

Alphabet Inc



Equity Research Report



Google Search

I'm Feeling Lucky

Google offered in: हिन्दी বাংলা తెలుగు ಮರಾಠಿ தமிழ் ગુજરાતી ಕನ್ನಡ ಮಲಯಾಳಂ ಪੰਜਾਬੀ

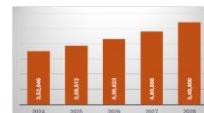
Alphabet Inc



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	12-months	12-months	12-months
Net Profit	\$10,000,000	\$10,000,000	\$10,000,000
Net Profit Margin(%)	20.00%	20.00%	20.00%
Revenue	\$50,000,000	\$50,000,000	\$50,000,000
Average Total Assets	\$25,000,000	\$25,000,000	\$25,000,000
Asset Turnover Ratio(%)	2.00	2.00	2.00
Average Total Assets	\$25,000,000	\$25,000,000	\$25,000,000
Equity Multiplier(%) (Financial Leverage)	1.00	1.00	1.00
Return on Equity (ROE)(%)	20.00%	20.00%	20.00%

[Dupont Analysis](#)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Terminal value	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Long Term Growth Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Discount Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Present Value of TV	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
2024 Net Present Value	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
2024 Net Operating Assets	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Total Value of FCF	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Long-Term Cash Requirements	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Long-Term Cash	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Net Long-Run Cash Flow	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Net Present Value	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000

[DCF Valuation](#)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Unlevered FCF	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Market Capitalization	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000
FCF	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
FCF Margin	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF Yield	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
FCF Margin	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF Yield	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
FCF Margin	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF Yield	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

[WACC Sensitivity](#)

[Football Field Analysis](#)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Market Capitalization	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000	\$100,000,000
FCF	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
FCF Margin	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF Yield	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
FCF Margin	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF Yield	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
FCF Margin	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
FCF Yield	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

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Alphabet Inc. is an American multinational technology conglomerate holding company headquartered in Mountain View, California. Alphabet is the world's second-largest technology company by revenue, after Apple, and one of the world's most valuable companies. It serves as the parent company of Google and several other businesses. The creation of Alphabet was driven by the goal of simplifying Google's core business while giving greater autonomy to its diverse subsidiaries, focusing on transparency and accountability. The restructuring allowed Google to concentrate on its internet services, while other ventures were managed separately under Alphabet. Sundar Pichai became the CEO of both Alphabet and Google in 2019 after founders Larry Page and Sergey Brin stepped down from executive roles.

Before the creation of Alphabet, Google was the parent company, but the roles reversed as Alphabet was formed as the holding company. The restructuring process, completed in October 2015, did not require a shareholder vote, and Alphabet retained Google's stock history.



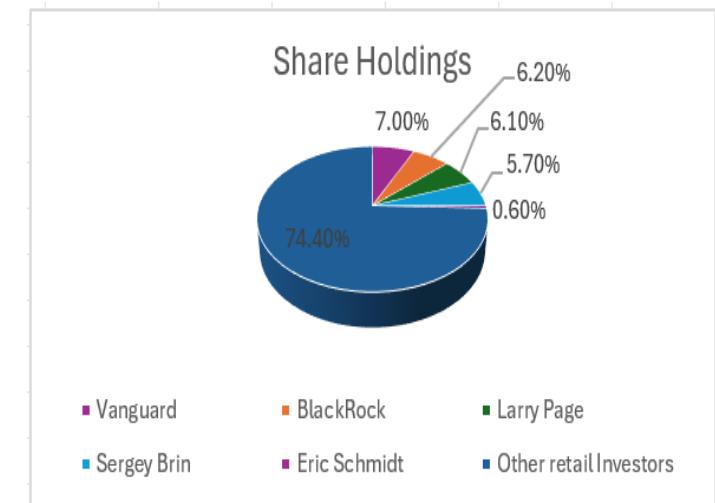
Alphabet

WHO OWNS IT?



The company's shareholder structure is a mix of institutional investors, founders, and retail investors. Vanguard (7%) and BlackRock (6.2%) are the largest institutional shareholders, signaling strong market confidence and long-term investment in the company. These firms also have the potential to influence corporate governance and strategy through their substantial stakes. The co-founders, Larry Page (6.1%) and Sergey Brin (5.7%), retain significant ownership, ensuring their ongoing influence in strategic decision-making and the company's direction. Eric Schmidt, former executive chairman, holds 0.6%, contributing to the company's governance, though to a lesser extent.

The largest segment, retail investors (74.4%), reflects broad public interest in the company, which contributes to high liquidity and market stability. While individual retail investors may have limited direct influence on corporate decisions, their collective ownership plays a significant role in shaping the company's market dynamics. Overall, this ownership mix indicates a stable governance structure, with continued leadership from the founders and strong backing from institutional investors, positioning the company for long-term growth and success.



Q2 2024 Con- Call highlights



- In Q2, Cloud reached some major milestones. Quarterly revenues crossed the \$10 billion mark for the first time, and at the same time passed the \$1 billion mark in quarterly operating profit.
- Alphabet Inc. In the second quarter, Alphabet's consolidated revenues grew 14%, reaching \$84.7 billion, with Google Search and Cloud being significant contributors. The operating income rose 26% to \$27.4 billion, resulting in a 32% operating margin.
- Starting with performance, Google Services delivered revenues of \$73.9 billion for the quarter, up 12% year-on-year.
- Google Search & Other advertising revenues of \$48.5 billion in the quarter were up 14%
- YouTube advertising revenues of \$8.7 billion were up 13%.
- Network advertising revenues of \$7.4 billion were down 5%.
- Subscriptions, Platforms and Devices revenues were \$9.3 billion, up 14%, driven again by strong growth in YouTube subscriptions.

