



Visa Inc. Reports Fiscal First Quarter 2021 Results

San Francisco, CA, January 28, 2021 – Visa Inc. (NYSE: V)

- GAAP and non-GAAP net income of \$3.1B or \$1.42 per share
- Net revenues of \$5.7B, a decrease of 6%
- Payments volume, cross-border volume and processed transactions growth all improved versus the prior quarter
- Returned \$2.5B of capital to shareholders in the form of share repurchases and dividends
- The board of directors authorized a new \$8.0 billion share repurchase program, bringing total funds available for share repurchase to over \$11 billion

	Q1 2021	
	USD	% Change
<i>In billions, except percentages and per share data. % change is calculated over the comparable prior-year period.</i>		
Net Revenues	\$5.7	(6%)
GAAP Net Income	\$3.1	(4%)
GAAP Earnings Per Share	\$1.42	(3%)
Non-GAAP Net Income⁽¹⁾	\$3.1	(4%)
Non-GAAP Earnings Per Share⁽¹⁾	\$1.42	(3%)

⁽¹⁾ Non-GAAP results exclude equity investment gains and losses, amortization of acquired intangible assets and non-recurring acquisition-related costs.

Q1 2021 Key Business Drivers

(YoY increase / (decrease), volume in constant dollars)

	Q1 2021
Payments Volume	5%
Cross-Border Volume Excluding Intra-Europe⁽¹⁾	(33%)
Cross-Border Volume Total	(21%)
Processed Transactions	4%

⁽¹⁾ Cross-border volume excluding transactions within Europe.

Alfred F. Kelly, Jr., *Chairman and Chief Executive Officer, Visa Inc.*, commented on the results:

“Our performance in the fiscal first quarter reflected solid results and continued positive momentum in a challenging COVID-19 environment. We saw sustained strength of debit and eCommerce volumes as well as resilient domestic spending in most countries. We continued to deliver robust Visa Direct transaction growth and accelerated our value added services revenue – all reflective of our progress in the enablement of money movement globally. Looking ahead, I remain confident that Visa will exit the pandemic with strengthened prospects for our long-term growth.”

Fiscal First Quarter 2021 — Financial Highlights

GAAP net income in the fiscal first quarter was \$3.1 billion or \$1.42 per share, decreases of 4% and 3%, respectively, over prior year's results. Current and prior year's results included \$16 million and \$13 million of net gains from equity investments, respectively. Current and prior year's results also included \$15 million and \$13 million, respectively, related to the amortization of acquired intangible assets and non-recurring acquisition-related costs. Excluding these items and the related tax impacts, non-GAAP net income for the quarter was \$3.1 billion or \$1.42 per share, decreases of 4% and 3%, respectively, over prior year's results (refer to the accompanying financial tables for further details and a reconciliation of the non-GAAP measures presented). Non-GAAP earnings per share decrease was approximately 4% on a constant-dollar basis. All references to earnings per share assume fully-diluted class A share count.

Net revenues in the fiscal first quarter were \$5.7 billion, a decrease of 6%, primarily driven by the year-over-year decline in cross-border volume, partially offset by growth in payments volume and processed transactions. Net revenues decrease was approximately 6% on a constant-dollar basis. Had we recognized service revenues on current quarter payments volume, it would have had minimal impact on our net revenue growth.

Payments volume for the three months ended September 30, 2020, on which fiscal first quarter service revenue is recognized, increased 4% over the prior year on a constant-dollar basis.

Payments volume for the three months ended December 31, 2020, increased 5% over the prior year on a constant-dollar basis.

Cross-border volume excluding transactions within Europe, which drive our international transaction revenues, declined 33% on a constant-dollar basis for the three months ended December 31, 2020. Total cross-border volume on a constant-dollar basis declined 21% in the quarter.

Total processed transactions, which represent transactions processed by Visa, for the three months ended December 31, 2020, were 39.2 billion, a 4% increase over the prior year, led by domestic transactions.

Fiscal first quarter service revenues were \$2.7 billion, an increase of 5% over the prior year, and are recognized based on payments volume in the prior quarter. All other revenue categories are recognized based on current quarter activity. Data processing revenues grew 6% over the prior year to \$3.0 billion. International transaction revenues declined 28% over the prior year to \$1.5 billion. Other revenues of \$384 million rose 5% over the prior year. Client incentives, a contra-revenue item, were \$1.9 billion and represent 24.6% of gross revenues.

