

# Q2 2019 FINANCIAL HIGHLIGHTS

July 17, 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.

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 third 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; the outcome of the operating and strategic portfolio reviews; 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](http://www.sec.gov). All information in this presentation is as of July 17, 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.

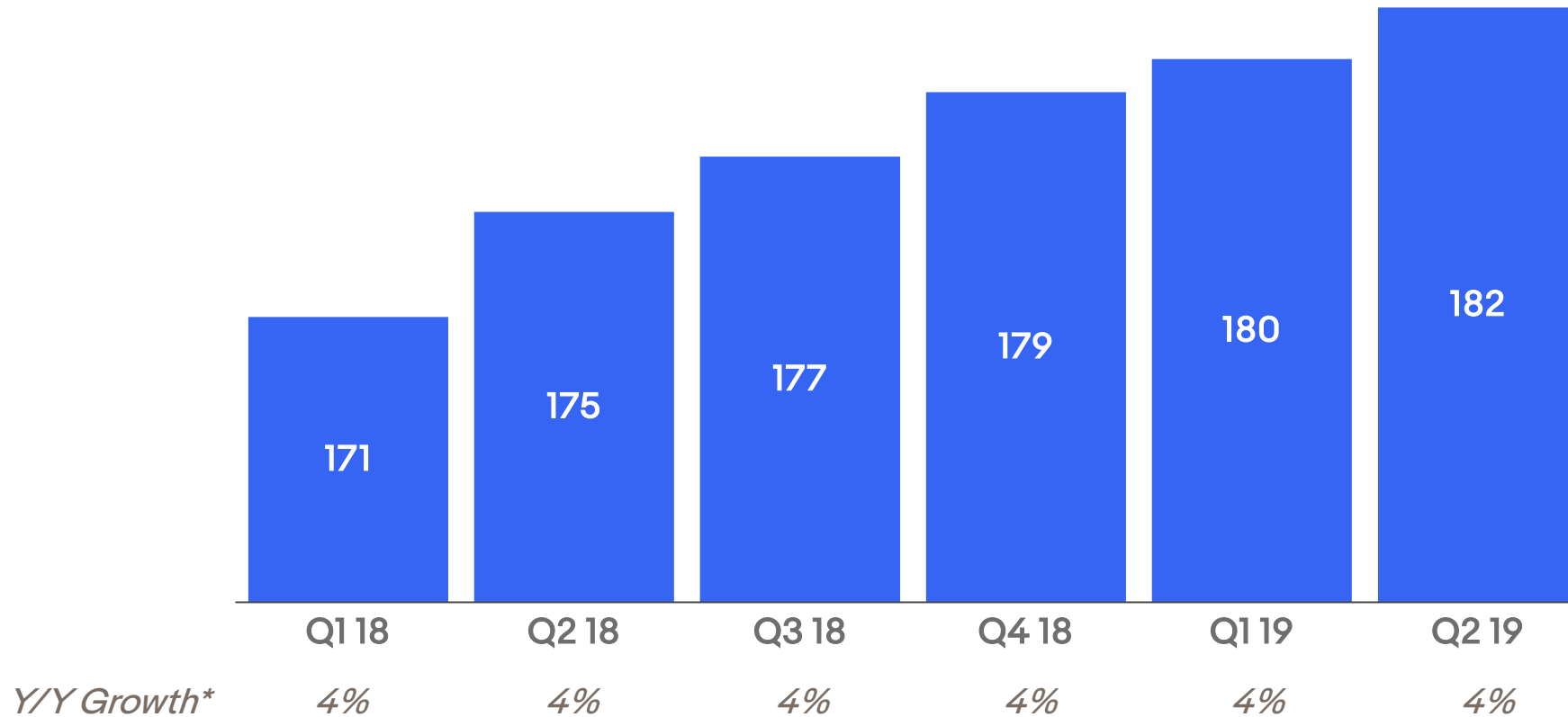
# CFO COMMENTS

# Q2 HIGHLIGHTS

- Revenue of \$2.7B, up 2% Y/Y (up 4% FX-Neutral)
- GAAP EPS of \$0.46 and Non-GAAP EPS of \$0.68
- GAAP operating margin of 21%, up 6pts Y/Y
- Non-GAAP operating margin of 27%, up 2pts Y/Y
- Generated \$744M of Operating Cash Flow and \$607M of Free Cash Flow
- Returned \$1.6B to shareholders through share repurchases and cash dividends
- Reaffirming organic FX-neutral revenue growth rates and raising GAAP and Non-GAAP EPS guidance for the full year

