

# Q4 2020 FINANCIAL HIGHLIGHTS

February 3, 2021



# 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 first quarter and full year 2021 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”), the potential benefits of the Transaction and the impact of the Transaction on future results.

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](http://www.sec.gov). All information in this presentation is as of February 3, 2021. 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.



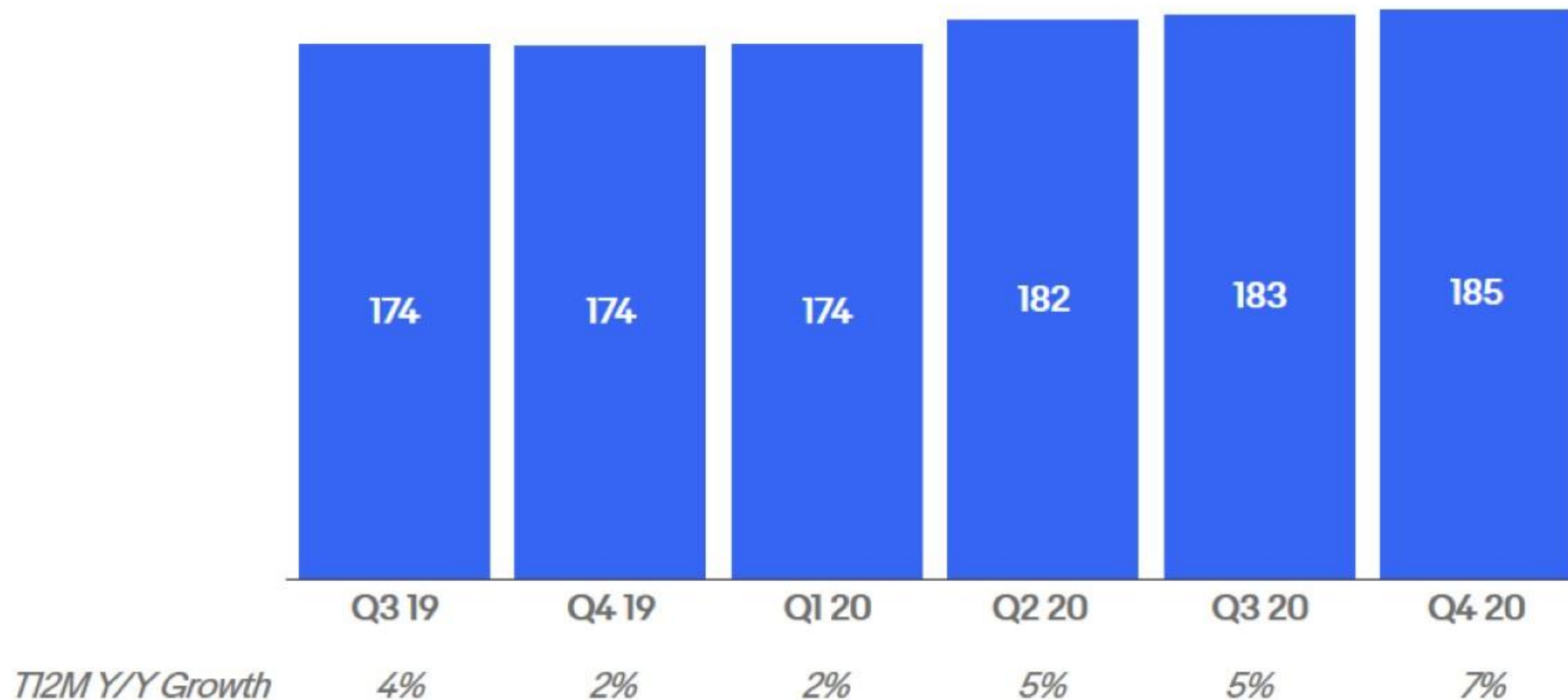
# CFO COMMENTS

# Q4 HIGHLIGHTS

- Revenue of \$2.9B, up 28% Y/Y (+28% Y/Y Organic FX-Neutral)
- GAAP EPS of \$1.12 and Non-GAAP EPS of \$0.86
- GAAP operating margin of 24%, up 3pts Y/Y
- Non-GAAP operating margin of 28%, flat Y/Y
- Generated \$883M of Operating Cash Flow and \$715M of Free Cash Flow
- Returned \$529M to shareholders through share repurchases and cash dividends

