Morgan Stanley | RESEARCH

IDEA

May 27, 2026 08:32 PM GMT

Internet | North America

How Much Revenue per GW Could Be Generated with the Capacity Ahead?

MORGAN STANLEY & CO. LLC

Brian Nowak, CFA
Equity Analyst
[illegible]

Julian Herrera
Research Associate
[illegible]

Gregory Gao
Research Associate
[illegible]

Kavya A Narayanan
Research Associate
[illegible]

Nikhil Javeri
Research Associate
[illegible]

INTERNET
North America
Industry View **Attractive**

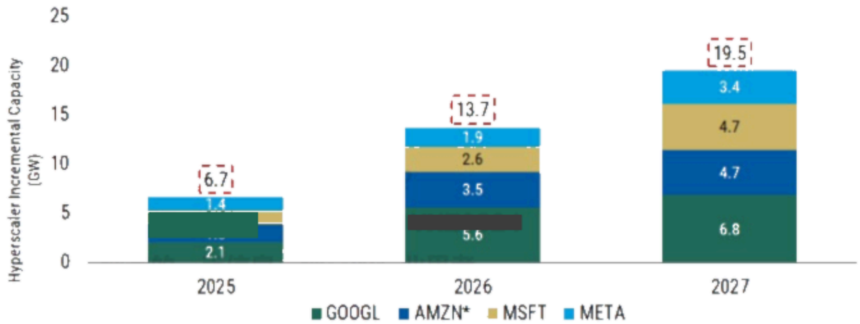
Following our hyperscaler capex deep dive, we analyze implied revenue/GW across AWS/Google Cloud. Current AWS/Google Cloud 36%/86% y/y growth in '27 look achievable and potentially even conservative. Google Cloud's growth arguably has the most upward bias, painting path to $460 bull case.

We would greatly appreciate your support in the Internet Large Cap and Internet SmidCap categories in this year's All-America Extel survey. Thank you so much! - Brian

How to vote: To request a ballot, please go to https://www.extelinsights.com/voting.

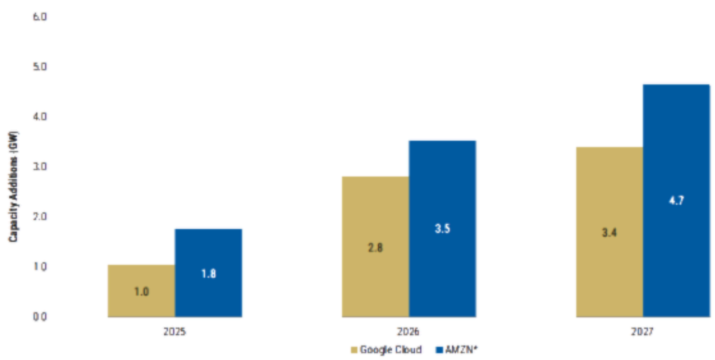
Our Bottom Up Capex Work Projects 14GW/20GW of Incremental Hyperscaler Capacity in '26/'27... In How Much Capacity Will $2 Trillion of Hyperscaler Capex Bring By '27? we built bottom up cost per GW frameworks across 9 different chip generations (NVDA and custom silicon)...and applied estimated chip/rack allocations per hyperscaler to estimate the amount of capacity (in GW) each hyperscaler is set to bring on. As shown, we model the hyperscalers to add ~20 GW of incremental capacity in '27, up from ~14 GW of incremental capacity in '26. Excluding internal workloads, we estimate ~6 GW/~8 GW of capacity additions in '26/'27 will be put in service toward the public cloud businesses at AWS and Google Cloud. ***Please let us know if interested in our interactive cost/GW and capacity models.***

Exhibit 1: Our Bottoms Up Analysis Shows Hyperscalers Are Set to Bring on ~14GW/20GW of Incremental Capacity in '26/'27...



