



BUSINESS VALUATION AND FINANCIAL STRATEGY

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AGENDA



Overview



PE, PEG, and Discounted Cash Flows



Valuation of Stock



Recommendations



Appendix

COMPANY OVERVIEW

ABOUT THE COMPANY



Industry

E-commerce firm based in the United States that operates an online marketplace platform



Goods and Services

Sells a wide range of items, including electronics, fashion items, collectibles, athletic goods, and more.



Market Share

3.5% market share among retail e-commerce companies



Competitors

Amazon, Alibaba, Etsy, Aliexpress, Mercari, and Shopify.



Revenue

Total revenue of \$9.7 billion dollars in 2022.



Brand Recognition

The ability to purchase a wide range of goods from sellers all over the world gives the company a competitive advantage.

ABOUT THE COMPANY

EBAY OVERVIEW

16.4% of all sales on eBay, electronics and accessories are the most popular category. At 13.8%, clothing and accessories come in second.

Automobile (10.5%), health and beauty (8.8%), sports and outdoor activities (7%), and tools and house (6.3%) are additional prominent categories.

147 million people are active eBay customers.

eBay has 1.5 billion active listings.

With 31%, the United States tops the list of nations with the greatest number of eBay sellers.

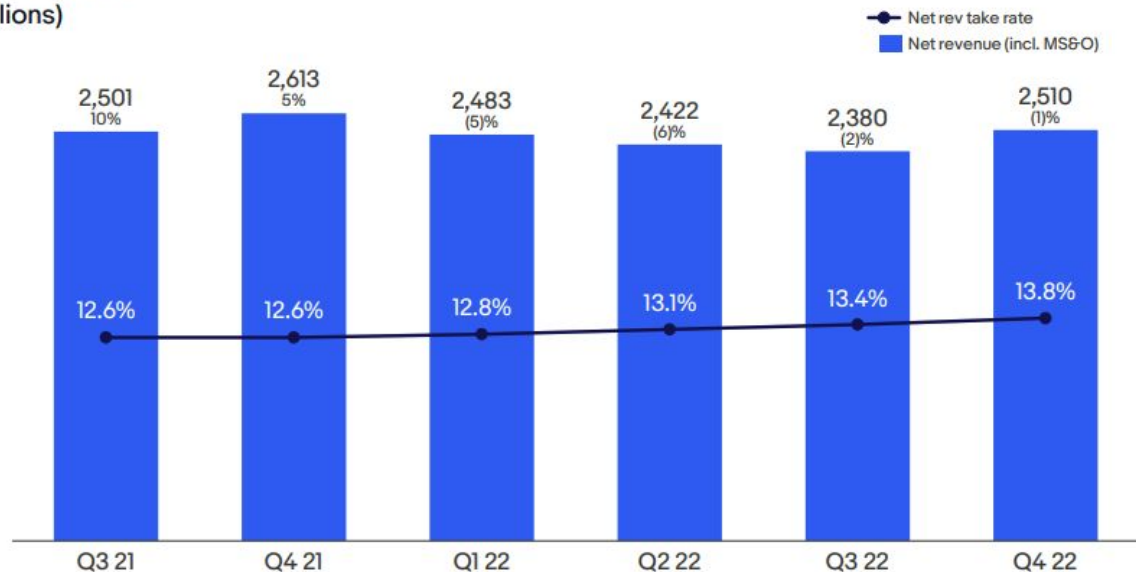


ABOUT THE COMPANY

FINANCIAL YEAR REPORT

Revenue

(\$ millions)



MS&O revenue*	\$151M	\$163M	\$128M	\$125M	\$121M	\$128M
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Q4 2021

