Google Inc.

CONSOLIDATED BALANCE SHEETS (USD $)
In Millions, unless otherwise specified

COMMON-SIZE BALANCE SHEET

	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	4-Yr Trend	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	4-Yr Trend	Industry Average
Current assets:											
Cash and cash equivalents	$ 13,630	$ 9,983	$ 14,778	$ 18,898		23.56%	13.76%	15.76%	17.04%		11.21%
Accounts receivable, net of allowance of $581 and $631	4,252	5,427	7,885	8,882		7.35%	7.48%	8.41%	8.01%		8.27%
Inventories		35	505	426		0.00%	0.05%	0.54%	0.38%		0.29%
Marketable securities	21,345	34,643	33,310	39,819		36.90%	47.73%	35.51%	35.90%		
Receivable under reverse repurchase agreements	750	745	700	100		1.30%	1.03%	0.75%	0.09%		
Deferred income taxes, net	259	215	1,144	1,526		0.45%	0.30%	1.22%	1.38%		3.32%
Income taxes receivable, net		-	-	408		0.00%	0.00%	0.00%	0.37%		
Prepaid revenue share, expenses and other assets	1,326	1,710	2,132	2,827		2.29%	2.36%	2.27%	2.55%		
Total current assets	**$ 41,562**	**$ 52,758**	**$ 60,454**	**$ 72,886**		**71.84%**	**72.70%**	**64.45%**	**65.71%**		**23.09%**
Property and equipment, net	7,759	9,603	11,854	16,524		13.41%	13.23%	12.64%	14.90%		64.96%
Prepaid revenue share, expenses and other assets, non-current	442	499	2,011	1,976		0.76%	0.69%	2.14%	1.78%		
Deferred income taxes, net, non-current	265	-	-	-		0.46%	0.00%	0.00%	0.00%		11.96%
Non-marketable equity investments	523	790	1,469	1,976		0.90%	1.09%	1.57%	1.78%		
Intangible assets, net	1,044	1,578	7,473	6,066		1.80%	2.17%	7.97%	5.47%		
Goodwill	6,256	7,346	10,537	11,492		10.81%	10.12%	11.23%	10.36%		
Total assets	**$ 57,851**	**$ 72,574**	**$ 93,798**	**$ 110,920**		**100.00%**	**100.00%**	**100.00%**	**100.00%**		**100%**
Current liabilities:											
Accounts payable	483	588	2,012	2,453		0.83%	0.81%	2.15%	2.21%		3.46%
Short-term debt	3,465	1,218	2,549	3,009		5.99%	1.68%	2.72%	2.71%		2.32%
Accrued compensation and benefits	1,410	1,818	2,239	2,502		2.44%	2.51%	2.39%	2.26%		
Accrued expenses and other current liabilities	961	1,370	3,258	3,755		2.08%	2.36%	4.54%	4.30%		
Accrued revenue share	885	1,168	1,471	1,729		1.53%	1.61%	1.57%	1.56%		11.53%
Securities lending payable	2,361	2,007	1,673	1,374		4.08%	2.77%	1.78%	1.24%		
Deferred revenue	394	547	895	1,062		0.68%	0.75%	0.95%	0.96%		
Income taxes payable, net	37	197	240	24		0.06%	0.27%	0.26%	0.02%		
Total current liabilities	**$ 9,996**	**$ 8,913**	**$ 14,337**	**$ 15,908**		**17.28%**	**12.28%**	**15.28%**	**14.34%**		**17.30%**
Long-term debt	-	2,986	2,988	2,236		0.00%	4.11%	3.19%	2.02%		
Deferred revenue, non-current	35	44	100	139		0.06%	0.06%	0.11%	0.13%		
Income taxes payable, non-current	1,200	1,693	2,046	2,638		2.07%	2.33%	2.18%	2.38%		42.69%
Deferred income taxes, net, non-current	-	287	1,872	1,947		0.00%	0.40%	2.00%	1.76%		
Other long-term liabilities	379	506	740	743		0.66%	0.70%	0.79%	0.67%		
Total liabilities	**$ 11,610**	**$ 14,429**	**$ 22,083**	**$ 23,611**		**20.07%**	**19.88%**	**23.54%**	**21.29%**		**59.99%**
Stockholders' equity:											
Common Stock	18,235	20,264	22,835	25,922		31.52%	27.92%	24.34%	23.37%		
Accumulated other comprehensive income	138	276	538	125		0.24%	0.38%	0.57%	0.11%		40.01%
Retained earnings	27,868	37,605	48,342	61,262		48.17%	51.82%	51.54%	55.23%		
Total stockholders' equity	**$ 46,241**	**$ 58,145**	**$ 71,715**	**$ 87,309**		79.93%	80.12%	76.46%	78.71%		40.01%
Total liabilities and stockholders' equity	**$ 57,851**	**$ 72,574**	**$ 93,798**	**$ 110,920**		**100.00%**	**100.00%**	**100.00%**	**100.00%**		**100.00%**

Google Inc.

CONSOLIDATED STATEMENTS OF INCOME (USD $)
In Millions, except Per Share data, unless otherwise specified

COMMON-SIZE INCOME STATEMENT

	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	3-Yr Trend	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	3-Yr Trend	Industry Average
Revenues:									
Total Google Revenues	$ 37,905	$ 46,039	$ 55,519		100.00%	91.76%	92.80%		100%
Total Motorola Revenues	-	4,136	4,306		0.00%	8.24%	7.20%		
Total revenues	**$ 37,905**	**$ 50,175**	**$ 59,825**		**100%**	**100%**	**100%**		**100%**
Costs and expenses:									
Cost of Revenues	13,188	20,634	25,858		34.79%	41.12%	43.22%		20.45
Sales and marketing	4,589	6,143	7,253		12.11%	12.24%	12.12%		1.96
General and administrative	2,724	3,845	4,796		7.19%	7.66%	8.02%		22.58%
Research and development	5,162	6,793	7,952		13.62%	13.54%	13.29%		42.81%
Charge related to the resolution of Department of Justice investigation	500	-	-		1.32%	0.00%	0.00%		0.00%
Total costs and expenses	**26,163**	**37,415**	**45,859**		**69.02%**	**74.57%**	**76.66%**		**87.80%**
Income from operations	**$ 11,742**	**$ 12,760**	**$ 13,966**		**30.98%**	**25.43%**	**23.34%**		**12.20%**
Interest and other income, net	584	626	530		1.54%	1.25%	0.89%		0.09%
Income from continuing operations before income taxes	**$ 12,326**	**$ 13,386**	**$ 14,496**		**32.52%**	**26.68%**	**24.23%**		**12.29%**
Provision for income taxes	2,589	2,598	2,282		6.83%	5.18%	3.81%		1.93%
Net income from continuing operations	**$ 9,737**	**$ 10,788**	**$ 12,214**		**25.69%**	**21.50%**	**20.42%**		**10.36%**
Net income (loss) from discontinued operations	-	-51	706		0.00%	-0.10%	1.18%		0.67%
Net income	**$ 9,737**	**$ 10,737**	**$ 12,920**		**25.69%**	**21.40%**	**21.60%**		**11.03%**
Net income (loss) per share of Class A and Class B common stock - diluted:									
Continuing operations (in dollars per share)	30	32	36		0.08%	0.06%	0.06%		
Discontinued operations (in dollars per share)	-	-0	2		0.00%	0.00%	0.00%		
Net income (loss) per share of Class A and Class B common stock - diluted (in dollars per share)	**30**	**32**	**38**		**0.08%**	**0.06%**	**0.06%**		
Additional Information:					0.00%	0.00%	0.00%		
Number of Common Stock Shares (In Million)	322.778	327.213	332.846		0.85%	0.65%	0.56%		

Google Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $)

In Millions, unless otherwise specified

	12 Months Ended			
	Dec. 31, 2011	**Dec. 31, 2012**	**Dec. 31, 2013**	**3-Yr Trend**
Operating activities				
Net income	$ 9,737	$ 10,737	$ 12,920	
Adjustments:				
Depreciation and amortization of property and equipment	1,396	1,988	2,781	
Amortization of intangible and other assets	455	974	1,158	
Stock-based compensation expense	1,974	2,692	3,343	
Excess tax benefits from stock-based award activities	-86	-188	-481	
Deferred income taxes	343	-266	-437	
Impairment of equity investments	110	-	-	
Gain on divestiture of businesses	-	188	700	
Other	6	-28	106	
Changes in assets and liabilities, net of effects of acquisitions:				
Accounts receivable	-1,156	-787	-1,307	
Income taxes, net	731	1,492	401	
Inventories	-30	301	-234	
Prepaid revenue share, expenses and other assets	-232	-833	-696	
Accounts payable	101	-499	605	
Accrued expenses and other liabilities	795	762	713	
Accrued revenue share	259	299	254	
Deferred revenue	162	163	233	
Net cash provided by operating activities	**$ 14,565**	**$ 16,619**	**$ 18,659**	
Investing activities				
Purchases of property and equipment	$ -3,438	$ -3,273	$ -7,358	
Purchases of marketable securities	-61,672	-33,410	-45,444	
Maturities and sales of marketable securities	48,746	35,180	38,314	
Investments in non-marketable equity investments	-428	-696	-569	
Cash collateral related to securities lending	-354	-334	-299	
Investments in reverse repurchase agreements	5	45	600	
Proceeds from divestiture of businesses	-	-	2,525	
Acquisitions, net of cash acquired, and purchases of intangibles and other assets	-1,900	-10,568	-1,448	
Net cash used in investing activities	**$ -19,041**	**$ -13,056**	**$ -13,679**	
Financing activities				
Net payments related to stock-based award activities	$ -5	$ -287	$ -781	
Excess tax benefits from stock-based award activities	86	188	481	
Proceeds from issuance of debt, net of costs	10,905	16,109	10,768	
Repayments of debt	-10,179	-14,781	-11,325	
Net cash provided by (used in) financing activities	**$ 807**	**$ 1,229**	**$ -857**	
Effect of exchange rate changes on cash and cash equivalents	22	3	-3	
Net increase (decrease) in cash and cash equivalents	**$ -3,647**	**$ 4,795**	**$ 4,120**	
Cash and cash equivalents at beginning of period	13,630	9,983	14,778	
Cash and cash equivalents at end of period	**$ 9,983**	**$ 14,778**	**$ 18,898**	
Supplemental disclosures of cash flow information				
Cash paid for taxes	1,471	2,034	1,932	
Cash paid for interest	40	74	72	
Non-cash investing and financing activities:				
Receipt of Arris shares in connection with divestiture of Motorola Home	-	-	175	
Fair value of stock-based awards assumed in connection with acquisition of Motorola	-	41	-	
Property under capital lease	-	-	258	

Google Inc.

STATEMENT OF PROFITABILITY, RISK, CF, AND Z-SCORE RATIO

	2011	2012	2013	3-Yr Trend	Industry Avg	ROT
Profitability Ratios						
Profit Margin for ROA	27.23%	22.65%	22.48%		18.70%	10%
Profit Margin for ROCE	25.34%	21.07%	21.21%		18.80%	
Current Asset Turnover	0.80	0.89	0.90			
Fixed Asset Turnover	4.37	4.68	4.22			
Total Asset Turnover	0.58	0.60	0.58		0.565	>1
ROA	15.83%	13.66%	13.14%			
Capital Structure Leverage	3.39	3.86	4.20			2
ROCE	49.90%	49.06%	52.06%			
AR Turnover	7.83	7.54	7.14			>6
Average Collection period	46.60	48.42	51.15			45-60 days
Inventory Turnover	753.60	76.42	55.55		198.27	0
Days Inventory Held	0.48	4.78	6.57			
AP Turnover	12.35	8.12	5.77			1.5
Days AP outstanding	29.56	44.97	63.22			
Days Other Financing Required	17.52	8.23	-5.50			
Cash Turnover	3.21	4.05	3.55			
Risk Ratios						
Current Ratio	5.92	4.22	4.58		1.33	>2
Quick Ratio	5.62	3.90	4.25		1.13	>1
Liabilities to Assets Ratio	0.20	0.24	0.21			<0.5
Liabilities to Equity Ratio (Financial Leverage)	0.25	0.31	0.27		0.31	<0.5
LT Debt to Equity Ratio	0.05	0.04	0.03			
Interest Coverage Ratio (Cash Flow Basis)	401.90	253.07	286.99			
Cash Flow Ratios						
Cash Flow Realization Ratio	1.50	1.55	1.44			>1
Inverse Measure of Earnings Quality	0.07	0.07	0.06			
Capital Expenditures Ratio	7.90	7.38	4.00			>1
Cash Debt Coverage Ratio	1.01	0.75	0.79			>1
Cash Return on Sales Ratio	0.38	0.33	0.31			> 0.5
Z-score Analysis:						
Working Capital/Total Assets	0.51	0.49	0.60			
Retained Earnings/Total Assets	0.55	0.52	0.52			
Earnings Before Interest & Tax/Total Assets	0.13	0.14	0.17			
Market Value of Equity/Total Liabilities	3.70	3.25	4.03			
Sales/Total Assets	0.54	0.53	0.52			
Z-score Analysis:	**4.58**	**4.27**	**4.95**			>3.0

Google's "Surely Winning Owning Tactic" (SWOT) Analysis

As the top innovator of technology, Google's innovation in its DNA is projected not only on its products, but also on its business model. It seems like one day Google suddenly owns everything on the earth other than just a giant search engine, and we just cannot live without Google. From planning summer schedule on Google Calendar, to searching the fastest route to La Jolla Shore on Google Map, to writing a greeting email to parents through Gmail, to sharing recent trip photos on Picasa, to watching favorite upcoming movie trailers on YouTube, to coordinating Acct 663 project on Google Docs, Google has just invaded our life so deeply and effectively by its business goal of focusing on improving the ways people connect with information.

When Larry Page and Sergey Brin built the first machine that uses backlinks and citation notation for search, it attracted a unique group of consistent users; soon the amount of "users asset" grew large enough that they corresponded properly and expectedly as Google started a series of product developments, acquisitions, and partnerships. In another words, the platform of massive amount of users Google has developed became solid support for its development of new products along the way. The business strategy of eliminating competitors and utilizing their technologies for its own good by acquisitions and partnerships has been perfectly performed by Google starting 2001. For example, Google used technology from Neotonic Software acquired in April 2003 to develop Gmail in 2004. Google acquired three traffic and map analysis firms: ZipDash, Where2, and Keyhole Inc. in 2004 prior its launch of Google Map and Earth in 2005. During 2006, Google acquired and put YouTube as a selection under the submenu of its home page before the number of YouTubers grew large enough that could potentially against Google's business. Google utilized the technology from acquisition of Android Inc. on its later development of Nexus series of devices to compete with Apple in 2005. This series of successful acquisition strategy is continued until today and can be also observed from the financial statement as Google's marketable securities occupies more than 35% of its total assets during 2010 to 2013 period. In the meantime, Google only spent 13.29% of its revenue on research and development when the industry average is 42.81%, indicating many of the Google's existing products and services we are using today were developed from other companies that acquired by Google later on. The net property and equipment mainly from acquisition increased by 112.97% from $7,759M to $16,524M during the same period. Another big factor of Google's continuing successful development of new technology comes from its people. As the best company to work for in 2014 by Fortune, Google's state-of-the-art working atmosphere and environment ultimately attracts and retains the smartest employees in the industry. Googleplex, the corporate headquarters complex of Google Inc. located in Mountain View, is built to make its employees want to stay at the offices at all time. From the finest cafeteria serves variety of food comes from its own organic garden, to multi fitness centers, tennis courts, basketball courts, soccer fields across campus, to the relaxing massage rooms inside the office buildings, every element on the site would keep its employees fully charged on working-mode while generating creativity cells. Google's "20 percent time" policy allows its employees to spend one fifth the time on his or her own idea of project that seems worthwhile. Google's policy to its employee seems very successful as its revenue per employee reaches $1,080,914 as the highest in the industry in 2008.

