

Q2 2020 FINANCIAL HIGHLIGHTS

July 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 management’s vision for the future of eBay and our ability to accomplish our vision, expected financial results for the third quarter and full year 2020 and the future growth in our business, the effects of COVID-19 on our business and operations and our ability to respond to such effects, operating efficiency and margins, reinvestments, dividends, share repurchases, internet sales tax headwinds, and the closing of the announced transaction with Adevinta ASA (the “Transaction”) and the potential benefits of the Transaction.

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, the duration of the COVID-19 pandemic and the effects of COVID-19 on our business and operations and on the general economy, including effects on our sellers and customers, 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; 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; our ability to integrate, manage and grow businesses that have been acquired or may be acquired in the future; the possibility that regulatory and other approvals and conditions to the Transaction are not received or satisfied on a timely basis or at all; the possibility that the company may not fully realize the projected benefits of the Transaction; changes in the anticipated timing for closing the Transaction; business disruption during the pendency of or following the Transaction; diversion of management time on Transaction-related issues; the reaction of customers and other persons to the Transaction; and other events that could adversely impact the completion of the Transaction, including COVID-19 and industry or economic conditions outside of our control.

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 July 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.

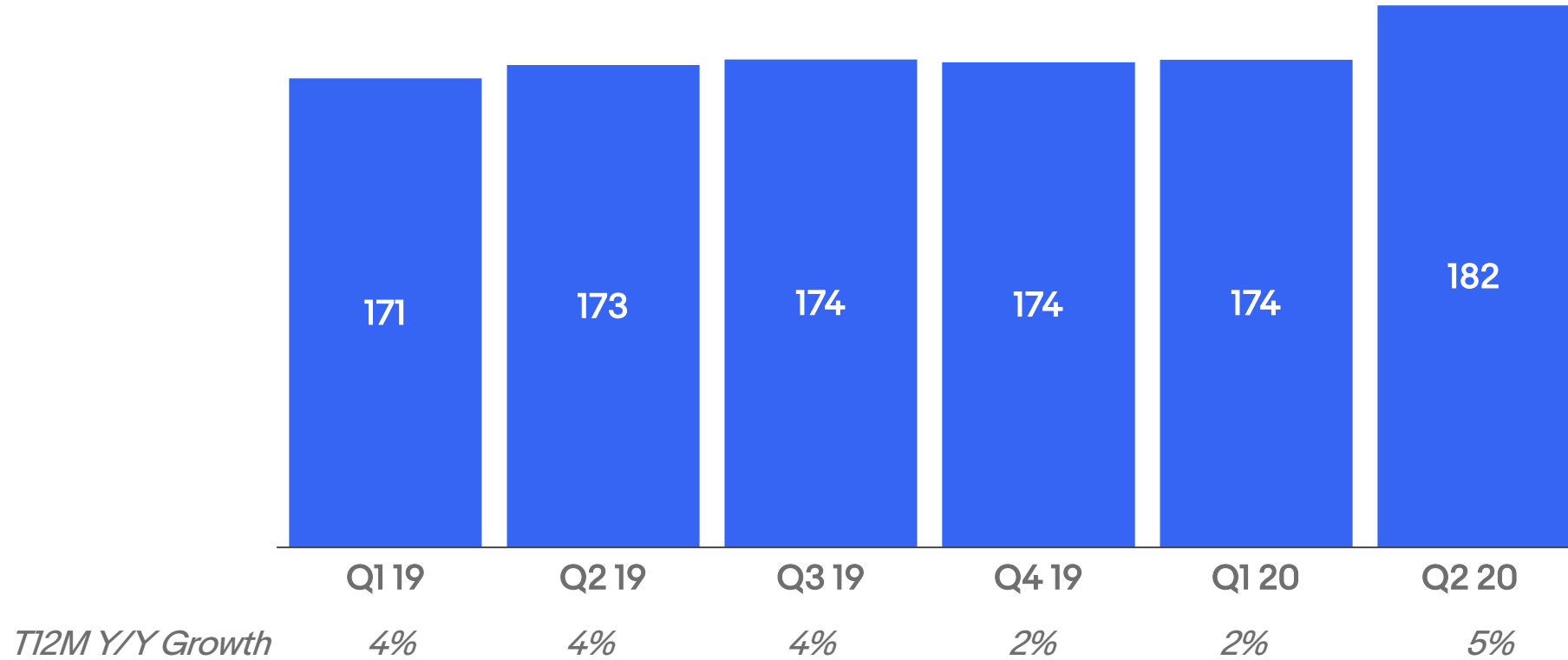
CFO COMMENTS

Q2 HIGHLIGHTS

- Revenue of \$2.9B, up 18% Y/Y (+22% Y/Y Organic FX-Neutral)
- GAAP EPS of \$1.04 and Non-GAAP EPS of \$1.08
- GAAP operating margin of 29%, up 6pts Y/Y
- Non-GAAP operating margin of 34%, up 5pts Y/Y
- Generated \$964M of Operating Cash Flow and \$866M of Free Cash Flow
- Returned \$0.1B to shareholders through cash dividends
- Repaid ~\$0.8B of debt

