Alphabet (GOOGL)

USA | NASDAQ | Mega Cap | Tech

2026-11-12

KTH Finance Society 1994 Equity Fund

Rating: BUY

12 M Target price:	305.02 USD
Current price:	278.68 USD
Difference:	+9,45%

Investors See the Costs, Not the Signed Contracts

Alphabet is the parent company of Google and one of the world's largest technology companies. The share price fell after the Q3 2026 report because investors worry about two things: free cash flow has turned negative as Alphabet spends heavily on AI data centres, and Search revenue growth has slowed. We think the market is too focused on these short-term issues. Google Cloud more than doubled its revenue in Q3, its margin keeps rising, and USD 561bn of signed contracts show that the spending is backed by real demand. At the same time, Google still handles 91% of traditional web searches, and its Gemini app, with one billion users, is the second-largest AI chatbot after ChatGPT.

Our DCF gives a target price of **USD 305, a 9% upside** from today's. On operating multiples Alphabet trades in line with peers, which means the market is not yet pricing the USD 561bn Cloud backlog. As that backlog turns into revenue and free cash flow recovers from 2029, we expect the share to re-rate. **We rate Alphabet a Buy.**

Key insights

Signed contracts back the spending: Alphabet's free cash flow has turned negative because it is investing heavily in AI data centres. But Google Cloud's backlog of signed contracts reached USD 561bn, about six times its yearly revenue, and just over half is expected to become revenue within two years. The largest commitments come from major AI players, including Anthropic and Blackstone-backed Crux AI. Cloud revenue doubled in Q3 2026 and its operating margin rose to 36%. We believe the spending is building future earnings, and that free cash flow will recover as the backlog turns into revenue.

The demand is there: Alphabet's selloff mistakes a monetization lag for lost user demand. Search queries grew 12% in Q3 2026, the fastest in five years, but Search revenue growth slowed from 19% to 12% because users are adopting AI Mode faster than Google adds ads. Google closed the same gap in the shift to mobile, and the catch-up has begun: AI Mode ads are expanding internationally to 10 countries, with advertisers enrolled automatically, ads in AI Overviews are scaling, and AI queries are three times longer, giving Google more pricing power. Paid AI subscriptions also reduce reliance on ad clicks. Google still handles 373 times more search-like queries than ChatGPT, so the users are there to monetize.

Risks may delay the pay off, not break: Democrats won Congress promising stricter data-centre rules, voters rejected development in 40 of 41 midterm ballot measures, and 52% of Americans are more concerned than excited about AI. AI agents could bypass Google's ads. We believe these risks affect building speed, not demand. Opposition is mostly local, TPUs offset higher costs, and Gemini reached 1 billion users despite negative polls. ChatGPT's chatbot share fell from 87.2% to 68% as Gemini's quadrupled, keeping the agent shift largely within Google.

Analyst

Alexander Gardos EK	Sector Head
Edwin Taeby	Fund Analyst
Siem Araya	Fund Analyst

Market Data

Exchange	NASDAQ
Trading Currency	USD
Share Class	Class A (GOOGL)
Shares OS	12 294 M
Market Cap	3 470 842 MUSD
EV	3 365 684 MUSD

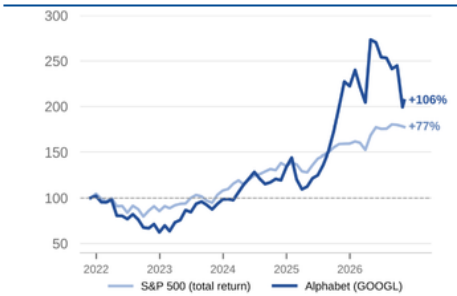
Metrics & Drivers	2025	2026E	2027E
EV/EBITDA	24.8x	14,2x	10.2x
EV/EBIT	28.9x	17.3x	12.4x
P/E	29.0x	20.9x	15.0x
EPS (USD)	10.82	13.31	18.58
EBIT margin	32.0%	38.0%	40.5%
Capex/Revenue	22.7%	40.0%	38%

Forecast, USD	2025	2026E	2027E
Revenue (bn)	*402.8*	511.6	*670.2*
- Growth Y-o-Y	*+15.1%*	*+27.0%*	*+31.0%*
EBIT (bn)	*129.0*	*194.4*	*271.4*
EBIT margin	*32.0%*	*38.0%*	*40.5%*
Free cash flow (bn)	*73.3*	*-13.0*	*12.0*

Major Shareholders (% of votes)

Larry Page	27.4%
Sergey Brin	25.3%
Vanguard	3.5%
BlackRock	2.5%

Stock Price Movement Nov 2021-Nov2026



Beta (5Y)	1.25
52 Week Price Range (USD)	270.70 - 408.61
30D Avg Daily Volume (Million Shares)	34.6
Free Float	89%
Mkt Cap (USD)	3 471 bn
EV (USD)	3 366 bn

Driver 1: Signed Contracts Back the Spending

Cloud is growing fast, and much of the demand is already signed

Cloud revenue grew 103% to USD 30.7bn in Q3 2026, and the operating margin rose from 23.7% to 36.2% in one year. Cloud generated 62% of Alphabet's revenue growth in the quarter. Alphabet has an edge because it owns the whole chain: its own AI chips (TPUs), AI models (Gemini) and data centres. The Gemini app has one billion users, and Thomas Kurian, CEO of Google Cloud, said on the Q3 call that Gemini use drives growth in other parts of the portfolio. Companies that build Gemini into their own products pay for it through Google Cloud.

