



# Alphabet

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Team Cache Money





## Mr. Mark

- Interpretation of Financial Statements
- Capital Allocation



## Mr. Chris

- Company Overview
- Revenue Breakdown
- Competitor Analysis



## Mr. Willy Wonka

- Management
- Economic Moat
- Growth Opportunities

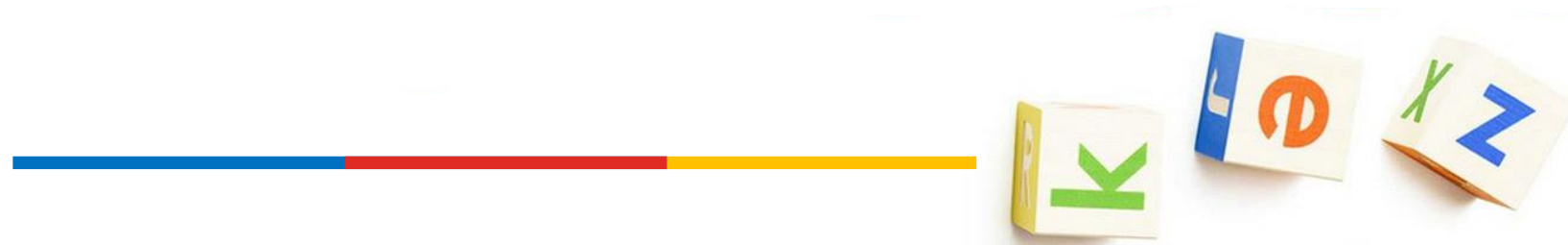


## Mr. Enrique

- Risk Factors
- Value Bands & Intraportfolio Analysis
- Valuation
- Conclusion



# Company Overview



Chris Fischer

# Company Overview

## Company Overview



- Ticker: GOOGL Class A (Nasdaq)
  - GOOG Class C (Nasdaq)
- Headquarters: Mountain View California
- Stock Price: \$148.52
- Market Cap: \$1.84T
- Revenue: \$305.63Bn

# Fun Facts

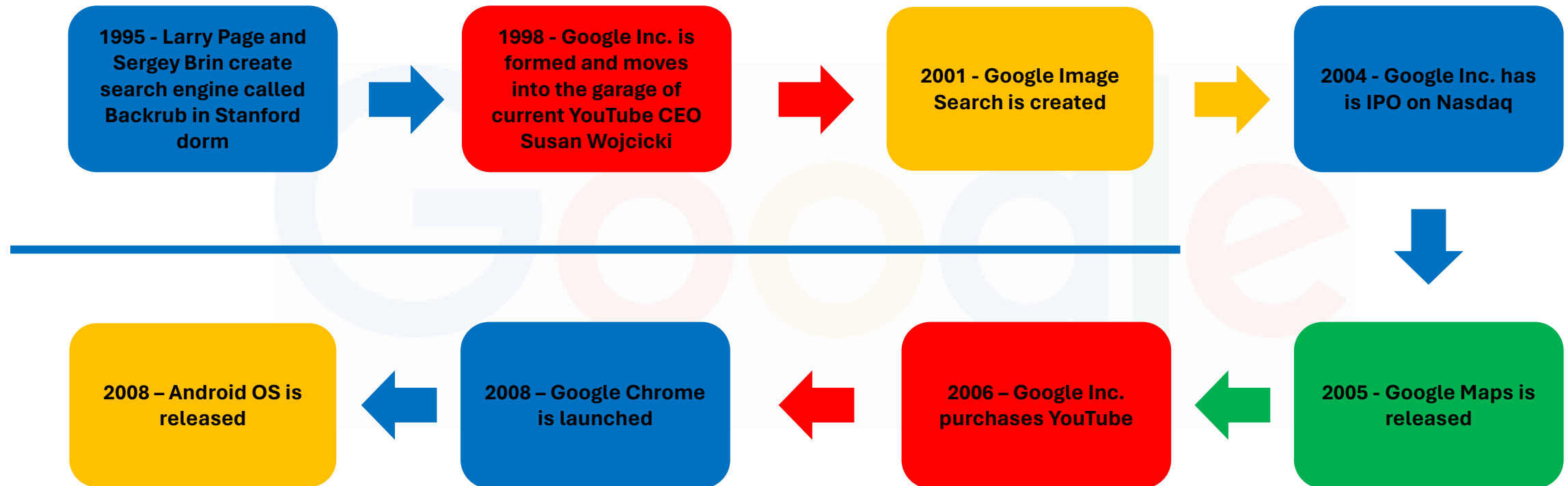
## Company Overview



- On August 16, 2013, Google was not reachable for 5 minutes, in that time the global Internet usage decreased by 40%.
- The word 'Google' was added to the Oxford English Dictionary on June 15, 2006, as a verb.
- Google office dogs are called Dooglers. New workers are called Nooglers.
- Google bought YouTube for \$1.65Bn but has consistently produced over \$10Bn in revenue each year for the past 10 years producing \$31.5Bn in 2023.

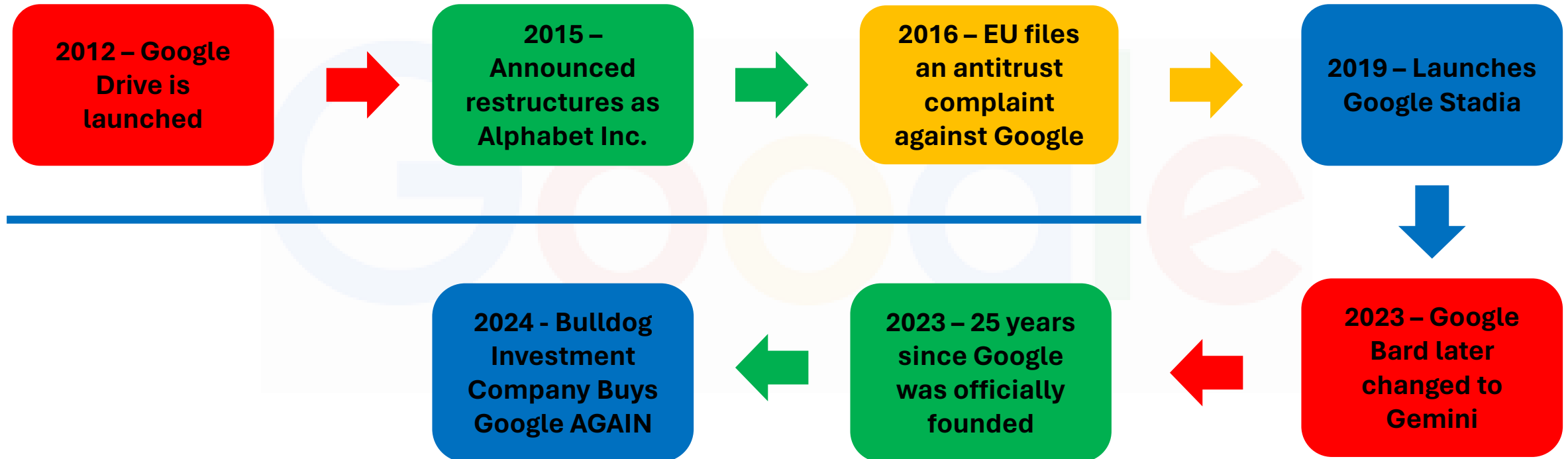
# Company History

## Company Overview



# Company History Cont'd

Company Overview





# 52 Week Performance

## Company Overview

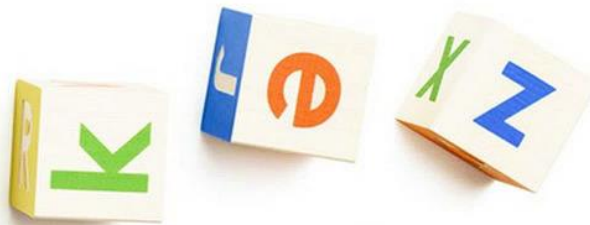


**October 2023:** Shares fell due to the company reporting slower than expected growth for google cloud.

**March 6<sup>th</sup>, 2024:** Shares fall due to criticism of Gemini chat bot. Redesigning image generation in response. Staggering rise since then.



# Revenue Breakdown



Chris Fischer

# Revenue by Geography

## Revenue Breakdown

United States



47%

Europe, Middle East, and Africa



30%

Asia-Pacific



17%

Other Americas



6%

# Revenue Segments

## Revenue Breakdown



Google  
Cloud

10.8%



Google Ads

Advertising

77.8%

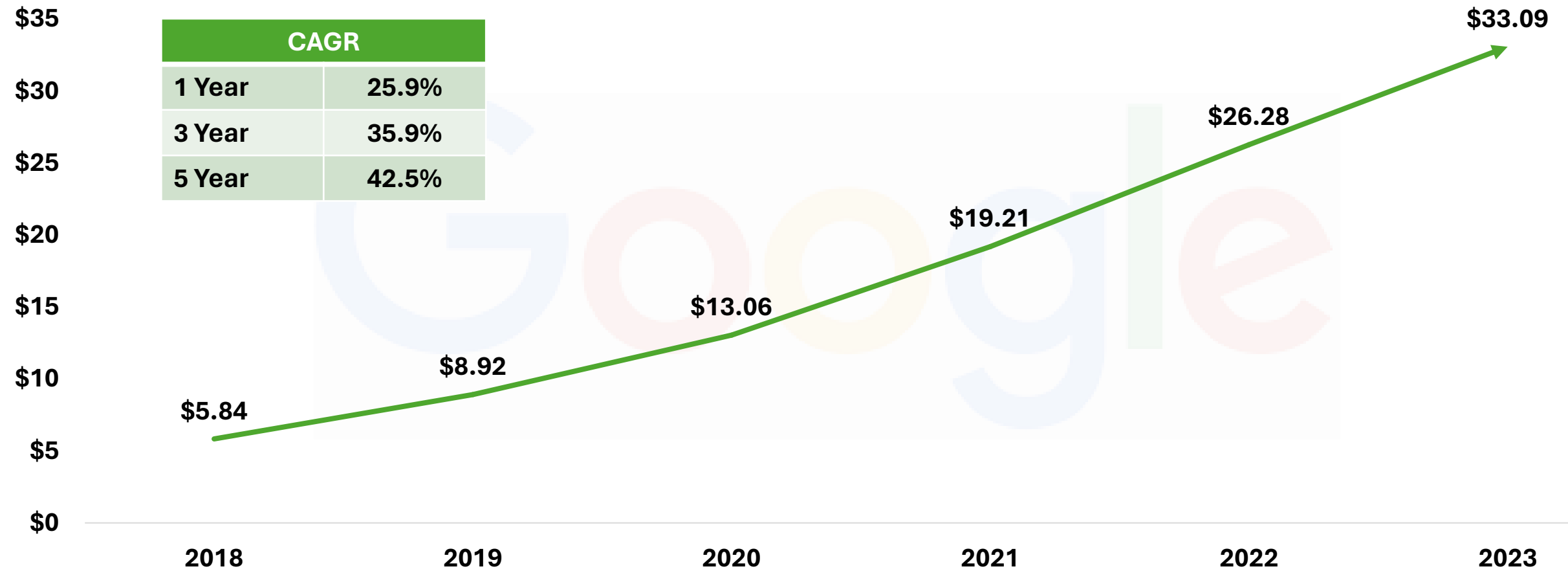


Subscriptions,  
Platforms, and  
Devices

11.3%

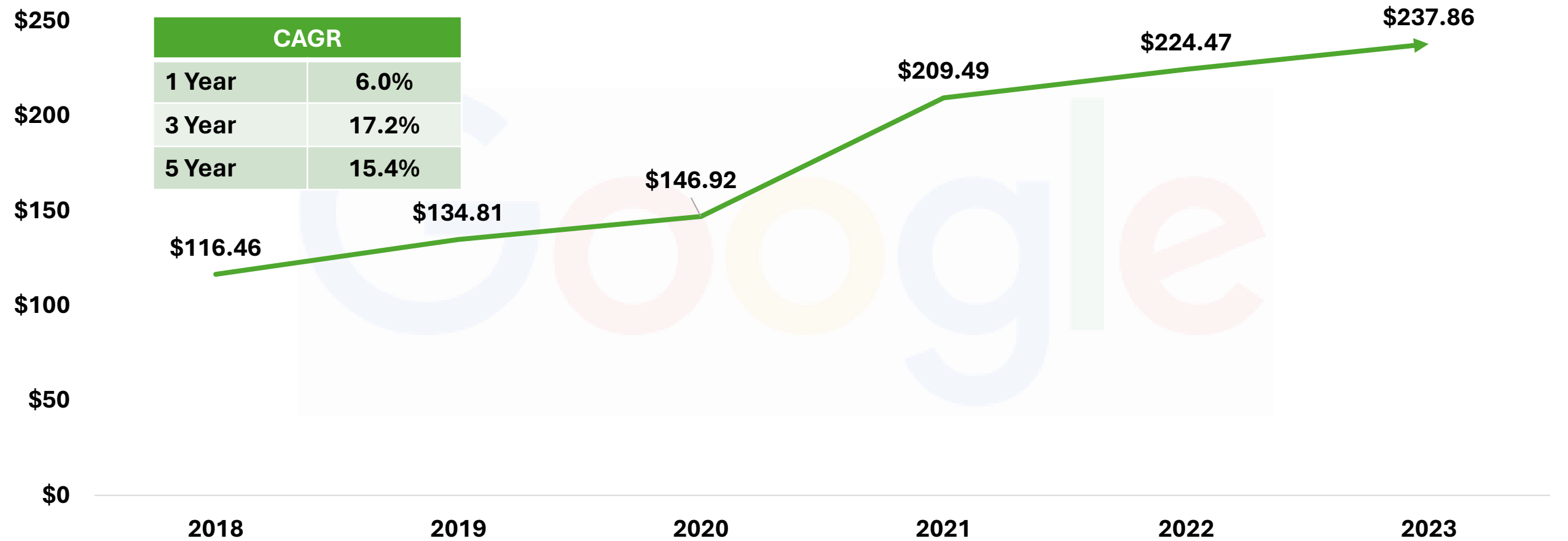
# Cloud Revenue *In Billions*

Revenue  
Breakdown



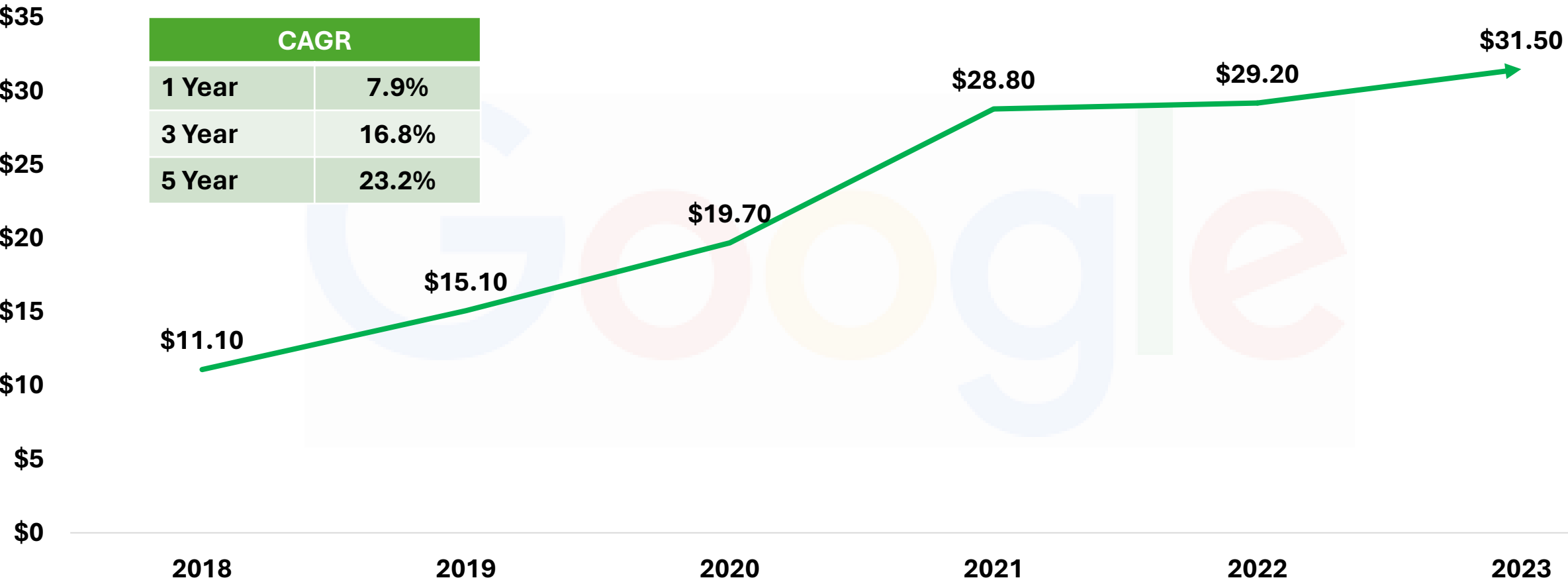
# Advertising Revenue *In Billions*

Revenue  
Breakdown

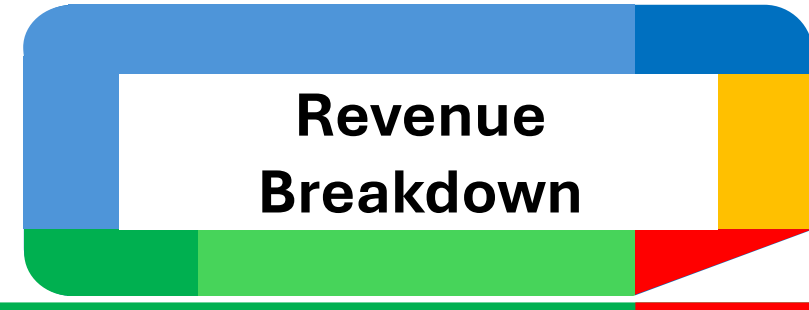


# YouTube Revenue *In Billions*

Revenue  
Breakdown



# Subscriptions, Platforms, and Devices Revenue *In Billions*

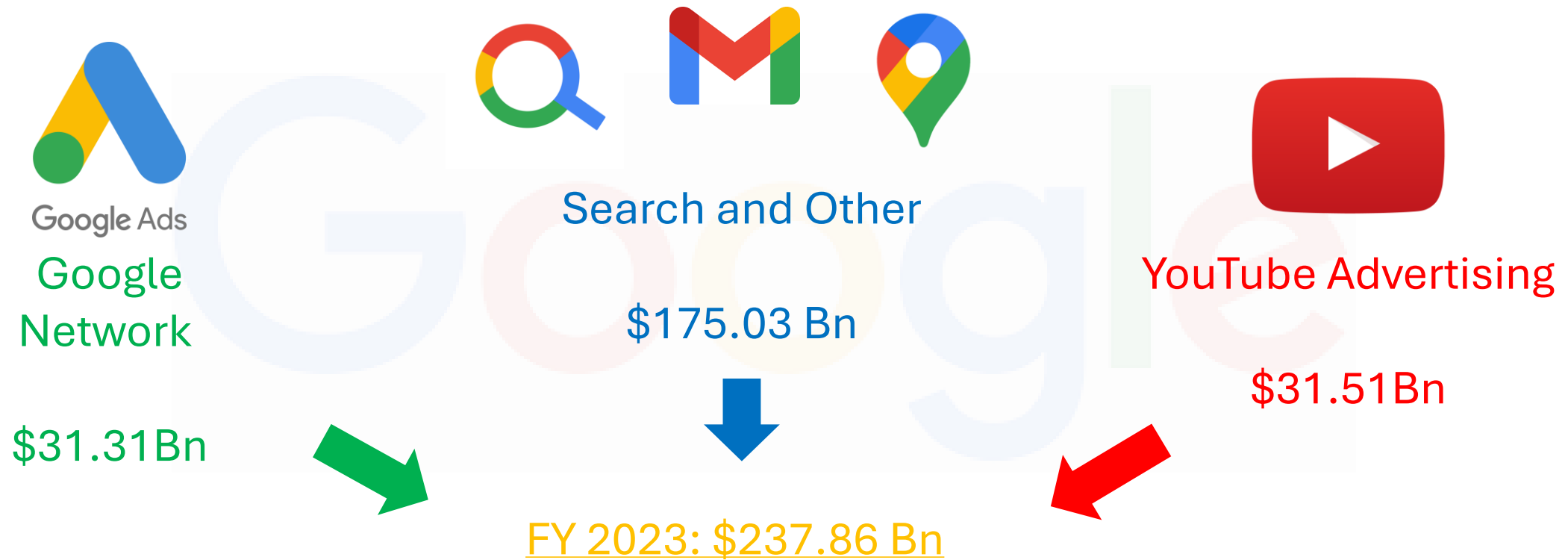
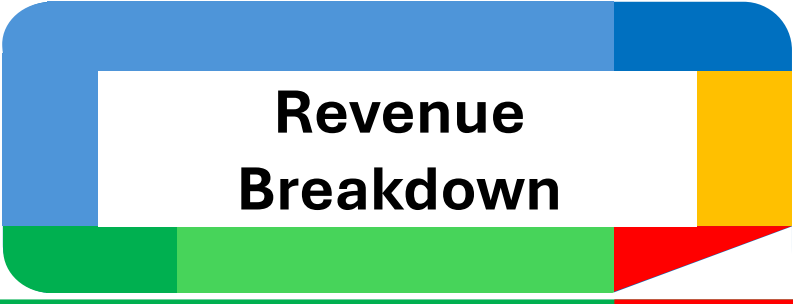


Revenue  
Breakdown



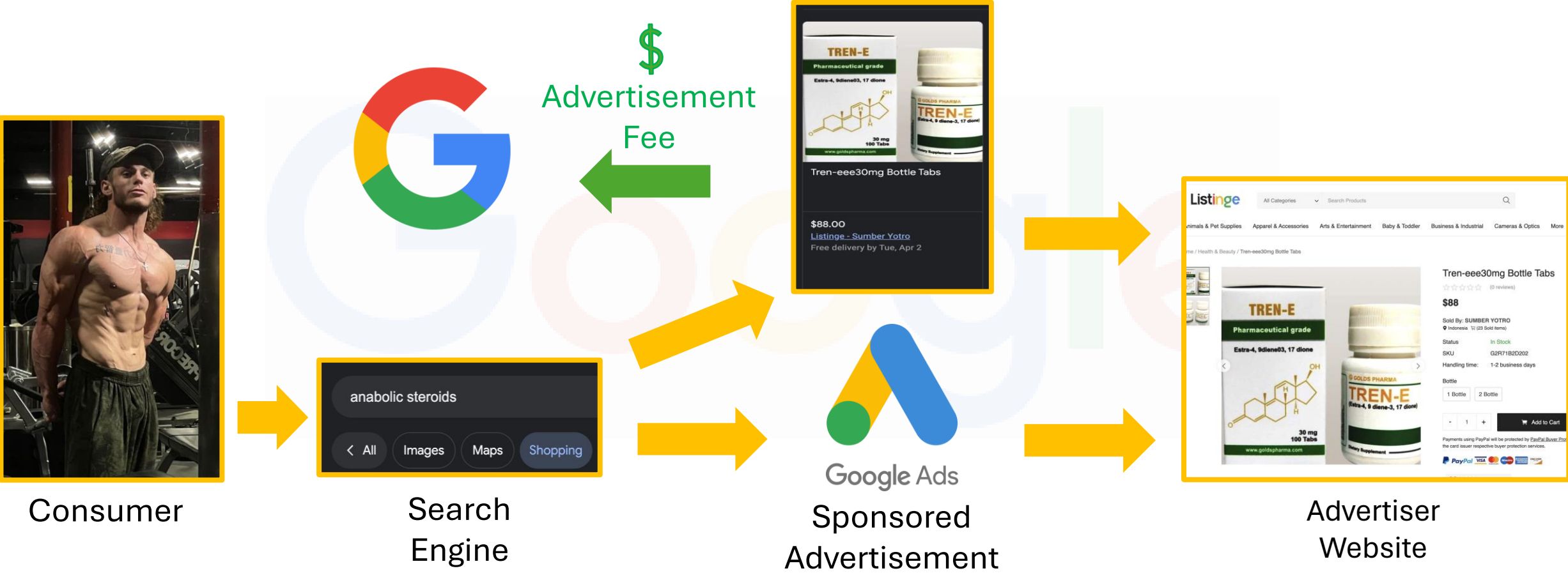


# Advertising Revenue



# Performance Ad Business Model

## Revenue Breakdown

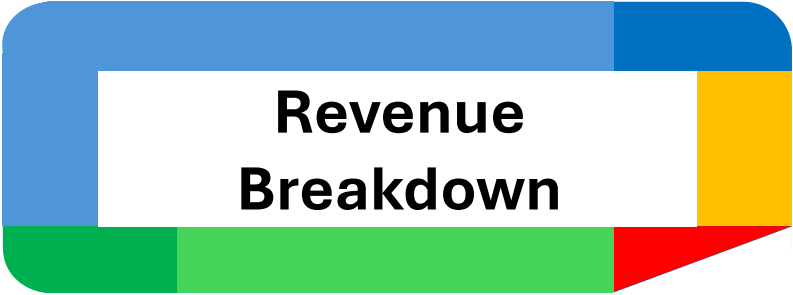


# Brand Advertisement Business Model

## Revenue Breakdown



# App and Subscription Business Models



Claims 15% of every sale made.



Must have google account & OS contains preloaded permanent google apps.

## YouTube Premium

\$11.99/month subscription  
You Tube and You Tube ad-free, offline and in the background.



\$339-\$749

Alphabet Inc.



\$9.99/month subscription  
40 million songs in 64 countries.



\$29-\$239

# YouTube Premium

## Revenue Breakdown

## YouTube Premium



### Ad-free & background play

Watch videos uninterrupted by ads, while using other apps or when the screen is locked.



### Downloads

Save videos for when you really need them – like when you're on a plane or commuting.

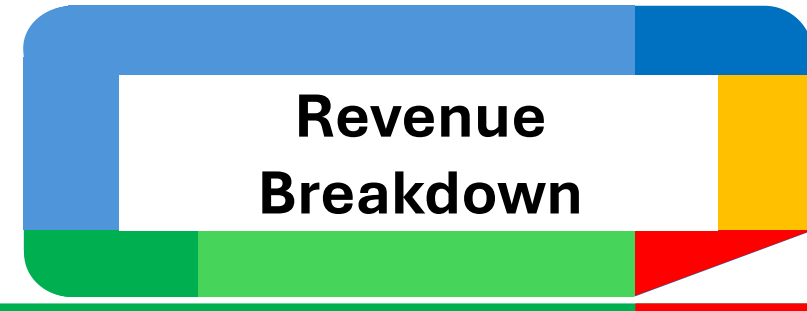


### YouTube Music Premium

Download our new music app and listen without interruptions.

