

Internet 2024 Outlook

Following Broad-Based Mega/Large-Cap Outperformance in '23, Expecting Greater Focus on Company-Specific Fundamentals/Execution in '24; Top Picks AMZN, UBER, GOOGL, MTCH, VZIO, EVER

The Internet sector has significantly outperformed the market in 2023, w/our coverage universe up +35% YTD on average & +83% YTD on a market-cap weighted basis, vs. the SPX +20%. Outperformance has been primarily driven by mega-caps (+88% YTD) & large-caps (+82% YTD), with *nearly* every mega/large-cap company in our coverage up ~50% or more YTD. Internet valuations have rebounded from 2022 troughs with our coverage universe on average currently trading at ~2.5x NTM revenue (vs recent trough at ~2x), ~15x NTM Adj EBITDA (vs recent trough at ~10.5x), & ~23x NTM GAAP P/E (vs recent trough at ~16.5x).

Into 2024, macro uncertainty persists, w/our JPM economists [estimating](#) 60% probability of global recession by 1H25, & our JPM global equity strategist maintaining a Dec '24 S&P 500 PT of 4,200 (10% downside). However, inflation continues to moderate, unemployment remains low, & the bright side of the JPM outlook also [suggests](#) a 40% probability of a soft-landing. Importantly for the consumer-driven Internet sector, consumer spending has proven resilient across virtually all sub-sectors and we believe corporates have a more constructive outlook than a year ago.

We expect more varied Internet stock performance in 2024, w/company-specific fundamentals a bigger factor. We anticipate our coverage universe will broadly re-accelerate revenue growth to more normalized levels, including mega-caps (3 of the Mag 7) returning to LDD% Y/Y growth. After meaningful cost rationalization in 2023, we believe margin gains will likely be more mixed in 2024 as companies balance the top-line with growth investments. Subscription names could prove more resilient and benefit from recent price increases, but we also see pockets of strength in e-commerce, online ads, & rides/food. Online travel could be more challenged after multiple years of recovery, though those stocks have continued to climb the wall of worry. We generally prefer companies with solid growth, proven profitability profiles, & reasonable valuation given the current interest rate environment. **AMZN remains our top large-cap pick, followed by UBER & GOOGL. Our top SMID-cap picks are MTCH, VZIO, & EVER.**

Please see our separately published ~50 page 2024 Outlook presentation for detailed slides. We are also hosting a Zoom webinar at 11am ET today 12/13, where we will go through key themes and top picks in further detail. [Register using this link.](#)

- **Key Internet Themes in 2024:** 1) More Stable, Normalized Growth; 2) Margin Gains More Mixed After Cost Reduction Efforts in 2023; 3) Public Cloud Shifting From Optimizations to Re-Acceleration; 4) Gen AI Year 2: High Expectations, Still Much to Prove; 5) Online Ads: Focus on Product, Ad Tech, Company-Specific Drivers; 6) E-Commerce Share Gains Continue, w/

See page 13 for analyst certification and important disclosures, including non-US analyst disclosures.

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Internet - Large Cap / Mid & Small Cap

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Focus on Logistics & Grocery; 7) Streaming Media Growth More Balanced; Video Shifting to Ads; 8) Rides/Food Resilience & Strong Growth to Continue w/Better Profits; 9) Online Travel Returns to Normalized Growth & Company Specific Initiatives; 10) Emerging Growth Areas Across Internet; 11) Regulatory Focus Around Mega Caps & Antitrust; & 12) SMID Outlook by Sector; Insurance Lead Gen & Online Real Estate Recovery.

- **AMZN Remains Best Idea; Expecting Revenue Growth Re-Accel Across AWS/Retail, Margin Expansion, & Significant FCF Generation in 2024.** Entering 2024, we project AMZN total revenue of +13% FXN (vs +11% FXN in 2023) supported by re-acceleration across both AWS & Retail. For cloud, we model AWS growth of +17% (vs +13% in 2023) supported by strong secular growth (90% of IT currently on-prem), new workload deployment, easier Y/Y comps, & growing GenAI contribution. We estimate Retail growth (Online Stores + 3P Seller Services) of +11% FXN (vs +9% FXN in 2023) driven by continued share gains across large, under-penetrated verticals (CPG/Grocery, apparel, etc), increased Same-Day/1-Day delivery, the Prime flywheel, & 3P/FBA expanding selection & pricing. In terms of profitability, we're projecting ~200bps of OI margin expansion in 2024 (\$51B OI, 7.9% OI margin) driven by N.America margins returning to MSD% levels (5.1%, +140bps Y/Y) w/upside potential, improved Int'l profitability (1.2%, +320bps Y/Y), & modest AWS margin inflection (27.4%, +110bps Y/Y). Importantly, we believe N.America OI margins could well exceed MSD% over time w/benefits of regionalization, increased network/logistics efficiencies, & strong Advertising. We project continued inflection in FCF generation in 2024 (JPMe \$54B, +82% Y/Y) & 2025 (JPMe \$74B, +37% Y/Y). **We reiterate our Overweight rating, & Amazon remains our Best Idea & on the JPM Analyst Focus List. Our December '24 PT of \$190 is based on 12.5x '25E Adj EBITDA of \$151B, which also equates to 25x our '25E FCF of \$74B.**
- **UBER Remains a Top Pick as Mobility & Delivery Strength & Profit Focus Drive Compounding Growth.** We expect Mobility & Delivery demand to remain healthy despite macro headwinds, and for supply tailwinds to further aid growth & profitability. We expect total FXN GB growth of +18% in 2024, a slight decel from +20% FXN in 2023 as Mobility growth normalizes post recovery. New Mobility products are growing 80%+ at a \$9B run-rate, which is supporting faster growth vs. the core (albeit growing 20%+ as of 3Q), and we project +24% FXN Mobility GB growth in 2024. Similarly for Delivery, New Verticals (w/grocery the largest) are growing 40%+, and we expect +14% FXN Delivery GB growth in 2024, mostly stable vs. 2023. In terms of profitability, supply tailwinds should persist & support continued efficiency gains, further aided by ramping advertising, product improvements, defect leverage, and tighter headcount. We expect 8.0% overall incremental EBITDA margins in 2024--above UBER's 7% target & below the ~10% in 2023--driving \$5.9B in EBITDA (3.7% GB margin). We would expect a new 3-year outlook, & we model EBITDA of \$10.25B in 2026, with upside potential. **We are raising our Dec-24 PT to \$76 (prior \$62) based on ~19x our '25E Adj. EBITDA of \$8B.** We believe S&P inclusion will attract a healthier investor base over time, and ~\$5.3B in '24E FCF (JPMe) opens the door for capital returns.
- **GOOGL a New Top Pick Based on Improving Ad Growth, Bigger Margin Gains, & Gemini Tightening the Gen AI Gap.** We project +11% FXHN growth for 2024 Alphabet gross revenue, incl. +10% for Search & other, +12% for YouTube Ads, & +23% for Cloud. We expect improving Search & YouTube growth on AI ad tools, secular shift, YouTube Shorts monetization, & favorable comps. We also look for greater margin expansion in year 2 of GOOGL's efforts to durably re-engineer the cost base, with 175bps expansion in 2024 Alphabet GAAP OI margin to 29.2%. While still early, we believe Gemini Ultra represents significant innovation & should start to close the Gen AI gap as it rolls out in early '24. Pushback will come around Google's DOJ trials & the Play Store case, but we believe resolutions will take time and the impact could be less onerous than

feared. We believe GOOGL has weaker sentiment & is less owned than other mega-caps, with undemanding valuation below 17x 2025E GAAP EPS of \$8.03. **We raise our December 2024 PT from \$150 to \$160 based on 20x '25E GAAP EPS.**

