) the value of buybacks compared to previous years, with a buyback of $17.0billion. This decision is particularly strategic, as Visa considers its shares currently undervalued compared to their long-term potential. In this way, the company not only returns capital to shareholders, but also consolidates the value of the shares for the future, benefiting from a leaner financial structure and an increase in value per share.

Valuation

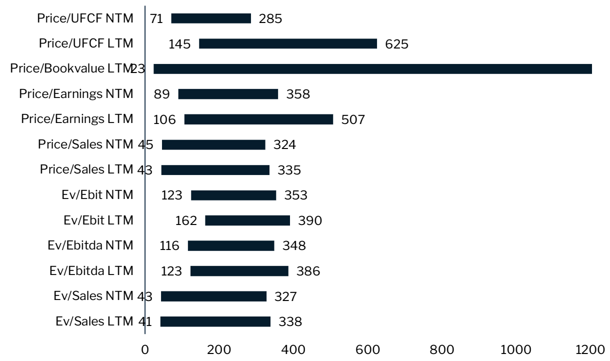
Weighted Average Cost of Capital	
Risk free rate (R_f)	3,98% [1]
Country risk premium	0,61% [2]
Equity risk premium (R_m - R_f)	5,21% [3]
Equity Beta	0,92 [4]
Cost of Equity (K_e)	9,37%
Cost of debt	4,57% [5]
Tax rate	19,38%
After-tax Cost of Debt (K_{dt})	3,69%
Capital Structure	
Equity	97%
Debt	3%
Weighted Average Cost of Capital	9,20%

DCF VALUATION

We estimate a WACC of 9,2% for VISA. To determine the cost of debt, we add VISA's debt rating-implied corporate spread to the risk-free rate. To reflect VISA's global operations, we use a revenue-weighted spread plus the risk-free rate (US5y), adjusted based on regional revenue distribution. The cost of equity is calculated using the CAPM formula, incorporating a revenue-weighted equity risk premium. The Beta is derived from a direct correlation with the S&P 500, as we believe this benchmark aligns more closely with VISA's global reach and its potential market movements.

We expect the terminal growth rate to stabilize at 4,5% after 2029 based on (1) projected real GDP growth in core markets, (2) Growth of the industry, and (3) long term inflation goals of company's main countries of operation. We see potential upside for the terminal growth rate based on the possible favorable market position and economic conditions. This will result in further appreciation of the share price far beyond our target price. Our terminal value also implies an exit EV/EBITDA multiple of 25x.

SCENARIOS	BEAR CASE	BASE	BULL CASE
Global competitive situation in the payment sector	Visa loses share to PayPal, Square (Block), Apple Pay, and emerging fintech disruptors, facing regulatory hurdles.	Visa maintains dominance, competes effectively with Mastercard and American Express, and adapts to fintech trends.	Visa expands globally, outpacing Mastercard, PayPal, and Stripe, while capturing fintech-driven payment growth.
Market share	**-2%**	**1-2%**	**10-12%**
Global expansion into new markets, boosting Partnerships.	Slow adoption in key markets, fintech disruptors gain share, regulatory barriers limit expansion.	Steady growth, strong retention, digital transactions increase, maintains dominance in developed markets.	Expands in emerging markets, gains fintech partnerships, digital payments adoption accelerates globally.
Customer Base	**+3%**	**+6-7%**	**+12-15%**
Global Environment and Economy	Economic slowdown, reduced consumer spending, regulatory pressures, increased fintech competition, lower transaction volume.	Stable economy, steady digital adoption, Visa maintains leadership, moderate fintech competition.	Strong economy, digital payment surge, cross-border transactions recover, fintech partnerships thrive.
Revenue growth	**+9% YoY**	**+12% YoY**	**+15% YoY**
Price target V	**318**	**376**	**424**
% Change from current price	**-9%**	**7%**	**21%**



RELATIVE VALUATION

To confirm our recommendation, we conduct a multiples valuation to contextualize Visa's value relative to comparable companies in the payment processing industry and those operating under a similar transaction-based revenue model. By selecting peers based on industry and business model alignment, we ensure a more accurate comparison in terms of business characteristics and risk exposure. The selected peer group reflects firms facing similar growth dynamics, cost structures, and market risks. Based on this analysis, we derived an average implied target price for Visa of $376, implying a 7.11% upside and supports our buy recommendation. We identify EV/EBITDA as the most appropriate multiple due to the strong margins related to the industry.This choice is grounded in the robust EBITDA margins typical of the payment processing industry, where high transaction volumes, network effects, and operational scalability drive profitability. EV/EBITDA is particularly insightful in this context because it is less affected by non-operating factors, such as tax differences, and focuses on core operating profitability. For Visa, the trailing twelve-month (LTM) EV/EBITDA multiple averages at 28x across comparables that have an average of 16.8x resulting in a premium caused by Visa's competitive advantages. Another important multiple is the P/E ratio. Visa shows a P/E ratio of 35.4x compared to the sector average of 27.3x, suggesting that the market holds high expectations for Visa's sustained earnings growth but indicates a moderate overvaluation relative to the sector. However, we also study all the multiples in order to have a clear vision on its relative valuation.

