

# Q4 2017 FINANCIAL HIGHLIGHTS

January 31, 2018



# 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 first quarter and full year 2018 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 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 January 31, 2018. 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

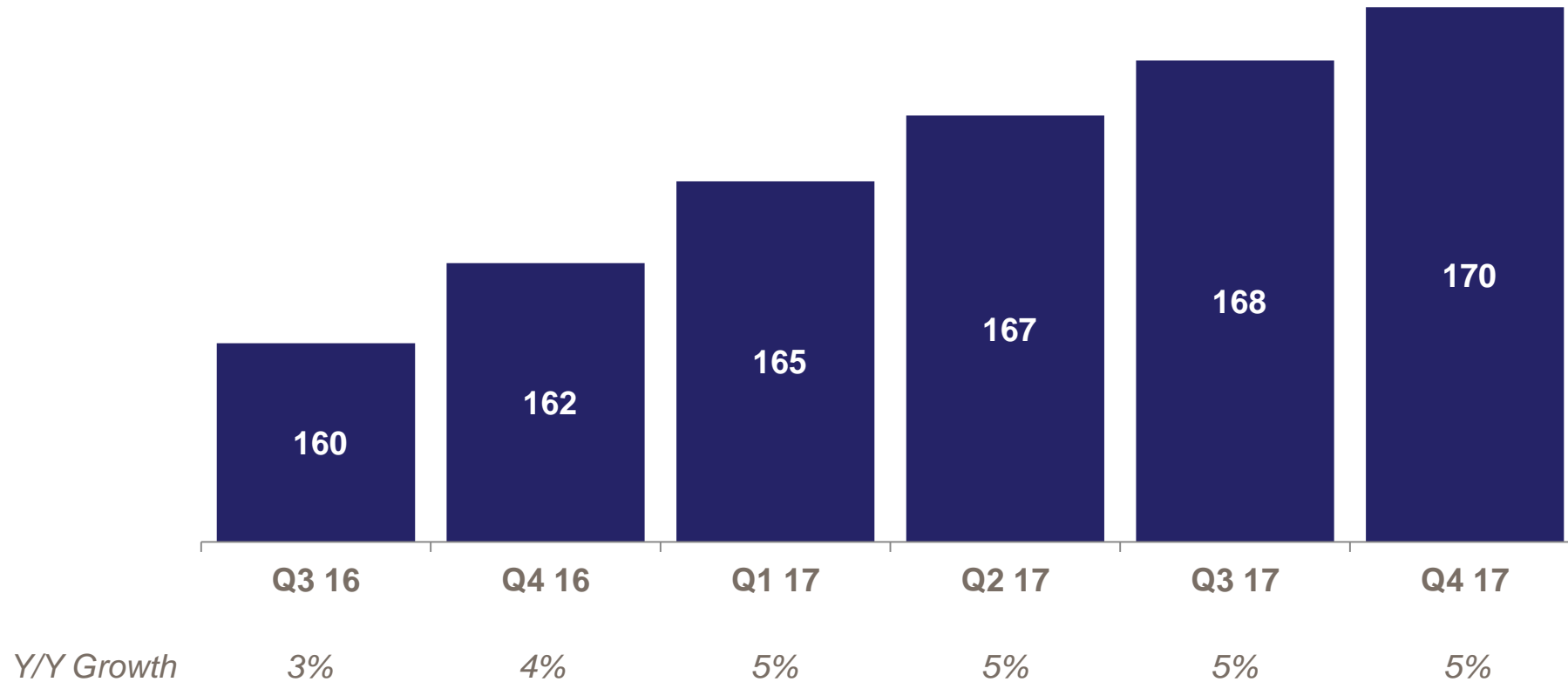
# Q4 RESULTS

- GMV of \$24.4B, up 10% Y/Y (up 7% FX-Neutral)
- Revenue of \$2.6B, up 9% Y/Y (up 7% FX-Neutral)
- GAAP EPS of \$(2.51) and Non-GAAP EPS of \$0.59
- Generated \$796M of Free Cash Flow
- Repurchased \$922M of eBay shares



