



BDA 632 FINANCIAL REPORT: AMAZON, INC.

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REPORT ON AMAZON, INC.

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TICKER: AMZN

INDUSTRY: DIVERSIFIED RETAILERS

PRICE: \$160.26

COMPANY WEBSITE: WWW.AMAZON.COM



Business description:

Amazon was founded as an online bookstore in 1994 in Washington, later reincorporating in Delaware in 1996. In its early years, Amazon made several acquisitions to expand its presence, including buying internet companies Book pages, Tele book, and IMDb in 1998 to bolster its online retail business.

Over the next few years, Amazon continued expanding into new areas through major acquisitions. It acquired e-commerce company Junglee and web portal Planet All in 1998, positioning itself in new internet services beyond books. In 1999, Amazon moved into auctions, payments, toys, and electronics through purchases of companies like Accept.com, Alexa Internet, and Back to Basics Toys.

In the 2000s, Amazon organically developed innovative new business lines like its Amazon Web Services cloud computing unit, now a major profit driver. It also continued acquiring companies, including Audible in 2008 to enter the audiobooks space, Zappos in 2009 to push into clothing and shoes, and Whole Foods in 2017 to establish a footprint in grocery retail.

ATTRIBUTES	INFORMATION
FOUNDED	1994
FOUNDER	Jeff Bezos
HEADQUATERS	Seattle, WA, USA
INDUSTRIES	E-commerce, cloud computing
SERVICES	Amazon prime, AWS, Kindle
REVENUE	\$386 billion

Recent major moves include the 2022 \$6.1 billion deal for movie studio MGM Holdings, boosting Amazon's video streaming service, and the 2023 \$18 per share acquisition of health company One Medical, expanding into healthcare.

Overall, Amazon has strategically acquired companies and developed new business units over the past 25+ years to grow from its origins as an online bookseller into a sprawling e-commerce, cloud services, streaming media, and healthcare enterprise. Key acquisitions and organic business development have allowed Amazon to diversify its operations and assume a dominant position across multiple industries.

Consumer Business:

Amazon serves consumers by being earth's most customer-centric company. It offers a large selection of products at competitive prices, fast and reliable delivery, and a high level of convenience. Key offerings include:

Online and physical retail stores

Subscription services like Amazon Prime

Electronic devices like Kindle, Echo, Fire tablets

Digital content and media streaming

Seller Services:

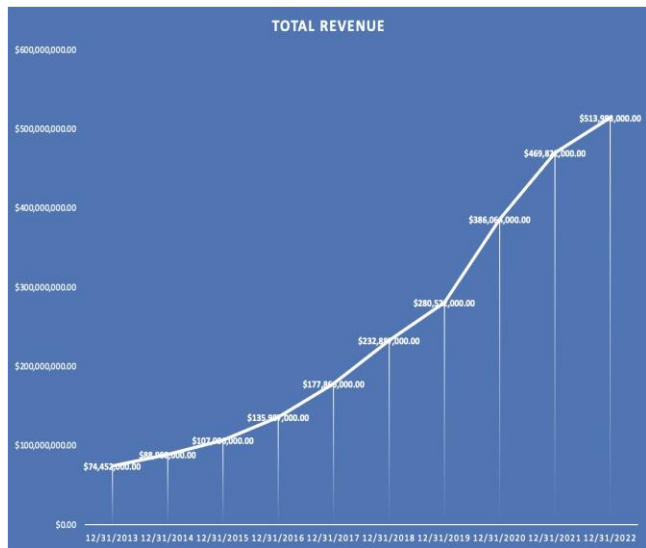
Amazon provides programs and platforms to help third-party sellers grow their business. Key offerings include:

Seller tools for managing inventory, orders and shipping.

Access to Amazon's large customer base

Advertising and promotion services





Amazon Web Services (AWS):

AWS provides on-demand cloud computing platforms and APIs to organizations of all sizes. Key offerings include:

Cloud computing infrastructure services

Storage, databases and data analytics

Machine learning and artificial intelligence

Key Financials (2022):

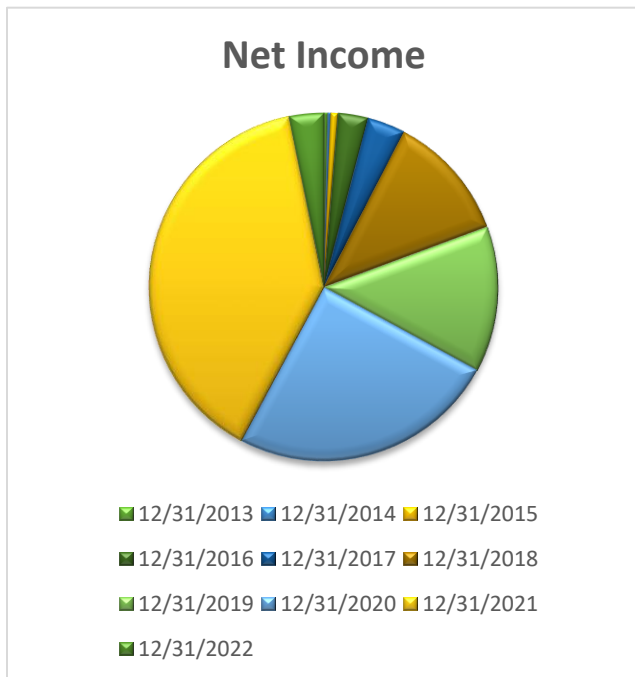
Revenues: \$514 billion Gross Margin: 43.8%

Net Income: \$2.7billion Share Price: \$155

EBITDA: \$20.3 billion Employees: 1.5 million

Total Assets: \$463 billion

Market Cap: \$1.32 trillion



Corporate Governance:

Amazon aims to create long-term shareholder value through customer obsession. Key aspects include:

Relentless focus on delivering value to customers

Making bold long-term investments over short-term profitability

Maintaining lean operations and cost discipline

Sales Revenue



■ 12/31/2013 ■ 12/31/2014 ■ 12/31/2015 ■ 12/31/2016
 ■ 12/31/2017 ■ 12/31/2018 ■ 12/31/2019 ■ 12/31/2020
 ■ 12/31/2021 ■ 12/31/2022

Hiring and retaining versatile, talented staff with ownership mentalities

Tightly linking shareholder interests with customer interests

Amazon believes taking care of customers is inherently tied to creating shareholder value over time. With innovation, passion and a long-term perspective at the core, Amazon strives to be Earth's most customer-centric company.

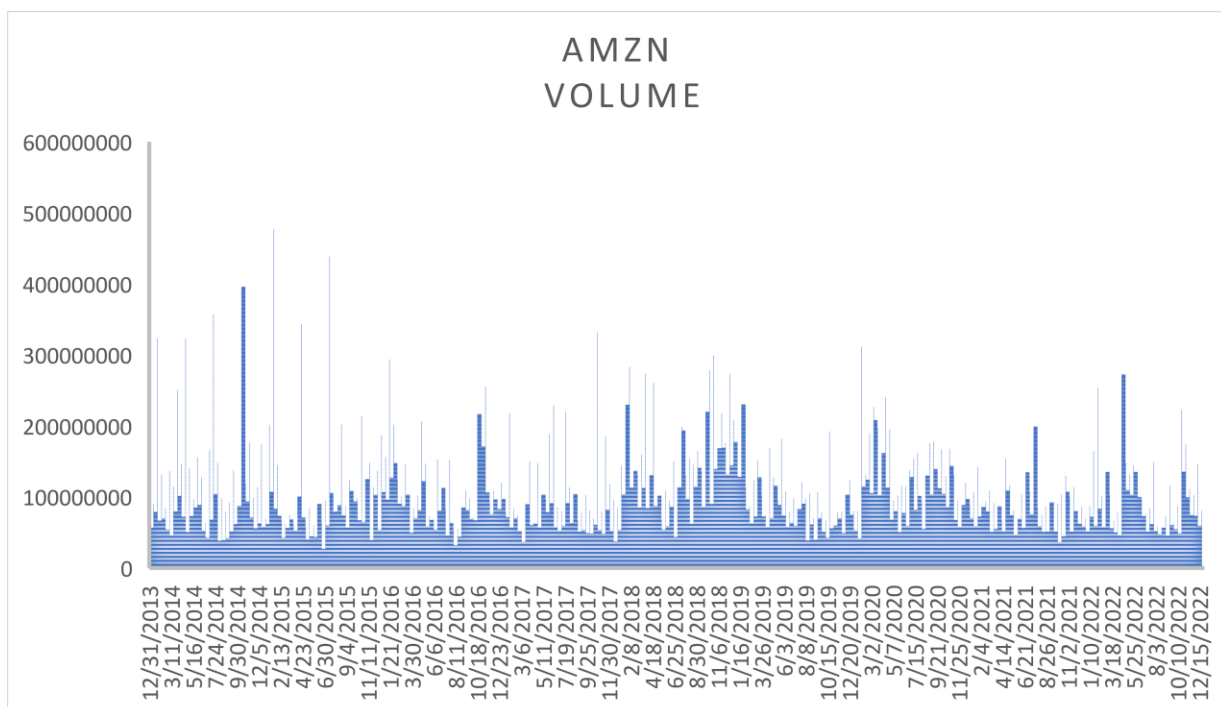
Financial Statement Analysis

Amazon Stock:

Date Range: 2013-12-31 to 2022-12-30.

Stock Price Movement: The adjusted closing price ranged from a low of \$14.35 to a high of \$186.57, indicating significant growth over the period.

Trading Volume: The average trading volume was approximately 82.56 million shares, reflecting high investor interest and liquidity in the stock.

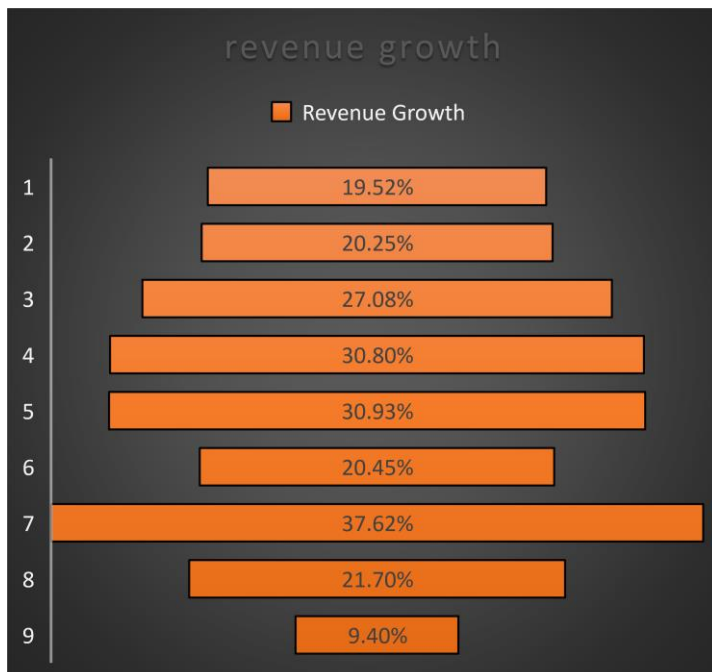
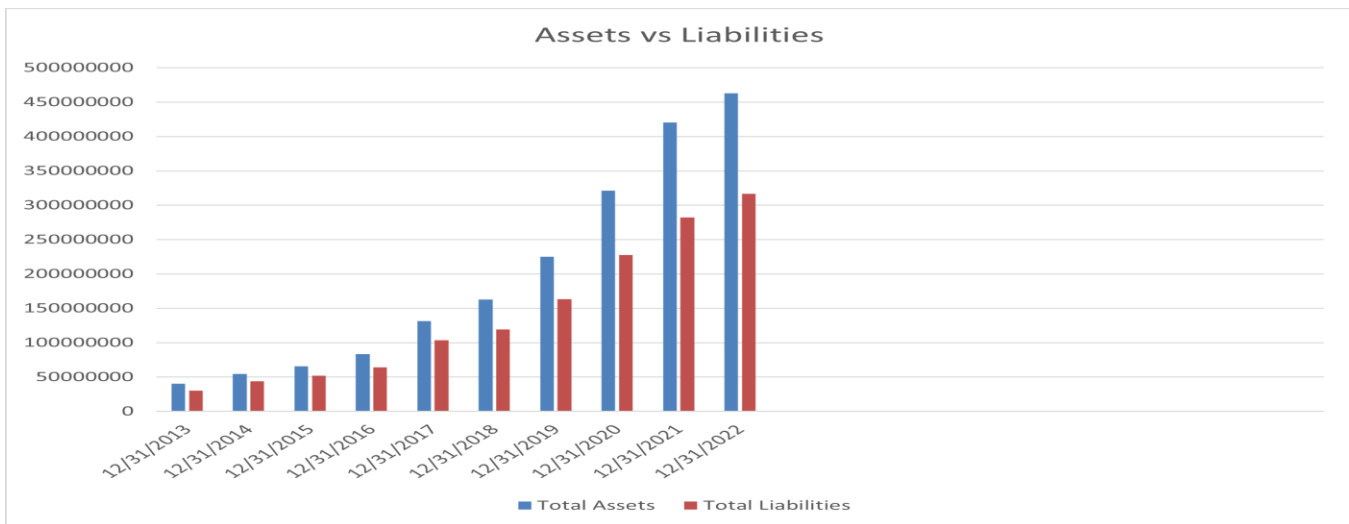


BS (Balance Sheet):

Trends in Assets: Observed categories including "Cash & Equivalents," "Receivables," "Inventories," and "Total Current Assets," which show Amazon's liquidity and short-term financial stability.