Source: Company data, Morgan Stanley Research; Note: *We acknowledge AMZN comments of adding ~3.9 GW of new power capacity in 2025. Please note our capacity addition est. are based on coincident timing of server/rack deliveries each year. We believe the delta in '25 vs. company comments is related to IT capacity/servers purchased prior to '25 that weren't brought online until '25 as well as traditional cloud/CPU data center capacity

Exhibit 2: ... with ~3 GW/3.5 GW to be added at Google Cloud in '26/'27, and 3.5 GW/~5 GW at AMZN



Source: Company data, Morgan Stanley Research; Note we are assuming [illegible] of incremental GOOGL capacity goes towards Google Cloud

*We acknowledge AMZN comments of adding ~3.9 GW of new power capacity in 2025. Please note our capacity addition est. are based on coincident timing of server/rack deliveries each year. We believe the delta in '25 vs. company comments is related to IT capacity/servers purchased prior to '25 that weren't brought online until '25 as well as traditional cloud/CPU data center capacity

...And Applying Current AWS/Google Cloud Revenue Forecasts Implies ~$14bn/ $11bn of Incremental Revenue per Incremental GW in '27... With hyperscaler capacity constrained and robust backlogs set to flow across P&Ls as capacity opens, this capacity analysis is also a helpful sanity check for the slope of future hyperscaler revenue growth. As shown, we currently model AWS/Google Cloud Y/Y growth to accelerate to 35%/36% and 77%/86% respectively in '26/'27 (partially informed by our backlog vs non backlog contribution analyses...***let us know if interested in our backlog files***). As shown, these forecasts imply AWS and Google Cloud both run at an incremental revenue dollar per incremental GW in the $11bn-$14bn range (note we are excluding ~3mn units of estimated external TPU sales from Google Cloud in this analysis).

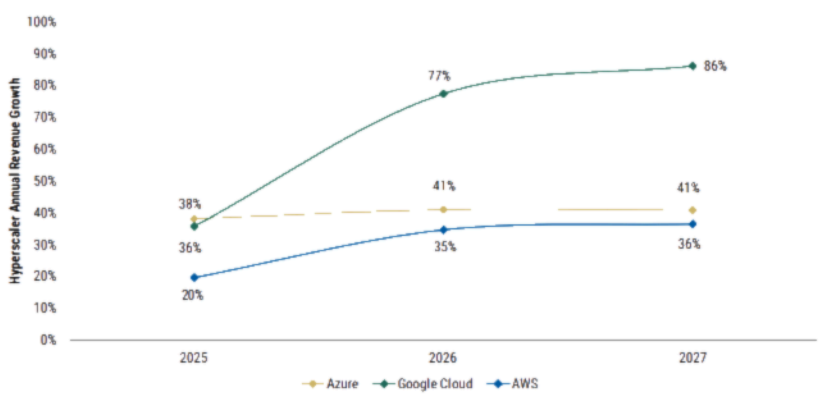
With 2 Key Takeaways from Implied Incremental Revenue per Incremental GW...

First, our hyperscaler revenue estimates look reasonable and if anything conservative. Capacity opening up will determine the slope of revenue growth. As such, the extent to which this capacity opens should support our estimated level of growth, which may be conservative given **1)** 2025 results **2)** Neo-clouds (CRWV +

NBIS, covered by Keith Weiss and Josh Baer), who predominantly rent bare metal NVDA GPUs, currently generate ~$10 of revenue/watt...and hyperscaler software services should support a premium to that and **3)** Industry conversations indicate current deals for capacity are being negotiated at Revenue/GW of ~$20bn+.

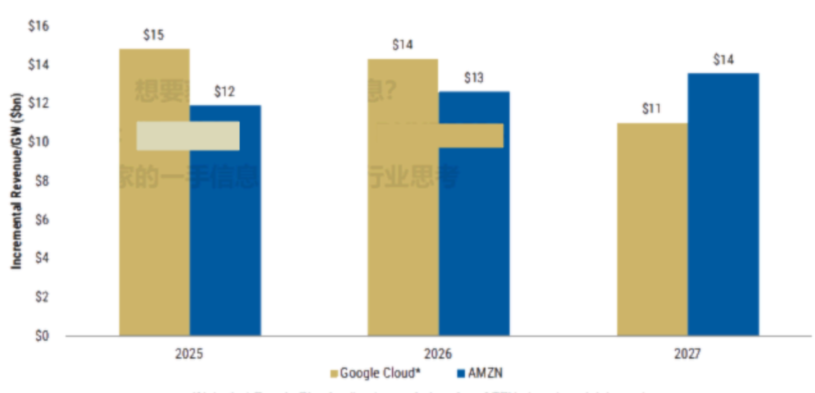
Second, Google Cloud '27 current estimates look potentially the most conservative. As shown our current revenue and capacity forecasts imply Google Cloud incremental revenue per incremental GW falls to $11bn in '27. While part of this may be due to TPU accounting (see above for our assumptions and please do ask for our models), this supply/demand matching does seem to imply the most potential upside to Google Cloud '27 estimates. **Faster than base case Google Cloud growth could bring our $460 bull case into play (from multiple expansion and earnings revisions).** Note we are increasing our bull case from $425 to $460, now implying ~28X times ~$16.50 '27 bull-case EPS...vs 26X previously. We think this is warranted given the growing contribution from Google Cloud and GOOGL's growing GenAI leadership across its businesses.

