

EBay to buy payments company Braintree for \$800M (Update)

26 September 2013, by Barbara Ortutay

E-commerce giant eBay Inc. reached a deal to buy online and mobile payments technology provider Braintree for \$800 million in cash.

The move comes as eBay's PayPal unit works to evolve from its roots as an online payments provider, expanding its offline, mobile and online offerings to stores, restaurants and other business.

Braintree's payments technology is used by popular startups such as vacation rentals site Airbnb, cab-hailing app Uber and restaurant reservations site OpenTable. The company charges businesses a fee of 2.9 percent plus 30 cents per each transaction, and expects to process about \$12 billion in payments this year.

San Jose, California-based eBay Inc. said Thursday that it will operate Braintree as a separate business. Bill Ready, the CEO of the Chicago-based company, will report to PayPal President David Marcus.

"Braintree will continue to do what it's currently doing," Marcus said, adding that PayPal will help the company to grow and to expand internationally. EBay said that Braintree's mobile app, Venmo, will help add to PayPal's mobile payments capabilities. The app lets people pay each other using their mobile devices, similar to a service PayPal offers.

Braintree's roughly 200 employees are staying with the company.

"(The) addition of Braintree removes a growing competitor in the payment space while adding key talent and technology" to eBay, said Janney Capital Markets analyst Shawn Milne in a note to investors. Milne estimates Braintree's revenue to be around \$100 million to \$150 million a year.

EBay said it expects to close the deal before the end of the year. It doesn't expect the acquisition to affect its 2013 revenue, but it will lower its adjusted

earnings per share by 1 cent. In July, the company forecast adjusted earnings of \$2.70 to \$2.75 per share and revenue of \$16 billion to \$16.5 billion for the full year.

Shares of eBay rose \$2.43, or 4.5 percent, to close at \$56.64. The stock has traded in the 52-week range of \$45.66 and \$58.04.

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