Qualitative Factors	
Unique business model	☑
Operates globally	☑
Diversified customer base	☑
Capable of Growing	☑
Competitive advantages	☑
Pricing Power	☑
Leading Market position	☑
Capable Management	☑
Recession resistant	☑
Immune to disruption	☑

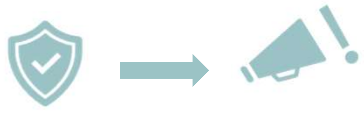
Quantitative Factors	
Debt/Equity <0.8	Yes
Ebit/interst exp. >5	Yes
Revenue 5y CAGR > 5%	Yes
ROIC 5y Avg > 15%	Yes
FCF/Net income > 80%	Yes
Ebitda 5y CAGR > 7%	Yes

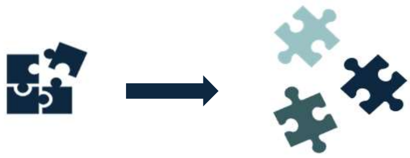
Based on our analysis, Visa meets our investment philosophy, aligning strongly with all our qualitative and quantitative criteria. The company demonstrates a unique business model, operates on a global scale, and benefits from a diversified customer base, all of which position it well for sustainable growth. Visa holds competitive advantages through its pricing power, market leadership, high switching costs, economies of scale, and management capabilities, making it resilient to economic downturns and disruption.

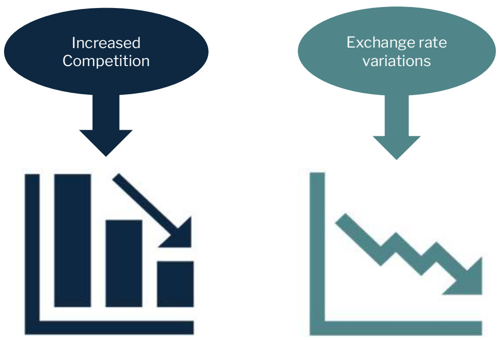
Quantitatively, Visa satisfies our metrics, boasting a solid financial structure with low debt, high returns on invested capital, and robust cash flow generation. Its impressive growth rates in revenue and EBITDA confirm the company's potential for continued success. Given these factors, we are confident in Visa's status as a high-quality investment, as it represents, especially from a fundamental perspective, one of the best companies in the world.

We reiterate our BUY recommendation for VISA with a 12-month target price of $376.02, presenting a 7.51% upside potential on the closing price of $349.86 on February 11th, 2024. To confirm the robustness of our DCF and to incorporate the investment risks outlined in the next section, we performed a sensitivity analysis and a scenario analysis. Our analysis is complemented with a relative valuation, which verifies our buy recommendation.

Investment risks







1) Risks Related to Visa's Business

The global payments space is highly competitive, with new competitors and payment methods emerging. Visa competes with cash, checks, electronic payments, virtual currencies, and other payment systems. Failure to compete effectively could harm Visa's business and prospects for future growth. Visa's net revenue and profits depend on its client and merchant base. Financial institutions and merchants can reassess their commitments or develop their own competitive services. The loss of business from major clients could harm Visa's financial condition. Visa's pursuit of CRS initiatives could adversely affect its business and financial results. Stakeholder expectations regarding sustainability, climate change, and human rights are increasing, and failure to meet these expectations could result in negative attention and reputational damage.

2) Risks Related to Technology and Cyber Security

Failure to anticipate or adapt to new technologies in the payments industry could harm Visa's business and impact future growth. Rapid technological changes, including mobile payments, tokenization, and AI, require Visa to innovate and adapt. Additionally, Visa is subject to complex cybersecurity regulations and cyber incident reporting requirements. Cyber incidents and data breaches could significantly disrupt operations, damage Visa's reputation, and lead to financial losses.

3) Risks Related to Litigations and Regulations

Visa faces complex and evolving global regulations that could harm its business and financial results. These regulations cover areas such as interchange reimbursement rates, data privacy, and cybersecurity, and complying with them increases costs and operational complexity. Differing rules and regulations worldwide may make it difficult to adjust products, services, and fees rapidly. Failure to comply with regulations can lead to monetary damages, penalties, and damage to Visa's brand and reputation. Visa is also involved in numerous litigation matters, investigations, and proceedings related to antitrust law, consumer protection law, and intellectual property law. Adverse outcomes in these actions could require significant payments, settlements, or fines. Litigation outcomes may also influence regulators and lead to additional actions against Visa.

4) Risks Related to Financial Markets

Visa is exposed to foreign currency exchange rate risk. Fluctuations in foreign currency exchange rates could affect the value of receipts and payments related to foreign currency-denominated transactions. Furthermore, interest rate risk exists as changes in interest rates could affect the fair value of Visa's fixed-rate securities and the interest expense on its debt. Visa's equity investments are similarly subject to market-related risks that could reduce the fair value of its holdings, having a negative impact on their operations.

5) Structural and Organisational Risks

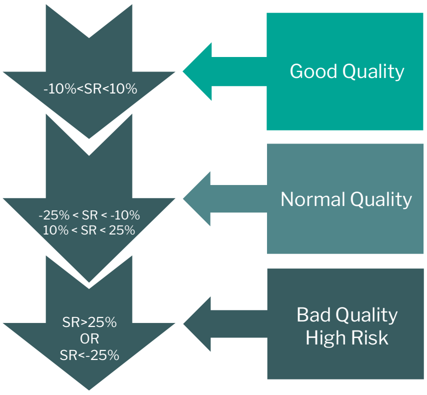
Acquisition Risks: Visa may not achieve the anticipated benefits of its acquisitions, joint ventures, or strategic investments. These activities involve risks such as disruption to ongoing business, failure to integrate acquired entities, and economic and regulatory risks. Visa may also be unable to attract, hire and retain highly qualified and diverse workforce, including key management. The market for skilled workers in fintech, technology, and cybersecurity is competitive, and failure to retain employees could impact Visa's ability to achieve its business objectives through workforce risks.

