

Mastercard Incorporated

Second-Quarter 2021 Financial Results Conference Call

July 29, 2021



Business Update

————— Key Trends

————— Business Highlights

————— Financial Overview



2nd Quarter Selected Financial Performance

(\$ in millions, except per share data)

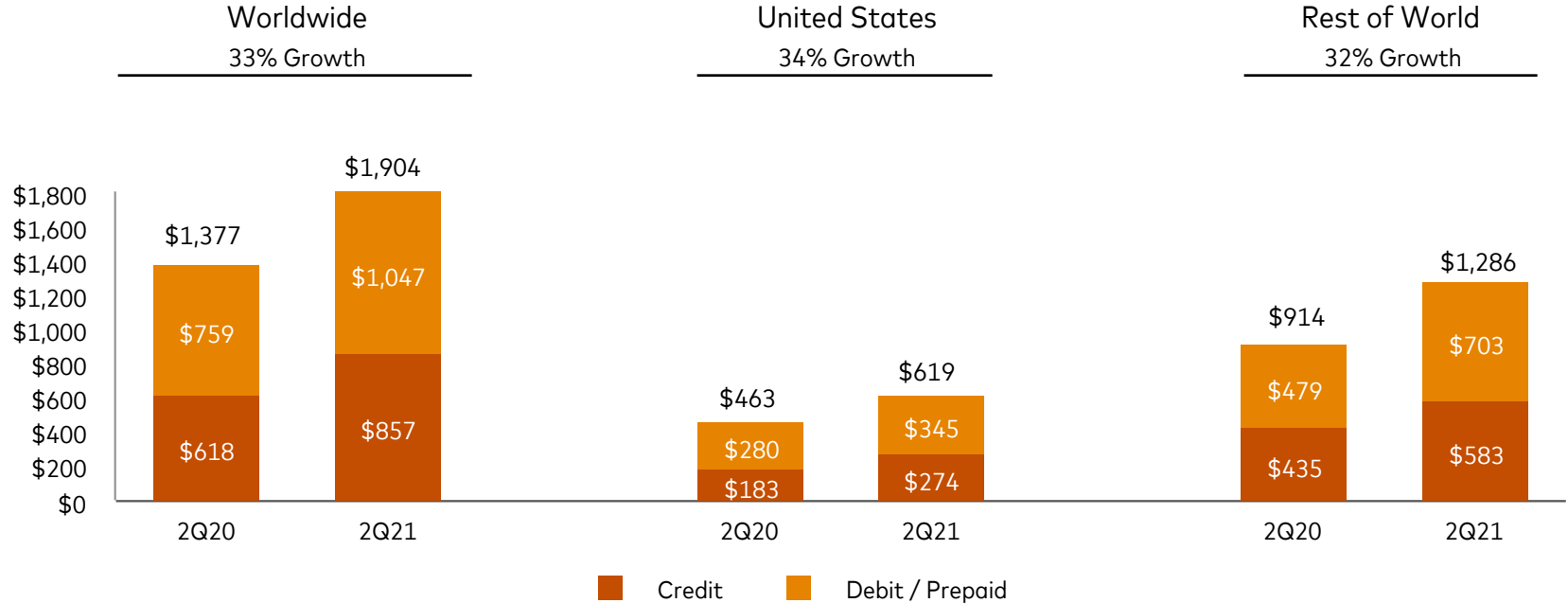
	2Q 21	2Q 20	YOY Growth	
	Non-GAAP	Non-GAAP	As adjusted	Currency-neutral
Net revenue	\$ 4,528	\$ 3,335	36 %	31 %
Adjusted operating expenses	2,121	1,606	32 %	28 %
Adjusted operating income	2,407	1,728	39 %	34 %
<i>Adjusted operating margin</i>	53.2 %	51.8 %	1.3 ppt	1.0 ppt
Adjusted net income	\$ 1,937	\$ 1,370	41 %	36 %
Adjusted diluted EPS	\$ 1.95	\$ 1.36	43 %	37 %
Adjusted effective tax rate	15.9 %	16.3 %		

Note: See Appendix A for Non-GAAP reconciliation.



