

Mastercard Incorporated

First-Quarter 2018 Financial Results Conference Call

May 2, 2018



Business Update

————— Financial & Operational Overview

————— Economic Update

————— Business Highlights

1st Quarter Selected Financial Performance

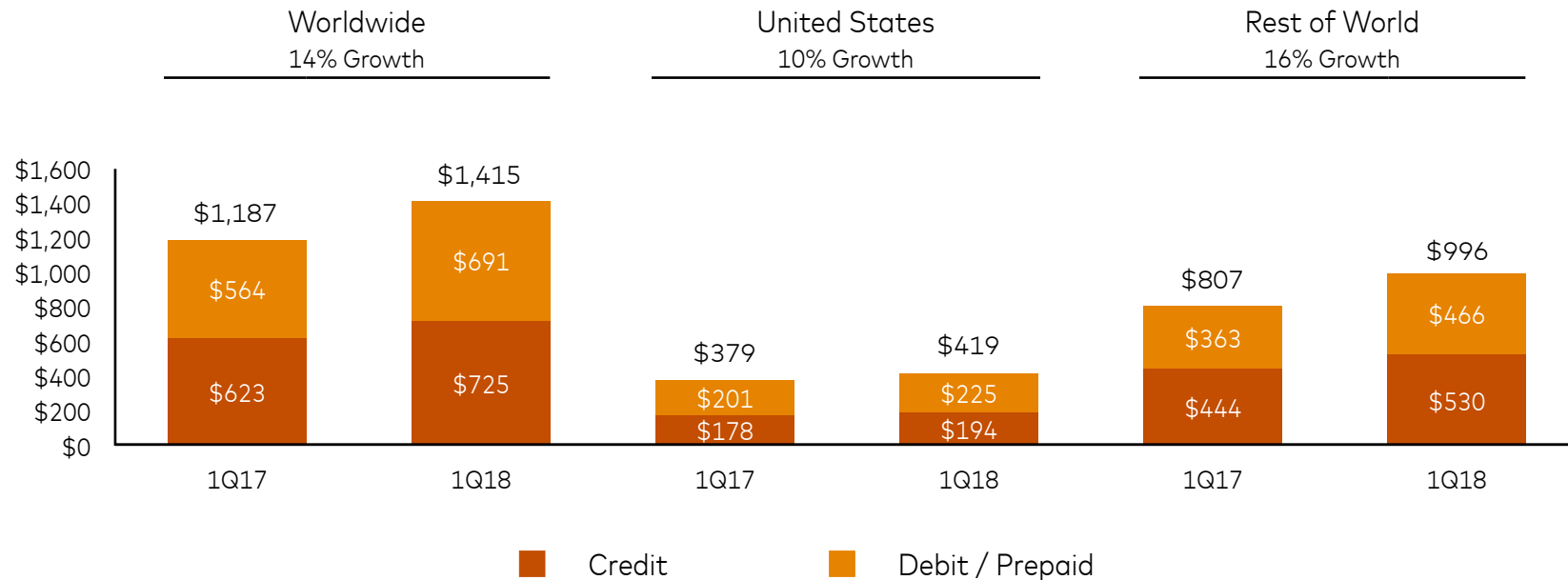
(\$ in millions, except per share data)

	1Q 18		1Q 17		YOY Growth	
	Non-GAAP ¹		Non-GAAP ¹		Non-GAAP	Currency Neutral
Net revenue	\$	3,580	\$	2,734	31%	27%
Total operating expenses		1,638		1,213	35%	32%
Operating income		1,942		1,521	28%	23%
<i>Operating margin</i>		54.2%		55.6%	(1.4) <i>ppt</i>	(1.8) <i>ppt</i>
Net income	\$	1,581	\$	1,091	45%	39%
Diluted EPS	\$	1.50	\$	1.01	49%	43%
Effective tax rate		17.7%		26.9%		

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

1st Quarter Gross Dollar Volume (GDV)

(\$ in billions)