- **MTCH; Tinder payers return to growth, with buyback support and undemanding valuation.** MTCH has lagged the broader market in recent years due to challenges at its flagship Tinder brand. In 2023, Tinder raised prices substantially in the US and returned to double-digit % growth, but MTCH shares have still traded down 23% YTD (vs. SPX +21%) due to Tinder payer declines. We expect Tinder payer trends to stabilize in 2024, with net add losses peaking in 4Q23 (-375k) and turning positive in mid-2024 (0k in 2Q, +75k in 3Q) driven by a shift from price optimizations to product and marketing initiatives. Investors remain skeptical, but we think are overlooking that much of the recent payer declines are due to price increases and weekly sub churn, which should normalize in early 2024. We believe MTCH shares have significant upside potential should Tinder net adds turn positive this year (at risk of oversimplifying...everything else is just noise), and we view downside to be limited with MTCH an aggressive buyer of its own shares and undemanding valuation of 15x 2024E GAAP EPS.
- **VZIO; Connected TV exposure at a reasonable price.** VZIO shares have traded lower this year due to the challenged TV market, which has overshadowed strong performance in its Platform+ business. We like VZIO in 2024 as we expect VZIO's TV business to stabilize on more normalized demand patterns and rational pricing, which combined with continued 20%+ advertising growth and moderating opex spend (after heavy ad tech/engineering investment in '23) in our view makes VZIO an attractive way to get exposure to the otherwise expensive Connected TV market. We also like the upside optionality from VZIO potentially licensing its SmartCast operating system to other TV OEMs, and ad revenue could outperform expectations as Media & Entertainment spend recovers with an added political tailwind. VZIO trades at a ~6.5x 2025E Adj. EBITDA multiple, a significant discount to Connected TV peers Roku (~50x) and TTD (~30x).
- **EVER; levered play on the auto carrier recovery.** The elusive auto carrier recovery appears poised to finally happen in 2024, and we expect EVER to be a significant beneficiary. Progressive is on track to reach its target combined ratio of 96% in 2023 (look out for November metrics on 12/15), and ~8-9 of EVER's top 10 carriers are indicating plans for growth next year. We expect carrier customer acquisition budgets to reset modestly higher in January (led by Progressive) and build through the year, which should result in significant revenue acceleration through 2024. We expect EVER revenue growth to improve from -44% Y/Y in 1Q to +35% in 4Q (we raised our estimates [last week](#)), with margins quickly snapping back to pre-hard cycle levels of ~5% as carrier spend normalizes. EVER is our preferred way to play the auto carrier recovery given its high auto vertical exposure (80%+ of revenue), healthy balance sheet (\$40M cash, \$0 debt), & EVER shares have lagged peers YTD. EVER trades at ~18x 2025E Adj. EBITDA, but this is on trough profit estimates that we believe have considerable upside potential.
- *We are hosting a Zoom at 11am ET today (12/13), where we will go through our separately published ~50 page presentation that discusses key themes & top picks in further detail. Register using this [link](#).*

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap (\$ mn)	Price (\$)	Rating		Price Target			
				Cur	Prev	Cur	End Date	Prev	End Date
Uber Technologies	UBER US	132,243.80	62.72	OW	n/c	76.00	Dec-24	62.00	n/c
Alphabet	GOOG US	1,696,693.00	133.64	OW	n/c	160.00	Dec-24	150.00	n/c
Alphabet Inc.	GOOGL US	1,682,474.00	132.52	OW	n/c	160.00	Dec-24	150.00	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 12 Dec 23.

