

# Disappointing growth hits Google parent Alphabet shares

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Google parent Alphabet delivered weaker-than-anticipated revenue growth in the fourth quarter

Google parent Alphabet on Monday reported rising profits in the final three months of last year amid growth in digital advertising and cloud

computing, but shares took a hit on disappointing revenue growth.

Profits rose 19 percent from a year ago in the quarter to nearly \$10.7 billion as revenues increased 17 percent to \$46 billion for the internet giant.

Alphabet shares slipped four percent in after-market trades that followed release of the earnings figures, which showed stronger-than-anticipated profits but weaker growth than most forecasts.

"Our investments in deep computer science, including [artificial intelligence](#), ambient computing and cloud computing, provide a strong base for continued growth and new opportunities across Alphabet," said chief executive Sundar Pichai.

The results for the [fourth quarter](#) marked the first time the company broke out figures on its YouTube advertising and cloud computing revenues, both of which showed sharp gains.

"We have consistently expanded disclosure (and) the expansion today we think is the most [relevant data](#)," chief financial officer Ruth Porat told reporters after the earnings release.

The California tech giant, which dominates online search and has developed the Android mobile operating system, has been working to reduce its dependence on [digital advertising](#) which delivers most of its cash.



Alphabet CE Sundar Pichai is seen at a conference in Brussels on January 20, 2020

It said its cloud computing services took in \$2.6 billion in revenue in the past quarter, up more than 50 percent, and nearly \$9 billion for the year.

Still, Google advertising took in the lion's share of revenue at \$38 billion in the quarter, and more than 80 percent of its annual revenues of \$162 billion.

## **Loss for 'other bets'**

Alphabet's "other bets" which include operations including Waymo

autonomous vehicles, life sciences and drone delivery, took in \$172 million in revenue in the final three months of the year, producing an operating loss of more than \$2 billion.

The results come with the company facing intense pressure around the globe over its dominance of the online ecosystem, with antitrust reviews in the US, Europe and elsewhere.

The company also has been at the center of a dispute over tax policy for multinational firms, with global negotiators seeking a new treaty on how to tax digital operations spanning the globe.

The company said it set aside \$5.2 billion for income taxes in 2019 and had an effective tax rate of 13 percent.

Pichai, which had been CEO of Google, was promoted last year to the same role at Alphabet, raising speculation on whether the tech giant might seek to reorganize its operations.

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