

**Alphabet**

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# Alphabet stocks rise after second-quarter profits exceed expectations

**The sunny report establishes a continued rebound for the tech company after a difficult 2022 and thousands of job cuts**



📷 The company reported net profits of \$1.44 per share for the April-June period. Photograph: Omar Marques/Sopa Images/Shutterstock

**Kari Paul in Oakland**

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Alphabet stocks rose in after-hours trading on Tuesday after the Google parent company's second-quarter profits exceeded Wall Street expectations, amid a rebound in advertising dollars and the growing boom in artificial intelligence.

The company reported net profits of \$1.44 a share for the April-June period, compared with estimates of \$1.34 a share. Revenue for the quarter stood at \$74.6bn, compared with estimates of \$72.82bn, according to Refinitiv data.

That growth is attributed in part to steady demand for [Google](#) Cloud services, which is expected to continue to climb as adoption of artificial intelligence (AI) tools grows.

"There's exciting momentum across our products and the company, which drove strong results this quarter," said Sundar Pichai, the CEO of Alphabet and Google, in a statement. "Our continued leadership in AI and our excellence in engineering and innovation are driving the next evolution of Search and improving all our services."

Advertisers had pulled back spending in recent years amid economic woes. But as they retreat from Twitter - now renamed "X" - and other more volatile platforms, companies like Alphabet and Facebook-owner Meta Platforms are seeing a rebound.

This is the second earnings report from Alphabet that offered signs of potential recovery after a difficult year for the company - its first-quarter earnings reported in April [showed](#) an unexpected increase in revenue. The

sunnier forecast comes after the company **cut more than 12,000 jobs**, or 6% of its global workforce, in January.

Alphabet reported growth across several sectors, stating that its ad revenue had risen 3.3% to \$58.14bn from \$56.29bn last year. As YouTube faces continued competition from TikTok, the company reported that ads on the platform made \$7.67bn, up from \$7.34bn the year before.

Despite this, Alphabet's recovery from a rough few quarters has been "uneven", said Evelyn Mitchell-Wolf, an analyst at market research firm Insider Intelligence, including a tenuous improvement in advertising. Meanwhile, Alphabet's "other bets" sector, which includes its self-driving car firm Waymo, reported a 48% increase in revenue to \$285m, but still lost \$813m during the quarter.

"Modest growth from YouTube and Search put Google in a strong position as it prepares to defend its dominance in the digital advertising market," she said. "Google has the high ground. All it has to do now is keep increasing revenues while executing its carefully laid plans to lead advertisers and consumers into the AI-powered future without any catastrophes."

As the AI race continues, Alphabet has sought to highlight its longstanding work in the space and its ongoing investment in the technology. On a call with investors, Pichai said Alphabet anticipated integrating AI across its portfolio, using the technology to strengthen its cybersecurity capabilities, search products and advertising.

He added that the next model of Android 14 will include generative AI tools. Alphabet has also been hard at work developing its human-like chatbot tool Gemini, its attempt to compete with Microsoft's OpenAI after its previous tool, Bard, **stumbled**.

In keeping with Alphabet's focus on future investments, the company announced that executive Ruth Porat would be leaving her role as chief financial officer to helm a newly created position of "president and chief investment officer". She will simultaneously remain CFO until the company selects her successor, Alphabet said in a statement.

*Reuters contributed reporting*

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