

Amazon.com, Inc. (AMZN)

Consumer Discretionary – Internet Retail

November 17, 2024

Stock Rating

BUY

Investment Thesis

We recommend a **BUY** rating for Amazon.com with a target price of \$242 (an upside of 19.4%). Amazon's leading positions in e-commerce, cloud computing, and digital advertising, coupled with strong growth in high-margin services like AWS and advertising, are expected to drive long-term value despite increasing regulatory and competitive pressures.

Drivers of Thesis

- **AWS and Advertising Lead to Margin Expansion:** We forecast Amazon's high-margin AWS and advertising segments to be long-term growth drivers. We see operating margins improving to 12.3% by FY26, driven by the increased growth and favorable product mix from these high-margin segments.
- **Supply Chain Improvements:** The regionalization of fulfillment centers, investments in automation, and focus on faster delivery (including same-day options) will allow for lower costs (we estimate gross margin to increase 300 bps by FY26) and improved customer experience.
- **Prime Membership and Brand Loyalty:** Prime (with membership numbers estimated to approach 300 million) continues to drive customer retention and increase the frequency of purchases by offering content, benefits, and an improved shopping experience.

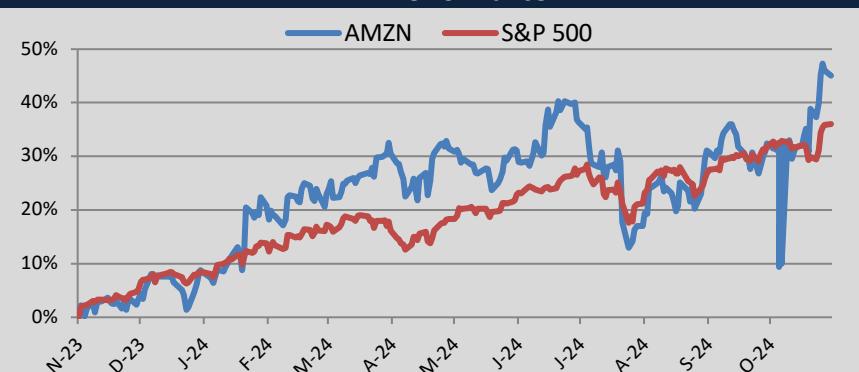
Risks to Thesis

- **E-commerce Competition is Heating Up:** Competition from Walmart and traditional retailers' digital expansion is pressuring Amazon's retail margins, particularly as it pursues market share internationally.
- **Regulatory and Compliance Challenges:** Increasing regulatory pressure (particularly in the U.S. and EU) could limit Amazon's pricing, M&A, and business practices.
- **High Capital Expenditures:** Amazon's investment in fulfillment infrastructure, new ventures (such as Project Kuiper), and technology development in AWS may limit near-term free cash flow as capex spend is up 80% YoY.

Earnings Estimates

Year	2021	2022	2023	2024E	2025E	2026E
EPS	\$ 3.24	\$ (0.27)	\$ 2.90	\$ 5.13	\$ 6.21	\$ 7.67
HF est.				\$ 5.28	\$ 6.67	\$ 8.19
Growth	54.77%	-108.13%	-	78.93%	26.50%	22.74%

TTM Performance



Target Price

\$225 - 250

Henry Fund DCF	\$235
Henry Fund DDM	\$188
Relative Multiple	\$250

Price Data

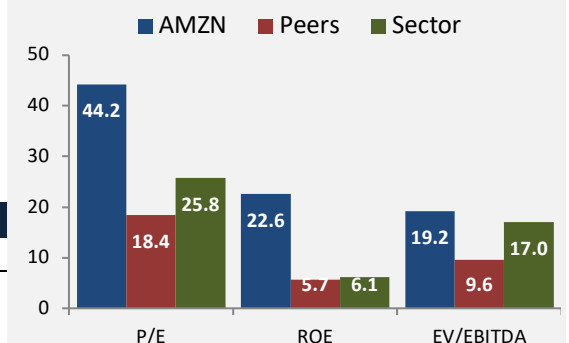
Current Price	\$203
52wk Range	\$140 - 215
Consensus 1yr Target	\$234

Key Statistics

Market Cap (B)	\$2,175
Shares Outstanding (M)	10,515
Institutional Ownership	63.4%
Beta	1.2
Dividend Yield	0.0%
Est. 5yr Growth	25.1%
Debt/Equity (x)	58.1%
Price/Earnings (TTM)	44.2
Price/Earnings (FY1)	33.7
Price/Sales (TTM)	3.6
Price/Book (mrq)	8.4

Profitability

Operating Margin	11.0%
Profit Margin	8.1%
Return on Assets (TTM)	7.1%
Return on Equity (TTM)	22.6%



Company Description

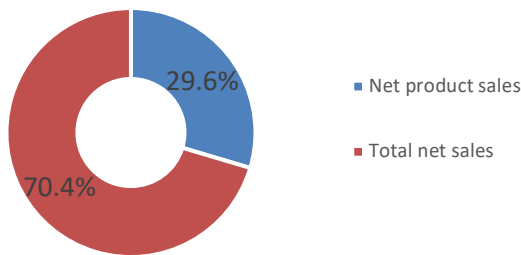
Amazon.com is the leading U.S. e-commerce retailer and one of the most prominent online shopping options worldwide. Its diversified business model includes Amazon Web Services (AWS), the top global provider of cloud-based Infrastructure-as-a-Service (IaaS) solutions, and the Prime membership program, which sets Amazon apart with benefits like free shipping, streaming content, and exclusive member perks.

COMPANY DESCRIPTION

Amazon.com, Inc. is a global technology and e-commerce leader headquartered in Seattle, Washington. Founded in 1994 by Jeff Bezos as an online bookstore, Amazon has transformed into one of the world's largest retailers and cloud services providers. The company's diverse operations span e-commerce, cloud computing, digital streaming, artificial intelligence, and consumer electronics.

Revenue Overview

Revenue Segmentation (\$639B) - 2024E



Source: AMZN – 10k³

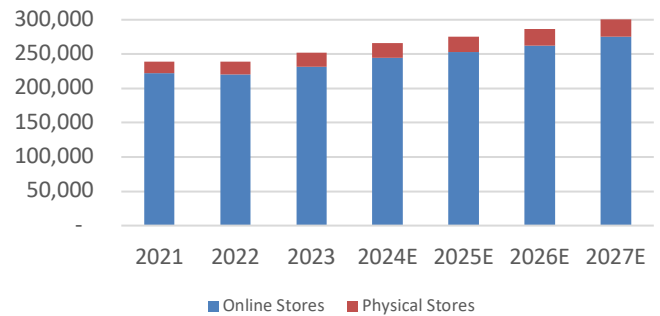
Product Sales (Online & Physical Stores)

At the core of Amazon's business is its e-commerce platform, which offers a large selection of products and services to consumers worldwide. Amazon's marketplace combines first-party retail sales and a growing third-party marketplace (where millions of independent sellers utilize the platform). In its first-party model, Amazon purchases products directly from manufacturers and resells them to consumers. The benefit of this model is that it allows the company to control pricing, inventory, and customer experience. Meanwhile, the third-party marketplace (now accounting for over half of Amazon's unit volume), generates revenue through commissions, fulfillment, and shipping fees. Services like Fulfillment by Amazon (FBA) allow sellers to store their products in Amazon's fulfillment centers, where Amazon handles storage, packaging, and shipping.

In addition to its online dominance, Amazon has expanded into physical retail to create an omnichannel experience for customers. Through its 2017 acquisition of Whole Foods Market, Amazon now operates over 500 grocery

stores (Amazon Go and Amazon Fresh), providing a better foothold in the grocery sector.

Net Product Sales (\$M)

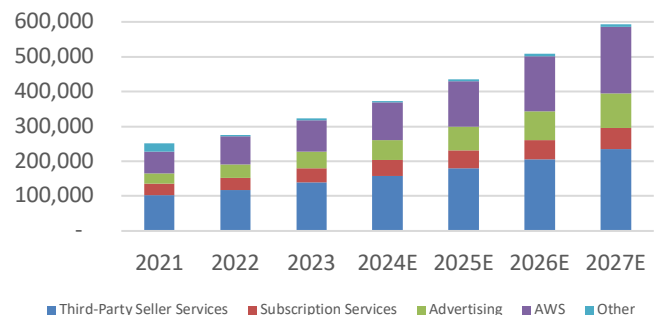


Source: AMZN – 10k³

Service Sales (AWS, Subscriptions, & Advertising)

AWS, launched in 2006, is the company's cloud computing segment and a global leader in Infrastructure-as-a-Service (IaaS) and Platform-as-a-Service (PaaS). AWS provides businesses, governments, and individual developers with on-demand cloud services. These services include computing power, data storage, machine learning, and analytics. AWS operates with high margins and contributes significantly to Amazon's bottom line, often offsetting the thinner margins in Amazon's retail business. AWS serves millions of customers worldwide, from small startups to large enterprises, and continues to grow rapidly as demand for cloud solutions rises. This segment provides critical infrastructure for many of the world's leading organizations and offers Amazon a competitive position in the cloud market.

Net Services Sales (\$M)



Source: AMZN – 10k³

A key driver of Amazon's retail is its Amazon Prime membership program. For an annual fee of \$139, Prime members receive many benefits, including free unlimited two-day, one-day, and same-day delivery on millions of items. Prime members also have access to digital content through streaming services like Prime Video, Prime Music, and Prime Reading. Exclusive deals, such as early access to select Lightning Deals and promotions add additional value to the membership. As of early 2023, Amazon Prime had over 200 million members globally, leading to increased purchase frequency and generating recurring revenue.

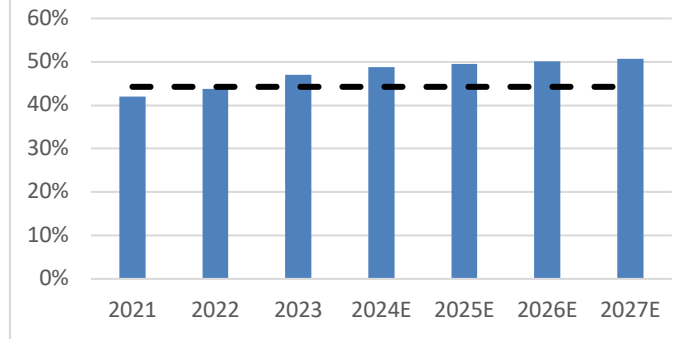
Another high-margin segment, Amazon's advertising business, has become one of the fastest-growing revenue segments within the company. The segment leverages Amazon's data on customer shopping behavior and purchase history. Using the valuable data, this segment allows brands to reach consumers through targeted ads on Amazon's platform. Sponsored Products, Sponsored Brands, and display ads on the Amazon DSP (Demand-Side Platform) offer opportunities to promote products directly to potential buyers. The advertising business benefits from high operating margins and is seen as a major growth opportunity, with its revenues outpacing other large internet advertising players. Amazon's ad solutions have grown in appeal due to the company's proprietary data, which allows advertisers to tailor campaigns based on real-time shopper insights.

Cost Structure Overview

Amazon's cost of sales represents a significant portion of its overall expenses (51% of total revenue), encompassing the direct costs of the goods it sells (inventory management and direct delivery costs). Amazon has reduced its cost of sales as a percentage of revenue from 60.4% in 2020 to 51.1% in 2024, with further improvements projected to reach 49.3% by 2027.

We believe this decline reflects Amazon's focus on operational efficiencies, including supply chain optimization, automation, and fulfillment center regionalization. Lower cost of sales supports margin expansion, allowing Amazon to reinvest in high-margin segments.

