

## Instant view: Google grows revenue but shares slide

### LOS ANGELES

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LOS ANGELES (Reuters) - Google Inc's fourth-quarter revenue grew 17 percent, beating Wall Street expectations, as advertisers and Web surfers turned to the Internet search engine during the holiday shopping season.

But Google's revenue came in at the low end of the whisper numbers expected by some investors, and its shares fell about 5 percent.

### COMMENTARY:

#### SAMEET SINHA, ANALYST, JPM SECURITIES

"Earnings were much ahead of expectations, but top-line fell slightly below expectations. I think that is because costs per click was up about 2 percent sequentially, and we had been expecting closer to 5 percent growth."

#### MARTIN PYYKKONEN, SENIOR ANALYST, JANCO PARTNERS

"All of those things they report at a basic level were fine. The reason the stock is down is that it wasn't a blow out. I think the stock will recover. I don't think it will fall through the floor."

"Expectations...got higher as they came closer to reporting and they delivered fundamentally sound numbers, but did not deliver a blowout."

"Revenue was up by 17 percent, earnings followed through nicely with stable margins. There has been general concerns over whether margins would get weaker."

"Basically strong midteens revenue growth and paid click volumes up 13 percent implies they still had pricing leverage, which is healthier than it was a year ago at this time."

#### **LAXMI PORURI, ANALYST, PRIMARY GLOBAL RESEARCH**

"I'm not concerned about the stock going down. People are certainly not seeing a turnaround in Internet spending, per se, and in search. But I expect Google to dominate search."

"We see they are pulling away even more from the pack, which includes Microsoft and Yahoo."

"Some people may have expected a bit more of a turnaround going into 2010, but our expectations are they will continue to do well and be the leader in terms of ROI (return on investment) and performing against their competitors. I'm not concerned if people are selling or are not overwhelmed by the results."

"They'll continue to dominate in 2010. They certainly held their own in the fourth quarter. Perhaps they didn't see a rise in cost per clicks relative to what they expected, but that's due to the economy and not Google specific."

(Reporting by Sue Zeidler and Gina Keating)