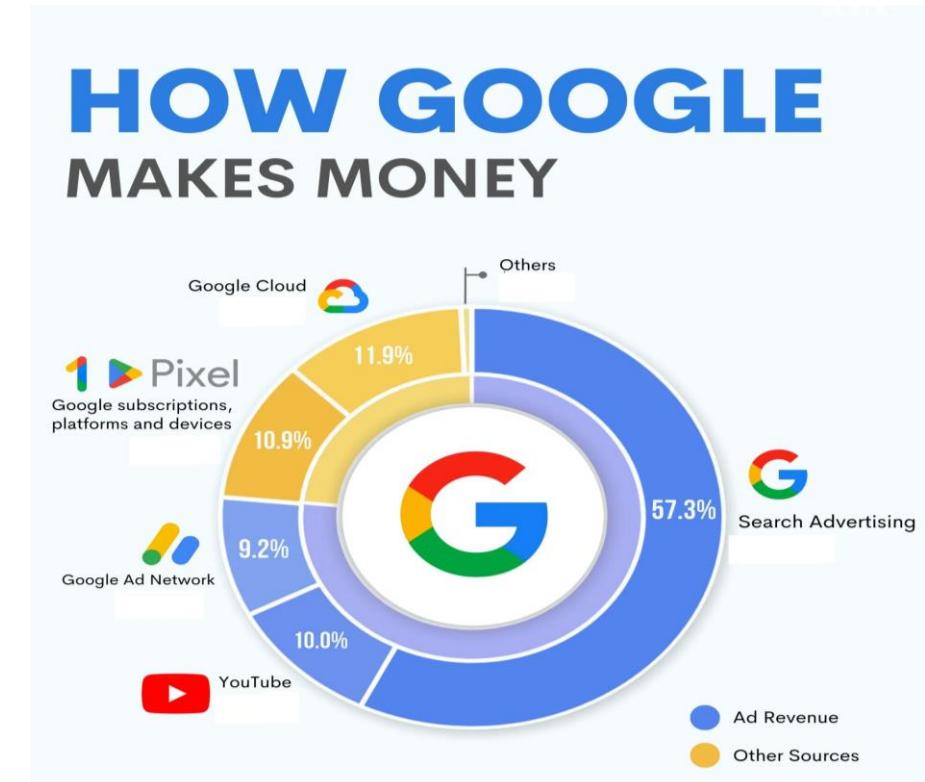


Revenue Segments

Google Services- Alphabet Inc, mainly earns revenue from its Google Search. Google Services includes products and services such as ads, Android, Chrome, hardware, Google Maps, Google Play, Search, and YouTube. Google Services generates revenues primarily from advertising; sales of apps and in-app purchases, and hardware; and fees received for subscription-based products such as YouTube Premium and YouTube TV.

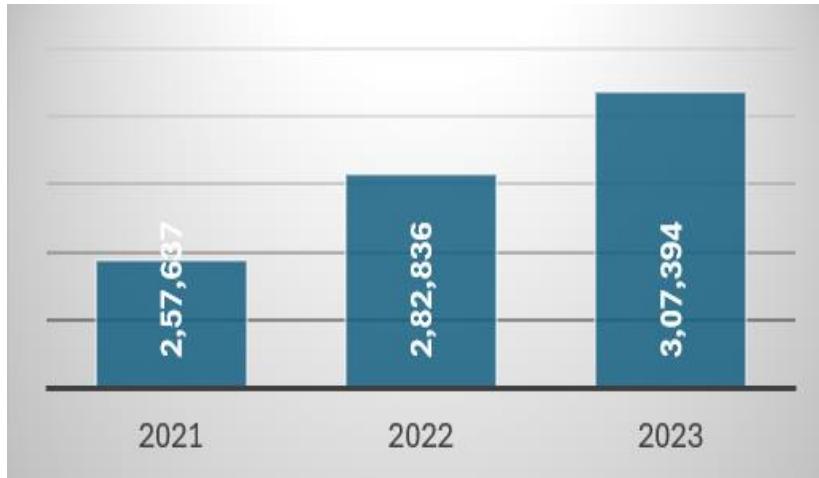
Google Cloud- Cloud being the 2nd most revenue earning segment. Google Cloud includes infrastructure and platform services, collaboration tools, and other services for enterprise customers. Google Cloud generates revenues from fees received for Google Cloud Platform services, Google Workspace communication and collaboration tools, and other enterprise services

Other Business- Other Bets is a combination of multiple operating segments that are not individually material. Revenues from Other Bets are generated primarily from the sale of health technology and internet services.



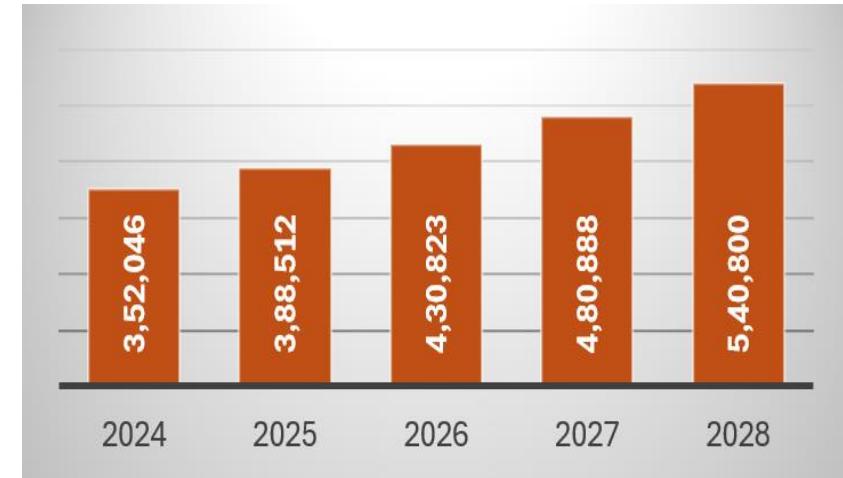


Reported and projected revenue growth



Overall Growth (2021-2023): From \$257,637 million to \$307,394 million, which represents a total growth of approximately 19.31% over three years.

Trends: Alphabet Inc has shown consistent revenue growth each year, driven by their Google Services and Cloud Services.



Overall Projected Growth (2024-2028): From \$352,046 million in 2024 to \$540,800 in 2028, representing an estimated growth of 53.62% over five years.

Trends: The projections indicate strong and steady revenue growth driven by their core services and effective pricing. It is expected to continue thriving in both existing and new markets, solidifying its position in their industry.



Alphabet SWOT

Strengths:	Weaknesses:
<ul style="list-style-type: none">Strong Brand: Alphabet is one of the most recognizable brands in the world. Its name has become synonymous with internet search, and its logo is instantly recognizable.Dominant Market Position: Alphabet's search engine, Google, is the most widely used search engine in the world, with over 90% market share. This gives Alphabet a huge advantage over its competitors.Diverse Product Portfolio: Alphabet has a diverse range of products, including Google Search, YouTube, Google Maps, Google Drive, and many others. This diversity helps to spread risk and ensures that Alphabet is not overly reliant on one product or service.	<ul style="list-style-type: none">Dependence on Advertising: Alphabet generates most of its revenue from advertising. This makes it vulnerable to changes in the advertising market and to the rise of ad-blockers.Privacy Concerns: Alphabet has faced criticism over its data collection and privacy policies. This has led to regulatory scrutiny and public distrust of the company.Lack of Diversity: Like many tech companies, Alphabet has been criticized for its lack of diversity. The company has made efforts to address this issue, but there is still room for improvement.

Alphabet SWOT

Opportunities:

- **Expansion into New Markets:** Alphabet has the resources and expertise to expand into new markets, such as healthcare, transportation, and education.
- **Growth of E-commerce:** The growth of e-commerce presents an opportunity for Alphabet to expand its advertising business and to offer new services to businesses.
- **Artificial Intelligence:** Alphabet has made significant investments in artificial intelligence, which has the potential to transform many industries.

