

Q1 2019 FINANCIAL HIGHLIGHTS

April 23, 2019



DISCLOSURES

This presentation contains non-GAAP measures relating to our performance. You can find the reconciliation of these measures 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.

Prior period information in this presentation has been recast to reflect Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, which we adopted on January 1, 2018.

This presentation contains forward-looking statements 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 second quarter and full year 2019 and the future growth in our business.

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; 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 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 implement our initiative to 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 April 23, 2019. 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.

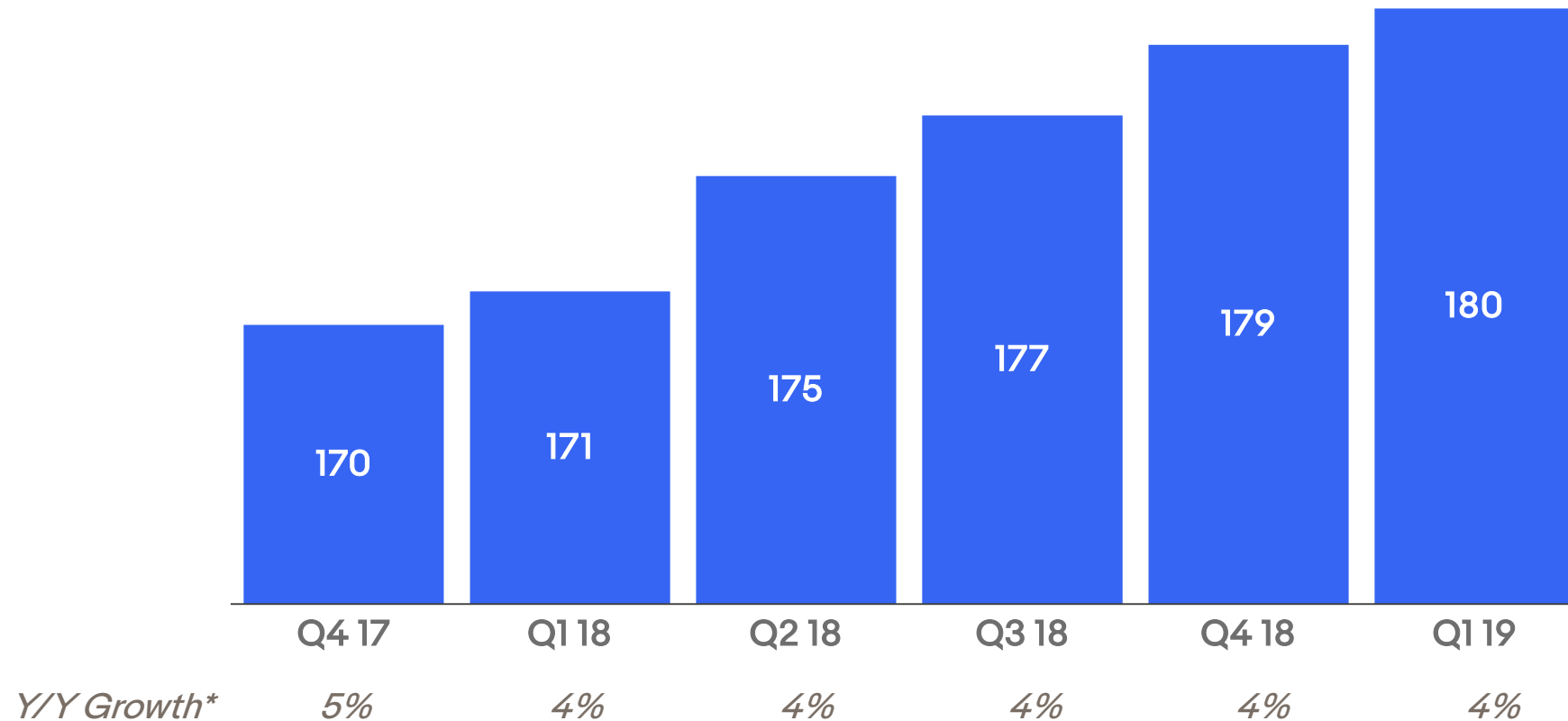
CFO COMMENTS

Q1 HIGHLIGHTS

- Revenue of \$2.6B, up 2% Y/Y (up 4% FX-Neutral)
- GAAP EPS of \$0.57 and Non-GAAP EPS of \$0.67
- GAAP operating margin of 23%, up 1pt Y/Y
- Non-GAAP operating margin of 30%, up 2pts Y/Y
- Generated \$550M of Operating Cash Flow and \$368M of Free Cash Flow
- Returned \$1.6B to shareholders through share repurchases and cash dividends
- Raising full year revenue and EPS guidance

