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UNIVERSITY

Amazon Ecommerce Financial Analysis



SHIVA SIDDARTH YEDLA (11062197)
NARRENDRA BASURU (11045062)
NAGARJUNA REDDY SREERANGAPU (11062445)

01/03/2025

Amazon.com

E-commerce company

Date: March 01, 2025

Ticker: NASDAQ:AMZN Recommendation: HOLD



Amazon.com, Inc. is a leading global online retailer and technology giant, offering a vast array of products and services. The company operates a robust e-commerce platform with millions of products across various categories, including electronics, fashion, home goods, and groceries. In addition to its core retail business, Amazon provides industry-leading cloud computing services through Amazon Web Services (AWS), offering scalable infrastructure, storage, and AI solutions. The company also excels in digital streaming services through platforms like Amazon Prime Video and Amazon Music, further solidifying its presence in the entertainment and technology sectors.

Porter’s Five Forces Analysis of Amazon

Competitive Rivalry (High)

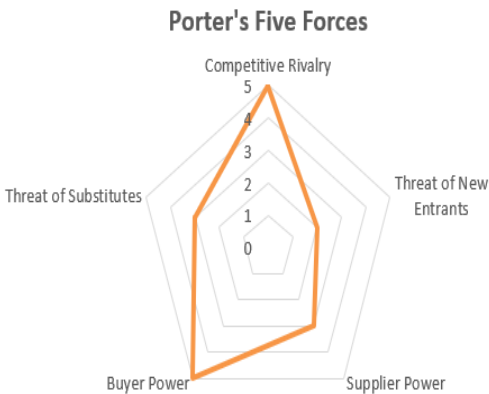
Amazon faces intense competition from various global and regional players across its diverse business segments. Key competitors include Walmart, Alibaba, eBay, and Target in e-commerce, along with Microsoft Azure and Google Cloud in cloud computing services. The market's low switching costs, price competition, and constant innovation further amplify rivalry.

Threat of New Entrants (Moderate to Low)

The barriers to entry in Amazon's markets are relatively high due to the significant capital investment required, technological infrastructure, and brand reputation. However, niche players and localized e-commerce platforms can pose threats in specific regions. Competitors such as Shopify empower small businesses, increasing the likelihood of smaller entrants.

Bargaining Power of Suppliers (Moderate)

Amazon's vast supplier network gives it leverage, but key suppliers of technology components, cloud infrastructure, and content licensing hold moderate bargaining power. Suppliers of critical components like semiconductors can exert influence, especially during shortages. Additionally, third-party sellers on Amazon's marketplace can impact product



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Bargaining Power of Buyers (High)

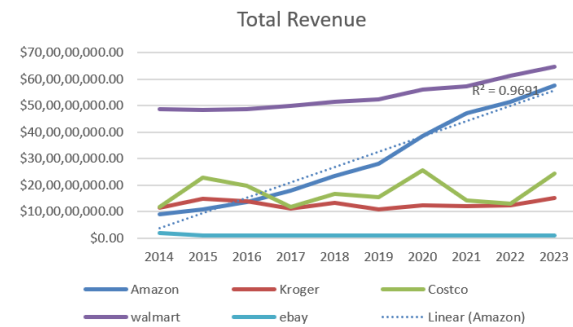
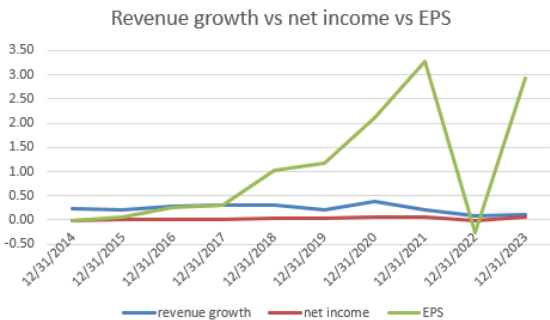
Customers have significant power due to the availability of alternative e-commerce platforms and low switching costs. The highly competitive landscape forces Amazon to maintain low prices, offer fast delivery, and prioritize customer experience.

Threat of Substitutes (Moderate)

Alternative shopping methods, such as brick-and-mortar stores, direct manufacturer sales, and niche platforms, pose moderate threats. However, Amazon’s vast product range, pricing, and delivery speed help mitigate this risk.

Financial Overview

- **Revenue Growth:** In 2023, Amazon's net sales increased by 12% to \$574.8 billion, up from \$514.0 billion in 2022.
- **Net Income:** Amazon reported a net income of \$30.4 billion in 2023, a significant turnaround from a net loss of \$2.7 billion in 2022.
- **Earnings Per Share (EPS):** For the fiscal year ending December 2024, the consensus EPS forecast has increased to \$5.38.
- **Market Capitalization:** As of June 2024, Amazon's market capitalization surpassed \$2trillion.



