

EQUITY RESEARCH | COVERAGE REVIEW

Alphabet Inc.

NASDAQ: GOOGL | August 31, 2026 | Prices as of the close, August 28, 2026

RECOMMENDATION	Last Price (Aug 28)	Fair Value / Target 1	Risk / Reward	Investment Score
BUY Reaffirmed. All levels hold	\$346.59 +0.2% since Aug 16 report	\$430 Consensus \$428.07	2.3 : 1 To target 1; 3.9 : 1 to target 2	74.2 / 100 Prior 74.2

The Refresh in One Paragraph

Alphabet has moved twenty cents in a fortnight. The August 16 report was written at \$345.90 with the stock in the lower third of a \$340–365 buy range, a \$310 stop, targets at \$430 and \$490, and a probability-weighted fair value of \$428. At \$346.59 every one of those levels sits exactly where it was designed to sit, the arithmetic behind the trade plan is unchanged to within a rounding error, and the forward multiple is 26.15 times against 26.1 two weeks ago. There is no case for moving anything, and this review says so rather than manufacturing a reason to.

What the fortnight did produce is a genuinely large strategic disclosure that no price move reflects. On August 19 Marvell Technology granted Google a warrant over almost 59 million of its shares, worth up to \$12.2 billion, vesting against Google's purchases of custom silicon. Fully vesting it would require Google to buy roughly \$120 billion of Marvell product through fiscal 2033. That is the most consequential thing to happen to the TPU programme since the Q2 results, and it cuts in two directions at once.

The Fortnight in Events

Date	Event	Read
Aug 17	Alphabet taps banks for a potential Australian dollar bond sale	Continues the funding-character change flagged on August 10. Not yet priced; the direction of travel is what matters.
Aug 19	Marvell grants Google a warrant over ~59M shares at \$206.58, worth up to \$12.2bn, vesting in tranches against roughly \$120bn of chip purchases through FY2033	The material event of the period. Broadcom, previously Google's sole custom-silicon partner, fell more than 5% on the news.
Aug 19–28	Shares hold a \$338–349 range on falling volume	Two weeks of base-building after the August drawdown. Twenty-day volume 24.4M against a fifty-day 30.9M.
Aug 28	Google adjusts its site reputation policy in the EEA after discussion with the European Commission	Removes one item from the regulatory queue. The prospective EU fine over spam policy appears averted.
Ongoing	FTC in the final stages of preparing a potential consumer-protection suit over YouTube account suspensions	New. Small relative to the D.C. Circuit appeal, but the regulatory queue is not shortening on net.
Ongoing	D.C. Circuit cross-appeal seeking Chrome divestiture unresolved; arguments expected late 2026 or early 2027	Unchanged, and still the single largest binary in the file.

The Marvell Warrant: Why It Cuts Both Ways

The structure deserves to be understood precisely, because the headline number invites two opposite misreadings. Google is not investing \$12.2 billion in Marvell. Marvell has granted Google the right to buy almost 59 million of its shares at \$206.58, with roughly 1.4 million shares vesting in the first year and the balance releasing in tranches tied to every \$500 million of chips Google purchases. Unlocking the entire warrant would take approximately \$120 billion of purchases through fiscal 2033. The \$12.2 billion is a ceiling on what Google could pay to exercise, not a cash outlay, and the

economics only accrue if Google buys the silicon and Marvell's share price cooperates.

The constructive reading is that Alphabet has removed a single-supplier dependency at the heart of its most differentiated asset. The TPU programme has run through Broadcom as sole custom-silicon partner for years, and a moat built on owned silicon is only as durable as the one firm that fabricates the design. Adding Marvell across processors, storage controllers and networking gives Alphabet a second source, negotiating leverage it did not have, and an equity claim on the supplier that partially recycles its own spending back into the balance sheet. The market read it the same way: Marvell rose sharply and Broadcom fell more than five percent, which is what a genuine reallocation of a hyperscaler's silicon budget looks like.

