

Message

From: Marco Borla [marco@google.com]
Sent: 7/7/2017 4:20:35 PM
To: Dominic Tang [domtang@google.com]; Mica Ross [micaross@google.com]; Gabe Kronstadt [gabekronstadt@google.com]; Sapna Kapur [sapna@google.com]; amritnandan [amritnandan@google.com]; Mark Fritz [markfritz@google.com]; Evan Sidarto [esidarto@google.com]; Neil Chugani [neilchugani@google.com]; Seema Pandya [seema@google.com]; Hari Ravi [hravi@google.com]; Atanas Vlahov [atanas@google.com]
Subject: Re: Q2 Ads Financials Fact Pack
Attachments: Global Ads Financials Fact Pack Q2 2017.pdf

+ Atanas

On Fri, Jul 7, 2017 at 9:15 AM, Marco Borla <marco@google.com> wrote:

Team, starting to share this selectively with a few of you who contributed to this and/or should see this. This is obviously top confidential, so please check with me before sending to anyone. Over time we will add additional dimensions, e.g. more on the cost side, also on the fin ops side (e.g., AR balances, write-offs). APAC also requested a regionalization as the fact pack is based on the original APAC fact pack.

----- Forwarded message -----

From: Marco Borla <marco@google.com>
Date: Fri, Jul 7, 2017 at 9:08 AM
Subject: Q2 Ads Financials Fact Pack
To: Philipp Schindler <philipps@google.com>, Sridhar Ramaswamy <ramaswamy@google.com>

Hi Philipp and Sridhar,

Please find attached the latest Global Ads Financials Fact pack, including Q2 actuals and latest forecasts. A couple of takeaways:

- Digital continues to take share from Offline though the rate of share capture is slowly declining (3.8% in '16; 3.6% in '17; 3.5% expected for '18). Our share of Digital keeps improving, up from an estimated 46.4% last year to **47.7%** this year.
- 2018 served revenue growth expected of **16% Y/Y** (Ross and I will review later today at ACM with you), down from 20% Y/Y this year. Operating profit growth based on the current P&L definition of 12% Y/Y, down from 15% Y/Y this year, as TAC headwinds continue into next year.
- Strong Q2 growth of **21% Y/Y** (20.6% to be precise, in served fixed FX, exactly as in Q1) was broad-based, with Search at 20% Y/Y, Display at 19% Y/Y, Video at 29% Y/Y, Americas at 20% Y/Y, EMEA at 20% Y/Y, and APAC at 25% Y/Y. Video growth though has taken a hit from brand suitability (from 44% Y/Y in Q1 to 29% Y/Y in Q2).
- India was the top country in terms of absolute search query growth in Q2, adding 18B queries over Q2 16 (more than three times the #2 US). Several countries in the top 10 are not really top of mind, e.g. Ukraine, Iran, and Taiwan. Russia at #6 and Indonesia at #5 is also encouraging.
- Our desktop query shares have started to decline in most markets (e.g. UK -2ppt vs Q2 16; DE -1ppt), likely contributing to the negative desktop query growth we're witnessing. US and Japan shares were stable though. And on the mobile side, we continue to gain share in most markets (e.g. US +2ppt), and we also continue to see an improvement in the % of Android DAUs that are Search 1-day active (e.g. UK +3ppt to 56%, DE +4ppt to 48%). The equivalent metric on the YT side continues to surge, with India seeing the largest jump Y/Y (+23ppt to 34%), benefiting from reduced data pricing across carriers. Android shipment share stabilized in Q1, though iOS share of total searches continue to increase in many of our top markets (by 3ppt each in both US and JP).
- Looking at Google's share of the total Ads market, Japan continues to stand out as having a large upside opportunity at only 11% vs US/AU/DE/FR/CA above 20% and UK above 30%.
- Our x-platform query growth was **8% Y/Y** (749B queries in Q2 ie 1.2 queries per capita per day!), down from 9% Y/Y in Q1. We currently expect that growth rate to come down to 7% y/y in 2018.

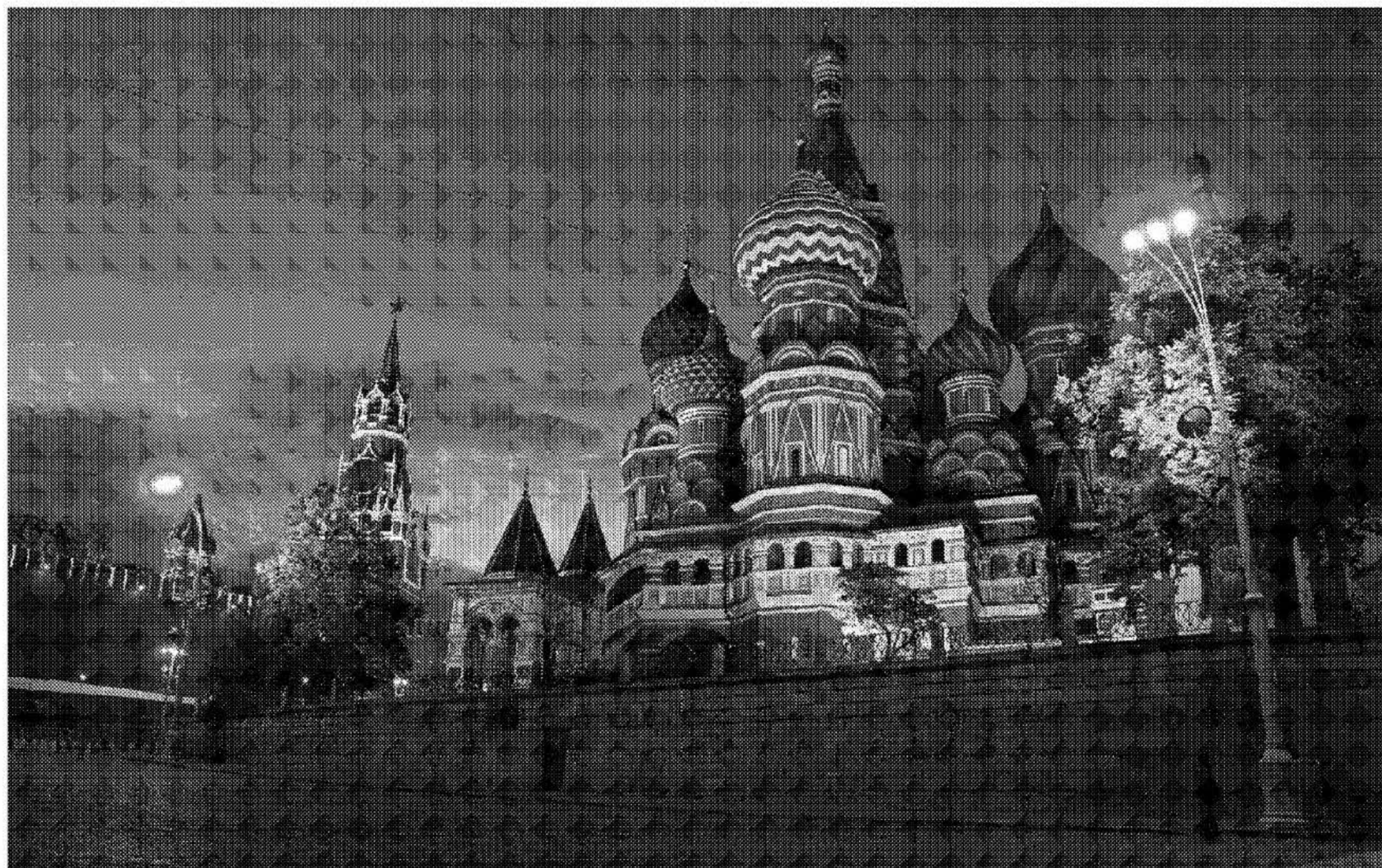
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- Our x-platform RPM growth improved to **13% Y/Y** in Q2 from 12% Y/Y in Q1 with a full quarter of Lucid impact. H2 RPM growth may come down as we lap key launches (eg green badge), though so far in Q3 growth is holding up nicely.

Thanks,

Marco



Russia, fastest growing sub-region globally in Q2 2017.

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Google Ads Health Metrics

Health Metrics	Unit	2015	2016	2017	2018	2019	2020
Ads Industry							
World GDP	\$B	74,197	75,278	77,988	81,962	86,137	90,562
	yoy %	-5.5%	1.5%	3.6%	5.1%	5.1%	5.1%
Total Ads	\$M	487,580	510,616	537,913	570,174	601,509	633,179
	yoy %	4.5%	4.7%	5.3%	6.0%	5.5%	5.3%
Total Online Ads	\$M	144,547	170,722	198,842	231,017	263,373	295,499
	yoy %	19.9%	18.1%	16.5%	16.2%	14.0%	12.2%
Total Ads / GDP	%	0.66%	0.68%	0.69%	0.70%	0.70%	0.70%
Online Ads / Total Ads	%	29.6%	33.4%	37.0%	40.5%	43.8%	46.7%
Google Ads/Online Ads	%	45.0%	46.4%	47.7%	47.4%	46.6%	45.7%
Google Ads/Total Ads	%	13.3%	15.5%	17.6%	19.2%	20.4%	21.3%
Ads Major Players	\$M	118,198	146,246				
As % of Online Ads	%	81.8%	85.7%				
Google Ads							
		V6 Forecast		Adj Plan			
Ads Revenue (fixed fx, served)	\$M	66,385	80,874	96,751	95,163	111,794	125,255
	yoy %	20%	22%	20%	18%	16%	12%
Ads Revenue (floating fx, booked)	\$M	67,513	79,186	93,337	92,878	108,029	122,885
	yoy %	13%	17%	18%	17%	16%	14%
Search Revenue (fixed fx, served)	\$M	50,860	61,117	72,059	70,808	81,750	90,253
	yoy %	18%	20%	18%	16%	13%	10%
Google.com Query	B	2,516	2,787	3,010	2,942	3,242	3,402
	yoy %	14%	11%	8%	6%	8%	5%
Google.com RPM (fixed fx)	USD	18.3	20.6	22.7	22.3	24.3	25.7
	yoy %	7%	12%	11%	8%	7%	6%
Google Ads P&L							
		V6 Forecast		Adj Plan			
Google.com TAC	\$M	4,101	5,894	8,622	8,403	11,600	13,785
Google.com TAC/Google.com revenue	%	8.9%	10.6%	13.3%	13.1%	15.2%	16.3%
DVAA TAC	\$M	6,967	8,442	10,178	9,946	11,530	12,791
DVAA TAC/DVAA Revenue	%	68.5%	70.7%	72.4%	71.0%	70.8%	69.6%
Total TAC	\$M	14,343	16,793	20,931	20,438	24,392	27,256
Total TAC/Total Ads Revenue	%	21.2%	21.2%	22.4%	22.0%	22.6%	22.2%
Ads GBO Spend	\$M	3,416	3,769	4,149	4,165	4,491	4,920
	yoy %	12%	10%	10%	11%	8%	10%
GBO spend/Ads Opex	%	23.5%	24.0%	23.5%	23.4%	22.9%	22.6%
GBO spend/Ads Revenue	%	5.1%	4.8%	4.4%	4.5%	4.2%	4.0%
Ads Gross Margin	\$M	46,343	53,825	61,463	61,319	68,499	76,028
	yoy %	14%	16%	14%	14%	11%	11%
Ads Operating Profit	\$M	31,592	37,857	43,666	43,527	48,866	54,240
	yoy %	15%	20%	15%	15%	12%	11%
Ads Gross Margin	%	68.6%	68.0%	65.9%	66.0%	63.4%	61.9%
Ads Operating Profit Margin	%	46.8%	47.8%	46.8%	46.9%	45.2%	44.1%

Note: Ads booked revenue and Ads P&L includes YT subscription products.

