

EQUITY RESEARCH REPORT | Report date: August 16, 2026 | Prices as of the close, August 14, 2026

Alphabet Inc. (NASDAQ: GOOGL)

Communication Services • Search, YouTube, Google Cloud, TPU Silicon • Mega-Cap

Price (Aug 14 close)	\$345.90	Fwd P/E	26.1x (was 26.8x)
Change since last report	-2.9% (from \$356.13)	Trailing P/E	17.4x (gains-inflated)
Market cap / EV	\$4.23T / \$4.11T	EV / EBITDA	~23.8x
Revenue (TTM)	\$445.9B, +24% YoY	FCF yield (TTM)	1.26%
Google Cloud (Q2)	\$24.8B, +82% YoY	Net cash	~\$122B (post \$25B bond)
FY26 capex guide	\$195-205B	Next earnings	Oct 28, 2026
Consensus target (64)	\$428.04 - Strong Buy	Implied upside	+23.7%

RECOMMENDATION

BUY

reaffirmed — unchanged
from August 2

Thesis in one line: Two weeks, no earnings, and the stock is 2.9% lower — but the fortnight was not quiet. Four of the architects of Search infrastructure and Gemini walked out on August 5, including both Gemini co-technical leads, on the same day Google named the executive who will build Gemini 4. Five days later Alphabet borrowed \$25 billion to help fund a capital programme it used to pay for out of cash flow. Neither event touches the numbers that carry the thesis — Cloud at +82%, a \$514 billion backlog, a 25% return on invested capital — but both raise the execution bar. The published levels all still hold at \$345.90 and the risk/reward has improved to 2.3:1 because the price fell while the targets did not. The verdict holds at Buy; the score comes down two points to 74.

INVESTMENT SCORE

74 / 100

down from 76

1. What Changed in Fourteen Days

The August 2 report was written four days after Q2 and concluded that the quarter had vindicated the Cloud thesis while making the capex risk heavier. Nothing since has touched either conclusion, because there has been no new financial disclosure. What has arrived instead are two organisational events, and organisational events are exactly the kind of thing a price-level refresh exists to catch, because they move the share price without moving a single reported number.

The larger of the two is the August 5 leadership reshuffle at Google DeepMind. Demis Hassabis stepped back from running DeepMind day to day, becoming Chair of Google DeepMind and Chief Scientist of Alphabet, with Koray Kavukcuoglu promoted to Senior Vice President and operational control of Gemini. On the same day, Chief Scientist Jeff Dean left after 27 years, taking Sanjay Ghemawat, Oriol Vinyals and Quoc Le with him to found Discovery Loop, a public benefit corporation aimed at automating machine-learning research. Alphabet is a founding investor and cloud partner, and the split is described on all sides as amicable. The market took it badly regardless: the stock opened at \$383.34 that morning and closed at \$362.43, a 4.0% reversal on 47 million shares, then bled for a further week.

It is worth being precise about why this matters more than a typical executive departure. Dean and Ghemawat built the distributed-systems layer that Search runs on. Vinyals and Le were Gemini's co-technical leads, and they resigned on the day the Gemini 4 lead was announced. The bull case for Alphabet rests on a research organisation converting compute into models faster than Anthropic and OpenAI can, and four of the people most responsible for that conversion are now at the same competitor-adjacent startup. This does not break the thesis. Google has bench depth no rival can match, Kavukcuoglu has been DeepMind's CTO and Alphabet's chief AI architect throughout the Gemini era, and Gemini 3.7 Flash shipped on August 13 without interruption. But a thesis that depends on execution has just lost four of its best executors, and the honest response is to mark down the Management score rather than explain the departures away.

The second event is financial. On August 10 Alphabet closed a \$25 billion senior unsecured note offering spanning maturities from 2028 to 2066, in fixed and floating tranches. Coverage framed this as routine, and on a solvency basis it is: interest coverage is roughly 65 times and gross debt of about \$146 billion sits against a cash pile that still leaves net cash near \$122 billion. The significance is in the signal, not the ratio. Alphabet spent two decades funding everything from operating cash flow. It is now funding the largest capital programme in corporate history with bonds, having already registered a \$40 billion at-the-market equity facility. The stock fell 3.6% the following session.

One correction to the previous report is warranted. It described the share count rising 0.58% quarter on quarter as the equity programme beginning to land. The Q2 10-Q states that as of June 30, 2026 no shares had been sold under the ATM programme, and that its proceeds are primarily intended to fund tax obligations on employee equity grants. The sequential share-count increase was ordinary stock-based compensation vesting, not ATM issuance. The dilution risk remains live because the facility exists and is now paired with a bond, but it had not been drawn as of the last balance-sheet date.

