

# Mastercard Incorporated

Third-Quarter 2021 Financial Results Conference Call

October 28, 2021



# Business Update

————— Key Trends

————— Business Highlights

————— Financial Overview



# 3rd Quarter Selected Financial Performance

(\$ in millions, except per share data)

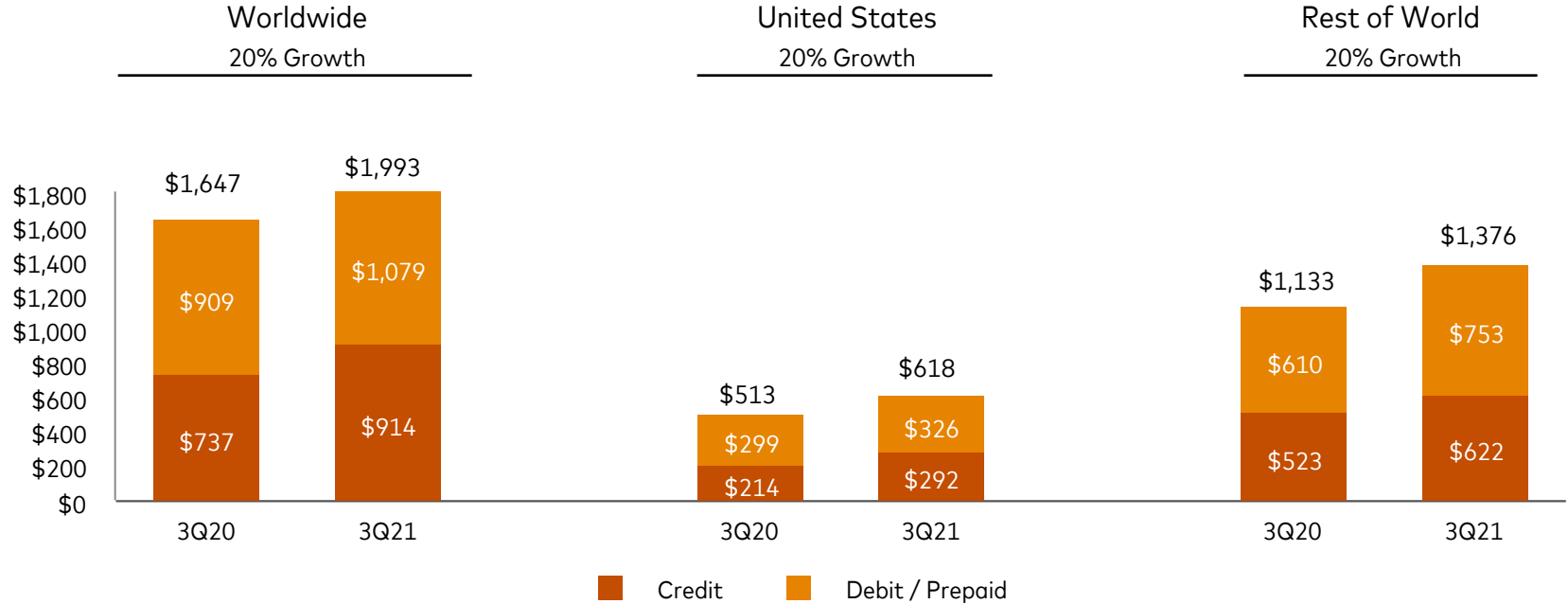
	3Q 21	3Q 20	YOY Growth	
	Non-GAAP	Non-GAAP	As adjusted	Currency-neutral
Net revenue	\$ 4,985	\$ 3,837	30%	29%
Adjusted operating expenses	2,158	1,732	25%	23%
Adjusted operating income	2,827	2,105	34%	34%
<i>Adjusted operating margin</i>	56.7 %	54.9 %	1.8 ppt	2.0 ppt
Adjusted net income	\$ 2,341	\$ 1,605	46%	45%
Adjusted diluted EPS	\$ 2.37	\$ 1.60	48%	48%
Adjusted effective tax rate	14.4 %	20.0 %		

Note: See Appendix A for Non-GAAP reconciliation.