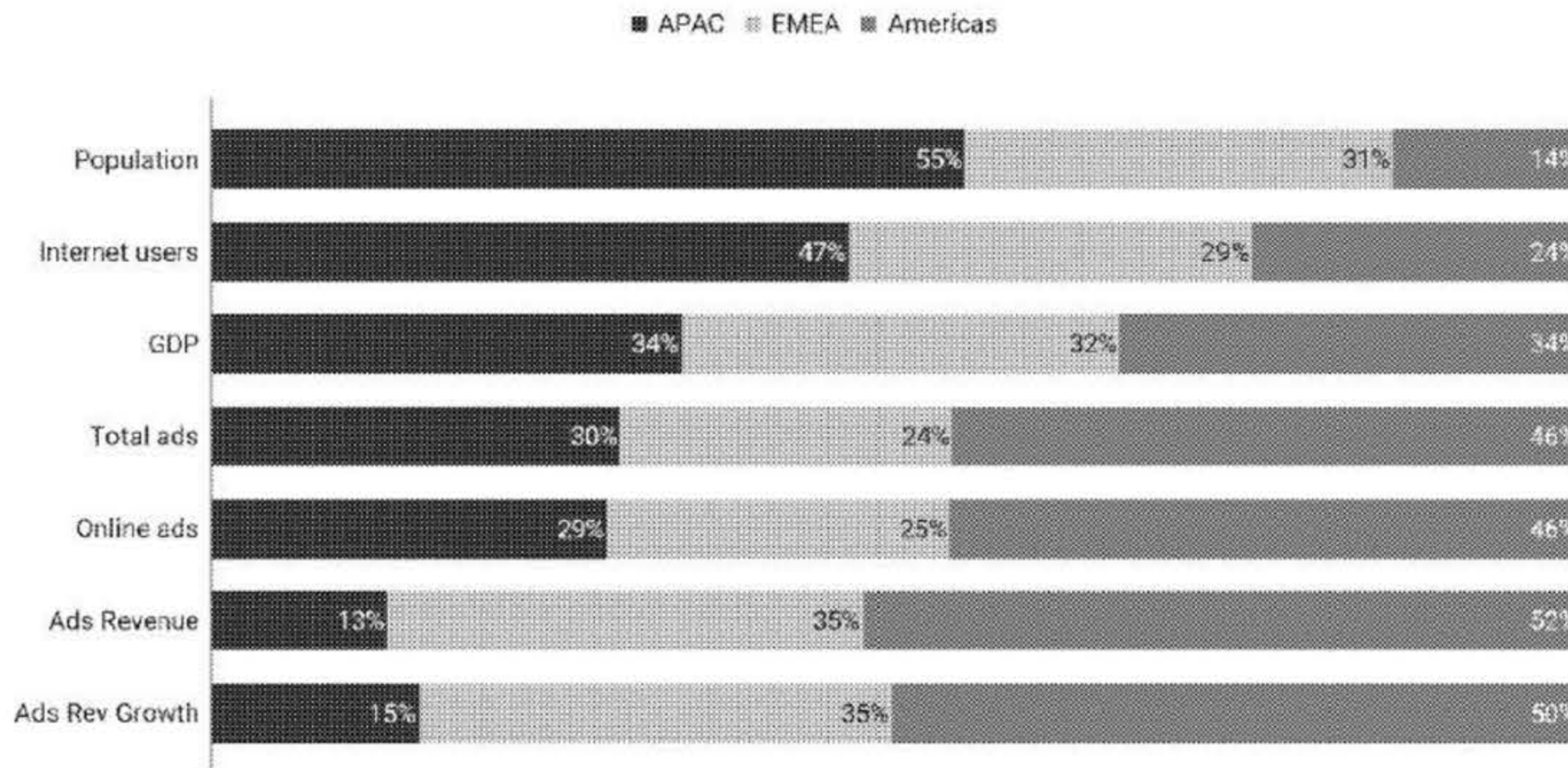
Google Ads P&L V6

	Search +			DVAA			YouTube			Total Ads		
	2017 Fcst	v Plan	% YoY	2017 Fcst	v Plan	% YoY	2017 Fcst	v Plan	% YoY	2017 Fcst	v Plan	% YoY
Served Revenue (Fixed FX)	72,059	1,261	18%	15,548	317	19%	9,144	21	36%	96,751	1,599	20%
Booked Revenue	69,788	609	16%	14,055	46	18%	9,494	(198)	37%	93,337	459	18%
Cost of Sales	11,381	(307)	28%	10,316	(235)	20%	5,835	127	39%	27,532	(415)	27%
TAC	10,752	(261)	29%	10,179	(232)	21%	2	(0)	0%	20,031	(403)	25%
CAC	91	(1)	14%	3	0	-1%	5,663	123	38%	5,756	123	37%
Other COS	539	(45)	11%	135	(3)	18%	170	4	82%	845	(45)	22%
Machine/Network	2,092	55	7%	925	14	25%	1,325	31	35%	4,342	100	18%
Ads (A&C)	507	(14)	14%	925	14	25%	0	0	n/a	1,432	0	21%
Non-Ads (Search, Chrome, Geo, YT)	1,584	69	5%	0	0	n/a	1,325	31	35%	2,910	100	16%
Gross Margin	58,315	357	14%	2,814	(176)	6%	2,334	(37)	35%	51,463	144	14%
Gross Margin %	80.7%	-0.2%	-1.6%	20.0%	-1.3%	-0.5%	24.6%	0.1%	-1.2%	65.0%	-0.2%	-3.1%
Total Opex	10,198	(41)	9%	3,790	118	5%	3,819	(81)	27%	17,797	(5)	11%
Opex % rev	14.6%	-0.1%	-5.7%	27.0%	-0.9%	-11.1%	40.2%	1.7%	-7.6%	19.1%	-0.1%	-5.4%
EngPM	4,056	39	8%	1,249	(17)	11%	1,569	(25)	41%	6,874	(3)	15%
Ads & Commerce	1,505	47	14%	1,173	10	5%	166	18	40%	2,944	75	11%
Non-Ads (Search, Chrome, Geo, YT)	2,551	(8)	5%	76	(27)	n/a	1,403	(43)	41%	4,030	(78)	17%
GBO	2,021	20	17%	1,430	17	2%	698	(20)	10%	4,149	17	10%
Sales	1,936	25	17%	1,221	(0)	3%	691	(19)	9%	3,848	7	11%
Partnerships	85	(6)	18%	208	17	-5%	6	(1)	42%	300	10	2%
Marketing	1,062	25	-3%	64	(17)	29%	596	(35)	41%	1,712	(27)	10%
G&A	2,138	(99)	7%	612	136	-14%	609	19	6%	3,360	55	2%
TI	Investigation into growth rate ongoing; likely overstated											
Operating Profit	48,128	318	15%	(976)	(58)	0%	(1,486)	(119)	16%	43,566	139	15%
Operating Profit %	66.1%	-0.1%	-0.6%	-6.9%	-0.4%	-15.2%	-15.6%	-1.5%	-16.0%	46.0%	-0.4%	-2.1%
1 Ahead of plan despite FX 2 TAC pressure 3 Operating leverage from opex < rev growth												

Global Market Summary

Global Metrics - Macro & Internal Metrics

Global Metrics - Macro & Internal Metrics



Proportion of Global Ad Revenue Growth

Country	Q217-Q216 Delta (\$M)	Q217 Ranking	Q216 Ranking
United States	1,709M	1	1
United Kingdom	286M	2	2
Japan	256M	3	3
Netherlands	247M	4	5
Germany	247M	5	4
Canada	111M	6	6
Brazil	83M	7	11
France	66M	8	7
Hong Kong	65M	9	20
Russian Federation	62M	10	12
Australia	60M	11	8
Spain	56M	12	9
Italy	43M	13	13
China	39M	14	17
India	38M	15	16
Israel	38M	16	10
Sweden	37M	17	15
Switzerland	31M	18	22
South Korea	31M	19	19
Argentina	31M	20	30

Proportion of Global Google.com Queries Growth**

Country	Q217-Q216 Delta (M)	Q217 Ranking	Q216 Ranking
India	18,313M	1	3
United States	4,997M	2	1
Japan	3,263M	3	4
Brazil	3,170M	4	2
Indonesia	3,122M	5	13
Russian Federation	2,235M	6	5
Ukraine	1,174M	7	23
Iran	1,112M	8	28
Germany	1,043M	9	6
Taiwan	1,032M	10	18
Italy	1,000M	11	11
United Kingdom	982M	12	9
Poland	979M	13	17
France	785M	14	7
Philippines	696M	15	22
Malaysia	680M	16	41
Canada	644M	17	15
Argentina	615M	18	16
Spain	615M	19	14
Turkey	606M	20	8

Note: *Macro data from Whirlybird, Industry Metrics & CIA Factbooks. Ads revenue are in 2017 fixed FX.

**Queries growth for Google.com + Distribution (DesktopTablet + HEM).

Revenue & Macro Metrics Snapshots

	Ad Rev Fixed (\$m)	YoY	Ad Rev Nonline (\$m)	YoY	Desktop pTribl at RPM (\$)	YoY	Desktop pTribl all Query (\$)	YoY	HEM RPM (\$)	YoY	HEM Query (\$)	YoY	Average # of Active Adverts (\$)	YoY	Interna t Users (m)	GDP (\$B)	Ads Rev % of GDP	# Adverts per 1000 Interna t Users (\$)	# Google .com HEM Query/ User per Day (\$ US=1.0)	Google .com HEM RPM/Q DP per Capita (\$ US=1.0)
Global	23,171M	21%	22,943M	19%	26.7	9%	327.3B	-7%	19.1	26%	421.3B	24%	3,962	13%	2,579	78.70	0.12%	1.5	1.8	2.0
Americas	12,127M	20%	12,124M	20%	37.9	10%	114.4B	-7%	30.2	33%	143.4B	15%	1,527	18%	619	28.46	0.18%	2.5	2.5	1.3
US	10,842M	19%	10,839M	19%	61.6	7%	59.8B	-5%	47.6	35%	81.2B	12%	1,034	21%	284	19.5	0.22%	3.6	3.1	1.0
CA	586M	23%	580M	19%	32.1	14%	9.4B	-5%	25.8	46%	7.7B	17%	120	23%	31	1.8	0.14%	3.6	2.7	0.7
BR	405M	26%	409M	37%	10.1	11%	18.4B	-8%	5.9	39%	23.9B	25%	215	9%	109	2.0	0.08%	2.0	2.4	0.7
SPLatam	293M	35%	296M	32%	6.2	24%	26.8B	-10%	4.1	59%	30.6B	17%	159	12%	194	3.4	0.03%	0.8	1.7	0.6
EMEA	8,084M	20%	7,974M	16%	23.8	8%	148.5B	-9%	16.1	31%	156.7B	23%	1,789	8%	758	25.2	0.13%	2.4	2.3	1.7
BENELUX	1,134M	30%	1,117M	27%	38.2	11%	7.9B	-7%	28.6	40%	5.6B	25%	127	8%	24	1.4	0.34%	5.2	2.5	0.7
CEE	491M	26%	487M	24%	7.9	13%	28.9B	-6%	5.8	35%	23.2B	34%	337	9%	126	2.0	0.10%	2.7	2.0	0.9
DACH	1,741M	20%	1,714M	17%	40.8	8%	20.2B	-8%	29.0	33%	16.7B	22%	230	0%	89	4.7	0.15%	2.6	2.1	0.7
ES/PT	404M	18%	399M	15%	17.0	8%	10.1B	-10%	14.7	32%	10.2B	21%	127	4%	44	1.5	0.11%	2.9	2.6	0.6
FR	656M	11%	646M	9%	24.0	4%	16.3B	-10%	18.1	40%	12.2B	26%	120	8%	57	2.6	0.10%	2.1	2.4	0.6
GBIE	2,050M	16%	2,022M	6%	53.7	4%	18.1B	-9%	42.9	28%	18.2B	19%	265	14%	59	2.9	0.28%	4.5	3.4	1.2
IT	289M	17%	294M	14%	16.7	11%	9.6B	-10%	11.4	32%	11.8B	21%	97	11%	42	1.9	0.06%	2.3	3.1	0.4
MENA/TR	289M	21%	275M	10%	6.4	17%	17.3B	-15%	4.2	27%	32.6B	16%	99	10%	135	3.4	0.04%	0.7	2.7	0.7
NORDICS	497M	24%	485M	19%	34.1	9%	6.7B	-6%	30.3	38%	5.6B	21%	109	6%	23	1.5	0.13%	4.7	2.6	0.6
RoE	319M	17%	324M	20%	17.1	5%	4.9B	-3%	8.7	20%	9.4B	26%	87	15%	87	1.9	0.07%	1.0	1.2	5.1
RU	194M	48%	211M	65%	6.7	25%	8.5B	-5%	5.9	56%	11.1B	33%	190	13%	73	1.4	0.05%	2.6	1.7	0.7
APAC	2,961M	25%	2,845M	25%	13.5	8%	64.3B	-4%	9.7	15%	121.3B	38%	646	15%	1,202	27.1	0.04%	0.5	1.1	1.7
JP	1,146M	29%	1,042M	25%	17.4	13%	12.8B	-1%	19.6	32%	28.2B	14%	142	27%	95	5.1	0.09%	1.5	3.2	0.6
GRCN	460M	38%	461M	38%	8.1	14%	5.5B	6%	7.4	33%	5.8B	26%	79	12%	647	13.3	0.01%	0.1	0.1	0.9
AUNZ	626M	13%	615M	13%	45.3	5%	7.9B	-4%	42.2	30%	8.3B	17%	135	21%	24	1.5	0.16%	5.5	2.8	0.9
IN	248M	18%	255M	22%	7.6	-3%	13.3B	-6%	4.1	1%	37.3B	106%	100	-4%	149	2.5	0.04%	0.7	2.8	2.5
KR	113M	38%	110M	41%	4.1	13%	2.1B	10%	5.0	33%	2.3B	12%	19	33%	39	1.5	0.03%	0.6	0.7	0.2
SEA	367M	27%	363M	26%	5.8	13%	22.6B	-8%	3.7	26%	41.4B	25%	172	14%	247	3.2	0.05%	0.7	1.8	1.5

Quarterly Growth Rates by Market

	Fixed FX					Nominal FX				
	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17
Global	23%	22%	20%	21%	21%	22%	21%	19%	19%	19%
Americas	23%	21%	19%	20%	20%	21%	21%	19%	21%	20%
US	22%	20%	18%	19%	19%	22%	20%	18%	19%	19%
CA	31%	27%	27%	26%	23%	26%	27%	27%	30%	19%
BR	16%	22%	29%	29%	26%	2%	32%	50%	59%	37%
SPLatam	31%	37%	35%	36%	35%	11%	18%	16%	32%	32%
EMEA	23%	22%	21%	20%	20%	21%	17%	14%	14%	16%
BENELUX	21%	26%	29%	27%	30%	23%	26%	27%	23%	27%
CEE	35%	33%	33%	30%	26%	34%	31%	29%	27%	24%
DACH	21%	18%	17%	17%	20%	22%	18%	15%	13%	17%
ES/PT	23%	22%	24%	22%	18%	24%	21%	21%	18%	15%
FR	23%	19%	16%	17%	11%	25%	19%	14%	13%	9%
GBIE	20%	19%	18%	18%	16%	14%	4%	1%	5%	6%
IT	17%	17%	17%	16%	17%	19%	17%	15%	12%	14%
MENA/TR	34%	28%	25%	25%	21%	29%	26%	19%	13%	10%
NORDICS	25%	26%	26%	22%	24%	26%	25%	23%	19%	19%
RoE	34%	29%	12%	11%	17%	29%	26%	10%	13%	20%
RU	51%	42%	39%	42%	48%	26%	39%	44%	69%	65%
APAC	29%	26%	24%	25%	25%	31%	35%	29%	27%	25%
JP	33%	29%	30%	29%	29%	49%	53%	44%	31%	25%
GRCN	28%	27%	16%	28%	38%	25%	26%	15%	28%	38%
AUNZ	23%	20%	18%	15%	13%	18%	26%	23%	21%	13%
IN	18%	18%	9%	14%	18%	13%	16%	7%	15%	22%
KR	42%	50%	55%	51%	38%	36%	56%	56%	56%	41%
SEA	34%	28%	32%	29%	27%	30%	29%	33%	29%	26%

Revenue Details by Product

	Search		Display		Video		Total	
	Revenue Fixed (\$m)	YoY	Revenue Fixed (\$m)	YoY	Revenue Fixed (\$m)	YoY	Revenue Fixed (\$m)	YoY
Global	17,627M	20%	3,400M	19%	2,144M	29%	23,171M	21%
Americas	9,208M	20%	1,778M	20%	1,141M	20%	12,127M	20%
US	8,339M	19%	1,549M	20%	954M	19%	10,842M	19%
CA	417M	27%	96M	10%	73M	22%	586M	23%
BR	272M	21%	74M	35%	59M	38%	405M	26%
SPLatam	180M	39%	59M	27%	54M	34%	293M	35%
EMEA	6,534M	20%	960M	20%	590M	30%	8,084M	20%
BENELUX	1,015M	27%	76M	40%	43M	83%	1,134M	30%
CEE	357M	27%	100M	20%	35M	32%	491M	26%
DACH	1,452M	19%	178M	13%	112M	51%	1,741M	20%
ES/PT	324M	14%	51M	42%	30M	32%	404M	18%
FR	522M	11%	73M	16%	61M	5%	656M	11%
GBIE	1,723M	16%	228M	26%	99M	10%	2,050M	16%
IT	216M	18%	44M	9%	39M	22%	299M	17%
MEN/ATR	178M	31%	55M	0%	66M	18%	299M	21%
NORDICS	392M	23%	57M	22%	48M	38%	497M	24%
RoE	236M	16%	50M	2%	33M	57%	319M	17%
RU	119M	47%	50M	42%	25M	64%	194M	48%
APAC	1,886M	23%	662M	16%	414M	59%	2,961M	25%
JP	781M	31%	264M	15%	101M	61%	1,146M	29%
GRCN	200M	29%	165M	18%	96M	142%	460M	38%
AUNZ	502M	14%	69M	2%	56M	16%	626M	13%
IN	156M	15%	52M	9%	40M	51%	248M	18%
KR	29M	27%	35M	48%	49M	38%	113M	38%
SEA	219M	23%	77M	21%	72M	51%	367M	27%

