Visa Inc.

Recommendation	**Price**	**12-Mo. Target Price**	**Report Currency**	**Investment Style**
BUY ★★★★★	USD 213.13 (as of market close Apr 29, 2022)	USD 270.00	USD	Large-Cap Growth

Equity Analyst David Holt

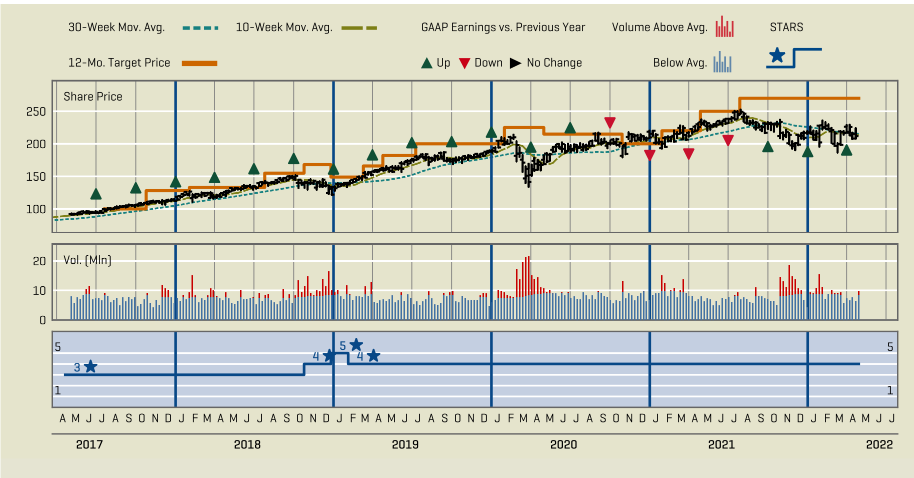
GICS Sector Information Technology
Sub-Industry Data Processing and Outsourced Services

Summary Visa is the world's largest retail electronic payment network and a leading payments brand, providing services to consumers, businesses, and governments globally.

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

52-Wk Range	**USD 252.67 - 186.67**	Oper.EPS2022**E**	**USD 7.20**	Market Capitalization[B]	**USD 444.92**	Beta	**0.92**
Trailing 12-Month EPS	**USD 6.36**	Oper.EPS2023**E**	**USD 8.52**	Yield [%]	**0.7**	3-yr Proj. EPS CAGR[%]	**20**
Trailing 12-Month P/E	**33.5**	P/E on Oper.EPS2022**E**	**29.60**	Dividend Rate/Share	**USD 1.5**	SPGMI's Quality Ranking	**A**
USD 10K Invested 5 Yrs Ago	**24,126.0**	Common Shares Outstg.[M]	**2,086.00**	Trailing 12-Month Dividend	**USD 1.45**	Institutional Ownership [%]	**75.0**

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 **David Holt** on May 02, 2022 06:03 AM, when the stock traded at **USD 213.13**.

Highlights

- Net revenues will scale higher by 18.5% in FY 22 (Sep.) and 14.5% in FY 23, per our estimates, as impacts from Omicron have quickly receded, and allowed for a robust recovery in cross-border activity to emerge. FQ2 (Mar-Q) results featured a travel-related recovery that came in hotter than previously anticipated, with volumes hovering at ~82% (up five-points sequentially) of pre-pandemic levels. Moreover, we would point out Russia-related impacts have also been already factored in for a clear path to sustainable growth, especially with other areas, such as inbound domestic travel, remaining future revenue catalysts.
- We see adjusted operating margin widening to 67% in FY 22 and 68% in FY 23, up from 65.6% in FY 21, aided by Visa's considerable scale and efficiencies. We expect controlled investment across all three business lines to result in a mid-teen rise in operating expenses for FY 22, as savings from shuttered business in Russia are counterbalanced by M&A integration costs.
- Visa's cash generative business is a differentiator and allows for attractive shareholder returns via buybacks, dividends, and M&A -- we expect the company to deliver free cash flow of $15B+ in FY 22 and $18B+ in FY 23.

