



Google (GOOG) 2017 Q4 Earnings Summary

February 2018

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Google's Revenues Grew 23% In 2017 On The Strength Of Its Mobile Advertising Capabilities

YOUTUBE

- **Every month, more than 1.5 billion people come to YouTube to watch their favorite content**
 - **There are over 1 billion learning-related video views every day on YouTube**
 - **YouTube TV is now also available on Roku and Apple TV**
 - **Seeing significant growth in people watching YouTube on their televisions**
- Expanding YouTube Go app to over 130 countries around the globe in order to reach people in regions with limited connectivity

ADVERTISING

- Making sure YouTube is a great place for users and advertisers while helping creators earn money from popular content
 - **Launched major initiatives, such as total visit measurement and location-based ad formats to drive online to offline commerce**
- **New advertising changes on YouTube include stricter monetization criteria and manual reviews of all Google Preferred videos**
 - **Provided improved controls for marketers, and are working with trusted third-party vendors to assist brand suitability**

MOBILE

- Android Oreo Go edition is available for device partners to provide a better, more tailored experience for the next billion users
- **Introduced a new playable ad format in Google Play that allows users to sample games before they install**
- **In Latin America, unique monthly buyers on Google Play grew by over 50% year-over-year in 2017**
- **Redesigned the mobile shopping experience to bring more product information to the forefront like reviews and ratings, and making the payments experience simpler, safer and more consistent**

VOICE

- Voice is a significant part of mobile search queries in general, and especially strong in countries like India
 - **Google Assistant, now available on more than 400 million devices, will help accelerate that trend**
- **Working on building an ecosystem, and will scale things up by working with many, many partners**
 - It will be an extension of how they have approached search from day 1 and trying to serve everyone
- **A lot of interesting ideas internally about monetization, but the focus will solely be on user experience for a while to come**

DRIVERLESS CARS

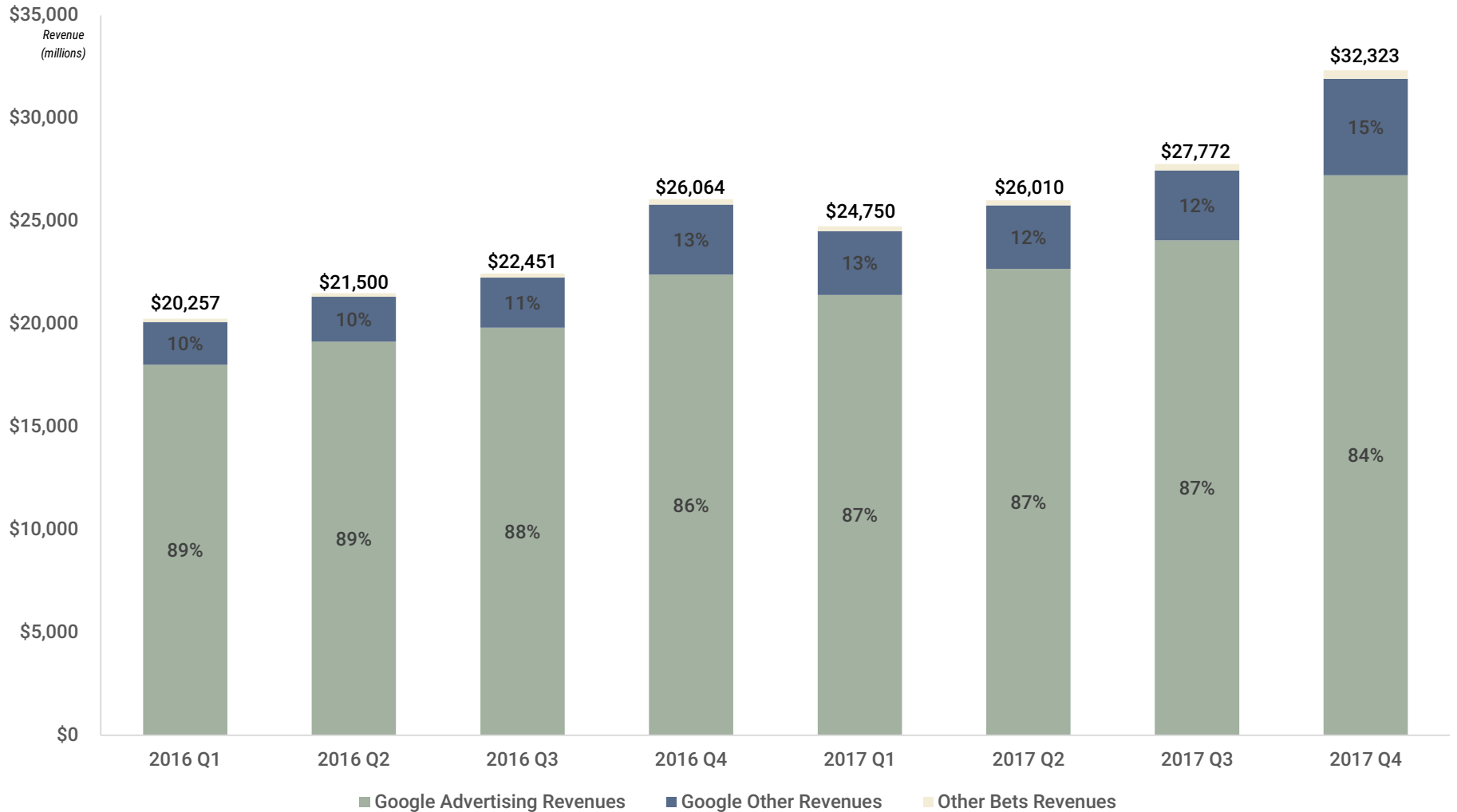
- Waymo surpassed 4 million miles of test driving in the real world across 7 states, 25 cities
 - Took only 6 months to achieve the last million miles compared to about 18 months for the first million miles
- **Only company to have a fleet of cars on public roads that are completely autonomous without anyone in the driver seat**
- Exploring a range of options including ride-sharing and personal use vehicles, logistics, deliveries and public transportation
 - **First commercial application is the ride service that will launch to the public in Phoenix in 2018**

