

# Mastercard Incorporated

Fourth Quarter and Full Year 2024 Financial Results Conference Call

January 30, 2025



# Business Update

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Business Highlights

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Financial Overview



# 4th Quarter Selected Financial Performance

(\$ in millions, except per share data)

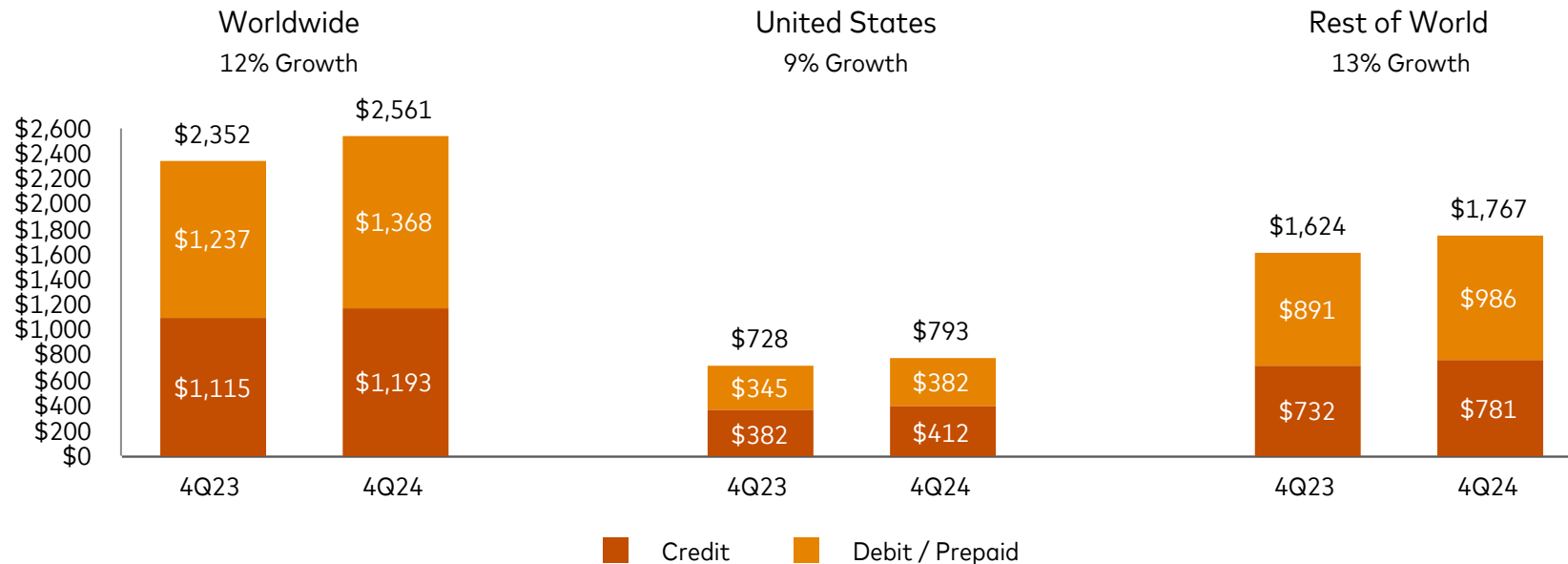
	4Q 24	4Q 23	YOY Growth	
	Non-GAAP	Non-GAAP	As adjusted	Currency-neutral
Net revenue	\$ 7,489	\$ 6,548	14%	16%
Adjusted operating expenses	3,270	2,868	14%	15%
Adjusted operating income	4,219	3,680	15%	17%
<i>Adjusted operating margin</i>	56.3 %	56.2 %	0.1 ppt	0.4 ppt
Adjusted net income	\$ 3,513	\$ 2,985	18%	19%
Adjusted diluted EPS	\$ 3.82	\$ 3.18	20%	22%
Adjusted effective tax rate	14.9%	17.0 %		

