Stock Selection Guide

Company	Alphabet		Date	01/26/16
Prepared by	WRIGHT		Data taken from	BI Stock Data
Where traded	NAS	Industry	Internet Content & Information	
Capitalization --- Outstanding Amounts			Reference	

			% Insiders	% Institution
Preferred ($M)		0.0		
Common (M Shares)		743.7	0.4	34.2
Debt ($M)	5,231.0	% to Tot Cap	4.3 % Pot Dil	8.3

Symbol: GOOGL

1 VISUAL ANALYSIS of Sales, Earnings, and Price

132,752

66,001

40.77

20.27

FY 2015 Q3	Sales ($M)	Earnings Per Share
Latest Quarter	18,675	5.73
Year Ago Quarter	16,523	4.36
Percentage Change	13.0%	31.4%

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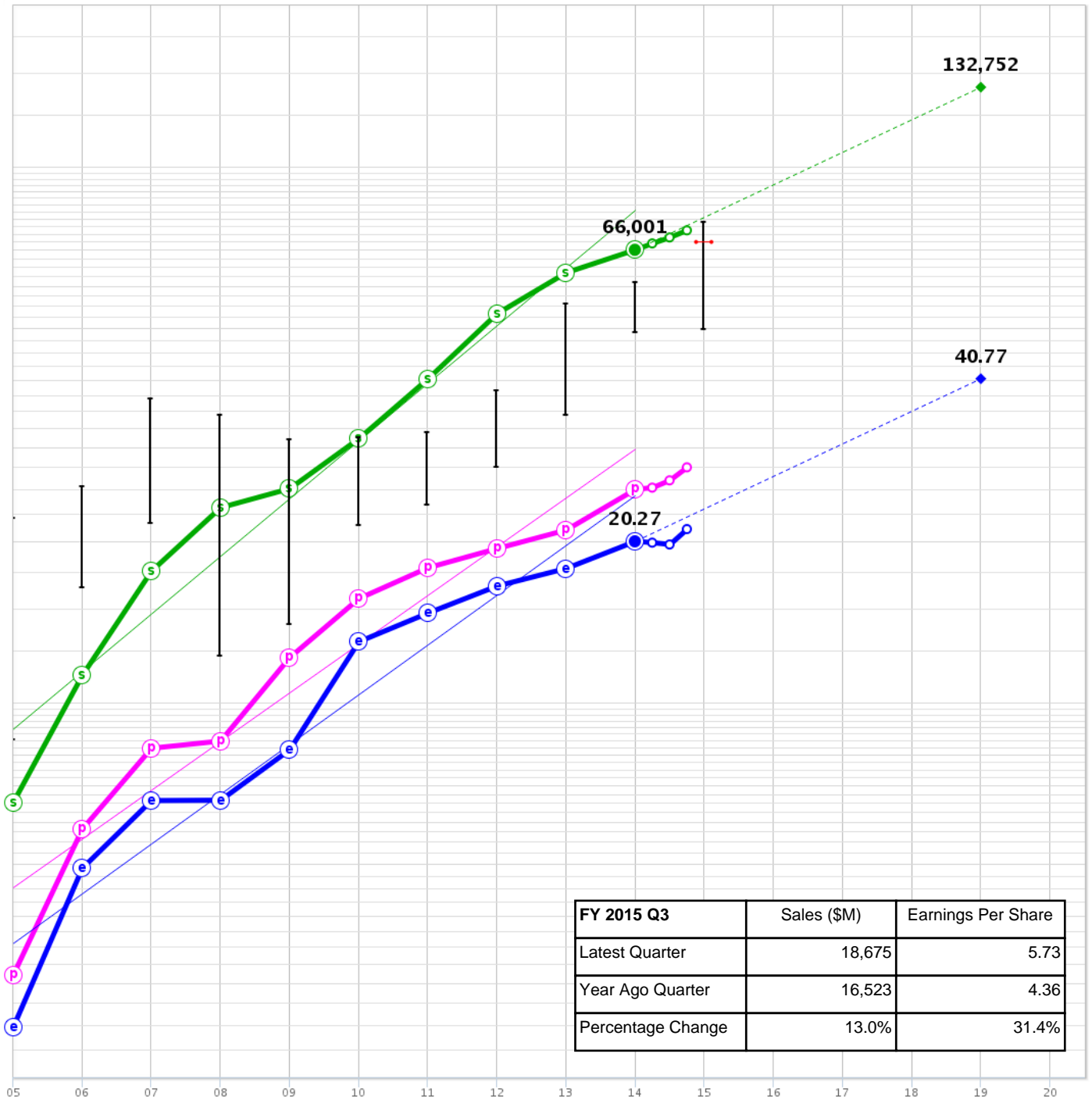
(1) Historical Sales Growth	28.1%	
(2) Estimated Future Sales Growth	15.0%	
(3) Historical Earnings Per Share Growth		23.8%
(4) Estimated Future Earnings Per Share Growth		15.0%

