

Alphabet, Inc.

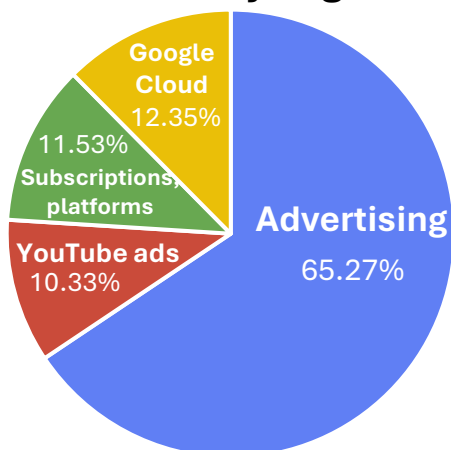
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Warren Wells, Carter Rial

Date	Apr. 18, 2025
Ticker	GOOGL
Exchange	Nasdaq
Industry	Communication
Sector	Software and Consulting
Current Price	\$151.71
Target Price	\$195-\$205
Upside	29%-35%
Recommendation	BUY

SNAPSHOT

52 Week High:	\$208.70
52 Week Low:	\$142.66
Beta:	1.02
WACC:	9.06%
DCF/EP:	\$226.39
P/E('25):	\$225.79
P/E('26):	\$234.95
DDM	\$126.98
Market Cap:	\$1,934.7 B
Shares Outs.	12,091 MM
Revenue ('24):	\$350.02 B
EPS ('24):	\$8.04
Current Ratio ('24):	1.84
D/A ('24):	0.024
ROA ('24):	77.74%

2024 Revenue breakdown by segment



Company Overview

Alphabet Inc. is a holding company. The Company's segments include Google Services, Google Cloud, and Other Bets. The Google Services segment includes products and services such as ads, Android, Chrome, devices, Google Maps, Google Play, Search, and YouTube. The Google Cloud segment includes infrastructure and platform services, collaboration tools, and other services for enterprise customers. Its Other Bets segment is engaged in the sale of healthcare-related services and Internet services. Its Google Cloud provides enterprise-ready cloud services, including Google Cloud Platform and Google Workspace. Google Cloud Platform provides access to solutions such as artificial intelligence (AI) offerings, including its AI infrastructure, Vertex AI platform, and Gemini for Google Cloud; cybersecurity, and data and analytics. Google Workspace includes cloud-based communication and collaboration tools for enterprises, such as Calendar, Gmail, Docs, Drive, and Meet.

Investment Thesis

We recommend a **BUY** rating for Alphabet Inc. (GOOG) as of April 18, 2025, with our model predicting a 29-35% increase in share value. Alphabet's leading position within the Communications Sector will allow it to capture the large growth around digital ads and AI.

Thesis Drivers:

Digital Advertisements: The shift to digital ads from traditional ones presents an opportunity for companies within the communications sector, including Alphabet. The company's dominant position in the online advertising market through its platforms, Google Ads and YouTube, will allow for substantial revenue growth and enhanced ability to innovate its ad offerings further.

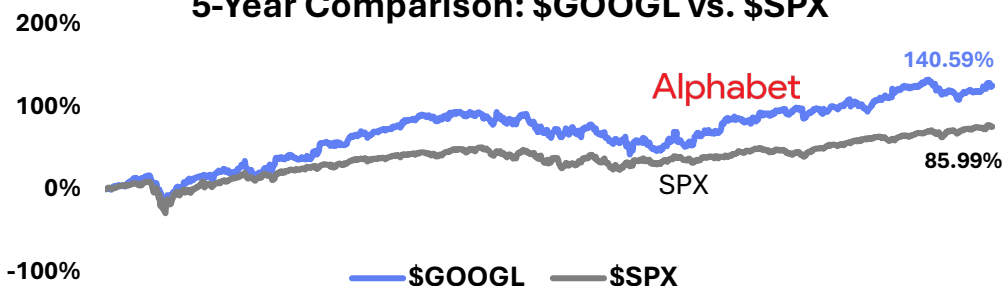
Artificial Intelligence: Alphabet's recent acquisition of Wiz enhances its AI offerings by integrating Google Cloud with Wiz's cloud security platform, enabling the innovation of AI-driven cyber security and expanding Alphabet's traction in AI and cloud computing markets.

Thesis Risks:

Antitrust Challenges: Alphabet faces risk from ongoing antitrust suits, which could lead to fines, operational limitations, and mandated divestures. These regulations pose threats to the company's current operations and future market dominance.

Tariffs: International tariffs, specifically with China, could lead to increased costs for hardware components, inefficient supply chains, and lowered demand. This could affect ad revenue, cloud services, and Android sales as well.

5-Year Comparison: \$GOOGL vs. \$SPX



Executive Summary

Alphabet's core advertising business benefits from its dominant search engine, which holds over 90 % of global search traffic, providing an unmatched data moat for ad targeting. YouTube, as a leading video platform, further diversifies advertising revenue through both ad-supported content and subscription tiers. Visual data shows that Search and YouTube ads account for the majority of revenue, illustrating the strength and diversity of Alphabet's consumer ad portfolio.

Google Cloud, now a leading infrastructure provider, ranks third globally and continues to gain enterprise traction through its scalable platform offerings. Alphabet's sustained investment in AI is exemplified by its Gemini models, which are integrated into products like Vertex AI and Google AI Studio to deliver advanced analytics and automation capabilities. These AI-driven services enhance both cloud performance and end-user experiences, positioning Alphabet to capture growing demand for intelligent solutions across industries.

Alphabet's high-margin services generate robust free cash flow, providing ample resources for continued infrastructure expansion and strategic investments. Alphabet has already committed \$75 Billion in CapEx spending for to build Datacenters for the Google Cloud Segment.

Economic Analysis

Real GDP growth:

U.S. Real Gross Domestic Product (GDP) is a key measure of economic health, and it has a significant impact on both Alphabet and the greater communications sector. Real GDP reflects the growth of all goods and services produced in the U.S. adjusted for inflation. Real GDP calculation includes consumer spending, private investment, net exports, and government spending. Real GDP growth was positive and steady in 2024, with real GDP rising by 3.1% annualized in Q3 of 2024 and 2.4% in Q4 [1]. This growth was mainly driven by increases in both government and consumer spending, as well as decreases in imports, which subtract from real GDP. Consumer spending remained resilient in 2024 due to a steady labor market and higher wages, even as elevated interest rates continued to put pressure on borrowers. This economic growth has been a key driver for Alphabet, as businesses tend to increase their advertising budgets in times of steady growth. With advertising making up the majority of Alphabet's revenue, the company directly benefits from increases in corporate advertising budgets and expenditures. Looking ahead, we expect real GDP growth to slow over the next few quarters as current trade policies, geopolitical tensions, and inflationary pressures could cause decreases in consumer and government spending, private investment, and exports. A slowdown in real GDP growth could be harmful for Alphabet's business, particularly their advertising and cloud services, as these business segments are highly sensitive to changes in consumer spending and corporate budgets. While we anticipate continued growth in real GDP to support spending in the communications sector, risks such as trade policies, inflationary pressures, and geopolitical tensions could influence the pace of this expansion.

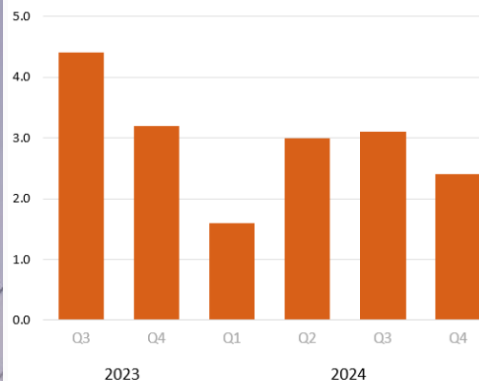
Inflation:

Inflation, measured by the consumer price index (CPI), tracks the changes in the cost of a basket of goods and services over time and is a key indicator of economic health. Inflation rates saw a lot of variation in 2024, hitting rates as high as 3.5% year over year in March of 2024, and as low as 2.4% year over year in September of 2024 [2]. Most recently, March of 2025 matched the 2024 low with a 2.4% year over year change [2]. This is a significant improvement from the 9.1% peak seen in June of 2022. This decline is mainly attributed to aggressive interest rate hikes by the Federal Reserve that aimed to help control prices. Despite the steep two-year decline, inflation remains a tick above the Federal Reserve's target long-term inflation rate of 2%. Higher than normal inflation has mixed implications for Alphabet and the greater communications sector. Higher prices increase costs for infrastructure, energy, and wages, and also reduce consumer's disposable income. This can particularly put strain on advertising budgets, the main revenue segment for Alphabet.

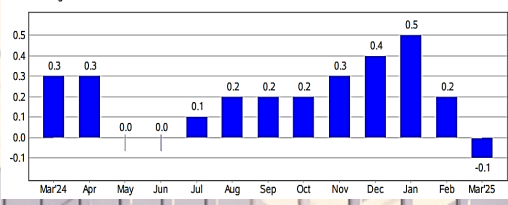
Rising costs put pressure on margins, especially with higher wages and expenses for things like AI infrastructure and data centers. However, Alphabet offers essential digital services like advertising, search, and cloud computing. This provides Alphabet some relief from the inflationary pressures than many other companies face. Advancements in AI are also helping to offset rising labor costs by increasing efficiency within the business.

Real GDP, percent change from preceding quarter [1]

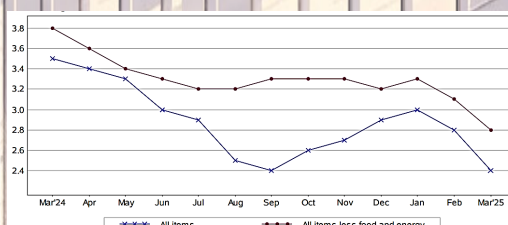
Real GDP, Percent Change from Preceding Quarter



1M % change in CPI, seasonally adjusted [7]

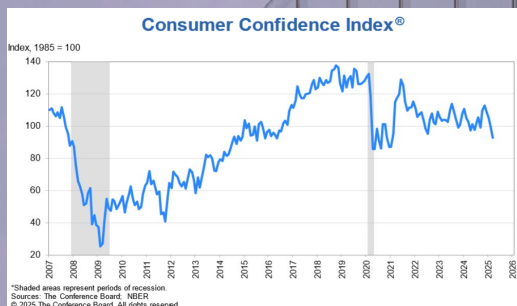


1Y % change in CPI not seasonally adjusted [7]



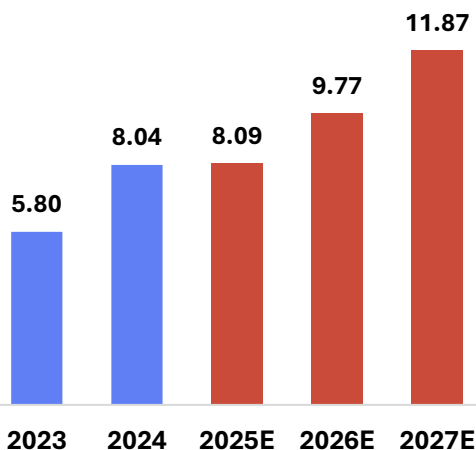
Alphabet

Consumer Confidence Index [8]



EPS Estimates

EPS Estimates



The industry encompasses a wide range of services including telecommunications, broadband internet, and data transmission. Newer developments include growth in AI and IoT (internet of things). Industry is driven by technological advancements, regulatory changes, and consumer demand.

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Consumer Confidence (CCI):

The Consumer Confidence Index measures current consumer confidence in the economy (1985=100). The CCI fell by 7.2 points to 92.9 in March 2025. This marked the fourth straight month that consumer confidence declined, likely driven by concern over the potential effects of current trade policies and geopolitical tensions on inflation, economic growth, the labor market, stock market performance, and the prospects of a possible future recession. Lower levels of consumer confidence could negatively effect Alphabet and the broader communications sector as decreases in consumer confidence often translate into lower discretionary spending, which can dampen demand for advertising, entertainment, and subscription services that Alphabet offers. In the short term we expect consumer confidence to continue ticking down until issues with tariffs and other geopolitical factors are resolved. However, we think that consumer confidence will rebound and return to more normal levels in the long term.

