

AMAZON

investment analysis

Prepared by Dimitris Matthes



**As a University student of Athens
economics and business school**

Current portfolio value : 39.400

Segments of the analysis process

An in-depth look into the last 10 years of the business operation: from highlights and run rates to KPIs managments future plans and more.

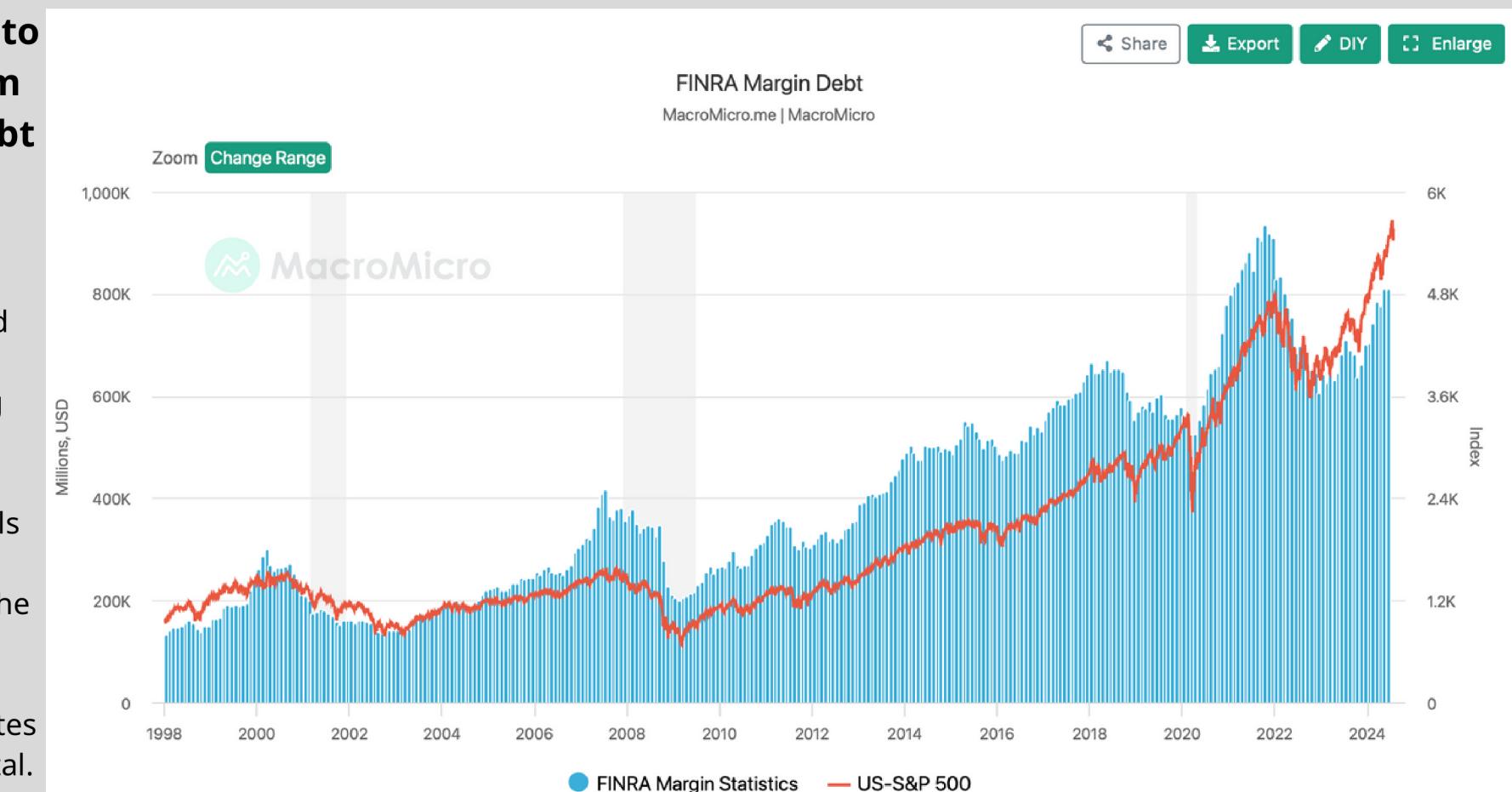
- Current Broad Market Analysis
- My investing strategy
- Fundamental analysis of the core business
- Financials
- Financial stability
- Investors equity safety
- Revenue by each segment
- Analysis of each segment of the business
- It's financial margins and overall profitability
- Cash flow metrics analysis
- Earnings metrics analysis
- Retention rate towards its services offerings
- Future price financial Modeling
- Risks involved
- Product updates

Why I believe the Market hasn't peaked yet:

FINRA margin debt is a significant metric for understanding the peak of the stock market due to several key reasons. Margin debt represents the amount of money that investors borrow from brokers to buy stocks, using the purchased stocks as collateral. Here's why monitoring this debt is important:

1. Indicator of Market Sentiment and Speculation
 - Investor Behavior: High levels of margin debt indicate that investors are highly confident and are leveraging borrowed money to invest more aggressively. This can be a sign of speculative behavior.
 - Market Euphoria: When margin debt reaches exceptionally high levels, it often signals that the market is experiencing euphoria, which is typically seen near market peaks.
 2. Market Volatility and Risk
 - Increased Volatility: High margin debt can lead to increased market volatility. If stock prices start to decline, margin calls can force investors to sell shares quickly to cover their debts, leading to further downward pressure on stock prices.
 - Risk Amplification: Borrowing to invest amplifies both potential gains and potential losses. During market corrections, the need to repay margin loans can exacerbate the decline as investors are forced to sell off assets.
 3. Warning Signal for Overleveraging
 - Overleveraging: Excessive margin debt suggests that investors are overleveraged, which can be unsustainable. It indicates that a significant portion of market investment is funded through debt, rather than through genuine, unleveraged capital.
 - Market Corrections: High levels of borrowing can trigger sharp market corrections if many investors are forced to liquidate positions simultaneously, often marking a peak before a downturn.
 4. Historical Correlation with Market Peaks
 - Historical Patterns: Historically, peaks in margin debt have often preceded major market corrections or crashes. Monitoring margin debt levels can provide a historical context and potential early warning signs of an overheated market.
 - Correlation: There is a notable correlation between peaks in margin debt and subsequent market declines. For instance, significant increases in margin debt were observed before the dot-com bubble burst in 2000 and the financial crisis in 2008.
 5. Liquidity Impact
 - Liquidity Strain: High margin debt can strain market liquidity. During downturns, forced selling to meet margin calls can dry up liquidity, making it harder for investors to sell without impacting prices significantly.
 - Market Stability: Low liquidity and forced selling can destabilize the market, causing prices to fall more rapidly than they would under normal conditions.
- Example:
- Suppose margin debt levels have been steadily rising over several months, reaching historic highs. This trend could indicate that investors are becoming increasingly speculative, borrowing heavily to invest in the stock market. If stock prices begin to decline, the high levels of margin debt could trigger widespread margin calls, leading to a rapid sell-off as investors are forced to liquidate positions to cover their borrowed funds. This could result in a sharp market correction, marking the peak of the market cycle.

My favorite broad economy statistic:



Conclusion:

- **Monitoring FINRA margin debt is crucial for understanding the dynamics of the stock market and identifying potential peaks. It serves as a gauge of investor sentiment, market speculation, and financial stability. By keeping an eye on margin debt levels, investors, analysts, and policymakers can gain insights into the market's health and potential warning signs of an impending correction.**

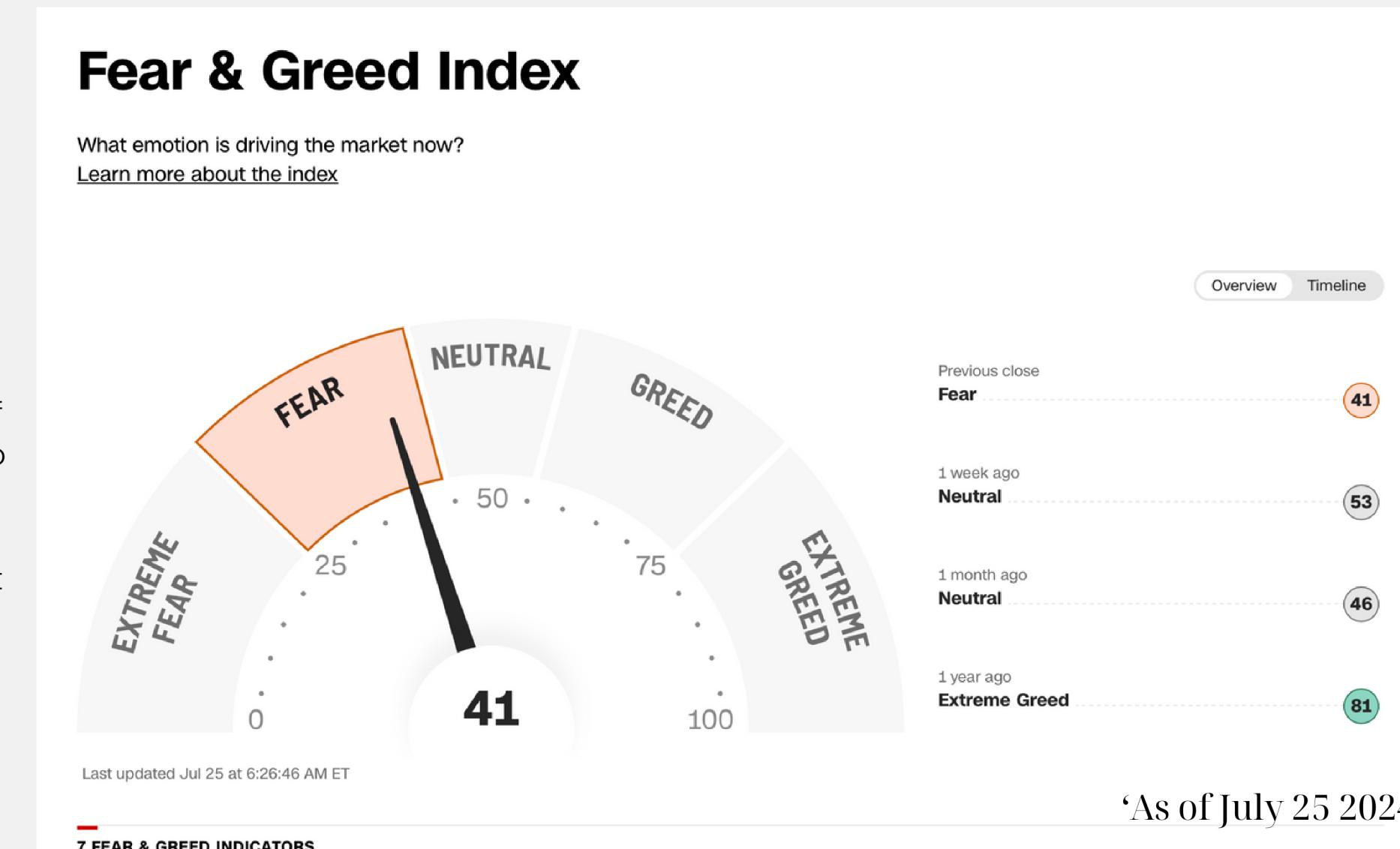
The Fear and Greed Index, developed by CNNMoney, is an important tool for investors as it measures the prevailing sentiment in the stock market. This index provides insights into whether fear or greed is driving market behavior, which can significantly influence investment decisions. Here's why the Fear and Greed Index is important for investing:

Risk Assessment: By understanding the prevailing market sentiment, investors can better assess the risk environment. High levels of greed often correspond with higher market risks, while high levels of fear can indicate lower market risks and potential buying opportunities.

Investment Strategy: The index can help investors adjust their strategies. For instance, during periods of extreme greed, it might be prudent to reduce exposure to risky assets, whereas during periods of extreme fear, increasing exposure might be beneficial.

Behavioral Gauge: The index reflects the psychological state of investors, offering a snapshot of market sentiment. It helps investors understand whether the market is driven by fear (leading to potential undervaluation) or greed (leading to potential overvaluation).

Contrarian Indicator: Many investors use it as a contrarian indicator. When the index indicates extreme fear, it might signal a buying opportunity, and when it indicates extreme greed, it might signal a time to be cautious or to sell.



Components of the Fear and Greed Index

The index is composed of seven indicators, each contributing to the overall sentiment measure:

1. Stock Price Momentum: Comparing the market's current performance to its moving average.
2. Stock Price Strength: The number of stocks hitting 52-week highs and lows on the NYSE.
3. Stock Price Breadth: Trading volume in rising stocks versus declining stocks.
4. Put and Call Options: The ratio of put options to call options traded on the CBOE.
5. Market Volatility: Measured by the VIX (Volatility Index).
6. Safe Haven Demand: The difference in returns for stocks versus Treasuries.
7. Junk Bond Demand: The spread between yields on investment-grade bonds and junk bonds.

My investment strategy.

Buying at fair price, holding and maintaining a portfolio of quality compounding machines with long term approach . Always assessing the risk reward potential and creating a future thesis by understanding short term headwinds and long term growth drivers . I'm very critical with my investments with no emotion. I see each portfolio as a team and not an emotional way of funding companies. If a company does not perform the way I anticipate I reassess my position accordingly . Be fearful when others are greedy be greedy when others are fearful.

I invest in companies with:

- Monopolistic models
- Pricing power
- Operating leverage
- Smart capital allocation
- Creating shareholder value
- Strong financials

My intrinsic value of a company estimation is gathered by many metrics but most importantly the free cash flow per share of the company in the future.

Reasons why large cap growth stocks over-perform every other index:

In contrast to many beliefs data shows that the largest and best companies tend to have higher returns over the long-term due to their :

Monopolies on highly profitable industries .

Increasing Fundamentals .

Economies of scale .

Competitive attitudes .

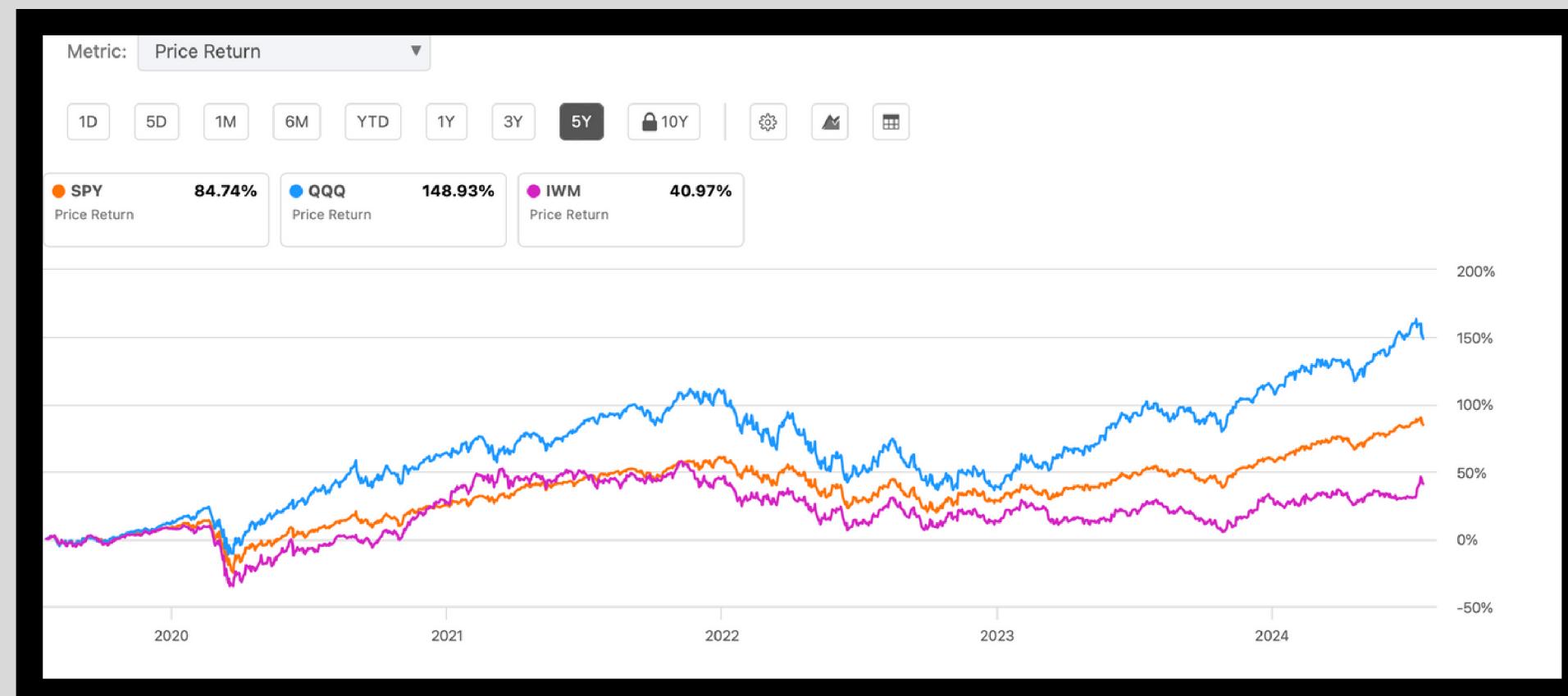
Increasing earnings and free cash flow.

