

Mastercard Incorporated

Fourth Quarter and Full Year 2021 Financial Results Conference Call

January 27, 2022



Business Update

————— Key Trends

————— Business Highlights

————— Financial Overview



4th Quarter Selected Financial Performance

(\$ in millions, except per share data)

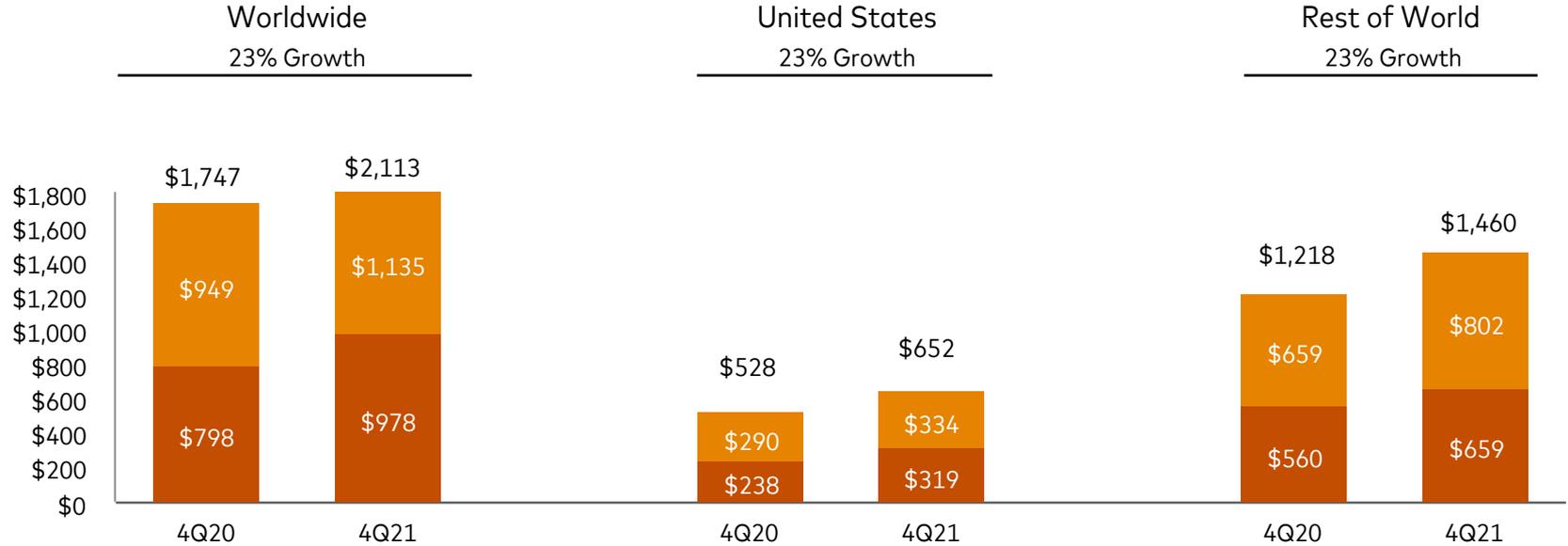
	4Q 21	4Q 20	YOY Growth	
	Non-GAAP	Non-GAAP	As adjusted	Currency-neutral
Net revenue	\$ 5,216	\$ 4,120	27%	28%
Adjusted operating expenses	2,389	2,018	18%	19%
Adjusted operating income	2,827	2,102	34%	37%
<i>Adjusted operating margin</i>	54.2 %	51.0 %	3.2 ppt	3.6 ppt
Adjusted net income	\$ 2,314	\$ 1,644	41%	44%
Adjusted diluted EPS	\$ 2.35	\$ 1.64	43%	46%
Adjusted effective tax rate	14.7 %	17.5 %		

Note: See Appendix A for Non-GAAP reconciliation.



