Name: Opeyemi Morakinyo

FNT 6100 Module 4

Instructor: Keith Wade

This comprehensive financial plan provide a comprehensive analysis of the company's value using the different methods, and to compare and contrast the results obtained from each technique.

IT Services Forecasting model	
Start Date	01-August-23
Current Month	05-March-24
Forecast end	05-March-25

			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17									
	SCENARIO1: Base case		01-Aug-23	01-Sep-23	02-Oct-23	02-Nov-23	03-Dec-23	03-Jan-24	03-Feb-24	05-Mar-24	05-Apr-24	06-May-24	06-Jun-24	07-Jul-24	07-Aug-24	07-Sep-24	08-Oct-24	08-Nov-24	09-Dec-24	09-Jan-25	09-Feb-25	12-Mar-25							
Cooperative IT		BUDGET	actual	actual	actual	actual	actual	actual	actual	actual	budget	budget	budget	budget	budget	budget	budget	budget	budget	budget	budget	budget		Scenario 1: Base Case Assumptions: Steady market conditions,					

Services																								expected customer growth, and facility expansion. Forecast revenues, costs, and cash flows accordingly.
50100	Revenue	$25,317,678.24	$513,983,074.50	$770,974,611.75	$1,156,461,692.63	$1,734,692,538.94	$2,602,038,808.41	$3,903,058,454.61	$5,854,587,681.41	$8,781,881,522.12	$13,172,822,283.18	$19,759,233,424.77	$29,638,850,137.16	$44,458,275,205.74	$66,687,412,808.99	$100,031,119,213.98	$150,046,678,820.97	$225,070,018,231.46	$337,605,027,347.19	$506,407,541,020.78	$759,611,311,531.18	$1,139,416,967,296.26		
50101	Operational cost	$328,451,009	$6,668,000	$10,000,002,000	$15,000,003,000	$22,500,004,500	$33,756,756,753	$50,635,135,130	$75,952,692,695	$113,929,039,042	$170,893,558,563	$256,340,337,845	$384,510,506,767	$576,765,760,151	$865,148,640,227	$1,297,722,960,340	$1,946,584,340,511	$2,919,876,510,766	$4,379,814,766,149	$6,569,722,149,224	$9,854,583,223,836	$14,781,874,835,754		
50102	Developmentand	$2,550,323,324	$51,775,762,500	$776,636,493,750	$1,164,740,630,625	$1,747,110,945,938	$2,621,104,418,906	$3,931,656,628,359	$5,897,484,942,539	$8,846,227,413,808	$13,269,340,620,712	$19,904,010,931,068	$29,856,016,396,602	$44,784,024,594,903	$67,176,036,892,354	$100,764,055,338,531	$151,146,083,007,796	$226,719,124,511,694	$340,078,686,767,541	$510,118,030,151,312	$765,177,045,226,968	$1,147,765,567,840,452		

	maintenance cost																97	45	17	26	39	09	13								
50103	Marketing and customer acquisition costs	$1,084,065.94	$2,200,800.00	$3,301,200.00	$4,951,800.00	$7,427,700.00	$11,141,550.50	$16,712,325.25	$25,068,488.00	$37,602,731.00	$56,404,097.00	$84,606,145.50	$1,269,092.18	$1,903,638.27	$2,855,457.40	$4,283,186.11	$6,424,779.16	$9,637,168.74	$14,455,753.11	$21,683,629.66	$32,525,444.50	$48,788,166.74								
50104	Cashflow	$2,087,398.00	$2,423,770.00	$3,563,550.00	$4,853,425.00	$9,530,422.38	$14,302,233.56	$21,453,350.34	$32,180,025.52	$48,270,038.77	$72,405,057.66	$1,086,076.14	$1,629,114.71	$2,443,672.07	$3,665,508.60	$5,498,262.90	$8,247,393.86	$12,371,090.29	$18,556,635.44	$27,834,953.16	$41,752,429.74	$62,628,644.61	$93,942,966.92								

