



MasterCard, Inc (MA)

Updated January 30th, 2026, by Nathan Parsh

Key Metrics

Current Price:	\$541	5 Year Annual Expected Total Return:	17.2%	Market Cap:	\$486 B
Fair Value Price:	\$581	5 Year Growth Estimate:	15.0%	Ex-Dividend Date:	01/09/26
% Fair Value:	93%	5 Year Valuation Multiple Estimate:	1.5%	Dividend Payment Date:	02/09/26
Dividend Yield:	0.6%	5 Year Price Target	\$1,169	Years Of Dividend Growth:	15
Dividend Risk Score:	A	Sector:	Financials	Rating:	Buy

Overview & Current Events

MasterCard is a world leader in electronic payments. The company partners with 22,000 financial institutions around the world to provide an electronic payment network. MasterCard has 3.7 billion credit and debit cards in use.

On December 9th, 2025, MasterCard raised its quarterly dividend 14.5% to \$0.87, extending the company's dividend growth streak to 15 consecutive years.

On January 29th, 2026, MasterCard announced fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, revenue grew 17.3% to \$8.8 billion, which was \$22 million above estimates. Adjusted earnings-per-share of \$4.76 compared favorably to \$3.82 in the prior year and was \$0.52 more than expected. For the year, revenue improved 16% to \$32.8 billion while adjusted earnings-per-share of \$17.01 compared to \$14.60 in 2024.

On a local currency basis, gross dollar volumes for the quarter grew 7% worldwide to \$2.82 trillion during the quarter, with the U.S. up 4% and the rest of the world growing 9%. Cross border volumes remained strong, up 14% from the prior year. Switched transactions were up 10% to 46.5 billion and cards in use grew 6% to 3.7 billion. Expenses increased 10% to \$3.9 billion. The adjusted operating margin expanded 140 basis points to 57.7%. The company repurchased 6.4 million shares at an average price of ~\$563 during the quarter. Quarter-to-date through January 26th, 2026, MasterCard repurchased 1.3 million shares at an average price of ~\$550. The company has \$16.7 billion, or 3.4% of its current market capitalization, remaining on its share repurchase authorization.

We expect that MasterCard will earn \$19.38 in 2026, which would be a 13.9% improvement from 2025.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$3.69	\$4.58	\$6.49	\$7.77	\$6.43	\$8.76	\$10.22	\$11.83	\$14.60	\$17.01	\$19.38	\$38.98
DPS	\$0.76	\$0.88	\$1.00	\$1.32	\$1.60	\$1.76	\$1.96	\$2.28	\$2.64	\$3.04	\$3.48	\$7.00
Shares¹	1081	1054	1040	1008	1001	986	963	939	917	897	897	870

MasterCard has grown earnings-per-share at a rate of almost 19% per year over the last decade. We project that the company can continue to grow earnings by at least 15% annually through 2031. This growth will come from a combination of increases in revenue, improving margins, and share buybacks. If the company succeeds in hitting our growth projections, then MasterCard could earn \$38.98 based off 2026 earnings estimates.

It is estimated by some research firms that just 12% to 14% of point-of-sale purchase are made with cash in the U.S. in 2024. This trend is similar to other industrialized countries. Consumers are also turning towards online shopping to make their purchases, making a credit card essential to them. The conversion from cash to credit and debit cards should allow MasterCard an opportunity for growth for the foreseeable future.

MasterCard has increased its dividends for 15 years and has paid an uninterrupted dividend since 2006. We see the dividend more than doubling to \$7.00 per share by 2031 as the payout ratio is quite low and earnings growth is strong.

¹ Share count in millions

Disclosure: This analyst has a long position in the security discussed in this research report.



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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	26.0	27.8	29.4	33.0	43.3	41.0	33.6	36.1	36.1	33.6	27.9	30.0
Avg. Yld.	0.8%	0.7%	0.6%	0.5%	0.6%	0.5%	0.6%	0.6%	0.5%	0.5%	0.6%	0.6%

MasterCard's share price has declined \$12, or 2.2%, since our November 11th, 2025 report. Based off 2026 earnings-per-share estimates, shares have a current price-to-earnings ratio, or P/E, of 27.9. The stock has a 10-year average P/E of 34.0 and a five-year average P/E of 36.1. We are reaffirming our target P/E of 30 to better reflect the quality of earnings over the recent years and to be more in-line with its average multiples. Growth prospects for the company in the electronic payment space will also contribute to our higher target multiple. If shares were to revert to this target P/E by 2031, then multiple expansion would add 1.5% to annual returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