# TRAILING 12-MONTH ACTIVE BUYERS

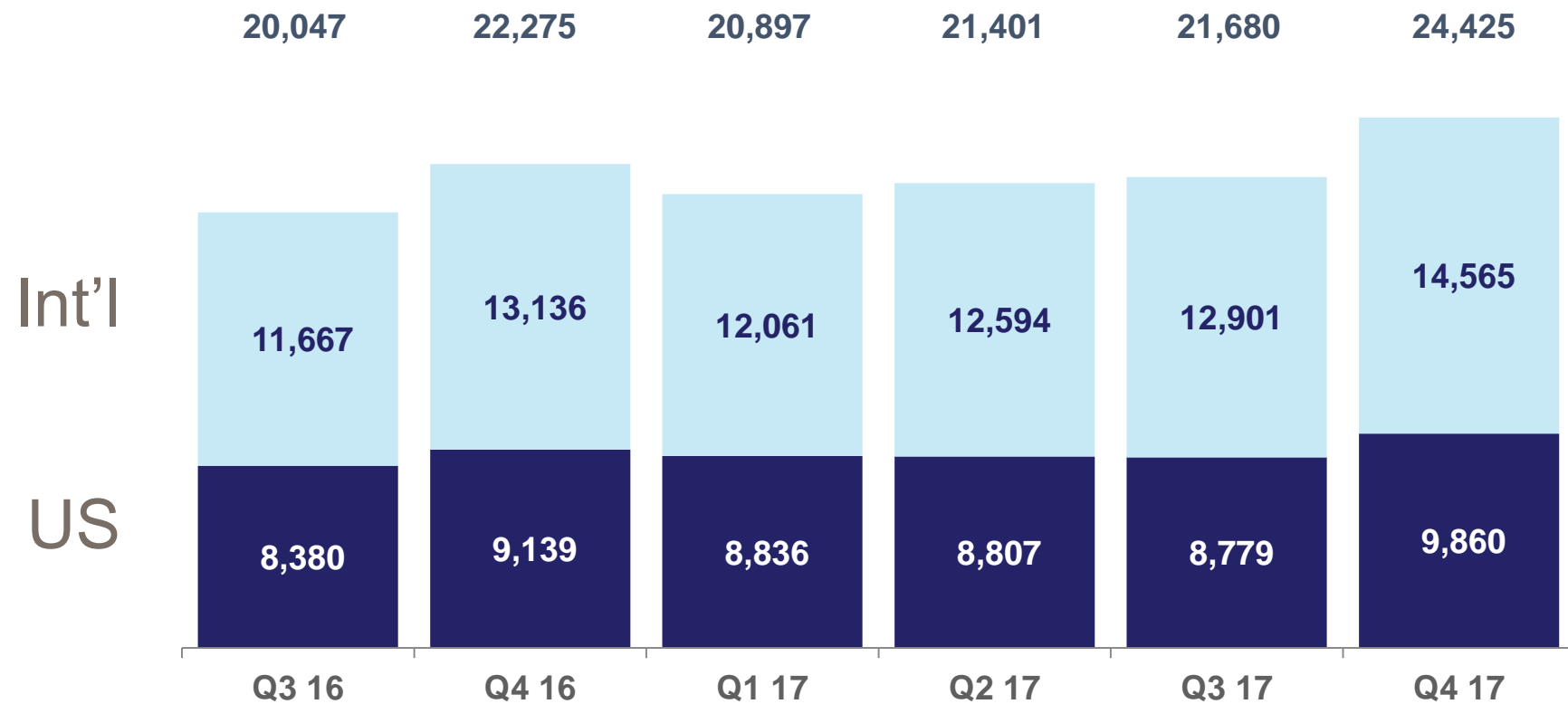
(millions)



- Q4 T12M grew 5%, with StubHub acceleration offset by extended Korean Thanksgiving holiday in Marketplace

# GMV

(\$ millions)



- Q4 Sold Items growth decelerated slightly vs Q3 driven by mix of higher ASP products
- FY 17 Total GMV \$88B ... FX-Neutral growth 6% Y/Y, accelerates 1pt

US Y/Y Growth      3%      3%      4%      3%      5%      8%

Int'l FX-Neutral Y/Y Growth      7%      8%      7%      7%      9%      6%

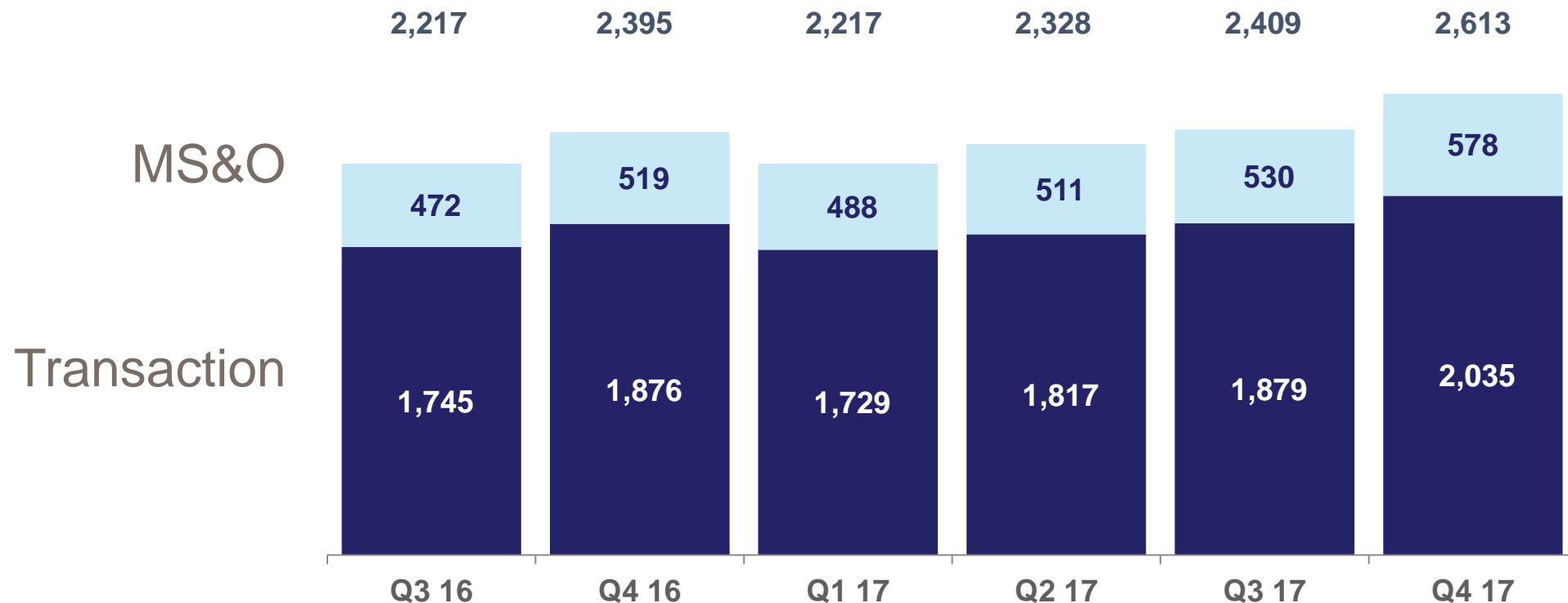
Total FX-Neutral Y/Y Growth      5%      6%      5%      5%      7%      7%

Sold Items Y/Y Growth      5%      5%      4%      4%      3%      2%



# REVENUE

(\$ millions)