2nd Quarter Gross Dollar Volume (GDV)

(\$ in billions)



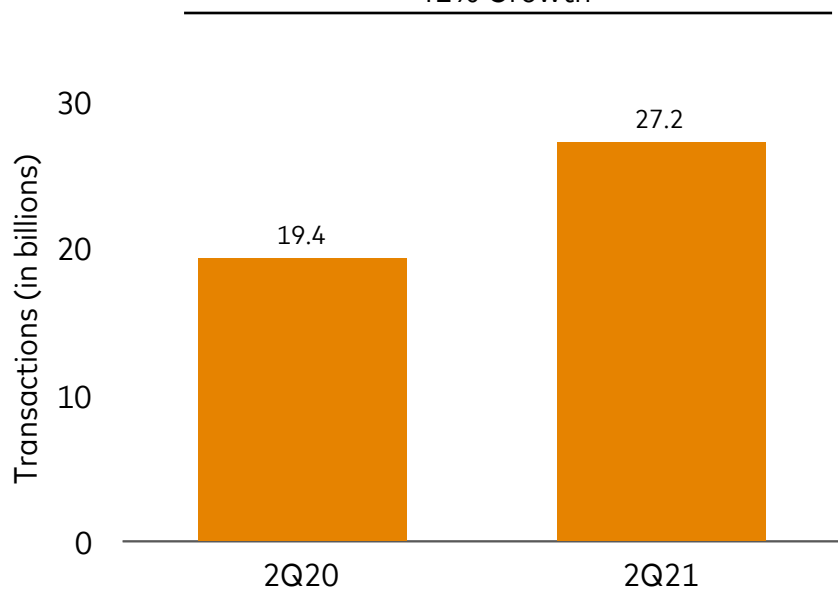
Notes: 1. Growth rates are shown in local currency.
2. Figures may not sum due to rounding.



2nd Quarter Switched Transactions and Cards

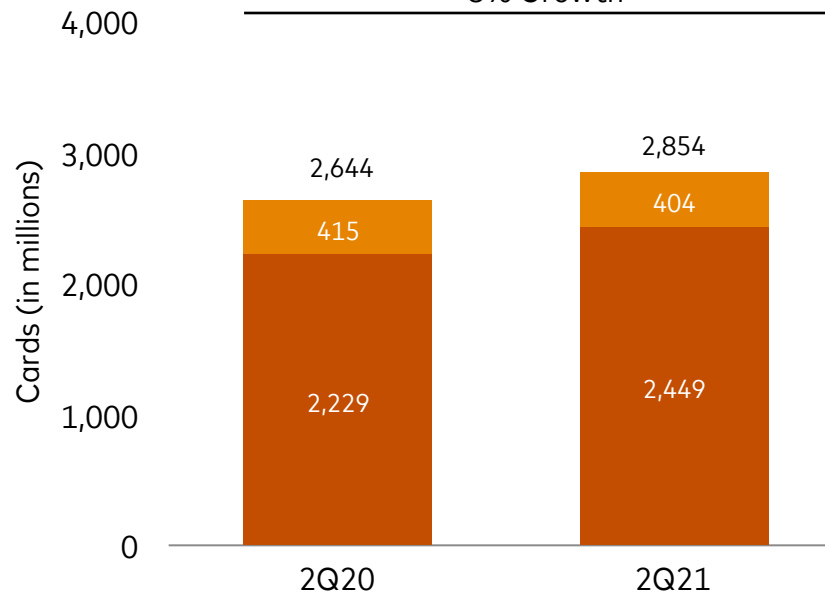
Switched Transactions

41% Growth*



Cards

8% Growth



Notes: Figures may not sum due to rounding.