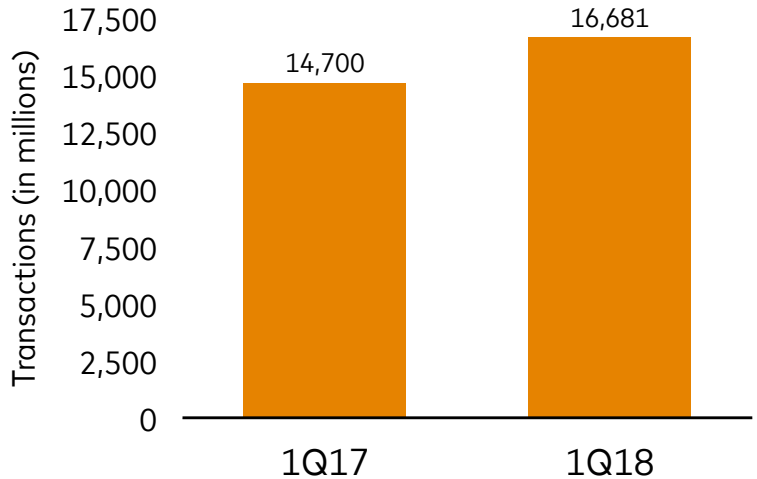
Notes: 1. Growth rates are shown in local currency.
2. Figures may not sum due to rounding.

1st Quarter Switched Transactions and Cards

Switched Transactions

13% Growth

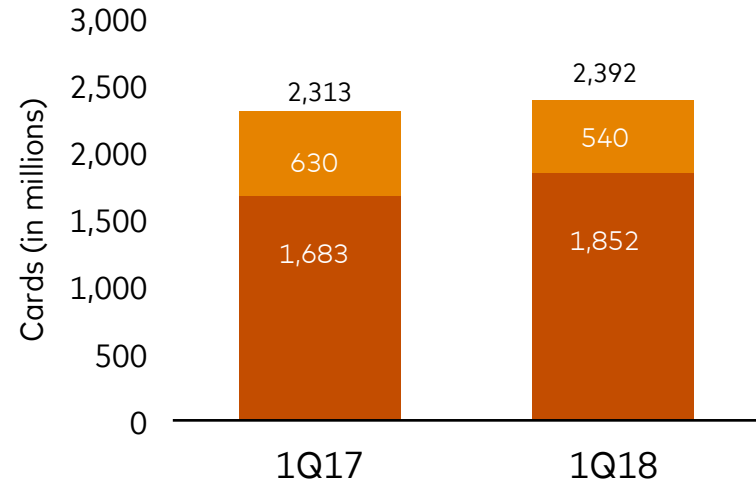
17% Adjusted Growth*



Cards

3% Growth

6% Adjusted Growth*



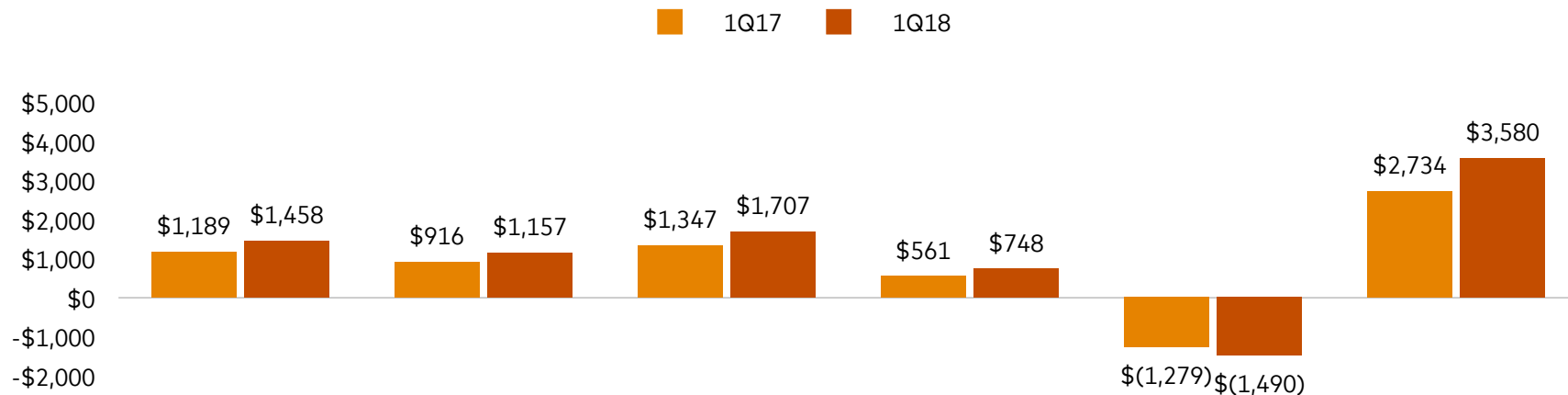
*Adjusted for the impact of Venezuelan deconsolidation in both the current and prior periods.

Note: Figures may not sum due to rounding.

