Name: Opeyemi Morakinyo

FNT 6100 Final Project

Instructor: Keith Wade

Executive Summary

Amazon.com, Inc., commonly known as Amazon, is a global e-commerce and technology conglomerate that has emerged as one of the world's largest and most influential companies. Founded in 1994 by Jeff Bezos, Amazon started as an online bookstore, but it rapidly expanded its business model to become a diverse and customer-centric technology powerhouse. Today, Amazon is a trailblazer in numerous sectors, including e-commerce, cloud computing, digital streaming, artificial intelligence, and logistics.

Financial Statement Analysis

HORIZONTAL ANALYSIS OF THE AMAZON.COM, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (in millions)									
				Year Ended December 31, 2020		2021		2022	
				$					
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD				36,410	100.00 %	42,377	116.39 %	36,477	100.18 %
OPERATING ACTIVITIES									
Net income (loss)				21,331	100.00 %	33,364	156.41 %	-2,722	-12.76%
Adjustm									

ents 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	100.00%	34,433	136.75%	41,921	166.49%
Stock-based compensation				9,208	100.00%	12,757	138.54%	19,621	213.09%
Other expense (income), net				-2,582	100.00%	-14,306	554.07%	16,966	-657.09%
Deferred income taxes				-554	100.00%	-310	55.96%	-8,148	1470.76%
Changes in									

operating assets and liabilities:									
Inventories				-2,849	100.00%	-9,487	332.99%	-2,592	90.98%
Accounts receivable, net and other				-8,169	100.00%	-18,163	222.34%	-21,897	268.05%
Accounts payable				17,480	100.00%	3,602	20.61%	2,945	16.85%
Accrued expenses and other				5,754	100.00%	2,123	36.90%	-1,558	-27.08%
Unearned revenue				1,265	100.00%	2,314	182.92%	2,216	175.18%
Net cash provided by (used in) operating activities				66,064	100.00%	46,327	70.12%	46,752	70.77%
INVESTING ACTIVITIES:									
Purchases of property and equipment				-40,140	100.00%	-61,053	152.10%	-63,645	158.56%
Proceeds				5,096	100.00	5,657	111.01	5,324	104.47

from property and equipment sales and incentives					%		%		%
Acquisitions, net of cash acquired, and other				-2,325	100.00 %	-1,985	85.38%	-8,316	357.68 %
Sales and maturities of marketable securities				50,237	100.00 %	59,384	118.21 %	31,601	62.90%
Purchases of marketable securities				-72,479	100.00 %	-60,157	83.00%	-2,565	3.54%
Net cash provided by (used in) investing activities				-59,611	100.00 %	-58,154	97.56%	-37,601	63.08%
FINANCING ACTIVITIES:									
Common stock repurchased				—	0.00%	—	0.00%	-6,000	0.00%

Proceeds from short-term debt, and other				6,796	100.00%	7,956	117.07%	41,553	611.43%
Repayments of short-term debt, and other				-6,177	100.00%	-7,753	125.51%	-37,554	607.97%
Proceeds from long-term debt				10,525	100.00%	19,003	180.55%	21,166	201.10%
Repayments of long-term debt				-1,553	100.00%	-1,590	102.38%	-1,258	81.00%
Principal repayments of finance leases				-10,642	100.00%	-11,163	104.90%	-7,941	74.62%
Principal repayments of financing obligations				-53	100.00%	-162	305.66%	-248	467.92%
Net cash provided by (used in) financing activities				-1,104	100.00%	6,291	-569.84%	9,718	-880.25%
Foreign				618	100.00	-364	-58.90%	-1,093	-

currency effect on cash, cash equivalents, and restricted cash					%				176.86 %
Net increase (decrease) in cash, cash equivalents, and restricted cash				5,967	100.00 %	-5,900	-98.88%	17,776	297.91 %
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD				42,377	100.00 %	36,477	86.08%	54,253	128.02 %

This comprehensive financial plan provides a roadmap for Amazon's financial management, with the flexibility to adapt to changing market conditions and meet its goals for customer and facility expansion. It also promotes ethical considerations in cost management and focuses on key performance indicators that drive strategic actions within the organization.

