



Google (GOOG) 2018 Q4 Earnings Summary

February 2019

Sign Up For Additional Research From Evolution Media Capital



Google (GOOG) 2018 Q4 Earnings Summary

February 2019

Google Is Making Significant Investments In Machine Learning To Add Value Across Their Businesses

YOUTUBE

- **Core effort is around the main YouTube product, and that is what works at scale globally across the world**
 - The number of channels with more than 1 million subscribers nearly doubled in the last year
 - YouTube Music and YouTube Premium are now available in nearly 30 countries, up from 5 countries at the start of 2018
- **YouTube TV is a differentiated product that has longer value because it brings their advertising products together**
 - Continuing to benefit from the secular change and the way users are using content, and that's reflected in strong revenue growth

GAMING

- **Project Stream's ability to deliver gaming with real-time, low latency requirements is an important computing advance**
 - Services like that will be a point of inflection as 5G rolls out as well
- **Developers rely on Google Play to safely and seamlessly distribute their game to billions of Android users worldwide**
 - Invest a lot in infrastructure to continuously make sure the overall experience is safe and results in high engagement
 - There's a value exchange and it's been the industry standard and they will continue down that path, but will adapt to where the market is

CLOUD

- **Fast-growing business that supports major global 500 companies in every important vertical with a robust enterprise organization**
 - Last year, more than doubled both the number of deals over \$1 million as well as the number of multiyear contracts signed
 - Passed 5 million paying customers for their Cloud collaboration and productivity solution, G Suite
- **Offerings are differentiated and they want to scale their go-to-market, both in terms of direct sales and channel partnerships**
 - Focus on infrastructure being an application platform, data management and smart analytics

OTHER BETS

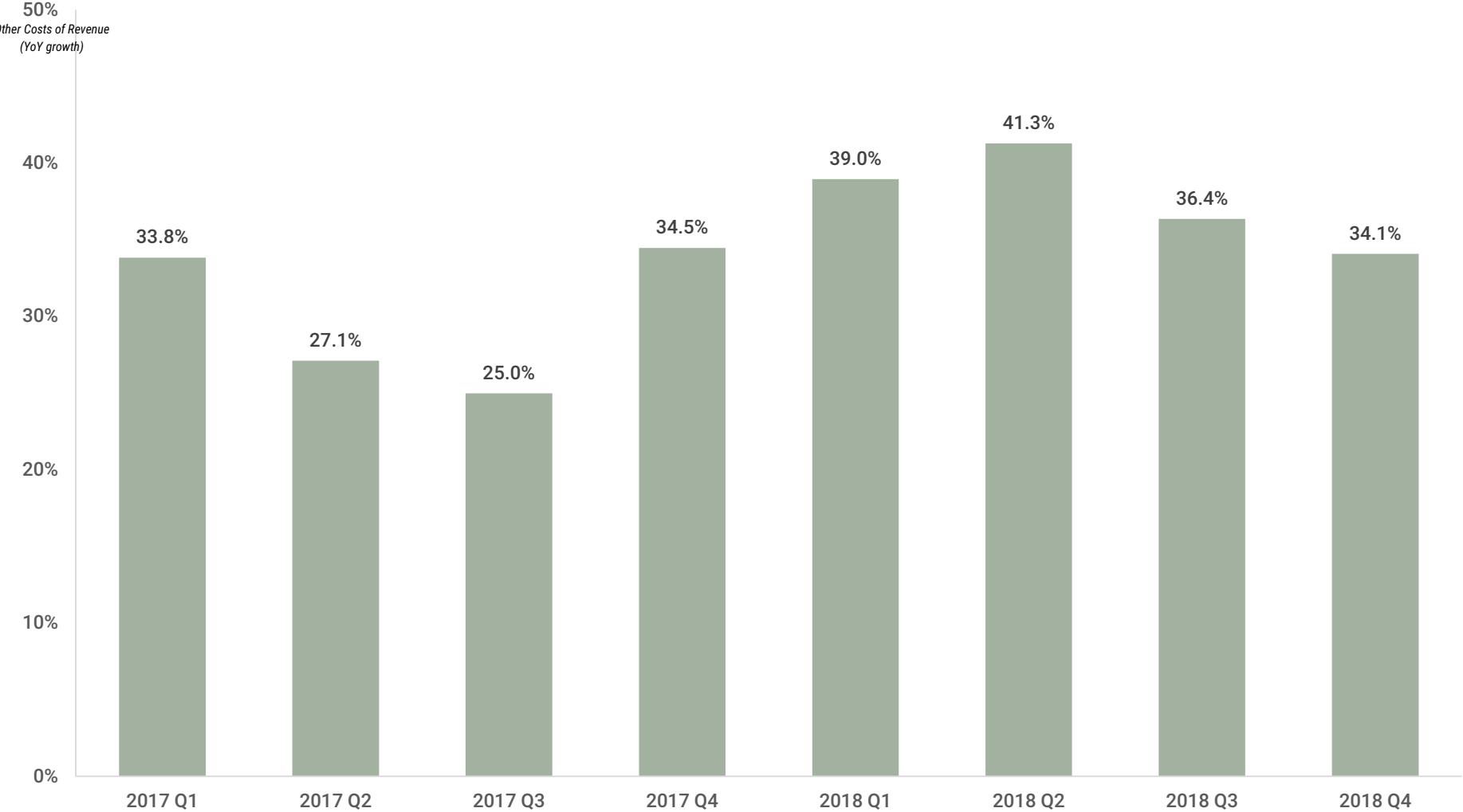
- **In December, launched Waymo One, which enables participants to use its app to hail and pay for rides**
 - Intently focused on safety first and ensuring a great user experience, so they are expanding methodically
 - Continuing to explore applying their technology for logistics, deliveries, personal use vehicles and for last mile solutions for cities
- **Saw continued progress on their goal to nurture new businesses outside of Google, with the model of independence**
 - Go through a regular process with weekly business reviews and quarterly board reviews and try and calibrate the appropriate pace of investment

