

Mastercard Incorporated

Fourth-Quarter and Full-Year 2017 Financial Results Conference Call

February 1, 2018



Business Update

————— Financial & Operational Overview

————— Economic Update

————— Business Highlights

4th Quarter Selected Financial Performance

(\$ in millions, except per share data)

			YOY Growth	
	4Q 17 Non-GAAP ¹	4Q 16 Non-GAAP ¹	Non-GAAP	Currency Neutral
Net revenue	\$ 3,312	\$ 2,756	20%	18%
Total operating expenses	1,623	1,383	17%	15%
Operating income	1,689	1,373	23%	20%
<i>Operating margin</i>	51.0%	49.8%	1.2 <i>ppt</i>	1.1 <i>ppt</i>
Net income	\$ 1,208	\$ 940	28%	25%
Diluted EPS	\$ 1.14	\$ 0.86	33%	30%
Effective tax rate	26.8%	28.7%		

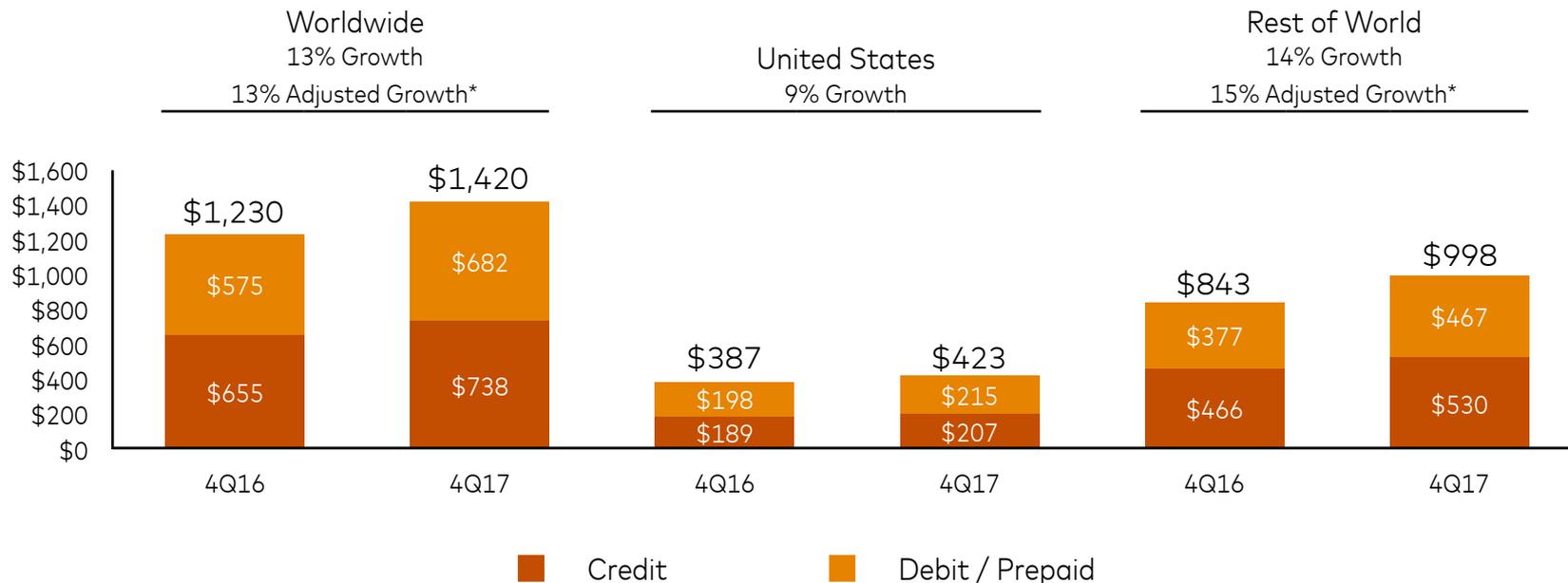
¹ Excludes special items relating to deconsolidation of Venezuela, US tax reform and last year's U.K. merchant litigation provision. See Appendix A for Non-GAAP reconciliation.

