

Strong execution with identifiable timing and financial-support effects

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue	\$9.807 billion	\$9.67 billion	+1.4%
Diluted EPS (adjusted)	\$5.31	\$5.17	+2.7%

2 | GUIDANCE AND OUTLOOK

Full-year organic, currency-neutral revenue growth was reaffirmed at the high end of low double digits, with adjusted expense growth reaffirmed at low double digits. GAAP expense growth moved from the high end of high single digits to the low end of low double digits. Q4 organic, currency-neutral revenue and adjusted expense growth are expected at the high end of low double digits. Q4 faces revenue pull-forward reversal, pricing anniversaries, higher incentives and an approximately 1 percentage point currency revenue headwind.

3 | EARNINGS ANALYSIS

SERVICES AND TIMING DRIVE OUTPERFORMANCE. Revenue rose 14%, with payment network revenue up 11% and value-added services and solutions up 19%. Services generated approximately 52.7% of incremental revenue despite representing approximately 41.4% of current revenue. These are revenue categories, not independently reported operating segments. Stronger monetization, mix and services penetration supported growth, but services projects and deal signings moved from Q4 into Q3, with a similar Q4 offset. Maintained annual underlying revenue expectations materially limit the annual earnings implications of the quarterly outperformance.

EARNINGS OUTRUN CASH CONVERSION. Adjusted EPS grew 21%, exceeding approximately 15% adjusted operating income growth. The adjusted tax rate fell from 21.4% to 20.1%, and management identified a \$0.16 EPS contribution from repurchases. These benefits are not operating improvement. Derived standalone Q3 operating cash flow declined approximately 10.2% to \$5.087 billion. Year-to-date cash conversion fell from approximately 116% to 92%. Higher customer incentive payments, litigation settlements and settlement timing outweighed higher earnings; this does not establish weaker collections or an earnings-recognition problem.

NET YIELD FACES OFFSETS. Adjusted operating margin expanded approximately 70 basis points year over year to 60.5%, but declined from 61.1% in Q2. Incentives rose 18% to \$6.369 billion and consumed approximately 52.6% of gross network assessments, versus approximately 51.0% a year earlier. Management expects a higher Q4 incentive ratio alongside pricing anniversaries. Matching qualitative Q4 revenue and expense growth bands imply less obvious organic operating leverage; continued margin expansion at Q3's pace should not be assumed.

CAPITAL RETURNS EXCEED INTERNAL FUNDING. Year-to-date shareholder distributions totaled \$14.204 billion, exceeding analytical free cash flow of \$10.718 billion, defined as operating cash flow less property and equipment purchases and capitalized software. Debt carrying value rose from approximately \$19.0 billion to \$23.9 billion, while cash declined to approximately \$10.147 billion. An undrawn \$8 billion revolver supports substantial liquidity, not financial distress. Repurchases were not funded solely by current-period free cash flow; Q3 interest expense increased from \$186 million to \$250 million.

CROSS-BORDER MIX REMAINS RESILIENT. Higher-yielding other cross-border growth remained 12% in Q3 and early October, while lower-yielding intra-Europe growth slowed to 8% in early October. Weakness spreading into higher-yielding activity would be materially more concerning than the disclosed mix pattern.

STRATEGIC RELEVANCE PRECEDES EARNINGS. OpenAI, Shopify and the Global Money Platform demonstrate commercialization, but agentic volumes are not yet significant and BVNK contributed minimally. These initiatives improve franchise durability more clearly than near-term earnings estimates. Strong execution provides less evidence that the long-term growth algorithm has changed.

4 | KEY READ-THROUGHS

HIGHER ENERGY PRICES BENEFIT FUEL-PAYMENT REVENUE WHILE DAMAGING AIRLINE EARNINGS
WEX (WEX); American Airlines (AAL) | Positive / Negative | Material
Higher gasoline spending supports nominal payment values, not necessarily real consumption. WEX disclosed a \$57.3 million favorable Q3 fuel-price revenue effect; Mastercard's October commentary supports persistence into Q4. American's Q4 outlook implied approximately \$2.8 billion of additional fuel expense year over year. WEX's revenue benefit can increase working-capital needs, while strong premium demand and loyalty engagement do not neutralize American's fuel burden. Its Q4 fuel assumption of approximately \$4.70 per gallon used the October 19 forward curve.

EUROPEAN CUSTOMS FRICTION IS BECOMING A REAL OPERATING HEADWIND FOR LOW-VALUE IMPORT PLATFORMS
PDD Holdings (PDD) | Negative | Potentially meaningful for European direct-import unit economics
Mastercard linked weaker intra-Europe activity partly to a new EU customs fee. The €3 duty applies to each distinct tariff-category item in qualifying consignments below €150, not simply each parcel. Passing costs through hurts delivered-price competitiveness; absorbing them reduces contribution. Local inventory changes fulfillment economics. The mechanism is adverse for Temu, but Mastercard does not identify Temu-specific order losses or consolidated earnings sensitivity. Customs costs, promotional timing and cryptocurrency comparisons separately contributed to the slowdown; attribution is not exclusive.

SHOPIFY IS RETAINING THE TRANSACTION LAYER EVEN WHEN AI AGENTS CONTROL DISCOVERY
Shopify (SHOP) | Positive | Moderate strategic significance, with a small and currently unquantified near-term earnings contribution
Shop Pay uses Agent Pay and network tokens to preserve consumer credentials across agentic transactions and already operates on multiple agent platforms. Shopify can retain checkout, order creation and payment services while discovery moves elsewhere. Off-platform purchases broaden distribution, but agent orders are not automatically incremental spending. The nonexclusive architecture supports relevance, not a material near-term earnings acceleration; agentic volumes are “not yet significant in the grand scheme.” November 3 earnings should clarify merchant readiness, payment penetration and conversion.

CUSTOMER INCENTIVES ARE A SECTOR-WIDE CLAIM ON NETWORK PRICING GAINS
Visa (V) | Negative | Moderate for the forward earnings bridge
Mastercard expects a higher Q4 incentive ratio, corroborating distribution partners' bargaining power. Visa already disclosed 21% client-incentive growth and approximately 25% of payment volume scheduled for fiscal 2027 renewal, including large customers. Contract renewals determine how much pricing and services monetization networks retain. This confirms competitive pressure already reflected in Visa's outlook, not a newly discovered shortfall or an automatic earnings upgrade. Strong volumes do not prove that gross pricing gains accrue entirely to shareholders.