

ModernGraham Valuation

Company Name:

Mastercard

Company Ticker MA

Date of Analysis

3/26/2018



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	\$186,273,894,470	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.57	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	219.17%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	42.44	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	34.44	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	1.57	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.08	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
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.17
MG Growth Estimate	10.61%
MG Value	\$124.08
MG Value based on 3% Growth	\$60.53
MG Value based on 0% Growth	\$35.48
Market Implied Growth Rate	16.97%

MG Opinion

Current Price	\$177.17
% of Intrinsic Value	142.78%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

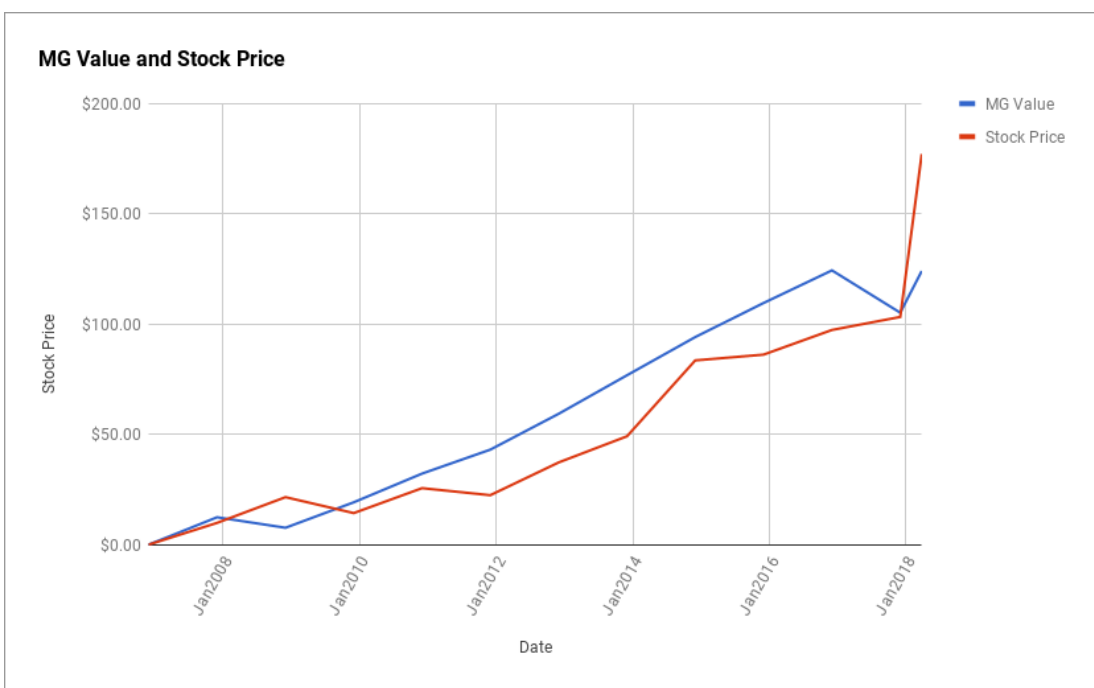
Net Current Asset Value (NCAV)	-\$1.94
Graham Number	\$25.18
PEmg	42.44
Current Ratio	1.57
PB Ratio	34.44
Current Dividend	\$0.66
Dividend Yield	0.37%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.43	Next Fiscal Year Estimate	\$4.17
Dec2017	\$3.65	Dec2017	\$3.45
Dec2016	\$3.69	Dec2016	\$3.23
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	\$1.48	Dec2011	\$1.12
Dec2010	\$1.41	Dec2010	\$0.84
Dec2009	\$1.12	Dec2009	\$0.50
Dec2008	-\$0.19	Dec2008	\$0.20
Dec2007	\$0.80	Dec2007	\$0.32
Dec2006	\$0.04	Dec2006	\$0.07
Dec2005	\$0.20	Dec2005	\$0.08
Dec2004	\$0.24	Dec2004	\$0.04
Dec2003	-\$0.39	Dec2003	-\$0.03
Dec2002	\$0.14	Dec2002	\$0.14
Dec2001	\$0.20	Balance Sheet Information 12/1/2017	
Dec2000	\$0.17	Total Current Assets	\$13,797,000,000
Dec1998	\$0.03	Total Current Liabilities	\$8,793,000,000
Dec1997	\$0.00	Long-Term Debt	\$5,424,000,000
		Total Assets	\$21,329,000,000
		Intangible Assets	\$4,155,000,000
		Total Liabilities	\$15,861,000,000
		Shares Outstanding (Diluted Average)	1,063,000,000





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 – January 2017 \\$DFS](#)
- [Discover Financial Services Valuation – August 2016 \\$DFS](#)
- [Mastercard Inc Valuation – July 2016 \\$MA](#)
- [Discover Financial Services Valuation – February 2016 \\$DFS](#)
- [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](#)