- Q4 FX-Neutral Transaction Revenue up 7% Y/Y ... stable Q/Q
- Q4 FX-Neutral MS&O Revenue up 6% Y/Y ... down 3pts Q/Q
- FY 17 Total Revenue \$9.6B ... Organic FX-Neutral growth 7% Y/Y

	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
Y/Y Growth	6%	3%	4%	4%	9%	9%

FX-Neutral Y/Y Growth	8%	6%	7%	7%	8%	7%
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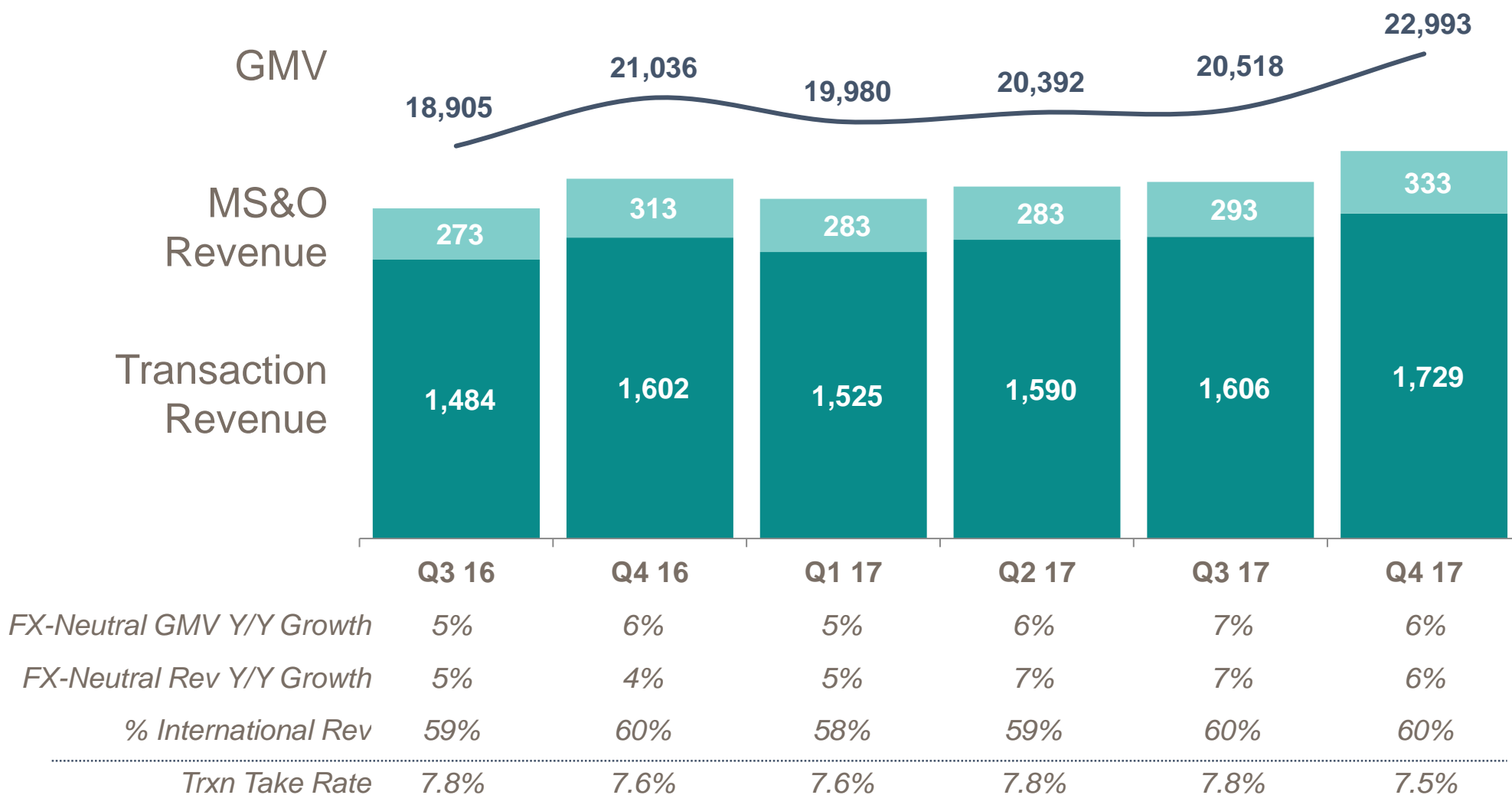
Organic FX-Neutral Y/Y Growth	8%	6%	6%	6%	7%	7%
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Trxn Take Rate	8.7%	8.4%	8.3%	8.5%	8.7%	8.3%
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# MARKETPLACE GMV & REVENUE

(\$ millions)



