

# EBay reports higher 4Q earnings, revenue (Update)

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In this April 22, 2011 file photo, two pedestrians pass eBay headquarters in San Jose, Calif. EBay Inc. reports quarterly financial results Wednesday, Jan. 18, 2012, after the market close. (AP Photo/Paul Sakuma, File)

(AP) -- EBay reported on Wednesday that its net income grew sharply in the fourth quarter, helped by a gain from the sale of its remaining investment in Skype. Its results beat Wall Street's expectations, boosted by strong holiday sales at its namesake website and growth at PayPal, its online payments business.

Investors sent eBay's stock higher in after-hours trading. The company gave a first-quarter outlook that was shy of analysts' estimates. However, its guidance for the full year was stronger than expected, suggesting robust earnings momentum later in 2012.

CEO John Donahoe called 2011 an "inflection point for shopping." This means the lines between online and offline shopping are blurring, as even people who shop in retail stores are increasingly using their mobile devices to compare prices, check for deals or search for products.

If all goes as planned, that's where eBay comes in.

"For consumers and retailers, we intend to make shopping more locally convenient and more globally accessible," he said in a conference call with analysts. "This means enabling retailers of all sizes to reach consumers when, where and how those consumers want to shop."

eBay's long-term plan is to transform into a commerce company that melds the online and offline shopping worlds. As part of this effort, it has been expanding PayPal's reach beyond the Web, to mobile devices and tablets. The company is also testing a service that will let people use their PayPal accounts to shop in brick-and-mortar stores, though the program is still in the early stages.

The company earned \$1.98 billion, or \$1.51 per share, in the October-December quarter. That's up from \$559 million, or 42 cents per share, in the same period a year earlier. Excluding special items such as the Skype gain, eBay Inc. says it earned 60 cents per share in the latest quarter, above the 57 cents that analysts were expecting.

Revenue grew 35 percent to \$3.38 billion from \$2.5 billion.

On average, analysts polled by FactSet expected revenue of \$3.32 billion.

The e-commerce and online payments company said its PayPal business continued to grow, ending the quarter with more than 106 million active accounts. That's up 13 percent from a year earlier. Revenue jumped 28

percent to \$1.24 billion and the business processed \$33.4 billion worth of payments during the quarter. That's up 24 percent from a year earlier.

As more people used their smartphones and tablets to buy things online, payments made through mobile devices accounted for \$4 billion of the total payments processed through PayPal - a more than fivefold increase from the prior year.

The company's marketplaces business, which includes eBay.com and other e-commerce sites and businesses, saw its revenue grow 16 percent to \$1.77 billion. Marketplaces' gross merchandise volume, an important metric that measures all items sold on eBay excluding vehicles, rose 10 percent to \$16.5 billion.

EBay's outlook for the current quarter fell shy of expectations. The company expects adjusted first-quarter earnings of 50 cents to 51 cents per share on revenue of \$3.05 billion to \$3.15 billion. Analysts are predicting earnings of 54 cents per share on revenue of \$3.16 billion.

For all of 2012, the company is forecasting adjusted earnings of \$2.25 to \$2.30 per share on revenue of \$13.7 to \$14 billion. Analysts are expecting \$2 per share in earnings and \$11.59 billion in revenue.

The San Jose, Calif.-based company's stock climbed 60 cents, or 2 percent, to \$30.94 in after-hours trading after closing down 19 cents at \$30.34.

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