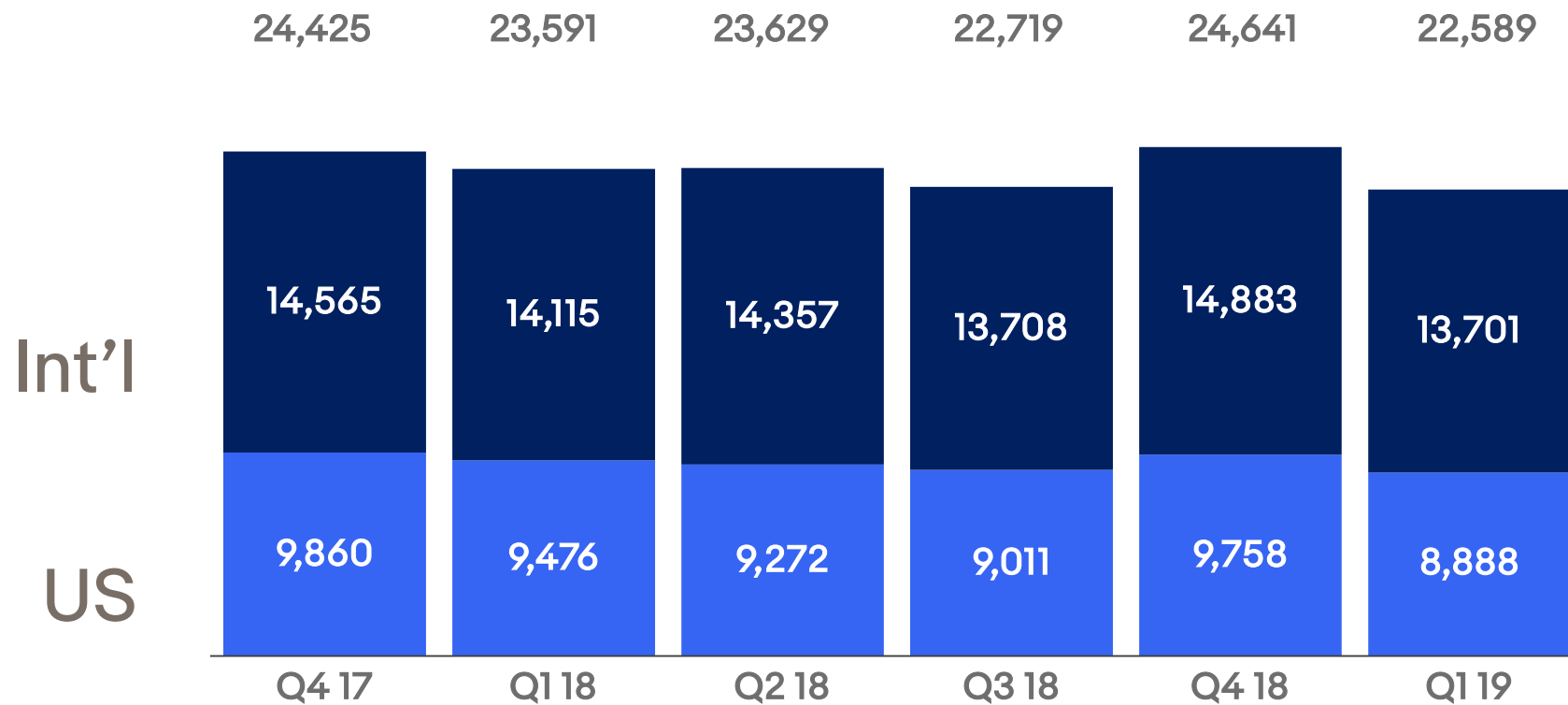
TRAILING 12-MONTH ACTIVE BUYERS

(millions)



GMV

(\$ millions)



US Y/Y Growth

8%

7%

5%

3%

(1)%

(6)%

Int'l FX-Neutral Y/Y Growth

6%

7%

7%

7%

5%

3%

Total FX-Neutral Y/Y Growth

7%

7%

7%

5%

2%

(1)%

Sold Items Y/Y Growth

2%

1%

0%

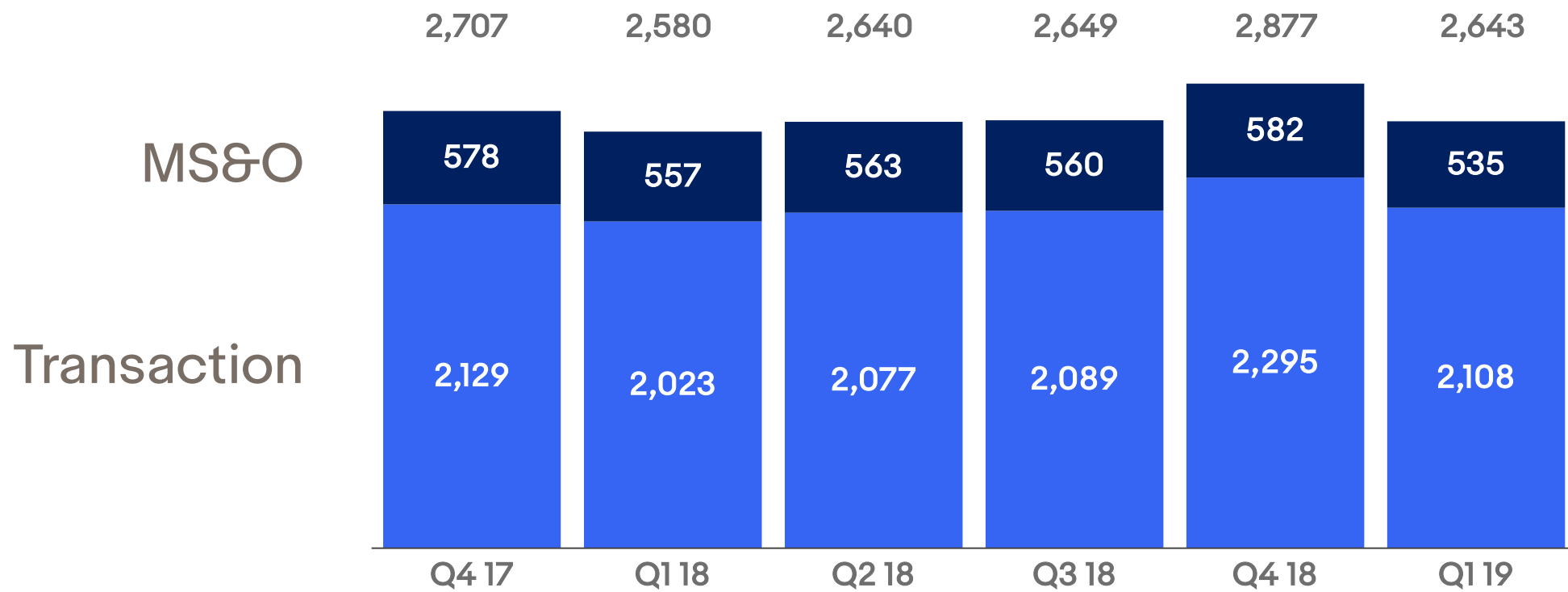
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REVENUE

(\$ millions)

