

## Visa Inc (NYSE: V)

Fiscal Q2 2026 Earnings Analysis | Period ended 31 March 2026 | Released 28 April 2026 (post-close)

### Executive Summary

- **Strongest revenue growth since 2022:** Net revenue \$11,230m (+17% YoY, +16% constant currency) beat consensus of \$10,957m by \$273m; CEO McNerney described it as the highest growth rate since 2013 outside of post-pandemic and acquisition effects.
- **Clean EPS beat:** Non-GAAP EPS \$3.31 (+20% YoY) beat consensus of ~\$3.10–3.16 by \$0.21; GAAP EPS \$3.14 (+36% YoY), boosted by a materially lower prior-year litigation provision comparator of \$992m versus \$329m this quarter.
- **Payment volumes accelerating:** Total constant-dollar payments volume +9% (up from +8% in Q1 FY2026); US volume +8%, International +10%; cross-border volume ex-Europe steady at +11% for the third consecutive quarter, demonstrating resilient consumer spending despite macro uncertainty.
- **Value-added services emerging as a structural growth driver:** VAS revenue grew +27% in constant dollars to \$3.3bn, representing 30% of net revenue; Visa Direct transactions +23% YoY; commercial and money movement solutions +24% in constant dollars.
- **Record capital return and new \$20bn buyback:** \$7.9bn in share repurchases in Q2 - the highest quarterly buyback in Visa's history - plus \$1.3bn in dividends; new \$20bn multi-year repurchase authorisation announced, bringing total buyback capacity to ~\$33bn.
- **Full-year guidance RAISED:** FY2026 net revenue growth upgraded to low-double-digit to low-teens (constant dollar); EPS growth raised to low-teens; prior guidance was low-double-digit revenue, mid-to-high single-digit EPS.
- **Stock +8.1% day after results (released post-close 28 April):** Visa's largest single-day gain in four years, driven by a clean double beat, the guidance raise, record buyback, and easing of CCCA regulatory concerns.
- **NEAR-TERM OUTLOOK: Bullish.** Broad-based volume growth, accelerating VAS, FIFA World Cup tailwind in Q3 FY2026, and ~\$33bn buyback capacity underpin the constructive case. Monitor: cross-border deceleration in CEMEA (Middle East impact) and CCCA regulatory progress.

#### NEAR-TERM SENTIMENT: BULLISH

Visa delivered its strongest revenue growth since 2022, beating consensus on both the top and bottom line. The stock surged +8% on 29 April - its largest single-day gain in four years. Accelerating payment volumes, resilient cross-border trends, the highest-ever quarterly buyback (\$7.9bn), and a new \$20bn repurchase authorisation all reinforced confidence. Full-year guidance was raised. The primary risk to monitor is ongoing Credit Card Competition Act (CCCA) regulatory uncertainty, which had weighed on the stock prior to results.



## What Happened

Metric	Q2 FY2026	Q2 FY2025	YoY	vs. Consensus
Net Revenue	\$11,230m	\$9,594m	+17%	Beat (+\$273m / +2.5%)
Operating Income (GAAP)	\$7,234m	\$5,435m	+33.1%	-
Net Income (GAAP)	\$6,021m	\$4,577m	+31.6%	-
Net Income (non-GAAP)	\$6,342m	\$5,442m	+16.5%	In-line
EPS (non-GAAP, diluted)	\$3.31	\$2.76	+20.0%	Beat (+\$0.21 / +7%)
Dividends per Share	\$0.670	\$0.590	+13.6%	-
Free Cash Flow (Q2)	\$2,625m	\$2,638m	Flat	-
Payments Volume (c-c)	+9% YoY	+8% YoY	Accel.	In-line / high-end
Cross-Border Vol. ex-EU (c-c)	+11% YoY	+11% YoY	Stable	In-line

Visa delivered a strong double beat in fiscal Q2 2026, with net revenue of \$11,230m growing 17% YoY (16% constant currency) against a consensus of ~\$10,957m. Non-GAAP EPS of \$3.31 exceeded analyst expectations of ~\$3.10–3.16 by approximately \$0.21, marking a 20% increase year-on-year. The quarter was characterised as “one of the cleanest” in years by analysts, with all key volume metrics - payments, cross-border, and processed transactions - accelerating sequentially. The GAAP EPS uplift of 36% was partly inflated by the favourable comparison to a \$992m litigation provision in Q2 FY2025, versus just \$329m this quarter. Revenue beat was broad-based across service revenue (+13%), data processing (+18%), international transactions (+10%), and other revenue (+41%). Analyst sentiment was strongly bullish, with 16 analysts revising EPS estimates upward post-results and Bloomberg describing this as the company’s strongest quarter in years.