2. The Fortnight in Events

Date	Event	Read
Aug 3	Stock +5.1% after Morgan Stanley reassures on the AI investment cycle; +9% over the prior week	Sentiment, not substance. It reversed within three sessions.
Aug 5	Hassabis to Chair; Kavukcuoglu to SVP; Jeff Dean, Ghemawat, Vinyals and Le depart to found Discovery Loop	The material event of the period. Key-person risk crystallised in a single announcement. Stock -4.0%.
Aug 10	\$25bn senior unsecured notes closed, maturities 2028-2066, fixed and floating	Funding character change: capex now part debt-financed. Solvency untroubled; optics poor. Stock -3.6% next day.
Aug 11-13	BofA reiterates Buy, target \$430; Jefferies reiterates Buy, target \$445	Sell side unmoved. Consensus target essentially unchanged at \$428.04 across 64 analysts.
Aug 13	Gemini 3.7 Flash released for coding and agentic workflows	The roadmap did not stall. Useful counterweight to the departures, though one release proves little.
Aug 14	Berkshire Hathaway disclosed an increased GOOGL position in Q2, within roughly \$20bn of net purchases	A genuinely value-oriented buyer adding at these levels. Modest positive, and it happened before the August news.
Aug 14	Alphabet's 2015 SpaceX stake reported at roughly \$94bn, about 100x cost	Off-balance-sheet optionality worth about 2% of market cap. Rarely in anyone's model.
Ongoing	Roughly 300 French publishers filed a competition complaint over AI Overviews traffic diversion	Adds to the regulatory queue. Small in isolation; part of a widening pattern around AI search.

3. Do the Published Price Levels Still Hold?

The August 2 report reset the ideal buy range to \$340–365, lifted the stop to \$310, and raised the targets to \$430 and \$490 on the strength of the Q2 Cloud print. At \$345.90 the stock sits in the lower third of that buy range, roughly 12% above the stop and 24% below the first target. Every published level remains inside the band it was designed for, which is the plain answer this refresh exists to give: none of them needs moving.

The more useful observation is what the drift has done to the arithmetic. Two weeks ago the trade offered 20.7% to the first target against 12.9% of downside, roughly 1.6:1. At \$345.90 it offers 24.3% against 10.4%, roughly 2.3:1, and 4.0:1 to the second target. The improvement came entirely from the price falling while the fair value held. That is the whole case for buying a good asset on organisational noise: the reward per unit of risk improved by 45% because the market repriced management continuity rather than earnings power.

Level	Published Aug 2	Status at \$345.90	Reset to	Why
Ideal buy range	\$340-365	Inside it, lower third	\$340-365 (unchanged)	The range was set for exactly this kind of drift. Adding into it is consistent with the published plan.

Level	Published Aug 2	Status at \$345.90	Reset to	Why
Cut-loss	\$310 weekly close	Untouched; 10.4% below	\$310 (unchanged)	Still sits under the 200-day (approximately \$330) and under the \$314.90 post-earnings low. The methodology has not changed.
Take-profit 1	\$430	+24.3% away	\$430 (unchanged)	Corroborated twice over: \$428.04 consensus and a \$428 probability-weighted fair value derived independently below.
Take-profit 2	\$490	+41.7% away	\$490 (unchanged)	Still requires capex plateau visibility and a favourable appellate outcome. Neither is closer than it was.
Fair value	\$430	Reaffirmed	\$428	A \$2 move from re-weighting the scenarios for key-person risk. Immaterial; the \$430 target is retained.

A refresh that changes nothing is a legitimate outcome and is reported as one. The levels were set two weeks ago against a fair value that the intervening news has not altered.

4. Valuation

The multiple compressed slightly with the price. Alphabet trades at 26.1 times forward earnings against 26.8 on August 2 and 26.3 in July, for a business compounding revenue at 24%, running a 33.1% operating margin, a 48.7% return on equity and a 24.9% return on invested capital against a 10.9% cost of capital. The trailing P/E of 17.4 remains unusable: trailing net income sits far above operating income because of non-operating gains, and the SpaceX mark discussed above is precisely the sort of item that inflates it. The free-cash-flow multiples remain uninformative rather than expensive, because the denominator is being deliberately suppressed by a \$200 billion capital programme, and the \$25 billion bond makes that suppression more explicit rather than worse.

