

Mastercard Incorporated

Second-Quarter 2017 Financial Results Conference Call

July 27, 2017



Business Update

———— Financial & Operational Overview

———— Economic Update

———— Business Highlights



July 27, 2017

2nd Quarter Selected Financial Performance

(\$ in millions, except per share data)

			YOY Growth*	
	2Q 17	2Q 16 Non-GAAP*	Non-GAAP	Currency Neutral
Net revenue	\$ 3,053	\$ 2,694	13%	14%
Total operating expenses	1,400	1,207	16%	17%
Operating income	1,653	1,487	11%	12%
<i>Operating margin</i>	54.1%	55.2%	(1.1) ppt	(1.1) ppt
Net income	\$ 1,177	\$ 1,061	11%	12%
Diluted EPS	\$ 1.10	\$ 0.96	15%	16%
Effective tax rate	27.7%	27.9%		

Note: Figures may not sum due to rounding.

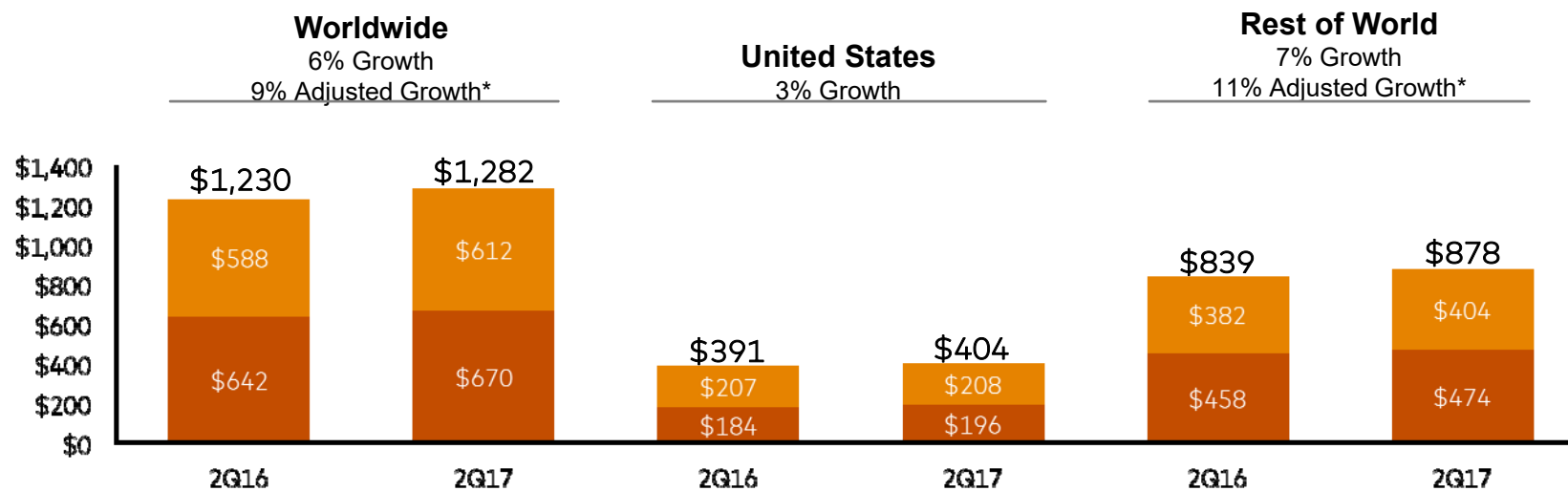
* Excludes a special item relating to the U.K. merchant litigation. See Appendix A for Non-GAAP reconciliation.



