Michael O'Byrne
Value Investing with Legends
5/4/16
Final Project

MasterCard Inc – NYSE:MA – $96.99

Stock and Financial Information					
LTM ($ millions, except per share data)					As of 4/29/16
Previous Close	$ 96.99	52 wk High/Low	101.76/ 74.61	Avg Daily Volume (mm)	4.94
Dividend Yield %	0.8%	Shares Out. (mm)	1,111	Float %	98%
Total Revenue	9,883	Market Capitalization	105,100	TEV/Total Revenue	10.5x
EBITDA	5,609	Total Enterprise Value	102,257	TEV/EBITDA	18.7x
EBIT	5,215	Cash & ST Invst.	6,208	P/Diluted EPS Before Extra	29.3x
Net Income	3,747	Total Debt	3,333	Price/Tang BV	38.2x
Capital Expenditure	(183)	Total Assets	15,905	Total Debt/EBITDA	0.6x

Recommendation

I recommend an investment in MasterCard as the company has an extremely attractive business with a defendable competitive advantage, secular growth tailwinds for at least the next decade and strong financial metrics. I view the margin of safety (as laid out in the Valuation section below) as adequate given the company's high barriers to entry and duopoly nature of competition in the payment processing industry. Furthermore, the risk of significant disruption from new entrants appears muted due to the network effects and economies of scale in the business as well as historical customer behavior.

Business Overview

MasterCard is a technology company in the global payments industry that connects financial institutions, merchants, consumers, businesses and governments across the globe by enabling them to use electronic forms of payment. MasterCard is the operator of one of the world's largest and fastest global payments networks, which facilitates the processing of transactions, including authorization, clearing, and settlement. The company delivers a wide range of payment solutions and related products and services. MasterCard does not issue cards, extend credit, determine or receive revenue from interest rates or fees charged to cardholders by issuers, or determine the rates charged by merchant acquirers. The company generates revenue by charging fees to issuers and acquirers for providing transaction processing and other payment–related products and services.

A generic transaction involving the MasterCard network has five participants (See appendix for diagram), including MasterCard, the cardholder, the merchant, the issuer and the acquirer. Revenue streams for MasterCard can be broken down into four separate segments: (1) Assessment fees: These fees are paid out of the merchant discount rate and is paid to the networks for facilitating merchant acceptance and consumer card use. The fee is quoted as a percentage of transaction volume; (2) Processing fees: These fees are charged by MasterCard for communication between issuing and acquiring banks and are typically a flat fee per transaction regardless of size; (3) Cross-border volume fees: These are similar to assessment fees, though are charged only on cross-border transactions and are significantly higher than domestic assessment fees. While cross border volume is relatively small in comparison to domestic volumes, a large markup (approximately 4-8x) results in cross border volume fees being a large portion of revenue. Cross border revenues were ~24% of MasterCard's gross revenue in 2015; (4) Other fees: miscellaneous items usually charged as a flat fee per transaction.

MasterCard has 1.3 billion cards in circulation, greater than 30 million merchant locations that accept MasterCard around the works and thousands of member banks.

Industry Overview

The global payments industry process $200-250 trillion in payments annually. These transactions were composed of various combinations two generic players in the global economy, consumers and business (C-to-C, C-to-B, B-to-C, B-to-B), as well as bank-to-bank transactions. The consumer to business payments were ~$36 trillion in 2014 and are the primary focus of payment networks, such as MasterCard and Visa. The consumer payments space remains underpenetrated by non-cash payment methods. In developed markets, cash usage declined to 59.4% in 2013, while it was 92.7% in emerging markets. Worldwide cash usage is approximately 85%. This leaves room for considerable growth for an extended period of time as the shift from cash and check towards cards continues. Furthermore, the commercial payments market remains very large and largely untapped as cash/check accounted for 91% of total commercial payments. MasterCard estimates the addressable commercial market at $19 trillion in payments volume.

In the United States, the card payment system supports ~$5 trillion of transactions annually, 80 billion transactions and ~1.1 billion cards outstanding.

The networks (MasterCard, Visa, etc.) primary value add is providing an environment, infrastructure and operating standard that enable card-based payments in significant volumes. In return, networks are compensated via assessment and processing fees which are function of both purchasing volume and transaction volumes. Various networks attempt to differentiate themselves based on the security, reliability, fees, size of their network and the number of products supported by their network.