GAAP operating expenses were \$1.8 billion for the fiscal first quarter, a 10% decrease over the prior year's results, including the amortization of acquired intangible assets and non-recurring acquisition-related costs in the current and prior year. Excluding these operating expense items, non-GAAP operating expenses decreased 10% over the prior year, primarily driven by general and administrative and marketing expenses.

GAAP non-operating expense was \$96 million for the fiscal first quarter, including \$16 million of net equity investment gains. Excluding this item, non-GAAP non-operating expense was \$112 million.

GAAP and non-GAAP effective income tax rate was 16.6% for the quarter ended December 31, 2020. GAAP and non-GAAP tax rates benefited from completing certain tax audits.

Cash, cash equivalents and investment securities were \$18.2 billion at December 31, 2020.

The weighted-average number of diluted shares of class A common stock outstanding was 2.20 billion for the quarter ended December 31, 2020.

Other Notable Items

Visa continues to monitor the COVID-19 impact globally. During the quarter, several countries experienced a rise in cases and implemented restrictive measures, primarily impacting card present spending. While cross-border spending did improve for the quarter, it remains depressed, led by travel spending, as the majority of borders remain closed. Card not present excluding travel in both domestic and cross-border volume continued to grow at elevated levels.

On November 20, 2020, Visa announced it completed the acquisition of YellowPepper. We believe this acquisition will accelerate the adoption of Visa's "network of networks" strategy in Latin America and the Caribbean by significantly reducing the time-to-market and cost for issuers and processors associated with accessing innovative and interoperable solutions, regardless of who owns or operates the payment rails.

On December 14, 2020, Visa repaid \$3.0 billion of principal upon maturity of its senior notes.

On January 12, 2021, Visa and Plaid announced that the companies mutually terminated their merger agreement and agreed with the Department of Justice to dismiss the litigation related to the proposed transaction. The proposed transaction was first announced on January 13, 2020.

During the three months ended December 31, 2020, Visa repurchased 8.7 million shares of class A common stock at an average price of \$202.30 per share for \$1.8 billion. As of January 1, 2021, Visa had \$3.6 billion available for share repurchase and on January 26, 2021, the board of directors authorized an additional \$8.0 billion class A common stock share repurchase program.

On January 26, 2021, the board of directors declared a quarterly cash dividend of \$0.32 per share of class A common stock (determined in the case of class B and C common stock and series A, B and C convertible participating preferred stock on an as-converted basis) payable on March 1, 2021, to all holders of record as of February 12, 2021.

Financial Outlook for Fiscal Full-Year 2021

Given the continuing impact of COVID-19 and the significant uncertainty in the global economy, it is difficult to reasonably estimate the Company's annual results; therefore we are not providing a fiscal full-year 2021 outlook at this time.

Fiscal First Quarter 2021 Earnings Results Call Details

Visa's executive management team will host a live audio webcast beginning at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time) today to discuss the financial results and business highlights. All interested parties are invited to listen to the live webcast at <http://investor.visa.com>. A replay of the webcast will be available on the Visa Investor Relations website for 30 days. Investor information, including supplemental financial information, is available on Visa Inc.'s Investor Relations website at <http://investor.visa.com>.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to, among other things, the impact on our underlying business drivers and other volume and transaction trends as a result of COVID-19, our future operations, prospects, developments, strategies and business growth. Forward-looking statements generally are identified by words such as "anticipates," "estimates," "expects," "intends," "may," "projects," "outlook," "could," "should," "will," "continue" and other similar expressions. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict.

Actual results could differ materially from those expressed in, or implied by, our forward-looking statements due to a variety of factors, including, but not limited to:

- impact of global economic, political, market, health and social events or conditions, including the impact of COVID-19;
- increased oversight and regulation of the global payments industry and our business;
- impact of government-imposed obligations and/or restrictions on international payment systems;
- outcome of tax, litigation and governmental investigation matters;
- increasingly intense competition in the payments industry, including competition for our clients and merchants;
- proliferation and continuous evolution of new technologies and business models;
- our ability to maintain relationships with our clients, acquirers, processors, merchants and other third parties;
- brand or reputational damage;
- exposure to loss or illiquidity due to settlement guarantees;
- the impact of the United Kingdom's withdrawal from the European Union;
- a disruption, failure, breach or cyber-attack of our networks or systems;
- risks, uncertainties and the failure to achieve the anticipated benefits with respect to our acquisitions and other strategic investments; and
- other factors described in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended September 30, 2020, and our subsequent reports on Forms 10-Q and 8-K.

Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

About Visa Inc.

Visa Inc. (NYSE: V) is the world's leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network – enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second. Our relentless focus on innovation is a catalyst for the rapid growth of digital commerce on any device for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce. For more information, visit usa.visa.com/about-visa.html, usa.visa.com/visa-everywhere/blog.html and @VisaNews.

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Fiscal First Quarter 2021 — Financial Summary

Q1 FISCAL 2021 INCOME STATEMENT SUMMARY

(in millions, except percentages and per share data)

	Three Months Ended December 31, 2020		YoY Change	
	GAAP	Non-GAAP	GAAP	Non-GAAP
Revenues				
Service revenues	\$ 2,677	\$ 2,677	5%	5%
Data processing revenues	3,033	3,033	6%	6%
International transaction revenues	1,451	1,451	(28%)	(28%)
Other revenues	384	384	5%	5%
Client incentives	(1,858)	(1,858)	6%	6%
Net revenues	5,687	5,687	(6%)	(6%)
Operating Expenses				
Personnel	981	978	0%	0%
Marketing	205	205	(25%)	(25%)
Network and processing	173	173	(4%)	(4%)
Professional fees	83	83	(21%)	(21%)
Depreciation and amortization	197	185	8%	8%
General and administrative	203	203	(35%)	(35%)
Litigation provision	1	1	165%	165%
Total operating expenses	1,843	1,828	(10%)	(10%)
Operating income	3,844	3,859	(4%)	(4%)
Non-operating expense	(96)	(112)	130%	107%
Effective tax rate	16.6%	16.6%	(1 ppt)	(1 ppt)
Net income	\$ 3,126	\$ 3,125	(4%)	(4%)
Earnings per share	\$ 1.42	\$ 1.42	(3%)	(3%)

Q1 FISCAL 2021 KEY BUSINESS DRIVERS

	YoY Change	
	Constant	Nominal
Payments volume	5%	5%
Cross-border volume excluding intra-Europe ⁽¹⁾	(33%)	(32%)
Cross-border volume total	(21%)	(18%)
Processed transactions	4%	4%

⁽¹⁾ Cross-border volume excluding transactions within Europe.

Visa Inc. Consolidated Balance Sheets (unaudited)

	December 31, 2020	September 30, 2020
	(in millions, except per share data)	
Assets		
Cash and cash equivalents	\$ 15,032	\$ 16,289
Restricted cash equivalents—U.S. litigation escrow	894	901
Investment securities	3,009	3,752
Settlement receivable	1,596	1,264
Accounts receivable	1,746	1,618
Customer collateral	1,993	1,850
Current portion of client incentives	1,281	1,214
Prepaid expenses and other current assets	729	757
Total current assets	<u>26,280</u>	<u>27,645</u>
Investment securities	161	231
Client incentives	3,192	3,175
Property, equipment and technology, net	2,713	2,737
Goodwill	16,121	15,910
Intangible assets, net	28,593	27,808
Other assets	3,366	3,413
Total assets	<u>\$ 80,426</u>	<u>\$ 80,919</u>
Liabilities		
Accounts payable	\$ 131	\$ 174
Settlement payable	2,048	1,736
Customer collateral	1,993	1,850
Accrued compensation and benefits	600	821
Client incentives	4,479	4,176
Accrued liabilities	2,230	1,840
Current maturities of debt	—	2,999
Accrued litigation	909	914
Total current liabilities	<u>12,390</u>	<u>14,510</u>
Long-term debt	21,055	21,071
Deferred tax liabilities	5,343	5,237
Other liabilities	3,959	3,891
Total liabilities	<u>42,747</u>	<u>44,709</u>
Equity		
Preferred stock, \$0.0001 par value, 25 shares authorized and 5 shares issued and outstanding as follows:		
Series A convertible participating preferred stock, less than one shares issued and outstanding at December 31, 2020 and September 30, 2020 (the "series A preferred stock")	1,049	2,437
Series B convertible participating preferred stock, 2 shares issued and outstanding at December 31, 2020 and September 30, 2020 (the "UK&I preferred stock")	1,097	1,106
Series C convertible participating preferred stock, 3 shares issued and outstanding at December 31, 2020 and September 30, 2020 (the "Europe preferred stock")	1,537	1,543
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 1,696 and 1,683 shares issued and outstanding at December 31, 2020 and September 30, 2020, respectively	—	—
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at December 31, 2020 and September 30, 2020	—	—
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 11 shares issued and outstanding at December 31, 2020 and September 30, 2020	—	—
Right to recover for covered losses	(34)	(39)
Additional paid-in capital	18,063	16,721
Accumulated income	14,813	14,088
Accumulated other comprehensive income (loss), net:		
Investment securities	2	3
Defined benefit pension and other postretirement plans	(194)	(196)
Derivative instruments	(538)	(291)
Foreign currency translation adjustments	1,884	838
Total accumulated other comprehensive income (loss), net	<u>1,154</u>	<u>354</u>
Total equity	<u>37,679</u>	<u>36,210</u>
Total liabilities and equity	<u>\$ 80,426</u>	<u>\$ 80,919</u>

