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Groupon stock soars after 2Q results, new CEO

August 8 2013

Groupon's stock soared Thursday after the beleaguered online deals company named co-founder Eric Lefkofsky permanent CEO and posted stronger-than-expected revenue for the second quarter.

Groupon Inc. reported a 7 percent increase in quarterly revenue, to $608.7 million, inching past Wall Street's expectations. It also announced plans to buy back $300 million of its stock over the next two years, further boosting investor confidence.

Lefkofsky, who is Groupon's largest shareholder, replaces Andrew Mason, who was fired in February amid growing concerns about Groupon's financial and stock performance.

Sterne Agee analyst Arvind Bhatia said the Chicago-based company is in a good position to benefit from two e-commerce trends—local and mobile. Groupon said that nearly half of its North American transactions came from mobile devices in June, up from about 30 percent in June 2012.

Bhatia, who has a "Buy" rating on Groupon's stock, said he thinks that Groupon's addressable market is bigger than most people think and its potential growth rate is "stronger than is commonly believed."

Competition "has eased in recent quarters and it has become increasingly evident that (Groupon's) scale is a real advantage," the analyst wrote in a note to investors.

UBS analyst Eric Sheridan upgraded Groupon's shares to a "Neutral" rating from "Sell" citing the company's mobile commerce prospects. He added that Groupon now has a "deep" and "stable" management team to turn the company around.

Groupon's stock rose $1.88, or 21.6 percent, to close at $10.60. The shares have gained 90 percent in the past three months. The company went public at $20 per share in November 2011.