

## Amazon.com Inc.

**HOLD (AMZN, \$308.04)**

### AMAZON EARNINGS REVIEW: REVENUE GROWTH SERVED WITH MINISCULE PROFITS.

Haiku: The stock is trading, as if investor patience, has come to an end.

Amazon reported March quarter results in line with expectations, and provided a June quarter outlook with respectable revenue guidance but disappointing operating income. The stock has traded down 9% on the results, building on the recent downward trend that has Amazon's stock approximately \$100 below its all-time high on January 22, 2014. The quarter provided metrics that support both the positive and negative views on the company. On the positive side, the company reaccelerated revenue growth to 23% YoY, and issued June quarter guidance that could show revenue growth up to 26% YoY. Countering the top line growth are the following negatives:

- 1) The company remains in a constant investment cycle and forecast that June quarter operating income should result in a loss.
- 2) Shipping losses as a percent of revenue grew to 5%, and the company spent \$2.15 on shipping cost for every dollar in shipping revenue. With a shipping loss of \$980 million in the quarter, the recently announced prime price increase is only going to be small offset. We expect the company to push deeper into delivery logistics, and while this may allow same day delivery, it is likely to represent another major investment initiative.
- 3) Revenue per employee continues to drop, declining 10% YoY and 38% sequentially.
- 4) While revenue growth picked up, unit growth remained flat at 25%.
- 5) The "Technology & Content" expense line grew 44% YoY, materially faster than revenue.
- 6) Media growth of 8% YoY shows the disruption Amazon faces as content becomes digitized and shifts to subscription formats. International media growth is anemic at 4% YoY. The company now sells more digital media units than physical media units in North America.

Amazon reported March quarter revenue of \$19.7B in line with our estimate of \$19.6B and consensus estimate of \$19.4B, which accounted for 22.8% YoY growth. GAAP diluted earnings per share of \$0.23 was in line with consensus of \$0.23. Operating income was \$146M in Q114.

**Guidance:** The company's June guidance for GAAP operating loss is a range from a loss of \$455M to \$55M. Revenue guidance is net sales between \$18.1B and \$19.8B (+15% to +26%).

**North America:** North America segment reported revenue of \$11.8B in the first quarter for 60% of total, 26.3% YoY growth and segment operating income of \$562M. Segment operating margin was 4.7% down from 4.9% in the prior year. Media growth in North America was +12.4% YoY for 23.8% of North American revenue and EGM (electronics and other general merchandise) revenue grew 27.8% YoY to account for 66% of North American revenue.

**International:** International segment reported revenue of \$7.8B in the first quarter with 18% YoY growth. Media revenue grew 3.8% YoY to provide 33.5% of total, and EGM grew 27% YoY to provide 65.8% of total.

**Media & EGM:** Worldwide Media revenue grew 8% YoY to \$5.4B and 27.7% of total. Electronics and Other General Merchandise (EGM) revenue grew 27.4% YoY to \$13B. This segment is the growth engine for the company and now accounts for 66% of total revenue.

**Shipping Losses:** Worldwide shipping costs were 5% of net revenue compared to 4.7% in the previous quarter and 4.7% in the first quarter of 2013. Shipping losses continue to be an issue for the company facing razor thin profitability,

**Balance Sheet:** Amazon has \$8.6B in cash (\$18.52 / share) and \$3B long-term debt as of March 31, 2014. Cash flow from operations was negative at \$2.5B in the March quarter. We adjust our FY14 and FY15 estimates and maintain our HOLD rating and our price target of \$365 on shares of Amazon.com Inc.

### Amazon.com Inc.



#### Company Data

Price (\$)	308.04
52-Week Range (\$)	245.75 - 408.06
Mkt Cap (\$B)	155
Price Target (\$)	365
Shares Outstanding (M)	468.0
Avg. vol. (3mo)	4,709,600

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	2013A	2014E	2015E
EPS Reported (\$)			
Q1 (Mar)	0.18	0.23	0.53
Q2 (Jun)	-0.02	-0.13	0.75
Q3 (Sep)	-0.09	0.11	0.86
Q4 (Dec)	0.51	0.89	2.15
FY	0.59	1.11	4.30
Bloomberg EPS FY (\$)	0.59	1.94	4.32

Source: Company data, Bloomberg, BGC Financial estimates. Note: FY14 and FY15 estimates may include adjustment. FY total may not add up due to rounding. 'Bloomberg' above denotes Bloomberg consensus estimates.

	2013A	2014E	2015E
Revenue Reported (\$)			
Q1 (Mar)	16,070	19,741	23,400
Q2 (Jun)	15,704	19,646	23,300
Q3 (Sep)	17,092	20,784	24,640
Q4 (Dec)	25,587	31,344	36,579
FY	74,453	91,515	1,07,919
Bloomberg Revenue FY (\$)	74,453	89,897	1,07,608

## Recommendation

**We maintain our HOLD rating and our price target of \$365 on shares of Amazon.com Inc.**

## Stock Performance

Amazon.com, Inc. (AMZN)	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Date of Earnings Release	26-Apr-12	26-Jul-12	26-Oct-12	29-Jan-13	25-Apr-13	25-Jul-13	24-Oct-13	30-Jan-14
Stock Price on Date of Earnings Release	195.99	220.01	238.24	260.35	274.70	303.40	332.21	403.01
Stock Price a Day After Earnings Release	226.85	237.32	232.89	272.76	254.81	312.01	363.39	358.69
% Change	15.7%	7.9%	-2.2%	4.8%	-7.2%	2.8%	9.4%	-11.0%

