

June 29, 2026 10:14 PM GMT

Alphabet Inc. | North America

Diving into '28 Compute Capacity, TPU Sales and Revenue to Come

WHAT'S CHANGED

Alphabet Inc. (GOOGL.O)	From	To
Price Target	\$375.00	\$415.00

We see GOOGL adding 9 GW of compute capacity in '28 and selling 4 GW of TPU on a 1P basis. This isn't priced as we raise Cloud ests, now seeing over \$300bn/\$130bn of rev/EBIT in '28 and \$19 of GOOGL EPS. Tactical flows weigh on GOOGL even as visibility improves; OW, PT to \$415 (~20% upside)

Tactical Flows Drive Underperformance...As GOOGL '27/'28 Visibility and Fundamentals Appear to Be Strengthening...Creating a Buying Opportunity:

GOOGL shares have fallen 10% over the past month as investor dollars continue to flow toward hardware/semis. But we argue GOOGL fundamentals and visibility into '27 and '28 are improving...creating a tactical buying opportunity for one of the best positioned AI companies around. In all, with GOOGL trading at 18X our new '28 EPS (vs 21X long-term average) we remain OW and are buyers on weakness.

Diving into '28 Google Cloud Capacity, Revenue and Capex: We have detailed the '26/'27 Google Cloud and 1P TPU sales opportunity over the past 8 months [here](#), [here](#), and [here](#). But as we approach the compute-constrained mid-year of '26, we think investors should start to focus on '28 and the capacity onboard, revenue and capex ahead. In all, **our updated Google Cloud capacity and 1P TPU analysis causes us to...**

- 1) Raise GOOGL company-wide revenue by 4%/1% in '27/'28 as we now model Google Cloud segment to grow 106%/44%...reaching \$214bn/\$308bn of revenue.
- 2) Raise GOOGL '27/'28 EPS by 4%/1%...now modeling \$19 of '28 EPS, and
- 3) Raise GOOGL '27 capex by 17%...now modeling \$350bn/\$375bn of capex in '27/'28. These revisions combined with the forward model roll lead us to raise our GOOGL PT to \$415 (20% upside), which implies paying 25X/22X '27/'28 EPS.

Please do let us know if interested in our updated Google Cloud GW capacity and backlog/monetization models or models estimating capex and 1P TPU unit economics. We now turn to our analysis in more detail...

We See Google Bringing on 9 GW of Incremental Capacity in '28...Which Should Imply (at least) \$229bn of "Core" Google Cloud Revenue ... Our semis team estimates AVGO (covered by Joe Moore) is set to ship ~14 GW of total compute in '28, of which we estimate 9 GW will be TPU. Their 14 GW estimate is derived by

MORGAN STANLEY & CO. LLC

Brian Nowak, CFA

Equity Analyst

Brian.Nowak@morganstanley.com

+1 212 761-3365

Gregory Gao

Research Associate

Greg.Gao@morganstanley.com

+1 212 296-3125

Nikhil Javeri

Research Associate

Nikhil.Javeri1@morganstanley.com

+1 212 761-3742

Alphabet Inc. (GOOGL.O, GOOGL US)

Internet | United States of America

Stock Rating	Overweight
Industry View	Attractive
Price target	\$415.00
Shr price, close (Jun 29, 2026)	\$353.65
Mkt cap, curr (mm)	\$4,334,050
52-Week Range	\$408.61-169.94

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

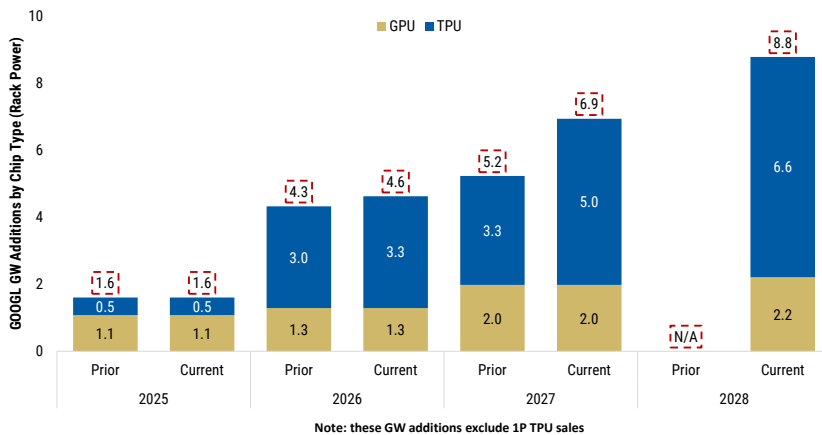
For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

combining AVGO management commentary about shipping 10 GW in 2027 with MS estimated 2027 AVGO revenue, implying roughly \$12 of ASIC revenue per watt. This \$12/W framework, when applied to their '28 AVGO revenue estimates, implies approximately 14 GW of compute shipments in 2028, of which we estimate ~60% (~9 GW) will be TPUs.

We also believe GOOGL remains compute constrained (consider paying \$50/W recently for compute) and therefore estimate that ~60% of AVGO TPUs, or roughly 5 GW, will be retained by GOOGL to support its core business and Google Cloud workloads. We estimate the remaining ~4 GW of AVGO TPUs will be sold to external customers as 1P merchant TPU sales.

In addition to AVGO, we model MediaTek (covered by Charlie Chan) to add an additional 1 GW/1.5 GW of TPU in '27/'28. As such, in aggregate we raise our TPU capacity added by GOOGL to 5 GW of rack power in '27 (vs 3.3 GW prior) and in doing the bottom up TPU capacity work for the first time **in '28 expect GOOGL to add ~7 GW of TPU capacity**. Lastly, we **also model GOOGL to add 2 GW of compute capacity of NVDA GPUs in '28**...for total net additions of ~9 GW of on-premises compute capacity.

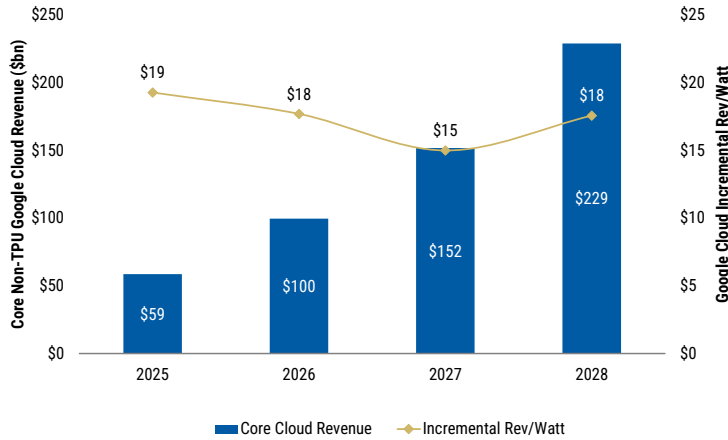
Exhibit 1: We increase our estimated GOOGL capacity in '27 from 5.2 GW to 6.9 GW (rack power), and now expect ~9 GW of rack power to be delivered in '28 (~7 GW of which are TPU).



Source: Company data, Morgan Stanley Research

Monetization of the capacity remains a debate but our base model assumes incremental "core" (pre 1P TPU sales) Google Cloud Revenue monetizes at \$15/\$18 per watt in '27/'28...which leads to our \$152bn/\$229bn of total core Google Cloud/GCP Revenue. We have detailed [here](#) why this is likely conservative but feel comfortable as a base case. Note that in this forecast we also assume 50% of '28 Google GW capacity is dedicated toward cloud, with 50% dedicated toward other core products (search, agents, YouTube, etc).

