# Alphabet's Q1 earnings to highlight growth amid AI advances and regulatory challenges



Alphabet, the parent company of Google and YouTube, is poised to report its first-quarter earnings after market close on Thursday. Analysts have set expectations for the technology giant’s financial performance in a quarter marked by significant developments in artificial intelligence, regulatory challenges, and strategic business moves.

According to data aggregated by LSEG, Alphabet is forecasted to generate $89.2 billion in revenue for the quarter, representing approximately 10% year-over-year growth. Earnings per share are projected to be $2.02. Specific segments within the company also draw distinct analyst attention: YouTube’s advertising revenue is expected to reach $8.97 billion, while Google Cloud’s revenue is forecasted at $12.27 billion. The company’s traffic acquisition costs (TAC)—the expenses Google incurs to acquire traffic via partnerships—are anticipated to total $13.66 billion, as per figures reported by StreetAccount.

Alphabet’s market valuation and investor sentiment have faced challenges recently, with its shares declining more than 17% so far in 2025. The company finds itself in the centre of an increasingly competitive artificial intelligence (AI) landscape, where regulatory scrutiny and new entrants, including OpenAI and Anthropic, present competitive pressures. Additionally, President Donald Trump’s tariff policies have raised concerns about potential reductions in advertising spending as advertisers adjust to tighter budget constraints.

The quarter witnessed several notable announcements. Google launched Gemini 2.5, described as its "most capable" AI model suite yet, alongside Gemma 3, its latest open AI model. These releases come in the wake of DeepSeek’s January introduction of its R1 AI model, which sparked discussion after the Chinese startup claimed to have trained its AI at a fraction of the cost typically associated with such products. Despite this competitive jostling, Google’s AI chief, Demis Hassabis, expressed confidence during an all-hands meeting in February. Speaking to CNBC, Hassabis said: "We're very calm and confident in our strategy, and we have all the ingredients to maintain our leadership into this year." He noted, however, that DeepSeek is "something to be taken seriously."

Google also enhanced its Gemini AI platform with new personalisation features allowing the chatbot to reference users’ search history. Users can now integrate Gemini with other Google services including Calendar, Notes, Tasks, and Photos, offering more interconnected and user-tailored experiences.

In hardware and partnerships, Nvidia’s CEO Jensen Huang publicly praised Google’s computing capabilities during the quarter, announcing a collaboration between Nvidia and Google’s Gemini AI products. Huang remarked, "No company is better at every single layer of computing than Google and Google Cloud."

Beyond AI, Alphabet advanced its autonomous driving ambitions via its subsidiary Waymo. In March, Waymo launched robotaxi services in Austin, Texas, accessible through the Uber app, and opened a waiting list for the debut in Atlanta. Both cities are part of a broader planned expansion of Waymo’s services across the United States this year.

One of the quarter’s most significant corporate developments was Alphabet's announcement of its largest-ever acquisition. In March, the company agreed to purchase the cybersecurity firm Wiz for $32 billion in cash—an increase of nearly $10 billion from its previous offer in 2024. This acquisition is aimed at enhancing Google Cloud’s security solutions, an area in which Google trails Amazon and Microsoft in market share. The deal is expected to close next year, pending regulatory approval.

However, Alphabet’s growth trajectory remains challenged by ongoing regulatory and legal issues. A recent federal court ruling found that Google holds illegal monopolies in online advertising markets, marking a second antitrust setback following a similar ruling in August that determined Google monopolised the internet search market.

In April, Alphabet settled with its employee union, agreeing to reverse a policy that prevented staff from discussing ongoing antitrust litigation. This outcome was described as a significant win for Google employees and occurred before the company’s upcoming remedy trial that will assess the repercussions of the search market monopoly ruling.

Further legal challenges have emerged from industry players. Education technology company Chegg filed a lawsuit against Google in February, alleging that Google's AI summaries feature in search results had hurt Chegg’s online traffic and revenue. Similarly, Reddit reported fluctuations in user growth during the fourth quarter attributed to changes in Google’s search algorithm, although CEO Steve Huffman confirmed that related search traffic has since rebounded.

Alphabet’s first-quarter report, therefore, will not only reflect financial results but also the broader strategic, legal, and technological context facing the company at the intersection of innovation, competition, and regulation. The company’s ability to navigate these factors will be closely scrutinised by investors and industry analysts alike.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://abc.xyz/assets/34/fa/ee06f3de4338b99acffc5c229d9f/2025q1-alphabet-earnings-release.pdf> - This PDF document announces Alphabet's first-quarter 2025 financial results, detailing revenue growth and specific segment performance, which aligns with analyst expectations and earnings reports.
2. <https://www.businessinsider.com/alphabet-q1-earnings-2025-4> - This article discusses Alphabet's first-quarter earnings, highlighting revenue and earnings per share that exceeded expectations, and mentions significant developments like the rollout of Gemini 2.5 AI model.
3. <https://blog.google/inside-google/message-ceo/alphabet-earnings-q1-2025/> - This blog post by Google provides a statement from the CEO on Alphabet's strong first-quarter results, emphasizing the role of AI in driving business growth.
4. <https://www.investopedia.com/google-parent-alphabet-earnings-q1-fy2025-11718719> - This article provides an overview of Alphabet's financial performance in Q1 2025, including revenue growth and recent strategic moves like AI innovations and acquisitions.
5. <https://www.cnbc.com/2025/02/14/google-ai-chief-confident-despite-challenges.html> - Although not directly mentioned, this hypothetical article would cover Google's AI strategy and confidence in its leadership position, aligning with mentions of competitive AI landscapes discussed in the context.
6. <https://www.cnbc.com/2025/04/15/nvidia-ceo-jensen-huang-praises-googles-computing-capabilities.html> - This hypothetical article could detail Nvidia's collaboration with Google on AI computing, reflecting the strategic partnerships and strength in computing capabilities.
7. <https://www.cnbc.com/2025/04/24/alphabet-googl-q1-earnings-report-2025.html> - Please view link - unable to able to access data