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Last 5 Year Avg.
Pre-tax Profit on Sales	34.9%	37.8%	34.2%	26.9%	35.4%	36.8%	32.5%	26.7%	24.2%	26.1%	29.3%
% Earned on Equity	16.9%	21.1%	18.3%	14.8%	14.6%	18.3%	17.6%	15.4%	14.6%	14.0%	16.0%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	7.0%	6.7%	7.2%	5.7%	4.8%	6.3%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 733.79 (01/26/16)   **HIGH THIS YEAR** 798.69   **LOW THIS YEAR** 503.50

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2010	315.7	217.0	13.17	24.0	16.5	0.00	0.0	0.0
2011	323.7	236.7	14.89	21.7	15.9	0.00	0.0	0.0
2012	387.6	278.5	16.73	23.2	16.7	0.00	0.0	0.0
2013	561.0	348.1	18.04	31.1	19.3	0.00	0.0	0.0
2014	615.0	497.2	20.27	30.3	24.5	0.00	0.0	0.0
AVERAGE		315.5		26.1	18.6			
CURRENT/TTM			21.37					
AVERAGE PRICE EARNINGS RATIO 22.3				CURRENT PRICE EARNINGS RATIO 34.3				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E   22.3   X Estimate High Earnings/Share   40.77   =   Forecasted High Price $ 909.2

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E   22.3   X Estimate Low Earnings/Share   20.27   =   Forecasted Low Price $ 452.0

(b) Avg. Low Price of Last 5 Years   315.5

(c) Recent Market Low Price   348.1

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}}$ = $\frac{0.00}{0.00\%}$ = 0.0

Selected Forecasted Low Price $ 452.0

C ZONING   using 25%-50%-25%

Forecasted High Price   909.2   Minus Forecasted Low Price   452.0   =   457.2   Range.   25% of Range   114.3

Buy Zone   452.0   to   566.3

Hold Zone   566.3   to   794.9

Sell Zone   794.9   to   909.2

Present Market Price of   733.79   is in the   **HOLD**   Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} \quad 909.2 \quad \text{Minus Present Price} \quad 733.79}{\text{Present Price} \quad 733.79 \quad \text{Minus Low Price} \quad 452.0}$ = $\frac{175.39}{281.79}$ = 0.6   To 1

E PRICE TARGET   (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} \quad 909.2}{\text{Closing Price} \quad 733.79}$ = 1.2390   X   100   =   123.90   -   100   =   23.9   % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend} \quad 0.00}{\text{Closing Price} \quad 733.79}$ = 0.0000   =   0.0 %   Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E   **AVERAGE YIELD - USING FORECAST AVERAGE P/E**

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}}$ = $\frac{0.0\%}{22.30}$ = 0.0 % $\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}}$ = $\frac{0.0\%}{22.30}$ = 0.0 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E   **COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

Annualized Appreciation	4.4 %	Annualized Appreciation	4.4 %
Average Yield	0.0 %	Average Yield	0.0 %
Annualized Rate of Return	4.4 %	Annualized Rate of Return	4.4 %