



FEATURED OPTIONS RADAR REPORT



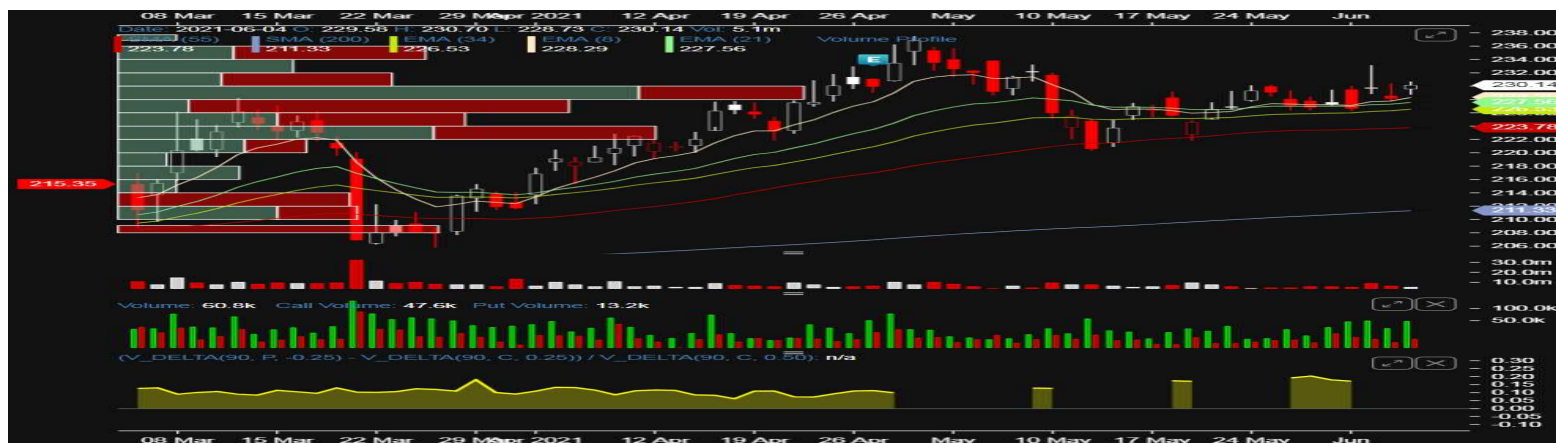
Visa Calls Accumulate for 2H21 Strength

Ticker/Price: V (\$230)

Analysis:

Visa (V) large call buying activity continued on 6/4 as 6000 December \$240 calls were bought to open for over \$7M and a name with over 20,000 August \$230 calls bought in open interest with its next earnings report late July. V also has 6000 each of the September \$200 and \$205 calls that were bought last Summer as well as 4500 September \$215 calls from 11/30/20. V shares recently held a rising 55-day moving average test and starting to work out of consolidation with the April highs near \$235 in sight. The 138.2% Fibonacci extension of the COVID-correction remains in play at \$245 while \$260 a measured move target of the \$180/\$220 range break. The \$485B payments leader trades 32.7X Earnings, 23X FY22 EBITDA and 57X FCF. V forecasts see revenues rising 7.8% in 2021 while 19.6% growth seen in 2022 as the Macro tailwinds kick in and consumer spending recovers globally. Visa Direct has been a management topic of focus lately with expansion in new categories like tipping and earned wage access and disbursements in new industries, and the expansion of P2P. V has been reporting monthly metrics which have been strengthening. Visa also could continue to expand into new payment areas after its failed deal for Plaid earlier this year. Management remains confident in its ability to continue advancing Visa's broader strategy of driving growth across three pillars: (1) consumer payments; (2) new flows; and (3) value added services. With regulatory scrutiny being revitalized and the rise of alternative payment methods, there remains risk that Fintech 4.0 could be characterized by disintermediation of the networks, though seen as unlikely in the near-term due to the networks' deep competitive moats and partnerships with key players. V has seen strength in new initiatives, highlights include: 60% growth in Visa Direct transactions during the quarter with key wins like Airbnb; Decision Manager, a risk solution within Cybersource, has seen transactions up 30% YTD; Cardinal Commerce, an authentication capability, grew revenue ~50% Y/Y due to international expansion, with plans to more than double clients in Europe, the Middle East, and Africa. V management sees five opportunities in the cryptocurrency space, which include: (1) enabling purchase of cryptocurrencies; (2) enabling digital currency cash-outs to fiat; (3) enabling financial institutions and fintechs to have a crypto option for customers; (4) settlement; and (5) working with Central Banks on CBDCs. Analysts have an average target of \$265 and short interest is low at 1.7% of the float. Barclays raised its target to \$275 in May, and Jefferies also to \$275 expecting Q3 to provide a sizeable beat with the eventual cross-border recovery being underestimated by the Street. CSFB raised its target to \$280 citing an evolving mix within cross-border, as e-commerce, Visa Direct, and cross-border B2B scale. Edgewood has a \$3.3B position as its largest and Polen Capital also a large concentrated position.

Hawk Vision:



Hawk's Perspective: V is a great recovery play and should see a real strong set-up into the second half of 2021 and into 2022 as the recovery strengthens. Its growth initiatives also provide a unique source of upside.

Confidence Ranking: \$\$