Exhibit 3: We See Revenue Acceleration Ahead at All Hyperscalers...



Source: Company data, Morgan Stanley Research

Exhibit 4: ...which implies $11-$14bn of Incremental Revenue/Incremental GW for AWS/GCP...which seems conservative, and Google Cloud in '27 arguably looking the most conservative



Source: Company data, Morgan Stanley Research; Note: $11bn represents the per-GW incremental Google Cloud revenue excluding 3P sales of TPUs, which we believe will account for ~$50bn of incremental revenue in '27. This assumes 3.1mn unit sales of TPUs to external parties, or ~53k racks.

Exhibit 5: We increase our GOOGL bull case from $425 to $460, now implying ~28X times ~$16.50 '27 bull-case EPS (vs ~26X previously)

mns	Bear	Base	Bull
EBITDA (FY27E)	$310,740	$330,358	$348,222
(X) EV/NTM EBITDA	8.0x	13.6x	14.6x
Discount to 3-Year Median	-37%	6%	14%
(=) Enterprise Value	2,485,921	4,492,869	5,066,633
(-) Net Debt (FY26E)	(113,759)	(113,759)	(113,759)
(+) Shares Outstanding (FY26E)	12,260	12,260	12,260
(=) Multiples Based Valuation	**$212**	**$376**	**$423**
DCF Based Valuation	**$238**	**$375**	**$497**
PT (Average of Multiples, DCF Valuation)	**$225**	**$375**	**$460**
% Upside	***-40%***	***1%***	***23%***
Implied EV/'27 EPS	**15.3x**	**24.1x**	**28.0x**
'27 EPS	**$14.68**	**$15.61**	**$16.46**
Implied EV/'27 EBITDA	**9x**	**14x**	**16x**
Discount to 3-Year Median	-33%	6%	24%

Source: Company data, Morgan Stanley Research

Risk Reward – Amazon.com Inc (AMZN.O)

AMZN Risk Reward

PRICE TARGET $330.00

Our $330 PT is based on applying a ~29X P/E multiple to our $11.3 of '27 EPS and implies paying ~1.1X PEG, a ~40% discount to AMZN's peer median.

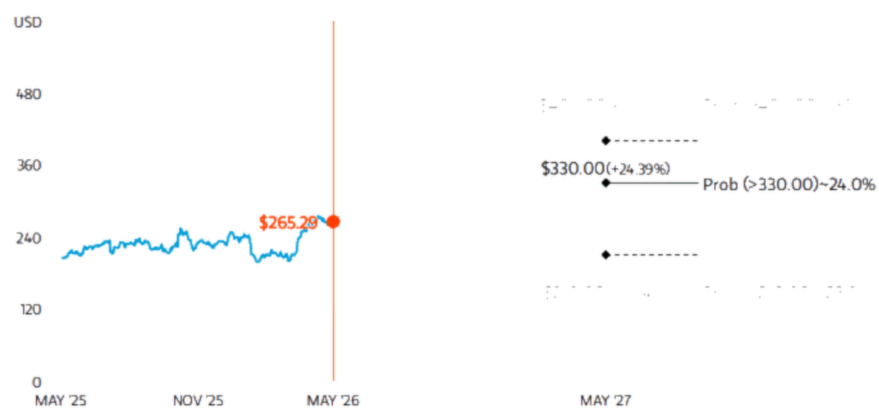
Consensus Price Target Distribution $207.00 — MS PT — $370.00

◆ Mean ◆ Morgan Stanley Estimates

OVERWEIGHT THESIS

- Amazon's high-margin businesses continue to allow Amazon to drive greater profitability while still continuing to invest (last mile delivery, fulfillment, Prime Now, Fresh, Prime digital content, Alexa/Echo, India, AWS, etc).
- Amazon Prime membership growth drives recurring revenue and positive mix shift.
- Cloud adoption hitting an inflection point.
- Advertising serves as a key area for both further growth potential and profitability flow-through.

