

# Google Jumps on Strong 4Q Despite Motorola

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Motorola Mobility showed up like a stain on Google's otherwise strong fourth quarter, but investors shrugged off the handset maker's losses. Shares of Google were up more than six percent or \$44 to \$743 in early trading Wednesday.

Total gross consolidated revenues were up 36 percent annually and eight percent sequentially to \$14.4 billion. Google reported profits of just less than \$2.9 billion, or \$8.62 per share, during the fourth quarter, which was up from \$2.7 billion, or \$8.22 per share in the same quarter of last year.

Total cash on hand at the end of 2012 was \$48.1 billion.

While the company's search business did well over the holiday quarter, the one rough patch was Google's recently acquired mobile devices business. Google said revenues from Motorola Mobility were \$1.5 billion, down from the \$2.5 billion in the same quarter last year, and just under \$1.8 billion in sequentially.

Losses for the struggling smartphone OEM also widened. Motorola Mobility was down \$353 million during the quarter, which compares to a \$70 million loss in the same quarter a year ago.

During an earnings call, Google CFO and Senior Vice President Patrick Pichette said no one would be surprised if "results from this segment are a variable for quite a while as we restructure the business."

"And remember, we inherited a 12 to 18 months product pipeline that we are still working through," Pichette said.

Google CEO Larry Page said this is still the very early days of Motorola with respect to Google's acquisition of the company, which was only approved by regulators back in May of 2012.

Motorola Mobility lost just less than a percentage point in U.S. market share from the second to third quarter. According to numbers from ComScore Motorola's share dropped from 11.2 percent in the three-month period ending in August, to 10.4 percent in the period ending in November.

Google acquired Motorola Mobility for \$12.4 billion acquisition of Motorola Mobility, admitting to an eye for Motorola's extensive patent portfolio, which includes more

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Published on Wireless Week (<http://www.wirelessweek.com>)

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than 17,000 patents. After losing out on an auction of Nortel's patents, Google had been searching for ways to protect Android from litigation.

Since the acquisition, Google has implemented a number of cost-saving measures at Motorola, cutting of 4,000 employees and closing about a third of Motorola's 90 worldwide facilities.

**Source URL (retrieved on 02/01/2015 - 6:59am):**

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