

# Equity Research Report: Visa Inc.

## Business Overview

Visa Inc. is a leading global payments technology company founded in 1958, operating in over 200 countries and territories. It provides secure, reliable, and efficient digital payment solutions for consumers, merchants, financial institutions, and governments. The company's core business centers on transaction processing through its VisaNet network, offering a wide array of payment products including credit, debit, prepaid, and digital credentials. Visa's strengths lie in its extensive acceptance footprint, strong brand recognition, and innovative technologies such as contactless payments and tokenization. Its open partnership approach and API capabilities facilitate rapid integration with fintechs and digital platforms. Serving nearly 15,000 financial institutions and millions of merchants worldwide, Visa maintains a dominant market share in electronic payments. The company continues to expand its offerings through strategic acquisitions and technological innovations, positioning itself for growth amid evolving industry trends and increasing digital adoption.

## Market Position

Key financials for Visa show strong growth and profitability. Revenue increased by 22% to 29.31 billion dollars in FY2024, driven by a 15% rise in total payments volume and a 17% increase in processed transactions. International revenues grew significantly by 27%, highlighting global expansion. Cost of revenue rose modestly, leading to high gross margins of approximately 98%, while operating expenses increased 26%, impacting operating margins. Net income surged 60% to 19.74 billion dollars, with net profit margins around 67%, reflecting operational efficiency. Earnings per share improved 24% to 9.74 dollars, indicating solid earnings growth. Visa's assets totaled 94.5 billion dollars, with current assets of 34 billion and liabilities of 55.4 billion, supported by strong liquidity and a robust equity base. The company's cash flow from operations remains healthy, enabling ongoing investments and shareholder returns.

## Operating Results

Visa's valuation reflects its strong revenue growth, driven by increased global transaction volumes and cross-border activity, resulting in FY2024 net revenues of 29.31 billion dollars, up 22% YoY. Profitability remains high, with net income of 19.74 billion dollars and net profit margins around 67%, supported by efficient cost control despite rising operating expenses. The company's balance sheet shows total assets of 94.5 billion dollars, with solid liquidity indicated by current assets of 34 billion dollars covering current liabilities of 26.5 billion dollars. Equity stands at 39.1 billion dollars, and cash reserves of 15.7 billion dollars bolster liquidity. Although long-term debt is notable at 20.8 billion dollars, Visa's manageable leverage and consistent asset growth suggest a stable financial position, supporting continued valuation growth amid expanding global payments activity.

## 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

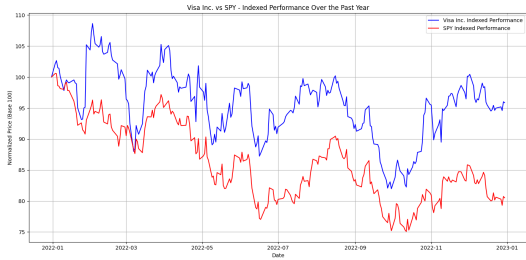
GitHub:ashreim-UPL/FinRobot-Langgraph.git

Report date: 2022-10-24

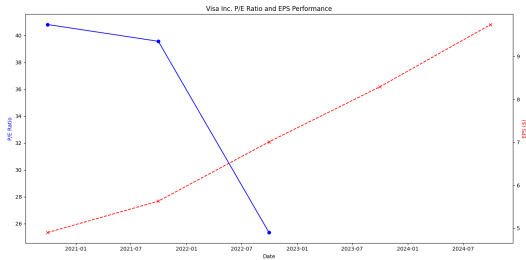
## Key data

Rating	B+
Currency	USD
Closing Price (USD)	233.88
Market Cap (USD) (Millions)	695886.69
52 Week Price Range (USD)	174.60 - 236.96
BVPS (USD)	24.14