# ACTIVE BUYERS

(millions)



# GMV

(\$ millions)



- Q4 FX-Neutral B2C GMV up 15% Y/Y and FX-Neutral C2C GMV up 32% Y/Y
- FY 20 Total GMV \$100B ... FX-Neutral growth 17%

<i>US Y/Y Growth</i>	(6)%	(9)%	(4)%	35%	33%	25%
<i>Int'l FX-Neutral Y/Y Growth</i>	1%	(1)%	3%	26%	14%	15%
<i>Total FX-Neutral Y/Y Growth</i>	(2)%	(4)%	0%	29%	21%	18%
<i>Sold Items Y/Y Growth</i>	(3)%	(4)%	(1)%	24%	12%	9%

# REVENUE

(\$ millions)



- Q4 FX-Neutral Transaction Revenue up 31% Y/Y ... accelerating 3pts Q/Q
- Q4 FX-Neutral MS&O Revenue up 3% Y/Y... accelerating 4pts Q/Q
- FY 20 Total Revenue \$10.3B ... FX-Neutral growth 20% Y/Y

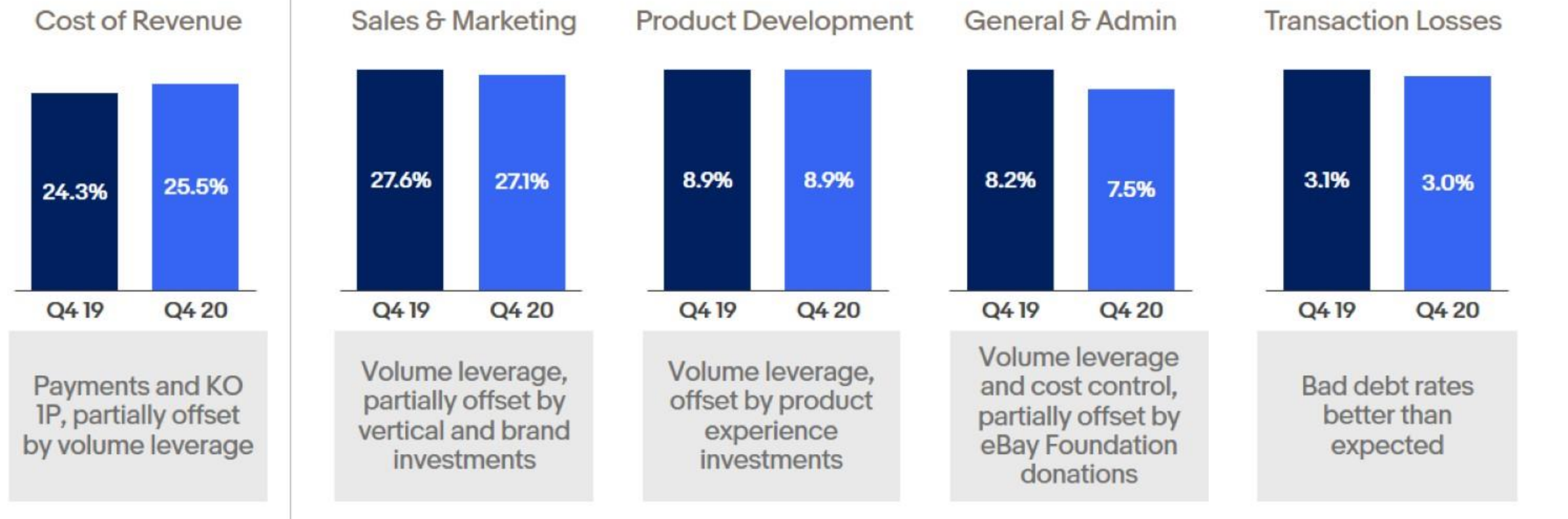
<i>Y/Y Growth</i>	(1)%	(3)%	(1)%	24%	25%	28%
<i>FX-Neutral Y/Y Growth</i>	1%	(1)%	1%	26%	25%	28%
<i>Organic FX-Neutral Y/Y Growth</i>	2%	0%	3%	28%	26%	28%
<i>Trxn Take Rate</i>	8.9%	9.0%	8.9%	9.0%	9.4%	9.8%