Gross Margin

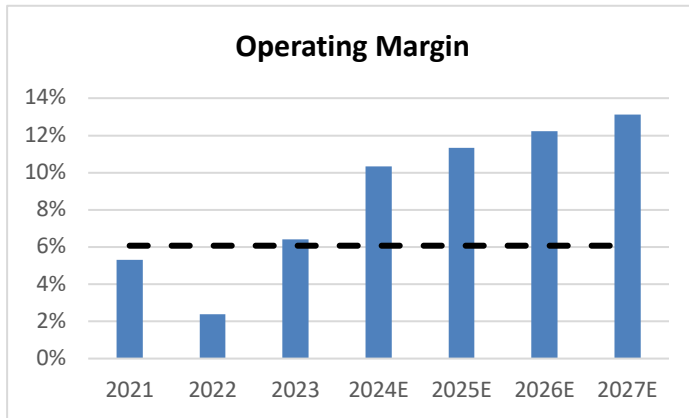


Source: AMZN – 10k³

Additional operating expenses include fulfillment, technology and infrastructure, and SG&A expenses. Fulfillment expenses, which include warehousing, packaging, and distribution, represent costs of e-commerce operations. These expenses cover the operation and staffing of Amazon's fulfillment centers, physical stores, and customer service centers. Additionally, fulfillment costs account for inventory management, such as buying, receiving, inspecting, and warehousing goods. Order preparation costs include picking, packaging, and preparing customer orders for shipment. Distribution costs cover last-mile delivery and shipping expenses (including the partnerships with third-party carriers). Amazon has also invested in its own logistics infrastructure, including Amazon Air for regional air transport, and is exploring solutions like drone delivery and electric vehicles.

Amazon's technology and infrastructure expenditures support core business segments like AWS, Prime Video, and its e-commerce platform. In AWS, technology spending focuses heavily on expanding data center infrastructure, research and development for cloud solutions, and advancements in AI capabilities. AWS also allocates significant resources to build proprietary semiconductors (such as Graviton and Inferentia chips) and improve cloud offerings (which support Amazon's leadership in cloud services). Additionally, Amazon invests in Prime Video, acquiring licensed content and producing original series and movies. These content investments drive Prime memberships by offering exclusive streaming options that retain customers and encourage recurring revenue. A smaller portion is allocated for Amazon's e-commerce operations, which includes maintaining its recommendation algorithms, search functionalities, and logistics. We expect Amazon's technology and

infrastructure costs to decline as a percentage of service sales (but increase as a percentage of total sales as the sales mix shifts) over the coming years. As Amazon achieves greater economies of scale the marginal cost of expanding capacity should decrease.



Source: AMZN – 10k³

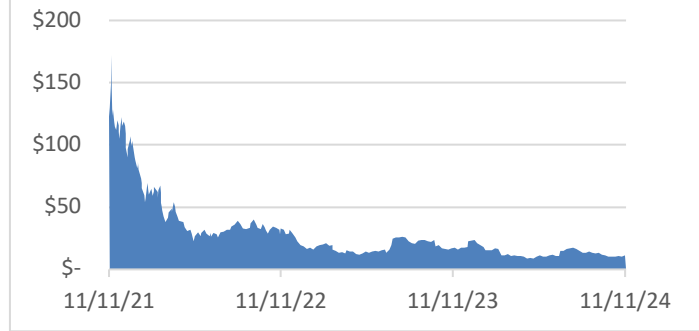
After a dip to 2.4% in 2022 due to heightened supply chain costs, inflationary pressures, and increased investments in logistics and fulfillment, operating margins rebounded to 6.4% in 2023. Looking forward, we project Amazon's operating margins to expand steadily, reaching 10.2% in 2024 and climbing to 13.2% by 2027. This growth in operating margins is due to a favorable revenue mix shift towards higher-margin segments like AWS and advertising, as well as efficiencies in fulfillment and inventory management.

Additional Company Analysis

Rivian Partnership

In 2019, Amazon made a \$700 million equity investment in Rivian (an EV manufacturer) to obtain exclusive rights to Rivian-produced electric delivery vans. As of year-end 2023, Amazon held approximately 158 million shares of Rivian (representing around a 16% ownership stake) which provides significant voting influence. Amazon recorded a \$12.7 billion write-down in 2022, marking a substantial adjustment from the shares' 2021 fair value of \$15.6 billion. However, Amazon remains committed to its promise of bringing 100,000 electric vans into its delivery fleet by 2030, though the near-term impact of this investment has been a headwind.

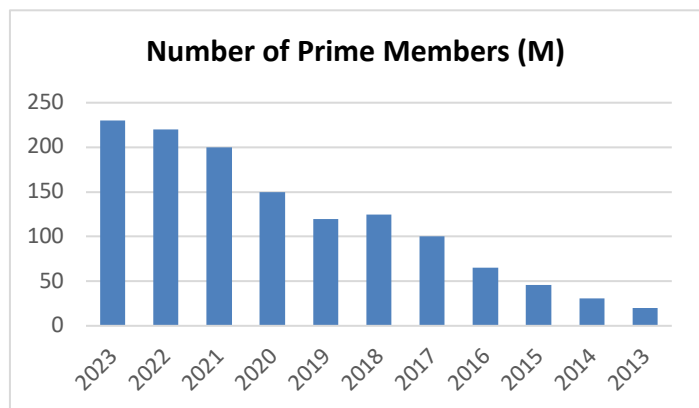
Rivian Stock Price (Since IPO)



Source: Yahoo Finance

Amazon Prime

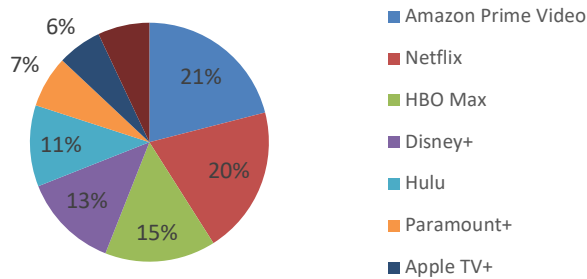
Amazon Prime has grown into a powerful driver of Amazon's retail and subscription revenue (accounting for \$40.2B in 2023), with a reach of over 200 million members in 23 countries as of Amazon's last reported figures in 2021 (stopped reporting membership numbers). Analysts estimate that Prime could be approaching 300 million members, which is driven by international expansion and the growing value of its membership benefits. Amazon Prime's global subscriber growth rate has accelerated over the last five years. The number of Prime users doubled from 100 million in 2018 to 200 million in 2021.



Source: Statista

Key to this growth has been the appeal of fast, free shipping, which drives 90% of Prime sign-ups and results in Prime members spending an average of \$1,400 per year, a significantly higher spend compared to non-Prime members. This customer loyalty is evident during events like Prime Day, where Amazon generated \$12.9 billion in sales in 2023, selling more than 100,000 items per minute.

Video Streaming Market Share



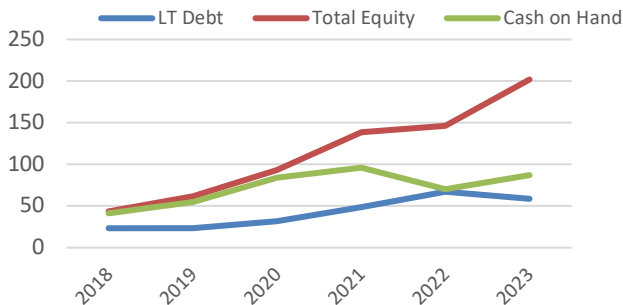
Source: Statista

Looking forward, we believe Amazon's focus on expanding Prime's offerings will support continued growth (especially as Amazon fine-tunes it for global markets). The Prime membership creates a "sticky" effect, increasing customer retention as members become accustomed to Amazon's wide range of benefits/services.

Debt Maturity Analysis

The company's debt has increased considerably, from \$23.5 billion in 2018 to \$58.3 billion by 2023, largely driven by Amazon's investment in fulfillment centers, logistics, and technology to support AWS and other high-growth segments. Despite this increase in debt, Amazon's equity base expanded even more substantially, from \$43.5 billion in 2018 to \$201.9 billion in 2023. This growth in equity, driven by retained earnings, has kept Amazon's debt/equity ratio at manageable levels, with a ratio of around 58% as of the most recent quarter.

Balance Sheet (\$B)



Source: AMZN – 10k³

Amazon's interest coverage ratio, reflecting its ability to meet interest obligations, has fluctuated in recent years. It

rose from 9.09 in 2019 to 13.9 in 2020 due to strong operating performance, then dropped to 5.17 in 2021 amid higher debt and increased costs. By Q3 of FY24, the ratio recovered to 24.06, highlighting improved earnings and lower debt/equity. In summary, Amazon's balance sheet highlights a strong cash position, increasing equity, and manageable debt levels.

Five-Year Debt Maturity Schedule

Fiscal Year	Payment (\$mil)
2024	8,500
2025	5,286
2026	3,146
2027	8,750
2028	2,250
Thereafter	39,250
Total	67,182

Source: AMZN – 10k³

ESG Analysis

ESG Peer Comparison

Company	Risk Score	Risk Rating
COST	29.1	Medium
WMT	20.8	Medium
AMZN	29.0	Medium
MSFT	14.2	Low
NVDA	12.2	Low
META	32.7	High

Source: Sustainalytics¹⁸

Amazon has made notable progress in its ESG efforts, including achieving 100% renewable energy across global operations in 2023, transitioning to sustainable packaging in North America, and promoting green shipping with near-zero emissions fuels. However, the company faces challenges, including scrutiny over worker surveillance, AI oversight, and shareholder dissatisfaction, as seen in the rejection of 14 ESG-related proposals in 2024.

RECENT DEVELOPMENTS

Recent Earnings Announcement

In Amazon's fiscal third-quarter earnings for 2024 (reported October 31, 2024), the company reported EPS of \$1.43, surpassing the prior year's EPS of \$0.94, marking a 52% year-over-year increase. This strong performance was driven by net sales growth of 11% (\$158.9 billion) with AWS leading the way with 19% year-over-year growth to \$27.5 billion. Operating income rose to \$17.4 billion, up from \$11.2 billion in Q3 2023, driven by improved

operating efficiencies and continued strength in high-margin businesses such as AWS and advertising.

Amazon's operating income margin improved to 10.9%, compared to 7.8% in Q3 2023, due to a more favorable revenue mix. Operating cash flow for the trailing twelve months increased 57% to \$112.7 billion, while free cash flow up to \$47.7 billion. Key drivers included record participation during Prime Big Deal Days, expanded generative AI-powered features in AWS and e-commerce, and a strong retail consumer. Looking ahead, Amazon's guidance for the fourth quarter projects net sales growth of 7%–11%, ranging from \$181.5 billion to \$188.5 billion, and operating income between \$16.0 billion and \$20.0 billion. We see these targets as achievable, with our projections slightly exceeding the upper end of the range, estimating sales at \$188.9 billion and operating income at \$18.7 billion.

2021-2023 Inflation Surge Impact

The recent period of heightened inflation had a mixed impact on Amazon as both its cost structure and consumer behavior saw changes. On the cost side, rising expenses for labor, transportation, and raw materials pressured Amazon's margins (particularly within cost of sales – first-party model).

