

Mastercard Incorporated

First-Quarter 2019 Financial Results Conference Call

April 30, 2019



Business Update

————— Financial Overview

————— Economic Update

————— Business Highlights

1st Quarter Selected Financial Performance

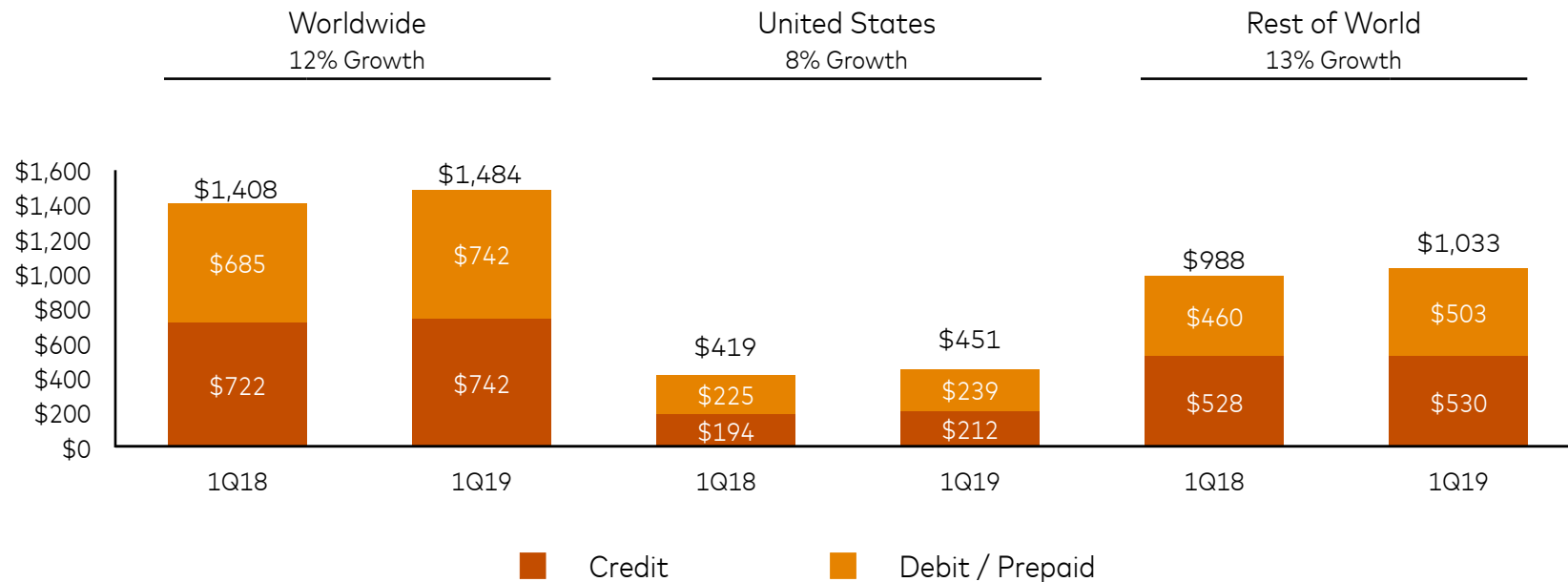
(\$ in millions, except per share data)

			YOY Growth	
	1Q 19 Non-GAAP ¹	1Q 18 Non-GAAP ¹	Non-GAAP	Currency Neutral
Net revenue	\$ 3,889	\$ 3,580	9%	13%
Total operating expenses	1,676	1,638	2%	5%
Operating income	2,213	1,942	14%	20%
<i>Operating margin</i>	56.9%	54.2%	2.7 <i>ppt</i>	3.2 <i>ppt</i>
Net income	\$ 1,833	\$ 1,581	16%	21%
Diluted EPS	\$ 1.78	\$ 1.50	19%	24%
Effective tax rate	16.8%	17.7%		

¹ Excludes the impact of Special Items. See Appendix A for Non-GAAP reconciliation.

