



# Alphabet Inc. (GOOGL)

Updated May 5<sup>th</sup>, 2026, by Nathan Parsh

## Key Metrics

<b>Current Price:</b>	\$388	<b>5 Year Annual Expected Total Return:</b>	13.3%	<b>Market Cap:</b>	\$4.7 T
<b>Fair Value Price:</b>	\$358	<b>5 Year Growth Estimate:</b>	15.0%	<b>Ex-Dividend Date:</b>	03/09/26
<b>% Fair Value:</b>	108%	<b>5 Year Valuation Multiple Estimate:</b>	-1.6%	<b>Dividend Payment Date:</b>	03/16/26
<b>Dividend Yield:</b>	0.2%	<b>5 Year Price Target</b>	\$720	<b>Years Of Dividend Growth:</b>	3
<b>Dividend Risk Score:</b>	C	<b>Sector:</b>	Information Technology	<b>Rating:</b>	Hold

## Overview & Current Events

Alphabet, formerly known as Google, is a holding company. With a market capitalization of nearly \$5 trillion, Alphabet is a technology conglomerate that operates several businesses such as Google search, Android, Chrome, YouTube, Nest, Gmail, Maps, and many more. Alphabet is a leader in many of the areas of technology that it operates. There are two classes of Alphabet stock, Class A shares, which has voting rights, and Class C shares, that do not have voting rights. This report will reference the Class A shares.

On April 27<sup>th</sup>, 2026, Alphabet announced that it had raised its quarterly dividend by 4.8% to \$0.22 per share.

On April 29<sup>th</sup>, 2026, Alphabet reported first quarter results for the period ending March 31<sup>st</sup>, 2026. For the quarter, revenue grew 21.8% to \$109.9 billion, which was \$2.86 billion more than expected. Adjusted earnings-per-share of \$5.11 compared very favorably to \$2.81 in the prior year and topped estimates by \$2.48.

Most businesses continue to perform very well. For the quarter, revenue for Google Search, the largest contributor to results, grew 19.1% to \$60.4 billion. YouTube ads increased 10.7% to \$9.9 billion while Google Network fell 3.9% to ~\$7 billion. Google subscriptions, platforms, and devices was up 19.3% to \$12.4 billion. In total, Google advertising was higher by 15.6% to \$77.3 billion while Google Services was up 16% to \$89.6 billion. Google Cloud surged 63.4% to \$20 billion. The company's operating margin expanded 200 basis points to 36%. Alphabet repurchased \$15.1 billion worth of stock during the quarter. The company had nearly \$36 billion in capital expenditures during the quarter, with an expectation to spend \$175 billion to \$185 billion in capex in 2026.

Following several strong years of growth, we expect that Alphabet will earn \$13.77 per share in 2026, up from \$11.47 previously. This would be a 27.4% improvement from the prior year. We have updated our forecast accordingly.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$1.39	\$0.90	\$2.19	\$2.46	\$2.93	\$5.61	\$4.56	\$5.80	\$8.04	\$10.81	<b>\$13.77</b>	<b>\$27.70</b>
<b>DPS</b>	---	---	---	---	---	---	---	---	\$0.60	\$0.83	<b>\$0.88</b>	<b>\$1.12</b>
<b>Shares<sup>1</sup></b>	13,970	14,070	14,070	13,970	13,740	13,550	13,160	12,720	12,319	12,228	<b>12,183</b>	<b>12,100</b>

Alphabet has been an incredible creator of wealth for a long time. Earnings-per-share have a compound annual growth rate of 25.6% over the last decade. Revenue has grown by a mid-double-digit clip over the long-term. The company has so entrenched itself in almost every key aspect related to the internet. So much so that the word "google" has become a verb used in everyday language around the world. Alphabet has also successfully monetized key aspects of its business, such as YouTube, that have allowed it to create recurring revenue streams. In addition, the company utilizes its Other Bets to make high-risk, but high-reward investments. This area of the company is very small compared to other segments, just \$370 million of revenue in Q4 2025, but could lead to additional products to bring to market. Some examples of this include the life sciences brand Verily and broadband internet service provider Google Fiber. Alphabet can also use its sizeable cash balance to invest or to make bolt on acquisitions to further its growth. The company ended Q1 2026 with \$126.8 billion of total cash, cash equivalents, and marketable securities on its balance sheet.