User Adoption Metrics

			Search								Video		Apps			Android					
	Avg Score	vs LY/L Q	Desktop Search Query Share	vs LY	Mobile Search Query Share	vs LY	Search Adoption (Android)	vs LY	GApp queries in % of iOS	vs LY	YT Adoption (Android)	vs LY	Share of top 10 app downloads on iOS	Share of app usage on Android	vs LQ	Android Shipments %	vs LY	Android Query Share	vs LY	Play share of app store downloads	vs LY
US	46%	0%	82%	0%	96%	2%	58%	1%	11%	1%	25%	5%	20%	33%	1%	61%	-1%	45%	-3%	50%	-3%
CA	48%	1%	88%	-1%	97%	1%	54%	1%	10%	0%	19%	3%	20%	32%	1%	64%	0%	47%	0%	46%	1%
GB	46%	1%	87%	-2%	98%	1%	56%	3%	11%	0%	20%	4%	10%	30%	1%	61%	-1%	43%	1%	45%	-1%
DE	53%	1%	90%	-1%	99%	0%	48%	4%	10%	0%	19%	4%	20%	30%	1%	75%	2%	66%	0%	71%	0%
FR	52%	1%	89%	-2%	99%	1%	54%	4%	11%	0%	20%	4%	10%	31%	2%	82%	2%	61%	1%	64%	-1%
JP	37%	1%	50%	0%	61%	4%	48%	1%	21%	1%	16%	3%	10%	27%	2%	52%	0%	45%	-3%	38%	-1%
AU	45%	1%	91%	-1%	98%	1%	56%	2%	11%	0%	17%	3%	10%	28%	2%	60%	3%	39%	0%	39%	1%
BR	59%	2%	95%	0%	100%	1%	46%	4%	11%	0%	33%	9%	10%	29%	1%	92%	1%	87%	0%	92%	0%
IN	63%	4%	93%	-2%	99%	0%	55%	4%	11%	1%	34%	23%	30%	21%	0%	98%	0%	94%	2%	96%	3%
MX	56%	1%	93%	-1%	99%	1%	37%	-1%	11%	0%	33%	5%	10%	29%	1%	94%	1%	84%	-1%	90%	1%
PL	65%	0%	96%	-1%	100%	0%	69%	3%	6%	-1%	N/A	N/A	20%	35%	2%	90%	0%	86%	-1%	88%	0%
TR	56%	1%	92%	-1%	99%	1%	N/A	N/A	16%	-3%	32%	8%	10%	28%	2%	87%	2%	76%	-4%	85%	0%
RU	42%	0%	21%	-8%	55%	-1%	35%	1%	12%	-1%	19%	5%	10%	26%	1%	86%	1%	74%	0%	79%	-1%

As of Q2'17 Q2'17 Q2'17 Q2'17 Q2'17 Q2'17 recent four weeks Q2'17 Q1'17 Q2'17 Q2'17

Note:

- 1) Search Adoption (Android): 1-day active search users in % of 1-day active Android users;
- 2) GApp queries in % of iOS: % of iOS search queries on Google.com that originate from the Google Search App;
- 3) YT Adoption (Android): 1-day active YT users as % of 1-day active Android users;
- 4) App Usage Share on Android: % of time spent on Google Apps on Android. Data likely to have a Google bias given it's based on Google Now users;
- 5) Android shipments %: Android % of HED phones shipped;
- 6) Android Query Share: % of Google.com HED searches that are made from Android devices;
- 7) Play share of app store downloads: % of total app downloads across Play + iOS App Store that are made on Play.

Ads Market Trend

	Google Ads				Google Share of Online Ads				Google Share of Total Ads			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
	\$M	\$M	\$M	\$M	%	%	%	%	%	%	%	%
Global	54,952	65,835	80,318	95,545	46%	46%	47%	48%	12%	14%	16%	18%
Americas	29,736	35,310	42,703	50,353	54%	53%	54%	55%	14%	16%	18%	20%
US	26,980	31,937	38,453	45,011	55%	54%	55%	56%	15%	17%	19%	22%
CA	1,243	1,519	1,951	2,413	35%	41%	46%	50%	13%	16%	20%	24%
BR	969	1,151	1,387	1,722	48%	49%	50%	51%	8%	10%	12%	13%
SPLatam	544	684	912	1,208	39%	38%	42%	44%	4%	5%	6%	8%
EMEA	19,115	22,671	27,647	32,911	57%	59%	63%	66%	17%	19%	22%	25%
BENELUX	2,186	2,813	3,514	4,337	73%	77%	91%	100%	23%	28%	33%	40%
CEE	1,015	1,202	1,591	2,009	46%	48%	57%	64%	10%	12%	16%	19%
DACH	4,441	5,156	6,118	7,263	64%	67%	71%	72%	16%	18%	20%	23%
ES/PT	998	1,120	1,363	1,620	67%	66%	67%	67%	16%	17%	19%	22%
FR	1,753	1,989	2,350	2,670	59%	61%	65%	63%	16%	18%	20%	22%
GBIE	5,345	6,171	7,382	8,533	57%	56%	58%	60%	27%	29%	32%	35%
IT	740	875	1,026	1,176	36%	39%	41%	40%	10%	11%	12%	14%
MENA/TR	518	722	945	1,182	58%	62%	61%	60%	10%	13%	16%	19%
NORDICS	1,068	1,329	1,667	2,007	43%	44%	48%	51%	14%	17%	21%	24%
RoE	743	901	1,121	1,319	94%	93%	125%	128%	16%	18%	23%	25%
RU	306	394	571	797	25%	31%	42%	54%	5%	9%	12%	16%
APAC	6,101	7,854	9,967	12,280	19%	20%	21%	21%	5%	6%	7%	8%
JP	2,338	2,918	3,818	4,763	32%	35%	40%	44%	6%	7%	9%	11%
GRCN	846	1,175	1,469	1,897	5%	5%	5%	5%	1%	2%	2%	3%
AUNZ	1,527	1,868	2,255	2,587	57%	57%	57%	53%	15%	17%	20%	22%
IN	481	729	871	1,046	67%	82%	82%	81%	8%	10%	10%	11%
KR	185	233	340	467	7%	8%	11%	14%	2%	2%	3%	4%
SEA	723	930	1,214	1,521	61%	63%	64%	64%	7%	8%	10%	12%

Notes:

- 1) Google Ads revenue is based on 2017 fixed FX;
- 2) Google Ads 2017 revenue based on 2017 actuals (for past quarters), quota (for current quarter) and Annual Plan (for remaining quarters);
- 3) Total Ads and Online Ads from 2016 Industry Metrics.

Video Ads Market Trend

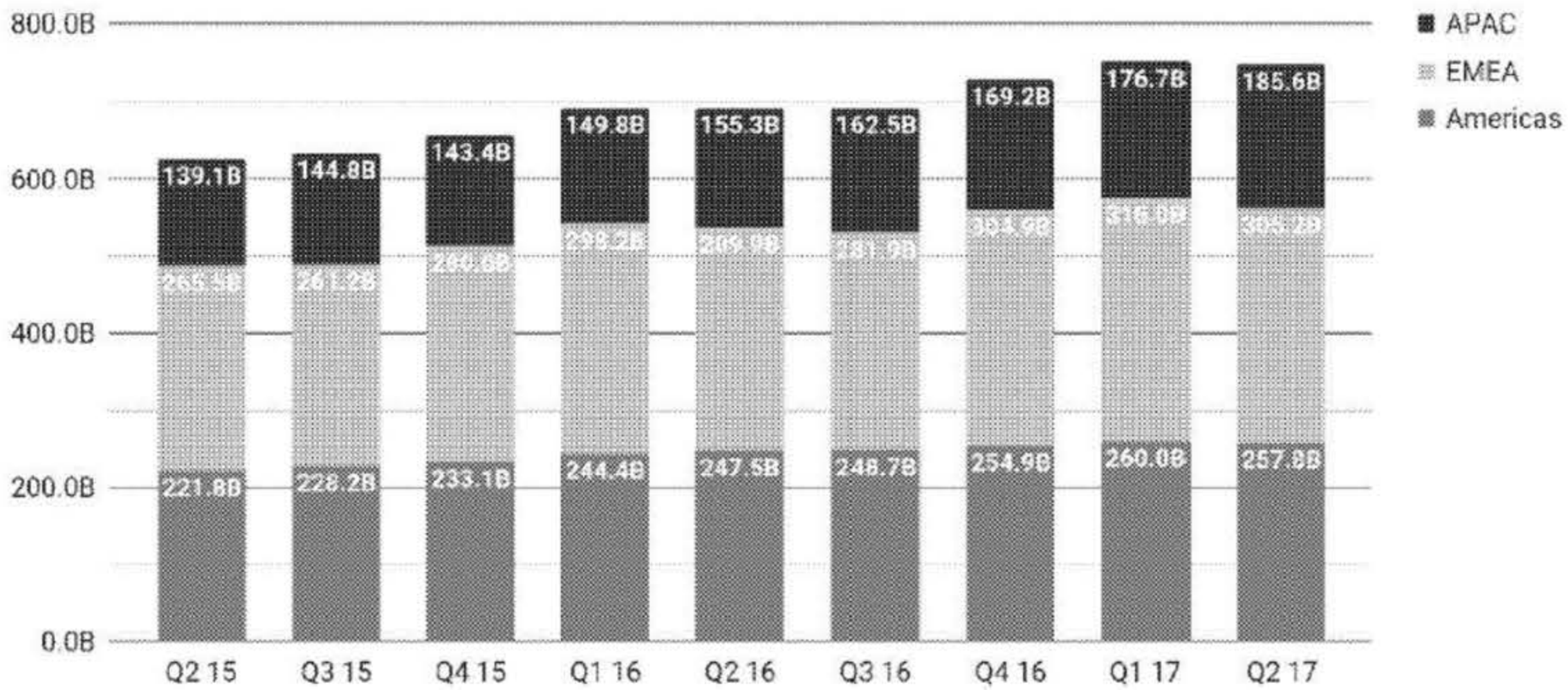
	Google Video Ads				Google Share of Total Video Ads				Google Share of Total TV + Video Ads			
	2014	2015	2016	2017	2014	2015	2016	2017	2014	2015	2016	2017
	\$M	\$M	\$M	\$M	%	%	%	%	%	%	%	%
Global	3,052	4,787	7,121	9,568	25%	27%	29%	30%	2%	3%	4%	5%
Americas	1,712	2,692	4,139	5,556	28%	30%	35%	37%	2%	3%	5%	7%
US	1,433	2,282	3,556	4,763	26%	29%	33%	35%	2%	3%	5%	7%
CA	90	151	233	317	30%	38%	43%	47%	4%	6%	10%	14%
BR	110	137	176	242	53%	59%	62%	66%	1%	2%	2%	3%
SPLatam	79	122	174	234	51%	43%	44%	44%	1%	2%	2%	3%
EMEA	904	1,353	1,844	2,316	32%	36%	37%	36%	2%	3%	5%	6%
BENELUX	46	67	100	151	22%	26%	29%	35%	2%	2%	3%	5%
CEE	55	73	97	128	36%	31%	30%	33%	1%	1%	2%	3%
DACH	152	231	322	434	33%	39%	40%	41%	2%	3%	4%	6%
ES/PT	47	65	89	114	43%	40%	39%	37%	2%	2%	3%	4%
FR	106	149	199	236	32%	34%	35%	31%	3%	4%	5%	6%
GBIE	234	331	414	452	30%	30%	29%	25%	5%	6%	8%	8%
IT	71	95	130	156	19%	22%	25%	25%	2%	3%	4%	4%
MENA/TR	75	136	190	239	78%	87%	81%	71%	3%	4%	6%	8%
NORDICS	68	105	147	191	40%	39%	38%	39%	4%	6%	9%	11%
RoE	24	56	88	122	77%	116%	130%	138%	1%	2%	4%	4%
RU	26	44	67	91	33%	48%	62%	74%	1%	2%	3%	4%
APAC	436	743	1,138	1,697	13%	14%	15%	17%	1%	1%	2%	3%
JP	114	188	293	434	36%	37%	37%	40%	1%	1%	2%	2%
GRCN	42	102	189	334	2%	3%	3%	5%	0%	1%	1%	2%
AUNZ	88	141	197	253	38%	36%	34%	32%	3%	4%	6%	8%
IN	57	86	121	181	87%	83%	82%	87%	3%	3%	4%	5%
KR	62	91	135	202	49%	35%	34%	40%	1%	2%	3%	4%
SEA	73	134	202	291	59%	66%	67%	72%	1%	2%	3%	4%

Notes:

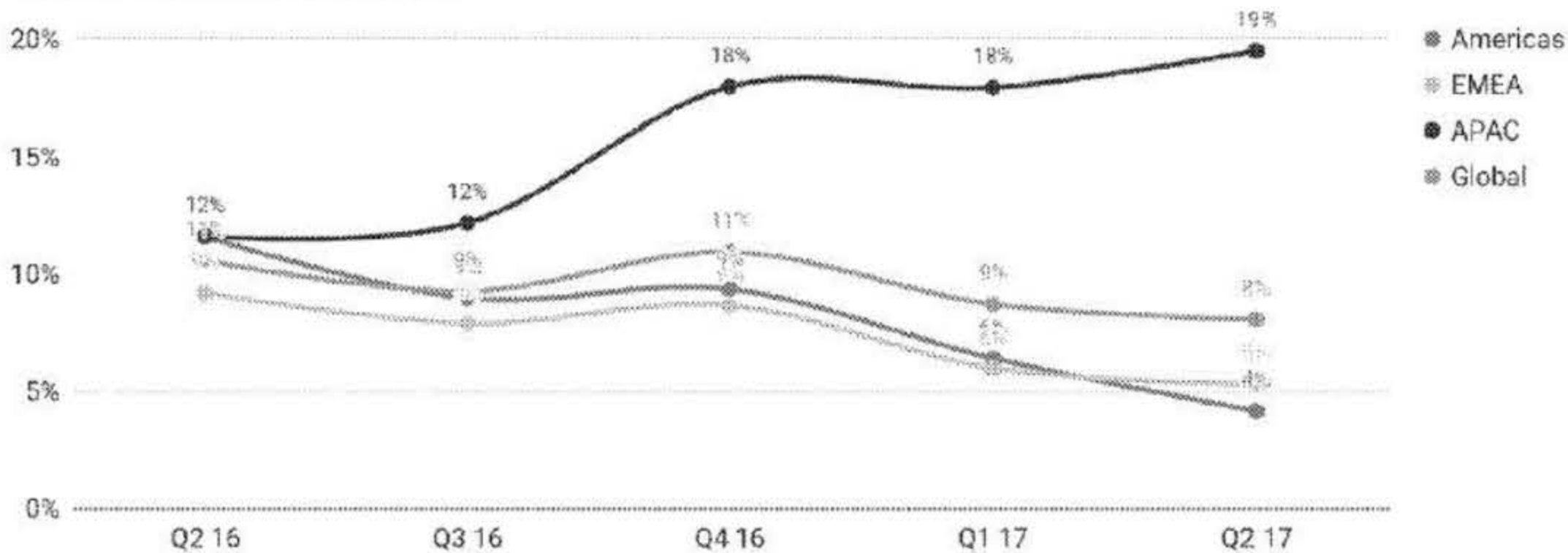
- 1) Google Ads revenue is based on 2017 fixed FX;
- 2) Google Ads 2017 revenue based on 2017 actuals (for past quarters), quota (for current quarter) and Annual Plan (for remaining quarters);
- 3) Total Ads and Online Ads from 2016 Industry Metrics.

