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Country	United States
Sector	Internet / AI infrastructure
Issuer	Alphabet, Class A — GOOGL
Reference price	$284.78 — 6 November 2026, regular close
Central 12-month value	$240.66 — 6 November 2027
Financial signal	SELL — conditional central calculation
Price return / total return	-15.49% / -15.18%
Common market capitalisation	$3,501.1bn
Next-12-month dividend / yield	$0.88 / 0.31%
EV/EBITDA, 2026E / 2027E	17.21x / 14.60x
Normalised P/E, 2026E / 2027E	27.17x / 25.16x
Latest book net debt/2026E EBITDA	-0.23x
Financial information	Through Q3 2026
Valuation date / methodology	6 November 2026 / 10.8

Alphabet cash returns from AI investment

The conditional central estimate is SELL at the $284.78 regular-session closing price of 6 November 2026. Alphabet's established advertising franchise is funding a new infrastructure cycle. Changing Cloud economics, prolonged investment and a demanding growth path leave central intrinsic value at **$220.68 per share**. The corresponding 12-month value is **$240.66**, plus **$0.88** dividends, for **−15.18%** total return. The valuation uses 6 November market inputs and a 6 November 2027 horizon, retaining the declared operating assumptions. The financial signal does not assign an active recommendation; a complete empirical valuation-error band is not established.

Cloud's incremental profit is exposed to a changing mix. It supplied **80.5%** of the quarterly increase in group operating profit, but its **36.2%** margin now includes compute and systems as well as software. Third-party capacity is beginning to raise costs. A five-point reduction across forecast Cloud margins removes **$22.48 per share**. The broader product-economics objection reaches HOLD only at **47.60%** Services margins throughout 2027–35, against **40%** centrally, with other inputs fixed.

Investment postpones owners' cash. The **$200.0bn** 2026 capex midpoint is followed by analyst paths of **$250.0bn/$280.0bn/$300.0bn** in 2027–29. Owner cash after stock cost and preferred dividends stays negative through 2029. A 20% full-horizon investment increase costs **$18.53 per share**; a 20% reduction still leaves SELL. Reaching HOLD through this channel alone requires the complete 2027–35 investment path to fall to **58.89%** of central while retaining the assumed growth and margins.

The price requires stronger competitive persistence. Cloud growth must exceed central by **5.31 percentage points in every forecast year** to reach HOLD, producing **$1,066.0bn** revenue in 2035 against **$727.2bn** centrally. Chinese open models and integrated infrastructure challenge that persistence globally. The constructive alternative is better cash conversion with sustained demand. The report sets out the commercial evidence, competitive mechanisms and dated conditions that would change the action.

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The appendix provides the complete dated valuation bridge, sensitivities and return-rule thresholds.

1. Advertising pays for the next business

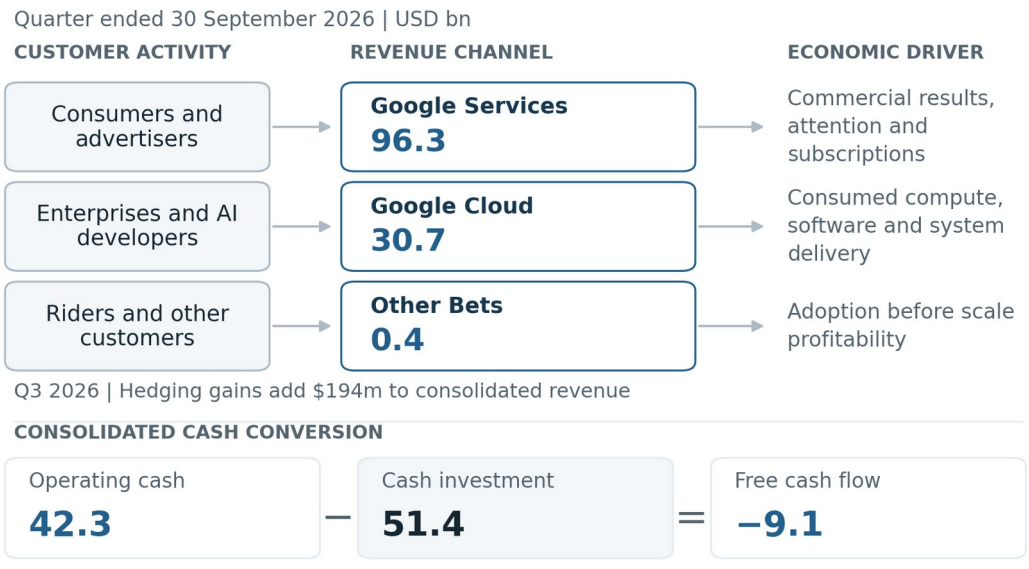
Google earns money by matching intent with a commercial result, then charges other customers to use the infrastructure behind that service. Search places advertising beside questions and purchase decisions; YouTube sells access to audiences; Network connects advertisers with third-party publishers. Subscriptions, platforms and devices add consumer payments. Cloud sells computing, storage, software and AI capacity to organisations. The case is an accumulator funding a new capital cycle: established customer relationships finance assets whose future returns are still being established.

Reporting segment revenue and operating profit are reconciled in Table 7 in the appendix.

Advertisers determine bids, budgets and the value of conversion; Google determines auction design, placement and product experience within regulatory constraints. Revenue therefore depends on useful commercial activity and its monetisation, rather than raw query counts. In Q3, Search generated **$63.4bn**, YouTube advertising **$11.2bn**, Network **$7.5bn**, and subscriptions, platforms and devices **$14.3bn**. Together they formed **$96.3bn** of Services revenue. Paid clicks rose **8%** and cost per click **4%** in the aggregate Search advertising series; neither statistic measures AI Mode economics separately. Q3 financial statements

Figure 1 follows the business from users and advertisers through distribution and infrastructure to the customer paying the bill. The integration matters because a model improvement can protect advertising, sell subscriptions and stimulate enterprise computing simultaneously. It also means shared research costs cannot be assigned wholly to whichever product currently attracts attention.