		32								16	24	36	04	56	84	26	39	09	13	20	30								
	Total IT Services	$31,367,916.84	$6,368,110.00	$9,552,165.00	$1,432,824.75	$2,149,237.13	$3,223,855.69	$4,835,783.53	$7,253,675.30	$10,880,512.95	$16,320,769.42	$24,481,154.13	$36,721,731.19	$55,082,596.79	$82,623,895.18	$123,935,842.77	$185,903,764.15	Variance 1: Revenue Shortfall such as lower-than-expected customer acquisition. Solutions: Intensify marketing efforts, explore new markets, and enhance customer retention programs. Cost Management Strategies: Strategy 1: Technology Optimization Assess and upgrade technology infrastructure to reduce long-term operational costs. Ethical considerations: Ensure data security and user privacy during upgrades and follow ethical guidelines in data handling. KPI 1: Customer Acquisition Cost (CAC) Alignment: Aligns						
		ACTUAL																											
50100	Revenue	$49,257,812.500	$1,000,000,000.000	$1,500,000,000.000	$2,250,000,000.000	$3,375,000,000.000	$5,062,500,000.000	$7,593,750,000.000	$11,390,625,000.000	$17,085,937,500.000																			
50101	Operatio	$13,001	$15,000,000	$40,000,000	$60,000,000	$90,000,000	$1,350,000	$2,025,000	$3,037,500	$4,556,250																			

	nal cost	8,750.000	0.000	0.000	0.000	0.000	0.000	0.000	5000.000	250.000								with the expansion objective by measuring the efficiency of marketing and customer acquisition. Measurement: CAC = Total marketing and sales costs / Number of new customers. Action: Allows optimization of marketing campaigns and strategies to reduce CAC over time.					
50102	Development and maintenance cost	$16,385,937.50	$3000,000,000.000	$5000,000,000.000	$7500,000,000.000	$1,1250,000,000.000	$1,6875,000,000.000	$2,5312,500.000	$3,7968,75.000	$5,6952,312.500													
50103	Marketing and customer acc	$7,134,375.000	$7000,000,000.000	$2000,000,000.000	$3000,000,000.000	$4500,000,000.000	$6750,000,000.000	$1,012,500.000	$1,518,750.000	$2,278,125.000													

	quisition costs																						
50104	Cashflow	$213,275,781.25	$2,550,000,000	$6,550,000,000	$9,825,000,000	$14,737,500,000	$22,106,250,000	$33,159,375,000	$49,739,062,500	$74,608,593.75													
		$299,072,656.25	$4,700,000,000	$9,150,000,000	$13,725,000,000	$20,587,500,000	$30,881,250,000	$46,321,875,000	$69,482,812,500	$104,224,218.75													
		ACTUAL/																					

		BUDGET																												
5010 0	Revenue		$ 1,000,000.00	$ 1,500,000.00	$ 2,250,000.00	$ 3,375,000.00	$ 5,062,500.00	$ 7,593,750.00	$ 11,390,625.00	$ 17,085,937.50	$ 13,178,282.12	$ 19,975,923.18	$ 29,963,884.77	$ 44,945,827.16	$ 66,668,741.99	$ 100,003,112.98	$ 150,000,469.97	$ 225,007,046.46	$ 233,760,064.19	$ 506,407,853.78	$ 759,611,780.67	$ 1,139,416,953.26								
5010 1	Operational cost		$ 150,000,000.00	$ 400,000,000.00	$ 600,000,000.00	$ 900,000,000.00	$ 1,350,000,000.00	$ 2,025,000,000.00	$ 3,037,500,000.00	$ 4,556,250,000.00	$ 1,708,935,503.55	$ 2,563,403,255.32	$ 3,845,104,883.48	$ 5,767,657,325.22	$ 8,651,485,988.32	$ 1,297,722,848.43	$ 1,946,584,272.65	$ 2,919,876,408.96	$ 4,379,814,613.44	$ 6,569,721,920.16	$ 9,854,582,880.24	$ 14,781,874,320.36								
5010 2	Development		$ 300,000,000.00	$ 500,000,000.00	$ 750,000,000.00	$ 1,125,000,000.00	$ 1,687,500,000.00	$ 2,531,250,000.00	$ 3,796,875,000.00	$ 5,695,312,500.00	$ 1,329,268,796.87	$ 1,993,903,195.31	$ 2,990,854,792.96	$ 4,486,282,189.44	$ 6,729,423,284.16	$ 10,094,134,926.24	$ 15,141,202,389.36	$ 22,711,803,584.04	$ 23,376,006,419.57	$ 50,640,785,378.41	$ 75,961,178,067.62	$ 114,941,695,326.43								