- Premium membership that allows users to watch videos without ads, the ability to play videos in the background while accessing other apps, and offline downloads.
- This acts as an incentive to watch more YouTube creating an additional revenue stream from **100 million monthly active subscribers.**

# Cloud and Other Segments Revenue



G Suite



Cloud and G Suite Taskforce

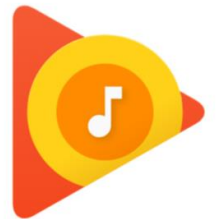
\$26.68 Bn



YouTube Premium

Subscriptions, platforms, and Devices

\$29.06 Bn



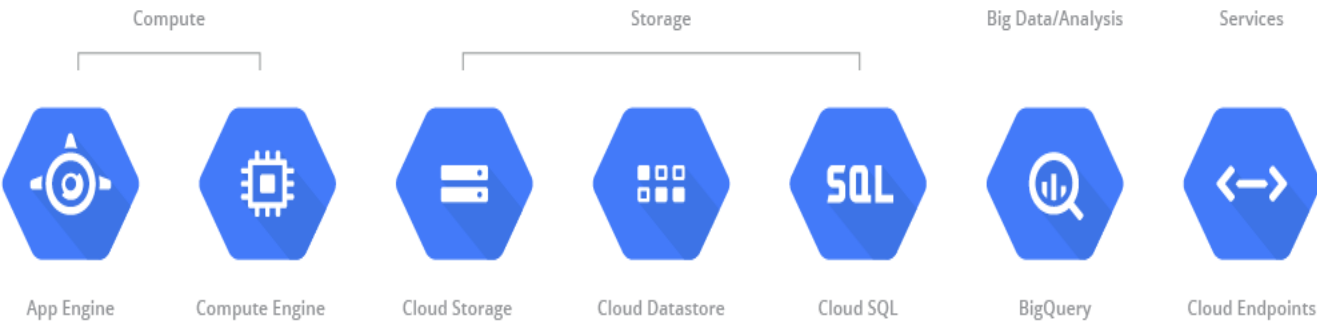
FY 2023: \$55.74 Bn

# Cloud Business Model

## Revenue Breakdown

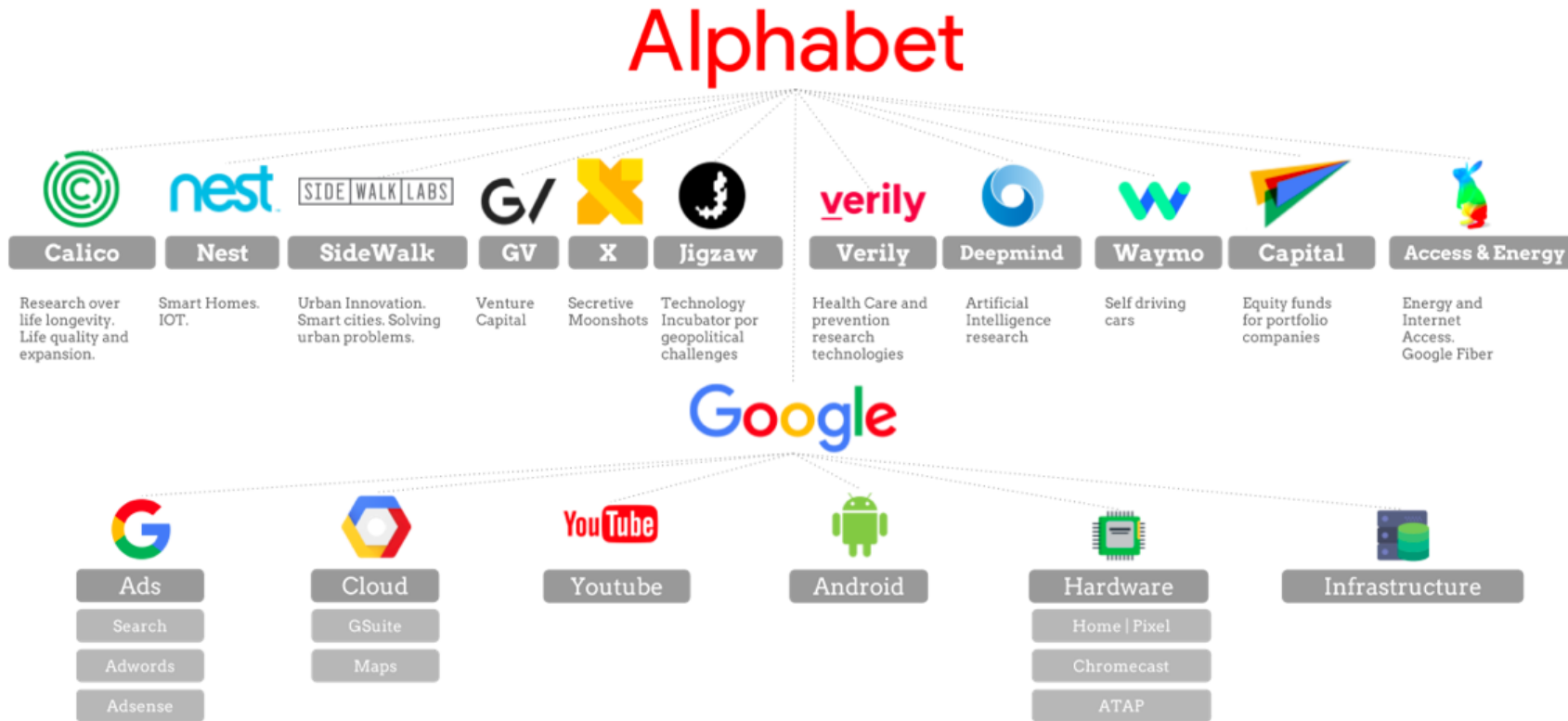
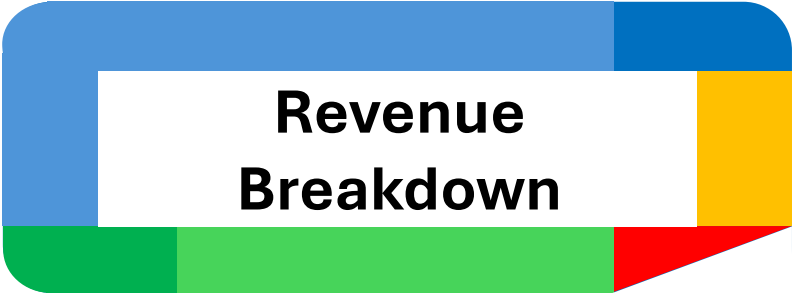


# Google Cloud Platform



- Google Cloud generates revenues **primarily from consumption-based fees and subscriptions.**
- Google Workspace works with Duet AI to provide **easy-to-use**, secure communication and collaboration tools, including apps like Gmail, Docs, Drive, Calendar, Meet, and more. These tools enable secure hybrid and remote work, boosting productivity and collaboration.

# Other Bets Revenues

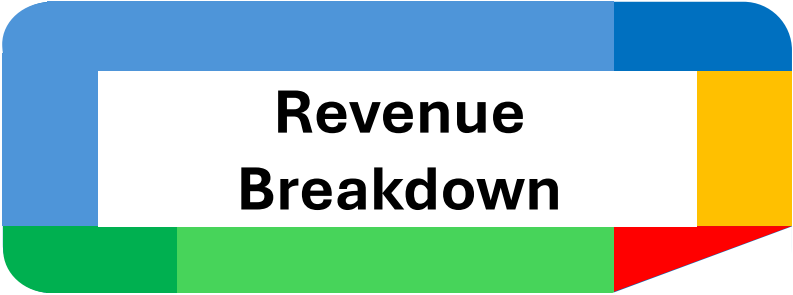


Other Bets Revenue increased nearly 50% in 2023.

FY 2023: \$1.52 Bn



# Other Bets Businesses



Offers high speed internet, TV, and phone service. It's billed as an alternative to traditional cable companies.



Invested millions to develop drugs to fight age-related diseases like cancer and Alzheimer's.



GV is Alphabet's early-stage venture arm. Has more than \$4.5 Bn under management.



DeepMind has focused on adding AI throughout Google products, including search.



WAYMO

Alphabet's self driving car project.



Focuses on healthcare and disease prevention research.



X is a secretive R&D lab, nicknamed Alphabet's moonshot factory.

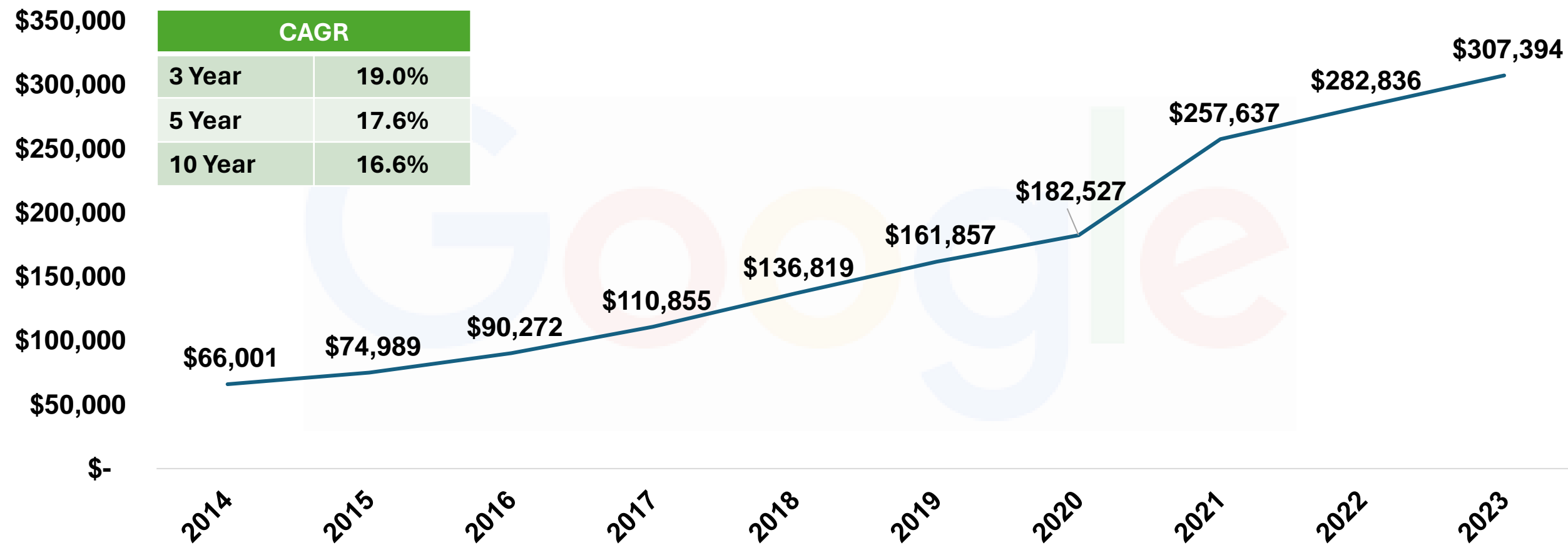


# Interpretation of Financial Statements



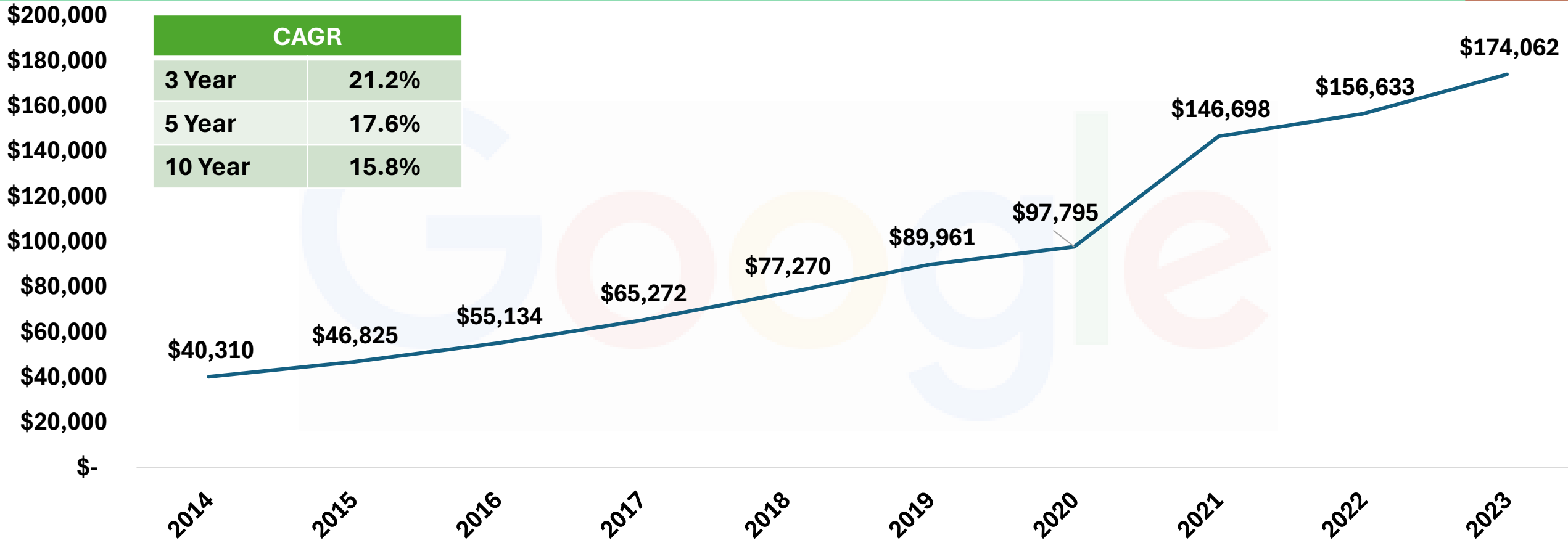
Mark Dziadul

# Revenue *In Millions*



# Gross Profit *In Millions*

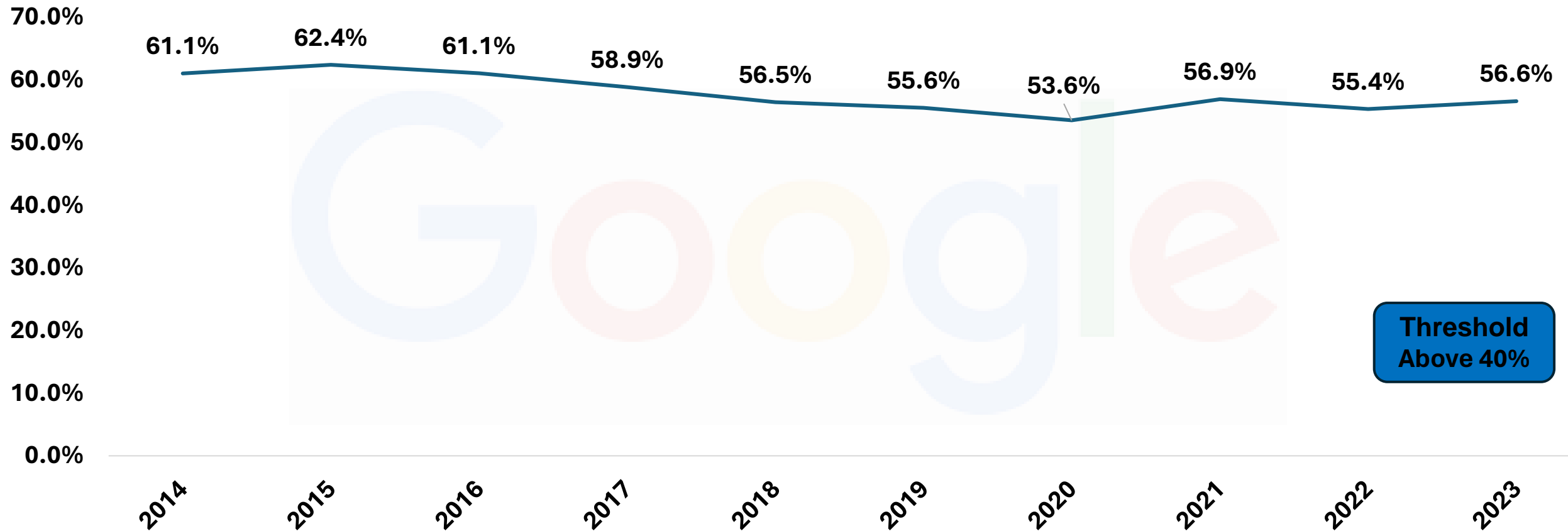
## Interpretation of Financial Statements



# Gross Margin

Gross Margin = Gross Profit / Revenue

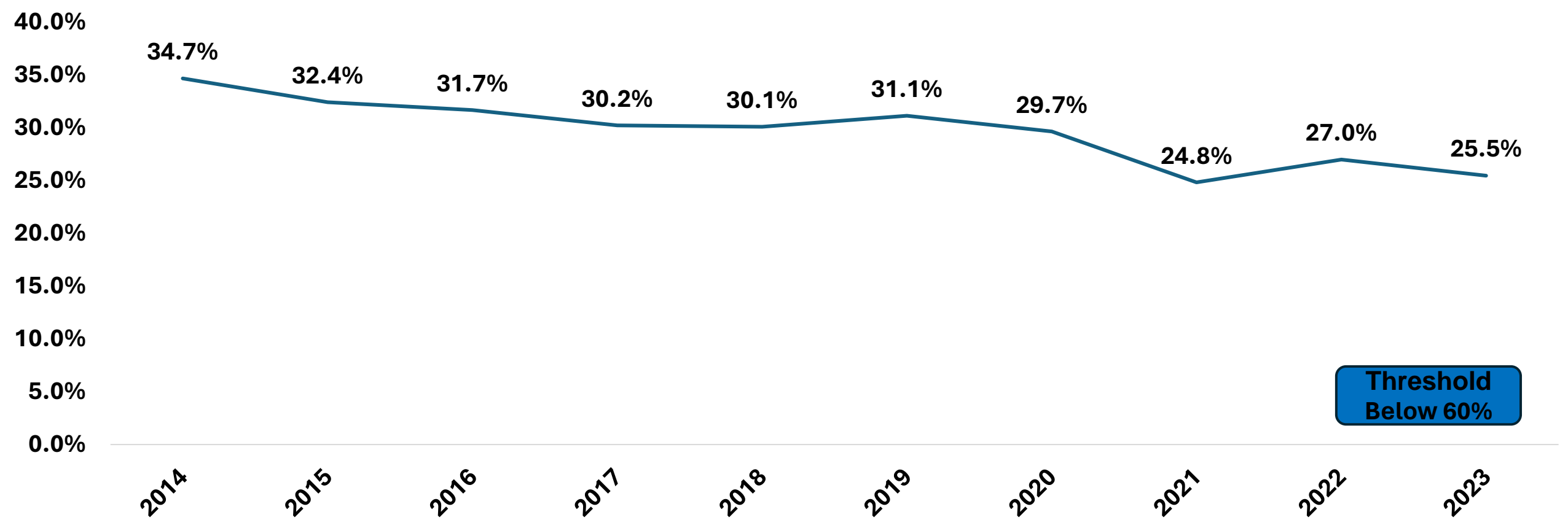
Interpretation of  
Financial Statements



# SG&A to Gross Profit

Interpretation of  
Financial Statements

Sales General & Administrative Expenses



April 20, 2024

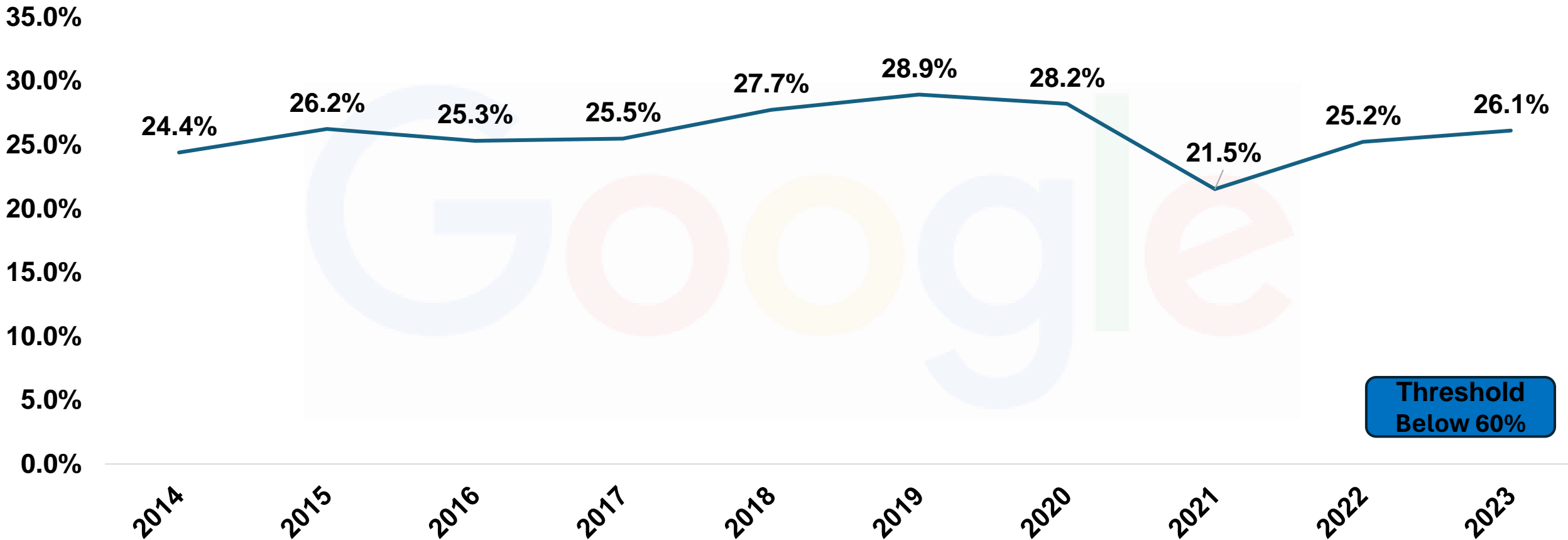
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# R&D to Gross Profit

Interpretation of  
Financial Statements

Research & Development



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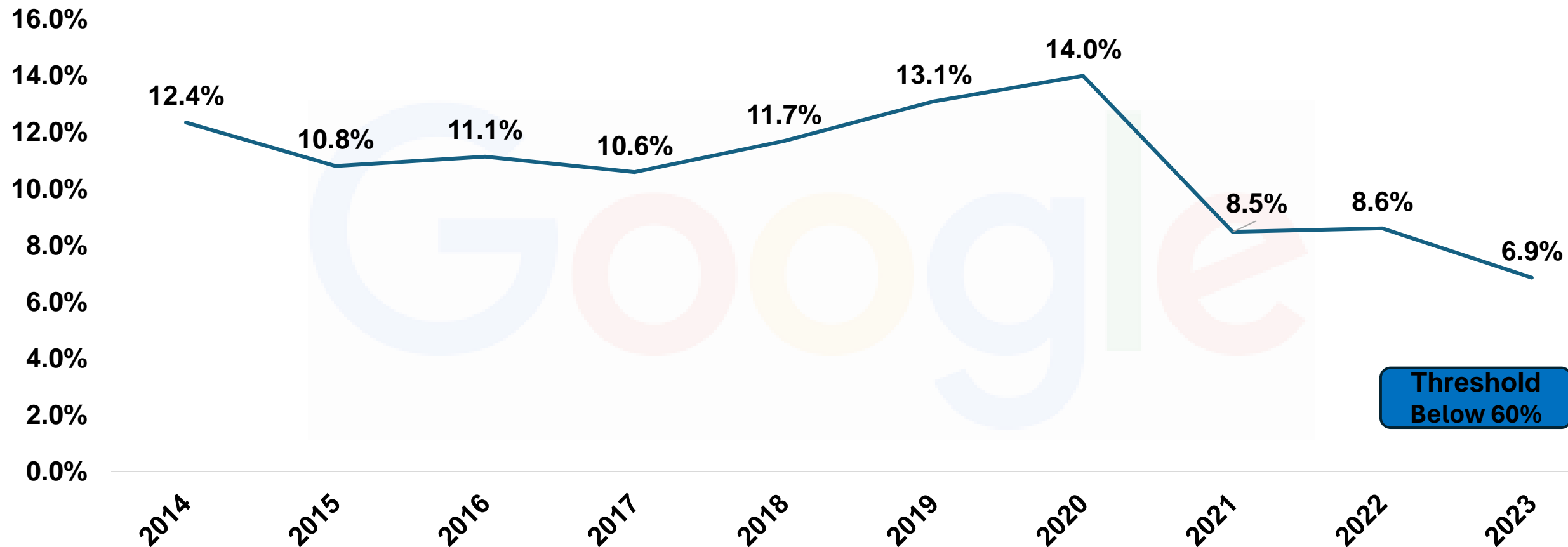
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# D&A to Gross Profit

