Visa Inc.

Recommendation BUY ★★★★★

Price USD 235.75 (as of market close Jul 28, 2023)

12-Mo. Target Price USD 285.00

Report Currency USD

Investment Style Large-Cap Growth

Equity Analyst Alexander Yokum

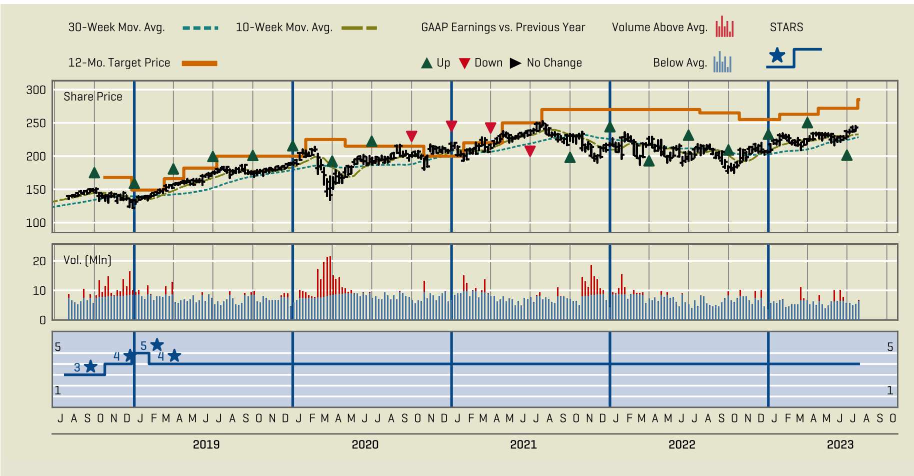
GICS Sector Financials
Sub-Industry Transaction and Payment Processing Services

Summary Visa is the world's largest enabler of electronic payments for consumers, merchants, and governments globally through its open-looped network.

Key Stock Statistics (Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports)

52-Wk Range	**USD 245.37 - 174.6**	Oper.EPS2023**E**	**USD 8.69**	Market Capitalization[B]	**USD 479.84**	Beta	**0.97**
Trailing 12-Month EPS	**USD 8.36**	Oper.EPS2024**E**	**USD 10.00**	Yield [%]	**0.76**	3-yr Proj. EPS CAGR[%]	**17**
Trailing 12-Month P/E	**28.2**	P/E on Oper.EPS2023**E**	**27.13**	Dividend Rate/Share	**USD 1.8**	SPGMI's Quality Ranking	**A+**
USD 10K Invested 5 Yrs Ago	**17,323.0**	Common Shares Outstg.[M]	**2,037.00**	Trailing 12-Month Dividend	**USD 1.8**	Institutional Ownership [%]	**77.0**

Price Performance



Source: CFRA, S&P Global Market Intelligence
Past performance is not an indication of future performance and should not be relied upon as such.
Analysis prepared by **Alexander Yokum** on Jul 26, 2023 11:23 AM ET, when the stock traded at **USD 235.97**.

Highlights

- We estimate net revenues will scale higher by ~9% in FY 23 (Sep.) and ~12% in FY 24. We expect growth to be driven by durable payment volumes as key growth engines (consumer payments, new flows, and value-added services) allow for sustained gains. Growing travel into the U.S. should also boost results as a weaker USD boosts tourism. Importantly, secular catalysts (i.e., displacement of cash through higher usage of digital payments) related to adjacent payment flows, such as the company's real-time solution, Visa Direct, have compounded solidly.
- We expect operating margins to come in at ~68% in FY 23 and ~69% in FY 24, from 68.0% in FY 22, aided by considerable scale and efficiencies. Visa's ability to manage costs without comprising future growth prospects remain wildly attractive; opex growth should remain controlled at high-single-digit levels, declining sequentially in 4Q 2023, allowing for incremental earnings upside.
- Visa remains a top-tier capital allocator, as its cash generative business allows for healthy returns via buybacks, dividends, and M&A. We expect the company to deliver FCF of nearly $18B in FY 23 and $20B+ in FY 24.

Investment Rationale/Risk

- Our rating is Buy. Visa's business model remains insulated from market crosscurrents (i.e., dimming macro picture and shifting consumer preferences), given its balanced exposure across payment categories allow the company to deliver sustainable revenue and earnings growth in a wide array of scenarios. Longer term, Visa's competitive position and scale should also lead to incremental operating leverage and high returns on capital, especially with its more recent foray into other tech-focused solutions (i.e., cyber, analytics, and dispute resolution) that can be layered onto core payment volumes to bolster transaction yields.
- Risks to our rating and target include macroeconomic deterioration that prompts a bigger tail-off in PCE than currently anticipated, adverse regulatory developments, and mainstream technological advancement that allows payments to be made on alternative networks.
- Our 12-month price target of $285 is 28.5x our FY 24 EPS estimate, near its closest payment network peer, Mastercard, but discounted to five-year historical averages. Shares recently yielded 0.8% and we note Visa has cut its S/O by 2.3% over the past year.

