

ALPHABET INC. NDQ-GOOG

RECENT PRICE 1016.7	P/E RATIO 28.0 (Trailing: 30.1 Median: 25.0)	RELATIVE P/E RATIO 1.37	DIV'D YLD Nil	VALUE LINE																																																												
TIMELINESS 2 Raised 6/16/17	SAFETY 1 Raised 5/12/17	TECHNICAL 3 Lowered 10/13/17	BETA 1.10 (1.00 = Market)	2020-22 PROJECTIONS																																																												
High: 256.5 373.6 348.7 313.0 315.4 323.4 387.2 560.5 614.4 780.0 816.7 1048 Low: 165.8 218.5 123.6 141.4 216.8 236.5 278.3 347.8 489.0 487.6 663.1 775.8				Target Price Range 2020 2021 2022 2500 1250 800 600 500 400 300 250 200 150																																																												
LEGENDS 20.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 4/14 Options: Yes Shaded area indicates recession				Ann'l Total Return High 1510 (+50%) 10% Low 1235 (+20%) 5%																																																												
Insider Decisions <table border="1"> <tr><th></th><th>D</th><th>J</th><th>F</th><th>M</th><th>A</th><th>M</th><th>J</th><th>J</th><th>A</th></tr> <tr><td>to Buy</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Options</td><td>5</td><td>2</td><td>3</td><td>4</td><td>2</td><td>5</td><td>3</td><td>2</td><td>4</td></tr> <tr><td>to Sell</td><td>5</td><td>4</td><td>5</td><td>3</td><td>3</td><td>3</td><td>3</td><td>2</td><td>2</td></tr> </table>					D	J	F	M	A	M	J	J	A	to Buy	0	0	0	0	0	0	0	0	0	Options	5	2	3	4	2	5	3	2	4	to Sell	5	4	5	3	3	3	3	2	2	Institutional Decisions <table border="1"> <tr><th></th><th>4Q2016</th><th>1Q2017</th><th>2Q2017</th><th>Percent shares traded</th></tr> <tr><td>to Buy</td><td>875</td><td>906</td><td>851</td><td>150</td></tr> <tr><td>to Sell</td><td>796</td><td>833</td><td>865</td><td>100</td></tr> <tr><td>Hld's(000)</td><td>241623</td><td>261336</td><td>260934</td><td>50</td></tr> </table>		4Q2016	1Q2017	2Q2017	Percent shares traded	to Buy	875	906	851	150	to Sell	796	833	865	100	Hld's(000)	241623	261336	260934	50
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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.	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
	26.48	34.58	37.21	45.63	58.29	76.10	89.03	96.97	109.10	130.58	154.60	172.15	Revenues per sh	239.85
	8.00	10.33	12.21	14.90	17.12	19.38	22.31	26.20	29.04	35.80	46.55	49.40	"Cash Flow" per sh	68.85
	6.65	8.35	10.21	13.16	14.88	16.23	18.03	20.82	22.84	27.85	35.75	38.00	Earnings per sh ^A	54.85
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
	3.84	3.74	1.27	6.25	5.29	4.96	10.95	16.10	14.43	14.77	23.05	25.80	Cap'l Spending per sh	28.55
	36.21	44.81	56.65	71.96	89.42	108.77	129.92	153.54	175.07	201.12	242.40	287.00	Book Value per sh	449.70
	626.55	630.23	635.54	642.60	650.27	659.33	672.00	680.62	687.35	691.29	694.00	697.00	Common Shs Outst'g ^B	700.00
	40.7	27.6	21.5	20.3	19.1	19.8	24.6	27.0	26.3	26.7	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	25.0
	2.16	1.66	1.43	1.29	1.20	1.26	1.38	1.42	1.32	1.41			Relative P/E Ratio	1.55
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CAPITAL STRUCTURE as of 9/30/17	
Total Debt \$3964 mill. Due in 5 Yrs. \$1422 mill.	
LT Debt \$3964 mill. LT Interest \$124 mill. (3% of Cap'l)	
Leases, Uncapitalized: Annual rentals \$828 mill.	
No Defined Benefit Pension Plan	
Pfd Stock None	
Common Stock 694,790,000 shares (298,263,000 Class A shares, 47,054,000 Class B shares, and 349,473,000 Class C shares) C D	
MARKET CAP: \$706 billion (Large Cap)	