6) Risks Related to Emerging Technologies and Competition

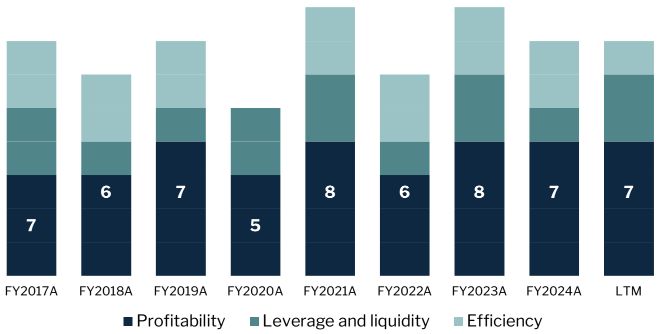
Visa faces the challenge of keeping pace with new entrants into the payments space, such as blockchain technology, cryptocurrencies, and other decentralized financial services. These innovations may disrupt traditional payment systems, and Visa could face pressure to adopt or integrate new technologies quickly. The rise of fintech startups and alternative payment systems could lead to market fragmentation, reducing Visa's market share if it fails to innovate.

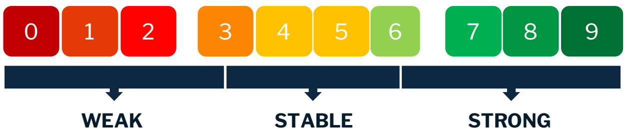
7) Risks Related to Data Privacy and Compliance

As a global payment processor, Visa handles vast amounts of sensitive personal and financial data. Any failure to protect this data from unauthorized access or breaches could result in regulatory scrutiny, legal actions, and significant reputational damage. Furthermore, Visa must comply with a wide range of international data privacy laws (e.g., GDPR in Europe) and evolving regulations, which may increase compliance costs and complexity.

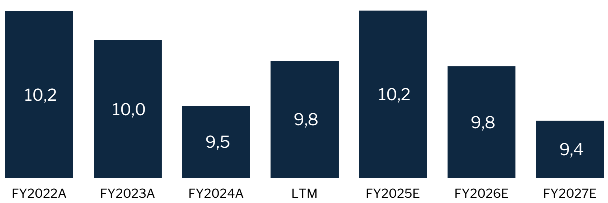


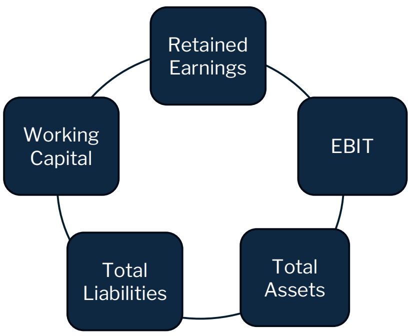
Piotroski F-Score





Z-score





SLOAN RATIO

	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM
Net Income	10.866	12.311	14.957	17.273	19.743	19.972
Cash Flow from Operations	10.440	15.227	18.849	20.755	19.950	21.732
Cash Flow from Investing	1.427	(152)	(4.288)	(2.006)	(1.926)	753
Total Assets	80.919	82.896	85.501	90.499	94.511	91.888
Sloan Ratio	**-1,24%**	**-3,33%**	**0,46%**	**-1,63%**	**1,82%**	**-2,73%**
Interpretation	Good Quality	Good Quality	Good Quality	Good Quality	Good Quality	Good Quality

The profits reported in the income statement, along with revenue, are among the key financial metrics closely monitored by investors, as they directly influence the short-term performance of the stock price. However, this focus can place pressure on management, pushing them to adopt accounting practices aimed at meeting market expectations, potentially resulting in profits that may not be sustainable in the long run. Provisions, being subject to discretionary estimates, are one of the areas where more aggressive management can intervene.

Sloan highlighted that companies with a high level of accruals, meaning a high proportion of provisions, tend to generate lower stock returns compared to those with a lower provision ratio. The Sloan ratio, which represents the percentage of provisions relative to total assets, is thus a useful indicator for assessing the quality of a company's earnings.

Our analysis indicates that the company's Sloan Ratio falls within the optimal range of -10% to 10%. This figure reflects a high quality of earnings, suggesting that the company's profitability is solid and sustainable in the long term. In this context, we believe the risk for investors is limited, with an optimal balance between provisions and operating earnings. This positioning indicates prudent management and a healthy financial foundation.

PIOTROSKI F-SCORE

The Piotroski F-Score is a fundamental analysis tool developed by accounting professor Joseph D. Piotroski to assess a company's financial health. This score comprises nine financial criteria, divided into three main categories: profitability, operational efficiency, and capital structure. Each metric within these categories is assigned one point if it meets certain favorable conditions, resulting in a cumulative score that ranges from 0 to 9.

Over the past 20 years, a stock selection strategy within the S&P 500 that used a Piotroski F-Score greater than 6 and included annual rebalancing would have outperformed the S&P 500, achieving a compound annual growth rate (CAGR) of 14.8%. This superior performance highlights how the Piotroski F-Score can enhance returns within a value investing strategy, demonstrating its effectiveness in selecting financially strong companies relative to the broader market.

Our analysis indicates that the company's Piotroski F-Score in 2024 is within the optimal range of 7 to 9, reflecting a strong financial position and robust fundamentals. This high score suggests the company excels across profitability, operational efficiency, and capital structure management. In this context, we consider the investment risk to be limited, as the financial indicators demonstrate effective management and resilience. With this strong foundation, the company is well-positioned for sustainable growth, making it an attractive option for value-focused investors.

