



Payment Sector

BUS 417 E100 - Group #2

Agenda

- Industry Overview
- MasterCard Analysis
- American Express Analysis
- Visa Analysis
- Final Rankings
- Appendix/Resources



INDUSTRY OVERVIEW



Financial Services

- Credit Card companies simplify transactions between two parties world-wide by providing a user-friendly solution to its clients and its clients' clients.
- A sophisticated and stable verification network is a prerequisite to ensure a smooth and safe payment process.
- The business model can differ.
- While Visa and MasterCard use other banks to offer their service as a license service, American Express does issue the credit card by itself.



Historical Performance S&P 100/OEX (Includes Visa/Mastercard/American Express)

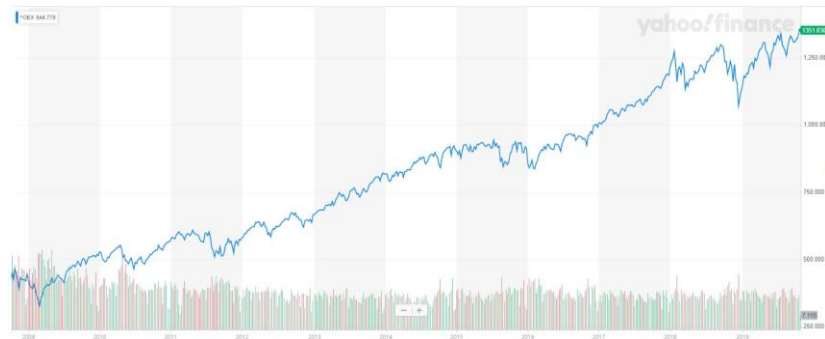
Trailing 12 Months



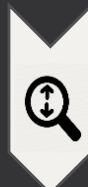
Last 5 Years



Last 10 Years



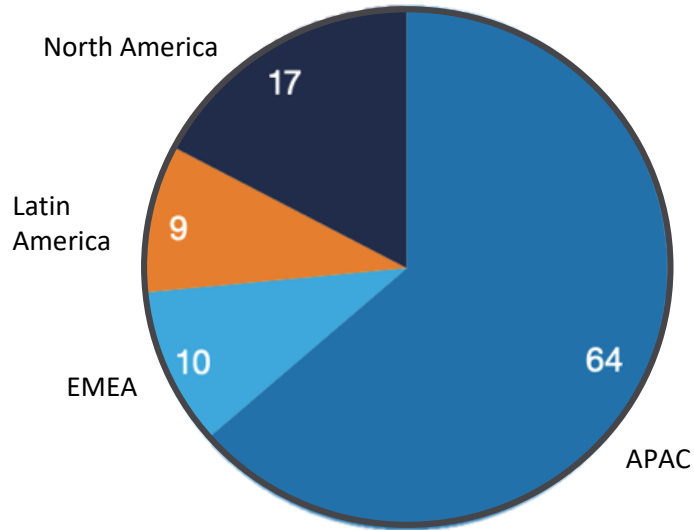
Maximum Years



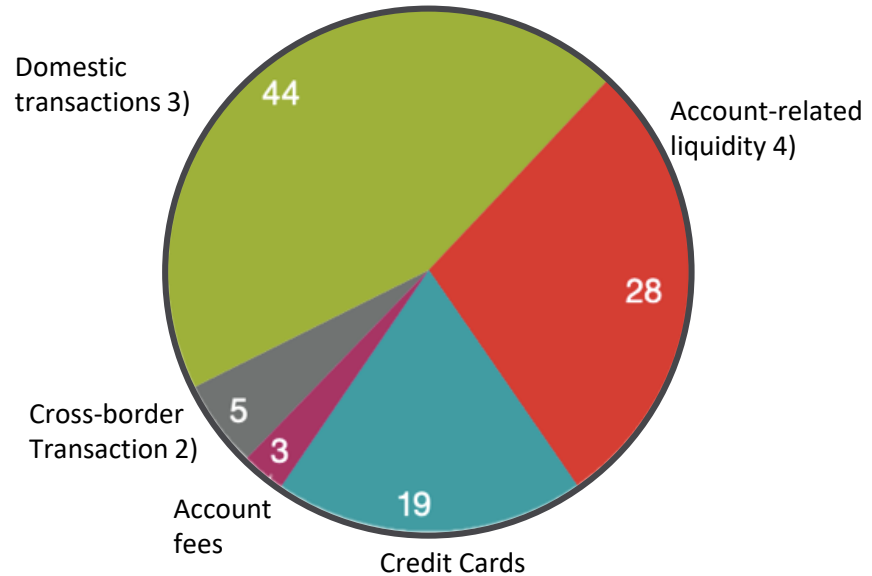
General Payments Revenue Growth Decomposition

%(100% = 1,022 billion)

Payments revenue growth decomposition 1), 2017 - 22,
%(100% = 1,022 billion)



Payments revenue growth decomposition 1), 2017 - 22,
%(100% = 1,022 billion)



Current Industry Valuation & Performance

Strong multiples represent strong Growth Expectations

	P/E	P/SALES	P/FCF	P/BOOK	EV/EBITDA	DIVIDEND YIELD
Industry	30.82	6.50	26.73	10.39		2.01%
Visa	46.76	22.78	50.36	17.21		0.56%
MasterCard	56.55	23.18	77.86	73.63		0.48%
American Express	20.87	2.99	20.59	10.53		1.44%

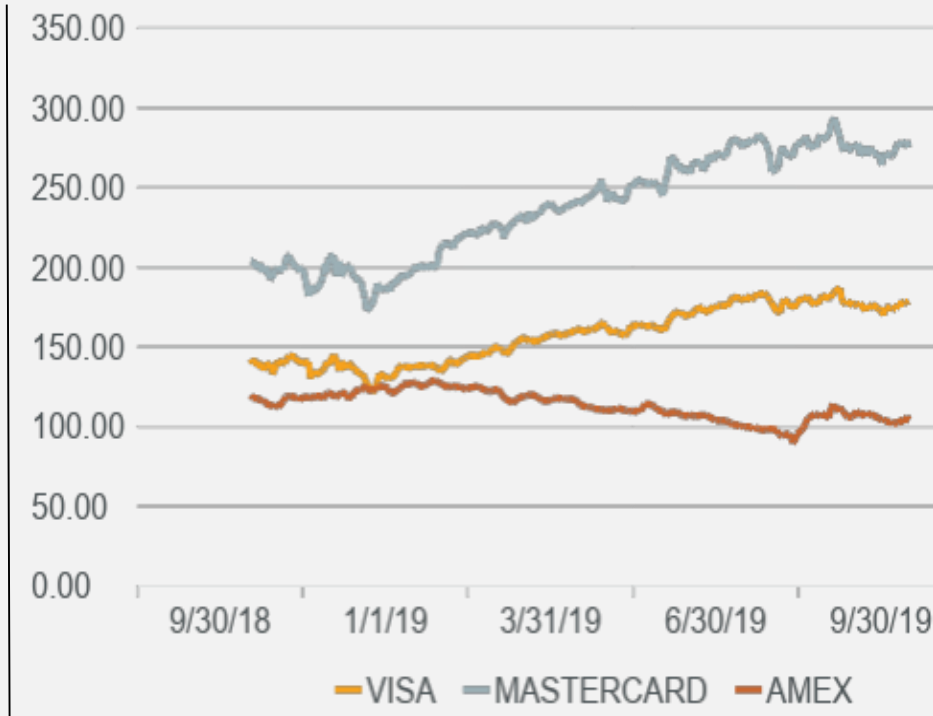
Source: <https://www.investing.com/equities/american-express-ratios>

Separation of the wheat from the chaff



Current Industry Valuation & Performance

Industry Competitors - Absolute Values



History of Payment Methods

6000 BC

Trade has been made by exchange of goods. Animals, stones, iron and shells have been used to store value temporary.

1700 BC

Code of Hammurabi stated the role of money in society. They set amounts of interest on debt, fines for "wrongdoing", and compensation in money for various infractions of formalized law.

1000 BC

Small knives and spades made of bronze where used in China (Zhou Dynasty)

700 BC

First coins in the Kingdom of Lycian (nowadays in Greece) had been created out of Gold and Silber. The use of coins moved from Anatolia to Europe.



History of Payment Methods

1200 AC

A variety of currencies appeared in Europe because the Kingdoms started to introduce their own coins. At the same time Giro money systems were established by rich families in Italy.

1661

The Stockholm Banco printed the first European banknotes,. However, paper money was already known in China during the **11th century**.

1833

The BOE managed to gain trust into the bank notes by establishing the notes as a legal payment system.

1890s.

The first credit card as general purpose card was established by the founders of the Diner Club.



History of Payment Methods

20th c.

It was common not to receive wages in cash. Money was transferred directly to the employees' bank accounts or by use of cheques. Later on the online system allowed to be identified and use ones cash to do purchases.

21th c.

New concepts established at a high pace., e.g. online payments, e-wallets, cryptocurrencies and one-click payments.

PayPal was founded in 1998, competing successfully against established payment methods like direct credit authorization or “cash before delivery”.

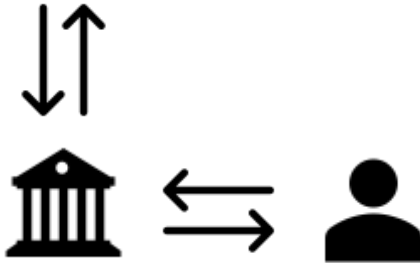
New technologies as the NFC technology in cell phones allowed to us the device to pay. Credit cards or bank accounts can be lodged.

User-friendliness has been increased massively while costs of transactions have been decreased simultaneously. Nowadays Countries like Sweden or Norway barely use cash money in day-to-day life.



Differences in Credit Card Issuing

Partner-Issuing (in cooperation with banks)



Self-Issuing (if cooperation only with brands)



Market Segments

Who uses credit card services?

Business Services:

Businesses hand out business credit cards to employees to conduct predefined business purchases. This procedure makes billing and accounting easier.

Retailers & Wholesalers:

Use the credit card payment method to facilitate the users' purchase decision, shopping experience and payment process.

Private Users:

Simple customers use credit cards to purchase common things or goods. Additionally may be used to do spontaneously expensive purchases, for online purchases or as security for rentals.

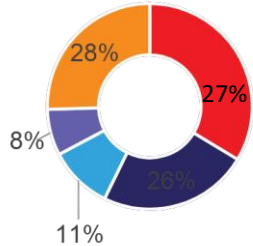
Others:

Third parties as banks offer a simple way for its customers to make a payment. In case customers do not pay back on time high interest fees are applied.

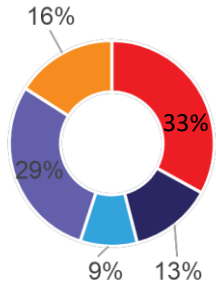


Geographical Markets

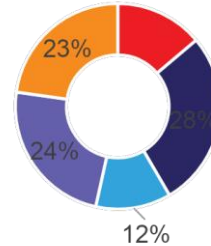
North America



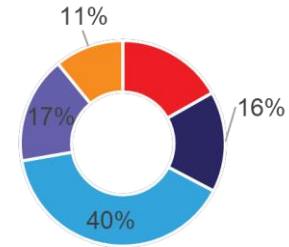
Latin America



EMEA (Europe, the Middle East and)



Asia-Pacific

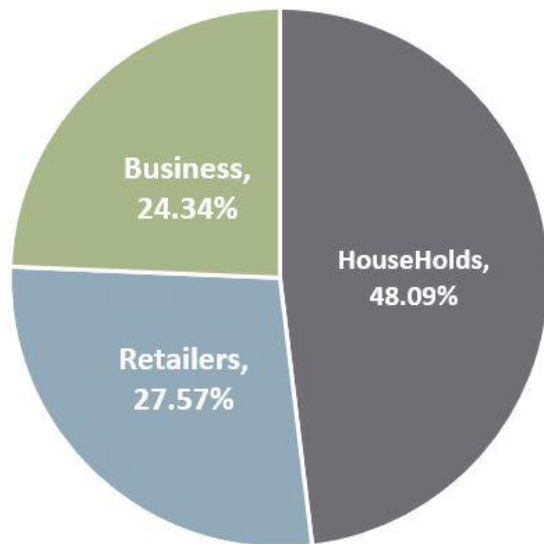


- North & Latin America Region heavily relies on Credit card transactions
- There is a trend that cash transactions are decreasing and other non-cash transactions (Debit/Credit/E-Wallet) have been significantly increased over the years
- Also, there are predictions that Cash transactions will continuously decrease in the future.

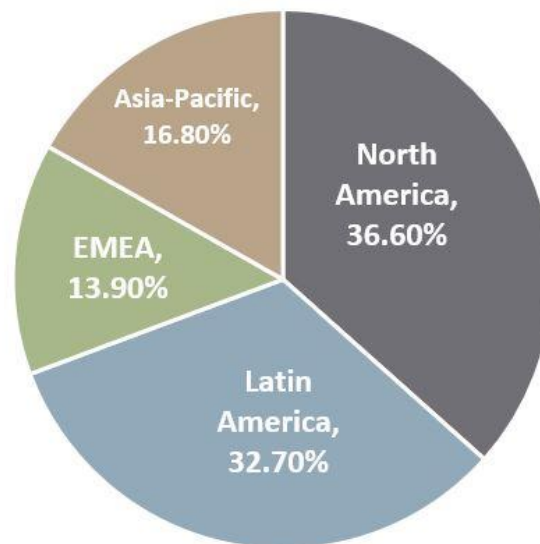


Geographical Markets

Credit Card related Revenue
by segments:



Credit Card related Revenue
by continents:



Source: Worldpay: Global Payment Report 2018



Revenue Growth

Total Revenue in
2019



\$79bn

Industry
Employment



155,456

Number of
Businesses



4,741

Annual Growth
2014-2019



3.0%

- The industry has experienced strong revenue growth over the five years to 2019, as processors have reaped the benefits of large-scale implementation of electronic payment technology and growing e-commerce.
- The industry generates the majority of its revenue through data processing and transaction fees from credit and debit card purchases.
- Thus, the volume and value of transactions made using credit and debit cards determines the fees that operators collect from the merchants they service, establishing a positive relationship between consumer spending and industry revenue.

Source: IBIS World Credit Card Processing market Research Report

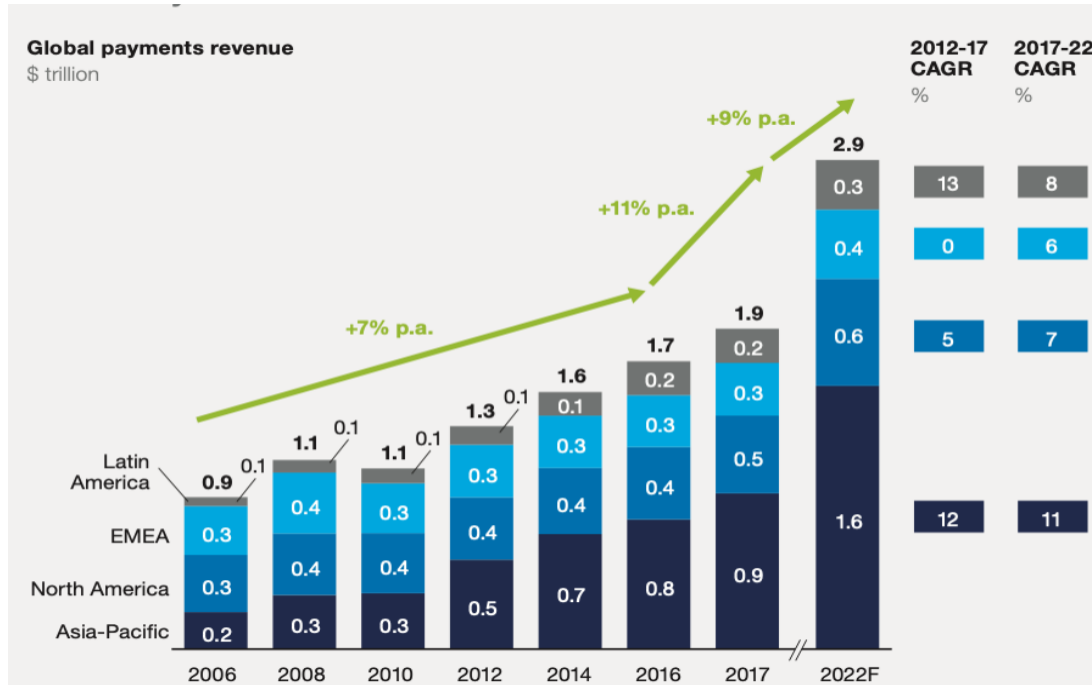


VISA

AMERICAN
EXPRESS

Market Trends

The Global Revenue in the Credit Card Industry increased 11% in 2017



Source: McKinsey Global Payments Map

Trends:

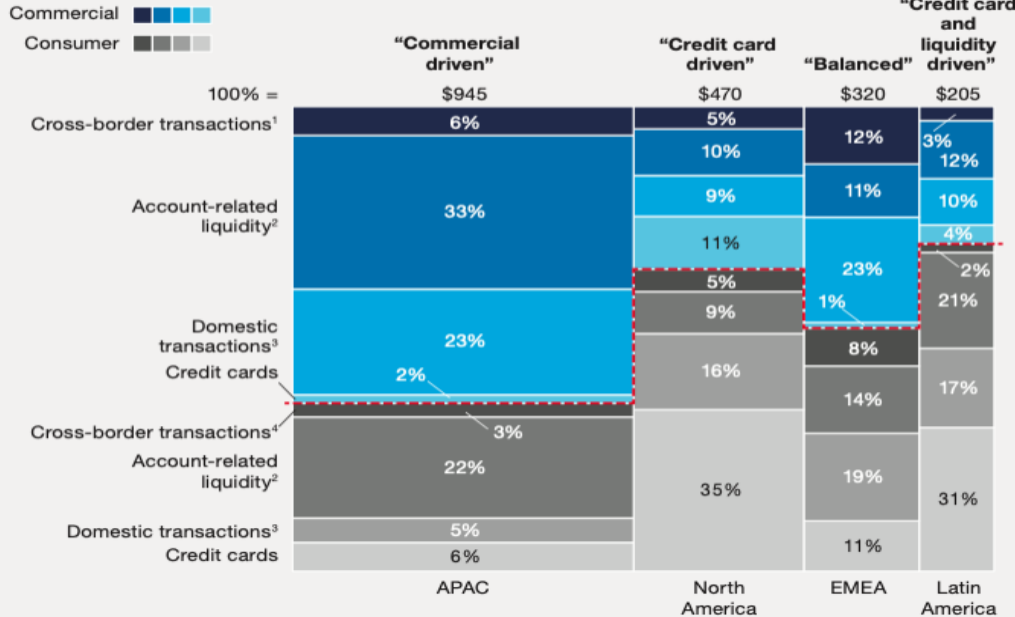
- Strong growth in Asia Pacific and Latin America
- Moderate growth by EMEA and North America
- No decrease in any subgroup



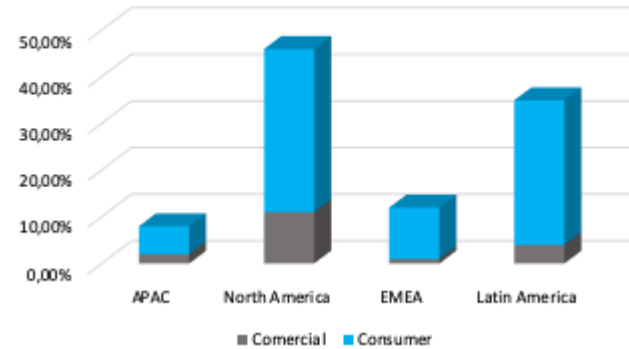
Asia-pacific with great potential for credit card services

Payments revenue, 2017

\$ billion



Stake of payment revenue by credit card services



APAC:

- Makes up 48.7 % of global payments revenue
- Stake of credit card makes only 8%
- Compared to 46% in North America still potential left/ improvable



Industry Competition

Market Concentration



Most of the transaction has been concentrated in the North America region, especially in United States.

The Credit Card Processing and Money Transferring industry has a moderate level of concentration with the top four industry players commanding.

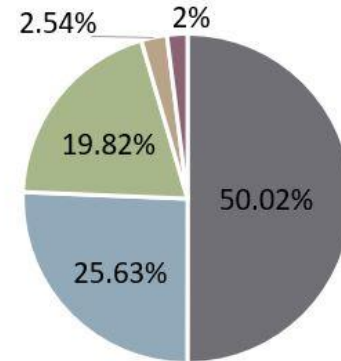
Barriers to Entry



Difficult to gain significant market share internationally since required capital investment is high

Also, the major four players in the market makes a huge barrier to enter the market.

Purchase Transactions in 2017 (Bil.)



■ Visa
■ Mastercard
■ Union pay
■ American Express
■ Others



Profit Drivers

Revenue Drivers:

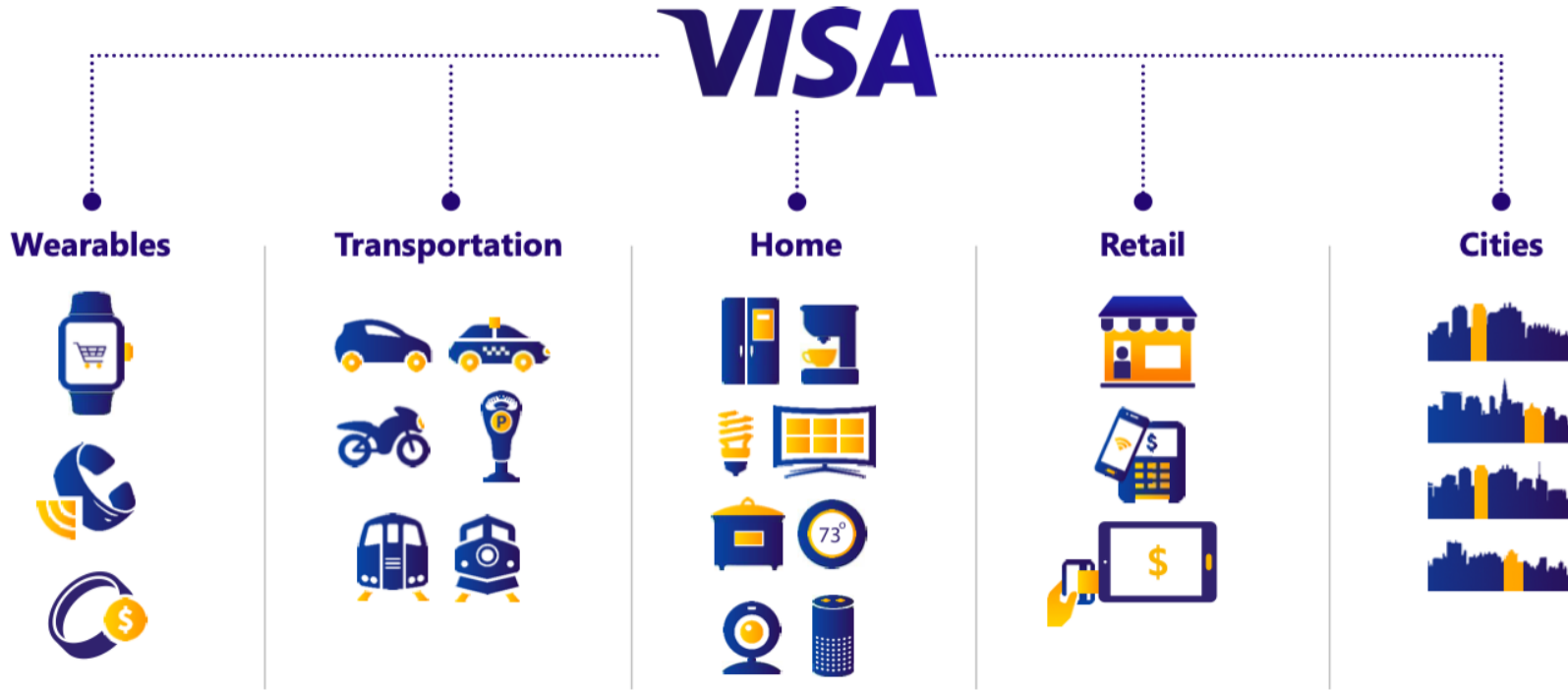
- Number of purchases
 - Transaction fees for businesses
 - Interest rate by overdraft
 - Fees for terminals / usage by retailers
- (Different between partner- and self-issuer.)

Expense Drivers:

- Marketing Activities
- Reward System
- Administrative Costs
- Personal



Current Trends



Emphasis on development of strong inter-connected use of different devices.



Regulatory Forces

Different organisations and institutions regulate the operations of credit card companies.

In **Canada** applies the *Code of Conduct for Credit and Debit Card Industry*.

Purpose:

1. Ensuring **full transparency** of all costs for merchants linked to the use of credit cards.
2. Providing **pricing flexibility** to merchants to enable customers low-cost payment option.
3. Allowing merchants to **freely choose** which payment **options** they will accept.
4. **Protect** merchants and customer **rights**.

Payment card network rules:

1. Information about all changes related to fees and rates in front of 90 days.
2. All important information need to be easily accessible on the credit card company website.
3. Allowing merchants to offer discounts for different payment methods.
4. Premium Credit Card options are only accessible for strong credit worthy clients.
5. No obligation for merchants to install devices for contactless-payment.
6. Merchants do not have to accept new services or products from card network supplier.



Regulatory Forces

Different organisations and institutions regulate the operations of credit card companies.

In **Canada** applies the Code of Conduct for Credit and Debit Card Industry.



Purpose:

1. Ensuring **full transparency** of all costs for merchants linked to the use of credit cards.
2. Providing **pricing flexibility** to merchants to enable customers low-cost payment option.
3. Allowing merchants to **freely choose** which payment **options** they will accept.
4. **Protect** merchants and customer **rights**.

Payment card network rules:

1. Information about all changes related to fees and rates in front of 90 days.
2. All important information need to be easily accessible on the credit card company website.
3. Allowing merchants to offer discounts for different payment methods.
4. Premium Credit Card Options are only accessible for strong credit worthy clients.
5. No obligation for merchants to install devices for contactless-payment.
6. Merchants do not have to accept new services or products from card network supplier.



Regulatory Forces



Different organisations and institutions regulate the operations of credit card companies.

European Union:

2017 new law was introduced to protect customers.

(strong co-respondent Jonathan Hill, EU-Commissar)



1. Introduction of maximum limit for fees. (fee < 0.03 % of purchase volume)
2. Prohibition of extra charges for credit card payments.
3. Reduction of Liability towards credit card users.

United States:

Bank issues are in general regulated on federal and state level.



Unfair or Deceptive Acts or Practices are a proposal applying to all banks in the US enforcing the Truth in Lending Act.

1. Prohibition of interest rate increase on pre-existing credit.
2. Banks need to over reasonable time to pay credit.
3. Prohibition of payments in excess of the minimum in a manner to maximize interest charges.