The backlog is revenue from signed contracts that has not yet been delivered. Google Cloud's backlog reached USD 561bn in Q3 2026, up from USD 514bn three months earlier, and is now about six times Cloud revenue over the last twelve months, up from about two times two years ago. Most of it comes from regular cloud contracts, but the largest single commitments come from AI companies: Anthropic has committed to at least five gigawatts of capacity according to Alphabets Q2 report and Crux AI as seen in the Q3 report. Crux AI is backed by up to USD 5bn from Blackstone, signed a USD 16.8bn multi-year deal. Management expects just over 55% of the backlog to become revenue within 24 months, roughly USD 150bn a year, against USD 93bn of Cloud revenue over the last twelve months.

Negative free cash flow is temporary

Over the last twelve months, Alphabet spent USD 160bn on capex and generated USD 180bn in operating cash flow. Free cash flow fell to USD 20bn, from USD 73bn in 2025, and was negative in Q2 and Q3 2026. Capex guidance for 2026 is USD 195–205bn, and management expects a significant increase in 2027, so free cash flow will stay under pressure for a while.

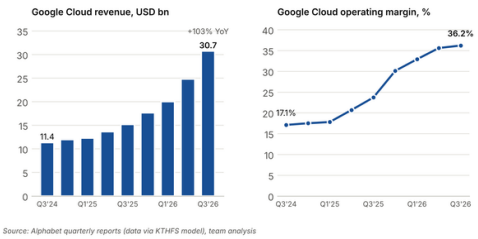
But the money is spent before the revenue arrives, not instead of it. About 65% goes to servers and network equipment that last around six years, roughly the period over which the backlog turns into revenue. TPU system sales are also expected to ramp up in 2027, and selling systems brings in cash faster than renting out capacity. As the backlog turns into revenue, operating cash flow should grow faster than capex and free cash flow should recover (see Valuation).

The spending also still earns good returns. Alphabet's return on invested capital (ROIC) was 37% over the last twelve months, down from 53% in 2024, as invested capital almost tripled since 2023 to USD 435bn. Each new dollar invested since 2023 has so far earned about 21 cents a year after tax. That is lower than before but still well above Alphabet's cost of capital, and much of the new capacity is not yet producing revenue.

Risks to watch

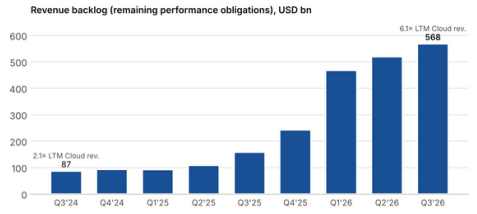
Politics is turning against data centres. The Democrats won control of both the House and the Senate in the November 2026 midterm elections, and many winning candidates promised stricter rules for data centres, such as making them pay more of their energy costs or ending tax breaks. About three-quarters of US voters oppose a new data centre in their own community (AP Voter Poll). Public opinion on AI is also turning negative: 52% of Americans are more concerned than excited about AI, up from 37% in 2021 (Pew Research Center). Stricter rules could slow Alphabet's build-out and raise its costs. Depreciation, only 18% of capex today,

Cloud is growing faster and earning more



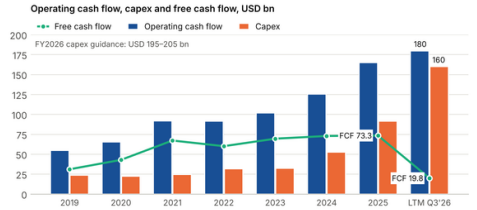
Source: Alphabet quarterly reports (data via KTHFS model), team analysis

Signed contracts now equal six years of Cloud revenue



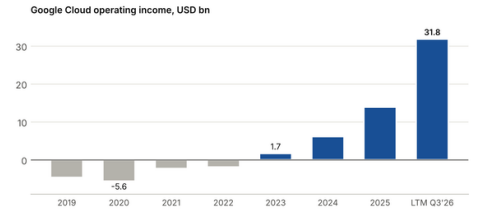
Source: Alphabet 10-Q filings (data via KTHFS model); multiple = backlog / trailing-12-month Google Cloud revenue

Spending has caught up with cash flow



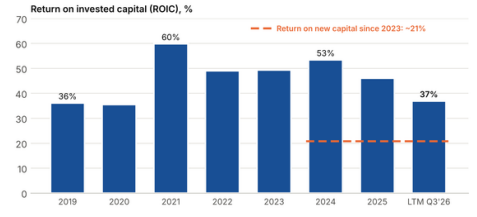
Source: Alphabet annual and quarterly reports (data via KTHFS model); FCF = operating cash flow – purchases of property and equipment