Interpretation of  
Financial Statements

Depreciation & Amortization

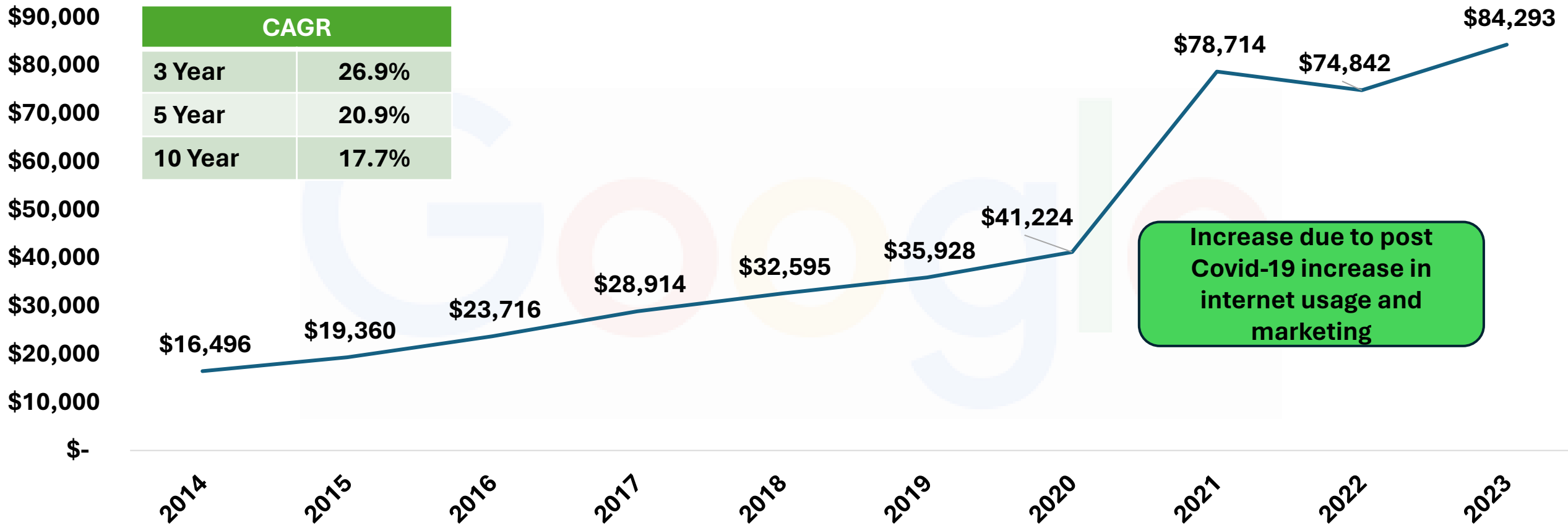




# Operating Income *In Millions*

## Interpretation of Financial Statements

Operating Income = Gross Profit – Total Operating Expenses

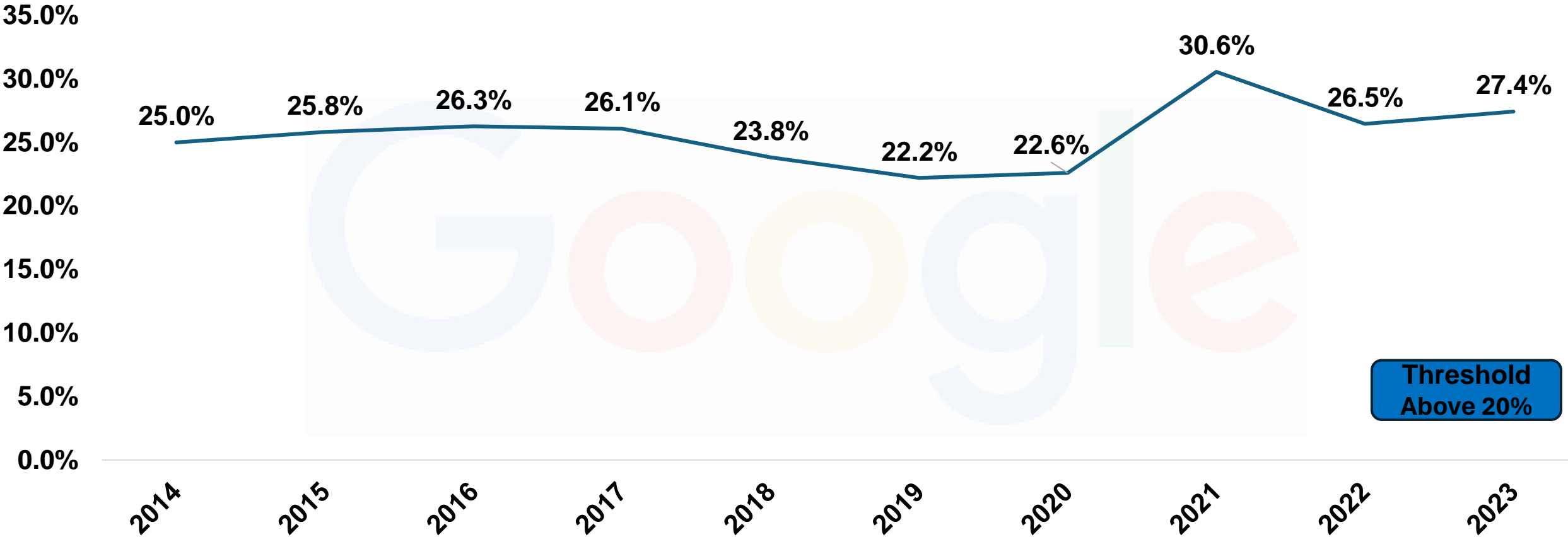


Increase due to post Covid-19 increase in internet usage and marketing

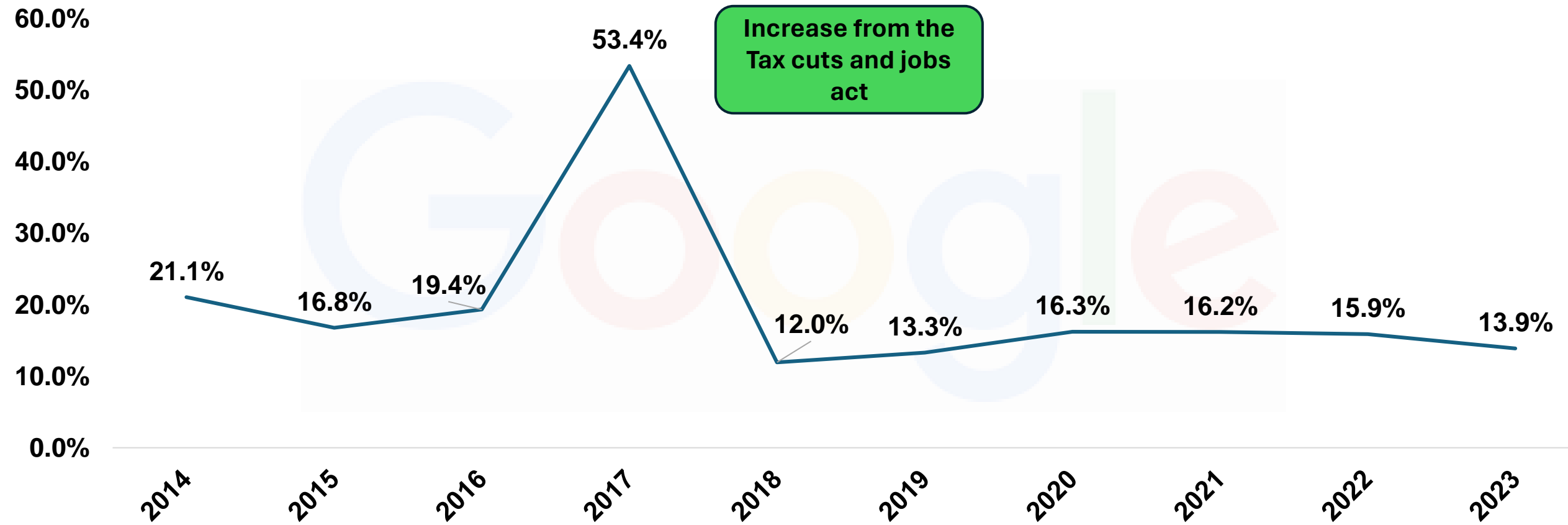
# Operating Margin

Operating Margin = Operating Income / Revenue

Interpretation of  
Financial Statements



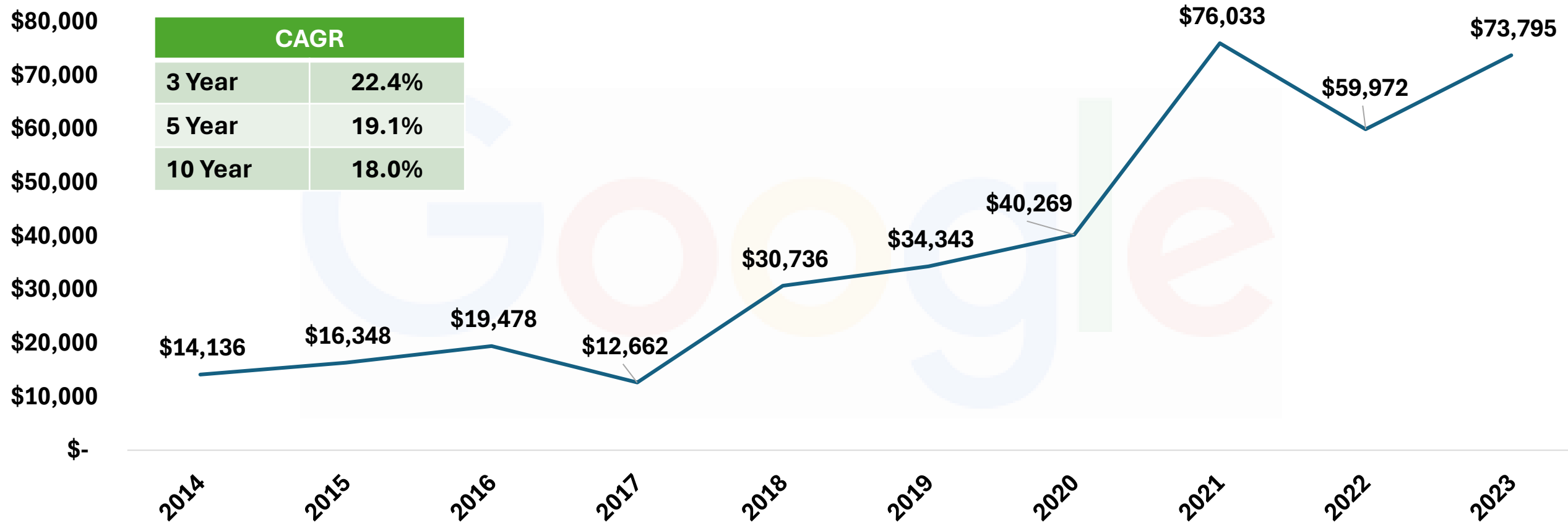
# Tax Rate



# Net Income *In Millions*

## Interpretation of Financial Statements

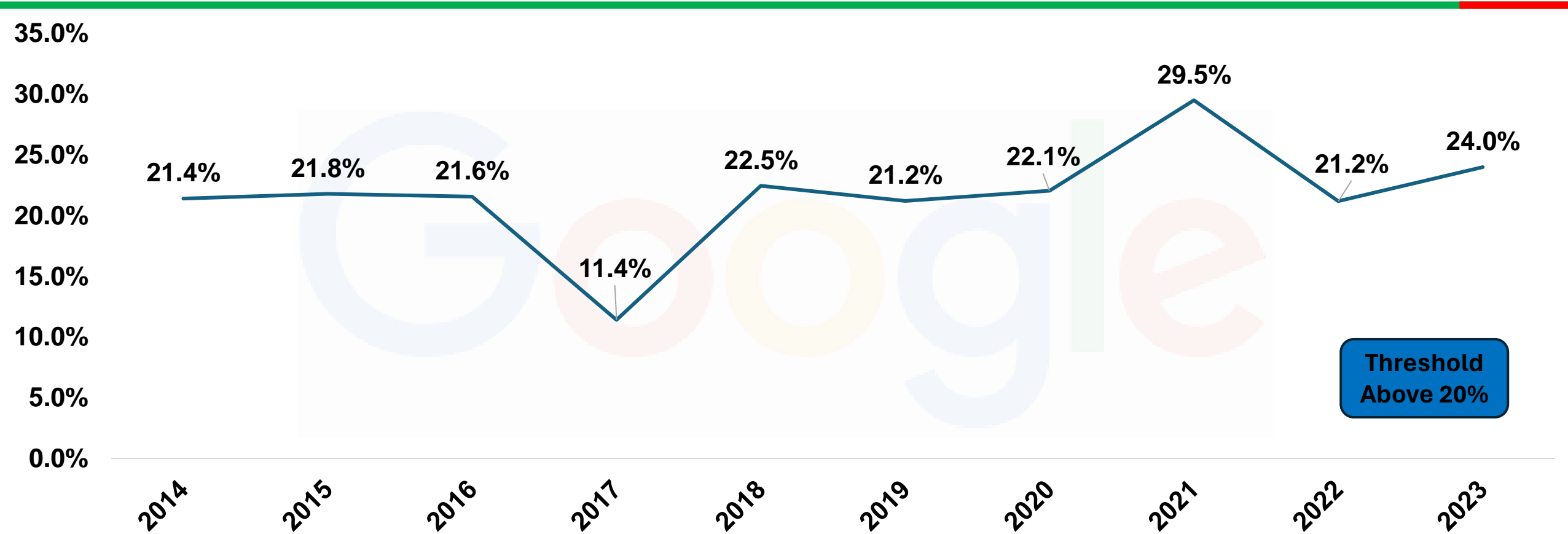
Net Income = Revenue – Expenses



# Net Margin

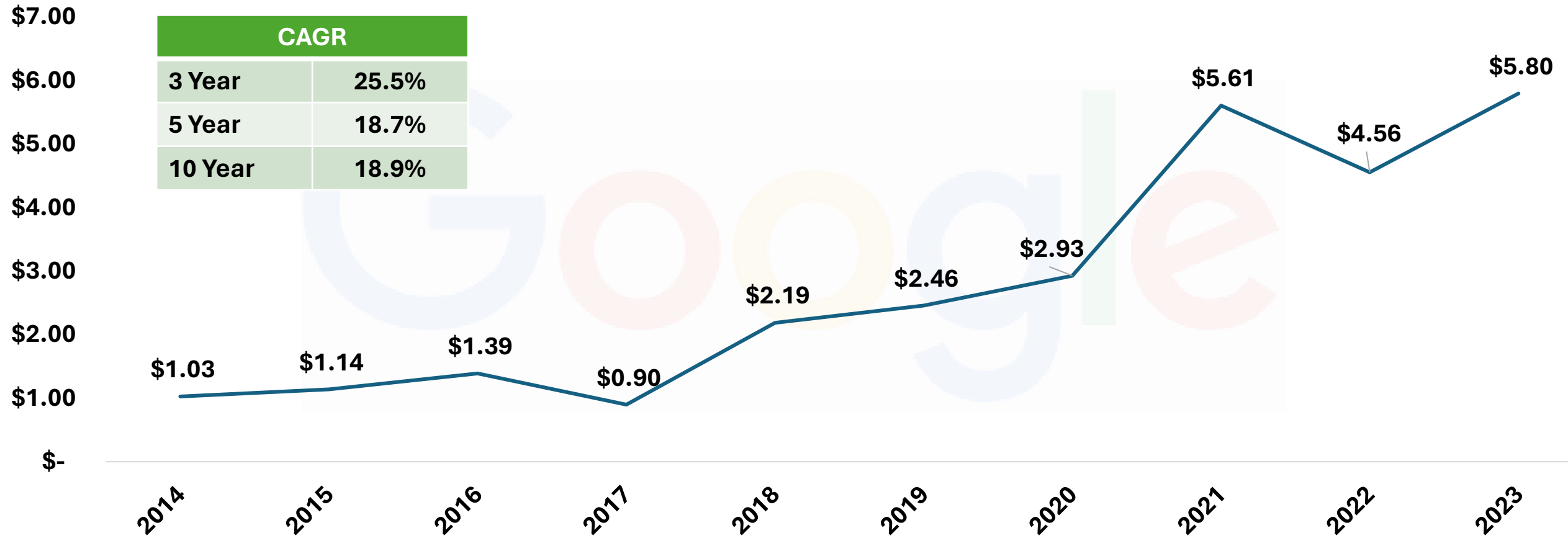
## Interpretation of Financial Statements

Net Margin = Net income / Revenue



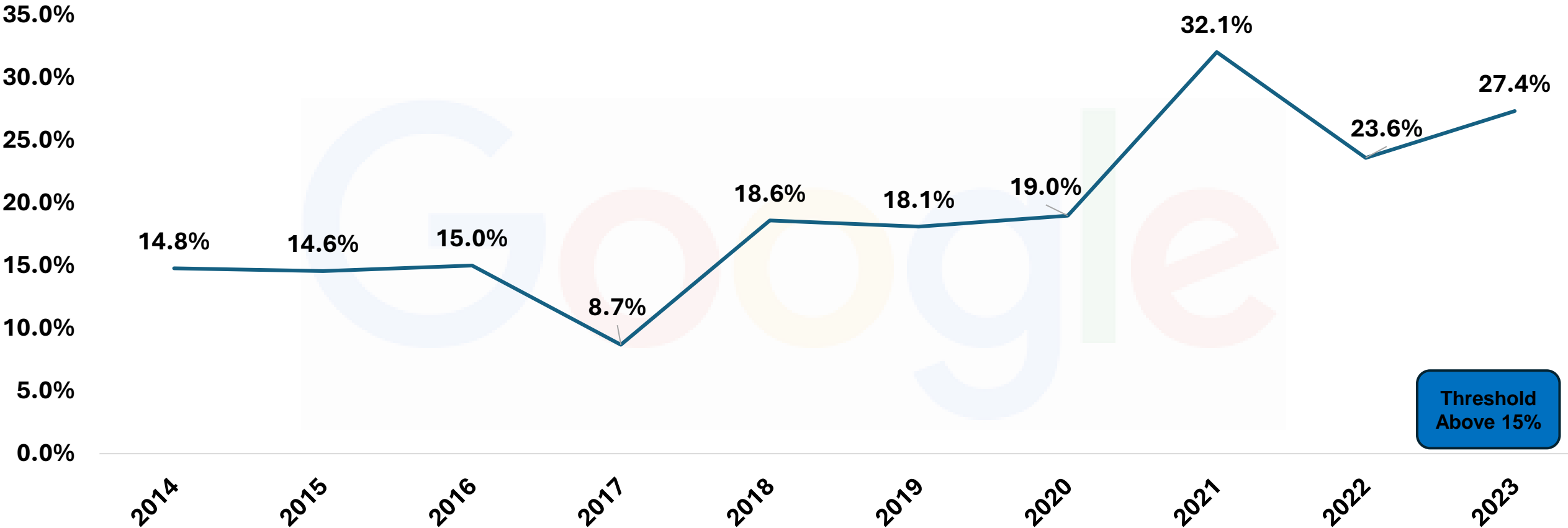
# Earnings Per Share

Earnings Per Share = Net Income / Shares Outstanding



# Return On Equity

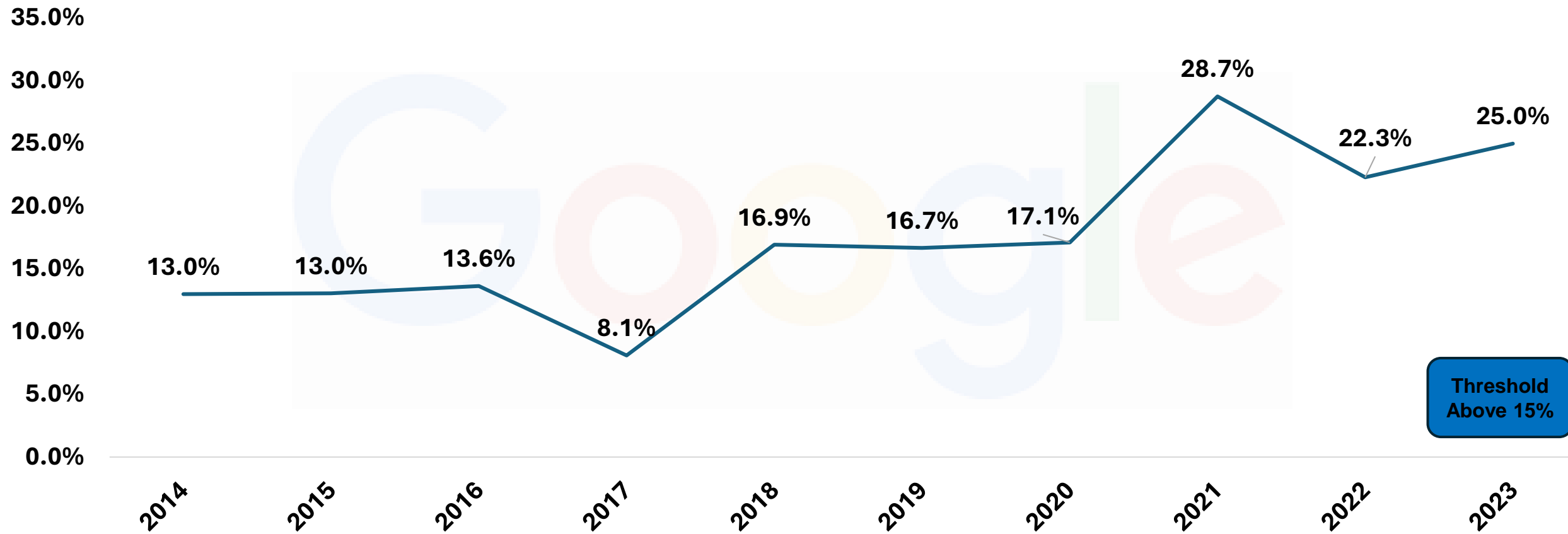
Return On Equity = Net Income / Share Holders Equity



# Return On Capital

## Interpretation of Financial Statements

Return On Capital = Net Income / Shareholder's Equity + Debt



Threshold  
Above 15%

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# Obligation Ratio *In Millions*

## Interpretation of Financial Statements

### Obligation Ratio Calculations

Short & Long Term Debt (+)	\$11,870
Preferred Stock (+)	\$0
Pension Shortfall (+)	\$0
Leases*7 (+)	\$19,537
Cash (-)	\$24,048
Divide by Net Income	\$73795
Time to Pay Obligations =	<b>0.1 Years &lt; 5</b>

If we use Cash and Cash Equivalents of \$110.9 Bn then Google has a Net Cash position

# Debt Maturity Schedule *In Millions*

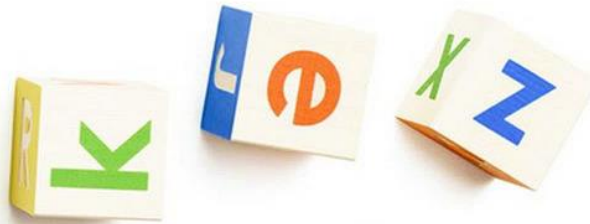
Interpretation of  
Financial Statements

Year	Total
2024	\$1,299
2025	1,163
2026	2,165
2027	1,143
2028	132
> 5 years	14,862

Google's debt is spread out evenly



# Capital Allocation

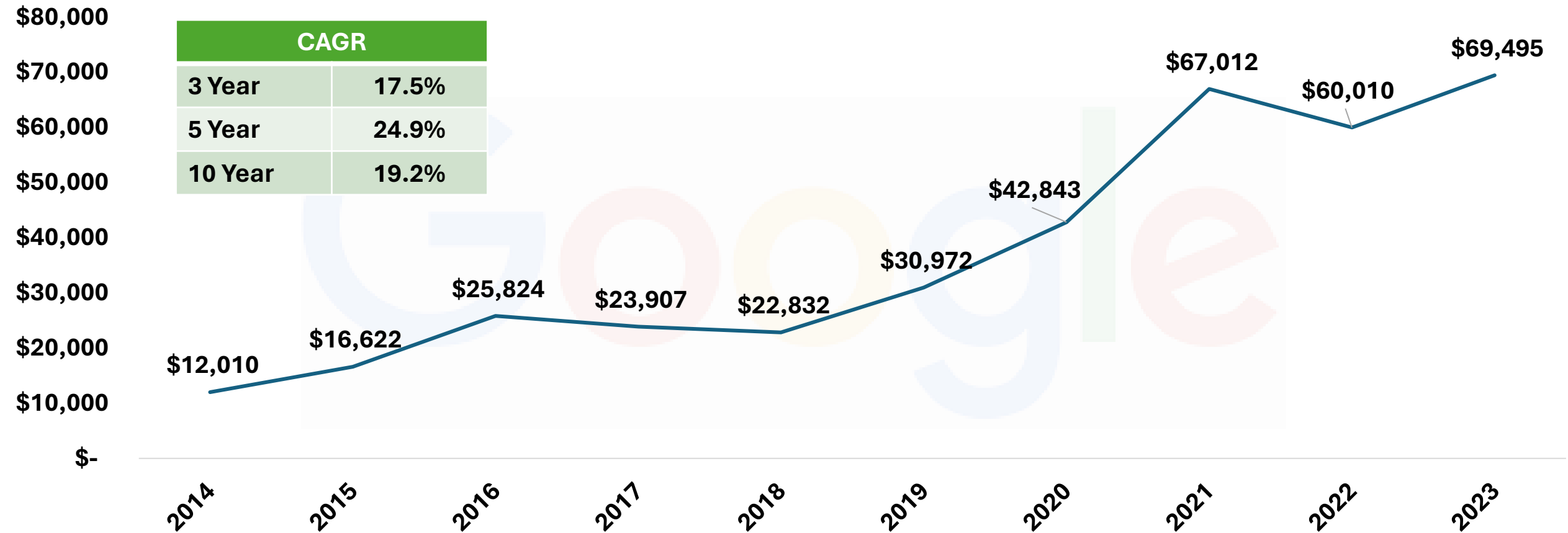


Mark Dziadul

# Free Cash Flow *In Millions*

## Capital Allocation

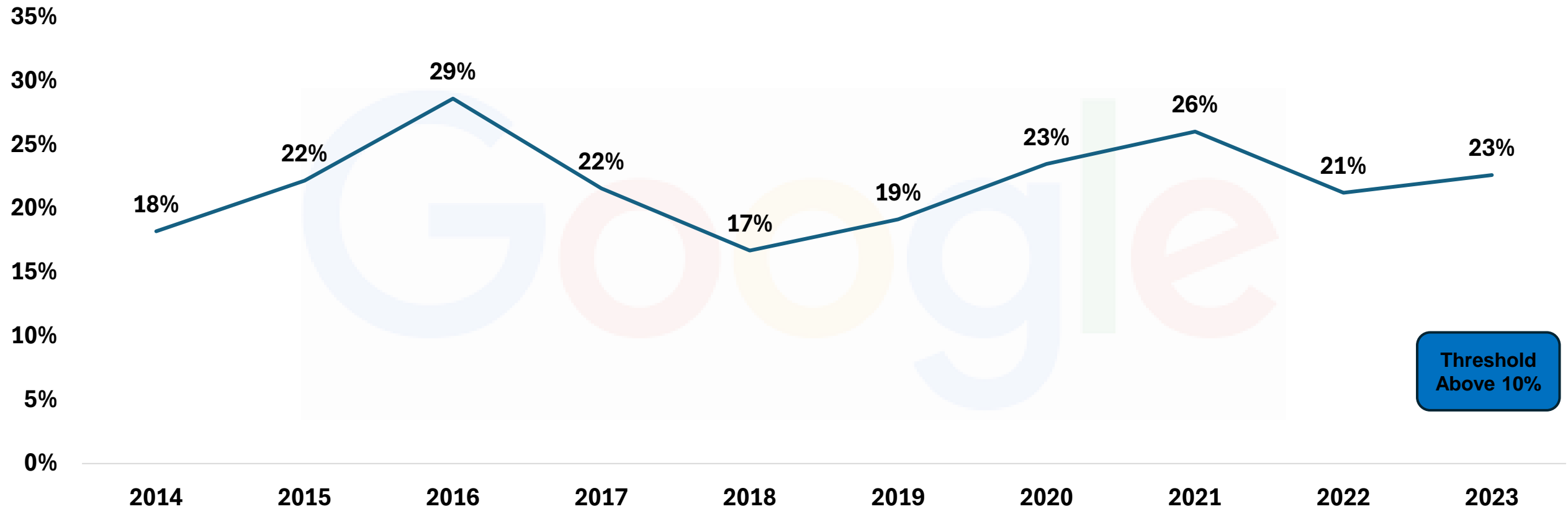
Free Cash Flow = Operating Cash Flow – Capital Expenditures



# Free Cash Flow Margin

Capital Allocation

Free Cash Flow Margin = Free Cash Flow / Revenue



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Alphabet Inc.

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# What can you do with FCF?

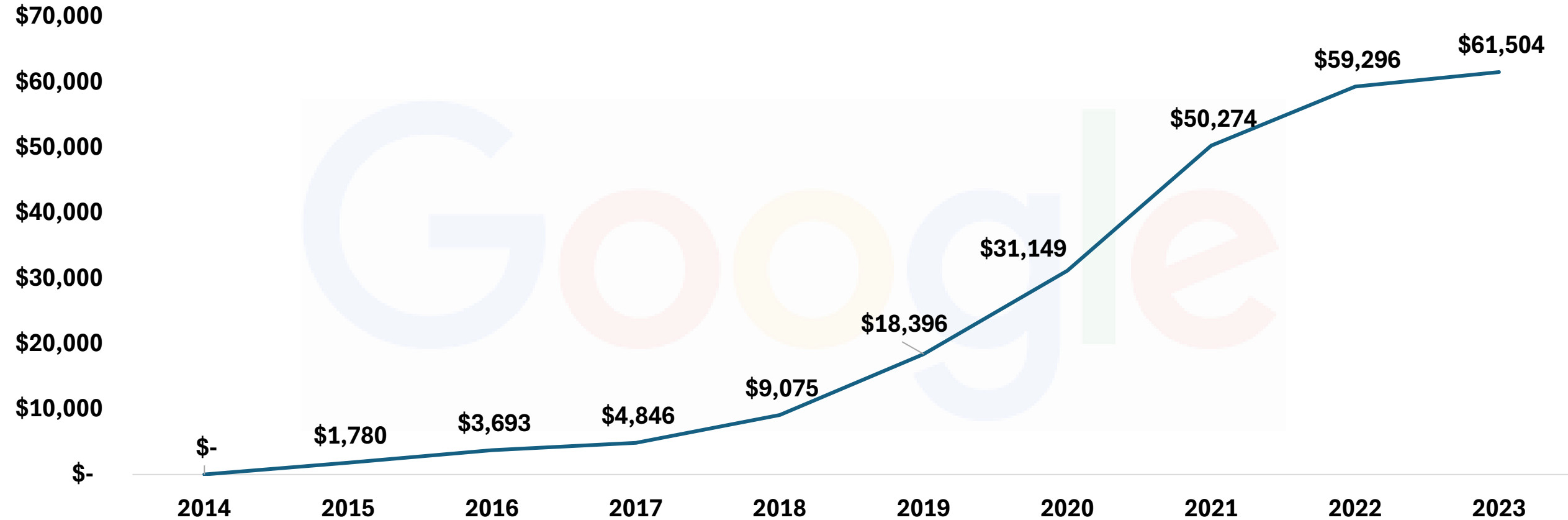
Capital Allocation

- Pay off Debt
- Buyback Shares
- Reinvest in the Business
- Buy other businesses
- Pay Dividends



# Share Repurchases *In Millions*

## Capital Allocation



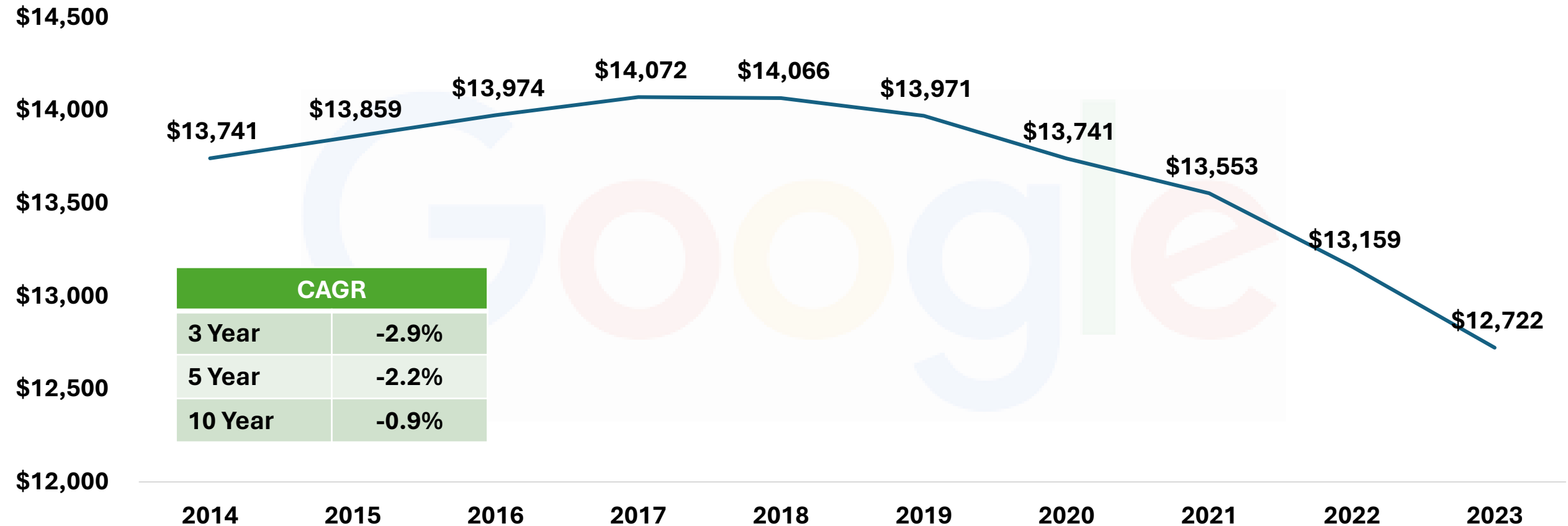
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Alphabet Inc.

