

# Google reports \$1.6B in 3Q revenue

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It is often joked lately that search titan Google Inc. may someday -- perhaps someday soon -- rule the world. It is the center of much of the Internet world in terms of the sheer number of people who use it, and with its robust earnings report after market close Thursday the company shows that its financial growth continues strongly ahead.

Google reported record revenues of \$1.578 billion for the quarter ended Sept. 30, up 96 percent compared to the same period last year. GAAP net income for the third quarter was \$381 million compared to \$343 million in the second quarter, an increase of 11 percent. Non-GAAP net income was \$437 million, compared to \$381 million in the second quarter, an increase of 15 percent, according to a statement from the company.

"Although this is typically a slower season for Internet properties, we had another exceptional quarter," said Eric Schmidt, Google chief executive officer. "Our focus on end users and on quality of information and advertising worldwide continues to work extremely well. We are very pleased with how well this is working at scale."

GAAP earnings per share for the third quarter was \$1.32 on 290 million diluted shares outstanding, compared to \$1.19 for the second quarter on 287 million diluted shares outstanding. Non-GAAP EPS was \$1.51, compared to \$1.33 in the second quarter.

Google has been on an extended growth spurt in the number of services that it offers.

Among the variety of things that Google features beyond just simple search are the recently launched Google Blog Search, Google Local, Google Maps, Google Talk and Google Mail, and it's been recently reported that the company may become a huge Internet service provider and also launch a financial-services section allowing users to pay bills through Google.

Deals with Google's name attached recently include media reports last week that the company is involved in a joint venture with Comcast Corp. for the possible purchase of a stake in AOL from parent Time Warner. Deal valuations have been estimated as high as \$10 billion.

Sun Microsystems Inc. and Google recently announced an agreement to promote and distribute their software technologies to millions of users around the world. The agreement makes it easier for Netsurfers to freely obtain Sun's Java Runtime Environment and the OpenOffice.org office productivity suite.

Created in a Stanford University dorm room in the late 90s, the dot-com had its first public stock offering in August of last year and is currently worth an estimated \$84 billion.

Google is primarily an advertising-driven company during an era when Net advertising has been strongly on the upswing. The company also benefits from holding a nearly 50-percent share of the search market, being the search engine of choice for many Netsurfers, according to a Nielsen/NetRatings report released in July.

Started seven years ago by two enterprising Stanford students -- the same school that brought the world Yahoo! -- Google quickly gained in the search ranks by virtue of its so-called page-ranking system, which its creators say makes for more successful and accurate searches. Founders computer-science Ph.D. candidates Sergey Brin and Larry Page

formulated the page-ranking algorithm while still in school, surmising, among other factors, that pages linked to more often (and therefore more popular) were greater sources of information.

According to company history, Page's Stanford dorm room became Google's data center while Brin's room served as the business office. The two students put their studies on hold and raised \$1 million in funding from family, friends and angel investors to start the company.

On Sept. 7, 1998, Google was incorporated and moved to its first office in a friend's Menlo Park, Calif., garage with four employees. Initially, Google answered an average of 10,000 search queries per day.

The search engine has worked its way into popular vernacular with the verb "to Google" someone, meaning to look up their background information -- with "Googling" becoming a popular facet of the dating ritual and among ego-battling colleagues who want to see who has more Internet listings.

Shares of Google closed moderately down at \$303.30 but was trading up in after-hours action.

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