Great long-term growth drivers.

Skilled management .

Resilience in difficult economic enviroment .

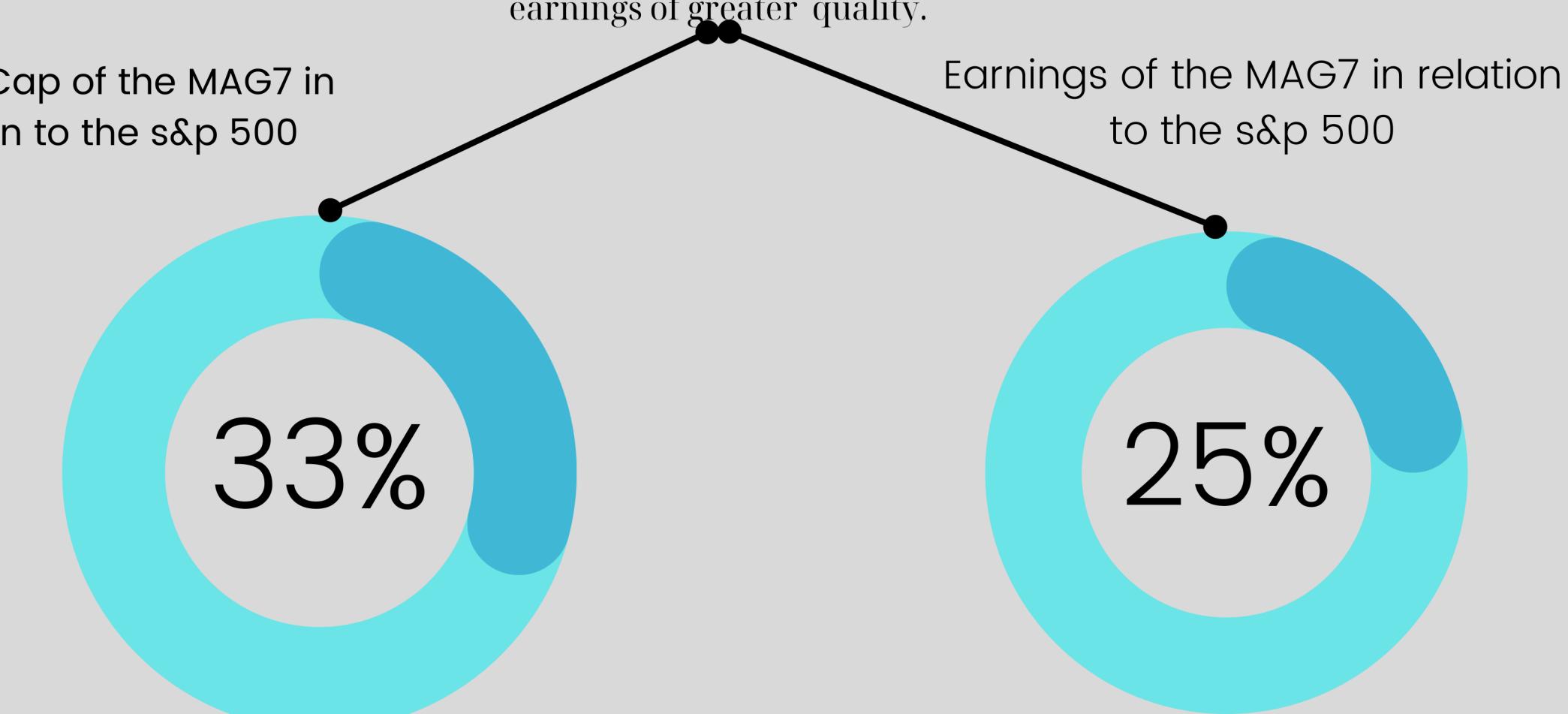
Increasing value propositions to other companies and consumers , making them a staple of the economy.



Paying higher prices for more efficient and stable business models to me is part of the process .

Each of these big tech. companies require less CAPEX for each earning making their earnings of greater quality.

Market Cap of the MAG7 in relation to the s&p 500



Fundamental analysis



Amazon provides immense value to consumers and businesses by offering a comprehensive ecosystem of services that cater to diverse needs. For consumers, Amazon delivers a convenient and extensive shopping experience through its vast online marketplace, fast delivery options, and subscription services like Amazon Prime, which includes benefits such as free shipping, streaming content, and exclusive deals. For businesses, Amazon provides powerful tools such as the Amazon Marketplace, Fulfillment by Amazon (FBA), and Amazon Web Services (AWS), enabling them to reach a wider audience, streamline operations, and leverage advanced cloud computing solutions. This integrated approach enhances efficiency, accessibility, and customer satisfaction, making Amazon a pivotal platform for both shopping and business growth.

Its portfolio offerings include

- | | |
|---------------------------|----------------------|
| • E-Commerce | Profitable Rating C |
| • Subscription Services | Profitable Rating A |
| • Cloud Computing | Profitable Rating A+ |
| • Physical Stores | Profitable Rating D |
| • Advertising | Profitable Rating A+ |
| • Services to third Party | Profitable Rating B |
| • Financial Services | Profitable Rating B |

Financial Stability

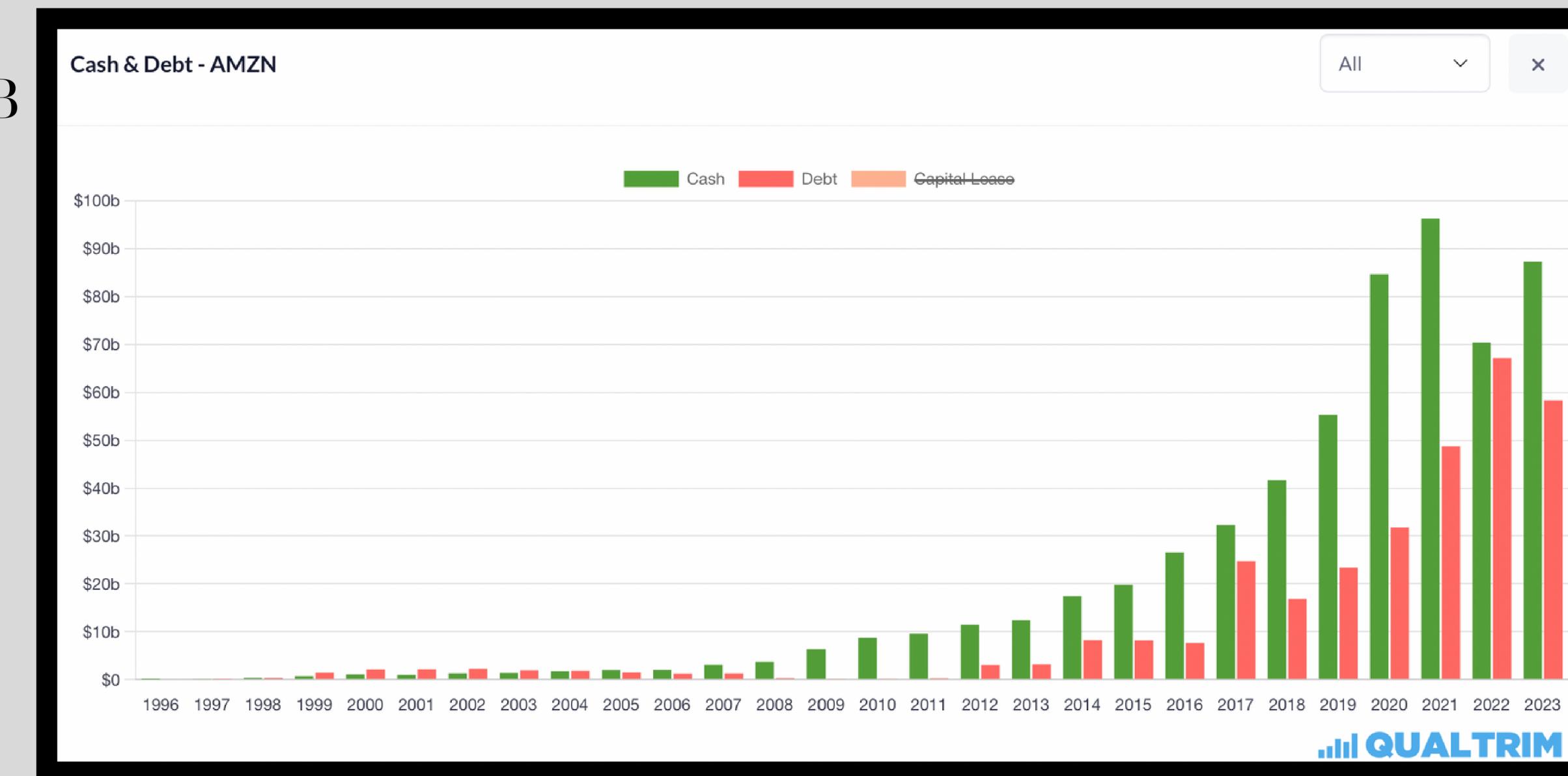
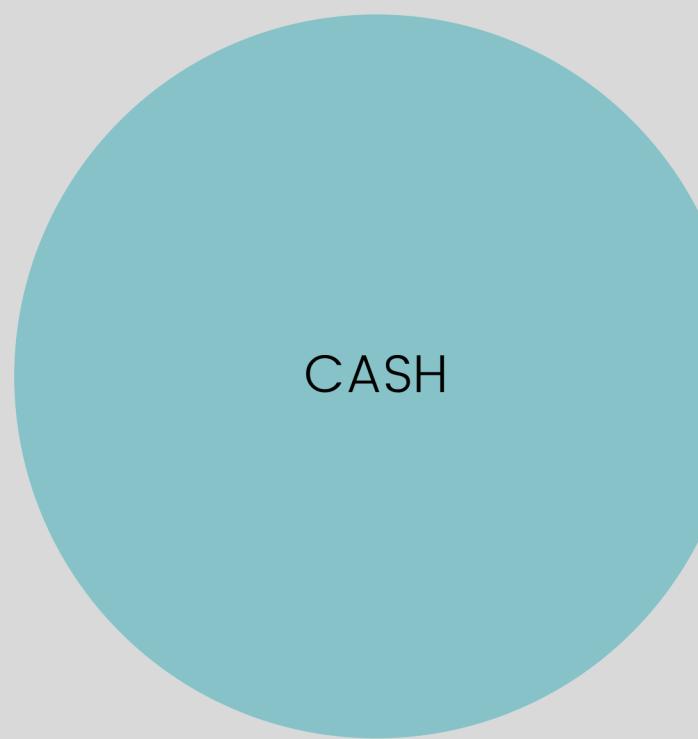
CASH TO DEBT RATIO : 1,53
 >1.0

These are some of the most important information about a company to showcase their strength in tough environments .

Meaning the company can wipe-out completely their debt position and also remain with 30b in cash.

CASH : 85,5B

DEBT: 55,6B



ASSETS TO LIABILITYS RATIO

1,69

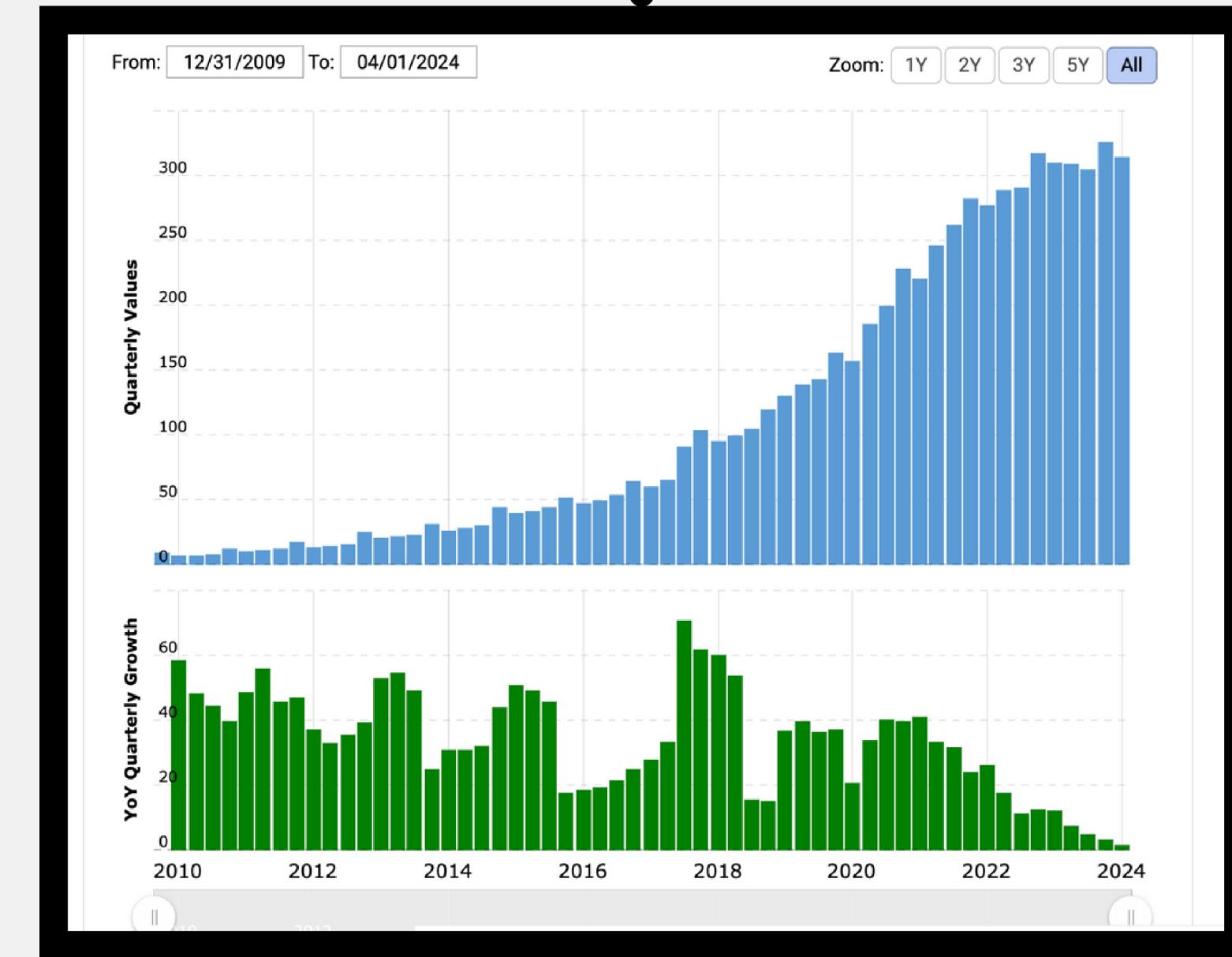
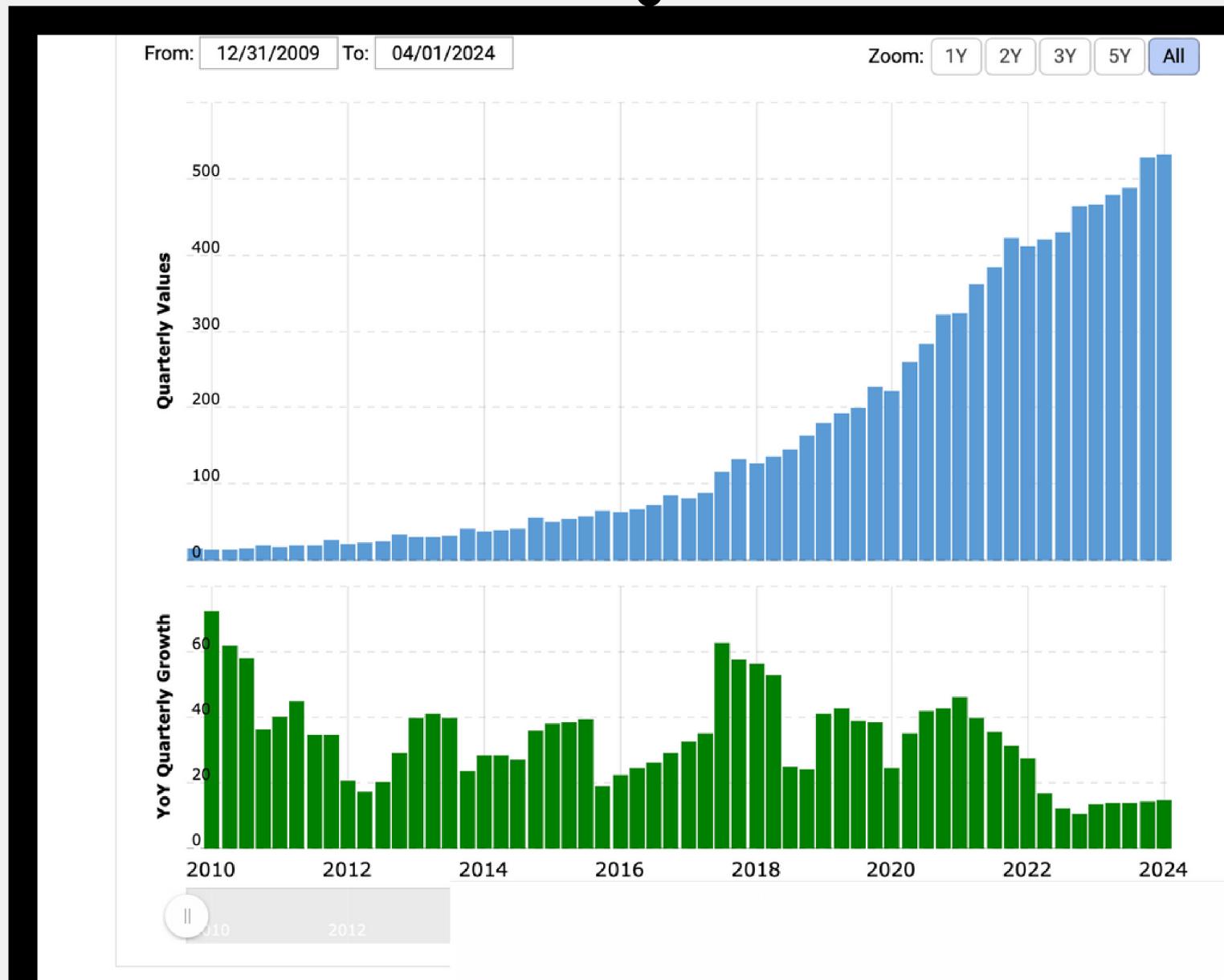
>1.0