	d maintenance cost					00	00	00	00	50	62	93	40	10	64	97	45	17	26	39	09	8.13							
50103	Marketing and customer acquisition costs		$700,000.00	$200,000.00	$300,000.00	$450,000.00	$675,000.00	$1,012,500.00	$1,518,750.00	$2,278,125.00	$564,040.97	$846,061.45	$1,269,092.18	$1,903,638.27	$2,855,457.40	$4,283,186.11	$6,424,779.16	$9,637,168.74	$14,455,753.11	$21,683,629.66	$32,525,444.50	$48,788,166.74							
50104	Cashflow		$2,550,000.	$6,550,000.	$9,825,000.	$14,737,50	$22,106,25	$33,159,37	$49,739,06	$74,608,59	$1,086,076.	$1,629,114.	$2,443,671.	$3,665,507.	$5,498,260.	$8,247,390.	$12,371,08	$18,556,62	$27,834,94	$41,752,41	$62,628,62	$93,942,93							

			0 0	0 0	0 0	0. 0 0 0	0. 0 0 0	5. 0 0 0	2. 5 0 0	3. 7 5 0	1 6	2 4	3 6	0 4	5 6	8 4	6. 2 6 0	9. 3 9 0	4. 0 9 0	6. 1 3 0	4. 2 0 0	6. 3 0 0							
			$ 4, 7 0 0, 0 0 0, 0 0 0	$ 9, 1 5 0, 0 0 0, 0 0 0	$ 13, 725, 000, 000	$ 20, 587, 000, 000	$ 30, 881, 250, 000	$ 46, 321, 875, 000	$ 69, 482, 812, 500	$ 104, 224, 218, 750	$ 16, 320, 769, 423	$ 24, 481, 154, 135	$ 36, 721, 731, 191	$ 55, 082, 596, 789	$ 82, 623, 895, 184	$ 123, 935, 842, 777	$ 185, 903, 764, 165	$ 278, 855, 646, 234	$ 418, 283, 469, 351	$ 627, 425, 204, 026	$ 941, 137, 806, 039	$ 1,411,706,709,058							
	SCENARIO 1: Base case	12-MONTH ROLLING FORECAST																										
50	Rev		$ -	$ -	$ 2,	$ 3,	$ 4,	$ 6,	$ 1	$ 1	$ 2	$ 9,	$ 2	$ 3	$ 5	$ 8	$ -	$ -	$ -	$ -	$ -	$ -							

1000	enue				0000,0000.000	0000,0000.000	5000,0000.000	7500,0000.000	0,125,000.000	5,187,500.000	2,781,250.000	259,706.744	6,345,644.24	9,518,466.36	9,277,699.54	8,916,549.32																				
5010 1	Operational cost		$ -	$ -	$ 650,0000.000	$ 800,0000.000	$ 1,200,0000.000	$ 1,800,0000.000	$ 2,700,0000.000	$ 4,050,0000.000	$ 6,075,0000.000	$ (4,214,462.91)	$ 3,417,887.09	$ 5,126,806.64	$ 7,690,209.96	$ 1,153,531.44	$ -	$ -	$ -	$ -	$ -	$ -														
5010 2	Development and maintenance cost		$ -	$ -	$ 700,0000.000	$ 1,000,0000.000	$ 1,500,0000.000	$ 2,250,0000.000	$ 3,375,0000.000	$ 5,062,5000.000	$ 7,593,7500.000	$ (3,041,439.26)	$ 2,653,873.24	$ 3,980,809.86	$ 5,971,214.79	$ 8,956,822.19	$ -	$ -	$ -	$ -	$ -	$ -														

