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Return on Investment

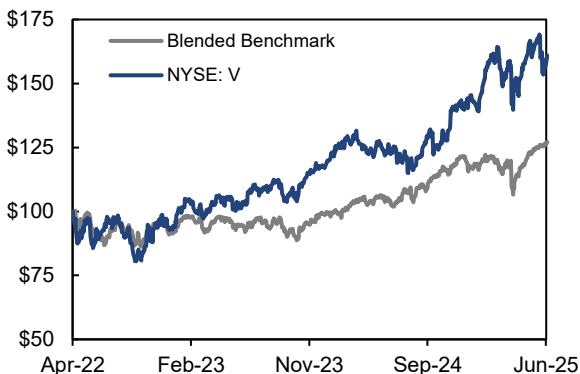
Current Share Price	\$355.05
Target Price	\$385.00
Dividend Yield	0.66%
Implied Return	9%
Conviction Rating	1

Market Profile

52-Week Range	\$254.51 - \$375.51
Market Capitalization (US\$B)	\$704
Net Debt (US\$B)	\$5
Enterprise Value (US\$B)	\$709
Beta (5-Year Monthly)	0.95

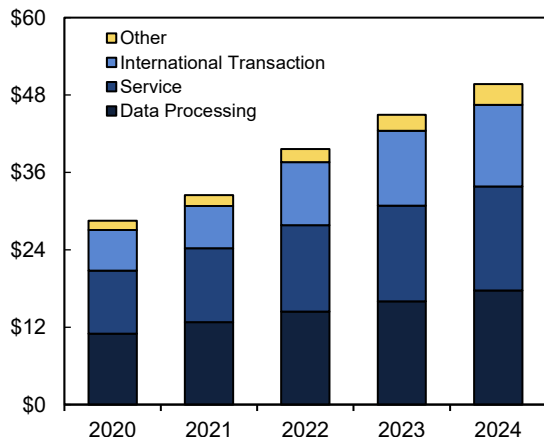
Metrics	2024A	2025E	2026E
Revenue (US\$B)	\$36	\$40	\$44
EBITDA (US\$B)	\$25	\$28	\$31
EPS	\$10.05	\$11.41	\$12.86
EV/EBITDA	27.9x	25.6x	22.7x

Holding Period Performance (Indexed to \$100)



Source: S&P Capital IQ

Figure 1: FY2024 Revenue Segmentation



Source: Company Filings

Business Description

Visa (NYSE: V) operates a digital payments network and manages global financial services related to payments and transaction processes. The Company facilitates global commerce among a network of customers, merchants, financial institutions, businesses, strategic partners, and government entities. V offers debit cards, credit cards, prepaid products, and commercial payment solutions.

The Company earns revenue through four primary segments: (1) Data Processing, (2) Services, (3) International Transactions, and (4) Other. Data Processing revenue includes fees for authorization, clearing, settlement, network access, and other value-added services tied to transaction volume. Services revenue is generated from financial institutions and includes card issuance support, analytics, risk management, and advisory offerings. International Transactions revenue is derived from cross-border activity and includes currency conversion fees and settlement charges. Lastly, Other revenue captures V's expanding portfolio of value-added services (VAS) such as fraud prevention, tokenization, and its open banking and real-time money movement platforms. V is a world leader in digital payments, with over 4.8B payment cards in circulation, processing 77.6B transactions in Q2 2025 across more than 200 countries and territories globally.

Industry Overview

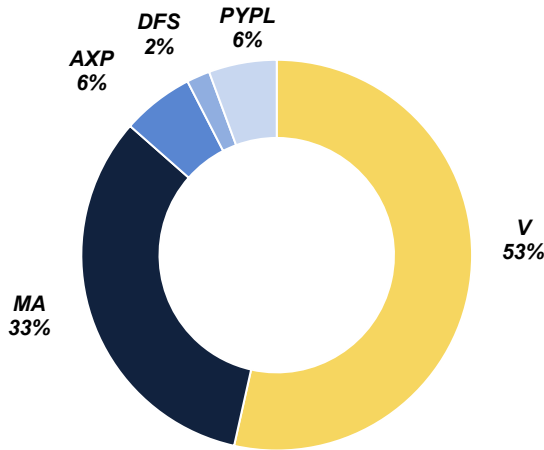
The electronic payments industry facilitates financial transactions between consumers, merchants, and financial institutions, primarily through credit, debit, and prepaid cards. The industry operates globally via extensive processing networks, enabling secure, real-time authorization and settlement of transactions without the physical exchange of cash. V currently dominates the global electronic payments market, capturing ~40% of the total purchase volume, closely followed by Mastercard (NYSE: MA) at ~25%. Other significant players include American Express (NYSE: AXP), which focuses on high-end consumer segments, and digital payment platforms such as PayPal (NASDAQ: PYPL), capturing substantial share in online transactions.

