

# The Financial X-Ray

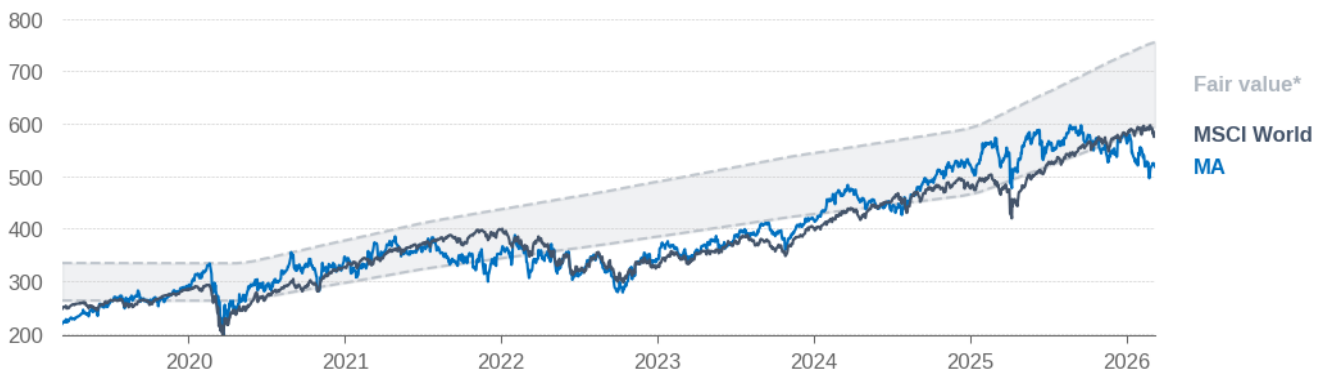
Page 1 - Executive summary

## Mastercard Incorporated (MA)

<b>Share price:</b> \$517.72	<b>Market cap:</b> \$462B	<b>Perf 7y:</b> +138.6%	<b>Perf YTD:</b> -7.9%
<b>Volatility:</b> Medium	<b>Upside:</b> Medium	<b>Rating:</b> Strong	<b>Date:</b> 10-Mar-2026

## Stock price development

in USD



Stock price vs global equity index (scaled); \* derived from valuation multiples and adjusted for financial health and growth.

## Company assessment

**Financial health: Strong** — Strong balance sheet and free cash flow provide a foundation, though rising net debt and uneven cash flow remain constraints.



**Management quality: Strong** — Management has executed disciplined acquisitions and buybacks, though some non-recurring items affect overall predictability.



**Growth outlook: Strong** — Growth momentum is high with low execution risk and clear outlook, though the macro environment for financial services is challenging.



**Valuation: Medium** — Valuation is normal with attractive growth adjustment and high defensibility, but downside support is only adequate.



## Competitive position

**Economic moat:** Mastercard demonstrates strong margins, high ROE, and solid free cash flow, supported by a stable product mix and consistent growth.

**Risks:** The company faces significant regulatory, litigation, geopolitical, and cyber risks, though its broad market reach and high margins provide some resilience.

## Overall summary

**Strong** — Mastercard shows strong financial quality and growth, though sector challenges and moderate balance sheet support persist.

# Appendix

Page 2-3 - Detailed analysis & quantitative metrics

## Mastercard Incorporated (MA)

**Sector:** Financial Services | **Industry:** Financial - Credit Services | **Country:** US | **Volatility:**<sup>1</sup> 28.8%

### 1. Company overview

**Company description:** Mastercard is a global technology company providing transaction processing, payment products, and value-added services to clients worldwide.

**Business model:** The company operates a transaction network, generating revenue from payment authorization, settlement, and value-added products for diverse customers.

**Market environment:** Payment networks face macroeconomic, regulatory, and technology-driven changes, with sector growth tempered by competition and rate sensitivity.

**Business segments:** Payment Network represents 59.4% of revenue, with Value-Added Services And Solutions contributing 40.6%, showing a two-segment structure.

**Competitive position:** **Strong** — Mastercard holds strong sector positions with high margins, ROE, and free cash flow, underpinned by stable revenue growth and a focused two-segment model.

**Concentration risk:** **High** — Customer concentration is high due to reliance on two product segments and geographic focus, increasing exposure to changes in key revenue streams.

