

# Yahoo to report earnings while wooing bidders

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Yahoo is poised to report quarterly earnings Tuesday that could make it tougher to convince buyers the struggling Internet pioneer is worth their interest.

A preliminary deadline for offers reportedly passed on Monday, and the status of bidding for Yahoo's core business was expected to be among questions fielded by chief executive Marissa Mayer during a briefing.

Consensus among analysts is that Yahoo revenue and earnings-per-share for the recently ended quarter will show double-digit percentage drops from the same period a year earlier.

BGC Partners analyst Colin Gillis questioned to what extent lackluster earnings would ramp up shareholder pressure on the company to sell assets or overhaul management.

While the online advertising industry is booming and Yahoo has spent billions of dollars on acquisitions, it is poised to post revenue declines, according Gillis.

"That's not a very good scorecard," he said. "That's the problem, and the company's strategy is three years into this."

Earlier this year, the company opened the door to a sale of its core operations at the same time that it was pursuing Mayer's efforts at revitalization.

But some shareholders are impatient, and one activist investment group has launched a bid to gain control of the Yahoo board, calling the transformation efforts a failure.

## **Briefing buyers**

The California-based firm has been briefing prospective buyers, according to US media reports that indicated potential suitors included telecommunications titan Verizon, Google parent Alphabet and Time Inc.

While some buyers might be interested in Yahoo's core web business or parts of it, others may bid for stakes in Alibaba or Yahoo Japan.

Although Yahoo is one of the best-known names on the Internet and is used by around one billion people, it has fallen behind Google in web searches and has been steadily losing ground in online advertising.

Mayer joined Yahoo in mid-2012 as chief executive from Google, a result of a proxy war launched by an activist investor group.

While Mayer has injected some energy and glamour into the company, Yahoo's finances have failed to improve and its core operations are valued in the market as worthless, with the company's valuation propped up by its stakes in Alibaba and Yahoo Japan.

In February, Yahoo said it was cutting 15 percent of its workforce and narrowing its focus as it explored "strategic alternatives."

Yahoo, as well as Verizon and others reported to be considering bidding, declined to comment.

## Mayer's 'Mavens'

Mayer has made priorities of what she refers to as "Mavens"—mobile, video, native advertising and social media.

Research firm Trefis said in a note last month that while Yahoo has made progress in some areas, it "has not been able to capitalize on new web-trends in the past, namely social, local and mobile."

Global Equities Research analyst Trip Chowdhry, meanwhile, argued for returning control of Yahoo to co-founder and former chief Jerry Yang, who is credited for the company's winning stake in Chinese Internet colossus Alibaba.

Industry tracker eMarketer forecast that digital ad revenue taken in this year at Yahoo will fall nearly 14 percent to \$2.83 billion while money raked in by Silicon Valley rivals Google and Facebook will rise.

"As Yahoo trims its legacy business to focus on its so-called Mavens, we expect the company to shrink in size relative to its competitors," said eMarketer analyst Martin Utreras.

"A leaner Yahoo, more focused on its core growing segments, will still face stiff competition in an ever more crowded and sophisticated market."

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