

Mastercard Incorporated

Second-Quarter 2019 Financial Results Conference Call

July 30, 2019



Business Update

————— Financial Overview

————— Economics Update

————— Business Highlights



2nd Quarter Selected Financial Performance

(\$ in millions, except per share data)

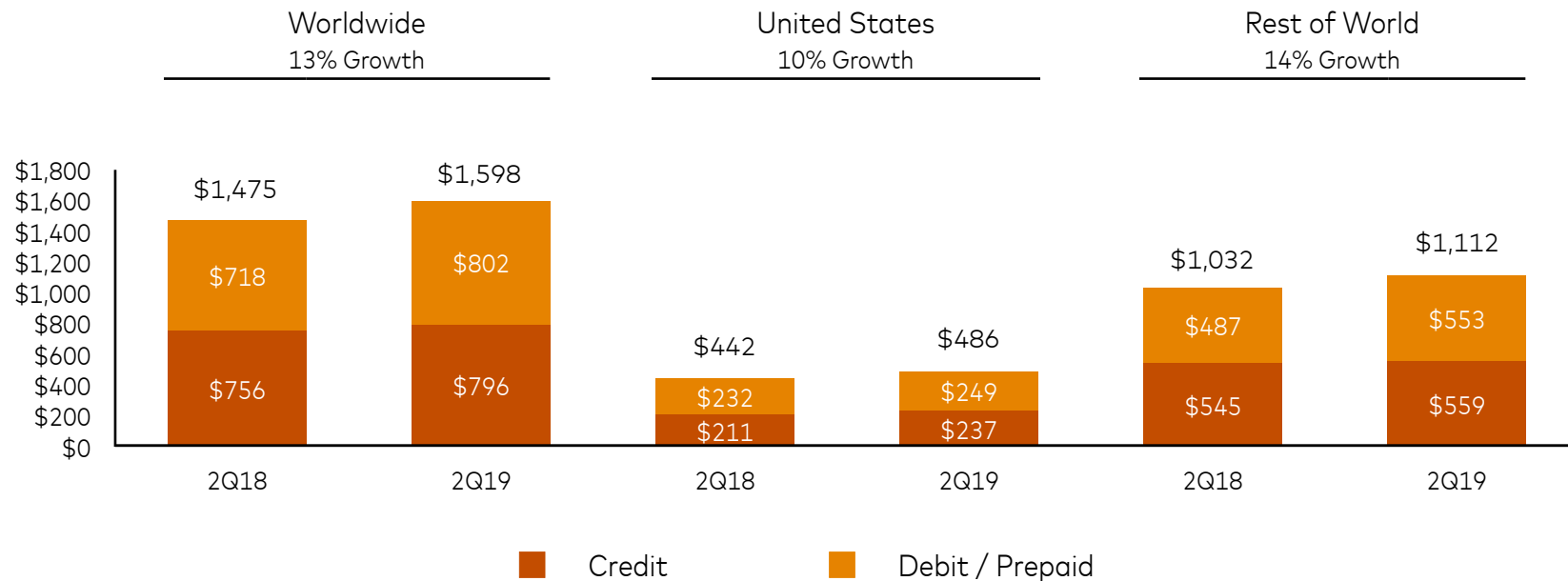
			YOY Growth	
	2Q 19 Non-GAAP ¹	2Q 18 Non-GAAP ¹	Non-GAAP	Currency Neutral
Net revenue	\$ 4,113	\$ 3,665	12%	15%
Total operating expenses	1,716	1,504	14%	17%
Operating income	2,397	2,161	11%	15%
<i>Operating margin</i>	58.3%	59.0%	(0.7) <i>ppt</i>	(0.4) <i>ppt</i>
Net income	\$ 1,937	\$ 1,744	11%	15%
Diluted EPS	\$ 1.89	\$ 1.66	14%	17%
Effective tax rate	18.5%	18.8%		

¹ See Appendix A for Non-GAAP reconciliation.