ALTMAN Z-SCORE

	Historical				Projected		
	FY2022A	FY2023A	FY2024A	LTM	FY2025A	FY2026A	FY2027A
1.	0,4	0,4	0,4	0,4	0,4	0,4	0,4
2.	0,1	0,1	0,2	0,2	0,2	0,2	0,2
3.	0,2	0,2	0,3	0,3	0,3	0,3	0,3
4.	14	14	13	13	14	13	12
5.	0,34	0,36	0,38	0,40	0,41	0,42	0,44
Z-score	**10,2**	**10,0**	**9,5**	**9,8**	**10,2**	**9,8**	**9,4**
Interpretation	Safe zone	Safe zone	Safe zone	Safe zone	Safe zone	Safe zone	Safe zone

The Altman Z-score is a predictive financial metric designed to assess the likelihood of a company's insolvency within the next two years. Developed to anticipate bankruptcy risk, Altman's model has demonstrated an accuracy rate of 95% one year before bankruptcy, decreasing to 72% two years before and 52% three years before.

This formula measures the "distance" between a company's financial ratios and those typical of distressed companies. A high Z-score indicates a lower risk of failure, while a low score signals higher risk, providing investors and analysts with a key parameter to evaluate a company's creditworthiness and financial stability.

Based on our analysis, the company is in a safe zone, with a low risk of default in the short to medium term. This high score indicates a solid financial structure and a stable capacity to generate operating cash flows. Assets are efficiently utilized, and leverage is maintained at manageable levels, making this company an attractive option for investors seeking stability and resilience to market shocks. This positioning inspires confidence in the company's management reliability and long-term sustainability.

INCOME STATEMENT														
Ammounts in million	**FY2017A**	**FY2018A**	**FY2019A**	**FY2020A**	**FY2021A**	**FY2022A**	**FY2023A**	**FY2024A**	**LTM**	**FY2025E**	**FY2026E**	**FY2027E**	**FY2028E**	**FY2029E**
Revenues	18.358	20.609	22.977	21.846	24.105	29.310	32.653	35.926	36.802	39.878	44.504	49.933	56.325	64.210
% YoY Growth	*21,7%*	*12,3%*	*11,5%*	*-4,9%*	*10,3%*	*21,6%*	*11,4%*	*10,0%*	*2,4%*	*11,0%*	*11,6%*	*12,2%*	*12,8%*	*14,0%*
Cost of goods sold	(620)	(686)	(721)	(727)	(730)	(743)	(736)	(778)	(804)	(798)	(979)	(1.198)	(1.464)	(1.926)
Gross Profit	**17.738**	**19.923**	**22.256**	**21.119**	**23.375**	**28.567**	**31.917**	**35.148**	**35.998**	**39.080**	**43.525**	**48.735**	**54.860**	**62.284**
% YoY Growth	*22,0%*	*12,3%*	*11,7%*	*-5,1%*	*10,7%*	*22,2%*	*11,7%*	*10,1%*	*2,4%*	*11,2%*	*11,4%*	*12,0%*	*12,6%*	*13,5%*
SG&A expenses	(4.820)	(5.706)	(6.162)	(6.227)	(6.612)	(8.025)	(9.047)	(10.175)	(10.423)	(11.963)	(13.529)	(15.379)	(17.573)	(20.547)
R&D expenses	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other operating expenses	(556)	(613)	(656)	(767)	(956)	(861)	(943)	(1.034)	(1.069)	(1.034)	(1.034)	(1.034)	(1.034)	(1.034)
Operating Income	**12.362**	**13.604**	**15.438**	**14.125**	**15.807**	**19.681**	**21.927**	**23.939**	**24.506**	**25.086**	**27.849**	**31.073**	**34.845**	**39.097**
% YoY Growth	*23,3%*	*10,0%*	*13,5%*	*-8,5%*	*11,9%*	*24,5%*	*11,4%*	*9,2%*	*2,4%*	*4,8%*	*11,0%*	*11,6%*	*12,1%*	*12,2%*
± Non-operating income(e)	(105)	(186)	(21)	181	769	(1.007)	(246)	618	204	204	63	63	63	63
– Interest Expense	(563)	(612)	(533)	(516)	(513)	(538)	(644)	(641)	(636)	(584)	(584)	(584)	(584)	(584)
Pretax Income	**11.694**	**12.806**	**14.884**	**13.790**	**16.063**	**18.136**	**21.037**	**23.916**	**24.074**	**24.706**	**27.328**	**30.552**	**34.324**	**38.577**
– Tax Provision	(4.995)	(2.505)	(2.804)	(2.924)	(3.752)	(3.179)	(3.764)	(4.173)	(4.102)	(4.354)	(4.816)	(5.384)	(6.045)	(6.789)
Net Income	**6.699**	**10.301**	**12.080**	**10.866**	**12.311**	**14.957**	**17.273**	**19.743**	**19.972**	**20.352**	**22.512**	**25.168**	**28.279**	**31.787**
% YoY Growth	*11,8%*	*53,8%*	*17,3%*	*-10,0%*	*13,3%*	*21,5%*	*15,5%*	*14,3%*	*1,2%*	*3,1%*	*10,6%*	*11,8%*	*12,4%*	*12,4%*
Ebit	12.362	13.604	15.438	14.125	15.807	19.681	21.927	23.939	24.506	25.086	27.849	31.073	34.845	39.097
Depreciation & Amortization	271	613	656	767	804	861	943	1.034	1.069	997	1.113	1.248	1.408	1.605
Ebitda	**12.633**	**14.217**	**16.094**	**14.892**	**16.611**	**20.542**	**22.870**	**24.973**	**25.575**	**26.083**	**28.961**	**32.321**	**36.253**	**40.703**
% YoY Growth	*23,0%*	*12,5%*	*13,2%*	*-7,5%*	*11,5%*	*23,7%*	*11,3%*	*9,2%*	*2,4%*	*4,4%*	*11,0%*	*11,6%*	*12,2%*	*12,3%*