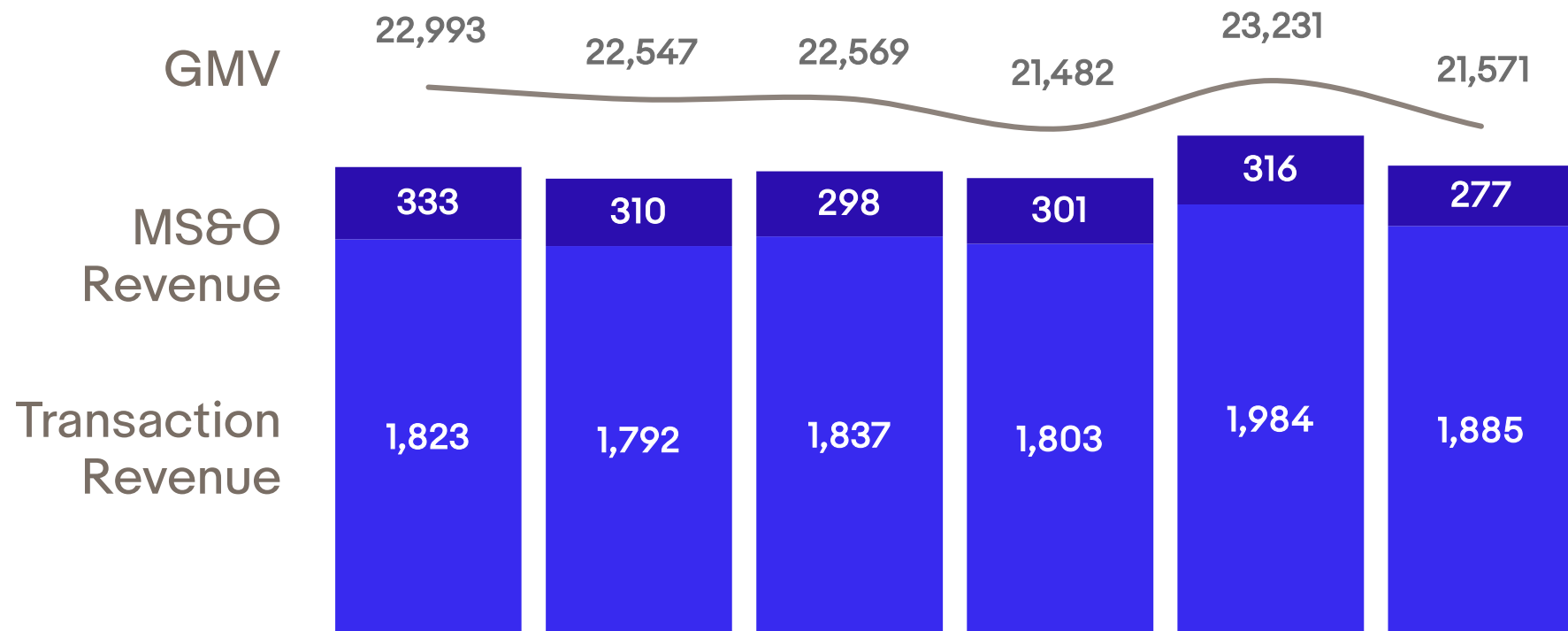


- Q1 FX-Neutral Transaction Revenue up 5% Y/Y ... down 2pts Q/Q
- Q1 FX-Neutral MS&O Revenue up 1% Y/Y ... down 2pts Q/Q

<i>Y/Y Growth</i>	9%	12%	9%	6%	6%	2%
<i>FX-Neutral Y/Y Growth</i>	7%	7%	6%	6%	6%	4%
<i>Organic FX-Neutral Y/Y Growth</i>	7%	7%	6%	5%	5%	3%
<i>Trxn Take Rate</i>	8.7%	8.6%	8.8%	9.2%	9.3%	9.3%

MARKETPLACE GMV & REVENUE

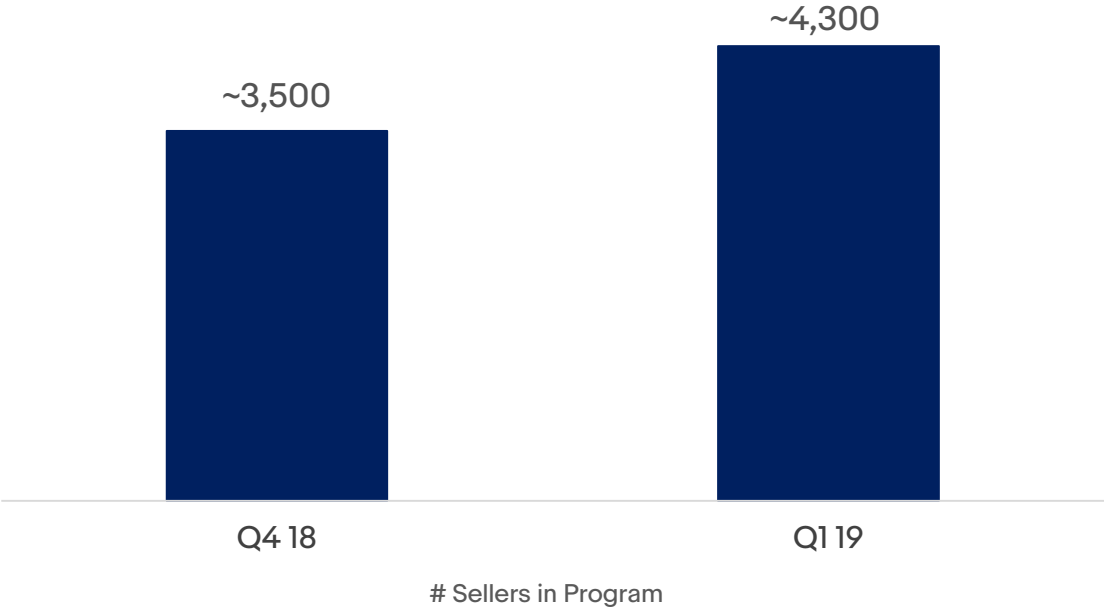
(\$ millions)



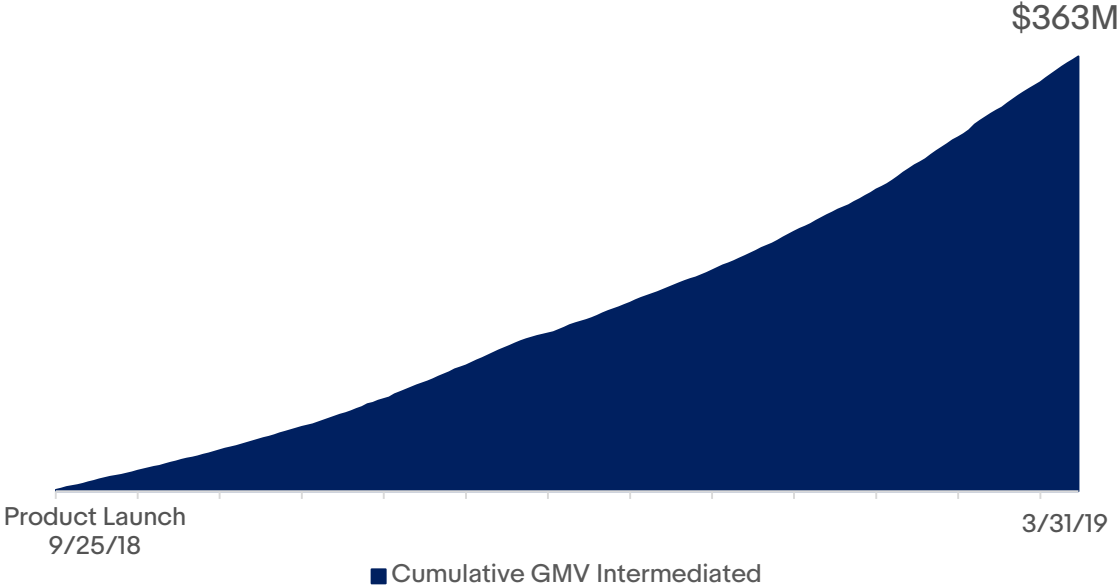
- Q1 FX-Neutral B2C GMV flat Y/Y and FX-Neutral C2C GMV down 2% Y/Y
- Q1 FX-Neutral Transaction Revenue up 6% Y/Y, down 1pt Q/Q
- Q1 FX-Neutral MS&O Revenue down 8% Y/Y, down 4pt Q/Q
- Japan acquisition impact of ~1pt on Q1 FX-Neutral GMV and Revenue
- Segment Margin up 3pt Y/Y primarily due to a reduced cost base and FX

