

EBay posts higher 3Q earnings, revenue

October 17 2012, by Barbara Ortutay

EBay reported Tuesday that its third-quarter net income rose 22 percent thanks to higher revenue at its PayPal payments service and at the marketplaces business that includes eBay.com.

The results were roughly within expectations, with revenue a little light and earnings a tad higher than what Wall Street analysts had predicted.

CEO John Donahoe sounded an upbeat note about the holiday shopping season and eBay Inc. raised slightly its full-year guidance for net income and revenue.

"In the U.S., obviously we have to get past the elections, and my sense is that consumers are ready to get the elections behind them," he said in an interview, adding that he's "cautiously optimistic" about consumer spending over the holidays.

The online commerce company said Wednesday that it earned \$597 million, or 45 cents per share, in the July-September period. That's up from \$491 million, or 37 cents per share, a year earlier.

Adjusted earnings were 55 cents per share in the latest quarter, a penny ahead of Wall Street's expectations.

Revenue grew 15 percent to \$3.4 billion from \$2.97 billion. On average, analysts surveyed by FactSet were expecting revenue of \$3.41 billion.

Forrester analyst Brian Walker described the results as "lukewarm."

The 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 owns the ticket-selling website StubHub, Shopping.com and GSI Commerce, a provider of e-commerce and online marketing services.

Walker said PayPal "continues to put up good numbers," but he called eBay's core marketplace and GSI's results "disappointing." The company, he said, is losing market share to competitors such as Amazon.com Inc. and Wal-Mart Stores Inc.

Revenue grew 23 percent to \$1.37 billion at PayPal, the company's fastest-growing business. PayPal ended the quarter with 117.4 million active accounts, up 14 percent from 103 million a year earlier. Donahoe said mobile continues to be a "game-changer" for eBay.

The company is working to take advantage of the increasing number of people who use their smartphones to shop and pay for things.

Marketplaces revenue increased 9 percent to \$1.81 billion, driven by growth in the U.S. and Asia. Marketplaces' gross merchandise volume, an important metric that measures all items sold on eBay excluding vehicles, rose 11 percent to \$16.28 billion.

EBay, which is based in San Jose, California, sees fourth-quarter adjusted earnings of 66 cents to 69 cents per share, bracketing the 68 cents per share that analysts were expecting. It is forecasting \$3.85 billion to \$4 billion in revenue. Analysts have expected \$3.95 billion.

For the full year, eBay now expects adjusted earnings of \$2.32 to \$2.35 per share on revenue of \$13.95 billion to \$14.1 billion. Its previous outlook was for adjusted earnings of \$2.28 to \$2.33 per share on revenue of \$13.8 to \$14.1 billion. Analysts were forecasting earnings of \$2.35

per share and revenue of \$14.03 billion.

The company's stock, which is up nearly 60 percent year-to-date, fell 20 cents to \$48 in extended trading after the results came out.

Copyright 2012 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: EBay posts higher 3Q earnings, revenue (2012, October 17) retrieved 10 April 2024 from <https://phys.org/news/2012-10-ebay-higher-3q-revenue.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--