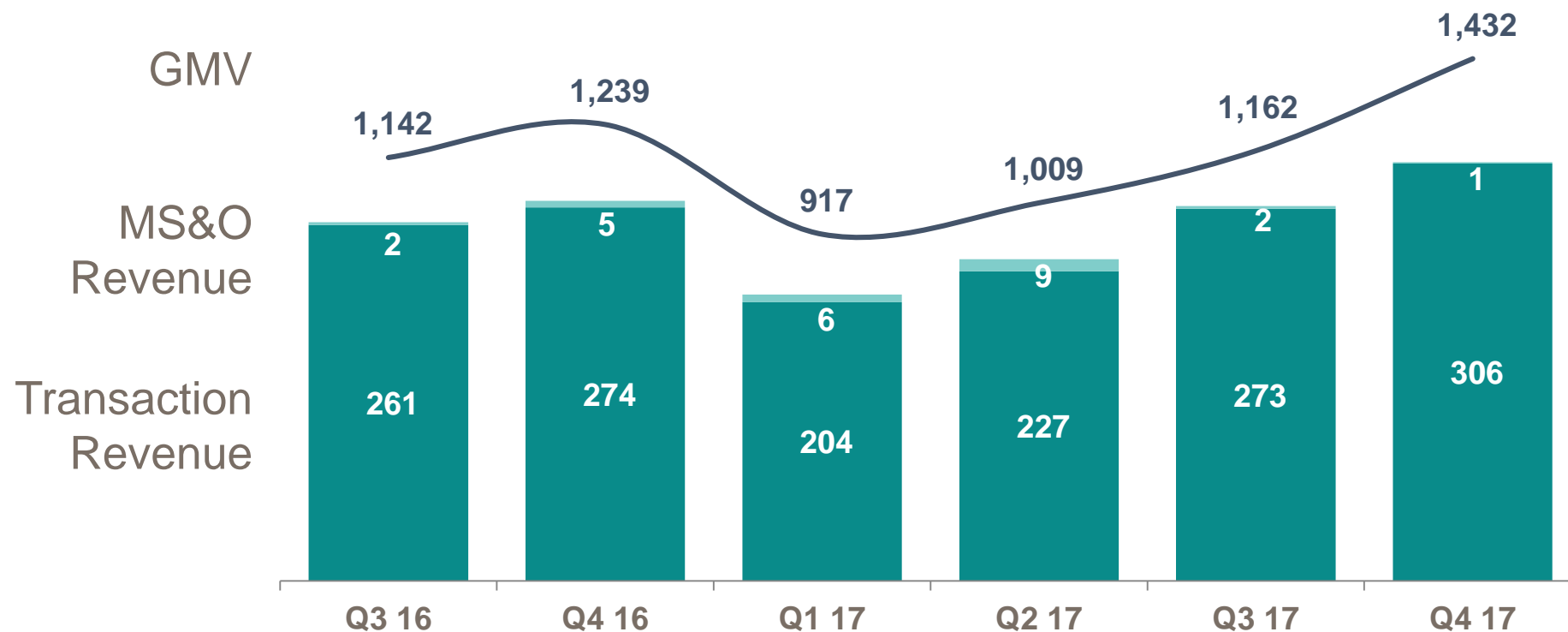
- Q4 FX-Neutral B2C GMV grew 6% Y/Y and FX-Neutral C2C GMV grew 7% Y/Y
- Q4 FX-Neutral Transaction Revenue up 7% Y/Y, decelerated 1pt Q/Q driven primarily by volume
- Q4 FX-Neutral MS&O Revenue up 3% Y/Y, down 3pts Q/Q
- FY 17 Total GMV \$84B ... FX-Neutral growth 6% Y/Y
- FY 17 Total Revenue \$7.6B ... FX-Neutral growth 6% Y/Y





# STUBHUB GMV & REVENUE

(\$ millions)

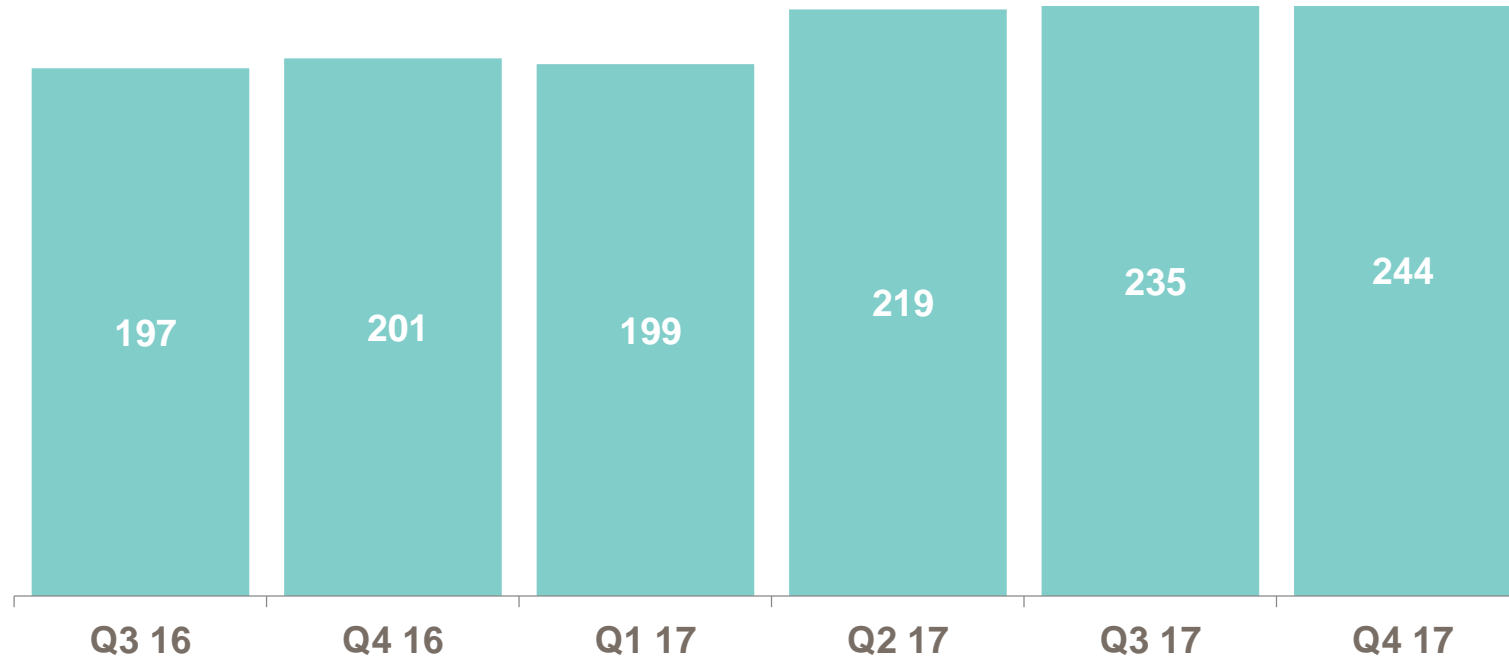


- Q4 FX-Neutral GMV grew 15% Y/Y, accelerated 13pts Q/Q driven by strong Concerts, MLB and College Football performance
- Q4 FX-Neutral Revenue up 10% Y/Y, accelerated 5pts vs Q3
- FY 17 Total GMV \$4.5B ... FX-Neutral growth 5% Y/Y
- FY 17 Total Revenue \$1.0B ... FX-Neutral growth 9% Y/Y