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



# 4th Quarter Gross Dollar Volume (GDV)

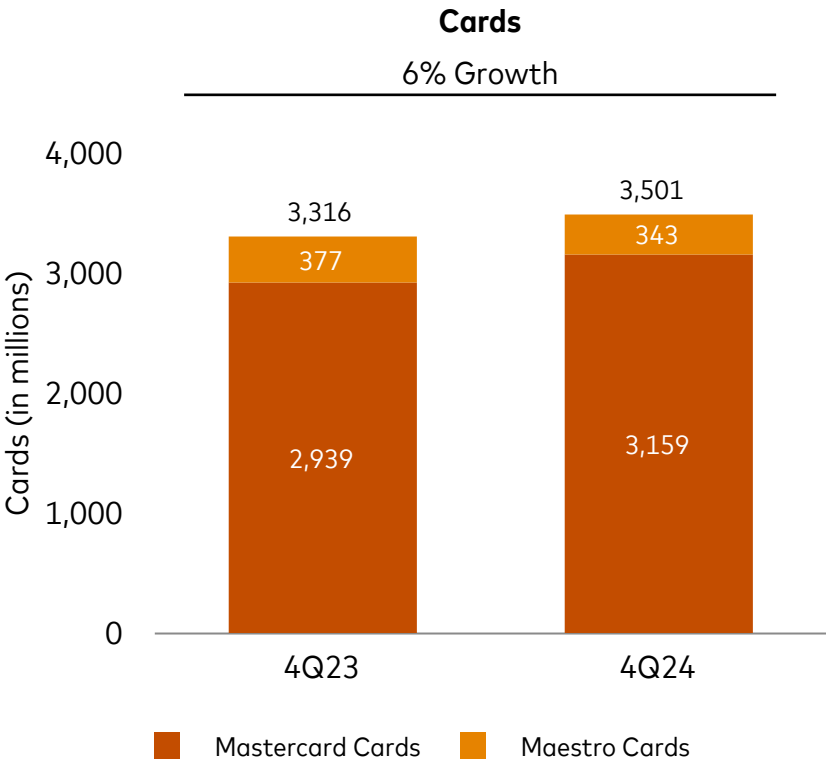
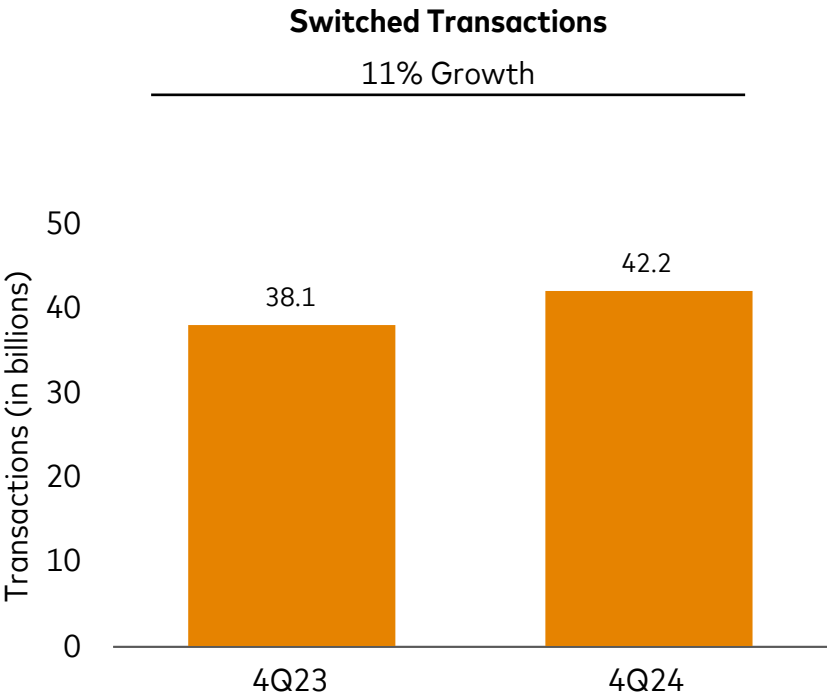
(\$ in billions)