Investment Rationale/Risk

- Our rating is Buy -- shares remain an attractive area to hide out, being largely insulated from market crosscurrents (i.e., inflationary pressures and supply chain woes) and well-balanced exposure across consumer categories that 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 lead to incremental operating leverage and high returns on invested capital, with additional growth from adjacent payment verticals and new networks. We think Visa's recent foray into tech-focused solutions around analytics, security, and cryptos also add to future growth potential.
- Risks to our rating and target include an unexpected deceleration in global economic growth, weaker consumer spending, an increase in the U.S. dollar, significant adverse legal or regulatory developments around the world, and potential technology disruption that allows payments to be made on alternative networks.
- Our 12-month target of $270, 31.7x our FY 23 EPS estimate, is near closest peer Mastercard. Our target is derived from an explicit 10-year DCF model assuming a 15% compound annual growth rate for the top line and expanding margins.

Analyst's Risk Assessment

LOW | **MEDIUM** | HIGH

Our risk assessment reflects Visa's dominant position as the world's largest payment network and high barriers to entry, leading to healthy free cash flow generation supported by the strong secular trend of growing payment volumes. This is partially offset by cyclical risks with consumer spending and heightened regulatory scrutiny.

Revenue/Earnings Data

Revenue (Million USD)

	1Q	2Q	3Q	4Q	Year
2023	**E** 7,795	**E** 7,945	**E** 8,207	**E** 8,751	**E** 32,698
2022	7,059	7,189	**E** 6,993	**E** 7,321	**E** 28,562
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
2018	4,862	5,073	5,240	5,434	20,609

Earnings Per Share (USD)

	1Q	2Q	3Q	4Q	Year
2023	**E** 2.09	**E** 1.99	**E** 2.17	**E** 2.27	**E** 8.52
2022	1.81	1.79	**E** 1.74	**E** 1.86	**E** 7.20
2021	1.42	1.38	1.18	1.62	5.91
2020	1.46	1.38	1.07	0.97	4.89
2019	1.30	1.31	1.37	1.34	5.32
2018	1.07	1.11	1.00	1.23	4.42

Fiscal Year ended Sep 30. EPS Estimates based on CFRA's Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

Amount (USD)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.3750	Apr 22	May 12	May 13	Jun 01 '22
0.3750	Jan 25	Feb 10	Feb 11	Mar 01 '22
0.3750	Oct 22	Nov 10	Nov 12	Dec 07 '21
0.3200	Jul 27	Aug 12	Aug 13	Sep 01 '21

Dividends have been paid since 2008 . Source: Company reports
Past performance is not an indication of future performance and should not be relied upon 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.

Visa Inc.

Business Summary Feb 02, 2022

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 and prepaid cards, and related business services. Its processing infrastructure, VisaNet, process approximately 637 million transactions per day. Visa's customers include nearly 15,100 financial institutions that issue Visa-branded products and nearly 80 million merchant locations. There are over 3.3 billion Visa cards currently in circulation.

Net revenues are divided between the following segments:

Service fees (48% of mix in FY 21) 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 fees (53% of mix in FY 21) 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 fees (27% of mix in FY 21) 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 21) consist primarily of optional service or product enhancements, such as extended cardholder protection and concierge services, cardholder services, and fees for licensing and certification.

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 $8.4 billion or 35% of net revenues in FY 21.

CORPORATE STRATEGY. Visa's vision is to be "the best way to pay and be paid, for everyone, everywhere." Its mission is "to connect the world through the most innovative, reliable, and secure payments network, enabling individuals, businesses, and economies to thrive." Visa is focusing its growth efforts on the rapidly expanding market rather than try 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 include e-commerce (still only 13% of total retail sales in the United States), 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 more than 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 $1.1 billion in FY 21 or 14% 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 0.3x, 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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R. Taneja

Group President & Chief Product Officer
J. Forestell

President
R. M. McInerney

Senior VP, Global Corporate Controller & Chief Accounting Officer
J. H. Hoffmeister

