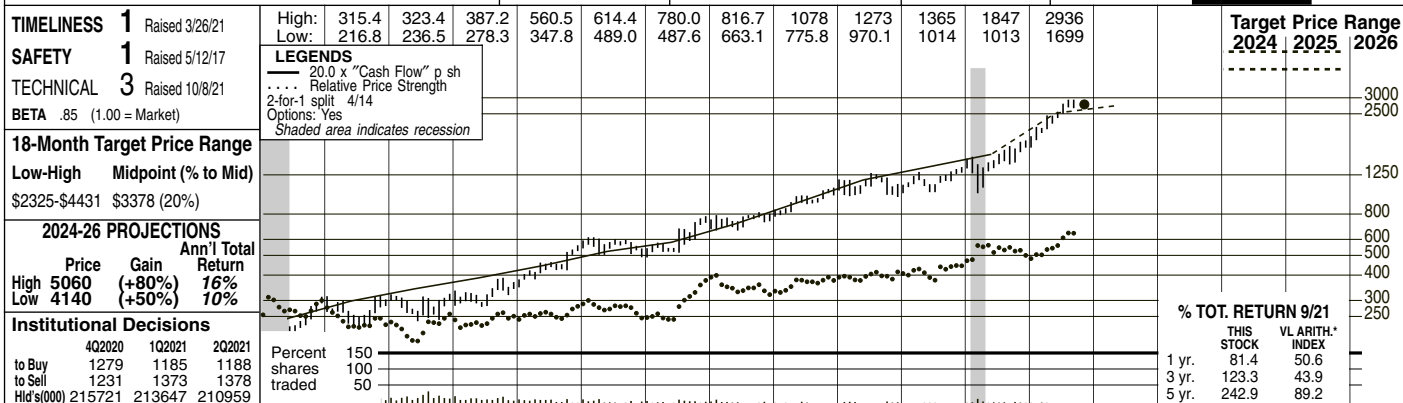


# ALPHABET INC. NDQ-GOOG

RECENT PRICE **2775.5** P/E RATIO **24.6** (Trailing: 30.1 Median: 25.0) RELATIVE P/E RATIO **1.31** DIV'D YLD **Nil** VALUE LINE



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 9/30/21**  
 Total Debt \$14288 mill. Due in 5 Yrs. \$3221 mill.  
 LT Debt \$14288 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** 663,763,994 shares (300,809,676 Class A shares, 45,216,540 Class B shares, and 317,737,778 Class C shares) C D as of 10/19/21

**MARKET CAP: \$1.8 trillion (Large Cap)**

CURRENT POSITION	2019	2020	9/30/21
Cash Assets	119675	136694	142003
Receivables	25326	30930	34047
Inventory	--	--	--
Other	7577	6672	8060
Current Assets	152578	174296	184110
Accts Payable	5561	5589	4616
Debt Due	--	--	--
Other	39660	51245	57166
Current Liab.	45221	56834	61782

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '18-'20 of change (per sh)
Revenues	19.5%	19.0%	18.5%
"Cash Flow"	18.5%	21.5%	22.0%
Earnings	17.5%	20.5%	23.5%
Dividends	--	--	Nil
Book Value	17.5%	14.0%	24.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2018	31146	32657	33740	39276	136819
2019	36339	38944	40499	46075	161857
2020	41159	38297	46173	56898	182527
2021	55314	61880	65118	67688	250000
2022	62815	69380	72620	75185	280000

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
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	10.13	16.40	22.30	58.61
2021	26.29	27.26	27.99	28.46	110.00
2022	29.05	30.00	30.75	31.20	121.00

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2017					
2018					
2019					
2020					
2021					

