AOL reports higher 1Q earnings, lower revenue

The Associated Press

Internet company AOL Inc. said Wednesday that its first-quarter net income grew sharply, helped by lower operating expenses even as revenue inched lower.

The results surpassed Wall Street's expectations and AOL's stock advanced in morning trading.

The company earned $21.1 million, or 22 cents per share, up from earnings of $4.7 million, or 4 cents per share, in the same period a year earlier.

Revenue fell 4 percent to $529.4 million from $551.4 million.

Analysts, on average, were expecting earnings of 18 cents per share on revenue of $527.4 million, according to a poll by FactSet.

Advertising revenue grew 5 percent to $330.1 million from $313.7 million, helped by higher international display advertising sales and third-party network ads. Display ads are the Internet advertisements people commonly see on Web pages, as opposed to the search ads that Google Inc. is best known for. These are more profitable for AOL than the third-party ads, so they're a more closely watched metric.

Subscription revenue from AOL's old dial-up Internet business declined 15 percent to $182.1 million from $215.4 million.

Restructuring costs dropped sharply to $7.4 million from $27.8 million. General and administrative expenses fell too, to $96.2 million from $120.7 million a year earlier.

"AOL is a much stronger company today than a year ago," Chairman and CEO Tim Armstrong said in a statement, adding that the company began the year by increasing ad revenue and lowering expenses.

Shares of AOL rose 96 cents, or 3.8 percent, to $26.54 in morning trading. The stock is near its 52-week high of $27.47.

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