

Mastercard Incorporated

Second-Quarter 2020 Financial Results Conference Call

July 30, 2020



Business Update

————— Financial Overview

————— COVID-Recovery Update

————— Business Highlights



2nd Quarter Selected Financial Performance

(\$ in millions, except per share data)

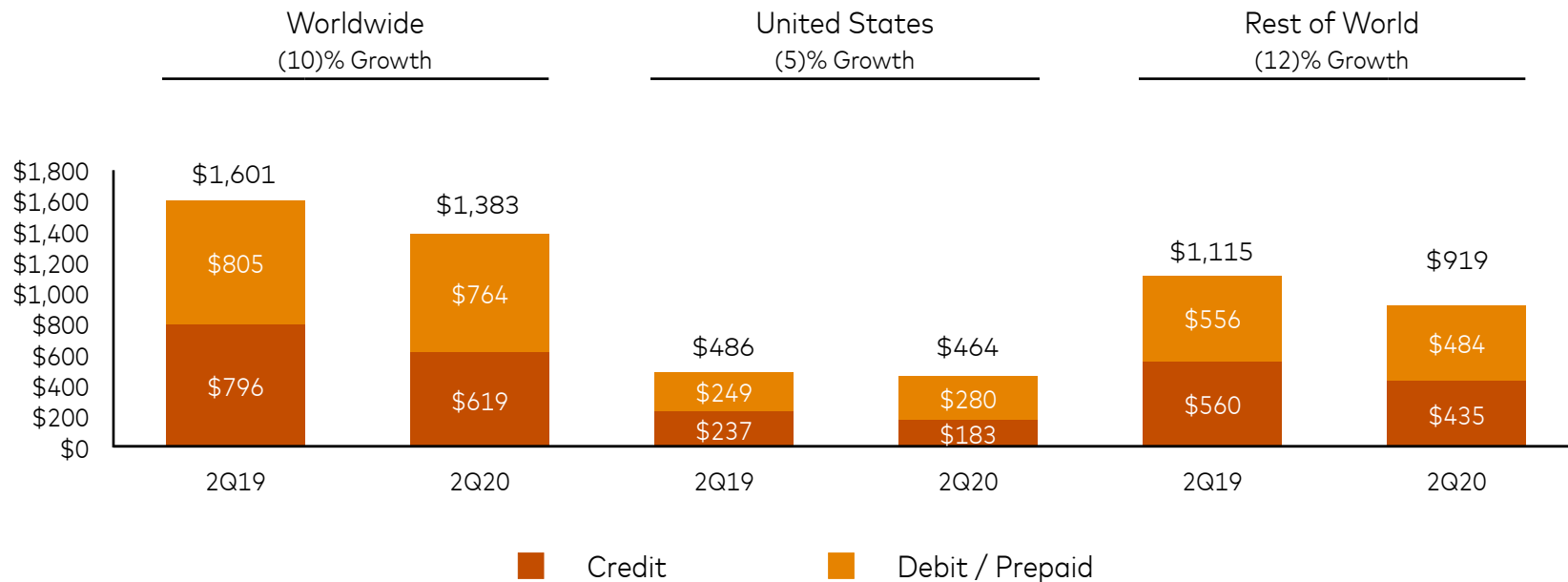
			YOY Growth	
	2Q 20 Non-GAAP	2Q 19 Non-GAAP	As adjusted	Currency Neutral
Net revenue	\$ 3,335	\$ 4,113	(19)%	(17)%
Adjusted operating expenses	1,606	1,716	(6)%	(5)%
Adjusted operating income	1,728	2,397	(28)%	(25)%
<i>Adjusted operating margin</i>	51.8%	58.3%	(6.4) ppt	(6.0) ppt
Adjusted net income	\$ 1,370	\$ 1,937	(29)%	(27)%
Adjusted diluted EPS	\$ 1.36	\$ 1.89	(28)%	(26)%
Adjusted effective tax rate	16.3%	18.5%		

Note: See Appendix A for Non-GAAP reconciliation.



2nd Quarter Gross Dollar Volume (GDV)

(\$ in billions)



Notes: 1. Growth rates are shown in local currency.

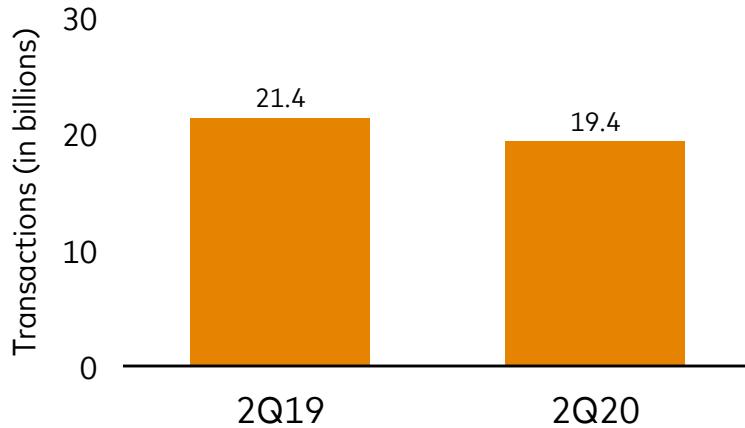
2. Figures may not sum due to rounding.