ACTIVE BUYERS

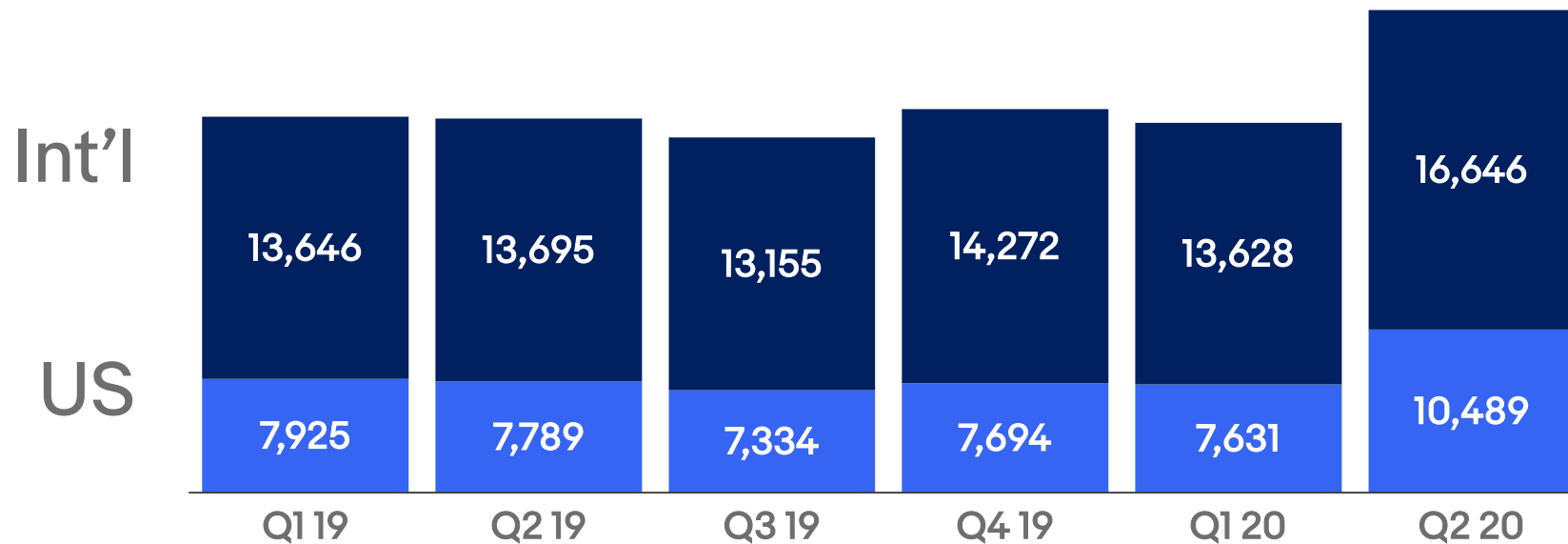
(millions)



MARKETPLACE GMV

(\$ millions)

21,571 21,484 20,489 21,966 21,259 27,135

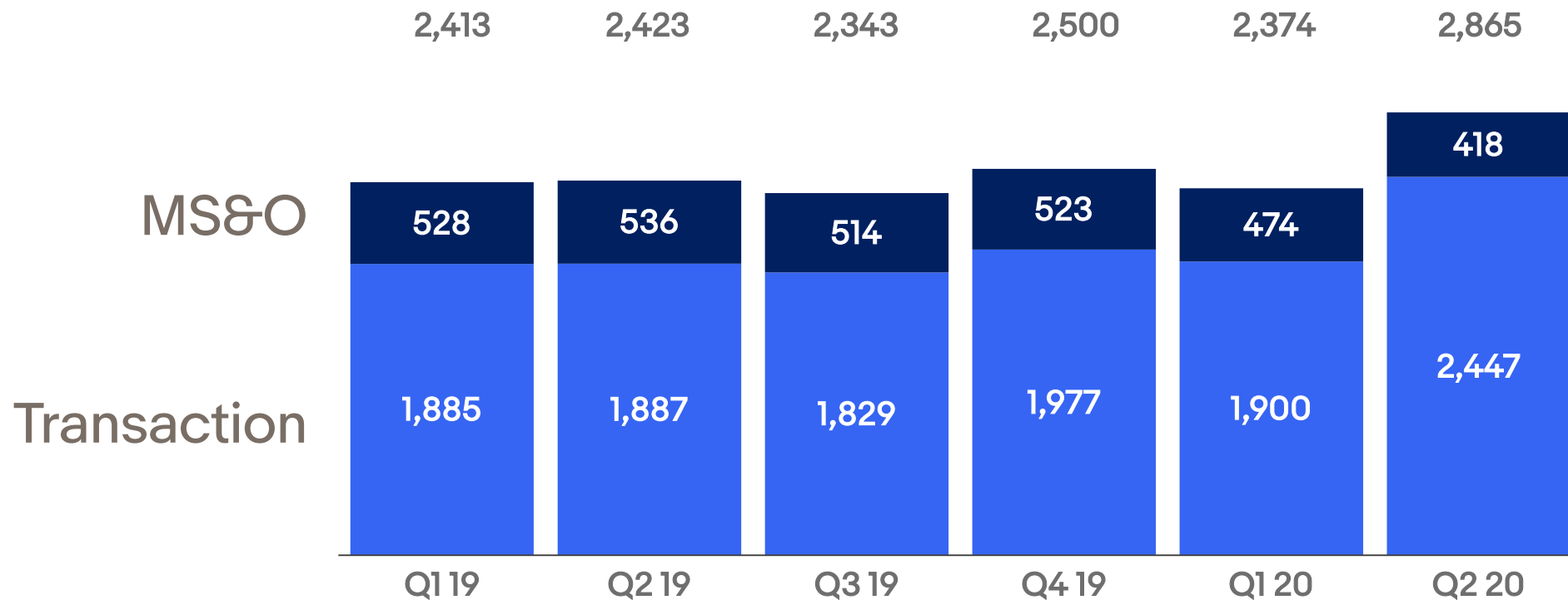


- Q2 FX-Neutral B2C GMV up 29% Y/Y and FX-Neutral C2C GMV up 31% Y/Y

<i>US Y/Y Growth</i>	(7)%	(6)%	(6)%	(9)%	(4)%	35%
<i>Int'l FX-Neutral Y/Y Growth</i>	3%	2%	1%	(1)%	3%	26%
<i>Total FX-Neutral Y/Y Growth</i>	(1)%	(1)%	(2)%	(4)%	0%	29%
<i>Sold Items Y/Y Growth</i>	0%	0%	(3)%	(4)%	(1)%	24%