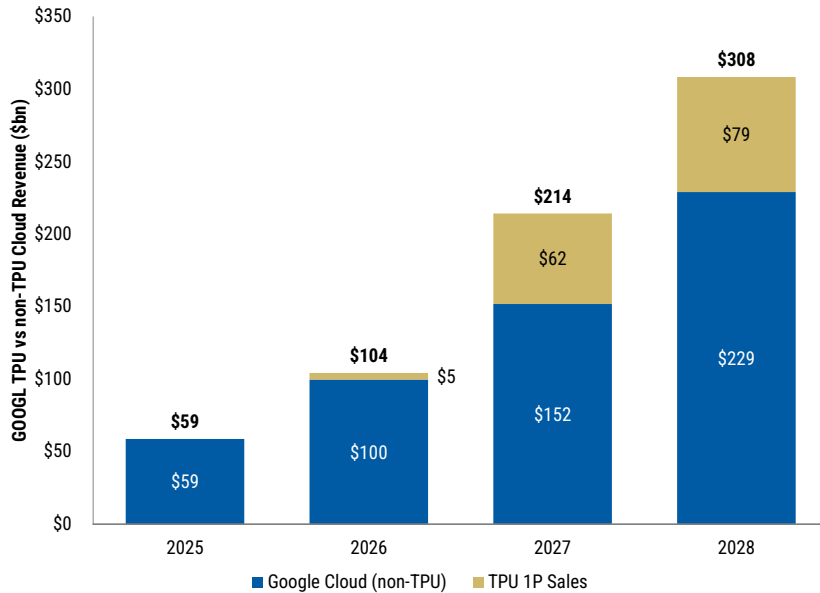
Exhibit 2: We assume core Google Cloud monetizes at \$15/18 per incremental watt in '27/'28 with potential upward bias as GenAI products are developed and scale



Source: Company data, Morgan Stanley Research

...and We See a Path Toward \$80bn of 1P TPU Sales in '28. As detailed above, given its compute constraints, we expect GOOGL to only sell 4 GW of 1P TPU sales in '28. While we acknowledge we aren't entirely sure the gross margin GOOGL is charging for the 1P TPU system sales, our base case assumes a 20% gross margin, which implies \$20bn of revenue per GW. Please see [Exhibit 9](#) for a full detail and logic of this build. We continue to monitor this and do channel checks for more color on these deals...but in all, this implies that 1P TPU sales will generate \$62bn/\$79bn of revenue for Google Cloud in '27/'28.

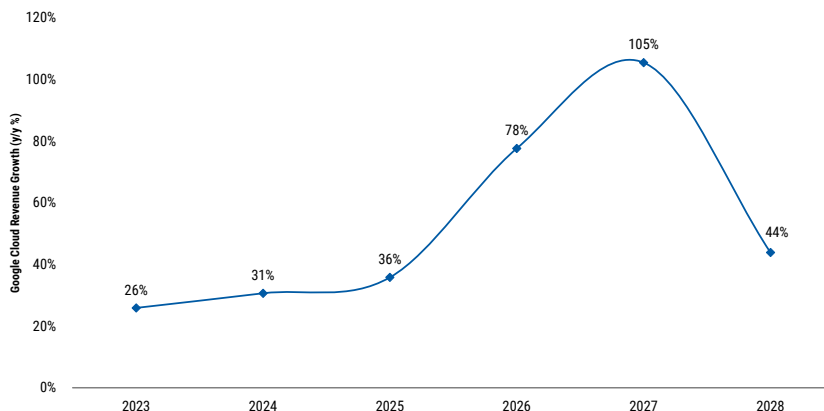
Exhibit 3: Our updated modeling of core Google Cloud revenue (with more capacity) and 1P TPU sales paints a path toward \$300bn+ of '28 Google Cloud Revenue....



Source: Company data, Morgan Stanley Research

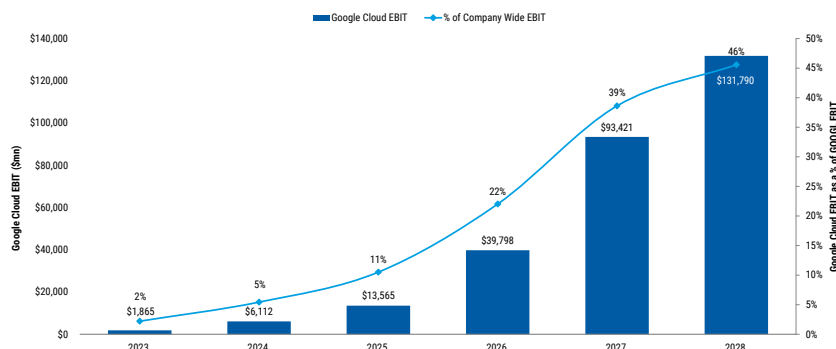
Raise Google Cloud Estimates, Now Expecting 106%/44% Revenue Growth in '27/'28...With Google Cloud Reaching ~45% of GOOGL EBIT in '28 (\$132bn) : This updated work causes us to better understand the drivers and durability of Google Cloud segment revenue as we now model Google Cloud segment to grow 106%/44% in '27/'28. This faster, more durable growth combined with estimated 40%+ incremental margins going forward cause Google Cloud EBIT to reach \$132bn in '28...or 46% of company-wide EBIT. We argue GOOGL's material multi-pronged leading AI EBIT engine should warrant a higher multiple over time.

Exhibit 4: ...as we now model Google Cloud segment revenue to grow 105%/44% in '27/'28...



Source: Company data, Morgan Stanley Research

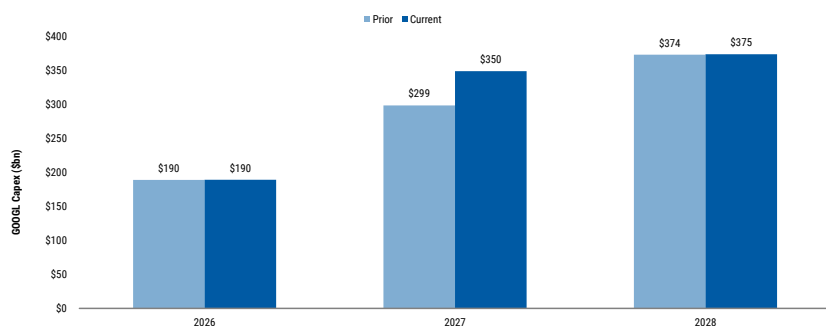
Exhibit 5: ...and see Google Cloud segment EBIT reaching \$132bn by '28, or ~45% of company-wide EBIT



Source: Company data, Morgan Stanley Research

Raise GOOGL '27 Capex to \$350bn Due to Increased TPU Capacity : While GOOGL's revenue and EBIT opportunity is meaningful from this incremental capacity, so too are the capex requirements, as better visibility into '28 TPU capacity causes us to raise '27 capex to \$350bn (vs \$300bn prior). Please see text and [Exhibit 10](#) for full logic/thoughts behind our '27/'28 capex. In all, we now model GOOGL to bring on 7 GW / 9 GW of Rack Power capacity in '27/'28. While we are still working through '28 capacity potential for the remaining hyperscalers, once again **please let us know if interested in our cross company GW capacity models.**

Exhibit 6: We raise '27 GOOGL capex estimates from \$300bn previously to \$350bn, accounting for more informed estimates on TPU and capacity related capex.



Source: Company data, Morgan Stanley Research

Raise PT to New \$415 (20% Upside) on Estimates and Roll Forward: In all, we raise '27/'28 revenue by 4%/1% and EPS by 4%/1%. The revisions are driven by faster cloud growth and assumed faster '28 search growth (8% now vs 7% previously) driven by continued GenAI innovation, engagement and monetization. Remember that we estimate 50% of GOOGL's incremental capacity will be used by its core...which we expect to monetize.