5010 3	Marketing and customer acquisition costs		$ -	$ -	$ (300,000,000.00)	$ 400,000,000.00	$ 600,000,000.00	$ 900,000,000.00	$ 1,350,000,000.00	$ 2,025,000,000.00	$ 3,037,500,000.06)	$ (1,150,043.06)	$ 1,128,081.94	$ 1,692,122.91	$ 2,538,184.36	$ 3,807,276.54	$ -	$ -	$ -	$ -	$ -	$ -														
5010 4	Cashflow		$ -	$ -	$ 100,550,000,000.00	$ 139,100,000,000.00	$ 199,650,000,000.00	$ 299,475,000,000.00	$ 444,212,500,000.00	$ 666,318,750,000.00	$ 999,478,125,000.00	$ (72,436,441.43)	$ 2,172,152,328.32	$ 3,258,228,488.48	$ 4,887,342,722.08	$ 7,331,014,083.12	$ -	$ -	$ -	$ -	$ -	$ -														
					$ 136,000,000,000.00	$ 188,300,000,000.00	$ 270,450,000,000.00	$ 411,175,000,000.00	$ 611,762,500,000.00	$ 926,643,750,000.00	$ 1,388,996,875,000.00	$ (71,582,441.43)	$ 3,264,641,328.32	$ 4,896,962,488.48	$ 7,343,443,722.08	$ 11,010,016,083.12																		

					0 0 0. 0 0	0 0 0. 0 0	0 0 0. 0 0	0 0 0. 0 0	5 0 0. 0 0	7 5 0. 0 0	5, 6 2 5. 0 0	6 7 9. 9 1)	5 3 8. 8 4	3 0 8. 2 5	4 6 2. 3 8	5, 1 9 3. 5 7													
	N P V	**$ 1 8, 9 6 6, 8 5 0. 8 0**			$ 1, 0 8 4, 4 4 8. 6 2	$ 1, 3 7 8, 9 3 4. 8 0	$ 2, 0 6 8, 2 8 2. 7 6	$ 3, 1 0 1, 1 1 0. 4 1	$ 4, 6 3 7, 2 1 4. 5 2	$ 6, 7 9 6, 8 5 9. 6 9	$ 8, 4 4 6, 7 0 6. 6 3	- $ 6, 5 6 6 4, 3 5 2. 0 8	$ 2 2 8, 5 6 8. 5 5	$ 3 4 2, 1 0 1. 7 5	$ 5 0 4, 8 9 0. 7 8	$ 6 6 6, 4 5 5. 8 3													

With a 10% discount rate, the Net Present Value (NPV) of the investment is approximately $18,966,850.80. This positive NPV suggests that the investment is expected to generate value and is potentially a financially sound decision.

THE AMAZON.COM, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (in millions)								
				Year Ended December 31, 2020		2021		2022
				$				
CASH, CASH EQUIVALENTS,				36,410		42,377		36,477

AND RESTRICTED CASH, BEGINNING OF PERIOD								
OPERATING ACTIVITIES								
Net income (loss)				21,331		33,364		-2,722
Adjustments to reconcile net income (loss) to net cash from operating activities:								
Depreciation and amortization of property and equipment and capitalized content costs, operating lease assets, and other				25,180		34,433		41,921

Stock-based compensation				9,208		12,757		19,621
Other expense (income), net				-2,582		-14,306		16,966
Deferred income taxes				-554		-310		-8,148
Changes in operating assets and liabilities:								
Inventories				-2,849		-9,487		-2,592
Accounts receivable, net and other				-8,169		-18,163		-21,897
Accounts payable				17,480		3,602		2,945
Accrued expenses and other				5,754		2,123		-1,558
Unearned revenue				1,265		2,314		2,216
Net cash provided by (used in) operating activities				66,064		46,327		46,752
INVESTING								

ACTIVITIES:								
Purchases of property and equipment				-40,140		-61,053		-63,645
Proceeds from property and equipment sales and incentives				5,096		5,657		5,324
Acquisitions, net of cash acquired, and other				-2,325		-1,985		-8,316
Sales and maturities of marketable securities				50,237		59,384		31,601
Purchases of marketable securities				-72,479		-60,157		-2,565
Net cash provided by (used in) investing activities				-59,611		-58,154		-37,601
FINANCING								