Attractive Growth Drivers

The payment processing industry should benefit from several secular trends that will likely drive strong industry wide growth for the next decade.

eCommerce Growth: According to the St. Louis Federal Reserve, eCommerce in the United States now represents 23% of total retail sales, compared to under 10% a decade ago. Furthermore, eCommerce spending is projected to grow at rate nearly triple the growth in consumer spending. This should provide a positive tailwind to payment processing volumes as nearly all online transactions are completed via card. Additionally, eCommerce growth outside the U.S. will also greatly benefit MasterCard.

Greater use of prepaid cards by underbanked: Prepaid cards have increased in popularity among the underbanked in the United States and abroad in recent years. MasterCard prepaid card volumes grew 16% in the first half of 2015. Additionally, payment products remain a pathway for financial inclusion among the unbanked. Given the large number of unbanked and underbanked customers around the world (a MasterCard study concluded 50% of the world's adult population remains unbanked, while approximately one third of the United States population remains underbanked according to the FDIC), the shift towards prepaid cards and greater emphasis on capturing the underbanked should positively benefit payment processors in the years to come.

General Shift to cards from cash: In 2014, approximately 55% of consumer purchase transactions were non-cash, while 91% of adults owned a payments product. The shift from cash to cards has accelerated recently in advanced economies and should continue as the millennial generation continues to age. While cash usage remains very high (59% in developed markets, 93% in emerging markets), there is a clear trend towards lower cash usage across all markets that should continue. See appendix for chart.

Wide Moat Defined By Network Effects , Economies of Scale and Sticky Customers

Network Effects

MasterCard has approximately 1.3 billion cards in circulation, over 30 million locations worldwide at which merchants accept MasterCard and tens of thousands of member banks that use MasterCard to facilitate payments. This ubiquity makes the MasterCard network exceptionally valuable to the customer due to widespread acceptance, while to the merchant the massive number of cards in circulation makes it more valuable for them to accept the card. This vast physical network was built over many years and is nearly impossible to replicate cheaply or quickly, giving MasterCard a significant competitive advantage.

Economies of Scale

MasterCard also benefits from significant economies of scale. Given the vast numbers of cardholders and merchants accepting MasterCard, the marginal cost of adding additional cardholders or merchants is exceptionally low compared to potential disruptors. The payments processing business also requires complex compliance with countless laws and regulations that can vary widely across the 210 countries MasterCard operates in. Additionally, in an increasingly connected world, providing security to payment processing has become more difficult and expensive. MasterCard benefits from its institutional knowledge built over its many years of operating and a large revenue base over which to spread the security costs. These economies of scale will make it very difficult for startups to effectively compete with the incumbents, MasterCard and Visa.

Sophisticated Technology

MasterCard has a highly sophisticated physical network that connects the millions of acceptance locations around the world to its member banks and processing technology. The company maintains 99.999% availability and can process 3.4 billion transactions per day at 38,000+ transactions per second, with an average response time of 140 milliseconds. Furthermore, MasterCard continues to invest in advanced technology, such as tokenization, chip cards, biometrics and other features than enhance security and processing speed. MasterCard's vast security infrastructure, including advanced fraud detection systems, and its proven ability to operate securely around the world will be difficult for potential challengers to match quickly or cheaply.

Attractive Value Proposition

MasterCard and Visa set operating rules, which standardize a complex operating environment and directly impact profitability. Neither has any incentive to disrupt the existing status quo by proposing or enforcing new rules or products that would challenge their existing operations. MasterCards' payment processing network captures a small amount (<10%) of the economics in a credit card transaction. According to various estimates, in a $100 transaction, the network receives fees of $0.12-0.13 from both the acquirer and the issuer for a total of ~$0.25. The Merchant Discount Rate, the feed paid by a merchant to their acquiring bank in exchange for accepting payments, is ~$2.25. The MDR is then split among the issuer ($1.50), acquirer ($0.50) and network ($0.25). In a debit transaction, the network fees are slightly smaller (~$0.20-0.22 from the acquirer and issuer combined), while the merchant discount rate is $1.15. As a result, the network occupies the enviable place of being a small cost in a much larger, expensive transaction. Given this dynamic, we believe MasterCard will be able to avoid the pressure on interchange fees and maintain its unit economics for the foreseeable future.

Customer Behavior

Historically, MasterCard customers have been quite sticky and are unlikely to change their behavior. Consumers favor using credit cards because of the enhanced security relative to cash/check/debit card and their reward programs. Given strong customer captivity and consumer inertia in using proven payment methods, it will be incredibly difficult for a challenger to gain quickly can the scale necessary to challenge MasterCard.

