

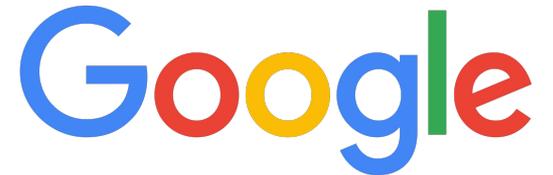
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ALPHABET Inc



Stock Pitch

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COMPANY OVERVIEW AND PRODUCT LINES

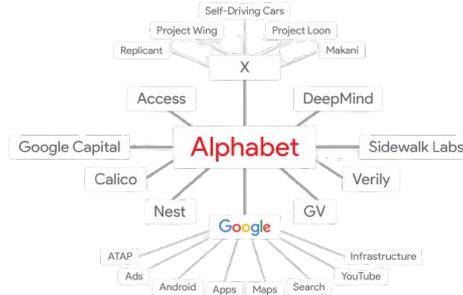
Alphabet

Company Description

Alphabet Inc is a multinational conglomerate company that is based in San Francisco, United States. Their most valuable asset is Google, valued at \$1.9 Trillion in Market Capital. The current CEO of Alphabet Inc is Sundar Pichai.

Google is one of the strongest and most robust business models and the Alphabet ecosystem owns powerful brands like android which diversify the conglomerate's product portfolio, mitigating risk and producing more revenue streams

Product Lines



Future outlook

- Ambient computing
- Big acquisitions in the ecommerce space
- Domination of the hardware industry
- Search results will not be the same in the future, algorithms will massively improve.
- Increased market share and revenue through more targeted ads.

Competitive advantages

- The Google brand
- Its market share and contract advantages. E.g. Google is the default Safari search engine.
- The fastest and most advanced search algorithm in the market
- Own the largest and best optimized video search platform, Youtube.
- High barrier to entry, it is very hard for a competitor to replicate or improve the Google ecosystem.
- Large investments in R&D

Key Stats

52 Weeks High	\$ 2,982.36
52 Weeks Low	\$ 1,616.62
Div. Yield	N/A
Share Short	8,500,000
Short Interest	0.42%
P/E Ratio	27.65x
Beta	1.03
EPS	\$ 103.81

Capital Structure

Share Price	\$ 2,869.94
Share Outstanding	663.76 MM
Market Cap. (MM)	\$ 1,906,723.00
Enterprise Value	\$ 1,792,386.10

We predict that Alphabet Inc will greatly increase its overall value and fortify its market dominance in the coming years due to the strength of its model.

Industry Overview

Search engines and web services is one of the primary industries that Alphabet focuses on, with Google being the spearhead of a market full of inferior competitors

Google: 91.67% of users

Bing: 2.74% of users

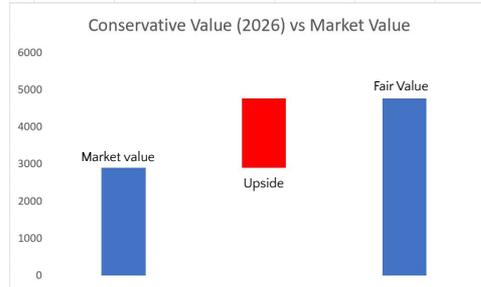
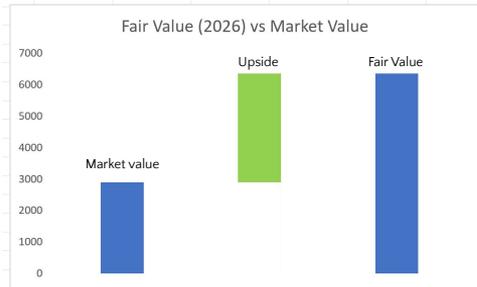
Baidu: 1.9% of users

Revenue Streams

The following table presents the revenue generated on every product line from Alphabet (in millions).

	Year Ended December 31,	
	2019	2020
Google Search & other	\$ 98,115	\$ 104,062
YouTube ads	15,149	19,772
Google Network Members' properties	21,547	23,090
Google advertising	134,811	146,924
Google other	17,014	21,711
Google Services total	151,825	168,635
Google Cloud	8,918	13,059
Other Bets	659	657
Hedging gains (losses)	455	176
Total revenues	\$ 161,857	\$ 182,527

Youtube ad revenue has increased significantly and it is predicted to keep growing due to increasing the amount of ads user view. Users keep using the platform despite this. Moreover Google Cloud services's operating costs has lowered nearly by 50% over the last year as a result of the continuous growth in the industry of cloud computing. Revenue has also increased by 46% and overall losses for 2020 were 900 million compared to 1.73 billion in 2019.



