

Q1 2017 FINANCIAL HIGHLIGHTS

April 19, 2017



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 second quarter and full year 2017 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; 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 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 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 19, 2017. 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

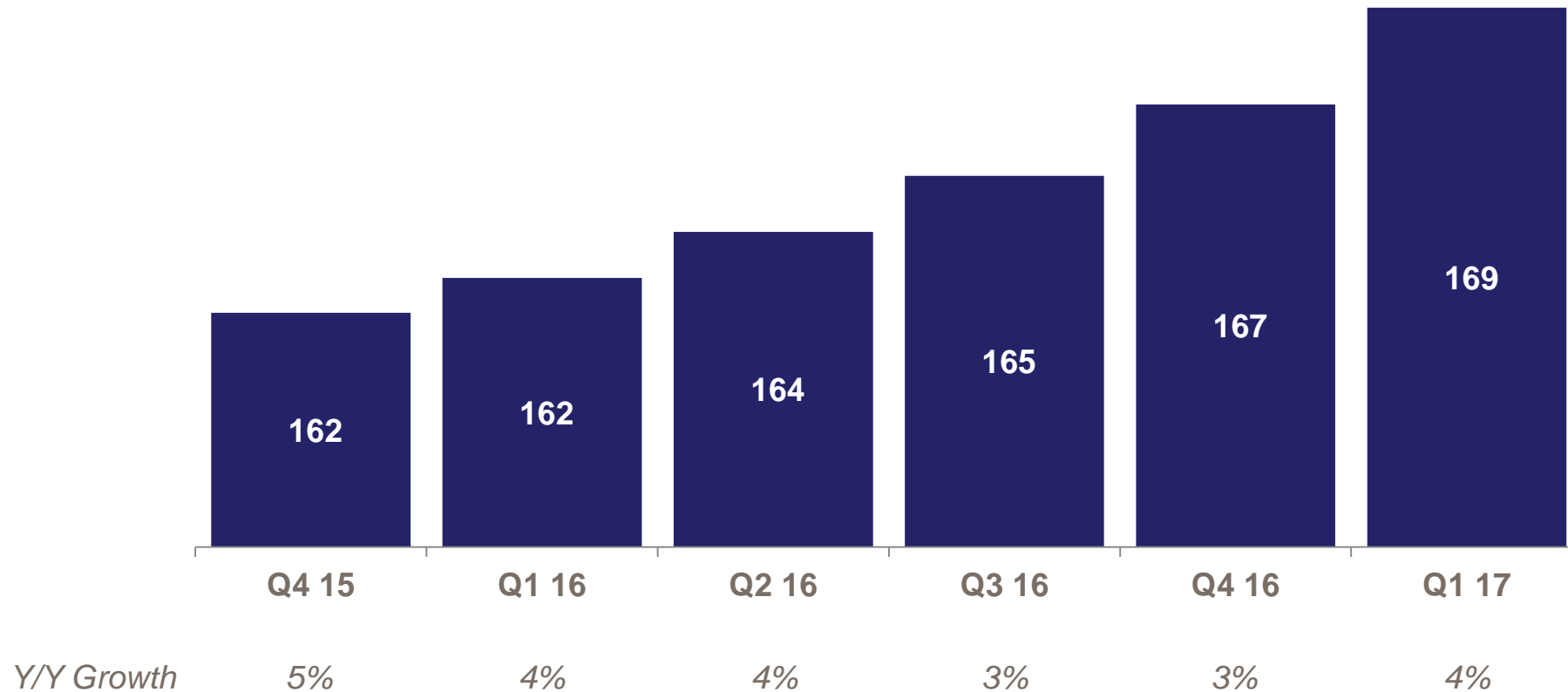
Q1 RESULTS

- Revenue of \$2.2B, up 4% Y/Y (up 7% FX-Neutral ... 6% Organic FX-Neutral)
- Non-GAAP EPS of \$0.49 up 4% Y/Y
- Generated \$447M of Free Cash Flow
- Repurchased \$350M of eBay shares ... in line with capital return guidance
- Announced \$500M cash investment in Flipkart and sale of India business