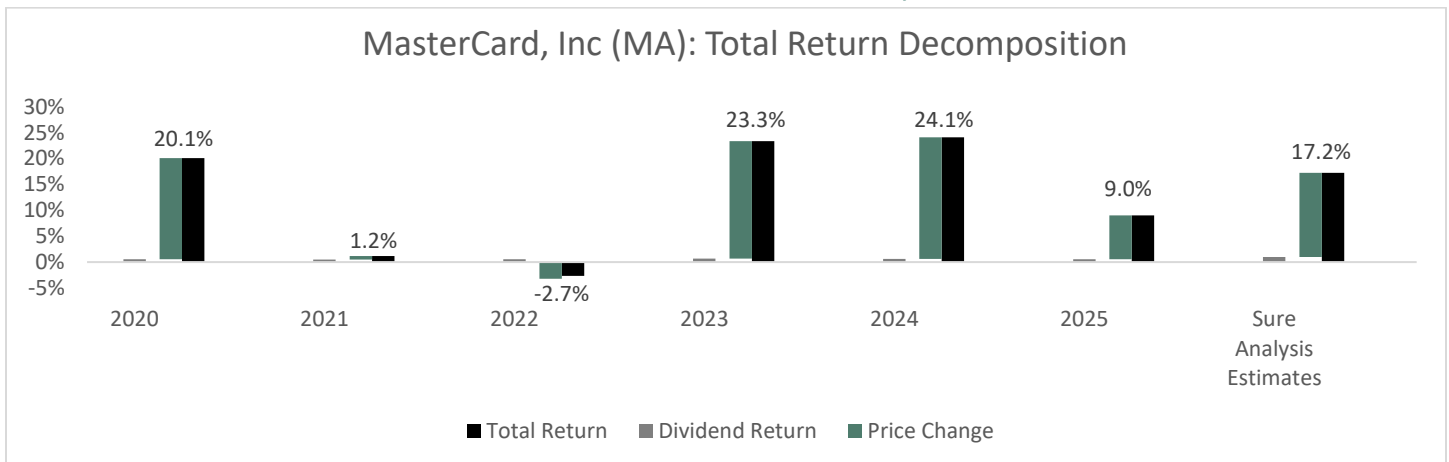
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	21%	19%	15%	17%	25%	20%	19%	19%	18%	18%	18%	18%

MasterCard was able to grow earnings during the last recession. Consumers will likely cut back on spending if/when the economy weakens, but they will still need to buy items like gas, groceries, and clothes. While total spending may fall, consumers' habits of using credit and debit cards to make purchases will likely remain the same, if not increase in the future. This is one of the key competitive advantages that MasterCard possesses. As one of the largest companies in the electronic payment space, MasterCard is likely to benefit from increased use of debit and credit cards as a form of payment for goods and services. In addition, the company discussed several partnerships on the past few conference calls with different corporations. For example, iPhone users are able to access a digital version of their MasterCard in their Apple Wallet, making it easy and convenient to shop and spend.

Final Thoughts & Recommendation

Following fourth quarter earnings results, MasterCard is expected to offer a total annual return of 17.2% through 2031, up from our prior estimate of 12.9%. This projected return stems from a 15% growth rate, a starting yield of 0.6%, and a small contribution from multiple expansion. As with prior quarters, MasterCard continues to show strong growth numbers throughout its business. We remain enthused by the company's business model, its leadership position in its industry, and the growth potential for electronic payments. We have raised our five-year price target \$176 to \$1,169 due to EPS estimates for 2026. MasterCard's return potential is very attractive and the company has a strong dividend risk score. We now rate shares of the company as a buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	10,776	12,497	14,950	16,883	15,301	18,883	22,221	25,127	28,159	32,791
SG&A Exp.	4,525	5,424	6,081	6,697	6,567	7,982	8,867	9,752	11,008	12,247
D&A Exp.	373	437	459	522	580	726	750	799	897	1,143
Operating Profit	5,884	6,879	8,357	9,703	8,114	10,185	12,583	14,534	16,045	19,401
Operating Margin	54.6%	55.0%	55.9%	57.5%	53.0%	53.9%	56.6%	57.8%	57.0%	59.2%
Net Profit	4,059	3,915	5,859	8,118	6,411	8,687	9,930	11,195	12,874	14,968
Net Margin	37.7%	31.3%	39.2%	48.1%	41.9%	46.0%	44.7%	44.6%	45.7%	45.6%
Free Cash Flow	4,102	5,132	5,725	7,165	6,190	8,472	10,403	10,615	13,557	16,186
Income Tax	1,587	2,607	1,345	1,613	1,349	1,620	1,802	2,444	2,380	3,610

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	18,675	21,329	24,860	29,236	33,584	37,669	38,724	42,448	48,081	54,157
Cash & Equivalents	8,878	8,328	8,931	8,260	11,182	8,480	7,997	9,180	9,264	11,459
Accounts Receivable	1,387	1,963	2,316	2,562	2,705	3,140	3,543	4,193	3,983	4,609
Goodwill & Int. Ass.	2,478	4,155	3,895	5,438	6,713	11,333	11,381	11,746	14,646	15,114
Total Liabilities	12,991	15,761	19,371	23,245	27,067	30,257	32,347	35,451	41,566	46,411
Accounts Payable	609	933	537	489	527	738	926	834	929	999
Long-Term Debt	5,180	5,424	6,334	9,183	13,398	14,546	14,653	16,314	18,853	19,000
Shareholder's Equity	5,656	5,468	5,395	5,893	6,391	7,312	6,298	6,929	6,485	7,737
LTD/E Ratio	0.92	0.99	1.17	1.58	2.12	2.01	2.35	2.37	2.93	2.46

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	23.2%	19.6%	25.4%	30.0%	20.4%	24.4%	26.0%	27.6%	28.4%	29.3%
Return on Equity	69.1%	69.6%	106.0%	141.4%	102.5%	124.7%	144.0%	167.4%	190.6%	209.9%
ROIC	40.2%	35.8%	51.4%	59.9%	36.3%	41.2%	45.9%	50.2%	52.6%	57.3%
Shares Out.	1081	1054	1040	1008	1001	986	963	939	917	897
Revenue/Share	9.79	11.66	14.28	16.52	15.21	19.04	22.88	26.56	30.38	36.19
FCF/Share	3.73	4.79	5.47	7.01	6.15	8.54	10.71	11.22	14.62	17.87

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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