ACTIVITIES:								
Common stock repurchased				—		—		-6,000
Proceeds from short-term debt, and other				6,796		7,956		41,553
Repayments of short-term debt, and other				-6,177		-7,753		-37,554
Proceeds from long-term debt				10,525		19,003		21,166
Repayments of long-term debt				-1,553		-1,590		-1,258
Principal repayments of finance leases				-10,642		-11,163		-7,941
Principal repayments of financing obligations				-53		-162		-248
Net cash provided by (used				-1,104		6,291		9,718

in) financing activities								
Foreign currency effect on cash, cash equivalents, and restricted cash				618		-364		-1,093
Net increase (decrease) in cash, cash equivalents, and restricted cash				5,967		-5,900		17,776
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD				42,377		36,477		54,253

To apply relative valuation techniques to Amazon.com,

Inc., you'll need to compare its financial ratios and multiples to those of similar companies or industry benchmarks. Common metrics for relative valuation include Price-to-Earnings (P/E) ratio, Price-to-Sales (P/S) ratio, Price-to-Book (P/B) ratio, and Enterprise Value-to-EBITDA (EV/EBITDA) ratio. Here's how you can analyze Amazon's relative valuation:
Price-to-Earnings (P/E) Ratio:
Calculate Amazon's P/E ratio by

dividing its current stock price by its earnings per share (EPS). Amazon's EPS for 2022 is ($0.27).
Comparing Amazon's P/E ratio to those of its industry peers or benchmark companies such as Alibaba. A higher P/E ratio typically indicates that investors are willing to pay more for each dollar of earnings, suggesting higher growth expectations.
Price-to-Sales (P/S) Ratio:
Calculate Amazon's P/S ratio by dividing its market capitalization by its total revenue for 2022, which is

$513,983 million.
Comparing Amazon's P/E ratio to those of its industry peers or benchmark companies such as Alibaba, an e-commerce or retail industry. A lower P/S ratio may indicate that the stock is undervalued in relation to its revenue.
Price-to-Book (P/B) Ratio:
Calculate Amazon's P/B ratio by dividing its market capitalization by its book value. Amazon's book value can be found in its financial statements., wich is $513,983 million / $14.26 =

$36,043.69
Comparing Amazon's P/B ratio to companies with similar business models or within the technology and e-commerce sectors. A lower P/B ratio may suggest the stock is undervalued in terms of its assets.
Enterprise Value-to-EBITDA (EV/EBITDA) Ratio:

Calculate Amazon's EV/EBITDA ratio by dividing its enterprise value (market cap plus debt minus cash) by its EBITDA for 2022, which can be calculated by adding back interest, taxes, and depreciation to net income.

Calculate EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) for 2022: EBITDA = Net Income + Interest Expense + Benefit (Provision) for Income Taxes + Depreciation and

Amortization

EBITDA = (-2,722) + 2,367 + 3,217 + 41,921
EBITDA = 45,783

Calculate Enterprise Value (EV):
EV = Market Capitalization + Long-term Debt - Cash and Cash Equivalents

Market Capitalization = Stockholders' Equity = $146,043 million
Long-term Debt = $67,150 million
Cash and Cash Equivalents = $53,888 million

EV = $146,043 + $67,150 - $53,888

EV = $159,305 million Calculate the EV/EBITDA ratio: EV/EBITDA = EV / EBITDA EV/EBITDA = $159,305 million / $45,783 million EV/EBITDA ≈ 3.47 Amazon's EV/EBITDA ratio for 2022 is approximately 3.47.
Comparing Amazon's EV/EBITDA ratio to industry peers or benchmarks in the e-commerce and technology sectors. A lower

EV/EBITDA ratio may indicate that the company is relatively undervalued.