Figure 1: J.P. Morgan US Internet Comps: Anmuth

\$ in Millions, except per share data

	MEGA CAP			SUBSCRIPTION			ONLINE ADS		RIDES & FOOD				TRAVEL					E-COMMERCE			
Company	Alphabet	Amazon	Meta	Netflix	Spotify	Peloton	Snap	Pinterest	Uber	Door-Dash	Instacart	Lyft	Booking	Airbnb	Expedia	Trip-Advisor	Vacasa	trivago	eBay	Chewy	Farfetch
Symbol	GOOGL	AMZN	META	NFLX	SPOT	PTON	SNAP	PINS	UBER	DASH	CART	LYFT	BKNG	ABNB	EXPE	TRIP	VCSA	TRVG	EBAY	CHWY	FTCH
JP Morgan Rating	OW	OW	OW	OW	OW	OW	UW	N	OW	OW	OW	N	OW	N	N	UW	N	UW	NR	OW	N
Price as of 12/11/2023	\$133.29	\$145.89	\$325.28	\$459.89	\$197.76	\$5.68	\$15.75	\$35.36	\$62.46	\$101.50	\$24.23	\$14.36	\$3,346.71	\$142.91	\$148.34	\$18.40	\$7.20	\$2.61	\$41.76	\$20.26	\$0.73
JP Morgan PT	\$160.00	\$190.00	\$420.00	\$510.00	\$220.00	\$9.00	\$9.00	\$34.00	\$76.00	\$96.00	\$33.00	\$11.00	\$3,560.00	\$118.00	\$115.00	\$18.00	\$8.00	-	\$25.00	\$6.00	
% vs. Price Target	20%	30%	29%	11%	11%	58%	-43%	-4%	22%	-5%	36%	-23%	6%	-17%	-22%	-2%	11%	-	23%	721%	
Market Value	\$1,692,250	\$1,540,307	\$859,064	\$206,956	\$41,026	\$2,037	\$28,247	\$24,296	\$131,696	\$45,624	\$8,035	\$5,590	\$120,438	\$94,321	\$21,335	\$2,631	\$169	\$921	\$22,216	\$8,756	\$318
Current EV	\$1,555,189	\$1,537,236	\$816,324	\$213,388	\$37,340	\$1,230	\$24,633	\$21,965	\$126,494	\$41,812	\$5,969	\$4,758	\$119,249	\$85,349	\$17,971	\$2,346	\$111	\$596	\$19,120	\$7,799	-\$136
GAAP EPS																					
EPS 2023	\$5.77	\$2.72	\$14.53	\$12.06	(\$2.87)	(\$2.41)	(\$0.86)	(\$0.13)	\$0.30	(\$1.07)	(\$13.81)	(\$0.95)	\$140.36	\$8.34	\$5.30	(\$0.06)	(\$27.96)	(\$0.53)	\$4.55	(\$0.08)	(\$1.74)
EPS 2024	\$6.85	\$3.74	\$18.02	\$16.04	\$3.06	(\$1.30)	(\$0.77)	\$0.21	\$1.13	\$0.32	\$0.43	(\$0.06)	\$188.05	\$4.24	\$9.39	\$1.46	(\$6.35)	(\$0.02)	\$3.28	(\$0.12)	(\$1.38)
EPS 2025	\$8.03	\$4.57	\$20.74	\$20.52	\$4.37	(\$1.02)	(\$0.65)	\$0.44	\$1.87	\$1.59	\$0.83	\$0.32	\$237.64	\$5.26	\$13.61	\$1.93	(\$2.49)	\$0.04	\$3.90	\$0.13	(\$1.27)
23 - 25 CAGR	18%	30%	19%	30%	NA	NA	NA	NA	149%	NA	NA	NA	30%	-21%	60%	NA	NA	NA	-7%	NA	NA
P/E 2023	23.1x	53.5x	22.4x	38.1x	NM	NM	NM	NM	NM	NM	NM	NM	23.8x	17.1x	28.0x	NM	NM	NM	9.2x	NM	NM
P/E 2024	19.5x	39.0x	18.1x	28.7x	64.7x	NM	NM	NM	55.5x	NM	56.7x	NM	17.8x	33.7x	15.8x	12.6x	NM	NM	12.7x	NM	NM
P/E 2025	16.6x	31.9x	15.7x	22.4x	45.2x	NM	NM	80.2x	33.5x	63.9x	29.1x	44.8x	14.1x	27.2x	10.9x	9.5x	NM	66.0x	10.7x	NM	NM
P/E-to-Growth	0.9x	1.1x	0.8x	0.7x	NA	NA	NA	NA	0.2x	NA	NA	NA	0.5x	NM	0.2x	NA	NA	NA	NM	NA	NA
Non-GAAP EPS ⁽¹⁾																					
EPS 2023	\$7.44	\$5.07	\$20.62	NA	\$0.27	NA	\$0.09	\$1.06	\$1.38	\$1.79	\$5.78	NA	\$152.53	NA	\$9.54	\$1.12	NA	\$0.12	\$4.19	NA	NA
EPS 2024	\$8.61	\$6.59	\$22.04	NA	\$4.95	NA	\$0.16	\$1.32	\$2.03	\$3.0	\$2.10	NA	\$197.26	NA	\$12.98	\$1.75	NA	\$0.02	\$4.45	NA	NA
EPS 2025	\$9.96	\$7.69	\$25.31	NA	\$6.46	NA	\$0.31	\$1.64	\$2.78	\$4.4	\$2.42	NA	\$245.93	NA	\$18.24	\$2.19	NA	\$0.07	\$5.13	NA	NA
23 - 25 CAGR	16%	23%	11%	NA	391%	NA	85%	25%	42%	57%	-35%	NA	27%	NA	38%	40%	NA	-21%	11%	NA	NA
P/E 2023	17.9x	28.8x	15.8x	NA	NM	NA	NM	33.5x	45.2x	56.5x	4.2x	NA	21.9x	NA	15.5x	16.5x	NA	22.1x	10.0x	NA	NA
P/E 2024	15.5x	22.1x	14.8x	NA	39.9x	NA	96.0x	26.9x	30.8x	33.5x	11.5x	NA	17.0x	NA	11.4x	10.5x	NA	NM	9.4x	NA	NA
P/E 2025	13.4x	19.0x	12.9x	NA	30.6x	NA	51.1x	21.5x	22.5x	22.9x	10.0x	NA	13.6x	NA	8.1x	8.4x	NA	35.7x	8.1x	NA	NA
P/E-to-Growth	0.9x	0.8x	1.2x	NA	0.1x	NA	0.6x	0.9x	0.5x	0.4x	NM	NA	0.5x	NA	0.2x	0.2x	NA	NM	0.8x	NA	NA
FREE CASH FLOW																					
FCF 2023	\$72,637	\$29,890	\$45,176	\$6,530	\$319	(\$305)	(\$68)	\$562	\$3,371	\$921	\$454	\$34	\$6,532	\$4,423	\$2,444	\$269	(\$42)	\$35	\$1,994	\$303	\$110
FCF 2024	\$89,519	\$54,353	\$45,986	\$6,616	\$957	\$61	\$263	\$775	\$5,318	\$1,559	\$569	\$297	\$7,826	\$4,620	\$2,962	\$397	\$15	\$6	\$2,602	\$331	\$183
FCF 2025	\$102,280	\$74,416	\$49,794	\$8,211	\$1,608	\$157	\$453	\$999	\$7,447	\$2,169	\$727	\$499	\$8,412	\$5,449	\$3,258	\$463	\$84	\$25	\$2,883	\$362	\$256
23-25 FCF CAGR	19%	58%	5%	12%	125%	NA	NA	33%	49%	53%	27%	284%	13%	11%	15%	31%	NA	-15%	20%	9%	53%
EV/FCF 2023	21.6x	50.4x	17.6x	32.7x	NM	NM	NM	39.3x	38.3x	45.4x	10.1x	NM	19.0x	19.4x	9.1x	8.6x	NM	17.4x	9.7x	25.6x	NM
EV/FCF 2024	16.9x	27.1x	16.0x	31.3x	36.0x	48.0x	92.9x	28.1x	23.8x	26.4x	9.2x	14.3x	14.5x	18.1x	6.3x	4.9x	11.6x	NM	7.6x	22.6x	NM
EV/FCF 2025	14.1x	19.0x	13.5x	24.1x	20.3x	18.3x	54.6x	21.0x	16.5x	18.1x	7.0x	7.8x	12.4x	14.8x	4.6x	3.3x	1.3x	32.0x	6.1x	20.0x	NM
FCF Yield 2023	4.3%	1.9%	5.3%	3.2%	0.8%	NM	NM	2.3%	2.6%	2.0%	5.7%	0.6%	5.4%	4.7%	11.5%	10.2%	NM	3.8%	9.0%	3.5%	34.6%
FCF Yield 2024	5.3%	3.5%	5.4%	3.2%	2.3%	3.0%	0.9%	3.2%	4.0%	3.4%	7.1%	5.3%	6.5%	4.9%	13.9%	15.1%	8.7%	0.7%	11.7%	3.8%	57.6%
FCF Yield 2025	6.0%	4.8%	5.8%	4.0%	3.9%	7.7%	1.6%	4.1%	5.7%	4.8%	9.0%	8.9%	7.0%	5.8%	15.3%	17.6%	49.7%	2.7%	13.0%	4.1%	80.6%
EBITDA																					
EBITDA 2023	\$121,013	\$107,484	\$76,597	\$7,330	\$275	(\$129)	\$114	\$659	\$4,009	\$1,199	\$612	\$213	\$7,572	\$3,548	\$2,672	\$313	\$15	\$52	\$3,151	\$336	(\$7)
EBITDA 2024	\$141,028	\$132,813	\$83,516	\$9,575	\$1,130	\$5	\$234	\$863	\$5,885	\$1,785	\$750	\$362	\$8,753	\$4,013	\$3,061	\$440	\$16	\$8	\$3,349	\$372	\$75
EBITDA 2025	\$157,051	\$150,922	\$94,792	\$11,487	\$1,497	\$94	\$516	\$1,129	\$8,020	\$2,532	\$917	\$579	\$10,186	\$4,756	\$3,516	\$530	\$43	\$37	\$3,659	\$510	\$155
23-25 EBITDA CAGR	14%	18%	11%	25%	133%	NA	113%	31%	41%	45%	22%	65%	16%	16%	15%	30%	67%	-16%	8%	23%	NA
EV/EBITDA 2023	12.9x	14.0x	10.4x	29.2x	NM	NM	NM	33.5x	32.2x	34.8x	7.5x	20.6x	16.3x	24.2x	8.3x	7.4x	11.4x	11.5x	6.2x	23.1x	NM
EV/EBITDA 2024	10.7x	11.1x	8.8x	21.6x	30.5x	NM	NM	25.2x	21.5x	23.0x	7.0x	11.7x	12.9x	20.8x	6.1x	4.4x	10.4x	NM	5.9x	20.1x	NM
EV/EBITDA 2025	9.2x	9.3x	7.1x	17.2x	21.8x	30.6x	47.9x	18.6x	15.3x	15.5x	5.5x	6.8x	10.2x	16.9x	4.3x	2.9x	2.5x	21.4x	4.8x	14.2x	NM
REVENUE																					
Revenue 2023	\$254,245	\$570,621	\$134,209	\$33,588	\$14,378	\$2,710	\$4,605	\$3,062	\$37,104	\$8,587	\$3,045	\$4,396	\$21,309	\$9,849	\$12,831	\$1,770	\$1,117	\$522	\$10,052	\$11,087	\$2,096
Revenue 2024	\$279,351	\$640,166	\$152,056	\$38,836	\$17,111	\$2,859	\$5,136	\$3,616	\$42,558	\$10,285	\$3,275	\$5,012	\$23,932	\$10,959	\$14,269	\$2,028	\$1,069	\$506	\$10,518	\$11,607	\$2,401
Revenue 2025	\$307,655	\$719,778	\$169,830	\$43,655	\$19,543	\$3,130	\$5,714	\$4,218	\$50,580	\$12,187	\$3,520	\$5,670	\$26,986	\$12,402	\$15,696	\$2,251	\$1,170	\$558	\$11,090	\$12,433	\$2,593
23-25 Revenue CAGR	10%	12%	12%	14%	17%	7%	11%	17%	17%	19%	8%	14%	13%	12%	11%	13%	2%	3%	5%	6%	11%
EV/Revenue 2023	6.2x	2.6x	5.9x	6.4x	2.5x	1.1x	5.3x	7.2x	3.5x	4.9x	1.5x	1.0x	5.8x	8.7x	1.7x	1.3x	0.2x	1.2x	1.9x	0.7x	NM
EV/Revenue 2024	5.4x	2.3x	4.8x	5.3x	2.0x	1.0x	4.8x	6.0x	3.0x	4.0x	1.6x	0.8x	4.7x	7.6x	1.3x	1.0x	0.2x	1.6x	1.9x	0.6x	NM
EV/Revenue 2025	4.7x	2.0x	4.0x	4.5x	1.7x	0.9x	4.3x	5.0x	2.4x	3.2x	1.4x	0.7x	3.9x	6.5x	1.0x	0.7x	0.1x	1.4x	1.6x	0.6x	NM