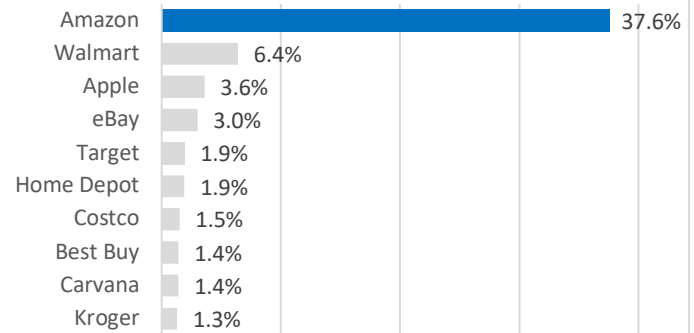
On the consumer side, inflation influenced shopping behavior, with more price sensitive consumers shifting toward lower-cost essentials. This disproportionately affected Amazon's first-party online sales, where pricing pressures limited the company's ability to fully pass on higher costs to customers. However, the third-party marketplace benefitted during this period as sellers adjusted pricing to meet consumer demand and as Amazon collected fees and commissions (which are less directly impacted by inflation).³

INDUSTRY TRENDS

E-Commerce and Omnichannel Retail

Retailers are combining online shopping with in-store experiences to enhance customer convenience in response to increased demand. This is apparent in the increase of click-and-collect services, curbside pickup, and same-day delivery options. Amazon has significantly bolstered its online sales capabilities over the past decade, with digital sales forming the core of its business model.

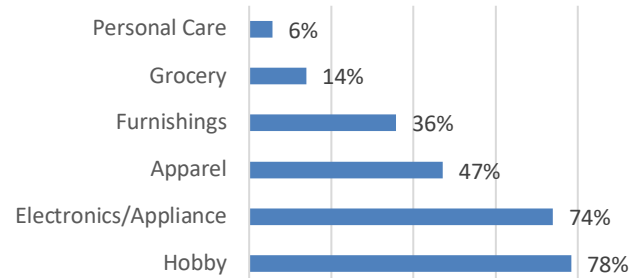
US E-Commerce Market Share



Source: Statista

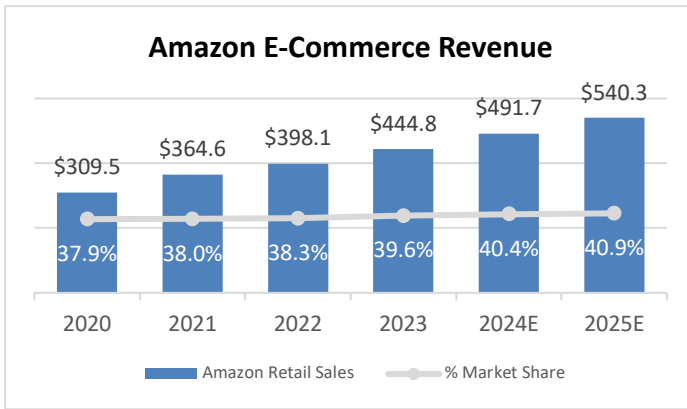
However, we note that Amazon faces new challenges as the e-commerce sector grows. Increasing competition from Walmart and other retailers expanding their digital presence is causing pricing pressure across discretionary categories (such as apparel, consumer electronics, and home goods), segments that are more susceptible to online price comparisons.

Amazon Share of E-Commerce Spend



Source: Statista

As digital retail adoption matures, the growth rate of online sales has slowed in key markets, highlighted in Amazon's shifting focus to emerging markets. While Amazon's Prime membership increases customer loyalty and recurring revenue, it is largely reactive to shifts in consumer preferences (such as faster delivery and additional convenience). Competitors are matching these capabilities with Walmart+ being a prime example. We believe that Amazon must be proactive in strengthening its value proposition to avoid membership churn.

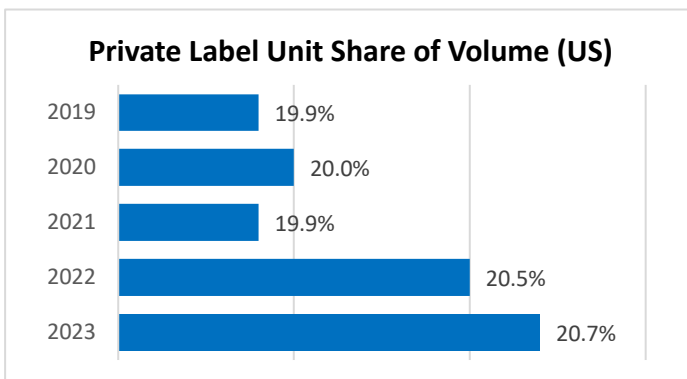


Source: Statista

As price sensitive consumers increasingly utilize online platforms to compare options, Amazon's ability to differentiate itself through convenience, selection, and logistics will be key to defending its leadership in e-commerce.

Private Labels

The trend of private labels and trade downs has become increasingly important in the retail industry as more consumers seek value alternatives amid economic uncertainty and inflation. In 2023, private label products accounted for 20.7% of grocery industry unit sales, an all-time high according to the Private Label Manufacturers Association. Store brands continued to gain ground on national brands, with private label sales reaching a record \$236B, up nearly 5% year-over-year. This highlights the growing consumer preference for private label products as inflationary pressures increased price sensitivity.



Source: Statista

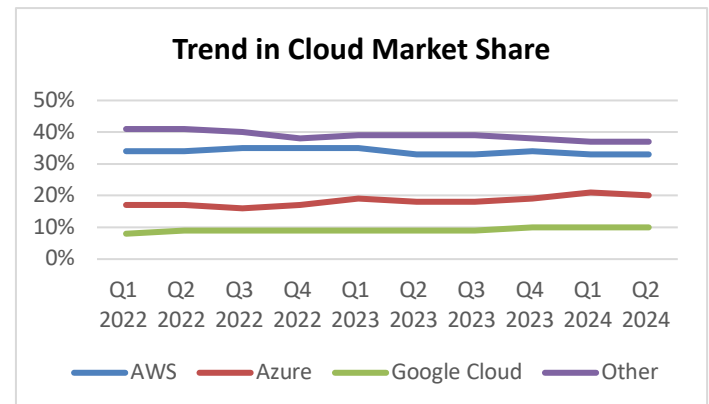
Retailers like Amazon have increasingly used private label offerings to strengthen margins and attract cost conscious consumers. Amazon's private label brands, such as

Amazon Basics and Solimo, offer competitive prices and encouraging customer loyalty through the convenience of Prime. While private labels contribute to higher margins and provide a cost-effective alternative for shoppers, Amazon faces strong competition from Walmart, which has higher reported consumer adoption of private labels.

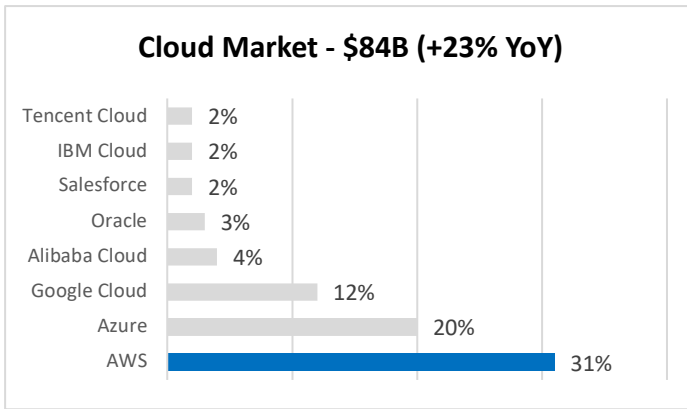
The trend of trading down, where consumers opt for lower-priced alternatives during times of economic pressure, has driven private label growth across the industry. Amazon is well-positioned to capitalize on this trend, given its marketplace scale and integration of private label products into search results and recommendations. Even as inflation moderates, the shift toward private labels is expected to persist, with a significant portion of consumers indicating they will continue purchasing private label products for their perceived value and affordability.

Cloud Services

AWS continues to dominate the cloud services industry, which has seen growth as enterprises increasingly adopt digital and cloud. The cloud computing market is projected to grow at a CAGR of over 16% through 2030, driven by rising demand for IaaS, PaaS, and SaaS solutions.



AWS maintains its leadership position, holding a substantial market share and benefiting from early-mover advantages. Despite its leadership, AWS faces growing competition from Microsoft Azure and Google Cloud, which are aggressively expanding market share through aggressive pricing strategies.



Source: Statista

In 2024, AWS reported Q3 sales of \$27.5 billion, a 19% year-over-year increase, outpacing many competitors in the cloud market. Operating income from AWS reached \$10.4 billion, highlighting its high-margins and large contribution to Amazon's bottom line. AWS continues to expand its offerings, introducing new generative AI capabilities, memory-optimized EC2 instances, and partnerships like Oracle Database@AWS to attract additional enterprise clients. Major customers include Capital One, Sony, and Toyota.

MARKETS AND COMPETITION

As a conglomerate, Amazon operates across three major industries: retail, cloud computing, and digital advertising. The retail industry continues to evolve rapidly, due to the ongoing shift toward e-commerce and the integration of digital tools with physical retail spaces. Industry leaders, including Amazon, Walmart, and Costco, are adapting to changing consumer behaviors by focusing on omnichannel strategies, value pricing, and convenience. Traditional retailers like Walmart and Costco are narrowing the gap with Amazon by improving their digital platforms and leveraging store networks for fulfillment (stores as "hubs" model).

Cloud computing remains one of the fastest-growing technology sectors, with global spending expected to grow at a 15% CAGR through 2030. The industry's growth is fueled by enterprise adoption of AI, machine learning, and data analytics. AWS, Microsoft Azure, and Google Cloud dominate the market, together accounting for over 80% of global cloud revenues.

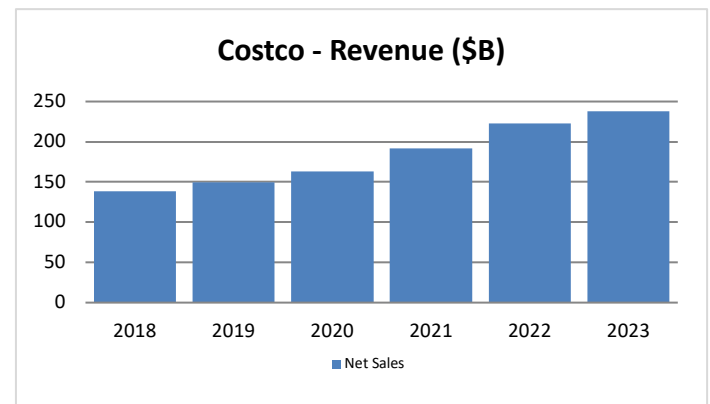
Digital advertising is projected to grow at a 10%-15% CAGR through 2027, driven by increased consumer engagement

online and advancements in AI driven targeting technologies with Amazon and Meta (and Alphabet) continuing to dominate the space. As brands prioritize efficient ad spend, Amazon is well positioned to capture a larger share of the market by integrating ads into its e-commerce platform and expanding its advertiser tools.

Peer Comparisons

Costco Wholesaler Corp. (COST): 39.40% YTD

Costco operates membership-based warehouses, focusing on bulk sales and providing value to its members through low prices. Known for its private-label brand Kirkland Signature, Costco utilizes its bulk purchasing power to negotiate favorable terms with suppliers (which helps maintain competitive pricing). The company's strategy is centered around driving membership renewal and growth, with membership fees contributing significantly to its bottom line. Costco typically has higher operating margins than traditional retailers because of its membership-based revenue system, minimal operating costs, and effective store layouts. In terms of growth, Costco has steadily expanded both its physical stores and online operations, however, its online presence still lags behind some rivals. With Costco's growth potential somewhat limited by its membership model and reliance on physical stores.

