Google to gain from growing mobile focus: analysts

Google Inc is likely to emerge as a "top mobile play," according to Wall Street analysts, with several raising their price targets on the stock, some by as much as 10 percent.

Shares of Google were up more than 7 percent in pre-market trade on Friday, a day after the company reported a 26-percent rise in third-quarter earnings -- ahead of market estimates -- helped by growing online ad market and sharper research focus.

Accelerating revenue growth in Google's international business, particularly from emerging markets, and its mobile business contributed to the 28-percent increase in paid click growth, analysts said.

Google's third-quarter results signal a positive trend for the sector, said BofA Merrill Lynch analysts, including Justin Post -- a five-star rated analyst according to Starmine data for the accuracy of his earnings estimates on the company.

BofA Merrill analysts maintained their positive stance on eBay Inc and Amazon.com Inc and continue to rate the Google stock a "buy."

Collins Stewart raised its price target on the stock to $795 from $725 -- 42 percent higher than its current levels.

According to Thomson Reuters StarMine data, 13 analysts rate Google a "strong buy," 20 rate the stock a "buy" and 4 others rate it a "hold," with a mean price target of $716.17.

Google's Frankfurt-listed shares were trading up 8 percent on Friday. The company's shares, which closed at $558.99 on Nasdaq on Thursday, were trading up $41.31 at $600.30 in pre-market trade on Friday.

"We remain buyers of Google shares as strong third-quarter results, including accelerating top line growth, reflect continuing momentum in mobile and building traction in display," Deutsche Bank analysts wrote in a note to clients.

GAINS FROM MOBILE BUSINESS

Separately, analysts at J.P. Morgan Securities said they believe mobile was the biggest factor in Google's sharp growth in paid clicks.

The revenue run rate for Google's mobile business is more than $2.5 billion, a significant leap from $1 billion just a year ago. It is plowing money into its fast-

growing mobile business which competes with iPhone maker Apple Inc.

The strong mobile revenue highlights the importance of Google's Android mobile software -- already the world's most-used smartphone platform -- and supports the rationale for its Motorola Mobility Holdings deal, the analysts said.

In August, Google announced plans to acquire Motorola Mobility for $12.5 billion. The deal will give Google access to one of the largest patent libraries in the wireless industry as well as hardware manufacturing operations that will allow it to develop its own line of smartphones.

The increasing usage of tablets in a manner more similar to PCs than phones is helping drive incremental queries and paid clicks to Google, even if they are coming at a lower price for now, JP Morgan analysts, who rate the stock "overweight," said.

"We expect this trend to continue, and for Google to be the primary beneficiary as it likely has 90 percent plus share of mobile search -- even higher than on the desktop," they added.

(Reporting by Tenzin Pema and Rachana Khanzode in Bangalore; Editing by Roshni Menon)

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