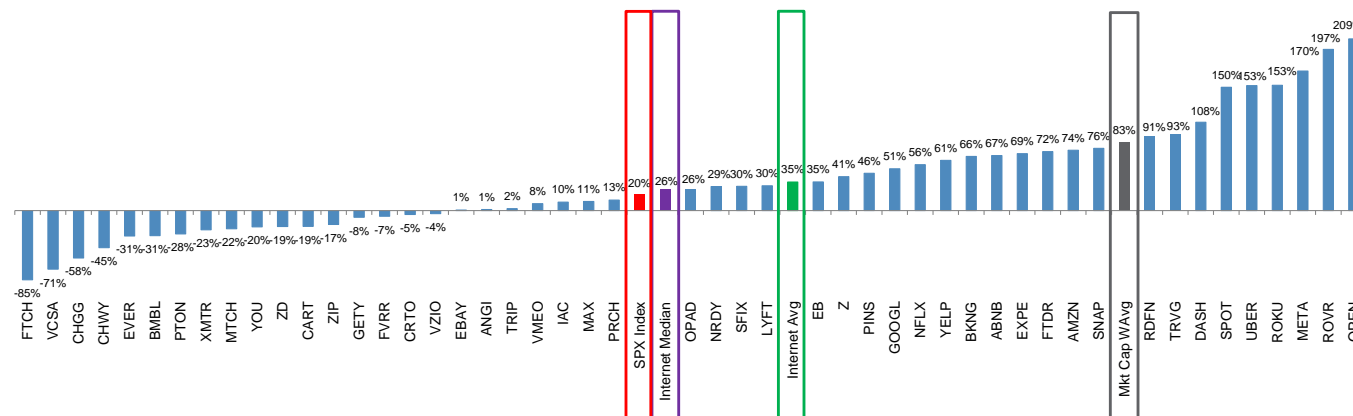
Source: Bloomberg Finance L.P., Company reports, & J.P. Morgan estimates. Notes: Non-GAAP EPS shown excludes the impact of SBC except for SFX; End date for all PTs is Dec '24.