The uncomfortable reading is that this is another very large multi-year commitment stacked on top of a capital programme whose terminal value has never been demonstrated. Alphabet has guided FY26 capex to \$195–205 billion, borrowed \$25 billion in August to help fund it, is exploring an Australian dollar issue on top of that, and has now signalled a chip-purchase trajectory large enough that \$120 billion through fiscal 2033 is the number that fully vests the warrant. None of that threatens solvency at roughly sixty-five times interest coverage and \$122 billion of net cash. All of it deepens the central risk in this file, which is not that Alphabet cannot afford the spend but that nobody — including management — has yet shown what the assets earn once depreciation lands in full.

Why the score does not move on this. Competitive Advantage was already 9/10 on the strength of distribution plus owned silicon, and second-sourcing that silicon strengthens the pillar without changing its character. It is held at 9 rather than raised to 10 because the structural threat the score is discounted for — interface shift away from the search box — is untouched by a supply agreement. Financial Strength is held at 7 for the mirror-image reason: the purchase commitment is contingent and off balance sheet, so it belongs in the risk register rather than in the score.

Do the Published Price Levels Still Hold?

Yes, and unusually cleanly. The stock is 0.2% higher than when the levels were last confirmed and sits in the lower third of the buy range, 11.8% above the stop and 24.1% below the first target. The risk/reward is 2.3:1 to target 1 and 3.9:1 to target 2, against 2.3:1 and 4.0:1 published two weeks ago. Those differences are noise. The consensus target across 64 analysts is \$428.07 against \$428.04 previously, which is as close to literally unchanged as a sell-side aggregate gets.

Level	Published Aug 16	Status at \$346.59	Reset to	Why
Ideal buy range	\$340–365	Inside it, lower third	\$340–365 (unchanged)	The range was set for exactly this drift. Adding into it remains consistent with the published plan.
Cut-loss	\$310 weekly close	Untouched; 10.6% below	\$310 (unchanged)	Still sits beneath the \$314.90 post-earnings low and beneath the approximate 200-day. Methodology unchanged.
Take-profit 1	\$430	+24.1% away	\$430 (unchanged)	Corroborated twice: \$428.07 consensus and a \$428 probability-weighted fair value derived independently.
Take-profit 2	\$490	+41.4% away	\$490 (unchanged)	Still requires capex plateau visibility and a favourable appellate outcome. Neither is closer.
Fair value	\$428	Reaffirmed	\$428 (unchanged)	No financial input has changed. The scenario weights are held rather than nudged.

A refresh that changes nothing is a legitimate outcome and is reported as one. These levels were set fifteen days ago against a fair value that the intervening news has not altered, on a share price that has moved 0.2%.

Valuation

The multiple is where it was. Alphabet trades at 26.15 times forward earnings against 26.1 on August 16 and 26.8 on August 2, on a business compounding revenue at 24%, running a 33.1% operating margin and a 24.9% return on invested capital against a 10.9% cost of capital. Market capitalisation is roughly \$4.24 trillion on 12.23 billion shares. The trailing multiple of 17.4 remains unusable for the same reason as before: trailing net income sits far above operating income because of non-operating gains, including the roughly \$94 billion mark on the 2015 SpaceX stake. Free-cash-flow multiples

remain uninformative rather than expensive, because the denominator is being suppressed on purpose by a \$200 billion capital programme.

Method	Reading	Verdict vs \$346.59
Forward P/E	26.15x (26.1x on Aug 16, 26.8x on Aug 2)	Effectively identical. 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 roughly 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 and +82%, \$8.8bn segment operating income; a ~\$94bn SpaceX stake; a TPU programme now dual-sourced	Still the strongest argument. A blended 26x reflects none of the three components properly.
Consensus target	\$428.07 across 64 analysts, Strong Buy; range \$340 to \$515	+23.5% implied. The low end of the range sits at the current price, which is the honest way to read the dispersion.

Price from Alpha Vantage daily OHLCV, close of August 28 2026 — one API call, used for both the price and the technical series. Multiples, consensus target and share count cross-checked against StockAnalysis.com in late August 2026. Operating and return metrics are from the Q2 FY26 results and Form 10-Q for the period ended June 30 2026.