## Why

Net revenue grew 17% to \$11,230m, with all four revenue lines expanding strongly. Service revenue rose 13% to \$4,981m, reflecting an 8% constant-dollar payments volume increase in the prior quarter (Q1 FY2026) on which service revenues are recognised. Data processing revenue, the largest line, grew 18% to \$5,543m, driven by 9% processed transaction growth to 66.1 billion. International transaction revenue grew 10% to \$3,631m on 11% constant-dollar cross-border volume ex-intra-Europe, holding steady at the same rate for three consecutive quarters despite Middle East geopolitical headwinds. Other revenue surged 41% to \$1,320m, fuelled by rapid growth in value-added services which now represent 30% of net revenue and grew 27% in constant dollars, reflecting strong demand for Visa’s network products and data services. Client incentives rose 14% to \$4,245m, in line with management’s guidance of elevated spending in the quarter, and the 14% growth rate was contained relative to 17% net revenue growth, allowing margin improvement. Non-GAAP operating margin (using net



revenue) improved slightly to 67.3% from 67.1% a year earlier. On a GAAP basis, total operating expenses fell 4% to \$3,996m as the litigation provision declined by \$671m YoY to \$329m; on a non-GAAP basis, operating expenses grew 17%, driven by personnel (+11%) and marketing (+44%), the latter reflecting elevated investment in brand and client-facing initiatives. GAAP net income rose 32% to \$6,021m, with the non-GAAP figure up 17% to \$6,342m. The effective non-GAAP tax rate was stable at 16.4% (vs. 16.9% prior year). Cash returned to shareholders reached \$9.2bn (\$7.9bn buybacks, \$1.3bn dividends), underpinned by Q2 free cash flow of \$2,625m. The balance sheet remains extremely clean: net debt/EBITDA below 0.4x. In February 2026, Visa completed the acquisition of Prisma and Newpay in Argentina, adding ~0.5 points to revenue growth and ~0.5 points to operating expense growth on a constant-dollar adjusted basis.

## What Happens Next

---

### Forward Guidance (RAISED)

- **FY2026 Net Revenue Growth:** Low-double-digit to low-teens on a non-GAAP adjusted constant-dollar basis (RAISED from low-double-digit previously)
- **FY2026 EPS Growth:** Low-teens on a non-GAAP adjusted constant-dollar basis (RAISED from mid-to-high single-digit previously)
- **FY2026 Operating Expense Growth:** Low-double-digit to low-teens constant dollar (unchanged)
- **Q3 FY2026 Net Revenue Growth:** Low-double-digit constant dollar
- **Q3 FY2026 EPS Growth:** Mid-to-high single-digit constant dollar; GAAP high-teens
- **Capital returns:** \$7.9bn buyback in Q2 (record quarterly); new \$20bn multi-year authorisation brings total capacity to ~\$33bn; quarterly dividend declared at \$0.670/share (+\$0.080 vs. prior quarter)

### Guidance vs. Prior & Consensus

RAISED - FY2026 net revenue growth upgraded from low-double-digit to low-double-digit/low-teens; EPS growth upgraded from mid-to-high single-digit to low-teens. Both upgrades came against a backdrop of macroeconomic uncertainty and ongoing CCCA regulatory debate, making the raise more significant. Consensus forecasts (Morningstar) had assumed FY2026 revenue of \$62,251m (+11.7% YoY) and adjusted EPS of \$12.73 (+12.8%); management's upgraded guidance is broadly consistent with or slightly above prior sell-side expectations.

### Key Assumptions

- **Consumer spending resilience:** US payments volume holding at +8% through April 21 with no material deterioration observed; management flagged geopolitical uncertainty but characterised spending as resilient
- **Cross-border stability:** 11% constant-dollar growth ex-Europe sustained through April 21; Middle East impact partially offset by strength in other regions; FIFA World Cup in North America cited as a meaningful Q3 FY2026 catalyst for cross-border and processed transactions
- **VAS and new flows:** Value-added services revenue growing at 25%+ in constant dollars; Visa Direct +23% YoY; commercial and money movement solutions +24%; expected to continue driving above-network-average growth
- **Buyback accretion:** ~\$33bn total buyback capacity at significant below-market implied yield; share count continues declining ~3–4% annually, providing a structural EPS tailwind regardless of volume environment
- **Regulatory risk:** CCCA debate ongoing in the US; management argues Visa does not set interchange rates and is not a card issuer, limiting direct impact; however, market discount to the sector persists



