



Google (GOOG) 2020 Q2 Earnings Summary

July 2020

Sign Up For Additional Research From Evolution Media Capital



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Google Advertising Revenue Declined From Last Year, As The Pandemic Has Impacted User Behavior

ADVERTISING

- **Saw gradual return in search activity to commercial topics during the quarter followed by an increase in spending by advertisers**
 - Resulted in an improvement in year-on-year trends with Search revenues essentially flat to last year by the end of June
 - YouTube ad headwinds from brand moderated modestly at the end of the second quarter, and then we saw a further improvement in July
- **Focus is on helping businesses find customers as they work to rebuild and recover from this global pandemic**
 - Added features to make video ads more easily shoppable and browsable on YouTube as more businesses shift online to offset physical closures

YOUTUBE

- **Advertisers are interested in streaming, so bringing that bundle together, is a big opportunity they are focused on**
 - In the U.S., the TV market is a big part of the advertising market, and the synergies with YouTube will become more meaningful over time
- **When they were launching the subscription product, it was really responsive to what they were hearing from users**
 - Music is an important component of watch time and users wanted choice of an ad-free viewing experience with the ability to download
 - Provides additional revenue streams for music labels and publishers, and they paid the music industry over \$3 billion in 2019

E-COMMERCE

- **Focused on the end-to-end experience because when people find what they like, they want to make it simple for them to transact**
 - Strength comes from the diverse categories in which they serve users, and it's not just product, but services as well
- **Users come to Google to find products they are looking for, but there is an opportunity to invest and make the experience better**
 - Removed the commission for merchants to be on the platform so they can take that and invest in shipping, delivery, and the customer experience
 - giving retailers more choice by opening their platform to third-party providers, starting with PayPal and Shopify

CLOUD

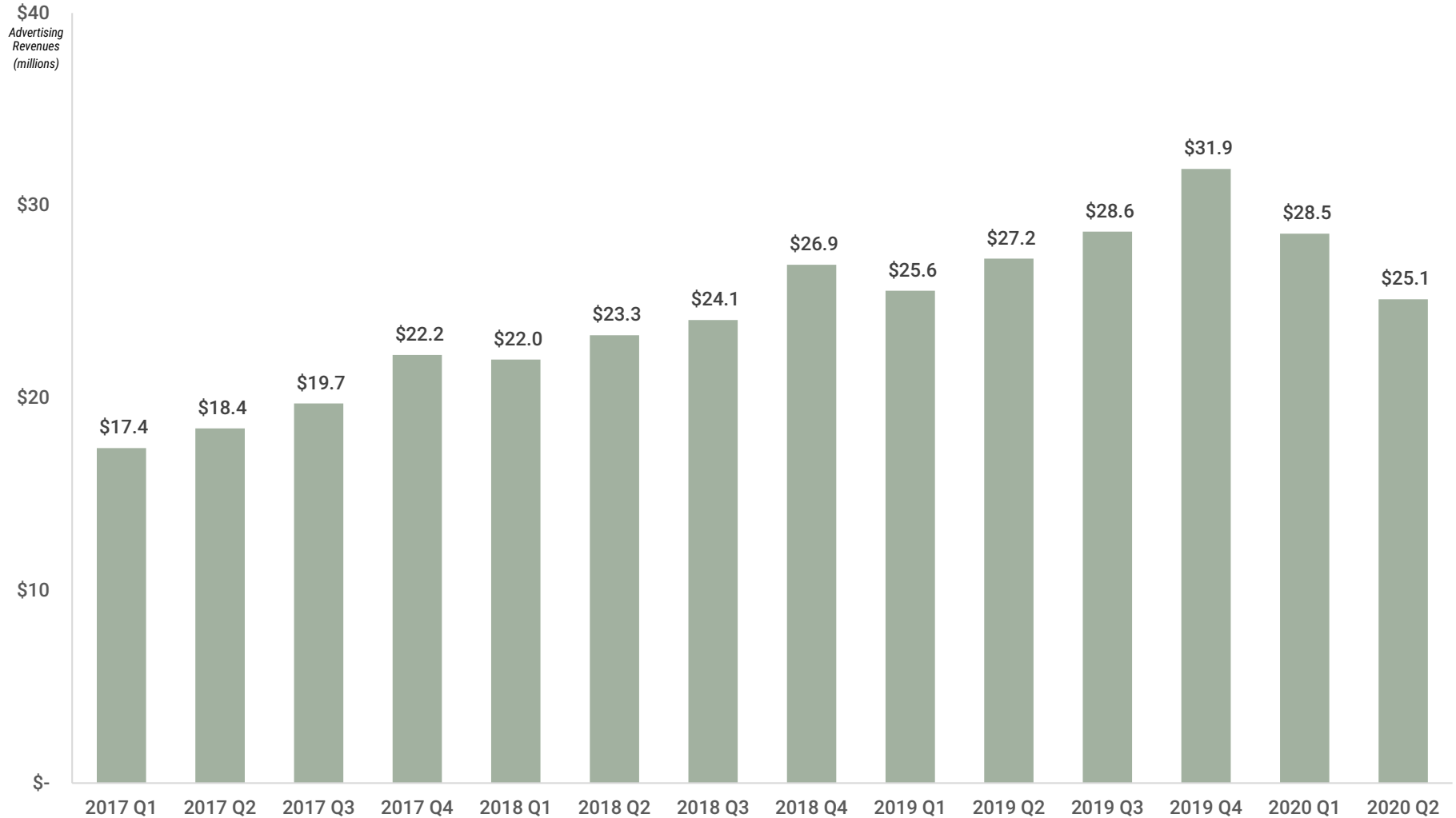
- **Customers want to either lower their cost by improving operating efficiency or to drive innovation through digital transformation**
 - The future of work will be more collaborative and virtual collaboration is critical in order to adapt and succeed in the changing global landscape
 - Pleased with the traction they are having with large customers who are making multiyear commitments
- **Investing to scale up, especially on the people side, and then, obviously with more data centers**
 - It's been good to see as they are scaling up, they are executing more effectively, and momentum continues to be strong