Strategic Budgeting and Financial Forecasts

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

	SCENARIO 1: Base case		01-August-23	01-September-23	02-October-23	02-November-23	03-December-23	03-January-24	03-February-24	05-March-24	05-April-24	06-May-24	06-June-24	07-July-24	07-August-24	07-September-24	08-October-24	08-November-24	09-December-24	09-January-25	09-February-25	12-March-25	
Cooperative IT Services		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, expected customer growth, and facility expansion. Forecast revenues, costs,
50100	Revenue	$ 25,317,678.24	$ 513,983.00	$ 770,974.50	$ 1,156,461.75	$ 1,734,692.63	$ 2,602,038.94	$ 3,903,058.41	$ 5,854,587.61	$ 8,781,881.41	$ 13,172,822.12	$ 19,759,233.18	$ 29,638,849.77	$ 44,458,274.66	$ 66,687,411.99	$ 100,031,117.98	$ 150,046,676.97	$ 225,070,015.46	$ 337,605,023.19	$ 506,407,534.78	$ 759,611,302.18	$ 1,139,416,953.26	
50101	Operational cost	$ 328,451.09	$ 6,668.00	$ 10,002.00	$ 15,003.00	$ 22,504.50	$ 33,756.75	$ 50,635.13	$ 75,952.69	$ 113,929.03	$ 170,893.55	$ 256,340.32	$ 384,510.48	$ 576,765.72	$ 865,148.58	$ 1,297,722.87	$ 1,946,584.31	$ 2,919,876.46	$ 4,379,814.69	$ 6,569,722.04	$ 9,854,583.06	$ 14,781,874.58	
501	Devel	$ 2,550,	$ 51,7	$ 77,6	$ 116,	$ 174,	$ 262,	$ 393,	$ 589,	$ 884,	$ 1,32	$ 1,990,	$ 2,98	$ 4,47	$ 6,71	$ 10,0	$ 15,1	$ 22,6	$ 34,0	$ 51,0	$ 76,5	$ 114,7	

02	opment and maintenance cost	323.24	75.00	62.50	493.75	740.63	110.94	166.41	749.61	624.41	6,936.62	404.93	5,607.40	8,411.10	7,616.64	76,424.97	14,637.45	71,956.17	07,934.26	11,901.39	17,852.09	76,778.13		and cash flows accordingly.
50103	Marketing and customer acquisition costs	$ 1,084,065.94	$ 22,080.00	$ 33,012.00	$ 49,518.00	$ 74,277.00	$ 111,415.50	$ 167,123.25	$ 250,684.88	$ 376,027.31	$ 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	$ 2,087,398.32	$ 42,377.00	$ 63,565.50	$ 95,348.25	$ 143,022.38	$ 214,533.56	$ 321,800.34	$ 482,700.52	$ 724,050.77	$ 1,086,076.16	$ 1,629,114.24	$ 2,443,671.36	$ 3,665,507.04	$ 5,498,260.56	$ 8,247,390.84	$ 12,371,086.26	$ 18,556,629.39	$ 27,834,944.09	$ 41,752,416.13	$ 62,628,624.20	$ 93,942,936.30		
	Total	$ 31,367	$ 636,	$ 955,	$ 1,43	$ 2,14	$ 3,22	$ 4,83	$ 7,25	$ 10,8	$ 16,3	$ 24,48	$ 36,7	$ 55,0	$ 82,6	$ 123,	$ 185,	Variance 1: Revenue Shortfall such as lower-than-expected						

	IT Services	,916.84	811.00	216.50	2,824.75	9,237.13	3,855.69	5,783.53	3,675.30	80,512.95	20,769.42	1,154.13	21,731.19	82,596.79	23,895.18	935,842.77	903,764.15	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 with the expansion objective by measuring the efficiency of marketing and customer acquisition. Measurement: CAC = Total marketing and sales costs / Number of new customers.				
		ACTUAL																				
50100	Revenue	$ 49,257,812.50	$ 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												
50101	Operational cost	$ 13,018,750.00	$ 150,000.00	$ 400,000.00	$ 600,000.00	$ 900,000.00	$ 1,350,000.00	$ 2,025,000.00	$ 3,037,500.00	$ 4,556,250.00												
50102	Development and maintenance cost	$ 16,385,937.50	$ 300,000.00	$ 500,000.00	$ 750,000.00	$ 1,125,000.00	$ 1,687,500.00	$ 2,531,250.00	$ 3,796,875.00	$ 5,695,312.50												
50	Mar	$ 7,1	$ 70	$ 20	$ 30	$ 45	$ 67	$ 1,	$ 1,	$ 2,												

103	keting and customer acquisition costs	34,375.00	0,000.00	0,000.00	0,000.00	0,000.00	5,000.00	012,500.00	518,750.00	278,125.00								Action: Allows optimization of marketing campaigns and strategies to reduce CAC over time.											
50104	Cashflow	$213,275,781.25	$2,550,000.00	$6,550,000.00	$9,825,000.00	$14,737,500.00	$22,106,250.00	$33,159,375.00	$49,739,062.50	$74,608,593.75																			
		$299,072,656.25	$4,700,000.00	$9,150,000.00	$13,725,000.00	$20,587,500.00	$30,881,250.00	$46,321,875.00	$69,482,812.50	$104,224,218.75																			
		ACTUAL/BUDGET																											
50100	Revenue		$1,000,00	$1,500,00	$2,250,00	$3,375,00	$5,062,50	$7,593,75	$11,390,6	$17,085,9	$13,172,8	$19,759,2	$29,638,8	$44,458,2	$66,687,4	$100,031,	$150,046,	$225,070,	$337,605,	$506,407,	$759,611,	$1,139,416,9							