Cloud went from a loss to a USD 31.8bn profit



Source: Alphabet annual and quarterly reports (data via KTHFS model)

Returns are falling, but still high



Source: Alphabet reports (data via KTHFS model), team analysis. ROIC = EBIT × (1 − 17% tax) / avg. invested capital

Driver 2: Search demand is accelerating

Monetization Gap, Not Demand Loss

Search demand is accelerating. Queries grew 12% year over year in Q3 2026, the fastest in five years. The problem is monetization: AI Mode earns less per query than conventional search, and users are adopting it faster than Google adds ads. As a result, Search revenue growth slowed from 19% in Q1 to 12% in Q3. Google faced the same gap in the shift to mobile, built the experience first, and grew Search revenue afterwards. The catch-up has begun. AI Mode ads are expanding internationally, multi-turn ads are coming to the US, and ads in AI Overviews are scaling. AI ads now run in 10 countries, with the U.K., Brazil and Mexico following in Q4, and advertisers using broad match or Performance Max campaigns are enrolled automatically, so ad coverage can scale quickly. AI queries are three times longer than traditional searches, giving advertisers more context and Google more pricing power. Paid AI subscriptions (Google AI Plus, Pro and Ultra) and Gemini API usage also reduce reliance on ad clicks. The AI investment is already paying off. Capex more than doubled to $51.4 billion in Q3, but Google Cloud revenue grew 103% to $30.7 billion, with a $561 billion backlog. TPUs, now sold to Meta, Anthropic and others, add revenue and cut Alphabet's own compute costs. Operating income rose 30% to $40.6 billion, and headline EPS was depressed by an $8.2 billion unrealized loss on SpaceX. Free cash flow was negative in Q3 but remains positive over twelve months, backed by $265.1 billion in cash.

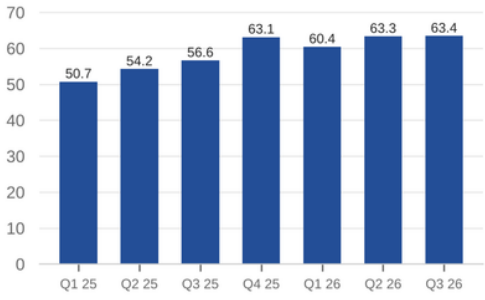
AI agents cannot bypass Google infrastructure

The biggest risk is that the gap never closes. As users hand tasks to agents like ChatGPT and Claude, the agent researches and buys, and nobody clicks Google's ads. Even inside Google's own AI answers, users click ads less often than on traditional results. Shopping, Google's most valuable category, is most exposed: 83% of Gen Z used AI for a shopping task in the past three months, and Google's search share fell to 89.3%, its largest drop since 2009. Yet Google still handles 373 times more search-like queries than ChatGPT, and query growth is at a five-year high. ChatGPT's share of chatbot traffic fell from 87.2% to 68% in a year while Gemini's quadrupled. With 1 billion Gemini users, Google is itself a leading agent builder, so much of the shift stays inside its ecosystem.

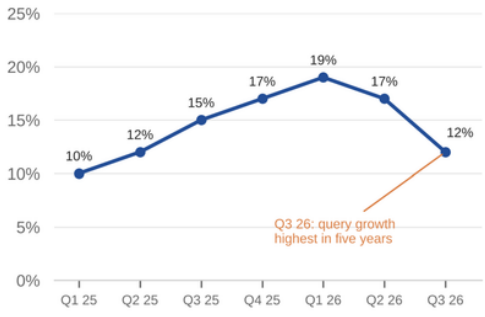
Midterms may delay the payoff, not derail it.

Opposition to data centers is rising. Voters rejected development in all but one of 41 midterm ballot measures, and backlash delayed or blocked $130 billion of projects in Q1 2026. That could delay Alphabet's capacity and raise energy costs.
But the risk is to building speed, not demand: Gemini reached 1 billion users despite negative polls. Opposition is mostly local, and TPUs offset higher costs. Backlash may slow the payoff, but it does not break the case.

Google Search & Other Revenues

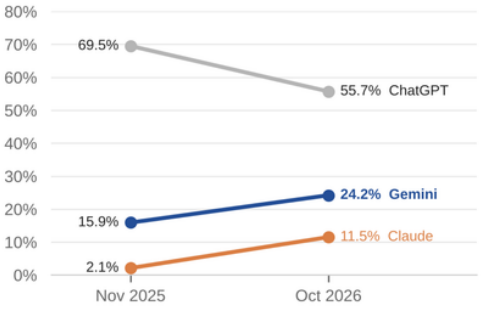


Source: Alphabet quarterly earnings releases, Q1 2025 to Q3 2026.



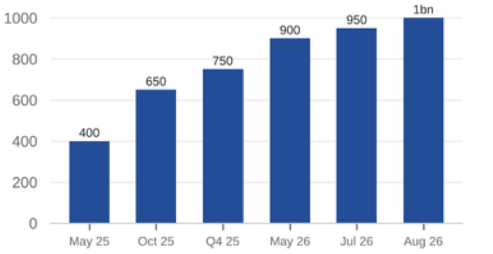
Source: Alphabet earnings releases, Q1 2025 to Q3 2026.