# 3rd Quarter Gross Dollar Volume (GDV)

(\$ in billions)



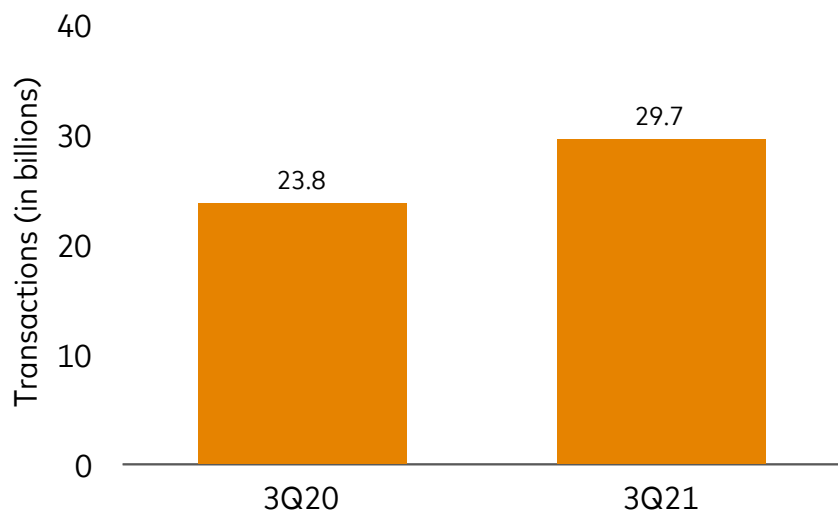
Notes: 1. Growth rates are shown in local currency.  
2. Figures may not sum due to rounding.



# 3rd Quarter Switched Transactions and Cards

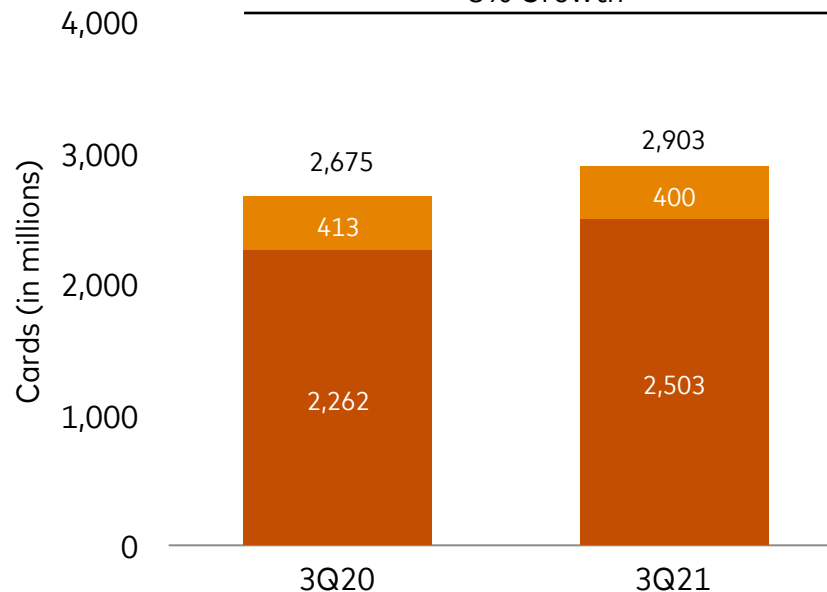
## Switched Transactions

25% Growth\*



## Cards

8% Growth



Notes: Figures may not sum due to rounding.