			0.00	0.00	0.00	0.00	0.00	0.00	25.00	37.50	22.12	33.18	49.77	74.66	11.99	117.98	676.97	015.46	023.19	534.78	302.18	53.26							
50101	Operational cost		$150,000.00	$400,000.00	$600,000.00	$900,000.00	$1,350,000.00	$2,025,000.00	$3,037,500.00	$4,556,250.00	$170,893.55	$256,340.32	$384,510.48	$576,765.72	$865,148.58	$1,297,722.87	$1,946,584.31	$2,919,876.46	$4,379,814.69	$6,569,722.04	$9,854,583.06	$14,781,874.58							
50102	Development and maintenance cost		$300,000.00	$500,000.00	$750,000.00	$1,125,000.00	$1,687,500.00	$2,531,250.00	$3,796,875.00	$5,695,312.50	$1,326,936.62	$1,990,404.93	$2,985,607.40	$4,478,411.10	$6,717,616.64	$10,076,424.97	$15,114,637.45	$22,671,956.17	$34,007,934.26	$51,011,901.39	$76,517,852.09	$114,776,778.13							
50103	Marketing and customer acquisition		$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							

	costs																												
50104	Cashflow		$ 2,550,000.00	$ 6,550,000.00	$ 9,825,000.00	$ 14,737,500.00	$ 22,106,250.00	$ 33,159,375.00	$ 49,739,062.50	$ 74,608,593.75	$ 1,086,076.16	$ 1,629,114.24	$ 2,443,671.36	$ 3,665,507.04	$ 5,498,260.56	$ 8,247,390.84	$ 12,371,086.26	$ 18,556,629.39	$ 27,834,944.09	$ 41,752,416.13	$ 62,628,624.20	$ 93,942,936.30							
			$ 4,700,000.00	$ 9,150,000.00	$ 13,725,000.00	$ 20,587,500.00	$ 30,881,250.00	$ 46,321,875.00	$ 69,482,812.50	$ 104,224,218.75	$ 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	$ 278,855,646.23	$ 418,283,469.34	$ 627,425,204.01	$ 941,137,806.02	$ 1,411,706,709.03							
	SCENARIO 1: Base case	12-MONTH ROLLING FORECAST																											
50100	Revenue		$ -	$ -	$ 2,000,000.00	$ 3,000,000.00	$ 4,500,000.00	$ 6,750,000.00	$ 10,125,000.00	$ 15,187,500.00	$ 22,781,250.00	$ 9,259,706.74	$ 26,345,644.24	$ 39,518,466.36	$ 59,277,699.54	$ 88,916,549.32	$ -	$ -	$ -	$ -	$ -	$ -							
50101	Operation		$ -	$ -	$ 650,00	$ 800,00	$ 1,200,00	$ 1,800,00	$ 2,700,00	$ 4,050,00	$ 6,075,00	$ (4,214,462.	$ 341,78	$ 512,68	$ 769,02	$ 1,153,53	$ -	$ -	$ -	$ -	$ -	$ -							

	alcost				0.00	0.00	0.00	0.00	0.00	0.00	0.00	91)	7.09	0.64	0.96	1.44													
50102	Development and maintenance cost		$ -	$ -	$ 700,000.00	$ 1,000,000.00	$ 1,500,000.00	$ 2,250,000.00	$ 3,375,000.00	$ 5,062,500.00	$ 7,593,750.00	$ (3,041,439.26)	$ 2,653,873.24	$ 3,980,809.86	$ 5,971,214.79	$ 8,956,822.19	$ -	$ -	$ -	$ -	$ -	$ -							
50103	Marketing and customer acquisition costs		$ -	$ -	$ (300,000.00)	$ 400,000.00	$ 600,000.00	$ 900,000.00	$ 1,350,000.00	$ 2,025,000.00	$ 3,037,500.00	$ (1,150,043.06)	$ 1,128,081.94	$ 1,692,122.91	$ 2,538,184.36	$ 3,807,276.54	$ -	$ -	$ -	$ -	$ -	$ -							
50104	Cashflow		$ -	$ -	$ 10,550,0	$ 13,100,0	$ 19,650,0	$ 29,475,0	$ 44,212,5	$ 66,318,7	$ 99,478,1	$ (72,436,44	$ 2,172,15	$ 3,258,22	$ 4,887,34	$ 7,331,01	$ -	$ -	$ -	$ -	$ -	$ -							

					00.00	00.00	00.00	00.00	00.00	50.00	25.00	1.43)	2.32	8.48	2.72	4.08						
					$13,600,000.00	$18,300,000.00	$27,450,000.00	$41,175,000.00	$61,762,500.00	$92,643,750.00	$138,965,625.00	$(71,582,679.91)	$32,641,538.84	$48,962,308.25	$73,443,462.38	$110,165,193.57						
	NPV	**$18,966,850.80**			$1,084,448.62	$1,378,934.80	$2,068,282.76	$3,101,110.41	$4,637,214.52	$6,796,859.69	$8,446,706.63	-$6,564,352.08	$2,828,568.55	$3,342,101.75	$5,504,890.78	$6,666,455.83						

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, AND RESTRICTED CASH, BEGINNING OF PERIOD	36,410	42,377	36,477
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 in) financing activities	-1,104	6,291	9,718
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