The graph highlights Amazon's remarkable and steady revenue growth from 2014 to 2023, marked by a high R^2 value of 0.9691, which indicates a strong upward trajectory. While Walmart continues to lead in overall revenue, its growth has been slower and more stable, allowing Amazon to close the gap between them. Costco shows a gradual increase in revenue, whereas Kroger's performance has remained relatively flat. eBay, in stark contrast, is struggling with stagnant revenue. Amazon's rapid expansion is a testament to its diverse business model and strong market presence, positioning it as a significant competitor to Walmart in the near future.

Stock Performance

- **Current Stock Price:** As of January 2025, Amazon's stock is trading at approximately \$185.85, reflecting a 22% increase over the past year.
- **P/E Ratio:** The price-to-earnings (P/E) ratio is a critical metric for investors, indicating how much investors are willing to pay per dollar of earnings.
- **Dividend Policy:** Amazon has traditionally reinvested profits into growth initiatives and does not pay dividends.

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Business Segments

- **E-commerce:** Amazon holds approximately 37.6% of the U.S. e-commerce market, significantly outpacing competitors like Walmart and Apple.
- **AWS:** In 2023, Amazon Web Services generated \$90.8 billion in revenue, accounting for about 16% of the company's total net sales.
- **Advertising:** Amazon's advertising revenue has been growing rapidly, contributing significantly to its overall revenue.

Future Outlook

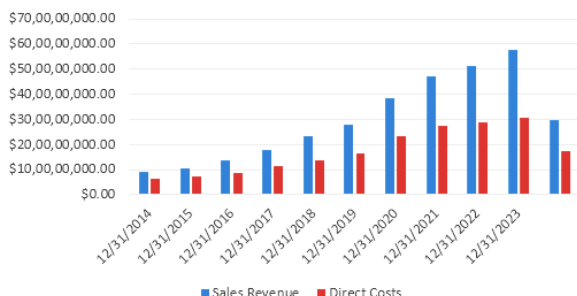
- **Growth Projections:** Analysts expect Amazon's revenue growth to continue, driven by its diverse business model and ongoing investments in technology and infrastructure.
- **Market Position:** Amazon's strong brand recognition and customer loyalty position it well for future growth, with ongoing expansions into new markets and services.

Year	Net Income	Revenue	Operating Income	Foreign Exchange Impact
2024	68.614	937.959	98.505	0.906
2023	37.557	574.785	60.474	0.938
2022	11.046	502.191	22.652	1.126
2021	33.364	469.822	24.879	2.371
2020	21.331	386.064	22.901	0.203
2019	11.591	280.522	14.541	-0.138
2018	10.073	232.887	12.421	0.346
2017	3.033	177.866	4.106	0.09
2016	2.371	135.987	4.186	-0.256
2015	0.596	107.006	2.233	-0.238

- This business demonstrates significant revenue growth, surpassing \$57 billion by 2022, though revenue declined in 2023. Profitability varies, with net income losses in 2021 and 2023, but strong gains in 2018 and 2022. Operating income remains positive, reflecting efficient core operations. Foreign exchange fluctuations and non-operating income significantly impact overall earnings. The business prioritizes innovation through research and development while managing high operating expenses in a dynamic, competitive market.

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SALES REVENUE AND DIRECT COSTS

**Gross Profit Margin (41.42%):**

This figure indicates that around 41.42% of the amazon total revenue remains after accounting for the direct costs associated with producing goods or services (COGS). It serves as a measure of how efficiently the amazon produces or delivers its offerings. A high gross profit margin typically points to effective pricing strategies or strong cost management in production.

Operating Profit Margin (4.32%):

The operating profit margin reveals that only 4.32% of the amazon revenue is converted into operating income after factoring in indirect costs, such as selling, general, and administrative (SG&A) expenses. This lower margin compared to the gross profit margin suggests that significant indirect costs are affecting overall profitability.

Net Profit Margin (3.70%):

The net profit margin shows that just 3.70% of total revenue results in net income after all expenses, including taxes, interest, and any extraordinary items, are taken into account. This figure represents the amazon bottom-line profitability and reflects how well it manages costs to generate profits for its shareholders.

The decline in percentages from gross to net profit margin highlights how various expenses at different stages can impact overall profitability. While the gross margin is strong, the operating and net profit margins indicate there is potential for improvement in managing indirect costs and other non-operating expenses.

Total Revenue and Net Income**Description:**

This bar chart illustrates the relationship between total revenue and net income over several years.

Insights:

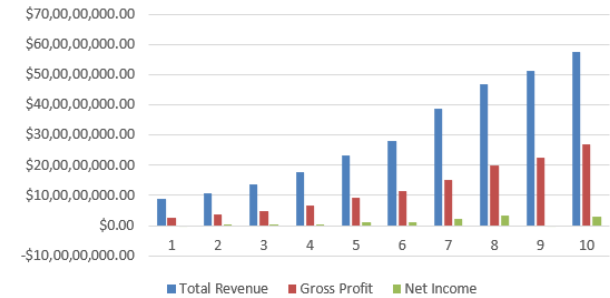
- Total revenue has consistently increased over time, hitting its highest point in 2022 before experiencing a drop in 2023.
- Net income has varied widely, remaining positive in certain years but also showing significant losses during specific periods, particularly in 2021 and 2023.

