

Mastercard Incorporated

First-Quarter 2021 Financial Results Conference Call

April 29, 2021



Business Update

————— Key Trends

————— Business Highlights

————— Financial Overview



1st Quarter Selected Financial Performance

(\$ in millions, except per share data)

	1Q 21	1Q 20	YOY Growth	
	Non-GAAP	Non-GAAP	As adjusted	Currency-neutral
Net revenue	\$ 4,155	\$ 4,009	4 %	2 %
Adjusted operating expenses	1,958	1,792	9 %	7 %
Adjusted operating income	2,197	2,218	(1)%	(1)%
<i>Adjusted operating margin</i>	52.9 %	55.3 %	(2.4) <i>ppt</i>	(2.0) <i>ppt</i>
Adjusted net income	\$ 1,741	\$ 1,844	(6)%	(6)%
Adjusted diluted EPS	\$ 1.74	\$ 1.83	(5)%	(5)%
Adjusted effective tax rate	16.9 %	14.9 %		

Note: See Appendix A for Non-GAAP reconciliation.



1st Quarter Gross Dollar Volume (GDV)

(\$ in billions)

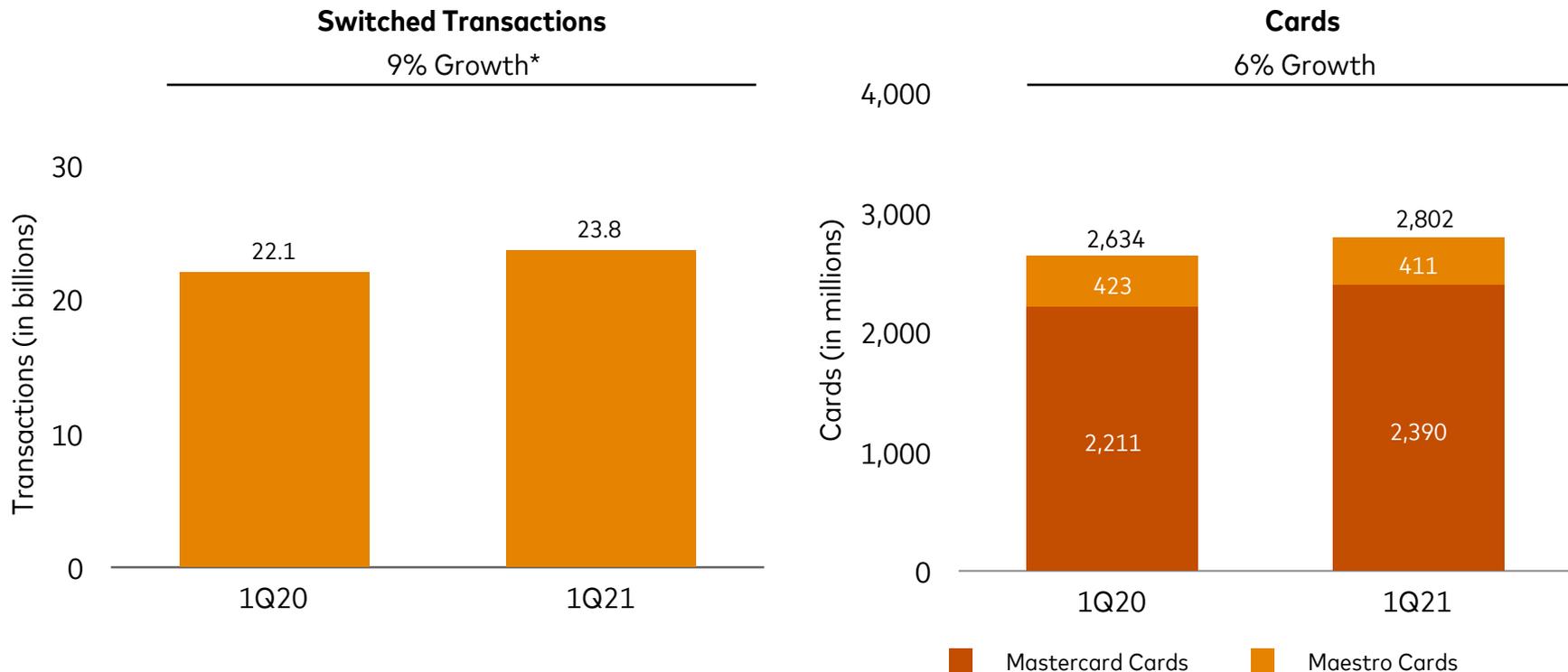


Notes: 1. Growth rates are shown in local currency.
2. Figures may not sum due to rounding.