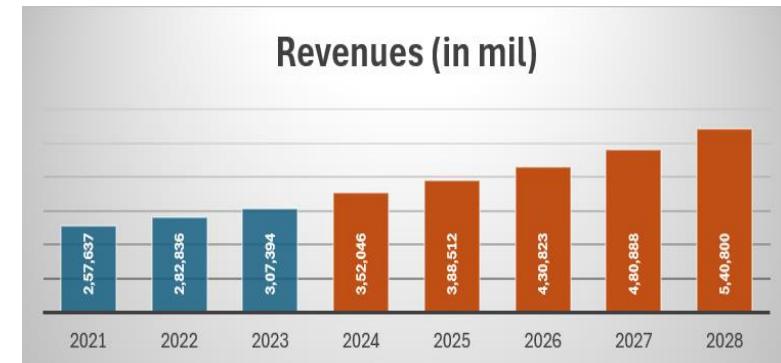
Threats:

- **Competition:** Alphabet faces stiff competition from other tech companies, such as Amazon, Apple, and Facebook.
- **Regulatory Scrutiny:** Alphabet has faced regulatory scrutiny in many countries over its data collection and privacy policies. This could lead to fines and other penalties.
- **Economic Downturn:** Like any company, Alphabet is vulnerable to economic downturns, which could lead to a decline in advertising revenue.

Financial Analysis

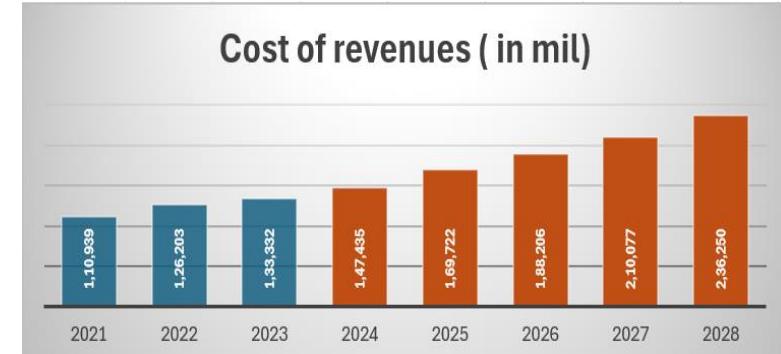
Revenues:

In 2022, the reported revenues were \$ 2,82,836 million, and in 2023 it has increased to \$ 3,07,394 million. This represents healthy revenue growth over three years, indicating an increase in revenues. The projections also show a consistent upward trend in revenues, reaching \$ 5,40,800 million by the end of 2028.



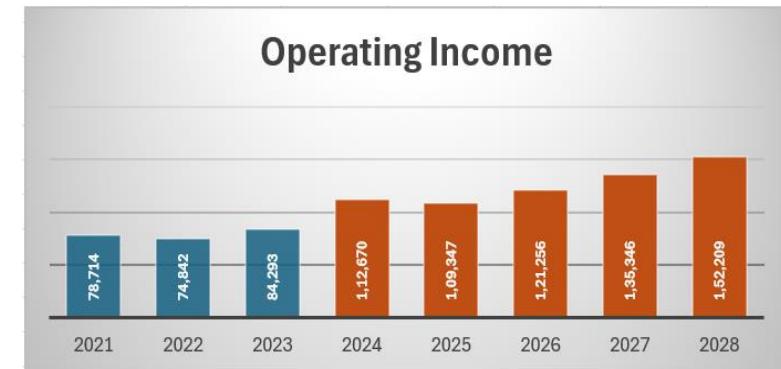
Cost of Revenues:

The cost of services sold increased from \$ 1,26,203 million in 2022 to \$ 1,33,332 million in 2023. The projected cost of revenues also shows significant growth over the years reaching \$ 2,36,250 million in 2028, indicating the company's anticipation of higher working costs.



Operating Income:

Operating income increased from \$ 74,842 million in 2022 to \$ 84,293 million in 2023. This shows that the company's operating activities generated higher income in 2023. Operating income is projected to increase over the forecasted years, reaching \$ 1,52,209 million by 2028. The company expects growth in income from its core operations.



Financial Analysis

Gross Profit:

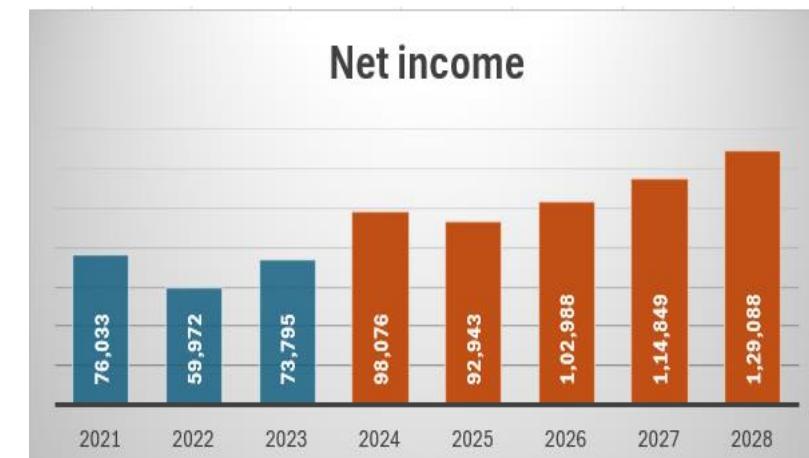
Gross profit, which is the difference between revenue and the cost of goods sold, increased from \$ 1,56,633 million in 2022 to \$1,74,062 million in 2023. The increase in gross profit indicates that the company was able to maintain and improve its profitability. Gross profit is expected to rise steadily, reaching \$3,04,550 million by the end of 2028.

EBT (Earnings Before Tax):

EBT increased from \$ 71,328 million in 2022 to \$ 85,717 in 2023. The company's earnings before taxes has also improved. EBT is expected to continue growing, reaching \$1,52,485.39 million by the end of 2028.

Net Income:

Net income increased from \$ 59,972 million in 2022 to \$ 73,795 in 2023. This indicates that after accounting for taxes and other expenses, the company's bottom-line profit also grew. The company's bottom-line profit is expected to grow, at a decent pace nearing to \$ 129088 million by 2028.



Financial Analysis

ROE (Return on Equity):

ROE is very good, showing that Alphabet Inc, is generating substantial profits relative to shareholders' equity. This suggests that the company is efficient at using shareholders' investments to generate return.



Price/Earnings Ratio:

The high P/E ratio of 25.8x in 2021 likely reflected strong market optimism and growth potential. The dip in 2022 where the P/E ratio was 19.3x shows a slower growth. Finally, the rebound in 2023 where the P/E ratio again grew up to 24.1x indicates a recovery or renewed optimism about the company's future prospects.

Particulars	2021	2022	2023
Price/Earnings	25.8x	19.3x	24.1x
EV/EBIT	22.8x	14x	19.7x
EV/EBITDA	16.9x	9.5x	14x
EV/SALES	6.98x	3.7x	5.39x

EV/EBIT:

EV/EBIT has shown a slight decrease in 2022 likely due to slower growth, and the rebound in 2023 shows the regained confidence in the market.

EV/EBITDA:

This reflects as same as EV/EBIT. Where there was a dip in 2022 due to slower growth and recovered in 2023.

EV/Sales:

The EV/Sales ratio of 2021 was high, and 2022 saw a dip from lesser growth and the improvement in 2023 shows investors are confident and are expecting for future growth.

Dupont Analysis

Dupont Summary:

ROE of Alphabet Inc, is positive for all the years. However, in year 2021, it was highest with 32.07%. The range lies between 23.62% to 32.07%. Asset turnover ratio was pretty much consistent for all three years ranging between 0.76x to 0.80x which means for every \$ 1 of total asset company is generating sales of almost \$ 0.80. The Net Profit decreased from 29.51% in 2021 to 21.20% in 2022, indicating lower profitability. It then recovered to 24.01% in 2023, suggesting improved efficiency and better profit control.