The outstanding accomplishment by its business strategy generated a great wealth for Google year by year. In 2011 to 2013 period, Google's revenue went up by 46.47% from $37,905M to $55,519M followed by an increase of 32.67% in net income from $9,737M to $12,920M. The net income kept from 21.40% to 25.69% of total revenues as the industry average number is 11.03%. The balance sheet shows the current assets of the company were more than 60% of total assets during 2010-2013 as the industry average is only 23.09%. This shows how wealthy the company is in terms of cash, short-term marketable securities, and other current assets, which allows Google to take proper actions of acquisition immediately before its potential competitors grew to a certain size to eliminate any threats. Google's incredibly healthy financial statue can also be examined from the risk ratios analysis where its current ratio and quick ratio stayed in the range of 4.22 to 5.92 and 3.90 to 5.62 while the industry averages are 1.33 and 1.13, respectively. Google has so much excessive cash to pay off its debt, which produces a 8.24 % long-term debt to long-term capital ratio while the industry average is 51.62%. Again, the continuing healthy financial circulation enables Google to sustain its business strategy of acquisition at highest gear at all time.

Google's big numbers does not mean the company is perfect. More than 90% of Google's consolidated revenue solely comes from online advertising. Google is expected to experience slow income growth or decline in advertising revenue due to mainly two reasons. First, the PC industry is growing slowly and its share of search engine market is shrinking due to the rise of new competitors, such as Microsoft's Bing. Secondly, a bigger portion of online advertising is slowly emerging to the smartphone and tablet market, which Google has not penetrate deep enough to balance out its loss from PC and desktop online advertising.

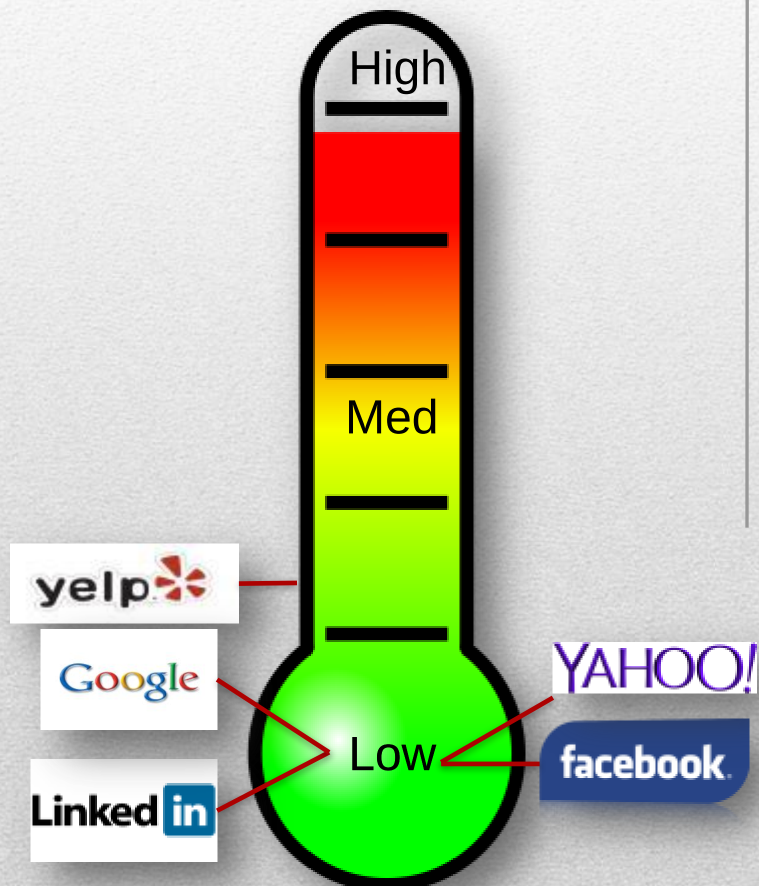
Fortunately, Google has been taking very positive and effective approaches to diversify its source of earnings by entering into new markets. For instance, the upcoming release of Google Glass in 2014 has significant potential to replace some existing products, such as tablet and GPS. Driverless devices that can be easily installed on any vehicle in the next 2-3 years can possibly dramatically change the auto industry if they perform better than the ones produced by traditional automakers. Google is also in the process of testing a new fiber cables that can transmit internet content at astonishing 100 times faster than the current providers. This technology would separate Google from the rest of the industry and eventually derive more new products and services, such as Google TV. Many of the Google existing technologies serve as a solid foundation to create and build more advanced technology in the future.

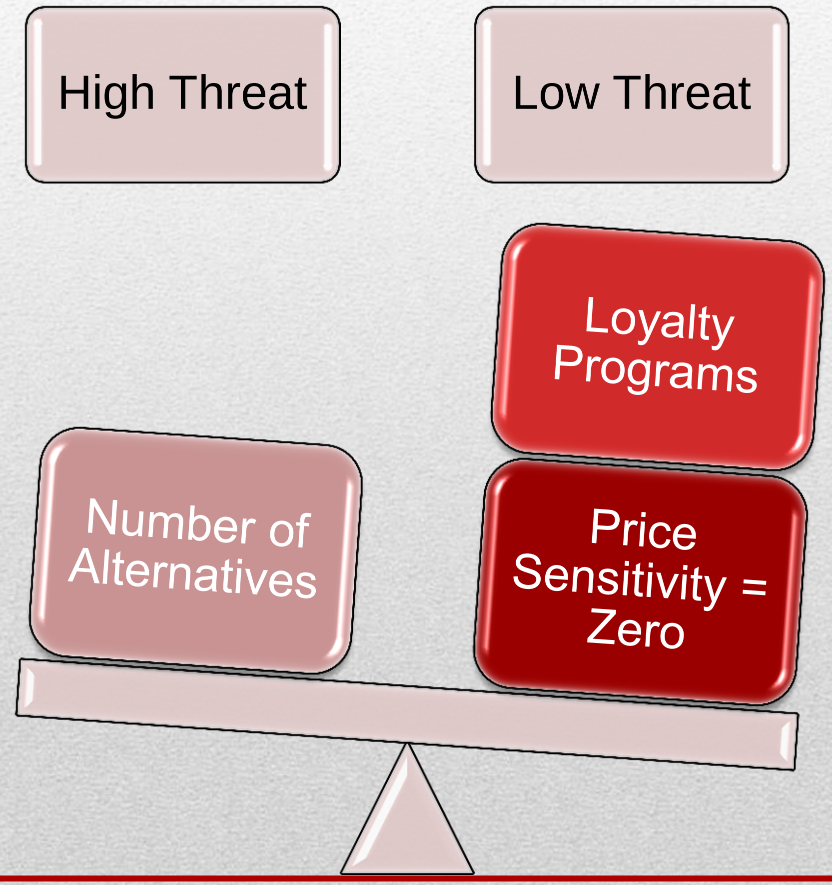
Google's natural business strategy eliminates a great portion of the threats, but a minor portion still remains as the other "Big Boys" such as Facebook, Microsoft, and Yahoo share the same market of acquisition of new companies. Google has to stay proactive to keep an upper hand in business when people still "google" things, not "bing" or "yahoo" things.

