

# ModernGraham Valuation

Company Name:

Alphabet Inc

Company Ticker GOOG

Date of Analysis

10/28/2015



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$491,227,707,171	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.77	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	214.60%	Pass
6. Moderate PEmg Ratio	PEmg < 20	38.76	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.20	Fail

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	4.77	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.03	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$18.38
MG Growth Estimate	8.27%
<b>MG Value</b>	<b>\$460.16</b>
MG Value based on 3% Growth	\$266.54
MG Value based on 0% Growth	\$156.24
Market Implied Growth Rate	15.13%

### MG Opinion

Current Price	\$712.49
% of Intrinsic Value	154.84%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$87.62
Graham Number	\$257.95
PEmg	38.76
Current Ratio	4.77
PB Ratio	4.20
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$17.44	Next Fiscal Year Estimate	\$18.38
Dec14	\$21.02	Dec14	\$18.19
Dec13	\$19.07	Dec13	\$16.08
Dec12	\$16.17	Dec12	\$13.80
Dec11	\$14.89	Dec11	\$11.85
Dec10	\$13.17	Dec10	\$9.66
Dec09	\$10.22	Dec09	\$7.34
Dec08	\$6.66	Dec08	\$5.37
Dec07	\$6.65	Dec07	\$4.16
Dec06	\$4.98	Dec06	\$2.52
Dec05	\$2.51	Dec05	\$1.10
Dec04	\$0.73	Dec04	\$0.33
Dec03	\$0.21	Dec03	\$0.11
Dec02	\$0.21	Dec02	\$0.05
Dec01	\$0.02	Dec01	-\$0.02
Dec00	-\$0.11	Dec00	-\$0.04
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	<b>Balance Sheet Information</b>	<b>Sep15</b>
Dec97	\$0.00	Total Current Assets	\$88,103,000,000
Dec96	\$0.00	Total Current Liabilities	\$18,457,000,000
Dec95	\$0.00	Long-Term Debt	\$1,994,000,000
		Total Assets	\$144,281,000,000
		Intangible Assets	\$19,698,000,000
		Total Liabilities	\$28,040,000,000
		Shares Outstanding (Diluted Average)	685,490,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

### Recommended Reading:

**Other ModernGraham posts about the company**

- [The Best Companies of the Software Industry – August 2015](#)
- [The 16 Best Stocks For Value Investors This Week – 8/1/15](#)
- [Google Inc. Analysis – July 2015 Update \\$GOOGL](#)
- [Google Inc. Quarterly Stock Valuation – September 2014 \\$GOOGL](#)
- [17 Companies in the Spotlight This Week – June 21, 2014](#)

**Other ModernGraham posts about related companies**

- [Intuit Inc. Analysis – October 2015 Update \\$INTU](#)
- [Oracle Corporation Analysis – October 2015 Update \\$ORCL](#)
- [CA Inc. Analysis – August 2015 Update \\$CA](#)
- [The Best Companies of the Software Industry – August 2015](#)
- [Ansys Inc. Analysis – Initial Coverage \\$ANSS](#)
- [Yahoo! Inc. Analysis – August 2015 Update \\$YHOO](#)
- [Autodesk Inc. Analysis – August 2015 Update \\$ADSK](#)
- [Microsoft Corporation Analysis – August 2015 Update \\$MSFT](#)
- [Cisco Systems Inc. Analysis – August 2015 Update \\$CSCO](#)
- [Google Inc. Analysis – July 2015 Update \\$GOOGL](#)