Figure 1: Google Services supplies $96.3bn of quarterly revenue while Cloud sells both services and systems. Cash investment above $42.3bn exceeds Q3 operating cash generation.



Value sensitivity: Full-horizon capex +20% reduces 6-Nov V0 by $18.53/share.

Source: Alphabet Q3 2026 10-Q; Q3 call, 28 October 2026. Revenue channels are not product margin estimates.

The monetisation engine remains Services. A two-percentage-point reduction in its forecast margin removes **$10.02 per share**, even if Cloud follows the central trajectory.

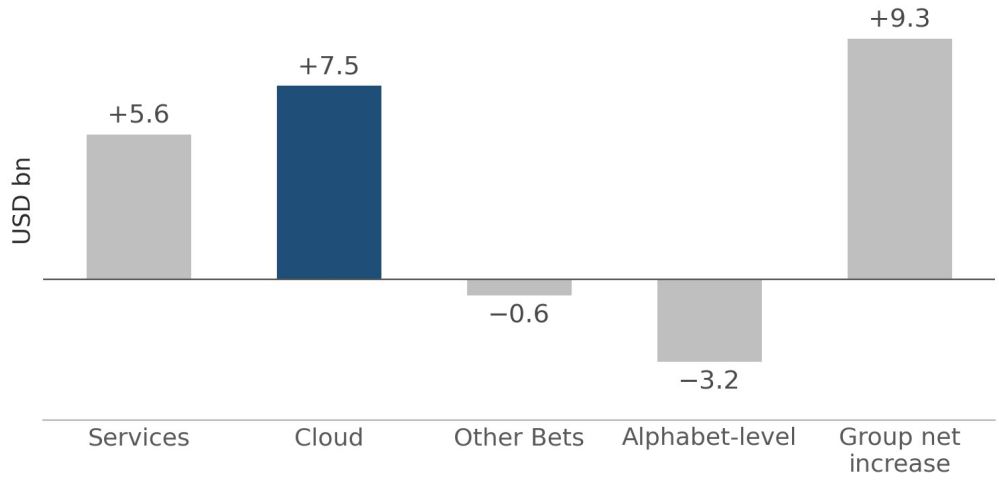
2. Profit has changed hands

The earnings of Services Cloud and Other Bets

Cloud now carries most of the incremental operating profit, while Services still supplies the largest absolute pool. Q3 Services operating profit was **$39.2bn** and Cloud **$11.1bn** on Cloud revenue of **$30.7bn**. Other Bets lost **$2.0bn**; Alphabet-level activities cost **$7.7bn**, leaving group operating profit of **$40.6bn**. Central activities include shared AI research alongside corporate, severance, legal and hedging items. Calling the whole amount an AI research bill would misstate the economics. Q3 results

Cloud's contribution to the profit increase is a calculation, rather than a management claim. Its **$7.5bn** improvement represented **80.5%** of the group increase of **$9.3bn**. Figure 2 shows both the source of the improvement and the offsets: faster Cloud profit does not accrue to owners untouched by the rest of the group.

Figure 2: Cloud produced $7.5bn of the $9.3bn quarterly operating profit increase. Cloud margin starts at 30% in the 2027 central path, below 36.2% in Q3.



Value sensitivity: Cloud margin −5pp reduces 6-Nov V0 by $22.48/share.

Source: Alphabet Q3 2026 10-Q, Note 15; full-model sensitivity. Cloud contributed 80.5% of the net increase; central costs remain outside segment EBIT.

Cloud is not one homogeneous software product. Workspace subscriptions, core infrastructure, AI compute and TPU system sales bring different revenue recognition, inventory requirements and margins. Management says external capacity used to bridge supply constraints will pressure margins as deployment increases; Q3 captured only late-quarter exposure. Backlog of **$561.0bn**, with just over **55%** expected within 24 months, supports demand visibility but is neither prepaid cash nor a directly comparable growth series: its definition expanded in 2026 to include shorter contracts. Q3 earnings call

The investment judgment is to value that changing mix below an unchanged Q3 margin. A five-point reduction across forecast Cloud margins costs **$22.48 per share**; a five-point increase adds the same amount and still leaves SELL. A Services margin sustained at **47.60%**, rather than **40%**, is the measured product-economics route to HOLD with everything else unchanged.

3. Integration is an advantage with a bill

Google controls several adjacent stages of AI production, but it does not own the entire supply chain. DeepMind develops models; Google designs TPUs and integrates accelerators, networking, data centres and software;

outside suppliers provide semiconductor manufacturing, memory and other essential inputs. Search, Android, Chrome, YouTube, Workspace and Cloud then provide routes to users. The advantage is the ability to optimise a complete workload and distribute it widely. The bill includes research, silicon, power, buildings and replacement equipment.

Gemini 4 Argon was announced on **30 September** and became generally available to developers on **13 October 2026**. Carbon, announced on **28 October**, was in limited pre-release testing. Its availability must not be confused with a broad commercial rollout; performance rankings remain vendor claims. Argon announcement, developer release, Carbon announcement

TPU system sales can place Google's design in buyers' facilities, expanding distribution while shifting some facility investment to customers. Inventory and customer credit still consume cash. Neither standalone TPU margins nor the proportion of Cloud growth attributable to systems is disclosed. Google also does not publish AI-query revenue, cost per query or AI-query mix. Without those measurements, claims of demonstrated AI unit profitability outrun the evidence. The economic test is retained operating profit after investment: an extra recurring **$5.0bn** annual stock-compensation cost alone reduces value by **$3.88 per share**.