Analyst's Risk Assessment

LOW | **MEDIUM** | HIGH

Our risk assessment reflects Visa's formidable positioning as the world's largest payment network and high barriers to entry, leading to predictable free cash flow generation supported by the strong secular trend of growing payment volumes. This is partially counterbalanced by some cyclicality related to personal consumption expenditure (PCE) trends and ongoing regulatory scrutiny related to its competitive positioning.

Revenue/Earnings Data

Revenue (Million USD)

	1Q	2Q	3Q	4Q	Year
2024	**E** 8,837	**E** 8,856	**E** 9,087	**E** 9,686	**E** 36,466
2023	7,936	7,985	8,123	**E** 8,623	**E** 32,667
2022	7,059	7,189	7,275	7,787	29,899
2021	5,687	5,729	6,130	6,559	24,105
2020	6,054	5,854	4,837	5,101	21,846
2019	5,506	5,494	5,840	6,137	22,977

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2024	**E** 2.42	**E** 2.41	**E** 2.51	**E** 2.66	**E** 10.00
2023	2.18	2.09	2.16	**E** 2.26	**E** 8.69
2022	1.81	1.79	1.98	1.93	7.50
2021	1.42	1.38	1.49	1.62	5.91
2020	1.46	1.39	1.06	1.12	5.04
2019	1.30	1.31	1.37	1.47	5.44

Fiscal Year ended Sep 30. EPS Estimates based on CFRA's Operating Earnings; historical earnings are adjusted. In periods where a different currency has been reported, this has been adjusted to match the current quoted currency.

Dividend Data

Amount (USD)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.4500	Jul 25	Aug 10	Aug 11	Sep 01 '23
0.4500	Apr 25	May 11	May 12	Jun 01 '23
0.4500	Jan 26	Feb 09	Feb 10	Mar 01 '23
0.4500	Oct 25	Nov 09	Nov 11	Dec 01 '22

Dividends have been paid since 2008 . Source: Company reports

Past performance is not an indication of future performance and should not be relied as such.

Forecasts are not a reliable indicator of future performance.

Dividends paid in currencies other than the Trading currency have been accordingly converted for display purposes.

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Visa Inc.

Business Summary Jul 17, 2023

CORPORATE OVERVIEW. Visa Inc. (V) operates the world's largest retail electronic payments network, connecting consumers, businesses, banks, and governments in more than 200 countries and territories, enabling them to use digital currency instead of cash and checks.

Visa's core products include credit, debit, prepaid, and cash access programs. Its processing infrastructure, VisaNet, processes approximately 700 million transactions per day. Visa's customers include nearly 15,000 financial institutions that issue Visa-branded products and nearly 80 million merchant locations. There are over 4.1 billion Visa cards currently in circulation.

Importantly, Visa is not a financial institution. Visa does not issue cards, extend credit, or set rates and fees for account holders of Visa products nor does Visa earn revenues from, or bear credit risk with respect to, any of these activities.

Net revenues are divided between the following segments:

Service revenues (46% of mix in FY 22) reflect payments by customers (ultimately merchants) for their participation in card programs carrying V's brands. Also known as "assessment fees," these fees are primarily assessed as a percentage of payments volume.

Data processing revenues (49% of mix in FY 22) consist of fees charged to customers for providing transaction processing (authorization, clearing, and settlement) and other payment services, including processing services provided under V's bilateral services agreement with Visa Europe. Data processing revenue is dependent on the number of transactions processed rather than volume.

International transaction revenues (33% of mix in FY 22) are charged to customers on transactions where the issuer and the merchant are located in different countries.

Visa's other revenues (7% of mix in FY 22) consist mainly of value-added services, license fees for use of the Visa brand or technology and fees for account holder services, certification, and licensing.

Gross revenues are partially offset by volume and support incentives, which are paid to financial institutions and merchants to build payments volume, increase Visa product acceptance, and win merchant routing transactions over the Visa network. In essence, this is one way to solve the "chicken-and-egg" problem with networks, whereby people will refuse to use a network unless a sufficient number of other people are already on the network. This offset was approximately $10.3 billion or 35% of net revenues in FY 22.