2nd Quarter Switched Transactions and Cards

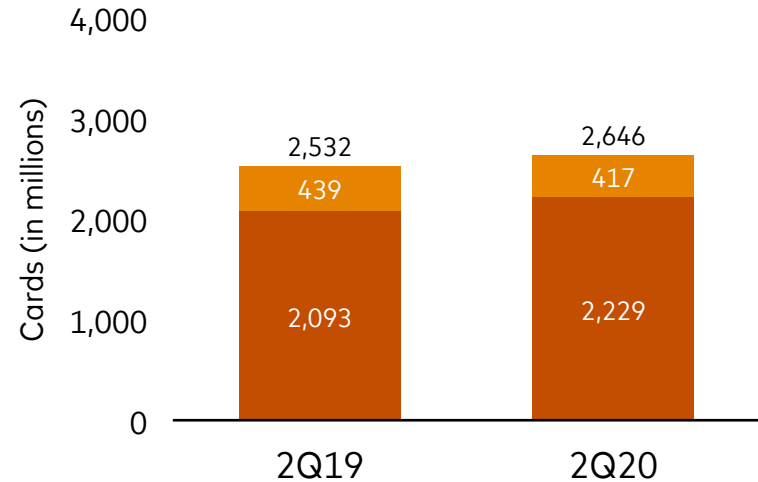
Switched Transactions

(10)% Growth



Cards

5% Growth



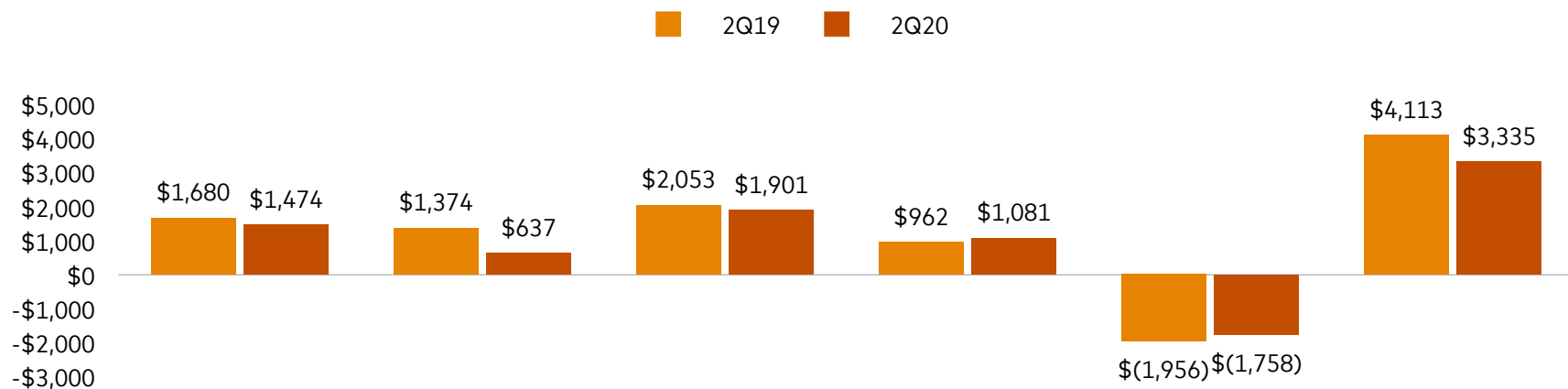
■ Mastercard Cards ■ Maestro Cards

Notes: Figures may not sum due to rounding.



2nd Quarter Revenue

(\$ in millions)



