



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
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.	76.10	89.03	96.97	109.10	130.58	159.55	196.70	235.14	270.32	389.11	436.75	512.80	Revenues per sh	750.95
	19.38	22.31	26.20	29.04	35.80	45.78	58.91	68.11	78.75	132.28	136.25	175.45	"Cash Flow" per sh	250.50
	16.23	18.03	20.82	22.84	27.85	35.90	46.67	51.58	58.61	112.20	116.65	140.35	Earnings per sh A	203.75
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
	4.96	10.95	16.10	14.43	14.77	18.98	36.14	34.21	33.00	37.21	40.65	42.25	Cap'l Spending per sh	45.45
	108.77	129.92	153.54	175.07	201.12	219.50	255.38	292.65	329.59	380.04	523.95	668.30	Book Value per sh	1184.85
	659.33	672.00	680.62	687.35	691.29	694.78	695.56	688.34	675.22	662.12	664.00	663.00	Common Shs Outst'g B	660.00
	19.8	24.6	27.0	26.3	26.7	25.6	23.8	23.1	25.2	22.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	25.0
CAPITAL STRUCTURE as of 3/31/22 Total Debt \$14791 mill. Due in 5 Yrs. \$4819 mill. LT Debt \$14791 mill. LT Interest \$346 mill. (6% of Cap'l)	1.26	1.38	1.42	1.32	1.40	1.29	1.29	1.23	1.29	1.16			Relative P/E Ratio	1.40
	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil
Leases, Uncapitalized: Annual rentals \$2539 mill.	50175	59825	66001	74989	90272	110855	136819	161857	182527	257637	290000	340000	Revenues (\$mill)	495635
	29.4%	28.0%	30.9%	31.3%	32.2%	31.0%	29.0%	29.0%	29.7%	39.8%	39.6%	38.8%	Operating Margin	38.0%
	1988.0	2781.0	3523.0	4132.0	5267.0	6103.0	8164.0	10856	12905	11555	13000	14000	Depreciation (\$mill)	17000
	10788	12214	14306	15826	19478	25705	32814	36025	40269	76033	77455	102315	Net Profit (\$mill)	148320
	19.4%	15.7%	18.9%	16.8%	19.3%	12.1%	11.3%	12.8%	16.2%	16.2%	13.0%	14.0%	Income Tax Rate	14.0%
	21.5%	20.4%	21.7%	21.1%	21.6%	23.2%	24.0%	22.3%	22.1%	29.5%	26.7%	30.1%	Net Profit Margin	29.9%
	46117	56978	63880	70804	88652	100125	101056	107357	117462	123889	156335	187770	Working Cap'l (\$mill)	336420
	2988.0	2236.0	3228.0	1995.0	3935.0	3969.0	4012.0	4554.0	13932	14817	15000	15250	Long-Term Debt (\$mill)	16000
	71715	87309	104500	120331	139036	152502	177628	201442	222544	251635	347895	443085	Shr. Equity (\$mill)	781985
	14.4%	13.7%	13.3%	13.0%	13.7%	16.5%	18.1%	17.5%	17.1%	28.5%	24.5%	22.5%	Return on Total Cap'l	18.5%
	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	18.1%	30.2%	25.5%	23.0%	Return on Shr. Equity	19.0%
	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	18.1%	30.2%	25.5%	23.0%	Retained to Com Eq	19.0%
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

MARKET CAP: \$1.6 trillion (Large Cap)

CURRENT POSITION 2020 2021 3/31/22 (\$MILL.)

Cash Assets	136694	139649	133970
Receivables	30930	39304	34703
Inventory	--	--	--
Other	6672	9190	9180
Current Assets	174296	188143	177853
Accts Payable	5589	6036	3436
Debt Due	--	--	--
Other	51245	58218	58512
Current Liab.	56834	64254	61948

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 2021 United States, 46%; International, 54%.

Has 156,500 employees. Off. & dir. own less than 1% of Class A common stock, 52.6% of Class B; The Vanguard Group, 3.1%; BlackRock, 2.7% of Class A (4/22 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.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '19-'21 of change (per sh)

Revenues	19.5%	19.0%	16.5%
"Cash Flow"	18.5%	21.5%	18.0%
Earnings	17.5%	20.5%	18.5%
Dividends	--	--	Nil
Book Value	17.5%	14.0%	23.5%

Since our February review, shares of Alphabet have staged a correction. The stock is down in a broad based tech selloff on increased concerns about higher interest rates and how they will impact high-growth stocks. By comparison, the S&P 500 Index declined about 10% over that same period. The equity is also trading nearly 20% off its 52-week high.

and weakness in the first quarter, we have tempered our earnings call by \$4.35, to \$116.65 per share. Finally, we are introducing our 2023 top- and bottom-line estimates at \$340 billion and \$140.35 a share, respectively.

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2019	36339	38944	40499	46075	161857
2020	41159	38297	46173	56898	182527
2021	55314	61880	65118	75325	257637
2022	68011	69970	73210	78809	290000
2023	75905	82470	85710	95915	340000

Meanwhile, the parent holding company of Google registered mixed financial results for the March quarter. This is evident in revenues climbing approximately 23%, to \$68.0 billion, thanks to double-digit growth at the Google Advertising and Google Cloud segments. Meanwhile, Alphabet did experience some margin compression and a spike in other expenses. All told, these factors equated to a roughly 6.4% decline in earnings, to \$24.62 per share.

Alphabet has some other interesting developments on the horizon. The company announced plans to implement a 20-for-1 stock split that would go into effect in mid-July. It has already received approval by the board of directors and is awaiting the vote by shareholders. This move would make the stock a bit more accessible to a broader investor base. It should also help employees to manage their stock-based compensation a little easier. Still, we will not adjust our estimates and projections until the split is finalized.

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
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	30.69	112.20
2022	24.62	28.98	30.20	32.85	116.65
2023	33.35	34.30	35.05	37.65	140.35

We have revised our outlook for this year. In fact, we added \$10 billion to our revenues call, bringing that figure to \$290 billion. Our updated estimate would represent a year-over-year advance of about 12.5%. However, after factoring in the likelihood of cost increases due to inflation

These high-quality shares offer broad appeal. In the near term, our Timeliness Ranking System suggests Alphabet stock will outpace the broader market averages in the coming six to 12 months (Timeliness: 1). At the same time, the equity also offers above-average capital appreciation potential for the pull to 2025-2027.

Bryan J. Fong *May 6, 2022*

QUARTERLY DIVIDENDS PAID

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018					
2019					
2020					
2021					
2022					

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); '19, (2.42). Qty 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 100
Earnings Predictability 75

To subscribe call 1-800-VALUELINE