# NON-GAAP EXPENSES

(% of revenue)

Operating Expense at 46.4%, down ~1pts Y/Y





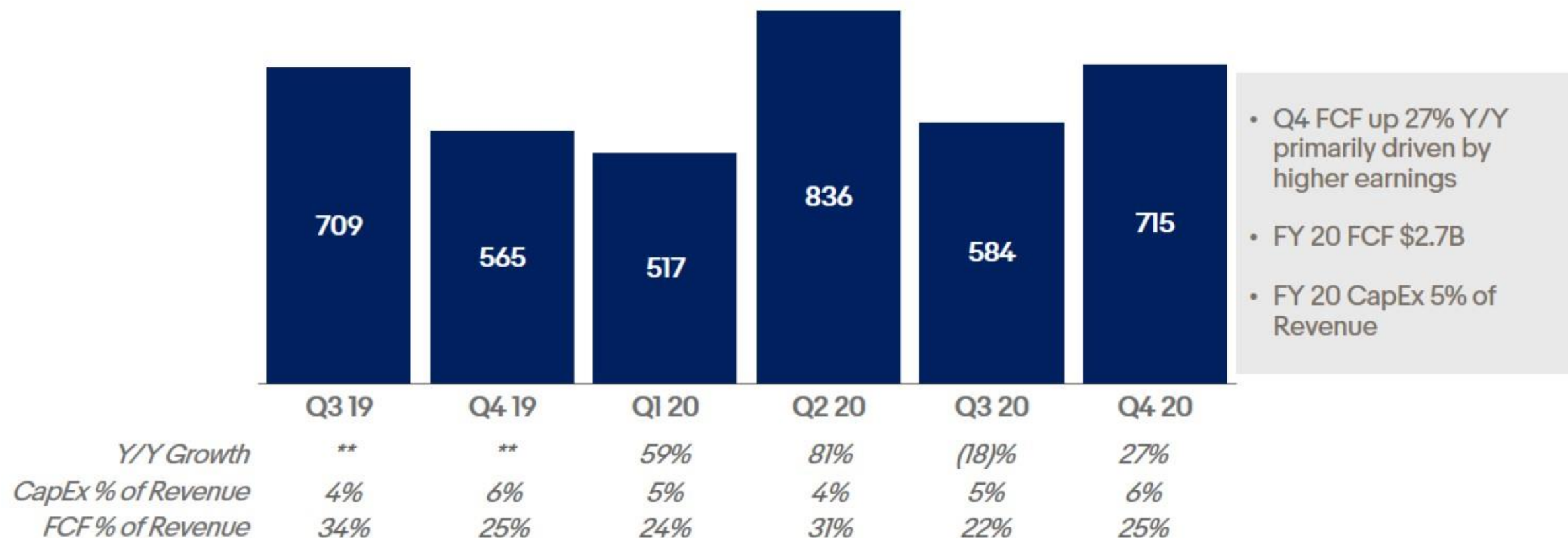
# NON-GAAP EPS



- Q4 Non-GAAP Operating Margin up 20bps Y/Y, driven by volume leverage and Advertising growth, partially offset by reinvestments and FX
- Q4 Non-GAAP EPS Y/Y growth driven by higher revenue and net benefit of share repurchases, partially offset by higher tax rate and investments
- FY Non-GAAP Operating Margin of 31.3%
- FY 20 GAAP EPS of \$3.54 and Non-GAAP EPS of \$3.41

# FREE CASH FLOW

(\$ millions)



