

# Yahoo's 2Q results to illuminate turnaround effort

MICHAEL LIEDTKE - AP Technology Writer - Associated Press

Internet company Yahoo Inc. is scheduled to report its second-quarter earnings after the stock market closes Tuesday.

**WHAT TO WATCH FOR:** Yahoo probably will need to hit the upper end of its revenue guidance to give its stock a much-needed lift. Management predicted the company's revenue for the April-June period could range as high as \$1.68 billion, which would be a 7 percent increase from a year ago. That would represent Yahoo's biggest improvement in more than two years.

Google Inc.'s second-results, released last week, put more pressure on Yahoo to demonstrate it is luring back online advertisers as the economy recovers.

Propelled by strong growth in U.S. advertising, Google's revenue rose 24 percent in the second quarter to top analyst estimates.

But Google's earnings were viewed as a disappointment, mostly because the Internet search leader's expenses are rising as it aggressively expands its payroll and invests in new computing centers and other technology.

Yahoo, though, has been tightening its belt under CEO Carol Bartz, who was hired 18 months ago to engineer a turnaround. The cost-cutting emphasis makes it unlikely Yahoo's earnings will disappoint if the company's revenue tops analyst projections.

Unlike Google's search-driven marketing system, Yahoo depends more on the online billboards known as display advertising. That segment has been picking up as major companies such as Target Corp., Ford Motors Co. and Wal-Mart Stores Inc. increase their spending on Yahoo's website.

As it tries to sell more ads, Yahoo also has been trying to get people to remain on its website for longer periods by featuring more unique content and connecting its services to Facebook's popular online hangout. Bartz will likely discuss how that effort is panning out so far.

**WHY IT MATTERS:** Yahoo's services are used by more than 500 million people worldwide. Because all but a few of its products are free, the company needs to bring in more ad revenue to keep maintain and improve its services.

A healthier Yahoo also would probably spur greater competition and perhaps spur even more innovation among its rivals, including Google, Facebook, Microsoft Corp. and AOL Inc.

**WHAT'S EXPECTED:** Analysts polled by Thomson Reuters expect earnings of 14

## **Yahoo's 2Q results to illuminate turnaround effort**

Published on Electronic Component News (<http://www.ecnmag.com>)

---

cents per share on revenue of \$1.16 billion, after subtracting Yahoo's ad commissions.

LAST YEAR'S QUARTER: In the second quarter of 2009, Yahoo earned \$141.4 million, or 10 cents per share, on revenue of \$1.57 billion.

**Source URL (retrieved on 11/23/2014 - 4:26pm):**

<http://www.ecnmag.com/news/2010/07/yahoos-2q-results-illuminate-turnaround-effort>