Focused on building a second wave of growth around YouTube, Cloud and hardware businesses

Revenues



Google's Dependency On Advertising Revenue Is Slowly Starting To Fade

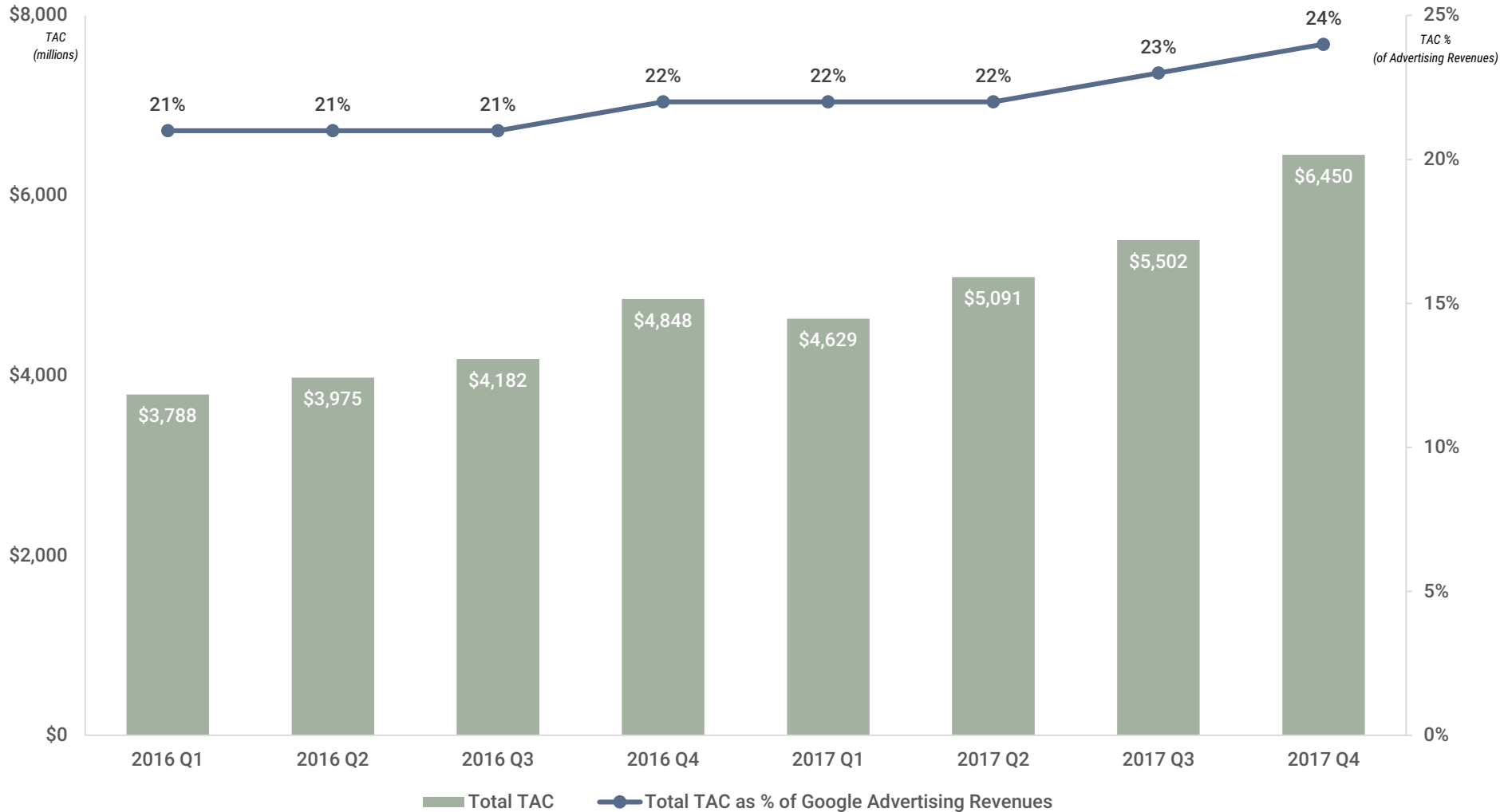


AI and machine-learning will be the backbone of new products over the next decade