Source: MSN and BGC Financial

## Short Interest

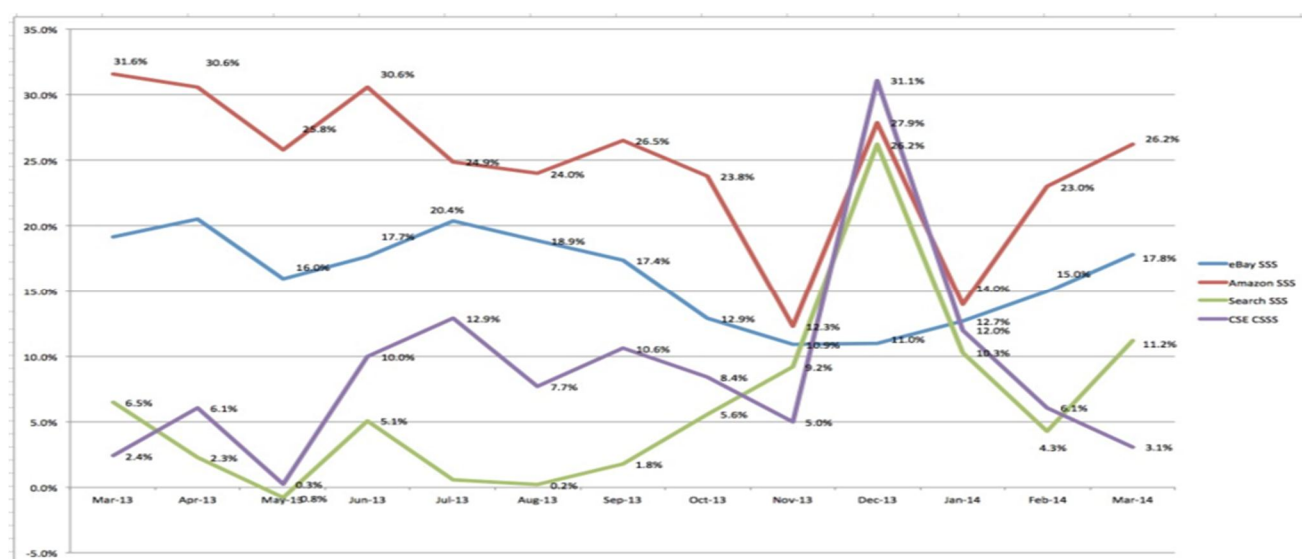
Settlement Date	Short Interest	Percent Change	Average Daily Share Volume	Days to Cover
03/31/2014	6,171,371	4.36	3,903,740	1.58
03/14/2014	5,913,704	2.86	3,242,672	1.82
02/28/2014	5,749,329	-13.19	3,877,808	1.48
02/14/2014	6,622,809	18.58	4,822,369	1.37
01/31/2014	5,585,323	-7.73	5,174,944	1.08
01/15/2014	6,053,068	-3.10	2,417,676	2.50
12/31/2013	6,246,966	-7.08	2,517,130	2.48
12/13/2013	6,722,660	-5.62	2,852,588	2.36
11/29/2013	7,123,343	15.08	2,557,712	2.79
11/15/2013	6,190,049	-11.54	3,144,050	1.97
10/31/2013	6,997,525	0.66	4,484,298	1.56
10/15/2013	6,951,846	-13.88	2,592,424	2.68
09/30/2013	8,072,067	18.12	2,513,406	3.21
09/13/2013	6,833,813	9.36	2,084,029	3.28
08/30/2013	6,249,058	-1.82	1,980,664	3.16
08/15/2013	6,364,686	-15.32	2,236,690	2.85
07/31/2013	7,516,236	1.03	3,473,930	2.16
07/15/2013	7,439,728	4.00	2,959,034	2.51
06/28/2013	7,153,803	-5.31	3,187,516	2.24
06/14/2013	7,554,883	3.68	3,066,604	2.46
05/31/2013	7,286,786	2.53	2,509,611	2.90
05/15/2013	7,106,634	15.22	3,212,157	2.21
04/30/2013	6,168,077	-5.56	4,725,157	1.31
04/15/2013	6,530,965	-8.43	2,753,218	2.37

Source: [www.nasdaqtrader.com](http://www.nasdaqtrader.com)

## Channel Advisor Metrics

### Channel Advisor Same Store Sales (SSS) - March 2013 through March 2014

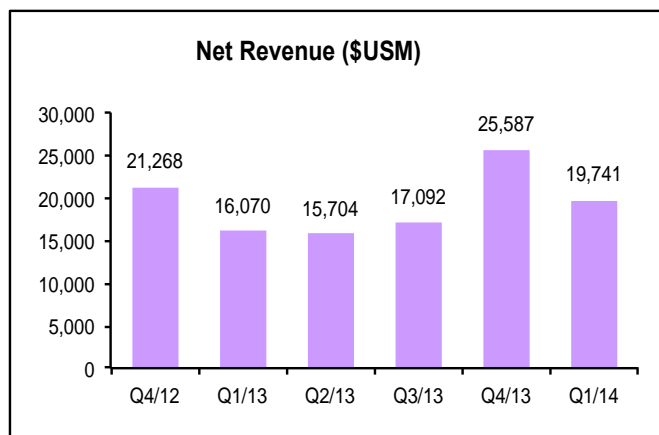
Same Store Sales for Ebay were up at 17.8% in March 2014 compared to 15% in February 2014. Amazon had Same Store Sales growth of 26.2% YoY in March 2014 compared to 23% in February 2014.



