

# KOTA INVESTMENT CLUB

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# GOOGLE INC.

## FINANCIAL ANALYSIS & VALUATION

## — FINANCIAL ANALYSIS —

### KEY METRICS:

Revenue Growth (YoY)	13.8%
Net Income Growth (YoY)	19.4%
Gross Profit Margin	59.5%
EBIT Margin	32.4%

*As of Q2 2025 Source: Google Inc Financial Report*

MKT Cap	3,144 M
Last Price	\$259.92
Beta (5 Years)	1.0
NB of Shares	12,095 M

*Source: financialmodelingprep.com*

### QUARTERLY HIGHLIGHTS:

#### **QUARTERLY HIGHLIGHTS (Q2 2025)**

In the second quarter of 2025, Alphabet Inc. reported strong financial performance, with revenue reaching approximately US \$96.4 billion, a 13.8% YoY increase. Growth was driven by solid momentum across advertising (Search and YouTube), subscription services, devices, and cloud computing. Operating income totalled about US \$31.3 billion, corresponding to an EBIT margin of 32.4%, while net income increased 19.4% YoY to around US \$28.2 billion, highlighting continued profitability. The gross profit margin improved to 59.5%, reflecting efficiency gains and a favourable business mix across Google Services and Cloud. Alphabet's market capitalization stood at approximately US \$3.14 trillion, with 12.1 billion shares outstanding and a recent share price of US \$259.92. The company maintained a 5-year beta of 1.0, reflecting a balanced risk profile relative to the broader market. Looking ahead, Alphabet expects capital expenditures of roughly US \$85 billion in 2025, reinforcing its strategic focus on AI infrastructure, cloud capacity expansion, and data centers investments to support long-term growth.

#### **KEY PERFORMANCE DRIVERS**

Alphabet's Q2 2025 performance was supported by strong execution across its core businesses. Advertising revenue grew roughly 12% YoY, driven by higher engagement on YouTube and improved monetization in Search through AI-enhanced ad formats. Google Cloud expanded about 30%, reflecting accelerating enterprise demand for AI computing, analytics, and productivity solutions. Subscriptions and devices advanced around 9%, adding stability to recurring revenue streams. Operating expenses rose only 8%, below top-line growth, leading to a 150-basis point EBIT margin improvement and stronger operating leverage. Continued free cash flow generation supported share repurchases and reinvestment in AI models, data centers, and high-performance computing capacity, reinforcing Alphabet's long-term profitability and growth outlook.

## RATIO ANALYSIS:

KEY RATIOS			KEY RATIOS				
PROFITABILITY ANALYSIS		2024	ΔYtY	LIQUIDITY ANALYSIS		2024	ΔYtY
<i>Return on Equity (ROE)</i>		30,8%	18%	Current Ratio		1,84	(12%)
<i>Return on Sales (ROS)</i>		28,6%	19%	Quick Ratio		1,84	(12%)
<i>Asset Turnover (AT)</i>		0,78	2%	Cash Ratio		1,07	(21%)
<i>Equity Multiplier (EM)</i>		1,39	(2%)				
OPERATING MANAGEMENT		2024	ΔYtY	SOLVENCY ANALYSIS		2024	ΔYtY
<i>Gross Profit Margin</i>		58,2%	3%	Total Debt Ratio		0,06	(16%)
<i>EBITDA Margin</i>		38,7%	21%	Debt to Equity Ratio		0,08	(18%)
<i>EBIT Margin</i>		32,1%	17%	Interest Coverage Ratio		419,37	53%
<i>Net Income Margin</i>		28,6%	19%	Net debt to EBITDA ratio		0,01	(53%)
INVESTMENT & CASH FLOW		2024	ΔYtY	DISTRIBUTION		2024	ΔYtY
<i>Capital Expenditure (in M)</i>	-52 535M	63%		Number of shares outstanding (NOSH)	12 095M	—	
<i>Free Cash Flow (in M)</i>	72 764M	5%		Market Capitalization	3 144B	-	
<i>R&amp;D % of Revenue</i>	14,1%	(5%)		Price per share	259,92	-	
<i>D&amp;A % of EBITDA</i>	11,3%	(7%)		Total dividend paid	7 363M	-	
				Dividend per share	0,61	-	
WORKING CAPITAL MANAGEMENT		2024	ΔYtY	FOR INVESTORS/SHAREHOLDERS		2024	ΔYtY
<i>Days' receivables</i>	54,58d	(4%)		Dividend Payout Ratio	7,4%	—	
<i>Days' inventories</i>	- d	-		Dividend Yield	0,2%	-	
<i>Days' payables</i>	19,93d	(3%)		Earnings per Share	8,28	-	
<i>Cash Cycle Conversion</i>	34,65d	(5%)		Price Earnings Ratio (P/E)	31,40	-	

