Shutterfly 1Q loss widens, but beats expectations

The Associated Press

Internet photo publishing company Shutterfly Inc. said Monday that its first-quarter loss widened from the year before as costs rose, but the results beat Wall Street expectations and shares rose 9 percent in aftermarket trading.

The company also said it expects its second-quarter and full-year revenue to be higher than analysts thought, thanks in part to its pending acquisition of Eastman Kodak's online photo services business.

Shutterfly lets customers store, print and share photos on the Internet. The company said more paying customers are using its sites.

The company's namesake Shutterfly site saw an 18 percent year-over-year increase in paying customers to 1.6 million. Customers at the Tiny Prints site rose 17 percent to 231,000.

During the quarter ended March 31, the company reported a net loss of $10 million, or 29 cents per share, compared to a loss of $7.8 million, or 27 cents per share, in the same period a year ago.

Revenue during the quarter was $91.3 million, up sharply from $57.2 million in the prior year period.

Analysts expected a loss of 34 cents per share on $84.5 million in revenue, according to a survey by FactSet.

Costs increased in the first quarter. Shutterfly said that total operating expenses were $60.3 million, compared with $40.7 million in the prior-year period.

Last week, Shutterfly emerged as the sole and likely winning bidder for Kodak's online unit. Pending final approval by a bankruptcy court, the business will be Shutterfly's for $23.8 million. Kodak filed for bankruptcy protection in January.

The deal could help Shutterfly ramp up growth in a competitive industry, although it will only add minimal revenue in the second quarter, according to the company.

Shutterfly expects second-quarter revenue to be between $90 million to $92 million. Analysts forecast $88.5 million in revenue.

Shutterfly also said it sees a second-quarter loss of between 33 and 37 cents per share. Analysts estimate a loss of 28 cents per share.

Shutterfly forecast full-year revenue of $576 million to $586 million, which would be a year-over-year increase of 22 to 24 percent. The Kodak acquisition should add

about $21 million in revenue for the year, the company said. Analysts expect $556.2 million in revenue.

The company said its full-year net income will be between 7 and 16 cents per share. Analysts forecast 29 cents per share.

Shares jumped $2.85, or 9.2 percent, to $34.01 in aftermarket trading. They closed down 50 cents in the regular session.

The stock has traded between $21.34 per share and $64.45 per share over the last year.

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