Source:

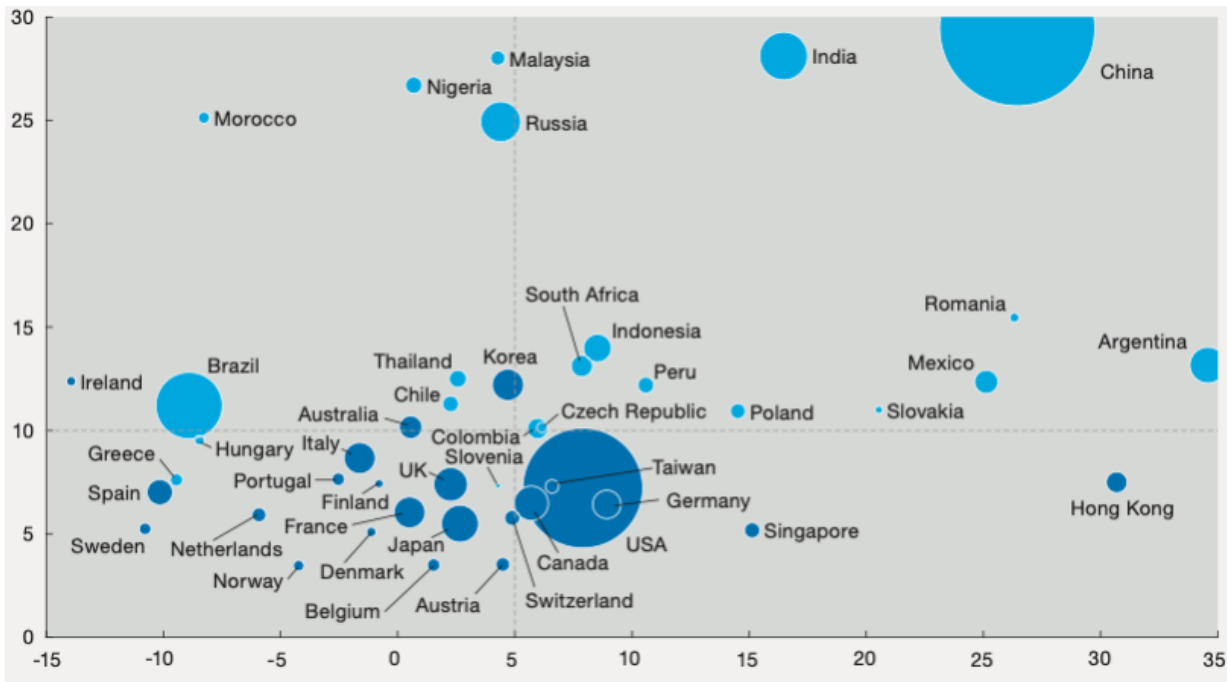
https://en.wikipedia.org/wiki/Bank_regulation_in_the_United_States#Credit_cards

<https://www.gebuehrenfreie-kreditkarte.de/2016/02/eu-erlaesst-neue-richtlinien-fuer-kreditkarten/>

Economic Driver – Electronic Transactions

Growth rate of electronic transactions, 2016-17

%



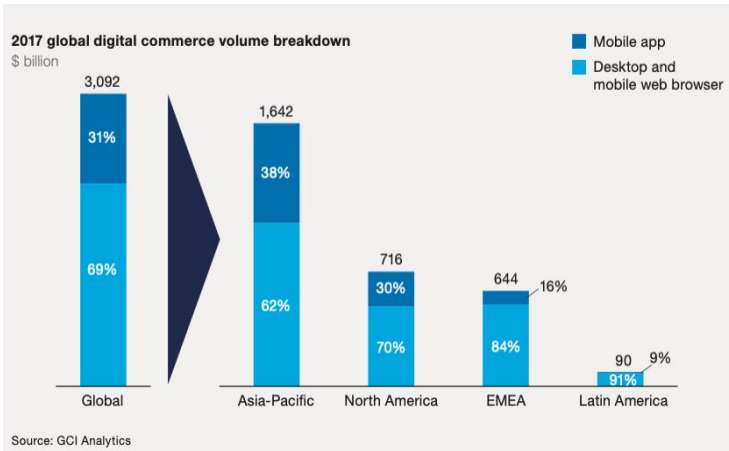
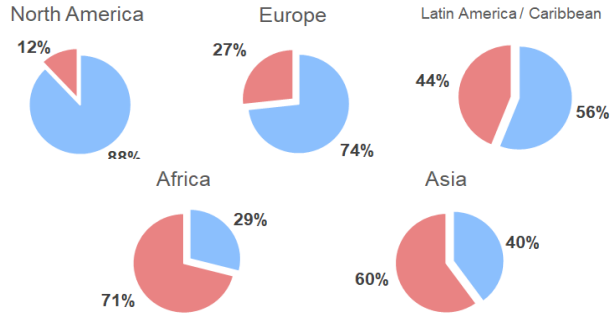
- Developed countries
- Emerging countries
- Size of bubble denotes payments revenue 2017

Payments revenue growth rate
%



Economic Driver – Internet

Number of Internet Users by Continent



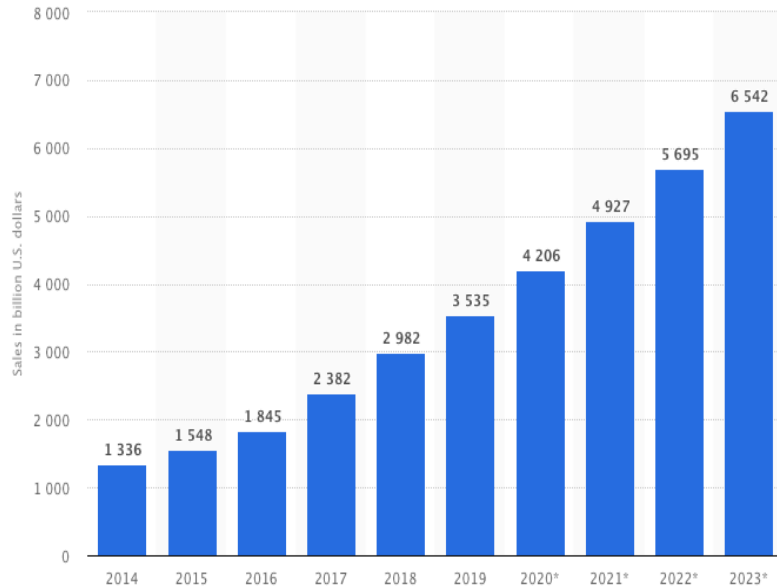
Number of Internet Users

- As the develop of the internet, E-commerce and other website based business will have a higher chance to get higher sales figure.
- The better Internet access will substitute the cash transactions to electronic payments.
- The higher electronic payments might boost up the number of credit card transactions, however, there are risks that other platforms can be developed and take over the credit card's market share.
- Mobile apps accounted for more than 30 % of global digital commerce volume in 2017.
- The development of the Mobile App market will also stimulate an increase the demand of the Credit Card Purchase due to the convenience.



Economic Driver – E-commerce

Retail e-commerce sales worldwide from 2014 to 2023
(in billion U.S. dollars)



Development of E-Commerce

- As the develop of the the business in E-Commerce, customers will get much easier to purchase items using E-transactions, and this will automatically reduce number of cash transactions.
- The better Internet access will substitute the cash transactions to electronic payments.
- The higher electronic payments might boost up the number of credit card transactions, however, there are risks that other platforms can be developed and take over the credit card's market share.



Mastercard

NYSE: MA



Company and Stock Overview



Day trading Performance- Oct 30

Mastercard Incorporated (MA)

NYSE - NYSE Delayed Price. Currency in USD

★ Add to watchlist

277.15 +2.86 (+1.04%) **277.25** +0.10 (0.04%)

At close: 4:01PM EDT

After hours: 7:37PM EDT

Buy

Sell

Summary

Company Outlook

Chart

Conversations

Statistics

Historical Data

Profile

Financials

NEW

Analysis

Options

Previous Close	274.29	Market Cap	281.185B
Open	274.64	Beta (3Y Monthly)	0.87
Bid	277.01 x 1000	PE Ratio (TTM)	41.22
Ask	277.20 x 800	EPS (TTM)	6.72
Day's Range	273.00 - 277.47	Earnings Date	Jan 29, 2020 - Feb 3, 2020
52 Week Range	171.89 - 293.69	Forward Dividend & Yield	1.32 (0.48%)
Volume	3,483,207	Ex-Dividend Date	2019-07-08
Avg. Volume	3,628,110	1y Target Est	310.91

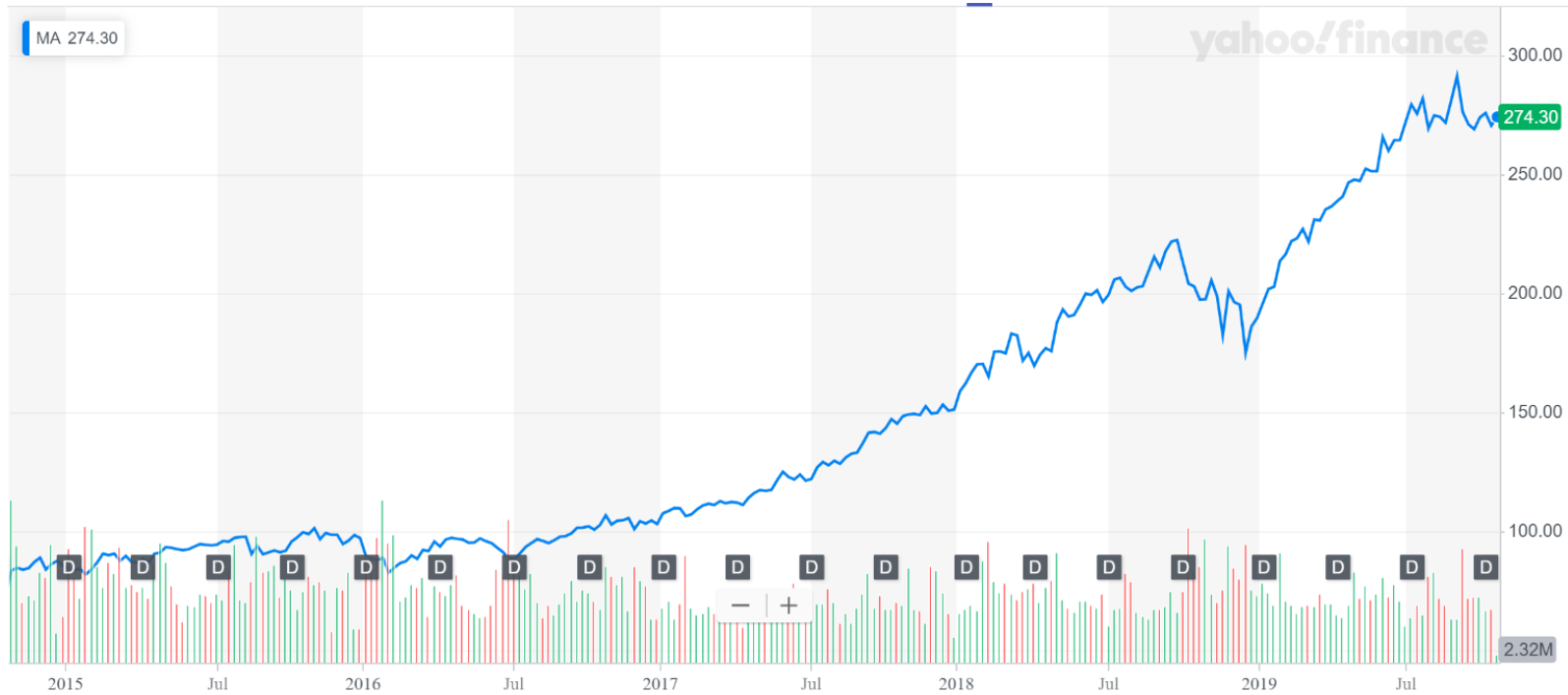
Trade prices are not sourced from all markets



1 Year - Performance



5 Year - Performance



Max Performance



Mastercard vs. S&P 500 vs. S&P 500 Financials



Types of Common Stock

Class A: Redeemable Common Stock

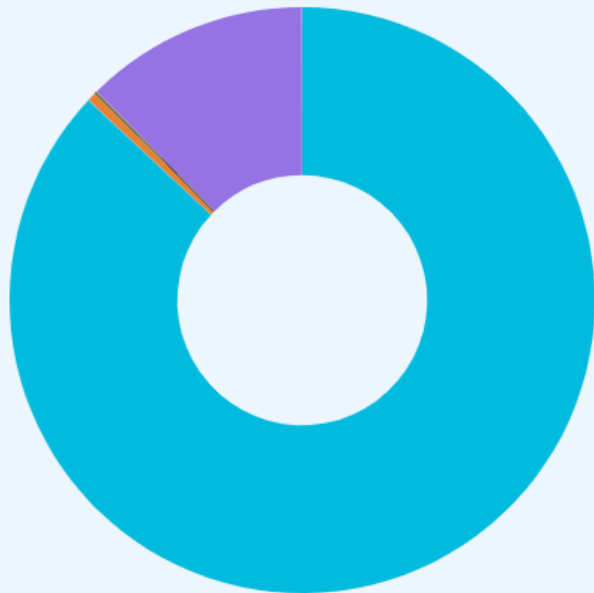
- Publicly traded
- Rights to vote

Class B: Convertible Common Stock

- **Eligible members** : Class A member and affiliate members of MasterCard International Incorporated
- No rights to vote
- Same dividends declared for Class A stock



Share Ownership



- Institutions (86.98 %)
- Corporations (Public) (0.49 %)
- Individuals/Insiders (0.1 %)
- State Owned Shares (0.06%)
- Public and Other (12.38 %)



Top Shareholder

OWNER NAME	DATE	SHARES HELD	CHANGE (SHARES)	CHANGE (%)	VALUE (IN 1,000S)
VANGUARD GROUP INC	06/30/2019	71,012,814	367,442	0.52%	\$19,218,198
BLACKROCK INC.	06/30/2019	63,796,913	297,230	0.468%	\$17,265,359
FMR LLC	06/30/2019	42,168,444	1,727,368	4.271%	\$11,412,046
STATE STREET CORP	06/30/2019	36,885,830	-76,310	-0.206%	\$9,982,412
PRICE T ROWE ASSOCIATES INC /MD/	06/30/2019	30,362,830	-498,108	-1.614%	\$8,217,093



Active Positions

ACTIVE POSITIONS	HOLDERS	SHARES
Increased Positions	821	32,120,468
Decreased Positions	875	27,235,517
Held Positions	281	715,673,011
Total Institutional Shares	1,977	775,028,996



Major Shareholders: Fund

Name	% Total res Held	% Total Assets	Total Ownership			
			Date	Current Shares	Change Amount	Change %
Vanguard Total Stock Mkt Idx Inv	2.49	0.83	Sep 30, 2019	25,303,818	↓ 105,311	↓ 0.41%
Vanguard 500 Index Investor	1.76	0.98	Sep 30, 2019	17,820,808	↓ 69,659	↓ 0.39%
American Funds Growth Fund of Amer A	1.07	1.58	Sep 30, 2019	10,828,740	↓ 780,000	↓ 6.72%
Fidelity® Contrafund®	1.05	2.54	Sep 30, 2019	10,623,935	↓ 22,381	↓ 0.21%
SPDR® S&P 500 ETF	0.98	0.98	Sep 30, 2019	9,912,644	↓ 38,056	↓ 0.38%
Total (for Top 5)	7.34			74,489,945	↓ 1,015,407	



Major Shareholders: Institution

Name	% Total Assets	Total Ownership		
		Date	Current Shares	Change Amount
Vanguard Group Inc	0.71	Sep 30, 2019	71,012,814	↑ 367,442
BlackRock Inc	0.72	Sep 30, 2019	63,796,913	↑ 297,230
FMR Inc	1.30	Sep 30, 2019	42,168,444	↑ 1,727,368
Fidelity Management and Research Company	1.34	Sep 30, 2019	41,211,915	↑ 1,666,836
State Street Corporation	0.73	Sep 30, 2019	36,885,830	↓ 76,310
Total (for Top 5)			255,075,916	↑ 3,982,566



Mastercard Incorporation (NYSE:MA)

US based technology company in the global payment business. Mastercard, Inc. operates as a technology company, which engages in the payments industry that connects consumers, financial institutions, merchants, governments, and business.

Headquarter: Purchase, New York

Founded: 1966

Employees: 14,800 (2018)

Initial Public Offering: 2006



About MasterCard



MasterCard is a technology company in the global payments business.



We connect consumers, financial institutions, merchants, governments and businesses worldwide, enabling them to use electronic forms of payment instead of cash and checks.



We use technology and data-driven insights to make electronic payments more convenient, secure and efficient for people everywhere.



MasterCard does not issue cards, but develops advanced payment solutions and seamlessly processes billions of transactions around the world every year.



Our business has a global reach—extending to more than 210 countries and territories—and continues to experience growth in a world where 85% of retail transactions are still made in cash and checks.



Global Present

- MasterCard's reach extends to more than 210 countries and territories.
- MasterCard employs More than 7,500 employees around the world.
- MasterCard is structured in the following regions:
 - Asia/Pacific, Middle East & Africa
 - Europe
 - Latin America & Caribbean
 - North America (United States and Canada)



History



1966

Company formed under Interbank Card Association (ICA) name



1997

Launched *Priceless* advertising campaign



1969

ICA acquired MasterCharge name and trademark circles



2001

Established MasterCard Advisors



1979

MasterCharge name changed to MasterCard International



2002

➤ Became a registrant with the U.S. Securities & Exchange Commission

➤ Transitioned from a membership association to a private-share company

➤ Integrated with Europay International



1990s

MasterCard and Europay International launched Maestro



VISA

AMERICAN
EXPRESS

History



2006

- Executed an IPO on the New York Stock Exchange and became a publicly traded company
- The company changed the name it does business under to MasterCard Worldwide
- The MasterCard Foundation was formed



2008

MasterCard merged with Europay France



2009

MasterCard acquired Orbiscom, Ltd.



2010

- Launched MasterCard Labs to promote greater innovation in electronic payments
- Acquired DataCash Group plc, to expand e-Commerce payment solutions



2011

- Acquired the prepaid card program management operations of Travelex (now referred to as Access Prepaid Worldwide)
- MasterCard and Telefónica created a joint venture to offer mobile financial solutions in Latin America

2012

- Acquired Truaxis, Inc., a Silicon Valley, California-based provider of relevant credit and debit card-linked offers to consumers through merchants and financial institutions ■



Core Products, Brands and Acquisitions



Core Product

- **Consumer Credit:** standard, premium and affluent consumer segments.
- **Debit.** be used to make purchases and to obtain cash in bank branches, at ATMs and, in some cases, at the point of sale. Our branded debit programs consist of Mastercard, Maestro Cirrus
- **Prepaid:** Segments include government programs (Social Security payments, unemployment benefits and others); Commercial programs (payroll, health savings accounts, employee benefits and others); and reloadable programs for consumers without formal banking relationships and non-traditional users of electronic payments.
- **Commercial:** Large corporations, midsize companies, small businesses and government entities. Our solutions streamline procurement and payment processes, manage information and expenses (such as travel and entertainment) and reduce administrative costs. Our card offerings include travel, small business (debit and credit), purchasing and fleet cards.



Core Brand



VISA

AMERICAN
EXPRESS

Acquisition

COMPANY ACQUIRED

ACQUISITION DATE

AMOUNT

DESCRIPTION



Transactis, Inc.

May 2019

[Source »](#)

undisclosed

Transactis develops a digital payment platform that allows retailers to generate customer bills and process payments.



Vyze, Inc.

Apr 2019

[Source »](#)

undisclosed

Vyze is a cloud-based financial credit platform that offers on-demand consumer financing solutions for retailers and manufacturers.



Ethoca Limited

Mar 2019

[Source »](#)

undisclosed

Ethoca develops a SaaS-based platform that enables merchants and card issuers to track, identify and resolve fraud in digital commerce.



Trans-Fast
Remittance, Inc.

Mar 2019

[Source »](#)

undisclosed

Transfast provides money transfer and cross-border payments solutions for banks, financial institutions and e-commerce companies.





Oltio

Mar 2018

[Source »](#)

undisclosed

Oltio provides authenticated mobile payments and banking solutions for individuals and businesses.



Brighterion, Inc.

Jul 2017

[Source »](#)

undisclosed

Brighterion is a developer of AI and machine learning-based software for cross-channel fraud prevention, risk monitoring and breach detection in businesses.



NuData Security, Inc.

Mar 2017

[Source »](#)

undisclosed

NuData Security is a behavioral analytics company that helps businesses to identify users based on their online interactions.



VocaLink Limited

Jul 2016

[Source »](#)

\$919.4M

VocaLink offers eCommerce and mobile payment processing solutions for banks and financial institutions.



Applied Predictive Technologies, Inc.

Apr 2015

[Source »](#)

\$600M

Applied Predictive Technologies is a provider of cloud-based predictive analytics software solution for large and consumer-oriented businesses.



5one Marketing Limited






Nov 2014

[Source »](#)

undisclosed

5one provides analysis, software and services for retailers.



	ElectraCard Services Private Limited	May 2014 Source »	undisclosed	ElectraCard Services provides risk management solutions for electronic payment.
	Pinpoint Pty. Ltd.	Apr 2014 Source »	undisclosed	Pinpoint provides loyalty and reward services for financial institutions.
	C-SAM, Inc.	Feb 2014 Source »	undisclosed	C-SAM is a mobile transactions technology offers a mobile phone applications for financial and non-financial services.
	Provus Bilisim Hizmetleri A.S	Jan 2014 Source »	undisclosed	-
	Truaxis	Sep 2012 Source »	\$undefined	-
-	-	Dec 2010 Source »	\$458M	-
-	-	Jan 1988 Source »	undisclosed	-



Key Analysis

- Mature company
- Steadily improve and expand their products and services
- Focus on digital payment



Management and Ownership



Ajay Banga – President & CEO



Ajay Banga
President and
Chief Executive Officer

- Net worth: \$ 1.2 billion.
- Beside Mastercard:
 - Co-founder of The Cyber Readiness Institute
 - First vice chairman of the International Chamber of Commerce
 - Trustee of the United States Council for International Business.
 - Founding trustee of the U.S.-India Strategic Partnership Forum,
 - Member of the U.S.-India CEO Forum
 - Chairman Emeritus of the American India Foundation.
 - Co-chair of the Partnership for New York City.
 - Member of President Obama's Commission on Enhancing National Cybersecurity.
- Before Mastercard:
 - Nestle: Variety positions including sales, marketing and general management.
 - Pepsi in India
 - Citigroup Asia Pacific: CEO
- Education: University of Delhi; Indian Institute of Management Ahme



Gilberto Caldart – International President



Gilberto Caldart
President, International

- Responsibility: The management of all markets and customer-related activities outside of North America and Canada.
- Previous position: President of the Latin America and Caribbean region
- Before Mastercard: Citigroup (26 years) in various leadership positions in Brazil and New York
- Education: Harvard Business School's Advanced Management Program; MBA from Duke University, Fuqua School of Business and a Bachelor's degree in Business Administration and Accounting from the University of Rio Grande do Sul, Brazil.



Craig Vosburg – North America President



Craig Vosburg
-----President,-----
North America

- Responsibility: Overseeing the company's customer-facing activities in the United States and Canada, including sales, business development, strategy and relationship management with issuers, merchants, digital partners, governments and acquirers
- Previous position: Company's chief product officer leading the development, commercialization and management of the company's global core products offerings, which include consumer credit and debit, commercial, prepaid and loyalty solutions.
- Before Mastercard: Bain & Company and A.T. Kearney
- Education: Master of Business Administration from The Wharton School at the University of Pennsylvania and a Bachelor of Science in Business Administration from Bucknell University.



Javier Perez – Europe President



Javier Perez
President, Europe

- Responsibility: Europe Region and Global Accounts, encompassing 53 countries and working with 9,000 Mastercard financial institutions. He also helped establish the World Food Programme-Mastercard partnership.
- Previous position: The general manager of the customer division for Mastercard Europe
- Before Mastercard: Banco Bilbao Vizcaya Argentaria; Member of the board of directors for a number of Spanish banking and insurance groups
- Education: Master's degrees from the ESADE University, Spain and Thunderbird School of Global Management USA.



Ling Hai – Asia Pacific Co-President



Ling Hai
Co-President,
Asia Pacific

- **Responsibility:** Oversees all of the company's activities in North East Asia and Australasia,
- **Previous position:** Group executive, head of Enterprise Development: all international markets outside of North America.
- **Division president of Greater China,** overseeing all aspects of the company's operations in mainland China, Hong Kong, Macao and Taiwan
- **Before Mastercard:** Head of partnership business and co-brand marketing with PCCC, a joint venture between HSBC and Bank of Communications. Bank of America and MBNA in the U.S. Booz Allen & Hamilton and A.T. Kearney
- **Education:** College of Saint Rose in New York; Master of Business Administration from the University of Chicago, Booth School of Business.



Sachin Mehra - CFO



Sachin Mehra
Chief Financial Officer

- **Responsibility:** Corporate controller, tax, internal audit, investor relations, strategy, mergers and acquisitions, financial planning and analysis, treasury, risk management, global supply chain, business unit finance and regional finance activities.
- Previous position: chief financial operations officer
- Before Mastercard: the Hess Corporation, General Motors and GMAC in New York, Singapore, Belgium and Shanghai.
- Education: Sydenham College at the University of Mumbai, India; Masters of Business Administration from the Darden Business School at the University of Virginia



Michael Miebach - CPO



Michael Miebach
Chief Product Officer

- **Responsibility:** leads the Products and Innovation organization, exploring new technology and trends with a customer-centric mindset to develop and deliver the best experiences with the highest levels of safety and security.
- **Previous position:** Mastercard operations across the Middle East and Africa
- **Before Mastercard:** Barclays Bank and Citibank across Europe, Africa and the Middle East
- **Education:** Master of Business Administration from the University of Passau in Germany



Kevin Stanton - CSO



Kevin Stanton

-----Chief Services Officer-----

- **Responsibility:** the company's overall global strategy for Services which includes Loyalty & Managed Services, Data & Analytics, APT, Advisors Consulting Services, and the services vertical organizations (Financial Institutions, Retail & Commerce, and Government & Development).
- **Previous position:** the president of Mastercard Advisors, President of the company's Canada region
- **Before Mastercard:** practiced law as an associate in the banking divisions of a number of leading Boston law firms.
- **Education:** J.D. from Tulane University School of Law, and a Bachelor of Science in Anthropology from the University of Massachusetts at Amherst



Michael Fraccaro - CPO



Michael Fraccaro
Chief People Officer

- **Responsibility:** All human resources (HR) functions globally.
- **Previous position:** Executive vice president of human resources for the company's Global Products and Solutions business.
- **Before Mastercard:** A core member of the HR leadership team at HSBC Group.
- **Education:** Masters of Applied Science, Communication Management from the University of Technology, Sydney, and a Bachelor of Education from the Australian Catholic University.



