VISA / DISCOUNTED CASH FLOW

INDEPENDENT VALUATION MEMO | 17 OCTOBER 2026

Executive overview

Visa is a global payments network with scale advantages, a low-physical-capital operating model and exposure to digital payment volumes. The companion spreadsheet models five projected years of free cash flow to the firm, a WACC discount rate and terminal growth perpetuity. It is a **scenario model, not a verified current stock price target**.

Historical financial base

USD billions / FY Sept.	FY2023A	FY2024A	FY2025A
Net revenue	32.653	35.926	40.000
GAAP operating expense	11.653	12.331	16.006
GAAP operating profit	21.000	23.595	23.994

Source: Visa FY2025 annual report, company GAAP financial highlights.

Model methodology

Forecast revenue from FY2025 using assumed growth rates of 10.5%, 10%, 9.5%, 9% and 8.5%. Assume steady-state EBIT margin of 63.5%, 21% cash taxes, depreciation and amortization of 2.8% of revenue, capital expenditures of 3.0% of revenue, and incremental working-capital investment of 2.0% of additional revenue. These are **analyst inputs, not company guidance**.

Calculate FCFF = EBIT x (1 - cash tax rate) + D&A - capital expenditures - incremental working capital. Discount annual FCFF using the scenario WACC and discount terminal value from terminal FCFF at 3.0% perpetual growth. The model includes a two-factor valuation sensitivity grid. The capital bridge uses illustrative net debt and diluted-equivalent shares that **must be replaced** with verified figures before drawing investment conclusions.

Interpretation and debate

Visa has historically displayed high operating margins and revenue growth, but a defensible investment recommendation depends on current share price, conversion-adjusted diluted share count, taxes, network regulation, cross-border trends and actual capex / cash-flow line items. Run sensitivities for WACC, terminal growth and mid-cycle margin. Distinguish unusually high FY2025 operating expenses from normalized recurring expenses before adopting the base-case margin.

Critical limitations

FY2026 annual results were scheduled for 27 October 2026 and were not yet available as of this memo date. This model starts from the verified FY2025 annual data; the valuation is illustrative and

should be refreshed on release. Historical operating cash flow and balance sheet inputs have not been comprehensively reconciled in this exercise.

Sources

Visa FY2025 annual report: https://annualreport.visa.com/financials/default.aspx

Visa FY2026 release announcement: https://investor.visa.com/news/news-details/2026/Visa-to-Announce-Fiscal-Fourth-Quarter-and-Full-Year-2026-Financial-Results-on-October-27-2026/default.aspx

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