

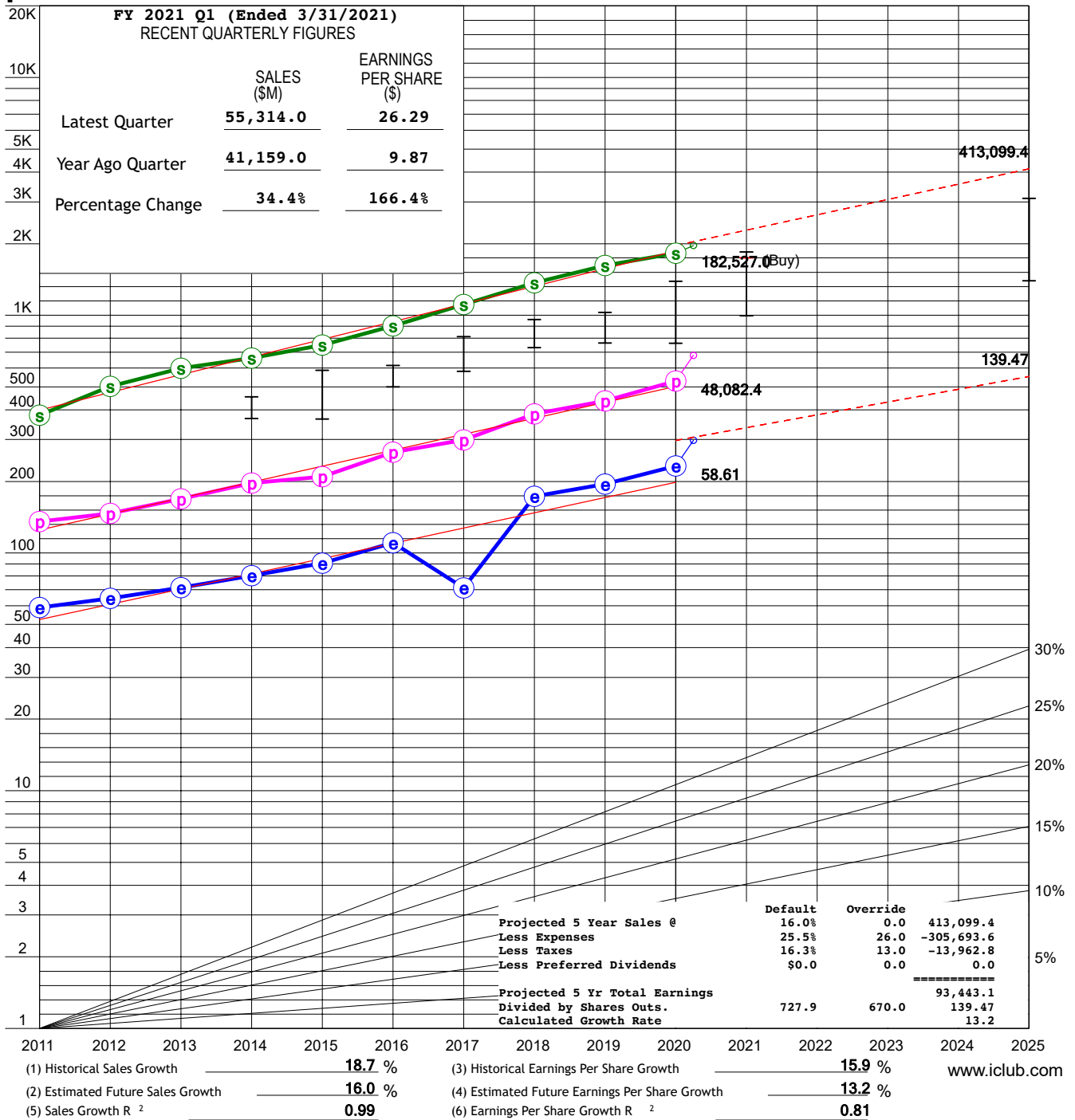


Stock Selection Guide

Company	GOOGLE INC	Price Date	05/14/21
Study by	jah	Data Date	05/14/21
Sector	Communication Services	Last Judgment	05/17/21
Industry	Internet Content & Infor	Data Source	BI
Preferred(\$M)	0.0	Reference	
Diluted(M Shares)	727.9	% Insiders	5.9
Total Debt(\$M)	27,157.0	% Institutions	38.0
% Tot Debt to Tot Cap	11.3	Quality	