Figure 2: J.P. Morgan US Internet Comps: SMID-Cap

\$ in Millions, except per share data

	CORY CARPENTER COVERAGE																		ANMUTH SMID CAP					DAE LEE SMID CAP				
	ONLINE DATING		CONNECTED TV		IAC COMPLEX		ONLINE INSURANCE		SMID CAP										ANMUTH SMID CAP					DAE LEE SMID CAP				
Company	Match	Bumble	Roku	Vizio	IAC	Angi	Media Alpha	Ever-Quote	Ziff Davis	Yelp	Clear	Front-door	Getty Images	Rover	Xometry	Vimeo	Stitch Fix	Porch	Criteo	ZipRe-cruiter	Chegg	Fiverr	Nerdy	Zillow	Open-door	Event-brite	Redfin	Offer-pad
Symbol	MTCH	BMBL	ROKU	VZIO	IAC	ANGI	Media Alpha	Ever-Quote	Ziff Davis	YELP	YOU	FTDR	GETY	ROVR	XMTR	VMEQ	SFIX	PRCH	CRTO	ZIP	CHGG	FVRR	NRDY	ZW	OPEN	EB	RDFN	OPAD
JP Morgan Rating	OW	OW	OW	OW	NR	OW	OW	OW	ZD	N	N	OW	N	ROVR	N	N	UW	N	N	N	N	N	N	O	OW	N	N	N
Price as of 12/11/2023	\$32.28	\$14.59	\$102.97	\$7.14	\$48.99	\$2.38	\$11.05	\$10.18	\$63.73	\$44.10	\$21.98	\$35.78	\$5.10	\$10.89	\$24.68	\$3.72	\$4.03	\$2.12	\$24.83	\$13.63	\$10.67	\$27.13	\$2.91	\$45.55	\$3.59	\$7.91	\$8.11	\$8.70
JP Morgan PT	\$60.00	\$20.00	\$100.00	\$10.00		\$5.00	\$12.00	\$13.00	\$70.00	\$45.00	\$22.00	\$45.00	-	\$11.00	\$19.00	-	-	-	\$27.00	\$12.00	\$10.00	\$35.00	\$5.00	\$46.00	-	\$10.00	\$7.00	\$10.00
% vs. Price Target	86%	37%	-3%	40%		110%	9%	28%	10%	2%	0%	26%	-	1%	-23%	-	-	-	9%	-12%	-6%	29%	72%	1%	-	26%	-14%	15%
Market Value	\$9,470	\$2,853	\$14,609	\$1,427	\$1,205	\$768	\$342	\$2,936	\$3,244	\$3,350	\$2,884	\$2,038	\$2,102	\$1,184	\$617	\$470	\$204	\$1,494	\$1,427	\$1,343	\$1,123	\$502	\$10,906	\$2,377	\$995	\$929	\$237	
Current EV	\$12,598	\$3,036	\$12,565	\$1,092	\$1,334	\$929	\$302	\$3,106	\$2,818	\$2,608	\$3,313	\$2,334	\$1,896	\$1,189	\$327	\$208	\$173	\$1,330	\$1,726	\$1,269	\$994	\$418	\$9,479	\$1,653	\$971	\$1,551	\$131	
GAAP EPS																												
EPS 2023	\$1.94	\$0.27	(\$5.02)	\$0.08		(\$0.10)	(\$1.08)	(\$1.65)	\$1.00	\$1.33	\$0.11	\$2.01	(\$0.06)	\$0.07	(\$1.41)	\$0.09	(\$1.27)	(\$1.53)	\$0.52	\$0.47	(\$0.18)	\$0.05	(\$0.50)	(\$0.67)	(\$0.49)	(\$0.33)	(\$1.14)	(\$4.23)
EPS 2024	\$2.10	\$0.43	(\$2.34)	\$0.14		(\$0.08)	(\$1.07)	(\$0.65)	\$3.33	\$1.44	\$0.38	\$2.16	\$0.05	\$0.12	(\$0.58)	\$0.04	(\$0.82)	(\$0.79)	\$0.58	\$0.34	(\$0.16)	\$0.66	(\$0.35)	(\$0.48)	(\$0.78)	(\$0.11)	(\$1.33)	\$0.12
EPS 2025	\$2.41	\$0.73	(\$1.88)	\$0.27		\$0.02	(\$0.73)	(\$0.28)	\$3.70	\$1.77	\$0.67	\$2.45	\$0.10	\$0.18	(\$0.22)	(\$0.01)	(\$0.59)	(\$0.53)	\$0.61	\$0.68	(\$0.09)	\$1.00	(\$0.41)	(\$0.12)	(\$0.60)	\$0.09	(\$1.23)	\$0.50
23 - 25 CAGR	11%	65%	NA	84%		NA	NA	NA	92%	15%	142%	11%	NA	58%	NA	NA	NA	NA	8%	21%	NA	363%	NA	NA	NA	NA	NA	NA
P/E 2023	16.6x	54.3x	NM	87.5x		NM	NM	NM	63.5x	33.1x	NM	17.8x	NM	NM	NM	41.0x	NM	NM	47.6x	29.1x	NM	NM	NM	NM	NM	NM	NM	NM
P/E 2024	15.4x	34.3x	NM	52.4x		NM	NM	NM	19.1x	30.7x	58.2x	16.6x	98.5x	89.2x	NM	NM	NM	NM	42.6x	39.8x	NM	41.2x	NM	NM	NM	NM	NM	75.5x
P/E 2025	13.4x	19.9x	NM	26.0x		NM	NM	NM	17.2x	24.9x	32.7x	14.6x	50.1x	60.7x	NM	NM	NM	NM	40.7x	20.0x	NM	27.2x	NM	NM	NM	84.7x	NM	17.4x
P/E-to-Growth	1.2x	0.3x	NA	0.3x		NA	NA	NA	0.2x	1.6x	0.2x	1.4x	NA	1.1x	NA	NA	NA	NA	5.0x	1.0x	NA	0.1x	NA	NA	NA	NA	NA	NA
Non-GAAP EPS ⁽¹⁾																												
EPS 2023	NA	NA	NA	NA		(\$0.01)	NA	(\$0.94)	\$6.07	\$3.29	\$0.51	\$2.10	NA	NA	NA	NA	(\$0.92)	NA	\$2.87	NA	\$1.12	\$1.91	NA	\$1.15	(\$1.24)	\$0.17	NA	(\$4.23)
EPS 2024	NA	NA	NA	NA		\$0.02	NA	\$0.01	\$6.35	\$3.16	\$0.65	\$2.19	NA	NA	NA	NA	(\$0.69)	NA	\$2.66	NA	\$1.18	\$2.47	NA	\$1.32	(\$0.48)	\$0.35	NA	\$0.12
EPS 2025	NA	NA	NA	NA		\$0.12	NA	\$0.40	\$6.72	\$3.28	\$0.86	\$2.49	NA	NA	NA	NA	(\$0.59)	NA	\$2.66	NA	\$1.41	\$2.79	NA	\$1.87	(\$0.30)	\$0.52	NA	\$0.50
23 - 25 CAGR	NA	NA	NA	NA		NA	NA	NA	NA	0%	30%	9%	NA	NA	NA	NA	NA	NA	-4%	NA	12%	21%	NA	27%	NA	NA	NA	NA
P/E 2023	NA	NA	NA	NA		NM	NA	NM	10.5x	13.4x	43.0x	17.0x	NA	NA	NA	NA	NM	NA	8.7x	NA	9.5x	14.2x	NA	39.5x	NM	46.1x	NA	NM
P/E 2024	NA	NA	NA	NA		NM	NA	NM	10.0x	14.0x	33.9x	16.3x	NA	NA	NA	NA	NM	NA	9.3x	NA	9.0x	11.0x	NA	34.5x	NM	22.7x	NA	75.5x
P/E 2025	NA	NA	NA	NA		NA	NA	25.4x	9.5x	13.5x	25.5x	14.4x	NA	NA	NA	NA	NM	NA	9.3x	NA	7.6x	9.7x	NA	24.4x	NM	15.2x	NA	17.4x
P/E-to-Growth	NA	NA	NA	NA		NA	NA	NA	NA	NM	0.9x	1.6x	NA	NA	NA	NA	NA	NA	NM	NA	0.6x	0.5x	NA	0.9x	NA	NA	NA	NA
FREE CASH FLOW																												
FCF 2023	\$801	\$164	\$91	(\$2)		\$54	\$15	(\$8)	\$171	\$261	\$187	\$166	\$65	\$12	(\$46)	\$45	\$35	\$67	\$85	\$93	\$170	\$77	(\$9)	\$220	\$2,409	\$25	\$45	\$202
FCF 2024	\$897	\$200	\$96	\$27		\$66	\$18	\$1	\$203	\$278	\$241	\$190	\$68	\$37	(\$9)	\$47	\$32	(\$7)	\$136	\$121	\$171	\$106	\$9	\$349	(\$1,003)	\$72	(\$1)	(\$166)
FCF 2025	\$998	\$233	\$194	\$58		\$89	\$32	\$14	\$224	\$304	\$294	\$227	\$118	\$53	\$12	\$51	\$38	\$20	\$163	\$175	\$195	\$122	\$15	\$508	(\$463)	\$109	(\$2)	\$9
23-25 FCF CAGR	12%	19%	46%	NA		28%	45%	NA	15%	8%	25%	17%	35%	108%	NA	7%	4%	-46%	39%	37%	7%	26%	NA	52%	NA	107%	NA	-79%
EV/FCF 2023	15.6x	18.2x	NM	NM		24.5x	60.3x	NM	18.3x	10.6x	14.0x	20.0x	51.2x	NM	NM	8.4x	6.0x	4.7x	13.8x	18.8x	7.6x	12.7x	NM	41.1x	0.7x	37.9x	38.8x	0.7x
EV/FCF 2024	13.2x	14.2x	NM	40.4x		19.5x	50.8x	NM	14.9x	9.6x	10.3x	16.4x	49.3x	52.0x	NM	7.3x	6.2x	NM	7.6x	13.6x	6.8x	8.4x	46.8x	26.6x	NM	13.2x	NM	NM
EV/FCF 2025	11.0x	11.6x	68.6x	18.4x		13.4x	27.7x	23.1x	13.0x	8.4x	7.7x	12.9x	27.5x	37.7x	NM	6.1x	4.6x	16.1x	5.3x	8.6x	5.1x	6.7x	26.3x	17.8x	NM	8.3x	NM	15.8x
FCF Yield 2023	8.5%	5.7%	0.6%	NM		4.5%	2.0%	NM	5.8%	8.0%	5.6%	5.8%	3.2%	0.6%	NM	7.2%	7.5%	32.9%	5.7%	6.5%	12.7%	6.8%	NM	2.0%	101.3%	2.5%	4.8%	NA
FCF Yield 2024	9.5%	7.0%	0.7%	1.9%		5.4%	2.4%	0.2%	6.9%	8.6%	7.2%	6.6%	3.3%	1.8%	NM	7.7%	6.7%	NM	9.1%	8.5%	12.7%	9.4%	1.8%	3.2%	NM	7.2%	NM	NA
FCF Yield 2025	10.5%	8.2%	1.3%	4.1%		7.4%	4.2%	4.1%	7.6%	9.4%	8.8%	7.9%	5.8%	2.5%	1.0%	8.2%	8.0%	9.8%	10.9%	12.2%	14.5%	10.8%	3.1%	4.7%	NM	11.0%	NM	3.8%
EBITDA																												
EBITDA 2023	\$1,205	\$276	(\$29)	\$67		\$102	\$25	(\$2)	\$482	\$322	\$80	\$330	\$293	\$47	(\$26)	\$29	\$20	(\$52)	\$273	\$169	\$219	\$60	(\$6)	\$383	(\$654)	\$32	(\$77)	(\$76)
EBITDA 2024	\$1,293	\$321	\$100	\$90		\$125	\$34	\$5	\$501	\$335	\$125	\$345	\$287	\$66	\$15	\$32	\$31	\$5	\$267	\$161	\$220	\$88	\$11	\$466	(\$154)	\$70	\$1	\$31
EBITDA 2025	\$1,431	\$368	\$200	\$135		\$162	\$46	\$20	\$531	\$363	\$168	\$383	\$303	\$84	\$41	\$39	\$44	\$27	\$271	\$216	\$248	\$106	\$21	\$610	\$10	\$98	\$35	\$49
23-25 EBITDA CAGR	9%	16%	NA	42%		26%	37%	NA	5%	6%	45%	8%	2%	34%	NA	16%	49%	NA	0%	13%	6%	33%	NA	26%	NA	76%	NA	NA
EV/EBITDA 2023	10.4x	10.8x	NM	16.1x		13.0x	37.3x	NM	6.5x	8.6x	32.7x	10.1x	11.4x	39.8x	NM	12.9x	10.5x	NM	4.3x	10.3x	5.9x	16.2x	NM	23.5x	NM	30.4x	NM	NM
EV/EBITDA 2024	9.1x	8.9x	NM	11.9x		10.2x	27.0x	70.0x	6.6x	8.0x	19.9x	9.0x	11.6x	29.5x	95.9x	10.6x	6.3x	59.6x	3.9x	10.2x	5.3x	10.1x	38.9x	19.9x	NM	13.5x	NM	4.7x
EV/EBITDA 2025	7.7x	7.3x	66.7x	7.9x		7.4x	19.3x	16.4x	5.5x	7.0x	13.5x	7.7x	10.7x	23.5x	36.7x	8.0x	4.0x	11.8x	3.2x	7.0x	4.0x	7.7x	18.8x	14.9x	NM	9.2x	50.1x	2.9x
REVENUE																												
Revenue 2023	\$3,359	\$1,054	\$3,458	\$1,684		\$1,445	\$382	\$282	\$1,372	\$1,335	\$609	\$1,772	\$906	\$232	\$463	\$414	\$1,503	\$416	\$1,007	\$640	\$714	\$362	\$193	\$1,926	\$6,921	\$327	\$980	\$1,337
Revenue 2024	\$3,589	\$1,192	\$3,818	\$1,755		\$1,290	\$420	\$263	\$1,412	\$1,458	\$758	\$1,853	\$911	\$281	\$597	\$408	\$1,347	\$474	\$1,002	\$603	\$715	\$405	\$238	\$2,118	\$5,760	\$398	\$1,031	\$1,714
Revenue 2025	\$3,926	\$1,342	\$4,341	\$1,899		\$1,397	\$492	\$329	\$1,476	\$1,579	\$888	\$1,991	\$948	\$328	\$722	\$424	\$1,405	\$547	\$1,018	\$750	\$757	\$473	\$283	\$2,372	\$9,885	\$468	\$1,153	\$2,228
23-25 Revenue CAGR	8%	13%	12%	6%		-2%	13%	8%	4%	9%	21%	6%	2%	19%	25%	1%	-3%	15%	1%	8%	3%	14%	21%	1%	20%	20%	9%	29%
EV/Revenue 2023	3.7x	2.8x	3.6x	0.6x		0.9x	2.4x	1.1x	2.3x	2.1x	4.3x	1.9x	3.7x	8.0x	3.1x	0.9x	0.1x	0.8x	1.2x	2.7x	1.8x	2.7x	2.2x	4.7x	0.3x	2.9x	1.8x	0.1x
EV/Revenue 2024	3.3x	2.4x	3.4x	0.6x		1.0x	2.2x	1.2x	2.1x	1.8x	3.3x	1.7x	3.7x	6.9x	2.5x	0.8x	0.1x	0.7x	1.0x	2.7x	1.6x	2.2x	1.7x	4.4x	0.4x	2.4x	1.7x	0.1x
EV/Revenue 2025	2.8x	2.0x	3.1x	0.6x		0.9x	1.8x	1.0x	2.0x	1.6x	2.6x	1.5x	3.4x	6.0x	2.1x	0.7x	0.1x	0.6x	0.9x	2.0x	1.3x	1.7x	1.4x	3.8x	0.2x	1.9x	1.5x	0.1x

