

# Mastercard Investment Community Meeting

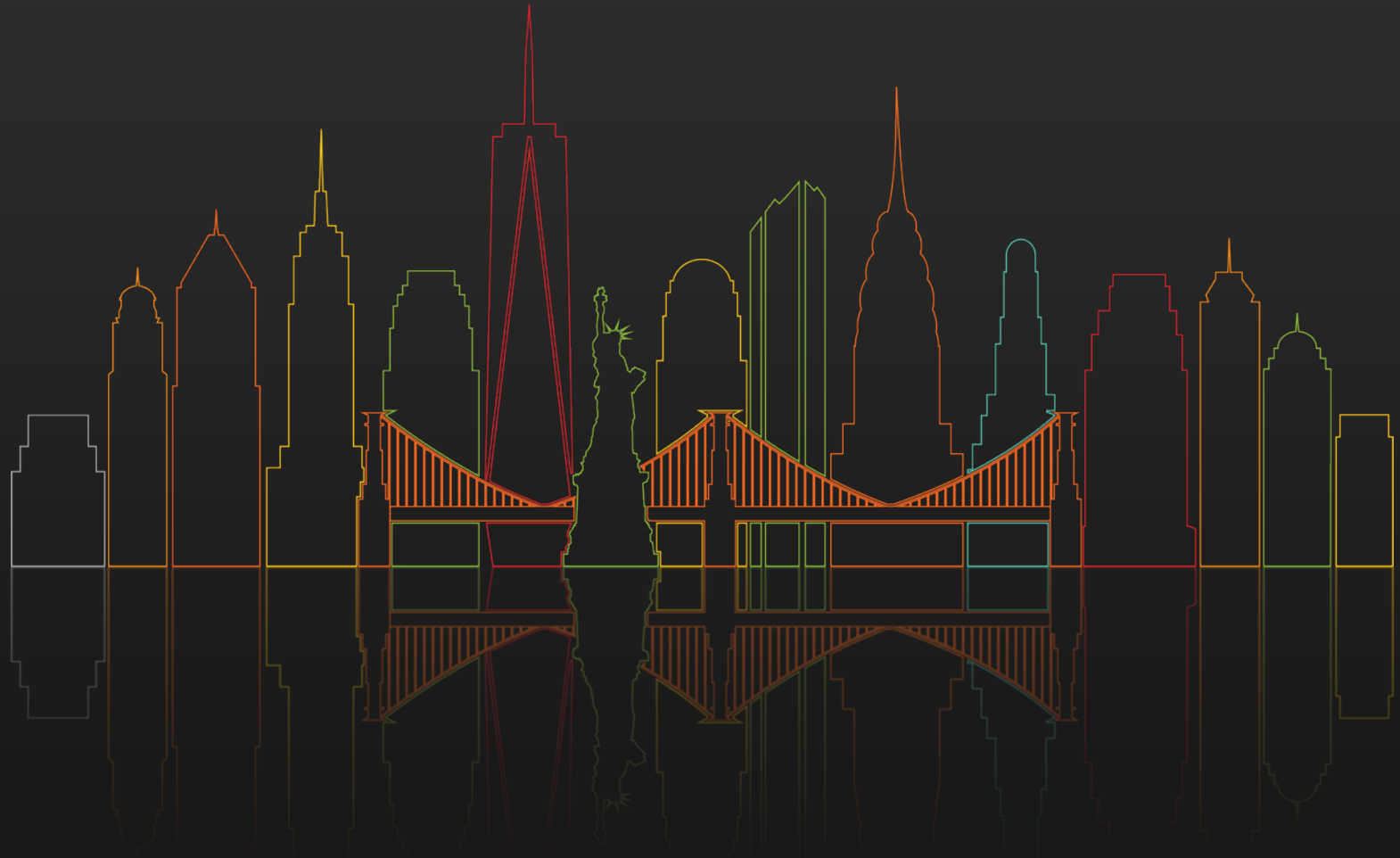
SEPTEMBER 12, 2019



# Welcome

Warren Kneeshaw

Executive Vice President,  
Investor Relations



# Agenda

8:30 a.m.	<b>Welcome</b> Warren Kneeshaw
8:35 a.m.	<b>Capitalizing on our opportunity</b> Ajay Banga
8:50 a.m.	<b>Global Products &amp; Innovation</b> <b>Consumer – driving exceptional experiences</b> Michael Miebach, Jess Turner <b>Commercial – solutions for every business payment</b> Michael Miebach <b>At the forefront of real-time payments</b> Paul Stoddart
9:50 a.m.	<b>Advancing trust and securing the ecosystem</b> Ajay Bhalla
10:05 a.m.	<b>Data &amp; Services as a force multiplier</b> Kevin Stanton
10:20 a.m.	<b>Break</b>

10:35 a.m.	<b>Go-to-market updates</b> <b>US</b> Craig Vosburg, Linda Kirkpatrick, Ron Shultz <b>Europe</b> Mark Barnett <b>Government engagement</b> Michael Froman, Tim Murphy
11:35 a.m.	<b>Financial perspective</b> Sachin Mehra
11:55 a.m.	<b>Q&amp;A session</b>
12:30 – 2:30 p.m.	<b>Lunch and product showcase</b>
12:45 – 2:00 p.m.	<b>Breakout sessions -</b> Europe, North America, Regional: AP/LAC/MEA, B2B/Real-time payments, Digital, Services
12:45 – 1:15 p.m.	Session 1
1:30 – 2:00 p.m.	Session 2



# Mastercard management presenters



**Ajay Banga**  
President and  
Chief Executive Officer



**Michael Miebach**  
Chief Product Officer



**Jess Turner**  
Executive Vice President,  
North America Products  
& Innovation



**Paul Stoddart**  
President,  
New Payment Platforms



**Ajay Bhalla**  
President, Cyber &  
Intelligence Solutions



**Kevin Stanton**  
Chief Services Officer



**Craig Vosburg**  
President,  
North America



**Linda Kirkpatrick**  
Executive Vice President,  
Merchants and  
Acceptance



**Ron Shultz**  
Executive Vice President,  
New Payments Flows



**Mark Barnett**  
Division President,  
U.K., Ireland, Nordics  
& Baltics



**Michael Froman**  
Vice Chairman  
and President,  
Strategic Growth



**Timothy Murphy**  
General Counsel



**Sachin Mehra**  
Chief Financial Officer



**Warren Kneeshaw**  
Executive Vice President,  
Investor Relations



# Additional breakout sessions hosts and management attendees



**James Anderson**  
Executive Vice President,  
Commercial Products



**Gilberto Caldart**  
President, International



**Dimitrios Dosis**  
President, Advisors



**Carlo Enrico**  
President, Latin  
America & Caribbean



**Michael Fraccaro**  
Chief People Officer



**Sherri Haymond**  
Executive Vice President,  
Digital Partnerships



**Francis Hondal**  
President,  
Loyalty & Engagement



**Jorn Lambert**  
Executive Vice President,  
Digital Solutions



**Ling Hai**  
Co-President,  
Asia Pacific



**Ed McLaughlin**  
President, Operations  
& Technology



**Carlos Menendez**  
President,  
Enterprise Partnerships



**Javier Perez**  
President, Europe



**Blake Rosenthal**  
Executive Vice President,  
Acceptance Solutions



**Raj Seshadri**  
President, U.S. Issuers



# Forward looking statements

Today's presentation may contain, in addition to historical information, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based on our current assumptions, expectations and projections about future events which reflect the best judgment of management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by our comments today. You should review and consider the information contained in our filings with the SEC regarding these risks and uncertainties.

Mastercard disclaims any obligation to publicly update or revise any forward-looking statements or information provided during today's presentations.

Any non-GAAP information contained in today's presentations is reconciled to its GAAP equivalent in the appendices at the end of this presentation.

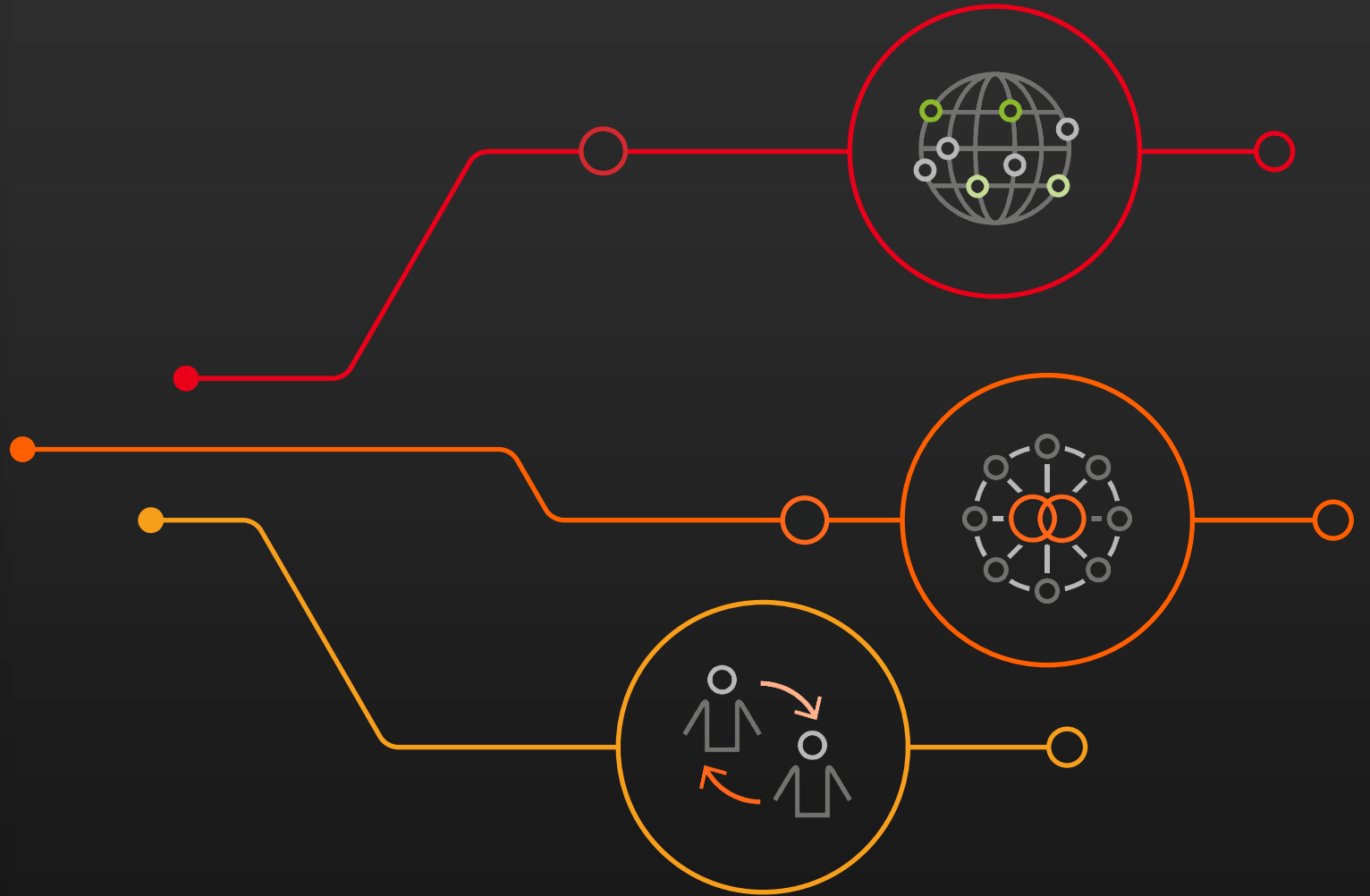




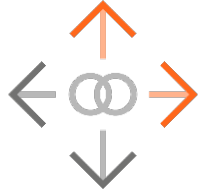
# Capitalizing on our opportunity

Ajay Banga

President and Chief Executive Officer



# Our strategy



## Grow

**CORE**

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Credit  
Debit  
Commercial  
Prepaid  
Digital-physical convergence  
Acceptance

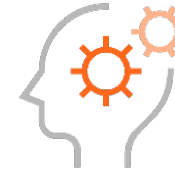


## Diversify

**CUSTOMERS AND  
GEOGRAPHIES**

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Financial inclusion  
New markets  
Businesses  
Governments  
Merchants  
Digital players  
Local schemes/switches



## Build

**NEW AREAS**

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Data analytics  
Consulting  
Marketing services  
Loyalty  
Cyber and Intelligence  
Processing  
New payment flows

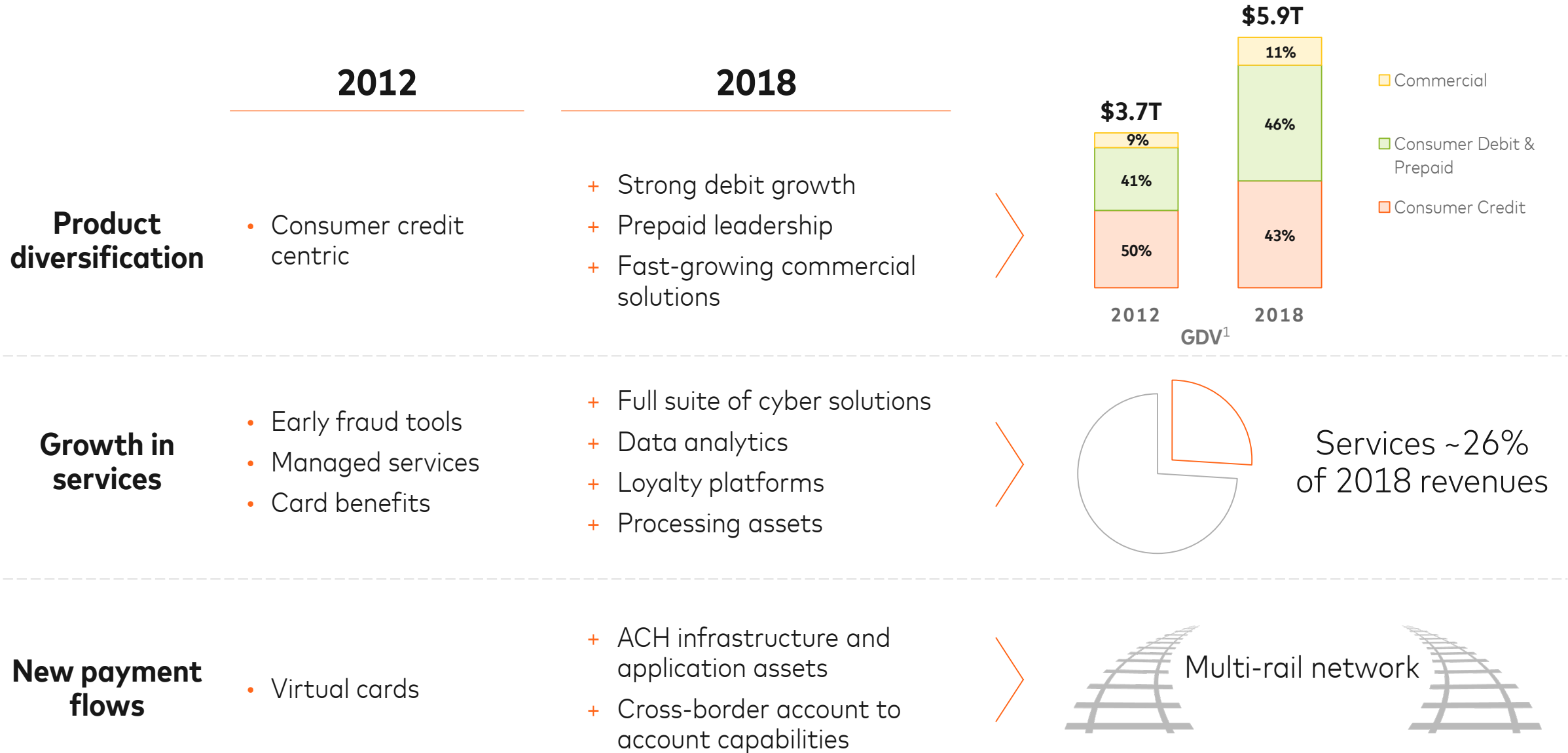
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**ENABLED BY BRAND, DATA, TECHNOLOGY AND PEOPLE**