# 2020 CASH & DEBT



Repurchased \$419M of shares and paid cash dividends of \$110M in Q4

\$2.0B of share repurchase 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 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



# INVESTMENTS

## ADEVINTA

- Deal announced in July 2020 and expected to close in Q1 2021, subject to regulatory approvals
- Value as of Feb 1, 2021 of \$10.7B
  - Total cash consideration of \$2.5B (~\$2.0B net of tax)
  - \$8.2B from 44% expected share ownership
- Value of deal up \$1.5B from July 2020 announcement
- Ability to participate in upside of Classifieds recovery from COVID & longer-term growth opportunity

## ADYEN

- Warrant acquired in Q2 2018, with a term of 7 years
- Value as of December 31, 2020 of \$1.1B
  - Based on probability of delivering against 4 tranches ... up to 5% of share ownership
- Value increased \$0.8B in 2020
- Strong partnership with aligned incentives for each company to deliver for eBay's sellers

Investments providing significant returns & optionality to maximize shareholder value

# GUIDANCE

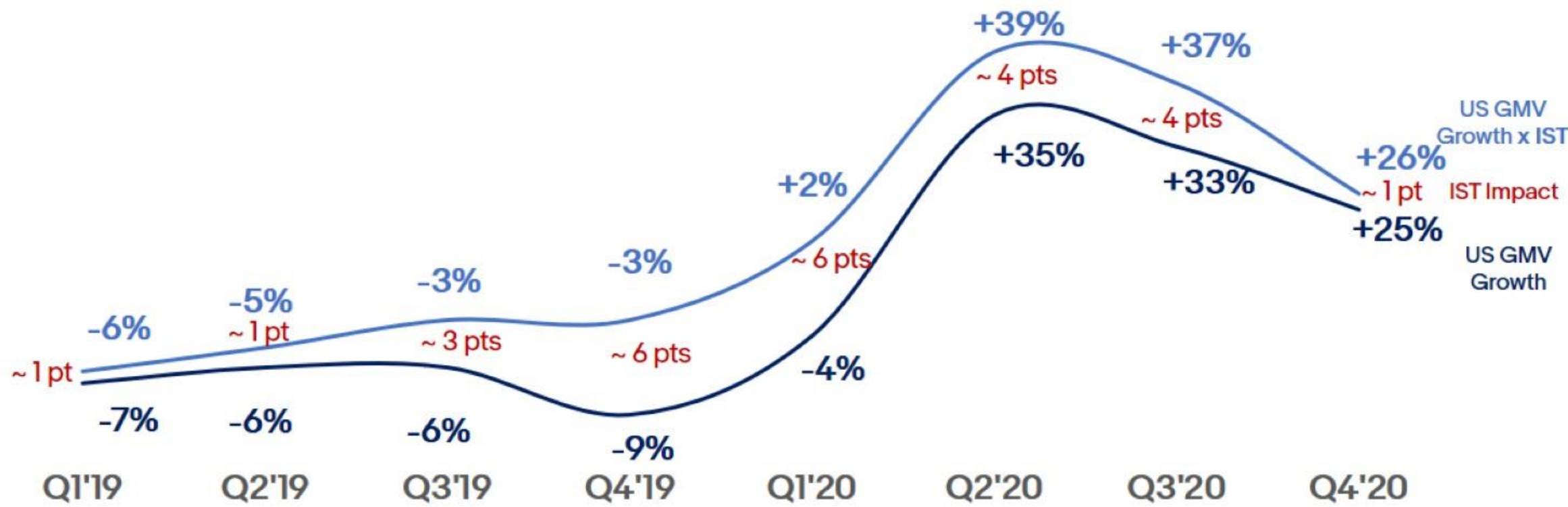
	Q1 21		Q1 Guidance Context
	<u>Low</u>	<u>High</u>	
<b>Revenue</b> (in billions)	<b>\$2.94</b>	<b>\$2.99</b>	<ul style="list-style-type: none"> <li>Revenue growth driven by: <ul style="list-style-type: none"> <li>Volume growth in low 20s driven by e-commerce strength &amp; continued improvements in our user experience</li> <li>Ongoing strong execution with our managed payments and advertising initiatives</li> </ul> </li> <li>Non-GAAP EPS growth driven by volume, lower share count, managed payments and advertising ... partially offset by product and marketing investments</li> <li>Non-GAAP effective tax rate of 15% - 17%</li> </ul>
<i>Y/Y Growth</i>	<i>38%</i>	<i>40%</i>	
<i>Organic FX-Neutral Y/Y Growth</i>	<i>35%</i>	<i>37%</i>	
<b>Non-GAAP EPS</b>	<b>\$1.03</b>	<b>\$1.08</b>	
<i>Y/Y Growth</i>	<i>49%</i>	<i>57%</i>	