Consumer spending:

Consumers are significant purchases of technology like PCs cell phones, and other consumer electronics. When consumer spending increases, it is likely that spending on technology increases as well. Consumer spending is very heavily influenced by inflation, as increases in prices for essential goods and services leave consumers with less disposable income to spend on non-essential goods and services like technology. Alphabet is particularly sensitive to changes in consumer spending because so much of their revenue comes from advertising, and corporate advertising budgets are often one of the first things to get cut when a company is facing inflationary pressures because of their implications on consumer spending. In the short term we think consumer spending will decrease as inflation is likely to tick up while consumers simultaneously become less confident in the economy due to current trade policies and geopolitical tensions. However, we think that consumer spending will increase in the long run as inflation eases back down to the Federal Reserve's target rate of 2%.

Industry Analysis

Alphabet operates within the Communications industry, specifically as a Web-Based Data and Services. The industry encompasses a wide range of services including telecommunications, advertisement platforms, streaming programs, and data transmission. Newer developments include growth in AI and IoT (internet of things). Main drivers for the industry are innovative advancements, regulatory changes, and consumer demand. Other key players within the industry include Meta Platforms, Pinterest, Snap, Match Group, IAC, Yelp, and Bumble. Alphabet and Meta combine to hold over 60% of the industry's market share. Successful companies within this industry typically have highly diversified revenue streams, including ads, subscriptions, and other program offerings. Alphabet maintains dominance over competitors within the industry with Google Ads remaining to be the most used platform for search advertising, which is a market that is expected to grow from \$184 to \$825 Billion by 2030 [3]. Generative AI is another key driver for the industry, which Alphabet has been a large player in as well with their Gemini software.

Industry Developments and Trends

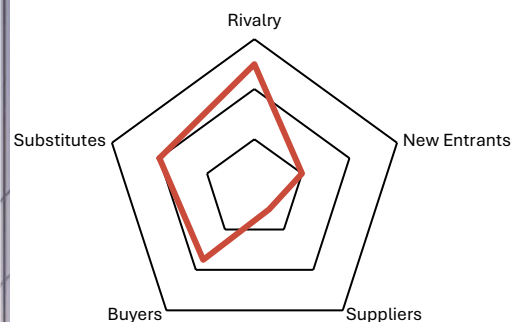
Digital Advertisements and Social Commerce

2024 saw a large shift from traditional ads towards digitized ones due to events like the Summer Olympics and Presidential Election in an effort to reach a more diversified age-range.

Alphabet



Porters Five Forces



YouTube



Tik Tok

The use of digital ads is expected to see continued growth throughout this year before reaching maturity and stabilizing at a growth rate of about 8% YoY [4]. With the popularity of digital ads, social commerce, a form of e-commerce that takes place within social media platforms, has grown as well. Social Commerce is especially large in Aisa and is driven through three main forms: content, experience, and network [4].

Content driven commerce utilizes social media influencers to advertise products and is the most commonly-used. Experience-driven commerce creates a shopping environment for the consumer, such as AR/VR. The network form utilizes existing social networks to reach consumers directly.

Artificial Intelligence:

Starting with Microsoft's support of ChatGPT, there has been a large amount of competition centered around creating the more efficient AI software. AI is being used to help create recommended content for individual users, which will increase platform engagement and interaction with ads. AI is further being used to customize the ads too. Other developments include innovations in LLM models for better responses to prompts and enhancements across platforms' offerings.

Labor Cutting & Cost Efficiencies:

Large job cuts have been happening across several technology companies, most namely Meta, over the past two years [4]. This is expected to continue as the companies within this industry have been pivoting their priorities to AI developments, meaning departments with greater demand are shifting. Though, after this year, job cuts are expected to slow, and employment will become steadier.

Porter's Five Forces

Competitive Rivalry: Very High

Alphabet faces intense competition across nearly all its major segments. In digital advertising, it competes directly with Meta, Amazon, TikTok and other AdTech firms. In cloud computing, it trails behind Microsoft Azure. In search, Google dominates, however other firm's successful integration of AI continue to challenge it. Consumer services like YouTube face constant pressure from platforms like TikTok, Instagram, and Twitch. The constant innovation, constant product iteration and competition for user traffic create fierce competition. Alphabet's robust investments in AI and infrastructure show promise to maintain its dominant positions.

Threat of New Entrants: Low to Moderate

The threat of new entrants is relatively low due to high capital expenditure requirements, technical expertise and strong brand ecosystems. Google's dominance in search is protected largely by its vast infrastructure and network effects. In areas like consumer apps, social media or emerging technologies (Artificial Intelligence), new firms can still break through. While replicating Alphabet or Meta's success is tough, innovation in niche areas can still pose threats.

Bargaining Power of Suppliers: Low

Alphabet's suppliers – primarily hardware manufacturers or data center operators – have limited bargaining power. The company has massive scale and can negotiate favorable contracts, or design in-house alternatives. While Alphabet depends on specialized labor, its strong brand gives it an edge in attracting the best. However, regulatory bodies and government increasingly act as suppliers of digital infrastructure access, which can shift dynamics slightly.

Bargaining Power of Buyers: Moderate to High

Alphabet's revenue is largely driven by advertisers – from small businesses to global corporations. These buyers have significant bargaining power due to the rise of competing platforms. Advertisers can easily shift their budget depending on performance. On the consumer side, while users don't pay directly for Google's search or YouTube (not referring to YouTube TV or YouTube+), their attention and site traffic is currency. Alphabet must work harder to retain engagement especially with younger demographics favoring newer apps like TikTok.

Threat of Substitutes: High

The digital landscape evolves quickly, and Alphabet constantly faces the risk of disruption. AI Chatbots and virtual assistants can substitute traditional search queries. Social media platforms divert both attention and ad dollars. Cloud services have multiple alternatives, and developers can switch providers with ease. Although offering a wider variety of entertainment, even YouTube faces competition from streaming services and short-form video platforms. The fast pace of tech evolution means Alphabet and its competitors must always innovate to prevent obsolescence.

Alphabet

Growth Catalysts

Transition to Digital Ads:

As the global advertising field transitions decisively to digital platforms, Alphabet is positioned to capture strong growth. With the company increasing their investment in AI-powered ad targeting, real-time bidding, and innovative data solutions, they are leading the shift. A continuing decline in traditional advertising sets Alphabet up to utilize their dominance in search, video, and programmatic ads which allows them to capture the growing share of marketing budgets. Alphabet's diversified ad programs will capitalize on this shift, leading to revenue and added share value.

Cloud Expansion

The Web-Based Data and Services industry has been increasingly adopting hybrid and multi-cloud architectures. The industry has also been receiving increased demand from finance, healthcare, retail, and other businesses to provide advanced AI-driven analytics, infrastructure, and security. Alphabet is poised to benefit from this demand after expanding its cloud ecosystem with Google Cloud's recent acquisition of cyber-security company, Wiz [5]. Integrating with Wiz's security innovations will enhance Alphabet's diversification and competitive edge.

Growing Demand for Streaming Services:

The industry is seeing demand for original and tailored-to-consumer content. Viewers are shifting from traditional cable networks to streaming services offering greater flexibility, options, and engagement. Platforms including Netflix, YouTube TV, Amazon Prime Video, Disney+, and HBO Max have been capturing a large share of this demand shift. This has been further supported by AI advancements helping to enhance the experience through personalized recommendations and higher picture quality. This growth is expected to continue and be pivotal for the industry.

Alphabet Analysis

Strengths:

Alphabet's broad ecosystem in digital advertising, search, mobile operating systems, video content, and web infrastructure sets a foundation for their core strengths. Google Search and YouTube are not only dominant in their respective categories but also serve as gateways into the broader Alphabet ecosystem, where services like Maps, Gmail, Chrome, create deep user engagement across platforms. The integration allows for seamless data collection and personalized user experiences which strengthen its advertising sector. Alphabet also built a strong reputation for innovation, investing in next-gen technologies like artificial intelligence and quantum computing. The interconnected nature of its services create a strong platform.

Weaknesses:

Despite its scale and diversity, Alphabet remains dependent on advertising as its main source of revenue, which exposes the company to volatility in ad spending. While it has made strides in expanding into their cloud segment, its still maturing and not yet as profitable or dominant as their advertising or search verticals. Additionally, Alphabet has fallen behind major companies like Microsoft and Amazon in the cloud segment. Both Microsoft and Amazon generate more than \$100B in annual revenue from their cloud segment, while Alphabet only generates \$43B.

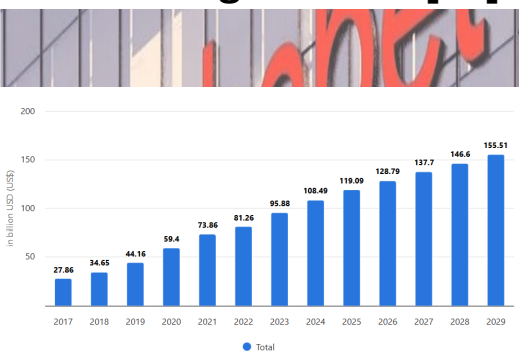
Opportunities:

Alphabet is uniquely positioned to capitalize on major secular trends in artificial intelligence, cloud computing, and digital transformation. With increasing demand for AI-driven tools, the company has increasingly integrated its models across search, productivity software, and cloud services, creating new enterprise and consumer-facing revenue streams. The rapid growth of Google Cloud, alongside the adoption of AI-powered tools by businesses, gives Alphabet a chance to diversify its income and compete more directly with other cloud leaders. Additionally, YouTube continues to benefit from the global shift toward digital and mobile video consumption, particularly short-form content. Alphabet's investments in emerging areas such as autonomous driving, health tech, and augmented reality could unlock long-term value and position the company well for the future.

Threats:

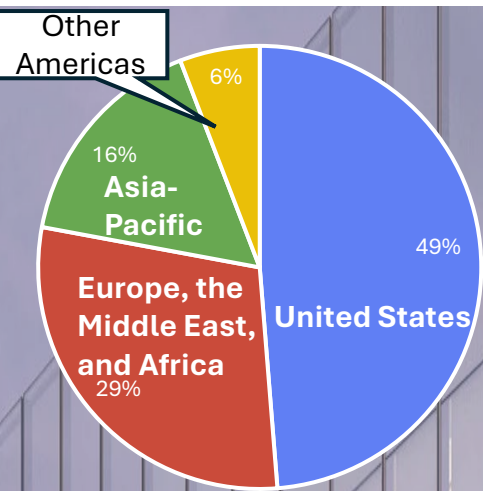
Alphabet faces a complex and intensifying regulatory environment, particularly in the U.S. and Europe, where concerns about market dominance, data practices, and competition are driving antitrust investigations and lawsuits. The regulatory pressures could result in structural changes (if the appeal fails) or even forced divestitures. Simultaneously, competition is fierce across all major verticals. Microsoft and Amazon are formidable rivals in cloud and AI, while companies like Meta, Apple, and TikTok all compete in advertising, hardware, and social content. The pace of technological innovation also presents a fair threat; failing to keep up with trends in AI, content deliver, or consumer tech could lead to a loss of relevance.

Worldwide Video Streaming Revenue [10]

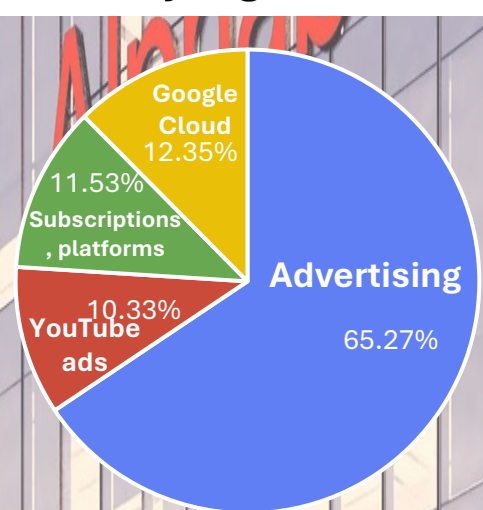


Alphabet

2024 Revenue breakdown by geography by Geography



2024 Revenue breakdown by segment



Revenue Analysis & Breakdown:

Google Search

Google Search makes up most Alphabet's revenue, generating over \$198 billion in 2024, which was about 57% of total revenue. The Google Search category includes advertising revenue from Google Search, Google Play, Google Maps, and Gmail, as well as partnerships with distribution partners that position Google as the default search engine on many devices. Google Search's 2024 growth was mainly driven by the continued adoption of mobile search, integration of AI into the search engine with features like AI overviews and circle to search, and strong advertising demand driven by stable economic growth and high consumer confidence. Looking forward, strategic investments into AI integration and long-term growth of demand for advertising are expected to help this segment maintain its strong growth. We have projected Google Search revenues to reach \$352 billion by 2034.