TRAILING 12-MONTH ACTIVE BUYERS

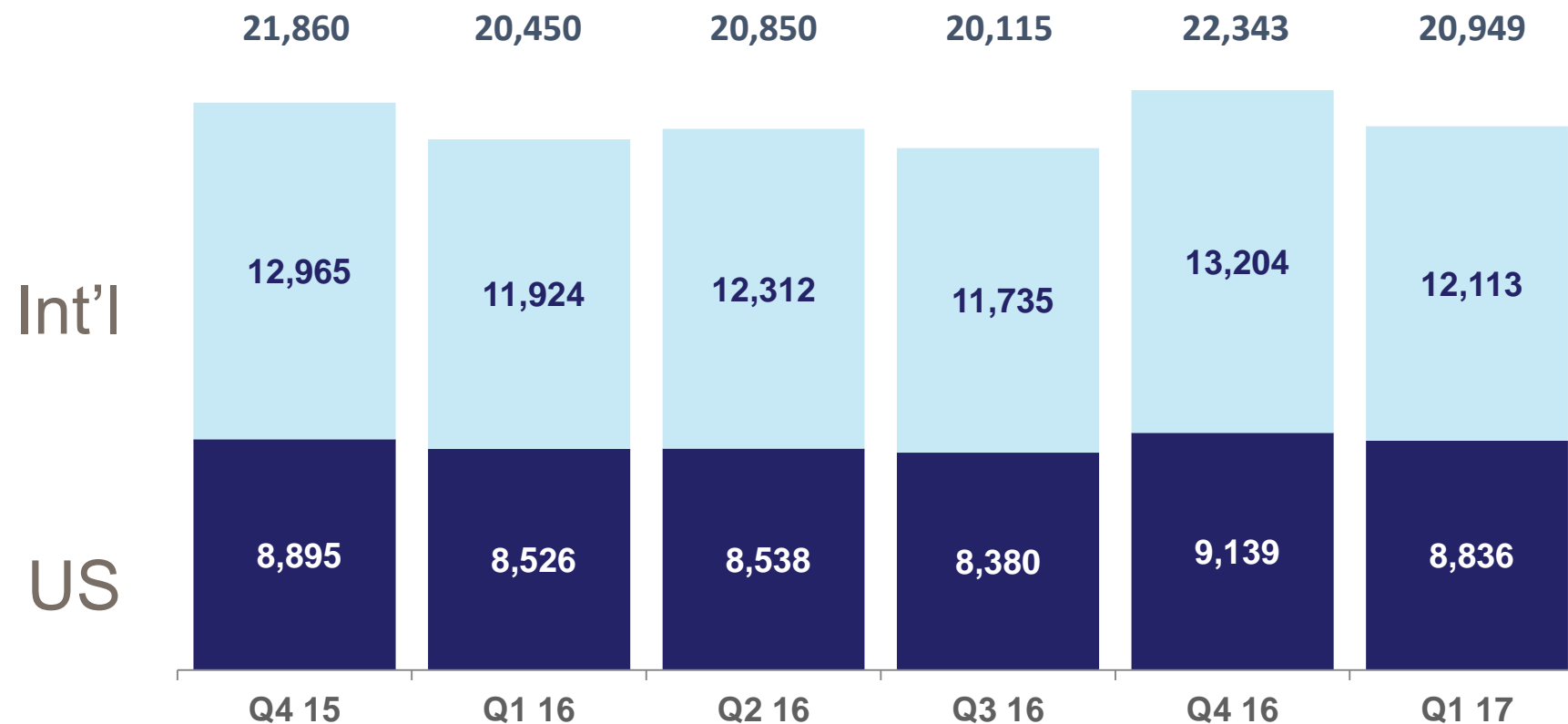
(millions)



- Added 2M more buyers in Q1
- Q1 T12M growth accelerated 1pt Q/Q driven by slightly lower churn rates, stable reactivation and early momentum on new buyer acquisition

GMV

(\$ millions)



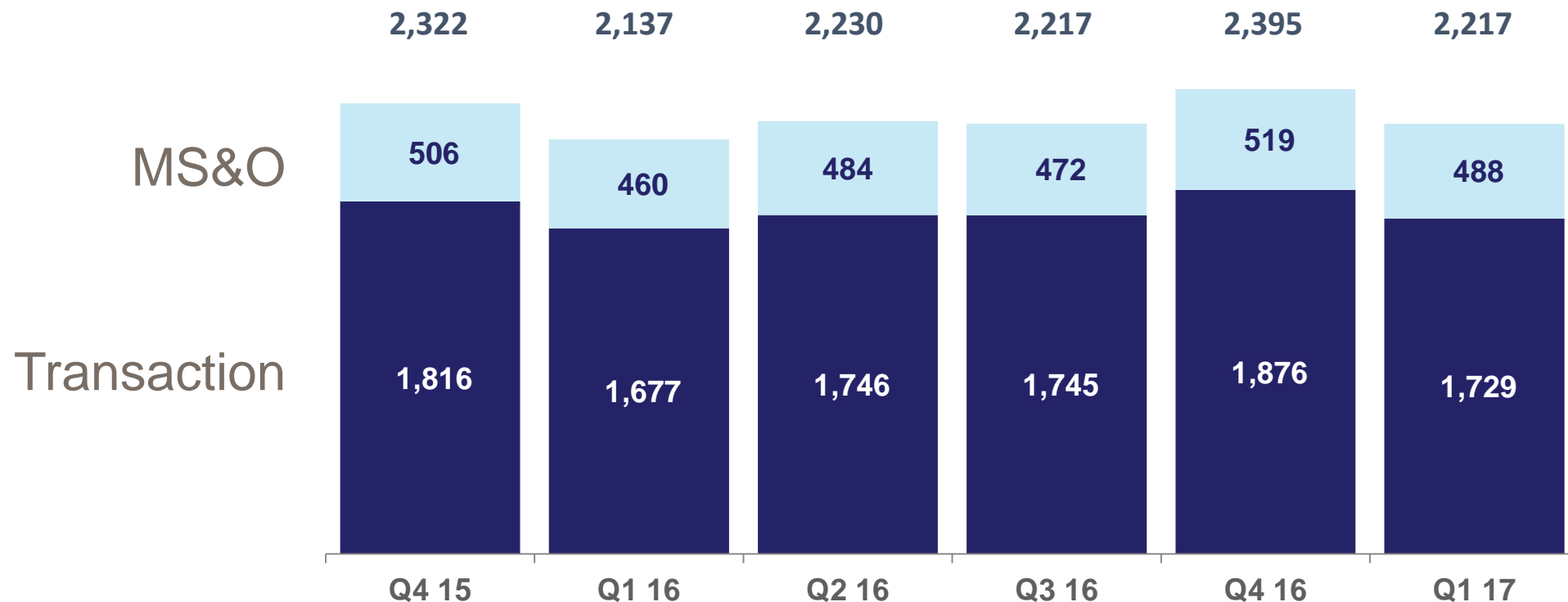
- Q1 Volume purchased by US buyers (US GMB) flat Q/Q at 5% ... US Marketplace acceleration offset by StubHub
- Q1 Sold Items decelerated 1pt Q/Q

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
<i>US Y/Y Growth</i>	4%	3%	5%	3%	3%	4%
<i>Int'l FX-Neutral Y/Y Growth</i>	6%	6%	6%	7%	7%	6%
<i>Total FX-Neutral Y/Y Growth</i>	5%	5%	6%	5%	5%	5%
<i>Sold Items Y/Y Growth</i>	4%	3%	4%	5%	5%	4%