User Metrics - Cross-Platform Queries

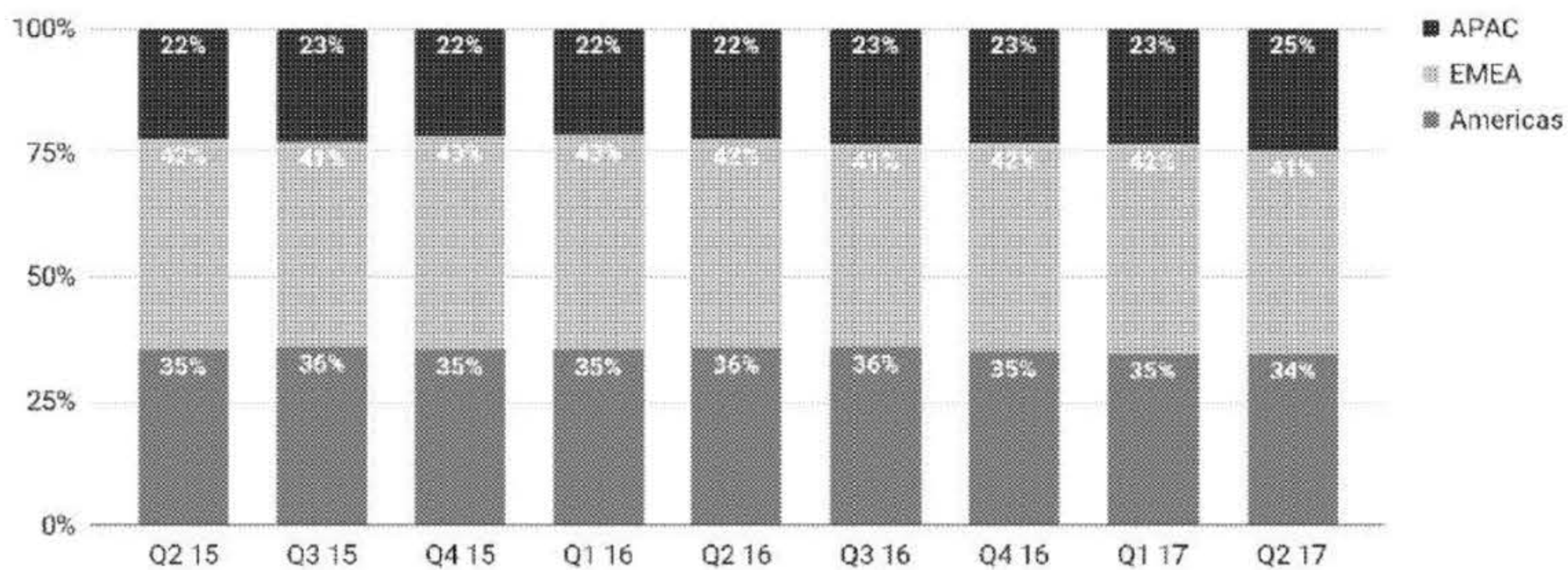
Absolute Queries - X-Platform



YoY Growth Rate - X-Platform

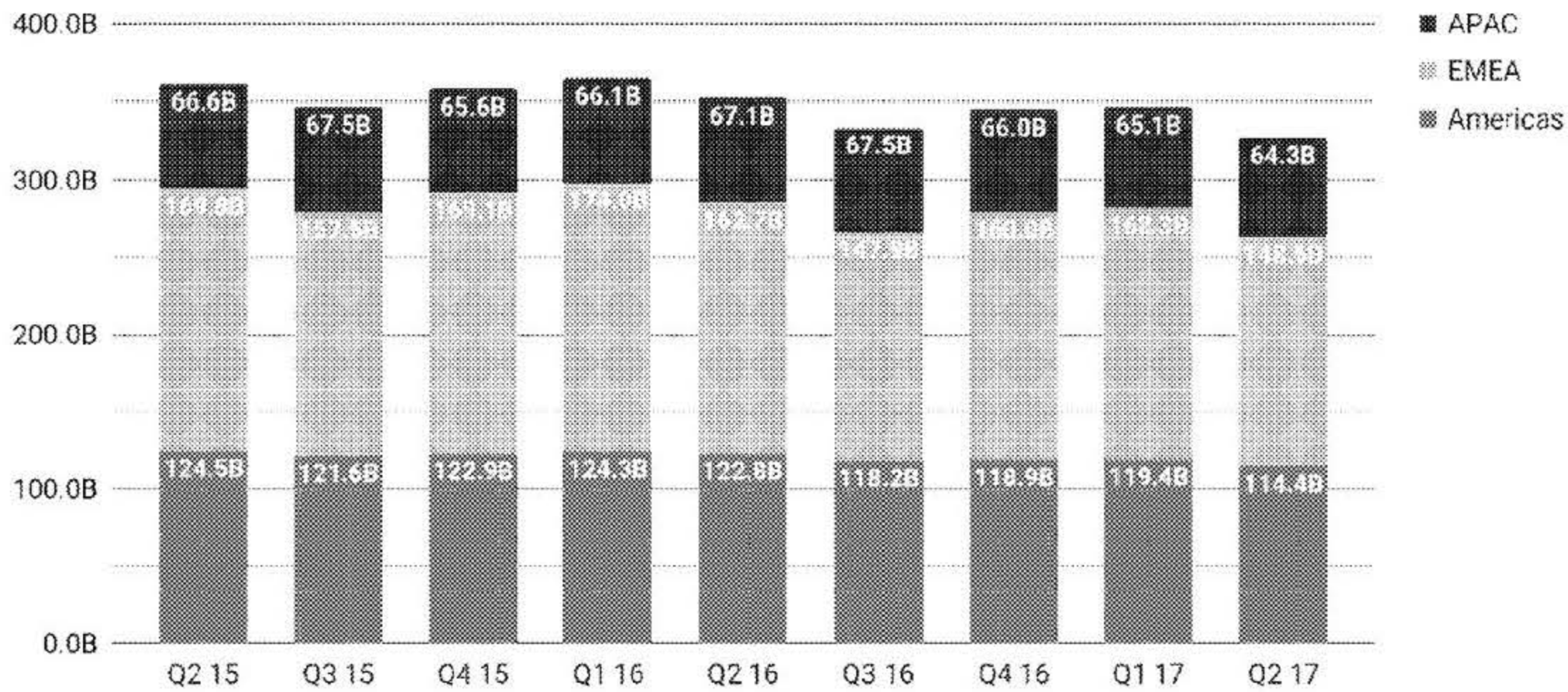


Contribution to Total - X-Platform

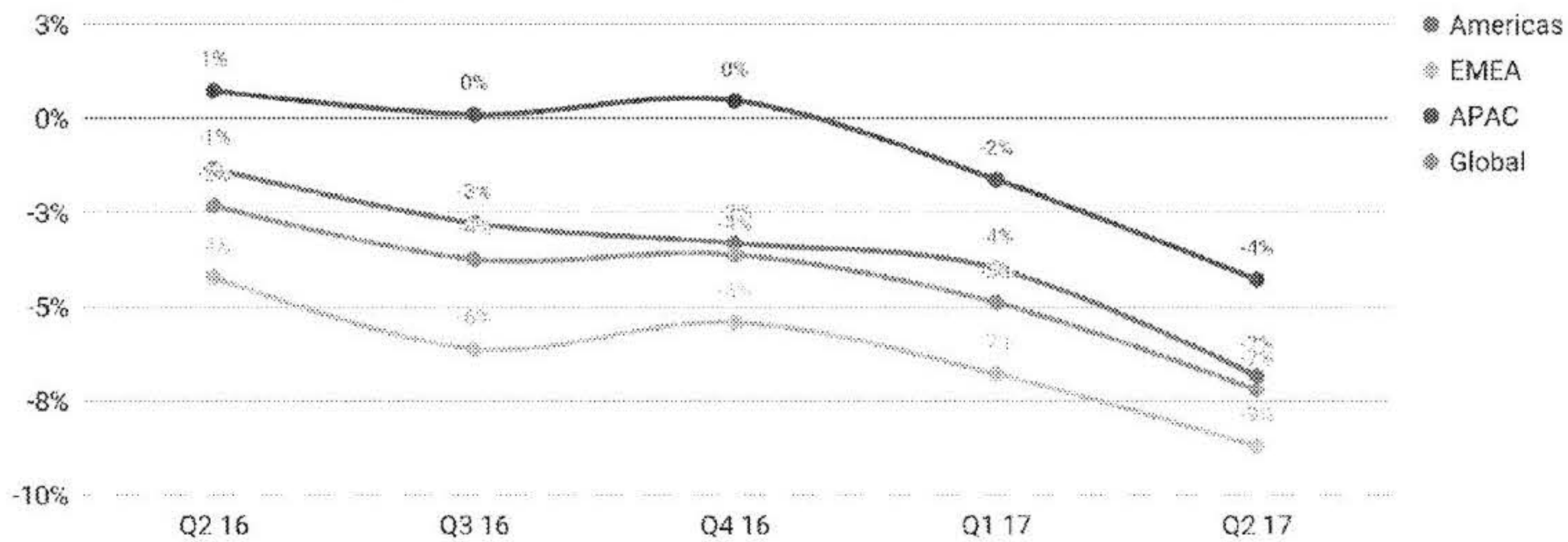


User Metrics - Desktop & Tablet Queries

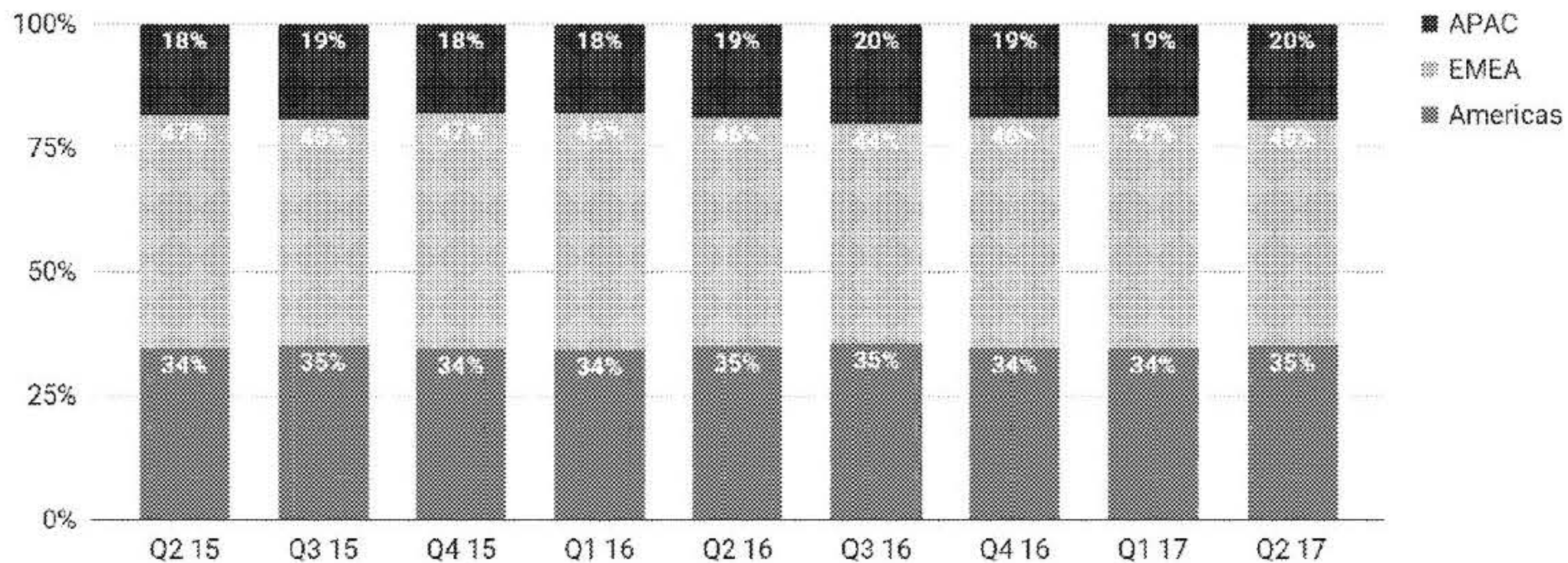
Absolute Queries - Desktop & Tablet



YoY Growth Rate - Desktop & Tablet

