

Q4 2019 FINANCIAL HIGHLIGHTS

January 28, 2020



DISCLOSURES

This presentation contains non-GAAP measures relating to our performance. You can find the reconciliation of these measures, except for FX-Neutral basis, to the nearest comparable GAAP measures in the appendix at the end of this presentation. All growth rates represent year-over-year comparisons, except as otherwise noted. For numbers in this presentation provided on an “FX-Neutral” basis, we calculate the year-over-year impact of foreign currency movements using prior period foreign currency rates applied to current year transactional currency amounts.

This presentation contains forward-looking statements relating to, among other things, the future performance of eBay Inc., and its consolidated subsidiaries that are based on our current expectations, forecasts and assumptions and involve risks and uncertainties. These statements include, but are not limited to, statements regarding the future performance of eBay Inc. and its consolidated subsidiaries, including expected financial results for the first quarter and full year 2020 and the future growth in our business, operating efficiency and margins, reinvestments, dividends, share repurchases, internet sales tax headwinds, the expected timing of the announcements regarding the company’s strategic portfolio review, and the timing and other expectations regarding our sale of StubHub to viagogo.

Our actual results could differ materially from those predicted or implied and reported results should not be considered as an indication of future performance. Other factors that could cause or contribute to such differences include, but are not limited to: changes in political, business and economic conditions, any regional or general economic downturn or crisis and any conditions that affect ecommerce growth or cross-border trade; the company’s ability to realize expected growth opportunities in payments intermediation and advertising; the outcome of the strategic portfolio review; fluctuations in foreign currency exchange rates; our need to successfully react to the increasing importance of mobile commerce and the increasing social aspect of commerce; an increasingly competitive environment for our business; changes to our capital allocation, including the timing, declaration, amount and payment of any future dividends or levels of the company’s share repurchases, or management of operating cash; our ability to increase operating efficiency to drive margin improvements and enable reinvestments; our ability to manage indebtedness, including managing exposure to interest rates and maintaining credit ratings; our need to manage an increasingly large enterprise with a broad range of businesses of varying degrees of maturity and in many different geographies; our ability to successfully intermediate payments on our marketplace platform; our need and ability to manage regulatory, tax, data security and litigation risks; whether the operational, marketing and strategic benefits of the separation of the eBay and PayPal businesses can be achieved; our ability to timely upgrade and develop technology systems, infrastructure and customer service capabilities at reasonable cost while maintaining site stability and performance and adding new products and features; and our ability to integrate, manage and grow businesses that have been acquired or may be acquired in the future.

The forward-looking statements in this presentation do not include the potential impact of any acquisitions or divestitures that may be announced and/or completed after the date hereof.

More information about factors that could affect our operating results is included under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q, copies of which may be obtained by visiting our Investor Relations website at <https://investors.ebayinc.com> or the SEC’s website at www.sec.gov. All information in this presentation is as of January 28, 2020. Undue reliance should not be placed on the forward-looking statements in this presentation, which are based on information available to us on the date hereof. We assume no obligation to update such statements.

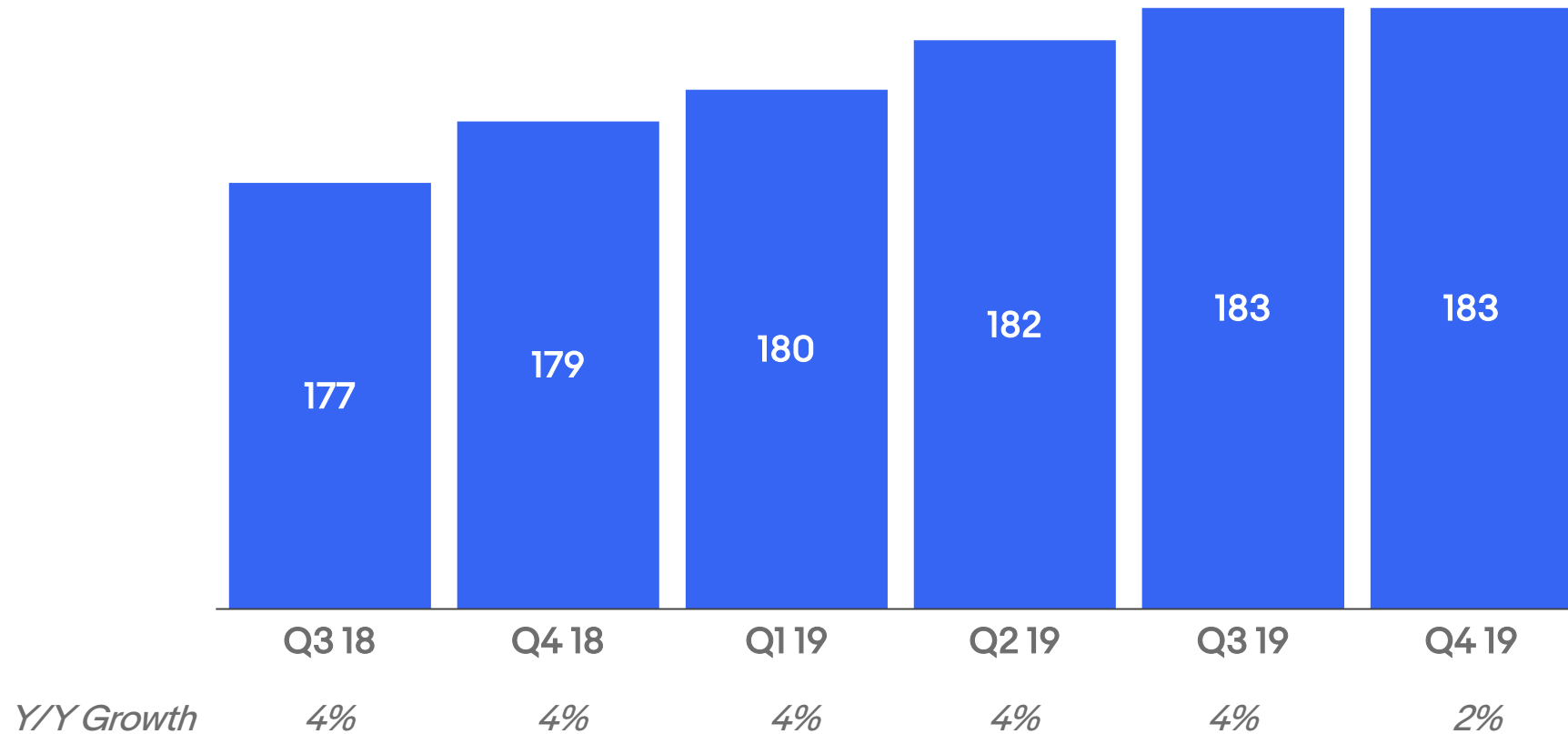
CFO COMMENTS

Q4 HIGHLIGHTS

- Revenue of \$2.8B, down 2% Y/Y (flat Y/Y FX-Neutral)
- GAAP EPS of \$0.69 and Non-GAAP EPS of \$0.81
- GAAP operating margin of 22%, down 2pt Y/Y
- Non-GAAP operating margin of 29%, flat Y/Y
- Generated \$811M of Operating Cash Flow and \$672M of Free Cash Flow
- Returned \$1.1B to shareholders through share repurchases and cash dividends