2nd Quarter Gross Dollar Volume (GDV)

(\$ in billions)



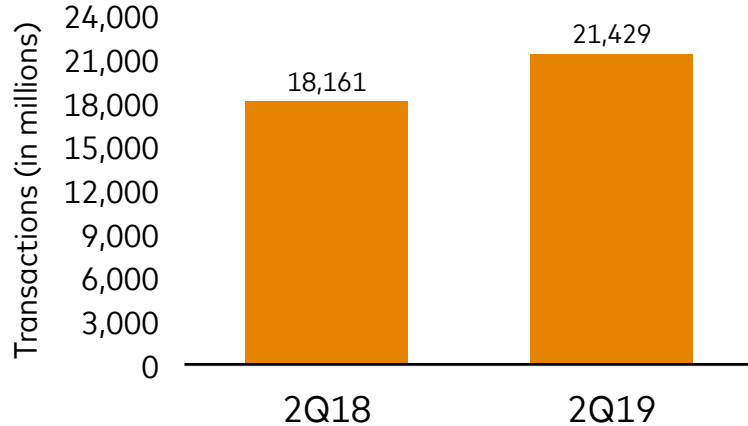
Notes: 1. Growth rates are shown in local currency.
2. Figures may not sum due to rounding.



2nd Quarter Switched Transactions and Cards

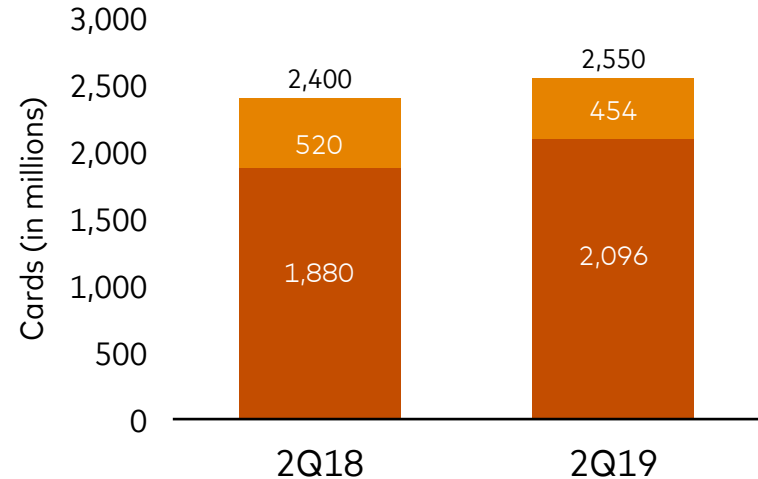
Switched Transactions

18% Growth*



Cards

6% Growth



Notes: Figures may not sum due to rounding.

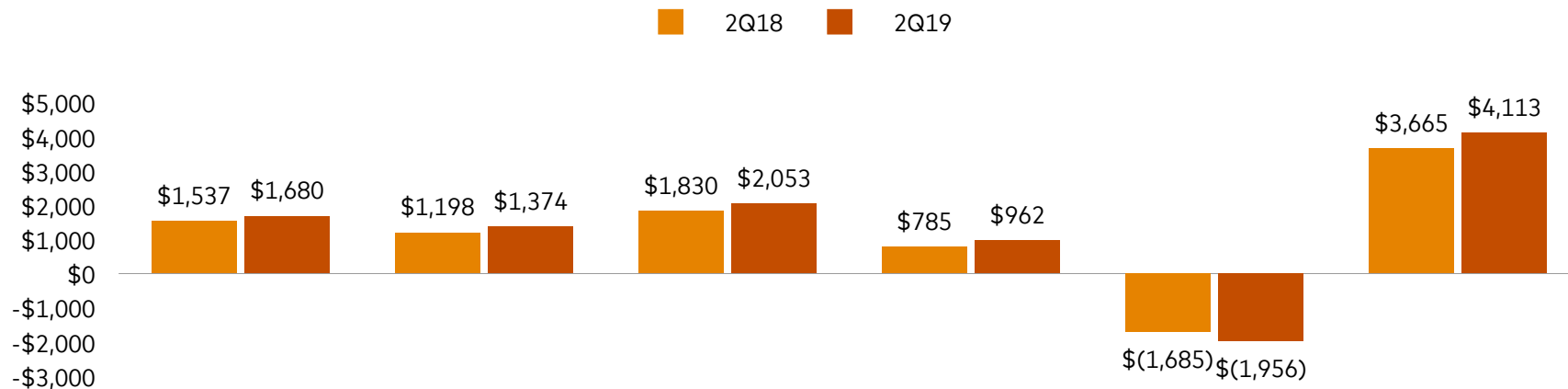
*Growth rates normalized to eliminate the effects of differing switching days between periods, if applicable.