4th Quarter Gross Dollar Volume (GDV)

(\$ in billions)



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

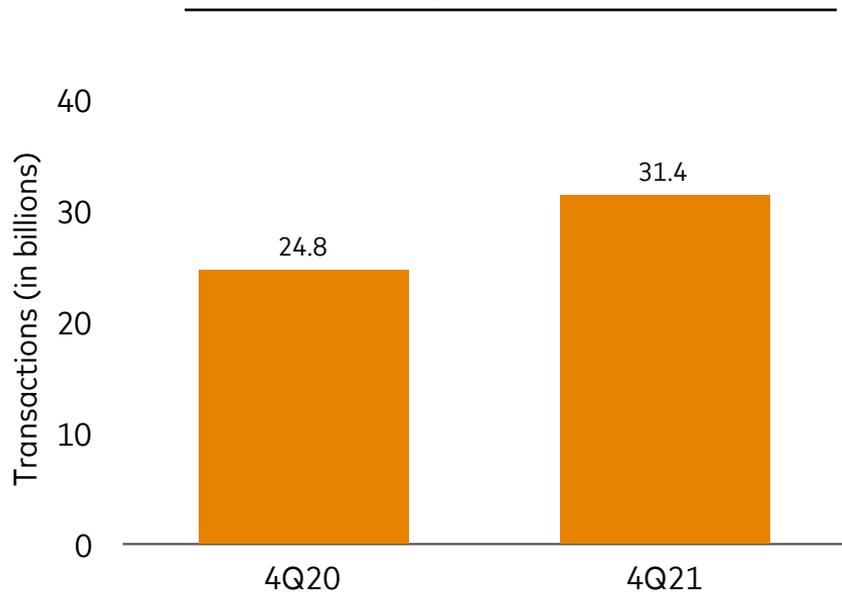
 Credit  Debit / Prepaid



4th Quarter Switched Transactions and Cards

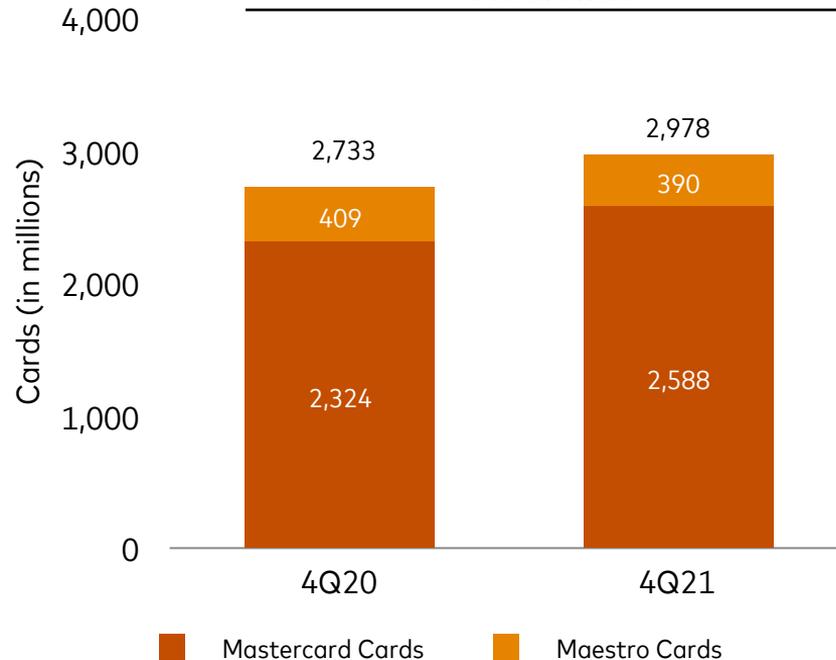
Switched Transactions

27% Growth



Cards

9% Growth



Notes: Figures may not sum due to rounding.