REVENUE

(\$ millions)



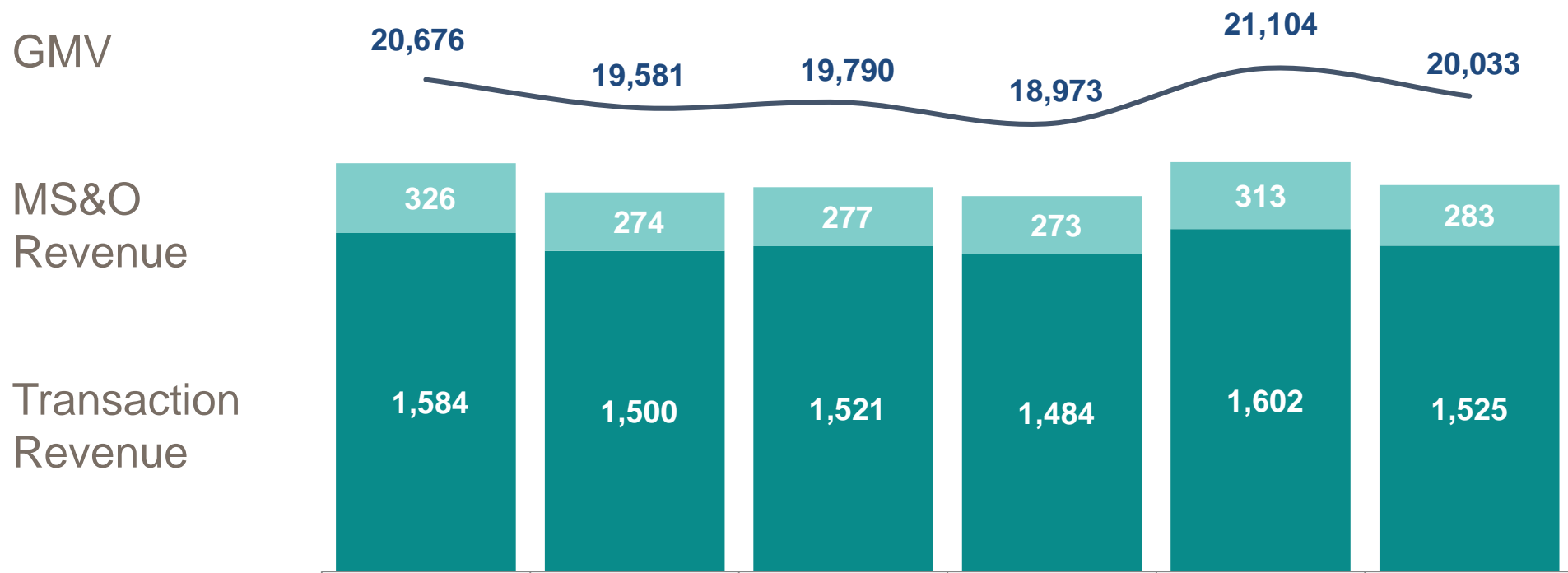
- Q1 FX-Neutral Transaction Revenue up 6% Y/Y ... flat Q/Q
- Q1 FX-Neutral MS&O Revenue up 9% Y/Y ... accelerated 4pts Q/Q, primarily driven by co-branded credit card revenue share

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
<i>Y/Y Growth</i>	0%	4%	6%	6%	3%	4%
<i>FX-Neutral Y/Y Growth</i>	5%	6%	7%	8%	6%	7%
<i>Organic FX-Neutral Y/Y Growth</i>	5%	6%	7%	8%	6%	6%
<i>Trxn TR</i>	8.3%	8.2%	8.4%	8.7%	8.4%	8.3%



MARKETPLACE GMV & REVENUE

(\$ millions)



- Q1 FX-Neutral B2C GMV grew 6% Y/Y and FX-Neutral C2C GMV grew 3% Y/Y
- Q1 FX-Neutral Transaction Revenue up 5% Y/Y, flat Q/Q in line with GMV
- Q1 FX-Neutral MS&O Revenue up 6% Y/Y, accelerated 7pts Q/Q ... driven by co-branded credit card revenue share

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
<i>FX-Neutral GMV Growth</i>	4%	4%	5%	4%	5%	5%
<i>FX-Neutral Rev Growth</i>	1%	3%	3%	5%	4%	5%
<i>% International Rev</i>	60%	59%	60%	59%	60%	58%
<i>Trxn TR</i>	7.7%	7.7%	7.7%	7.8%	7.6%	7.6%