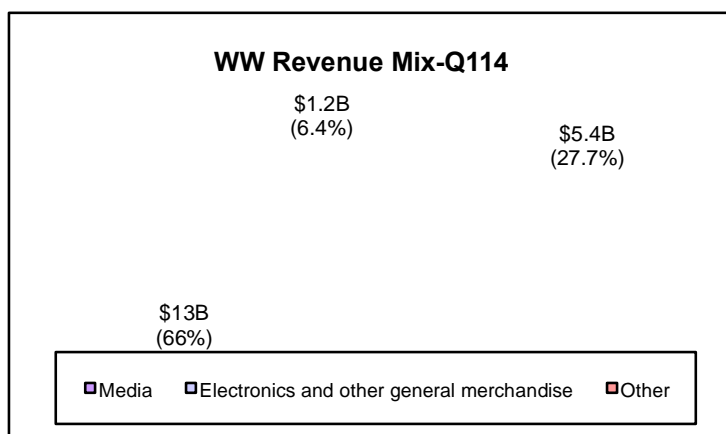
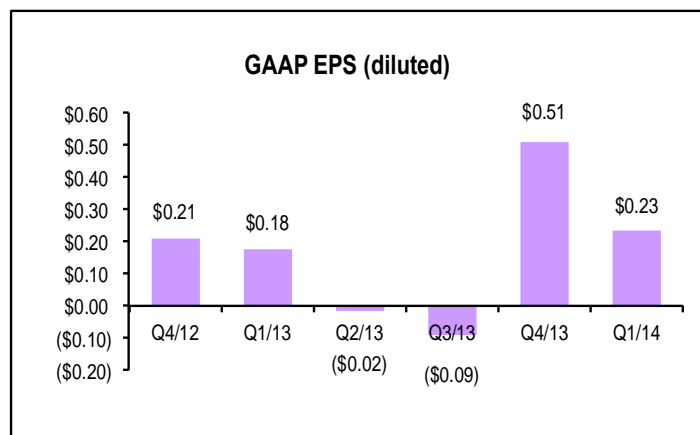
Source: ebaystrategies.blogs.com

## March Quarter Financial Metrics Review

Amazon's worldwide revenue grew 22.8% YoY in Q114. Revenue from Media was \$5.4B (+8% YoY) and from EGM (electronics and other general merchandise) was \$13B (+27% YoY). Media formed 27.7% of worldwide revenue (down from 31.5% last year) while EGM contributed 66% to total revenue (up from 63.6% last year).



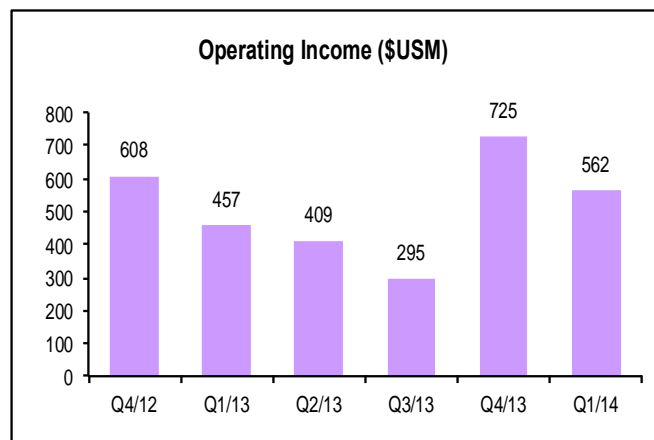
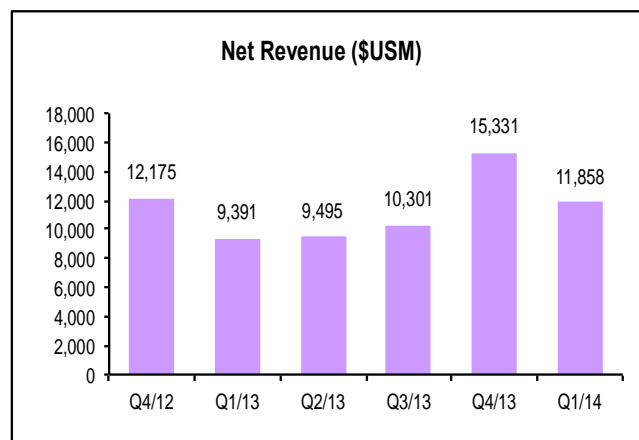
Source: Company Documents and BGC Financial



Source: Company Documents and BGC Financial. Note WW = World Wide.

