



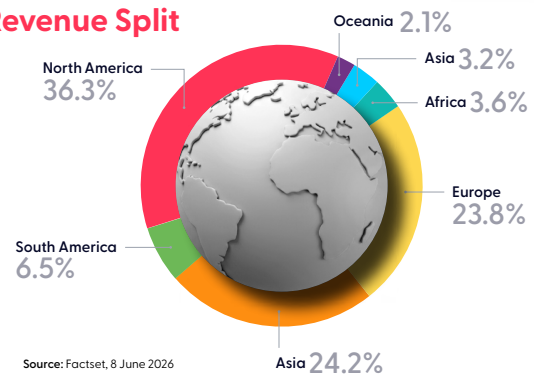
Mastercard: World-Class Compounder

Mastercard is one of the most recognisable brands on the planet, present in over 210 countries and processing over \$30 billion every day. Behind the familiar two-circle logo is an asset-light, capital-efficient toll road that earns a small fee every time money moves through its network. No credit risk, no loan book, just pure network economics compounding.

Earnings Overview (Q1 2026)

- Revenue up 16% YoY, hitting \$8.4B
- EPS up 23% YoY, beating estimates by 4%
- Gross margins of 96% and net of 45.6%, one of the best in the S&P 500
- Gross Dollar Volume up 7%, purchase volume up 9%
- Value-Added Services (VAS) growing at 22% YoY, now 40% of total revenue
- \$4B returned to shareholders via buybacks in the quarter alone

Revenue Split

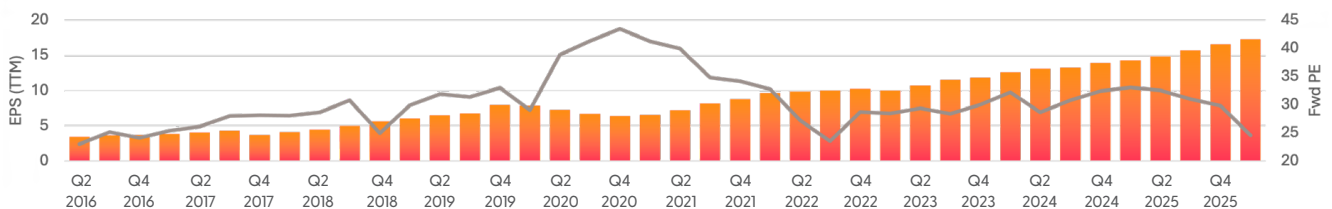


Business Quality & Moat

- Payment infrastructure duopoly with Visa
- \$10.6 trillion in gross dollar volume processed in 2025
- Global footprint spanning more than 200 countries, with broad-reaching network effects, structurally difficult to replicate
- VAS as a new growth driver, monetising 15+ petabytes of daily transaction data through fraud detection, digital authentication, etc.
- Acquiring BVNK for up to \$1.8B for stablecoin payments with traditional fiat rails, extending reach to the next generation of money movement

Valuation

- Forward P/E of 24x against a 5-year average of 30x
- EPS growing 19% over 5 years and 15% over 10 years
- FCF growing at 16% over 5 years, at 60% operating margins, generating a firehose of FCF
- Over \$5.7B returned to shareholders in Q1 2026 alone through buybacks and dividends
- Mastercard has always been the higher growth option given its dominant position in EM



Investment Thesis

Mastercard is a toll road on global commerce trading at a decade-low multiple, with no deterioration in the underlying business to justify it. VAS, Agent Pay and BVNK give you three additional compounding levers on top of an already dominant core network. At 24x forward earnings with 17%+ historical EPS growth, the setup is: wide moat, cheap entry, long runway.

The views expressed above are those of the Advantage Securities Investment Team and are based on our analysis, interpretation of publicly available information, and professional judgement at the time of writing.

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