Risk Register

Risk	Prob.	Severity	Note
Capex cycle has no proven terminal value	Medium	High	Unchanged and still the central risk. \$195–205bn this year, higher in 2027, now with a Marvell purchase trajectory behind it and a depreciation schedule that has barely started.
Key-person loss degrades the Gemini roadmap	Medium	Med-High	Unchanged from August 16. No further senior departures in the period. Gemini 4 under Kavukcuoglu remains the readable test.
Debt-funded capex compounds the cycle risk	Medium	Medium	Slightly heavier. The \$25bn note is now joined by an explored Australian dollar issue. Immaterial to solvency at 65x coverage.
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 cross-appeal still seeks Chrome divestiture; arguments expected late 2026 or early 2027.
Regulatory pressure widens beyond search	Medium	Medium	Mixed. The EEA site-reputation issue was settled on August 28, but the FTC is preparing a possible YouTube suit.
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, not the balance, is the concern.
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.

Sentiment and Technicals

Sentiment is quiet, which after the August 5 leadership shock is itself informative. The consensus target has not moved and the rating remains Strong Buy across 64 analysts, with a range from \$340 to \$515 — a dispersion worth noting, since the lowest published target is the current share price. No broker has cut on the departures and none has raised on the Marvell warrant, which is consistent with a street that regards both as strategically interesting and financially unquantifiable for now.

The chart has stopped deteriorating without yet turning. The stock spent the fortnight in a \$338–349 range on volume that fell to a twenty-day average of 24.4 million against a fifty-day 30.9 million, which is the signature of selling exhausting itself rather than buying arriving. It remains below the twenty-day at \$350.27 and the fifty-day at \$349.78, but the deficit to the fifty-day has narrowed from 2.3% to 0.9%, and the twenty-day is now flat rather than falling. RSI at 49.3 is neutral. MACD is still under its signal line but the histogram has compressed from –0.17 to –0.08, so the negative momentum is fading rather than extending. The score is held at 5: this is a base, not yet a turn, and a base earns no upgrade until it breaks.

Indicator	Reading	Interpretation
Price vs 20-day SMA	\$346.59 vs \$350.27	Below by 1.1%. The average has flattened.
Price vs 50-day SMA	\$346.59 vs \$349.78	Below by 0.9%, narrowed from 2.3% on August 16.
Price vs 100-day SMA	\$346.59 vs \$358.07	Below by 3.2%. The medium-term average is still rolling over.
Price vs 200-day SMA	Not computed; approximately \$330 from third-party data	Above by roughly 5%. The retrieved series covers 100 sessions, so no 200-day is calculated here.
RSI(14)	49.3 (was 47.0)	Neutral. No positioning extreme in either direction.
MACD(12,26,9)	–2.03 / signal –1.95 / hist –0.08	Still below signal, but the histogram has halved. Momentum fading, not extending.
ATR(14)	\$8.48 (2.4% of price)	Calmer than the \$11.01 seen on August 14. Volatility compressing into the range.
Support / resistance	Support \$338, then approximately \$330 (200-day), then \$314.90; resistance \$350, then \$384.48	\$314.90 remains the post-earnings low and the level the \$310 stop sits beneath.
Volume	20-day avg 24.4M vs 50-day 30.9M	Falling. Selling pressure has dried up rather than been absorbed.

Indicators computed from 100 sessions of daily OHLCV through August 28 2026 (Alpha Vantage), not read from third-party summaries. The 200-day average cannot be computed from a 100-session series and is cited as approximate. Technicals are used here to set entry and stop levels only; they do not override the fundamental case.

Investment Scorecard

Component	Score	vs prior	Comment
Business Quality	9/10	—	Search auction economics and unmatched distribution. Unchanged.
Financial Strength	7/10	—	Held. 65x interest coverage and ~\$122bn net cash; the Marvell commitment is contingent and off balance sheet.
Competitive Advantage	9/10	—	Held at 9. Dual-sourcing TPU silicon strengthens the pillar; the interface-shift threat still caps it below 10.
Management	7/10	—	Held. No further senior departures since August 5. Gemini 4 remains the test.