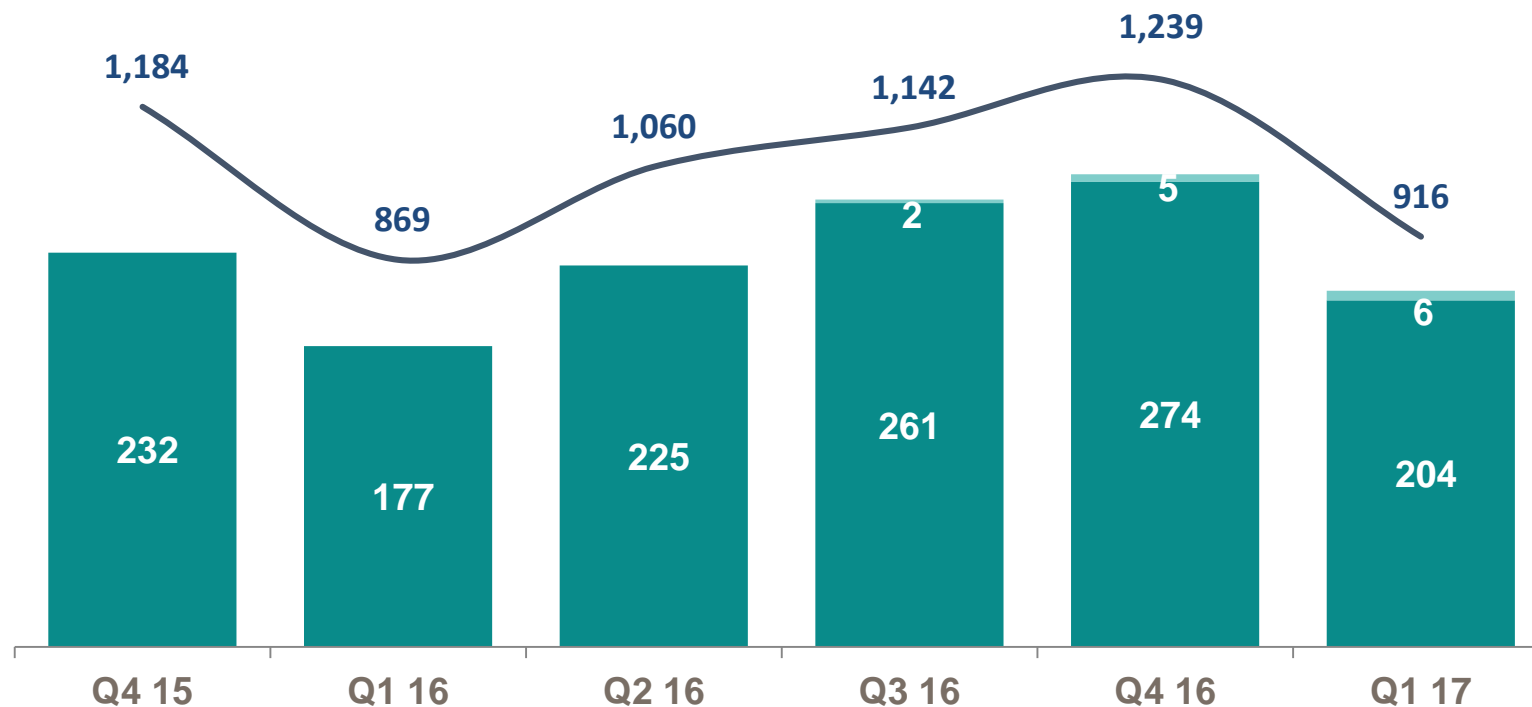
STUBHUB GMV & REVENUE

(\$ millions)

GMV

MS&O
Revenue

Transaction
Revenue

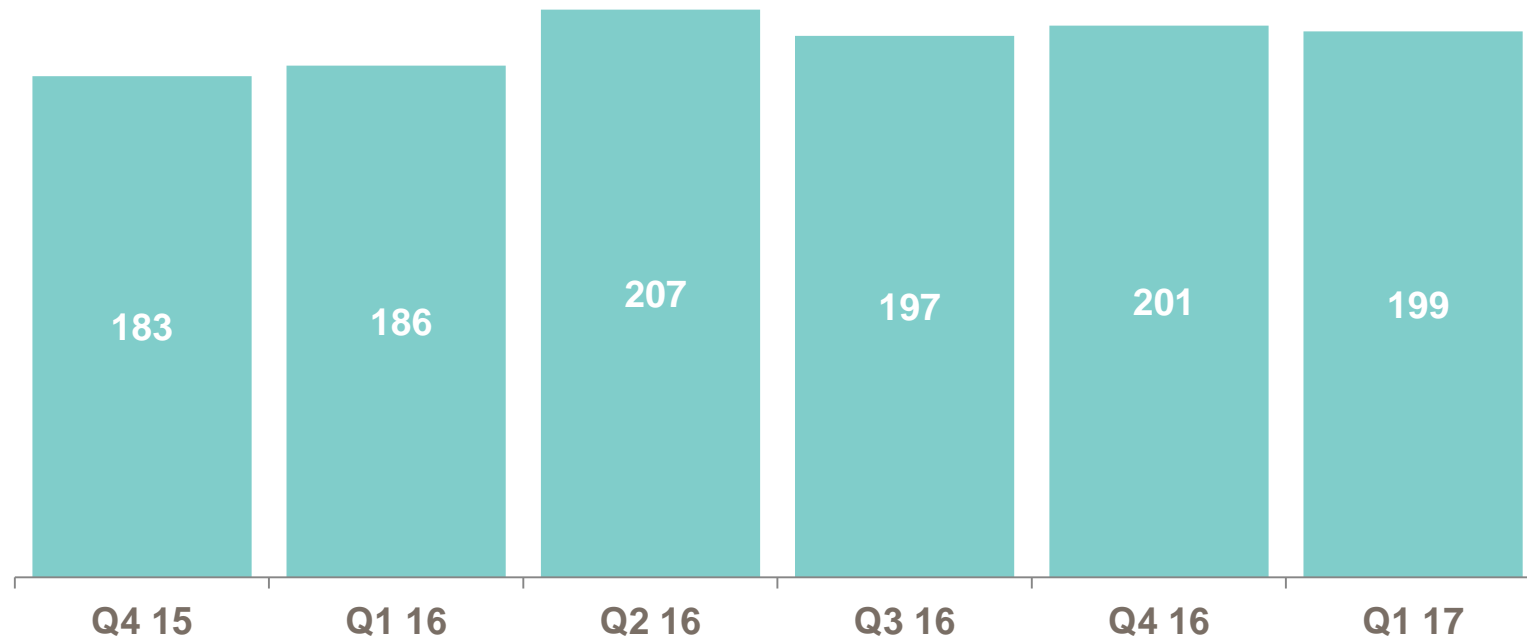


- Q1 FX-Neutral GMV grew 6% Y/Y, up 1pt Q/Q driven by international strength
- Q1 FX-Neutral Revenue up 19% Y/Y, decelerated 1pt Q/Q
- Ticketbis impact of 3pts on Q1 FX-Neutral GMV and 6pts on Q1 FX-Neutral Revenue