# The transformation of Mastercard



1. Gross dollar volume as reported; Mastercard branded only

# Staying ahead of the trends

## Initiatives

Digital-first solutions

Multi-rail provider

Drive innovation; foster developer ecosystem

Cyber & intelligence solutions; AI focused

Data analytics solutions; privacy by design

Proactive engagement model

Support governments' digital ecosystems

## Trends

Streamlined user experience

Demand for choice

Emergence of new technologies

Heightened cybersecurity threats

Focus on data and privacy

New players emerging

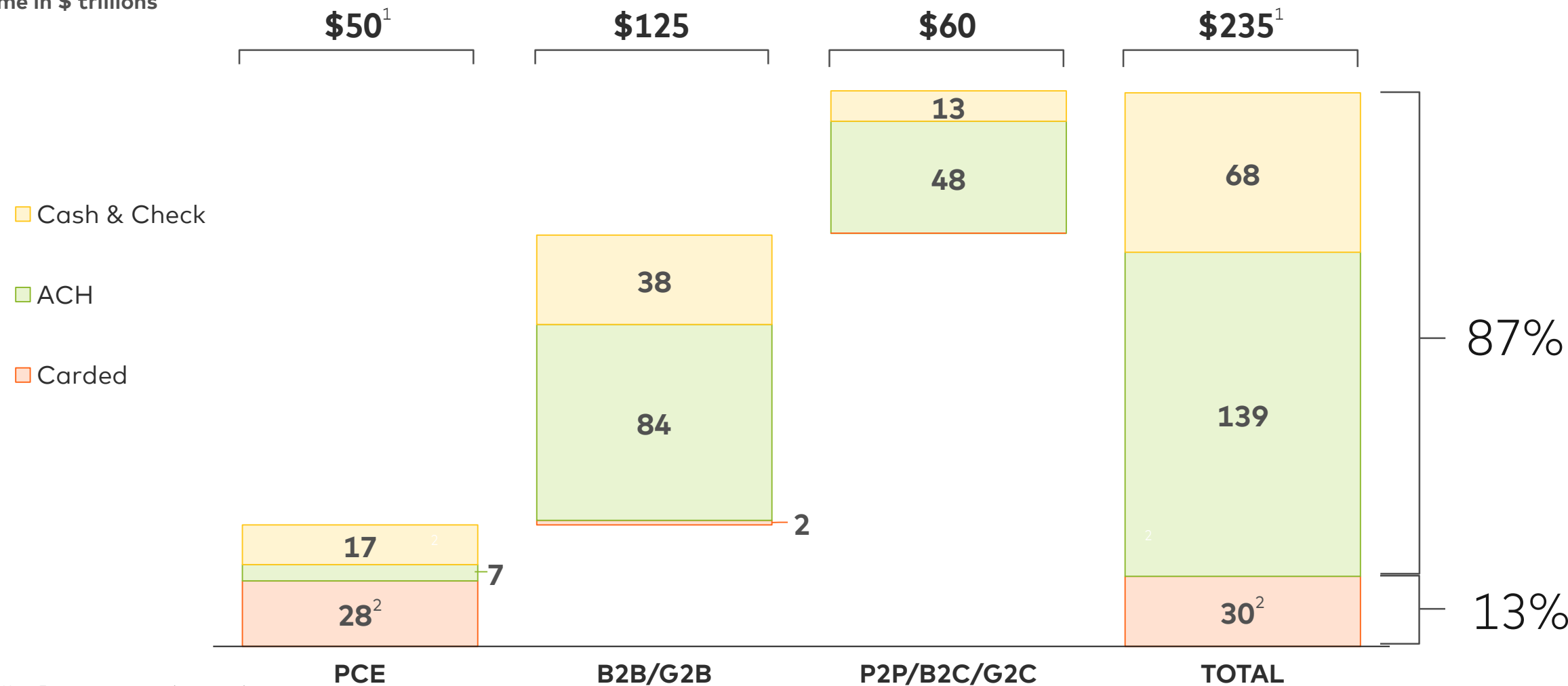
Regulatory oversight and nationalism



# Significant opportunity across multiple payment flows

## Market size by payment flow

Volume in \$ trillions



Note: Figures may not sum due to rounding

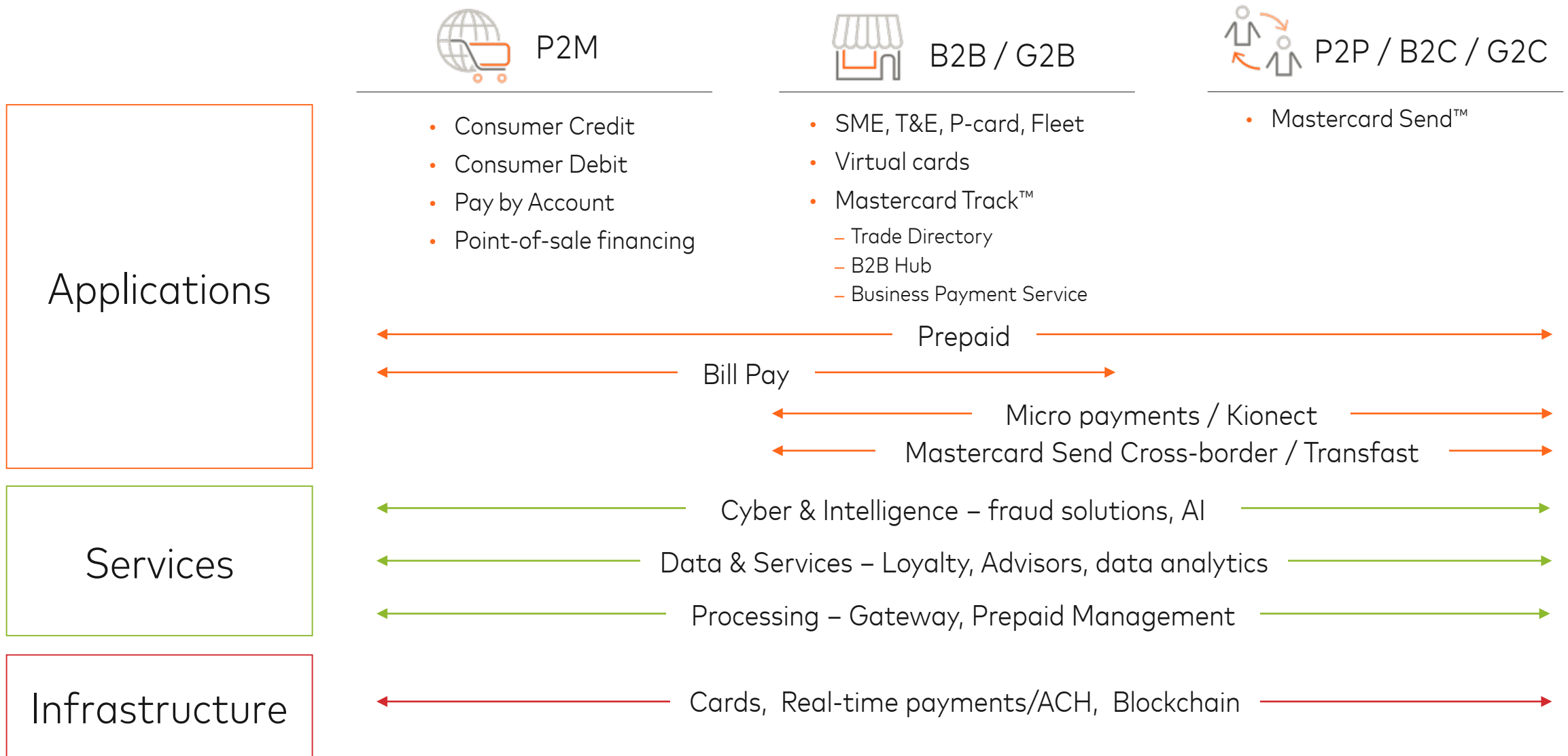
1. Includes \$12T of non-purchase consumption

2. Includes \$13T of non-PCE card purchases in China

Sources: 2018 – Oxford Economics, Euromonitor International, Kaiser Associates, McKinsey Payment Data; Mastercard internal analysis



# Mastercard's multi-layered approach



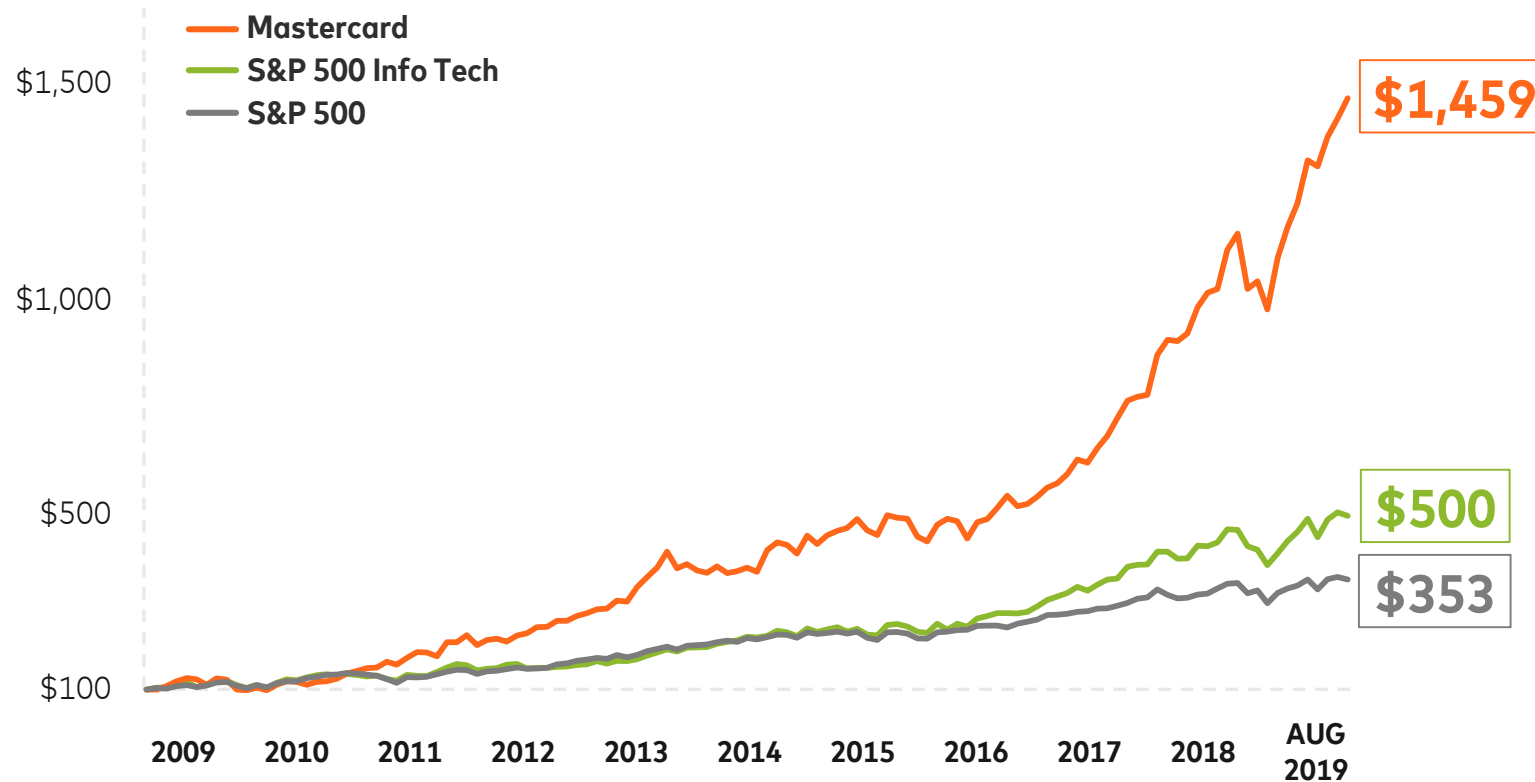
# Creating shareholder value

## Currency-neutral 5-Year CAGR % through 2018<sup>1</sup>

Net Revenue	15%
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EPS	23%
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## Total Shareholder Return<sup>2</sup>



1. Excludes special items as defined in Appendix A. Refer to Appendix A for non-GAAP reconciliation  
2. Source: Factset – based on initial investment of \$100 on 9/1/09 through 8/30/19; MA stock price of \$20.07 on 9/1/09 vs. \$281.37 on 8/30/19

# Key takeaways

Significant  
opportunity ahead



Anticipating trends  
and building solutions  
to meet evolving  
requirements



Differentiating  
with services



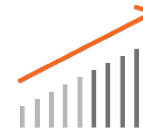
Providing choice  
to our customers



Doing well  
by doing good



Executing on strategy  
and well positioned  
for long-term growth



# Global Products & Innovation

Michael Miebach  
Chief Product Officer

Jess Turner  
Executive Vice President,  
North America Products & Innovation





# Our product strategy – differentiate with experience, choice, and relevance

## Grow, Diversify, Build

### Who

#### Diverse partners



#### Consumers



#### Businesses



### What

#### Best-in-class experiences



#### Payment choice & flexibility



#### Locally relevant solutions



### How

#### Enable our partners



#### Multi-rail network



#### New tech & business models



# One-stop shop across payment flows

Product solutions	PCE (P2M)	B2B/G2B	P2P/B2C/G2C
<b>Consumer Cards</b> (Credit, Debit, Prepaid, Tokenization, <b>Secure Remote Commerce</b> )	✓		
<b>Bill Pay</b> (RPPS Biller Directory, <b>Transactis, Nets Corporate Services Bill Pay<sup>1</sup></b> )	✓	✓	
<b>Person-to-Person &amp; Disbursement</b> (Mastercard Send™)	✓		✓
<b>Core Commercial</b> (SME, T&E, P-Card, Fleet, Prepaid)		✓	✓
<b>Accounts Payable Commercial</b> (Virtual Cards, <b>Mastercard Track™ incl. Payment on Delivery</b> )		✓	
<b>Acceptance</b> (Contactless, QR, <b>Tap on Phone, Vyze</b> )	✓	✓	
<b>Real-Time Payments Applications</b> (Pay by Account)	✓	✓	✓
<b>Cross-Border</b> (Mastercard Send, <b>Transfast</b> )	✓	✓	✓
<b>Open Banking</b> ( <b>Connect, Protect, Resolve, Nets Corporate Services Open Banking<sup>1</sup></b> )	✓	✓	✓
<b>Real-Time Payments Infrastructure</b> ( <b>Regional Expansion incl. Nets Corporate Services<sup>1</sup></b> )	✓	✓	✓
<b>Market size</b>	<b>\$50T<sup>2</sup></b>	<b>\$125T</b>	<b>\$60T</b>

## ● Recent additions



1. Mastercard announced an agreement to acquire the majority of Nets' Corporate Services business, subject to regulatory and other conditions

2. Includes \$12T of non-purchase consumption

Sources: 2018 – Oxford Economics, Euromonitor International, Kaiser Associates, McKinsey Payment Data; Mastercard internal analysis



Cards

**\$235T<sup>2</sup>**  
**Opportunity**

Real-Time Payments / ACH



Blockchain

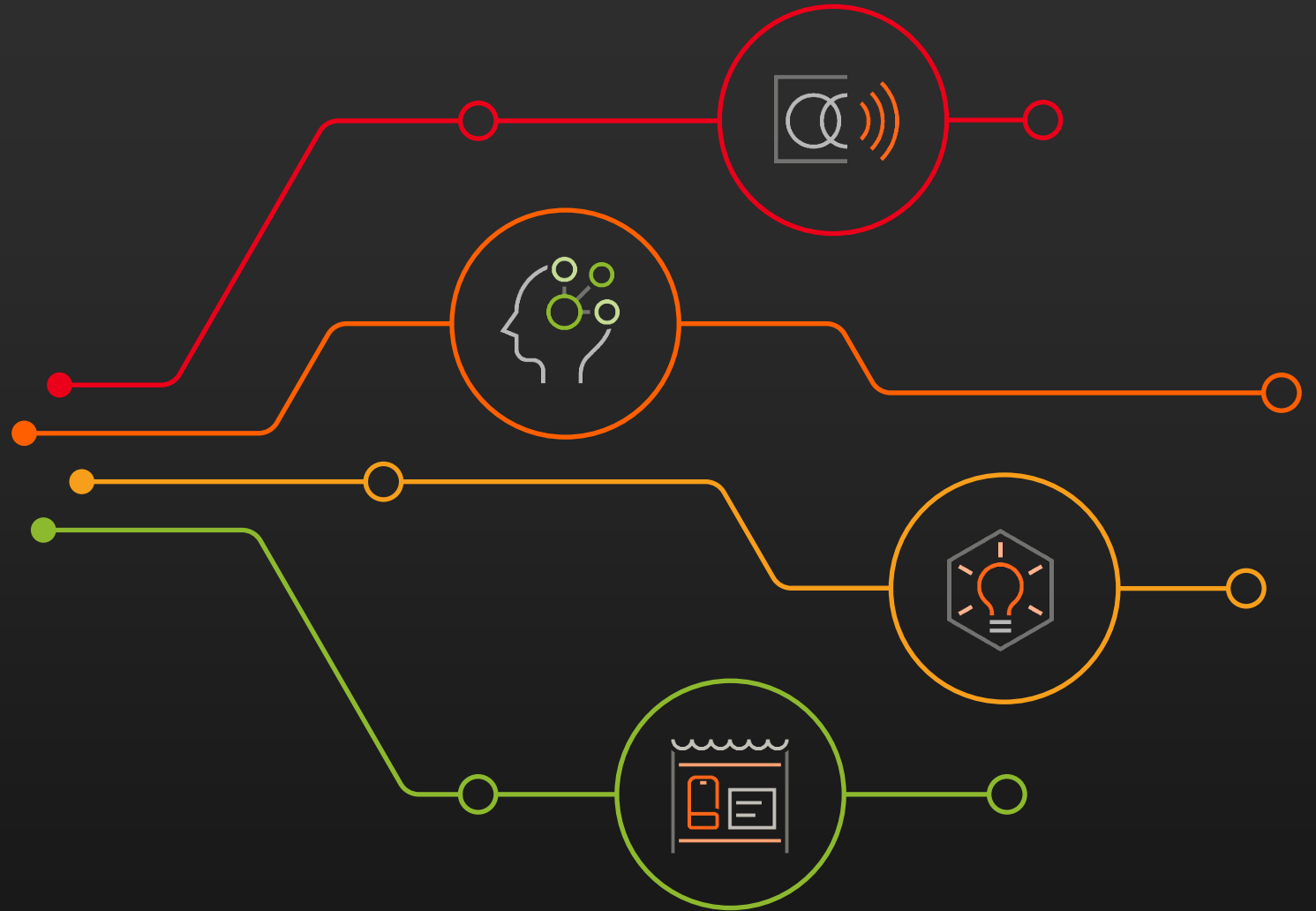
# Sustainable momentum with strong results

Global	1H19 GDV <sup>1</sup>	2018 market share trend
Consumer Credit	+9%	^
Consumer Debit	+14%	^
Prepaid	+19%	^
Commercial <sup>2</sup>	+13%	^



1. Local currency growth versus 1H18. Gross dollar volume as reported; Mastercard branded only  
2. Includes commercial credit and debit

Consumer –  
driving  
exceptional  
experiences



# Innovating to provide best-in-class consumer experiences

Heightened **consumer expectations**



**Personalization**



**Privacy**



**Digital-first**



**Choice & flexibility**

Delivered by our partners,  
**enabled by Mastercard**



Pay by Account

Focus on **digital commerce**  
within P2M

**>4x**

**Global digital commerce**  
growth vs. **total retail**<sup>1</sup>



1. Retail sales projected by eMarketer, 2019

# Digital commerce – solving for digital-physical convergence

**1**

Digital transactions  
are growing at an  
unprecedented pace

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**2**

Digital and physical continue to  
come together in everyday life

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**3**

Technology, in particular AI,  
connectivity, IoT and new  
interfaces, will have a profound  
impact on commerce

