

Mastercard Incorporated

Third-Quarter 2020 Financial Results Conference Call

October 28, 2020



Business Update

————— Key Trends

————— Business Highlights

————— Financial Overview



3rd Quarter Selected Financial Performance

(\$ in millions, except per share data)

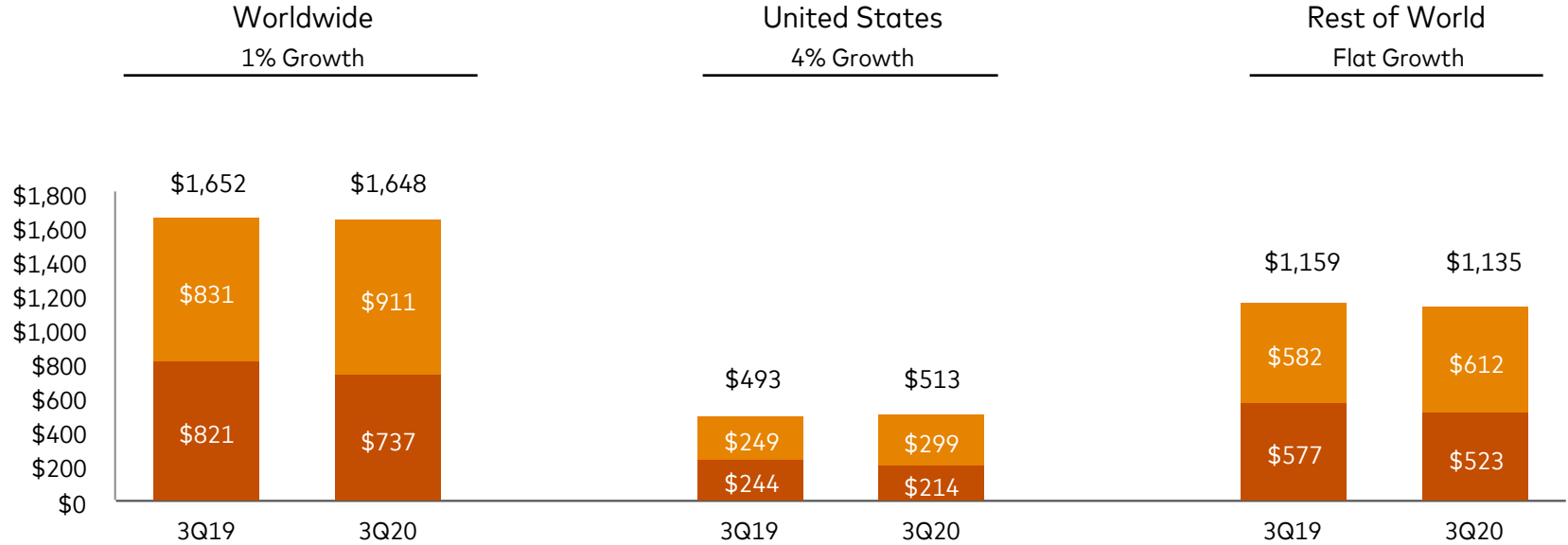
			YOY Growth	
	3Q 20 Non-GAAP	3Q 19 Non-GAAP	As adjusted	Currency Neutral
Net revenue	\$ 3,837	\$ 4,467	(14)%	(14)%
Adjusted operating expenses	1,732	1,812	(4)%	(5)%
Adjusted operating income	2,105	2,655	(21)%	(20)%
<i>Adjusted operating margin</i>	54.9 %	59.4 %	(4.6) ppt	(4.2) ppt
Adjusted net income	\$ 1,605	\$ 2,191	(27)%	(26)%
Adjusted diluted EPS	\$ 1.60	\$ 2.15	(26)%	(25)%
Adjusted effective tax rate	20.0 %	16.8 %		

Note: See Appendix A for Non-GAAP reconciliation.



