

Equity Research Report: Alphabet Inc.

Income Statement Analysis

Financial Analysis Report: Alphabet Inc. (2024) ## Executive Summary Alphabet Inc. has demonstrated exceptional financial performance in 2024, with total revenue reaching \$350.0 billion, representing a 14% year-over-year growth. The company's diversified revenue streams, robust profit margins, and strategic investments in AI position it well for continued success. This analysis examines Alphabet's income statement in detail, evaluates key profitability metrics against historical trends, and provides strategic recommendations for sustaining growth momentum. ### Revenue Analysis Alphabet's revenue growth of 14% to \$350.0 billion in 2024 (from \$307.4 billion in 2023) demonstrates strong market performance across its business segments:

Revenue Stream	2024 (billions)	2023 (billions)	Change (%)
Google Search & other	\$198.1	\$175.0	+13.2%
YouTube ads	\$36.1	\$31.5	+14.7%
Google Network	\$30.4	\$31.3	-3.0%
Google subscriptions, platforms, and devices	\$40.3	\$34.7	+16.3%
Google Cloud			

Balance Sheet Analysis

Financial Analysis Report: Alphabet Inc. (2022-2024) ## Executive Summary Alphabet Inc. demonstrates exceptional financial strength with robust asset growth, minimal debt reliance, and substantial equity expansion over the three-year period from 2022 to 2024. The company maintains exceptional liquidity with a strong current ratio, declining debt-to-equity ratio, and increasing return on assets. Alphabet's strategic capital allocation, including significant investments in technical infrastructure to support AI initiatives, combined with its shareholder-friendly policies of stock repurchases and newly initiated dividends, positions the company for continued growth. The balance sheet reflects a company with tremendous financial flexibility, operational efficiency, and capacity for sustained investment in emerging technologies. ### Balance Sheet Analysis (2022-2024) #### Asset Structure and Growth Alphabet's total assets grew impressively from \$365.3 billion in 2022 to \$450.3 billion in 2024, representing a 23.3% increase over the two-year period. This growth was primarily driven by significant investments in property, plant, and equipment (PPE), which increased from \$127.0 billion in 2022 to \$184.6 billion in 2024, a remarkable 45.4% increase. This substantial investment in technical infrastructure aligns with the company's strategic focus on AI capabilities, as confirmed in the management discussion which states: "

Cashflow Analysis

Financial Analysis Report: Cash Flow Evaluation for FY 2024 ## Executive Summary This report provides a comprehensive analysis of Alphabet Inc.'s cash flow performance for the fiscal year ended December 31, 2024, examining the company's operational efficiency, investment strategy, and capital allocation decisions. The analysis reveals a company with exceptional cash generation capabilities, strategic investments in future growth areas, and a balanced approach to shareholder returns. ### Operating Cash Flow Analysis Alphabet demonstrated remarkable operational efficiency in 2024, generating \$125.3 billion in operating cash flow, a significant increase of \$23.6 billion (23.1%) from \$101.7 billion in 2023. This robust growth in operating cash flow reflects the company's strong core business performance, primarily driven by:

- Increased cash receipts from Google Services, particularly Google Search & other properties (\$198.1 billion, up 13.2% from 2023)
- Strong growth in YouTube ads revenue (\$36.1 billion, up 14.7%)
- Exceptional performance from Google Cloud, which grew revenues by 30.6% to \$43.2 billion

The operating cash flow margin improved to 35.8% of total revenues in 2024 from 33.1% in 2023, indicating enhanced operational efficiency. This improvement occurred despite increased payments for cost of revenues and operating expenses, demonst

Summarization

Financial Analysis Report: Alphabet Inc. (2024) ## Executive Summary Alphabet Inc. has demonstrated exceptional financial performance in 2024, with total revenue reaching \$350.0 billion, representing a 14% year-over-year growth. The company's operating income surged by 33% to \$112.4 billion, with operating margin expanding from 27% to 32%. This analysis examines Alphabet's financial statements in detail, evaluates key performance metrics, and provides strategic recommendations for sustaining growth momentum. ## Comprehensive Financial Performance Analysis