## **PROFITABILITY RATIO**

In 2024, Google recorded a solid Return on Equity (ROE) of 30.8%, mainly driven by a high Return on Sales (28.6%), an efficient Asset Turnover (0.78), and a moderate Equity Multiplier (1.39). This combination reflects strong profitability from core operations, effective asset utilization, and a balanced capital structure with limited leverage. The ROE in 2024 increased by 18% compared to last year and basically depicts the company's ability to generate higher shareholder value through improved operating efficiency and well managed capital allocation.

## **OPERATING MANAGEMENT AND PROFITABILITY**

Operational performance remained stable, with a Gross Profit Margin of 58.2% in 2024 showing sustained pricing power and cost control. The EBITDA Margin of 38.7% and EBIT Margin of 32.1% indicate a high degree of operational efficiency and strong leverage of fixed costs. The Net Income Margin reached 28.6%, confirming Google's capacity to translate its revenue growth into significant profitability. These figures highlight a resilient business model supported by diversified revenue streams across advertising, cloud services, and AI-driven solutions.

## WORKING CAPITAL MANAGEMENT RATIO

The company reported an average of 54.6 days of receivables and 19.9 days of payables, resulting in a cash conversion cycle of 34.7 days. This represents a 5% improvement compared with the prior year, signalling enhanced cash management and a stronger balance between collections and disbursements. Although the positive cycle implies that operations are still partly financed through internal cash rather than supplier credit, Google's strong liquidity ensures smooth operations and efficient short-term funding.

## LIQUIDITY RATIO

Google maintained a solid liquidity position, with both the Current and Quick Ratios standing at 1.84, despite a 12% decrease from the previous year. The Cash Ratio of 1.07, down 21%, still indicates that the company holds more than enough cash and near-cash assets to meet its short-term obligations. This prudent liquidity management strategy allows Google to preserve financial flexibility to pursue new investments in infrastructure and artificial intelligence, while maintaining stability in volatile markets.

## SOLVENCY RATIO

The financial structure remains exceptionally strong, with a Total Debt Ratio of 0.06 and a Debt-to-Equity Ratio of 0.08, both decreasing year-on-year. The Interest Coverage Ratio surged to 419.37, and the Net Debt to EBITDA ratio fell to 0.01, demonstrating minimal reliance on debt financing. These metrics demonstrate the company's outstanding solvency and its ability to comfortably meet all financial commitments. Google's conservative leverage profile provides strategic freedom for expansion, share repurchases, and continued innovation funding.

## MARKET VALUATION AND DISTRIBUTION

With 12.1 billion shares outstanding and a market capitalization of USD 3,144 billion, Google remains one of the world's largest publicly traded corporations. The share price stood at USD 259.92, with total dividends paid amounting to USD 7.36 billion, equivalent to USD 0.61 per share. The Dividend Payout Ratio of 7.4% indicates a cautious approach, favouring reinvestment in future growth while maintaining a modest but consistent shareholder return policy. Earnings per Share (EPS) reached USD 8.28, while the Price-to-Earnings (P/E) ratio of 31.4 indicates sustained investor confidence in Google's long-term prospects. The valuation reflects expectations of continued earnings growth supported by strong profitability, solid balance sheet fundamentals, and disciplined financial management. Google's strategy of maintaining low leverage and reinvesting substantial cash flows reinforces its position as a stable, growth-oriented company with enduring appeal to investors.

