

VISA INC.

Compounding engine fueled by global digital payment growth

Investment Summary

Cross-Border recovery and payment volume growth driving revenue visibility

- Visa Inc (Visa) continues to benefit from the global transition from cash to electronic payments across consumer, commercial and cross-border transactions backed by AI-enabled payment infrastructure.
- FY25 net revenue grew 11% YoY to USD 40.0bn, supported by:
 - 8% payments volume growth
 - 13% cross-border volume growth
 - 10% processed transaction growth
- Q1FY26 revenue grew 15% YoY to USD 10.9bn while Q2FY26 accelerated further to 17% YoY to USD 11.2bn, indicating sustained momentum in global consumer spending and travel recovery.
- We do expect the Middle East conflict to create near-term uncertainty, especially in travel-related cross-border spends, but CEMEA contributes only 6% of Visa's total payment volume.
- We expect VISA's net revenue to grow at 11% in FY26 to USD 44.4bn and 10% in FY27 to USD 48.8bn, driven by rising card penetration in emerging markets.

Asset-Light business model supporting sustainable margin expansion

- Visa operates one of the most scalable business models globally due to its asset-light network economics.
- FY25 operating income reached USD 24.0bn with operating margin at ~60% supported by high incremental transaction margins and economies of scale.
- Q2FY26 operating expenses declined 4% YoY on a GAAP basis despite strong revenue growth, resulting in 64.4% operating margin. FY25 operating margin was impacted by increase in litigation provisions.
- We expect operating margins to be in the range of 60.5% to 61.0% in FY26 and FY27 respectively.

Strong balance sheet and free cash flow generation

- Visa maintains a highly liquid and conservative balance sheet with cash, cash equivalents and investment securities standing at USD 14.2bn as of Q2FY26, with debt to equity at 67%.
- Visa's FCF-to-net income conversion remains above 100%, supported by low working capital requirements and minimal capex intensity. Free cash flow stood at USD 2.6bn in Q2FY26 and USD 9bn YTD.
- Visa continues to aggressively return capital with USD 14bn returned YTD through share buybacks and dividends.

Valuation & Rating

Visa continues to command premium forward multiples supported by strong profitability, improving ROE profile and resilient free cash flow generation. The stock trades at 28.4x FY26E P/E and 17.9x P/B. We assign **"ACCUMULATE"** rating on Visa with a **target price of USD 374** which is 28.5x of FY27 expected diluted EPS of USD 13.11.

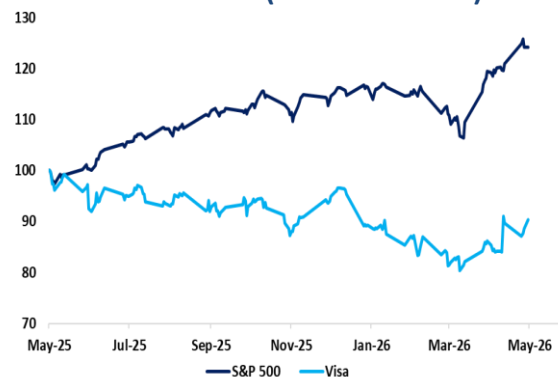
Risks

Visa faces regulatory risks related to interchange fees, merchant pricing, and market dominance. A global economic slowdown or geopolitical disruptions may weaken consumer spending, cross-border travel, and transaction volumes.

Key Financial Data (as on 18th May 2026)

Bloomberg Ticker	V US
Sector	Information Technology / Payments
Share Price (USD)	332.6
Target Price (USD)	374.0
Recommendation	"ACCUMULATE"
Market Cap (USD bn)	627.0
Volume (Mn shares)	5.3
Free float (%)	83.1%
Dividend yield (%)	0.8%
Net Debt to Equity (%)	13.2%
Fwd. P/E (x)	28.4
Fwd. P/Book (x)	17.9
ROE (%) Q2FY26	67.5%

Indexed Share price vs Composite Index Performance (Indexed to 100)



Company Overview

Visa is a global payments technology leader. Visa ranks #1 globally in card payments network, merchant acceptance, processed transactions, and cross border payment network. Its closest global competitors are Mastercard, American Express and PayPal. Visa covers 200+ countries and 150mn+ merchant locations globally as of FY25.

Financial Summary in USD mn except per share data

<i>FY September ending</i>	FY23 (A)	FY24(A)	FY25(A)	FY26(E)	FY27(E)
Income Statement					
Net revenue	32,653	35,926	40,000	44,400	48,840
<i>% Growth</i>		10.0%	11.3%	11.0%	10.0%
Operating income	21,000	23,595	23,994	26,873	29,736
<i>% Margin</i>	64.3%	65.7%	60.0%	60.5%	60.9%
Interest expense	-644	-641	-589	-575	-552
<i>% Int.cost</i>	3.1%	3.1%	2.3%	2.3%	2.3%
Investment income (expense) and other	681	962	789	801	835
<i>% Income</i>	3.1%	5.3%	3.6%	3.5%	3.5%
Income before income taxes	21,037	23,916	24,194	27,100	30,019
<i>% Growth</i>		13.7%	1.2%	12.0%	10.8%
Net income	17,273	19,743	20,058	22,493	24,915
<i>% Growth</i>		14.3%	1.6%	12.1%	10.8%
Basic EPS	8.29	9.74	10.22	13.23	14.81
Diluted EPS	8.28	9.73	10.20	11.71	13.11

<i>FY September ending</i>	FY23 (A)	FY24(A)	FY25(A)	FY26(E)	FY27(E)
Balance Sheet & Cash Flow					
Net debt	2,413	5,772	5,017	3,958	2,027
Capex	1,059	1,257	1,482	1,541	1,614
Free cash flow	19,696	18,693	21,577	23,266	27,042

<i>FY September ending</i>	FY23 (A)	FY24(A)	FY25(A)	FY26(E)	FY27(E)
Ratios					
Operating margin%	64.3%	65.7%	60.0%	60.5%	60.9%
Net income margin%	52.9%	55.0%	50.1%	50.7%	51.0%
FCF margin%	60.3%	52.0%	53.9%	52.4%	55.4%
FCF/Net income %	114.0%	94.7%	107.6%	103.4%	108.5%
RoE%	44.6%	50.4%	52.9%	63.1%	67.3%
Net Debt/Equity%	6.2%	14.7%	13.2%	11.1%	5.5%
Price to Earnings	40.2	34.2	32.6	28.4	25.4
Price to BV	17.9	17.2	17.3	17.9	17.1

Items per share	FY23 (A)	FY24(A)	FY25(A)	FY26(E)	FY27(E)
FCF per share	9.45	9.21	10.98	12.12	14.23
Diluted Earnings per share	8.28	9.73	10.20	11.71	13.11
Book value per share	18.6	19.3	19.3	18.6	19.5
Dividend per share	1.87	2.08	2.44	2.50	2.50

Source: Company Filings, Finesse Knowledge Partners