4. The customer buys an outcome

Customer alternatives across advertising and AI

Google's competitors can win without replacing every Google product. An advertiser can move a marginal budget to social video, commerce or another search service; a consumer can ask an assistant instead of opening a search page; an enterprise can buy a different model while retaining existing databases and collaboration tools. Mature advertising distribution and expanding AI infrastructure therefore occupy different stages of their respective markets.

Services benefits from user habits, advertiser tools and distribution. Enterprise computing competes through availability, performance, security, developer tools and the total cost of a completed workload. Microsoft and Amazon combine infrastructure with established enterprise relationships; specialist model suppliers compete for the intelligence layer. Chinese suppliers add portable model weights and increasingly integrated infrastructure. The relevant question is who retains the customer's spending after the workload works reliably, rather than who leads a benchmark on announcement day.

Five forces

Distribution and semiconductor inputs can have concentrated suppliers, while models and applications offer a growing set of substitutes. A consistent cross-market concentration measure and a same-scope worst-year margin-advantage comparison are not established here; market dominance is not a measured pricing elasticity. A **10%** change in an advertiser's cost per business result is a useful competition test, but its effect on Google's demand is unmeasured.

The central position in this note is the complete Cloud growth path in Section 8. Cutting that path by ten percentage points a year removes **$44.40 per share**; adding ten adds **$83.80**. The asymmetry comes from compounding across years, not an assigned probability of success.

5. China competes through the whole chain

China is a global model-supply question before it is a Google sales-geography question. DeepSeek's open weights and Qwen's open models allow developers outside mainland China to build competing applications, customise

models or buy inference from alternative hosts. DeepSeek's current documentation describes V4.1 Flash and an October update, while its April V4 release provides the open-weight foundation. Alibaba's catalogue separately identifies hosted and open offerings. Availability and published performance are supplier evidence; neither proves that a particular deployment runs on domestic Chinese chips. DeepSeek release, current API changes, Alibaba model catalogue

The first competitive channel is the price of intelligence. Portable weights make model substitution and custom hosting more practical. They can reduce the premium Gemini earns for a completed task and help rival applications offer an acceptable alternative to Search. Conversely, lower model costs can make more workloads affordable and increase demand for Cloud infrastructure. The inference is directional, not a measured elasticity: pressure on model rent need not imply falling infrastructure consumption. Cloud growth and margin can move in opposite directions.

The second channel is an alternative hardware stack. Huawei's Ascend designs must become usable chips through fabrication with acceptable yields. Those chips then need high-bandwidth memory, packaging, power and cooling before they become production systems. Poor yield raises the cost of each functioning accelerator; limited memory or packaging can restrict output even when the design works. No verified production-volume, yield or delivered-cost series in this evidence establishes a numerical advantage over Google's supply chain. A roadmap is evidence of an intended investment programme, not proof of commercial output.

Systems integration is the next bottleneck. Networking must connect accelerators efficiently, while reliability and utilisation determine whether their theoretical performance becomes useful throughput. Huawei's SuperPoD roadmap makes this system-level ambition explicit. Larger configurations could offset limitations at the individual-chip level, but can also consume more power, space and capital. Announced specifications therefore cannot be treated as observed cost per completed customer task. Huawei infrastructure roadmap

Software decides how much of that hardware customers can use. CANN, framework adaptation, kernels, compilers and operating tools must support developers' actual workloads. Porting costs, missing operators and operational reliability can slow migration even when hardware is available. Ascend's documentation exposes the breadth of that software effort, including framework and cluster tools; it does not independently validate every commercial workload. Ascend software documentation

Cloud distribution completes the chain. Alibaba and Huawei can package models, infrastructure and local support for customers whose procurement or data requirements favour a local supplier. Outside China, open models can also run on non-Chinese hardware or Google infrastructure. Google's response is therefore to make the workload economical across models, retain developer relationships and distribute its own models through existing products. No separate China revenue discount or probability is justified by the evidence. The price-relevant test remains the competitive growth threshold: **5.31 additional percentage points in every forecast year** are needed to overturn SELL through Cloud growth alone. We are wrong if the delivered economics of Google's integrated offering sustain that stronger trajectory despite cheaper competing intelligence.

6. Distribution is becoming contestable

PEST

Regulation can change the route to a customer before it changes product quality. The US Search final judgment of **5 December 2025** restricts exclusive distribution arrangements and provides qualified rivals access to specified data and search syndication. It does not order a Chrome sale. Enforcement activity continues: the public docket includes October 2026 syndication submissions and appellate briefing, so an appeal must not be described as a reversal of the existing judgment. Search final judgment and current docket

The separate ad-tech case concerns different conduct and products. DOJ's **16 September 2026** account reports interoperability, data-access and non-discriminatory bidding relief. That is a channel through which publishers and advertisers gain alternatives; implementation detail and appeals should be distinguished from an already completed business separation. DOJ ad-tech remedies

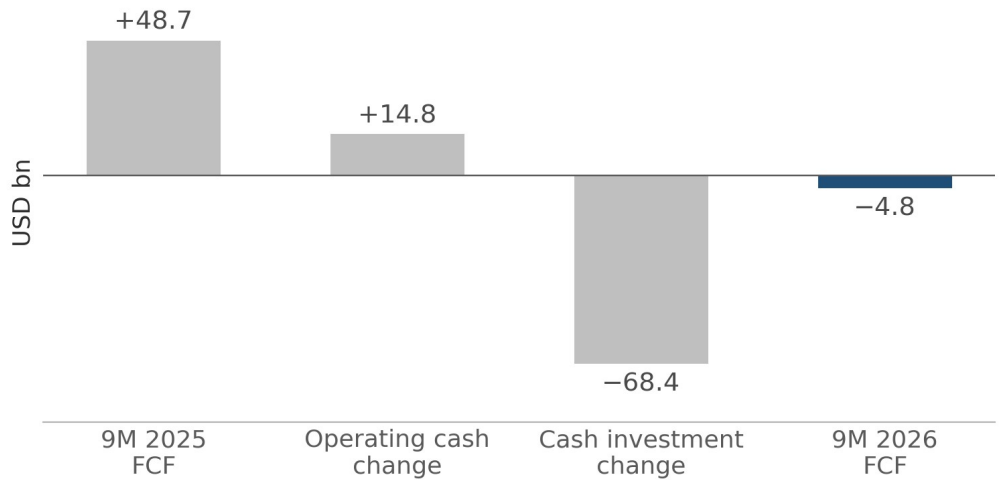
Courts and enforcement bodies control the rules; users, partners and advertisers determine the commercial response. Lost traffic would enter Search growth; more costly access or weaker retained economics would enter Services margin. Those effects should not be charged twice for the same lost business. A two-point Services margin reduction costs **$10.02 per share**. Power availability, export restrictions and equipment procurement affect the separate investment channel examined in Section 7.

