

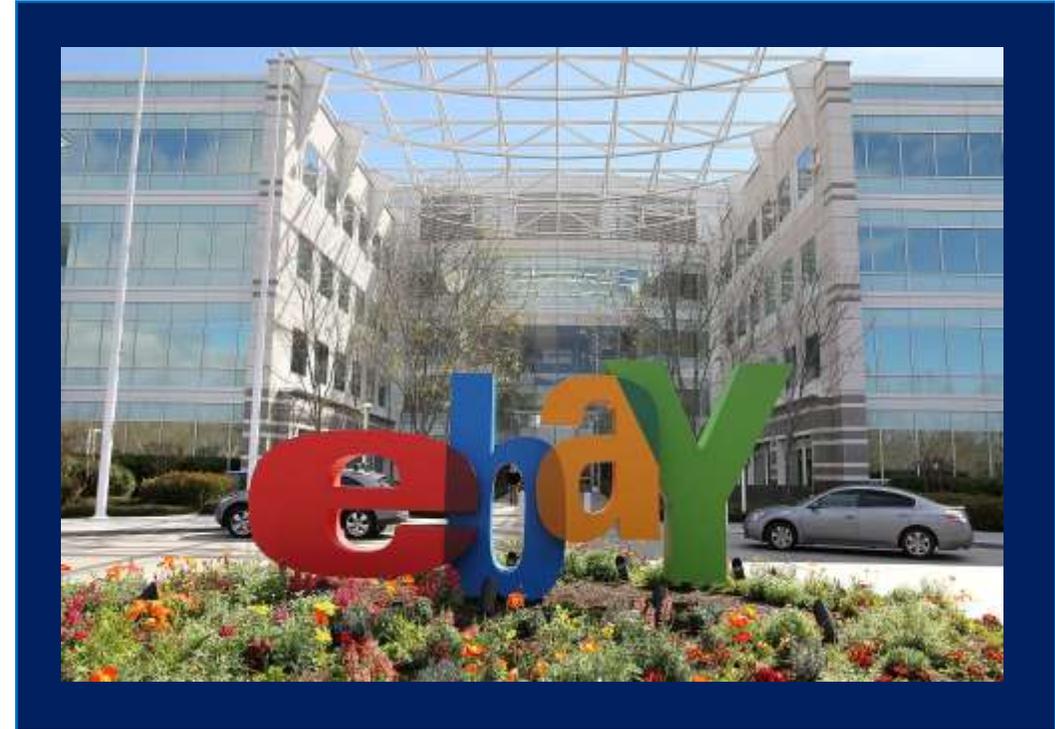


ebay

By The: Asset Kickers

Company Overview

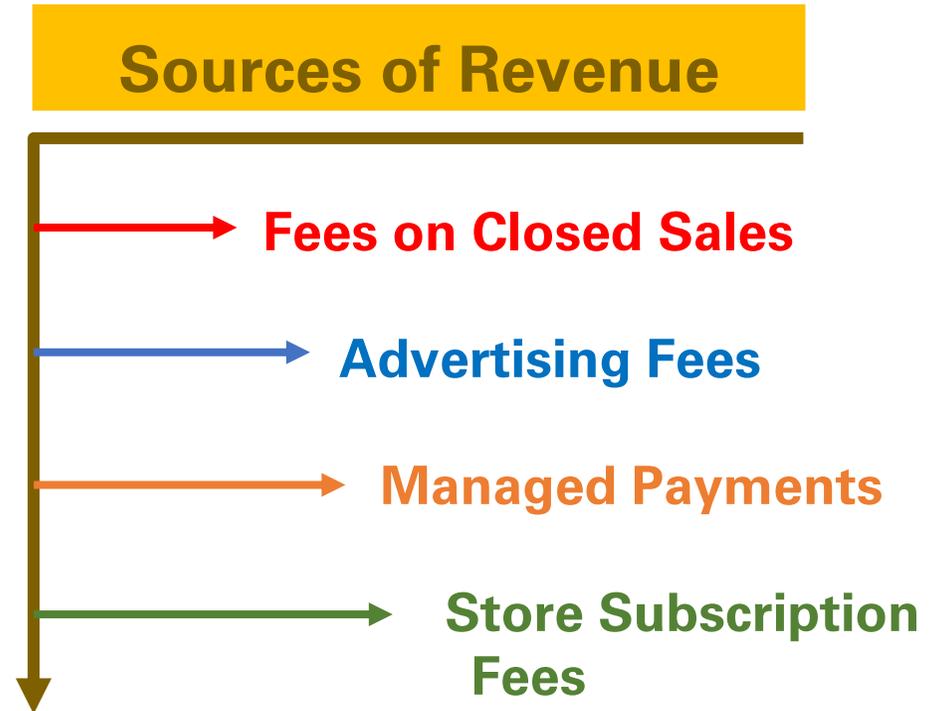
- eBay is a multinational e-commerce corporation
- Founded in 1995
- Headquarters: San Jose, California
- Operates in over 180 countries
- Initial Public Offering (IPO) 1998
- Ticker Symbol (EBAY)
- Current Price per share \$50.80
- Market Cap: \$33.77 Billion



Company Breakdown

ebay

Revenue Generation



Marketplace

- eBay began as an online equivalent to garage sales, flea markets, and other auction-based markets
- Offers both auction and buy-it-now options
 - 20% of GMV is auction based
- Bidding wars would allow the users to compete on price rather than using a prevailing price
 - Attracted millions of users in just a few years



Marketplace

- Think **P2P** lending, now envision that kind of a model with everyday products
- eBay has effectively executed its strategy in attracting small-to-medium size businesses, drastically increasing active listings
- 1.6 billion active listings as of Q3 2020



ebay classifieds

- Simplified marketplace based in your local community
- Unique model, resembles Craigslist in some aspects
 - Used cars, and odd jobs
- Classified Ads created by sellers
- Algorithm personalizes experience for you based on search data and your selected criteria



Managed Payments

- “Enhances” the buying and selling experience on eBay by utilizing an API platform to process payments
- No longer need to have a separate PayPal account
 - Visa, MasterCard, gift cards, debit cards
- Benefits sellers through the efficiency of one platform for financial management
 - Tax planning, refunds and returns, customized reports and analytics
 - Builds a network effect for sellers
- Benefits buyers by allowing to them have more options for payment, and a swift and easy transaction

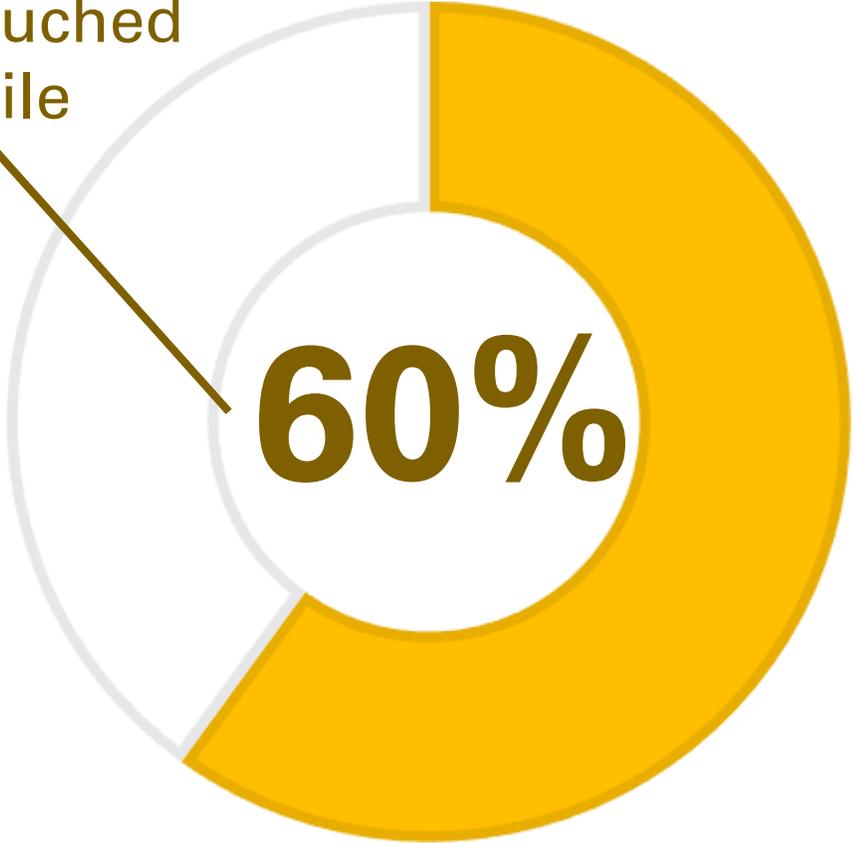


ebay Facts

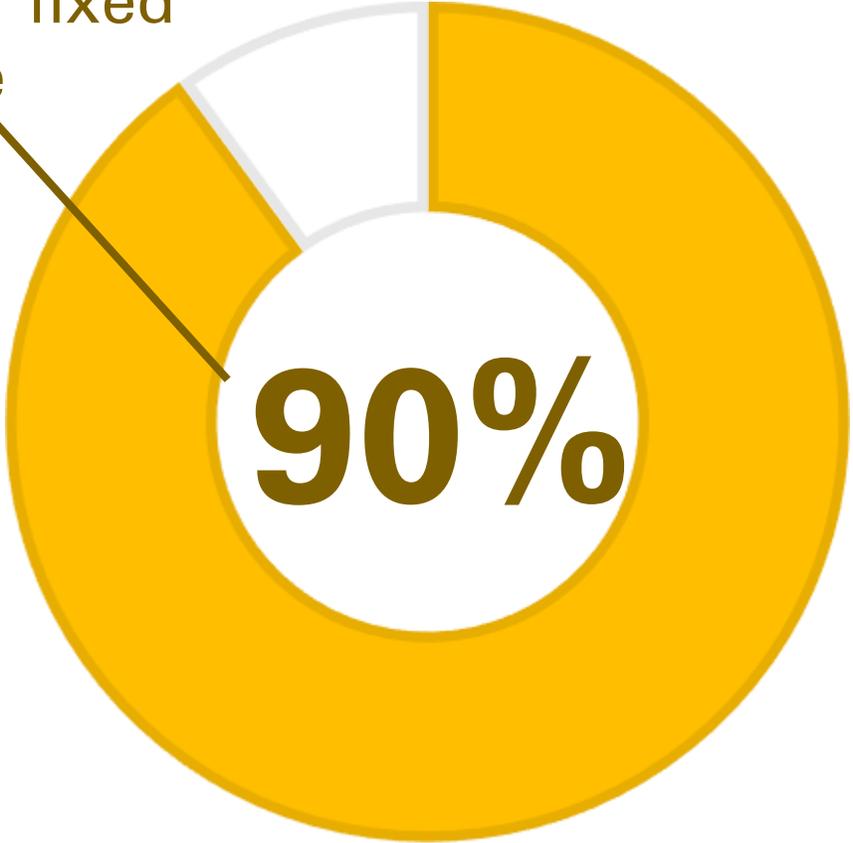
	Q3 2020
Gross Merchandise Volume <i>(in billions)</i> <i>Annualized</i>	\$93
App Downloads <i>(in millions)</i>	542
Mobile Volume <i>(in billions)</i>	\$15.8
Listings <i>(in billions)</i>	1.6

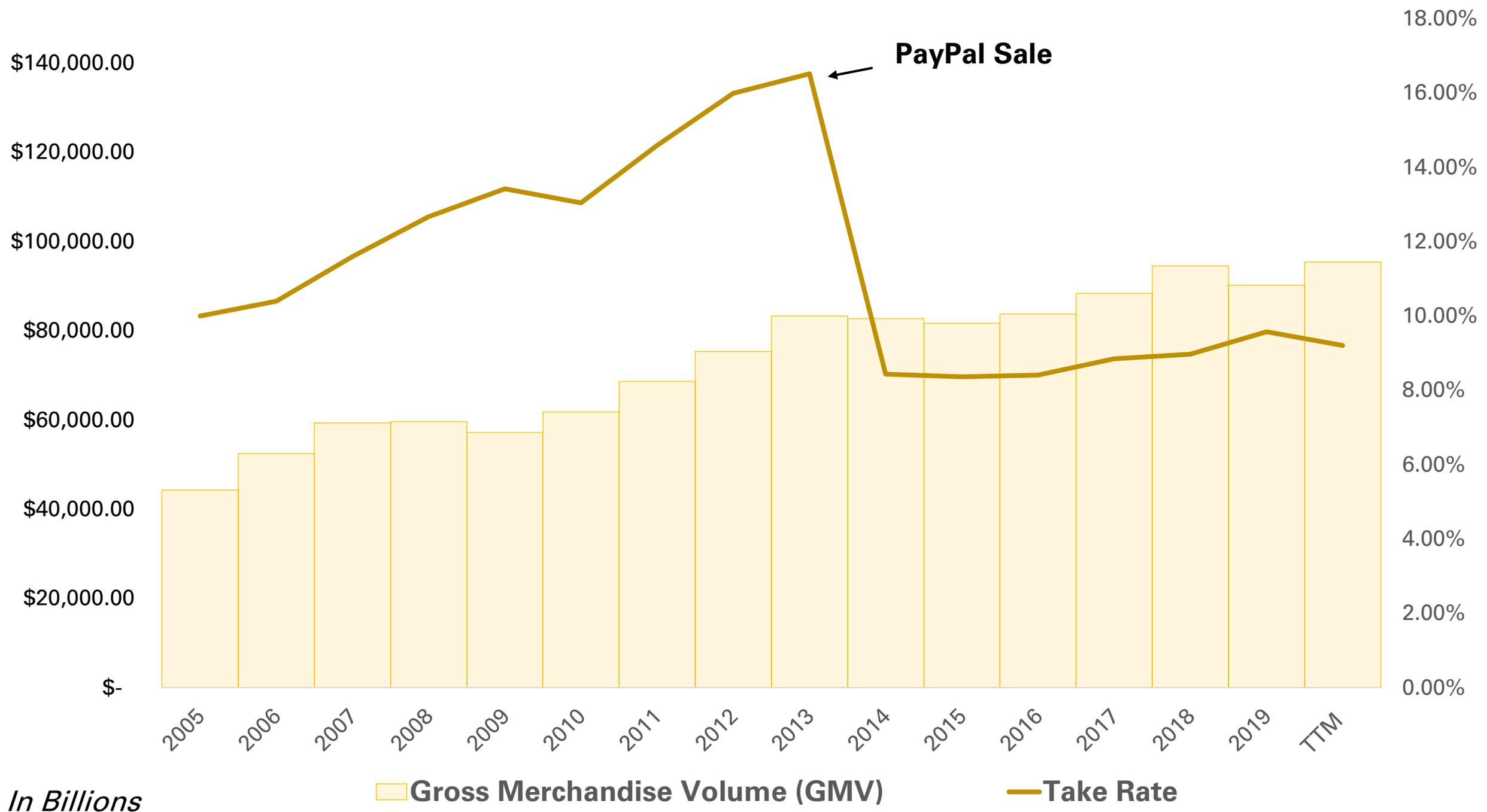
ebay Facts

GMV touched
by mobile



GMV fixed
price





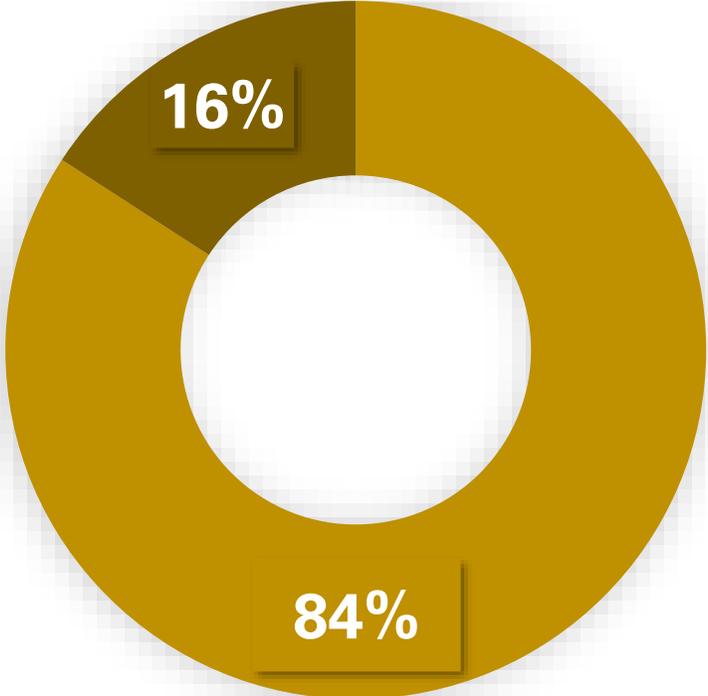
In Billions

□ Gross Merchandise Volume (GMV)

