

Mastercard Incorporated

First-Quarter 2017 Financial Results Conference Call

May 2, 2017



Business Update

———— **Financial & Operational Overview**

———— **Economic Update**

———— **Business Highlights**



May 2, 2017

1st Quarter Selected Financial Performance

(\$ in millions, except per share data)

	1Q 17		YOY Growth*	
	Non-GAAP*	1Q 16	Non-GAAP	Currency Neutral
Net revenue	\$ 2,734	\$ 2,446	12%	12%
Total operating expenses	1,213	1,098	11%	11%
Operating income	1,521	1,348	13%	13%
<i>Operating margin</i>	55.6%	55.1%	0.5 <i>ppt</i>	0.3 <i>ppt</i>
Net income	\$ 1,091	\$ 959	14%	13%
Diluted EPS	\$ 1.01	\$ 0.86	17%	17%
Effective tax rate	26.9%	28.3%		

Note: Figures may not sum due to rounding.

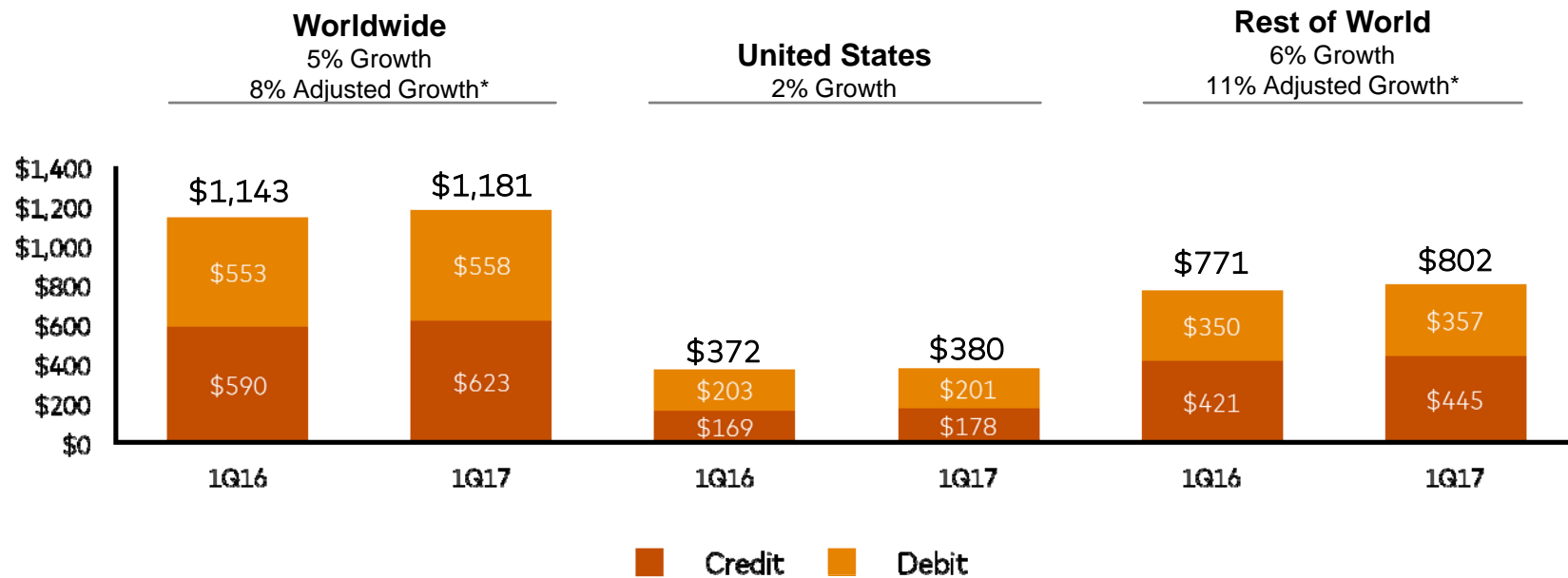
* Represents effect of excluding a special item related to the Canadian merchant litigation provision. See Appendix A for Non-GAAP reconciliation.



