

# Google shareholders revel in record 1-day windfall of \$65.1B

July 18 2015, by Michael Liedtke And Marley Jay

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In this June 5, 2014 photo, people walk past a Google sign at the company's headquarters in Mountain View, Calif. Google is already one of the largest companies in the world, and on Friday, July 17, 2015, it made one of the largest stock market moves ever. The Internet giant reported strong second-quarter results on Thursday, sending its stock climbing. Google's market capitalization, already around \$403 billion, rose some \$65 billion to finish at \$468.3 billion, according to S&P Dow Jones Indices. (AP Photo/Marcio Jose Sanchez)

Google's stock roared out of a long slumber Friday to produce the biggest shareholder windfall in U.S. history as investors rewarded the Internet company for promising to curb its spending on risky projects.

A 16 percent surge in Google's publicly traded [stock](#) translated into an additional \$65.1 billion in [shareholder wealth](#), on paper at least.

That barely topped the previous record one-day gain of \$65 billion by Cisco Systems Inc. in April 2000 after the computer networking equipment maker had suffered a steep drop in the previous week, according to S&P Dow Jones Indices. More recently, iPhone maker Apple Inc. posted a \$46.4 billion one-day gain in April 2012 after its quarterly earnings wowed Wall Street.

Google's gigantic run-up came after the Mountain View, California, company reported quarterly earnings that topped analyst estimates for the first time since late 2013. The company's inability to hit the targets that steer investors had raised doubts about Google that had caused its stock to lag the rest of the market since the end of 2013.

Investors were even more impressed with a message of newfound austerity delivered by Google's new chief financial officer, Ruth Porat. In prepared remarks and in responses to analyst questions posed in a late Thursday conference call, Porat repeatedly stressed that Google intends to control its costs more diligently.

The words placated investors who had become increasingly frustrated with Google's penchant for [spending](#) on projects that had little or nothing to do with its main business of Internet search and advertising—areas that the company has long dominated.

The expansion into more experimental areas, such as self-driving cars, Internet-beaming balloons, and Internet-connected eyewear, had been

contributing to a pattern of Google's operating expenses increasing at a faster clip than its revenue growth.

Although Google has still been making plenty of money, many investors believed the company needed to clamp down on expenses. Google CEO Larry Page and fellow co-founder Sergey Brin, who wield voting control over the company, resisted the demands until having an apparent change of heart in March when they lured Porat away as CFO at investment bank Morgan Stanley to take the same job at Google.

Porat, known for astute budget management, didn't start working at Google until late May, but she has already quickly justified her pay package of roughly \$70 million.

"People are feeling pretty good about Google now," said S&P Capital IQ analyst Scott Kessler. "People are saying, 'Wow, look at what we are already seeing with Ruth there. Let's see what happens when she has time to make a really positive impact.'"

Google's Class A shares gained \$97.84 to close at \$699.62 to leave the company with a market value of about \$469 billion, according to S&P Dow Jones Indices. That's still a distant second among U.S. companies to Apple, whose market value stands about \$747 billion. That's still as Google's Class C shares rose 16.1 percent to \$672.93.

The biggest beneficiaries of Google's rousing rally were Page and Brin, whose already vast fortunes each climbed by more than \$4 billion Friday. Google's 57,000 employees already also were feeling richer, too, because they all receive stock as part of their compensation packages.

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