Steady Market Share

MasterCard's market share in the payment processing industry has been extraordinarily steady over the last decade by nearly any measure. As seen the in the chart below, as measured by payments volume, total volume, total transactions or cards issued, MasterCard has held a market share of 32-35% for the last 10 years. Additionally, MasterCard has modestly taken market share in the last several years. The steadiness of market share across the industry is a clear indication of the significant barriers to entry and competitive advantage held by the industry leaders, including MasterCard. *See appendix for more detailed figures.*

MasterCard Market Share Metrics										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	Change
Payments Volume ($Bn)	33.1%	34.1%	34.6%	33.9%	32.8%	33.3%	34.0%	34.6%	34.9%	1.8%
Total Volume ($Bn)	32.5%	32.7%	32.6%	31.8%	30.8%	31.2%	32.3%	33.2%	34.0%	1.5%
Total Transactions (Bn)	31.6%	31.9%	31.7%	31.4%	30.7%	31.5%	33.6%	34.4%	35.4%	3.8%
Cards (Mn)	36.0%	33.7%	33.7%	32.4%	31.6%	32.0%	32.8%	34.1%	35.1%	-0.9%

Source: Visa Annual Reports

<u>Financials</u>

Strong Balance Sheet: MasterCard management prefers to operate with a very conservative balance sheet. The company has $6.7bn in cash and short term investments and just $3.3bn in debt, leaving net debt at a negative $3.4bn. The company has indicated plans to modestly increase its debt level over time, though management remains strongly committed to maintaining its single A credit rating and keeping a conservative approach to leverage.

Steadily Improving Operating Margins and Consistent ROIC: Since 2009, MasterCard has an average operating margin of 52.0%, demonstrating steady improvement from 44% in 2009 to 54% in 2015. The company believes 50% represents the minimum operating margin for the business even after considering the right investment opportunities and FX headwinds. Furthermore, MasterCard's return on invested capital has shown impressive steadiness since the financial crisis, averaging 41.2% since 2009 with a low 37% and a high 45%.

Consistent Cash Generator and Committed to Capital Return: MasterCard has generated $20.9bn in operating cash flow since 2009, while annual operating cash flow has increased from ~$1.5bn in 2009 to $4.0bn in 2015. We expect the company's impressive cash generation to continue into the foreseeable future. Additionally, given the minimal capital intensity of the payment processing business, MasterCard can, and does, return a sizable majority of the cash it generates to shareholders. The company pays a modest dividend, $0.19 per share as of 2015 for a payout ratio of ~20% (dividend yield of 0.8%), and has focused on capital return via share repurchases. MasterCard has had net buybacks of $12.1bn since 2009, of which $6.9bn have been in the last two years. Average sharecount has declined by ~2% annually since 2009. I expect the company to continue its high level of capital return as the board recently authorized a $4bn repurchase program.

<u>Valuation</u>

Asset Value: MasterCard's has $16.3bn in total assets, with the majority in cash and short term investments ($6.8bn). I made some modest adjustments to gross up PP&E and eliminate goodwill and other intangibles and got net asset value of negative $2.6bn. Additionally, I estimated replacement value of the MasterCard network and brand value at $19.0bn and $5.5bn, respectively. As a result, I arrived at an asset valuation of $22.0bn for MasterCard. Given that I believe this is a franchise business, it is not surprising this value is well below the current market capitalization of ~$105bn. *See appendix for detail*.

Earnings Power Value: MasterCard's operating margin over the last in has steadily increased as the company has grown more mature after going public in 2006. I focused on results from 2009 and onwards to determine the company's sustainable margin of 53.5%, as this is more fully represents the company's operating characteristics going forward. The company's tax rate has fallen steadily in the from above 30% in 2009-2011 to the mid-twenty's as the revenue mix has shifted away from the United States. The company projects a 27% tax rate in 2016, and I use 28% tax rate to determine sustainable earnings power. Using a WACC of 6.9%, I arrive at an earnings power value of $53.6bn and $57.1bn after adjusting for net cash. Like the asset value, MasterCard's earnings power value is below the current market cap because of the franchise nature of its business. *See appendix for detail*.