1st Quarter Gross Dollar Volume (GDV)

(\$ in billions)



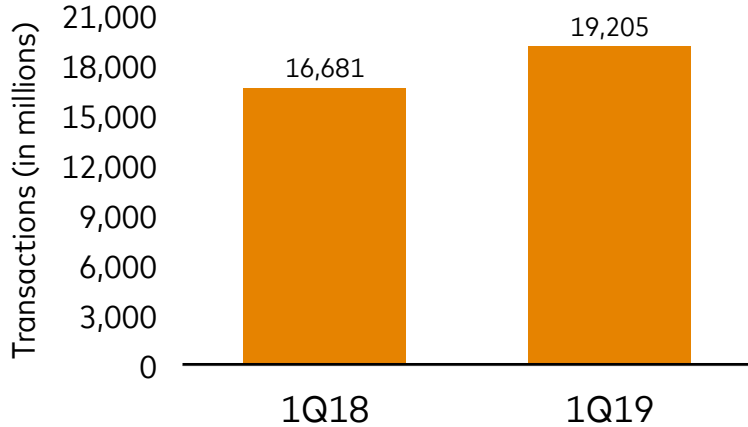
Notes: 1. Growth rates are shown in local currency.

2. Figures may not sum due to rounding.

1st Quarter Switched Transactions and Cards

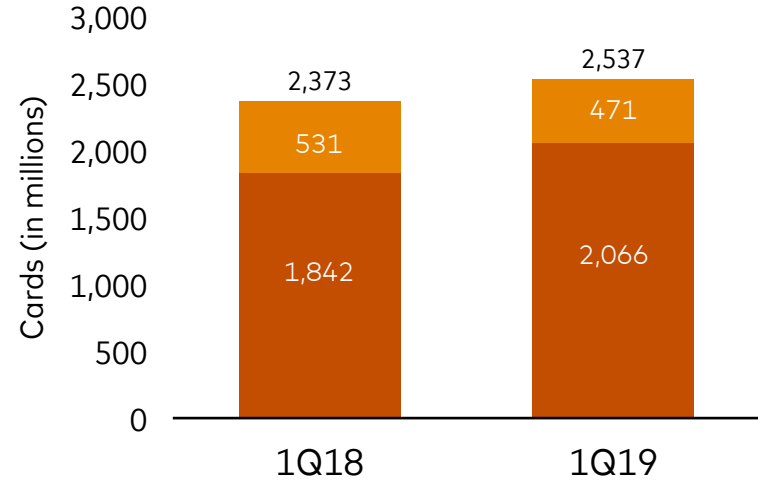
Switched Transactions

17% Growth*



Cards

7% Growth



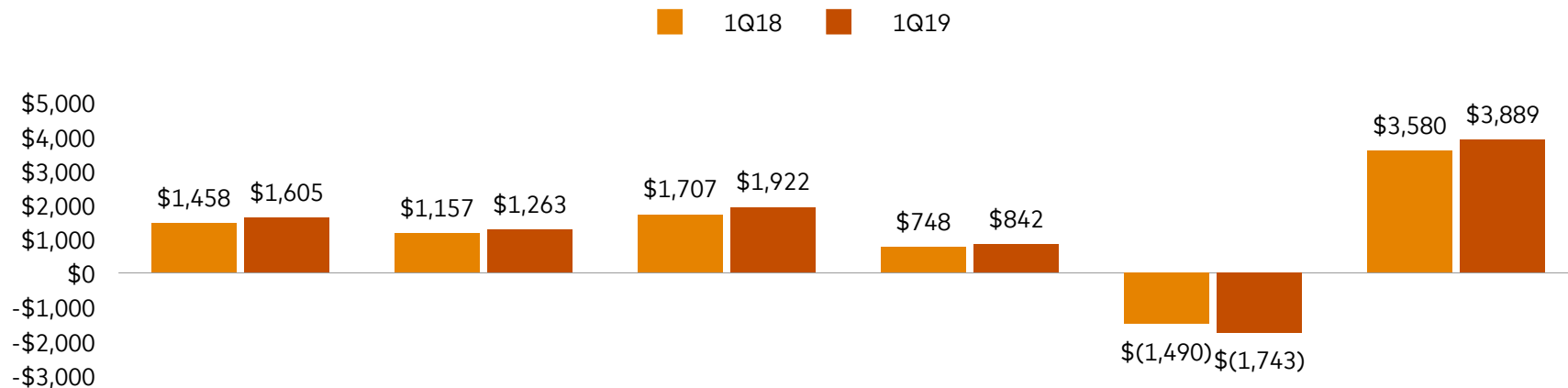
Notes: Figures may not sum due to rounding.