<sup>1</sup> In millions of shares.

Disclosure: This analyst has a long position in the security discussed in this research report.



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Given the high base from which earnings-per-share are expected to be for 2026, we project annual EPS growth of 15% through 2031.

Alphabet has only begun to declare dividends and has, in fact, distributed or announced just nine payments to shareholders. That said, we project that the company, given the tremendous cash on its balance sheet, will likely be able to provide at least 5% increases moving forward. We acknowledge that EPS and dividend growth rates may turn out to be too conservative of an estimate, but we are not yet ready to make a more aggressive prediction.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	34.7	37.8	23.9	27.3	29.9	25.8	15.7	30.6	23.5	29.0	28.2	26.0
Avg. Yld.	---	---	---	---	---	---	---	---	0.3%	0.3%	0.2%	0.2%

Shares of Alphabet have gained \$65, or 20.1%, since our February 7<sup>th</sup>, 2026 report. Shares trade at 28.2 times estimated earnings for the year. Since 2016 and 2021, shares have an average price-to-earnings ratio of 27.8 and 24.9, respectively. We have a target price-to-earnings ratio of 26, implying a small headwind from multiple contraction. Reaching our target P/E by 2031 would reduce annual returns by 1.6% over this period.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

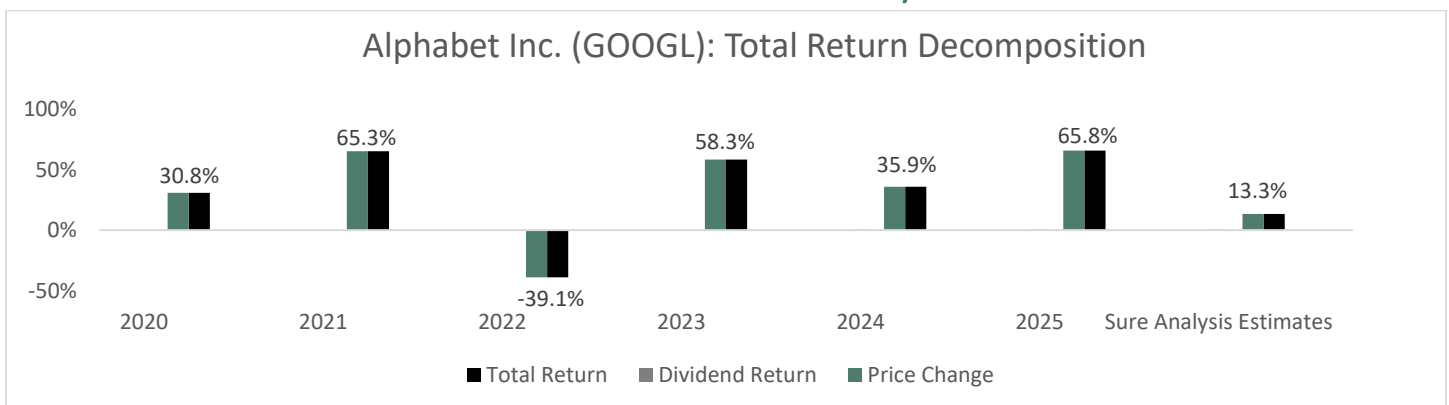
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	---	---	---	---	---	---	---	7%	8%	6%	4%

Technology can be negatively impacted by recessions. Shares of these companies, especially those with elevated multiples, can suffer steep declines during periods of economic uncertainty as investors flee high growth names. However, Alphabet is not the typical technology company as it has performed quite well during difficult periods. This includes the 2007 to 2009 period, where the company's earnings-per-share grew every year. In total, earnings-per-share improved 54% from 2007 to 2009. In 2020, Alphabet's earnings-per-share grew more than 19%. Only twice in the last decade (2017 and 2022) has Alphabet failed to increase its earnings-per-share.