Internet Information Providers

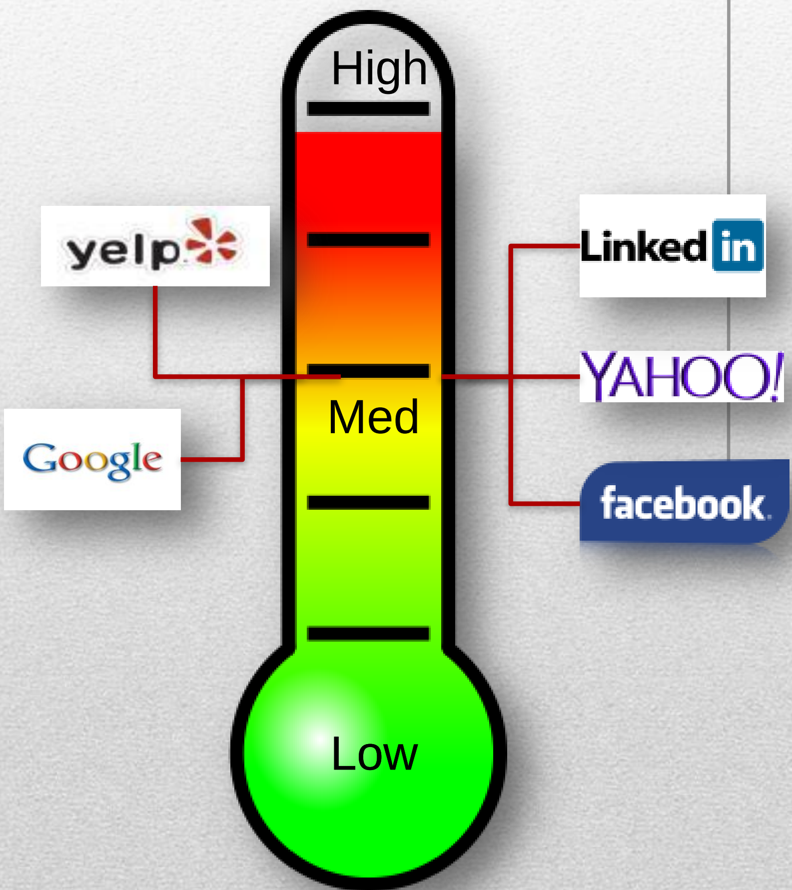
Porter’s 5 Forces

Bargaining Power of *Free* Users

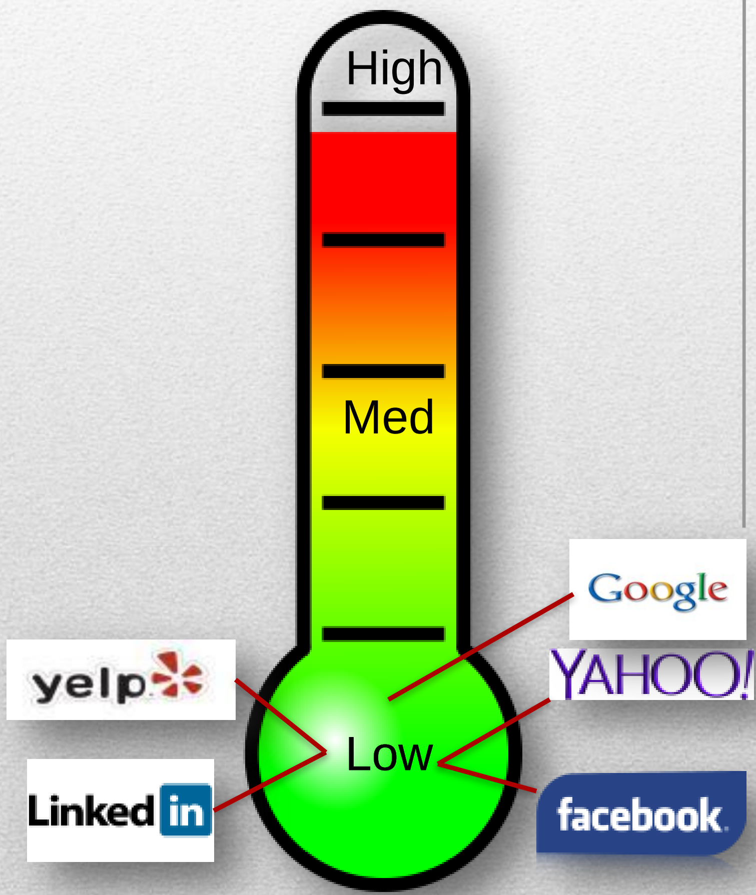


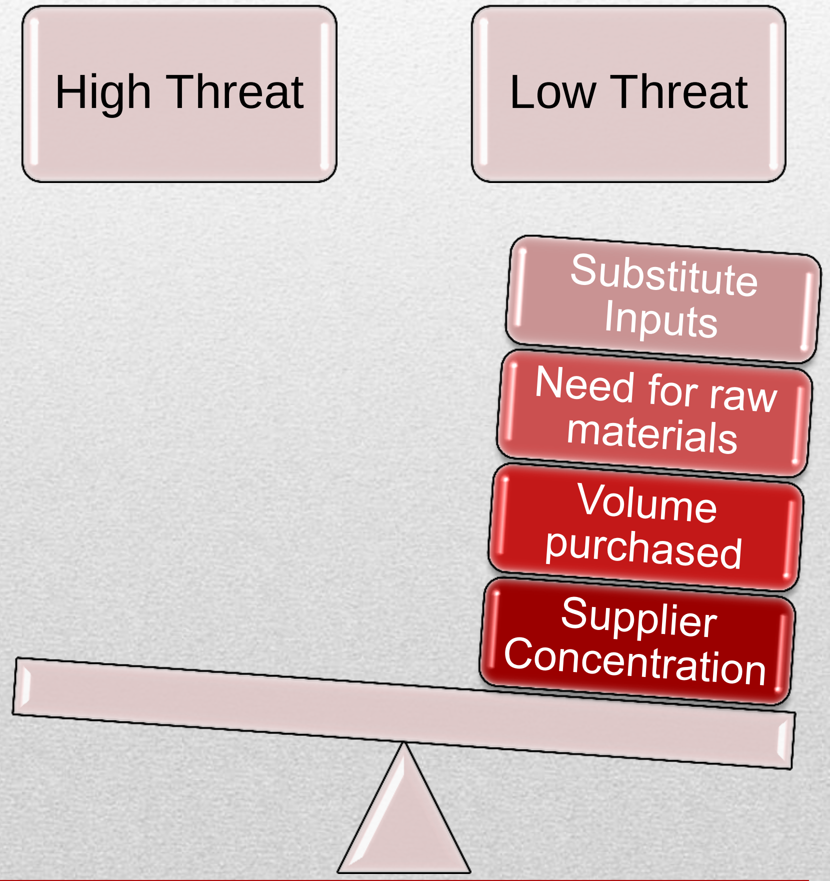


Bargaining Power of Paid Users

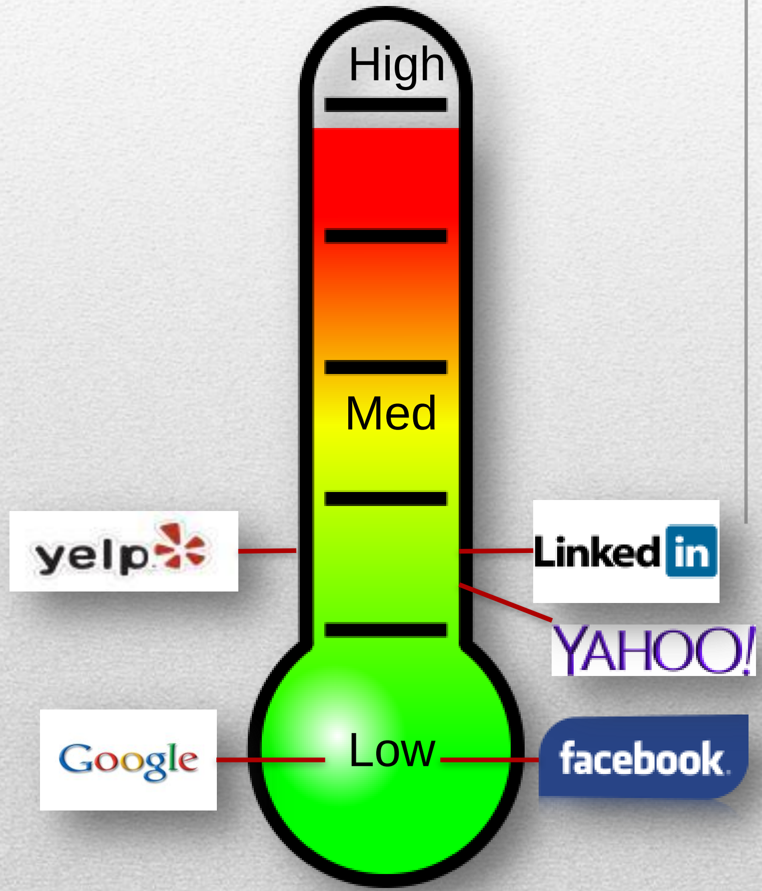


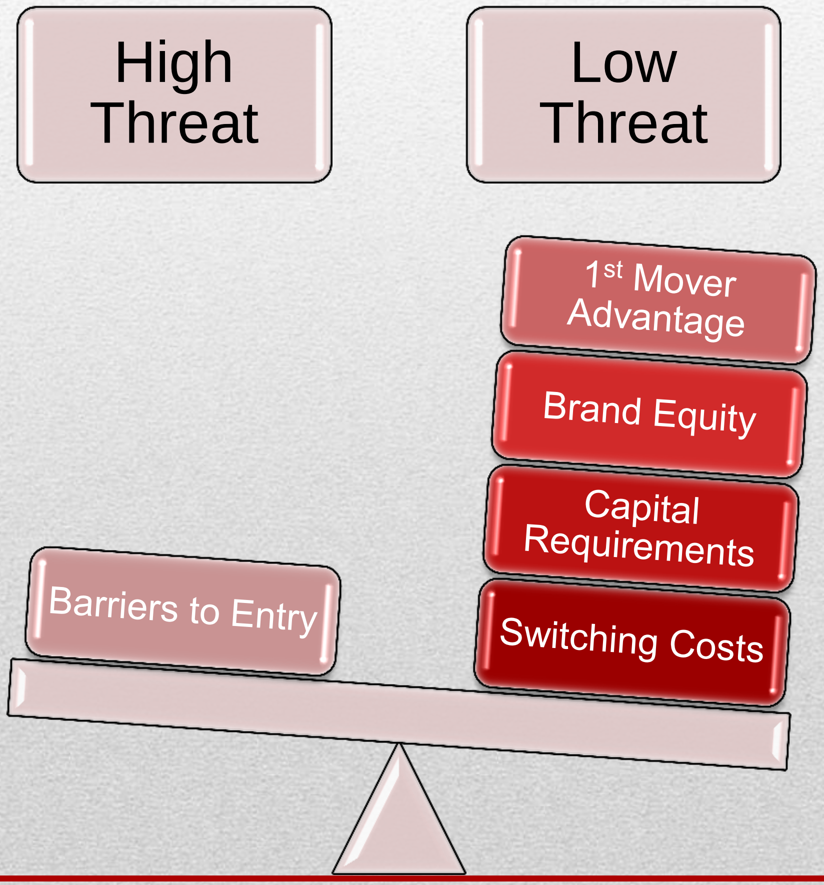
Bargaining Power of Suppliers



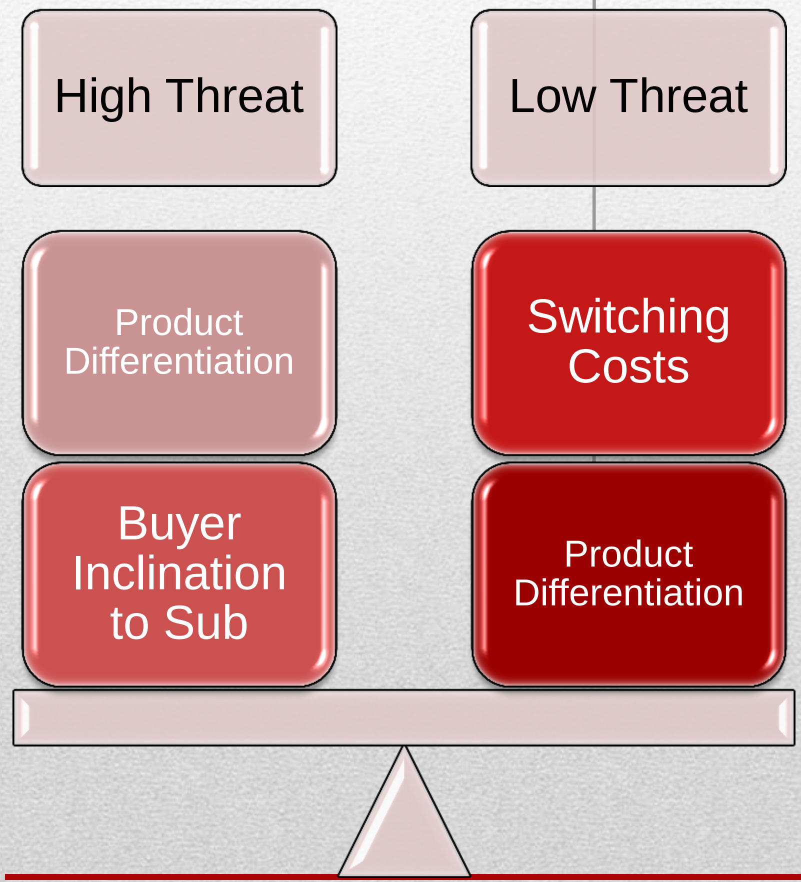


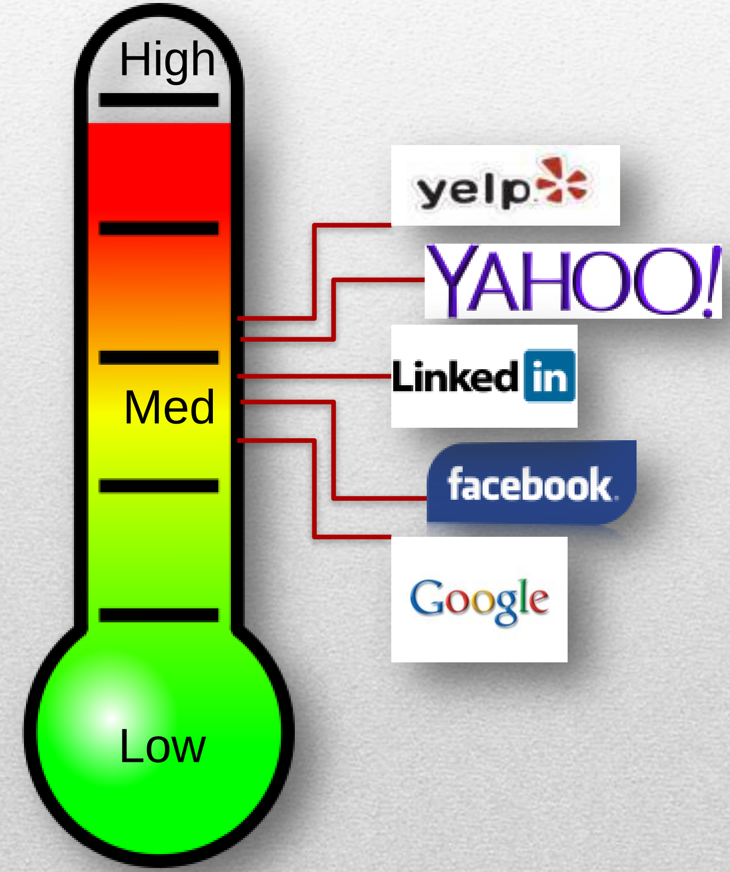
Threat of New Entrants



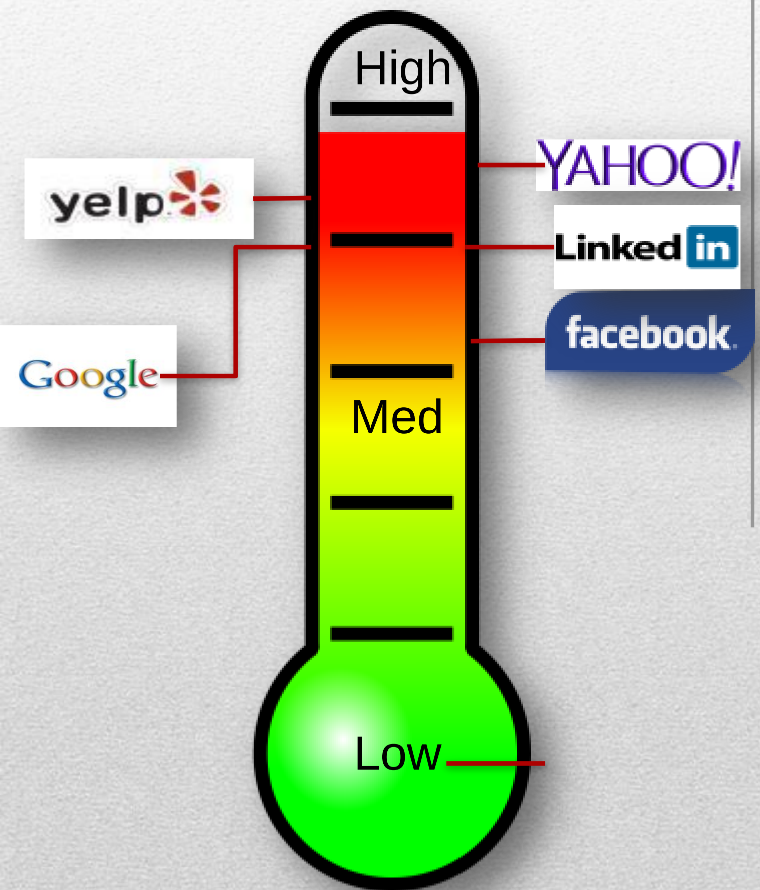


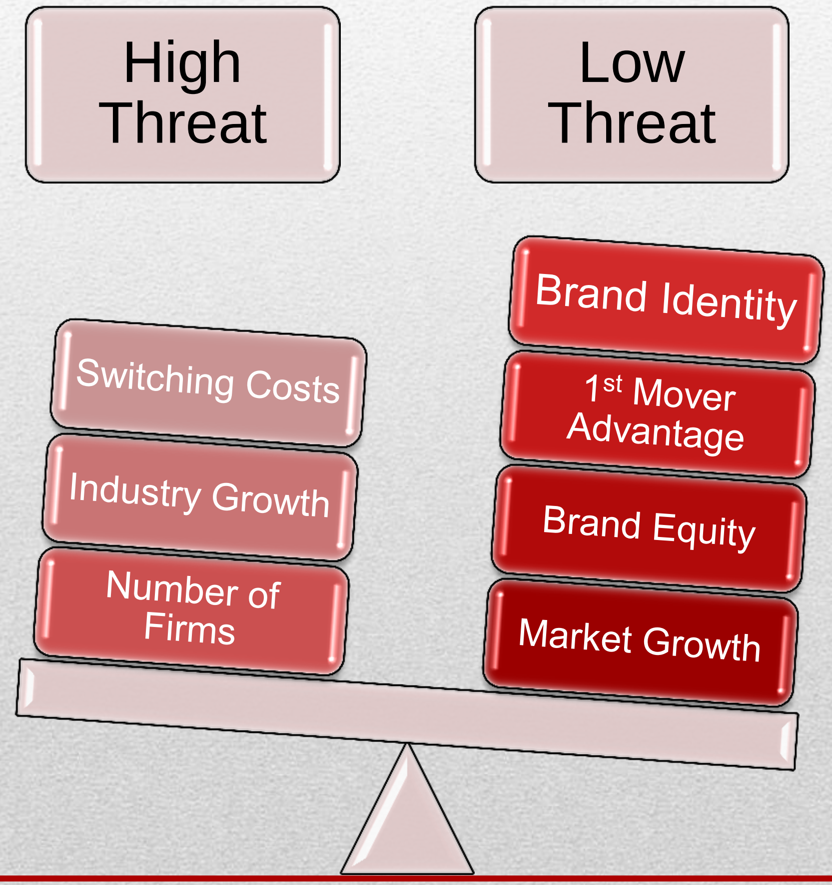
Threat of Substitutes



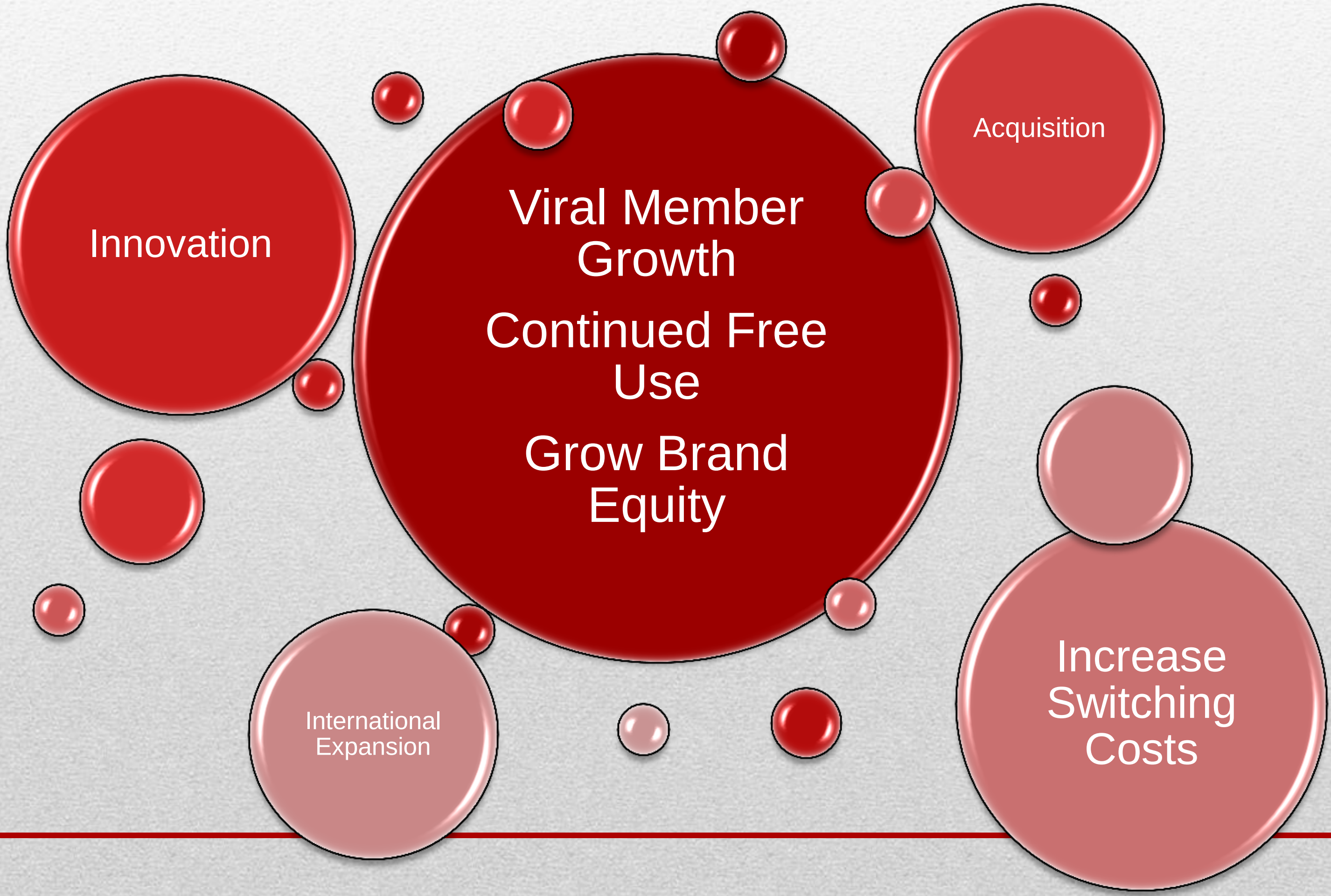