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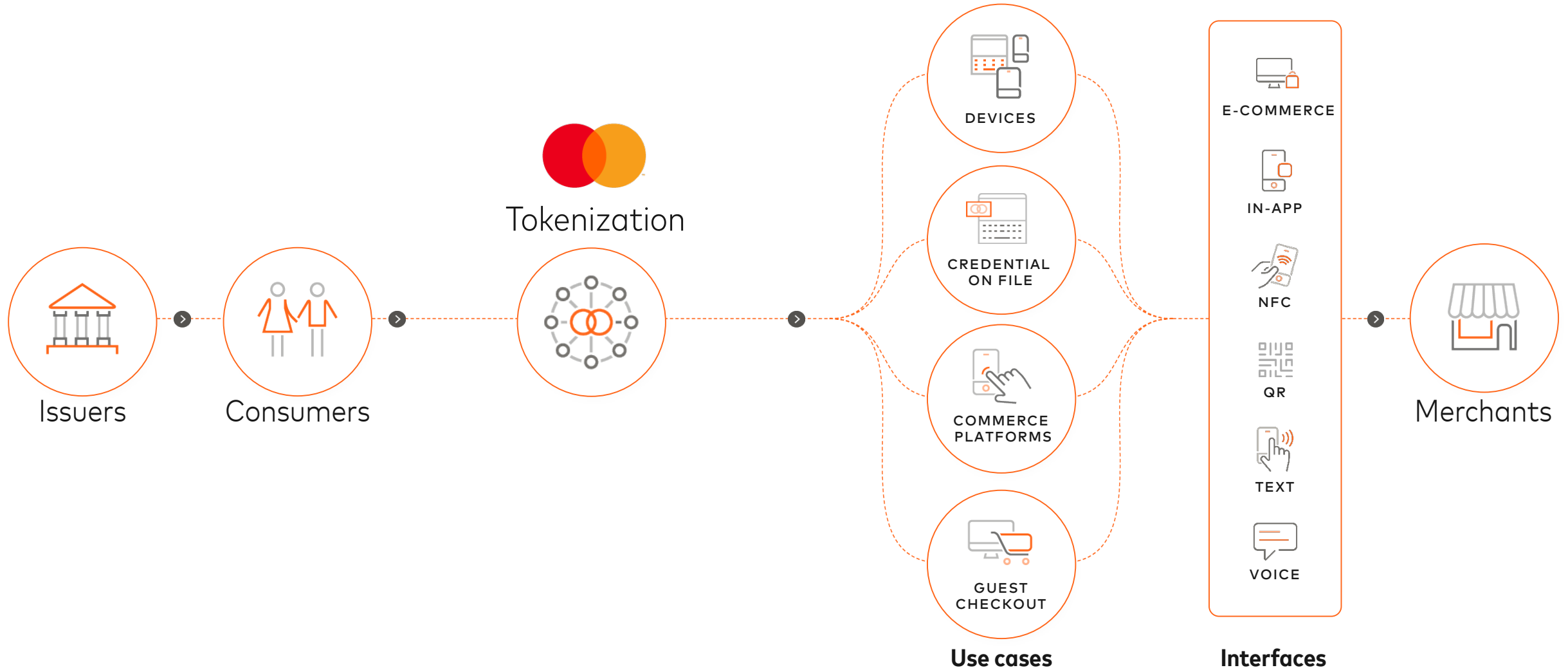
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adyen

GARMIN®



# Tokenization – enabling all forms of digital payment

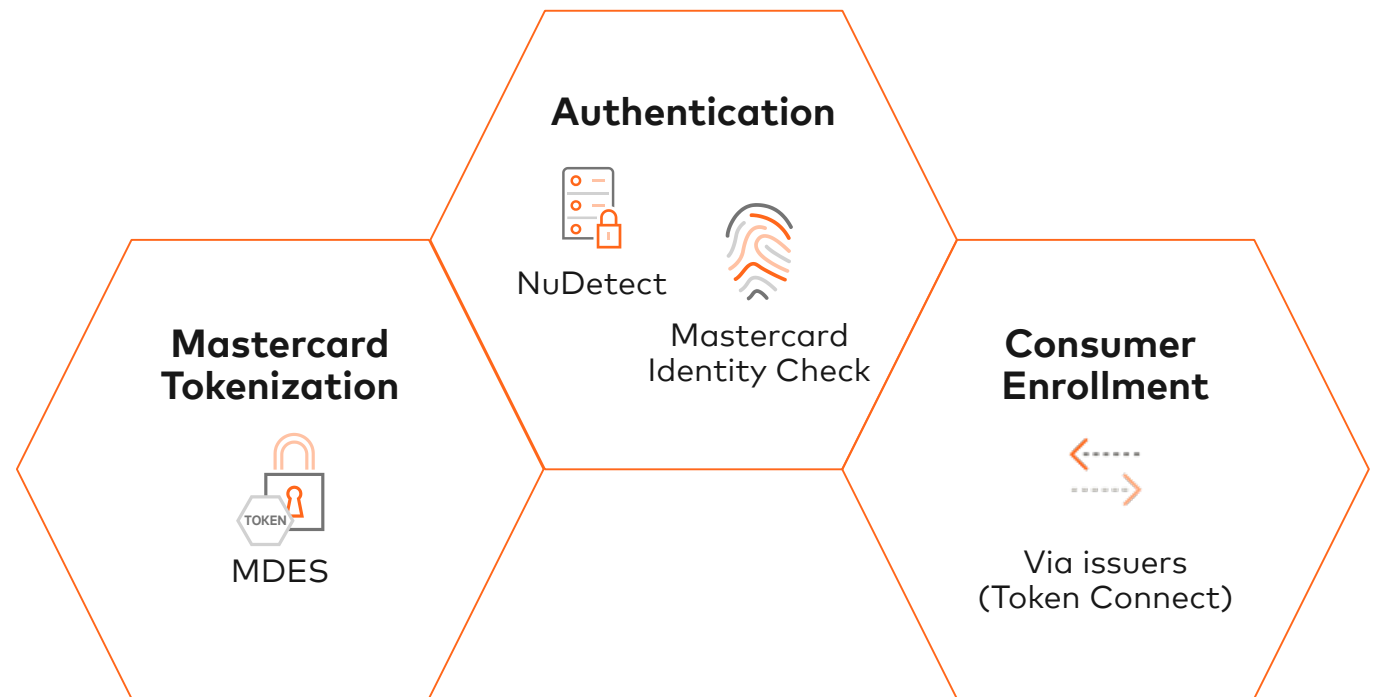




# Secure Remote Commerce – reinventing guest checkout

## Optimizing Secure Remote Commerce with Mastercard

- **Acceptance** powered by **merchants** and **payment services providers**
- **No static passwords**
- **Interoperable** with tokenization and authentication standards
- **Integrated** with Mastercard technologies, enabling our partners to **scale** and **differentiate**



# Mastercard Digital Wellness – serving today's digital-first customer

## Built on standards



- EMVCo Secure Remote Commerce
- EMVCo Tokenization
- EMVCo 3DS 2.0

## Powered by Mastercard



- Mastercard Secure Remote Commerce
- Mastercard Digital Enablement Service (MDES)
- NuData
- Cyber Readiness Institute
- Global Cyber Alliance

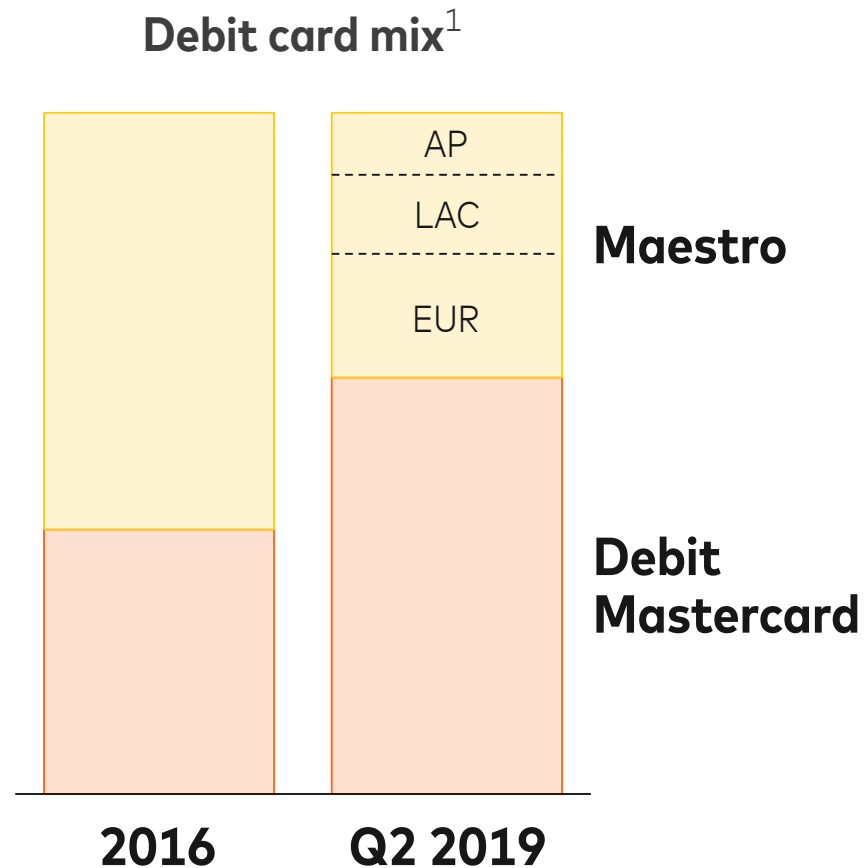
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**PROVIDES MERCHANTS EASY ACCESS TO OUR PRODUCTS & SERVICES**



# Debit Mastercard – enabling digital commerce

## Upgrading debit portfolio



## Driving consumer experience with Debit Mastercard

- Consistent e-commerce and mobile-commerce experience
- Digital wallet enabled for contactless and in-app use
- Global acceptance
- Greater access to value-added services

### Yielding results

capturing **up to 2x**

**Consumer spend with  
Debit Mastercard<sup>2</sup>**



1. Card mix excludes Venezuelan cards  
2. When converted to Debit Mastercard from Maestro

# Prepaid – innovating to grow our leading position

## Distributing through new, digital-first customers

## Empowering new consumers

Vertical  
expansion

Gig  
economy



Digital  
"giants"



Fintechs



Underserved



Use case  
expansion

Real-time  
payroll



Digital wallets  
& marketplaces



Digital  
banking



Mobile banking

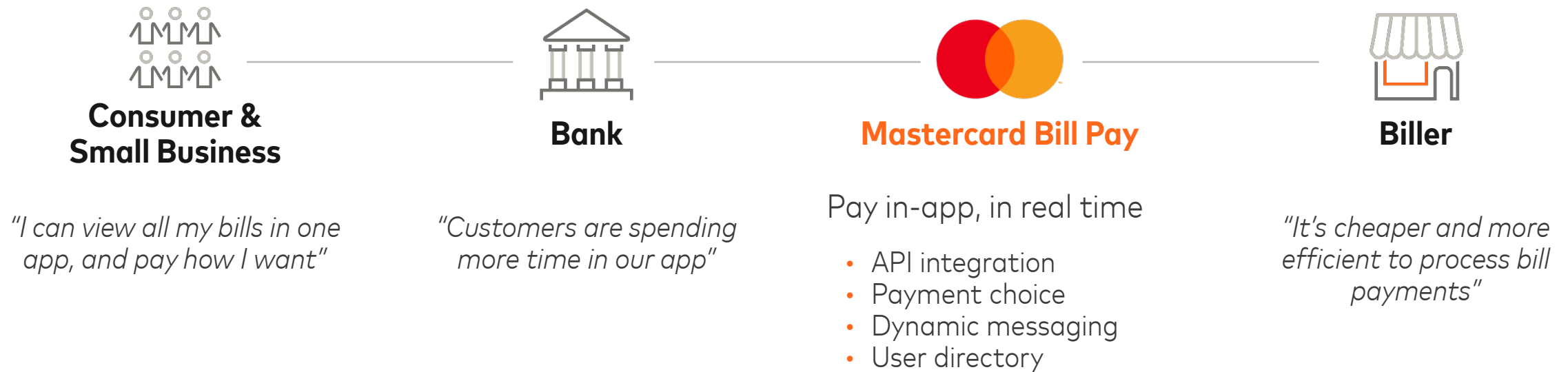


**ENABLING OUR DIVERSE SET OF PARTNERS THROUGH  
INTEGRATED, END-TO-END PLATFORMS**



# Bill Pay – platform to address additional consumer flows

## Targeting global bill pay opportunity and improving experience across the ecosystem



Enabled by... 

**transactis**  
 **mastercard**

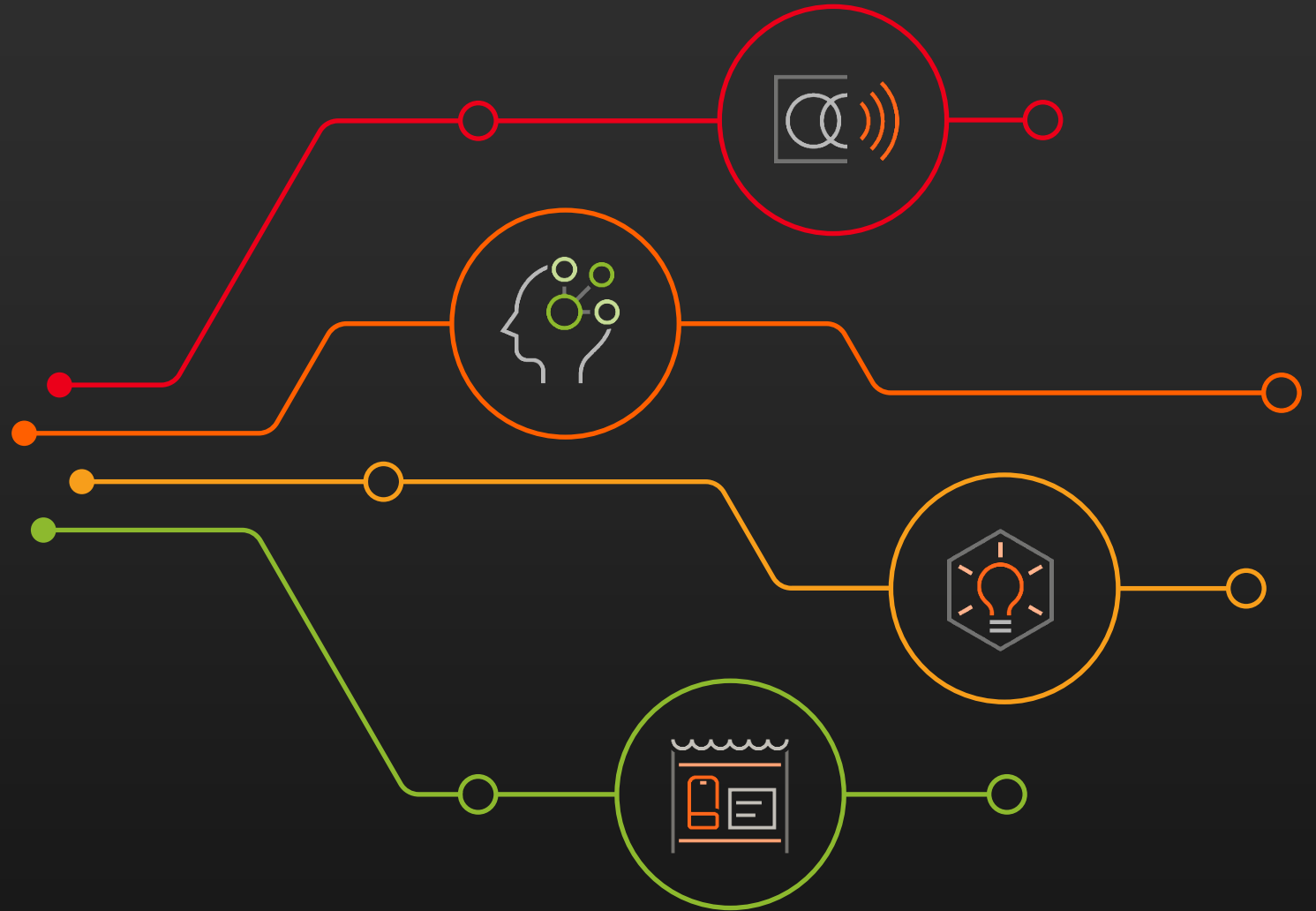
 **RPPS**  
*Biller Directory*

**VOCALINK**  
 **mastercard**

**nets** <sup>1</sup>

1. Mastercard announced an agreement to acquire the majority of Nets' Corporate Services business, subject to regulatory and other conditions

Commercial –  
solutions for  
every business  
payment



# Comprehensive commercial card solutions



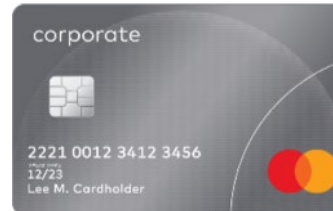
## Small business cards



New capabilities, e.g.  
Mastercard Receipt Management



**Efficiency and simplicity for  
small & medium enterprises**



## Travel & Purchasing cards



Platform-based services, e.g.  
Smart Data



**Smarter, safer cards for  
corporates & governments**



## Virtual cards



Supplier experience  
enhancements, e.g.  
Straight-Through Processing



**Digitized payables &  
receivables**



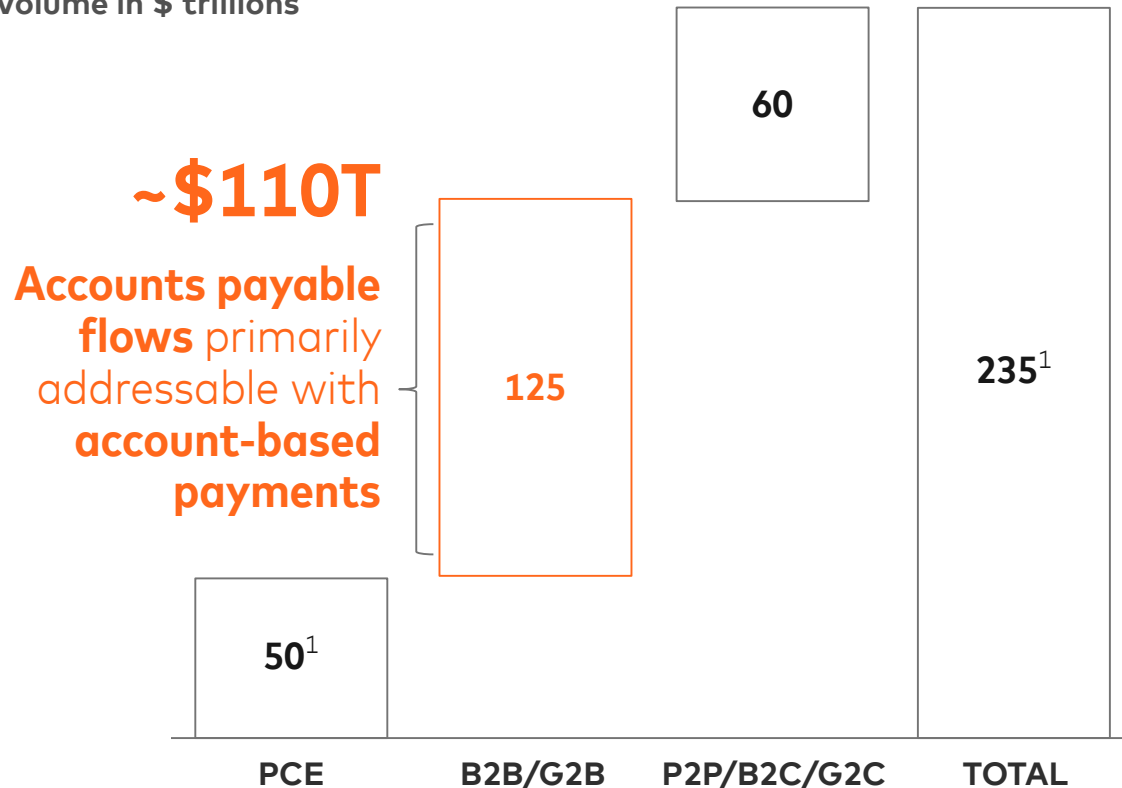


# Addressing pervasive pain points in accounts payable

## A significant B2B opportunity

### Market size by payment flow

Volume in \$ trillions



## Accounts payable pain points

- **Lack of visibility** into supplier payment preference and acceptance conditions
- **Managing cash flow** due to inability to enforce payment terms
- **Limited remittance data** associated with a payment makes reconciliation difficult
- **Limited automation** due to lack of established common standards