Mastercard Management Presenters



Ajay Banga
President and
Chief Executive Officer



Michael Miebach
Chief Product Officer



Jess Turner
Executive Vice President,
North America Products
& Innovation



Paul Stoddart
President,
New Payment Platforms



Ajay Bhalla
President, Cyber &
Intelligence Solutions



Kevin Stanton
Chief Services Officer



Craig Vosburg
President,
North America



Linda Kirkpatrick
Executive Vice President,
Merchants and
Acceptance



Ron Shultz
Executive Vice President,
New Payments Flows



Mark Barnett
Division President,
U.K., Ireland, Nordics
& Baltics



Michael Froman
Vice Chairman
and President,
Strategic Growth



Timothy Murphy
General Counsel



Sachin Mehra
Chief Financial Officer



Warren Kneeshaw
Executive Vice President,
Investor Relations



Additional breakout sessions hosts and management attendees



James Anderson
Executive Vice President,
Commercial Products



Gilberto Caldart
President, International



Dimitrios Dosis
President, Advisors



Carlo Enrico
President, Latin
America & Caribbean



Michael Fraccaro
Chief People Officer



Sherri Haymond
Executive Vice President,
Digital Partnerships



Francis Hondal
President,
Loyalty & Engagement



Jorn Lambert
Executive Vice President,
Digital Solutions



Ling Hai
Co-President,
Asia Pacific



Ed McLaughlin
President, Operations
& Technology



Carlos Menendez
President,
Enterprise Partnerships



Javier Perez
President, Europe



Blake Rosenthal
Executive Vice President,
Acceptance Solutions



Raj Seshadri
President, U.S. Issuers



Key Analysis

- Strong business/ bank backgrounds
- International experience
- Extensive network



Financial Analysis



Overall Performance

GAAP	Non-GAAP ¹
\$15.0B Net revenue 20% YOY	\$15.0B Net revenue 20% YOY (currency-neutral)
\$5.9B Net income 50% YOY	\$6.8B Adjusted net income 38% YOY (currency-neutral)
\$5.60 Diluted EPS 53% YOY	\$6.49 Adjusted diluted EPS 41% YOY (currency-neutral)

\$6.0B

in capital returned
to stockholders

\$4.9B

Repurchased
shares

\$1.0B

Dividends paid

\$6.2B

Cash flow from
operations

\$5.9T ↑ **14%**

Gross dollar volume
YOY (local currency basis)

73.8B ↑ **17%**^{2,3}

Switched transactions
YOY



↑ **18%**²

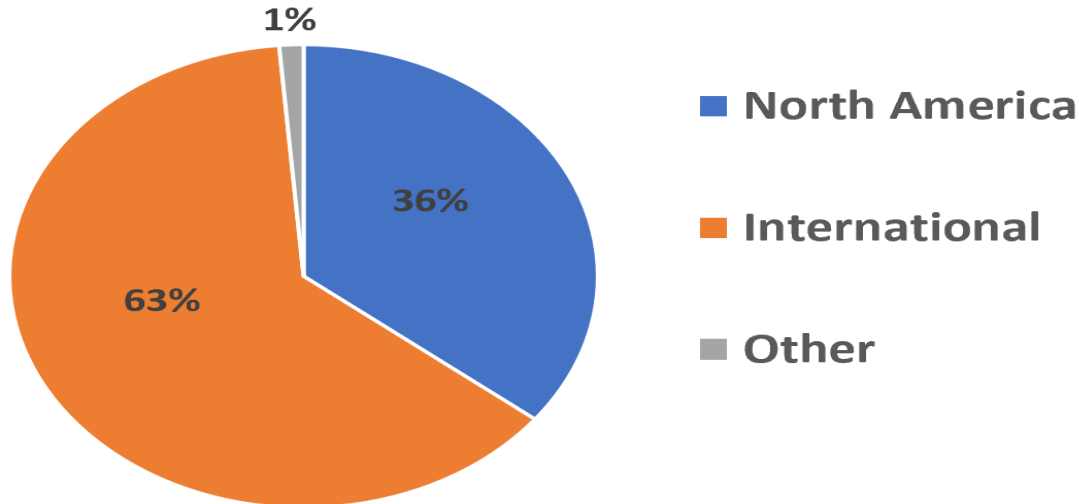
Cross-border volume growth
YOY (local currency basis)



Revenue by Geographic Region

North American Markets	\$	5,311
International Markets		9,441
Other ¹		198
Net revenue	\$	<u>14,950</u>

Revenue by Region

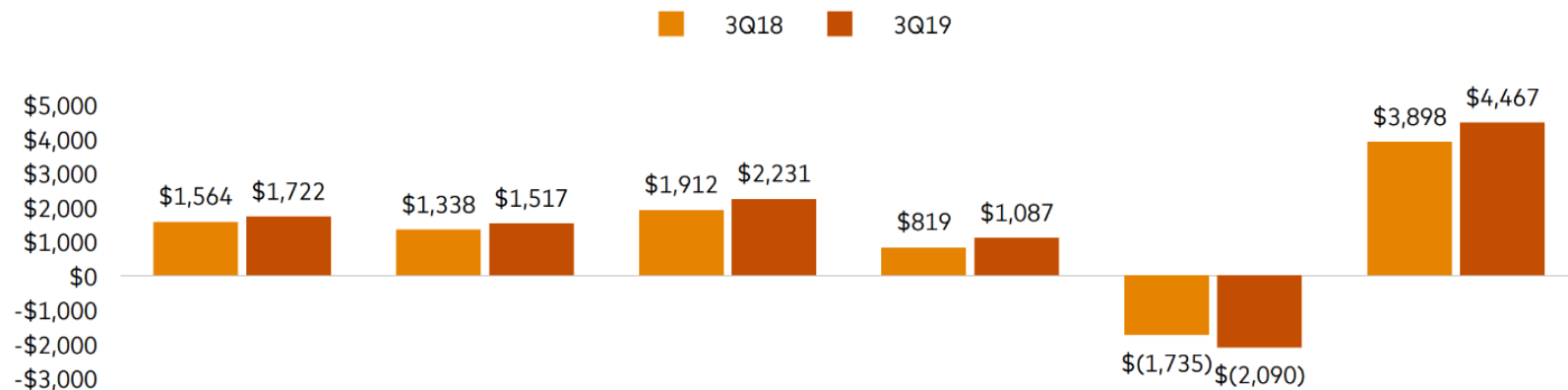


Volume and Transaction Growth

	Years Ended December 31,			
	2018		2017	
	Growth (USD)	Growth (Local)	Growth (USD)	Growth (Local)
Mastercard-branded GDV ¹	13%	14%	8%	8%
Asia Pacific/Middle East/Africa	13%	13%	8%	9%
Canada	10%	10%	13%	10%
Europe	18%	19%	10%	10%
Latin America	8%	17%	17%	15%
United States	10%	10%	5%	5%
Cross-border volume ¹		19%		15%
Switched transactions		13%		17%



3rd Quarter Revenue

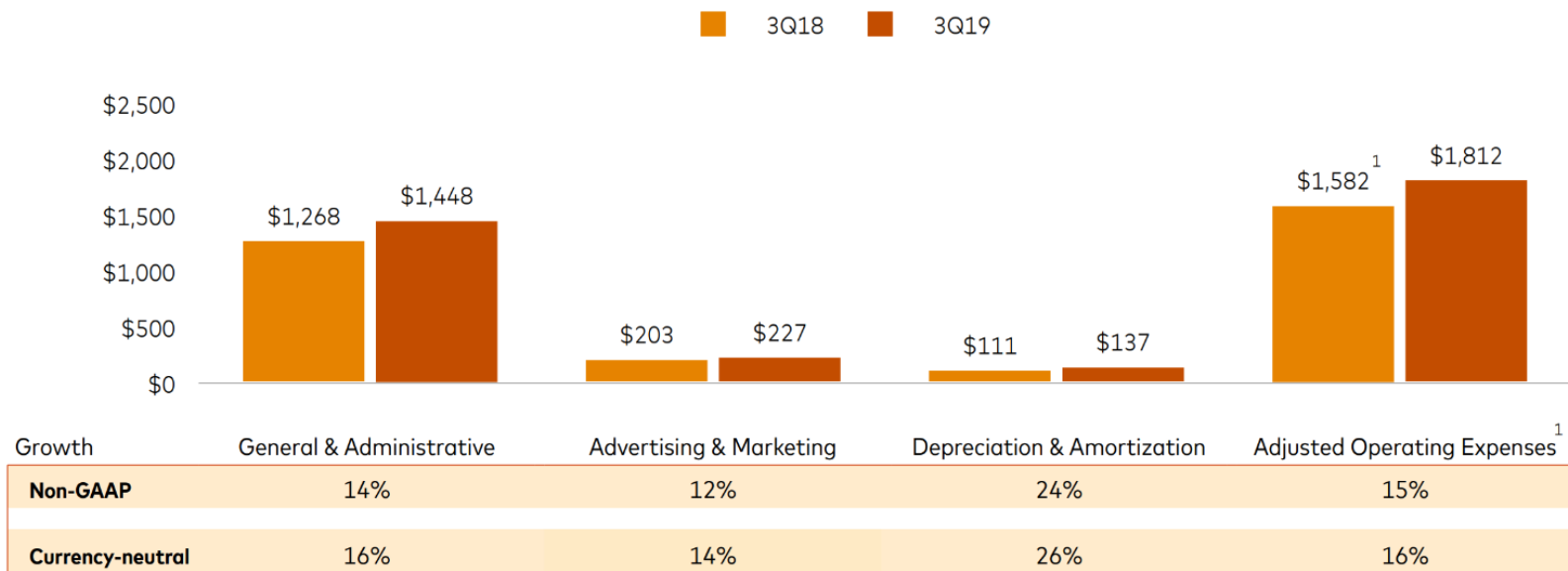


Growth	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing Fees	Other Revenues	Rebates and Incentives	Total Net Revenue
As reported	10%	13%	17%	33%	20%	15%
Currency-neutral	12%	16%	18%	34%	22%	16%

Note: Figures may not sum due to rounding.



3rd Quarter Operating Expense



Balance Sheet: 10Q (Asset)

	September 30, 2019	December 31, 2018
	(in millions, except per share data)	
ASSETS		
Cash and cash equivalents	\$ 5,101	\$ 6,682
Restricted cash for litigation settlement	666	553
Investments	751	1,696
Accounts receivable	2,500	2,276
Settlement due from customers	2,723	2,452
Restricted security deposits held for customers	1,173	1,080
Prepaid expenses and other current assets	1,933	1,432
Total Current Assets	14,847	16,171
Property, equipment and right-of-use assets, net of accumulated depreciation of \$1,020 and \$847, respectively	1,492	921
Deferred income taxes	518	570
Goodwill	3,724	2,904
Other intangible assets, net of accumulated amortization of \$1,253 and \$1,175, respectively	1,310	991
Other assets	4,090	3,303
Total Assets	\$ 25,981	\$ 24,860



Balance Sheet: 10Q (Liability)



LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY

Accounts payable	\$	505	\$	537
Settlement due to customers		2,158		2,189
Restricted security deposits held for customers		1,173		1,080
Accrued litigation		938		1,591
Accrued expenses		4,985		4,747
Current portion of long-term debt		—		500
Other current liabilities		955		949
Total Current Liabilities		10,714		11,593
Long-term debt		7,735		5,834
Deferred income taxes		97		67
Other liabilities		2,386		1,877
Total Liabilities		20,932		19,371
Commitments and Contingencies				
Redeemable Non-controlling Interests		74		71

Balance Sheet: 10Q (Equity)



Stockholders' Equity

Class A common stock, \$0.0001 par value; authorized 3,000 shares, 1,390 and 1,387 shares issued and 999 and 1,019 outstanding, respectively	—	—
Class B common stock, \$0.0001 par value; authorized 1,200 shares, 11 and 12 issued and outstanding, respectively	—	—
Additional paid-in-capital	4,725	4,580
Class A treasury stock, at cost, 391 and 368 shares, respectively	(31,207)	(25,750)
Retained earnings	32,289	27,283
Accumulated other comprehensive income (loss)	(858)	(718)
Total Stockholders' Equity	4,949	5,395
Non-controlling interests	26	23
Total Equity	4,975	5,418
Total Liabilities, Redeemable Non-controlling Interests and Equity	\$ 25,981	\$ 24,860

Balance Sheet: 10K (Asset)

	December 31,	
	2018	2017
	(in millions, except per share data)	
ASSETS		
Cash and cash equivalents	\$ 6,682	\$ 5,933
Restricted cash for litigation settlement	553	546
Investments	1,696	1,849
Accounts receivable	2,276	1,969
Settlement due from customers	2,452	1,375
Restricted security deposits held for customers	1,080	1,085
Prepaid expenses and other current assets	1,432	1,040
Total Current Assets	16,171	13,797
Property, plant and equipment, net	921	829
Deferred income taxes	570	250
Goodwill	2,904	3,035
Other intangible assets, net	991	1,120
Other assets	3,303	2,298
Total Assets	\$ 24,860	\$ 21,329



Balance Sheet: 10K (Liability)

LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY

Accounts payable	\$ 537	\$ 933
Settlement due to customers	2,189	1,343
Restricted security deposits held for customers	1,080	1,085
Accrued litigation	1,591	709
Accrued expenses	4,747	3,931
Current portion of long-term debt	500	—
Other current liabilities	949	792
Total Current Liabilities	11,593	8,793
Long-term debt	5,834	5,424
Deferred income taxes	67	106
Other liabilities	1,877	1,438
Total Liabilities	19,371	15,761



Balance Sheet: 10K (Equity)

Stockholders' Equity

Class A common stock, \$0.0001 par value; authorized 3,000 shares, 1,387 and 1,382 shares issued and 1,019 and 1,040 outstanding, respectively	—	—
Class B common stock, \$0.0001 par value; authorized 1,200 shares, 12 and 14 issued and outstanding, respectively	—	—
Additional paid-in-capital	4,580	4,365
Class A treasury stock, at cost, 368 and 342 shares, respectively	(25,750)	(20,764)
Retained earnings	27,283	22,364
Accumulated other comprehensive income (loss)	(718)	(497)
Total Stockholders' Equity	5,395	5,468
Non-controlling interests	23	29
Total Equity	5,418	5,497
Total Liabilities, Redeemable Non-controlling Interests and Equity	\$ 24,860	\$ 21,329



Income Statement: 10K

	For the Years Ended December 31,		
	2018	2017	2016
	(in millions, except per share data)		
Net Revenue	\$ 14,950	\$ 12,497	\$ 10,776
Operating Expenses			
General and administrative	5,174	4,653	3,827
Advertising and marketing	907	771	698
Depreciation and amortization	459	436	373
Provision for litigation	1,128	15	117
Total operating expenses	7,668	5,875	5,015
Operating income	7,282	6,622	5,761
Other Income (Expense)			
Investment income	122	56	43
Interest expense	(186)	(154)	(95)
Other income (expense), net	(14)	(2)	(63)
Total other income (expense)	(78)	(100)	(115)
Income before income taxes	7,204	6,522	5,646
Income tax expense	1,345	2,607	1,587
Net Income	\$ 5,859	\$ 3,915	\$ 4,059
Basic Earnings per Share	\$ 5.63	\$ 3.67	\$ 3.70
Basic weighted-average shares outstanding	1,041	1,067	1,098
Diluted Earnings per Share	\$ 5.60	\$ 3.65	\$ 3.69
Diluted weighted-average shares outstanding	1,047	1,072	1,101



Income Statement: 10Q

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(in millions, except per share data)			
Net Revenue	\$ 4,467	\$ 3,898	\$ 12,469	\$ 11,143
Operating Expenses				
General and administrative	1,448	1,268	4,184	3,774
Advertising and marketing	227	203	644	604
Depreciation and amortization	137	111	376	346
Provision for litigation	—	29	—	371
Total operating expenses	1,812	1,611	5,204	5,095
Operating income	2,655	2,287	7,265	6,048
Other Income (Expense)				
Investment income	26	31	77	79
Gains (losses) on equity investments, net	(100)	—	48	—
Interest expense	(63)	(48)	(160)	(139)
Other income (expense), net	16	(6)	26	1
Total other income (expense)	(121)	(23)	(9)	(59)
Income before income taxes	2,534	2,264	7,256	5,989
Income tax expense	426	365	1,238	1,029
Net Income	\$ 2,108	\$ 1,899	\$ 6,018	\$ 4,960
Basic Earnings per Share	\$ 2.08	\$ 1.83	\$ 5.90	\$ 4.75
Basic weighted-average shares outstanding	1,013	1,037	1,020	1,044
Diluted Earnings per Share	\$ 2.07	\$ 1.82	\$ 5.87	\$ 4.73
Diluted weighted-average shares outstanding	1,019	1,043	1,025	1,050



Cash Flow Statement: 10K (Operating)

	For the Years Ended December 31,		
	2018	2017	2016
	(in millions)		
Operating Activities			
Net income	\$ 5,859	\$ 3,915	\$ 4,059
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of customer and merchant incentives	1,235	1,001	860
Depreciation and amortization	459	437	373
Share-based compensation	196	176	149
Tax benefit for share-based payments	—	—	(48)
Deferred income taxes	(244)	86	(20)
Venezuela charge	—	167	—
Other	31	59	29
Changes in operating assets and liabilities:			
Accounts receivable	(317)	(445)	(338)
Income taxes receivable	(120)	(8)	(1)
Settlement due from customers	(1,078)	(281)	(10)
Prepaid expenses	(1,769)	(1,402)	(1,073)
Accrued litigation and legal settlements	869	(12)	17
Restricted security deposits held for customers	(6)	94	96
Accounts payable	101	290	145
Settlement due to customers	849	394	66
Accrued expenses	439	589	520
Long-term taxes payable	(20)	577	—
Net change in other assets and liabilities	(261)	27	(187)
Net cash provided by operating activities	6,223	5,664	4,637



Cash Flow Statement: 10K (Investing)

Investing Activities

Purchases of investment securities available-for-sale	(1,300)	(714)	(957)
Purchases of investments held-to-maturity	(509)	(1,145)	(867)
Proceeds from sales of investment securities available-for-sale	604	304	277
Proceeds from maturities of investment securities available-for-sale	379	500	339
Proceeds from maturities of investments held-to-maturity	929	1,020	456
Purchases of property, plant and equipment	(330)	(300)	(215)
Capitalized software	(174)	(123)	(167)
Acquisition of businesses, net of cash acquired	—	(1,175)	—
Investment in nonmarketable equity investments	(91)	(147)	(31)
Other investing activities	(14)	(1)	2
Net cash used in investing activities	<u>(506)</u>	<u>(1,781)</u>	<u>(1,163)</u>



Cash Flow Statement: 10K (Financing)

Financing Activities

Purchases of treasury stock	(4,933)	(3,762)	(3,511)
Proceeds from debt	991	—	1,972
Payment of debt	—	(64)	—
Dividends paid	(1,044)	(942)	(837)
Tax benefit for share-based payments	—	—	48
Tax withholdings related to share-based payments	(80)	(47)	(51)
Cash proceeds from exercise of stock options	104	57	37
Other financing activities	(4)	(6)	(2)
Net cash used in financing activities	<u>(4,966)</u>	<u>(4,764)</u>	<u>(2,344)</u>
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	<u>(6)</u>	<u>200</u>	<u>(50)</u>
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	745	(681)	1,080
Cash, cash equivalents, restricted cash and restricted cash equivalents - beginning of period ...	7,592	8,273	7,193
Cash, cash equivalents, restricted cash and restricted cash equivalents - end of period.	<u>\$ 8,337</u>	<u>\$ 7,592</u>	<u>\$ 8,273</u>



Cash Flow Statement: 10Q (Operating)

	Nine Months Ended September 30,	
	2019	2018
	(in millions)	
Operating Activities		
Net income	\$ 6,018	\$ 4,960
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of customer and merchant incentives	878	885
Depreciation and amortization	376	346
(Gains) losses on equity investments, net	(48)	—
Share-based compensation	207	153
Deferred income taxes	14	(209)
Other	21	11
Changes in operating assets and liabilities:		
Accounts receivable	(278)	(317)
Settlement due from customers	(171)	39
Prepaid expenses	(1,440)	(1,174)
Accrued litigation and legal settlements	(637)	202
Restricted security deposits held for customers	93	(51)
Accounts payable	(36)	(44)
Settlement due to customers	(77)	(186)
Accrued expenses	266	461
Net change in other assets and liabilities	17	(185)
Net cash provided by operating activities	5,203	4,891



Cash Flow Statement: 10K (Investing)

Investing Activities

Purchases of investment securities available-for-sale	(549)	(953)
Purchases of investments held-to-maturity	(167)	(400)
Proceeds from sales of investment securities available-for-sale	1,003	491
Proceeds from maturities of investment securities available-for-sale	305	291
Proceeds from maturities of investments held-to-maturity	334	762
Purchases of property and equipment	(306)	(255)
Capitalized software	(237)	(126)
Purchases of equity investments	(391)	(32)
Acquisition of businesses, net of cash acquired	(1,170)	—
Other investing activities	(2)	(15)
Net cash used in investing activities	(1,180)	(237)



Cash Flow Statement: 10K (Financing)

Financing Activities

Purchases of treasury stock	(5,503)	(4,045)
Dividends paid	(1,012)	(785)
Proceeds from debt	1,980	991
Payment of debt	(500)	—
Contingent consideration paid	(199)	—
Tax withholdings related to share-based payments	(161)	(79)
Cash proceeds from exercise of stock options	107	92
Other financing activities	3	(7)
Net cash used in financing activities	(5,285)	(3,833)
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	(103)	65
Net (decrease) increase in cash, cash equivalents, restricted cash and restricted cash equivalents	(1,365)	886
Cash, cash equivalents, restricted cash and restricted cash equivalents - beginning of period	8,337	7,592
Cash, cash equivalents, restricted cash and restricted cash equivalents - end of period	\$ 6,972	\$ 8,478



Key Analysis

- 2018:
 - Increase in Net Income
 - Positive Cash Flow
- 3rd Quarter of 2019
 - Cash for Acquisition (Investment)
 - Dividend and Stock Buyback (Financing)



Valuation



Financials

	Company	Industry
Price/Earnings (TTM)	38.66	24.63
Price/Book (MRQ)	54.61	6.11
Price/Cash Flow (MRFY)	32.88	17.19
Dividend Yield	0.49%	0.00%
Net Profit Margin (TTM)	42.71%	NA
Return on Equity (TTM)	135.02%	NA

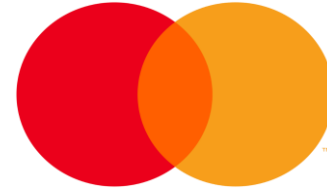
Growth Rates

	Company	Industry	SP500
This Year	17.26	9.50	10.16
Next Year	18.00	19.50	5.39
Last 5 Years	19.30	13.40	7.40
Next 5 Years	15.80	12.60	NA



Final Recommendation

- Mastercard partnered with Goldman Sachs to launch the new Apple Card, which takes advantage of preventing frauds and this allowed Mastercard to provide higher quality compared to other competitors. This may stimulate the company growth rate.
- Also, Mastercard acquired Ethoca and Vyze, which support to build up a better fraud prevention system. This acquisitions also developed more finance options to consumers and eventually increased the revenue.



Visa

NYSE: V



VISA

VISA Stock Information

Key Metrics	
Current Price	175.71
52-week Range	121.60 - 187.05
Market Cap	393.66B
Total Debt	16.69B
Enterprise Value	397.7B
Dividend Yield	0.56%
Average Volume (3-month)	7.21M
Shares Outstanding	1.73B
P/E (ttm)	33.74
EPS (ttm)	5.21
P/B (mrq)	12.95
Beta (3Y Monthly)	0.81
Next Earnings Date	Oct 24

Exchange: NYSE

Ticker (Bloomberg): V:US

Stock Performance since IPO:



All prices in USD as of 10/18/2019

Source: Yahoo Finance



VISA Stock Information

Visa Inc. (V)

NYSE - NYSE Delayed Price. Currency in USD

☆ Add to watchlist

179.25 +1.62 (+0.91%) **179.30** +0.05 (0.03%)

At close: 4:01PM EDT

After hours: 6:53PM EDT

Buy

Sell

Summary

Company Outlook



Chart

Conversations

Statistics

Historical Data

Profile

Financials

NEW

Analysis

Options

Previous Close	177.63	Market Cap	399.984B
Open	177.79	Beta (3Y Monthly)	0.81
Bid	179.30 x 800	PE Ratio (TTM)	33.69
Ask	179.45 x 900	EPS (TTM)	5.32
Day's Range	176.39 - 179.42	Earnings Date	Jan 28, 2020 - Feb 3, 2020
52 Week Range	121.60 - 187.05	Forward Dividend & Yield	1.20 (0.68%)
Volume	5,374,435	Ex-Dividend Date	2019-11-14
Avg. Volume	7,484,896	1y Target Est	202.43