REVENUE

(\$ millions)



- Q2 FX-Neutral Transaction Revenue up 33% Y/Y ... accelerating 30pts Q/Q
- Q2 FX-Neutral MS&O Revenue down 20% Y/Y, driven by Classifieds Motors revenue pressure and B4F divestiture ... decelerating 12pts Q/Q

Y/Y Growth 3% 1% (1)% (2)% (2)% 18%

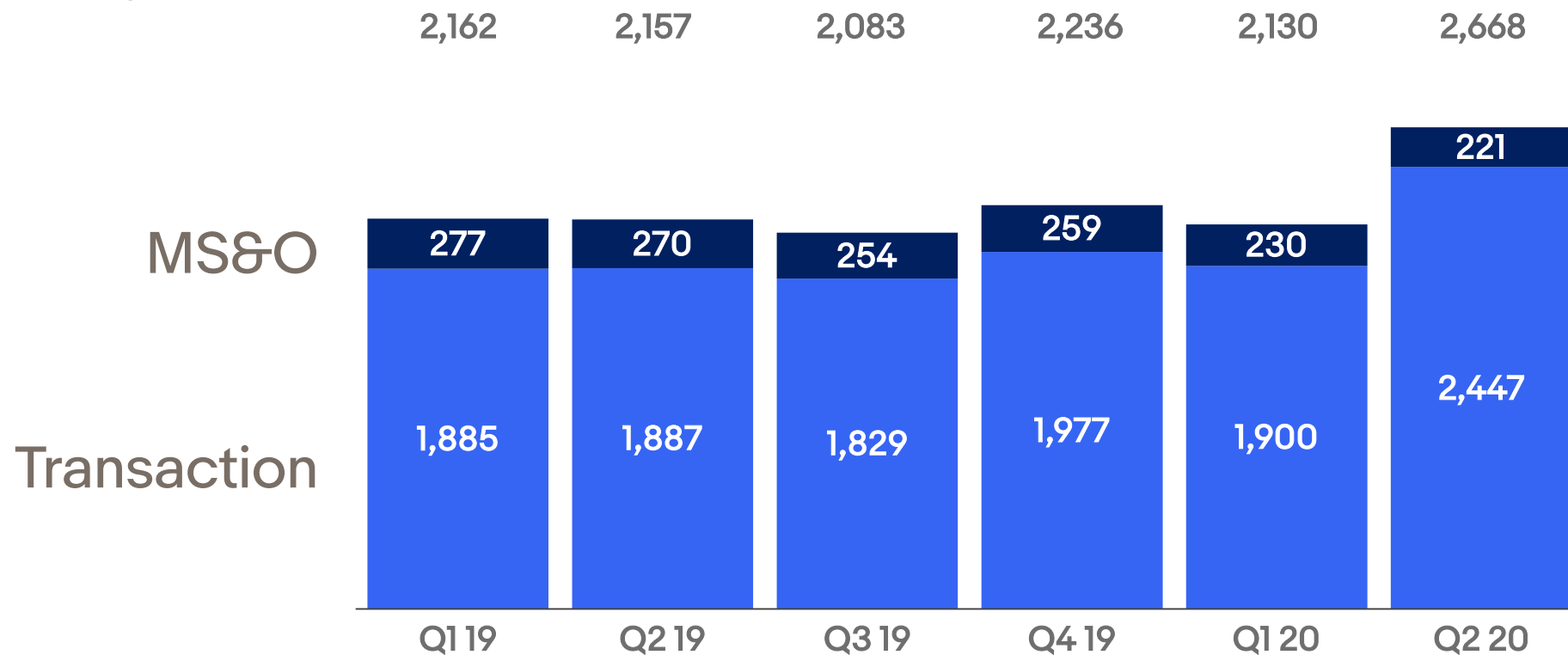
FX-Neutral Y/Y Growth 4% 4% 2% (1)% 1% 21%

Organic FX-Neutral Y/Y Growth 3% 3% 2% 1% 2% 22%

Trxn Take Rate 8.7% 8.8% 8.9% 9.0% 8.9% 9.0%

MARKETPLACE REVENUE

(\$ millions)