Rivalry Among Existing Firms



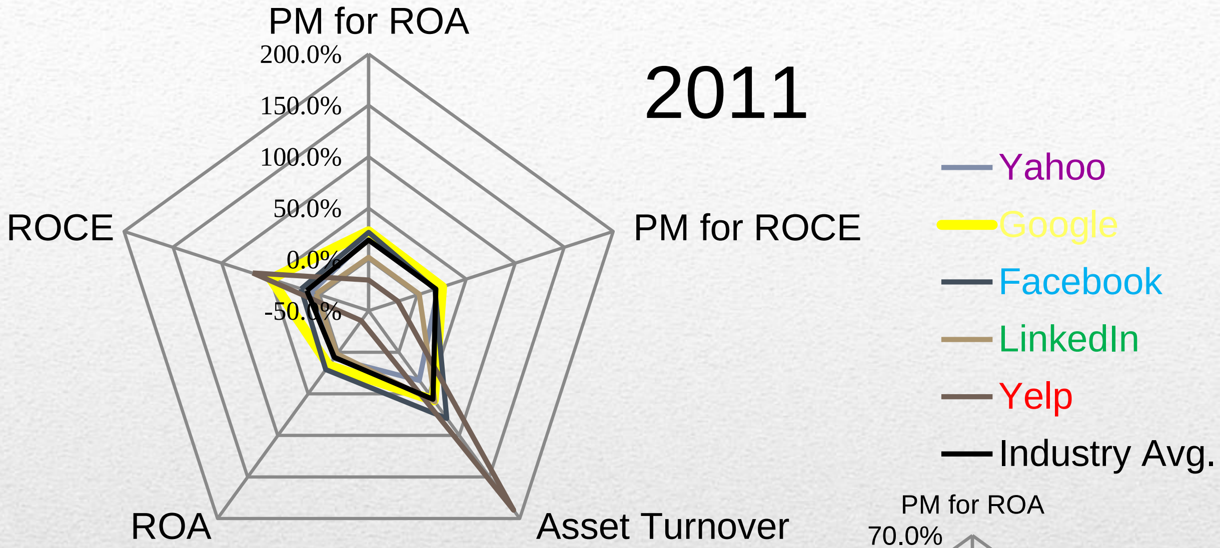


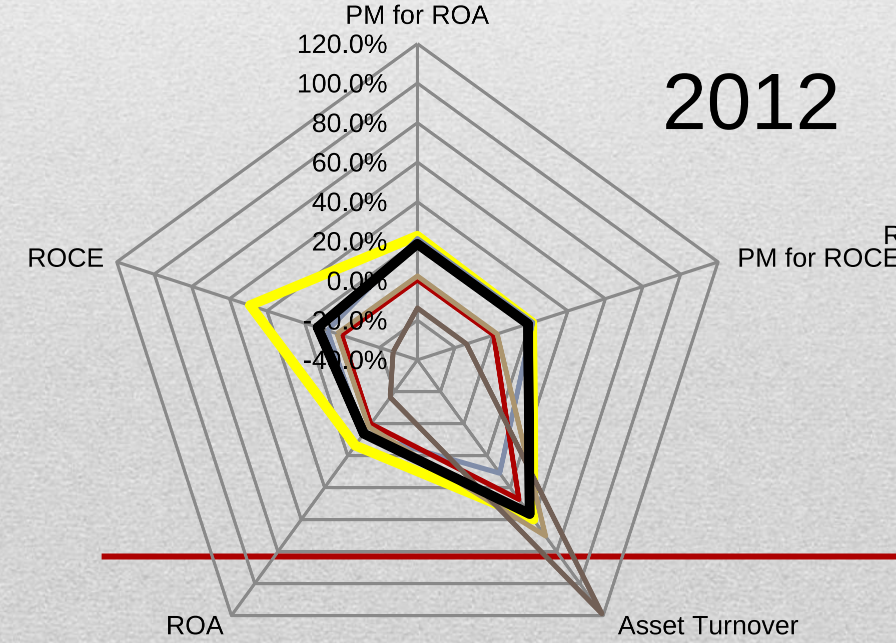
Common Strategies to Reduce Threats

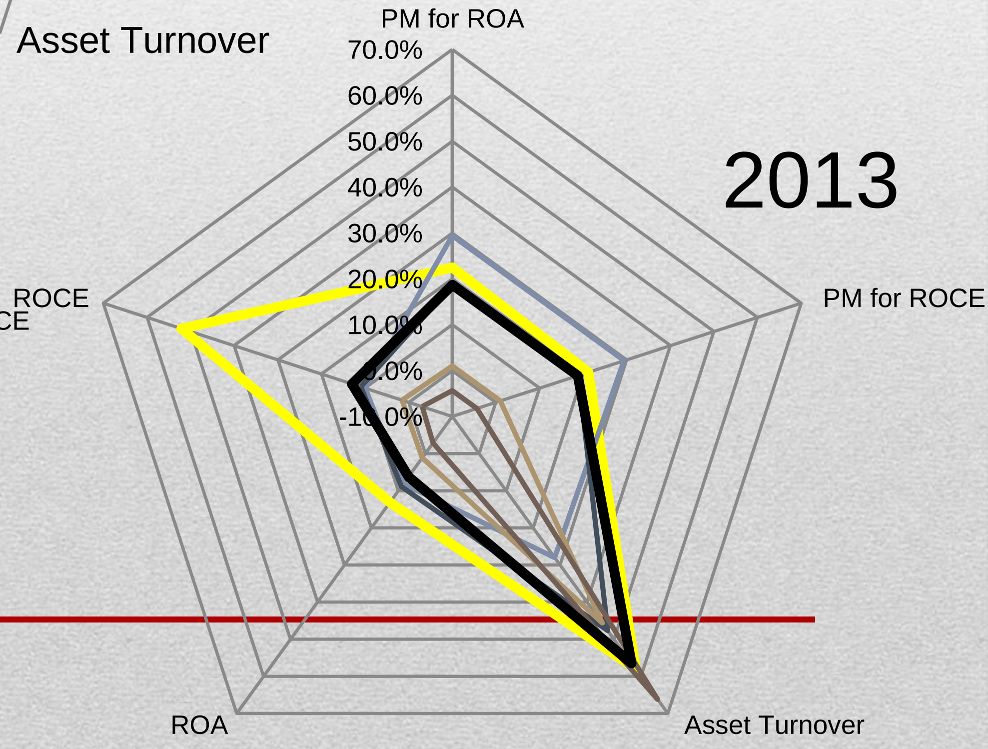


Profitability

Profitability Analysis for 2011 - 2013



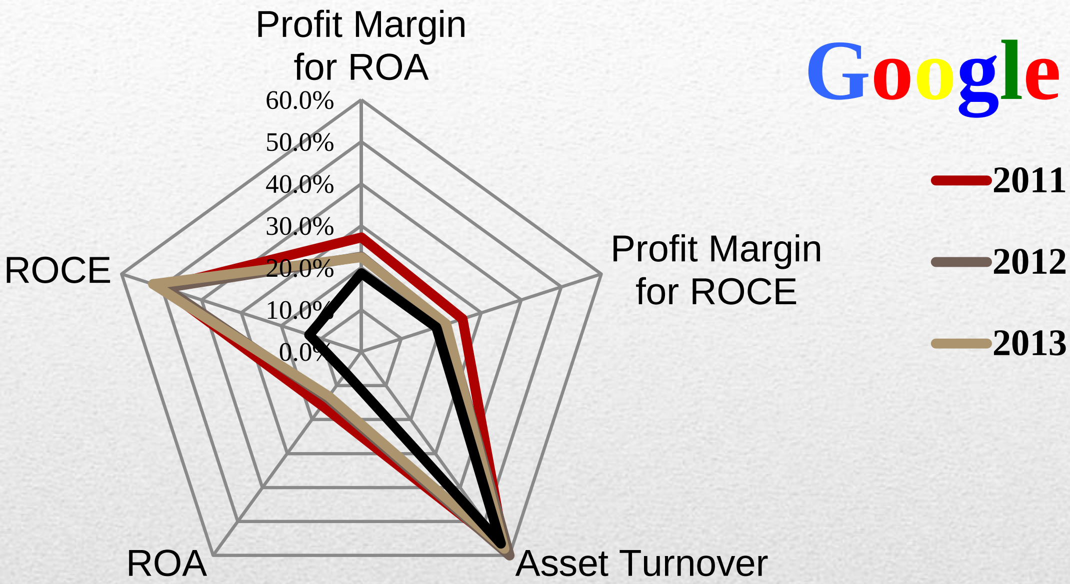


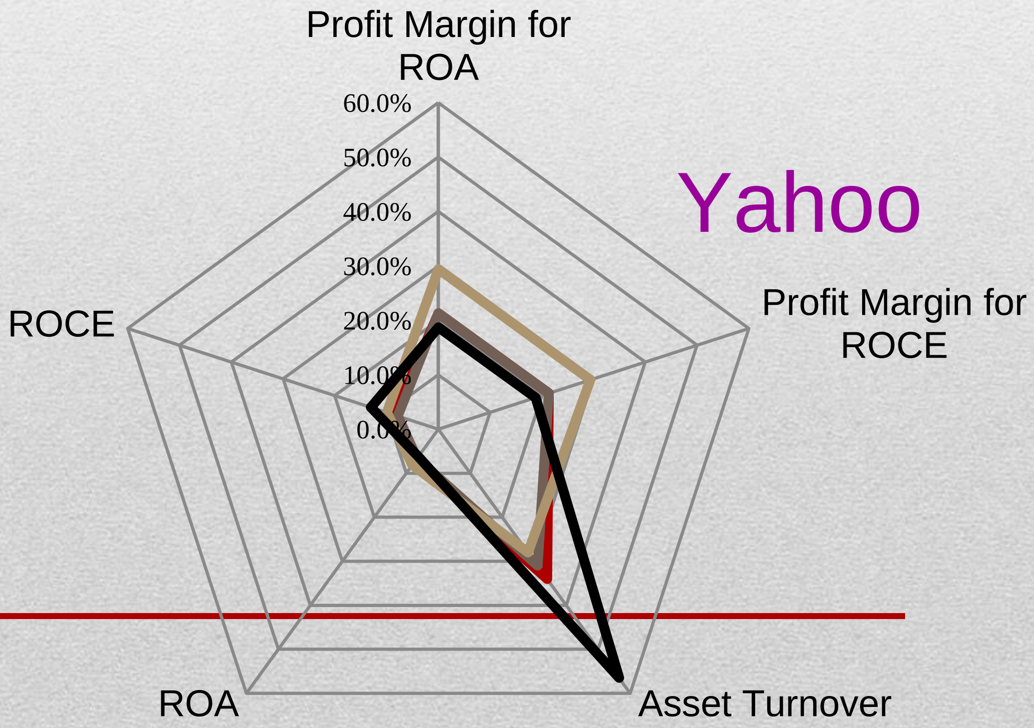


Profitability Ranking

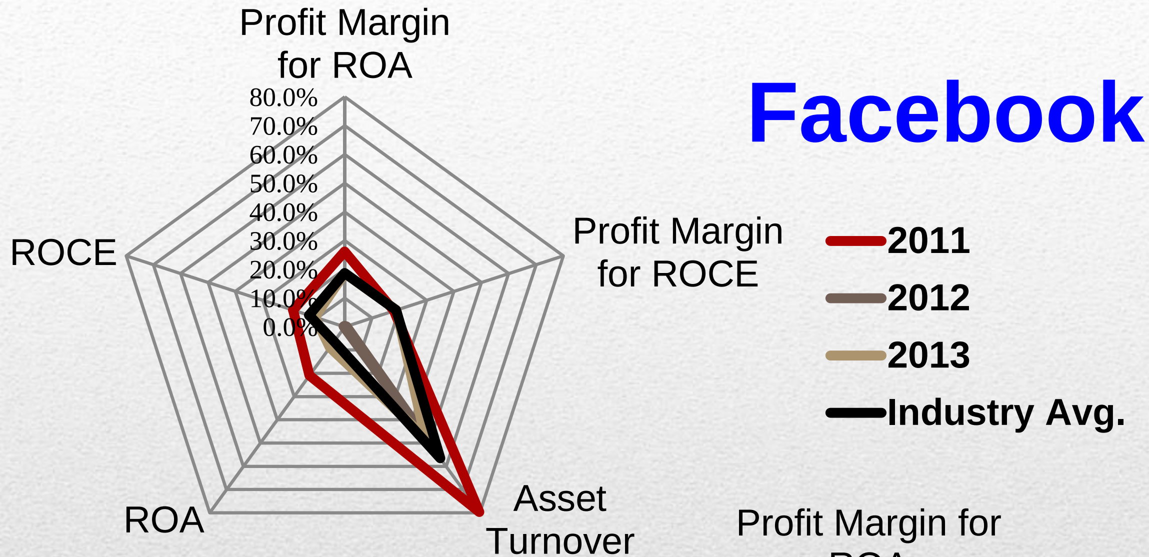

acquire potential competitors for latest innovation
minimize R&D
maximize profit margin
boost cash, marketable securities, PPE, and temporarily low ROA
higher production and future revenue
Google
continually healthy financial circulation