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1st Quarter Gross Dollar Volume (GDV)

(\$ in billions)



* Adjusted for the impact of recent EU regulatory changes

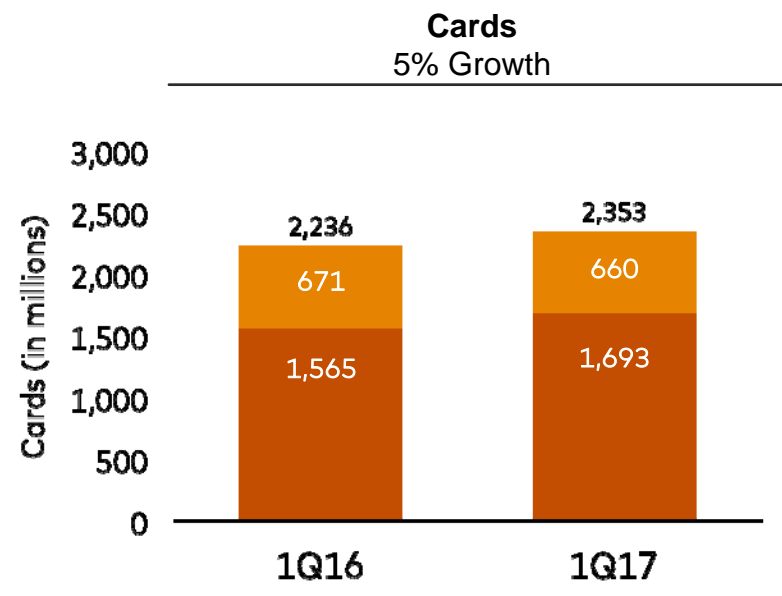
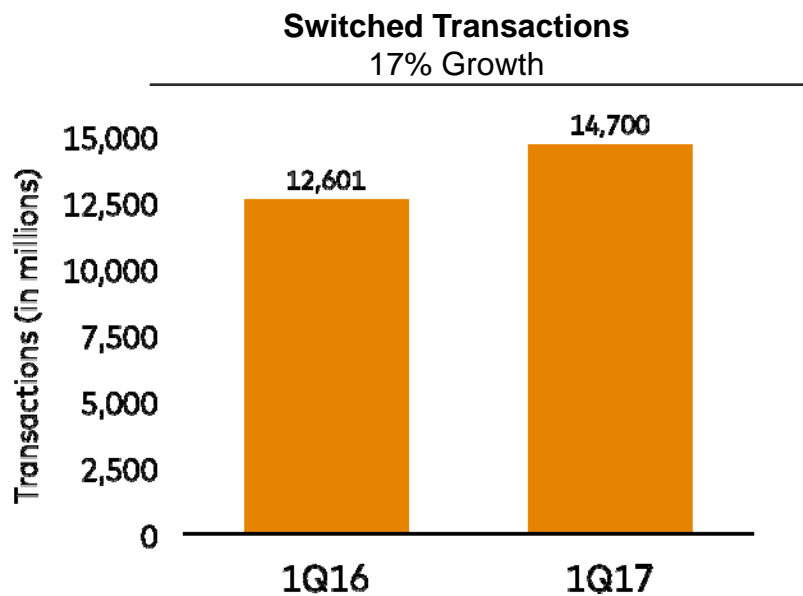
Notes: 1. Growth rates are shown in local currency

2. Figures may not sum due to rounding



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1st Quarter Switched Transactions and Cards



Note: Figures may not sum due to rounding.