— Take Rate

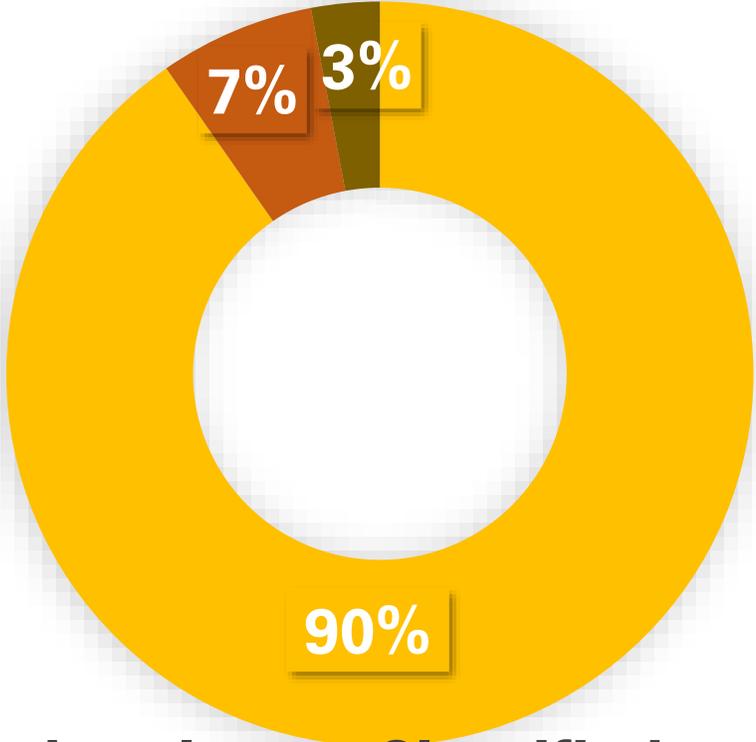
Revenue Breakdown

By Source



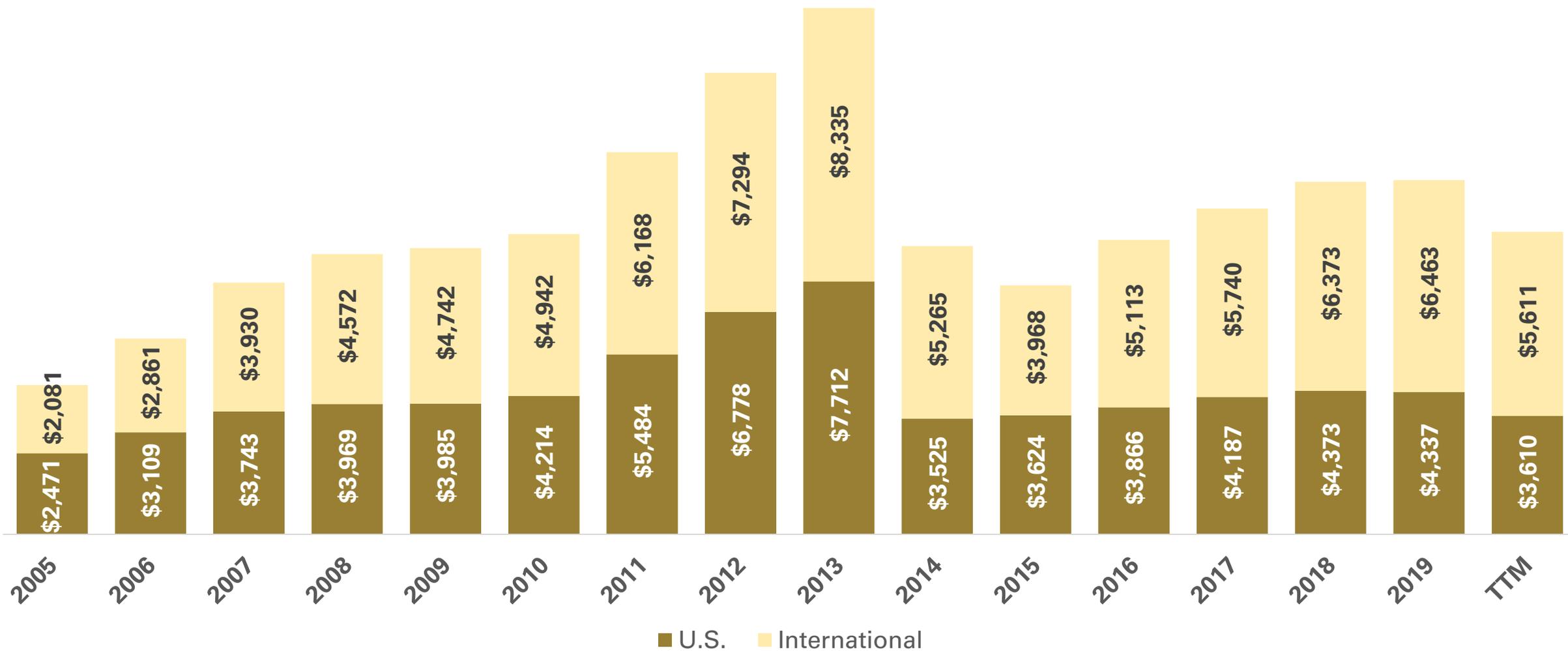
■ Transaction ■ Marketing

By Segment

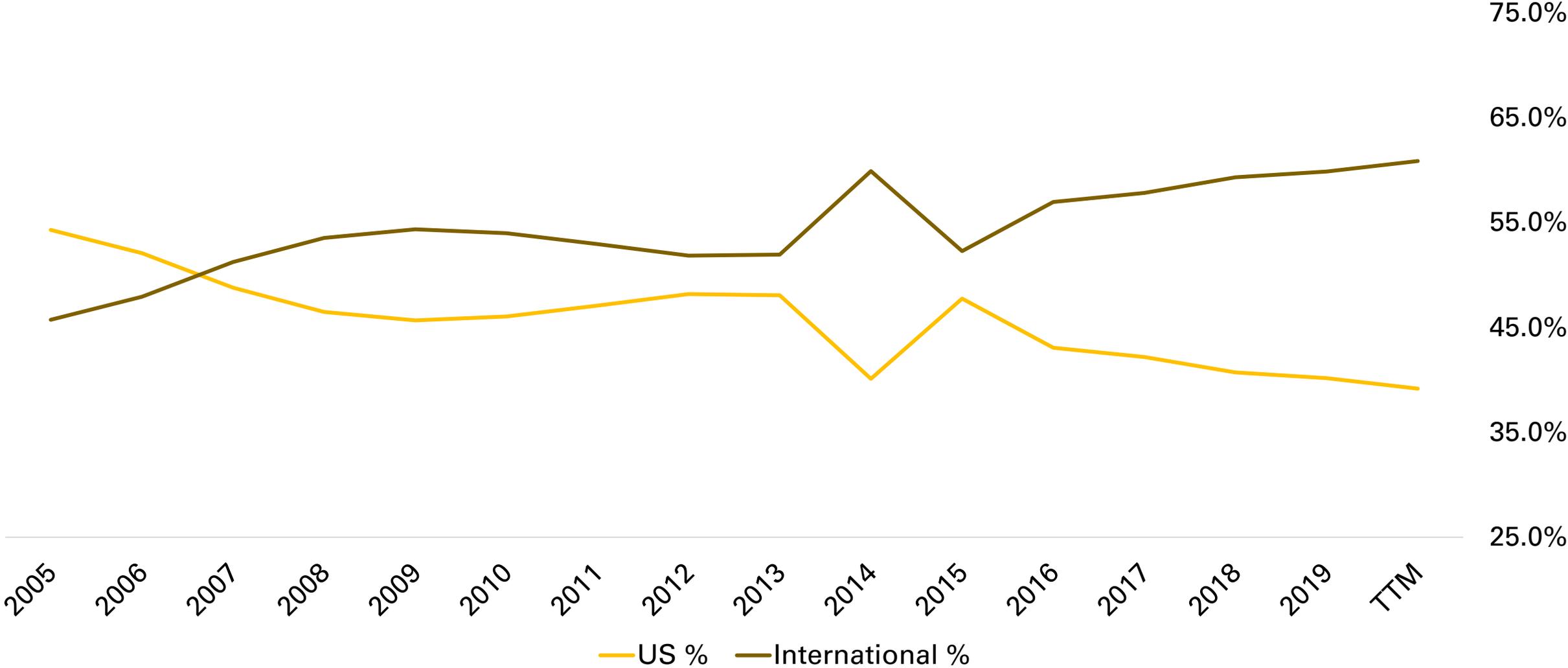


■ Marketplace ■ Classifieds ■ Stubhub

Revenue by Geography



Revenue by Geography



Company History

ebay

Company History

Pierre Omidyar launches AuctionWeb, and the first item he sells is a broken laser pointer

Renamed eBay; \$500 million worth of Beanie Babies are sold on eBay, and this accounts for 6% of their volume

eBay site crashes; the company expands into Germany, Australia, and UK

1995

1996

1997

1998

1999

Total Amount of Goods Sold is \$7.2 million, the company brings on Jeff Skroll as President

Meg Whitman joins as President/CEO; acquire Jump Inc., and IPO on Nasdaq

Company History

eBay Motors is launched; acquires Half.com; introduces its first API for developers to create custom interfaces

2001

eBay acquires PayPal

eBay acquires Gumtree and Skype

2004

2006

2000

eBay Stores is launched

2002

Jeff Jordan named PayPal President, eBay acquires Rent.com

2005

PayPal mobile app is launched; Rajiv Dutta is named PayPal President

Company History

eBay acquires StubHub

eBay app is launched, Lorrie Norrington becomes President; eBay acquires Bill Me Later

eBay app is on iPads when they launch, the company acquires Milo.com

2008

2009

2007

2008

2010

Scott Thompson is named new PayPal president; John Donahoe named new eBay CEO

eBay launches its Deals app

Company History

eBay acquires GSI Commerce, Magneto, and Zong; Devin Wenig is named President

eBay acquires Braintree, and launches Digital Storefronts

eBay spins off PayPal, Devin Wenig is named CEO, eBay sells eBay Enterprise

2012

2014

2011

2013

2015

David Marcus is named President of PayPal

eBay and PayPal become two companies; Dan Schulman is named President/CEO of PayPal

Company History

eBay acquires Expertmaker, Ticketbis, and Corrigan; launches Seller Hub

eBay partners with Adyen to be its primary payment method; acquires Giosis

StubHub is sold to Viagogo for \$4 billion, Jamie Iannone takes over as CEO

2017

2019

2016

2018

2020

eBay announces Guaranteed Delivery, and launches eBay Authenticate

Google Pay is now accepted; Scott Schenkel is named interim CEO

Acquisitions

Company	Year	Price	What They Do
PayPal	2002	\$1.5B	Online Payment Processing
Skype	2005	\$2.6B	Video Conferencing
StubHub	2007	\$310M	Ticket Exchange and Resale
BillMeLater	2008	\$810M	Online Payment Processing
GSI Commerce	2011	\$2.4B	E-Commerce (eBay Enterprise)
Braintree	2013	\$800M	Online Payment Processing
Expertmaker	2016	—	Artificial Intelligence/Big Data
TicketBis	2016	\$165M	Ticket Exchange and Resale
Corrigan	2016	\$30M	Image Search Recognition
Giosis	2018	\$306M	Online Shopping Platform

Divestitures

Company	Year	Price	What They Do	Purchaser
Skype	2009	70% ownership for \$2.75B	Video Conferencing	Group, led by Silver Lake Partners
eBay Enterprise	2015	\$925M	E-Commerce	Group, led by Sterling Partners
MercadoLibre	2016	20% stake for \$1.3B	E-Commerce in Latin America	MercadoLibre
Flipkart	2018	\$1.1B	E-Commerce Platform	Flipkart
eBay Classifieds	2020	\$9.2B (\$2.5B Cash, 540M shares)	Online C2C Listing Marketplace	Adevinta
StubHub	2020	\$4.05B	Ticket Exchange	viagogo



PayPal Spinoff

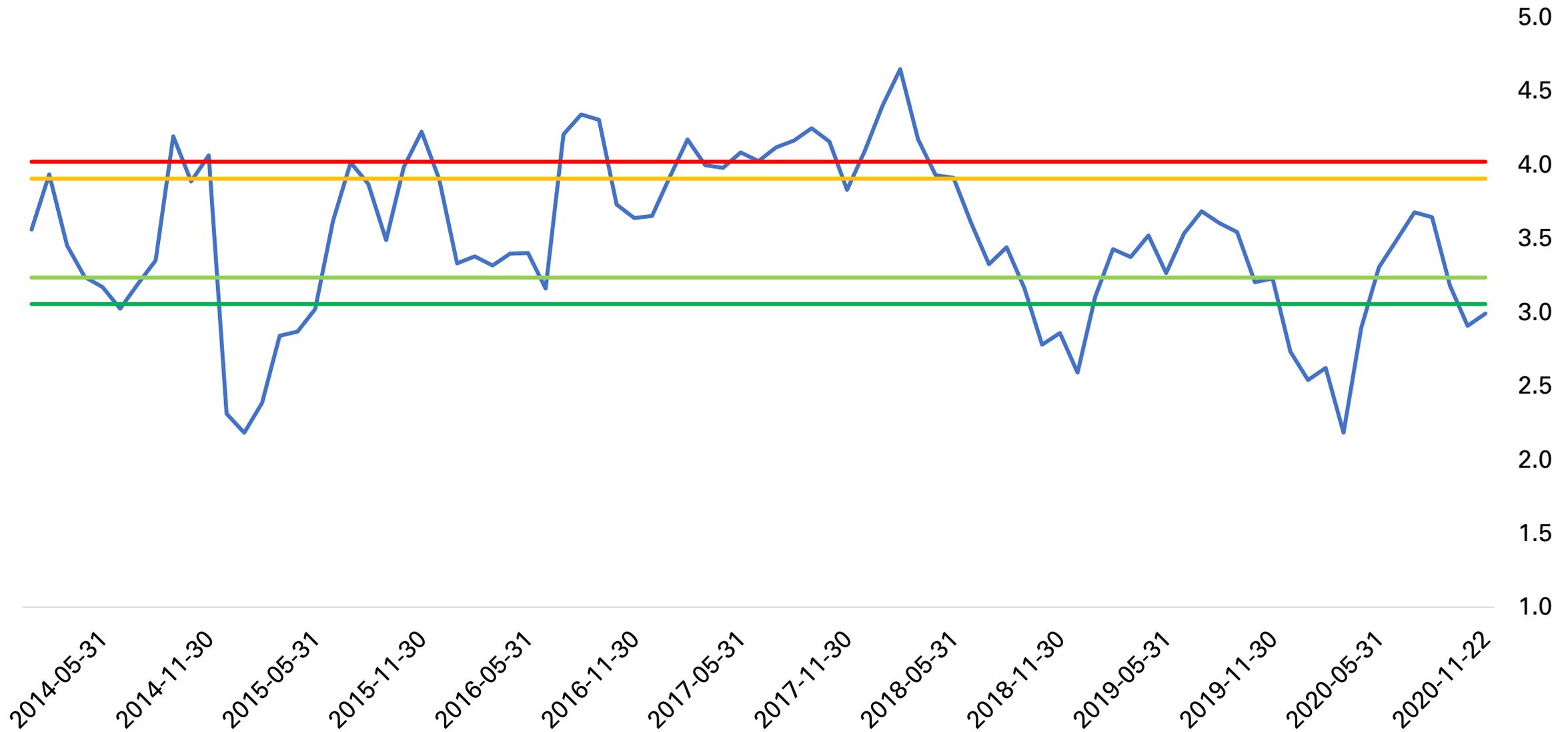
- **2015** – eBay announces its spinoff of PayPal, and it becomes its own company
- **2016** – PayPal IPO's at \$13/share raising \$70M
- PayPal takes eBay payment processing subsidiaries
 - BillMeLater
 - Zong
 - Braintree

The logo for BillMeLater, featuring a blue checkmark icon to the left of the text "BillMeLater" in a blue sans-serif font.The logo for ZONG + PayPal, with "ZONG" in a bold red font, a plus sign, and "PayPal" in its signature blue font.The logo for Braintree, featuring a stylized tree icon above the word "Braintree" in a blue serif font.

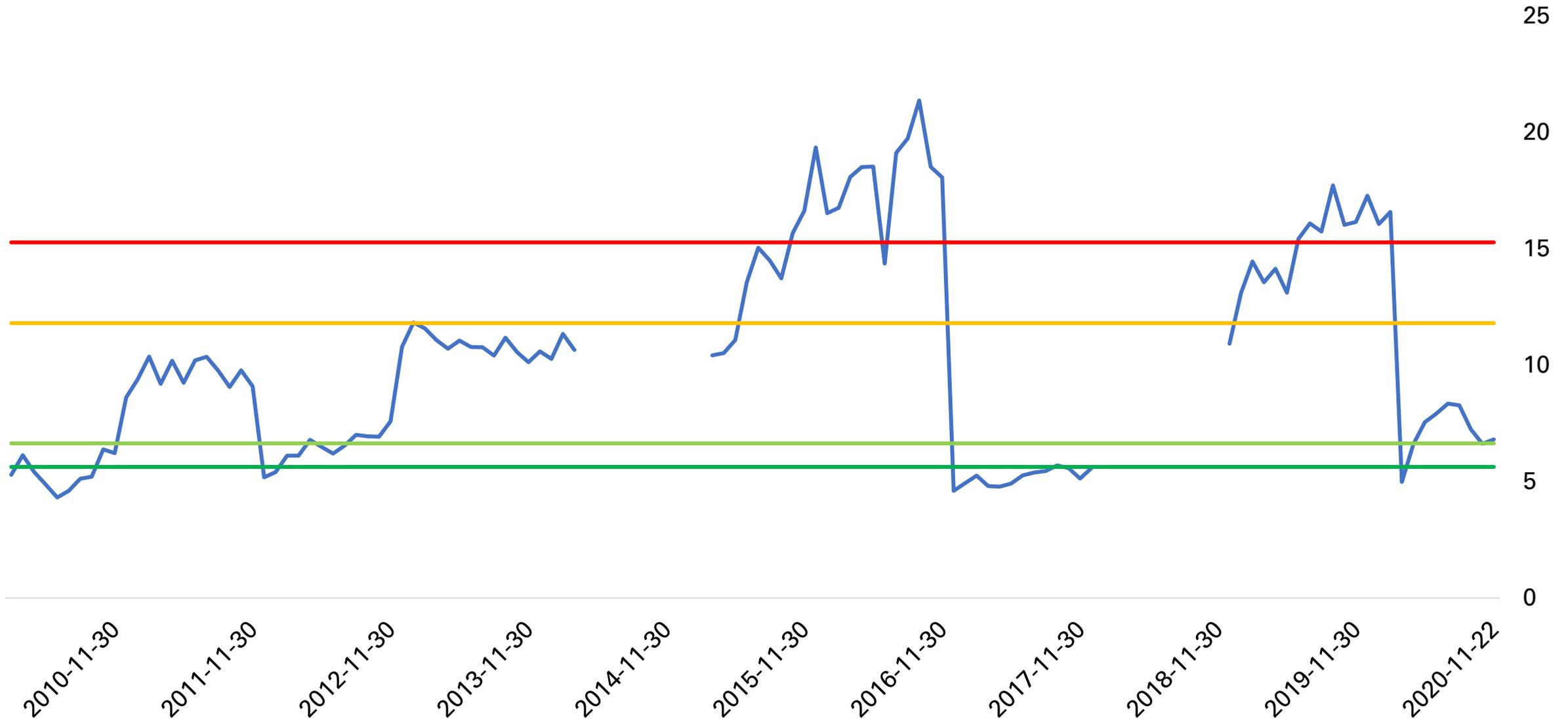
Why ebay?