## Final Thoughts & Recommendation

After first quarter results, Alphabet is expected to provide total annual returns of 13.3% through 2031, down slightly from 13.4% previously. This projection stems from earnings growth of 15% and a starting dividend yield of 0.2%, partially offset by a small headwind from multiple contraction. Alphabet is one of the most dominate names in the entire marketplace and had another very strong showing in the most recent quarter. Shares earn a hold rating due to the company's limited dividend growth streak, but total return potential is still very appealing even after the strong rally in the name over the past few reports.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue (\$B)</b>	90	111	137	161	182	257	281	307	350	403
<b>Gross Profit (\$B)</b>	55	65	77	90	98	147	155	174	204	240
<b>Gross Margin</b>	60.8%	58.9%	56.5%	55.5%	53.5%	56.9%	55.1%	56.7%	58.2%	59.7%
<b>SG&amp;A Exp.</b>	17,470	19,765	24,459	28,015	28,998	36,422	42,291	44,342	41,996	50,175
<b>D&amp;A Exp.</b>	6,144	6,915	9,035	11,781	13,697	12,441	15,928	11,946	15,311	21,136
<b>Operating Profit</b>	23	29	32	35	41	79	73	86	112	129
<b>Operating Margin</b>	25.8%	26.2%	23.0%	22.0%	22.5%	30.5%	25.9%	28.0%	32.1%	32.1%
<b>Net Profit</b>	19,478	12,662	30,736	34,343	40,269	76,033	59,972	73,795	100,118	132,170
<b>Net Margin</b>	21.7%	11.4%	22.4%	21.3%	22.1%	29.5%	21.4%	24.0%	28.6%	32.8%
<b>Free Cash Flow</b>	25,824	23,907	22,832	30,972	42,843	67,012	60,010	69,495	72,764	73,266
<b>Income Tax</b>	4,672	14,531	4,177	5,282	7,813	14,701	11,356	11,922	19,697	26,656

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets (\$B)</b>	167	197	233	276	320	359	365	402	450	595
<b>Cash &amp; Equiv. (\$B)</b>	86	102	109	120	137	140	114	111	96	127
<b>Acc. Receivable</b>	14,137	18,336	20,838	25,326	30,930	39,304	40,258	47,964	52,340	62,886
<b>Inventories</b>	268	749	1,107	999	728	1,170	2,670	-	-	-
<b>Goodwill &amp; Int.</b>	19,775	19,439	20,108	22,603	22,620	24,373	31,044	29,198	31,885	33,380
<b>Total Liabilities (\$B)</b>	28	45	55	74	97	108	109	119	125	180
<b>Accounts Payable</b>	2,041	3,137	4,378	5,561	5,589	6,037	5,128	7,493	7,987	12,200
<b>Long-Term Debt</b>	3,935	3,969	4,012	14,768	26,178	26,319	27,500	27,076	25,250	63,787
<b>Total Equity (\$B)</b>	139	153	178	201	223	252	256	283	325	415
<b>LTD/E Ratio</b>	0.03	0.03	0.02	0.08	0.13	0.11	0.12	0.11	0.09	0.16

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	12.4%	6.9%	14.3%	13.5%	13.5%	22.4%	16.6%	19.2%	23.5%	25.3%
<b>Return on Equity</b>	15.0%	8.7%	18.6%	18.1%	19.0%	32.1%	23.6%	27.4%	32.9%	35.7%
<b>ROIC</b>	14.5%	8.5%	18.2%	17.2%	17.2%	28.7%	21.2%	24.6%	30.0%	31.6%
<b>Shares Out.</b>	13,970	14,070	14,070	13,970	13,740	13,550	13,160	12,720	12,319	12,228
<b>Revenue/Share</b>	6.42	7.89	9.74	11.55	13.27	19.00	21.34	24.14	28.10	32.95
<b>FCF/Share</b>	1.85	1.70	1.62	2.22	3.12	4.94	4.56	5.46	5.85	5.99

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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