Real Options Valuation is a financial framework that extends traditional discounted cash flow (DCF) analysis to account for the value of options that a company may have in the real world. These options represent opportunities for a company to make strategic decisions that can affect its future cash flows and value. In the case of Amazon, a company involved in various business segments and known for its innovation,

several potential real options can be identified:
Expansion Options:
Geographic Expansion: Amazon has the option to enter new international markets or expand its existing footprint in regions where it operates. This can include opening new fulfillment centers, establishing data centers, and expanding its customer base.
Product and Service Expansion:
New Product Lines: Amazon continually introduces new products and services (e.g., Amazon Web Services, Amazon Prime Video, Amazon Fresh). The company can choose to invest in and expand these offerings or divest them if they are not profitable.
Strategic Alliances and Partnerships:
Amazon can explore strategic partnerships with other companies, such as retailers, technology firms, or content providers, to offer bundled services, co-branded products, or leverage synergies.
Research and Development Options:

Investing in Research: Amazon can invest in research and development for emerging technologies, like artificial intelligence, drones, and autonomous vehicles, which can provide future competitive advantages.
Mergers and Acquisitions:
Acquisitions: Amazon can acquire other companies to expand its reach in different industries or gain access to unique technology and intellectual property. The decision to acquire or divest assets can be considered a real option.
Capacity Expansion:
Building Additional Infrastructure: Amazon can invest in additional distribution centers, data centers, and warehouses to enhance its capacity for handling increased demand or maintaining inventory for timely deliveries.
Competitive Response Options:
Competitive Moves: Amazon can respond to changes in the competitive landscape, such as entering new markets to challenge competitors or exiting markets where it faces strong competition.
Flexibility in Pricing and

Marketing Strategies:
Dynamic Pricing: Amazon uses dynamic pricing for its products. It can adjust prices based on demand, competitor pricing, and other market factors to maximize profitability.
These real options can significantly affect Amazon's value by allowing the company to adapt to changing market conditions and capitalize on strategic opportunities. Real Options Valuation helps in quantifying the value of these options, considering factors like the probability of success, the timing of decisions, and the potential payoff.
For Amazon, these options provide flexibility and the ability to pivot in a dynamic business environment, ultimately enhancing its long-term competitiveness and resilience. The value of Amazon's stock reflects not only its current operations but also the potential value created by the execution of these real options. Investors and analysts may consider these options when valuing the company and making investment decisions.

To estimate Amazon's net asset value (NAV) using an asset-based valuation approach, we'll need to consider both its tangible and intangible assets and subtract its liabilities as of the most recent financial data available (2022). Please note that this valuation method provides a simplified view of the company's value and may not reflect its full market value.	
Tangible Assets:	
Property and Equipment, Net: $186,715 million	
Operating Leases: $66,123 million	
Other Assets: $42,758 million	
Intangible Assets: 4. Goodwill: $20,288 million	
Liabilities:	
Long-Term Lease Liabilities: $72,968 million	
Long-Term Debt: $67,150 million	
Other Long-Term Liabilities: $21,121 million	
Now, let's calculate Amazon's estimated net asset value (NAV):	
Total Tangible Assets =	

Property and Equipment + Operating Leases + Other Assets Total Tangible Assets = $186,715 million + $66,123 million + $42,758 million Total Tangible Assets = $295,596 million	
Total Intangible Assets = Goodwill Total Intangible Assets = $20,288 million	
Total Assets = Total Tangible Assets + Total Intangible Assets Total Assets = $295,596 million + $20,288 million Total Assets = $315,884 million	
Total Liabilities = Long-Term Lease Liabilities + Long-Term Debt + Other Long-Term Liabilities Total Liabilities = $72,968 million + $67,150 million + $21,121 million Total Liabilities = $161,239 million	
Now, let's calculate Amazon's estimated net asset value:	
Net Asset Value (NAV) = Total Assets - Total Liabilities NAV = $315,884 million - $161,239 million NAV = $154,645 million	
Amazon's estimated net asset value, based on its tangible and intangible assets and liabilities, is approximately $154.645 billion. It's important to note that this value represents a simplified	

view of the company's assets and may not fully capture its market value, as it does not consider factors like the present value of future cash flows and market sentiment.	

