



Q4 & 2017 Financial Results

Forward-looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements include statements related to our outlook, business strategy, market size, financial guidance and key drivers thereof, our ability to execute on our strategy to own special purchase occasions, the impact of our key initiatives, our product roadmap and potential future growth. Forward-looking statements include all statements that are not historical facts. In some cases, forward-looking statements can be identified by terms such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “may,” “plans,” “will,” “intends,” or similar expressions and the negatives of those words.

Forward-looking statements involve substantial risks and uncertainties that may cause actual results to differ materially from those that we expect. These risks and uncertainties include: (1) our history of operating losses; (2) the fluctuation of our quarterly operating results; (3) our ability to implement our business strategy; (4) our ability to attract and retain an active and engaged community of Etsy sellers and Etsy buyers; (5) our ability to recruit and retain employees (6) the importance to our success of the trustworthiness of our markets and the connections within our community; (7) our ability to enhance our current offerings and develop new offerings to respond to the changing needs of Etsy sellers and Etsy buyers; (8) the effectiveness of our marketing efforts; (9) our ability to effectively transition and integrate our new executive officers and implement our business strategy; (10) the effectiveness of our mobile solutions for Etsy sellers and Etsy buyers; (11) our ability to expand our business in our core geographic markets; (12) our dependence on third-party payment providers; and (13) the potential misuse or disclosure of sensitive information about our members and the potential for cyber-attacks. These risks and uncertainties are more fully described in our filings with the SEC, including in the section entitled “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, and subsequent reports that we file.

Forward-looking statements represent our beliefs and assumptions only as of the date of this webcast/presentation. We disclaim any obligation to update these forward-looking statements.

This presentation is a high-level summary of our Q4 and Full Year 2017 financial results. For more information please refer to our press release dated [February 27, 2018](#) and filings with the SEC

Our Strategy

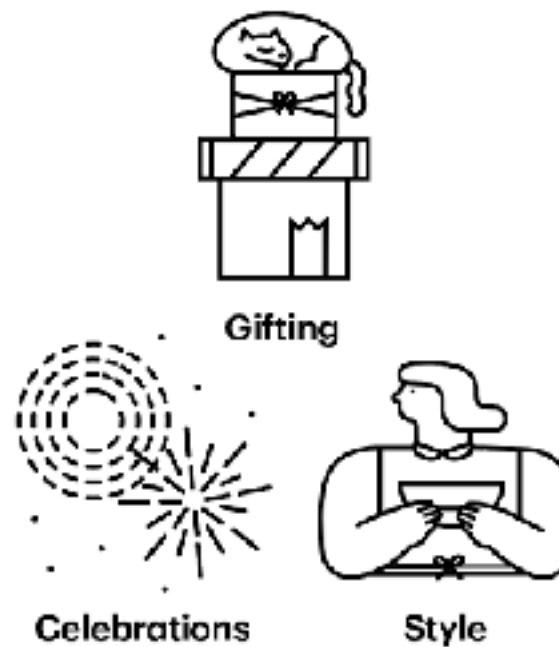
1.

Focus on the Core Etsy marketplace in our 6 core geographies.



2.

Win purchase occasions when you're looking for something special.



3.

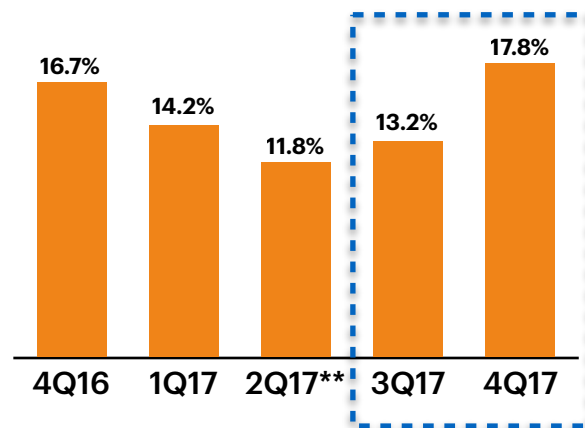
Enable our sellers to win by doing these 4 things exceptionally well.