3rd Quarter Gross Dollar Volume (GDV)

(\$ in billions)

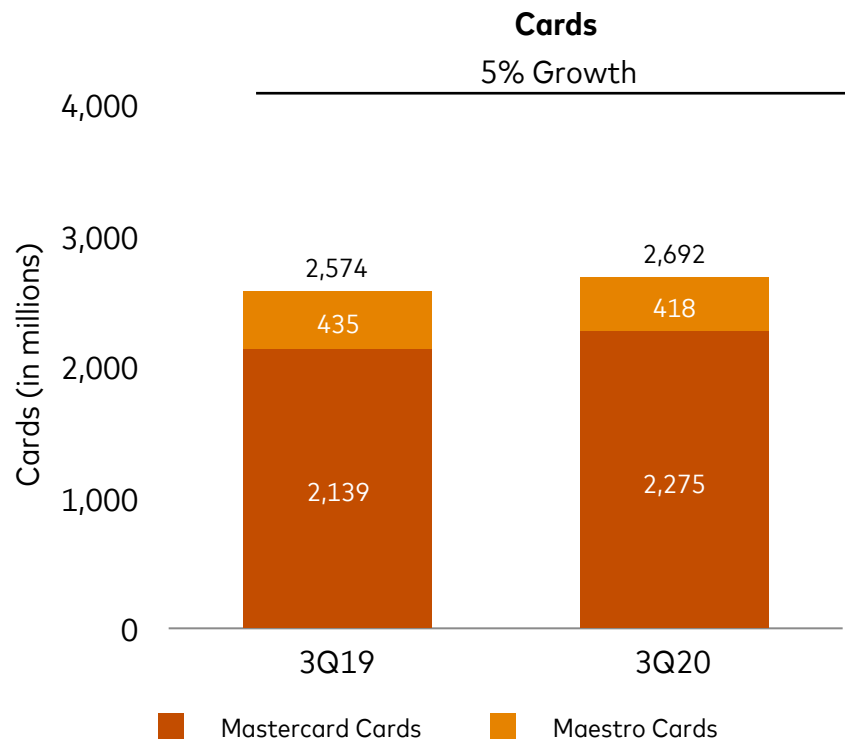
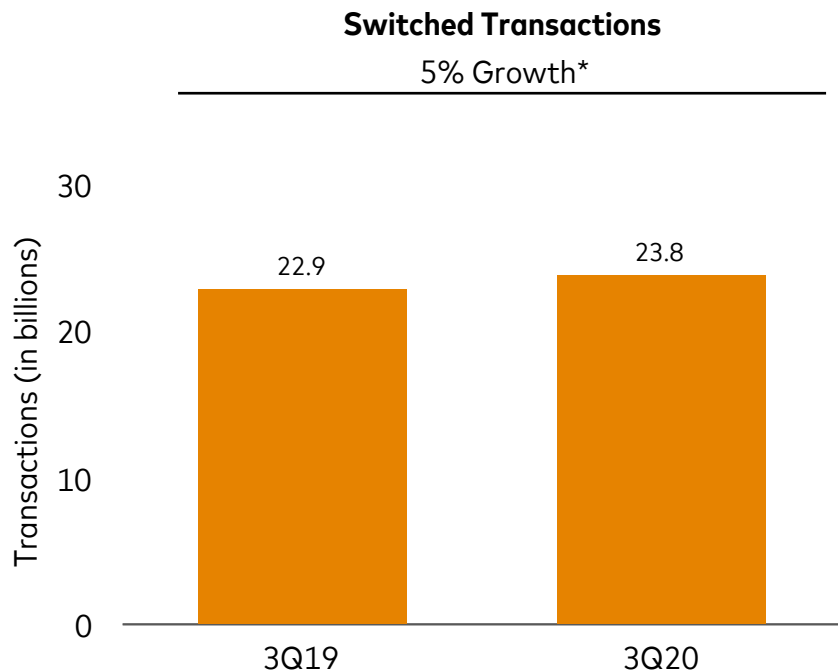


Notes: 1. Growth rates are shown in local currency.
2. Figures may not sum due to rounding.

■ Credit ■ Debit / Prepaid



3rd Quarter Switched Transactions and Cards



Notes: Figures may not sum due to rounding.