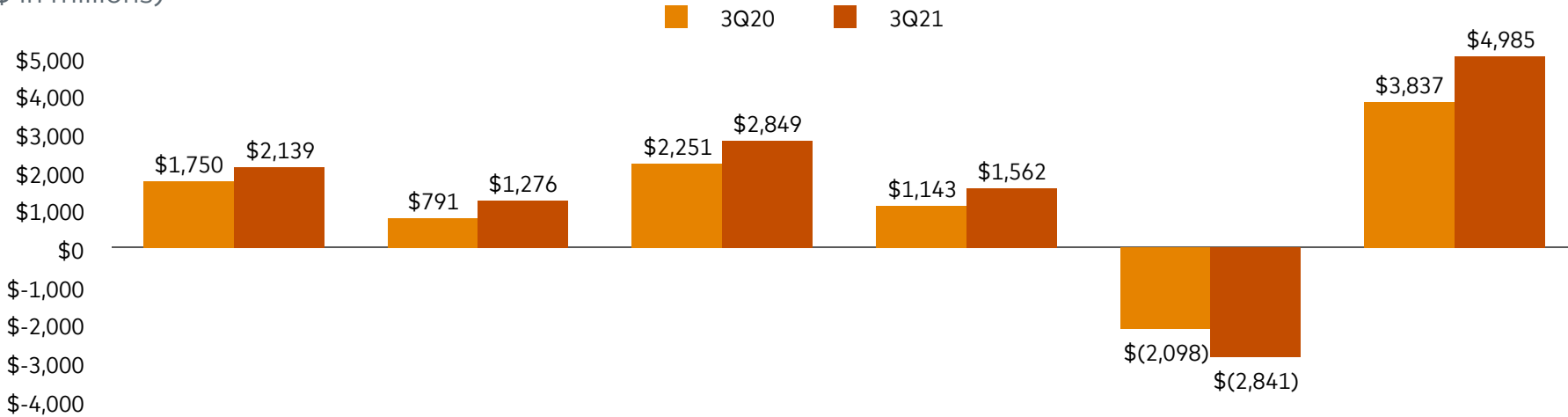
\*Growth rates have been normalized to eliminate the effects of differing switching and carryover days between periods.

■ Mastercard Cards    ■ Maestro Cards



# 3rd Quarter Revenue

(\$ in millions)



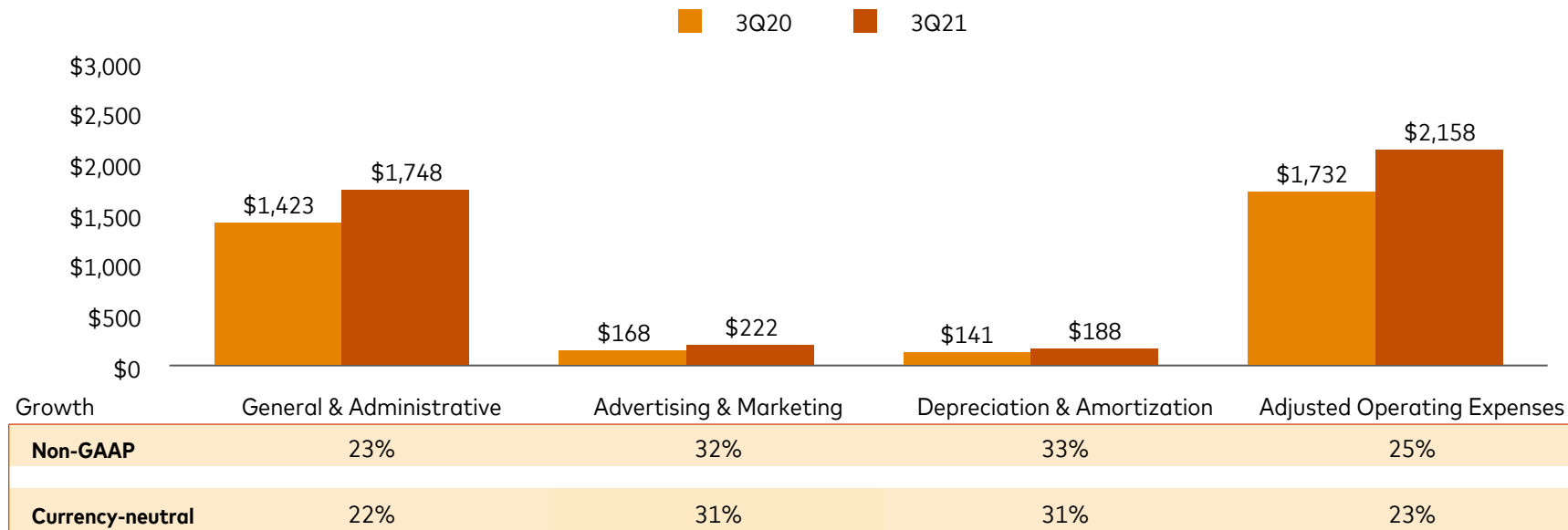
Growth	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing	Other Revenues	Rebates and Incentives	Total Net Revenue
<b>As reported</b>	22%	61%	27%	37%	35%	30%
<b>Currency-neutral</b>	21%	59%	26%	35%	34%	29%

