

# **IAC has 2Q profit; revenue falls in weak ad market**

July 29 2009, By RACHEL METZ , AP Technology Writer

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(AP) -- IAC/InterActiveCorp, the company behind such Internet properties as Match.com, Ask and Citysearch, posted a second-quarter profit that fell short of analyst expectations Wednesday and indicated the online ad market is still weak.

IAC, which is led by media mogul Barry Diller, said it earned \$40.8 million, or 28 cents per share in the quarter that ended June 30. During the same period last year IAC booked a big loss - \$422 million, or \$3.02 per share - largely because it wrote down the value of a catalog business.

Excluding certain one-time items, such as a \$64.3 million boost from the sale of Match.com's European assets, IAC said it earned 7 cents per share. Analysts polled by Thomson Reuters, who generally exclude items from estimates, expected 9 cents per share.

Revenue dipped 4 percent to \$340 million, although that beat the \$334.6 million analysts expected.

IAC said revenue in its media and advertising unit, which includes search engine Ask.com and online city guide Citysearch, fell 10 percent to \$168.6 million. As in the previous quarter, the company said the difficult advertising climate - which is hurting media on and off the Web - lowered revenue at Citysearch. IAC also said Citysearch's results were hampered by the recent relaunch of its site and the use of a new ad serving system. Citysearch's user registrations and reviews rose during the quarter, though.

Other companies that depend heavily on online advertising have reported similar slowdowns. Last week, Yahoo Inc. showed its steepest decline in [advertising revenue](#) since the dot-com bust. [Google](#) Inc. fared better, but it reported only slight growth.

Revenue from IAC's Match unit, which includes Match.com, Chemistry.com and other dating sites, fell 5 percent to \$88.3 million. Match's number of paid subscribers fell 13 percent to 1.2 million.

The only IAC unit that reported growth during the quarter was ServiceMagic, which operates Web sites that connect homeowners with home-improvement contractors. ServiceMagic's revenue climbed 18 percent to \$42.4 million. IAC said the number of service requests rose 5 percent, helped by increased marketing.

Also Wednesday, IAC said it bought back 17.4 million shares of its stock between April 27 and July 24, for a total of \$281.6 million. The company has authorized the buyback of 20 million more shares.

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Citation: IAC has 2Q profit; revenue falls in weak ad market (2009, July 29) retrieved 19 April 2024 from <https://phys.org/news/2009-07-iac-2q-profit-revenue-falls.html>

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