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Consensus Rating Distribution

94%	Overweight
6%	Equal-weight
0%	Underweight

● MS Rating

Risk Reward Themes

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

BULL CASE $400.00

~31X bull case 2027 EPS of $13.0

Our Bull case is derived from higher Revenue and EBIT margin assumptions than in our base case

BASE CASE $330.00

~29X base case 2027 EPS of $11.3

Our $330 PT is based on applying a ~29X P/E multiple to our $11.3 of '27 EPS and implies paying ~1.1X PEG, a ~40% discount to AMZN's peer median.

BEAR CASE $210.00

~20X bear case 2027 EPS of $10.6

Our Bear case is derived from lower Revenue and EBIT margin assumptions than in our base case

Risk Reward – Amazon.com Inc (AMZN.O)

KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Revenue ($, mm)	716,924	825,620	951,082	1,088,139
Gross Profit ($, mm)	361,287	426,385	515,815	613,700
GAAP EBIT ($, mm)	79,975	111,844	155,801	203,824
Paid Unit Growth (y/y) (%)	10.8	11.8	10.6	9.8
AWS Revenue Growth (%)	19.7	34.7	36.5	31.0

INVESTMENT DRIVERS

- Amazon's high-margin businesses continue to allow Amazon to drive greater profitability while still continuing to invest
- Cloud is in a multi-decade secular adoption cycle
- Amazon is gaining share in eCommerce/retail and share of consumers' wallets

GLOBAL REVENUE EXPOSURE

- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% India
- 0-10% Japan
- 0-10% Latin America
- 0-10% Mainland China
- 0-10% UK
- 10-20% Europe ex UK
- 60-70% North America

here

MS ALPHA MODELS

4/5 BEST 24 Month Horizon

3/5 MOST 3 Month Horizon

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster than expected AWS rev growth and stable margin expansion
- Faster than expected Retail rev growth, stable to expanding 1P Merch Margins
- Greater than expected shipping and fulfillment leverage

RISKS TO DOWNSIDE

- Investments step up and continue for longer than expected
- Merch margins worse than expected
- AWS revenue decelerates and /or margins decline

OWNERSHIP POSITIONING

Inst. Owners, % Active	55.4%
HF Sector Long/Short Ratio	1.7x
HF Sector Net Exposure	10.7%

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

	Low	Morgan Stanley Estimate	High
Sales / Revenue ($, mm)	785,000	825,620	839,900
EBITDA ($, mm)	190,326	221,100	232,488
Net income ($, mm)	84,632	103,564	109,476
EPS ($)	7.64	9.50	9.93

◆ Mean ◆ Morgan Stanley Estimates

Risk Reward – Meta Platforms Inc (META.O) Top Pick

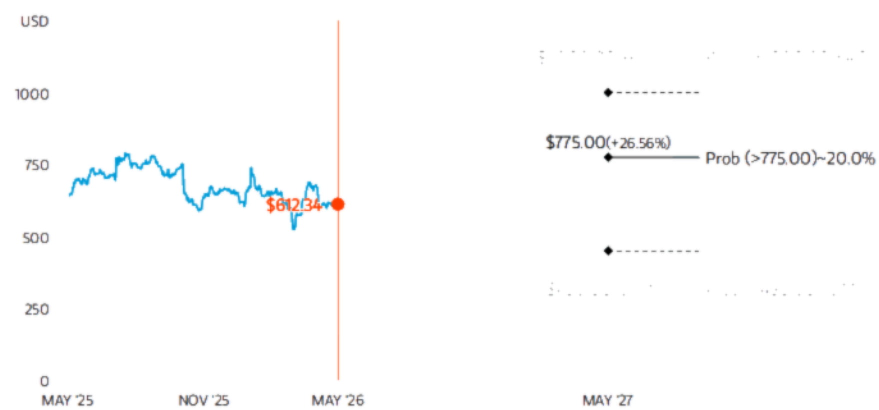
The Age of Efficiency

PRICE TARGET $775.00

Our price target is determined using a discounted cash flow/long-term EBITDA multiple. It implies a ~23x '27 P/E Multiple. Our DCF uses an ~8% WACC and a ~3% terminal growth rate

Consensus Price Target Distribution

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

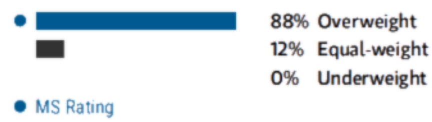


Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

OVERWEIGHT THESIS

- **A Structural Pivot to Focus on Multi-Year Efficiency, Productivity and Leaner Operations...** We think META's "year of efficiency" is more than just a 365 day change...but rather a structural and cultural pivot to operate leaner and with a greater focus on investor returns...even through investment.
- **Importantly, Revenue and Engagement Trends Are Also Improving Across META's Platform...** our industry and company conversations speak to progress driving incremental Reels engagement and monetization...and traction improving ad measurement/attribution in the post IDFA world.
- **3 Underappreciated "Call Options"** including 1) further AI driven upside, 2) subscription adoption and 3) click-to-message.