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# Shares Outstanding *In Millions*

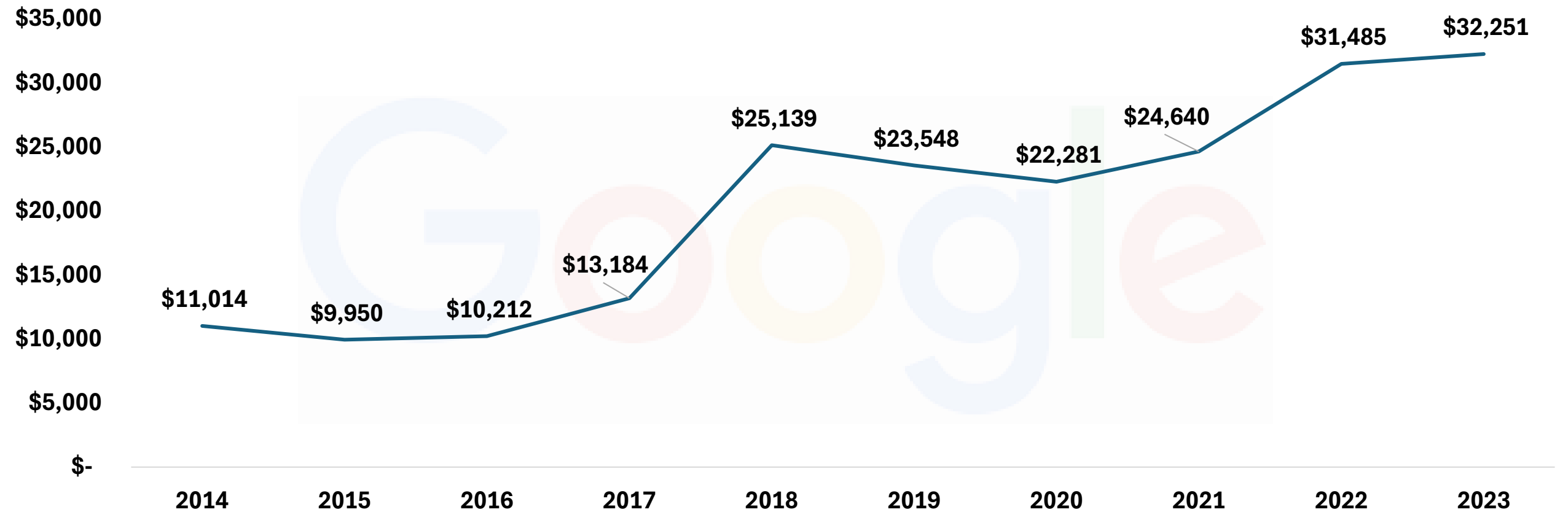
Capital Allocation





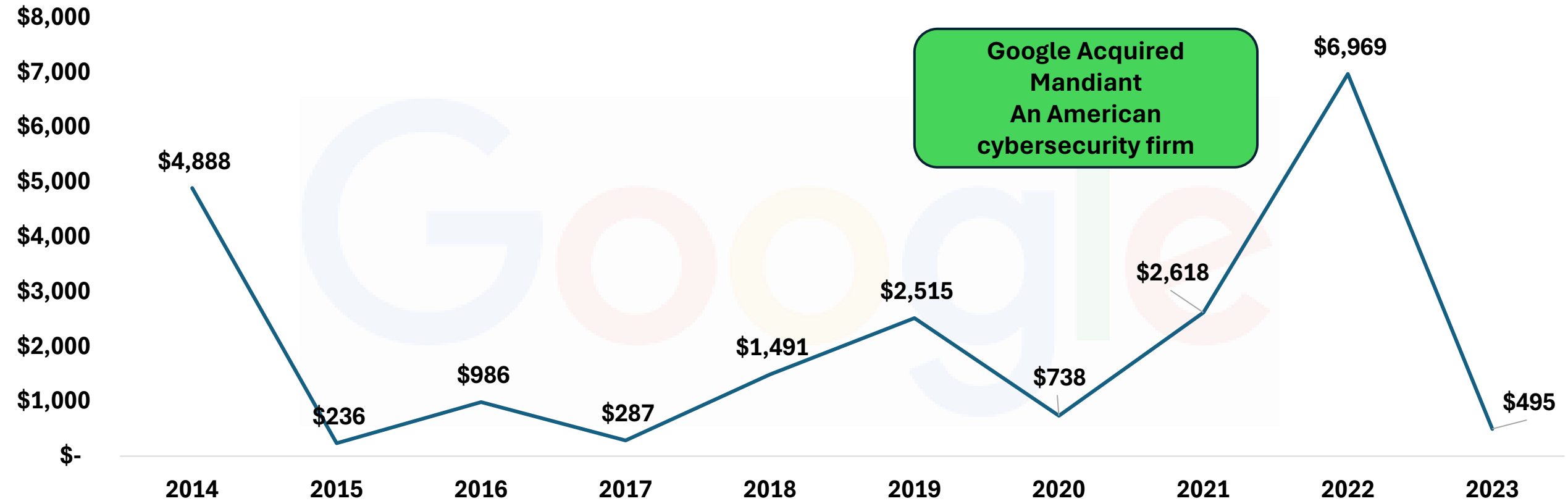
# Capital Expenditures *In Millions*

Capital Allocation



# Acquisitions *In Millions*

## Capital Allocation



# Dividends *In Millions*

Capital Allocation

**Google does not  
pay Dividends**



# Management



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William Errett

# Officers

## Management



**Sundar Pichai**

- Chief Executive Officer
- CEO since 2019
- Joined Google in 2004
- Revenue and Net Income have Doubled



**Prabhakar Raghavan**

- Senior Vice President
- Responsible for Search, Assistant, Ads, Commerce, and Payments
- Joined Google in 2012



**Philipp Schindler**

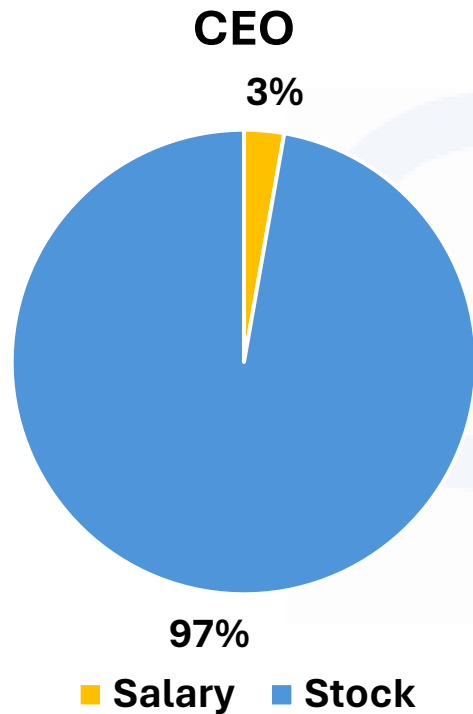
- Chief Business Officer
- Responsible for sales activities for Google and YouTube
- Joined Google in 2005



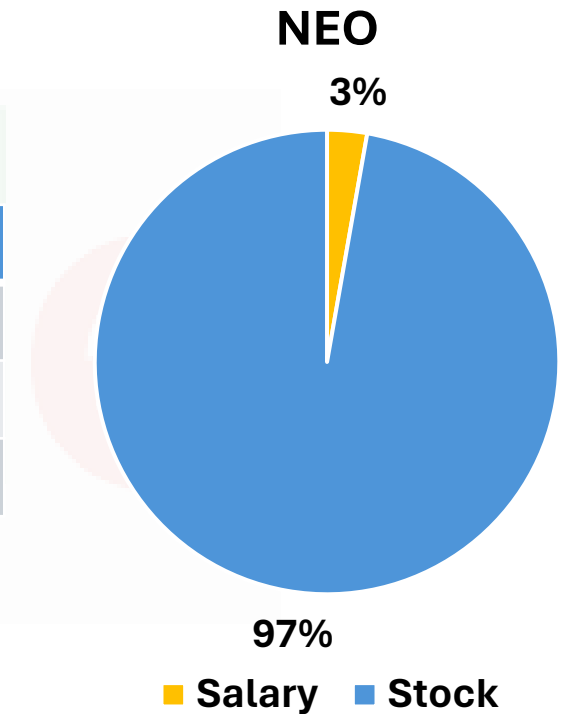
**Kent Walker**

- Chief Legal Officer
- Oversees engagement with governments and content policies
- Joined Google in 2006

# Compensation Structure



Types of Compensation	
Base Salary	Guaranteed Compensation
GSUs	Restricted Stock Units
PSUs	Performance Stock Units



# Exec. Stock Compensation

Management

- Approximately 60% of Stock Compensation is PSUs
- PSU Maturity: At the end of each fiscal year
- GSU Maturity: Quarterly over 3 years



# Exec. Stock Compensation

Management

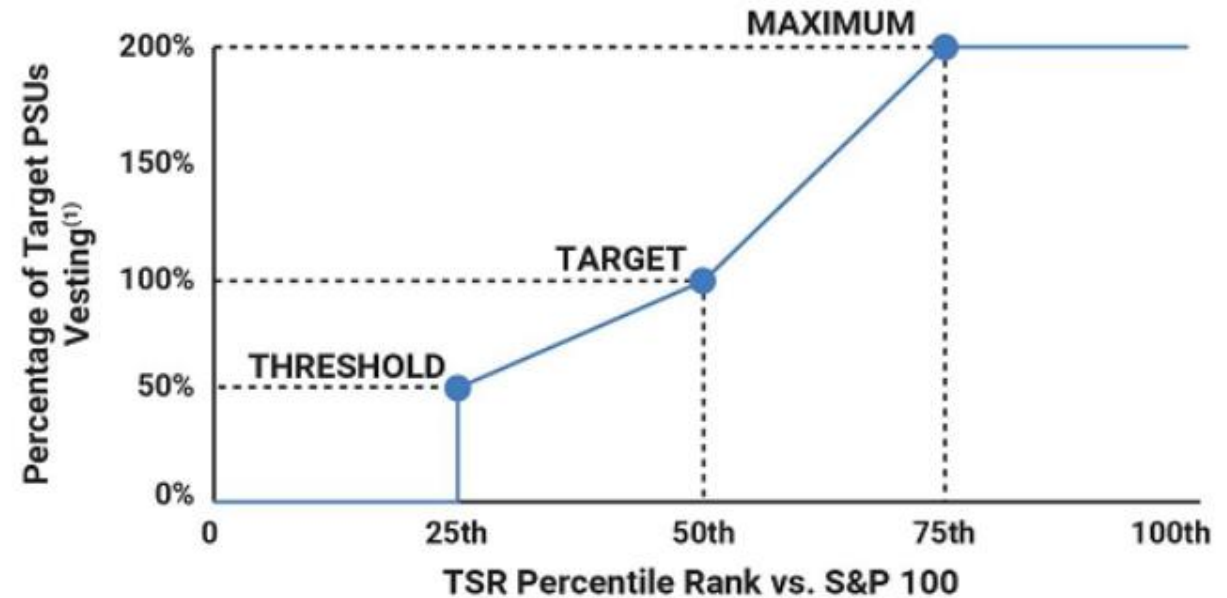
CEO

PSU Payout Curve



NEO

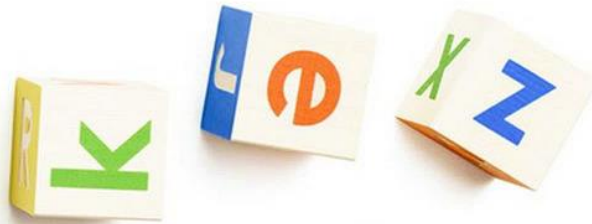
PSU Payout Curve







# Economic Moat

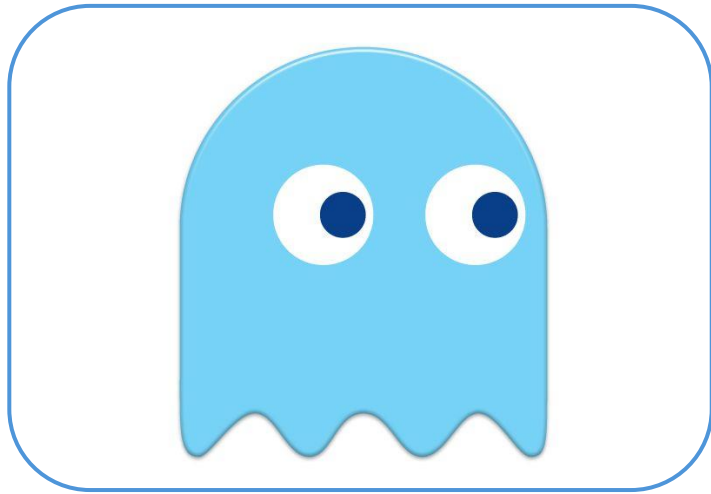


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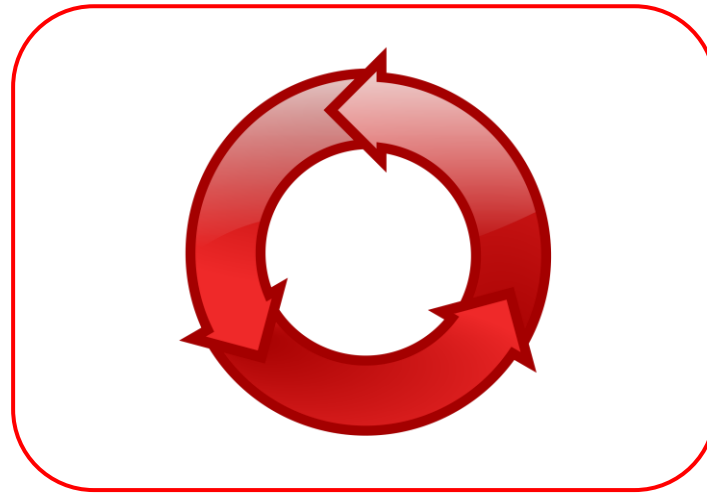
William Errett

# Economic Moat

Economic Moat



Intangible  
Assets



Network Effect



Switching  
Costs

# Intangible Assets

Economic Moat

“Google It”

Most Trusted Search  
Provider

Default Use in **All**  
Platforms **Globally**

# Intangible Assets

## Economic Moat

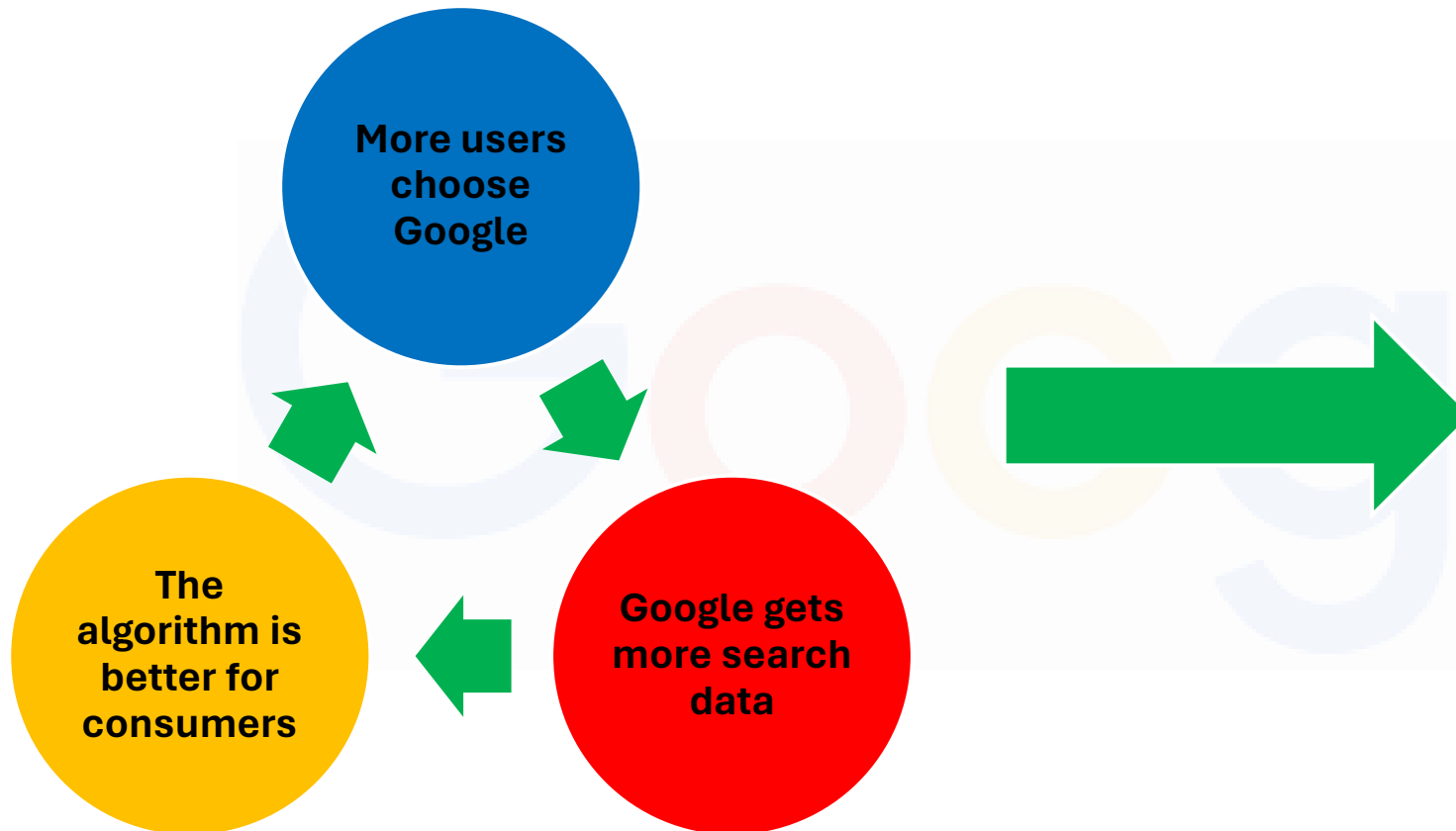
- When google collects data they get to keep it for improving the effectiveness of future products



- Google develops a superior customer profile the longer that you use their products

# Network Effect + Switching Costs

Economic Moat



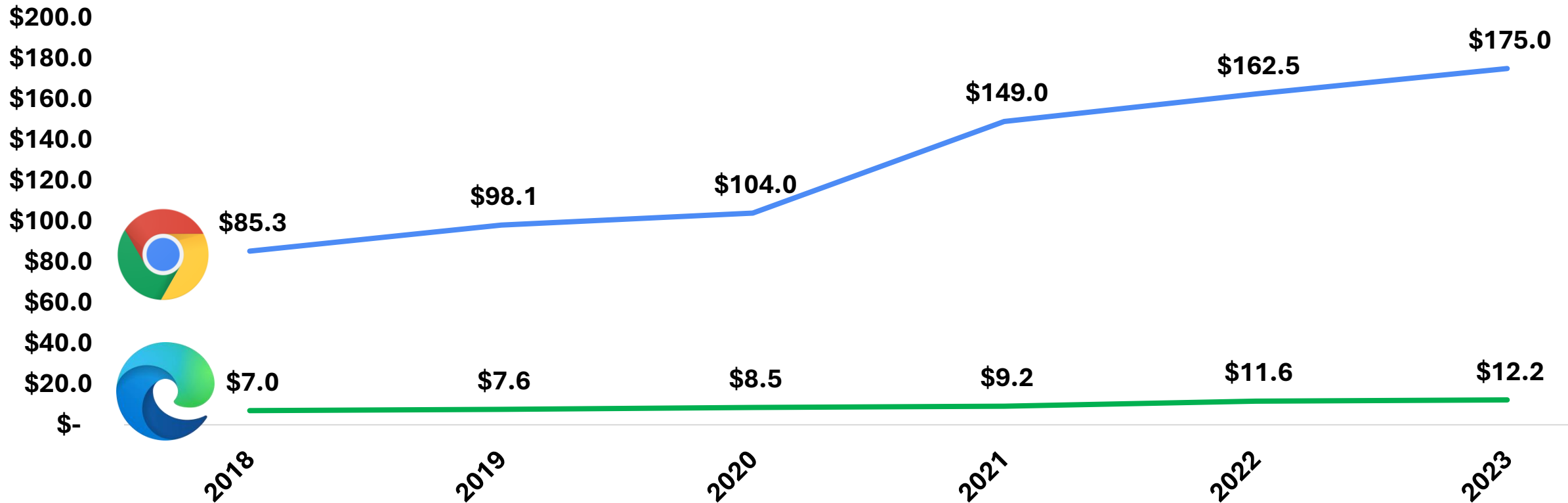
## Switching Costs:

Google's algorithm becomes better than their competitors, even if competitors have superior features or designs

# Network Effect

Economic Moat

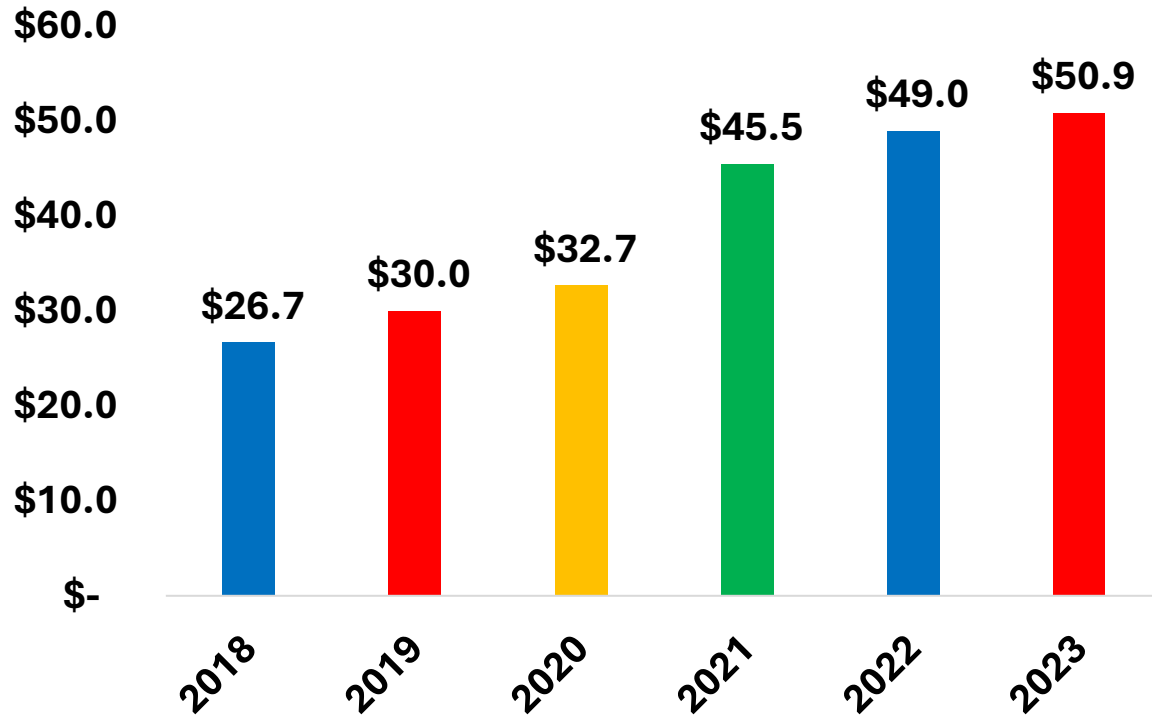
### Search Revenue (In Billions)



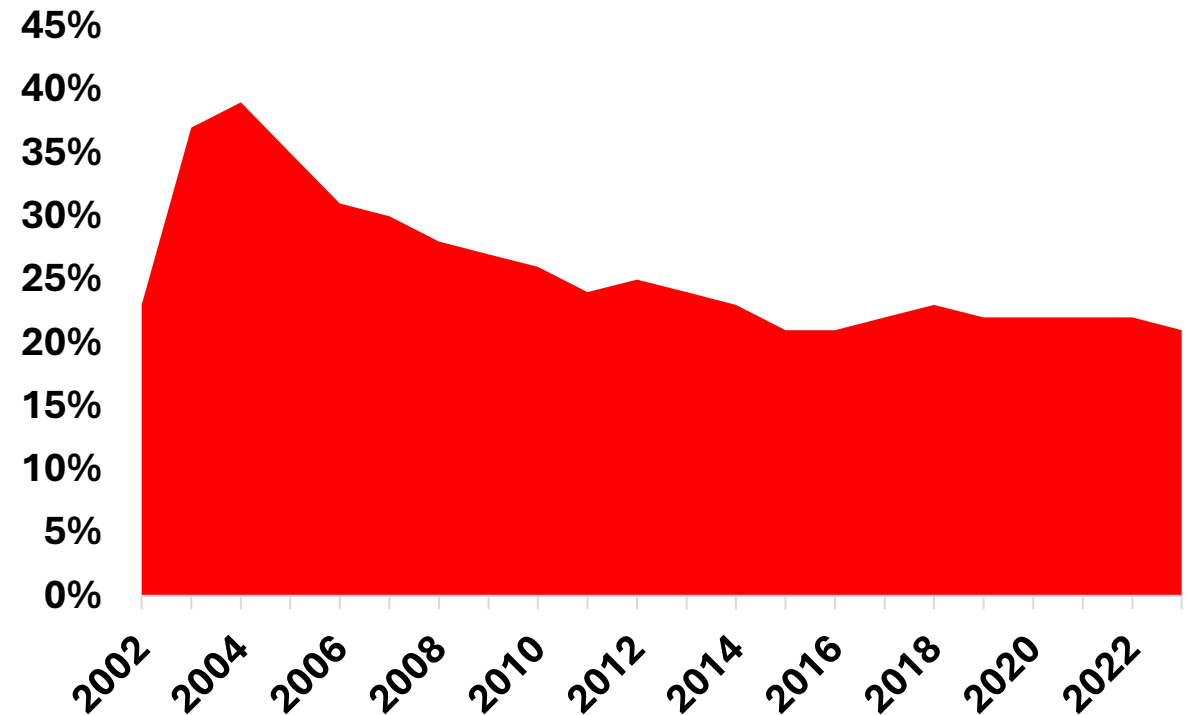
# Network Effect

Economic Moat

### Google TAC Spend (In Billions)




### Google TAC Rate (%)




# Switching Costs

Economic Moat

- When consumers refuse to switch even when competitors offer a cheaper or more valuable product

 Promoted by Microsoft

 There's no need to download a new web browser. Microsoft recommends using Microsoft Edge for a fast, secure, and modern web experience that can help save you time and money.

[Try now](#)

Microsoft Edge is the AI-powered browser.  
A smarter way to **browse**





Decorative arrangement of colorful wooden blocks with letters and symbols, including 'A', 'D', 'A', 'V', 'E', 'm', 'd', 'K', 'Q', 'X', 'Z'.

# Competitor Analysis

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Decorative arrangement of colorful wooden blocks with letters and symbols, including 'K', 'Q', 'X', 'Z'.

Chris Fischer

# Competitors

## Competitor Analysis



- Smartphones, Search Engine, and Cloud services.

amazon

- Entertainment, Streaming Services, and Advertising.



Microsoft

- Cloud Computing, Search Engine, and Cloud Services.

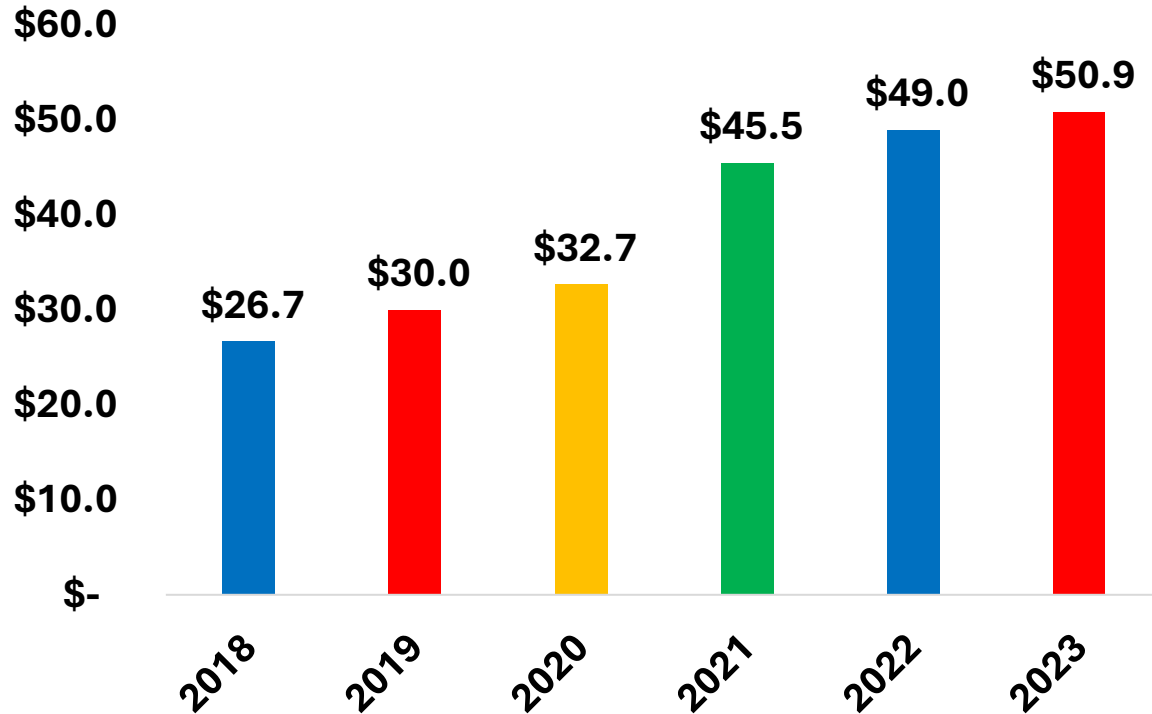
Meta

- Digital Advertising Duopoly, Facebook, and Instagram.

# Search Dominance

## Competitor Analysis

Google TAC Spend (In Billions)



- In February 2024, Google accounted for **95%** of the global mobile search market worldwide.
- In 2023, Google's search generated over \$175 billion dollars. Whereas Microsoft's Bing generated \$12.2 billion dollars. Thus, as of 2023, Google's search advertising is over **14x larger** than second place, Microsoft Edge.

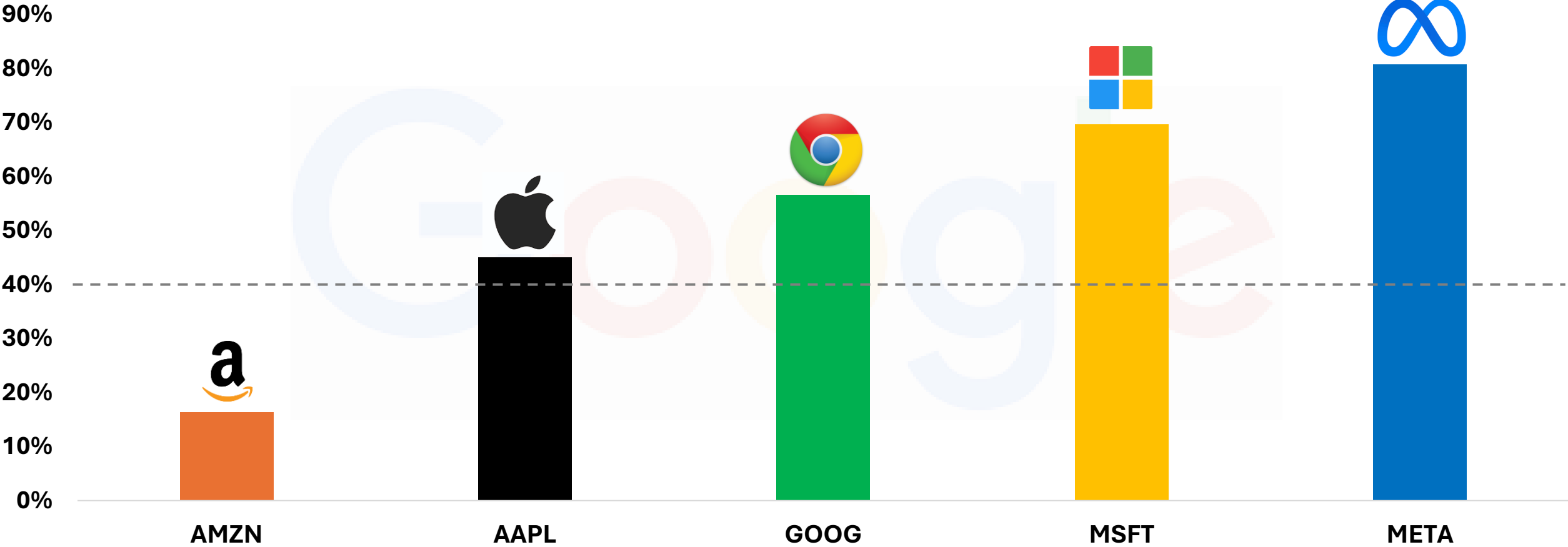
# YouTube

## Competitor Analysis

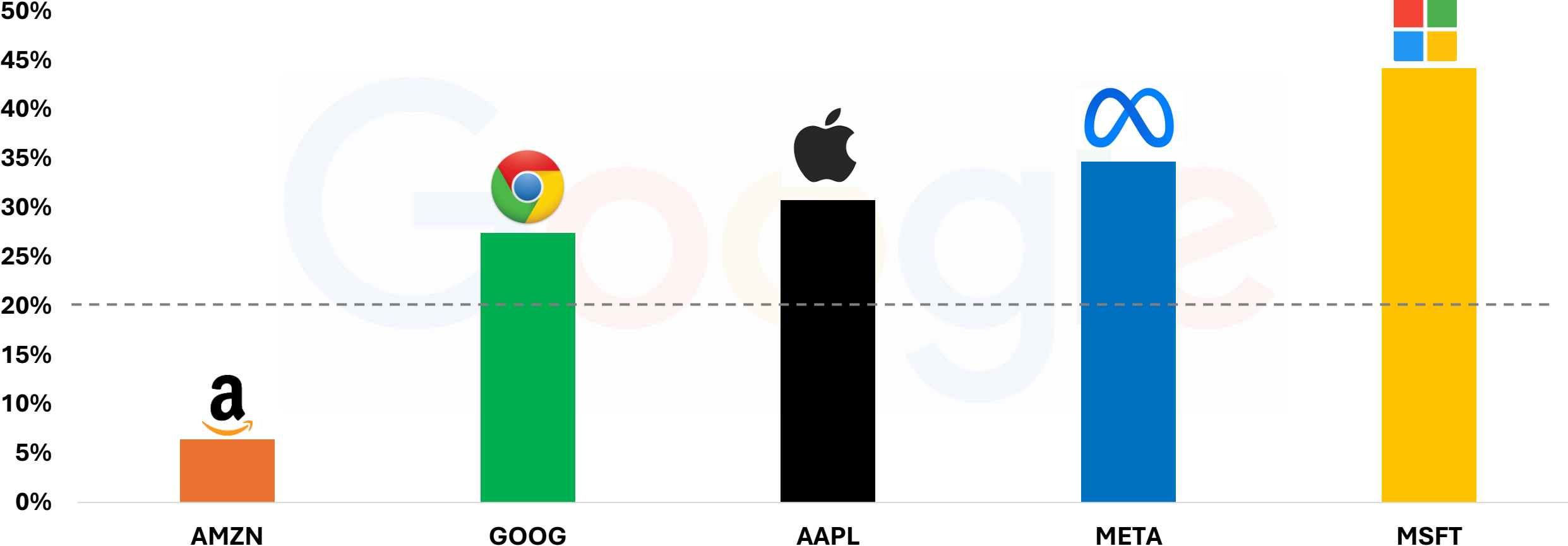


- According to Google, YouTube Shorts were watched by **more monthly logged-in users** than videos on TikTok and Instagram Reels. Its viewership has increased by around 500 million users since 2022.
- Mobile traffic made up around **88%** of 2023 traffic.
- YouTube had **1.3 trillion** visits in 2023, with direct traffic serving as the top source.