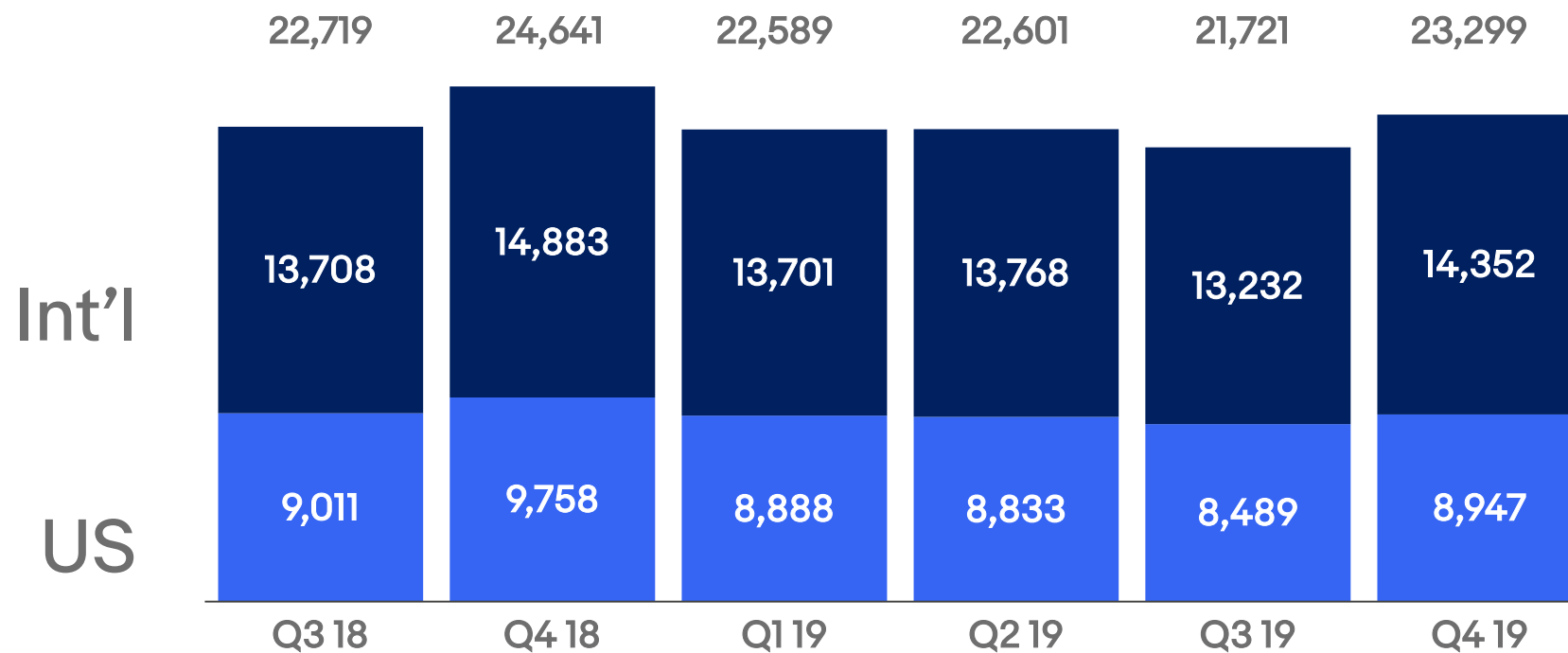
TRAILING 12-MONTH ACTIVE BUYERS

(millions)



GMV

(\$ millions)



US Y/Y Growth

3%

(1)%

(6)%

(5)%

(6)%

(8)%

Int'l FX-Neutral Y/Y Growth

7%

5%

3%

2%

1%

(1)%

Total FX-Neutral Y/Y Growth

5%

2%

(1)%

0%

(2)%

(4)%

Sold Items Y/Y Growth

0%

0%

0%

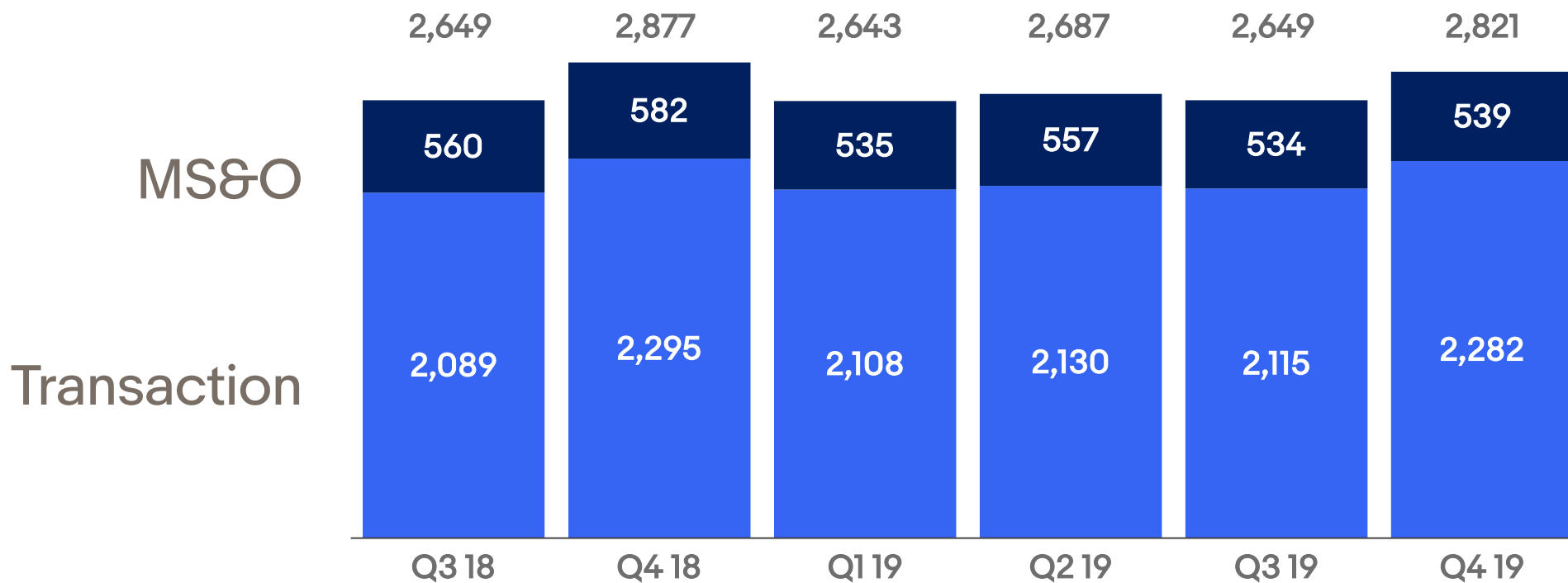
0%

(3)%

(4)%

REVENUE

(\$ millions)



- Q4 FX-Neutral Transaction Revenue up 1% Y/Y ... down 2pts Q/Q
- Q4 FX-Neutral MS&O Revenue down 5% Y/Y, with 7pts driven by asset disposition ... down 3pts Q/Q
- FY 19 Total Revenue \$10.8B ... Organic FX-Neutral growth 3% Y/Y