Consensus Rating Distribution



Risk Reward Themes

New Data Era:	*Positive*
Self-help:	*Positive*
Technology Diffusion:	*Positive*

BULL CASE $1,000.00

Implied ~28x '27 P/E

AI investments drive increased engagement and lead to new products/tools, which supports outsized ad monetization and revenue growth. Execution on newer offerings (like click to message) could also contribute to higher than expected growth. META could also drive further efficiency gains and be more successful in closing the Reels monetization gap. Reality Labs losses moderate and macro environment is better than expected.

BASE CASE $775.00

Implied ~23X base case '27 P/E

Ad revenue grows ~28% in '26 as META's AI investments drive incremental Reels engagement/monetization and support improved performance and ad measurement/attribution across the Family of Apps. We also see META continuing to focus on efficiency and improving productivity.

BEAR CASE $450.00

Implied ~14x '27 P/E

Declines in engagement and/or evidence of Reels monetization ramping more slowly than expected could lead to lower growth and greater uncertainty. We also watch for any macro uncertainty, regulation that limits META's ability to target ads, Reality Labs losses widen more materially than expected, and higher capital intensity from mis-execution around the data center build. Any additional opex and capex could weigh on operating income growth and FCF.

Risk Reward – Meta Platforms Inc (META.O)

KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Constant Currency % Growth (%)	22.5	26.2	20.5	18.3
Operating income (GAAP) ($, mm)	83,276	92,944	104,243	108,640
Consolidated Total Daily Active Users (mm)	2,239.9	2,294.5	2,344.5	2,389.2

INVESTMENT DRIVERS

- We are positive on META's structural pivot towards efficiency and improving revenue, engagement and Reels. We continue to monitor META's progress on call options (AI, subscriptions, click-to-message) and further investment in AI/data centers.

GLOBAL REVENUE EXPOSURE

0-10%	APAC, ex Japan, Mainland China and India
0-10%	India
0-10%	Japan
0-10%	Latin America
0-10%	UK
20-30%	Europe ex UK
40-50%	North America

here

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster than expected Reels monetization & higher engagement growth
- Increased benefit from AI investment
- Revenue driven by subscriptions and/or click-to-message ads
- Further efficiency improvements drive outsized FCF growth

RISKS TO DOWNSIDE

- Macro pressures/weaker consumer spend
- Regulation impacts ability to target ads
- Reality labs losses widen further
- Mis-execution risk could result in higher LT capital intensity

OWNERSHIP POSITIONING

Inst. Owners, % Active	55.6%
HF Sector Long/Short Ratio	2.7x
HF Sector Net Exposure	12.9%

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

	Low	Morgan Stanley Estimate	High
Sales / Revenue ($, mm)	249,553	256,708	258,240
EBITDA ($, mm)	114,318	148,942	170,068
Net income ($, mm)	71,171	85,256	108,329
EPS ($)	27.28	32.83	38.62

◆ Mean ◆ Morgan Stanley Estimates

Risk Reward – Alphabet Inc. (GOOGL.O)

Alphabet Inc.

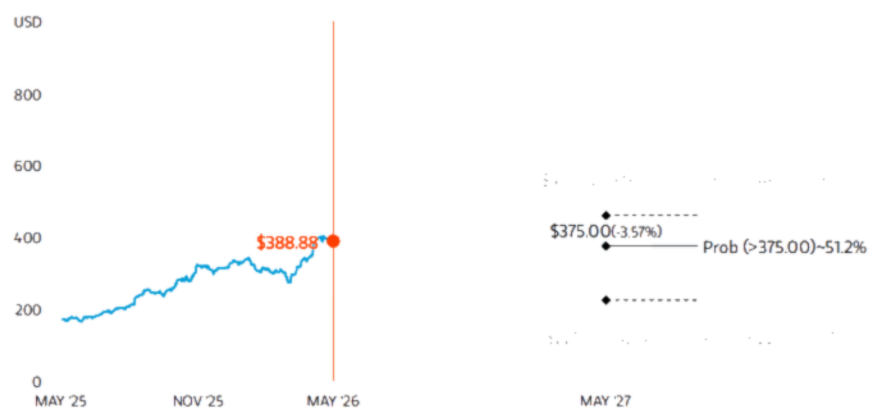
PRICE TARGET $375.00

Our price target is determined using a discounted cash flow/discount to long-term EBITDA multiple. It implies a ~24X '27 P/E Multiple. Our DCF uses a ~8% WACC and a ~3% terminal growth rate (in line with other growth-oriented internet companies)

Consensus Price Target Distribution $220.00 — $406.74 — MS PT — $515.00

◆ Mean ◆ Morgan Stanley Estimates

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



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

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.