NO CASH DIVIDENDS BEING PAID

	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	375.95	421.70	Revenues per sh	645.25
"Cash Flow" per sh	17.12	19.38	22.31	26.20	29.04	35.80	45.78	58.91	68.11	78.75	140.40	152.60	"Cash Flow" per sh	227.15
Earnings per sh A	14.88	16.23	18.03	20.82	22.84	27.85	35.90	46.67	51.58	58.61	110.00	121.00	Earnings per sh A	183.95
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	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	39.10	40.65	Cap'l Spending per sh	45.45
Book Value per sh	89.42	108.77	129.92	153.54	175.07	201.12	219.50	255.38	292.65	329.59	427.30	557.50	Book Value per sh	1075.60
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	665.00	664.00	Common Shs Outst'g B	660.00
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		Avg Ann'l P/E Ratio	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			Relative P/E Ratio	1.40
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil
Revenues (\$mill)	37905	50175	59825	66001	74989	90272	110855	136819	161857	182527	250000	280000	Revenues (\$mill)	425875
Operating Margin	34.7%	29.4%	28.0%	30.9%	31.3%	32.2%	31.0%	29.0%	29.0%	29.7%	42.5%	41.0%	Operating Margin	40.0%
Depreciation (\$mill)	1396.0	1988.0	2781.0	3523.0	4132.0	5267.0	6103.0	8164.0	10856	12905	12950	13000	Depreciation (\$mill)	16000
Net Profit (\$mill)	9737.0	10788	12214	14306	15826	19478	25705	32814	36025	40269	80410	88330	Net Profit (\$mill)	133920
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%	Income Tax Rate	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%	32.2%	31.5%	Net Profit Margin	31.5%
Working Cap'l (\$mill)	43845	46117	56978	63880	70804	88652	100125	101056	107357	117462	66075	88115	Working Cap'l (\$mill)	235850
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	Long-Term Debt (\$mill)	14000
Shr. Equity (\$mill)	58145	71715	87309	104500	120331	139036	152502	177628	201442	222544	284140	370180	Shr. Equity (\$mill)	709890
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%	27.0%	23.0%	Return on Total Cap'l	18.5%
Return on Shr. Equity	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	18.1%	28.5%	24.0%	Return on Shr. Equity	19.0%
Retained to Com Eq	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	18.1%	28.5%	24.0%	Retained to Com Eq	19.0%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

**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 2020 United States, 47%; International, 53%.

Has 135,301 employees. Off. & dir. own less than 1% of Class A common stock, 53.1% of Class B; The Vanguard Group, 3.0%; BlackRock, 2.7% of Class A (4/21 Proxy). CEO & Dir.: Sundar Pichai. Co-founder & Dir.: Larry Page. Co-founder & Dir.: Sergey Brin. Inc.: Del. Addr.: 1600 Amphitheatre Parkway, Mountain View, CA 94043. Telephone: 650-253-0000. Internet: www.google.com.

**Since our August review, shares of Alphabet Inc. have been range bound.** In fact, over that time frame GOOG stock has advanced to its 52-week high. But ultimately it settled down about 1%. Still, the equity is up more than 60% so far this year.

**and \$12.15, to \$250 billion and \$110.00 per share, respectively.** Our revised figure would represent a more than 85% rise in earnings this year. This ought to be driven by a nearly 37% increase in revenues as many of Alphabet's marketing customers begin to resume more normal advertising spending following the sharp budget cuts that impacted the industry in the early days of the COVID-19 pandemic.

**Meanwhile, the parent holding company of Google posted solid financial results for the September period.** This is evident in revenues increasing more than 40%, to \$65.1 billion, reflecting steady volume gains in the advertising operations. Many of its customers that had previously cut back on their marketing spend appear to be changing course. On the margin front, cost cutting efforts put into play over the past twelve months are beginning to bear fruit. The significant uptick in volumes has helped to improve both fixed- and variable cost absorption. This is evident in total expenses declining 810 basis points as a percentage of revenues. On balance, these factors drove the bottom line 70% higher, to \$27.99 per share. This was well above our earlier call.

**The overall financial position is strong.** So far this year, cash reserves declined modestly but still sat at more than \$140 million. And long-term debt ticked 3% higher, but still represented a conservative 6% of total capital.

**We have raised out 2021 top- and bottom-line estimates by \$5.0 billion**

**These shares stand out for the short and long term.** Indeed, our Timeliness Ranking System has Alphabet shares pegged to outpace the broader market averages in the coming six to 12 months (Timeliness: 1). What's more, despite the steadily rising stock price after we updated our 2024-2026 earnings projections the equity now offers above average 3- to 5-year appreciation potential compared to the Value Line median.

(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). Qty egs. may not sum.	(B) In millions. (C) Class A common stock entitled to 1 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.	<b>Company's Financial Strength</b> A++
			<b>Stock's Price Stability</b> 95
			<b>Price Growth Persistence</b> 100
			<b>Earnings Predictability</b> 80