TOTAL REVENUE AND NET INCOME



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Chart Title



Revenue, Gross Profit, and Net Income

Description:

This chart compares total revenue, gross profit, and net income.

Insights:

- Gross profit closely tracks the trends in total revenue, demonstrating a stable gross profit margin over time.

Net income is notably lower than gross profit, suggesting that high indirect costs, taxes, or other expenses are significantly impacting the company’s overall profitability.

Net Income and Sales Revenue

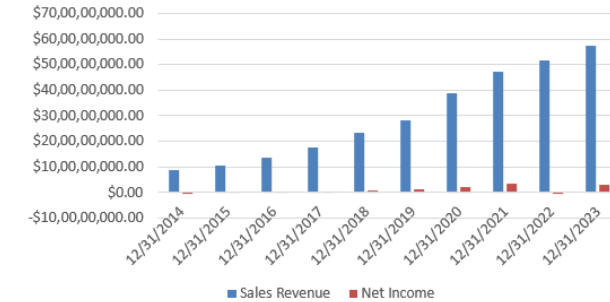
Description:

This chart compares sales revenue with net income.

Insights:

- Sales revenue shows a steady growth trend, whereas net income experiences significant fluctuations.
- This difference underscores potential challenges in managing costs or external factors that are affecting overall net profitability.

NET INCOME AND SALES REVENUE



Total Revenue and Direct Costs

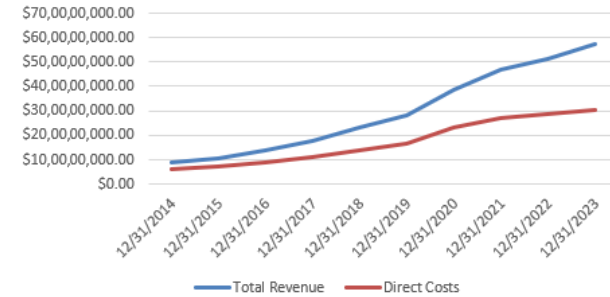
Description:

This line chart illustrates the relationship between total revenue and direct costs over time.

Insights:

- Total revenue has been growing at a faster rate than direct costs, leading to positive gross profit margins.
- However, in recent years, the gap between the two lines has been narrowing, suggesting that direct costs are rising in relation to revenue.

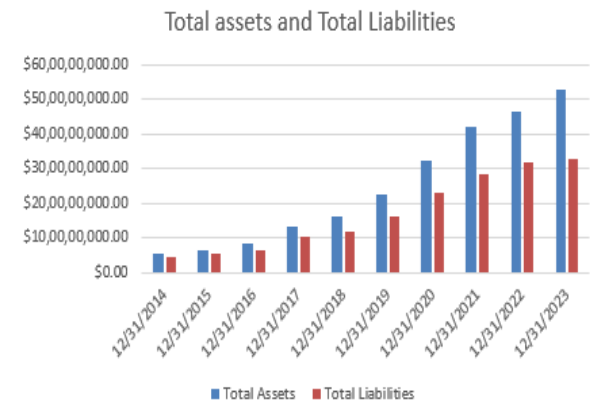
TOTAL REVENUE AND DIRECT COST



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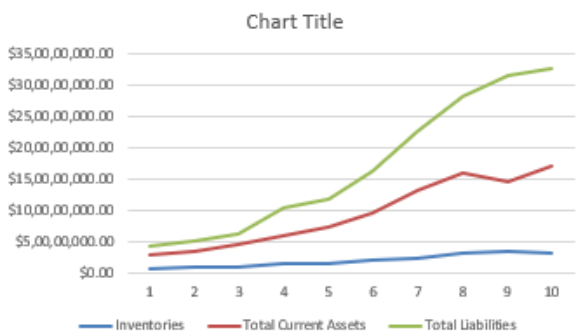
Component	2023	2022	2021	Trend	Importance
Cash & Cash Equivalents	73.387	53.858	36.22	Increasing	Reflects strong liquidity
Inventories	33.318	34.043	32.64	Stable	Shows inventory management
Total Current Assets	146.791	160.181	132.733	Slight decline	Indicates short-term financial health
Property, Plant & Equipment	186.715	191.765	113.114	Growing	Investment in infrastructure
Total Assets	527.584	462.675	420.591	Steady increase	Represents business expansion
Accounts Payable	84.981	78.664	72.539	Rising	Shows obligations to suppliers
Long-Term Debt	70.542	58.314	48.774	Increasing	Signifies reliance on financing
Total Liabilities	285.709	281.137	276.184	Consistent rise	Represents obligations
Total Equity	241.875	181.538	138.245	Significant growth	Demonstrates profitability and investor confidence

The balance sheet of Amazon.com Inc. from 2021 to 2023 highlights its financial growth and structure. Total assets have significantly increased, reflecting the company's expansion and investments. Liabilities have risen, indicating Amazon's funding strategies to support growth. Equity components, such as retained earnings, have fluctuated, showcasing its capital management approach. The balance sheet underscores Amazon's asset-intensive strategy and reliance on equity



Current Ratio (1.445):

Amazon's current ratio signifies that the company possesses enough short-term assets to cover its short-term liabilities. This demonstrates Amazon's strong liquidity position, assuring its ability to meet immediate financial obligations without difficulty. A consistent current ratio highlights the company's effective management of working capital.



