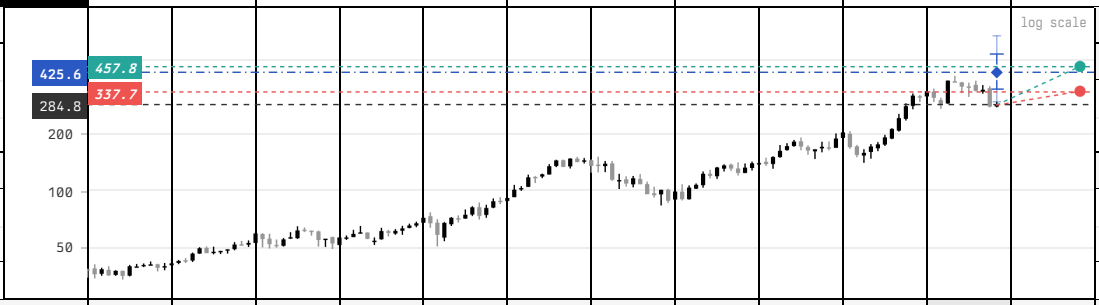
Alphabet

US$284.78 As of Sun 8 Nov 2026, 12:00 UTC

NASDAQ:GOOGL	Communication	Country	USA	PE (Fwd)	18.75	TSR 10Y CAGR	21.60%	Div yield	0.30%	ROE	45.05%
Internet Content & Information		Beta (5Y)	1.23	PE TTM	14.94	TSR TTM	1.54%	Mkt cap	US$3.501T	ROIC	28.73%

SE Grade™	★★★
Value	★★★
Quality	★★★
Moat	★★★

Consensus	Reference
$399	$426
40.15%	49.46%
Strong Buy 43|10|5|0|0	



	4Q25	1Q26	2Q26	3Q26
Earnings per share				$
	2.81	5.11	9.11	2.14
	31.15%	81.96%	294.32%	(25.34%)
Revenue				$B
	113.8	109.9	119.8	127.6
	18.00%	21.79%	24.23%	24.65%
Next earnings				28 Oct

