

**D.C. Regional Chapter of BetterInvesting
Stock Watcher Report**

Company:

Date:

By:

% Change for Recent Quarter (from last year)

Revenue:

Earnings:

Reported on:

Trends

Pre-tax profit on sales:

Return on equity:

Debt:

Valuation

Current P/E:

5-yr average P/E:

Industry P/E:

Pricing

Current price:

Club cost basis:

Morningstar fair value:

Assessment:

Fundamentals:

Projected average return:

Recommendation:

SSG total return:

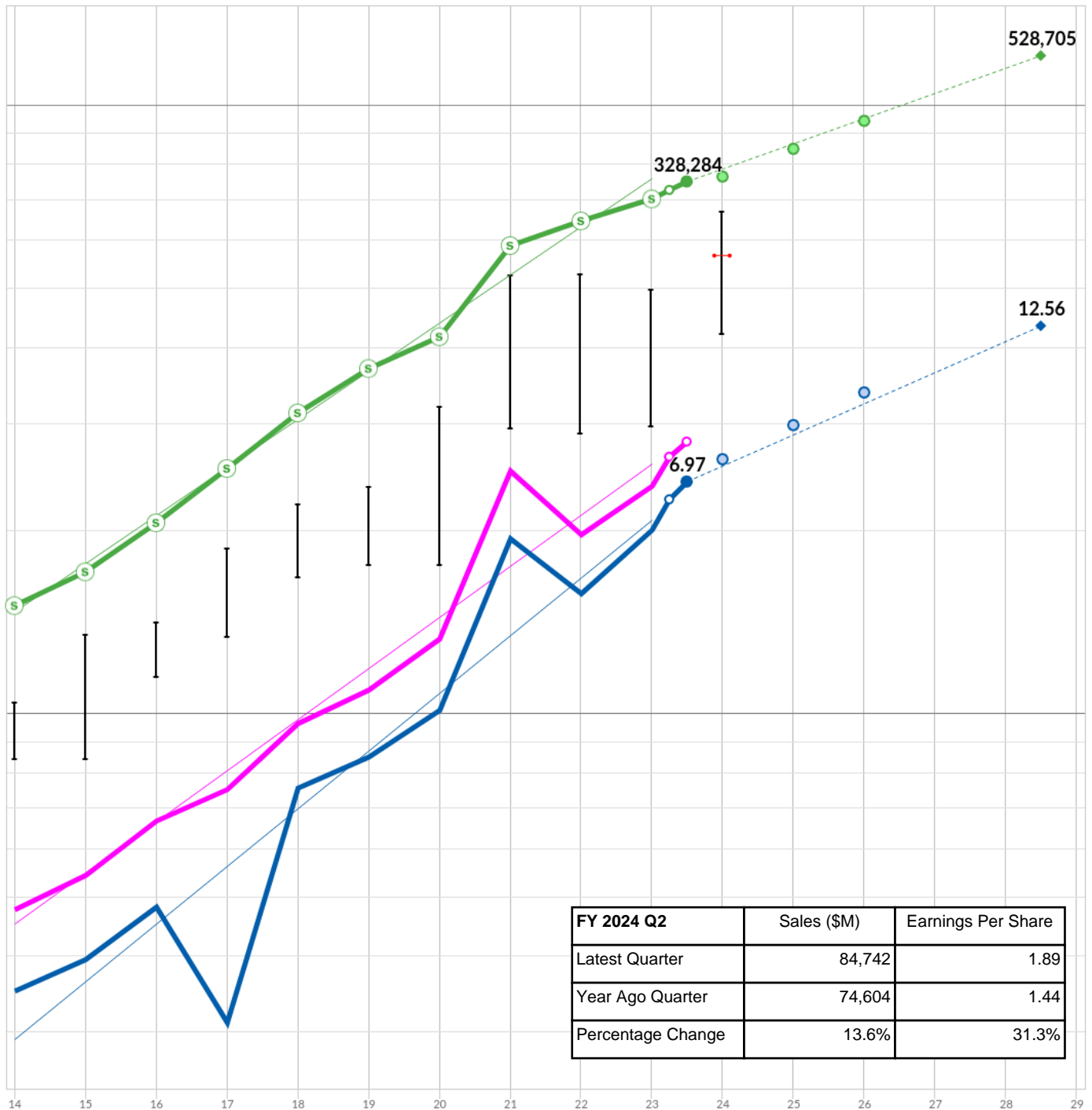
Comments:

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



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 20.0% | (3) Historical Earnings Per Share Growth | 24.4% |
| (2) Estimated Future Sales Growth | 10.0% | (4) Estimated Future Earnings Per Share Growth | 12.5% |

2 EVALUATING Management

Alphabet

	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)

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

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

$\frac{\text{High Price} - \text{Current Price}}{\text{Current Price}} = \frac{364.2 - 163.84}{163.84} = 2.2232$ 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 $\frac{\text{Indicated Annual Dividend}}{\text{Current Price}} = \frac{0.80}{163.84} = 0.0049 = 0.5\%$ 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 %

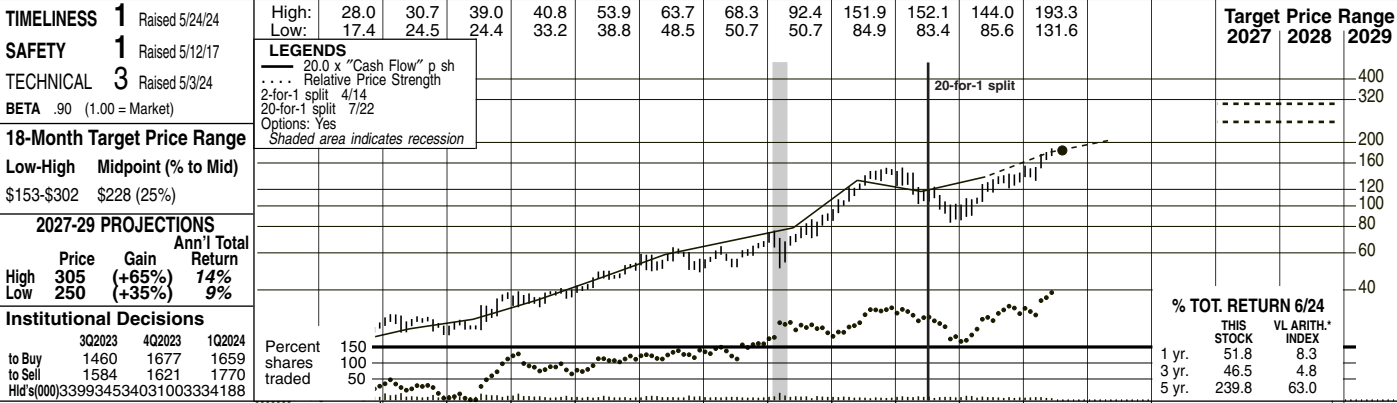
COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

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

ALPHABET INC. NDQ-GOOG

RECENT PRICE **183.35** P/E RATIO **24.0** (Trailing: 28.1 Median: 25.0) RELATIVE P/E RATIO **1.30** DIV'D YLD **0.4%**

VALUE LINE



18-Month Target Price Range
Low-High Midpoint (% to Mid)
\$153-\$302 \$228 (25%)

2027-29 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	305	(+65%)	14%
Low	250	(+35%)	9%

Institutional Decisions

	3Q2023	4Q2023	1Q2024
to Buy	1460	1677	1659
to Sell	1584	1621	1770

Percent shares traded: 150, 100, 50

CAPITAL STRUCTURE as of 6/30/24
Total Debt \$13238 mill. Due in 5 Yrs. \$8960 mill.
LT Debt \$13238 mill. LT Interest \$489 mill. (4% of Cap'l)

Leases, Uncapitalized: Annual rentals \$3179 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 12,322,000,000 shares (5,860,000,000 Class A shares, 866,000,000 Class B shares, and 5,596,000,000 Class C shares) ^C