The decline in ROA from 22.40% in 2021 to 16.55% in 2022 indicates reduced efficiency in generating profit from assets, likely due lower asset utilization. However, the rebound to 19.23% in 2023 shows improved asset efficiency, suggesting better use of assets to generate profits. This could be the best option to invest for the risk tolerance investors.

ROE	12 months 31-12-2021	12 months 31-12-2022	12 months 31-12-2023
Net Profit	76,033	59,972	73,795
Revenue	2,57,637	2,82,836	3,07,394
Net Profit Margin(NPM)	29.51%	21.20%	24.01%
Revenue	2,57,637.00	2,82,836.00	3,07,394.00
Average Total Assets	3,39,442.00	3,62,266.00	3,83,828.00
Asset Turnover Ratio(ATR)	0.76	0.78	0.80
Average Total Assets	3,39,442.00	3,62,266.00	3,83,828.00
Average Shareholders Equity	2,37,089.50	2,53,889.50	2,69,761.50
Equity Multiplier(EM) (Financial Leverage)	1.43	1.43	1.42
Return on Equity= (NPM*ATR*EM)	32.07%	23.62%	27.36%

ROA	12 months 31-12-2021	12 months 31-12-2022	12 months 31-12-2023
Net Profit	76,033	59,972	73,795
Revenue	2,57,637	2,82,836	3,07,394
Net Profit Margins(NPM)	29.51%	21.20%	24.01%
Revenue	2,57,637	2,82,836	3,07,394
Average Total Assets	3,39,442.00	3,62,266.00	3,83,828.00
Asset Turnover Ratio(ATR)	0.76	0.78	0.80
Return on Asset= (NPM*ATR)	22.40%	16.55%	19.23%



Terminal Value and Growth Rate:

The terminal value, calculated using the Gordon Growth method, stands at \$23,48,065 million, with a long-term growth rate assumption of 2.0%. This reflects the estimated value of the company's cash flows beyond the explicit forecast period.

Enterprise Value:

The discounted cash flow (DCF) analysis yields an enterprise value of \$21,52,062 million for Alphabet Inc. operating business, representing the present value of expected future cash flows.

Terminal value	Gordon growth
Long Term Growth Rate	2.0%
Terminal Value	23,48,065
Present Value of TV	18,03,475
DCF Value of Firm / Operating Business Enterprise Value	21,52,062
Add: Non Operating Assets	-
Total Value of Firm	21,52,062
Less: Gross Debt & Debt Equivalents	-
Add: Cash	5,92,488
Less: Non Controlling Interest	-
DCF value of Common Equity	27,44,550
No. of shares o/s	12,377
DCF value per share	221.74



DCF Valuation

Total Value of the Firm:

The total value of the firm, including both the operating business and nonoperating assets, is estimated at \$21,52,062 million.

Equity Value:

The DCF analysis results in a common equity value of \$ 27,44,550 million, representing the estimated value attributable to common shareholders.

Share Count:

With a total of 12,636 million shares outstanding, the DCF-derived value per share is \$ 221.74.

Alphabet Inc WACC Calculation

(in USD million except per Share Data)

1 Bottoms Up beta		
Cost of equity	Notes	Value
Particulars		
Risk-free rate (%)		4.3%
Beta		0.42
Equity market risk premium (%)		5.0%
Cost of equity capital (%)		6.4%

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)		5.2%
Expected income tax rate (%)		27.0%
After-tax cost of debt (%)		3.79%

Weighted average cost of capital

Particulars	Weight	Particulars	Cost	Value
Debt (%)	0.8%	Cost of debt (%)	3.79%	0.030%
Equity (%)	99.2%	Cost of equity (%)	6.4%	6.4%
WACC				6.4%

Calculation of Diluted Shares-Alphabet Inc

Basic Shares o/s

12,636

Diluted Shares o/s

12,723

Alphabet Inc CMP (30 June 2024)

182.15



WACC Sensitivity

WACC Sensitivity:

The sensitivity analysis explores various WACC scenarios ranging from 5.75% to 7.75%. This analysis allows for a comprehensive assessment of how changes in the discount rate impact the valuation of the company.

LTGR	222	WACC								
		5.75%	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%	7.75%
1.00%	213.9	205.5	198.0	191.1	184.8	179.1	173.8	169.0	164.4	
1.25%	221.8	212.6	204.4	196.9	190.1	183.9	178.2	172.9	168.1	
1.50%	230.8	220.6	211.5	203.3	195.8	189.1	182.9	177.3	172.1	
1.75%	240.8	229.4	219.3	210.3	202.1	194.8	188.1	182.0	176.4	
2.00%	252.2	239.4	228.1	218.1	209.1	201.0	193.7	187.1	181.0	
2.25%	265.2	250.7	238.0	226.8	216.9	208.0	199.9	192.7	186.1	
2.50%	280.2	263.6	249.2	236.6	225.5	215.6	206.8	198.9	191.7	
2.75%	297.8	278.5	262.1	247.8	235.3	224.2	214.4	205.7	197.8	
3.00%	318.5	295.9	276.8	260.5	246.3	233.9	223.0	213.3	204.6	

LTGR Scenarios:

Multiple LTGR scenarios are considered, ranging from 1.0% to 3.0%. These scenarios reflect different long-term growth expectations for the company's cash flows.

Valuation Flexibility:

By considering a wide range of combinations of WACC and LTGR, this analysis offers insights into the flexibility of the company's valuation under different financial assumptions.

Risk Assessment:

The analysis highlights that variations in WACC and LTGR can significantly impact the estimated share value. A higher WACC or a lower LTGR may increase the perceived risk of the investment.

Investment Decision:

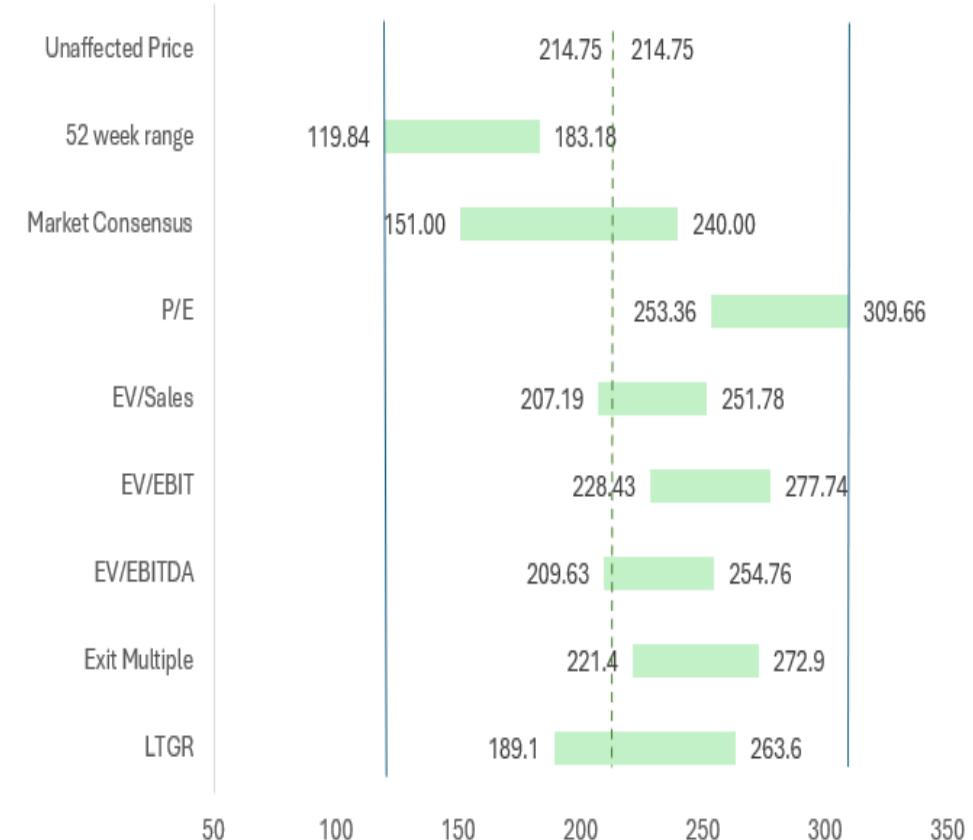
Investors should carefully assess their risk tolerance and market expectations when using this sensitivity analysis.



The table shows different ways to value a company, with estimates for each method. It includes techniques like LTGR, Exit Multiple, and various Trading Comparable like (EV/EBITDA, EV/EBIT and P/E ratios), along with Market Consensus and the 52-Week Range. Each method has a lower estimate, a range of difference, and a higher estimate.

For example, LTGR values the company between 189.1 and 263.6, while Exit Multiple ranges from 221.4 to 272.9. The Market Consensus has a wide range from 151 to 240, showing different opinions on the company's value. Overall, these numbers highlight how various methods can lead to different views on what the company is worth.

Based on the analysis, the final valuation range spans from above the unaffected stock price of \$214.75 to the highest estimate of \$309.66.



My Recommendation

We recommend a **Buy** for **Alphabet Inc**, based on its strong financial performance, growth prospects, and market dominance. Alphabet has consistently delivered robust revenue growth, driven by its core digital advertising business, and benefits from substantial profitability with a strong balance sheet.

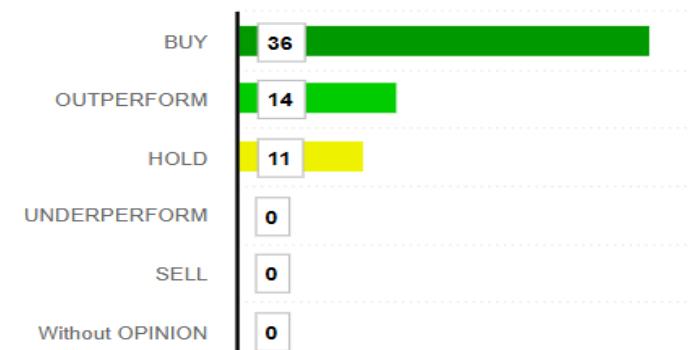
The company's diversification into Google Cloud, YouTube, and emerging technologies like artificial intelligence and autonomous vehicles(Waymo) provide significant long-term growth potential. Alphabet's dominant market position and competitive advantages give it a sustainable edge, while its ongoing innovation strengthens its prospects.

At its current valuation, we believe Alphabet offers a compelling investment opportunity, with strong fundamentals and an attractive growth outlook. Despite regulatory challenges, its market leadership and diversification make it a solid buy for long-term investors.

Analysts' Consensus

	 Sell	Buy
Mean consensus		BUY
Number of Analysts	60	
Last Close Price	172.49 USD	
Average target price	209.70 USD	
Spread / Average Target	+21.57%	
High Price Target	240.00 USD	
Spread / Highest target	+39.14%	
Low Price Target	151.00 USD	
Spread / Lowest Target	-12.46%	

Analyst Consensus Detail



Appendix


Alphabet Inc DCF Valuation
 (in USD million except per Share Data)

 Valuation Date
 Latest Filing
 Choose Discounting
WACC

 31-Jul-24
 30-Jun-24
 Mid year discounting
6.41%

1

Date of cash flows	6 Months	12 Months	12 Months	12 Months	12 Months
	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28
EBIT	59773	109347	121256	135346	152209
Tax Rate	15.4%	15.3%	15.3%	15.3%	15.3%
NOPAT	50,587	92,569	1,02,650	1,14,579	1,28,854
Add: Depreciation and amortisation	8,047	18,635	20,664	23,066	25,939
Add/Less: (Increase)/ Decrease in net working capital	20,513	(578)	(2,294)	(2,714)	(3,248)
Less: Capital expenditure	(27,695)	(4,678)	(37,745)	(43,277)	(50,126)
Debt free cash flow (Free Cash Flows to Firm)	51,453	1,05,948	83,276	91,654	1,01,419
Discount rate (%)					
Full Period or Partial Period	0.50	1.00	1.00	1.00	1.00
Discounting Period-Year End	0.50	1.50	2.50	3.50	4.50
Discounting Period-Mid Year	0.25	1.25	2.25	3.25	4.25
Present value factor- Year end discounting	0.97	0.91	0.86	0.80	0.76
Present value factor- Mid year discounting	0.98	0.93	0.87	0.82	0.77
Present value debt free cash flow	25,330	98,036	72,418	74,906	77,897

 Present value for explicit period **3,48,587**

	LTGR	WACC								
		222	5.75%	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%
1.00%	213.9	205.5	198.0	191.1	184.8	179.1	173.8	169.0	164.4	
1.25%	221.8	212.6	204.4	196.9	190.1	183.9	178.2	172.9	168.1	
1.50%	230.8	220.6	211.5	203.3	195.8	189.1	182.9	177.3	172.1	
1.75%	240.8	229.4	219.3	210.3	202.1	194.8	188.1	182.0	176.4	
2.00%	252.2	239.4	228.1	218.1	209.1	201.0	193.7	187.1	181.0	
2.25%	265.2	250.7	238.0	226.8	216.9	208.0	199.9	192.7	186.1	
2.50%	280.2	263.6	249.2	236.6	225.5	215.6	206.8	198.9	191.7	
2.75%	297.8	278.5	262.1	247.8	235.3	224.2	214.4	205.7	197.8	
3.00%	318.5	295.9	276.8	260.5	246.3	233.9	223.0	213.3	204.6	

Terminal value	Gordon growth
Long Term Growth Rate	2.0%
Terminal Value	23,48,065
Present Value of TV	18,03,475
DCF Value of Firm / Operating Business Enterprise Value	21,52,062
Add: Non Operating Assets	-
Total Value of Firm	21,52,062
Less: Gross Debt & Debt Equivalents	-
Add: Cash	5,92,488
Less: Non Controlling Interest	-
DCF value of Common Equity	27,44,550
No. of shares o/s	12,377
DCF value per share	221.74