INCOME STATEMENT DRIVERS														
	FY2017A	**FY2018A**	**FY2019A**	**FY2020A**	**FY2021A**	**FY2022A**	**FY2023A**	**FY2024A**	**LTM**	**FY2025E**	**FY2026E**	**FY2027E**	**FY2028E**	**FY2029E**
Cost of sales % Rev.	*3,4%*	*3,3%*	*3,1%*	*3,3%*	*3,0%*	*2,5%*	*2,3%*	*2,2%*	*2,2%*	*2,0%*	*2,2%*	*2,4%*	*2,6%*	*3,0%*
SG&A % of Rev.	*26,3%*	*27,7%*	*26,8%*	*28,5%*	*27,4%*	*27,4%*	*27,7%*	*28,3%*	*28,3%*	*30,0%*	*30,4%*	*30,8%*	*31,2%*	*32,0%*
R&D expenses % of Re	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*
D&A % of revenues	*1,5%*	*3,0%*	*2,9%*	*3,5%*	*3,3%*	*2,9%*	*2,9%*	*2,9%*	*2,9%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*	*2,5%*
Cost of debt % Revenue	*3,1%*	*3,7%*	*3,2%*	*2,1%*	*2,4%*	*2,3%*	*3,0%*	*2,9%*	*3,1%*	*3,5%*	*3,5%*	*3,5%*	*3,5%*	*3,5%*
Effective tax Rate	*42,7%*	*19,6%*	*18,8%*	*21,2%*	*23,4%*	*17,5%*	*17,9%*	*17,4%*	*17,0%*	*17,6%*	*17,6%*	*17,6%*	*17,6%*	*17,6%*
EPS	2,8	4,4	5,3	4,9	5,6	7,0	8,3	9,7	9,9	10,1	11,2	12,5	14,0	15,8
% YoY Growth	*12,7%*	*58,1%*	*20,2%*	*-8,1%*	*15,1%*	*24,5%*	*18,3%*	*17,5%*	*1,9%*	*3,9%*	*10,6%*	*11,8%*	*12,4%*	*12,4%*
Diluted Shares Outstan	2.395	2.329	2.272	2.223	2.188	2.136	2.085	2.029	2.014	2.014	2.014	2.014	2.014	2.014
Dividends per Share	0,69	0,88	1,05	1,22	1,34	1,58	1,87	2,15	2,22	0	0	0	0	0
Payout Ratio	*24,7%*	*19,9%*	*19,7%*	*25,0%*	*23,8%*	*22,6%*	*22,6%*	*22,1%*	*22,4%*	*21,0%*	*21,0%*	*21,0%*	*21,0%*	*21,0%*

BALANCE SHEET														
Amounts in millions	**FY2017A**	**FY2018A**	**FY2019A**	**FY2020A**	**FY2021A**	**FY2022A**	**FY2023A**	**FY2024A**	**LTM**	**FY2025A**	**FY2026A**	**FY2027A**	**FY2028A**	**FY2029A**
Total Cash	9.874	8.162	7.838	16.289	16.487	15.689	16.286	11.975	12.367	14.072	20.667	24.791	28.698	33.114
Short Term Investments	3.482	3.547	4.236	3.752	2.025	2.833	3.842	3.200	1.967	3.200	3.200	3.200	3.200	3.200
Cash & short-Term Invest.	**13.356**	**11.709**	**12.074**	**20.041**	**18.512**	**18.522**	**20.128**	**15.175**	**14.334**	**17.272**	**23.867**	**27.991**	**31.898**	**36.314**
Accounts Receivable	2.554	2.790	4.720	2.975	3.809	4.142	4.680	7.847	6.273	6.779	7.566	8.489	9.575	10.916
Inventory	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Current Assets	3.113	3.717	4.176	4.629	5.286	7.541	8.724	11.011	12.015	11.166	12.461	13.981	15.771	17.979
Total Current Assets	**19.023**	**18.216**	**20.970**	**27.645**	**27.607**	**30.205**	**33.532**	**34.033**	**32.622**	**35.217**	**43.894**	**50.461**	**57.244**	**65.209**
Net PP&E	1.420	1.456	1.554	2.022	2.110	2.112	2.116	2.537	3.974	4.572	5.240	5.989	6.834	7.797
Other Non-Current Assets	32.424	34.359	34.394	35.342	37.221	35.397	36.854	39.000	35.744	39.000	39.000	39.000	39.000	39.000
Goodwill	15.110	15.194	15.656	15.910	15.958	17.787	17.997	18.941	19.548	17.504	17.504	17.504	17.504	17.504
Total Assets	**67.977**	**69.225**	**72.574**	**80.919**	**82.896**	**85.501**	**90.499**	**94.511**	**91.888**	**96.293**	**105.638**	**112.953**	**120.582**	**129.510**
Accounts Payable	179	183	156	174	266	340	375	479	405	391	480	587	718	944
Short Term Debt	1.749	–	–	2.999	999	2.250	–	–	3.929	–	–	–	–	–
Other Current Liabilities	8.066	11.122	13.259	11.337	14.474	18.263	22.723	26.038	24.757	26.319	29.372	32.956	37.174	42.379
Total Current Liabilities	**9.994**	**11.305**	**13.415**	**14.510**	**15.739**	**20.853**	**23.098**	**26.517**	**29.091**	**26.710**	**29.852**	**33.543**	**37.892**	**43.323**
Long Term Debt	16.618	16.630	16.729	21.071	19.978	20.522	20.777	20.969	16.680	16.680	16.680	16.680	16.680	16.680
Other non-current Liabilities	8.605	7.284	7.746	9.128	9.590	8.545	7.891	7.888	7.821	7.888	7.888	7.888	7.888	7.888
Total Liabilities	**35.217**	**35.219**	**37.890**	**44.709**	**45.307**	**49.920**	**51.766**	**55.374**	**53.592**	**51.278**	**54.420**	**58.111**	**62.460**	**67.891**
Total Equity	**32.760**	**34.006**	**34.684**	**36.210**	**37.589**	**35.581**	**38.733**	**39.137**	**38.296**	**45.015**	**51.217**	**54.842**	**58.122**	**61.619**
Total Liabilities and Equity	**67.977**	**69.225**	**72.574**	**80.919**	**82.896**	**85.501**	**90.499**	**94.511**	**91.888**	**96.293**	**105.638**	**112.953**	**120.582**	**129.510**