Quick Asset Ratio (0.442):

By excluding inventories from current assets, Amazon's quick asset ratio reveals a lower capacity to meet short-term liabilities. This indicates that the company relies heavily on inventory as a critical component of its current assets. The lower quick ratio suggests that without inventory, Amazon may face challenges in covering its short-term obligations, emphasizing the importance of efficient inventory management in its operations.

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Competitors of Amazon

Amazon competes with **Walmart, Alibaba, and eBay** in **e-commerce**, offering similar products and services. In **cloud computing**, **AWS** rivals **Microsoft Azure, Google Cloud, and IBM Cloud** with infrastructure and AI services. **Prime Video** challenges **Netflix, Disney+, and Apple TV+** in streaming entertainment. For **logistics and delivery**, competitors include **FedEx, UPS, and DHL**. In **grocery retail**, Amazon competes with **Walmart, Kroger, and Instacart**. Additionally, **Shopify** and **Flipkart** provide indirect competition by empowering smaller businesses and regional markets.

Profitability Ratios

Amazon's **gross profit** rose significantly from **\$29.48 billion (2014)** to **\$46.98 billion (2023)**, driven by e-commerce growth and AWS expansion. Competitors like **Kroger** and **Costco** showed steady profits due to consistent grocery demand and bulk sales models. Meanwhile, **Walmart** maintained stable profits, while **eBay** experienced fluctuating profitability through its unique auction-based platform.

Debt Ratio (0.0346):

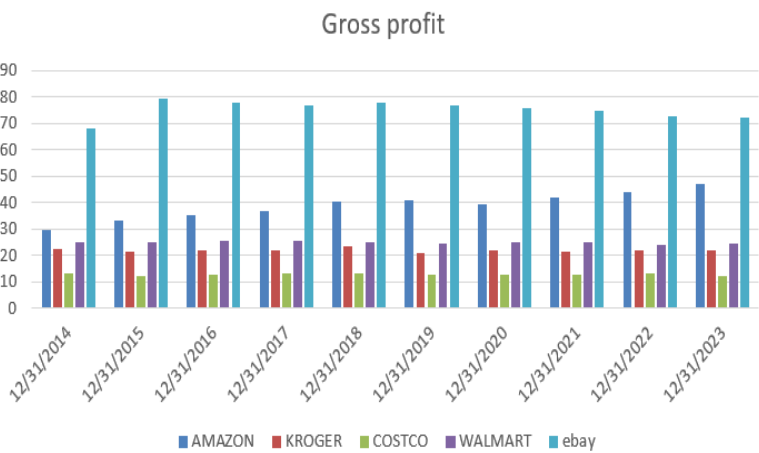
Amazon's low debt ratio highlights that only a small portion of its assets is financed through debt, reflecting minimal reliance on borrowed funds. This indicates a strong financial position, suggesting that the company primarily uses equity or internal resources to support its operations. Such a low debt ratio enhances financial stability and reduces the risk of financial distress.

Debt-to-Equity Ratio (0.474):

Amazon's debt-to-equity ratio indicates that the company leans more on equity than debt for financing its operations. This conservative capital structure minimizes financial risk and enhances long-term stability, especially in volatile market conditions.

Return on Equity (ROE) (14.52%):

Amazon demonstrates a robust ability to generate returns for its shareholders. This high ROE reflects the company's strong profitability and efficient use of shareholders' equity to drive growth and create value.



Amazon's rapid gross profit growth highlights its dominance in e-commerce and AWS, while competitors like eBay, Kroger, Costco, and Walmart maintain stable but slower gains.

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Net Profit Margin

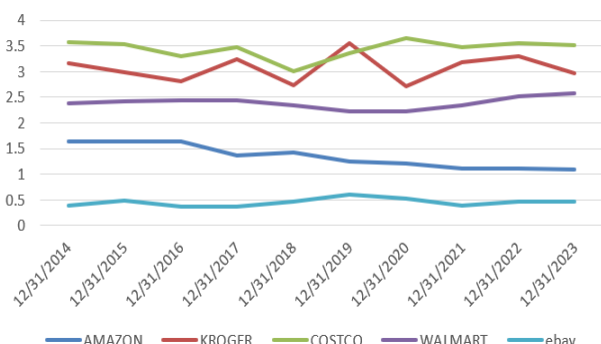


Net Profit Margin Analysis

Amazon's net profit margin improved from -0.27% in 2014 to 5.29% in 2023, driven by AWS growth and operational efficiencies. Kroger maintained steady margins between 1.20% and 2.57%, supported by grocery demand and cost management. Costco consistently performed within the 1.98% to 2.60% range, benefiting from membership revenue and bulk sales. Walmart's margin declined from 3.37% to 2.39% due to investments in e-commerce and competitive pricing. eBay experienced highly volatile margins, peaking at 130.60% in 2021 but declining amid rising competition.

