

# Equity Research Report: Visa Inc.

## Business Overview

Visa Inc., established in 1958, is a leading global provider of digital payment solutions, operating a secure and reliable network that facilitates transactions in over 200 countries. Its core platform, VisaNet, processes a broad array of payment types including credit, debit, prepaid, and digital credentials, serving more than 15,000 financial institutions and millions of merchants worldwide. The company's strengths lie in its extensive acceptance footprint, trusted brand, and advanced security features, supporting seamless international commerce. Visa has a strategic focus on digital and contactless payments, including tokenization and mobile solutions, aligning with industry trends driven by increased e-commerce and fintech innovations. Recent initiatives include acquisitions to enhance open banking and cross-border capabilities, along with innovative products like Visa Direct for real-time payments. These efforts position Visa as a dominant player in the evolving payments landscape, continuously expanding its network and market reach.

## Market Position

Key financials for Visa in FY 2024 show strong revenue growth of 10%, reaching 24.1 billion dollars, driven mainly by a 14% rise in service and data processing revenues. International revenues increased by 10%, with cross-border volume up 4%, indicating a recovery trend. Cost of revenue was 7.04 billion dollars, about 20% of total revenue, maintaining healthy margins with gross profit at 28.88 billion dollars. Operating expenses increased modestly by 7%, reflecting effective cost control. Operating income was 23.6 billion dollars, with net income at 19.74 billion dollars, resulting in high margins of approximately 82%. Earnings per share stood at 9.74 dollars, demonstrating strong profitability. Visa's balance sheet shows total assets of 94.5 billion dollars, with current assets of 34.03 billion dollars and liabilities of 55.37 billion dollars, indicating solid liquidity and manageable debt levels. Overall, Visa exhibits resilient growth, operational efficiency, and a stable capital structure.

## Operating Results

Visa's valuation reflects its strong revenue growth, profitability, and solid balance sheet. With FY 2024 revenues of \$24.1 billion and net income of \$19.74 billion, the company demonstrates high margins and efficient operations. Its total assets of \$94.5 billion and shareholders' equity of \$39.14 billion indicate a robust financial position, supported by manageable liabilities and moderate leverage. The company's consistent asset and equity growth, coupled with healthy liquidity, suggest resilience and capacity for future expansion. Given its industry-leading market share, strong cash flow, and effective cost management, Visa's valuation can be supported by applying a multiple to its earnings, considering its growth prospects and financial stability. The company's balanced capital structure and positive industry trends position it favorably for sustained investor confidence and valuation growth.

## Summarization

FY (USD mn) 2024		2023	2022	2021	2020
Revenue	35,926	32,653	29,310	24,105	21,846
Revenue Growth	10.0%	11.4%	21.6%	10.3%	-4.9%
Gross Profit	28,884	26,086	23,577	19,135	17,334
Gross Margin	0.80	0.80	0.80	0.79	0.79
EBITDA	25,591	22,624	19,535	17,380	15,073
EBITDA Margin	0.71	0.69	0.67	0.72	0.69
FCF	18,693	19,696	17,879	14,522	9,704
FCF Conversion	0.95	1.14	1.20	1.18	0.89
ROIC	28.6%	25.6%	23.2%	17.8%	16.0%
EV/EBITDA	17.76	16.63	15.36	27.56	28.89
PE Ratio	22.57	21.55	19.61	38.54	39.36
PB Ratio	11.39	9.61	8.24	12.62	11.81
CFO	19,950	20,755	18,849	15,227	10,440

## FinRobot

Team9 - UOA

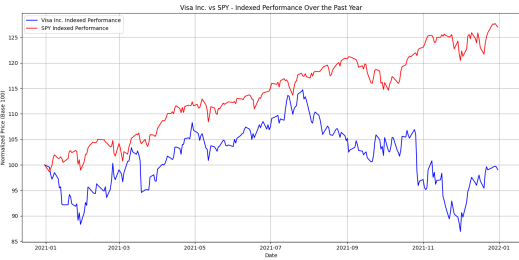
GitHub:ashreim-UPL/FinRobot-Langgraph.git