4th Quarter Special Items

Special Item	Impact on Net Income (\$M)	Diluted EPS Impact (\$)
U.S. Tax Reform		
Transition Tax	(629)	(0.59)
Revaluation of deferred tax assets and liabilities	(157)	(0.15)
Other	(87)	(0.08)
Total Tax Impacts	(873)	(0.82)
Venezuela Charge	(108)	(0.10)
Total Special Items	(981)	(0.92)

4th Quarter Gross Dollar Volume (GDV)

(\$ in billions)

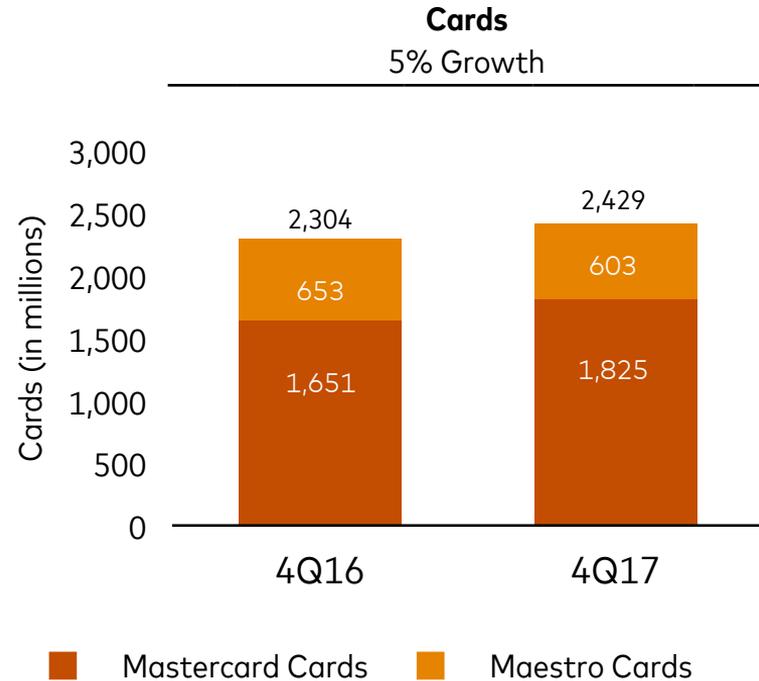
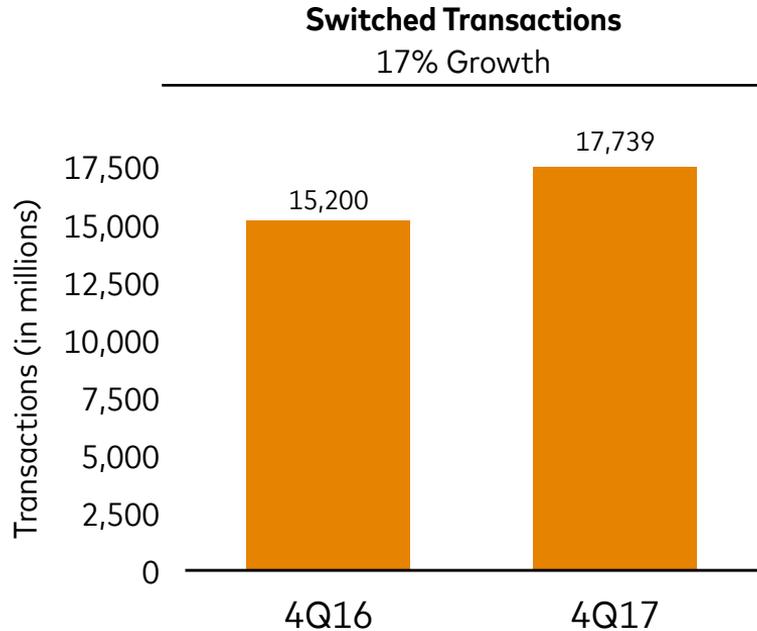