Observations for Analysis: Amazon's margins show steady growth with fluctuations, Kroger, Costco, and Walmart maintain stable moderate margins, while eBay exhibits highly volatile profitability due to one-time events and market dynamics.

Asset Turnover ratio

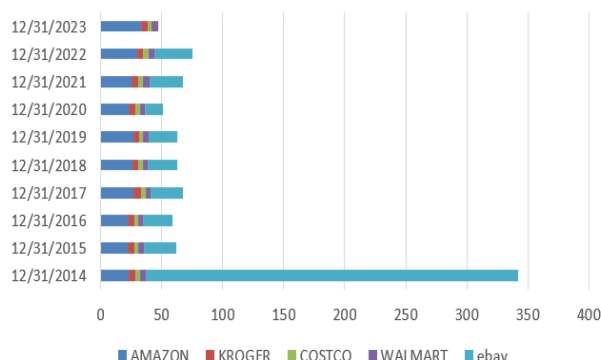


Efficiency Ratios:

Amazon's **Asset Turnover Ratio** declined from 1.63 in 2014 to 1.09 in 2023 due to infrastructure investments and low-margin businesses. Kroger and Costco maintained **high asset turnover** between 2.97–3.58, reflecting operational efficiency. Walmart showed a **slight increase** from 2.38 to 2.57, driven by supply chain improvements. eBay's ratio remained **low at 0.40–0.47** due to its marketplace model with minimal asset usage.

Costco leads in **asset efficiency**, Walmart shows **steady improvement**, Kroger demonstrates **variable performance**, Amazon's ratio **declines due to asset expansion**, while eBay maintains **low ratios** due to its platform-based model.

Days Sales Outstanding

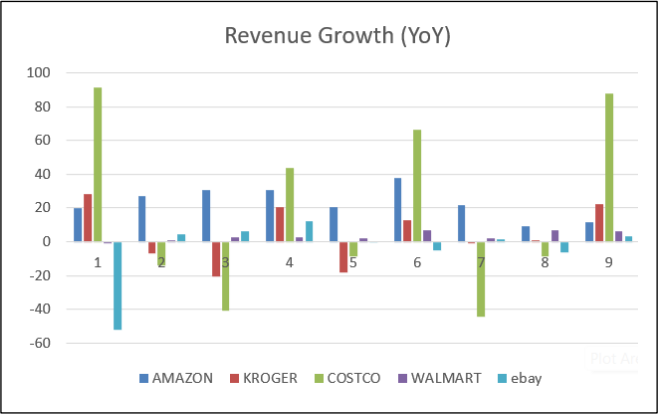


Amazon's **DSO increased**, while **Kroger, Costco, and Walmart** maintained **efficient cash flow**, and **eBay's DSO** aligned with **industry norms by 2023**.

Days Sales Outstanding (DSO):

Amazon's DSO rose from **23.02 days (2014)** to **33.18 days (2023)** due to increased sales volume and credit terms. Kroger and Costco maintained **low DSOs between 3–5 days** thanks to **cash-based sales and upfront payments**. Walmart's DSO remained **stable around 5 days** with **efficient credit management**. eBay's DSO dropped from **304.65 days (2014)** to **31.79 days (2022)**, reflecting **improved payment systems and seller performance measures**.

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Revenue Growth (YoY):

Amazon's YoY revenue growth peaked at 37.62% in 2020 due to e-commerce demand, while Kroger and Walmart showed steady growth driven by groceries and online sales. Costco experienced volatile growth, with recovery in 2023, and eBay's growth remained inconsistent, reflecting platform adjustments and competition.

Amazon shows steady growth, Kroger and Walmart maintain consistent performance, Costco experiences fluctuating growth, while eBay displays high volatility with sharp declines and recoveries.

Strengths	Weaknesses	Opportunities	Threats
Market leader in e-commerce & cloud computing (AWS).	Low profit margins in retail segment.	Expansion in emerging markets.	Intense competition from Walmart, Costco, and Kroger.
Strong brand value and customer loyalty.	Heavy reliance on third-party sellers.	Growth in AI, automation, and cloud computing.	Cybersecurity risks & data privacy concerns.
Advanced logistics & supply chain network.	Regulatory and antitrust scrutiny.	Increased adoption of subscription services.	Economic downturns affecting consumer spending.
Diversified revenue streams (AWS, Ads, Prime).	High operating costs and labor challenges.		

Regulatory & Antitrust Scrutiny Amazon's dominant position in both e-commerce and cloud computing has placed it under the watchful eye of global regulators. Investigations into anti-competitive practices, particularly regarding third-party sellers, pose a significant risk. If these inquiries result in legal action, Amazon may need to adjust its operations drastically or potentially break up portions of its business. Such changes could have a profound impact on its market structure and profitability.