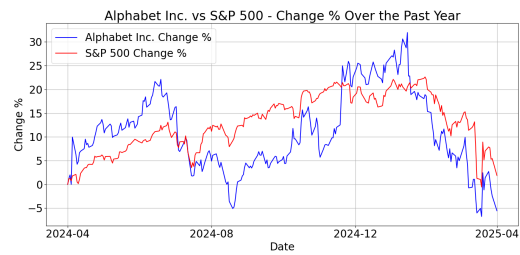
Income Statement Highlights Alphabet's revenue growth of 14% to \$350.0 billion in 2024 (from \$307.4 billion in 2023) demonstrates strong market performance across its business segments:

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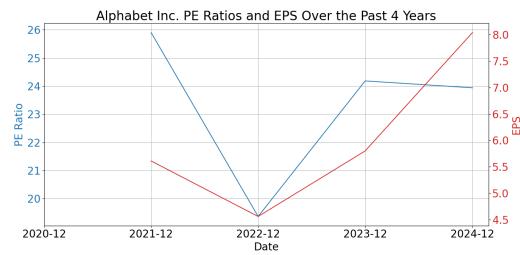
Key data

6m avg daily val (USDmn)	20.76
Closing Price (USD)	148.46
Market Cap (USDmn)	1795354.26
52 Week Price Range (USD)	142.66 - 208.7
BVPS (USD)	26.622

Share Performance



PE & EPS



Income Statement

FY (USD mn)	2024	2023	2022
Tax Effect Of Unusual Items	370.968	-286.479	-981.507
Tax Rate For Calcs	0.164	0.139	0.159
Normalized EBITDA	133132.0	100032.0	91333.0
Total Unusual Items	2262.0	-2061.0	-6173.0
Total Unusual Items Excluding Goodwill	2262.0	-2061.0	-6173.0
Net Income From Continuing Operation Net Minority Interest	100118.0	73795.0	59972.0
Reconciled Depreciation	15311.0	11946.0	13475.0
Reconciled Cost Of Revenue	146306.0	133332.0	126203.0
EBITDA	135394.0	97971.0	85160.0
EBIT	120083.0	86025.0	71685.0
Net Interest Income	4214.0	3557.0	1817.0
Interest Expense	268.0	308.0	357.0
Interest Income	4482.0	3865.0	2174.0
Normalized Income	98226.968	75569.521	65163.493
Net Income From Continuing And Discontinued Operation	100118.0	73795.0	59972.0
Total Expenses	237628.0	223101.0	207994.0
Total Operating Income As Reported	112390.0	84293.0	74842.0
Diluted Average Shares	12447.0	12722.0	13159.0
Basic Average Shares	12319.0	12630.0	13063.0
Diluted EPS	8.04	5.8	4.56
Basic EPS	8.13	5.84	4.59
Diluted NI Availto Com Stockholders	100118.0	73795.0	59972.0
Net Income Common Stockholders	100118.0	73795.0	59972.0
Net Income	100118.0	73795.0	59972.0
Net Income Including Noncontrolling Interests	100118.0	73795.0	59972.0
Net Income Continuous Operations	100118.0	73795.0	59972.0
Tax Provision	19697.0	11922.0	11356.0
Pretax Income	119815.0	85717.0	71328.0
Other Income Expense	3211.0	-2133.0	-5331.0
Other Non Operating Income Expenses	1137.0	556.0	1179.0
Special Income Charges	nan	nan	nan
Earnings From Equity Interest	-188.0	-628.0	-337.0
Gain On Sale Of Security	2262.0	-2061.0	-6173.0
Net Non Operating Interest Income Expense	4214.0	3557.0	1817.0
Interest Expense Non Operating	268.0	308.0	357.0
Interest Income Non Operating	4482.0	3865.0	2174.0
Operating Income	112390.0	84293.0	74842.0
Operating Expense	91322.0	89769.0	81791.0
Research And Development	49326.0	45427.0	39500.0
Selling General And Administration	41996.0	44342.0	42291.0
Selling And Marketing Expense	27808.0	27917.0	26567.0
General And Administrative Expense	14188.0	16425.0	15724.0
Other Gand A	14188.0	16425.0	15724.0
Gross Profit	203712.0	174062.0	156633.0
Cost Of Revenue	146306.0	133332.0	126203.0
Total Revenue	350018.0	307394.0	282836.0
Operating Revenue	350018.0	307394.0	282836.0