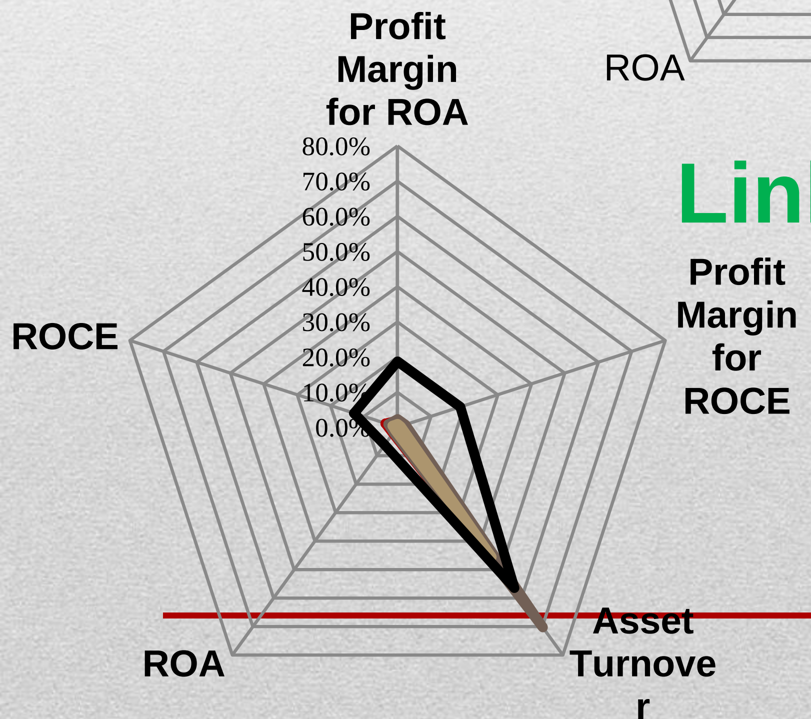
Profitability Comparisons

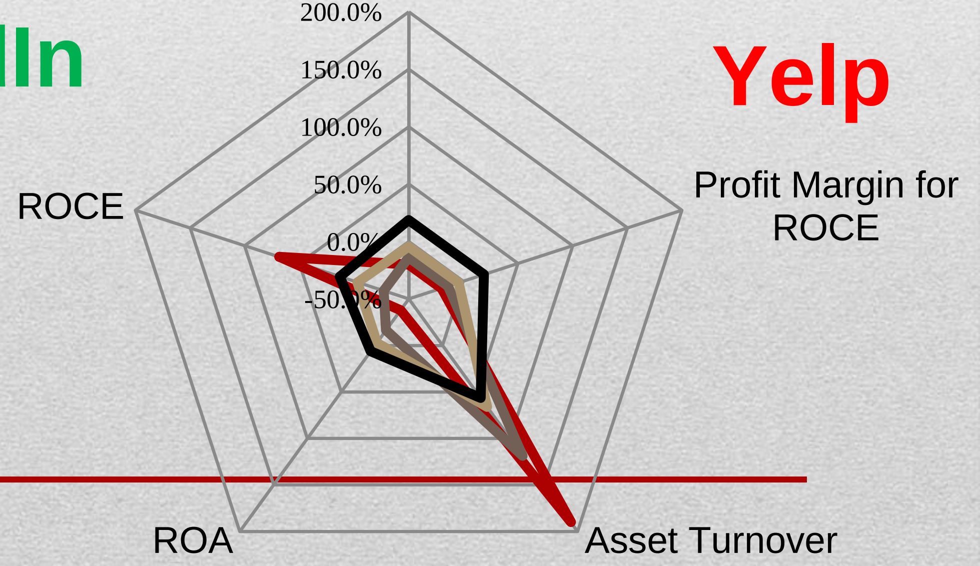




Profitability Comparisons







Profitability Comparisons

Asset Turnover - Oriented: Yahoo, Facebook, LinkedIn

- Profitability ratios close to the industry average
- Much higher assets turnover ratios than other ratios
- Large portion of cash and cash equivalents
- Much less PPE than

Yahoo:

- Increasing trend in profitability ratios
- Outstanding profit margin in 2013
- Improved efficiency in production with less cost of revenue
- Invests in restructuring plan to reduce cost structure, align resources with product strategy, and improve efficiency
- More efficient in controlling operating expenses
- Led to sustained profit even though sales decreased significantly

Facebook:

- Profitability performed above the industry average
- 2012 profit margin for ROA and ROCE dropped dramatically

Profitability Comparisons

LinkedIn:
- Underperformed
- Profit margin for ROA and ROCE were much lower than industry average

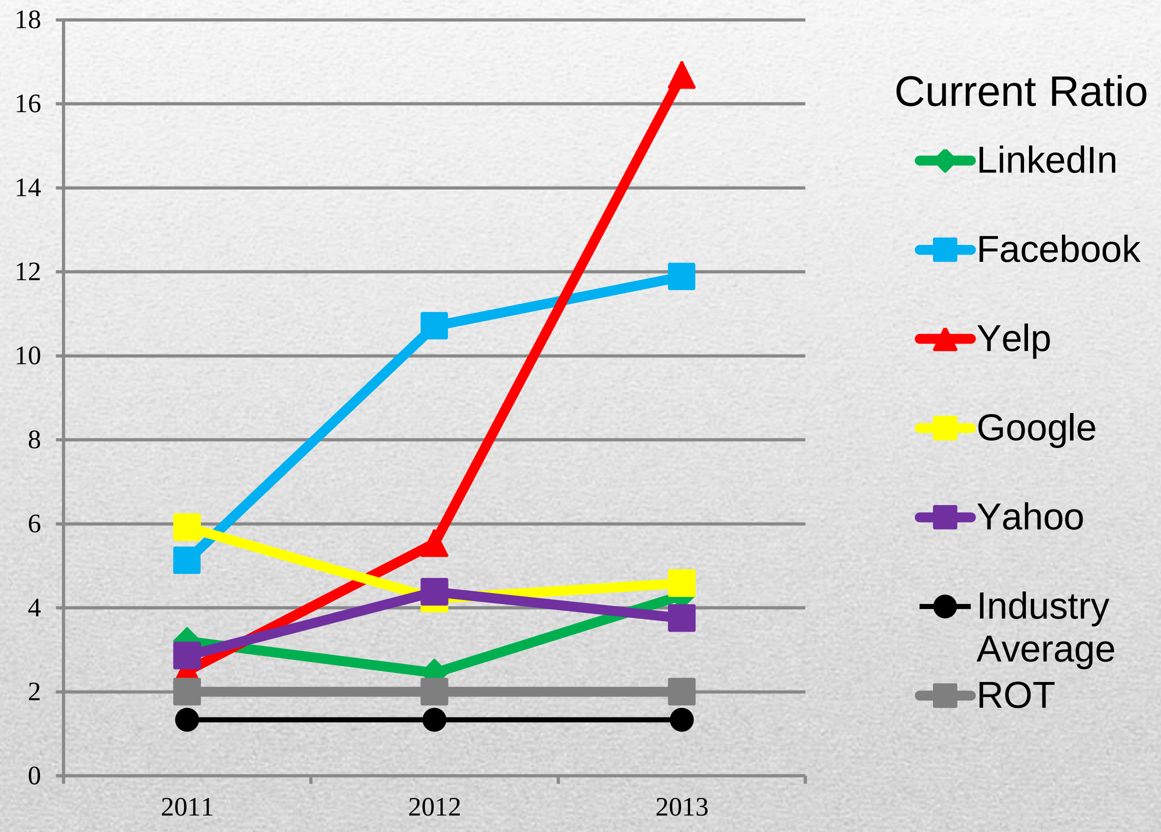
Yelp:
- An early growth company
- Not yet profitable
- Revenue increased substantially
- ROA and ROCE were under the industry average
- Upward trend of ROA due to increasing profit margin and decrease in SA&G expenses
- Downward trend of ROCE
- IPO: shares issued and outstanding in 2012 and 2013
- Temporarily low asset turnover may signal the investment in fixed assets for higher revenue the future

Risk

Current Ratio

Activities & Observations

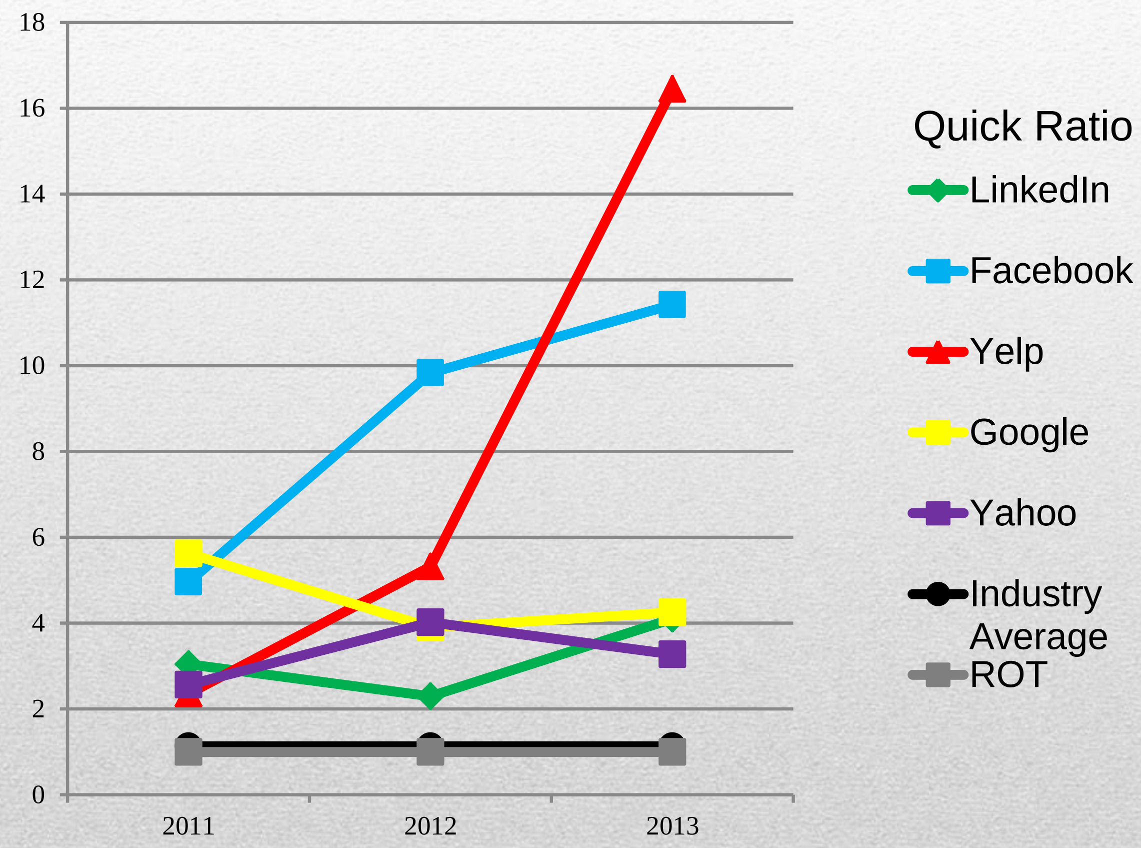
- Facebook IPO 2012
- Yelp IPO 2012
- Google had short-term debt and accounts payable increase leading to a drop in the current ratio
- All companies were above both standards for all three years



Quick Ratio

Activities & Observations

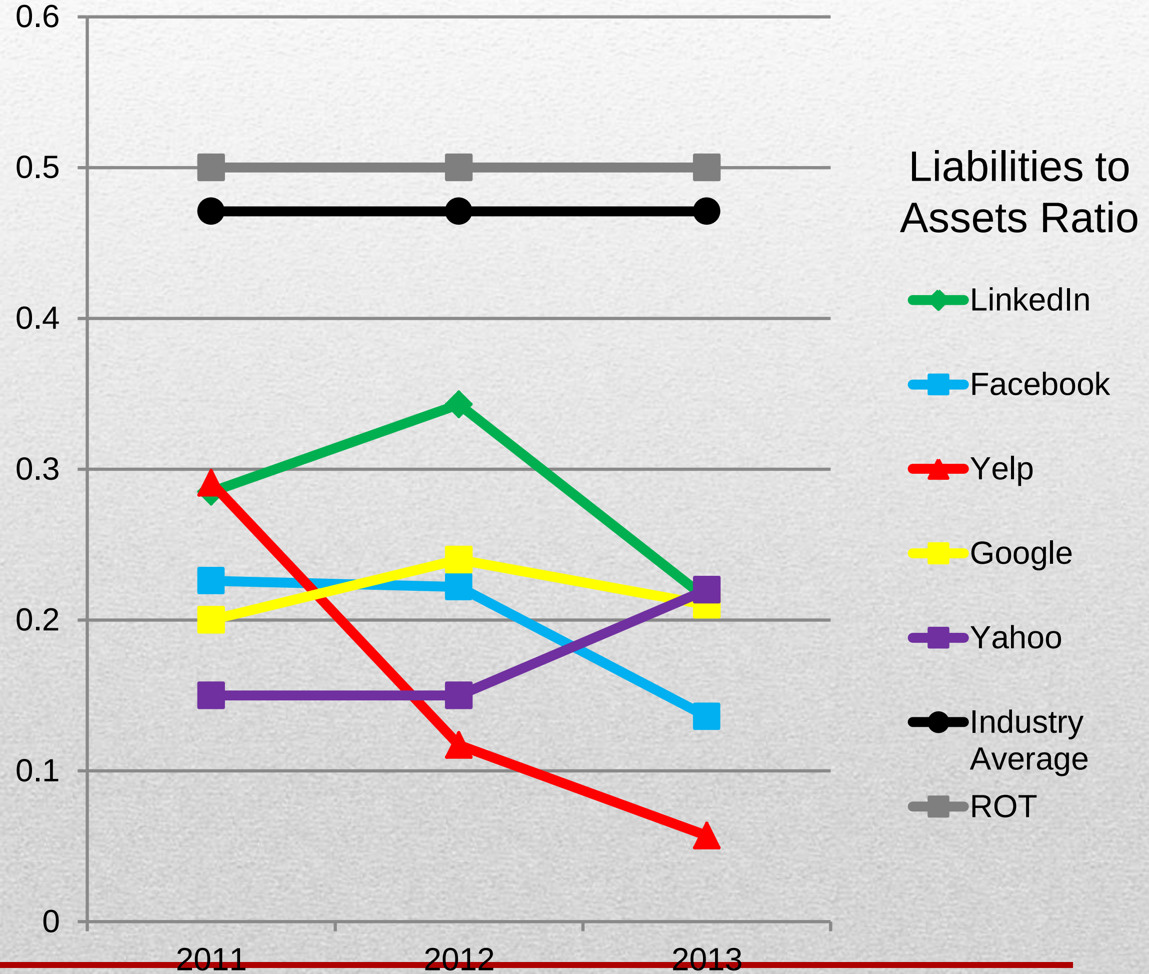
- Yelp still has the best ratio
- Yahoo had the greatest amount of current assets outside of cash, marketable securities, and accounts receivable
- Facebook's and Yelp's ratio are much higher than the rest of the firms
- All companies were above the standards for all three years



