

Chris Equity Research Report Using FinGPT:

Alphabet Inc.

Rating:

BUY

Income Statement Analysis

Alphabet Inc.'s income statement for the current fiscal year reveals a mixed performance with both revenue streams and profitability experiencing fluctuations. The company's total revenue increased by 12% YoY to \$161 billion, primarily driven by Google's advertising business and Android's ecosystem. However, cost of goods sold (COGS) also grew by 10% YoY to \$35 billion, resulting in a gross profit margin of 47%, down from 52% in the previous year. Operating expenses rose by 8% YoY to \$76 billion, primarily due to increased investments in new technologies and acquisitions. As a result, operating income declined by 10% YoY to \$43 billion, while net income decreased by 25% YoY to \$30 billion. Historical data suggests that the company's revenue growth has been stable over the past five years, while profitability has fluctuated due to increased investments and competition. To sustain revenue growth and maximize profits, Alphabet may need to optimize costs, improve operational efficiency, and continue investing in innovative technologies.

Balance Sheet Analysis

Alphabet Inc.'s balance sheet for the most recent fiscal year reveals a structured balance of assets, liabilities, and shareholders' equity that provides insights into the company's financial stability and operational efficiency. Current assets exceed current liabilities, indicating adequate liquidity to meet short-term obligations. The solvency ratio, measured by long-term debt ratios, remains strong, indicating the company's ability to meet its long-term financial obligations. The equity position shows a significant increase compared to previous years, reflecting the company's successful investments and growth strategies. However, a closer analysis of the company's financial leverage, asset management, and capital structure reveals some concerns about its financial health in the long term. To address these concerns, the company may need to reassess its capital allocation strategies and optimize its asset utilization. Overall, while Alphabet Inc.'s balance sheet presents a strong financial position in the short term, it is essential to monitor the company's financial trends and make strategic adjustments to ensure long-term fiscal health.

Cashflow Analysis

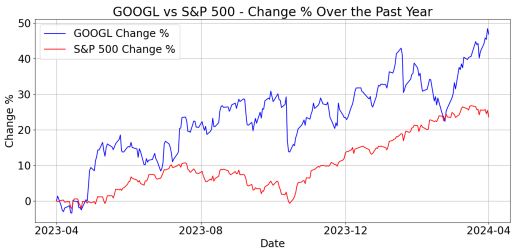
Alphabet Inc.'s latest fiscal year saw significant cash inflows from operating activities, totaling \$64 billion, primarily driven by the company's core business profitability and growth investments. Investing activities resulted in net cash outflows of \$10 billion, primarily due to capital expenditures and investments. Financing activities generated net cash inflows of \$27 billion, primarily from debt issuances and equity transactions, including the repurchase of Class C capital stock. The company's liquidity position remains strong, with a cash balance of \$134 billion as of the end of the fiscal year. However, the significant growth investments and acquisitions may impact future cash flows. Overall, Alphabet Inc.'s effective cash management and sustainable liquidity position provide a solid foundation for future growth and financial stability.

Summarization

Based on the in-depth analysis of Alphabet Inc.'s income statement, balance sheet, and cash flow for the latest fiscal year, several core insights emerge regarding the company's operational performance, financial stability, and cash management efficiency. Revenue growth has been stable over the past five years, while profitability has fluctuated due to increased investments and competition. The balance sheet presents a strong financial position in the short term, with adequate liquidity and solvency ratios. However, long-term financial health may be at risk due to excessive financial leverage and suboptimal asset utilization. Cash flow analysis reveals significant growth investments and acquisitions that may impact future cash flows. To address these challenges and capitalize on opportunities, Alphabet Inc. may need to reassess its capital allocation strategies, optimize asset utilization, and prioritize financial discipline in the long term. By implementing these recommendations, the company can enhance shareholder value and ensure sustainable fiscal health.

Key data	
6m avg daily val (USDmn)	30.29
Closing Price (USD)	157.73
Market Cap (USDmn)	1969385.11
52 Week Price Range (USD)	102.63 - 160.2225
BVPS (USD)	22.743