Q4 Results

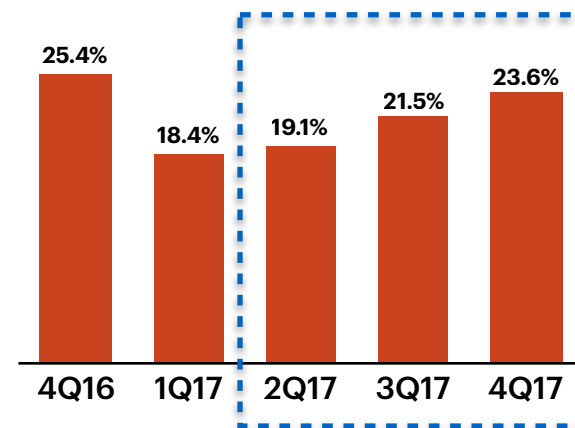
GMS Growth (y/y)

2 consecutive quarters of accelerated growth



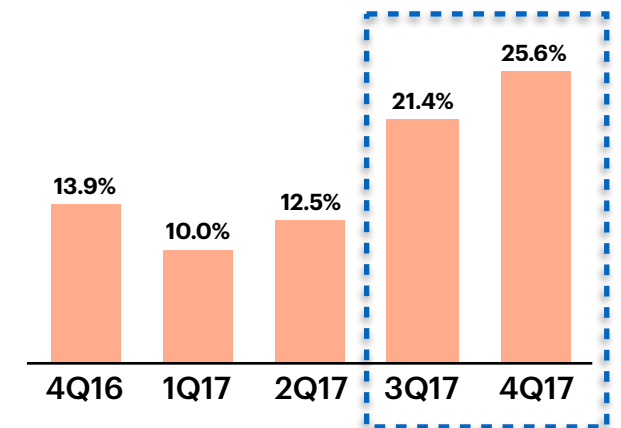
Revenue Growth (y/y)

3 consecutive quarters of accelerated growth



Adj. EBITDA Margin*

2 quarters of record margin



Q4 Momentum: Accelerated GMS and Revenue Growth while expanding Adjusted EBITDA margins

*Reconciliation of non-GAAP financial measures is contained in the Appendix.

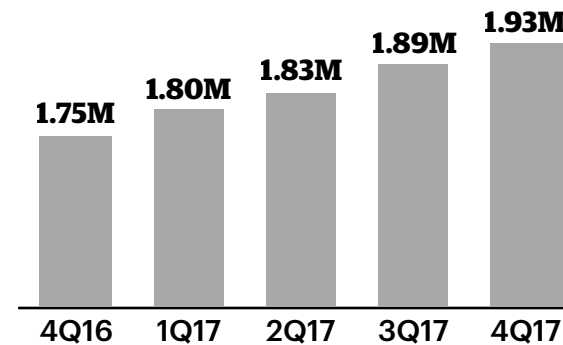
**Revised to reflect the correction of an immaterial error

Q4 & Full Year Operational Highlights

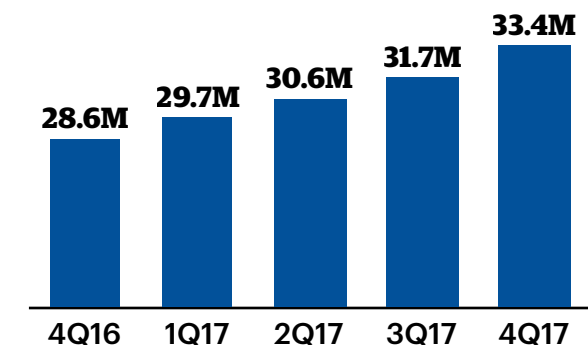
Began benefitting from our strategy to improve the Etsy experience for buyers and sellers

- Enhanced our leadership team
 - Rachel Glaser, CFO
 - Mike Fisher, CTO
- Outlined our \$155B market opportunity
- Q4 GMS; first-ever billion dollar quarter
- Int'l GMS; first-ever billion dollar year
- Q4 Mobile GMS up 27%
- Q4 & FY aggregate conversion rate was up y/y
- Launched first-ever site wide sales

