

Mastercard Incorporated

Second-Quarter 2018 Financial Results Conference Call

July 26, 2018



Business Update

————— Financial & Operational Overview

————— Economic Update

————— Business Highlights

2nd Quarter Selected Financial Performance

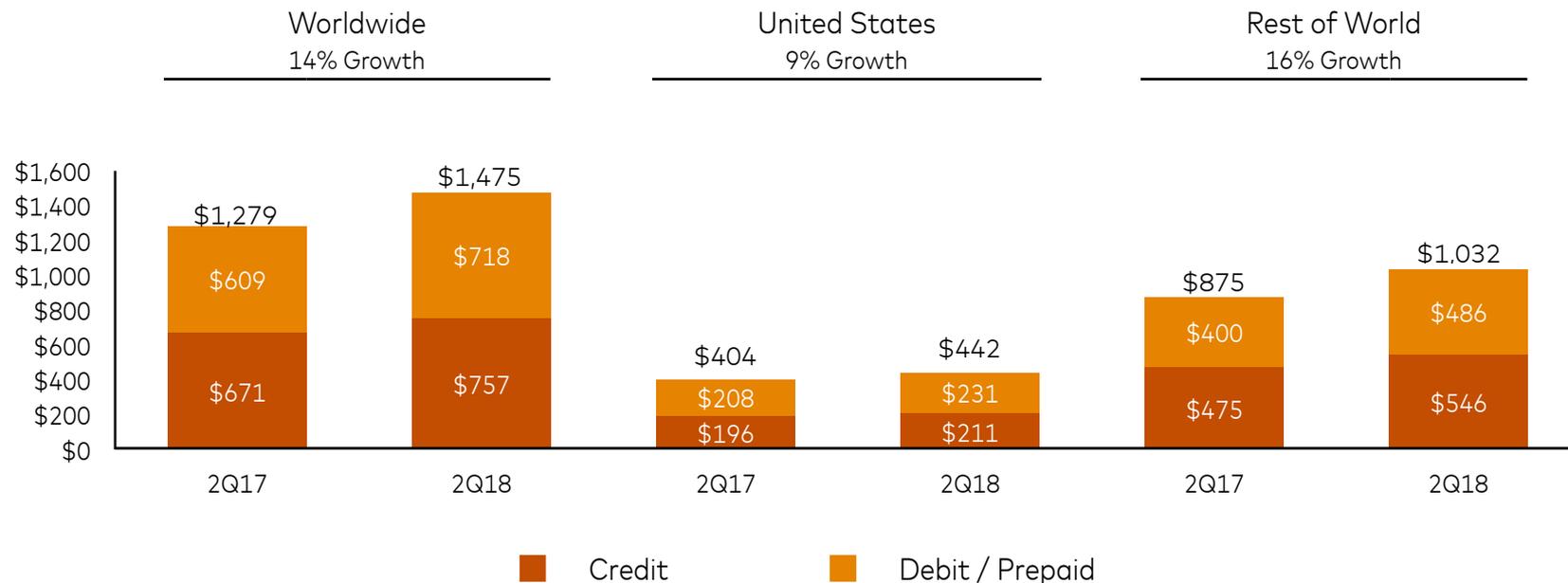
(\$ in millions, except per share data)

	2Q 18		YOY Growth	
	Non-GAAP ¹	2Q 17	Non-GAAP	Currency Neutral
Net revenue	\$ 3,665	\$ 3,053	20%	18%
Total operating expenses	1,504	1,400	7%	6%
Operating income	2,161	1,653	31%	28%
<i>Operating margin</i>	59.0%	54.1%	4.9 <i>ppt</i>	4.7 <i>ppt</i>
Net income	\$ 1,744	\$ 1,177	48%	45%
Diluted EPS	\$ 1.66	\$ 1.10	51%	48%
Effective tax rate	18.8%	27.7%		

¹ Excludes special items relating to litigation provisions. See Appendix A for Non-GAAP reconciliation.