MARKET CAP: \$2.3 trillion (Large Cap)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC	27-29
Revenues per sh	4.85	5.46	6.53	7.98	9.84	11.76	13.52	19.46	22.01	24.67	28.35	32.10		50.00
"Cash Flow" per sh	1.31	1.45	1.79	2.29	2.95	3.41	3.94	6.61	5.86	6.88	9.05	10.30		13.25
Earnings per sh ^A	1.04	1.14	1.39	1.80	2.33	2.58	2.93	5.61	4.56	5.80	7.65	8.65		11.00
Div'ds Decl'd per sh	---	---	---	---	---	---	---	---	---	---	.60	.86		1.21
Cap'l Spending per sh	.81	.72	.74	.95	1.81	1.71	1.65	1.86	2.45	2.59	2.60	2.65		3.20
Book Value per sh	7.68	8.75	10.06	10.97	12.77	14.63	16.48	19.00	19.94	22.74	26.50	30.40		54.55
Common Shs Outst'g ^B	13612	13747	13826	13896	13911	13767	13504	13242	12849	12460	12250	12000		11000
Avg Ann'l P/E Ratio	27.0	26.3	26.7	25.6	23.8	23.1	25.2	22.3	25.3	20.6	Bold figures are Value Line estimates			25.20
Relative P/E Ratio	1.42	1.32	1.40	1.29	1.29	1.23	1.29	1.21	1.46	1.15				1.40
Avg Ann'l Div'd Yield	---	---	---	---	---	---	---	---	---	---				4.4%
Revenues (\$mill)	66001	74989	90272	110855	136819	161857	182527	257637	282836	307394	347000	385000		550000
Operating Margin	30.9%	31.3%	32.2%	31.0%	29.0%	29.0%	29.7%	35.0%	31.9%	31.3%	31.0%	31.5%		30.0%
Depreciation (\$mill)	3523.0	4132.0	5267.0	6103.0	8164.0	10856	12905	11555	15287	11946	17000	20000		25000
Net Profit (\$mill)	14306	15826	19478	25705	32814	36025	40269	76033	59972	73795	93715	103800		121000
Income Tax Rate	18.9%	16.8%	19.3%	12.1%	11.3%	12.8%	16.2%	16.2%	15.9%	13.9%	16.0%	16.0%		16.0%
Net Profit Margin	21.7%	21.1%	21.6%	23.2%	24.0%	22.3%	22.1%	29.5%	21.2%	24.0%	27.0%	27.0%		22.0%
Working Cap'l (\$mill)	63880	70804	88652	100125	101056	107357	117462	123889	95495	89716	88450	87000		95000
Long-Term Debt (\$mill)	3228.0	1995.0	3935.0	3969.0	4012.0	4554.0	13932	14817	14701	13253	13250	14000		16000
Shr. Equity (\$mill)	104500	120331	139036	152502	177628	201442	222544	251635	256144	283379	325000	365000		600000
Return on Total Cap'l	13.3%	13.0%	13.7%	16.5%	18.1%	17.5%	17.1%	28.6%	22.2%	25.0%	28.0%	27.5%		19.5%
Return on Shr. Equity	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	18.1%	30.2%	23.4%	26.0%	29.0%	28.5%		20.0%
Retained to Com Eq	13.7%	13.2%	14.0%	16.9%	18.5%	17.9%	18.1%	30.2%	23.4%	26.0%	26.5%	25.5%		18.0%
All Div'ds to Net Prof	---	---	---	---	---	---	---	---	---	---	8%	10%		11%

CURRENT POSITION

	2022	2023	6/30/24
Cash Assets	113762	110916	100725
Receivables	40258	47964	47087
Inventory	---	---	---
Other	10775	12650	14183
Current Assets	164795	171530	161995
Accts Payable	5128	7493	6092
Debt Due	---	---	---
Other	64172	74321	71821
Current Liab.	69300	81814	77913

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23
of change (per sh)			
Revenues	20.0%	22.5%	14.5%
"Cash Flow"	20.5%	24.5%	12.5%
Earnings	19.5%	25.0%	13.0%
Dividends	---	---	NMF
Book Value	15.0%	13.0%	17.5%

