

## Equity Research Analysis Report

# Alphabet

INTERNET AND INFORMATION INDUSTRY

### 52 Week High

Class A Shares	\$151.54
Class C Shares	\$152.1

### 52 Week Low

Class A Shares	\$83.34
Class C Shares	\$83.45

### Intrinsic Value

Class A Shares	\$101.84
Class C Shares	\$98.76

Alphabet Inc. is an American multinational technology conglomerate holding company headquartered in Mountain View, California. It was created through a restructuring of Google on October 2, 2015, to make Google "cleaner and more accountable and better", Alphabet Inc became the parent company of Google and several former Google subsidiaries

### Economic Outlook

- Federal Reserve Chair Jerome Powell hinted a slowdown in the pace of coming interest hikes
- Signaled increasing borrowing costs

### Industry Review

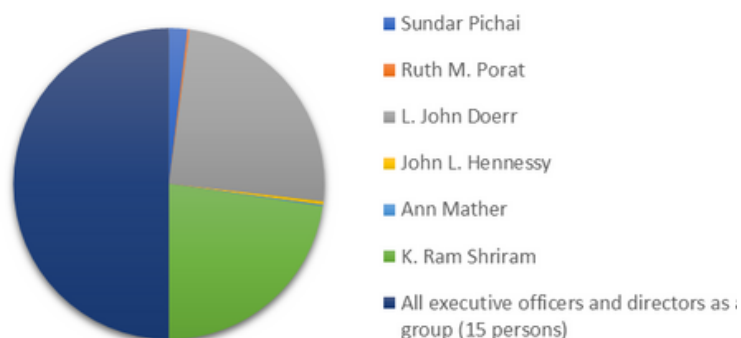
- The technology industry has largely thrived over the past two years.
- The next wave of growth, technology companies should rededicate their efforts to improving transparency, agility, collaboration, sustainability, and digital innovation.
- Some of the specific themes we see playing a foundational role in 2022 and beyond include:
  1. Taking cloud as a service to the next level
  2. Creating the supply chains of the future
  3. Building the next iteration of the hybrid workforce.
  4. Leading the charge to create a sustainable future

### Concall Review

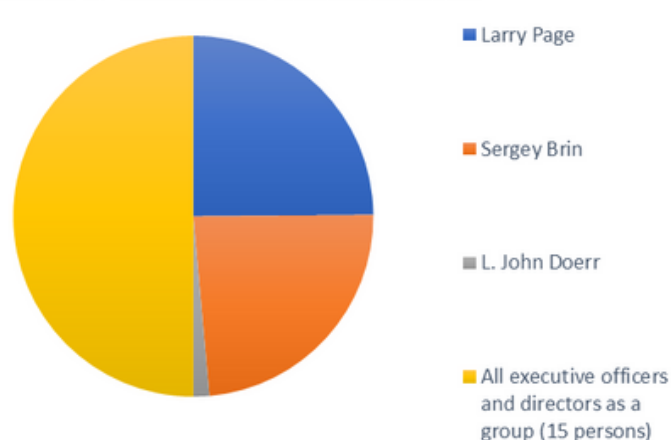
- Alphabet Inc is expecting a deceleration in revenue growth due to larger headwinds from foreign exchange based on strengthening of the U.S. Dollar
- The other factor in deceleration is due to further pullbacks in advertisers spend
- The slowdown in revenue growth may be offset by global acceptance of products and services to digitally transform their business
- The expense base is weighted more towards the R&D