<i>GMV FX-Neutral Y/Y Growth</i>	30%	29%	35%	23%	5%	6%
<i>Rev FX-Neutral Y/Y Growth</i>	34%	34%	40%	32%	20%	19%
<i>Trxn Take Rate</i>	19.6%	20.4%	21.2%	22.9%	22.1%	22.3%

CLASSIFIEDS REVENUE

(\$ millions)

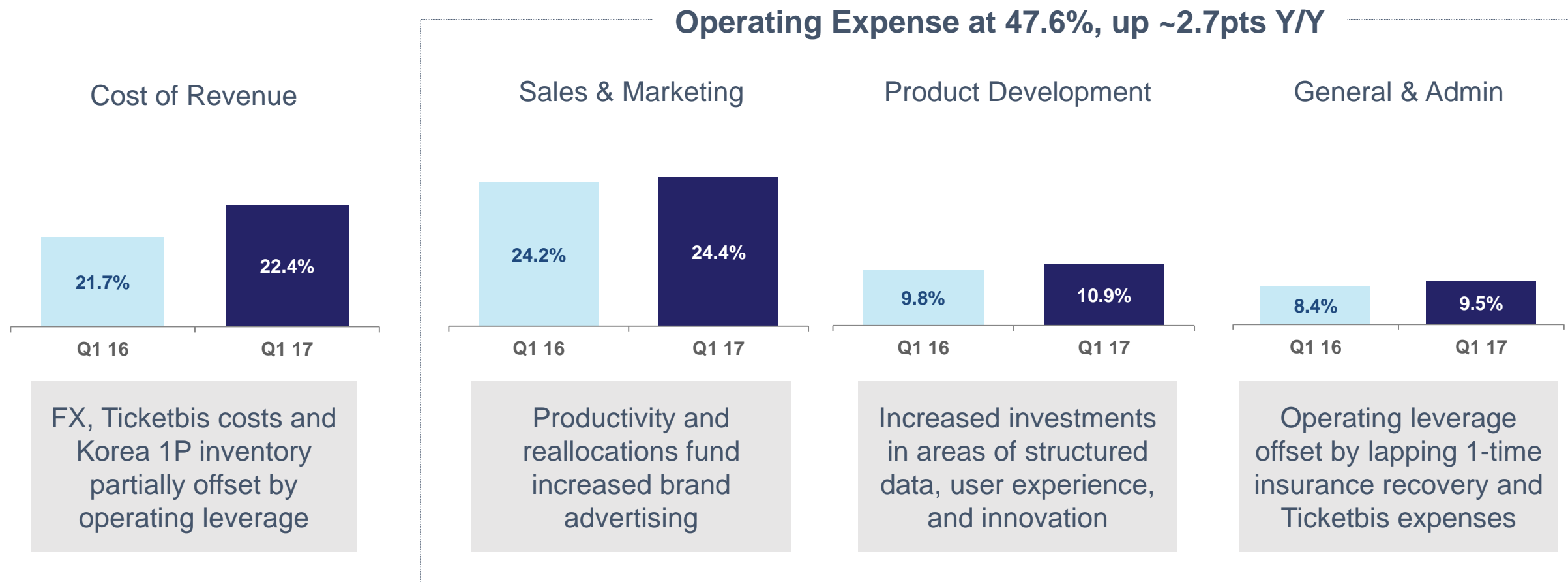


- Q1 FX-Neutral Revenue up 10% Y/Y
- Strong growth in eBay Kleinanzeigen (Germany) offset by lapping prior year motors vertical price increases and mobile app monetization pressure

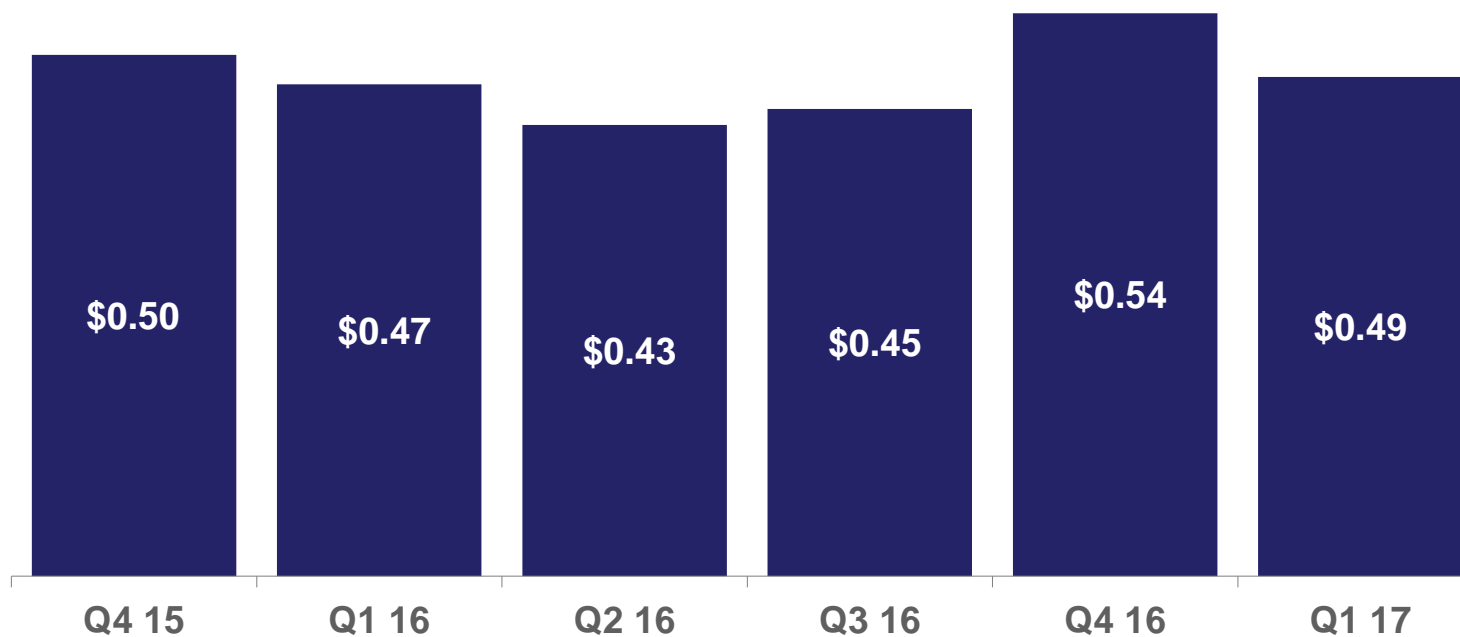
	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
<i>Rev Y/Y Growth</i>	2%	15%	15%	11%	10%	7%
<i>FX-Neutral Rev Y/Y Growth</i>	14%	17%	15%	14%	13%	10%