Trade prices are not sourced from all markets



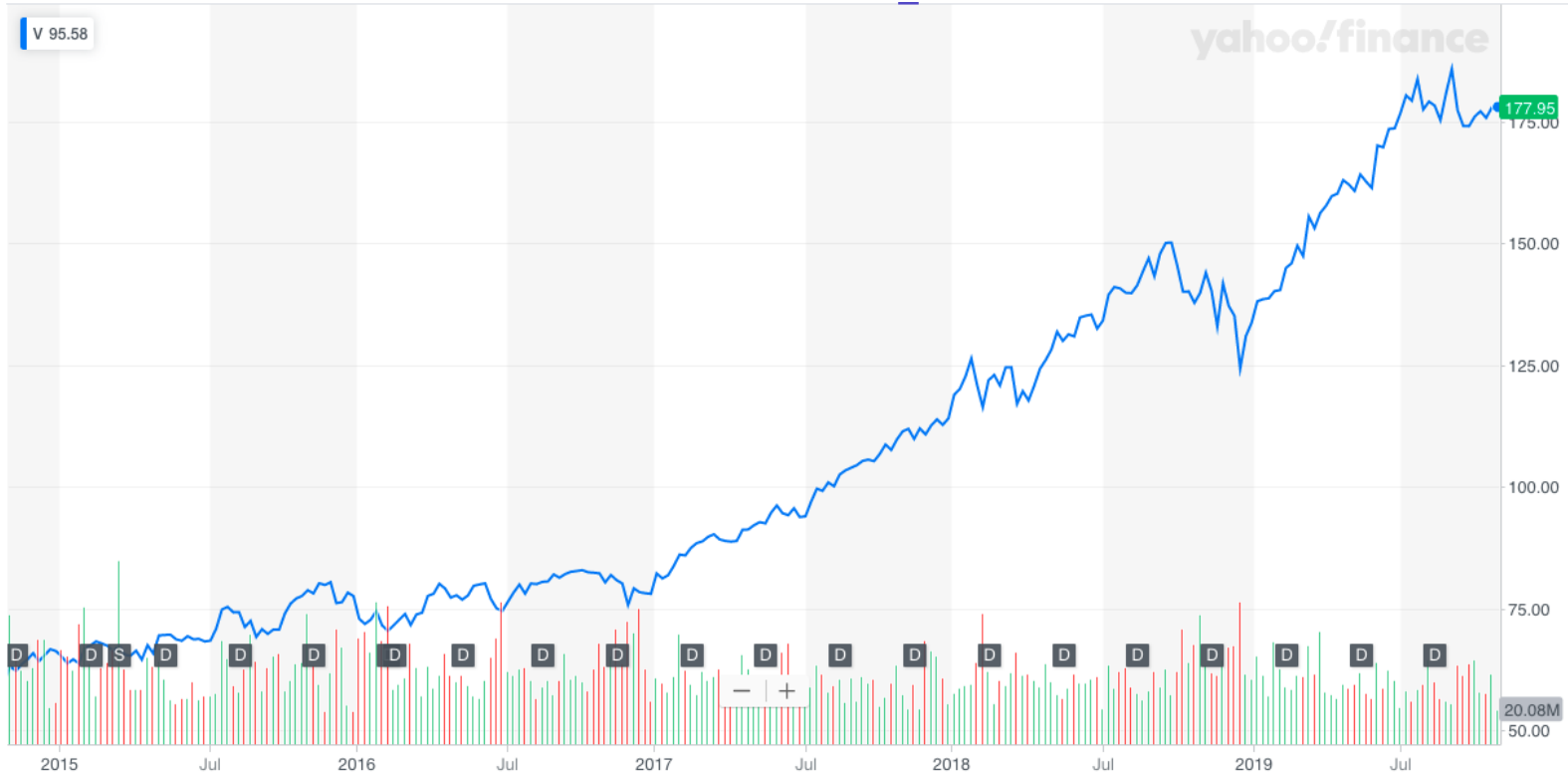
VISA

AMERICAN EXPRESS

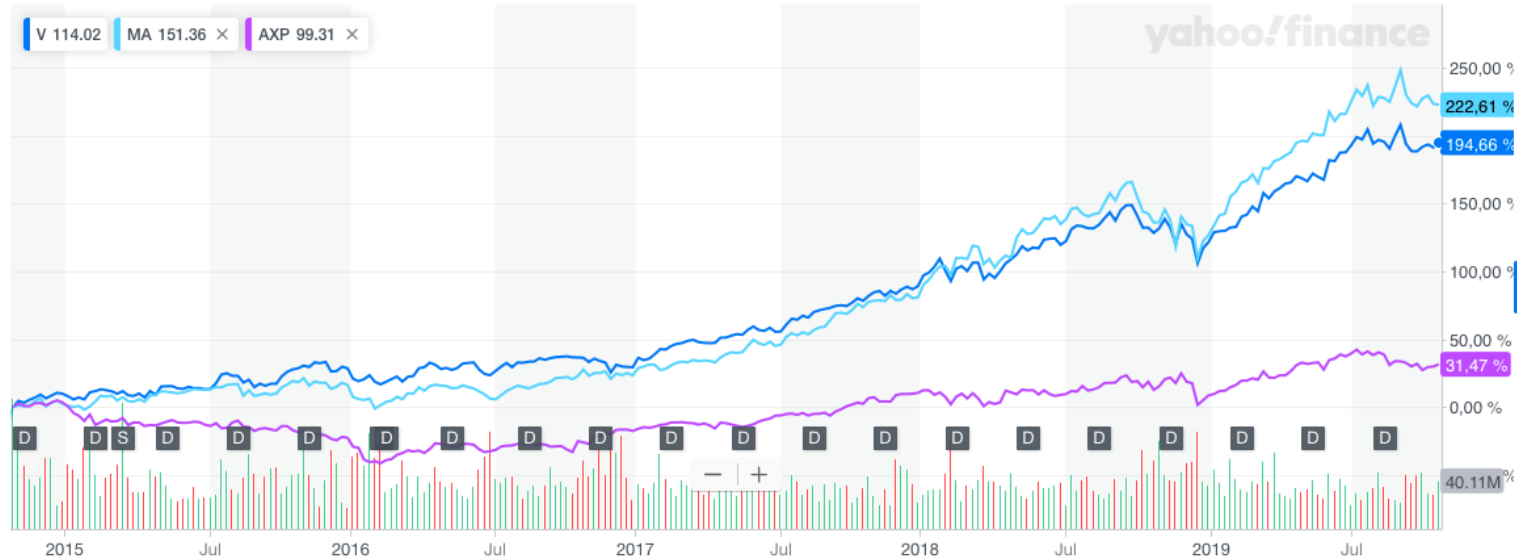
1 Year - Performance



5 Year - Performance



Stock vs. Industry Performance



Dividend History

Ex-Div. Date	Amount	Type	Yield	Change	Decl. Date	Rec. Date	Pay. Date
11/15/2018	\$0.25	Quarter	0.7%	+19%	10/17/2018	11/16/2018	12/4/2018
8/16/2018	\$0.21	Quarter	0.6%	N/A	7/17/2018	8/17/2018	9/4/2018
5/17/2018	\$0.21	Quarter	0.6%	N/A	4/18/2018	5/18/2018	6/5/2018
2/15/2018	\$0.21	Quarter	0.7%	+7.7%	2/1/2018	2/16/2018	3/6/2018
11/16/2017	\$0.195	Quarter	0.7%	+18.2%	10/18/2017	11/17/2017	12/5/2017
8/16/2017	\$0.165	Quarter	0.6%	N/A	7/18/2017	8/18/2017	9/5/2017
5/17/2017	\$0.165	Quarter	0.7%	N/A	4/18/2017	5/19/2017	6/6/2017
2/15/2017	\$0.165	Quarter	0.8%	N/A	2/1/2017	2/17/2017	3/7/2017
11/16/2016	\$0.165	Quarter	0.8%	+17.9%	10/18/2016	11/18/2016	12/6/2016
8/17/2016	\$0.14	Quarter	0.7%	N/A	7/19/2016	8/19/2016	9/6/2016
4/18/2016	\$0.14	Quarter	0.3%	N/A	4/20/2016	4/20/2016	6/7/2016
2/10/2016	\$0.14	Quarter	0.8%	N/A	2/5/2016	2/12/2016	3/1/2016



Ownership Summary

Breakdown

0.10%	% of Shares Held by All Insider
94.93%	% of Shares Held by Institutions
95.03%	% of Float Held by Institutions
2,983	Number of Institutions Holding Shares



VISA

AMERICAN
EXPRESS

Top Institutional Holders

Top Institutional Holders

Holder	Shares	Date Reported	% Out	Value
Vanguard Group, Inc. (The)	146,976,797	Jun 29, 2019	8.51%	25,507,823,119
Blackrock Inc.	123,791,138	Jun 29, 2019	7.17%	21,483,951,999
FMR, LLC	92,417,807	Jun 29, 2019	5.35%	16,039,110,404
Price (T.Rowe) Associates Inc	78,658,915	Jun 29, 2019	4.55%	13,651,254,698
State Street Corporation	77,812,907	Jun 29, 2019	4.51%	13,504,430,009
Morgan Stanley	30,157,185	Jun 29, 2019	1.75%	5,233,779,456
Capital World Investors	29,367,338	Jun 29, 2019	1.70%	5,096,701,509
Massachusetts Financial Services Co.	28,149,145	Jun 29, 2019	1.63%	4,885,284,114
Geode Capital Management, LLC	25,683,169	Jun 29, 2019	1.49%	4,457,313,979
Bank of America Corporation	23,271,855	Jun 29, 2019	1.35%	4,038,830,435



Company Overview

- Pioneering electronic payments since 1958
- Currently headquartered in Foster City, California
- Global Presence: Accepted in over 200 countries and territories worldwide
- 3B+ Cards
- Payments volume Q3 2019: 2,230 billion USD



Visa's Business Model at a Glance



Account Holders

- Individuals and businesses that conduct transactions to pay for goods and services



Issuers

- Financial institutions that issue Visa products to account holders
- Assume account holders' credit risk
- Set and collect fees and interest rates from account holders
- Provide customer service for account holders



Network Processor

- Provides processing and operational systems
- Develops products
- Provides risk management
- Builds and manages global brand
- Develops new market opportunities (acceptance)



Acquirers

- Companies that contract with merchants to accept Visa products
- Generate recurring reports and statements for merchants
- Provide customer service for merchants



Merchants

- Retailers, billers and others who accept electronic payments as a method of payment for their goods or services



Investment Proposition



Connected Devices Could Drive a Massive Expansion in Use Cases and Acceptance Points



Source: Visa Operating Certificates CY2016. Merchant locations are provided by Visa's issuing and acquiring financial institutions; card counts include cards carrying the Visa, Visa Electron, V PAY and Interlink brands as well as PLUS proprietary cards.



VISA's Core Assets



The resources of **the four-party network** reinforced by new strategic partners



The scale, reliability and security of **VisaNet**



The power of the Visa **Brand**



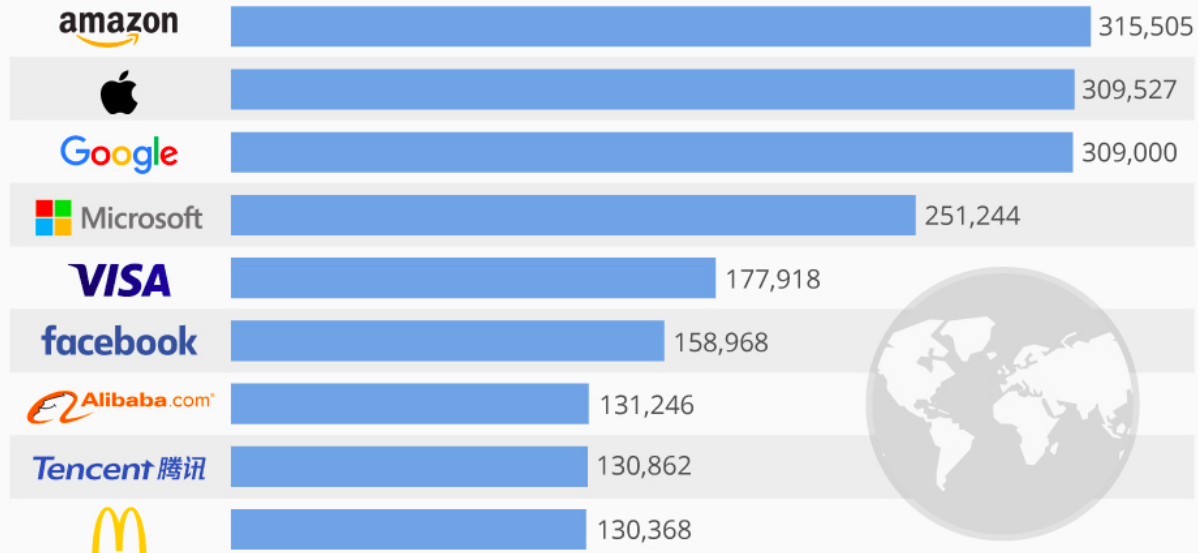
Financial resources of Global Visa



The Power of the Visa Brand

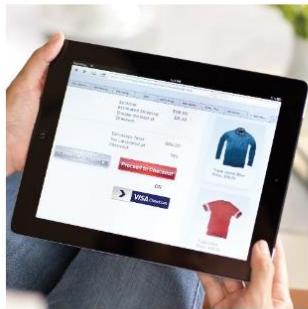
The World's Most Valuable Brands 2019

Brand value of the most valuable brands in 2019 (in million USD)



The Power of the Visa Brand

Acceptance



Security



Confidence



Frictionless



Capital Allocation Priorities

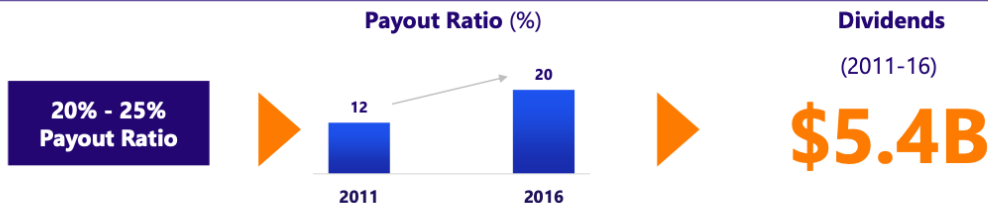
- 1 **Invest** to Fund Growth Initiatives
- 2 Pay 20% to 25% of EPS in **Dividends**
- 3 Return Excess Cash Through **Stock Buybacks**
- 4 Manage **Capital Structure** to Sustain Debt Ratings



Capital Allocation Priorities

2

Dividends



3

Stock Buybacks



1) Includes funding of U.S. litigation escrow account which dilute class B common stock through adjustment to the conversion rate (2011: \$1.2B, 2012: \$1.7B, 2014: \$0.5B)

2) Includes issuance of preferred stock convertible into approximately 79M of class A common stock in June 2016



VISA



Capital Allocation Priorities

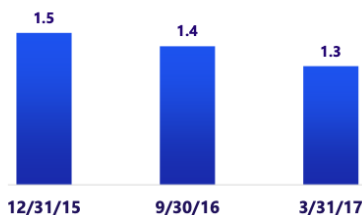
4

Manage Capital Structure to Sustain Debt Ratings

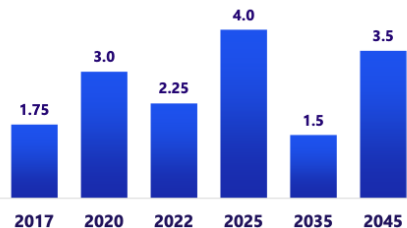
Current Rating: S&P (A+/A-1) / Moody's (A1/P-1)

Target Leverage: 1.2x – 1.5x Gross Debt / EBITDA

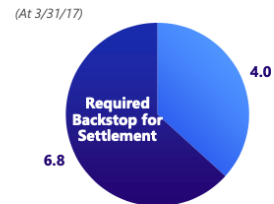
Gross Debt / EBITDA (x LTM) ¹



Debt Maturity Schedule (\$16B)



Cash and Investments (\$10.8B)



¹) EBITDA is a Non-GAAP metric defined as Operating Income plus Depreciation and Amortization, pro forma for the acquisition of Visa Europe and excluding one-time, non-recurring items



VISA

AMERICAN
EXPRESS



Visa's Greatest Opportunity is to Grow the Pie



1 Conversion of Cash

Cash & check
replacement



2 Shift to Digital

Growth in digital
New form factors



3 Expanding Access

New acceptance
categories / points
IoT
Commercial
Geographic expansion



VISA

AMERICAN
EXPRESS

Strategic Framework



Significant Opportunity to Grow Payments

1

Conversion of Cash

\$17T in cash and check



2

Shift to Digital Commerce

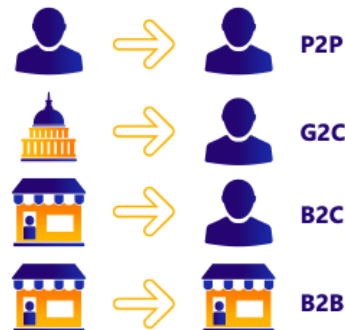
\$2T sales, **5X** growth rate vs physical
2X higher Visa share than physical



3

Expanding to New Segments

\$30T+ addressable spend



VISA

AMERICAN
EXPRESS

Visa Benefits

Benefits significantly from the Shift to Digital

For every \$1 dollar spent...



VISA



...is charged on a Visa card



VISA



Key Takeaways

- There is substantial growth opportunity in payments volume, processed transactions and revenue
- Visa's network and its brand are unique differentiators
- Visa has a sound strategy to deliver the growth
- Starting points are different in markets, so Visa's approaches will be appropriately customized



Q3 2019 Key Business Drivers

- Payments Volume: +9%
- Cross-Border Volume: +7%
- Processed Transactions: +12%



Visa operates around the world...

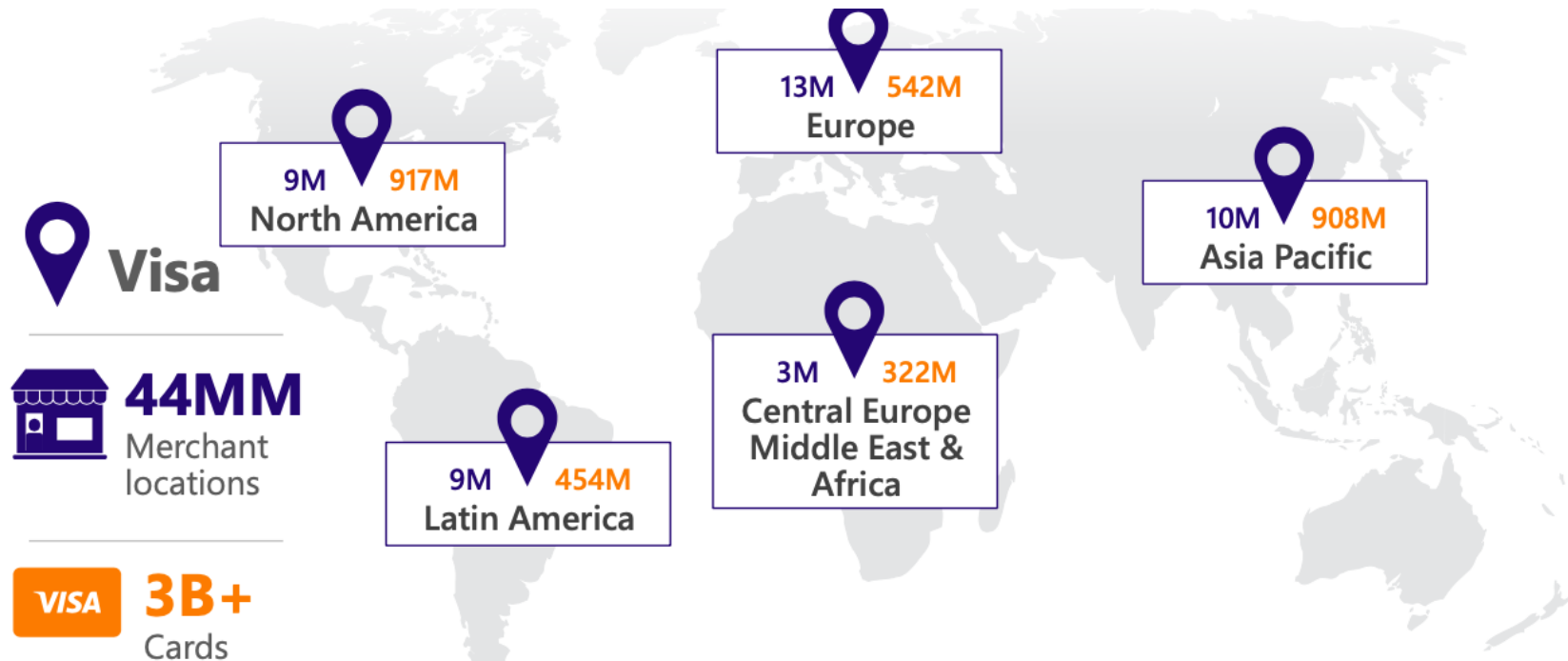
... **Payments Volume /
Transactions by Region**



VISA

AMERICAN
EXPRESS

Global Footprint



Source: Visa Operating Certificates CY2016. Merchant locations are provided by Visa's issuing and acquiring financial institutions; card counts include cards carrying the Visa, Visa Electron, V PAY and Interlink brands as well as PLUS proprietary cards.



North America



10,400+ Financial Institutions

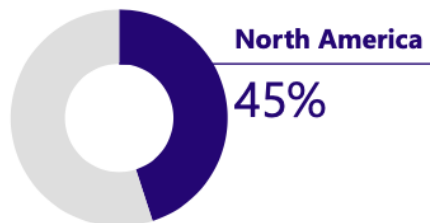
9MM+ Merchant Locations

\$3T+ Payments Volume

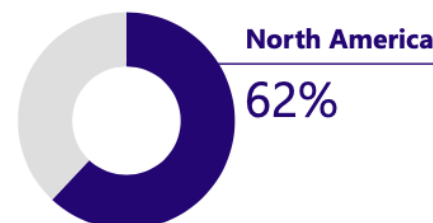
\$3.2T+ Cash/Check Opportunity

900MM Cards

Visa Payments Volume



Visa Processed Transactions



Source: Visa Operating Certificates CY2016. Merchant locations are provided by Visa's issuing and acquiring financial institutions; card counts include cards carrying the Visa, Visa Electron, V PAY and Interlink brands as well as PLUS proprietary cards. Oxford Economics Calendar Year 2016; Euromonitor Calendar Year 2016; Nilson Report #1006, #1103, #1109; Visa analysis;



VISA



Latin America



Latin America

45+ Countries and Territories

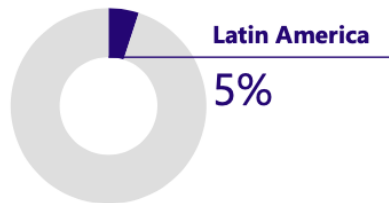
620 Financial Institutions

9MM Merchant Locations

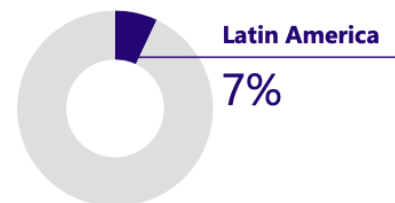
\$354B Payments Volume

454MM Cards

Visa Payments Volume



Visa Processed Transactions



Source: Operating certificates and Visa Networks CY2016



VISA

AMERICAN
EXPRESS

Europe

Europe

45 Countries and Territories

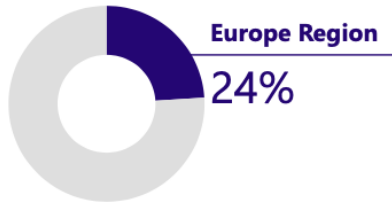
3,302 Financial Institutions

13MM Merchant Locations

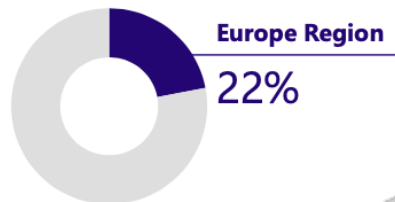
\$1.7T Payments Volume

542MM Cards

Visa Payments Volume



Visa Processed Transactions



Source: Visa Operating Certificates CY2016. Merchant locations are provided by Visa's issuing and acquiring financial institutions; card counts include cards carrying the Visa, Visa Electron, V PAY and Interlink brands as well as PLUS proprietary cards.



VISA

AMERICAN
EXPRESS

CEMEA

Central Europe Middle East & Africa

80+ Countries and Territories

1,333 Financial Institutions

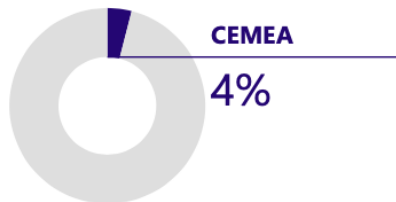
3MM Merchant Locations

\$260B Payments Volume

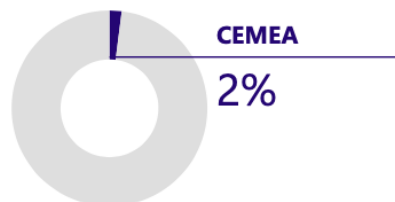
322MM Cards



Visa Payments Volume



Visa Processed Transactions



Source: Operating certificates and Visa Networks CY2016



VISA

AMERICAN
EXPRESS

Asia Pacific

Asia Pacific

46 Countries and Territories

900 Financial Institutions

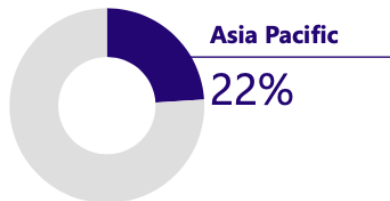
10MM Merchant Locations

908MM Cards

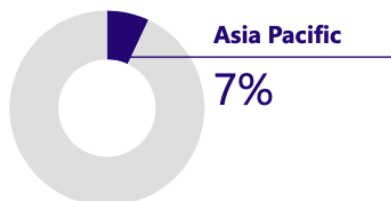
\$1.6T Payments Volume



Visa Payments Volume



Visa Processed Transactions



Source: Visa Operating Certificates CY2016. Merchant locations are provided by Visa's issuing and acquiring financial institutions; card counts include cards carrying the Visa, Visa Electron, V PAY and Interlink brands as well as PLUS proprietary cards.



VISA



Asia Pacific

There are more people
living inside this circle
than outside of it.

Source: World Bank World Development Indicators, April 2017



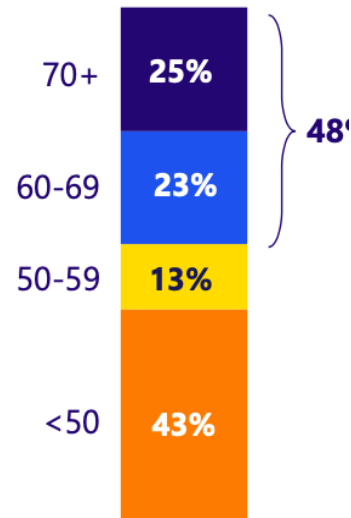
VISA

AMERICAN
EXPRESS

North America

50% of forecasted U.S. credit spend growth over next 5 years will come from 60+ age group

U.S. credit growth by cohort (5yr forecast)



Source: Visa Performance Solutions Fall Market Insights 2016



VISA

AMERICAN
EXPRESS

Capturing the Opportunity in India

Growing Debit

200MM

Incremental Card Issuance

2X

Transaction Growth

Expanding Acceptance

10MM (4X)

Acceptance points

Delivering Digital Innovation

25%

Contactless and QR
transactions

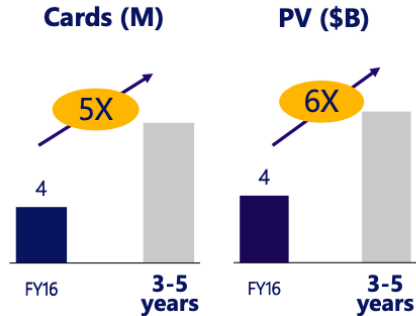


VISA

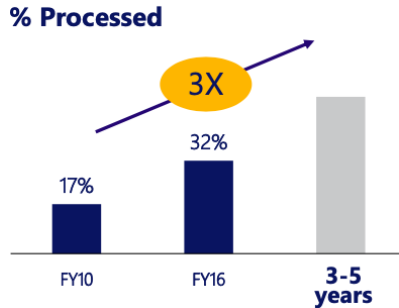
AMERICAN
EXPRESS

Capturing the Opportunity in Japan

The Debit Opportunity



Focus on Processing to Deepen Value Creation

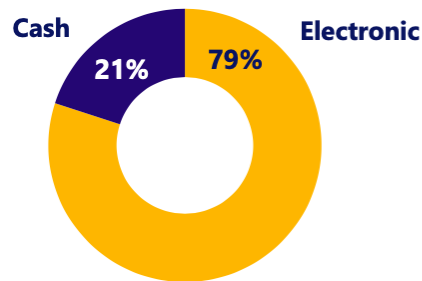


Government Partnership Key to Digital & Contactless

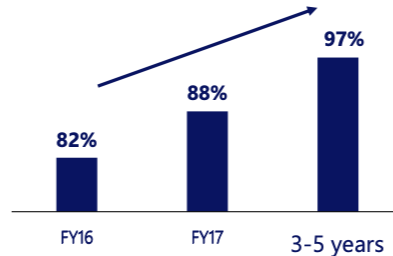


Capturing the Opportunity in Australia

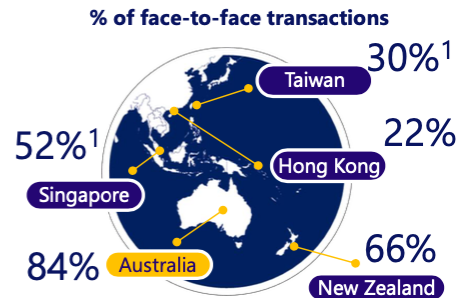
Advanced Market With Significant Opportunity



Deepening Processing Penetration



Contactless Leader



History & Management



History Takeaways

- **1958: BankAmericard** – *Bank of America launches BankAmericard, the first card with a “revolving credit” feature*
- **1976: Visa is born** – *BankAmericard becomes Visa – a name that sounds the same in all languages.*
- **1986: What’s your currency?** – *Visa develops multiple-currency clearing in 21 currencies*
- **2007: Incorporating change** - *Visa restructures, creating a new global corporation, Visa Inc.*
- **2008: A very public statement** – *The “V” ticker symbol appears on the N.Y. Stock Exchange as Visa becomes the largest initial public offering in U.S. history.*



Management Committee



Alfred F. Kelly, Jr., Chairman and Chief Executive Officer

- CEO since December 2016 and Chairman of the Board since April 2019
- Previously, he was president of the American Express Company
- Most recently, he was president and CEO of Intersection
- He received a bachelor's degree as well as an MBA from Iona College



Lynne Biggar, Executive Vice President, Chief Marketing and Communications Officer

- Joint Visa from Time Inc., where she was executive vice president of consumer marketing and revenue
- Prior to her role at Time Inc., she spent more than 20 years at American Express
- Ms. Biggar holds a BA in international relations from Stanford University and an MBA from Columbia University.