BALANCE SHEET DRIVERS														
Accounts Receivable % Rev.						*14%*	*14%*	*22%*	*17%*	*17,0%*	*17,0%*	*17,0%*	*17,0%*	*17,0%*
Inventory % COGS						*0%*	*0%*	*0%*	*0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*
Other Current Assets % Rev.						*26%*	*27%*	*31%*	*33%*	*28,0%*	*28,0%*	*28,0%*	*28,0%*	*28,0%*
Accounts Payable % COGS						*46%*	*51%*	*62%*	*50%*	*49,0%*	*49,0%*	*49,0%*	*49,0%*	*49,0%*
Other CL % Revenues						*62%*	*70%*	*72%*	*67%*	*66,0%*	*66,0%*	*66,0%*	*66,0%*	*66,0%*
Book Value / Share						1616%	1836%	1938%	1913%					
TBV / Share						-543%	-439%	-503%	-412%					
Total Debt						23.292	21.295	21.804	20.609					

INDICATORS

	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
Margins														
Gross Profit Margin	97%	97%	97%	97%	97%	97%	98%	98%	98%	98%	98%	98%	97%	97%
EBITDA Margin	69%	69%	70%	68%	69%	70%	70%	70%	69%	65%	65%	65%	64%	63%
EBIT Margin	67%	66%	67%	65%	66%	67%	67%	67%	67%	63%	63%	62%	62%	61%
Net Income Margin	36%	50%	53%	50%	51%	51%	53%	55%	54%	51%	51%	50%	50%	50%
Free Cash Flow Margin	62%	65%	82%	90%	78%	82%	86%	97%	94%	53%	53%	52%	52%	52%
Profitability														
Return on Assets	10%	15%	17%	14%	15%	18%	20%	21%	21%	21%	22%	23%	24%	25%
Return on Equity	20%	31%	35%	31%	33%	41%	46%	51%	52%	48%	47%	47%	50%	53%
Return on invested capital	11%	16%	18%	15%	15%	19%	20%	21%	22%	22%	23%	23%	25%	26%
Growth														
Operational Roic	16%	25%	26%	23%	24%	32%	33%	33%	33%	33%	35%	37%	40%	42%
NOPAT Margin	39%	53%	55%	51%	50%	55%	55%	55%	55%	52%	52%	51%	51%	50%
Capital turnover	0,4x	0,5x	0,5x	0,4x	0,5x	0,6x	0,6x	0,6x	0,6x	0,6x	0,7x	0,7x	0,8x	0,8x
Reinvestement rate (5%)	30%	20%	19%	22%	20%	16%	15%	15%	15%	15%	14%	13%	13%	12%
Reinvestement rate (10%)	61%	41%	38%	44%	41%	32%	30%	30%	30%	30%	29%	27%	25%	24%
Liquidity														
Current Ratio	1,9x	1,6x	1,6x	1,9x	1,8x	1,4x	1,5x	1,3x	1,1x	1,3x	1,5x	1,5x	1,5x	1,5x
Quick Ratio (Acid Test)	1,6x	1,3x	1,3x	1,6x	1,4x	1,1x	1,1x	0,9x	0,7x	0,9x	1,1x	1,1x	1,1x	1,1x
Activity														
Asset Turnover	0,3x	0,3x	0,3x	0,3x	0,3x	0,3x	0,4x	0,4x	0,4x	0,4x	0,4x	0,4x	0,5x	0,5x
DSO	50	47	60	64	51	50	49	64	70	67	59	59	59	58
DPO	112	96	86	83	110	149	177	200	201	182	162	162	163	157
DIO	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cash Conversion Cycle	(62)	(49)	(26)	(19)	(59)	(99)	(128)	(137)	(131)	(115)	(103)	(104)	(104)	(99)
Leverage														
Debt to Equity	0,6x	0,5x	0,5x	0,7x	0,6x	0,6x	0,5x	0,5x	0,5x	0,4x	0,3x	0,3x	0,3x	0,3x
Debt to Capital	0,4x	0,3x	0,3x	0,4x	0,4x	0,4x	0,3x	0,3x	0,3x	0,3x	0,2x	0,2x	0,2x	0,2x
Debt to free cash flow	1,6x	1,2x	0,9x	1,2x	1,1x	0,9x	0,7x	0,6x	0,6x	0,8x	0,7x	0,6x	0,6x	0,5x
Debt / EBITDA	1,5x	1,2x	1,0x	1,6x	1,3x	1,1x	0,9x	0,8x	0,8x	0,6x	0,6x	0,5x	0,5x	0,4x
Coverage														
Interest cover Ratio	22,0x	22,2x	29,0x	27,4x	30,8x	36,6x	34,0x	37,3x	38,5x	43,0x	47,7x	53,2x	59,7x	67,0x