CORPORATE STRATEGY. Visa's vision is "to uplift everyone, everywhere by being the best way to pay and be paid." Its mission "connects consumers, businesses, financial institutions, and governments in more than 200 countries and territories to fast, secure, and reliable electronic payments." Visa is focusing its growth efforts on the rapidly expanding market rather than trying to battle for market share.

The core growth driver for Visa is continued increases in personal consumption expenditures (PCE), which although can be cyclical with the general economy, has continued to grow at approximately two times the nominal GDP rate. The major secular driver is the decline in cash and check transactions around the world. While a well-known trend, the remaining runway and implications are huge, in our opinion. Visa estimates there is still $18 trillion in payment volume done through cash and checks globally.

Underpinning the shift away from cash and check includes e-commerce (still only 15% of total retail sales in the U.S.), accelerated uptake of e-wallets, and other alternative methods, like digital currencies. International growth will continue to be the major driver as non-cash transactions are estimated to grow at a compound annual growth rate of nearly 10% globally, according to the 2021 Capgemini World Payments Report.

COMPETITIVE LANDSCAPE. Visa competes against all forms of payment, including cash, checks, and other electronic networks such as Mastercard, American Express, Discover, JCB, and UnionPay. However, Visa is the clear leader among electronic payment networks with nearly double the volume, transactions, and cards compared to the next largest competitor, Mastercard. We see the threat of new entrants as relatively low in the near-term given supply-side economies of scale as well as the demand-side "network effects" (the more merchants that accept Visa, the more valuable the service to cardholders and vice-versa).

Besides the scale of its network, Visa's greatest asset is its brand as Visa is seen as one of the safest and most reliable ways to make payments. Advertising, marketing, and promotion totaled nearly $1.3 billion in FY 22 or 13% of total operating expenses.

IMPACT OF MAJOR DEVELOPMENTS. In January 2020, Visa announced it planned to acquire Plaid, a network that makes it easy for financial apps ("fintech") to connect to legacy financial institutions, for $5.3 billion funded by cash on hand and debt, and nearly double the proposed valuation at the time. The deal was later abandoned in January 2021, after the U.S. Department of Justice filed a permanent injunction citing competitive reasons.

On June 24, 2021, Visa signed a definitive agreement to acquire Tink AB (Tink), a European open banking platform that enables financial institutions, FinTechs, and merchants to build tailored financial management tools, products, and services for consumers, for a total purchase price of $2.2 billion in cash. Later, on July 22, 2021, the company also announced plans to acquire Currencycloud, a UK-based global platform that enables cross-border payments for $963 million in cash. The deal was later completed in December 2021.

FINANCIAL TRENDS. We see continued low double-digit revenue growth or higher continuing on the growth of worldwide payments and assuming Visa maintains its market share. Operating margins have steadily risen from the lows in 2008, but over the past five years, have settled into the mid-to-high 60% range, which we think is defensible over the near term, given Visa's competitive advantages and scale. Visa maintains a healthy balance sheet with net debt-to-EBITDA of approximately 0.2x, lower than peers, with an AA-/Aa3 credit rating from S&P/Moody's for its long-term debt.

Corporate information

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General Counsel
J. B. Rottenberg

Chief Financial Officer
V. M. Prabhu

President of Technology
R. Taneja

Executive Chairman
A. F. Kelly

Senior VP, Global Corporate Controller & Chief Accounting Officer
P. Andreski

President, CEO & Director
R. M. McInerney

Board Members

A. F. Kelly
D. M. Morrison
F. Fernandez Carbajal
J. F. Lundgren
K. R. Crawford
L. A. Carney
L. J. Rendle
M. G. Webb
P. Murphy
R. Abdurrahman
R. L. Laguarta
R. M. McInerney
T. L. List-Stoll

Domicile
Delaware

Founded
1958

Employees
26,500

Stockholders
N/A

Auditor
KPMG LLP - Klynveld Peat Marwick Goerdeler

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Visa Inc.

Quantitative Evaluations

Fair Value Rank

1 | 2 | 3 | 4 | 5

LOWEST — HIGHEST

Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation — **USD 244.68** — Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that V is undervalued by USD 8.93 or 3.79%

Volatility — LOW | AVERAGE | HIGH

Technical Evaluation — **BULLISH** — Since June, 2023, the technical indicators for V have been BULLISH"

Insider Activity — UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2022	2021	2020	2019
Price/Sales	12.95	20.22	20.35	17.01
Price/EBITDA	18.40	29.26	29.85	24.28
Price/Pretax Income	20.92	30.34	32.24	26.26
P/E Ratio	23.69	37.69	39.68	31.62
Avg. Diluted Shares Outstg. (M)	2,136.00	2,188.00	2,223.00	2,272.00