Franchise Value: I used a return based approach to determine the franchise value of MasterCard. With sustainable earnings of $3.7bn and a market cap of $105bn, the company has an earnings yield of 3.55%. A dividend yield of 0.8% and net buybacks that have reduced sharecount by approximately 2% annually, MasterCard generates a cash return of ~2.8% and reinvests ~0.8% of the earnings return. I estimated the long term return on invested capital for MasterCard at 41% and the cost of capital at 6.9%, resulting in value creation factor of 5.9x. As result, the return on reinvestment for MasterCard is ~4.5%. We further estimate the organic growth rate of 4.0%, which represents a combination of inflation, real GDP growth and the secular shift from cash to card around the world. Combing the cash return, organic growth and return on reinvestment, I arrived at an 11.3% projected return for MasterCard, compared to my estimate of 6.9% for cost of capital, leaving a margin of safety of 4.4%. *See appendix for detail*.

<u>Risks</u>

Potential disruptors: It's unlikely that mobile payment systems such as ApplePay, GooglePay, etc. will disrupt payment processing networks given that they utilize the networks of MasterCard and Visa. Additionally, mobile apps such as Venmo focus on consumer-to-consumer payments and limit transaction size, whereas MasterCard's primary business is in consumer-to-business transactions. That said, it is certainly possible that new mobile payment systems will purposely avoid using the existing payment processing networks and disintermediate MasterCard and Visa. Additionally, the rise of cryptocurrencies such as Bitcoin could also reduce the growth potential for MasterCard and cut into the lucrative cross border transactions. While the threat of a disruptor is real, I view it as unlikely in the short to medium term given the ubiquity of MasterCard's network and customer inertia. Furthermore, MasterCard takes a relatively small cut of the MDR (25c out of ~$2.25) on each transaction, making it a less lucrative business to disrupt compared to other players in the payments industry.

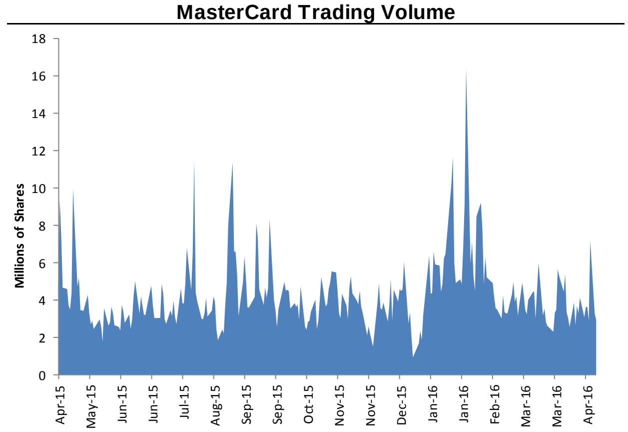
Regulation: MasterCard operates in over 200 countries around the world and is subject to an immense amount of regulation. There is the potential that adverse changes in regulation could adversely impact results or make it easier for potential disruptors to enter the payment processing industry. Since the financial crisis, a number of countries (U.S., Australia, E.U., Canada) have made regulatory changes to reduce interchange fees in card transactions. MasterCard's revenue does not come from interchange fees, though it does come from the MDR which may come under further pressure in the future.

Data Breach: A major data breach at MasterCard, or even a competitor, may cause consumers to lose faith in the security of paying via card and slowdown the predicted cash to card conversion cycle. It could also result in a loss of customers or expensive legal settlements.

Consumer Spending and Global GDP Slowdown: MasterCard's revenue stream is directly correlated with worldwide consumer spending and global GDP. A global recession or slowdown in consumer spending would likely negatively impact the outlook for MasterCard's future growth. While the company did see growth during the 2008 financial crisis, it was muted compared to the results both before and after the crisis.

Appendix

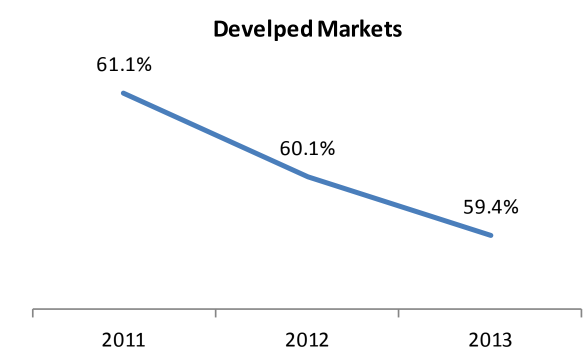
One year price performance and trading volume

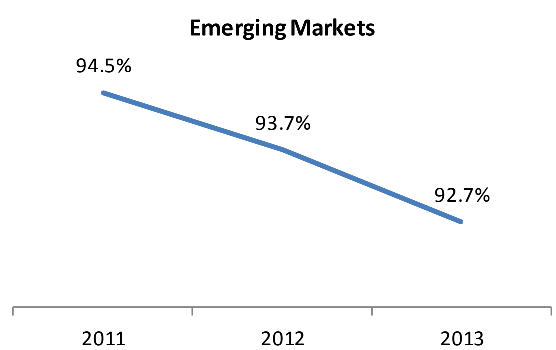


Source: CapitalIQ

Cash usage, while still quite high, has steadily been trending down and should continue to do so.

