

EBay more than doubles 2Q earnings, revenue up (Update)

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(AP) — EBay Inc. more than doubled its second-quarter net income thanks to higher revenue from its PayPal online payments business and its e-commerce websites.

The solid results, which came against the backdrop of the ongoing European economic turmoil, prompted investors to send the company's stock up nearly 6 percent in after-hours trading.

"It was an excellent quarter almost across the board," said Wedbush analyst Gil Luria. "It's a sign that eBay continues to do really well and can continue to do well for many years to come."

The growing use of smartphones and tablet computers to shop helped eBay sweep aside the economic woes affecting brick-and-mortar retailers. More people are using their smartphones and tablet computers to shop, which means they are more likely to shop on eBay, Luria said.

While eBay's PayPal business has been going strong for several quarters, a real surprise was its marketplaces business, which consists mainly of its namesake e-commerce site. Though the company wasn't expecting a decline, many investors had braced for a deceleration of growth, in large part because of Europe. But CEO John Donahoe said the marketplaces business saw its strongest growth since 2006.

Marketplaces' gross merchandise volume, an important metric that measures all items sold on eBay excluding vehicles, rose 10 percent to

\$16 billion.

In all, eBay earned \$692 million, or 53 cents per share, in the April-June period. That's up from \$283 million, or 22 cents per share, in the same period a year earlier.

Adjusted earnings were \$730 million, or 56 cents per share, in the latest quarter — a penny above analysts' expectations.

Revenue grew 23 percent to \$3.4 billion from \$2.76 billion. Analysts, on average, were expecting revenue of \$3.36 billion, according to FactSet.

The San Jose, California-based company makes most of its money by charging merchants a fee to list items posted for sale. It also generates revenue from PayPal transaction fees. Besides its namesake online marketplace, eBay also owns StubHub, the ticket-selling website, Shopping.com and GSI Commerce, a provider of e-commerce and online marketing services.

The company is expanding PayPal beyond the Internet, offering payment services to brick-and-mortar stores and to mobile devices. Earlier this year, the company unveiled a mobile payments service for merchants called PayPal Here. It lets customers pay using credit cards, PayPal accounts or, in the U.S., personal checks using merchants' mobile phones.

The growth of mobile shopping will likely continue to propel eBay's earnings. The company expects eBay and PayPal to each conduct \$10 billion in transactions in 2012, more than double 2011's transactions. Donahoe called it "a staggering surge in mobile shopping and payments on devices that did not exist just a few years ago."

For the current quarter, eBay is forecasting adjusted earnings of 53 cents

to 55 cents per share. That compared with analysts' expectations of 55 cents. It is expecting revenue of \$3.3 billion to \$3.4 billion, while analysts are predicting \$3.41 billion.

PayPal ended the quarter with 113.2 million active accounts, up 13 percent from a year earlier.

EBay's stock climbed \$1.90, or 4.7 percent, to \$42.36 in after-hours trading. The stock had closed up \$1.39, or 3.6 percent, at \$40.46 — up 33 percent year-to-date.

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