Property, Plant, & Equipment: The 'Gross Property Plant & Equipment' and its net value after depreciation show investments in long-term assets.

Intangible Assets and Other Assets: These include non-physical assets and miscellaneous assets Amazon holds.

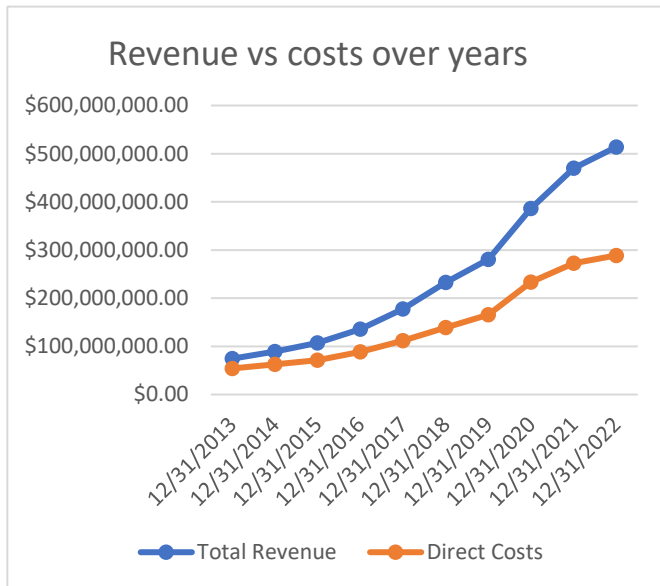


IS (Income Statement):

Revenue Growth: There's a clear trend of increasing revenue, indicating Amazon's expanding business operations.

Cost Structure: Significant R&D investments are included in the statistics along with direct charges and operating expenses.

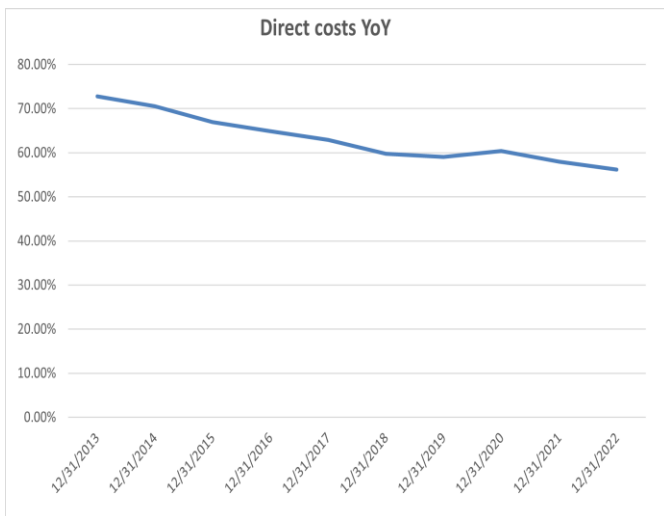
Profitability: Operating income and other income items provide insights into Amazon's profitability and financial performance.



Common size IS (Common Size Income Statement):

Revenue vs. Expenses Proportion: We can examine this sheet to observe how various expense categories (such as R&D, SG&A, and direct costs) compare to overall revenue over time.

Profit Margins: By expressing items as a percentage of sales revenue, we can assess the efficiency and changes in profit margins.



Key Observations:

Growth: Amazon has shown substantial growth in revenue and stock price.

Investment in Assets: There's a consistent investment in long-term assets and R&D, indicating a focus on growth and innovation.

Profitability Trends: The income statement and common size income statement reveal trends in profitability and expense management.

INCOME STATEMENT ANALYSIS for Amazon

Revenue Stability and Composition

Consistent Revenue Base: The sales and total revenue consistently being 100% across all years serves as the base for analyzing all other financial metrics. This approach normalizes the data, allowing for comparative analysis across different periods regardless of the absolute size of the revenue.

Cost of Goods Sold (Direct Costs) and Gross Profit

Decreasing Direct Costs: Direct costs have steadily decreased from 72.77% of total revenue in 2013 to 56.19% in 2022. This trend indicates Amazon's improving cost efficiency in its core operations, possibly through better procurement, logistics efficiencies, and economies of scale. The average direct cost percentage over the period is 63.14%.

Increasing Gross Profit Margin: Correspondingly, Amazon's gross profit margin has improved from 27.23% in 2013 to 43.81% in 2022, with an average of 36.86%. This improvement reflects Amazon's ability to control costs and enhance margins, crucial for funding its growth initiatives and investments.

Operating Expenses

Selling, General & Administrative (SG&A) Expenses: SG&A expenses have an upward trend, from 17.26% of total revenue in 2013 to 26.93% in 2022. This increase, averaging 21.67%, suggests Amazon is investing more in marketing, administrative functions, and perhaps expanding its global presence. The rise in SG&A expenses also reflects the company's focus on long-term growth over immediate profitability.

Research & Development (R&D) Expenses: R&D expenses have increased from 8.82% in 2013 to 14.24% in 2022, with an average of 11.79%. This consistent increase underscores Amazon's commitment to innovation, developing new products, services, and technologies to maintain its competitive edge.

Operating Income

Fluctuating Yet Improving Operating Income: Operating income has varied over the years but shows an overall upward trend, from 1.00% of total revenue in 2013 to a peak of 5.93% in 2020, before dropping to 2.38% in 2022. The average operating income margin is 3.28%, indicating Amazon's operational profitability has improved despite its significant investments in growth and expansion.

Non-Operating Income and Expenses

Volatility in Non-Operating Income: Total non-operating income has been volatile, significantly impacting earnings before tax and net income. Notably, in 2021, there was a substantial gain

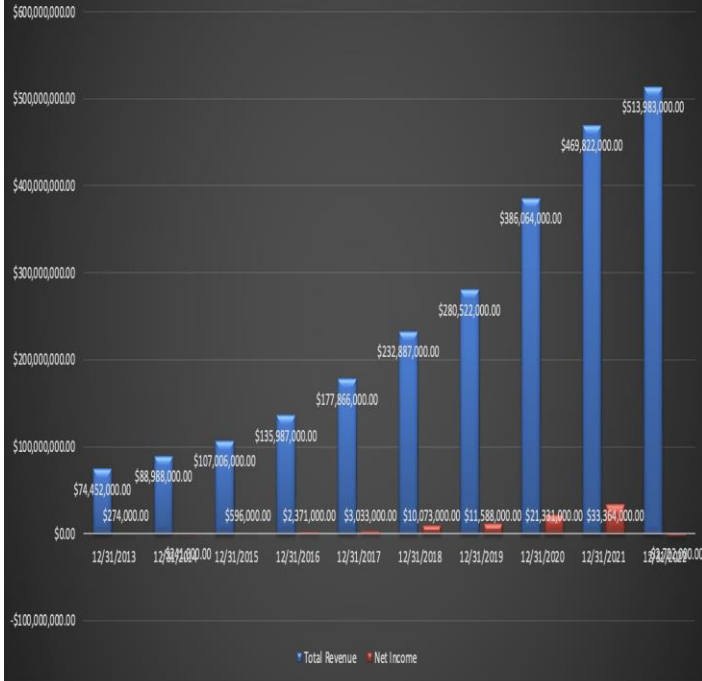
(2.82%), followed by a significant loss (-3.54%) in 2022, averaging -0.27% over the period. These fluctuations could be attributed to foreign exchange gains, interest income, and gains or losses on the sale of assets, reflecting the impact of Amazon's financial management strategies and external economic factors on its profitability.

Earnings Before Tax (EBT) and Net Income

EBT and Net Income Trends: Earnings before tax show a general upward trend, peaking at 8.12% in 2021, before a downturn to -1.15% in 2022, with an average EBT margin of 3.01%. Net income follows a similar pattern, reaching a high of 7.10% in 2021 and then falling to -0.53% in 2022, averaging 2.47%. These trends highlight the culmination of Amazon's operational efficiency, cost management, and non-operating income influences on its bottom line.

Date	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	Average
Sales Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Direct Costs	72.77%	70.52%	66.96%	64.91%	62.93%	59.75%	59.01%	60.43%	57.97%	56.19%	63.14%
Gross Profit	27.23%	29.48%	33.04%	35.09%	37.07%	40.25%	40.99%	39.57%	42.03%	43.81%	36.86%
Selling General & Admin	17.26%	18.71%	19.07%	20.06%	21.92%	22.40%	22.93%	22.59%	24.79%	26.93%	21.67%
Research & Development	8.82%	10.42%	11.72%	11.83%	12.72%	12.38%	12.81%	11.07%	11.93%	14.24%	11.79%
Other Operating Expense	0.15%	0.15%	0.16%	0.12%	0.12%	0.13%	0.07%	-0.02%	0.01%	0.25%	0.11%
Total Indirect Operating Costs	26.23%	29.28%	30.95%	32.01%	34.76%	34.91%	35.81%	33.64%	36.74%	41.42%	33.58%
Operating Income	1.00%	0.20%	2.09%	3.08%	2.31%	5.33%	5.18%	5.93%	5.30%	2.38%	3.28%
Interest Income	-0.14%	-0.19%	-0.38%	-0.28%	-0.36%	-0.42%	-0.27%	-0.28%	-0.29%	-0.27%	-0.29%
Gains on Sale of Assets										-3.10%	-3.10%
Foreign Exchange Gains										-0.17%	-0.17%
Other Non-Operating Income	-0.18%	-0.13%	-0.24%	0.07%	0.19%	-0.08%	0.07%	0.61%	3.11%	0.00%	0.34%
Total Non-Operating Income	-0.32%	-0.32%	-0.62%	-0.22%	-0.17%	-0.50%	-0.20%	0.33%	2.82%	-3.54%	-0.27%
Earnings Before Tax	0.68%	-0.12%	1.47%	2.86%	2.14%	4.84%	4.98%	6.26%	8.12%	-1.15%	3.01%
Taxation	0.22%	0.19%	0.89%	1.05%	0.43%	0.51%	0.85%	0.74%	1.02%	-0.63%	0.53%
Equity Earnings	-0.10%	0.04%	-0.02%	-0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%
Extraordinary Items	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accounting Changes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Income	0.37%	-0.27%	0.56%	1.74%	1.71%	4.33%	4.13%	5.53%	7.10%	-0.53%	2.47%

Revenue vs Net Income



Profitable ratio:

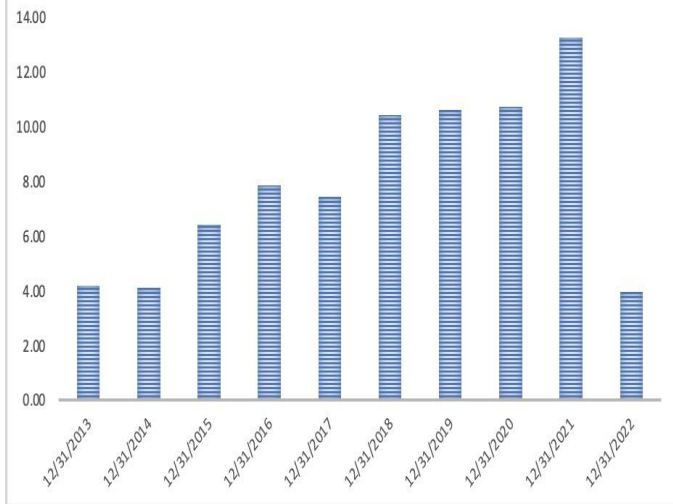
With the use of its EBITDA Margin, Amazon's operating profitability is represented as a proportion of overall sales. It appears from this ratio that Amazon was able to turn a bigger share of its revenue into operating profit between 2013 and 2019, as there was a general increasing trend during that period.

More specifically, from 1.7% in 2013 to a peak of 15.0% in 2019, the EBITDA Margin increased. This indicates that throughout that time, Amazon was growing considerably more profitable for its shareholders and operationally efficient.

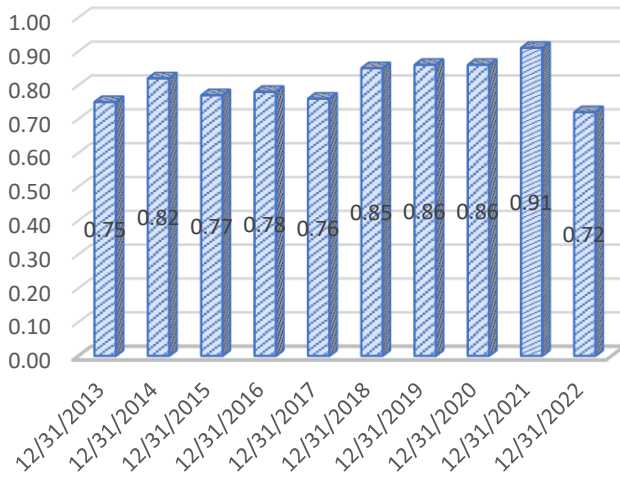
In 2022, however, there is a "significant dip" in the EBITDA Margin, falling to just 2.9%. According to this, Amazon's operational earnings as a percentage of revenue dropped dramatically in the last year. Inflationary pressures on expenses, supply chain constraints, workforce shortages, or strategic decisions that led to reduced margins are all potential factors. That being said, given the trend of rising profitability in the preceding years, this fall is noteworthy.