1.9M Active Sellers
+10.6% Y/Y

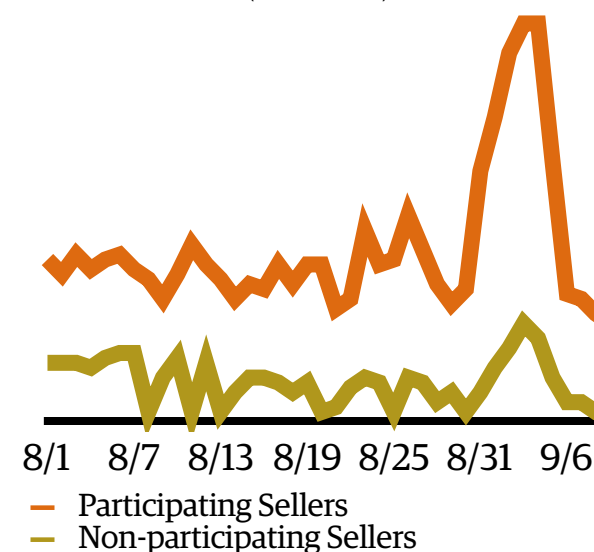


33.4M Active Buyers
+16.8% Y/Y



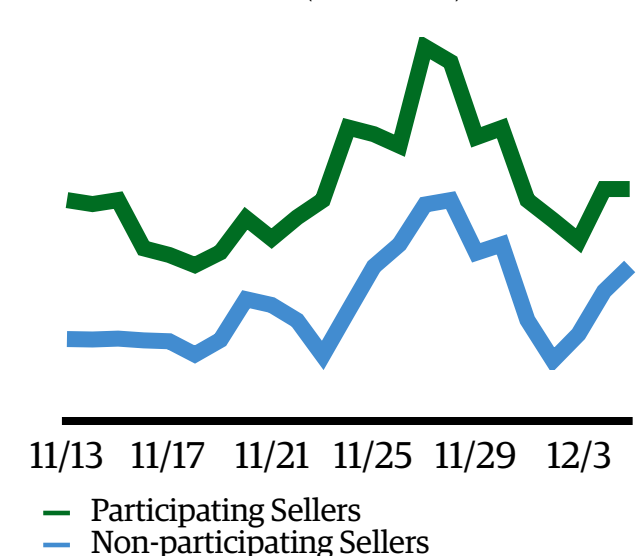
Labor Day Sale

Y/Y GMS Growth
(~7m items)



Cyber Week Sale

Y/Y GMS Growth
(~15m items)



Our Four Initiatives Address Key Opportunities

Marketing Capabilities



BUYER

Give me reasons to come in the first place.



BUYER

Give me reasons to keep coming back.

Search & Discovery



BUYER

Help me find something I'm looking for.



BUYER

Inspire my imagination and help me have fun when I browse.

Trust & Reliability



BUYER

Take the stress out of special—motivate me to buy now.



SELLER

Help me understand what's driving my business and how to grow it.



SELLER

Give me tools to stand out, grow my business and be more efficient.



SELLER

Help me keep up in a changing landscape—make me feel like Etsy has my back.

Q4 Financial Highlights: First Billion Dollar GMS Quarter

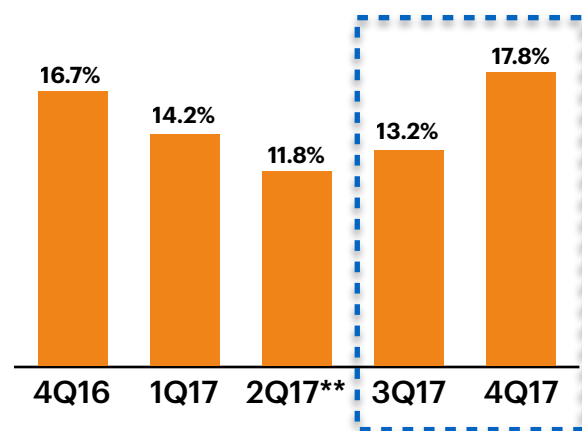
GMS
\$1.02B
+17.8% Y/Y

Revenue
\$136M
+23.6% Y/Y

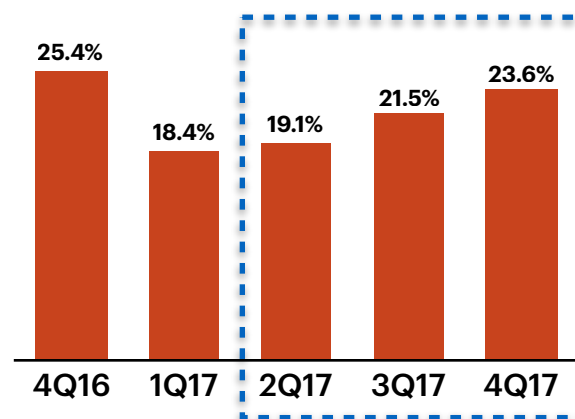
Net Income
\$45M
\$0.36 EPS¹

Adjusted EBITDA*
\$35M
25.6% margin

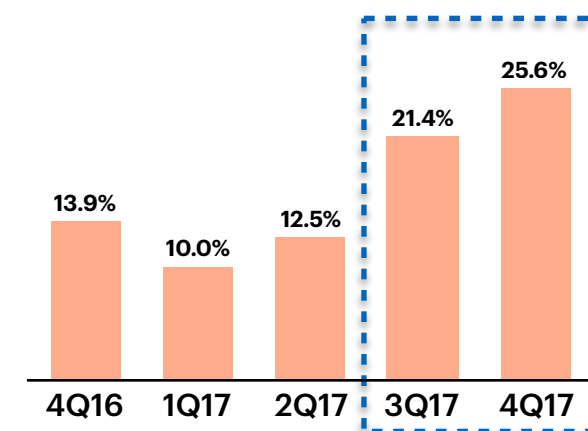
GMS Growth



Revenue Growth



Adj. EBITDA Margin*



*Reconciliation of non-GAAP financial measures is contained in the Appendix.