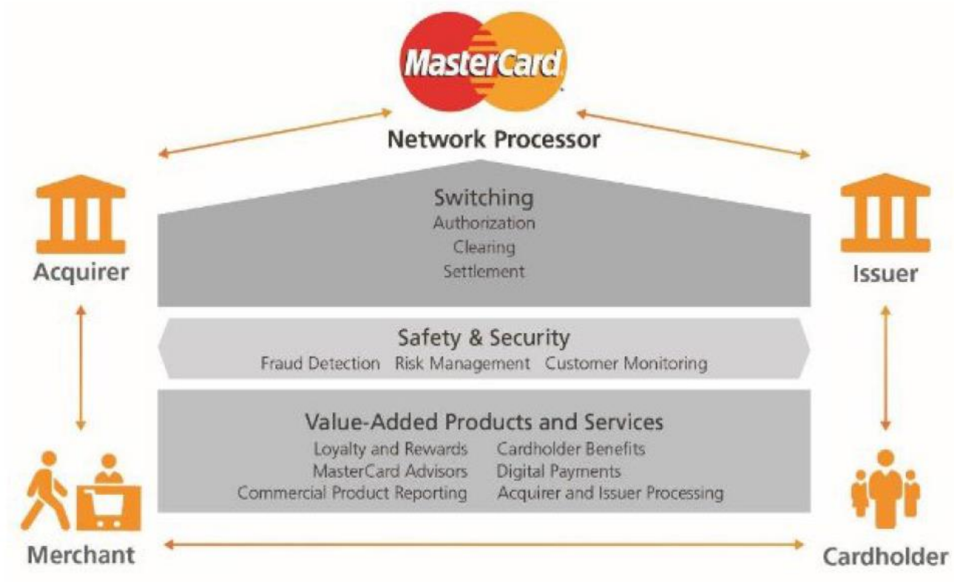
Cash Usage Trends





Source: MasterCard Investor Presentation

MasterCard's role in payment processing



Source: MasterCard Annual Report

Market Share Metrics – MA's market share has remained steady over the last decade

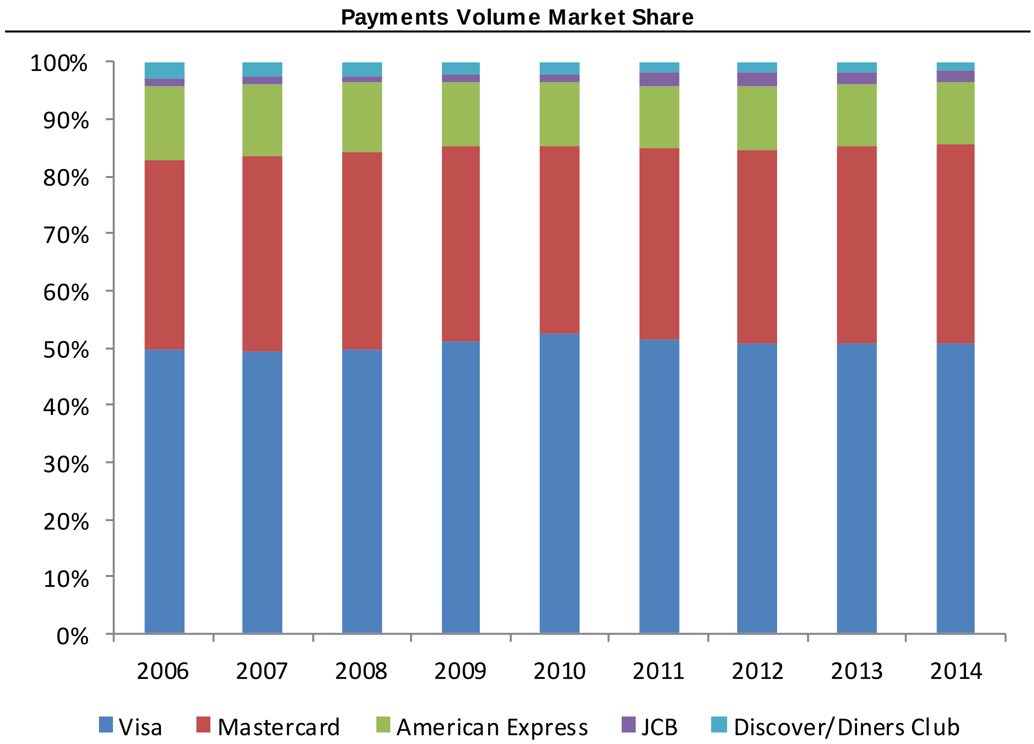
Payments Volume ($Bn)	2006	2007	2008	2009	2010	2011	2012	2013	2014	CAGR
Visa	2,127	2,457	2,727	2,793	3,273	3,768	4,018	4,383	4,761	9.4%
Mastercard	1,417	1,697	1,900	1,852	2,047	2,430	2,693	2,991	3,281	9.8%
American Express	556	637	673	613	702	808	884	940	1,011	6.9%
JCB	63	55	63	75	87	160	179	176	195	13.4%
Discover/Diners Club	118	131	136	125	133	142	149	153	153	2.9%
Total	4,281	4,977	5,499	5,458	6,242	7,308	7,923	8,643	9,401	9.1%