Cash Flow Sheet

FY (USD mn)	2024	2023	2022
Free Cash Flow	72764.0	69495.0	60010.0
Repurchase Of Capital Stock	-62222.0	-61504.0	-59296.0
Repayment Of Debt	-12701.0	-11550.0	-54068.0
Issuance Of Debt	13589.0	10790.0	52872.0
Capital Expenditure	-52535.0	-32251.0	-31485.0
Income Tax Paid Supplemental Data	nan	19164.0	18892.0
End Cash Position	23466.0	24048.0	21879.0
Beginning Cash Position	24048.0	21879.0	20945.0
Effect Of Exchange Rate Changes	-612.0	-421.0	-506.0
Changes In Cash	30.0	2590.0	1440.0
Financing Cash Flow	-79733.0	-72093.0	-69757.0
Cash Flow From Continuing Financing Activities	-79733.0	-72093.0	-69757.0
Net Other Financing Charges	1154.0	8.0	35.0
Proceeds From Stock Option Exercised	-12190.0	-9837.0	-9300.0
Cash Dividends Paid	-7363.0	0.0	0.0
Common Stock Dividend Paid	-7363.0	0.0	0.0
Net Common Stock Issuance	-62222.0	-61504.0	-59296.0
Common Stock Payments	-62222.0	-61504.0	-59296.0
Net Issuance Payments Of Debt	888.0	-760.0	-1196.0
Net Long Term Debt Issuance	888.0	-760.0	-1196.0
Long Term Debt Payments	-12701.0	-11550.0	-54068.0
Long Term Debt Issuance	13589.0	10790.0	52872.0
Investing Cash Flow	-45536.0	-27063.0	-20298.0
Cash Flow From Continuing Investing Activities	-45536.0	-27063.0	-20298.0
Net Other Investing Changes	-2667.0	-1051.0	1589.0
Net Investment Purchase And Sale	12597.0	6734.0	16567.0
Sale Of Investment	104310.0	87619.0	97972.0
Purchase Of Investment	-91713.0	-80885.0	-81405.0
Net Business Purchase And Sale	-2931.0	-495.0	-6969.0
Purchase Of Business	-2931.0	-495.0	-6969.0
Net PPE Purchase And Sale	-52535.0	-32251.0	-31485.0
Purchase Of PPE	-52535.0	-32251.0	-31485.0
Operating Cash Flow	125299.0	101746.0	91495.0
Cash Flow From Continuing Operating Activities	125299.0	101746.0	91495.0
Change In Working Capital	-8406.0	-3845.0	-2235.0
Change In Other Working Capital	-1375.0	1048.0	951.0
Change In Other Current Assets	-1397.0	-2143.0	-5046.0
Change In Payables And Accrued Expense	257.0	5083.0	4177.0
Change In Accrued Expense	-102.0	4419.0	3470.0
Change In Payable	359.0	664.0	707.0
Change In Account Payable	359.0	664.0	707.0
Change In Receivables	-5891.0	-7833.0	-2317.0
Changes In Account Receivables	-5891.0	-7833.0	-2317.0
Other Non Cash Items	3419.0	4330.0	3483.0
Stock Based Compensation	22785.0	22460.0	19362.0
Deferred Tax	-5257.0	-7763.0	-8081.0
Deferred Income Tax	-5257.0	-7763.0	-8081.0
Depreciation Amortization Depletion	15311.0	11946.0	13475.0
Depreciation And Amortization	15311.0	11946.0	13475.0
Amortization Cash Flow	nan	nan	641.0
Amortization Of Intangibles	nan	nan	641.0
Depreciation	15311.0	11946.0	13475.0
Operating Gains Losses	-2671.0	823.0	5519.0
Gain Loss On Investment Securities	-2671.0	823.0	5519.0
Net Income From Continuing Operations	100118.0	73795.0	59972.0