

Mastercard Incorporated

Second Quarter 2024 Financial Results Conference Call

July 31, 2024



Business Update

———— Business Highlights

———— Financial Overview



2nd Quarter Selected Financial Performance

(\$ in millions, except per share data)

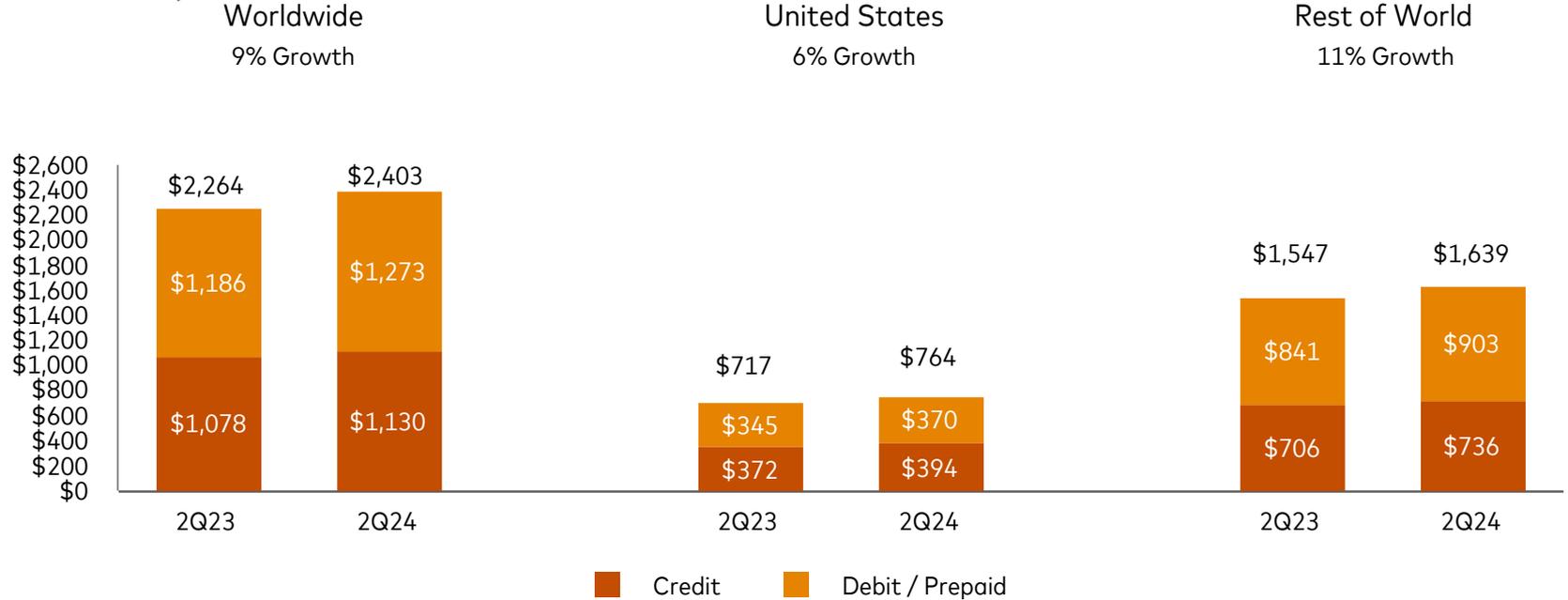
	2Q 24	2Q 23	YOY Growth	
	Non-GAAP	Non-GAAP	As adjusted	Currency-neutral
Net revenue	\$ 6,961	\$ 6,269	11%	13%
Adjusted operating expenses	2,828	2,592	9%	10%
Adjusted operating income	4,133	3,677	12%	15%
<i>Adjusted operating margin</i>	59.4 %	58.6 %	0.7 ppt	1.0 ppt
Adjusted net income	\$ 3,341	\$ 2,742	22%	24%
Adjusted diluted EPS	\$ 3.59	\$ 2.89	24%	27%
Adjusted effective tax rate	17.5%	23.9 %		

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



2nd Quarter Gross Dollar Volume (GDV)

(\$ in billions)