CASH FLOW STATEMENT:

INFORMATION	OPERATING ACTIVITIES (IN M)				
	2020	2021	2022	2023	2024
<i>Net Income</i>	40 269	76 033	59 972	73 795	100 118
<i>Depreciation And Amortization</i>	13 697	12 441	15 928	11 946	15 311
<i>Stock Based Compensation</i>	12 991	15 376	19 362	22 460	22 785
<i>Deferred Income Tax</i>	1 390	1 808	-	8 081	-
<i>Other Non-Cash Items</i>	-	5 050	-	12 483	5 153
<i>Change In Working Capital</i>	1 827	-	1 523	-	3 845
<i>Accounts Receivables</i>	-	6 524	-	9 095	2 317
<i>Inventory</i>	5 813	-	7 140	-	7 833
<i>Accounts Payables</i>	694	-	283	707	664
<i>Other Working Capital</i>	1 844	-	149	-	625
<i>Net Cash Provided By Operating Activities</i>	65 124	-	91 652	91 495	101 746
<i>Capex</i>	-	22 281	-	24 640	31 485
<i>Acquisitions Net</i>	-	738	-	2 618	6 969
<i>Purchases Of Investments</i>	-	143 751	-	138 034	81 405
<i>Sales Maturities Of Investments</i>	133 929	-	129 228	97 972	87 619
<i>Other Investing Activites</i>	68	-	541	1 589	1 051
<i>Net Cash Used For Investing Activites</i>	-	32 773	-	35 523	20 298
<i>Debt Repayment</i>	9 661	-	1 236	-	1 196
<i>Common Stock Issued</i>	-	-	-	-	-
<i>Common Stock Repurchased</i>	-	31 149	-	50 274	59 296
<i>Dividends Paid</i>	-	-	-	-	-
<i>Other Financing Activites</i>	-	2 920	-	9 852	9 265
<i>Net Cash Used Provided By Financing Activities</i>	-	24 408	-	61 362	69 757
<i>Debt Repayment</i>	24	-	287	-	506
<i>Common Stock Issued</i>	7 967	-	5 520	-	934
<i>Cash At Beginning Of Period</i>	18 498	-	26 465	-	21 879
<i>Cash At End Of Period</i>	26 465	-	20 945	-	24 048
					23 466

**OPERATING ACTIVITIES**

In 2024, Google generated USD 125.3 billion in net cash from operating activities, marking a 23% increase from USD 101.7 billion in 2023. This strong growth was primarily driven by higher net income, which rose significantly from USD 73.8 billion to USD 100.1 billion, supported by expanding margins and robust demand across advertising, cloud, and AI segments. Depreciation and amortization increased to USD 15.3 billion, maintaining substantial non-cash adjustments, while stock-based compensation rose to USD 22.4 billion, reflecting continued talent investment. Changes in working capital contributed positively, adding USD 8.4 billion, indicating efficient management of receivables and payables. Overall, operating cash flows remained exceptionally strong, ensuring high funding for both capital investments and shareholder return, and demonstrating Google's solid ability to generate cash even amid large-scale investment programs.

## INVESTING ACTIVITIES

Net cash used in investing activities reached USD 45.5 billion in 2024, up from USD 27.0 billion in 2023, reflecting a significant growth in investment intensity. Capital expenditures reached USD 52.5 billion, representing a 63% increase year-on-year, highlighting Google's continued expansion in data centers, cloud infrastructure, and artificial intelligence capabilities. Net acquisitions remained moderate at USD 2.9 billion, consistent with the company's selective approach to strategic growth. Meanwhile, purchases of investments amounted to USD 91.7 billion, partially offset by USD 104.3 billion in sales and maturities of investments, providing additional liquidity. The substantial investment spending demonstrates Google's strategic focus on long-term innovation and capacity building, while maintaining balanced portfolio and cash management to sustain growth and competitiveness.

