

Shutterfly stock flies on Eastman Kodak deal

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(AP) -- Shutterfly's stock climbed after the online photo publishing company emerged as the sole and thus the likely winning bidder for Eastman Kodak's online photo services business.

The [company](#) says no other offers have emerged for Kodak Gallery. Pending final approval by a bankruptcy court, the business will be Shutterfly's for \$23.8 million. Kodak filed for [bankruptcy protection](#) in January.

The deal could help Shutterfly ramp up growth in a competitive industry. Janney Capital Markets analyst Shawn Milne said the deal increases Shutterfly's customer base, with the company gaining about 2 million active customers from Kodak. He predicted that the purchase could add 10 to 15 cents per share to Shutterfly's earnings this year, and 20 cents per share in 2013. The company earned \$14 million, or 40 cents per share, in 2011.

Kodak has said the service has more than 75 million users, but that likely refers to all users who have registered for the service.

Kodak Gallery, like Shutterfly's website, lets users store their photos online and order prints of uploaded photos. Though such services still make money, demand has declined in recent years as people opt to share photos online through Facebook and other social networks.

Shutterfly Inc. had offered to buy Kodak Gallery in early March, following [Eastman Kodak](#) Co.'s Chapter 11 filing. Other bidders had

until April 20 to come forward. A final bankruptcy court hearing on the deal will be held on April 30.

Kodak has been narrowing its focus to its core printer businesses. The company said in February that it will exit the camera business entirely, save for a few disposable point-and-shoots. That means no more digital cameras, [video cameras](#) or digital picture frames for the troubled 132-year-old company. Kodak is also trying to sell its trove of patents that cover basic functions in many smartphone cameras. It has until June 30 to come up with a procedure to sell them. So far, no buyers have emerged.

Redwood, Calif., Shutterfly's stock rose \$1.57, or 5.4 percent, to close at \$30.58. The stock has gained 34 percent in 2012, but is down 45 percent over the past 12 months.

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