	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
<i>FX-Neutral GMV Y/Y Growth</i>	6%	7%	7%	5%	3%	(1)%
<i>FX-Neutral Rev Y/Y Growth</i>	6%	7%	6%	5%	6%	4%
<i>Trxn Take Rate</i>	7.9%	7.9%	8.1%	8.4%	8.5%	8.7%
<i>Segment Margin</i>	33%	33%	30%	30%	31%	36%

PAYMENTS PROGRESS



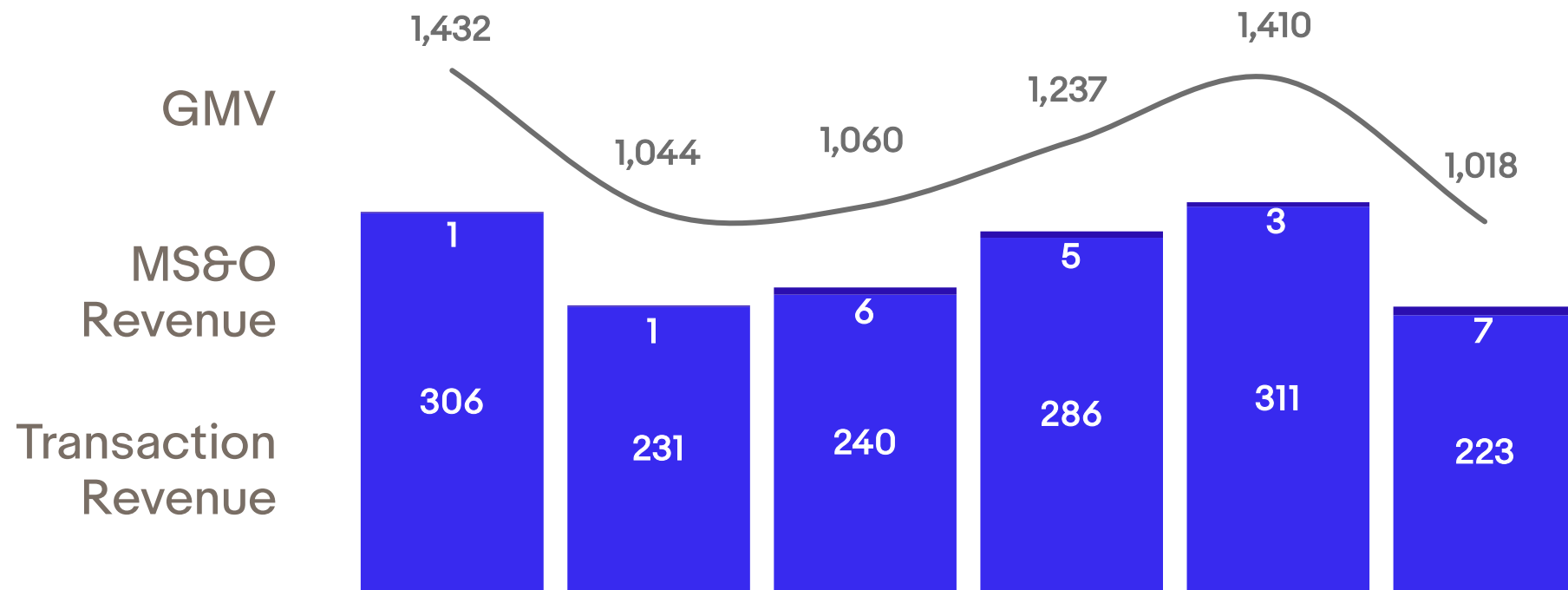
Grew total sellers in the program by ~20% Q/Q



GMV intermediated to date = \$363M
Total of \$2.7M in seller savings to date

STUBHUB GMV & REVENUE

(\$ millions)