Ultimately, despite Amazon's operational profitability rising between 2013 and 2019, the company's EBITDA Margin had a significant decline in 2022, suggesting challenges in translating revenue into operating profits during that period. The short-term profit performance may be questioned in light of this in relation to the prior growth trajectory.

EBITDA MARGIN %



QUICK RATIO



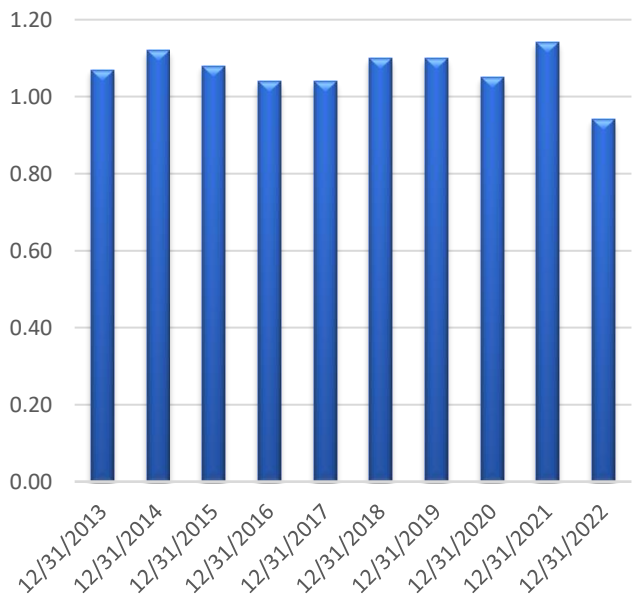
Liquidity ratio:

The percentage of Amazon's total assets that are made up of its net current assets is displayed by the Net Current Assets% TA ratio. This is a sign of the liquidity status of the business.

Amazon kept a positive percentage between 2013 and 2021, ranging from 4.2% to 18.6%. This shows that the company's current assets more than offset its short-term liabilities, indicating high liquidity overall.

The metric did, however, fall to -4.9% in 2022, which was the only negative value for the ten-year period. This implies that in 2022, Amazon's current liabilities will be more than its present assets.

Current Ratio



Potential liquidity problems are indicated by a negative net current asset value, which suggests that Amazon may have trouble using its most liquid assets to satisfy short-term obligations and may be limited in its ability to raise working capital. Compared to the other years' positive net current asset coverage, 2022's slide into negative territory is notable as an exception. Overall, this pattern shows that Amazon had strong liquidity from 2013 to 2021 before potentially showing limitations in 2022, as shown by the significant decline in net current assets relative to total assets. When compared to historical norms, the negative number raises concerns about the short-term liquidity position.

Debt Management:

A company's ability to cover interest costs on its outstanding debt from operational profits is gauged by its interest coverage ratio. Higher numbers signify greater confidence in the company's capacity to meet its debt payments.

Following a period of stability, Amazon's Interest Coverage ratio showed an overall downward tendency in the most recent two years (2021 and 2022). In particular, from 2013 to 2020, the ratio continuously ranged between 5.8x and 9.1x. But in 2022, it fell further lower to 2.0x after first falling to 8.3x in 2021.

The last two years' declining pattern indicates that Amazon's operating earnings may not have been able to sustain its debt obligations' interest payments. When this ratio becomes closer to 1.0x, it may indicate that there is a chance that interest payments will not be made on time.

As a result, even while Amazon's Interest Coverage was strong for the most of the decade at 5.8–9.1x, the company's consistent decrease since 2019 raises questions about its future capacity to pay interest on outstanding debt. Compared to previous coverage levels, the 2022 value of 2.0x in particular jumps out as concerning. There is now less safety margin to pay these fixed finance charges due to rising debt and stagnant operational profitability.



Asset Management:

A company's ability to generate revenues from its investments in fixed assets, such as buildings, factories, machinery, etc., is demonstrated by its Property, Plant, and Equipment (PP&E) Turnover ratio. A higher figure denotes more effective use of these capital expenditures.

Over the ten years from 2013 to 2022, Amazon's PP&E Turnover showed a declining tendency. More specifically, in 2022 the ratio dropped from 6.0x in 2013 to 3.8x. The consistent decrease indicates that Amazon's sales in relation to its net fixed assets have been declining.

A deliberate strategy to put future capacity ahead of present returns, technology disruptions, aging asset productivity decline, and overinvestment in underutilized or inefficient facilities are all possible causes of decreased PP&E turnover. However, the rate of decline raises concerns about how Amazon is maximizing its returns on significant PP&E investments over time.

whereas turnover increased by more than 5.9 times between 2013 and 2017, the indicator has now leveled off, falling by more than 35% from its peak. This suggests that Amazon is making less money these days for every dollar it spends on real estate, machinery, and plants. The overall efficiency of using fixed assets seems to be declining. Improving future capital productivity may require addressing the underlying causes of this trend.

Data per share:

After deducting liabilities, the book value per share shows the net value of assets attributable to each share of Amazon stock. According to the balance sheet of the business, it reflects the equity that underpins each and every share of stock.

From 2013 to 2022, Amazon's Book Value per Share showed a generally growing trajectory, going from \$18.74 to \$73.29 per share throughout that time. This consistent upward trend indicates that, on average, the company's shareholder equity has increased with each year that has gone by.

Book Value per Share has increased, indicating that despite more shares coming into the market as a result of growth-promoting offerings, Amazon has continuously increased the amount of tangible assets supporting each share. The balance sheet has strengthened, as indicated by rising values per share.

All things considered, the over fourfold increase in Amazon's book value per share over the last ten years indicates a generally healthy accumulation of equity per share. When two loss years are subtracted, the assets backed by shareholders have increased significantly year over year. This suggests that the business's financial base is generally getting stronger, which benefits investors.

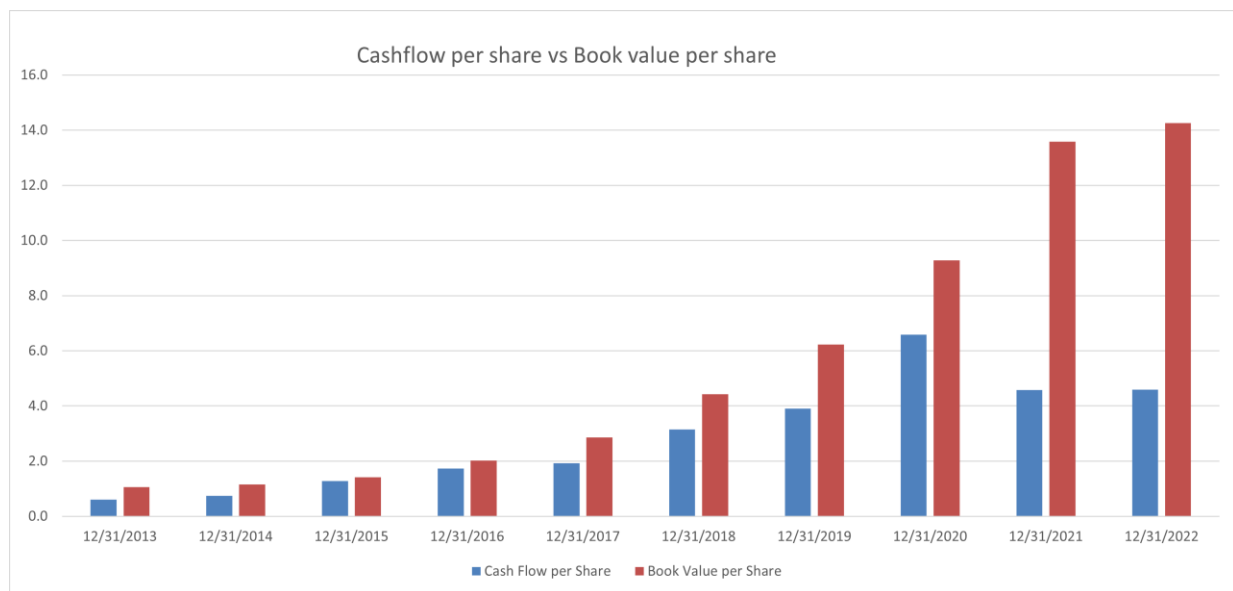
Per share cash flow:

Generally speaking, between 2013 and 2022, Amazon's financial health improved, as shown by improving long-term trajectories in both cash flow generation and intrinsic asset value per share.

More specifically, from a low of -\$0.10 in 2013 to a peak of \$51.33 in 2021, Cash Flow per Share increased by almost 38x. Over the course of the decade, Book Value per Share increased fourfold, from \$18.74 to \$73.29 a share. This suggests that cash flows and equity strength have robustly expanded for each investor.

Though Book Value is still increasing gradually, further investigation is necessary due to the sharp two-year decrease in Cash Flow per Share. Given that the balance sheet continues to accumulate asset footing, the discrepancy raises concerns about why cash generation has recently stalled.

Ultimately, when looking at growth and momentum per share, Amazon has demonstrated quantifiable growth over the past ten years. The longer favorable arc has given way to short-term liquidity difficulties, meanwhile, raising concerns about cash availability even as asset values rise. To maintain health, it would seem wise to assess the underlying cause of this growing imbalance.



Quick & current ratios:

Throughout the years 2013–2022, Amazon has kept its liquidity ratios modest and steady. Because of substantial inventory assets, the Current Ratio registers significantly higher than the Quick Ratio, which is close to 1. Nevertheless, these indices show yearly constancy.

The small variation suggests that Amazon is effectively managing working capital during its company expansion. The organization supports persistent sub-1 ratio trends by leveraging retail inventory turns and negotiated vendor terms, which may be rare in some industries.

Amazon's ratios need to be understood in perspective, even though consistently declining ratios would often cause concern. The business is similar to other massive IT and retail companies in that it has the ability to convert enough cash to satisfy its short-term obligations from its low liquid asset base.

Lastly, despite shifting its growth priorities, Amazon continues to retain steady, lean liquidity. The stability of both ratios over time, despite anomalous ratio levels, suggests a strong financial approach that relies on the business's ability to maintain operations with minimal cash reserves.



COMPETITORS:

1.WAYFAIR

2.EBAY

3.ODP

4.STITCH FIX

Wayfair Overview:

Wayfair is an online retailer of home goods and furnishings, operating through its U.S. and international businesses. It sells products from a variety of suppliers on sites including Wayfair, Joss & Main, All Modern, Birch Lane and Perigord. Wayfair also sells certain house brand items

Financials (As of 9/30/2023)

Revenue: \$11.99 billion Net Loss: \$915 million

Total Assets: \$3.36 billion

Total Liabilities: \$6.07 billion

Shareholders' Equity: -\$2.71 billion

Leadership:

Co-Chairmen & Co-Founders: Niraj Shah & Steven Conine

Chief Operating Officer: Thomas Netzer

Chief Commercial Officer: Stephen Oblak

Chief Financial Officer: Kate Gulliver

Other Details:

Wayfair's sites feature over 19 million items from more than 5,000 suppliers. Over 33 million customers have shopped on Wayfair.

The company has over 18,000 employees across its global operations.

Wayfair utilizes a range of technologies including AI and AR to enhance customer experience.

The stock is currently trading 56.17 with a 52-week range of 84.67 to 31.02.