NON-GAAP EXPENSES

(% of revenue)



NON-GAAP EPS



- Q1 Non-GAAP Operating Margin declined ~340bps Y/Y with 95bps negative impact from FX
- Q1 Non-GAAP EPS growth driven by revenue growth and share repurchases partially offset by investments and lapping 1-time insurance recovery
- FX impacts Non-GAAP EPS growth by 4pts

Y/Y Growth

-10% -1% 2% 3% 8% 4%

Non-GAAP Operating Margin

34.4% 33.4% 29.1% 29.9% 31.9% 30.0%



FREE CASH FLOW

(\$ millions)

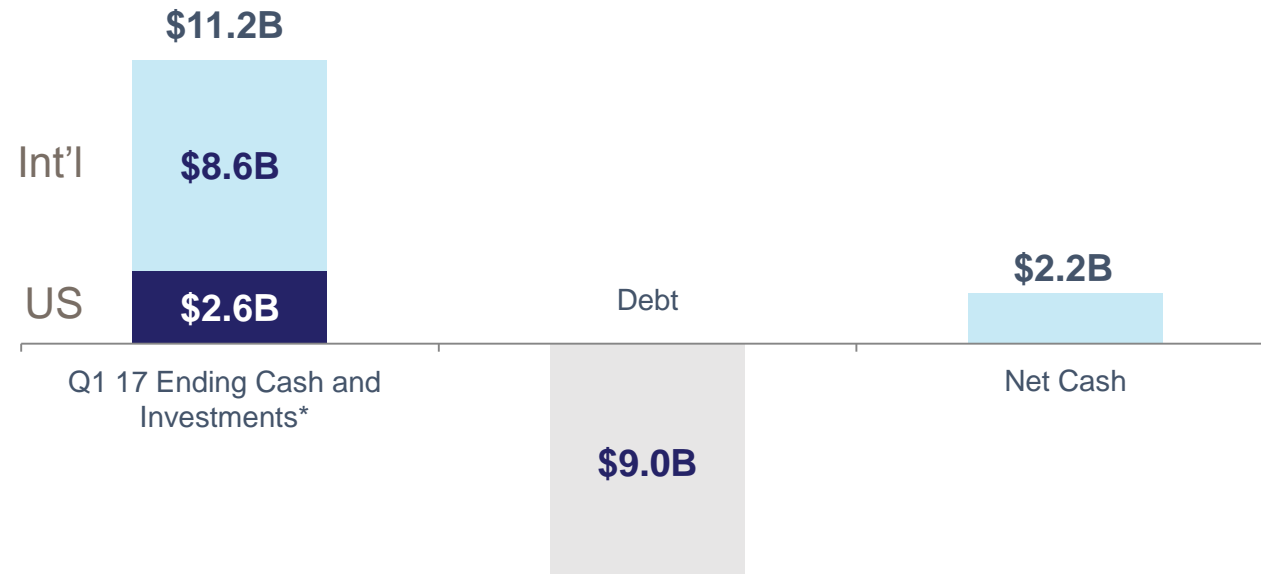


- Q1 FCF down 7% Y/Y due to lower net income and timing of cash taxes

	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
<i>Y/Y Growth</i>	56%	19%	79%	34%	-51%	-7%
<i>CapEx % of Revenue</i>	6%	7%	7%	8%	6%	6%
<i>FCF % of Revenue</i>	43%	23%	28%	28%	20%	20%



CASH & CAPITAL ALLOCATION



Repurchased \$350M of eBay shares ...
\$986M authorization remaining

Capital Allocation Tenets

- Focus on long-term value creation while maintaining the resources to execute the strategy
- Drive growth while balancing profitability
- Supplement organic growth with disciplined acquisitions and investments
- Optimize financial flexibility, access to debt and cost of capital



* Cash balances/flows include cash, cash equivalents and non-equity investments

Q2 GUIDANCE

	Q2 17		Guidance Context
	<u>Low</u>	<u>High</u>	
Revenue (in \$ billions)	\$2.28	\$2.32	<p><u>Q2</u></p> <ul style="list-style-type: none"> • Marketplace GMV & revenue acceleration ... offset by StubHub & Op Agreement comps • EPS growth impacted by: <ul style="list-style-type: none"> • Stronger USD ~(5)pts • Net benefit of share repurchase program ~5pts • Non-GAAP effective tax rate of 21% - 22% <p><u>Full Year</u></p> <ul style="list-style-type: none"> • No change to Full Year Non-GAAP Guidance
<i>Y/Y Growth</i>	2%	4%	
<i>Organic FX-Neutral Y/Y Growth</i>	5%	7%	
Non-GAAP EPS	\$0.43	\$0.45	
<i>Y/Y Growth</i>	0%	5%	