* Adjusted for the impact of recent EU regulatory changes

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



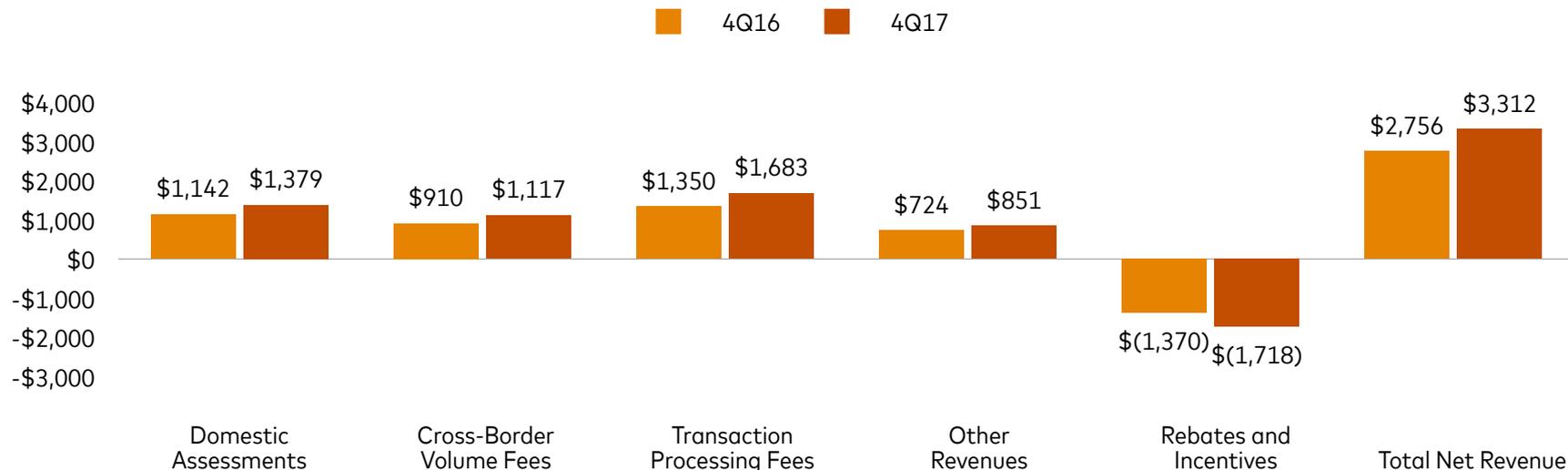
4th Quarter Switched Transactions and Cards



Note: Figures may not sum due to rounding.

4th Quarter Revenue

(\$ in millions)

