Alphabet Inc. (GOOGL): Communacopia + Technology 2026 — Key Takeaways

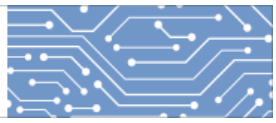
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Presenters: We hosted Google Cloud CEO Thomas Kurian at the Communacopia + Technology Conference.

Bottom Line: We highlight a few key takeaways from our conversation: 1) Continued momentum across Google Cloud's AI and cloud businesses, supported by strong customer acquisition trends and a diversified portfolio of 17 $1bn+ product lines; 2) A differentiated, vertically integrated AI infrastructure stack spanning silicon, models, security, and applications; & 3) Multiple monetization pathways for AI and TPUs, including subscription, hardware, and partner-led deployment models that support long-term customer relationships and attractive economics. Additional details inside the report.

Key Takeaways

- **Market Opportunity -** Google Cloud highlighted strong momentum across the business, with 17 product lines generating more than $1bn in revenue, while new customer acquisitions have grown more than 2x YoY and QoQ and deals over $100m have also grown more than 2x. The company believes its differentiated approach allows it to compete across the full AI and cloud stack, whether customers adopt Google Cloud end-to-end or in individual product categories.
- **Platform & Infrastructure -** Management emphasized the advantages of its vertically integrated technology stack, including proprietary infrastructure, silicon, models, security, and applications. On AI infrastructure, mgmt highlighted the growing importance of offering a variety of accelerators tailored to different model architectures and workloads, as well as distinct systems optimized for training versus inference.
- **Gemini Enterprise & AI Adoption -** Gemini Enterprise is increasingly being used as a reasoning and automation platform, helping customers analyze data, automate workflows, write code, and strengthen cybersecurity. Approximately

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80% of Google Cloud customers use AI products, while ~90% of Fortune 100 companies use Gemini Enterprise and Google Cloud cybersecurity offerings. Gemini Enterprise customers are also expected to generate ~1.5x higher 5-year LTV, while AI customers typically use ~1.8x more Google Cloud products.

- **Monetization & TPU Strategy -** Discussed multiple deployment and monetization models for TPUs, including traditional cloud subscriptions, direct hardware purchases, and delivery through neocloud partners. On-premise deployments can create attractive FCF characteristics while also driving long-term customer commitments through multi-year contracts.
- **Go-to-Market & Partnerships -** Forward deployed engineering teams are focused on: 1) working with leading customers across industries to identify frontier use cases; 2) building tools and capabilities that push model performance and business outcomes; & 3) developing training and certification programs with partners to scale adoption. Areas of partnership focus include industry-specific solutions across 8 targeted verticals, scaling the services ecosystem through partners, and integrating specialized datasets into AI workflows.

Valuation/Risks

We are Buy rated on GOOGL. Our $435 12-month price target is based on an equal blend of (1) EV/GAAP EBIT applied to our NTM + 1 year estimates and (2) a modified DCF using EV/FCF-SBC multiple applied to our NTM + 4 years estimates discounted back 3 years.

Risks to our Buy rating include: a) competition of product utility levels and advertising dollars; b) headwinds to monetizable (product) search from industry disruption; c) shifting media consumption habits; d) heavy investments depress operating margins for longer than our forecasts; e) no/low levels of incremental shareholder returns going forward; & f) regulatory scrutiny and industry practices altering the business model's prospects. In addition, Alphabet is exposed to the volatility caused by the global macroeconomic environment and investor risk appetite for growth stocks.

GOOGL	12m Price Target: **$435.00**	Price: **$338.46**	Upside: **28.5%**

Buy

Market cap: $4.2tr
Enterprise value: $4.2tr
3m ADTV: $10.6bn
United States
Americas Internet
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	342,910.0	432,987.1	548,830.4	673,449.2
EBITDA ($ mn)	150,175.0	219,698.0	316,019.0	419,744.5
EBIT ($ mn)	129,039.0	173,770.4	231,263.2	289,938.2
EPS ($)	10.81	20.51	15.44	19.08
P/E (X)	19.5	16.5	21.9	17.7
EV/EBITDA (X)	17.1	18.9	13.3	10.0
FCF yield (%)	2.9	0.1	(0.8)	0.0
Dividend yield (%)	0.4	0.3	0.3	0.3
Net debt/EBITDA (X)	0.1	0.1	0.0	(0.0)

	6/26	9/26E	12/26E	3/27E
EPS ($)	9.11	2.95	3.37	3.64

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 4 Sep 2026 close.