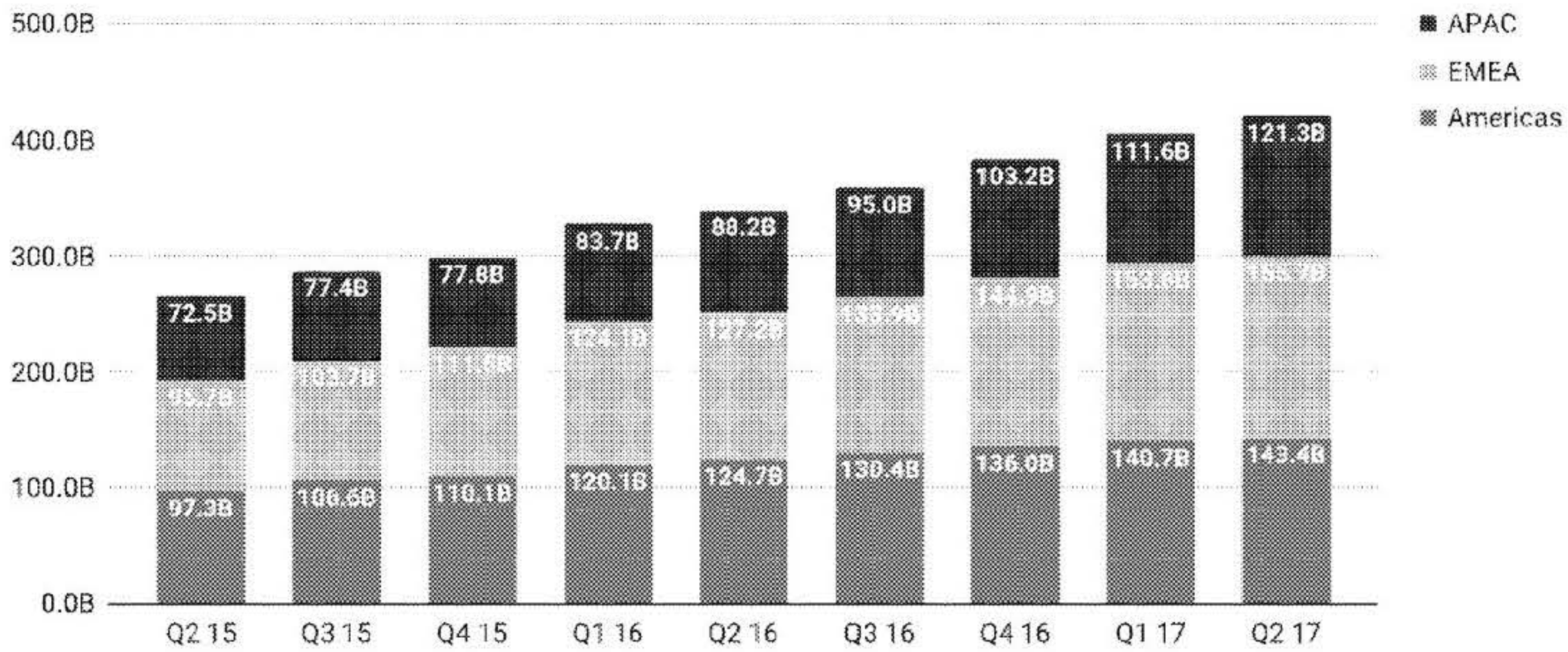


Contribution to Total - Desktop & Tablet

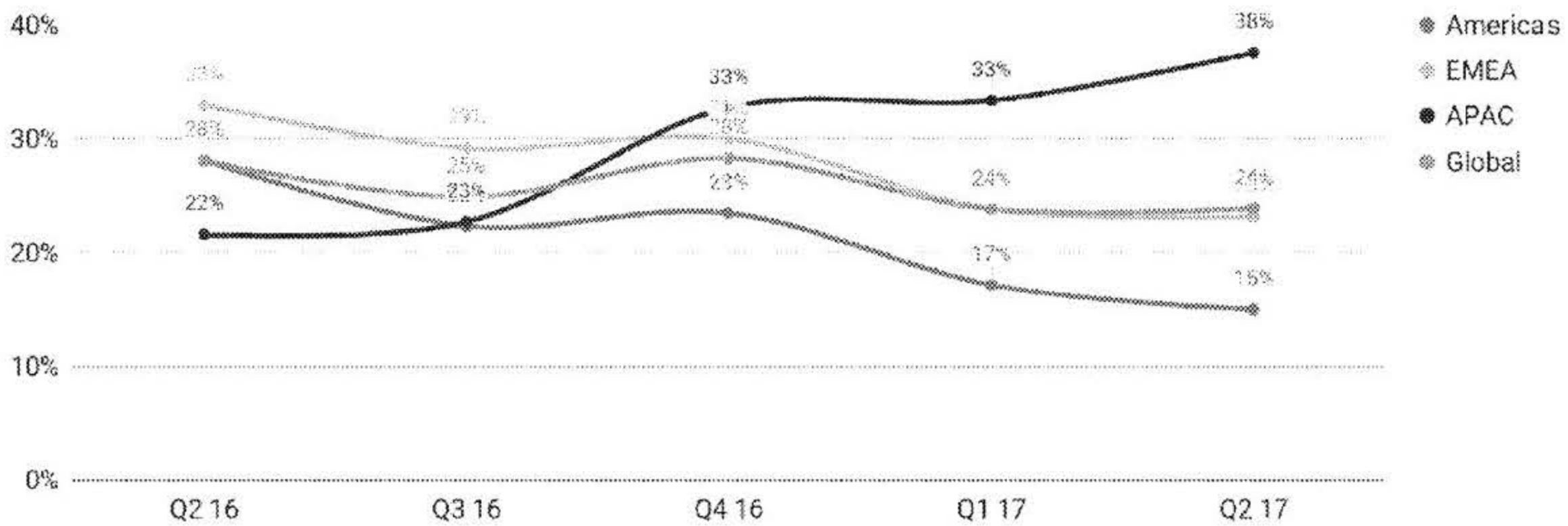


User Metrics - High End Mobile Queries

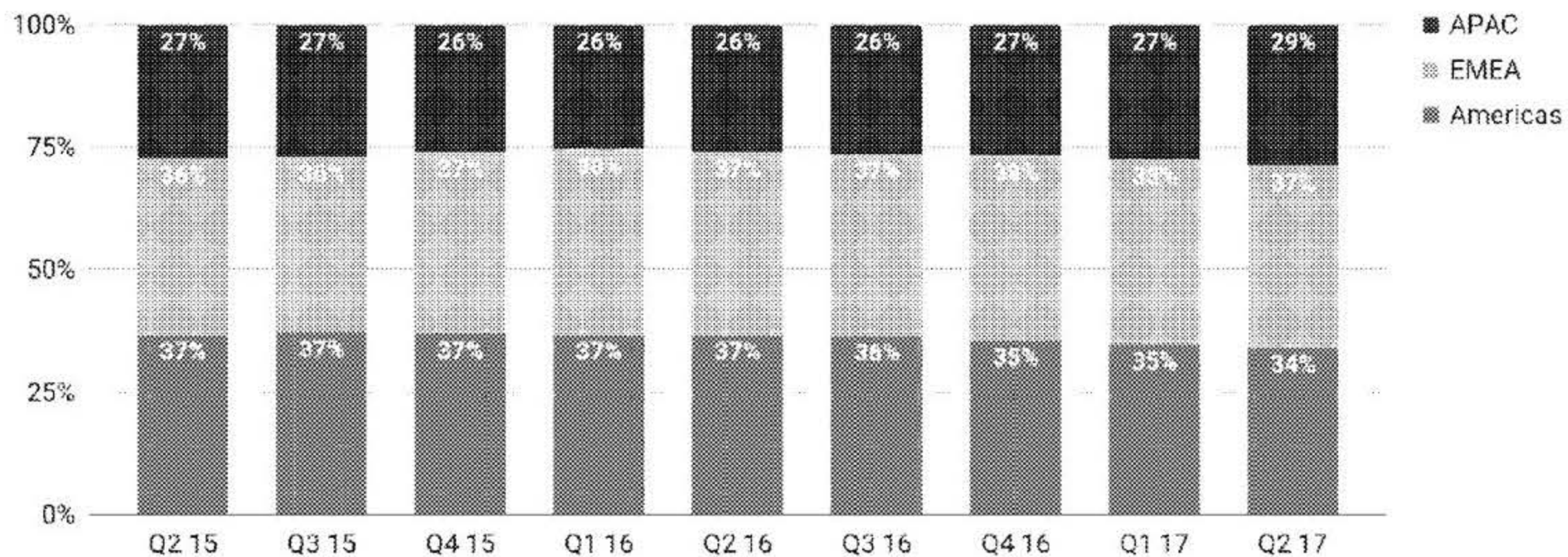
Absolute Queries - High End Mobile



YoY Growth Rate - High End Mobile

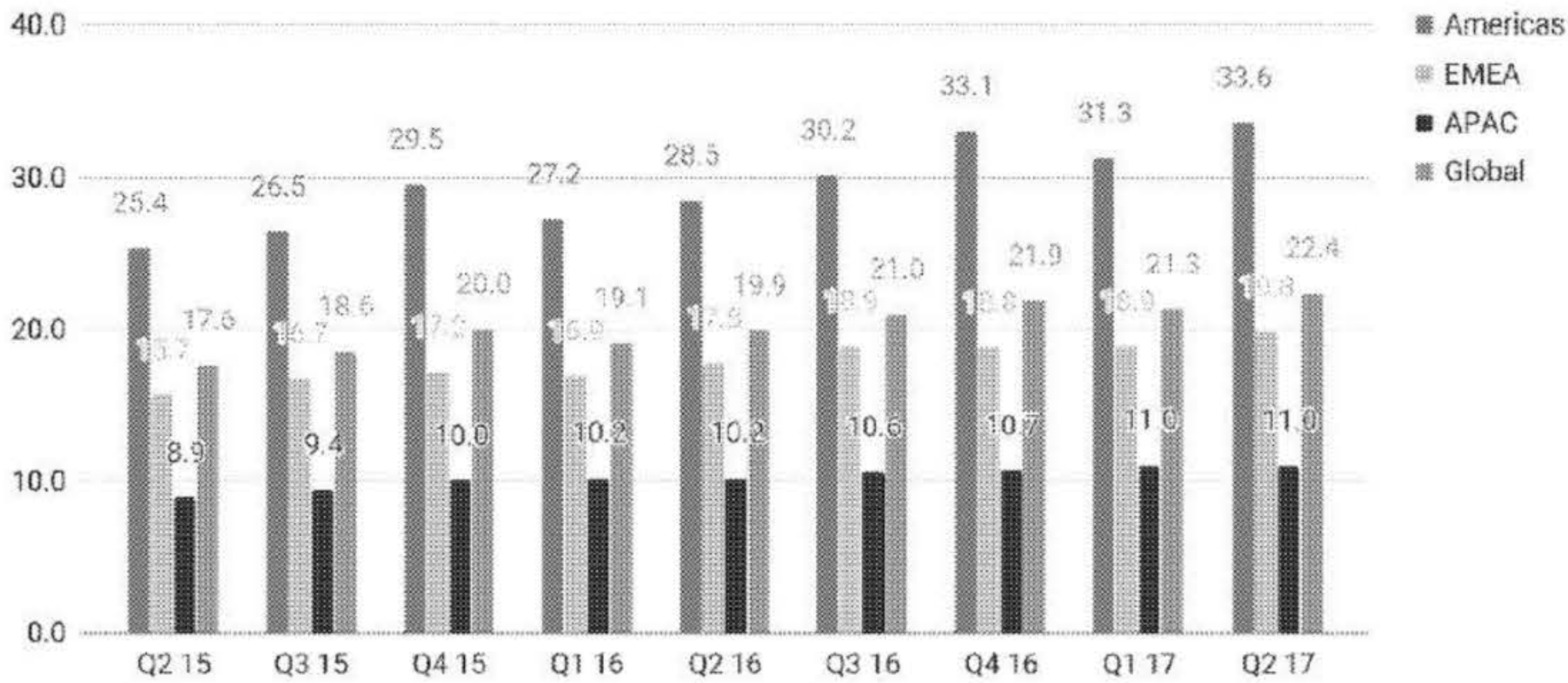


Contribution to Total - High End Mobile

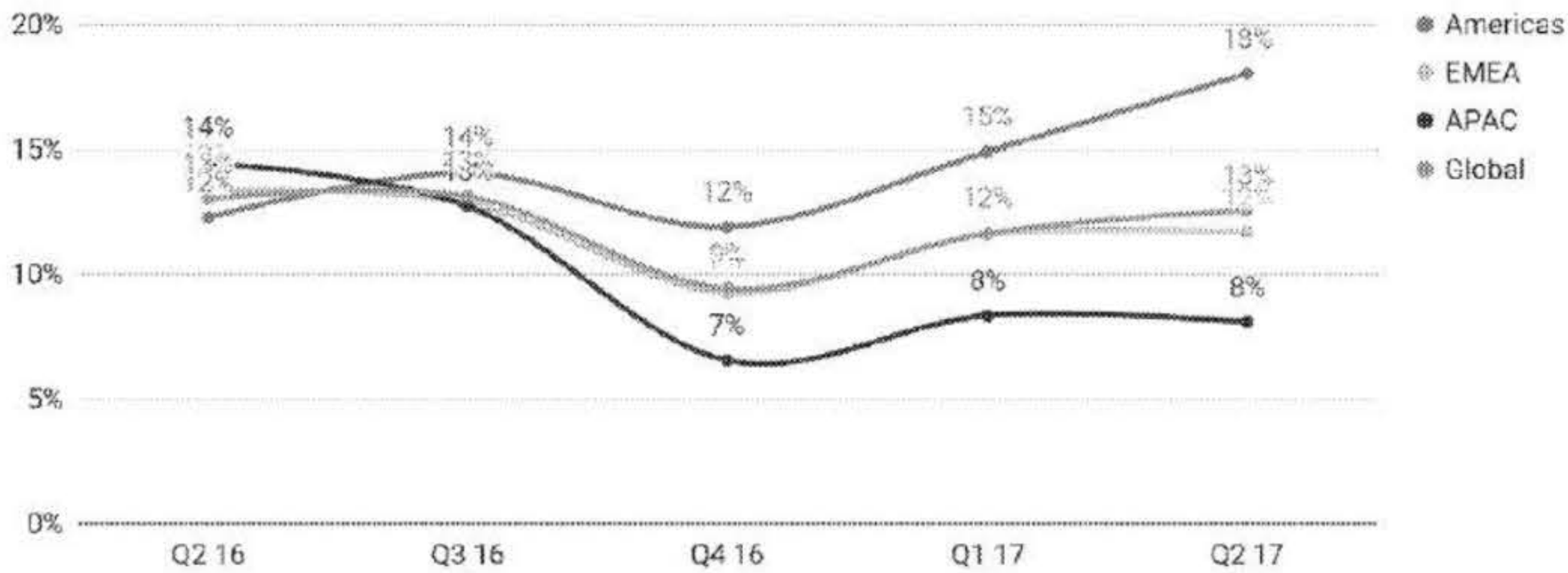


User Metrics - Cross-Platform RPMs