Y/Y Growth 6% 6% 2% 2% 0% (2)%

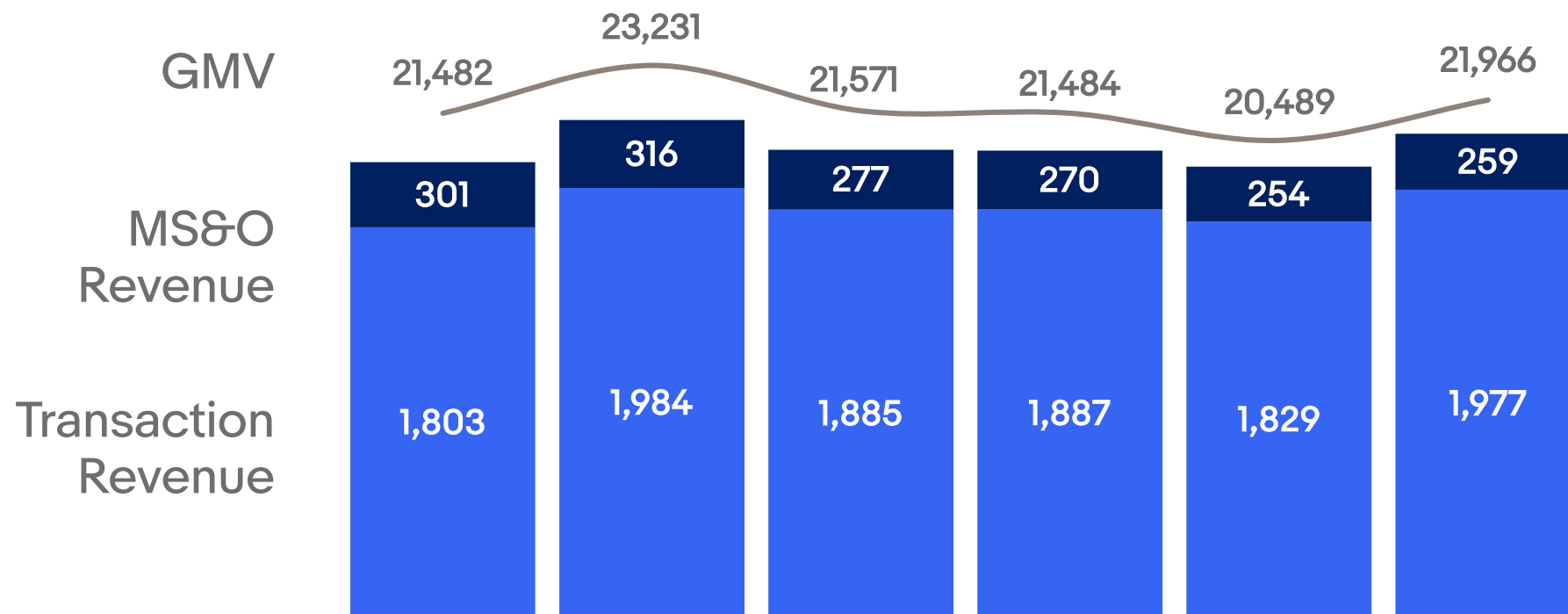
FX-Neutral Y/Y Growth 6% 6% 4% 4% 2% 0%

Organic FX-Neutral Y/Y Growth 5% 5% 3% 4% 3% 1%

Trxn Take Rate 9.2% 9.3% 9.3% 9.4% 9.7% 9.8%

MARKETPLACE GMV & REVENUE

(\$ millions)

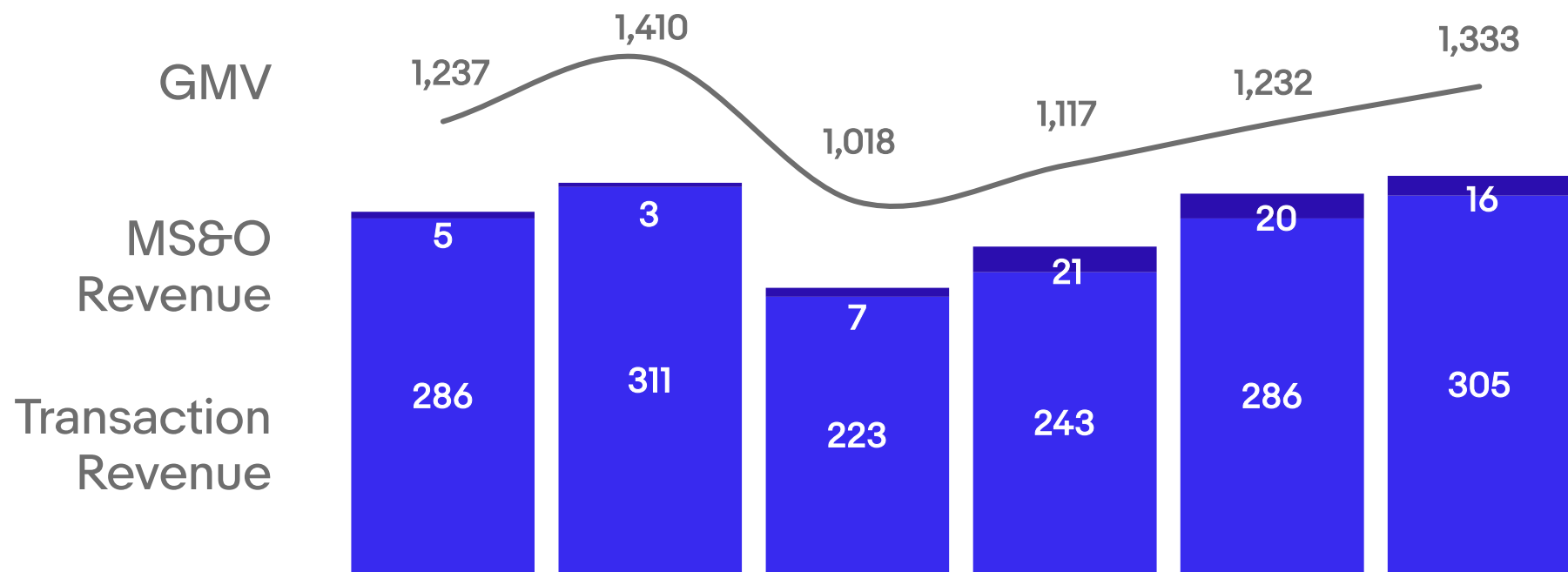


	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
<i>FX-Neutral GMV Y/Y Growth</i>	5%	3%	(1)%	(1)%	(2)%	(4)%
<i>FX-Neutral Rev Y/Y Growth</i>	5%	6%	4%	3%	1%	(1)%
<i>Trxn Take Rate</i>	8.4%	8.5%	8.7%	8.8%	8.9%	9.0%
<i>Segment Margin</i>	30%	31%	36%	32%	31%	32%

- Q4 FX-Neutral Transaction Revenue up 1% Y/Y, down 3pt Q/Q
- Q4 FX-Neutral MS&O Revenue down 17% Y/Y, down 4pts Q/Q
- Segment Margin up 1pt Y/Y
- FY 19 Total GMV \$85.5B ... FX-Neutral growth (2)% Y/Y
- FY 19 Total Revenue \$8.6B ... FX-Neutral growth 2% Y/Y

STUBHUB GMV & REVENUE

(\$ millions)

