

Morgan Stanley & COOP Analytics Project:



C128 Data Analytics Cohort

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Agenda

- Overview of Amazon
- Our Approach
- Results
- Conclusion



Overview of Amazon

Founded: 1994; **Public:** 1997 • **Location:** International & based in Seattle, Washington • **CEO:** Jeff Bezos • **Ticker Symbol:** AMZN

Retail

Retail; e-Com; Grocery

Products/Services:

- *Amazon.com* (marketplace)
- Apparel & Accessories
- Household items & Furniture
- Food & Beverages
- *Amazon Prime*

Acquisitions:

- Zappos (2009)
- Whole Foods (2017)

Walmart

Cloud Computing

Products/Services:

- Amazon Web Services (AWS)
- Makes over 50% of Amazon's operating profit and is an entire business segment for Amazon

"Amazon controls about a third of the global cloud market, nearly twice as much as its next closest competitor."

Alphabet & Microsoft

Tech Devices

Products/Services:

- Alexa (voice-activated technology)
- Kindle, e-readers
- Fire TV, Echo

Acquisitions:

- Kiva Systems (2012; Robotics)
- Ring (2018)
- Blink Home (2017)

Alphabet

Other

- **Media**, entertainment, & subscription services (ie. Audible; Prime Video; Amazon Music; Publishing)
- **Gaming** (ie. Twitch)
- **Advertising**
- **Shipping & Logistics**
- **Energy**
- **Education** (ie. TenMarks Education, Inc. 2013)
- **Finance**
- **Healthcare** (PillPack, 2018)

Various Companies/Industries



Our approach



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KPIs

P/E Ratio

Measures current share price relative to per-share earnings (EPS)

ROE

How *efficient* a company is at using its capital to generate income

EPS

Indicates how much money is made for each share; company's profitability

CAGR

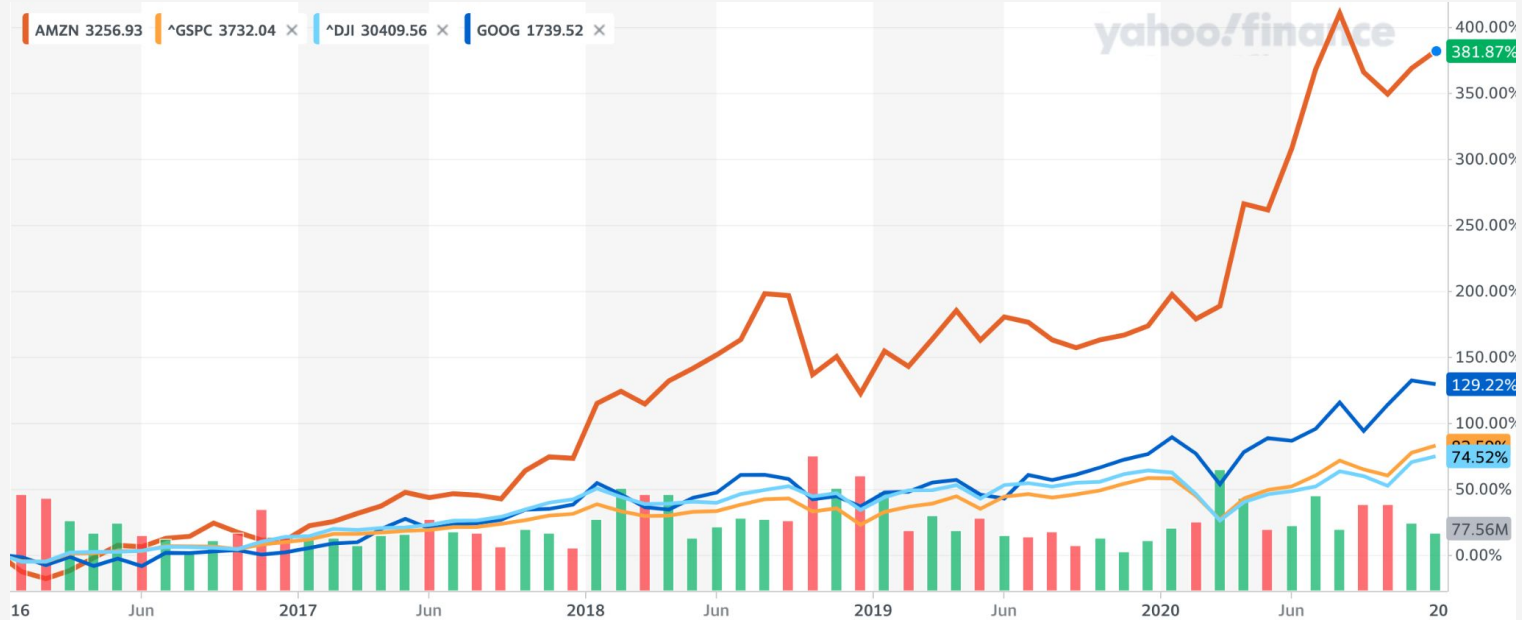
Mean annual growth rate over a specified period of time longer than one year