2nd Quarter Gross Dollar Volume (GDV)

(\$ in billions)



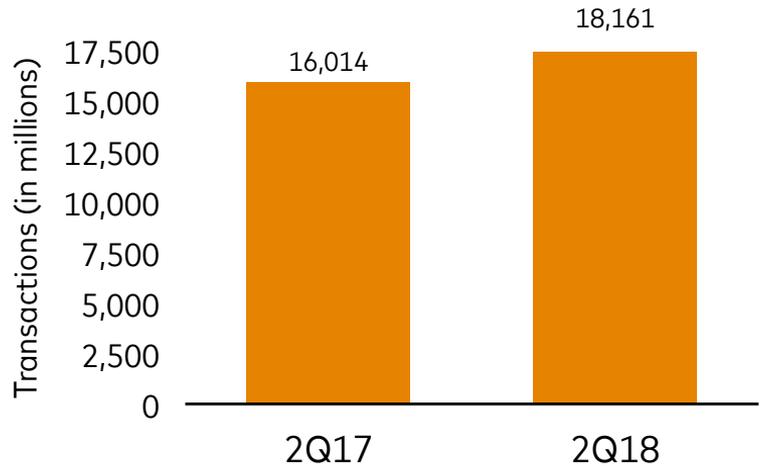
Notes: 1. Growth rates are shown in local currency.
2. Figures may not sum due to rounding.

2nd Quarter Switched Transactions and Cards

Switched Transactions

13% Growth

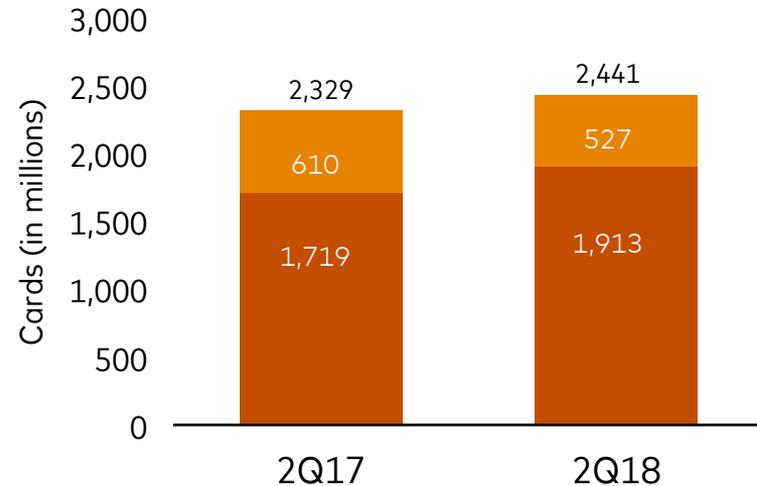
17% Adjusted Growth*



Cards

5% Growth

7% Adjusted Growth*



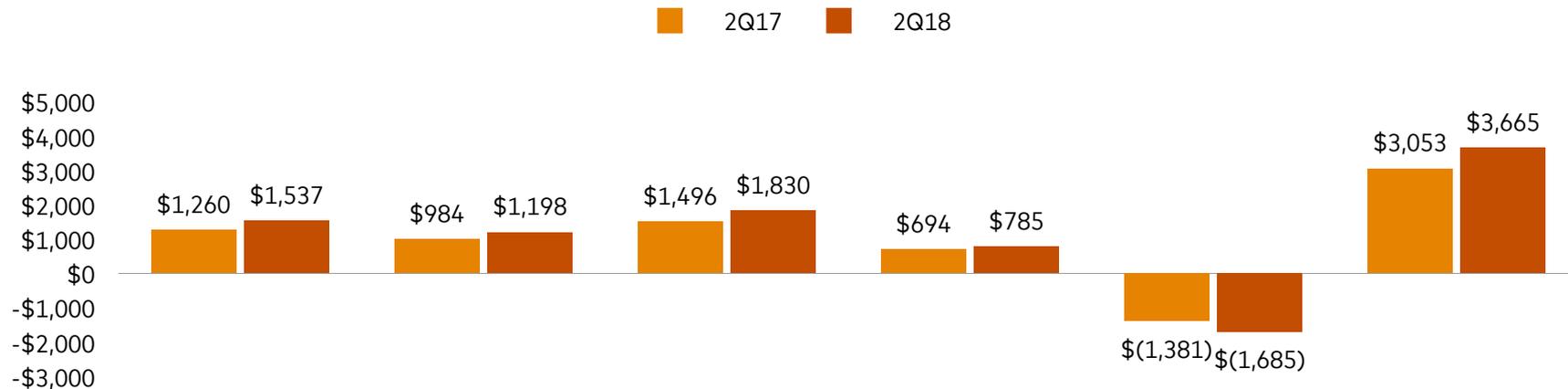
*Adjusted for the impact of Venezuelan deconsolidation in both the current and prior periods.