We are also rolling our valuation to 1H:28 as our new \$415 PT (~20% upside) implies paying 22X '28 EPS, a ~25% premium on PEG to peers (vs the ~5% premium where GOOGL trades currently). With GOOGL currently trading at 18X our new \$19 '28 EPS (a ~15% discount to the ~21X long-term NTM average) we remain bullish GOOGL and are buyers on this fund-flow driven weakness.

Exhibit 7: Our new \$415 GOOGL PT implies a 23X multiple on an average of our \$16/\$19 EPS in '27/'28 ...

GOOGL Valuation			
	Bear	Base	Bull
'27/'28 Avg. EPS	\$16.21	\$17.71	\$18.68
(X) P/E	15X	23X	26X
(=) Price Per Share	\$250	\$415	\$480
% upside/(downside)	(29%)	17%	36%
Implied P/E on '27 EPS	15X	25X	29X
Implied P/E on '28 EPS	13X	22X	25X

Source: Company data, Morgan Stanley Research

Exhibit 8: ... and implies a ~25% premium to peers on a growth adjusted basis (vs. the ~5% premium that GOOGL currently trades at).

Peer Set	Share Price	'28 EPS	'25-'28 EPS CAGR	'28 P/E	'28 PEG
AAPL	\$282	\$11	10%	25x	2.5x
MSFT	\$368	\$27	14%	14x	1.0x
META	\$565	\$36	11%	16x	1.4x
AMZN	\$240	\$15	20%	16x	0.8x
NFLX	\$74	\$5	16%	16x	1.0x

Peer Median			14%	16x	1.2x
--------------------	--	--	-----	-----	------

GOOGL @ Current Share Price	Share Price	'28 EPS	'25-'28 EPS CAGR	'28 P/E	'28 PEG
GOOGL	\$353	\$19.1	15%	18x	1.2x
Premium/(Discount) vs. Median				16%	5%

GOOGL @ \$415 PT	Share Price	'28 EPS	'25-'28 EPS CAGR	'28 P/E	'28 PEG
GOOGL	\$415	\$19.1	15%	22x	1.4x
Premium/(Discount) vs. Median				36%	23%

Source: Company data, Morgan Stanley Research

Other Key Exhibits

Exhibit 9: Our TPU rack ASP/gross margin assumptions imply ~\$20bn of revenue/GW on 1P TPU system sales

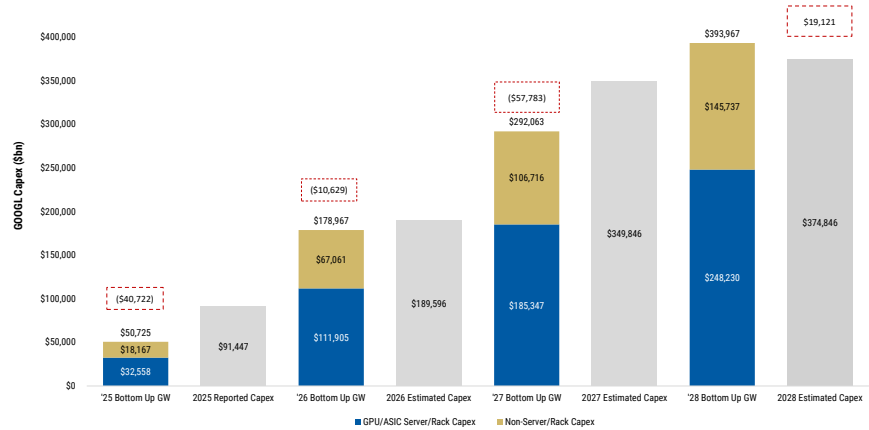
	2027	2028	Notes
v8 Racks Sold	30,126	9,966	
(X) Rack ASP to GOOGL (\$mn)	\$1.4	\$1.4	MS Est. Rack Cost
(=) TPU COGS (\$mn)	\$42,968	\$14,214	
(X) Gross Margin	20.0%	20.0%	MS Est.
(=) v8 Revenue (\$mn)	\$51,561	\$17,057	
v8 Racks Sold	30,126	9,966	
(X) v8 KW per Rack	83	83	Assumes 1.3 KW per chip (Rumored)
(=) v8 GW Shipments	2.5	0.8	
v9 Racks Sold	5,795	33,044	
(X) Rack ASP to GOOGL (\$mn)	\$1.6	\$1.6	Assumes 10% premium to est. v8 cost
(=) TPU COGS (\$mn)	\$9,093	\$51,843	
(X) Gross Margin	20.0%	20.0%	MS Est.
(=) v9 Revenue (\$mn)	\$10,911	\$62,212	
v9 Racks Sold	5,795	33,044	
(X) v9 KW per Rack	96	96	Assumes 1.5 KW per chip
(=) v9 GW Shipments	0.6	3.2	
TPU 1P Sales (\$mn)	\$62,472	\$79,269	
(/) GW Shipments	3.1	4.0	
(=) Revenue/GW of 1P TPU Sales (\$mn)	\$20,397	\$19,810	

Source: Company data, Morgan Stanley Research

Further Logic on GOOGL Monetizing at \$20bn/GW on 1P TPU Sales... GOOGL is only selling the racks in the 1P TPU relationships, and we do not believe they are building the powered shell for any of their partners. We know that GOOGL itself is outsourcing building of the powered shell to certain third parties and opting to be lessees of certain sites (more on this below). With that in mind, we do not believe they would be a lessor for other 3P data centers by building the powered shell and renting it out.

Monetization at \$20bn/GW on just the racks would mean a GW of TPUs (sold externally) requires \$30-35bn of all-in capex, which we still believe is lower than the requirements for building a Vera Rubin GW (~\$41bn). We do acknowledge the margin is much lower on \$20/W (relative to core cloud monetization) as much of the COGS ultimately flow through to AVGO. We believe GOOGL is intentionally making this trade-off in order to further embed the TPU architecture within the broader AI data center ecosystem. Note in our assumptions, we are implicitly assuming that AVGO sells the chips to GOOGL and then GOOGL marks up the chips/rack. We will continue to do channel checks and look for further disclosure to understand these relationships better.

Exhibit 10: Our updated capex prebuild analysis (which now includes '28) shows GOOGL continuing to pre-build in '27, with less forward building in '28



Source: Company data, Morgan Stanley Research. Note: While our '28 bottoms up capacity work implies total spend in excess of our current capex forecast, we believe there is downward bias to the implied bottoms up numbers as infrastructure investment shifts towards shorter-dated assets (i.e. chips/racks) and away from longer-dated assets (i.e. powered shell, building, etc.)

Logic Behind Our Capex Raise: Flowing through our higher estimate for TPUs bought by GOOGL would mechanically add ~\$65bn of capex vs. our prior framework; however, we believe this is partially offset by two factors. **First, our bottoms-up capex framework implicitly assumes GOOGL funds the full powered shell plus IT stack**, whereas recent structures such as the Blackstone JV (see [here](#)) suggest GOOGL may increasingly rely on financial partners or leased data-center capacity, with GOOGL bringing the racks and avoiding some of the powered-shell capex, which can represent ~30% of GW-scale data-center cost. Alphabet’s disclosed ~\$75bn of uncommenced DC leases beginning between 2026 and 2031 also supports the view that a portion of future power may be leased rather than fully self-built. **Second, our cost per GW is based on the AVGO TPU architecture and might overstate capex as MediaTek becomes a larger contributor to incremental TPU capacity**, given our understanding that MediaTek TPUs should be meaningfully cheaper for GOOGL to build.

Exhibit 11: We see both Google Cloud and Google Services generating significant operating leverage, with non-D&A opex growing well below revenue for both segments.