AMZN Stock Performance 2016 - 2020

In 2018 **AMZN** drastically outperforms S&P 500, Dow Jones, and Google by 20%

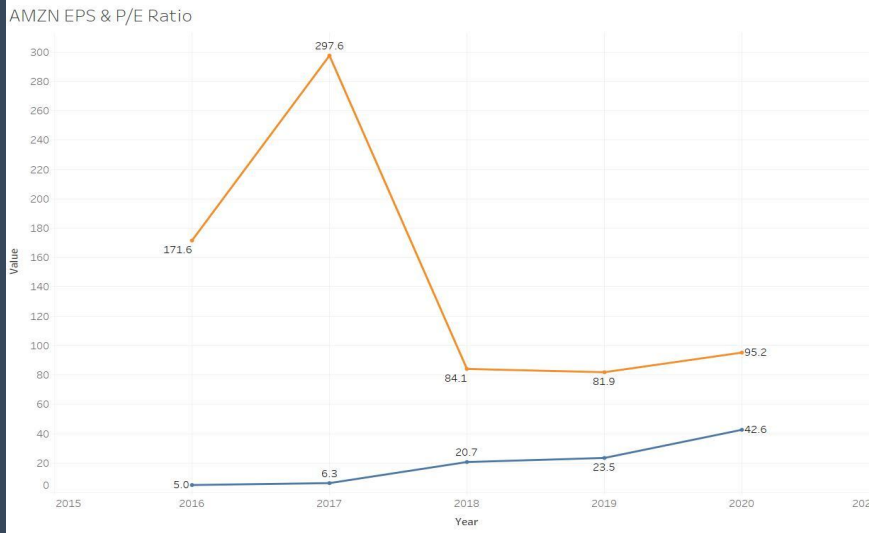
Amazon invested more into its AI technology, Alexa ¹