Consensus Rating Distribution

87%	Overweight
13%	Equal-weight
0%	Underweight

● MS Rating

Risk Reward Themes

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

BULL CASE $460.00

Implied ~15X '27 bull case EBITDA.

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 $375.00

Implied ~14X '27 base case EBITDA.

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 $225.00

Implied ~8X '27 bear case EBITDA.

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	2025	2026e	2027e	2028e
Total operating income (GAAP) ($, mm)	129,039	179,084	230,506	285,142
GAAP Operating Income (Loss) ($, mm)	137,054	186,559	237,706	291,692

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

- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% India
- 0-10% Japan
- 0-10% Latin America
- 0-10% MEA
- 0-10% UK
- 10-20% Europe ex UK
- 40-50% North America

here

MS ALPHA MODELS

5/5 **BEST**	24 Month Horizon	3/5 **MOST**	3 Month Horizon

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	56%
HF Sector Long/Short Ratio	2.7x
HF Sector Net Exposure	12.9%

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

	Low	Morgan Stanley Estimates	High
Sales / Revenue ($, mm)	471,527	497,846	514,560
EBITDA ($, mm)	218,065	244,196	244,213
Net income ($, mm)	135,617	180,431	184,932
EPS ($)	11.30	14.73	15.13

◆ Mean ◆ Morgan Stanley Estimates

Financials

Exhibit 6: GOOGL Income Statement

Morgan Stanley | Google Income Statement (USD millions)	2024	2025	2026E	2027E
Gross revenue build (GAAP)				
Total Alphabet revenue	**$350,018.0**	**$402,836.0**	**$497,845.5**	**$630,316.1**
Total Advertising	264,590.0	294,691.0	334,854.0	367,005.5
Google Websites	234,231.0	264,899.0	305,824.6	338,498.0
Network Websites	30,359.0	29,792.0	29,029.4	28,507.6
Google Other & Other Bets	85,217.0	108,272.0	163,021.5	262,910.6
Hedging gains (losses)	211.0	(127.0)	(30.0)	400.0
Total Gross revenue (GAAP)	**350,018.0**	**402,836.0**	**497,845.5**	**630,316.1**
Total cost of revenue (GAAP)	**146,306.0**	**162,535.0**	**192,773.7**	**242,366.3**
Total gross profit (GAAP)	**203,712.0**	**240,301.0**	**305,071.9**	**387,949.8**
Total gross margin (GAAP)	58.2%	59.7%	61.3%	61.5%
Traffic acquisition costs (TAC)	**54,900.0**	**59,926.0**	**65,785.4**	**71,070.8**
TAC as % of advertising revenue	20.7%	20.3%	19.6%	19.4%
Total Net revenue (ex-TAC)	**295,118.0**	**342,910.0**	**432,060.1**	**559,245.3**
Total operating expenses (GAAP)	**91,322.0**	**111,262.0**	**125,987.4**	**157,443.9**
Research and development (ex-SBC)	38,086.0	48,778.6	60,274.0	80,594.2
Sales and marketing (ex-SBC)	24,145.8	24,679.9	28,762.8	34,093.6
General and administrative (ex-SBC)	10,228.4	17,157.6	13,097.5	15,257.7
Stock-based compensation (including COGS)	22,785.0	24,953.0	28,821.5	33,230.9
Non-recurring items	0.0	0.0	0.0	0.0
Depreciation (included in expense lines)	15,311.0	21,136.0	35,018.9	64,911.1
Total amortization of intangibles (included in expense lines)	0.0	0.0	1,271.4	1,710.0
Total costs & operating expenses (GAAP)	**237,628.0**	**273,797.0**	**318,761.1**	**399,810.2**
Total costs & operating expenses (adjusted)	214,843.0	248,844.0	289,939.6	366,579.2
Total operating income (GAAP)	**112,390.0**	**129,039.0**	**179,084.5**	**230,506.0**
Total operating margin (GAAP)	32.1%	32.0%	36.0%	36.6%
Total operating income, non-GAAP	**135,175.0**	**153,992.0**	**207,905.9**	**263,736.9**
Total operating margin (adjusted)	38.6%	38.2%	41.8%	41.8%
EBITDA (adjusted)	**150,486.0**	**175,128.0**	**244,196.3**	**330,358.0**
EBITDA margin	51.0%	51.1%	56.5%	59.1%
Incremental EBITDA margin	77.8%	51.6%	77.5%	67.7%
Interest and other income, net	**7,425.0**	**29,787.0**	**38,628.3**	**(2,314.2)**
Interest income	4,482.0	4,337.0	5,044.1	3,277.7
Interest expense	(268.0)	(736.0)	(3,721.8)	(6,175.9)
Foreign currency exchange losses, net	(409.0)	(382.0)	584.0	584.0
Gain (loss) on marketable securities, net	2,671.0	24,620.0	36,804.0	0.0
Other	30.0	(16.0)	(82.0)	0.0
Other income (expense), net	919.0	1,964.0	0.0	0.0
Interest and other income, net	7,425.0	29,787.0	38,628.3	(2,314.2)
Pre-tax income (GAAP)	**119,815.0**	**158,826.0**	**217,712.8**	**228,191.8**
Income tax provision (GAAP)	**19,697.0**	**26,656.0**	**37,282.1**	**36,510.7**
Tax rate (GAAP)	**16.4%**	**16.8%**	**17.1%**	**16.0%**
Net income (GAAP), continuing ops	**100,118.0**	**132,170.0**	**180,430.7**	**191,681.1**
Net income (loss) from discontinued ops	0.0	0.0	0.0	0.0
Net income, reported	**100,118.0**	**132,170.0**	**180,430.7**	**191,681.1**
EPS (GAAP), from continuing ops	**$8.04**	**$10.81**	**$14.73**	**$15.61**
EPS (GAAP) as reported	**$8.04**	**$10.81**	**$14.73**	**$15.61**