Chairman & CEO
A. F. Kelly

Chairman & CEO
A. F. Kelly

Vice Chair & CFO
V. M. Prabhu

Group President & Regional President of North America
O. Jenkyn

General Counsel
J. B. Rottenberg

Board Members

A. F. Kelly	M. B. Cranston
D. I. McKay	M. G. Webb
D. M. Morrison	R. Abdurrahman
F. Fernandez Carbajal	R. L. Laguarta
J. F. Lundgren	R. W. Matschullat
L. A. Carney	T. L. List-Stoll
L. J. Rendle	

Domicile
Delaware

Founded
1958

Employees
21,500

Stockholders
N/A

Auditor
KPMG LLP - Klynveld Peat Marwick Goerdeler

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 165.47** Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that V is overvalued by USD 47.66 or 22.36%

Volatility LOW | AVERAGE | HIGH

Technical Evaluation **BULLISH** Since April, 2022, the technical indicators for V have been BULLISH"

Insider Activity UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2021	2020	2019	2018
Price/Sales	20.22	20.35	17.01	16.96
Price/EBITDA	29.26	29.85	24.28	24.59
Price/Pretax Income	30.34	32.24	26.26	27.30
P/E Ratio	39.59	40.91	32.35	33.93
Avg. Diluted Shares Outstg. (M)	2,188.00	2,223.00	2,272.00	2,329.00

Figures based on fiscal year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years
Net Income	13.30	6.12	15.49
Sales	10.34	5.36	9.83
Ratio Analysis (Annual Avg.)			
Net Margin (%)	51.07	51.13	47.97
% LT Debt to Capitalization	33.78	33.65	33.26
Return on Equity (%)	33.36	33.06	30.09

Company Financials Fiscal year ending Sep 30

Per Share Data (USD)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tangible Book Value	-4.84	-6.50	-6.65	-6.88	-7.30	-6.84	2.49	1.45	1.28	1.50
Free Cash Flow	6.82	4.54	5.50	5.46	3.75	2.12	2.52	2.66	0.98	1.74
Earnings	5.63	4.89	5.32	4.42	2.80	2.48	2.58	2.16	1.90	0.80
Earnings (Normalized)	4.38	3.85	4.17	3.52	3.10	2.57	2.29	2.02	1.73	1.47
Dividends	1.34	1.22	1.05	0.88	0.69	0.58	0.50	0.42	0.35	0.25
Payout Ratio (%)	22.73	24.52	18.78	18.62	23.57	22.53	18.60	18.50	17.35	27.75
Prices: High	252.67	217.35	187.05	150.64	106.84	83.79	76.92	58.88	50.22	34.16
Prices: Low	179.23	133.93	121.60	104.90	75.17	66.12	48.80	45.03	33.72	20.43
P/E Ratio: High	44.90	44.50	35.20	34.10	38.20	33.80	29.80	27.30	26.40	42.60
P/E Ratio: Low	31.90	27.40	22.90	23.70	26.90	26.60	18.90	20.80	17.70	25.50
Income Statement Analysis (Million USD)										
Revenue	24,105	21,846	22,977	20,609	18,358	15,082	13,880	12,702	11,778	10,421
Operating Income	15,851	14,125	15,438	13,604	12,362	10,024	9,078	8,150	7,242	6,239
Depreciation + Amortization	804.00	767.00	656.00	613.00	271.00	243.00	243.00	237.00	224.00	201.00
Interest Expense	513.00	516.00	533.00	612.00	563.00	427.00	3.00	8.00	N/A	N/A
Pretax Income	16,063	13,790	14,884	12,806	11,694	8,012	8,995	7,724	7,257	2,207
Effective Tax Rate	23.40	21.20	18.80	19.60	42.70	25.20	29.60	29.60	31.40	2.90
Net Income	12,311	10,866	12,080	10,301	6,699	5,991	6,328	5,438	4,980	2,144
Net Income (Normalized)	9,574	8,551	9,468	8,198	7,433	6,204	5,621	5,104	4,541	3,932
Balance Sheet and Other Financial Data (Million USD)										
Cash	18,512	20,041	12,074	11,709	13,356	8,938	6,015	3,950	4,255	2,817
Current Assets	27,607	27,645	20,970	18,216	19,023	14,313	10,021	9,562	7,822	11,786
Total Assets	82,896	80,919	72,574	69,225	67,977	64,035	39,367	38,569	35,956	40,013
Current Liabilities	15,739	14,510	13,415	11,305	9,994	8,046	5,355	6,006	4,335	7,954
Long Term Debt	19,978	21,071	16,729	16,630	16,618	15,882	N/A	N/A	N/A	N/A
Total Capital	59,140	60,850	51,413	50,636	51,127	48,794	29,842	27,413	26,870	27,630
Capital Expenditures	705.00	736.00	756.00	718.00	707.00	523.00	414.00	553.00	471.00	376.00
Cash from Operations	15,227	10,440	12,784	12,941	9,317	5,574	6,584	7,205	3,022	5,009
Current Ratio	1.75	1.91	1.56	1.61	1.90	1.78	1.87	1.59	1.80	1.48
% Long Term Debt of Capitalization	33.80	34.60	32.50	32.80	32.50	32.50	N/A	N/A	N/A	N/A
% Net Income of Revenue	51.10	49.70	52.60	50.00	36.50	39.70	45.60	42.80	42.30	20.60
% Return on Assets	12.10	11.50	13.61	12.39	11.71	12.12	14.56	13.67	11.92	10.43
% Return on Equity	33.40	30.70	35.20	30.90	20.40	19.10	22.10	20.00	18.30	7.90