1. Includes \$12T of non-purchase consumption

Sources: 2018 – Oxford Economics, Euromonitor International, Kaiser Associates, McKinsey Payment Data; Mastercard internal analysis

# Mastercard Track™ – modernizing the B2B ecosystem

## Addressing pain points in B2B commerce

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Tackling systemic challenges in B2B payments



Solving complexities adjacent to payments



Vast improvements to the way buyers and suppliers conduct trade at scale

## Mastercard Track architecture

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**Global**



**Multi-rail**



**Data-rich**



**Scale through partners**



# Mastercard Track™ – expanding our suite of solutions

## Existing...

### Features

### Benefits

Mastercard Track  
Trade Directory

- Over 200 million business entities
- 170 countries

- Supplier risk management

Mastercard Track  
B2B Hub

- Accounts payable outsourcing service for mid-market customers
- Distributed by customer bank

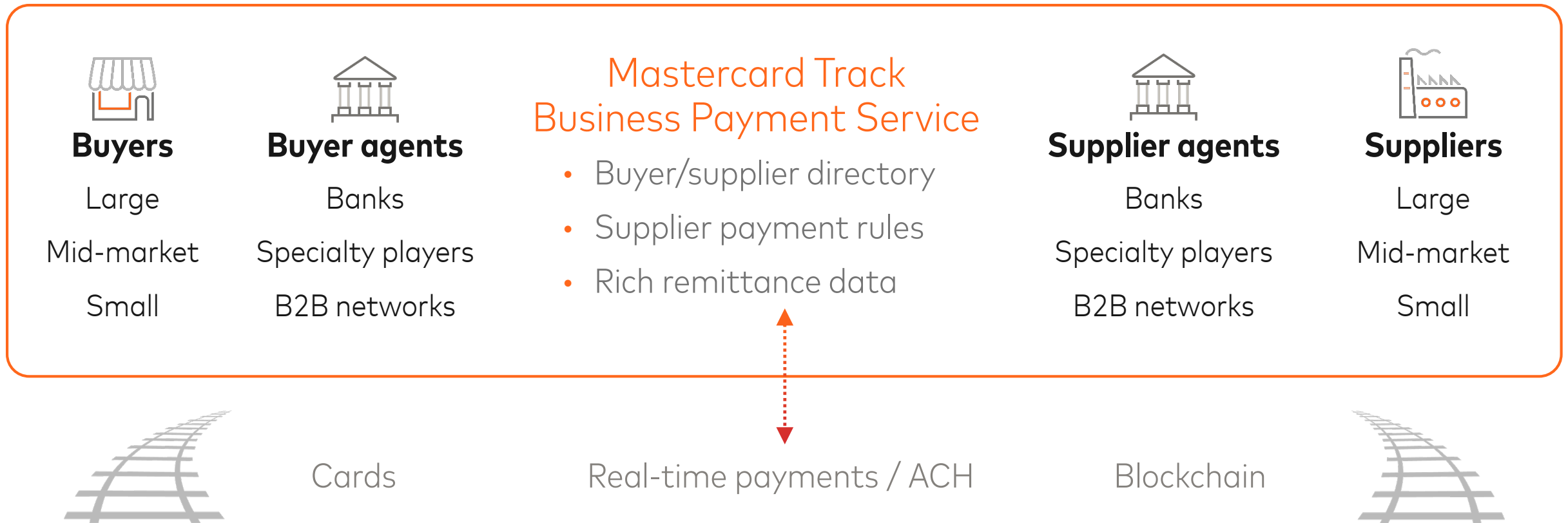
- Accounts payable automation

## New...

# Mastercard Track Business Payment Service



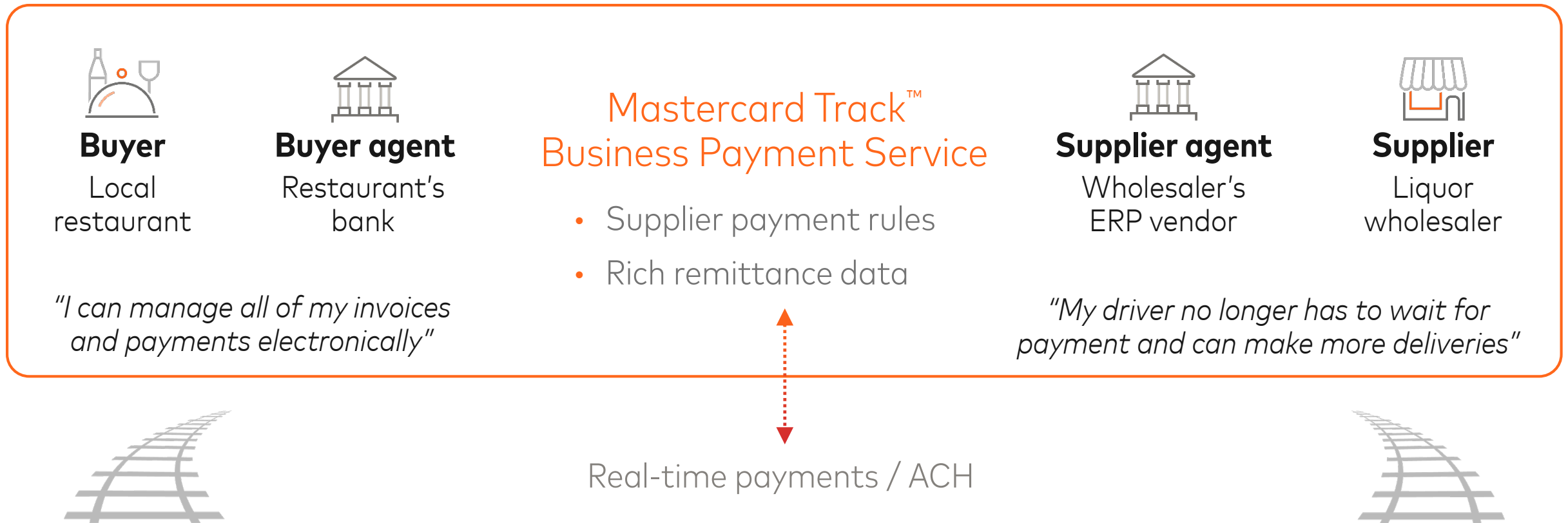
# Mastercard Track™ Business Payment Service – launching an open-loop commercial payment service



**SINGLE CONNECTION ENABLES ACCESS TO MULTIPLE PAYMENT TYPES, GREATER CONTROL, AND RICHER DATA TO OPTIMIZE B2B TRANSACTIONS FOR BUYERS AND SUPPLIERS**



# Payment on Delivery – use case on real-time payment rails



# Mastercard Send™ – fast, secure B2C disbursements

## Features

### Instant, scalable payments



### Trusted services & security



### Global reach



## Benefits

- Faster funds availability for recipients
- Superior user experience drives loyalty and engagement
- Avoidance of check and wire fees for payers
- Transparent payment status

## Partner examples

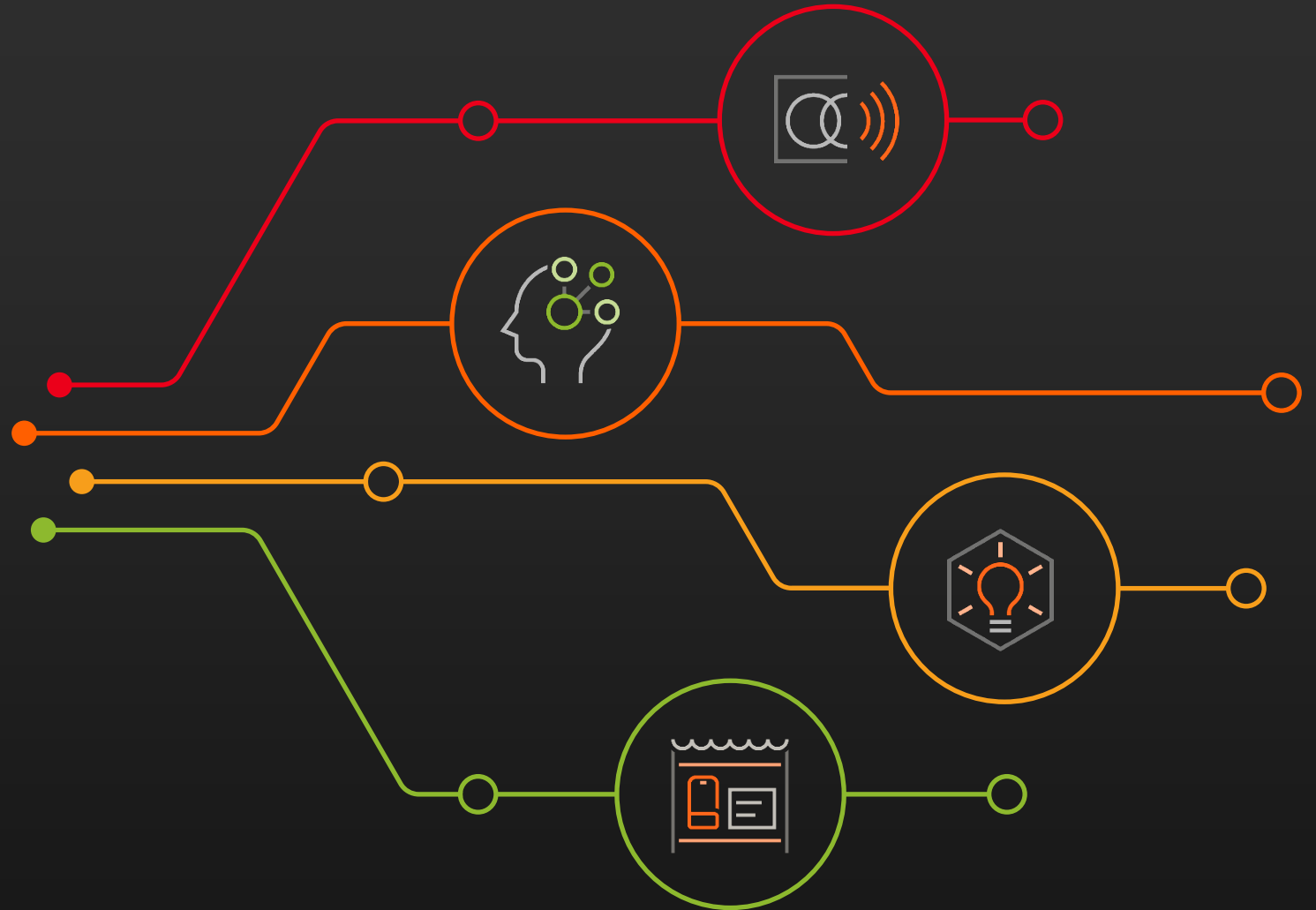
**esurance®**



# At the forefront of real-time payments

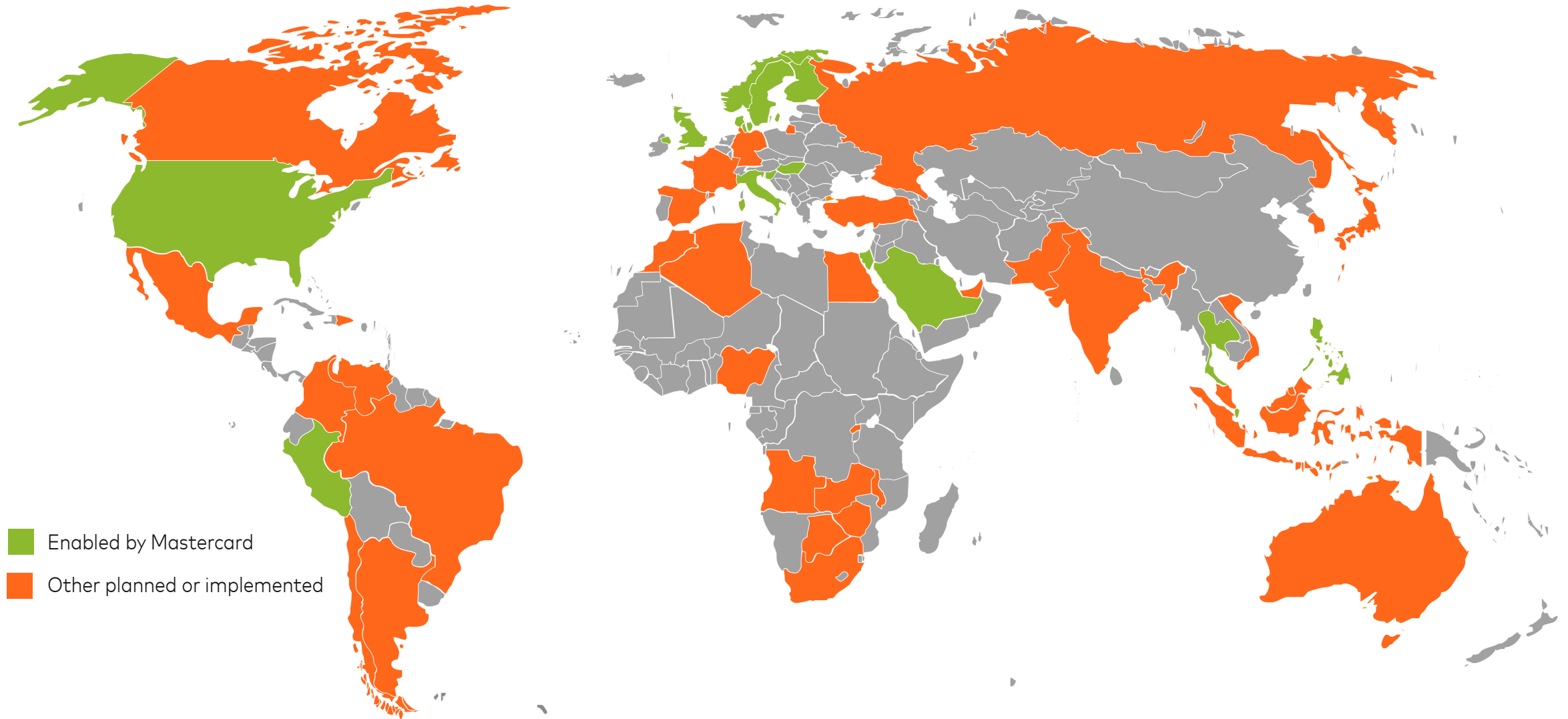
Paul Stoddart

President, New Payment Platforms





# The real-time ACH infrastructure opportunity is expanding



# Our full-service approach

## Infrastructure

Underlying payment technology and rails

Managed services & hubs



Directory



## Applications

End-user solutions to connect more senders and recipients

P2M



B2B / G2B



P2P / B2C / G2C



## Services

Capabilities that enhance real-time payments and facilitate adoption

Consulting



Data analytics



Fraud solutions



# Nets<sup>1</sup> provides complementary value

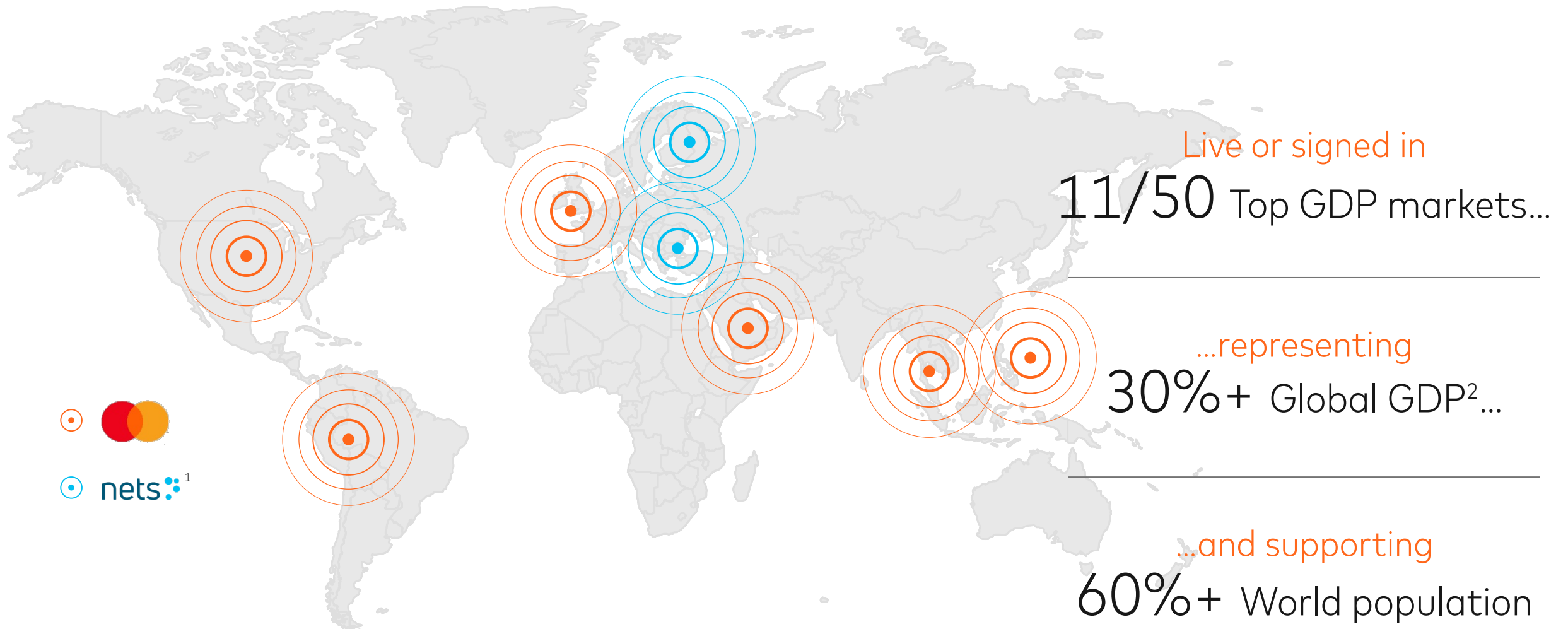


<b>Infrastructure</b>	<ul style="list-style-type: none"><li>• <b>Larger markets</b></li><li>• <b>Sophisticated &amp; customized</b></li></ul>	<ul style="list-style-type: none"><li>• Smaller markets</li><li>• Fast deployment</li><li>• Region-specific capabilities</li></ul>	<ul style="list-style-type: none"><li>• Extended global coverage</li><li>• Industry-leading solutions</li></ul>
<b>Applications</b>	<ul style="list-style-type: none"><li>• US Bill Pay (C2B)</li><li>• Transactis</li><li>• Pay by Account (P2M)</li></ul>	<ul style="list-style-type: none"><li>• <b>Europe Bill Pay</b></li><li>• <b>E-invoicing &amp; new billing platform</b></li></ul>	<ul style="list-style-type: none"><li>• Proven applications (e.g. Pay by Account)</li><li>• New flow penetration (e.g. bill pay)</li><li>• Extensive roadmap</li></ul>
<b>Services</b>	<ul style="list-style-type: none"><li>• <b>Suite of services &amp; analytics</b></li><li>• <b>Can be provided across technologies</b></li></ul>	<ul style="list-style-type: none"><li>• Additional market access</li></ul>	<ul style="list-style-type: none"><li>• Broad opportunity to sell suite of services &amp; analytics</li></ul>