Figures based on fiscal year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years
Net Income	21.49	7.38	17.43
Sales	21.59	8.45	9.81
Ratio Analysis (Annual Avg.)			
Net Margin (%)	51.03	50.61	50.88
% LT Debt to Capitalization	34.86	34.42	33.73
Return on Equity (%)	40.88	34.97	34.19

Company Financials Fiscal year ending Sep 30

Per Share Data (USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tangible Book Value	-5.42	-4.86	-6.53	-6.67	-6.91	-7.33	-6.86	2.49	1.45	1.29
Free Cash Flow	8.58	6.84	4.55	5.50	5.46	3.75	2.12	2.52	2.66	0.98
Earnings	7.00	5.63	4.89	5.32	4.42	2.80	2.48	2.58	2.16	1.90
Earnings (Normalized)	7.50	5.91	5.04	5.44	4.61	3.48	2.84	2.62	2.27	1.90
Dividends	1.58	1.34	1.22	1.05	0.88	0.69	0.58	0.50	0.42	0.35
Payout Ratio (%)	21.41	22.73	24.52	18.78	18.62	23.57	22.53	18.60	18.50	17.35
Prices: High	236.96	252.67	217.35	187.05	150.64	106.84	83.79	76.92	58.88	50.22
Prices: Low	174.83	179.23	133.93	121.60	104.90	75.17	66.12	48.80	45.03	33.72
P/E Ratio: High	31.60	42.80	43.10	34.40	32.70	30.70	29.50	29.40	26.00	26.50
P/E Ratio: Low	23.30	30.30	26.60	22.40	22.80	21.60	23.30	18.60	19.90	17.80
Income Statement Analysis (Million USD)										
Revenue	29,310	24,105	21,846	22,977	20,609	18,358	15,082	13,880	12,702	11,778
Operating Income	19,760	15,851	14,125	15,438	13,604	12,362	10,024	9,078	8,150	7,242
Depreciation + Amortization	861.00	804.00	767.00	656.00	613.00	271.00	243.00	243.00	237.00	224.00
Interest Expense	538.00	513.00	516.00	533.00	612.00	563.00	427.00	3.00	8.00	N/A
Pretax Income	18,136	16,063	13,790	14,884	12,806	11,694	8,012	8,995	7,724	7,257
Effective Tax Rate	17.50	23.40	21.20	18.80	19.60	42.70	25.20	29.60	29.60	31.40
Net Income	14,957	12,311	10,866	12,080	10,301	6,699	5,991	6,328	5,438	4,980
Net Income (Normalized)	12,078	9,574	8,551	9,468	8,198	7,433	6,204	5,621	5,104	4,541
Balance Sheet and Other Financial Data (Million USD)										
Cash	18,522	18,512	20,041	12,074	11,709	13,356	8,938	6,015	3,950	4,255
Current Assets	30,205	27,607	27,645	20,970	18,216	19,023	14,313	10,021	9,562	7,822
Total Assets	85,501	82,896	80,919	72,574	69,225	67,977	64,035	39,367	38,569	35,956
Current Liabilities	20,853	15,739	14,510	13,415	11,305	9,994	8,046	5,355	6,006	4,335
Long Term Debt	20,522	19,978	21,071	16,729	16,630	16,618	15,882	N/A	N/A	N/A
Total Capital	58,873	59,140	60,850	51,413	50,636	51,127	48,794	29,842	27,413	26,870
Capital Expenditures	970.00	705.00	736.00	756.00	718.00	707.00	523.00	414.00	553.00	471.00
Cash from Operations	18,849	15,227	10,440	12,784	12,941	9,317	5,574	6,584	7,205	3,022
Current Ratio	1.45	1.75	1.91	1.56	1.61	1.90	1.78	1.87	1.59	1.80
% Long Term Debt of Capitalization	34.90	33.80	34.60	32.50	32.80	32.50	32.50	N/A	N/A	N/A
% Net Income of Revenue	51.00	51.10	49.70	52.60	50.00	36.50	39.70	45.60	42.80	42.30
% Return on Assets	14.67	12.10	11.50	13.61	12.39	11.71	12.12	14.56	13.67	11.92
% Return on Equity	40.90	33.40	30.70	35.20	30.90	20.40	19.10	22.10	20.00	18.30

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

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Visa Inc.

Sub-Industry Outlook

Our fundamental view of the Transaction and Payment Processing Services sub-industry is positive – following the GICs reclassification to the Financials sector on March 17, 2023, the lion's share of companies are enablers of money transfer for goods and services. Most have a tilt toward tech-heavy operating models, which come in different flavors, ranging from higher-growth SaaS makeups to more transaction-based facilitators across key venues that include disbursements, remittances, commercial point-of-sale payments, accounts payable, and consumer bill pay.

