

Google stock surges on profit, revenue gains (Update)

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Google headquarters in Mountain View, California, on April 7, 2011

Google shares surged to a record high, close to \$1,000, after quarterly earnings figures showed the Internet giant's profits are climbing despite a trend toward cheaper advertising on smartphones and tablets.

The company on Thursday reported net income of \$2.97 billion on revenue that rose to \$14.89 billion in the quarter that ended on September 30.

Profits were up 36 percent from the same period a year ago and topped expectations. Revenues also beat forecasts with a 12 percent jump year-on-year.

The California titan's stock leapt more than eight percent, hitting \$961.48 a share in after-hours trade.

"We are closing in on our goal of a beautiful, simple, and intuitive experience regardless of your device," Google chief Larry Page said.

Google's main money-maker, search advertising, remained strong while revenue from areas such as the online Play shop for apps, music, books and other digital content was on the rise, according to executives.

The company also said sales of hardware such as Chrome and Nexus devices were adding to its revenue stream along with services tailored for businesses.

"They pretty much are golden," independent Silicon Valley analyst Rob Enderle said of Google. "They are almost invulnerable."

Google is so dominant in the booming online advertising market that it seems only governmental interference could derail its momentum, according to the analyst.

"Yahoo can't hurt them; Facebook can't hurt them. Twitter can't hurt them," Enderle said. "Microsoft is trying."

And, while prices paid for advertising were dropping due to a shift to cheaper mobile ads, more people were "clicking" on marketing messages in moves that resulted in revenue for Google, the earnings report showed.

"When you look across the company, it is amazing how all the teams are executing," Page said during an earnings call with analysts.

Mobile ads are proving their worth by triggering actions such as phone calls to businesses or shopping visits to real-world stores, according to Google chief business officer Nikesh Arora.

And there is "great progress" with Enhanced Campaigns for marketers to synchronize advertising across various devices people use to access the Internet, he said.

Revenue at YouTube is also benefiting from a growing trend of online video viewing and a desire by advertisers to reach audiences at the globally popular online venue.

Google reported that about eight percent of its revenue in the recently-ended quarter was from handset maker Motorola Mobile in a drop from what the Google-owned operation took in during the same period last year. The unit recorded an operating loss of \$248 million in the past quarter.

Motorola recently launched a well-received Moto X smartphone and is ramping up marketing of the handsets.

The Android-powered phone is the first Motorola smartphone created in collaboration with Google since the Internet titan completed its \$12.5-billion purchase of Motorola Mobility early last year.

Moto X smartphones are powered by Google's Android software and features include sophisticated voice controls and anticipating what users might want from the Internet at any given moment.

"We have made tremendous progress on voice recognition," Page said of

spoken command features woven into Google products and services.

"The accuracy has caught up quite a bit; it is superfast."

Page, however, told analysts that they wouldn't be hearing his voice as often on quarterly earnings calls, as he would be letting Arora and chief financial officer Patrick Pichette handle most of those from now on.

"Going forward, I won't be joining every earnings call," Page said.

"I know you would all love to have me on, but you are also depending on me to ruthlessly prioritize my time for the good of the business."

Page said he remained devoted to investing in big innovations such as the self-driving car being refined in a Google lab devoted to disruptive new technology.

But Google won't be selling the cars any time soon. "It is still a long ways from being a commercial product," Page said.

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