1. Mastercard announced an agreement to acquire the majority of Nets' Corporate Services business, subject to regulatory and other conditions

# Infrastructure – real-time connectivity, worldwide reach

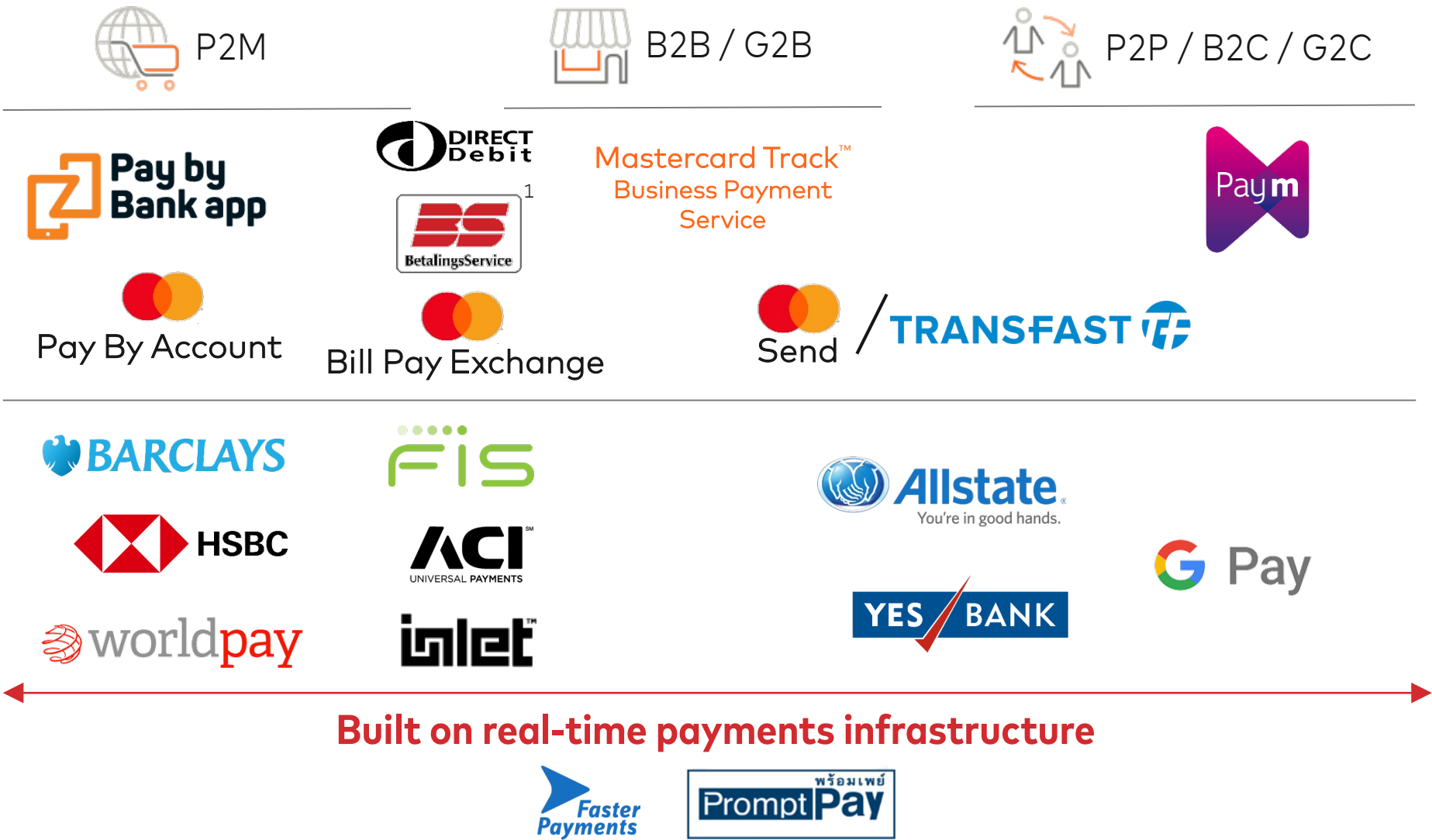


1. Mastercard announced an agreement to acquire the majority of Nets' Corporate Services business, subject to regulatory and other conditions  
2. World Bank national accounts data, and OECD National Accounts data files

# Applications – addressing a range of use cases

Applications

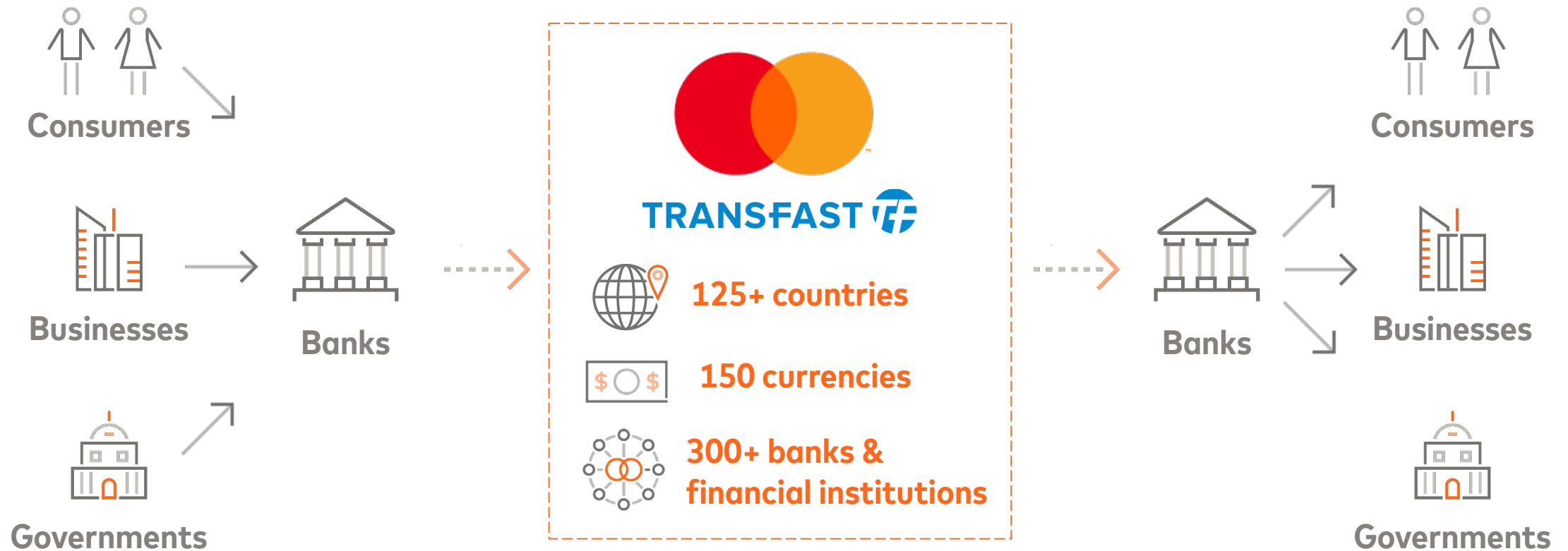
Partners



1. Mastercard announced an agreement to acquire the majority of Nets' Corporate Services business, subject to regulatory and other conditions

# Extending our cross-border capabilities

**Providing our partners broad reach through a single API connection**



**ENABLED BY CARDS, REAL-TIME PAYMENTS/ACH AND BLOCKCHAIN**



# Services – scaling through new flows

## Financial crime solutions

Prevent



Trace



Account alert



Verify identity



## Reporting & analytics

Report



Benchmark



Predict



Classify



## Consulting

Strategy



Optimization



Financial crime



Risk & resiliency

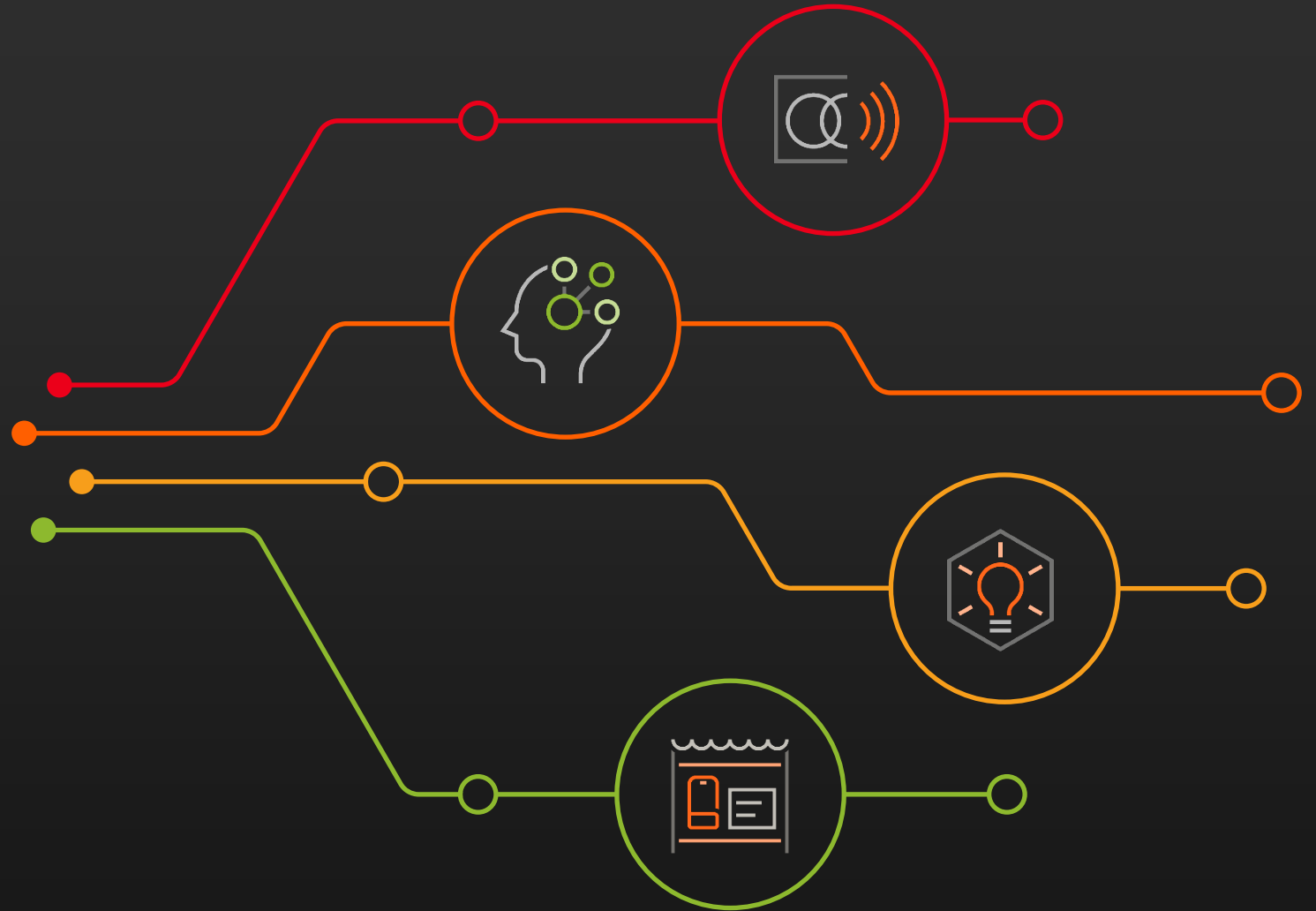


>100 real-time payment services contracts executed since 2015



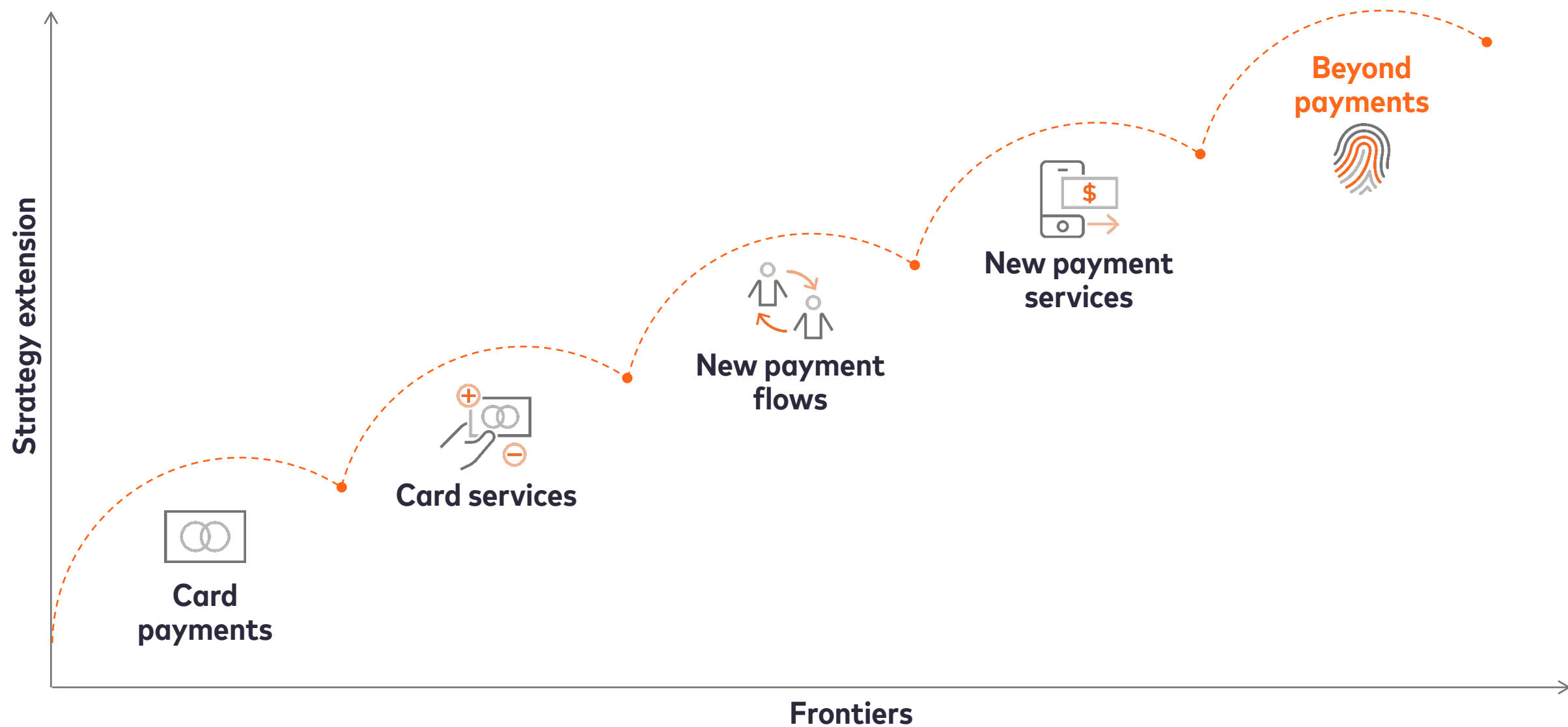
# Global Products & Innovation Conclusion