The expansion of YouTubeTV across the U.S. makes it a real threat to all facets of the linear TV ecosystem

Costs of Revenues



Content Acquisition Costs For YouTube Subscription Products Were The Main Expense Drivers In Q4



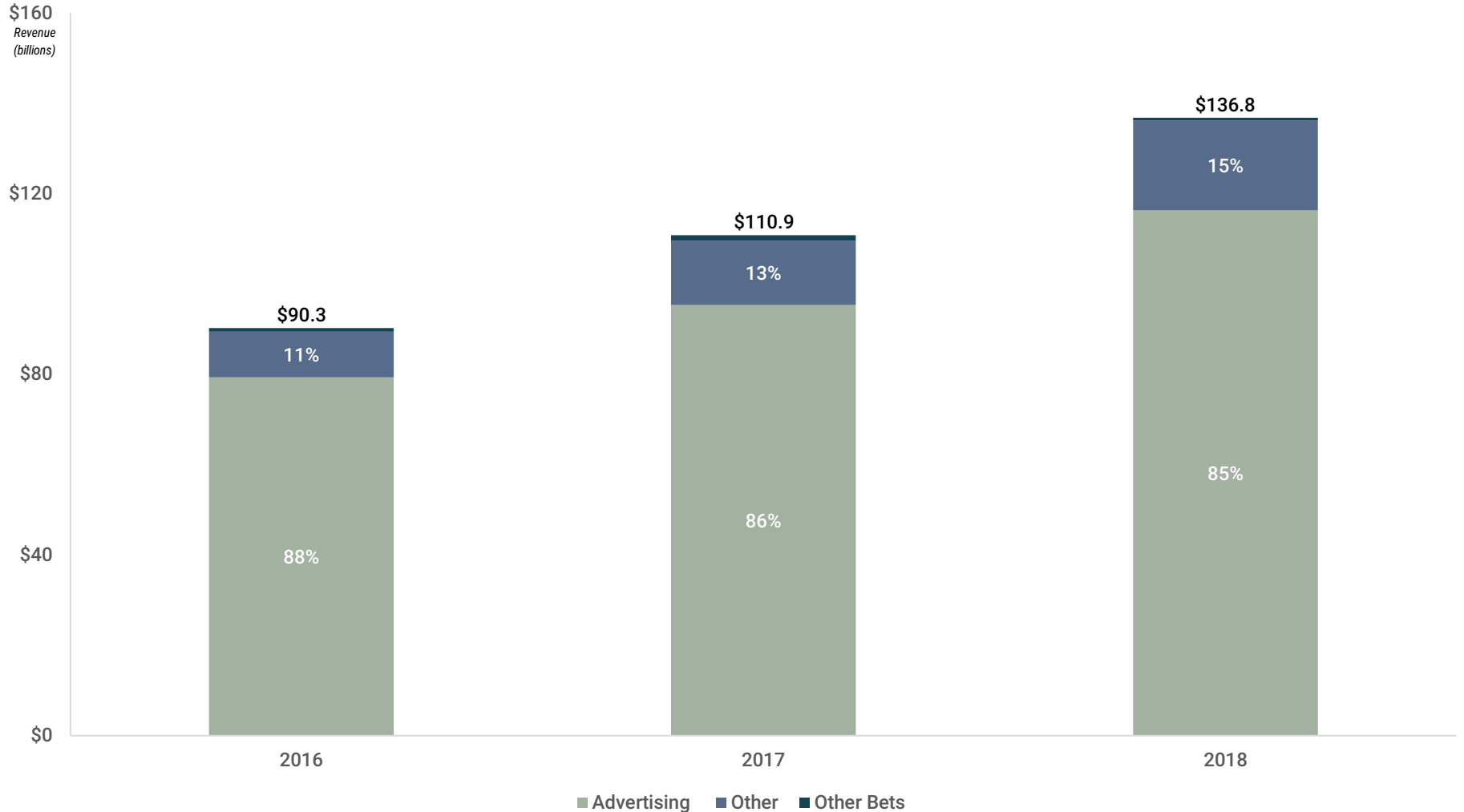
Eliminating paywalls and pushing original content towards an ad-supported model plays right into their strengths