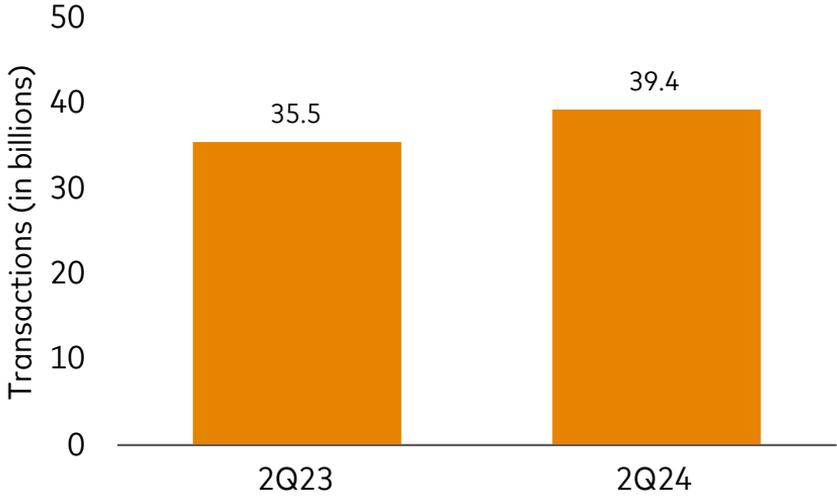
Notes: Growth rates are shown in local currency.
Figures may not sum due to rounding.



