Stock Selection Guide

Company	Alphabet		Date	08/08/24
Prepared by	Ty H.		Data taken from	BI Stock Data
Where traded	NAS	Industry	Internet Content & Information	

Capitalization --- Outstanding Amounts   Reference _____

Preferred ($M)		0.0	% Insiders	% Institution
Common (M Shares)		12,495.0	3.1	19.0
Debt ($M)	27,801.0	% to Tot Cap	8.5 % Pot Dil	1.2

Symbol: GOOG

1 VISUAL ANALYSIS of Sales, Earnings, and Price
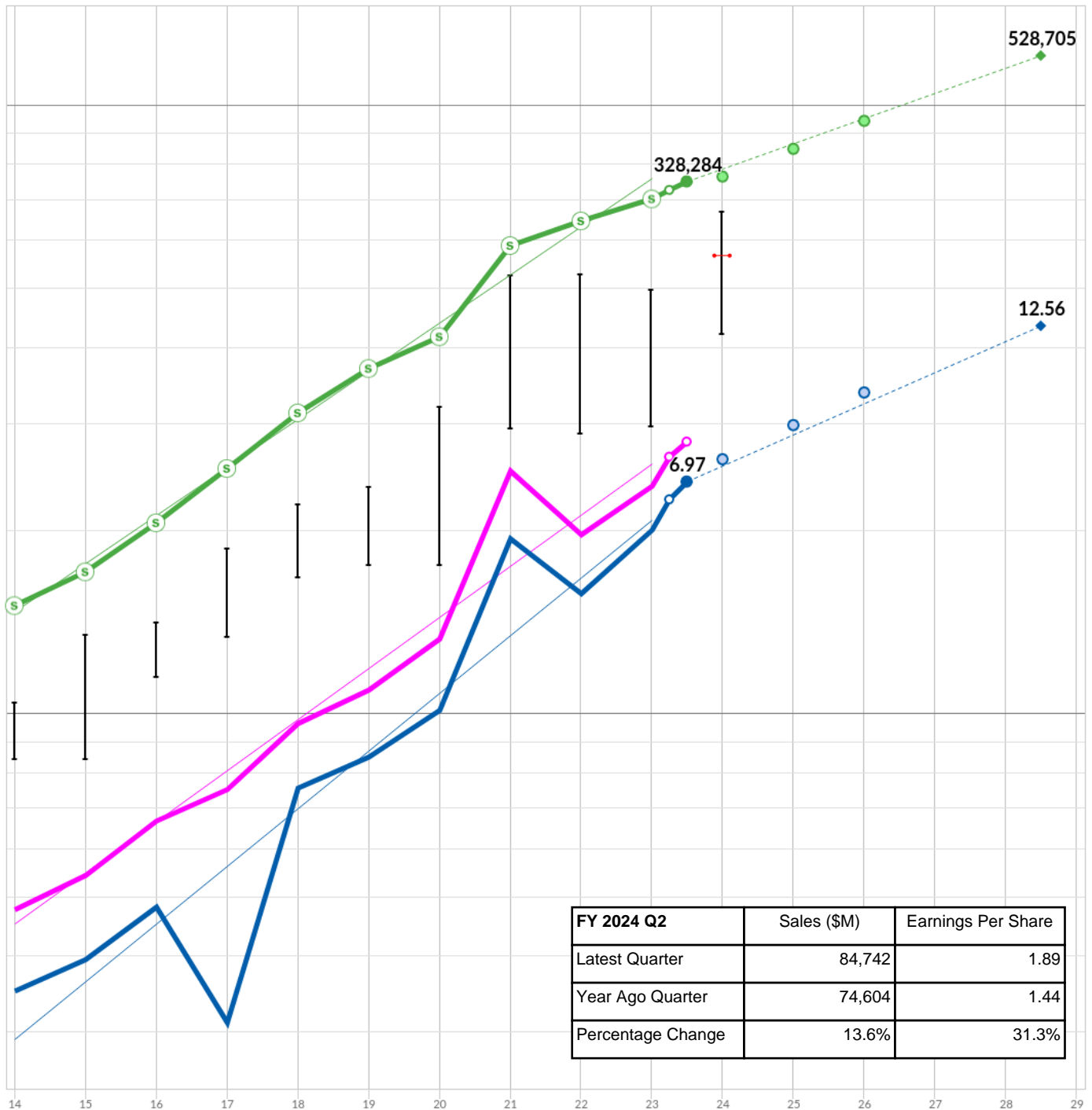
FY 2024 Q2	Sales ($M)	Earnings Per Share
Latest Quarter	84,742	1.89
Year Ago Quarter	74,604	1.44
Percentage Change	13.6%	31.3%