Terminal Value	Exit Multiple Method
LTM EV/EBITDA	15.3
Terminal Year EBITDA	1,78,148
Terminal Value	27,23,884
Present Value of TV	20,92,129
DCF Value of Firm / Operating Business Enterprise Value	24,40,716
Add: Non Operating Assets	-
Total Value of Firm	24,40,716
Less: Gross Debt & Debt Equivalents	-
Add: Cash	5,92,488
Less: Non Controlling Interest	-
DCF value of Common Equity	30,33,205
No. of shares o/s-Diluted	12,377
DCF value per share	245.06

	Exit Multiple	WACC								
		245	5.75%	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%
12.5x	218.3	216.8	215.2	213.6	212.1	210.6	209.1	207.6	206.2	
13.5x	229.7	228.0	226.3	224.7	223.0	221.4	219.8	218.2	216.7	
14.5x	241.0	239.2	237.4	235.7	233.9	232.2	230.5	228.8	227.1	
15.5x	252.4	250.5	248.6	246.7	244.8	243.0	241.2	239.4	237.6	
16.5x	263.7	261.7	259.7	257.7	255.7	253.8	251.9	250.0	248.1	
17.5x	275.1	272.9	270.8	268.7	266.6	264.6	262.6	260.6	258.6	
18.5x	286.4	284.2	281.9	279.7	277.5	275.4	273.2	271.1	269.1	
19.5x	297.8	295.4	293.1	290.7	288.4	286.2	283.9	281.7	279.5	
20.5x	309.1	306.6	304.2	301.7	299.3	297.0	294.6	292.3	290.0	

Appendix



Name of Target Company

Alphabet Inc

Median

1

Metrics	Industry Multiple Range				Implied EV-Alphabet Inc		Minority Interest	Total Debt	Debt Equivalent	Cash & Cash Eq	Investments	Implied Equity-Alphabet Inc			Per Share Value-Alp								
	Lower		Higher		Lower							Lower			Higher		Diluted Shares O/S						
	10%		10%		10%							10%			10%		209.6	254.8					
LTM EV/EBITDA	1,18,699	19.9x	24.4x	23,65,186	28,90,783	0	13,238	4,544	27,225	73,500	0	24,48,129	29,73,726	12,723.3	192.4	233.7							
FY1 EV/EBITDA	1,50,444	17.2x	21.0x	25,84,196	31,58,461	0	13,238	4,544	27,225	73,500	0	26,67,139	32,41,404	12,723.3	209.6	254.8							
FY2 EV/EBITDA	1,72,593	15.5x	18.9x	26,75,162	32,69,643	0	13,238	4,544	27,225	73,500	0	27,58,105	33,52,586	12,723.3	216.8	263.5							

Alphabet Inc Valuation Range as per Trading Comps

209.6 254.8

Metrics	Industry Multiple Range				Implied EV-Alphabet Inc		Minority Interest	Total Debt	Debt Equivalent	Cash & Cash Eq	Investments	Implied Equity-Alphabet Inc			Per Share Value-Alp								
	Lower		Higher		Lower							Lower			Higher		Diluted Shares O/S						
	10%		10%		10%							10%			10%		228.4	277.7					
LTM EV/EBIT	84,293	25.8x	31.6x	21,77,533	26,61,429	0	13,238	4,544	27,225	73,500	0	22,60,476	27,44,372	12,723.3	177.7	215.7							
FY1 EV/EBIT	1,11,423	25.3x	31.0x	28,23,424	34,50,851	0	13,238	4,544	27,225	73,500	0	29,06,367	35,33,794	12,723.3	228.4	277.7							
FY2 EV/EBIT	1,26,967	22.3x	27.3x	28,34,004	34,63,782	0	13,238	4,544	27,225	73,500	0	29,16,947	35,46,725	12,723.3	229.3	278.8							

Alphabet Inc Valuation Range as per Trading Comps

228.4 277.7

Metrics	Industry Multiple Range				Implied EV-Alphabet Inc		Minority Interest	Total Debt	Debt Equivalent	Cash & Cash Eq	Investments	Implied Equity-Alphabet Inc			Per Share Value-Alp								
	Lower		Higher		Lower							Lower			Higher		Diluted Shares O/S						
	10%		10%		10%							10%			10%		207.2	251.8					
LTM EV/Sales	3,07,394	7.6x	9.3x	23,40,308	28,60,376	0	13,238	4,544	27,225	73,500	0	24,23,251	29,43,319	12,723.3	190.5	231.3							
FY1 EV/Sales	3,50,159	7.3x	8.9x	25,53,172	31,20,544	0	13,238	4,544	27,225	73,500	0	26,36,115	32,03,487	12,723.3	207.2	251.8							
FY2 EV/Sales	3,90,780	6.8x	8.3x	26,44,715	32,32,430	0	13,238	4,544	27,225	73,500	0	27,27,658	33,15,373	12,723.3	214.4	260.6							

Alphabet Inc Valuation Range as per Trading Comps

207.2 251.8

Metrics	Industry Multiple Range				Implied EV-Alphabet Inc		Minority Interest	Total Debt	Debt Equivalent	Cash & Cash Eq	Investments	Implied Equity-Alphabet Inc			Per Share Value-Alp								
	Lower		Higher		Lower							Lower			Higher		Diluted Shares O/S						
	10%		10%		10%							10%			10%		253.4	309.7					
FY1 P/E	8.009	32.7x	39.9x														261.5	319.7					
FY2 P/E	8.984	27.3x	33.4x														245.2	299.6					