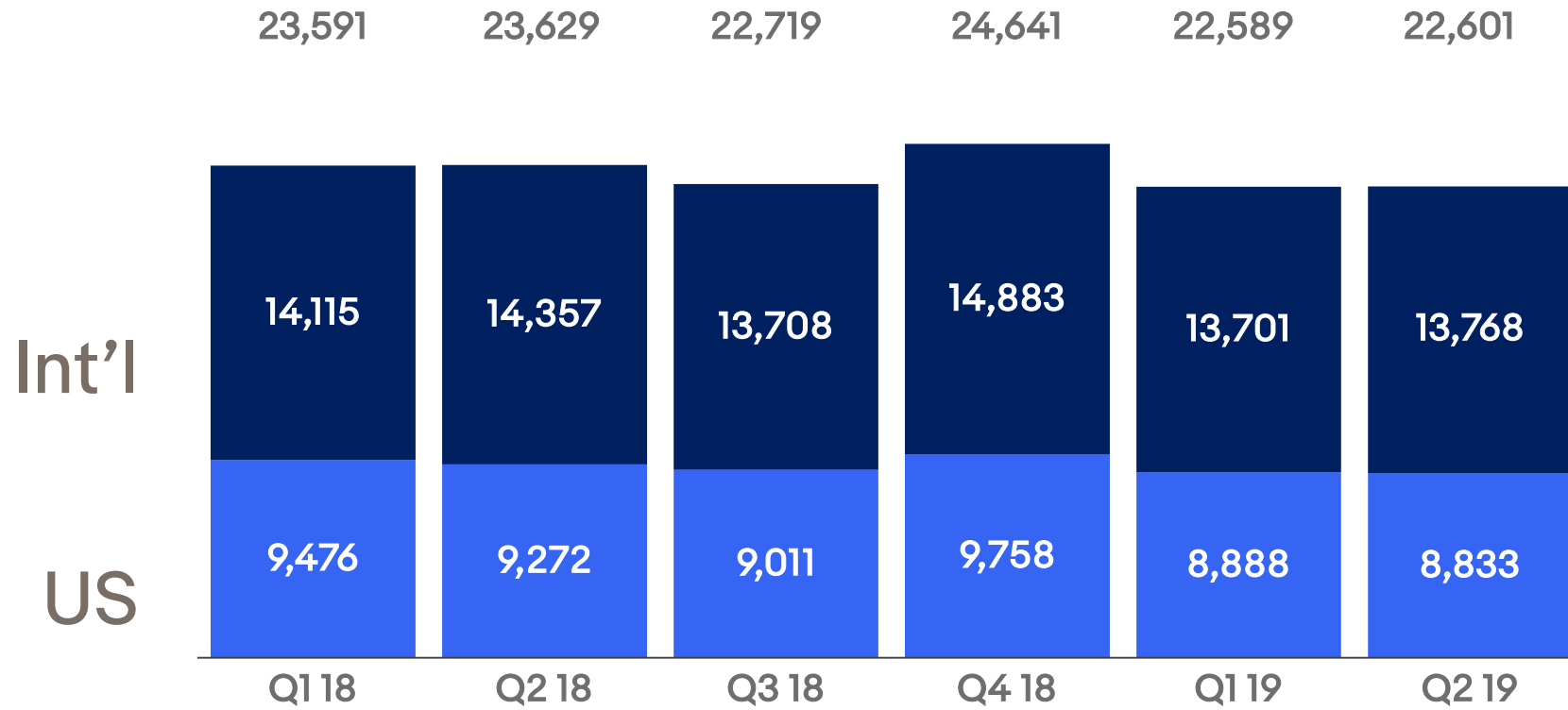
# TRAILING 12-MONTH ACTIVE BUYERS

(millions)



# GMV

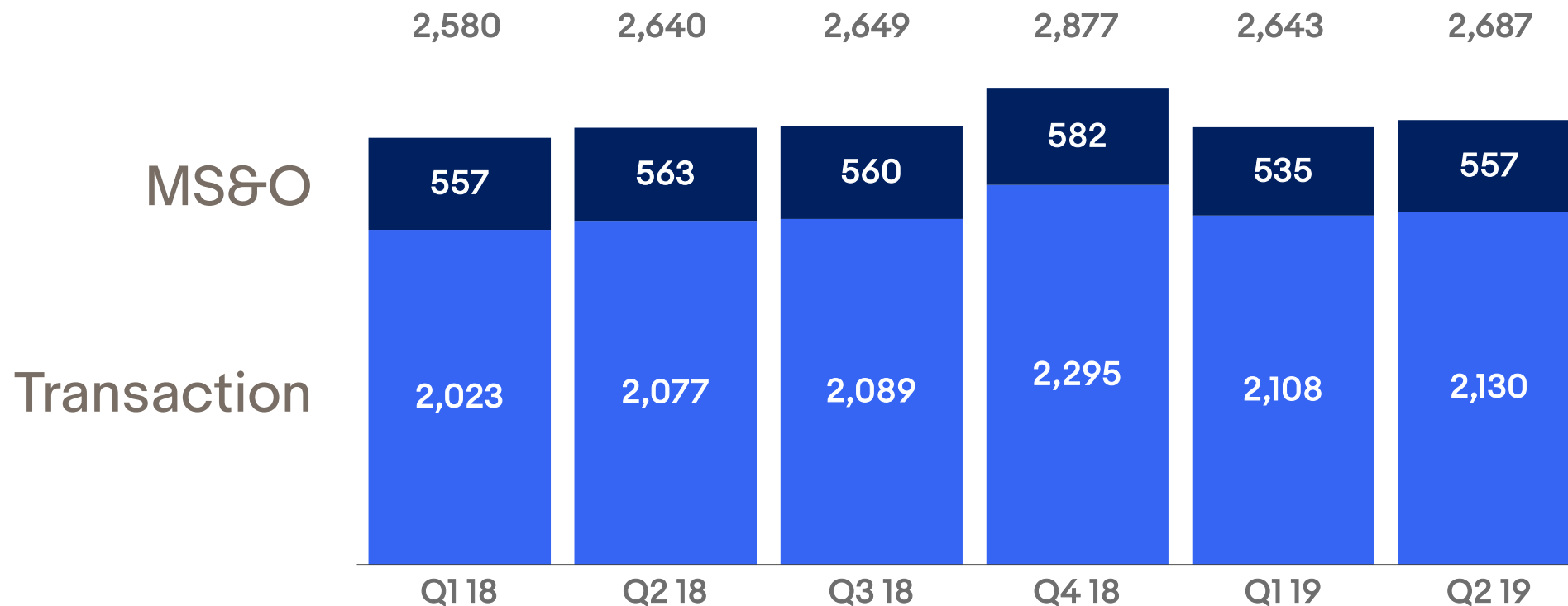
(\$ millions)



<i>US Y/Y Growth</i>	7%	5%	3%	(1)%	(6)%	(5)%
<i>Int'l FX-Neutral Y/Y Growth</i>	7%	7%	7%	5%	3%	2%
<i>Total FX-Neutral Y/Y Growth</i>	7%	7%	5%	2%	(1)%	0%
<i>Sold Items Y/Y Growth</i>	1%	0%	0%	0%	0%	0%

# REVENUE

(\$ millions)