YouTube Ads

YouTube ads made up about \$32 billion dollars of Alphabet's revenue in 2024, which worked out to about 10.3% of their total revenues. YouTube is currently the second biggest social platform with 2.7 billion monthly active users. YouTube is a critical platform for advertisers looking to reach large audiences across the globe. YouTube shorts, which competes with other short form content platforms such as TikTok and Instagram Reels has been a key driver of growth and attracts both viewers and advertisers. YouTube has also capitalized on its NFL Sunday Ticket rights and partnerships with telecom providers to increase its streaming presence. New monetization features such as revenue-sharing programs for creators and shoppable video ads have brought more advertisers to the platform. YouTube ad revenue growth jumped from 7.75% in 2023 to 14.72% in 2024, and we project YouTube ads to generate about \$70 billion in revenue for Alphabet in 2034.

Google Network

The Google Network segment, which includes advertising revenues from AdSense, AdMob, and Google Ad Manager, made up about \$30 million of Alphabet's 2024 revenue which was about 8.7% of their total for the year. This segment helps Alphabet extend its advertising beyond their owned platforms, allowing them to provide ads on third-party websites and applications. Revenues for this segment declined in both 2023 and 2024, and we expect this segment to continue shrinking as stronger data privacy regulations and platform policies that restrict third-party data access hinder the efficiency and profitability of third-party advertising services. We project Google Network to have revenues of about \$24 billion in 2034.

Subscriptions, Platforms, & Devices

The Subscriptions, Platforms, & Devices segment includes revenues from YouTube premium, YouTube Music, Google Play, and hardware sales which includes the Google Pixel smartphone and Nest smart home devices. Subscriptions, Platforms, & Devices generated about \$40 billion dollars in revenue for Alphabet in 2024, which made up about 11.5% of their total revenue for the year. Alphabet has seen very strong growth in this segment in recent historical years, with some notable fluctuations. We expect that demand for this segment will dip slightly in the short term as the potential inflationary effects of current trade policies may dampen demand for this more discretionary segment. However, we believe in the long run this segment will continue to see solid growth. We project that this segment will generate \$105 billion in revenue in 2034.

Google Cloud

Google Cloud has been Alphabets fastest growing revenue segment, growing at 25.9% in 2023 and 30.7% in 2024. Google Cloud generated over \$43 billion in revenue for Alphabet in 2024, which was about 12.4% of their yearly total revenue. This growth has mainly been driven by consumption-based fees and subscriptions for Google Cloud Platform services which include AI infrastructure, Vertex AI platform, Gemini for Google Cloud, cybersecurity, and data analytics as well as google Workspace and other services. Google Workspace includes Gmail, Docs, Drive, Calendar, Meet, Slides, and others. Continued demand for and investment in AI and cybersecurity will help Google Cloud become the catalyst for Alphabet's future growth. We also believe that the continued integration of AI in these services will make them more efficient and therefore less costly, making them even more profitable as they continue to grow at a rapid pace. We project that Google Cloud will generate about \$200 billion in revenue in 2034.

Other Bets

Other Bets is Alphabet's smallest revenue stream and represents their investments in early-stage companies. These businesses are typically seen to have the potential to be highly innovative, especially for underdeveloped markets. In 2024, this segment reported \$1,648 MM, which is a 7.92% increase from last year. We expect this segment to see large growth of 26.91% in 2025 for \$2,091.5 MM and have forecasted Other Bets to produce \$5,716.22 MM in revenue in 2034.

Alphabet

Gross Margin Overview & Forecast:

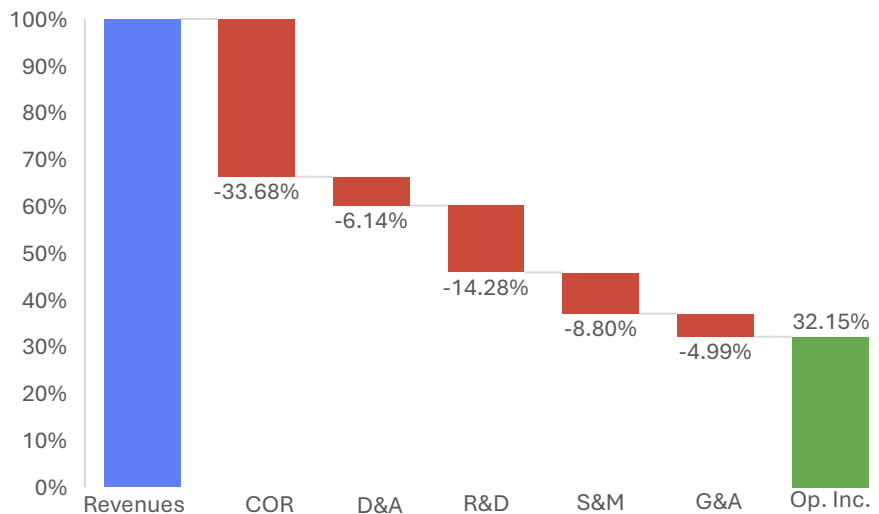
Following Alphabet's miss in fourth-quarter expectations, shares dropped 9%, but sentiment is starting to rebound. Much of this rebound is due to CFO, Anat Ashkenazi, mentioning in the most recent earnings call the expected margin expansion within the Google Cloud segment. This growth is driven by significant growth in Google Cloud Platform (GCP) Products and the expansion of AI infrastructure. GCP's growth rate is expected to continue to outpace the overall cloud sector, further contributing to improved profit margins. Notably, Alphabet has consistently enhanced its margins over the past few years. We have forecasted Alphabet's gross margin to reach over 32% by 2027.

Operating Expenses Overview & Forecast:

Alphabet's expense profile showcases its strong operational efficiency, with total costs and expenses being 67.9% of revenues in 2024, down from 72.6% in 2023. The pivotal drivers of Alphabet's costs are its cost of revenues, research and development (R&D), sales and marketing, and general and administrative (G&A) expenses.

Cost of revenues was Alphabet's most prominent expense in 2024, adding up to about \$130 billion dollars, which was 37.4% of their total yearly revenues. The main driver of Alphabet's cost of revenues are traffic acquisition costs (TAC). TAC are mainly payments to Alphabet's distribution partners who help make its search access points and services available. These partners include browser providers, mobile carriers, equipment manufacturers, software developers, and more. TAC also include amounts paid to Google Network partners, primarily for ads displayed on their properties. Alphabet pays out \$20 billion of its TAC annually to Apple to be the default browser on their devices, which makes up just 36% of what it earns annually from advertising made through the safari browser [6]. This has been the subject of an antitrust lawsuit after a U.S. judge ruled that Alphabet and Apple's agreement created an illegal monopoly in search and advertising. The case is ongoing, and the outcome is unknown. If Alphabet is required to end their agreement with Apple, they will save \$20 billion annually in TAC, but the potential impact on revenues is unknown as many users may still choose to use Google as their primary search browser. Other segments of Alphabet's cost of revenues include content acquisition costs, mainly in the form of payments to YouTube creators, as well as other operational costs such as energy, network capacity, and customer support.

2025E operating expenses



Research and development (R&D) expenses made up 14.1% of revenues in 2024. Alphabet's continuing investments in the technical infrastructure that is needed to support long-term growth in its initiatives, particularly those involving AI is a reflection of Alphabet's ability and willingness to reinvest in the growth of its business. Sales and Marketing expenses made up 7.9% of Alphabet's 2024 revenues as Alphabet continues to aggressively promote its products and services, especially new products and services that integrate its AI initiatives such as Gemini.

WACC:

Alphabets WACC was calculated using the market weights and current capital structure. Our risk-free rate was determined using the 10-year treasury bond yield as of valuation date (4/22/2025). The equity risk premium was valued at 4.61% using Aswath Damodaran's TTM cash yield per recommendation of the fund manager. With a 5-year monthly beta of 1.02, Alphabet's cost of equity is valued at 9.11% and the after-tax cost of debt is 3.99%. With 99% of Alphabet's capital being made up of equity, our estimated WACC comes out to 9.06%. WACC has a significant impact on the overall valuation and stock price because it is used as the discount rate, and it is subject to slight change as Alphabet's risk profile and capital structure change.

Capital Expenditures:

Alphabet raised capital expenditures 63% from the 2023 metric to \$52.9 billion in 2024. The company has announced plans for further growth in CapEx to reach \$75 billion through 2025. This growth is primarily driven by investments in infrastructure, such as data centers and network equipment, in order to support further expansion in AI. As previously mentioned, Alphabet has pivoted to AI being the key driver for future growth, and they are placing additional emphasis on expanding their Google Cloud segment.

Valuation

DCF and Economic Profit:

Estimated Share Price: **\$203**

Our DCF and economic profit models give us a good projection of the true value of Alphabet. Because Alphabet lacks competitors with the same advertising dominant revenue streams and large market share, we believe this is an effective way to value the company by capturing the value of all future cash flows. Our models projected a higher price of around \$203. The stock currently trades at \$147.67, but a month ago it was trading at around \$164, and its 52-week high is \$207. The model is highly sensitive to the WACC, continuing value growth of NOPLAT, and the equity risk premium. This means that any significant changes in capital structure, operating margins, or interest rates could affect our valuation

Dividend Discount Model

Estimated Share Price: **\$122**

We believe that while the dividend discount model outputs a relevant price, is not the most effective way to value Alphabet. Alphabet has only paid dividends for four quarters now, which makes it very difficult to forecast how Alphabet will increase its dividend over the next ten years. Also, Alphabet is a company that heavily follows the philosophy of reinvesting capital back into the company for future growth rather than paying out large dividends, so we believe that the dividends they do pay out do not fully capture the value of the company. Therefore, we think it is too early to rely heavily on the dividend discount model for our valuation.

Relative Peer Valuation:

Estimated Share Price: **\$224**

Model is based on forward-looking P/E multiples

Comparable Companies: AAPL, MFST, AMZN, META, NVDA, NFLX, ADBE, IBM

We are also putting a smaller emphasis on the relative peer valuation as opposed to the Discounted Cash Flow analysis because Alphabet has few closely-aligned competitors. Many of the peers within their specific industry are of vastly different sizes or operate under varying business models. Because of this, we chose to compare Alphabet to companies that were of similar size and mostly similar industry. The peers we chose are dominating companies within the broader technology sector.

While many of the companies listed above are players within the larger technology sector, we believe that Meta is a close peer to Alphabet. Meta is also a peer player within the Web-Based Data and Services industry. We also thought that because these companies are often viewed similarly, they would be the best set to compare Alphabet to.



Alphabet

Sensitivity Analysis

Beta vs. CV Growth of NOPLAT

		Beta						
		185.05	0.89	0.94	0.99	1.04	1.09	1.14
CV growth of NOPLAT	2.5%	180.89	173.42	166.51	160.11	154.15	148.59	143.41
	3.0%	190.43	182.02	174.28	167.15	160.54	154.42	148.73
	3.5%	201.78	192.17	183.39	175.35	167.96	161.14	154.84
	4.0%	215.50	204.34	194.24	185.05	176.67	168.99	161.92
	4.5%	232.44	219.20	207.35	196.68	187.03	178.25	170.24
	5.0%	253.85	237.76	223.54	210.89	199.56	189.36	180.13
	5.5%	281.80	261.58	244.02	228.63	215.03	202.94	192.11

In high-growth communications and tech firm like Alphabet, small changes to the terminal growth assumption can significantly impact valuation due to the large weight the terminal value holds in valuation. The sensitivity table shows how shifts in perceived market risk interact with long-term fundamentals, allowing to assess valuation under different risk-growth tradeoffs. This is relevant for Alphabet, whose value is highly sensitive to small changes in growth assumptions given its scale and forward-looking profile.