1 Growth Analysis

NAS: GOOG



2 QUALITY ANALYSIS

Company **GOOGLE INC** (**GOOG**)

05/14/21

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 YEAR AVG.	TREND UP / DOWN
A % Pre-tax Profit on Sales	32.5	26.6	25.6	27.1	25.4	26.8	24.5	25.5	24.5	26.3	25.5	UP
B % ROE (Beginning Yr)		NMF	NMF	NMF	15.7	16.5	9.3	19.3	20.1	20.7	17.2	UP
C % LT Debt to Equity	0.0	0.0	0.0	3.2	1.7	2.9	2.5	2.3	7.5	10.8	5.2	UP

3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE (P/E) **2,316.16 (30.8)** 52-WEEK HIGH (P/E) **2,452.38 (32.6)** 52-WEEK LOW (P/E) **1,323.91 (17.6)**

Fiscal Year	High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield
1 2016	816.7	663.1	27.85	29.3	23.8	0.000	0.0	0.0
2 2017	1,078.5	771.8	18.00	59.9	42.9	0.000	0.0	0.0
3 2018	1,273.9	970.1	43.70	29.2	22.2	0.000	0.0	0.0
4 2019	1,365.0	1,014.1	49.16	27.8	20.6	0.000	0.0	0.0
5 2020	1,847.2	1,013.5	58.61	31.5	17.3	0.000	0.0	0.0
6 AVERAGE		886.5		29.5	21.0		0.0	
AVERAGE P/E RATIO	30.5 25.3		PROJECTED P/E RATIO		27.2	TTM EPS		75.12
CURRENT P/E RATIO	30.8		PEG RATIO		2.1	FTM EPS		85.02
RELATIVE VALUE	101.1% 122.0%		PROJ. RELATIVE VALUE		89.5% 107.9%	AVG TTM + FTM EPS		80.07

4 EVALUATING REWARD and RISK over the next 5 years

A FUTURE HIGH PRICE ANALYSIS -- NEXT 5 YEARS

Selected High P/E **29.5** X Estimated High Earnings/Share **139.47** = Forecast High Price \$ **4,114.4**

B FUTURE LOW PRICE ANALYSIS -- NEXT 5 YEARS

(a) Sel. Low P/E **21.0** (as adj.) X Estimated Low Earnings/Share **58.61** = \$ **1,230.8**
 (b) Average 5-Year Low Price = **886.5**
 (c) Recent Severe Low Price = **1,013.5**
 (d) Price Dividend Will Support = Present Divd. + High Yield = **0.00 + 0.000 = 0.0**
 Selected Estimated Low Price = \$ **1,852.9**

C PRICE RANGES

Forecast High Price **4,114.4** - Estimated Low Price **1,852.9** = Range **2,261.5** 25% of Range = **565.4**

BUY (Lower 25% of Range) = **1,852.9** to **2,418.3**
 MAYBE (Middle 50% of Range) = **2,418.3** to **3,549.0**
 SELL (Upper 25% of Range) = **3,549.0** to **4,114.4**

Current Price **2,316.16** is in the **Buy** Range

D UPSIDE/DOWNSIDE ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price **4,114.4** - Current Price **2,316.16**) ÷ (Current Price **2,316.16** - Estimated Low Price **1,852.9**) = **3.9** To 1

5 TOTAL RETURN ANALYSIS

A CURRENT YIELD

Present Full Year's Dividend \$ **0.000** ÷ Current Price of Stock \$ **2,316.16** = **0.0** % Present Yield or % Returned on Purchase Price

B AVERAGE YIELD - USING FORECAST HIGH P/E

Avg. % Payout **0.0** ÷ Forecast High P/E **29.5** = Avg. Yield **0.0**

AVERAGE YIELD - USING FORECAST AVERAGE P/E

Avg. % Payout **0.0** ÷ Forecast Avg P/E **25.3** = Avg. Yield **0.0**

C % COMPOUND ANNUAL TOTAL RETURN - USING FORECAST HIGH P/E

Average Yield **0.0** % + Annual Appreciation **12.2** % = Compound Annual Total Return **12.2** %