# TTM Gross Margin



# TTM Operating Margin

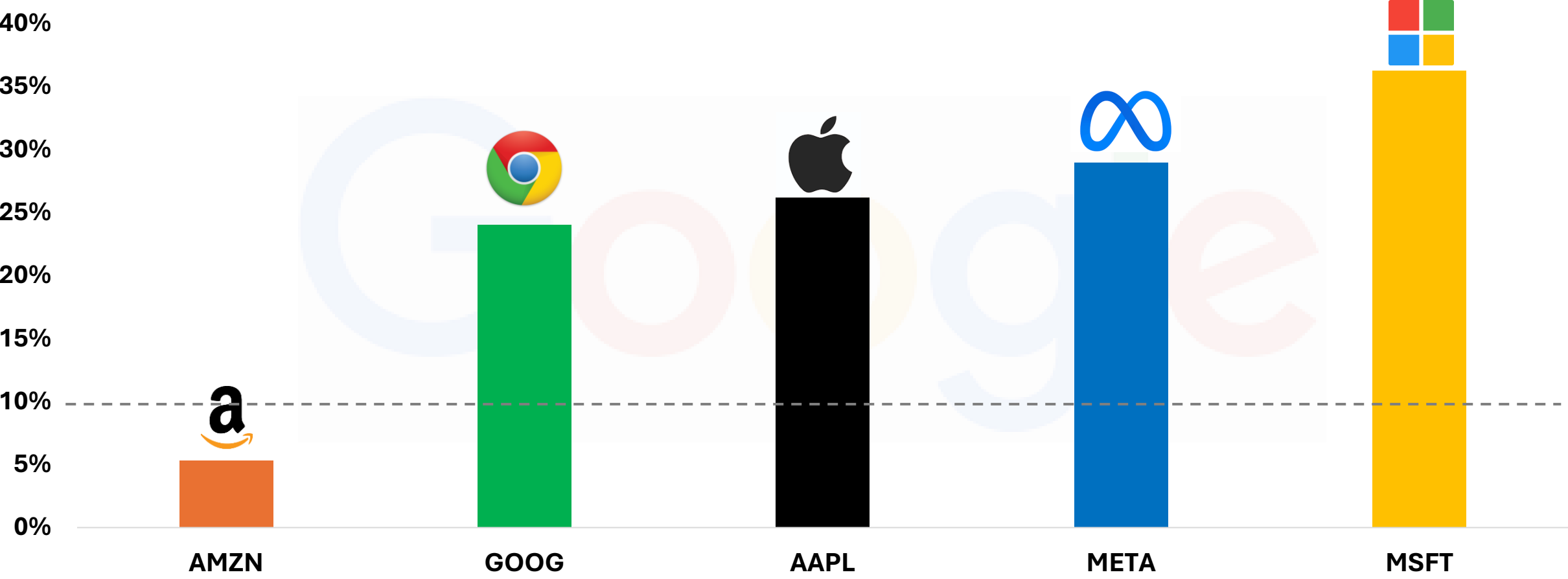


April 20, 2024

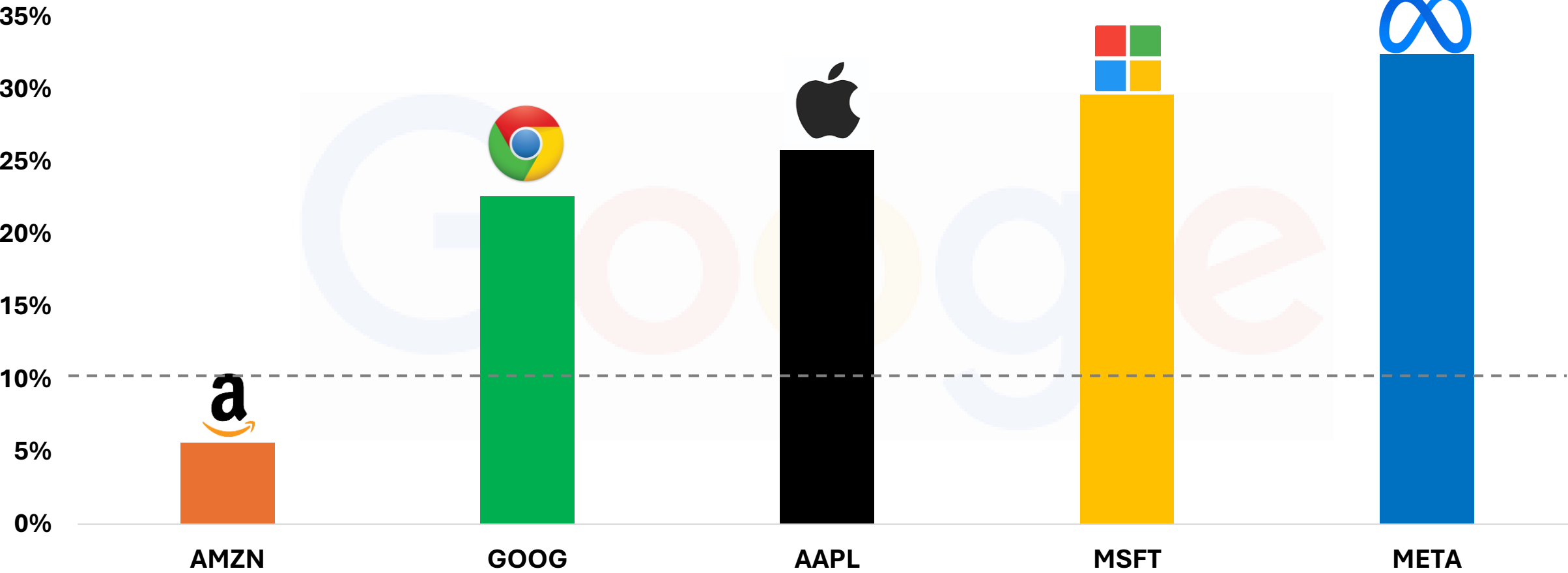
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# TTM Net Margin



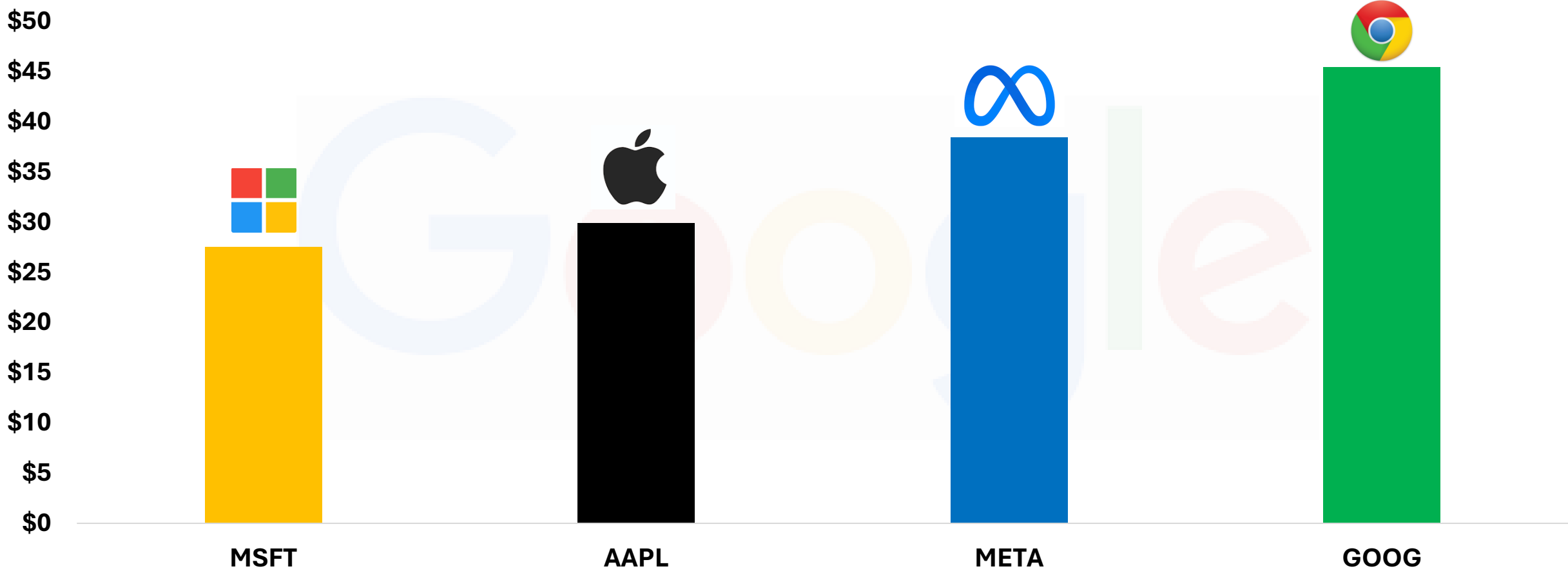
# TTM Free Cash Flow Margin





# TTM R&D Spend *In Billions*

## Competitor Analysis

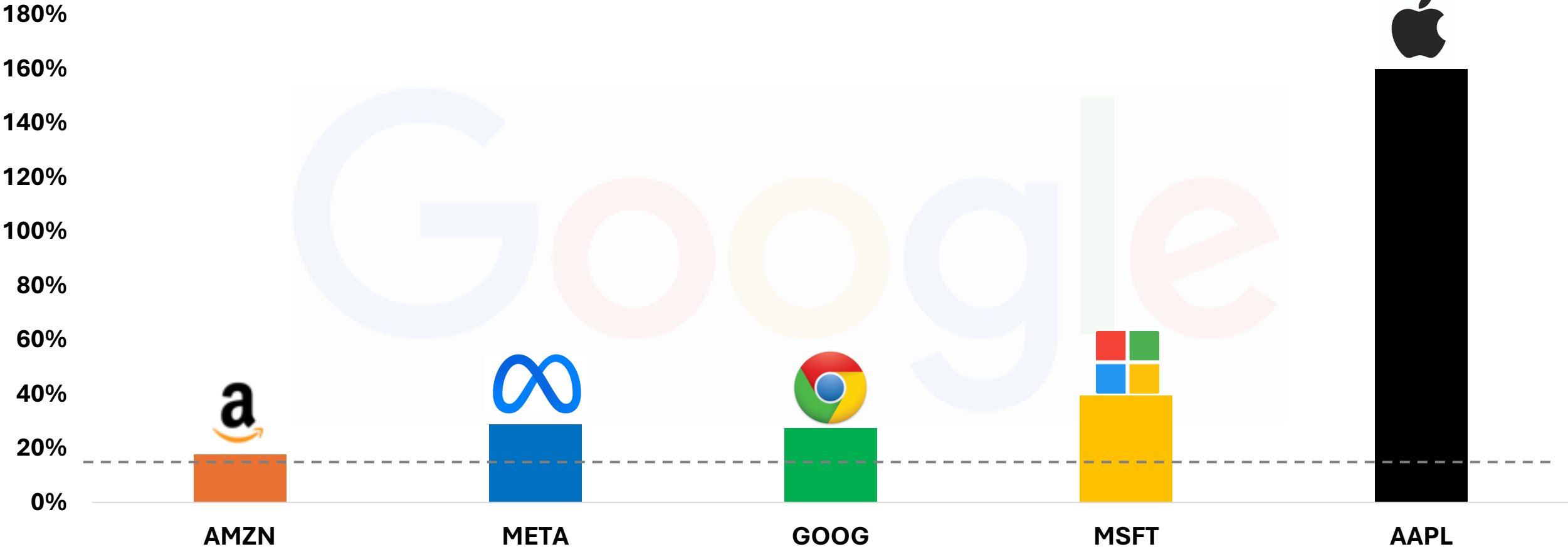


April 20, 2024

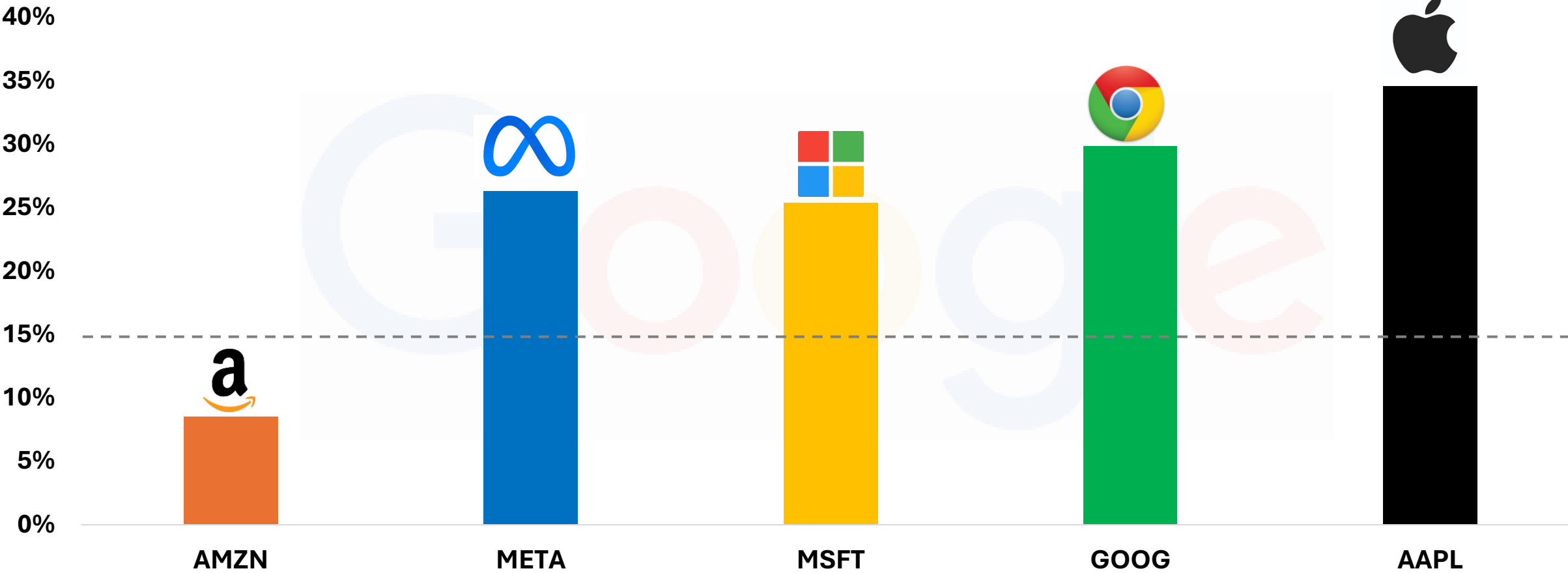
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# TTM ROE



# TTM ROC



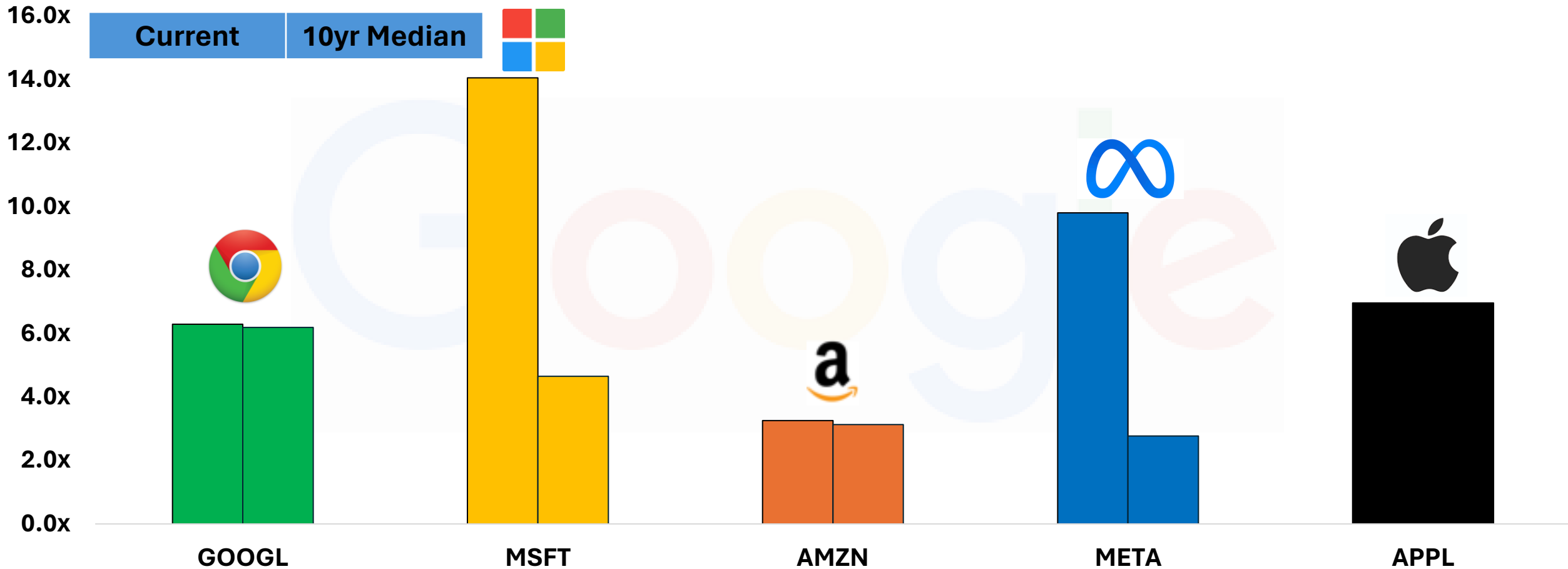
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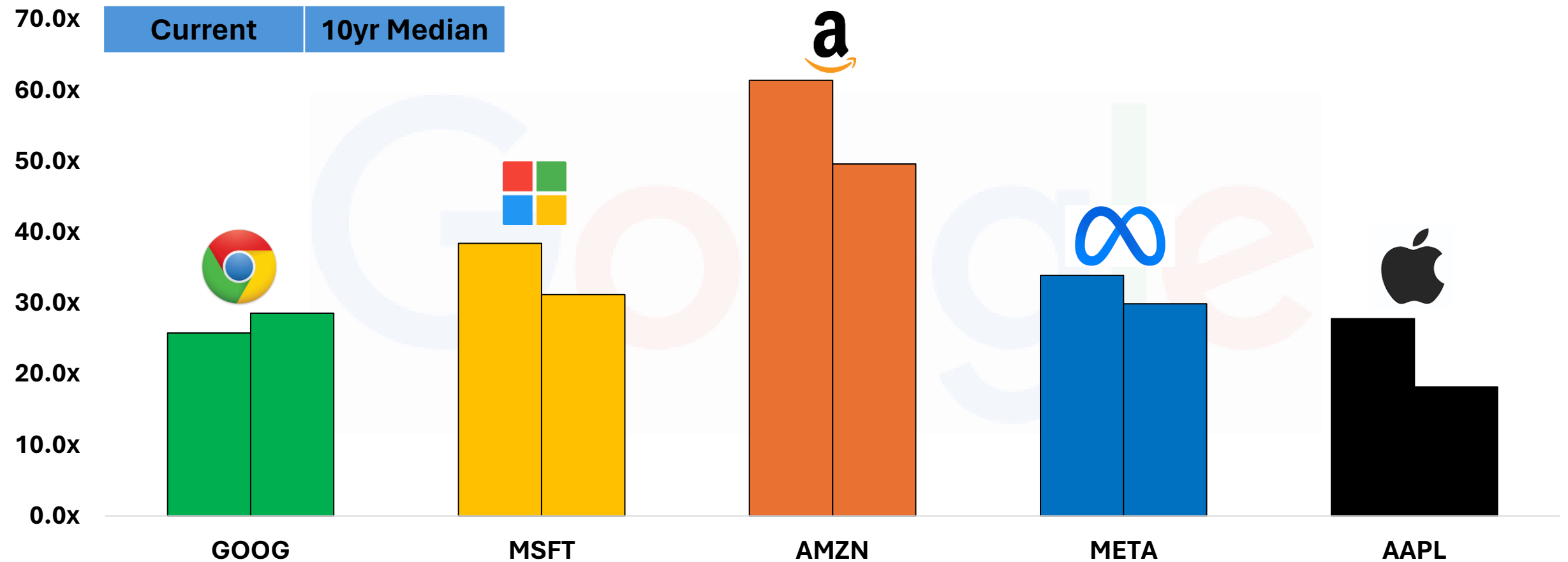
# Price to Sales with 10yr Median

## Competitor Analysis



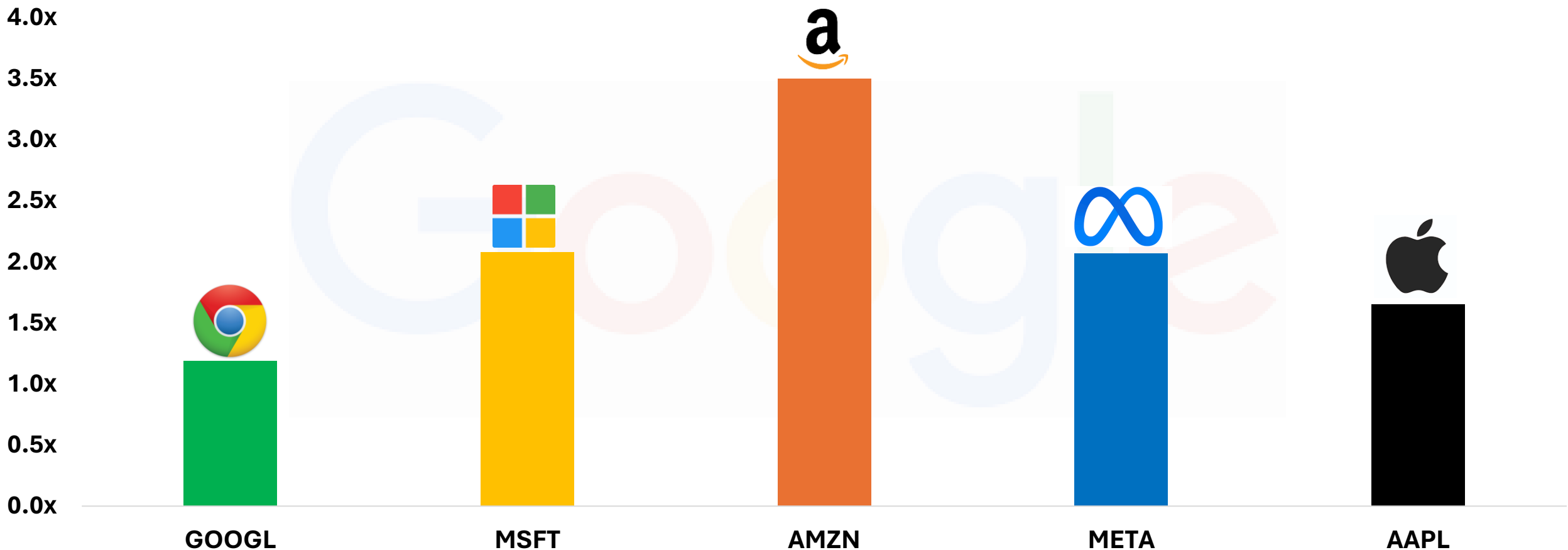
# Price to Earnings with 10yr Median

Competitor  
Analysis



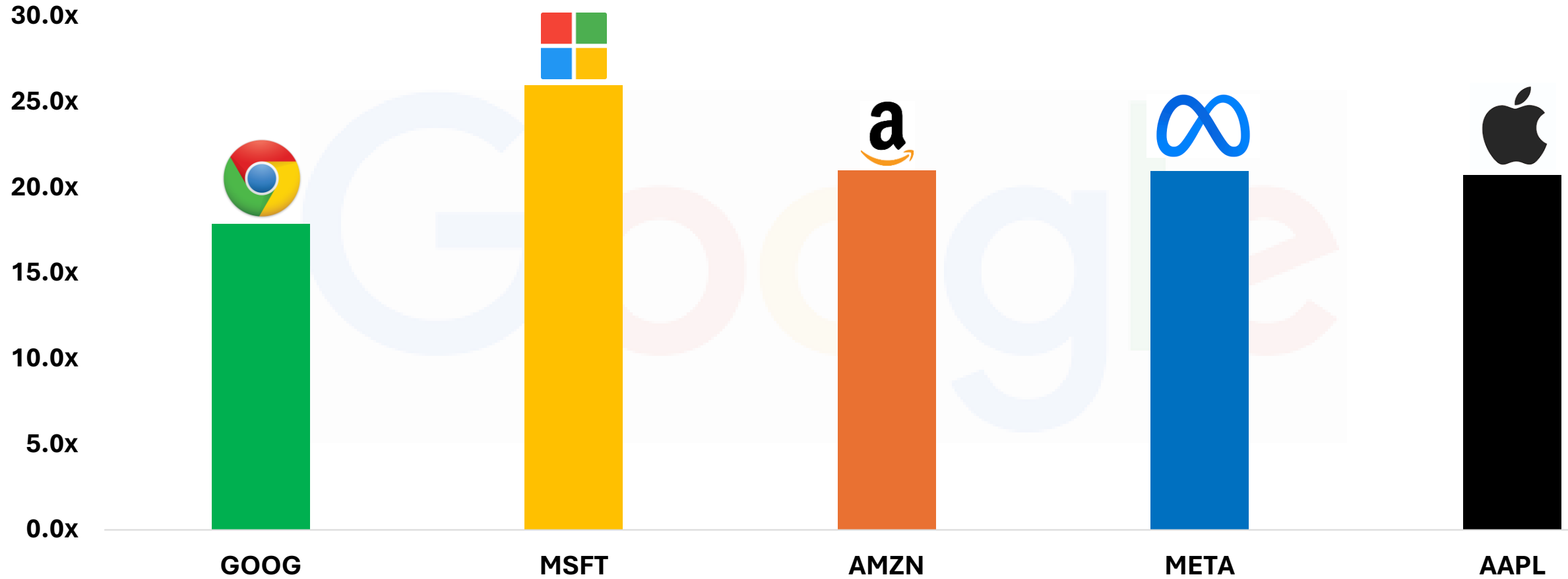
# PEG

## Competitor Analysis



# EV/EBITDA

## Competitor Analysis





# Risk Factors



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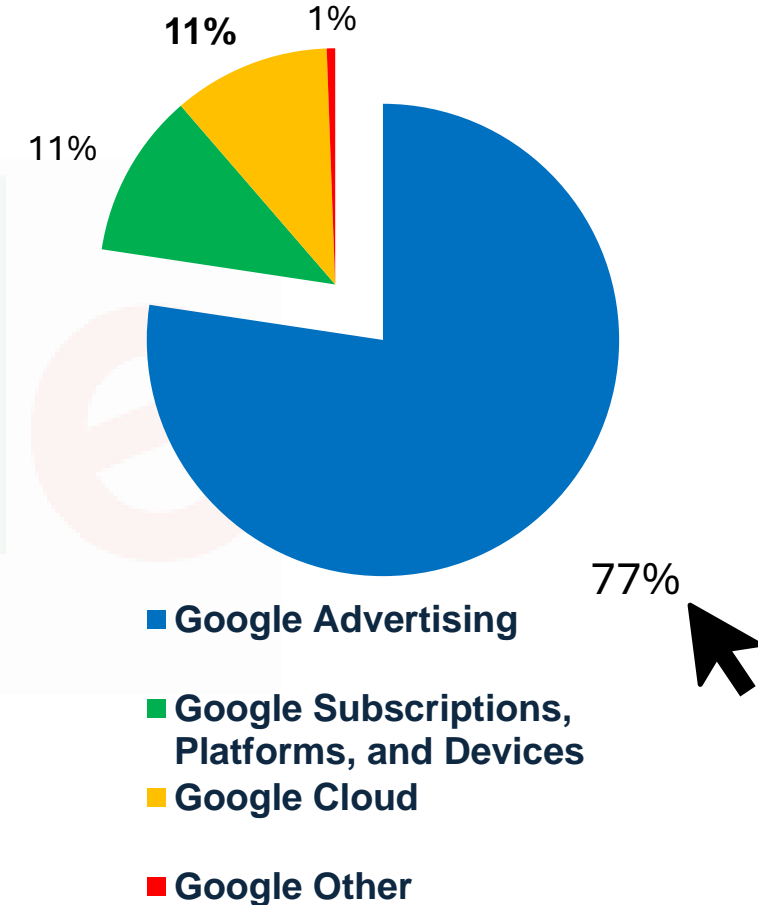
Enrique Alvarado



# Reliance on Advertising



- Google gathers and hoards data from every source to make its advertising more effective & valuable to advertisers
- From location tracking (maps), search information & view times (search engine) and exercise data (Fitbit), Google knows everything about you, and what you'll interact with through monetization
- If Google fails to grow their advertising segment's revenue, it will take a toll on the company



# Litigation

## Risk Factors

- Data breaches, invasion of privacy, censorship and data monetization will constantly bring litigation to Google
- These events can and have brought negative impacts to Google's reputation, such as the recent \$5 Bn consumer privacy lawsuit settled in late December 2023
- However, the costs of these suits are often minimal to Google, which can make \$5 Bn in profit in about 21 days
- If Google's reputation deteriorates and is seen as untrustworthy, growth of their business could be disrupted severely



# Competition

## Risk Factors

- Google's competitors are extremely established & successful companies in multiple segments
- These companies are qualified to introduce or scale technologies that could deem Google's services less valuable to consumers



Microsoft Edge



**facebook**  
Advertising



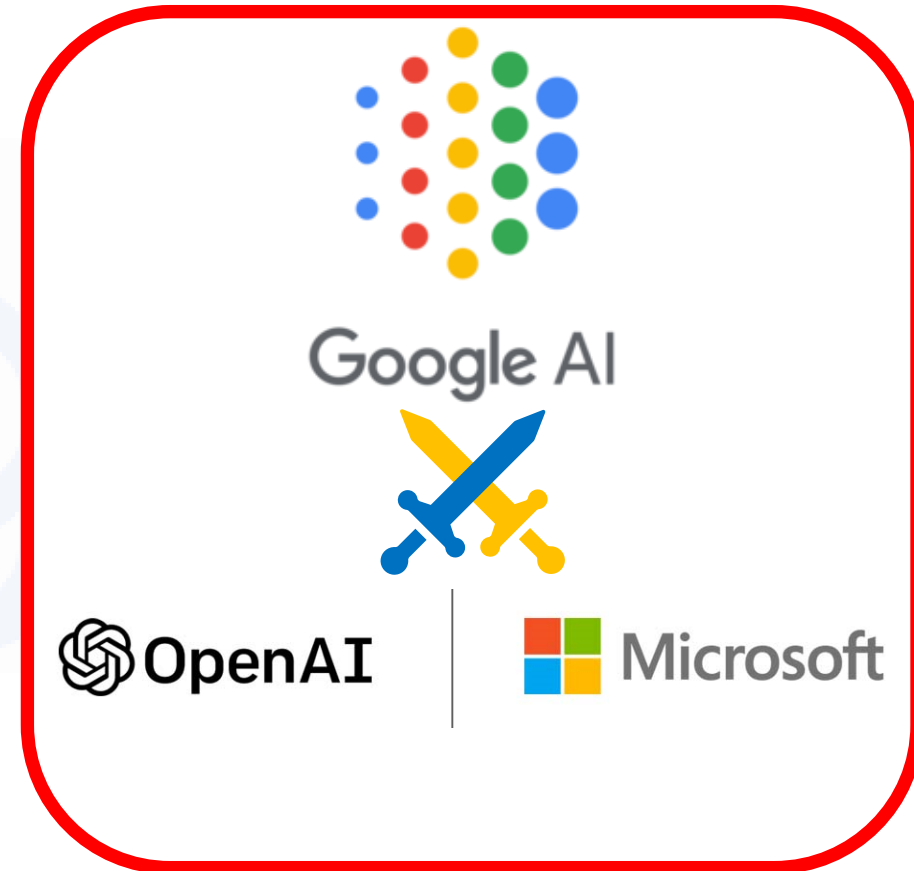
Adobe® Marketing Cloud



# Artificial Intelligence (AI)

## Risk Factors

- Google & its competitors have begun to implement and develop AI for their businesses
- AI is still very early in its development & its limits and impacts have not been set
- If Google has issues in its own AI development, there may be reputational harm, litigation, or loss of consumers for competitors with more advanced models





# Growth Opportunities



William Errett

# Growth Opportunities

**Growth  
Opportunities**

**Advertising**

**Cloud  
Services**

**Internet  
Expansion**

**Artificial  
Intelligence**

# Artificial Intelligence

Growth  
Opportunities



- Removed for providing incorrect information
- Had greater access to the internet than Chat GPT



- Image generation removed for generating “woke” historical images
- Now in hot water

# Artificial Intelligence

**Growth Opportunities**



- #1 Customer Data Pool in the world



**Data**



- Small advertising platform



**Bard**



**AI Models**



- #1 Advertising Platform in the World



**Implementation**



- Runner up search engine on desktops



# Artificial Intelligence

## Growth Opportunities

- Apple is looking to team up with Google to use the Gemini AI model for features on iPhone



- Apple is looking to license Google's AI tech to introduce AI-powered features with iOS updates later this year.

