

ARETE CAPITAL VIEW

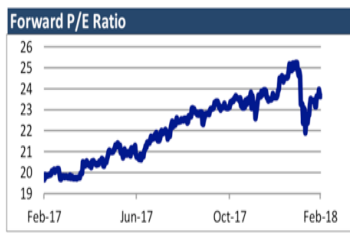
- World No.1 credit and debit network worldwide
- Driven by secular growth in electronic payment volume and modest global economy growth
- Positive operating leverage, low debt
- Strong EPS growth, low capital expenditures and high free cash flow with defensive characteristics versus financial sector and the broader market
- Acquisition of Visa-Europe (a recovering spending market) to drive growth and synergy
- Where as fintech startups may disrupt some banking functions and impact traditional bank earnings streams, Visa has a strong brand image and position
 - Pay programs such as Apple Pay and Samsung Pay work together with Visa, not against it
- End 2016: Visa is ranked #2 in the world in terms of users.
 - But has the largest # of merchants and arguably the most interesting middle tier of the market that makes use of credit card finance

Top global payment providers (2016)			
	User (mn)	Merchants (mn)	Payment Volume (\$bn)
Union Pay	6,125	40	8,503
Visa	3,087	44	7,247
Master	1,669	43	3,571
Alipay	520	14	554
Amazon	340	0.05	249
Paypal	210	17	393
American Exproress	110	8	1,024

Visa vs. S & P 500 - solidly outperformed over the past 5 years



Financials - looking at a c. 23x PE vs. forward earnings - relatively high, but paying for quality



Financial Matrix	
PE - Current Year / Next Fiscal Year	27.91 / 23.64
Estimated PE Growth Rate (x)	1.59
Price/Book ratio (x)	8.00
Dividend Yield % - Indicated / Nxt Yr Est.	0.68 / 0.67
3 Year Dividend Growth (%)	18.65
Free Cash Flow Yield (%) - Trailing/Forward	3.84 / 4.18
Shareholder Yield (Returned Capital/Market Cap)%	2.30
Enterprise Value/ This Year Estimated EBITDA	18.21
Return on Common Equity (%)	26.52
Net Debt/ Equity (%)	9.17
Equity Beta (x)	0.95

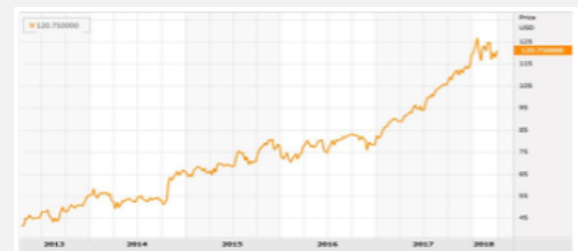
BUSINESS SUMMARY

Visa Inc. (Visa) is a payments technology company that connects consumers, merchants, financial institutions, businesses, strategic partners and government entities to electronic payments. The Company operates through payment services segment. The Company enables global commerce through the transfer of value and information among the participants. The Company is a retail electronic payment network based on payments volume, number of transactions and number of cards in circulation. Its products/services include core products, processing infrastructure, transaction processing services, digital products, merchant products, and risk products and payment security initiatives.

FINANCIAL SUMMARY

For the three months ended 31 December 2017, Visa Inc revenues increased 9% to \$4.86B. Net income applicable to common stockholders excluding extraordinary items decreased 33% to \$1.33B. Revenues reflect Data processing revenues increase of 13% to \$2.15B, Service revenues increase of 12% to \$2.15B, International transaction revenues increase of 12% to \$1.67B. Net income was offset by Personnel increase of 19% to \$679M (expense).

5 YEAR CHART



RATIOS

Dividend Yield	0.69
P/E (Trailing)	46.97
P/E Forward Est.	25.2
Annual free cash flow	8,501 million USD

INCOME STATEMENT (USD)

	2013	2014	2015	2016	2017
Revenue	11,778,000,000	12,702,000,000	13,880,000,000	15,082,000,000	18,358,000,000
Total Operating Expense	4,554,000,000	5,005,000,000	4,816,000,000	7,199,000,000	6,214,000,000
Operating Income	7,224,000,000	7,697,000,000	9,064,000,000	7,883,000,000	12,144,000,000
Net Income Before Taxes	7,257,000,000	7,724,000,000	8,995,000,000	8,012,000,000	11,694,000,000
Net Income After Taxes	4,980,000,000	5,438,000,000	6,328,000,000	5,991,000,000	6,699,000,000
Net Income Before Extra. Items	4,980,000,000	5,438,000,000	6,328,000,000	5,991,000,000	6,699,000,000

PROFITABILITY ANALYSIS

	2013	2014	2015	2016	2017	Latest
ROE Tot Equity, %	18.28	20.04	22.10	19.09	20.40	18.58 *
ROA Tot Assets, %	13.11	14.59	16.24	11.59	10.15	9.27 *
Income Aft Tax Margin, %	42.28	42.81	45.59	39.72	36.49	32.26 *
Revenue/Tot Assets	0.31	0.34	0.36	0.29	0.28	0.29 *
Long Term Debt/Equity, %	0.00	0.00	0.00	48.26	50.73	49.76 **
Total Debt/Equity, %	0.00	0.00	0.00	48.26	56.07	49.76 **

Legend: * = TTM (Trailing Twelve Months)** = LFI (Latest Fiscal Interim)

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