The global payments market is expected to grow at CAGR of ~11% from 2023 to 2030, driven by the rapid adoption of contactless and mobile payment technologies, significant increases in cross-border transactions fueled by the ongoing recovery in international travel, and increased penetration in developing economies. Additionally, VAS such as cybersecurity, fraud prevention, and digital identity solutions have provided significant incremental growth opportunities for industry participants. Currently, VAS comprises ~24% of V's total revenue and represents the Company's fastest-growing segments, growing at a 20% CAGR since 2021. Levels of credit card usage among Gen Z and Millennials remain strong, defying early expectations of fintech-led disruption and supporting long-term industry stability.

Antitrust

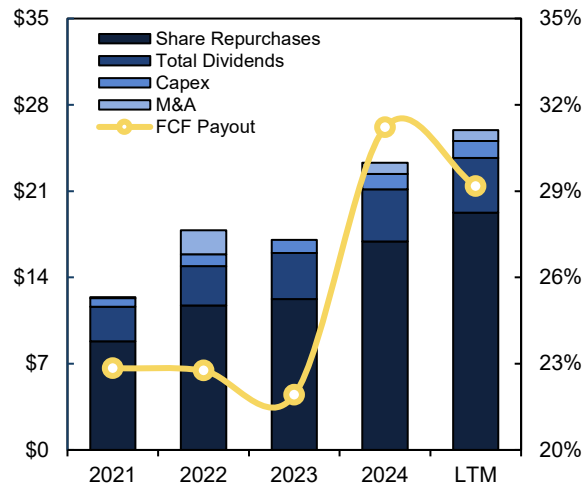
Recent antitrust scrutiny has significantly intensified, notably affecting Visa and Mastercard. Regulators in the U.S., EU, and UK are closely examining interchange fee structures and alleged (cont.)

Figure 2: LTM Global Spending Network Market Share



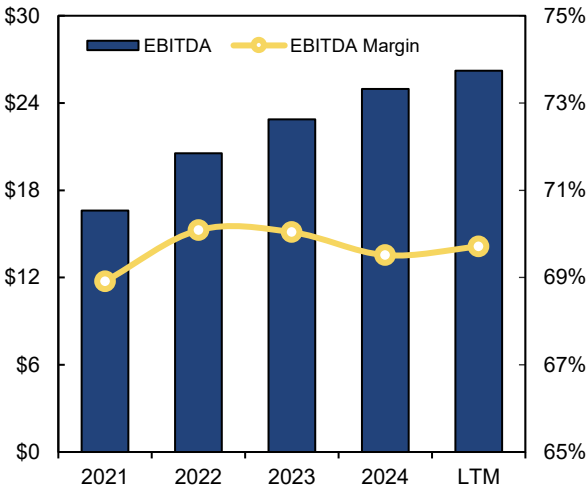
Source: Bloomberg

Figure 3: LHS Capital Allocation (US\$B) vs RHS FCF Payout



Source: S&P Capital IQ

Figure 4: LHS EBITDA (US\$B) vs RHS EBITDA Margin



Source: Bloomberg

anti-competitive practices. Visa faces ongoing litigation and regulatory actions related to unfair pricing claims, excessive interchange fees, and exclusivity agreements with financial institutions. Potential outcomes could include enforced changes to existing fee structures, increased compliance costs, and stronger competition from emerging fintech alternatives.