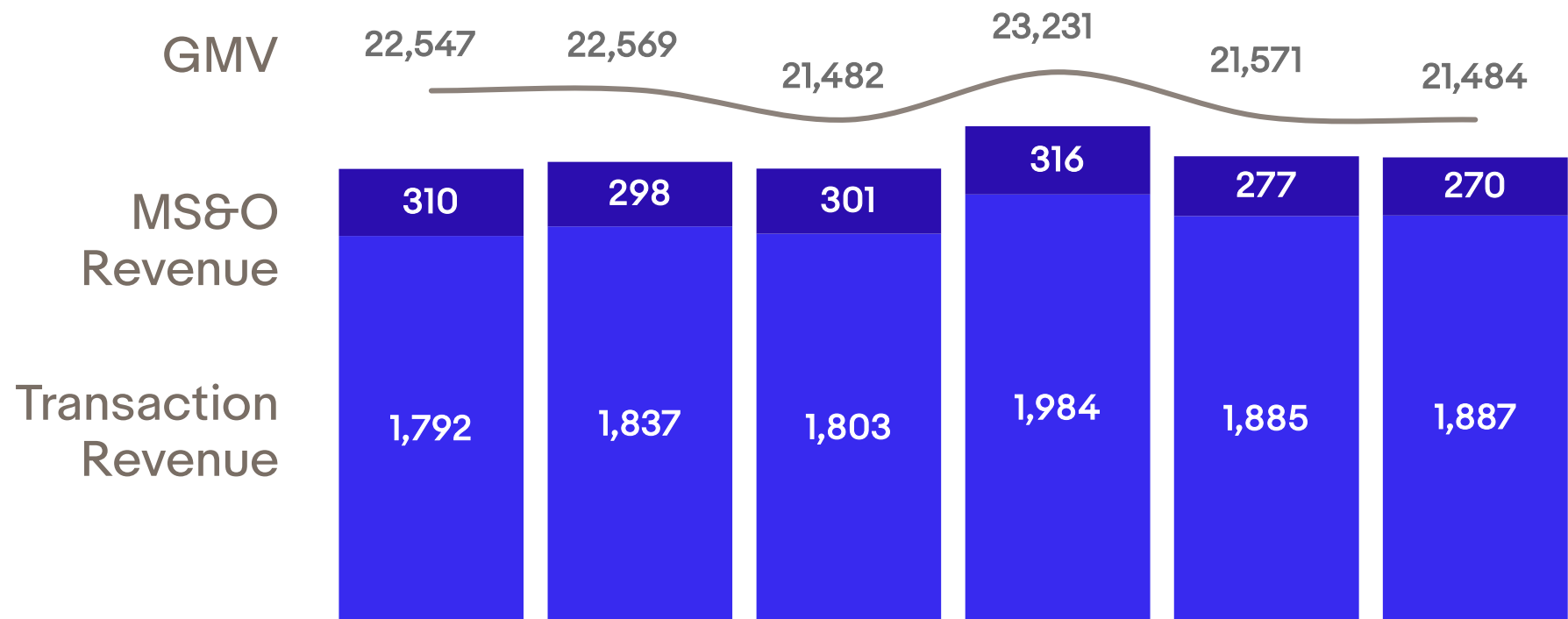


- Q2 FX-Neutral Transaction Revenue up 4% Y/Y ... down 1pt Q/Q
- Q2 FX-Neutral MS&O Revenue up 4% Y/Y ... up 3pts Q/Q

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
<i>Y/Y Growth</i>	12%	9%	6%	6%	2%	2%
<i>FX-Neutral Y/Y Growth</i>	7%	6%	6%	6%	4%	4%
<i>Organic FX-Neutral Y/Y Growth</i>	7%	6%	5%	5%	3%	4%
<i>Trxn Take Rate</i>	8.6%	8.8%	9.2%	9.3%	9.3%	9.4%

# MARKETPLACE GMV & REVENUE

(\$ millions)

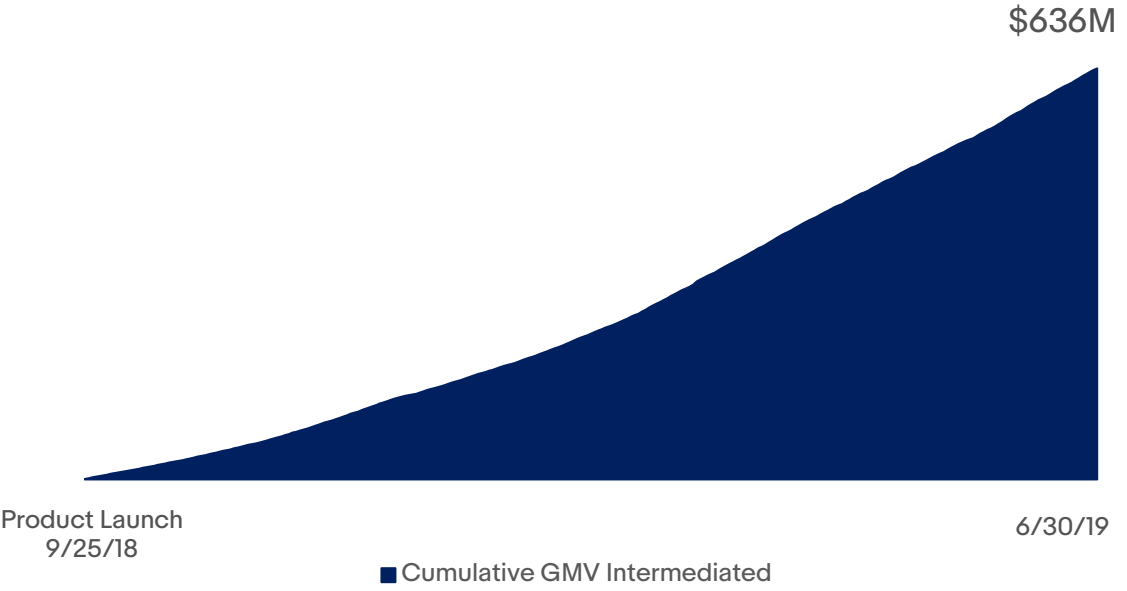
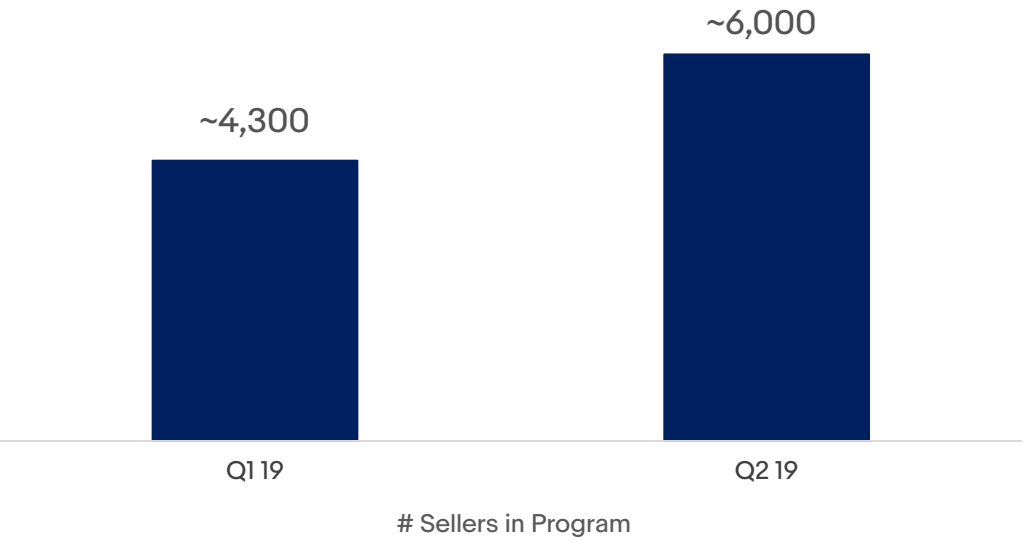