VALUATION

Weighted Average Cost of Capital	
Risk free rate (Rf)	3,98% [1]
Country risk premium	0,61% [2]
Equity risk premium (Rm - Rf)	5,21% [3]
Equity Beta	0,92 [4]
Cost of Equity (Ke)	9,37%
Cost of debt	4,57% [5]
Tax rate	19,38%
After-tax Cost of Debt (Kdt)	3,69%
Capital Structure	0
Equity	97%
Debt	3%
Weighted Average Cost of Capital	9,20%

(1) Based on the current US5y

(2) W.average of CRPs according to the revenue divided by geographical area

(3) W.average of ERPs according to the revenue divided by geographical area

(4) Based on a 5 year weekly correlation with the S&P 500

(5) Based on weighted average historical cost of debt

Discounted Cash Flow		Projected				
Amounts in millions, except per share amount	Units	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
EBIT	$	25.086	27.849	31.073	34.845	39.097
% YoY Growth	%	5%	11%	12%	12%	12%
Taxes	$	(4.354)	(4.816)	(5.384)	(6.045)	(6.789)
Tax Rate/Ebit	%	17%	17%	17%	17%	17%
NOPAT	$	**20.732**	**23.033**	**25.689**	**28.800**	**32.308**
+ Depreciation and Amortization	$	997	1.113	1.248	1.408	1.605
D&A % of Revenues		2,5%	2,5%	2,5%	2,5%	2,5%
± Changes in working capital	$	1.106	1.060	1.248	1.473	1.882
% YoY Growth current Assets		3%	25%	15%	13%	14%
% YoY Growth current Liabilities		1%	12%	12%	13%	14%
– Capital expenditures	$	(1.595)	(1.780)	(1.997)	(2.253)	(2.568)
Capex % of Revenue		4%	4%	4%	4%	4%
Unlevered Free Cash Flows	$	**21.240**	**23.426**	**26.187**	**29.427**	**33.227**
Discount rate	%	9,20%	9,20%	9,20%	9,20%	9,20%
Discount period		-0,2	0,8	1,8	2,8	3,8
Discount factor		1,02	0,94	0,86	0,78	0,72
Present Value of Unlevered Free Cash Flow	$	**21.696**	**21.911**	**22.430**	**23.081**	**23.864**

DCF Value - Perpetuity Growth	
NPV of UFCF 2025 - 2029	112.982
PV of Terminal Value	670.613
Implied Enterprise Value	**783.595**
Less: Debt	20.609
Add: Cash	12.367
Add: short-term investments	1.967
Implied Equity Value	777.320
Diluted shares	2.014
Implied Value Per Share	385,96

Method	**Weight**
Exit Multiple	70%
Perpetuity growth rate	30%

	Perpetuity growth Rate					
Wacc	316	4,00%	4,25%	4,50%	4,75%	5,00%
	8,7%	319,95	335,59	353,08	372,79	395,15
	9,0%	304,10	318,06	333,60	350,98	370,56
	9,2%	289,76	302,31	316,19	331,62	348,90
	9,5%	276,75	288,07	300,54	314,33	329,67
	9,7%	264,87	275,14	286,39	298,78	312,48

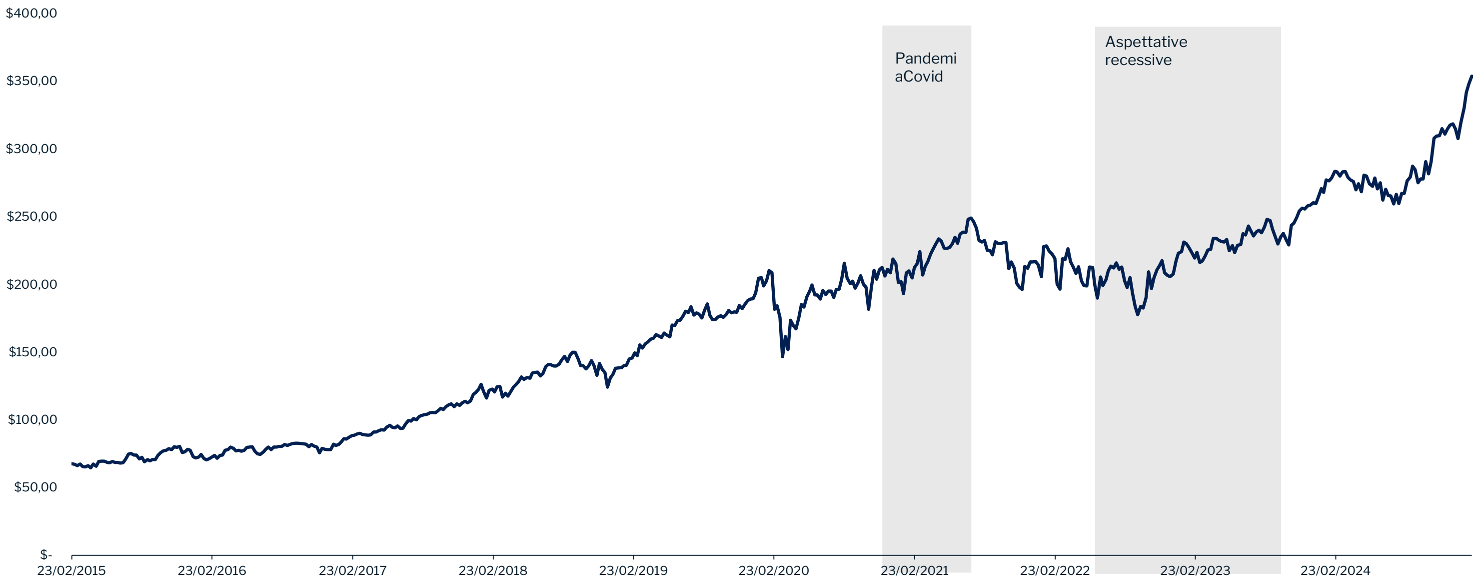
	Exit Multiple					
Wacc	416	24,5x	24,8x	25,0x	25,3x	25,5x
	8,7%	415,26	418,95	422,64	426,33	430,03
	9,0%	411,91	415,57	419,23	422,89	426,55
	9,2%	408,60	412,23	415,86	419,49	423,12
	9,5%	405,33	408,93	412,52	416,12	419,72
	9,7%	402,09	405,65	409,22	412,79	416,36