**Q&A**



# APPENDIX

# INTERNET SALES TAX IMPACT ON MP US GMV



New States:	3	5	14	11	5	1	2	1
Total States:	3	8	22	33	38	39	41	42
Large States:	NY		CA, TX					

# RECONCILIATIONS



# GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

## OPERATING MARGIN

	September 30,	December 31,	Three months ended		September 30,	December 31,
	2019	2019	March 31,	June 30,	2020	2020
			2020	2020		
			(in millions, except percentages)			
GAAP operating income	408	478	565	790	\$ 679	\$ 677
Stock-based compensation expense and related employer payroll taxes	100	113	93	111	115	120
Amortization of acquired intangible assets within cost of net revenues	1	2	1	-	-	-
Amortization of acquired intangible assets within operating expenses	7	7	7	7	6	7
Other significant gains, losses or charges	41	23	7	33	(1)	-
Non-GAAP operating income	\$ 557	\$ 623	\$ 673	\$ 941	\$ 799	\$ 804
Revenues	\$ 2,083	\$ 2,236	\$ 2,129	\$ 2,668	\$ 2,606	\$ 2,868
GAAP operating margin	19.6 %	21.4 %	26.5 %	29.6 %	26.1 %	23.6 %
Non-GAAP operating margin	26.7 %	27.9 %	31.6 %	35.2 %	30.7 %	28.1 %

# GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

## NET INCOME / EPS

	September 30,	December 31,	Three months ended		September 30,	December 31,
	2019	2019	March 31,	June 30,	2020	2020
			2020	2020		
	(in millions, except per share data)					
GAAP Income from continuing operations	210	469	431	709	\$ 621	\$ 781
Stock-based compensation expense and related employer payroll taxes	100	113	93	111	115	120
Amortization of acquired intangible assets within cost of net revenues	1	2	1	-	-	-
Amortization of acquired intangible assets within operating expenses	7	7	7	7	6	7
Other significant gains, losses or charges	41	23	7	33	(1)	-
Gain/Loss on Investments (in OI&E)	52	-	(37)	40	-	(239)
Change in fair market value of warrant	49	(77)	(12)	(293)	(191)	(274)
Tax effect of non-GAAP adjustments	(25)	(2)	32	119	54	205
Non-GAAP net income from continuing operations	\$ 435	\$ 535	\$ 522	\$ 726	\$ 604	\$ 600
Non-GAAP net income from continuing operations per diluted share	\$ 0.52	\$ 0.66	\$ 0.69	\$ 1.02	\$ 0.85	\$ 0.86
Shares used in non-GAAP diluted share calculation	837	812	757	711	708	697