- Q2 FX-Neutral B2C GMV down 1% Y/Y and FX-Neutral C2C GMV flat Y/Y
- Q2 FX-Neutral Transaction Revenue up 5% Y/Y, down 1pt Q/Q
- Q2 FX-Neutral MS&O Revenue down 6% Y/Y, up 2pts Q/Q
- Japan acquisition impact of <1pt on Q2 FX-Neutral GMV and Revenue
- Segment Margin up 2pts Y/Y primarily due to continued cost leverage and currency hedging gains, partially offset by a stronger USD and Payments investments

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
<i>FX-Neutral GMV Y/Y Growth</i>	7%	7%	5%	3%	(1)%	(1)%
<i>FX-Neutral Rev Y/Y Growth</i>	7%	6%	5%	6%	4%	3%
<i>Trxn Take Rate</i>	7.9%	8.1%	8.4%	8.5%	8.7%	8.8%
<i>Segment Margin</i>	33%	30%	30%	31%	36%	32%



# PAYMENTS PROGRESS

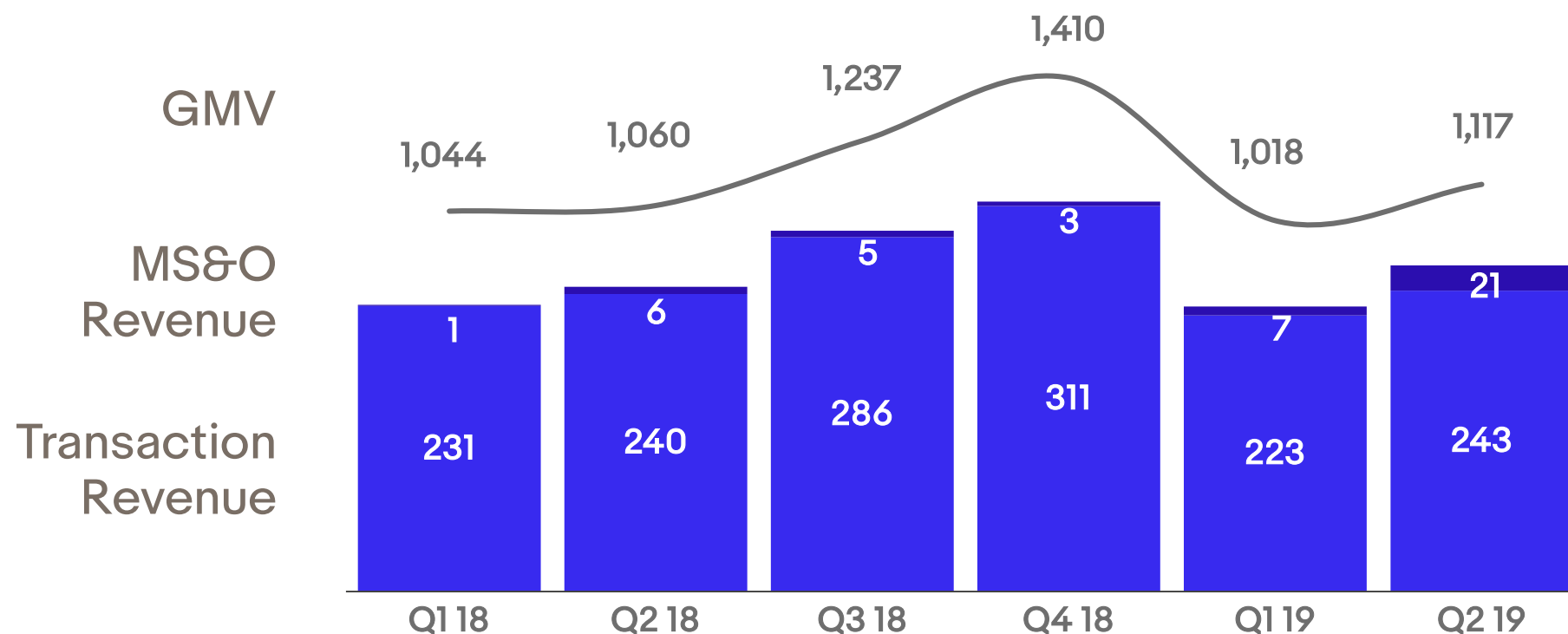


Grew total sellers in the program by nearly 40% Q/Q

GMV intermediated to date = \$636M  
Q2 US GMV exit penetration = 3.8%

# STUBHUB GMV & REVENUE

(\$ millions)