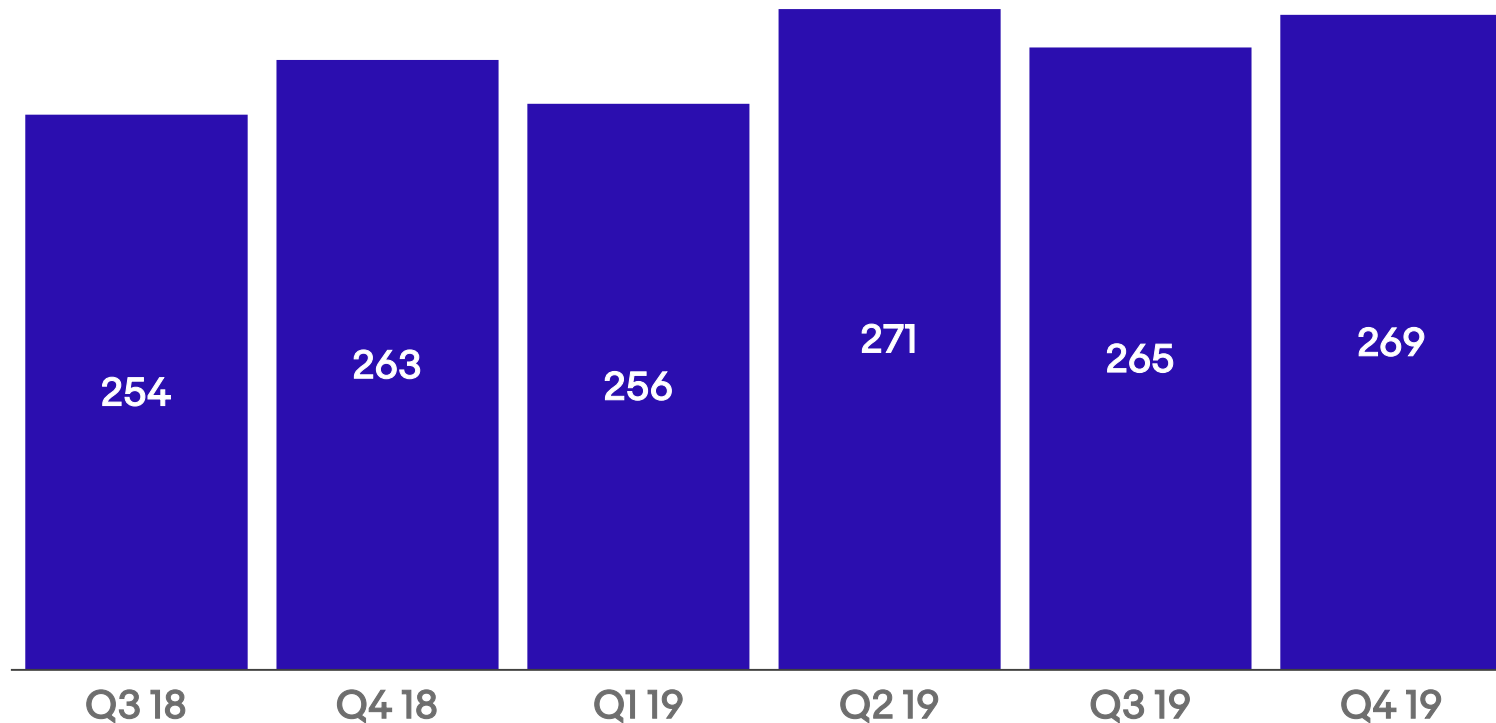


	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
<i>GMV FX-Neutral Y/Y Growth</i>	7%	(1)%	(2)%	6%	0%	(5)%
<i>Rev FX-Neutral Y/Y Growth</i>	7%	2%	0%	7%	5%	2%
<i>Trxn Take Rate</i>	23.1%	22.1%	22.0%	21.7%	23.2%	22.8%
<i>Segment Margin</i>	10%	26%	11%	4%	10%	22%

- Q4 FX-Neutral GMV down 5% Y/Y, down 5pts Q/Q, on a softer concerts and theater landscape
- Q4 FX-Neutral Transaction Revenue down 2% Y/Y
- Q4 FX-Neutral MS&O Revenue up over 300% Y/Y driven by IP inventory
- Segment Margin down 4pts Y/Y
- FY 19 Total GMV \$4.7B ... FX-Neutral growth (1)% Y/Y
- FY 19 Total Revenue \$1.1B ... FX-Neutral growth 4% Y/Y

CLASSIFIEDS REVENUE

(\$ millions)



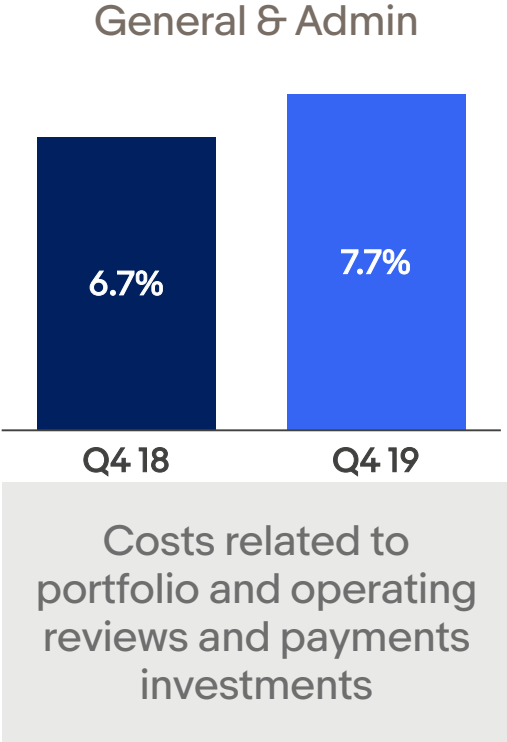
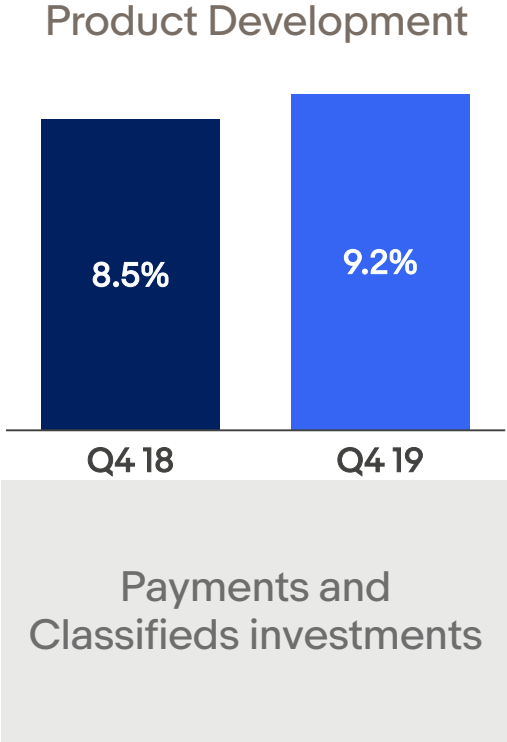
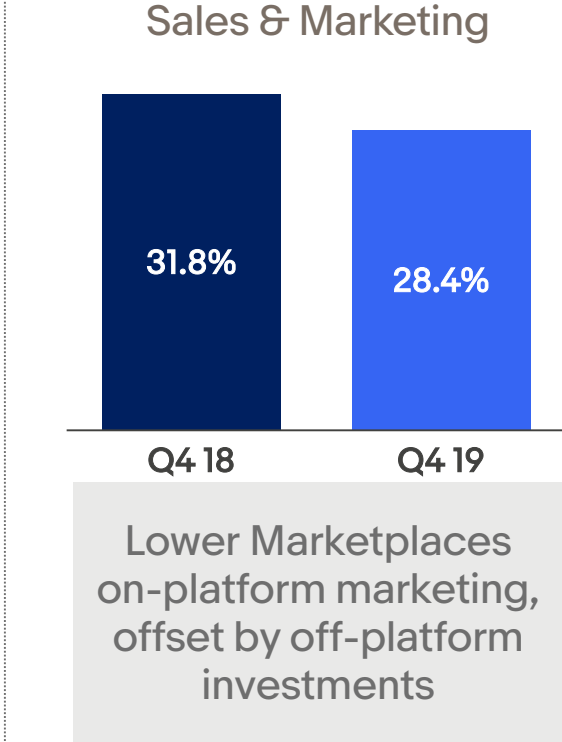
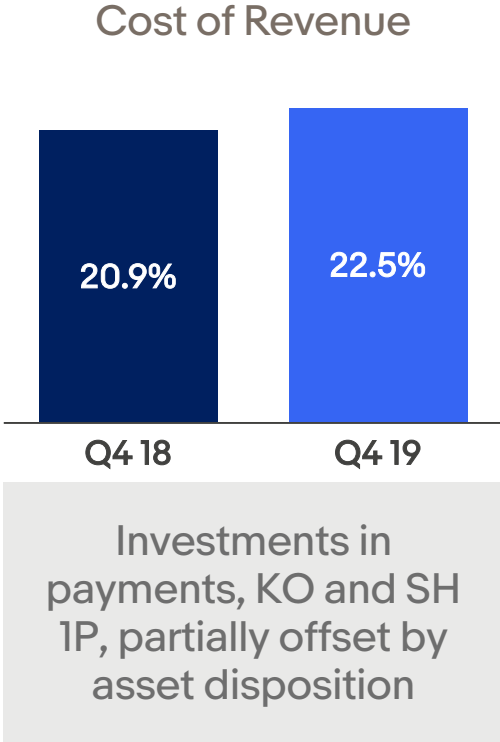
- Q4 FX-Neutral Revenue up 6% Y/Y, down 2pts Q/Q, driven by display advertising headwinds
- Segment Margin down 1pt Y/Y
- FY 19 Total Revenue \$1.1B ... FX-Neutral growth 9% Y/Y