7. Capacity comes before distributions

Infrastructure investment and shareholder cash

Alphabet's investment cycle has overtaken its cash generation. Nine-month operating cash flow of **$127.1bn** less **$132.0bn** of cash investment left **−$4.8bn** free cash flow, versus **$48.7bn** a year earlier. Q3 alone produced **$42.3bn** of operating cash and required **$51.4bn** of investment. Inventory for TPU systems and payment of a previously accrued **$5.2bn** European Commission fine also used cash; inventory is working capital, rather than spending on property and equipment. Figure 3 explains the change in free cash flow between matching nine-month periods.

Figure 3: Nine-month free cash flow moved from $48.7bn to a $4.8bn deficit. Annual capex of $195.0–205.0bn is company guidance; 2027 investment remains unquantified.



Value sensitivity: 2027–29 capex USD200.0bn/220.0bn/240.0bn adds USD6.65/share.

Source: Alphabet Q3 2026 10-Q, cash flow statement; full-model sensitivity. Matched nine-month periods. Free cash flow is CFO less cash PPE capex, before stock replacement, acquisitions and dividends.

Owners cannot rely on the old share-count trend to repair that conversion. Alphabet raised **$42.9bn** through common issuance in the first nine months and bought back no shares; diluted shares rose from **12.230bn** to **12.324bn**. The balance sheet also contains **284m** existing unvested awards. Stock compensation pays for labour with an ownership claim; ignoring it exaggerates the owner's income. Q3 cash flows and equity disclosures

Headline liquidity is not all cash. Of **$265.1bn** in cash and marketable securities, **$90.4bn** is equity investments. Private investments add another **$135.2bn** whose realisation is uncertain. Purchase commitments of **$924.4bn**, uncommenced leases of **$130.5bn**, investment commitments of **$21.9bn** and contingent support of **$75.7bn** differ

in timing and conditionality; summing them into immediate debt would manufacture a liability. They nevertheless reduce management's freedom if demand disappoints.

The franchise's historical returns do not establish future AI returns. Full-cycle capital returns, maintenance coverage, a worst-year competitive advantage on consistent scope, and at least one-third of earnings reaching minorities have not all been demonstrated together. This limits a quality conclusion without establishing that the business is poor. The capital-cycle claim changes the action at **58.89%** of the full central 2027–35 investment path; simply cutting 2027–29 investment to **$200.0bn/$220.0bn/$240.0bn** adds only **$6.65 per share** and leaves SELL.

8. Growth arrives before owner cash

Table 1 shows a central forecast that already requires substantial commercial success. Search continues growing while Cloud scales rapidly, but cash investment absorbs the benefit for several years. This is a forecast of economic expansion with delayed owner returns, rather than a forecast of an immediate business contraction.

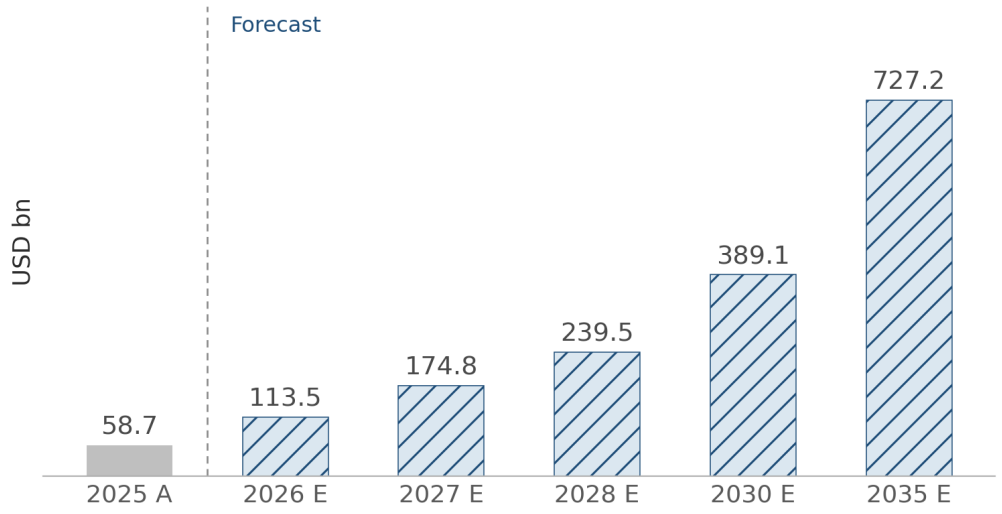
Table 1: Revenue reaches $603.9bn in 2027 while owner cash remains negative

USD bn unless stated	2025 actual	2026E	2027E	2028E	2029E	2030E
Revenue	402.8	500.6	603.9	711.7	826.4	945.6
Operating profit	129.0	165.0	178.6	212.0	250.1	287.6
EBITDA	150.2	196.5	231.7	285.3	344.1	401.0
EBITDA margin	37.3%	39.2%	38.4%	40.1%	41.6%	42.4%
Reported-basis net income	132.2	236.1	—	—	—	—
Normalised net income	—	132.4	143.0	169.7	200.9	231.4
Cash investment	91.4	200.0	250.0	280.0	300.0	293.1
Cash free cash flow	73.3	−24.3	−23.3	−1.4	34.7	95.8
Owner cash after stock cost and preferred dividends	—	—	−63.2	−46.7	−15.3	40.9

Investment gains explain why reported net income is a poor operating comparison; the normalised forecast excludes their recurrence. Future net debt and calendar-year dividend schedules are not estimated in this operating table; the next-12-month common dividend assumption is **$0.88**, a **0.31%** yield at the reference price. September book debt including finance leases implies **$44.9bn** net cash when equities are excluded from cash.