Liabilities to Assets Ratio

Activities & Observations

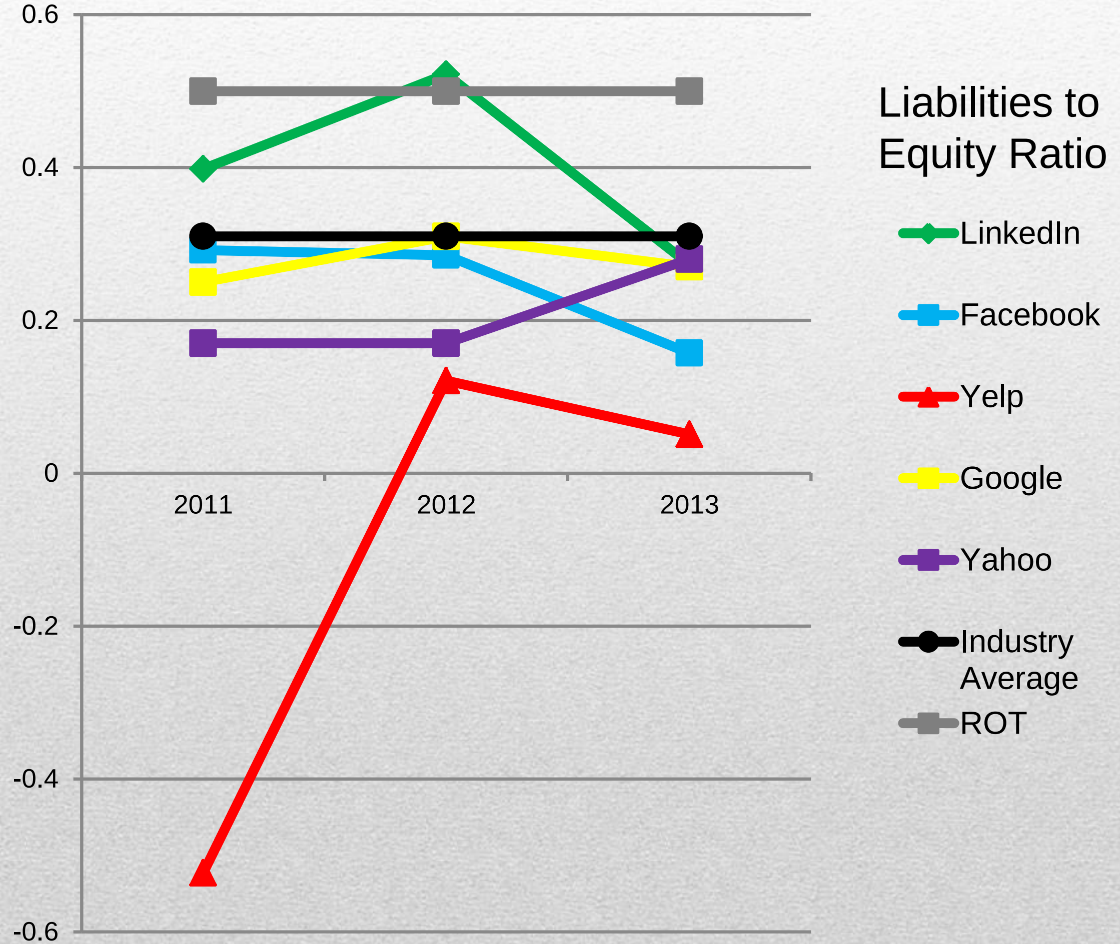
• LinkedIn in 2012 had deferred revenue and accrued liabilities increase
• Yelp and Facebook continue to have the best ratios
• Yahoo is the only company whose ratio went up due to a decrease in almost all major assets
• All companies continued to be above the standards for all three years



Liabilities to Equity Ratio

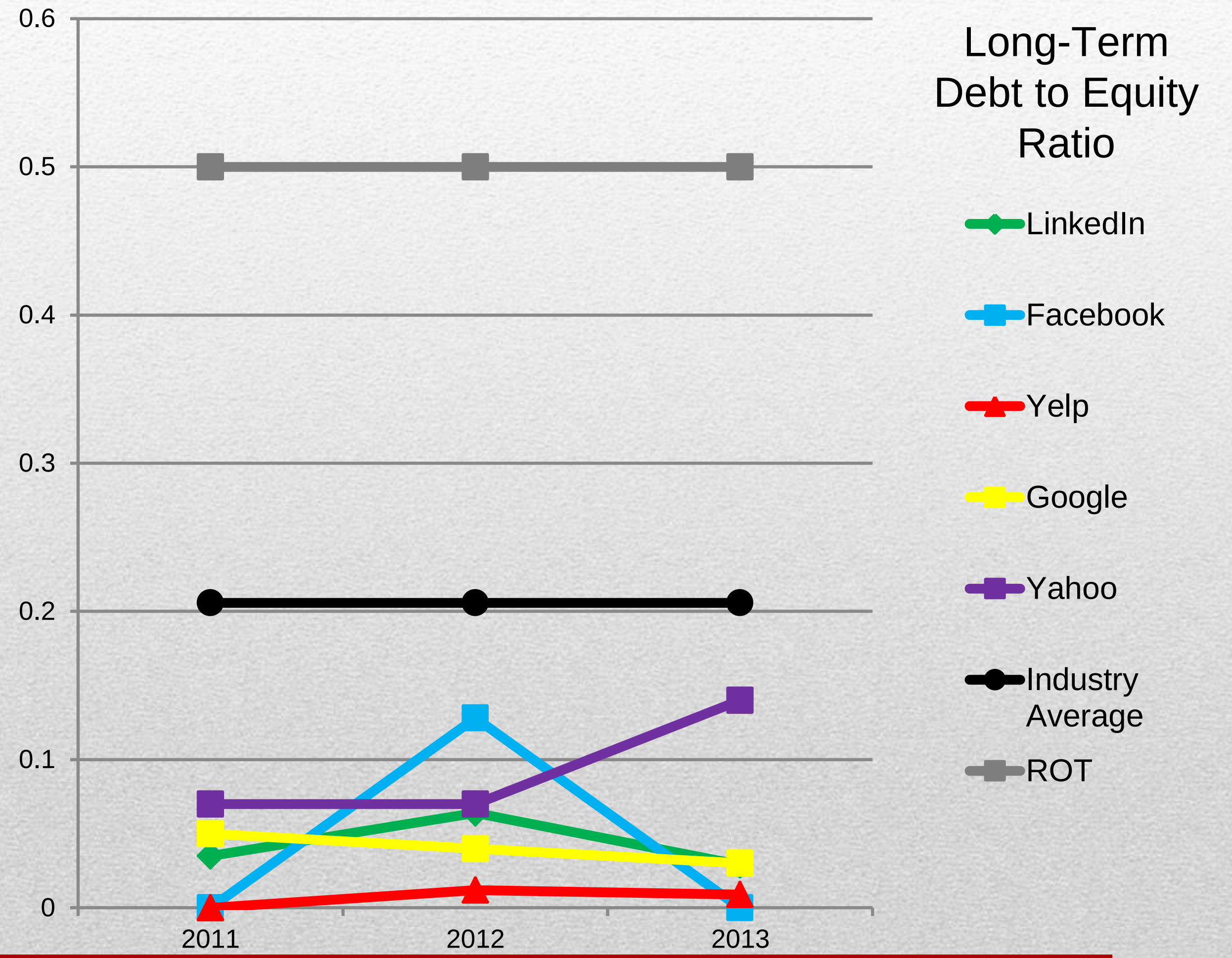
Activities & Observations

- LinkedIn in 2012 saw its ratio fall below both standards
- Google's ratio was effected by increasing deferred income taxes
- Yelp had an accumulated deficit prior to its IPO
- Facebook's ratio fell due to its marginally increasing liabilities



Long-Term Debt to Equity Ratio

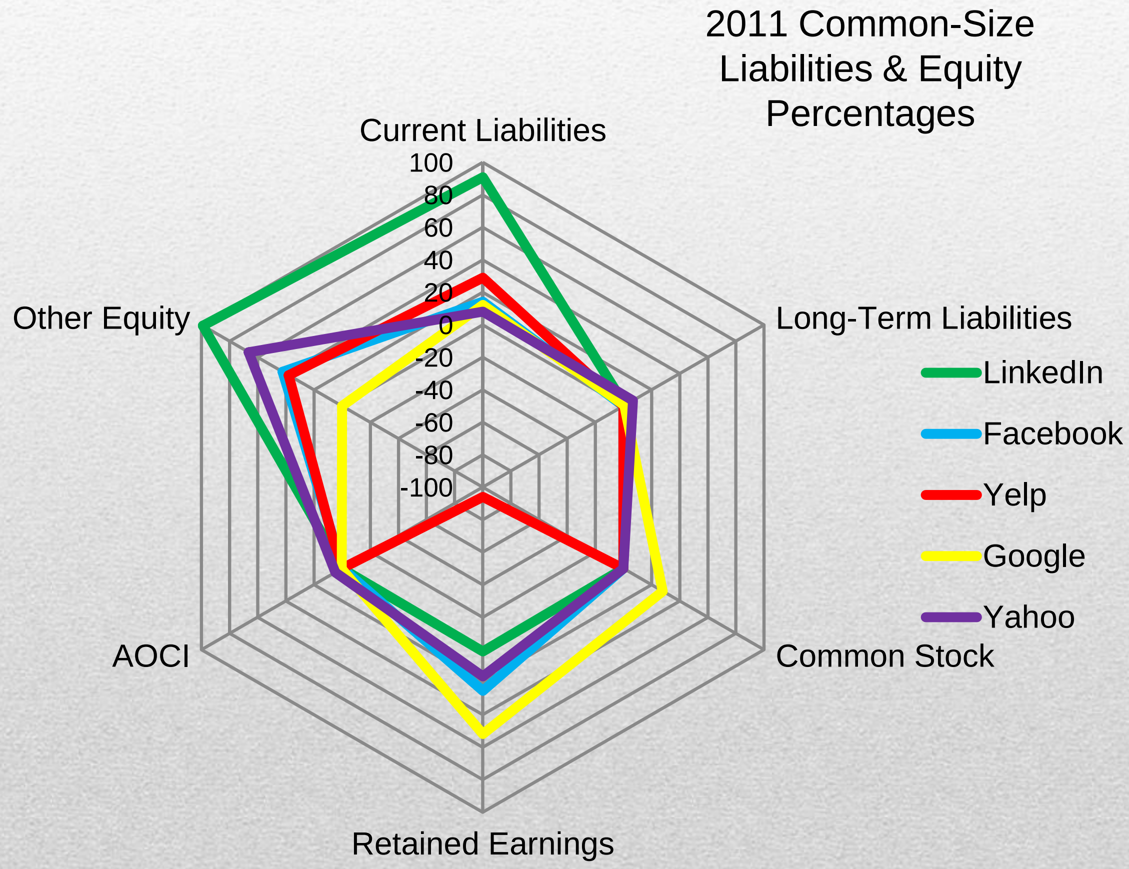
• Facebook faced the biggest increase when it took on $1.5 billion in debt
• Yelp continued its strategy of taking on very little debt
• Yahoo's debt constantly fell but bought back stock causing the increase in the ratio
• All companies continued to be above the standards for all three years



2011 Common-Size Liabilities and Equity Percentages

Activities & Observations

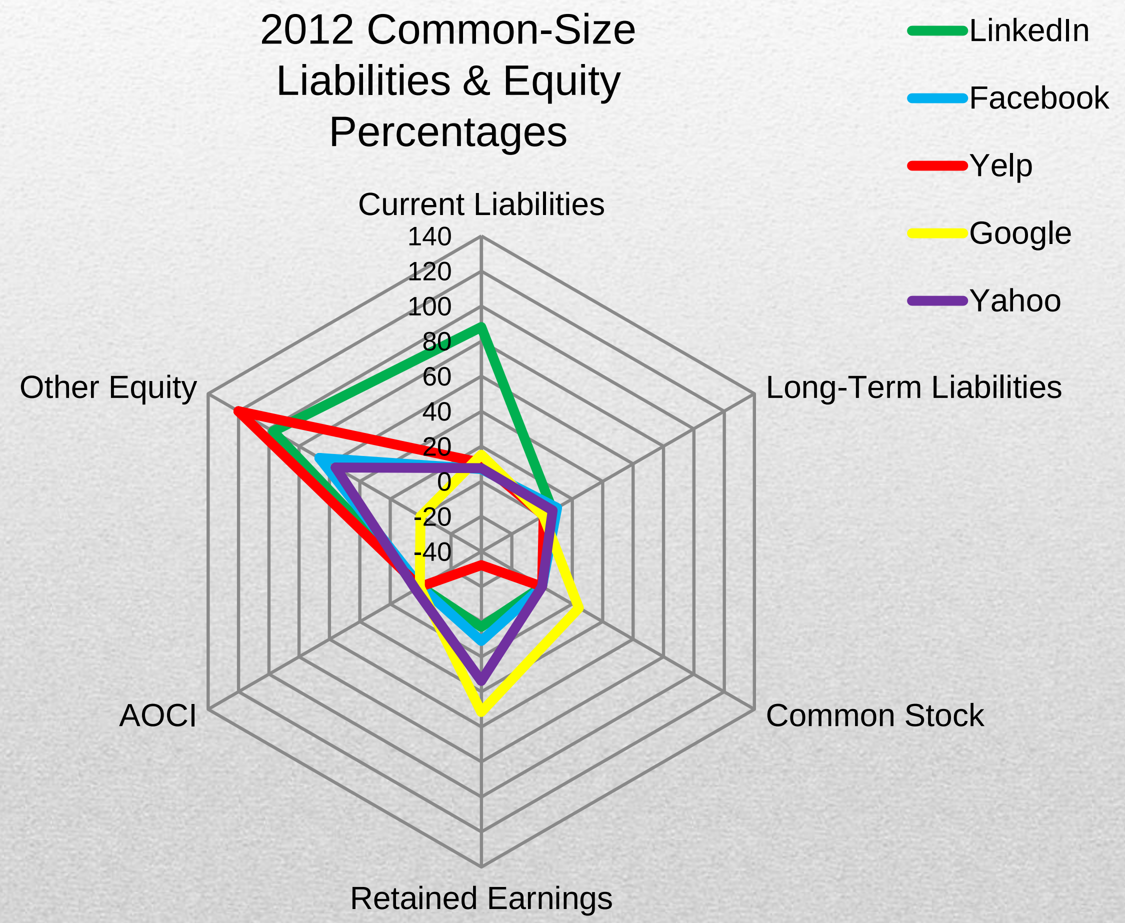
- LinkedIn had the highest percentage of current liabilities and other equity from the additional paid-in capital
- Yelp ran a deficit in retained earnings
- Facebook and Yahoo have the most similar percentages



