

# AOL rallies on results surprise

November 6 2012

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AOL said Tuesday it made a profit of \$20.8 million in the third quarter as the struggling Internet firm stemmed a seven-year decline in revenues.

AOL shares rallied some 10 percent in early trade on the results for the firm which has been seeking to reinvent itself as a media and news provider after losing most of its Internet subscriber base.

The profit amounted to 22 cents a share, better than the average analyst estimate of 17 cents.

Revenue, meanwhile, rose seven percent to \$340 million, ending a long decline.

"We just reported the best relative revenue performance in seven years and the second consecutive quarter of year-over-year profit growth, exceeding our expectations," said Tim Armstrong, chairman and chief executive.

"We have positioned AOL for growth in 2013 and beyond with consumer and advertiser demand growing for our premium content and innovative products, video, services and ad formats."

AOL, formerly known as America Online, has been struggling since the collapse of its leadership as an [Internet subscription service](#), and has been seeking to become a more diversified Web firm.

It fused with news and entertainment giant Time Warner in 2001 at the

height of the dotcom boom in what is considered one of the most disastrous mergers ever.

It was spun off by Time Warner in December 2009 into an independent company and has been struggling since then as it tries to focus on media and news.

Rose Sandler, analyst at Deutsche Bank, called Tuesday's results "solid" and the "strongest quarterly results since being spun-out from Time Warner in 2009."

Sandler recommended the stock based on "compelling valuation combined with AOL's continued improving fundamentals, which have gone from weak-to-stable over the past two years, and are starting to inflect up in certain areas, evidenced by these [quarterly results](#)."

AOL operates a search portal, and operates news sites including The [Huffington Post](#) and TechCrunch. It owns Moviefone.com and has an advertising platform known as ProjectDevil.

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