ebay

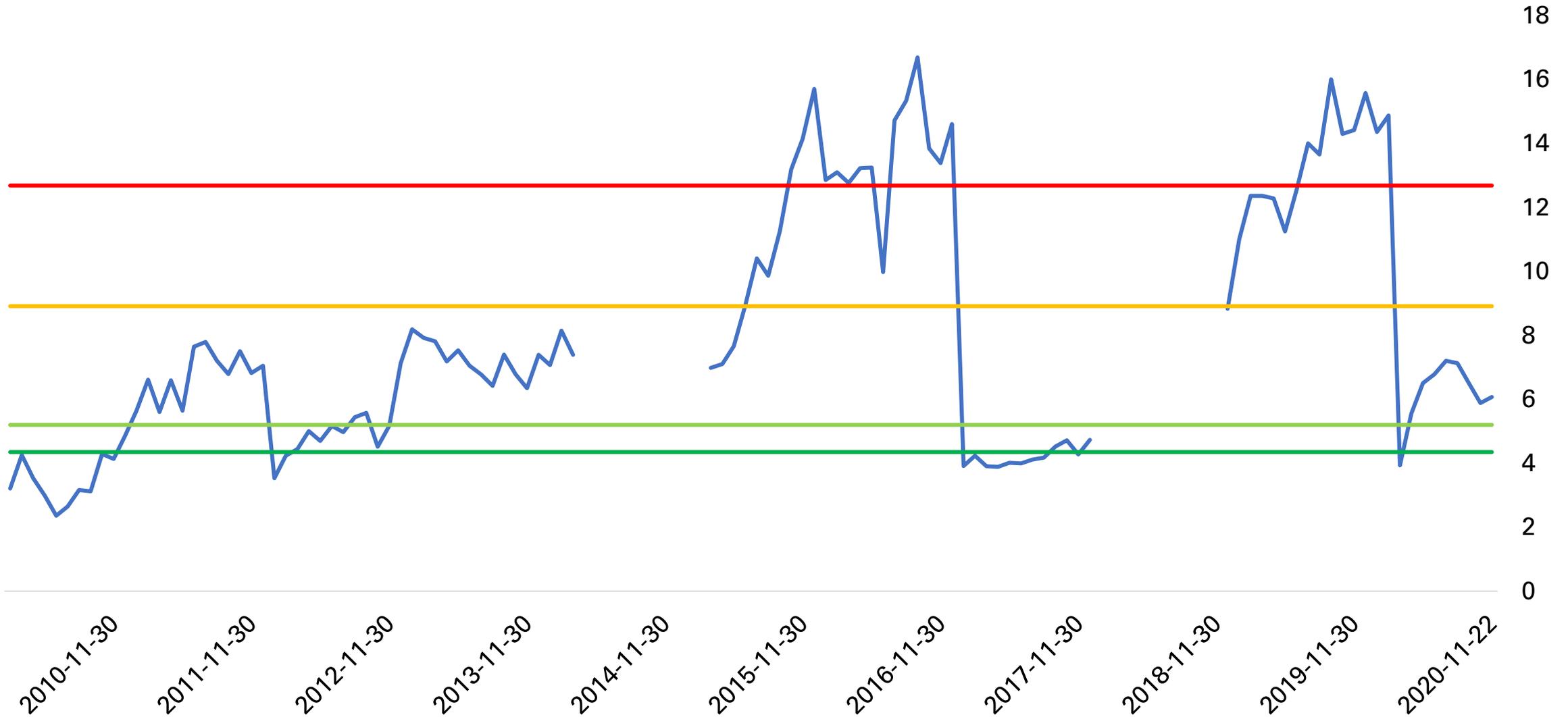
Price/Sales



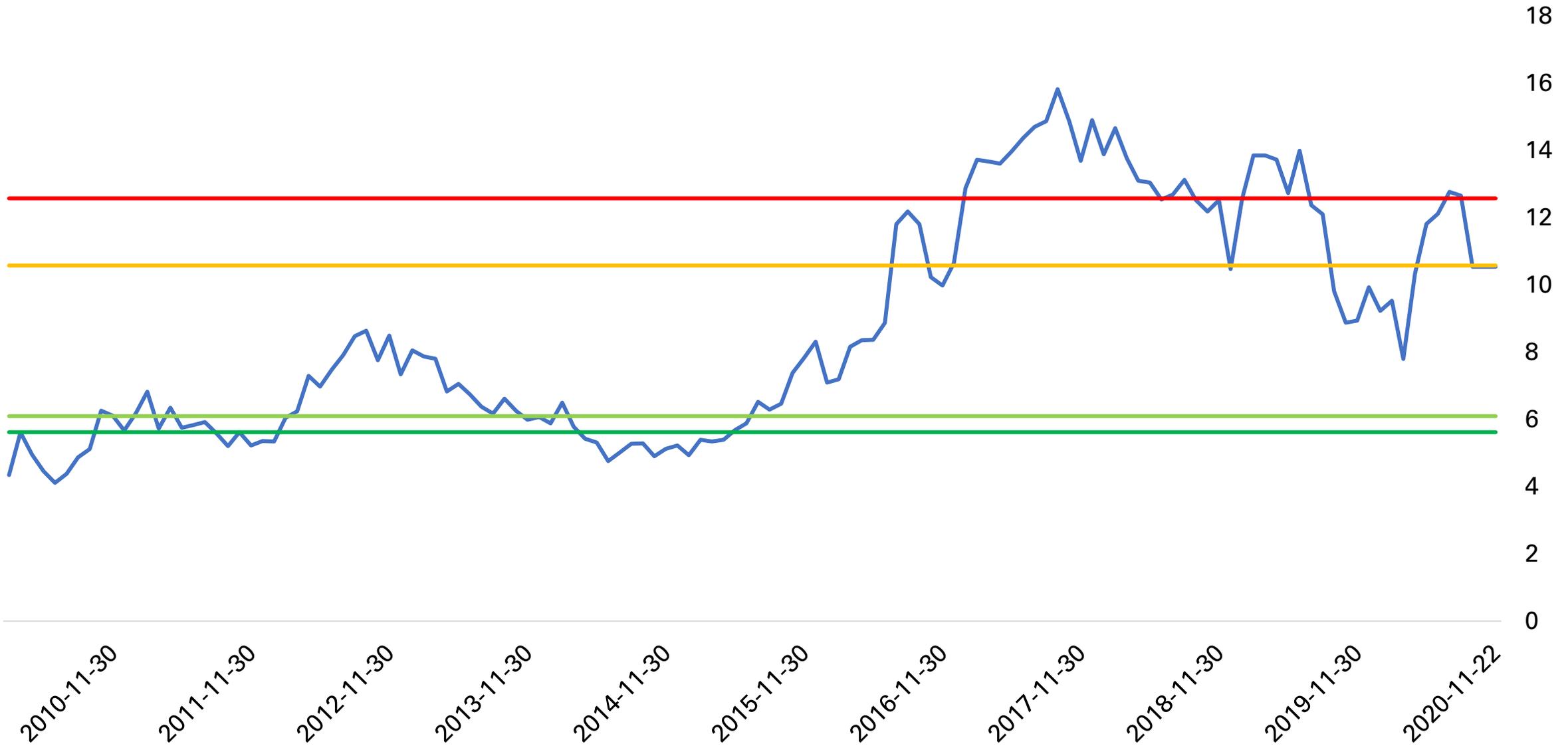
Price/Earnings



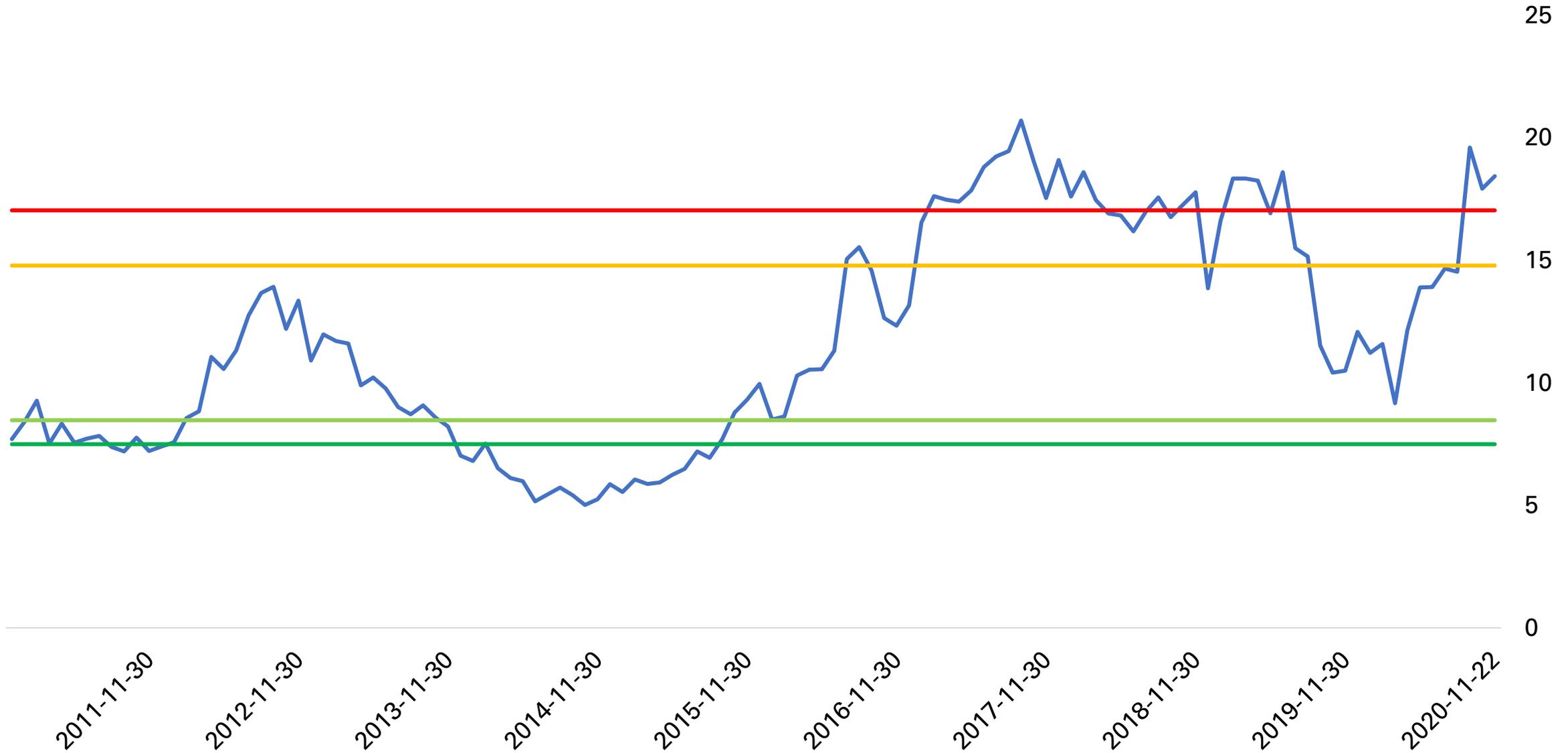
Price/Earning Less Cash



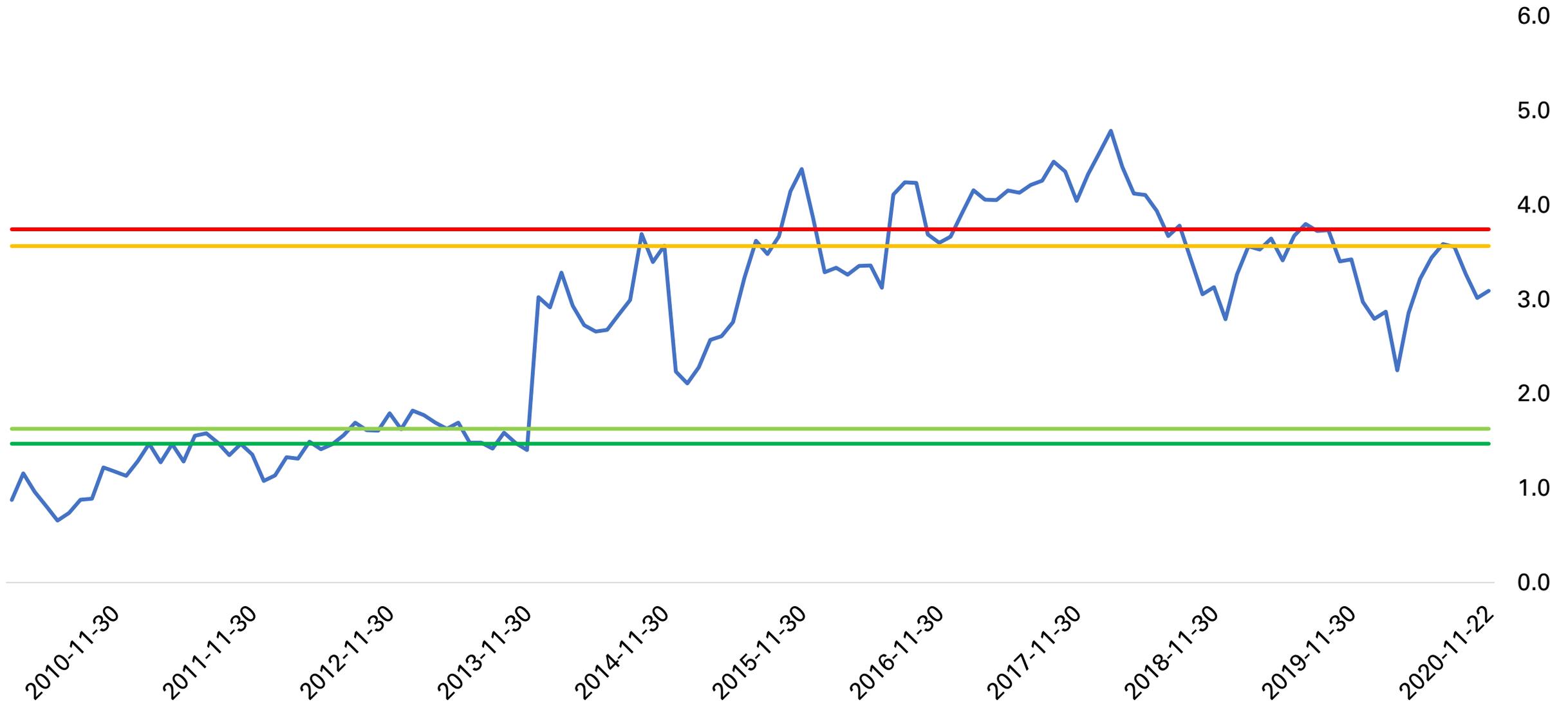
Price/Cashflow



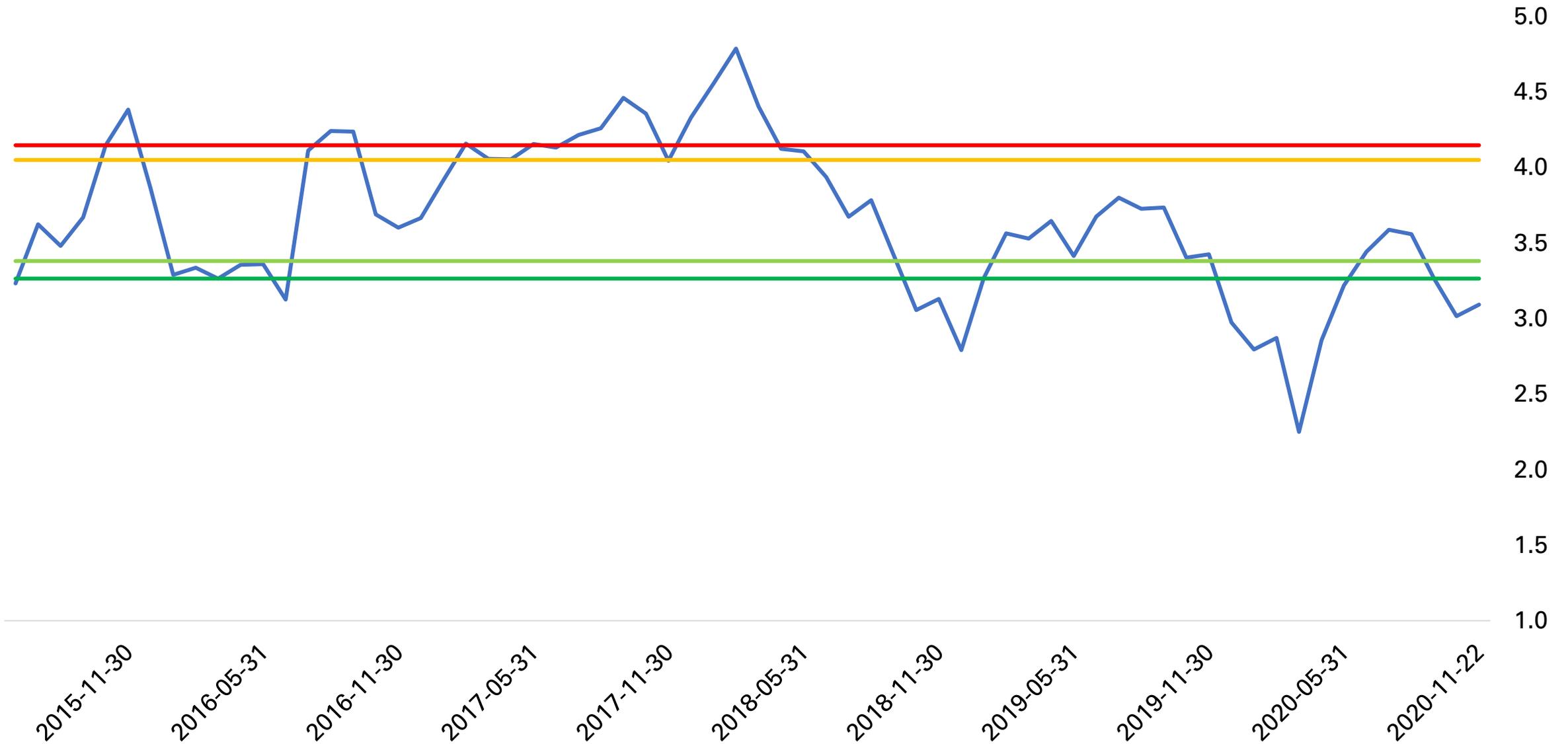
Price/Free Cashflow



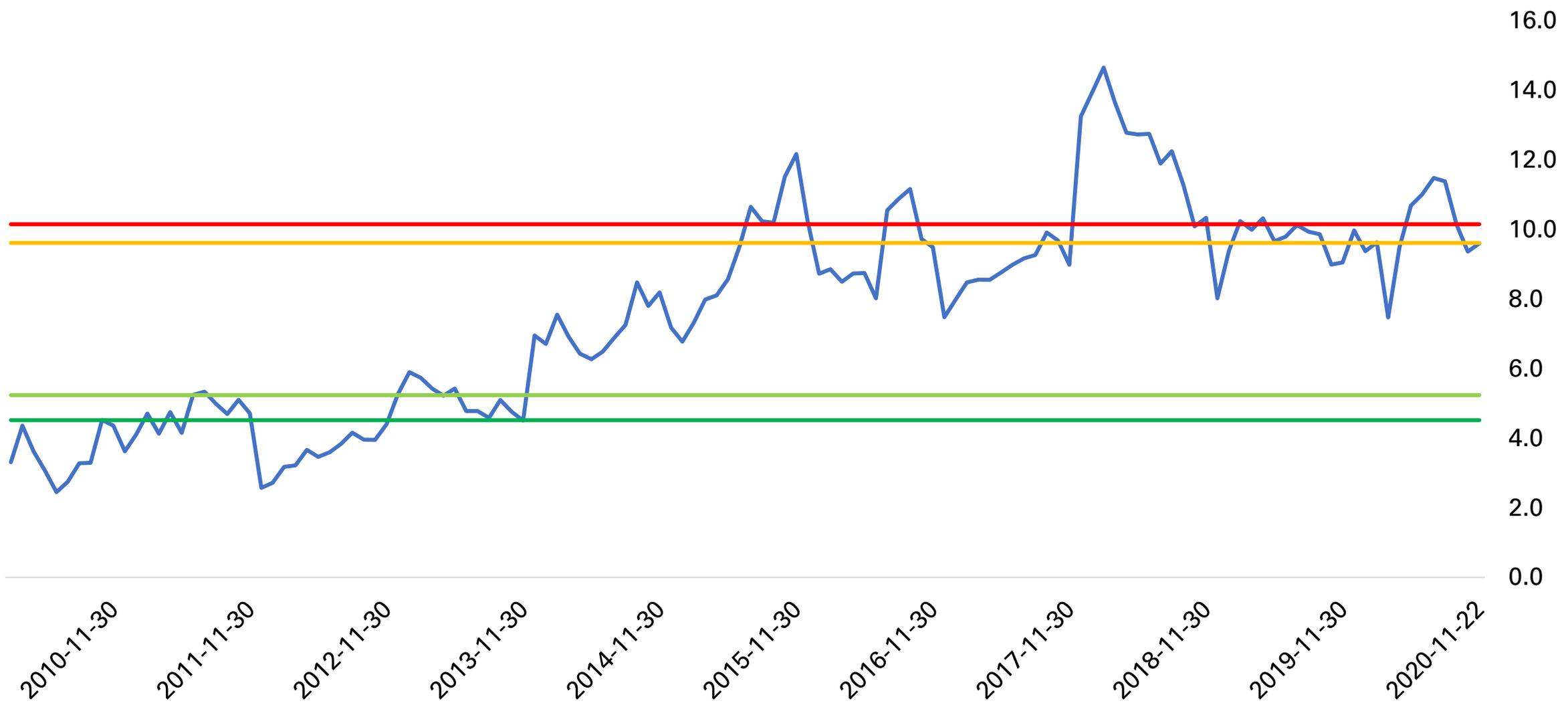
10-year EV/Revenue



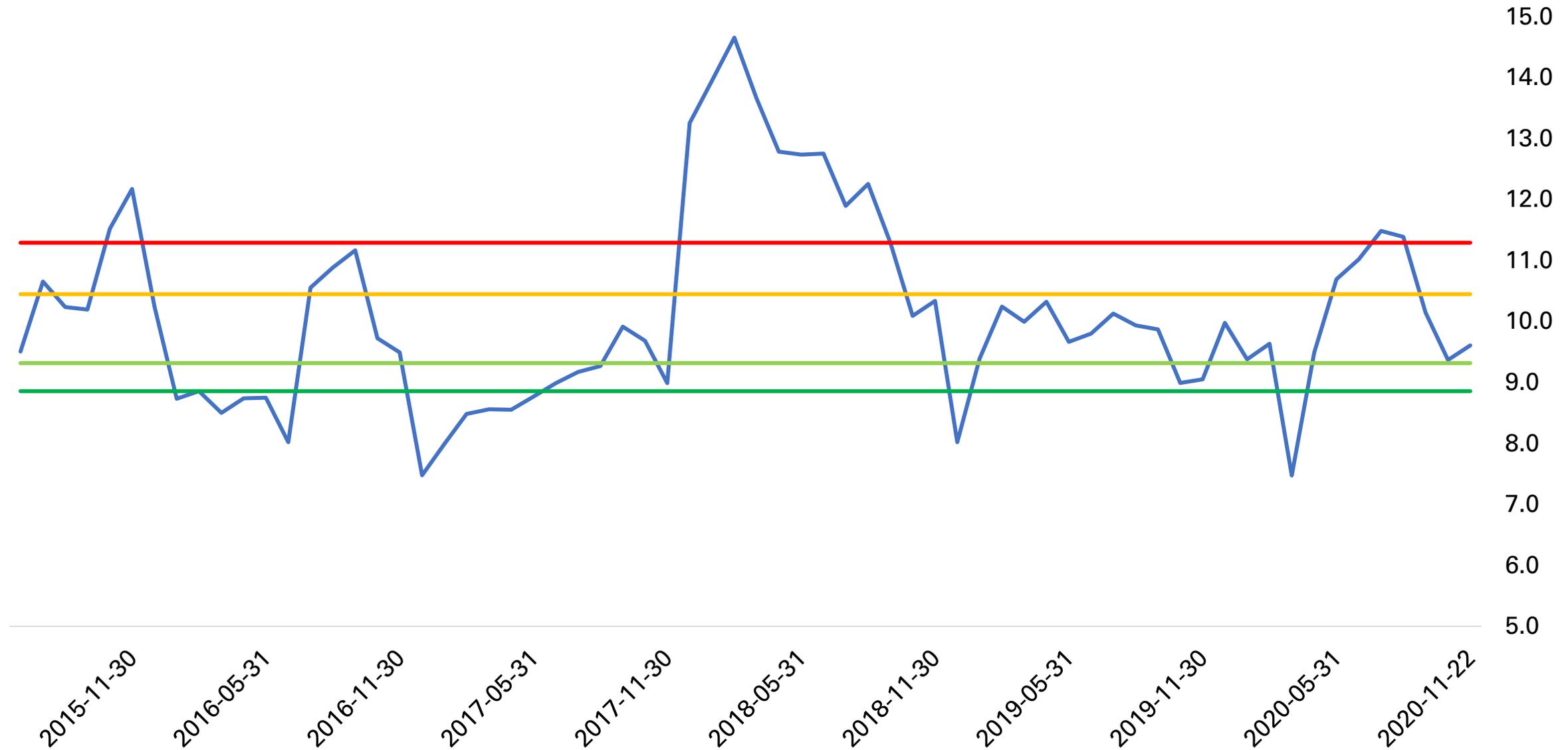
5-year EV/Revenue



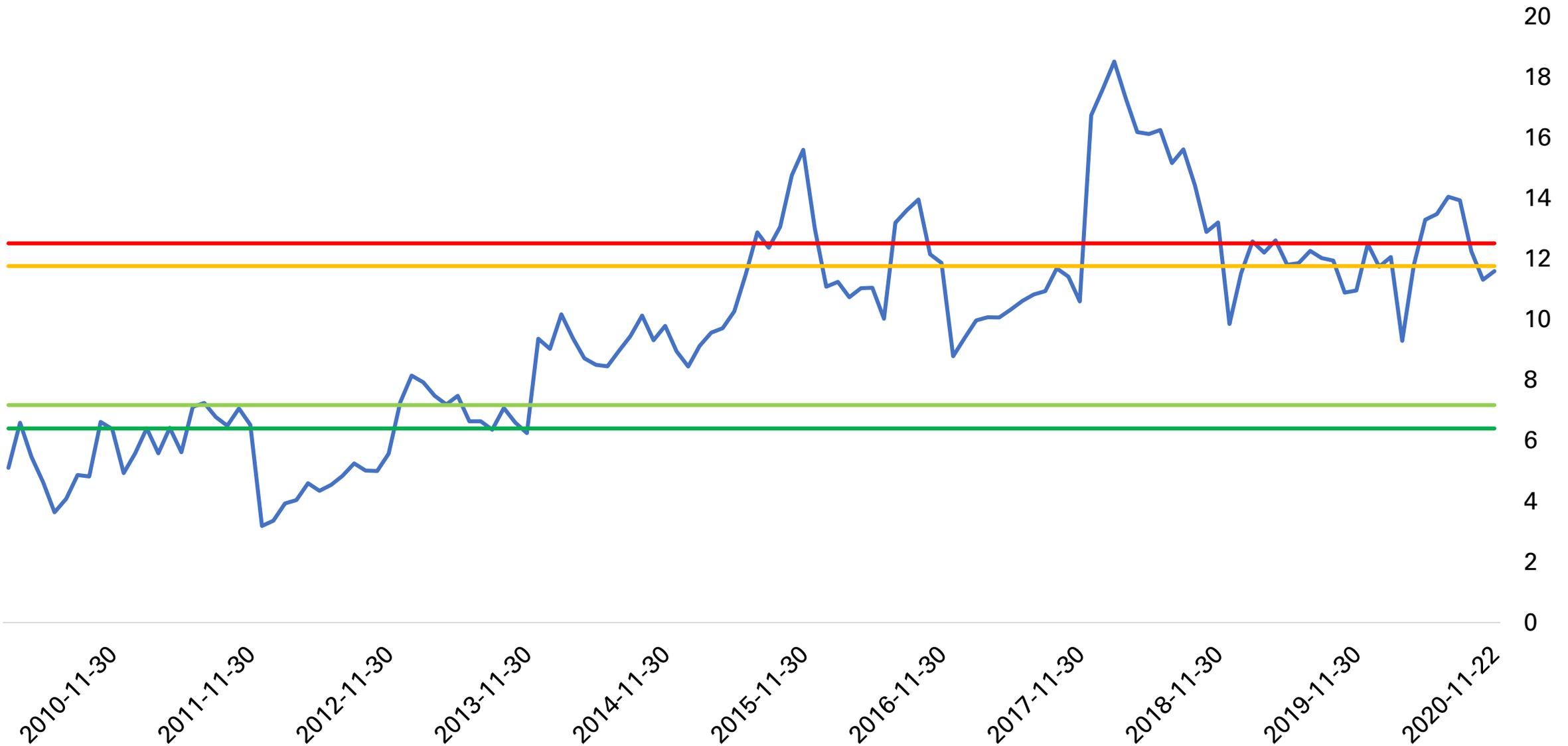
10-year EV/EBITDA



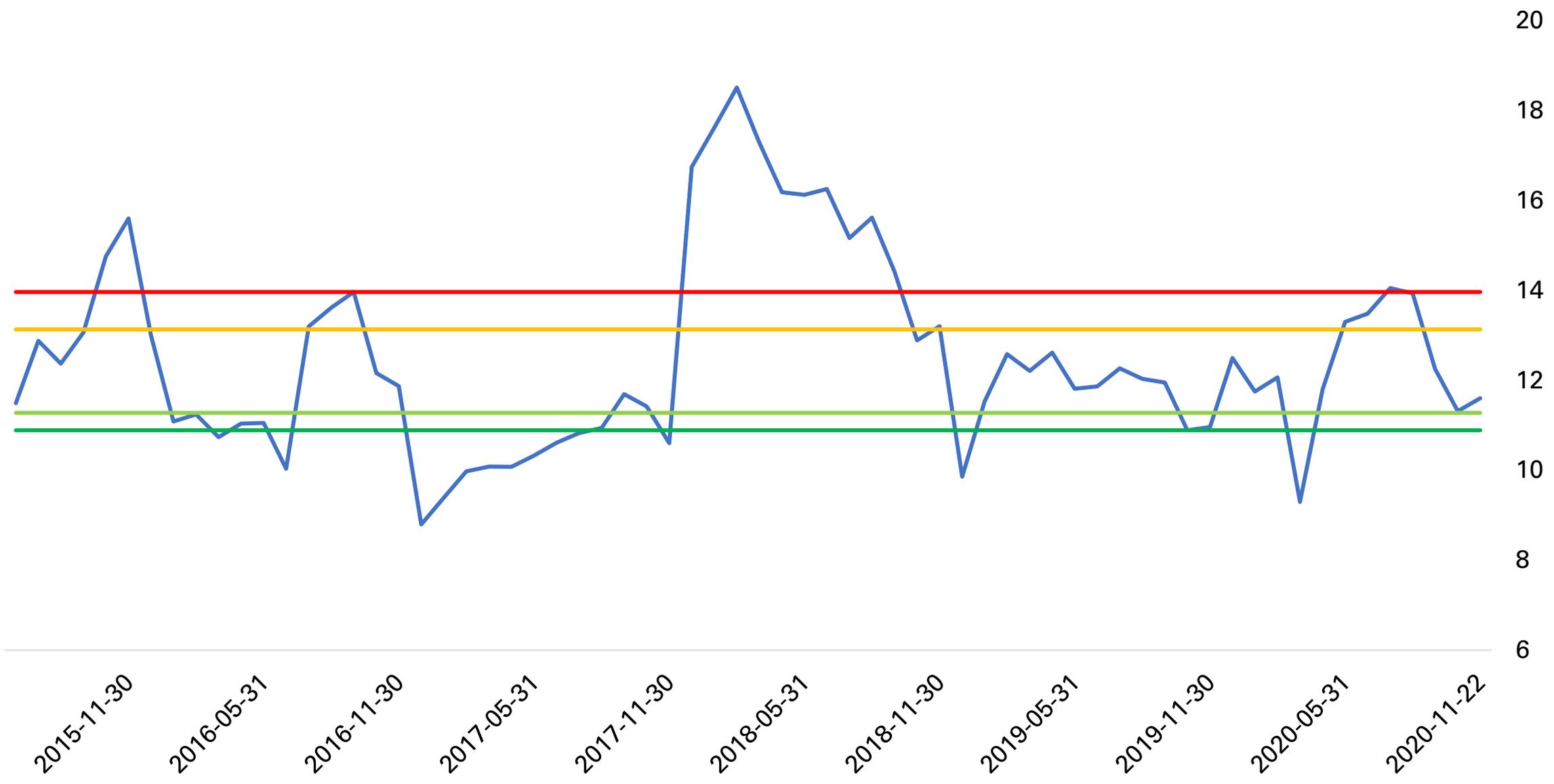
5-year EV/EBITDA



10-year EV/EBIT



5-year EV/EBIT



Guidance

Management's Guidance For 2020

- Adjusted EPS \$3.34-\$3.40
- TTM \$7.19

Value Line Estimate

- Adjusted EPS of \$3.50



Valuation

Growth Rates	
Scenarios	Growth Rate
Bear Case	8%
Base Case	10%
Bull Case	12%

PEG		
P/E	Growth Rate	PEG
14.41	8%	1.8
14.41	10%	1.44
14.41	12%	1.2

Competitor PEG	
Amazon	3.1
Esty	2.96
Walmart	2.65
Facebook	2.1

Reverse DCF	
Discount Rate	Reverse DCF
12%	9.64%
11%	8.04%
10%	7.15%
9%	5.91%

@\$48.99

Value Line Projections 2023-2025			
	Price	Gain	Avg. Annualized
High	\$115	135%	24%
Low	\$75	53%	11%

5-year Magical DCF

							P/E	Projected price	Price to meet 5-year IRR of 15%	
Bear		Current	2021	2022	2023	2024	2025	10.0x	\$49.96	\$25
	EPS	3.40	3.67	3.97	4.28	4.63	5.00	15.0x	\$74.94	\$37
	5yr growth estimate		8%	8%	8%	8%	8%	20.0x	\$99.91	\$50

5-year Magical DCF

							P/E	Projected price	Price to meet 5-year IRR of 15%	
Base		Current	2021	2022	2023	2024	2025	10.0x	\$54.76	\$27
	EPS	\$3.40	3.74	4.11	4.53	4.98	5.48	15.0x	\$82.14	\$41
	5yr growth estimate		10%	10%	10%	10%	10%	20.0x	\$109.51	\$55

5-year Magical DCF

							P/E	Projected price	Price to meet 5-year IRR of 15%
Bull	Current	2021	2022	2023	2024	2025	10.0x	\$59.92	\$30
	EPS	3.40	3.81	4.26	4.78	5.35	15.0x	\$89.88	\$45
	5yr growth estimate		12%	12%	12%	12%	20.0x	\$119.84	\$60

Bear Case

Current Price	\$48.99
Fair Value	\$44.07
MOS	-11.16%
EPS	\$3.40
GR	8.00%
DR	12%
Years	10
Terminal	4%

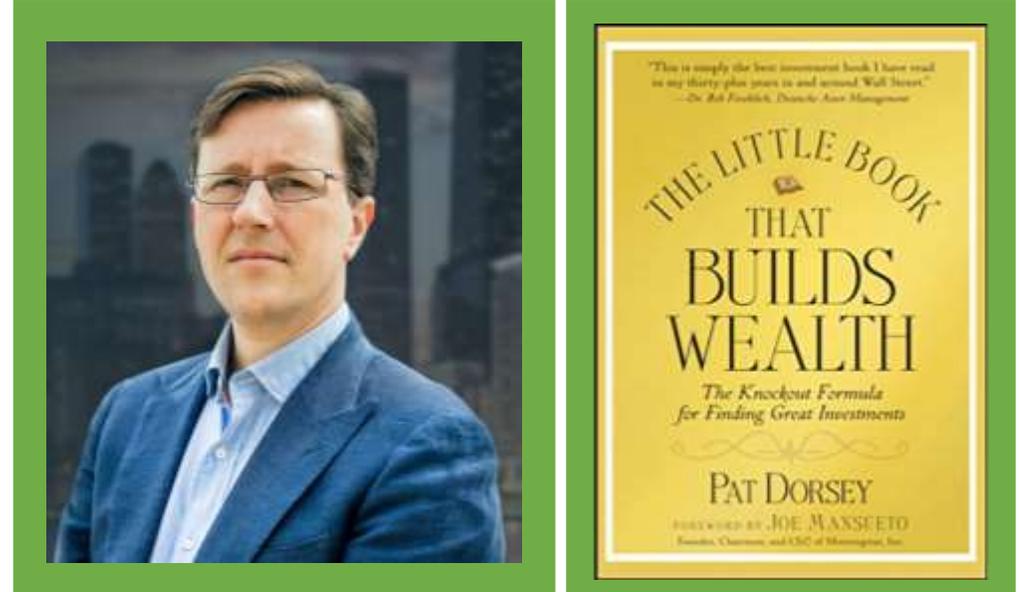
Base Case	
Current Price	\$48.99
Fair Value	\$50.15
MOS	2.31%