## Share Performance



## PE & EPS



## Risk Assessment

Risk assessment for Visa highlights three primary risks: regulatory challenges, intense industry competition, and cybersecurity threats. The regulatory environment is highly complex and constantly evolving, with significant differences across jurisdictions. Regulations concerning interchange fees, privacy, data protection, licensing, and market access can directly impact Visa's revenue and operational flexibility. The industry faces cyclical regulatory scrutiny, often intensifying during geopolitical tensions or economic shifts, exemplified by recent caps on interchange fees in the US and Europe. Despite efforts to diversify markets and maintain compliance, the unpredictable nature of regulatory changes poses a substantial risk to Visa's business model. Industry competition is equally intense, with Visa competing against traditional banks, fintech startups, digital wallets, and emerging payment platforms like Alipay, WeChat Pay, and cryptocurrencies. Rapid technological innovation and regulatory shifts can quickly alter the competitive landscape, threatening Visa's market share. The risk of disintermediation or losing transaction volume to superior or more innovative competitors remains high. Visa's established brand, extensive network, and ongoing investments in innovation serve as defenses; however, the fast-paced industry dynamics mean that competitive risks are persistent and potentially disruptive. Cybersecurity threats constitute a critical risk due to the reliance on digital infrastructure and sensitive financial data. The payments industry is a prime target for cyber-attacks, data breaches, and fraud, which can lead to severe financial losses and reputational damage. The evolving sophistication of cyber threats means that no system is entirely immune. The costs associated with breaches include legal liabilities, fines, and remediation expenses. Visa mitigates these risks through robust cybersecurity protocols, continuous monitoring, incident response plans, and insurance coverage. Nonetheless, the persistent and rapidly changing nature of cyber threats means that the risk of a significant breach remains a constant concern. In summary, Visa faces a multifaceted risk landscape characterized by regulatory uncertainty, fierce industry competition, and cybersecurity vulnerabilities. While the company has implemented measures to manage these risks, their inherent unpredictability and rapid evolution require ongoing vigilance. These risks could materially impact Visa's revenue, market position, and operational stability, making them critical considerations for stakeholders and investors.

## Competitors Analysis

Competitors\_analysis for Visa indicates that the company maintains a strong competitive position within the payments industry. Visa's financial metrics reveal consistent operational efficiency and profitability improvements over recent years. Its EBITDA Margin has shown stability with slight upward trends, suggesting effective cost management and pricing strategies that enhance profitability. The declining EV/EBITDA ratio points to a more attractive valuation, potentially indicating that the market perceives Visa as undervalued relative to its earnings, especially when compared to industry peers. This valuation trend underscores the company's improved market attractiveness and possibly reflects a correction in its market perception. Visa's Free Cash Flow Conversion has improved over time, demonstrating superior cash flow management and operational discipline. This ability to convert earnings into cash efficiently provides the company with flexibility to fund growth initiatives, reduce debt, or return value to shareholders. When contrasted with competitors, Visa's higher FCF Conversion rate highlights its strong financial discipline and operational robustness. Gross margins have also trended upward, aligning with EBITDA margins, which indicates effective control over production costs and sustained pricing power, further bolstering its profitability profile. Return on Invested Capital (ROIC) has shown an upward trajectory, signifying that Visa is increasingly effective at generating returns from its invested capital. This improvement suggests strategic deployment of resources and operational efficiencies that create long-term value. If Visa's ROIC surpasses that of its competitors, it demonstrates superior capital efficiency and a sustainable competitive advantage. Revenue growth has been steady or accelerating, reflecting Visa's ability to expand its market share and capitalize on increasing digital payments demand. Outpacing industry growth rates, this revenue trajectory underscores the company's successful growth strategies and market positioning. Overall, Visa's financial health appears robust, characterized by improving margins, cash flow, and capital efficiency. The valuation metrics suggest that the company is well-positioned for future growth, with its undervalued status relative to earnings providing an attractive investment opportunity. These factors collectively reinforce Visa's strong competitive standing and financial resilience in the evolving payments landscape.