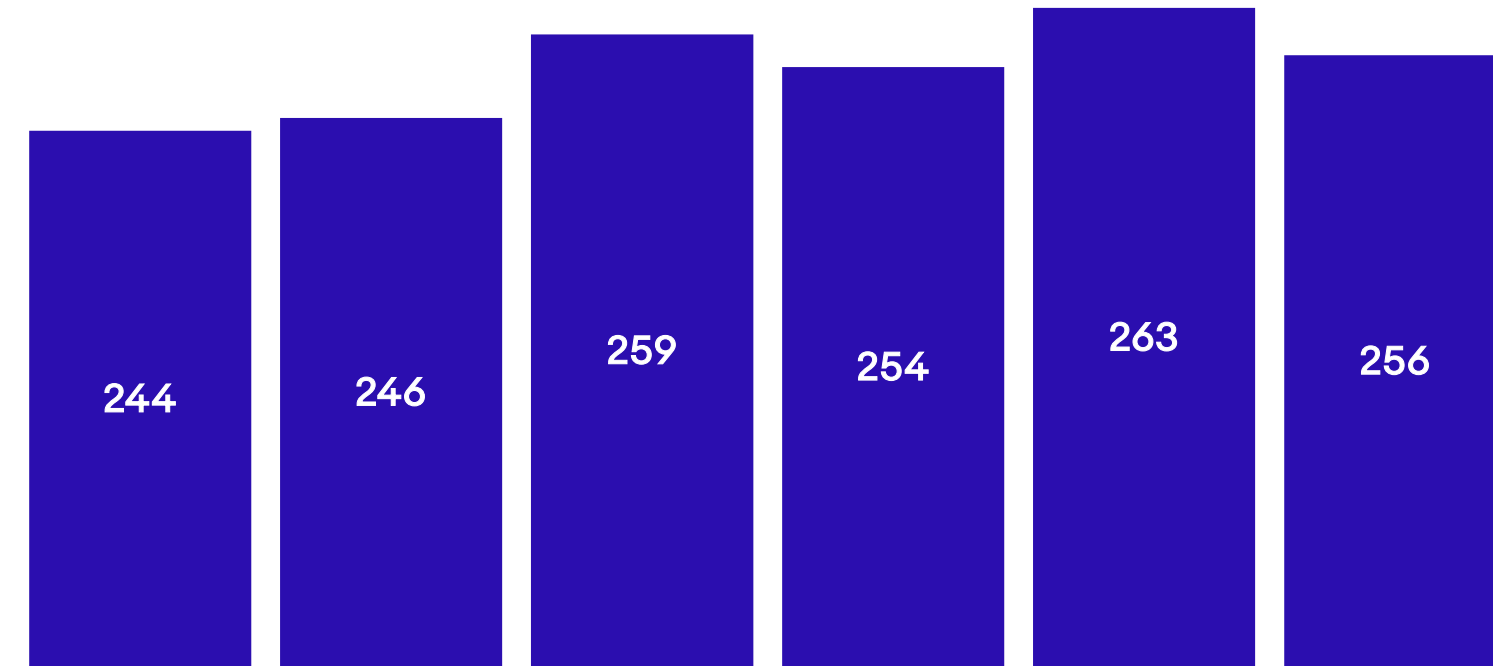


- Q1 FX-Neutral GMV down 2% Y/Y, down 1pts Q/Q on a softer event landscape
- Q1 FX-Neutral Revenue flat Y/Y
- Segment Margin down 2pt Y/Y driven by increased marketing spend

	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
<i>GMV FX-Neutral Y/Y Growth</i>	15%	13%	5%	7%	(1)%	(2)%
<i>Rev FX-Neutral Y/Y Growth</i>	11%	9%	3%	7%	2%	0%
<i>Trxn Take Rate</i>	21.4%	22.1%	22.7%	23.1%	22.1%	22.0%
<i>Segment Margin</i>	23%	13%	2%	10%	26%	11%

CLASSIFIEDS REVENUE

(\$ millions)



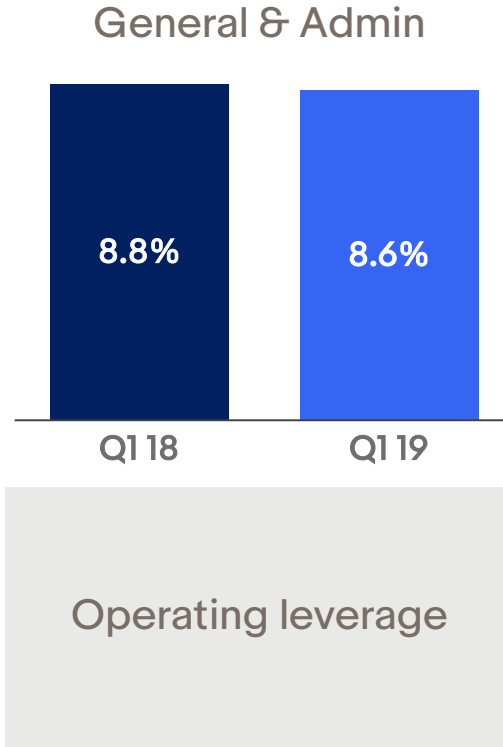
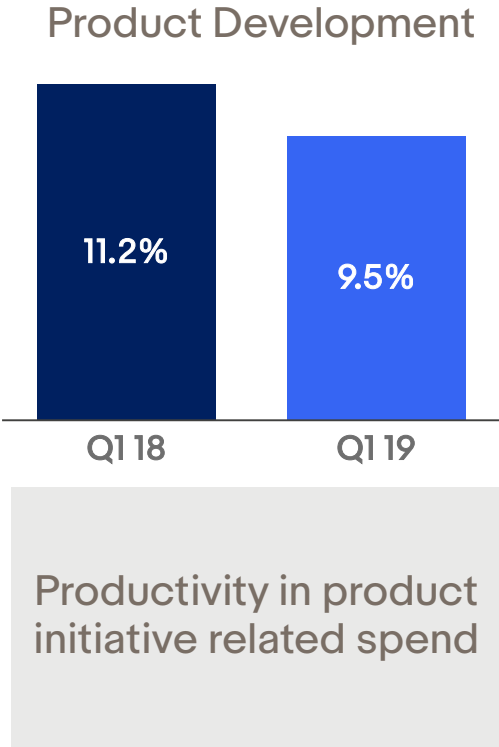
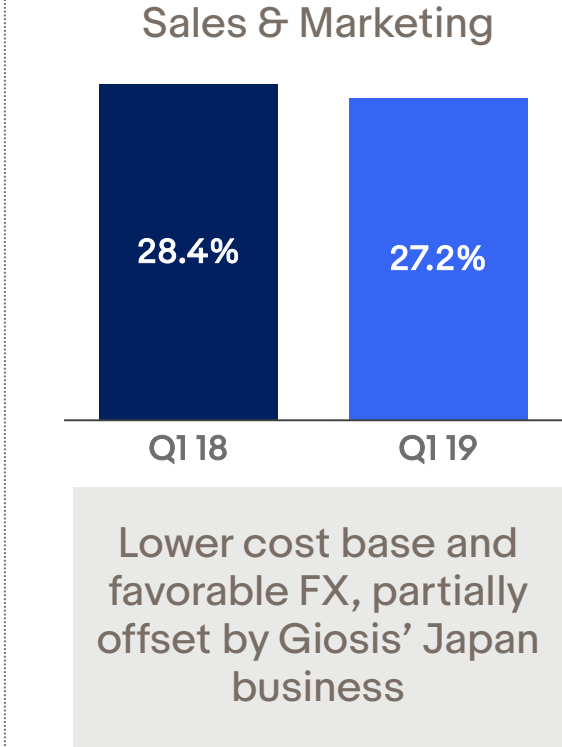
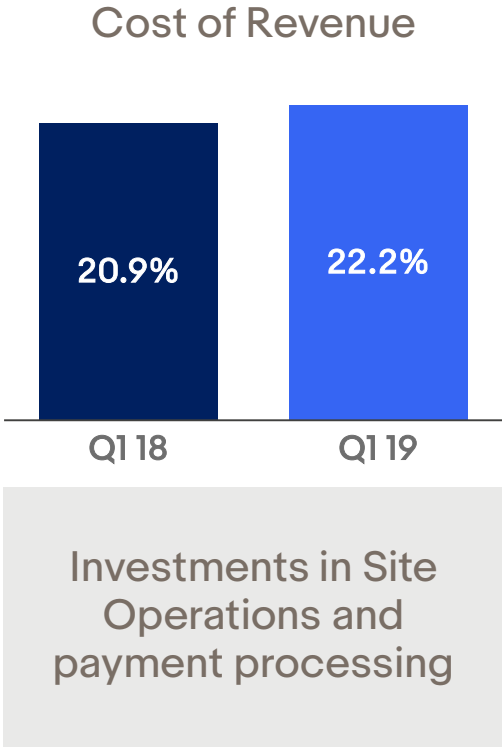
- Q1 FX-Neutral Revenue up 12% Y/Y, up 1pt Q/Q, driven by ongoing strength in Germany and supported by Motors.co.uk
- Segment Margin up 1pt Y/Y driven by volume leverage from larger platforms