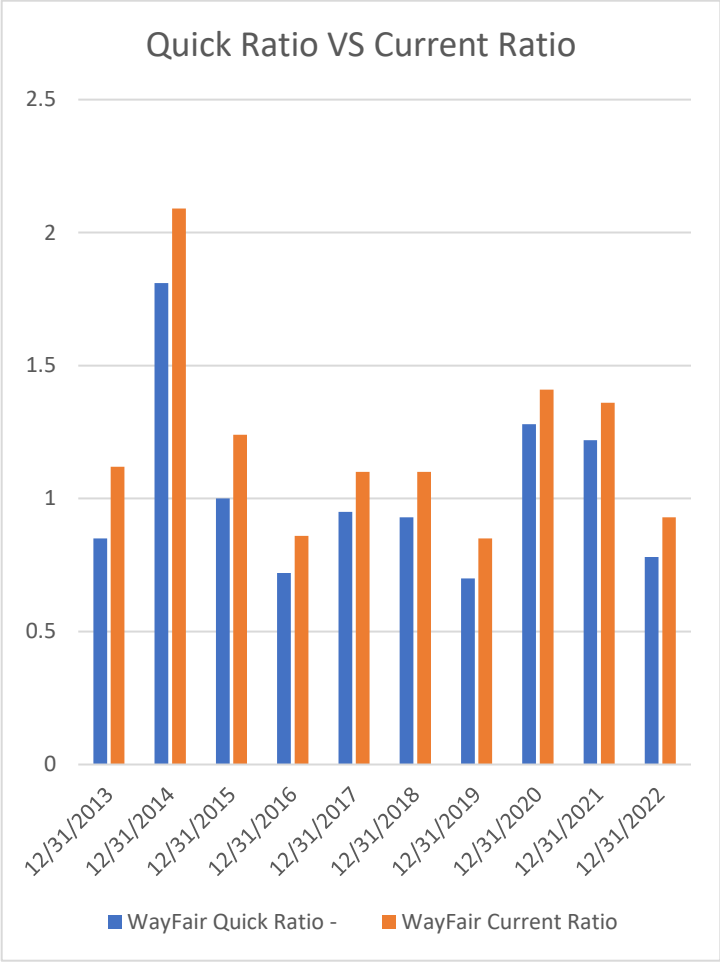
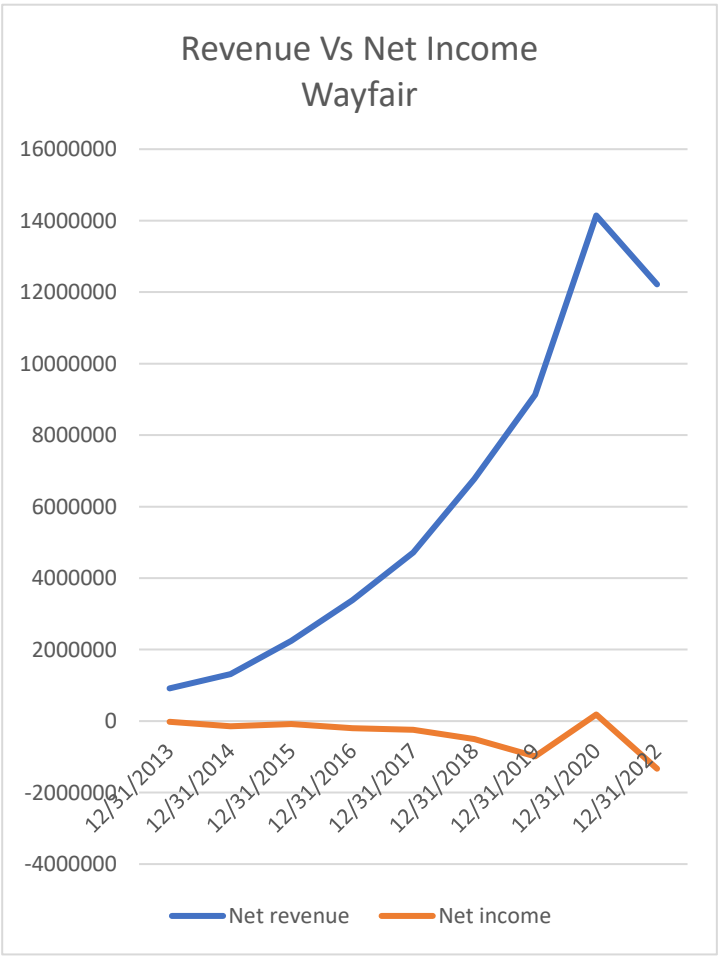
Liquidity ratio: Displays variability in its liquidity ratios, with a quick ratio high of 1.81 and a current ratio of 2.09 in 2014, indicating a dynamic asset and liability management approach.

Revenue Growth and Gross Profit Analysis:

Experienced explosive revenue growth, particularly from 2019 to 2020, though it saw a slight decline in 2022. Its gross profit has notably increased, indicating scaling efficiency.

Year-on-Year Growth Analysis:

Displayed peak growth of 54.98% from 2018 to 2019, although it faced a slight retraction in 2022, indicating rapid expansion challenges.



eBay Overview:

eBay operates an online marketplace platform and mobile apps connecting buyers and sellers. Key sites include www.ebay.com as well as localized sites in various countries. Offerings include buyer protection programs and authentication services.

Financials (As of 9/30/2023)

Revenue: \$10.06 billion Net Income: \$2.72 billion

Total Assets: \$21.18 billion

Shareholders' Equity: \$5.90 billion

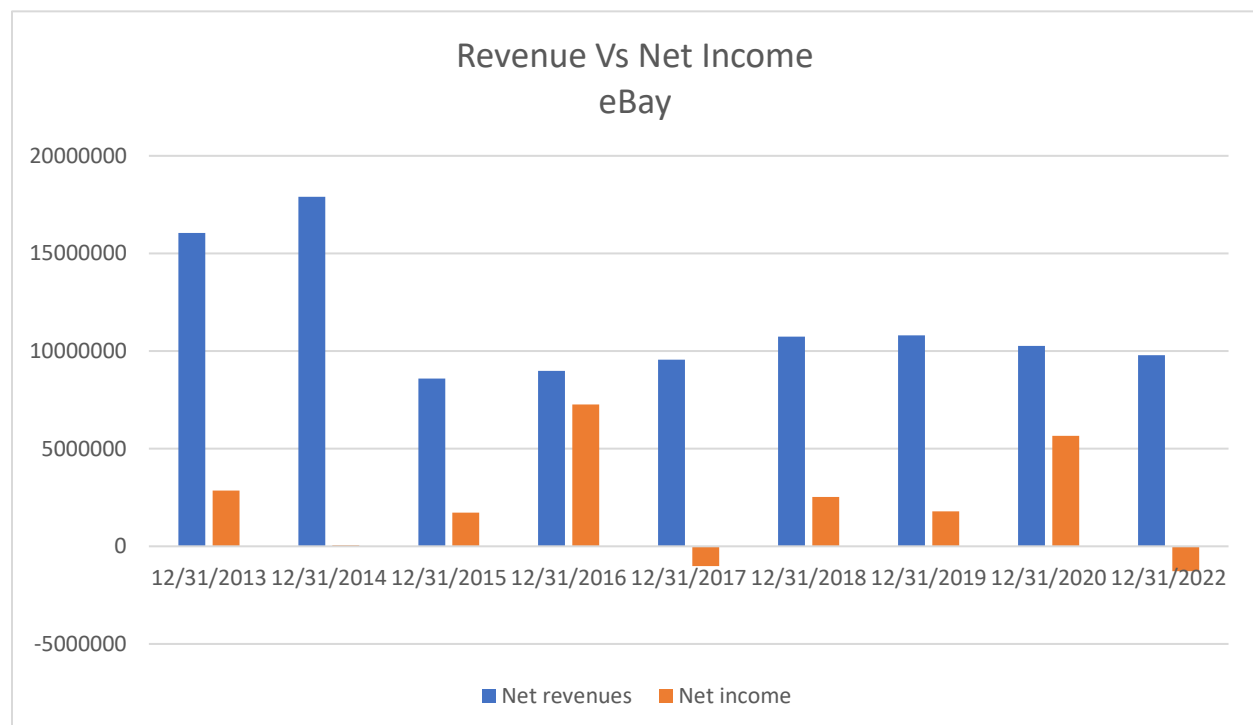
Leadership:

Chairman: Paul Pressler CEO: Jamie Iannone

Chief Financial Officer: Steve Priest

Chief People Officer: Cornelius Boone

General Counsel: Marie Huber



Liquidity ratio: Exhibits a strong liquidity position with a quick ratio peaking at 2.98 and a current ratio as high as 3.49 in 2015, significantly above the industry average. This reflects eBay's flexibility in operations and investments.

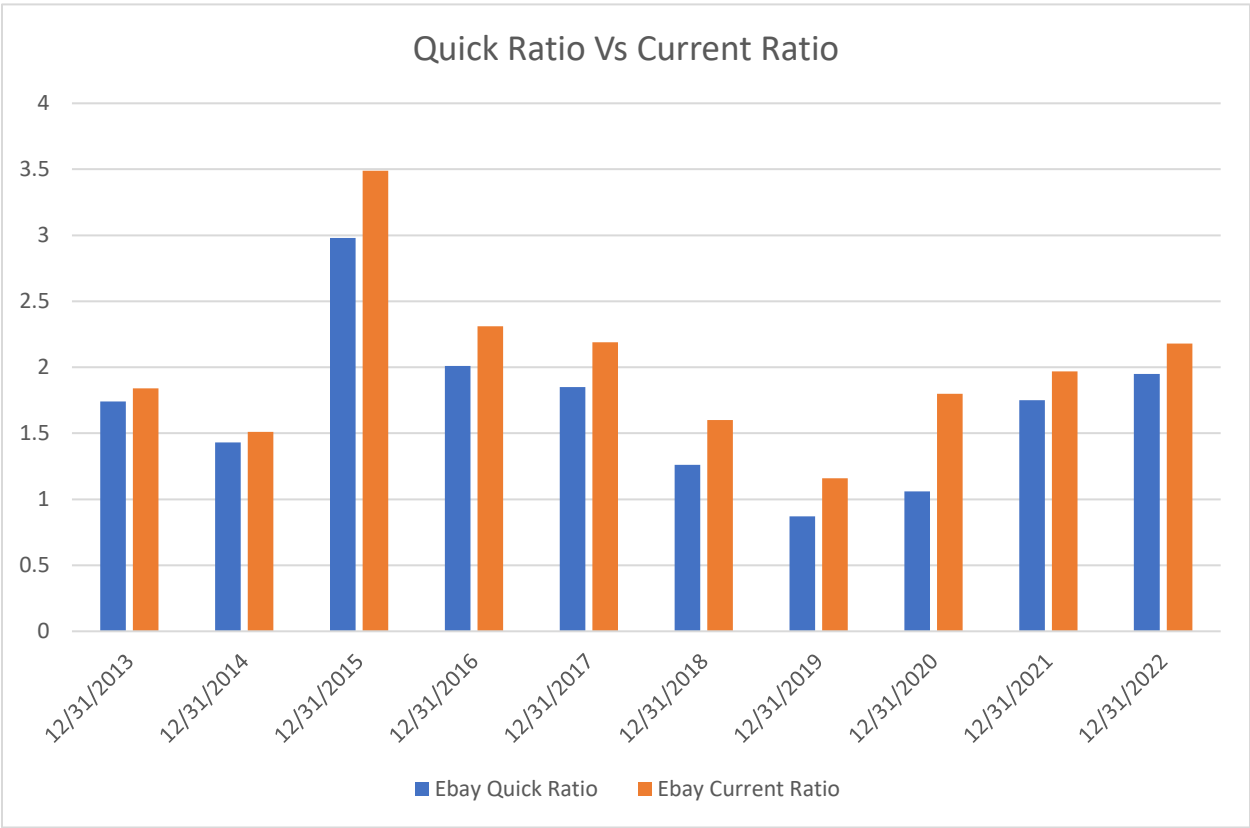
Revenue Growth and Gross Profit Analysis:

Exhibits a volatile revenue pattern with a notable decline in 2015, but has stable gross profit, suggesting consistent operational efficiency despite revenue fluctuations.

Stitch Fix: Reveals impressive growth since 2016, with both revenue and gross profit peaking in 2022, indicating scalable profitability.

Year-on-Year Growth Analysis:

Experienced a significant revenue drop in 2015 by -52.01%, followed by modest recovery, highlighting strategic shifts or divestitures.



ODP Overview:

The ODP Corporation, formerly Office Depot, is a provider of business services and supplies, products, and technology solutions through its Business Solutions Division and Retail Division. Key subsidiaries include Office Depot and OfficeMax.

Financials (As of 9/30/2023)

Revenue: \$8.13 billion Net Income: \$193 million

Total Assets: \$3.98 billion

Shareholders' Equity: \$1.16 billion

Leadership:

CEO: Gerry Smith CFO: Diego Scaglione

Chief Legal Officer: Sarah Hlavinka

Chief Technology Officer: Terry Leeper

Division President: John Gannfors

Other details:

OfficeMax in 2013

Maintains retail stores, distribution network, and online presence

Operates in the US, Puerto Rico, Virgin Islands and Canada

Stock currently trading around \$53 with 52-week range of \$58.55-\$40.06



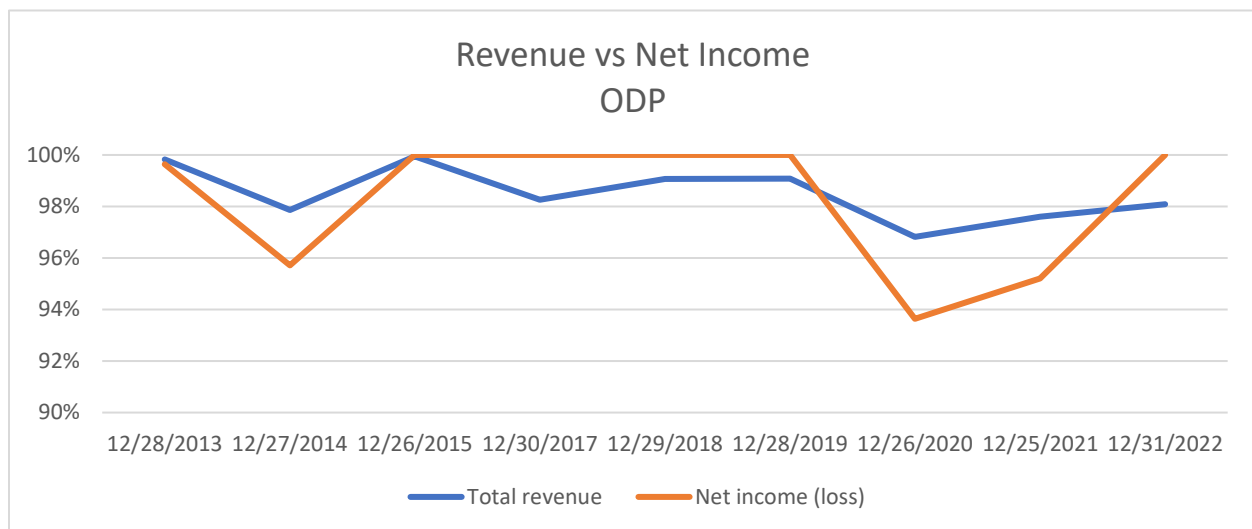
Liquidity ratio: Presents a declining trend in liquidity ratios, with a quick ratio dropping to 0.44 in 2021, potentially signaling liquidity challenges.