Our more positive stance is predicated around the earnings-driven stories from most (we stress, 'most') names, especially when factoring in a tricky set of market crosscurrents, including both macroeconomic and liquidity-related considerations that sub-industry participants must maneuver around to outperform benchmarks. We would point out that when stripping out money-losing companies, the Transaction and Payment Processing Services sub-industry is slated to deliver earnings-per-share growth of ~16%+ in 2023 and ~20.5%+ in 2024, outpacing most other sectors and market indices, displaying an ability to spin-up (or down) expenses to manage through different macro scenarios and preserve margins.

Recent payment volume updates have also remained generally positive through February (+11% Y/Y), underscoring relatively resilient spending patterns, well-balanced between card-present, card-not-present (i.e., e-commerce), and cross-border payment types. We see large payment network bellwethers as more insulated from large macro gyrations, given their agnostic exposure to transaction methods, and an ability to layer on tech-offerings (i.e., value-added services or VAS for short) to bolster transaction yields and outpace core network volume levels.

From here, we think the key gating factors that could alter growth prospects into 2023: 1) contractionary measures by the Federal Reserve crimping consumer spending more than currently projected; 2) no other exogenous events emerge, such as another string of credit events that disrupt payment volume levels, employment levels, etc.; and 3) company-specific execution issues of previously laid out objectives and/or strategies.

Looked at from a technology-led perspective, Mastercard currently pegs the consumer-to-merchant total addressable market at ~$45 trillion, which only $20 trillion is currently carded, leaving ample headroom for long-term growth, especially when adding optionality for other payment flows (business-to-business and real-time payment capabilities). Underlying transaction economics should also flip to tailwinds as newer payment flows and VAS revenue lines help fill the void and provide a "cushion," especially if growth in other verticals or regions temporarily relax in the interim, ranging from fraud-management, cybersecurity, and other more nascent options (digital assets and split payments).

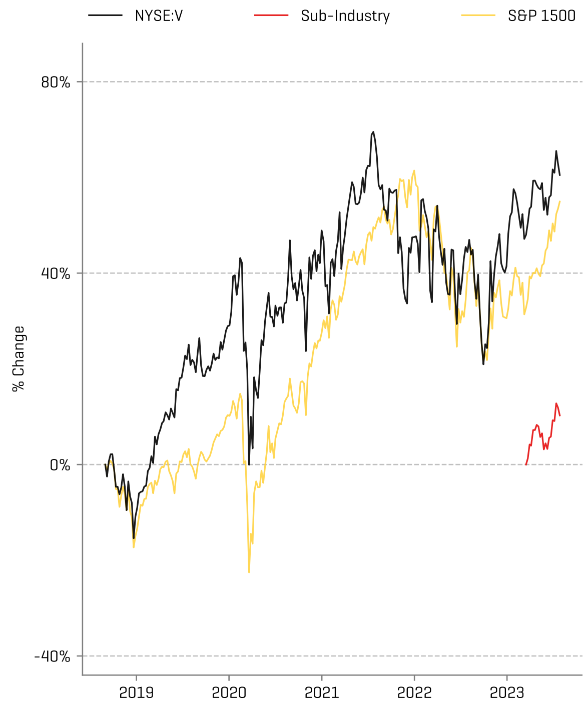
Since the GICs reclassification occurred on March 17, 2023, the S&P Transaction and Payment Processing Index has risen by 7.5% through April 20, 2023, outpacing the 5.3% gain from the S&P 500 -- under our coverage universe, outperformance has been led by FleetCor Technologies (FLT 216 ****), Fiserv (FISV 117 ****), Visa (V 235 ****), Global Payments (GPN 109 ****), and Mastercard (MA 375 ****), all with healthy gains of 8% or greater during the same period.

/ David Holt

Industry Performance

GICS Sector: **Financials**
Sub-Industry: **Transaction and Payment Processing Services**

Based on S&P 1500 Indexes
Five-Year market price performance through Jul 29, 2023



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.
All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).
Past performance is not an indication of future performance and should not be relied upon as such.
Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Transaction and Payment Processing Services Peer Group*: Transaction and Payment Processing Services