Note: Figures may not sum due to rounding.

Mastercard Cards Maestro Cards

2nd Quarter Revenue

(\$ in millions)

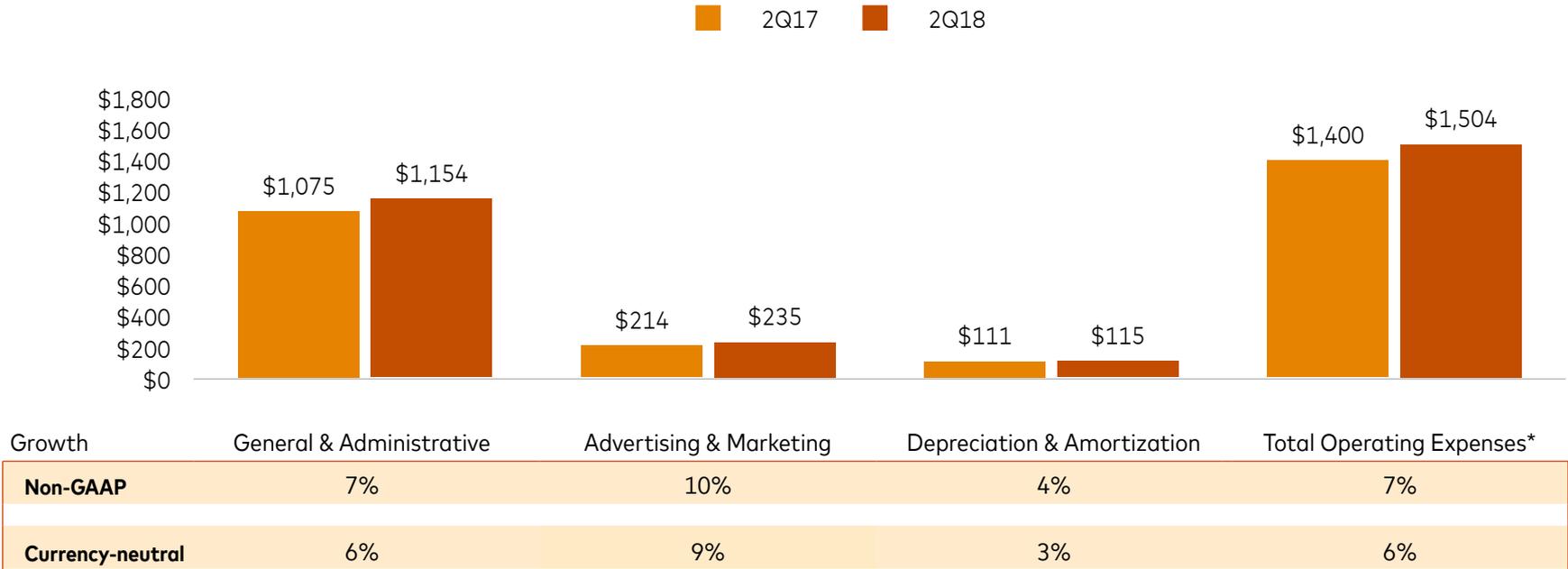


Growth	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing Fees	Other Revenues	Rebates and Incentives	Total Net Revenue
As reported	22%	22%	22%	13%	22%	20%
Currency-neutral	22%	18%	20%	13%	21%	18%

Note: Figures may not sum due to rounding.