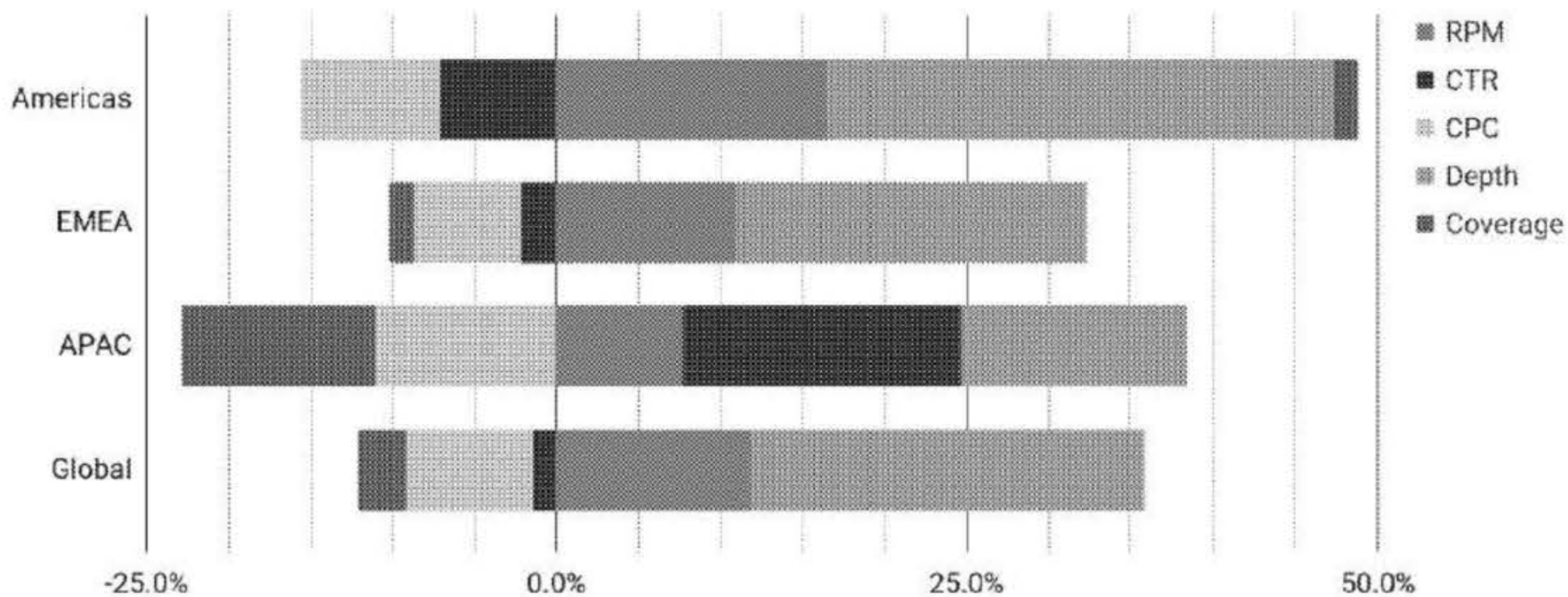
RPMs - X-Platform



YoY Growth Rate - X-Platform

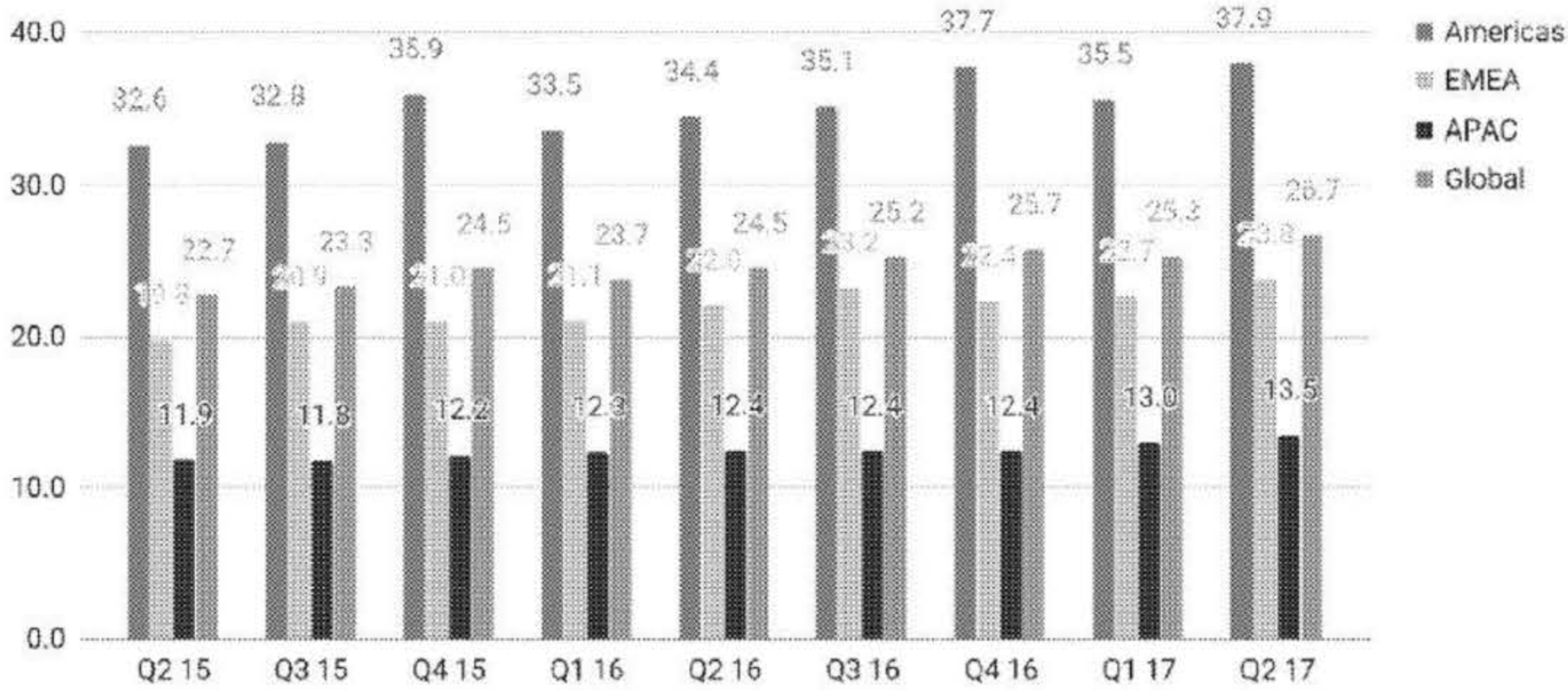


Logarithmic Breakdown of RPM YoY Growth - X-Platform

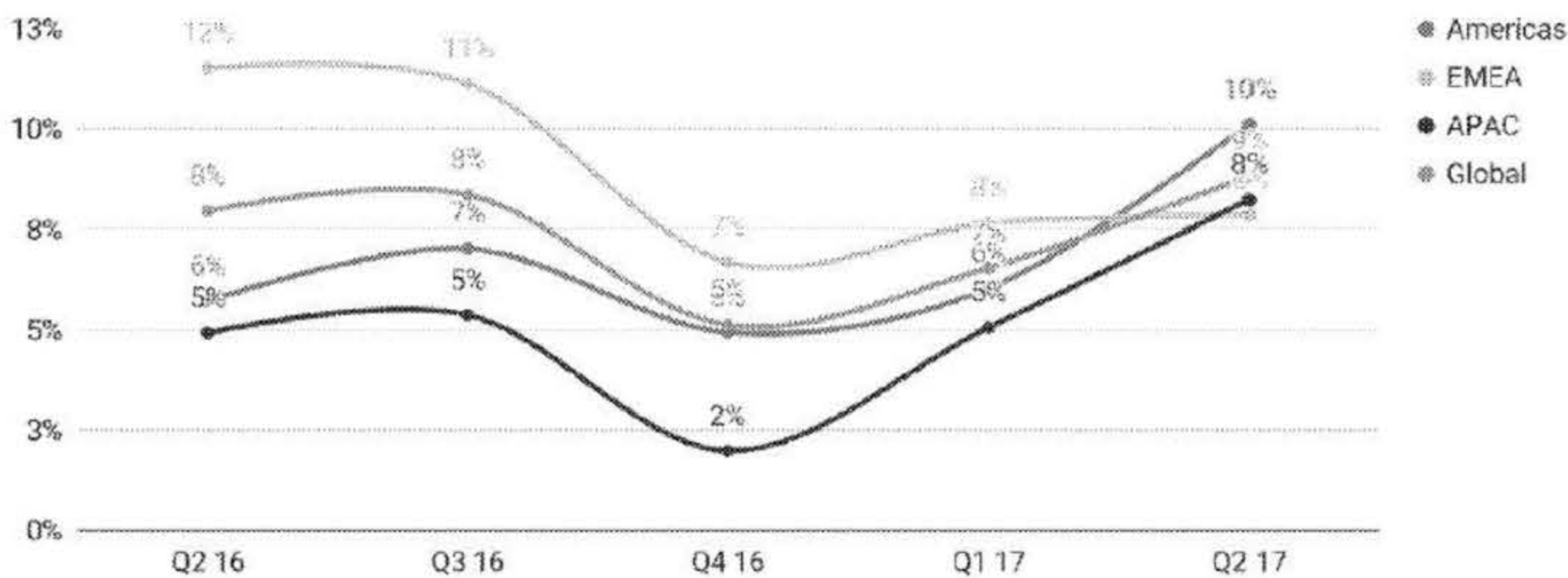


User Metrics - Desktop & Tablet RPMs

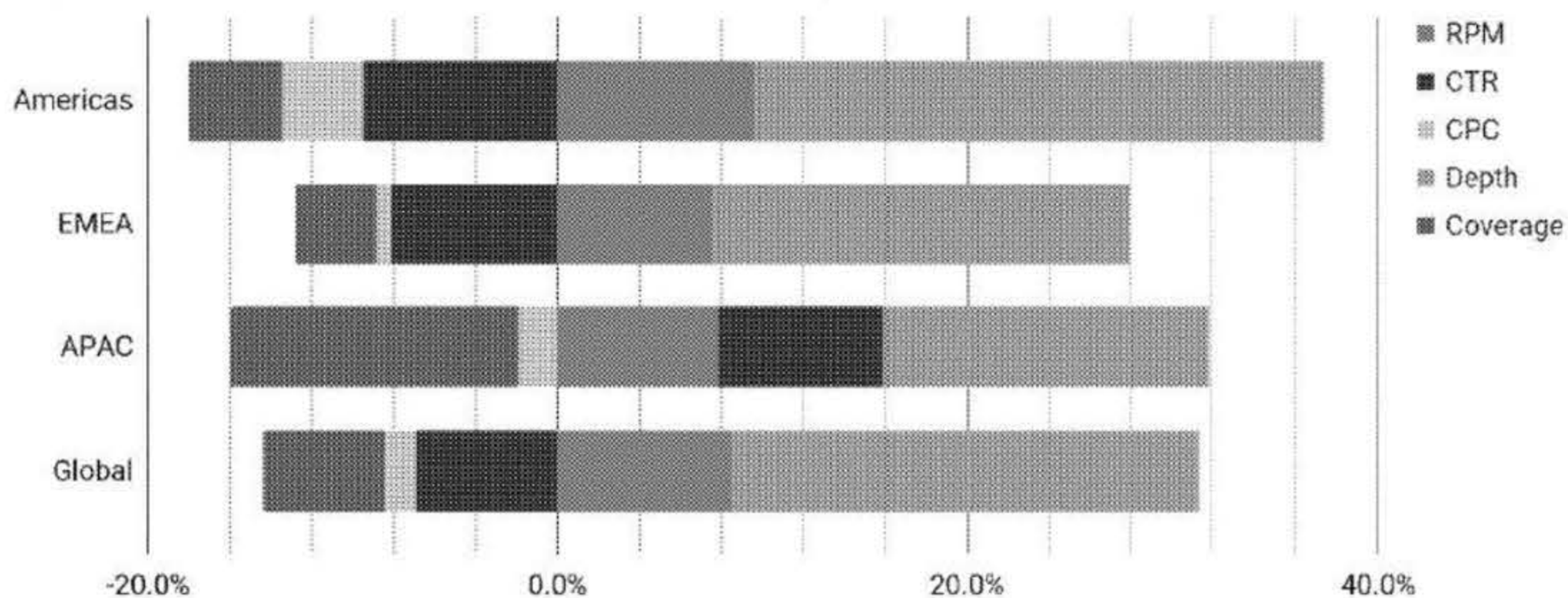
RPMs - Desktop & Tablet



YoY Growth Rate - Desktop & Tablet

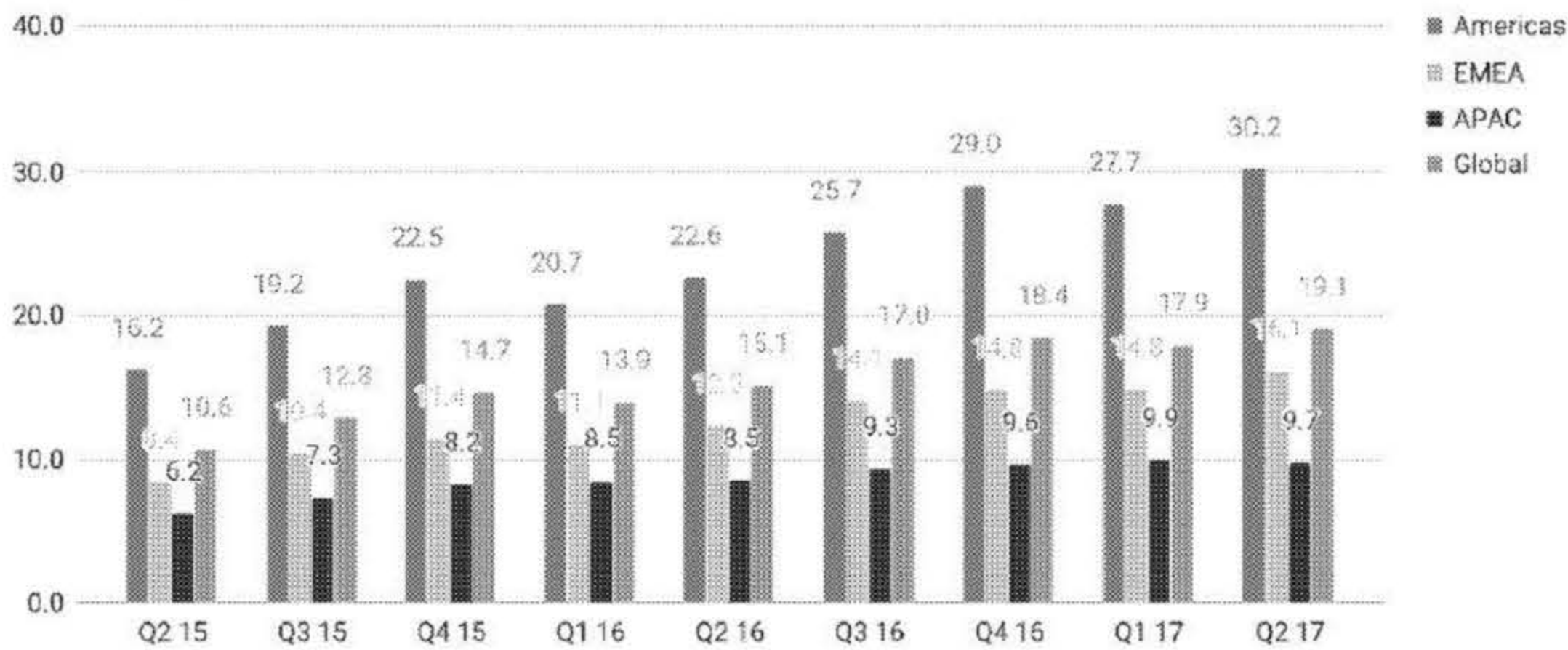