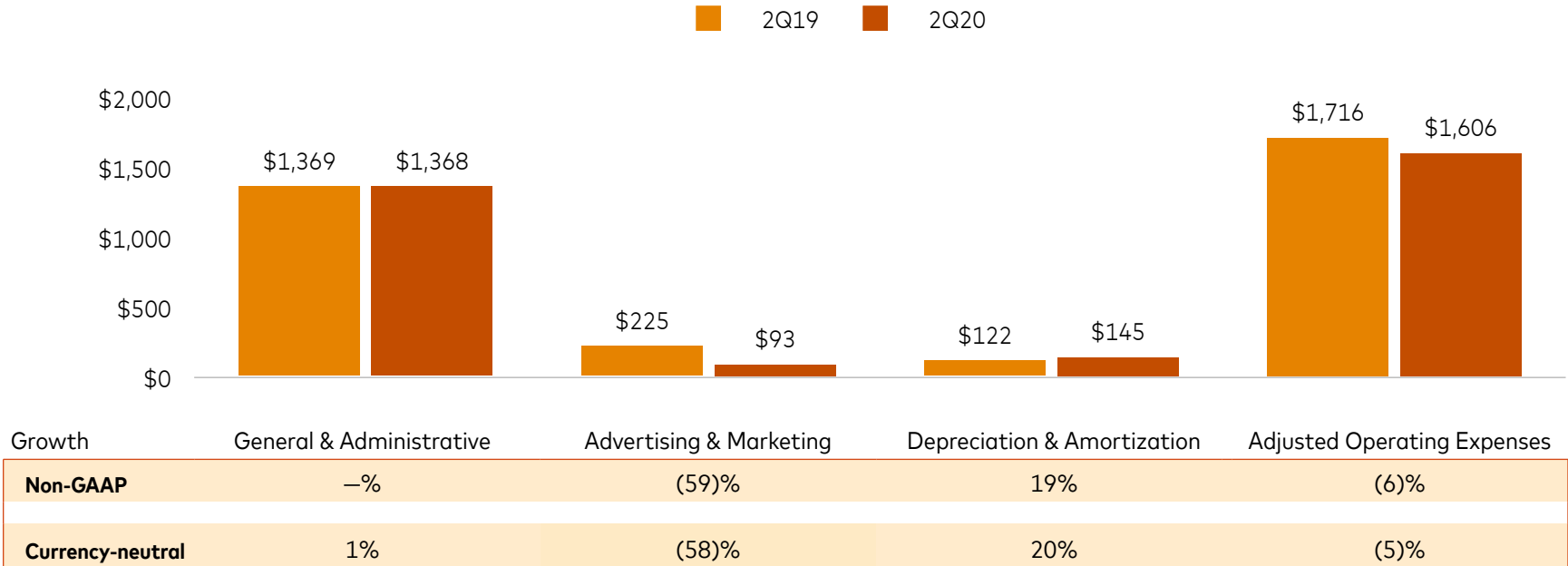
Growth	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing	Other Revenues	Rebates and Incentives	Total Net Revenue
As reported	(12)%	(54)%	(7)%	12%	(10)%	(19)%
Currency-neutral	(8)%	(52)%	(6)%	14%	(7)%	(17)%

Note: Figures may not sum due to rounding.



2nd Quarter Adjusted Operating Expenses

(\$ in millions)



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



Business Update Through July 21st

year-over-year growth %

	April Full Month ¹	May Full Month ¹	June Full Month ¹	Week ending July 7	Week ending July 14	Week ending July 21
Switched volume¹	(23)%	(9)%	(3)%	1%	2%	1%
United States	(18)%	(2)%	2%	6%	7%	5%
Worldwide less U.S.	(27)%	(15)%	(7)%	(3)%	(2)%	(3)%
Switched transactions²	(20)%	(7)%	(2)%	2%	4%	3%
Cross-border volume¹	(50)%	(44)%	(41)%	(37)%	(38)%	(40)%
Intra-Europe	(39)%	(34)%	(31)%	(25)%	(25)%	(27)%
Other Cross-Border	(59)%	(53)%	(51)%	(49)%	(51)%	(52)%