(1) Historical Sales Growth   20.0%

(2) Estimated Future Sales Growth   10.0%

(3) Historical Earnings Per Share Growth   24.4%

(4) Estimated Future Earnings Per Share Growth   12.5%

2 EVALUATING Management

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Last 5 Year Avg.
% Pre-tax Profit on Sales	26.1%	26.2%	26.8%	24.5%	25.5%	24.5%	26.3%	35.2%	25.2%	27.9%	27.8%
% Earned on Equity	14.0%	13.5%	14.4%	8.0%	17.9%	17.4%	18.6%	30.4%	23.1%	26.5%	23.2%
% Debt To Capital	4.8%	4.2%	2.8%	2.5%	2.2%	7.3%	10.7%	10.1%	10.4%	9.1%	9.5%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CURRENT PRICE 163.84 (08/08/24) **52-WEEK HIGH** 193.31 **52-WEEK LOW** 121.46

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2019	68.3	50.7	2.46	27.8	20.6	0.00	0.0	0.0
2020	92.4	50.7	2.93	31.5	17.3	0.00	0.0	0.0
2021	151.9	85.0	5.61	27.1	15.1	0.00	0.0	0.0
2022	152.1	83.5	4.56	33.4	18.3	0.00	0.0	0.0
2023	143.9	85.6	5.80	24.8	14.8	0.00	0.0	0.0
AVERAGE		71.1		28.9	17.2		1,379.3	
CURRENT/TTM			6.97	27.7	17.4	0.80	11.5	
AVERAGE PRICE EARNINGS RATIO: 23.1					CURRENT PRICE EARNINGS RATIO: 23.5			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 29.0 X Estimate High Earnings/Share 12.56 = Forecasted High Price $ 364.2

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 17.0 X Estimate Low Earnings/Share 20.27 = Forecasted Low Price $ 344.6

(b) Avg. Low Price of Last 5 Years 71.1

(c) Recent Market Low Price 83.5

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.80}{0.00\%} = 0.0$

Selected Forecasted Low Price $ 131.0

C ZONING using 25%-50%-25%

Forecasted High Price 364.2 Minus Forecasted Low Price 131.0 = 233.2 Range. 25% of Range 58.3

Buy Zone 131.0 to 189.3

Hold Zone 189.3 to 305.9

Sell Zone 305.9 to 364.2

Present Market Price of 163.84 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} \quad 364.2}{\text{Current Price} \quad 163.84}$ $\frac{\text{Minus Current Price} \quad 163.84}{\text{Minus Low Price} \quad 131.0} = \frac{200.40}{32.84} = 6.1$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} \quad 364.2}{\text{Current Price} \quad 163.84}$ = 2.2232 X 100 = 222.32 - 100 = 122.3 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend} \quad 0.80}{\text{Current Price} \quad 163.84}$ = 0.0049 = 0.5 % Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0 \%}{29.00} = 0.0 \%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0 \%}{23.00} = 0.0 \%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation	17.3 %
Average Yield	0.0 %
Annualized Rate of Return	17.3 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation	12.0 %
Average Yield	0.0 %
Annualized Rate of Return	12.0 %