


**eBay (EBAY) 2016 Results: Mixed Quarter and Outlook**
**Figure 1. eBay 4Q16 Key Metrics**

	4Q16	4Q15	YoY Change
Revenues (USD Bil.)	\$2.4	\$2.3	3.1%
Gross Margin	77.5%	78.8%	(127) bps
Adjusted SG&A/Sales	38.7%	40.4%	(173) bps
Operating Margin	26.6%	28.5%	(187) bps
Adjusted EPS (USD)	\$0.54	\$0.50	7.8%

Source: Company reports/Fung Global Retail & Technology

- eBay reported 4Q16 revenues of \$2.4 billion, up 3.1% year over year and in line with the consensus estimate. Gross merchandise volume (GMV) was \$22.3 billion, up 2% year over year as reported and up 5% on a currency-neutral basis. Adjusted EPS was \$0.54, compared with \$0.50 in the year-ago quarter, beating the consensus estimate by a penny.**
- The company's Marketplace platforms achieved GMV of \$21.1 billion, up 2% year over year, and revenues of \$1.6 billion, up 1%. StubHub achieved GMV of \$1.2 billion, up 5% year over year, and revenues of \$274 million, up 18%.**
- For 2017, the company expects revenues of \$9.3–\$9.5 billion, with the midpoint slightly above the consensus estimate of \$9.36 billion, and adjusted EPS of \$1.98–\$2.03, below the consensus estimate of \$2.07.**

**4Q16 Results**

eBay reported 4Q16 revenues of \$2.4 billion, up 3.1% year over year (up 6% on a currency-neutral basis) and in line with the consensus estimate. GMV was \$22.3 billion, up 2% year over year as reported and up 5% on a currency-neutral basis.

eBay's Marketplace platforms delivered GMV of \$21.1 billion, up 2% year over year as reported and up 5% on a currency-neutral basis. Marketplace revenues were \$1.6 billion, up 1% year over year as reported and up 4% on a currency-neutral basis. The Marketplace mobile platform reached \$10 billion in volume for the first time ever.

StubHub achieved a record GMV of \$1.2 billion, up 5% year over year, and revenues of \$274 million, up 18%, with strength in baseball and theater genres. StubHub launched on Apple TV, enabling consumers to buy event tickets anytime and anywhere.

Classifieds platforms generated revenues of \$201 million, up 10% year over year. With more than 250 million monthly unique visitors, Classifieds saw strong momentum in the automotive and real estate verticals, as well as strength in Germany.

Management commented that eBay was one of the top consumer shopping destinations in the world during the holiday season and the second-most-visited e-commerce site in the US. In the quarter, the company added 2 million active buyers across its platforms, for a total of 167 million global active buyers.

Adjusted EPS was \$0.54, compared with \$0.50 in the year-ago quarter, beating the consensus estimate by a penny.



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**2016 Results**

eBay reported 2016 revenues of \$9.0 billion, up 4.5% year over year and slightly above the consensus estimate. Revenues increased by 7% on a currency-neutral basis.

GMV for the year was \$84 billion, up 3% year over year as reported and up 5% on a currency-neutral basis.

During the year, eBay generated \$2.8 billion of operating cash and \$2.2 billion of free cash, in addition to repurchasing \$3.0 billion of common stock.

Adjusted EPS was \$1.88, compared with \$1.83 in the prior year, and was in line with the consensus estimate.

**Outlook**

For 2017, eBay expects revenues of \$9.3–\$9.5 billion, representing 6%–8% growth on a currency-neutral basis. The midpoint of the range, \$9.4 billion, is above the consensus estimate of \$9.36 billion. The company also expects adjusted EPS from continuing operations of \$1.98–\$2.03, below the consensus estimate of \$2.07. eBay expects GAAP EPS of \$1.20–\$1.40.

For 1Q17, the company expects revenues of \$2.17–\$2.21 billion, representing 4%–6% growth on a currency-neutral basis. The midpoint of the range, \$2.19 billion, is below the consensus estimate of \$2.21 billion. The company also expects adjusted EPS from continuing operations of \$0.46–\$0.48, below the consensus estimate of \$0.50, in addition to GAAP EPS in the range of \$0.25–\$0.40.



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**Deborah Weinswig, CPA**

Managing Director  
Fung Global Retail & Technology  
New York: 917.655.6790  
Hong Kong: 852.6119.1779  
China: 86.186.1420.3016  
deborahweinswig@fung1937.com

**John Harmon, CFA**  
Senior Analyst

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**Hong Kong:**

8th Floor, LiFung Tower  
888 Cheung Sha Wan Road, Kowloon  
Hong Kong  
Tel: 852 2300 4406

**London:**

242–246 Marylebone Road  
London, NW1 6JQ  
United Kingdom  
Tel: 44 (0)20 7616 8988

**New York:**

1359 Broadway, 9th Floor  
New York, NY 10018  
Tel: 646 839 7017

**[FungGlobalRetailTech.com](http://FungGlobalRetailTech.com)**