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

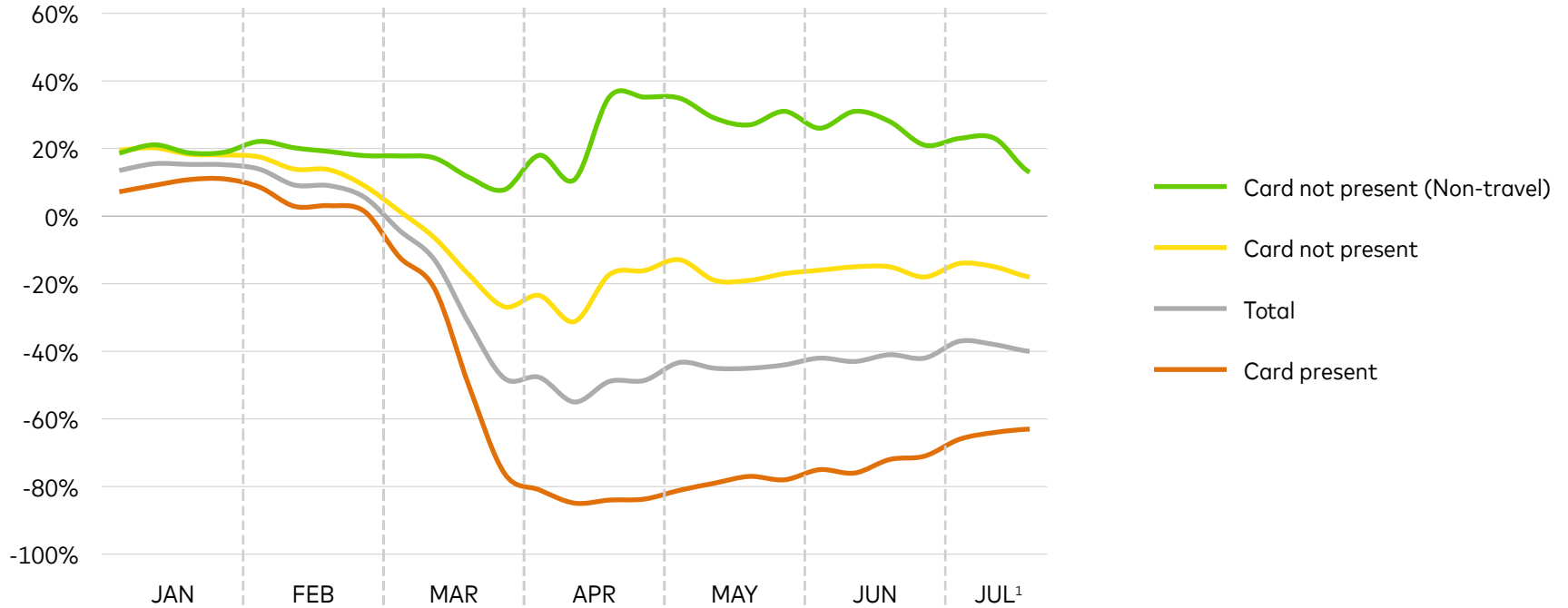
2. Mastercard-branded programs only; on a local currency basis

3. Total number of transactions switched by Mastercard

July 30, 2020



Cross-border Volume Trends



1. Through July 21st MTD

Note: Cross-border volume growth is calculated in a manner as defined in our Supplemental Operational Performance Data

July 30, 2020



Looking Ahead

———— Further thoughts



Appendices



Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

	Three Months Ended June 30, 2020						
	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	\$ 1,628	\$ 1,707	51.2%	\$ (17)	16.0%	\$ 1,420	\$ 1.41
(Gains) losses on equity investments ¹	**	**	**	(75)	0.2%	(67)	\$ (0.07)
Litigation provisions ²	(22)	22	0.7%	**	0.1%	17	\$ 0.02
Non-GAAP	<u>\$ 1,606</u>	<u>\$ 1,728</u>	<u>51.8%</u>	<u>\$ (92)</u>	<u>16.3%</u>	<u>\$ 1,370</u>	<u>\$ 1.36</u>
	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
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	<u>\$ 1,716</u>	<u>\$ 2,397</u>	<u>58.3%</u>	<u>\$ (21)</u>	<u>18.5 %</u>	<u>\$ 1,937</u>	<u>\$ 1.89</u>

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q2'20 and Q2'19, net gains of \$75 million and \$143 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

² Q2'20 pre-tax charges of \$22 million related to estimated attorneys' fees and litigation settlements with U.K. and Pan-European merchants.



Appendix A (continued)

Non-GAAP Reconciliation

Three Months Ended June 30, 2020 as compared to the Three Months Ended June 30, 2019

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	(19)%	(5)%	(29)%	(7.1) ppt	(2.7) ppt	(31)%	(30)%
(Gains) losses on equity investments ¹	**	**	**	**	0.4 ppt	1 %	— %
Litigation provisions ²	**	(1)%	1 %	0.7 ppt	0.1 ppt	1 %	1 %
Non-GAAP	(19)%	(6)%	(28)%	(6.4) ppt	(2.2) ppt	(29)%	(28)%
Currency impact ³	2 %	2 %	2 %	0.4 ppt	0.3 ppt	2 %	2 %
Non-GAAP - currency-neutral	(17)%	(5)%	(25)%	(6.0) ppt	(1.9) ppt	(27)%	(26)%

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q2'20 and Q2'19, net gains of \$75 million and \$143 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

² Q2'20 pre-tax charges of \$22 million related to estimated attorneys' fees and litigation settlements with U.K. and Pan-European merchants.

³ Represents the translational and transactional impact of currency.



Appendix B

Non-GAAP Reconciliation

Third quarter 2020 operating expenses outlook

	Q3'20 vs. Q3'19 Increase/(Decrease)
Forecasted Growth - GAAP ¹	Mid-single-digits
Litigation provisions	**
Non-GAAP Growth	Mid-single-digits
Currency impact ²	0%
Acquisitions ³	(6-7)%
Non-GAAP Growth, currency neutral, excluding acquisitions	(Low-single-digits)

** Not applicable.

¹ GAAP - Q3'20 Forecast versus Q3'19 reported results

² Represents the projected translational and transactional impact of currency.

³ Acquisitions closed after the beginning of 2019.