WACC (2023) vs. Dividend Yield

		WACC (2023)						
Dividend Yield	185.05	9.49%	9.50%	9.51%	9.5%	9.53%	9.54%	9.55%
	0.20%	186.46	186.08	185.71	185.34	184.97	184.60	184.23
	0.30%	186.31	185.93	185.56	185.19	184.82	184.45	184.08
	0.40%	186.16	185.78	185.41	185.04	184.67	184.30	183.93
	0.50%	186.01	185.63	185.26	184.89	184.52	184.15	183.78
	0.60%	185.86	185.48	185.11	184.74	184.37	184.00	183.64
	0.70%	185.70	185.33	184.96	184.59	184.22	183.85	183.49
	0.80%	185.55	185.18	184.81	184.44	184.07	183.70	183.34

This comparison between WACC and Dividend Yield captures the trade-off between Alphabet's cost of capital and dividend yield, representing investor expectations for income versus reinvestment. Since Alphabet historically reinvests earnings rather than distributing them, its low dividend yield is a sign of expected growth. The table also provides insight into how Alphabet might be viewed under different market regimes – such as growth vs income-oriented investment climates.

Risk-Free Rate vs. Equity Risk Premium

		Risk-Free Rate						
		185.05	3.65%	3.90%	4.15%	4.40%	4.65%	4.90%
Equity Risk Premium	4.25%	259.31	243.52	229.48	216.92	205.62	195.40	186.11
	4.50%	242.93	228.95	216.45	205.19	195.01	185.76	177.31
	4.75%	228.43	215.98	204.77	194.62	185.40	176.99	169.28
	5.00%	215.50	204.34	194.24	185.05	176.67	168.99	161.92
	5.25%	203.92	193.85	184.70	176.35	168.69	161.65	155.16
	5.50%	193.47	184.35	176.03	168.40	161.38	154.91	148.91
	5.75%	184.01	175.71	168.11	161.11	154.66	148.68	143.14

The risk-free rate and equity risk premium are critical drivers of the cost of equity and therefore of the discount rate applied to future cash flows. In a macroeconomic context where both inflation and investor sentiment are volatile, these variables can shift rapidly and alter valuation outcomes meaningfully. The table quantifies how sensitive alphabet's valuation is to changes in broader economic assumptions. This is particularly important in tech, where perceived risk can swing dramatically based on interest rate trends and market risk tolerance.

Alphabet

Cloud Growth Rate (2025) vs. Cost of Sales as a % of Sales (2023)

Growth Rate of Cloud (2025)

Cost of Sales % (2023)	185.05	15%	20%	25%	30%	35%	40%	45%
	30%	179.49	182.02	184.55	187.08	189.61	192.14	194.67
	33%	178.82	181.35	183.87	186.40	188.92	191.45	193.97
	36%	178.15	180.67	183.19	185.71	188.24	190.76	193.28
	39%	177.48	179.99	182.51	185.03	187.55	190.07	192.58
	42%	176.81	179.32	181.83	184.35	186.86	189.38	191.89
	45%	176.13	178.64	181.15	183.66	186.17	188.68	191.19
	48%	175.46	177.97	180.47	182.98	185.49	187.99	190.50

Alphabet's Cloud segment is a major source of future growth, while cost of sales reflects the company's efficiency in delivering products and services today. By comparing forward-looking topline expansion with backward-looking cost structure, we're able to gauge how improvements in operational leverage affects long-term profitability. The analysis shows how valuation reacts to scenarios where Cloud outperforms but costs remain high – or vice versa. This is key for understanding how scalable Alphabet's growth strategy really is, particularly in enterprise services.

Effective Tax Rate vs Normal Cash Estimate

Effective Tax Rate

Normal Cash Estimate	185.05	14.00%	15.00%	16.00%	17.00%	18.00%	19.00%	20.00%
	3.3%	195.15	192.49	189.82	187.16	184.49	181.83	179.16
	4.8%	194.45	191.78	189.12	186.45	183.79	181.12	178.46
	6.3%	193.74	191.08	188.41	185.75	183.08	180.42	177.75
	7.8%	193.04	190.38	187.71	185.04	182.38	179.71	177.05
	9.3%	192.34	189.67	187.01	184.34	181.68	179.01	176.35
	10.8%	191.63	188.97	186.30	183.64	180.97	178.31	175.64
	12.3%	190.93	188.26	185.60	182.93	180.27	177.60	174.94

This analysis examines the relationship between Alphabet's effective tax rate and the amount of idle cash it holds as a % of sales. While the tax rate affects free cash flow through changes in NOPLAT, the normal cash level reflects capital that isn't being reinvested into the business, which can drag on return metrics and distort valuation if held excessively. In the context of Alphabet's large cash reserves, this analysis helps to determine how much cash is value-accretive vs. dilutive when left idle.



Important Disclaimer

This report was created by students enrolled in the Security Analysis (6F:112) class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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Alphabet

Alphabet

Alphabet, Inc
Revenue Decomposition

<i>Fiscal Years Ending Dec. 31</i>	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Segments:													
Google Search & other	162,450	175,033	198,084	215,828	234,082	254,435	272,763	290,816	308,281	324,032	338,326	350,761	360,928
<i>Growth Rate</i>		7.75%	13.17%	8.96%	8.46%	8.69%	7.20%	6.62%	6.01%	5.11%	4.41%	3.68%	2.90%
YouTube ads	29,243	31,510	36,147	39,846.33	43,791.43	48,440.75	52,921.82	57,643.92	62,599.45	67,559.46	72,613.57	77,696.81	82,722.45
<i>Growth Rate</i>		7.75%	14.72%	10.23%	9.90%	10.62%	9.25%	8.92%	8.60%	7.92%	7.48%	7.00%	6.47%
Google Network	32,780	31,312	30,359	29,217.21	28,118.37	27,128.09	26,129.44	25,174.49	24,263.37	23,377.34	22,525.96	21,706.56	20,915.63
<i>Growth Rate</i>		-4.48%	-3.04%	-3.76%	-3.76%	-3.52%	-3.68%	-3.65%	-3.62%	-3.65%	-3.64%	-3.64%	-3.64%
Google advertising total	224,473	237,855	264,590	284,891	305,991	330,004	351,814	373,634	395,144	414,969	433,466	450,164	464,566
Google subscriptions, platforms, and devices	29,055	34,688	40,340	47,133.50	54,913.94	63,451.54	73,158.58	83,974.55	95,067.56	105,934.60	116,678.17	125,538.91	132,722.56
<i>Growth Rate</i>		19.39%	16.29%	16.84%	16.51%	15.55%	15.30%	14.78%	13.21%	11.43%	10.14%	7.59%	5.72%
Google Services total	253,528	272,543	304,930	332,025	360,905	393,455	424,973	457,609	490,212	520,904	550,144	575,703	597,289
Google Cloud	26,280	33,088	43,229	54,156.04	67,303.56	83,491.33	100,901.78	120,454.83	139,038.27	156,491.76	171,806.58	179,690.83	181,444.84
<i>Growth Rate</i>		25.91%	30.65%	25.28%	25.23%	24.05%	20.85%	19.38%	15.43%	12.55%	9.79%	4.59%	0.98%
Other Bets	1,068	1,527	1,648	2,001.51	2,404.16	2,704.62	3,083.86	3,439.91	3,738.78	4,016.14	4,225.68	4,357.02	4,411.40
<i>Growth Rate</i>		42.98%	7.92%	21.45%	20.12%	12.50%	14.02%	11.55%	8.69%	7.42%	5.22%	3.11%	1.25%
Other revenues													
<i>Growth Rate</i>													
Hedging gains (losses)	1,960	236	211										
<i>Growth Rate</i>		-87.96%	-10.59%										
Total Revenues	282,836	307,394	350,018	388,182	430,613	479,651	528,958	581,504	632,989	681,412	726,176	759,751	783,145
<i>Growth Rate</i>		8.68%	13.87%	10.90%	10.93%	11.39%	10.28%	9.93%	8.85%	7.65%	6.57%	4.62%	3.08%

Alphabet Inc.

Income Statement (in millions)

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E																																									
Revenues	\$	66,001	\$	74,989	\$	90,272	\$	110,855	\$	136,819	\$	161,857	\$	182,527	\$	257,637	\$	282,836	\$	307,394	\$	337,811	\$	379,840	\$	428,571	\$	483,001	\$	537,910	\$	597,920	\$	649,666	\$	706,766	\$	769,863	\$	839,687																					
Costs and Expenses																																																													
Cost of revenues		20,712		23,101		28,994		38,668		50,514		60,115		71,035		98,498		110,275		121,386		140,924		147,783		162,857		183,540		199,027		215,251		227,383		247,368		269,452		293,890																					
Depreciation and impairment of PP&E		3,523		4,132		5,267		6,103		8,164		10,856		12,905		11,555		15,287		11,946		17,465		21,826		25,786		29,401		32,720		35,787		38,637		41,305		43,818		46,202																					
Amortization and impairment of intangible assets		1,456		931		877		812		871		925		792		886		641		-		-		-		-		-		-		-		-		-		-		-																					
Research and development expense		9,832		12,282		13,948		16,625		21,419		26,018		27,573		31,562		39,500		45,427		48,280		56,806		64,094		72,235		80,446		89,421		97,160		105,699		115,136		125,578																					
Sales and marketing expense		8,131		9,047		10,485		12,893		16,333		18,464		17,946		22,912		26,567		27,917		27,260		35,325		39,857		44,919		50,026		55,607		60,419		65,729		71,597		78,091																					
General and administrative expense		5,851		6,136		6,985		9,608		13,197		11,248		11,052		13,510		15,724		16,425		13,044		22,145		24,986		28,160		31,361		34,860		37,877		41,206		44,884		48,955																					
European commission fees		-		-		-		2,736		5,071		1,697		-		-		-		-		-		-		-		-		-		-		-		-		-		-																					
Total Costs and Expenses		49,505		55,629		66,556		84,709		110,498		127,626		141,303		178,923		207,994		223,101		246,973		283,886		317,581		358,255		393,580		430,925		461,476		501,307		544,887		592,716																					
Income from operations		16,496		19,360		23,716		26,146		26,321		34,231		41,224		78,714		74,842		84,293		90,838		95,954		110,990		124,746		144,330		166,995		188,190		205,458		224,975		246,970																					
Other income (expense), net		763		291		434		1,047		8,592		5,394		6,858		12,020		(3,514)		1,424		8,205		7,682		8,668		9,769		10,879		12,093		13,140		14,295		15,571		16,983																					
Income before income taxes		17,259		19,651		24,150		27,193		34,913		39,625		48,082		90,734		71,328		85,717		99,043		103,637		119,658		134,515		155,209		179,088		201,330		219,753		240,546		263,953																					
Provision for income taxes		3,331		3,303		4,672		14,531		4,177		5,282		7,813		14,701		11,356		11,922		18,653		17,618		20,342		22,868		26,386		30,445		34,226		37,358		40,893		44,872																					
Net Income	\$	14,444	\$	16,348	\$	19,478	\$	12,662	\$	30,736	\$	34,343	\$	40,269	\$	76,033	\$	59,972	\$	73,795	\$	80,390	\$	86,018	\$	99,316	\$	111,647	\$	128,824	\$	148,643	\$	167,104	\$	182,395	\$	199,653	\$	219,081																					
Additional Income Statement Information																																																													
Basic Earnings Per Share (EPS)	\$	1.03	\$	1.14	\$	1.39	\$	0.90	\$	2.19	\$	2.46	\$	2.93	\$	5.61	\$	4.56	\$	5.80	\$	6.55	\$	7.21	\$	8.57	\$	9.91	\$	11.77	\$	13.98	\$	16.18	\$	18.17	\$	20.47	\$	23.12																					
Total Shares Outstanding		13,603		13,747		13,826		13,896		13,911		13,767		13,504		13,242		12,849		12,460		12,105		11,761		11,426		11,101		10,785		10,479		10,181		9,892		9,611		9,338																					
Weighted Average Shares Outstanding		13,519		13,693		13,756		13,858		13,903		13,852		13,616		13,353		13,063		12,630		12,283		11,933		11,593		11,263		10,943		10,632		10,330		10,036		9,751		9,474																					
Annual Dividends Per Share	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.60	\$	0.80	\$	1.20	\$	1.60	\$	2.20	\$	2.80	\$	3.60	\$	4.40	\$	5.40	\$	6.40																					

Alphabet Inc.