	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
<i>Rev Y/Y Growth</i>	8%	8%	4%	5%	4%	3%
<i>FX-Neutral Rev Y/Y Growth</i>	11%	11%	12%	12%	8%	6%
<i>Segment Margin</i>	39%	44%	36%	38%	41%	43%

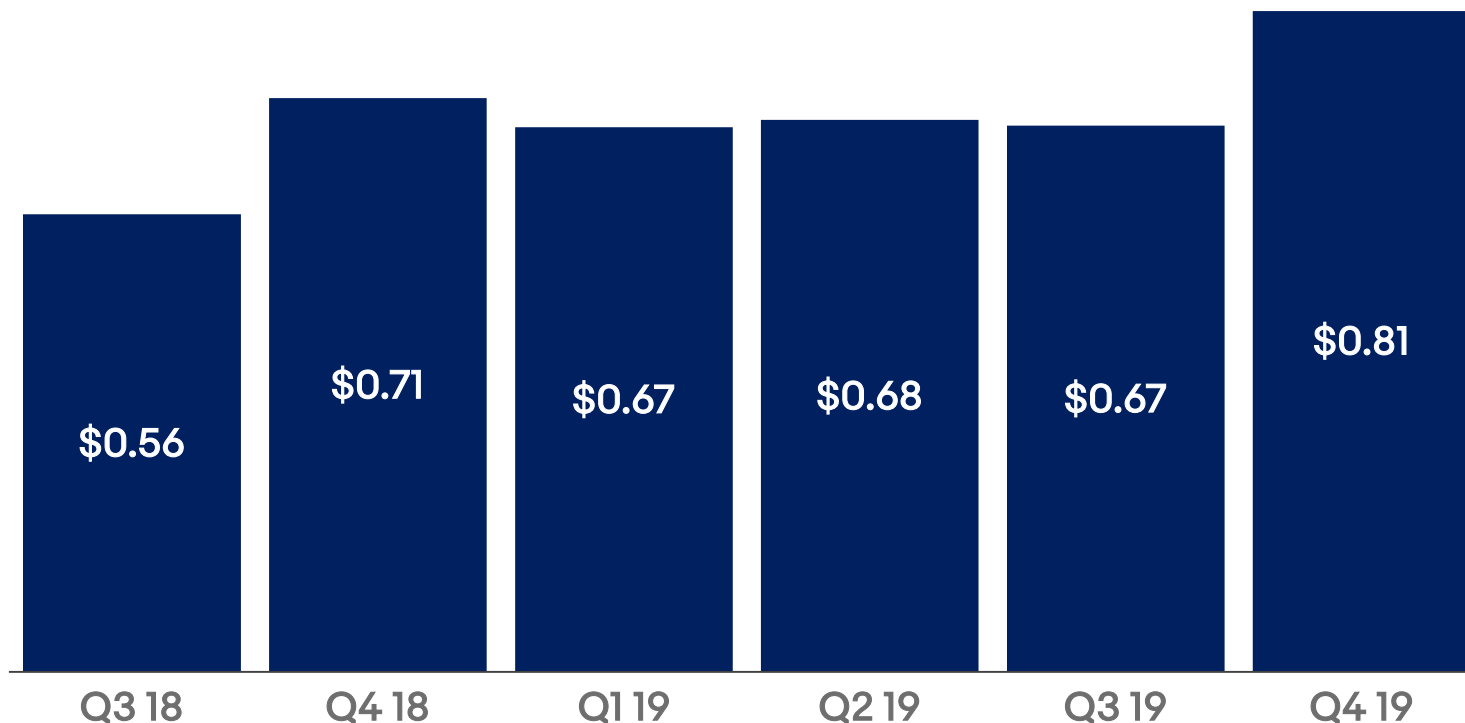
NON-GAAP EXPENSES

(% of revenue)