Revenue Growth and Gross Profit Analysis:

Shows a declining trend in both revenue and gross profit, highlighting challenges in market positioning and operational efficiency.

Year-on-Year Growth Analysis:

The declining revenue trend suggests struggles in adapting to market changes or facing increased competition.



Stitch Fix Overview:

Stitch Fix is an online personal styling service that delivers customized apparel, shoes and accessories. Clients fill out a style profile and receive shipments of items selected by a personal stylist ("Fix") or can shop personalized recommendations online ("Freestyle").



Financials (As of 10/28/2023)

Revenue: \$1.55 billion Net Loss: \$152 million

Total Assets: \$624 million

Shareholders' Equity: \$231 million

Leadership:

CEO: Matt Baer CFO: David Aufderhaar

Executive Chair & CEO: Katrina Lake

Chief Legal Officer: Casey O'Connor

Director: Kofi Amoo-Gottfried

Other Details:

Founded in 2011 in San Francisco, went public in 2017

Over 4.2 million total Stitch Fix clients

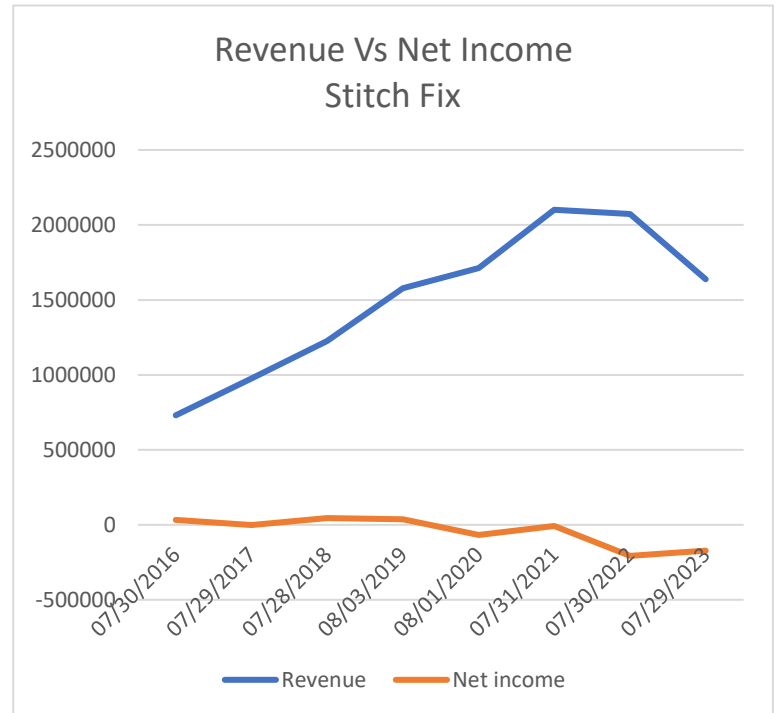
Operates five distribution centers in the US

Stock trading around \$3.21, with 52-week range of \$5.60-\$2.81

Liquidity ratio: Demonstrates an improving quick ratio, indicating an enhanced ability to cover short-term liabilities without relying on inventory sales.

Year-on-Year Growth Analysis:

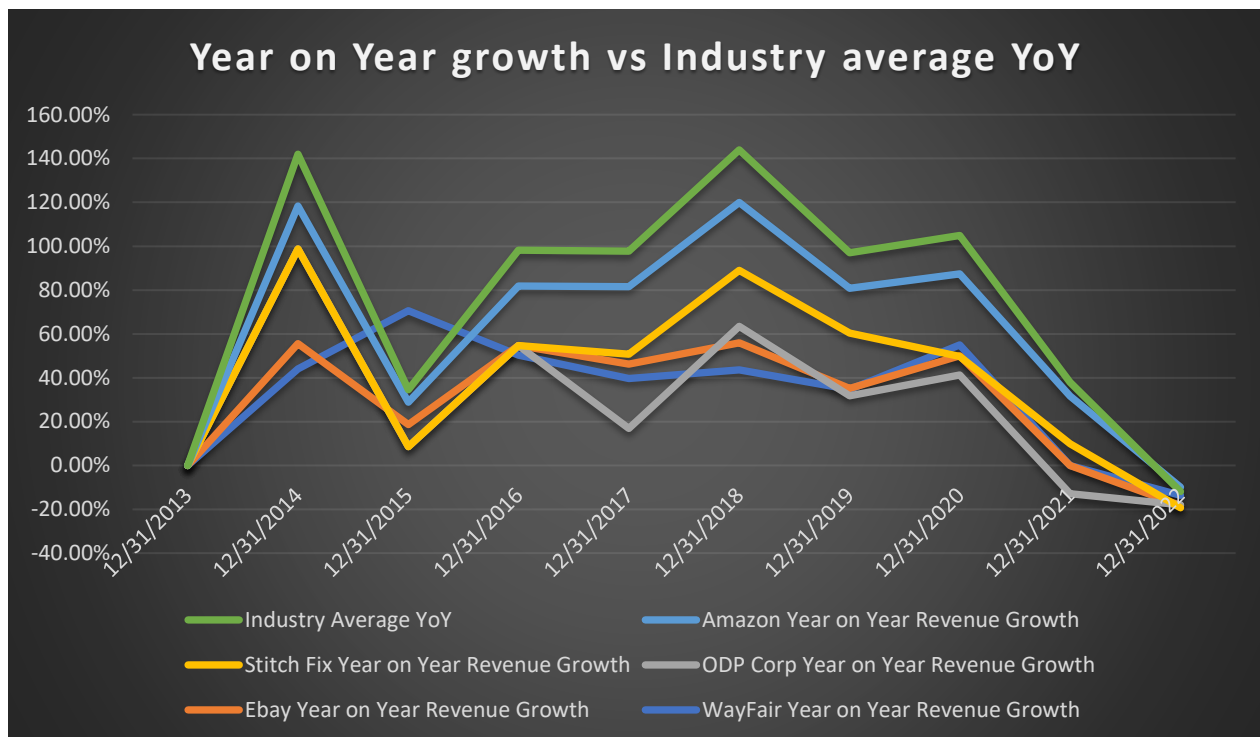
Shows a positive growth trajectory with fluctuations, notably a 28.62% increase from 2018 to 2019, showing potential for rapid expansion.



Year on year growth vs industry average:

An important finding is that Amazon's revenue growth is significantly higher than the other companies' annual increases. Its dominant market position and quick expansion are highlighted by the graphic, which shows Amazon's revenue increasing dramatically over the ten-year period.

Because of the scale disparity, the revenues of the other companies seem nearly flat in comparison, but by 2022, Amazon's revenue is expected to reach previously unheard-of heights. With a focus on Amazon's aggressive expansion and success in the retail and technology industries, this graphic clearly highlights the differences in revenue growth among these companies.

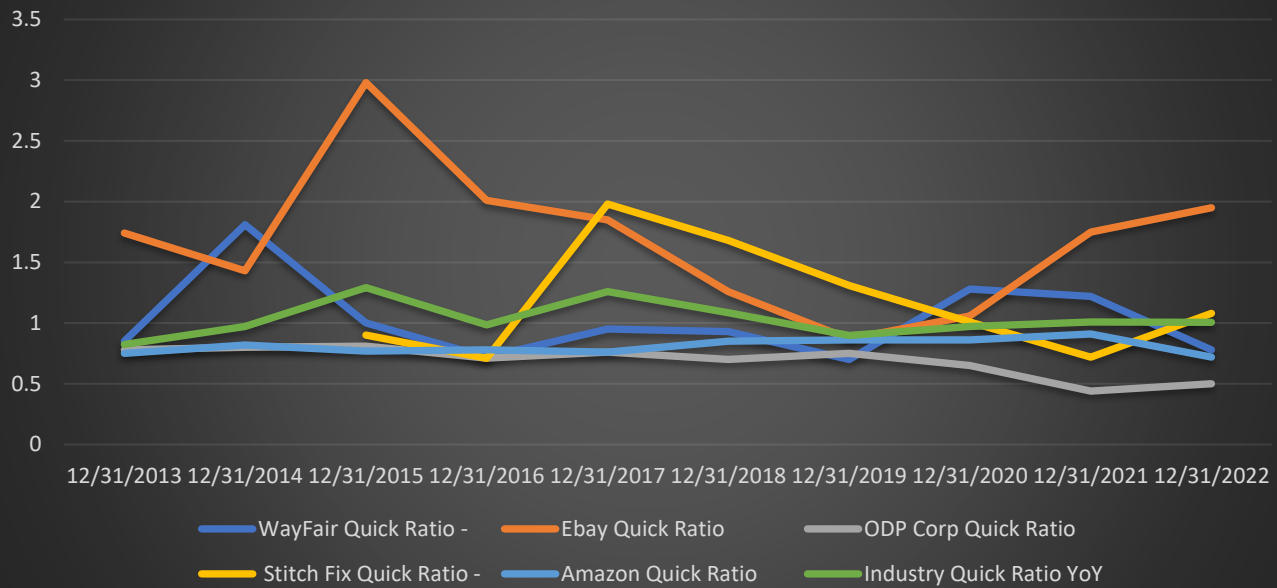


Quick ratio comparative analysis:

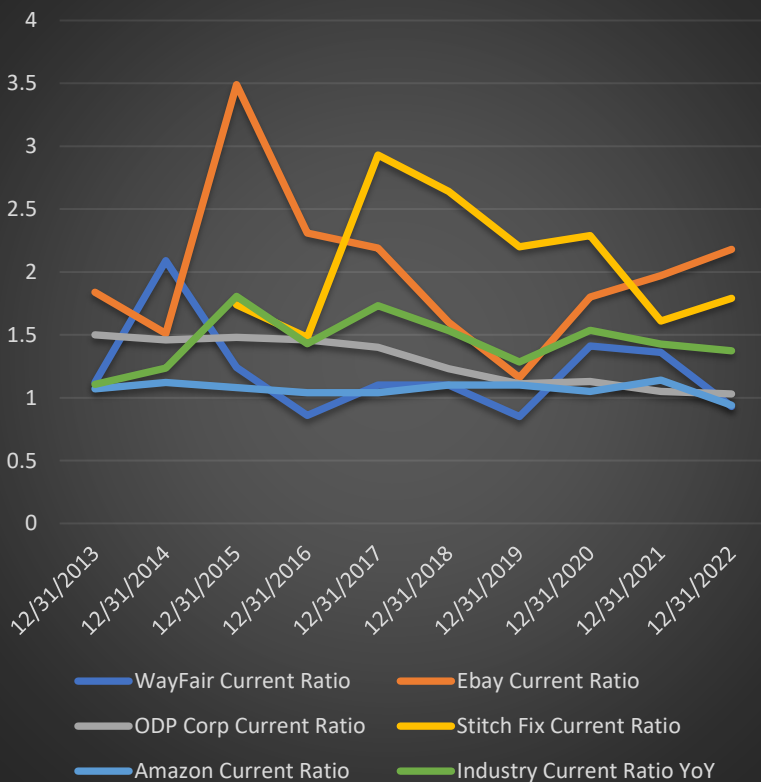
When comparing the quick ratios of different companies between 2013 and 2022, you could want to point out that eBay's quick ratio reached a high point in 2015, indicating a strong ability to meet short-term obligations without having to liquidate inventory. By comparison, Wayfair and Stitch Fix saw significant swings in their quick ratios throughout this time, which suggests that their short-term liquidity fluctuated.

In comparison, ODP Corp showed a steady quick ratio trend that was almost in line with the industry average. This indicates a steady level of liquidity that is within the industry standards. The industry average itself showed a general improvement in the liquidity condition for the sector, with just modest variability and an overall upward trend. Over time, Amazon's quick ratio showed a consistent upward trend, with a notable rise in 2022, suggesting an improved liquidity situation.

