



Visa Inc. (V)

Updated January 31st, 2025 by Quinn Mohammed

Key Metrics

Current Price:	\$343	5 Year CAGR Estimate:	9.2%	Market Cap:	\$670 B
Fair Value Price:	\$280	5 Year Growth Estimate:	13.0%	Ex-Dividend Date:	02/11/25
% Fair Value:	123%	5 Year Valuation Multiple Estimate:	-4.0%	Dividend Payment Date:	03/03/25
Dividend Yield:	0.7%	5 Year Price Target	\$515	Years Of Dividend Growth:	16
Dividend Risk Score:	A	Retirement Suitability Score:	C	Rating:	Hold

Overview & Current Events

Visa is the world's leader in digital payments, with activity in more than 200 countries. The stock went public in 2008, and its IPO has proven to be one of the most successful in U.S. history. The company's global processing network provides secure and reliable payments around the world and is capable of handling more than 65,000 transactions a second. Visa is headquartered in San Francisco, CA, and trades with a \$670 billion market cap. In fiscal year 2024 the company generated \$20 billion in profit.

On October 29th, 2024, Visa announced a 13.5% increase to the dividend to \$2.36 per share annually.

On January 30th, 2025, Visa reported first quarter 2025 results for the period ending December 31st, 2024. (Visa's fiscal year ends September 30th.) For the quarter, Visa generated revenue of \$9.5 billion, adjusted net income of \$5.5 billion and adjusted earnings-per-share of \$2.75, marking increases of 10%, 11% and 14%, respectively. These results were driven by a 9% gain in Payments Volume, a 16% gain in Cross-Border Volume and an 11% gain in Processed Transactions. Visa processed 63.8 billion transactions in the quarter.

During the quarter, Visa returned \$5.1 billion to shareholders via dividends and share repurchases. Visa repurchased 13 million shares of class A common stock in the quarter for \$3.9 billion.

For fiscal 2025, management now expects low double-digit net revenue growth and low-teens EPS growth.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.62	\$2.84	\$3.48	\$4.42	\$5.44	\$5.04	\$5.91	\$7.50	\$8.77	\$10.05	\$11.19	\$20.62
DPS	\$0.50	\$0.59	\$0.69	\$0.88	\$1.05	\$1.22	\$1.34	\$1.50	\$1.80	\$2.08	\$2.36	\$4.35
Shares¹	2,215	2,133	2,076	2,031	1,974	1,939	1,940	1,920	1,873	1,710	1680	1500

Until fiscal year 2020, Visa delivered very consistent earnings-per-share growth, as profits rose during every single year. The growth rate during that time frame was very impressive as well, as earnings-per-share rose by over 7 times between 2009 and 2019, for an average annualized growth rate of 22%. Results snapped back in 2021 as well. And from 2022 through 2024, consumer spending, resilience in ecommerce from prior years, a boom in cross-border volume, and significant share buybacks led to fantastic results.

Over the long-term we believe Visa has ample room to keep growing thanks to the global transition towards a cashless society. In 2019, global digital payment volume exceeded cash for the first time in history. However, there are still about 2 billion people worldwide who lack access to cashless payments. Notably China and India, which have 1.4 billion people each, are still in the early phases of their transition towards a cashless economy. Therefore, the growth potential for Visa is immense in these two countries. Through a combination of growing the number of cards, a rising number of transactions per card holder, general economic expansion and share repurchases, Visa should be able to generate attractive earnings-per-share growth over the coming years.

¹ In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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With that being said, the COVID-19 pandemic did alter the growth thesis in the short-term, as was seen in 2020. Less global economic activity means that Visa will collect less revenue. However, results bounced back notably in 2021, and the company performed phenomenally in 2022, 2023 and 2024.

We are forecasting 13% annual EPS growth from 2025's estimate.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	25.3	27.2	25.9	28.4	29.2	38.3	37.5	33.0	29.2	30.8	30.7	25.0
Avg. Yld.	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	0.6%	0.7%	0.7%	0.7%	0.7%	0.8%

During the past decade shares of Visa have traded hands with an average P/E ratio of 30.5 times earnings. We are using 25 as a fair starting multiple. Given that shares are presently trading at 30.7 times our estimate for this year's earnings, this could create a valuation headwind.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	19%	21%	20%	20%	19%	24%	23%	20%	21%	21%	21%	21%

