

# Google profits surge on growing ad revenue (Update)

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The Google headquarters in Mountain View, California in 2011. Google on Thursday reported that its quarterly profit surged to \$2.79 billion on rising online advertising revenue, besting Wall Street expectations.

Google on Thursday reported a surge in quarterly profit to \$2.79 billion on the back of rising online advertising revenue, beating Wall Street expectations.

The California-based online search titan's profit rose 11 percent in the quarter ended June 30 as consolidated revenue climbed 35 percent to \$12.21 billion compared with the same fiscal quarter last year.

"Google standalone had a strong quarter with 21 percent year-on-year revenue growth, and we launched a bunch of exciting new products... in particular the Nexus 7 tablet, which has received rave reviews," said chief executive Larry Page.

"This quarter is also special because Motorola is now part of the Google family, and we're excited about the potential to build great devices for users."

Google's stock price rose to \$610.45 in after-hours trade that followed release of the earnings figures.

The company has stated publicly that it intends to allow newly acquired Motorola Mobility to keep its autonomy as it battles in the hotly contested smartphone market.

Google in May completed the \$12.9 billion deal for Motorola Mobility, a key manufacturer of smartphones and other devices that put the Internet giant in head-to-head competition with Apple.

Google acquires 17,000 patents with the purchase of Motorola Mobility and has been strengthening its patent portfolio in the fight for dominance in the smartphone and tablet market.

Motorola Mobility was created in 2011 when US-based Motorola Inc. split the company into two separate entities: a mobile devices unit, and a government and public safety division known as Motorola Solutions.

"We are totally excited about this opportunity we have at Motorola," Google chief financial officer Patrick Pichette said during an earnings conference call.

"There is palpable excitement," he continued. "Clearly, people should expect some changes at Motorola."

Page did not take part in the conference call as is the usual routine, with executives saying that the Google boss and co-founder was still recovering from a throat problem that left him temporarily unable to

speak.

"Larry has lost his voice," said Google chief business officer Nikesh Arora. "That means he cannot do any speaking engagements, including this earnings call, but he continues to run the company."

Google's dominant share of the US online search advertising market will grow to 77.9 percent this year from slightly less than three-quarters last year, according to industry tracker eMarketer.

In comparison, the piece of the market held by Microsoft search engine Bing was expected to remain unchanged at seven percent.

Google will rake in one of every 10 dollars spent on advertising this year in the United States as the overall market reaches \$169.5 billion, according to eMarketer.

Google is also dominating the US mobile advertising market, seen as a key source of revenue for Internet firms as modern lifestyles revolve increasingly around smartphones and tablet computers.

Spending on US mobile ads is projected to leap 80 percent this year to \$2.61 billion with Google's share at nearly 52 percent, according to eMarketer.

"Mobile is very important," Arora said. "It is evident in our commitment to Android as well as our purchase of Motorola."

On a separate note, executives announced that the Google+ social network has grown to 250 million users and that it continues to be integrated through the company's online venues as a "backbone" for features based on friends.

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