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MARKETS | MARKETS MAIN

## Visa Raises Outlook as Higher Payments Volume Helps Results Beat Views

Payments volume for the quarter rose 38% on a constant-dollar basis to \$1.9 trillion



Visa is the network for many in-demand credit cards, including the J.P. Morgan Chase Sapphire Reserve card, and has also benefited from Costco Wholesale cards' switch to the Visa network from American Express. PHOTO: MAXIM ZMEYEV/REUTERS

By *Maria Armental and AnnaMaria Andriotis*

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Visa Inc. [▼ +0.28% ▲](#) raised its financial targets for the year as its quarterly results beat Wall Street expectations, driven by a higher number of transactions.

Profit surged to \$2.06 billion, or 86 cents a Class A share, from \$412 million, or 17 cents a share, a year earlier when results were hurt by charges related to the acquisition of its European operations. Net operating revenue rose 26% to \$4.57 billion. Analysts surveyed by Thomson Reuters had expected profit of 81 cents a share on \$4.36 billion in net operating revenue.

Visa shares, which have been trading at all-time highs, rose 1.2% to \$99.37 after hours.

Operating expenses rose by 31% after adjustments, largely tied to the Visa Europe acquisition that the company completed in June 2016.

San Francisco-based Visa has delivered a string of earnings beats fueled by a growing credit-card market. Payments volume for the quarter rose 38% from a year earlier on a constant-dollar basis to \$1.9 trillion, while total processed transactions rose 44% to 28.5 billion.

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Visa is the network for many in-demand credit cards, including the J.P. Morgan Chase Sapphire Reserve card, and has also benefited from Costco Wholesale Corp. cards' switch to the Visa network from American Express. Visa processes credit- and debit-card transactions and makes most of its money from transaction-related fees.

The company is also benefiting from the global economic recovery, said Vasant Prabhu,

Visa's chief financial officer, on the company's earnings call. Visa's cross-border volume, which is when cardholders use Visa cards outside of the country they are issued in, increased 11% on a constant dollar basis from a year prior when Europe is included in last year's results.

Visa is also trying to make inroads in China. Chief Executive Al Kelly provided updates on the company's long-running effort to enter the Chinese market. Mr. Kelly said on the earnings call that the company filed an application on Wednesday with the People's Bank of China for a domestic license. The company has been trying to get more of its cards to be issued by Chinese banks to consumers for use inside the country.

The U.S. and Chinese governments reached an agreement in May that is supposed to result in more access to the Chinese economy for electronic-payments providers. That reignited hopes that Visa and Mastercard may get more market share in China.

With one quarter to go, Visa again raised financial targets for the current business year, saying it now expects adjusted profit to increase about 20%, compared with its earlier view of an increase at the high end of the midteens. It also expects net revenue to increase about 20%, up from its previous view of an increase at the high end of 16% to 18%.

On the earnings call, Mr. Kelly reiterated the company's commitment to get more customers to stop using cash—a key piece of Visa's growth strategy. The company last week announced an initiative that offers up to 50 restaurants and food vendors in the U.S. \$10,000 apiece to pay for technology upgrades and marketing costs if they agree to stop accepting cash from customers.

Visa accounted for 59% of purchase volume on U.S. general purpose credit and debit cards last year, compared with Mastercard's 25% market share, according to the Nilson Report, a trade publication.

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