

ModernGraham Valuation

Company Name:

Mastercard Inc

Company Ticker

MA

Date of Analysis

1/25/2019



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	\$209,285,375,529	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.55	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	236.17%	Pass
5. Earnings Growth	PEmg < 20	46.04	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	36.47	Fail
7. Moderate Price to Assets			

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	1.55	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.09	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	\$4.40
MG Growth Estimate	12.00%
MG Value	\$143.06
MG Value based on 3% Growth	\$63.82
MG Value based on 0% Growth	\$37.41
Market Implied Growth Rate	18.77%

MG Opinion

Current Price	\$202.64
% of Intrinsic Value	141.65%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.38
Graham Number	\$26.71
PEmg	46.04
Current Ratio	1.55
PB Ratio	36.47
Current Dividend	\$0.66
Dividend Yield	0.33%
Number of Consecutive Years of Dividend Growth	0

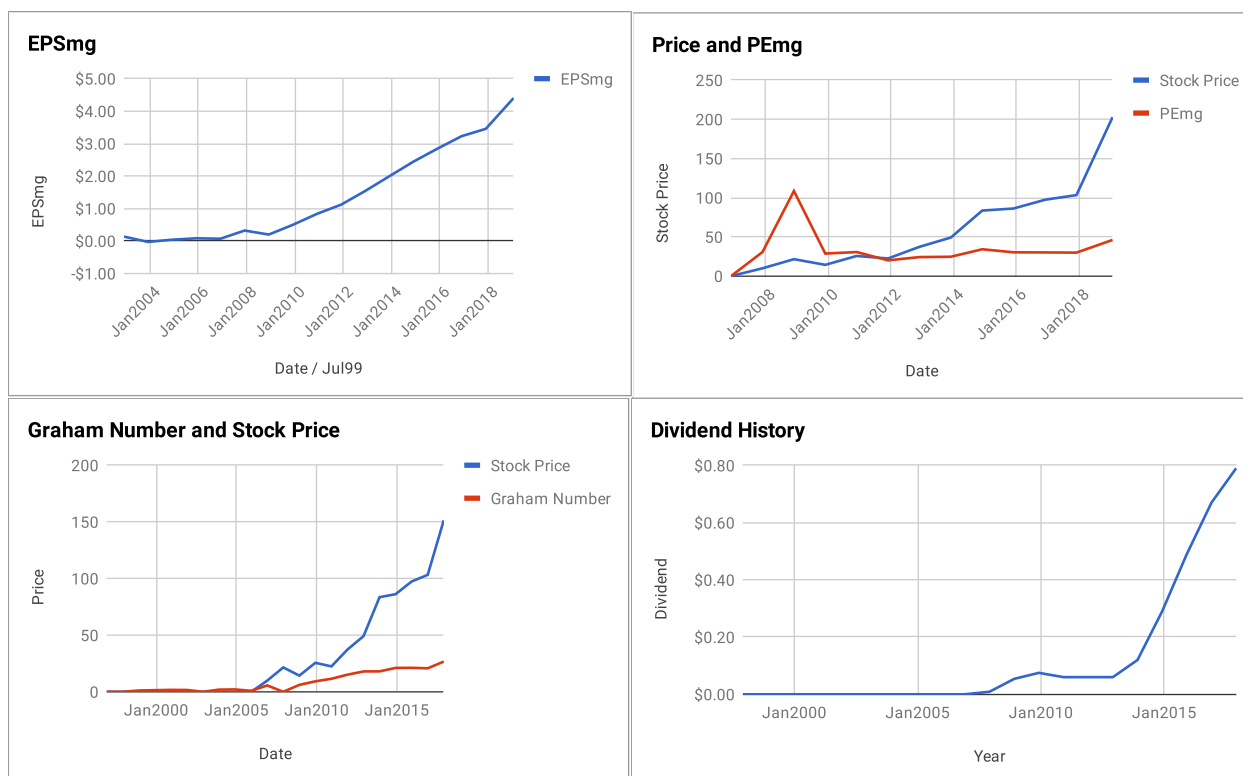
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$6.11	Dec2017	\$4.40
Dec2016	\$3.65	Dec2016	\$3.45
Dec2015	\$3.69	Dec2015	\$3.23
Dec2014	\$3.35	Dec2014	\$2.85
Dec2013	\$3.10	Dec2013	\$2.45
Dec2012	\$2.56	Dec2012	\$2.00
Dec2011	\$2.19	Dec2011	\$1.54
Dec2010	\$1.48	Dec2010	\$1.12
Dec2009	\$1.41	Dec2009	\$0.84
Dec2008	\$1.12	Dec2008	\$0.50
Dec2007	-\$0.19	Dec2007	\$0.20
Dec2006	\$0.80	Dec2006	\$0.32
Dec2005	\$0.04	Dec2005	\$0.07
Dec2004	\$0.20	Dec2004	\$0.08
Dec2003	\$0.24	Dec2003	\$0.04
Dec2002	-\$0.39	Dec2002	-\$0.03
Dec2001	\$0.14	Dec2001	\$0.14
Dec2000	\$0.20	Balance Sheet Information	
Dec1998	\$0.17	9/1/2018	
Dec1997	\$0.03	Total Current Assets	\$15,064,000,000
	\$0.00	Total Current Liabilities	\$9,709,000,000
		Long-Term Debt	\$5,858,000,000
		Total Assets	\$23,340,000,000
		Intangible Assets	\$3,973,000,000
		Total Liabilities	\$17,544,000,000
		Shares Outstanding (Diluted Average)	1,043,000,000





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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