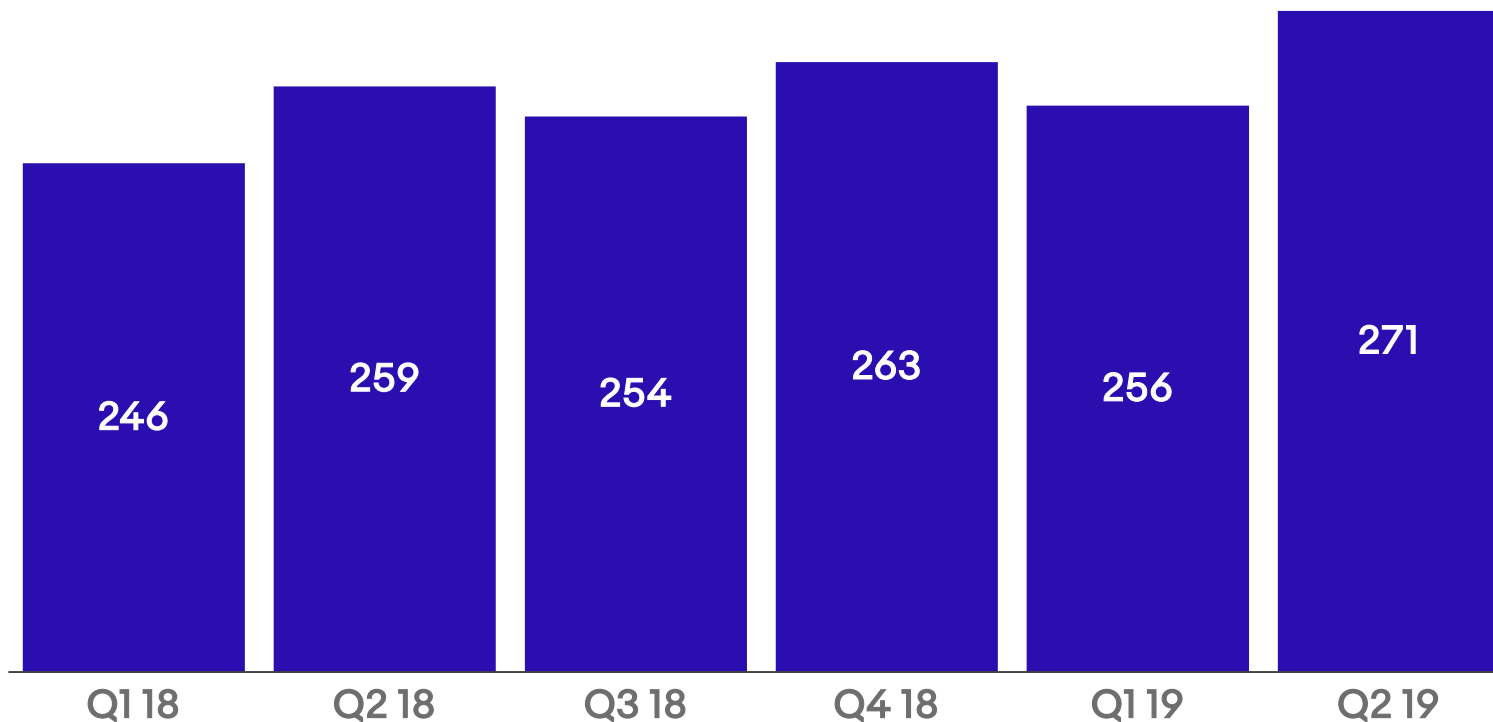


- Q2 FX-Neutral GMV up 6% Y/Y, up 8pts Q/Q on a stronger sporting event landscape
- Q2 FX-Neutral Transaction Revenue up 1% Y/Y
- Q2 FX-Neutral MS&O Revenue up 255% Y/Y due to IP inventory
- Segment Margin up 2pts Y/Y driven by operational leverage and a stronger USD, partially offset by IP inventory

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
<i>GMV FX-Neutral Y/Y Growth</i>	13%	5%	7%	(1)%	(2)%	6%
<i>Rev FX-Neutral Y/Y Growth</i>	9%	3%	7%	2%	0%	7%
<i>Trxn Take Rate</i>	22.1%	22.7%	23.1%	22.1%	22.0%	21.7%
<i>Segment Margin</i>	13%	2%	10%	26%	11%	4%

# CLASSIFIEDS REVENUE

(\$ millions)



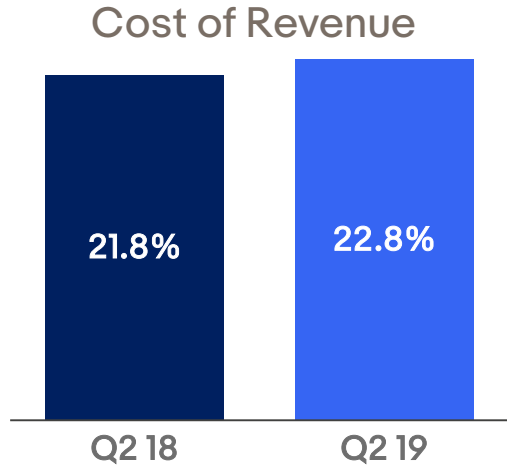
- Q2 FX-Neutral Revenue up 12% Y/Y, flat Q/Q, driven by ongoing strength in Germany and UK motors vertical
- Segment Margin flat Y/Y driven by operating leverage offset by marketing investments and a stronger USD

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
<i>Rev Y/Y Growth</i>	24%	18%	8%	8%	4%	5%
<i>FX-Neutral Rev Y/Y Growth</i>	10%	10%	11%	11%	12%	12%
<i>Segment Margin</i>	35%	38%	39%	44%	36%	38%

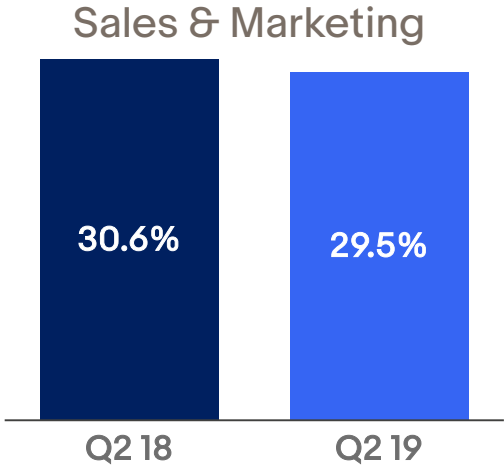
# NON-GAAP EXPENSES

(% of revenue)