Source: Company data, Morgan Stanley Research

Exhibit 7: GOOGL Balance Sheet

Morgan Stanley | Google Balance Sheet				
(USD millions)	**2024E**	**2025E**	**2026E**	**2027E**
Assets:				
Cash & Cash Equivalents	23,466.0	30,708.0	60,536.8	38,820.0
Marketable securities	72,191.0	96,135.0	73,777.0	73,777.0
Accounts receivable	52,340.0	62,886.0	81,093.6	101,216.9
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	15,714.0	16,309.0	19,362.5	23,810.1
Total Current Assets	**163,711.0**	**206,038.0**	**234,769.9**	**237,624.1**
Prepaid revenue share, expenses and other assets, non-current	32,054.0	24,334.0	14,504.0	8,504.0
Deferred income taxes, non-current	0.0	0.0	0.0	0.0
Non-marketable equity securities	37,982.0	68,687.0	106,946.0	106,946.0
Property and equipment	171,036.0	246,597.0	406,377.5	640,685.2
Intangible assets	4,071.0	5,614.5	21,563.1	20,103.1
Goodwill	41,402.0	44,010.5	62,236.5	62,486.5
Total Assets	**450,256.0**	**595,281.0**	**846,397.0**	**1,076,348.8**
Liabilities:	**0.0**	**0.0**	**0.0**	**0.0**
Accounts Payable	7,987.0	12,200.0	16,012.3	21,523.8
Short-term debt	0.0	0.0	50,000.0	100,000.0
Accrued compensation and benefits	15,069.0	17,546.0	20,831.1	25,373.7
Accrued expenses and other current liabilities	51,228.0	55,557.0	65,588.9	79,891.6
Accrued revenue share	9,802.0	10,864.0	13,225.6	16,042.0
Securities lending payable	0.0	0.0	0.0	0.0
Deferred revenue	5,036.0	6,578.0	7,162.0	7,162.0
Income taxes payable	0.0	0.0	0.0	0.0
Total Current Liabilities	**89,122.0**	**102,745.0**	**172,819.9**	**249,993.2**
Long-Term Debt	10,883.0	46,547.0	77,501.0	77,501.0
Deferred revenue, non-current	0.0	0.0	0.0	0.0
Income taxes payable, non-current	8,782.0	9,531.0	5,159.1	6,283.9
Other Long-Term Liabilities	16,385.0	21,193.0	24,027.0	24,027.0
Total Liabilities	**125,172.0**	**180,016.0**	**279,507.0**	**357,805.1**
Shareholders' Equity:	**0.0**	**0.0**	**0.0**	**0.0**
Preferred Equity	0.0	0.0	0.0	0.0
Common Equity	84,800.0	93,126.0	118,972.5	152,203.4
Deferred stock-based compensation	0.0	0.0	0.0	0.0
AOC Income / (Loss)	(4,800.0)	(1,916.0)	(2,180.0)	(2,180.0)
Retained Earnings	245,084.0	324,055.0	450,097.5	568,520.4
Total Shareholders' Equity	**325,084.0**	**415,265.0**	**566,890.0**	**718,543.8**
Total Liabilities & Shareholders' Equity	**450,256.0**	**595,281.0**	**846,397.0**	**1,076,348.8**

