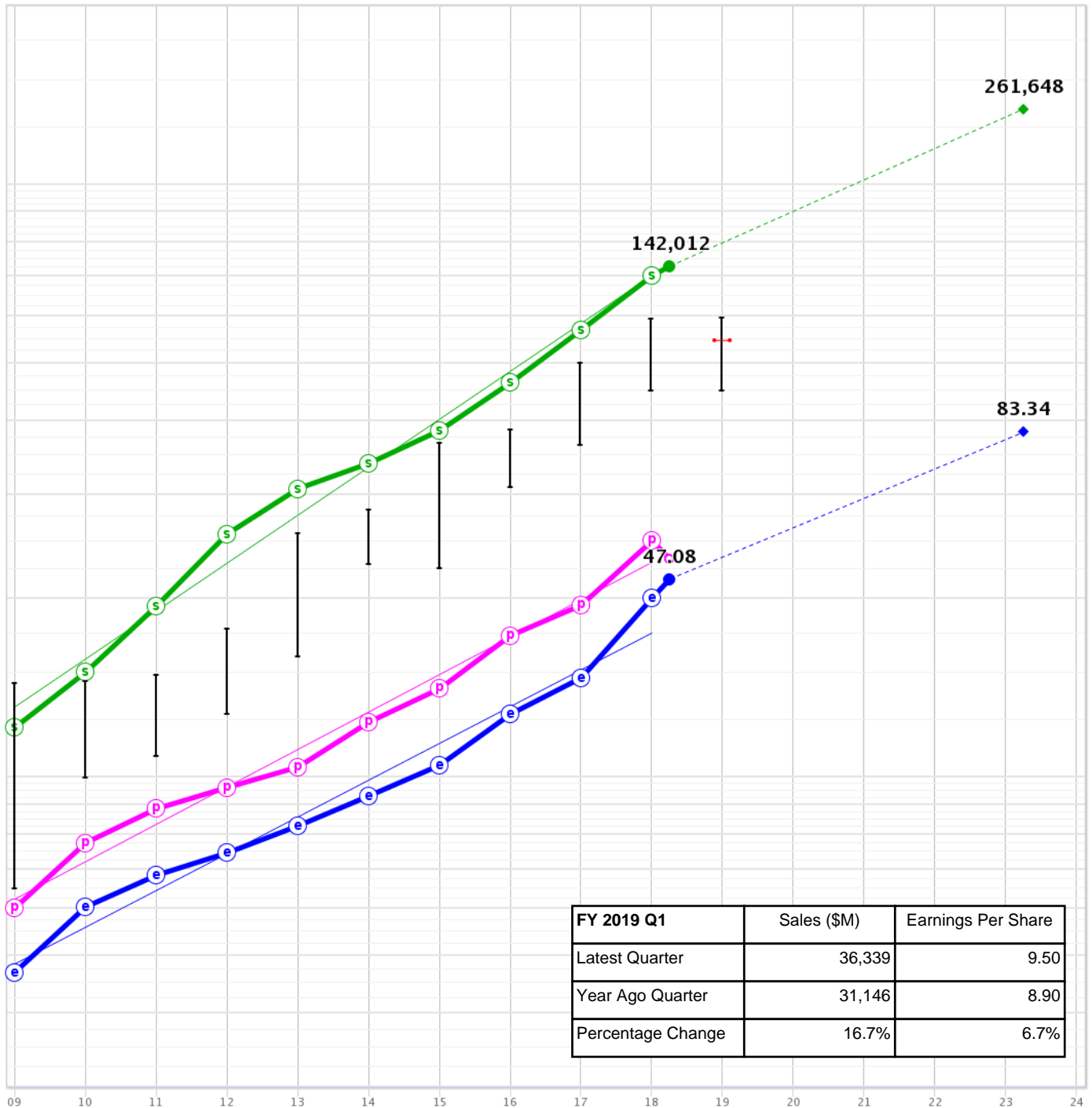


Company	Alphabet		Date	05/03/19	
Prepared by	Jo Murphy		Data taken from	BI Stock Data	
Where traded	NAS		Industry	Internet Content & Information	
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	700.9	2.9	62.8		
Debt (\$M)	4,066.0	% to Tot Cap	2.2	% Pot Dil	0.9