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.

Visa Inc.

Sub-Industry Outlook

Our fundamental outlook for the data processing & outsourced services subindustry is neutral. Participants across the subindustry carry out a wide scope of applications, including payments for goods and services, human resource (HR) payroll processing, and outsourcing.

Following a host of pandemic-related headwinds in 2020, the lion's share of CFRA's coverage universe has staged a large (albeit uneven) recovery in company fundamentals so far in 2021. The recovery in transaction volumes has been concentrated around important merchant verticals (e.g., small and midsized business, or SMB) that offer higher yields and lend a boost to margins – importantly, tailwinds likely persist into early 2022, as the areas that felt the brunt of the impact (e.g., travel and hospitality) have yet to fully recover.

From here, we think the key gating factors for extended improvement across the subindustry include: 1) no other exogenous event (e.g., Delta Variant) disrupting the recovery in key industry drivers (e.g., payments, employment levels, etc.,) 2) company-specific strategies around margin and capital return policies are carried out as planned, and 3) competitive dynamics across different areas (i.e., HR Services and/or Payments) do not alter medium-term growth prospects.

We estimate aggregate revenue levels across the subindustry will rise by 18% and adjusted earnings per share by 29% in 2021, aided by suppressed comparables and a systemic recovery in company fundamentals. In the near term, transaction and dollar volumes should swing from steep declines to mid-teens or higher growth in 2021. We advise investors to monitor levels of personal consumption expenditures (or PCE) to gauge the breadth of the recovery – Action Economics (AE) currently estimates PCE to expand by 8% in 2021 but moderate into the back-half of the year. Underlying payment economics likely flip to tailwinds as consumers resume usage of additional services (e.g., loyalty programs) and provide an uplift to take-rates. Longer-term, we expect digital payment methods to incrementally displace cash transactions.

Similarly, HR processing companies have been hurt by unfavorable employment trends, shrinking worksite levels, and a lower number of processed paychecks – all due to the Covid-19 pandemic. The lower interest rate environment has also tempered net interest income. However, like most of the other counterparts in the subindustry, all past headwinds should flip to tailwinds in 2021 and aid in the recovery to fundamentals. Longer-term, however, we think competitive dynamics continue to lean in favor of more nimble cloud-led Human Capital Management (HCM) peers, making legacy companies more susceptible to client switching and weighing on record retention levels (90%+ in some cases) that some have benefited from during the pandemic.