2nd Quarter Switched Transactions and Cards

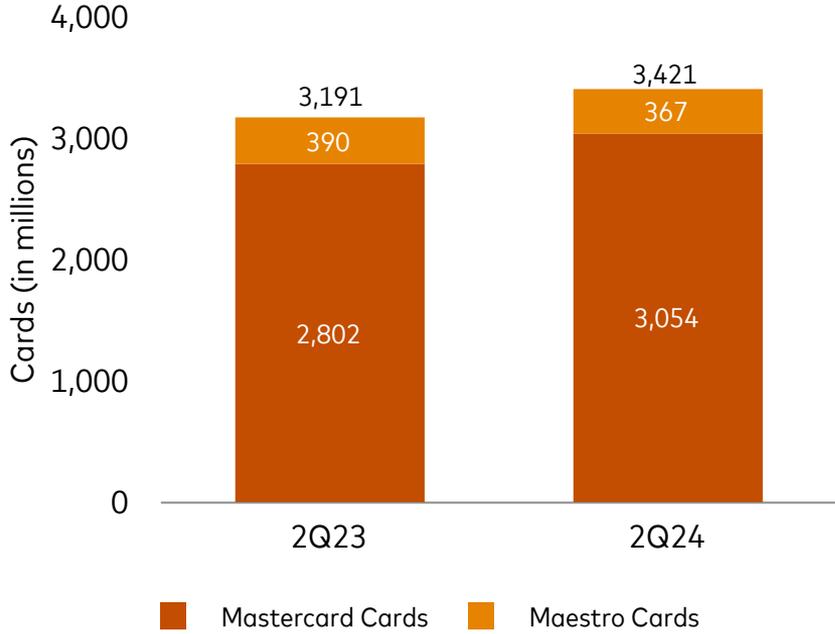
Switched Transactions

11% Growth



Cards

7% Growth

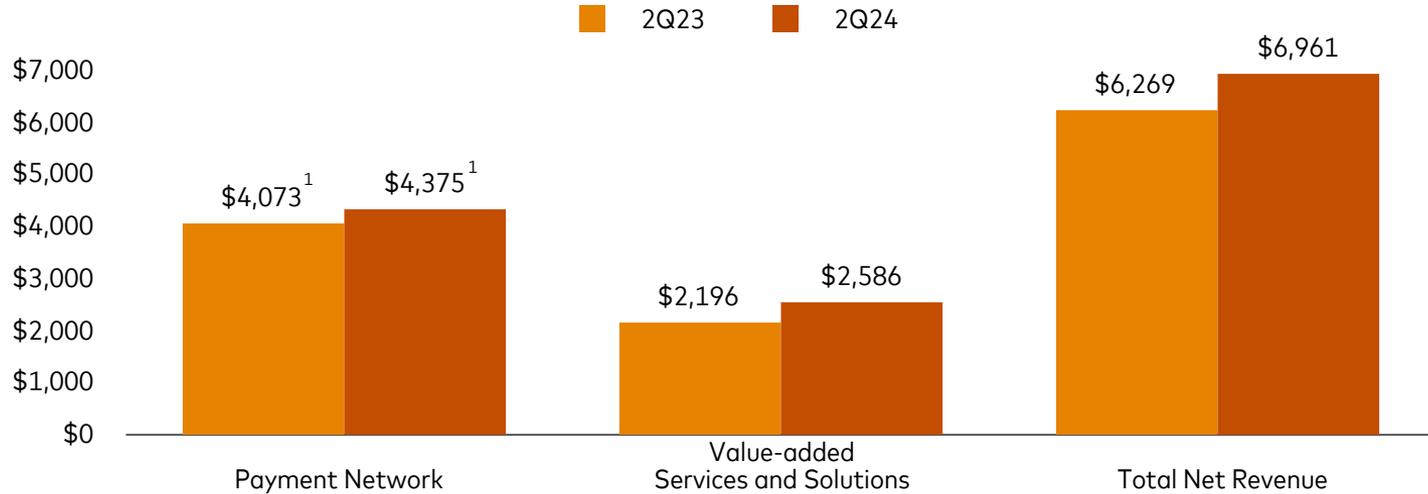


Note: Figures may not sum due to rounding.



2nd Quarter Net Revenue

(\$ in millions)



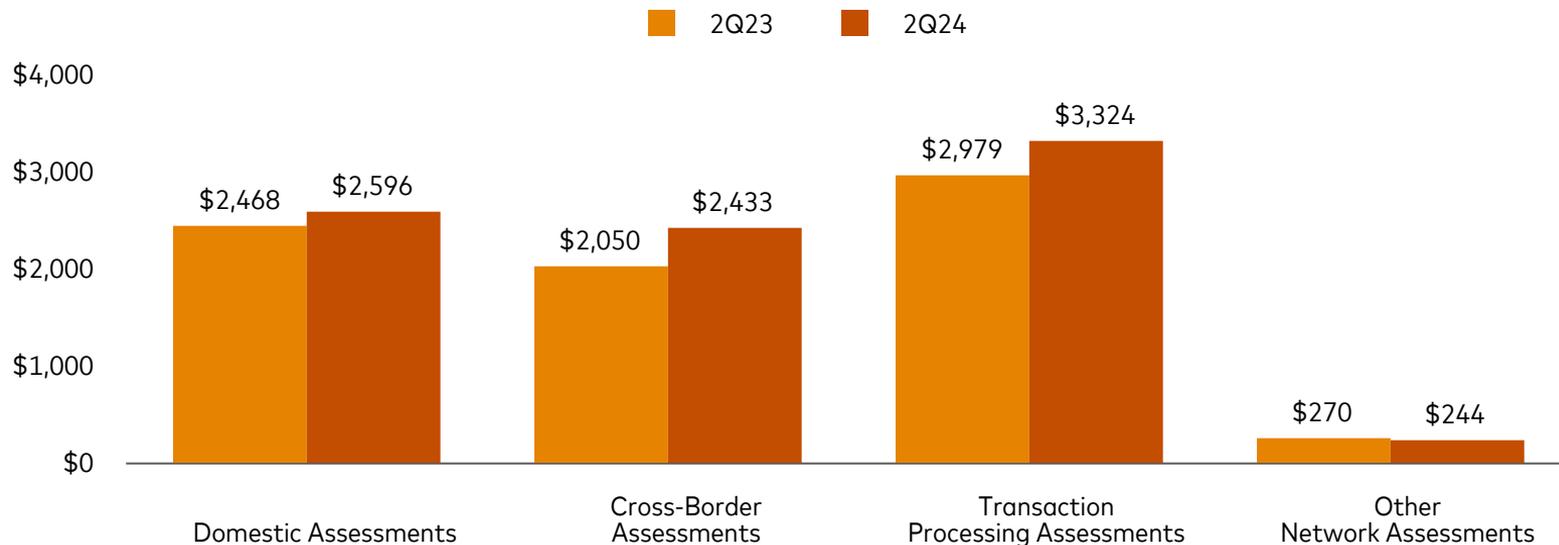
Growth	Payment Network	Value-added Services and Solutions	Total Net Revenue
GAAP	7%	18%	11%
Currency-neutral	9%	19%	13%

¹Payment Network is presented net of rebates and incentives of \$4,222 million and \$3,694 million for Q2'24 and Q2'23, respectively, and grew year-over-year by 14%, or 16% on a currency-neutral basis.