Method	Reading	Verdict vs \$345.90
Forward P/E	26.1x (26.8x on Aug 2)	Marginally cheaper for the same forward estimates. Fair rather than cheap.
Trailing P/E	17.4x, inflated by non-operating gains	Not a usable lens. The SpaceX mark alone distorts it.
PEG	~1.82 on approximately 17% consensus EPS growth	Above 1. Growth is still being paid for.
EV / EBITDA	~23.8x	Reasonable for the quality; less distorted by the capex cycle than FCF.
P / FCF	~79x; 1.26% FCF yield	Uninformative by design. Do not underwrite the stock on this line.
Sum of the parts	Cloud at \$24.8bn a quarter, +82%, \$8.8bn segment operating income; plus a ~\$94bn SpaceX stake	Still the strongest argument. A blended 26x does not reflect either component.
Consensus target	\$428.04 across 64 analysts, Strong Buy; BofA \$430, Jefferies \$445	+23.7% implied, widened from +20.1% two weeks ago purely on price.

5. Risk Register

Risk	Prob.	Severity	Note
Key-person loss degrades the Gemini roadmap	Medium	Med-High	New. Both Gemini co-technical leads plus Dean and Ghemawat left on one day. Kavukcuoglu is credible and Gemini 3.7 Flash shipped, but the next two model releases are now a test rather than a formality.
Capex cycle has no proven terminal value	Medium	High	Unchanged and still the central risk. \$195-205bn this year, higher in 2027, against a depreciation schedule that has barely started.

Risk	Prob.	Severity	Note
Debt-funded capex compounds the cycle risk	Medium	Medium	New. \$25bn of notes to 2066. Immaterial to solvency at 65x interest coverage; material to the argument that this programme is self-funding.
Free cash flow stays negative or near zero	High	Medium	Realised and persisting. Q2 FCF was -\$5.9bn. Expect this through 2027. It keeps a class of institutional buyers out.
Adverse D.C. Circuit ruling on antitrust	Low-Med	High	Unresolved. The DOJ and state cross-appeal still seeks Chrome divestiture; arguments expected late 2026 or early 2027.
Regulatory pressure on AI Overviews widens	Medium	Medium	Roughly 300 French publishers have filed. Individually small, collectively a pattern that could reach the ad model.
Continued equity issuance dilutes holders	Medium	Low-Med	The \$40bn ATM was undrawn at June 30 and is earmarked for employee tax withholding. The facility plus the bond is the concern, not the balance.
Operating margin compression from depreciation	Med-High	Medium	34.1% in Q2 from 36.1%. The trend is the concern. The 30% invalidation line is still distant.
Interface shift hits search monetisation	Low-Med	High	At +17% Search growth this looks remote, and remains the long-term structural risk worth permanent monitoring.
Consensus-long positioning	Medium	Medium	64 analysts at Strong Buy, short interest near 0.6%. No informational edge in being bullish; crowded longs de-rate violently.

6. Sentiment and Technicals

Sentiment is more interesting than usual because the two loudest datapoints point opposite ways. The sell side did not blink at the departures: BofA reiterated Buy with a \$430 target on August 11, Jefferies held \$445, and the 64-analyst consensus sits at \$428.04, essentially where it was. Against that, the tape disagreed emphatically, taking the stock down 4.0% on the announcement and a further 3.6% on the bond. The one genuinely independent signal is Berkshire Hathaway's Q2 filing showing an increased Alphabet position inside roughly \$20 billion of net purchases — a valuation-driven buyer adding at prices in this vicinity, though the quarter ended before any of the August news.

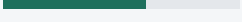
Technically the position has deteriorated from the last report and this is the one score that moves for chart reasons. On August 2 the stock was fighting the 50-day from below with a MACD histogram that had just turned positive. It is now below the 20-day, the 50-day and the 100-day, with MACD back under its signal line and the histogram negative again. RSI at 47.0 is neutral and gives no support either way. The saving grace is structural: the 200-day is roughly \$330 and rising, the stock is about 5% above it, and the whole move sits inside the \$340–\$365 band the previous report nominated for accumulation. This is a pullback within an uptrend, not a trend change — but it is a weaker pullback than the one described two weeks ago.

Indicator	Reading	Interpretation
Price vs 20-day SMA	\$345.90 vs \$346.41	Fractionally below (-0.1%). The short-term average has caught down to the price.
Price vs 50-day SMA	\$345.90 vs \$353.89	Below (-2.3%). Lost the line that was being contested on August 2.
Price vs 100-day SMA	\$345.90 vs \$352.60	Below (-1.9%). The medium-term average has rolled over.
Price vs 200-day SMA	approximately \$330; not computed	Above by roughly 5%. The retrieved series covers 100 sessions, so this is cited from third-party data, which ranges \$313-350. Treat as approximate.
RSI(14)	47.0 (was 54.3)	Neutral. No positioning extreme in either direction.
MACD(12,26,9)	-1.13 / signal -0.96 / hist -0.17	Turned back down. The early positive turn flagged on August 2 did not confirm.

