

## **INSTANT VIEW: Yahoo beats Street view, shares up**

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LOS ANGELES/NEW YORK (Reuters) - Yahoo Inc's third-quarter profit more than tripled from a year ago, beating Wall Street estimates and sending its shares climbing.

COMMENTARY:

ALLEN WEINER, ANALYST, GARTNER

"The results are not....as important as their Q4.

"We'll finally get to see some results of their branding work. There's potentially a huge halo effect around Yahoo, around this branding. We'll see if the search deal with Microsoft goes through.

"This is a very soft prelude.

"You have to view Yahoo's cup as being half full rather than being half empty. They seem positioned for a turn-around with the deal with Microsoft and with branding. They are pretty well-positioned to make a comeback in Q4. These numbers are not going to hurt them.

SAMEET SINHA, ANALYST, JMP SECURITIES

"Seems like it was good quarter. Most of the growth came in the display advertising business. That's kind of indicative of where we are in the secular growth. Autos and consumer products were strong. In fact, Yahoo benefited significantly from the rebranding campaign in the auto industry.

"Most of the expenses that they indicated around the rebranding started around the end of September, so we didn't see much of it.

"The guidance was also good.

"But most of the benefit that they are seeing is because the economy is improving -- a rising tide -- not because of all the changes they've made. Look at search, it was down sequentially. The story is not new: Yahoo is losing share in search."

MARC PADO, U.S. MARKET STRATEGIST, CANTOR FITZGERALD & CO

"Tech's been strong pretty much across the board. Obviously the net numbers, they have been beating them across the board, because at the end of the second quarter, everybody was so cautious. If you look at (Yahoo) revenues, it's not a big beat, but a lot of companies have been coming up shy on the revenue, so it's a positive.

Yahoo "had to show, Microsoft or not, we're still in the game."

**LAXMI PORURI, PARTNER/ANALYST, PRIMARY GLOBAL RESEARCH**

**"We were hearing that search was not doing well, because there were a lot of hesitant advertisers that were going to wait for back-end technology to solidify with the Yahoo-Microsoft merger.**

**"We expect more search spending to go to that partnership in the next 9 to 12 months.**

**"In Q4, as a general observation, you're going to see strong spending within the advertising and Internet space. I don't think there's a turnaround per se, but I think people are more optimistic about the future. Everybody is going to benefit from that."**

SANDEEP AGGARWAL, ANALYST, COLLINS STEWART

"They beat expectations for both top-line and bottom-line, so it seems like they are the beneficiary of the rebound in Internet advertising, much as we saw with Google. The fourth quarter outlook is slightly below our expectations. We had \$1.7 billion for revenue. But overall, we are impressed with the earnings."

COLIN GILLIS, ANALYST, BRIGANTINE ADVISORS

"The key to Yahoo is that the revenue number is still sequentially flat. We knew the new management could drive some of the cost out of the system, but we want to start to see what can be done to have the company return to growth. This is a company that's still very much in the process of being restructured.

"It's a mild positive. They're doing what they're supposed to be doing.

"We want to see Yahoo on the display side, on advertising, is their pricing firming up? We'll hear that on the conference call."

(Reporting by Laura Isensee in Los Angeles and Paul Thomasch and Caroline Valetkevitch in New York, compiled by Edwin Chan)