

Appendix

WACC=(we×re)+(wd×rd×(1–Tax Rate))			
rd=	$\frac{\text{Total Interest Expense}}{\text{Total Debt}}$		0.024267555
re=	$\text{Risk-Free Rate} + \beta * (\text{Market Risk Premium})$		7.38%
We=	$\frac{\text{Market Value of Equity}}{\text{Total Market Value of Capital}}$		0.99
Wd=	$\frac{\text{Market Value of Debt}}{\text{Total Market Value of Capital}}$		0.01
tax rate			21%
WACC	=		7.31%
Calculate the growth rate (g1), Compound Annual Growth Rate (CAGR), we use the following formula:			
		$CAGR = \left(\frac{EPS_{end}}{EPS_{begin}} \right)^{\frac{1}{n}} - 1$	
		= (G7/C7)^(1/(5)-1	
g1	=		15.80%
Intrinsic Value = Future Earnings at Growth Stage + Terminal Value			
= E(0) * x * (1 - x ⁿ) / (1 - x) + E(0) * x ⁿ * y * (1 - y ^m) / (1 - y)			
where x = (1 + g1) / (1 + d), and y = (1 + g2) / (1 + d)			
Parameters:			
E(0) – current earnings			
d – discount rate		d = Weighted Average Cost of Capital (WACC)	
g1 – growth rate at growth stage			15.80%
g2 – growth rate at terminal stage			4.00%
n – number of years at the growth stage	10 years		
m – number of years at the terminal stage	10 years		
= E(0) * x * (1 - x ⁿ) / (1 - x) + E(0) * x ⁿ * y * (1 - y ^m) / (1 - y)			
E(0)		=	\$4.59
x			
	g1	=	15.80%
	d	=	7.31%
x		=	1.08
y			
	g2	=	4.00%
	d	=	7.31%
y		=	0.97
n		=	10
m		=	10
= E(0) * x * (1 - x ⁿ) / (1 - x) + E(0) * x ⁿ * y * (1 - y ^m) / (1 - y)			
		=	154.45
Actual stock price as of 2022		=	88.23

NasdaqGS - Nasdaq Real Time Price • USD

Alphabet Inc. (GOOGL)

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167.65 **+2.89 (+1.75%)** **167.71** **+0.06 (+0.04%)**

At close: November 25 at 4:00 PM EST

Pre-Market: 7:46 AM EST

Dec 01, 2022 - Dec 31, 2022

Historical Prices

Daily

Currency in USD

Date	Open	High	Low	Close	Adj Close	Volume
Dec 30, 2022	86.98	88.30	86.57	88.23	88.01	23,986,300
Dec 29, 2022	86.62	88.85	86.61	88.45	88.23	23,333,500
Dec 28, 2022	86.98	88.04	85.94	86.02	85.81	19,523,200
Dec 27, 2022	88.80	88.94	87.01	87.39	87.17	20,097,300
Dec 23, 2022	87.11	89.55	87.07	89.23	89.01	23,003,000
Dec 22, 2022	88.16	88.54	86.32	87.76	87.54	27,658,300
Dec 21, 2022	89.08	90.22	88.32	89.58	89.36	24,745,600
Dec 20, 2022	88.11	89.18	87.44	89.02	88.80	23,453,800
Dec 19, 2022	90.26	90.56	88.21	88.44	88.22	29,493,000
Dec 16, 2022	90.76	91.33	89.52	90.26	90.04	58,011,800
Dec 15, 2022	93.13	93.64	90.01	90.86	90.64	40,107,000
Dec 14, 2022	95.20	96.87	93.60	95.07	94.84	28,733,600
Dec 13, 2022	97.76	99.53	95.03	95.63	95.39	40,593,700
Dec 12, 2022	92.71	93.56	91.61	93.31	93.08	29,420,000
Dec 9, 2022	93.77	94.26	92.75	92.83	92.60	28,225,400
Dec 8, 2022	95.38	95.58	93.45	93.71	93.48	32,213,300
Dec 7, 2022	96.41	96.88	94.72	94.94	94.71	31,045,400
Dec 6, 2022	99.30	99.78	96.42	96.98	96.74	24,910,700
Dec 5, 2022	99.40	101.38	99.00	99.48	99.23	24,405,100
Dec 2, 2022	99.05	100.77	98.90	100.44	100.19	21,480,700
Dec 1, 2022	101.02	102.25	100.25	100.99	100.74	28,687,100

Year Ended December 31,

2022

Class A Class B Class C

Basic net income per share:

Numerator

Allocation of undistributed earnings \$ 27,518 \$ 4,072 \$ 28,382

Denominator

Number of shares used in per share computation 5,994 887 6,182

Basic net income per share

\$ 4.59 \$ 4.59 \$ 4.59

Diluted net income per share:

Numerator

Allocation of undistributed earnings for basic computation \$ 27,518 \$ 4,072 \$ 28,382

Reallocation of undistributed earnings as a result of conversion of Class B to

Class A shares

4,072 0 0

Reallocation of undistributed earnings

(230) (30) 230

Allocation of undistributed earnings

\$ 31,360 \$ 4,042 \$ 28,612

Denominator

Number of shares used in basic computation

5,994 887 6,182

Weighted-average effect of dilutive securities

Add:

Conversion of Class B to Class A shares outstanding

887 0 0

Restricted stock units and other contingently issuable shares

0 0 96

Number of shares used in per share computation

6,881 887 6,278

Diluted net income per share

\$ 4.56 \$ 4.56 \$ 4.56

METRIC	3 MONTHS ENDED JUNE 30, 2019	3 MONTHS ENDED JUNE 30, 2018	CHANGE
Google revenue	\$38.782 billion	\$32.512 billion	19.3%
Google operating income	\$10.388 billion	\$8.959 billion	16%
Other bets revenue	\$162 million	\$145 million	11.7%

Google products

For all

