FinSight

Financial Insights for
Alphabet Inc Class C 2022

Company Overview

Alphabet Inc Class C

Symbol: GOOG

Exchange: NASDAQ

Currency: USD

Sector: TECHNOLOGY

Industry: SERVICES-COMPUTER PROGRAMMING, DATA PROCESSING, ETC.

Description: Alphabet Inc. is an American multinational conglomerate headquartered in Mountain View, California. It was created through a restructuring of Google on October 2, 2015, and became the parent company of Google and several former Google subsidiaries. The two co-founders of Google remained as controlling shareholders, board members, and employees at Alphabet. Alphabet is the world's fourth-largest technology company by revenue and one of the world's most valuable companies.

Country: USA

Address: 1600 AMPHITHEATRE PARKWAY, MOUNTAIN VIEW, CA, US

Fiscal Year End: None

Latest Quarter: None

Market Capitalization: None

INCOME STATEMENT

METRICS

Gross Profit Margin: 0.55

Operating Profit Margin: 0.27

Net Profit Margin: 0.21

Cost Efficiency: 1.11

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Interest Coverage Ratio: 200.8

INSIGHTS

Revenue Health

The company generated a total revenue of $281.3 billion in fiscal year ending 2022, with a fairly healthy gross profit of $155.1 billion, which depicts a potential strength in the firm's primary business. This represent a gross margin of more than 55%, indicating the business can generate a substantial amount of profit after directly attributable costs.

Operational Efficiency

The operational cost for the company came in at $81.8 billion, which is approximately 29% of the total revenue. This suggests a high operational efficiency, however, consistent effort to further reduce operational costs will increase company's net income, ensuring a more sustainable business.

R&D; Focus

The company has invested substantial amount of $39.5 billion onto research and development (R&D;), signifying the company's focus on innovation and preparation for the future. With this significant investment, the company is showcasing its commitment towards future growth strategies.

Debt Management

The company has an interest expense of $357 million, implying a servicing of debt. Although it is a relatively small figure compared to its total revenue, efficient debt-management strategies are required to contain the cost of borrowings.

Profit Retention

After accounting for all expenses, including taxes, the company succeeded in retaining a net income of $59.9 billion. This profit retention is a positive sign indicating the company's capacity to generate shareholder value, reinvest for growth, or handle unexpected costs.

BALANCE SHEET

METRICS

Current Ratio: 2.38

Debt To Equity Ratio: 0.43

Quick Ratio: 2.34

Asset Turnover: 0.77

Equity Multiplier: 1.43

INSIGHTS

Liquidity Position

The company holds a considerable amount of cash and short-term investments amounting to $113.76 billion. This suggests that the company is quite liquid, and can easily meet its short-term financial obligations. Its current assets are worth $164.80 billion, higher than the total current liabilities of $69.30 billion, indicating a significant capacity to cover its short-term debts.

Operational Efficiency

The company’s operational efficiency can be evaluated by looking at the ratio of its total assets of $365.26 billion to reported annual sales. Also, the company carries a massive $2.67 billion in inventory which can be tied to the effectiveness of its inventory management practices.

Capital Structure

The total shareholder equity of the company is worth $256.14 billion, indicating that it is majorly funded by equity capital rather than external debt. The company's long term debt is $15.31 billion, a small fraction of its total assets, suggesting that the company is not overly reliant on debt financing.

Inventory Management

The company holds $2.67 billion in inventory. It suggests that the company may have made significant investments in goods for sale, which if sold efficiently, would substantially enhance its revenues. However, too much inventory might imply slow moving goods or poor inventory turnover, which should be evaluated.

Overall Solvency

With $202.77 billion in non-current assets and non-current liabilities only amounting to $39.82 billion, the company seems to have a strong ability to meet its long-term obligations. The sizeable retained earnings of $195.56 billion underscore the company's earning power and financial health over time.

CASH FLOW

METRICS

Operating Cash Flow Margin: 0.33

Capital Expenditure Coverage Ratio: 2.91

Free Cash Flow: 60010000000.0

Dividend Coverage Ratio: N/A

Cash Flow To Debt Ratio: 5.98

INSIGHTS

Operational Cash Efficiency

The company is generating an impressive $91.5 billion from its core operations. However, the cash outflows related to its operations are also considerably high, hovering at around $2.7 billion. This is indicative of efficient operational activities, but the company must work on limiting its operational costs to maximize its cash reserves.

Investment Capability

The company has spent $31.5 billion out of its $91.5 billion cash flow from operations for capital expenditures. This represents a considerable portion of the company's operational cash flow, indicating a significant reinvestment into the business. It empowers the company to expand, evolve, and develop its product or service offerings.

Financial Flexibility

After accounting for operational costs and capital expenditures, the company still has around $59.7 billion at its disposal, indicating a high degree of financial flexibility. It faced a deficit in cash flow from investing and finance activities amounting to $20.3 billion and $69.8 billion respectively, which could be covered through this margin.

Dividend Sustainability

The data does not mention any dividend payments. However, with substantial net income of about $59.7 billion, the company seems to be in a position to afford a generous dividend payout should it choose to distribute dividends in the future. The company's high profitability allows for sustainable dividends.

Debt Service Capability

There were no proceeds mentioned from the issuance of either short-term debt, long-term debt, or capital securities. This signifies that the company may not have a significant debt burden. The substantial operational cash flow of $91.5 billion would therefore likely more than cover any potential debt service obligations.