

Alphabet Announces Third Quarter 2024 Results

MOUNTAIN VIEW, Calif. – October 29, 2024 – Alphabet Inc. (NASDAQ: GOOG, GOOGL) today announced financial results for the quarter ended September 30, 2024.

- Consolidated Alphabet revenues in Q3 2024 increased 15%, or 16% in constant currency, year over year to \$88.3 billion reflecting strong momentum across the business.
- Google Services revenues increased 13% to \$76.5 billion, led by strength across Google Search & other, Google subscriptions, platforms, and devices, and YouTube ads.
- Google Cloud revenues increased 35% to \$11.4 billion led by accelerated growth in Google Cloud Platform (GCP) across AI Infrastructure, Generative AI Solutions, and core GCP products.
- Total operating income increased 34% and operating margin percent expanded by 4.5 percentage points to 32%.
- Net income increased 34% and EPS increased 37% to \$2.12.

Sundar Pichai, CEO, said: “The momentum across the company is extraordinary. Our commitment to innovation, as well as our long-term focus and investment in AI, are paying off with consumers and partners benefiting from our AI tools.

In Search, our new AI features are expanding what people can search for and how they search for it. In Cloud, our AI solutions are helping drive deeper product adoption with existing customers, attract new customers and win larger deals. And YouTube’s total ads and subscription revenues surpassed \$50 billion over the past four quarters for the first time.

We generated strong revenue growth in the quarter, and our ongoing efforts to improve efficiency helped deliver improved margins. I’m looking forward to driving more advances for consumers, customers and creators globally.”

Q3 2024 Financial Highlights (unaudited)

The following table summarizes our consolidated financial results for the quarters ended September 30, 2023 and 2024 (in millions, except for per share information and percentages).

	Quarter Ended September 30,	
	2023	2024
Revenues	\$ 76,693	\$ 88,268
Change in revenues year over year	11 %	15 %
Change in constant currency revenues year over year ⁽¹⁾	11 %	16 %
Operating income	\$ 21,343	\$ 28,521
Operating margin ⁽²⁾	28 %	32 %
Other income (expense), net	\$ (146)	\$ 3,185
Net income	\$ 19,689	\$ 26,301
Diluted EPS	\$ 1.55	\$ 2.12

⁽¹⁾ Non-GAAP measure. See the section captioned “Reconciliation from GAAP Revenues to Non-GAAP Constant Currency Revenues and GAAP Percentage Change in Revenues to Non-GAAP Percentage Change in Constant Currency Revenues” for more details.

⁽²⁾ Operating margin percent expanded by 4.5 percentage points year over year. This reflects, when rounding to one decimal place, operating margins of 27.8% and 32.3% for the quarters ended September 30, 2023 and 2024, respectively.

Q3 2024 Supplemental Information (in millions, except for number of employees; unaudited)**Revenues, Traffic Acquisition Costs (TAC), and Number of Employees**

	Quarter Ended September 30,	
	2023	2024
Google Search & other	\$ 44,026	\$ 49,385
YouTube ads	7,952	8,921
Google Network	7,669	7,548
Google advertising	59,647	65,854
Google subscriptions, platforms, and devices	8,339	10,656
Google Services total	67,986	76,510
Google Cloud	8,411	11,353
Other Bets	297	388
Hedging gains (losses)	(1)	17
Total revenues	<u>\$ 76,693</u>	<u>\$ 88,268</u>
Total TAC	\$ 12,642	\$ 13,719
Number of employees	182,381	181,269

Segment Operating Results

As announced on October 17, 2024, the Gemini app team within Google Services that is developing the direct consumer interface to our Gemini models will join Google DeepMind. We are currently evaluating the potential effect the reorganization will have on our segment operating results.

	Quarter Ended September 30,	
	2023	2024
Operating income (loss):		
Google Services	\$ 23,937	\$ 30,856
Google Cloud	266	\$ 1,947
Other Bets	(1,194)	\$ (1,116)
Alphabet-level activities ⁽¹⁾	(1,666)	\$ (3,166)
Total income from operations	<u>\$ 21,343</u>	<u>\$ 28,521</u>

⁽¹⁾ In addition to the costs included in Alphabet-level activities, hedging gains (losses) related to revenue were \$(1) million and \$17 million for the three months ended September 30, 2023 and 2024, respectively. For the three months ended September 30, 2023 and 2024, Alphabet-level activities included substantially all of the charges related to employee severance and our office space optimization efforts. During the quarter ended September 30, 2024, we incurred office space charges totaling \$607 million.

Additional Information Relating to the Quarter Ended September 30, 2024 (unaudited)**Dividend Program**

Dividend payments to stockholders of Class A, Class B, and Class C shares were \$1.2 billion, \$173 million, and \$1.1 billion, respectively, totaling \$2.5 billion for the three months ended September 30, 2024. On October 29, 2024, Alphabet announced a cash dividend of \$0.20 per share that will be paid on December 16, 2024, to stockholders of record as of December 9, 2024, on each of the company's Class A, Class B, and Class C shares.

Webcast and Conference Call Information

A live audio webcast of our third quarter 2024 earnings release call will be available on YouTube at <https://www.youtube.com/live/wjfk4t8BfLM>. The call begins today at 1:30 PM (PT) / 4:30 PM (ET). This press release, including the reconciliations of certain non-GAAP measures to their nearest comparable GAAP measures, is also available at <http://abc.xyz/investor>.

We also provide announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs, on our investor relations website (<http://abc.xyz/investor>).

We also share Google news and product updates on Google's Keyword blog at <https://www.blog.google/>, which may be of interest or material to our investors.

Forward-Looking Statements

This press release may contain forward-looking statements that involve risks and uncertainties. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, those risks and uncertainties included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2023 and our most recent Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, which are on file with the SEC and are available on our investor relations website at <http://abc.xyz/investor> and on the SEC website at www.sec.gov. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, and may be set forth in other reports and filings we make with the SEC. All information provided in this release and in the attachments is as of October 29, 2024. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to us on the date hereof. We undertake no duty to update this information unless required by law.

About Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: free cash flow; constant currency revenues; and percentage change in constant currency revenues. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain items that may not be indicative of our recurring core business operating results, such as our revenues excluding the effect of foreign exchange rate movements and hedging activities, which are recognized at the consolidated level. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance and liquidity as well as comparisons to our competitors' operating results. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business.

There are a number of limitations related to the use of non-GAAP financial measures. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial measures and evaluating these non-GAAP financial measures together with their relevant financial measures in accordance with GAAP.

For more information on these non-GAAP financial measures, please see the sections captioned "Reconciliation from GAAP Net Cash Provided by Operating Activities to Non-GAAP Free Cash Flow" and "Reconciliation from GAAP Revenues to Non-GAAP Constant Currency Revenues and GAAP Percentage Change in Revenues to Non-GAAP Percentage Change in Constant Currency Revenues" included at the end of this release.

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