Capital Budgeting and Investment Evaluation

Below is a comprehensive financial projection of the company budget-

This comprehensive financial plan provides a roadmap for Amazon's financial management, with the flexibility to adapt to changing market conditions and meet its goals for customer and facility expansion. It also promotes ethical considerations in cost management and focuses on key performance indicators that drive strategic actions within the organization.
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										
	SCENARIO 1: Base		01-August-23	01-September-23	02-October-23	02-November-23	03-December-23	03-January-24	03-February-24	05-March-24	05-April-24	06-May-24	06-June-24	07-July-24	07-August-24	07-September-24	08-October-24	08-November-24	09-December-24	09-January-25	09-February-25	12-March-25							

	case																						
Cooperative IT Services		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, expected customer growth, and facility expansion. Forecast revenues, costs, and cash flows accordingly.
50100	Revenue	$25,317,678.24	$513,983.00	$770,974.50	$1,156,461.75	$1,734,692.63	$2,602,038.94	$3,903,058.41	$5,854,587.61	$8,781,881.41	$13,172,822.12	$19,759,233.18	$29,638,849.77	$44,458,274.66	$66,687,411.99	$100,031,117.98	$150,046,676.97	$225,070,015.46	$337,605,023.19	$506,407,534.78	$759,611,302.18	$1,139,416,953.26		
50101	Operational cost	$328,451.09	$6,668.00	$10,002.00	$15,003.00	$22,504.50	$33,756.75	$50,635.13	$75,952.69	$113,929.03	$170,893.55	$256,340.32	$384,510.48	$576,765.72	$865,148.58	$1,297,722.87	$1,946,584.31	$2,919,876.46	$4,379,814.69	$6,569,722.04	$9,854,583.06	$14,781,874.58		

50102	Development and maintenance cost	$2,550,323.24	$51,775.00	$77,662.50	$116,493.75	$174,740.63	$262,110.94	$393,166.41	$589,749.61	$884,624.41	$1,326,936.62	$1,990,404.93	$2,985,607.40	$4,478,411.10	$6,717,616.64	$10,076,424.97	$15,114,637.45	$22,671,956.17	$34,007,934.26	$51,011,901.39	$76,517,852.09	$114,776,778.13							
50103	Marketing and customer acquisition co	$1,084,065.94	$22,008.00	$33,012.00	$49,518.00	$74,277.00	$111,415.50	$167,123.25	$250,684.88	$376,027.31	$564,040.97	$846,061.45	$1,269,092.18	$1,903,638.27	$2,854,457.40	$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							

	sts																												
50104	Cashflow	$2,087,398.32	$42,377.00	$63,565.50	$95,348.25	$143,022.38	$214,533.56	$321,800.34	$482,700.52	$724,050.77	$1,086,076.16	$1,629,114.24	$2,443,671.36	$3,665,507.04	$5,498,260.56	$8,247,390.84	$12,371,086.26	$18,556,629.39	$27,834,944.09	$41,752,416.13	$62,628,624.20	$93,942,936.30							
	Total IT Services	$31,367,916.84	$636,811.00	$955,216.50	$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.												
		ACTUAL																											
501	Rev	$49,	$1,0	$1,5	$2,2	$3,3	$5,0	$7,5	$11,	$17,																			

00	enue	257,812.50	00,000.00	00,000.00	50,000.00	75,000.00	62,500.00	93,750.00	390,625.00	085,937.50								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 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.					
50101	Operational cost	$13,018,750.00	$150,000.00	$400,000.00	$600,000.00	$900,000.00	$1,350,000.00	$2,025,000.00	$3,037,500.00	$4,556,250.00													
50102	Development and maintenance cost	$16,385,937.50	$300,000.00	$500,000.00	$750,000.00	$1,125,000.00	$1,687,500.00	$2,531,250.00	$3,796,875.00	$5,695,312.50													

50103	Marketing and customer acquisition costs	$7,134,375.00	$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													
50104	Cashflow	$213,275,781.25	$2,550,000.00	$6,550,000.00	$9,825,000.00	$14,737,500.00	$22,106,250.00	$33,159,375.00	$49,739,062.50	$74,608,593.75													
		$299,	$4,70	$9,15	$13,7	$20,5	$30,8	$46,3	$69,4	$104,													

		072,656.25	0,000.00	0,000.00	25,000.00	87,500.00	81,250.00	21,875.00	82,812.50	224,218.75																			
		ACTUAL/BUDGET																											
50100	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	$13,172,822.12	$19,759,233.18	$29,638,849.77	$44,458,274.66	$66,687,411.99	$100,031,117.98	$150,046,676.97	$225,070,015.46	$337,605,023.19	$506,407,534.78	$759,611,302.18	$1,139,416,953.26							
50101	Operatio		$150,0	$400,0	$600,0	$900,0	$1,350,	$2,025,	$3,037,	$4,556,	$170,8	$256,3	$384,5	$576,7	$865,1	$1,297,	$1,946,	$2,919,	$4,379,	$6,569,	$9,854,	$14,78							

