

# IAC 3Q revenue up, profit down on year-ago boost

October 27 2010, By RACHEL METZ , AP Technology Writer

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(AP) -- IAC/InterActiveCorp, the Internet company run by billionaire Barry Diller, saw a big jump in revenue in the latest quarter because of improvements in online advertising and an expansion in the number of people looking online for love.

Net income fell, however, because the comparison period a year ago included large boosts from the sale of stock and the European operations of the [dating site](#) Match.com.

Most of the 25 percent growth in third-quarter [revenue](#) came from IAC's core [search business](#) including Ask.com. The business makes the majority of its revenue from online advertising, and the results show the online advertising market is continuing to bounce back from a slump that hurt IAC throughout most of last year.

IAC's results, reported Wednesday, surpassed analyst estimates. Shares of the New York-based company climbed \$1.60, or 6 percent, to \$28.07 in afternoon trading.

For the July-September quarter, IAC earned \$17.5 million, or 16 cents per share. That was down 19 percent from \$21.7 million, or 16 cents per share, in the third quarter of 2009, when IAC used a larger number of shares to calculate its per-share earnings.

Excluding one-time items, IAC earned 32 cents per share - 5 cents more than what analysts polled by Thomson Reuters expected.

Overall, revenue climbed to \$422 million from \$336 million last year, handily beating the \$398 million that analysts were expecting.

The 25 percent growth was comparable to [Google](#) Inc.'s revenue increase of 23 percent in the quarter. Yahoo Inc.'s revenue inched up less than 2 percent. [Microsoft](#) Corp. reports on Thursday, and AOL Inc. next week.

Search revenue rose 20 percent to \$205 million - a bigger increase than IAC reported in the previous two quarters, helped by growth in online advertising.

IAC also reported healthy growth in its Match online dating business, which includes Match.com in the U.S., People Media and two newer properties - Singlesnet, which IAC bought this year, and a venture with France-based online dating company Meetic in Latin America.

Revenue from Match increased 31 percent to \$106 million. Total subscribers to IAC's online dating services rose 30 percent to 1.8 million at the end of September.

During a conference call with analysts to discuss the third-quarter results, Chief Financial Officer Tom McInerney said online dating still has plenty of room to grow, with a potential market size in the tens of millions.

IAC also reported growth in its media-related businesses, which includes shoe retail site Shoebuy.com and comedy website CollegeHumor. Revenue in those businesses climbed 44 percent to \$62.7 million.

IAC said the change partly resulted from the inclusion of revenue from Electus, a media venture it began building last summer with former NBC Entertainment co-chairman Ben Silverman. It lets advertisers have a say in the development process for TV shows and Web videos.

Diller said Electus' growth is surprising. IAC has announced a number of content deals already - such as the Web series "Ready, Set Dance!" which is streamed by Yahoo and has advertising by insurer State Farm intermixed with the show. Diller said IAC has another 30 that haven't been announced.

"I think we're going to build over time a considerable media asset," he said.

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