Labor and Workforce Issues Amazon faces ongoing labor challenges, including rising labor costs, frequent worker strikes, and unionization efforts. The unionization of warehouses, such as the Staten Island facility, sets a precedent that could inspire similar actions across other locations. Increased unionization may result in higher operational costs, slower fulfillment processes, and disruptions in the supply chain, ultimately affecting Amazon's efficiency and profit margins.

Economic and Inflation Pressures Economic downturns and inflationary pressures represent a significant risk for Amazon. Rising prices for wages, shipping, and raw materials can drive up operational costs. Simultaneously, reduced consumer spending during periods of economic uncertainty can negatively affect Amazon's revenue, particularly in discretionary product categories. Managing these pressures is critical to maintaining profitability in volatile market conditions.

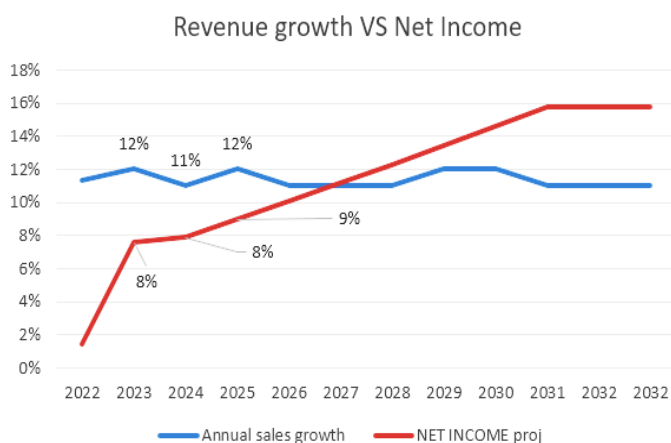
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Growing Competition Amazon faces fierce competition across multiple sectors. Walmart+ presents a direct challenge to Amazon Prime in retail, while Microsoft Azure and Google Cloud pose threats to Amazon Web Services (AWS). Additionally, streaming platforms like Netflix and Disney+ intensify competition in the entertainment sector. To stay ahead, Amazon must continually innovate and invest in technology, logistics, and customer experience.

Cybersecurity and Data Privacy Threats As a global data giant, Amazon is a prime target for cyberattacks. A significant breach could severely damage the company's reputation, result in heavy regulatory fines, and jeopardize the sensitive data of AWS clients, including governments and businesses. Investing in robust cybersecurity infrastructure and compliance measures is essential to mitigate these risks.

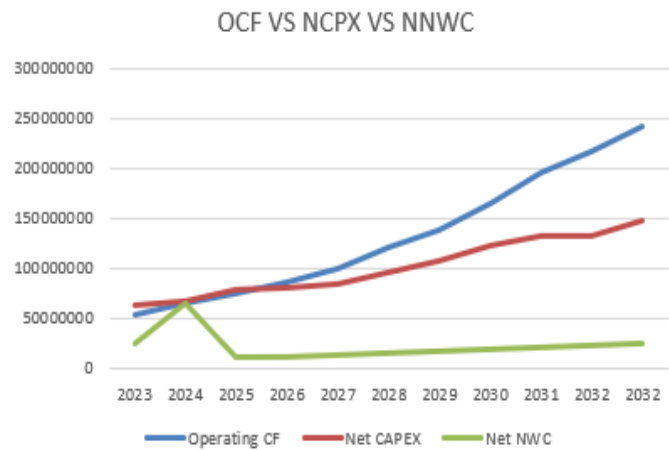
Supply Chain Disruptions Global supply chain disruptions, driven by shipping delays, rising oil prices, and geopolitical tensions, pose a threat to Amazon's operations. Manufacturing delays, port bottlenecks, and increased shipping costs can impact delivery times and profitability. Geopolitical tensions, particularly between the U.S. and China, could further complicate Amazon's global operations, making supply chain resilience a critical focus area.

Threat of Substitutes Amazon faces moderate threats from substitute products and services. Physical retailers like Walmart, Costco, and Kroger offer alternatives to Amazon's e-commerce model. However, Amazon's Prime ecosystem and one-stop-shop convenience help mitigate this risk. The rise of localized e-commerce platforms, direct-to-consumer brands, and unique in-store experiences could challenge Amazon's competitive edge, especially in niche markets. Maintaining customer loyalty through superior service and innovation will be crucial in countering these threats.



1. Operating Cash Flow (OCF) Operating Cash Flow (OCF) measures the cash a company generates from its core business operations. Unlike profits on paper, this metric focuses on actual cash inflows and outflows, excluding financing and investment activities. A strong OCF signifies a company's ability to sustain itself without external funding. The formula for OCF is $\text{Net Income} + \text{Non-Cash Expenses} + \text{Changes in Working Capital}$. Non-cash expenses include depreciation, amortization, and stock-based compensation, which affect profits but not cash outflows. Changes in working capital reflect shifts in accounts receivable, accounts payable, and inventory. Over time, OCF has significantly grown from \$33.96M to \$241.06M, indicating improved profitability and operational efficiency. This consistent growth highlights the company's capacity to cover expenses and reinvest in growth without heavy reliance on borrowed funds.