## Segment Results – North America

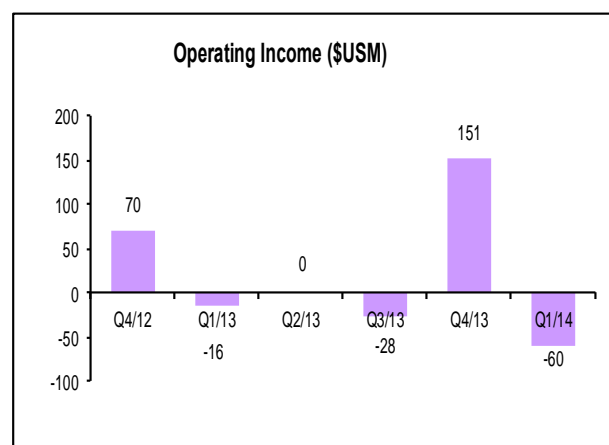
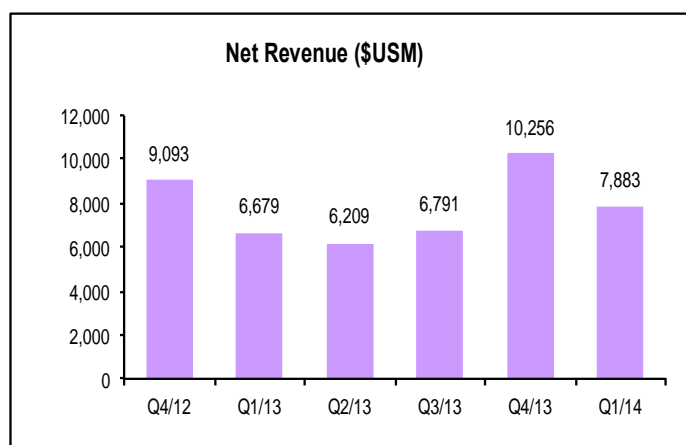
Revenue in this segment grew 26.3% YoY to \$11.8B while operating income increased 23% YoY to \$562M during March 2014. Q114 operating margin for North America segment was 4.7%.



Source: Company Documents and BGC Financial

## Segment Results – International

International revenue grew 18% YoY in Q114.



Source: Company Documents and BGC Financial

## Key Metrics Review

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Revenue	2012	2013	Q1 (2013)	Q2 (2013)	Q3 (2013)	Q4 (2013)	Q1 (2014)
<b>Revenue</b>	61,093	74,453	16,070	15,704	17,092	25,587	19,741
Y/Y Growth Rate	26%	22%	22%	22%	24%	20%	23%
Q/Q Growth Rate	na	na	-24%	-2%	9%	50%	-23%
<b>North America</b>	34,812	44,518	9,391	9,495	10,301	15,331	11,858
Y/Y Growth Rate	30%	28%	26%	30%	31%	26%	26%
Q/Q Growth Rate	na	na	-23%	1%	8%	49%	-23%
<b>International</b>	26,281	29,935	6,679	6,209	6,791	10,256	7,883
Y/Y Growth Rate	23%	14%	16%	13%	15%	13%	18%
Q/Q Growth Rate	na	na	-27%	-7%	9%	51%	-23%
<b>Media</b>	19,943	21,715	5,058	4,397	5,033	7,227	5,467
Y/Y Growth Rate	12%	9%	7%	7%	9%	11%	8%
Q/Q Growth Rate	na	na	-22%	-13%	14%	44%	-24%
<b>EGM</b>	38,628	48,803	10,214	10,415	11,048	17,126	13,017
Y/Y Growth Rate	63%	66%	28%	28%	29%	23%	27%
Q/Q Growth Rate	na	na	-27%	2%	6%	55%	-24%
<b>Other</b>	2,522	3,935	798	892	1,011	1,234	1,257
Y/Y Growth Rate	59%	56%	60%	61%	56%	50%	58%
Q/Q Growth Rate	na	na	-3%	12%	13%	22%	2%
<b>As % of Revenues</b>							
<b>North America</b>	57%	60%	58%	60%	60%	60%	60%
<b>International</b>	43%	40%	42%	40%	40%	40%	40%
<b>Media</b>	33%	29%	31%	28%	29%	28%	28%
<b>EGM</b>	63%	66%	64%	66%	65%	67%	66%
<b>Other</b>	4%	5%	5%	6%	6%	5%	6%

Source: Company Documents and BGC Financial

Cost	2012	2013	Q1 (2013)	Q2 (2013)	Q3 (2013)	Q4 (2013)	Q1 (2014)
<b>Cost of Revenues</b>	45,970	54,182	11,801	11,209	12,366	18,806	14,055
As % of Revenues	75%	73%	73%	71%	72%	73%	71%
<b>Marketing</b>	2,408	3,134	632	675	694	1,133	870
As % of Revenues	4%	4%	4%	4%	4%	4%	4%
<b>Fulfillment</b>	6,419	8,585	1,796	1,837	2,034	2,918	2,317
As % of Revenues	11%	12%	11%	12%	12%	11%	12%
<b>Technology and content</b>	4,564	6,565	1,383	1,586	1,734	1,862	1,991
As % of Revenues	7%	9%	9%	10%	10%	7%	10%
<b>General and administrative</b>	897	1,128	246	286	278	318	327
As % of Revenues	1%	2%	2%	2%	2%	1%	2%