Very healthy ratio which again indicate a quality compounding business which can handle any situation.

531B\$
ASSETS

314B\$.
LIABILITIES

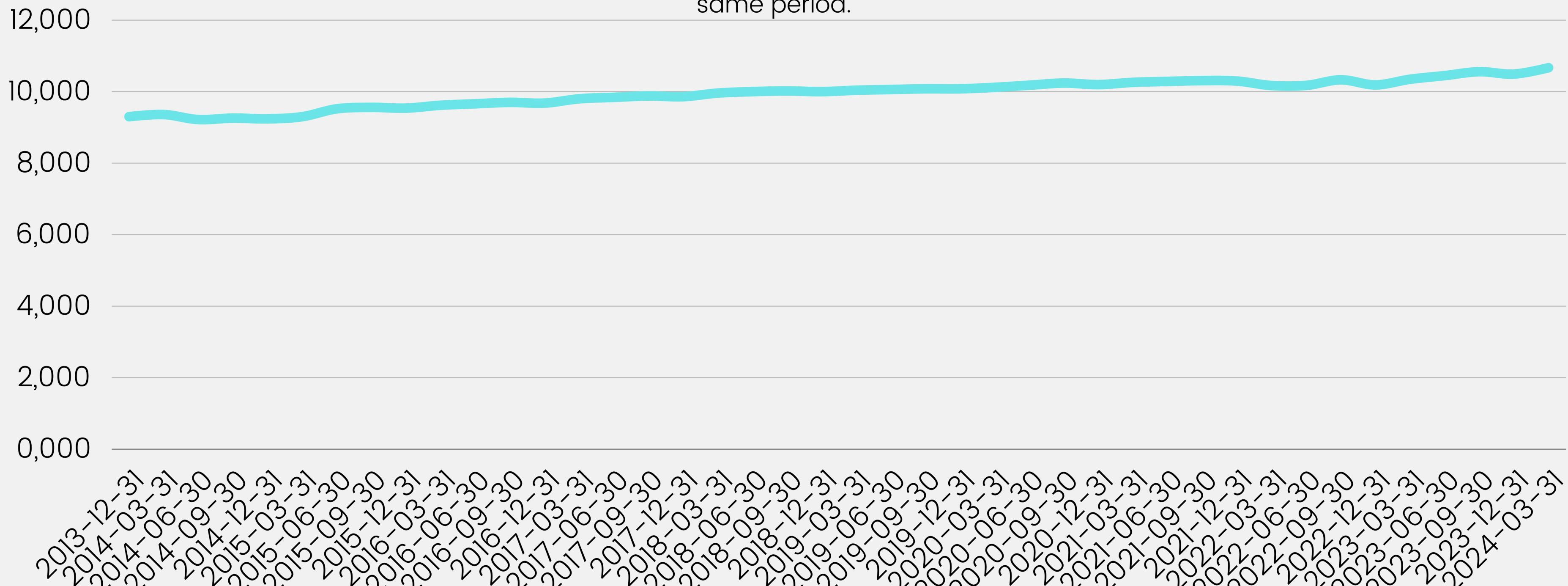
Values and change rates over time



SHARES OUTSTANDING

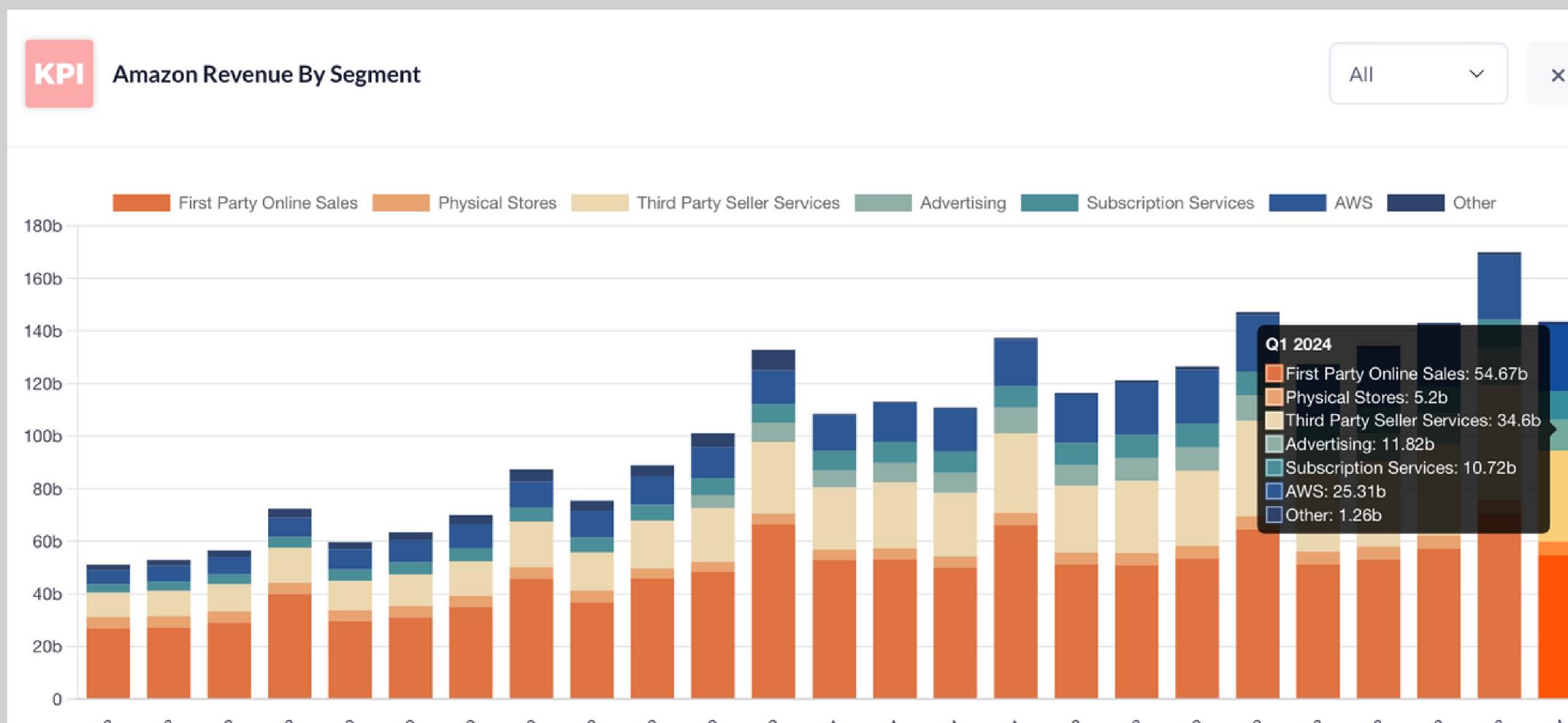
The number of shares outstanding is a fundamental aspect of stock analysis. It affects profitability metrics, valuation, dilution risk, and shareholder influence, making it a critical factor for investors to consider when valuating a company.

We clearly see a management which has under control the stock based compensation aspect . '10y average of 1,2% increase' With this rate the Investors shares is diluted by 15% every 10 years meanwhile earnings per share have increased by 100% in the same period.

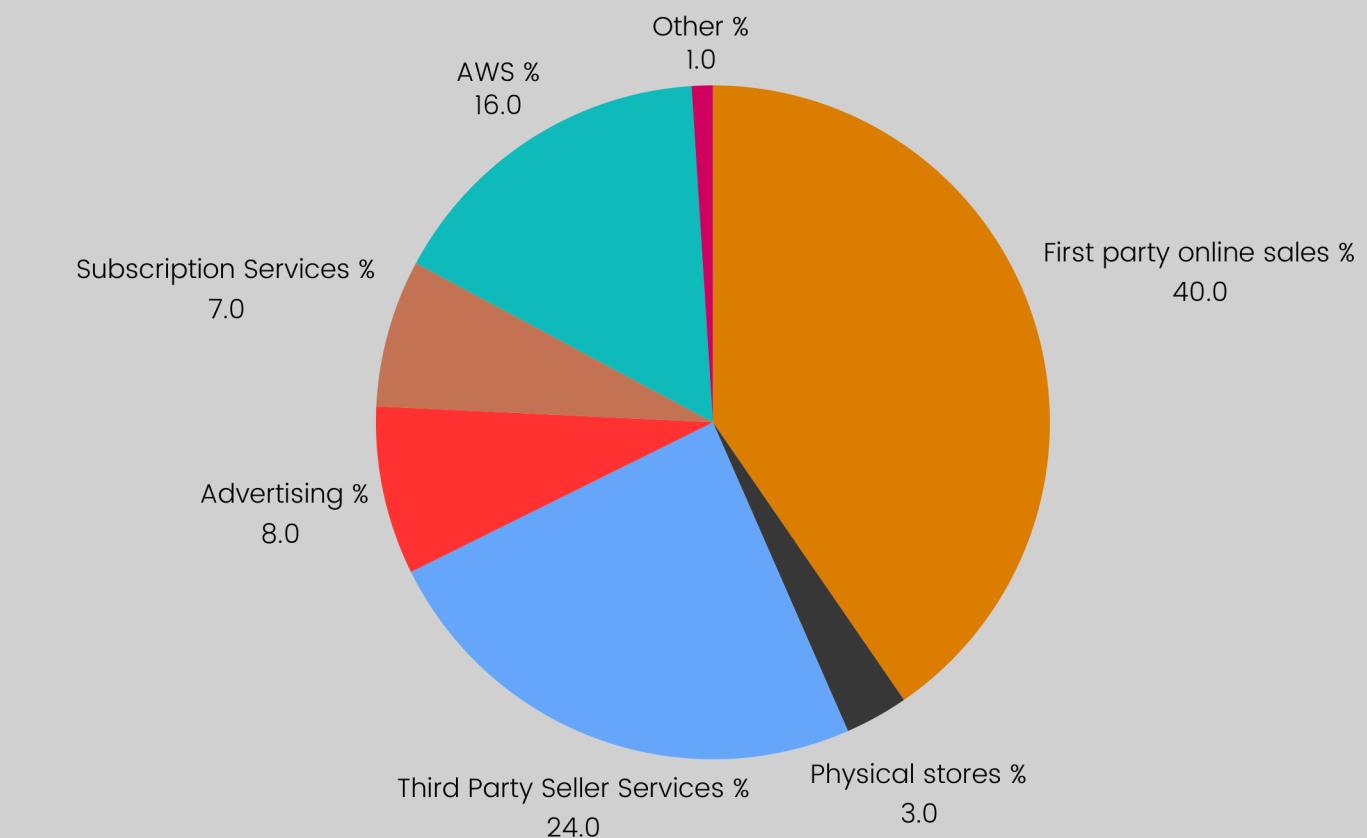


Revenue by segment and importance of each KPI (2023)

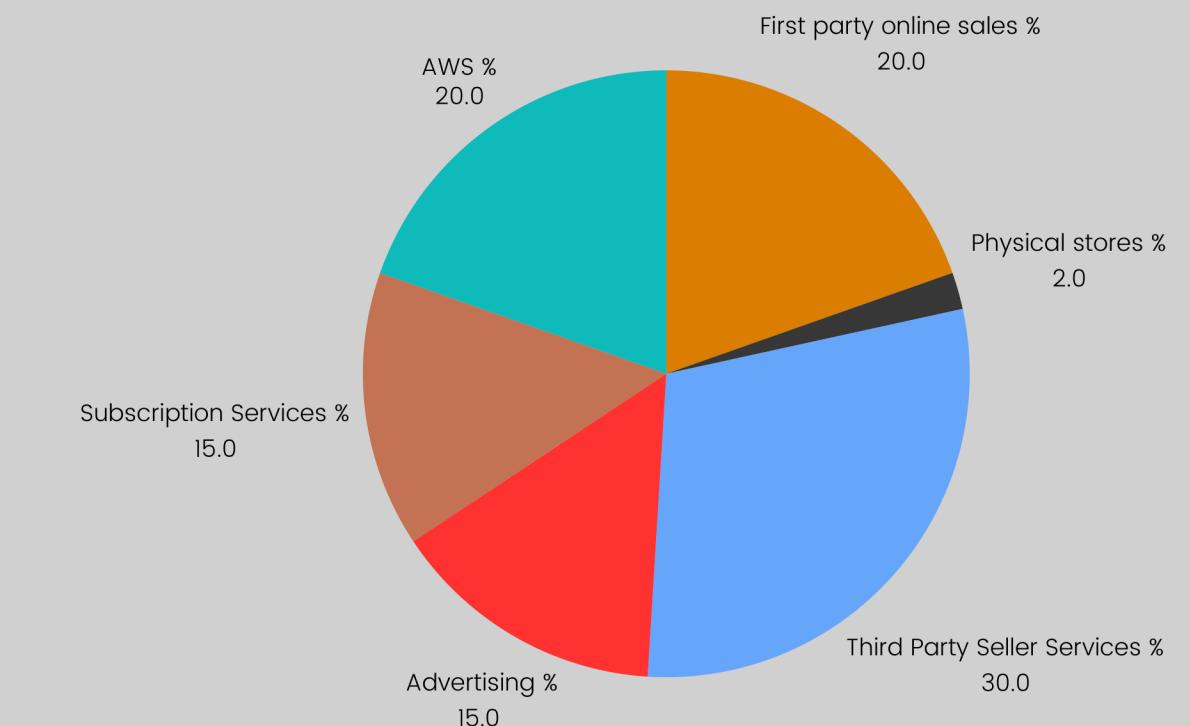
Amazons long term goal is to reduce its less profitable and more cyclical parts of the business (as a percent of revenue), which are very consumer environment dependent. . In addition expand its b2b and service based revenue exposure which has shown resilience over time.