Report date: 2021-10-29

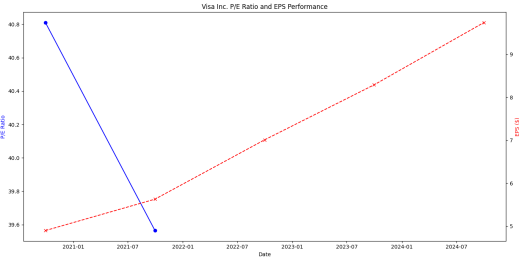
## Key data

Rating	B+
Currency	USD
Closing Price (USD)	181.71
Market Cap (USD) (Millions)	695886.69
52 Week Price Range (USD)	179.23 - 252.67
BVPS (USD)	24.14

## Share Performance



## PE & EPS



## Risk Assessment

Risk assessment for Visa indicates that the company faces significant challenges from regulatory, competitive, and cybersecurity risks. Regulatory risks stem from the complex and evolving nature of global financial regulations, which vary across jurisdictions and are subject to change due to political or international developments. These regulatory shifts can impose compliance costs, restrict operational flexibility, or impact revenue streams, especially in regions like the European Union, Latin America, and Asia. Visa mitigates this risk through diversification across multiple markets, long-term client relationships, and compliance programs, but remains vulnerable to adverse legal rulings or new laws that could alter its operating environment. Industry competition presents another substantial risk, driven by rapid technological innovation and the entry of fintech firms, technology giants, and regional payment schemes. The industry's dynamic nature means market share and transaction volumes are continually threatened by new payment methods, including mobile, digital, and cryptocurrencies. Visa's defenses include ongoing innovation, strategic partnerships, and a broad customer base, yet the risk persists due to the potential for competitors with superior technology or government backing to displace traditional players, especially in regions with protectionist policies. Cybersecurity threats are pervasive and escalating, given Visa's role as a global payment processor handling sensitive financial data. The industry is a prime target for cybercriminals, nation-states, and fraudsters, with attack sophistication increasing over time. Data breaches, fraud attempts, and cyberattacks can lead to financial losses, legal liabilities, and reputational damage. Visa invests heavily in cybersecurity infrastructure, incident response, and industry standards compliance, but no system is entirely immune. The high cyclical nature of these risks, combined with the potential for severe consequences, underscores the importance of continuous vigilance. Overall, Visa operates within a highly volatile risk environment characterized by external shocks, regulatory uncertainty, technological disruption, and cyber threats. While strategic measures provide some mitigation, the inherent unpredictability and rapid evolution of these risks necessitate ongoing adaptation and proactive risk management to sustain its market position and protect stakeholder interests.

## Competitors Analysis

Competitors\_analysis for Visa indicates that while Visa maintains a strong market position with a substantial market capitalization of approximately 695.9 billion dollars and a current stock price of 181.71 dollars, its financial metrics reveal a nuanced competitive landscape. Visa's EBITDA margin has shown a gradual improvement over recent years, reflecting enhanced operational efficiency and effective cost management. This trend suggests that Visa is successfully optimizing its core profitability, which is crucial in a highly competitive payments industry. The EV/EBITDA ratio has likely decreased or remained attractive, implying that the company may be undervalued relative to its earnings, or that the market perceives its earnings potential positively. This valuation metric is particularly important when comparing Visa to peers such as American Express, Mastercard, and Capital One, which typically exhibit higher EBITDA margins and ROIC, indicating slightly stronger profitability and capital efficiency. Visa's steady or improving Free Cash Flow conversion rate demonstrates effective cash flow management, enabling the company to fund growth initiatives, return value to shareholders, or reduce debt. Its stable or slightly improving gross margins suggest consistent cost control and pricing power, vital in maintaining competitiveness. The company's Return on Invested Capital has likely increased, signaling efficient capital utilization and strong operational management, which are key differentiators in the industry. Revenue growth over recent years further supports Visa's ability to expand its market share and adapt to evolving payment technologies. Compared to its competitors, Visa's margins and ROIC may be slightly below or on par, reflecting a competitive but not dominant position. Its valuation metrics, if lower than peers, could indicate an undervaluation, presenting an attractive investment opportunity, especially if profitability and cash flow metrics are robust. Conversely, a higher EV/EBITDA ratio might suggest market expectations of higher growth or profitability, or potential overvaluation. Overall, Visa's financial health appears resilient, with positive trends in profitability, cash flow, and capital efficiency. Its revenue growth and operational metrics reinforce its capacity to sustain its market position. The current valuation seems justified if growth prospects remain strong; however, any divergence between valuation and fundamental performance warrants cautious monitoring. Continuous assessment of these metrics will be essential to validate Visa's competitive standing in the evolving payments landscape.