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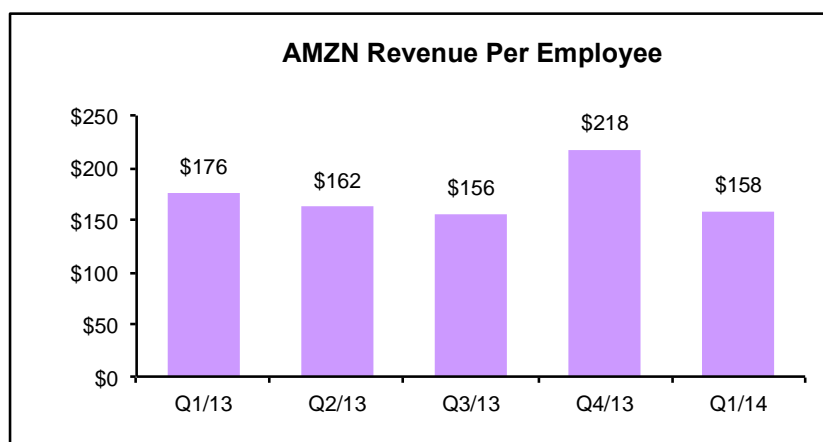
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Profitability	2012	2013	Q1 (2013)	Q2 (2013)	Q3 (2013)	Q4 (2013)	Q1 (2014)
<b>Income from operations</b>	676	745	181	79	-25	510	146
As % of Revenues	1%	1%	1%	1%	0%	2%	1%
<b>Net Income</b>	-40	273	82	-7	-41	239	108
As % of Revenues	0%	0%	1%	0%	0%	1%	1%
<b>EPS (Diluted)</b>	(\$0.09)	\$0.59	\$0.18	(\$0.02)	(\$0.09)	\$0.51	\$0.23
Number of Shares (Diluted)	459.75	460.75	463	456	457	467	468
<b>Cash and Marketable Securities</b>	11448	12447	7895	7463	7689	12447	8666
Capital Expenditure	3,785	3,443	670	855	1,038	880	1,080
<b>Operating Cash Flow</b>	\$4,180	\$5,474	-2372	880	1388	5578	-2502
Free Cash Flow	0	0	-3,042	25	350	4,698	-3,582
<b>Headcount</b>	-	-	91300	97000	109800	117300	124600
Revenue per headcount (000)	-	-	\$176	\$162	\$156	\$218	\$158

Source: Company Documents and BGC Financial

## Revenue Per Employee

Revenue per employee has been declining in the recent quarters for Amazon. Revenue per employee was \$158 in Q114.



Source: Company Documents and BGC Financial

## Tablet Market

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Top 5 Vendors, Worldwide Tablet Shipments, Fourth Quarter 2013 (Preliminary) (Units Shipments are in millions)					
Vendor	4Q13 Shipments	4Q13 Market Share	4Q12 Shipments	4Q12 Market Share	4Q13/4Q12 Growth
Apple	26.0	33.8%	22.9	38.2%	13.5%
Samsung	14.5	18.8%	7.8	13.0%	85.9%
Amazon.com Inc.	5.8	7.6%	5.9	9.9%	-1.7%
Asus	3.9	5.1%	3.1	5.1%	25.8%
Lenovo	3.4	4.4%	0.8	1.3%	325.0%
Others	23.3	30.3%	19.5	32.5%	19.5%
All Vendors	76.9	100.0%	60.0	100.0%	28.2%

Source: IDC

Tablet Comparison		
Tablet	Launch	Price
Amazon Kindle Fire HDX 8.9"	2013-11	\$379
Samsung Galaxy Note 10.1 2014	2013-10	\$599
Amazon Kindle Fire HDX 7"	2013-10	\$229
Google/Asus Nexus 7 II	2013-07	\$209
Amazon Kindle Fire HD 8.9	2012-11	\$269
Apple iPad 4	2012-11	\$499
Apple iPad Mini	2012-11	\$329
Amazon Kindle Fire HD 7"	2012-09	\$199
Amazon Kindle Fire 2nd	2012-09	\$159
Amazon Kindle Fire	2011-11	\$140

Source: [tabletpccomparison.net](http://tabletpccomparison.net)

## Balance Sheet and Cash flow

Amazon has \$8.6B in cash (\$18.52 / share) and \$3B long-term debt as of March 31, 2014. Cash flow from operations was negative at \$2.5B in the March quarter.

## Estimates and Valuation

We adjust our 2014 estimates to:

\$1.11 in GAAP EPS and \$91.5B in net revenue.

From

\$2.14 in GAAP EPS and \$90.8B in net revenue.

Our estimates compare to consensus of \$1.94 in EPS and \$89.8B in revenue.

We adjust our 2015 estimates to:

See page 9 for important disclosures and disclaimers



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\$4.30 in GAAP EPS and \$107.9B in net revenue.

From

\$4.88 in GAAP EPS and \$107.1B in net revenue.

Our estimates compare to consensus of \$4.32 in EPS and \$107.6B in revenue.

Our FY15 estimates include revenue growth of 18% YoY, net income growth of 290.6% YoY and an operating margin of 2.8%. Based on our \$1.11 EPS estimate for calendar 2014 and using a 329x multiple, we determine a 12-month price target for AMZN of \$365. The company trades at an ultra-premium valuation. We expect more intense competition that maintains margins at a depressed level, a shift in the media business as other businesses capture digital delivery of media, increased Kindle competition, or weaker consumer spending is needed for AMZN to experience notable multiple contraction.

## Risks

**Competition:** Amazon faces competition from various industries like retail, e-commerce services, digital and web services. These competitors have longer histories, greater resources and brand recognition and more customers, and are capable of adopting aggressive pricing, securing better terms from vendors and employing more resources for technology, fulfillment and marketing.

**Expansion:** The company is witnessing significant expansion in its global operations which has increased the complexity of the business. This expansion also leads to strain on management, growth, financial, operational and other resources and also subjects the company to additional legal, financial and business risks.

**Fulfillment Centers:** It is very important for the company to predict customer demand and optimize and operate its fulfillment centers successfully, otherwise it could result in excess or insufficient inventory or fulfillment capacity, increased costs and impairment charges. This could harm the business.

**Seasonality:** The seasonal nature of the business puts a strain on the operations of the company. Net sales in the fourth quarter is disproportionate which leads to inventory, gross profits, net shipping costs and accounts payable being adversely affected.