QUICK RATIOS



CURRENT RATIOS



Current ratio analysis:

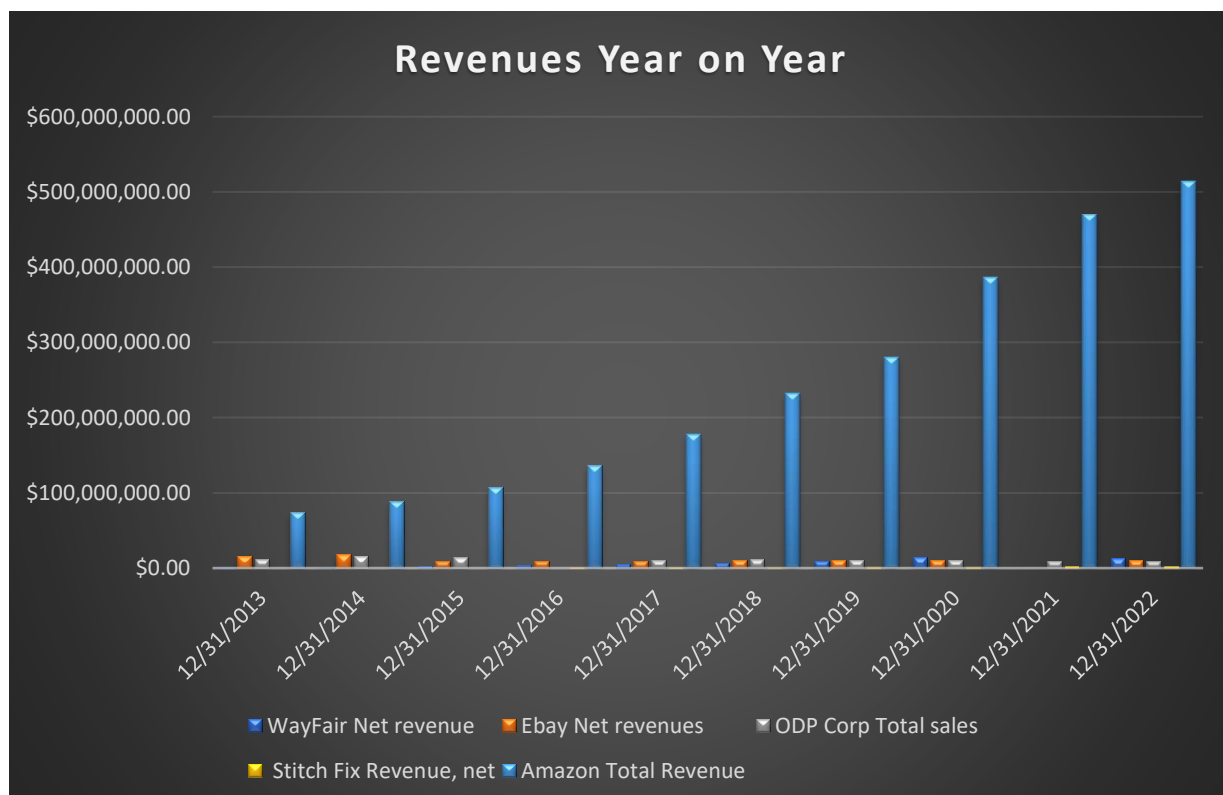
eBay's current ratio, which measures liquidity, peaked in 2015, indicating a robust capacity to fulfill short-term obligations at that point. In the meantime, the current ratios of Wayfair and Stitch Fix have exhibited notable annual variations, underscoring their differing levels of liquidity. In particular, Wayfair saw a big uptick in 2014, which was followed by a sharp decrease, indicating a period of uncertain or changing financial conditions. Over the course of the last ten years, the industry average current ratio has stayed largely steady, with just slight variations signifying consistent liquidity. The individual volatility observed in Wayfair and Stitch Fix stands in stark contrast to this stability.

A convergence in current ratios across the companies is shown by the conclusion of the term in 2022, suggesting that the industry's liquidity levels may normalize. The observed convergence may be a reaction to prevailing financial conditions in the industry or operational modifications that have a comparable impact on these companies.

Given that its current ratio has fluctuated very little throughout the years, Amazon is notable for its stability in maintaining liquidity. This consistency points to a consistent method of keeping current assets and current obligations in check, indicating efficient continuous financial management.

Industry Analysis:

Tight margins, fierce competition, and the necessity of efficiency and scale for success are the hallmarks of the retail and e-commerce industries. Businesses in this industry span from conventional brick-and-mortar stores to specialized e-commerce platforms and internet marketplaces. Other characteristics of the industry include the quick development of technology, shifting consumer preferences, and the importance of supply chain management and logistics.



Financial Performance and Operational Efficiency:

An important finding is that Amazon's revenue growth is significantly higher than the other companies' annual increases. Its dominant market position and quick expansion are highlighted by the graphic, which shows Amazon's revenue increasing dramatically over the ten-year period.

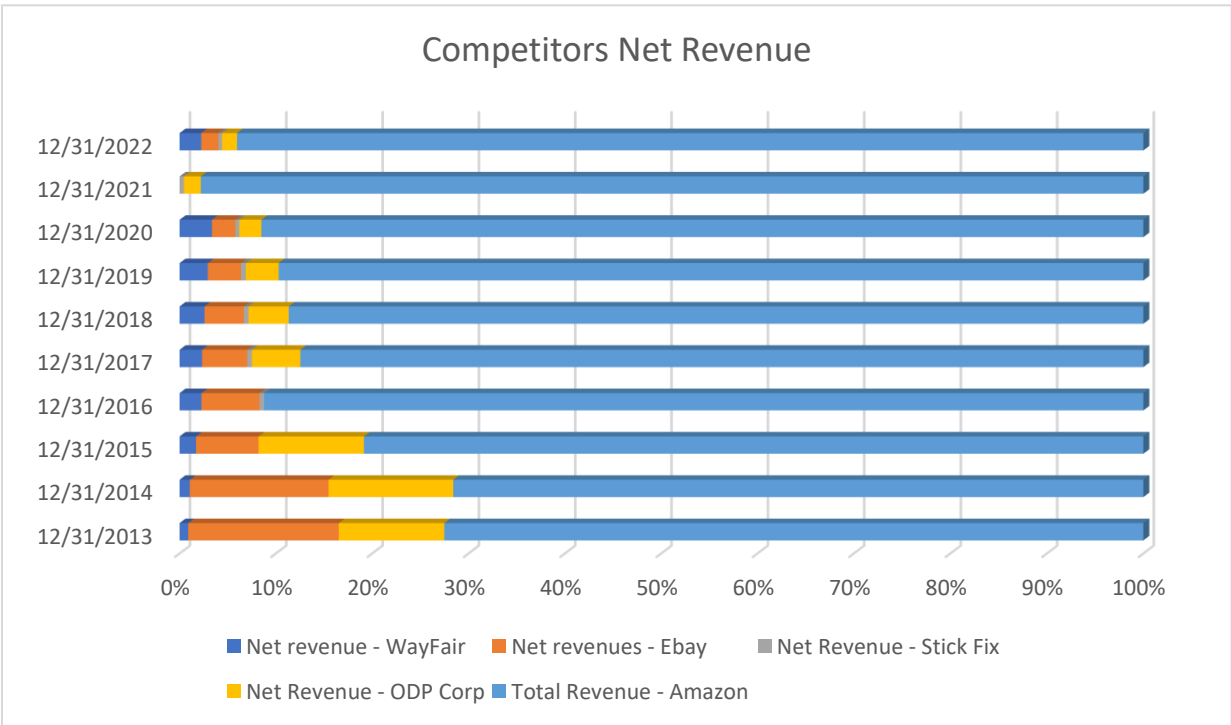
Because of the scale disparity, the revenues of the other companies seem nearly flat in comparison, but by 2022, Amazon's revenue is expected to reach previously unheard-of heights. With a focus on Amazon's aggressive expansion and success in the retail and technology industries, this graphic clearly highlights the differences in revenue growth among these companies.

Market Valuation:

The market capitalization numbers, which show Amazon ahead by a wide margin, show how investors value these companies. This valuation takes into account both projected future growth and profitability in addition to existing earnings.

Because of their successful business strategies and efficient operations, companies such as eBay Inc. have great investor sentiment, as seen by their market size and PE ratio.

In contrast, investors are likely to be skeptical about companies without a PE ratio or having a small market capitalization, perhaps because they are unsure about their potential for future growth or profitability.



Sector Trends and Strategic Positioning:

The industry is seeing a trend toward omnichannel shopping, in which businesses combine online and offline experiences to provide better customer service. This pattern highlights the significance of supply chain management, logistics, and technology innovation.

Customers' growing concerns about sustainability and ethical business practices are having an impact on business operations and strategy. Businesses that adjust to these demands can open up new growth opportunities and increase client loyalty.

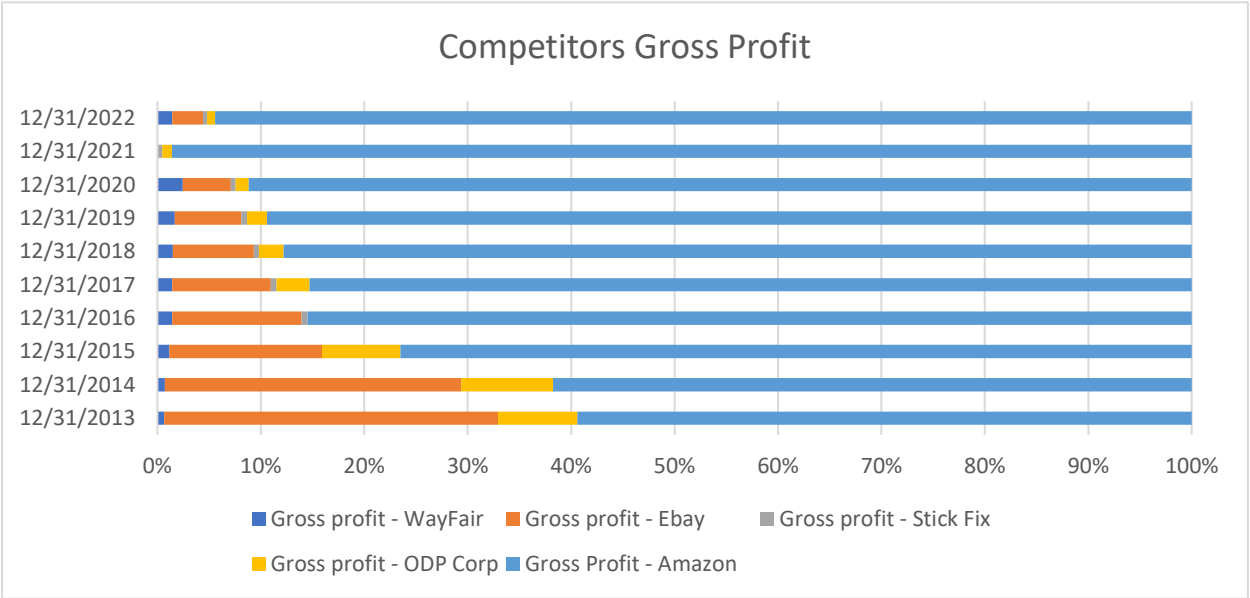
Personalized content and data analytics are vital competitive advantages that help businesses boost customer satisfaction and operational effectiveness. Despite the dominance of larger players, niche players can carve out durable market positions by utilizing these technologies.

Challenges and Opportunities:

The industry is moving toward omnichannel retailing, in which businesses combine online and offline experiences to provide better customer service. The significance of supply chain management, logistics, and technical innovation is emphasized by this trend.

Customers are becoming more and more concerned with sustainability and ethical business practices, which has an impact on business operations and strategy. Businesses that adjust to these expectations might increase client loyalty and pen up new growth opportunities.

Companies may improve customer experience and operational efficiency by leveraging data analytics and personalization as key competitive advantages. Notwithstanding the dominance of larger companies, niche players might establish lasting market positions by utilizing these technologies.



Competitive Pressures:

Maintaining or increasing market share in this fiercely competitive industry requires businesses to consistently innovate and boost productivity.

Technological Advancements: Investing in technology presents prospects for efficiency advantages and distinctiveness, ranging from artificial intelligence to blockchain; nonetheless, it necessitates substantial resources and experience.

Global Economic Conditions: The performance of a sector can be greatly impacted by changes in consumer spending trends, trade regulations, and economic conditions.

Consumer Preferences: For long-term success, it is imperative to adjust to the ever-evolving preferences of consumers, including the need for sustainable and ethical products.

SWOT ANALYSIS:

Strengths

Creative Infrastructure and Ecosystem: Amazon's ecosystem, which includes its e-commerce platform, AWS, Prime Video, and gadgets like Kindle and Echo, produces a strong network effect that increases consumer stickiness and stimulates cross-selling opportunities. Competitors face significant obstacles when trying to join its global logistics network because of its sophisticated fulfillment facilities and last-mile delivery capabilities.

Data Analytics and Customer Insights: Amazon can tailor shopping experiences, better understand customer preferences, and streamline its logistics and inventories thanks to its extensive use of data analytics. Its competitive edge is derived from the data-driven approach that underpins targeted marketing campaigns and effective operations.

Financial Resources for Strategic Investments: Amazon is able to make investments in new technology, market expansion, and acquisitions because of its robust financial performance. Amazon can aggressively explore growth possibilities and quickly adjust to changes in the industry because to its financial flexibility.

