

Google (GOOG) 2018 Q1 Earnings Summary

April 2018

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Google Is Deepening Their Relationship With Publishers In Order To Continue Growth In Mobile Search

YOUTUBE

- Aggressively combating content that violates its strict policies through a combination of user and machine flags
 - **Over 6 million videos removed in Q4 were first flagged by machines, and over 75% were removed before a single view**
- **Over the last year, channels earnings 6 figures annually grew more than 40% and there are now 100 videos with 1 billion views**
- **Focused on making sure they are supporting emerging formats, be it mobile live streaming or VR**
 - **Looking at new monetization options for creators beyond advertising, including subscriptions, super chats, and ticketing**

HARDWARE

- **Have all the end-to-end capabilities of a world-class hardware organization, in addition to their strong software organizations**
 - **Will take 2 to 3 years to really get the scale they want, but they are going to lean into it and are committed to getting there**
- **Launched the Acer Chromebook Tab 10, the first Chrome OS tablet designed specifically for education**
- Google Home continues to be super popular and are making it available in many more countries, including India and Singapore
 - Gives rise to a lot of new and unique use cases that are a big part of it and are different than what would be said to Search

NEWS / AMP

- **In March, launched the Google news initiative with a \$300 million investment to elevate and strengthen quality journalism**
 - **Announced more than a dozen new products, including Subscribe with Google developed in close collaboration with publishers, which lets you use your Google account to buy a subscription on participating news sites**
 - Improvements to its platforms to ensure they are surfacing accurate quality content where it matters most
- AMP has been successful and it's made publisher content much more friendly for users in terms of latency and the experience

CLOUD

- **Have seen increasing momentum in Google Cloud, and are signing significantly larger, more strategic deals**
 - **The fundamental driver of adoption is their advantage in data analytics and machine learning**
 - Security has also become a big differentiator and it's something they've been leading for a while
- Seeing good synergies between G Suite and Cloud and efforts with partners are beginning to bear fruit
 - Have go-to-market programs with SAP, Cisco and Salesforce which should translate into more momentum going forward

WAYMO

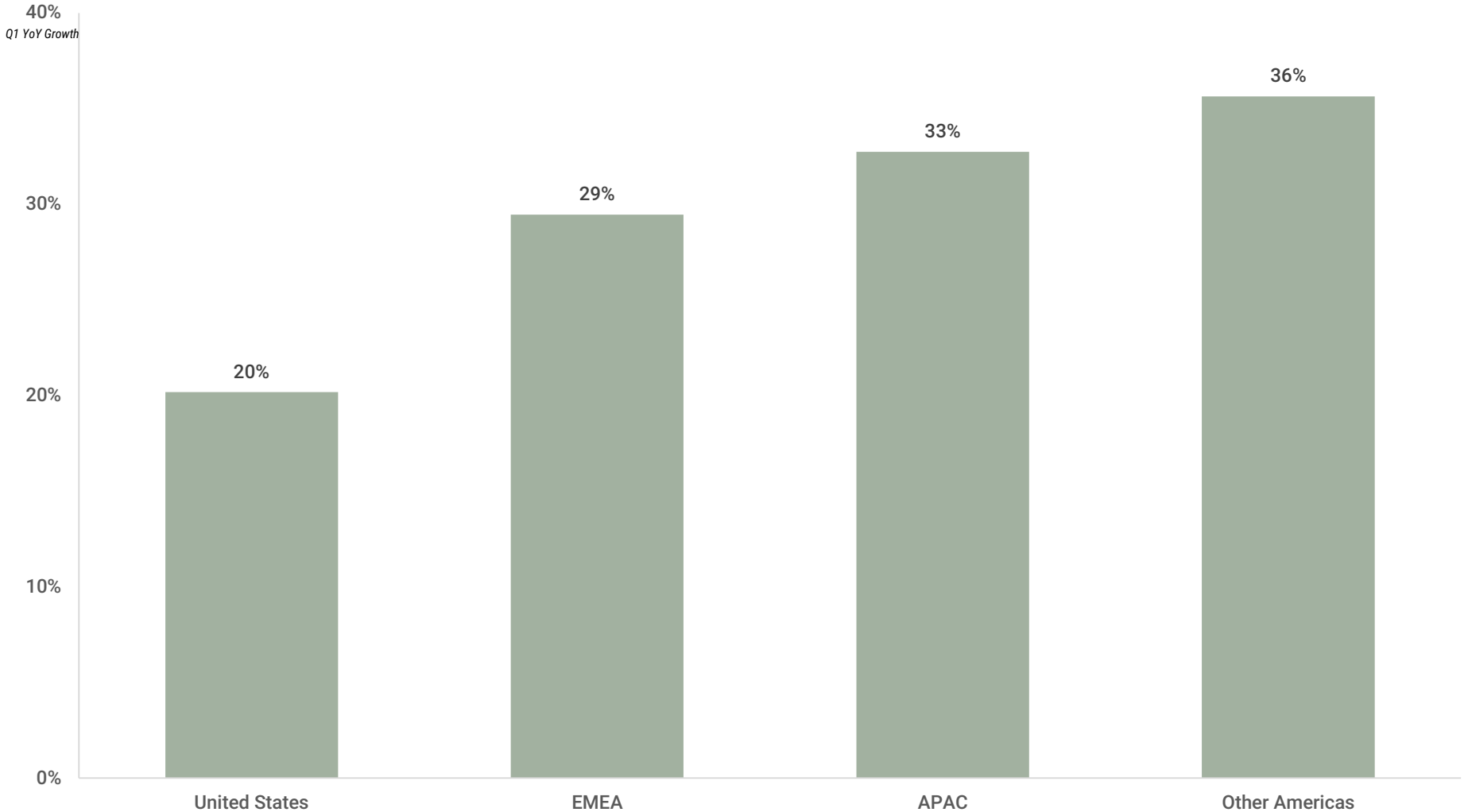
- **Have achieved 5 million miles of driving on city streets, adding the latest million in just 3 months**
 - Announced a long-term partnership with Jaguar Land Rover for their fully electric I-PACE vehicles
- This year is about offering a service that is safe, that works, and that delight users in the Phoenix area
 - Will expanding testing to more states
 - **Working on applying the technology to logistics and deliveries and working with cities to strengthen public transportation**

