



Google Inc., the world's No. 1 Internet search company, reported a sharp rise in first-quarter results, aided by a bounce in online spending by advertisers.

NEW YORK, Thu Apr 15, 2010

Google, which controls roughly two-thirds of the U.S. search market, reported profit and revenue that were both ahead of analyst forecasts. Yet the stock fell more than 3 percent in after-hours trade, a reaction that analysts attributed to overly high hopes for a company that often beats expectations

COMMENTARY:

CLAYTON MORAN, ANALYST, THE BENCHMARK COMPANY

"It's similar to the fourth quarter report for Google, where sustained strength in the economy and previously announced tech earnings may have gotten people anticipating a bigger beat."

"There's one thing that could be interpreted as slightly disappointing: The cost per click growth, up 7 percent year-over-year. There was some indication that that could have been as high as 10 percent and some people were looking for that... it does imply that the recent indicators of accelerating advertising trends may be ahead of themselves."

CHANNING SMITH, VICE PRESIDENT OF CAPITAL ADVISORS

"Google needed a substantial beat on the top and bottom line to move the stock higher from where it closed today."

"The first quarter earnings season to date has exceeded consensus expectations by a wide margin and investors had priced in a blockbuster report from Google... a lot of those expectations were probably priced into the stock."

"The report was good on the top and bottom line but it wasn't good enough for what has become the rising expectations in this market."

"The revenue looked good, it was above consensus. They had good pay-click growth. All the metrics were good, capex (capital spending) was good, they just weren't good enough."

ANDREW MIEDLER, ANALYST, EDWARD JONES

"They've had a strong last few days with the shares up 5 percent and some investors expected Google to beat by a wider margin and price per click to come in a bit higher than 7 percent growth."

"I think this was a solid quarter, overall profitability remained at very high levels. We continually given Google prior free-spending ways, we want to make sure profitability stays high. We're seeing a nice rebound the overall business."

YOUSSEF SQUALI, ANALYST, JEFFERIES & CO

"It was a solid quarter, but not enough to support further appreciation in the stock short-term."

MICHAEL JAMES, SENIOR TRADER, WEDBUSH MORGAN

"There were some overly optimistic expectations. Clearly, the numbers were good, but I think in this environment right now the numbers have to be above some of the optimistic whispers that were around."

"At least in the after-hours Google is a sell the news stock."

KIM CAUGHEY, SENIOR ANALYST, FORT PITT CAPITAL GROUP

"This looks like a reasonable quarter. I'm glad to see their operating expenses as a percentage of revenues keep declining, which overall should be good for the company." Added that one reason for share fall might be that "they've beat so strongly in the past."

LAXMI PORURI, ANALYST AND PARTNER, PRIMARY GLOBAL RESEARCH

"They had a very solid quarter, which we expected. Search advertising bounced back strongly relative to other forms of media."

"The stock may be reacting to uncertainty going forward in terms of currency fluctuations overseas and investors seeking more clarity on China as well as profit taking."

"But we still see it as very fundamentally strong. We see the uptick in display business as a very big opportunity for them going forward. They seem to be executing very well in that area."

AARON KESSLER, ANALYST, KAUFMAN BROTHERS

"Overall, it looked solid. It (share fall) might just be a function of expectations being a little high. They beat on earnings, they beat slightly on revenues as well."

(Reporting by Sue Zeidler in Los Angeles, Gabriel Madway in San Francisco, Bill Rigby in Seattle, and Leah Schnurr and Ellis Mnyandu in New York; Compiled by Paul Thomasch)