Logarithmic Breakdown of RPM YoY Growth - Desktop & Tablet

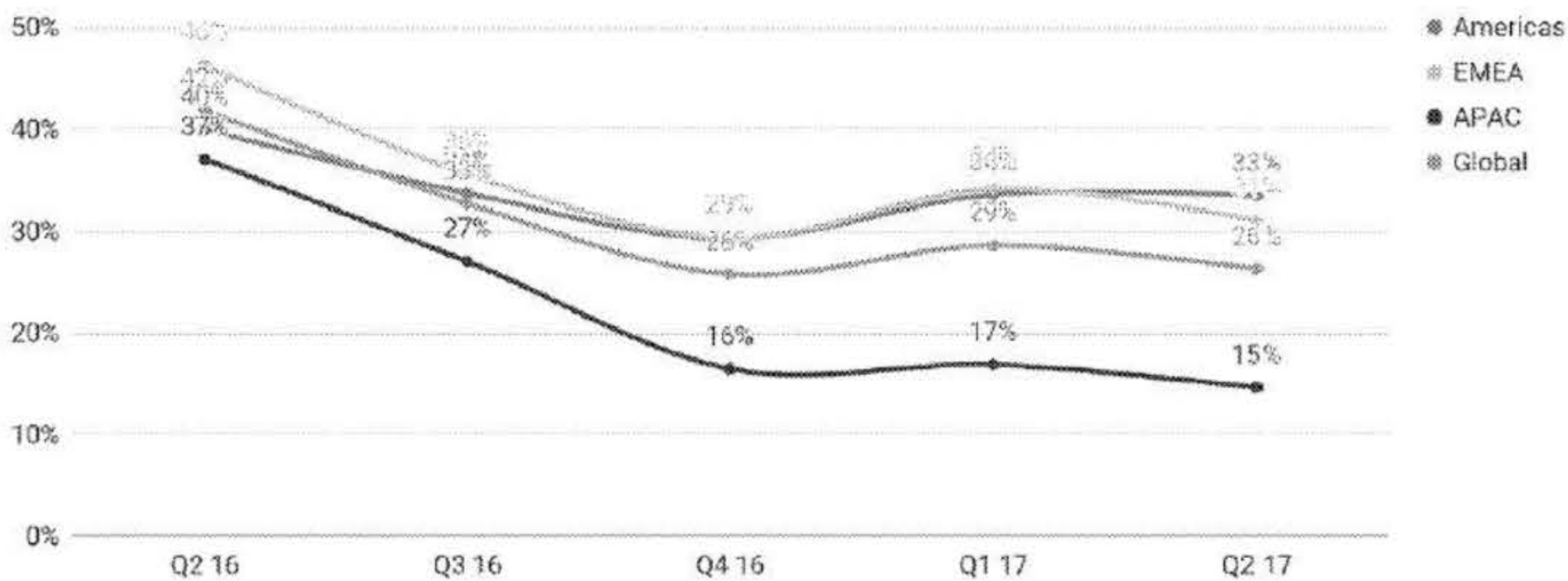


User Metrics - High End Mobile RPMs

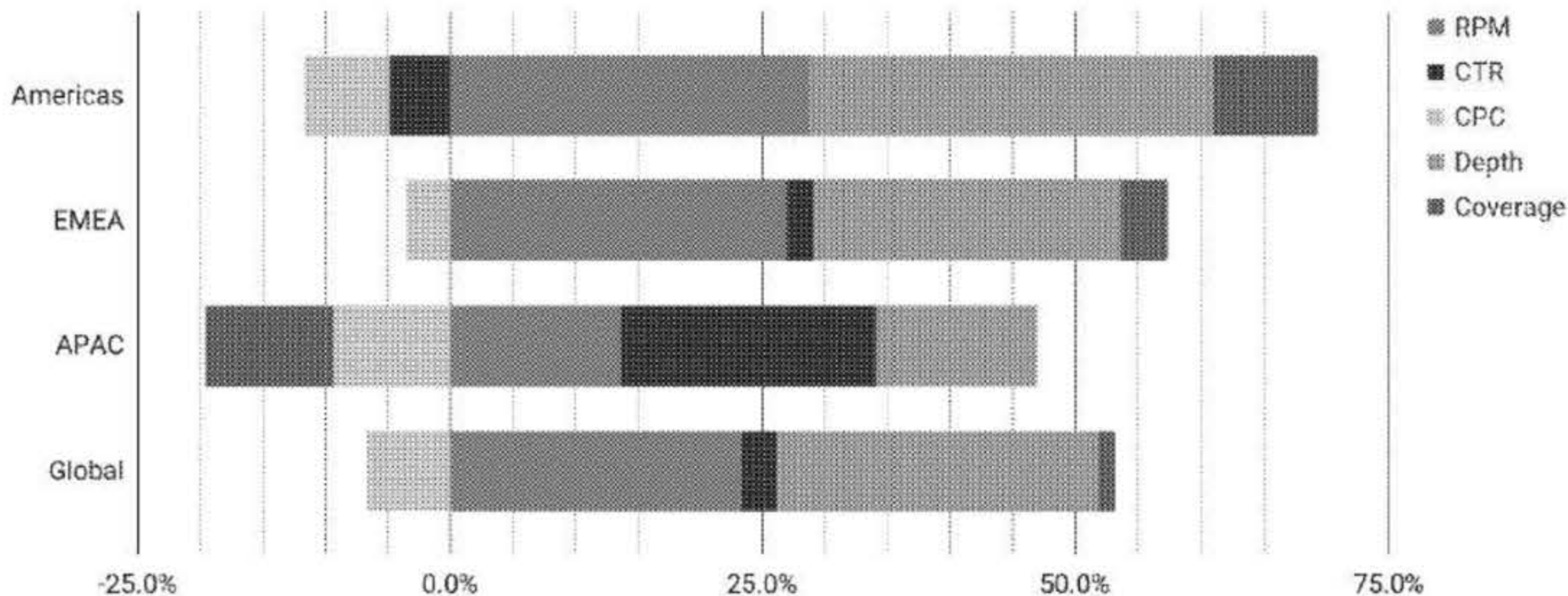
RPMs - High End Mobile



YoY Growth Rate - High End Mobile

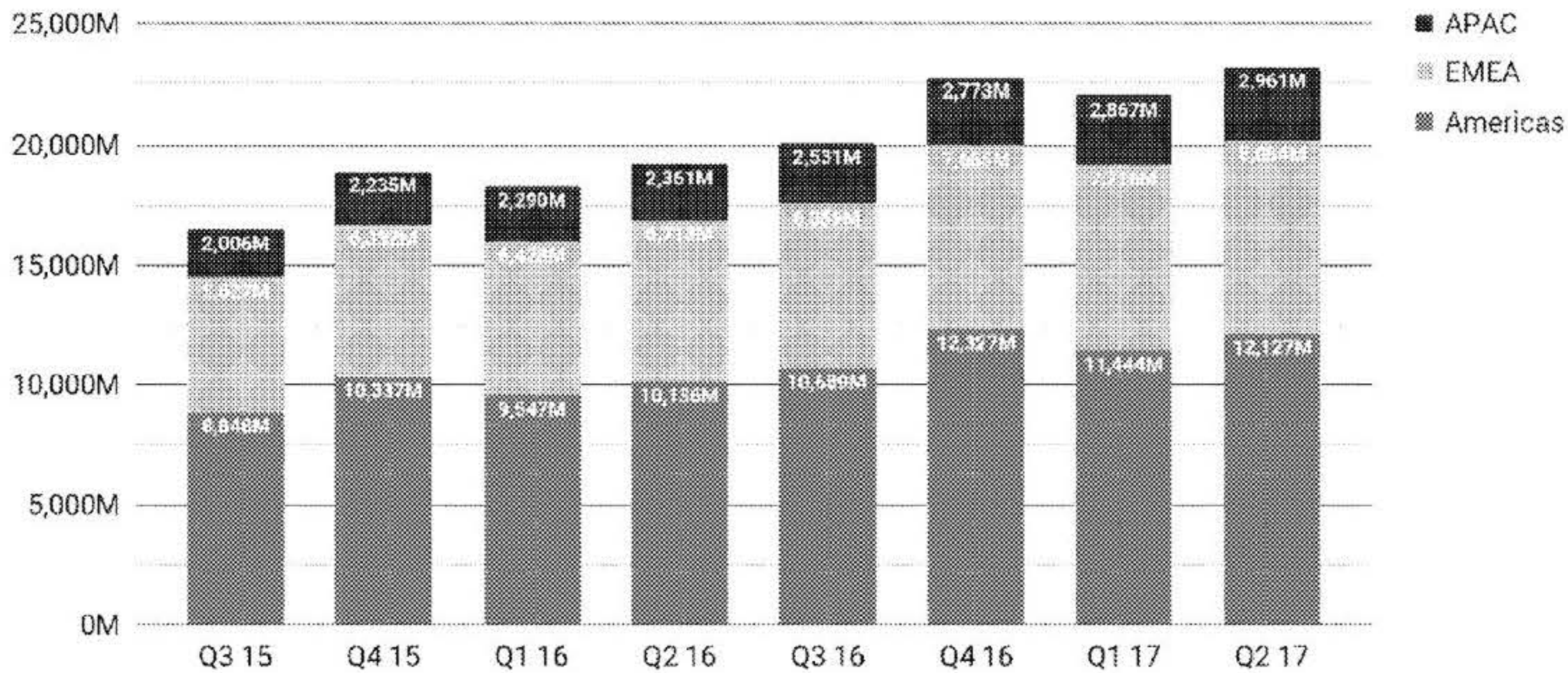


Logarithmic Breakdown of RPM YoY Growth - High End Mobile

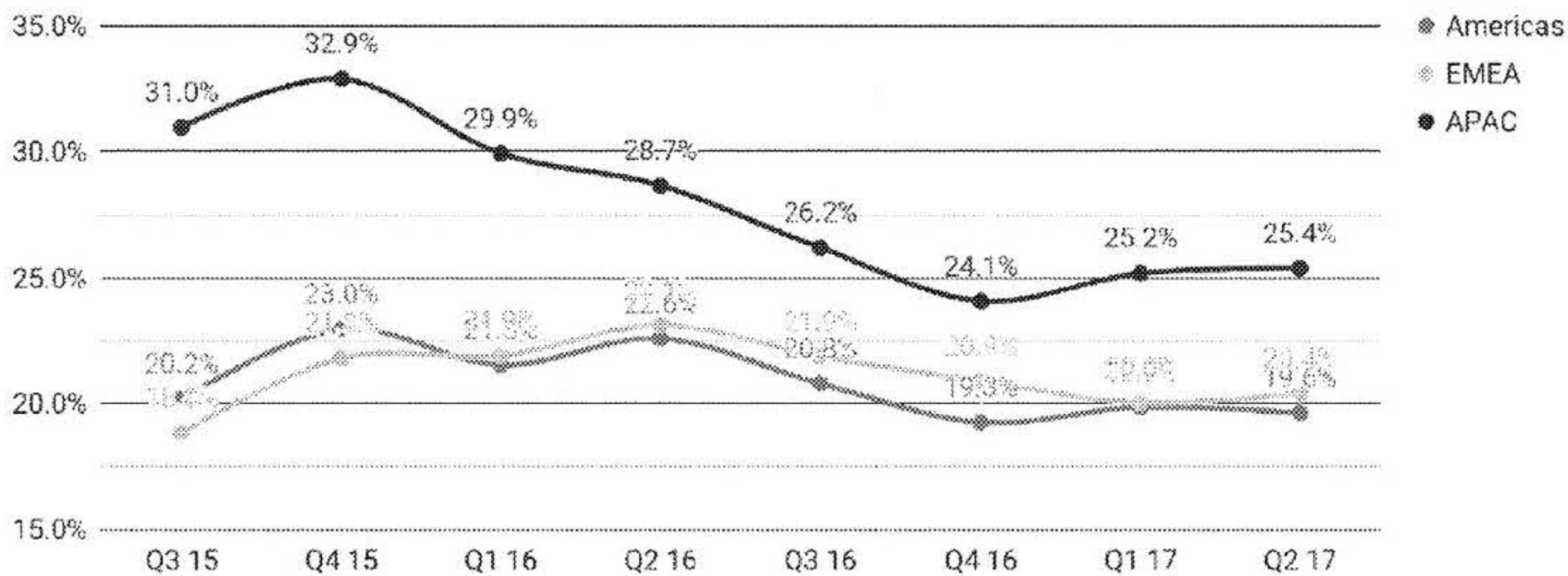


Revenue Trends by Region