4th Quarter Revenue

(\$ in millions)

4Q20 4Q21



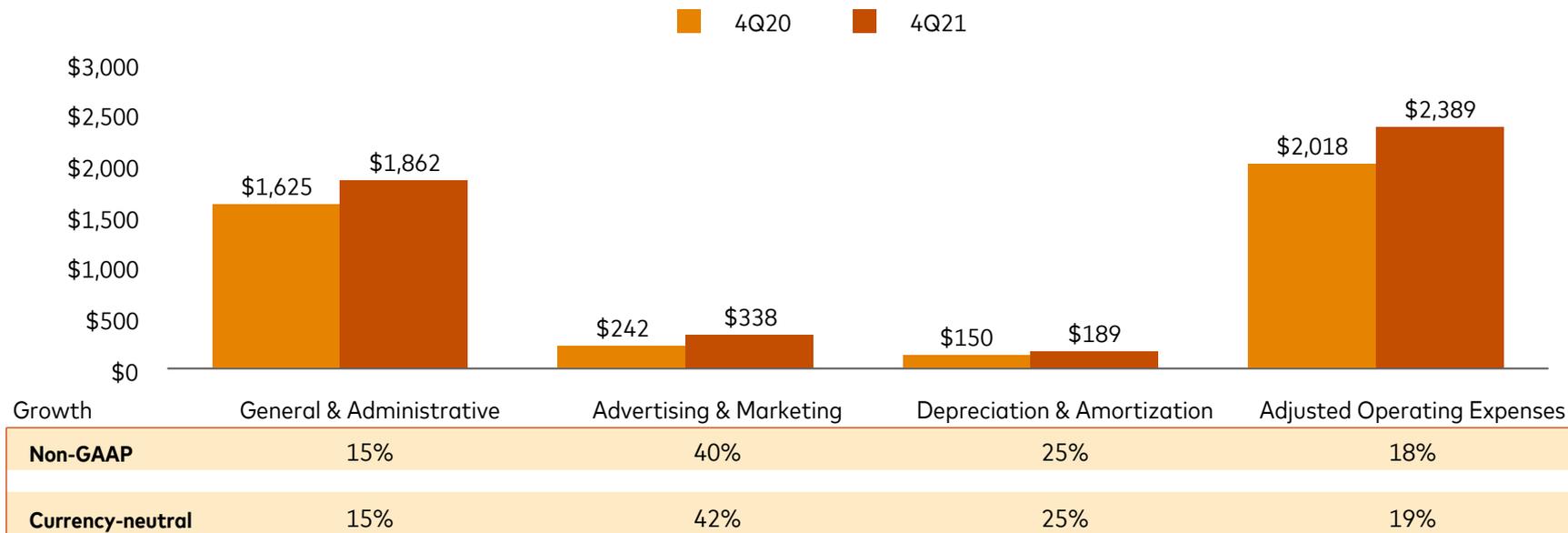
	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing	Other Revenues	Rebates and Incentives	Total Net Revenue
As reported	24%	59%	26%	28%	37%	27%
Currency-neutral	24%	61%	28%	30%	38%	28%

Note: Figures may not sum due to rounding.



4th Quarter Adjusted Operating Expenses

(\$ in millions)



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



Business Update Through January 21st

	Year-over-year growth %						Current period as a percentage of 2019 ¹					
	2021					2022	2021					2022
	Q3	Oct	Nov	Dec	Q4	Jan 21 MTD	Q3	Oct	Nov	Dec	Q4	Jan 21 MTD ³
Switched volume²	28%	31%	33%	29%	31%	27%	131%	136%	139%	134%	136%	149%
United States	23%	24%	27%	24%	25%	15%	129%	133%	134%	130%	132%	139%
Worldwide less U.S.	33%	37%	39%	34%	36%	38%	132%	139%	143%	138%	140%	158%
Switched transactions	25%	26%	27%	27%	27%	24%	131%	134%	132%	130%	132%	152%
Cross-border volume²	52%	58%	57%	46%	53%	47%	97%	105%	115%	106%	109%	116%
Intra-Europe	47%	54%	49%	34%	45%	42%	112%	120%	129%	116%	122%	128%
Other Cross-border	60%	63%	66%	61%	63%	53%	83%	92%	103%	98%	98%	106%
XB CNP ex travel	27%	24%	21%	17%	21%	18%	155%	158%	167%	151%	159%	187%
XB Travel (CP + CNP travel)	86%	122%	152%	114%	128%	117%	72%	78%	82%	76%	79%	77%

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

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

3. Please note that starting in 2022, the volume and transactions as a percentage of 2019 shifts to a three-year look back, as compared to two years in 2021, which needs to be considered when looking at the metric trends on a sequential basis.