Weaknesses

Workforce Management and Labor Relations: Amazon's staff management practices, especially the working conditions in fulfillment centers and how it handled labor organizing activities, have drawn criticism and difficulties. These problems might harm the company's reputation and cause problems with operations.

Complexity and Scale of Operations: The complexity of Amazon's enormous operations is getting harder and harder to manage as it grows. It can be challenging to maintain operational excellence and high standards of customer service due to this complexity, which can also lead to inefficiencies.

Market Expectations and Performance Pressure: The market has high expectations for Amazon's future expansion and innovation as a result of its success. Achieving these goals necessitates ongoing innovation and investment, which strains performance and may result in overstretching strategically.

Opportunities

Expansion into New Services and Industries: Amazon has the potential to upend sectors including financial services, entertainment, and telecommunications in addition to retail and cloud computing. Its entry into and potential dominance of new markets is demonstrated by its acquisition of Whole Foods Market and its entry into the grocery retailing space via Amazon Fresh.

Private Label Products: Amazon can increase its profit margins and boost consumer loyalty by creating private label products in a variety of sectors. Increasing the scope of its private label offers can boost revenue and provide it a competitive advantage against traditional and internet shops.

Sustainability Leadership: Amazon has the chance to take the lead in sustainability as environmental issues gain more attention, especially in the areas of renewable energy, eco-friendly items, and sustainable packaging. In addition to meeting customer demand, this eventually results in cost savings and increased operational efficiency.

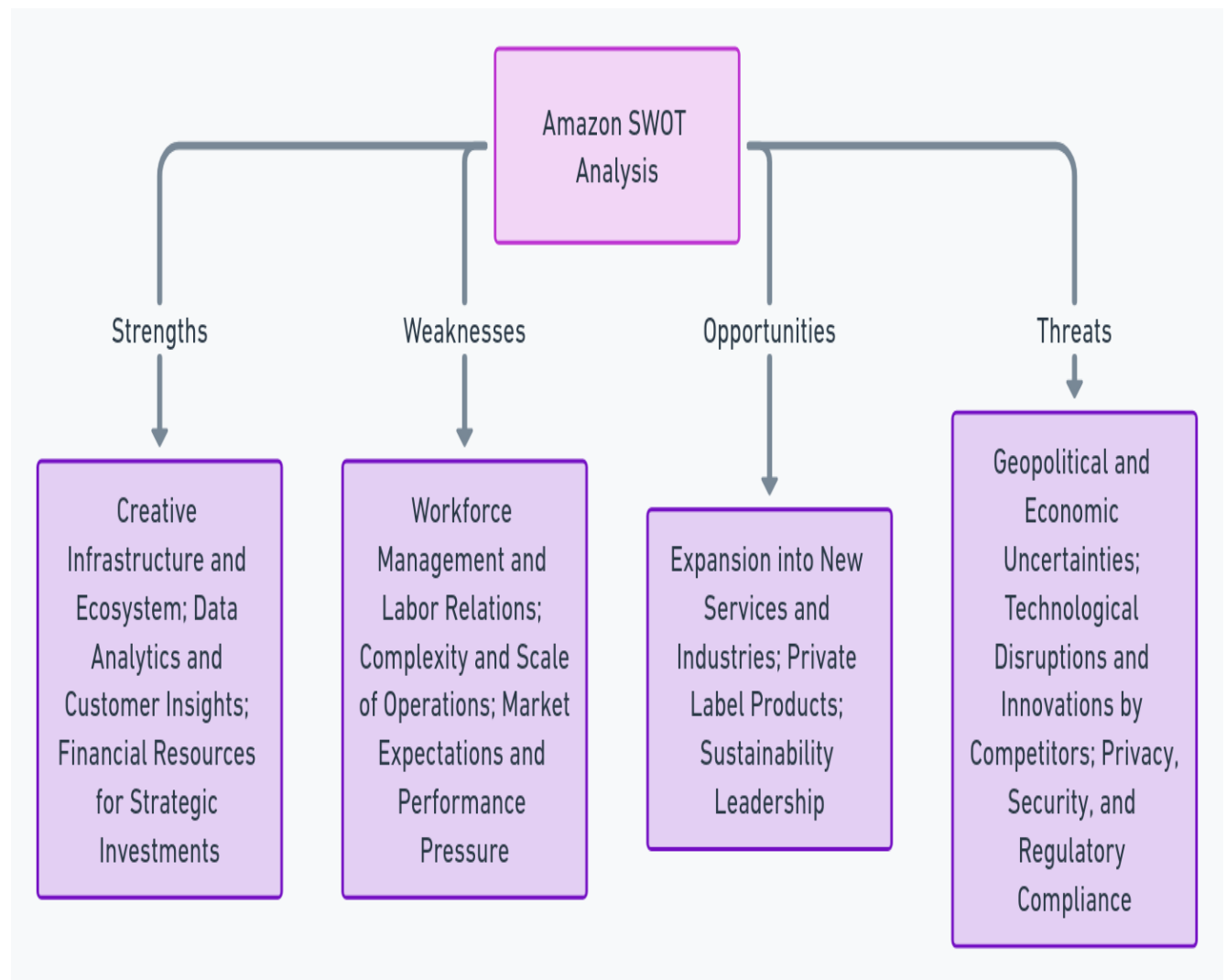
Threats

Geopolitical and Economic Uncertainties: Amazon's foreign operations and supply chain may be impacted by trade tensions, geopolitical unrest, and volatility in the global economy. Its cost structure and marketing approach may be impacted by exchange rate fluctuations and modifications to trade regulations.

Technological Disruptions and Innovations by Competitors: Innovation is essential for Amazon to keep ahead of the curve given the speed at which technology is developing. Amazon's market position in important categories may be eroded by rivals, especially startups that are utilizing cutting-edge technologies.

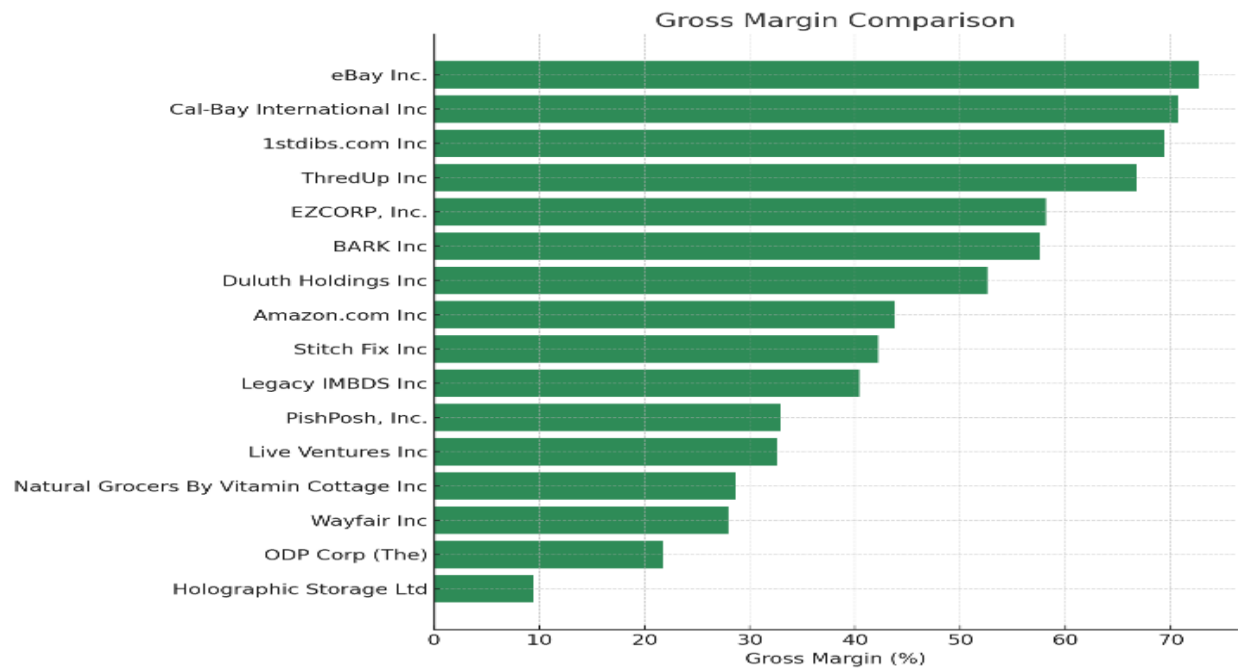
Privacy, Security, and Regulatory Compliance: Amazon's operations are at risk from growing privacy and data security concerns as well as the possibility of stricter regulatory frameworks globally. Adherence to a multitude of constantly changing rules necessitates substantial resources and may have an effect on the company's operations.

Amazon can maintain its market leadership and promote sustainable growth by addressing these risks and weaknesses and leveraging its possibilities. To overcome the obstacles and seize the opportunities that lie ahead, the company's capacity to innovate, adjust to shifting market conditions, and venture into new markets will be essential.



Competitive positioning:

Competitive positioning within the retail and e-commerce sector is determined by several factors including financial performance, market reach, operational efficiency, innovation, customer service, and adaptability to market trends. Using the previously discussed financial metrics and industry trends, we can evaluate the competitive positioning of Amazon, eBay, Wayfair, ODP Corp, and Stitch Fix.



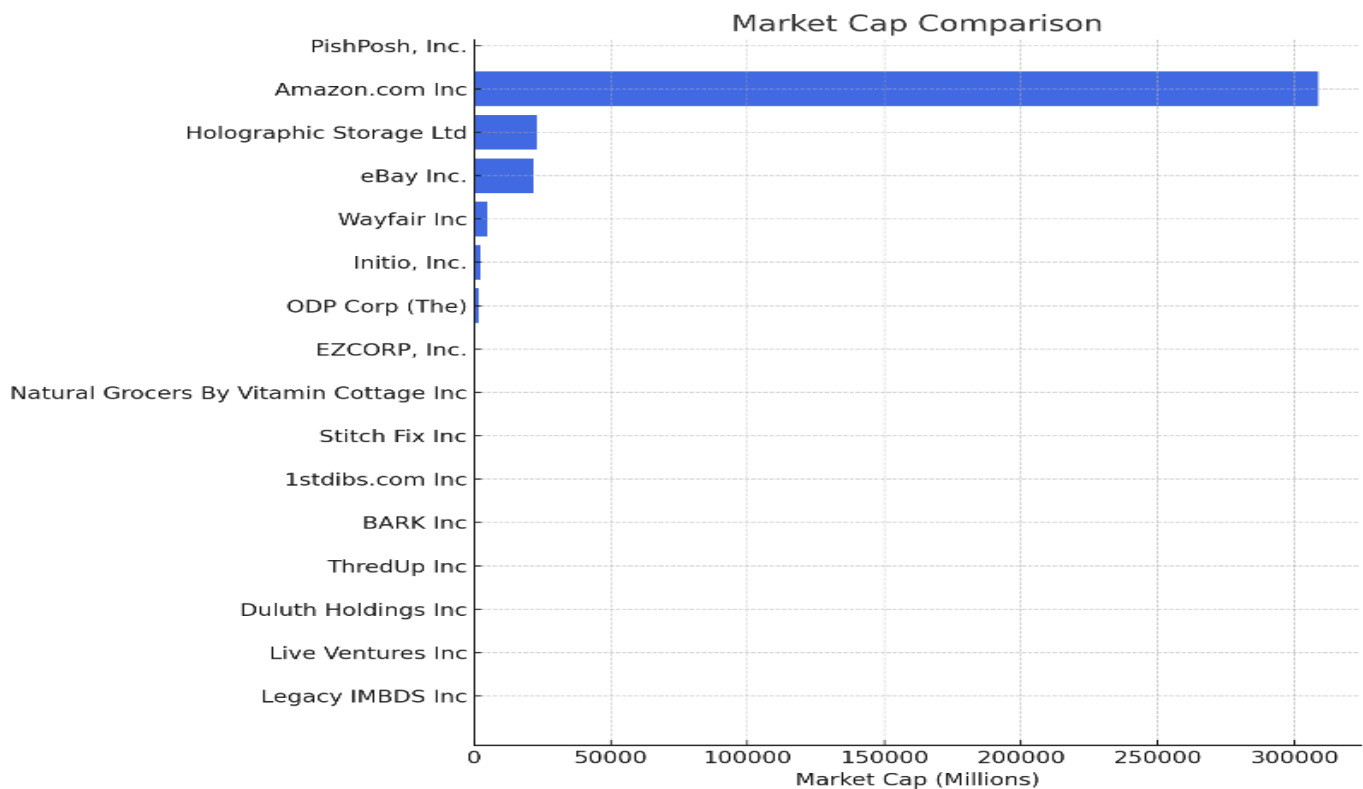
Amazon



Dominance and Diversification: Amazon's huge market capitalization and notable revenue growth are indicative of its dominant position. Its competitive edge is strengthened by its diversification into e-commerce, cloud computing (AWS), and other businesses including physical retail (Amazon Go) and media (Amazon Prime).

Innovation and Customer Base: With a large client base and a history of innovation in technology, shipping, and consumer experience, Amazon leads the market. Customer lifetime value is raised and loyalty is fostered by its Prime membership.