Artificial intelligence is central to the company's growth, and will be integral to every part of their expanding business

Revenue by Geography



Google Has Seen Strong Revenue Growth Across The Globe

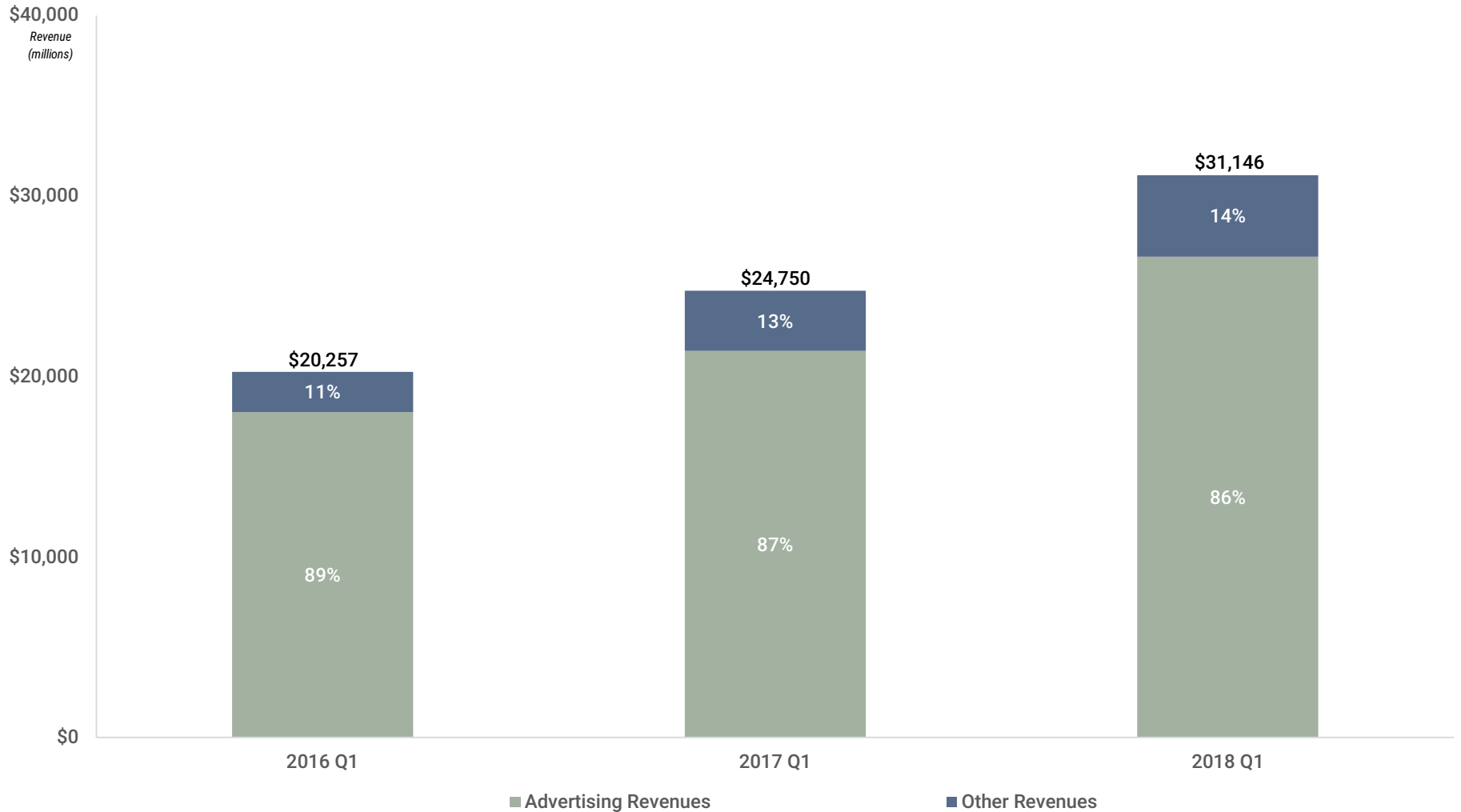


While smaller amounts, emerging markets have grown the quickest as cellular service improves and becomes cheaper