2nd Quarter Key Metrics related to the Payment Network

(\$ in millions)

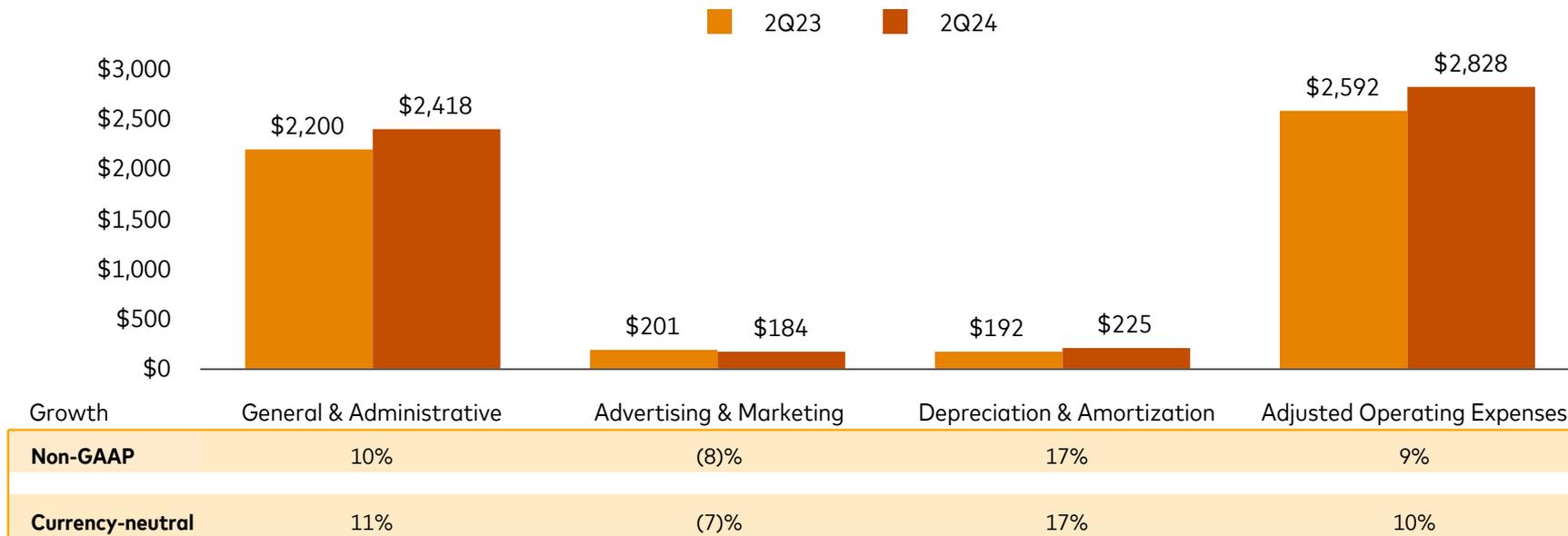


Increase/(Decrease)	5%	19%	12%	(9)%
Increase/(Decrease) Currency-neutral	7%	21%	13%	(9)%



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 28th

	Year-over-year growth %					
	2024					
	Q1	Apr	May	Jun	Q2	Jul 28 MTD
Switched volume¹	12%	9%	12%	11%	10%	11%
United States	7%	5%	8%	6%	6%	6%
Worldwide less U.S.	15%	12%	14%	14%	14%	14%
Switched transactions	13%	10%	11%	11%	11%	11%
Cross-border volume¹	18%	17%	17%	17%	17%	17%
Intra-Europe	17%	15%	15%	16%	15%	16%
Other Cross-border	19%	20%	18%	17%	18%	17%
XB CNP ex travel	21%	22%	19%	19%	20%	20%
XB Travel (CP + CNP travel)	17%	14%	15%	15%	15%	15%