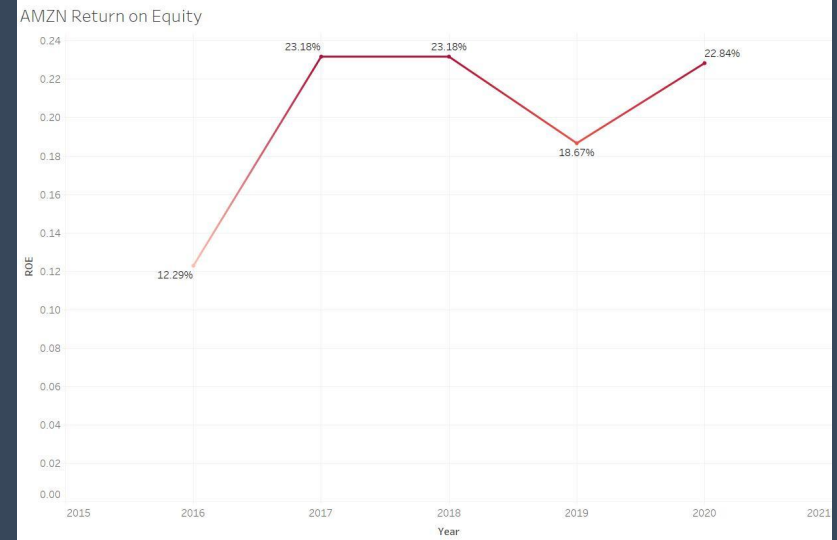
Source: Yahoo Finance



Key Performance Indicators



● EPS ● P/E Ratio

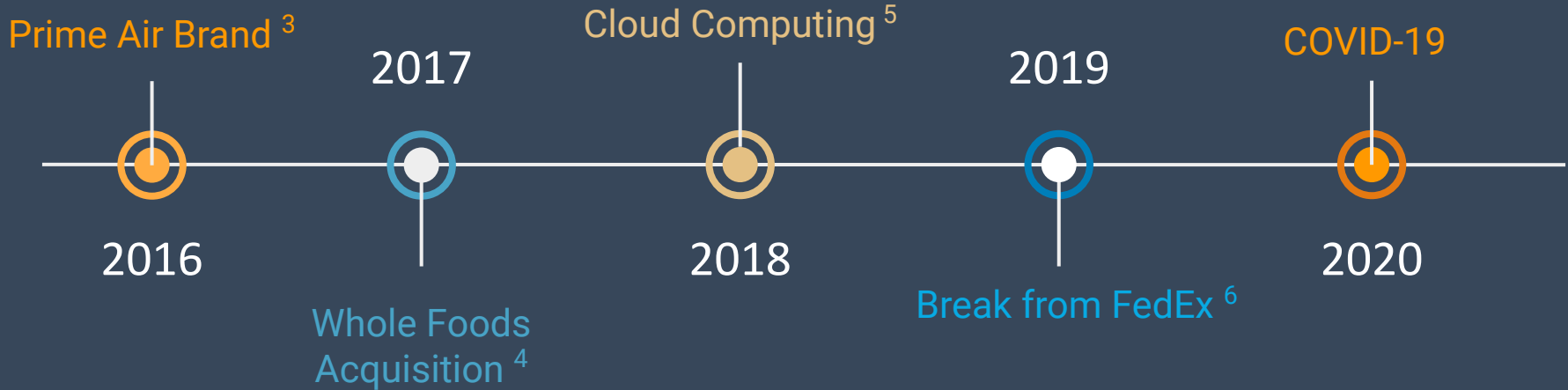


● Return on Equity

- From **2016-2017**, the P/E ratio **skyrockets** due to expected growth in the following year
- From **2018-2019**, the return on equity dips from **23%** to **18%**
 - Lost \$10 billion contract for Pentagon cloud services ¹
 - Jeff Bezos' divorce ²

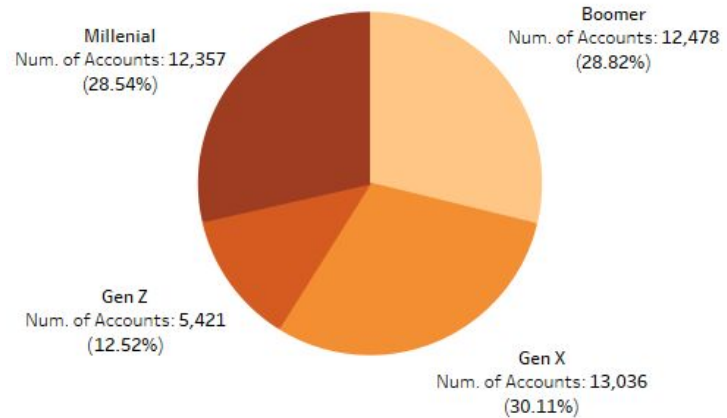
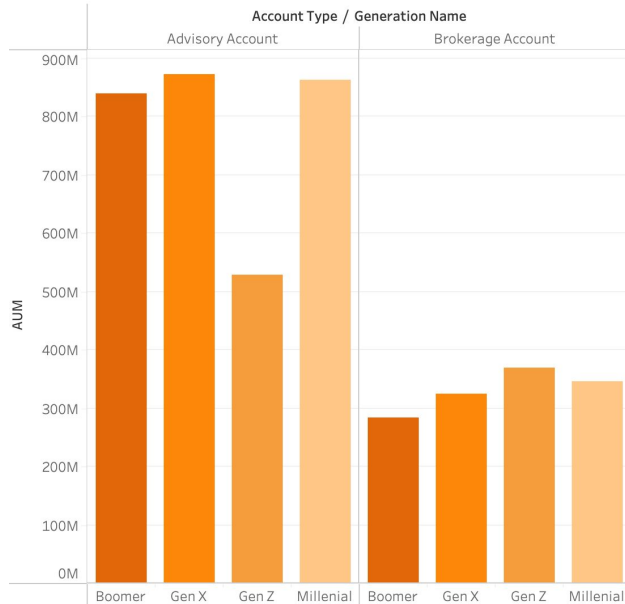


Amazon 2016-2020 Highlights



Morgan Stanley Client Demographics

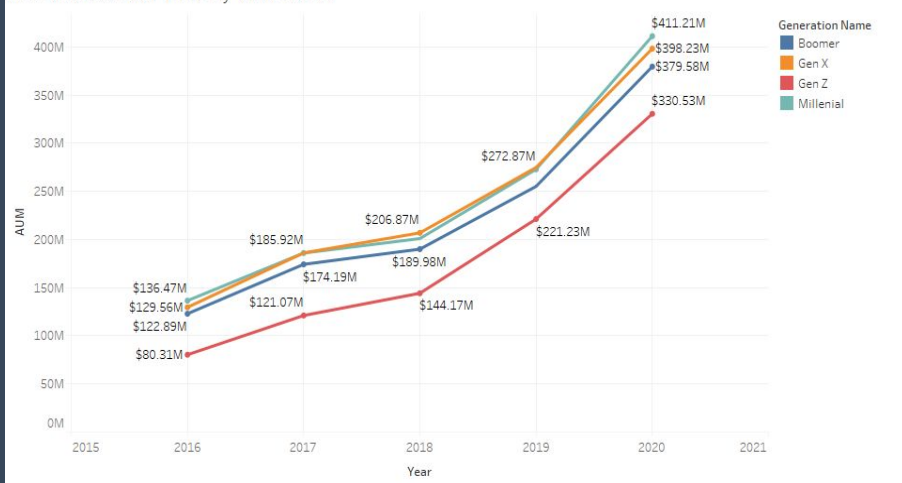
- Boomers, Millennials, and Gen X hold nearly **30% of accounts** each
- **Gen X** and **Millennials** invested the largest amounts into advisory accounts with \$871m and \$862m, respectively
- **Gen Z** invested the most into brokerage accounts with \$369m
 - Brokerage accounts are more accessible to them