Current business model



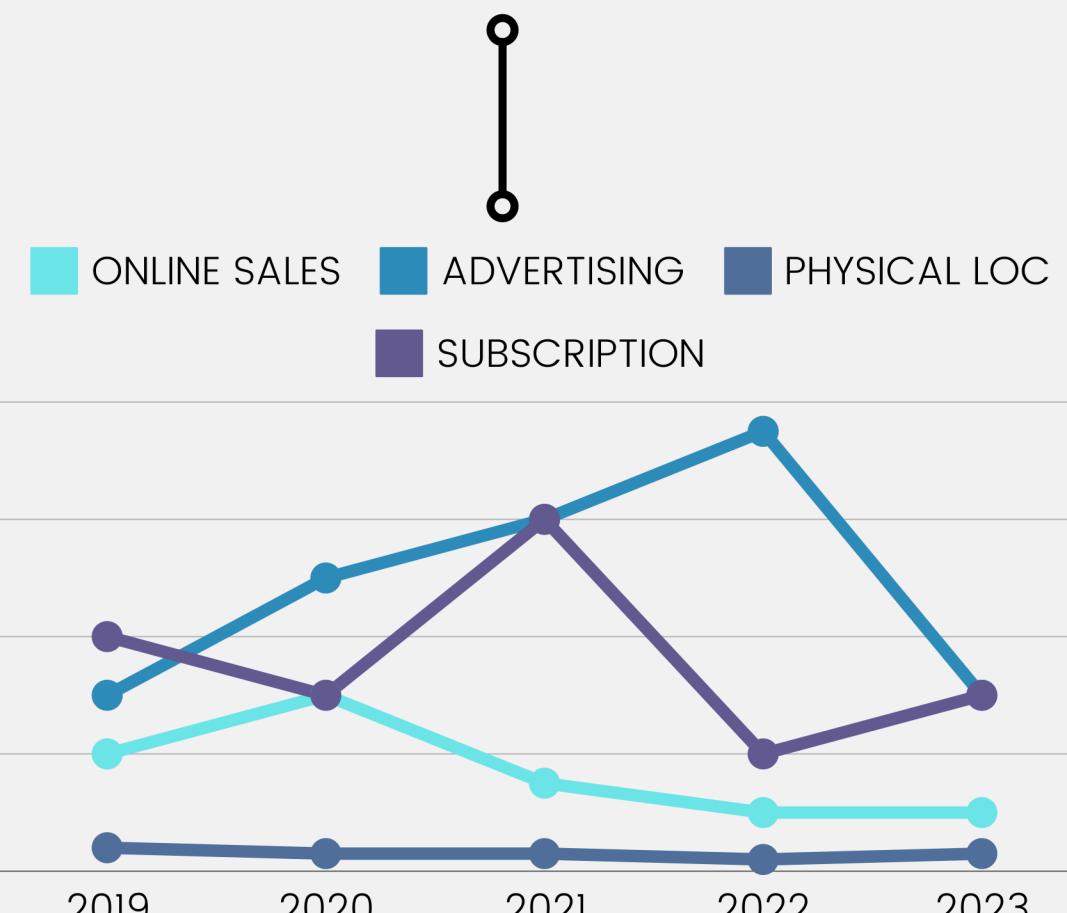
Future projected business model



Past Growth rate for each segment

First party online sales; Past GAGR of 17,7%
Third party seller services ; Past GAGR of 27,34%
Advertising ; Past GAGR of 66,1% (newer product)
Physical stores ; Past GAGR of 3,2%
Subscription Services ; Past GAGR of 36,7%

Average Overall Revenue Growth of 29,3%



Projected Future Growth rate for each Industry of amazons products .

ECommerce Market; Future GAGR of 9,5%
Third party seller services ; Future GAGR of 15+%

Advertising ; Future GAGR of 9,1%
Physical stores ; Future GAGR of 2,8%
Subscription Services ; Future GAGR of 12,9%
Average Overall Expected Revenue Growth of 8-12%



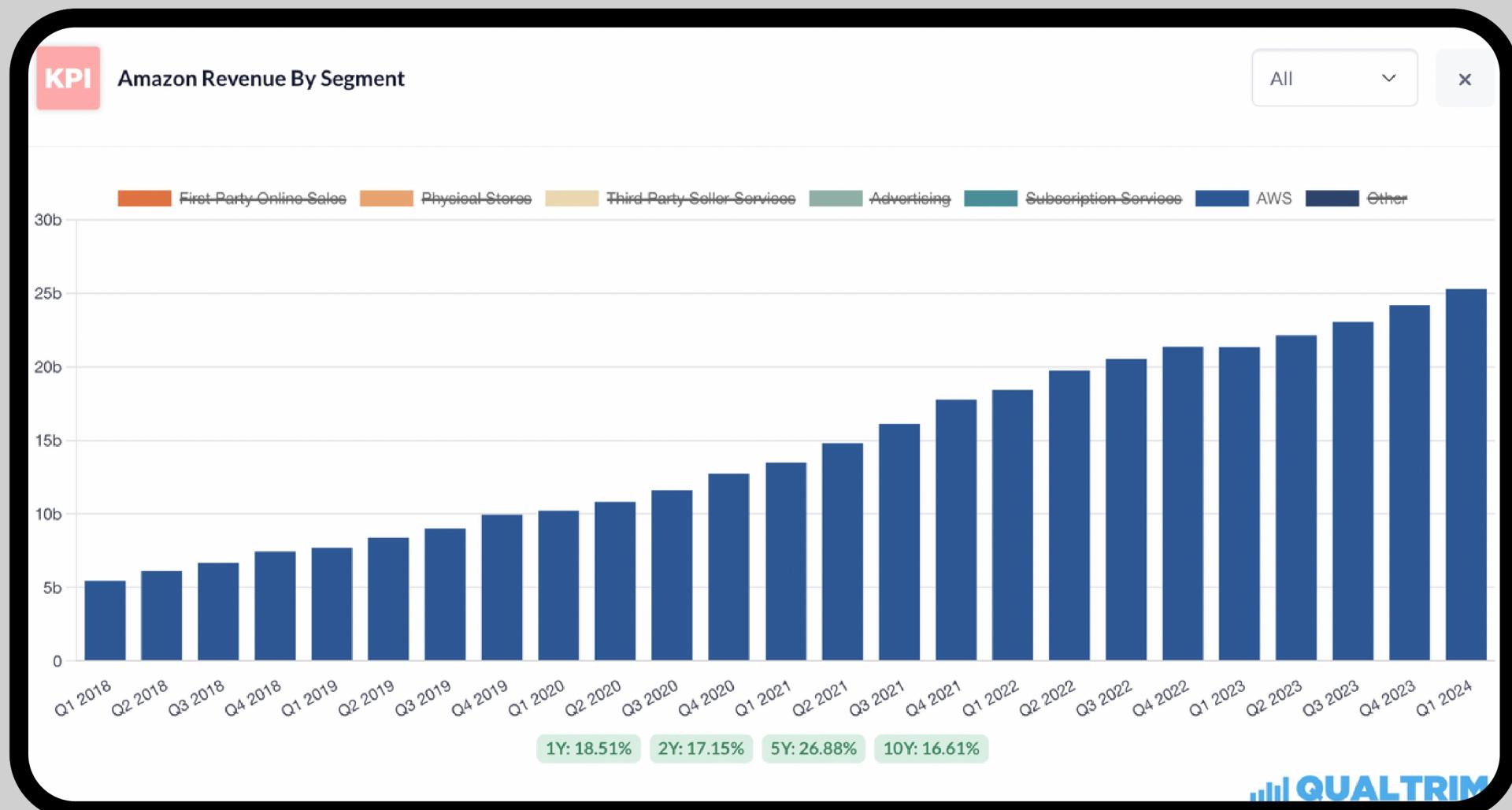
As the data shows the more profitable segments of the business will increasingly contribute more than the less profitable ones .

All data are in the last 5 years so we have a relation between newer and older segments .

THE BIGGEST GROWTH DRIVER : AWS

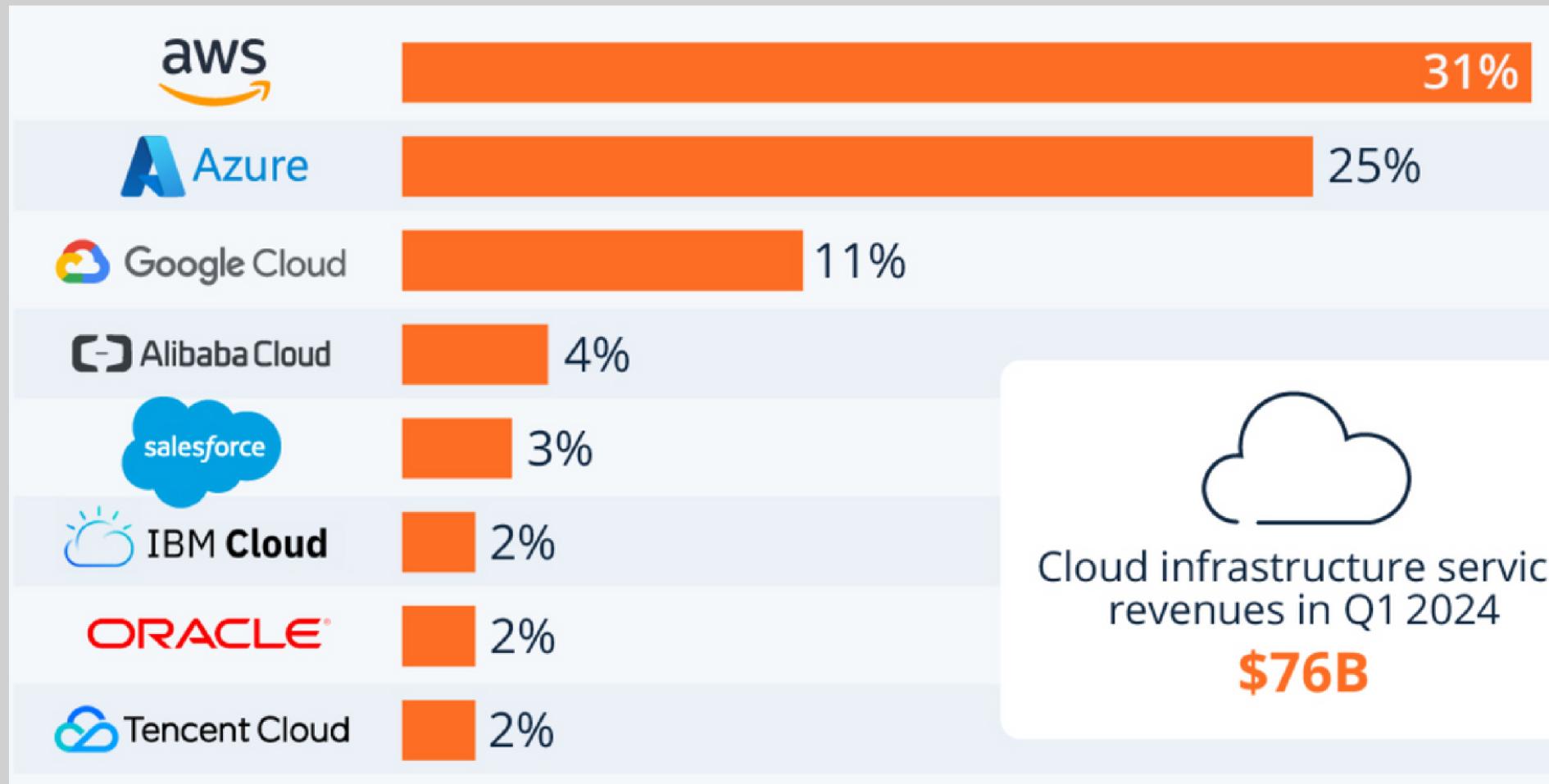
Currently producing 90 billion of revenue per year with estimates of 2024 showing 105-110 billion\$ of highly profitable revenue .

Cloud Computing Market Analysis. The Cloud Computing Market size is estimated at USD 0.68 trillion in 2024, and is expected to reach USD 1.44 trillion by 2029, growing at a CAGR of 16.40% during the forecast period (2024-2029).



Cloud-based infrastructure provides flexible, on-demand access to the resources underlying these new digital business solutions. The technology is beneficial for enterprise resource planning (ERP), online transaction processing (OLTP), and supply chain management (SCM) across sectors. In November 2022, Amazon Web Services Inc. launched a supply chain management application that would eliminate the requirement for businesses to utilize multiple systems and vendors to access critical network data. AWS Supply Chain is a machine learning-powered application that automatically combines and analyzes data across numerous supply chain systems, creating a “unified data lake.”

In Q1 2024, global cloud infrastructure service spending grew \$13.5 billion or 21 percent compared to the first quarter of 2023, bringing total spending to over \$76 billion for the three months ended March 31. Looking at the full year, the market is now at a \$300-billion revenue run rate, explaining why the it is so fiercely contested. Despite its size, the cloud market is still growing strongly, with year-over-year growth even re-accelerating for the second consecutive quarter.

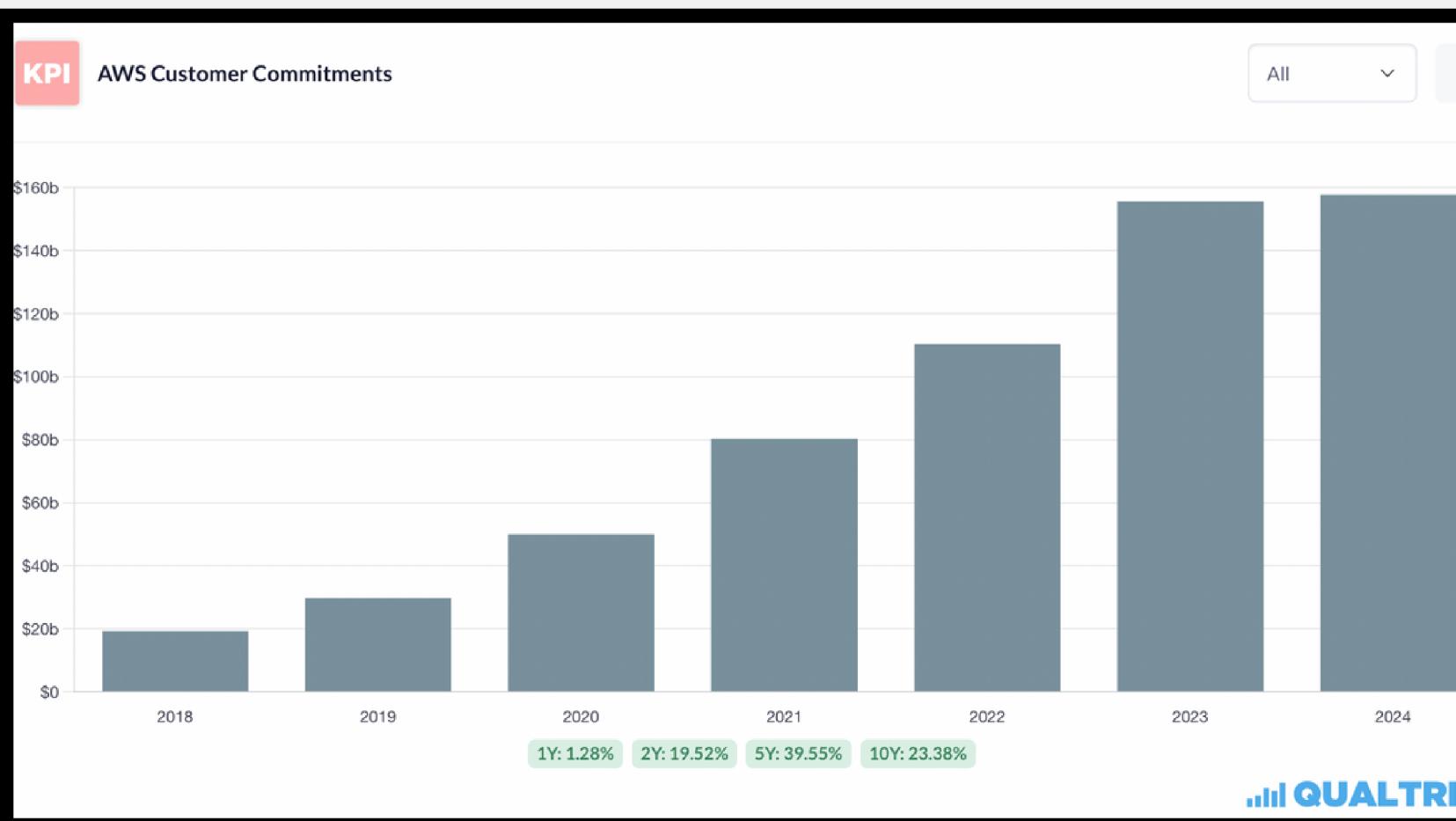


In the modern digital age, companies are enhancing agility by integrating cloud technologies. Transitioning to the cloud allows for seamless connections and intelligent operations, laying a robust foundation for cloud-based digital services. Cloud computing significantly enhances digital transformation by revamping processes, tools, and experiences in a virtual setting. It improves security, user experience, and document preservation, driving businesses to adopt cloud solutions and thus expanding the cloud computing market.