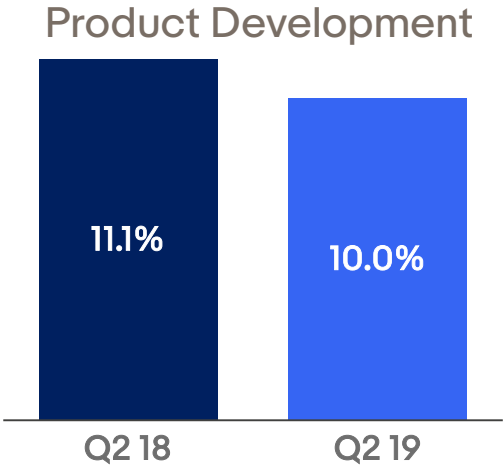
## Operating Expense at 50.3%, down 3pts Y/Y



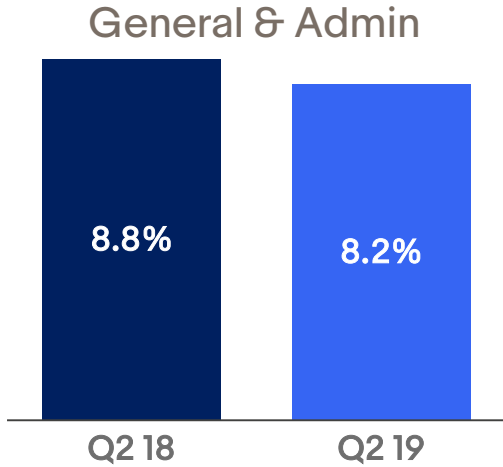
Investments in KO, SH IP and Site Operations



Lower cost base partially offset by Giosis' Japan business



Productivity in product initiative related spend



Operating leverage

# NON-GAAP EPS

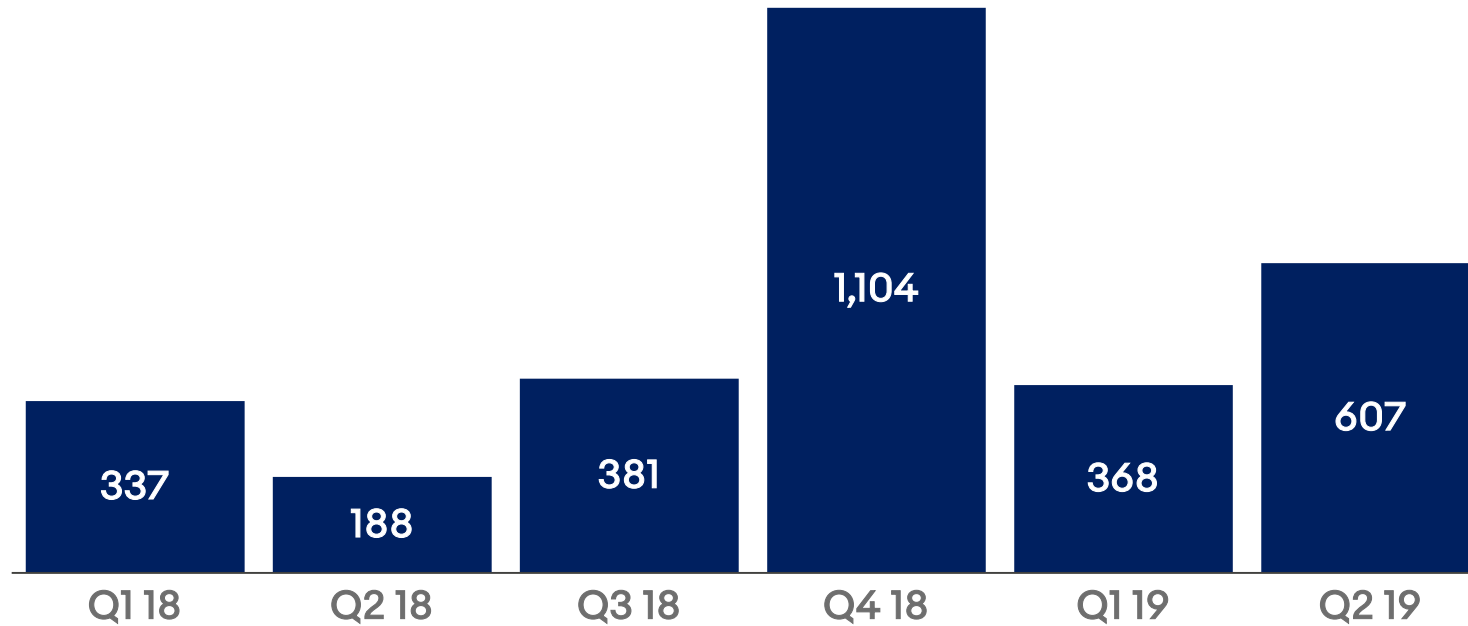


- Q2 Non-GAAP Operating Margin up 170bps Y/Y primarily due to continued cost leverage and a stronger USD, partially offset by Payments investments
- Q2 Non-GAAP EPS growth driven by net benefit of share repurchases and margin expansion, partially offset by Payments investments

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
<i>Non-GAAP EPS Y/Y Growth</i>	9%	17%	19%	20%	26%	28%
<i>Non-GAAP Operating Margin</i>	27.9%	25.2%	26.4%	29.2%	29.8%	26.9%
<i>GAAP EPS</i>	\$0.40	\$0.64	\$0.73	\$0.80	\$0.57	\$0.46
<i>GAAP EPS Y/Y Growth</i>	(58)%	**	52%	**	45%	(27)%