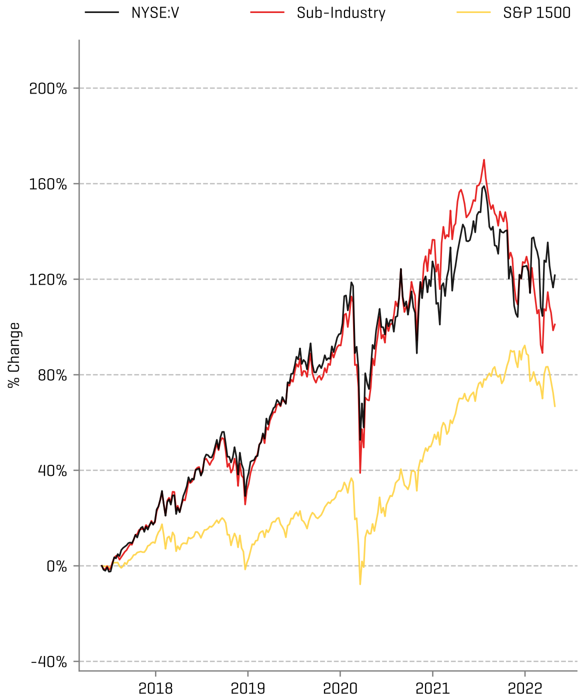
The S&P Data Processing Outsourced Services Index has returned 2.9% through October 22, lagging the advance of 21% from the S&P 1500. We think the underperformance is tied to the general sensitivity to the consumer and implications around other widely publicized events, including digital assets and recent M&A that the subindustry has had. We note from a five-year CAGR perspective, the subindustry has rose 23.4%, handily outpacing the S&P 1500, which increased by 16.1%.

/ David Holt

Industry Performance

GICS Sector: **Information Technology**
Sub-Industry: **Data Processing and Outsourced Services**

Based on S&P 1500 Indexes
Five-Year market price performance through Apr 30, 2022



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: Data Processing and Outsourced Services Peer Group*: Data Processing and Outsourced 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**	**213.13**	**444,919.0**	**-4.8**	**-10.0**	**34.0**	**165.47**	**0.7**	**37.4**	**N/A**
Automatic Data Processing, Inc.	ADP	NasdaqGS	USD	218.18	91,243.0	-4.2	15.8	32.0	178.91	1.9	58.0	N/A
Block, Inc.	SQ	NYSE	USD	99.54	57,772.0	-29.0	-59.8	302.0	52.32	N/A	5.3	N/A
Broadridge Financial Solutions, Inc.	BR	NYSE	USD	144.13	16,830.0	-7.5	-10.7	32.0	83.39	1.8	33.9	N/A
FLEETCOR Technologies, Inc.	FLT	NYSE	USD	249.52	19,298.0	-0.3	-13.3	25.0	246.48	N/A	27.0	N/A
Fidelity National Information Services, Inc.	FIS	NYSE	USD	99.15	60,554.0	-1.8	-36.3	148.0	74.55	1.9	0.9	N/A
Fiserv, Inc.	FISV	NasdaqGS	USD	97.92	63,527.0	-4.1	-19.9	38.0	60.37	N/A	5.4	N/A
Global Payments Inc.	GPN	NYSE	USD	136.98	38,585.0	-0.4	-37.5	42.0	125.69	0.7	3.7	N/A
Mastercard Incorporated	MA	NYSE	USD	363.38	353,440.0	0.3	-6.6	54.0	253.38	0.5	139.7	N/A
Paychex, Inc.	PAYX	NasdaqGS	USD	126.73	45,752.0	-7.4	27.6	34.0	95.10	2.5	43.4	N/A

*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.

Analyst Research Notes and other Company News

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

January 19, 2022
12:14 AM ET... CFRA Keeps Buy Rating on Shares of Visa, Inc. (V 215.71****): Amazon.com (AMZN) recently walked back its plans to remove Visa credit cards as an option to pay for goods in the U.K. on January 17, 2022. As a result, Visa (V) rose marginally, but outperformed the S&P 500 (+0.48% vs. -1.84%) on January 18, 2022, following prior selling pressure that occurred when the announcement originally surfaced on November 17, 2021. Our thesis remains relatively unchanged -- we still suspect the move was implemented as a negotiating tactic to keep network usage costs low, but also a strategy to aggregate data related to consumer tendencies (e.g., who switched to Mastercard, its issuing partner for co-branded credit cards). On the contrary, we felt the move had manageable impacts on economics, given the negligible difference in interchange for Visa (i.e., regulated at 30 bps for credit and 20 bps for debit in the U.K.), and net revenues, at less than 1% of annual transaction volumes. Visa will report first-quarter financial results on January 27, 2022. / David Holt