D % PROJECTED AVERAGE RETURN - USING FORECAST AVERAGE P/E

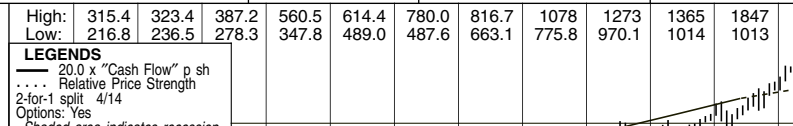
Average Yield **0.0** % + Annual Appreciation **8.7** % = Projected Average Total Return **8.7** %

ALPHABET INC. NDQ-GOOG

RECENT PRICE **2326.74** P/E RATIO **29.7** (Trailing: 39.6 Median: 25.0) RELATIVE P/E RATIO **1.33** DIV'D YLD **Nil**

VALUE LINE **Nil**

TIMELINESS 1 Raised 3/26/21
SAFETY 1 Raised 5/12/17
TECHNICAL 4 Lowered 4/30/21
BETA .85 (1.00 = Market)



Target Price Range
 2024 2025 2026

1250
800
600
500
400
300
250
200
150

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$1803-\$3516 \$2660 (15%)

2024-26 PROJECTIONS
 Price Gain Ann'l Total
 High 3360 (+45%) 10%
 Low 2745 (+20%) 4%

Institutional Decisions

	2Q2020	3Q2020	4Q2020
to Buy	1122	995	1279
to Sell	1164	1263	1231
Hld's(000)	221256	216860	215721

Percent shares traded 150/100/50

Google Inc. (now, officially Alphabet Inc.) undertook its initial public offering on August 19, 2004, selling approximately 19.6 million shares of its Class A Common stock for \$85 a share. Of the total shares, the company sold 14.1 million, and selling stockholders sold 5.5 million. The lead underwriters of the offering were Morgan Stanley and Credit Suisse First Boston.

CAPITAL STRUCTURE as of 12/31/20
 Total Debt \$13932 mill. Due in 5 Yrs. \$3221 mill.
 LT Debt \$13932 mill. LT Interest \$135 mill.
 (6% of Cap'l)

Leases, Uncapitalized: Annual rentals \$2198 mill.
No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 674,137,000 shares (300,737,081 Class A shares, 45,843,112 Class B shares, and 327,556,472 Class C shares) C D as of 1/26/21
MARKET CAP: \$1.6 trillion (Large Cap)

CURRENT POSITION 2018 2019 12/31/20 (SMILL)

Cash Assets	109140	119675	136694
Receivables	20838	25326	30930
Inventory	-	-	-
Other	5698	7577	6672
Current Assets	135676	152578	174296
Accts Payable	4378	5561	5589
Debt Due	-	-	-
Other	30242	39660	51245
Current Liab.	34620	45221	56834

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '18-'20 of change (per sh)

Revenues	19.5%	19.0%	16.0%
"Cash Flow"	18.5%	21.5%	14.5%
Earnings	17.5%	20.5%	15.0%
Dividends	-	-	Nil
Book Value	17.5%	14.0%	19.0%

