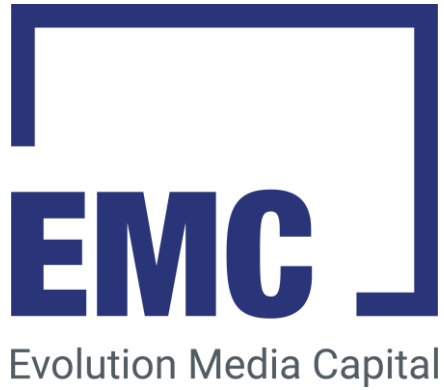


Google (GOOG) 2019 Q1 Earnings Summary

May 2019

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Google (GOOG) 2019 Q1 Earnings Summary

May 2019

Google Is Making Bigger Strides Into The Hardware Business In Order To Better Control Their Software

YOUTUBE

- **Made changes that reduce recommendations that come close to violating guidelines or misinforms in harmful ways**
 - Focused on making sure they are constantly improving how they are reducing the content that shouldn't be there on the platform
 - Making sure that they are recommending high-quality content as well as reducing low-quality content being recommended
- **Have expanded the content offering, availability and the functionality on some of their newer YouTube experiences**
 - YouTube Music and YouTube Premium are now available in 43 countries, up from 5 markets at the start of 2018

GAMING

- **Very pleased with how these gaming platforms are growing and creating amazing experiences for users, developers and partners**
 - in Google Play, first-time buyers grew by nearly 50% year-over-year
- **Stadia revolutionizes the way gamers access and play their favorite games and brings together the best of Google's infrastructure and open ecosystem approach**
 - Will be able to play advanced AAA games on any type of screen instantly without ever needing to download the game or install updates
 - Opportunity for a shift and this can be a point of inflection, but they realize the technical challenge of pulling something like this off

HARDWARE

- **Pleased with the ongoing momentum for assistant-enabled home devices, particularly the Home Hub and Mini devices**
 - The breadth and depth of their product lines is amazing, and they will continue to develop this incredible lineup
- **Important to drive the future of computing forward and make sure their services are presented to users in the way they intended**
 - Computing will continue to evolve beyond phones and they want to make sure they are in there, and are very committed to it for the long term
 - Continue to be excited about the innovation speed, 5G coming or the early look into foldable phones, which Android plays a big part in driving

ADVERTISING

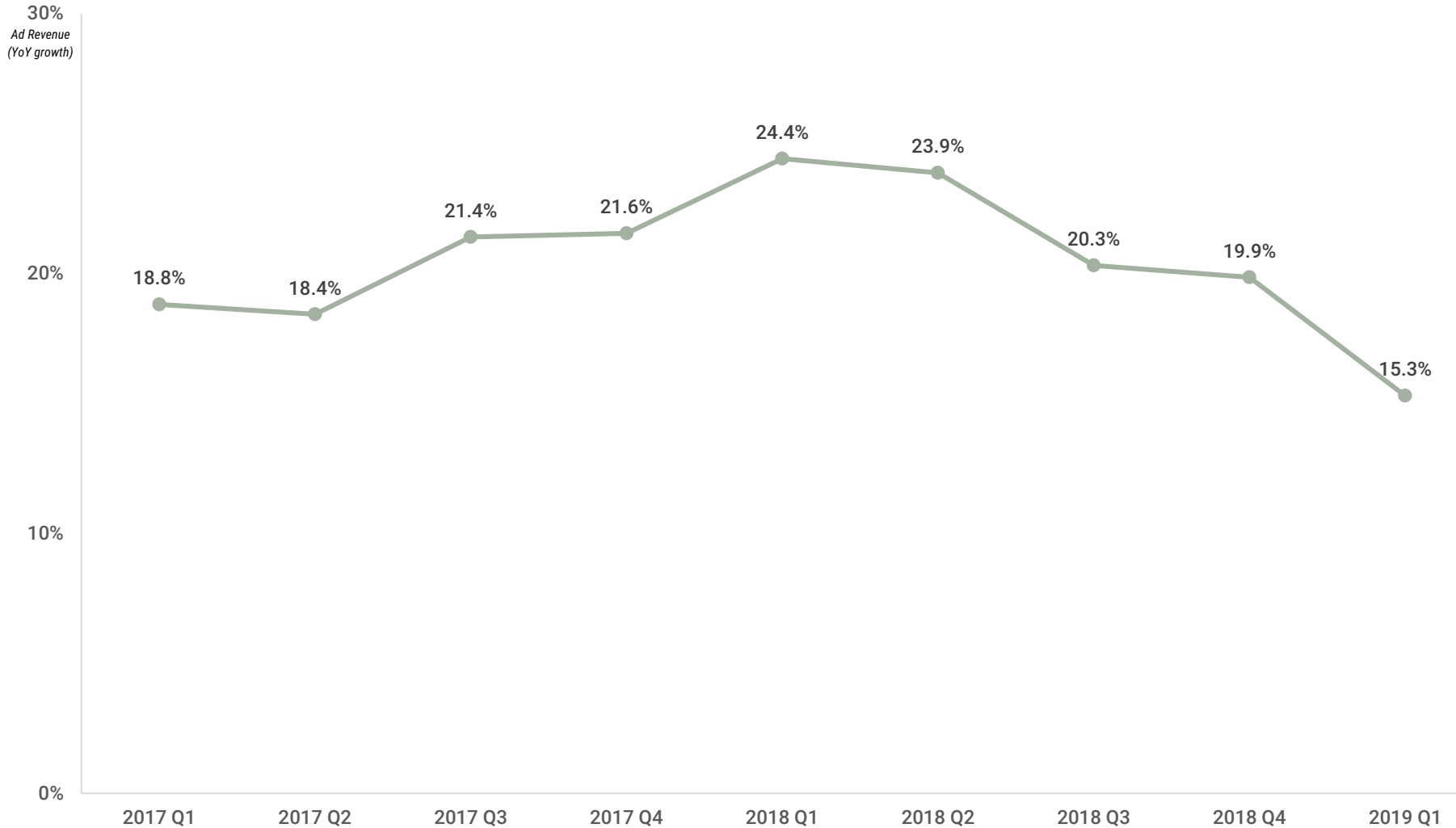
- **Remain confident about the opportunity to improve the advertiser and user experience through ongoing product innovation**
 - Have a long-term way of thinking about where they want to go and have a disciplined framework by which they think and evolve their products
 - User expectations around privacy are constantly evolving, and they stretch themselves to meet them
- **Through all these changes, need to be mindful of the content ecosystem and the publisher ecosystem**
 - Do rigorous testing on each of these improvements to ensure that they are creating the best experience for users and advertisers