	16594	21796	23651	29321	37905	50175	59825	66001	74989	90272	107300	120000	Revenues (\$mill)	167900
	35.5%	36.0%	40.4%	39.0%	34.7%	29.4%	28.0%	30.9%	31.3%	32.2%	36.5%	34.8%	Operating Margin	35.0%
	807.7	1212.2	1240.0	1067.0	1396.0	1988.0	2781.0	3523.0	4132.0	5267.0	5500	5750	Depreciation (\$mill)	6500
	4203.7	5299.3	6520.4	8505.0	9737.0	10788	12214	14306	15826	19478	26810	28690	Net Profit (\$mill)	41685
	25.9%	9.5%	22.2%	21.2%	21.0%	19.4%	15.7%	18.9%	16.8%	19.3%	20.0%	20.0%	Income Tax Rate	20.0%
	25.3%	24.3%	27.6%	29.0%	25.7%	21.5%	20.4%	21.7%	21.1%	21.6%	25.0%	23.9%	Net Profit Margin	24.8%
	15254	17876	26420	31566	43845	46117	56978	63880	70804	88652	87415	82225	Working Cap'l (\$mill)	96480
	--	--	--	--	2986.0	2988.0	2236.0	3228.0	1995.0	3935.0	4000	4250	Long-Term Debt (\$mill)	5000
	22690	28239	36004	46241	58145	71715	87309	104500	120331	139036	168235	200045	Shr. Equity (\$mill)	314795
	18.5%	18.8%	18.1%	18.4%	16.0%	14.4%	13.7%	13.3%	13.0%	13.7%	15.5%	14.0%	Return on Total Cap'l	13.0%
	18.5%	18.8%	18.1%	18.4%	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.0%	14.5%	Return on Shr. Equity	13.0%
	18.5%	18.8%	18.1%	18.4%	16.7%	15.0%	14.0%	13.7%	13.2%	14.0%	16.0%	14.5%	Retained to Com Eq	13.0%
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

CURRENT POSITION (\$MILL.)	2015	2016	9/30/17
Cash Assets	73066	86333	100143
Receivables	11556	14137	15295
Inventory	--	--	--
Other	5492	4938	3907
Current Assets	90114	105408	119345
Accts Payable	1931	2041	2674
Debt Due	3225	--	--
Other	14154	14715	18019
Current Liab.	19310	16756	20693

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '20-'22
Revenues	26.0%	19.0%	14.0%
"Cash Flow"	25.5%	15.5%	16.0%
Earnings	24.5%	13.5%	15.5%
Dividends	--	--	Nil
Book Value	27.0%	19.5%	17.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2014	15420	15955	16523	18103	66001
2015	17258	17727	18675	21329	74989
2016	20257	21500	22451	26064	90272
2017	24750	26010	27772	28768	107300
2018	27925	29185	30945	31945	120000

Cal-endar	EARNINGS PER SHARE^A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
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	7.56	27.85
2017	7.73	8.90	9.57	9.55	35.75
2018	8.30	9.45	10.10	10.15	38.00

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013					
2014					
2015					
2016					
2017					

(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). Qly eqs. may not sum. Next earnings report due late Jan. (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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Since our August review, shares of Alphabet have steadily climbed higher in value. Indeed, over that time frame the equity's price advanced approximately 10.5%. This largely reflects the company posting solid third-quarter financial results, coupled with the general uptrend in the broader market averages. **Third-quarter sales increased more than 20% on a year-over-year basis, to \$27.7 billion.** The healthy volumes came from greater contributions from Google Advertising and other revenues, as well as from hefty gains at the Other Bets division. On the profitability front, cost of goods sold increased 140 basis points as a function of the top line. This coincides with rising traffic acquisition costs. However, the company has been quite successful at reducing expenses elsewhere. This is evident in a 380-basis-point decline in research & development, sales & marketing, and general & administrative line items. All told, these factors drove the bottom line 32% higher, to \$9.57 a share. This was markedly above our call of \$9.00. **In turn, we have raised our outlook for 2017.** At this point, Alphabet appears

poised to log a revenue advance of almost 20%, to \$107.3 billion. This sharp uptick in volumes should aid both fixed and variable cost absorption. After excluding \$3.89 per share in nonrecurring costs related to the antitrust charge by the European Commission back in the second quarter, GOOG's bottom line will likely swell about 28%, to \$35.75 for the year. **The overall financial position is in great shape and improving.** Over the first nine months of this year, cash & equivalents (includes marketable securities) rose 16%, to just over \$100 billion. Meantime, the long-term debt load has remained stable at a minuscule 3% of total capital. This position offers up an easily accessible avenue of funding should the need arise. **Our Timeliness Ranking System has these shares pegged to outpace the broader market averages in the coming year (Timeliness: 2).** Meanwhile, despite the already hefty run-up in GOOG's quotation, the stock still offers slightly better-than-average capital appreciation potential for the pull to 2020-2022. *Bryan J. Fong November 10, 2017*

Company's Financial Strength	A++
Stock's Price Stability	70
Price Growth Persistence	90
Earnings Predictability	95

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