	2023	2024	2025	2026	2027	2028
Cloud Operating Expenses	31,223	37,117	45,140	64,484	120,876	176,583
(+) Corporate/Unallocated	9,186	10,541	16,415	25,578	39,798	49,666
(-) Cloud D&A	(5,997)	(6,890)	(9,511)	(17,270)	(38,622)	(70,582)
Company Wide D&A	(13,326)	(15,311)	(21,136)	(34,540)	(70,222)	(117,637)
Attributable to Cloud	45%	45%	45%	50%	55%	60%
(=) Cloud Opex (ex-D&A)	34,412	40,768	52,044	72,792	122,052	155,668
%y/y growth		18%	28%	40%	68%	28%
\$ y/y growth		\$6,356	\$11,276	\$20,749	\$49,260	\$33,616

	2023	2024	2025	2026	2027	2028
Services Operating Expenses	176,449	183,667	203,317	217,792	236,766	255,647
(-) Services D&A	(7,329)	(8,421)	(11,625)	(17,270)	(31,600)	(47,055)
Company Wide D&A	(13,326)	(15,311)	(21,136)	(34,540)	(70,222)	(117,637)
Attributable to Services	55%	55%	55%	50%	45%	40%
(=) Services Opex (ex-D&A)	169,120	175,246	191,692	200,522	205,166	208,592
%y/y growth		4%	9%	5%	2%	2%
\$ y/y growth		\$6,126	\$16,446	\$8,830	\$4,644	\$3,426

Source: Company data, Morgan Stanley Research

Exhibit 12: Our updated TPU capacity estimates are partially informed by our Asia semis team's latest chip forecasts.

x Units	2023	2024	2025e	2026e	2027e	2028e
v5	500	2,400	250			
v6 (Trillium)			1,000			
v7 (Ironwood, by Broadcom)			500	2,300	500	
v8i (Sunfish; 3nm, by Broadcom)				900	3,000	2,500
v8t (Zebrafish; 3nm, by MediaTek)				500	3,000	1,000
v9 (Humufish; 2nm, by MediaTek)					150	3,000
v9a (Merope; 2nm, by US design service)						unknown
v10 (Icefish; 1.4nm, by MediaTek)						unknown
Total	500	2,400	1,750	3,700	6,650	>6500

Source: Company data, Morgan Stanley Research

Exhibit 13: GOOGL Model Estimate Changes

	2026 Prior	2027 Prior	2028 Prior	2026 Current	2027 Current	2028 Current	2026 Revision	2027 Revision	2028 Revision
Total Gross revenue (GAAP)	497,845.5	630,316.1	774,706.7	497,283.6	650,119.0	782,949.4	-0.1%	3.1%	1.1%
Traffic acquisition costs (TAC)	65,785.4	71,070.8	74,895.8	65,702.9	70,981.9	75,371.5	-0.1%	-0.1%	0.6%
TAC as % of advertising revenue	19.6%	19.4%	19.1%	19.7%	19.4%	19.1%	0.0%	0.0%	0.0%
Total Net revenue	432,060.1	559,245.3	699,810.9	431,580.7	579,137.0	707,578.0	-0.1%	3.6%	1.1%
Other cost of revenue (ex-TAC, ex-SBC)	122,019.9	165,563.0	219,758.4	121,879.3	180,643.9	231,645.7	-0.1%	9.1%	5.4%
Gross profit (GAAP)	305,071.9	387,949.8	473,541.4	304,738.6	392,811.8	469,495.4	-0.1%	1.3%	-0.9%
Gross margin	70.6%	69.4%	67.7%	70.6%	67.8%	66.4%			
Total costs & expenses (GAAP)	318,761.1	399,810.2	489,564.6	316,622.6	408,202.8	493,768.3	-0.7%	2.1%	0.9%
Total operating expenses (Non-GAAP)	125,987.4	157,443.9	188,399.3	124,077.6	150,895.7	180,314.3	-1.5%	-4.2%	-4.3%
Research and development (ex-SBC)	60,274.0	80,594.2	100,851.4	60,207.8	80,275.0	102,323.9	-0.1%	-0.4%	1.5%
Sales and marketing (ex-SBC)	28,762.8	34,093.6	39,131.1	26,685.6	28,747.8	31,231.8	-7.2%	-15.7%	-20.2%
General and administrative (ex-SBC)	13,097.5	15,257.7	17,183.4	13,357.4	14,620.8	15,882.2	2.0%	-4.2%	-7.6%
Stock-based compensation	28,821.5	33,230.9	37,744.5	28,789.5	32,933.3	37,313.3	-0.1%	-0.9%	-1.1%
Depreciation	35,018.9	64,911.1	105,719.8	34,539.8	70,221.8	117,636.6	-1.4%	8.2%	11.3%
Amortization of intangibles	1,271.4	1,710.0	102.0	1,271.4	1,710.0	102.0	0.0%	0.0%	0.0%
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
EBITDA (adjusted)	244,196	330,358	428,708	245,262	346,781	444,233	0.4%	5.0%	3.6%
EBITDA margin (adjusted)	56.5%	59.1%	61.3%	56.8%	59.9%	62.8%	0.3%	0.8%	1.5%
Incremental EBITDA margin	77.5%	67.7%	70.0%	79.1%	68.8%	75.9%	1.6%	1.1%	5.9%
Total operating income (GAAP)	179,084	230,506	285,142	180,661	241,916	289,181	0.9%	5.0%	1.4%
Total operating income margin (GAAP)	36.0%	36.6%	36.8%	36.3%	37.2%	36.9%	0.4%	0.6%	0.1%
Other income/(expense), net (GAAP)	38,628.3	(2,314.2)	(5,479.6)	40,039.5	1,280.6	(2,594.5)	3.7%	-155.3%	-52.7%
Pretax income (GAAP)	217,712.8	228,191.8	279,662.5	220,700.5	243,196.8	286,586.6	1.4%	6.6%	2.5%
Income tax expense (GAAP)	37,282.1	36,510.7	46,533.6	37,760.2	38,911.5	46,956.8	1.3%	6.6%	0.9%
Tax rate (GAAP)	17.1%	16.0%	16.6%	17.1%	16.0%	16.4%		-2 bp	-25 bp
Net income (reported GAAP)	180,430.7	191,681.1	233,128.9	182,940.4	204,285.3	239,629.8	1.4%	6.6%	2.8%
Net income (GAAP), continuing ops	180,430.7	191,681.1	233,128.9	182,940.4	204,285.3	239,629.8	1.4%	6.6%	2.8%
EPS (GAAP)	\$14.73	\$15.61	\$18.94	\$14.80	\$16.30	\$19.12	0.5%	4.4%	1.0%
Basic shares	12,114.1	12,145.1	12,178.1	12,227.5	12,399.7	12,397.8	0.9%	2.1%	1.8%
Diluted shares	12,247.1	12,278.5	12,311.9	12,361.8	12,536.0	12,534.0	0.9%	2.1%	1.8%
Free Cash Flow	19,743.9	2,041.5	6,253.2	20,659.9	(33,386.0)	23,164.6	4.6%	-1734.4%	270.4%
Free Cash Flow per Share	\$1.61	\$0.17	\$0.51	\$1.67	(\$2.66)	\$1.85	3.7%	-1700.8%	263.9%
Capex	\$189,568.43	\$299,218.84	\$374,218.84	\$189,596.00	\$349,846.00	\$374,846.00	0.0%	16.9%	0.2%