Revenue



There Are Efforts To Diversify The Business In Order To Reduce The Dependence On Advertising Revenue

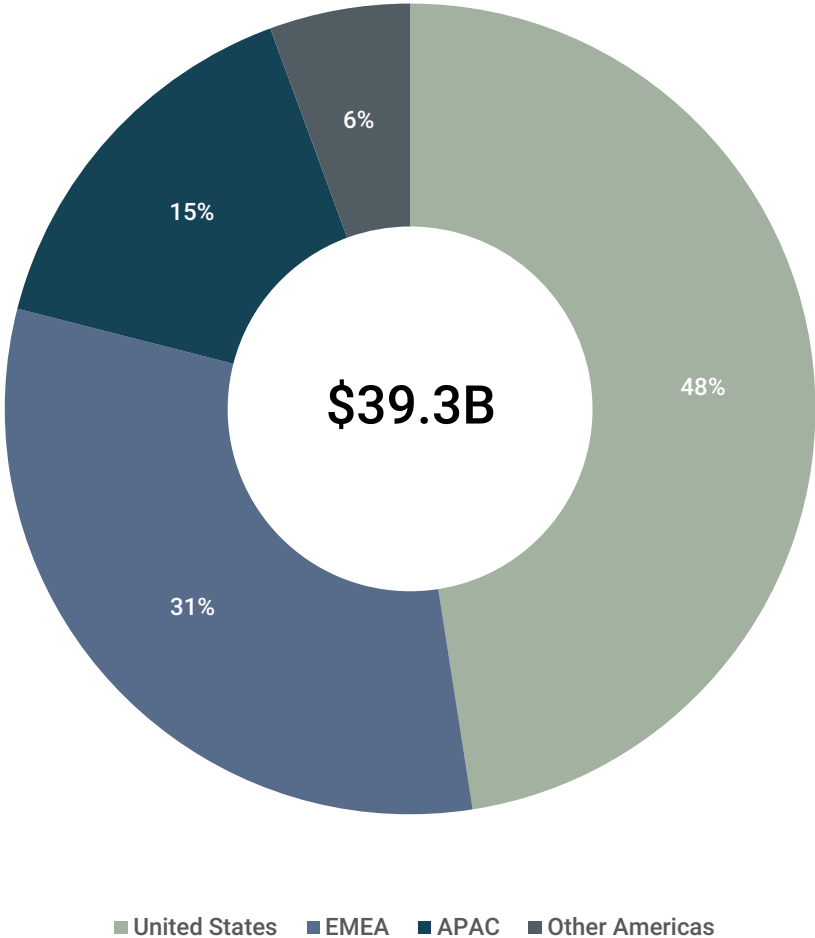


Creating an Android ecosystem will deepen the customer relationship and provide data that increases advertising CPMs

Q4 Revenue by Geography



There Remains A Focus On Expanding The Availability Of Content For The Next Billion User Markets



While emerging markets are just getting online, the rollout of 5G in developed countries will create new revenue streams