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. (M)	30-Day Price Chg. (%)	1-Year Price Chg. (%)	P/E Ratio	Fair Value Calc.	Yield (%)	Return on Equity (%)	LTD to Cap (%)
Visa Inc.	**V**	**NYSE**	**USD**	**234.44**	**477,170.0**	**3.1**	**11.4**	**28.0**	**244.68**	**0.8**	**44.4**	**34.5**
Block, Inc.	SQ	NYSE	USD	75.77	46,134.0	18.5	4.1	62.0	N/A	N/A	-2.1	19.4
FLEETCOR Technologies, Inc.	FLT	NYSE	USD	245.19	18,103.0	-0.2	10.8	15.0	305.62	N/A	32.9	48.6
Fidelity National Information Services, Inc.	FIS	NYSE	USD	60.97	36,121.0	16.3	-38.1	9.0	N/A	3.4	-44.9	29.5
Fiserv, Inc.	FI	NYSE	USD	123.51	75,294.0	0.9	18.2	18.0	N/A	N/A	8.2	41.8
Global Payments Inc.	GPN	NYSE	USD	107.92	28,270.0	12.5	-10.3	11.0	N/A	0.9	-0.5	40.2
Jack Henry & Associates, Inc.	JKHY	NasdaqGS	USD	169.50	12,352.0	2.9	-16.4	35.0	144.53	1.2	24.4	19.1
Mastercard Incorporated	MA	NYSE	USD	394.50	372,190.0	3.3	14.9	36.0	399.51	0.6	172.8	67.4
PayPal Holdings, Inc.	PYPL	NasdaqGS	USD	72.03	80,365.0	8.8	-16.6	16.0	76.32	N/A	13.4	33.3
Toast, Inc.	TOST	NYSE	USD	21.26	11,278.0	-3.7	41.3	NM	N/A	N/A	-29.7	N/A
WEX Inc.	WEX	NYSE	USD	191.05	8,184.0	7.6	12.2	40.0	N/A	N/A	11.6	50.1

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.
NA-Not Available; NM-Not Meaningful.
Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

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Analyst Research Notes and other Company News

July 26, 2023
10:27 AM ET... CFRA Maintains Buy Rating on Shares of Visa Inc. (V 236.11****): Our price target of $285, up $13, value shares at 28.5x our FY 24 EPS, discounted to V's five-year historical average of 32.0x. We bump our FY 23 EPS estimate to $8.69 from $8.61 and FY 24's to $10.00 from $9.88. Visa reported respectable June-Q results, with net revenues of $8.12B (+12% Y/Y) and adj-EPS of $2.16, surpassing consensus estimates of $8.06B and adj-EPS of $2.12. Strength was driven by 17% growth in cross-border volume, with a pickup in summer travel and particularly strong gains in and out of Asia. Still, travel into the U.S. is lagging and we see incremental upside as U.S. arrivals pick up steam. We were encouraged by adj. operating expenses (+10%), which lagged revenues, and we expect similar outperformance in the next quarter. U.S. payments growth came in light at 6% and management highlighted falling inflation and declining fuel prices as headwinds. On the positive side, growth appears to have stabilized, with 6% growth observed so far through July. We Maintain a Buy rating. / Alexander Yokum, CFA

April 26, 2023
10:29 AM ET... CFRA Maintains Buy Rating on Shares of Visa Inc. (V 229.53****): Visa produced solid Mar-Q results, with net revenues of $8.0B (+11% or +18% ex. FX and Russia) and adj-EPS of $2.09, surpassing consensus estimates of $7.8B and adj-EPS of $1.99. Key growth vectors (new payment flows and value-added services) outperformed expectations (both up 20% Y/Y), driving the beats, and positioning Visa to deliver 10%+ net revenue growth in H2 FY 23. We like the secular component each growth vector brings, as it removes cyclicality in the business and helps insulate the company from uneven transaction trends (domestic, cross-border, etc.). Equally important, we still see sequential declines in operating expenses for the remainder of FY 23, de-risking the potential of a margin shortfall, and enhancing the probability that Visa can out-earn estimates. We keep a Buy rating. Our price target of $272, up $9, value shares at 27.5x our FY 24 EPS, discounted to V's five-year historical average of 30.5x. We bump our FY 23 EPS estimate to $8.61 from $8.54 and FY 24's to $9.88 from $9.83. / David Holt

January 27, 2023
11:25 AM ET... CFRA Keeps Buy Rating on Shares of Visa Inc. (V 230.19****): Visa delivered sound Dec-Q results, with net revenues of $7.9B (+12% or +20% ex. FX and Russia) and adj-EPS of $2.18, surpassing consensus of $7.7B and adj-EPS of $2.01. All three growth engines (consumer payments, new flows, and value-added services) grew solidly, underscored by Visa Direct, which increased transactions by 39% (vs. 36% the quarter prior). Importantly, the setup for FY 23 (Sep.) remains favorable, with Russia-related impacts cresting in FQ2 (five-point headwind) and sequential declines in operating expenses providing a cushion for estimates, especially if transaction metrics hold steady and potential outbound travel upside with lifted restrictions in China. We remain bullish on V's ability to manage its expense line without comprising future growth opportunities, allowing for above-average earnings growth. Our price target of $263 (up $8) values shares at 30.8x our FY 23 EPS of $8.54 (from $8.43), near V's five-year historical median. We also move our FY 24 EPS estimate to $9.83 from $9.78. / David Holt