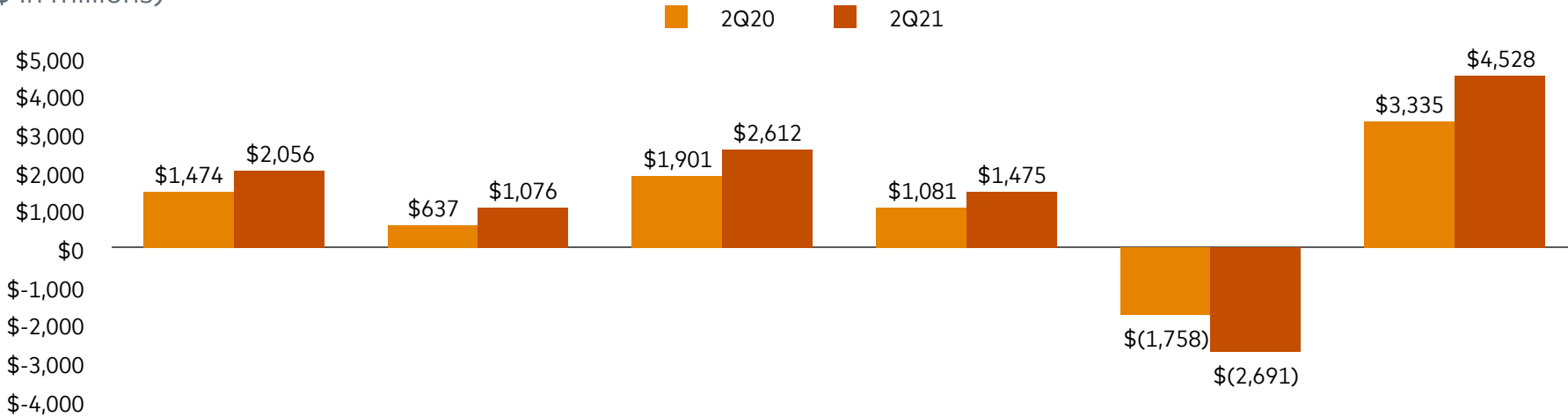
*Growth rates have been normalized to eliminate the effects of differing switching and carryover days between periods.

■ Mastercard Cards ■ Maestro Cards



2nd Quarter Revenue

(\$ in millions)



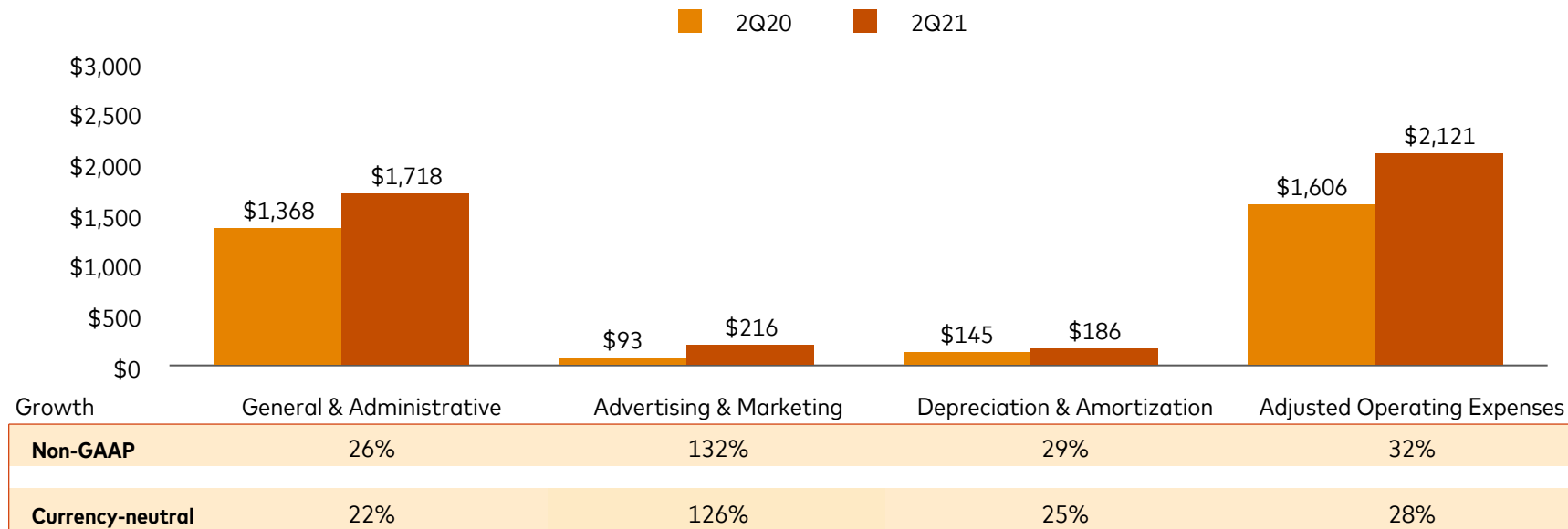
Growth	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing	Other Revenues	Rebates and Incentives	Total Net Revenue
As reported	39%	69%	37%	37%	53%	36%
Currency-neutral	36%	60%	33%	32%	49%	31%