Income Statement (in millions)

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenues	\$ 66,001	\$ 74,989	\$ 90,272	\$ 110,855	\$ 136,819	\$ 161,857	\$ 182,527	\$ 257,637	\$ 282,836	\$ 307,394	\$ 337,811	\$ 379,840	\$ 428,571	\$ 483,001	\$ 537,910	\$ 597,920	\$ 649,666	\$ 706,766	\$ 769,863	\$ 839,687
Costs and Expenses																				
Cost of revenues	20,712	23,101	28,994	38,668	50,514	60,115	71,035	98,498	110,275	121,386	140,924	147,783	162,857	183,540	199,027	215,251	227,383	247,368	269,452	293,890
Depreciation and impairment of PP&E	3,523	4,132	5,267	6,103	8,164	10,856	12,905	11,555	15,287	11,946	17,465	21,826	25,786	29,401	32,720	35,787	38,637	41,305	43,818	46,202
Amortization and impairment of intangible assets	1,456	931	877	812	871	925	792	886	641	-	-	-	-	-	-	-	-	-	-	-
Research and development expense	9,832	12,282	13,948	16,625	21,419	26,018	27,573	31,562	39,500	45,427	48,280	56,806	64,094	72,235	80,446	89,421	97,160	105,699	115,136	125,578
Sales and marketing expense	8,131	9,047	10,485	12,893	16,333	18,464	17,946	22,912	26,567	27,917	27,260	35,325	39,857	44,919	50,026	55,607	60,419	65,729	71,597	78,091
General and administrative expense	5,851	6,136	6,985	9,608	13,197	11,248	11,052	13,510	15,724	16,425	13,044	22,145	24,986	28,160	31,361	34,860	37,877	41,206	44,884	48,955
European commission fees	-	-	-	2,736	5,071	1,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Costs and Expenses	49,505	55,629	66,556	84,709	110,498	127,626	141,303	178,923	207,994	223,101	246,973	283,886	317,581	358,255	393,580	430,925	461,476	501,307	544,887	592,716
Income from operations	16,496	19,360	23,716	\$ 26,146	\$ 26,321	\$ 34,231	\$ 41,224	\$ 78,714	\$ 74,842	\$ 84,293	\$ 90,838	\$ 95,954	\$ 110,990	\$ 124,746	\$ 144,330	\$ 166,995	\$ 188,190	\$ 205,458	\$ 224,975	\$ 246,970
Other income (expense), net	763	291	434	1,047	8,592	5,394	6,858	12,020	(3,514)	1,424	8,205	7,682	8,668	9,769	10,879	12,093	13,140	14,295	15,571	16,983
Income before income taxes	17,259	19,651	24,150	27,193	34,913	39,625	48,082	90,734	71,328	85,717	99,043	103,637	119,658	134,515	155,209	179,088	201,330	219,753	240,546	263,953
Provision for income taxes	3,331	3,303	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	18,653	17,618	20,342	22,868	26,386	30,445	34,226	37,358	40,893	44,872
Net Income	\$ 14,444	\$ 16,348	\$ 19,478	\$ 12,662	\$ 30,736	\$ 34,343	\$ 40,269	\$ 76,033	\$ 59,972	\$ 73,795	\$ 80,390	\$ 86,018	\$ 99,316	\$ 111,647	\$ 128,824	\$ 148,643	\$ 167,104	\$ 182,395	\$ 199,653	\$ 219,081
Additional Income Statement Information																				
Basic Earnings Per Share (EPS)	\$ 1.03	\$ 1.14	\$ 1.39	\$ 0.90	\$ 2.19	\$ 2.46	\$ 2.93	\$ 5.61	\$ 4.56	\$ 5.80	\$ 6.55	\$ 7.21	\$ 8.57	\$ 9.91	\$ 11.77	\$ 13.98	\$ 16.18	\$ 18.17	\$ 20.47	\$ 23.12
Total Shares Outstanding	13,603	13,747	13,826	13,896	13,911	13,767	13,504	13,242	12,849	12,460	12,105	11,761	11,426	11,101	10,785	10,479	10,181	9,892	9,611	9,338
Weighted Average Shares Outstanding	13,519	13,693	13,756	13,858	13,903	13,852	13,616	13,353	13,063	12,630	12,283	11,933	11,593	11,263	10,943	10,632	10,330	10,036	9,751	9,474
Annual Dividends Per Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.60	\$ 0.80	\$ 1.20	\$ 1.60	\$ 2.20	\$ 2.80	\$ 3.60	\$ 4.40	\$ 5.40	\$ 6.40

Alphabet Inc.

Income Statement (in millions)

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenues	\$ 66,001	\$ 74,989	\$ 90,272	\$ 110,855	\$ 136,819	\$ 161,857	\$ 182,527	\$ 257,637	\$ 282,836	\$ 307,394	\$ 337,811	\$ 379,840	\$ 428,571	\$ 483,001	\$ 537,910	\$ 597,920	\$ 649,666	\$ 706,766	\$ 769,863	\$ 839,687
Costs and Expenses																				
Cost of revenues	20,712	23,101	28,994	38,668	50,514	60,115	71,035	98,498	110,275	121,386	140,924	147,783	162,857	183,540	199,027	215,251	227,383	247,368	269,452	293,890
Depreciation and impairment of PP&E	3,523	4,132	5,267	6,103	8,164	10,856	12,905	11,555	15,287	11,946	17,465	21,826	25,786	29,401	32,720	35,787	38,637	41,305	43,818	46,202
Amortization and impairment of intangible assets	1,456	931	877	812	871	925	792	886	641	-	-	-	-	-	-	-	-	-	-	-
Research and development expense	9,832	12,282	13,948	16,625	21,419	26,018	27,573	31,562	39,500	45,427	48,280	56,806	64,094	72,235	80,446	89,421	97,160	105,699	115,136	125,578
Sales and marketing expense	8,131	9,047	10,485	12,893	16,333	18,464	17,946	22,912	26,567	27,917	27,260	35,325	39,857	44,919	50,026	55,607	60,419	65,729	71,597	78,091
General and administrative expense	5,851	6,136	6,985	9,608	13,197	11,248	11,052	13,510	15,724	16,425	13,044	22,145	24,986	28,160	31,361	34,860	37,877	41,206	44,884	48,955
European commission fees	-	-	-	2,736	5,071	1,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Costs and Expenses	49,505	55,629	66,556	84,709	110,498	127,626	141,303	178,923	207,994	223,101	246,973	283,886	317,581	358,255	393,580	430,925	461,476	501,307	544,887	592,716
Income from operations	16,496	19,360	23,716	\$ 26,146	\$ 26,321	\$ 34,231	\$ 41,224	\$ 78,714	\$ 74,842	\$ 84,293	\$ 90,838	\$ 95,954	\$ 110,990	\$ 124,746	\$ 144,330	\$ 166,995	\$ 188,190	\$ 205,458	\$ 224,975	\$ 246,970
Other income (expense), net	763	291	434	1,047	8,592	5,394	6,858	12,020	(3,514)	1,424	8,205	7,682	8,668	9,769	10,879	12,093	13,140	14,295	15,571	16,983
Income before income taxes	17,259	19,651	24,150	27,193	34,913	39,625	48,082	90,734	71,328	85,717	99,043	103,637	119,658	134,515	155,209	179,088	201,330	219,753	240,546	263,953
Provision for income taxes	3,331	3,303	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	18,653	17,618	20,342	22,868	26,386	30,445	34,226	37,358	40,893	44,872
Net Income	\$ 14,444	\$ 16,348	\$ 19,478	\$ 12,662	\$ 30,736	\$ 34,343	\$ 40,269	\$ 76,033	\$ 59,972	\$ 73,795	\$ 80,390	\$ 86,018	\$ 99,316	\$ 111,647	\$ 128,824	\$ 148,643	\$ 167,104	\$ 182,395	\$ 199,653	\$ 219,081
Additional Income Statement Information																				
Basic Earnings Per Share (EPS)	\$ 1.03	\$ 1.14	\$ 1.39	\$ 0.90	\$ 2.19	\$ 2.46	\$ 2.93	\$ 5.61	\$ 4.56	\$ 5.80	\$ 6.55	\$ 7.21	\$ 8.57	\$ 9.91	\$ 11.77	\$ 13.98	\$ 16.18	\$ 18.17	\$ 20.47	\$ 23.12
Total Shares Outstanding	13,603	13,747	13,826	13,896	13,911	13,767	13,504	13,242	12,849	12,460	12,105	11,761	11,426	11,101	10,785	10,479	10,181	9,892	9,611	9,338
Weighted Average Shares Outstanding	13,519	13,693	13,756	13,858	13,903	13,852	13,616	13,353	13,063	12,630	12,283	11,933	11,593	11,263	10,943	10,632	10,330	10,036	9,751	9,474
Annual Dividends Per Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.60	\$ 0.80	\$ 1.20	\$ 1.60	\$ 2.20	\$ 2.80	\$ 3.60	\$ 4.40	\$ 5.40	\$ 6.40

Alphabet Inc.

Income Statement (in millions)

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E																					
Revenues	\$	66,001	\$	74,989	\$	90,272	\$	110,855	\$	136,819	\$	161,857	\$	182,527	\$	257,637	\$	282,836	\$	307,394	\$	337,811	\$	379,840	\$	428,571	\$	483,001	\$	537,910	\$	597,920	\$	649,666	\$	706,766	\$	769,863	\$	839,687	
Costs and Expenses																																									
Cost of revenues		20,712		23,101		28,994		38,668		50,514		60,115		71,035		98,498		110,275		121,386		140,924		147,783		162,857		183,540		199,027		215,251		227,383		247,368		269,452		293,890	
Depreciation and impairment of PP&E		3,523		4,132		5,267		6,103		8,164		10,856		12,905		11,555		15,287		11,946		17,465		21,826		25,786		29,401		32,720		35,787		38,637		41,305		43,818		46,202	
Amortization and impairment of intangible assets		1,456		931		877		812		871		925		792		886		641		-		-		-		-		-		-		-		-		-		-		-	
Research and development expense		9,832		12,282		13,948		16,625		21,419		26,018		27,573		31,562		39,500		45,427		48,280		56,806		64,094		72,235		80,446		89,421		97,160		105,699		115,136		125,578	
Sales and marketing expense		8,131		9,047		10,485		12,893		16,333		18,464		17,946		22,912		26,567		27,917		27,260		35,325		39,857		44,919		50,026		55,607		60,419		65,729		71,597		78,091	
General and administrative expense		5,851		6,136		6,985		9,608		13,197		11,248		11,052		13,510		15,724		16,425		13,044		22,145		24,986		28,160		31,361		34,860		37,877		41,206		44,884		48,955	
European commission fees		-		-		-		2,736		5,071		1,697		-		-		-		-		-		-		-		-		-		-		-		-		-		-	
Total Costs and Expenses		49,505		55,629		66,556		84,709		110,498		127,626		141,303		178,923		207,994		223,101		246,973		283,886		317,581		358,255		393,580		430,925		461,476		501,307		544,887		592,716	
Income from operations		16,496		19,360		23,716		26,146		26,321		34,231		41,224		78,714		74,842		84,293		90,838		95,954		110,990		124,746		144,330		166,995		188,190		205,458		224,975		246,970	
Other income (expense), net		763		291		434		1,047		8,592		5,394		6,858		12,020		(3,514)		1,424		8,205		7,682		8,668		9,769		10,879		12,093		13,140		14,295		15,571		16,983	
Income before income taxes		17,259		19,651		24,150		27,193		34,913		39,625		48,082		90,734		71,328		85,717		99,043		103,637		119,658		134,515		155,209		179,088		201,330		219,753		240,546		263,953	
Provision for income taxes		3,331		3,303		4,672		14,531		4,177		5,282		7,813		14,701		11,356		11,922		18,653		17,618		20,342		22,868		26,386		30,445		34,226		37,358		40,893		44,872	
Net Income	\$	14,444	\$	16,348	\$	19,478	\$	12,662	\$	30,736	\$	34,343	\$	40,269	\$	76,033	\$	59,972	\$	73,795	\$	80,390	\$	86,018	\$	99,316	\$	111,647	\$	128,824	\$	148,643	\$	167,104	\$	182,395	\$	199,653	\$	219,081	
Additional Income Statement Information																																									
Basic Earnings Per Share (EPS)	\$	1.03	\$	1.14	\$	1.39	\$	0.90	\$	2.19	\$	2.46	\$	2.93	\$	5.61	\$	4.56	\$	5.80	\$	6.55	\$	7.21	\$	8.57	\$	9.91	\$	11.77	\$	13.98	\$	16.18	\$	18.17	\$	20.47	\$	23.12	
Total Shares Outstanding		13,603		13,747		13,826		13,896		13,911		13,767		13,504		13,242		12,849		12,460		12,105		11,761		11,426		11,101		10,785		10,479		10,181		9,892		9,611		9,338	
Weighted Average Shares Outstanding		13,519		13,693		13,756		13,858		13,903		13,852		13,616		13,353		13,063		12,630		12,283		11,933		11,593		11,263		10,943		10,632		10,330		10,036		9,751		9,474	
Annual Dividends Per Share	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.60	\$	0.80	\$	1.20	\$	1.60	\$	2.20	\$	2.80	\$	3.60	\$	4.40	\$	5.40	\$	6.40	

