

Yahoo sees signs of growth in core business

NEW YORK, USA: Yahoo reported a stronger-than-expected first-quarter profit with the results showing growth in the Web company's "core" business according to Chief Executive Marissa Mayer



Yahoo's Marissa Mayer is pleased with the growth of Yahoo's core business.
Image: Wikipedia

The California Internet company said it earned US\$312m on revenues of US\$1.1bn, topping most analysts' forecasts.

Profits were down 20% from a year ago with revenues remaining virtually flat for Yahoo, which has been making major shifts under Mayer, a former Google executive.

"If you look at our core businesses which we define as search and display you see an important shift," Mayer said in an earnings call.

"Our search revenue grew 9% year-on-year, marking our ninth consecutive quarter of growth," she added

Mayer said Yahoo's mobile service was attracting more than 430m users a month and more than half of Yahoo's total monthly audience used the service on a mobile device.

According to the research firm eMarketer, Yahoo's share of worldwide digital advertising revenues declined to 2.9% in 2013, down from 3.4% in 2012, while Facebook and Google boosted their positions.

eMarketer says Yahoo's share of US digital advertising revenues dropped from 6.8% in 2012 to 5.8% in 2013.

Cautious optimism

Victor Anthony at Topeka Capital Markets said in a research note that Yahoo's revenue was slightly better than expected and that he was "cautiously optimistic on the core" outlook.

Under Mayer, Yahoo has been revamping many of its offerings while emphasising mobile services and using cash for a series of acquisitions. Yahoo is also moving more into video, with plans for its original television programmes in the works.

Mayer said the company is making headway in boosting mobile, both in terms of search and in terms of apps, which have leading positions on mobile platforms such as Apple's iOS and Google Android.

Yahoo is also a key shareholder in Chinese Web company Alibaba, which is in the process of launching an initial public offering in the United States.

After an IPO, Yahoo, one of the early investors in Alibaba, has the right to sell its remaining shares.

The Chinese firm has not yet released details on its financing, but Yahoo's figures showed Alibaba had a fourth quarter profit of US\$1.35bn on US\$3bn in revenues.

The IPO is expected to be the largest in the technology arena since Facebook's offering 2012. Alibaba's value is estimated at about US150bn.

Yahoo has a 24% stake in Alibaba, and is expected to sell about 10% of the capital at the time of the IPO.

Analyst Anthony said that in view of Alibaba's growth, he had continued to recommend aggressive buying of Yahoo shares ahead of the Alibaba deal.

Source: AFP via I-Net Bridge

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