QUARTERLY REVENUES (\$mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	55314	61880	65118	75325	257637
2022	68011	69685	69092	76048	282836
2023	69787	74604	76693	86310	307394
2024	80539	84742	85800	95919	347000
2025	89000	93500	95500	107000	385000

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2021	1.31	1.36	1.40	1.53	5.61
2022	1.23	1.21	1.06	1.05	4.56
2023	1.17	1.44	1.55	1.64	5.80
2024	1.89	1.89	1.85	2.02	7.65
2025	2.00	2.15	2.15	2.35	8.65

QUARTERLY DIVIDENDS PAID

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	---	---	---	---	---
2021	---	---	---	---	---
2022	---	---	---	---	---
2023	---	---	---	---	---
2024	---	.20	---	---	---

BUSINESS: Alphabet Inc. is the successor and parent holding company of Google Inc., which operates the world's leading Internet search engine. The company derives revenues primarily through delivering targeted advertising. Revenues are also derived from the licensing of search technology and solutions to enterprises. Revenues in 2023: United States, 47%; International, 53%.

Alphabet Inc. posted solid results for the June quarter, building on a healthy performance from the March period. Year over year, revenues increased 14% to \$84.7 billion and earnings rose 31% to \$1.89 per share. The top-line performance reflected strong results from Search and Cloud. Cloud surpassed \$10 billion in quarterly revenues and \$1 billion in operating profit, a record achievement for the segment. Growth in advertising revenue slowed down, increasing 11.1% in June versus 13.0% in the previous quarter. This includes a jump of 13.0% in YouTube ads revenue. Leadership expressed that capital expenditures are expected to be near the \$12.0 billion mark reported in the first quarter, or rise slightly as the year unfolds, as further investment in artificial intelligence, technical infrastructure and data centers continues.

The financial position remains strong. Alphabet exited the June quarter with approximately \$100.0 billion in cash assets and roughly \$13.0 billion in long-term debt. What's more, free cash flow continued on a healthy trajectory, as it is forecasted to reach a record \$83.0 billion in

Has 182,502 employees. Off. & dir. own less than 1% of Class A common stock, 89.4% of Class B; The Vanguard Group, 8.4%; BlackRock, 7.1% of Class A (6/24 Proxy). CEO & Dir.: Sundar Pichai. Co-founder & Dir.: Larry Page. Co-founder & Dir.: Sergey Brin. Inc.: DE. Addr.: 1600 Amphitheatre Parkway, Mountain View, CA 94043. Telephone: 650-253-0000. Internet: www.google.com.

2024. During the year, some cash will likely be used toward capital expenditures (as the company continues to focus on AI computing capacity), and some cash will be returned to shareholders.

The tech giant initiated a dividend payment in June. Alphabet's board of directors approved the company's first ever dividend (a quarterly cash payment of \$0.20 a share) and authorized the repurchase of an additional \$70 billion in shares. We think the dividend and buyback are good signs, showing management's confidence in the financial strength of this company.

Shares of Alphabet are ranked to outperform the broader market averages in the year ahead (Timeliness: 1). Furthermore, our current projections point to attractive upside potential over both the 18-month and 3- to 5-year time frames. Also worth noting is the top-notch grade for Financial Strength (A++) and high scores for Price Stability (90 of 100) and Price Growth Persistence (100). Alphabet stock also possesses our top rank for Safety (1).

Kathleen Uckert August 2, 2024

(A) Diluted earnings per share for Class A and B common stock and Class C capital stock. Excludes nonrecurring gains/(losses): '08, (\$0.17); '14, (\$0.03); '17, (\$0.90); '18, (\$0.15); '19, (0.12). Qly egs. may not sum. Next earnings report due late October. (B) In millions. (C) Class A common stock entitled to one vote per share. Class B common stock entitled to 10 votes per share. Class C common stock is non-voting. (D) Quarterly dividends initiated with first payment on 6/17/24.

Company's Financial Strength	A++
Stock's Price Stability	90
Price Growth Persistence	100
Earnings Predictability	70

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