	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
<i>Rev Y/Y Growth</i>	21%	24%	18%	8%	8%	4%
<i>FX-Neutral Rev Y/Y Growth</i>	13%	10%	10%	11%	11%	12%
<i>Segment Margin</i>	41%	35%	38%	39%	44%	36%

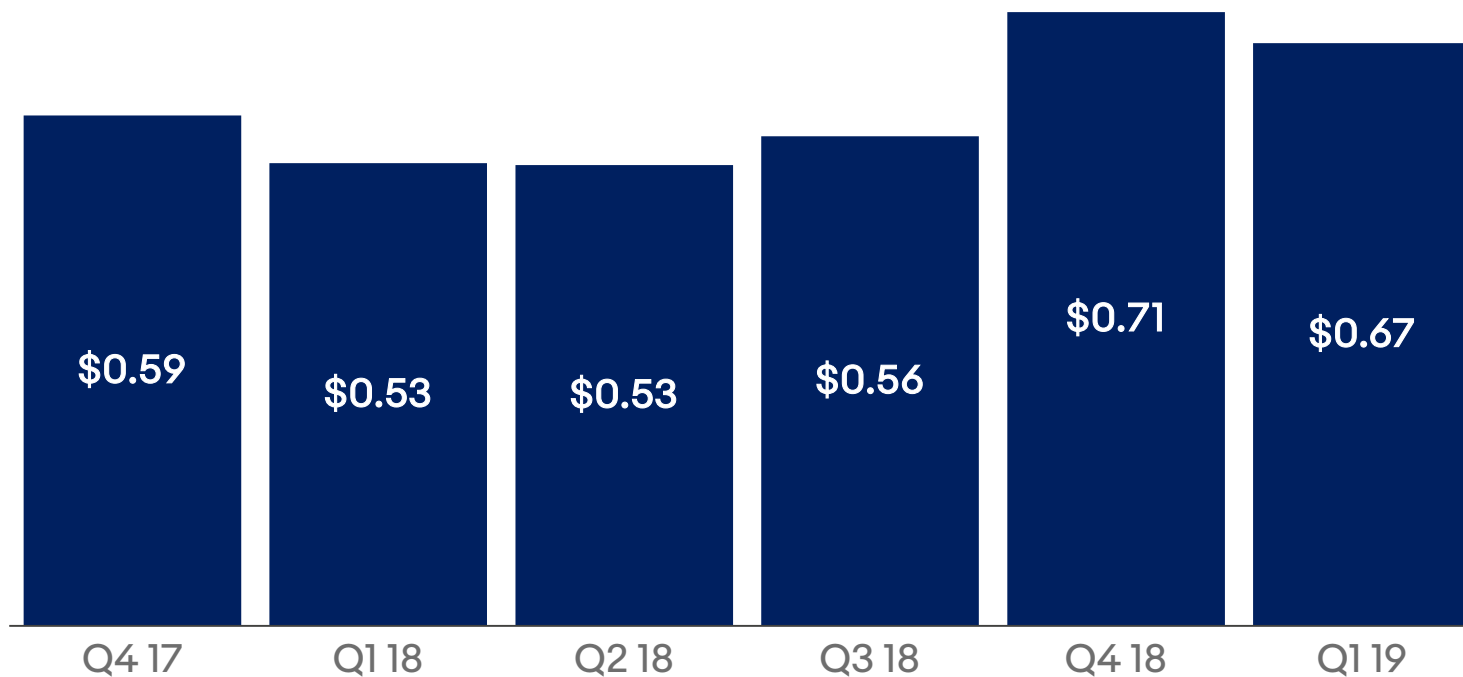
NON-GAAP EXPENSES

(% of revenue)

Operating Expense at 48.0%, down 3pts Y/Y



NON-GAAP EPS

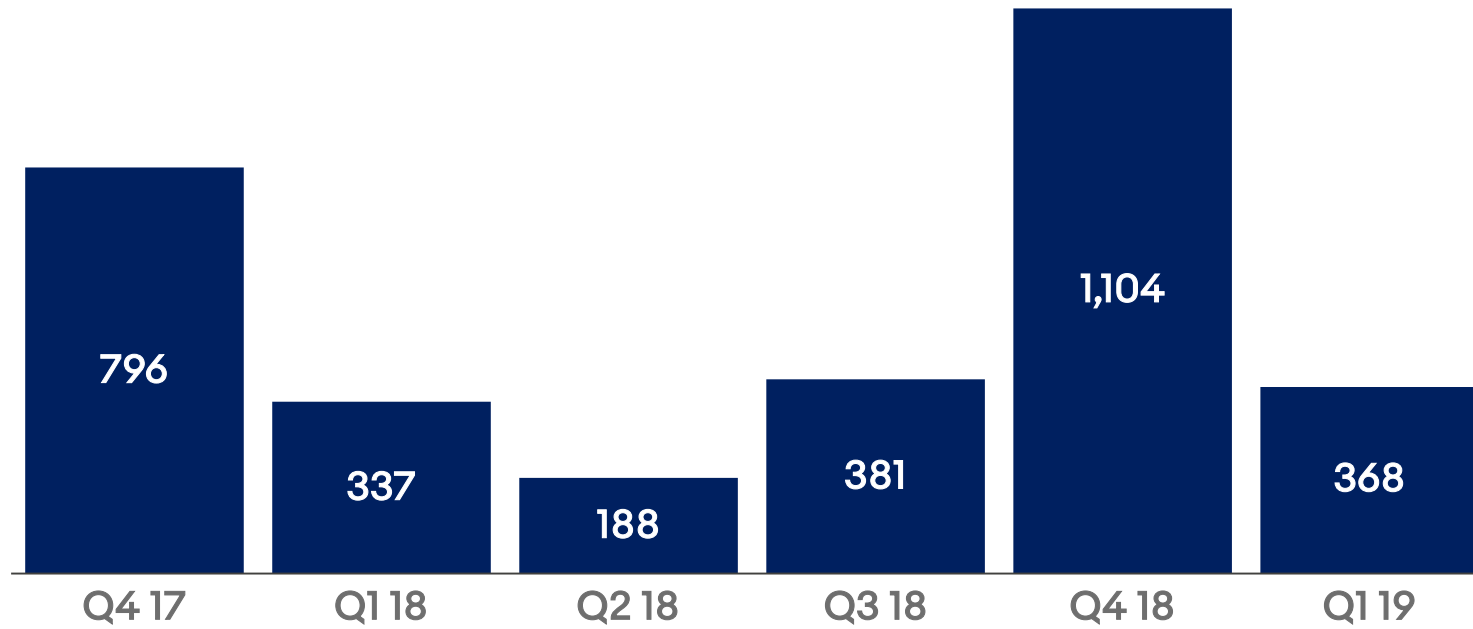


- Q1 Non-GAAP Operating Margin up 190bps Y/Y primarily due to a reduced cost base and FX
- Q1 Non-GAAP EPS growth driven by net benefit of share repurchases, margin expansion and lower tax rate, partially offset by payments investments