 Credit  Debit / Prepaid



1st Quarter Switched Transactions and Cards



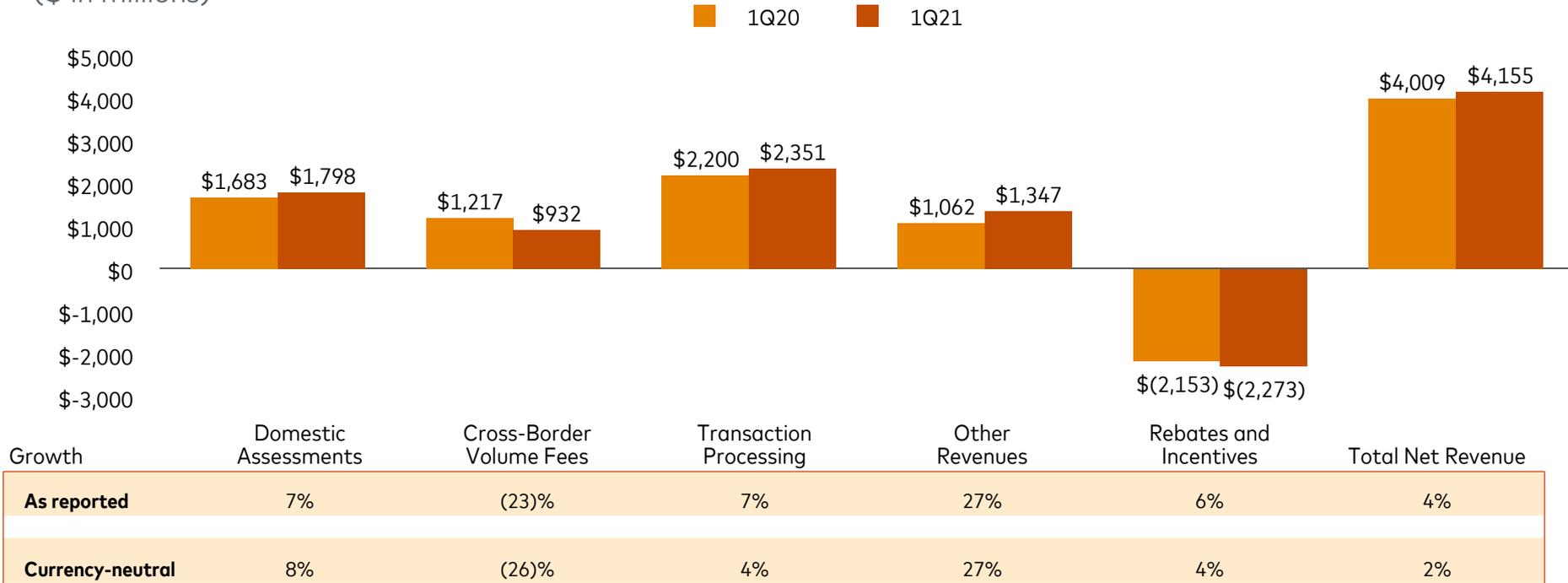
Notes: Figures may not sum due to rounding.

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



1st Quarter Revenue

(\$ in millions)

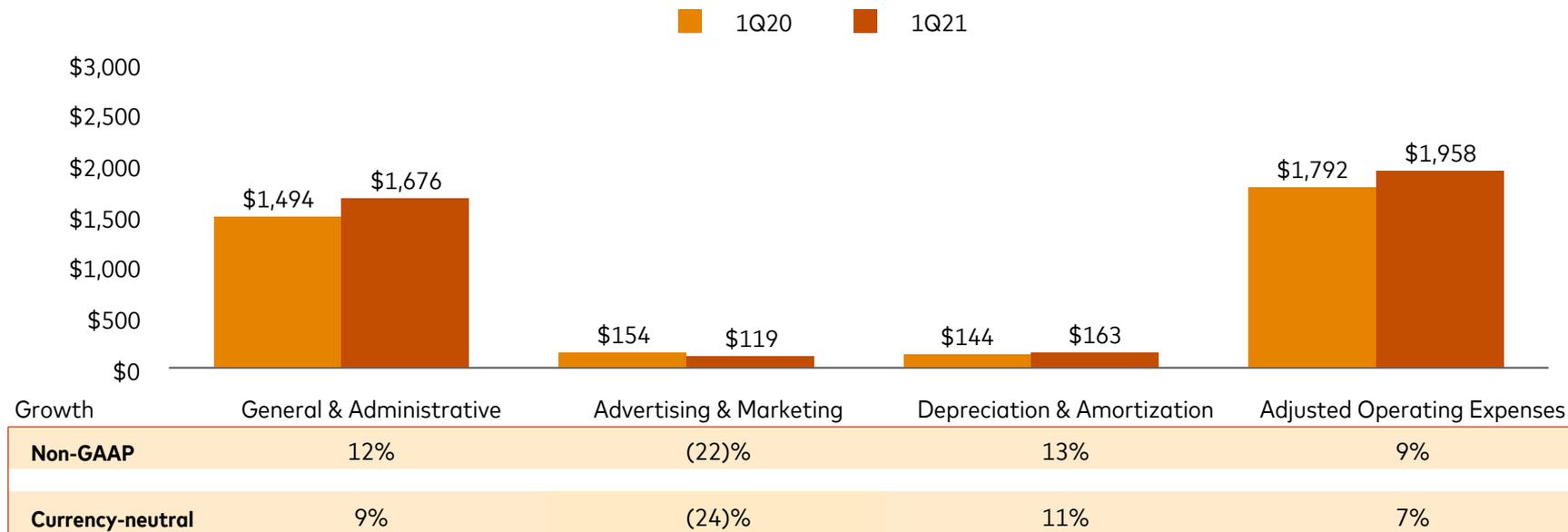


Note: Figures may not sum due to rounding.