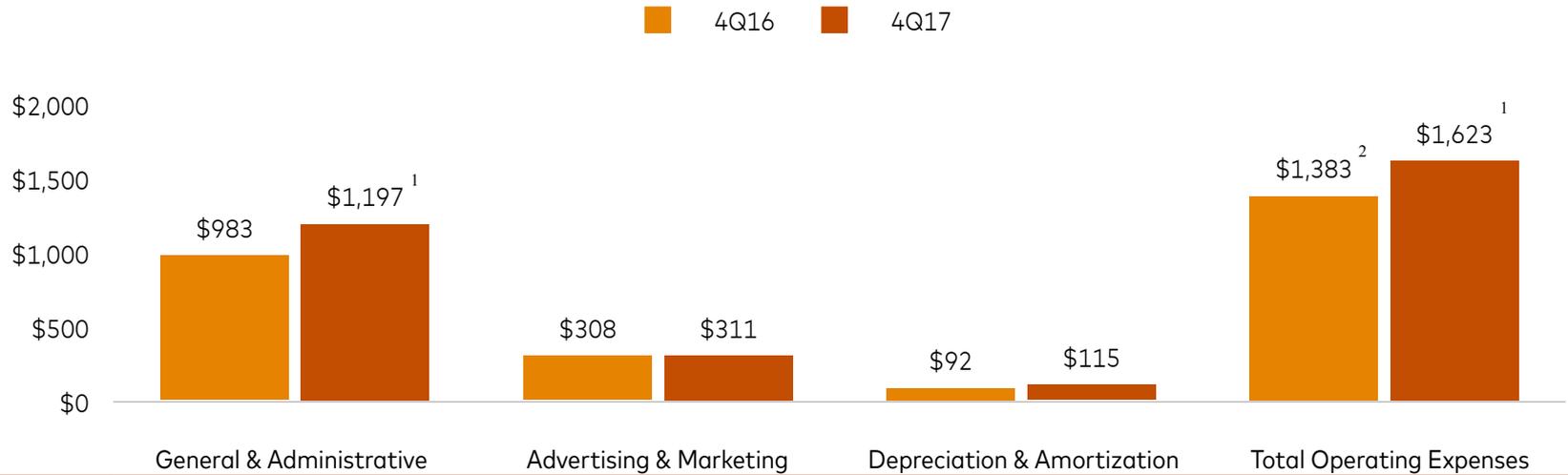


	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing Fees	Other Revenues	Rebates and Incentives	Total Net Revenue
Growth						
As reported	21%	23%	25%	17%	25%	20%
Currency-neutral	19%	19%	22%	15%	23%	18%

Note: Figures may not sum due to rounding.

4th Quarter Operating Expenses

(\$ in millions)



	General & Administrative	Advertising & Marketing	Depreciation & Amortization	Total Operating Expenses
Growth				
Non-GAAP	22%	1%	26%	17%
Currency-neutral	19%	(2)%	25%	15%

Note: Figures may not sum due to rounding.

¹ Excludes the impact of Venezuela de-consolidation charge (\$167M pre-tax) recorded in Q4 2017

² Excludes the impact of U.K. merchant litigation provision (\$10M pre-tax) recorded in Q4 2016

See Appendix A for Non-GAAP reconciliation.

Looking Ahead

———— Business update through January 28th

———— Thoughts for 2018

Thoughts for 2018

Well-Positioned to Deliver Strong Operating Performance

2018 Estimated Growth (Currency-neutral)

Net Revenue

Operating
Expenses¹

Organic Growth

(Based on prior revenue recognition rules, excluding acquisitions)

**High end of low-
double digits**

Mid-single digit

¹Excludes special items and \$100M contribution to a non-profit entity

Thoughts for 2018

Well-Positioned to Deliver Strong Operating Performance

	2018 Estimated Growth (Currency-neutral)	
	Net Revenue	Operating Expenses ¹
Organic Growth (Based on prior revenue recognition rules, excluding acquisitions)	High end of low-double digits	Mid-single digit
Adjustments:		
Acquisition impact	~ 0.5 ppt	~ 2 ppt
Impact of new revenue recognition rules in 2018	~ 2.5 ppt	~ 4 ppt
Center for Inclusive Growth Investment²	N/A	~ 2 ppt
Growth Including Adjustments (Based on new revenue recognition rules, including acquisitions)	Mid-teens	Low-double digits

¹ Excludes special items

² \$100M contribution to a non-profit entity

Updated 2016 - 2018 Performance Objectives

	Prior (Based on prior revenue recognition rules)	Updated (Based on new revenue recognition rules)
Net Revenue*	High end of low double-digit (12-13%)	Increased to low-teens (13-14%)
Annual Operating Margin %	Minimum 50%	Minimum 50%
EPS CAGR %*	~20%	Mid 20's

*On a currency-neutral basis, excluding acquisitions and special items, normalized for taxes. Based on 2015 pro forma EPS utilized to measure 3-year diluted EPS target performance (2016 - 2018).