2.6 million

Q1 2022

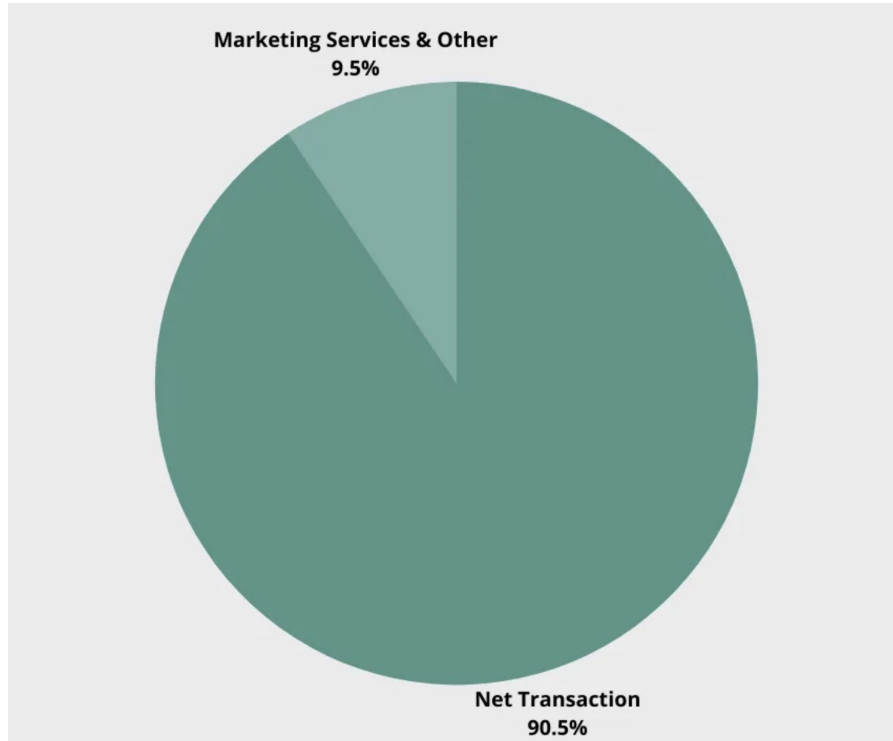
2.4 million

Q4 2022

2.5 million

ABOUT THE COMPANY

EBAY REVENUE BREAKDOWN



90.5% is made up of revenue

9.5% is made up of marketing services



Products



Code



Business

P/E AND PEG RATIOS ANALYSIS

PE RATIO

-19.4

Trailing P/E Ratio



10.80

Forward P/E Ratio

PE RATIO

WHAT DOES THIS MEAN FOR THE STOCK PRICE?



Estimated Stock Price	
Trailing P/E	-19.4
EPS TTM	-2.28
	44.232
Forward P/E	10.8
EPS Estimate	4.11
	44.388

Business Valuation

PEG RATIO

2.56

PEG Ratio



DISCOUNTED CASH FLOWS ANALYSIS

BUSINESS VALUATION

DISCOUNTED CASH FLOW

Using Negative Net Income

Estimated vs. Actual Stock Price using 5 year model and Perpetuity Model: EBITDA, Ebay, 2023

	2022				2022			
Actual EBITDA =	2,790	million		Actual Total Debt =	\$ 9,420	million		
Actual Net Income =	(1,270)	million		Projected Annual Growth % (g%) =	10.0%			
Actual Share Price =	\$44.26			Discount Rate % (r%) =	13.0%			
Market Capitalization =	24,025	million						
Number Shares =	543	million						
							Model	Actual
Years from now	2022	2023	2024	2025	2026	2027	Est. (5yrs)	Value
% Increase		10%	10%	10%	10%	10%		
= EBITDA as Proxy for Cash Flow	\$ 2,790	\$ 3,069	\$ 3,376	\$ 3,713	\$ 4,085	\$ 4,493		
x Discount Factor = $1/(1+r\%)^t$		0.8850	0.7831	0.6931	0.6133	0.5428		
= Present Value Cash Flow		\$ 2,716	\$ 2,644	\$ 2,574	\$ 2,505	\$ 2,439	\$ 12,877	
- Total Debt Now							\$ 9,420	
= Equity (Market Cap)							\$ 3,457	\$ 24,025
/ Shares = Price Per Share							\$ 6.37	\$ 44.26
Cash Flow Year 1 (from above)	\$ 3,069							
/(r% - g%)		0.03						
= PV of Growing Perpetuity	\$ 102,300							
- Total Debt Now	\$ 9,420							
= Equity (Market Cap)	\$ 92,880						\$ 92,880	\$ 24,025
/ Shares = Price Per Share							\$ 171.11	\$ 44.26