E-commerce is gaining importance as they look to play a bigger role converting advertising into customer actions

Ad Revenue



Mobile Is The Main Driver Of Revenue, But Desktop Is Still Important As It Is Used For More Complex Tasks

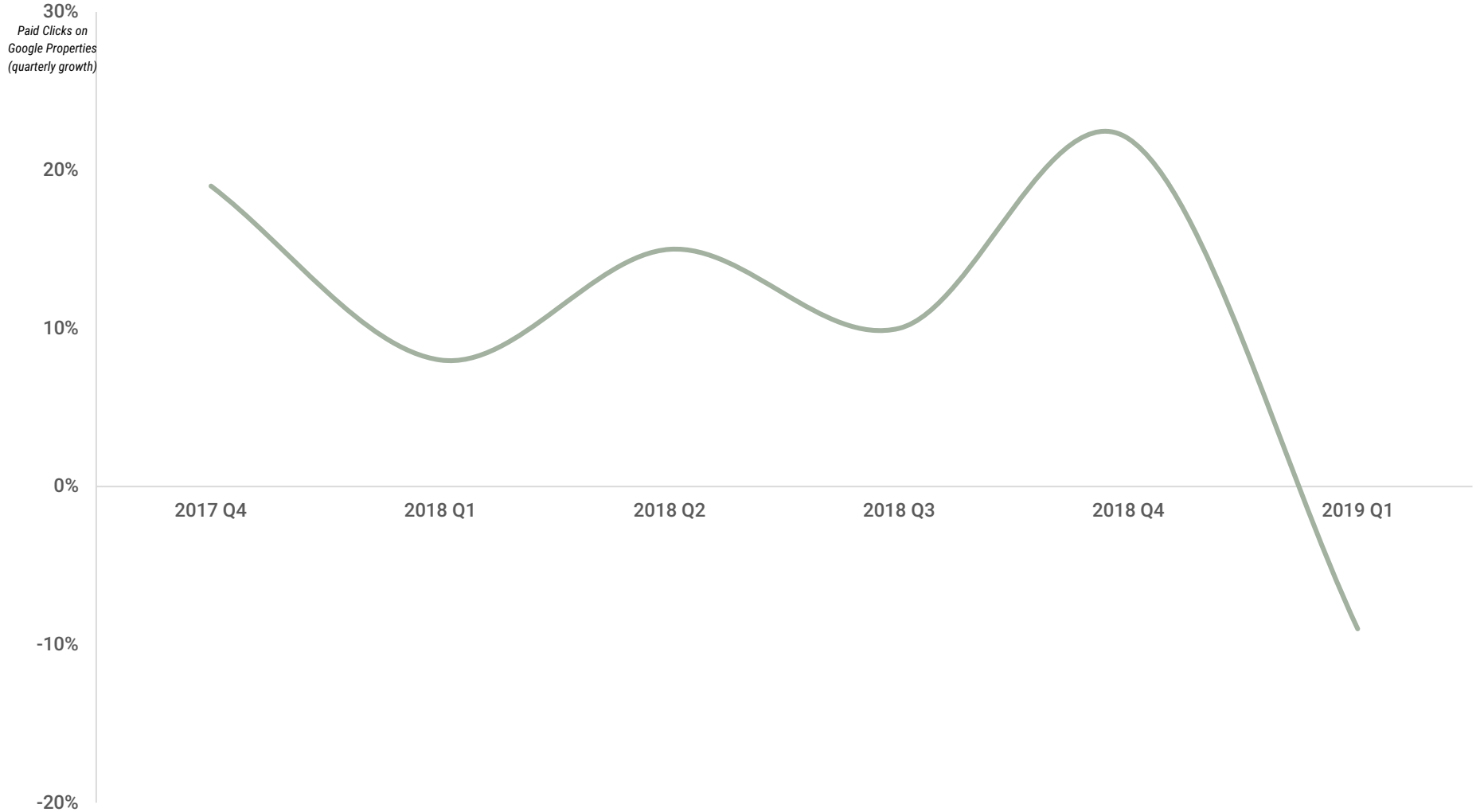


Investments into the Google Cloud Platform and other bets can help reduce the dependency on advertising revenue