Alphabet Inc Valuation Range as per Trading Comps

253.4 309.7



Alphabet Inc

In Millions, except per share data

Income Statement	12 Months 31-Dec-21	12 Months 31-Dec-22	12 Months 31-Dec-23	6 months June 30, 2024	6 months Dec. 31, 2024	12 Months 31-Dec-24	12 Months 31-Dec-25	12 Months 31-Dec-26	12 Months 31-Dec-27	12 Months 31-Dec-28
Revenues	\$ 2,57,637.00	\$ 2,82,836.00	\$ 3,07,394.00	\$ 1,65,281.00	\$ 1,86,765.12	\$ 3,52,046	\$ 3,88,512	\$ 4,30,823	\$ 4,80,888	\$ 5,40,800
Cost of revenues	\$ 1,10,939.00	\$ 1,26,203.00	\$ 1,33,332.00	69,219	\$ 78,216.46	\$ 1,47,435.46	\$ 1,69,722.39	\$ 1,88,206.00	\$ 2,10,076.96	\$ 2,36,249.77
Gross Profit	\$ 1,46,698.00	\$ 1,56,633.00	\$ 1,74,062.00	\$ 96,062.00	\$ 1,08,548.66	\$ 2,04,610.66	\$ 2,18,789.62	\$ 2,42,616.91	\$ 2,70,810.82	\$ 3,04,550.27
Research and development	\$ 31,562.00	\$ 39,500.00	\$ 45,427.00		23,763	\$ 26,851.84	\$ 50,614.84	\$ 53,089.34	\$ 58,871.04	\$ 65,712.29
Sales and marketing	\$ 22,912.00	\$ 26,567.00	\$ 27,917.00		13,218	\$ 14,936.15	\$ 28,154.15	\$ 35,442.71	\$ 39,302.59	\$ 43,869.85
General and administrative (other than Depreciation and Amortization)	\$ 13,510.00	\$ 15,724.00	\$ 16,425.00		6,184	\$ 6,987.83	\$ 13,171.83	\$ 20,910.39	\$ 23,187.64	\$ 25,882.22
Operating Income(EBIT)	\$ 78,714.00	\$ 74,842.00	\$ 84,293.00	\$ 52,897.00	\$ 59,772.84	\$ 1,12,669.84	\$ 1,09,347.18	\$ 1,21,255.64	\$ 1,35,346.46	\$ 1,52,208.84
Other income (expense), net (excl Interest expense)	\$ 11,674.00	\$ -3,871.00	\$ 1,116.00	\$ 2,808.00	0	2808	0	0	0	0
Interest Expense	\$ 346.00	\$ 357.00	\$ 308.00	\$ 161.00	\$ 245.11	\$ 406.11	442.12	399.05	318.88	276.55
Income before income taxes (EBT)	\$ 90,734.00	\$ 71,328.00	\$ 85,717.00	\$ 55,866.00	60017.95	115883.95	109789.30	121654.69	135665.34	152485.39
Provision for income taxes	\$ 14,701.00	\$ 11,356.00	\$ 11,922.00	\$ 8,585.00	9223.04	17808.04	16845.95	18666.57	20816.35	23397.20
Net income	\$ 76,033.00	\$ 59,972.00	\$ 73,795.00	\$ 47,281.00	50794.91	98075.91	92943.35	102988.12	114848.99	129088.19
Average Outstanding Shares										
Basic	13353.18	13065.80	12636.13	12377.23	12377.23	12377.23	12377.23	12377.23	12377.23	12377.23
Diluted	13553.12	13151.75	12723.28	12508.20	12508.20	12508.20	12508.20	12508.20	12508.20	12508.20
Net Earnings per Share										
Basic	5.69	4.59	5.84	3.82	4.85	9.36	8.87	9.83	10.96	12.32
Diluted	5.61	4.56	5.8	3.78	4.80	9.26	8.78	9.73	10.85	12.19



Appendix

Alphabet Inc

In Millions, except par value per share amounts

Balance Sheet as of:	31-Dec-21	31-Dec-22	31-Dec-23	30-Jun-24	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28
Current Assets									
Total Cash, Cash equivalents & Short term investments									
Cash and cash equivalents	\$ 20,945.00	\$ 21,879.00	\$ 24,048.00	\$ 27,225.00	\$ 90,162.04	\$ 2,21,366.01	\$ 3,31,695.40	\$ 4,54,713.20	\$ 5,92,488.26
Marketable securities	\$ 1,18,704.00	\$ 91,883.00	\$ 86,868.00	\$ 73,500.00	\$ 73,500.00	\$ 73,500.00	\$ 73,500.00	\$ 73,500.00	\$ 73,500.00
Total Cash, Cash equivalents & Short term investments	\$ 1,39,649.00	\$ 1,13,762.00	\$ 1,10,916.00	\$ 1,00,725.00	\$ 1,63,662.04	\$ 2,94,866.01	\$ 4,05,195.40	\$ 5,28,213.20	\$ 6,65,988.26
Accounts receivable, net	\$ 39,304.00	\$ 40,258.00	\$ 47,964.00	\$ 47,087.00	\$ 52,915.69	\$ 58,396.84	\$ 64,756.55	\$ 72,281.75	\$ 81,287.10
Income taxes receivable, net	\$ 966.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	\$ 1,170.00	\$ 2,670.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other current assets	\$ 7,054.00	\$ 8,105.00	\$ 12,650.00	\$ 14,183.00	\$ 14,183.00	\$ 14,183.00	\$ 14,183.00	\$ 14,183.00	\$ 14,183.00
Total Current assets	\$ 1,88,143.00	\$ 1,64,795.00	\$ 1,71,530.00	\$ 1,61,995.00	\$ 2,30,760.73	\$ 3,67,445.85	\$ 4,84,134.95	\$ 6,14,677.94	\$ 7,61,458.35
Non-marketable investments	\$ 29,549.00	\$ 30,492.00	\$ 31,008.00	\$ 34,172.00	\$ 34,172.00	\$ 34,172.00	\$ 34,172.00	\$ 34,172.00	\$ 34,172.00
Deferred income taxes	\$ 1,284.00	\$ 5,261.00	\$ 12,169.00	\$ 14,958.00	\$ 14,958.00	\$ 14,958.00	\$ 14,958.00	\$ 14,958.00	\$ 14,958.00
Property and equipment, net	\$ 97,599.00	\$ 1,12,668.00	\$ 1,34,345.00	\$ 1,51,155.00	\$ 1,70,802.94	\$ 1,56,845.72	\$ 1,73,927.00	\$ 1,94,138.63	\$ 2,18,325.74
Operating lease assets	\$ 12,959.00	\$ 14,381.00	\$ 14,091.00	\$ 13,606.00	\$ 13,606.00	\$ 13,606.00	\$ 13,606.00	\$ 13,606.00	\$ 13,606.00
Intangible assets, net	\$ 1,417.00	\$ 2,084.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Goodwill	\$ 22,956.00	\$ 28,960.00	\$ 29,198.00	\$ 29,185.00	\$ 29,185.00	\$ 29,185.00	\$ 29,185.00	\$ 29,185.00	\$ 29,185.00
Other non-current assets	\$ 5,361.00	\$ 6,623.00	\$ 10,051.00	\$ 9,699.00	\$ 9,699.00	\$ 9,699.00	\$ 9,699.00	\$ 9,699.00	\$ 9,699.00
Total Assets	\$ 3,59,268.00	\$ 3,65,264.00	\$ 4,02,392.00	\$ 4,14,770.00	\$ 5,03,183.68	\$ 6,25,911.57	\$ 7,59,681.95	\$ 9,10,436.57	\$ 10,81,404.09
Current Liabilities									
Accounts payable	\$ 6,037.00	\$ 5,128.00	\$ 7,493.00	\$ 6,092.00	\$ 32,434.16	\$ 37,337.03	\$ 41,403.22	\$ 46,214.59	\$ 51,972.31
Accrued compensation and benefits	\$ 13,889.00	\$ 14,028.00	\$ 15,140.00	\$ 11,373.00	\$ 11,373.00	\$ 11,373.00	\$ 11,373.00	\$ 11,373.00	\$ 11,373.00
Accrued expenses and other current liabilities	\$ 32,044.00	\$ 37,866.00	\$ 46,168.00	\$ 47,298.00	\$ 47,298.00	\$ 47,298.00	\$ 47,298.00	\$ 47,298.00	\$ 47,298.00
Accrued revenue share	\$ 8,996.00	\$ 8,370.00	\$ 8,876.00	\$ 8,899.00	\$ 8,899.00	\$ 8,899.00	\$ 8,899.00	\$ 8,899.00	\$ 8,899.00
Deferred revenue	\$ 3,288.00	\$ 3,908.00	\$ 4,137.00	\$ 4,251.00	\$ 4,251.00	\$ 4,251.00	\$ 4,251.00	\$ 4,251.00	\$ 4,251.00
Total current liabilities	\$ 64,254.00	\$ 69,300.00	\$ 81,814.00	\$ 77,913.00	\$ 1,04,255.16	\$ 1,09,158.03	\$ 1,13,224.22	\$ 1,18,035.59	\$ 1,23,793.31
Long-term debt	\$ 14,817.00	\$ 14,701.00	\$ 13,253.00	\$ 13,238.00	\$ 11,939.00	\$ 10,776.00	\$ 8,611.00	\$ 7,468.00	\$ 7,336.00
Deferred revenue, non-current	\$ 535.00	\$ 599.00	\$ 911.00	\$ 985.00	\$ 985.00	\$ 985.00	\$ 985.00	\$ 985.00	\$ 985.00
Income taxes payable, non-current	\$ 9,176.00	\$ 9,258.00	\$ 8,474.00	\$ 7,703.00	\$ 7,703.00	\$ 7,703.00	\$ 7,703.00	\$ 7,703.00	\$ 7,703.00
Deferred income taxes	\$ 5,257.00	\$ 514.00	\$ 485.00	\$ 717.00	\$ 717.00	\$ 717.00	\$ 717.00	\$ 717.00	\$ 717.00
Operating lease liabilities	\$ 11,389.00	\$ 12,501.00	\$ 12,460.00	\$ 11,708.00	\$ 11,708.00	\$ 11,708.00	\$ 11,708.00	\$ 11,708.00	\$ 11,708.00
Other long-term liabilities	\$ 2,205.00	\$ 2,247.00	\$ 1,616.00	\$ 1,753.00	\$ 1,753.00	\$ 1,753.00	\$ 1,753.00	\$ 1,753.00	\$ 1,753.00
Total liabilities	\$ 1,07,633.00	\$ 1,09,120.00	\$ 1,19,013.00	\$ 1,14,017.00	\$ 1,39,060.16	\$ 1,42,800.03	\$ 1,44,701.22	\$ 1,48,369.59	\$ 1,53,995.31
Stockholders' equity									
Class A and Class B common stock, and Class C capital stock and additional paid-in capital, \$0.001 par value per share: 15,000,000 shares authorized (Class A 9,000,000, Class B 3,000,000, Class C 3,000,000); 688,335 (Class A 299,828, Class B 46,441, Class C 342,066) and 675,222 (Class A 300,730, Class B 45,843, Class C 328,649) shares issued and outstanding	61,774	68,184	76,534	79,732	79,732	79,732	79,732	79,732	79,732
Accumulated other comprehensive income (loss)	\$ -1,623.00	\$ -7,603.00	\$ -4,402.00	\$ -5,012.00	\$ -5,012.00	\$ -5,012.00	\$ -5,012.00	\$ -5,012.00	\$ -5,012.00
Retained earnings	\$ 1,91,484.00	\$ 1,95,563.00	\$ 2,11,247.00	\$ 2,26,033.00	\$ 2,89,403.52	\$ 4,08,391.54	\$ 5,40,260.73	\$ 6,87,346.98	\$ 8,52,688.78
Total stockholders' equity	\$ 2,51,635.00	\$ 2,56,144.00	\$ 2,83,379.00	\$ 3,00,753.00	\$ 3,64,123.52	\$ 4,83,111.54	\$ 6,14,980.73	\$ 7,62,066.98	\$ 9,27,408.78
Total liabilities and stockholders' equity	\$ 3,59,268.00	\$ 3,65,264.00	\$ 4,02,392.00	\$ 4,14,770.00	\$ 5,03,183.68	\$ 6,25,911.57	\$ 7,59,681.95	\$ 9,10,436.57	\$ 10,81,404.09