Indicator	Reading	Interpretation
ATR(14)	\$11.01 (3.2% of price)	Slightly calmer than the \$12.26 seen post-earnings.
Support / resistance	Support \$340, then approximately \$330 (200-day), then \$314.90; resistance \$354, then \$384.48, then \$408.61	\$314.90 remains the post-earnings low and the level the \$310 stop is set beneath.
Volume	20-day avg 31.3M vs 50-day 32.8M	Unremarkable. The August 5 session traded 47M; the selling since has been orderly.

Technicals are used here to set entry and stop levels only. They do not override the fundamental case.

7. Investment Scorecard

Category	Score	Prev	Rationale
Business Quality	9 / 10 	9	Search auction economics and unmatched distribution. Unchanged.
Financial Strength	7 / 10 	7	Held. The \$25bn bond does not threaten a balance sheet with 65x interest coverage and roughly \$122bn of net cash, but capex is no longer self-funded.
Competitive Advantage	9 / 10 	9	Held. The moat is distribution plus owned silicon, and four departures do not change either. Gemini 3.7 Flash shipped on schedule.
Management	7 / 10 	8	Down one. Losing Dean, Ghemawat, Vinyals and Le on a single day, with Hassabis stepping back, is an organisational cost regardless of how amicable the exits were.
Growth Potential	9 / 10 	9	Held. Cloud +82%, a \$514bn backlog and TPU direct sales are unaffected by the fortnight's events.
Valuation	6 / 10 	6	Held. 26.1x forward and 23.7% consensus upside are better than two weeks ago, but a 2.9% price move does not earn a point.
Risk (10 = lowest risk)	5 / 10 	5	Held on a wash. Key-person risk is new and debt-funded capex adds to the cycle risk; a lower entry price reduces valuation risk by a similar amount.
Technical Setup	5 / 10 	6	Down one. Below the 20-, 50- and 100-day with MACD back below signal. The August 2 turn did not confirm.
OVERALL	74 / 100	76	Down two. Management and the chart account for both points; nothing in the fundamentals moved.

Scored 1-10, where 10 is always best, including Risk. Weighting: Business Quality 16, Financial Strength 12, Competitive Advantage 16, Management 9, Growth Potential 14, Valuation 16, Risk 12, Technical Setup 5. The previous report scored Risk on the same direction (labelled 'higher = safer'), so the 5 shown under 'Prev' is directly comparable and needed no restatement.

8. Trade Plan — Recommendation: BUY (reaffirmed)

Parameter	Level / guidance	Change vs Aug 2
Recommended entry	At market. The stock is in the lower third of the published buy range with no thesis break.	Unchanged
Ideal buy range	\$340-365; add on any retest of the 200-day near \$330	Unchanged; the 200-day reference rises from \$326
Cut-loss (thesis break)	\$310 weekly close, or Cloud growth below 40% for two consecutive quarters, or operating margin sustained below 30%	Unchanged
Take-profit target 1	\$430 - base-case fair value, on the \$428.04 consensus. Trim one-third.	Unchanged

Parameter	Level / guidance	Change vs Aug 2
Take-profit target 2	\$490 - requires capex plateau visibility and a favourable appellate outcome. Trim a further third.	Unchanged
Expected upside	+24.3% to target 1; +41.7% to target 2	Improved from +20.7% and +37.6% on the lower price
Expected downside	-10.4% to the stop	Improved from -12.9%
Risk / reward	approximately 2.3 : 1 to target 1; 4.0 : 1 to target 2	Materially better than 1.6 : 1 and 2.9 : 1
Holding horizon	18-24 months. The thesis needs backlog conversion and 2027 TPU revenue to become visible.	Unchanged
Position size	4-6% of portfolio; 7-8% only after a favourable D.C. Circuit outcome or a clear capex plateau	Unchanged
Allocation note	If you also hold MSFT, AMZN or NVDA, true AI-capex exposure is far higher than any single line implies. Size against the aggregate.	Unchanged
New monitoring item	Gemini 4. Kavukcuoglu inherits the roadmap without its two co-leads; the next major release is the readable test of whether the departures cost anything.	New
Next catalyst	Q3 FY26 results, October 28, 2026; D.C. Circuit arguments late 2026 or early 2027	Unchanged