Michael Miebach  
Chief Product Officer





# Future frontiers – emerging commerce ecosystems

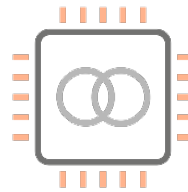


# Key takeaways

Building innovative products for our diverse partners and their customers



Enabling scalable digital solutions



Supporting all forms of payment with our multi-rail network



Powering choice, convenience and security



# Advancing trust and securing the ecosystem

Ajay Bhalla

President, Cyber & Intelligence Solutions



# Rapidly changing world presents new opportunities & risks



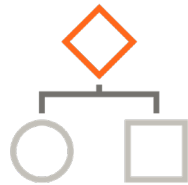
## Digital convergence & IoT

Weak built-in security



## Exponential growth in data

Concerns over data security and privacy



## Age of AI

Disrupting industries and crime



## Digitally native generation

Expects experience comes with security

# Cybersecurity needs of our stakeholders are evolving



## Consumers

Impacted by **data breaches** – looking for **control** and **trusted brands**



## Merchants

Protecting against **cyber attacks** while **optimizing customer experience**



## Businesses

Seeking **expertise** and **solutions** to mitigate threats and **reduce risk**



## Financial Institutions

**Increasingly targeted** by cyber criminals; **investing heavily** to stay secure



## Governments

Introducing and enforcing **cyber laws** to protect **critical infrastructure**



# A multi-layered strategy that advances trust



## Prevent

Secure the physical world, the digital world and the IoT



## Identify

Identify genuine consumers and devices



## Detect

Stop cyberattacks, reduce fraud



## Experience

Physical and digital experiences that grow commerce



**Artificial Intelligence**  
Powers products and enables customers



Governments



Banks



Merchants



Consumers



Cards



Real-time payments



Beyond payments



# Securing the ecosystem and unlocking new opportunities

## Recent successes

## Future focus



EMV chip  
Digital EMV

**88%**<sup>1</sup>  
Card transactions  
chip enabled



Securing the **Internet of Things**



SecureCode  
Identity Check

**3.5 billion**<sup>2</sup>  
SecureCode  
authentications



Collaborating on **Digital Identity**



Safety Net  
Decision Intelligence

**\$10 billion**<sup>3</sup>  
Saved in attempted  
cyber attacks



Detecting **cyber vulnerabilities**  
automatically



Contactless  
Biometrics

**22%**<sup>4</sup>  
Transactions are  
contactless



**Embedding AI** for every solution



1. As of July 2019

2. July 2018 – June 2019

3. Mastercard estimates July 2018 – June 2019

4. As of year-end 2018; contactless transactions as a percentage of card-present transactions, excluding Venezuela

# Growth strategy accelerated by acquired capabilities

## Internet of Things

### NuData Security



- Behavioral biometrics
- Block bots/synthetic ID
- Trust devices in the IoT

## Intelligence everywhere

### Brighterion



- Globally scalable
- Ultra high speed
- Unique proprietary IP

## Digital experience

### ethoca



- Collaborative platform
- Eliminate chargebacks
- Quick resolution





# Key takeaways

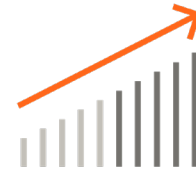
Ensuring  
ecosystem security



Creating sources  
of differentiation

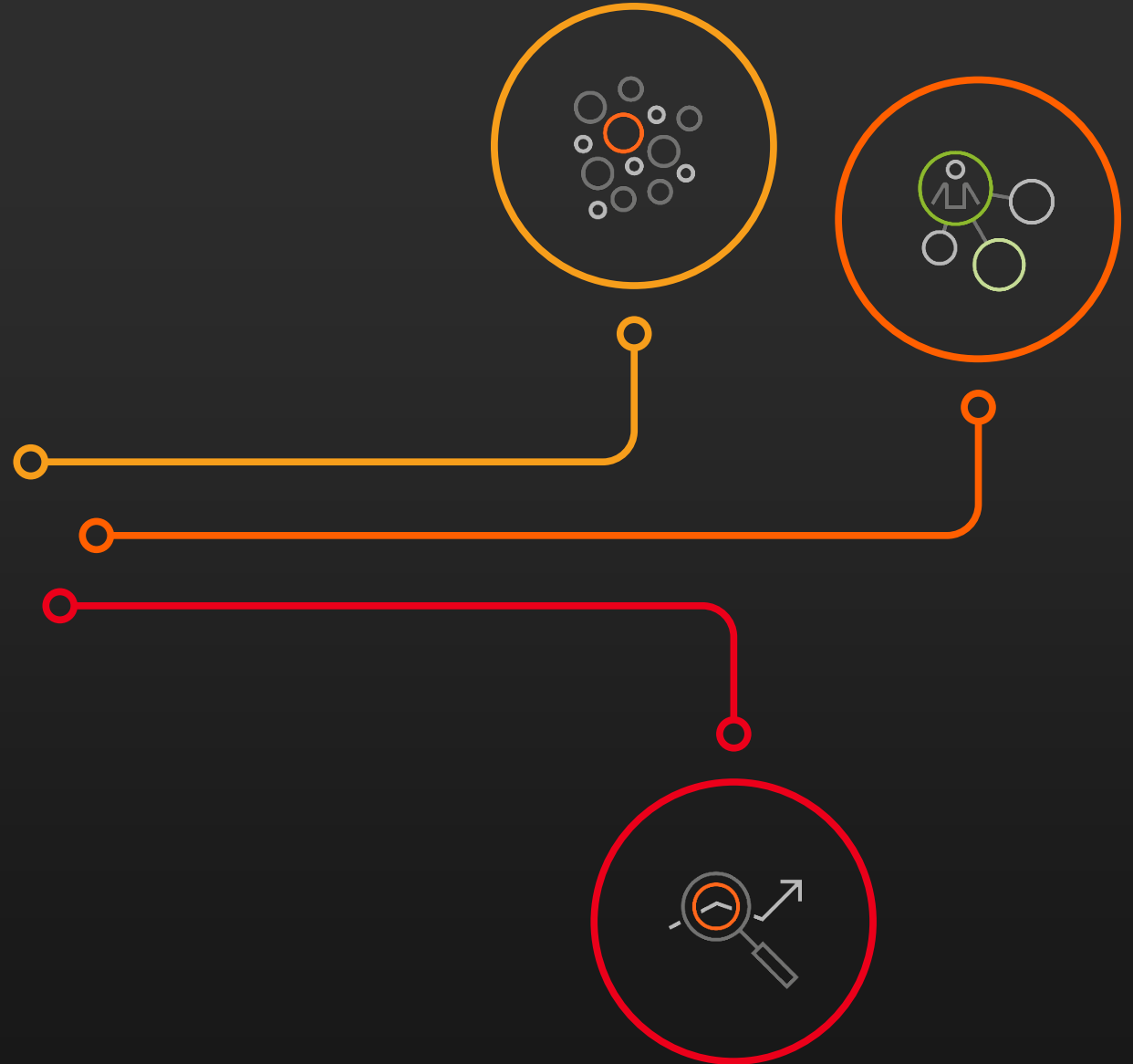


Delivering new  
sources of growth

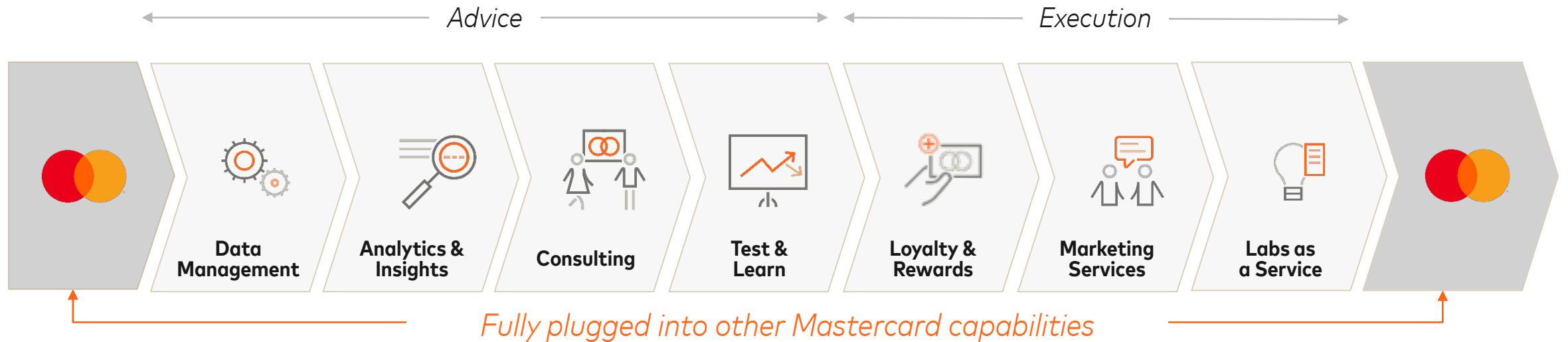


# Data & Services as a force multiplier

Kevin Stanton  
Chief Services Officer

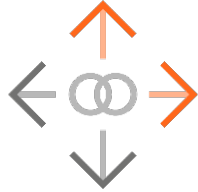


# Data & Services - end-to-end value proposition



- Differentiated by Mastercard data, brand, network
- Best-in-class delivery efficiency
- Recurring-revenue focused
- AI-enabled

# Our strategy



## Grow

**CORE**

---

Credit  
Debit  
Commercial  
Prepaid  
Digital-physical convergence  
Acceptance

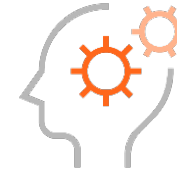


## Diversify

**CUSTOMERS AND  
GEOGRAPHIES**

---

Financial inclusion  
New markets  
Businesses  
Governments  
Merchants  
Digital players  
Local schemes/switches



## Build

**NEW AREAS**

---

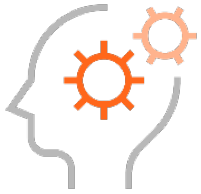
Data analytics  
Consulting  
Marketing services  
Loyalty  
Cyber and Intelligence  
Processing  
New payment flows

---

**ENABLED BY BRAND, DATA, TECHNOLOGY AND PEOPLE**



# Mastercard strategy – drill-down on services



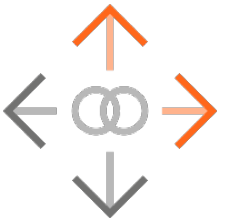
Build

- Incremental revenue opportunity
- Fast growing
- Pursuing recurring revenues



Diversify

- New geographies
- New industry verticals



Grow

- Differentiate in deals
- Portfolio performance
- Embedded



# Diversify – case studies

## New geographies | Latin America



- Retail, financial services behemoth
- 100+ locations, ~3M cards
- Portfolio conversion to spur growth
- Leveraged
  - Marketing Services
  - Consulting Services
  - Analytics
  - Labs as a Service
  - Test & Learn
- Developed mass-market footprint in market

## New industry verticals | Healthcare



- Large healthcare network
- 1 of ~600 in the US alone
- Optimize revenue management, marketing, clinical-care quality
- Leveraged
  - Test & Learn platform
  - Industry-specific veneer
  - Scalable
  - Beachhead for other services and core
- Access to new customers and revenue pools



# Grow – case studies

## Differentiate in deals | Australia

---



- 9M+ customers
- Improve spend and engagement
- Holistic solution leveraging Analytics, Consulting Services, Marketing Services, Test & Learn, and Labs-as-a-Service
- 2M+ cards converted, key in winning deal

## Portfolio performance | Italy

---



- 400,000 cards converted
- Improve activation, launch installments
- Leveraged Consulting, Analytics, Marketing Services
- 19% uplift in activation

## Embedded | UK

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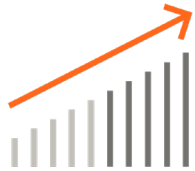


- 14.5M customers
- Embedded
  - Loyalty: Pay with Rewards, LoungeKey, Boingo Wifi
  - Marketing Services
  - Consulting Services
  - Security Services



# Key takeaways

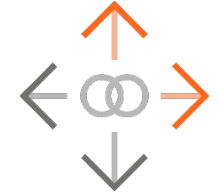
Fast-growing,  
incremental revenue  
opportunity



Accelerating entry into  
new markets and  
verticals



Core growth  
force multiplier





# Go-to-market update: US

Craig Vosburg  
President, North America

Linda Kirkpatrick  
Executive Vice President,  
Merchants and Acceptance

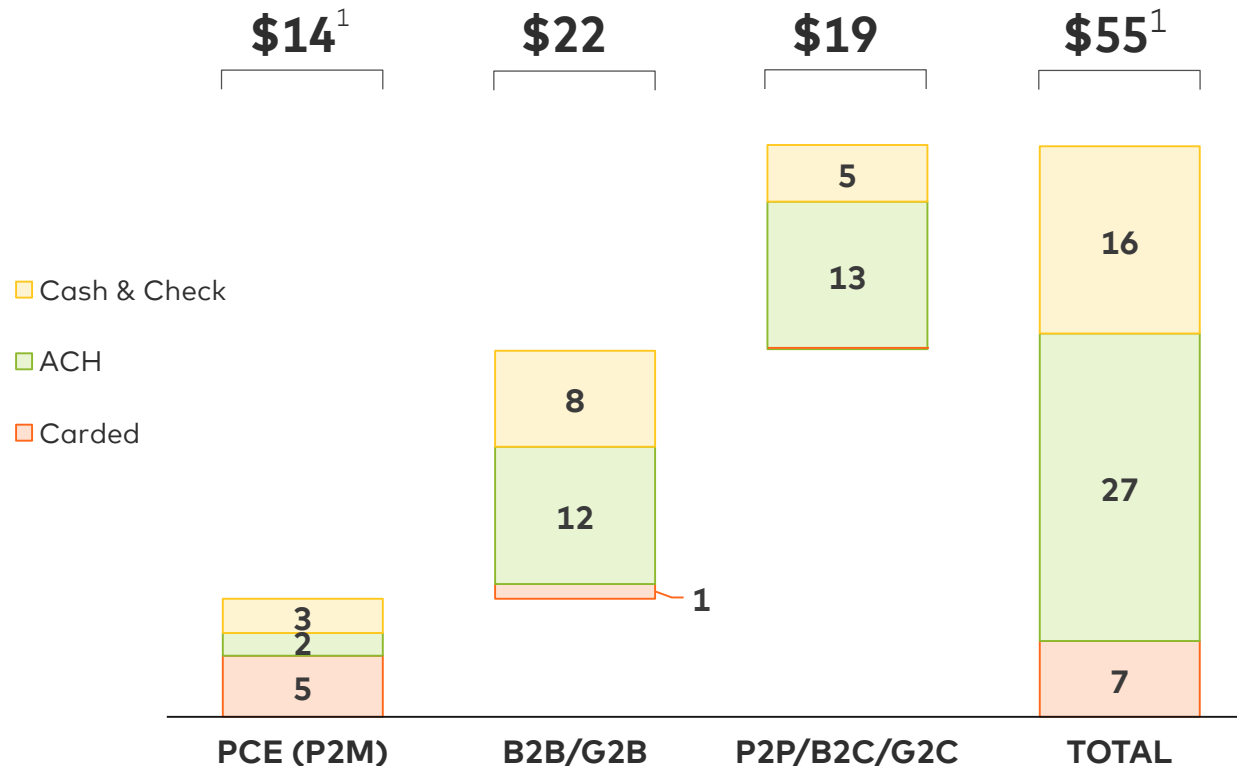
Ron Shultz  
Executive Vice President,  
New Payments Flows



# The US market has significant room for growth

## 2018 market size by payment flow

Volume in \$ trillions



### Largest Mastercard market (2018 data)

- % total revenue **33%**
- % total GDV **30%**
- GDV growth **10%**
- PCE growth **5%**

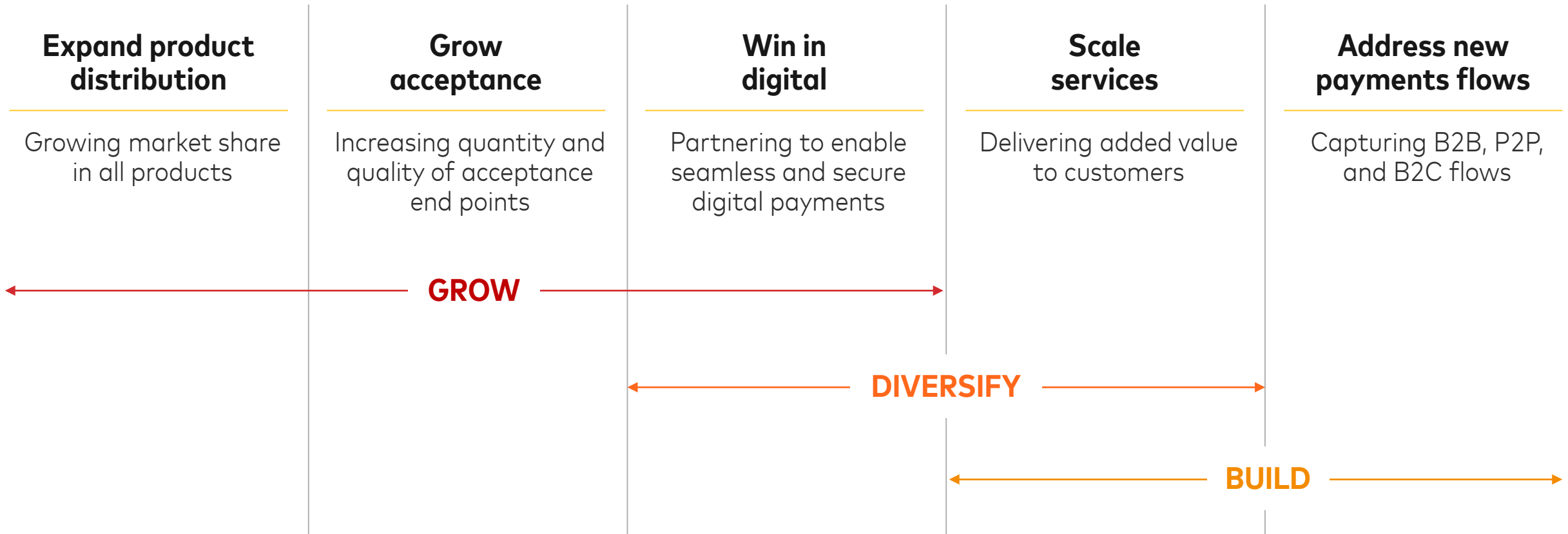


Note: Figures may not sum due to rounding

1. Includes approximately \$4T in non-purchase consumption

Source: 2018 – Oxford Economics, Euromonitor International, Kaiser Associates, McKinsey Payment Data and Mastercard internal analysis

# Executing against five strategic priorities to drive growth



# Three drivers of market share growth

## Enhance value propositions

Develop compelling core value propositions for consumers and small businesses:



Postmates



## Optimize portfolios

Drive growth by increasing:

- Cardholder acquisitions
- Activation
- Spend
- Transaction approval rates

## Win new business



BANK OF AMERICA



# Winning in co-brand

## Mastercard Differentiators

---



**Our  
Partnership**



**Differentiated  
Data & Analytics**



**Products &  
Innovation**

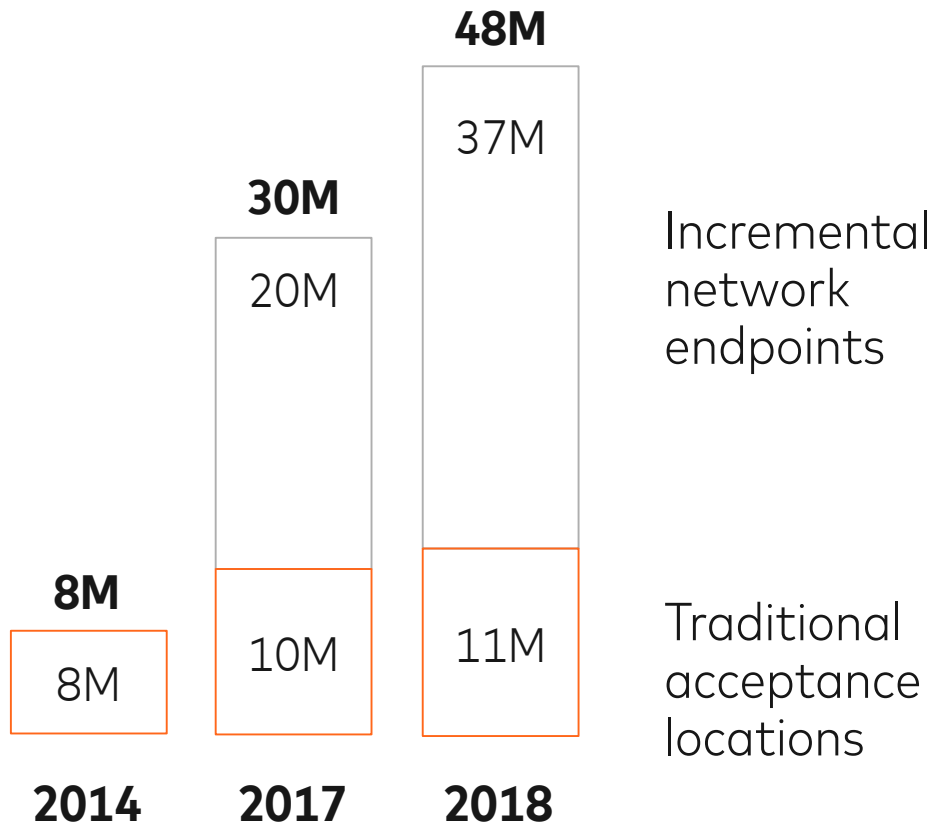


**Priceless  
Experiences**

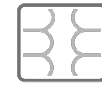


# Expanding acceptance in a safe and seamless way

## US network reach



## Network upgrades



EMV

**~65%**<sup>1</sup>

US volume EMV enabled



Contactless

**~60%**<sup>1</sup>

US card-present volume originates at contactless-enabled merchants



# Diversifying acceptance solutions to fuel partner success

Enhancing  
next gen  
security

Driving  
innovation  
at the  
point of sale

Delivering  
value-added  
services

Enabling  
new flows

**ethoca**

**Brighterion**

**NuData Security**

**vyze**



**APT**  
A Mastercard Company

 **mastercard.**  
Payment Gateway Services

 **TRANSACTIS**

**TRANSFAST** 

**VOCALINK**  
 **mastercard.**



# Partnering to enable and secure the digital ecosystem

Securing and  
streamlining  
guest checkout



Scaling  
card-on-file  
tokenization



Enabling  
digital  
wallets



---

EXCEPTIONAL CUSTOMER EXPERIENCE  
LEADING SAFETY AND SECURITY





# Value-added services as a differentiator in the US

## Data & Services

- Used by over **700** customers
- Over **60%** of top co-brand issuers use APT

## Loyalty & Innovation

- Over **70 million** accounts managed on loyalty platform
- Over **40** innovation partnerships conducted in 2019

## Safety & Security

- Over **1B<sup>1</sup>** transactions handled daily
- **Tens of millions<sup>2</sup>** of dollars in fraud losses saved annually



BANK OF AMERICA



DIFFERENTIATING THE CORE BUSINESS  
DRIVING INCREMENTAL REVENUE



1. Global transactions, including payment and non-payment transactions, on Decision Management Platform  
2. Estimate based on Mastercard analysis

# Momentum in capturing new payment flows

## Examples

## Progress

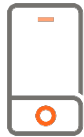
### Virtual cards



Single use card primarily for B2B / supplier payments

Market leader in high growth segment

### Mastercard Send™



Domestic and cross-border disbursement

Broadening applications in P2P, B2B, and B2C payments

### Mastercard Track™ payment on delivery



Real-time buyer/supplier receipt billing and payment platform

Launching in Q4

### Bill Pay Exchange



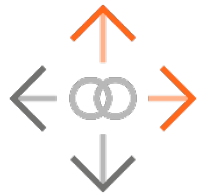
Digital consumer bill presentment and payment platform (includes real-time payment option)

Launching in Q4



# Key takeaways

Significant  
opportunities for  
ongoing growth



Increasing market  
share and accelerated  
revenue growth



Expanding through  
value-added services  
and by capturing new  
payment flows



# Go-to-market update: Europe

Mark Barnett

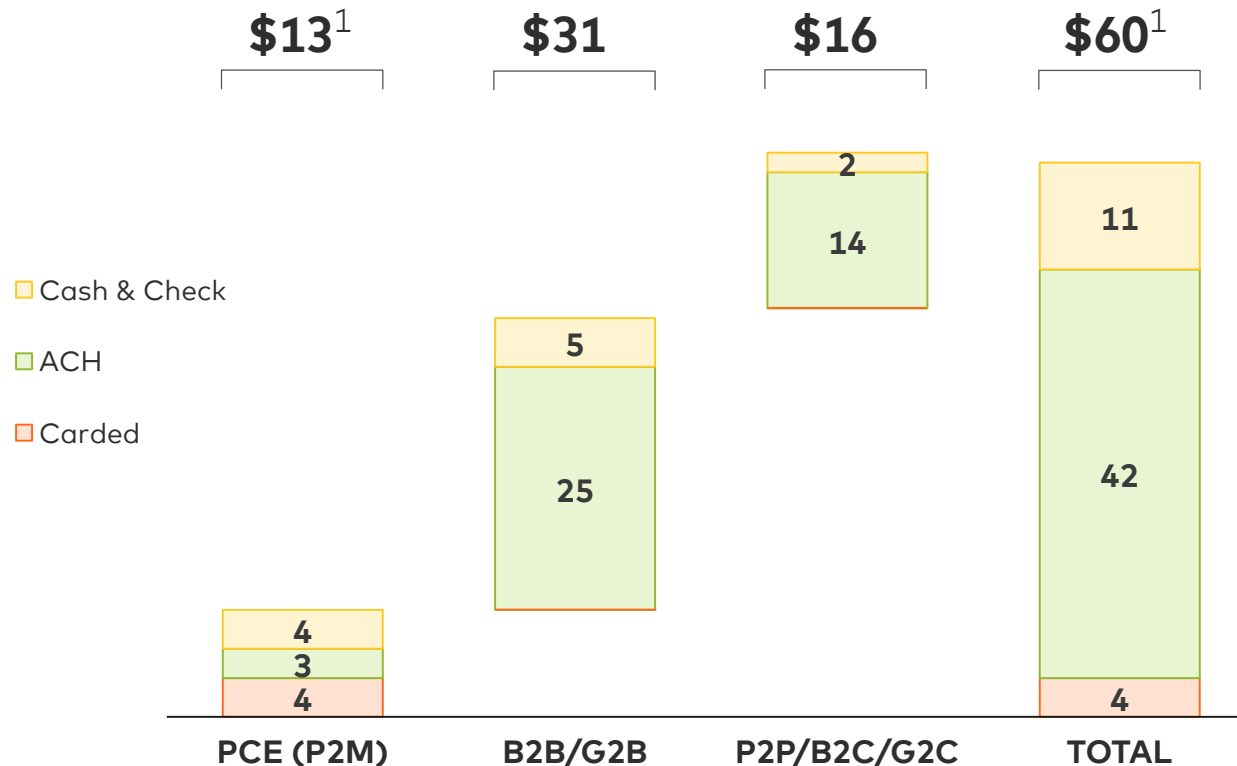
Division President,  
U.K., Ireland, Nordics & Baltics



# Europe – a diverse and dynamic region with strong growth

## 2018 market size by payment flow


Volume in \$ trillions



### European region

- Population **900M**
- # of countries **56**
- # of languages **24**
- PCE growth<sup>2</sup> **6%**

### Mastercard Europe

- % total GDV<sup>3</sup> **29%**
- GDV growth<sup>3</sup> **19%**
- Market share increasing over the last 3 years 

Note: Figures may not sum due to rounding

1. Includes approximately \$2T in non-purchase consumption

2. Data for 2018

3. 2018 gross dollar volume as reported; Mastercard branded only. Growth rates on a local currency basis

Source: 2018 – Oxford Economics, Euromonitor International, Kaiser Associates, McKinsey Payment Data, Mastercard internal analysis



# New market forces are changing the payments landscape

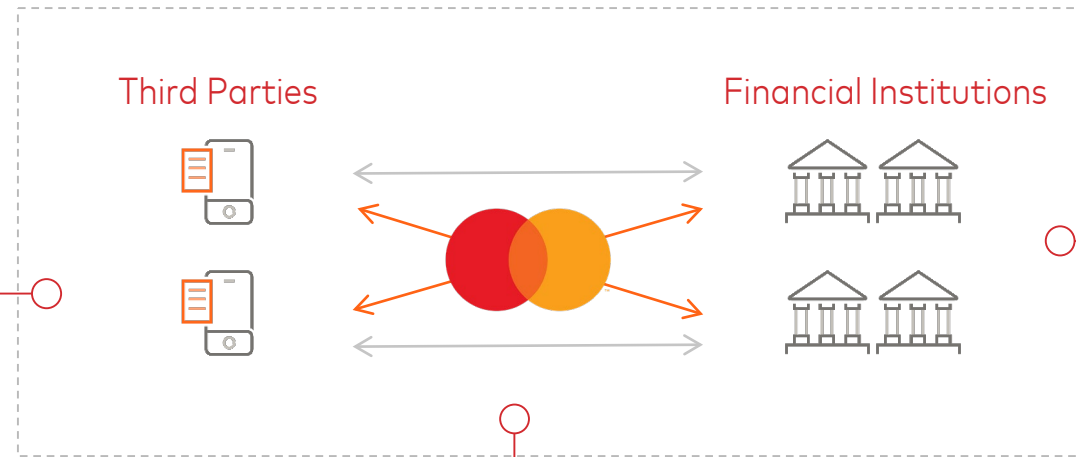


# Making Open Banking more secure, efficient and scalable

## Open Banking Ecosystem

### Solutions for Third Parties

Open Banking Connect



### Solutions for Financial Institutions

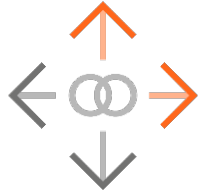
Open Banking Protect

### Ecosystem (two-sided) Solutions

Open Banking Resolve



# We have a clear strategy



## Grow

---

Everyday spend

Cross-border and e-commerce

Acceptance

Digital roadmap



## Diversify

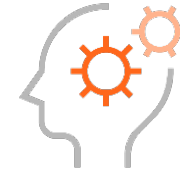
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Partner with governments

Deepen engagement  
with merchants

Continue to lead with fintechs

Strengthen local presence



## Build

---

Real-time payments to  
penetrate new payment flows

Open banking solutions

Increased B2B payments  
penetration

---

**ENABLED BY OUR SOLUTIONS SELLING APPROACH**





# The UK: a case study

Product lines	Consumer	Business
<b>Core Consumer Card Solutions</b> (Credit, Debit, Prepaid, Link)	✓	
<b>Core Commercial Solutions</b> (SME, T&E, P-Card)		✓
<b>Accounts Payable Commercial</b> (Virtual cards)		✓
<b>Person-to-Person</b> (Mastercard Send™ / Send to Account / PayM)	✓	
<b>Bill Pay</b> (Overlay service)	✓	✓
<b>Real-Time Payments</b> (Faster Payments, Pay by Bank, MITS, Open Banking)	✓	✓
<b>Acceptance</b> (Contactless, QR, PIN on Glass)	✓	✓

## Banks



## Fintechs

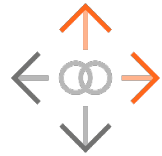


## New payment flows



# Key takeaways

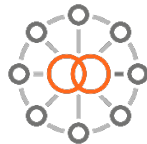
Strong  
growth potential



Digital and Open  
Banking solutions to  
address market needs



Multi-rail solutions  
providing choice to  
customers



Focused strategy  
to drive  
long-term growth



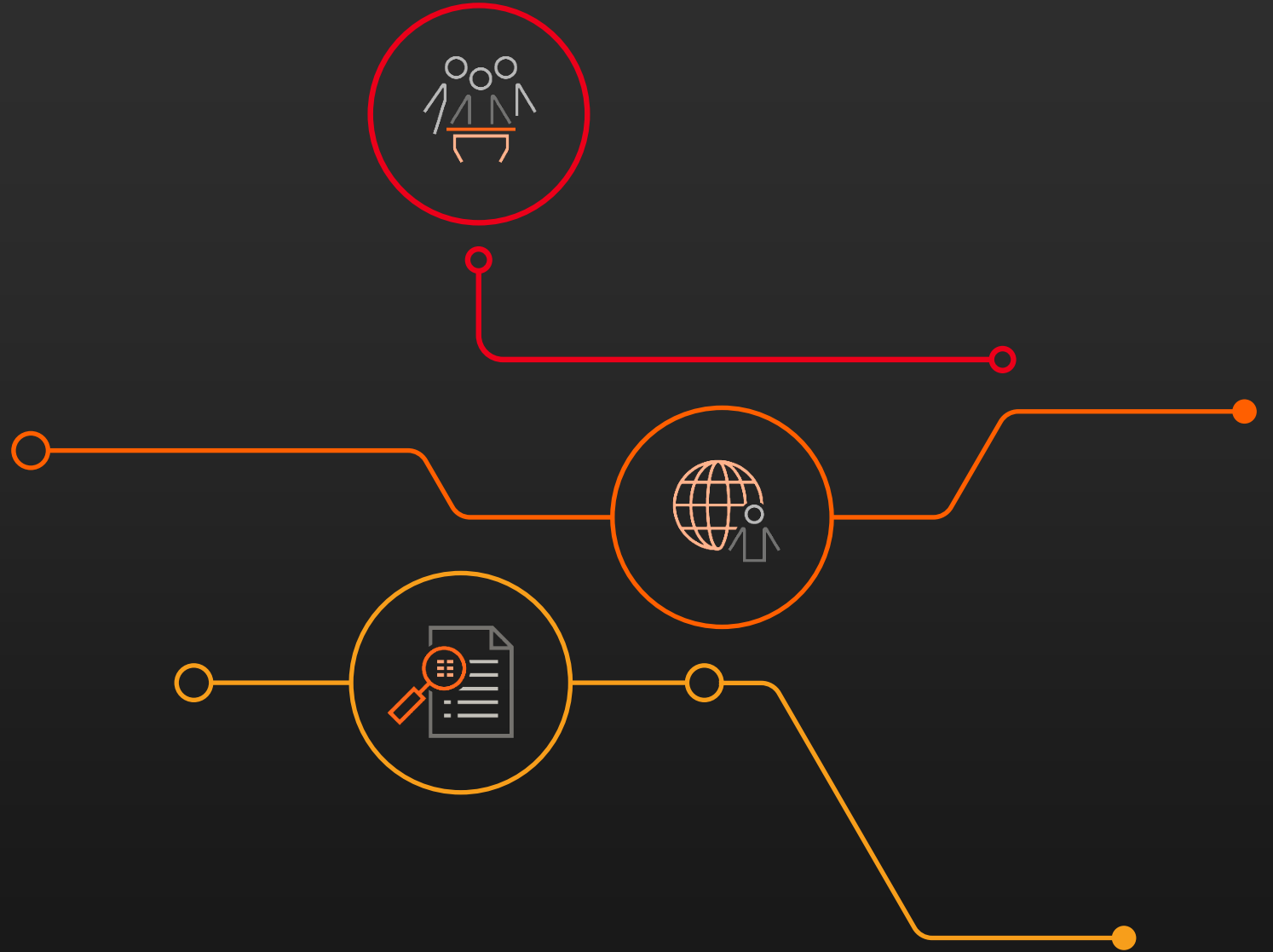
# Go-to-market update: Government engagement

Michael Froman

Vice Chairman and  
President, Strategic Growth

Tim Murphy

General Counsel



# Engagement with government is critical

## **Sizable business**

opportunity with flows still based in cash and checks...