Note: Figures may not sum due to rounding.



# 3rd Quarter Adjusted Operating Expenses

(\$ in millions)



Note: See Appendix A for Non-GAAP reconciliation. Figures may not sum due to rounding.



# Business Update Through October 21<sup>st</sup>

	2021 vs. 2020 year-over-year growth % <sup>1</sup>						2021 as a percentage of 2019 <sup>1,3</sup>					
	Q2	Jul	Aug	Sep	Q3	Oct 21 MTD	Q2	Jul	Aug	Sep	Q3	Oct 21 MTD
<b>Switched volume<sup>2</sup></b>	<b>44%</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>29%</b>	<b>127%</b>	<b>130%</b>	<b>131%</b>	<b>132%</b>	<b>131%</b>	<b>134%</b>
United States	38%	24%	22%	21%	23%	23%	130%	131%	128%	128%	129%	130%
Worldwide less U.S.	49%	32%	33%	33%	33%	35%	125%	129%	134%	134%	132%	138%
<b>Switched transactions</b>	<b>41%</b>	<b>27%</b>	<b>24%</b>	<b>24%</b>	<b>25%</b>	<b>25%</b>	<b>127%</b>	<b>131%</b>	<b>131%</b>	<b>131%</b>	<b>131%</b>	<b>132%</b>
<b>Cross-border volume<sup>2</sup></b>	<b>58%</b>	<b>47%</b>	<b>54%</b>	<b>55%</b>	<b>52%</b>	<b>55%</b>	<b>87%</b>	<b>91%</b>	<b>100%</b>	<b>101%</b>	<b>97%</b>	<b>105%</b>
Intra-Europe	48%	40%	48%	52%	47%	51%	97%	104%	116%	116%	112%	121%
Other Cross-Border	71%	59%	62%	58%	60%	59%	79%	78%	83%	87%	83%	91%
XB CNP ex travel	33%	23%	27%	30%	27%	23%	169%	149%	156%	159%	155%	159%
XB Travel (CP + CNP travel)	131%	80%	86%	93%	86%	114%	48%	67%	76%	73%	72%	77%

1. Normalized to eliminate the effects of differing switching and carryover days between periods

2. Mastercard-branded programs only; on a local currency basis

3. Represents 2021 volume or transactions expressed as a percentage of the comparable 2019 amounts, adjusted for currency impacts





# Looking Ahead

———— Further thoughts



# Appendices



# Appendix A

## Non-GAAP Reconciliation

(\$ in millions, except per share data)

### Three Months Ended September 30, 2021

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 2,268	\$ 2,717	54.5 %	\$ 99	14.3 %	\$ 2,414	\$ 2.44
(Gains) losses on equity investments <sup>1</sup>	**	**	**	(197)	(0.2) %	(163)	(0.16)
Litigation provisions <sup>2</sup>	(27)	27	0.6 %	**	0.1 %	22	0.02
Indirect tax matter <sup>3</sup>	(82)	82	1.6 %	6	0.2 %	69	0.07
Non-GAAP	<u>\$ 2,158</u>	<u>\$ 2,827</u>	<u>56.7 %</u>	<u>\$ (92)</u>	<u>14.4 %</u>	<u>\$ 2,341</u>	<u>\$ 2.37</u>

