Earnings Preview: Growth expected in eBay's 1Q

The Associated Press

EBay Inc. is scheduled to report its first-quarter earnings after the stock market closes on Wednesday.

WHAT TO WATCH FOR: Growth will likely come both from eBay's main business — operating its online auction and e-commerce Web sites — and its online payments business, PayPal.

EBay has been working on improving the shopping experience on its main site, doing things such as tweaking the structure of fees it charges sellers and revamping its search and feedback system. This and other strategies to increase sales worked in the last quarter, and if consumers are still feeling comfortable spending on discretionary items this could be the case for the first quarter, too.

PayPal has stayed strong over the past several years, even as eBay's marketplace faltered, as more consumers and businesses use it to send money online, both on and off eBay. This is expected to continue in the first quarter.

EBay has also been working on getting more customers to use its mobile applications, including ones for its main site and PayPal that can be used on Apple Inc.'s iPhone. The company could offer an update on how much business is coming through this channel.

WHY IT MATTERS: As the operator of a huge online marketplace, eBay's results are a good indicator for how the online retail market is faring. If people are spending more money on eBay, chances are the online economy is doing better — and this could translate off the Web, too. The company also owns online payment service PayPal, and

WHAT'S EXPECTED: Analysts polled by Thomson Reuters expect a profit, excluding special items, of 41 cents per share on $2.2 billion in revenue.

LAST YEAR'S QUARTER: In the first quarter of 2009, eBay earned $357.1 million, or 28 per share, on $2.02 billion in revenue. Excluding items, the company earned 39 cents per share.

Source URL (retrieved on *10/23/2014 - 6:06am*):
http://www.ecnmag.com/news/2010/04/earnings-preview-growth-expected-ebays-1q