*Growth rates normalized to eliminate the effects of differing switching days between periods.

■ Mastercard Cards ■ Maestro Cards

1st Quarter Revenue

(\$ in millions)

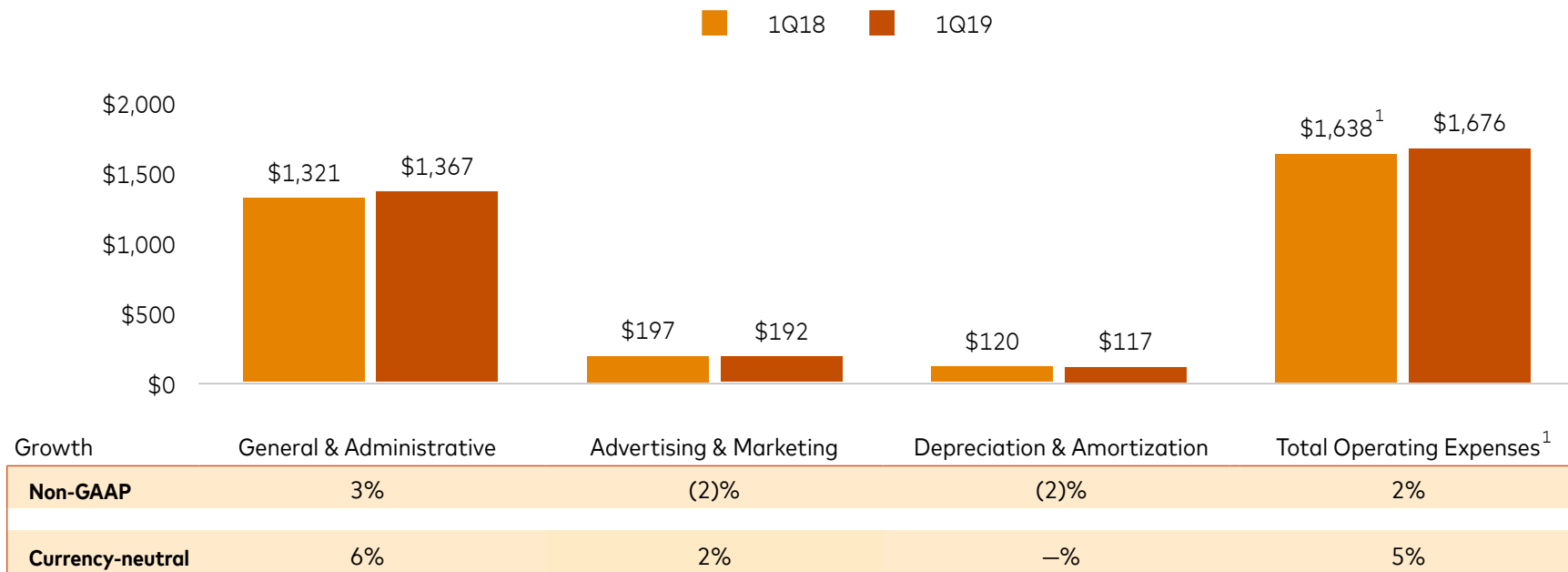


Growth	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing Fees	Other Revenues	Rebates and Incentives	Total Net Revenue
As reported	10%	9%	13%	12%	17%	9%
Currency-neutral	16%	15%	16%	14%	22%	13%

Note: Figures may not sum due to rounding.