Operating Expense at 48.2%, down ~2pt Y/Y



NON-GAAP EPS

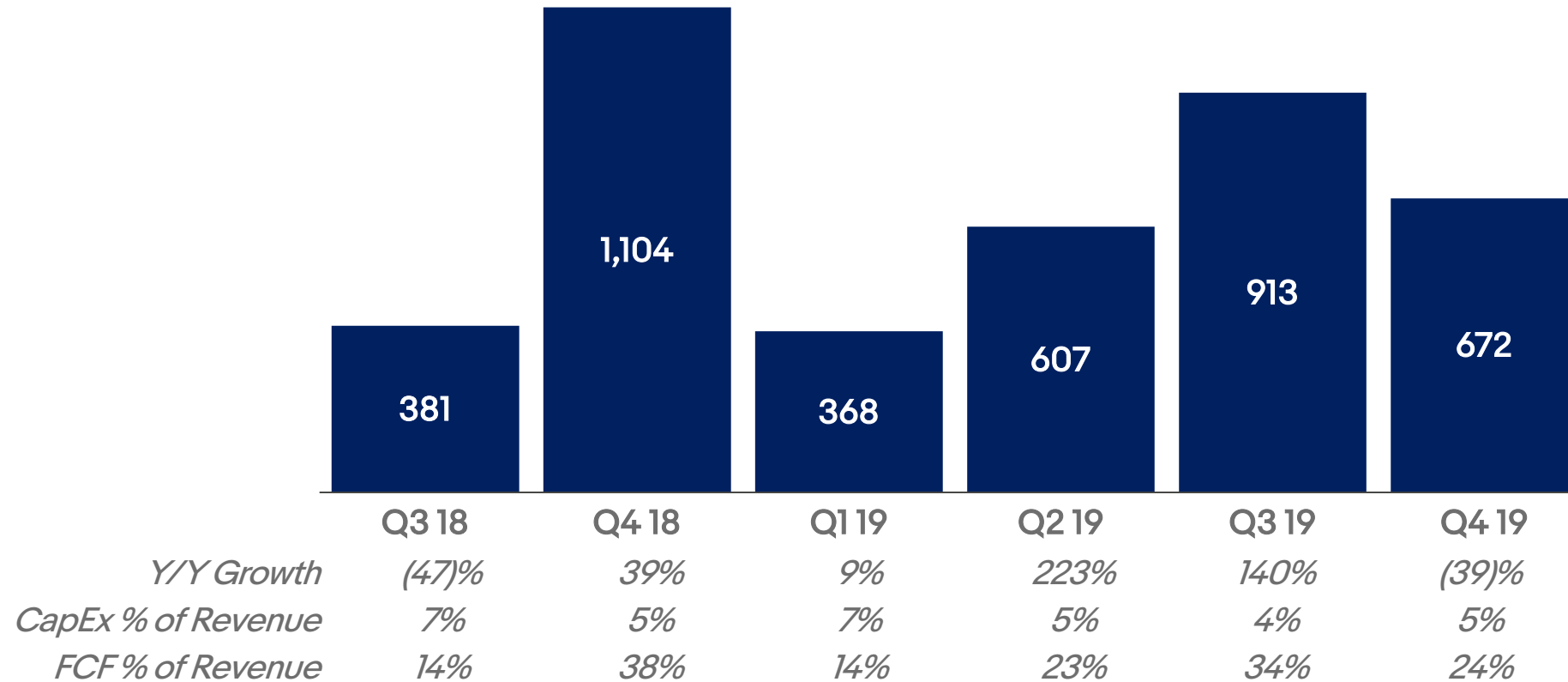


	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
<i>Non-GAAP EPS Y/Y Growth</i>	19%	20%	26%	28%	19%	15%
<i>Non-GAAP Operating Margin</i>	26.4%	29.2%	29.8%	26.9%	26.6%	29.3%
<i>GAAP EPS</i>	\$0.73	\$0.80	\$0.57	\$0.46	\$0.37	\$0.69
<i>GAAP EPS Y/Y Growth</i>	52%	**	45%	(27)%	(50)%	(14)%

- Q4 Non-GAAP Operating Margin up 10bps Y/Y, with investments more than offset by operating efficiencies and asset disposition
- Q4 Non-GAAP EPS Y/Y growth driven by net benefit of share repurchases, lower tax rate and operating efficiencies, offset by FX and payments investments
- FY 19 GAAP EPS of \$2.10 and Non-GAAP EPS of \$2.83

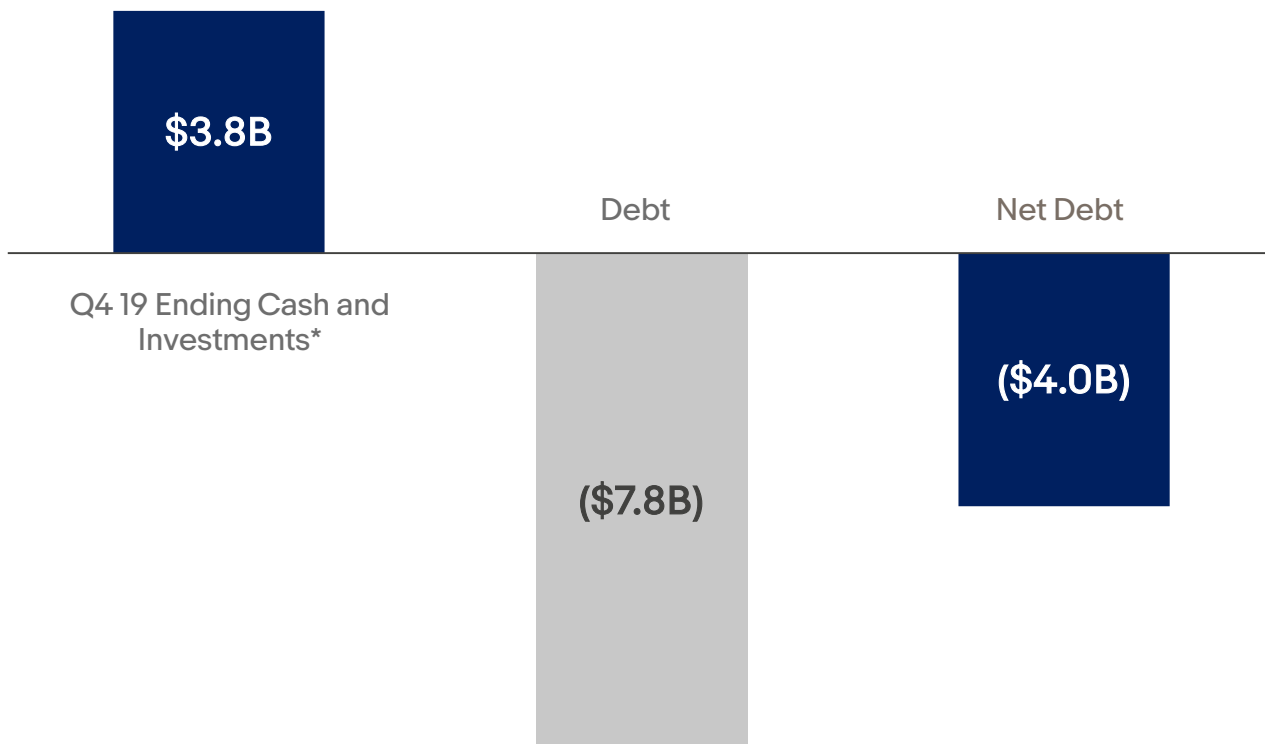
FREE CASH FLOW

(\$ millions)



- Q4 FCF down 39% Y/Y driven by timing of working capital and cash taxes
- FY 19 FCF \$2.6B
- FY 19 CapEx 5% of Revenue

2019 CASH & DEBT



Repurchased \$1.0B of shares and paid cash dividend of \$113M in Q4
\$2.2B Authorization Remaining**

Capital Allocation Tenets

- Preserve financial flexibility to execute on strategy and drive long-term value creation
- Drive organic growth while balancing profitability
- Supplement organic growth with disciplined acquisitions and investments
- Optimize financial flexibility, access to debt and cost of capital
- Meaningful returns to shareholders through share repurchases and dividends