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



# 4th Quarter Switched Transactions and Cards

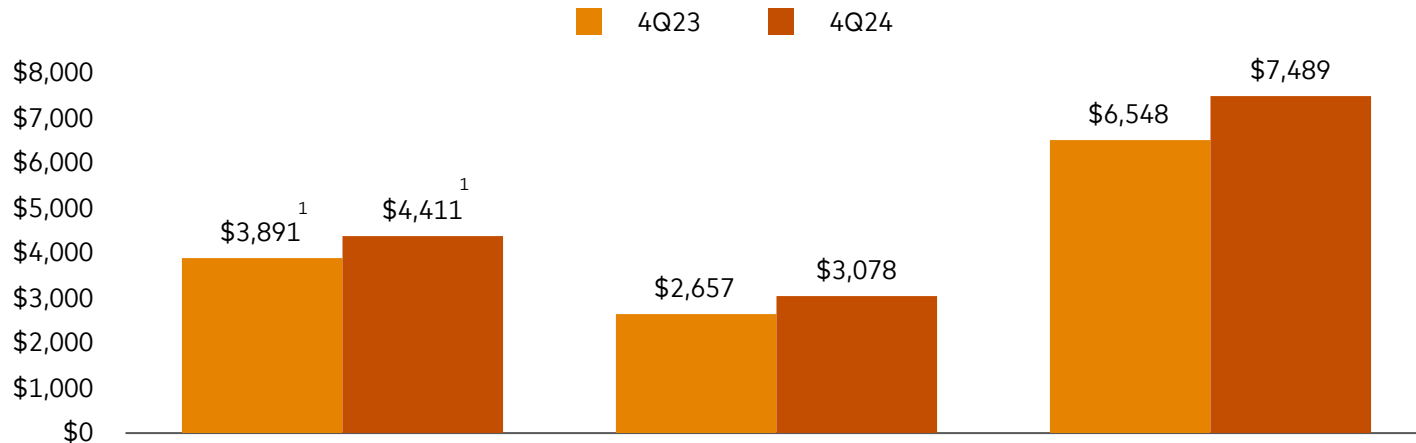


Note: Figures may not sum due to rounding.



# 4th Quarter Net Revenue

(\$ in millions)



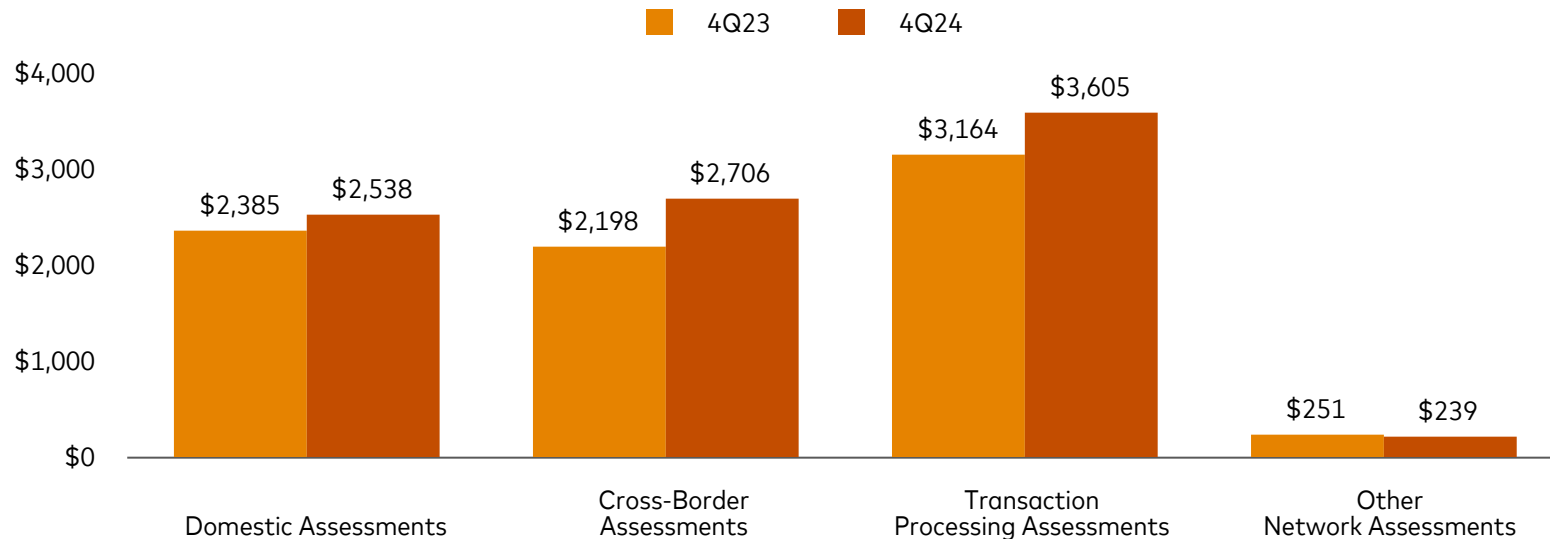
Growth	Payment Network	Value-added Services and Solutions	Total Net Revenue
<b>GAAP</b>	13%	16%	14%
<b>Currency-neutral</b>	15%	17%	16%

<sup>1</sup> Payment Network is presented net of rebates and incentives of \$4,677 million and \$4,108 million for Q4'24 and Q4'23, respectively, which grew year-over-year by 14%, or 17% on a currency-neutral basis.