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
Revenues per sh	58.29	76.10	89.03	96.97	109.10	130.58	159.55	196.70	235.14	270.32	326.90	376.50		574.35
"Cash Flow" per sh	17.12	19.38	22.31	26.20	29.04	35.80	45.78	58.91	68.11	78.75	105.60	117.70		156.55
Earnings per sh A	14.88	16.23	18.03	20.82	22.84	27.85	35.90	46.67	51.58	58.61	79.50	90.55		122.10
Div'ds Decl'd per sh	-	-	-	-	-	-	-	-	-	-	Nil	Nil		Nil
Cap'l Spending per sh	5.29	4.96	10.95	16.10	14.43	14.77	18.98	36.14	34.21	33.00	38.65	40.20		44.80
Book Value per sh	89.42	108.77	129.92	153.54	175.07	201.12	219.50	255.38	292.65	329.59	410.95	506.50		868.60
Common Shs Outst'g B	650.27	659.33	672.00	680.62	687.35	691.29	694.78	695.56	688.34	675.22	673.00	672.00		670.00
Avg Ann'l P/E Ratio	19.1	19.8	24.6	27.0	26.3	26.7	25.6	23.8	23.1	25.2	Bold figures are Value Line estimates			25.0
Relative P/E Ratio	1.20	1.26	1.38	1.42	1.32	1.40	1.29	1.29	1.23	1.29				1.40
Avg Ann'l Div'd Yield	-	-	-	-	-	-	-	-	-	-	-	-		Nil
Revenues (\$mill)	37905	50175	59825	66001	74989	90272	110855	136819	161857	182527	220000	253000		384805
Operating Margin	34.7%	29.4%	28.0%	30.9%	31.3%	32.2%	31.0%	29.0%	29.0%	29.7%	36.5%	35.5%		31.0%
Depreciation (\$mill)	1396.0	1988.0	2781.0	3523.0	4132.0	5267.0	6103.0	8164.0	10856	12905	12950	13000		16000
Net Profit (\$mill)	9737.0	10788	12214	14306	15826	19478	25705	32814	36025	40269	58115	66100		88895
Income Tax Rate	21.0%	19.4%	15.7%	18.9%	16.8%	19.3%	12.1%	11.3%	12.8%	16.2%	13.0%	13.0%		13.0%
Net Profit Margin	25.7%	21.5%	20.4%	21.7%	21.1%	21.6%	23.2%	24.0%	22.3%	22.1%	26.4%	26.1%		23.1%
Working Cap'l (\$mill)	43845	46117	56978	63880	70804	88652	100125	101056	107357	117462	58510	58320		107910
Long-Term Debt (\$mill)	2986.0	2988.0	2236.0	3228.0	1995.0	3935.0	3969.0	4012.0	4554.0	13932	14000	14000		14000
Shr. Equity (\$mill)	58145	71715	87309	104500	120331	139036	152502	177628	201442	222544	276570	340385		581970
Return on Total Cap'l	16.0%	14.4%	13.7%	13.3%	13.0%	13.7%	16.5%	18.1%	17.5%	17.1%	20.0%	18.5%		15.0%
Return on Shr. Equity	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	18.1%	21.0%	19.5%		15.5%
Retained to Com Eq	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	18.1%	21.0%	19.5%		15.5%
All Div'ds to Net Prof	-	-	-	-	-	-	-	-	-	-	Nil	Nil		Nil

Since our February review, shares of Alphabet Inc. have advanced nicely. The stock's quotation climbed more than 20% over that period, largely due to the Internet search provider posting better-than-expected annual results for last year. **Meanwhile, the company posted impressive gains in the March quarter, as well.** This is evident in GOOG's first-quarter revenues advancing roughly 34%, to \$55.31 billion, thanks to greater traction with regard to advertising spending by many of its customers. Good portions of advertising budgets were cut in an effort to shore up balance sheets and give companies the financial resources needed to weather the storm created by the COVID-19 pandemic. However, at this point, with vaccines rolling out and a potential light at the end of the tunnel, companies are looking toward the future and reestablishing their marketing initiatives. On the profitability front, overall expenses fell thanks to greater volumes and lower SG&A costs. On balance, after accounting for a decent decrease in the number of shares outstanding, Alphabet's first-quarter share net more than doubled, to

\$26.29. **The improved results of late have prompted us to raise our 2021 top and bottom lines by \$5.0 billion and \$17.50 to \$220 billion and \$79.50 a share, respectively.** This ought to reflect good gains at the advertising operations, coupled with incremental revenues from the Google Cloud business and Other divisions. Finally, we are introducing our 2022 revenue and earnings estimates at \$253 billion and \$90.55 a share, respectively. **The financial position is in excellent shape.** At the end of 2020, the last period for which financial data were available, cash reserves had swelled 14%, to \$136.7 billion. At the same time, the long-term debt load increased roughly 205%, to \$13.9 billion, representing a conservative 6% of total capital. **These high-quality shares have broad appeal.** Indeed, our Timeliness Ranking System has Alphabet stock pegged to outperform the broader market averages in the coming year. And over the longer-term, the equity offers worthwhile 3- to 5-year capital appreciation potential.

Bryan J. Fong
 May 7, 2021

(A) Diluted earnings per share for Class A and B common stock and Class C capital stock. Excludes nonrecurring gains/(losses): '08, (\$3.38); '14, (\$0.55); '17, (\$1.90); '18, (\$2.97); '19, (2.42). Qly egs. may not sum.

Next earnings report due late July. (B) In millions. (C) Class A common stock entitled to one vote per share. Class B common stock entitled to 10 votes per share. Class C common stock is non-voting. (D) All preferred stock converted to Class B common stock upon initial public offering.

Company's Financial Strength A++
Stock's Price Stability 95
Price Growth Persistence 95
Earnings Predictability 90

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