CAPITAL STRUCTURE PROGRESS IN 2019

Capital Allocation & Return

Dividend

- ✓ Initiating a quarterly dividend
- ✓ First payment of \$0.14 per share expected on or about March 20, 2019 to shareholders of record as of March 1, 2019

Share Repurchase

- ✓ Additional share repurchase authorization of \$4.0B with no expiration
- ✓ Expected 2019 share repurchase of approximately \$5.0B

Target Capital Structure

- ✓ We plan to maintain our current BBB+ rating ... important as we build our payment intermediation capabilities
- ✓ Expect to exit 2019 with cash and investments of approximately \$3.5B
- ✓ Targeting mid-term leverage of approximately 1.5x net debt and gross debt below 3.0x EBITDA

Capital allocation tenets remain the same ... disciplined execution

2020 GUIDANCE

Revenue **\$10.72B - \$10.92B**

Y/Y Growth *(1)% - 1%*

Organic FX-Neutral Y/Y Growth *1% - 3%*

Operating Margin **28.5% - 29.5%**

Non-GAAP EPS **\$2.95 - \$3.05**

Y/Y Growth *4% - 8%*

FCF **\$2.2B - \$2.4B**

Guidance Context

- Non-GAAP Interest and Other Income will face y/y pressure from the impact of a lower cash balance
- Non-GAAP effective tax rate of 15.5% to 17.5%
- Capex 4-6% of Revenue
- Guidance includes share repurchases of approximately \$1.5 billion

Org FX-Neutral Revenue Growth @ midpoint

MP Volume incl IST impact	~(2)pts
Advertising & Managed Payments	~3pts
Classifieds/StubHub/Other MS&O	~1pt
Organic FX-Neutral Y/Y Growth	~2pts

Non-GAAP EPS Drivers (vs 2019)

Operational Growth	\$0.05 - \$0.19
Lower Share Count <small>(19 & '20 Buybacks)</small>	\$0.21 - \$0.29
Interest & Other Income	\$(0.07) - \$(0.10)
FX Impact <small>(includes impact of hedging program)</small>	\$(0.05) - \$(0.08)
Tax Rate <small>(lapping 2019 one-time impacts)</small>	\$(0.02) - \$(0.08)
Y/Y Non-GAAP EPS lift	~\$0.12 - \$0.22

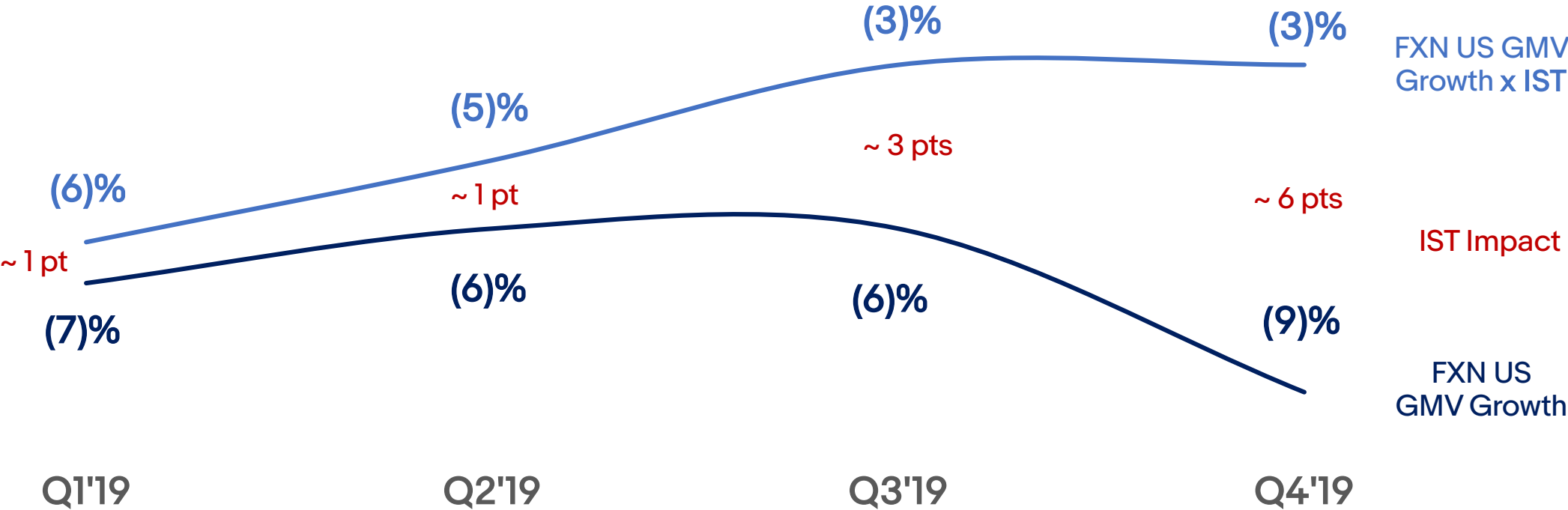
Q1 GUIDANCE

	Q1 20		Q1 Guidance Context
	<u>Low</u>	<u>High</u>	
Revenue (in billions)	\$2.55	\$2.60	<ul style="list-style-type: none"> • Non-GAAP EPS growth driven by: <ul style="list-style-type: none"> • ~11 pts from the combined benefit of lower share count and operational growth, partially offset by payments investments • Headwinds of ~4 pts from the combination of FX and less Interest & Other Income, partially offset by a lower Q1 tax rate • Non-GAAP effective tax rate of 15.5% - 17.5%
<i>Y/Y Growth</i>	<i>(4)%</i>	<i>(2)%</i>	
<i>Organic FX-Neutral Y/Y Growth</i>	<i>(1)%</i>	<i>1%</i>	
Non-GAAP EPS	\$0.70	\$0.73	
<i>Y/Y Growth</i>	<i>4%</i>	<i>9%</i>	

Q&A

APPENDIX

INTERNET SALES TAX IMPACT ON MP US GMV



New States:	3	5	14	11
Total States:	3	8	22	33
Large States:		NY		CA, TX

RECONCILIATIONS

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

OPERATING MARGIN

	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
GAAP operating income	\$ 556	\$ 681	\$ 609	\$ 561	\$ 532	\$ 619
Stock-based compensation expense and related employer payroll taxes	127	143	126	145	119	132
Amortization of acquired intangible assets within cost of net revenues	3	1	2	2	1	2
Amortization of acquired intangible assets within operating expenses	13	13	13	12	12	11
Other significant gains, losses or charges	2	1	38	3	41	63
Non-GAAP operating income	\$ 701	\$ 839	\$ 788	\$ 723	\$ 705	\$ 827
Revenues	\$ 2,649	\$ 2,877	\$ 2,643	\$ 2,687	\$ 2,649	\$ 2,821
GAAP operating margin	21.0 %	23.7 %	23.0 %	20.9 %	20.1 %	21.9 %
Non-GAAP operating margin	26.4 %	29.2 %	29.8 %	26.9 %	26.6 %	29.3 %