**Foreign Exchange Risk:** The company has significant foreign exchange risk associated with its international websites, which affects operating results. Further expansion in international operations increases exposure to exchange rate fluctuations.

**For additional risks, see the AMZN 10-K filing with the SEC.**

## Disclosures Appendix

### Analyst Certification

See page 9 for important disclosures and disclaimers

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**HOLD:** We have a neutral outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation.

**SELL:** We have a negative outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation. We recommend investors reduce their position.

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## Disclosures Appendix

### Distribution of Ratings/Investment Banking Services (IB) as of 04/25/14 BGC

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	15	37	0	0
HOLD [H]	25	61	0	0
SELL [S]	1	2	0	0

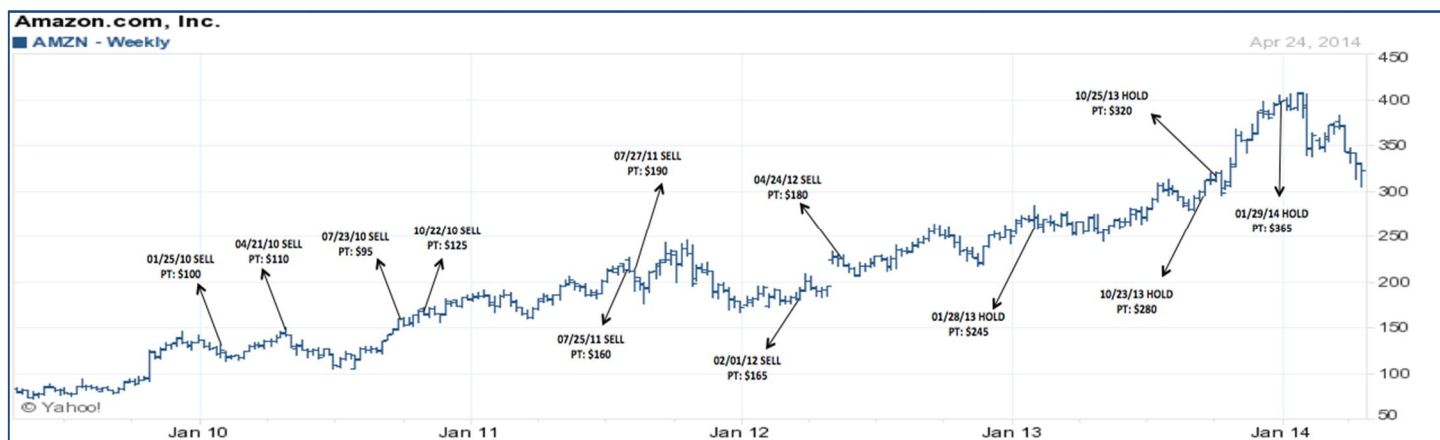
## Price Target and Ratings Changes

### Amazon.com Inc.

Source: finance.yahoo.com and BGC Financial

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Amazon.com Inc (AMZN)												Cash&eqv.		\$8,666.0				
Income Statement												Cash / share		\$18.52				
(Data in \$US millions, except per share)												LT Liability		\$4,532				
												As of: Mar 31, 2014						
2013 by Quarter					2014 by Quarter					2015 by Quarter					Calendar Year			
Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14E	Q3/14E	Q4/14E	Q1/15E	Q2/15E	Q3/15E	Q4/15E	2012	2012	2014E	2015E			
Net Revenues	16,070.0	15,704.0	17,092.0	25,587.0	19,741.0	19,645.7	20,783.9	31,344.1	23,400.0	23,299.8	24,640.1	36,579.2	61,093.0	74,453.0	91,514.7	1,07,919.1		
Net product sales	13,271.0	12,752.0	13,808.0	21,072.0	15,705.0	15,952.3	16,814.2	26,015.6	19,047.6	19,082.5	20,131.0	30,360.7	51,733.0	60,903.0	74,487.0	88,621.8		
Net services sales	2,799.0	2,952.0	3,284.0	4,515.0	4,036.0	3,693.4	3,969.7	5,328.5	4,352.4	4,217.3	4,509.1	6,218.5	9,360.0	13,550.0	17,027.6	19,297.3		
Cost of net revenues	11,801.0	11,209.0	12,366.0	18,806.0	14,055.0	14,184.2	15,338.5	23,382.7	17,496.2	17,078.8	18,016.8	26,677.2	45,970.0	54,182.0	66,960.4	79,269.0		
Gross profit	4,269.0	4,495.0	4,726.0	6,781.0	5,686.0	5,461.5	5,445.4	7,961.4	5,903.8	6,221.0	6,623.3	9,902.0	15,123.0	20,271.0	24,554.3	28,650.1		
Operating expenses																		
Fulfillment	1,796.0	1,837.0	2,034.0	2,918.0	2,317.0	2,298.5	2,223.9	3,322.5	2,480.4	2,469.8	2,636.5	3,877.4	6,419.0	8,585.0	10,161.9	11,464.1		
Marketing	632.0	675.0	694.0	1,133.0	870.0	864.4	852.1	1,253.8	936.0	955.3	1,010.2	1,463.2	2,408.0	3,134.0	3,840.3	4,364.7		
Technology and content	1,383.0	1,586.0	1,734.0	1,862.0	1,991.0	1,964.6	1,891.3	2,288.1	1,755.0	1,840.7	1,921.9	2,524.0	4,564.0	6,565.0	8,135.0	8,041.6		
General and administrative	246.0	286.0	278.0	318.0	327.0	334.0	311.8	376.1	280.8	349.5	369.6	438.9	897.0	1,128.0	1,348.9	1,438.8		
Other operating expense, net	31.0	32.0	11.0	40.0	35.0	58.9	62.4	94.0	70.2	69.9	73.9	109.7	159.0	114.0	250.3	323.8		
Total operating expenses	4,088.0	4,416.0	4,751.0	6,271.0	5,540.0	5,520.4	5,341.5	7,334.5	5,522.4	5,685.2	6,012.2	8,413.2	14,447.0	19,526.0	23,736.4	25,632.9		
Income from operations	181.0	79.0	(25.0)	510.0	146.0	(58.9)	103.9	626.9	381.4	535.9	611.1	1,488.8	676.0	745.0	817.9	3,017.2		
Interest income, net	(23.0)	(24.0)	(27.0)	(29.0)	(31.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(51.0)	(103.0)	(91.0)	(80.0)		
Other income, net	(77.0)	(38.0)	9.0	(30.0)	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(80.0)	(136.0)	5.0	0.0		