1st Quarter Operating Expenses

(\$ in millions)



Note: Figures may not sum due to rounding.

¹Excludes the impact of Special Items. See Appendix A for Non-GAAP reconciliation.

Looking Ahead

———— Business update through April 21st

———— Thoughts for 2019

Appendices

Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

Three Months Ended March 31, 2019

	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
	(\$ in millions, except per share data)					
Reported - GAAP	\$ 1,676	\$ 2,213	56.9%	15.5%	\$ 1,862	\$ 1.80
Tax act ¹	**	**	**	1.3%	(30)	(0.03)
Non-GAAP	<u>\$ 1,676</u>	<u>\$ 2,213</u>	<u>56.9%</u>	<u>16.8%</u>	<u>\$ 1,833</u>	<u>\$ 1.78</u>

Three Months Ended March 31, 2018

	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 1,755	\$ 1,825	51.0%	17.3%	\$ 1,492	\$ 1.41
Litigation provisions ²	(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>

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q1'19 net tax benefit of \$30 million (\$0.03 per diluted share) related to a reduction to the company's transition tax liability, resulting from final transition tax regulations issued in January 2019.

² Q1'18 pre-tax charges of \$117 million (\$89 million after tax, or \$0.08 per diluted share) related to provisions for litigation due to litigation settlements with Pan-European and U.K. merchants and an increase in the reserve for the company's U.S. merchant opt-out cases.

Appendix A

Non-GAAP Reconciliation

Three Months Ended March 31, 2019 as compared to the Three Months Ended March 31, 2018

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	9%	(5)%	21 %	6.0 ppt	(1.8) ppt	25 %	28 %
Tax act ¹	**	**	**	**	1.3 ppt	(2)%	(2)%
Litigation provisions ²	**	7 %	(7)%	(3.3) ppt	(0.4) ppt	(7)%	(7)%
Non-GAAP	9%	2 %	14 %	2.7 ppt	(0.9) ppt	16 %	19 %
Foreign currency ³	4%	3 %	6 %	0.6 ppt	0.4 ppt	5 %	6 %
Non-GAAP - currency-neutral	13%	5 %	20 %	3.2 ppt	(0.5) ppt	21 %	24 %

Note: Figures may not sum due to rounding.

¹ Q1'19 net tax benefit of \$30 million (\$0.03 per diluted share) related to a reduction to the company's transition tax liability, resulting from final transition tax regulations issued in January 2019.

² Q1'18 pre-tax charges of \$117 million (\$89 million after tax, or \$0.08 per diluted share) related to provisions for litigation due to litigation settlements with Pan-European and U.K. merchants and an increase in the reserve for the company's U.S. merchant opt-out cases.

³ Represents the foreign currency translational and transactional impact.

Appendix B

Non-GAAP Reconciliation

2019 full-year financial outlook

	2019 vs. 2018 Increase/(Decrease)	
	Net Revenue	Operating Expenses
Forecasted Growth - U.S. GAAP ¹	High end of low double-digits	(High single-digits)
Special Items - litigation provisions ²	**	16%
Foreign currency ³	2%	1%
Non-GAAP Growth	Low-teens	High end of high single-digits

** Not applicable.

¹ U.S. GAAP - 2019 Forecast versus 2018 reported results

² Impact of the 2018 provisions for litigation (\$1,128M pre-tax)

³ Impact of foreign currency calculated by remeasuring the future period's results using the current period's exchange rates for both the translational and transactional impacts on operating results.