■ Mastercard Cards ■ Maestro Cards

1st Quarter Revenue

(\$ in millions)

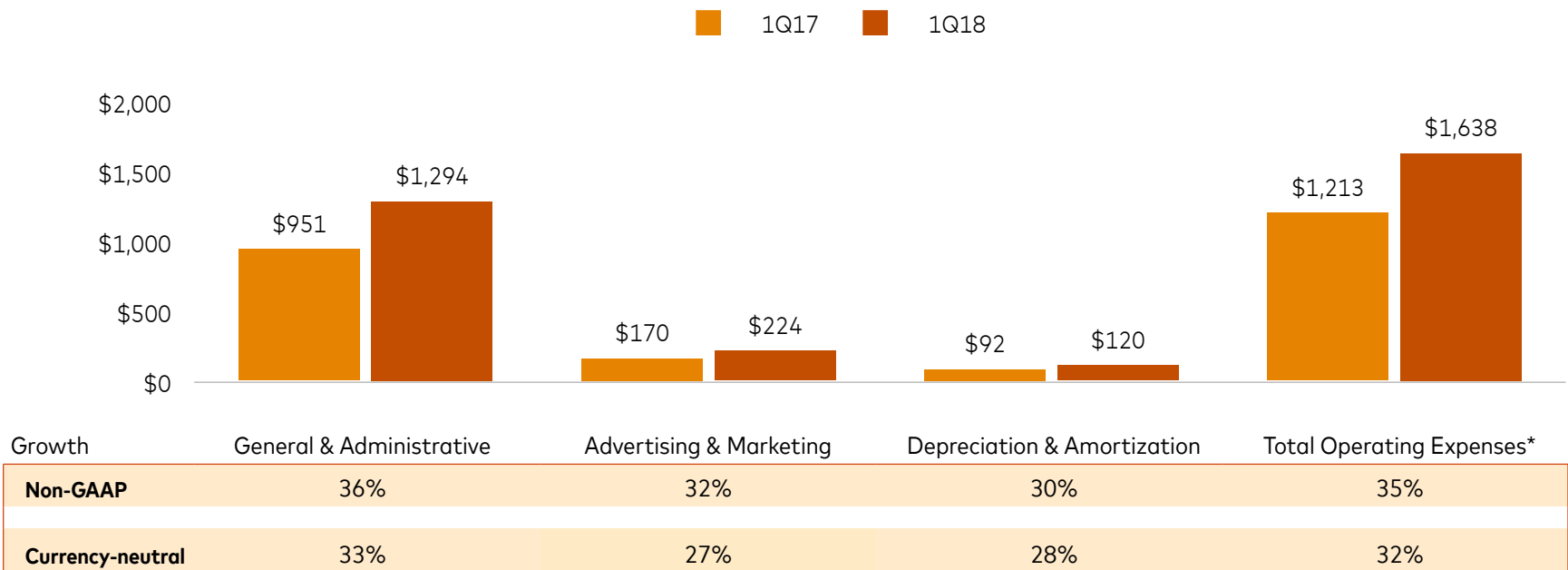


Growth	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing Fees	Other Revenues	Rebates and Incentives	Total Net Revenue
As reported	23%	26%	27%	33%	16%	31%
Currency-neutral	20%	19%	22%	33%	13%	27%

Note: Figures may not sum due to rounding.

1st 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 April 28th

———— Thoughts for 2018

Thoughts for 2018

Well-Positioned to Deliver Strong Operating Performance

	2018 Estimated Growth (Currency-neutral)			
	Prior		Updated	
	Net Revenue	Operating Expenses ¹	Net Revenue	Operating Expenses ¹
Non-GAAP Growth	Mid-teens	Low-double digits	High-teens	Mid-teens
Adjustments:				
Acquisition impact	~ (0.5) ppt	~ (2) ppt	~ (0.5) ppt	~ (2) ppt
Impact of new revenue recognition rules in 2018	~ (2.5) ppt	~ (4) ppt	~ (2.5) ppt	~ (4) ppt
Center for Inclusive Growth Contribution²	N/A	~ (2) ppt	N/A	~ (2) ppt
Organic Growth (Based on prior revenue recognition rules, excluding acquisitions & CFGI investment)	High end of low-double digits	Mid-single digit	Mid-teens	High-single digit

¹ Excludes special items.