Cloud business is gaining importance as many companies are having employees work remotely for the rest of the year

Advertising

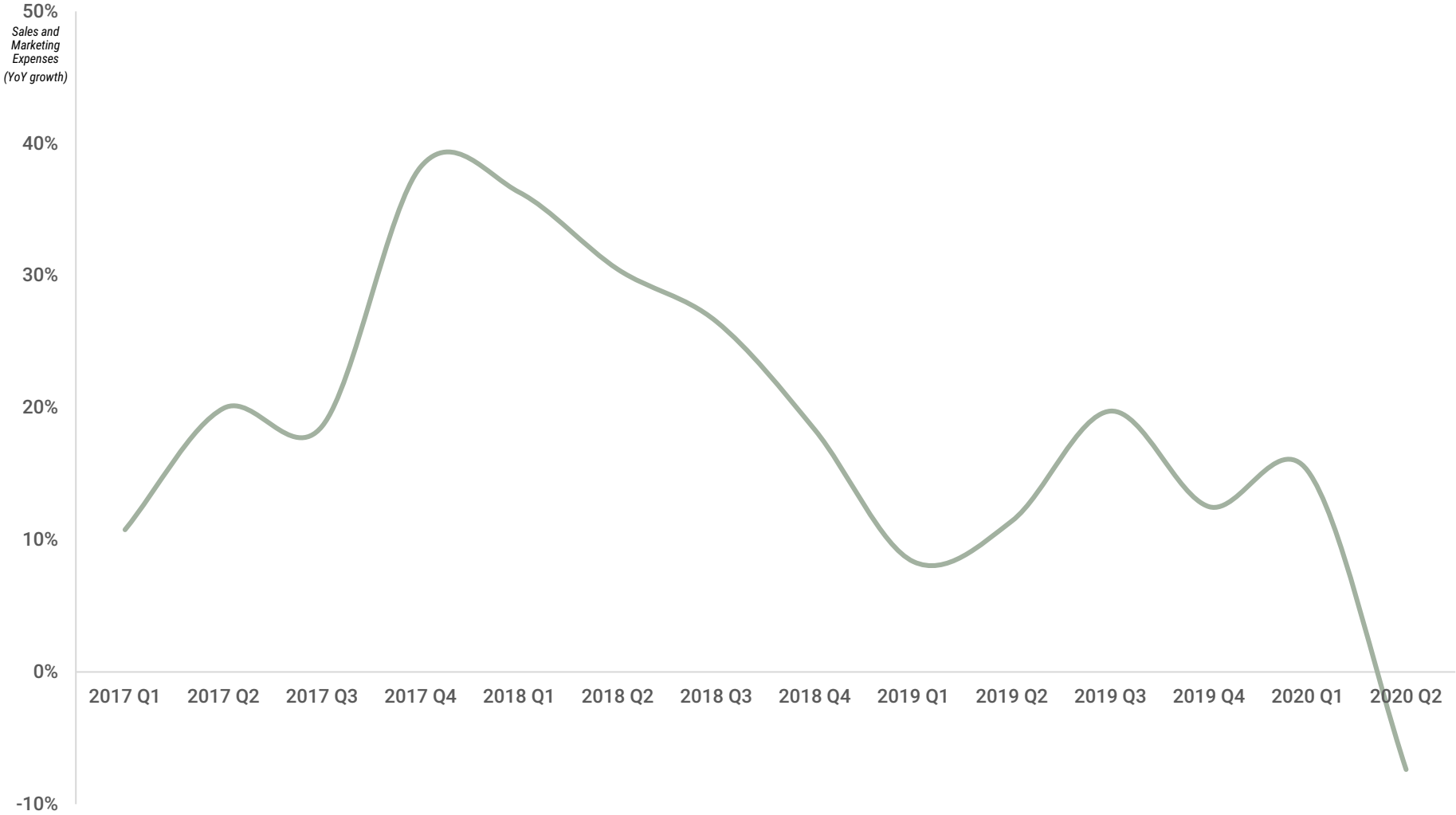


There Were Some Early Signs Of Stabilization In July, But There Is Still A Lot Of Economic Uncertainty



