

Alphabet - Class C (NASDAQ: GOOG)

Sector: Technology

Alphabet

Target Price	Current Price	52 Week High	52 Week Low	P/E	Market Cap.	Beta
\$1,399.52	\$1,118.29	\$803.37	\$1,186.89	60.84	\$716.44 B	1.13

Business Description

Alphabet is a leading technology company known most notably for Google. The holding company was formed in 2015, and divides its segments into Google and Other Bets. 86% of Google's revenue is from advertising, the majority of which is from advertisements on its Google sites. Other Bets are 'moonshot' ideas that revolutionize their respective industries. Nest (automated thermostats), Verily (healthcare), Waymo (autonomous driving cars) are beginning to generate revenue.

Industry Trends

Firstly, for advertising, global spending continues to grow with a strong emphasis on digital, as well as mobile advertising whose revenues are expected to be \$250 billion worldwide in two years. Next, the Cloud Computing industry is expected to reach \$160 billion by 2020. Additionally, there is an increasing shift toward Subscription Video on Demand (applicable to YouTube).

Investment Thesis

Firstly, Alphabet has a strong core business. It is the industry leader with a sustainable and profitable core business that grows in both volume and in synergies in its business model. Next, Alphabet is focused on the future. Beyond Google, Alphabet is launching revolutionary innovations that will expand Alphabet's market. Last, as technological capabilities improve globally, Alphabet will see international expansion.

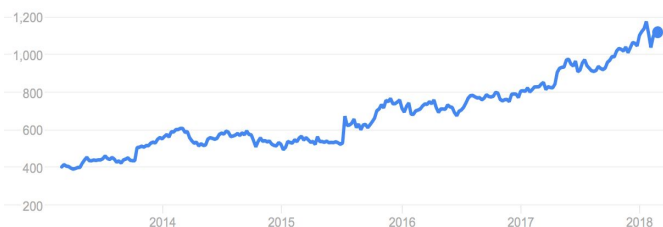
Corporate Social Responsibility

Sustainability Rank: 84.43 (median: 63.93)
ESG Disclosure Score: 42.15 (median: 12.81)
Percent of Women on Board: 25% (median: 22%)

Valuation Assumptions Key Financials

WACC: 8.63%	Current Stock Price: \$1,118.52
Terminal FCF	Intrinsic Value: \$1,339.52
Growth Rate: 3.0%	Upside: 19.78%

5-Year Stock Performance



Competitive Analysis

There is no company that competes with Alphabet to its entirety, but Alphabet's main competitors are Baidu, Netflix, Facebook, Amazon, and Yahoo! Japan.

Competitive Advantages

Alphabet is the industry leader and dominates the market. Its biggest advantage is its business model. As the internet expands, Alphabet is positioned to grow with it. Additionally, its acquisitions like YouTube and ownership of Android expand and streamline its top line. Alphabet's ecosystem effect, along with its expanding its AI capabilities, positions it to grow far beyond other competitors. Lastly, with over \$100 billion of cash, Alphabet has the unique ability to invest in R&D and take risks on innovative bets.

Risks

Alphabet faces many risks to their business. First, tech companies specifically face a lot of legal actions, and Alphabet is especially susceptible from its Other Bets. Next, many of the bets Alphabet places are in risky market segments and may not result in desired outcomes. Lastly, Alphabet faces a lot of competitive pressures from other players and could pressure its market share.

Report Prepared By:

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