EPS	\$3.40
GR	10.00%
DR	12%
Years	10
Terminal	4%

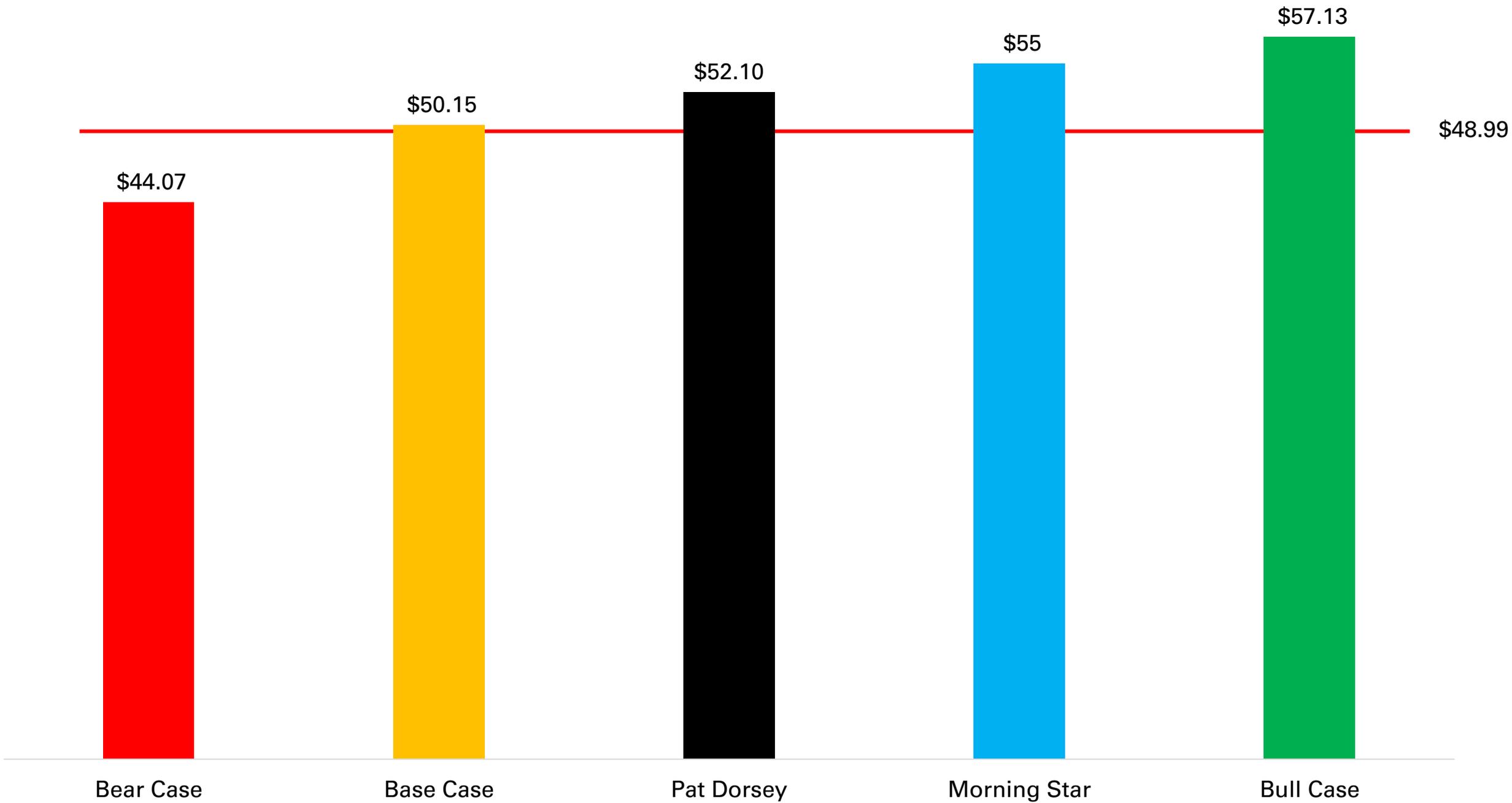
Bull Case	
Current Price	\$48.99
Fair Value	\$57.13
MOS	14.20%
EPS	\$3.40
GR	12.00%
DR	12%
Years	10
Terminal	4%

Dorsey Asset Management

Purchased ebay

- Portfolio Size: \$673 million
- Weight: 6.74% of portfolio
- Worth: \$45 million
- Price Paid: \$52.10





Why Is ebay Undervalued?

Operational

- Lack of focus
- Miss execution
- Management turnover

Faster Growing

- Niche competitors
- Major competitors



Why We See Opportunity

Elliot's Plan

- Jan 2019 bought 4% of ebay worth \$1.4B
- Purchased at \$37.14 per share

#1 Portfolio Review

#2 Revitalize Marketplace

#3 Operational Improvement

#4 Appropriate Capital Allocation

#5 Effective Leadership Oversight

- Currently 5.14% of portfolio worth \$515M

Ebay Worth More

- Classifieds \$8-\$12B priced at \$4.5B.
- StubHub worth \$3.5-\$4.5B priced at \$2.2B
- Ebay worth \$55-\$63 per share



Why We Are Confident

Management Executing

- New CEO
- Classifieds sold for \$9.1B (\$2.5B cash and 44% controlling stake in Advanta now worth \$11B)
- StubHub sold for \$4.05B
- To focus on ebay marketplace
- To return 80% of FCF to shareholders
- Commit \$700M to value added acquisitions and marketplace enhancements

The Adevinta logo is displayed in a large, blue, sans-serif font within a light green rectangular box with a dark green border.

Management

ebay



Kristine Yetto, 53

- SVP & Chief People Officer
- Since 2008
- \$5,103,200 or 102,064 share
- HR business partner at Palm and General Electric
- Director of Global services for Segregate Technology

Robert H. Swan, 60

- Chair of risk committee
- Since 2015
- \$15,339,950 or 306,799 shares
- CEO of Inter Corporation
- EVP & CFO Intel Corporation
- SVP & CFO eBay
- CFO Electronic Data Systems





Scott Schenkel, 52

- Former Interim CEO
- Since 2007
- \$ 29,223,850 or 584,477 shares
- SVP & CFO at eBay

Pete B. Thompson, 51

- SVP & CPO
- \$ 178,650 or 3,573 shares
- VP of Amazon's Alexa Voice Service
- COO of TiVo
- Executive role at Microsoft, T-Mobile, Ericson and Sonos.