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

	2021 vs. 2020 year-over-year growth % ¹						2021 as a percentage of 2019 ^{1,3}					
	Q1	April	May	June	Q2	July 21 MTD	Q1	April	May	June	Q2	July 21 MTD
Switched volume²	12%	61%	42%	32%	44%	28%	121%	125%	129%	128%	127%	130%
United States	17%	58%	36%	25%	38%	23%	122%	130%	133%	128%	130%	130%
Worldwide less U.S.	9%	64%	49%	38%	49%	33%	120%	120%	127%	129%	125%	130%
Switched transactions	9%	55%	39%	31%	41%	26%	123%	123%	129%	128%	127%	130%
Cross-border volume²	(17)%	64%	60%	51%	58%	47%	82%	83%	90%	89%	87%	91%
Intra-Europe	(11)%	49%	50%	46%	48%	39%	91%	90%	99%	100%	97%	103%
Other Cross-Border	(23)%	83%	73%	58%	71%	58%	74%	76%	82%	78%	79%	79%
XB CNP ex travel	39%	39%	33%	26%	33%	23%	163%	174%	174%	159%	169%	148%
XB Travel (CP + CNP travel)	(57)%	164%	149%	105%	131%	80%	38%	39%	48%	57%	48%	66%

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 June 30, 2021

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 2,187	\$ 2,341	51.7 %	\$ 137	16.6 %	\$ 2,066	\$ 2.08
(Gains) losses on equity investments ¹	**	**	**	(243)	(0.9)%	(182)	\$ (0.18)
Litigation provisions ²	(67)	67	1.5	**	0.2 %	52	\$ 0.05
Non-GAAP	<u>\$ 2,121</u>	<u>\$ 2,407</u>	<u>53.2 %</u>	<u>\$ (106)</u>	<u>15.9 %</u>	<u>\$ 1,937</u>	<u>\$ 1.95</u>

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
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 ³	(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>

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q2'21 and Q2'20, pre-tax net gains of \$243 million and \$75 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

² Q2'21 pre-tax charges of \$67 million, were related to litigation settlements and estimated attorneys' fees with U.K. merchants.

³ Q2'20 pre-tax charges of \$22 million, were 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, 2021 as compared to the Three Months Ended June 30, 2020

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	36 %	34 %	37 %	0.5 ppt	0.6 ppt	46 %	48 %
(Gains) losses on equity investments ¹	**	**	**	**	(1.1) ppt	(6)%	(6)%
Litigation provisions ^{2,3}	**	(2)%	2 %	0.8 ppt	0.1 ppt	2 %	1 %
Non-GAAP	36 %	32 %	39 %	1.3 ppt	(0.4) ppt	41 %	43 %
Currency impact ⁴	(4.5)%	(4)%	(5)%	(0.3) ppt	(0.2) ppt	(6)%	(6)%
Non-GAAP - currency-neutral	31 %	28 %	34 %	1.0 ppt	(0.6) ppt	36 %	37 %

Note: Figures may not sum due to rounding.

** Not applicable

¹ Q2'21 and Q2'20, pre-tax net gains of \$243 million and \$75 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and non-marketable equity securities.

² Q2'21 pre-tax charges of \$67 million, were related to litigation settlements and estimated attorneys' fees with U.K. merchants.

³ Q2'20 pre-tax charges of \$22 million, were related to estimated attorneys' fees and litigation settlements with U.K. and Pan-European merchants.

⁴ 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

Third-quarter 2021 financial outlook

	Q3'21 vs. Q3'20 Increase/(Decrease)	
	Net Revenue	Operating Expenses
Forecasted Growth - GAAP¹	High-end of high 20's	High 20's
Litigation provisions	**	**
Non-GAAP Growth	High-end of high 20's	High 20's
Currency impact²	(0-1)%	(1-2)%
Acquisitions³	(2-3)%	(9-10)%
Non-GAAP Growth, currency-neutral, excluding acquisitions	High-end of mid 20's	High-end of mid-teens

** Not applicable.

¹ GAAP - Q3'21 Forecast versus Q3'20 reported results

² 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.

³ Acquisitions closed after the beginning of 2020.

