

Yahoo's 4Q progress brightens 2010 outlook

January 26 2010, By MICHAEL LIEDTKE , AP Technology Writer



In this July 29, 2009 file photo, a sign outside Yahoo headquarters in Sunnyvale, Calif. is shown. Yahoo's financial slump eased in the fourth quarter as online advertising began to snap out of a yearlong stupor, according to results announced Tuesday, Jan. 26, 2010. (AP Photo/Paul Sakuima)

(AP) -- After a painful descent, things may finally be looking up for long-suffering Yahoo Inc.

Coming off its best quarterly performance since hiring Carol Bartz as its chief executive a year ago, Yahoo promised late Tuesday to deliver even more meaningful progress this year.

For starters, the Internet company expects its revenue for the three months ending in March to rise 3 percent to \$1.63 billion. Modest as that sounds, it's a breakthrough for Yahoo after five consecutive quarters of declining revenue while Google Inc. vacuumed up even more Internet advertising.

Even if the company hits management's target, Yahoo's first-quarter revenue will still be nearly \$200 million below where it stood two years ago.

Bartz has been vowing since her arrival to engineer a turnaround that eluded her two predecessors, but her efforts through most of 2009 were hampered by the worst U.S. recession since World War II.

Yahoo's fourth-quarter results released Tuesday provided the latest evidence the Internet ad market is regaining its legs as the economy stabilizes. Google, the Internet's dominant advertising vehicle, closed out 2009 with its most robust growth of the year.

"Things seem to be returning to a more normal state in the online advertising business," Bartz told analysts in a Tuesday conference call.

Yahoo earned \$153 million, or 11 cents per share, during the final three months of 2009, rebounding from a loss of \$303 million, or 22 cents per share, in the prior year.

If not for charges for internal reshuffling and a proposed search partnership with Microsoft Corp., Yahoo said it would have made 15 cents per share in the quarter. That topped the average estimate of 11 cents per share among analysts surveyed by Thomson Reuters.

Yahoo shares climbed 60 cents, or 3.8 percent, in Tuesday's extended trading. Before the results came out, the stock finished the regular session at \$15.99, up 13 cents.

Revenue slipped 4 percent to \$1.73 billion. In contrast, Google's fourth-quarter revenue surged 17 percent. Yahoo still did better than the first nine months of 2009, when the company's revenue dropped 12 percent.

In a sign of Yahoo's growing confidence, the company added 700 workers to its payroll in the fourth quarter to end December with 13,900 employees. That's still down from Yahoo's recent peak employment of 15,200 workers in September 2008.

Yahoo also intends to buy other companies this year, Bartz said, setting her sights mostly on small deals that improve the company's technology and bring in more compelling content to its Web site.

"We are done looking inward," Bartz told analysts. "We are looking outward at the incredible opportunities ahead."

For all of 2009, Yahoo earned \$598 million, or 42 cents per share, on revenue of \$6.46 billion. That compared with income of \$419 million, or 29 cents per share, on revenue of \$7.21 billion in 2008.

Yahoo, based in Sunnyvale, had been struggling even before the recession's onset in December 2007, as Google widened its lead in the Internet's lucrative search market and online hangouts such as Facebook emerged as new hot spots for socializing and advertising.

Bartz has been trying to spur more advertising by re-establishing Yahoo as the center of people's online lives. The makeover has included a redesigned front page that makes it easier to connect to Facebook and other Web sites. The front page sold all its available advertising in the fourth quarter, Bartz said.

Yahoo was especially pleased with renewed spending on its bread-and-butter - the online billboards known as display advertising. Sales in that category were flat from the same time last year, but climbed 26 percent from the third quarter. That was Yahoo's largest sequential gain in display advertising in three years.

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Yahoo's 4Q progress brightens 2010 outlook (2010, January 26) retrieved 26 April 2024 from <https://phys.org/news/2010-01-yahoo-4q-brightens-outlook.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.