...and strong interest in **consulting services**  
and **new technologies**

---

Becoming an  
**indispensable partner...**

...complementing our efforts to  
**mitigate nationalism**

## **Social benefits, pensions and payroll**

disbursed by governments to citizens

---

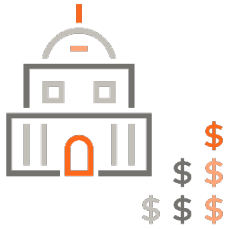
Government spend with business, including  
**procurement and travel**

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**Indirect channels** of payments, like public transit

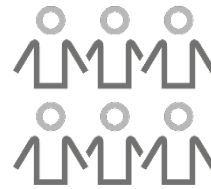


# Our government approach focuses on three priorities



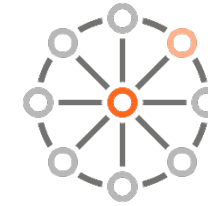
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Helping governments  
deliver services  
efficiently



---

Promoting  
inclusive growth



---

Supporting  
governments in  
advancing their  
digital ecosystems

# Government engagement mitigates nationalism

**Nationalism is not new and is here to stay...**

**...but is a challenge we've proven we can navigate...**

- Strong growth in nationalism markets
- Partnerships with national champions

**...with some important new trends...**

- Evolving approach to trade presents challenges and opportunities
- On-soil switching mandates
- Data localization requirements

**...and Mastercard is responding proactively:**

1. Enhanced government coverage
2. Leveraging new capabilities in ACH
3. Focusing on "showing up local"
4. Investing in public policy



# Our commitment to sustainability and commercially sustainable social impact



Environmental



Social



Governance

Environmental  
stewardship

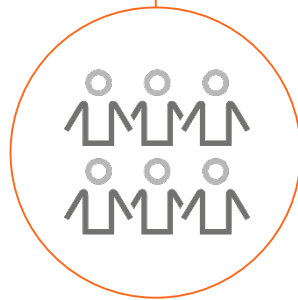
Inclusive  
growth

Inspired  
workforce

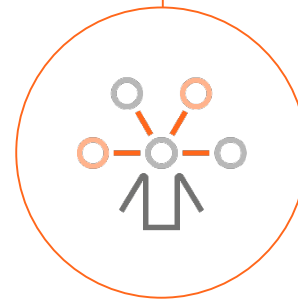
Ethical and  
responsible  
standards



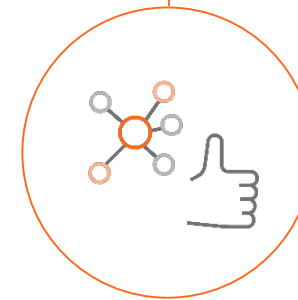
Financial  
security



Inclusive economic  
development



Future of  
workers



Data  
for good





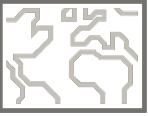
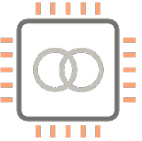

# Financial perspective

Sachin Mehra  
Chief Financial Officer





# Our business has diversified

		2012	2018
	Product diversification – debit/prepaid/commercial mix <sup>1</sup>	50%	57%
	Services as a % of net revenue	16%	26%
	% of net revenue generated outside of the US	61%	67%
	% of total transactions that we switch	49%	56%
	Contactless transactions <sup>2</sup>	1%	22%



1. Debit/prepaid/commercial share of total GDV volumes

2. Contactless transactions as a percentage of card-present transactions, excluding Venezuela

# 2019 business drivers

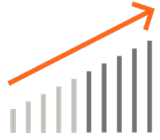
Growth (local currency)	As-reported		Switched	
	Q1	Q2	Q2	Aug QTD
Worldwide GDV <sup>1</sup>	11%	13%	15%	15%
US GDV	7%	10%	12%	12%
Rest-of-world GDV	13%	14%	18%	18%
Switched transactions <sup>2</sup>	17%	18%	18%	19%
Cross-border volume <sup>2</sup>	13%	16%	16%	16%



1. Gross dollar volume as reported; Mastercard branded only

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

# 2019 full-year financial outlook – reiterated



**Net revenue<sup>1</sup>**

**Low-teens** growth



**Operating expenses<sup>1,2</sup>**

**High-end of high-single-digits** growth



**Effective tax rate**

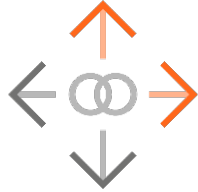
**~19%**



1. 2019 forecast versus 2018 results (currency-neutral, excluding acquisitions). Refer to Appendix B for reconciliation of non-GAAP measures

2. Excluding special items as defined in Appendix B. Refer to Appendix B for reconciliation for non-GAAP measures

# Investment priorities



## Grow

**CORE**

---

Network

Acceptance

Digital:  
Tokenization,  
Secure Remote Commerce

Commercial



## Diversify

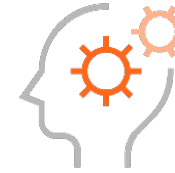
**CUSTOMERS AND  
GEOGRAPHIES**

---

Digital players

Emerging markets:  
India, China,  
MEA, LAC

Governments



## Build

**NEW AREAS**

---

B2B

Real-time payments  
and applications

Cross-border B2B and P2P

Cyber solutions

Data analytics

Open banking

---

**TO SUPPORT GROWTH OVER THE SHORT, MEDIUM AND LONG TERM**



# Economic model of new applications

Initiative	Direct		Indirect
	Per transaction	Ad valorem	Card GDV / Transactions
Bill Pay	✓		✓
Pay by Account	✓	✓	
Point-of-sale financing		✓	
Account-to-account cross-border	✓	✓ (FX related)	
Mastercard Track™	✓	✓	✓
Ethoca	✓	✓	

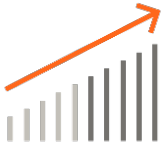


# Capital planning priorities



## Strong balance sheet

**Preserve** strong balance sheet, liquidity and credit ratings



## Long-term business growth

**Invest** in strategy-led organic and inorganic opportunities



## Return excess capital to shareholders

**Return** excess capital with bias toward share repurchases



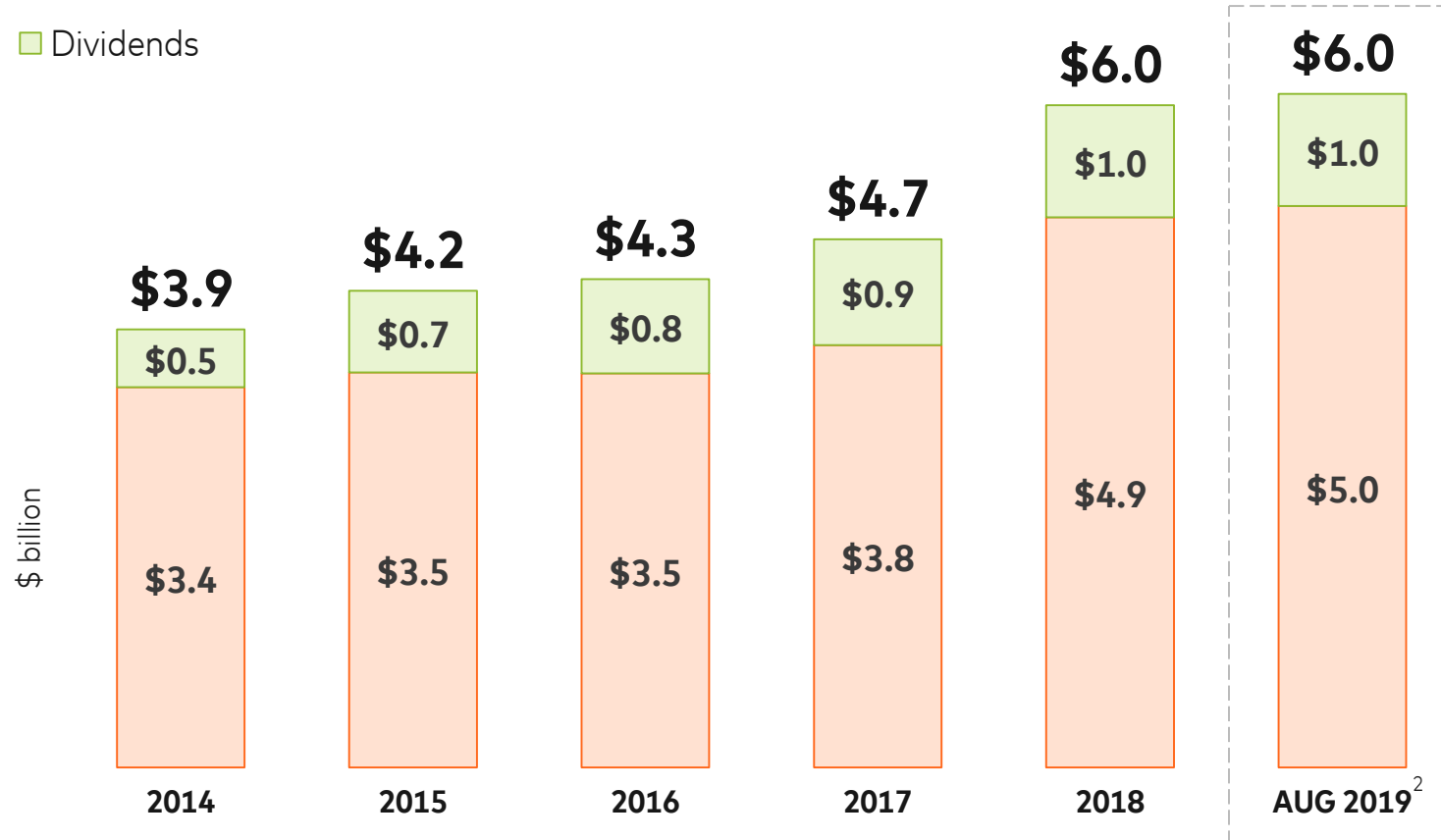
## Capital structure

**Migrate** to a more normalized mix of debt and equity over time

# Return of capital

Share repurchase

Dividends



**\$36+ billion<sup>1</sup>**  
returned to  
shareholders  
since IPO

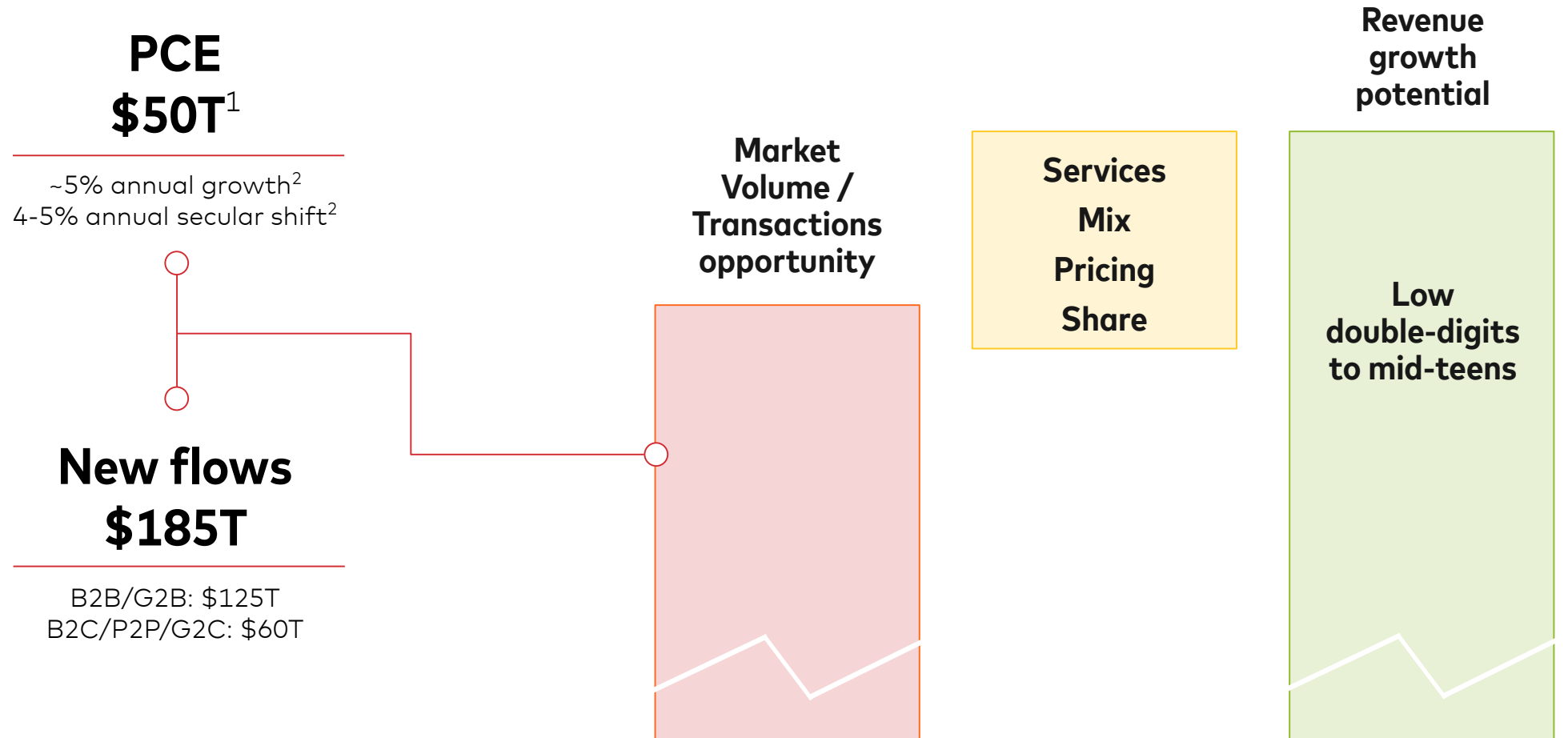


Note: Table may not sum due to rounding

1. Includes \$7.5 billion prior to 2014

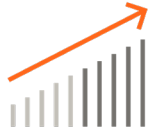
2. Year-to-date through August 30, 2019

# Long-term revenue growth potential





# 2019 – 2021 performance objectives<sup>1</sup> – reiterated



**Net revenue  
CAGR %**

**Low-teens**



**Annual operating  
margin**

**Minimum 50%**



**EPS CAGR %**

**High-teens**

## Highlights

- Grow core consumer and commercial solutions, build acceptance and increase share
- Expand service offerings and grow them faster than the core
- Invest in B2B / new payment flows
- Assumes annual PCE growth of 4-5% (i.e. no significant downturn)



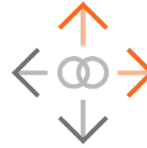
1. All figures are on a currency-neutral basis. Amounts exclude impact of acquisitions made after the beginning of 2019, special items (as defined in Appendix C) and gains/losses on equity investments. Refer to Appendix C for reconciliation of non-GAAP measures

# Final thoughts

Significant  
opportunity ahead



Investments focused  
on key growth  
opportunities



Offering broad set of  
applications, services and  
infrastructure to meet  
market requirements



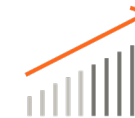
Executing on  
strategy



Continuing to return  
excess capital to  
shareholders



Well positioned for  
long-term growth



# Appendices



# Appendix A – non-GAAP reconciliation

(\$ in millions, except per share data)

							5-Year	
	2013	2014	2015	2016	2017	2018	CAGR	CAGR Currency-neutral <sup>1</sup>
Net revenue	\$ 8,312	\$ 9,441	\$ 9,667	\$ 10,776	\$ 12,497	\$ 14,950	12%	15%
Operating income - as reported	\$ 4,503	\$ 5,106	\$ 5,078	\$ 5,761	\$ 6,622	\$ 7,282	10%	13%
Special items <sup>2</sup>	95	–	140	117	182	1,128		
Adjusted operating income	\$ 4,598	\$ 5,106	\$ 5,218	\$ 5,878	\$ 6,804	\$ 8,410	13%	16%
Operating margin - as reported	54.2%	54.1%	52.5%	53.5%	53.0%	48.7%		
Special items <sup>2</sup>	1.1%	–%	1.4%	1.1%	1.4%	7.5%		
Adjusted operating margin	55.3%	54.1%	54.0%	54.5%	54.4%	56.2%		
GAAP diluted EPS	\$ 2.56	\$ 3.10	\$ 3.35	\$ 3.69	\$ 3.65	\$ 5.60	17%	21%
Special items <sup>2,3</sup>	0.05	–	0.08	0.08	0.92	0.89		
Non-GAAP diluted EPS	\$ 2.61	\$ 3.10	\$ 3.43	\$ 3.77	\$ 4.58	\$ 6.49	20%	23%

Note: Table may not sum due to rounding

1. Adjusted for both the translational and transactional foreign currency impact

Special items:

2. Impact of the following: 2013: U.S. Merchant Litigation Settlement of \$95 million pre-tax (\$0.05 per diluted share); 2015: the termination of the U.S. employee pension plan of \$79 million pre-tax (\$0.04 per diluted share) and U.K. Merchant Litigation Provision of \$61 million pre-tax (\$0.04 per diluted share); 2016: the U.K. Merchant Litigation Provision of \$117 million pre-tax (\$0.08 per diluted share); 2017: Deconsolidation of Venezuela subsidiaries of \$167 million pre-tax (\$0.10 diluted share) and Canadian Merchant Litigation Provision of \$15 million (\$0.01 per diluted share); 2018: litigation provisions of \$1,128 million pre-tax (\$0.96 per diluted share) related to a fine by the European Commissions of \$654 million, U.S. merchant class litigation and the filed and anticipated opt-out U.S. merchant cases of \$237 million, and settlements with U.K. and Pan-European merchants of \$237 million.

3. Impact of the following: 2017: net tax expense from related to the Transition Tax of \$873 million (\$0.81 per diluted share) and 2018: net tax benefit of \$75 million ((\$0.07) per diluted share) comprised of a \$90 million benefit related to the carryback of foreign tax credits due to transition rules, offset by a net \$15 million expenses related to the true-up of the 2017 transition rules.



# Appendix B – non-GAAP reconciliation

## 2019 full-year financial outlook

	2019 vs. 2018 Increase / (decrease)	
	Net revenue	Operating expenses
Forecasted growth - U.S. GAAP <sup>1</sup>	High end of low double-digits	(Mid single-digits)
Special items <sup>2</sup>	**	16%
Foreign currency <sup>3</sup>	2%	1%
Acquisitions <sup>4</sup>	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 special items related to 2018 provisions for litigation (\$1,112M 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. Impact of 2019 acquisitions which closed through the end of August. This excludes the pending acquisition of the majority of Nets' Corporate Service business, which is subject to regulatory and other conditions



# Appendix C – non-GAAP reconciliation

## Long-term performance objectives

	2019-2021 3-Year CAGR Increase/(decrease)	
	Net revenue	EPS <sup>1</sup>
GAAP	Low-teens	Low to mid 20s
Special items <sup>2</sup>	**	(6)%
Acquisitions <sup>3</sup>	(0-1)%	0%
Foreign currency <sup>4</sup>	1%	1%
Non-GAAP – currency-neutral	Low-teens	High-teens

\*\* Not applicable.

1. Based on 2018 pro forma EPS utilized to measure 3-year diluted EPS target performance (2019-2021). Refer to Appendix D

2. Impact of special items relates to litigation provisions (\$0.96 per diluted share), offset by a net tax benefit (\$0.07 per diluted share)

3. Impact of 2019 acquisitions which closed through the end of August. This excludes the pending acquisition of the majority of Nets' Corporate Service business, which is subject to regulatory and other conditions

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



# Appendix D – non-GAAP reconciliation

## 2018 full-year EPS

<b>2018 Diluted Earnings Per Share GAAP</b>	<b>\$5.60</b>
Litigation provisions <sup>2</sup>	0.96
Tax act <sup>3</sup>	(0.07)
<b>2018 Diluted Earnings Per Share Non-GAAP</b>	<b>\$6.49</b>

\*\* Not applicable.

1. Full-year EPS utilized to measure 3-year EPS target performance (2019-2021)

2. Impact of the 2018 provisions for litigation (\$1,008M after tax)

3. Impact of the 2018 tax benefits (\$75M)