Andrew Cring, 50

- Interim CFO
- Since 2013
- \$8,367,700 or 167,354 shares
- VP of Global Financial Planning
- SVP of FP&A at Yahoo
- CFO of General Electric

Jae H. Lee, 46

- SVP International
- Since 2002
- \$17,399,250 or 347,985 shares
- Manager at Boston Consulting Group
- CEO of Thrunet Co





Pierre Omidyar, 53

- Founder of eBay in 1995
- \$1.65b or 32,933,858 shares
- Board member from 1996 to 2020 (Retired)

Jaime Iannone, 37

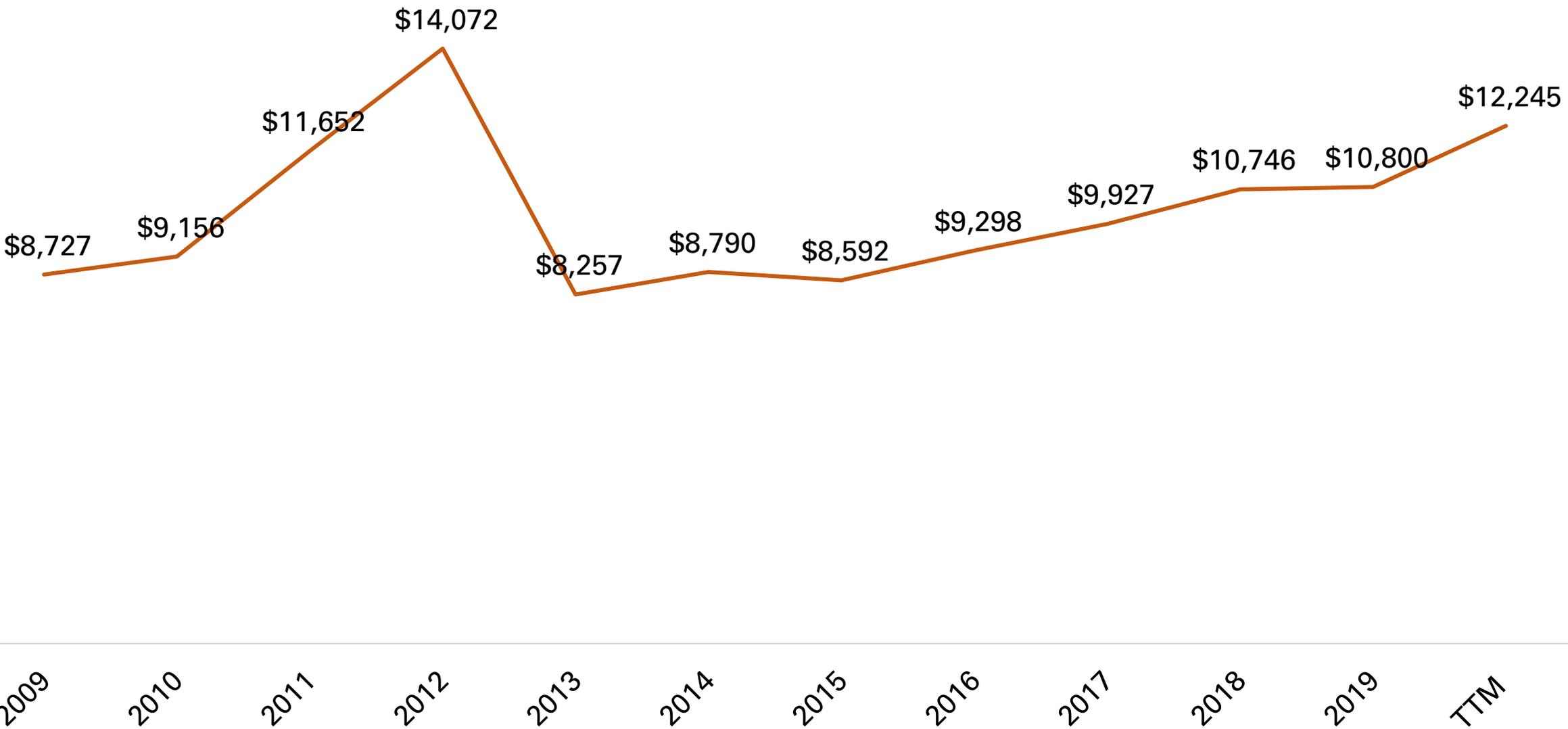
- President & CEO
- Since April 2020
- \$7,500,000 or 150,000 shares
- COO of Walmart Ecommerce
- CEO of Sam's Club
- EVP of Digital at Barnes & Nobles



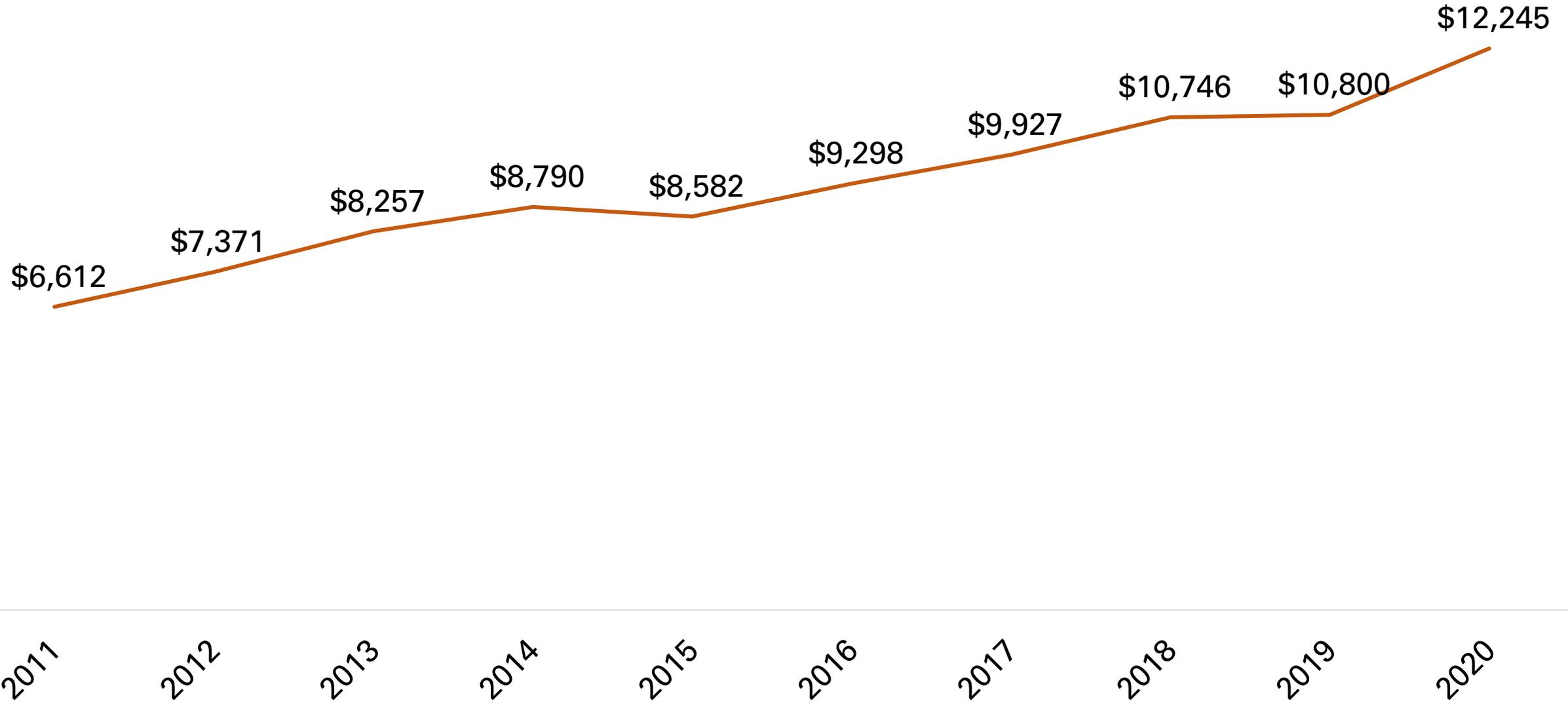
IOFS

ebay

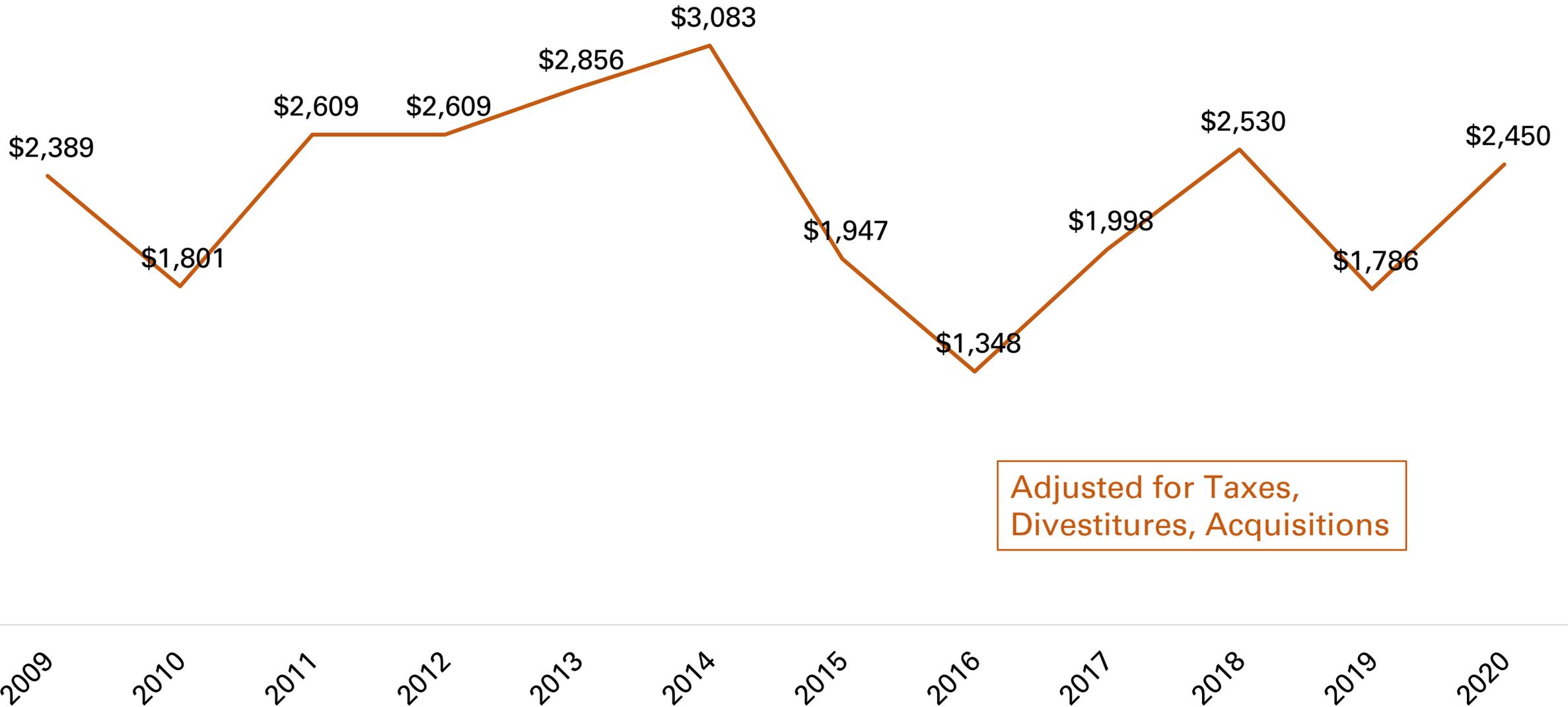
Revenue



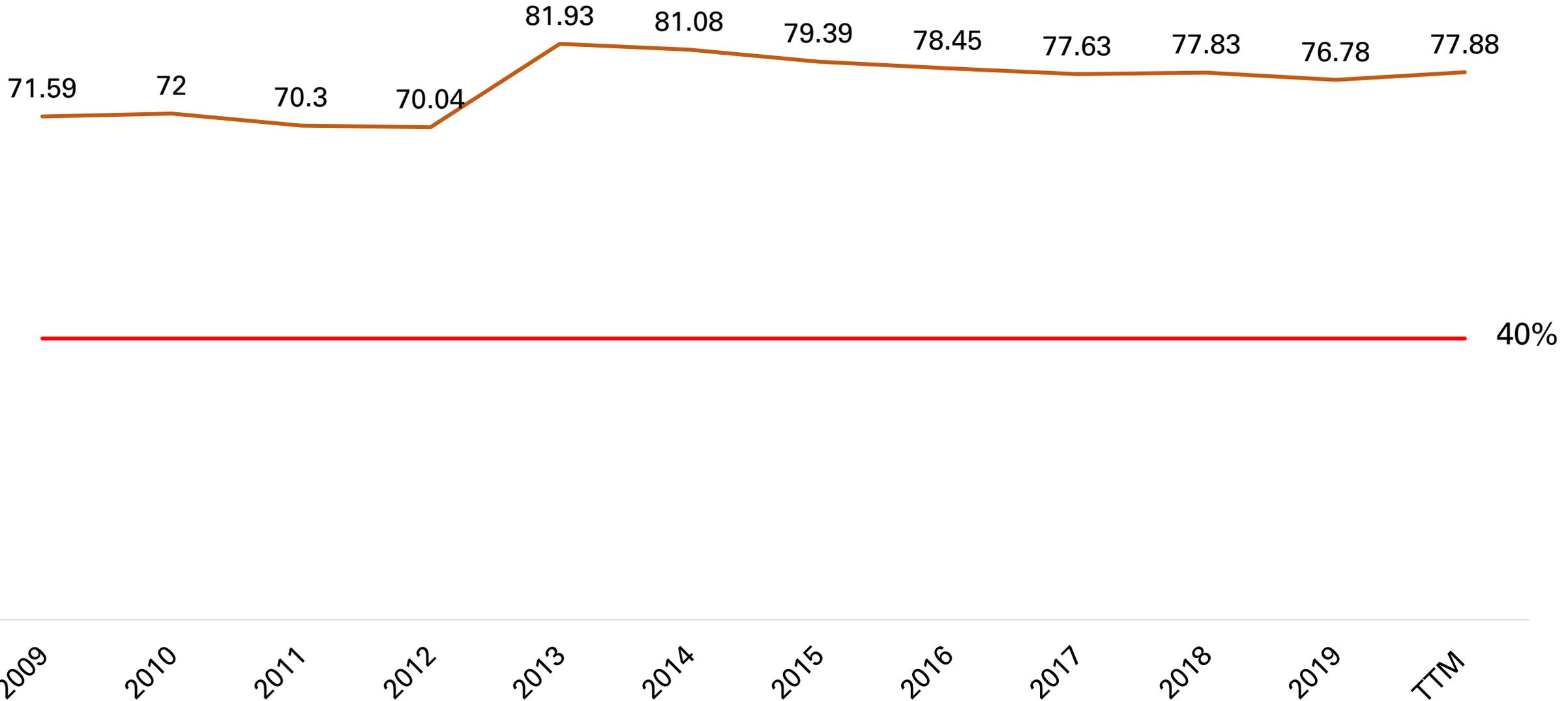
Retrospective Revenue *(Adjusted For PYPL)*