## FINANCING ACTIVITIES

Financing cash outflows slightly increased in 2024, with net cash used in financing activities totalling USD 79.7 billion compared to USD 72.1 billion in 2023. This increase mainly resulted from higher share repurchases, which rose from USD 61.5 billion to USD 62.2 billion, reflecting Google's continued commitment to returning capital to shareholders. Dividend payments amounted to USD 7.4 billion, in line with the company's prudent but growing payout policy. Debt repayments were modest at USD 0.89 billion, and other financing activities totalled USD 11.0 billion, reflecting stable debt management and internal funding reliance. Google ended 2024 with a cash balance of USD 23.5 billion, compared to USD 24.0 billion at the beginning of the year, demonstrating efficient capital allocation and balanced liquidity management amid significant investment and shareholder distribution commitments.

## INCOME STATEMENT:

INFORMATION	INCOME STATEMENT (IN M)				
	2020	2021	2022	2023	2024
Revenue	182 527	257 637	282 836	307 394	350 018
COGS	84 732	110 939	126 203	133 332	146 306
Gross Profit	97 795	146 698	156 633	174 062	203 712
R&D Expenses	27 573	31 562	39 500	45 427	49 326
Sg&A Expenses	28 998	36 422	42 291	44 342	41 996
Total Operating Expenses	56 571	67 984	81 791	89 769	91 322
Total Cost And Expenses	141 303	178 923	207 994	223 101	237 628
EBIT	41 224	78 714	74 842	84 293	112 390
Interest Income	1 865	1 499	2 174	3 865	4 482
Interest Expense	135	346	357	308	268
Other Expenses	-	-	-	-	-
Total Other Incomes/Expenses Net	6 858	12 020	-	3 514	1 424
EBT	48 082	90 734	71 328	85 717	119 815
Tax Expense	7 813	14 701	11 356	11 922	19 697
Net Income	40 269	76 033	59 972	73 795	100 118
EBITDA	61 914	103 521	85 160	97 971	135 394
D&A	13 697	12 441	13 475	11 946	15 311

The income statement provides a comprehensive view of Google's operational performance in 2024, highlighting its ability to generate strong revenue growth while maintaining firm cost control and high profitability. Total revenue rose to USD 350.0 billion, up 14% from 2023, driven by solid momentum in advertising, cloud computing, and artificial intelligence integration. Cost of goods sold increased moderately to USD 146.3 billion, allowing gross profit to expand to USD 203.7 billion, reflecting sustained pricing strength and efficiency in data infrastructure management.

Operating expenses reached USD 91.3 billion, including USD 49.3 billion in R&D and USD 42.0 billion in SG&A, consistent with Google's strategic focus on innovation and strong overhead management. EBIT reached USD 112.4 billion, marking a 33% increase from the prior year, supported by scalability across its digital platforms. Higher interest income of USD 4,482 million and minimal interest expense of USD 268 million demonstrated the company's robust liquidity and low leverage.

Earnings before tax climbed to USD 119.8 billion, with a tax expense of USD 19.7 billion, leading to net income of USD 100.1 billion, up 36% year-on-year. EBITDA stood at USD 135.9 billion, reinforcing strong operational cash generation. Globally, the 2024 income statement reflects improving earnings quality, enhanced cost efficiency, and sustainable profit growth, confirming Google's resilience and capacity to deliver long-term value creation.