	nal cost		00.00	00.00	00.00	00.00	000.00	000.00	500.00	250.00	93.55	40.32	10.48	65.72	48.58	722.87	584.31	876.46	814.69	722.04	583.06	1,874.58							
50102	Development and maintenance cost		$300,000.00	$500,000.00	$750,000.00	$1,125,000.00	$1,687,500.00	$2,531,250.00	$3,796,875.00	$5,695,312.50	$1,326,936.62	$1,990,404.93	$2,985,607.40	$4,478,411.10	$6,717,616.64	$10,076,424.97	$15,114,637.45	$22,671,956.17	$34,007,934.26	$51,011,901.39	$76,517,852.09	$114,776,778.13							
50103	Marketing and customer acq		$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							

	uisition costs																												
50104	Cashflow		$2,550,000.00	$6,550,000.00	$9,825,000.00	$14,737,500.00	$22,106,250.00	$33,159,375.00	$49,739,062.50	$74,608,593.75	$1,086,076.16	$1,629,114.24	$2,443,671.36	$3,665,507.04	$5,498,260.56	$8,247,390.84	$12,371,086.26	$18,556,629.39	$27,834,944.09	$41,752,416.13	$62,628,624.20	$93,942,936.30							
			$4,700,000.00	$9,150,000.00	$13,725,000.00	$20,587,500.00	$30,881,250.00	$46,321,875.00	$69,482,812.50	$104,224,218.75	$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	$278,855,646.23	$418,283,469.34	$627,425,204.01	$941,137,806.02	$1,411,706,709.03							

12-months rolling forecast

	SCENARIO	12-MONTH																				

	1: Base case	ROLLING FORECAST																				
50100	Revenue		$ -	$ -	$ 2,000,000.00	$ 3,000,000.00	$ 4,500,000.00	$ 6,750,000.00	$ 10,125,000.00	$ 15,187,500.00	$ 22,781,250.00	$ 9,259,706.74	$ 26,345,644.24	$ 39,518,466.36	$ 59,277,699.54	$ 88,916,549.32	$ -	$ -	$ -	$ -	$ -	$ -
50101	Operational cost		$ -	$ -	$ 650,000.00	$ 800,000.00	$ 1,200,000.00	$ 1,800,000.00	$ 2,700,000.00	$ 4,050,000.00	$ 6,075,000.00	$ (4,214,462.91)	$ 341,787.09	$ 512,680.64	$ 769,020.96	$ 1,153,531.44	$ -	$ -	$ -	$ -	$ -	$ -
50102	Development and maintenance cost		$ -	$ -	$ 700,000.00	$ 1,000,000.00	$ 1,500,000.00	$ 2,250,000.00	$ 3,375,000.00	$ 5,062,500.00	$ 7,593,750.00	$ (3,041,439.26)	$ 2,653,873.24	$ 3,980,809.86	$ 5,971,214.79	$ 8,956,822.19	$ -	$ -	$ -	$ -	$ -	$ -

50103	Marketing and customer acquisition costs		$ -	$ -	$ (300,000.00)	$ 400,000.00	$ 600,000.00	$ 900,000.00	$ 1,350,000.00	$ 2,025,000.00	$ 3,037,500.00	$ (1,150,043.06)	$ 1,128,081.94	$ 1,692,122.91	$ 2,538,184.36	$ 3,807,276.54	$ -	$ -	$ -	$ -	$ -	$ -
50104	Cashflow		$ -	$ -	$ 10,550,000.00	$ 13,100,000.00	$ 19,650,000.00	$ 29,475,000.00	$ 44,212,500.00	$ 66,318,750.00	$ 99,478,125.00	$ (72,436,441.43)	$ 2,172,152.32	$ 3,258,228.48	$ 4,887,342.72	$ 7,331,014.08	$ -	$ -	$ -	$ -	$ -	$ -

Below is an analysis of the financial ratios
To calculate the financial ratios for Amazon.com, Inc., based on the provided data, we can use the following formulas:

Current Ratio:
Current Ratio = Current Assets / Current Liabilities

Current Assets = "CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD" (2021)
Current Liabilities = "Accounts payable" (2021)

Current Assets = $54,253 million
Current Liabilities = $2,945 million

Current Ratio = $54,253 million / $2,945 million ≈ 18.40

Net Profit Ratio (Profit Margin):
Net Profit Ratio = (Net Income / Total Revenue) * 100

Net Income = "Net income (loss)" (2021)
Total Revenue = "TOTAL REVENUE" (2021)

Net Income = -$2,722 million
Total Revenue = $513,983 million

Net Profit Ratio = (-$2,722 million / $513,983 million) * 100 ≈ -0.53%

Return on Assets (ROA):
ROA = (Net Income / Total Assets) * 100

Net Income = "Net income (loss)" (2021)
Total Assets = "CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD" (2021)

Net Income = -$2,722 million
Total Assets = $36,477 million

ROA = (-$2,722 million / $36,477 million) * 100 ≈ -7.45%

Inventory Turnover:
Inventory Turnover = Cost of Goods Sold / Average Inventory

Cost of Goods Sold = "COST OF GOODS SOLD" (2021)
Average Inventory = Average of "Inventories" (2020 and 2021)