# FREE CASH FLOW

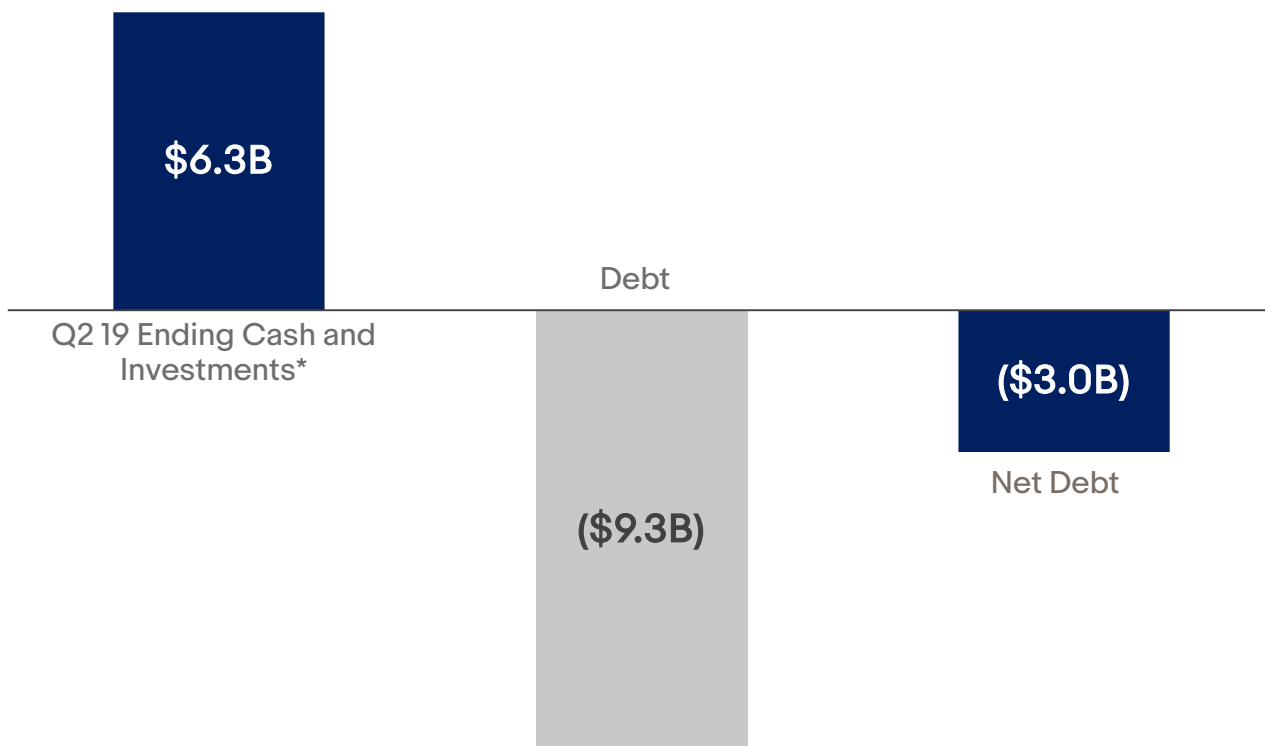
(\$ millions)



- Q2 FCF up 223% Y/Y due to timing of cash taxes and CapEx, and operational growth

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
<i>Y/Y Growth</i>	(25)%	(64)%	(47)%	39%	9%	223%
<i>CapEx % of Revenue</i>	6%	7%	7%	5%	7%	5%
<i>FCF % of Revenue</i>	13%	7%	14%	38%	14%	23%

# 2019 CASH & DEBT



## 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

Repurchased \$1.5B of shares and paid cash dividend of \$120M in Q2  
\$4.2B Authorization Remaining\*\*

# CAPITAL STRUCTURE PROGRESS

## 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  
**On Track: Repurchased \$3.0B YTD**

## Target Capital Structure

- We plan to maintain our current BBB+ rating ... important as we build our payment intermediation capabilities **On Track**
- Expect to exit 2019 with cash and investments of approximately \$3.5B **On Track**
- Targeting mid-term leverage of approximately 1.5x net debt and gross debt below 3.0x EBITDA  
**On Track: Expect to pay down \$1.6B of debt in Q3, no plans to refinance**

Capital allocation tenets remain the same ... disciplined execution



# GUIDANCE

	Q3 19		Q3 Guidance Context
	Low	High	
<b>Revenue</b> (in billions)	<b>\$2.61</b>	<b>\$2.66</b>	<ul style="list-style-type: none"> <li>• Non-GAAP EPS growth driven by:               <ul style="list-style-type: none"> <li>• Net benefit of share repurchase program ~13pts</li> <li>• Operational productivity offset by investment in managed payments</li> </ul> </li> <li>• Non-GAAP effective tax rate of 15.5% - 17.5%</li> </ul>
<i>Y/Y Growth</i>	<i>(1)%</i>	<i>1%</i>	
<i>Organic FX-Neutral Y/Y Growth</i>	<i>1%</i>	<i>3%</i>	
<b>Non-GAAP EPS</b>	<b>\$0.62</b>	<b>\$0.65</b>	
<i>Y/Y Growth</i>	<i>10%</i>	<i>15%</i>	

## Full Year Guidance

- Lowering Revenue to \$10.75 - \$10.83 billion, maintaining Organic FX-Neutral growth of 2-3%
- Non-GAAP Operating Margin of 28%-29% ... Non-GAAP effective tax rate of 15% to 17%
- Raising Non-GAAP EPS to \$2.70 - \$2.75
- 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					
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
	(in millions, except percentages)					
GAAP operating income	\$ 579	\$ 406	\$ 556	\$ 681	\$ 609	\$ 561
Stock-based compensation expense and related employer payroll taxes	126	158	127	143	126	145
Amortization of acquired intangible assets within cost of net revenues	6	4	3	1	2	2
Amortization of acquired intangible assets within operating expenses	10	13	13	13	13	12
Other significant gains, losses or charges	–	84	2	1	38	3
Non-GAAP operating income	<u>\$ 721</u>	<u>\$ 665</u>	<u>\$ 701</u>	<u>\$ 839</u>	<u>\$ 788</u>	<u>\$ 723</u>
Revenues	\$ 2,580	\$ 2,640	\$ 2,649	\$ 2,877	\$ 2,643	\$ 2,687
GAAP operating margin	22.5 %	15.4 %	21.0 %	23.7 %	23.0 %	20.9 %
Non-GAAP operating margin	27.9 %	25.2 %	26.4 %	29.2 %	29.8 %	26.9 %

# GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

## NET INCOME / EPS

	Three months ended					
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
	(in millions, except per share data)					
GAAP Income from continuing operations	\$ 407	\$ 638	\$ 720	\$ 763	\$ 521	\$ 403
Stock-based compensation expense and related employer payroll taxes	126	158	127	143	126	145
Amortization of acquired intangible assets within cost of net revenues	6	4	3	1	2	2
Amortization of acquired intangible assets within operating expenses	10	13	13	13	13	12
Other significant gains, losses or charges	—	84	2	1	38	3
Gains or losses on investments and sale of business	—	(246)	(313)	—	—	—
Change in fair market value of warrant	—	(106)	(126)	128	(113)	8
Tax Effects of US Tax Reform	—	—	—	(463)	—	—
Tax effect of step-up of intangible assets basis	—	—	—	(9)	—	199
Tax effect of non-GAAP adjustments	(1)	(12)	128	93	21	(183)
Non-GAAP net income from continuing operations	\$ 548	\$ 533	\$ 554	\$ 670	\$ 608	\$ 589
Non-GAAP net income from continuing operations per diluted share	\$ 0.53	\$ 0.53	\$ 0.56	\$ 0.71	\$ 0.67	\$ 0.68
Shares used in non-GAAP diluted share calculation	1,029	1,004	983	950	908	867

# GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

## STATEMENT OF INCOME

	Three months ended					
	June 30, 2019			June 30, 2018		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
	(in millions, except per share data and percentages)					
Net revenues	\$ 2,687	\$ –	\$ 2,687	\$ 2,640	\$ –	\$ 2,640
Cost of net revenues	630	(17)	(a)(b) 613	597	(20)	(a)(b) 577
Gross Profit	2,057	17	2,074	2,043	20	2,063
Operating expenses:						
Sales and marketing	817	(25)	(a) 792	838	(31)	(a) 807
Product development	322	(54)	(a) 268	352	(58)	(a) 294
General and administrative	274	(54)	(a)(d) 220	368	(137)	(a)(d) 231
Provision for transaction losses	71	–	71	66	–	66
Amortization of acquired intangible assets	12	(12)	(b) –	13	(13)	(b) –
Total operating expense	1,496	(145)	1,351	1,637	(239)	1,398
Income from operations	561	162	723	406	259	665
Interest and other income, net	(51)	8	(f) (43)	301	(352)	(e)(f) (51)
Income from continuing operations before income taxes	510	170	680	707	(93)	614
Provision for income taxes	(107)	16	(c)(g) (91)	(69)	(12)	(c) (81)
Income from continuing operations	\$ 403	\$ 186	\$ 589	\$ 638	\$ (105)	\$ 533
<b>Net income (loss) from continuing operations per share:</b>						
Basic	\$ 0.47		\$ 0.68	\$ 0.64		\$ 0.54
Diluted	\$ 0.46		\$ 0.68	\$ 0.64		\$ 0.53
Weighted average shares:						
Basic	860		860	992		992
Diluted	867		867	1,004		1,004
Operating margin	20.9 %	6.0 %	26.9 %	15.4 %	9.8 %	25.2 %
Effective tax rate	20.9 %	(7.5 %)	13.4 %	9.7 %	3.6 %	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, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
	(in millions)					
Net cash provided by continuing operating activities	\$ 495	\$ 372	\$ 560	\$ 1,234	\$ 550	\$ 744
Less: Purchases of property and equipment, net	(158)	(184)	(179)	(130)	(182)	(137)
Free cash flow from continuing operations	\$ 337	\$ 188	\$ 381	\$ 1,104	\$ 368	\$ 607

# RECONCILIATION OF TOTAL REVENUE

	Three months ended					
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
<b>Net Revenues by Type</b>	(in millions)					
Net Transaction Revenues:						
Marketplace <sup>(2)</sup>	\$ 1,792	\$ 1,837	\$ 1,803	\$ 1,984	\$ 1,885	\$ 1,887
StubHub	231	240	286	311	223	243
<b>Total net transaction revenues</b>	<b>\$ 2,023</b>	<b>\$ 2,077</b>	<b>\$ 2,089</b>	<b>\$ 2,295</b>	<b>\$ 2,108</b>	<b>\$ 2,130</b>
Marketing services and other revenues:						
Marketplace	\$ 310	\$ 298	\$ 301	\$ 316	\$ 277	\$ 270
Classifieds	246	259	254	263	256	271
StubHub	1	6	5	3	7	21
Elimination of intersegment revenue	—	—	—	—	(5)	(5)
<b>Total marketing and other revenues</b>	<b>\$ 557</b>	<b>\$ 563</b>	<b>\$ 560</b>	<b>\$ 582</b>	<b>\$ 535</b>	<b>\$ 557</b>
<b>Total net revenues <sup>(1)</sup></b>	<b>\$ 2,580</b>	<b>\$ 2,640</b>	<b>\$ 2,649</b>	<b>\$ 2,877</b>	<b>\$ 2,643</b>	<b>\$ 2,687</b>
(1) Foreign currency impact	\$ 109	\$ 70	\$ 4	\$ (9)	\$ (68)	\$ (86)
(2) Hedge gain/(loss)	\$ (28)	\$ (21)	\$ 12	\$ 29	\$ 20	\$ 13



# RECONCILIATION OF ORGANIC REVENUE

	Three months ended					
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
As Reported Revenue Growth	12%	9%	6%	6%	2%	2%
Acquisition/Disposition Impact	–%	(0)%	(1)%	(1)%	(1)%	(0)%
Foreign Currency Impact	(5)%	(3)%	(0)%	(1)%	2 %	2 %
<b>Organic FX-Neutral Revenue Growth</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>3%</b>	<b>4%</b>

*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 September 30, 2019	
(in billions, except per share amounts)	GAAP	Non-GAAP (a)
Net Revenue	\$2.61 - \$2.66	\$2.61 - \$2.66
Diluted EPS	\$0.40 - \$0.44	\$0.62 - \$0.65

	Twelve Months Ending December 31, 2019	
(in billions, except per share amounts)	GAAP	Non-GAAP (b)
Net Revenue	\$10.75 - \$10.83	\$10.75 - \$10.83
Diluted EPS	\$1.97 - \$2.07	\$2.70 - \$2.75

	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 September 30, 2019 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 \$135-\$145 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 \$530-\$550 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 \$150 - \$170 million.



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