Vasant Brabhu, Vice Chairman and Chief Financial Officer

- Joint Visa in February 2015, from NBCUniversal Media, LLC, where he served as CFO
- 2004-2014: Mr. Brabhu served as the CFO for Starwood Hotels and Resorts Worldwide, Inc.
- Mr. Brabhu holds a B.S. in Engineering from the Indian Institute of Technology and an MBA from the University of Chicago.



Management Committee



Chris Clark, Executive Vice President and Regional President, Asia Pacific

- Based in Singapore, he is responsible for business operations, strategy development and management of Visa's business in the region
- Before joining Visa, Mr. Clark served 14 years in senior positions at National Australia Bank
- Mr. Clark is a fluent Mandarin speaker, has a Bachelor of Commerce from University of Melbourne and completed executive programs at both INSEAD and Stanford University.



Paul D. Fabara, Executive Vice President and Chief Risk Officer

- Mr. Fabara is responsible for maintaining the integrity and security of the Visa payment system
- Prior to Visa, Mr. Fabara held a number of key leadership roles at AMEX and served as global chief operating officer for Barclay's credit card business



Jennifer Grant, Executive Vice President, Human Resources and Chief Human Resources Officer

- Prior to joining Visa in 2018, she served as executive vice president and chief human resources officer for Air Products & Chemicals
- Prior to joining Air Products, Ms. Grant served as the vice president of human resources for Pfizer's specialty products and oncology divisions.
- Ms. Grant holds a bachelor's degree from University of Michigan and a master's degree in business administration from the Krannert School of Management at Purdue University.



Management Committee



Charlotte Hogg, Executive Vice President and Chief Executive Officer, Europe

- Most recently, Ms. Hogg served as chief operating officer for the Bank of England, from 2013 to 2017.
- Previously, Ms. Hogg was a managing director for strategy and planning at Morgan Stanley
- Ms. Hogg graduated from the University of Oxford with a B.A. in Economics and History. She is a Kennedy Memorial Trust Scholar from Harvard University, and has an honorary Doctor of Laws from Warwick University.



Oliver Jenkyn, Executive Vice President and Regional President, North America

- Prior to joining Visa in 2009, Mr. Jenkyn was a partner at McKinsey & Company
- Mr. Jenkyn holds a bachelor's degree in economics from McGill University and master's degrees in business and finance from Harvard University and Queen's University.



Ryan McNerney, President

- Prior to joining Visa in 2013, Mr. McNerney served as chief executive officer of consumer banking for JPMorgan Chase
- Mr. McNerney received a finance degree from the University of Notre Dame.



Management Committee



Bill Sheedy, Executive Vice President, The Strategy Group

- He joined the company in 1993 as an executive in Visa's strategy and pricing division.
- Mr. Sheedy holds a B.S. from West Virginia University and an MBA from the University of Notre Dame.



Rajat Taneja, Executive Vice President, Technology and Operations

- Prior to joining Visa in 2013, Mr. Taneja was executive vice president and chief technology officer of Electronic Arts Inc.
- Mr. Taneja holds a B.E. in Electrical Engineering from Jadavpur University and an MBA from Washington State University.



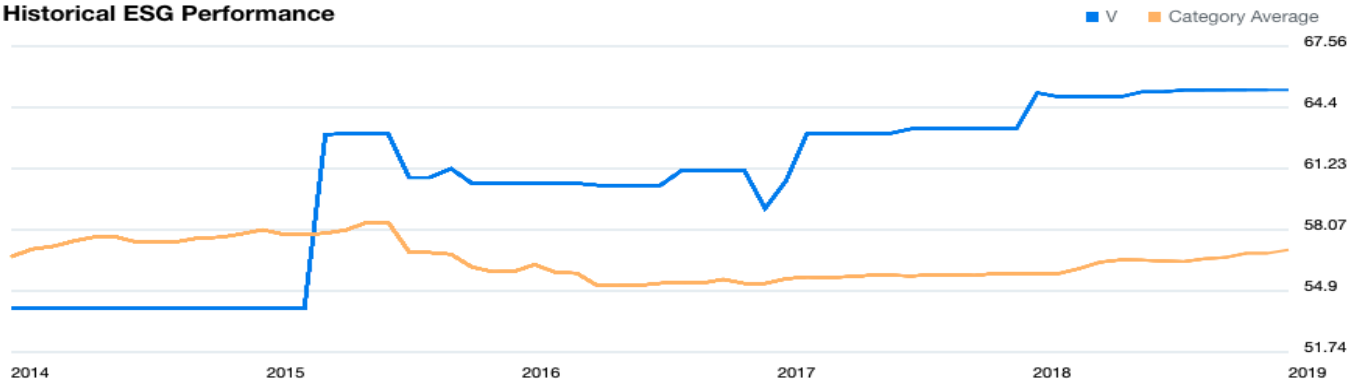
Kelly Mahon Tullier, Executive Vice President, General Counsel and Corporate Secretary

- Prior to joining Visa in 2014, Ms. Mahon Tullier worked at PepsiCo, Inc. as senior vice president and deputy general counsel.
- Ms. Mahon Tullier received her B.A. from Louisiana State University and her J.D., magna cum laude, from Cornell Law School.



Management & Board Analysis

Historical ESG Performance



Environment



Social



Governance

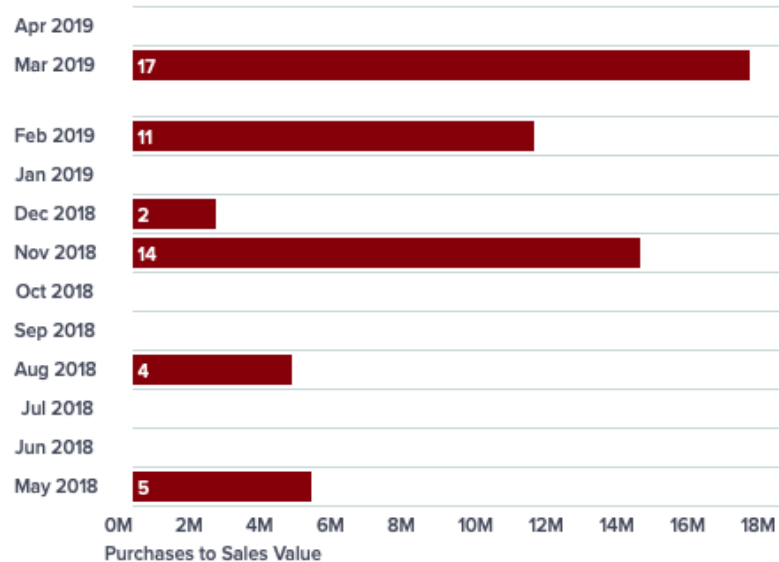


VISA

AMERICAN
EXPRESS

Insider Trading / Internal Trading

Trailing 12-Month Activity 5-Year Monthly Averages Trailing 5-Year Activity



Insider Sentiment for V is
NEUTRAL

Total dollar value of all
insider purchases and
sales for each month over
12 months allows you to
view the insider sentiment
trend for V.

Market Value of Sales Market Value of Purchases SELL:BUY Ratio




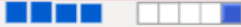

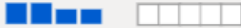




Valuation



VISA

AMERICAN
EXPRESS

Key Metrics

VALUATION	5 Year Trend V Ranking	V	Industry Average	Sector Average	S&P 500
Price/Earnings (TTM)		37.23	38.31	28.99	28.96
Price/Cash Flow		23.56	23.52	17.70	16.24
Price/Sales (TTM)		16.18	0.96	0.47	0.61
Price/Book		11.22	14.35	8.78	6.80
PER SHARE DATA					
Dividend		1.00	1.19	2.62	2.53
Book Value		13.52	19.19	26.21	44.83
EPS (TTM)		4.78	4.81	6.26	8.15
Revenue		9.09	3.79	11.81	14.51





VISA

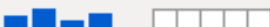


Key Metrics

DIVIDEND

Dividend Yield		0.00%	0.79%	1.72%	2.32%
Payout Ratio		--	23.63	31.30	38.36
Annual Dividend (TTM)		1.00	0.86	1.96	1.90
Dividend Yield 5 Yr. Avg.		--	0.10%	0.25%	0.31%














GROWTH

Net Income		17.38%	13.60%	9.72%	16.56%
Earnings per Share		--	13.86%	7.12%	17.17%
Revenue		12.59%	11.60%	5.47%	8.04%
PEG (MRFY)		1.78	0.00	-0.49	-0.70



Key Metrics

FINANCIAL STRENGTH

Quick Ratio (MRQ)	 	1.33	--	--	--
Current Ratio (MRQ)	 	1.56	1.46	1.61	1.86
LT Debt to Equity (MRQ)	 	57.25	100.65	192.74	149.29
Total Debt to Capital (MRQ)		32.54	41.63	45.73	44.75
Return On Equity	 	37.18%	1.00%	1.00%	1.00%
Return On Assets	 	--	13.60%	10.54%	9.64%
Return On Invested Capital	 	--	24.60%	18.69%	16.52%

ASSETS

Asset Turnover	 	0.32	0.40	0.75	0.69
Assets per Employee	 	--	\$2.0M	\$1.2M	\$3.1M
Inventory Turnover		--	55.14	42.94	16.64



Financial Analysis



VISA

AMERICAN
EXPRESS

VISA 2018 Revenue Data

\$8.9B

+

\$9.0B

+

\$7.2B

+

\$900M

=

\$26.1B

Service Revenues

Earned for services provided in support of client usage of Visa products.

Data Processing Revenues

Earned for authorization, clearing, settlement, network access and other maintenance and support services that facilitate transaction and information processing among our clients globally.

International Transaction Revenues

Earned for cross-border transaction processing and currency conversion activities.

Other Revenues

Includes license fees for use of the Visa brand, fees for account holder services, certification, licensing and other activities related to our acquired entities.

Gross Revenues



VISA 2018 Revenue Data Details

\$26.1B

-

\$5.5B

=

\$20.6B

**Gross
Revenues**

**Client
Incentives**

Paid to financial institutions, merchants and strategic partners to build payments volume, increase Visa product acceptance, win merchant routing transactions over our network and drive innovation.

**NET
OPERATING
REVENUE**



VISA

**AMERICAN
EXPRESS**

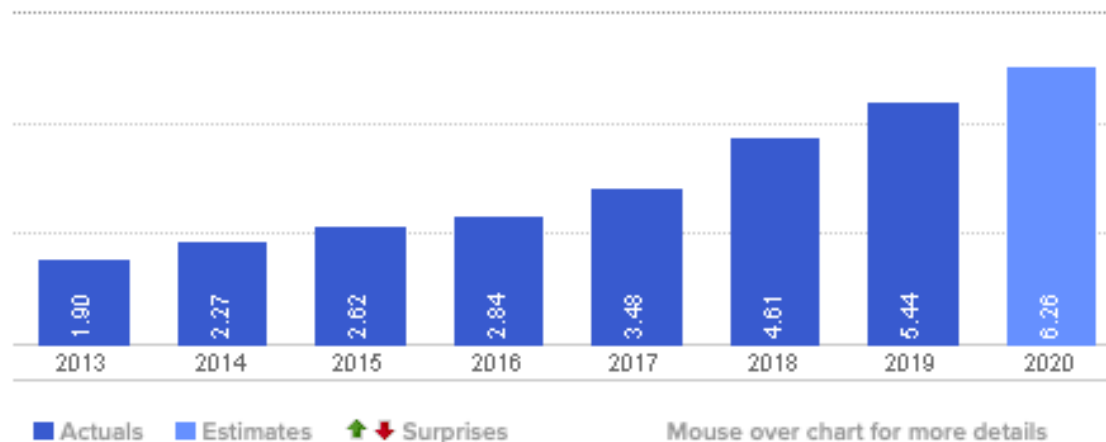
Competition



	Visa ⁽²⁾	MasterCard ⁽³⁾	American Express ⁽³⁾	JCB ⁽³⁾	Discover Diners Club ⁽³⁾
Payments Volume (\$B)	\$7,565	\$3,814	\$1,071	\$253	\$159
Total Volume (\$B)	\$10,516	\$5,242	\$1,085	\$260	\$173
Total Transactions (B)	170	87.46	7.7	3.4	2.6
Cards (M)	3,243	1,825	113	114	58



Earnings History & Projections



V reported 2019 earnings of \$5.44 per share on 10/24/19. This **beat** the \$5.40 consensus of the 34 analysts covering the company.

Surprise %: --

Surprise: --



VISA

AMERICAN
EXPRESS

Statement of Operations Data

Statement of Operations Data:	Fiscal Year Ended September 30,				
	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾	2015	2014
	(in millions, except per share data)				
Operating revenues	\$ 20,609	\$ 18,358	\$ 15,082	\$ 13,880	\$ 12,702
Operating expenses	\$ 7,655	\$ 6,214	\$ 7,199 ⁽²⁾	\$ 4,816	\$ 5,005
Operating income	\$ 12,954	\$ 12,144	\$ 7,883	\$ 9,064	\$ 7,697
Net income	\$ 10,301 ⁽³⁾	\$ 6,699 ⁽⁴⁾	\$ 5,991	\$ 6,328	\$ 5,438
Basic earnings per share— class A common stock ⁽⁵⁾	\$ 4.43	\$ 2.80	\$ 2.49	\$ 2.58	\$ 2.16
Diluted earnings per share—class A common stock ⁽⁵⁾	\$ 4.42	\$ 2.80	\$ 2.48	\$ 2.58	\$ 2.16



Balance Sheet Data

<u>Balance Sheet Data:</u>	At September 30,				
	<u>2018⁽¹⁾</u>	<u>2017⁽¹⁾</u>	<u>2016⁽¹⁾</u>	<u>2015</u>	<u>2014</u>
	(in millions, except per share data)				
Total assets	\$ 69,225	\$ 67,977	\$ 64,035	\$ 39,367	\$ 37,543
Accrued litigation	\$ 1,434 ⁽⁶⁾	\$ 982	\$ 981	\$ 1,024	\$ 1,456 ⁽⁶⁾
Long-term debt	\$ 16,630	\$ 16,618 ⁽⁷⁾	\$ 15,882 ⁽⁷⁾	\$ —	\$ —
Total equity	\$ 34,006	\$ 32,760	\$ 32,912	\$ 29,842	\$ 27,413
Dividend declared and paid per common share ⁽⁵⁾	\$ 0.825	\$ 0.660	\$ 0.560	\$ 0.480	\$ 0.400



Balance Sheet 10Q (Assets)

	June 30, 2019	September 30, 2018
	(in millions, except par value data)	
Assets		
Cash and cash equivalents	\$ 7,912	\$ 8,162
Restricted cash equivalents—U.S. litigation escrow (Note 3 and Note 4)	902	1,491
Investment securities (Note 5)	3,265	3,547
Settlement receivable	1,689	1,582
Accounts receivable	1,531	1,208
Customer collateral (Note 3 and Note 7)	1,668	1,324
Current portion of client incentives	690	340
Prepaid expenses and other current assets	648	562
Total current assets	18,305	18,216
Investment securities (Note 5)	2,918	4,082
Client incentives	1,854	538
Property, equipment and technology, net	2,549	2,472
Goodwill	15,313	15,194
Intangible assets, net	27,272	27,558
Other assets	2,038	1,165
Total assets	\$ 70,249	\$ 69,225



Balance Sheet 10Q (Liabilities)

Liabilities

Accounts payable	\$ 150	\$ 183
Settlement payable	2,420	2,168
Customer collateral (Note 3 and Note 7)	1,668	1,325
Accrued compensation and benefits	687	901
Client incentives	3,690	2,834
Accrued liabilities	1,358	1,160
Deferred purchase consideration	—	1,300
Accrued litigation (Note 13)	856	1,434
Total current liabilities	10,829	11,305
Long-term debt (Note 6)	16,694	16,630
Deferred tax liabilities	4,930	4,618
Other liabilities	2,801	2,666
Total liabilities	35,254	35,219



Balance Sheet 10Q (Equities)

Equity

Preferred stock, \$0.0001 par value, 25 shares authorized and 5 shares issued and outstanding as follows:

Series A convertible participating preferred stock, none issued (the "class A equivalent preferred stock") (Note 9)	—	—
Series B convertible participating preferred stock, 2 shares issued and outstanding at June 30, 2019 and September 30, 2018 (the "UK&I preferred stock") (Note 4 and Note 9)	2,285	2,291
Series C convertible participating preferred stock, 3 shares issued and outstanding at June 30, 2019 and September 30, 2018 (the "Europe preferred stock") (Note 4 and Note 9)	3,177	3,179
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 1,729 and 1,768 shares issued and outstanding at June 30, 2019 and September 30, 2018, respectively (Note 9)	—	—
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at June 30, 2019 and September 30, 2018 (Note 9)	—	—
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 12 shares issued and outstanding at June 30, 2019 and September 30, 2018 (Note 9)	—	—
Right to recover for covered losses (Note 4)	(169)	(7)
Additional paid-in capital	16,552	16,678
Accumulated income	13,040	11,318



Balance Sheet 10Q

Accumulated other comprehensive income (loss), net:		
Investment securities	6	(17)
Defined benefit pension and other postretirement plans	(66)	(61)

Derivative instruments	24	60
Foreign currency translation adjustments	146	565
Total accumulated other comprehensive income (loss), net	110	547
Total equity	24,995	24,006
Total liabilities and equity	\$ 70,249	\$ 69,225



Balance Sheet 10K (Assets)

	September 30, 2018	September 30, 2017
	(in millions, except par value data)	
Assets		
Cash and cash equivalents	\$ 8,162	\$ 9,874
Restricted cash—U.S. litigation escrow (Note 2)	1,491	1,031
Investment securities (Note 3):		
Trading	98	82
Available-for-sale	3,449	3,482
Settlement receivable	1,582	1,422
Accounts receivable	1,208	1,132
Customer collateral (Note 8)	1,324	1,106
Current portion of client incentives	340	344
Prepaid expenses and other current assets	562	550
Total current assets	18,216	19,023



Balance Sheet 10K (Asset & Liabilities)

Investment securities, available-for-sale (Note 3)	4,082	1,926
Client incentives	538	591
Property, equipment and technology, net (Note 4)	2,472	2,253
Goodwill (Note 5)	15,194	15,110
Intangible assets, net (Note 5)	27,558	27,848
Other assets	1,165	1,226
Total assets	\$ 69,225	\$ 67,977
Liabilities		
Accounts payable	\$ 183	\$ 179
Settlement payable	2,168	2,003
Customer collateral (Note 8)	1,325	1,106
Accrued compensation and benefits	901	757
Client incentives	2,834	2,089
Accrued liabilities	1,160	1,129
Deferred purchase consideration	1,300	—
Current maturities of long-term debt (Note 6)	—	1,749
Accrued litigation (Note 17)	1,434	982
Total current liabilities	11,305	9,994



Balance Sheet 10K (Liabilities)

Liabilities		
Accounts payable	\$ 183	\$ 179
Settlement payable	2,168	2,003
Customer collateral (Note 8)	1,325	1,106
Accrued compensation and benefits	901	757
Client incentives	2,834	2,089
Accrued liabilities	1,160	1,129
Deferred purchase consideration	1,300	—
Current maturities of long-term debt (Note 6)	—	1,749
Accrued litigation (Note 17)	1,434	982
Total current liabilities	11,305	9,994
Long-term debt (Note 6)	16,630	16,618
Deferred tax liabilities (Note 16)	4,618	5,980
Deferred purchase consideration	—	1,304
Other liabilities	2,666	1,321
Total liabilities	35,219	35,217



Balance Sheet 10K (Equity)

Equity

Preferred stock, \$0.0001 par value, 25 shares authorized and 5 shares issued and outstanding as follows:

Series A convertible participating preferred stock, none issued (the "class A equivalent preferred stock") (Note 11)	—	—
Series B convertible participating preferred stock, 2 shares issued and outstanding at September 30, 2018 and 2017 (the "UK&I preferred stock") (Note 11)	2,291	2,326
Series C convertible participating preferred stock, 3 shares issued and outstanding at September 30, 2018 and 2017 (the "Europe preferred stock") (Note 11)	3,179	3,200
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 1,768 and 1,818 shares issued and outstanding at September 30, 2018 and 2017, respectively (Note 11)	—	—
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at September 30, 2018 and 2017, respectively (Note 11)	—	—
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 12 and 13 shares issued and outstanding at September 30, 2018 and 2017, respectively (Note 11)	—	—
Right to recover for covered losses (Note 2)	(7)	(52)
Additional paid-in capital	16,678	16,900
Accumulated income	11,318	9,508



Balance Sheet 10K

Accumulated other comprehensive income (loss), net:

Investment securities, available-for-sale	(17)	73
Defined benefit pension and other postretirement plans	(61)	(76)
Derivative instruments classified as cash flow hedges	60	(36)
Foreign currency translation adjustments	565	917
Total accumulated other comprehensive income (loss), net	547	878
Total equity	34,006	32,760
Total liabilities and equity	\$ 69,225	\$ 67,977



Consolidated Balance Sheet (Asset)

	September 30, 2018	September 30, 2017
	(in millions, except par value data)	
Assets		
Cash and cash equivalents	\$ 8,162	\$ 9,874
Restricted cash—U.S. litigation escrow (Note 2)	1,491	1,031
Investment securities (Note 3):		
Trading	98	82
Available-for-sale	3,449	3,482
Settlement receivable	1,582	1,422
Accounts receivable	1,208	1,132
Customer collateral (Note 8)	1,324	1,106
Current portion of client incentives	340	344
Prepaid expenses and other current assets	562	550
Total current assets	18,216	19,023
Investment securities, available-for-sale (Note 3)	4,082	1,926
Client incentives	538	591
Property, equipment and technology, net (Note 4)	2,472	2,253
Goodwill (Note 5)	15,194	15,110
Intangible assets, net (Note 5)	27,558	27,848
Other assets	1,165	1,226
Total assets	\$ 69,225	\$ 67,977



Consolidated Balance Sheet (Liability)

Liabilities

Accounts payable	\$ 183	\$ 179
Settlement payable	2,168	2,003
Customer collateral (Note 8)	1,325	1,106
Accrued compensation and benefits	901	757
Client incentives	2,834	2,089
Accrued liabilities	1,160	1,129
Deferred purchase consideration	1,300	—
Current maturities of long-term debt (Note 6)	—	1,749
Accrued litigation (Note 17)	1,434	982
Total current liabilities	11,305	9,994
Long-term debt (Note 6)	16,630	16,618
Deferred tax liabilities (Note 16)	4,618	5,980
Deferred purchase consideration	—	1,304
Other liabilities	2,666	1,321
Total liabilities	35,219	35,217
Commitments and contingencies (Note 14)		



VISA

AMERICAN
EXPRESS

Consolidated Balance Sheet (Equity)

Equity

Preferred stock, \$0.0001 par value, 25 shares authorized and 5 shares issued and outstanding as follows:

Series A convertible participating preferred stock, none issued (the "class A equivalent preferred stock") (Note 11)	—	—
Series B convertible participating preferred stock, 2 shares issued and outstanding at September 30, 2018 and 2017 (the "UK&I preferred stock") (Note 11)	2,291	2,326
Series C convertible participating preferred stock, 3 shares issued and outstanding at September 30, 2018 and 2017 (the "Europe preferred stock") (Note 11)	3,179	3,200
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 1,768 and 1,818 shares issued and outstanding at September 30, 2018 and 2017, respectively (Note 11)	—	—
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at September 30, 2018 and 2017, respectively (Note 11)	—	—
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 12 and 13 shares issued and outstanding at September 30, 2018 and 2017, respectively (Note 11)	—	—
Right to recover for covered losses (Note 2)	(7)	(52)
Additional paid-in capital	16,678	16,900
Accumulated income	11,318	9,508
Accumulated other comprehensive income (loss), net:		
Investment securities, available-for-sale	(17)	73
Defined benefit pension and other postretirement plans	(61)	(76)
Derivative instruments classified as cash flow hedges	60	(36)
Foreign currency translation adjustments	565	917
Total accumulated other comprehensive income (loss), net	547	878
Total equity	34,006	32,760
Total liabilities and equity	\$ 69,225	\$ 67,977



Consolidated Statements of Operations

	For the Years Ended September 30,		
	2018	2017	2016 ⁽¹⁾
	(in millions, except per share data)		
Operating Revenues			
Service revenues	\$ 8,918	\$ 7,975	\$ 6,747
Data processing revenues	9,027	7,786	6,272
International transaction revenues	7,211	6,321	4,649
Other revenues	944	841	823
Client incentives	(5,491)	(4,565)	(3,409)
Net operating revenues	20,609	18,358	15,082
Operating Expenses			
Personnel	3,170	2,628	2,226
Marketing	988	922	869
Network and processing	686	620	538
Professional fees	446	409	389
Depreciation and amortization	613	556	502
General and administrative	1,145	1,060	796
Litigation provision (Note 17)	607	19	2
Visa Europe Framework Agreement loss	—	—	1,877
Total operating expenses	7,655	6,214	7,199
Operating income	12,954	12,144	7,883
Non-operating Income (Expense)			
Interest expense	(612)	(563)	(427)
Other	464	113	556
Total non-operating income (expense)	(148)	(450)	129
Income before income taxes	12,806	11,694	8,012
Income tax provision (Note 16)	2,505	4,995	2,021
Net income	\$ 10,301	\$ 6,699	\$ 5,991



Consolidated Statements of Comprehensive Income

	For the Years Ended September 30,		
	2018	2017	2016
	(in millions)		
Net income	\$ 10,301	\$ 6,699	\$ 5,991
Other comprehensive income (loss), net of tax:			
Investment securities, available-for-sale:			
Net unrealized gain	94	60	51
Income tax effect	(19)	(24)	(18)
Reclassification adjustment for net (gain) loss realized in net income	(215)	1	(3)
Income tax effect	50	—	1
Defined benefit pension and other postretirement plans:			
Net unrealized actuarial gain (loss) and prior service credit	16	183	(106)
Income tax effect	(5)	(54)	36
Reclassification adjustment for net loss realized in net income	5	32	10
Income tax effect	(1)	(12)	(4)
Derivative instruments classified as cash flow hedges:			
Net unrealized gain (loss)	90	(22)	(74)
Income tax effect	(24)	15	9
Reclassification adjustment for net loss (gain) realized in net income	32	33	(103)
Income tax effect	(2)	(12)	35
Foreign currency translation adjustments	(352)	1,136	(218)
Other comprehensive income (loss), net of tax	<u>(331)</u>	<u>1,336</u>	<u>(384)</u>
Comprehensive income	<u>\$ 9,970</u>	<u>\$ 8,035</u>	<u>\$ 5,607</u>