Cost of Goods Sold = $288,831 million
Average Inventory = (|109.92% * (-$2,592 million)| + |366.01% * (-$9,487 million)|) / 2 ≈ $6,540 million

Inventory Turnover = $288,831 million / $6,540 million ≈ 44.15

Gross Profit Ratio (Gross Margin):
Gross Profit Ratio = [(Total Revenue - Cost of Goods Sold) / Total Revenue] * 100

Total Revenue = "TOTAL REVENUE" (2021)
Cost of Goods Sold = "COST OF GOODS SOLD" (2021)

Total Revenue = $513,983 million
Cost of Goods Sold = $288,831 million

Gross Profit Ratio = [($513,983 million - $288,831 million) / $513,983 million] * 100 ≈ 43.85%

1. Current Ratio:

Relevance: The current ratio indicates the company's ability to meet its short-term obligations. A ratio above 1 suggests that the company has sufficient current assets to cover current liabilities.
Interpretation: A current ratio of 18.40 suggests that Amazon has a strong ability to meet its short-term obligations.

2. Net Profit Ratio:

Relevance: The net profit ratio (profit margin) indicates how efficiently a company converts its sales into profit.
Interpretation: A negative net profit ratio (-0.53%) indicates a loss, which suggests that Amazon faced challenges in profitability in the given year.

3. Return on Assets (ROA):

Relevance: ROA measures how efficiently a company uses its assets to generate profit. A negative ROA suggests a loss.
Interpretation: With a negative ROA (-7.45%), Amazon's assets did not generate a positive return in the given year.

4. Inventory Turnover:

Relevance: Inventory turnover measures how quickly a company sells and replaces its inventory. A higher turnover is generally more favorable.
Interpretation: An inventory turnover of 44.15 suggests that Amazon has a high rate of inventory turnover, which is generally a positive indicator.

5. Gross Profit Ratio:

Relevance: The gross profit ratio (gross margin) shows the percentage of revenue retained after covering the cost of goods sold.
Interpretation: A gross profit ratio of 43.85% indicates that Amazon retains a significant portion of revenue as profit.

Below is the NPV analysis from the projected future cashflows with an investment of $100,000 in Amazon

Kenrick (2023) stated in an article “How to calculate Net Present Value” from Indeed Career that with NPV, you may utilise present values to estimate a project's possible future earnings.

Using Excel calculator, NPV is =

$18,966,850.80			$1,084,448.62	$1,378,934.80	$2,068,282.76	$3,101,110.41	$4,637,214.52	$6,796,859.69	$8,446,706.63
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.									

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.

Valuation Methodologies

Financial ratios and multiples should be compared to similar companies or industry benchmarks.

Common relative valuation metrics include price-earnings ratio (P/E), price-to-sales ratio (P/E), price-to-book ratio (P/E), and enterprise value to EBITDA (EV/ EBITDA) relationship.

How to Analyze Amazon's Relative Valuation: Price Earnings Ratio (P/E): Calculate Amazon's P/E ratio by dividing the current stock price by its earnings per share (EPS).

Comparison of Amazon's P/E ratio with peers and benchmark companies such as Alibaba.

Price-to-Sales Ratio (P/S): Calculate Amazon's P/S ratio by dividing Amazon's market capitalization by its 2022 total sales ($513,983 million).

Compare Amazon's P/E ratio to its peers and benchmark companies such as Alibaba in the e-commerce or retail industry.

Price to Book (P/B): Calculate Amazon's price to book by dividing its market capitalization by its book value.

Comparison of Amazon's P/E ratio with companies with similar business models and with companies in the technology and e-commerce space.

Enterprise value to EBITDA ratio (EV/EBITDA):

"Calculate Amazon's EV/EBITDA ratio by dividing enterprise value (market capitalization plus debt minus cash) by 2022 EBITDA.

This is calculated by adding interest.

It can be calculated by adding tax and depreciation.

Compare Amazon's EV/EBITDA ratio to its peers or benchmarks in the e-commerce and technology space.

A low EV/EBITDA ratio can indicate that a company is relatively undervalued.

These options represent an opportunity for a company to make strategic decisions that can affect its future cash flows and value.

In the case of Amazon, a company that operates in a variety of business sectors and is known for its innovation, several potential practical options can be identified:

1) Expansion options:
   Geographical expansion: Amazon Enter new international markets or expand your existing presence in the regions in which you operate.
2) Strategic Alliances and Partnerships: Amazon enters into strategic partnerships with other companies, such as retailers, technology companies, and content providers, to offer bundled services, co-branded products, and take advantage of synergies.

3) Mergers and Acquisitions:

Acquisitions: Amazon may acquire other companies to expand its reach in various industries or to gain access to unique technology or intellectual property.
there is.

These practical options could have a significant impact on Amazon's value by allowing Amazon to adapt to changing market conditions and take advantage of strategic opportunities.

Real options valuation helps quantify the value of these options by considering factors such as probability of success, timing of decision, and potential payout.

