

ModernGraham Valuation

Company Name:

Alphabet Inc

Company Ticker GOOGL

Date of Analysis

3/13/2018



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	\$791,672,421,491	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	120.94%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	41.16	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.27	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	5.14	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.04	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
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$27.69
MG Growth Estimate	8.13%
MG Value	\$685.42
MG Value based on 3% Growth	\$401.55
MG Value based on 0% Growth	\$235.39
Market Implied Growth Rate	16.33%

MG Opinion

Current Price	\$1,139.91
% of Intrinsic Value	166.31%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

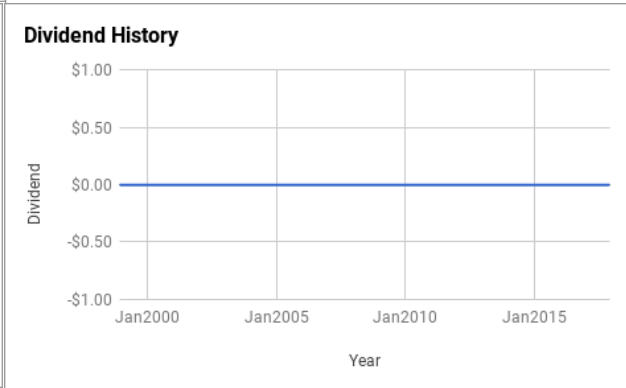
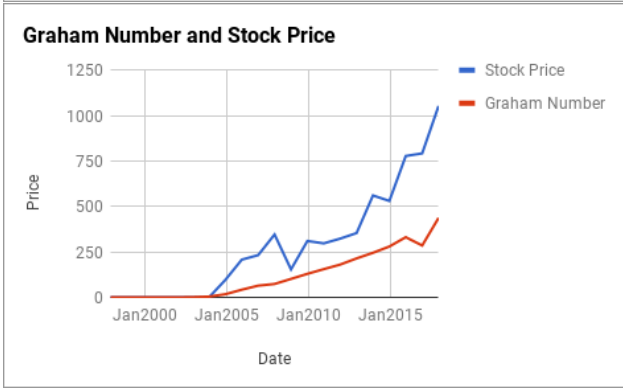
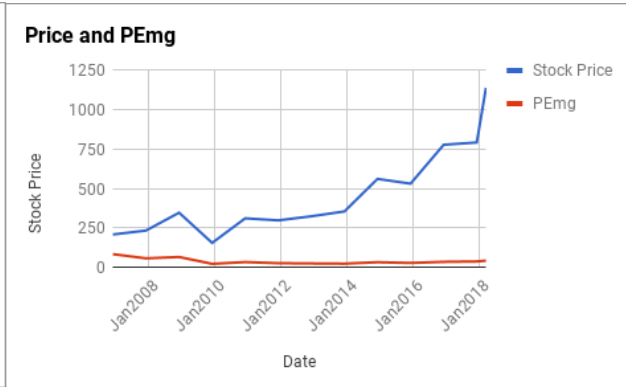
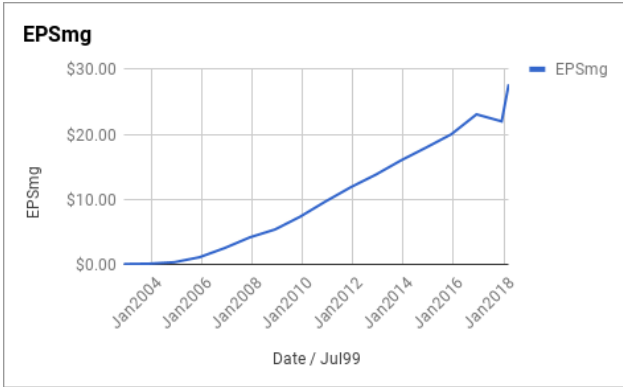
Net Current Asset Value (NCAV)	\$112.77
Graham Number	\$437.29
PEmg	41.16
Current Ratio	5.14
PB Ratio	5.27
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$38.72	Next Fiscal Year Estimate	\$27.69
Dec2017	\$18.00	Dec2017	\$21.99
Dec2016	\$27.85	Dec2016	\$23.07
Dec2015	\$22.84	Dec2015	\$20.00
Dec2014	\$20.57	Dec2014	\$17.96
Dec2013	\$18.79	Dec2013	\$15.99
Dec2012	\$16.16	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	Balance Sheet Information 12/1/2017	
Dec2000	-\$0.11	Total Current Assets	\$124,308,000,000
Dec1999	\$0.00	Total Current Liabilities	\$24,183,000,000
Dec1998	\$0.00	Long-Term Debt	\$3,969,000,000
		Total Assets	\$197,295,000,000
		Intangible Assets	\$19,439,000,000
		Total Liabilities	\$44,793,000,000
		Shares Outstanding (Diluted Average)	705,081,000





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

- [Alphabet Inc Valuation – June 2016 \\$GOOGL](#)
- [Google Inc. Analysis – July 2015 Update \\$GOOGL](#)
- [18 Companies in the Spotlight This Week – 3/21/15](#)
- [Google Inc. Quarterly Valuation – March 2015 \\$GOOGL](#)
- [27 Companies in the Spotlight This Week – 12/20/14](#)

Other ModernGraham posts about related companies

- [Citrix Systems Inc Valuation – February 2018 \\$CTXS](#)
- [Microsoft Corp Valuation – February 2018 \\$MSFT](#)
- [Cisco Systems Inc Valuation – February 2018 \\$CSCO](#)
- [Symantec Corp Valuation – August 2017 \\$SYMC](#)
- [Intuit Inc Valuation – March 2017 \\$INTU](#)
- [CommVault Systems Inc Valuation – Initial Coverage \\$CVLT](#)
- [Leidos Holdings Inc Valuation – Initial Coverage \\$LDOS](#)
- [Constellation Software Inc Valuation – Initial Coverage \\$TSE:CSU](#)
- [Adobe Systems Inc Valuation – February 2017 \\$ADBE](#)
- [Synopsys Inc Valuation – Initial Coverage \\$SNPS](#)