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2nd Quarter Gross Dollar Volume (GDV)

(\$ in billions)



* Adjusted for the impact of recent EU regulatory changes

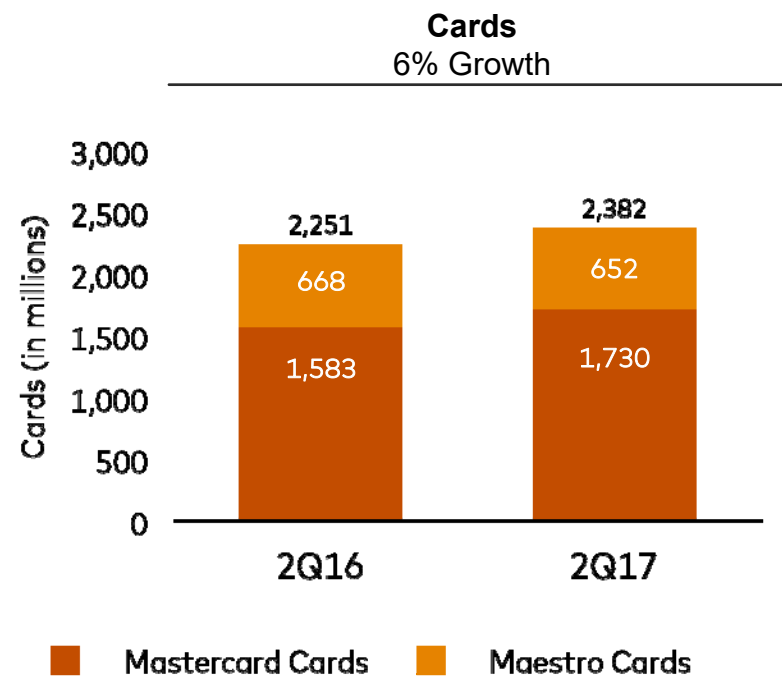
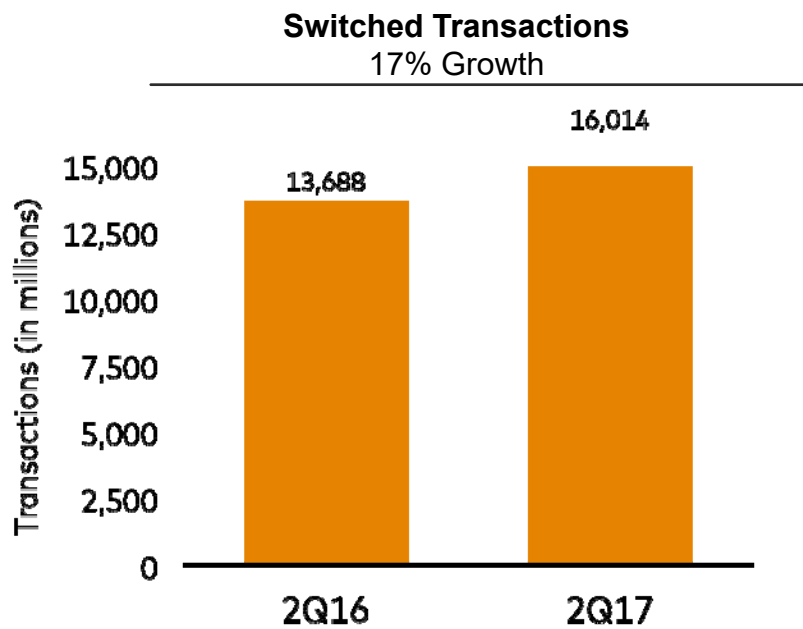
- Notes: 1. Growth rates are shown in local currency
 2. Figures may not sum due to rounding

■ Credit ■ Debit



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2nd Quarter Switched Transactions and Cards