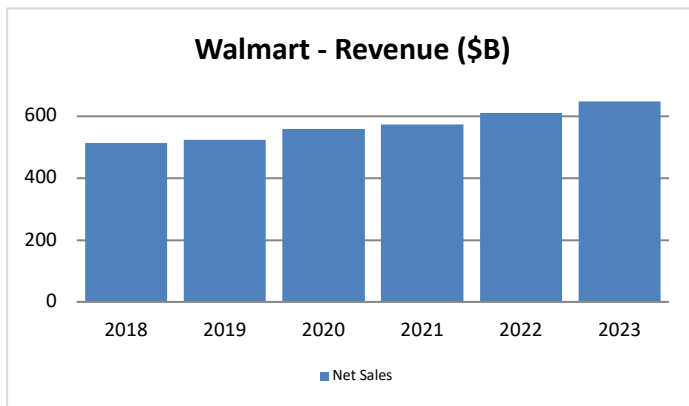


Source: COST-10k⁴

Walmart Inc. (WMT): 44.45% YTD

Walmart's focus is on providing a comprehensive shopping experience by offering a wide range of products, from groceries to apparel, home goods, electronics, and more. Walmart's competitive advantage lies in its ability to leverage economies of scale to offer lower prices, particularly in essential categories like groceries, which

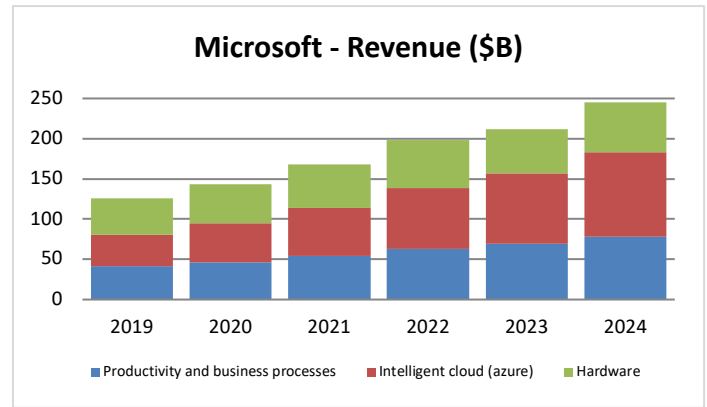
make up the majority of its sales. Unlike retailers heavily reliant on discretionary categories, Walmart benefits from its focus on everyday low prices and essential goods, making it more resilient to economic downturns. Walmart's business model, which integrates physical stores with e-commerce/digital sales capabilities, is increasingly important to its future growth as the company works to directly compete with Amazon in the online retail space. Walmart has aggressively expanded its online grocery offerings and digital infrastructure by investing in omnichannel capabilities such as Walmart+, curbside pickup, and same-day delivery services.



Source: WMT-10k⁷

Microsoft (MSFT): 11.90% YTD

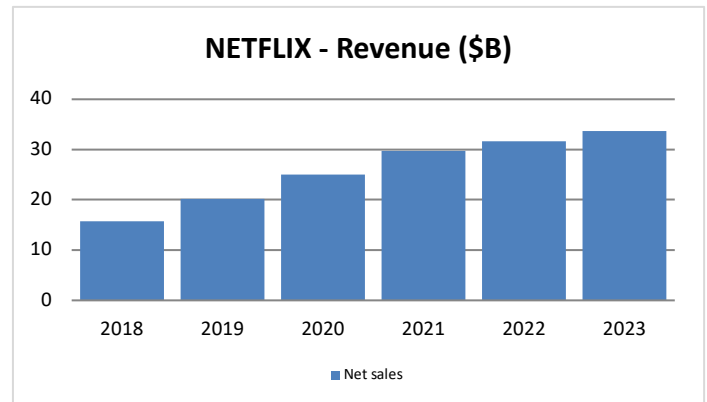
Microsoft is one of the largest technology companies globally, with operations spanning software, hardware, and cloud computing. The company's core business includes its Office suite, Windows operating system, and Azure cloud platform, alongside hardware products like Surface devices and Xbox gaming consoles. Azure, Microsoft's cloud computing platform, is a key driver of profitability, offering high-margin services that continue to grow rapidly as enterprises adopt cloud solutions. Despite its diversified revenue streams, Microsoft operates in highly competitive markets, facing challenges from rivals like Google and Amazon in cloud computing, and Apple and Sony in hardware and gaming.



Source: MSFT-10k⁶

NETFLIX, Inc. (NFLX): 75.87% YTD

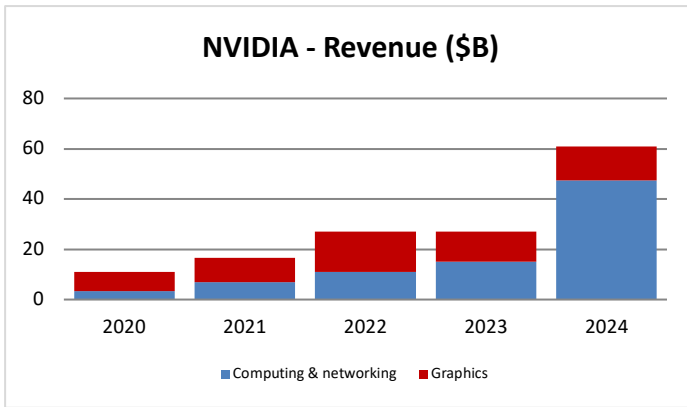
Netflix is a global leader in streaming entertainment, offering a vast library of TV shows, movies, and original content to over 238 million subscribers worldwide. The company's core business revolves around its subscription-based streaming platform, which generates the majority of its revenue. Netflix's original programming, such as critically acclaimed series and blockbuster films, is a key driver of its competitive edge and subscriber growth.



Source: NFLX-10k⁵

NVIDIA Corp. (NVDA): 194.75% YTD

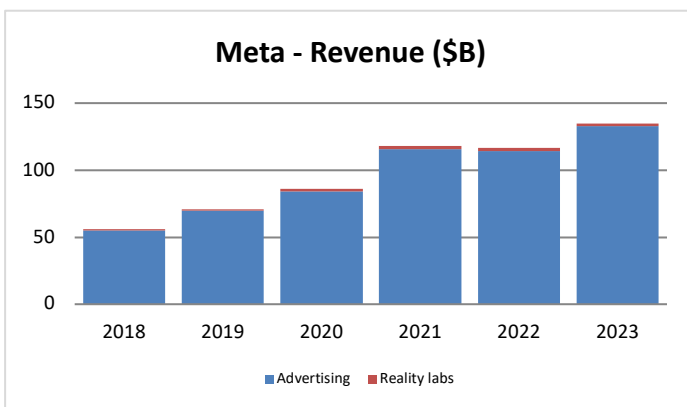
NVIDIA is a global leader in graphics processing units (GPUs) and AI technologies, with operations spanning gaming, data centers, and professional visualization. The company's core business includes its GeForce gaming GPUs, which dominate the PC gaming market, and its high-performance data center GPUs, widely adopted for AI training and inference workloads. NVIDIA's GPUs are a key driver of profitability, offering high margins and an important role in enabling advancements in artificial intelligence, autonomous vehicles, and cloud computing.



Source: NVDA-10k⁸

Meta Platforms, Inc. (META): 60.00% YTD

Meta Platforms is a global leader in social media and digital advertising, operating platforms such as Facebook, Instagram, and WhatsApp, collectively reaching over 3 billion monthly active users. The company's core business is digital advertising (which accounts for the majority of its revenue) driven by its AI-powered targeted ads and massive user base. Meta's additional revenue comes from the metaverse and virtual reality (VR) through investments in Reality Labs and products like the Quest VR headsets, although this segment currently operates at a loss. Meta is currently under pressure from regulatory scrutiny, privacy policy changes (such as Apple's App Tracking Transparency), and competition from platforms like TikTok and YouTube.



Source: META-10k⁹

Capital Structure Analysis

Company	Debt / Equity	Debt Rating	Beta	Debt / Assets
WMT	73.12	AA	0.53	24.30
AMZN	58.13	AA-	1.15	25.77
COST	42.05	AA	0.79	15.27
MSFT	29.81	AAA	0.90	19.13
NFLX	40.86	A	1.25	35.48
NVDA	17.22	A	1.66	11.75
META	29.81	AA-	1.22	19.13

Source: FactSet

Amazon has a Debt/Equity ratio of 58.13% and an AA- credit rating, highlighting (as we've discussed) a capital-intensive growth strategy with investments in fulfillment, AWS, and AI infrastructure. Amazon maintains a strong balance sheet with a significant net cash position. We expect the firm to sustain its solid financial standing, supported by sizeable free cash flow from AWS and advertising. Compared to its peers, Microsoft and NVIDIA have conservative balance sheets with low leverage and high credit ratings, which indicate that these companies are lower-risk investments. Microsoft has a Debt/Equity ratio of 29.81% and holds an AAA credit rating, due its financial strength and ability to generate stable cash flows. NVIDIA has a Debt/Equity ratio of 17.22%, sustained by high growth in AI and GPU markets with the company keeping relatively low dependence on leverage. Meta and Netflix are moderately leveraged, with Debt/Equity ratios of 29.81% and 40.86%, respectively.

Profitability Analysis

TTM (%)				
Company	Gross Margin	Operating Margin	Net Margin	Q Rev Growth
WMT	24.61%	4.69%	2.34%	4.80%
AMZN	48.43%	10.96%	8.04%	11.00%
COST	12.61%	3.82%	2.90%	1.00%
MSFT	69.35%	46.58%	35.61%	16.00%
NFLX	45.25%	29.61%	20.70%	15.00%
NVDA	75.98%	62.06%	55.04%	122.40%
META	81.43%	42.77%	35.55%	18.90%
5 Year Avg. (%)				
Company	Gross Margin	Operating Margin	Net Margin	Q Rev Growth
WMT	24.63%	4.41%	2.39%	5.10%
AMZN	42.68%	5.13%	4.95%	15.00%
COST	12.68%	3.46%	2.60%	11.10%
MSFT	68.76%	41.53%	34.84%	13.00%
NFLX	39.94%	18.11%	13.56%	16.40%
NVDA	63.81%	33.25%	30.57%	39.10%
META	80.73%	36.93%	28.46%	22.00%

Source: FactSet

Companies in the grocery and essentials, such as Walmart and Costco, operate on high-volume, low-margin models, which limits profitability despite being more stable. Technology leaders Microsoft, NVIDIA, Meta, and Netflix achieve profitability through high-margin businesses. Amazon's high-margin businesses like AWS and advertising, among its different streams of revenue, significantly outpace traditional retailers, though its exposure to discretionary categories adds vulnerability during downturns. We believe Amazon's ability to balance high-margin services with low-margin retail positions it to outperform peers, even during macroeconomic pressures.

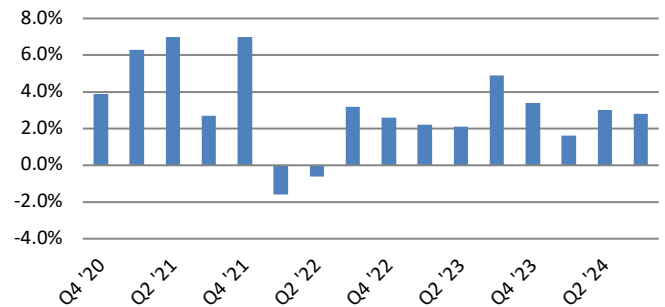
ECONOMIC OUTLOOK

The US economic outlook remains relatively strong despite concerns surrounding growth and interest rate policy. As of the third quarter of 2024, U.S. GDP grew by 2.8% from the second quarter, reflecting sustained economic momentum following a strong rebound earlier in the year. After a slow start in the first quarter of 2024, GDP growth rebounded to a solid 3.0% in the second quarter, and the economy is expected to expand by 2.7% for the year. Consumer spending has been strong, supported by the potential for continued interest rate cuts by the Federal Reserve, which may further boost household debt and consumption. Inflation, which sits at 2.6% as of October, is expected to continue declining, while the Federal Reserve is likely to reduce interest rates by 100 basis points by year-end. Despite slowing labor force participation and a slight rise in unemployment, the broader economic outlook remains positive, with real GDP forecasted to grow steadily.