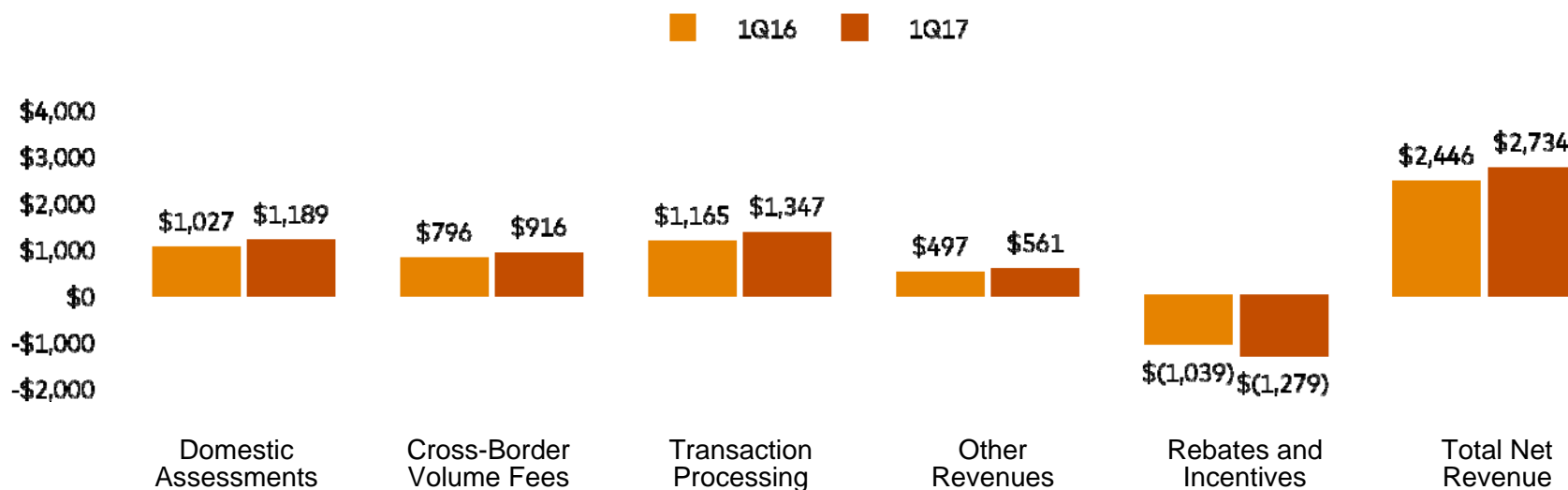
■ Mastercard Cards ■ Maestro Cards



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1st Quarter Revenue

(\$ in millions)



Growth						
As-reported	16%	15%	16%	13%	23%	12%
Currency-Neutral	15%	17%	16%	12%	23%	12%

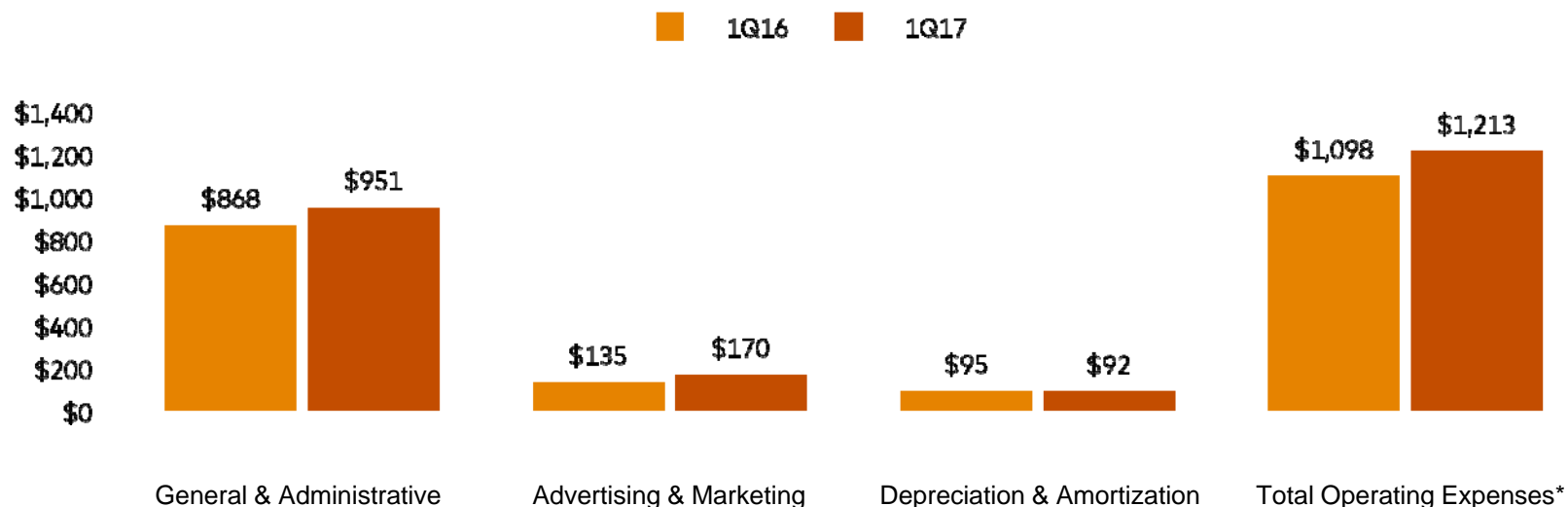
Note: Figures may not sum due to rounding.