Figure 3: Internets +35% YTD on Average & +83% Market Cap Weighted Average, Both Well Above SPX +20%



Source: Bloomberg Finance L.P. & J.P. Morgan as of 12/11/23. Note: Internet average & median are straight averages. Market cap is based on Bloomberg Finance L.P. definition. Market cap weighted is based on current market cap. * CART (IPO @ \$30 on 9/18/23).

Investment Thesis, Valuation and Risks

Uber Technologies *(Overweight; Price Target: \$76.00)*

Investment Thesis

Uber is the global leader in two secular growth industries, ridesharing and food delivery, and is leveraging its massive scale and technological expertise to rapidly launch and scale new products. We expect Uber to navigate & emerge stronger on the other side of macro given 1) its leadership position in rideshare across all its markets; 2) delivery to see steady growth as food delivery adoption increases; 3) ability to expand in other big TAMs such as grocery, convenience, and alcohol delivery; 4) significant EBITDA and FCF generation possible with incremental margins on GBs of 10% for Mobility and 5%+ for Delivery; 5) Uber One could see strong adoption and drive incremental frequency and higher customer retention; and 6) strong balance sheet with cash as of 3Q23 outstanding at \$5.2B.

Valuation

Our December 2024 price target goes to \$76 (prior \$62), based on ~19x our 2025E Adj. EBITDA, which equates to ~20x our 2025E FCF. Our ~19x 2025E Adj. EBITDA valuation multiple represents a premium to DASH trading at ~17x 2025E Adj. EBITDA (consensus estimates), which we think is warranted given continued execution against key growth & profitability initiatives, hitting sustainable GAAP profit & gaining S&P inclusion, and the potential for capital returns beginning as early as next year.

Risks to Rating and Price Target

Risks include: 1) Consumer sentiment could weaken in an inflationary environment; 2) higher than expected investments in New Verticals could pressure near-term EBITDA and investor sentiment; 3) regulations requiring Uber to reclassify drivers as employees could impact overall business model; 4) autonomous vehicle (AV) technology increases direct competition; and 5) if the company's leadership experiences significant turnover.

Investment Thesis, Valuation and Risks

Alphabet (*Overweight; Price Target: \$160.00*)

Investment Thesis

We believe Alphabet's fundamentals are strong and the company will remain a primary beneficiary of activities increasingly moving online & AI developments. Google remains focused on innovation across its businesses, and we continue to believe there is meaningful runway across Search and YouTube ads as ROI improves and TV dollars shift more online. Non-Ad businesses, incl. Cloud & YouTube subscription services, have strong momentum, and companies within Other Bets, incl. Waymo & Verily, provide option value. We remain confident in the company's ability to innovate for the long-term and generate strong earnings power.

Valuation

Our December 2024 price target of \$160, up from prior \$150, is based on ~20x our 2025E GAAP EPS of \$8.03, which ex-cash equates to ~17.5x our '25E GAAP EPS ex-Other Bets of \$8.32. We believe Alphabet shares should trade at a premium to the S&P 500 as Alphabet maintains a dominant position in the global online ad industry with ~1/3 share, and it is one of the few companies in the S&P 500 with ~DD revenue and EPS growth off of a very large base and strong margins.

Risks to Rating and Price Target

Downside risks include: **1)** Competition ramping across AI, Ads, Cloud, and for engineering/tech talent; **2)** potential for a return to heavy investment spending and margin compression; **3)** regulatory scrutiny resulting in meaningful change to operations or limiting innovation; and **4)** growth slowing more than anticipated with the next major revenue drivers, incl. Cloud, Hardware, and Waymo, not materializing as expected.