# 4th Quarter Key Metrics related to the Payment Network

(\$ in millions)

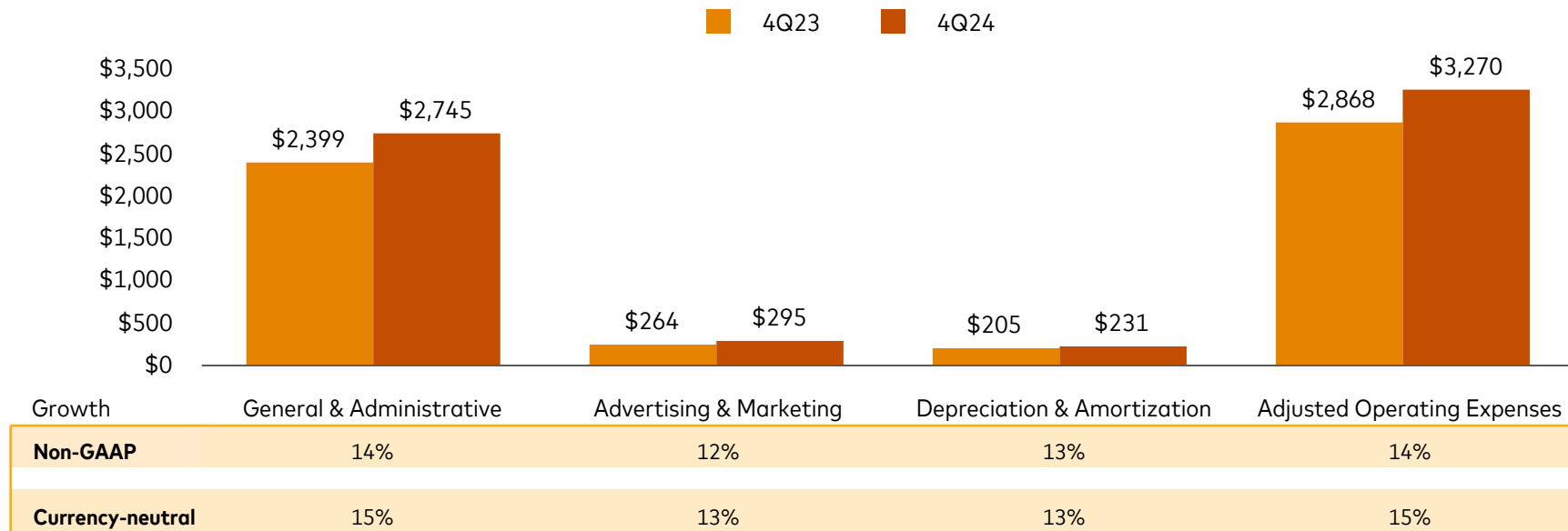


<b>Increase/(Decrease)</b>	6%	23%	14%	(5)%
<b>Increase/(Decrease) Currency-neutral</b>	10%	24%	15%	(5)%



# 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 28<sup>th</sup>

	Year-over-year growth %					
	2024					2025
	Q3	Oct	Nov	Dec	Q4	Jan 28 MTD
<b>Switched volume<sup>1</sup></b>	<b>11%</b>	<b>14%</b>	<b>12%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>
United States	6%	10%	8%	8%	9%	10%
Worldwide less U.S.	14%	17%	15%	17%	16%	16%
<b>Switched transactions</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>
<b>Cross-border volume<sup>1</sup></b>	<b>17%</b>	<b>19%</b>	<b>17%</b>	<b>23%</b>	<b>20%</b>	<b>18%</b>
Intra-Europe	17%	19%	16%	23%	20%	17%
Other Cross-border	17%	19%	18%	23%	20%	20%
XB CNP ex travel	19%	22%	17%	25%	21%	20%
XB Travel (CP + CNP travel)	15%	17%	17%	21%	18%	17%