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1st Quarter Operating Expenses

(\$ in millions)



Growth				
Non-GAAP	10%	25%	(2)%	11%
Currency-Neutral	10%	27%	(1)%	11%

Note: Figures may not sum due to rounding

* Excluding a special item representing the effect of the Canadian merchant litigation provision. See Appendix A for Non-GAAP reconciliation.



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Looking Ahead

———— **Business update through April 28th**

———— **Long-Term Performance Objectives**

———— **Thoughts for 2017**



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Appendices



Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

Three Months Ended March 31, 2017

	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
	(\$ in millions, except per share data)					
Reported - GAAP	\$1,228	\$1,506	55.1%	26.9%	\$1,081	\$1.00
Special Item ¹	(15)	15	0.5%	—%	10	0.01
Non-GAAP	\$1,213	\$1,521	55.6%	26.9%	\$1,091	\$1.01

Three Months Ended March 31, 2017 as Compared to the Three Months Ended March 31, 2016

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	12%	12%	12%	- ppt	(1.4) ppt	13%	16%
Special Item ¹	—%	(1)%	1%	0.5 ppt	- ppt	1%	1%
Non-GAAP	12%	11%	13%	0.5 ppt	(1.4) ppt	14%	17%
Foreign currency ²	—%	—%	—%	(0.2) ppt	- ppt	—%	—%
Non-GAAP - currency-neutral	12%	11%	13%	0.3 ppt	(1.4) ppt	13%	17%

Note: Figures may not sum due to rounding.

¹ Special Item reflects a provision for litigation of \$15 million (\$10 million after tax, or \$0.01 per diluted share), relating to a proposed settlement for Canadian merchant litigation.

² Represents the foreign currency translational and transactional impact.



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Appendix B

Article 8 Impacts on Europe and Worldwide GDV and Purchase Volume Growth Rates

	Growth (Local Currency)									FY 2015	FY 2016
	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1		
GDV											
Europe as reported	15%	17%	17%	16%	18%	14%	5%	3%	1%	16%	10%
Europe normalized for Article 8	19%	20%	20%	18%	20%	19%	17%	16%	14%	19%	18%
Worldwide as reported	12%	13%	13%	13%	13%	12%	7%	5%	5%	13%	9%
Worldwide normalized for Article 8	13%	14%	14%	13%	14%	13%	10%	8%	8%	13%	11%
Purchase Volume											
Europe as reported	13%	15%	15%	13%	15%	9%	(3)%	(3)%	(3)%	14%	4%
Europe normalized for Article 8	18%	19%	18%	16%	16%	16%	16%	16%	16%	18%	16%
Worldwide as reported	12%	12%	12%	12%	12%	9%	5%	4%	4%	12%	7%
Worldwide normalized for Article 8	13%	13%	13%	12%	12%	11%	9%	8%	9%	13%	10%

Note: Article 8 of the EU Interchange Fee Regulation which relates to card payments and which became effective June 9, 2016, states that a network can no longer charge fees on domestic EEA payment transactions that do not use its payment brand. Prior to that, Mastercard collected a de minimis assessment fee in a few countries, particularly France, on transactions with Mastercard co-badged cards if the brands of domestic networks (as opposed to Mastercard) were used. As a result, the non-Mastercard co-badged volume is no longer being included.

To aid in understanding the underlying trends in the business, the table above reflects adjusted growth rates for the impact of Article 8, by eliminating the related co-badged volumes in prior periods.



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Appendix C Non-GAAP Reconciliation

Full-Year Forecast 2017

	2017 vs. 2016 Increase/(Decrease)	
	Net revenue	Operating expenses
Forecasted growth ¹	Low-double digits	Low-double digits
Special items ²	—	2%
Acquisitions	(2)%	(6)%
Foreign currency ³	1 - 2%	1%
Non-GAAP - Excluding Special Items and Acquisitions, Currency-Neutral	Low-double digits	High-single digit

¹ 2017 forecast and 2016 actuals

² Impact of Canadian merchant litigation (Q1 2017:\$15M pre-tax) and U.K. merchant litigation provisions (2016: \$117M pre-tax)

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



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