Looking Ahead

———— Further thoughts on 2022

———— Long term performance objectives



2022 – 2024 performance objectives - reiterated

Currency-neutral basis, excluding special items, gains/losses on equity investments and future acquisitions¹



Net revenue CAGR %²

High-teens



Annual operating margin

Minimum 50%



EPS CAGR %^{2,3}

Low-twenties

¹ Excludes acquisitions completed after December 31, 2021.

² Based on 2021 actual revenues of \$18.9M and EPS of \$8.40, on a currency-neutral basis, excluding special items and gains/losses on equity investments. See Appendix D for a reconciliation of the Non-GAAP earnings per share objective.

³ Assumes 2022-2024 effective tax rate of 18-19%, based on current tax regulations and excludes any future tax reform.



Appendices



Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

Three Months Ended December 31, 2021

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 2,389	\$ 2,827	54.2 %	\$ (4)	15.7 %	\$ 2,379	\$ 2.41
(Gains) losses on equity investments ¹	**	**	**	(111)	(1.1)%	(65)	(0.07)
Non-GAAP	<u>\$ 2,389</u>	<u>\$ 2,827</u>	<u>54.2 %</u>	<u>\$ (114)</u>	<u>14.7 %</u>	<u>\$ 2,314</u>	<u>\$ 2.35</u>

Three Months Ended December 31, 2020

	Operating expenses	Operating income	Operating margin	Other Income (Expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 2,062	\$ 2,058	49.9 %	\$ 110	17.6 %	\$ 1,785	\$ 1.78
(Gains) losses on equity investments ¹	**	**	**	(220)	0.2 %	(186)	(0.19)
Litigation provisions ²	(45)	45	1.1 %	**	(0.4)%	45	0.04
Non-GAAP	<u>\$ 2,018</u>	<u>\$ 2,102</u>	<u>51.0 %</u>	<u>\$ (110)</u>	<u>17.5 %</u>	<u>\$ 1,644</u>	<u>\$ 1.64</u>

Note: Figures may not sum due to rounding.

** Not applicable.

¹ Q4'21 and Q4'20, pre-tax net gains of \$111 million and \$220 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and nonmarketable equity securities.

² Q4'20 pre-tax charges of \$45 million, were related to a legal matter associated with the company's prepaid cards in the U.K. This matter relates to the company's historical business and has no impact on current or on-going operations.



Appendix A (continued)

Non-GAAP Reconciliation

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

	Increase/(Decrease)						
	Net revenue	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	27 %	16 %	37 %	4.3 ppt	(1.9) ppt	33 %	35 %
(Gains) losses on equity investments ¹	**	**	**	**	(1.3) ppt	11 %	12 %
Litigation provisions ²	**	3 %	(3)%	(1.1) ppt	0.4 ppt	(4)%	(5)%
Non-GAAP	27 %	18 %	34 %	3.2 ppt	(2.8) ppt	41 %	43 %
Currency impact ³	2 %	1 %	3 %	0.4 ppt	0.1 ppt	3 %	3 %
Non-GAAP - currency-neutral	28 %	19 %	37 %	3.6 ppt	(2.7) ppt	44 %	46 %

Note: Figures may not sum due to rounding.

** Not applicable.

¹ Q4'21 and Q4'20, pre-tax net gains of \$111 million and \$220 million, respectively, were primarily related to unrealized fair market value adjustments on marketable and nonmarketable equity securities.

² Q4'20 pre-tax charges of \$45 million, were related to a legal matter associated with the company's prepaid cards in the U.K. This matter relates to the company's historical business and has no impact on current or on-going operations.

³ 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

2022 financial outlook

	2022 vs. 2021 Increase/(Decrease)	
	Net Revenue	Operating Expenses
Forecasted Growth - GAAP ¹	High-teens	Low-double-digits
Litigation provisions ²	**	1%
Indirect tax matter ³	**	1%
Non-GAAP Growth	High-teens	Low-teens
Currency impact ⁴	1-2%	~1%
Acquisitions ⁵	~(1)%	(4-5)%
Non-GAAP Growth, currency-neutral, excluding acquisitions	High-end of high-teens	Low-end of low-double-digits

** Not applicable.

¹ GAAP - FY2022 forecast versus FY2021 reported results.