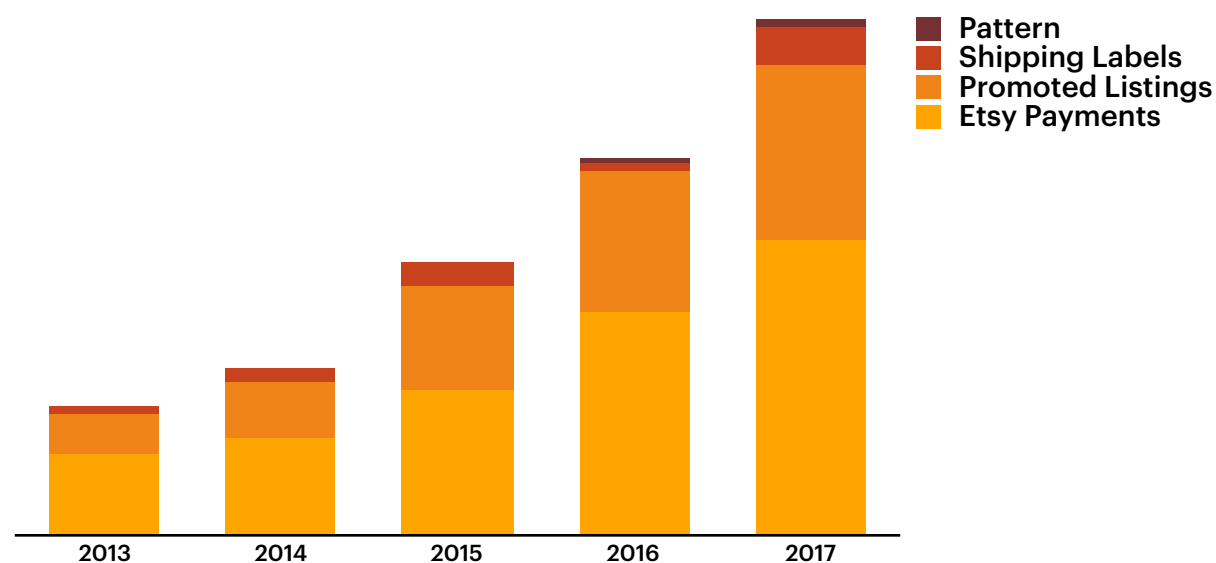
**Revised to reflect the correction of an immaterial error

¹EPS reflects diluted earnings per share, basic EPS is \$0.37

2017 Seller Services usage up vs. 2016

54% of active sellers used at least one seller service

Relative sizing of Seller Services



Etsy Payments
usage rate

50%

85% of GMS
processed
through Etsy
payments

Promoted Listings
usage rate

15%

Promoted
Listings usage by
active sellers was
up **4%***

Shipping Labels¹
usage rate

28%

Shipping Labels
usage by active
sellers was up **18%***

Pattern²
usage rate

2.5%

Pattern usage by
active sellers
was up **11%***

Promoted Listings expected to drive Seller Services revenue growth in 2018

*Reflects year-over-year growth of sellers and usage on an absolute basis

¹Shipping Labels is only available to sellers in the US and Canada

²Pattern was launched in April 2016, 2.5% usage represents approximately 50,000 active sellers as of December 31, 2017.

Full Year 2018 Guidance

GMS Growth
14% - 16%
~\$3.7B - \$3.8B

Revenue Growth
21% - 23%
~\$534M - \$543M

Adj. EBITDA Margin*
20% - 22%
~\$108M - \$118M**

* Reconciliation of non-GAAP financial measures is contained in the Appendix.
** Based on the mid-point of 2018 revenue guidance



Appendix

RECONCILIATION OF QUARTERLY NET INCOME (LOSS) TO ADJUSTED EBITDA

		4Q17	4Q16
		(in thousands)	
Net income (loss)		\$44,750	(\$21,383)
Excluding:			
Interest and other non-operating expense, net		2,177	2,026
(Benefit) provision for income taxes		(26,484)	4,787
Depreciation and amortization		6,577	6,905
Stock-based compensation expense		5,197	4,160
Stock-based compensation expense-acquisitions		725	151
Foreign exchange (gain) loss		(2,153)	18,022
Asset impairment charges		3,162	551
Restructuring and other exit costs		871	—
Acquisition-related expenses		—	58
Adjusted EBITDA		\$34,822	\$15,277

Etsy is not able, at this time, to provide GAAP targets for net income margin for 2018 because of the unreasonable effort of estimating certain non-cash items that are excluded from non-GAAP Adjusted EBITDA margin, including, for example, provision or benefit for income taxes and foreign exchange gain or loss, the effect of which may be significant.