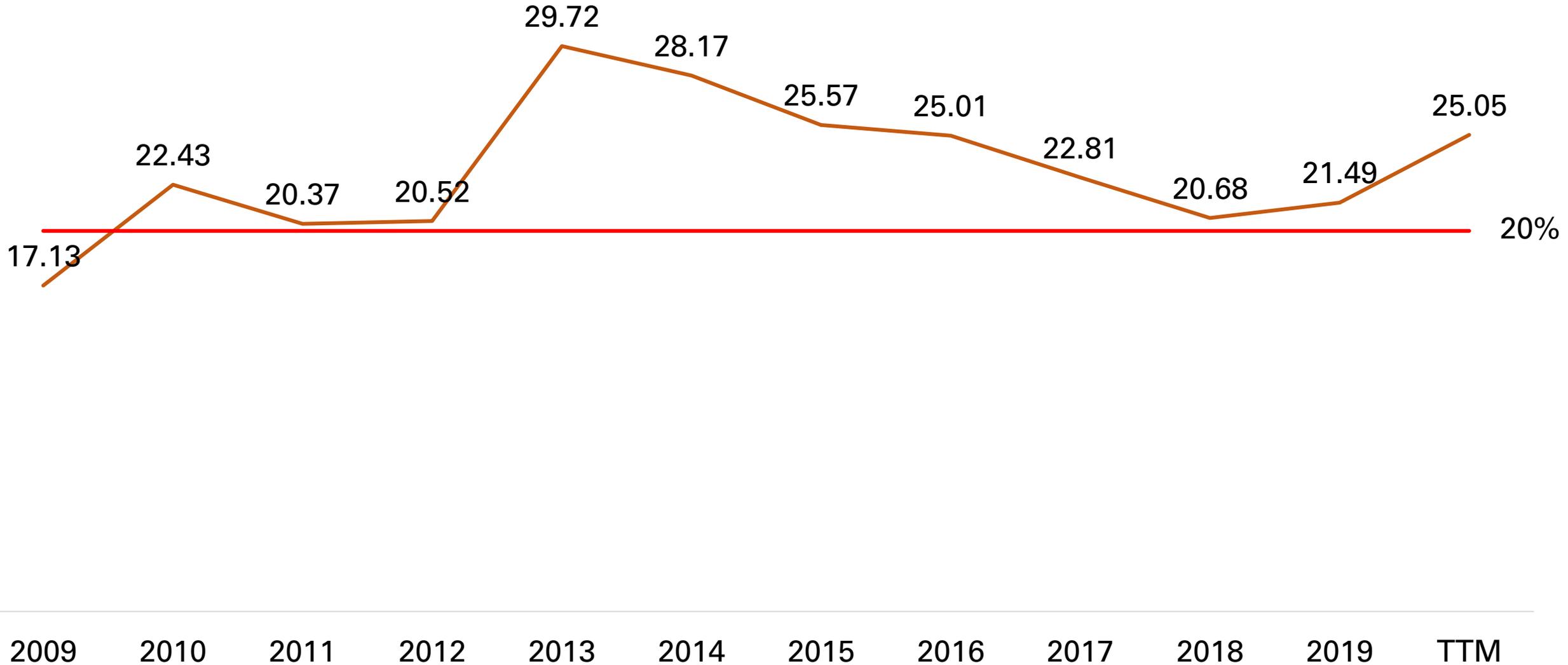
Adjusted Net Income



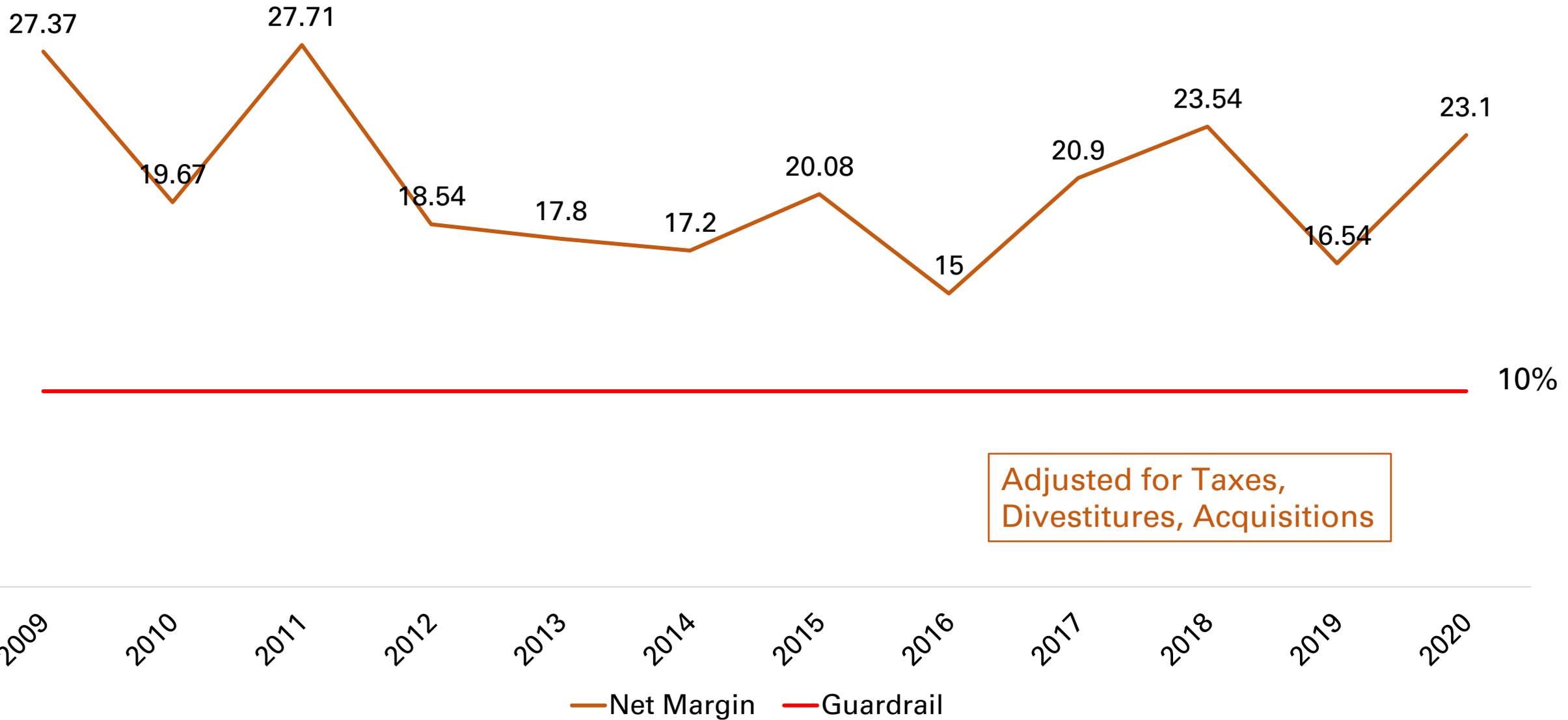
Gross Profit Margin



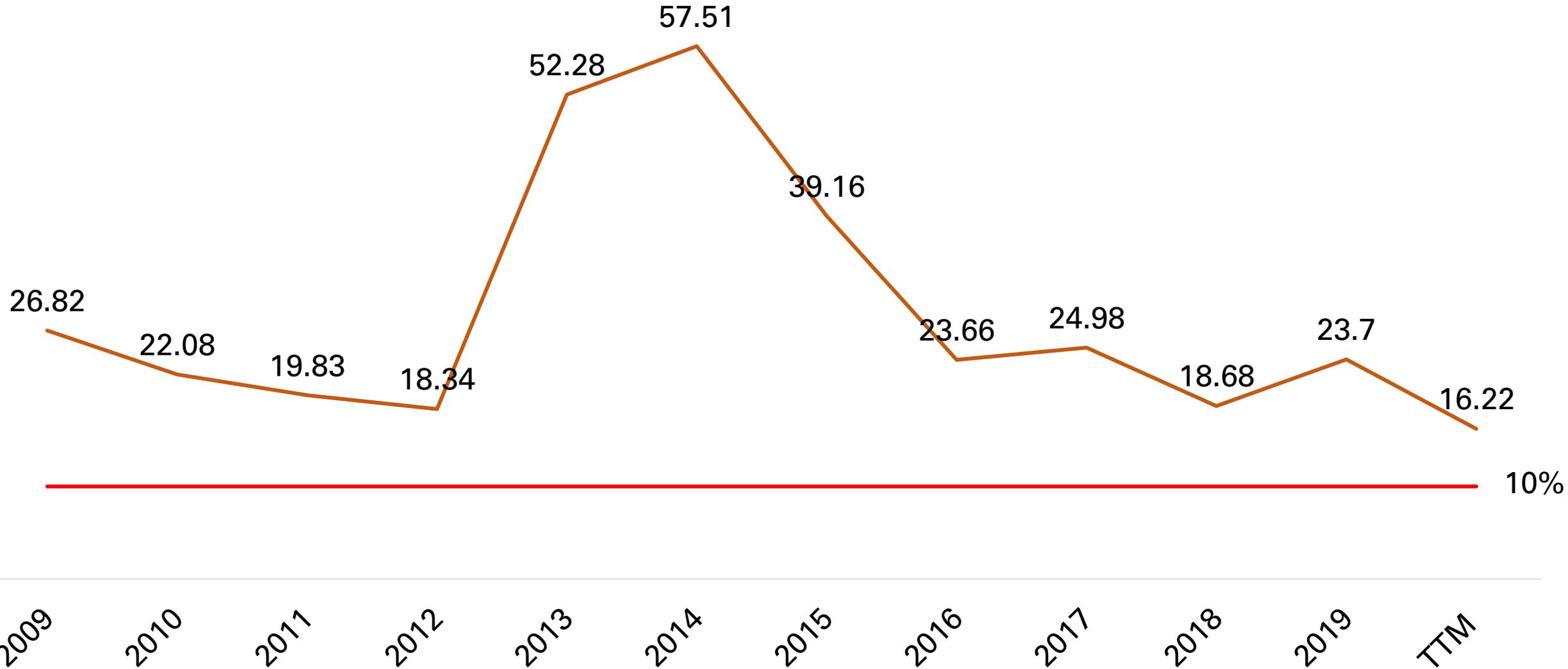
Operating Margin



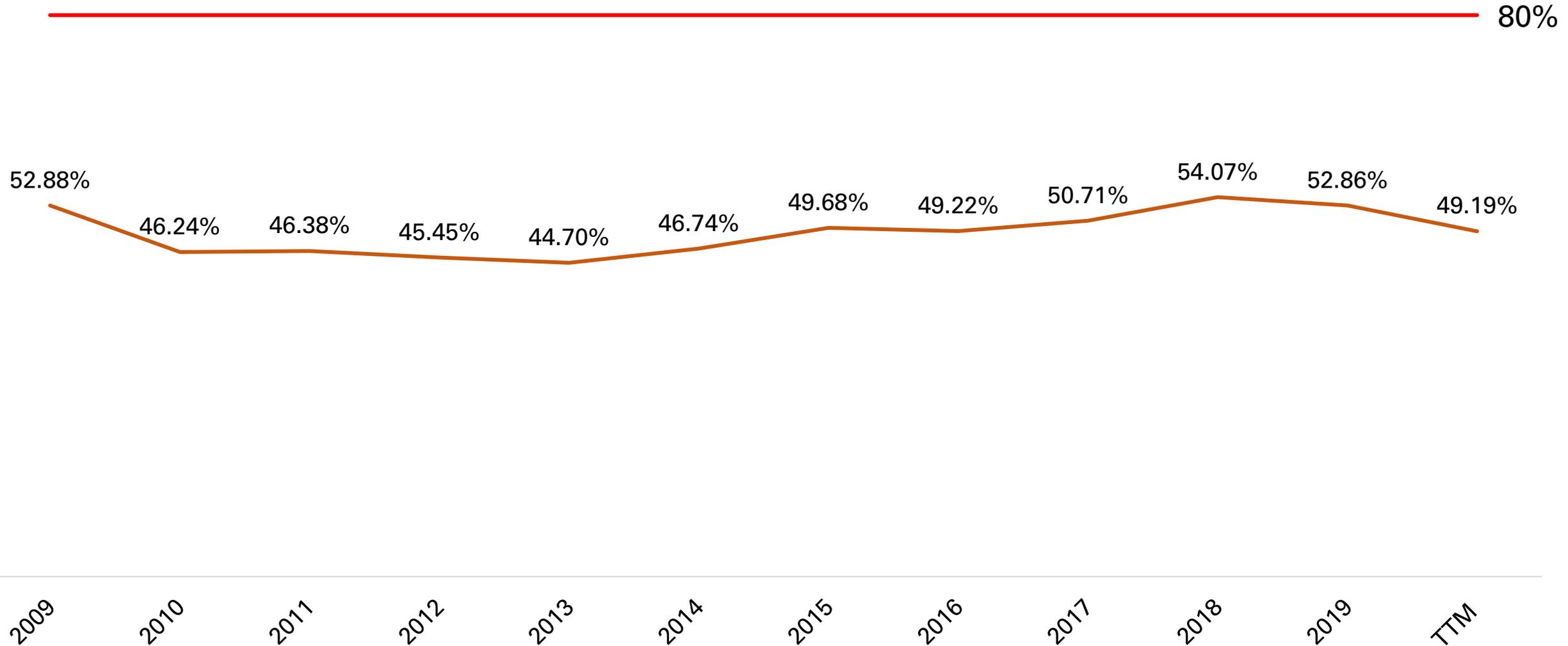
Adjusted Net Margin



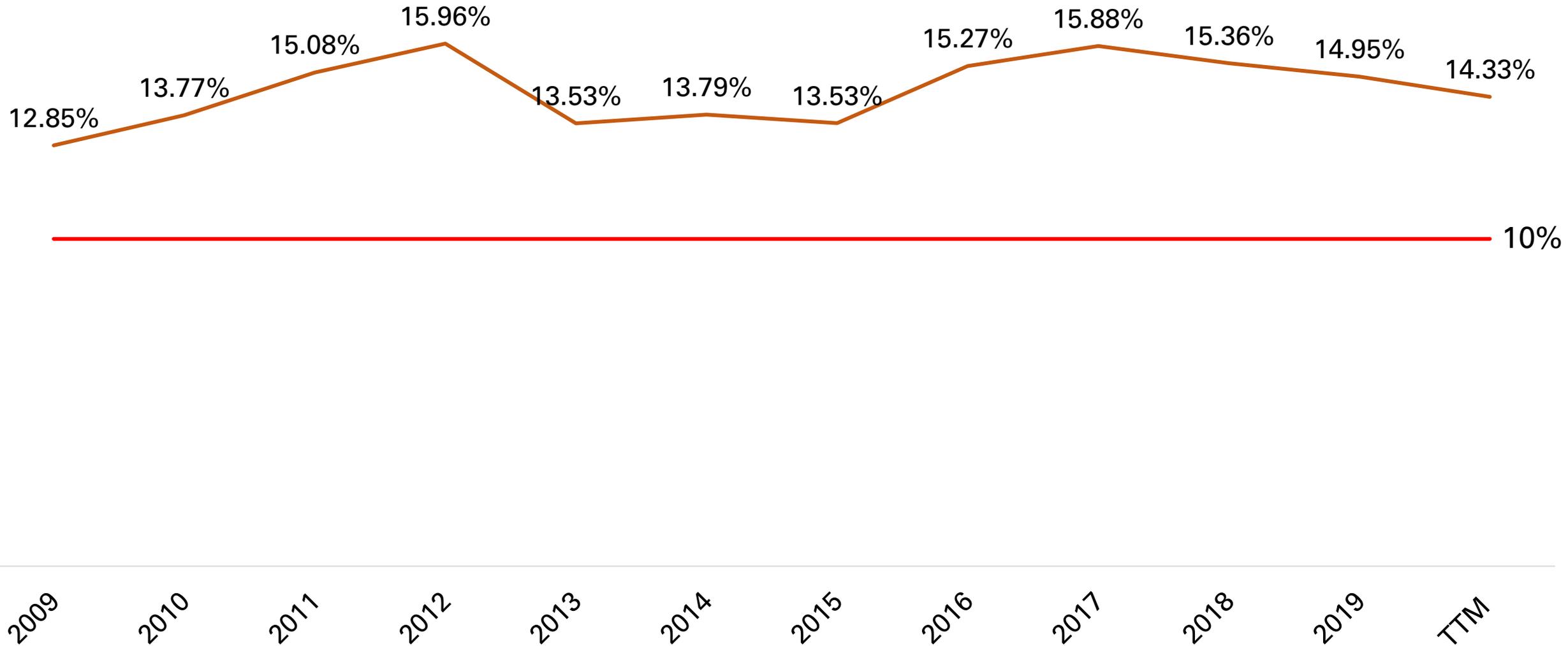
FCF Margin



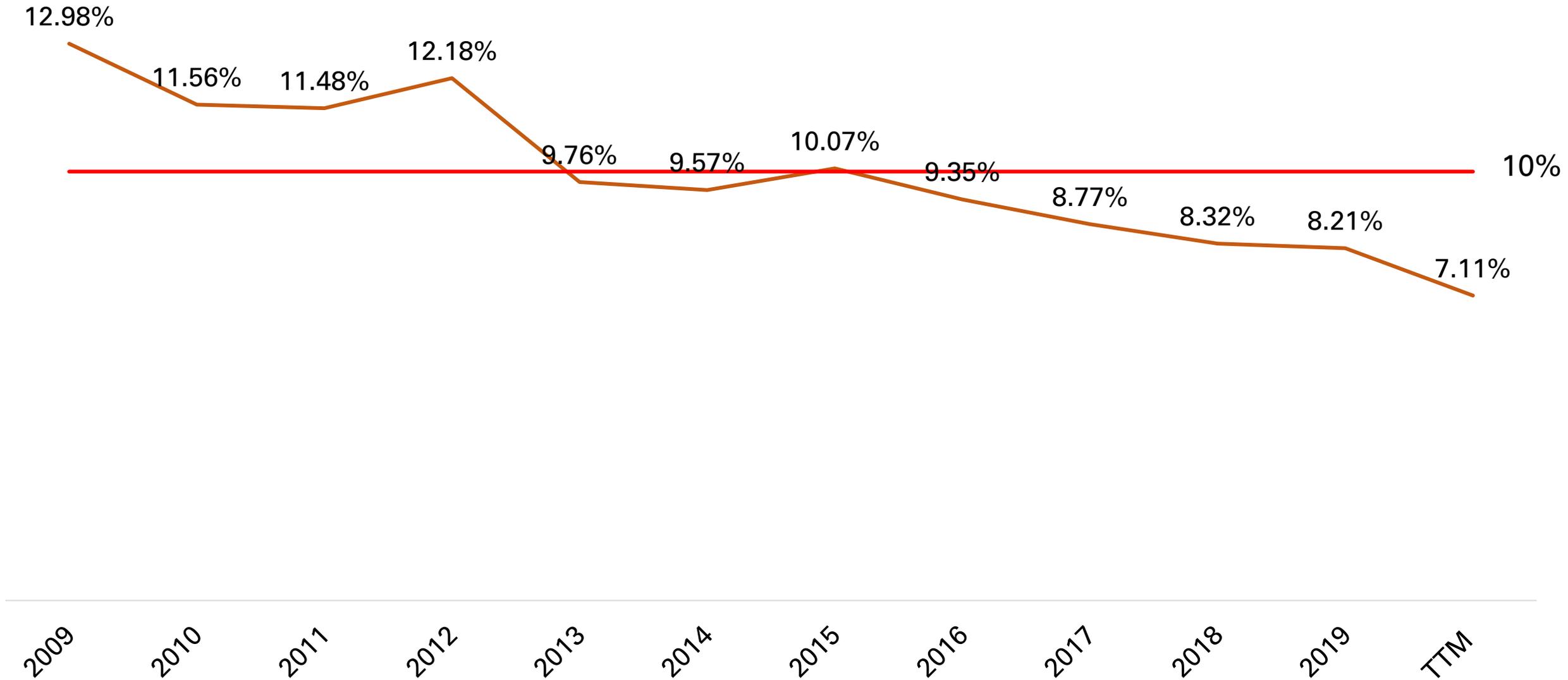
SG&A to Gross Profit



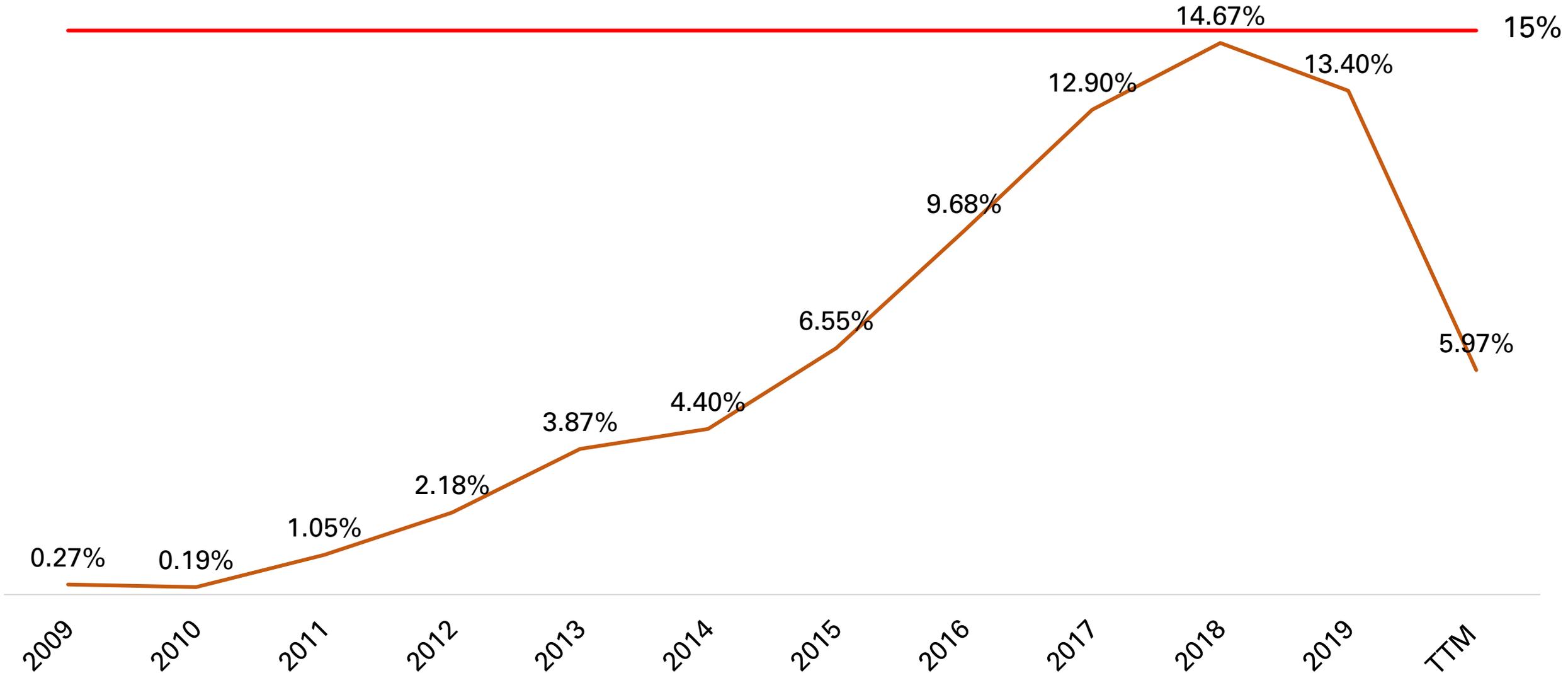
R&D to Gross Profit



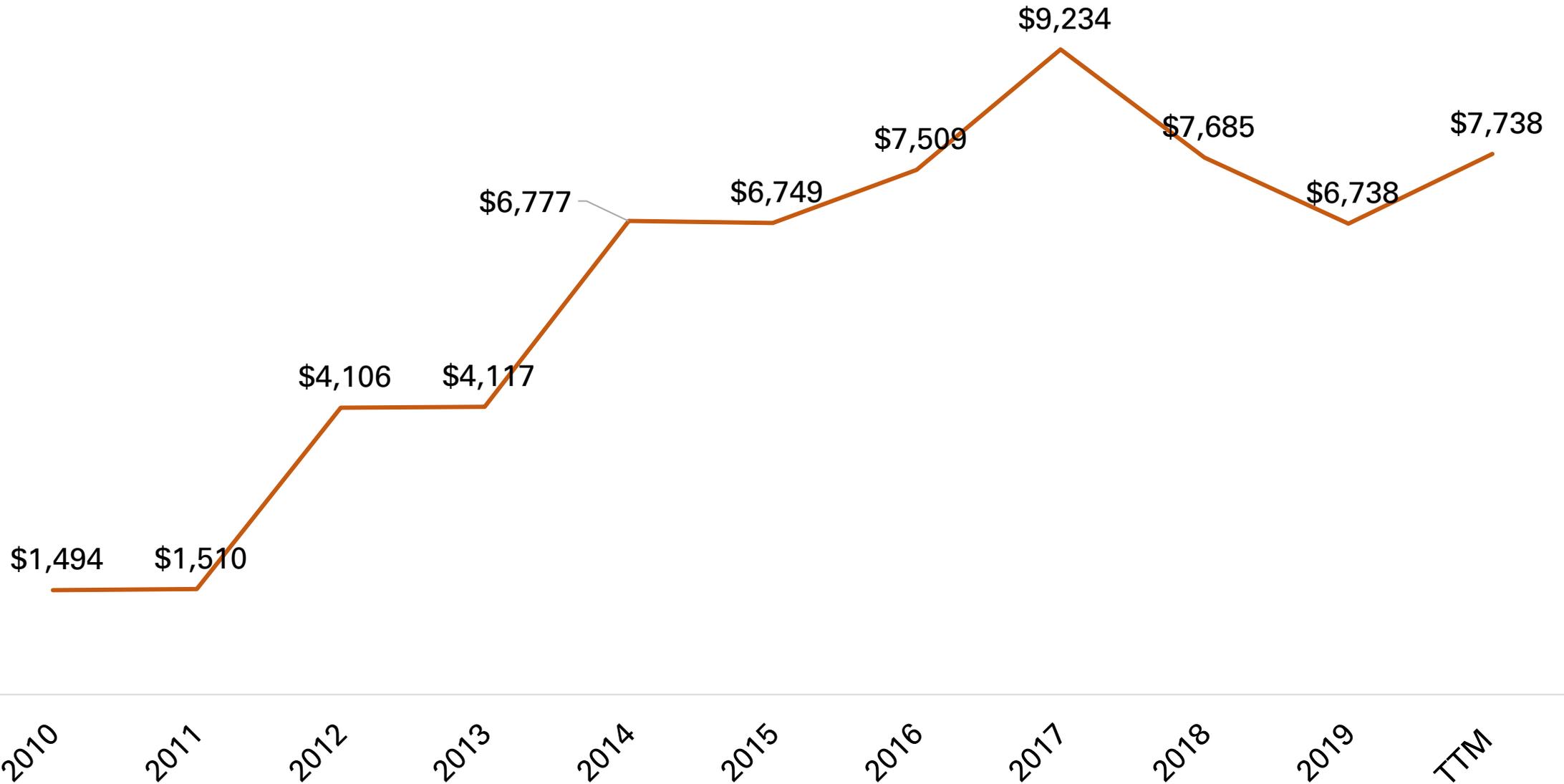
Depreciation & Amortization to Gross Profit