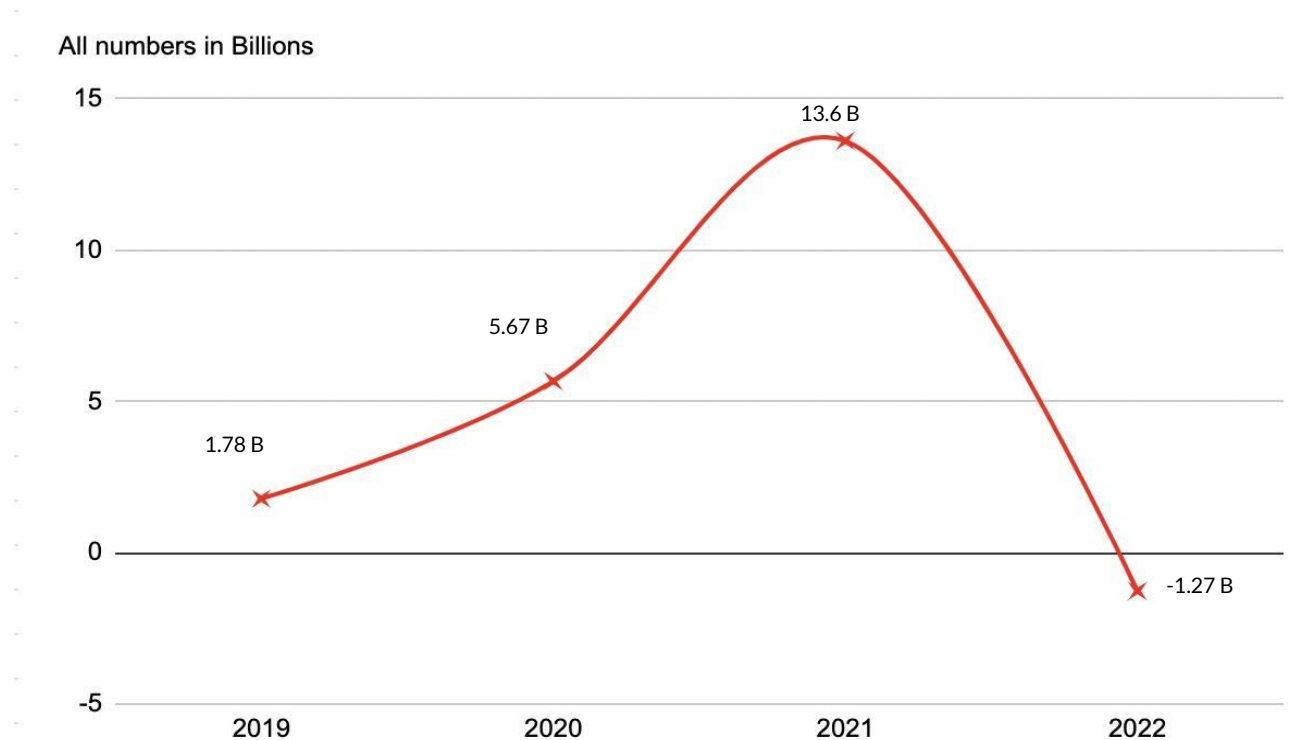
Estimated vs. Actual Stock Price using 5 Year Model and Perpetuity Model: Net Income, Ebay, 2023

	2022				2022			
Actual EBITDA =	2,790	million		Actual Total Debt =	\$ 9,420	million		
Actual Net Income =	(1,270)	million		Projected Annual Growth % (g%) =	10.0%			
Actual Share Price =	\$ 44.26			Discount Rate % (r%) =	13.0%			
Market Capitalization =	24,025	million						
Number Shares =	543	million						
							Model	Actual
Years from now	2022	2023	2024	2025	2026	2027	Est. (5yrs)	Value
% Increase		10%	10%	10%	10%	10%		
= Net Income as Proxy for Cash Flow	\$ (1,270)	\$ (1,397)	\$ (1,537)	\$ (1,690)	\$ (1,859)	\$ (2,045)		
x Discount Factor = $1/(1+r\%)^t$		0.8850	0.7831	0.6931	0.6133	0.5428		
= Present Value Cash Flow		\$ (1,236)	\$ (1,203)	\$ (1,172)	\$ (1,140)	\$ (1,110)	\$ (5,862)	
- Total Debt Now							\$ 9,420	
= Equity (Market Cap)							\$ (15,282)	\$ 24,025
/ Shares = Price Per Share							\$ (28.15)	\$ 44.26
Cash Flow Year 1 (from above)	\$ (1,397)							
/(r% - g%)		0.03						
= PV of Growing Perpetuity	\$ (46,567)							
- Total Debt Now	\$ 9,420							
= Equity (Market Cap)	\$ (55,987)						\$ (55,987)	\$ 24,025
/ Shares = Price Per Share							\$ (103.14)	\$ 44.26

BUSINESS VALUATION

DISCOUNTED CASH FLOW

Net Income from Continuing and Discontinuing Operations



DISCOUNTED CASH FLOW

Which model is best to value Ebay Stock?