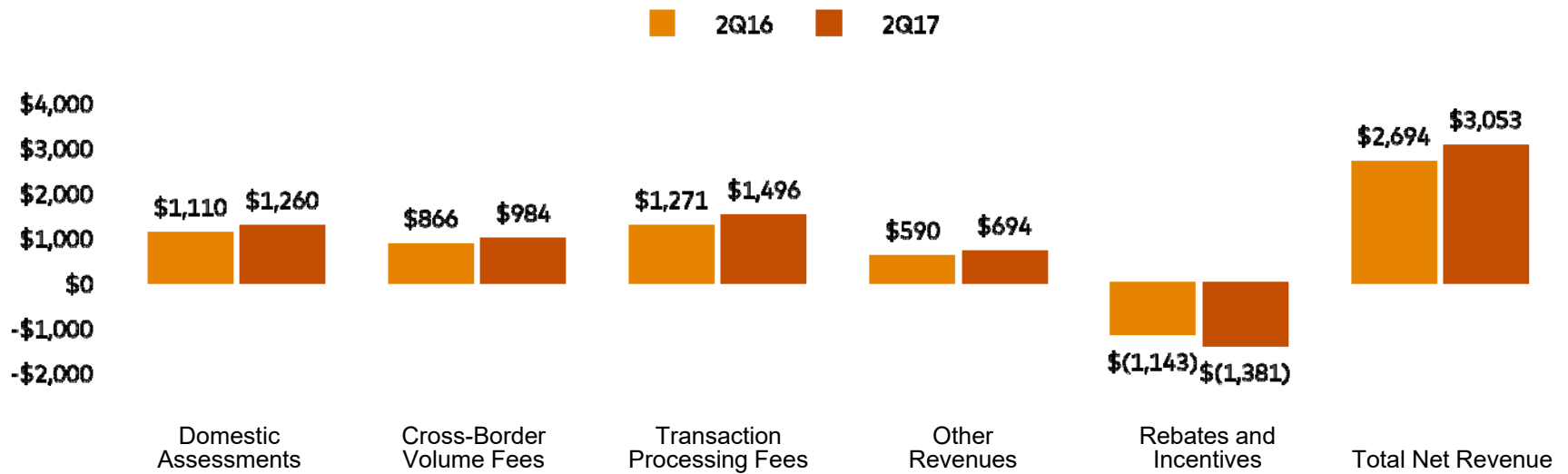
Note: Figures may not sum due to rounding.



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2nd Quarter Revenue

(\$ in millions)



Growth						
As-reported	14%	14%	18%	17%	21%	13%
Currency-Neutral	14%	16%	18%	18%	22%	14%

Note: Figures may not sum due to rounding.

