

# ModernGraham Valuation

Company Name:

Mastercard Inc

Company Ticker MA

Date of Analysis

7/12/2016



## 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	\$97,609,241,307	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.65	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	475.25%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.53	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	18.25	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	1.65	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.80	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.15
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$121.31</b>
MG Value based on 3% Growth	\$45.69
MG Value based on 0% Growth	\$26.78
Market Implied Growth Rate	10.02%

### MG Opinion

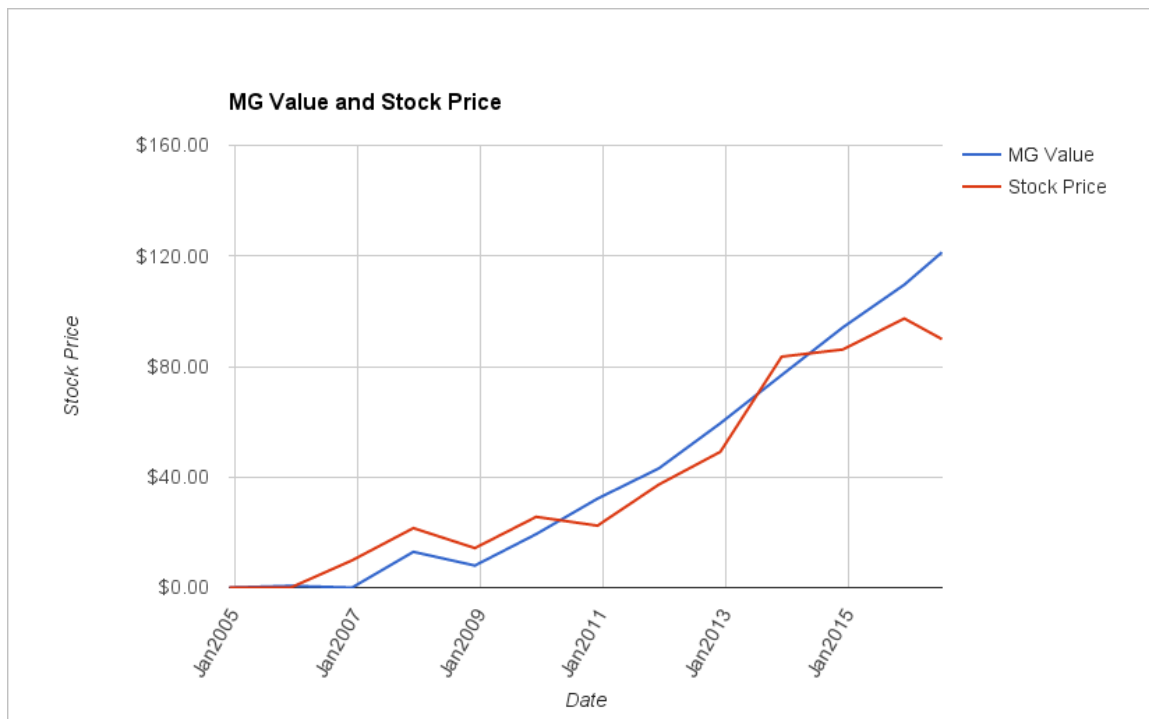
Current Price	\$89.90
% of Intrinsic Value	74.11%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.16
Graham Number	\$19.65
PEmg	28.53
Current Ratio	1.65
PB Ratio	18.25
Current Dividend	\$0.70
Dividend Yield	0.78%
Number of Consecutive Years of Dividend Growth	5

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[Google Finance](#) [MSN Money](#)  
[Yahoo Finance](#) [Seeking Alpha](#)  
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.45	Next Fiscal Year Estimate	\$3.15
Dec2015	\$3.35	Dec2015	\$2.85
Dec2014	\$3.10	Dec2014	\$2.45
Dec2013	\$2.56	Dec2013	\$2.00
Dec2012	\$2.19	Dec2012	\$1.54
Dec2011	\$1.49	Dec2011	\$1.12
Dec2010	\$1.41	Dec2010	\$0.84
Dec2009	\$1.12	Dec2009	\$0.50
Dec2008	-\$0.20	Dec2008	\$0.21
Dec2007	\$0.80	Dec2007	\$0.34
Dec2006	\$0.04	Dec2006	\$0.09
Dec2005	\$0.27	Dec2005	\$0.11
Dec2004	\$0.24	Dec2004	\$0.04
Dec2003	-\$0.39	Dec2003	-\$0.03
Dec2002	\$0.14	Dec2002	\$0.14
Dec2001	\$0.20	Dec2001	\$0.12
Dec2000	\$0.17	Dec2000	\$0.06
Dec1998	\$0.03	<b>Balance Sheet Information</b>	
Dec1997	\$0.00	<b>3/1/2016</b>	
Dec1996	\$0.00	Total Current Assets	\$10,606,000,000
Dec1995	\$0.00	Total Current Liabilities	\$6,440,000,000
		Long-Term Debt	\$3,333,000,000
		Total Assets	\$15,905,000,000
		Intangible Assets	\$2,674,000,000
		Total Liabilities	\$10,426,000,000
		Shares Outstanding (Diluted Average)	1,112,000,000





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.

### Recommended Reading:

Other ModernGraham posts about the company

- [19 Best Stocks For Value Investors This Week – 1/9/16](#)
- [Mastercard Inc Valuation – January 2016 Update \\$MA](#)
- [13 Best Stocks For Value Investors This Week – 10/3/15](#)
- [MasterCard Inc. Analysis – October 2015 Update \\$MA](#)
- [Mastercard Inc. Analysis – June 2015 Update \\$MA](#)

Other ModernGraham posts about related companies

- [Discover Financial Services Valuation – February 2016 \\$DFS](#)
- [Mastercard Inc Valuation – January 2016 Update \\$MA](#)
- [Mastercard Inc Valuation – January 2016 Update \\$MA](#)
- [Discover Financial Services Inc. Valuation – November 2015 Update \\$DFS](#)
- [MasterCard Inc. Analysis – October 2015 Update \\$MA](#)
- [Discover Financial Services Analysis – August 2015 Update \\$DFS](#)
- [Mastercard Inc. Analysis – June 2015 Update \\$MA](#)
- [Discover Financial Services Quarterly Valuation – May 2015 \\$DFS](#)
- [Mastercard Inc. Quarterly Valuation – March 2015 \\$MA](#)
- [Discover Financial Services Quarterly Valuation – February 2015 \\$DFS](#)