Visa Inc. Consolidated Statements of Operations (unaudited)

	Three Months Ended December 31,	
	2020	2019
	(in millions, except per share data)	
Net revenues	\$ 5,687	\$ 6,054
Operating Expenses		
Personnel	981	982
Marketing	205	274
Network and processing	173	181
Professional fees	83	106
Depreciation and amortization	197	182
General and administrative	203	313
Litigation provision	1	—
Total operating expenses	1,843	2,038
Operating income	3,844	4,016
Non-operating Income (Expense)		
Interest expense, net	(136)	(111)
Investment income and other	40	69
Total non-operating income (expense)	(96)	(42)
Income before income taxes	3,748	3,974
Income tax provision	622	702
Net income	\$ 3,126	\$ 3,272
Basic Earnings Per Share		
Class A common stock	\$ 1.42	\$ 1.46
Class B common stock	\$ 2.31	\$ 2.37
Class C common stock	\$ 5.69	\$ 5.85
Basic Weighted-average Shares Outstanding		
Class A common stock	1,694	1,713
Class B common stock	245	245
Class C common stock	11	11
Diluted Earnings Per Share		
Class A common stock	\$ 1.42	\$ 1.46
Class B common stock	\$ 2.31	\$ 2.37
Class C common stock	\$ 5.68	\$ 5.84
Diluted Weighted-average Shares Outstanding		
Class A common stock	2,200	2,240
Class B common stock	245	245
Class C common stock	11	11

Visa Inc. Consolidated Statements of Cash Flows (unaudited)

	Three Months Ended December 31,	
	2020	2019
	(in millions)	
Operating Activities		
Net income	\$ 3,126	\$ 3,272
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Client incentives	1,858	1,748
Share-based compensation	122	116
Depreciation and amortization of property, equipment, technology and intangible assets	197	182
Deferred income taxes	5	(47)
VE territory covered losses incurred	(10)	(4)
Other	25	(50)
Change in operating assets and liabilities:		
Settlement receivable	(244)	(183)
Accounts receivable	(108)	(107)
Client incentives	(1,485)	(1,943)
Other assets	235	123
Accounts payable	(39)	(12)
Settlement payable	194	218
Accrued and other liabilities	(357)	136
Accrued litigation	(6)	426
Net cash provided by (used in) operating activities	3,513	3,875
Investing Activities		
Purchases of property, equipment and technology	(160)	(191)
Investment securities:		
Purchases	(1,315)	(400)
Proceeds from maturities and sales	2,163	1,202
Acquisitions, net of cash acquired	(75)	(77)
Purchases of / contributions to other investments	(18)	(9)
Other investing activities	44	37
Net cash provided by (used in) investing activities	639	562
Financing Activities		
Repurchase of class A common stock	(1,796)	(2,370)
Repayments of debt	(3,000)	—
Dividends paid	(703)	(671)
Cash proceeds from issuance of class A common stock under employee equity plans	61	55
Restricted stock and performance-based shares settled in cash for taxes	(134)	(147)
Net cash provided by (used in) financing activities	(5,572)	(3,133)
Effect of exchange rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	304	127
Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	(1,116)	1,431
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	19,171	10,832
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period	\$ 18,055	\$ 12,263
Supplemental Disclosure		
Cash paid for income taxes, net	\$ 252	\$ 345
Interest payments on debt	\$ 281	\$ 234
Accruals related to purchases of property, equipment and technology	\$ 13	\$ 66

Visa Inc. Fiscal 2021 and 2020 Quarterly Results of Operations (unaudited)