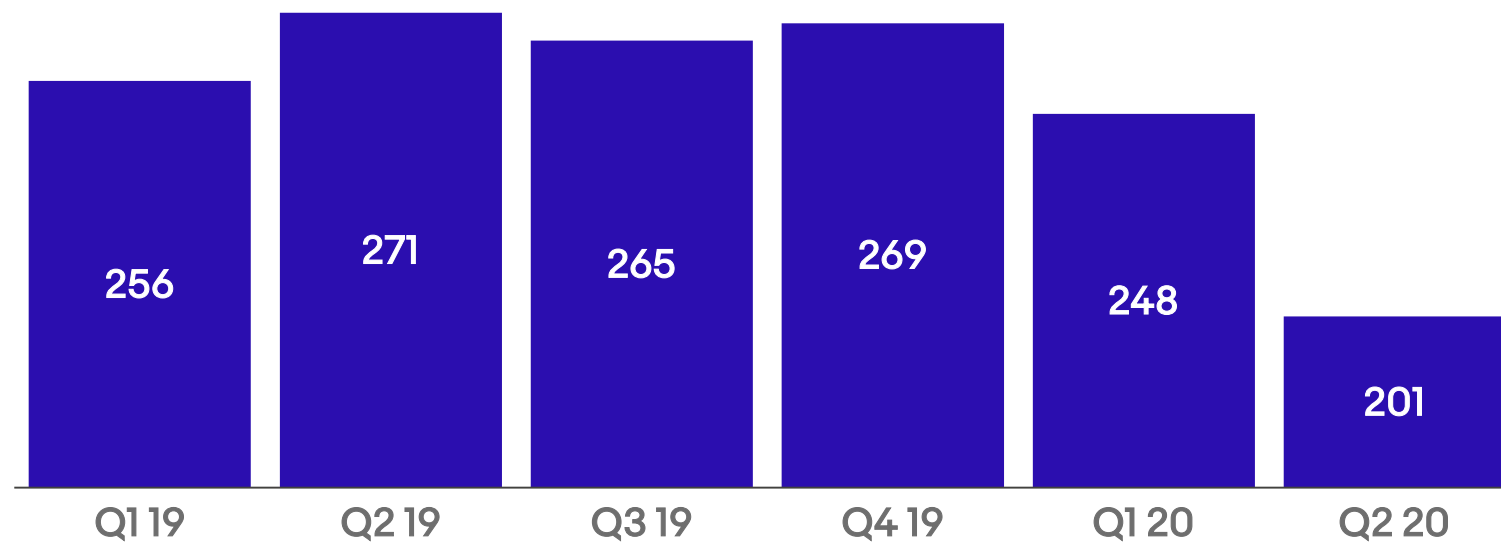


- Q2 FX-Neutral Transaction Revenue up 33% Y/Y, accelerating 30pts Q/Q
- Q2 FX-Neutral MS&O Revenue down 16% Y/Y, decelerating 1pt Q/Q
- Segment Margin up 8pts Y/Y, driven by stronger volume and continued cost control, partially offset by incremental investments

<i>Y/Y Growth</i>	3%	1%	(1)%	(3)%	(1)%	24%
<i>FX-Neutral Y/Y Growth</i>	4%	3%	1%	(1)%	1%	26%
<i>Trxn Take Rate</i>	8.7%	8.8%	8.9%	9.0%	8.9%	9.0%
<i>Segment Margin</i>	36%	32%	31%	32%	36%	40%

CLASSIFIEDS REVENUE

(\$ millions)



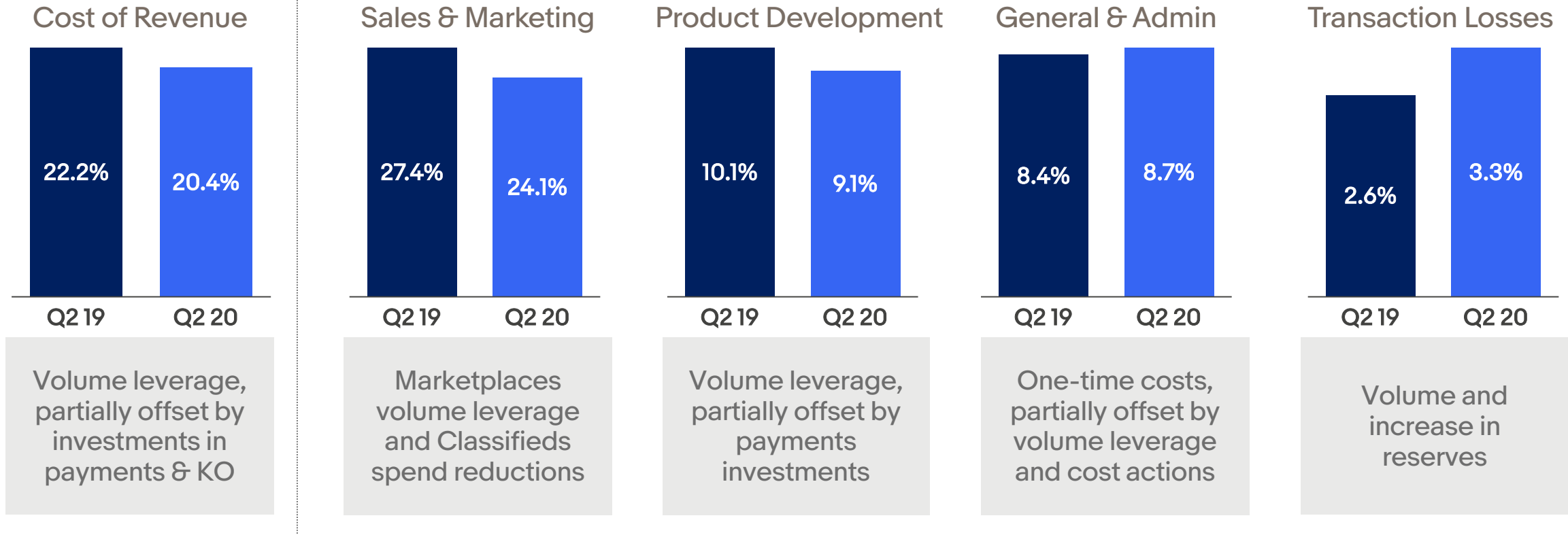
- Q2 FX-Neutral Revenue down 24% Y/Y, decelerating 24pts Q/Q, driven by Motors fee discounts and continued display advertising headwinds
- Segment Margin down 8pts Y/Y, driven by volume softness and verticals investments, partially offset by marketing reductions

<i>Rev Y/Y Growth</i>	4%	5%	4%	3%	(3)%	(26)%
<i>FX-Neutral Rev Y/Y Growth</i>	12%	12%	8%	6%	0%	(24)%
<i>Segment Margin</i>	36%	38%	41%	43%	33%	30%