Source: Company data, Morgan Stanley Research

Financials

Exhibit 14: GOOGL Income Statement

Morgan Stanley | Google Income Statement

(USD millions)	2025	2026E	2027E	2028E	25-'28 CAGR
Gross revenue build (GAAP)					
Total Alphabet revenue	\$402,836.0	\$497,283.6	\$650,119.0	\$782,949.4	25%
Total Advertising	294,691.0	334,292.1	366,408.4	394,979.9	10%
Google Websites	264,899.0	305,262.7	337,900.8	366,892.8	11%
Network Websites	29,792.0	29,029.4	28,507.6	28,087.1	-2%
Google Other & Other Bets	108,272.0	163,021.5	283,310.6	387,569.5	53%
Hedging gains (losses)	(127.0)	(30.0)	400.0	400.0	
Total Gross revenue (GAAP)	402,836.0	497,283.6	650,119.0	782,949.4	25%
Total cost of revenue (GAAP)	162,535.0	192,545.0	257,307.1	313,454.0	24%
Total gross profit (GAAP)	240,301.0	304,738.6	392,811.8	469,495.4	25%
Total gross margin (GAAP)	59.7%	61.3%	60.4%	60.0%	
Traffic acquisition costs (TAC)	59,926.0	65,702.9	70,981.9	75,371.5	8%
TAC as % of advertising revenue	20.3%	19.7%	19.4%	19.1%	
Total Net revenue (ex-TAC)	342,910.0	431,580.7	579,137.0	707,578.0	27%
Total operating expenses (GAAP)	111,262.0	124,077.6	150,895.7	180,314.3	17%
Research and development (ex-SBC)	48,778.6	60,207.8	80,275.0	102,323.9	28%
Sales and marketing (ex-SBC)	24,679.9	26,685.6	28,747.8	31,231.8	8%
General and administrative (ex-SBC)	17,157.6	13,357.4	14,620.8	15,882.2	-3%
Stock-based compensation (including COGS)	24,953.0	28,789.5	32,933.3	37,313.3	14%
Non-recurring items	0.0	0.0	0.0	0.0	
Depreciation (included in expense lines)	21,136.0	34,539.8	70,221.8	117,636.6	77%
Total amortization of intangibles (included in expense lines)	0.0	1,271.4	1,710.0	102.0	
Total costs & operating expenses (GAAP)	273,797.0	316,622.6	408,202.8	493,768.3	22%
Total costs & operating expenses (adjusted)	248,844.0	287,833.1	375,269.5	456,455.0	
Total operating income (GAAP)	129,039.0	180,661.1	241,916.2	289,181.1	31%
Total operating margin (GAAP)	32.0%	36.3%	37.2%	36.9%	
Total operating income, non-GAAP	153,992.0	209,450.5	274,849.5	326,494.4	
Total operating margin (adjusted)	38.2%	42.1%	42.3%	41.7%	
EBITDA (adjusted)	175,128.0	245,261.8	346,781.3	444,233.0	36%
EBITDA margin	51.1%	56.8%	59.9%	62.8%	
Incremental EBITDA margin	51.6%	79.1%	68.8%	75.9%	
Interest and other income, net	29,787.0	40,039.5	1,280.6	(2,594.5)	
Interest income	4,337.0	6,455.2	6,872.5	5,419.2	
Interest expense	(736.0)	(3,721.8)	(6,175.9)	(8,597.8)	
Foreign currency exchange losses, net	(382.0)	584.0	584.0	584.0	
Gain (loss) on marketable securities, net	24,620.0	36,804.0	0.0	0.0	
Other	(16.0)	(82.0)	0.0	0.0	
Other income (expense), net	1,964.0	0.0	0.0	0.0	
Interest and other income, net	29,787.0	40,039.5	1,280.6	(2,594.5)	
Pre-tax income (GAAP)	158,826.0	220,700.5	243,196.8	286,586.6	
Income tax provision (GAAP)	26,656.0	37,760.2	38,911.5	46,956.8	
Tax rate (GAAP)	16.8%	17.1%	16.0%	16.4%	
Net income (GAAP), continuing ops	132,170.0	182,940.4	204,285.3	239,629.8	
Net income (loss) from discontinued ops	0.0	0.0	0.0	0.0	
Net income, reported	132,170.0	182,940.4	204,285.3	239,629.8	22%
EPS (GAAP), from continuing ops	\$10.81	\$14.80	\$16.30	\$19.12	
EPS (GAAP) as reported	\$10.81	\$14.80	\$16.30	\$19.12	21%

Source: Company data, Morgan Stanley Research

Exhibit 15: GOOGL Balance Sheet

Morgan Stanley | Google Balance Sheet

(USD millions)	2025	2026E	2027E	2028E
Assets:				
Cash & Cash Equivalents	30,708.0	189,883.5	161,645.6	188,641.6
Marketable securities	96,135.0	73,777.0	73,777.0	73,777.0
Accounts receivable	62,886.0	80,979.0	107,059.6	129,834.6
Receivable under reverse repurchase agreements	0.0	0.0	0.0	0.0
Deferred income taxes	0.0	0.0	0.0	0.0
Income taxes receivables	0.0	0.0	0.0	0.0
Prepaid revenue share, expenses and other assets	16,309.0	19,032.1	23,898.3	29,401.5
Total Current Assets	206,038.0	363,671.6	366,380.5	421,654.8
Prepaid revenue share, expenses and other assets, non-current	24,334.0	14,504.0	8,504.0	8,504.0
Deferred income taxes, non-current	0.0	0.0	0.0	0.0
Non-marketable equity securities	68,687.0	106,946.0	106,946.0	106,946.0
Property and equipment	246,597.0	406,884.2	686,508.4	943,717.8
Intangible assets	5,614.5	21,563.1	20,103.1	20,251.1
Goodwill	44,010.5	62,236.5	62,486.5	62,736.5
Total Assets	595,281.0	975,805.4	1,250,928.4	1,563,810.1
Liabilities:				
	0.0	0.0	0.0	0.0
Accounts Payable	12,200.0	15,989.0	22,609.8	29,627.6
Short-term debt	0.0	50,000.0	100,000.0	150,000.0
Accrued compensation and benefits	17,546.0	20,475.7	25,467.7	30,806.1
Accrued expenses and other current liabilities	55,557.0	64,469.8	80,187.6	94,774.2
Accrued revenue share	10,864.0	12,999.9	16,101.4	19,476.5
Securities lending payable	0.0	0.0	0.0	0.0
Deferred revenue	6,578.0	7,162.0	7,162.0	7,162.0
Income taxes payable	0.0	0.0	0.0	0.0
Total Current Liabilities	102,745.0	171,096.4	251,528.5	331,846.3
Long-Term Debt	46,547.0	77,501.0	77,501.0	77,501.0
Deferred revenue, non-current	0.0	0.0	0.0	0.0
Income taxes payable, non-current	9,531.0	5,382.5	7,226.8	8,516.1
Other Long-Term Liabilities	21,193.0	24,027.0	24,027.0	24,027.0
Total Liabilities	180,016.0	278,006.9	360,283.3	441,890.5
Shareholders' Equity:				
	0.0	0.0	0.0	0.0
Preferred Equity	0.0	0.0	0.0	0.0
Common Equity	93,126.0	203,690.5	236,623.8	273,937.1
Deferred stock-based compensation	0.0	0.0	0.0	0.0
AOC Income / (Loss)	(1,916.0)	(2,180.0)	(2,180.0)	(2,180.0)
Retained Earnings	324,055.0	496,288.0	656,201.3	850,162.6
Total Shareholders' Equity	415,265.0	697,798.5	890,645.1	1,121,919.7
Total Liabilities & Shareholders' Equity	595,281.0	975,805.4	1,250,928.4	1,563,810.1

