Yahoo's 3Q earnings, revenue top Street's forecast

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(AP)—Yahoo ushered in Marissa Mayer as its new CEO with a third-quarter earnings report that topped analyst estimates.

The results announced Monday show Yahoo's net revenue barely grew at a time when advertisers are spending more money marketing their products and services online.

Nevertheless, the numbers were slightly better than analysts projected. Yahoo Inc. hired Mayer away from rival Google Inc. to orchestrate its latest turnaround attempt in mid-July, shortly after the quarter started.

Investors applauded the early progress reflected in Monday's report. Yahoo shares gained 48 cents, or 3 percent, to $16.25 in extended trading.

The company earned $3.2 billion, or $2.64 per share, in during the three months ending in September. Most of that profit stemmed from a one-time gain of $2.8 billion that Yahoo pocketed by selling half its stake in Alibaba Group, one of China's most successful Internet companies. Yahoo earned $293 million, or 23 cents per share, at the same time last year.

If not for the Alibaba windfall and a restructuring charge, Yahoo said it would have earned 35 cents per share. On that basis, the company topped the average earnings estimate of 26 cents per share among analysts surveyed by FactSet.

Yahoo's revenue for the quarter totaled $1.2 billion, a 1 percent decrease from last year. But that comparison is misleading because last year's revenue included revenue that Yahoo no longer books because of an Internet search advertising partnership that diverts some of its ad sales to Microsoft Corp.

Wall Street focuses on net revenue—the amount of money Yahoo keeps after paying its commission to Microsoft and other sites that run its ads.

Net revenue in the latest quarter rose 2 percent to $1.09 billion—about $10 million more than analysts had predicted.

Although it wasn't substantially above the analyst target, the net revenue figure came as a relief after years of letdown under the previous five full-time and interim CEOs that have run Yahoo since the company turned down an opportunity to sell itself to Microsoft for $33 per share in May 2008.

The meager revenue growth illustrates the challenges facing Mayer as she tries to come up with a strategy that will persuade advertisers to rely more on Yahoo's website instead of Google's extensive marketing network and Facebook's popular social networking service.

"We're taking important steps to position Yahoo for long-term success, and we're confident that our focus on quality and improving the user experience will drive increased value for our advertisers, partners and shareholders," Mayer said in a statement.

Mayer, 37, is expected to elaborate on her plans during a Monday conference call with analysts.