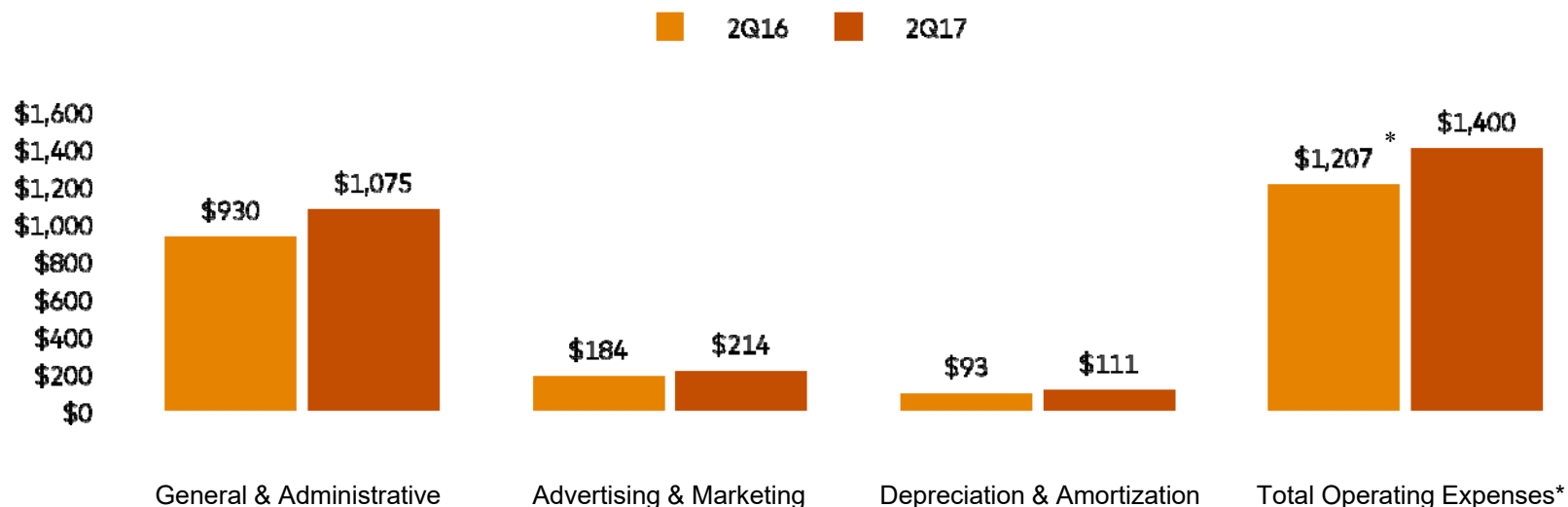


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2nd Quarter Operating Expenses

(\$ in millions)



Growth	General & Administrative	Advertising & Marketing	Depreciation & Amortization	Total Operating Expenses*
Non-GAAP	16%	16%	18%	16%
Currency-Neutral	17%	17%	19%	17%

Note: Figures may not sum due to rounding.

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



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Looking Ahead

———— Business update through July 21st

———— Thoughts for 2017



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Appendices



Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

	Three Months Ended June 30, 2016					
	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
	(\$ in millions, except per share data)					
Reported - GAAP	\$ 1,314	\$ 1,380	51.2%	28.0%	\$ 983	\$ 0.89
Special Item ¹	(107)	107	4.0%	(0.1)%	78	0.07
Non-GAAP	\$ 1,207	\$ 1,487	55.2%	27.9%	\$ 1,061	\$ 0.96

	Three Months Ended June 30, 2017 as Compared to the Three Months Ended June 30, 2016						
	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	13%	7%	20%	2.9 ppt	(0.3) ppt	20%	24%
Special Item ¹	—%	9%	(9)%	(4.0) ppt	0.1 ppt	(9)%	(9)%
Non-GAAP	13%	16%	11%	(1.1) ppt	(0.2) ppt	11%	15%
Foreign currency ²	1%	1%	1%	— ppt	(0.1) ppt	1%	1%
Non-GAAP - currency-neutral	14%	17%	12%	(1.1) ppt	(0.3) ppt	12%	16%

Note: Figures may not sum due to rounding.

¹ Special Item reflects a provision for litigation of \$107 million (\$78 million after tax, or \$0.07 per diluted share), relating to a judgment issued against the Company in a litigation with a merchant in the U.K.

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)											
	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	1H2016	1H2017
GDV												
Europe as reported	15%	17%	17%	16%	18%	14%	4%	3%	1%	5%	16%	3%
Europe normalized for Article 8	19%	20%	20%	18%	20%	19%	17%	16%	14%	15%	19%	14%
Worldwide as reported	12%	13%	13%	13%	13%	11%	7%	5%	5%	6%	12%	5%
Worldwide normalized for Article 8	13%	14%	14%	13%	14%	13%	10%	8%	8%	9%	13%	8%
Purchase Volume												
Europe as reported	13%	15%	15%	13%	14%	9%	(3)%	(3)%	(3)%	2%	11%	—%
Europe normalized for Article 8	18%	19%	18%	16%	16%	15%	16%	16%	17%	17%	16%	17%
Worldwide as reported	12%	12%	12%	12%	12%	9%	5%	4%	4%	6%	11%	5%
Worldwide normalized for Article 8	13%	13%	13%	12%	12%	11%	9%	8%	9%	9%	12%	9%

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	Mid-double digits	Low-double digits
Special items ²	—	2%
Acquisitions	(2)%	(6)%
Foreign currency ³	—	—
Non-GAAP - Excluding Special Items and Acquisitions, Currency-Neutral	Low-double digits	High-single digit

¹ 2017 forecast and 2016 actuals (U.S. GAAP basis)

² Impact of Canadian merchant litigation (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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