Economic Growth

The U.S. economy is projected to grow at a steady pace, with real GDP expected to increase by 2.7% in 2024 and moderate to 1.5% in 2025 as inflation continues to decline and the Federal Reserve begins cutting interest rates. Consumer spending (a key driver of economic growth) is forecasted to rise 2.4% this year, bolstered by a likely easing of monetary policy that will support increased consumption.

Real GDP Growth (QoQ %)



Source: FRED ¹⁴

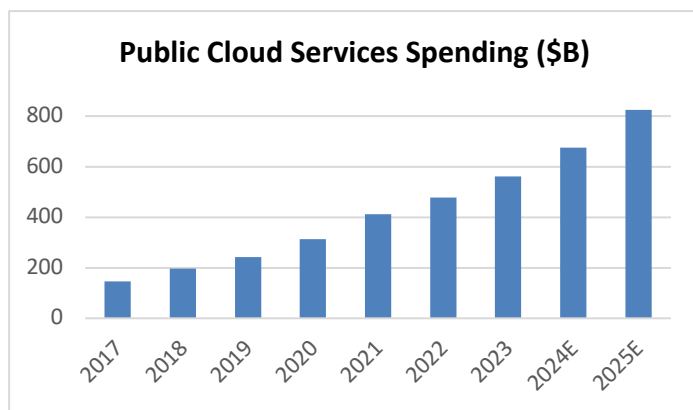
As the largest retailer in the U.S., Amazon is well-positioned to benefit from steady consumer spending growth as households regain purchasing power with potential interest rate cuts. However, the projected moderation in GDP growth in 2025 could temper overall consumer demand, particularly in discretionary categories, impacting Amazon's higher-margin product sales.

Monetary Policy

The Federal Open Market Committee has signaled it will continue to reduce the federal funds rate following the latest 25 basis point cut (which brings the target range to 4.50 – 4.75%). This decision reflects the FOMC's growing confidence that inflation is moving closer to its 2% objective while economic activity remains strong. According to the Fed's dot plot projections, policymakers expect an additional 25 basis points of rate cuts by the end of 2024, bringing the federal funds rate to a range of 4.25 - 4.50%, with further cuts planned for 2025 to lower rates to 3.25 - 3.5%.

Global Cloud Services Spend

The global public cloud computing market is expected to grow significantly, reaching \$675 billion in 2024 and surpassing \$800 billion by FY2025E, driven by increasing enterprise adoption of cloud-based solutions for scalability, efficiency, and cost optimization. Key segments, including IaaS, PaaS, and SaaS, are benefiting from the adoption of AI, machine learning, and hybrid-cloud strategies. Public cloud providers like AWS, Microsoft Azure, and Google Cloud are positioned to capture this growth as businesses continue to prioritize digital transformation.

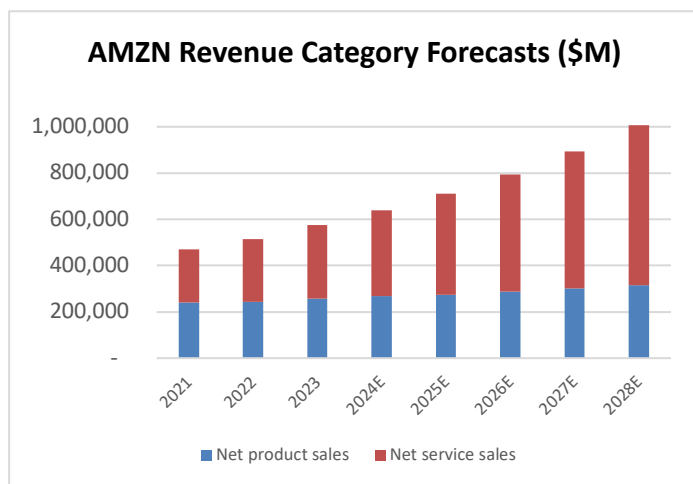


Source: Statista

VALUATION

Revenue Decomposition

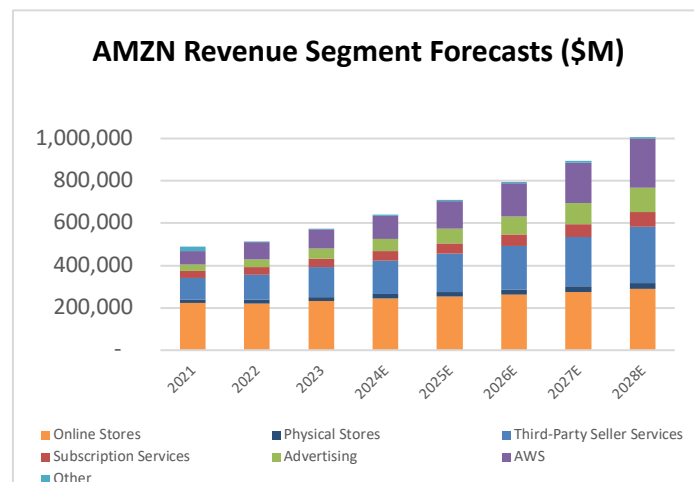
For Amazon's revenue decomposition, we applied a hybrid approach, utilizing management guidance, historical growth rates, and time series analysis to estimate revenue across its segments. We categorized Amazon's revenue into Product Sales (including online and physical stores) and Service Sales (covering third-party seller services, subscriptions, advertising, AWS, and other services). Based on our analysis, Amazon's revenue CAGR is projected at 11%, with Product Sales growing at 2.5% and Service Sales at 9.5%.



Source: Henry Fund Model

Within Product Sales, online store sales are forecasted to grow at a CAGR of 5%, supported by investments in fulfillment, while physical store sales are projected to grow more modestly at 6%, driven by Whole Foods and Amazon Fresh expansions. In the Service Sales category, high-

margin segments like advertising and AWS continue to lead growth, with CAGR's of 19% and 21%, respectively. Third-party seller services are expected to grow at 14%, benefiting from increased marketplace activity and seller tools. Subscription services, driven by Prime membership, are forecasted to grow at 11%, due to continued customer loyalty and improvements to offered services.

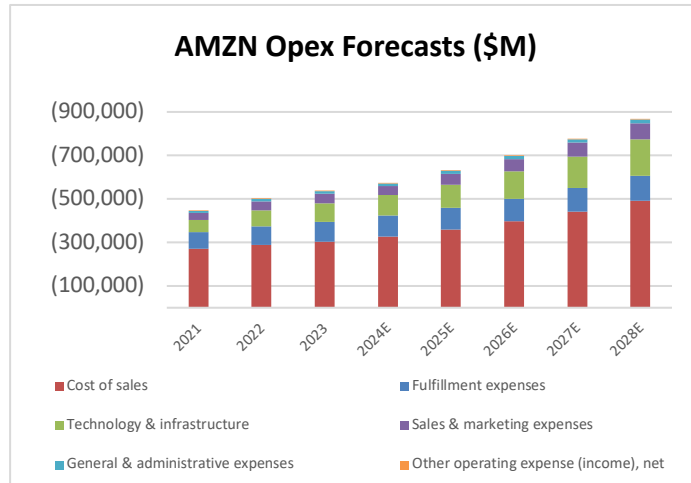


Looking ahead, we expect AWS to remain the most important contributor to revenue and margin growth, given expanding offerings in generative AI and cloud optimization. Advertising is also projected to continue to see strong growth, capitalizing on its integration with Amazon's e-commerce platform. While online store growth reverts toward industry averages, third-party seller services and subscription revenues are will bolster overall performance for e-commerce.

Cost Structure

We forecast a gradual improvement in Amazon's cost structure through FY2028E, driven by operational efficiencies and a favorable revenue mix shift toward high-margin services. Cost of sales, the largest expense category, is expected to fall from 53.0% in FY2023 to 48.7% in FY2028E (as percentage of sales) supported by better inventory management and efficiencies. Fulfillment expenses are projected to decline from 15.8% of sales in FY2023 to 11.3% by FY2028E as Amazon continues to expand fulfillment centers, automate processes, and optimize last-mile delivery. While technology and infrastructure expenses will grow, from 14.9% in FY2023 to 16.9% by FY2028E, due to Amazon's investments in AWS, artificial intelligence, and cloud infrastructure (which we believe are critical to long-term growth and profitability).

Sales and marketing expenses are anticipated to remain stable, increasing slightly to 7.1% of sales by FY2028 and general and administrative expenses are forecasted to remain steady at approximately 1.9% of sales.



Source: Henry Fund Model

Capital Expenditure Projections

Amazon's capital expenditures are expected to continue increase significantly over the next decade, driven by investments in infrastructure to support AI, cloud computing, and retail expansion. In 2024, the company projects total capex to be over \$70 billion, marking a substantial increase from 2023 levels, with analysts anticipating even higher figure for 2025. These expenditures include data centers, networking hardware, and in-house AI technology to address the surging demand, which Amazon CEO Andy Jassy described as a "once-in-a-lifetime opportunity." Additionally, investments in warehouse construction and fulfillment center regionalization remain important components of Amazon's e-commerce strategy. Our 2023–2033E forecasts suggest capex will grow to reach approximately \$120 billion by 2033, as Amazon continues to expand its AI capabilities and AWS infrastructure. Importantly, generative AI has already become a multi-billion-dollar revenue stream for AWS. These investments, while capital-intensive in the short term, are expected to deliver strong returns over the long term.

WACC

Amazon's Weighted Average Cost of Capital is estimated at 9.83%. The capital structure comprises approximately 94.02% equity and 5.98% debt. The cost of equity,

calculated using the Capital Asset Pricing Model, stands at 10.18%. This is calculated with a risk-free rate of 4.43% (10-year treasury bond yield), a beta of 1.15 (average of semi-annual beta over a 3-year period), and an equity risk premium of 5%. Given that the marginal tax rate is 14%, the after-tax cost of debt is 4.38%, based on the yield to maturity of the longest maturity corporate bond.

DCF/EP Models

The Discounted Cash Flow (DCF) and Economic Profit (EP) valuation models provide an optimistic forecast for Amazon. The DCF model, focusing on projected free cash flows, which are the Net Operating Profit Less Adjusted Taxes (NOPLAT) minus changes in invested capital, projects growth from \$26.7B in FY2023 to \$299.2B in FY2033E, reflecting a CAGR of 27%. The present value of these cash flows and the continuing value are then pulled forward to today's terms to value the operating assets.

The EP model uses the economic value added for shareholders over the required return on invested capital. It assesses wealth creation by determining the excess of ROIC over the WACC. This excess return, when applied to the initial invested capital, yields the EP for a given period. The sum of these present values, when discounted back to today and combined with the ending invested capital, reflects the operating assets' total value. Utilizing these models, Amazon's operating assets are valued at \$2.4T. After accounting for total debt and the present value of operating leases, other liabilities, and excess cash, the value of Amazon's equity stands at \$2.3T. Given the 10.5B outstanding shares, the intrinsic value per share we arrive at is \$235, indicating a potential upside of 16%.

DDM Model

Amazon does not currently pay a dividend, meaning the Dividend Discount Model (DDM) does not provide much help in assessing the company's value. Nevertheless, to determine Amazon's value using a DDM, we incorporated a CV growth rate of EPS of 3.5%, a ROE of 22.8%, and a cost of equity of 10.2%. This allowed us to estimate the P/E multiple in the CV year (12.7x). By multiplying this P/E multiple by the projected EPS in the CV year (\$32.53), we arrived at Amazon's future stock price (\$412). Discounting this future price and projected cash flows back to the

present provided an implied price of \$188 (a downside of 7.4%).