Stock Selection Guide

Symbol: GOOGL

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 20.5% | (3) Historical Earnings Per Share Growth | 15.4% |
| (2) Estimated Future Sales Growth | 13.0% | (4) Estimated Future Earnings Per Share Growth | 12.1% |

2 EVALUATING Management

Alphabet

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Last 5 Year Avg.
Pre-tax Profit on Sales	35.4%	36.8%	32.5%	26.7%	24.2%	26.1%	26.2%	26.8%	24.5%	25.5%	25.8%
% Earned on Equity	18.0%	18.3%	17.6%	14.9%	14.6%	14.0%	13.5%	14.4%	14.2%	17.9%	14.8%
% Debt To Capital	0.0%	7.0%	6.7%	7.2%	5.7%	4.8%	4.2%	2.8%	2.5%	2.2%	3.3%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 1,189.55 (05/03/19)

HIGH THIS YEAR 1,296.98

LOW THIS YEAR 977.66

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2014	615.0	497.2	20.27	30.3	24.5	0.00	0.0	0.0
2015	798.7	490.9	22.84	35.0	21.5	0.00	0.0	0.0
2016	839.0	672.7	27.85	30.1	24.2	0.00	0.0	0.0
2017	1,086.5	792.5	32.07	33.9	24.7	0.00	0.0	0.0
2018	1,291.4	977.7	43.70	29.6	22.4	0.00	0.0	0.0
AVERAGE		686.2		31.8	23.5		0.0	
CURRENT/TTM			47.08			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 27.6				CURRENT PRICE EARNINGS RATIO: 25.3				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 31.0 X Estimate High Earnings/Share 83.34 = Forecasted High Price \$ 2,583.6

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 21.0 X Estimate Low Earnings/Share 43.41 = Forecasted Low Price \$ 911.6

(b) Avg. Low Price of Last 5 Years 686.2

(c) Recent Market Low Price 792.5

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 792.5

C ZONING using 25%-50%-25%

Forecasted High Price 2,583.6 Minus Forecasted Low Price 792.5 = 1,791.2 Range. 25% of Range 447.8

Buy Zone 792.5 to 1,240.2

Hold Zone 1,240.2 to 2,135.8

Sell Zone 2,135.8 to 2,583.6

Present Market Price of 1,189.55 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{2,583.6 - 1,189.55}{1,189.55 - 792.5} = \frac{1,394.06}{397.10} = 3.5$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{2,583.6 - 1,189.55}{1,189.55} = 2.1719$ X 100 = 217.19 - 100 = 117.2 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{1,189.55} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{31.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{26.00} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 16.8 %
Average Yield 0.0 %
Annualized Rate of Return 16.8 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 12.7 %
Average Yield 0.0 %
Annualized Rate of Return 12.7 %

Notes: GOOGL 5/6/19

Date	Subject	Description	Type
02/19/19	Google article on search competition	This article details how Amazon is growing market share in search. https://www.barrons.com/articles/google-and-facebook-still-rule-search-but-amazons-catching-up-1542142989	Community
12/06/18	2017 Q4 and 2017 Annual Data Adjustments	With the passage of the 2017 US Tax Cuts and Jobs Act, Google incurred an additional tax expense of \$9,857(M\$) primarily due to the one-time transition tax on accumulated foreign subsidiary earnings and deferred tax impacts. Please review the press release from 2/1/2018 If you agree that these represent a one-time charge then you may find it reasonable to adjust the data as follows. You can consider these data adjustments for 4Q 2017 EPS = \$9.70 Tax rate = 14.7% You can consider these data adjustments for 2017 annual data; EPS = \$32.01 Net Income = 22,519 Tax rate = 17.2%	BI Staff
02/03/18	VL note on earnings nonrecurring charges 2/2018	2B tax charge from European Commission in 2nd qtr and \$11B in nonrecurring income tax expenses related to the U.S. Tax Act. (12/2017). I omitted them, also on my SSG.	Study
05/07/17	1 Qtrl.	Left growth estimates, but lowered PE's a bit since they are trending down a little. Still a strong HOLD. Made low price 80% of current one.	Study
05/07/17	Notes from Toolkit 6	Jan 2017: Used PREFERRED Procedure, shares outst 690 (VL), Net profit 25 (VL), made earnings a little less than sales to account for the Other Bets ventures pulling down eps a bit.	Study