	Fiscal 2021 Quarter Ended		Fiscal 2020 Quarter Ended		
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
	(in millions)				
Net revenues	\$ 5,687	\$ 5,101	\$ 4,837	\$ 5,854	\$ 6,054
Operating Expenses					
Personnel	981	922	941	940	982
Marketing	205	288	174	235	274
Network and processing	173	191	172	183	181
Professional fees	83	104	95	103	106
Depreciation and amortization	197	196	197	192	182
General and administrative	203	256	258	269	313
Litigation provision	1	2	1	8	—
Total operating expenses	1,843	1,959	1,838	1,930	2,038
Operating income	3,844	3,142	2,999	3,924	4,016
Non-operating Income (Expense)					
Interest expense, net	(136)	(145)	(142)	(118)	(111)
Investment income and other	40	58	75	23	69
Total non-operating income (expense)	(96)	(87)	(67)	(95)	(42)
Income before income taxes	3,748	3,055	2,932	3,829	3,974
Income tax provision	622	918	559	745	702
Net income	\$ 3,126	\$ 2,137	\$ 2,373	\$ 3,084	\$ 3,272

Visa Inc. Reconciliation of Non-GAAP Financial Results (unaudited)

We use non-GAAP financial measures of our performance which exclude certain items which we believe are not representative of our continuing operations, as they may be non-recurring or have no cash impact, and may distort our longer-term operating trends. We consider non-GAAP measures useful to investors because they provide greater transparency into management's view and assessment of our ongoing operating performance.

- *Gains and losses on equity investments.* Gains and losses on equity investments include periodic non-cash fair value adjustments and gains and losses upon sale of an investment. These long-term investments are strategic in nature and are primarily private company investments. Gains and losses and the related tax impacts associated with these investments are tied to the performance of the companies that we invest in and therefore do not correlate to the underlying performance of our business.
- *Amortization of acquired intangible assets.* Amortization of acquired intangible assets consists of amortization of intangible assets such as developed technology, customer relationships and brands acquired in connection with business combinations executed beginning in fiscal 2019. Amortization charges for our acquired intangible assets are non-cash and are significantly affected by the timing, frequency and size of our acquisitions, rather than our core operations. As such, we have excluded this amount and the related tax impact to facilitate an evaluation of our current operating performance and comparison to our past operating performance.
- *Acquisition-related costs.* Acquisition-related costs consist primarily of one-time transaction and integration costs associated with our business combinations. These costs include professional fees, technology integration fees, restructuring activities and other direct costs related to the purchase and integration of acquired entities. It also includes retention equity and deferred equity compensation when they are agreed upon as part of the purchase price of the transaction but are required to be recognized as expense post-combination. We have excluded these amounts and the related tax impacts as the expenses are recognized for a limited duration and do not reflect the underlying performance of our business.

Non-GAAP operating expense, non-operating income (expense), income tax provision, effective income tax rate, net income and diluted earnings per share should not be relied upon as substitutes for, or considered in isolation from, measures calculated in accordance with U.S. GAAP. The following tables reconcile our as-reported financial measures, calculated in accordance with U.S. GAAP, to our respective non-GAAP financial measures for the three months ended December 31, 2020 and 2019.

Three Months Ended December 31, 2020

	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate ⁽¹⁾	Net Income	Diluted Earnings Per Share ⁽¹⁾
(in millions, except percentages and per share data)						
As reported	\$ 1,843	\$ (96)	\$ 622	16.6 %	\$ 3,126	\$ 1.42
(Gains) Losses on equity investments, net	—	(16)	(4)		(12)	(0.01)
Amortization of acquired intangible assets	(12)	—	3		9	—
Acquisition-related costs	(3)	—	1		2	—
Non-GAAP	\$ 1,828	\$ (112)	\$ 622	16.6 %	\$ 3,125	\$ 1.42

Three Months Ended December 31, 2019

	Operating Expenses	Non-operating Income (Expense)	Income Tax Provision	Effective Income Tax Rate ⁽¹⁾	Net Income	Diluted Earnings Per Share ⁽¹⁾
(in millions, except percentages and per share data)						
As reported	\$ 2,038	\$ (42)	\$ 702	17.7 %	\$ 3,272	\$ 1.46
(Gains) Losses on equity investments, net	—	(13)	(3)		(10)	—
Amortization of acquired intangible assets	(11)	—	3		8	—
Acquisition-related costs	(2)	—	—		2	—
Non-GAAP	\$ 2,025	\$ (55)	\$ 702	17.7 %	\$ 3,272	\$ 1.46

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Effective income tax rate, diluted earnings per share and their respective totals are calculated based on unrounded numbers.