Cloud grows from **$58.7bn** in 2025 to **$113.5bn** in 2026E and **$174.8bn** in 2027E. Growth then moderates from **54%** in 2027 to **8%** in 2035. Figure 4 distinguishes reported history from estimates; backlog conversion supports the direction, while system sales and the changed backlog definition limit comparisons.

Figure 4: The central Cloud path reaches $727.2bn in 2035 after $174.8bn in 2027. A 5.31pp increase in every 2027–35 annual growth rate reaches the SELL-to-HOLD boundary.



Value sensitivity: Cloud growth +10pp each year adds $83.80/share at 6 November.

Source: Alphabet 2025 10-K; central analyst estimates; full-model reverse solution. Forecasts mix Cloud consumption, subscriptions and TPU system sales; no disclosed product split is invented.

Services margins settle at **40%**; Cloud margins fall to **30%** in 2027 before recovering to **32%**. Investment ratios eventually decline, allowing owner cash to become positive in 2030. The investment figures beyond 2026 are analyst scenarios. Lower model prices, external capacity and hardware mix can change these mechanisms independently. The resulting **$220.68 per share** depends on both growth and the eventual recovery of cash conversion.

9. The price requires persistence

Required returns and the price of sustained growth

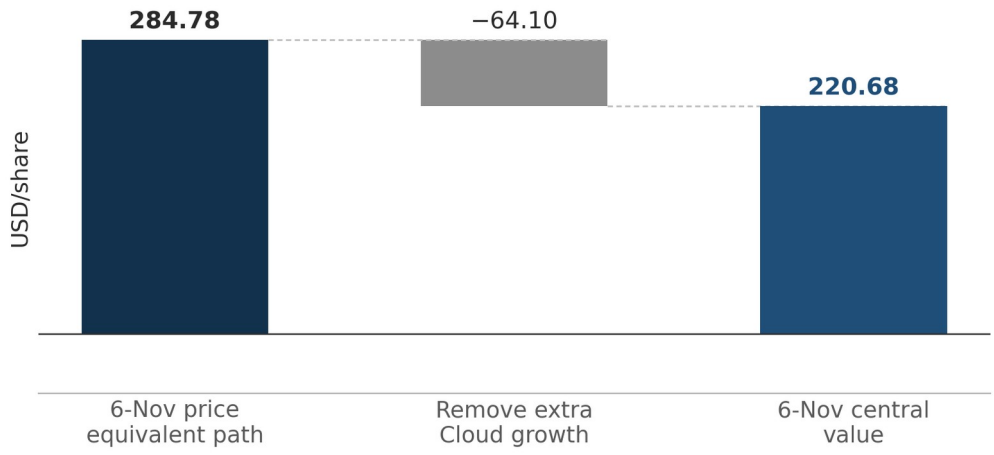
Table 2 isolates the durability of profitable growth after investment. The 6 November reference price exceeds central intrinsic value by $64.10 per share. No claim about analyst consensus is required: a conditional reverse calculation shows what one economic variable would have to do to justify that price while the others remain fixed.

Table 2: The price-equivalent growth premium is $64.10 per share

Conditional bridge to central value	USD/share
Reference price: Cloud growth 8.14 points above central in every forecast year	284.78
Remove that additional full-horizon growth	−64.10
Central intrinsic value	220.68

The first row requires Cloud growth of 62.14% in 2027, falling to 16.14% in 2035, and $1,298.8bn of 2035 Cloud revenue. It is one conditional explanation of the 6 November price, not evidence that investors actually share that expectation. Removing the extra growth produces the second row's $64.10 difference. The final row uses the lower central trajectory described in Section 8. Figure 5 makes that specific reverse-growth comparison visible.

Figure 5: Resetting the price-equivalent Cloud growth path gives central value of $220.68. Price parity requires +8.14pp in every forecast Cloud growth rate, ending near $1.30tn in 2035.



Value sensitivity: Removing the price-equivalent growth path lowers V0 by $64.10/share.

Source: One linked operating model and complete reverse solution at 6 November 2026. Start is the price-equivalent uniform Cloud growth path with all other assumptions fixed. Resets are sequential; the bridge is not an observed market consensus decomposition.

Alternative price explanations are demanding as well. Holding everything else fixed, Services would need a 52.79% margin throughout 2027–35, or the entire investment path would need to fall to 30.81% of central. Neither is a combined forecast, and lower investment with unchanged growth may be physically unattainable. These are economic hurdles against which new evidence can be judged.

Operating cash flows are discounted at 9.2813%; the required common-equity return is 9.45%, using the 6 November 4.86% risk-free observation, the retained 4.50% equity premium and 1.02 beta. Terminal growth is 3%, with 25% return on new terminal capital. Operating value of $2,629.9bn, plus $157.8bn of net non-operating value, is divided among existing and granted ownership claims. The 12-month value adds the required return and deducts expected dividends. About 85.98% of enterprise value comes from the terminal period, making lasting cash conversion more important than a single earnings beat; conventions are detailed in the appendix.