### Shareholding Pattern

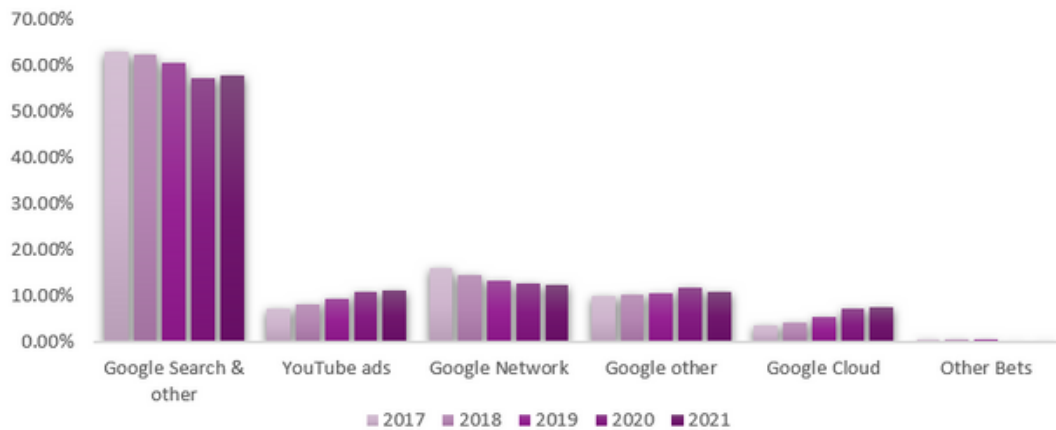
#### Class A Common Stock Shares



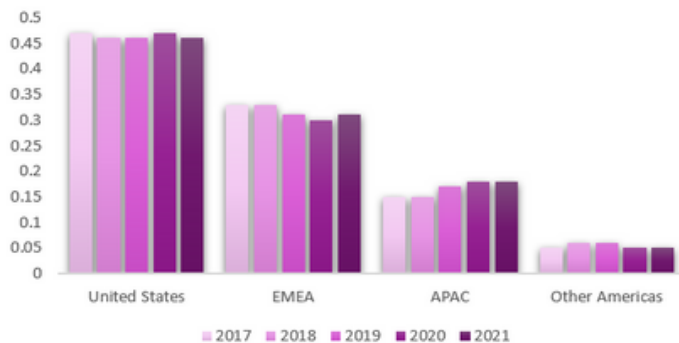
#### Class B Common Stock Shares



## Product Segmentation



## Geographical Segmentation



## Margin, Ratios and Multiples

Particulars	2017	2018	2019	2020	2021
EBITDA Margin	0.25	0.26	0.24	0.26	0.35
EBIT Margin	0.24	0.20	0.21	0.23	0.31
PAT Margin	0.11	0.22	0.21	0.22	0.30
ROE	0.08	0.17	0.17	0.18	0.30
ROCE	0.15	0.14	0.15	0.16	0.27
Debt to Equity	0.03	0.02	0.02	0.06	0.06
Quick Ratio	8.74	6.42	5.44	4.89	4.63
Current Ratio	5.14	3.92	3.37	3.07	2.93
Inventory turnover	60.86	53.79	71.97	116.39	94.82
Asset Turnover	0.56	0.59	0.59	0.57	0.72

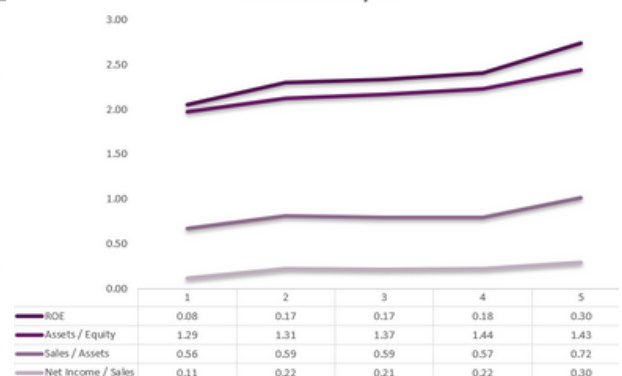
## Financial Statements

	2020 A	2021 A	2022 E
<b>Revenues</b>	<b>1,82,527.00</b>	<b>2,57,637.00</b>	<b>3,18,667.79</b>
<b>Costs and expenses:</b>			
Cost of revenues	84,732.00	1,10,939.00	1,39,286.30
Research and development	27,573.00	31,562.00	47,216.09
Sales and marketing	17,946.00	22,912.00	34,225.48
General and administrative	11,052.00	13,510.00	18,119.38
European Commission fines	0.00	0.00	4,603.41
<b>Total costs and expenses</b>	<b>1,41,303.00</b>	<b>1,78,923.00</b>	<b>2,43,450.67</b>
Income from operations	41,224.00	78,714.00	75,217.12
Other income (expense), net	6,858.00	12,020.00	11,517.60
Income before income taxes	48,082.00	90,734.00	86,734.72
Provision for income taxes	7,813.00	14,701.00	18,744.66
<b>Net income</b>	<b>40,269.00</b>	<b>76,033.00</b>	<b>67,990.05</b>

	2017	2018	2019	2020	2021
<b>EBITDA Margin</b>	<b>22.80%</b>	<b>23.42%</b>	<b>18.30%</b>	<b>12.77%</b>	<b>41.15%</b>
<b>EBIT Margin</b>	<b>41.12%</b>	<b>43.52%</b>	<b>44.42%</b>	<b>46.42%</b>	<b>43.06%</b>
<b>PAT Margin</b>	<b>15.00%</b>	<b>15.65%</b>	<b>16.07%</b>	<b>15.11%</b>	<b>12.25%</b>
<b>ROE</b>	<b>11.63%</b>	<b>11.94%</b>	<b>11.41%</b>	<b>9.83%</b>	<b>8.89%</b>
<b>ROCE</b>	<b>6.17%</b>	<b>5.06%</b>	<b>5.90%</b>	<b>6.05%</b>	<b>5.24%</b>
<b>Debt to Equity</b>	<b>2.47%</b>	<b>3.71%</b>	<b>1.05%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Quick Ratio</b>	<b>0.92%</b>	<b>5.40%</b>	<b>3.33%</b>	<b>3.76%</b>	<b>4.67%</b>
<b>Current Ratio</b>	<b>13.11%</b>	<b>3.05%</b>	<b>3.26%</b>	<b>4.28%</b>	<b>5.71%</b>

	2020 A	2021 A	2022 E
<b>EPS</b>			
<b>Basic</b>			
Class A Common Stock	59.15	113.88	101.84
Class C Common Stock	59.15	113.88	101.83
<b>Diluted</b>			
Class A Common Stock	58.61	112.20	101.84
Class C Common Stock	58.61	112.20	98.76
<b>P/E</b>			
<b>Basic</b>			
Class A Common Stock	1.26	1.10	1.00
Class C Common Stock	1.26	1.11	1.00
<b>Diluted</b>			
Class A Common Stock	1.27	1.12	1.00
Class C Common Stock	1.27	1.12	1.00

## Du Point Analysis



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