

Groupon's loss narrows, revenue growth slows

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Groupon Inc. GRPN +4.26%'s third-quarter loss narrowed as the online-coupon service recorded a decline in marketing costs, though revenue growth slowed from the prior quarter.

Shares slumped 13% to \$3.42 in after-hours trading, after closing at \$3.92 Thursday. Groupon's revenue missed the company's own projections, and earnings per share came in below analysts' expectations.

As of Thursday's close, the stock has fallen 80% from its IPO price of \$20. Groupon's stock has been trending down since it went public, amid concerns of slowing revenue growth and softer demand in Europe.

"Our solid performance in North America was offset by continued challenges in Europe," said Chief Executive Andrew Mason.

Mr. Mason also noted the company's "Goods" business, which sells discounted merchandise, has "evolved into a second major category that our customers clearly love."

Groupon, which makes money by arranging deals with merchants and splitting the proceeds, has experienced enormous growth since it started in 2008 as a small Chicago website. But the company began facing difficult questions about its financial reporting, marketing costs and growth prospects around the time of its initial public offering in November 2011.

Its core online-coupon business has been challenged by a slew of competitors pushing their way into the new daily-deals industry, such as rival LivingSocial. Meanwhile, its newer, though less-profitable discount-retail business has been expanding. In September, Groupon unveiled a new payment service called Groupon Payments as it keeps looking to diversify beyond its core business.

In the latest period, Groupon posted a loss of \$3 million, or break-even on a per-share basis, compared with a year-earlier loss of \$54.2 million, or 18 cents a share.

Analysts polled by Thomson Reuters most recently projected a per-share profit of three cents a share.

Revenue rose 32% to \$568.6 million. The company's August guidance called for \$580 million to \$620 million. Groupon posted revenue growth of 89% and 45% in the first and second quarters, respectively.

International revenue improved 3.1% in the latest period, while revenue from North America jumped 81%.

Marketing costs slipped 58% while total operating expenses edged down 0.3%.

Gross billings, or the total amount Groupon collected from customers, rose 5.3% to \$1.22 billion.

For the fourth quarter, Groupon projected revenue of \$625 million and \$675 million, bracketing the \$634 million estimate from analysts.

Fonte: The Wall Street Journal, Nova York, 8 Nov. 2012, International.