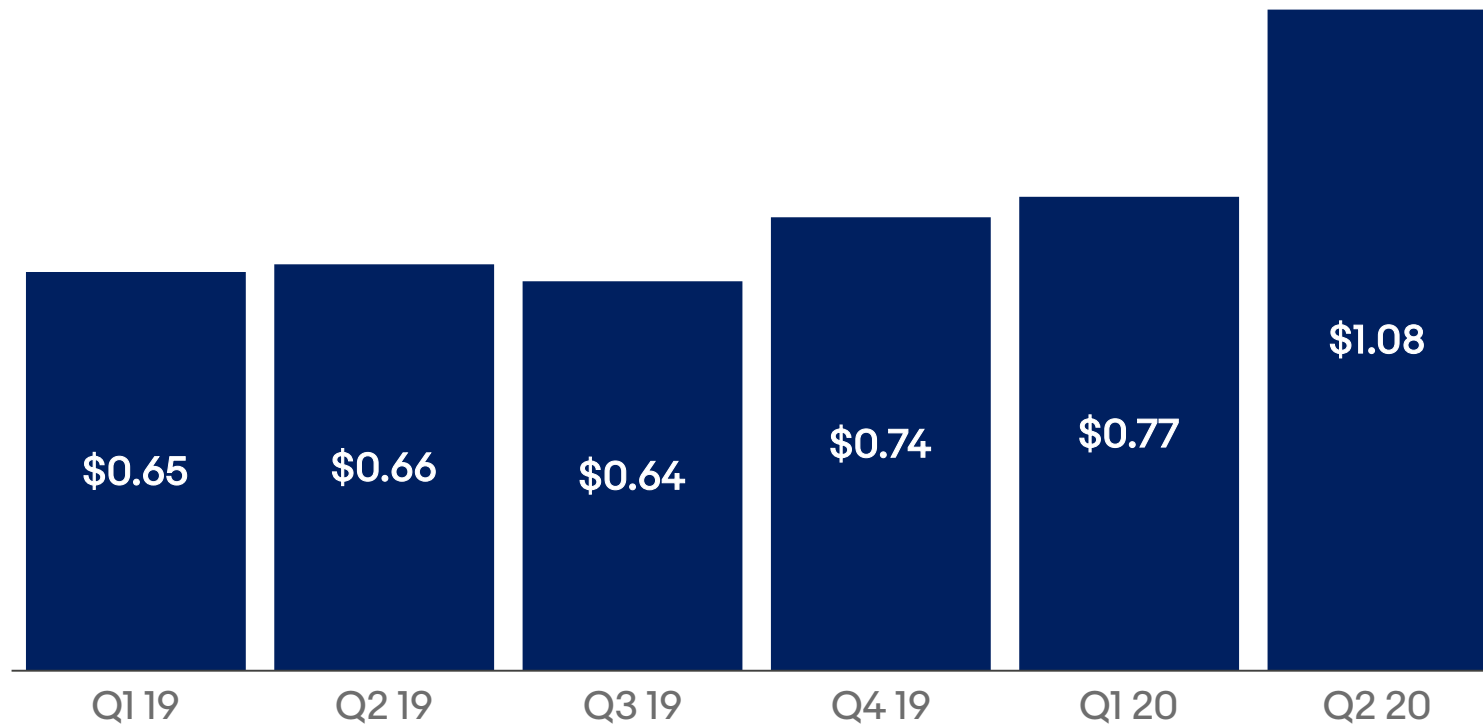
NON-GAAP EXPENSES

(% of revenue)

Operating Expense at 45.2%, down ~3pts Y/Y



NON-GAAP EPS

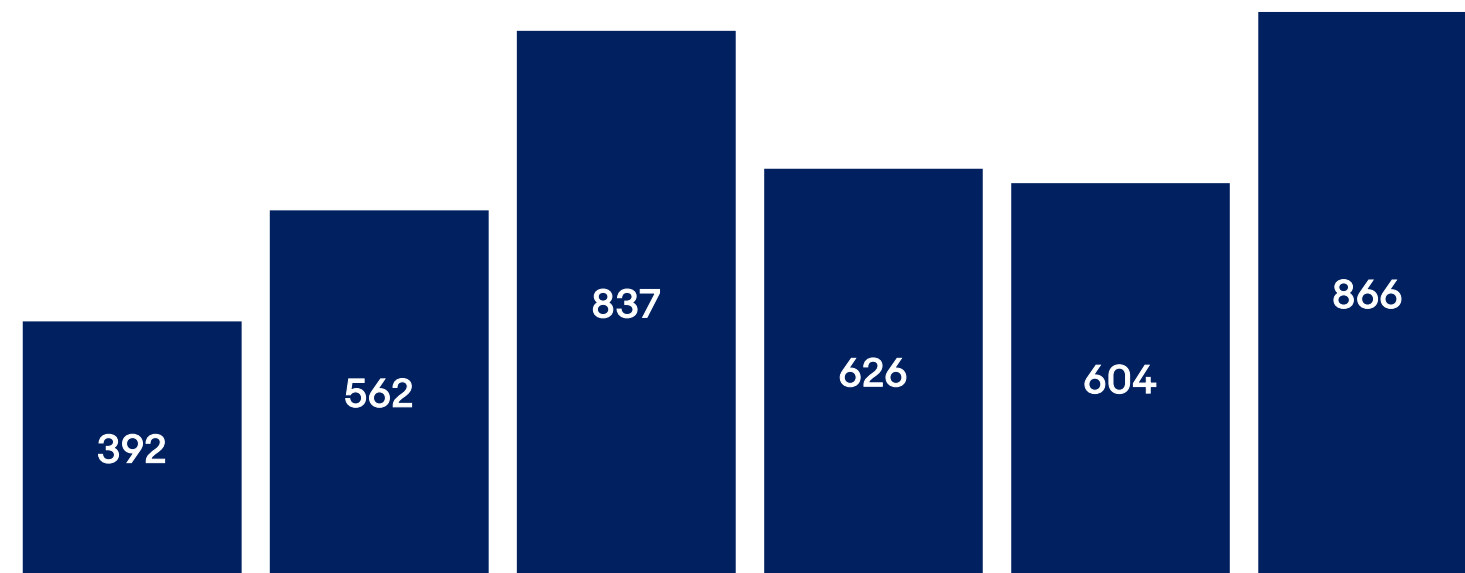


- Q2 Non-GAAP Operating Margin up 5pts Y/Y, with higher volume leverage and continued cost control, offset by lower Classifieds revenue and payments investments
- Q2 Non-GAAP EPS Y/Y growth driven by higher revenue and net benefit of share repurchases, partially offset by FX pressure and payments investments