Operational Scale: In e-commerce, efficiency in operations and quick delivery times are critical competitive advantages, and Amazon's logistics and distribution network are unmatched.



eBay

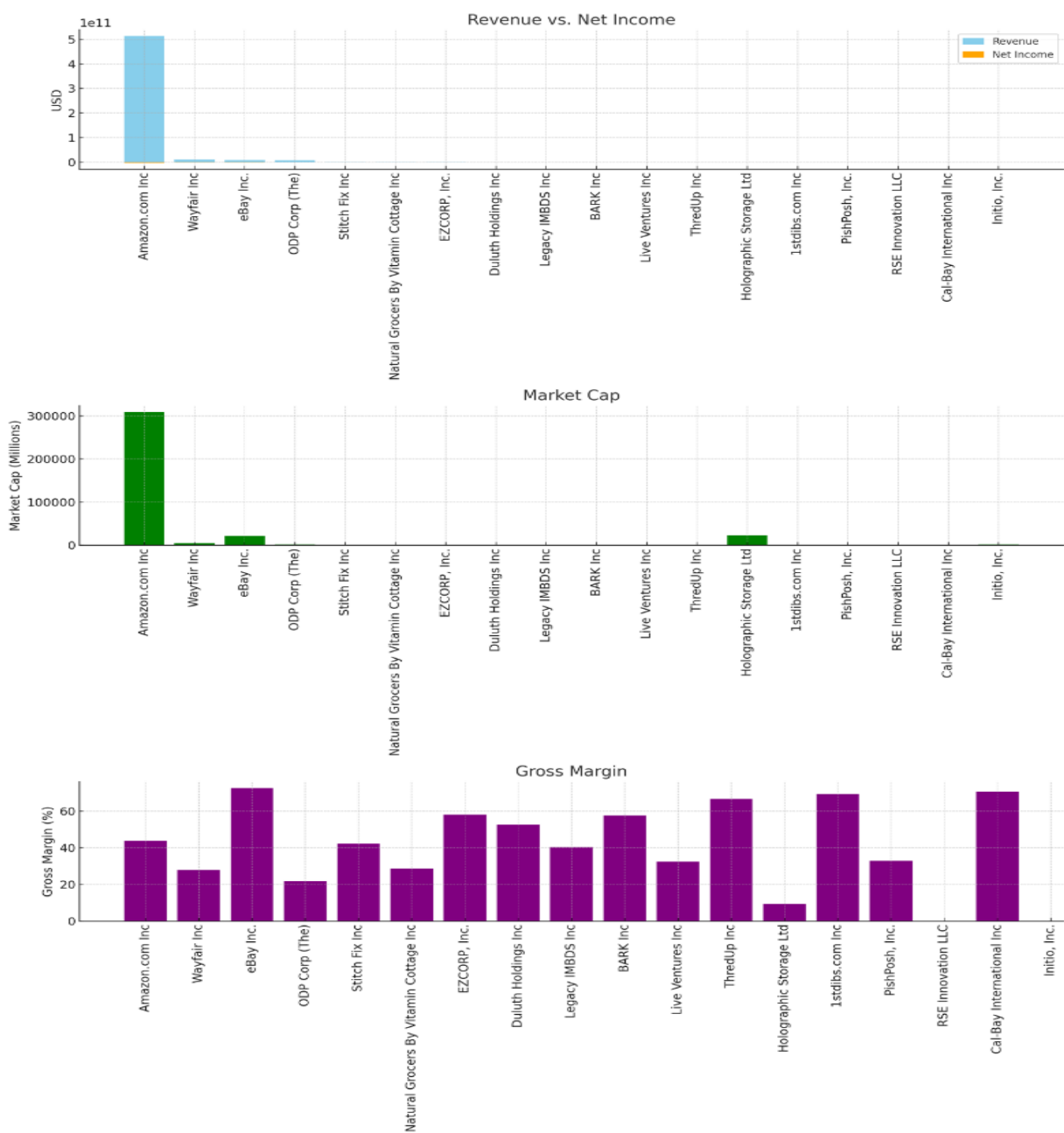
Marketplace Model: eBay is apart from typical merchants thanks to its marketplace strategy, which emphasizes C2C and B2C transactions. Strong financial health is shown by its high liquidity ratios, which give it flexibility for investments and calculated actions.

Stable Revenue and Operational Efficiency: eBay's steady gross profit indicates steady operational efficiency, despite some sales fluctuation. Its emphasis on specialized sectors and secondary markets (such as antiques and secondhand products) sets it apart from rivals.

Wayfair

Niche Focus and Growth: Wayfair is a leader in its category thanks to its emphasis on furniture and home items and its notable revenue growth. The business's competitive positioning is emphasized by its capacity to scale effectively, as seen by its increasing gross profit.

Investment in Technology: Wayfair makes significant investments in data analytics and technology to improve customer experiences and operational effectiveness, which is essential for preserving its competitive position in the online home goods market.



ODP Corp

Challenges in Adaptation: ODP Corp is having trouble keeping up with the fast changing retail industry, as evidenced by its diminishing revenue and liquidity issues. Its emphasis on office supplies, a sector that is being severely disrupted by digital goods, increases the difficulties it faces in the competition.

Strategic Reorientation: ODP Corp may need to expand into new market sectors, develop its web presence, and diversify its product offerings in order to strengthen its competitive positioning.

Stitch Fix

Personalization and Niche Market: Stitch Fix delivers a distinctive value proposition with its use of data analytics for bespoke clothes subscription services. To maintain a competitive position in the congested apparel industry, this difference is essential.

Growth Potential: Stitch Fix's business strategy has room to develop despite its erratic revenue, particularly with customers looking for a customized shopping experience. Its increasing fast ratio supports prospective expansion initiatives by demonstrating a stronger capacity to handle short-term obligations.

Competitive Strategies

Differentiation: Businesses such as Stitch Fix and Wayfair set themselves apart by concentrating on particular markets or developing distinctive business strategies, which can result in a high level of client retention and market share in those areas.

Scale and Efficiency: Amazon and eBay effectively compete by delivering a large selection of products at low pricing together with efficient delivery, leveraging their scale and operational efficiency.

Adaptation and Innovation: Continuous adaptation to consumer preferences and technological advancements is crucial. Investment in AI, AR/VR, and sustainability are becoming key competitive strategies across the sector.

DISCOUNTED CASHFLOW ANALYSIS:

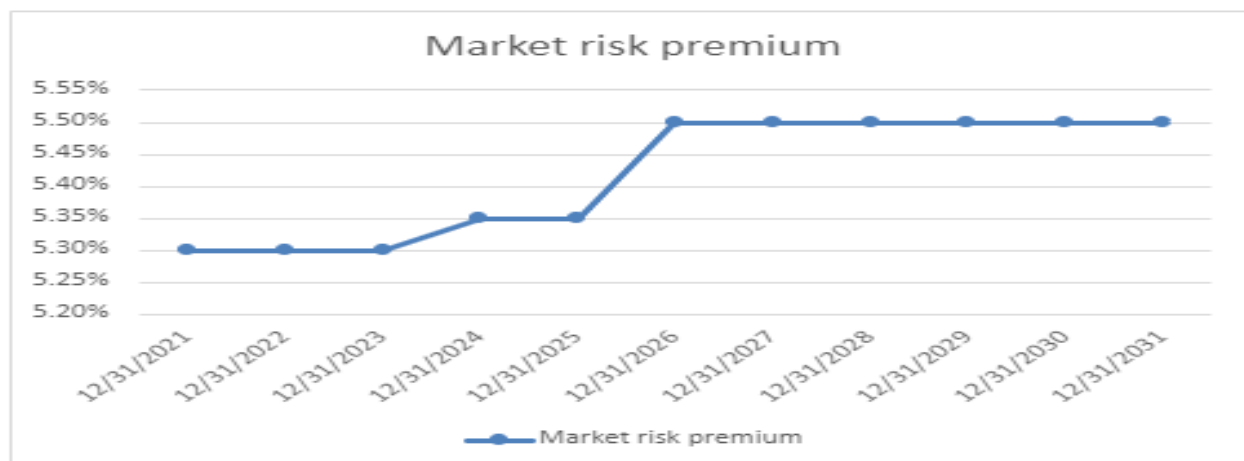
EXTERNAL FACTORS:

https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html

Risk Free Rate: This is the potential return on investment at zero risk; it is frequently calculated using the yield on government bonds. It begins at 4.20% in 2021 and rises progressively to 5.80% by 2031, suggesting that rising interest rates or higher inflation expectations are anticipated over the course of the ten-year period.



Market Premium Risk: is the additional return that investors hope to receive for assuming the risk of investing in the stock market as opposed to a low-risk asset. From 5.30% to 5.50%, there is a small increase, indicating a somewhat greater projected return for assuming market risk.



Interest Rate on Debts: stays at 8% throughout the time, showing that the company's borrowing rates are steady.

Annual Sales Growth: indicates strong growth in the early years followed by steady, high growth. It begins high at 29.04% in 2021, varies, and finally stabilizes around 20%.

Cost of equity: reflects the rising risk or expected return by stock investors, starting at 4.20% in 2021 and rising to 7.40% by 2031.

Capital Structure: Always low at 1.43%, this shows that stock rather than debt is the company's primary source of funding.

Weighted Average Cost of Capital (WACC):

This is the average financing rate, weighted by the percentage of debt and equity, that a business is likely to pay. By 2031, it will have risen from 4.25% to 7.40%. This rise is the result of growing risk-free rates, modest increases in the market risk premium, and rising equity costs.

Payout and Financing:

Debt portion to finance debt:

100% of operations are planned to be financed by debt, which is in contrast to the very low percentage of debt in the capital structure, implying that this may be a strategic choice made specifically for some operations.

Payout ratio:

stays at 0.00%, suggesting that the business may choose to reinvest all profits back into the business rather than paying dividends.

Parameter Estimates:

COGS/Sales, RD/Sales, SGA/Sales: According to these ratios, the amount of sales that goes into R&D, selling, general & administrative expenses, and cost of products sold comes to the same amount. They demonstrate variations in RD and SGA expenses as a % of sales along with a progressive optimization of COGS, indicating strategic spending.

Depreciation/Fixed Assets, Tax Rate, Cash/Sales, etc :

When compared to sales, the amount of cash, receivables, and other assets kept indicates liquidity and operational effectiveness. These ratios also provide light on tax responsibilities and asset management.

Key parameters:

Beta:

represents the market-to-stock volatility of the stock; lower levels imply lesser risk. As time goes on, it gradually drops, suggesting a declining risk profile.

Market cap:

As \$860,328,000, this figure most likely represents the company's worth at a specific moment in time, depending on the quantity and price of shares.

Enterprise Value	\$1,912,405,792.35
EV/share	\$186.72
Net Debt	\$70,787,993.38
Equity Value	\$1,841,617,798.97
Projected Stock Price	\$179.81
TERMINAL VALUE	\$4,571,744,607,362
Enterprise Value of Amazon	\$1,912,405,792,350

Relative valuation:

Amazon Inc., a dominant player in e-commerce and cloud computing, faces stiff competition from both established companies and innovative startups. In such a dynamic environment, understanding Amazon's position against its competitors is crucial. A relative valuation approach helps highlight Amazon's market value and financial condition in comparison to its industry peers.

This process seeks to analyze Amazon's financial health and strategic market placement, aiming to uncover its strengths and pinpoint potential areas for enhancement.

Price to Earnings(P/E):

This compares a company's market capitalization to its last net income, offers an insight into the value of its stock relative to its earnings. For Amazon, this ratio translates to an estimated share price of \$168.11, indicating the market's valuation of the company's profitability per share.

EBITDA Multiplier:

This method values a company by comparing its market capitalization with its EBITDA, leading to an estimated share price. For Amazon, this calculation results in a share price of \$87.96, showcasing the company's earnings before accounting for interest, taxes, depreciation, and amortization.

Sales Multiplier:

This method determines a stock's price by relating the company's market capitalization to its total sales, resulting in an estimated share price. For Amazon, this approach suggests a share price of \$50.27, highlighting the market's valuation of the company's sales revenue per share.

Book Value Per Share:

Calculates a stock's price by comparing the company's market capitalization to its book value, leading to an estimated share price. for amazon, this method yields a share price of \$18.23, reflecting the market's assessment of the company's net asset value per share.

Average Price Share:

The final share price of \$81.14 is obtained by averaging the estimated share prices from different valuation methods. This consolidated average suggests a potential market consensus on a fair share price for Amazon, taking into diverse financial indicators and company performance metrics.

Conclusion:

- ❖ DCF analysis shows strong long-term growth potential with 20% sales growth and optimizing profits. However, rising WACC presents some margin pressure.
- ❖ Relative valuation suggests market is currently underestimating Amazon's potential with target price of \$81 vs \$179 DCF price.
- ❖ Short-term headwinds exist from rising macro risks. But business fundamentals remain solid for long-term growth.
- ❖ Upside potential exists from undervaluation, warranting a "Hold" rating.
- ❖ Patient, long-term approach advised to ride out volatility. Review growth indicators and valuations periodically to re-assess price targets.