EBAY Discounted Cashflow Models

Actual EBITDA =	2,790	million	Actual Total Debt =	\$ 9,420
Actual Net Income =	7,020	million	Projected Annual Growth % (g%) =	10.0%
Actual Share Price =	\$44.26		Discount Rate % (r%) =	13.0%
Market Capitalization =	24,025	million		
Number Shares =	543	million		
DCF Models	Estimate	Actual		
EBITDA 5 year	5.6	44.26		
EBITDA 10 year	25.67	44.26		
EBITDA Growing Perpetuity	165.03	44.26		
Net Income 5 year	42.34	44.26		
Net Income 10 year	94.52	44.26		
Net Income Growing Perpetuity	456.84	44.26		

DISCOUNTED CASH FLOW

Estimated vs. Actual Stock Price using 5 Year Model : Net Income, Ebay, 2023

Estimated vs. Actual Stock Price using 5 Year Model : Net Income, Ebay, 2023								
	2022					2022		
Actual EBITDA =	2,700	million		Actual Total Debt = \$		9,420	million	
Actual Net Income =	7,020	million	Projected Annual Growth % (g%) =		10.0%			
Actual Share Price =	\$ 44.26		Discount Rate % (r%) =		13.0%			
Market Capitalization =	24,025	million						
Number Shares =	543	million						
							Model	Actual
Years from now	2022	2023	2024	2025	2026	2027	Est. (5yrs)	Value
% Increase		10%	10%	10%	10%	10%		
= Net Income as Proxy for Cash Flow	\$ 7,020	\$ 7,722	\$ 8,494	\$ 9,344	\$ 10,278	\$ 11,306		
x Discount Factor = 1/[(1+r%)^t]		0.8850	0.7831	0.6931	0.6133	0.5428		
= Present Value Cash Flow		\$ 6,834	\$ 6,652	\$ 6,476	\$ 6,304	\$ 6,136	\$ 32,401	
- Total Debt Now							\$ 9,420	
= Equity (Market Cap)							\$ 22,981	\$ 24,025
/ Shares = Price Per Share							\$ 42.34	\$ 44.26

STOCK PREDICTIONS

ABOUT THE COMPANY

STOCKS

ARGUMENT FOR STOCK GOING UP



The market anticipates future earnings growth for eBay



Analysts estimate a growth rate of 4.22%



Large customer base, with over 147 million active buyers and 18 million active sellers worldwide



ABOUT THE COMPANY

STOCKS

ARGUMENT FOR STOCK GOING UP

Etsy

Forward P/E Ratio:

34.13

PEG Ratio:

2.13

ebay

Forward P/E Ratio:

10.80

PEG Ratio:

2.56

amazon

Forward P/E Ratio:

57.47

PEG Ratio:

3.59



ABOUT THE COMPANY

STOCKS

ARGUMENT FOR STOCK GOING DOWN



RECOMMENDATIONS

STRATEGIC RECOMMENDATIONS

Market Share

Investing more in marketing and advertising efforts to enhance its brand recognition and target new customers will increase earnings and reduce PEG Ratio.



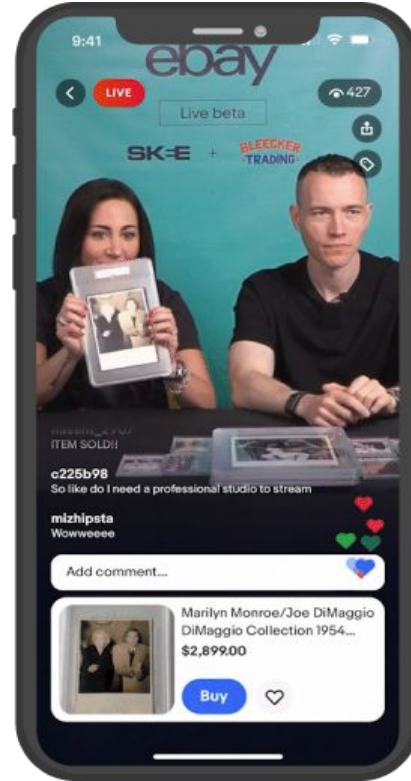
Differentiate from Competitors

Improving the seller experience. This could include providing tools and resources to help sellers grow their businesses, and improving customer service.



Leverage Technology

To invest in technology to improve its platform functionality and user experience.



APPENDIX

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THANK YOU FOR LISTENING!!!