Component	Score	vs prior	Comment
Growth Potential	 9/10	—	Held. Cloud +82%, a \$514bn backlog and a dual-sourced TPU roadmap are all intact.
Valuation	 6/10	—	Held. 26.15x forward against 26.1x. A 0.2% price move earns nothing.
Risk (10 = lowest risk)	 5/10	—	Held on a wash. A larger purchase commitment and an FTC probe, against the EEA matter settling.
Technical Setup	 5/10	—	Held. Base-building below the 20- and 50-day; the histogram is fading but has not crossed.

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 August 16 report used this same scale and direction, so the prior column is directly comparable and no restatement was required. Weighted total computed in code: 74.2 / 100, identical to the previous review.

No component moved, and that is the correct output for a fortnight in which the share price changed 0.2% and no financial disclosure was made. The temptation in a refresh is to find a point somewhere to justify the exercise. The two candidates were considered and both were declined on stated grounds: Competitive Advantage for the Marvell second-source, and Technical Setup for the narrowing MACD histogram. Neither had crossed the threshold that separates a signal from a fluctuation.

Trade Plan — Recommendation: BUY (reaffirmed)

Parameter	Level / guidance	Change vs Aug 16
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
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 \$428.07 consensus. Trim one-third.	Unchanged
Take-profit target 2	\$490 — requires capex plateau visibility and a favourable appellate outcome. Trim a further third.	Unchanged
Expected upside	+24.1% to target 1; +41.4% to target 2	Was +24.3% and +41.7%
Expected downside	–10.6% to the stop	Was –10.4%
Risk / reward	~2.3 : 1 to target 1; ~3.9 : 1 to target 2	Was 2.3 : 1 and 4.0 : 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
Monitoring items	Gemini 4 under Kavukcuoglu; first disclosed Marvell purchase tranche; whether the Australian dollar issue prices	Marvell and the AUD bond are new
Next catalyst	Q3 FY26 results, October 28 2026; D.C. Circuit arguments late 2026 or early 2027	Unchanged

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, now supported by a dual-sourced supply chain; 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-financed, keeping free cash flow suppressed without breaking the story. The research organisation absorbs the August 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 profit and loss in full, with a Marvell purchase commitment on top. 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 from the midpoints is approximately \$428, unchanged. The weights are held at 28/50/22 rather than nudged, because nudging them would imply a financial input had changed and none has. Probabilities sum to 100%. As before, the skew rather than the point estimate is the reason to own the stock: the bear case is a 11–22% 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 44%.

Final Verdict

The recommendation is unchanged: Buy, 4–6% of portfolio, 18–24 month horizon, adding inside \$340–365 or on a retest toward \$330. So is the reasoning, which is a different statement from the last review, where the verdict held but the ground under it had shifted. Nothing in this fortnight moved the ground. The stock is twenty cents higher, the multiple is a hundredth of a turn wider, the consensus target moved three cents, and the four research departures of August 5 have not been followed by a fifth.

The one thing worth carrying forward is the Marvell warrant, and it should be carried forward as a question rather than an answer. Alphabet has quietly told the market what scale of custom silicon it expects to buy over the next seven years, and the number implied by full vesting is roughly \$120 billion. Read one way, that is a company with enough conviction in its own compute demand to second-source the supply chain and take an equity claim on the supplier while doing it. Read the other way, it is a company adding a seven-year purchase trajectory to a capital programme it has already had to borrow against, before demonstrating what the first \$200 billion earns. Both readings are available on the same facts, which is why the position size stays at 4–6% and does not go higher.

What would change the view is unchanged. 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. The next scheduled test is Q3 on October 28.

Sources. Alpha Vantage daily OHLCV, close of August 28 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. Bloomberg, CNBC, Yahoo Finance and Quartz coverage of the August 19 Marvell–Google custom-silicon agreement and the associated warrant terms. Reuters via moomoo news aggregation for the August 17 Australian dollar bond exploration. Reporting on the August 28 EEA site-reputation policy adjustment and the FTC's YouTube enquiry. StockAnalysis.com statistics and forecast pages for the consensus target, target range, share count, market capitalisation and forward multiple. The August 16 2026 Alphabet report for the prior levels and scores, whose forward multiple and trade-plan arithmetic were re-derived and confirmed for this review. 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.

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