At $284.78 the central total return is below the SELL boundary of -0.55%, equal to the 9.45% required return less ten percentage points. With assumptions unchanged, HOLD begins at $242.87 and BUY requires a price below $202.21; equality belongs to HOLD and a purchase decision would still require the quality evidence. A three-year roll-forward to 6 November 2029 gives approximately $286.31 of share value and $2.77 cumulative cash dividends: 1.51% total over three years, or 0.50% annually without dividend reinvestment. This is three annual carry periods at the same required return, with annual model dividends rather than a forecast payment schedule. It assumes central value earns the required return while the initial premium to that value closes. The longer horizon allows operating growth to offset more of the initial overpayment; it does not reverse the adverse 12-month entry-price conclusion. A growth rate for post-investment owner income is not meaningful while that income remains negative. The roll-forward is conditional rather than an independent forecast of the market price. The operating decision is to reduce exposure at the reference price; the Nasdaq-100 is the benchmark, without an unsupported forecast of its return.

10. What would change the action

The next evidence must connect capacity to profitable usage and then to cash. Backlog and product availability are early observations; conversion into revenue at retained margins is the confirming observation; owner cash

after investment is the eventual financial result. Current evidence has reached revenue and segment-profit confirmation, but has not demonstrated sustained cash conversion through this investment cycle.

The announced **30 November 2026** expiry of Argon introductory pricing tests how paid usage responds to the commercial terms. The **14 December** common dividend, with **7 December** record date, tests the announced payment rather than the investment thesis. Q4 results are expected in early 2027; **15 February 2027** is the review deadline used here, not an announced earnings date.

We are wrong on the competitive growth objection if evidence supports a Cloud trajectory of 59.31% growth in 2027 and 13.31% in 2035, with 5.31 additional percentage points in every intervening forecast year: that reaches the SELL-to-HOLD boundary at the 6 November reference price. The BUY boundary requires a stronger path, shown in Table 8. We are wrong on product economics if Services can sustain 47.60% margins over the forecast. We are wrong on the investment burden if the full 2027–35 investment path can fall to 58.89% of central without sacrificing revenue or margins. Each threshold holds the other assumptions fixed. A lower near-term spending figure is evidence to investigate, not automatic proof of the complete trajectory. The dated review should establish whether guidance, capacity delivery and customer conversion support revising those paths.

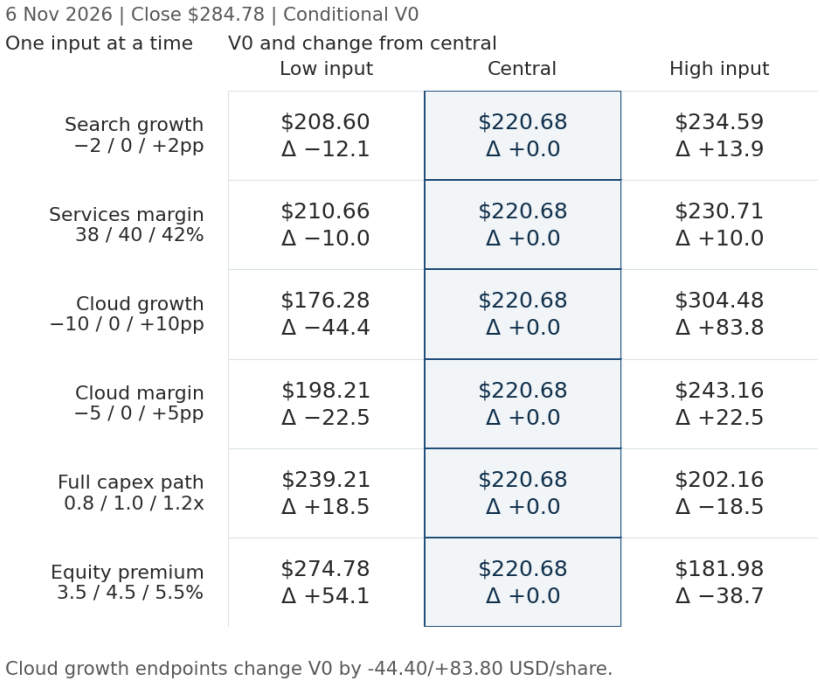
11. Where capital can be lost permanently

Permanent loss begins when specialised assets and financing commitments outlast the economics that justified them. If competitors weaken Search distribution or model pricing while new infrastructure earns inadequate returns, Alphabet can face lower utilisation, continuing contractual costs and another replacement cycle before investors receive the expected cash. Additional debt or share issuance would then distribute the remaining value across more claims. A temporary earnings disappointment becomes lasting loss through uneconomic investment and dilution.

Figure 6 presents separate changes from the 6 November base. They must not be added into an invented combined case. Cloud growth ten points lower yields $176.28 per share; 20% higher investment yields $202.16; a one-point higher equity premium yields $181.98. Ten points higher Cloud growth yields $304.48, changing the financial signal to HOLD, while a one-point lower equity premium yields $274.78, also HOLD. These are outcomes under assumptions, without probabilities or statistical confidence.

A constructive combined case changes the action. Raising every forecast Cloud growth rate by 2.5 percentage points and every Cloud margin by five points, with capital spending rules unchanged, yields $263.36 intrinsic value and $287.36 at 12 months, or 1.22% total return: HOLD. This links expanding demand with retained economics. It is a complete rerun, rather than the sum of standalone sensitivities or an assigned probability; physical capacity feasibility remains unverified.

Figure 6: Cloud growth +10pp raises conditional value to $304.48 per share. Reference price is $284.78 at 6 November. Each row changes one declared input from the same base.



Source: Complete model reruns; no scenario probabilities assigned. Outcome sensitivities are not a construction-error band or a statistical confidence interval.

The depreciation approximation has an observed held-out error scale, with tested valuation effects of approximately −$2.45/+$2.37 per share. That does not measure the whole valuation's construction error. Nor does a zero effect from shortening server replacement to four years prove the physical risk is absent: the central investment path already exceeds the replacement floor. The uncertainty matters most in terminal reinvestment and cash generation.