2nd Quarter Operating Expenses

(\$ in millions)



Note: Figures may not sum due to rounding.

*Excludes special items relating to litigation provisions. See Appendix A for Non-GAAP reconciliation.

Looking Ahead

———— Business update through July 21st

———— Thoughts for 2018

Appendices

Appendix A

Non-GAAP Reconciliation

Three Months Ended June 30, 2018

	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
	(\$ in millions, except per share data)					
Reported - GAAP	\$ 1,729	\$ 1,936	52.8 %	18.3 %	\$ 1,569	\$ 1.50
Special Items ¹	(225)	225	6.2 %	0.5 %	175	0.17
Non-GAAP	\$ 1,504	\$ 2,161	59.0 %	18.8 %	\$ 1,744	\$ 1.66

Three Months Ended June 30, 2018 as compared to the Three Months Ended June 30, 2017

Increase/(Decrease)

	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	20 %	23 %	17 %	(1.3) ppt	(9.4) ppt	33 %	36 %
Special Items ¹	— %	(16)%	14 %	6.2 ppt	0.5 ppt	15 %	15 %
Non-GAAP	20 %	7 %	31 %	4.9 ppt	(8.9) ppt	48 %	51 %
Foreign currency ²	(2)%	(1)%	(2)%	(0.2) ppt	0.1 ppt	(3)%	(3)%
Non-GAAP - currency-neutral	18 %	6 %	28 %	4.7 ppt	(8.8) ppt	45 %	48 %

Note: Figures may not sum due to rounding.

¹ Impact of the following provisions for litigation in Q2'18: \$210 million (\$163 million after tax, or \$0.16 per diluted share) related to litigation settlements for both the U.S. merchant class litigation and the filed and anticipated opt-out U.S. merchant cases and \$15 million (\$12 million after tax, or \$0.01 per diluted share) related to litigation settlements with U.K. merchants.

² Represents the foreign currency translational and transactional impact.

Appendix B

Non-GAAP Growth Drivers

Three Months Ended June 30, 2018 as compared to the Three Months Ended June 30, 2017

	Increase/(Decrease)		
	Net revenue	Operating expenses	Operating income
Non-GAAP - currency-neutral ¹	18 %	6 %	28 %
Acquisition impact ²	– %	(1)%	– %
Impact of new revenue recognition rules in 2018	(3)%	(5)%	(3)%
Organic Growth (Based on prior revenue recognition rules, excluding acquisitions investment)	14 %	– %	26 %

Note: Figures may not sum due to rounding.

** Not applicable

¹ See Appendix A for reconciliation from Reported - GAAP results to Non-GAAP - currency-neutral results.

² Acquisitions made in 2017.

Appendix C

Non-GAAP Reconciliation

2018 full-year financial outlook

Forecasted Growth - U.S. GAAP ¹

Special items ²

Foreign currency ³

Non-GAAP Growth

2018 vs. 2017	
Increase/(Decrease)	
Net revenue	Operating expenses
High-teens	High-teens
**	(2)%
(0.5-1)%	(0.5-1)%
High-teens	Mid-teens

Note: Figures may not sum due to rounding.

** Not applicable

¹U.S. GAAP - 2018 forecast versus 2017 reported results.

²Impact of the 2018 provisions for litigation (\$342M pre-tax) and impact of the Venezuela Charge in Q4'17 (\$167M pre-tax) and a provision for litigation in Q1'17 (\$15M pre-tax).

³Impact of foreign currency for both the translational and transactional impacts.