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

NET INCOME / EPS

	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
GAAP Income from continuing operations	\$ 720	\$ 763	\$ 521	\$ 403	\$ 310	\$ 558
Stock-based compensation expense and related employer payroll taxes	127	143	126	145	119	132
Amortization of acquired intangible assets within cost of net revenues	3	1	2	2	1	2
Amortization of acquired intangible assets within operating expenses	13	13	13	12	12	11
Other significant gains, losses or charges	2	1	38	3	41	63
Gains or losses on investments and sale of business	(313)	—	—	—	52	—
Change in fair market value of warrant	(126)	128	(113)	8	49	(77)
Tax effects of US Tax Reform	—	(463)	—	—	—	—
Tax effect of step-up of intangible assets basis	—	(9)	—	199	—	—
Tax effect of non-GAAP adjustments	128	93	21	(183)	(21)	(28)
Non-GAAP net income from continuing operations	\$ 554	\$ 670	\$ 608	\$ 589	\$ 563	\$ 661
Non-GAAP net income from continuing operations per diluted share	\$ 0.56	\$ 0.71	\$ 0.67	\$ 0.68	\$ 0.67	\$ 0.81
Shares used in non-GAAP diluted share calculation	983	950	908	867	837	812

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

STATEMENT OF INCOME

	December 31, 2019			December 31, 2018		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
	(in millions, except per share data and percentages)					
Net revenues	\$ 2,821	\$ —	\$ 2,821	\$ 2,877	\$ —	\$ 2,877
Cost of net revenues	650	(14) (a)(b)	636	618	(17) (a)(b)	601
Gross Profit	2,171	14	2,185	2,259	17	2,276
Operating expenses:						
Sales and marketing	829	(26) (a)(d)	803	945	(29) (a)	916
Product development	308	(51) (a)(d)	257	292	(49) (a)	243
General and administrative	323	(106) (a)(d)	217	245	(50) (a)(d)	195
Provision for transaction losses	81	—	81	83	—	83
Amortization of acquired intangible assets	11	(11) (b)	—	13	(13) (b)	—
Total operating expense	1,552	(194)	1,358	1,578	(141)	1,437
Income from operations	619	208	827	681	158	839
Interest and other income, net	15	(77) (f)	(62)	(165)	128 (e)	(37)
Income from continuing operations before income taxes	634	131	765	516	286	802
Provision for income taxes	(76)	(28) (c)	(104)	247	(379) (c)(g)(h)	(132)
Income from continuing operations	\$ 558	\$ 103	\$ 661	\$ 763	\$ (93)	\$ 670
Net income (loss) from continuing operations per share:						
Basic	\$ 0.69		\$ 0.82	\$ 0.81		\$ 0.71
Diluted	\$ 0.69		\$ 0.81	\$ 0.80		\$ 0.71
Weighted average shares:						
Basic	807		807	945		945
Diluted	812		812	950		950
Operating margin	21.9 %	7.4 %	29.3 %	23.7 %	5.5 %	29.2 %
Effective tax rate	11.9 %	1.7 %	13.6 %	(47.9) %	64.3 %	16.4 %

Notes:

- (a) Stock-based compensation expense and related employer payroll taxes
- (b) Amortization of acquired intangible assets
- (c) Income taxes associated with certain non-GAAP entries
- (d) Other significant gains, losses or charges
- (e) Gains or losses on investments
- (f) Change in fair market value of warrant
- (g) Tax effects of U.S. Tax Reform
- (h) Tax effect of step-up of intangible assets basis

CALCULATION OF FREE CASH FLOW

	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Net cash provided by continuing operating activities	\$ 560	\$ 1,234	\$ 550	\$ 744	\$ 1,009	\$ 811
Less: Purchases of property and equipment, net	(179)	(130)	(182)	(137)	(96)	(139)
Free cash flow from continuing operations	\$ 381	\$ 1,104	\$ 368	\$ 607	\$ 913	\$ 672

RECONCILIATION OF TOTAL REVENUE

	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Net Revenues by Type						
Net Transaction Revenues:						
Marketplace ⁽²⁾	\$ 1,803	\$ 1,984	\$ 1,885	\$ 1,887	\$ 1,829	\$ 1,977
StubHub	286	311	223	243	286	305
Total net transaction revenues	2,089	2,295	2,108	2,130	2,115	2,282
Marketing services and other revenues:						
Marketplace	\$ 301	\$ 316	\$ 277	\$ 270	\$ 254	\$ 259
Classifieds	254	263	256	271	265	269
StubHub	5	3	7	21	20	16
Elimination of intersegment revenue	—	—	(5)	(5)	(5)	(5)
Total marketing and other revenues	560	582	535	557	534	539
Total net revenues ⁽¹⁾	\$ 2,649	\$ 2,877	\$ 2,643	\$ 2,687	\$ 2,649	\$ 2,821
(1) Foreign currency impact	\$ 4	\$ (9)	\$ (68)	\$ (86)	\$ (43)	\$ (14)
(2) Hedge gain/(loss)	\$ 12	\$ 29	\$ 20	\$ 13	\$ 19	\$ 29

RECONCILIATION OF ORGANIC REVENUE

	Three months ended					
	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
As Reported Revenue Growth	6%	6%	2%	2%	0%	-2%
Acquisition/Disposition Impact	(1)%	(1)%	(1)%	(0)%	1%	1%
Foreign Currency Impact	(0)%	(1)%	2%	2%	2%	2%
Organic FX-Neutral Revenue Growth	5%	5%	3%	4%	3%	1%

Organic FX-Neutral Revenue Growth. The company defines Organic FX-Neutral Revenue Growth as As Reported Revenue Growth excluding incremental revenue from acquisitions or dispositions for the twelve-month period following such acquisitions or dispositions and foreign exchange rate effects. The company believes this measure provides useful supplemental information regarding the company's underlying revenue trends by presenting revenue growth exclusive of these effects.

GAAP TO NON-GAAP RECONCILIATIONS GUIDANCE

	Three Months Ending March 31, 2020	
(in billions, except per share amounts)	GAAP	Non-GAAP (a)
Net Revenue	\$2.55 - \$2.60	\$2.55 - \$2.60
Diluted EPS	\$0.50 - \$0.53	\$0.70 - \$0.73

	Twelve Months Ending December 31, 2020	
(in billions, except per share amounts)	GAAP	Non-GAAP (b)
Net Revenue	\$10.72 - \$10.92	\$10.72 - \$10.92
Diluted EPS	\$2.18 - \$2.28	\$2.95 - \$3.05

	Twelve Months Ending December 31, 2020	
(in billions)		
Net cash provided by continuing operations		\$2.7 - \$3.1
Less: Purchase of property and equipment, net		\$(0.5) - \$(0.7)
Free cash flow		\$2.2 - \$2.4

(a) Estimated non-GAAP amounts above for the three months ending March 31, 2020 reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$10-\$15 million, estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$120-\$130 million and an adjustment that excludes the net deferred tax impact related to the step-up in the tax basis of intangible assets of approximately \$30-\$40 million.

(b) Estimated non-GAAP amounts above for the twelve months ending December 31, 2020 reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$45-\$55 million, estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$510-\$530 million and an adjustment that excludes the net deferred tax impact related to the step-up in the tax basis of intangible assets of approximately \$130-\$150 million.

The background consists of a grid of colored squares. The top row has five squares: light pink, red, light orange, orange, and dark red. The second row has four squares: dark purple, light pink, yellow, and a large blue square. The third row has three squares: light pink, yellow, and dark purple. The bottom row has four squares: green, light blue, blue, and dark blue. The word 'ebay' is centered in white on the large blue square.

ebay