Cash Flow Statement: 10K (Operating)

	For the Years Ended September 30,		
	2018	2017	2016
	(in millions)		
Operating Activities			
Net income	\$ 10,301	\$ 6,699	\$ 5,991
Adjustments to reconcile net income to net cash provided by operating activities:			
Client incentives	5,491	4,565	3,409
Fair value adjustment for the Visa Europe put option	—	—	(255)
Share-based compensation (Note 13)	327	235	221
Excess tax benefit for share-based compensation	—	—	(63)
Depreciation and amortization of property, equipment, technology and intangible assets	613	556	502
Deferred income taxes	(1,277)	1,700	(764)
Right to recover for covered losses recorded in equity (Note 2)	(11)	(209)	(9)
Charitable contribution of Visa Inc. shares (Note 11 and Note 16)	—	192	—
Other	(74)	50	64
Change in operating assets and liabilities:			
Settlement receivable	(223)	94	391
Accounts receivable	(70)	(54)	(65)
Client incentives	(4,682)	(4,628)	(3,508)
Other assets	(160)	(252)	(315)
Accounts payable	3	(30)	43
Settlement payable	262	(176)	(302)
Accrued and other liabilities	1,761	465	277
Accrued litigation (Note 17)	452	1	(43)
Net cash provided by operating activities	<u>12,713</u>	<u>9,208</u>	<u>5,574</u>



Cash Flow Statement: 10K (Financing)

Financing Activities

Repurchase of class A common stock (Note 11)	(7,192)	(6,891)	(6,987)
Repayments of long-term debt (Note 6)	(1,750)	—	—
Treasury stock—class C common stock (Note 11)	—	—	(170)
Dividends paid (Note 11)	(1,918)	(1,579)	(1,350)
Proceeds from issuance of senior notes (Note 6)	—	2,488	15,971
Debt issuance costs (Note 6)	—	(15)	(98)
Deposit into U.S. litigation escrow account—U.S. retrospective responsibility plan (Note 2 and Note 17)	(600)	—	—
Payments from U.S. litigation escrow account—U.S. retrospective responsibility plan (Note 2 and Note 17)	150	—	45
Cash proceeds from issuance of common stock under employee equity plans	164	149	95
Restricted stock and performance-based shares settled in cash for taxes	(94)	(76)	(92)
Excess tax benefit for share-based compensation	—	—	63
Net cash (used in) provided by financing activities	(11,240)	(5,924)	7,477
Effect of exchange rate changes on cash and cash equivalents	(101)	236	(34)
(Decrease) increase in cash and cash equivalents	(1,712)	4,255	2,101
Cash and cash equivalents at beginning of year	9,874	5,619	3,518
Cash and cash equivalents at end of year	\$ 8,162	\$ 9,874	\$ 5,619

Supplemental Disclosure

Series B and C convertible participating preferred stock issued in Visa Europe acquisition (Note 2)	\$ —	\$ —	\$ 5,717
Deferred purchase consideration recorded for Visa Europe acquisition (Note 14)	\$ —	\$ —	\$ 1,236
Income taxes paid, net of refunds	\$ 2,285	\$ 3,038	\$ 2,842
Interest payments on debt	\$ 545	\$ 489	\$ 244
Charitable contribution of available-for-sale investment securities to Visa Foundation	\$ 195	\$ —	\$ —
Accruals related to purchases of property, equipment, technology and intangible assets	\$ 77	\$ 50	\$ 42



Cash Flow Statement: 10K (Investing)

Investing Activities

Purchases of property, equipment, technology and intangible assets	(718)	(707)	(523)
Proceeds from sales of property, equipment and technology	14	12	—
Investment securities, available-for-sale:			
Purchases	(5,772)	(3,238)	(10,426)
Proceeds from maturities and sales	3,636	5,012	9,119
Acquisitions, net of cash received	(196)	(302)	(9,082)
Purchases of / contributions to other investments	(50)	(46)	(10)
Proceeds / distributions from other investments	2	4	6
	<hr/>	<hr/>	<hr/>
Net cash (used in) provided by investing activities	(3,084)	735	(10,916)



Cash Flow Statement: 10Q (Operating)

	Nine Months Ended June 30,	
	2019	2018
	(in millions)	
Operating Activities		
Net income	\$ 9,055	\$ 7,456
Adjustments to reconcile net income to net cash provided by operating activities:		
Client incentives (Note 2)	4,480	3,989
Share-based compensation (Note 11)	321	242
Depreciation and amortization of property, equipment, technology and intangible assets	484	450
Deferred income taxes	234	(1,133)
VE territory covered losses incurred (Note 4)	(170)	(9)
Other	(204)	(38)
Change in operating assets and liabilities:		
Settlement receivable	(127)	(239)
Accounts receivable	(319)	(82)
Client incentives	(4,778)	(3,483)
Other assets	(172)	97
Accounts payable	(22)	(18)
Settlement payable	280	379
Accrued and other liabilities	257	1,408
Accrued litigation (Note 13)	(577)	446
Net cash provided by operating activities	8,742	9,465



Cash Flow Statement: 10Q (Financing)

Financing Activities			
Repurchase of class A common stock (Note 9)	(6,480)		(5,604)
Repayments of long-term debt	—		(1,750)
Dividends paid (Note 9)	(1,706)		(1,435)
Payment of deferred purchase consideration related to Visa Europe acquisition	(1,236)		—
Cash proceeds from issuance of common stock under employee equity plans	127		135
Restricted stock and performance-based shares settled in cash for taxes	(106)		(90)
Net cash used in financing activities	(9,401)		(8,744)
Effect of exchange rate changes on cash and cash equivalents	(62)		(89)
Decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	(308)		(673)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period (Note 3)	10,977		12,011
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period (Note 3)	<u>\$ 10,669</u>	<u>\$</u>	<u>11,338</u>
Supplemental Disclosure			
Income taxes paid, net of refunds	\$ 1,992	\$	1,649
Interest payments on debt (Note 6)	\$ 503	\$	510
Accruals related to purchases of property, equipment and technology	\$ 87	\$	35



Cash Flow Statement: 10Q (Investing)

Investing Activities		
Purchases of property, equipment and technology	(507)	(523)
Proceeds from sales of property, equipment and technology	—	14
Investment securities:		
Purchases	(2,321)	(3,354)
Proceeds from maturities and sales	3,870	2,789
Acquisitions, net of cash and restricted cash acquired	(136)	(196)
Purchases of / contributions to other investments	(482)	(35)
Proceeds / distributions from other investments	10	—
Other investing activities	(21)	—
Net cash provided by (used in) investing activities	413	(1,305)



Final Recommendation

- In the late 2018, Visa announced the partnership agreement with Western union to implement Visa Direct's payment platform and the company will be able to establish growth in market share.
- Visa also announced the acquisition of Earthport, which is a company that specializes in cross-border payments and money transfer service. This acquisition will improve Visa's process quality and boost up the company's growth.

The Visa logo is displayed in its characteristic blue, italicized, sans-serif font.A black rectangular box containing white handwritten text. It lists three options: 'HOLD', 'BUY', and 'SELL'. Each option is preceded by a checkbox. The 'BUY' checkbox is marked with a red checkmark, indicating the recommended action.The Visa logo in blue text, located in the bottom-middle section of the vertical sidebar.The American Express logo, featuring the words 'AMERICAN EXPRESS' in white on a blue rectangular background, located in the bottom section of the vertical sidebar.

American Express

NYSE: AXP



Financial Snapshot

American Express Company (AXP)

NYSE - NYSE Delayed Price. Currency in USD

☆ Add to watchlist

118.07 +0.65 (+0.55%) **118.07** 0.00 (0.00%)

At close: 4:04PM EDT

After hours: 5:08PM EDT

Buy

Sell

Summary

Company Outlook

Chart

Conversations

Statistics

Historical Data

Profile

Financials

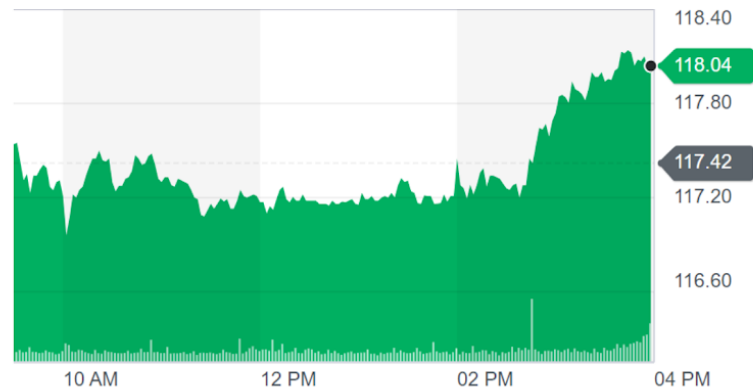
NEW

Analysis

Options

Previous Close	117.42	Market Cap	96.613B
Open	117.44	Beta (3Y Monthly)	0.99
Bid	117.70 x 1100	PE Ratio (TTM)	14.26
Ask	118.49 x 1100	EPS (TTM)	8.28
Day's Range	116.86 - 118.17	Earnings Date	Jan 15, 2020 - Jan 20, 2020
52 Week Range	89.05 - 129.34	Forward Dividend & Yield	1.72 (1.46%)
Volume	2,264,206	Ex-Dividend Date	2019-07-03
Avg. Volume	3,411,107	1y Target Est	132.50

1D 5D 1M 6M YTD 1Y 5Y Max



Trade prices are not sourced from all markets



1-Year Stock Performance



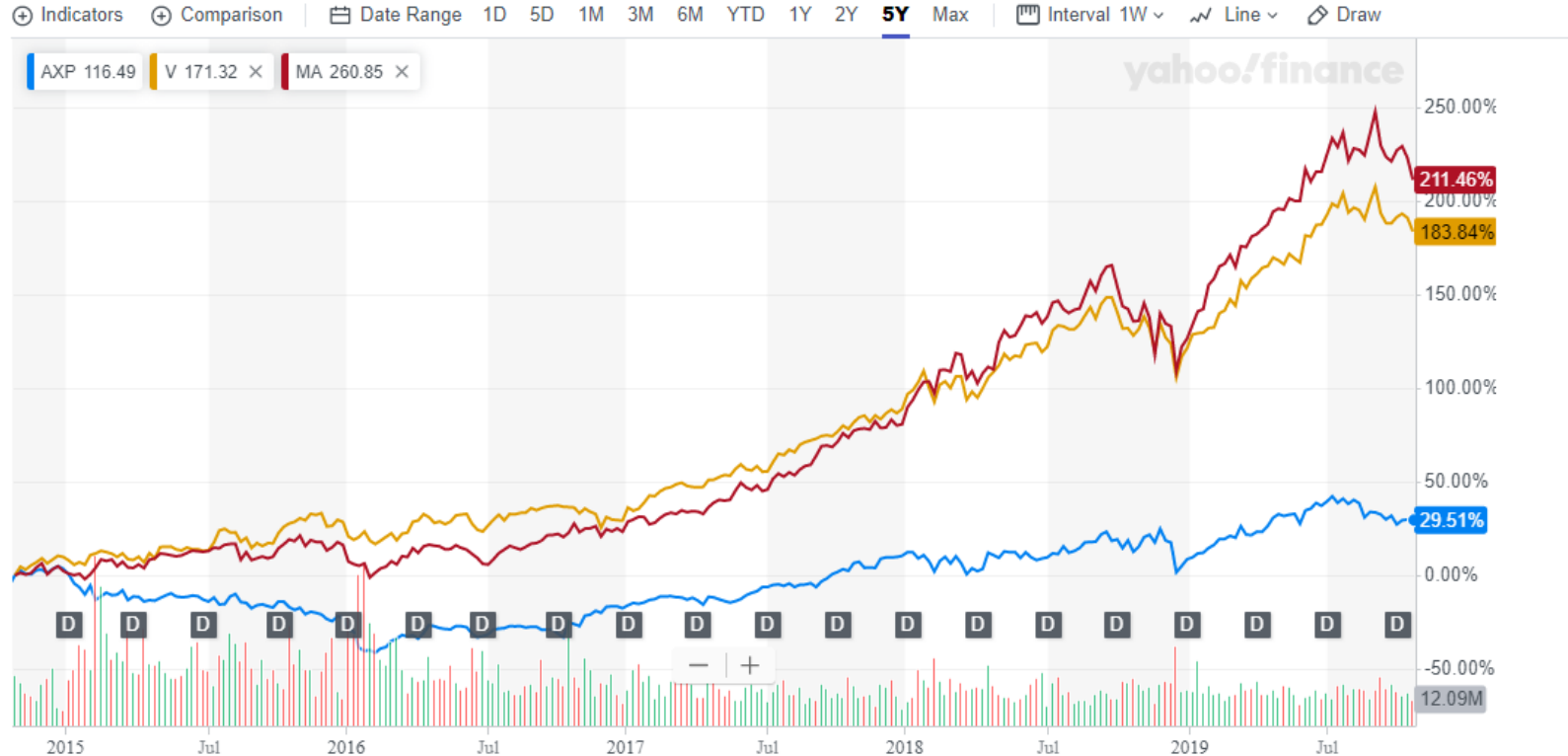
5-Year Stock Performance



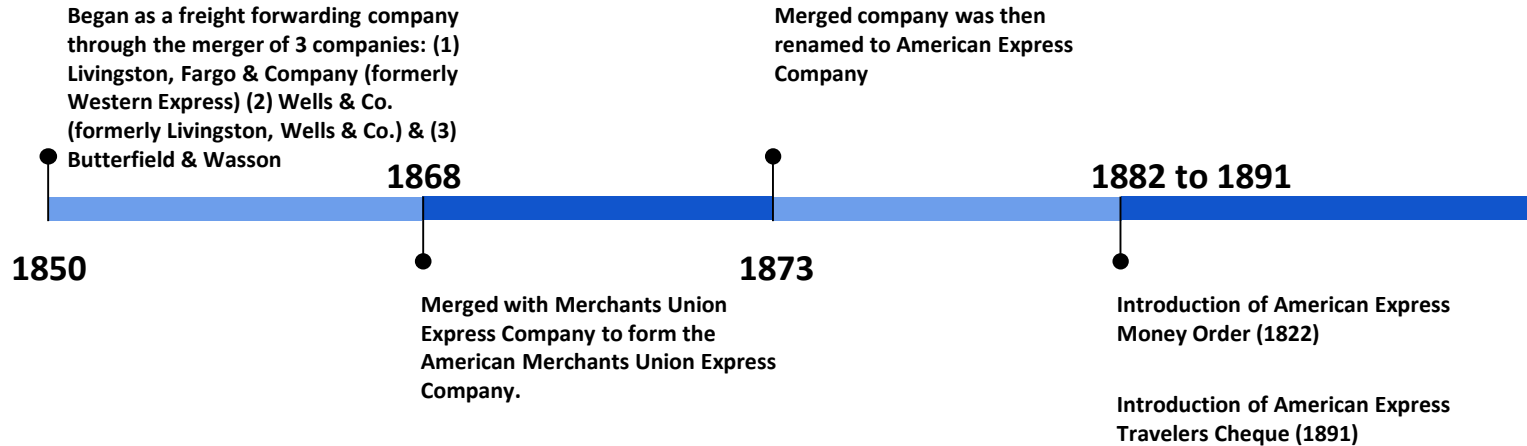
1-Year Stock Performance vs. Peers



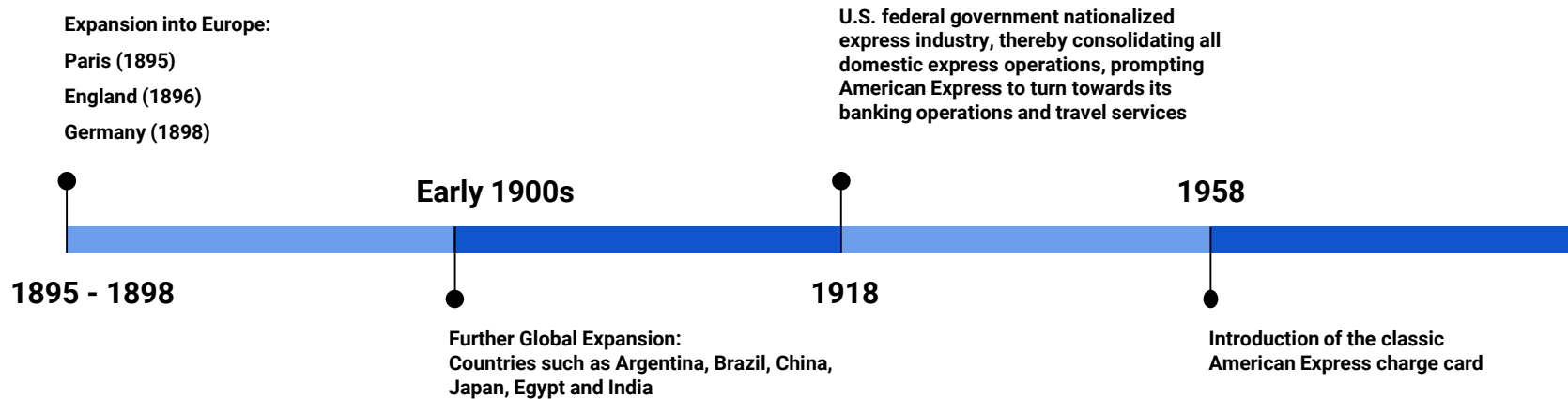
5-Year Stock Performance vs. Peers



History



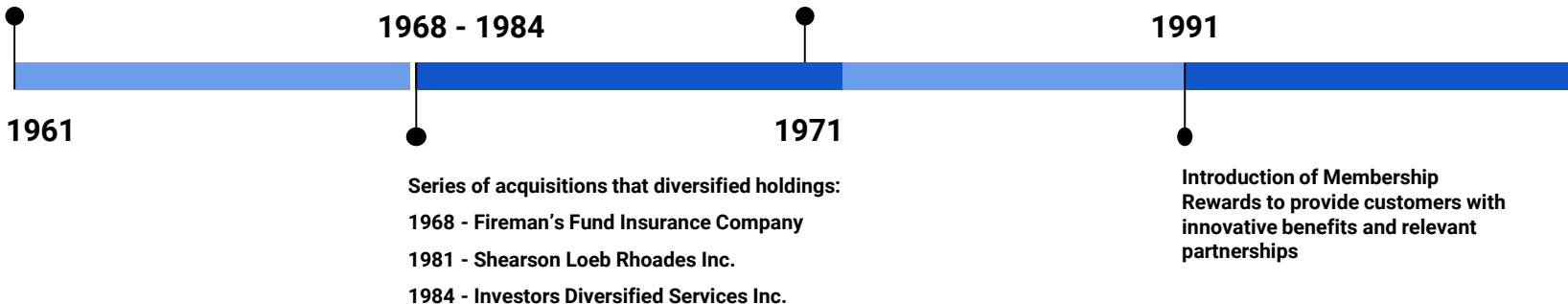
History



History

AMEX received its first computer, an IBM 7070-1401, which enabled the company to switch from manual to automated systems for converting money orders and for its accounting and payroll applications.

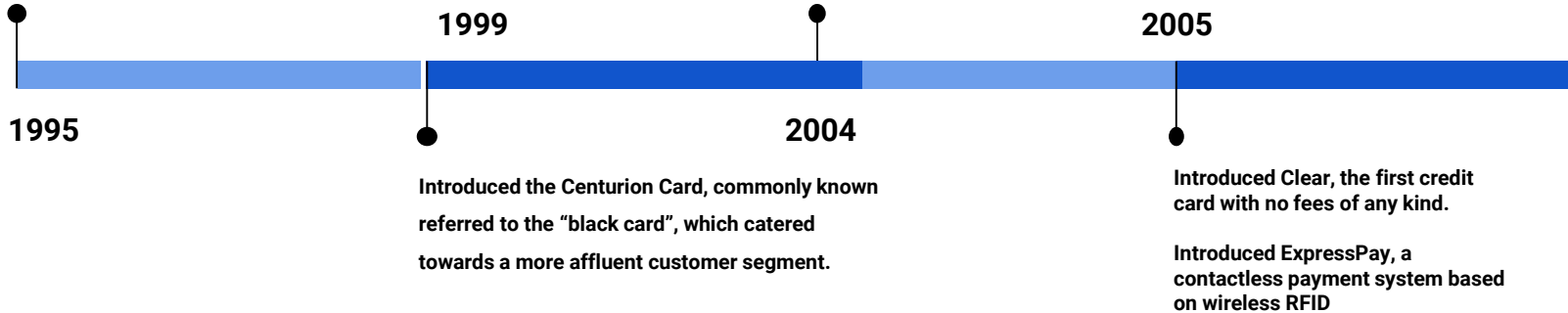
Partnered with IBM to introduce Magnetic Stripe, which increased processing speed of charge card transactions at POS systems



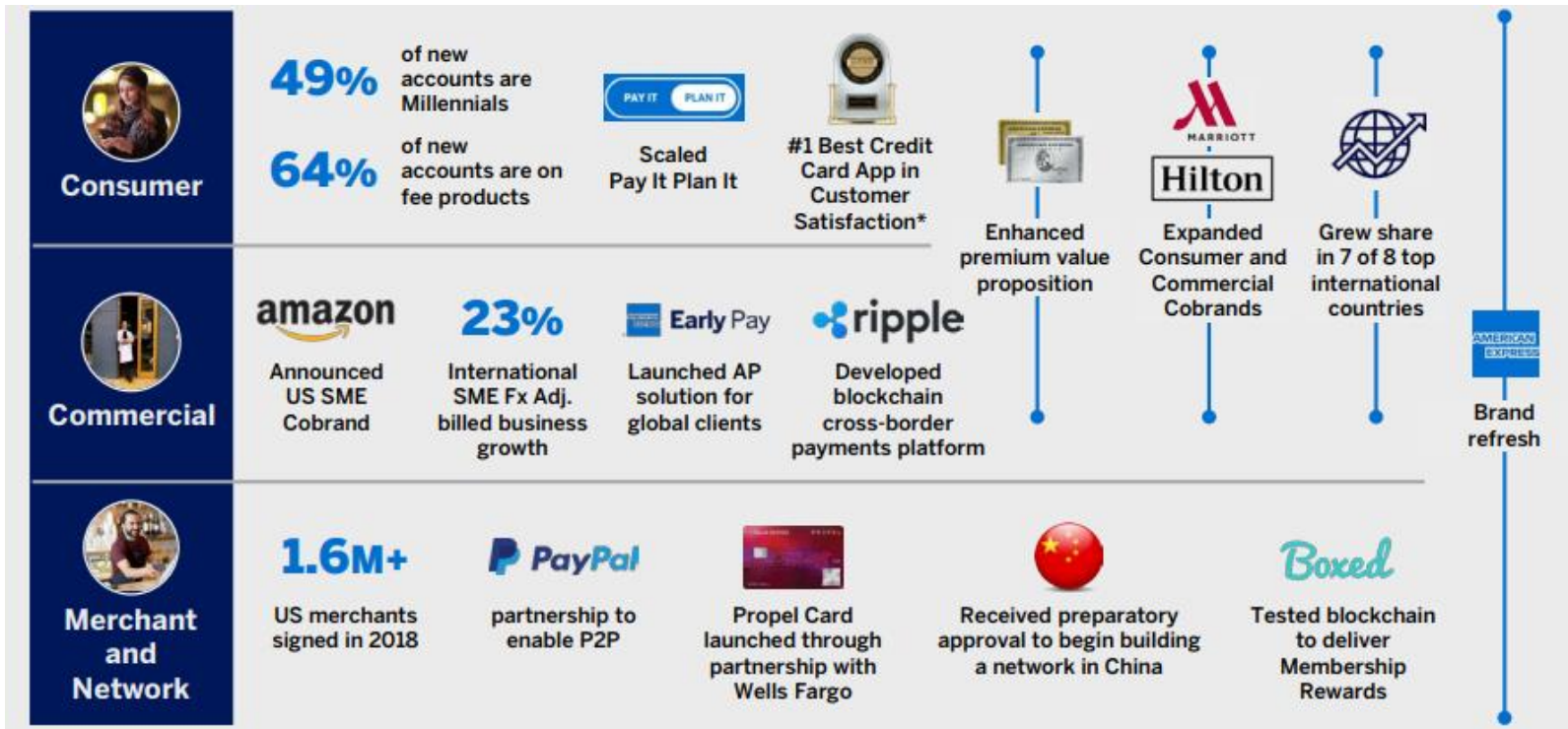
Recent History

Rolled out ExpressNet, the predecessor of AmericanExpress.com which enabled card members to check their status of their AMEX accounts online, pay AMEX bills electronically, enroll in rewards programs, and take advantage of special offers from airlines, hotels, stores and restaurants.