■ Mastercard Cards ■ Maestro Cards



2nd Quarter Revenue

(\$ in millions)



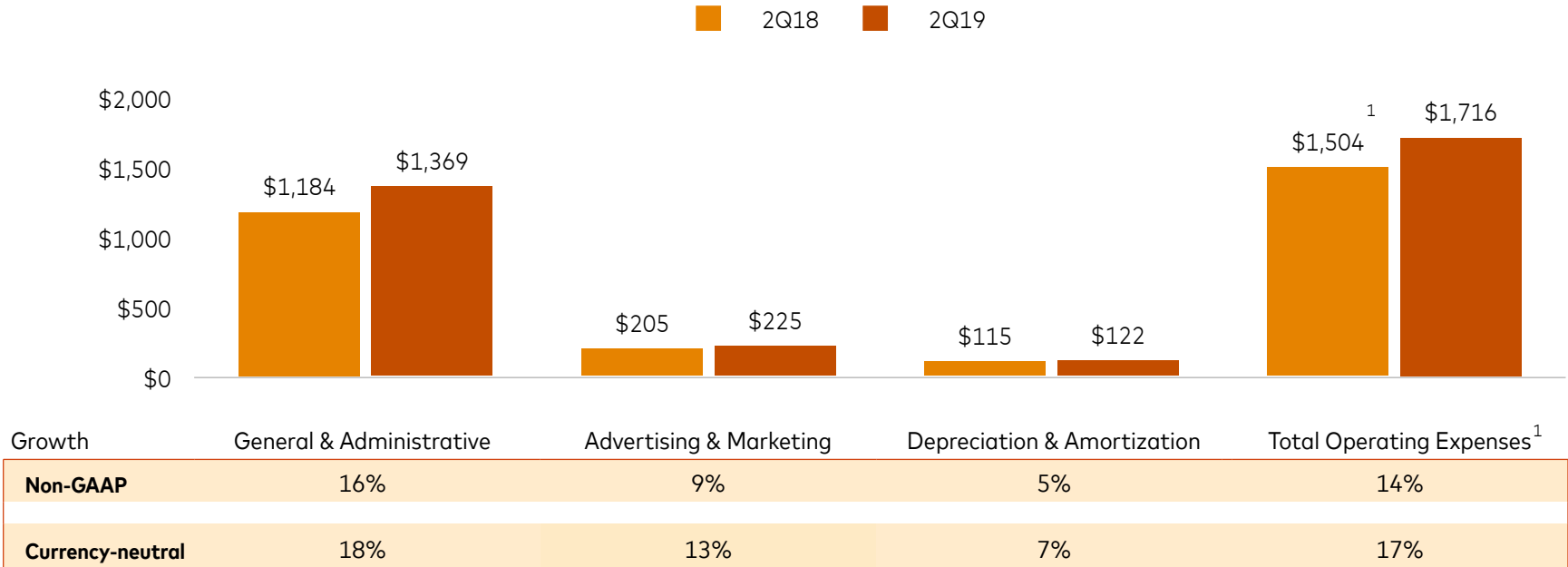
Growth	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing Fees	Other Revenues	Rebates and Incentives	Total Net Revenue
As reported	9%	15%	12%	23%	16%	12%
Currency-neutral	13%	19%	15%	24%	20%	15%

Note: Figures may not sum due to rounding.