<i>GMV FX-Neutral Y/Y Growth</i>	23%	5%	6%	-5%	2%	15%
<i>Rev FX-Neutral Y/Y Growth</i>	32%	20%	19%	5%	5%	10%
<i>Trxn Take Rate</i>	22.9%	22.1%	22.3%	22.4%	23.5%	21.4%

# CLASSIFIEDS REVENUE

(\$ millions)

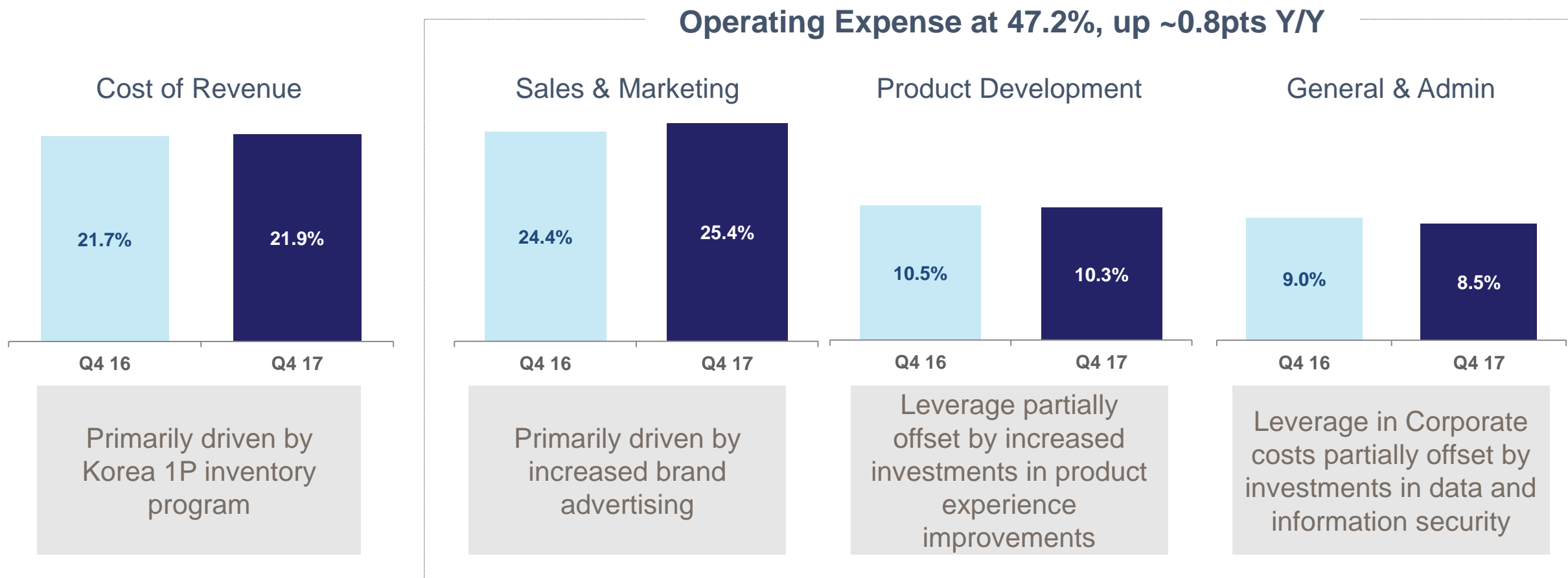


- Q4 performance driven by strong growth in Germany
- FY 17 Total Revenue \$0.9B ... FX-Neutral growth 12% Y/Y

	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
<i>Rev Y/Y Growth</i>	11%	10%	7%	6%	19%	21%
<i>FX-Neutral Rev Y/Y Growth</i>	14%	13%	10%	11%	13%	13%

# NON-GAAP EXPENSES

(% of revenue)



