

Google profits beat expectations

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Internet giant Google has reported a 37% rise in first-quarter net profit, beating analysts' expectations.

Profit for the three months to March came in at \$1.96bn

(£1.26bn) compared with the \$1.42bn it made a year ago.

Revenue climbed 23% to \$6.78bn, helped by an increase in online spending by advertisers.

"Going forward, we remain committed to heavy investment in innovation," Google chief financial officer Patrick Pichette said.

He added that the investment would both "spur future growth in our core and emerging businesses as well as to help build the future of the open web".

Google also said it had taken on nearly 800 employees in the quarter, its biggest increase in staff since the first quarter of 2008.

Its global headcount now stands at 20,621.

'Solid quarter'

The amount of money the company made from pay-per-click online advertising rose 15% from the same quarter last year, as the internet advertising market continues its recovery from the recession.

"They had a very solid quarter, which we expected," commented **Laxmi Poruri, analyst at Primary Global Research.**

"Search advertising bounced back strongly relative to other forms of media."

Despite the results coming in ahead of forecasts, Google shares fell more than 3% to \$574.81 in after-hours trading.

"The stock may be reacting to uncertainty going forward in terms of currency fluctuations overseas and investors seeking more clarity on China," Ms Poruri said.

Last month Google decided to stop filtering results from its search service in China, redirecting all its mainland China customers to an uncensored Hong Kong-based site instead.

The Chinese government responded angrily to the move, saying it was in violation of a written promise that the company would abide by China's laws requiring it to filter results.

Google dominates the search engine market. It has about a 65% share of the US market and about 90% in Europe.

But it is a distant number two in the Chinese market, which is dominated by Baidu.

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Laxmi Poruri, Primary Global Research