Co-branded exclusive partnership with Costco



Recent Developments in 2018



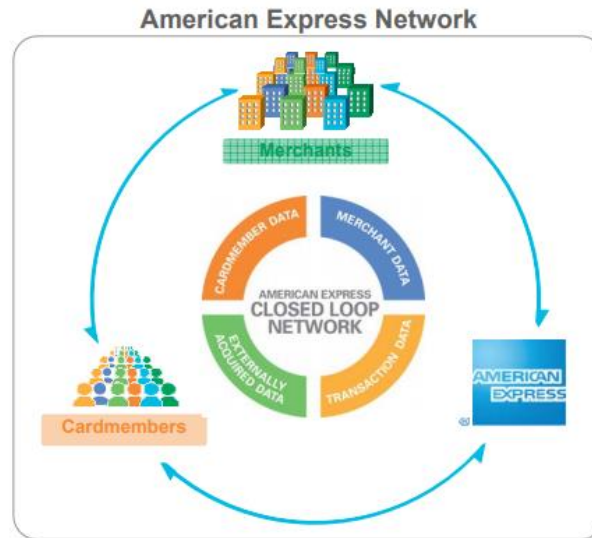
Reported Operating Segments

- Global Consumer Services Group (GCSG)
 - Issues wide range of proprietary consumer cards
 - Provides consumers with travel services and non-card financing products
 - Manages international joint ventures & partnership agreements in China
- Global Commercial Services (GCS)
 - Issues wide range of proprietary corporate and small business cards
 - Provides payment and expense management services
 - Provides commercial financing products
- Global Merchant & Network Services (GMNS)
 - Processes and settles card transactions
 - Acquires merchants and provides multi-channel marketing programs
 - Manages partnership relationship with third-party card issuers, merchant acquirers
 - Manages loyalty coalition business



Business Model

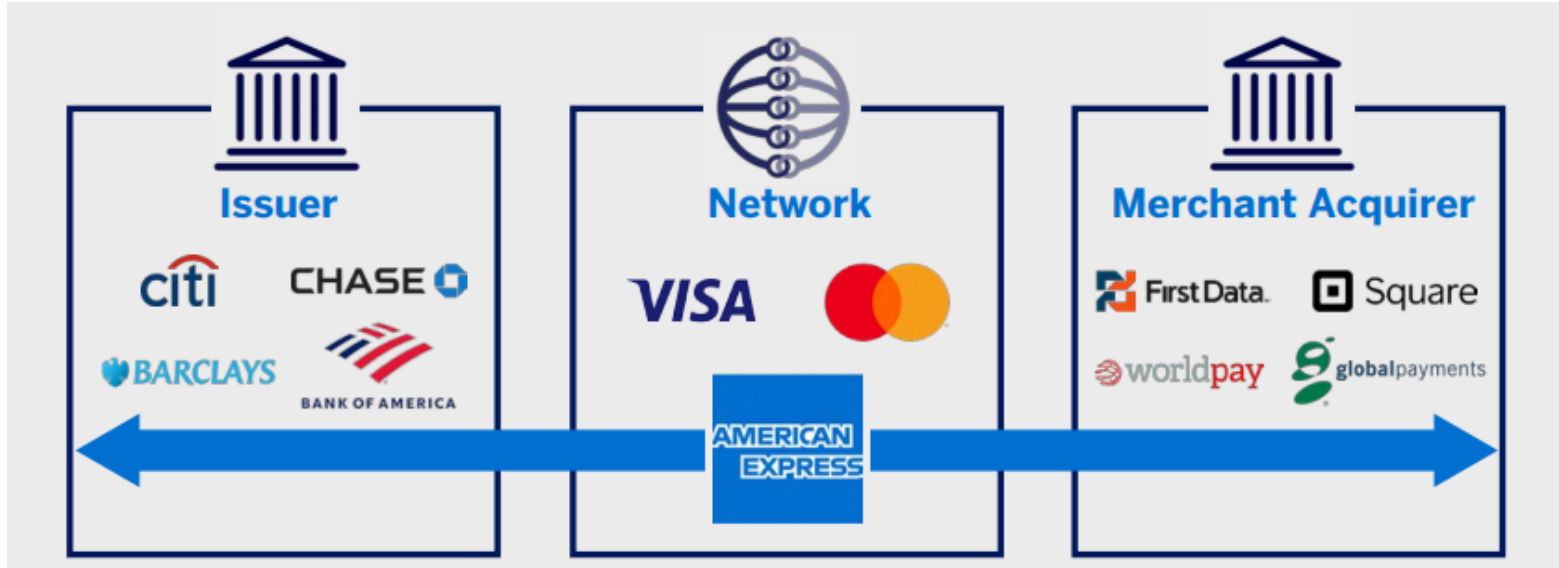
- Integrated End-to-End, Payments Platform operating a closed-loop network
- Spend-centric business model that focuses primarily on increasing customer spend per transaction



Closed loop with data flow from all parties



Competitors



Executive Team



Doug Buckminster, *Group President, Global Consumer Services*

Past Experience:

- President, Global Consumer Services Group since October 2015
- President, Global Network and International Card Services since February 2012
- President, International Consumer and Small Business Services since November 2009
- Executive Vice President, International Consumer Products and Marketing since July 2002



Anre Williams, *Group President, Global Merchant & Network Services*

Past Experience:

- President, Global Merchant Services and Loyalty since October 2015
- President of Global Merchant Services since November 2011
- President of Global Corporate Payments since June 2007
- Executive Vice President of U.S. Commercial Card from January 2004 through May 2007



Anna Marrs, *President, Global Commercial Services*

Past Experience:

- CEO of Commercial and Private Banking and Regional CEO for ASEAN and South Asia Standard Chartered
- Partner, Global Banking Practice London, McKinsey & Co



Executive Team



Denise Pickett, *President, Global Services Group*

Past Experience:

- Chief Risk Officer and President, Global Risk, Banking and Compliance since February 2018
- President, U.S. Consumer Services from October 2015 to February 2018
- President, American Express OPEN from February 2014 to October 2015
- Country Manager for American Express Canada and President and CEO of Amex Bank of Canada.



Raymond Joabar, *Chief Risk Officer and President, Global Risk, Banking & Compliance*

Past Experience:

- President, International Consumer Services and Global Travel and Lifestyle Services from February 2018 to September 2019
- Executive Vice President, Global Servicing Network from February 2016 to January 2018



Mohammed Badi, *Chief Strategy Officer*

Past Experience:

- Senior Partner & Managing Director, Payments & Transaction Banking Practice, The Boston Consulting Group (BCG)
- Ph.D. in Electrical Engineering at Stanford University



Executive Team



Jeffrey C. Campbell, *Executive Vice President and Chief Financial Officer*

Past Experience:

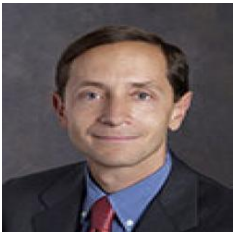
- Executive Vice President and Chief Financial Officer, McKesson Corporation
- Chief Financial Officer, American Airlines, subsidiary of AMR Corporation
- A.B. degree in Economics from Stanford University and an M.B.A. from Harvard University.



Alan Gallo, *Executive Vice President, Internal Audit Group and Chief Audit Executive*

Past Experience:

- Executive Vice President, Global Business Services from January 2018 to May 2019
- Executive Vice President, Enterprise Strategic Initiatives from January 2015 to December 2017



Marc D. Gordon, *Executive Vice President and Chief Information Officer*

Past Experience:

- Enterprise Chief Information Officer, Bank of America
- Chief Technology Officer, Global Delivery Operation at Bank of America, May 2008 until November 2011
- Chief Information Officer, Global Consumer Bank at Bank of America, September 2004 until April 2008



Executive Team



Monique R. Herena, *Chief Human Resources Officer*

Past Experience:

- Chief Human Resources Officer and Senior Executive Vice President, Human Resources, Marketing and Communications, BNY Mellon
- Senior Vice President of Human Resources and Chief Human Resources Officer, PepsiCo Global Groups, Functions and Corporate



Elizabeth Rutledge, *Chief Marketing Officer*

Past Experience:

- Executive Vice President, Global Advertising & Media since February 2016
- Executive Vice President, Card Products & Benefits from May 2013 to February 2016
- Executive Vice President, Global Network Marketing & Information from September 2011 to until May 2013



Lauren E. Seeger, *Executive Vice President and General Counsel*

Past Experience:

- Executive Vice President, General Counsel and Chief Compliance Officer, McKesson Corporation
- Commercial Litigation Partner, Morris, Manning & Martin, LLP.
- Commercial Litigation Associate, Jones, Day, Reavis and Pogue.



Board Analysis – ESG Ratings

Environment, Social and Governance (ESG) Ratings ②

Total ESG score

59 | 69th percentile

Average Performer

Environment

55 | 73rd percentile

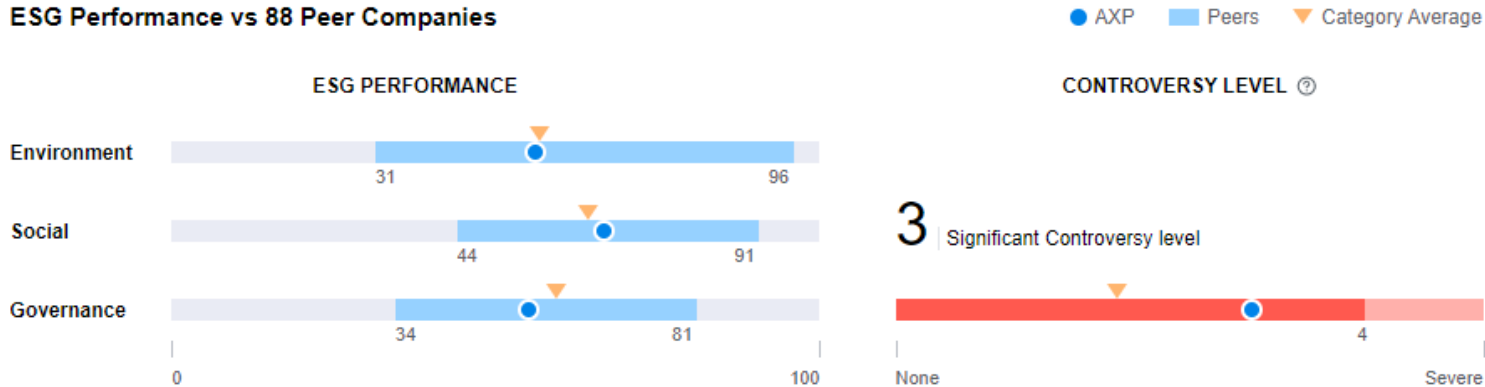
Social

66 | 72nd percentile

Governance

55 | 58th percentile

ESG Performance vs 88 Peer Companies

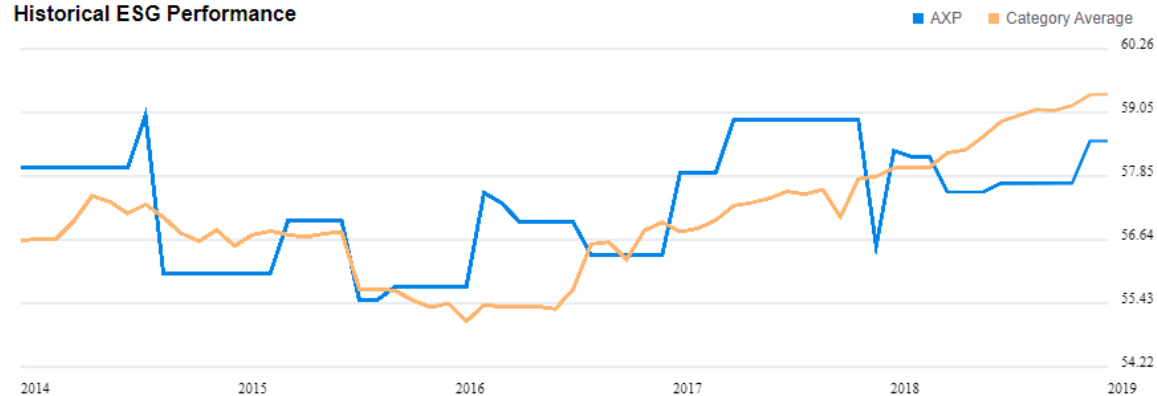


ESG data provided by Sustainalytics, Inc. Last updated on 10/2019



ESG History

Historical ESG Performance



Environment



Social



Governance



Share Ownership Analysis

Ownership Summary

Institutional Ownership	86.82 %
Total Shares Outstanding (millions)	818
Total Value of Holdings (millions)	\$84,017



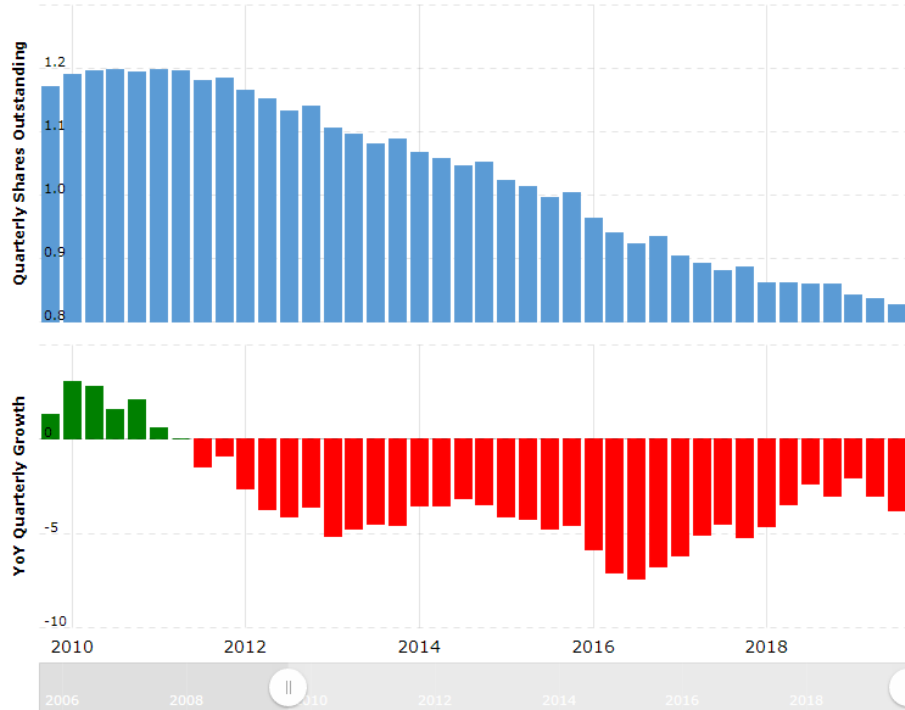
Top 10 Largest Shareholder

Stockholder	Stake	Shares owned	Total value (\$)
Berkshire Hathaway, Inc. (Investm...	18.27%	151,610,700	17,932,513,596
The Vanguard Group, Inc.	5.92%	49,123,351	5,810,309,956
SSgA Funds Management, Inc.	4.36%	36,142,341	4,274,916,093
BlackRock Fund Advisors	3.57%	29,620,636	3,503,528,826
Fidelity Management & Research Co...	3.48%	28,857,898	3,413,312,175
Wellington Management Co. LLP	2.47%	20,460,085	2,420,018,854
Dodge & Cox	2.31%	19,181,129	2,268,743,938
Fisher Asset Management LLC	1.37%	11,352,692	1,342,796,410
Massachusetts Financial Services ...	1.31%	10,875,628	1,286,369,280
Barrow, Hanley, Mewhinney & Strau...	1.22%	10,119,136	1,196,891,406



Shares Outstanding

From: 12/31/2009 To: 10/01/2019 Zoom: 1Y 2Y 3Y 5Y All



Financial Analysis



2018 Revenue Stream

Revenue Breakdown			
FY 2018 (Fx Adjusted)	Growth YOY	Contribution to growth	% of Total
Discount Revenue	8%	5%	61%
Net Card Fees	12%	1%	9%
Other Revenue	1%	0%	11%
Spend & Fee Revenue	8%	6%	81%
Net Interest Income	19%	3%	19%
Total Revenue	10%	10%	100%

- 61% of total revenue is derived from **discount revenue**, the fee charged to merchants for accepting AMEX cards
- 9% of total revenue is derived from **net card fees**, primarily driven by growth in Platinum, Delta and Gold portfolios
- 11% of total revenue is classified as **Other Revenue**, which consists of delinquency fees, foreign exchange conversion revenue, as well as joint-venture revenues
- 19% of total revenue is derived from **Net Interest Income**, which includes card member loans



2018 Revenue Stream by Geographic Regions

(Millions)	United States		EMEA ^(a)		JAPA ^(a)		LACC ^(a)		Other Unallocated ^(b)	Consolidated		
2018												
Total revenues net of interest expense	\$	29,864	\$	4,419	\$	3,656	\$	2,584	\$	(185)	\$	40,338
Pretax income (loss) from continuing operations		6,696		1,212		764		782		(1,332)		8,122
2017												
Total revenues net of interest expense	\$	27,187	\$	3,927	\$	3,464	\$	2,505	\$	(205)	\$	36,878
Pretax income (loss) from continuing operations		6,412		1,150		763		806		(1,706)		7,425
2016												
Total revenues net of interest expense	\$	26,339	\$	3,570	\$	3,275	\$	2,360	\$	(106)	\$	35,438
Pretax income (loss) from continuing operations		7,943		698		556		635		(1,790)		8,042

(a) EMEA represents Europe, the Middle East and Africa; JAPA represents Japan, Asia/Pacific and Australia; and LACC represents Latin America, Canada and the Caribbean.

(b) Other Unallocated includes net costs which are not directly allocable to specific geographic regions, including costs related to the net negative interest spread on excess liquidity funding and executive office operations expenses.



2018 Global Consumer Services Group (GCSG) Segmented Results

Years Ended December 31, (Millions, except percentages)	2018	2017	2016	Change 2018 vs. 2017	
Revenues					
Non-interest revenues	\$ 14,675	\$ 13,378	\$ 12,993	\$ 1,297	10 %
Interest income	8,323	6,789	6,005	1,534	23
Interest expense	1,542	1,047	828	495	47
Net interest income	6,781	5,742	5,177	1,039	18
Total revenues net of interest expense	21,456	19,120	18,170	2,336	12
Provisions for losses	2,430	1,996	1,390	434	22
Total revenues net of interest expense after provisions for losses	19,026	17,124	16,780	1,902	11
Expenses					
Marketing, business development, rewards and Card Member services	10,774	9,233	8,714	1,541	17
Salaries and employee benefits and other operating expenses	4,538	4,246	3,558	292	7
Total expenses	15,312	13,479	12,272	1,833	14
Pretax segment income	3,714	3,645	4,508	69	2
Income tax provision	637	1,053	1,469	(416)	(40)
Segment income	\$ 3,077	\$ 2,592	\$ 3,039	\$ 485	19 %
Effective tax rate	17.2%	28.9%	32.6%		



VISA



2018 Global Consumer Commercial Services (GCS) Segmented Results

Years Ended December 31, (Millions, except percentages)	2018	2017	2016	Change 2018 vs. 2017	
Revenues					
Non-interest revenues	\$ 11,882	\$ 10,942	\$ 10,373	\$ 940	9 %
Interest income	1,621	1,361	1,209	260	19
Interest expense	827	595	472	232	39
Net interest income	794	766	737	28	4
Total revenues net of interest expense	12,676	11,708	11,110	968	8
Provisions for losses	899	743	604	156	21
Total revenues net of interest expense after provisions for losses	11,777	10,965	10,506	812	7
Expenses					
Marketing, business development, rewards and Card Member services	5,853	5,311	4,866	542	10
Salaries and employee benefits and other operating expenses	3,029	2,811	2,707	218	8
Total expenses	8,882	8,122	7,573	760	9
Pretax segment income	2,895	2,843	2,933	52	2
Income tax provision	555	914	1,032	(359)	(39)
Segment income	\$ 2,340	\$ 1,929	\$ 1,901	\$ 411	21 %
Effective tax rate	19.2 %	32.1 %	35.2 %		



2018 Global Merchant & Network Services (GMNS) Segmented Results

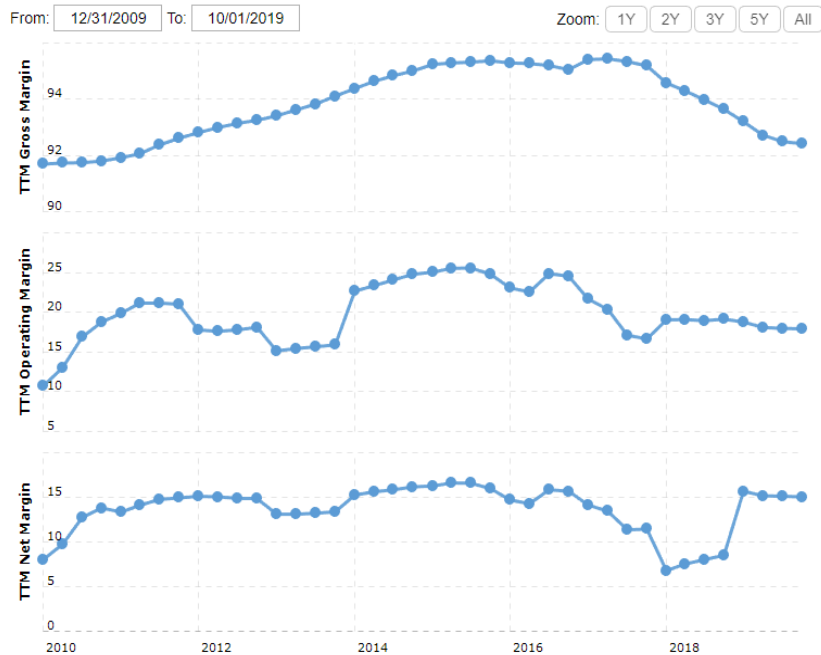
Years Ended December 31, (Millions, except percentages and where indicated)	2018	2017	2016	Change 2018 vs. 2017	
Revenues					
Non-interest revenues	\$ 6,069	\$ 6,025	\$ 6,093	\$ 44	1 %
Interest income	30	42	37	(12)	(29)
Interest expense	(294)	(188)	(133)	(106)	56
Net interest income	324	230	170	94	41
Total revenues net of interest expense	6,393	6,255	6,263	138	2
Provisions for losses	22	16	24	6	38
Total revenues net of interest expense after provisions for losses	6,371	6,239	6,239	132	2
Expenses					
Marketing, business development, rewards and Card Member services	1,250	1,227	1,549	23	2
Salaries and employee benefits and other operating expenses	2,277	2,367	2,299	(90)	(4)
Total expenses	3,527	3,594	3,848	(67)	(2)
Pretax segment income	2,844	2,645	2,391	199	8
Income tax provision	704	857	861	(153)	(18)
Segment income	\$ 2,140	\$ 1,788	\$ 1,530	\$ 352	20
Effective tax rate	24.8%	32.4%	36.0%		



VISA



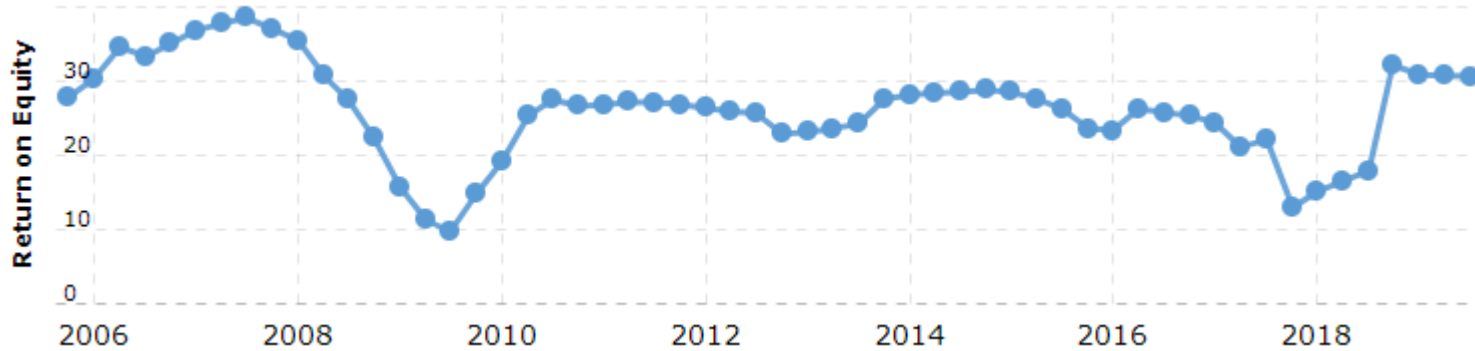
Margin Analysis



- Gross Margin, Operating Margin has decreased slightly since 2016
- Net Profit Margin decreased in 2018 following the Tax Cut and Jobs Act, primarily driven by a \$2.6bn tax-related charge, including taxes on deemed repatriations of overseas earnings



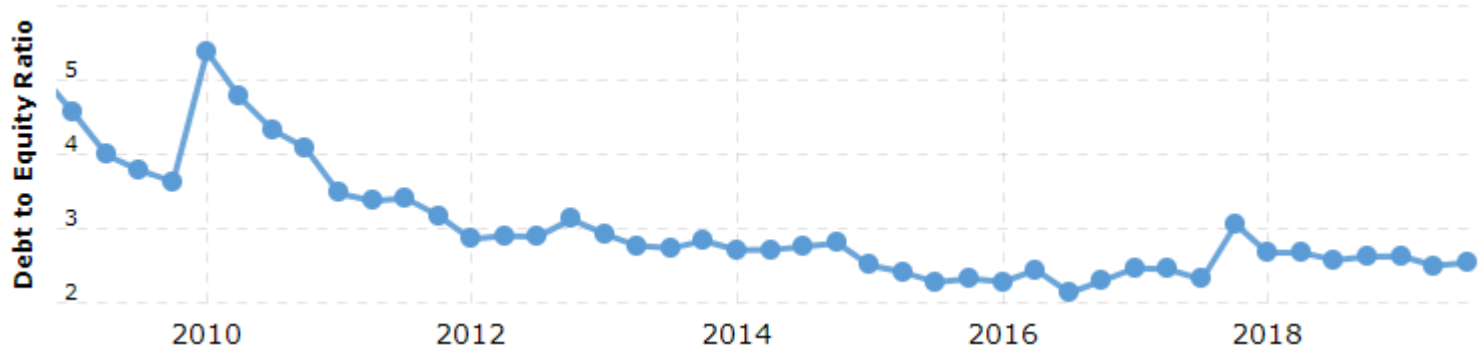
Profitability Analysis



- ROE has been stable over the years post-2008 financial crisis



Financial Leverage & Liquidity Analysis



- Debt-to-Equity ratio has been relatively stable over the past 5 years, and have halved since the peak in 2010



Financial Leverage & Liquidity Analysis

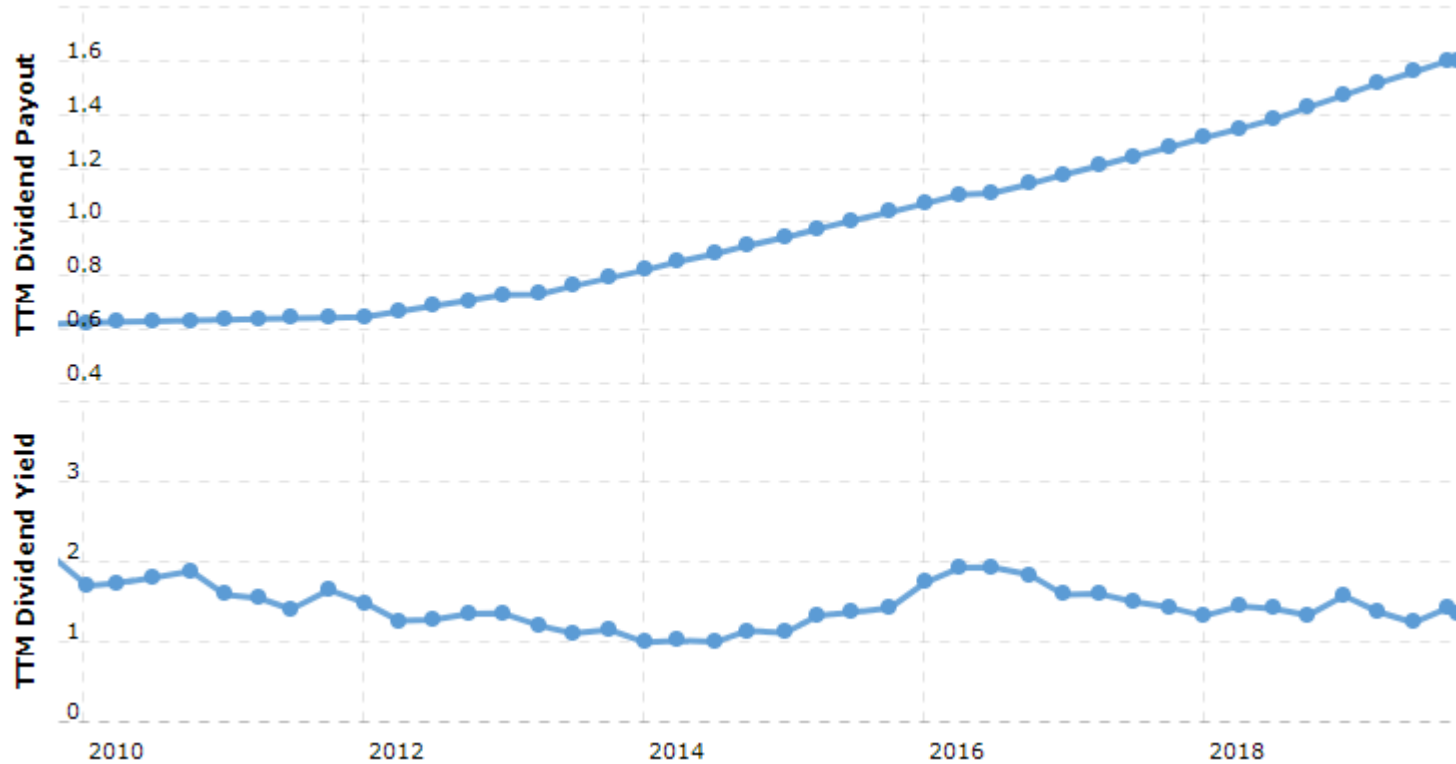
TABLE 21: COMMITTED FUTURE OBLIGATIONS BY YEAR