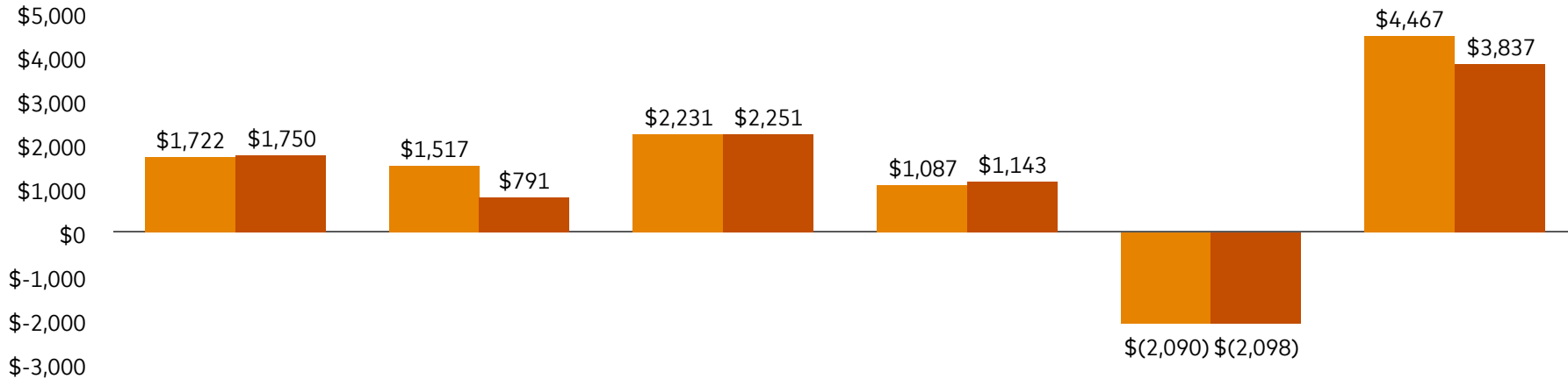
*Growth rates have been normalized to eliminate the effects of differing switching and carryover days between periods.



3rd Quarter Revenue

(\$ in millions)

3Q19 3Q20



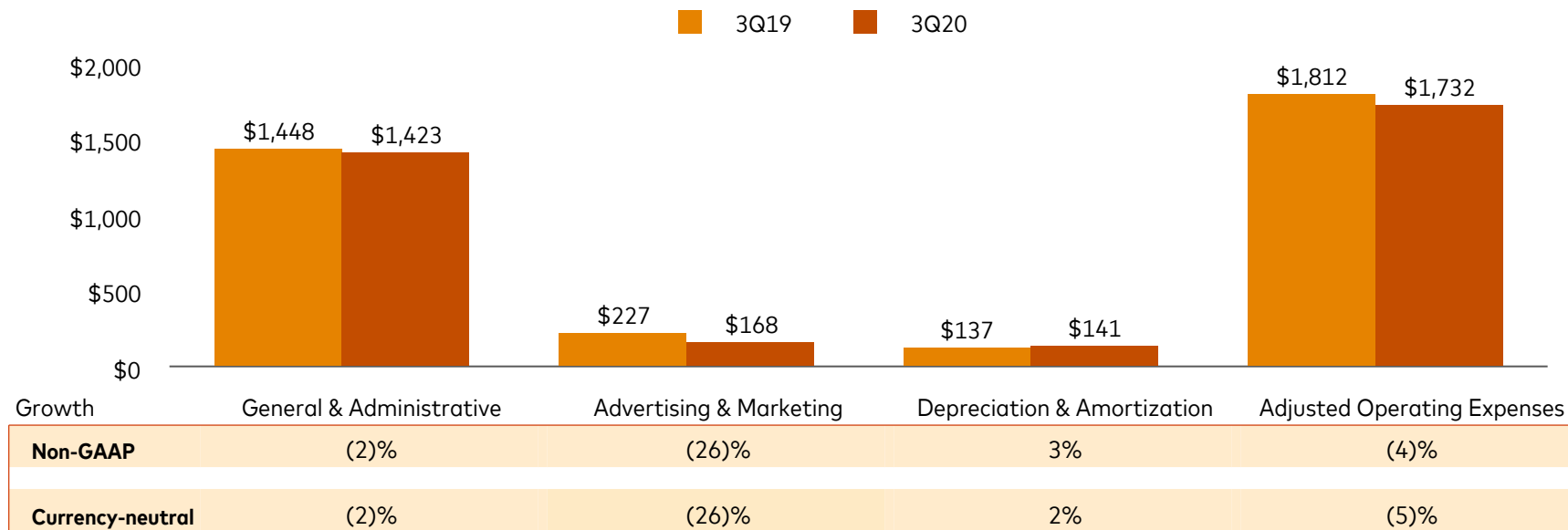
	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing	Other Revenues	Rebates and Incentives	Total Net Revenue
As reported	2%	(48)%	1%	5%	—%	(14)%
Currency-neutral	5%	(48)%	1%	6%	2%	(14)%

