

Company: Visa Inc	Ticker: V	Current Price: \$ 208.78	Industry: FS	Sub Industry: Data Processing and Outsourced Services
Target Price: \$ 249	TTM P/E: 46.88	Beta: 0.97	Market Cap: \$493.04b	
Stop Loss: \$177.65	Forward P/E: 33.21	Credit Rating: A (S&P)	Avg Vol (12 M): 7.88m	
52 Week High/ Low: \$250.93 / \$180.87	EPS: \$5.04	Rating Outlook: Positive	Dividend Yield: 0.62%	

Company Background:

Visa is a multinational financial services company whose primary business is to provide transactions between financial institutions, consumers, merchants, and banks. And, it is the world's largest retail electronic payment network and a leading payments brand, providing services to consumers, businesses, and governments globally.

Industry Outlook:

- COVID-19: Weaker consumer confidence/spending
- Travel restrictions ease/Safety guidelines relaxed
- Demand for public activities and transaction soared
- Financial Services industry is ranked 11 (out of 97) for relative price performance

Investment Thesis:

- A leading company in the financial services industry, with a highest market share
- Increasing number of electronic transfers. (Future Trends)
- Good performance (EPS/Cash Flow/Dividend/Sales)
- Cost efficiency (Net Profit Margin/Operating Margin)
- High retention ratio (Retained Earnings)
- ESG Score (Environmental/Social/Governance & Economic)

Investment Risks:

- COVID-19 Delta variant (The economy has started to recover)
- High PE Ratio
- Unexpected deceleration in global economic growth
- Potential technology disruption that allows payments to be made on alternative networks

3-5 take away from last quarter investor call transcript:

- During the June interim, the company registered \$6.13 billion in revenues, representing a 27% advance from the year-earlier total.
- Earnings increased a more modest 10% in the fiscal third quarter, to \$1.18 per share, due entirely to a substantially higher tax rate, which expanded from 19.1% last year to 41.3%.
- Volumes recovered gradually in the December (up 2.0%) and March (up 8.2%) periods, but jumped 30.9% in the latest quarter, as the easing of travel and public safety restrictions caused a release of pent-up demand.
- Elsewhere, business was strong in North America, where volumes climbed 37.3% and 26.3%, respectively, in the United States and Canada.

Financial Performance:								Discounted Cash Flow		
	2017	2018	2019	2020	2021 Q1	2021 Q2	2021 Q3		2017-2020	2021-2030
Revenue (\$mill)	18358	20609	22977	21846	5729	6130	6559	Avg Revenue growth	6.3%	3.2%
Operating Profit	12362	13604	15438	14125	3584	4062	4316	Avg EBITDA Margin	66.3%	64.7%
Net Income	6699	10301	12080	10866	3026	2575	3584	Avg Net Income Margin	46%	47.98%
Revenue Growth %	21.7	12.3	11.5	(4.9)	(2.1)	26.7%	28.6%	Avg Debt/Equity	55.3%	55.4%
EBITDA%	68.8	69.0	70.0	68.2	(8.2)	33.4	33.9	Avg FCF / Margin	5.42%	18.8%
Operating Profit %	67.3%	66%	67.2%	64.7%	62.6%	66.3%	65.8%	Cost of Debt	2.6%	
Net Income Margin	36.5	50.0	52.6	49.7	52.8%	42.0%	54.6%	Tax Rate	21%	
D/E	56.1%	48.9%	48.3%	68%	55.6%	55.6%	55.8%	Cost of Equity	4.6255%	
EPS	2.81	4.44	5.33	4.90	1.38	1.18	1.69	WACC	4.50%	
PE Ratio	32.55	28.90	29.05	35.95	40	45	36.93	Perpetuity growth rate	2.0%	
Current Ratio	1.90	1.61	1.56	1.91	2.21	2.00	1.75	Analyst Opinion		
ROE	20.4%	30.9%	35.2%	30.7%	32.1%	27.3%	38.0%	Buy:31	Hold: 4	Sell:0
ROA	11.7%	12.4%	13.6%	11.5%	11.2%	12.5%	13.0%		Rating	Target
Dividend Per share	0.69	0.88	1.05	1.22	0.30	0.32	0.375	S&P Net Advantage	Buy	\$270
FCF	7365.4	10562	9343.6	8232.6	2566.4	3493.9	3579.4	Morning Star	***	-
								Value Line	Timeliness:1	\$287

Relative Valuation						Total Return			
	VISA	MasterCard	PayPal	Western Union	Industry Avg.		VISA	Fin Service Sec	S&P 500
P/E	36.93	40.5	56.26	9.45	31.30	YTD	-4.4	37.31	22.378
P/B	11.86	48.45	12.94	26.44	20.52	2020	16.41	66.78	18.40
Dividend Yield	0.62%	0.53%	-	5.08%	1.6%	Last 3 Years	91.2	53.79	44.10
PEG Ratio	2.77	1.51	2.34	1.02	2.04	Last 5 Years	179.4	107.92	61.63
EPS	4.18	8.31	4.09	1.96	5.48	CSR Characteristics			
Revn Grth	10.3%	14.1%	24.1%	3.8%	16.1%		VISA	Industry	
NI Grth	13.2%	26.2%	15.8%	9.4%	7.64%	Governance Disclosure Score	56	25	
Operating Margin	68%	57.1%	21.5%	25.5	33%	ESG Disclosure:	63	22	
Debt / Equity	0.61	2.07	0.43	10.47	2.72	Social Disclosure Score	67	19	
Market Cap	438.56b	322.66b	275.64b	7.66b	198.94b	Environmental Disclosure Score	74	22	
Revenue TTM	24105	17788	23846	5030	16991	Prepared by Tianyu Zhu (Nov 3, 2021) using Bloomberg, Value Line, S&P Net Advantage, Morning Star, Yahoo Finance			
Net Income TTM	12311	8093	4869	810	4952				
FCF TTM	7365.4	7711.3	4461.6	(718.6)	4089				

*Industry Avg. includes companies listed and Marsh & McLennan, AON Plc.