Relative Valuation

Using a relative valuation approach, we compared Amazon against key industry peers, including Walmart, Costco, Microsoft, NVIDIA, Netflix, and Meta. Amazon's P/E ratio of 38.4 for 2024 trades at a slight discount to the peer average of 38.9, while its PEG ratio of 1.2 for 2024 is well below the peer average of 1.68. Additionally, Amazon's EV/EBITDA of 19.76 and P/S ratio of 3.44 trade at discounts to the peer averages of 21.35 and 5.23, respectively.

We believe this discount reflects Amazon's status as a conglomerate with highly diverse revenue streams (e-commerce, cloud computing, and advertising). There is no single competitor that matches Amazon's scale across these industries, making comparisons (and therefore relative valuation) challenging. While peers like Walmart and Costco excel in retail, and Microsoft and NVIDIA dominate technology-focused segments, Amazon is unique in its business profile. Overall, we view Amazon's discounted valuation as an opportunity, as its leading position across multiple high-growth industries provides long-term growth potential for a fair market price.

KEYS TO MONITOR

Catalysts for Growth

1. **Margin Expansion Through AWS Growth:** AWS continues to drive Amazon's profitability, with revenue growing 19% YoY in Q3 2024 to \$27.5 billion. Investments in generative AI infrastructure are propelling growth, with AWS's generative AI business reaching a multi-billion-dollar annual run rate, growing at over 100% YoY.
2. **Advertising Revenue – Grabbing a Larger Piece of a Growing Pie:** Amazon's advertising segment grew 20% YoY in Q3 2024, contributing over \$12 billion in quarterly revenue. This segment will benefit from industry tailwinds, with digital ad spending projected to grow by 10 - 15% annually through 2027.
3. **Prime Membership Expansion:** Emerging markets like India and Brazil, with projected e-commerce CAGRs of 19% and 18%, respectively, present key opportunities for growth. In India alone, Amazon added over 10

million members, while global Prime memberships are expected to surpass 350 million by 2026.

Downside Risks

1. **Regulatory and Antitrust Concerns:** The FTC's lawsuit against Amazon could result in penalties ranging from hundreds of millions to billions of dollars, while compliance with the EU's Digital Markets Act starting in 2024 may increase operational costs and restrict cross-platform data.
2. **Increasing Competition:** AWS's 31% market share is pressured by Azure (22% YoY growth in Q3 2024) and Google Cloud, which collectively exceed AWS's share. In e-commerce, Walmart's online segment is outpacing Amazon's retail growth, with Walmart reporting 9.0% growth YoY in Q3 2024, compared to Amazon's 7.9% growth in the same period.
3. **Capex Spend out of Control:** Amazon's projected capex for 2024 marks a 23% increase over 2023, driven by generative AI and cloud investments, potentially weighing on free cash flow if returns are slower than anticipated.

Conclusion

Amazon remains the dominant player in e-commerce, cloud computing, and digital advertising, leveraging its scale to maintain market leadership. While the retail segment faces growing competition from Walmart and traditional retailers expanding their digital footprints, Amazon's diversified revenue streams, particularly AWS and advertising, provide significant resilience and long-term growth potential. These high-margin businesses continue to outpace competitors, driving operating margin expansion and offsetting pressures in the more competitive retail space.

We anticipate strong earnings growth over the next five years, supported by AWS's ongoing innovations, efficiency gains from supply chain, and continued Prime membership expansion. However, regulatory scrutiny and capital-intensive initiatives may weigh on near-term cash flow. Despite these risks, Amazon's investments in high-growth, high-margin areas position it well to capture long-term value in an ever growing digital landscape. In conclusion, we have **BUY** rating on Amazon, with a target price of \$242 (an upside of 19.4%).

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Amazon.com Inc.
Revenue Decomposition

Fiscal Years Ending Dec. 31	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	4Q 2025	1Q 2026	2Q 2026	3Q 2026	4Q 2026
Net product sales	56,455	56,575	59,340	70,531	56,981	59,032	63,171	76,703	60,915	61,569	67,601	78,565	61,590	62,555	69,112	81,882	63,865	65,045	72,100	85,690
%	-20.95%	0.21%	4.89%	18.86%	-19.21%	3.60%	7.01%	21.42%	-20.58%	1.07%	9.80%	16.22%	-21.61%	1.57%	10.48%	18.48%	-22.00%	1.85%	10.85%	18.85%
YoY %	-1.80%	-2.46%	8.13%	-1.24%	0.93%	4.34%	6.46%	8.75%	6.90%	4.30%	7.01%	2.43%	1.11%	1.60%	2.24%	4.22%	3.69%	3.98%	4.32%	4.65%
Net service sales	59,989	64,659	67,761	78,673	70,377	75,351	79,912	93,258	82,398	86,408	91,276	110,378	97,486	101,344	107,837	129,035	113,900	117,846	125,966	150,594
%	-9.10%	7.78%	4.80%	16.10%	-10.54%	7.07%	6.05%	16.70%	-11.65%	4.87%	5.63%	20.93%	-11.68%	3.96%	6.41%	19.66%	-11.73%	3.46%	6.89%	19.55%
YoY %	17.56%	17.40%	21.14%	19.21%	17.32%	16.54%	17.93%	18.54%	17.08%	14.67%	14.22%	18.36%	18.31%	17.29%	18.14%	16.90%	16.84%	16.28%	16.81%	16.71%
Total sales	116,444	121,234	127,101	149,204	127,358	134,383	143,083	169,961	143,313	147,977	158,877	188,943	159,075	163,900	176,950	210,917	177,765	182,892	198,066	236,284
%	-15.26%	4.11%	4.84%	17.39%	-14.64%	5.52%	6.47%	18.78%	-15.68%	3.25%	7.37%	18.92%	-15.81%	3.03%	7.96%	19.20%	-15.72%	2.88%	8.30%	19.30%
YoY %	7.30%	7.21%	14.70%	8.58%	9.37%	10.85%	12.57%	13.91%	12.53%	10.12%	11.04%	11.17%	11.00%	10.76%	11.38%	11.63%	11.75%	11.59%	11.93%	12.03%
Segment																				
Online Stores	51,129	50,855	53,489	64,531	51,096	52,966	57,267	70,543	54,670	55,392	61,411	73,046	55,957	57,005	63,560	75,992	57,812	59,140	66,209	79,424
Physical Stores	4,591	4,721	4,694	4,957	4,895	5,024	4,959	5,152	5,202	5,206	5,228	5,518	5,633	5,551	5,552	5,890	6,053	5,905	5,891	6,266
Third-Party Seller Services	25,335	27,376	28,666	36,339	29,820	32,332	34,342	43,559	34,596	36,201	37,864	49,967	39,116	40,917	43,518	57,190	44,353	46,399	49,826	65,313
Subscription Services	8,410	8,716	8,903	9,189	9,657	9,894	10,170	10,488	10,722	10,866	11,278	11,779	11,961	12,042	12,508	13,191	13,335	13,370	13,896	14,730
Advertising	7,877	8,757	9,548	11,557	9,509	10,683	12,060	14,654	11,824	12,771	14,331	17,629	14,494	15,312	17,551	21,131	17,579	18,304	21,224	25,237
AWS	18,441	19,739	20,538	21,378	21,354	22,140	23,059	24,204	25,037	26,281	27,452	29,536	30,545	31,704	32,846	35,939	37,151	38,288	39,493	43,603
Other	661	1,070	1,263	1,253	1,027	1,344	1,226	1,361	1,262	1,260	1,313	1,467	1,369	1,370	1,414	1,583	1,483	1,487	1,526	1,711
Mix																				
Online Stores	43.91%	41.95%	42.08%	43.25%	40.12%	39.41%	40.02%	41.51%	38.15%	37.43%	38.65%	38.66%	35.18%	34.78%	35.92%	36.03%	32.52%	32.34%	33.43%	33.61%
Physical Stores	3.94%	3.89%	3.69%	3.32%	3.84%	3.74%	3.47%	3.03%	3.63%	3.52%	3.29%	2.92%	3.54%	3.39%	3.14%	2.79%	3.40%	3.23%	2.97%	2.65%
Third-Party Seller Services	21.76%	22.58%	22.55%	24.36%	23.41%	24.06%	24.00%	25.63%	24.14%	24.46%	23.83%	26.45%	24.59%	24.96%	24.59%	27.11%	24.95%	25.37%	25.16%	27.64%
Subscription Services	7.22%	7.19%	7.00%	6.16%	7.58%	7.36%	7.11%	6.17%	7.48%	7.34%	7.10%	6.23%	7.52%	7.35%	7.07%	6.25%	7.50%	7.31%	7.02%	6.23%
Advertising	6.76%	7.22%	7.51%	7.75%	7.47%	7.95%	8.43%	8.62%	8.25%	8.63%	9.02%	9.33%	9.11%	9.34%	9.92%	10.02%	9.89%	10.01%	10.72%	10.68%
AWS	15.84%	16.28%	16.16%	14.33%	16.77%	16.48%	16.12%	14.24%	17.47%	17.76%	17.28%	15.63%	19.20%	19.34%	18.56%	17.04%	20.90%	20.93%	19.94%	18.45%
Other	0.57%	0.88%	0.99%	0.84%	0.81%	1.00%	0.86%	0.80%	0.88%	0.85%	0.83%	0.78%	0.86%	0.84%	0.80%	0.75%	0.83%	0.81%	0.77%	0.72%