# NON-GAAP EPS



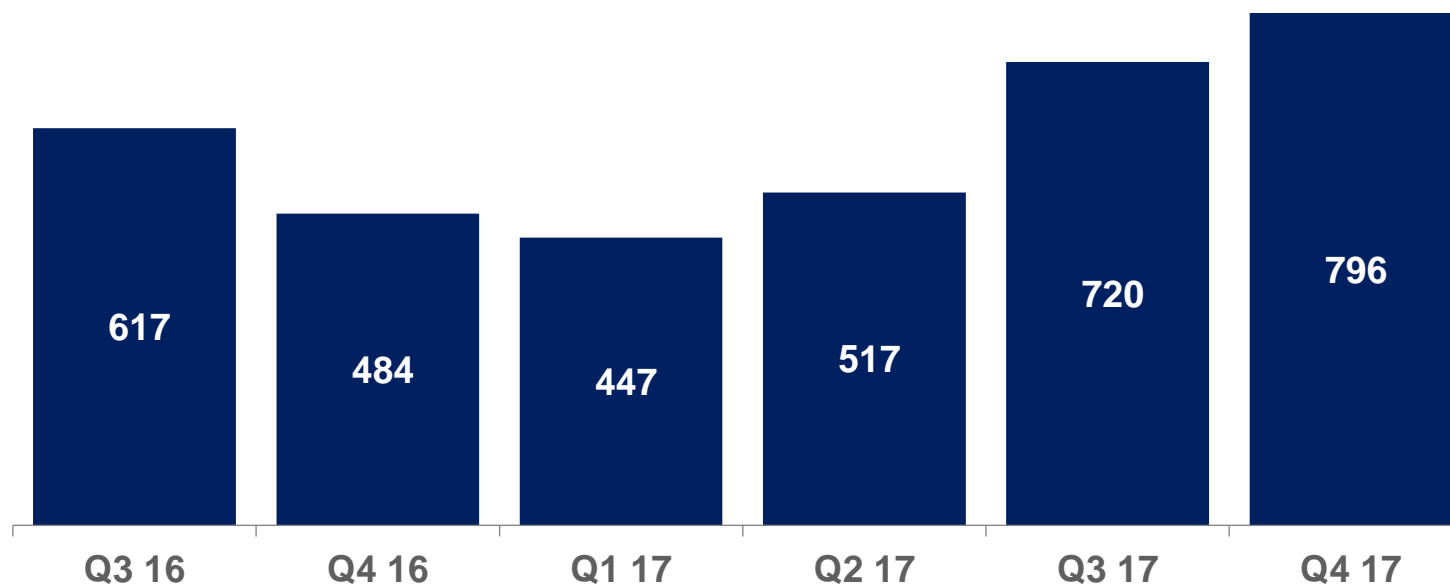
- Q4 Non-GAAP Operating Margin declined 100bps Y/Y with 40bps impact from FX
- Q4 Non-GAAP EPS growth driven by revenue growth, share repurchases and lower tax rate
- FX impacted Q4 Non-GAAP EPS growth by 6pts
- FY 17 GAAP EPS of \$(0.95) and Non-GAAP EPS of \$2.00

	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
<i>Non-GAAP EPS Y/Y Growth</i>	3%	8%	4%	5%	7%	9%
<i>Non-GAAP Operating Margin</i>	29.9%	31.9%	30.0%	27.3%	29.6%	30.9%
<i>GAAP EPS</i>	\$0.36	\$5.31	\$0.94	\$0.02	\$0.48	\$(2.51)
<i>GAAP EPS Y/Y Growth</i>	-20%	1,135%	128%	-95%	32%	**



# FREE CASH FLOW

(\$ millions)

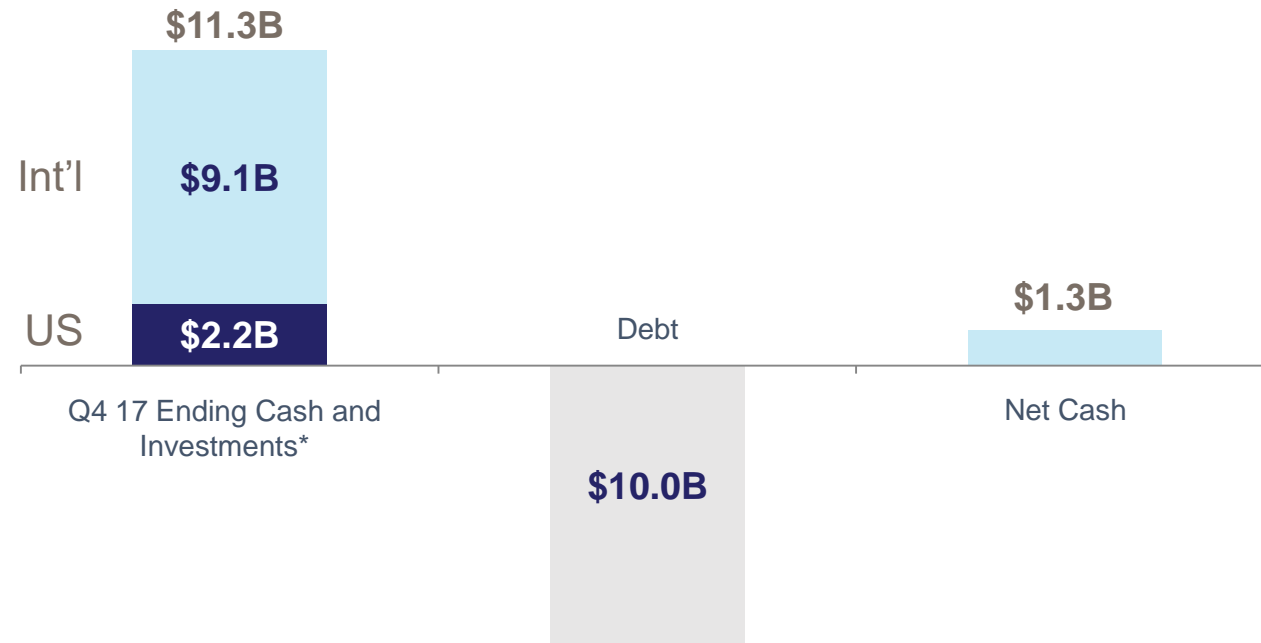


- Q4 FCF up 64% Y/Y primarily due to lapping cash tax payment from sale of Mercadolibre investment
- FY 17 FCF \$2.5B
- FY 17 CapEx 7% of Revenue

	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
<i>Y/Y Growth</i>	34%	-51%	-7%	-16%	17%	64%
<i>CapEx % of Revenue</i>	8%	6%	6%	8%	7%	7%
<i>FCF % of Revenue</i>	28%	20%	20%	22%	30%	30%



# CASH & CAPITAL ALLOCATION



Repurchased \$0.9B in Q4 and \$2.7B of shares in 2017  
 \$1.7B Authorization Remaining\*\*  
 Board approved additional \$6B authorization