Where AI chatbot website visits go, %



Source: Similarweb Gen AI website traffic update (10 November 2026).

Gemini monthly users, m



Company Overview

Alphabet is the parent company of Google. Over the last twelve months, it had revenue of USD 471bn and operating income of USD 157bn, an operating margin of 33%. The company has three segments: Google Services (Search, YouTube, Google Network and Subscriptions, platforms & devices), Google Cloud, and Other Bets, which holds long-term projects such as Waymo. Advertising is still the core of the business and makes up 69% of revenue.

Google Services – the profit engine

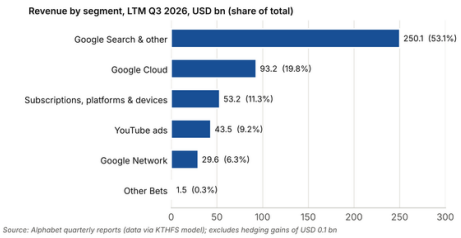
Google Services earned USD 376bn in revenue and USD 159bn in operating income over the last twelve months, a margin of 42%. Google is still by far the largest search engine, with a 91% global market share in October 2026. Alphabet is adding its Gemini AI models to all of its products, and the Gemini app now has one billion users. The profits from Services pay for Alphabet's large investments in AI.

Google Cloud – the new growth engine

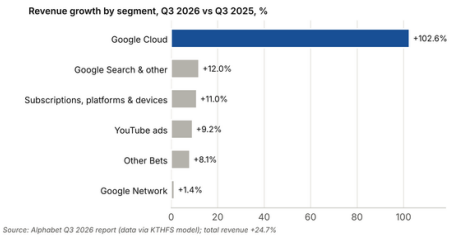
Google Cloud sells computing power, AI models and software such as Workspace to businesses. It now makes up 20% of Alphabet's revenue and 20% of its operating income. Only a few years ago it was losing money: the operating loss was USD 5.6bn in 2020. Over the last twelve months it made an operating profit of USD 31.8bn, and in Q3 2026 it accounted for 62% of Alphabet's total revenue growth. In March 2026, Google completed its USD 32bn acquisition of the cloud security company Wiz, which is now part of Google Cloud.

To pay for this growth, Alphabet has changed how it uses its cash. Share buybacks fell from USD 62bn in 2024 to USD 6bn over the last twelve months. In June 2026, Alphabet raised USD 20.5bn in a public share offering, USD 10.0bn in a private placement with Berkshire Hathaway and USD 19.0bn through mandatory convertible preferred stock. The balance sheet is still strong, with USD 265bn in cash and marketable securities against USD 125bn of long-term debt.

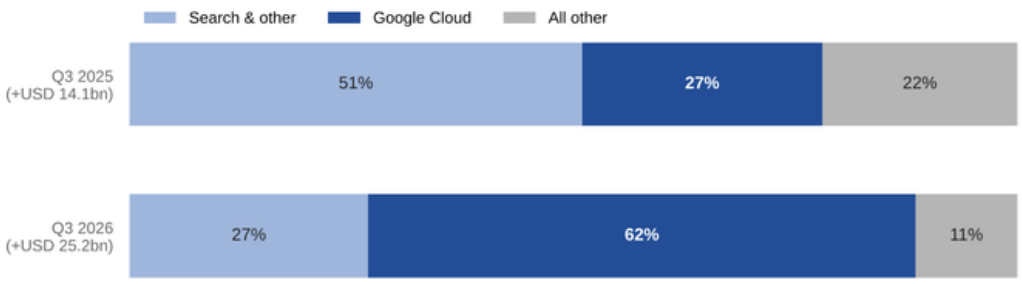
Search still makes over half of revenue



Cloud is where the growth is



Shares of Alphabet YoY grevenue growth %



Source: Alphabet Q3 2025 and Q3 2026 earnings releases; FourWeekMBA arithmetic.

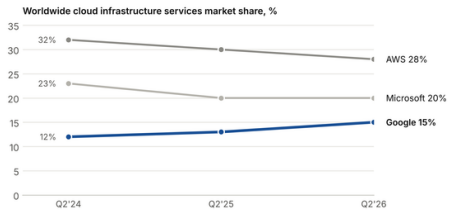
Market Overview

The cloud market is growing faster than it has in years, mainly because of AI. According to Synergy Research Group, companies spent USD 143.4bn on cloud infrastructure in Q2 2026 and USD 500bn over the last twelve months. Public cloud services, the largest part of the market, grew 47%. Three companies lead the market: Amazon with 28%, Microsoft with 20% and Google with 15%. Google is the only one of the three that has gained share in the last two years. In Q2 2024, the shares were 32%, 23% and 12%.