# Advertising – Google Search

**Growth Opportunities**

## Google Search KPIs

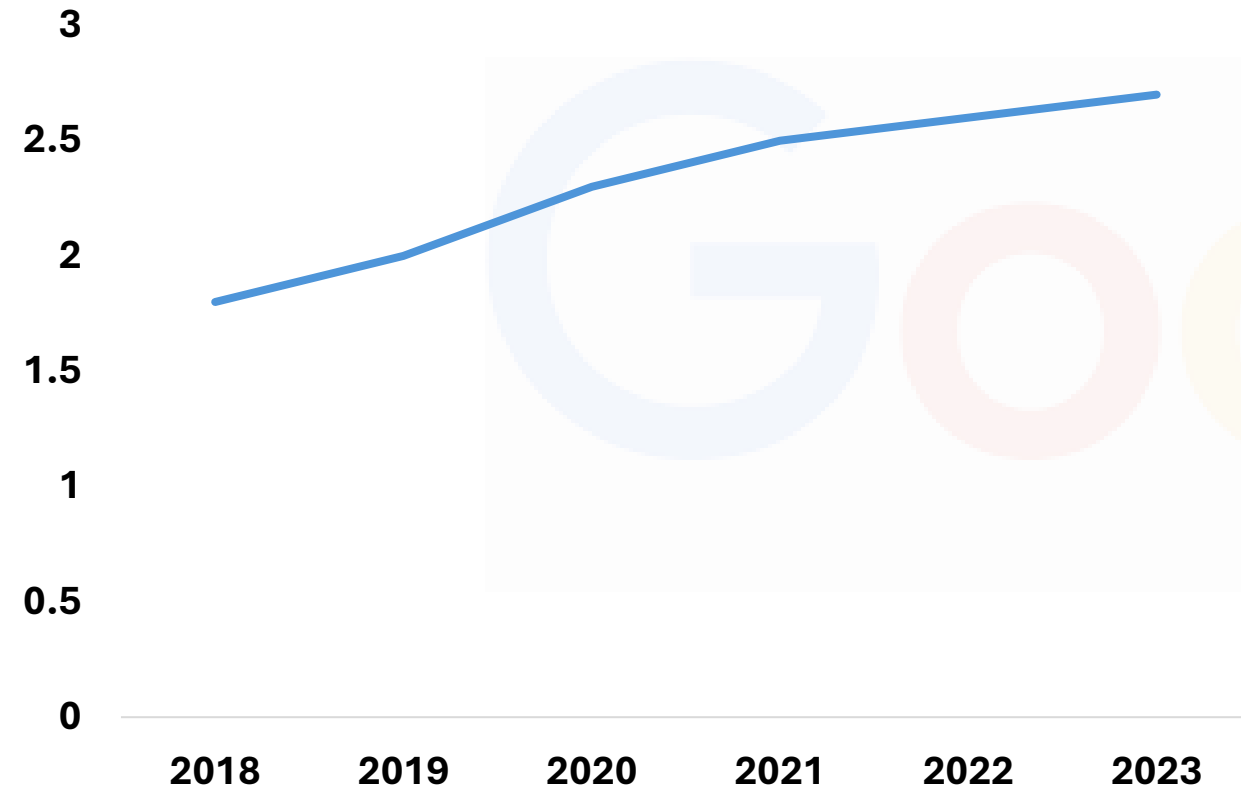
<b>Paid Click Volumes</b>	<b>High Single Digits</b>
<b>Cost Per Click</b>	<b>Low Single Digits</b>
<b>Total Growth</b>	<b>High Single Digits to Low Double Digits</b>

- As the market for online search grows Google is positioned to capture most of the new growth as they have a stranglehold on the market

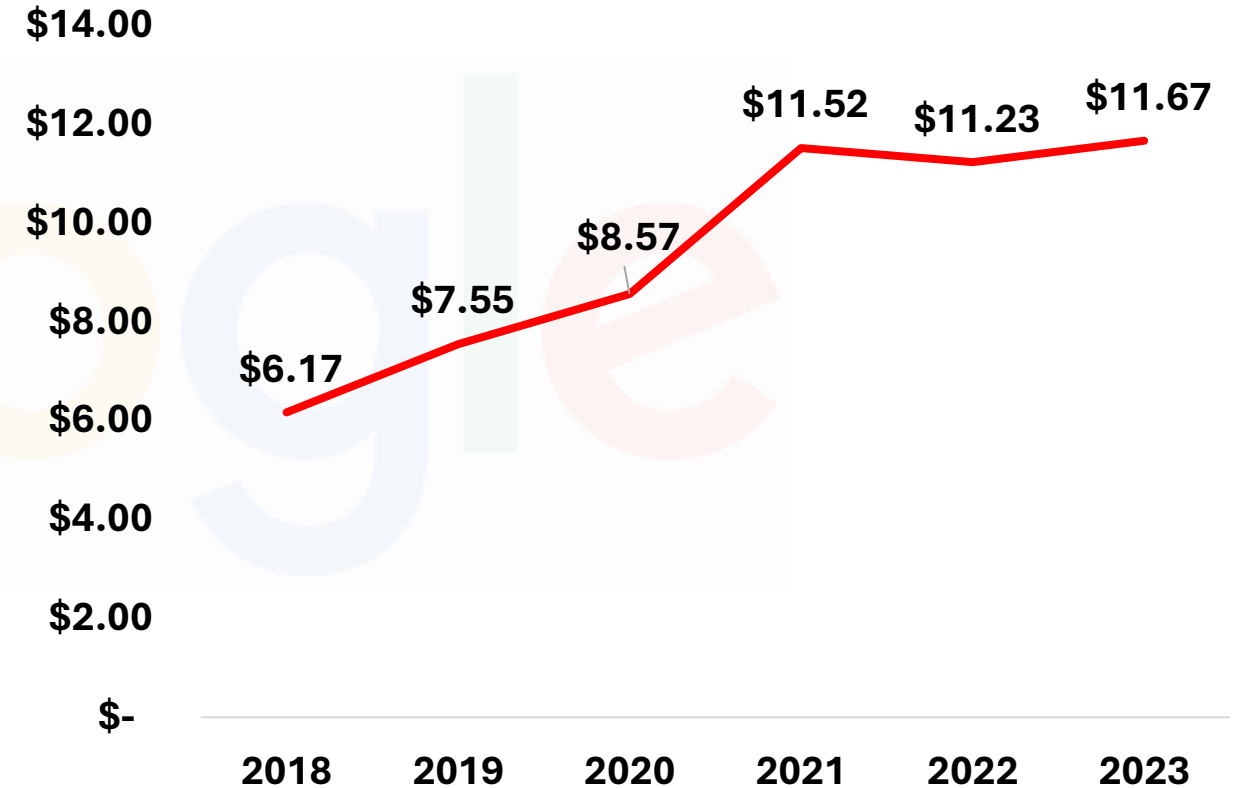
# Advertising - YouTube

Growth Opportunities

Youtube Users *In Billions*



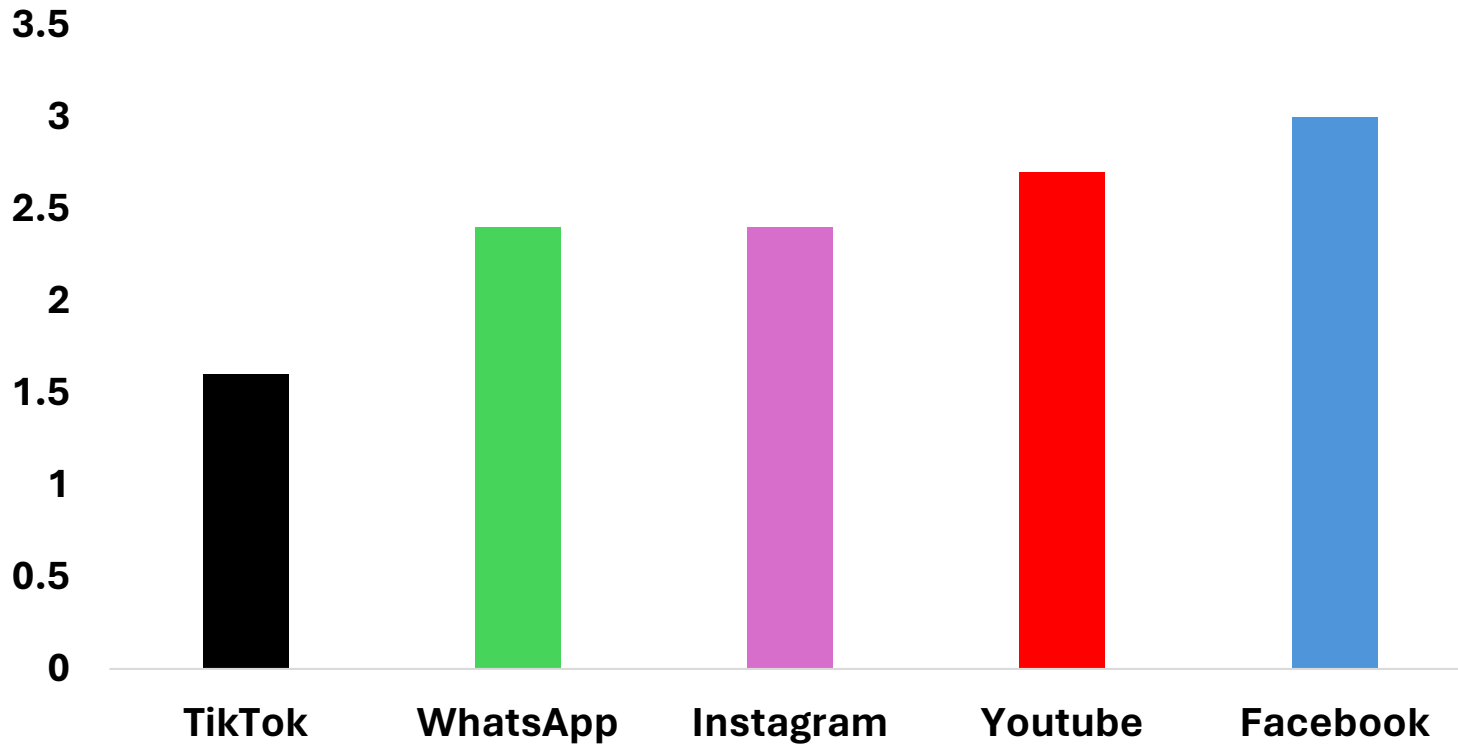
Youtube Average Revenue Per User



# Advertising - YouTube

Growth Opportunities

Annual Users 2023 *In Billions*

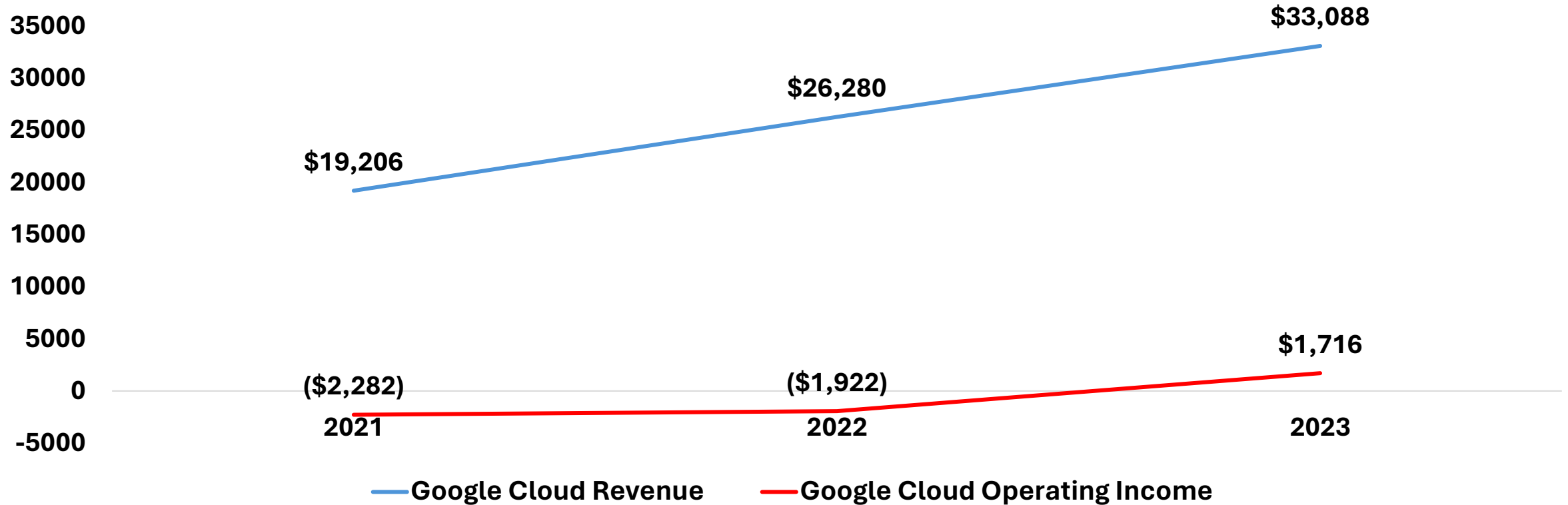


- YouTube is one of the largest social platforms in terms of yearly active users

# Cloud Profitability

Growth Opportunities

### Google Cloud Revenue and Operating Income

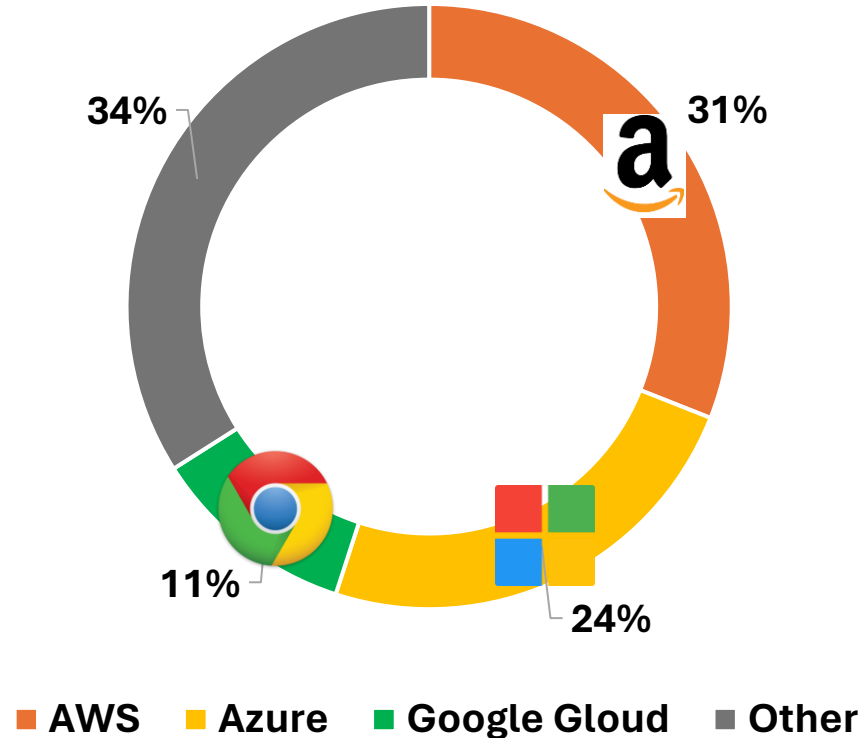


# Cloud Market

Growth Opportunities

- Google has built a respectful position in the Cloud Market

Cloud Market Share

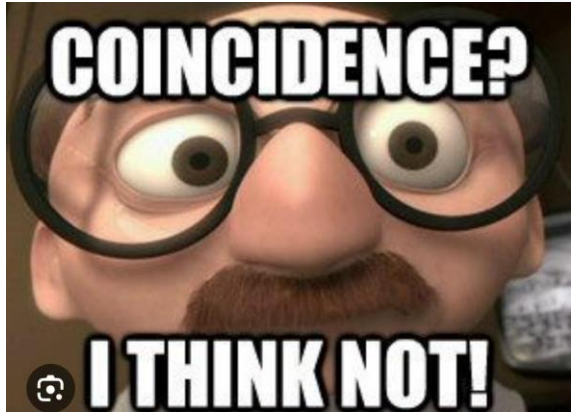
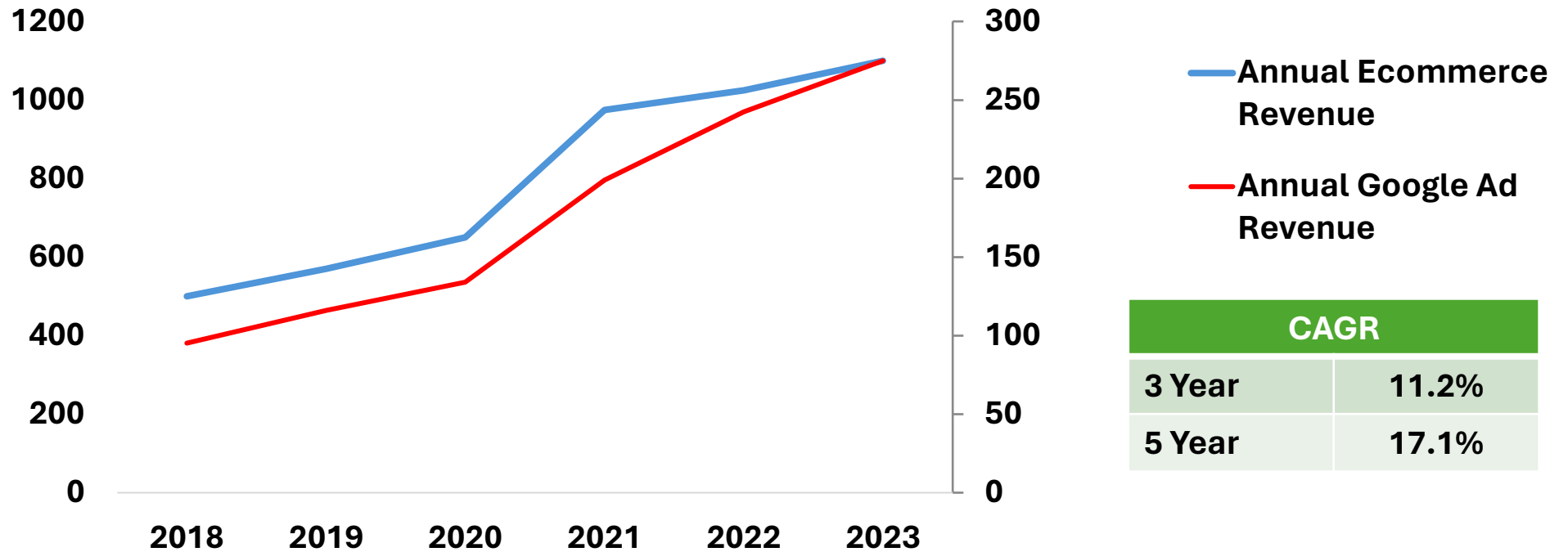


- The fragmented nature of Cloud offerings positions Google to take share and further increase profitability

# Internet Expansion

## Growth Opportunities

### U.S Ecommerce v.s Google Advertising Revenue





Value Bands & Intraportfolio  
Analysis

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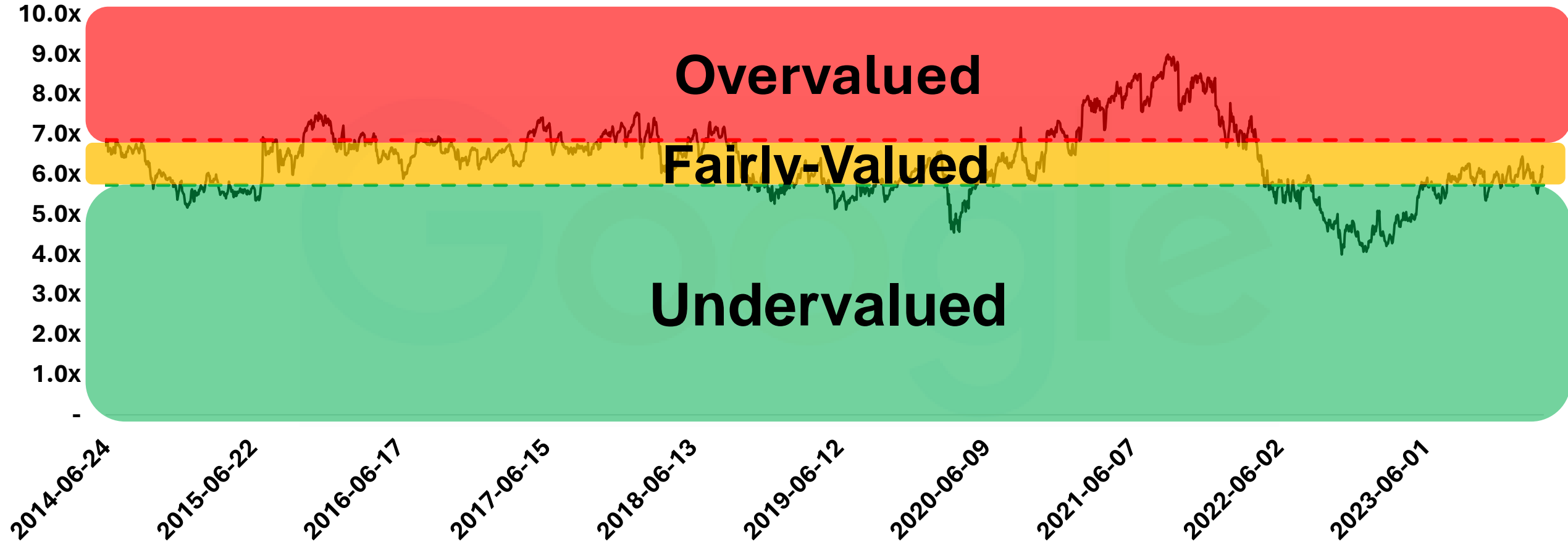


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# Example Value Bands

Value Bands & Intraportfolio



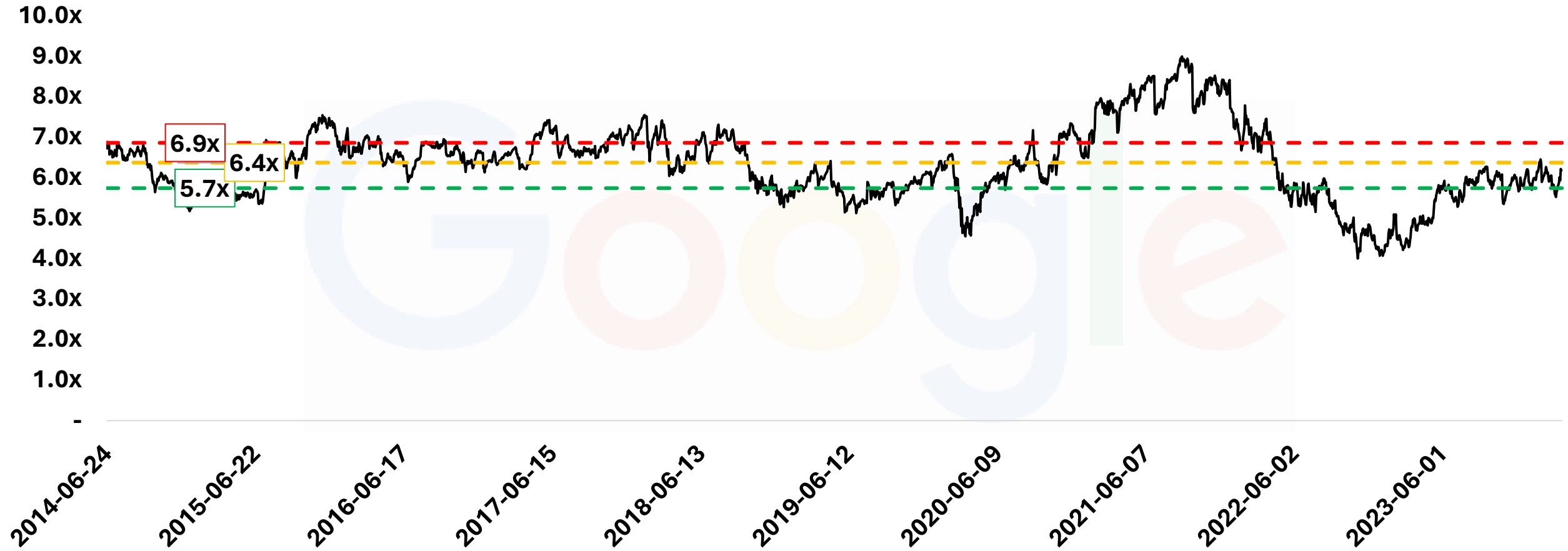
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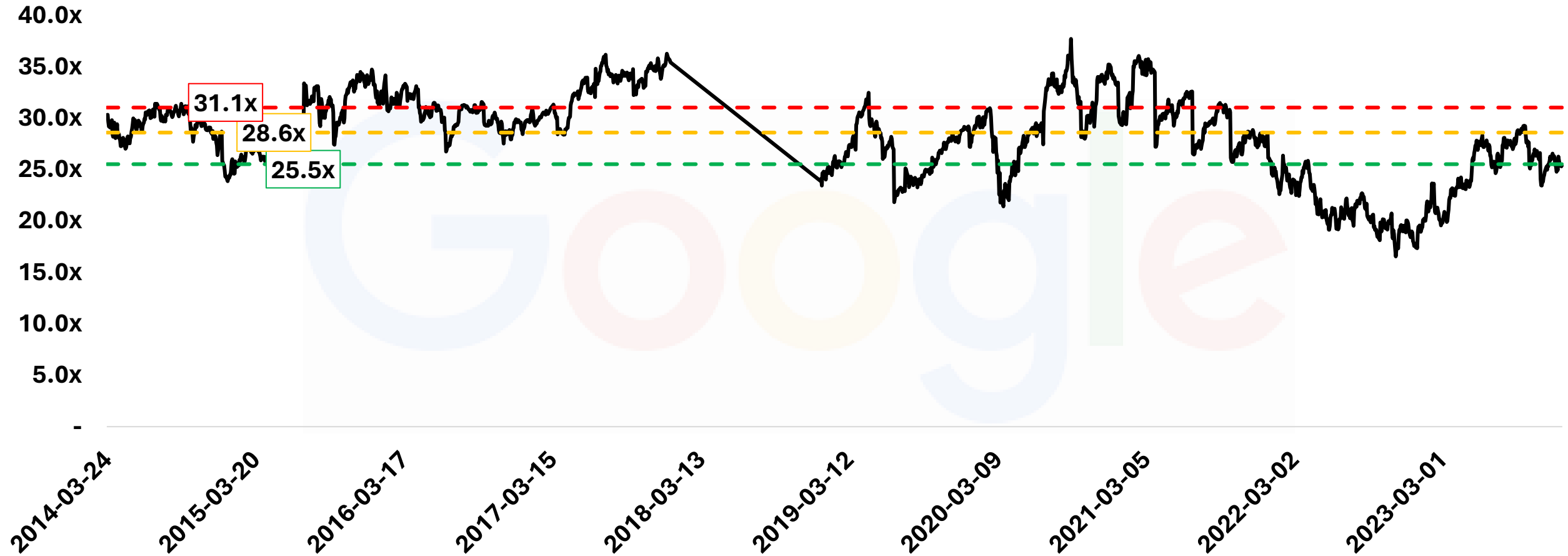
# Price-to-Sales Ratio