Cloud computing surpasses traditional on-premises servers by offering extensive automation opportunities. It simplifies various processes, including Platform-as-a-Service models, Infrastructure-as-Code techniques, automated backups, workflow version control, and security administration through user access management.

Amazons market share remains secure and is not currently at risk due to many reasons.

The main reason continues to be competition advantages of high switching costs, you can assure investors of the company's ability to maintain its market share, achieve stable and predictable growth, and deliver consistent returns. This creates a compelling narrative that highlights the company's long-term value and attractiveness as an investment.



1. Customer Retention and Loyalty

Strong Customer Retention: High switching costs make it difficult and unattractive for customers to leave, ensuring high retention rates.

Loyal Customer Base: Customers are more likely to remain loyal, providing a stable and predictable revenue stream.

2. Pricing Power and Profit Margins

Ability to Maintain or Increase Prices: With customers less inclined to switch, the company can maintain or even increase prices without significant loss of clientele.

Higher Profit Margins: This pricing power leads to higher profit margins, directly benefiting shareholders through improved financial performance.

3. Long-Term Revenue Stability

Predictable Revenue Streams: The high cost of switching for customers results in consistent and predictable revenue streams, allowing for better financial forecasting and planning.

Financial Stability: This predictability enhances the company's overall financial stability, making it a safer investment.

4. Investment in Innovation and Quality

Reinvestment in the Business: Stable revenues allow the company to reinvest in product innovation, quality improvements, and customer service, further enhancing customer satisfaction and loyalty.

Continuous Improvement: Ongoing improvements keep the company ahead of potential competitors and maintain high customer satisfaction.

5. Enhanced Customer Experience

Integrated Services: High switching costs often stem from the integration and customization of services, which enhances the overall customer experience and satisfaction.

Customer Dependency: The more a customer integrates your product into their operations or daily life, the harder it becomes to switch to a competitor.

6. Economies of Scale and Operational Efficiency

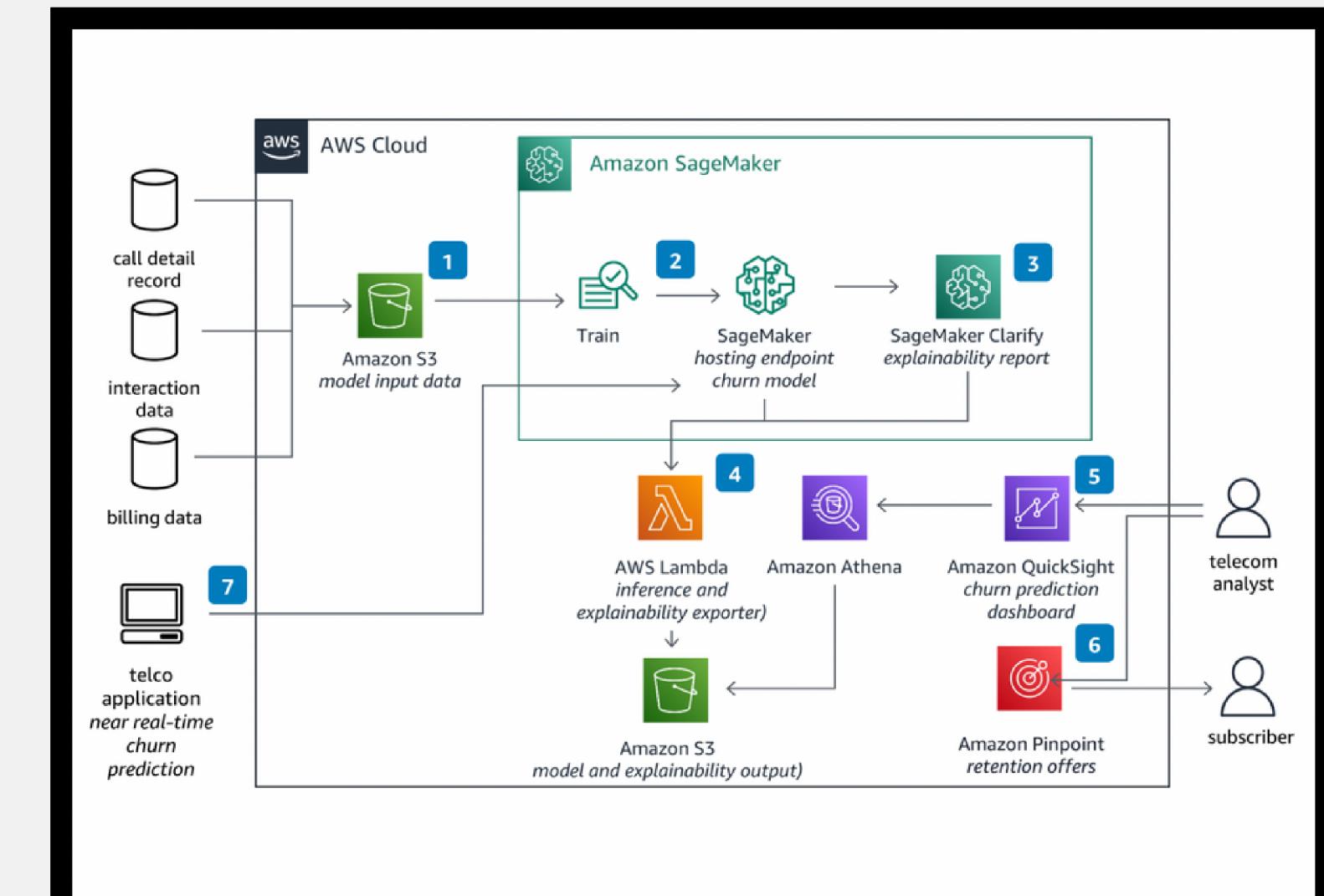
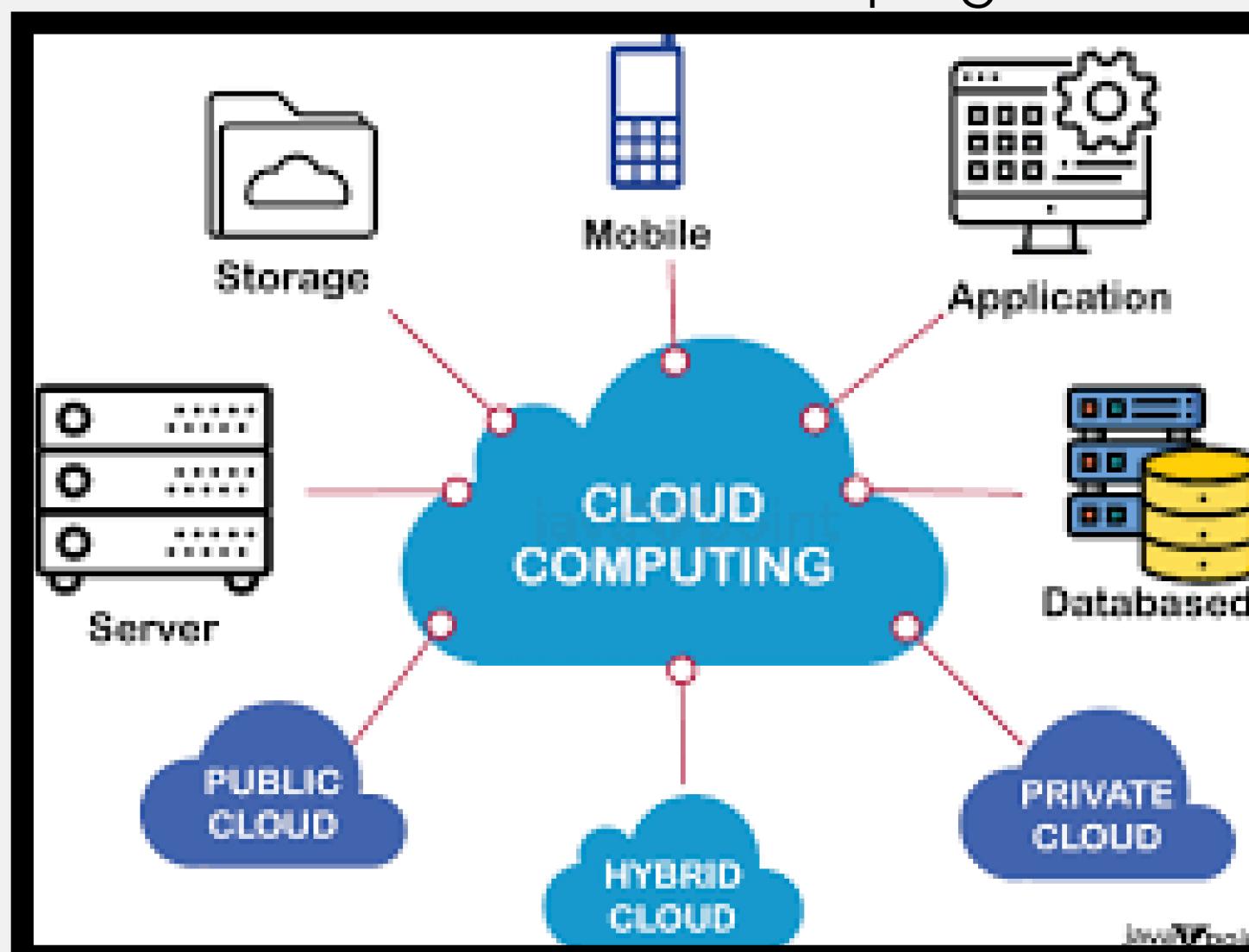
Cost Efficiency: High customer retention helps achieve economies of scale, reducing per-unit costs and improving operational efficiency.

Resource Optimization: Stable market share allows for better resource allocation and long-term strategic planning.

Amazon Web Services faces a complex challenge of high attrition rates, driven by a mix of internal and external factors. This issue carries significant implications for the organization's finances, reputation, and employee satisfaction.

As AWS continues to adapt to the evolving landscape of tech and remote work, addressing attrition remains a critical challenge. The company's efforts to improve working conditions and career advancement opportunities show promise, but resolving this issue will likely require ongoing dedication and innovation.

In the competitive realm of cloud computing and technology, maintaining employee satisfaction and retention is crucial for Amazon Web Services to sustain its leadership position and continue shaping the future of the industry.



Company Financials year to date

590,7b\$

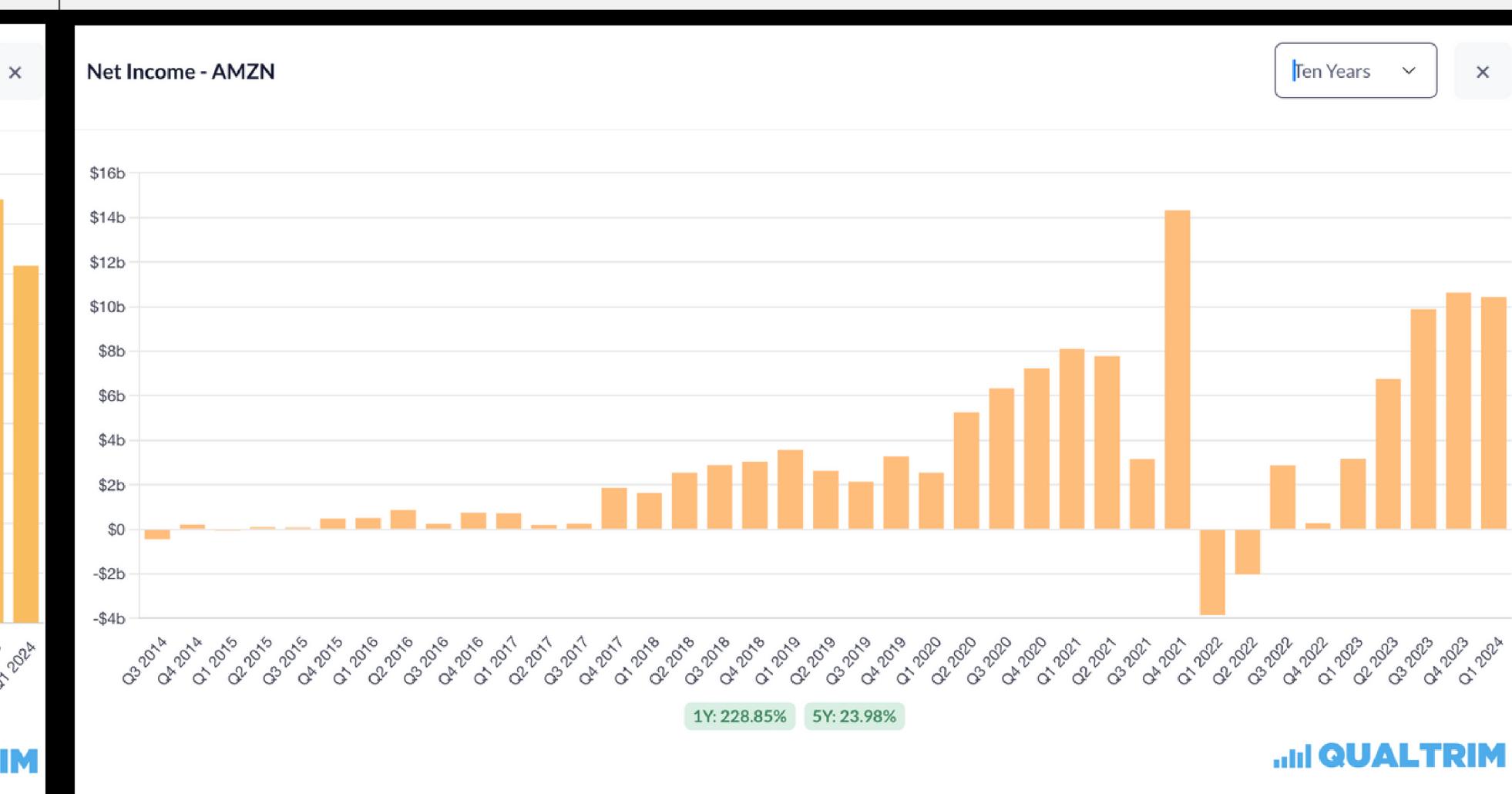
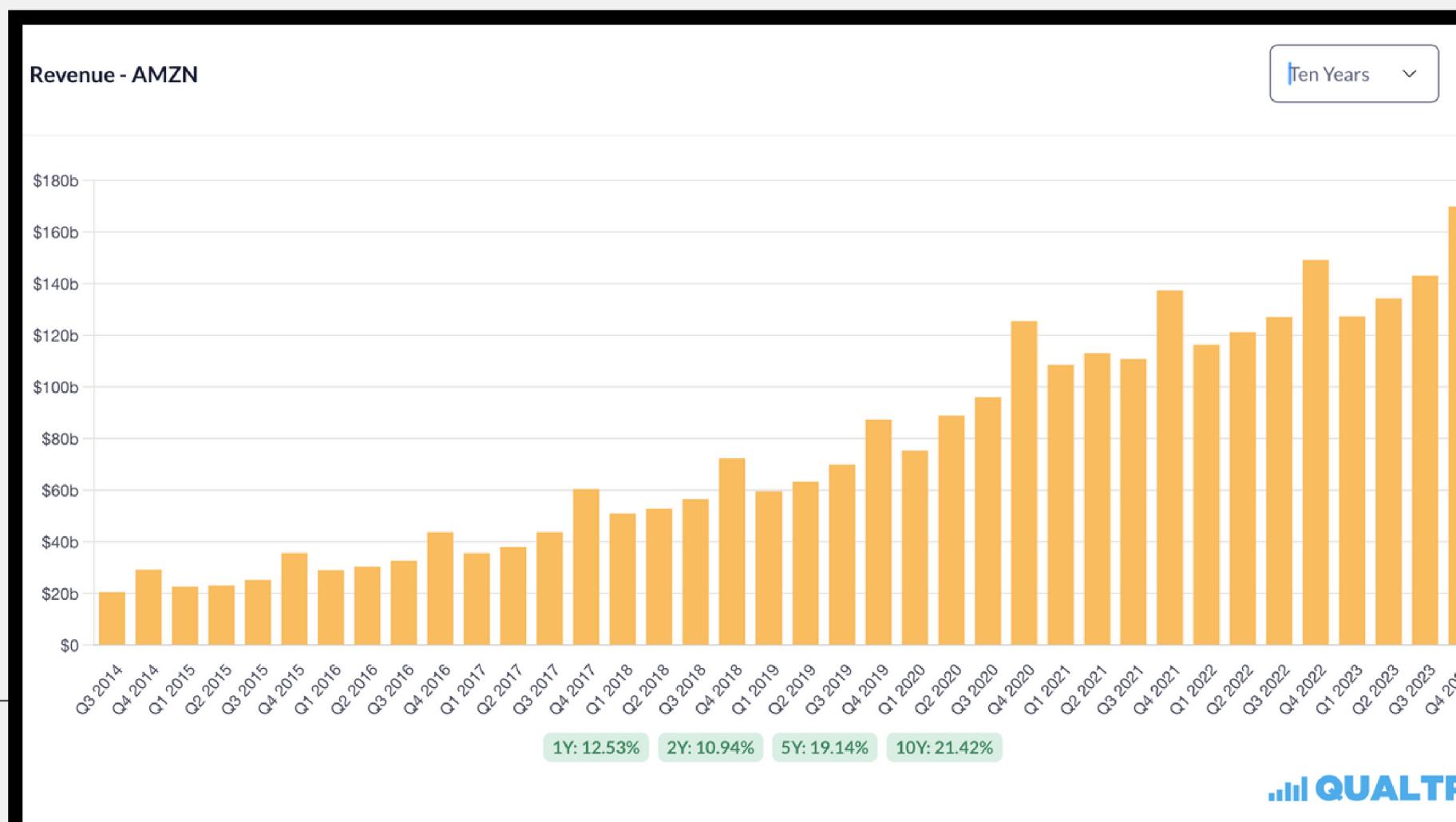
Revenue