Comparing and contrasting the results obtained from each valuation technique—Asset-Based Valuation, Market-Based Valuation (CCA and PTA), and Real Options Valuation—can provide insights into their respective strengths and weaknesses:	
1. Asset-Based Valuation:	
Result for Amazon: Estimated Net Asset Value (NAV) of approximately $154.645 billion.	
Strengths:	
Straightforward and easy to understand.	
Provides a floor value, especially for companies with significant tangible assets.	
Weaknesses:	
Ignores the potential value of intangible assets and future cash flows.	
Does not consider market	

sentiment or investor expectations.	
2. Market-Based Valuation (CCA and PTA):	
Results for Amazon: The results would depend on the specific companies or transactions used for comparison, but it could provide a range of estimates.	
Strengths:	
Based on market prices and real-world transactions.	
Reflects market sentiment and investor expectations.	
Provides a benchmark against industry peers.	
Weaknesses:	
Highly dependent on the selection of comparable companies or transactions. Inaccurate comparisons can lead to misleading valuations.	
May not fully capture unique aspects of the company's business model.	
Limited to publicly available data, making it challenging to find perfect comparables.	
3. Real Options Valuation:	
Result for Amazon: The	

specific value obtained through Real Options Valuation would depend on the options identified and their estimated values. It doesn't provide a single numerical result like the other methods.	
Strengths:	
Incorporates the flexibility and strategic opportunities a company has in adapting to changing market conditions.	
Accounts for the value of management's ability to make strategic decisions.	
Weaknesses:	
Complex and requires subjective estimation of option values and probabilities.	
May not provide a definitive value but rather a range or scenario-based analysis.	
Highly dependent on the accuracy of assumptions and models used.	

Comparisons and Contrasts:
Asset-Based Valuation provides a conservative estimate, focusing on tangible assets and liabilities. It is particularly useful for

companies with substantial physical assets but may undervalue companies with strong intangible assets or growth potential.
Market-Based Valuation (CCA and PTA) leverages market data and investor sentiment. It is more reflective of a company's perceived market value but can vary based on the choice of comparables or transactions. This method is useful for companies with good public market comparables.
Real Options Valuation is suitable for companies with strategic options and uncertainties. It highlights the value of managerial flexibility but is complex and relies on subjective assumptions. It is especially useful for tech companies, startups, or those in rapidly changing industries.
Discrepancies and Insights:
Different valuation methods can yield substantially different results. The choice of method depends on the specific characteristics of the company and the purpose of the valuation.

Real-world valuations often consider a combination of these methods to arrive at a more comprehensive understanding of a company's value.

In practice, market-based valuations (CCA and PTA) tend to be more commonly used, as they provide a real-world benchmark and consider both tangible and intangible factors. However, asset-based valuations and real options valuations can be essential in specific situations.

The key is to understand the strengths and weaknesses of each method and use them in conjunction with a well-rounded valuation approach that considers the unique aspects of the company and industry.

In conclusion, our analysis of Amazon's value through various valuation methods provides a comprehensive perspective on the company's financial standing and potential. Each method has its strengths and weaknesses, and

the choice of the most appropriate method depends on the specific characteristics of the company and the purpose of the valuation.
Asset-Based Valuation: It is estimated that Amazon is worth $154.645 billion, or its net asset value (NAV). This approach, which emphasises tangible assets, provides a conservative assessment of the company's value; future cash flows and intangible assets are not taken into consideration. It acts as the business's floor value.
Market-Based Valuation (CCA and PTA): The outcomes of this type of valuation are contingent upon the particular companies or transactions that are employed as benchmarks. This approach takes advantage of actual market data and takes investor expectations and market sentiment into account. It offers a comparison point for industry peers, but the choice of relevant comparables affects how accurate it is.
Real Options Valuation: This approach takes into account Amazon's strategic options for adjusting to shifting market conditions and offers a glimpse into the managerial

flexibility of the company. It is intricate and necessitates the subjective estimate of option values and probabilities, nevertheless. Instead than offering a single numerical output, it offers evaluations based on scenarios.
In reality, a mix of these techniques and other elements including competitor positioning, industry dynamics, and growth prospects affect Amazon's market value. The company's solid market value is attributed to its strong presence in e-commerce, cloud computing (Amazon Web Services), and ongoing innovation across multiple sectors.
The particular context and the weight given to each technique of appraisal determine the ultimate assessment of Amazon's worth. Amazon is a vibrant, diverse organisation that is growing and changing. Although its exact market value varies depending on market conditions and investor emotion, Amazon was one of the most valuable corporations in the world as of my last knowledge update in January 2022.

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