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 21st

year-over-year growth %

	July Full Month ¹	August Full Month ¹	September Full Month ¹	Week ending October 7	Week ending October 14	Week ending October 21
Switched volume²	2%	2%	3%	3%	2%	5%
United States	6%	4%	6%	6%	3%	8%
Worldwide less U.S.	(3)%	1%	—%	1%	1%	3%
Switched transactions³	3%	6%	5%	6%	6%	5%
Cross-border volume²	(39)%	(35)%	(35)%	(34)%	(34)%	(30)%
Intra-Europe	(25)%	(21)%	(23)%	(22)%	(21)%	(15)%
Other Cross-Border	(51)%	(49)%	(46)%	(44)%	(46)%	(44)%

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

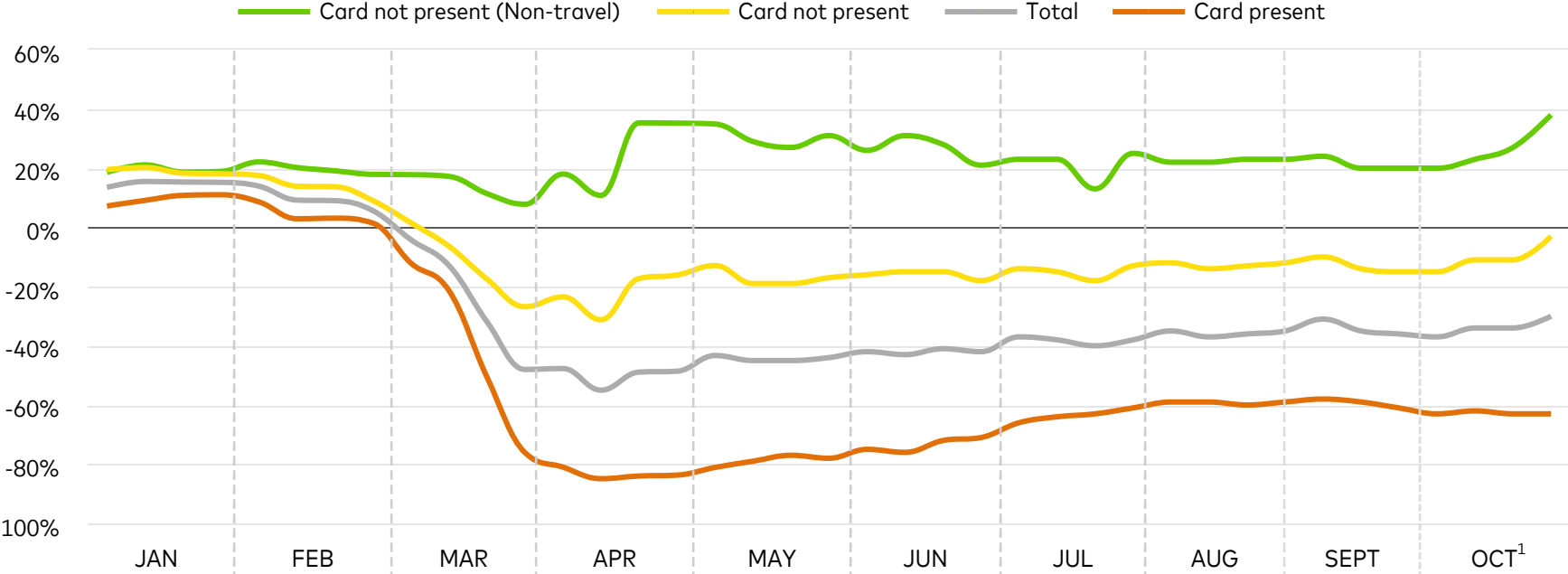
2. Mastercard-branded programs only; on a local currency basis