The value of Amazon stock reflects not only the company's current operations, but also the potential value created by the exercise of these actual options.

Investors and analysts can consider these options when evaluating companies and making investment decisions.

To estimate Amazon's net asset value (NAV) using an asset-based valuation approach, we consider both its tangible and intangible assets, as of the latest available financial data (2022).

Debts must be deducted.
Please note that this valuation methodology is a simplified representation of company value and may not reflect full market value.

Goodwill: $20,288 million Debt:
Long-term lease debt: $72,968 million
Long-term debt: $67,150 million
Other long-term debt: $21,121 million

Now let's calculate Amazon's estimated net asset value (NAV): 4,444 Total tangible assets
= Real estate 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
= USD 72,968 million +

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.

Compare and Contrast: Asset-based valuation emphasizes physical assets and liabilities while providing conservative estimates.
Market data and investor sentiment are used for market-based valuations (CCA and PTA).
This varies depending on the comparable and transactions used, but is an indicator of a company`s perceived market value.
Combining these techniques provides a more comprehensive understanding of corporate value in real-world valuations.
Market-based assessments (PTA and CCA) are typically more commonly used in practice because they consider both tangible and intangible factors and provide a real-world benchmark.
The trick is to recognize the strengths and weaknesses of each method and combine it with a comprehensive evaluation strategy that considers company and industry characteristics.

In summary, analysis of Amazon's value using various valuation methodologies provides a comprehensive overview of the company's financial position and potential.

Asset-Based Valuation: It is estimated that Amazon is worth $154.
This approach, which emphasizes tangible assets, provides a conservative assessment of the company's value; future cash flows and intangible assets are not taken into consideration.

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 uses real market data and takes into account investor expectations and market sentiment.

Real Options Valuation: This approach considers Amazon's strategic options to adapt to changing market conditions and provides insight into the company's operational flexibility.
In fact, the combination of these technologies and other factors such as competitor positioning, industry trends, and growth prospects will influence Amazon's market value.
The specific context and weight given to each valuation method determines the final assessment of Amazon's value.

The exact market value will vary depending on market conditions and investor sentiment, but as at January 2022, Amazon was one of the most valuable companies in the world.

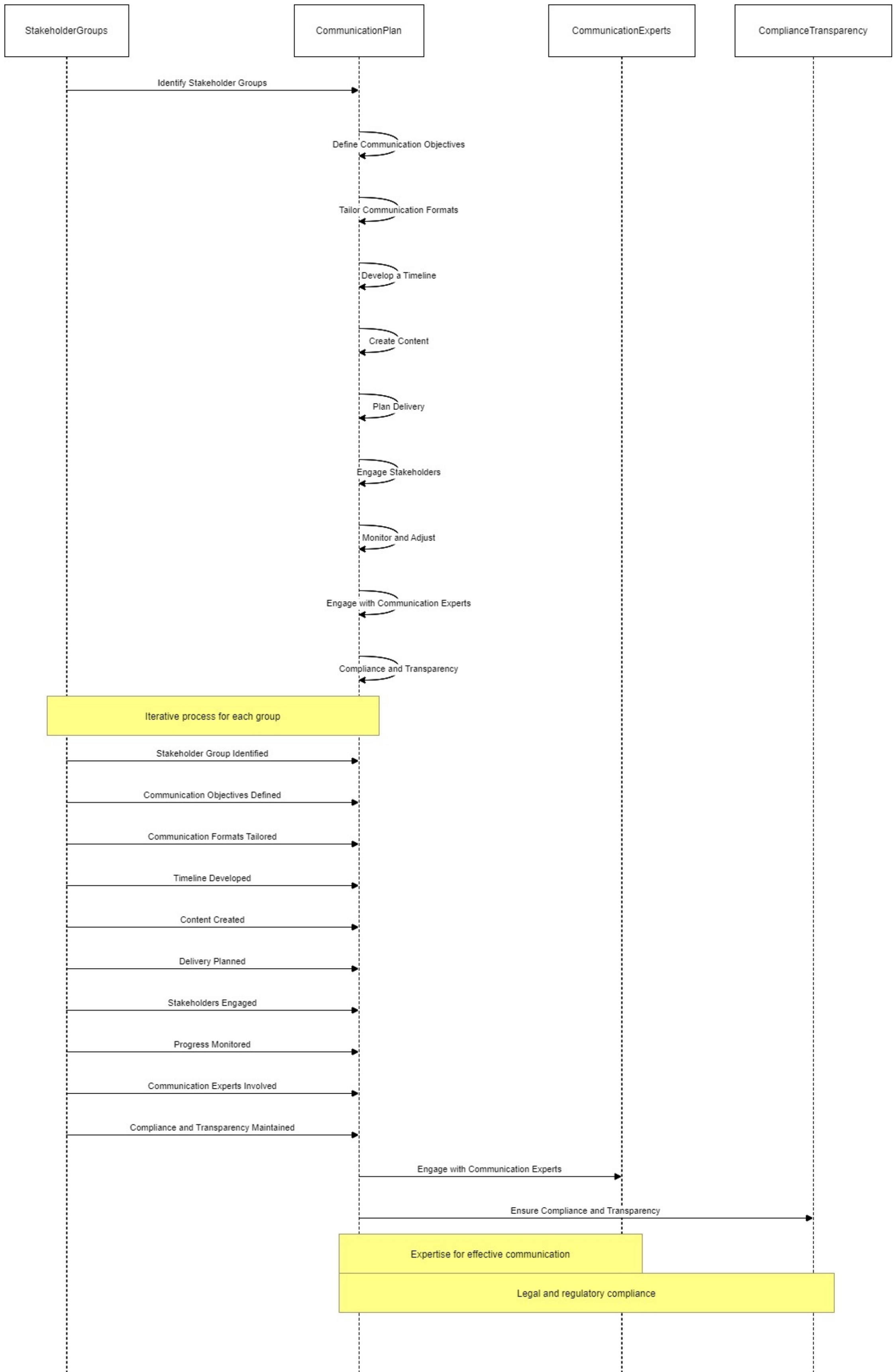
Financial Risk Management:

1. Interest Rate Risk: Interest rate risk refers to the potential impact of changes in interest rates on a company`s financial health.
Amazon has significant financing activities, and changes in interest rates can affect its borrowing costs.

Here are some risk management strategies: Fixed vs.
Floating Rate Debt: Amazon can consider maintaining a mix of fixed and floating rate debt.
2. Currency Risk: Currency risk, also known as foreign exchange risk, arises when a company operates in multiple currencies.
Amazon's international operations expose it to currency fluctuations.
Risk management strategies include Currency Hedging: Amazon can use currency hedging instruments to mitigate the impact of exchange rate fluctuations on its financials.
Amazon already operates in various countries, which provides some natural hedging.
3. Credit Risk: Credit risk pertains to the possibility of Amazon's customers or counterparties defaulting on payments.
To manage credit risk: Credit Assessment: Continuously assess the creditworthiness of customers and counterparties.
Credit Insurance: Consider purchasing credit insurance to protect against non-payment by customers or counterparties.
4. Liquidity Risk: Liquidity risk relates to the company's ability to meet its short-term financial obligations.
Revolving Credit Lines: Establish and maintain revolving credit facilities that can be drawn upon when needed to cover short-term liquidity gaps.
It's important to have a comprehensive risk management strategy that considers all relevant market risks.
Risk management strategies include: Business Continuity Planning: Develop robust business continuity and disaster recovery plans to minimize operational disruptions.
Therefore, its risk management strategies need to be comprehensive and tailored to the specific risks faced by each part of the business.
This is typically overseen by the company's finance and risk management teams, which continuously assess and adjust strategies in response to changing economic conditions and market dynamics.

Communications Plan:
1. Stakeholder Identification: Board of Directors: A thorough analysis focused on long-term financial stability and strategic coherence is required.
Management Team: You need detailed information to set your strategy and improve your operations.
Financial forecasts and compliance-related data are required by regulatory and compliance authorities.
Long-term business continuity and financial stability are important to our suppliers and customers.
3. Customize the format of your communications: Board of Directors: Personally delivered presentations or detailed reports including graphs, charts, and forecasts.
Management Team: Face-to-face meetings and comprehensive financial reporting.

Regulatory and Compliance Authorities: Compliance-specific reporting and documentation as required.
5. Document Preparation: Financial Reporting: Detailed report including performance measurements, historical financial data, and recommendations.


StakeholderGroups
CommunicationPlan
CommunicationExperts
ComplianceTransparency
Identify Stakeholder Groups
Define Communication Objectives
Tailor Communication Formats
Develop a Timeline
Create Content
Plan Delivery
Engage Stakeholders
Monitor and Adjust
Engage with Communication Experts
Compliance and Transparency
Iterative process for each group
Stakeholder Group Identified
Communication Objectives Defined
Communication Formats Tailored
Timeline Developed
Content Created
Delivery Planned
Stakeholders Engaged
Progress Monitored
Communication Experts Involved
Compliance and Transparency Maintained
Engage with Communication Experts
Ensure Compliance and Transparency
Expertise for effective communication
Legal and regulatory compliance

In summary, maintaining openness, fostering trust, and enabling informed decision-making within an organization depends on effective financial communication.
Adapting your strategy to different stakeholder groups, as outlined in this paper, ensures that financial information is not only shared but well accepted and understood by people with different needs and interests.

Even with complex financial data, this approach enables simple and effective communication with stakeholders, making key metrics and insights instantly understandable.
When communicating on a project, it is important to limit topics to avoid conveying too much information.
There are many metrics that need to be shared, from results and project risks to project status and challenges.

This customized approach ensures everyone agrees on the company`s strategy and financials, helping align goals and building trust.
The ultimate goal of this communications strategy, in addition to presenting financial analysis and recommendations, is to provide stakeholders with the information and understanding they need to make decisions that support the long-term financial stability and success of the company.

By using the tactics described in this document, the company can expand financial discussions, reduce risk, and foster a supportive and knowledgeable financial environment.

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