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
<i>Non-GAAP EPS Y/Y Growth</i>	29%	27%	19%	18%	19%	63%
<i>Non-GAAP Operating Margin</i>	31.6%	29.2%	28.7%	29.8%	31.5%	34.3%
<i>GAAP EPS</i>	\$0.57	\$0.46	\$0.35	\$0.65	\$0.64	\$1.04
<i>GAAP EPS Y/Y Growth</i>	50%	(28)%	(52)%	(13)%	12%	125%

FREE CASH FLOW

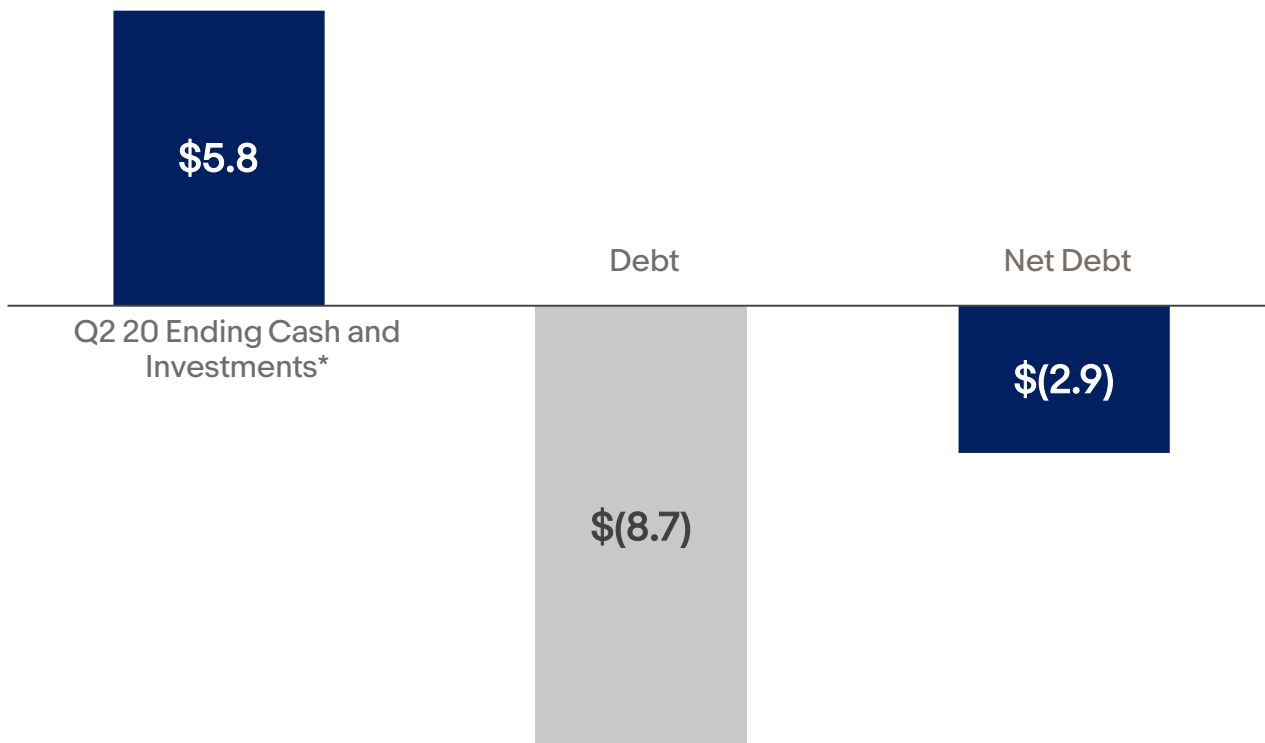
(\$ millions)



- Q2 FCF up 54% Y/Y driven by higher earnings and timing of cash taxes

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20
<i>Y/Y Growth</i>	20%	237%	109%	(39)%	54%	54%
<i>CapEx % of Revenue</i>	7%	5%	4%	5%	4%	3%
<i>FCF % of Revenue</i>	16%	23%	36%	25%	25%	30%

2020 CASH & DEBT



Paid cash dividends of \$112M in Q2
 \$3.2B of share repurchase authorization remaining**
 Repaid ~\$830M of senior unsecured notes
 Announced additional \$750M pricing of senior unsecured notes offering to fund upcoming 2021 maturities

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

Targets

- Maintain current BBB+ rating
- Targeting mid-term leverage of approximately 1.5x net debt and gross debt below 3.0x EBITDA
- Long term cash and investment balance of approximately \$3.5B

GUIDANCE

	Q3 20		Q3 Guidance Context
	<u>Low</u>	<u>High</u>	
Revenue (in billions)	\$2.64	\$2.71	<ul style="list-style-type: none"> Revenue growth driven by: <ul style="list-style-type: none"> Marketplace Volume growth in high teens and Managed Payments contribution to growth of ~3 pts, partially offset by Classifieds Non-GAAP EPS growth driven by: <ul style="list-style-type: none"> Higher Marketplaces volume, partially offset by reinvestments Lower share count, partially offset by lower Interest Income and FX Non-GAAP effective tax rate of 15.5% - 17.5%
<i>Y/Y Growth</i>	<i>13%</i>	<i>16%</i>	
<i>Organic FX-Neutral Y/Y Growth</i>	<i>14%</i>	<i>17%</i>	
Non-GAAP EPS	\$0.81	\$0.87	
<i>Y/Y Growth</i>	<i>27%</i>	<i>36%</i>	