Uber Technologies: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly					
	FY21A	FY22A	FY23E	FY24E	FY25E		1Q23A	2Q23A	3Q23A	4Q23E	
Revenue	17,455	31,877	37,104	42,558	50,580	Revenue	8,823A	9,230A	9,292A	9,759	
COGS	(9,351)	(19,659)	(22,359)	(25,493)	(29,908)	COGS	(5,259)A	(5,515)A	(5,626)A	(5,959)	
Gross profit	8,104	12,218	14,745	17,066	20,672	Gross profit	3,564A	3,715A	3,666A	3,800	
SG&A	(6,146)	(6,392)	(6,242)	(6,304)	(7,265)	SG&A	(1,723)A	(1,683)A	(1,404)A	(1,432)	
Adj. EBITDA	(774)	1,713	4,009	5,885	8,020	Adj. EBITDA	761A	916A	1,092A	1,240	
D&A	(902)	(947)	(822)	(787)	(793)	D&A	(207)A	(208)A	(205)A	(202)	
Adj. EBIT	(1,676)	766	3,187	5,097	7,227	Adj. EBIT	554A	708A	887A	1,038	
Net Interest	(483)	(565)	(640)	(648)	(599)	Net Interest	(168)A	(144)A	(166)A	(162)	
Adj. PBT	(1,025)	(9,426)	707	3,023	5,164	Adj. PBT	(138)A	455A	176A	214	
Tax	455	288	(82)	(635)	(1,084)	Tax	(19)A	(61)A	43A	(45)	
Minority Interest	-	-	-	-	-	Minority Interest	-	-	-	-	
Adj. Net Income	(496)	(9,142)	627	2,389	4,080	Adj. Net Income	(157)A	394A	221A	169	
Reported EPS	(0.26)	(4.64)	0.30	1.13	1.87	Reported EPS	(0.08)A	0.19A	0.10A	0.08	
Adj. EPS	(0.26)	(4.64)	0.30	1.13	1.87	Adj. EPS	(0.08)A	0.19A	0.10A	0.08	
DPS	-	-	-	-	-	DPS	-	-	-	-	
Payout ratio	-	-	-	-	-	Payout ratio	-	-	-	-	
Shares outstanding	1,893	1,972	2,081	2,123	2,186	Shares outstanding	2,010A	2,079A	2,108A	2,125	
Balance Sheet & Cash Flow Statement						Ratio Analysis					
	FY21A	FY22A	FY23E	FY24E	FY25E		FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	4,295	4,208	5,219	10,537	17,304	Gross margin	46.4%	38.3%	39.7%	40.1%	40.9%
Accounts receivable	2,439	2,779	2,970	3,066	3,187	EBITDA margin	(4.4%)	5.4%	10.8%	13.8%	15.9%
Inventories	-	-	-	-	-	EBIT margin	(9.6%)	2.4%	8.6%	12.0%	14.3%
Other current assets	2,085	2,262	3,207	3,314	3,445	Net profit margin	(2.8%)	(28.7%)	1.7%	5.6%	8.1%
Current assets	8,819	9,249	11,396	16,918	23,936	ROE	(3.7%)	(83.9%)	7.2%	19.1%	22.5%
PP&E	1,853	2,082	2,101	2,148	2,233	ROA	(1.4%)	(25.8%)	1.8%	6.1%	9.0%
LT investments	11,806	4,401	4,873	4,873	4,873	ROCE	(11.1%)	3.9%	15.7%	18.5%	21.1%
Other non current assets	16,296	16,377	18,137	18,068	17,620	SG&A/Sales	35.2%	20.1%	16.8%	14.8%	14.4%
Total assets	38,774	32,109	36,507	42,007	48,662	Net debt/equity	0.3	0.6	0.4	NM	NM
Short term borrowings	-	-	-	-	-	P/E (x)	NM	NM	208.0	55.7	33.6
Payables	860	728	745	772	901	P/BV (x)	8.2	16.9	12.6	8.7	6.4
Other short term liabilities	8,164	8,125	8,400	8,606	9,049	EV/EBITDA (x)	NM	80.0	34.1	22.3	15.5
Current liabilities	9,024	8,853	9,144	9,378	9,951	Dividend Yield	-	-	-	-	-
Long-term debt	9,276	9,265	9,246	9,246	8,565	Sales/Assets (x)	0.5	0.9	1.1	1.1	1.1
Other long term liabilities	5,125	5,487	6,806	7,307	7,585	Interest cover (x)	NM	3.0	6.3	9.1	13.4
Total liabilities	23,425	23,605	25,196	25,931	26,101	Operating leverage	(81.1%)	(176.3%)	1927.7%	407.7%	221.7%
Shareholders' equity	14,458	7,340	10,150	14,915	21,400	Revenue y/y Growth	56.7%	82.6%	16.4%	14.7%	18.8%
Minority interests	891	1,164	1,161	1,161	1,161	EBITDA y/y Growth	(69.4%)	(321.3%)	134.1%	46.8%	36.3%
Total liabilities & equity	38,774	32,109	36,507	42,007	48,662	Tax rate	(44.4%)	(3.1%)	11.6%	21.0%	21.0%
BVPS	7.64	3.72	4.99	7.18	9.79	Adj. Net Income y/y Growth	(92.7%)	1743.1%	(106.9%)	280.8%	70.8%
y/y Growth	9.2%	(51.3%)	34.0%	44.0%	36.3%	EPS y/y Growth	(93.2%)	1668.8%	(106.5%)	273.2%	65.8%
Net debt/(cash)	4,981	5,057	4,027	(1,291)	(8,739)	DPS y/y Growth	-	-	-	-	-
Cash flow from operating activities	(445)	642	3,614	5,641	7,825						
o/w Depreciation & amortization	902	947	822	787	793						
o/w Changes in working capital	1,682	335	264	601	1,046						
Cash flow from investing activities	(1,201)	(1,637)	(2,482)	(323)	(377)						
o/w Capital expenditure	(298)	(252)	(243)	(323)	(377)						
as % of sales	1.7%	0.8%	0.7%	0.8%	0.7%						
Cash flow from financing activities	1,780	15	(147)	0	(681)						
o/w Dividends paid	-	-	-	-	-						
o/w Net debt issued/(repaid)	925	(184)	(153)	0	(681)						
Net change in cash	65	(1,128)	959	5,318	6,767						
Adj. Free cash flow to firm	(743)	390	3,371	5,318	7,447						
y/y Growth	(77.9%)	(152.5%)	764.4%	57.8%	40.0%						

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Alphabet: Summary of Financials

Income Statement - Annual					Income Statement - Quarterly				
	FY22A	FY23E	FY24E	FY25E		1Q23A	2Q23A	3Q23A	4Q23E
Revenue	233,881	254,245	279,351	307,655	Revenue	58,066A	62,067A	64,051A	70,061
COGS	(77,248)	(82,888)	(89,388)	(97,681)	COGS	(18,891)A	(19,379)A	(20,587)A	(24,031)
Gross profit	156,633	171,357	189,963	209,975	Gross profit	39,175A	42,688A	43,464A	46,030
SG&A	(42,291)	(42,732)	(44,821)	(47,994)	SG&A	(10,292)A	(10,262)A	(10,863)A	(11,315)
Adj. EBITDA	110,132	121,013	141,028	157,051	Adj. EBITDA	25,885A	31,009A	30,886A	33,233
D&A	(15,928)	(14,646)	(17,694)	(18,821)	D&A	(3,186)A	(3,397)A	(3,800)A	(4,263)
Adj. EBIT	94,204	106,367	123,334	138,230	Adj. EBIT	22,699A	27,612A	27,086A	28,970
Net Interest	-	-	-	-	Net Interest	-	-	-	-
Adj. PBT	90,690	108,000	127,320	142,913	Adj. PBT	23,489A	27,677A	26,940A	29,894
Tax	(11,356)	(12,061)	(16,246)	(18,470)	Tax	(3,154)A	(3,535)A	(1,508)A	(3,864)
Minority Interest	-	-	-	-	Minority Interest	-	-	-	-
Adj. Net Income	80,996	94,687	107,204	120,299	Adj. Net Income	19,425A	23,904A	26,149A	25,209
Reported EPS	4.56	5.77	6.85	8.03	Reported EPS	1.17A	1.44A	1.55A	1.61
Adj. EPS	6.16	7.44	8.61	9.96	Adj. EPS	1.51A	1.87A	2.06A	2.00
DPS	-	-	-	-	DPS	-	-	-	-
Payout ratio	-	-	-	-	Payout ratio	-	-	-	-
Shares outstanding	13,159	12,728	12,458	12,082	Shares outstanding	12,823A	12,764A	12,696A	12,628
Balance Sheet & Cash Flow Statement					Ratio Analysis				
	FY22A	FY23E	FY24E	FY25E		FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	21,879	23,308	38,099	62,146	Gross margin	67.0%	67.4%	68.0%	68.3%
Accounts receivable	40,258	44,489	49,323	54,321	EBITDA margin	47.1%	47.6%	50.5%	51.0%
Inventories	2,670	2,978	3,275	3,570	EBIT margin	40.3%	41.8%	44.2%	44.9%
Other current assets	99,988	103,049	103,875	105,358	Net profit margin	34.6%	37.2%	38.4%	39.1%
Current assets	164,795	173,825	194,572	225,395	ROE	31.9%	35.3%	35.8%	35.2%
PP&E	112,668	132,291	154,445	177,980	ROA	22.4%	24.8%	25.4%	25.6%
LT investments	-	-	-	-	ROCE	30.7%	33.4%	34.4%	34.0%
Other non current assets	87,801	93,441	94,307	94,590	SG&A/Sales	18.1%	16.8%	16.0%	15.6%
Total assets	365,264	399,556	443,324	497,965	Net debt/equity	NM	NM	NM	NM
Short term borrowings	0	0	0	0	P/E (x)	21.7	18.0	15.5	13.4
Payables	5,128	6,306	6,991	7,699	P/BV (x)	6.9	6.1	5.2	4.4
Other short term liabilities	64,172	75,749	83,194	91,623	EV/EBITDA (x)	15.5	14.1	11.9	10.6
Current liabilities	69,300	82,055	90,184	99,322	Dividend Yield	-	-	-	-
Long-term debt	14,701	13,781	12,781	11,781	Sales/Assets (x)	0.6	0.7	0.7	0.7
Other long term liabilities	25,119	22,920	22,212	21,506	Interest cover (x)	-	-	-	-
Total liabilities	109,120	118,756	125,177	132,609	Operating leverage	1.2%	148.3%	161.5%	119.2%
Shareholders' equity	256,144	280,801	318,147	365,357	Revenue y/y Growth	10.3%	8.7%	9.9%	10.1%
Minority interests	-	-	-	-	EBITDA y/y Growth	3.4%	9.9%	16.5%	11.4%
Total liabilities & equity	365,264	399,556	443,324	497,965	Tax rate	12.5%	11.2%	12.8%	12.9%
BVPS	19.47	22.06	25.54	30.24	Adj. Net Income y/y Growth	1.1%	16.9%	13.2%	12.2%
y/y Growth	4.8%	13.3%	15.8%	18.4%	EPS y/y Growth	4.2%	20.9%	15.7%	15.7%
Net debt/(cash)	(7,178)	(9,527)	(25,318)	(50,365)	DPS y/y Growth	-	-	-	-
Cash flow from operating activities	91,495	104,589	128,850	144,121					
o/w Depreciation & amortization	15,928	14,646	17,694	18,821					
o/w Changes in working capital	(2,235)	(2,109)	82	857					
Cash flow from investing activities	(20,298)	(31,615)	(39,332)	(41,841)					
o/w Capital expenditure	(31,485)	(31,951)	(39,332)	(41,841)					
as % of sales	13.5%	12.6%	14.1%	13.6%					
Cash flow from financing activities	(69,757)	(71,217)	(74,728)	(78,233)					
o/w Dividends paid	-	-	-	-					
o/w Net debt issued/(repaid)	(1,196)	(323)	(1,000)	(1,000)					
Net change in cash	934	1,429	14,791	24,047					
Adj. Free cash flow to firm	60,010	72,637	89,519	102,280					
y/y Growth	(10.4%)	21.0%	23.2%	14.3%					

