

Alphabet quarterly profit climbs on ads and other bets

October 27 2017, by Glenn Chapman



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Google's parent company Alphabet on Thursday reported profit in the recently-ended quarter leapt as money poured in from ads delivered to mobile devices and returns improved on "other bets."

Alphabet profit was up 32.4 percent to \$6.7 billion on in the quarter on

revenue that increased 24 percent to \$27.8 billion, up 24 percent from the same period a year earlier.

Chief financial officer Ruth Porat credited "strength across Google and Other Bets."

The earnings topped market expectations, and Alphabet shares jumped in after-market trade on the Nasdaq exchange before concerns about growing expenses apparently caused them to settle back a bit to be up nearly 3 percent to \$1,021.

"It is what everybody looks at every time: what is going on with expenses?" independent analyst Rob Enderle told AFP.

"For the most part they seem to be well managed, but you watch to make sure they remember they still have limits even though they are printing money."

While mobile ads were a main area of growth, they brought with them higher traffic acquisition costs, pushing up Google expenses in a trend seen as unavoidable.

Investing in cloud services and artificial intelligence also means spending more on data centers to provide the massive computing power involved.

"I've been really proud of the progress this quarter; launching popular new products and continuing to grow our business in new areas," Google chief executive Sundar Pichai said in an earnings call with analysts.

"It's been particularly exciting to see our early bet on [artificial intelligence](#) pay off and go from a research project to something that can solve new problems for 1 billion people a day."

YouTube continued to see "phenomenal growth" with more than 1.5 billion people spending an average of an hour a day watching videos there on mobile devices, and surging use on television screens in homes, according to Pichai.

He boasted of progress winning businesses over to Google services hosted in the internet cloud, where the company competes with Amazon and Microsoft in that market.

Pichai also said that opening day pre-orders for recently unveiled Pixel 2 smartphones were double that seen for the first-generation Pixel.

Google is "seriously committed to making hardware" as well as working with partners such as South Korean consumer electronics giant Samsung which is a major producer of smartphones powered by Android software made available free by the US internet company.

"The intersection of hardware and software is how you drive computing forward," Pichai said.

"I think it's important we thoughtfully put our opinion forward."

Smartphones and other devices "made by Google" can showcase the potential of its Android and Chrome software, setting a bar for partners.

Moonshots

A corporate reorganization started two years ago created Alphabet, which has holdings including cash-engine Google and ventures devoted to innovative "moonshots" such as Waymo self-driving car unit and a Loon project for delivering internet service from high-altitude balloons.

Subsidiaries other than Google were put into an "other bets" group which

saw revenue in the quarter rise to \$302 million from \$197 million during the same three-month period last year.

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Alphabet earlier this year spun off a little-known unit working on geothermal power called Dandelion, which will begin offering residential energy services.

Dandelion chief executive Kathy Hannun said her team had been working for several years "to make it easier and more affordable to heat and cool homes with the clean, free, abundant, and renewable energy source right under our feet," and that the efforts culminated in the creation of an independent company outside of Alphabet.

Meanwhile, Alphabet's life sciences unit Verily announced a study to track people for years, right down to their genetics, in a quest for insights into staying healthy.

Alphabet also owns Nest, which recently expanded its line-up of smart home devices to include a security system.

Nest, Fiber, and Verily were said to be top performing other bets in the quarter.

Waymo on Thursday announced plans to begin testing self-driving cars in notoriously troublesome ice and snow conditions in the US state of Michigan this winter.

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Citation: Alphabet quarterly profit climbs on ads and other bets (2017, October 27) retrieved 24

April 2024 from <https://phys.org/news/2017-10-alphabet-quarterly-profit-climbs-ads.html>

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