

INSTANT VIEW: Google, IBM post stronger-than-expected results

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NEW YORK/LOS ANGELES (Reuters) - Google Inc. reported quarterly earnings that blew past Wall Street expectations, while posting its strongest sequential revenue growth in more than a year.

Quarterly results from IBM also beat expectations, but more modestly, and the company once again raised its forecast for full-year earnings.

COMMENTARY:

GOOGLE

LAXMI PORURI, ANALYST, PRIMARY GLOBAL RESEARCH.

"Google did very well considering people are still cautious. I don't think it signals a turnaround, but in an uncertain market people stick with what works.

"Google has the best ROI in search and in an uncertain market people will go toward Google for advertising rather than something not proven.

"With advertising at its core, Google is benefiting from higher bid pricing on its search. In the next two to three quarters, we'll continue to see strong fundamentals.

"In the next 9 to 12 months, we might see an uptick in business for Yahoo/Microsoft, which may or may not impact Google."

IBM

KEITH WIRTZ, PRESIDENT AND CHIEF INVESTMENT OFFICER, FIFTH

THIRD ASSET MANAGEMENT

"We expected them to exceed expectations on both numbers. I also think you can interpret that the dynamics within the technology category are vastly improving. I think IT spending appears to be on the mend.

"Corporate spending is very much starting to show some rebound. Outside the US, I think you would see technology spending is stabilizing in Europe as well.

"As we look at the tech space, we think the general tone in this reporting cycle and for the next several quarters will be better than expected.

"They're doing a good job on structural expense management. As you saw in today's results, conditions in the industry are improving. They're seeing some topline growth finally. That's also translating into some margin expansion, better earnings per share than expected. Things are starting to show favorable trends and that's good news.

"Now that we've moved beyond depression pricing in the stock market, as we move into 2010 companies like IBM we think will be looking to fill in product categories and gaps through M&A. You're starting to see a lot of that take place already in 2009. Expect more of that next year - I wouldn't be surprised if IBM were a participant."

(Reporting by Yinka Adegoke in New York, Clare Baldwin in San Francisco, and Sue Zeidler and Gina Keating in Los Angeles; Compiled by Paul Thomasch)