Mandate Fit

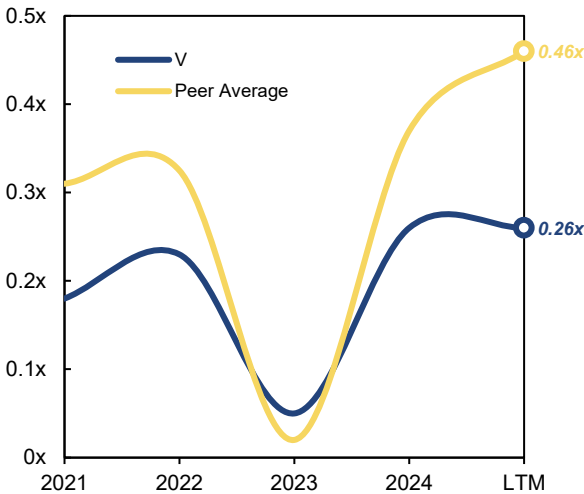
Quality Management: Ryan M. McNerney has been President of V since 2013 and has served as CEO and a director since 2023. Prior to joining V, he worked in various banking roles, including serving as CEO of Consumer Banking at JPMorgan Chase (NYSE: JPM) from 2010 - 2013. McNerney has combined traditional financial expertise with an innovative technology focus, ensuring that V continues to fulfill its vision of making payments increasingly visible and embedded into daily experiences, while prioritizing security and reliability during the ongoing fintech revolution. CEO and NEO compensation are 94% and 91% at risk, respectively, demonstrating strong alignment with shareholder interests. Long-term equity incentives at V are comprised of 50% performance shares at the target, 25% restricted stock units, and 25% stock options.

Competitive Advantage: V's competitive moat is primarily driven by network effects, as the scale and connectivity of the Company's payments ecosystem increase its value for all participants. Nearly 50% of global e-commerce transactions are now tokenized, enhancing both security and customer experience by replacing sensitive card details with unique digital tokens that reduce the risk of fraud and streamline the checkout process across platforms. This scale makes V indispensable to issuers, merchants, and consumers. The moat is further strengthened by high switching costs, as banks and enterprises deeply integrate the Company's application programming interfaces, settlement systems, and fraud tools into their core operations. V's intangible assets also play a role. These include one of the most reputable financial brands and proprietary technologies like Tap to Pay and ARIC Risk Hub, which enhance convenience and speed at checkout while strengthening fraud detection and transaction security. With an EBITDA margin of 70%, compared to MasterCard's 60%, the Company has substantial pricing power and profitability. Lastly, V benefits from efficient global scale, operating a high-fixed-cost network that would be extremely expensive for competitors to replicate. This combination of network effects, scale, and technological leadership gives the Company a durable and wide economic moat.

Strong Balance Sheet: The Company's financial profile indicates strong credit health, with total debt outstanding at US\$20.8B, up slightly from US\$20.6B the year prior. Of this, US\$3.9B, is due within the next year. V's Net Debt/EBITDA ratio has historically remained close to or below the peer average. V's LTM Net Debt/EBITDA ratio has followed this historical trend as it is ~0.3x, below the peer average of ~0.5x. The Company has an interest coverage ratio of ~37.1x, while MA and AXP have interest coverage ratios of ~26.5x and ~9.3x, respectively. In terms of leverage, Visa maintains a more conservative approach, with a total debt/equity ratio of ~0.5x, compared to ~1.7x for AXP and ~2.8x for MA. Solid financials have earned V a S&P rating of AA- and a Moody's rating of Aa3.

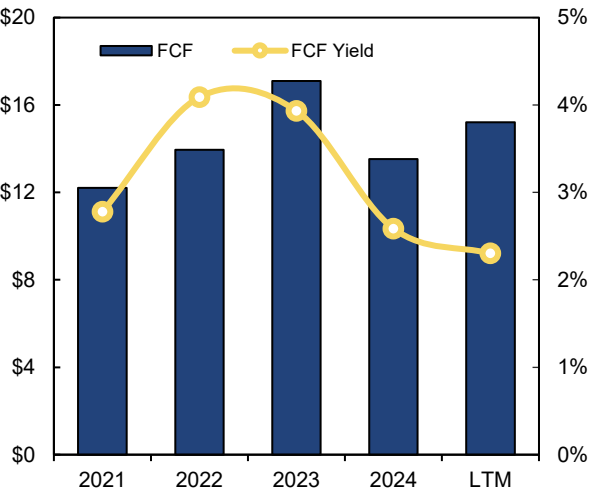
Growing Free Cash Flow: V's business model is characterized by high incremental margins, low capital intensity, and strong FCF generation. YTD, the Company generated US\$9.4B in FCF as of Q2 2025. Going forward, FCF growth will be driven by continued global economic expansion, increased digital payment penetration, (cont.)