Total Volume ($Bn)	2006	2007	2008	2009	2010	2011	2012	2013	2014	CAGR
Visa	3,230	3,822	4,346	4,423	5,191	6,028	6,409	6,970	7,360	9.6%
Mastercard	1,922	2,276	2,533	2,454	2,727	3,249	3,647	4,103	4,499	9.9%
American Express	562	647	683	620	713	822	888	952	1,023	6.9%
JCB	70	61	68	83	93	166	186	182	202	12.5%
Discover/Diners Club	136	149	151	135	141	151	158	163	164	2.1%
Total	5,920	6,955	7,781	7,715	8,865	10,416	11,288	12,370	13,248	9.4%

Total Transactions (Bn)	2006	2007	2008	2009	2010	2011	2012	2013	2014	CAGR
Visa	44.0	50.3	56.7	62.2	70.8	77.6	81.6	89.7	98.4	9.4%
Mastercard	23.4	27.0	29.9	32.1	34.8	39.8	46.3	52.7	60.1	11.0%
American Express	4.5	5.0	5.3	5.1	4.8	5.3	5.9	6.4	6.7	4.5%
JCB	0.7	0.6	0.7	0.8	0.9	1.4	1.6	1.9	2.4	14.7%
Discover/Diners Club	1.5	1.8	1.8	1.9	2.0	2.1	2.3	2.4	2.4	5.4%
Total	74.1	84.7	94.4	102.1	113.3	126.2	137.7	153.1	170.0	9.7%

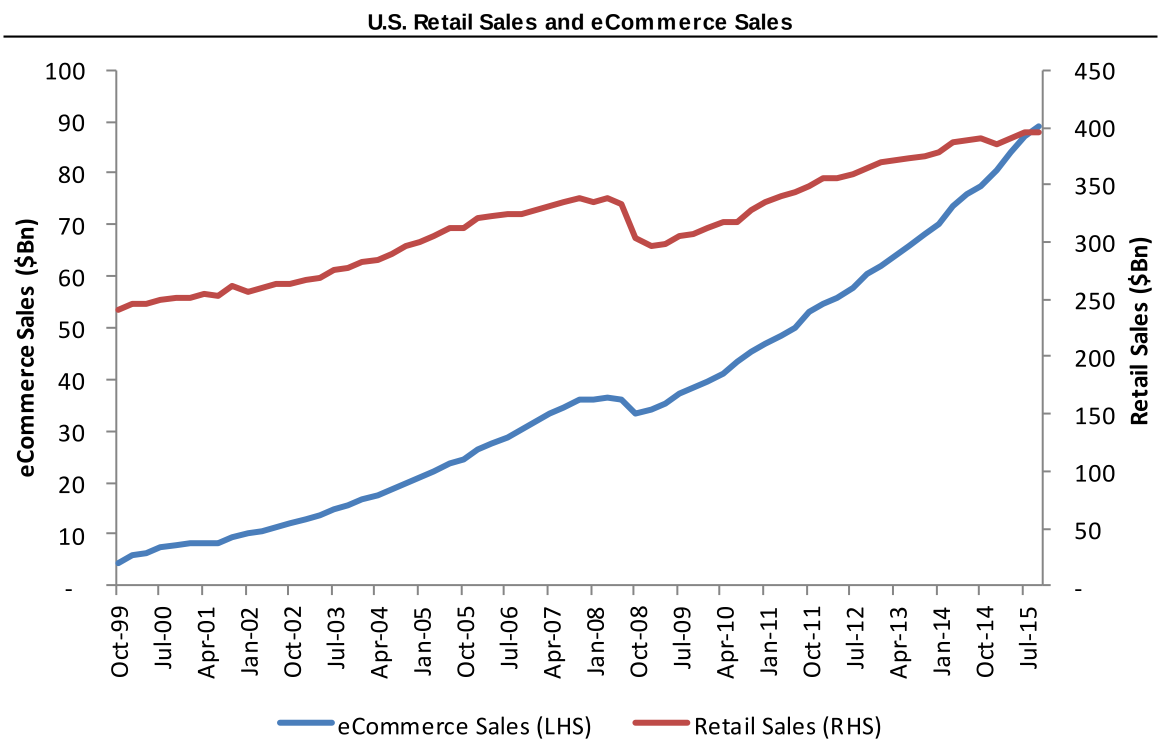
Cards (Mn)	2006	2007	2008	2009	2010	2011	2012	2013	2014	CAGR
Visa	1,254	1,592	1,717	1,808	1,897	2,011	2,128	2,219	2,402	7.5%
Mastercard	817	916	981	966	975	1,059	1,158	1,281	1,437	6.5%
American Express	78	86	92	88	91	97	102	107	112	4.1%
JCB	59	58	60	61	64	77	79	83	88	4.5%
Discover/Diners Club	64	64	64	61	61	65	68	70	57	-1.3%
Total	2,272	2,716	2,914	2,984	3,088	3,309	3,535	3,760	4,096	6.8%