November 17, 2021
11:50 AM ET... CFRA Reiterates Buy Rating on Shares of Visa Inc. (V 203.76****): This morning, Amazon announced its plan to stop accepting purchases made with Visa credit cards issued in the U.K. starting January 19, 2022, due to fees charged to process transactions. Notably, recent developments follow friction associated with Brexit, where Visa removed caps on transactions and raised fees associated with certain payment methods (i.e., credit and cross-border) and the initiation of a 0.5% transaction surcharge facilitated on Amazon's platform in Singapore in Sept. 2021. Acknowledging the recent announcement creates a near-term overhang on the stock (shares down 5.3%), other Visa-related payment methods, such as debit cards, can still be used and should help mitigate the interchange rate headwind given similar yields on transactions. Moreover, we note Visa's exposure to the UK remains manageable at ~8% of net revenues, with Amazon accounting for a much smaller portion of the total amount. We think today's announcement has been overly discounted into shares and remain buyers of the stock. / David Holt

October 27, 2021
10:01 AM ET... CFRA Keeps Buy Recommendation on Shares of Visa Inc. (V 224.34****):
Visa delivered FYQ4 (Sep.) results that topped expectations, driven by strong domestic trends, incremental value-added services growth, and a steady rebound in cross-border volumes. Net revenues came in at $6.56B (+28.6% Y/Y), powered by a 17% increase in payments volume from strength in debit and visible improvement in credit spending. Sep-Q adj-EPS was $1.62 vs. $1.12, clearing consensus by $0.08, helped by a lower tax rate (16.5% vs. 19.8% expected). Visa held off on providing formal FY 22 targets but did offer preliminary assumptions that imply net revenues grow by 16% to 17% (including a 0.5%+ drag from FX). Although shy of consensus estimates and the likely culprit of today's share pressure (down ~4.0%), we think assumptions are highly attainable, given Visa is not assuming cross-border travel volumes return to pre-pandemic levels until mid-2023. We remain buyers and our target remains $270 (38.7x our unchanged FY 22 EPS estimate of $6.98). We also set our FY 23 EPS estimate at $8.36. / David Holt

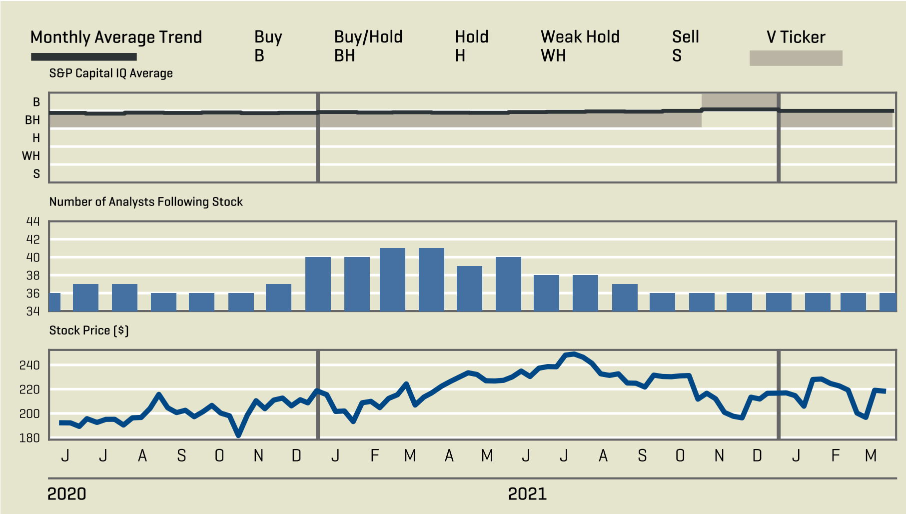
July 28, 2021
09:55 AM ET... CFRA Reiterates Buy Opinion on Shares of Visa Inc. (V 246.61****): Visa reported a solid FYQ3 (June) as non-GAAP EPS came in at $1.49 vs. $1.06, $0.14 above consensus while revenue exceeded expectations by 5% on the strength of the U.S. spending recovery and improving cross-border volumes. Net revenue grew 27% Y/Y as payments volumes grew 34% and processed transactions were up 39%. However, these Y/Y comparisons are still noisy and we note payment volumes are now 121% of pre-pandemic 2019 levels but cross-border volume is still trailing at 82%. Nevertheless, Visa is seeing a continuing acceleration driven by the reopening as well as the affluent customer beginning to spend more. We continue to see investors underappreciating the long-term trend of cash displacement and Visa's other products and services such as its continued investments in open banking. We raise our target price by $20 to $270, based on our DCF model assuming a top line CAGR of 15% and moderate margin expansion. We increase our 2021 EPS estimate by $0.10 to $5.72 but keep 2022 at $6.98. / Chris Kuiper, CFA