## 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



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

\*\* Authorization remaining as of December 31, 2017

# 2018 GUIDANCE

**Revenue** **\$10.9B - \$11.1B**

*Y/Y Growth* 10% - 12%

*FX-Neutral Y/Y Growth* 7% - 9%

**Operating Margin** **27% - 29%**

**Non-GAAP EPS** **\$2.25 - \$2.30**

*Y/Y Growth* 12% - 15%

**FCF** **\$2.1B - \$2.3B**

## Guidance Context

- FX-Neutral revenue growth implies ~1 point Marketplace GMV acceleration at the mid-point
- Operating Margin down slightly due to investment in payment intermediation
- Non-GAAP Interest and Other Income at H2 2017 run-rate
- Non-GAAP effective tax rate of 19% to 22% ... US Tax reform drives ~1pt tax rate benefit
- FCF negatively impacted by \$0.3B of cash tax payment associated with repatriation; Capex 6-8% of Revenue
- Guidance includes share repurchases of approximately \$3.5B, inclusive of dilution offset

## Revenue Growth Drivers (vs 2017)

<b>2017 Revenue</b> (restated for ASC 606)	<b>\$9.9B</b>
Weaker USD	\$0.3B
Operational Growth	\$0.7B - \$0.9B
<b>2018 Revenue Guidance</b>	<b>\$10.9B - \$11.1B</b>

## Non-GAAP EPS Drivers (vs 2017)

Operational Growth	~\$0.09 - \$0.19
Payment Intermediation	~\$(0.03) - \$(0.05)
Lower Share Count (‘17 & ‘18 Buybacks)	~\$0.11 - \$0.13
Weaker USD (includes impact of hedging program)	~\$0.05 - \$0.07
Tax Rate (includes the impact of US Tax Reform)	~\$0.03 - \$(0.04)
<b>Y/Y Non-GAAP EPS</b>	<b>~\$0.25 - \$0.30</b>



# Q1 GUIDANCE

	Q1 18		Q1 Guidance Context
	<u>Low</u>	<u>High</u>	
<b>Revenue</b> (in billions)	<b>\$2.57</b>	<b>\$2.61</b>	<ul style="list-style-type: none"> <li>• EPS growth driven by:               <ul style="list-style-type: none"> <li>• Revenue Growth</li> <li>• Net benefit of share repurchase program</li> </ul> </li>   <li>• Non-GAAP effective tax rate of 19% - 22%</li> </ul>
<i>Y/Y Growth</i>	11%	13%	
<i>FX-Neutral Y/Y Growth</i>	7%	9%	
<b>Non-GAAP EPS</b>	<b>\$0.52</b>	<b>\$0.54</b>	
<i>Y/Y Growth</i>	7%	11%	





# Q&A

# RECONCILIATIONS

# GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

## OPERATING MARGIN

	Three months ended					
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
	(in millions, except per share data and percentages)					
GAAP operating income	\$ 542	\$ 638	\$ 546	\$ 478	\$ 578	\$ 663
Stock-based compensation expense and related employer payroll taxes	105	110	103	145	119	130
Amortization of acquired intangible assets within cost of net revenues	7	8	7	6	6	5
Amortization of acquired intangible assets within operating expenses	9	10	9	9	10	10
Other significant gains, losses or charges	—	(2)	—	(3)	—	—
Separation	—	—	—	—	—	—
Restructuring	—	—	—	—	—	—
Non-GAAP operating income	<u>\$ 663</u>	<u>\$ 764</u>	<u>\$ 665</u>	<u>\$ 635</u>	<u>\$ 713</u>	<u>\$ 808</u>
Revenues	\$ 2,217	\$ 2,395	\$ 2,217	\$ 2,328	\$ 2,409	\$ 2,613
GAAP operating margin	24.4 %	26.6 %	24.6 %	20.5 %	24.0 %	25.4 %
Non-GAAP operating margin	29.9 %	31.9 %	30.0 %	27.3 %	29.6 %	30.9 %

# GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

## NET INCOME / EPS

	Three months ended					
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
	(in millions, except per share data)					
GAAP Income from continuing operations	\$ 418	\$ 5,948	\$ 1,035	\$ 27	\$ 523	\$ (2,597)
Stock-based compensation expense and related employer payroll taxes	105	110	103	145	119	130
Amortization of acquired intangible assets within cost of net revenues	7	8	7	6	6	5
Amortization of acquired intangible assets within operating expenses	9	10	9	9	10	10
Separation	—	—	—	—	—	—
Restructuring	—	—	—	—	—	—
Other significant gains, losses or charges	—	(2)	—	(3)	(167)	—
Gains or losses on investments	—	(1,334)	(16)	—	—	60
Tax Effects of US Tax Reform	—	—	—	—	—	3,142
Tax effect of step-up of intangible assets basis	—	(4,603)	(695)	—	—	—
Foreign exchange effect of step-up of intangible assets basis	—	—	65	311	—	—
Tax effect of non-GAAP adjustments	(30)	464	30	(2)	23	(132)
Non-GAAP net income from continuing operations	\$ 509	\$ 601	\$ 538	\$ 493	\$ 514	\$ 618
Non-GAAP net income from continuing operations per diluted share	\$ 0.45	\$ 0.54	\$ 0.49	\$ 0.45	\$ 0.48	\$ 0.59
Shares used in non-GAAP diluted share calculation	1,139	1,119	1,102	1,091	1,078	1,051

# GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

## STATEMENT OF INCOME

	Three months ended					
	December 31, 2017			December 31, 2016		
	Reported	Non-GAAP Entries	Non-GAAP	Reported	Non-GAAP Entries	Non-GAAP
	(in millions, except per share data and percentages)					
Net revenues	\$ 2,613	\$ —	\$ 2,613	\$ 2,395	\$ —	\$ 2,395
Cost of net revenues	590	(19) (a)(b)	571	539	(19) (a)(b)	520
Gross Profit	2,023	19	2,042	1,856	19	1,875
Operating expenses:						
Sales and marketing	689	(27) (a)	662	608	(24) (a)	584
Product development	317	(47) (a)	270	292	(40) (a)	252
General and administrative	265	(42) (a)	223	249	(33) (a)(d)	216
Provision for transaction losses	79	—	79	59	—	59
Amortization of acquired intangible assets	10	(10) (b)	—	10	(10) (b)	—
Total operating expense	1,360	(126)	1,234	1,218	(107)	1,111
Income from operations	663	145	808	638	126	764
Interest and other income, net	(102)	60 (e)	(42)	1,366	(1,334) (e)	32
Income from continuing operations before income taxes	561	205	766	2,004	(1,208)	796
Provision for income taxes	(3,158)	3,010 (c)(h)	(148)	3,944	(4,139) (c)(f)	(195)
Income from continuing operations	\$ (2,597)	\$ 3,215	\$ 618	\$ 5,948	\$ (5,347)	\$ 601
<b>Net income (loss) from continuing operations per share:</b>						
Basic	\$ (2.51)		\$ 0.60	\$ 5.38		\$ 0.54
Diluted	\$ (2.51)		\$ 0.59	\$ 5.31		\$ 0.54
Weighted average shares:						
Basic	1,035		1,035	1,106		1,106
Diluted	1,035		1,051	1,119		1,119
Operating margin	25.4 %	5.5 %	30.9 %	26.6 %	5.3 %	31.9 %
Effective tax rate	562.9 %	(543.6)%	19.3 %	(196.8)%	221.2 %	24.4 %

### 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) Tax effect of step-up of intangible assets basis
- (g) Foreign exchange effect of step-up of intangible assets basis
- (h) Tax effects of US Tax Reform



# CALCULATION OF FREE CASH FLOW

	Three months ended					
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
	(in millions)					
Net cash provided by continuing operating activities	\$ 802	\$ 620	\$ 582	\$ 699	\$ 877	\$ 988
Less: Purchases of property and equipment, net	(185)	(136)	(135)	(182)	(157)	(192)
Free cash flow from continuing operations	\$ 617	\$ 484	\$ 447	\$ 517	\$ 720	\$ 796

# RECONCILIATION OF TOTAL REVENUE

	Three months ended					
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
<b>Net Revenues by Type</b>	(in millions)					
Net Transaction Revenues:						
Marketplace	\$ 1,484	\$ 1,602	\$ 1,525	\$ 1,590	\$ 1,606	\$ 1,729
StubHub	261	274	204	227	273	306
<b>Total net transaction revenues</b>	<b>\$ 1,745</b>	<b>\$ 1,876</b>	<b>\$ 1,729</b>	<b>\$ 1,817</b>	<b>\$ 1,879</b>	<b>\$ 2,035</b>
Marketing services and other revenues:						
Marketplace	\$ 273	\$ 313	\$ 283	\$ 283	\$ 293	\$ 333
Classifieds	197	201	199	219	235	244
StubHub, Corporate and other	2	5	6	9	2	1
<b>Total marketing and other revenues</b>	<b>\$ 472</b>	<b>\$ 519</b>	<b>\$ 488</b>	<b>\$ 511</b>	<b>\$ 530</b>	<b>\$ 578</b>
<b>Total net revenues</b>	<b>\$ 2,217</b>	<b>\$ 2,395</b>	<b>\$ 2,217</b>	<b>\$ 2,328</b>	<b>\$ 2,409</b>	<b>\$ 2,613</b>

# RECONCILIATION OF ORGANIC REVENUE

	Three months ended					
	September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
As Reported Revenue Growth	6%	3%	4%	4%	9%	9%
Acquisition/Disposition Impact	—%	—%	(1)%	(1)%	(0)%	—%
Foreign Currency Impact	2%	3%	3%	3%	(1)%	(2)%
<b>Organic FX-Neutral Revenue Growth</b>	<b>8%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>7%</b>	<b>7%</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

	<b>Three Months Ending March 31, 2018</b>	
(in billions, except per share amounts)	<b>GAAP</b>	<b>Non-GAAP (a)</b>
Net Revenue	\$2.57 - \$2.61	\$2.57 - \$2.61
Diluted EPS	\$0.37 - \$0.41	\$0.52 - \$0.54

	<b>Twelve Months Ending December 31, 2018</b>	
(in billions, except per share amounts)	<b>GAAP</b>	<b>Non-GAAP (b)</b>
Net Revenue	\$10.9 - \$11.1	\$10.9 - \$11.1
Diluted EPS	\$1.65 - \$1.75	\$2.25 - \$2.30

(a) Estimated non-GAAP amounts above for the three months ending March 31, 2018 include the effects of the Tax Cuts and Jobs Act. Estimated non-GAAP amounts above for the three months ending March 31, 2018 reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$15 - \$20 million and estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$120 - \$130 million, as well as the related income tax impact. Estimated non-GAAP amounts above for the three months ending March 31, 2018, reflect adjustments that exclude tax impacts of the company's legal entity realignment, which are not reduced by the effects of the global minimum tax associated with the Tax Cuts and Jobs Act, of approximately \$30 - \$40 million.

(b) Estimated non-GAAP amounts above for the twelve months ending December 31, 2018 include the effects of the Tax Cuts and Jobs Act. Estimated non-GAAP amounts above for the twelve months ending December 31, 2018 reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$40 - \$50 million and estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$560 - \$580 million, as well as the related income tax impact. Estimated non-GAAP amounts above for the twelve months ending December 31, 2018, reflect adjustments that exclude tax impacts of the company's legal entity realignment, which are not reduced by the effects of the global minimum tax associated with the Tax Cuts and Jobs Act, of approximately \$130 - \$150 million.