## BALANCE SHEET STATEMENT:

### ASSETS

INFORMATION	ASSETS (IN M)				
	2020	2021	2022	2023	2024
<i>Current Assets</i>					
Cash And Cash Equivalents	26 465	20 945	21 879	24 048	23 466
Short-Term Investments	110 229	118 704	91 883	86 868	72 191
Cash And Short-Term Investments	136 694	139 649	113 762	110 916	95 657
Net Receivables	31 384	39 304	40 258	47 964	52 340
Inventory	728	1 170	2 670	-	-
Other Current Assets	5 490	8 020	8 105	12 650	15 714
<b>Total Current Assets</b>	<b>174 296</b>	<b>188 143</b>	<b>164 795</b>	<b>171 530</b>	<b>163 711</b>
<i>Non-Current Assets</i>					
Property Plant Equipment Net	96 960	110 558	127 049	148 436	184 624
Goodwill	21 175	22 956	28 960	29 198	31 885
Intangible Assets	1 445	1 417	2 084	-	-
Goodwill And Intangible Assets	22 620	24 373	31 044	29 198	31 885
Long-Term Investments	20 703	29 549	30 492	31 008	37 982
Tax Assets	1 084	1 284	5 261	12 169	17 180
Other Non-Current Assets	3 953	5 361	6 623	10 051	14 874
<b>Total Non-Current Assets</b>	<b>145 320</b>	<b>171 125</b>	<b>200 469</b>	<b>230 862</b>	<b>286 545</b>
Other Assets	-	-	-	-	-
<b>Total Assets</b>	<b>319 616</b>	<b>359 268</b>	<b>365 264</b>	<b>402 392</b>	<b>450 256</b>

The balance sheet for 2024 highlights Google's continued expansion and strong asset management. Total assets reached USD 450.3 billion, up 12% from USD 402.4 billion in 2023, reflecting strong reinvestment in infrastructure and technology-driven growth. Current assets amounted to USD 163.7 billion, compared with USD 171.5 billion the previous year, mainly due to lower short-term investments at USD 72.2 billion and slightly reduced cash holdings of USD 23.5 billion. Net receivables increased to USD 52.3 billion, supported by higher sales volume, while other current assets rose to USD 15.7 billion, underlining solid working capital efficiency.

Non-current assets climbed sharply to USD 286.5 billion from USD 230.9 billion in 2023, driven by sustained investment in long-term growth initiatives. Property, plant, and equipment grew to USD 184.6 billion, reflecting continued expansion of data centers and AI infrastructure. Goodwill and intangible assets amounted USD 31.9 billion, consistent with strategic acquisitions and innovation. Long-term investments reached USD 37.9 billion, highlighting prudent diversification of financial assets. Overall, Google's asset composition demonstrates a strong balance between liquidity and strategic investment, ensuring the company's capacity to scale operations, maintain technological leadership, and sustain long-term value creation.

## EQUITY AND LIABILITIES

INFORMATION	EQUITY & LIABILITIES (IN M)				
	2020	2021	2022	2023	2024
	LIABILITIES				
<i>Current Liabilities</i>					
Account Payables	5 589	6 037	5 128	7 493	7 987
Short-Term Debt	1 694	2 189	2 477	2 791	2 887
Tax Payables	1 485	808	9 258	2 748	8 782
Deferred Revenue	2 543	3 288	3 908	4 137	5 036
Other Current Liabilities	45 523	51 932	48 529	64 645	64 430
<b>Total Current Liabilities</b>	<b>56 834</b>	<b>64 254</b>	<b>69 300</b>	<b>81 814</b>	<b>89 122</b>
<i>Non-Current Liabilities</i>					
Long-Term Debt	25 078	26 206	27 202	24 330	22 574
Deferred Revenue Non-Current	481	535	599	911	-
Deferred Tax Liabilities Non-Current	3 561	5 257	514	485	-
Other Non-Current Liabilities	11 118	11 381	11 505	11 473	13 476
<b>Total Non-Current Liabilities</b>	<b>40 238</b>	<b>43 379</b>	<b>39 820</b>	<b>37 199</b>	<b>36 050</b>
Other Liabilities	-	-	-	-	-
Capital Lease Obligations	13 940	15 551	16 822	15 251	14 578
<b>Total Liabilities</b>	<b>97 072</b>	<b>107 633</b>	<b>109 120</b>	<b>119 013</b>	<b>125 172</b>
<b>EQUITY</b>					
<i>Stockholders Equity</i>					
Preferred Stock	-	-	-	-	-
Common Stock	58 510	61 774	68 184	76 534	84 800
Retained Earnings	163 401	191 484	195 563	211 247	245 084
Accumulated Other Comprehensive Income Loss	633	- 1 623	- 7 603	- 4 402	- 4 800
Other Total Stockholders Equity	-	-	-	-	-
<b>Total Stockholders Equity</b>	<b>222 544</b>	<b>251 635</b>	<b>256 144</b>	<b>283 379</b>	<b>325 084</b>
<b>Total Equity</b>	<b>222 544</b>	<b>251 635</b>	<b>256 144</b>	<b>283 379</b>	<b>325 084</b>
<b>Total Liabilities And Stockholders Equity</b>	<b>319 616</b>	<b>359 268</b>	<b>365 264</b>	<b>402 392</b>	<b>450 256</b>
Minority Interest	-	-	-	-	-
<b>Total Liabilities And Total Equity</b>	<b>319 616</b>	<b>359 268</b>	<b>365 264</b>	<b>402 392</b>	<b>450 256</b>