TTM	FYE 31 Dec	USD	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E	Trend	5Y	10Y	Peers
471.1	Revenue	$B	90.27	110.9	136.8	161.9	182.5	257.6	282.8	307.4	350.0	402.8	499.5		17.15%	18.31%	93
22.21	*Revenue growth*	*%*	–	*22.80*	*23.42*	*18.30*	*12.77*	*41.15*	*9.78*	*8.68*	*13.87*	*15.09*	***24.00***		*13.87*	*15.09*	43
60.86	*Gross margin*	*%*	*61.08*	*58.88*	*56.48*	*55.58*	*53.58*	*56.94*	*55.38*	*56.63*	*58.20*	*59.65*	***60.86***		*56.94*	*56.78*	40
33.32	*Operating margin*	*%*	*26.27*	*26.08*	*23.82*	*22.20*	*22.59*	*30.55*	*26.46*	*27.42*	*32.11*	*32.03*	***33.73***		*30.55*	*26.37*	53
50.03	*Net margin*	*%*	*21.58*	*11.42*	*22.46*	*21.22*	*22.06*	*29.51*	*21.20*	*24.01*	*28.60*	*32.81*	***48.16***		*28.60*	*22.26*	83
14.94	P/E ratio (avg)	x	27.19	52.50	25.52	24.20	24.68	22.02	25.00	20.33	20.40	19.98	*18.06*adj		20.40	24.44	83
22.57	EV/EBIT	x	18.86	19.61	20.84	20.25	21.47	19.86	18.92	16.84	17.59	20.00	***20.04***		18.92	19.73	59
0.56	*FCF yield (avg)*	*%*	*4.88*	*3.60*	*2.91*	*3.73*	*4.31*	*4.00*	*4.00*	*4.63*	*3.56*	*2.77*	*(0.53)*		*4.00*	*3.86*	10
4.19	*FCF margin*	*%*	*28.61*	*21.57*	*16.69*	*19.14*	*23.47*	*26.01*	*21.22*	*22.61*	*20.79*	*18.19*	*(3.69)*		*21.22*	*21.39*	10
0.084	FCF / Net income	x	1.326	1.888	0.743	0.902	1.064	0.881	1.001	0.942	0.727	0.554	*(0.077)*		0.881	0.922	10
28.73	*ROIC*	*%*	*33.77*	*24.21*	*45.15*	*36.56*	*32.64*	*51.89*	*40.23*	*38.74*	*40.65*	*34.91*	***23.86***		*40.23*	*37.65*	43
45.05	*Return on equity*	*%*	*14.01*	*8.69*	*18.62*	*18.12*	*19.00*	*32.07*	*23.62*	*27.36*	*32.91*	*35.70*	***35.08***		*32.07*	*21.31*	79
23.49	*Return on assets*	*%*	*11.63*	*6.42*	*13.20*	*12.45*	*12.60*	*21.16*	*16.42*	*18.34*	*22.24*	*22.20*	***22.78***		*21.16*	*14.81*	55
19.06	EPS	$	1.39	0.90	2.19	2.46	2.93	5.61	4.56	5.80	8.04	10.81	*15.77*adj		29.82%	25.55%	–
87.16	*EPS growth*	*%*	–	*(35.44)*	*142.85*	*12.49*	*19.22*	*91.43*	*(18.76)*	*27.28*	*38.67*	*34.36*	*45.85*adj		*34.36*	*27.28*	63
53.33	Bookvalue per sh	$	9.95	10.84	12.63	14.42	16.20	18.57	19.47	22.27	26.12	33.95	***58.35***		15.96%	14.52%	–
1.60	FCF per share	$	1.85	1.70	1.62	2.22	3.12	4.94	4.56	5.46	5.85	5.99	*(1.51)*		13.95%	17.35%	–
0.86	Dividend per sh	$	–	–	–	–	–	–	–	–	0.60	0.83	***0.88***		38.33%	38.33%	–
0.30	*Div yield (avg)*	*%*	–	–	–	–	–	–	–	–	*0.37*	*0.38*	***0.31***		*0.38*	–	11
4.48	*Payout ratio*	*%*	–	–	–	–	–	–	–	–	*7.46*	*7.68*	***4.47***		–	–	10
12.29	Shares (diluted)	B	13.97	14.07	14.07	13.97	13.74	13.55	◇ 13.16	12.72	12.45	12.23	***12.21***		(2.30%)	(1.16%)	43
(1.35)	*Buyback yield*	*%*	–	*(0.70)*	*0.04*	*0.67*	*1.65*	*1.37*	*2.91*	*3.32*	*2.16*	*1.74*	***0.20***		*2.16*	*1.65*	43
0.222	D/E ratio	x	0.028	0.026	0.023	0.080	0.125	0.113	0.117	0.105	0.094	0.161	***0.206***		0.113	0.099	59
3,543	Enterprise value	$B	447.3	566.9	679.4	727.4	884.9	1,563	1,416	1,419	1,977	2,580	***3,376***		23.87%	21.50%	90
144.6	LT debt	$B	3.935	3.969	4.012	14.77	25.08	26.21	27.20	25.71	24.02	61.35	***144.6***		19.59%	35.69%	93

Peers (US$3.501T)	Cap (US$)	PE
Microsoft Corporation	3.940T	27.71x
Amazon.com, Inc.	2.804T	20.96x
Meta Platforms, Inc.	1.560T	20.81x
NVIDIA Corporation	4.507T	23.60x

Capital	TTM	5Y	10Y
Leverage x	(0.617)	(0.843)	(1.616)
EBIT/Int x	51.03	227.5	269.5
Own earn %	(2.26)	14.37	14.51
Sh yield %	(1.05)	2.53	1.65