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

July 31, 2024



Looking Ahead

———— Further thoughts for 2024



Appendices



Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

	Three Months Ended June 30, 2024						
	Operating expenses	Operating income	Operating margin	Other income (expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 2,925	\$ 4,036	58.0 %	\$ (97)	17.3 %	\$ 3,258	\$ 3.50
(Gains) losses on equity investments ¹	**	**	**	13	— %	10	0.01
Litigation provisions ²	(98)	98	1.4 %	**	0.2 %	73	0.08
Adjusted - Non-GAAP	<u>\$ 2,828</u>	<u>\$ 4,133</u>	<u>59.4 %</u>	<u>\$ (84)</u>	<u>17.5 %</u>	<u>\$ 3,341</u>	<u>\$ 3.59</u>

	Three Months Ended June 30, 2023						
	Operating expenses	Operating income	Operating margin	Other income (expense)	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	\$ 2,613	\$ 3,656	58.3 %	\$ 48	23.2 %	\$ 2,845	\$ 3.00
(Gains) losses on equity investments ¹	**	**	**	(123)	0.7 %	(118)	(0.12)
Litigation provisions ³	(20)	20	0.3 %	**	— %	15	0.02
Adjusted - Non-GAAP	<u>\$ 2,592</u>	<u>\$ 3,677</u>	<u>58.6 %</u>	<u>\$ (75)</u>	<u>23.9 %</u>	<u>\$ 2,742</u>	<u>\$ 2.89</u>

Note: Figures may not sum due to rounding.

** Not applicable.

¹ Q2'24 net pre-tax losses of \$13 million and Q2'23 net pre-tax gains of \$123 million were primarily related to unrealized fair market value adjustments on marketable equity securities.

² Q2'24 pre-tax charges of \$98 million were primarily as a result of settlements with a number of U.K. merchants.

³ Q2'23 pre-tax charges of \$20 million were as a result of settlements with a number of U.K. and Pan-European merchants.



Appendix A (continued)

Non-GAAP Reconciliation

Three Months Ended June 30, 2024 as compared to the Three Months Ended June 30, 2023

Increase/(Decrease)

	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	12 %	10 %	(0.4) ppt	(5.9) ppt	15 %	17 %
(Gains) losses on equity investments ¹	**	**	**	(0.6) ppt	5 %	6 %
Litigation provisions ^{2,3}	(3)%	2 %	1.1 ppt	0.2 ppt	2 %	2 %
Adjusted - Non-GAAP	9 %	12 %	0.7 ppt	(6.4) ppt	22 %	24 %
Currency impact ⁴	1 %	2 %	0.3 ppt	— ppt	2 %	3 %
Adjusted - Non-GAAP - currency-neutral	10 %	15 %	1.0 ppt	(6.3) ppt	24 %	27 %

Note: Figures may not sum due to rounding.

** Not applicable.

¹ Q2'24 net pre-tax losses of \$13 million and Q2'23 net pre-tax gains of \$123 million were primarily related to unrealized fair market value adjustments on marketable equity securities.

² Q2'24 pre-tax charges of \$98 million were primarily as a result of settlements with a number of U.K. merchants.

³ Q2'23 pre-tax charges of \$20 million were as a result of settlements with a number of 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 (specifically those that manage the impact of foreign currency variability on anticipated revenues and expenses).



Appendix B

Non-GAAP Reconciliation

2024 financial outlook

	Prior 2024 vs. 2023 Increase/(Decrease)		Updated 2024 vs. 2023 Increase/(Decrease)	
	Net Revenue	Operating Expenses	Net Revenue	Operating Expenses
Forecasted Growth - GAAP¹	Low-end of low-double-digits	Mid-single-digits	Low-double-digits	High-end of high-single-digits
Litigation provisions^{2,3}	**	~4%	**	~3%
Restructuring charge⁴	**	**	**	~(2)%
Non-GAAP Growth	Low-end of low-double-digits	Low-end of low-double-digits	Low-double-digits	Low-end of low-double-digits
Currency impact⁵	1-2%	0-1%	~1%	~0%
Acquisitions⁶	~0%	~0%	~0%	~0%
Non-GAAP Growth, currency-neutral, excl. acq.	High-end of low-double-digits	Low-end of low-double-digits	High-end of low-double-digits	Low-end of low-double-digits

** Not applicable.

¹ GAAP - FY2024 forecast versus FY2023 reported results.

Full Year Special Items

² Impact of FY2023 litigation provisions (\$539M).

³ Impact of YTD Q2 2024 litigation provisions (\$224M).