In 2024, Google's total liabilities rose slightly to USD 125.2 billion from USD 119.0 billion in 2023, reflecting steady expansion supported by prudent financial management. Current liabilities increased to USD 89.1 billion, driven by higher accounts and tax payables, consistent with the company's growing service and subscription base. Long-term debt declined to USD 22.6 billion, highlighting Google's limited reliance on external financing and its strong ability to fund operations through internally generated cash flows.

Total equity climbed to USD 325.0 billion, compared with USD 283.4 billion in the prior year, supported by robust retained earnings of USD 245.1 billion and a continued rise in common stock value to USD 84.8 billion. This sustained equity growth demonstrates Google's exceptional profitability, balanced capital allocation, and long-term reinvestment strategy. The company's low leverage, expanding equity base, and substantial retained earnings confirm a resilient balance sheet and good capacity to support innovation, acquisitions, and shareholder returns.

## — VALUATION —

### DISCOUNTED FREE CASH FLOW MODEL:

FISCAL YEAR (IN M)	DISCOUNTED FREE CASH FLOW MODEL									
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenue	182 527	257 637	282 836	307 394	350 018	381 315	408 414	429 944	444 720	451 843
(-) COGS	84 732	110 939	126 203	133 332	146 306	160 956	174 074	185 018	193 205	198 157
Gross Profit	97 795	146 698	156 633	174 062	203 712	220 359	234 340	244 926	251 515	253 685
(-) Research & Development	27 573	31 562	39 500	45 427	49 326	53 696	57 467	60 451	62 480	63 432
(-) Selling, General, Administrative	28 998	36 422	42 291	44 342	41 996	47 491	52 730	57 472	61 476	64 523
Total Operating Expenses	56 571	67 984	81 791	89 769	91 322	101 187	110 198	117 922	123 957	127 955
EBITDA	61 914	103 521	85 160	97 971	135 394	119 173	124 143	127 004	127 558	125 730
(-) Depreciation & Amortization	13 697	12 441	13 475	11 946	15 311	17 212	19 004	20 606	21 934	22 915
EBIT	41 224	78 714	74 842	84 293	112 390	101 961	105 138	106 398	105 624	102 815
(-) Operating Taxes	7 813	14 701	11 356	11 922	19 697	17 740	18 161	18 244	17 978	17 370
NOPAT	33 411	64 013	63 486	72 371	92 693	84 220	86 978	88 154	87 646	85 445
(+) Depreciation & Amortization	13 697	12 441	13 475	11 946	15 311	17 212	19 004	20 606	21 934	22 915
(-) Capex	22 281	24 640	31 485	32 251	52 535	54 694	55 862	55 945	54 907	52 779
(-) Change in NWC	1 827	-	1 523	-	2 235	-	3 845	-	8 406	-
Unlevered Free Cash Flow	23 000	53 337	47 711	55 911	63 875	54 461	56 958	58 611	59 330	59 065
Actualized UFCF						50 066	48 135	45 535	42 373	38 780

