



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Visa Inc. FY 2025 Results

Share Price
Date

US\$341.28
30 October 2025

RESULTS SUMMARY

Visa reported strong fourth quarter results, closing out another solid year of double-digit revenue and earnings growth. Full year revenue rose 11% to US\$40 billion, slightly ahead of expectations, supported by resilient consumer spending. Key volume drivers remained healthy, with payment volumes up 8% and processed transactions up 10% for the year, broadly in line with fourth quarter trends. Cross-border volumes, a higher-margin revenue stream, grew 12% despite normalising travel patterns, highlighting continued strength in international spending.

Growth was also boosted by a 13% increase in Data Processing revenue, reflecting higher pricing for Visa's value-added services. These now account for roughly 30% of group revenue and carry higher margins. Net income rose 11% to US\$22.5bn, or US\$11.47 per share (+14%). Capital returns remained significant, with US\$4.9bn in share buybacks in the fourth quarter and US\$18.2bn for the full year, reducing the share count by around 3%.

OUR LONG-TERM INVESTMENT VIEW

- Visa benefits from the global megatrend we are seeing as payments shift from cash to electronic and card-based. The key drivers of this trend are an increase in the number and size of transactions. We expect Visa's reported metrics for these drivers to continue to grow at double-digit rates in both developed and emerging markets.
- Visa has invested significantly in its payment network, VisaNet, which has seen the network report high reliability, security and speed - all of which are critical within the electronic payment industry. We believe that the strength of VisaNet, coupled with Visa's symbiotic relationship with financial institutions, presents a high barrier to entry for new entrants into the electronic payment platforms.
- Visa's business model allows the group to earn recurring revenues, maintain high margins and generate high levels of free cash flow in an industry dominated by very few players. We believe that these are the quintessential qualities of a great long-term investment.

UNPACKING THE FY 2025 RESULTS

High-level numbers

- **Reported net revenue** (excluding incentive payments) rose 11% to US\$40 bn. This was the upper end of management's previously guided range. Total processed transactions, which represent all transactions processed by Visa over the period, totalled 257.5bn, up 10% from the prior year. Service and Data Processing revenues were up 9% and 13%, respectively. International transaction revenue rose 12% year-on-year to US\$14.1bn over the year. **Client incentives**, a contra-revenue item paid to Visa's banking partners, totalled US\$15.8bn and were up 14% year over year.
- **Total expenses** were up 30% for the year.

Strong volume growth

- **Payment volumes** continued to rise, with global volume growth at 8%. This growth rate was largely consistent throughout the year, providing a positive macro backdrop amid concerns about weakness in parts of the global economy. The important US region reported 7% volume growth for the year, which is similarly solid.
- **Cross-border volume** growth decelerated slightly in the fourth quarter (12%) compared with the full year (13%). E-commerce volumes were once again strong during Q4, marking the eighth consecutive quarter of e-commerce growth outstripping travel volumes. About 40% of Visa's cross-border volumes are now derived from e-

However, this was primarily driven by a US\$0.9bn litigation provision recognised in Q4. On a comparable basis, expenses rose 11% to US\$12.9bn. The increase in expenses was driven by employee, general, and admin costs, which, while above inflation, were in line with management guidance.

- **Adjusted operating margin** for the year was 0.57% lower at 66.4%, driven in part by higher incentive fees. While margins for the period were marginally lower, the absolute level remains impressive, with management commenting that they do not explicitly target a margin for each period, but instead ensure they continue to invest in the business.
- **Adjusted net income** for the period increased 11% and adjusted **earnings per share** rose 14% to US\$11.47.
- The group ended the quarter in a strong financial position, with **cash and equivalents** of US\$19bn on its balance sheet, compared with US\$19.6bn in long-term debt.

commerce. Travel volumes improved in Q4 after a softer performance earlier in the year. Despite the recent softer travel trends, travel spend continues to grow above pre-COVID levels.

Looking ahead

Assuming no material changes to the macroeconomic outlook, management expect current momentum to continue into 2026. Revenue is expected to grow by at least 10% and management plan to continue investing in value-added services and other faster-growing products, which will drive low double-digit expense growth. Overall, the group expects double-digit EPS growth in 2026. Over the medium term, we forecast mid-teens earnings growth, and our fair value estimate remains above the current share price.

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