Paid Clicks



Changes To YouTube Have Hurt Short Term Clicks But Will Improve The User Experience In The Long Run

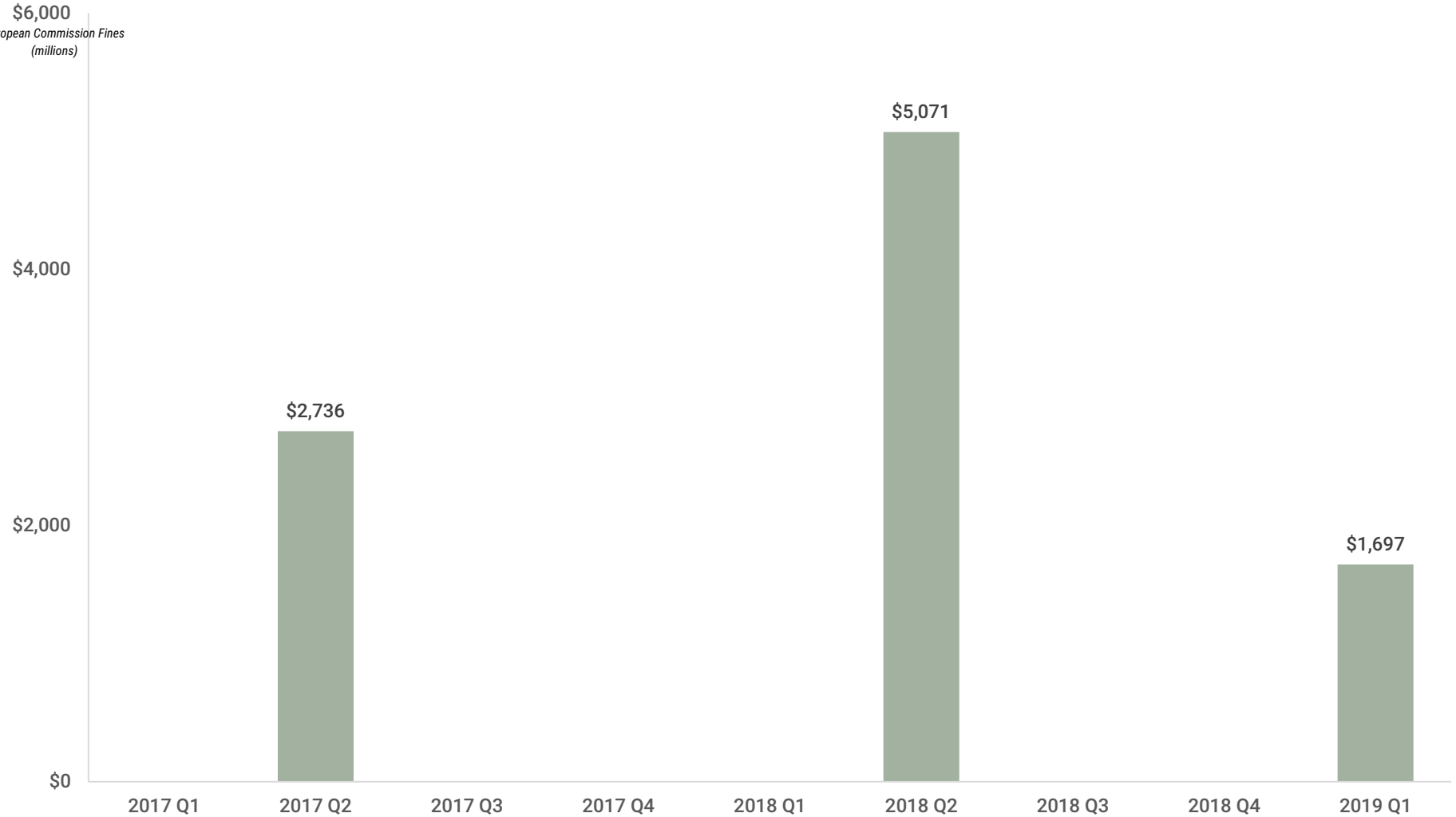


Increased efforts to utilize AI and machine learning can improve both the user and ad experience at the same time

Fines



Continued Scrutiny From European Regulators Has Led To Substantial Fines Over The Past Few Years



So far, these penalties have proven to be more of a slap on the wrist, rather than causing any major change in strategy