² Impact of FY2021 provisions for litigation (\$94M).

³ Impact of FY2021 indirect tax matter (\$82M).

⁴ 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.

⁵ Acquisitions completed after the beginning of 2021.



Appendix C

Non-GAAP Reconciliation

First quarter 2022 financial outlook

	Q1'22 vs. Q1'21 Increase/(Decrease)	
	Net Revenue	Operating Expenses
Forecasted Growth - GAAP ¹	High-teens	Low-teens
Litigation provisions ²	**	**
Non-GAAP Growth	High-teens	Low-teens
Currency impact ³	2-3%	~1%
Acquisitions ⁴	~(2)%	~(6)%
Non-GAAP Growth, currency-neutral, excluding acquisitions	High-end of high-teens	High-end of high-single-digits

** Not applicable.

¹ GAAP - Q1'22 forecast versus Q1'21 reported results.

² No litigation provisions in Q1'21.

³ 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.

⁴ Acquisitions completed after the beginning of 2021.



Appendix D

FY2021 Full Year Non-GAAP EPS Reconciliation¹

(\$ in millions)

2021 Diluted Earnings Per Share GAAP	\$8.76
(Gains) losses on equity investments ²	(0.50)
Litigation provisions ³	0.07
Indirect tax matter ⁴	0.07
2021 Diluted Earnings Per Share Non-GAAP	\$8.40

Note: Figures may not sum due to rounding.

¹ Full Year EPS utilized to measure 3-year EPS target performance (2022-2024).

² Impact of the 2021 (gains) losses on equity investments (\$497M after tax).

³ Impact of 2021 provisions for litigation (\$74M after tax).

⁴ Impact of 2021 indirect tax matter (\$69M after tax).



Appendix E

Revenue Growth Drivers

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

	Operational	Acquisitions	Currency Impact ³	Total
Domestic assessments	24 % ¹	— %	(1)%	24 %
Cross-border volume fees	61 % ¹	— %	(2)%	59 %
Transaction processing	28 % ^{1,2}	— %	(2)%	26 %
Other revenues	21 % ²	9 %	(2)%	28 %
Rebates and incentives	38 %	— %	(2)%	37 %
Net revenue	25 %	3 %	(2)%	27 %

Note: Figures may not sum due to rounding.

¹ Includes impacts from the company's key metrics, other non-volume based fees, pricing and mix.

² Includes impacts from the company's cyber and intelligence solution fees, data analytics and consulting fees and other value-added services.

³ Includes 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 F

Operating Expense Growth Drivers (Non-GAAP)¹

	Three Months Ended December 31, 2021 as compared to the Three Months Ended December 31, 2020			
	Operational	Acquisitions	Currency Impact²	Total
General and administrative	8 %	7 %	— %	15 %
Advertising and marketing	41 %	1 %	(2)%	40 %
Depreciation and amortization	4 %	21 %	— %	25 %
Total operating expense	12 %	7 %	(1)%	18 %

Note: Figures may not sum due to rounding.

¹ See Appendix A for Non-GAAP reconciliation.

² Represents the translational and transactional impact of currency.



Appendix G

4th Quarter G&A Detail

(\$ in millions)

	4Q 21	4Q 20	Increase/(Decrease)	
			\$	%
Personnel	\$ 1,089	\$ 970	\$ 119	12 %
Professional fees	135	126	9	8 %
Data processing and telecommunications	255	205	50	24 %
Foreign exchange activity ¹	16	19	(3)	(20)%
Other	367	305	62	20 %
Total general and administrative expenses	<u>\$ 1,862</u>	<u>\$ 1,625</u>	<u>\$ 237</u>	<u>15 %</u>

Note: Figures may not sum due to rounding.

¹ Foreign exchange activity includes gains and losses on foreign exchange derivative contracts and the impact of remeasurement of assets and liabilities denominated in foreign currencies.