Source: Visa Annual Reports



Source: Visa Annual Reports

eCommerce sales are increasing rapidly



Source: St. Louis Federal Reserve

Reproduction Value Calculation

Reproduction Value Calculation				
Balance Sheet as of:				
Currency	**Dec-31-2015** ***USD***	**Adjustments**	**Reproduction Value**	**Notes**
ASSETS				
Cash And Equivalents	5,747.0	0	5,747.0	
Short Term Investments	991.0	0	991.0	
Total Cash & ST Investments	**6,738.0**		**6,738.0**	
Accounts Receivable	2,124.0	21.24	2,145.2	1% reserve assumed
Other Receivables	0	0	-	
Total Receivables	**2,124.0**		**2,145.2**	
Prepaid Exp.	0	0	-	
Deferred Tax Assets, Curr.	0	0	-	
Restricted Cash	541.0	(541.0)	-	Cash restricted for litigation settlement
Other Current Assets	1,582.0	0	1,582.0	
Total Current Assets	**10,985.0**		**10,465.2**	
Gross Property, Plant & Equipment	1,166.0	125.8	1,291.8	Grossed up
Accumulated Depreciation	(491.0)	491.0	-	Eliminated
Net Property, Plant & Equipment	**675.0**		**1,291.8**	
Long-term Investments	166.0	0	166.0	
Goodwill	1,891.0	(1,891.0)	-	Eliminated
Other Intangibles	803.0	(803.0)	-	Eliminated
Deferred Tax Assets, LT	317.0	0	317.0	
Deferred Charges, LT	810.0	0	810.0	
Other Long-Term Assets	622.0	0	622.0	
Total Assets	**16,269.0**		**13,672.0**	
LIABILITIES				
Accounts Payable	472.0	0	472.0	
Accrued Exp.	2,595.0	0	2,595.0	
Curr. Port. of LT Debt	10.0	0	10.0	
Curr. Income Taxes Payable	143.0	0	143.0	
Def. Tax Liability, Curr.	0	0	-	
Other Current Liabilities	3,049.0	0	3,049.0	
Total Current Liabilities	**6,269.0**		**6,269.0**	
Long-Term Debt	3,287.0	0	3,287.0	
Pension & Other Post-Retire. Benefits	59.0	0	59.0	
Def. Tax Liability, Non-Curr.	79.0	0	79.0	
Other Non-Current Liabilities	513.0	0	513.0	
Total Liabilities	**10,207.0**		**10,207.0**	
Total Common Equity	**6,028.0**	0	6,028.0	
Minority Interest	34.0	0	34.0	
Total Equity	**6,062.0**	0	**6,062.0**	
Total Liabilities And Equity	**16,269.0**		**16,269.0**	
		Net Asset Value	**(2,597.0)**	
		Brand Value	5,551.0	per interbrand
		Network Value	19,000.0	Gross historical CapEx adjusted for inflation, including acquisitions
		Adjusted Net Asset Value	**21,954.0**	