Income Statement (in millions)

<i>Fiscal Years Ending Dec. 31</i>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	
Revenues	\$ 66,001	\$ 74,989	\$ 90,272	\$ 110,855	\$ 136,819	\$ 161,857	\$ 182,527	\$ 257,637	\$ 282,836	\$ 307,394	\$ 337,811	\$ 379,840	\$ 428,571	\$ 483,001	\$ 537,910	\$ 597,920	\$ 649,666	\$ 706,766	\$ 769,863	\$ 839,687	
Costs and Expenses																					
Cost of revenues	20,712	23,101	28,994	38,668	50,514	60,115	71,035	98,498	110,275	121,386	140,924	147,783	162,857	183,540	199,027	215,251	227,383	247,368	269,452	293,890	
Depreciation and impairment of PP&E	3,523	4,132	5,267	6,103	8,164	10,856	12,905	11,555	15,287	11,946	17,465	21,826	25,786	29,401	32,720	35,787	38,637	41,305	43,818	46,202	
Amortization and impairment of intangible assets	1,456	931	877	812	871	925	792	886	641	-	-	-	-	-	-	-	-	-	-	-	
Research and development expense	9,832	12,282	13,948	16,625	21,419	26,018	27,573	31,562	39,500	45,427	48,280	56,806	64,094	72,235	80,446	89,421	97,160	105,699	115,136	125,578	
Sales and marketing expense	8,131	9,047	10,485	12,893	16,333	18,464	17,946	22,912	26,567	27,917	27,260	35,325	39,857	44,919	50,026	55,607	60,419	65,729	71,597	78,091	
General and administrative expense	5,851	6,136	6,985	9,608	13,197	11,248	11,052	13,510	15,724	16,425	13,044	22,145	24,986	28,160	31,361	34,860	37,877	41,206	44,884	48,955	
European commission fees	-	-	-	2,736	5,071	1,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Costs and Expenses	49,505	55,629	66,556	84,709	110,498	127,626	141,303	178,923	207,994	223,101	246,973	283,886	317,581	358,255	393,580	430,925	461,476	501,307	544,887	592,716	
Income from operations	16,496	19,360	23,716	\$ 26,146	\$ 26,321	\$ 34,231	\$ 41,224	\$ 78,714	\$ 74,842	\$ 84,293	\$ 90,838	\$ 95,954	\$ 110,990	\$ 124,746	\$ 144,330	\$ 166,995	\$ 188,190	\$ 205,458	\$ 224,975	\$ 246,970	
Other income (expense), net	763	291	434	1,047	8,592	5,394	6,858	12,020	(3,514)	1,424	8,205	7,682	8,668	9,769	10,879	12,093	13,140	14,295	15,571	16,983	
Income before income taxes	17,259	19,651	24,150	27,193	34,913	39,625	48,082	90,734	71,328	85,717	99,043	103,637	119,658	134,515	155,209	179,088	201,330	219,753	240,546	263,953	
Provision for income taxes	3,331	3,303	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	18,653	17,618	20,342	22,868	26,386	30,445	34,226	37,358	40,893	44,872	
Net Income	\$ 14,444	\$ 16,348	\$ 19,478	\$ 12,662	\$ 30,736	\$ 34,343	\$ 40,269	\$ 76,033	\$ 59,972	\$ 73,795	\$ 80,390	\$ 86,018	\$ 99,316	\$ 111,647	\$ 128,824	\$ 148,643	\$ 167,104	\$ 182,395	\$ 199,653	\$ 219,081	
Additional Income Statement Information																					
Basic Earnings Per Share (EPS)	\$ 1.03	\$ 1.14	\$ 1.39	\$ 0.90	\$ 2.19	\$ 2.46	\$ 2.93	\$ 5.61	\$ 4.56	\$ 5.80	\$ 6.55	\$ 7.21	\$ 8.57	\$ 9.91	\$ 11.77	\$ 13.98	\$ 16.18	\$ 18.17	\$ 20.47	\$ 23.12	
Total Shares Outstanding	13,603	13,747	13,826	13,896	13,911	13,767	13,504	13,242	12,849	12,460	12,105	11,761	11,426	11,101	10,785	10,479	10,181	9,892	9,611	9,338	
Weighted Average Shares Outstanding	13,519	13,693	13,756	13,858	13,903	13,852	13,616	13,353	13,063	12,630	12,283	11,933	11,593	11,263	10,943	10,632	10,330	10,036	9,751	9,474	
Annual Dividends Per Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.60	\$ 0.80	\$ 1.20	\$ 1.60	\$ 2.20	\$ 2.80	\$ 3.60	\$ 4.40	\$ 5.40	\$ 6.40	

Alphabet Inc.

Income Statement (in millions)

Fiscal Years Ending Dec. 31		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E		
Revenues	\$	66,001	\$ 74,989	\$ 90,272	\$ 110,855	\$ 136,819	\$ 161,857	\$ 182,527	\$ 257,637	\$ 282,836	\$ 307,394	\$ 337,811	\$ 379,840	\$ 428,571	\$ 483,001	\$ 537,910	\$ 597,920	\$ 649,666	\$ 706,766	\$ 769,863	\$ 839,687		
Costs and Expenses																							
Cost of revenues		20,712	23,101	28,994	38,668	50,514	60,115	71,035	98,498	110,275	121,386	140,924	147,783	162,857	183,540	199,027	215,251	227,383	247,368	269,452	293,890		
Depreciation and impairment of PP&E		3,523	4,132	5,267	6,103	8,164	10,856	12,905	11,555	15,287	11,946	17,465	21,826	25,786	29,401	32,720	35,787	38,637	41,305	43,818	46,202		
Amortization and impairment of intangible assets		1,456	931	877	812	871	925	792	886	641	-	-	-	-	-	-	-	-	-	-	-		
Research and development expense		9,832	12,282	13,948	16,625	21,419	26,018	27,573	31,562	39,500	45,427	48,280	56,806	64,094	72,235	80,446	89,421	97,160	105,699	115,136	125,578		
Sales and marketing expense		8,131	9,047	10,485	12,893	16,333	18,464	17,946	22,912	26,567	27,917	27,260	35,325	39,857	44,919	50,026	55,607	60,419	65,729	71,597	78,091		
General and administrative expense		5,851	6,136	6,985	9,608	13,197	11,248	11,052	13,510	15,724	16,425	13,044	22,145	24,986	28,160	31,361	34,860	37,877	41,206	44,884	48,955		
European commission fees		-	-	-	2,736	5,071	1,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Costs and Expenses		49,505	55,629	66,556	84,709	110,498	127,626	141,303	178,923	207,994	223,101	246,973	283,886	317,581	358,255	393,580	430,925	461,476	501,307	544,887	592,716		
Income from operations		16,496	19,360	23,716	\$ 26,146	\$ 26,321	\$ 34,231	\$ 41,224	\$ 78,714	\$ 74,842	\$ 84,293	\$ 90,838	\$ 95,954	\$ 110,990	\$ 124,746	\$ 144,330	\$ 166,995	\$ 188,190	\$ 205,458	\$ 224,975	\$ 246,970		
Other income (expense), net		763	291	434	1,047	8,592	5,394	6,858	12,020	(3,514)	1,424	8,205	7,682	8,668	9,769	10,879	12,093	13,140	14,295	15,571	16,983		
Income before income taxes		17,259	19,651	24,150	27,193	34,913	39,625	48,082	90,734	71,328	85,717	99,043	103,637	119,658	134,515	155,209	179,088	201,330	219,753	240,546	263,953		
Provision for income taxes		3,331	3,303	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	18,653	17,618	20,342	22,868	26,386	30,445	34,226	37,358	40,893	44,872		
Net Income	\$	14,444	\$ 16,348	\$ 19,478	\$ 12,662	\$ 30,736	\$ 34,343	\$ 40,269	\$ 76,033	\$ 59,972	\$ 73,795	\$ 80,390	\$ 86,018	\$ 99,316	\$ 111,647	\$ 128,824	\$ 148,643	\$ 167,104	\$ 182,395	\$ 199,653	\$ 219,081		
Additional Income Statement Information																							
Basic Earnings Per Share (EPS)	\$	1.03	\$ 1.14	\$ 1.39	\$ 0.90	\$ 2.19	\$ 2.46	\$ 2.93	\$ 5.61	\$ 4.56	\$ 5.80	\$ 6.55	\$ 7.21	\$ 8.57	\$ 9.91	\$ 11.77	\$ 13.98	\$ 16.18	\$ 18.17	\$ 20.47	\$ 23.12		
Total Shares Outstanding		13,603	13,747	13,826	13,896	13,911	13,767	13,504	13,242	12,849	12,460	12,105	11,761	11,426	11,101	10,785	10,479	10,181	9,892	9,611	9,338		
Weighted Average Shares Outstanding		13,519	13,693	13,756	13,858	13,903	13,852	13,616	13,353	13,063	12,630	12,283	11,933	11,593	11,263	10,943	10,632	10,330	10,036	9,751	9,474		
Annual Dividends Per Share	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.60	\$ 0.80	\$ 1.20	\$ 1.60	\$ 2.20	\$ 2.80	\$ 3.60	\$ 4.40	\$ 5.40	\$ 6.40		

Alphabet Inc.

Income Statement (in millions)