Amazon.com Inc.
Quarterly Income Statement

Fiscal Years Ending Dec. 31	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	4Q 2025	1Q 2026	2Q 2026	3Q 2026	4Q 2026
Net product sales	56,455	56,575	59,340	70,531	56,981	59,032	63,171	76,703	60,915	61,569	67,601	78,565	61,590	62,555	69,112	81,882	63,865	65,045	72,100	85,690
Net service sales	59,989	64,659	67,761	78,673	70,377	75,351	79,912	93,258	82,398	86,408	91,276	110,378	97,486	101,344	107,837	129,035	113,900	117,846	125,966	150,594
Total net sales	116,444	121,234	127,101	149,204	127,358	134,383	143,083	169,961	143,313	147,977	158,877	188,943	159,075	163,900	176,950	210,917	177,765	182,892	198,066	236,284
Cost of sales	(66,499)	(66,424)	(70,268)	(85,640)	(67,791)	(69,373)	(75,022)	(92,553)	(72,633)	(73,785)	(80,977)	(99,464)	(82,369)	(81,160)	(87,872)	(107,627)	(91,421)	(91,243)	(96,745)	(117,170)
Gross margin	49,945	54,810	56,833	63,564	59,567	65,010	68,061	77,408	70,680	74,192	77,900	89,479	76,706	82,740	89,078	103,290	86,344	91,649	101,321	119,114
Fulfillment expenses	(20,271)	(20,342)	(20,583)	(23,103)	(20,905)	(21,305)	(22,314)	(26,095)	(22,317)	(23,566)	(24,660)	(27,968)	(22,326)	(22,652)	(25,013)	(29,627)	(23,104)	(23,530)	(26,081)	(30,997)
Technology & Infrastructure	(14,842)	(18,072)	(19,485)	(20,814)	(20,450)	(21,931)	(21,203)	(22,038)	(20,424)	(22,304)	(22,245)	(26,633)	(24,085)	(25,558)	(26,419)	(31,455)	(28,095)	(29,370)	(30,940)	(36,898)
Sales & marketing expenses	(8,320)	(10,086)	(11,014)	(12,818)	(10,172)	(10,745)	(10,551)	(12,902)	(9,662)	(10,512)	(10,609)	(13,014)	(11,124)	(11,547)	(12,513)	(14,943)	(12,606)	(12,975)	(14,055)	(16,769)
General & administrative expenses	(2,594)	(2,903)	(3,061)	(3,333)	(3,043)	(3,202)	(2,561)	(3,010)	(2,742)	(3,041)	(2,713)	(3,023)	(2,883)	(2,999)	(3,253)	(3,887)	(3,280)	(3,377)	(3,658)	(4,364)
Other operating expense (income), net	(249)	(90)	(165)	(759)	(223)	(146)	(244)	(154)	(228)	(97)	(262)	(279)	(221)	(220)	(234)	(277)	(232)	(239)	(258)	(308)
Total operating expenses	(112,775)	(117,917)	(124,576)	(146,467)	(122,584)	(126,702)	(131,895)	(156,752)	(128,006)	(133,305)	(141,466)	(170,380)	(143,007)	(144,136)	(155,303)	(187,816)	(158,738)	(160,733)	(171,736)	(206,505)
Operating income (loss)	3,669	3,317	2,525	2,737	4,774	7,681	11,188	13,209	15,307	14,672	17,411	18,563	16,068	19,764	21,646	23,101	19,027	22,159	26,329	29,779
Interest income	108	159	277	445	611	661	776	901	993	1,180	1,256	1,061	1,587	1,591	1,596	1,601	2,238	2,243	2,248	2,253
Interest expense	(472)	(584)	(617)	(694)	(823)	(840)	(806)	(713)	(644)	(589)	(603)	(770)	(784)	(801)	(818)	(836)	(854)	(872)	(890)	(908)
Other income / expense, net	(8,570)	(5,545)	759	(3,450)	(443)	61	1,031	289	(2,673)	(18)	(27)	(23)	(34)	(34)	(34)	(34)	(48)	(48)	(48)	(48)
Total non-operating income (expense)	(8,934)	(5,970)	419	(3,699)	(655)	(118)	1,001	477	(2,324)	573	626	269	769	756	744	731	1,336	1,323	1,310	1,296
Income (loss) before income taxes	(5,265)	(2,653)	2,944	(962)	4,119	7,563	12,189	13,686	12,983	15,245	18,037	18,832	16,837	20,520	22,390	23,832	20,363	23,481	27,639	31,075
Provision (benefit) for income taxes	1,422	637	(69)	1,227	(948)	(804)	(2,306)	(3,062)	(2,467)	(1,767)	(2,706)	(2,636)	(2,357)	(2,873)	(3,135)	(3,336)	(2,851)	(3,287)	(3,869)	(4,350)
Equity-method investment activity, net of tax	(1)	(12)	(3)	13	1	(9)	(4)	-	(85)	7	(3)	-	-	-	-	-	-	-	-	-
Net income (loss)	(3,844)	(2,028)	2,872	278	3,172	6,750	9,879	10,624	10,431	13,485	15,328	16,195	14,480	17,647	19,255	20,495	17,512	20,194	23,769	26,724
Weighted average shares outstanding - basic	10,180	10,175	10,191	10,220	10,250	10,285	10,322	10,356	10,393	10,447	10,501	10,641	10,770	10,769	10,769	10,769	10,768	10,766	10,766	10,766
Year end shares outstanding	10,180	10,183	10,198	10,228	10,258	10,313	10,330	10,367	10,403	10,490	10,511	10,771	10,769	10,769	10,769	10,769	10,766	10,766	10,766	10,766
Net earnings (loss) per share - basic	(0.38)	(0.20)	0.28	0.03	0.31	0.66	0.96	1.03	1.00	1.29	1.46	1.52	1.34	1.64	1.79	1.90	1.63	1.88	2.21	2.48

Amazon.com Inc.
Common Size Quarterly Income Statement

Fiscal Years Ending Dec. 31	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	4Q 2025	1Q 2026	2Q 2026	3Q 2026	4Q 2026
Net product sales	48.48%	46.67%	46.69%	47.27%	44.74%	43.93%	44.15%	45.13%	42.50%	41.61%	42.55%	41.58%	38.72%	38.17%	39.06%	38.82%	35.93%	35.56%	36.40%	36.27%
Net service sales	51.52%	53.33%	53.31%	52.73%	55.26%	56.07%	55.85%	54.87%	57.50%	58.39%	57.45%	58.42%	61.28%	61.83%	60.94%	61.18%	64.07%	64.44%	63.60%	63.73%
Total net sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	-57.11%	-54.79%	-55.29%	-57.40%	-53.23%	-51.62%	-52.43%	-54.46%	-50.68%	-49.86%	-50.97%	-52.64%	-51.78%	-49.52%	-49.66%	-51.03%	-51.43%	-49.89%	-48.84%	-49.59%
Gross margin	42.89%	45.21%	44.71%	42.60%	46.77%	48.38%	47.57%	45.54%	49.32%	50.14%	49.03%	47.36%	48.22%	50.48%	50.34%	48.97%	48.57%	50.11%	51.16%	50.41%
Fulfillment expenses	-17.41%	-16.78%	-16.19%	-15.48%	-16.41%	-15.85%	-15.60%	-15.35%	-15.57%	-15.93%	-15.52%	-14.80%	-14.03%	-13.82%	-14.14%	-14.05%	-13.00%	-12.87%	-13.17%	-13.12%
Technology & infrastructure	-12.75%	-14.91%	-15.33%	-13.95%	-16.06%	-16.32%	-14.82%	-12.97%	-14.25%	-15.07%	-14.00%	-14.10%	-15.14%	-15.59%	-14.93%	-14.91%	-15.80%	-16.06%	-15.62%	-15.62%
Sales & marketing expenses	-7.15%	-8.32%	-8.67%	-8.59%	-7.99%	-8.00%	-7.37%	-7.59%	-6.74%	-7.10%	-6.68%	-6.89%	-6.99%	-7.05%	-7.07%	-7.08%	-7.09%	-7.09%	-7.10%	-7.10%
General & administrative expenses	-2.23%	-2.39%	-2.41%	-2.23%	-2.39%	-2.38%	-1.79%	-1.77%	-1.91%	-2.06%	-1.71%	-1.78%	-1.81%	-1.83%	-1.84%	-1.84%	-1.85%	-1.85%	-1.85%	-1.85%
Other operating expense (income), net	-0.21%	-0.07%	-0.13%	-0.51%	-0.18%	-0.11%	-0.17%	-0.09%	-0.16%	-0.07%	-0.16%	-0.15%	-0.14%	-0.13%	-0.13%	-0.13%	-0.13%	-0.13%	-0.13%	-0.13%
Total operating expenses	-96.85%	-97.26%	-98.01%	-98.17%	-96.25%	-94.28%	-92.18%	-92.23%	-89.32%	-90.08%	-89.04%	-90.18%	-89.90%	-87.94%	-87.77%	-89.05%	-89.30%	-87.88%	-86.71%	-87.40%
Operating income (loss)	3.15%	2.74%	1.99%	1.83%	3.75%	5.72%	7.82%	7.77%	10.68%	9.92%	10.96%	9.82%	10.10%	12.06%	12.23%	10.95%	10.70%	12.12%	13.29%	12.60%
Interest income	0.09%	0.13%	0.22%	0.30%	0.48%	0.49%	0.54%	0.53%	0.69%	0.80%	0.79%	0.56%	1.00%	0.97%	0.90%	0.76%	1.26%	1.23%	1.13%	0.95%
Interest expense	-0.41%	-0.48%	-0.49%	-0.47%	-0.65%	-0.63%	-0.56%	-0.42%	-0.45%	-0.40%	-0.38%	-0.41%	-0.49%	-0.49%	-0.46%	-0.40%	-0.48%	-0.48%	-0.45%	-0.38%
Other income/ expense, net	-7.36%	-4.57%	0.60%	-2.31%	-0.35%	0.05%	0.72%	0.17%	-1.87%	-0.01%	-0.02%	-0.01%	-0.02%	-0.02%	-0.02%	-0.02%	-0.03%	-0.03%	-0.02%	-0.02%
Total non-operating income (expense)	-7.67%	-4.92%	0.33%	-2.48%	-0.51%	-0.09%	0.70%	0.28%	-1.62%	0.39%	0.39%	0.14%	0.48%	0.46%	0.42%	0.35%	0.75%	0.72%	0.66%	0.55%
Income (loss) before income taxes	-4.52%	-2.19%	2.32%	-0.64%	3.23%	5.63%	8.52%	8.05%	9.06%	10.30%	11.35%	9.97%	10.58%	12.52%	12.65%	11.30%	11.45%	12.84%	13.95%	13.15%
Provision (benefit) for income taxes	1.22%	0.53%	-0.05%	0.82%	-0.74%	-0.60%	-1.61%	-1.80%	-1.72%	-1.19%	-1.70%	-1.40%	-1.48%	-1.75%	-1.77%	-1.58%	-1.60%	-1.80%	-1.95%	-1.84%
Equity-method investment activity, net of tax	0.00%	-0.01%	0.00%	0.01%	0.00%	-0.01%	0.00%	0.00%	-0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income (loss)	-3.30%	-1.67%	2.26%	0.19%	2.49%	5.02%	6.90%	6.25%	7.28%	9.11%	9.65%	8.57%	9.10%	10.77%	10.88%	9.72%	9.85%	11.04%	12.00%	11.31%

Amazon.com Inc.
Revenue Decomposition

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net product sales	215,915	241,787	242,901	255,887	268,650	275,140	286,699	300,547	315,831	331,894	348,776	366,520	385,169	404,770
%		11.98%	0.46%	5.35%	4.99%	2.42%	4.20%	4.83%	5.09%	5.09%	5.09%	5.09%	5.09%	5.09%
Net service sales	170,149	228,035	271,082	318,898	370,460	435,702	508,307	592,864	692,008	808,537	945,625	1,107,043	1,297,280	1,521,673
%		34.02%	18.88%	17.64%	16.17%	17.61%	16.66%	16.64%	16.72%	16.84%	16.96%	17.07%	17.18%	17.30%
Total net sales	386,064	469,822	513,983	574,785	639,110	710,842	795,006	893,411	1,007,839	1,140,431	1,294,401	1,473,563	1,682,449	1,926,443
%		21.70%	9.40%	11.83%	11.19%	11.22%	11.84%	12.38%	12.81%	13.16%	13.50%	13.84%	14.18%	14.50%
Online Stores		222,075	220,004	231,872	244,519	252,514	262,585	274,940	288,687	303,121	318,277	334,191	350,901	368,446
%			-0.93%	5.39%	5.45%	3.27%	3.99%	4.70%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Physical Stores		17,075	18,963	20,030	21,154	22,626	24,114	25,608	27,144	28,773	30,499	32,329	34,269	36,325
%			11.06%	5.63%	5.61%	6.96%	6.58%	6.19%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Third-Party Seller Services		103,366	117,716	140,053	158,628	180,741	205,890	234,473	267,182	304,453	346,923	395,317	450,463	513,301
%			13.88%	18.98%	13.26%	13.94%	13.91%	13.88%	13.95%	13.95%	13.95%	13.95%	13.95%	13.95%
Subscription Services		31,768	35,218	40,209	44,645	49,702	55,331	61,593	68,579	76,356	85,016	94,659	105,394	117,348
%			10.86%	14.17%	11.03%	11.33%	11.32%	11.32%	11.34%	11.34%	11.34%	11.34%	11.34%	11.34%
Advertising		30,252	37,739	46,906	56,555	68,488	82,343	98,275	116,947	139,167	165,608	197,074	234,518	279,076
%			24.75%	24.29%	20.57%	21.10%	20.23%	19.35%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%
AWS		62,202	80,096	90,757	108,306	131,034	158,535	191,806	232,035	280,701	339,574	410,796	496,955	601,184
%			28.77%	13.31%	19.34%	20.98%	20.99%	20.99%	20.97%	20.97%	20.97%	20.97%	20.97%	20.97%
Other		23,620	4,247	4,958	5,302	5,737	6,207	6,717	7,266	7,860	8,503	9,198	9,950	10,764
%			0.46%	5.35%	4.99%	2.04%	3.24%	3.30%	3.37%	3.38%	3.40%	3.41%	3.43%	3.44%
Mix														
Online Stores		47.27%	42.80%	40.34%	38.26%	35.52%	33.03%	30.77%	28.64%	26.58%	24.59%	22.68%	20.86%	19.13%
Physical Stores		3.63%	3.69%	3.48%	3.31%	3.18%	3.03%	2.87%	2.69%	2.52%	2.36%	2.19%	2.04%	1.89%
Third-Party Seller Services		22.00%	22.90%	24.37%	24.82%	25.43%	25.90%	26.24%	26.51%	26.70%	26.80%	26.83%	26.77%	26.65%
Subscription Services		6.76%	6.85%	7.00%	6.99%	6.99%	6.96%	6.89%	6.80%	6.70%	6.57%	6.42%	6.26%	6.09%
Advertising		6.44%	7.34%	8.16%	8.85%	9.63%	10.36%	11.00%	11.60%	12.20%	12.79%	13.37%	13.94%	14.49%
AWS		13.24%	15.58%	15.79%	16.95%	18.43%	19.94%	21.47%	23.02%	24.61%	26.23%	27.88%	29.54%	31.21%
Other		5.03%	0.83%	0.86%	0.83%	0.81%	0.78%	0.75%	0.72%	0.69%	0.66%	0.62%	0.59%	0.56%

