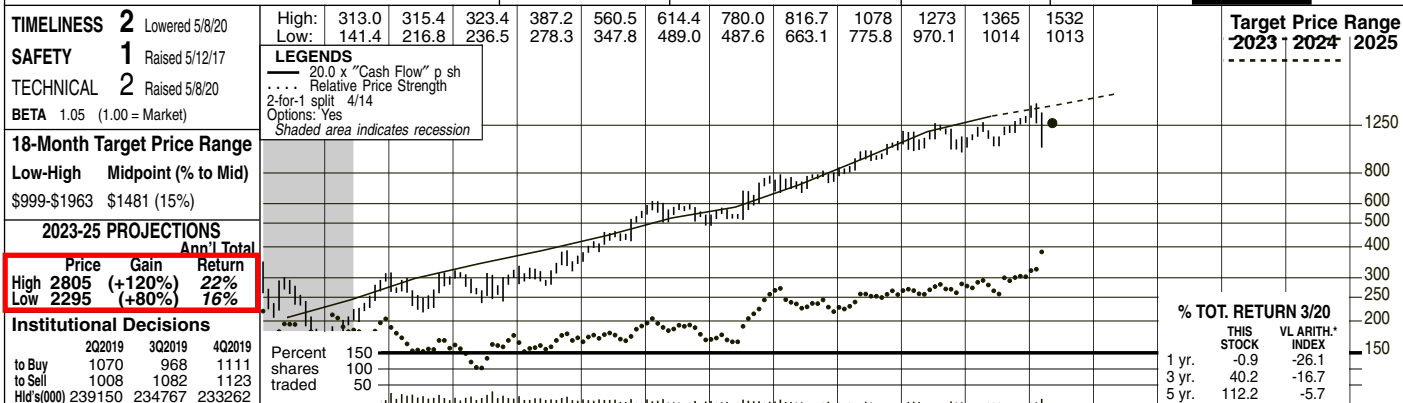


ALPHABET INC. NDQ-GOOG

RECENT PRICE **1275.88** P/E RATIO **24.9** (Trailing: 24.7, Median: 24.0) RELATIVE P/E RATIO **1.55** DIV'D YLD **Nil** VALUE LINE



High	Low	313.0	141.4	315.4	323.4	387.2	560.5	614.4	780.0	816.7	1078	1273	1365	1532	Target Price Range
2023	2024	2025													

2023-25 PROJECTIONS	Price	Gain	Return
High	2805	(+120%)	22%
Low	2295	(+80%)	16%

Institutional Decisions	2Q2019	3Q2019	4Q2019	Percent shares traded
to Buy	1070	968	1111	150
to Sell	1008	1082	1123	100
Hlds(000)	239150	234767	233262	50

Google Inc. (now, officially Alphabet Inc.)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
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.	45.63	58.29	76.10	89.03	96.97	109.10	130.58	159.55	196.70	235.14	263.55	315.25	Revenues per sh	480.90
	14.90	17.12	19.38	22.31	26.20	29.04	35.80	45.78	58.91	68.11	72.60	84.85	"Cash Flow" per sh	132.40
	13.16	14.88	16.23	18.03	20.82	22.84	27.85	35.90	46.67	51.58	52.05	62.00	Earnings per sh A	102.05
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
	6.25	5.29	4.96	10.95	16.10	14.43	14.77	18.98	36.14	34.21	36.60	38.10	Cap'l Spending per sh	42.65
	71.96	89.42	108.77	129.92	153.54	175.07	201.12	219.50	255.38	292.65	341.55	407.35	Book Value per sh	687.35
	642.60	650.27	659.33	672.00	680.62	687.35	691.29	694.78	695.56	688.34	683.00	682.00	Common Shs Outst'g B	680.00
	20.3	19.1	19.8	24.6	27.0	26.3	26.7	25.6	23.8	23.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	25.0
	1.29	1.20	1.26	1.38	1.42	1.32	1.40	1.29	1.29	1.25			Relative P/E Ratio	1.40
	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil
	29321	37905	50175	59825	66001	74989	90272	110855	136819	161857	180000	215000	Revenues (\$mill)	327000
	39.0%	34.7%	29.4%	28.0%	30.9%	31.3%	32.2%	31.0%	29.0%	29.0%	32.0%	30.0%	Operating Margin	31.0%
	1067.0	1396.0	1988.0	2781.0	3523.0	4132.0	5267.0	6103.0	8164.0	10856	11000	12000	Depreciation (\$mill)	15000
	8505.0	9737.0	10788	12214	14306	15826	19478	25705	32814	36025	40755	45880	Net Profit (\$mill)	75020
	21.2%	21.0%	19.4%	15.7%	18.9%	16.8%	19.3%	12.1%	11.3%	12.8%	13.0%	13.0%	Income Tax Rate	13.0%
	29.0%	25.7%	21.5%	20.4%	21.7%	21.1%	21.6%	23.2%	24.0%	22.3%	22.6%	21.3%	Net Profit Margin	22.9%
	31566	43845	46117	56978	63880	70804	88652	100125	101056	107357	105635	116275	Working Cap'l (\$mill)	204275
	--	2986.0	2988.0	2236.0	3228.0	1995.0	3935.0	3969.0	4012.0	4554.0	5000	5100	Long-Term Debt (\$mill)	5500
	46241	58145	71715	87309	104500	120331	139036	152502	177628	201442	233275	201442	Shr. Equity (\$mill)	467415
	18.4%	16.0%	14.4%	13.7%	13.3%	13.0%	13.7%	16.5%	18.1%	17.5%	16.0%	16.0%	Return on Total Cap'l	16.0%
	18.4%	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	16.5%	16.5%	Return on Shr. Equity	16.0%
	18.4%	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	16.5%	16.5%	Retained to Com Eq	16.0%
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

