

# Yahoo! (NASDAQ: YHOO)

Location: Sunnyvale, CA

Analysts: Jonathan Goto, Stephanie Landry, Evan Solomon

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## BUSINESS DESCRIPTION

Yahoo! Inc. and its subsidiaries provide Internet services to users and businesses worldwide. It offers online properties and services to users; and a range of tools and marketing solutions to businesses. The company's search products include Yahoo! Search; Yahoo! Desktop Search; Yahoo! Toolbar; and Yahoo! Search on Mobile to navigate the Internet and searching for information

## INVESTMENT THESIS

Yahoo is the second leading website by pageviews and time spent, killing everyone out there other than MySpace. They own almost 50% of the search market as well as many other value-added Yahoo properties and secondary properties around the web. Their new advertising software, Panama, is going to be a huge catalyst for the company both in the short and long term. Combined with their valuable potential in properties like Flickr and del.icio.us we feel Yahoo is poised to gain significant value.

## STOCK PRICE PERFORMANCE



## FINANCIAL SUMMARY

Results of Operations	FY Ended Dec 31,			
	2004	2005	2006	2007 E*
Revenue	\$3,575.0	\$5,258.0	\$6,426.0	\$7,711.0
<i>Growth</i>		47.1%	22.2%	20%
EBIT	1,185.0	2,544.0	1,098.0	1,601.0
<i>EBIT Margin</i>	33.1%	48.4%	17.1%	21.0%
After-tax Earnings	840.0	1,896.0	751.0	1,262.0
<i>Net Margin</i>	23.5%	36.1%	11.7%	16.4%
D&A	311.0	397.1	540.0	633.8
CapEx	246.0	409.0	689.0	827.0
Interest Expense	0.0	0.0	0.0	0.0
EPS on Current Sh.	\$ 0.57	\$ 1.29	\$ 0.51	\$ 0.34

### Balance Sheet Data

Total Debt	\$750.0
Cash & Equivalents	3,750.0
Net Debt	(3,000.0)

### Credit Stats

	LTM
Total Debt/EBITDA	0.0x
Net Debt/EBITDA	0.0x
EBITDA/Interest	N/A

### Trading Statistics

Share Price	\$28.85
Diluted Shares Outstanding	1,474.0
52 Week High	34.09
52 Week Low	22.65
Equity Market Value	39,240.0

(1) Figures as of 2/2/2007