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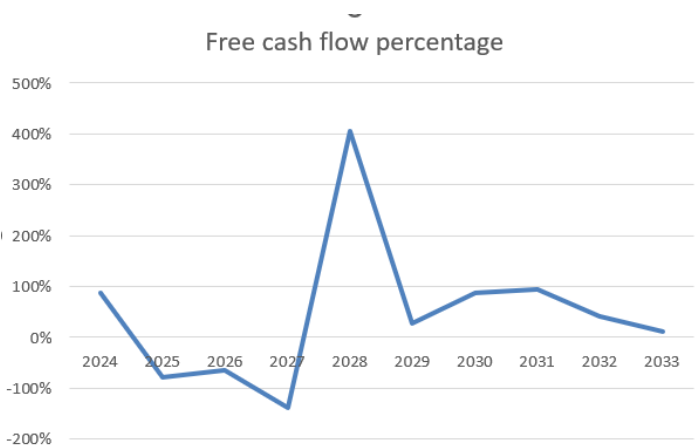


4. Free Cash Flow (FCF) Free Cash Flow (FCF) represents the cash remaining after covering capital expenditures, making it a crucial indicator of financial flexibility. The formula for FCF is Operating Cash Flow minus Net CAPEX. FCF has fluctuated from -\$35.62M, indicating more cash outflows than inflows, to \$69.01M, reflecting efficient cash flow management. Negative FCF in earlier years suggests heavy investment, while the positive shift demonstrates better cash management. Higher FCF provides more financial freedom for growth, shareholder returns, and debt reduction. The upward trend in FCF aligns with rising OCF, showcasing improved operational efficiency and long-term sustainability.

5. Free Cash Flow as a Percentage of Revenue (% FCF) Percentage FCF illustrates how much of a company's revenue is converted into free cash flow, offering insight into cash management efficiency. The formula is $(FCF / \text{Revenue}) \times 100$. This metric has been highly volatile, starting at 87%, dropping to -138%, soaring to 405%, and stabilizing at 11%. Negative percentages indicate cash outflows exceeding revenue, likely due to heavy investments or rising working capital. The 405% spike suggests a short-term cash flow surge, followed by stabilization

2. Net Capital Expenditure (Net CAPEX) Net Capital Expenditure (Net CAPEX) represents the amount a company spends on long-term assets like equipment, facilities, and technology. This metric signals expansion and infrastructure investment. The formula for Net CAPEX is Capital Expenditures minus Proceeds from Asset Sales. Capital expenditures refer to money spent on acquiring or upgrading assets, while proceeds from asset sales are funds received from selling assets. Net CAPEX has increased from \$63.65M to \$147.12M, showing the company's ongoing investments in future growth. High CAPEX suggests expansion and modernization, while lower CAPEX could indicate cost-cutting or asset sales. The company's rising CAPEX reflects a strong commitment to long-term profitability and operational development.

3. Net Working Capital (Net NWC) Net Working Capital (NWC) measures a company's short-term financial health by assessing its ability to cover short-term liabilities with short-term assets. The formula for Net NWC is Current Assets minus Current Liabilities. Current assets include cash, accounts receivable, and inventory, while current liabilities consist of short-term obligations like accounts payable. The company's NWC has slightly increased from \$24.8M to \$24.92M, indicating that its short-term assets exceed liabilities. While positive NWC is generally beneficial, excessive growth could indicate inefficient use of cash tied up in operations. Balancing liquidity while ensuring efficient capital utilization is essential for the company's financial health.



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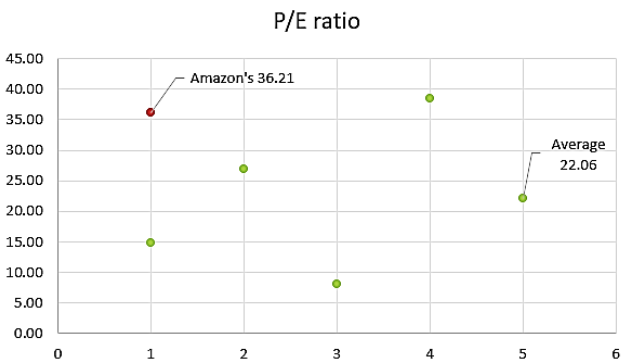
Market Capitalization Projections: Estimations of Amazon's valuation using industry averages yield the following results:

- P/E Multiple Value: \$67,12,13,880.57
- EBITDA Multiple Value: \$91,24,45,728.53
- Sales Multiple Value: \$61,19,43,796.98
- Book Value Multiple Valuation: \$1,18,19,54,054.85

Stock Price Estimates: Amazon's projected stock price per share varies depending on different valuation metrics:

- P/E-based price: \$64.65
- EBITDA-based price: \$87.88
- Sales-based price: \$58.94
- Book value-based price: \$113.84

By averaging these figures, the estimated fair stock price for Amazon is calculated at \$81.32 per share.