## Stock Price Reaction

- **Stock reaction:** +8.1% day after results (released post-close 28 April), marking the stock's largest single-day gain in four years (source: Bloomberg, CNBC).
- **Why the market reacted positively:**
- The double beat on both EPS (\$3.31 vs. ~\$3.10 consensus, a \$0.21 beat) and revenue (\$11.23bn vs. \$10.96bn consensus) was described by analysts as one of the cleanest quarters in years, removing investor concern that consumer spending was beginning to slow; Bloomberg noted the revenue increase was the strongest since 2022, and CNBC's Jim Cramer highlighted the result as a potential inflection point for the stock, which had fallen ~12% year-to-date through Tuesday's close (Bloomberg, CNBC).
- Cross-border volume ex-Europe of +11% in constant dollars - the most macro-sensitive and closely-watched metric - held at its three-quarter average despite Middle East headwinds and broader geopolitical uncertainty, easing investor fears about a global spending slowdown; management's commentary on FIFA World Cup tailwinds and confirmed strength through April 21 reinforced confidence in Q3 FY2026 momentum (CNBC, Quiver Quantitative).
- The record \$7.9bn quarterly buyback, a new \$20bn repurchase authorisation bringing total capacity to ~\$33bn, and the guidance raise collectively signalled management's conviction in sustained earnings power; the stock had been trading at a discount to fair value on regulatory concerns (CCCA), and the combination of a clean quarter and strong capital return programme helped close that discount materially (Bloomberg, CNBC).

## Key Positives, Negatives, Risks and Concerns

---

### Positives

- **Fastest revenue growth since 2022:** 17% YoY net revenue growth, with the CEO noting it was the strongest since 2013 excluding post-pandemic and acquisition effects; broad-based across all revenue lines with no single outsized driver.
- **Value-added services structural acceleration:** VAS at 30% of net revenue and growing 27% constant dollar represents a diversification of Visa's revenue mix away from pure volume dependency; Visa Direct (+23%) and commercial solutions (+24%) are establishing new, faster-growing revenue verticals.
- **Record capital returns with expanded firepower:** \$7.9bn Q2 buyback (record quarterly), new \$20bn authorisation and ~\$33bn total capacity represent a formidable shareholder return engine; share count reduction of ~3–4% annually creates durable EPS support.

### Negatives

- **CEMEA cross-border deceleration:** International payments volume in CEMEA (Central Europe, Middle East and Africa) saw a 2.5 percentage point step-down due to Middle East conflict; cross-border travel spending in the region is the most macro-sensitive component of Visa's revenue mix.
- **Client incentives growing at revenue rate:** Client incentives rose 14% to \$4,245m, broadly in line with net revenue growth; management's prior guidance of elevated incentive spending in Q2 proved accurate, and any acceleration above revenue growth would compress net margins meaningfully.
- **YTD share price underperformance prior to results:** V shares were down approximately 12% year-to-date through April 28, reflecting persistent investor anxiety over CCCA regulatory risk; while the Q2 beat catalysed a sharp re-rating, the underlying regulatory overhang has not been resolved.



## Risks and Concerns

- **Credit Card Competition Act (CCCA) regulatory risk:** The CCCA debate in the US remains the primary stock-level risk; if enacted, it could increase routing competition for credit card transactions, potentially compressing Visa's transaction fee economics over the medium term despite management's argument that Visa does not set interchange rates.
- **Cross-border macro sensitivity:** Cross-border volume ex-Europe is both the most lucrative and most economically sensitive metric; any sustained escalation of Middle East conflict, deterioration in global travel demand, or US tariff-driven reduction in international trade flows could compress this segment below the current +11% trajectory.
- **Operating expense growth running at revenue rate:** Non-GAAP operating expenses grew 17%, matching net revenue growth; with personnel (+11%) and marketing (+44%) both accelerating, any revenue softness in H2 FY2026 could lead to margin compression rather than the modest expansion embedded in current consensus forecasts.

---

*Disclaimer: This document has been prepared by Delta Outcomes Limited for informational purposes only and does not constitute investment advice or a recommendation to buy, hold or sell any security. Information is derived from public sources believed to be reliable. Delta Outcomes Limited accepts no responsibility for errors or omissions. Past performance is not indicative of future results.*

