

Google share surge boosted by hot earnings (Update)

January 30 2014, by Glenn Chapman



In this Wednesday, Oct. 17, 2012, file photo, people attend a workshop, "New York Get Your Business Online," at Google offices in New York. Google Inc. reports quarterly earnings on Thursday, Jan. 30, 2014. (AP Photo/Mark Lennihan, File)

Google shares marched upward on Thursday as earnings figures showed the Internet search titan remains a cash machine even as lifestyles shift to mobile gadgets.

"It is really about living with the user—supporting users across all the day whether on a TV, mobile phone, desktop, wearable (computers)," Google chief business officer Nikesh Arora said during an earnings call.

"That is really the aim we are shooting for."

Google reported that profit in the closing quarter of last year climbed to \$3.38 billion on rising ad revenue from around the world.

"We ended 2013 with another great quarter of momentum and growth," Google chief Larry Page said in the earnings release.

Google also declared it would pay a dividend in the form of Class C stock in an eagerly-awaited split of the high-flying stock.

Class C shares will trade under the symbol "Goog" while Class A shares will trade as "GoogL."

Google shares rose more than four percent in after-market trades to \$1,183, having closed the day up 2.57 percent to \$1,135.39 on word of its deal to sell smartphone maker Motorola Mobility to China-based computer titan Lenovo.

Motorola was seen by analysts as a drag on Google profit and an irritant in its relationships with partners who crank out smartphones or tablets powered by the Internet giant's Android software.

Google has agreed to sell Motorola to Lenovo for \$2.91 billion, after a lackluster two-year effort to turn around the smartphone maker it bought for \$12.5 billion.

The deal ends Google's run as a handset maker after its biggest-ever takeover, which was finalized in 2012.

It also provides Lenovo footholds in smartphone and tablet markets where it is eager to gain traction while acting as a peace offering to Samsung and other partners that make devices powered by Google-backed Android software.

Google has hardware plans that include smart home thermostats, Internet connected eyewear, and making Android smartphones and tablets with partners.

"We made great progress across a wide range of product improvements and business goals," Page said of the final quarter of last year.

"I'm also very excited about improving people's lives even more with continued hard work on our user experiences."

Google revenue from sales of apps, books and other digital content at its Play store for Android devices jumped, but the California-based company still made the bulk of its money from search-related advertising.

Revenue from "click" ads was up nearly a third from the same quarter the prior year despite the average price paid by marketers ebbing due to a shift to lower-cost mobile ads.

"It is great that Google has figured out how to increase mobile ad revenues with traditional advertising imitating what they do on the Web, but the real potential of mobile is yet to come," said Forrester analyst Frank Gillett.

"It is going to take years to master mobile. This is only the tip of the iceberg."

The analyst pictured mobile ads evolving into a form of "advice" from

virtual assistants that understand what a person might be in the mood for and what nearby establishments have to sate those desires.

Chief financial officer Patrick Pichette promised that Google will keep its feet in the consumer electronics hardware business after completing the sale of Motorola to Lenovo.

Google executives also boasted of "great momentum" for its flagship Nexus 5 smartphones and Chromebook computers during the year-end holiday shopping season.

Google this month announced the purchase of smart thermostat start-up Nest in a deal valued at \$3.2 billion.

"They're already delivering amazing products you can buy right now—thermostats that save energy and smoke/CO alarms that can help keep your family safe," Google chief executive Larry Page said at the time.

The big-ticket buy adds smartphone-synched thermostats to its Nexus mobile devices, Chromecast, and the promise of releasing Google Glass eyewear some time this year.

The move also gets Google the talents of Nest co-founder Tony Fadell, a former senior vice president of the Apple division behind iPods and iPhones.

Fellow Nest co-founder Matt Rogers was a lead iPod software engineer working with Fadell at Apple.

Nest launched in late 2011 with its smart thermostat and later added a carbon dioxide detector to its line.

"We continue to be committed to hardware that is on new frontiers," Pichette said. "That is what we continue to be focused on."

He portrayed the Motorola sale as strengthening the Android mobile device "ecosystem," of which Google would remain an "impartial supporter."

Google's ownership of Motorola had raised concerns that the Internet firm might favor its own smartphones over those made by partners.

© 2014 AFP

Citation: Google share surge boosted by hot earnings (Update) (2014, January 30) retrieved 24 April 2024 from <https://phys.org/news/2014-01-google-4q-pct-ad-fall.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.