1st Quarter Adjusted Operating Expenses

(\$ in millions)



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



Business Update Through April 21st

	2021 vs. 2020 year-over-year growth %				2021 as a percentage of 2019 ⁵			
	January ¹	February ¹	March ¹	April 21 MTD	January	February	March	April 21 MTD
Switched volume²	4%	4%	30%	65%	120%	118%	123%	123%
United States	10%	4%	36%	63%	123%	116%	125%	129%
Worldwide less U.S.	(1)%	4%	26%	67%	116%	120%	122%	118%
Switched transactions³	4%	2%	20%	58%	124%	122%	122%	122%
Cross-border volume^{2,4}	(30)%	(24)%	11%	66%	80%	82%	82%	83%
Intra-Europe	(22)%	(20)%	17%	50%	90%	90%	90%	90%
Other Cross-Border	(37)%	(29)%	5%	86%	71%	75%	75%	77%
XB CNP ex travel	34%	39%	44%	41%	159%	166%	163%	171%
XB Travel (CP + CNP travel)	(67)%	(63)%	(26)%	166%	37%	38%	40%	39%

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

4. Cross-border volume growth is calculated in a manner as defined in the company's Supplemental Operational Performance Data

5. Represents 2021 volume or transactions expressed as a percentage of the comparable 2019 amounts, which have been adjusted for the following impacts: currency, differing number of switching days and/or carryover days



Looking Ahead

———— Further thoughts



Appendices



Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

Three Months Ended March 31, 2021

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 1,958	\$ 2,197	52.9 %	\$ (7)	16.5 %	\$ 1,828	\$ 1.83
(Gains) losses on equity investments ¹	**	**	**	(94)	0.4 %	(87)	\$ (0.09)
Non-GAAP	<u>\$ 1,958</u>	<u>\$ 2,197</u>	<u>52.9 %</u>	<u>\$ (101)</u>	<u>16.9 %</u>	<u>\$ 1,741</u>	<u>\$ 1.74</u>

Three Months Ended March 31, 2020

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 1,798	\$ 2,211	55.2 %	\$ (224)	14.8 %	\$ 1,693	\$ 1.68
(Gains) losses on equity investments ¹	**	**	**	174	0.1 %	146	\$ 0.14
Litigation provisions ²	(6)	6	0.2	**	— %	5	\$ —
Non-GAAP	<u>\$ 1,792</u>	<u>\$ 2,218</u>	<u>55.3 %</u>	<u>\$ (50)</u>	<u>14.9 %</u>	<u>\$ 1,844</u>	<u>\$ 1.83</u>

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q1'21 and Q1'20, net gains of \$94 million and net losses of \$174 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

² Q1'20 pre-tax charges of \$6 million related to litigation settlements with U.K. merchants.



Appendix A (continued)

Non-GAAP Reconciliation

Three Months Ended March 31, 2021 as compared to the Three Months Ended March 31, 2020

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	4 %	9 %	(1)%	(2.3) ppt	1.8 ppt	8 %	9 %
(Gains) losses on equity investments ¹	**	**	**	**	0.3 ppt	(13)%	(13)%
Litigation provisions ²	**	— %	— %	(0.2) ppt	— ppt	— %	(1)%
Non-GAAP	4 %	9 %	(1)%	(2.4) ppt	2.0 ppt	(6)%	(5)%
Currency impact ³	(1)%	(3)%	(1)%	0.5 ppt	— ppt	(1)%	(1)%
Non-GAAP - currency-neutral	2 %	7 %	(1)%	(2.0) ppt	2.0 ppt	(6)%	(5)%

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q1'21 and Q1'20, net gains of \$94 million and net losses of \$174 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

² Q1'20 pre-tax charges of \$6 million related to litigation settlements with U.K. merchants.

³ Represents the translational and transactional impact of currency and the related impact of the company's designated foreign exchange cash flow hedging activities.



Appendix B

Non-GAAP Reconciliation

Second-quarter 2021 financial outlook

	Q2'21 vs. Q2'20 Increase/(Decrease)	
	Net Revenue	Operating Expenses
Forecasted Growth - GAAP¹	High 20's	Low 30's
Litigation provisions²	**	2%
Non-GAAP Growth	High 20's	Mid 30's
Currency impact³	(2-3)%	(3-4)%
Acquisitions⁴	(2-3)%	(9-10)%
Non-GAAP Growth, currency-neutral, excluding acquisitions	Low-to-mid 20's	Low 20's

** Not applicable.

¹ GAAP - Q2'21 Forecast versus Q2'20 reported results

² Impact of Q2'20 provisions for litigation (\$22M).

³ Represents the projected translational and transactional impact of currency and the related impact of the company's designated foreign exchange cash flow hedging activities.

⁴ Acquisitions closed after the beginning of 2020.

