

ModernGraham Valuation

Company Name:

Alphabet Inc

Company Ticker GOOGL

Date of Analysis

6/12/2016



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	\$492,377,196,532	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.14	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	221.21%	Pass
5. Earnings Growth	PEmg < 20	29.94	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.15	Fail
7. Moderate Price to Assets			

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	5.14	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$24.49
MG Growth Estimate	11.61%
MG Value	\$776.88
MG Value based on 3% Growth	\$355.06
MG Value based on 0% Growth	\$208.14
Market Implied Growth Rate	10.72%

MG Opinion

Current Price	\$733.19
% of Intrinsic Value	94.38%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$92.63
Graham Number	\$358.29
PEmg	29.94
Current Ratio	5.14
PB Ratio	4.15
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$31.71	Next Fiscal Year Estimate	\$24.49
Dec2015	\$22.84	Dec2015	\$20.18
Dec2014	\$21.02	Dec2014	\$18.19
Dec2013	\$19.08	Dec2013	\$16.09
Dec2012	\$16.17	Dec2012	\$13.80
Dec2011	\$14.89	Dec2011	\$11.85
Dec2010	\$13.17	Dec2010	\$9.66
Dec2009	\$10.22	Dec2009	\$7.34
Dec2008	\$6.66	Dec2008	\$5.37
Dec2007	\$6.65	Dec2007	\$4.16
Dec2006	\$4.98	Dec2006	\$2.52
Dec2005	\$2.51	Dec2005	\$1.10
Dec2004	\$0.73	Dec2004	\$0.33
Dec2003	\$0.21	Dec2003	\$0.11
Dec2002	\$0.21	Dec2002	\$0.05
Dec2001	\$0.02	Dec2001	-\$0.02
Dec2000	-\$0.11	Dec2000	-\$0.04
Dec1999	\$0.00	Balance Sheet Information 3/1/2016	
Dec1998	\$0.00	Total Current Assets	\$90,955,000,000
Dec1997	\$0.00	Total Current Liabilities	\$17,684,000,000
Dec1996	\$0.00	Long-Term Debt	\$1,987,000,000
		Total Assets	\$149,747,000,000
		Intangible Assets	\$19,523,000,000
		Total Liabilities	\$26,178,000,000
		Shares Outstanding (Diluted Average)	699,311,000





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.

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