As they face more regulatory scrutiny, there is a bigger emphasis on doing more to protect users' data and privacy

Marketing Expenses Declined Considerably As They Paused Campaigns And Pivoted To Digital Events

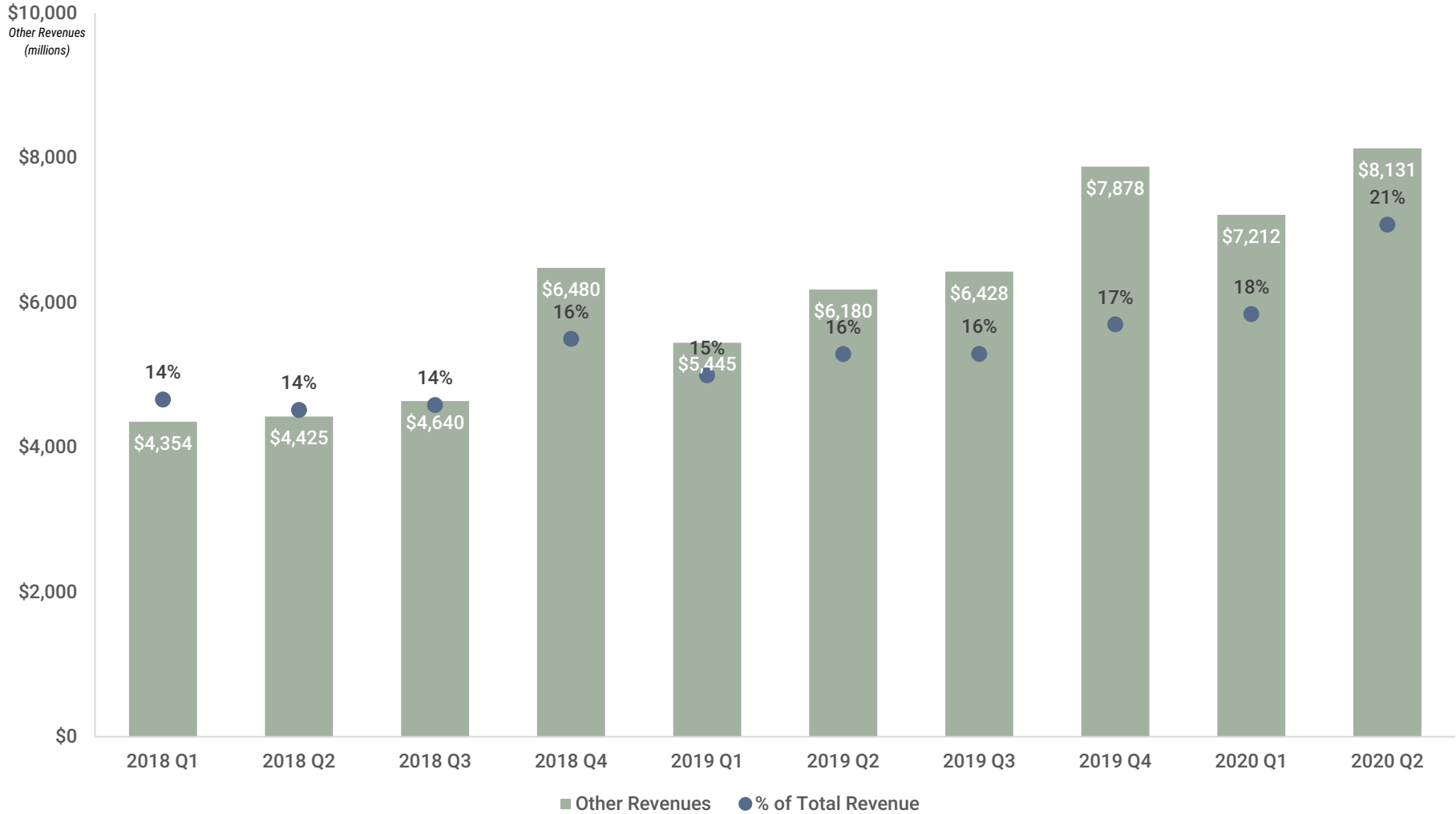


The upcoming launch of a new Android TV device is an attempt to capture more share of the burgeoning OTT market

Other Revenues



YouTube Subscription Products Are Gaining Traction, But There Are No Current Plans To Offer A Bundle



Google Play downloads were up significantly in the quarter as stay-at-home orders expanded the pool of new users