2nd Quarter Operating Expenses

(\$ in millions)



Note: Figures may not sum due to rounding.

¹See Appendix A for Non-GAAP reconciliation.



Looking Ahead

———— Business update through July 21st

———— Thoughts for 2019



Appendices



Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

Three Months Ended June 30, 2019

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
	(\$ in millions, except per share data)						
Reported - GAAP	\$ 1,716	\$ 2,397	58.3%	\$ 122	18.7 %	\$ 2,048	\$ 2.00
(Gains) losses on equity investments ¹	**	**	**	(143)	(0.2)%	(111)	(0.11)
Non-GAAP	\$ 1,716	\$ 2,397	58.3%	\$ (21)	18.5 %	\$ 1,937	\$ 1.89

Three Months Ended June 30, 2018

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 1,729	\$ 1,936	52.8%	\$ (14)	18.3%	\$ 1,569	\$ 1.50
Litigation provisions ²	(225)	225	6.2%	**	0.5%	175	0.17
Non-GAAP	\$ 1,504	\$ 2,161	59.0%	\$ (14)	18.8%	\$ 1,744	\$ 1.66

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q2'19 net unrealized gains of \$143 million (\$111 million million after tax, or \$0.11 per diluted share), primarily related to unrealized fair market value adjustments on marketable equity investments.

² Q2'18 pre-tax charges of \$225 million (\$175 million after tax, or \$0.17 per diluted share) related to the U.S. merchant class litigation, the filed and anticipated opt-out U.S. merchant cases and litigation settlements with U.K. merchants



Appendix A

Non-GAAP Reconciliation

Three Months Ended June 30, 2019 as compared to the Three Months Ended June 30, 2018

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	12%	(1)%	24 %	5.4 ppt	0.4 ppt	31 %	33 %
(Gains) losses on equity investments ^{1,3}	**	**	**	**	(0.2) ppt	(7)%	(7)%
Litigation provisions ²	**	15 %	(13)%	(6.2) ppt	(0.4) ppt	(12)%	(12)%
Non-GAAP	12%	14 %	11 %	(0.7) ppt	(0.3) ppt	11 %	14 %
Foreign currency ⁴	3%	2 %	4 %	0.3 ppt	0.2 ppt	4 %	4 %
Non-GAAP - currency-neutral	15%	17 %	15 %	(0.4) ppt	(0.1) ppt	15 %	17 %

Note: Figures may not sum due to rounding.

¹ Q2'19 net unrealized gains of \$143 million (\$111 million million after tax, or \$0.11 per diluted share), primarily related to unrealized fair market value adjustments on marketable equity investments.

² Q2'18 pre-tax charges of \$225 million (\$175 million after tax, or \$0.17 per diluted share) related to the U.S. merchant class litigation, the filed and anticipated opt-out U.S. merchant cases and litigation settlements with U.K. merchants

³ For the three months ended June 30, 2019, Mastercard updated its non-GAAP methodology to exclude the impact of gains and losses on the company's equity investments. Prior year periods were not restated, as the impact of the change was de minimis.

⁴ 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	(Mid single-digits)
Litigation provisions ²	**	16%
Foreign currency ³	2%	1%
Acquisitions ⁴	0 - (1)%	(3)%
Non-GAAP Growth, excluding acquisitions	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.

⁴ Acquisitions made in 2019



Appendix C

Non-GAAP Reconciliation

Third quarter 2019 financial outlook

	Q3'19 vs. Q3'18 Increase/(Decrease)	
	Net Revenue	Operating Expenses
Forecasted Growth - U.S. GAAP ¹	Low-teens	High end of mid-teens
Litigation provisions ²	**	2%
Foreign currency ³	1%	1%
Acquisitions ⁴	(1)%	(5)%
Non-GAAP Growth, excluding acquisitions	Low-teens	Mid-teens

** Not applicable.

¹ U.S. GAAP - Q3'19 Forecast versus Q3'18 reported results

² Impact of the Q3'18 provisions for litigation (\$29M 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.

⁴ Acquisitions made in 2019