Compound annual growth of
21,42% over the last 10 years

37,7b\$

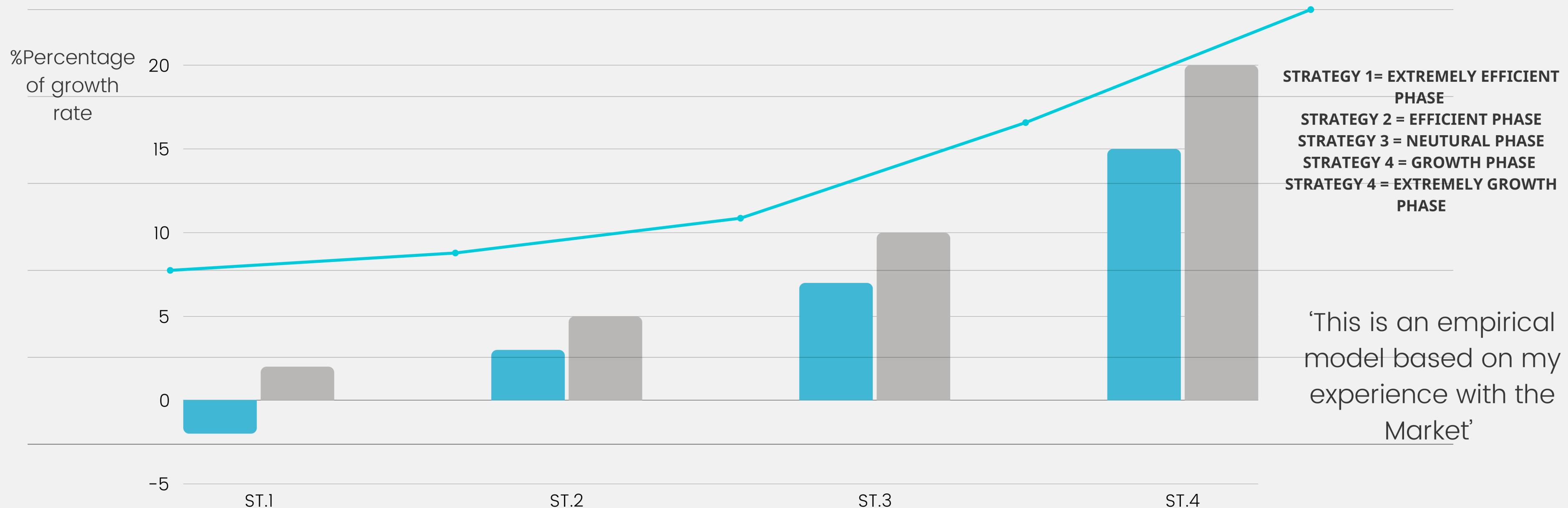
Net income

Compound annual growth of 23,98%
over the last 5 years

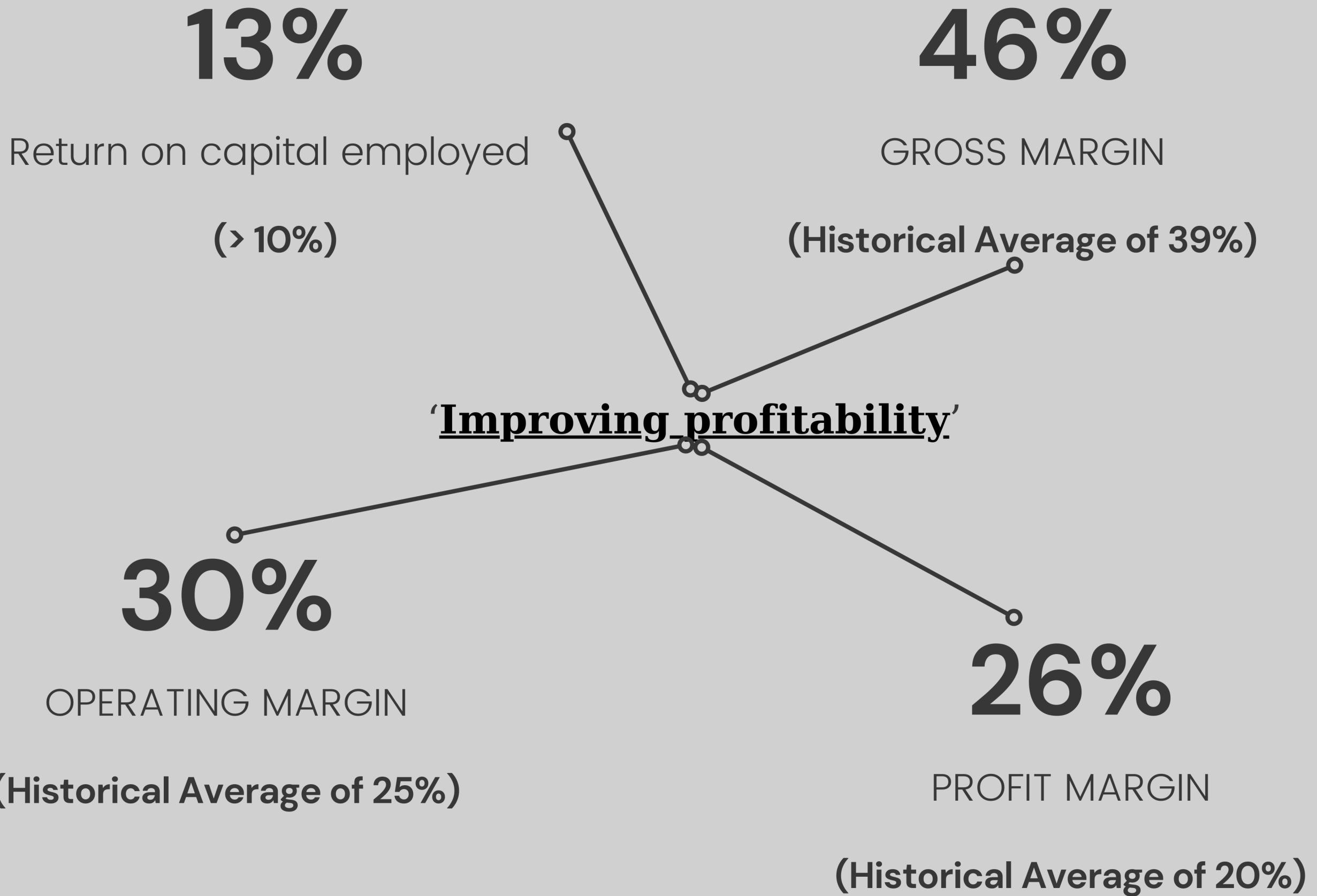


Even in case of slowing revenue and tough environment amazon can exercise their margin efficiency strategy by cutting costs and laying off employees which has show it is capable of and hasn't executed nearly to the rate it can be.

Faster earnings growth suggests the company is managing its costs effectively. In amazons case it's due to reducing operational expenses, optimizing production processes and achieving economies of scale .Furthermore in the last few years the Ai and robotics enhancments seem to be improving profitability at a fast rate . Faster earnings growth relative to revenue growth is a positive indicator of the company's profitability ,increasing margins, efficiency, and financial health. It enhances investor confidence, provides financial flexibility, and positions the company well for sustainable growth and competitive advantage.



Each strategy has a different Rate of CAPEX change ,employee count change and so on, positive or negative based on the growth or efficient approach.



Latest quarters expenses

\$44,29b

Expenses

Decreased by 25% Quarterly and Decreased by 3% year over year .

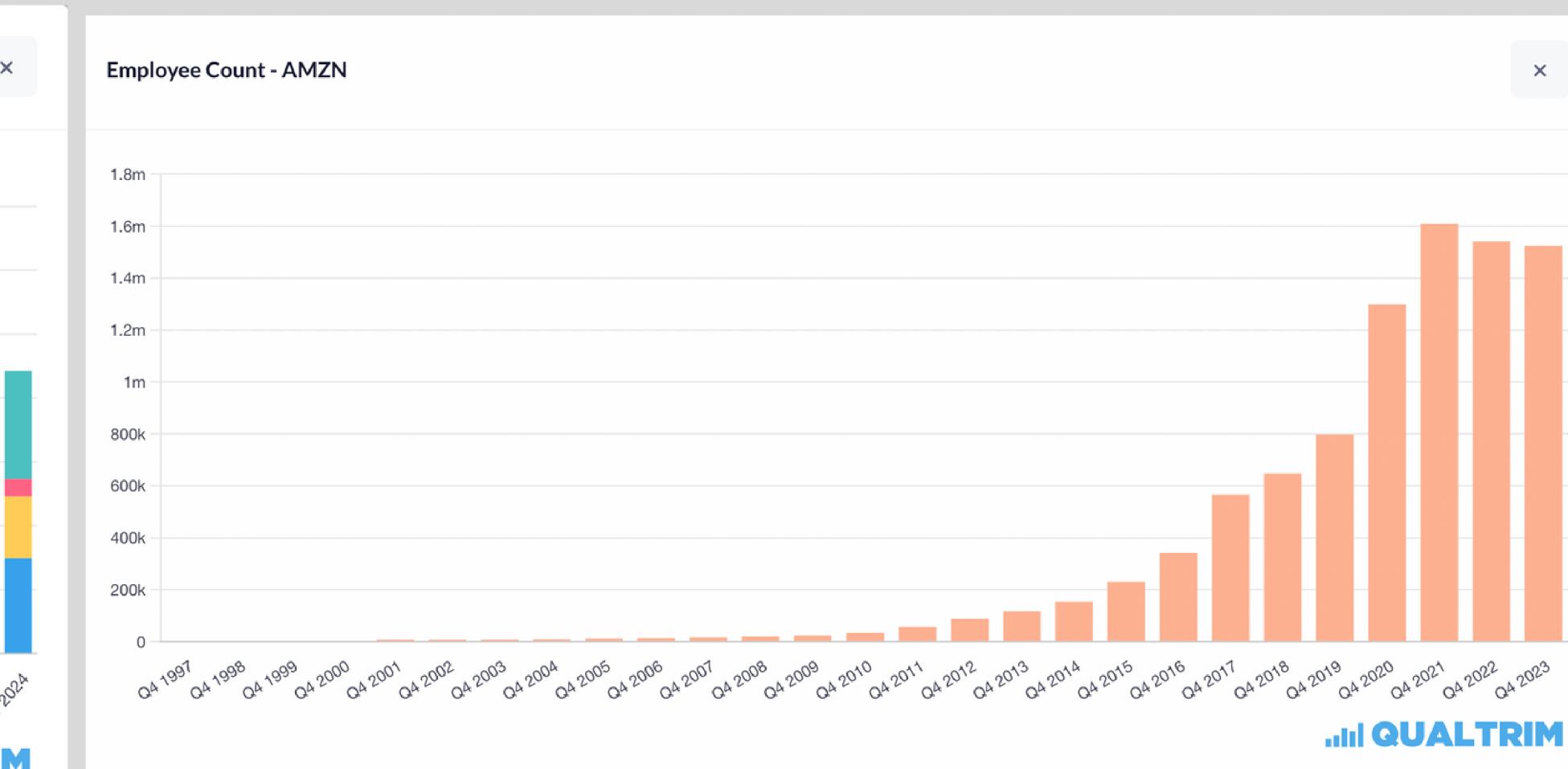
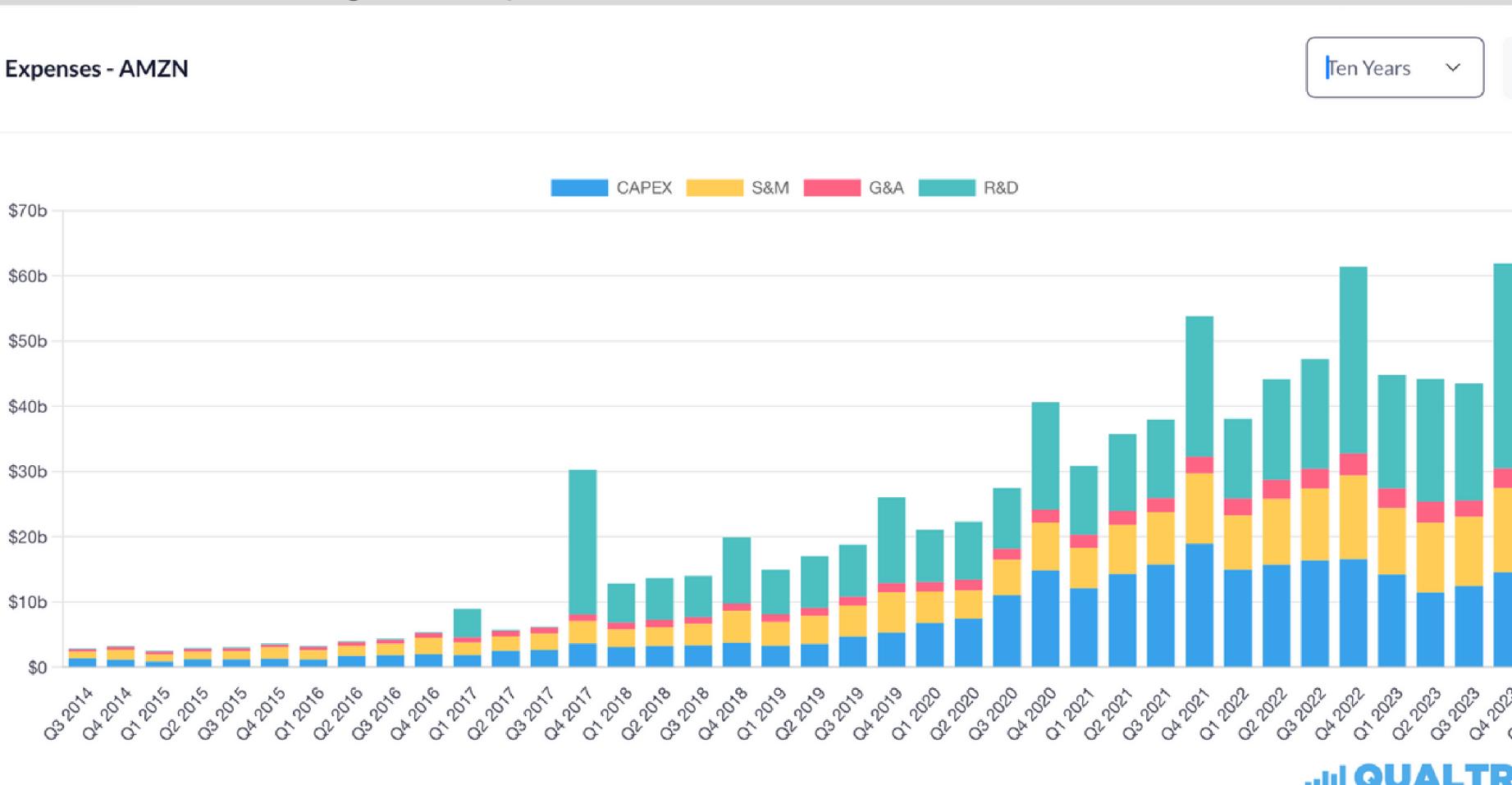
Even though revenue growing at double digits we can understand management has a profitable growth strategy taking place currently.

