

Alphabet vaults past Apple as most valuable firm

SAN FRANCISCO: Google-parent Alphabet snatched Apple's crown late on Monday as the world's most valuable firm based on the value of shares that leapt with better-than-expected earnings.

At the official close of trade, Alphabet was worth \$530.1bn based on its share value, compared to \$534.7bn for Apple, but shares in the Internet search colossus soared in after-hours trading to reach \$791 shortly before 0400 GMT.

If those gains hold in official trading when the Nasdaq opens in New York City on Tuesday, Alphabet would officially overtake Apple as the world's biggest company by market value.



Alphabet's reported quarterly profit rose five percent to \$4.92bn on the back of strong online advertising revenue, particularly from searches done by holiday season shoppers using smartphones or tablets.

"This holiday season, we found that shopping moments replaced shopping marathons," Google chief executive Sundar Pichai said during an earnings call.

People made purchases online when time allowed, with Google powering many of their searches and serving up related ads.

Google ad revenue climbed globally, gaining on both mobile devices and desktop computers, according to Alphabet chief

financial officer Ruth Porat.

The California-based Internet colossus said its revenue topped \$21.3bn in the final three months of last year.

Prime revenue drivers in Q4 were mobile search ads and ads on YouTube, where people watch "hundreds of millions" of hours of video daily.

Porat said the strong revenue growth was a return on years of investment in mobile search, YouTube and so-called programmatic advertising, which involves ads being sold automatically using software.

The earnings report was the first in which recently formed parent corporation Alphabet separated money made by Google from what it calls "Other Bets" such as its work on self-driving cars or delivering Internet using high-altitude balloons.

The new structure under Alphabet is expected to offer more transparency for investors worried about Google investing in money-losing projects.

"Essentially, what they have now is a big advertising business and a venture capital business," Forrester analyst Frank Gillett said of the new earnings presentation.

Alphabet's earnings listed a loss of about \$3.6bn last year in a consolidated "Other Bets" category that brought in \$448m in revenue.

Overall revenue for last year stood at \$74.5bn, up from \$65.7bn in 2014.

While Google is best known as the dominant player in Internet search, it has launched a variety of trailblazing projects in recent years that are marginally related at best to its core operation.

Alphabet subsidiaries include Google, Nest Labs, and Google X labs devoted to big-vision new technologies such as self-driving cars, along with such projects as smart "Google Glass" spectacles, drones, health care and Google TV -- none of which has become a major source of income.

Porat referred to expenses related to "milestones" hit by some Alphabet "big bets" but declined to provide details or specifics on the earnings call.

Alphabet is notably expected to ramp investments in Google projects such as virtual reality as well as big bets including the Fiber ultra-high speed internet service it has launched in some US cities.

Meanwhile, Pichai said Google is seeing "incredible progress" with enhancing services with artificial intelligence. He also noted that the Internet giant's priorities this year include beefing up cloud services for businesses, a market dominated by Amazon Web Services and Microsoft Azure.

"It is a strongly growing business for us and we plan to make it a major investment area in 2016."

Google has refined the online search ad business to become hugely profitable, but analysts say the company needs to diversify as technology moves away from the personal computer to mobile apps, wearables and other "Internet of Things" connected devices.

Industry tracker eMarketer expected Google remain the dominant player in worldwide search advertising, raking in \$45.58bn in revenue this year to claim a share just shy of 57 percent of the overall spend.

Source: AFP

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