Interest Expense to Operating Income

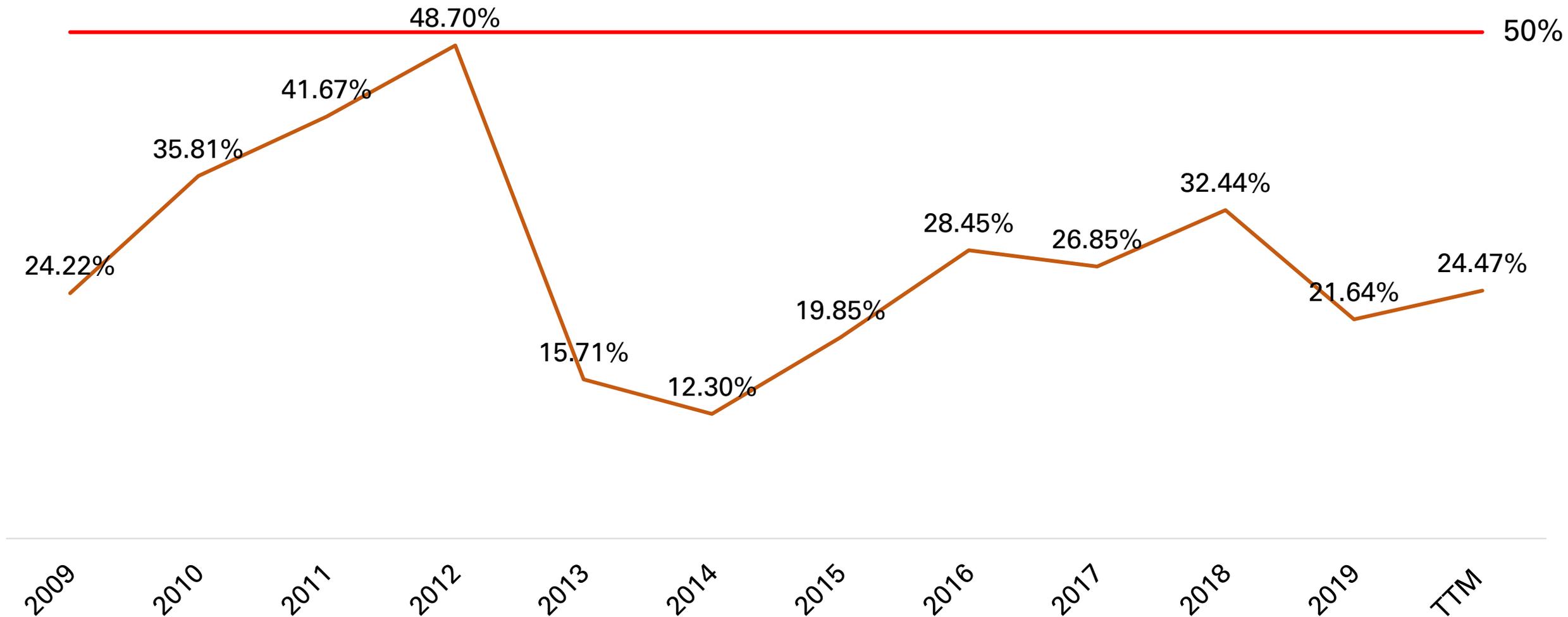


Long-Term Debt

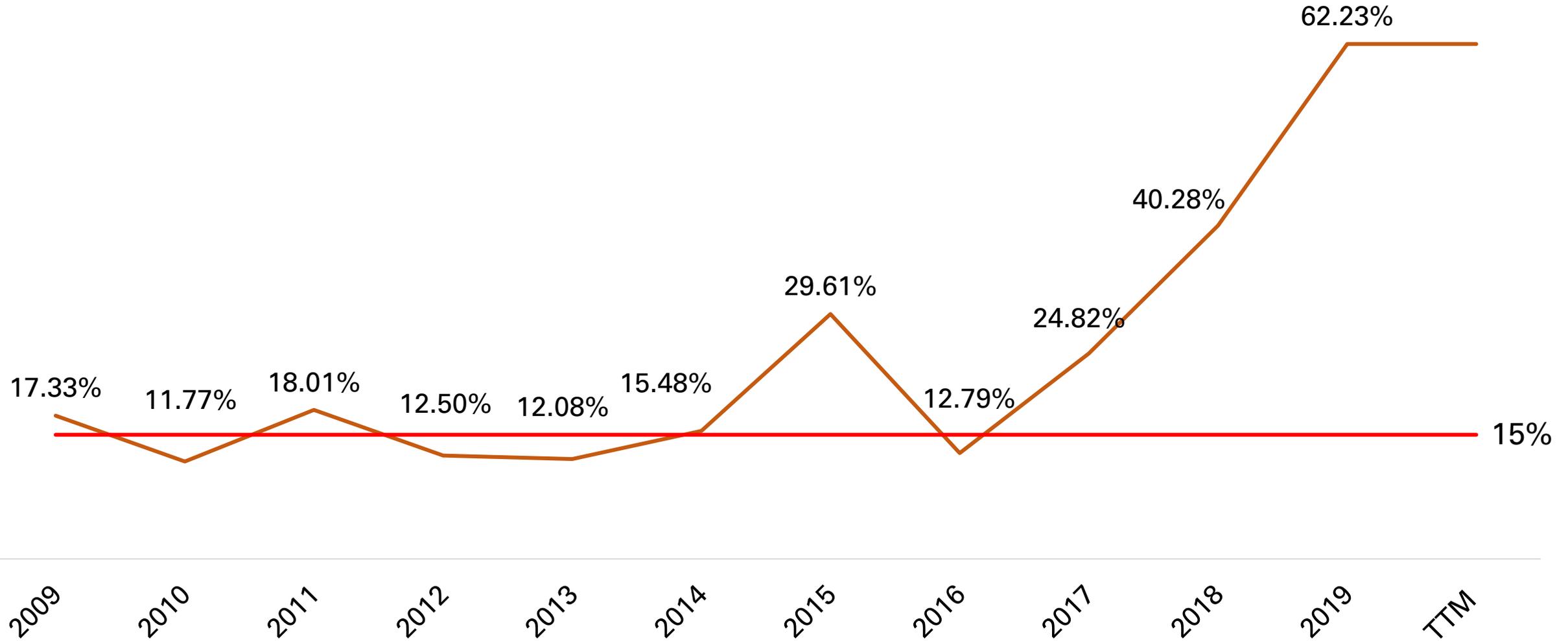


Obligation Ratio			
	LT Debt	\$ 7,738	
	ST Debt	\$ 939	
	Leases * 7	\$ 952	
	Pen Shortfall	\$ -	
	Cash Assets	\$ 3,660	
2020	Net Income	\$ 2,450	2.44
2019	Net Income	\$ 1,792	3.33
2021	Net Income	\$ 2,500	2.39