Figure 5: Net Debt/EBITDA vs Peer Average



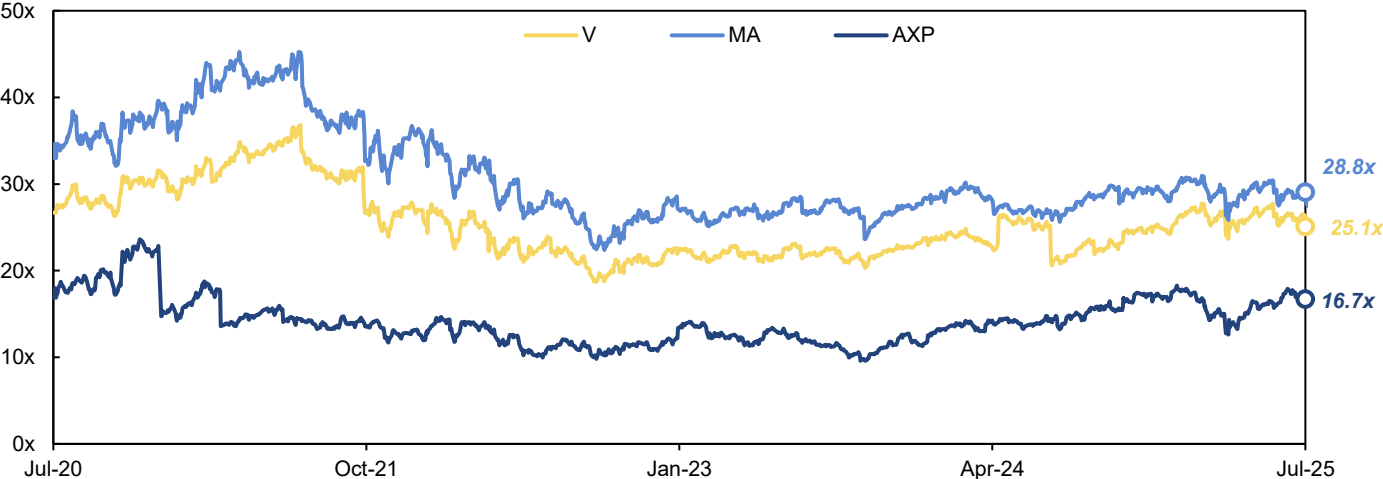
Source: S&P Capital IQ

Figure 6: LHS FCF (US\$B) vs RHS FCF Yield



Source: S&P Capital IQ

Figure 7: NTM EV/EBITDA vs Peers



Source: S&P Capital IQ

and a rising number of cardholders. V has issued over 4.8B cards globally, and total processed transactions rose 9% YoY, indicating robust underlying volume trends. As emerging markets transition away from cash and developed markets deepen their digital ecosystems, the Company is well-positioned to capture incremental transaction growth. V also maintains a disciplined capital return strategy, repurchasing US\$4.5B in stock in Q2 alone and returning US\$5.6B to shareholders through dividends and buybacks. With scalable infrastructure and a growing addressable market, the Company's FCF is set to compound steadily.

Risks

Cyber threats have become a prevalent risk for V. Enumeration attacks alone resulted in ~US\$1B in follow-on fraud in a one-year period. Suspected attack transactions have increased 22% compared to the prior six-month period. V's Payment Ecosystem Risk and Control (PERC) unit has identified various fraud scams affecting V's ecosystem, including vulnerabilities in point-of-sale systems and malicious mobile applications. Due to network effects and V's vast global reach, over 20,000 merchants have been involved in scams in the last twelve months, with PERC detecting US\$357mm in fraud associated with these scams. It is crucial that PERC continues to implement barriers to mitigate fraud, stay ahead of cybercriminals, and avoid a loss of trust in the Company.

Investment Thesis and Valuation

V was valued at US\$385 using a 5-year DCF with a WACC of 8.8%. The terminal value was determined through a 50/50 blend of (1) the Gordon Growth method, using a 2.0% terminal growth rate and (2) an EV/EBITDA exit multiple of 20.6x.

The CPMT favours V's substantial scale and dominant market position, allowing the Company to achieve superior profitability compared to peers. This strong market position is secured by high switching costs and V's technology leadership, facilitating a robust capital return policy. Furthermore, V's strong earnings growth is underpinned by increased penetration into developing markets, along with continued growth in VAS, which now represents ~25% of revenue and is expanding at a ~20% CAGR. Despite these tailwinds, the CPMT will continue to monitor the Company's antitrust situation for any material changes that could impair the Fund's investment thesis, while remaining confident in V's advantageous market position and superior operational efficiency.