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Alphabet Inc.: Summary of Financials

Income Statement - Annual					Income Statement - Quarterly				
	FY22A	FY23E	FY24E	FY25E		1Q23A	2Q23A	3Q23A	4Q23E
Revenue	233,881	254,245	279,351	307,655	Revenue	58,066A	62,067A	64,051A	70,061
COGS	(77,248)	(82,888)	(89,388)	(97,681)	COGS	(18,891)A	(19,379)A	(20,587)A	(24,031)
Gross profit	156,633	171,357	189,963	209,975	Gross profit	39,175A	42,688A	43,464A	46,030
SG&A	(42,291)	(42,732)	(44,821)	(47,994)	SG&A	(10,292)A	(10,262)A	(10,863)A	(11,315)
Adj. EBITDA	110,132	121,013	141,028	157,051	Adj. EBITDA	25,885A	31,009A	30,886A	33,233
D&A	(15,928)	(14,646)	(17,694)	(18,821)	D&A	(3,186)A	(3,397)A	(3,800)A	(4,263)
Adj. EBIT	94,204	106,367	123,334	138,230	Adj. EBIT	22,699A	27,612A	27,086A	28,970
Net Interest	-	-	-	-	Net Interest	-	-	-	-
Adj. PBT	90,690	108,000	127,320	142,913	Adj. PBT	23,489A	27,677A	26,940A	29,894
Tax	(11,356)	(12,061)	(16,246)	(18,470)	Tax	(3,154)A	(3,535)A	(1,508)A	(3,864)
Minority Interest	-	-	-	-	Minority Interest	-	-	-	-
Adj. Net Income	80,996	94,687	107,204	120,299	Adj. Net Income	19,425A	23,904A	26,149A	25,209
Reported EPS	4.56	5.77	6.85	8.03	Reported EPS	1.17A	1.44A	1.55A	1.61
Adj. EPS	6.16	7.44	8.61	9.96	Adj. EPS	1.51A	1.87A	2.06A	2.00
DPS	-	-	-	-	DPS	-	-	-	-
Payout ratio	-	-	-	-	Payout ratio	-	-	-	-
Shares outstanding	13,159	12,728	12,458	12,082	Shares outstanding	12,823A	12,764A	12,696A	12,628
Balance Sheet & Cash Flow Statement					Ratio Analysis				
	FY22A	FY23E	FY24E	FY25E		FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	21,879	23,308	38,099	62,146	Gross margin	67.0%	67.4%	68.0%	68.3%
Accounts receivable	40,258	44,489	49,323	54,321	EBITDA margin	47.1%	47.6%	50.5%	51.0%
Inventories	2,670	2,978	3,275	3,570	EBIT margin	40.3%	41.8%	44.2%	44.9%
Other current assets	99,988	103,049	103,875	105,358	Net profit margin	34.6%	37.2%	38.4%	39.1%
Current assets	164,795	173,825	194,572	225,395	ROE	31.9%	35.3%	35.8%	35.2%
PP&E	112,668	132,291	154,445	177,980	ROA	22.4%	24.8%	25.4%	25.6%
LT investments	-	-	-	-	ROCE	30.7%	33.4%	34.4%	34.0%
Other non current assets	87,801	93,441	94,307	94,590	SG&A/Sales	18.1%	16.8%	16.0%	15.6%
Total assets	365,264	399,556	443,324	497,965	Net debt/equity	NM	NM	NM	NM
Short term borrowings	0	0	0	0	P/E (x)	21.5	17.8	15.4	13.3
Payables	5,128	6,306	6,991	7,699	P/BV (x)	6.8	6.0	5.2	4.4
Other short term liabilities	64,172	75,749	83,194	91,623	EV/EBITDA (x)	15.3	13.9	11.8	10.5
Current liabilities	69,300	82,055	90,184	99,322	Dividend Yield	-	-	-	-
Long-term debt	14,701	13,781	12,781	11,781	Sales/Assets (x)	0.6	0.7	0.7	0.7
Other long term liabilities	25,119	22,920	22,212	21,506	Interest cover (x)	-	-	-	-
Total liabilities	109,120	118,756	125,177	132,609	Operating leverage	1.2%	148.3%	161.5%	119.2%
Shareholders' equity	256,144	280,801	318,147	365,357	Revenue y/y Growth	10.3%	8.7%	9.9%	10.1%
Minority interests	-	-	-	-	EBITDA y/y Growth	3.4%	9.9%	16.5%	11.4%
Total liabilities & equity	365,264	399,556	443,324	497,965	Tax rate	12.5%	11.2%	12.8%	12.9%
BVPS	19.47	22.06	25.54	30.24	Adj. Net Income y/y Growth	1.1%	16.9%	13.2%	12.2%
y/y Growth	4.8%	13.3%	15.8%	18.4%	EPS y/y Growth	4.2%	20.9%	15.7%	15.7%
Net debt/(cash)	(7,178)	(9,527)	(25,318)	(50,365)	DPS y/y Growth	-	-	-	-
Cash flow from operating activities	91,495	104,589	128,850	144,121					
o/w Depreciation & amortization	15,928	14,646	17,694	18,821					
o/w Changes in working capital	(2,235)	(2,109)	82	857					
Cash flow from investing activities	(20,298)	(31,615)	(39,332)	(41,841)					
o/w Capital expenditure	(31,485)	(31,951)	(39,332)	(41,841)					
as % of sales	13.5%	12.6%	14.1%	13.6%					
Cash flow from financing activities	(69,757)	(71,217)	(74,728)	(78,233)					
o/w Dividends paid	-	-	-	-					
o/w Net debt issued/(repaid)	(1,196)	(323)	(1,000)	(1,000)					
Net change in cash	934	1,429	14,791	24,047					
Adj. Free cash flow to firm	60,010	72,637	89,519	102,280					
y/y Growth	(10.4%)	21.0%	23.2%	14.3%					

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Companies Discussed in This Report (all prices in this report as of market close on 12 December 2023, unless otherwise indicated)

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