Ownership is executable for the declared unrestricted global institution: GOOGL offers institutional liquidity and USD trading. Alphabet's common classes carry equivalent economic participation but different voting rights; founder control limits minority influence. Account-specific withholding, tax recovery and currency exposure affect realised returns and require the institution's own treatment. Liquidity helps an investor exit; it does not turn infrastructure commitments or private investments into cash at their stated values.

12. Sources and evidence

Financials: 2025 10-K, Q3 2026 10-Q, earnings release and 28 October call. Financing: preferred pricing. Product and legal sources accompany their claims; vendor performance statements remain attributed. Scenario and price-hurdle results are analytical calculations; forecast parameters are estimates. Financial data end at Q3 2026; the valuation and regular-session price cutoff are 6 November 2026.

Valuation bridge at the 6 November close

Report dated 7 November 2026; valuation at the 6 November regular-session close using the risk-free observation for that date. The economic cash bridge and all discount fractions use 6 November; the 12-month horizon is 6 November 2027. Operating forecasts use the disclosed and estimated source basis identified in this report. SELL is a conditional financial signal; no active recommendation is assigned.

Paired calculation: Alphabet (GOOGL) — модель.xlsx

The paired calculation uses the complete dated financial graph and the current workbook identified in the report-to-model delivery manifest.

The bridge and each displayed sensitivity are full formula-graph calculations from a clean 6 November base. Formula caches are not inputs. The dated Q4 economic-cash split is an estimate rather than observed November cash or a complete treasury ledger; operating and ownership perimeters remain explicit below.

SELL is the conditional central financial signal: -15.18% total return against a 9.45% required equity return. The rule gives SELL below -0.55% and BUY above 19.45%; equality belongs to HOLD and business quality remains a separate condition. This is a declared central state, without assigned scenario probabilities.

Table 3: The 2027–2035 cash flows contribute $383.0bn of present value. USD bn.

Calendar period	Valuation cash flow	Present value
Remaining 2026 stub	-14.5	-14.3
2027	-46.8	-42.3
2028	-30.3	-25.1
2029	-6.9	-5.2
2030	39.6	27.4
2031	81.8	51.8
2032	130.2	75.4
2033	170.1	90.1
2034	212.7	103.1
2035	242.9	107.8

Source: Full 6 November calculation, DCF and Cash and capital sheets. Cash flows retain stock compensation as an expense and deduct applicable preferred cash distributions. The remaining 55-day Q4 stub excludes the elapsed 37-day economic cash bridge; the full quarter has 92 days.

Cash flows are discounted at 9.2813%, using ACT/365 fractions from 6 November to each explicit year end. Terminal growth is 3.0% and return on new terminal capital is 25.0%. Terminal cash flow is $320.1bn, using the greater of the replacement floor and depreciation plus growth reinvestment for capex. Terminal value supplies 85.98% of enterprise value.

Table 4: Operating value plus $157.8bn of net assets gives $220.68 per economic right. USD bn except shares and per-share values.

Component	Value
PV remaining stub plus 2027–2035	368.7
PV terminal cash flows	2,261.2
Enterprise value	2,629.9
Net non-operating bridge	157.8
Equity value	2,787.8
Diluted economic rights bn	12.6325
V0 → TP12; D12	$220.68 → $240.66; $0.88
TSR from $284.78; Ke	-15.18%; 9.45%

Source: Full 6 November calculation, DCF. Net non-operating value includes liquid assets, taxed listed investments, estimated private-investment realization, operating reserve, debt/lease claims, minorities, fines and the elapsed Q4 economic cash bridge of −$9.8bn. That bridge is estimated, not observed net cash. TP12 + $0.88 = V0 × 1.0945.

The denominator is 12.2940bn common shares plus 0.2840bn existing unvested rights and 0.0545bn preferred-conversion rights. It differs from a historical weighted-average EPS denominator. Future compensation remains an operating cost; the existing rights are identified separately in the workbook. These conventions require a capital-rights reconciliation rather than a comparison of unaligned per-share ratios.

Rounding: amounts in USD billions are displayed to one decimal. Percentages, ratios and per-share values are calculated before rounding; totals may differ from the sum of displayed rows.

Operating and discount-rate sensitivities at 6 November

Figures 7 and 8 start from the same 6 November valuation and $284.78 regular-session closing quote. The operating endpoints represent the stated economic scenario ranges; every displayed cell is fully rerun on the stated time and risk basis.

Figure 7: Cloud growth 10 points lower and margin 5 points lower reduce V0 from $220.68 to $164.39. USD per share.

6 Nov 2026 | Close $284.78 | Conditional V0

Cloud growth shift	Cloud margin shift: Central	Cloud margin shift: −5 pp
Central	$220.68	$198.21
−10 pp	$176.28	$164.39

Joint retained boundary changes V0 by -56.30 USD/share.

Source: Full 6 November Alphabet formula graph. Retained boundaries are −10pp in every 2027–2035 Cloud growth rate and −5pp in each Cloud margin; all other operating assumptions are fixed.

Figure 8: At 9.281% WACC and 3.0% terminal growth, V0 is $220.68 per share.

6 Nov 2026 | Close $284.78 | Conditional V0

Linked WACC	Terminal growth: 2.0%	Terminal growth: 3.0%	Terminal growth: 4.0%
8.295%	$245.86	$274.78	$316.91
9.281%	$202.25	$220.68	$245.91
10.268%	$169.73	$181.98	$197.99

Grid V0 spans USD169.73–316.91 per share.

Source: Full 6 November Alphabet formula graph. Rows use the retained ERP cases of 3.5%, 4.5% and 5.5%, which propagate into both Ke and WACC; columns use retained terminal growth of 2%, 3% and 4%. Terminal reinvestment and working capital are recalculated in every cell.