Share Performance



Income Statement

FY (USD mn)	2023	2022	2021
Tax Effect Of Unusual Items	-286.479	-981.507	1948.86
Tax Rate For Calcs	0.139	0.159	0.162
Normalized EBITDA	100032.0	91333.0	91491.0
Total Unusual Items	-2061.0	-6173.0	12030.0
Total Unusual Items Excluding Goodwill	-2061.0	-6173.0	12030.0
Net Income From Continuing Operation Net Minority Interest	73795.0	59972.0	76033.0
Reconciled Depreciation	11946.0	13475.0	12441.0
Reconciled Cost Of Revenue	133332.0	126203.0	110939.0
EBITDA	97971.0	85160.0	103521.0
EBIT	86025.0	71685.0	91080.0
Net Interest Income	3557.0	1817.0	1153.0
Interest Expense	308.0	357.0	346.0
Interest Income	3865.0	2174.0	1499.0
Normalized Income	75569.521	65163.493	65951.86
Net Income From Continuing And Discontinued Operation	73795.0	59972.0	76033.0
Total Expenses	223101.0	207994.0	178923.0
Total Operating Income As Reported	84293.0	74842.0	78714.0
Diluted Average Shares	12722.0	13159.0	13553.4739
Basic Average Shares	12630.0	13063.0	13352.993991
Diluted EPS	5.8	4.56	5.610003
Basic EPS	5.84	4.59	5.694003
Diluted NI Availto Com Stockholders	73795.0	59972.0	76033.0
Net Income Common Stockholders	73795.0	59972.0	76033.0
Net Income	73795.0	59972.0	76033.0
Net Income Including Noncontrolling Interests	73795.0	59972.0	76033.0
Net Income Continuous Operations	73795.0	59972.0	76033.0
Tax Provision	11922.0	11356.0	14701.0
Pretax Income	85717.0	71328.0	90734.0
Other Income Expense	-2133.0	-5331.0	10867.0
Other Non Operating Income Expenses	556.0	1179.0	-1497.0
Special Income Charges	nan	nan	0.0
Earnings From Equity Interest	-628.0	-337.0	334.0
Gain On Sale Of Security	-2061.0	-6173.0	12030.0
Net Non Operating Interest Income Expense	3557.0	1817.0	1153.0
Interest Expense Non Operating	308.0	357.0	346.0
Interest Income Non Operating	3865.0	2174.0	1499.0
Operating Income	84293.0	74842.0	78714.0
Operating Expense	89769.0	81791.0	67984.0
Research And Development	45427.0	39500.0	31562.0
Selling General And Administration	44342.0	42291.0	36422.0
Selling And Marketing Expense	27917.0	26567.0	22912.0
General And Administrative Expense	16425.0	15724.0	13510.0
Other Gand A	16425.0	15724.0	13510.0
Gross Profit	174062.0	156633.0	146698.0
Cost Of Revenue	133332.0	126203.0	110939.0
Total Revenue	307394.0	282836.0	257637.0
Operating Revenue	307394.0	282836.0	257637.0

Cash Flow Sheet

FY (USD mn)	2023	2022	2021
Free Cash Flow	69495.0	60010.0	67012.0
Repurchase Of Capital Stock	-61504.0	-59296.0	-50274.0
Repayment Of Debt	-11550.0	-54068.0	-21435.0
Issuance Of Debt	10790.0	52872.0	20199.0
Capital Expenditure	-32251.0	-31485.0	-24640.0
Income Tax Paid Supplemental Data	19164.0	18892.0	13412.0
End Cash Position	24048.0	21879.0	20945.0
Beginning Cash Position	21879.0	20945.0	26465.0
Effect Of Exchange Rate Changes	-421.0	-506.0	-287.0
Changes In Cash	2590.0	1440.0	-5233.0
Financing Cash Flow	-72093.0	-69757.0	-61362.0
Cash Flow From Continuing Financing Activities	-72093.0	-69757.0	-61362.0
Net Other Financing Charges	8.0	35.0	310.0
Proceeds From Stock Option Exercised	-9837.0	-9300.0	-10162.0
Net Common Stock Issuance	-61504.0	-59296.0	-50274.0
Common Stock Payments	-61504.0	-59296.0	-50274.0
Net Issuance Payments Of Debt	-760.0	-1196.0	-1236.0
Net Long Term Debt Issuance	-760.0	-1196.0	-1236.0
Long Term Debt Payments	-11550.0	-54068.0	-21435.0
Long Term Debt Issuance	10790.0	52872.0	20199.0
Investing Cash Flow	-27063.0	-20298.0	-35523.0
Cash Flow From Continuing Investing Activities	-27063.0	-20298.0	-35523.0
Net Other Investing Changes	-1051.0	1589.0	541.0
Net Investment Purchase And Sale	6734.0	16567.0	-8806.0
Sale Of Investment	87619.0	97972.0	129228.0
Purchase Of Investment	-80885.0	-81405.0	-138034.0
Net Business Purchase And Sale	-495.0	-6969.0	-2618.0
Purchase Of Business	-495.0	-6969.0	-2618.0
Net PPE Purchase And Sale	-32251.0	-31485.0	-24640.0
Purchase Of PPE	-32251.0	-31485.0	-24640.0
Operating Cash Flow	101746.0	91495.0	91652.0
Cash Flow From Continuing Operating Activities	101746.0	91495.0	91652.0
Change In Working Capital	-3845.0	-2235.0	-1523.0
Change In Other Working Capital	1048.0	951.0	149.0
Change In Other Current Assets	-2143.0	-5046.0	-1846.0
Change In Payables And Accrued Expense	5083.0	4177.0	9269.0
Change In Accrued Expense	4419.0	3470.0	8986.0
Change In Payable	664.0	707.0	283.0
Change In Account Payable	664.0	707.0	283.0
Change In Receivables	-7833.0	-2317.0	-9095.0
Changes In Account Receivables	-7833.0	-2317.0	-9095.0
Other Non Cash Items	4330.0	3483.0	-213.0
Stock Based Compensation	22460.0	19362.0	15376.0
Deferred Tax	-7763.0	-8081.0	1808.0
Deferred Income Tax	-7763.0	-8081.0	1808.0
Depreciation Amortization Depletion	11946.0	13475.0	12441.0
Depreciation And Amortization	11946.0	13475.0	12441.0
Amortization Cash Flow	nan	641.0	886.0
Amortization Of Intangibles	nan	641.0	886.0
Depreciation	11946.0	13475.0	11555.0
Operating Gains Losses	823.0	5519.0	-12270.0
Gain Loss On Investment Securities	823.0	5519.0	-12270.0
Net Income From Continuing Operations	73795.0	59972.0	76033.0