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

January 30, 2025



# Looking Ahead

————— Thoughts on 2025



# Appendices



# Appendix A

## Non-GAAP Reconciliation

(\$ in millions, except per share data)

Three Months Ended December 31, 2024						
	Operating expenses	Operating income	Operating margin	Other income (expense)	Effective income tax rate	Diluted earnings per share
Reported - GAAP	\$ 3,551	\$ 3,938	52.6 %	\$ (47)	14.1 %	\$ 3,342
(Gains) losses on equity investments <sup>1</sup>	**	**	**	(40)	0.2 %	(0.05)
Litigation provisions <sup>2</sup>	(280)	280	3.7 %	**	0.6 %	214
Adjusted - Non-GAAP	<u>\$ 3,270</u>	<u>\$ 4,219</u>	<u>56.3 %</u>	<u>\$ (88)</u>	<u>14.9 %</u>	<u>\$ 3,513</u>

Three Months Ended December 31, 2023						
	Operating expenses	Operating income	Operating margin	Other income (expense)	Effective income tax rate	Diluted earnings per share
Reported - GAAP	\$ 3,176	\$ 3,372	51.5 %	\$ (51)	16.0 %	\$ 2,791
(Gains) losses on equity investments <sup>1</sup>	**	**	**	(34)	(0.1)%	(27)
Litigation provisions <sup>3</sup>	(308)	308	4.7 %	**	1.1 %	221
Adjusted - Non-GAAP	<u>\$ 2,868</u>	<u>\$ 3,680</u>	<u>56.2 %</u>	<u>\$ (85)</u>	<u>17.0 %</u>	<u>\$ 2,985</u>

Note: Figures may not sum due to rounding.

\*\* Not applicable.

<sup>1</sup> Q4'24 and Q4'23 net pre-tax gains of \$40 million and \$34 million, respectively, were primarily related to realized and unrealized fair market value adjustments on marketable and nonmarketable equity securities.

<sup>2</sup> Q4'24 pre-tax charges of \$280 million were primarily as a result of a legal provision associated with the U.K. consumer class action settlement and settlements with a number of U.K. merchants.

<sup>3</sup> Q4'23 pre-tax charges of \$308 million were as a result of settlements with a number of U.K. and Pan-European merchants and a change in estimate related to the claims of merchants who opted out of the U.S. merchant class litigation.



# Appendix A (continued)

## Non-GAAP Reconciliation

Three Months Ended December 31, 2024 as compared to the Three Months Ended December 31, 2023						
	Increase/(Decrease)					
	Operating expenses	Operating income	Operating margin	Effective income tax rate	Net income	Diluted earnings per share
Reported - GAAP	12 %	17 %	1.1 ppt	(1.8) ppt	20 %	23 %
(Gains) losses on equity investments <sup>1</sup>	**	**	**	0.2 ppt	— %	— %
Litigation provisions <sup>2,3</sup>	2 %	(2)%	(1.0) ppt	(0.4) ppt	(2)%	(2)%
Adjusted - Non-GAAP	14 %	15 %	0.1 ppt	(2.0) ppt	18 %	20 %
Currency impact <sup>4</sup>	1 %	2 %	0.4 ppt	0.2 ppt	2 %	2 %
Adjusted - Non-GAAP - currency-neutral	15 %	17 %	0.4 ppt	(1.8) ppt	19 %	22 %

Note: Figures may not sum due to rounding.

\*\* Not applicable.

<sup>1</sup> Q4'24 and Q4'23 net pre-tax gains of \$40 million and \$34 million, respectively, were primarily related to realized and unrealized fair market value adjustments on marketable and nonmarketable equity securities.

<sup>2</sup> Q4'24 pre-tax charges of \$280 million were primarily as a result of a legal provision associated with the U.K. consumer class action settlement and settlements with a number of U.K. merchants.

<sup>3</sup> Q4'23 pre-tax charges of \$308 million were as a result of settlements with a number of U.K. and Pan-European merchants and a change in estimate related to the claims of merchants who opted out of the U.S. merchant class litigation.