2012 Common-Size Liabilities and Equity Percentages

Activities & Observations

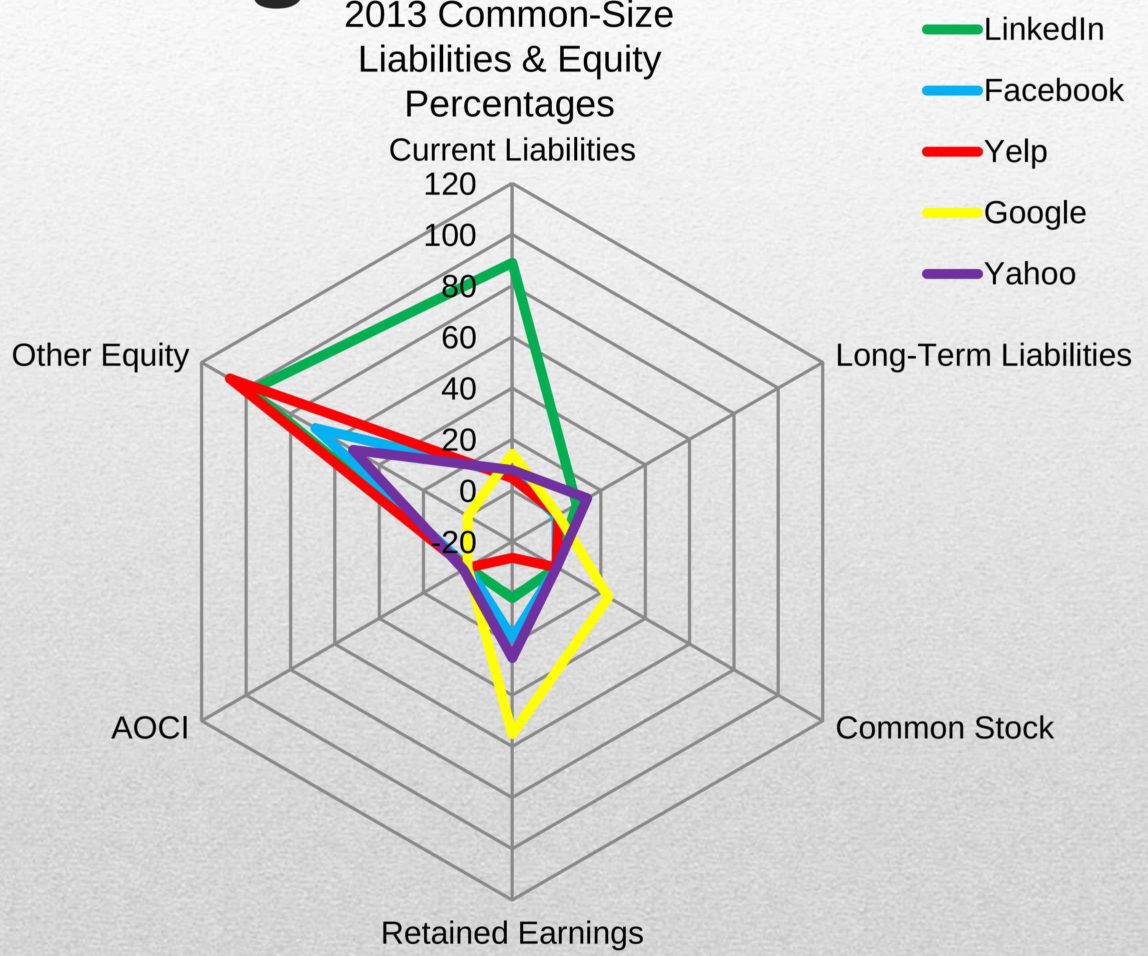
- Yelp's other equity grew from 2011 due to addition paid in capital
- Facebook and Yahoo continued to mimic each other
- Facebook's long term liabilities rose the greatest



2013 Common-Size Liabilities and Equity Percentage

Activities & Observations

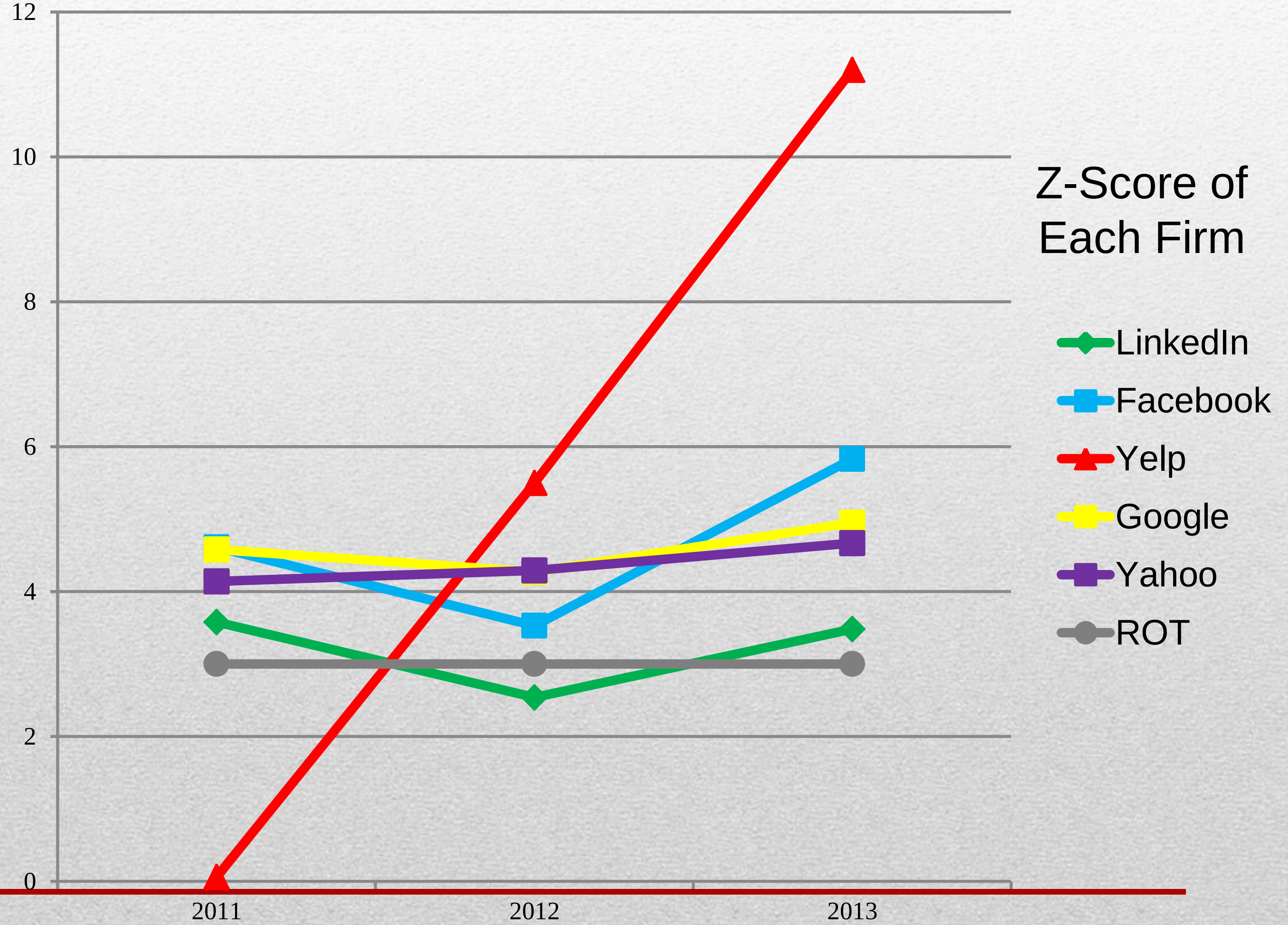
- Yelp's AOCI jumped significantly as it tries to become profitable
- Yahoo's retained earnings came closer to Google's
- LinkedIn continued to have a high percentage of current liabilities and other equity



Z-Score Analysis

Activities & Observations

- Yelp initially was in danger of bankruptcy but their z-score now is the strongest
- LinkedIn in 2012 saw its z-score drop into the “grey area”
- Yahoo has maintained the most consistent z-score
- Outside of Yelp, Facebook saw the greatest increase in its z-score



Risk Conclusion

- Yelp has reported losses in all three years but has the strongest ratios and highest z-score
- LinkedIn has the highest percentage of liabilities on its balance sheet
- All firms have low risk moving forward in the next years
- None of the firms are highly leveraged

Cash Flows

Cash Realization Ratio= CFO/NI

Measurement: Earning Quality, how close a company's net income is to being realized in cash

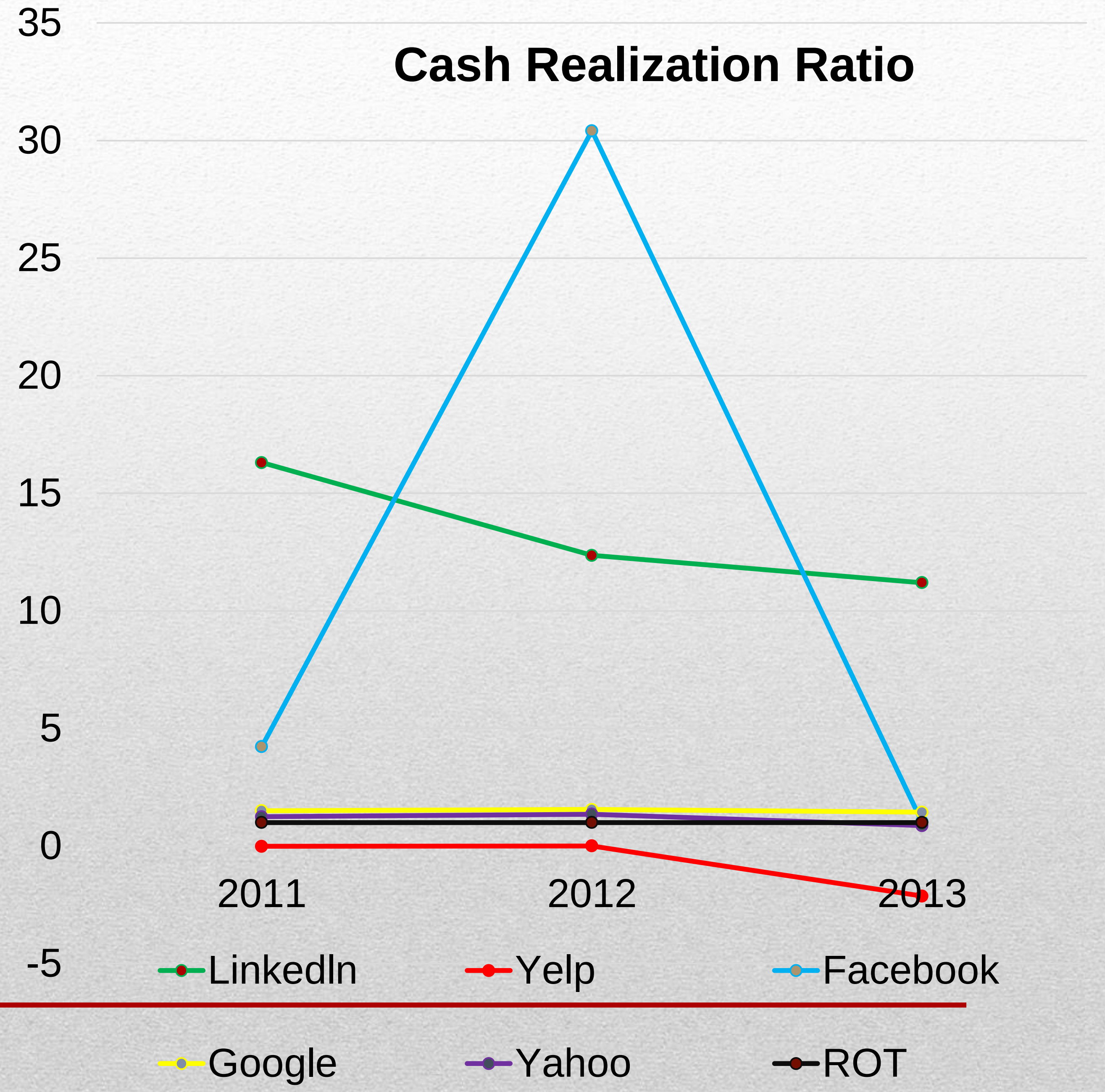
ROT: >1

Yelp(Low):
non-working capital adjustment(depreciation and amortization and stock-compensation Expense)

Net loss

Facebook(2012 boom):
Non-working capital adjustment(stock compensation and tax benefit)

Net income decrease(R&D cost)