	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
<i>Non-GAAP EPS Y/Y Growth</i>	9%	9%	17%	19%	20%	26%
<i>Non-GAAP Operating Margin</i>	29.8%	27.9%	25.2%	26.4%	29.2%	29.8%
<i>GAAP EPS</i>	\$(2.51)	\$0.40	\$0.64	\$0.73	\$0.80	\$0.57
<i>GAAP EPS Y/Y Growth</i>	**	-58%	**	52%	**	45%

FREE CASH FLOW

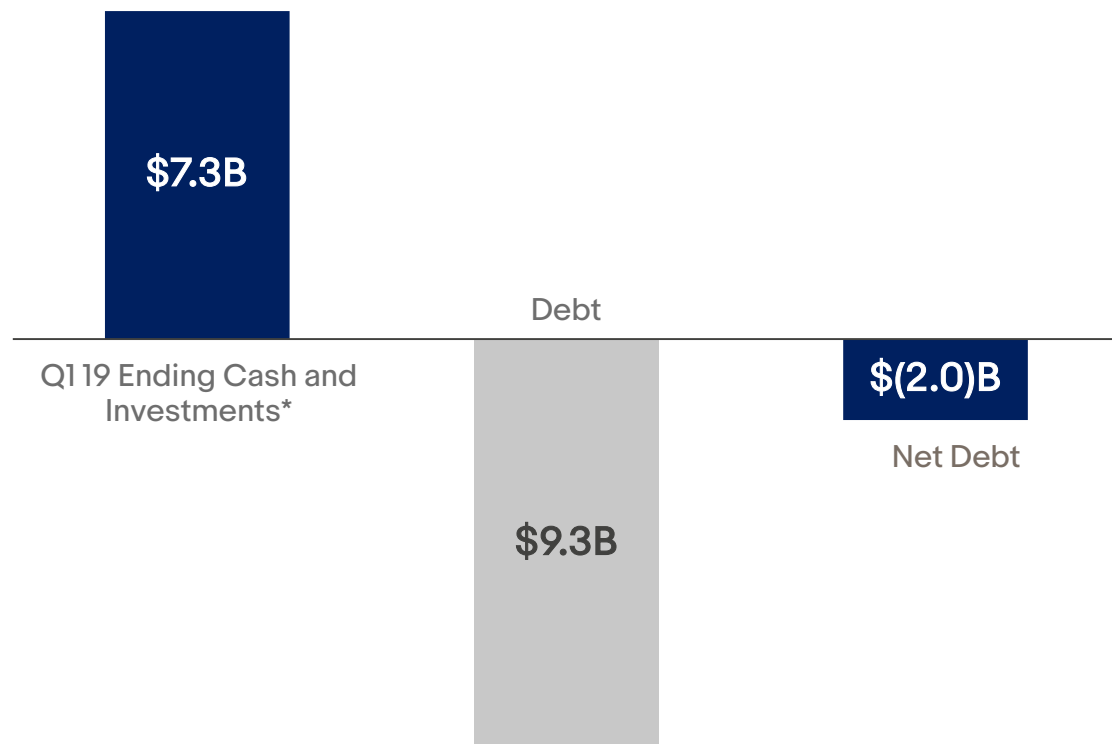
(\$ millions)



- Q1 FCF up 9% Y/Y due to higher earnings partially offset by restructuring costs

	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
<i>Y/Y Growth</i>	64%	-25%	-64%	-47%	39%	9%
<i>CapEx % of Revenue</i>	7%	6%	7%	7%	5%	7%
<i>FCF % of Revenue</i>	29%	13%	7%	14%	38%	14%

2019 CASH & DEBT



Repurchased \$1.5B of shares and paid cash dividend of \$125M in Q1
\$5.7B 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 repurchase and dividend

Target Capital Structure

- 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

GUIDANCE

	Q2 19		Q2 Guidance Context
	Low	High	
Revenue (in billions)	\$2.64	\$2.69	<ul style="list-style-type: none"> • Non-GAAP EPS growth driven by: <ul style="list-style-type: none"> • ~9pts Operational growth net of investment in managed payments and Japan • Net benefit of share repurchase program ~13pts • ~(5)pts headwind from tax • Non-GAAP effective tax rate of 16% - 18%
<i>Y/Y Growth</i>	<i>0%</i>	<i>2%</i>	
<i>Organic FX-Neutral Y/Y Growth</i>	<i>2%</i>	<i>4%</i>	
Non-GAAP EPS	\$0.61	\$0.63	
<i>Y/Y Growth</i>	<i>15%</i>	<i>19%</i>	

Full Year Guidance

- Raising Revenue to \$10.83 - \$10.93 billion representing Organic FX-Neutral growth of 2-3%
- Non-GAAP Operating Margin of 28%-29% ... Non-GAAP effective tax rate of 16% to 18%
- Raising Non-GAAP EPS to \$2.64 - \$2.70
- Free Cash flow of \$2.1B to \$2.3B ... CapEx 5-7% of Revenue

Q&A

RECONCILIATIONS

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

OPERATING MARGIN

	Three months ended					
	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
	(in millions, except percentages)					
GAAP operating income	\$ 663	\$ 579	\$ 406	\$ 556	\$ 681	\$ 609
Stock-based compensation expense and related employer payroll taxes	130	126	158	127	143	126
Amortization of acquired intangible assets within cost of net revenues	5	6	4	3	1	2
Amortization of acquired intangible assets within operating expenses	10	10	13	13	13	13
Other significant gains, losses or charges	–	–	84	2	1	38
Non-GAAP operating income	<u>\$ 808</u>	<u>\$ 721</u>	<u>\$ 665</u>	<u>\$ 701</u>	<u>\$ 839</u>	<u>\$ 788</u>
Revenues	\$ 2,707	\$ 2,580	\$ 2,640	\$ 2,649	\$ 2,877	\$ 2,643
GAAP operating margin	24.5 %	22.5 %	15.4 %	21.0 %	23.7 %	23.0 %
Non-GAAP operating margin	29.8 %	27.9 %	25.2 %	26.4 %	29.2 %	29.8 %