To meet demand for AI computing power, the largest tech companies are spending record amounts on data centres. For 2026, Amazon expects about USD 220bn, Alphabet USD 195–205bn, Microsoft about USD 170bn and Meta USD 135–145bn, around USD 730bn in total. Investors now care more about whether this spending will pay off. For example, Meta reported negative free cash flow of USD 2.12bn in Q3 2026. The market is starting to separate spending that is backed by signed customer contracts from spending that is not.

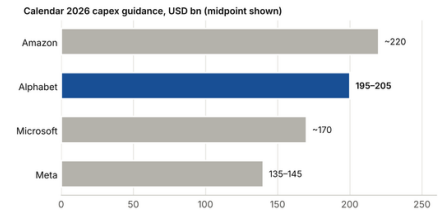
Google still leads search by a wide margin, with 91% of search engine traffic in October 2026 (StatCounter). The new competition comes from AI chatbots such as ChatGPT, which answer questions directly. Here Google is a strong number two: according to Sensor Tower, Gemini had 27.7% of the AI assistant app market in May 2026, against 46.4% for ChatGPT. The key question is therefore not whether people stop searching, but how Google makes money from AI answers,

Google is the only big cloud player gaining share



Source: Synergy Research Group (Q2 releases 2024–2026); market size Q2 2026: USD 143 bn per quarter

Alphabet is among the biggest spenders



Source: company Q3 2026 releases and calls; Microsoft and Meta include finance leases, Amazon is cash capex

Valuation & Financial Analysis

We expect a revenue growth of 27–35% a year to 2028, driven by the Cloud backlog: just over 55% of USD 561bn converts within 24 months, about USD 150bn a year versus USD 93bn today. Growth then slows to about 25%. EBIT margin rises from 32% to 48% as Cloud scales; Cloud's own margin already rose from 17% to 36% in two years. Capex peaks at USD 326bn in 2028, then falls to 15% of revenue, turning free cash flow strongly positive from 2029. We discount at a 9.9% WACC. The cost of equity is 10.2%, from CAPM with a 4.94% risk-free rate (10-year US Treasury), a beta of 1.24 and a 4.2% equity risk premium (Damodaran). Debt is only 3.5% of capital, at a 5.0% pre-tax cost, so WACC is close to the cost of equity. Terminal growth of 2.5% is below long-run nominal GDP growth, a cautious assumption. Adding net cash gives a target price of USD 305, 9% upside. Terminal value is 89% of EV, so the result is sensitive to WACC, growth and the 2030 margin.

DCF – Summary (see page 8-9 for details)

USD bn	2025A	2026E	2027E	2028E	2029E	2030E
Revenue	402.8	511.6	670.2	904.8	1,140.0	1,413.6
growth	*15%*	*27%*	*31%*	*35%*	*26%*	*24%*
EBITDA margin	*37%*	*46%*	*49%*	*50%*	*49%*	*51%*
EBIT margin	*32%*	*38%*	*41%*	*42%*	*45%*	*48%*
Capex	91.4	204.6	254.7	325.7	228.0	212.0
% of revenue	*23%*	*40%*	*38%*	*36%*	*20%*	*15%*
Unlevered FCF	30.7	−13.0	12.0	38.9	221.2	372.6

WACC 9.9% | Terminal growth 2.5% | Terminal value = 89% of EV

Sensitivity Analysis

WACC \ g	1,5%	2,0%	2,5%	3,0%	3,5%
8,9%	317,70	338,80	363,20	391,74	425,56
9,4%	294,05	312,14	332,86	356,82	384,84
9,9%	273,29	288,94	**306,71**	327,06	350,58
10,4%	254,93	268,58	283,95	301,40	321,38
10,9%	238,60	250,58	263,98	279,07	296,21

Peer valuation and Financial Metrics

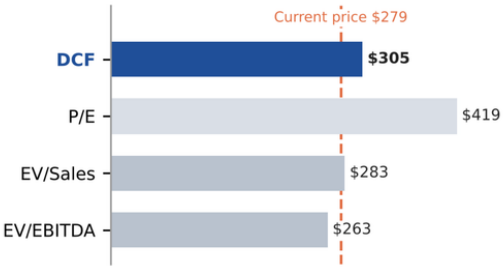
Comparable company analysis (CCA) of five peers: Microsoft, Amazon, NVIDIA, Meta and Oracle. No single company matches Alphabet's mix, so we chose peers that together cover its three businesses: ad-funded platforms (Meta, Amazon), cloud infrastructure (Microsoft, Amazon, Oracle) and AI hardware (NVIDIA, which competes with TPUs). All are US mega caps exposed to the same AI investment cycle and interest rates. We use LTM figures so every company is measured over the same period. We use the peer median rather than the average, so outliers such as NVIDIA's growth or Amazon's low-margin retail business don't skew the result.

Each multiple answers a different question. EV/Sales shows what investors pay per dollar of revenue. It is unaffected by margins, which helps while the build-out inflates Alphabet's costs, but it ignores profitability: Amazon trades at 3.9x and NVIDIA at 14.2x. Alphabet is at 7.3x against a 7.1x median, in line with peers.