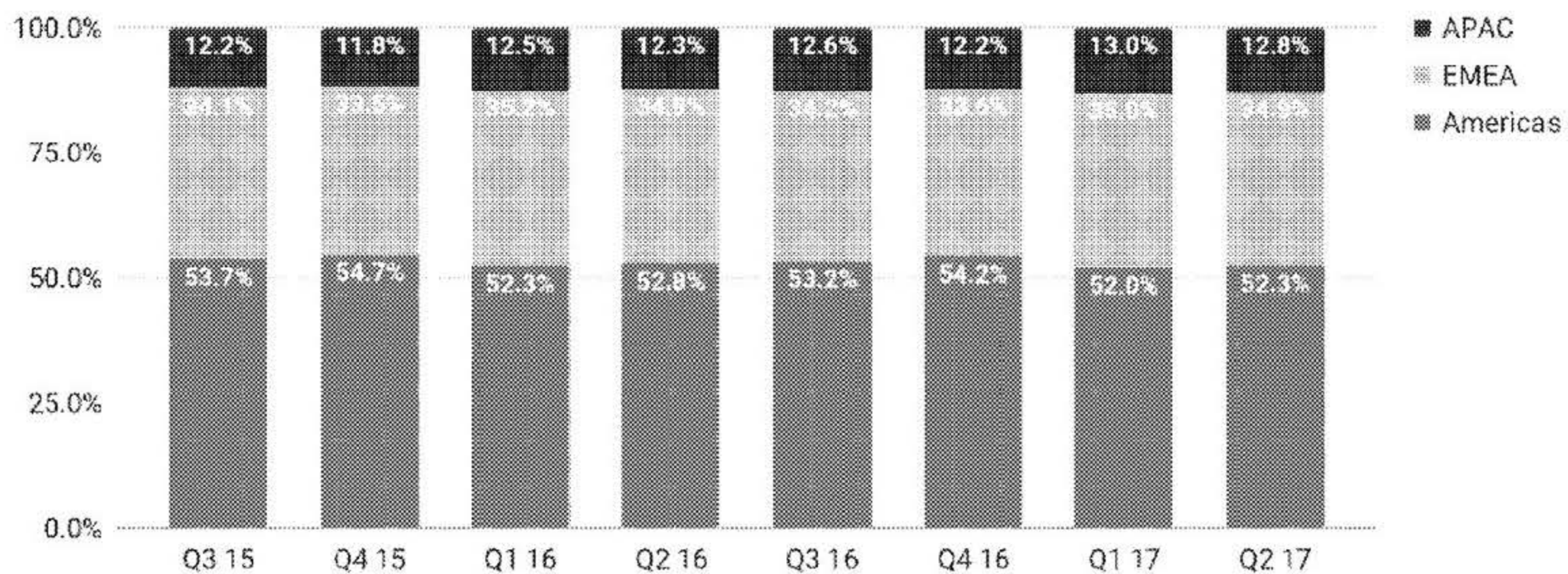
Absolute Revenues



YoY Growth Rate

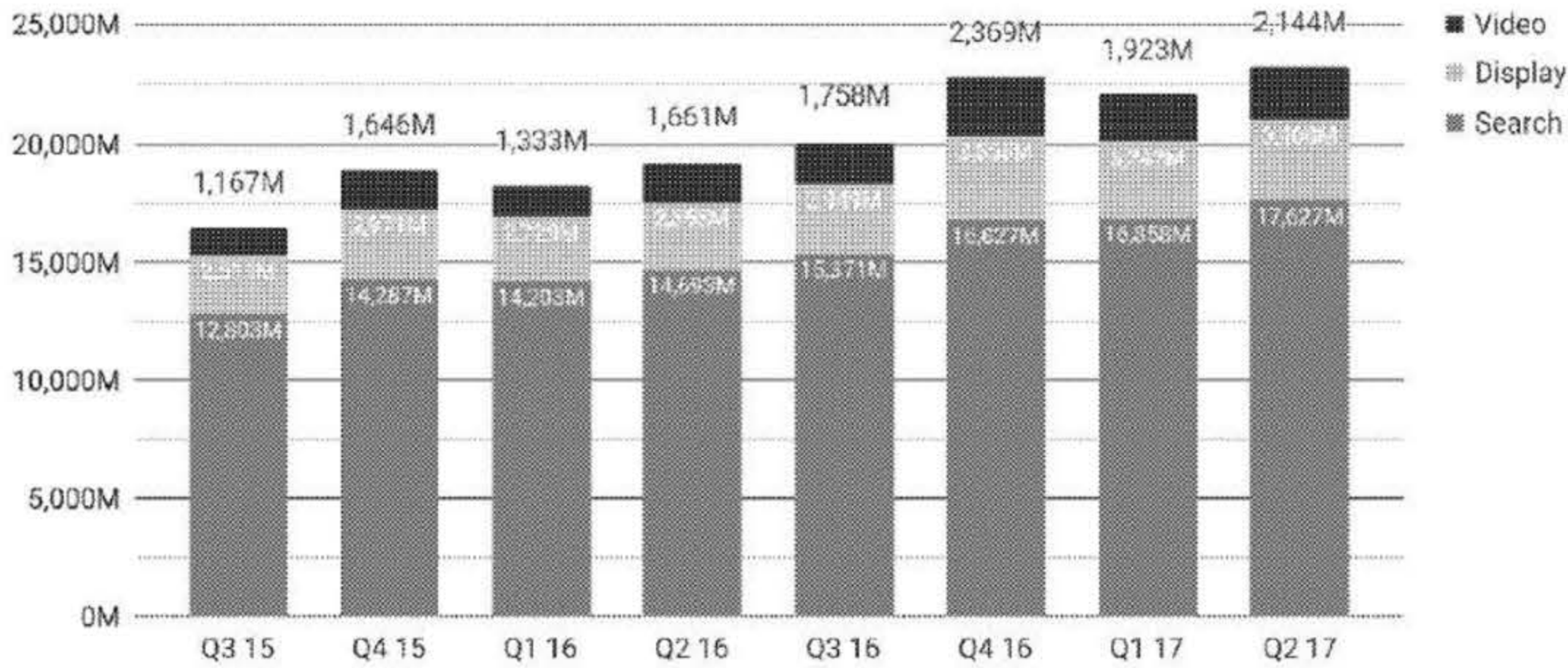


Contribution to Total

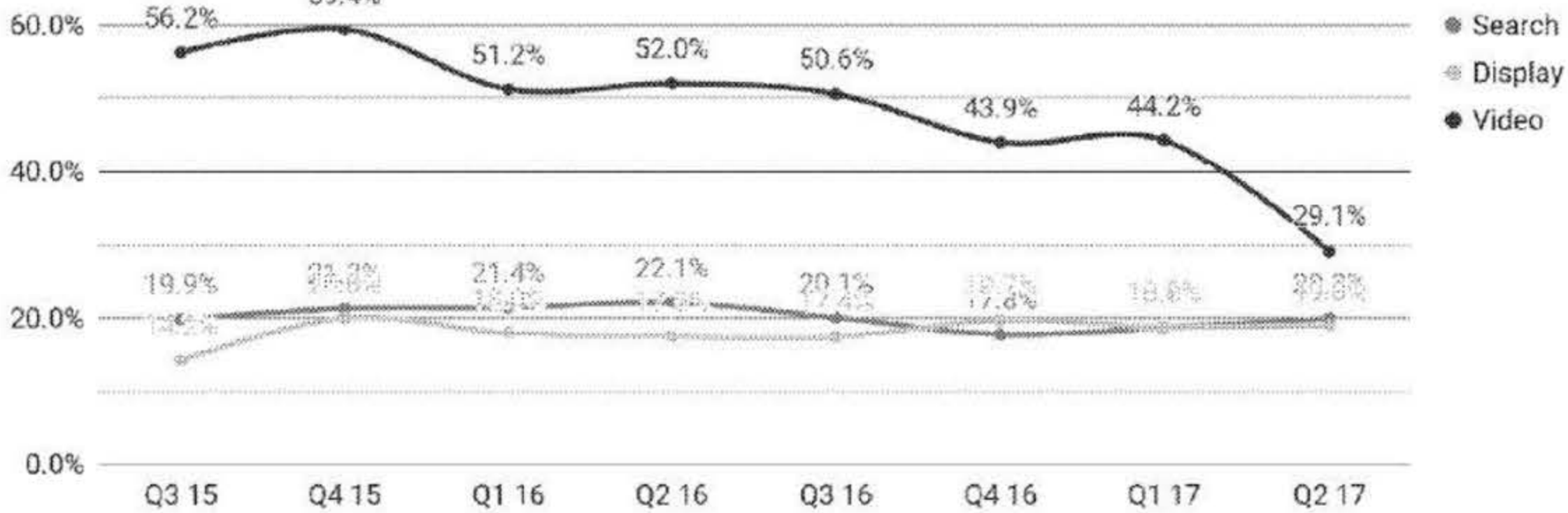


Revenue Trends by Product

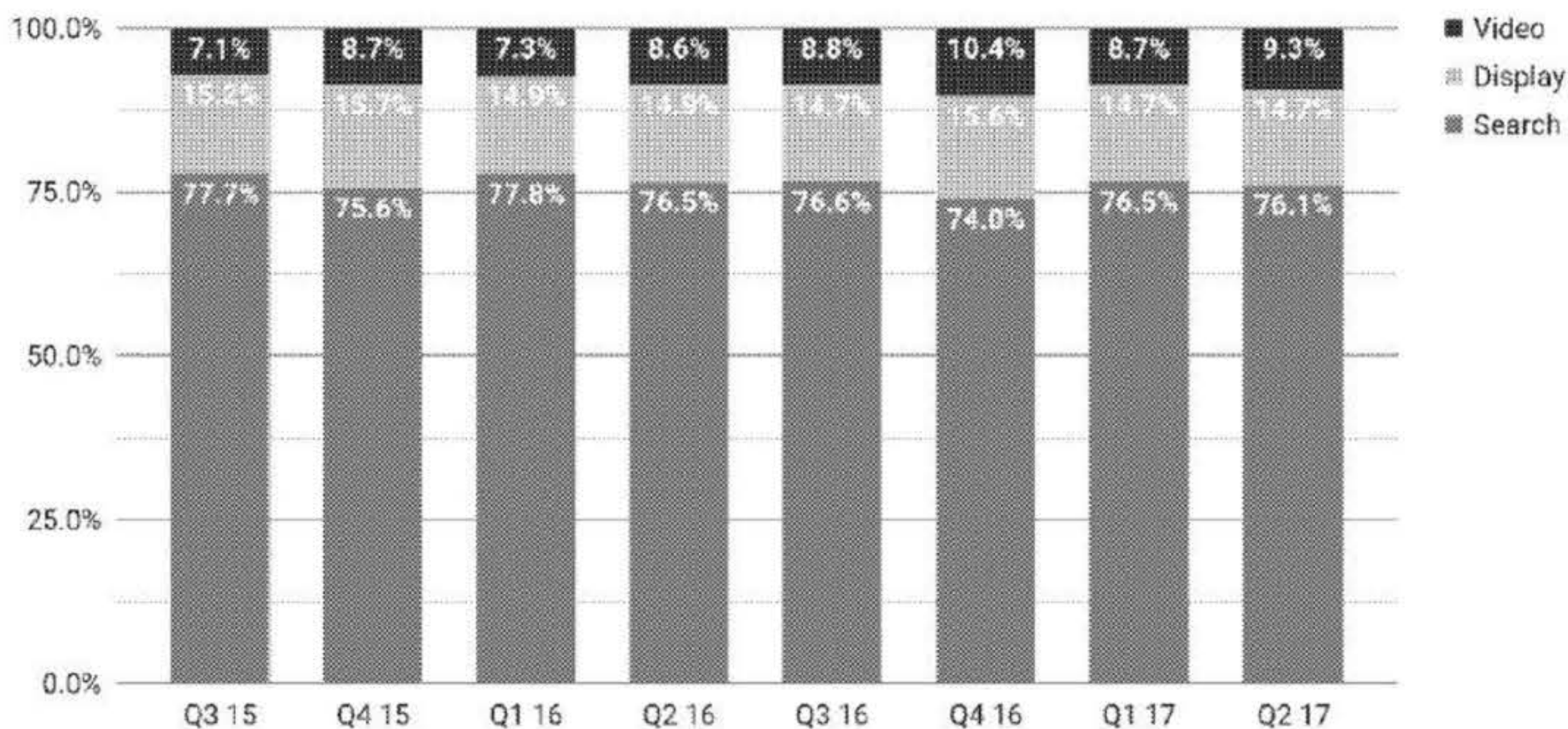
Absolute Revenues



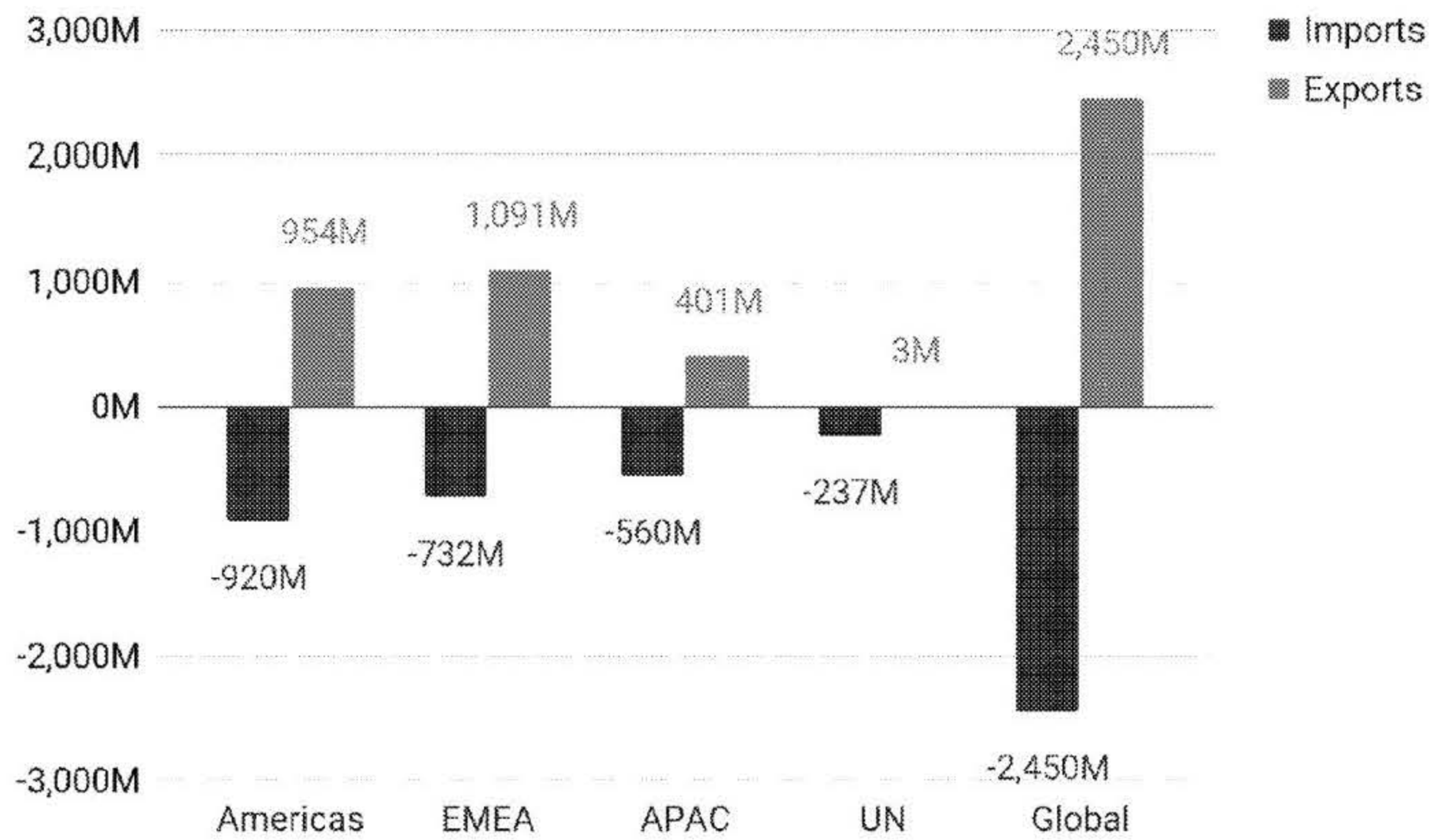
YoY Growth Rate



Contribution to Total



Global Import and Export



Import & Export as Percentage of Advertiser Revenue