(Millions)	Payments due by year ^(a)				
	2019	2020-2021	2022-2023	2024 and thereafter	Total
Long-term debt	\$ 11,315	\$ 27,342	\$ 14,611	\$ 6,284	\$ 59,552
Interest payments on long-term debt ^(b)	1,661	2,157	1,002	1,450	6,270
Certificates of deposit	4,748	6,159	2,595	—	13,502
Other long-term liabilities ^{(c) (d)}	295	61	6	17	379
Operating lease obligations	140	213	143	832	1,328
Purchase obligations ^(e)	384	310	26	4	724
Deemed repatriation tax ^(f)	148	268	268	1,005	1,689
Total	\$ 18,691	\$ 36,510	\$ 18,651	\$ 9,592	\$ 83,444

- Spike in long term debt repayment due in year of 2020-2021



Dividend Payout



Balance Sheet: 10K (Asset)

December 31 <i>(Millions, except share data)</i>	2018	2017
Assets		
Cash and cash equivalents		
Cash and due from banks	\$ 3,253	\$ 5,148
Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2018, \$64; 2017, \$48)	24,026	27,709
Short-term investment securities	166	70
Total cash and cash equivalents	27,445	32,927
Accounts receivable		
Card Member receivables (includes gross receivables available to settle obligations of a consolidated variable interest entity: 2018, \$8,539; 2017, \$8,919), less reserves: 2018, \$573; 2017, \$521	55,320	53,526
Other receivables, less reserves: 2018, \$25; 2017, \$31	2,907	3,209
Loans		
Card Member loans (includes gross loans available to settle obligations of a consolidated variable interest entity: 2018, \$33,194; 2017, \$25,695), less reserves: 2018, \$2,134; 2017, \$1,706	79,720	71,693
Other loans, less reserves: 2018, \$124; 2017, \$80	3,676	2,607
Investment securities	4,647	3,159
Premises and equipment, less accumulated depreciation and amortization: 2018, \$6,015; 2017, \$5,455	4,416	4,329
Other assets (includes restricted cash of consolidated variable interest entities: 2018, \$70; 2017, \$62)	10,471	9,746
Total assets	\$ 188,602	\$ 181,196



Balance Sheet: 10K (Liability)

Liabilities

Customer deposits	\$ 69,960	\$ 64,452
Travelers Cheques and other prepaid products	2,295	2,555
Accounts payable	12,255	14,657
Short-term borrowings	3,100	3,278
Long-term debt (includes debt issued by consolidated variable interest entities: 2018, \$19,509; 2017, \$18,560)	58,423	55,804
Other liabilities	20,279	22,189
Total liabilities	\$ 166,312	\$ 162,935



Balance Sheet: 10K (Equity)

Shareholders' Equity

Preferred shares, \$1.66^{2/3} par value, authorized 20 million shares; issued and outstanding 1,600 shares as of December 31, 2018 and 2017 (Note 17)

—

—

Common shares, \$0.20 par value, authorized 3.6 billion shares; issued and outstanding 847 million shares as of December 31, 2018 and 859 million shares as of December 31, 2017

170

172

Additional paid-in capital

12,218

12,210

Retained earnings

12,499

8,307

Accumulated other comprehensive loss

Net unrealized securities losses, net of tax of: 2018, \$(1); 2017, \$1

(8)

—

Foreign currency translation adjustments, net of tax of: 2018, \$(300); 2017, \$(363)

(2,133)

(1,961)

Net unrealized pension and other postretirement benefits, net of tax of: 2018, \$(170); 2017, \$(179)

(456)

(467)

Total accumulated other comprehensive loss

(2,597)

(2,428)

Total shareholders' equity

22,290

18,261



Balance Sheet: 10Q (Asset)

<i>(Millions, except share data)</i>	September 30, 2019	December 31, 2018
Assets		
Cash and cash equivalents		
Cash and due from banks	\$ 3,169	\$ 3,253
Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2019, \$31; 2018, \$64)	21,081	24,026
Short-term investment securities	16	166
Total cash and cash equivalents	24,266	27,445
Accounts receivable		
Card Member receivables (includes gross receivables available to settle obligations of a consolidated variable interest entity: 2019, \$7,492; 2018, \$8,539), less reserves: 2019, \$615; 2018, \$573	56,010	55,320
Other receivables, less reserves: 2019, \$22; 2018, \$25	2,846	2,907
Loans		
Card Member loans (includes gross loans available to settle obligations of a consolidated variable interest entity: 2019, \$31,144; 2018, \$33,194), less reserves: 2019, \$2,232; 2018, \$2,134	81,423	79,720
Other loans, less reserves: 2019, \$140; 2018, \$124	4,340	3,676
Investment securities	8,445	4,647
Premises and equipment, less accumulated depreciation and amortization: 2019, \$6,681; 2018, \$6,015	4,715	4,416
Other assets (includes restricted cash of consolidated variable interest entities: 2019, \$708; 2018, \$70)	12,139	10,471
Total assets	\$ 194,184	\$ 188,602



Balance Sheet: 10Q (Liability)

Liabilities

Customer deposits	\$ 73,298	\$ 69,960
Travelers Cheques and other prepaid products	1,864	2,295
Accounts payable	12,866	12,255
Short-term borrowings	2,818	3,100
Long-term debt (includes debt issued by consolidated variable interest entities: 2019, \$20,235; 2018, \$19,509)	58,474	58,423
Other liabilities	21,839	20,279
Total liabilities	\$ 171,159	\$ 166,312



Balance Sheet: 10Q (Equity)

Shareholders' Equity

Preferred shares, \$1.66 ^{2/3} par value, authorized 20 million shares; issued and outstanding 1,600 shares as of September 30, 2019 and December 31, 2018	—	—
Common shares, \$0.20 par value, authorized 3.6 billion shares; issued and outstanding 821 million shares as of September 30, 2019 and 847 million shares as of December 31, 2018	165	170
Additional paid-in capital	11,869	12,218
Retained earnings	13,652	12,499
Accumulated other comprehensive loss		
Net unrealized debt securities gains (losses), net of tax of: 2019, \$13; 2018, \$(1)	38	(8)
Foreign currency translation adjustments, net of tax of: 2019, \$(266); 2018, \$(300)	(2,220)	(2,133)
Net unrealized pension and other postretirement benefits, net of tax of: 2019, \$(175); 2018, \$(170)	(479)	(456)
Total accumulated other comprehensive loss	(2,661)	(2,597)
Total shareholders' equity	23,025	22,290



Income Statement: 10K

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31 (Millions, except per share amounts)	2018	2017	2016
Revenues			
Non-interest revenues			
Discount revenue	\$ 24,721	\$ 22,890	\$ 22,377
Net card fees	3,441	3,090	2,886
Other fees and commissions	3,153	2,990	2,718
Other	1,360	1,457	1,678
Total non-interest revenues	32,675	30,427	29,659
Interest income			
Interest on loans	9,941	8,148	7,214
Interest and dividends on investment securities	118	89	131
Deposits with banks and other	547	326	139
Total interest income	10,606	8,563	7,484
Interest expense			
Deposits	1,287	779	598
Long-term debt and other	1,656	1,333	1,107
Total interest expense	2,943	2,112	1,705
Net interest income	7,663	6,451	5,779
Total revenues net of interest expense	40,338	36,878	35,438
Provisions for losses			
Charge card	937	795	696
Card Member loans	2,266	1,868	1,235
Other	149	97	96
Total provisions for losses	3,352	2,760	2,027
Total revenues net of interest expense after provisions for losses	36,986	34,118	33,411
Expenses			
Marketing and business development	6,470	5,722	6,249
Card Member rewards	9,696	8,687	7,819
Card Member services	1,777	1,392	1,100
Salaries and employee benefits	5,250	5,258	5,259
Other, net	5,671	5,634	4,942
Total expenses	28,864	26,693	25,369
Pretax income	8,122	7,425	8,042
Income tax provision	1,201	4,677	2,667
Net income	\$ 6,921	\$ 2,748	\$ 5,375
Earnings per Common Share — (Note 22)^(a)			
Basic	\$ 7.93	\$ 3.00	\$ 5.63
Diluted	\$ 7.91	\$ 2.99	\$ 5.61
Average common shares outstanding for earnings per common share:			
Basic	856	883	933
Diluted	859	886	935



Income Statement: 10W

AMERICAN EXPRESS COMPANY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Nine Months Ended September 30 (Millions, except per share amounts)	2019	2018
Revenues		
Non-interest revenues		
Discount revenue	\$ 19,338	\$ 18,264
Net card fees	2,965	2,544
Other fees and commissions	2,465	2,365
Other	1,087	1,060
Total non-interest revenues	25,855	24,233
Interest income		
Interest on loans	8,374	7,267
Interest and dividends on investment securities	138	83
Deposits with banks and other	487	390
Total interest income	8,999	7,740
Interest expense		
Deposits	1,206	910
Long-term debt and other	1,457	1,199
Total interest expense	2,663	2,109
Net interest income	6,336	5,631
Total revenues net of interest expense	32,191	29,864
Provisions for losses		
Charge card	715	701
Card Member loans	1,732	1,587
Other	102	110
Total provisions for losses	2,549	2,398
Total revenues net of interest expense after provisions for losses	29,642	27,466
Expenses		
Marketing and business development	5,164	4,650
Card Member rewards	7,717	7,180
Card Member services	1,671	1,282
Salaries and employee benefits	4,288	3,956
Other, net	4,359	4,107
Total expenses	23,199	21,175
Pretax income	6,443	6,291
Income tax provision	1,377	1,380
Net income	\$ 5,066	\$ 4,911
Earnings per Common Share (Note 14): ^(a)		
Basic	\$ 5.97	\$ 5.60
Diluted	\$ 5.95	\$ 5.59
Average common shares outstanding for earnings per common share:		
Basic	833	859
Diluted	835	861



VISA



Cash Flow Statement: 10K (Operating)

Years Ended December 31 (Millions)	2018	2017	2016
Cash Flows from Operating Activities			
Net income	\$ 6,921	\$ 2,748	\$ 5,375
Adjustments to reconcile net income to net cash provided by operating activities:			
Provisions for losses	3,352	2,760	2,027
Depreciation and amortization	1,293	1,321	1,095
Deferred taxes and other	455	782	(1,066)
Stock-based compensation	283	282	251
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Other receivables	248	475	(332)
Other assets	743	(77)	206
Accounts payable and other liabilities	(4,121)	5,506	1,180
Travelers Cheques and other prepaid products	(244)	(257)	(448)
Net cash provided by operating activities	8,930	13,540	8,291



Cash Flow Statement: 10K (Investing)

Cash Flows from Investing Activities

Sales of available-for-sale investment securities	4	2	88
Maturities and redemptions of available-for-sale investment securities	3,499	2,494	2,429
Sales of other investments	—	—	10
Purchases of investments	(5,434)	(2,612)	(2,162)
Net (increase) decrease in Card Member loans and receivables, including held for sale ^(a)	(15,854)	(16,853)	3,220
Purchase of premises and equipment, net of sales: 2018, \$1; 2017, \$1; 2016, \$2	(1,310)	(1,062)	(1,375)
Acquisitions/dispositions, net of cash acquired	(520)	(211)	(487)
Net cash (used in) provided by investing activities	(19,615)	(18,242)	1,723

Cash Flows from Financing Activities



Cash Flow Statement: 10K (Financing)

Cash Flows from Financing Activities

Net increase (decrease) in customer deposits	5,542	11,385	(1,935)
Net (decrease) increase in short-term borrowings	(148)	(2,300)	888
Proceeds from long-term borrowings	21,524	32,764	8,824
Payments of long-term borrowings	(18,895)	(24,082)	(9,848)
Issuance of American Express common shares	87	129	177
Repurchase of American Express common shares and other	(1,685)	(4,400)	(4,498)
Dividends paid	(1,324)	(1,251)	(1,207)
Net cash provided by (used in) financing activities	5,101	12,245	(7,599)
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	129	226	(160)
Net (decrease) increase in cash, cash equivalents and restricted cash	(5,455)	7,769	2,255
Cash, cash equivalents and restricted cash at beginning of year	33,263	25,494	23,239
Cash, cash equivalents and restricted cash at end of year	\$ 27,808	\$ 33,263	\$ 25,494



Cash Flow Statement: 10Q (Operating)

<i>Nine Months Ended September 30 (Millions)</i>	2019	2018
Cash Flows from Operating Activities		
Net income	\$ 5,066	\$ 4,911
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for losses	2,549	2,398
Depreciation and amortization	883	1,007
Deferred taxes and other	619	(347)
Stock-based compensation	217	230
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Other receivables	21	(88)
Other assets	(64)	418
Accounts payable and other liabilities	1,578	2,133
Travelers Cheques and other prepaid products	(433)	(480)
Net cash provided by operating activities	10,436	10,182



Cash Flow Statement: 10Q (Investing)

Cash Flows from Investing Activities

Maturities and redemptions of investment securities	5,072	1,871
Purchases of investments	(8,917)	(5,198)
Net increase in Card Member loans and receivables, and other loans	(6,071)	(9,461)
Purchase of premises and equipment, net of sales: 2019, \$41; 2018, \$1	(1,214)	(871)
Acquisitions/dispositions, net of cash acquired	(270)	(512)
Other investing activities	148	—
Net cash used in investing activities	(11,252)	(14,171)



Cash Flow Statement: 10Q (Financing)

Cash Flows from Financing Activities

Net increase in customer deposits	3,346	4,876
Net decrease in short-term borrowings	(285)	(969)
Proceeds from long-term borrowings	12,710	17,035
Payments of long-term borrowings	(13,279)	(17,262)
Issuance of American Express common shares	77	68
Repurchase of American Express common shares and other	(3,463)	(917)
Dividends paid	(1,048)	(970)
Net cash (used in) provided by financing activities	(1,942)	1,861
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	304	127
Net decrease in cash, cash equivalents and restricted cash	(2,454)	(2,001)
Cash, cash equivalents and restricted cash at beginning of period	27,808	33,263
Cash, cash equivalents and restricted cash at end of period	\$ 25,354	\$ 31,262



Valuation/Investment Case



Valuation Snapshot

Valuation

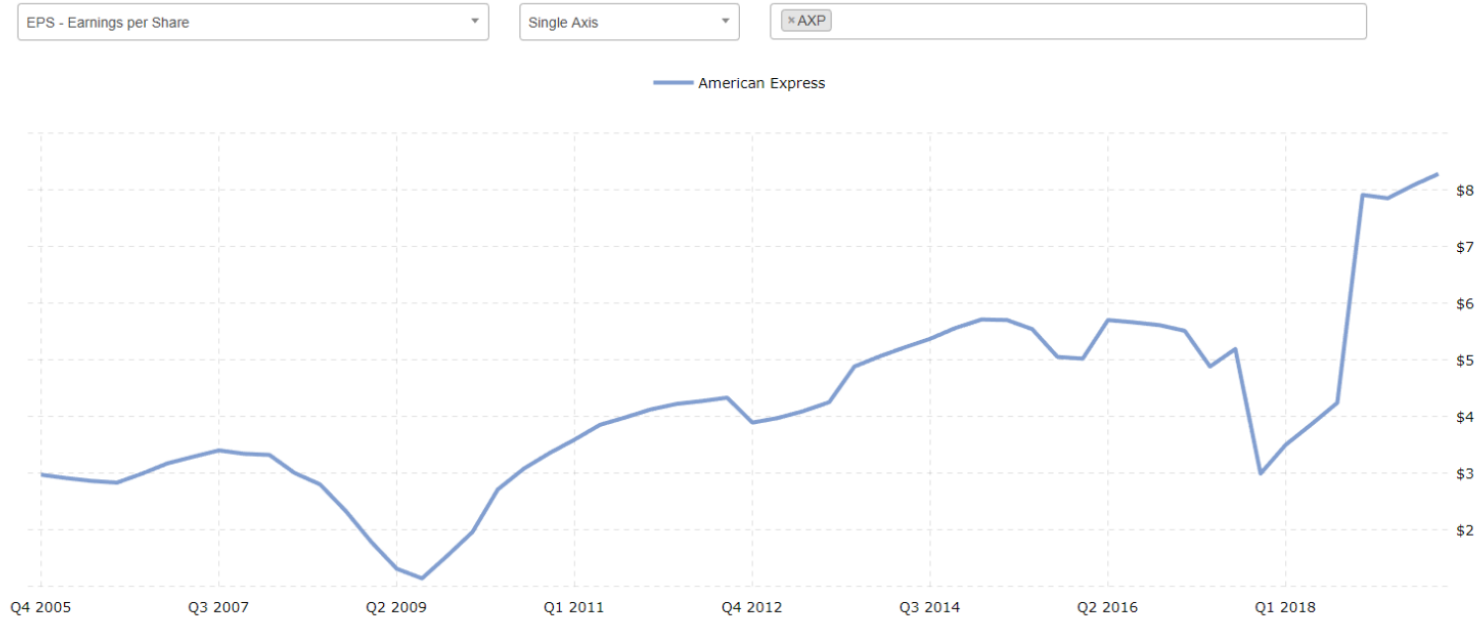
P/E Current	15.01
P/E Ratio (with extraordinary items)	14.12
P/E Ratio (without extraordinary items)	12.06
Price to Sales Ratio	1.89
Price to Book Ratio	3.62
Price to Cash Flow Ratio	9.17
Enterprise Value to EBITDA	12.96
Enterprise Value to Sales	2.83
Total Debt to Enterprise Value	0.53

PE Ratio (TTM) Range, Past 5 Years

Minimum	10.16	Feb 11 2016
Maximum	34.81	Feb 26 2018
Average	17.07	



EPS from 2006 to 2019



P/E Ratio



VISA



Investment Case

The rapidly changing payments landscape features an array of attractive opportunities

Secular shift
from cash &
checks

Growth in
e-commerce &
mobile
payments



Digitization



Automation



Big Data

**Global Payments
Industry Opportunity**

17%

Projected global
digital commerce growth
through 2021*

10%

Projected consumer
spend growth
through 2022**

10%

Projected U.S. B2B e-commerce
growth through 2023***

* "Global Payments 2018," McKinsey. ** Based on forecasted constant currency purchase volume CAGR over period, Bernstein, 2018, excludes China.

*** Forrester Research: U.S. B2B E-commerce will hit \$1.8T by 2023.



VISA



Investment Case

Apple



**Seamless access to
global Card Member
base**

PayPal



**Unlock \$8B MR points
bank to millions of
merchants**

a



**Access the
SME customer base
and automate
capabilities**



VISA

**AMERICAN
EXPRESS**

Investment Case

Apple

- Key merchant for Card Member spend
- Popular mobile wallet for Card Members



Scaled Apple Pay enablement

Amex is present with Apple Pay in more countries than any other issuer

iTunes collaboration

Direct link to iTunes receipt details on Amex statement

Marketing campaigns & Amex Offers

Bring value to Card Members



Investment Case

PayPal

- Relevance with Millennials and Gen Z
- Leader in peer-to-peer payments



Peer-to-peer payments

Industry-first integration will enable eligible Card Members to send money to friends from the Amex app

Pay with Points

Eligible Card Members will be able to use Membership Rewards points at millions of PayPal merchants



VISA



Investment Case

We have an attractive, high-spending customer base...

110M+

Card Members
worldwide

3x

avg. annual spend,
Amex Card
Members vs.
competitor cards*

3x

more spend capacity for Amex's
US Small Business customers,
vs. competitor lines**

**...and there is an opportunity to
further deepen our relationships**

40-45%

of Consumer Card
Members' spend is on
Amex***

~20%

of Consumer Card
Members' card
borrowing is with
Amex***

<50%

of US SME customers
have an Amex
Consumer relationship

~70%

of SME customers
only have one
business product

* Nilson Report – February 2019. Average annual credit/charge spend per account, U.S. Amex Card Members vs. weighted avg. V/MA/DFS. ** November 2018 Amex US Small Business data for customers with over \$1MM annual revenue and more than \$500K in annual spend; Competitor lines based on Small Business Financial Exchange (SBFE) data from Dun & Bradstreet. *** Non-Amex credit & charge card spend/lend of active Amex consumer Card Members calculated from internal estimates of Card Member size of wallet capability.



VISA



Investment Case

Key Enablers

- Enhanced targeting
- Personalized offers
- Digital channel expansion

Consumer

1M+ Upgrades and cross-sells to US customers in 2018



PERSONAL LOANS

30%

*Spend growth when a customer takes an upgrade offer**

40%

*Spend growth when a customer takes a cross-sell offer**

Commercial

Upgrades and cross-sells driving incremental revenue

AMERICAN EXPRESS®
WORKING CAPITAL TERMS

43%

*Spend growth when US SME customers adopt AP automation***

>30%

*Spend growth through US SME field cross-sell offers and expansions****



VISA



Example of Cobrand Partnership



Benefits of Partnership

- 1M+ accounts acquired per year in 2017 and 2018
- Integration of Membership Rewards and Delta SkyMiles
- Links travel-focused premium customer base with leading airline



Differentiated Value Proposition

Unique Partnerships



First checked bag free. Lounge access.

FINE HOTELS & RESORTS

Average \$550 of value per hotel stay

Scalable Assets

THE CENTURION® LOUNGE

9 lounges with 5 new planned;
35%+ more usage in 2018



Concierge benefits

Experiential Access



Private suite on center court
and Platinum House access



Premium access at NBA events



VISA



Commercial Payment Offerings



Small & Medium Enterprises



Global & Large Accounts

Key Needs

- Easy-to-use services & tools
- Cash flow management
- Access to working capital
- Consistent global solutions
- Integrated payment tools
- Value-added insights

#1 Small Business
Issuer in the US*

#1 Commercial Card
Issuer Globally**

63% Relationships
with FORTUNE
Global 500®***

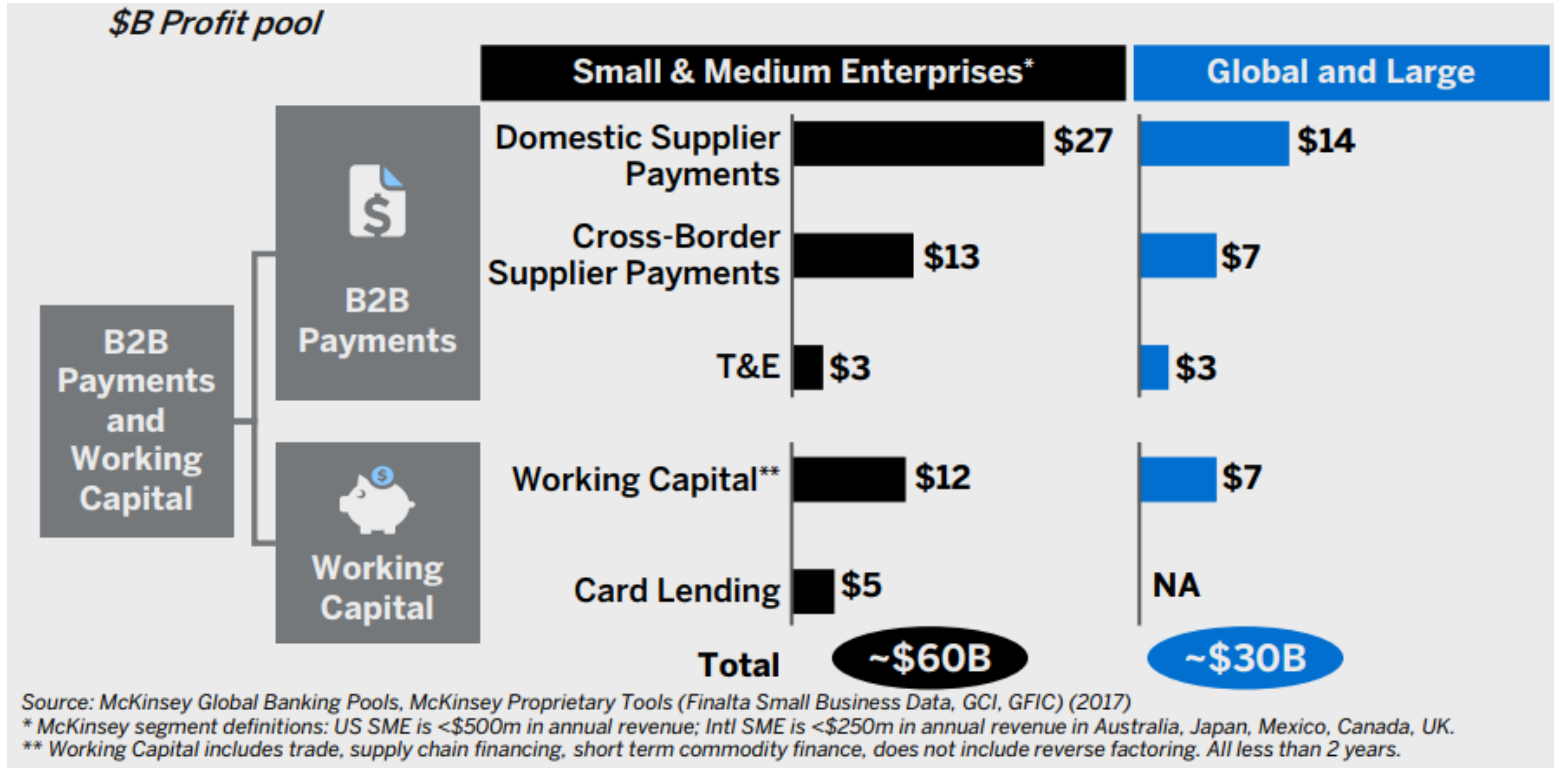
*The Nilson Report for non-AXP purchase volume in 2017; AXP based on internal data. **Source: Euromonitor International Limited; Consumer Finance 2019ed, by commercial credit and charge card payment value. ***As determined by an analysis conducted by American Express Global Commercial Services. FORTUNE® and FORTUNE Global 500® are trademarks of FORTUNE Media IP Limited and are used under license. FORTUNE® and FORTUNE Media IP Limited are not affiliated with, and do not endorse the products or services of, American Express.



VISA



Commercial Payment Opportunities



Commercial-Centric Partnership

Workplace



Travel



Commerce



Final Recommendation

- Poised to capitalize on the secular tailwind of the digitization of payments through strategic partnerships (Apple Pay, Venmo/Paypal)
- Differentiated premium offerings attracts more affluent customer base, which in turn increases resilience towards economic downturns
- Consistent EPS growth, current P/E (~14x-15x) trades slightly below last 5-year average P/E (~17x)