Income before income taxes	81.0	17.0	(43.0)	451.0	120.0	(78.9)	83.9	606.9	361.4	515.9	591.1	1,468.8	545.0	506.0	731.9	2,937.2		
Provision for income taxes	(18.0)	13.0	(12.0)	179.0	73.0	(23.7)	25.2	182.1	108.4	154.8	177.3	440.6	429.0	162.0	256.6	881.1		
Equity-method investment activity, net of tax	(17.0)	(11.0)	(10.0)	(33.0)	61.0	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(156.0)	(71.0)	46.0	(20.0)		
Net income	82.0	(7.0)	(41.0)	239.0	108.0	(60.3)	53.7	419.8	248.0	356.1	408.8	1,023.1	(40.0)	273.0	521.3	2,036.0		
Stock compensation	229.0	298.0	281.0	326.0	321.0	305.0	305.0	305.0	305.0	305.0	305.0	305.0	833.0	1,134.0	1,236.0	1,220.0		
GAAP EPS Reported - diluted	\$0.18	(\$0.02)	(\$0.09)	\$0.51	\$0.23	(\$0.13)	\$0.11	\$0.89	\$0.53	\$0.75	\$0.86	\$2.15	(\$0.09)	\$0.59	\$1.11	\$4.30		
Shares used in per share calculation- diluted	463.0	456.0	457.0	467.0	468.0	469.0	470.0	471.0	472.0	473.0	474.0	475.0	459.8	460.8	469.5	473.5		
Margins on Revenue																		
Gross margin	26.6%	28.6%	27.7%	26.5%	28.8%	27.8%	26.2%	25.4%	25.2%	26.7%	26.9%	27.1%	24.8%	27.2%	26.8%	26.5%		
Cost of revenues	73.4%	71.4%	72.3%	73.5%	71.2%	72.2%	73.8%	74.6%	74.8%	73.3%	73.1%	72.9%	75.2%	72.8%	73.2%	73.5%		
Fulfillment	11.2%	11.7%	11.9%	11.4%	11.7%	11.7%	10.7%	10.6%	10.6%	10.6%	10.7%	10.6%	10.5%	11.5%	11.1%	10.6%		
Marketing	3.9%	4.3%	4.1%	4.4%	4.4%	4.4%	4.1%	4.0%	4.0%	4.1%	4.1%	4.0%	3.9%	4.2%	4.2%	4.0%		
Technology and content	8.6%	10.1%	10.1%	7.3%	10.1%	10.0%	9.1%	7.3%	7.5%	7.9%	7.8%	6.9%	7.5%	8.8%	8.9%	7.5%		
General and administrative	1.5%	1.8%	1.6%	1.2%	1.7%	1.7%	1.5%	1.2%	1.2%	1.5%	1.5%	1.2%	1.5%	1.5%	1.5%	1.3%		
Other operating expense, net	0.2%	0.2%	0.1%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.3%	0.3%		
Stock compensation	1.4%	1.9%	1.6%	1.3%	1.6%	1.6%	1.5%	1.0%	1.3%	1.3%	1.2%	0.8%	1.4%	1.5%	1.4%	1.1%		
EBITDAS	6.9%	7.2%	6.4%	7.0%	7.5%	6.1%	6.6%	6.0%	7.0%	7.7%	7.6%	7.5%	6.0%	6.9%	6.5%	7.5%		
Operating Margin	1.1%	0.5%	-0.1%	2.0%	0.7%	-0.3%	0.5%	2.0%	1.6%	2.3%	2.5%	4.1%	1.1%	1.0%	0.9%	2.8%		
Pretax Income	0.5%	0.1%	-0.3%	1.8%	0.6%	-0.4%	0.4%	1.9%	1.5%	2.2%	2.4%	4.0%	0.9%	0.7%	0.8%	2.7%		
Tax Rate	-22.2%	76.5%	27.9%	39.7%	60.8%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	78.7%	32.0%	35.1%	30.0%		
Net Income	0.5%	0.0%	-0.2%	0.9%	0.5%	-0.3%	0.3%	1.3%	1.1%	1.5%	1.7%	2.8%	-0.1%	0.4%	0.6%	1.9%		
% Changes Q/Q																		
Total Revenues	-24.4%	-2.3%	8.8%	49.7%	-22.8%	-0.5%	5.8%	50.8%	-25.3%	-0.4%	5.8%	48.5%	na	na	na	na		
% Changes Year/Year																		
Net product sales	18.0%	18.2%	19.6%	16.1%	18.3%	25.1%	21.8%	23.5%	21.3%	19.6%	19.7%	16.7%	23.2%	17.7%	22.3%	19.0%		
Net services sales	44.6%	44.5%	45.3%	44.7%	44.2%	25.1%	20.9%	18.0%	7.8%	14.2%	13.6%	16.7%	46.8%	44.8%	25.7%	13.3%		
Total Revenues	21.9%	22.4%	23.8%	20.3%	22.8%	25.1%	21.6%	22.5%	18.5%	18.6%	18.6%	16.7%	26.3%	21.9%	22.9%	17.9%		
EBITDAS	37.2%	36.4%	46.7%	38.2%	33.1%	6.4%	25.6%	5.2%	11.5%	49.3%	37.0%	45.6%	30.9%	40.0%	15.8%	35.9%		
Operating Income	-5.7%	-26.2%	-10.7%	25.9%	-19.3%	-0.3%	0.5%	2.0%	1.6%	2.3%	2.5%	4.1%	-41.8%	10.2%	9.8%	268.9%		
Pretax Income	-3.6%	-88.4%	NM	33.8%	48.1%	NM	NM	34.6%	201.2%	NM	604.3%	142.0%	-55.8%	-7.2%	44.6%	301.3%		
Net Income	-36.9%	NM	NM	146.4%	31.7%	NM	NM	75.7%	129.6%	NM	660.6%	143.7%	-104.3%	-782.5%	91.0%	290.6%		
EBITDAS	1,110.0	1,133.0	1,090.0	1,799.0	1,477.0	1,206.1	1,368.9	1,891.9	1,646.4	1,800.9	1,876.1	2,753.8	3,667.0	5,132.0	5,943.9	8,077.2		
April 24, 2014																		
Source: Company reports and BGC Financial																		