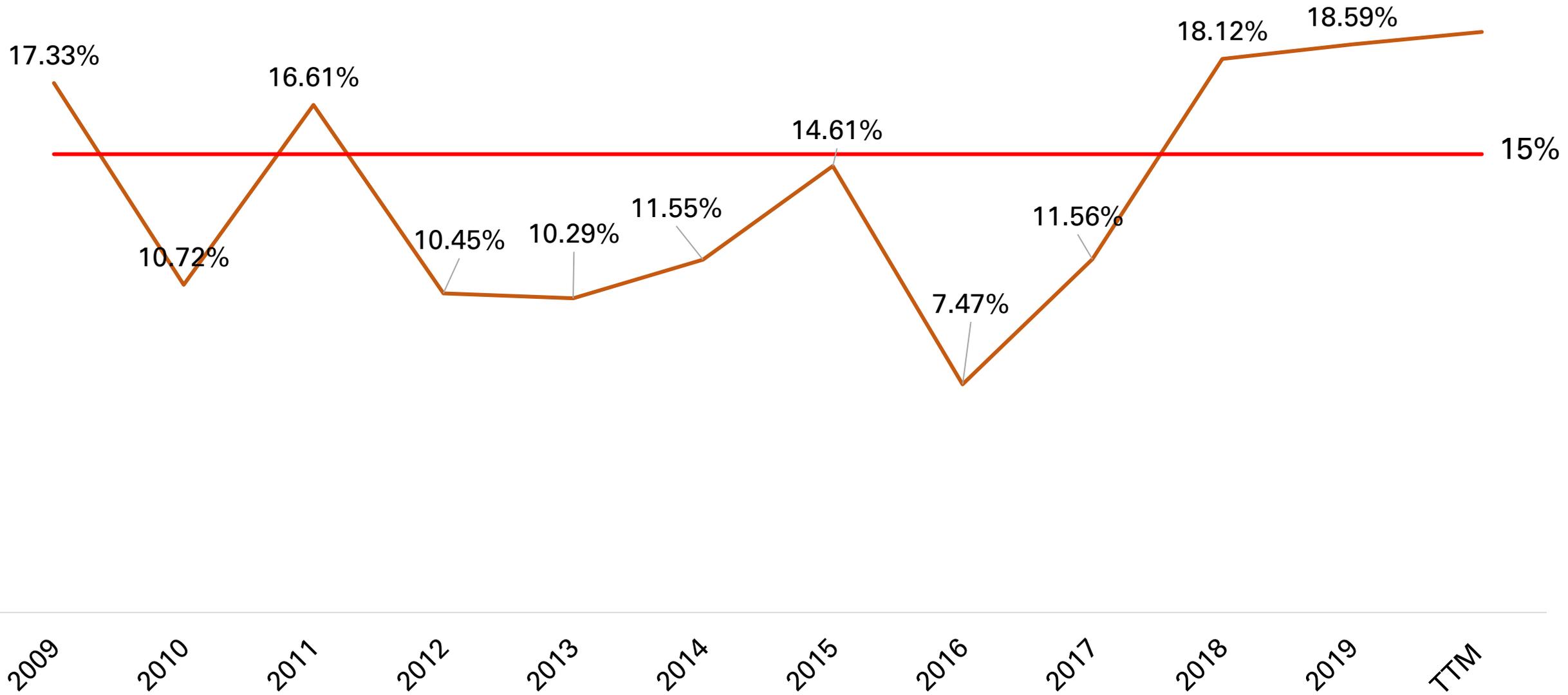
CapEx to Free Cash Flow



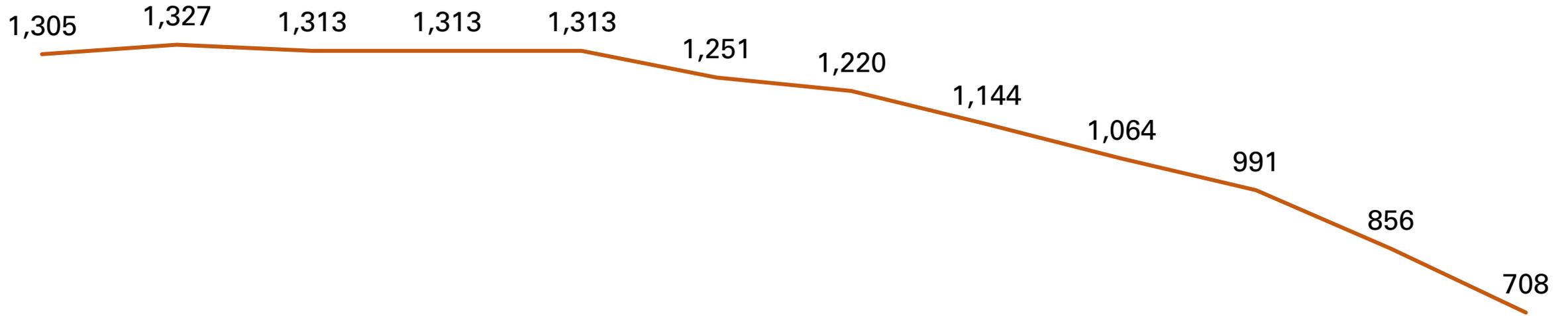
Adjusted ROE



Adjusted ROC



Shares Outstanding



2009

2010

2011

2012

2013

2014

2015

2016

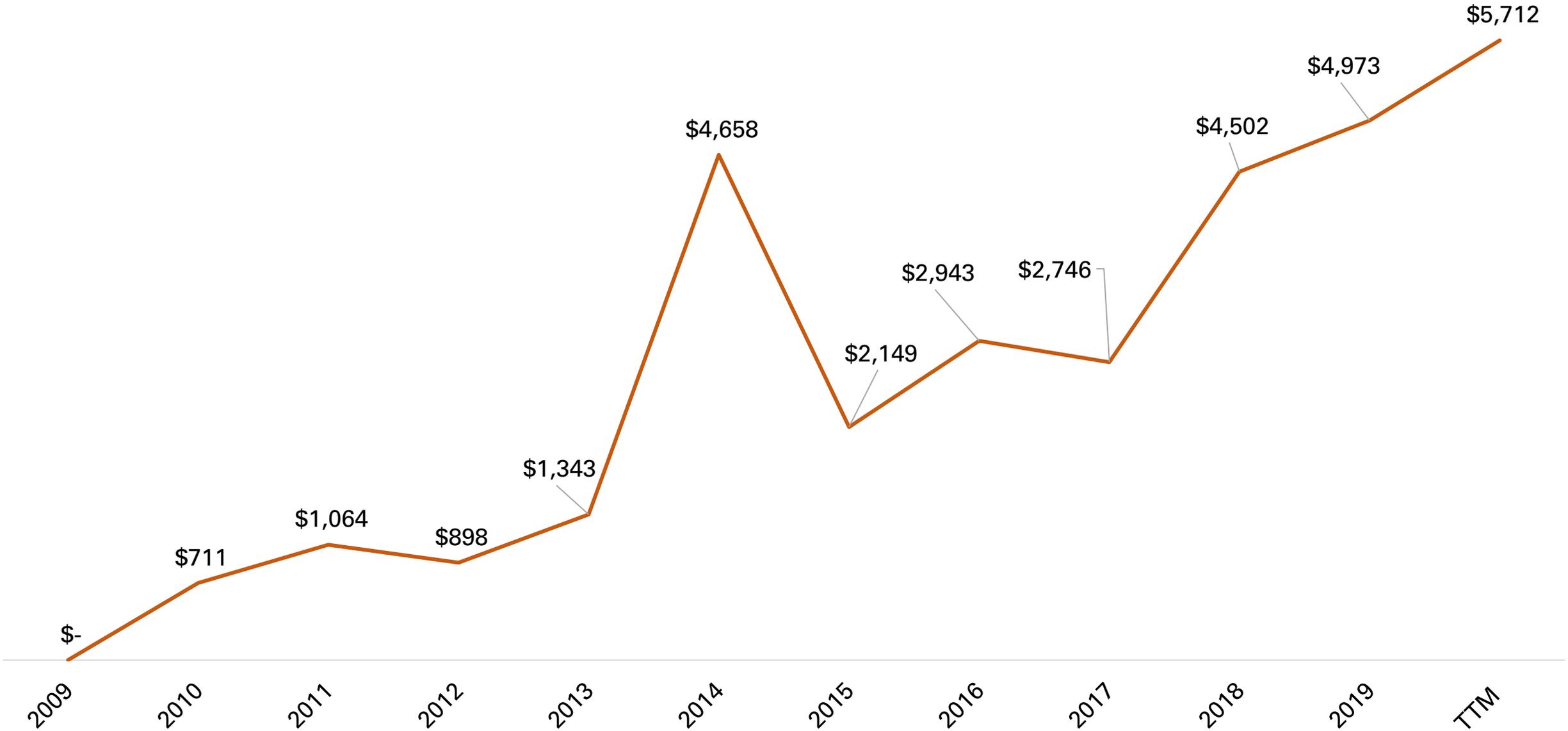
2017

2018

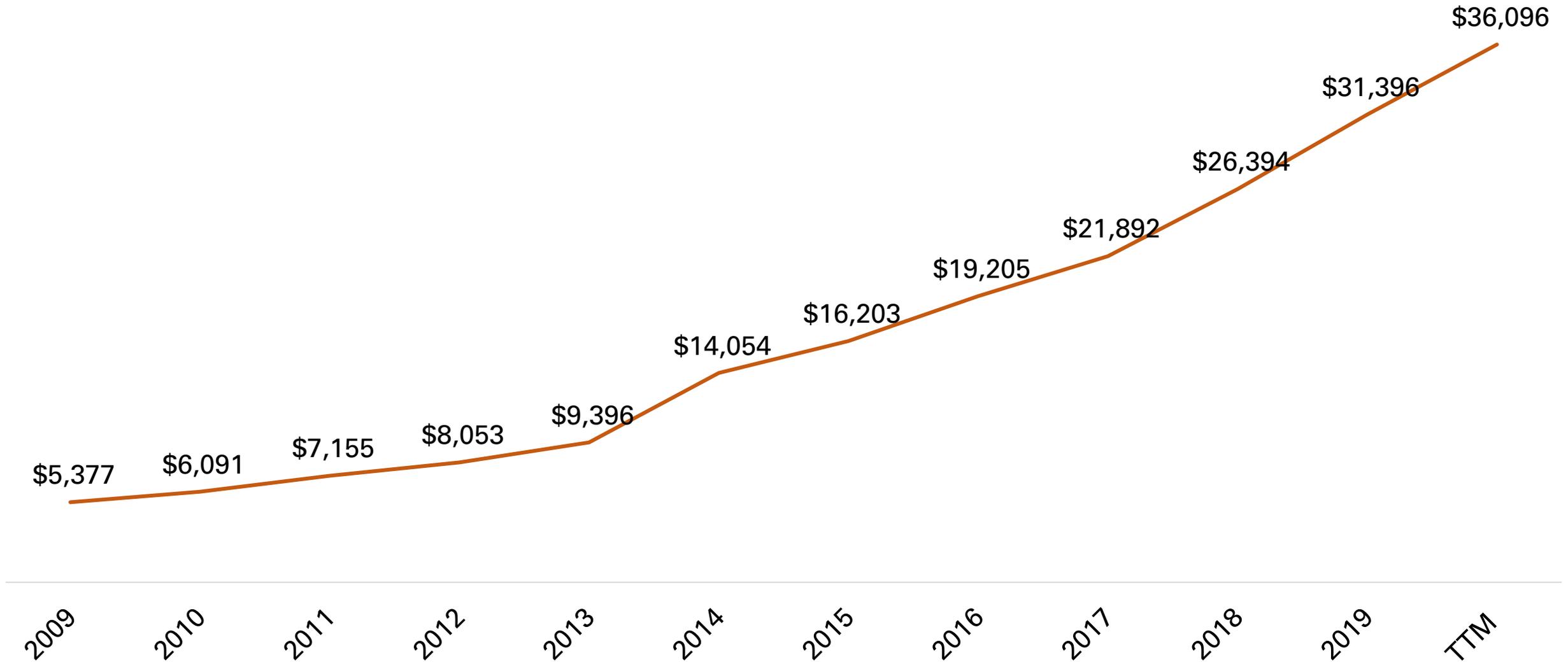
2019

TTM

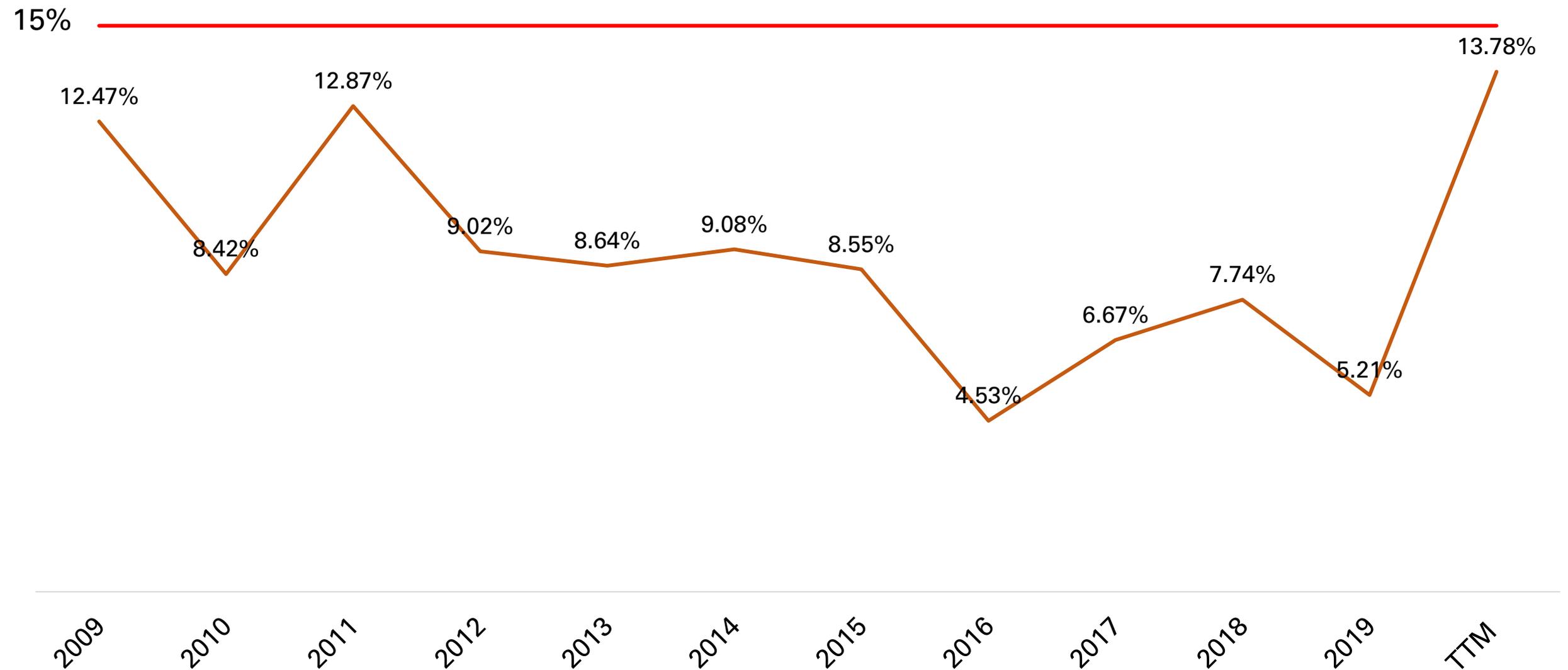
Share Repurchases



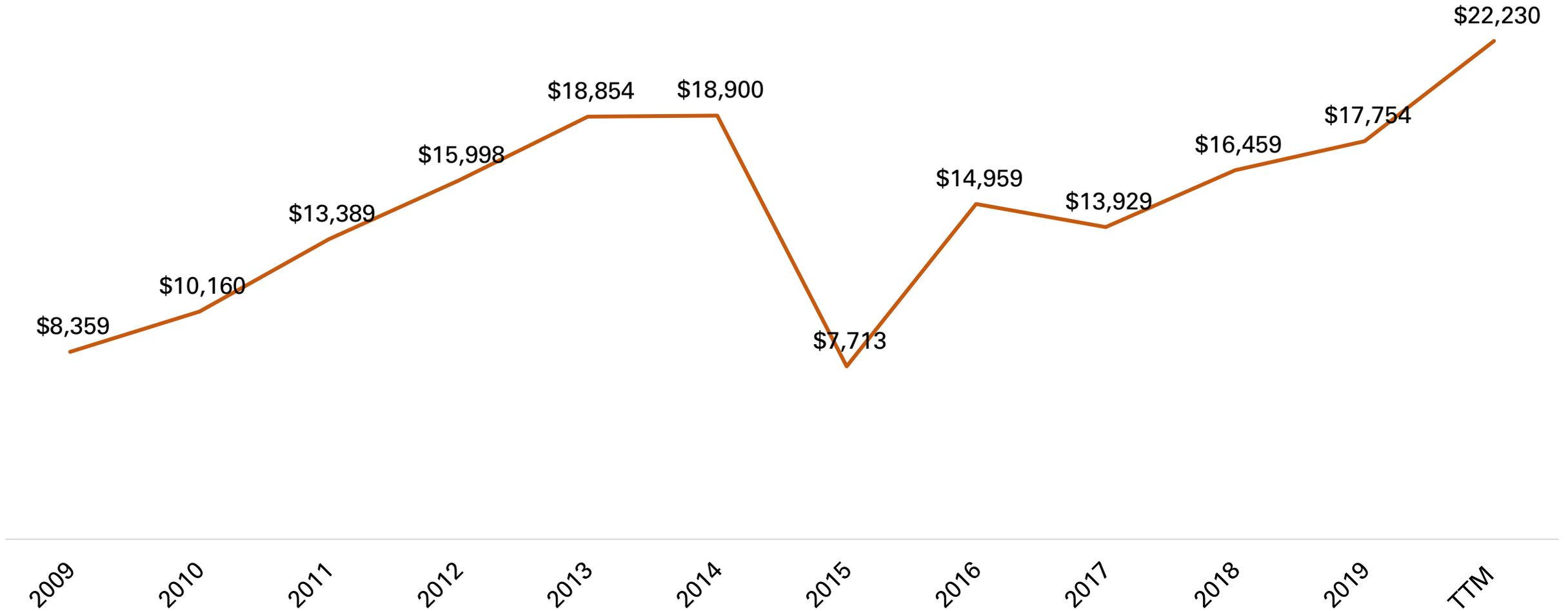
Treasury Stock



ROE With Treasury Stock



Retained Earnings



Risk Factors/Competitors

ebay

Risk Factors

Cyber Security

- 2014 Hacked Accounts
- Updated Security Measures

Worldwide Competition

- E-Commerce
- Retailers

Google

- Google Algorithm
- Google Shopping

Management

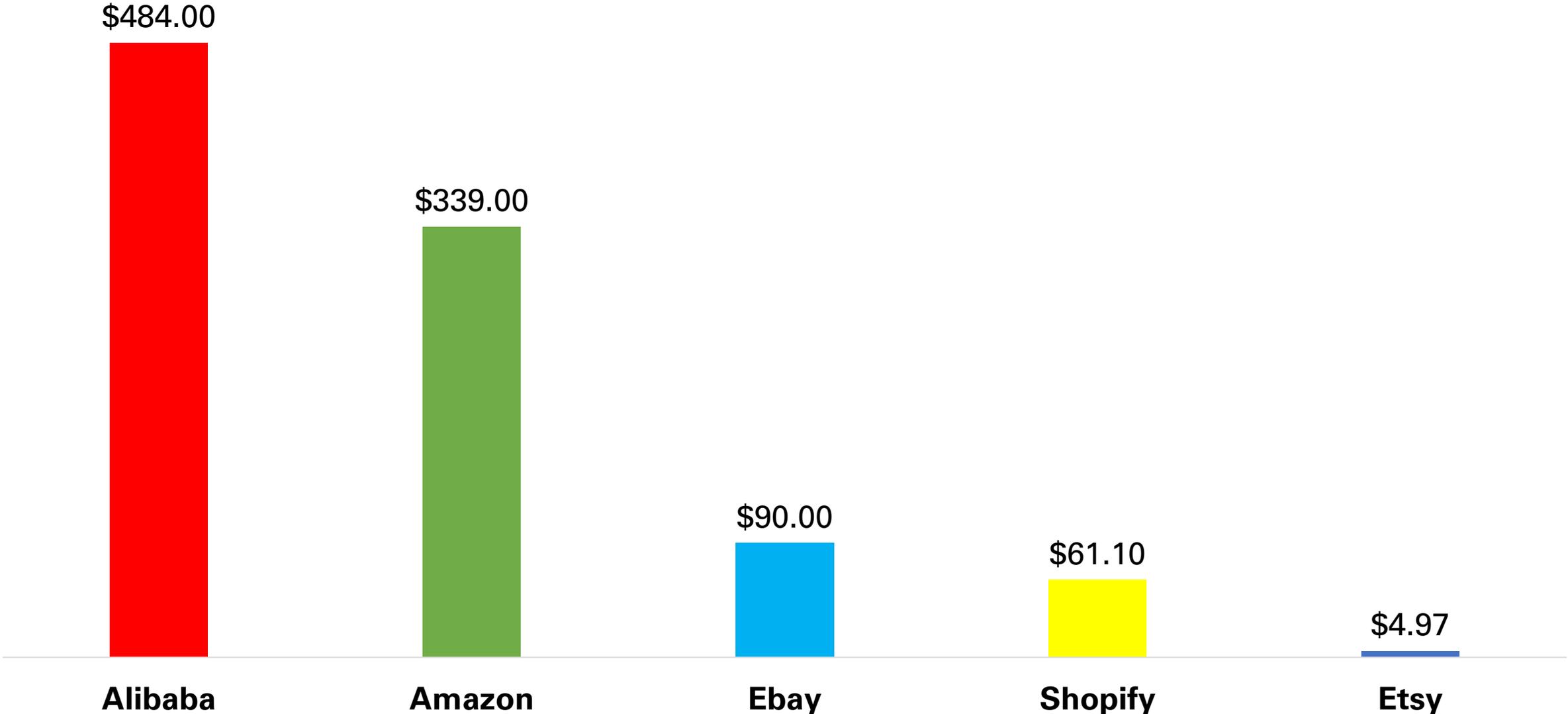
- Unable to fulfill promise



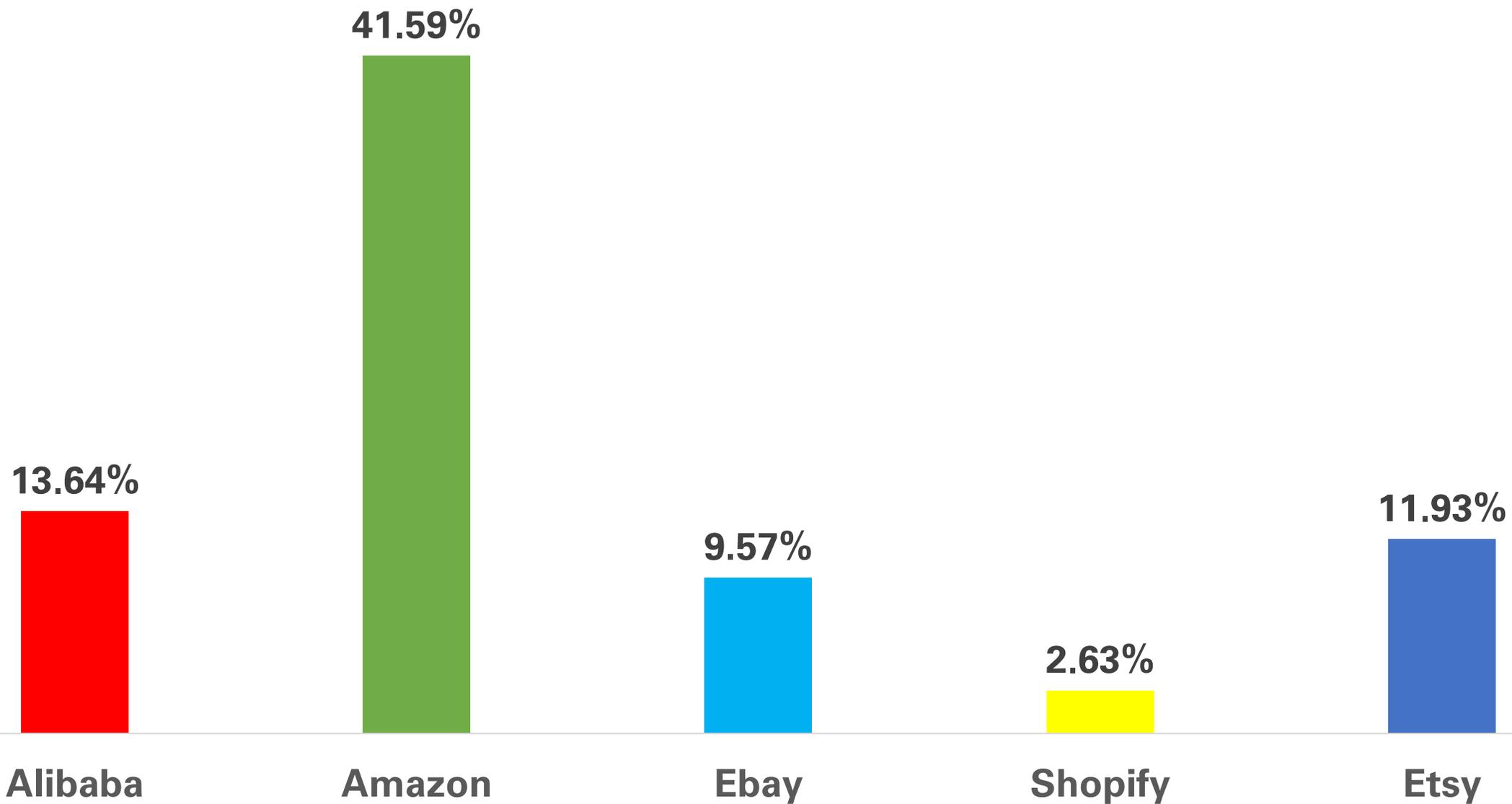
Competitors

					
Market Cap	\$37.4 B	\$16.7 B	\$1.61 T	\$116.1 B	\$832 B
Revenue	\$10,800 M	\$818.4 M	\$280,522 M	\$1578.2 M	\$71,985 M
Operating Margin	27.8%	16.7%	13%	5.2%	35.9%
ROE	62.4%	33.5%	18.7%	1.4%	18.6%
ROC	20.1%	8.7%	14.5%	1.4%	16.3%

Gross Merchandise Volume in Billions of Dollars (2019)



Take Rate Percentage 2019



Moat Analysis

ebay

Moat Analysis

- Narrow Moat
- Derived from the Network Effect
- The more users the more valuable the platform
- In this case the more buyers/sellers
- 20% share of US OMP market
- 25M+ Active Sellers
- 183M Active Buyers Globally
- Fat Margins/Strong Balance Sheet



Moat Analysis

- Structured Data, Data Analytics
- Guaranteed delivery capabilities
- Promoted listing first-party advertising
- Niche Markets (Sneakers, Watches, etc.)
- Authentication
- Payment Intermediary Services



Growth Opportunities

ebay

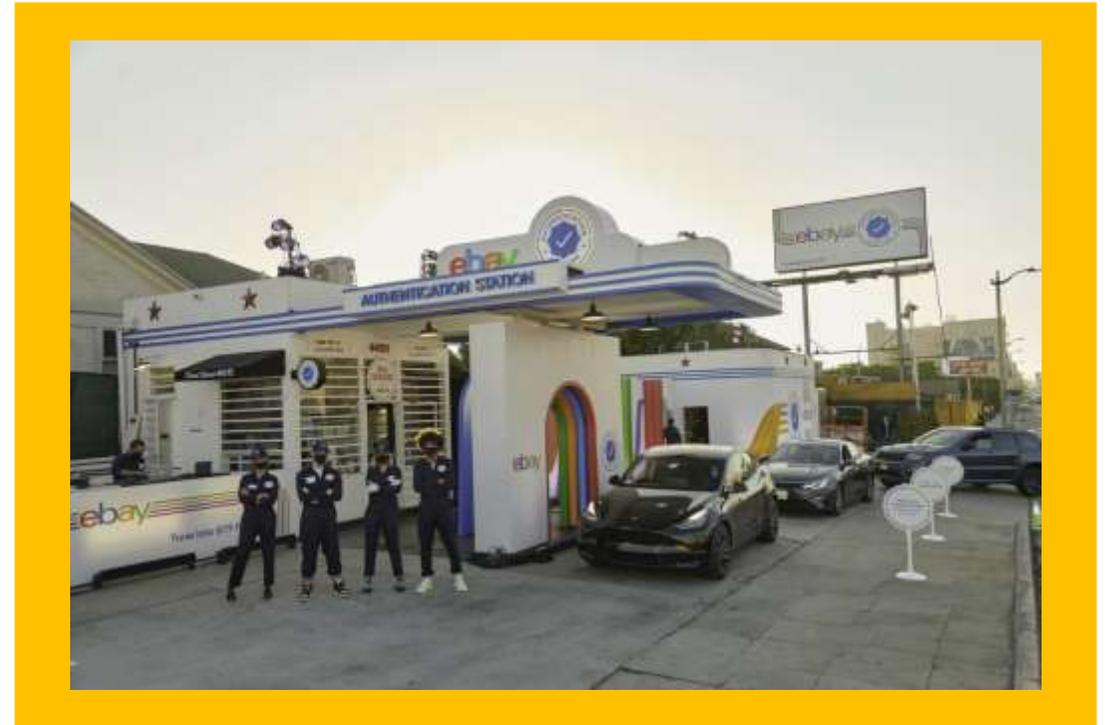
Growth Opportunities

- Focus on the Core Marketplace
- eBay Authenticate
- Managed Payments Partnership with Adyen
- Increase in Buyers/Sellers during Pandemic



eBay Authenticate

- Sneakers
 - 500,000 Daily Listings on Avg.
 - Sold 6M Pairs of Sneakers in 2019
- Watches
 - 165,000 Daily Listings on Avg.
 - 2M Watches Sold in 2019
 - 54% are Pre-Owned, a 60% increase from 2019



Conclusion

ebay

Conclusion

We believe that

- Good company
- Light capital intensive
- Network effect moat
- Baby thrown out with the bathwater

Recommendation

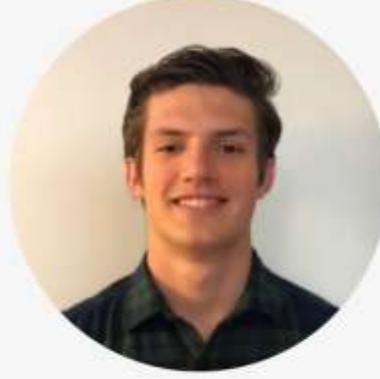
- 2% of portfolio
- Limit order at \$46-\$50 per share



The Asset Kickers



Esam Hijazi



Luis Enrique Green Torres del Toro



Brandon Chaney



Rich Tran



Connor Matthew Thompson



Diego Garcia



Ethan Sanches



Auriana Bird