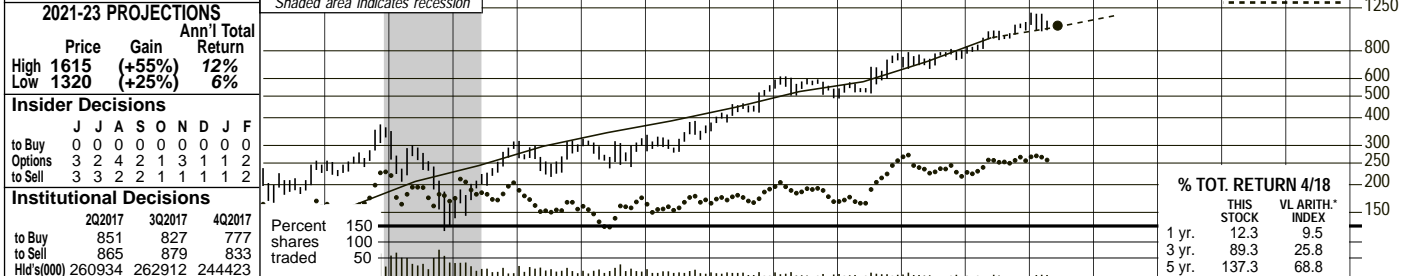


# ALPHABET INC. NDQ-GOOG

RECENT PRICE **1037.31** P/E RATIO **27.0** (Trailing: 27.2; Median: 25.0) RELATIVE P/E RATIO **1.48** DIV'D YLD **Nil** VALUE LINE

TIMELINESS <b>2</b> Lowered 1/12/18	High: 373.6	348.7	313.0	315.4	323.4	387.2	560.5	614.4	780.0	816.7	1078	1186		Target Price Range
SAFETY <b>1</b> Raised 5/12/17	Low: 218.5	123.6	141.4	216.8	236.5	278.3	347.8	489.0	487.6	663.1	775.8	980.6		2021 2022 2023
TECHNICAL <b>3</b> Lowered 5/4/18	LEGENDS --- 20.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 4/14 Options: Yes Shaded area indicates recession													
BETA 1.10 (1.00 = Market)														



2021-23 PROJECTIONS														© VALUE LINE PUB. LLC	21-23		
Price	Gain	Ann'l Total												Revenues per sh	275.40		
High <b>1615</b>	<b>(+55%)</b>	<b>12%</b>												"Cash Flow" per sh	73.35		
Low <b>1320</b>	<b>(+25%)</b>	<b>6%</b>												Earnings per sh <sup>A</sup>	58.70		
Insider Decisions														Div'ds Decl'd per sh	Nil		
J J A S O N D J F														Cap'l Spending per sh	32.15		
to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Book Value per sh	524.90	
Options	3	2	4	2	1	3	1	1	2							Common Shs Outst'g <sup>B</sup>	700.00
to Sell	3	3	2	2	1	1	1	1	2							Avg Ann'l P/E Ratio	25.0
Institutional Decisions														Relative P/E Ratio	1.40		
2Q2017 3Q2017 4Q2017														Avg Ann'l Div'd Yield	Nil		
to Buy	851	827	777												% TOT. RETURN 4/18		
to Sell	865	879	833												THIS STOCK	12.3	
Hld's(000)	260934	262912	244423												V.L. ARITH. INDEX	9.5	
														1 yr.	89.3		
														3 yr.	25.8		
														5 yr.	137.3		