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

NET INCOME / EPS

	Three months ended					
	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
	(in millions, except per share data)					
GAAP Income from continuing operations	\$ (2,597)	\$ 407	\$ 638	\$ 720	\$ 763	\$ 521
Stock-based compensation expense and related employer payroll taxes	130	126	158	127	143	126
Amortization of acquired intangible assets within cost of net revenues	5	6	4	3	1	2
Amortization of acquired intangible assets within operating expenses	10	10	13	13	13	13
Other significant gains, losses or charges	–	–	84	2	1	38
Gains or losses on investments and sale of business	60	–	(246)	(313)	–	–
Change in fair market value of warrant	–	–	(106)	(126)	128	(113)
Tax Effects of US Tax Reform	3,142	–	–	–	(463)	–
Tax effect of step-up of intangible assets basis	–	–	–	–	(9)	–
Tax effect of non-GAAP adjustments	(132)	(1)	(12)	128	93	21
Non-GAAP net income from continuing operations	\$ 618	\$ 548	\$ 533	\$ 554	\$ 670	\$ 608
Non-GAAP net income from continuing operations per diluted share	\$ 0.59	\$ 0.53	\$ 0.53	\$ 0.56	\$ 0.71	\$ 0.67
Shares used in non-GAAP diluted share calculation	1,051	1,029	1,004	983	950	908

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

STATEMENT OF INCOME

	Three months ended					
	March 31, 2019			March 31, 2018		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
	(in millions, except per share data and percentages)					
Net revenues	\$ 2,643	\$ —	\$ 2,643	\$ 2,580	\$ —	\$ 2,580
Cost of net revenues	601	(16)	(a)(b) 585	559	(19)	(a)(b) 540
Gross Profit	2,042	16	2,058	2,021	19	2,040
Operating expenses:						
Sales and marketing	742	(23)	(a) 719	756	(25)	(a) 731
Product development	297	(45)	(a) 252	334	(45)	(a) 289
General and administrative	309	(82)	(a)(e) 227	270	(43)	(a) 227
Provision for transaction losses	72	—	72	72	—	72
Amortization of acquired intangible assets	13	(13)	(b) —	10	(10)	(b) —
Total operating expense	1,433	(163)	1,270	1,442	(123)	1,319
Income from operations	609	179	788	579	142	721
Interest and other income, net	64	(113)	(d) (49)	(32)	—	(32)
Income from continuing operations before income taxes	673	66	739	547	142	689
Provision for income taxes	(152)	21	(c) (131)	(140)	(1)	(c) (141)
Income from continuing operations	\$ 521	\$ 87	\$ 608	\$ 407	\$ 141	\$ 548
Net income (loss) from continuing operations per share:						
Basic	\$ 0.58		\$ 0.68	\$ 0.40		\$ 0.54
Diluted	\$ 0.57		\$ 0.67	\$ 0.40		\$ 0.53
Weighted average shares:						
Basic	900		900	1,010		1,010
Diluted	908		908	1,029		1,029
Operating margin	23.0 %	6.8 %	29.8 %	22.5 %	5.4 %	27.9 %
Effective tax rate	22.6 %	(5.0) %	17.6 %	25.6 %	(5.2) %	20.4 %

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) Change in fair market value of warrant
- (e) Other significant gains, losses or charges

CALCULATION OF FREE CASH FLOW

	Three months ended					
	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
	(in millions)					
Net cash provided by continuing operating activities	\$ 988	\$ 495	\$ 372	\$ 560	\$ 1,234	\$ 550
Less: Purchases of property and equipment, net	(192)	(158)	(184)	(179)	(130)	(182)
Free cash flow from continuing operations	<u>\$ 796</u>	<u>\$ 337</u>	<u>\$ 188</u>	<u>\$ 381</u>	<u>\$ 1,104</u>	<u>\$ 368</u>

RECONCILIATION OF TOTAL REVENUE

	Three months ended					
	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Net Revenues by Type	(in millions)					
Net Transaction Revenues:						
Marketplace ⁽²⁾	\$ 1,823	\$ 1,792	\$ 1,837	\$ 1,803	\$ 1,984	\$ 1,885
StubHub	306	231	240	286	311	223
Total net transaction revenues	\$ 2,129	\$ 2,023	\$ 2,077	\$ 2,089	\$ 2,295	\$ 2,108
Marketing services and other revenues:						
Marketplace	\$ 333	\$ 310	\$ 298	\$ 301	\$ 316	\$ 277
Classifieds	244	246	259	254	263	256
StubHub	1	1	6	5	3	7
Elimination of intersegment revenue	—	—	—	—	—	(5)
Total marketing and other revenues	\$ 578	\$ 557	\$ 563	\$ 560	\$ 582	\$ 535
Total net revenues ⁽¹⁾	\$ 2,707	\$ 2,580	\$ 2,640	\$ 2,649	\$ 2,877	\$ 2,643
(1) Foreign currency impact	\$ 48	\$ 109	\$ 70	\$ 4	\$ (9)	\$ (68)
(2) Hedge gain/(loss)	\$ (21)	\$ (28)	\$ (21)	\$ 12	\$ 29	\$ 20

RECONCILIATION OF ORGANIC REVENUE

	Three months ended					
	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
As Reported Revenue Growth	9%	12%	9%	6%	6%	2%
Acquisition/Disposition Impact	–%	–%	(0)%	(1)%	(1)%	(1)%
Foreign Currency Impact	(2)%	(5)%	(3)%	(0)%	(1)%	2%
Organic FX-Neutral Revenue Growth	7%	7%	6%	5%	5%	3%

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 June 30, 2019	
(in billions, except per share amounts)	GAAP	Non-GAAP (a)
Net Revenue	\$2.64 - \$2.69	\$2.64 - \$2.69
Diluted EPS	\$0.41 - \$0.45	\$0.61 - \$0.63

	Twelve Months Ending December 31, 2019	
(in billions, except per share amounts)	GAAP	Non-GAAP (b)
Net Revenue	\$10.83 - \$10.93	\$10.83 - \$10.93
Diluted EPS	\$1.94 - \$2.04	\$2.64 - \$2.70

	Twelve Months Ending December 31, 2019
(in billions)	
Net cash provided by continuing operations	\$2.6 - \$3.0
Less: Purchase of property and equipment, net	\$(0.5) - \$(0.7)
Free cash flow	\$2.1 - \$2.3

(a) Estimated non-GAAP amounts above for the three months ending June 30, 2019 reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$12-\$17 million, estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$150-\$160 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 \$40 - \$50 million.

(b) Estimated non-GAAP amounts above for the twelve months ending December 31, 2019 reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$50-\$60 million, estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$550-\$570 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 \$170 - \$190 million.

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