Traffic Acquisition Costs (TAC)



TAC Continue To Rise Due To Industry Shifts To Mobile And Programmatic

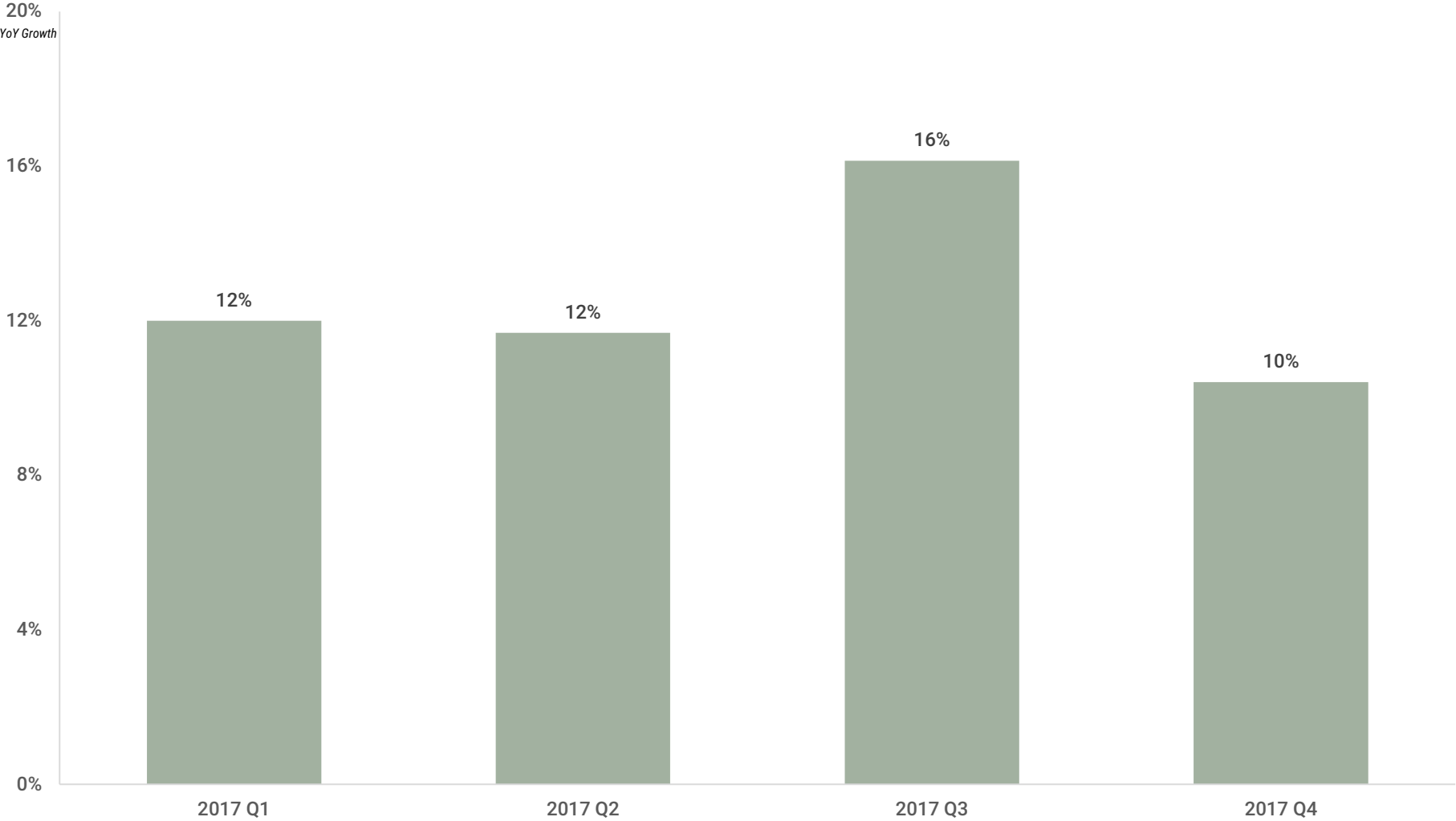


Year-over-Year increases in TAC rates should start decline over the next year

Ad Margin



Despite The High TAC, Advertising Margins Continue To Rise



The integration of Google hardware and software products will deepen the relationship with its consumers