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.	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
<b>CAPITAL STRUCTURE as of 3/31/18</b>	34.58	37.21	45.63	58.29	76.10	89.03	96.97	109.10	130.58	159.55	192.25	219.20	Revenues per sh	
Total Debt \$5302 mill. Due in 5 Yrs. \$1506 mill.	10.33	12.21	14.90	17.12	19.38	22.31	26.20	29.04	35.80	45.78	51.00	58.15	"Cash Flow" per sh	
LT Debt \$3973 mill. LT Interest \$124 mill. (2% of Cap'l)	8.35	10.21	13.16	14.88	16.23	18.03	20.82	22.84	27.85	35.90	38.80	45.30	Earnings per sh <sup>A</sup>	
Leases, Uncapitalized: Annual rentals \$1160 mill.	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	
No Defined Benefit Pension Plan Pfd Stock None	3.74	1.27	6.25	5.29	4.96	10.95	16.10	14.43	14.77	18.98	25.80	28.65	Cap'l Spending per sh	
Common Stock 694,548,763 shares (298,656,198 Class A shares, 46,940,340 Class B shares, and 348,952,225 Class C shares) <sup>C D</sup> as of 4/18/18	44.81	56.65	71.96	89.42	108.77	129.92	153.54	175.07	201.12	219.50	288.00	338.20	Book Value per sh	
MARKET CAP: \$720 billion (Large Cap)	630.23	635.54	642.60	650.27	659.33	672.00	680.62	687.35	691.29	694.78	697.00	698.00	Common Shs Outst'g <sup>B</sup>	
CURRENT POSITION	27.6	21.5	20.3	19.1	19.8	24.6	27.0	26.3	26.7	25.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	
Cash Assets	1.66	1.43	1.29	1.20	1.26	1.38	1.42	1.32	1.40	1.29			Relative P/E Ratio	
Receivables	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	
Inventory	21796	23651	29321	37905	50175	59825	66001	74989	90272	110855	134000	153000	Revenues (\$mill)	
Other	36.0%	40.4%	39.0%	34.7%	29.4%	28.0%	30.9%	31.3%	32.2%	31.0%	32.0%	32.0%	Operating Margin	
Current Assets	1212.2	1240.0	1067.0	1396.0	1988.0	2781.0	3523.0	4132.0	5267.0	6103.0	6250	6350	Depreciation (\$mill)	
Act's Payable	5299.3	6520.4	8505.0	9737.0	10788	12214	14306	15826	19478	25705	29295	34245	Net Profit (\$mill)	
Debt Due	9.5%	22.2%	21.2%	21.0%	19.4%	15.7%	18.9%	16.8%	19.3%	12.1%	20.0%	20.0%	Income Tax Rate	
Other	24.3%	27.6%	29.0%	25.7%	21.5%	20.4%	21.7%	21.1%	21.6%	23.2%	21.9%	22.4%	Net Profit Margin	
Current Liab.	17876	26420	31566	43845	46117	56978	63880	70804	88652	100125	84030	85965	Working Cap'l (\$mill)	
	--	--	--	2986.0	2988.0	2236.0	3228.0	1995.0	3935.0	3969.0	4250	4500	Long-Term Debt (\$mill)	
	28239	36004	46241	58145	71715	87309	104500	120331	139036	152502	200745	236080	Shr. Equity (\$mill)	
	18.8%	18.1%	18.4%	16.0%	14.4%	13.7%	13.3%	13.0%	13.7%	16.5%	14.5%	14.0%	Return on Total Cap'l	
	18.8%	18.1%	18.4%	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	14.5%	14.5%	Return on Shr. Equity	
	18.8%	18.1%	18.4%	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.9%	14.5%	14.5%	Retained to Com Eq	
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	

**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 2017 United States, 47%; International, 53%.  
 Has 80,110 employees. Off. & dir. own approximately 1% of Class A common stock, 94.9% of Class B; The Vanguard Group, 6.1%; Fidelity, 5.6% of Class A (4/18 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.

**Since our February review, shares of Alphabet have staged a bit of a correction.** Over that time frame, the equity's price has receded more than 10%. This modest pullback can be expected, given that GOOG's quotation has gone steadily higher for the better part of seven years. **Meanwhile, the company posted better-than-expected March-period financial results.** To that end, first-quarter revenues climbed 25.8%, to \$31.1 billion. This reflected the benefits of ongoing innovation, coupled with secular growth and strong demand from its mobile search offerings. At the same time, the network revenues continue to get a boost from its programmatic customers. Additional benefits are stemming from its cloud, hardware, and Play offerings. On the profitability front, overall expenses increased 400 basis points as a percentage of the top line. The bulk of this can be attributed to sharply higher traffic acquisition, R&D, and SG&A costs. On balance, these factors drove the bottom line 17.6% higher to \$9.09 a share, after excluding net gains on debt and equity securities of \$2.992 billion, or \$4.24 a share.

**The strong showing has prompted us to raise our outlook for 2018.** Robust mobile and programmatic demand will no doubt be a primary driver of Alphabet's top line this year. Accordingly, we now look for a more than 20% revenue advance, to \$134 billion. That said, the sharp rise in traffic acquisition and other costs will limit the flow-through of top-line growth to the bottom line. We did, however, add \$0.80 to our estimate, bringing it to \$38.80 a share, which would represent a year-over-year gain of about 8%. Finally, we have introduced our 2019 revenue and earnings estimates at \$153 billion and \$45.30 per share. Growth ought to come from the continued monetization of its search platforms, as well as from agreements like the one with Tencent for the cross-licensing of its patents. **These timely shares (Rank: 2) offer solid risk-adjusted 3- to 5-year capital appreciation potential.** In addition, the company's significant cash reserves and healthy balance sheet give Alphabet a variety of options from a capital allocation perspective.  
*Bryan J. Fong* May 11, 2018

Cal-endar	QUARTERLY REVENUES (\$mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	17258	17727	18675	21329	74989
2016	20257	21500	22451	26064	90272
2017	24750	26010	27772	32323	110855
2018	31146	33000	34000	35854	134000
2019	35895	37750	38750	40605	153000
Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	5.10	4.93	5.73	7.06	22.84
2016	6.02	7.00	7.25	7.56	27.85
2017	7.73	8.90	9.57	9.70	35.90
2018	9.09	9.46	10.10	10.15	38.80
2019	10.65	11.10	11.75	11.80	45.30
Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014					
2015	NO CASH DIVIDENDS BEING PAID				
2016					
2017					
2018					

(A) Diluted earnings per share for Class A and B common stock and Class C capital stock. Excludes nonrecurring gains/(losses): '08, (\$1.69); '14, (\$0.55); '17, (\$3.89); '18, \$4.24. 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.