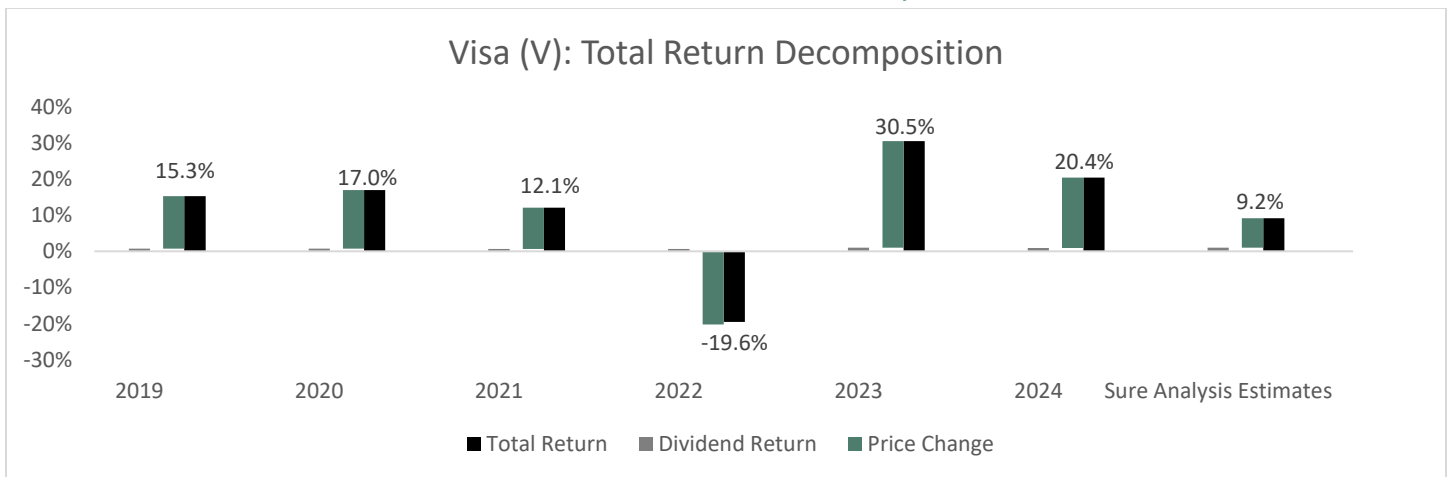
Visa has tremendous competitive advantages, as it is one of the largest payment processors in the world. Visa has built a strong brand, and it continues to invest in major sponsorships to further enhance its brand strength. Visa spends very low amounts on capital expenditures, giving it large free cash flows to either return to shareholders through share repurchases and dividends, or to reinvest in acquisitions. However, Visa is not a highly recession-resistant business. Since Visa's profits depend on the total amount of transactions worldwide, the company is affected by an economic crisis, which results in lower spending and lower transaction volumes. The 2020 crisis illustrated this idea.

As of the most recent quarterly report Visa held \$12.4 billion in cash, \$32.6 billion in current assets and \$91.9 billion in total assets against \$29.1 billion in current liabilities and \$53.6 billion in total liabilities. Long-term debt stood at \$16.7 billion.

Final Thoughts & Recommendation

Shares are up 9% year-to-date, which is well above the S&P 500 Index's 3% increase. Visa has produced outstanding growth during the last decade, including significant profit, dividend, and share price gains. Going forward, we believe Visa has a very strong earnings growth outlook. We forecast 9.2% total annual return potential, stemming from 13.0% growth, a 0.7% dividend yield, and the potential for a valuation headwind. As a result, Visa earns a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	13880	15082	18358	20609	22977	21850	24100	29310	32650	35930
Gross Profit	11327	12318	15110	16753	18812	17330	19140	23577	26090	28880
Gross Margin	81.6%	81.7%	82.3%	81.3%	81.9%	79.3%	79.4%	80.4%	79.9%	80.4%
SG&A Exp.	1755	2054	2391	2579	2755	2475	2524	3035	3216	3793
D&A Exp.	494	502	556	613	656	767	804	861	943	1034
Operating Profit	9064	9760	12144	12954	15401	14090	15810	19681	21930	24060
Operating Margin	65.3%	64.7%	66.2%	62.9%	67.0%	64.5%	65.6%	67.1%	67.2%	67.0%
Net Profit	6328	5991	6699	10301	12080	10870	12310	14957	17270	19740
Net Margin	45.6%	39.7%	36.5%	50.0%	52.6%	49.7%	51.1%	51.0%	52.9%	54.9%
Free Cash Flow	6170	5051	8501	11995	12028	9704	14520	17879	19700	18690
Income Tax	2667	2021	4995	2505	2804	2924	3752	3179	3764	4173

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	39367	64035	67977	69225	72574	80920	82900	85501	90500	94510
Cash & Equivalents	3518	5619	9874	8162	7838	16290	16490	15689	16290	11980
Acc. Receivable	847	1041	1132	1208	1542	1618	1968	2020	2291	2561
Goodwill & Int.	23186	42300	42958	42752	---	43720	43620	42852	44100	45830
Total Liabilities	9525	31123	35217	35219	42436	44710	45310	49920	51770	55370
Accounts Payable	127	203	179	183	37890	174	266	340	375	479
Long-Term Debt	0	15882	18367	16630	16730	24070	20980	22450	20460	20840
Total Equity	29842	27195	27234	28536	16729	31120	34510	35581	38730	38110
D/E Ratio	0.00	0.48	0.56	0.49	0.48	0.66	60.8	0.63	0.53	0.53

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	16.2%	11.6%	10.1%	15.0%	17.0%	14.2%	15.0%	17.8%	19.6%	21.3%
Return on Equity	22.1%	21.0%	24.6%	36.9%	41.8%	36.0%	37.5%	42.7%	46.5%	50.7%
ROIC	22.1%	15.2%	13.4%	20.2%	23.7%	19.5%	20.7%	25.7%	29.5%	33.1%
Shares Out.	2,215	2,133	2,076	2,031	1,974	1,939	2,188	2136	2085	2029
Revenue/Share	5.65	6.25	7.67	8.85	10.11	9.83	11.02	13.72	15.66	17.71
FCF/Share	2.51	2.09	3.55	5.15	5.29	4.37	6.64	8.37	9.45	9.21

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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