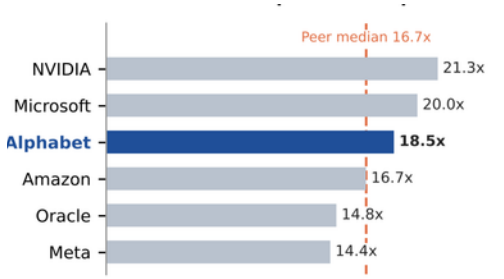
EV/EBITDA is our main multiple. Enterprise value includes debt and cash, so capital structure doesn't matter. EBITDA comes before depreciation, so different capex schedules don't distort it while every peer is spending heavily. Alphabet trades at 18.5x against 16.7x, an 11% premium, with only Microsoft and NVIDIA higher. Cloud growth of over 100%, a USD 561bn backlog and net cash justify this. P/E shows what shareholders pay per dollar of net profit, but it includes everything below the operating line. Alphabet looks cheapest of the six at 15.0x against 21.9x. However, USD 130.7bn of LTM non-operating income, mainly investment gains, inflates earnings. Q3's USD 8.2bn unrealized loss on SpaceX shows how volatile these items are, so we give P/E little weight.

Applying the peer medians to Alphabet's LTM figures gives USD 283 on EV/Sales and USD 263 on EV/EBITDA, close to today's price. The market therefore prices Alphabet fairly on current earnings. The DCF, however, captures backlog-driven growth that isn't yet in the LTM numbers. That gap is the core of our case.

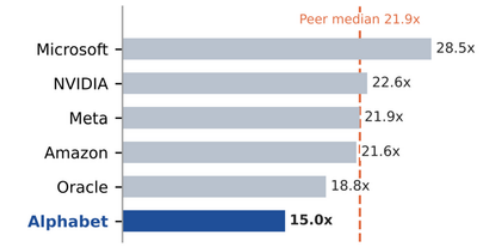
Implied price by peer median



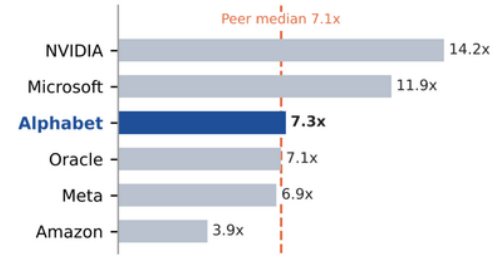
EV/EBITDA



P/E



EV/Sales



Peer Valuation Table

Company Name	Ticker	EV/Sales (x)	EV/EBITDA (x)	P/E (x)
Alphabet Inc.	GOOGL	7,3x	18,5x	15,0x
Microsoft Corp.	MSFT	11,9x	20,0x	28,5x
Amazon.com Inc.	AMZN	3,9x	16,7x	21,6x
NVIDIA Corp.	NVDA	14,2x	21,3x	22,6x
Meta Platforms Inc.	META	6,9x	14,4x	21,9x
Oracle Corp.	ORCL	7,1x	14,8x	18,8x
Average		**8,8x**	**17,4x**	**22,7x**
Median		**7,1x**	**16,7x**	**21,9x**
GOOGL Implied Share Price – Average (USD)	**GOOGL**	**348,60**	**273,78**	**434,10**
Upside / Downside – Average		**25,1%**	**(1,8%)**	**55,8%**
GOOGL Implied Share Price – Median (USD)		**283,45**	**262,65**	**419,17**
Upside / Downside – Median		**1,7%**	**(5,8%)**	**50,4%**

Valuation & Financial Analysis

DCF - Part 1/2

WACC

WACC	
Market Cap	3 426 091 920 000
% of Equity	*96,48%*
Risk Free Rate	4,94%
Beta	1,24
Market Risk Premium	4,20%
Cost of Equity	10,15%
Debt	125 102 000 000
% of Debt	*3,52%*
Cost of Debt	5,00%
Tax Rate	18%
Total	3 551 193 920 000
WACC	**9,93%**

[GOOGL] DCF

Overview

Cases

Revenue	3	*Bull*
COGS	2	*Base*
OPEX	2	*Base*

WACC	9,9%
TGR	2,5%
Marginal Tax Rate	16,8%

Company overview

Ticker	GOOGL
Latest Year End	2025

Implied Returns

Current Share Price	278,68
Implied Share Price	SEK 305,02
Implied Upside / Downside	9,45%