3. Total number of transactions switched by Mastercard

October 28, 2020



Cross-border Volume Trends



1. Through October 21st MTD

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



Looking Ahead

———— Further thoughts



Appendices



Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

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 ¹	**	**	**	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>

Three Months Ended September 30, 2019

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 1,812	\$ 2,655	59.4 %	\$ (121)	16.9 %	\$ 2,108	\$ 2.07
(Gains) losses on equity investments ¹	**	**	**	100	— %	84	\$ 0.08
Non-GAAP	<u>\$ 1,812</u>	<u>\$ 2,655</u>	<u>59.4 %</u>	<u>\$ (21)</u>	<u>16.8 %</u>	<u>\$ 2,191</u>	<u>\$ 2.15</u>

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q3'20 and Q3'19, net losses of \$91 million and \$100 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.



Appendix A (continued)

Non-GAAP Reconciliation

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

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	(14)%	(4)%	(21)%	(4.6) ppt	4.1 ppt	(28)%	(27)%
(Gains) losses on equity investments ¹	**	**	**	**	(0.9) ppt	1 %	1 %
Non-GAAP	(14)%	(4)%	(21)%	(4.6) ppt	3.2 ppt	(27)%	(26)%
Currency impact ²	— %	— %	1 %	0.3 ppt	0.1 ppt	1 %	1 %
Non-GAAP - currency-neutral	(14)%	(5)%	(20)%	(4.2) ppt	3.3 ppt	(26)%	(25)%

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q3'20 and Q3'19, net losses of \$91 million and \$100 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

² Represents the translational and transactional impact of currency.



Appendix B

Non-GAAP Reconciliation

Fourth quarter 2020 operating expenses outlook

	Q4'20 vs. Q4'19 Increase/(Decrease)
Forecasted Growth - GAAP¹	Low-single-digits
Litigation provisions	**
Non-GAAP Growth	Low-single-digits
Currency impact²	(0-1)%
Acquisitions³	(4-5)%
Non-GAAP Growth, currency neutral, excluding acquisitions	(Low-single-digits)

** Not applicable.

¹ GAAP - Q4'20 Forecast versus Q4'19 reported results

² Represents the projected translational and transactional impact of currency.

³ Acquisitions closed after the beginning of 2019.



Appendix C

Non-GAAP Reconciliation

(\$ in millions)

	Twelve Months Ended December 31,	
	2019	2009
	Net income	Net income
Reported - GAAP	\$ 8,118	\$ 1,463
(Gains) losses on equity investments ¹	(124)	**
Tax act ²	(57)	**
Litigation provisions ³	**	4
Non-GAAP	<u>\$ 7,937</u>	<u>\$ 1,467</u>

Note: Figures may not sum due to rounding.

** Not applicable

¹ Fiscal year 2019 net gains of \$167 million were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

² Fiscal year 2019 net tax benefit of \$57 million included a \$30 million benefit related to a reduction to the 2017 one-time deemed repatriation tax on accumulated foreign earnings resulting from final transition tax regulations issued in 2019 and a \$27 million benefit related to additional foreign tax credits which can be carried back under the transition rules contained in the final foreign tax credit regulations issued in 2019.

³ Fiscal year 2009 pre-tax charges of \$7 million related to litigation settlements.