Fiscal Years Ending Dec. 31		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E		
Revenues	\$	66,001	\$ 74,989	\$ 90,272	\$ 110,855	\$ 136,819	\$ 161,857	\$ 182,527	\$ 257,637	\$ 282,836	\$ 307,394	\$ 337,811	\$ 379,840	\$ 428,571	\$ 483,001	\$ 537,910	\$ 597,920	\$ 649,666	\$ 706,766	\$ 769,863	\$ 839,687		
Costs and Expenses																							
Cost of revenues		20,712	23,101	28,994	38,668	50,514	60,115	71,035	98,498	110,275	121,386	140,924	147,783	162,857	183,540	199,027	215,251	227,383	247,368	269,452	293,890		
Depreciation and impairment of PP&E		3,523	4,132	5,267	6,103	8,164	10,856	12,905	11,555	15,287	11,946	17,465	21,826	25,786	29,401	32,720	35,787	38,637	41,305	43,818	46,202		
Amortization and impairment of intangible assets		1,456	931	877	812	871	925	792	886	641	-	-	-	-	-	-	-	-	-	-	-		
Research and development expense		9,832	12,282	13,948	16,625	21,419	26,018	27,573	31,562	39,500	45,427	48,280	56,806	64,094	72,235	80,446	89,421	97,160	105,699	115,136	125,578		
Sales and marketing expense		8,131	9,047	10,485	12,893	16,333	18,464	17,946	22,912	26,567	27,917	27,260	35,325	39,857	44,919	50,026	55,607	60,419	65,729	71,597	78,091		
General and administrative expense		5,851	6,136	6,985	9,608	13,197	11,248	11,052	13,510	15,724	16,425	13,044	22,145	24,986	28,160	31,361	34,860	37,877	41,206	44,884	48,955		
European commission fees		-	-	-	2,736	5,071	1,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Costs and Expenses		49,505	55,629	66,556	84,709	110,498	127,626	141,303	178,923	207,994	223,101	246,973	283,886	317,581	358,255	393,580	430,925	461,476	501,307	544,887	592,716		
Income from operations		16,496	19,360	23,716	\$ 26,146	\$ 26,321	\$ 34,231	\$ 41,224	\$ 78,714	\$ 74,842	\$ 84,293	\$ 90,838	\$ 95,954	\$ 110,990	\$ 124,746	\$ 144,330	\$ 166,995	\$ 188,190	\$ 205,458	\$ 224,975	\$ 246,970		
Other income (expense), net		763	291	434	1,047	8,592	5,394	6,858	12,020	(3,514)	1,424	8,205	7,682	8,668	9,769	10,879	12,093	13,140	14,295	15,571	16,983		
Income before income taxes		17,259	19,651	24,150	27,193	34,913	39,625	48,082	90,734	71,328	85,717	99,043	103,637	119,658	134,515	155,209	179,088	201,330	219,753	240,546	263,953		
Provision for income taxes		3,331	3,303	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	18,653	17,618	20,342	22,868	26,386	30,445	34,226	37,358	40,893	44,872		
Net Income	\$	14,444	\$ 16,348	\$ 19,478	\$ 12,662	\$ 30,736	\$ 34,343	\$ 40,269	\$ 76,033	\$ 59,972	\$ 73,795	\$ 80,390	\$ 86,018	\$ 99,316	\$ 111,647	\$ 128,824	\$ 148,643	\$ 167,104	\$ 182,395	\$ 199,653	\$ 219,081		
Additional Income Statement Information																							
Basic Earnings Per Share (EPS)	\$	1.03	\$ 1.14	\$ 1.39	\$ 0.90	\$ 2.19	\$ 2.46	\$ 2.93	\$ 5.61	\$ 4.56	\$ 5.80	\$ 6.55	\$ 7.21	\$ 8.57	\$ 9.91	\$ 11.77	\$ 13.98	\$ 16.18	\$ 18.17	\$ 20.47	\$ 23.12		
Total Shares Outstanding		13,603	13,747	13,826	13,896	13,911	13,767	13,504	13,242	12,849	12,460	12,105	11,761	11,426	11,101	10,785	10,479	10,181	9,892	9,611	9,338		
Weighted Average Shares Outstanding		13,519	13,693	13,756	13,858	13,903	13,852	13,616	13,353	13,063	12,630	12,283	11,933	11,593	11,263	10,943	10,632	10,330	10,036	9,751	9,474		
Annual Dividends Per Share	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.60	\$ 0.80	\$ 1.20	\$ 1.60	\$ 2.20	\$ 2.80	\$ 3.60	\$ 4.40	\$ 5.40	\$ 6.40		

Income Statement (in millions)

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenues	\$ 66,001	\$ 74,989	\$ 90,272	\$ 110,855	\$ 136,819	\$ 161,857	\$ 182,527	\$ 257,637	\$ 282,836	\$ 307,394	\$ 337,811	\$ 379,840	\$ 428,571	\$ 483,001	\$ 537,910	\$ 597,920	\$ 649,666	\$ 706,766	\$ 769,863	\$ 839,687
Costs and Expenses																				
Cost of revenues	20,712	23,101	28,994	38,668	50,514	60,115	71,035	98,498	110,275	121,386	140,924	147,783	162,857	183,540	199,027	215,251	227,383	247,368	269,452	293,890
Depreciation and impairment of PP&E	3,523	4,132	5,267	6,103	8,164	10,856	12,905	11,555	15,287	11,946	17,465	21,826	25,786	29,401	32,720	35,787	38,637	41,305	43,818	46,202
Amortization and impairment of intangible assets	1,456	931	877	812	871	925	792	886	641	-	-	-	-	-	-	-	-	-	-	-
Research and development expense	9,832	12,282	13,948	16,625	21,419	26,018	27,573	31,562	39,500	45,427	48,280	56,806	64,094	72,235	80,446	89,421	97,160	105,699	115,136	125,578
Sales and marketing expense	8,131	9,047	10,485	12,893	16,333	18,464	17,946	22,912	26,567	27,917	27,260	35,325	39,857	44,919	50,026	55,607	60,419	65,729	71,597	78,091
General and administrative expense	5,851	6,136	6,985	9,608	13,197	11,248	11,052	13,510	15,724	16,425	13,044	22,145	24,986	28,160	31,361	34,860	37,877	41,206	44,884	48,955
European commission fees	-	-	-	2,736	5,071	1,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Costs and Expenses	49,505	55,629	66,556	84,709	110,498	127,626	141,303	178,923	207,994	223,101	246,973	283,886	317,581	358,255	393,580	430,925	461,476	501,307	544,887	592,716
Income from operations	16,496	19,360	23,716	\$ 26,146	\$ 26,321	\$ 34,231	\$ 41,224	\$ 78,714	\$ 74,842	\$ 84,293	\$ 90,838	\$ 95,954	\$ 110,990	\$ 124,746	\$ 144,330	\$ 166,995	\$ 188,190	\$ 205,458	\$ 224,975	\$ 246,970
Other income (expense), net	763	291	434	1,047	8,592	5,394	6,858	12,020	(3,514)	1,424	8,205	7,682	8,668	9,769	10,879	12,093	13,140	14,295	15,571	16,983
Income before income taxes	17,259	19,651	24,150	27,193	34,913	39,625	48,082	90,734	71,328	85,717	99,043	103,637	119,658	134,515	155,209	179,088	201,330	219,753	240,546	263,953
Provision for income taxes	3,331	3,303	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	18,653	17,618	20,342	22,868	26,386	30,445	34,226	37,358	40,893	44,872
Net Income	\$ 14,444	\$ 16,348	\$ 19,478	\$ 12,662	\$ 30,736	\$ 34,343	\$ 40,269	\$ 76,033	\$ 59,972	\$ 73,795	\$ 80,390	\$ 86,018	\$ 99,316	\$ 111,647	\$ 128,824	\$ 148,643	\$ 167,104	\$ 182,395	\$ 199,653	\$ 219,081
Additional Income Statement Information																				
Basic Earnings Per Share (EPS)	\$ 1.03	\$ 1.14	\$ 1.39	\$ 0.90	\$ 2.19	\$ 2.46	\$ 2.93	\$ 5.61	\$ 4.56	\$ 5.80	\$ 6.55	\$ 7.21	\$ 8.57	\$ 9.91	\$ 11.77	\$ 13.98	\$ 16.18	\$ 18.17	\$ 20.47	\$ 23.12
Total Shares Outstanding	13,603	13,747	13,826	13,896	13,911	13,767	13,504	13,242	12,849	12,460	12,105	11,761	11,426	11,101	10,785	10,479	10,181	9,892	9,611	9,338

Income Statement (in millions)

<i>Fiscal Years Ending Dec. 31</i>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	
Revenues	\$ 66,001	\$ 74,989	\$ 90,272	\$ 110,855	\$ 136,819	\$ 161,857	\$ 182,527	\$ 257,637	\$ 282,836	\$ 307,394	\$ 337,811	\$ 379,840	\$ 428,571	\$ 483,001	\$ 537,910	\$ 597,920	\$ 649,666	\$ 706,766	\$ 769,863	\$ 839,687	
Costs and Expenses																					
Cost of revenues	20,712	23,101	28,994	38,668	50,514	60,115	71,035	98,498	110,275	121,386	140,924	147,783	162,857	183,540	199,027	215,251	227,383	247,368	269,452	293,890	
Depreciation and impairment of PP&E	3,523	4,132	5,267	6,103	8,164	10,856	12,905	11,555	15,287	11,946	17,465	21,826	25,786	29,401	32,720	35,787	38,637	41,305	43,818	46,202	
Amortization and impairment of intangible assets	1,456	931	877	812	871	925	792	886	641	-	-	-	-	-	-	-	-	-	-	-	
Research and development expense	9,832	12,282	13,948	16,625	21,419	26,018	27,573	31,562	39,500	45,427	48,280	56,806	64,094	72,235	80,446	89,421	97,160	105,699	115,136	125,578	
Sales and marketing expense	8,131	9,047	10,485	12,893	16,333	18,464	17,946	22,912	26,567	27,917	27,260	35,325	39,857	44,919	50,026	55,607	60,419	65,729	71,597	78,091	
General and administrative expense	5,851	6,136	6,985	9,608	13,197	11,248	11,052	13,510	15,724	16,425	13,044	22,145	24,986	28,160	31,361	34,860	37,877	41,206	44,884	48,955	
European commission fees	-	-	-	2,736	5,071	1,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Costs and Expenses	49,505	55,629	66,556	84,709	110,498	127,626	141,303	178,923	207,994	223,101	246,973	283,886	317,581	358,255	393,580	430,925	461,476	501,307	544,887	592,716	
Income from operations	16,496	19,360	23,716	\$ 26,146	\$ 26,321	\$ 34,231	\$ 41,224	\$ 78,714	\$ 74,842	\$ 84,293	\$ 90,838	\$ 95,954	\$ 110,990	\$ 124,746	\$ 144,330	\$ 166,995	\$ 188,190	\$ 205,458	\$ 224,975	\$ 246,970	
Other income (expense), net	763	291	434	1,047	8,592	5,394	6,858	12,020	(3,514)	1,424	8,205	7,682	8,668	9,769	10,879	12,093	13,140	14,295	15,571	16,983	
Income before income taxes	17,259	19,651	24,150	27,193	34,913	39,625	48,082	90,734	71,328	85,717	99,043	103,637	119,658	134,515	155,209	179,088	201,330	219,753	240,546	263,953	
Provision for income taxes	3,331	3,303	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	18,653	17,618	20,342	22,868	26,386	30,445	34,226	37,358	40,893	44,872	
Net Income	\$ 14,444	\$ 16,348	\$ 19,478	\$ 12,662	\$ 30,736	\$ 34,343	\$ 40,269	\$ 76,033	\$ 59,972	\$ 73,795	\$ 80,390	\$ 86,018	\$ 99,316	\$ 111,647	\$ 128,824	\$ 148,643	\$ 167,104	\$ 182,395	\$ 199,653	\$ 219,081	
Additional Income Statement Information																					
Basic Earnings Per Share (EPS)	\$ 1.03	\$ 1.14	\$ 1.39	\$ 0.90	\$ 2.19	\$ 2.46	\$ 2.93	\$ 5.61	\$ 4.56	\$ 5.80	\$ 6.55	\$ 7.21	\$ 8.57	\$ 9.91	\$ 11.77	\$ 13.98	\$ 16.18	\$ 18.17	\$ 20.47	\$ 23.12	
Total Shares Outstanding	13,603	13,747	13,826	13,896	13,911	13,767	13,504	13,242	12,849	12,460	12,105	11,761	11,426	11,101	10,785	10,479	10,181	9,892	9,611	9,338	
Weighted Average Shares Outstanding	13,519	13,693	13,756	13,858	13,903	13,852	13,616	13,353	13,063	12,630	12,283	11,933	11,593	11,263	10,943	10,632	10,330	10,036	9,751	9,474	
Annual Dividends Per Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.60	\$ 0.80	\$ 1.20	\$ 1.60	\$ 2.20	\$ 2.80	\$ 3.60	\$ 4.40	\$ 5.40	\$ 6.40	

Income Statement (in millions)