9. Scenario Analysis

Scenario	Prob.	What has to happen	Fair value
Bull	28%	Backlog keeps converting at the Q2 pace; TPU external sales become a material 2027 line; Gemini 4 ships strongly under new leadership; the DOJ appeal fails and behavioural remedies stand; capex plateaus in 2027 with free cash flow inflecting. Multiple re-rates toward 30x.	\$500-560
Base	50%	Growth decelerates gently from the exceptional Q2 pace. Capex stays elevated through 2027, part debt-funded, keeping free cash flow suppressed without breaking the story. The research organisation absorbs the departures. Antitrust resolves with manageable behavioural remedies. Multiple holds around 26-28x.	\$415-450
Bear	22%	AI demand normalises while depreciation from \$200bn of assets hits the P&L in full. The Gemini roadmap slips visibly against Anthropic and OpenAI. An adverse appellate ruling reopens Chrome divestiture, or choice screens cost \$15-25bn of ad revenue. Multiple compresses to 18-20x on falling earnings.	\$270-310

The probability-weighted fair value comes to approximately \$428, computed from the midpoints above. The bull weighting has been trimmed from 30% to 28% and the bear raised from 20% to 22%, entirely to reflect the key-person risk introduced on August 5; the fair-value ranges themselves are unchanged because no financial input has changed. The \$2 shift from \$433 is immaterial, and the \$430 first target is retained. As before, the skew rather than the point estimate is the reason to own the stock: the bear case is a 10–22% drawdown on a business with roughly \$122 billion of net cash and a 25% return on invested capital, while the bull case is a gain of more than 45%.

10. Final Verdict

The recommendation is unchanged: Buy, 4–6% of portfolio, 18–24 month horizon. The reasoning behind it has shifted slightly, and that is worth stating plainly rather than leaving implicit. Two weeks ago the case was that a validated Cloud thesis justified holding through a heavier capex bill. Today it is that a validated Cloud thesis justifies holding through a heavier capex bill *and* a research organisation that has just lost four of its most important people. The conclusion is the same; the ground under it is a little less firm.

Why the departures do not change the verdict. Because they change the probability of execution, not the assets that execution works on. Alphabet still owns the distribution, the data, the TPU line and a \$514 billion backlog, and none of those walked out on August 5. Kavukcuoglu has been at the technical centre of DeepMind throughout the Gemini era rather than parachuted in, Gemini 3.7 Flash shipped eight days after the announcement, and Alphabet retains an investor relationship with Discovery Loop. The correct response to a credible but unquantifiable execution risk is to mark down the score and hold the position size, which is what has been done here.

Why it is still not a Strong Buy. The list has grown rather than shrunk. Capex guidance of \$195–205 billion is now part-financed by bonds and paired with an undrawn \$40 billion equity facility, quarterly free cash flow is negative, the appellate calendar is unresolved, the regulatory queue around AI Overviews is lengthening, and the consensus remains unanimously long with almost no short interest to absorb a disappointment. Adding key-person risk to that list moves the stock further from maximum conviction, not closer.

What would change the view. Upgrade to Strong Buy on a favourable D.C. Circuit outcome, on clear evidence that capex is plateauing with free cash flow inflecting positive, or on a Gemini 4 release that lands competitively under the new leadership. Downgrade on Cloud growth below 40% for two consecutive quarters, an adverse appellate ruling reopening structural remedies, operating margin sustained below 30%, Search growth falling into single digits, further senior research departures, or a weekly close below \$310. Practically: hold, add inside \$340–365 or on a retest toward \$330, and do not size above 6% until the appellate calendar clears.

Sources: Alpha Vantage daily OHLCV (close of August 14, 2026) — one API call, used for both the current price and the technical series. Alphabet Q2 FY26 results (July 22, 2026), Form 10-Q for the period ended June 30, 2026, and the Form 8-K earnings exhibit, via SEC EDGAR. CNBC, Axios, Bloomberg, SiliconANGLE and searchenginewatch coverage of the August 5 Google DeepMind leadership changes and the Dean, Ghemawat, Vinyals and Le departures to Discovery Loop. TipRanks, Reuters via Investing.com and 24/7 Wall St coverage of the August 10 \$25bn senior notes offering. StockAnalysis.com statistics and forecast pages for the consensus target, forward multiple and margin data. moomoo news search for the Berkshire Hathaway Q2 13F disclosure, the BofA and Jefferies target reiterations, the Gemini 3.7 Flash release and the SpaceX stake mark. Searchengineland, CRS and Courthouse News filings for the D.C. Circuit appeal status. The August 2, 2026 Alphabet report for the prior levels and scores. Technical indicators were computed from the daily series rather than read from third-party summaries; the 200-day average could not be computed from a 100-session series and is cited as approximate. No earnings call took place in this period, so no transcript applies. Figures are indicative snapshots as of the report date and will move.

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