Alphabet Inc

In Millions, except par value per share amounts

Cash Flow	6 Months 31-Dec-24	12 Months 31-Dec-25	12 Months 31-Dec-26	12 Months 31-Dec-27	12 Months 31-Dec-28
Cash From Operating Activities					
Net Income	\$ 50,794.91	\$ 92,943.35	\$ 1,02,988.12	\$ 1,14,848.99	\$ 1,29,088.19
Depreciation	\$ 8,046.63	\$ 18,634.79	\$ 20,664.21	\$ 23,065.55	\$ 25,939.21
Share-based compensation expense	\$ 12,575.61	\$ 26,044.67	\$ 28,881.07	\$ 32,237.26	\$ 36,253.60
Change in assets and liabilities:					
Trade accounts receivable	\$ -5,828.69	\$ -5,481.15	\$ -6,359.71	\$ -7,525.20	\$ -9,005.35
Inventories	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid expenses and other current assets	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	\$ 26,342.16	\$ 4,902.88	\$ 4,066.19	\$ 4,811.37	\$ 5,757.73
Net Cash Provided by Operating Activities	\$ 91,930.61	\$ 1,37,044.53	\$ 1,50,239.88	\$ 1,67,437.97	\$ 1,88,033.38
Cash From Investing Activities					
Capital Expenditure	\$ -27,694.57	\$ -4,677.57	\$ -37,745.50	\$ -43,277.18	\$ -50,126.32
Net Cash Used for Investing Activities	\$ -27,694.57	\$ -4,677.57	\$ -37,745.50	\$ -43,277.18	\$ -50,126.32
Cash From Financing Activities					
Cash dividends paid	0	0	0	0	0
Cash before Raising (Repayment) of Debt	\$ 64,236.04	\$ 1,32,366.97	\$ 1,12,494.39	\$ 1,24,160.79	\$ 1,37,907.06
Debt Raised	0	0	0	0	0
Debt Repaid	-1299	-1163	-2165	-1143	-132
Net Cash Provided by/(Used for) Financing Activities	-1299	-1163	-2165	-1143	-132
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 62,937.04	\$ 1,31,203.97	\$ 1,10,329.39	\$ 1,23,017.79	\$ 1,37,775.06
Cash and Cash Equivalents, Beginning of Year	\$ 27,225.00	\$ 90,162.04	\$ 2,21,366.01	\$ 3,31,695.40	\$ 4,54,713.20
Cash and Cash Equivalents, End of Period	\$ 90,162.04	\$ 2,21,366.01	\$ 3,31,695.40	\$ 4,54,713.20	\$ 5,92,488.26



About me

A result-oriented professional with a diverse background in sourcing and vendor management, I am passionate about using analytical skills to enhance operational efficiency. With experience in vendor negotiations, legal documentation, and invoice processes, I have developed a strong understanding of financial workflows. My expertise in digitizing operations and training vendors has improved process efficiency and financial accuracy. Additionally, my hands-on experience with advanced Excel and financial reconciliation enables me to make informed, data-driven decisions that optimize outcomes.

Throughout my career, I have been deeply committed to understanding the financial intricacies that underpin successful business outcomes. This drive led me to pursue a Postgraduate Financial Analysis Program with Imarticus Learning, where I gained a comprehensive understanding of financial planning, projections, and predictive modeling. By integrating various analytical methods, I have refined my ability to assess financial performance and drive strategic decisions.

Eager to transition into the finance sector, I am poised to apply my strategic thinking, attention to detail, and financial acumen to contribute to long-term financial growth and optimization.



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Currently employed as a Sourcing and Category Enablement Analyst at Accenture.