Source: Capital IQ

Earnings Power Value Calculation

Earnings Power Value	
Sustainable Margin	53.5%
Sustainable Revenue	9,667.0
Sustainable EBIT	5,175.5
Taxes (@ 28%)	(1,449.1)
Earnings Pow er	3,726.4
WACC	6.9%
Earnings Power Value	**53,640.5**
Net Cash	3,441.0
Total EPV	**57,081.5**
WACC	
Risk free rate	1.9%
Beta	1.0
Gross Debt	(3,441.0)
Market Cap	105,100.0
Equity Risk Premium	5.0%
Cost of Debt	3.38%
Cost of Equity	6.83%
WACC	6.95%

Franchise Value Calculation Using the Return Approach

Earnings Return	
Sustainable Earnings	3,726
Current Market Cap	105,100
Earnings Return	**3.5%**
Dividend return	0.8%
Buybacks	2.0%
Cash Return	**2.8%**
Reinvested	0.8%
Cost of Capital	6.9%
ROIIC	41.2%
Value Creation Factor	5.9
Return from Reinvestment	**4.5%**
Organic Growth Rate	**4.0%**
Total Return	**11.3%**
WACC	6.9%
Margin of Safety	**4.4%**

Historical Operating Metrics show a steady business in all cycles

Historical Operating Metrics							
For the Fiscal Period Ending	**12 months Dec-31-2009**	**12 months Dec-31-2010**	**12 months Dec-31-2011**	**12 months Dec-31-2012**	**12 months Dec-31-2013**	**12 months Dec-31-2014**	**12 months Dec-31-2015**
Total Revenue	**5,099.0**	**5,539.0**	**6,714.0**	**7,391.0**	**8,312.0**	**9,441.0**	**9,667.0**
Cost Of Goods Sold	-	-	-	-	-	-	-
Gross Profit	**5,099.0**	**5,539.0**	**6,714.0**	**7,391.0**	**8,312.0**	**9,441.0**	**9,667.0**
Selling General & Admin Exp.	2,693.0	2,628.0	3,037.0	3,204.0	3,456.0	3,927.0	4,083.0
R & D Exp.	-	-	-	-	-	-	-
Depreciation & Amort.	141.0	148.0	194.0	230.0	258.0	321.0	366.0
Other Operating Expense/(Income)	-	-	-	-	-	-	-
Other Operating Exp., Total	**2,834.0**	**2,776.0**	**3,231.0**	**3,434.0**	**3,714.0**	**4,248.0**	**4,449.0**
Operating Income	**2,265.0**	**2,763.0**	**3,483.0**	**3,957.0**	**4,598.0**	**5,193.0**	**5,218.0**
Operating Margin	44.4%	49.9%	51.9%	53.5%	55.3%	55.0%	54.0%
Tax Rate	34.0%	33.0%	30.6%	29.8%	30.8%	28.8%	23.2%
Depreciation	141.0	148.0	194.0	230.0	258.0	321.0	366.0
Capital Expenditures	57.0	61.0	77.0	96.0	155.0	175.0	177.0
Dividends	79.0	79.0	77.0	132.0	255.0	515.0	727.0
Buybacks, net	(9.0)	(11.0)	1,129.0	1,717.0	2,417.0	3,358.0	3,491.0
Historical Capital Return	70.0	68.0	1,206.0	1,849.0	2,672.0	3,873.0	4,218.0
% of Earnings	5%	4%	63%	67%	86%	107%	111%
Total Debt	22.0	20.0	0	0	35.0	1,535.0	3,297.0
Total Equity	3,512.0	5,216.0	5,877.0	6,929.0	7,495.0	6,824.0	6,062.0
Invested Capital	3,534.0	5,236.0	5,877.0	6,929.0	7,530.0	8,359.0	9,359.0
NOPAT	1,586	1,934	2,438	2,770	3,219	3,635	3,653
ROIC	**44.86%**	**36.94%**	**41.49%**	**39.98%**	**42.74%**	**43.49%**	**39.03%**
Total Equity	3,512.0	5,216.0	5,877.0	6,929.0	7,495.0	6,824.0	6,062.0
Net Income	1,454.0	1,843.0	1,906.0	2,759.0	3,116.0	3,617.0	3,808.0
ROE	**41.4%**	**35.3%**	**32.4%**	**39.8%**	**41.6%**	**53.0%**	**62.8%**

Source: Capital IQ