<i>Fiscal Years Ending Dec. 31</i>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	
Revenues	\$ 66,001	\$ 74,989	\$ 90,272	\$ 110,855	\$ 136,819	\$ 161,857	\$ 182,527	\$ 257,637	\$ 282,836	\$ 307,394	\$ 337,811	\$ 379,840	\$ 428,571	\$ 483,001	\$ 537,910	\$ 597,920	\$ 649,666	\$ 706,766	\$ 769,863	\$ 839,687	
Costs and Expenses																					
Cost of revenues	20,712	23,101	28,994	38,668	50,514	60,115	71,035	98,498	110,275	121,386	140,924	147,783	162,857	183,540	199,027	215,251	227,383	247,368	269,452	293,890	
Depreciation and impairment of PP&E	3,523	4,132	5,267	6,103	8,164	10,856	12,905	11,555	15,287	11,946	17,465	21,826	25,786	29,401	32,720	35,787	38,637	41,305	43,818	46,202	
Amortization and impairment of intangible assets	1,456	931	877	812	871	925	792	886	641	-	-	-	-	-	-	-	-	-	-	-	
Research and development expense	9,832	12,282	13,948	16,625	21,419	26,018	27,573	31,562	39,500	45,427	48,280	56,806	64,094	72,235	80,446	89,421	97,160	105,699	115,136	125,578	
Sales and marketing expense	8,131	9,047	10,485	12,893	16,333	18,464	17,946	22,912	26,567	27,917	27,260	35,325	39,857	44,919	50,026	55,607	60,419	65,729	71,597	78,091	
General and administrative expense	5,851	6,136	6,985	9,608	13,197	11,248	11,052	13,510	15,724	16,425	13,044	22,145	24,986	28,160	31,361	34,860	37,877	41,206	44,884	48,955	
European commission fees	-	-	-	2,736	5,071	1,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Costs and Expenses	49,505	55,629	66,556	84,709	110,498	127,626	141,303	178,923	207,994	223,101	246,973	283,886	317,581	358,255	393,580	430,925	461,476	501,307	544,887	592,716	
Income from operations	16,496	19,360	23,716	\$ 26,146	\$ 26,321	\$ 34,231	\$ 41,224	\$ 78,714	\$ 74,842	\$ 84,293	\$ 90,838	\$ 95,954	\$ 110,990	\$ 124,746	\$ 144,330	\$ 166,995	\$ 188,190	\$ 205,458	\$ 224,975	\$ 246,970	
Other income (expense), net	763	291	434	1,047	8,592	5,394	6,858	12,020	(3,514)	1,424	8,205	7,682	8,668	9,769	10,879	12,093	13,140	14,295	15,571	16,983	
Income before income taxes	17,259	19,651	24,150	27,193	34,913	39,625	48,082	90,734	71,328	85,717	99,043	103,637	119,658	134,515	155,209	179,088	201,330	219,753	240,546	263,953	
Provision for income taxes	3,331	3,303	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	18,653	17,618	20,342	22,868	26,386	30,445	34,226	37,358	40,893	44,872	
Net Income	\$ 14,444	\$ 16,348	\$ 19,478	\$ 12,662	\$ 30,736	\$ 34,343	\$ 40,269	\$ 76,033	\$ 59,972	\$ 73,795	\$ 80,390	\$ 86,018	\$ 99,316	\$ 111,647	\$ 128,824	\$ 148,643	\$ 167,104	\$ 182,395	\$ 199,653	\$ 219,081	
Additional Income Statement Information																					
Basic Earnings Per Share (EPS)	\$ 1.03	\$ 1.14	\$ 1.39	\$ 0.90	\$ 2.19	\$ 2.46	\$ 2.93	\$ 5.61	\$ 4.56	\$ 5.80	\$ 6.55	\$ 7.21	\$ 8.57	\$ 9.91	\$ 11.77	\$ 13.98	\$ 16.18	\$ 18.17	\$ 20.47	\$ 23.12	
Total Shares Outstanding	13,603	13,747	13,826	13,896	13,911	13,767	13,504	13,242	12,849	12,460	12,105	11,761	11,426	11,101	10,785	10,479	10,181	9,892	9,611	9,338	
Weighted Average Shares Outstanding	13,519	13,693	13,756	13,858	13,903	13,852	13,616	13,353	13,063	12,630	12,283	11,933	11,593	11,263	10,943	10,632	10,330	10,036	9,751	9,474	
Annual Dividends Per Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.60	\$ 0.80	\$ 1.20	\$ 1.60	\$ 2.20	\$ 2.80	\$ 3.60	\$ 4.40	\$ 5.40	\$ 6.40	

Alphabet Inc.

Income Statement (in millions)

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenues	\$ 66,001	\$ 74,989	\$ 90,272	\$ 110,855	\$ 136,819	\$ 161,857	\$ 182,527	\$ 257,637	\$ 282,836	\$ 307,394	\$ 337,811	\$ 379,840	\$ 428,571	\$ 483,001	\$ 537,910	\$ 597,920	\$ 649,666	\$ 706,766	\$ 769,863	\$ 839,687
Costs and Expenses																				
Cost of revenues	20,712	23,101	28,994	38,668	50,514	60,115	71,035	98,498	110,275	121,386	140,924	147,783	162,857	183,540	199,027	215,251	227,383	247,368	269,452	293,890
Depreciation and impairment of PP&E	3,523	4,132	5,267	6,103	8,164	10,856	12,905	11,555	15,287	11,946	17,465	21,826	25,786	29,401	32,720	35,787	38,637	41,305	43,818	46,202
Amortization and impairment of intangible assets	1,456	931	877	812	871	925	792	886	641	-	-	-	-	-	-	-	-	-	-	-
Research and development expense	9,832	12,282	13,948	16,625	21,419	26,018	27,573	31,562	39,500	45,427	48,280	56,806	64,094	72,235	80,446	89,421	97,160	105,699	115,136	125,578
Sales and marketing expense	8,131	9,047	10,485	12,893	16,333	18,464	17,946	22,912	26,567	27,917	27,260	35,325	39,857	44,919	50,026	55,607	60,419	65,729	71,597	78,091
General and administrative expense	5,851	6,136	6,985	9,608	13,197	11,248	11,052	13,510	15,724	16,425	13,044	22,145	24,986	28,160	31,361	34,860	37,877	41,206	44,884	48,955
European commission fees	-	-	-	2,736	5,071	1,697	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Costs and Expenses	49,505	55,629	66,556	84,709	110,498	127,626	141,303	178,923	207,994	223,101	246,973	283,886	317,581	358,255	393,580	430,925	461,476	501,307	544,887	592,716
Income from operations	16,496	19,360	23,716	\$ 26,146	\$ 26,321	\$ 34,231	\$ 41,224	\$ 78,714	\$ 74,842	\$ 84,293	\$ 90,838	\$ 95,954	\$ 110,990	\$ 124,746	\$ 144,330	\$ 166,995	\$ 188,190	\$ 205,458	\$ 224,975	\$ 246,970
Other income (expense), net	763	291	434	1,047	8,592	5,394	6,858	12,020	(3,514)	1,424	8,205	7,682	8,668	9,769	10,879	12,093	13,140	14,295	15,571	16,983
Income before income taxes	17,259	19,651	24,150	27,193	34,913	39,625	48,082	90,734	71,328	85,717	99,043	103,637	119,658	134,515	155,209	179,088	201,330	219,753	240,546	263,953
Provision for income taxes	3,331	3,303	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	18,653	17,618	20,342	22,868	26,386	30,445	34,226	37,358	40,893	44,872
Net Income	\$ 14,444	\$ 16,348	\$ 19,478	\$ 12,662	\$ 30,736	\$ 34,343	\$ 40,269	\$ 76,033	\$ 59,972	\$ 73,795	\$ 80,390	\$ 86,018	\$ 99,316	\$ 111,647	\$ 128,824	\$ 148,643	\$ 167,104	\$ 182,395	\$ 199,653	\$ 219,081
Additional Income Statement Information																				
Basic Earnings Per Share (EPS)	\$ 1.03	\$ 1.14	\$ 1.39	\$ 0.90	\$ 2.19	\$ 2.46	\$ 2.93	\$ 5.61	\$ 4.56	\$ 5.80	\$ 6.55	\$ 7.21	\$ 8.57	\$ 9.91	\$ 11.77	\$ 13.98	\$ 16.18	\$ 18.17	\$ 20.47	\$ 23.12
Total Shares Outstanding	13,603	13,747	13,826	13,896	13,911	13,767	13,504	13,242	12,849	12,460	12,105	11,761	11,426	11,101	10,785	10,479	10,181	9,892	9,611	9,338
Weighted Average Shares Outstanding	13,519	13,693	13,756	13,858	13,903	13,852	13,616	13,353	13,063	12,630	12,283	11,933	11,593	11,263	10,943	10,632	10,330	10,036	9,751	9,474
Annual Dividends Per Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.60	\$ 0.80	\$ 1.20	\$ 1.60	\$ 2.20	\$ 2.80	\$ 3.60	\$ 4.40	\$ 5.40	\$ 6.40

Alphabet Inc.

Income Statement (in millions)

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E																					
Revenues	\$	66,001	\$	74,989	\$	90,272	\$	110,855	\$	136,819	\$	161,857	\$	182,527	\$	257,637	\$	282,836	\$	307,394	\$	337,811	\$	379,840	\$	428,571	\$	483,001	\$	537,910	\$	597,920	\$	649,666	\$	706,766	\$	769,863	\$	839,687	
Costs and Expenses																																									
Cost of revenues		20,712		23,101		28,994		38,668		50,514		60,115		71,035		98,498		110,275		121,386		140,924		147,783		162,857		183,540		199,027		215,251		227,383		247,368		269,452		293,890	
Depreciation and impairment of PP&E		3,523		4,132		5,267		6,103		8,164		10,856		12,905		11,555		15,287		11,946		17,465		21,826		25,786		29,401		32,720		35,787		38,637		41,305		43,818		46,202	
Amortization and impairment of intangible assets		1,456		931		877		812		871		925		792		886		641		-		-		-		-		-		-		-		-		-		-		-	
Research and development expense		9,832		12,282		13,948		16,625		21,419		26,018		27,573		31,562		39,500		45,427		48,280		56,806		64,094		72,235		80,446		89,421		97,160		105,699		115,136		125,578	
Sales and marketing expense		8,131		9,047		10,485		12,893		16,333		18,464		17,946		22,912		26,567		27,917		27,260		35,325		39,857		44,919		50,026		55,607		60,419		65,729		71,597		78,091	
General and administrative expense		5,851		6,136		6,985		9,608		13,197		11,248		11,052		13,510		15,724		16,425		13,044		22,145		24,986		28,160		31,361		34,860		37,877		41,206		44,884		48,955	
European commission fees		-		-		-		2,736		5,071		1,697		-		-		-		-		-		-		-		-		-		-		-		-		-		-	
Total Costs and Expenses		49,505		55,629		66,556		84,709		110,498		127,626		141,303		178,923		207,994		223,101		246,973		283,886		317,581		358,255		393,580		430,925		461,476		501,307		544,887		592,716	
Income from operations		16,496		19,360		23,716		26,146		26,321		34,231		41,224		78,714		74,842		84,293		90,838		95,954		110,990		124,746		144,330		166,995		188,190		205,458		224,975		246,970	
Other income (expense), net		763		291		434		1,047		8,592		5,394		6,858		12,020		(3,514)		1,424		8,205		7,682		8,668		9,769		10,879		12,093		13,140		14,295		15,571		16,983	
Income before income taxes		17,259		19,651		24,150		27,193		34,913		39,625		48,082		90,734		71,328		85,717		99,043		103,637		119,658		134,515		155,209		179,088		201,330		219,753		240,546		263,953	
Provision for income taxes		3,331		3,303		4,672		14,531		4,177		5,282		7,813		14,701		11,356		11,922		18,653		17,618		20,342		22,868		26,386		30,445		34,226		37,358		40,893		44,872	
Net Income	\$	14,444	\$	16,348	\$	19,478	\$	12,662	\$	30,736	\$	34,343	\$	40,269	\$	76,033	\$	59,972	\$	73,795	\$	80,390	\$	86,018	\$	99,316	\$	111,647	\$	128,824	\$	148,643	\$	167,104	\$	182,395	\$	199,653	\$	219,081	
Additional Income Statement Information																																									
Basic Earnings Per Share (EPS)	\$	1.03	\$	1.14	\$	1.39	\$	0.90	\$	2.19	\$	2.46	\$	2.93	\$	5.61	\$	4.56	\$	5.80	\$	6.55	\$	7.21	\$	8.57	\$	9.91	\$	11.77	\$	13.98	\$	16.18	\$	18.17	\$	20.47	\$	23.12	
Total Shares Outstanding		13,603		13,747		13,826		13,896		13,911		13,767		13,504		13,242		12,849		12,460		12,105		11,761		11,426		11,101		10,785		10,479		10,181		9,892		9,611		9,338	
Weighted Average Shares Outstanding		13,519		13,693		13,756		13,858		13,903		13,852		13,616		13,353		13,063		12,630		12,283		11,933		11,593		11,263		10,943		10,632		10,330		10,036		9,751		9,474	
Annual Dividends Per Share	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.60	\$	0.80	\$	1.20	\$	1.60	\$	2.20	\$	2.80	\$	3.60	\$	4.40	\$	5.40	\$	6.40	