Source: Company data, Morgan Stanley Research

Exhibit 16: GOOGL Cash Flow Statement

Morgan Stanley | Google Cash Flow Statement

(USD millions)	2025	2026E	2027E	2028E
Operating Cash Flow:				
Net Income	132,170.0	182,940.4	204,285.3	239,629.8
Depreciation & Amortization of PP&E	21,136.0	34,539.8	70,221.8	117,636.6
Amortization of intangible and other assets	0.0	1,271.4	1,710.0	102.0
Stock-Based Compensation	24,953.0	28,789.5	32,933.3	37,313.3
Excess tax benefit from stock-based award activity	0.0	0.0	0.0	0.0
Deferred Income Taxes	8,348.0	9,920.0	6,000.0	0.0
Other	(22,512.0)	(35,539.0)	0.0	0.0
Funds from Operations (FFO)	164,095.0	221,922.1	315,150.4	394,681.7
Changes in Working Capital:				
Accounts receivable	(8,525.0)	(18,343.0)	(26,080.6)	(22,775.0)
Income taxes	(3,226.0)	1,026.5	1,844.3	1,289.4
Prepaid revenue share, expenses and other assets	(4,542.0)	1,478.9	(4,866.2)	(5,503.2)
Accounts payable	(544.0)	(1,103.0)	6,620.8	7,017.7
Accrued expenses and other liabilities	14,136.0	1,977.5	20,709.8	19,925.0
Accrued revenue share	899.0	2,791.9	3,101.5	3,375.1
Deferred revenue	2,420.0	505.0	0.0	0.0
Changes in Working Capital	618.0	(11,666.2)	1,329.6	3,328.9
Operating Cash Flow	164,713.0	210,255.9	316,480.0	398,010.6
Investing Cash Flow:				
	0.0%	0.0%	0.0%	0.0%
Capex	(91,447.0)	(189,596.0)	(349,846.0)	(374,846.0)
Purchase of marketable securities	(103,773.0)	(31,041.0)	0.0	0.0
Maturities and sales of marketable securities	83,240.0	53,001.0	0.0	0.0
Investments in non-marketable equity securities	(4,349.0)	(58.0)	0.0	0.0
Cash collateral received from securities lending	0.0	0.0	0.0	0.0
Investments in reverse repurchase agreements	0.0	0.0	0.0	0.0
Acquisitions, net of cash acquired, and purchases of intangible and other	(3,962.0)	(34,992.0)	(500.0)	(500.0)
Investing Cash Flow	(120,291.0)	(202,686.0)	(350,346.0)	(375,346.0)
Financing Cash Flow:				
	0.0	0.0	0.0	0.0
Net payments related to stock-based award activities	(14,167.0)	(5,483.0)	0.0	0.0
Net proceeds from a public stock offering	0.0	84,750.0	0.0	0.0
Excess tax benefit from stock-based award activities	0.0	0.0	0.0	0.0
Repurchase of common stock in connection with acquisitions	0.0	0.0	0.0	0.0
Repurchase of common stock	(45,709.0)	0.0	(33,460.2)	(34,758.5)
Proceeds from issuance of debt, net of costs	64,564.0	81,379.0	50,000.0	50,000.0
Repayment of debt	(32,026.0)	1,723.0	0.0	0.0
Cash dividend payments	(10,050.0)	(10,640.4)	(10,911.8)	(10,910.1)
Other	0.0	0.0	0.0	0.0
Financing Cash Flow	(37,388.0)	151,728.6	5,628.0	4,331.5
Effects of FX	208.0	(123.0)	0.0	0.0
Beginning Cash	23,466.0	30,708.0	189,883.5	161,645.6
(+/-) Net Changes in Cash	7,242.0	159,175.5	(28,238.0)	26,996.1
(+/-) Restatements / Adjustments (pre-10-Q / K)	0.0	0.0	0.0	0.0
Ending Cash	30,708.0	189,883.5	161,645.6	188,641.6

Source: Company data, Morgan Stanley Research

Risk Reward – Alphabet Inc. (GOOGL.O)

Alphabet Inc.

PRICE TARGET \$415.00

Our \$415 PT is based on applying a ~23X P/E multiple to the average of our \$16/\$19 EPS in '27/'28, and implies paying ~1.4X PEG, a ~25% premium to GOOGL's peer median.

Consensus Price Target Distribution



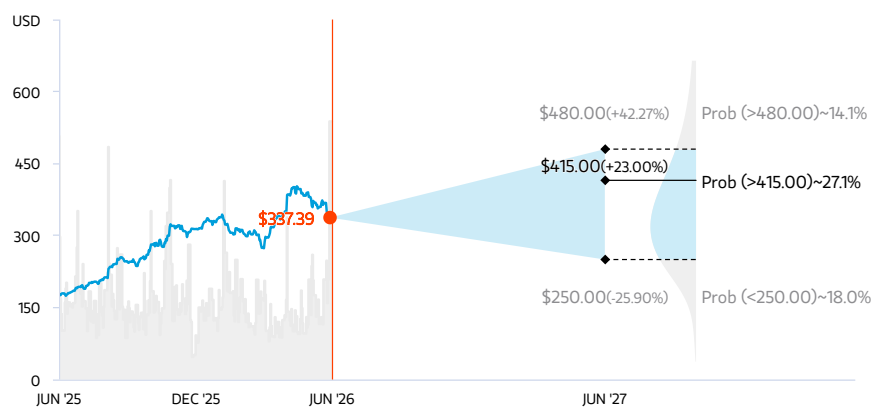
Source: Refinitiv, Morgan Stanley Research

◆ Mean ◆ Morgan Stanley Estimates

OVERWEIGHT THESIS

- Continued AI-driven platform-level innovation on Search, YouTube, Cloud, and with other offerings improve confidence in the durability of long term growth.
- Continued expense discipline leads to operating leverage and upward revisions on EPS and FCF estimates.

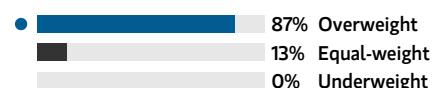
RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 26 Jun 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

Consensus Rating Distribution



● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
New Data Era: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE

\$480.00

~26X Avg. '27/'28 Bull Case EPS of ~\$17/~\$20

Faster innovation and Search/GCP acceleration lead to multiple expansion and higher earnings power. Search revenue accelerates as AI-driven innovation delivers meaningful upside to engagement. New AI offerings prove incremental to the top and bottom line and don't cannibalize core Search. YouTube and Cloud become even bigger contributors to top-line growth, and operate at a higher margin than in our base case.

BASE CASE

\$415.00

~23X Avg. '27/'28 Base Case EPS of ~\$16/~\$19

Assumes pragmatic search revenue growth in '26, continued incremental platform monetization and Google Cloud acceleration in '26. As GOOGL continues platform-level innovation on Search and other categories, we assume pragmatic revenue/EBITDA growth. GOOGL introduces new AI offerings which increase confidence in the durability of long term growth and calm fears around competition. Google Cloud accelerates driven by new partnerships and growing backlog.

BEAR CASE

\$250.00

~15X Avg. '27/'28 Bear Case EPS of ~\$15/~\$17

Global ad growth slows further and margins face pressure. Assumes slower search advertising growth, and that ad spending slows further. Expense discipline fails to materialize leading to lower than expected margin expansion and adj. EBITDA. New AI products create greater than expected margin pressure due to lower monetization rates and increased compute intensity.

Risk Reward – Alphabet Inc. (GOOGL.O)

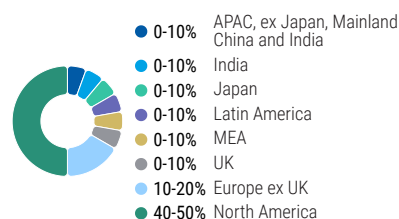
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Total operating income (GAAP) (\$, mm)	129,039	180,661	241,916	289,181
GAAP Operating Income (Loss) (\$, mm)	137,054	188,136	249,116	295,731

INVESTMENT DRIVERS

- Search advertising spend continues to gain share of global advertising budgets.
- Mobile search advertising continues to take share of online budgets.
- Investments in video driving longer-term monetization at YouTube.
- Moderation of expense growth.