Cap Based on AVG			Price per share
P/E (forward or last earnings)		\$67,12,13,880.57	\$64.65
EBITDA multiplier		\$91,24,45,728.53	\$87.88
Sales multiplier		\$61,19,43,796.98	\$58.94
Book Value multiplier		\$1,18,19,54,054.85	\$113.84
		Average	\$81.32

Relative Valuation: The financial multiples for Amazon, Kroger, Walmart, eBay, and Costco offer valuable insights into company valuations and relative performance. By analyzing the provided data, typical industry multiples for Price-to-Earnings (P/E), EBITDA, Sales, and Book Value were determined.

Key insights include the price-to-earnings (P/E) ratio. Amazon's P/E ratio is 36.21, significantly higher than the industry average of 22.06. This indicates that investors are willing to pay a premium for Amazon shares, likely due to expectations of strong future growth.

EBITDA multiple: Amazon boasts an EBITDA multiple of 26.32, surpassing the industry average of 15.22. This reflects Amazon's robust operating profitability and the market's higher valuation of the business compared to its competitors.

Sales Multiple: Amazon's sales multiple is 2.74, compared to the industry average of 1.06. This higher multiple signifies that investors anticipate Amazon's potential for future revenue growth, pricing its sales higher than those of other companies in the sector.

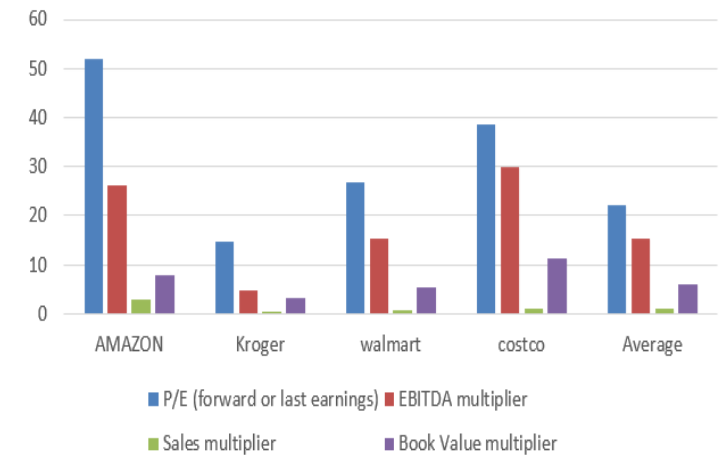
Book Value Multiple: Amazon's Book Value Multiple stands at 7.81, while the industry average is 5.85. This premium valuation of Amazon's equity could stem from its strong brand reputation, innovative capabilities, and dominant market position.

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	2023	2032
Risk Free Rate	4.43%	4.40%
Market risk premium	5.50%	5.50%
Interest rate on debt (cost of debt)	6.00%	6.00%
Annual sales growth	12.00%	11.00%
Cost of equity	12.68%	12.65%
Capital Structure (% debt)	9.26%	9.26%
WACC (discount rate)	11.96%	11.95%

	AMZN	Kroger	walmart	costco	Average
P/E (forward or last earnings)	51.85	14.78	26.95	38.52	28.02
EBITDA multiplier	26.32	4.79	15.35	29.83	17.44
Sales multiplier	2.74	0.22	0.68	1.17	1.40
Book Value multiplier	7.81	3.18	5.45	11.33	6.25

Relative Comparison



- Risk-Free Rate:** This represents the return on a risk-free investment, typically based on government bonds. The slight decline from 4.43% in 2023 to 4.40% in 2032 reflects expectations of stable long-term interest rates.
- Market Risk Premium:** This is the additional return investors expect for taking on the risk of investing in the stock market compared to risk-free assets. It remains constant at 5.50%.
- Interest Rate on Debt (Cost of Debt):** The 6.00% interest rate represents the cost Amazon pays on its borrowed capital, staying steady over the years.
- Annual Sales Growth:** This represents the expected percentage increase in Amazon’s annual revenue. It starts at **12.00% in 2023** and slightly declines to **11.00% in 2032**, indicating a gradual slowdown in growth over time.
- Cost of Equity:** This is the return investors expect for investing in Amazon’s stock. It declines slightly from **12.68% to 12.65%**, reflecting lower risk assumptions in the future.
- Capital Structure (% Debt):** This indicates the proportion of Amazon’s capital financed through debt. It remains steady at **9.26%**, showing a consistent reliance on debt financing.
- WACC (Weighted Average Cost of Capital):** This is the overall discount rate used in valuation models, combining the cost of debt and equity. The slight drop from **11.96% to 11.95%** suggests a marginal decrease in financing costs over time.

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Strong Market Position & Growth Potential: Amazon dominates e-commerce and cloud computing.

Macroeconomic & Competitive Tailwinds: Positive trends in digital transformation and online shopping.

Valuation Above Industry Average: Higher P/E and EBITDA multiples than competitors.

HOLD Recommendation: Stock is fairly valued with moderate growth expectations.