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

Appendices

Appendix A

Non-GAAP Reconciliation

Three Months Ended March 31, 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	\$ 1,755	\$ 1,825	51.0 %	17.3 %	\$ 1,492	\$ 1.41
Special Items ¹	(117)	117	3.2 %	0.4 %	89	0.08
Non-GAAP	<u>\$ 1,638</u>	<u>\$ 1,942</u>	<u>54.2 %</u>	<u>17.7 %</u>	<u>\$ 1,581</u>	<u>\$ 1.50</u>

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 Items ²	(15)	15	0.5%	—%	10	0.01
Non-GAAP	<u>\$ 1,213</u>	<u>\$ 1,521</u>	<u>55.6%</u>	<u>26.9%</u>	<u>\$ 1,091</u>	<u>\$ 1.01</u>

Note: Figures may not sum due to rounding.

¹ Impact of the following provisions for litigation in Q1'18: \$70 million (\$53 million after tax, or \$0.05 per diluted share) related to litigation settlements with Pan-European merchants, \$27 million (\$21 million after tax, or \$0.02 per diluted share) related to an increased reserve for our U.S. merchant opt-out cases and \$19 million (\$15 million after tax, or \$0.01 per diluted share) related to litigation settlements with U.K. merchants.

² Impact of a provision for litigation in Q1'17: \$15 million (\$10 million after tax, or \$0.01 per diluted share) related to a litigation settlement with Canadian merchants.

Appendix A (continued)

Non-GAAP Reconciliation

Three Months Ended March 31, 2018 as compared to the Three Months Ended March 31, 2017

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	31 %	43 %	21 %	(4.1) ppt	(9.6) ppt	38 %	41 %
Special Items ¹	**	(8)%	7 %	2.7 ppt	0.4 ppt	7 %	8 %
Non-GAAP	31 %	35 %	28 %	(1.4) ppt	(9.2) ppt	45 %	49 %
Foreign currency ²	(4)%	(3)%	(5)%	(0.4) ppt	- ppt	(6)%	(6)%
Non-GAAP - currency-neutral	27 %	32 %	23 %	(1.8) ppt	(9.2) ppt	39 %	43 %

Note: Figures may not sum due to rounding.

** Not applicable.

¹ Impact of the following provisions for litigation: \$70 million (\$53 million after tax, or \$0.05 per diluted share) related to Q1'18 litigation settlements with Pan-European merchants, \$27 million (\$21 million after tax, or \$0.02 per diluted share) related to a Q1'18 increased reserve for our U.S. merchant opt-out cases, \$19 million (\$15 million after tax, or \$0.01 per diluted share) related to Q1'18 litigation settlements with U.K. merchants and \$15 million (\$10 million after tax, or \$0.01 per diluted share) related to a Q1'17 litigation settlement with Canadian merchants.

² Represents the foreign currency translational and transactional impact.

Appendix B

Non-GAAP Reconciliation

Three Months Ended March 31, 2018 as compared to the Three Months Ended March 31, 2017		
Increase/(Decrease)		
Net revenue	Operating expenses	Operating income
27 %	32 %	23 %
Acquisition impact ²	(2.5)%	2 %
Impact of new revenue recognition rules in 2018	(4)%	(4)%
Center for Inclusive Growth Contribution ³	**	6 %
Organic Growth (Based on prior revenue recognition rules, excluding acquisitions & CFGI investment)	20 %	27 %

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.

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

Appendix C Non-GAAP Reconciliation

2018 full-year financial outlook

	2018 vs. 2017 Increase/(Decrease)			
	Prior		Updated	
	Net revenue	Operating expenses	Net revenue	Operating expenses
Forecasted growth - U.S. GAAP¹	Low end of high-double digits	Low-double digits	Low 20's	Mid-teens
Special items ²	**	3 %	**	1-2 %
Foreign currency ³	(1-2) %	(1-2) %	(2)%	(2) %
Non-GAAP Growth	Mid-teens	Low-double-digits	High-teens	Mid-teens
Acquisition impact ⁴	~ (0.5) %	~ (2) %	~ (0.5) %	~ (2) %
Impact of new revenue recognition rules in 2018	~ (2.5) %	~ (4) %	~ (2.5) %	~ (4) %
Center for Inclusive Growth Contribution ⁵	**	~ (2) %	**	~ (2) %
Organic Growth (Based on prior revenue recognition rules, excluding acquisitions & CFIG investment)	High end of low-double-digits	Mid-single-digit	Mid-teens	High-single digit

** Not applicable.

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

² Impact of the 2018 provisions for litigation (\$117M 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).

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

⁴ Acquisitions made in 2017.

⁵ \$100M contribution to a non-profit entity.