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

4/5 BEST	24 Month Horizon	3/5 MOST	3 Month Horizon
-----------------	------------------	-----------------	-----------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- New products generate higher than expected top line contribution.
- Capital returns through greater share buybacks.
- Hiring and/or spend per headcount is lower than expected.

RISKS TO DOWNSIDE

- High exposure to SMB and travel could pressure ad revenue in a recession
- Improved disclosure around the Google and Other Alphabet segments may not decrease the overall investment activity of the business.

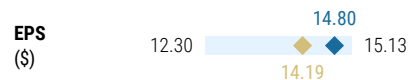
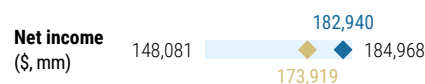
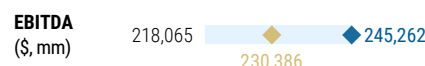
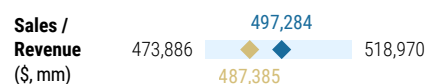
OWNERSHIP POSITIONING

Inst. Owners, % Active	55.9%	
HF Sector Long/Short Ratio	2.6x	
HF Sector Net Exposure	12.3%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - [Options_Probabilities_Exhibit_Link.pdf](#)
2. View descriptions of Risk Rewards Themes - [RR_Themes_Exhibit_Link.pdf](#)
3. View explanation of regional hierarchies - [GEG_Exhibit_Link.pdf](#)
4. View explanation of Theme/Exposure methodology - [ESG_Sustainable_Solutions_External_Link.pdf](#)
5. View explanation of HERS methodology - [ESG_HERS_External_Link.pdf](#)

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., and/or Morgan Stanley Canada Limited. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., Morgan Stanley Canada Limited and their affiliates as necessary.

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/eqr/disclosures/webapp/generalresearch, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Brian Nowak, CFA.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important Regulatory Disclosures on Subject Companies

The analyst or strategist (or a household member) identified below owns the following securities (or related derivatives): Gregory Gao - **Alphabet Inc.** (common or preferred stock), Amazon.com Inc (common or preferred stock), Meta Platforms Inc (common or preferred stock), Reddit Inc (common or preferred stock), Uber Technologies Inc (common or preferred stock).

As of May 29, 2026, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: Airbnb Inc, **Alphabet Inc.**, Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Bumble Inc., Chewy Inc, Criteo SA, DoorDash Inc, DoubleVerify Holdings Inc, Duolingo Inc, eBay Inc, Electronic Arts Inc, Etsy Inc, Expedia Inc., Instacart, Lyft Inc, Match Group Inc, Meta Platforms Inc, Opendoor Technologies Inc, Peloton Interactive, Inc., Pinterest Inc, Reddit Inc, Roblox Corporation, Shutterstock Inc, Snap Inc., Take-Two Interactive Software, Trade Desk Inc, Uber Technologies Inc, Unity Software Inc, Webtoon Entertainment Inc, Yelp Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Airbnb Inc, **Alphabet Inc.**, Amazon.com Inc, Compass, Inc., eBay Inc, Liffoff Mobile Inc., Match Group Inc, Meta Platforms Inc, Uber Technologies Inc.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Airbnb Inc, **Alphabet Inc.**, Amazon.com Inc, Chewy Inc, DoorDash Inc, eBay Inc, Instacart, Liffoff Mobile Inc., Match Group Inc, Meta Platforms Inc, Reddit Inc, Uber Technologies Inc.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Airbnb Inc, **Alphabet Inc.**, Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Bumble Inc., Chewy Inc, Criteo SA, DoorDash Inc, DoubleVerify Holdings Inc, Duolingo Inc, eBay Inc, Electronic Arts Inc, Etsy Inc, Expedia Inc., FIGS, Inc., Instacart, Liffoff Mobile Inc., Lyft Inc, Match Group Inc, Meta Platforms Inc, MNTN Inc, Opendoor Technologies Inc, Peloton Interactive, Inc., Pinterest Inc, Playtika Holding Corp, Reddit Inc, Revolve Group Inc, Roblox Corporation, Shutterstock Inc, Snap Inc., Take-Two Interactive Software, Trade Desk Inc, Uber Technologies Inc, Unity Software Inc, Webtoon Entertainment Inc, Yelp Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from Airbnb Inc, **Alphabet Inc.**, Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Chewy Inc, DoorDash Inc, eBay Inc, Electronic Arts Inc, Expedia Inc., Instacart, Liffoff Mobile Inc., Match Group Inc, Meta Platforms Inc, Peloton Interactive, Inc., Pinterest Inc, Playtika Holding Corp, Reddit Inc, Revolve Group Inc, Snap Inc., Take-Two Interactive Software, Uber Technologies Inc, Unity Software Inc, WW International Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Airbnb Inc, **Alphabet Inc.**, Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Bumble Inc., Chewy Inc, Compass, Inc., Criteo SA, DoorDash Inc, DoubleVerify Holdings Inc, Duolingo Inc, eBay Inc, Electronic Arts Inc, Etsy Inc, Expedia Inc., FIGS, Inc., Instacart, Liffoff Mobile Inc., Lyft Inc, Match Group Inc, Meta Platforms Inc, MNTN Inc, Opendoor Technologies Inc, Peloton Interactive, Inc., Pinterest Inc, Playtika Holding Corp, Reddit Inc, Revolve Group Inc, Roblox Corporation, Shutterstock Inc, Snap Inc., Take-Two Interactive Software, Trade Desk Inc, Uber Technologies Inc, Unity Software Inc, Webtoon Entertainment Inc, Yelp Inc, Zillow Group Inc.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: Airbnb Inc, **Alphabet Inc.**, Amazon.com Inc, AppLovin Corp, Booking Holdings Inc, Chewy Inc, DoorDash Inc, eBay Inc, Electronic Arts Inc, Etsy Inc, Expedia Inc., Instacart, Liffoff Mobile Inc., Lyft Inc, Match Group Inc, Meta Platforms Inc, Opendoor Technologies Inc, Peloton Interactive, Inc., Pinterest Inc, Playtika Holding Corp, Reddit Inc, Revolve Group Inc, Snap Inc., Take-Two Interactive Software, Uber Technologies Inc, Unity Software Inc, WW International Inc, Zillow Group Inc.

An employee, director or consultant of Morgan Stanley is a director of eBay Inc. This person is not a research analyst or a member of a research analyst's household.

Morgan Stanley & Co. LLC makes a market in the securities of Bumble Inc., Criteo SA, DoubleVerify Holdings Inc, Expedia Inc., FIGS, Inc., Grindr Inc., Playtika Holding Corp, Revolve Group Inc, Shutterstock Inc, Webtoon Entertainment Inc, Yelp Inc, Zillow Group Inc.

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of May 31, 2026)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.