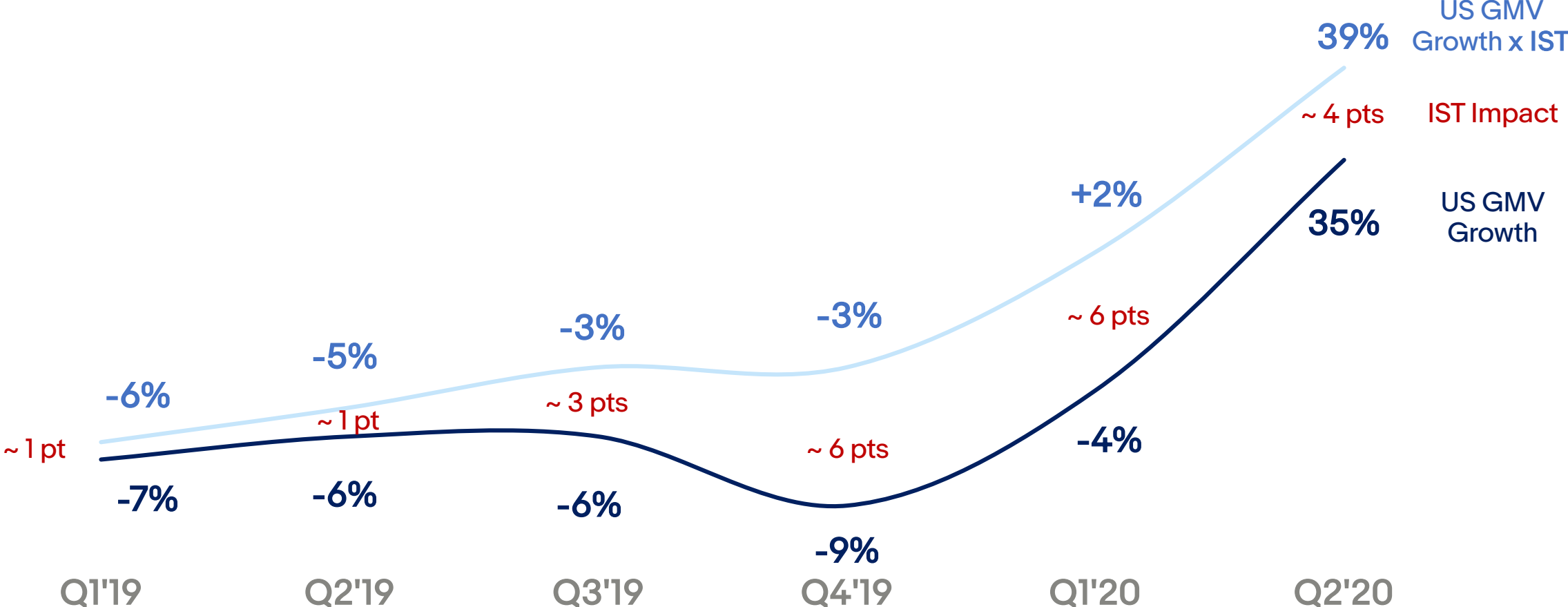
Full Year Guidance

- Raising Revenue to \$10.56 - \$10.75 billion representing Organic FX-Neutral growth of 12-14%
- Raising Non-GAAP Operating Margin to 30.5%-31.5% ... Non-GAAP effective tax rate of 15.5% to 17.5%
- Raising Non-GAAP EPS to \$3.47 - \$3.59
- Raising Free Cash Flow to \$2.55B to \$2.70B ... CapEx 4-5% of Revenue
- Guidance includes full year share repurchases of \$4.5 billion

Q&A

APPENDIX

INTERNET SALES TAX IMPACT ON MP US GMV



New States:	3	5	14	11	5	1
Total States:	3	8	22	33	38	39
Large States:		NY		CA, TX		

RECONCILIATIONS

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

OPERATING MARGIN

	Three months ended					
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
	(in millions, except percentages)					
GAAP operating income	\$ 593	\$ 558	\$ 512	\$ 589	\$ 629	\$ 821
Stock-based compensation expense and related employer payroll taxes	117	135	110	121	101	120
Amortization of acquired intangible assets within cost of net revenues	2	2	1	2	1	1
Amortization of acquired intangible assets within operating expenses	11	10	9	9	9	9
Other significant gains, losses or charges	38	3	41	24	8	33
Non-GAAP operating income	\$ 761	\$ 708	\$ 673	\$ 745	\$ 748	\$ 984
Revenues	\$ 2,413	\$ 2,423	\$ 2,343	\$ 2,500	\$ 2,374	\$ 2,865
GAAP operating margin	24.6 %	23.0 %	21.9 %	23.6 %	26.5 %	28.7 %
Non-GAAP operating margin	31.6 %	29.2 %	28.7 %	29.8 %	31.5 %	34.3 %

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

NET INCOME / EPS

	Three months ended					
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
	(in millions, except percentages)					
GAAP Income from continuing operations	\$ 516	\$ 400	\$ 291	\$ 526	\$ 485	\$ 740
Stock-based compensation expense and related employer payroll taxes	117	135	110	121	101	120
Amortization of acquired intangible assets within cost of net revenues	2	2	1	2	1	1
Amortization of acquired intangible assets within operating expenses	11	10	9	9	9	9
Other significant gains, losses or charges	38	3	41	24	8	33
Gain/Loss on Investments (in OI&E)	-	-	52	-	(37)	40
Change in fair market value of warrant	(113)	8	49	(77)	(12)	(293)
Tax effect of step-up of intangible assets basis	-	199	-	-	-	-
Tax effect of non-GAAP adjustments	19	(181)	(20)	(5)	31	120
Non-GAAP net income from continuing operations	\$ 590	\$ 576	\$ 533	\$ 600	\$ 586	\$ 770
Non-GAAP net income from continuing operations per diluted share	\$ 0.65	\$ 0.66	\$ 0.64	\$ 0.74	\$ 0.77	\$ 1.08
Shares used in non-GAAP diluted share calculation	908	867	837	812	757	711