# GAAP TO NON-GAAP QUARTERLY RECONCILIATIONS

## STATEMENT OF INCOME

	Three Months Ended December 31, 2020			Three Months Ended December 31, 2019				
	Reported	Non-GAAP Entries		Non-GAAP	Reported	Non-GAAP Entries		Non-GAAP
	(in millions, except per share data and percentages)							
Net revenues	\$ 2,868	\$ -		\$ 2,868	\$ 2,236	\$ -		\$ 2,236
Cost of net revenues	742	(11)	(a)	731	556	(12)	(a)(b)	544
Gross Profit	2,126	11		2,137	1,680	12		1,692
Operating expenses:								
Sales and marketing	804	(29)	(a)	775	637	(20)	(a)	617
Product development	299	(43)	(a)	256	241	(42)	(a)	199
General and administrative	253	(37)	(a)	216	249	(64)	(a)(d)	185
Provision for transaction losses	86	-		86	68	-		68
Amortization of acquired intangible assets	7	(7)	(b)	-	7	(7)	(b)	-
Total operating expense	1,449	(116)		1,333	1,202	(133)		1,069
Income from operations	677	127		804	478	145		623
Interest and other income, net	432	(513)	(f)(e)	(81)	16	(77)	(f)	(61)
Income from continuing operations before income taxes	1,109	(386)		723	494	68		562
Provision for income taxes	(328)	205	(c)	(123)	(25)	(2)	(c)	(27)
Income from continuing operations	\$ 781	\$ (181)		\$ 600	\$ 469	\$ 66		\$ 535
Net income (loss) from continuing operations per share:								
Basic	\$ 1.14			\$ 0.87	\$ 0.58			\$ 0.66
Diluted	\$ 1.12			\$ 0.86	\$ 0.58			\$ 0.66
Weighted average shares:								
Basic	688			688	807			807
Diluted	697			697	812			812
Operating margin	23.6%	4.5%		28.1%	21.4%	6.5%		27.9%
Effective tax rate	29.5%	(12.6)%		16.9%	4.9%	(0.2)%		4.7%

### 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



# CALCULATION OF FREE CASH FLOW

	Three months ended					
	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,
	2019	2019	2020	2020	2020	2020
	(in millions, except percentages)					
Net cash provided by continuing operating activities	801	694	614	933	716	883
Less: Purchases of property and equipment, net	(92)	(129)	(97)	(97)	(132)	(168)
Free cash flow from continuing operations	\$ 709	\$ 565	\$ 517	\$ 836	\$ 584	\$ 715

# RECONCILIATION OF TOTAL REVENUE

	Three months ended											
	September 30,		December 31,		March 31,		June 30,		September 30,		December 31,	
	2019		2019		2020		2020		2020		2020	
	(in millions, except percentages)											
Net Revenues by Type												
Net Transaction Revenues <sup>(2)</sup>	\$	1,829	\$	1,977	\$	1,900	\$	2,447	\$	2,355	\$	2,598
Marketing services and other revenues	\$	254	\$	259	\$	229	\$	221	\$	251	\$	270
Total net revenues <sup>(1)</sup>	\$	2,083	\$	2,236	\$	2,129	\$	2,668	\$	2,606	\$	2,868
(1) Foreign currency impact	\$	(32)	\$	(5)	\$	(35)	\$	(40)	\$	31	\$	45
(2) Hedge gain/(loss)	\$	19	\$	29	\$	-	\$	17	\$	6	\$	(8)

# RECONCILIATION OF ORGANIC FX-NEUTRAL REVENUE

	September 30, 2019	December 31, 2019	Three months ended		September 30, 2020	December 31, 2020
			March 31, 2020	June 30, 2020		
As Reported Revenue Growth	(1)%	(3)%	(1)%	24 %	25 %	28 %
Acquisition/Disposition Impact	1 %	2 %	2 %	2 %	1%	—%
Foreign Currency Impact	2 %	1%	3 %	3 %	—%	—%
Organic FX-Neutral Revenue Y/Y Growth	2%	0%	3%	28%	26%	28%

*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

(in billions, except per share amounts)	Three Months Ending March 31, 2021	
	GAAP	Non-GAAP (a)
Net Revenue	\$2.94 - \$2.99	\$2.94 - \$2.99
Diluted EPS	\$0.81 - \$0.86	\$1.03 - \$1.08

(a) Estimated non-GAAP amounts above for the three months ending March 31, 2021 reflect adjustments that exclude the estimated amortization of acquired intangible assets of approximately \$5-\$10 million, estimated stock-based compensation expense and associated employer payroll tax expense of approximately \$110-\$120 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.





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