October 26, 2022
09:46 AM ET... CFRA Keeps Buy Rating on Shares of Visa Inc. (V 194.38****): Shares are holding up in a tough tape on the back of sound FQ4 (Sep-Q) results; net revenues came in $7.8B (+19% Y/Y), above consensus of $7.6B, and adj-EPS was $1.93, were better than expectations of $1.86. All key growth vectors (consumer payments, new flows, and value-added services) rose by more than 20% in constant FX, complemented by a healthy (albeit moderating) recovery in cross-border travel in the near-term. Initial targets outlined for FY 23 were also encouraging and should land in the high-single-digit levels even after factoring in headwinds from Russia (~200 bps) and currency (~400 bps) that fade into the back-half of the year. To us, V's flexible operating model remains a key reason to own shares; although recessionary risks have become increasingly visible, its ability to manage its expense line to protect earnings remains attractive currently. We remain buyers; our target of $255 (down $10) values shares at 30.2x our FY 23 EPS of $8.43 (unchanged). We also set our FY 24 EPS estimate at $9.78. / David Holt

July 27, 2022
08:55 AM ET... CFRA Reiterates Buy Rating on Shares of Visa Inc. (V 212.49****): Following decent performance YTD, shares are down marginally before market open (7/27). We attribute the price action to short-term profit taking rather than any glaring weakness in the print. FQ3 (Jun-Q) results lived up to expectations, as all of V's growth engines, including consumer payments, new flows, and value-added services, climbed ~20% Y/Y. Net revenues were $7.28B (+19% Y/Y), topping consensus of $7.07B, and adj-EPS was $1.98, better than expectations of $1.75. Momentum in cross-border travel volumes remained, exiting June at 112% of pre-pandemic levels. Visa also expects mid-teen revenue growth in FQ4 (Sep-Q), even after factoring in ten points of headwinds, equally split between suspended operations in Russia and the strong dollar. We trim our target by $5 to $265, 31.4x our FY 23 EPS estimate, above market multiples, supported by its durable business model and ability to protect margins in uncertain times. We lift our FY 22 EPS estimate by $0.22 to $7.42 and trim FY 23's EPS by $0.09 to $8.43. / David Holt

April 27, 2022
08:59 AM ET... CFRA Reiterates Buy Recommendation on Visa Inc. (V 213.16****): FYQ2 (Mar.) results were solidly ahead of expectations, as pent-up travel demand led to broad-based beats, leading shares higher this morning. Net revenues were $7.2B (+25% Y/Y), topping consensus of $6.8B, and adj-EPS was $1.79, versus expectations of $1.65. Visa also lifted its net revenue target for FY 22, and now expects growth of high-teens to 20% (vs upper high-teens previously), even with its discontinued business in Russia -- in our eyes, the main factor to the rock-solid results is largely anchored to outperformance in cross-border travel, which rose to 82% (up five-points sequentially) when indexed to pre-pandemic levels. With Visa largely insulated from ongoing market crosscurrents (inflation and supply chain constraints) and ample runway for recovery in other key markets still ahead (inbound domestic travel), we remain bullish on shares. We retain our $270 target price (31.7x our FY 23 EPS estimate). We also boost our FY 22 EPS estimate to $7.20 from $7.09 and FY 23's EPS to $8.52 from $8.45. / David Holt

January 28, 2022
12:15 AM ET... CFRA Keeps Buy Rating on Shares of Visa Inc. (V 206.15****): Visa delivered FYQ1 (Dec.) results that cleared expectations handily, led by a sizable recovery in card-present and card-not-present travel, exiting the quarter at 72% (vs. 61% in Sep-Q) of pre-pandemic levels in 2019. Net revenues were $7.1B (+24% Y/Y), beating consensus of $6.8B, and adj-EPS were $1.81, compared to consensus of $1.70. Overall, commentary on the call was bullish, as Visa upped its net revenue assumption for FY 22 to upper high-teens growth (vs. upper mid-teens provided in Sep-Q) and outlined how potential upside could be captured if cross-border travel progressively improves in hardest-hit regions, such as Asia-Pacific. We think shares remain attractive in the current market environment. Our price target remains $270, 38.1x our FY 22 EPS estimate, above market multiples, with the valuation supported by achievable revenue catalysts, well-controlled expenses, and top-tier returns of capital to shareholders. We raise our FY 22 EPS estimate to $7.09 from $6.98 and FY 23 EPS to $8.45 from $8.36. / David Holt

