S&P Capital IQ Equity Research Issues 2013 Internet Predictions

NEW YORK, Jan. 7, 2013 /PRNewswire/ -- Facebook's disappointing IPO, Apple's new products and software shortcomings, Yahoo's three new CEOs including Marissa Mayer, Google's purchase of Motorola Mobility, and resurgent search competition in China, are among the many developments that kept the Internet segment very interesting in 2012. Given the nature of the area, it will probably stay in the news in 2013, and accordingly, Scott Kessler, Internet equity analyst and head of the Technology Sector team at S&P Capital IQ Equity Research, has issued 13 Internet predictions for 2013.

On January 4, 2013, Mr. Kessler issued the following predictions.

1. We believe Internet companies will increasingly utilize their balance sheets for stock buybacks and dividends.
2. Reflecting what we see as a decline in interest and confidence in iOS apps, following disappointment related to Maps and Siri, we see Apple making substantial commitments to improving its mobile software offerings.
3. As Facebook looks to emphasize mobile and monetization more, and users become increasingly concerned about privacy issues, we see greater potential for "Facebook fatigue."
4. We think Facebook will expand its Gifts offering and make e-commerce and perhaps payments more of a priority.
5. With the FTC's inquiry into Google having ended, we believe the company will become more proactive with acquisitions in terms of size and volume.
6. We believe Google will continue to invest in its enterprise business, with new offerings and features.
7. We think Yahoo CEO Marissa Mayer has made many good decisions but we believe it will take time for the financials to follow suit. We think a lot of the positives are already priced into the stock.
8. We don't expect Alibaba Group to come public or even announce a planned offering in 2013, to the chagrin of Yahoo investors.
9. We see divestitures of non-core businesses, investments, and products as an important theme, as Internet companies look to focus their resources and simplify their operating structures.
10. Repeating a prediction from last year, we believe cyber security will become an even more important issue in 2013.
11. We think 2013 will be more challenging for online travel companies and stocks, reflecting more mature businesses and substantial competition.
12. We think CEOs at ValueClick and WebMD appointed in 2012 will help deliver value for shareholders in 2013.
13. We believe that announced planned data center and network investments will enable EarthLink to become more of a nationally known and successful technology service provider.

"I've been making these predictions for a number of years and, of course, I get some right and some wrong," Mr. Kessler said. "We made a number of accurate predictions last year, and I encourage folks to read our related research and reach out to discuss. We'll see in a year or so how this year's predictions do."

Facebook (FB 29, Hold)
Apple (AAPL 527, Strong Buy)
Yahoo (YHOO 20, Hold)
Google (GOOG 738, Hold)
ValueClick (VCLK 20, Strong Buy)
WebMD (WBMD 16, Buy)
EarthLink (ELNK 7, Strong Buy)

About S&P Capital IQ

S&P Capital IQ, a business line of the McGraw-Hill Companies (NYSE: MHP), is a leading provider of multi-asset class and real time data, research and analytics to institutional investors, investment and commercial banks, investment advisors and wealth managers, corporations and universities around the world. We provide a broad suite of capabilities designed to help track performance, generate alpha, identify new trading and investment ideas, and perform risk analysis and mitigation strategies. Through leading desktop solutions such as Capital IQ, Global Credit Portal and MarketScope Advisor desktops; enterprise solutions such as S&P Valuations, and Compustat; and research offerings, including Leveraged Commentary & Data, Global Market Intelligence, and company and fund research, S&P Capital IQ sharpens financial intelligence into the wisdom today's investors need. For more information visit www.spcapitaliq.com.

financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only current as of the stated date of their issue. Prices, values, or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you nor is it considered to be investment advice. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

This material is based upon information that we consider to be reliable, but neither S&P Capital IQ nor its affiliates warrant its completeness, accuracy or adequacy and it should not be relied upon as such. With respect to reports issued to clients in a language other than English and in the case of inconsistencies between the English and translated versions of a report, the English version prevails. Neither S&P Capital IQ nor its affiliates guarantee the accuracy of the translation. Assumptions, opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Neither S&P Capital IQ nor its affiliates are responsible for any errors or omissions or for results obtained from the use of this information. Past performance is not necessarily indicative of future results.

SOURCE S&P Capital IQ