For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

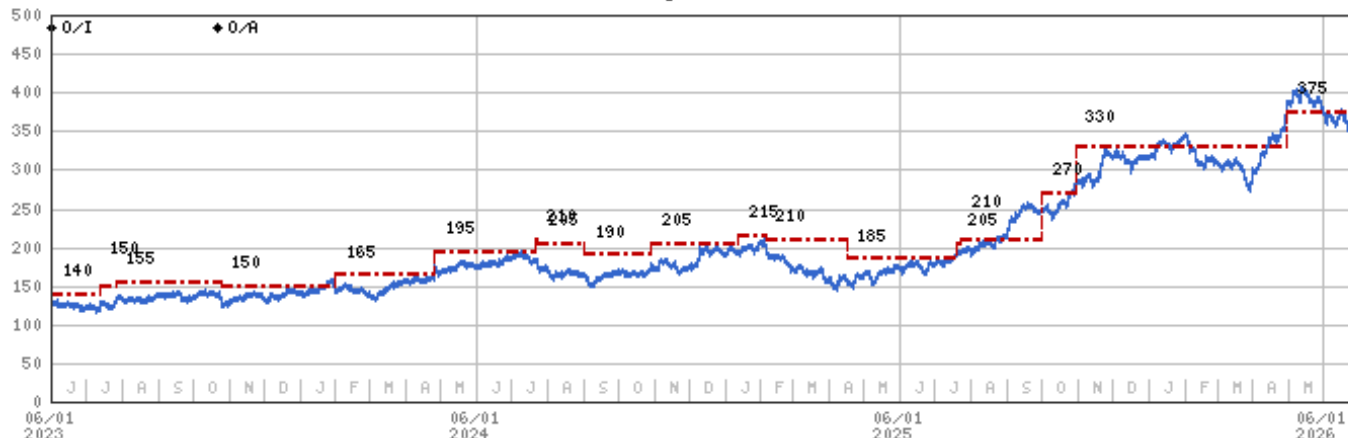
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below. Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Alphabet Inc. (GOOGL.O) - As of 06/29/26 GMT in USD
Industry : Internet



Stock Rating History: 6/1/21 : O/I; 10/22/23 : O/A

Price Target History: 4/28/21 : 128.75; 7/27/21 : 150; 11/1/21 : 160; 1/19/22 : 171.5; 2/2/22 : 172.5; 4/27/22 : 163.5;
5/31/22 : 150; 7/18/22 : 140; 7/27/22 : 145; 10/9/22 : 135; 10/26/22 : 125; 11/14/22 : 120; 1/17/23 : 125; 2/3/23 : 135;
4/25/23 : 140; 7/12/23 : 150; 7/26/23 : 155; 10/25/23 : 150; 1/31/24 : 165; 4/26/24 : 195; 7/22/24 : 210; 7/24/24 : 205;
9/2/24 : 190; 10/30/24 : 205; 1/12/25 : 215; 2/5/25 : 210; 4/16/25 : 185; 7/20/25 : 205; 7/23/25 : 210; 10/1/25 : 270;
10/30/25 : 330; 4/30/26 : 375

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ■
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Important disclosures regarding any material conflict of interest that can reasonably be expected to have influenced Morgan Stanley Smith Barney LLC's choice of a third-party research provider or the subject company of a third-party research report, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to <https://www.morganstanley.com/eqr/disclosures/webapp/generalresearch>.

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

A member of Research who had or could have had access to the research prior to completion owns securities (or related derivatives) in the Uber Technologies Inc. This person is not a research analyst or a member of research analyst's household.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (<http://www.morganstanley.com/terms.html>). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (<http://www.morganstanley.com/terms.html>). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html). Please use the provided link to review the Terms and Conditions and Most Important Terms and Conditions for Morgan Stanley India Company Private Limited (https://www.morganstanley.com/assets/pdfs/about-us-global-offices/india/Terms_and_conditions.pdf) and the following link to review the audit report (<https://ny.matrix.ms.com/eqr/research/webapp/researchdocs/>

[MSICPL_Morgan_Stanley_Research_Audit_Report.pdf](#).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research. Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V. which is regulated by Comisión Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Bank Asia Limited; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Bank Asia Limited, Singapore Branch (Registration number T14FC0118); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH00001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM00001203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com. Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts; in Canada by Morgan Stanley Canada Limited; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 14-9169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, disseminates in the UK research that it has prepared, and research which has been prepared by any of its affiliates, only to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended) may otherwise lawfully be communicated or caused to be communicated. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory

(Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia, and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA) or by Morgan Stanley & Co. International plc (ADGM Branch), regulated by the Financial Services Regulatory Authority Abu Dhabi (the FSRA), and is directed at Professional Clients only, as defined by the DFSA or the FSRA, respectively. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria of a Professional Client. A distribution of the different MS Research ratings or recommendations, in percentage terms for Investments in each sector covered, is available upon request from your sales representative.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.

The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products. Morgan Stanley may hold, from time to time, material financial and commercial interests regarding the company subject to the Research report.

Registration granted by SEBI and certification from the National Institute of Securities Markets (NISM) in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

INDUSTRY COVERAGE: Internet

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/26/2026)
Brian Nowak, CFA		
Airbnb Inc (ABNB.O)	U (12/06/2022)	\$145.56
Alphabet Inc. (GOOGL.O)	O (08/11/2015)	\$337.39
Amazon.com Inc (AMZN.O)	O (04/24/2015)	\$232.69
Booking Holdings Inc (BKNG.O)	O (02/23/2026)	\$181.46
DoorDash Inc (DASH.O)	O (02/21/2024)	\$183.09
Expedia Inc. (EXPE.O)	E (01/09/2019)	\$262.80
Instacart (CART.O)	E (01/29/2024)	\$47.46
Lyft Inc (LYFT.O)	E (10/24/2019)	\$14.27
Meta Platforms Inc (META.O)	O (03/20/2023)	\$550.25
Pinterest Inc (PINS.N)	O (07/20/2025)	\$21.88
Reddit Inc (RDDT.N)	O (12/08/2024)	\$174.39
Snap Inc. (SNAP.N)	E (07/22/2024)	\$4.42
Uber Technologies Inc (UBER.N)	O (06/04/2019)	\$75.50
Matthew Cost		
AppLovin Corp (APP.O)	O (04/10/2025)	\$477.08
Compass, Inc. (COMP.N)	E (01/12/2026)	\$12.00
Criteo SA (CRTO.O)	E (01/26/2016)	\$17.66
DoubleVerify Holdings Inc (DV.N)	E (06/25/2024)	\$10.92
Electronic Arts Inc (EA.O)	E (08/04/2021)	\$205.25
Liftoff Mobile Inc. (LFTO.O)	E (06/29/2026)	\$27.39
MNTN Inc (MNTN.N)	E (06/16/2025)	\$9.03
Opendoor Technologies Inc (OPEN.O)	E (07/24/2023)	\$4.37
Playtika Holding Corp (PLTK.O)	E (11/27/2022)	\$3.83
Roblox Corporation (RBLX.N)	O (11/04/2024)	\$54.34
Shutterstock Inc (SSTK.N)	E (07/28/2022)	\$14.13
Take-Two Interactive Software (TTWO.O)	O (02/01/2018)	\$238.53
Trade Desk Inc (TTD.O)	E (09/10/2025)	\$18.37

Unity Software Inc (U.N)	O (09/02/2024)	\$28.31
Webtoon Entertainment Inc (WBTN.O)	E (07/22/2024)	\$11.67
Yelp Inc (YELP.N)	U (01/10/2019)	\$24.63
Zillow Group Inc (Z.O)	E (04/18/2018)	\$31.15
Nathan Feather		
Bumble Inc. (BMBL.O)	E (03/08/2021)	\$3.04
Chewy Inc (CHWY.N)	O (10/31/2023)	\$19.42
Duolingo Inc (DUOL.O)	E (02/27/2026)	\$121.49
eBay Inc (EBAY.O)	O (04/18/2024)	\$107.87
Etsy Inc (ETSY.N)	E (07/20/2025)	\$79.66
FIGS, Inc. (FIGS.N)	E (02/29/2024)	\$11.08
Grindr Inc. (GRND.N)	E (02/24/2026)	\$14.44
Match Group Inc (MTCH.O)	E (04/18/2024)	\$37.17
Peloton Interactive, Inc. (PTON.O)	E (03/14/2022)	\$5.72
Revolve Group Inc (RVLV.N)	E (10/20/2024)	\$23.61
WW International Inc (WW.O)	E (08/01/2025)	\$15.99

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

© 2026 Morgan Stanley