### 2. Quantitative dashboard

Financial year (Dec) in million USD	2019 Act	2020 Act	2021 Act	2022 Act	2023 Act	2024 Act	2025 Act	TTM
Revenue	16,883	15,301	18,884	22,237	25,098	28,167	32,791	-
Year-over-year growth	-	(9.4%)	23.4%	17.8%	12.9%	12.2%	16.4%	-
EBITDA	10,477	8,720	11,464	12,953	15,013	16,797	20,194	-
EBITDA margin	62.1%	57.0%	60.7%	58.2%	59.8%	59.6%	61.6%	-
Net income	8,118	6,411	8,687	9,930	11,195	12,874	14,968	-
Net margin	48.1%	41.9%	46.0%	44.7%	44.6%	45.7%	45.6%	-
Free cash flow (FCF)	6,015	5,527	4,213	9,785	11,609	11,795	16,912	-
Capex as % of revenue	4.3%	4.6%	4.3%	4.9%	1.5%	1.7%	1.5%	-
Net debt	1,539	2,559	6,480	7,015	7,093	9,784	7,873	-
Net debt / EBITDA	0.1x	0.3x	0.6x	0.5x	0.5x	0.6x	0.4x	-
Return on invested capital (ROIC)	34.4%	26.9%	27.8%	29.3%	34.4%	32.8%	36.5%	-
Return on equity (RoE)	-	104.4%	126.8%	145.9%	169.3%	191.9%	210.5%	-
Share buyback / equity	110.2%	70.0%	80.7%	139.0%	130.4%	170.2%	148.9%	-
Dividend yield	0.4%	0.4%	0.5%	0.6%	0.5%	0.5%	0.5%	-
Free cash flow yield	2.1%	1.6%	1.2%	3.0%	3.0%	2.5%	3.4%	-
EV / EBITDA	27.7x	38.6x	29.5x	25.0x	25.8x	28.0x	24.3x	23.3x
Price-to-earnings ratio (P/E)	37.6x	56.0x	41.0x	34.0x	36.0x	37.9x	34.2x	34.2x
Price-to-3-year-earnings ratio	-	-	46.1x	40.5x	40.6x	43.1x	39.4x	-
Price-to-book ratio (P/B)	51.8x	56.2x	48.7x	53.6x	58.2x	75.3x	66.3x	-

**Revenue quality:** **Strong** — Revenue growth is strong compared to sector peers and has been stable over time, supported by consistent revenue trends with high predictability.

**EBITDA quality:** **Strong** — EBITDA growth has been strong in the sector context, with high stability supporting dependable profit expansion.

**Net margin quality:** **Strong** — Margins are among the strongest in the sector, remain stable, and consistent performance highlights business model strength.

**Capital efficiency (RoE):** **Strong** — ROE is well above sector norms and has improved, with moderate stability reflecting long-term value creation.

<sup>1</sup> Volatility: Measured as annualised standard deviation of daily returns. Lowest volatility among peers.

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**Cash generation: Strong** — Free cash flow is strong versus sector peers and has shown improvement, though variability is higher than preferred.

**Balance sheet strength: Medium** — Debt is low and the balance sheet is conservative, although net debt has been rising and liquidity is only adequate.

**Shareholder returns: Medium** — Dividend yield is minimal and unattractive, while capital return stability is low despite aggressive and increasing buyback activity.

**Valuation<sup>2</sup>: Medium** — Valuation appears normal with attractive growth adjustment and high defensibility, but only adequate downside support tempers the overall picture.

### 3. Quality of management

**Acquisition activity: Low** — Acquisition activity remains limited, which contains integration and financial risks, supporting stable capital allocation for long-term holders.

**Ownership dilution: Low** — Low levels of dilution from stock-based compensation indicate controlled issuance, supporting alignment between management and shareholders.

**Capital discipline: Strong** — Share repurchases have been well-timed, enhancing shareholder value through disciplined capital returns.

**Accounting cleanliness: Medium** — Moderate use of non-recurring expense adjustments adds some variability, which may obscure earnings quality at times.

**Forecast accuracy: Strong** — Over recent years, results have consistently exceeded forecasts, increasing confidence in management's financial guidance.

### 4. Outlook & assessment

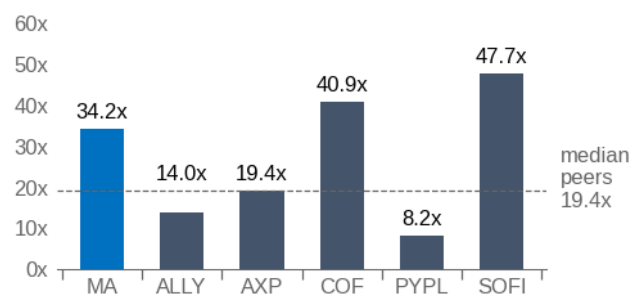
**Opportunities:** Expanding digital payment solutions and stablecoin rail integration offer potential for sustained transaction growth.

**Risks:** Regulatory, litigation, cyber, and geopolitical risks could threaten business continuity and operational outcomes.

**Growth:** Strong growth momentum is supported by innovation and operational execution in a competitive payments landscape.

**Prospects:** Pipeline opportunities and clear revenue visibility support positive long-term business prospects.

#### Price-to-earnings ratio comparison



MA = Mastercard Incorporated, ALLY = Ally Financial Inc., AXP = American Express Company, COF = Capital One Financial Corporation, PYPL = PayPal Holdings, Inc., SOFI = SoFi Technologies, Inc.

### 5. Summary

Sustained revenue and profit growth, high margins, and disciplined management support a resilient profile, but rising net debt and concentration risks need monitoring.

<sup>2</sup> Valuation metrics: FCF yield, Enterprise Value (EV) / EBITDA, P/E and P/B ratios.

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