CAPITAL STRUCTURE as of 3/31/20
 Total Debt \$5016 mill. Due in 5 Yrs. \$2482 mill.
 LT Debt \$5016 mill. LT Interest \$100 mill. (2% of Cap'l)

Leases, Uncapitalized: Annual rentals \$1757 mill.

No Defined Benefit Pension Plan
 Pfd Stock None

Common Stock 683,972,000 shares (300,047,000 Class A shares, 46,407,000 Class B shares, and 337,518,000 Class C shares) C D

MARKET CAP: \$873 billion (Large Cap)

CURRENT POSITION 2018 2019 3/31/20 (\$MILL.)

Cash Assets	109140	119675	117229
Receivables	20838	25326	21825
Inventory	--	--	--
Other	5698	7577	7964
Current Assets	135676	152578	147018
Accts Payable	4378	5561	4099
Debt Due	--	--	--
Other	30242	39660	36090
Current Liab.	34620	45221	40189

BUSINESS: Alphabet Inc. is the successor and parent holding company of Google Inc., which operates the world's leading Internet search engine. The company derives revenues primarily through delivering targeted advertising. Revenues are also derived from the licensing of search technology and solutions to enterprises. Revenues in 2019 United States, 46%; International, 54%.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '17-'19 of change (per sh) to '23-'25

Revenues	19.5%	17.5%	16.0%
"Cash Flow"	19.0%	20.5%	15.0%
Earnings	18.0%	19.5%	14.5%
Dividends	--	--	Nil
Book Value	18.5%	14.5%	18.0%

Since our February review, shares of Alphabet have staged a modest correction. In fact, over that time frame, the equity's price has lost more than 12% of its value. By comparison, the S&P 500 Index receded a similar percentage. These moves can largely be attributed to the COVID-19 pandemic that is causing many business to be shuttered thereby making them slash their marketing budgets.

Meanwhile, the company posted decent, albeit more moderate, sales and earnings than previously expected. The leading Internet search engine provider experienced a 13.3% uptick in revenues, to \$41.159 billion. This stemmed from moderate growth in Google Advertising, cloud, and Other business segments. We think that the bulk of the first-quarter sales came from marketing expenditures that were already doled out prior to the shuttering of nonessential businesses and stay-at-home orders. As a result, further reductions in marketing revenues will likely persist throughout the pandemic. On balance, after accounting for a 350-basis-point rise in costs, when viewed as a percentage of the top line, and a drop in other income, GOOG's first-quarter bottom line fell 17.1%, to \$9.87 a share.

Further impacts from the challenging operating environment have prompted us to reduce our 2020 outlook. We think many of Alphabet's customers affected by the stay-at-home orders, and by a general downturn in consumer spending due to rising unemployment and financial uncertainty will look to reduce costs wherever possible, and that includes marketing budgets. Consequently, we have sliced \$8.0 billion from our annual revenue outlook, to \$180 billion. We have also trimmed \$7.05 from our earnings estimate for this year, to \$52.05 a share. This figure would still represent a modest gain of about 1%. We think that given the current business environment, this would be a pretty good showing, however it is much more modest year-over-year growth than Alphabet is accustomed to. Finally, we have introduced our 2021 top- and bottom-lines estimates at \$215 billion and \$62.00 per share, respectively. **These timely shares offer above-average 3- to 5-year upside potential.**

Bryan J. Fong
 May 8, 2020

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	24750	26010	27772	32323	110855
2018	31146	32657	33740	39276	136819
2019	36339	38944	40499	46075	161857
2020	41159	43480	45035	50326	180000
2021	49625	52230	53785	59360	215000

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	7.73	8.90	9.57	9.70	35.90
2018	9.09	11.75	13.06	12.77	46.67
2019	11.90	14.21	10.12	15.35	51.58
2020	9.87	15.08	11.00	16.10	52.05
2021	12.30	17.60	13.50	18.60	62.00

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	NO CASH DIVIDENDS BEING PAID				
2017	NO CASH DIVIDENDS BEING PAID				
2018	NO CASH DIVIDENDS BEING PAID				
2019	NO CASH DIVIDENDS BEING PAID				
2020	NO CASH DIVIDENDS BEING PAID				

(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). Qtrly 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.

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Company's Financial Strength	A++
Stock's Price Stability	75
Price Growth Persistence	95
Earnings Predictability	95

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