Value Bands & Intraportfolio



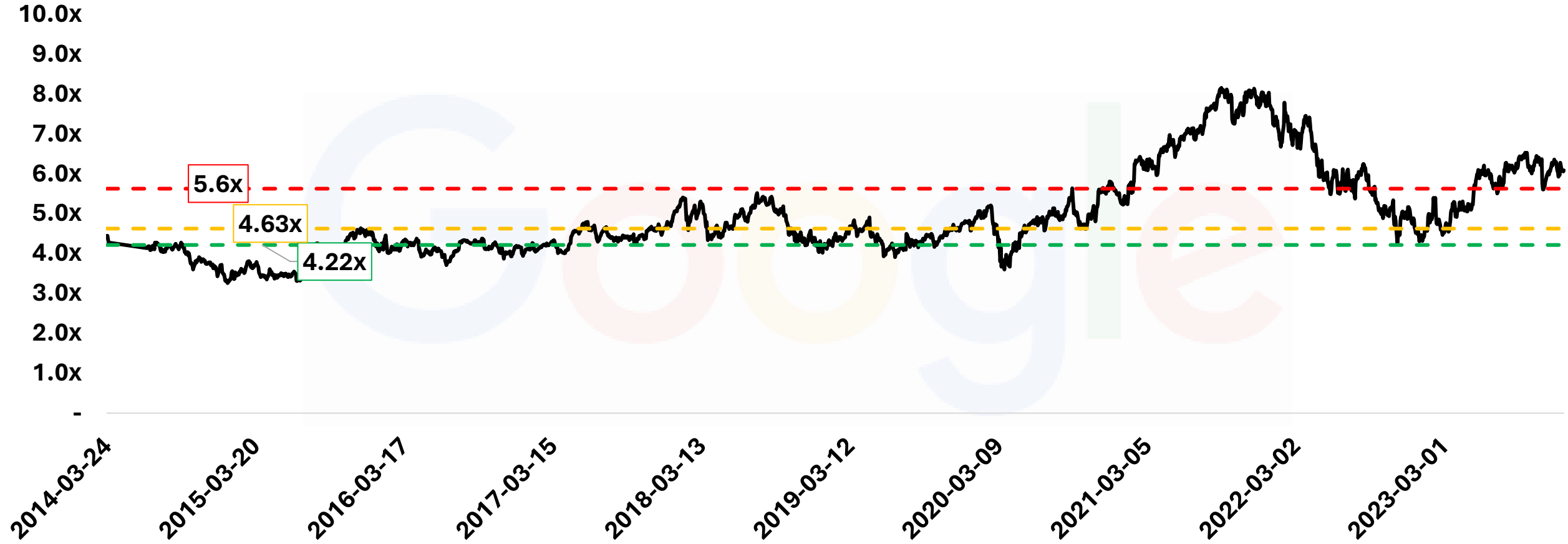
# Price-to-Earnings Ratio

Value Bands & Intraportfolio



# Price-to-Book

Value Bands & Intraportfolio



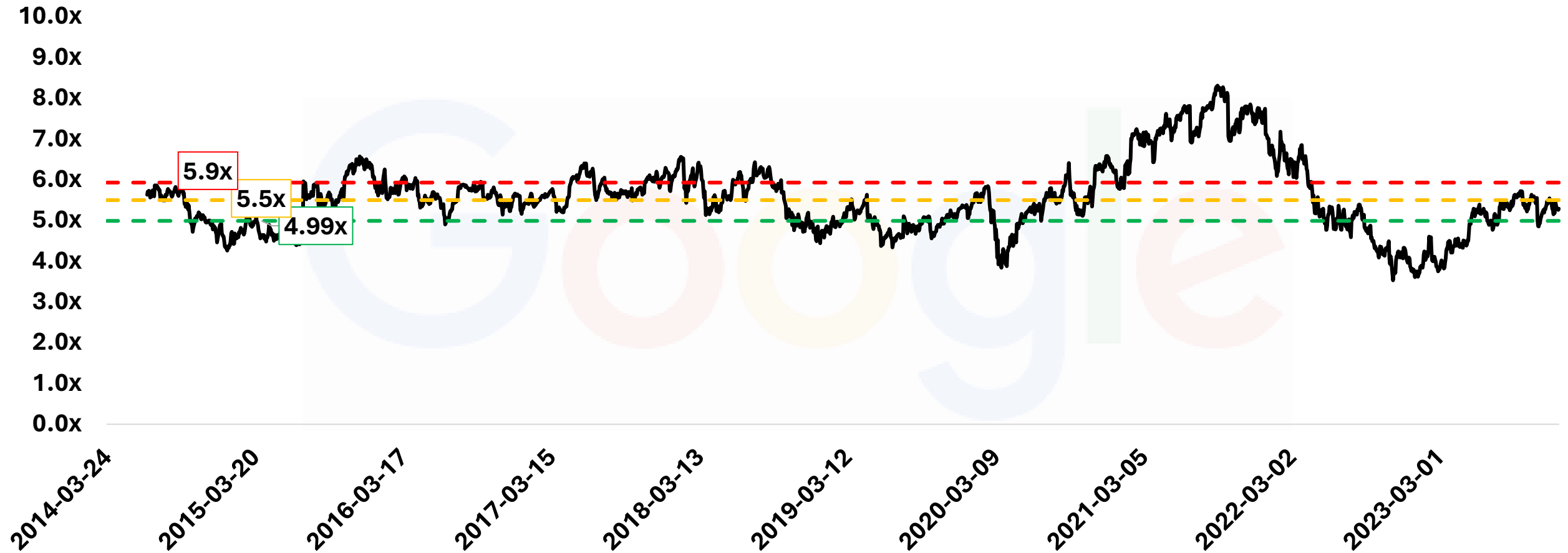
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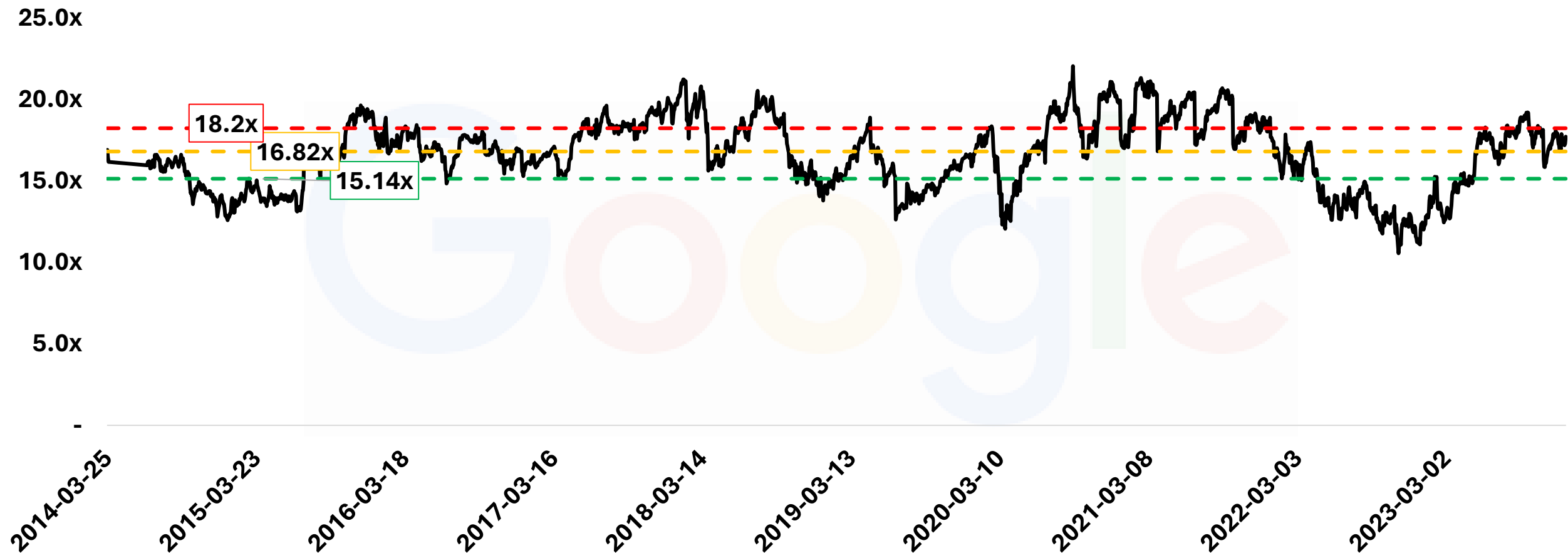
# Enterprise Value-to-Revenue

Value Bands & Intraportfolio



# Enterprise Value-to-EBIT

Value Bands & Intraportfolio



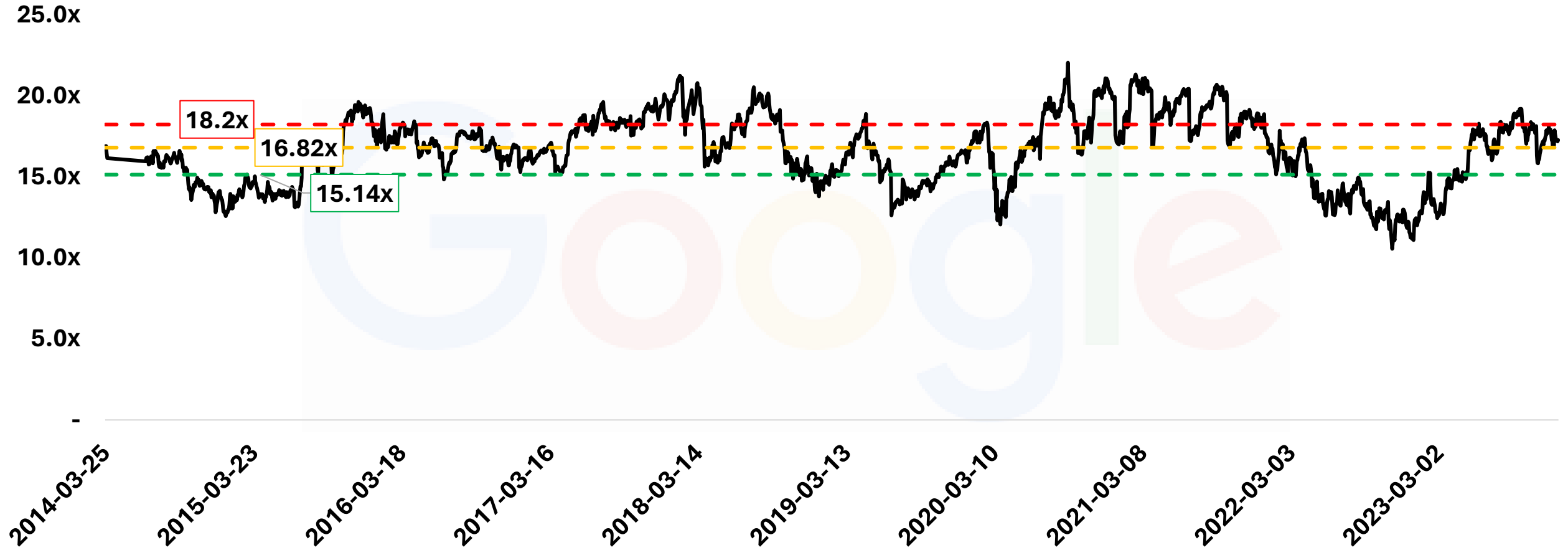
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# Enterprise Value-to-EBITDA

Value Bands & Intraportfolio



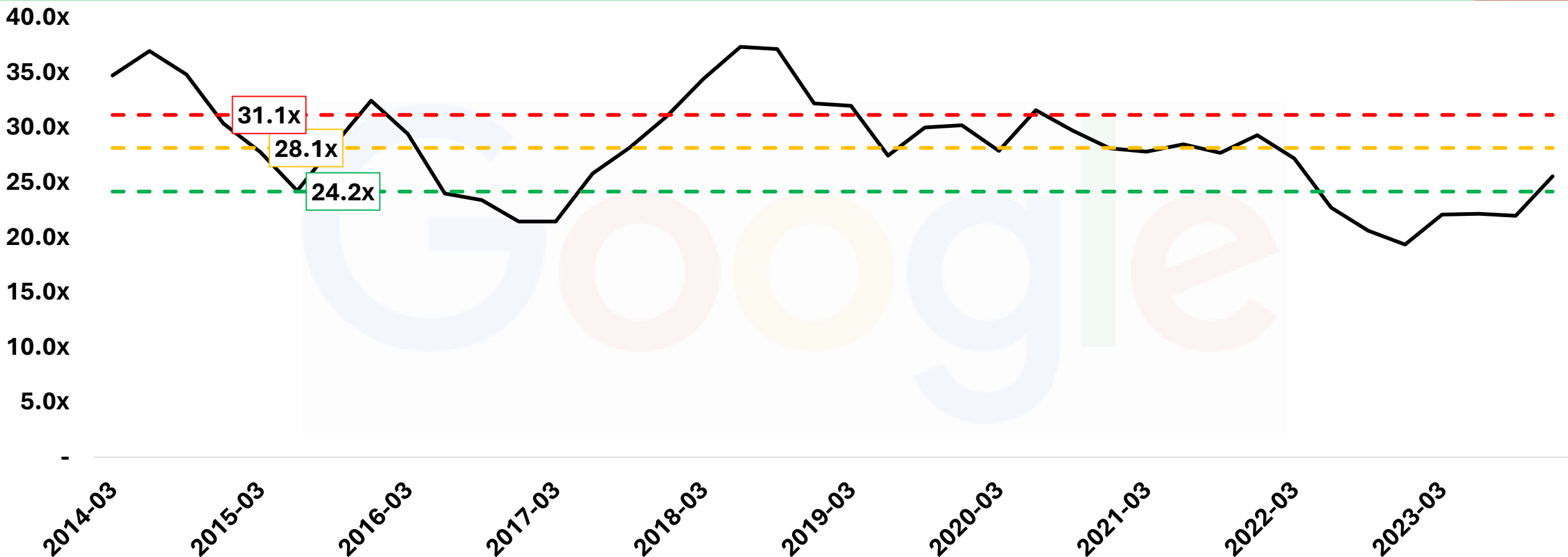
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# Price-to-Free-Cash-Flow

Value Bands & Intraportfolio



April 20, 2024

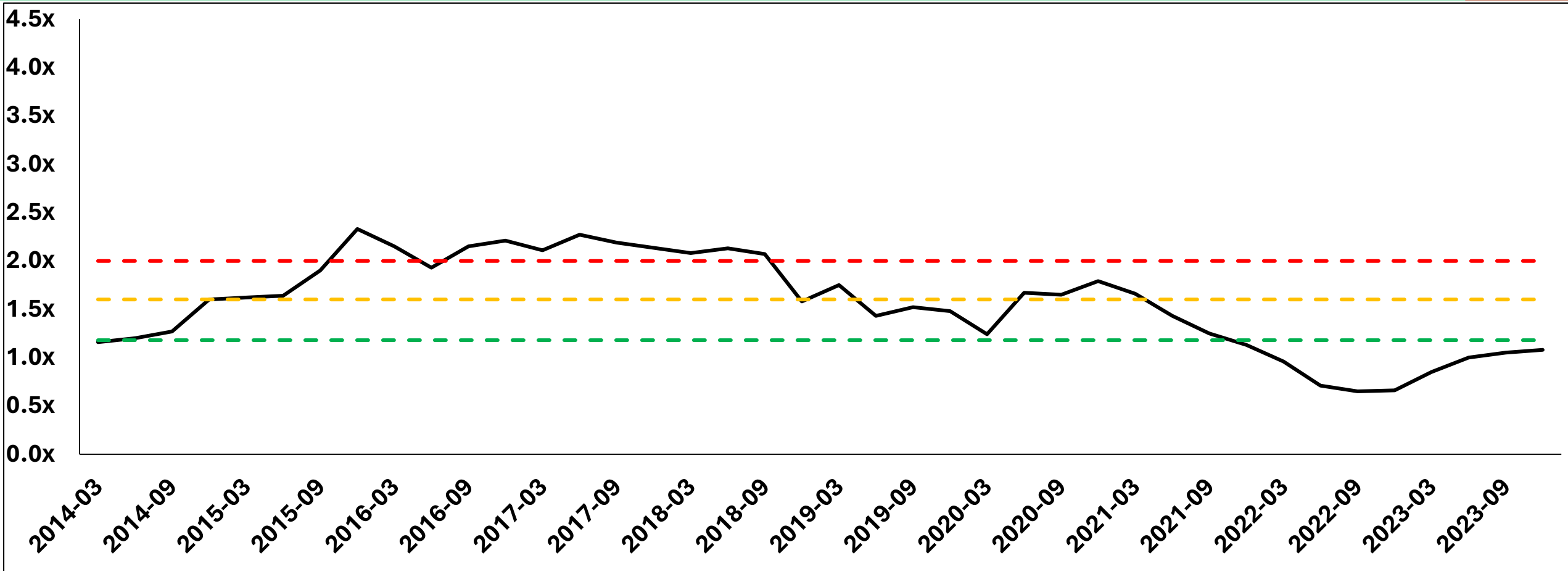
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# PEG Ratio

Value Bands & Intraportfolio



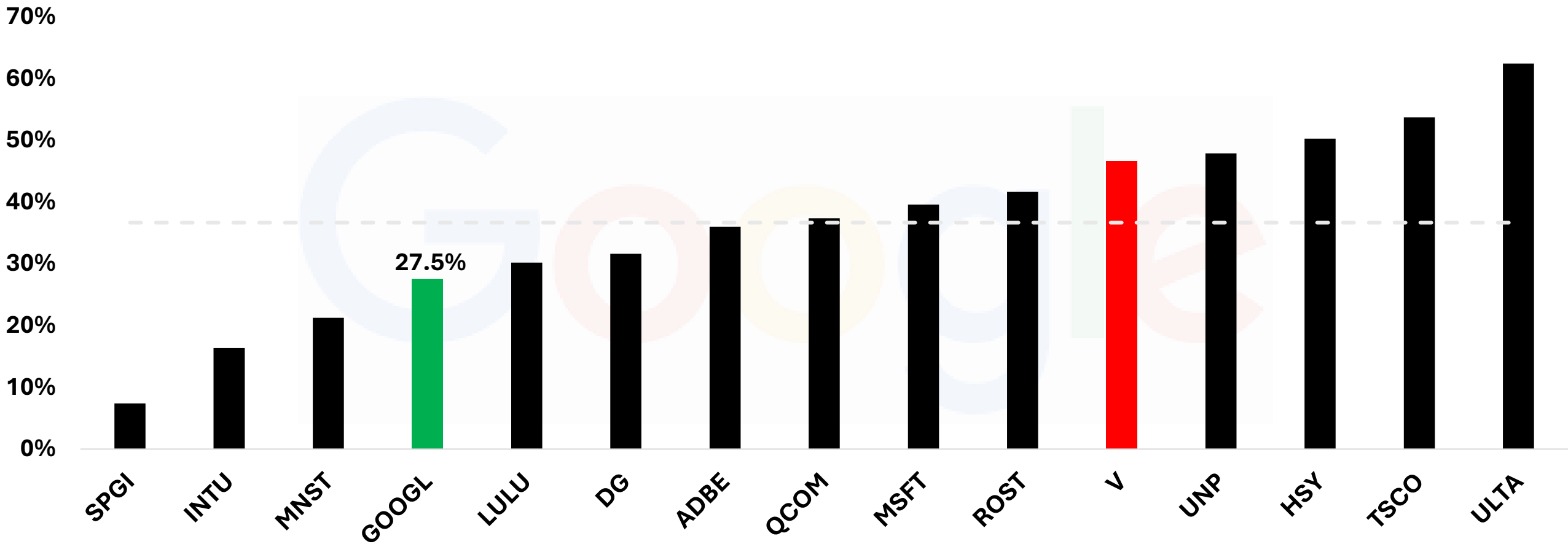
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# Return on Equity (ROE)

Value Bands & Intraportfolio



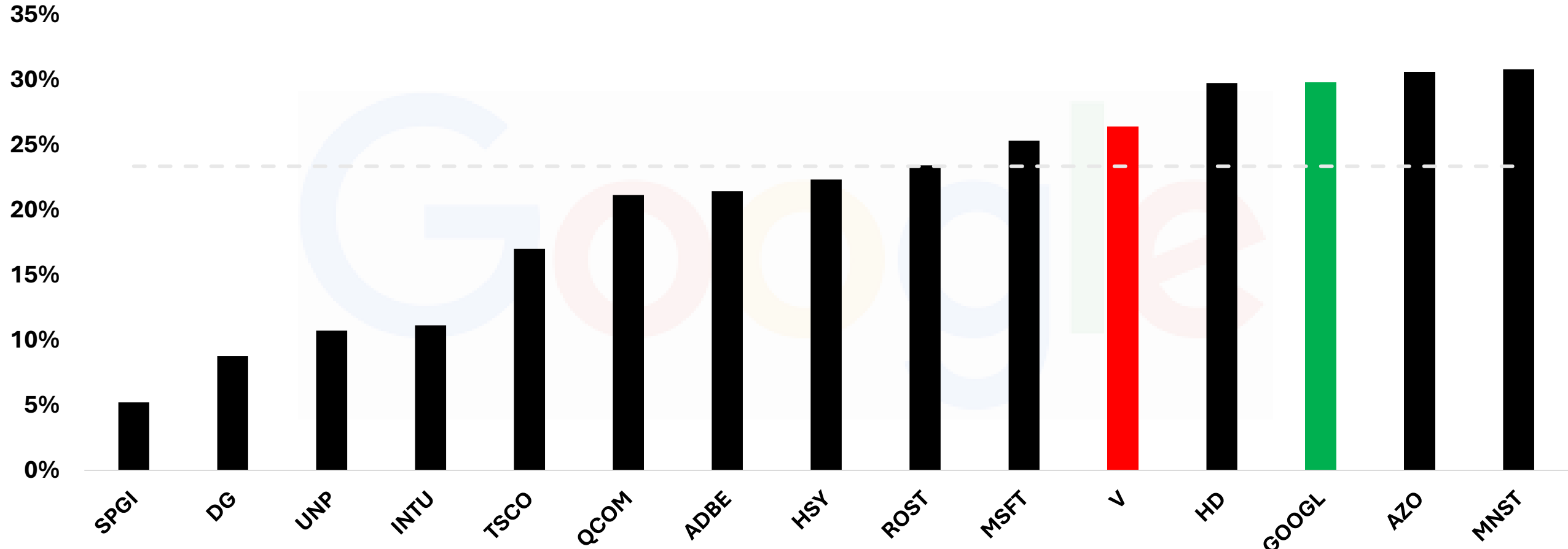
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# Return on Invested Capital (ROIC)

Value Bands & Intraportfolio



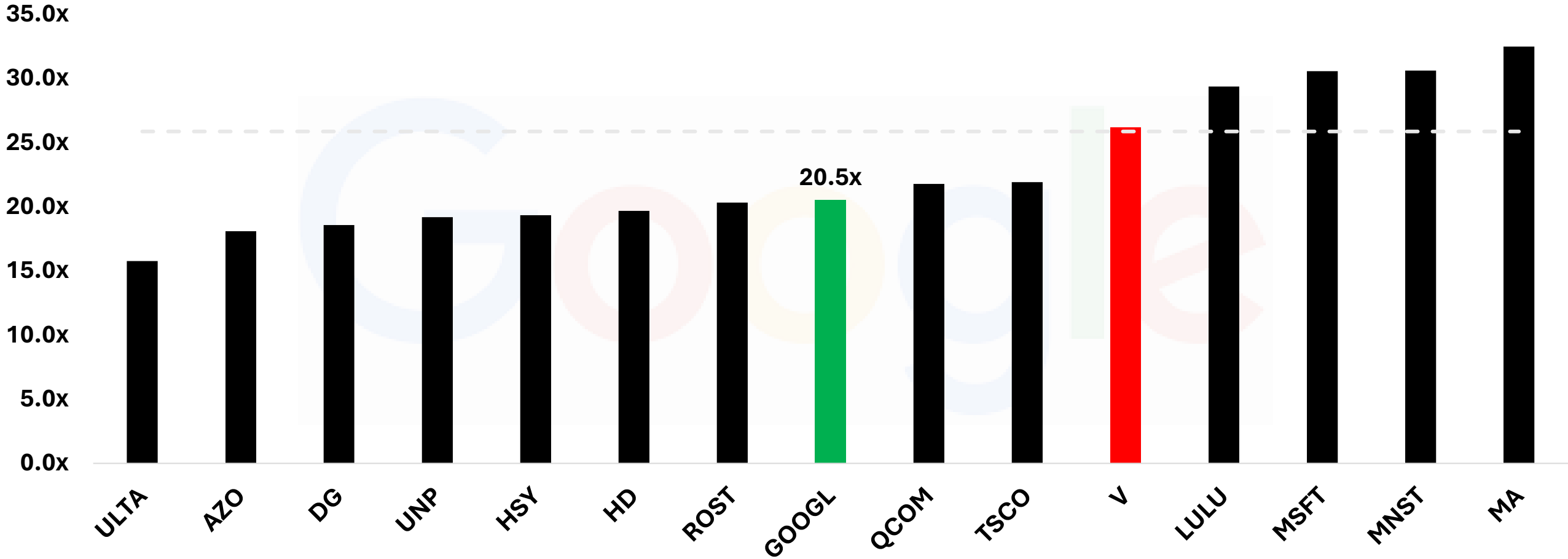
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# Enterprise Value(EV)-to-EBIT

Value Bands & Intraportfolio



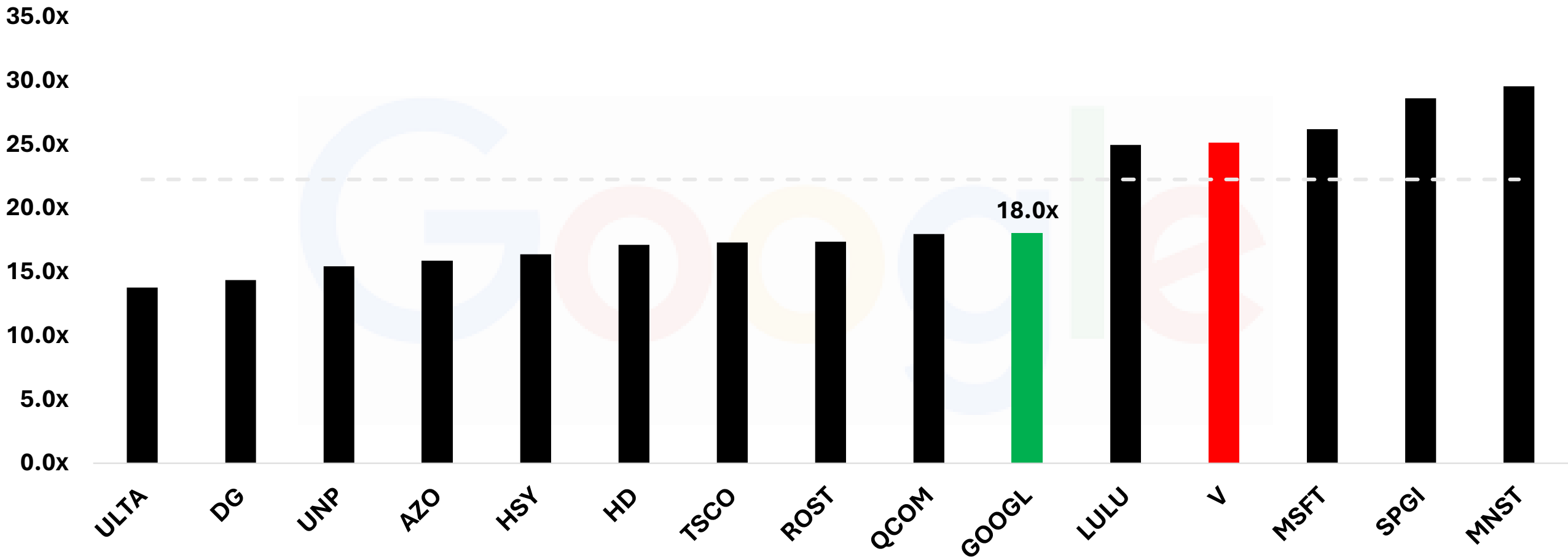
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# EV-to-EBIDTA