Q&A

APPENDIX

PRODUCT EXPERIENCES

Leveraging Review Data in Product Recommendations

Top Rated ⓘ




Oreck XL2100RHS - Blue - Upright Cleaner

★★★★★ (93)

100% agree - Easy to use

TRENDING PRICE

\$159.99 New
\$102.50 Used




Shark HV301 - Gray - Upright Cleaner

★★★★★ (58)

100% agree - Reliable

TRENDING PRICE

\$138.99 New
\$99.99 Used



Enabling Pictures within Product Reviews

Ratings and reviews [Write a review](#)

5.0
★★★★★
1 product rating

★ 5 1
★ 4 0
★ 3 0
★ 2 0
★ 1 0

100%
Would recommend


100%
Good value

100%
Good quality

Most relevant reviews

★★★★★
by [xrfordie2](#)
06 Apr, 2017

Perfect compliment
Tail light fitted great to my Fat boy and compliments it style perfectly.



Verified purchase: Yes | Condition: New



PRODUCT EXPERIENCES

Exposing Organic Search Traffic to Structured Browse Pages

The screenshot displays the eBay search results for 'laptop'. The page is structured to guide users through various browsing options:

- Search Bar:** Shows the search term 'laptop' and the category 'Laptops & Netbooks'.
- Navigation:** Includes a 'Search' button and an 'Advanced' link.
- Breadcrumbs:** Shows the path: eBay > Computers/Tablets & Networking > Laptops & Netbooks.
- Section Header:** 'Laptops & Netbooks'.
- Shop by Category:** Lists 'Computers/Tablets & Networking', 'Laptops & Netbooks' (selected), 'MacBooks', and 'PC Laptops & Netbooks'.
- Brand Filter:** Lists brands like Acer, ASUS, Dell, HP, Lenovo, Samsung, Sony, and Toshiba.
- Operating System Filter:** Lists OS options like Windows 10, 8.1, 8, 7, Vista, XP, and Chrome OS.
- Processor Type Filter:** Lists Intel Core processors from 3rd to 5th generation.
- Welcome Message:** 'Welcome to the new eBay shopping experience. If you prefer, just view search results.'
- Shop by Brand:** A carousel showing laptops from Dell, HP, Lenovo, Apple, and ASUS.
- Promotional Banners:** Includes a '20% off Coupon on Select Tech. Ends 4/19' and a carousel of products like a drone (\$799.00), a smartphone (\$324.95), and a GoPro (\$253.00).

NEW HOMEPAGE EXPERIENCE

The screenshot displays the eBay homepage layout. At the top, the eBay logo is on the left, followed by a 'Shop by category' dropdown, a search bar, and 'All Categories' with a 'Search' button and 'Advanced' link. Below this is a horizontal navigation menu with categories: Home, Following, Motors, Fashion, Electronics, Collectibles & Art, Home & Garden, Sporting Goods, Toys, Business & Industrial, Music, and Deals.

The main featured banner is titled 'Take the Party Outside' and includes the text 'Save on Outdoor Decor, Grills, and More in our Spring Headquarters.' with a 'Shop Now' button. The background image shows an outdoor dining table with chairs and a pool.

The 'Your Recently Viewed Items' section features a carousel of five items with their prices: a stand mixer (\$179.99), a stainless steel lid (\$22.48), three smartphones (\$129.99), two smartphones (\$289.99), and a wooden bowl (\$95.73).

A light blue promotional banner offers a 'Save 20% on \$25+' discount on select TVs and cell phones, with code PSHOPTECH417, ending on April 19th. It includes a 'Shop Now' button.

The 'Your Watched Items' section shows a carousel of five items: a sneaker, a jacket, a graphic with dollar signs, a portrait of Marilyn Monroe, and a portrait of a woman's face. A 'See All' button is located at the bottom left of this section.

RECONCILIATIONS

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

OPERATING MARGIN

	Three months ended					
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
	(in millions, except per share data and percentages)					
GAAP operating income	\$ 662	\$ 614	\$ 531	\$ 542	\$ 638	\$ 546
Stock-based compensation expense and related employer payroll taxes	78	89	120	105	110	103
Amortization of acquired intangible assets within cost of net revenues	5	4	4	7	8	7
Amortization of acquired intangible assets within operating expenses	11	8	7	9	10	9
Other significant gains, losses or charges	—	—	(13)	—	(2)	—
Separation	43	(1)	—	—	—	—
Restructuring	—	—	—	—	—	—
Non-GAAP operating income	<u>\$ 799</u>	<u>\$ 714</u>	<u>\$ 649</u>	<u>\$ 663</u>	<u>\$ 764</u>	<u>\$ 665</u>
Revenues	\$ 2,322	\$ 2,137	\$ 2,230	\$ 2,217	\$ 2,395	\$ 2,217
GAAP operating margin	28.5 %	28.7 %	23.8 %	24.4 %	26.6 %	24.6 %
Non-GAAP operating margin	34.4 %	33.4 %	29.1 %	29.9 %	31.9 %	30.0 %