Revenues



While Advertising Will Always Be The Core Business, Google Is Diversifying Their Revenue Streams

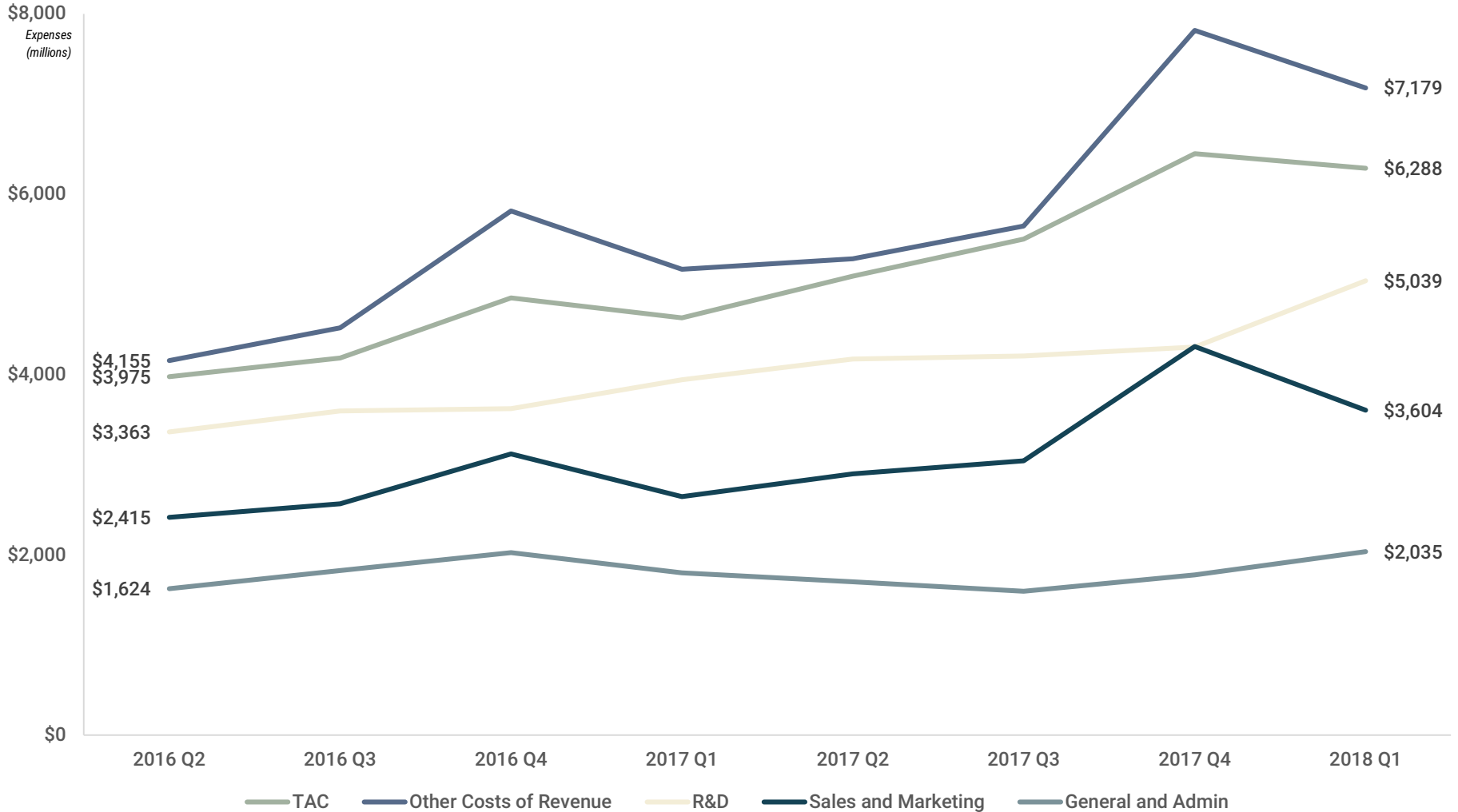


The emphasis on hardware products over the next 2-3 years will continue to drive revenue growth outside of ads

Costs And Expenses



As Mobile Becomes The Most Dominant Platform, TAC Will Continue To Cut Into Margins



Sales and marketing expenses should accelerate as the company leans into the hardware business