⁴ Impact of forecasted FY2024 one-time restructuring charge of approximately \$190M in line with the recently announced organizational realignment, the anticipated savings of which are primarily intended to enable reinvestment to support the realization of our long-term growth opportunities.

Other Notes

⁵ 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 (specifically those that manage the impact of foreign currency variability on anticipated revenues and expenses).

⁶ Acquisitions completed after the beginning of 2023.



Appendix C

Non-GAAP Reconciliation

Third quarter 2024 financial outlook

	Q3'24 vs. Q3'23 Increase/(Decrease)	
	Net Revenue	Operating Expenses
Forecasted Growth - GAAP¹	Low-double-digits	High-end of high-teens
Litigation provisions²	**	**
Restructuring charge³	**	~(7)%
Non-GAAP Growth	Low-double-digits	Low-double-digits
Currency impact⁴	1-2%	0-1%
Acquisitions⁵	~0%	~0%
Non-GAAP Growth, currency-neutral, excluding acquisitions	High-end of low-double-digits	Low-double-digits

** Not applicable.

¹ GAAP - Q3'24 forecast versus Q3'23 reported results.

Third Quarter Special Items

² No litigation provisions in Q3'23.

³ Impact of forecasted Q3'24 one-time restructuring charge of approximately \$190M in line with the recently announced organizational realignment, the anticipated savings of which are primarily intended to enable reinvestment to support the realization of our long-term growth opportunities.

Other Notes

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 (specifically those that manage the impact of foreign currency variability on anticipated revenues and expenses).

⁵ Acquisitions completed after the beginning of 2023.



Forward-Looking Statements

This earnings presentation contains forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts may be forward-looking statements. When used in this earnings presentation, the words "believe", "expect", "could", "may", "would", "will", "trend" and similar words are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements that relate to the Company's future prospects, developments and business strategies. We caution you to not place undue reliance on these forward-looking statements, as they speak only as of the date they are made. Except for the Company's ongoing obligations under the U.S. federal securities laws, the Company does not intend to update or otherwise revise the forward-looking information to reflect actual results of operations, changes in financial condition, changes in estimates, expectations or assumptions, changes in general economic or industry conditions or other circumstances arising and/or existing since the preparation of this earnings presentation or to reflect the occurrence of any unanticipated events.

Many factors and uncertainties relating to our operations and business environment, all of which are difficult to predict and many of which are outside of our control, influence whether any forward-looking statements can or will be achieved. Any one of those factors could cause our actual results to differ materially from those expressed or implied in writing in any forward-looking statements made by Mastercard or on its behalf, including, but not limited to, the following factors:

- regulation related to the payments industry (including regulatory, legislative and litigation activity with respect to interchange rates and surcharging)
- the impact of preferential or protective government actions
- regulation of privacy, data, AI, information security and the digital economy
- regulation that directly or indirectly applies to us based on our participation in the global payments industry (including anti-money laundering, countering the financing of terrorism, economic sanctions and anti-corruption, account-based payments systems, and issuer and acquirer practices regulation)
- the impact of changes in tax laws, as well as regulations and interpretations of such laws or challenges to our tax positions
- potential or incurred liability and limitations on business related to any litigation or litigation settlements
- the impact of competition in the global payments industry (including disintermediation and pricing pressure)
- the challenges relating to rapid technological developments and changes
- the challenges relating to operating a real-time account-based payments system and to working with new customers and end users
- the impact of information security incidents, account data breaches or service disruptions
- issues related to our relationships with our stakeholders (including loss of substantial business from significant customers, competitor relationships with our customers, consolidation amongst our customers, merchants' continued focus on acceptance costs and unique risks from our work with governments)
- the impact of global economic, political, financial and societal events and conditions, including adverse currency fluctuations and foreign exchange controls
- reputational impact, including impact related to brand perception and lack of visibility of our brands in products and services
- the impact of environmental, social and governance matters and related stakeholders reaction
- the inability to attract and retain a highly qualified and diverse workforce, or maintain our corporate culture
- issues related to acquisition integration, strategic investments and entry into new businesses
- exposure to loss or illiquidity due to our role as guarantor as well as other contractual obligations and discretionary actions we may take
- issues related to our Class A common stock and corporate governance structure

For additional information on these and other factors that could cause the Company's actual results to differ materially from expected results, please see the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and any subsequent reports on Forms 10-Q and 8-K.