June 24, 2021
12:33 PM ET... CFRA Reiterates Buy Opinion on Shares of Visa Inc. (V 235.74****): Today, Visa announced it has agreed to acquire Swedish fintech firm Tink, a European open banking platform that enables digital services (like money management websites and apps) to easily connect to customer bank accounts and other financial institutions. Tink is already integrated with over 3,400 financial institutions across Europe, reaching millions of customers. We find Tink very similar to Plaid, a U.S. company which Visa tried to acquired for $5.3 billion in late 2020 before backing out of the deal in early 2021 on challenges from the U.S. Justice Department that it was anticompetitive. We think Tink may face similar challenges, but put the odds at a lower probability given the smaller deal size (1.8 billion EUR or 2.15 billion USD) as well as Europe's more open banking environment. European Union law mandates banks enable access to registered third-party providers and Tink is only one of 440 companies that provide open banking services. We are positive on the diversification of networks for Visa. / Chris Kuiper, CFA

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.

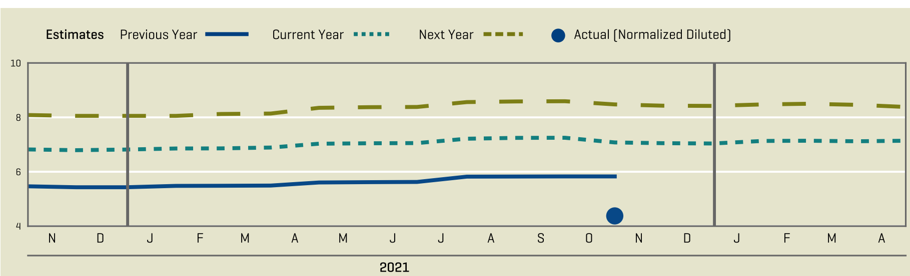
Visa Inc.

Analysts Recommendations



	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	21	58	21	21
Buy/Hold	9	25	9	10
Hold	5	14	5	4
Weak hold	0	0	0	0
Sell	0	0	0	0
No Opinion	1	3	1	1
Total	36	100	36	36

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2023	8.38	8.67	7.67	33	25.42
2022	7.14	7.33	6.99	33	29.84
2023 vs. 2022	**▲ 17%**	**▲ 18%**	**▲ 10%**	**N/A%**	**▼ -15%**
Q3'23	2.08	2.34	1.96	18	102.51
Q3'22	1.73	1.81	1.67	27	123.10
Q3'23 vs. Q3'22	**▲ 20%**	**▲ 29%**	**▲ 17%**	**▼ -33%**	**▼ -17%**

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 2022, analysts estimate that V will earn USD 7.14. For fiscal year 2023, analysts estimate that V's earnings per share will grow by 17.37% to USD 8.38.

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.

Disclosures

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 February 08, 2022

Ranking	North America	Europe	Asia	Global
Buy	43.8%	46.2%	40.0%	43.4%
Hold	50.0%	47.4%	55.7%	50.7%
Sell	6.2%	6.4%	4.3%	5.9%
Total	100.0%	100.0%	100.0%	100.0%

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