### ASSUMPTIONS

FISCAL YEAR	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Average Revenue Growth	---	---	---	---	10,8%	8,9%	7,1%	5,3%	3,4%	1,6%
COGS % of Revenue	46,4%	43,1%	44,6%	43,4%	41,8%	42,2%	42,6%	43,0%	43,4%	43,9%
Gross profit % of Revenue	53,6%	56,9%	55,4%	56,6%	58,2%	57,8%	57,4%	57,0%	56,6%	56,1%
R&D % of Revenue	15,1%	12,3%	14,0%	14,8%	14,1%	14,1%	14,1%	14,1%	14,0%	14,0%
SG&A % of Revenue	15,9%	14,1%	15,0%	14,4%	12,0%	12,5%	12,9%	13,4%	13,8%	14,3%
Total OPEX % of Revenue	31,0%	26,4%	28,9%	29,2%	26,1%	26,5%	27,0%	27,4%	27,9%	28,3%
EBITDA % of Revenue	33,9%	40,2%	30,1%	31,9%	38,7%	37,9%	37,2%	36,4%	35,7%	35,0%
D&A % of Revenue	7,5%	4,8%	4,8%	3,9%	4,4%	4,5%	4,7%	4,8%	4,9%	5,1%
EBIT % of Revenue	22,6%	30,6%	26,5%	27,4%	32,1%	31,3%	30,4%	29,5%	28,7%	27,8%
Tax % of EBIT	19,0%	18,7%	15,2%	14,1%	17,5%	17,4%	17,3%	17,1%	17,0%	16,9%
NOPAT % of Revenue	18,3%	24,8%	22,4%	23,5%	26,5%	25,8%	25,1%	24,5%	23,8%	23,1%
D&A % of Capex	61,5%	50,5%	42,8%	37,0%	29,1%	32,2%	35,2%	38,2%	41,2%	44,2%
Capex % of Revenue	12,2%	9,6%	11,1%	10,5%	15,0%	14,3%	13,7%	13,0%	12,3%	11,7%
Change in NWC % of Capex	8,2%	-6,2%	-7,1%	-11,9%	-16,0%	-14,1%	-12,2%	-10,4%	-8,5%	-6,6%

### IMPLIED SHARE PRICE & WEIGHTED AVERAGE COST OF CAPITAL:

WEIGHTED AVERAGE COST OF CAPITAL	IMPLIED SHARE PRICE (IN M)	TABLE OF SENSIBILITY					
		in (m\$)		Growth Rate			
		2,6%	2,1%	1,6%	1,1%	0,6%	
Cost of Debt	1,1%	Sum of PV of FCF	322 605	10,4%	75,83	72,89	70,28
Tax Rate	25,8%		1,60%	9,4%	84,94	80,95	77,48
D/(D+E)	0,8%		8,37%	8,4%	97,36	91,73	86,94
After Tax Cost of Debt	0,8%		1 018 740	7,4%	115,19	106,79	99,84
Risk Free Rate (Avg. 10Y Rate)	4,10%		681 568	6,4%	142,77	129,15	118,38
Equity Risk Premium	4,33%		1 004 172				
Country Risk Premium	0,00%	(+) Cash	72 764				
Levered Beta	1	(-) Debt	25 461				
E/(D+E)	99,2%	(-) Minority Interest	-				
Cost of Equity	8,43%	Equity Value	1 051 475				
Specific Country Risk	0,00%	Shares Outstanding	12 095				
WACC	8,37%	Implied Share Price (USD)	86,94				
		Current Share Price (USD)	259,92				
				80,95	86,94	94,01	



The fact that Google seems overvalued does not necessarily mean its price will fall in the near term or at all. Overvalued shares can remain at elevated levels for extended periods due to factors such as market sentiment, investor momentum, growth expectations, or popularity. It is also important to note that market capitalization only reflects the price determined by the market, meaning what investors are willing to pay at a given time, not the company's true economic value.

## CONTACT, DISCLAIMER & SOURCES

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### SOURCES:

Boursorama, Nvidia, ZoneBourse, Yahoo Finance, Trading View, The Times, Market Watch, Barrons, Statista, Wall Street view, Business insights, FMP, Capital IQ