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

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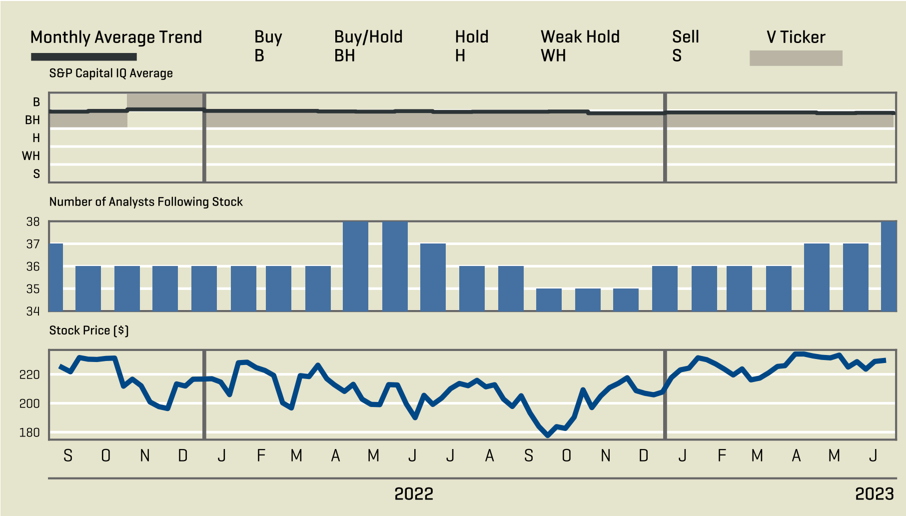
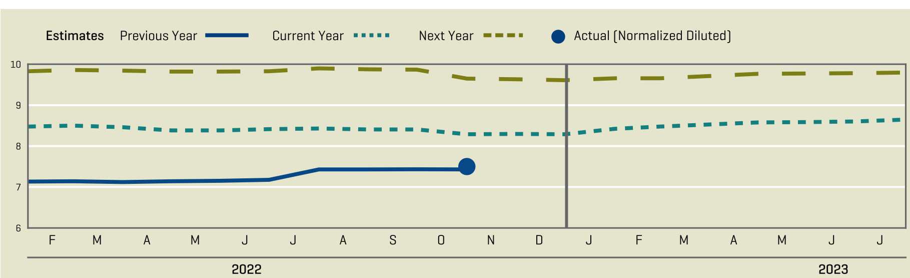
Visa Inc.

Analysts Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	22	58	22	21
Buy/Hold	10	26	9	9
Hold	5	13	5	4
Weak hold	0	0	0	0
Sell	1	3	1	1
No Opinion	0	0	0	1
Total	38	100	37	36

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2024	9.79	10.22	8.69	35	23.94
2023	8.65	8.78	8.32	34	27.10
2024 vs. 2023	**▲ 13%**	**▲ 16%**	**▲ 4%**	**▲ 3%**	**▼ -12%**
Q4'24	2.62	2.69	2.59	15	89.41
Q4'23	2.25	2.30	2.17	27	104.38
Q4'24 vs. Q4'23	**▲ 17%**	**▲ 17%**	**▲ 19%**	**▼ -44%**	**▼ -14%**

Forecasts are not reliable indicator of future performance.
Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.
Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Wall Street Consensus Opinion

Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2023, analysts estimate that V will earn USD 8.65. For fiscal year 2024, analysts estimate that V's earnings per share will grow by 13.22% to USD 9.79.

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Visa Inc.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index)], based on a 12-month time horizon. STARS was designed to help investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
EPS - Earnings Per Share
EV - Enterprise Value
FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ **5-STARS (Strong Buy):**
Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):**
Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

★★★☆☆ **3-STARS (Hold):**
Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★☆☆☆ **2-STARS (Sell):**
Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★☆☆☆☆ **1-STAR (Strong Sell):**
Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:
In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.

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Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS rankings are determined and assigned by equity analysts. For reports containing STARS rankings refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section seof the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of June 30, 2023

Ranking	North America	Europe	Asia	Global
Buy	38.5%	36.8%	46.7%	39.8%
Hold	52.4%	48.0%	44.0%	49.8%
Sell	9.2%	15.3%	9.3%	10.4%
Total	100.0%	100.0%	100.0%	100.0%

Analyst Certification:

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