

ALPHABET INC. NDQ-GOOG

RECENT PRICE **783.61** P/E RATIO **25.7** (Trailing: 28.7; Median: 25.0) RELATIVE P/E RATIO **1.41** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 3 Lowered 6/24/16	High: 223.1	256.5	373.6	348.7	313.0	315.4	323.4	387.2	560.5	614.4	780.0	816.7		Target Price Range	
SAFETY 2 Lowered 11/13/15	Low: 86.3	165.8	218.5	123.6	141.4	216.8	236.5	278.3	347.8	489.0	487.6	663.1		2019 2020 2021	
TECHNICAL 3 Raised 11/11/16	LEGENDS --- 20.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 4/14 Options: Yes Shaded area indicates recession														
BETA 1.00 (1.00 = Market)	2019-21 PROJECTIONS														
Price		Ann'l Total													
High	1200	Gain	(+55%)	11%											
Low	885	Gain	(+15%)	3%											
Insider Decisions															
D J F M A M J J A															
to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Options	5	4	6	5	5	6	5	5	5	7	8	4	5	5	
to Sell	3	2	4	4	4	4	4	4	4	4	4	4	4	4	
Institutional Decisions															
4Q2015 1Q2016 2Q2016															
to Buy	938	823	815												
to Sell	689	801	784												
Hld's(000)	241049	243596	238276												
		Percent													
		shares													
		traded													
		50													

Google 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.	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
	17.16	26.48	34.58	37.21	45.63	58.29	76.10	89.03	96.97	109.10	127.55	145.00	Revenues per sh	203.70
	5.56	8.00	10.33	12.21	14.90	17.12	19.38	22.31	26.20	29.04	37.15	44.05	"Cash Flow" per sh	58.35
	4.75	6.65	8.35	10.21	13.16	14.88	16.23	18.03	20.82	22.84	29.00	35.00	Earnings per sh ^A	47.40
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	3.08	3.84	3.74	1.27	6.25	5.29	4.96	10.95	16.10	14.43	20.30	23.20	Cap'l Spending per sh	29.00
	27.57	36.21	44.81	56.65	71.96	89.42	108.77	129.92	153.54	175.07	208.75	246.80	Book Value per sh	384.35
	618.00	626.55	630.23	635.54	642.60	650.27	659.33	672.00	680.62	687.35	690.00	690.00	Common Shs Outst'g ^B	690.00
	43.4	40.7	27.6	21.5	20.3	19.1	19.8	24.6	27.0	26.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	22.0
	2.34	2.16	1.66	1.43	1.29	1.20	1.26	1.38	1.42	1.33			Relative P/E Ratio	1.40
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CAPITAL STRUCTURE as of 9/30/16														
Total Debt \$3938 mill. Due in 5 Yrs. \$3245 mill.														
LT Debt \$3938 mill. LT Interest \$80.0 mill. (3% of Cap'l)														
Leases, Uncapitalized: Annual rentals \$646 mill.														
Pension Liability None														
Pfd Stock None														
Common Stock 689,238,589 shares (296,087,212 Class A shares, 48,060,629 Class B shares, and 345,090,748 Class C shares) C D as of 10/27/16														
MARKET CAP: \$540 billion (Large Cap)														
URGENT POSITION	2014	2015	9/30/16											
(\$MILL.)														
Cash Assets	64395	73066	83056											
Receivables	9383	11556	11979											
Inventory	--	--	--											
Other	6907	5492	3511											
Current Assets	80685	90114	98546											
Accts Payable	1715	1931	2175											
Debt Due	2009	3225	--											
Other	13081	14154	12148											
Current Liab.	16805	19310	14323											

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 2015: United States, 46%; International, 54%. Has 61,814 employees. Off. & dir. own less than 1% of Class A common stock, 94.9% of Class B; Fidelity, 6.3% of Class A; Black-Rock, 5.9% of Class A (4/16 Proxy). Exec. Chrmn.: Dr. Eric Schmidt. Co-founder & CEO: Larry Page. Pres. & Dir.: Sergey Brin. Inc.: Del. Addr.: 1600 Amphitheatre Parkway, Mountain View, California 94043. Telephone: 650-253-0000. Internet: www.google.com.

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21												
Revenues	31.5%	20.0%	13.0%												
"Cash Flow"	33.5%	15.5%	14.5%												
Earnings	33.0%	14.0%	15.0%												
Dividends	--	--	Nil												
Book Value	35.5%	21.5%	16.5%												
Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year										
	Mar.31	Jun.30	Sep.30	Dec.31											
2013	13969	14105	14893	16858	59825										
2014	15420	15955	16523	18103	66001										
2015	17258	17727	18675	21329	74989										
2016	20257	21500	22451	23792	88000										
2017	23505	23975	24990	27530	100000										
Cal-endar	EARNINGS PER SHARE ^A				Full Year										
	Mar.31	Jun.30	Sep.30	Dec.31											
2013	4.94	3.78	4.36	4.95	18.03										
2014	5.33	5.09	4.91	5.50	20.82										
2015	5.10	4.93	5.73	7.06	22.84										
2016	6.02	7.00	7.25	8.73	29.00										
2017	7.50	8.50	8.75	10.25	35.00										
Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year										
	Mar.31	Jun.30	Sep.30	Dec.31											
2012	NO CASH DIVIDENDS BEING PAID														
2013	NO CASH DIVIDENDS BEING PAID														
2014	NO CASH DIVIDENDS BEING PAID														
2015	NO CASH DIVIDENDS BEING PAID														
2016	NO CASH DIVIDENDS BEING PAID														

Alphabet posted slightly better-than-expected third-quarter financial results. Revenues increased more than 20% on a year-to-year basis, to about \$22.5 billion. This reflected a solid 20% rise in contributions from the Google division, which represents the lion's share of overall operations. That unit benefited greatly from volume increases in mobile search, ongoing strength in YouTube, and steady gains from the programmatic advertising and Google Play offerings. The Other Bets segment, which represents the company's investments in new technologies and serves as its incubator, logged revenue growth of almost 40%. Although, it is worth noting that this segment is relatively small, and that growth here, while promising, barely moves the needle. On a geographic basis, domestic volumes were healthy and came in at double-digit gains. As would be expected, the United Kingdom's contributions were a bit more modest, owing to the downturn in the GBP versus USD. On the profitability front, cost of goods sold increased 100-basis-points, as a percentage of revenues. This was largely offset by a 150 basis point downturn in operating expenses. All told, these factors equated to a 26.5% rise in the September-period bottom line, to \$7.25 a share. This was modestly above our earlier call of \$7.00. **As a result, we have raised our outlook for 2016 and 2017, accordingly.** This year, we added \$1.00 to our earnings estimate, to \$29.00 a share. This would represent a profit increase of almost 27%. For 2017, we now look for \$35.00 a share in earnings, up from \$32.50. **New products augur well for prospects.** Alphabet introduced multiple new offerings over the past quarter. *Google Assistant*, the *Pixel* phone, and *Google Home*, that is expected to be in direct competition with Amazon's Echo, just to name a few. On the software front, a new messaging app *ALLO*, and video chat app, *Duo*, may prove promising. **At their recent quotation, these shares have modest appeal.** The stock remains under a microscope when it comes to Wall Street. Consequently, we think most of the projected earnings growth is already baked into its' price. Thus, it may be tough to get an attractive entry point. *Bryan J. Fong* November 11, 2016