By the end of the year due to that strategy analysts expect record amounts of free cash flow and margins expansion .

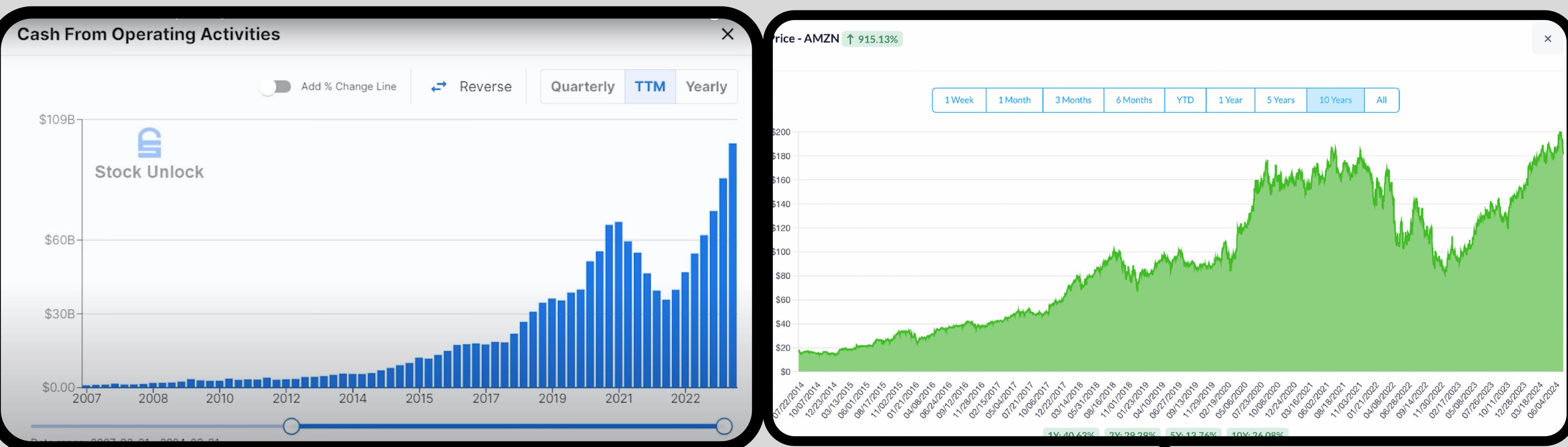
1,53m

Employees

The more investments to robotics , AI infrastructure , the less employees will be needed over time reducing significantly salaries budget.



**Here we can see the cash from operating activities which is the most corelated metric to the stock price of the company
Due to the heavy CAPEX earnings and free cash flow metrics**



Correlation coefficient
values of :0,8-0,9

Average : 27.7
Current : 20,9
Discount Rate : 25%

Price to operating cash flow.

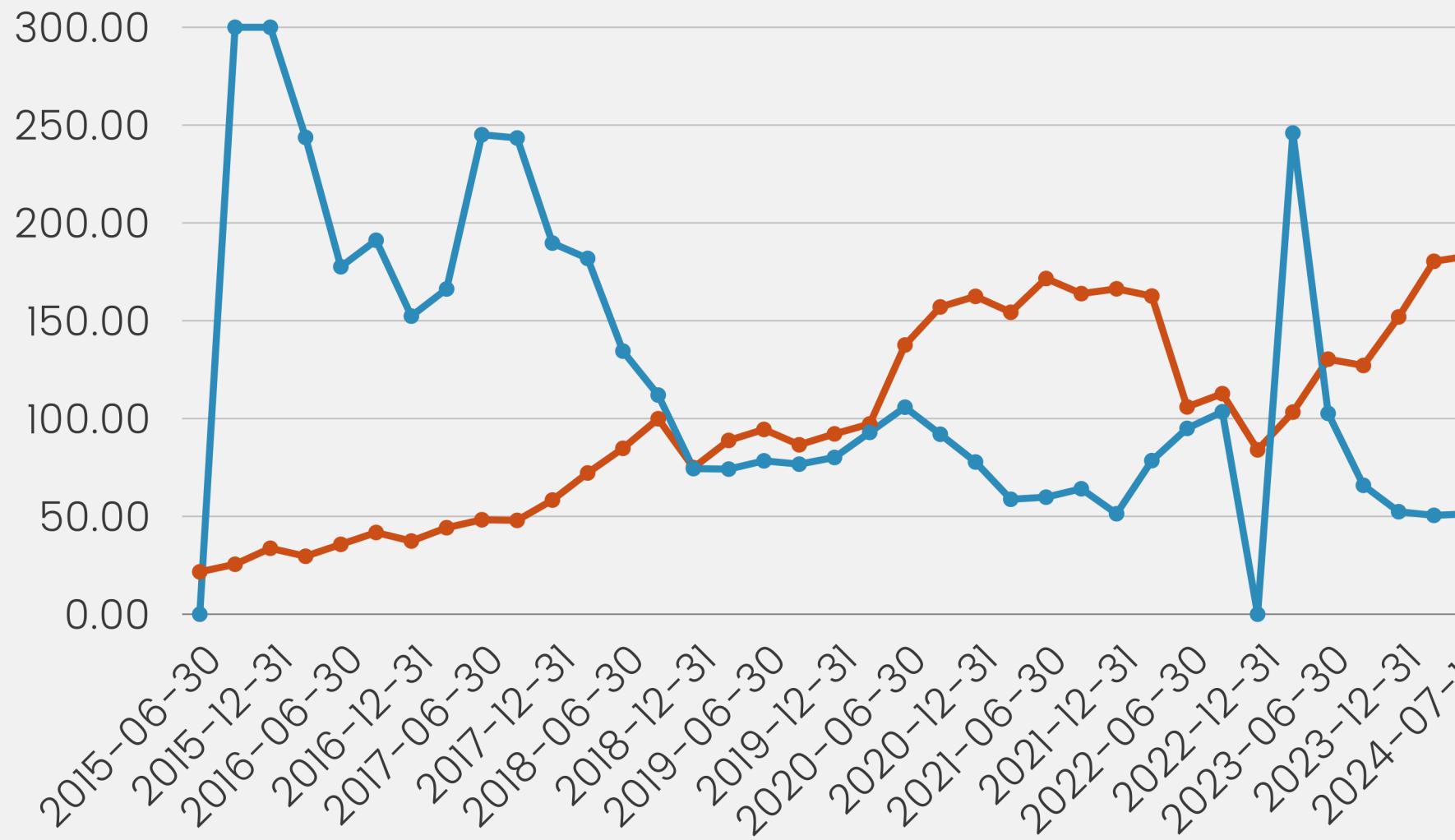
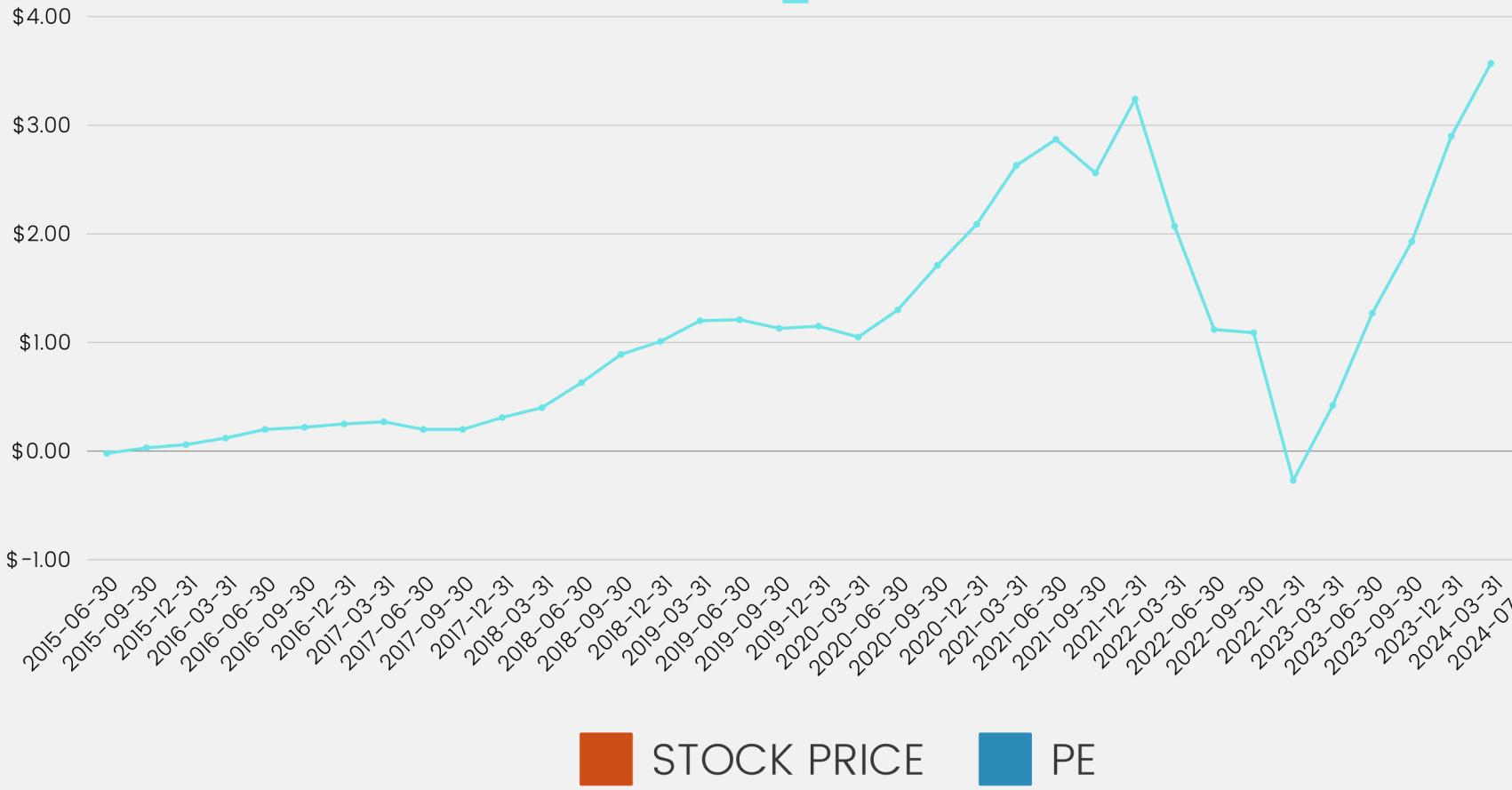


We can see for the last 18 months the valuation has stayed the same despite seeing the stock price increasing 110%.

Which means all the price increases has only been fundamental growth and not multiples expansions like the rest of the big 7.

In relation to Amazons better than ever positioning in the market the value proposition is high. This fact is important because most investors with such price increase tend to think theres no more room for profits but in reality this fear is what keeps the stock undervalued .

‘Cash flow from operations generally offers more insightful image for amazon historically’ .



3,57\$ EPS last q.

eps growth 29% per quarter

'Revenue growth is 22% over the same period'

This is the result from the management's profitable growth strategy.

Current pe ratio 50

Average over the last 5 years of 87.

Discount rate 42%

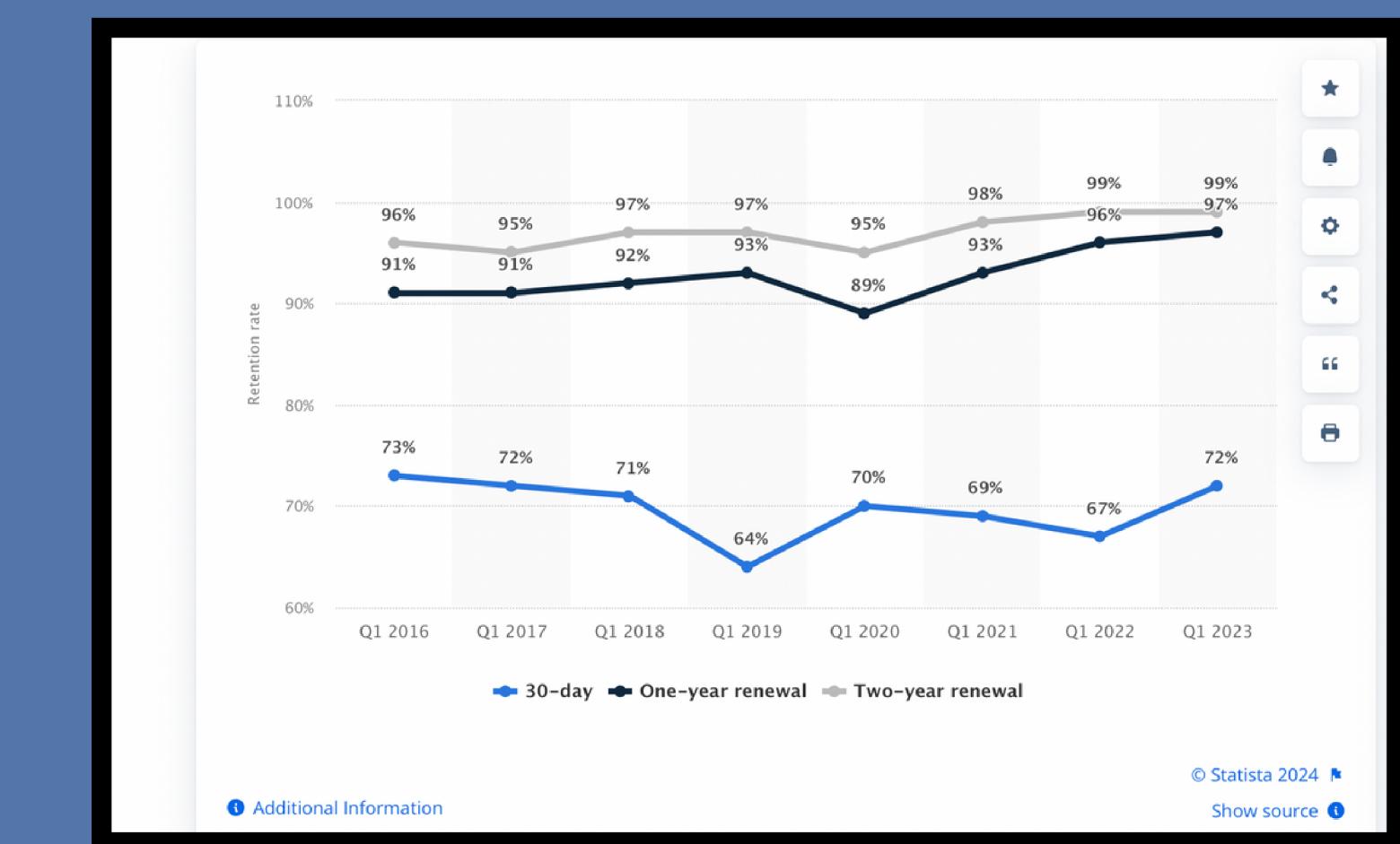
Generally investors prefer the operating cash metrics when valuating Amazon due to their heavy investments bringing down the earnings in the short term
Cash metrics provide a more stable data set.
But for a broad picture every metric is important.