Appendices

Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

	Three Months Ended December 31, 2017					
	General & Administrative	Operating expenses	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
	(\$ in millions, except per share data)					
Reported - GAAP	\$ 1,364	\$ 1,790	46.0%	84.7 %	\$ 227	\$ 0.21
Tax Act Impact ¹	**	**	**	(58.8)%	873	0.82
Venezuela Charge ²	(167)	(167)	5.0%	0.9 %	108	0.10
Non-GAAP	<u>\$ 1,197</u>	<u>\$ 1,623</u>	<u>51.0%</u>	<u>26.8 %</u>	<u>\$ 1,208</u>	<u>\$ 1.14</u>

	Three Months Ended December 31, 2016					
	General & Administrative	Operating expenses	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
	(\$ in millions, except per share data)					
Reported - GAAP	\$ 983	\$ 1,393	49.4%	28.8 %	\$ 933	\$ 0.86
U.K. Merchant Litigation Provision ³	—	(10)	0.4%	(0.1)%	7	0.01
Non-GAAP	<u>\$ 983</u>	<u>\$ 1,383</u>	<u>49.8%</u>	<u>28.7 %</u>	<u>\$ 940</u>	<u>\$ 0.86</u>

Note: Figures may not sum due to rounding

** Not applicable

¹ Impact of the Tax Cuts and Jobs Act ("Tax Act Impact") recognized in Q4'17 of \$873 million (\$0.82 per diluted share).

² Impact of the deconsolidation of our Venezuelan subsidiaries ("Venezuela Charge") in Q4'17 of \$167 million (\$108 million after tax, or \$0.10 per diluted share).

³ Impact of a provision for litigation in Q4'16 of \$10 million (\$7 million after-tax, or \$0.01 per diluted share), relating to the U.K. Merchant Litigation Provision ("U.K. Merchant Litigation Provision").

Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

Three Months Ended December 31, 2017 as compared to the Three Months Ended December 31, 2016

	Increase/(Decrease)						
	Net revenue	General & Administrative	Operating expenses	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	20 %	39 %	28 %	(3.4) ppt	55.9 ppt	(76)%	(76)%
Tax Act Impact ¹	**	**	**	**	(58.8) ppt	93 %	98 %
Venezuela Charge ²	**	(17)%	(12)%	5.0 ppt	0.9 ppt	12 %	12 %
U.K. Merchant Litigation Provision ³	**	**	1 %	(0.4) ppt	- ppt	(1)%	(1)%
Non-GAAP	20 %	22 %	17 %	1.2 ppt	(1.9) ppt	28 %	33 %
Foreign currency ⁴	(3)%	(2)%	(2)%	(0.1) ppt	- ppt	(3)%	(3)%
Non-GAAP - currency-neutral	18 %	19 %	15 %	1.1 ppt	(1.9) ppt	25 %	30 %

Note: Figures may not sum due to rounding

** Not applicable

¹ Impact of the Tax Cuts and Jobs Act ("Tax Act Impact") recognized in Q4'17 of \$873 million (\$0.82 per diluted share).

² Impact of the deconsolidation of our Venezuelan subsidiaries ("Venezuela Charge") in Q4'17 of \$167 million (\$108 million after tax, or \$0.10 per diluted share).

³ Impact of a provision for litigation in Q4'16 of \$10 million (\$7 million after-tax, or \$0.01 per diluted share), relating to the U.K. Merchant Litigation Provision ("U.K. Merchant Litigation Provision").

⁴ Represents the foreign currency translational and transactional impact.

Appendix B

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

	Growth (Local Currency)									
	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	FY2016	FY2017
GDV										
Europe as reported	18%	14%	4 %	3 %	1 %	5%	15%	16%	10%	10%
Europe adjusted for Article 8	20%	19%	17 %	16 %	14 %	15%	16%	17%	18%	16%
Worldwide as reported	13%	11%	7 %	5 %	5 %	6%	10%	13%	9%	9%
Worldwide adjusted for Article 8	14%	13%	10 %	8 %	8 %	9%	11%	13%	11%	10%
Purchase Volume										
Europe as reported	14%	9%	(3)%	(3)%	(3)%	2%	16%	18%	4%	8%
Europe adjusted for Article 8	16%	15%	16 %	16 %	17 %	17%	19%	20%	16%	18%
Worldwide as reported	12%	9%	5 %	4 %	4 %	6%	11%	13%	7%	8%
Worldwide adjusted for Article 8	12%	11%	9 %	8 %	9 %	9%	11%	13%	10%	11%

Note: Article 8 of the EU Interchange Fee Regulation related to card payments that 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.