Source: Company data, Morgan Stanley Research

Exhibit 8: GOOGL Cash Flow Statement

Morgan Stanley | Google Cash Flow Statement				
(USD millions)	**2024E**	**2025E**	**2026E**	**2027E**
Operating Cash Flow:				
Net Income	100,118.0	132,170.0	180,430.7	191,681.1
Depreciation & Amortization of PP&E	15,311.0	21,136.0	35,018.9	64,911.1
Amortization of intangible and other assets	0.0	0.0	1,271.4	1,710.0
Stock-Based Compensation	22,785.0	24,953.0	28,821.5	33,230.9
Excess tax benefit from stock-based award activity	0.0	0.0	0.0	0.0
Deferred Income Taxes	(5,257.0)	8,348.0	9,920.0	6,000.0
Other	748.0	(22,512.0)	(35,539.0)	0.0
Funds from Operations (FFO)	**133,705.0**	**164,095.0**	**219,923.5**	**297,533.2**
Changes in Working Capital:				
Accounts receivable	(5,891.0)	(8,525.0)	(18,457.6)	(20,123.3)
Income taxes	(2,418.0)	(3,226.0)	803.1	1,124.8
Prepaid revenue share, expenses and other assets	(1,397.0)	(4,542.0)	1,148.5	(4,447.6)
Accounts payable	359.0	(544.0)	(1,079.7)	5,511.5
Accrued expenses and other liabilities	(1,161.0)	14,136.0	3,452.1	18,845.2
Accrued revenue share	1,059.0	899.0	3,017.6	2,816.5
Deferred revenue	1,043.0	2,420.0	505.0	0.0
Changes in Working Capital	**(8,406.0)**	**618.0**	**(10,611.1)**	**3,727.2**
Operating Cash Flow	**125,299.0**	**164,713.0**	**209,312.4**	**301,260.3**
Investing Cash Flow:	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Capex	(52,535.0)	(91,447.0)	(189,568.4)	(299,218.8)
Purchase of marketable securities	(86,679.0)	(103,773.0)	(31,041.0)	0.0
Maturities and sales of marketable securities	103,428.0	83,240.0	53,001.0	0.0
Investments in non-marketable equity securities	(4,152.0)	(4,349.0)	(58.0)	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 othe	(5,598.0)	(3,962.0)	(34,992.0)	(500.0)
Investing Cash Flow	**(45,536.0)**	**(120,291.0)**	**(202,658.4)**	**(299,718.8)**
Financing Cash Flow:	**0.0**	**0.0**	**0.0**	**0.0**
Net payments related to stock-based award activities	(12,190.0)	(14,167.0)	(5,483.0)	0.0
Net proceeds from a public stock offering	0.0	0.0	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	(62,222.0)	(45,709.0)	(43,780.6)	(62,570.6)
Proceeds from issuance of debt, net of costs	13,589.0	64,564.0	81,379.0	50,000.0
Repayment of debt	(11,547.0)	(32,026.0)	1,723.0	0.0
Cash dividend payments	(7,363.0)	(10,050.0)	(10,540.6)	(10,687.7)
Other	0.0	0.0	0.0	0.0
Financing Cash Flow	**(79,733.0)**	**(37,388.0)**	**23,297.8**	**(23,258.2)**
Effects of FX	(612.0)	208.0	(123.0)	0.0
Beginning Cash	24,048.0	23,466.0	30,708.0	60,536.8
(+/-) Net Changes in Cash	(582.0)	7,242.0	29,828.8	(21,716.8)
(+/-) Restatements / Adjustments (pre-10-Q / K)	0.0	0.0	0.0	0.0
Ending Cash	**23,466.0**	**30,708.0**	**60,536.8**	**38,820.0**

Source: Company data, 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