

EBay 4Q revenue rises, helped by holiday shoppers

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An eBay/PayPal sign is shown in San Jose, Calif., Wednesday, Jan. 19, 2011. EBay Inc. says its fourth-quarter revenue rose, as the healthy holiday shopping season bolstered growth in its PayPal online payments business and online marketplace. (AP Photo/Paul Sakuma)

(AP) -- EBay Inc. said Wednesday that its fourth-quarter revenue rose 5 percent, as the healthy holiday shopping season bolstered growth in its online marketplace and PayPal online payments business.

The company's profit fell, since the year-ago quarter included a large gain from the sale of Internet communications business Skype. Excluding special items such as the Skype gain, eBay's fourth-quarter profit shot up 24 percent.

For the quarter that ended Dec. 31, the San Jose-based company earned \$559.2 million, or 42 cents per share, compared with \$1.35 billion, or \$1.02 per share, in the year-ago quarter.

However, excluding one-time items, such as Skype, eBay earned 52 cents per share in the latest quarter, compared with 42 cents per share in 2009.

Analysts polled by FactSet expected an adjusted profit of 47 cents per share.

For the quarter that ended Dec. 31, revenue totaled \$2.50 billion - a bit higher than the \$2.48 billion analysts expected, on average.

Revenue from eBay's marketplace business, which is its largest unit and includes its namesake website, rose 4 percent to \$1.52 billion.

The company said gross merchandise volume, which measures the value of all goods sold on eBay, excluding vehicles, increased 6 percent to \$15 billion.

EBay.com counted 94.5 million active users at the end of the year, up 5 percent from the same quarter in 2009.

The company has been working to bolster eBay.com by cutting upfront listing fees it charges sellers, improving its search engine, revamping its home page and ramping up its focus on fashion with the launch of a clothing and accessory site, fashion.eBay.com.

But CEO John Donahoe said eBay is not done yet. During a conference call with analysts to discuss the company's quarterly results, Donahoe said he's still not satisfied with where eBay is in the U.S. e-commerce market.

Still, he said he thinks the company can continue to build on the changes it made last year, which he hopes will help the company "close the gap between our growth rate and that of e-commerce."

EBay's second-largest business, online payments, reported \$971 million in revenue - an increase of 22 percent from 2009. That unit includes PayPal and short-term credit service Bill Me Later.

Total payment volume rose 26 percent to \$26.9 billion, eBay said, and PayPal had 94.4 million active registered accounts at the end of the year.

The online payments unit has grown speedily even while eBay's marketplace has struggled to bring in and retain buyers and sellers. Within the next few years, eBay expects the unit's revenue to surpass the marketplace unit.

For both businesses, mobile continues to be increasingly important. Donahoe said the company's array of eBay and PayPal mobile apps for smart phones has been downloaded more than 30 million times, and he said he expects \$4 billion worth of goods to be sold through eBay.com's mobile apps this year, doubling from last year. For PayPal, mobile payments were five times as high in 2010 as in 2009.

"Consumers want to buy what they want, when they want, how they want to," Donahoe said in an interview.

Looking at the current quarter, eBay is projecting a profit of 34 cents to 36 cents per share, or 44 cents to 46 cents per share when excluding one-time items, on \$2.40 billion to \$2.50 billion in revenue.

Analysts expect an adjusted profit of 45 cents per share on \$2.42 billion in revenue.

EBay shares rose 85 cents, or 2.9 percent, to \$29.95 in after-hours trading. The stock finished regular trading down 35 cents at \$29.10.

For the full year, eBay earned \$1.80 billion, or \$1.36 per share, compared with \$2.39 billion, or \$1.83 per share in 2009.

Revenue rose 5 percent to \$9.16 billion in 2010.

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