Intrinsic Value (2026)			
Share Price	\$	2,900.00	
EPS (TTM)	\$	108.83	
Expected GR	\$	21.00	
AAA bond yield	\$	3.63	
Fair Value	\$	6,364.42	119.45%
Conservative value	\$	4,773.32	64.59%



Conclusion

Alphabet insiders have been increasing repurchases of common and capital stock from 7,897 million in 2020 to 12,610 million in 2021. This is a 60% increase in the span of a year. Insiders are the only individuals who know how their business really is performing. If repurchases increase drastically, it may indicate that insiders know that Google will keep growing and that it is currently undervalued.

This assumption is further confirmed when looking at the CAGR percentages from the Fair value with "119.45%" and the Conservative Value with "64.59%".

Alphabet is a company that has very little debt compared to their size. With over 135 billion dollars in cash, their 13,932 million dollars in debt is not something to be concerned about.

Lastly, the stock price along with other KPIs have been consistently increasing every year despite the strong pull-backs.

Per Share Data	Annual Rates (Per share)	Annuals (Year End) (billions)			TTM (billions)	Quarterly (billions)
		18-Dec	19-Dec	20-Dec	21-Sep	21-Sep
EPS without NRI	23.20%	\$ 43.70	\$ 49.16	\$ 58.61	\$ 103.84	\$ 27.99
Revenue	20.30%	\$ 194.54	\$ 231.70	\$ 265.68	\$ 351.72	\$ 96.26
Operating Income	16%	\$ 46.35	\$ 51.43	\$ 60.00	\$ 106.60	\$ 31.09
EBITDA	20.20%	\$ 62.65	\$ 73.73	\$ 90.12	\$ 144.14	\$ 39.09
Free Cash Flow	16.30%	\$ 32.47	\$ 44.34	\$ 62.36	\$ 96.54	\$ 27.67
Book Value	13.50%	\$ 255.38	\$ 292.65	\$ 292.65	\$ 367.95	\$ 367.95
Price	30.60%	\$ 1,035.61	\$ 1,337.02	\$ 1,751.88	\$ 8,992.14	\$ 2,665.31

WAAC	
Kd	0,06%
Ke	7.49%
Equity / D + E	0.989
Debt / D + E	0,0109
Tax Rate	14,79%
WAAC	7.41%

Risks

80% of their income in 2020 came from online advertising. Which their partners could terminate at any time, due to a range of factors.

New forms of advertising are appearing, such as advertising on metaverse worlds. Google is already researching new systems to advertise.

Heavy Investment in new businesses, services, products, and technologies is inherently risky and could disrupt the operations and economic state of other businesses.

In case of business disruption, Alphabet can still rely on their other product lines to remain profitable.

Another potential risk are regulations or anti data-collection movements that may be introduced that could impact their revenue performance and market dominance.

Google is already working on privacy improvements for customers and is negotiating with central institutions and governments

Catalysts

Due to Alphabet's ownership of many moonshot companies in varying innovative industries, it has a level of adaptability and resilience many other conglomerates lack.

With more people expected to work from home since the pandemic has begun, the necessity for the Google Search engine has grown at an exponential rate.

The demand for cloud computing has grown exponentially over the last 5 years, and Google Cloud (45%) growth in the industry has outpaced other leading competitors.

Investment strategy

We recommend buying Alphabet stocks and holding them in the long-term. This is due to the high potential it has to reevaluate thanks to current assets (that do not produce profits yet) such as Android that has the potential of increasing its revenue by at least 70% per year.

Moreover, Alphabet is one of the most solid and bullet-proof conglomerates in the whole market. It has great strategies to defend against upcoming recessions, and they always have other product lines from different market segments that they can rely on if one of the other companies go through hard times.

Strengths and weaknesses of valuation

- ✓ Earnings are forecast to grow 11.09% per year
- ✓ Earnings grew by 97.7% over the past year
- ✓ Barely any debt and own over \$135 billion in cash
- ✓ Alphabet's price is very undervalued.

✗ There are no apparent weaknesses in the valuation