Value Bands & Intraportfolio



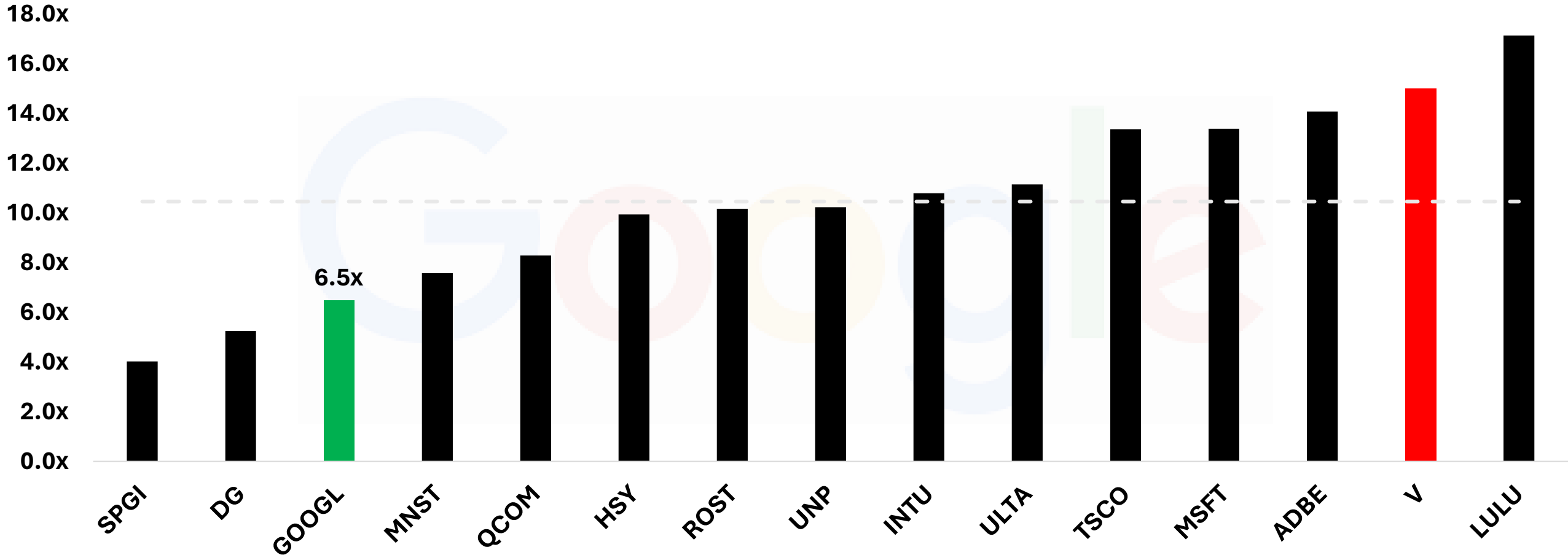
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# Price-to-Book Ratio

Value Bands & Intraportfolio



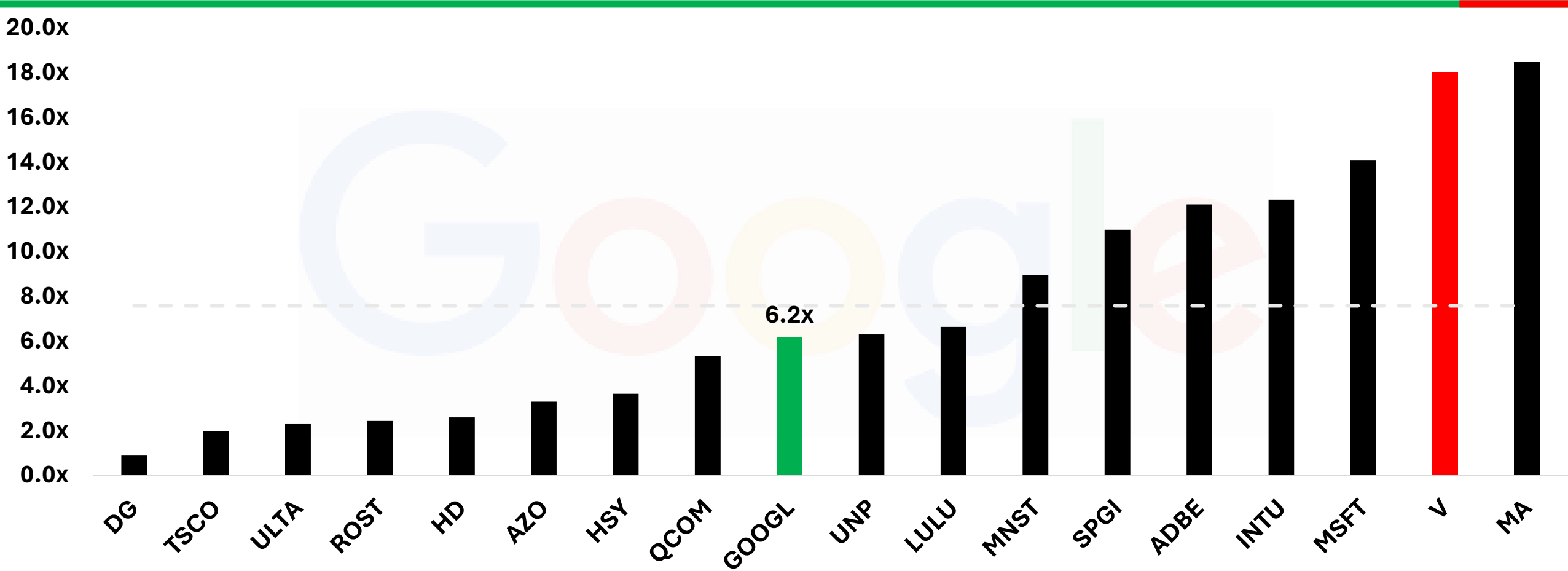
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# Price-to-Sales Ratio

Value Bands & Intraportfolio

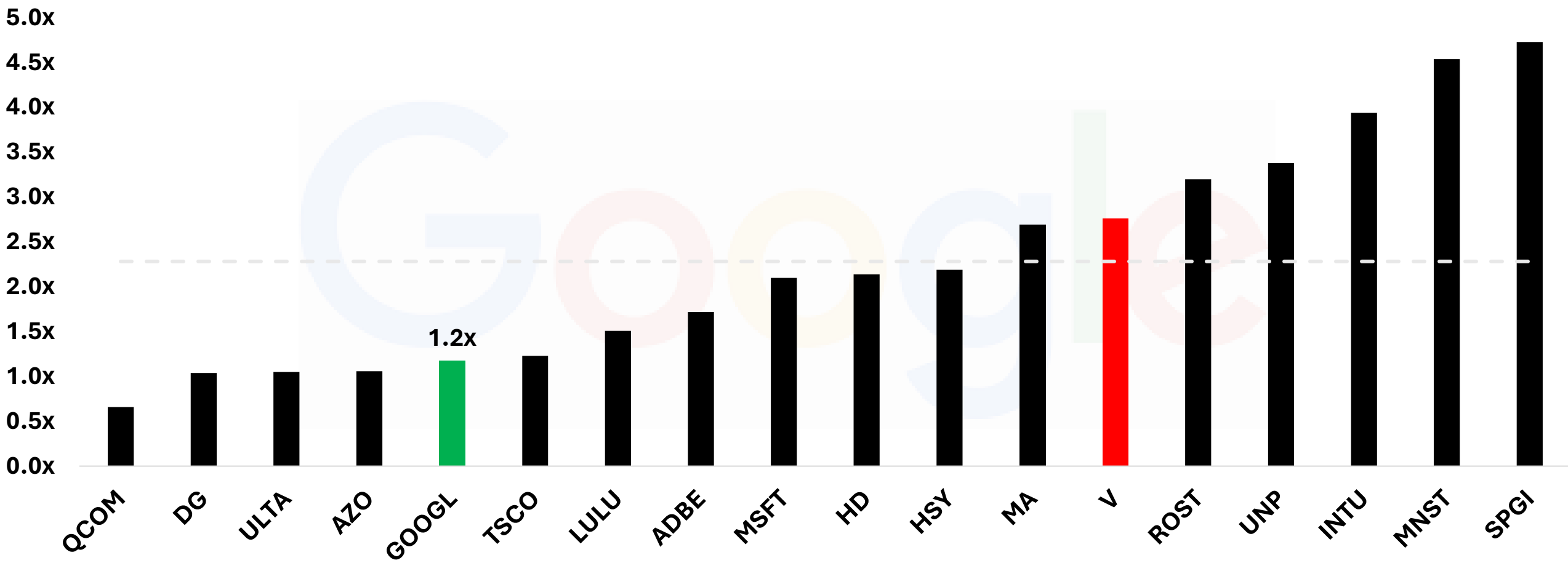
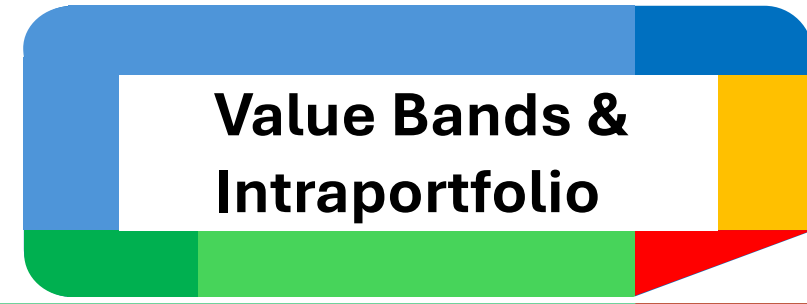


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# Price-to-Earnings Growth Ratio(PEG)



April 20, 2024

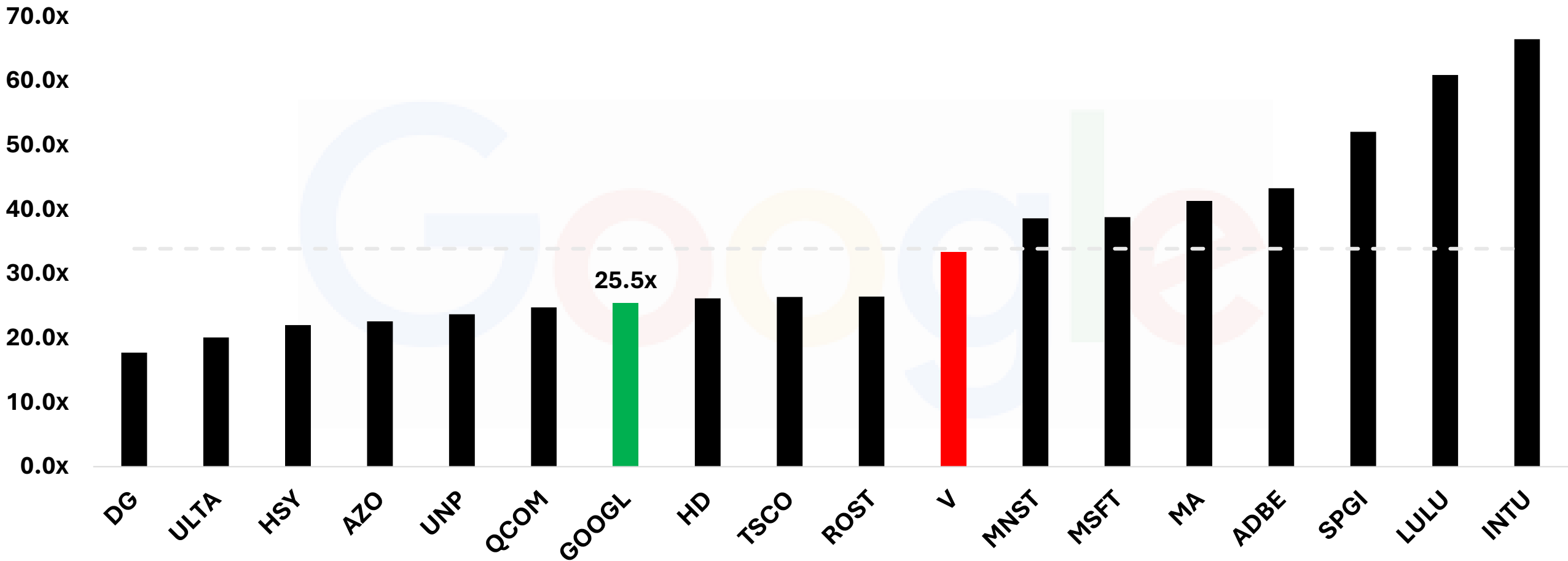
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# Price-to-Earnings Ratio

Value Bands & Intraportfolio



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# Valuation & Conclusion



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# EPS Growth Rate Inputs

Valuation &  
Conclusion

	Revenue	Net Margin	Share Repurchases	EPS Growth Rate
Bear	9%	0.5%	1.5%	11%
Base	10%	1%	2%	13%
Bull	11%	1.5%	2.5%	15%

# 5 Year Discounted Cash Flow

## Valuation & Conclusion

Ticker: GOOGL		5 Year Discounted Cash Flow											
Price: \$147.60									P/E	Total Return Price	PV	5 YR Return	Annual Return
Bear	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	24.0x	\$234.56	\$139.20	58.9%	9.7%	
		\$5.80	\$6.44	\$7.15	\$7.93	\$8.80	\$9.77	26.0x	\$254.11	\$150.80	72.2%	11.5%	
		11%	11%	11%	11%	11%	11%	28.0x	\$273.65	\$162.40	85.4%	13.1%	
Base	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	24.0x	\$256.47	\$152.20	73.8%	11.7%	
		\$5.80	\$6.55	\$7.41	\$8.37	\$9.46	\$10.69	26.0x	\$277.84	\$164.88	88.2%	13.5%	
		13%	13%	13%	13%	13%	13%	28.0x	\$299.21	\$177.57	102.7%	15.2%	
Bull	EPS	<u>Current</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	24.0x	\$279.98	\$166.16	89.7%	13.7%	
		\$5.80	\$6.67	\$7.67	\$8.82	\$10.14	\$11.67	26.0x	\$303.31	\$180.00	105.5%	15.5%	
		15%	15%	15%	15%	15%	15%	28.0x	\$326.64	\$193.85	121.3%	17.2%	

**Discount rate:**  
11%

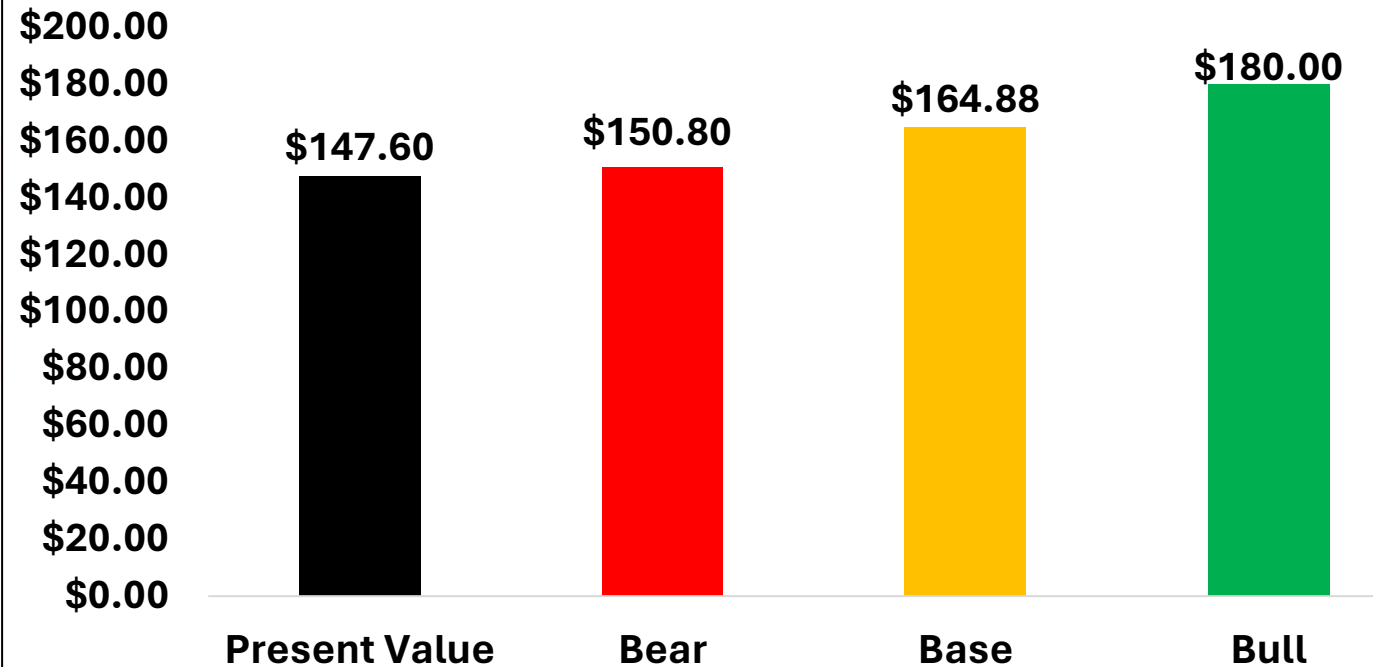
# Expected Rate of Return

## Valuation & Conclusion

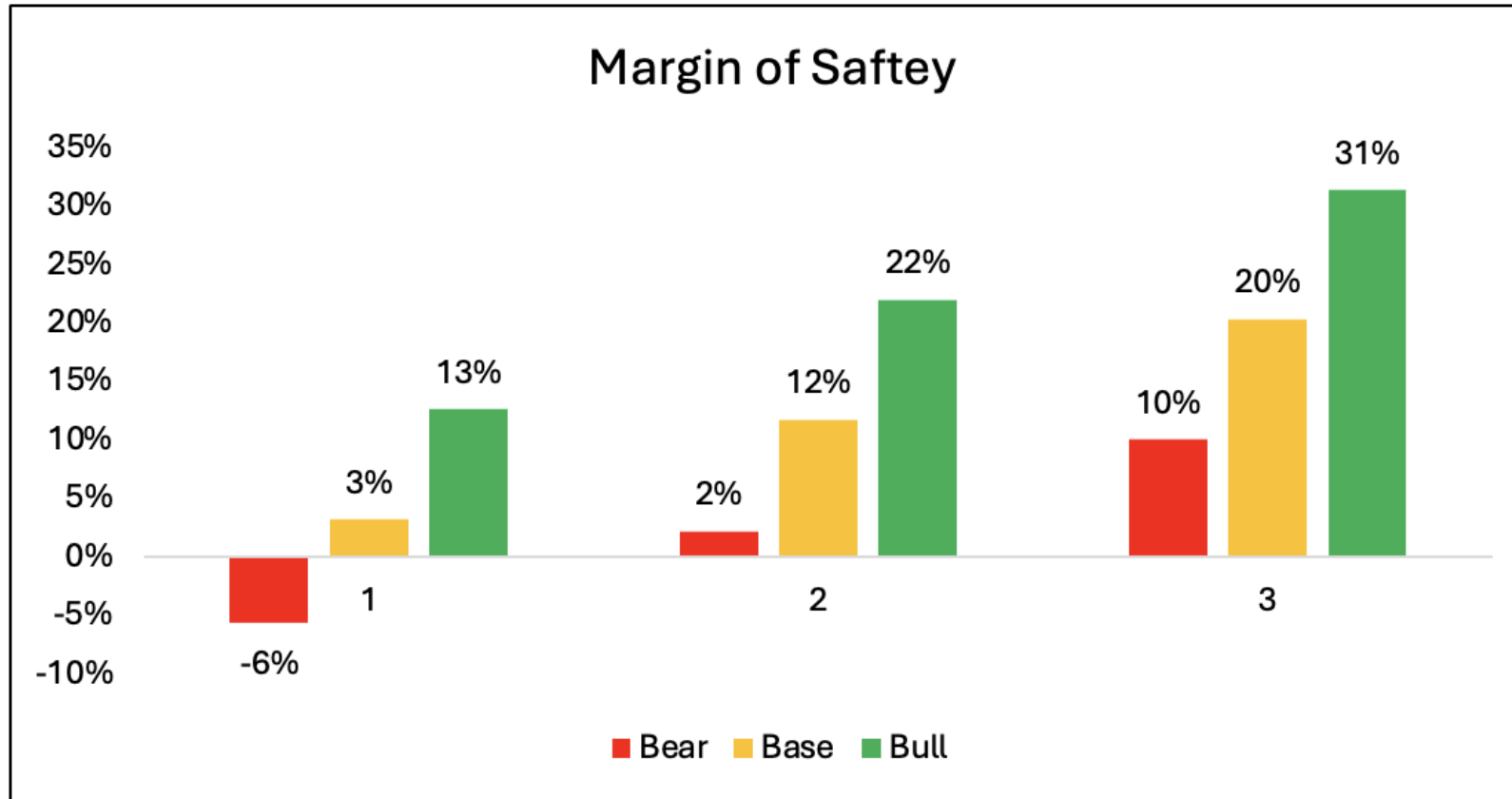
### Total RoR Sensitivity

		Est. EPS growth rate		
		11%	13%	15%
P/E	24.0x	9.7%	11.7%	13.7%
	26.0x	11.5%	13.5%	15.5%
	28.0x	13.1%	15.2%	17.2%

### Market Value vs Intrinsic Value



# Margin of Safety



# Conclusion

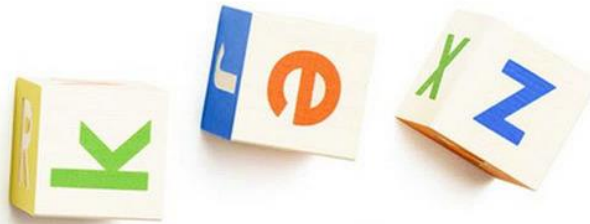
## Valuation & Conclusion

- Battle tested, wide-moat company with growing revenue streams
- Predictable & Consistent
- Recommendation:
  - Limit order for 350 shares at Market Price
  - Moves Google from 12.8% to a 15% weighting in our portfolio





# Question & Answer Session







# Appendix

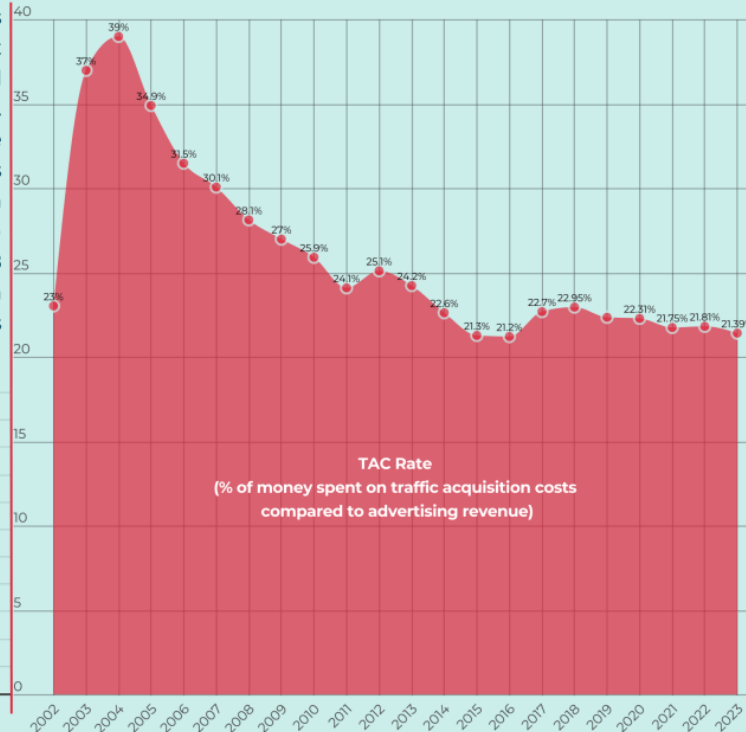
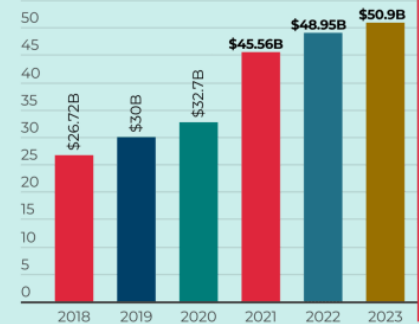


# TAC Rate Since 2002

### Google Traffic Acquisition Costs (TAC) Over The Years

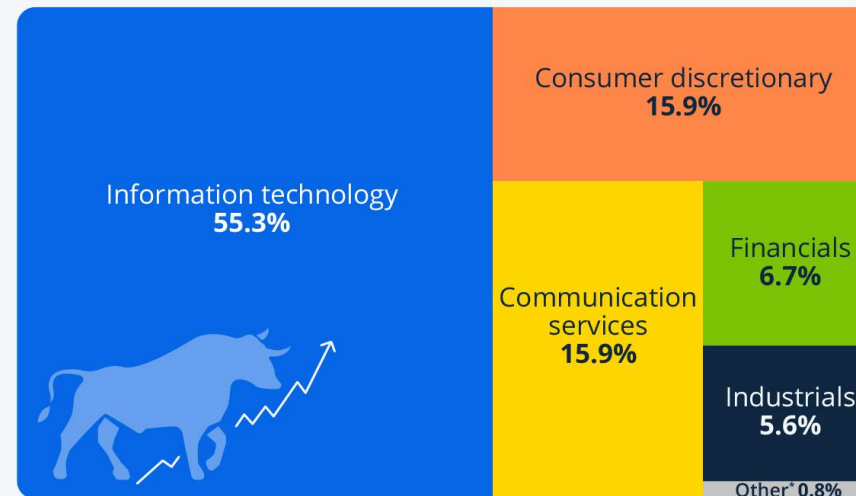
The traffic acquisition cost represents the expenses incurred by an internet company, like Google, to gain qualified traffic - on its pages - for monetization. Over the years, Google has been able to reduce its traffic acquisition costs and, in any case, to keep it stable. In 2023 Google spent 21.39% (\$50.9 billion) of its total advertising revenues (\$237.8 billion) to guarantee its traffic on several desktop and mobile devices across the web.

TAC in \$ Billions



## AI-Powered Tech Boom Fuels 2023 Stock Market Rally

Sector contributions to the total return of the S&P 500 in 2023



\* Incl. real estate, materials, health care, consumer staples, energy and utilities  
Source: Howard Silverblatt, S&P Dow Jones Indices



# Project Nimbus

## Appendix

- Project Nimbus is a software Israeli Government and Military
- Ran on Google Cloud and AWS
- Controversial usage in Gaza conflict causing protests both inside and outside of the company
- Google Fired Employees over protests possibly violating
- The terms Israel set for the project contractually forbid Amazon and Google from halting services due to boycott pressure. The tech companies are also forbidden from denying service to any government entities

# Apple and Google AI Partnership Under Discussion

## Appendix

- There are rumors that Apple might be partnering with Google to leverage its Gemini AI product for Apple's iPhone and iPad software.
- The potential deal with Google would involve licensing Gemini's features to enhance Apple's AI generation capabilities, focusing on text-based and image-based information.
- Google's Gemini AI system, known for its multimodal capabilities, allows for processing both text and image-based data, making it more advanced than traditional text-based chatbots.

# AI Flood Prediction

- Google offers Flood Hub, a tool predicting flood risk in local areas for the upcoming week using public data and sending warnings to authorities and organizations.
- Flood Hub covers over 80 countries, including the US, serving 2,000 sites with over 460 million residents receiving alerts via Google Search, Google Maps, and Android notifications.
- Google's flood prediction started in India's flood-prone region, utilizing historical data, river levels, and terrain for forecasting, expanding to more areas and enhanced with AI collaborations.
- Advances in AI have enabled better flood predictions even in areas lacking streamflow data, aiming to increase coverage across Africa, aligning with European standards, and extend predictions to various flood types like flash floods and urban floods.

# More iPhone features come to Android, Google Pixel market share increasing

## Appendix

- Google is bringing satellite messaging to Android 15
- Improvements to the Wallet App that may make it easier to switch
- Google has plans for key apps across the Android user experience. Making the switch more lucrative for many iPhone users, especially those disgruntled with Apple's recent actions.
- New sales figures reveal that Google Pixel's market share is nearing 5% in the US. This is strong growth despite an overall drop in sales of almost 14%.

# Google's plan to end Email Spam

## Appendix

- Gmail's AI protections stop more than 99.9% of spam, phishing and malware-carrying emails from reaching users' inboxes. But they want to do better.
- Google has been making it explicit since October 2023 that new email sender authentication rules will result in some messages to Gmail accounts being rejected and bounced back to the sender en masse.
- Companies have 10 Days To Comply with the new rules and starting in April 2024 Google will rejecting non-compliant traffic
- Some of the rules include the requirement for bulk senders to authenticate their emails, allow for easy unsubscribe and to stay under a reported spam threshold



# Growth Rate Drivers

Appendix

Growth Rate Drivers						
	2023-01	2024	2025	2026	2027	2028
<b>Revenue</b>	\$ 8,111	\$ 8,840	\$ 9,636	\$ 10,503	\$ 11,449	\$ 12,479
<i>Growth Estimate</i>		9.0%	9.0%	9.0%	9.0%	9.0%
<b>Operating Income</b>	\$ 2,016	\$ 2,217	\$ 2,439	\$ 2,683	\$ 2,951	\$ 3,246
<i>Growth Estimate</i>		10.0%	10.0%	10.0%	10.0%	10.0%
Operating Margin	24.9%	25.1%	25.3%	25.5%	25.8%	26.0%
<b>Pre-Tax Income</b>	\$ 1,562.15	\$ 1,718.37	\$ 1,890.20	\$ 1,890.20	\$ 2,079.22	\$ 2,287.14
<i>Growth Estimate</i>		10.0%	10.0%	0.0%	10.0%	10.0%
Pre-Tax Income Margin	19.3%	19.4%	19.6%	18.0%	18.2%	18.3%
Tax Rate	36.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Net Income	\$ 1,001	\$ 1,306	\$ 1,437	\$ 1,437	\$ 1,580	\$ 1,738
<b>Shares Outstanding</b>	126.8	129.3	131.9	134.5	137.2	140.0
<i>Buyback Rate</i>	-3.3%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>EPS</b>	\$ 7.86	\$ 10.10	\$ 10.89	\$ 10.68	\$ 11.52	\$ 12.42
<b>5 Year CAGR</b>	<b>10%</b>					