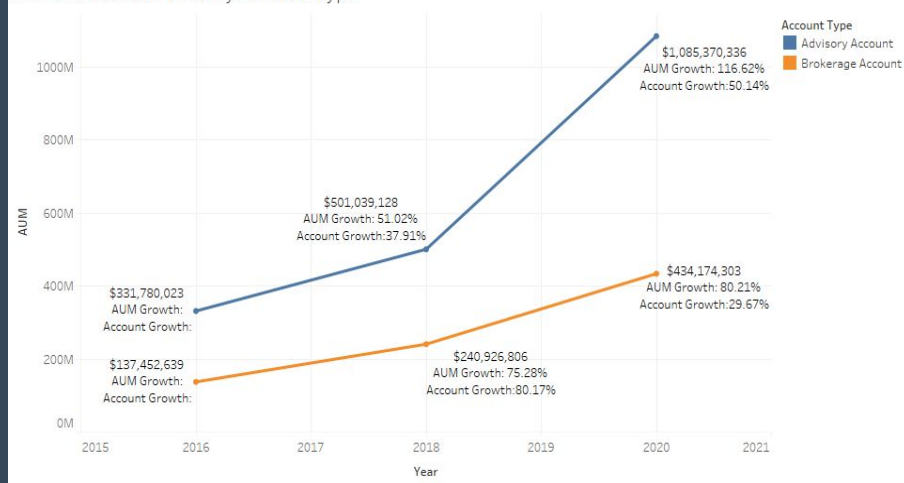
Morgan Stanley Client Behavior

- All generations follow the **same rate** of growth between 2016-2020
- Asset value follows **increasing** trend (43% for advisory and 28% for brokerage) **after 2018**
 - Whole Foods acquisition in 2017 ⁴
 - Increased adoption of AWS ⁵

Asset Value Over Time by Generation



Asset Value Over Time by Account Type



CAGR

Compounded Annual
Growth Rate

- Amazon had a growth rate of 38.01% between 2016-2020
 - Significantly higher than S&P 500 (13.13%) and Alphabet (18.55%)

Amazon	
2016	14.26%
2017	54.30%
2018	28.15%
2019	26.12%
2020	75.25%
5 - Yr	38.01%

S&P 500	
2016	11.18%
2017	18.74%
2018	-6.59%
2019	30.43%
2020	15.02%
5 - Yr	13.13%

Alphabet	
2016	3.88%
2017	34.36%
2018	-1.21%
2019	31.52%
2020	29.67%
5 - Yr	18.55%



1

Direct Delivery Chain

Cost effective direct delivery chain over the 4 years by Amazon Prime Air fleet

2

Pentagon Cloud Services

Loss of contract led to dip in return on equity in 2019

3

COVID-19

Pandemic caused increased reliance on online retailers and cloud based services for businesses

4

Morgan Stanley Client Behavior

As P/E ratio stabilized, clients invested more money into their accounts

Top 4 Insights



Thank You!

Any Questions?



Sources

Financial Information: [Yahoo Finance](#)

Articles:

¹ Amazon blames Trump's 'improper pressure' for losing \$10 billion Pentagon contract ([marketwatch.com](#))

² Jeff Bezos announces divorce from MacKenzie Bezos after 25 years together ([washingtonpost.com](#))

³ Amazon launches Prime Air, its own dedicated cargo planes ([techcrunch.com](#))

⁴ Jeff Bezos is the big winner in the Amazon-Whole Foods deal ([marketwatch.com](#))

⁵ Everything Amazon did in 2018 that you might have missed ([vox.com](#))

⁶ FedEx, Amazon Part Ways Over Deliveries ([wsj.com](#))



Compound Annual Growth Rate w/ Figures for Amazon

CAGR
(Compound Annual Growth Rate)

44.36 %

Over the course of **4** years/months your investment grew from **749.87** to **3256.93**. Its compound annual growth rate (CAGR) is **44.36 %**.

Growth Table

Year/Month	Value
0	749.87
1	1082.53
2	1562.78
3	2256.07
4	3256.93