The operating grid has two retained endpoints per factor; it does not invent an interior forecast or probability. The discount-rate grid is conditional on retained risk and terminal conventions. Isolated effects do not form a statistical confidence band or a complete estimate of construction error. The full trace and exact source versions accompany the paired calculation; live native Excel recalculation is a separate verification.

Cross checks sources and material limitations

The reverse valuation is the most relevant available cross-check because a single peer multiple would mix advertising, consumption Cloud, systems and private assets. Price parity at $284.78 requires +8.14pp in every 2027–2035 Cloud growth rate with other inputs fixed, ending near $1.30tn of Cloud revenue in 2035. The central path ends at $727.2bn. The smaller +5.31pp path reaches HOLD, not price parity. A separate product-economics alternative reaches HOLD at a sustained 47.60% Services margin instead of 40%.

The capital comparison also challenges the central cash path: investment would have to fall to 58.89% of the complete 2027–2035 path to reach HOLD if growth and margins were retained. Cutting only 2027–2029 investment to $200.0bn/$220.0bn/$240.0bn adds $6.65 per share and leaves SELL. These full-model reverse solutions are recalculated on the 6 November price, rates and clock. They test different economic claims and are not averaged into a second target. No verified comparable consensus valuation is asserted.

Table 5: The decisive post-2026 investment amounts are estimates rather than company guidance.

Input and period	How obtained and source	Material boundary
2025 actuals and Q3/9M 2026 results	Disclosed; Alphabet 2025 10-K and Q3 2026 10-Q	Cloud includes mixed products; system-sales profit is not separately disclosed
2026 capex $200.0bn; 2027–2029 $250.0bn/$280.0bn/$300.0bn	2026 midpoint calculated from company $195.0–205.0bn guidance; subsequent path estimated	Guidance supports 2026, not the later exact annual amounts
Ke 9.45%; WACC 9.2813%; g 3%; terminal ROIC 25%	Ke/WACC calculated; 6 Nov Rf 4.86%, retained ERP 4.50%, beta 1.02; financing and terminal conventions estimated	Beta uses preserved 260-week returns; terminal economics are assumptions
Balance assets and granted equity rights	Disclosed September amounts; realization and tax treatments estimated; ratios calculated	Private marks are not executable exits; preferred and common rights differ

Source: Paired workbook, Sources, Drivers and DCF. Values are disclosed, calculated or estimated as described; the reverse paths are derived conditional requirements.

Alphabet Q3 2026 Form 10-Q — operating results balance and equity rights

Table 6: The largest unresolved issue is durable cash after infrastructure investment.

Unresolved item	Exposure or measured alternative	Next observation and owner
Cloud and Services product economics	Cloud margin −5pp costs $22.48/share; query and systems profit splits are not disclosed	Analyst: FY2026 and 2027 segment/product evidence before changing the retained forecast
Investment and replacement ages	Full-horizon investment +20% costs $18.53/share; shorter server life can be masked by the existing budget	Analyst: FY2026 asset-life and 2027 capex/cash-flow disclosure; cost of missing physical cohorts unmeasured
Depreciation and terminal construction	Held-out approximation effects about −$2.45/+ $2.37/share do not measure total valuation error	Analyst: next independent held-out financial observations and terminal reinvestment review
Market sources rights and business quality	6 November regular close crosschecked to a second daily series; a complete valuation-error band and all four quality tests are not established	Research owner: reconcile capital rights and cycle evidence before new issuance; no active recommendation assigned

Source: Separately rerun alternatives and current reverse solutions at 6 November. Unknown aggregate effects are unmeasured, not zero, and isolated sensitivities are not additive.

Reporting segment results at the retained disclosure

Two full financial years and the latest disclosed comparable period are shown on the stated source basis. Revenue growth compares 9M2026 with 9M2025; operating profit and margin refer to 9M2026. USD bn, except percentages.

Table 7: Reported businesses reconcile to consolidated revenue and operating profit.

Reporting segment	FY2024 revenue	FY2025 revenue	9M2026 revenue	Revenue YoY	9M2026 op. profit	Op. margin
Google Services	304.9	342.7	280.5	13.6%	119.3	42.5%
Google Cloud	43.2	58.7	75.5	84.0%	26.5	35.1%
Other Bets	1.6	1.5	1.2	−0.2%	−5.9	−510.4%
Hedging and central reconciliation	0.2	−0.1	0.1	—	−18.8	—
Consolidated Alphabet	**350.0**	**402.8**	**357.3**	**23.6%**	**121.0**	**33.9%**

Central reconciliation is not a fourth business: its revenue is hedging and its operating result is unallocated corporate cost. Services includes Search, YouTube, Network and subscriptions/devices.

"—" means not applicable or not separately reported; it is not a zero estimate. Revenue growth and operating margins are calculated from the disclosed amounts before rounding. Operating profit is the issuer's segment measure, reconciled through the central row where applicable.

Source: Issuer Form 10-K (FY2024 and FY2025) and Form 10-Q (9M2026); reporting-segment notes. Annual and interim periods retain their distinct horizons.

Alphabet annual report — FY2025

Alphabet interim report — 9M2026

Return-rule thresholds at the 6 November reference

Table 8: Each single-variable path solves a different economic hurdle at $284.78.

Condition	Cloud growth shift each year	Services margin throughout	Full capex multiplier
Price parity: V0 equals quote	+8.14 pp	52.79%	30.81%
SELL-to-HOLD boundary	+5.31 pp	47.60%	58.89%
HOLD-to-BUY boundary[1]	+10.56 pp	57.98%	Not reached at 10–150%

Source: Full separate single-variable reverse reruns from the same current base. All other operating inputs are fixed. [1] Equality remains HOLD; BUY requires a strict improvement beyond the boundary. The capex BUY root is not asserted outside the retained 0.1–1.5x search interval. These hurdles do not demonstrate physical feasibility or business quality.

Nasdaq GOOGL regular-session close — 6 November 2026

US Treasury daily 10-year par yield — 6 November 2026