Amazon prime impressive Retention Rates.



Amazon boasts impressive retention rates across its services, particularly with its Amazon Prime membership. Prime maintains a retention rate of approximately 93% after the first year and about 98% for customers who have been members for two years or more. This high retention rate can be attributed to Amazon's relentless focus on customer-centric strategies and continuous enhancement of the customer experience.

Amazon achieves this through several key tactics:



Personalized Customer Experience: By tailoring both new and returning user experiences based on past behavior and preferences, Amazon ensures that customers feel valued and engaged. This personalization extends to product recommendations and marketing communications, which significantly improve customer satisfaction and loyalty (Beamer) (Feedvisor).

Prime Membership Benefits: The extensive benefits of Amazon Prime, including free shipping, access to exclusive deals, and streaming services, create substantial value for members, encouraging them to renew their subscriptions year after year (Feedvisor).

Customer Service Excellence: Amazon places a high priority on exceptional customer service, including fast order fulfillment and efficient resolution of issues. This commitment helps build trust and reliability, which are crucial for retaining customers (Saras Analytics).

Innovative Loyalty Programs: Programs like Prime Day create a sense of urgency and exclusivity, which not only attract new customers but also incentivize existing members to stay subscribed and take advantage of the special deals (Beamer). These strategies collectively contribute to Amazon's ability to retain a high percentage of its customer base, reinforcing its position as a leader in customer retention in the e-commerce industry.

MODEL 1.

AMAZON				
We are using a Sum of the Parts (SOTP) valuation model because the company has different businesses that are different from each other.				
Amazons Online Stores and Physical Stores (commerce)	Amazon's third-party seller services	Subscriptions Services (Mainly Prime Membership)	Advertising Services	
TTM revenues as of Q1 2024 (in B\$)	TTM revenues as of Q1 2024 (in B\$)	TTM revenues as of Q1 2024 (in B\$)	TTM revenues as of Q1 2024 (in B\$)	
0,7	144,83	41,27	49,21	
AVERAGE PRICE TO SALES OF INDUSTRY	AVERAGE PRICE TO SALES OF INDUSTRY	AVERAGE PRICE TO SALES OF INDUSTRY	AVERAGE PRICE TO SALES OF INDUSTRY	
Fair Value of Segment (in B\$)	Fair Value of Segment (in B\$)	892,1528 Fair Value of Segment (in B\$)	272,7947 Fair Value of Segment (in B\$)	406,9667
179,046				
AWS Business				
TTM revenues as of Q1 2024 (in B\$)				
7,25	94,71			
AVERAGE PRICE TO SALES OF INDUSTRY				
Fair Value of Segment (in B\$)				686,6475
Short term and long term debts (B\$)	314,3			
Cash equivalents & Marketable Securities(B\$)	85,5			
Net Debt (negative if debt more than cash)	-229			
As of July 25 ,2024.				
Fair intrinsic value of the company	2.209			
Shares outstanding	10,67			
Fair intrinsic value per share	207,01103			
Current Value Per Share	182			
Overvalued(+)/Undervalued(-) %	-12,08198			
In billions \$				
In billions \$ March 31, 2024				
Per share				
Per share as of July 25 , 2024				
Dimitris Matthes				

These models are based on Amazons current and expected revenue growth over the years .While applying appropriate multiples based on the industry averages and historical data. We can also reduce the deviation including stock based compensation in these models providing us a average stock price indicator of 199,5\$.

MODEL 2.

Forward Price to Sales Valuation Method	
Forward Sales	670,7
Using a reasonable Price to Sales Multiple	3,1
Intrinsic Value (whole company) Billions	2079,17
Diluted shares outstanding Billions	0,16
Intrinsic Value Per Share	192,515741
Current Shares outstanding Billions	10,670
Current Price Per Share	182
Current Price to Sales Multiple	3,26

Projected Price Appreciation

AMAZONS OPERATING CASH FLOW DCF

Assumptions	
Growth rate of Operating FCF	15%
Shares outstanding change	historical average 23,61%
Price to operating cash flow multiple	22,00x

historical average 1,2%
historical average 26x

Starting stock price
As of July 26 2024

182

Period	2024	2025	2026	2027	2028	2029
Shares	10,67	10,79804	10,92761648	11,05874788	11,19145285	11,32575029
Operating FCF	99,147	114,01905	131,1219075	150,7901936	173,4087227	199,4200311

FUTURE OPERATING FCF	199,4
MULTIPLE	22,0
MARKET CAP	4387,2

Shares outstanding	11,32575029
Market Cap	4387,2
Price Per Share	387,3686575

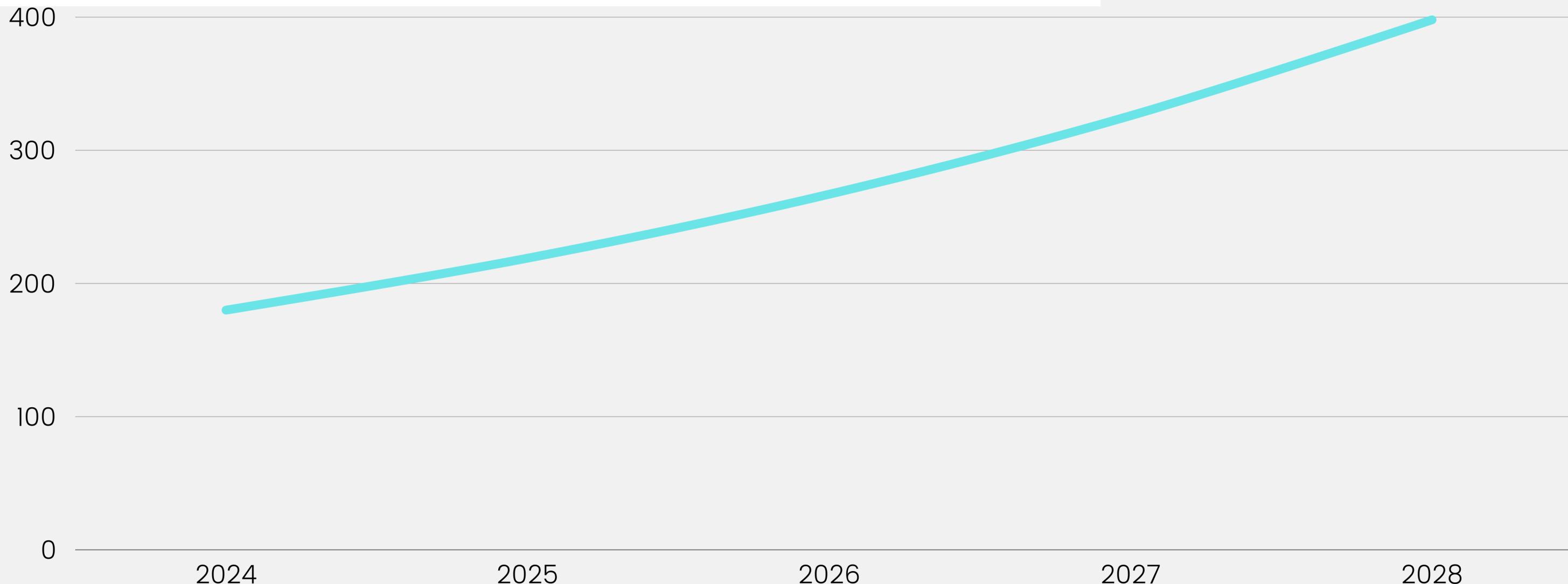
Annualized Return on Investment % 22,56798434

Dimitris Matthes

TV = MARKET CAP

TV = Financial Metric x Trading Multiple
(Example: EBITDA x 5)

$$TV = \frac{(FCF_n \cdot (1 + g))}{(WACC - g)}$$



From the data shown the key take away is that the market has a difficulty valuating amazon the last few years due to the explosive cash flow increases and margin expansion This is the key reason I believe amazon will out-perform the S&P.

Risks envolved .

I see every investment as a risk reward determining procces based on research

,Amazons key risks are:

Amazon, while a dominant player in e-commerce and cloud computing, faces several weaknesses and risks that investors should consider. Here are some key concerns:

1. Regulatory and Legal Challenges

- Antitrust Scrutiny: Amazon faces increased scrutiny from regulators around the world concerning its market dominance and business practices. Potential antitrust actions could lead to significant fines or even operational restrictions.
- Taxation: Changing tax laws, particularly in the EU and other regions, could impact Amazon's profitability. Efforts to close tax loopholes might result in higher effective tax rates.

2. Market Saturation and Competition

- E-commerce Competition: While Amazon is a leader in e-commerce, competition from companies like Walmart, Alibaba, and regional players is intensifying. These competitors are improving their logistics, technology, and market reach.
- Cloud Computing: In the cloud space, Amazon Web Services (AWS) faces stiff competition from Microsoft Azure, Google Cloud, and other providers. Price wars and innovation pressures are constant challenges.

3. Dependence on Third-Party Sellers

- Marketplace Quality Control: Amazon's reliance on third-party sellers for a significant portion of its sales can lead to issues with product quality, counterfeit goods, and inconsistent customer experiences.
- Regulatory Compliance: Ensuring that all third-party sellers comply with various regional laws and regulations can be complex and costly.

4. Supply Chain Vulnerabilities

- Global Supply Chain Disruptions: Amazon's vast supply chain is vulnerable to disruptions from events like natural disasters, geopolitical tensions, and pandemics. These disruptions can impact inventory levels and delivery times.

- Logistics Costs: Increasing logistics and shipping costs, driven by factors such as fuel prices and labor shortages, could squeeze profit margins.

5. Labor Issues

- Workforce Management: Amazon's labor practices have come under scrutiny, including issues related to worker safety, unionization efforts, and overall working conditions. Addressing these concerns could lead to higher operational costs.

- Turnover Rates: High employee turnover rates can increase recruitment and training costs and impact operational efficiency.

6. Technological Risks

- Cybersecurity Threats: As a technology-driven company, Amazon is a prime target for cyberattacks. A significant data breach could damage its reputation and result in legal and financial repercussions.
- System Failures: Operational disruptions or failures in Amazon's IT infrastructure could impact its ability to serve customers and maintain its market position.

7. Economic Sensitivity

- Consumer Spending: Amazon's performance is tied to consumer spending, which can be affected by economic downturns, inflation, and changes in consumer behavior. Economic challenges could reduce disposable income and spending on non-essential items.
- Currency Fluctuations: As a global company, Amazon's revenue and profitability are exposed to currency exchange rate fluctuations, which can impact financial performance.

8. Technology Investments

- Amazon's significant investments in new technologies (e.g., AI, robotics, and logistics automation) may not yield the expected returns. If these technologies do not become profitable or fail to enhance efficiency as anticipated, it could result in substantial financial losses.

AMAZONS OPERATING CASH FLOW DCF						
Assumptions		historical average 23,61%		Starting stock price As of July 26 2024		
Growth rate of Operating FCF	10%	historical average 1,20%	historical average 1,2%	182		
Shares outstanding change	1,20%	historical average 19,00x	historical average 26x			
Price to operating cash flow multiple	19,00x					
Period	2024	2025	2026	2027	2028	2029
Shares	10,67	10,79804	10,92761648	11,05874788	11,19145285	11,32575029
Operating FCF	99,147	109,0617	119,96787	131,964657	145,1611227	159,677235
		FUTURE OPERATING FCF		159,7		
		MULTIPLE		19,0		
		MARKET CAP		3033,9		
Shares outstanding		11,32575029				
Market Cap		3033,9				
Price Per Share		267,8734201				
Annualized Return on Investment % 9,436639571						

TV = MARKET CAP

TV = Financial Metric x Trading Multiple
(Example: EBITDA x 5)

$$TV = \frac{(FCF_n \cdot (1 + g))}{(WACC - g)}$$

These risks if true will significantly reduce the free cash flow increase over time and decrease the fundamental positioning meaning a lower multiple appliance .

By factoring these parameteres the annualised stock price is still at Market level meaning the upside downside risk is minimal .

Product Updates

O1

Advertising is now 50 billion dollar business

Advertising has significantly bolstered Amazon's growth, transforming it into a major player in the digital advertising landscape. The company has leveraged its extensive customer base and detailed consumer data to build a highly effective advertising business. Unlike traditional advertising platforms that rely on inferred interests, Amazon's insights are based on actual purchasing behavior, allowing advertisers to target consumers with precision at key moments in their shopping journey.

O2

Started more aggressive AI infrastructure investment program to stay ahead from competition .

Generative AI and Cloud Services: Amazon Web Services (AWS) has significantly invested in generative AI, including a \$4 billion investment in Anthropic to enhance generative AI capabilities. This partnership aims to advance technologies that power applications for healthcare, financial services, and personalized customer experiences. AWS also collaborates with NVIDIA to offer advanced AI infrastructure, such as the NVIDIA Grace Blackwell Superchip, enhancing the performance of large language models (LLMs).

O3

Collaborated with promising startups .

Generative AI Startups: AWS has committed \$230 million to support startups developing generative AI technologies. This initiative includes the AWS Generative AI Innovation Center, which provides resources and expertise to help companies build AI-powered applications.

Summary

-
- 01** I will be buying more of the stock while it remains undervalued because of its quality businesses (AWS ,online Marketplace ,Advertising ,Third party services).
 - 02** Amazon has a very large economic moats in many areas.
 - 03** Ai infrastructure will benefit at large scale Amazon in the long-term.
 - 04** Margins can expand more and its in managments plans.
 - 05** Amazon's competition is insignificant and unprofitable .
-

Thank you!

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Social media business

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Resource Page

- Seeking Alpha
- Qualtrim
- Stock Unlock
- Macrotrends
- Statista
- Amazon Investor Relations

Sourced between 18-27 of July
2024

My portfolio allocation.

\$39,380.93	\$333.03	0.85%	11
Current Value	Estimated Annual Income	Dividend Yield	Holdings
Overview	Dividends	Holdings	Historical Values
Portfolio Holdings			
Holding	Current Value	Changes	Original Value
Amazon.com, Inc. AMZN	\$6,387.50	↓ -0.98%	\$6,450.50
SoFi Technologies, Inc. SOFI	\$3,942.12	↓ -0.80%	\$3,974.04
Salesforce, Inc. CRM	\$4,466.07	↑ 12.75%	\$3,961.00
Booking Holdings Inc. BKNG	\$3,700.99	↑ 0.03%	\$3,700.00
PayPal Holdings, Inc. PYPL	\$3,322.53	↓ -9.21%	\$3,659.40
Hims & Hers Health, Inc. HIMS	\$4,832.94	↑ 43.51%	\$3,367.74
Realty Income Corporation O	\$3,658.41	↑ 12.21%	\$3,260.25
Alphabet Inc. GOOGL	\$3,841.00	↑ 19.87%	\$3,204.36
Visa Inc. V	\$2,075.68	↓ -2.09%	\$2,120.00
Bristol-Myers Squibb Company BMY	\$1,866.65	↑ 6.66%	\$1,750.10
On Holding AG ONON	\$1,287.04	↑ 18.96%	\$1,081.92