### Three Months Ended September 30, 2020

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 1,732	\$ 2,105	54.9 %	\$ (190)	21.0 %	\$ 1,513	\$ 1.51
(Gains) losses on equity investments <sup>1</sup>	**	**	**	91	(1.0) %	92	0.09
Non-GAAP	<u>\$ 1,732</u>	<u>\$ 2,105</u>	<u>54.9 %</u>	<u>\$ (99)</u>	<u>20.0 %</u>	<u>\$ 1,605</u>	<u>\$ 1.60</u>

Note: Figures may not sum due to rounding.

\*\* Not applicable

<sup>1</sup> Q3'21 and Q3'20, pre-tax net gains of \$197 million and net losses \$91 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

<sup>2</sup> Q3'21 pre-tax charges of \$27 million, were related to litigation settlements and estimated attorneys' fees with U.K. merchants.

<sup>3</sup> Q3'21 pre-tax charge of \$88 million related to the anticipated resolution of a foreign indirect tax matter for 2015 through the current period and the related interest.



# Appendix A (continued)

## Non-GAAP Reconciliation

### Three Months Ended September 30, 2021 as compared to the Three Months Ended September 30, 2020

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	30 %	31 %	29 %	(0.4) ppt	(6.7) ppt	59 %	62 %
(Gains) losses on equity investments <sup>1</sup>	**	**	**	**	0.8 ppt	(20) %	(19) %
Litigation provisions <sup>2</sup>	**	(2) %	1 %	0.6 ppt	0.1 ppt	1 %	1 %
Indirect tax matter <sup>3</sup>	**	(5) %	4 %	1.6 ppt	0.2 ppt	5 %	5 %
Non-GAAP	30 %	25 %	34 %	1.8 ppt	(5.6) ppt	46 %	48 %
Currency impact <sup>4</sup>	(1) %	(1) %	(1) %	0.1 ppt	— ppt	(1) %	(1) %
Non-GAAP - currency-neutral	29 %	23 %	34 %	2.0 ppt	(5.6) ppt	45 %	48 %

Note: Figures may not sum due to rounding.

\*\* Not applicable

<sup>1</sup> Q3'21 and Q3'20, pre-tax net gains of \$197 million and net losses \$91 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

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<sup>3</sup> Q3'21 pre-tax charge of \$88 million related to the anticipated resolution of a foreign indirect tax matter for 2015 through the current period and the related interest.

<sup>4</sup> Represents the translational and transactional impact of currency and the related impact of the company's foreign exchange derivative contracts designated as cash flow hedging instruments.



# Appendix B

## Non-GAAP Reconciliation

### Fourth-quarter 2021 financial outlook

	Q4'21 vs. Q4'20 Increase/(Decrease)	
	Net Revenue	Operating Expenses
<b>Forecasted Growth - GAAP<sup>1</sup></b>	Mid 20's	Mid-teens
<b>Litigation provisions<sup>2</sup></b>	**	3%
<b>Non-GAAP Growth</b>	Mid 20's	High-end of high-teens
<b>Currency impact<sup>3</sup></b>	0.5%	(0.5)%
<b>Acquisitions<sup>4</sup></b>	(2-3)%	(8)%
<b>Non-GAAP Growth, currency-neutral, excluding acquisitions</b>	Low 20's	Low-end of low-double-digits

\*\* Not applicable.

<sup>1</sup> GAAP - Q4'21 forecast versus Q4'20 reported results

<sup>2</sup> Impact of Q4'20 provisions for litigation (\$45M).

<sup>3</sup> Represents the projected translational and transactional impact of currency and the related impact of the company's foreign exchange derivative contracts designated as cash flow hedging instruments.

<sup>4</sup> Acquisitions closed after the beginning of 2020.

