Ahead of the Bell: Yahoo 1Q Puts Spotlight on CEO

Associated Press

SUNNYVALE, Calif. (AP) — Yahoo's first-quarter earnings report will cast a spotlight on CEO Marissa Mayer's efforts to turn around the Internet company.

The numbers, due out after the stock market closes Tuesday, are being released with Yahoo's stock price trading at some of its highest levels since the company squandered an opportunity to sell itself to Microsoft Corp. for $47.5 billion, or $33 per share, in May 2008.

Much of the recent rebound has been tied to Yahoo Inc.'s 24 percent stake in China's Alibaba Group, a rapidly growing Internet company.

But investors also have been betting that Mayer, 37, has been cooking up a strategy that will duplicate some of the success she enjoyed while helping to build Google Inc. into the Internet's most powerful company. After working as a top Google executive for 13 years, Mayer defected to Yahoo nine months ago.

Mayer has been trying to make Yahoo's online services more engaging and easier to use in hopes that the improvements will encourage Web surfers to visit more frequently and stay for longer. That would help Yahoo sell more advertising to marketers who have been funneling more of their online budgets to Google and Facebook Inc. in recent years. Mayer also has been trying to recast Yahoo's services so they are better suited for the growing audience consuming content on smartphones and tablet computers.

As part of its makeover under Mayer, Yahoo has redesigned its home page, email service and Flickr photo-sharing service. The company, which is based in Sunnyvale, Calif., also has made a series of small acquisitions aimed primarily at attracting more engineers with expertise in mobile applications and social networking.

The breakdown for the opening three months of the year will give Wall Street a better sense of whether Mayer's efforts to revive the company's revenue growth are gaining momentum. Analysts are only expecting a 2 percent rise in revenue from the same time last year, so it will likely be a major disappointment if Yahoo can't clear that low hurdle.

Excluding one-time costs, Yahoo's earning for the period are expected to rise 9 percent from last year to 25 cents per share.

At some point, Mayer will have to prove her formula will produce revenue growth somewhere closer to the rates of its peers. Yahoo's revenue, minus ad commissions, rose 2 percent last year, ending three straight years of declines. But Google's

revenue minus ad commissions rose 21 percent last year, while Facebook's total revenue climbed 37 percent.

If the first-quarter numbers turn out to be a lot better than analyst projections, Yahoo's stock could climb above $25 for the first time since June 2008. After trading as high as $24.99 Monday, the stock closed at $23.98. That left Yahoo with a 53 percent gain in its market value since Mayer became CEO.

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