

EBay first-quarter profit rises 20 percent

27 April 2011, By RACHEL METZ , AP Technology Writer

(AP) -- EBay Inc. on Wednesday said its first-quarter profit rose 20 percent on reinvigorated auctions activity and continued swift growth at its PayPal payment service.

Revenue from the company's marketplace business, which is its largest and includes [eBay.com](#), climbed 12 percent to \$1.55 billion - well ahead of the single-digit growth eBay reported in the second half of 2010.

The company has been working to improve the buying and selling experience on [eBay.com](#) by cutting upfront listing fees it charges sellers, improving its search engine and revamping its home page.

The company said gross merchandise volume, which measures the value of all goods sold on eBay, excluding vehicles, rose 8 percent to \$14.5 billion.

For the company as a whole, [net income](#) in the January to March period was \$475.9 million, or 36 cents per share. That compared with \$397.7 million, or 30 cents per share, in the first quarter of 2010.

Excluding special items, eBay earned 47 cents per share - a penny more than what analysts polled by FactSet expected.

Revenue rose 16 percent to \$2.5 billion, essentially in line with [analyst expectations](#).

"The year is off to a strong start," eBay CEO John Donahoe said in a statement.

Revenue from PayPal, eBay's online payment business, jumped 23 percent to \$992.3 million. This business, which includes short-term credit service Bill Me Later, has grown swiftly as merchants and consumers use it both on and off eBay. In the next few years, eBay expects the unit's revenue to surpass that of the marketplace unit.

PayPal's total payment volume rose 28 percent to \$27.4 billion, and by the end of the quarter, the number active users had risen 16 percent year over year to 97.7 million.

San Jose-based eBay also predicted that its second-quarter revenue could beat Wall Street views: It's looking for \$2.55 billion to \$2.65 billion, while analysts have been expecting \$2.52 billion.

EBay predicted a profit of 36 or 37 cents per share, or 45 or 46 cents excluding items. Analysts were hoping for 46 cents per share, excluding items.

EBay shares fell 42 cents to \$33.64 in after-hours trading. The stock had finished regular trading up 95 cents, or 2.9 percent, at \$34.03.

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