<sup>4</sup> 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

### 2025 financial outlook

	2025 vs. 2024 Increase/(Decrease)	
	Net Revenue	Operating Expenses
<b>Forecasted Growth - GAAP <sup>1</sup></b>	Low-double-digits	Mid-single-digits
<b>Litigation provisions <sup>2</sup></b>	**	6%
<b>Restructuring charge <sup>3</sup></b>	**	2%
<b>Non-GAAP Growth</b>	Low-double-digits	Low-teens
<b>Currency impact <sup>4</sup></b>	~2%	1-2%
<b>Acquisitions <sup>5</sup></b>	(1-1.5)%	~(5)% <sup>6</sup>
<b>Non-GAAP Growth, currency-neutral, excluding acquisitions</b>	High-end of low-double-digits to low-teens	Low-end of low-double-digits

\*\* Not applicable.

<sup>1</sup> GAAP - FY2025 forecast versus FY2024 reported results.

#### Full Year Special Items

<sup>2</sup> Impact of FY2024 litigation provisions (\$680M).

<sup>3</sup> Impact of FY2024 restructuring charge (\$190M).

#### Other Notes

<sup>4</sup> 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).

<sup>5</sup> Acquisitions completed after the beginning of 2024.

<sup>6</sup> Forecasted impact on operating expenses from acquisitions includes slightly more than 2.5ppt related to run rate expenses for operating the businesses and ~1ppt from amortization of acquired intangible assets, with the remaining impact related to integration costs and other one-time expenses, which were contemplated in the three-year performance objectives shared at the Mastercard Investment Community meeting in November 2024.



# Appendix C

## Non-GAAP Reconciliation

First quarter 2025 financial outlook

	Q1'25 vs. Q1'24 Increase/(Decrease)	
	Net Revenue	Operating Expenses
<b>Forecasted Growth - GAAP <sup>1</sup></b>	Low-double-digits	High-single-digits
<b>Litigation provisions <sup>2</sup></b>	**	5%
<b>Non-GAAP Growth</b>	Low-double-digits	Low-teens
<b>Currency impact <sup>3</sup></b>	~3%	~2%
<b>Acquisitions <sup>4</sup></b>	(1-1.5)%	(4-5)%
<b>Non-GAAP Growth, currency-neutral, excluding acquisitions</b>	Low-teens	Low-double-digits

\*\* Not applicable.

<sup>1</sup> GAAP - Q1'25 forecast versus Q1'24 reported results.

### First Quarter Special Items

<sup>2</sup> Impact of Q1'24 litigation provisions (\$126M).

### Other Notes

<sup>3</sup> 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).

<sup>4</sup> Acquisitions completed after the beginning of 2024.



## Appendix D

# Revenue Growth Drivers

### Three Months Ended December 31, 2024 as compared to the Three Months Ended December 31, 2023

	<u>Operational</u>	<u>Acquisitions</u>	<u>Currency Impact<sup>1,2</sup></u>	<u>Total</u>
Payment network	15 %	**	(1)%	13 %
Value-added services and solutions	17 %	1 %	(1)%	16 %
Net revenue	15 %	— %	(1)%	14 %

Note: Figures may not sum due to rounding.

\*\* Not applicable

<sup>1</sup> 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).

<sup>2</sup> See Appendix A for Non-GAAP reconciliation.





# Appendix E

## Operating Expense Growth Drivers (Non-GAAP)<sup>1</sup>

	<b>Three Months Ended December 31, 2024 as compared to the Three Months Ended December 31, 2023</b>			
	<b>Operational</b>	<b>Acquisitions</b>	<b>Currency Impact<sup>2</sup></b>	<b>Total</b>
General and administrative	14 %	1 %	(1)%	14 %
Advertising and marketing	13 %	— %	(1)%	12 %
Depreciation and amortization	12 %	— %	— %	13 %
Total operating expenses	14 %	1 %	(1)%	14 %

Note: Figures may not sum due to rounding.

\*\* Not applicable

<sup>1</sup> See Appendix A for Non-GAAP reconciliation.

<sup>2</sup> 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 F

## 4th Quarter G&A Detail

(\$ in millions)

	4Q 24	4Q 23	Increase/(Decrease)	
			\$	%
Personnel	\$ 1,653	\$ 1,528	\$ 125	8 %
Professional fees	191	163	28	17 %
Data processing and telecommunications	299	265	34	13 %
Foreign exchange activity <sup>1</sup>	16	18	(2)	(17)%
Other	586	425	161	38 %
Total general and administrative expenses	<u>\$ 2,745</u>	<u>\$ 2,399</u>	<u>\$ 346</u>	<u>14 %</u>

Note: Figures may not sum due to rounding.

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



# 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 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.