RELATIVE VALUATION

Enterprise Value Multiples	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
EV / Revenue	19,3x	17,8x	16,0x	14,2x	12,6x	11,1x
EV / Ebitda	27,8x	27,3x	24,5x	22,0x	19,6x	17,5x
EV / Ebit	29,0x	28,3x	25,5x	22,9x	20,4x	18,2x

Equity Value Multiples	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
Price / Sales	19,1x	17,7x	15,8x	14,1x	12,5x	11,0x
Price / Earnings	35,3x	34,6x	31,3x	28,0x	24,9x	22,2x
Price / BV	18,4x	15,7x	13,8x	12,8x	12,1x	11,4x
Price / UFCF	20,4x	33,2x	30,1x	26,9x	23,9x	21,2x

Trading Comparables	Equity	Enterprise	Ev / Sales		Ev / Ebitda		Price / sales		Price / Earnings		Price / Book	Price / UFCF	
Company	Value	Value	LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM	LTM	LTM	NTM
Mastercard Incorporated	516.080	525.564	18,7x	16,7x	30,6x	27,1x	18,3x	16,4x	40,7x	35,4x	79,6x	36,0x	34,6x
American Express	215.256	1					3,5x	3,0x	21,9x	20,0x	7,1x		
Discover Financial Services	47.412	1					3,0x	2,7x	10,7x	13,9x	2,6x		
Paypal Holdings	76.485	75.450	2,4x	2,3x	12,4x	10,6x	2,4x	2,3x	19,1x	15,2x	3,7x	22,2x	11,0x
Fidelity National Information Services	39.074	49.532	4,9x	4,7x	14,2x	11,5x	3,9x	3,7x	51,1x	12,7x	2,5x	11,4x	19,0x
Global Payments Inc.	27.697	43.154	4,3x	4,6x	9,9x	9,2x	2,8x	3,0x	20,5x	8,8x	1,2x	8,4x	8,6x
Equity Value	344.789	343.832	475.228	420.866	475.228	420.866	323.426	315.971	594.709	455.000	1.223.577	786.961	348.018
Diluted shares	2.014	2.014	2.014	2.014	2.014	2.014	2.014	2.014	2.014	2.014	2.014	2.014	2.014
Implied Share price	171	171	236	209	236	209	161	157	295	226	608	391	173
					0	0	0	0	0	0	0	0	0
High	338	327	386	348	386	348	335	324	507	358	1.522	625	285
Low	41	43	123	116	123	116	43	45	106	89	23	145	71



Disclosures

This report contains **independent commentary** to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. All the forecasts are Key Value consensus estimates, unless otherwise indicated in the report's footnotes. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. Key Value certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report. Key Value maintains policies and procedures to manage potential conflicts of interest, and further information regarding any financial relationships between Key Value, its affiliates, and the covered entities is available upon request. Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable but **is not guaranteed as to accuracy** and does not purport to be complete. **Any opinions expressed herein are subject to change.** Additional information on the methodologies, databases, and sources used in the preparation of these reports is available upon request, subject to the protection of Key Value's trade and industry secrets and at the discretion of Key Value's board. **Key Value is not an investment advisor and the report should not be construed as advice** designed to meet the particular investment needs of any investor. Prior to making any investment decision, **you are advised to consult with your broker, investment advisor, or other appropriate tax or financial licensed professional to determine the suitability of any investment**. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry. Certain statements in this report may be considered forward-looking. These forward-looking statements are subject to risks and uncertainties, and actual results may differ materially from those anticipated. **This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned.** Key Value or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time.. Key Value may enter into arm's length agreements with broker dealers to provide this research to their clients. Key Value and its staff are not involved in investment banking of financial advisory activities for the stock issuer covered in this report. Investors should be aware that all investments carry risk, including the risk of loss. Past performance is not indicative of future results. Key Value and its affiliates disclaim any liability for direct, indirect, or consequential losses arising from reliance on this report. **This report is an original report of Key Value**. **No part of this report can be reprinted, republished or transmitted electronically** without the prior written authorization of Key Value. This report complies with the laws and regulations of Italy and the European Union and is provided solely for informational purposes; it does not constitute financial, investment, or tax advice as defined by applicable statutes. Key Value is neither a registered broker-dealer nor a licensed financial, investment, or tax advisor. Key Value is committed to **GDPR and privacy compliance**. Personal data collected or processed in connection with this report is handled in accordance with applicable data protection laws. For details on how your data is managed or to exercise your rights, please refer to Key Value's Privacy Policy or contact us.