Income Statement	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Revenue (M)	257 637	282 836	307 394	350 018	402 836	511 602	670 198	904 768	1 140 007	1 413 609
% growth	--	*9,8%*	*8,7%*	*13,9%*	*15,1%*	*27%*	*31%*	*35%*	*26%*	*24%*
Bear case						25,00%	29,00%	33,00%	24,00%	22,00%
Base case						26,00%	30,00%	34,00%	25,00%	23,00%
Bull case						27,00%	31,00%	35,00%	26,00%	24,00%
COGS	110939	126203	133332	146306	162535	199 525	258 026	343 812	427 503	523 035
% of revenue	*43%*	*45%*	*43%*	*42%*	*40%*	*39%*	*39%*	*38%*	*38%*	*37%*
Bear case						42,0%	42,0%	42,0%	42,0%	42,0%
Base case						39,0%	38,5%	38,0%	37,5%	37,0%
Bull case						39,0%	38,5%	38,0%	37,5%	37,0%
Gross Profit	146 698	156 633	174 062	203 712	240 301	312 077	412 172	560 956	712 505	890 574
% sales	*57%*	*55%*	*57%*	*58%*	*60%*	*61%*	*62%*	*62%*	*63%*	*63%*
OPEX	67 984	81 791	89 769	91 322	111 262	117 668	140 742	180 954	205 201	212 041
% of revenue	*26%*	*29%*	*29%*	*26%*	*28%*	*23%*	*21%*	*20%*	*18%*	*15%*
Bear case						29,0%	29,0%	29,0%	29,0%	29,0%
Base case						23,0%	21,0%	20,0%	18,0%	15,0%
Bull case						26,5%	26,0%	25,5%	25,0%	25,0%
EBITDA	88 987	88 317	96 239	127 701	150 175	237 383	330 006	454 917	559 744	727 302
% sales	*35%*	*31%*	*31%*	*36%*	*37%*	*46%*	*49%*	*50%*	*49%*	*51%*
D&A	10 273	13 475	11 946	15 311	21 136	42975	58575	74915	52440	48770
d&a of revenue	3,99%	4,76%	3,89%	4,37%	5,25%	8,40%	8,74%	8,28%	4,60%	3,45%
EBIT	78 714	74 842	84 293	112 390	129 039	194 409	271 430	380 002	507 303	678 532
% sales	*31%*	*26%*	*27%*	*32%*	*32%*	*38%*	*41%*	*42%*	*45%*	*48%*
% marginal tax rate	*16%*	*16%*	*14%*	*16%*	*17%*	*16%*	*16%*	*16%*	*16%*	*16%*
NOPAT	**65 961**	**62 927**	**72 569**	**93 914**	**107 382**	**163 593**	**228 406**	**319 769**	**426 891**	**570 979**

Valuation & Financial Analysis

DCF - Part 2/2

Working Capital	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Current operating assets										
Accounts receivable	39 304	40 258	47 964	52 340	62 886	77 413	101 410	136 904	172 499	213 899
% of revenue	*15%*	*14%*	*16%*	*15%*	*16%*	*15%*	*15%*	*15%*	*15%*	*15%*
Inventory	1 170	-	-	-	-	421	544	725	902	1 103
% of COGS	*1%*	-	-	-	-	*0,21%*	*0,21%*	*0,21%*	*0,21%*	*0,21%*
Current operating liabilities										
Accounts payable	6 037	5 128	7 493	7 987	12 200	12 181	15 956	21 541	27 142	33 656
% of COGS	*2%*	*2%*	*2%*	*2%*	*3%*	*2%*	*2%*	*2%*	*2%*	*2%*
OWC	34 437	35 130	40 471	44 353	50 686	65 653	85 998	116 088	146 259	181 346
% of revenue	*13%*	*12%*	*13%*	*13%*	*13%*	*13%*	*13%*	*13%*	*13%*	*13%*
Change in OWC	--	693	5 341	3 882	6 333	14 967	20 345	30 090	30 171	35 087
% of revenue	--	*0%*	*2%*	*1%*	*2%*	*3%*	*3%*	*3%*	*3%*	*2%*

PP&E	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
CapEx calculation										
Beginning of peiod	84 749	97 599	112 668	134 345	171 036	246 597	408 263	604 363	855 165	1 030 726
(+) CapEx	24 640	31 485	32 251	52 535	91 447	204 641	254 675	325 716	228 001	212 041
% of revenue	*10%*	*11%*	*10%*	*15%*	*23%*	*40%*	*38%*	*36%*	*20%*	*15%*
(-) D&A	10 273	13 475	11 946	15 311	21 136	42 975	58 575	74 915	52 440	48 770
% of revenue	*4%*	*5%*	*4%*	*4%*	*5%*	*8%*	*9%*	*8%*	*5%*	*3%*
% of capex	*42%*	*43%*	*37%*	*29%*	*23%*	*21%*	*23%*	*23%*	*23%*	*23%*
(+/-) other	(1 517)	(2 941)	1 372	(533)	5 250					
End of period	97 599	112 668	134 345	171 036	246 597	408 263	604 363	855 165	1 030 726	1 193 998
% of revenue	*38%*	*40%*	*44%*	*49%*	*61%*	*80%*	*90%*	*95%*	*90%*	*84%*

DCF	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
NOPAT		62 927	72 569	93 914	107 382	163 593	228 406	319 769	426 891	570 979
(+) D&A		13 475	11 946	15 311	21 136	42 975	58 575	74 915	52 440	48 770
(-) CapEX		(31 485)	(32 251)	(52 535)	(91 447)	(204 641)	(254 675)	(325 716)	(228 001)	(212 041)
(-) Change in OWC		(693)	(5 341)	(3 882)	(6 333)	(14 967)	(20 345)	(30 090)	(30 171)	(35 087)
Discount period						1	2	3	4	5
Unlevered FCF		44 224	46 923	52 808	30 738	(13 040)	11 961	38 877	221 159	372 620
Present Value of FCF						(11 861)	9 897	29 261	151 413	232 054