Source: Company Documents and BGC Financial

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Amazon.com Inc (AMZN)													
Balance Sheet (Data in Millions)													
	2012 by Quarter				2013 by Quarter				2014 by Quarter	Calendar Year			
	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	Dec 31 2010	Dec 31 2011	Dec 31 2012	Dec 31 2013
	Mar 31 2012	Jun 30 2012	Sep 30 2012	Dec 31 2012	Mar 31 2013	Jun 30 2013	Sep 30 2013	Dec 31 2013	Mar 31 2014				
<b>Assets</b>													
Current assets:													
Cash and cash equivalents	2,288	2,335	2,980	8,084	4,481	3,704	3,872	8,658	5,074	3,777	5,269	8,084	8,658
Marketable securities	3,427	2,635	2,268	3,364	3,414	3,759	3,817	3,789	3,592	4,985	4,307	3,364	3,789
Inventories	4,255	4,380	5,065	6,031	5,395	5,420	6,068	7,411	6,716	3,202	4,992	6,031	7,411
Accounts receivable, net and other	1,813	2,035	2,392	3,364	2,516	2,861	3,057	4,767	3,945	1,587	2,571	3,364	4,767
Deferred tax assets	371	408	413	453	507	541	520	0	0	196	351	453	0
Total Current Assets:	12,154	11,793	13,118	21,296	16,313	16,285	17,334	24,625	19,327	13,747	17,490	21,296	24,625
Fixed assets, net	4,653	5,097	5,662	7,060	7,674	8,789	9,991	10,949	12,267	2,414	4,417	7,060	10,949
Deferred tax assets	27	26	38	123	123	128	128	0	0	22	28	123	0
Goodwill	1,970	2,521	2,540	2,552	2,535	2,614	2,635	2,655	2,653	1,349	1,955	2,552	2,655
Other Assets	1,535	1,585	1,476	1,524	1,732	1,807	1,773	1,930	2,117	1,265	1,388	1,524	1,930
Total Assets	20,339	21,022	22,834	32,555	28,377	29,623	31,861	40,159	36,364	18,797	25,278	32,555	40,159
<b>Liabilities and Stockholder's Equity</b>													
Current liabilities:													
Accounts payable	6,886	7,072	8,369	13,318	8,916	8,990	10,037	15,133	10,590	8,051	11,145	13,318	15,133
Accrued expenses and other	3,602	3,892	4,236	5,684	5,416	5,745	6,098	6,688	6,251	2,321	3,751	5,684	6,688
Current portion of long-term debt	0	0	0	0	0	0	0	1,159	1,516	0	0	0	1,159
Total Current Liabilities	10,488	10,964	12,605	19,002	14,332	14,735	16,135	22,980	18,357	10,372	14,896	19,002	22,980
Long-term debt	0	0	0	3,084	3,040	3,042	3,043	3,191	3,147	0	255	0	3,191
Other long-term liabilities	2,580	2,553	2,676	2,277	2,573	3,113	3,596	4,242	4,532	1,561	2,370	2,277	4,242
Total liabilities	13,068	13,517	15,281	24,363	19,945	20,890	22,774	30,413	26,036	11,933	17,521	24,363	30,413
Total stockholders' equity	7,271	7,505	7,553	8,192	8,432	8,733	9,087	9,746	10,328	6,864	7,757	8,192	9,746
Total liabilities and stockholders' equity	20,339	21,022	22,834	32,555	28,377	29,623	31,861	40,159	36,364	18,797	25,278	32,555	40,159

Source: Company Documents and BGC Financial