

ModernGraham Valuation

Company Name:

Mastercard Inc

Company Ticker MA

Date of Analysis

1/5/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$106,449,699,970	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.62	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	1277.92%	Pass
6. Moderate PEmg Ratio	PEmg < 20	33.97	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	17.17	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.62	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.41	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.80
MG Growth Estimate	15.00%
MG Value	\$107.66
MG Value based on 3% Growth	\$40.55
MG Value based on 0% Growth	\$23.77
Market Implied Growth Rate	12.73%

MG Opinion

Current Price	\$94.99
% of Intrinsic Value	88.23%
Opinion	Fairly Valued

Stage 3: Information for Further Research

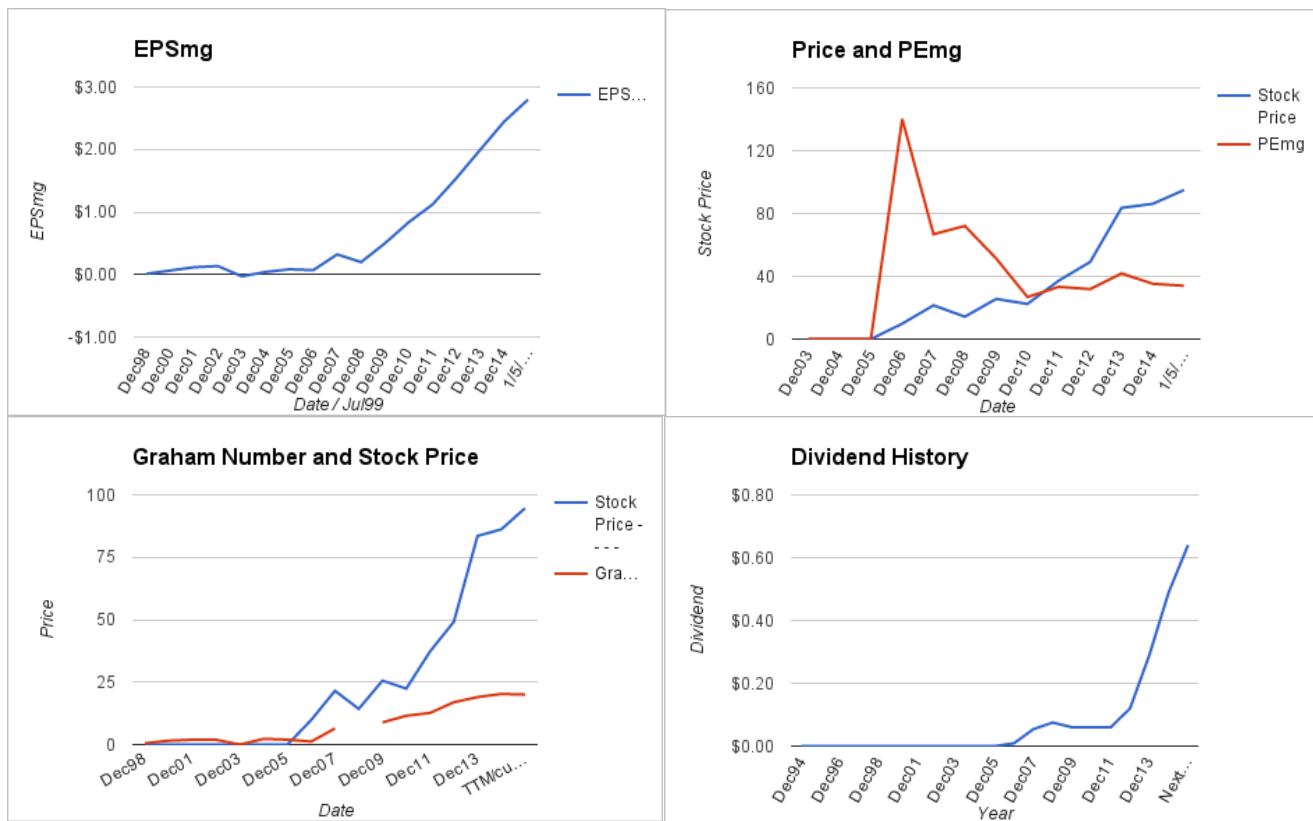
Net Current Asset Value (NCAV)	\$1.11
Graham Number	\$20.03
PEmg	33.97
Current Ratio	1.62
PB Ratio	17.17
Dividend Yield	0.67%
Number of Consecutive Years of Dividend Growth	4

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.20	Next Fiscal Year Estimate	\$2.80
Dec14	\$3.10	Dec14	\$2.45
Dec13	\$2.56	Dec13	\$2.00
Dec12	\$2.19	Dec12	\$1.54
Dec11	\$1.49	Dec11	\$1.12
Dec10	\$1.41	Dec10	\$0.84
Dec09	\$1.12	Dec09	\$0.50
Dec08	-\$0.19	Dec08	\$0.20
Dec07	\$0.80	Dec07	\$0.32
Dec06	\$0.04	Dec06	\$0.07
Dec05	\$0.20	Dec05	\$0.08
Dec04	\$0.24	Dec04	\$0.04
Dec03	-\$0.39	Dec03	-\$0.03
Dec02	\$0.14	Dec02	\$0.14
Dec01	\$0.20	Dec01	\$0.12
Dec00	\$0.17	Dec00	\$0.06
Dec98	\$0.03	Dec98	\$0.01
Dec97	\$0.00	Balance Sheet Information Sep15	
Dec96	\$0.00	Total Current Assets	\$9,625,000,000
Dec95	\$0.00	Total Current Liabilities	\$5,943,000,000
Dec94	\$0.00	Long-Term Debt	\$1,495,000,000
		Total Assets	\$14,634,000,000
		Intangible Assets	\$2,727,000,000
		Total Liabilities	\$8,367,000,000
		Shares Outstanding (Diluted Average)	1,133,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

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[Mastercard Inc. Analysis – June 2015 Update \\$MA](#)
[Discover Financial Services Quarterly Valuation – May 2015 \\$DFS](#)
[Mastercard Inc. Quarterly Valuation – March 2015 \\$MA](#)
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