Appendix C Non-GAAP Reconciliation

2018 full-year financial outlook

	2018 vs. 2017 Increase/(Decrease)	
	Net revenue	Operating expenses
Organic Growth (Based on prior revenue recognition rules, excluding acquisitions) ¹	High end of low-double-digits	Mid-single-digits
Acquisition impact ²	~ 0.5 %	~ 2 %
Impact of new revenue recognition rules	~ 2.5 %	~ 4 %
Center for inclusive growth investment ³	**	~ 2%
Growth Including Adjustments (Based on new revenue recognition rules, including acquisitions)	Mid-teens	Low-double-digits
Special items ⁴	**	(3)%
Foreign currency ⁵	1-2%	1-2%
Forecasted growth - U.S. GAAP⁶	Low end of high-double-digits	Low-double-digits

¹Excludes special items and impact of foreign currency

²Acquisitions made in 2017

³\$100M contribution to a non-profit entity

⁴Impact of the 2017 Venezuela Charge (\$167M pre-tax) and a provision for litigation in Q1'17 (\$15M pre-tax) relating to a settlement for Canadian Merchant Litigation ("Canadian Merchant Litigation Provision")

⁵Impact of foreign currency for both the translational and transactional impacts

⁶U.S. GAAP - 2018 budget versus 2017 reported results

** Not applicable

Appendix D

Impact of New Revenue Recognition Rules in 2018

(\$ in millions)

Key impacts:	Estimated 2018 Impact	
	Revenue	Expense
- Market Development programs	+ 200	+ 200
- Certain customer incentives recognized over the life of contract rather than when earned	+ 100	N/A

- Prospective implementation starting Jan. 2018
- Quarterly disclosures will include revenue and operating expense on pre-existing standard

Appendix E

Non-GAAP Reconciliation

Long-term Performance Objectives (2016-2018)

Based on New Revenue Recognition Rules in 2018

	2016-2018 3-Year CAGR Increase/(Decrease)	
	Net Revenue	EPS ¹
Non-GAAP - excluding special items, currency-neutral, normalized taxes	Low-teens (13-14%)	Mid 20's
Special items ²	**	1%
Acquisitions ³	1%	(0-1)%
Foreign currency ⁴	0-1%	0-1%
Significant tax items ⁵	**	(4)%
U.S. GAAP	Mid-teens	Low 20's

¹ Based on 2015 proforma diluted EPS of \$3.12 utilized to measure 3-year diluted EPS target performance (2016-2018). See Appendix F

² Impact of the 2015 termination of the U.S. employee pension plan (\$0.04 per diluted share) and the U.K. merchant litigation provision (\$0.04 per diluted share)

³ Impact of 2017 acquisitions

⁴ Impact of foreign currency for both the translational and transactional impacts

⁵ Impact of discrete tax benefits and the tax impact of non-recurring repatriation benefits in 2015 (\$0.31 per diluted share)

** Not applicable

Appendix F

FY 2015 pro forma EPS¹

	2015
Diluted earnings per share GAAP	\$3.35
Significant tax items ²	(0.31)
U.S. employee pension plan settlement charge ³	0.04
Provision for litigation settlement ⁴	0.04
Diluted earnings per share non-GAAP	3.12

¹ Pro forma 2015 EPS utilized to measure 3-year EPS target performance (2016-2018)

² Represents effect of discrete tax benefits and the tax impact of non-recurring repatriation benefits

³ Represents effect of the termination of the U.S. employee pension plan

⁴ Represents effect of the U.K. Merchant Litigation Settlement