Capital Expenditure Ratio

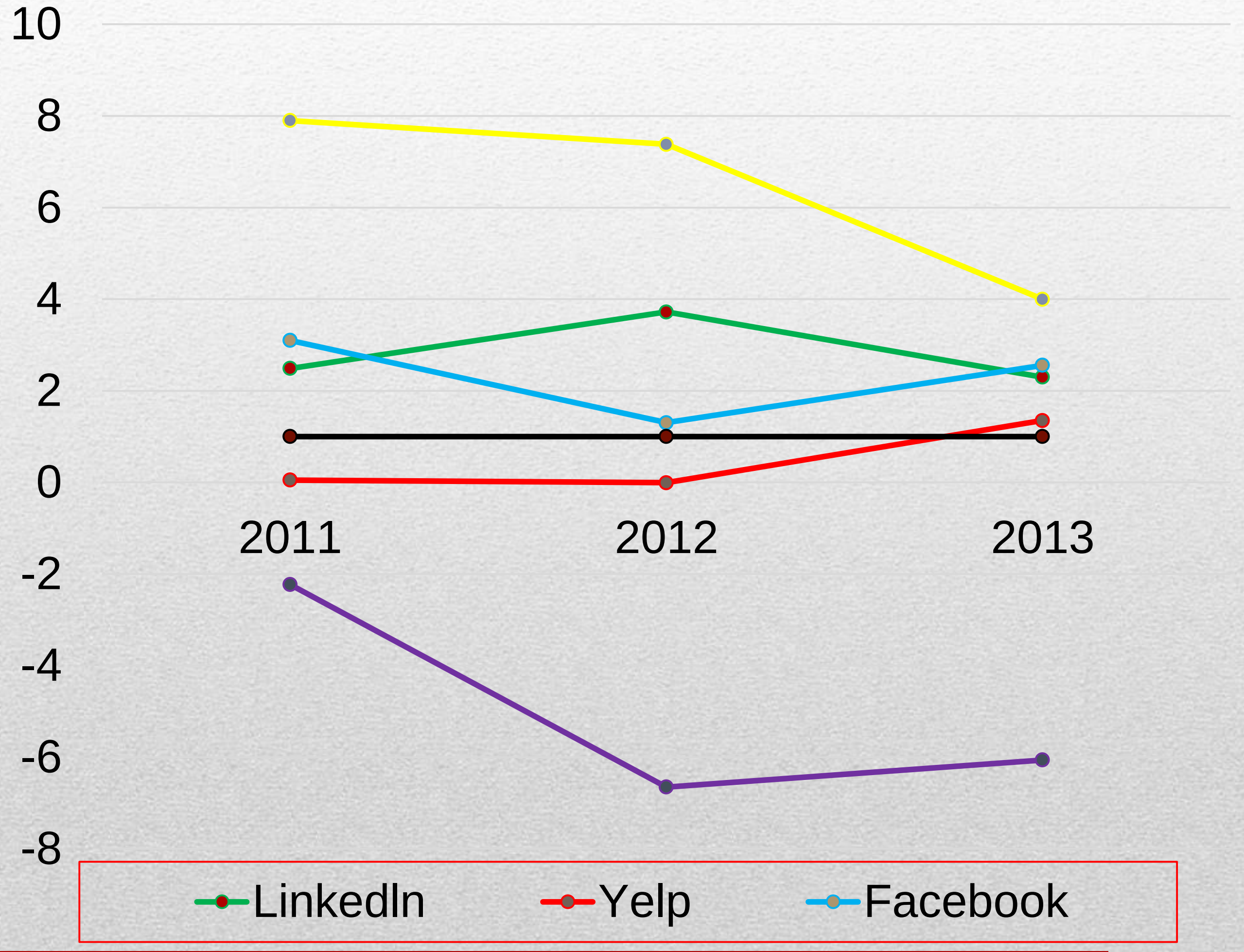
1. Capital Expenditure Ratio= CFO/CPAEX

Measurement:
Cash from operations is sufficient to the expansion of company

ROT:>1

Yelp: the ratio is increasing and overpass ROT in 2013 (start company, and the CFO is gradually become positive and larger)

Yahoo: negative ratios in all three years
(mature company, net negative capital expenditure in all three years)



Cash Return on Sales

Cash Return on Sales= CFO/ Sales

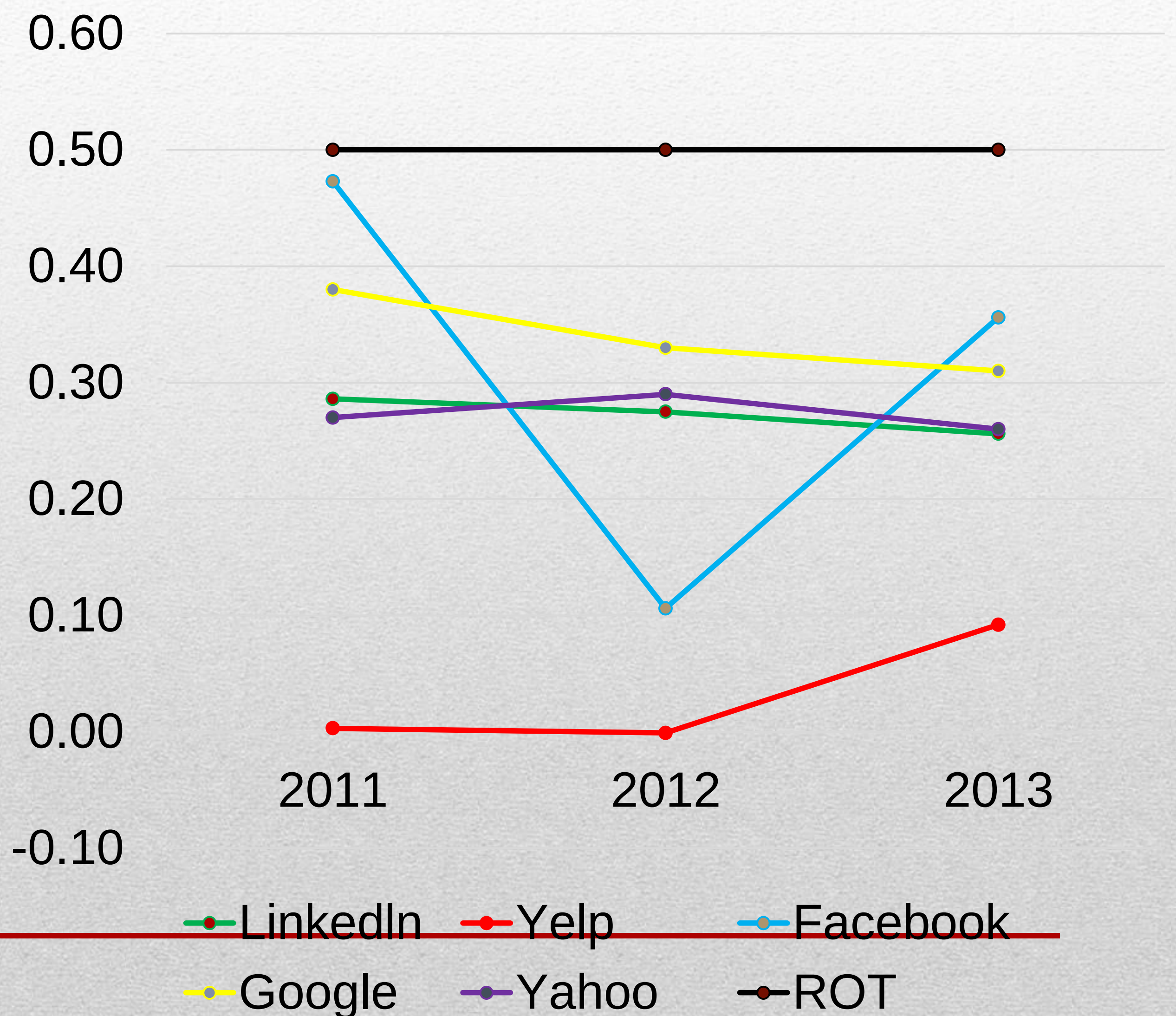
Measurement:
Profitability on cash basis excluding all accrued factors

ROT: >0.5

Decomposition:
Cash Return on Sales= Profit Margin*Cash Realization Ratio

Yahoo and Google: relatively high profitability ratios, but relative low cash realization ratio

LinkedIn and Facebook: relatively low profitability, high cash realization ratios
Yelp: low on both sides as a company in the introduction stage



Cash Debt Coverage Ratio

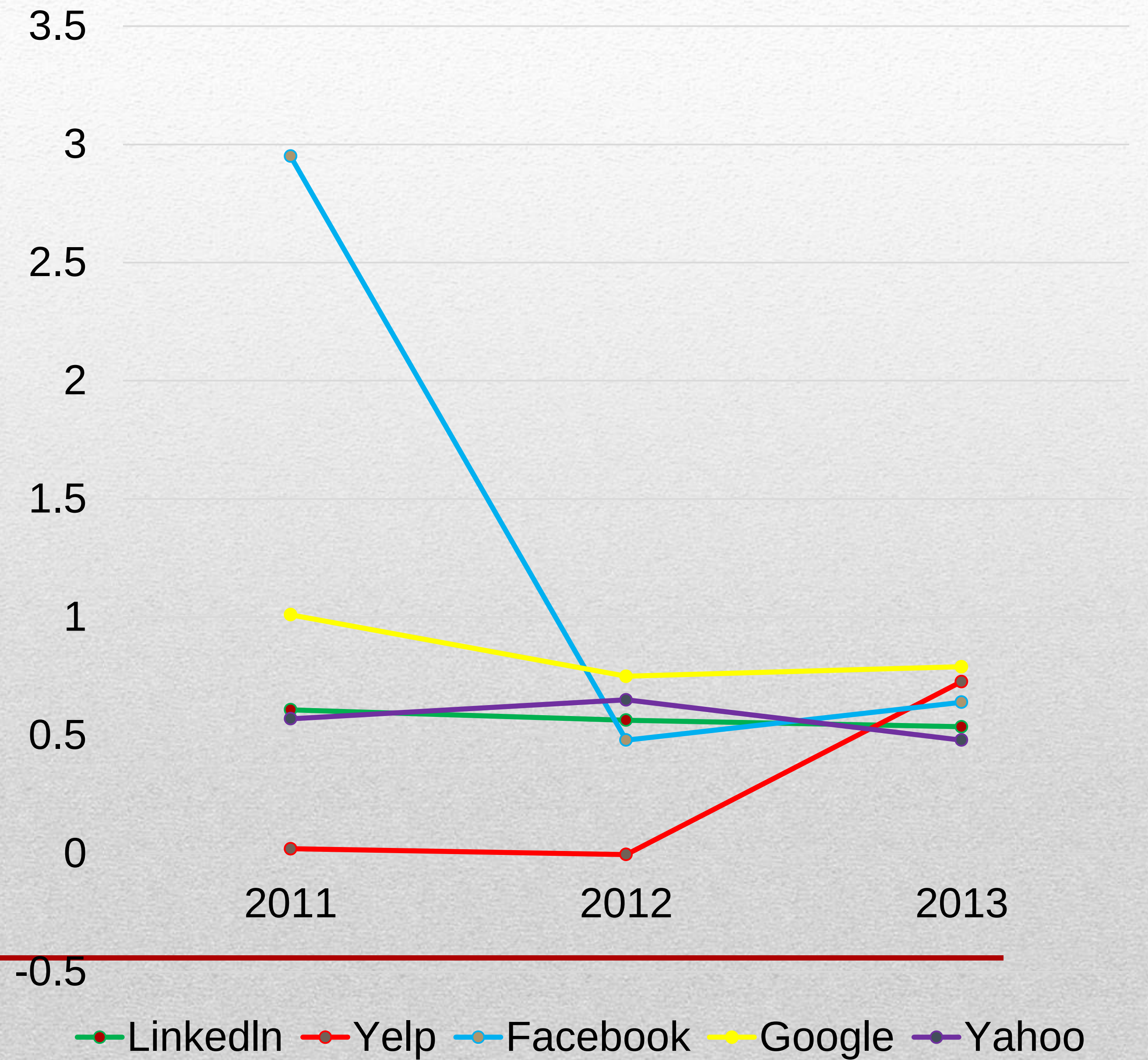
Cash Debt Coverage= CFO/ Total liabilities

Measurement:
ability to pay its debt from the cash generated from its operations

ROT: the higher the better

Facebook (bust in 2012, 3 to 0.48):
increased its long term debt by 1500 million.

Yelp (a big jump in 2013):
CFO Increased from -99 thousand to 21,432 thousand



Cash Flows Conclusions

Cash Flows Conclusions:

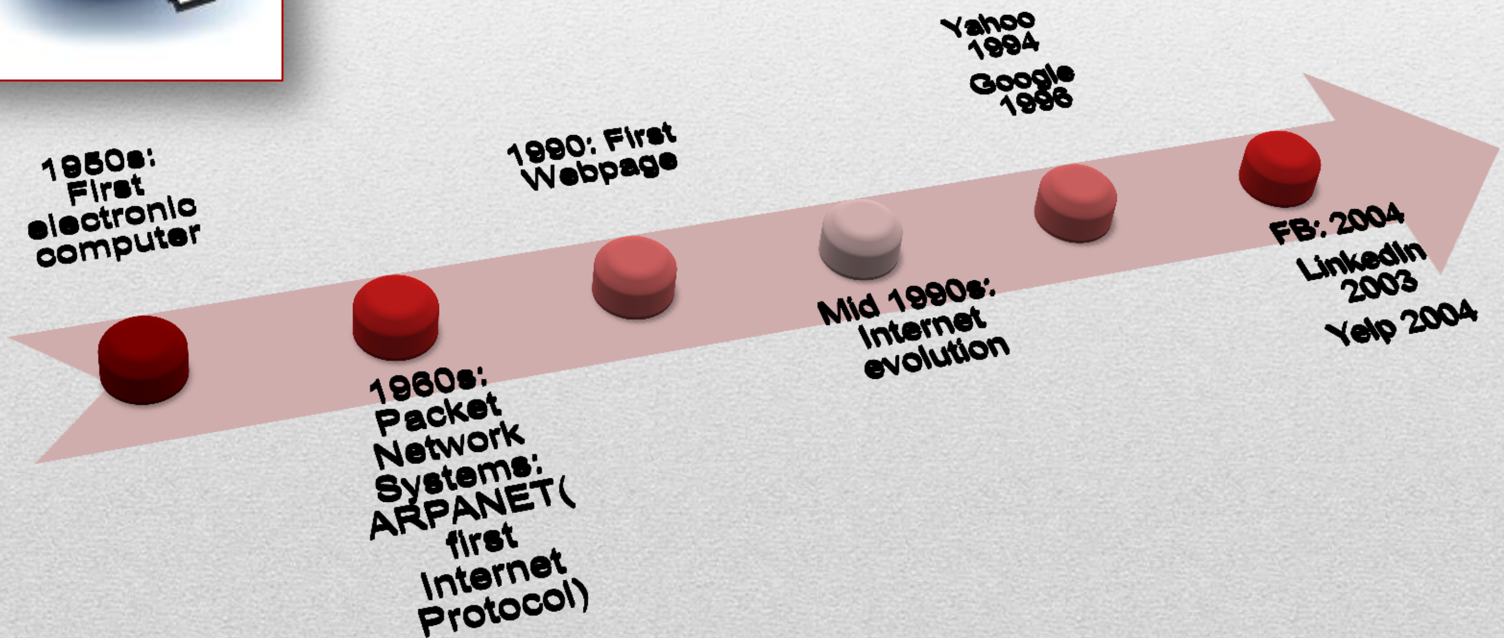
1.All the 5 firms have good cash flow conditions, even though Yelp has the negative cash realization and Facebook has the negative Capital Expenditure ratios.

2. Google has the best cash flow situations. (Stale, high ratios)

3. The cash return on sales is lower than ROT in all 5 firms.

Concluding Remarks

Industry History




WWW
YAHOO!
yelp
Google
Linked in

Thank you!