Terminal Value		5 137 108
Present Value of Terminal Value		3 199 205
Sum of FCF	*11%*	410 764
TV	*89%*	3 199 205
EV		3 609 969
(-) Debt		(125 102)
(+) Cash		265 098
Equity Value		3 749 965
Share outstanding		12 294
Equity Value per Share		305,02

Income Statement

Metric	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	TTM
Cash Flow Summary										
Total Revenues per Share (M)	110,855	139,818	161,657	197,267	257,657	282,695	307,394	347,098	402,695	471,089
Revenues (M)	22,906	23,424	18,392	12,771	41,654	9,798	8,684	16,099	22,716	22,716
Total Revenues per Share (M)	110,951	139,818	161,657	197,267	257,657	282,695	307,394	347,098	402,695	471,089
Cost of Sales (M)	45,588	49,549	71,896	84,732	110,939	126,205	133,332	146,906	162,635	184,400
Cost of Services (M)	48,902	39,249	71,656	68,732	110,939	126,205	133,322	146,906	162,635	184,400
Gross Profit (M)	65,272	90,269	89,961	97,379	146,698	156,490	174,062	200,192	240,060	286,689
Gross Profit Margin	58.88%	56.48%	55.50%	53.55%	56.84%	55.34%	56.63%	57.67%	59.65%	60.68%
Selling, General & Administrative Expense (M)	19,735	28,296	28,015	29,689	32,422	42,291	44,347	47,986	50,775	53,729
Sales and Marketing (M)	12,982	19,583	18,646	17,656	22,913	19,502	17,927	17,698	18,607	23,022
General and Administrative (M)	8,640	9,692	9,561	11,050	13,510	17,592	16,425	14,198	21,602	22,292
Research & Development Expense (M)	6,853	10,345	10,619	27,793	33,360	36,960	36,427	49,826	51,607	74,463
Research and Development (M)	16,833	21,148	20,618	27,573	31,562	38,560	45,447	48,936	61,607	74,463
Other Operating Expenses (M)	2,735	5,071	1,897							0
Leotron Commission Expense (M)	2,798	5,071	1,897							0
Operating Profit & Tax										
Income from operations (M)	26,178	27,524	34,231	41,224	78,714	74,842	84,293	112,990	129,069	167,976
Operating Margin	23.61%	20.12%	21.15%	22.69%	30.55%	26.48%	27.48%	32.11%	32.03%	35.63%
Non-Operating Income (M)	1,918	7,389	5,594	6,858	12,020	(3,514)	1,424	7,425	29,787	130,661
Other Income, net (M)	1,918	7,389	5,594	6,658	12,020	(3,514)	1,424	7,425	29,787	130,661
Income Before Provision for Income Taxes (M)	1,015	7,389	5,594	6,858	12,020	(3,514)	1,424	7,425	29,787	130,661
Provision for Income Taxes (M)	27,168	34,813	38,625	48,082	90,734	71,369	69,717	118,615	155,626	207,637
Income Before Provision for Income Taxes (M)	27,168	34,813	38,625	48,082	90,734	71,369	69,717	118,615	155,626	207,637
Provision for Income Taxes (M)	14,433	17,731	8,782	7,683	14,701	11,556	11,922	19,697	26,666	51,943
Income Before Provision for Income Taxes (M)	14,433	17,731	8,782	7,683	14,701	11,556	11,922	19,697	26,666	51,943
Provision for Income Taxes (M)	12,662	30,736	34,343	40,269	76,039	58,972	73,795	100,118	152,170	235,689
Income Before Provision for Income Taxes (M)	12,662	30,736	34,343	40,269	76,039	58,972	73,795	100,118	152,170	235,689
Tax Rate										394
Net Income from Discontinued Operations (M)	12,662	30,736	34,343	40,269	76,039	58,972	73,795	100,118	152,170	235,310
Net Income Attributable to Common Shareholders (M)	12,662	30,736	34,343	40,269	76,039	58,972	73,795	100,118	152,170	235,310
Basic EPS	1	2	2	3	6	5	6	8	11	18
Diluted EPS	1	2	2	3	6	5	6	8	11	18
Basic Weighted Average Shares Outstanding (M)	13,889,057	13,180,140	13,842,795	13,741	13,882,577	13,055	12,630	12,116	12,116	12,144,775
Diluted Weighted Average Shares Outstanding (M)	14,066,803	14,004,632	14,399,057	14,371	15,651,320	13,895	12,749	12,447	12,295	12,295,575
Shares Outstanding (M)	13,889,057	13,180,140	13,842,795	13,741	13,882,577	13,055	12,630	12,319	12,116	12,144,775
EBITDA (M)	58,405	53,558	46,012	52,967	58,887	68,390	52,780	70,700	81,594	104,806
Effective Tax Rate	58.44%	11.96%	18.23%	16.25%	16.20%	15.92%	13.91%	16.44%	16.73%	18.06%

Valuation & Financial Analysis

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