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

NET INCOME / EPS

	Three months ended					
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
	(in millions, except per share data)					
GAAP Income from continuing operations	\$ 523	\$ 482	\$ 437	\$ 418	\$ 5,948	\$ 1,035
Stock-based compensation expense and related employer payroll taxes	78	89	120	105	110	103
Amortization of acquired intangible assets within cost of net revenues	5	4	4	7	8	7
Amortization of acquired intangible assets within operating expenses	11	8	7	9	10	9
Separation	43	(1)	—	—	—	—
Restructuring	—	—	—	—	—	—
Other significant gains, losses or charges	—	—	(13)	—	(2)	—
Gains or losses on investments	—	—	(35)	—	(1,334)	(16)
Tax effect of step-up of intangible assets basis	—	—	—	—	(4,603)	(695)
Foreign exchange effect of step-up of intangible assets basis	—	—	—	—	—	65
Tax effect of non-GAAP adjustments	(60)	(32)	(24)	(30)	464	30
Non-GAAP net income from continuing operations	\$ 600	\$ 550	\$ 496	\$ 509	\$ 601	\$ 538
Non-GAAP net income from continuing operations per diluted share	\$ 0.50	\$ 0.47	\$ 0.43	\$ 0.45	\$ 0.54	\$ 0.49
Shares used in non-GAAP diluted share calculation	1,204	1,170	1,149	1,139	1,119	1,102

GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

STATEMENT OF INCOME

	Three months ended					
	March 31, 2017			March 31, 2016		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
	(in millions, except per share data and percentages)					
Net revenues	\$ 2,217	\$ —	\$ 2,217	\$ 2,137	\$ —	\$ 2,137
Cost of net revenues	515	(18) (a)(b)	497	477	(13) (a)(b)	464
Gross Profit	1,702	18	1,720	1,660	13	1,673
Operating expenses:						
Sales and marketing	562	(21) (a)	541	538	(21) (a)	517
Product development	278	(36) (a)	242	239	(29) (a)	210
General and administrative	245	(35) (a)	210	209	(29) (a)(d)	180
Provision for transaction losses	62	—	62	52	—	52
Amortization of acquired intangible assets	9	(9) (b)	—	8	(8) (b)	—
Total operating expense	1,156	(101)	1,055	1,046	(87)	959
Income from operations	546	119	665	614	100	714
Interest and other income, net	12	(16) (e)	(4)	(23)	—	(23)
Income from continuing operations before income taxes	558	103	661	591	100	691
Provision for income taxes	477	(600) (c)(f)(g)	(123)	(109)	(32) (c)	(141)
Income from continuing operations	\$ 1,035	\$ (497)	\$ 538	\$ 482	\$ 68	\$ 550
Net income (loss) from continuing operations per share:						
Basic	\$ 0.96		\$ 0.50	\$ 0.42		\$ 0.47
Diluted	\$ 0.94		\$ 0.49	\$ 0.41		\$ 0.47
Weighted average shares:						
Basic	1,083		1,083	1,159		1,159
Diluted	1,102		1,102	1,170		1,170
Operating margin	25 %	5 %	30 %	29 %	4 %	33 %
Effective tax rate	(85)%	104 %	19 %	18 %	2 %	20 %

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) Tax effect of step-up of intangible assets basis
- (g) Foreign exchange effect of step-up of intangible assets basis



CALCULATION OF FREE CASH FLOW

	Three months ended					
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
	(in millions)					
Net cash provided by continuing operating activities	1,126	641	764	802	620	582
Less: Purchases of property and equipment, net	(129)	(158)	(147)	(185)	(136)	(135)
Free cash flow from continuing operations	<u>997</u>	<u>483</u>	<u>617</u>	<u>617</u>	<u>484</u>	<u>447</u>

RECONCILIATION OF TOTAL REVENUE

	Three months ended					
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
Net Revenues by Type	(in millions)					
Net Transaction Revenues:						
Marketplace	\$ 1,584	\$ 1,500	\$ 1,521	\$ 1,484	\$ 1,602	\$ 1,525
StubHub	232	177	225	261	274	204
Total net transaction revenues	\$ 1,816	\$ 1,677	\$ 1,746	\$ 1,745	\$ 1,876	\$ 1,729
Marketing services and other revenues:						
Marketplace	\$ 326	\$ 274	\$ 277	\$ 273	\$ 313	\$ 283
Classifieds	183	186	207	197	201	199
StubHub, Corporate and other	(3)	—	—	2	5	6
Total marketing and other revenues	\$ 506	\$ 460	\$ 484	\$ 472	\$ 519	\$ 488
Total net revenues	\$ 2,322	\$ 2,137	\$ 2,230	\$ 2,217	\$ 2,395	\$ 2,217

RECONCILIATION OF ORGANIC REVENUE

	Three months ended					
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
As Reported Revenue Growth	—%	4%	6%	6%	3%	4%
Acquisition/Disposition Impact	—%	—%	—%	—%	—%	(1)%
Foreign Currency Impact	5%	2%	1%	2%	3%	3%
Organic FX-Neutral Revenue Growth	5%	6%	7%	8%	6%	6%

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, 2017	
(in millions, except per share amounts)	GAAP	Non-GAAP (a)
Net Revenue	\$2.28 - \$2.32	\$2.28 - \$2.32
Diluted EPS	\$0.20 - \$0.40	\$0.43 - \$0.45

	Twelve Months Ending December 31, 2017	
(in millions, except per share amounts)	GAAP	Non-GAAP (b)
Net Revenue	\$9.3 - \$9.5	\$9.3 - \$9.5
Diluted EPS	\$1.85 - \$2.10	\$1.98 - \$2.03

(a) Estimated non-GAAP amounts above for the three months ending June 30, 2017, reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$10 - \$15 million and estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$130 - \$140 million, as well as the related income tax impact. Estimated non-GAAP amounts above for the three months ending June 30, 2017, reflect adjustments that exclude the estimated tax impacts of the company's legal entity realignment of approximately \$0 - \$180 million.

(b) Estimated non-GAAP amounts above for the twelve months ending December 31, 2017, reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$50 - \$60 million and estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$490 - \$510 million, as well as the related income tax impact. Estimated non-GAAP amounts above for the twelve months ending December 31, 2017, reflect adjustments that exclude the estimated tax impacts of the company's legal entity realignment of approximately \$(200) - \$(400) million.