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

STATEMENT OF INCOME

	Three Months Ended June 30, 2020			Three Months Ended June 30, 2019		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
	(in millions, except per share data and percentages)					
Net revenues	\$ 2,865	\$ -	\$ 2,865	\$ 2,423	\$ -	\$ 2,423
Cost of net revenues	598	(13) (a)(b)	585	553	(14) (a)(b)	539
Gross Profit	2,267	13	2,280	1,870	14	1,884
Operating expenses:						
Sales and marketing	716	(24) (a)	692	688	(23) (a)	665
Product development	308	(46) (a)	262	295	(51) (a)	244
General and administrative	320	(71) (a)(d)	249	256	(52) (a)(d)	204
Provision for transaction losses	93	-	93	63	-	63
Amortization of acquired intangible assets	9	(9) (b)	-	10	(10) (b)	-
Total operating expense	1,446	(150)	1,296	1,312	(136)	1,176
Income from operations	821	163	984	558	150	708
Interest and other income, net	182	(253) (e)(f)	(71)	(51)	8 (f)	(43)
Income from continuing operations before income taxes	1,003	(90)	913	507	158	665
Provision for income taxes	(263)	120 (c)	(143)	(107)	18 (c)(g)	(89)
Income from continuing operations	\$ 740	\$ 30	\$ 770	\$ 400	\$ 176	\$ 576
Net income (loss) from continuing operations per share:						
Basic	\$ 1.05		\$ 1.10	\$ 0.47		\$ 0.67
Diluted	\$ 1.04		\$ 1.08	\$ 0.46		\$ 0.66
Weighted average shares:						
Basic	703		703	860		860
Diluted	711		711	867		867
Operating margin	28.7%	5.6%	34.3%	23.0%	6.2%	29.2%
Effective tax rate	26.2%	(10.5)%	15.7%	21.0%	(7.7)%	13.3%

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 effect of step-up of intangible assets basis

CALCULATION OF FREE CASH FLOW

	Three months ended					
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
	(in millions, except percentages)					
Net cash provided by continuing operating activities	\$ 572	\$ 695	\$ 931	\$ 763	\$ 702	\$ 964
Less: Purchases of property and equipment, net	(180)	(133)	(94)	(137)	(98)	(98)
Free cash flow from continuing operations	<u>\$ 392</u>	<u>\$ 562</u>	<u>\$ 837</u>	<u>\$ 626</u>	<u>\$ 604</u>	<u>\$ 866</u>

RECONCILIATION OF TOTAL REVENUE

	Three months ended					
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
	(in millions, except percentages)					
Net Revenues by Type						
Net Transaction Revenues:						
Marketplace ⁽²⁾	\$ 1,885	\$ 1,887	\$ 1,829	\$ 1,977	\$ 1,900	\$ 2,447
Total net transaction revenues	1,885	1,887	1,829	1,977	1,900	2,447
Marketing services and other revenues:						
Marketplace	\$ 277	\$ 270	\$ 254	\$ 259	\$ 230	\$ 221
Classifieds	256	271	265	269	248	201
Elimination of intersegment revenue	(5)	(5)	(5)	(5)	(4)	(4)
Total marketing and other revenues	528	536	514	523	474	418
Total net revenues ⁽¹⁾	\$ 2,413	\$ 2,423	\$ 2,343	\$ 2,500	\$ 2,374	\$ 2,865
(1) Foreign currency impact	\$ (67)	\$ (85)	\$ (42)	\$ (14)	\$ (41)	\$ (46)
(2) Hedge gain/(loss)	\$ 20	\$ 13	\$ 19	\$ 29	\$ -	\$ 17

RECONCILIATION OF ORGANIC FX-NEUTRAL REVENUE

	Three months ended					
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
As Reported Revenue Growth	3%	1%	(1)%	(2)%	(2)%	18%
Acquisition/Disposition Impact	(1)%	(0)%	1%	2%	1%	2%
Foreign Currency Impact	2%	3%	2%	2%	3%	3%
Organic FX-Neutral Revenue Y/Y Growth	3%	3%	2%	1%	2%	22%

Organic FX-Neutral Revenue Growth. The company defines Organic FX-Neutral Revenue Growth 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 September 30, 2020	
(in billions, except per share amounts)	GAAP	Non-GAAP (a)
Net Revenue	\$2.64 - \$2.71	\$2.64 - \$2.71
Diluted EPS	\$0.58 - \$0.64	\$0.81 - \$0.87

	Twelve Months Ending December 31, 2020	
(in billions, except per share amounts)	GAAP	Non-GAAP (b)
Net Revenue	\$10.56 - \$10.75	\$10.56 - \$10.75
Diluted EPS	\$2.85 - \$3.00	\$3.47 - \$3.59

	Twelve Months Ending December 31, 2020	
(in billions)		
Net cash provided by continuing operations		\$3.00 - \$3.30
Less: Purchase of property and equipment, net		\$(0.45) - \$(0.60)
Free cash flow		\$2.55 - \$2.70

(a) Estimated non-GAAP amounts above for the three months ending September 30, 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 \$45-\$55 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 \$40-\$50 million, estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$465-\$485 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 \$180-\$200 million.



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