Owners		
Insiders/Inst	%	9.80	65.98
Short interest	%		0.72
SBC / revenue	%		6.45

Record	10Y
Profitable years	10/10
Revenue growth years	9/9
EPS growth years	7/9
Dividend streak yrs	1
Op margin range %	22–32
$1 test x	4.3
Incr. ROIC %	30

Alphabet's third quarter was a Cloud story. Revenue rose 24.7% to $127.6B on strong GCP growth in AI and core infrastructure, while Search slowed on FX, the retail APAC de minimis impact and media normalization. Revenue backlog climbed 160.5% over FY2025, a sign that enterprise AI demand is outrunning supply. Diluted EPS fell 25.3%, with AI talent pay and depreciation driving costs higher. The stock looks undervalued: SE fair value of $426 is 49.5% above the price.

Management kept full-year 2026 capital spending at $195 billion to $205 billion and again said it expects spending to increase significantly in 2027, with details due on the Q4 call. For the fourth quarter it flagged a slightly larger FX headwind, further scaling of TPU system sales and near-term Cloud margin pressure as third-party capacity ramps. Analysts pressed on Search slowing despite record query growth. Management cited FX, vertical dynamics and lower AI Mode monetization, and said agentic shopping is additive. Revenue momentum is holding, and consensus expects faster sales growth next year but slightly lower earnings.

Analysts expect FY2026 adjusted EPS to rise 45.8% on revenue growth of 24.0%. For FY2027 they see adjusted EPS slipping 3.7%, which fits management's warning about heavier capital spending and depreciation. The price implies revenue growth of only 13.1% a year, 10.9pp below the FY2026 consensus. That gap is the core of the opportunity: the market assumes a far slower path than analysts do. The company has beaten estimates in 7 of the last 8 quarters, although the latest quarter missed.

Profitability has improved sharply. ROE rose from 23.6% in FY2022 to 35.7% in FY2025, and net margin climbed from 21.2% to 32.8% over the same years. The trailing net margin of 50.0% sits well above its five-year median and ranks highest among the peers nearest in size. What holds quality back is cash conversion. Free cash flow is only 0.08x net income, so earnings are not turning into cash while the AI build-out absorbs capital.

Trailing P/E of 14.9x is 39% below its own ten-year median of 24.4x, though reported EPS is not comparable with the adjusted forecasts. SE fair value of $426 is 49.5% above the price, held with high confidence. The mean analyst target of $399 sits 40.1% above the price. Leverage has crept up, with debt/equity of 0.22x running 96% above its five-year median. For the price to hold, the capital spending has to convert into Cloud revenue and cash; a further rise in debt/equity would show it is not.

The SE Score is 3 of 3. Quality earns three stars because returns on capital of about 37% sit far above the cost of capital, the balance sheet holds net cash and interest is covered 51 times. Moat earns three stars because returns on capital have stayed above 15% in each of the last ten years, and each dollar retained has created $4.25 of market value. Value earns three stars with the price below SE fair value, which left the overall score unchanged.

Q3 2026

Alphabet Inc. offers products and platforms in the United States, Europe, the Middle East, Africa, the Asia-Pacific, Canada, and Latin America through Google Services, which provides ads, Android, Chrome, devices, Search, YouTube, and subscriptions; Google Cloud, which sells AI solutions, cybersecurity, data and analytics, and Google Workspace to enterprises; and Other Bets, which sells transportation and internet services.

Revenue by segment	Revenue	Trend	8Y CAGR	Rel growth	Revenue by region	Top 3 94%	Trend	Reinvestment returns	10Y median	Trend
Google Search and Other	55.72%		15.72%	0.89×	United States	48.20%		Reinvestment rate	38.60%	
Google Cloud	14.57%		39.66%	3.98×	EMEA	29.07%		Return on capital	37.65%	
Google Subscriptions…	11.92%		20.35%	1.21×	Asia Pacific	16.80%		Spread over hurdle	28.16%	

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