Amazon.com Inc.
Annual Income Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net product sales	241,787	242,901	255,887	268,650	275,140	286,699	300,547	315,831	331,894	348,776	366,520	385,169	404,770
Net service sales	228,035	271,082	318,898	370,460	435,702	508,307	592,864	692,008	808,537	945,625	1,107,043	1,297,280	1,521,673
Total net sales	469,822	513,983	574,785	639,110	710,842	795,006	893,411	1,007,839	1,140,431	1,294,401	1,473,563	1,682,449	1,926,443
Cost of sales	(272,344)	(288,831)	(304,739)	(326,859)	(359,028)	(396,578)	(440,317)	(490,733)	(548,201)	(613,820)	(689,097)	(775,872)	(876,278)
Gross margin	197,478	225,152	270,046	312,251	351,814	398,428	453,094	517,106	592,230	680,581	784,467	906,577	1,050,166
Fulfillment expenses	(75,111)	(84,299)	(90,619)	(98,511)	(99,617)	(103,712)	(108,716)	(114,244)	(120,054)	(126,161)	(132,579)	(139,325)	(146,415)
Technology & infrastructure	(56,052)	(73,213)	(85,622)	(91,606)	(107,517)	(125,303)	(146,072)	(170,456)	(199,134)	(232,883)	(272,627)	(319,471)	(374,727)
Sales & marketing expenses	(32,551)	(42,238)	(44,370)	(43,797)	(50,126)	(56,404)	(63,410)	(71,533)	(80,944)	(91,872)	(104,589)	(119,415)	(136,733)
General & administrative expenses	(8,823)	(11,891)	(11,816)	(11,519)	(13,023)	(14,679)	(16,504)	(18,618)	(21,068)	(23,912)	(27,222)	(31,081)	(35,588)
Other operating expense (income), net	(62)	(1,263)	(767)	(866)	(952)	(1,036)	(1,163)	(1,312)	(1,484)	(1,685)	(1,918)	(2,190)	(2,507)
Total operating expenses	(444,943)	(501,735)	(537,933)	(573,157)	(630,262)	(697,713)	(776,182)	(866,895)	(970,885)	(1,090,333)	(1,228,031)	(1,387,353)	(1,572,248)
Operating income (loss)	24,879	12,248	36,852	65,953	80,579	97,294	117,229	140,943	169,546	204,068	245,532	295,096	354,195
Interest income	448	989	2,949	4,490	6,375	8,981	12,313	16,615	22,051	28,839	37,245	47,588	59,297
Interest expense	(1,809)	(2,367)	(3,182)	(2,606)	(3,238)	(3,524)	(3,814)	(4,099)	(4,385)	(4,680)	(4,990)	(5,321)	(5,614)
Other income / expense, net	14,633	(16,806)	938	(2,741)	(137)	(193)	(265)	(357)	(474)	(620)	(801)	(1,023)	(1,275)
Total non-operating income (expense)	13,272	(18,184)	705	(856)	2,999	5,264	8,235	12,159	17,192	23,539	31,455	41,244	52,408
Income (loss) before income taxes	38,151	(5,936)	37,557	65,097	83,579	102,558	125,464	153,102	186,737	227,607	276,987	336,339	406,603
Provision (benefit) for income taxes	(4,791)	3,217	(7,120)	(9,576)	(11,701)	(14,358)	(17,565)	(21,434)	(26,143)	(31,865)	(38,778)	(47,087)	(56,924)
Equity-method investment activity, net of tax	4	(3)	(12)	(81)	-	-	-	-	-	-	-	-	-
Net income (loss)	33,364	(2,722)	30,425	55,439	71,878	88,200	107,899	131,668	160,594	195,742	238,209	289,252	349,678
Weighted average shares outstanding - basic	10,160	10,220	10,356	10,641	10,769	10,766	10,764	10,761	10,759	10,756	10,754	10,751	10,749
Year end shares outstanding	10,160	10,228	10,367	10,771	10,769	10,766	10,764	10,761	10,759	10,756	10,754	10,751	10,749
Net earnings (loss) per share - basic	3.30	(0.27)	2.95	5.28	6.67	8.19	10.02	12.24	14.93	18.20	22.15	26.90	32.53
Dividend per Share	-	-	-	-	-	-	-	-	-	-	-	-	-

Amazon.com Inc.

Common Size Income Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net product sales	51.46%	47.26%	44.52%	42.04%	38.71%	36.06%	33.64%	31.34%	29.10%	26.94%	24.87%	22.89%	21.01%
Net service sales	48.54%	52.74%	55.48%	57.96%	61.29%	63.94%	66.36%	68.66%	70.90%	73.06%	75.13%	77.11%	78.99%
Total net sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	-57.97%	-56.19%	-53.02%	-51.14%	-50.51%	-49.88%	-49.28%	-48.69%	-48.07%	-47.42%	-46.76%	-46.12%	-45.49%
Gross margin	42.03%	43.81%	46.98%	48.86%	49.49%	50.12%	50.72%	51.31%	51.93%	52.58%	53.24%	53.88%	54.51%
Fulfillment expenses	-15.99%	-16.40%	-15.77%	-15.41%	-14.01%	-13.05%	-12.17%	-11.34%	-10.53%	-9.75%	-9.00%	-8.28%	-7.60%
Technology & infrastructure	-11.93%	-14.24%	-14.90%	-14.33%	-15.13%	-15.76%	-16.35%	-16.91%	-17.46%	-17.99%	-18.50%	-18.99%	-19.45%
Sales & marketing expenses	-6.93%	-8.22%	-7.72%	-6.85%	-7.05%	-7.09%	-7.10%	-7.10%	-7.10%	-7.10%	-7.10%	-7.10%	-7.10%
General & administrative expenses	-1.88%	-2.31%	-2.06%	-1.80%	-1.83%	-1.85%	-1.85%	-1.85%	-1.85%	-1.85%	-1.85%	-1.85%	-1.85%
Other operating expense (income), net	-0.01%	-0.25%	-0.13%	-0.14%	-0.13%	-0.13%	-0.13%	-0.13%	-0.13%	-0.13%	-0.13%	-0.13%	-0.13%
Total operating expenses	-94.70%	-97.62%	-93.59%	-89.68%	-88.66%	-87.76%	-86.88%	-86.02%	-85.13%	-84.23%	-83.34%	-82.46%	-81.61%
Operating income (loss)	5.30%	2.38%	6.41%	10.32%	11.34%	12.24%	13.12%	13.98%	14.87%	15.77%	16.66%	17.54%	18.39%
Interest income	0.10%	0.19%	0.51%	0.70%	0.90%	1.13%	1.38%	1.65%	1.93%	2.23%	2.53%	2.83%	3.08%
Interest expense	-0.39%	-0.46%	-0.55%	-0.41%	-0.46%	-0.44%	-0.43%	-0.41%	-0.38%	-0.36%	-0.34%	-0.32%	-0.29%
Other income / expense, net	3.11%	-3.27%	0.16%	-0.43%	-0.02%	-0.02%	-0.03%	-0.04%	-0.04%	-0.05%	-0.05%	-0.06%	-0.07%
Total non-operating income (expense)	2.82%	-3.54%	0.12%	-0.13%	0.42%	0.66%	0.92%	1.21%	1.51%	1.82%	2.13%	2.45%	2.72%
Income (loss) before income taxes	8.12%	-1.15%	6.53%	10.19%	11.76%	12.90%	14.04%	15.19%	16.37%	17.58%	18.80%	19.99%	21.11%
Provision (benefit) for income taxes	-1.02%	0.63%	-1.24%	-1.50%	-1.65%	-1.81%	-1.97%	-2.13%	-2.29%	-2.46%	-2.63%	-2.80%	-2.95%
Equity-method investment activity, net of tax	0.00%	0.00%	0.00%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income (loss)	7.10%	-0.53%	5.29%	8.67%	10.11%	11.09%	12.08%	13.06%	14.08%	15.12%	16.17%	17.19%	18.15%

Amazon.com Inc.
Balance Sheet

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Cash & cash equivalents	36,220	53,888	73,387	120,444	177,542	250,894	345,997	466,580	617,521	804,833	1,035,682	1,318,540	1,662,719
Marketable securities	59,829	16,138	13,393	14,397	15,477	16,638	17,886	19,227	20,669	22,220	23,886	25,678	27,603
Inventories	32,640	34,405	33,318	34,726	35,565	37,059	38,849	40,825	42,901	45,084	47,377	49,788	52,321
Accounts receivable, net & other current assets, gross	33,991	43,760	53,953	59,991	66,724	74,624	83,861	94,602	107,048	121,501	138,318	157,925	180,828
Less: Allowance for doubtful accounts receivable	1,100	1,400	1,700	1,804	1,958	2,163	2,415	2,716	3,068	3,480	3,960	4,520	5,176
Accounts receivable, net and other	32,891	42,360	52,253	58,187	64,766	72,462	81,446	91,886	103,980	118,021	134,358	153,405	175,653
Total current assets	161,580	146,791	172,351	227,755	293,351	377,053	484,178	618,518	785,072	990,157	1,241,304	1,547,410	1,918,296
Land & buildings	81,104	91,650	105,293	115,409	128,843	142,024	153,913	164,900	175,285	185,300	195,123	204,895	214,727
Equipment	128,683	157,458	185,039	202,816	226,425	249,590	270,483	289,791	308,041	325,640	342,903	360,077	377,356
Other assets	4,118	4,602	5,116	5,608	6,260	6,901	7,478	8,012	8,517	9,003	9,481	9,955	10,433
Construction in progress	24,895	30,020	28,840	31,611	35,290	38,901	42,157	45,167	48,011	50,754	53,445	56,121	58,814
Gross property & equipment	238,800	283,730	324,288	355,443	396,819	437,416	474,032	507,870	539,854	570,697	600,952	631,049	661,330
Less accumulated depreciation & amortization	78,519	97,015	120,111	131,650	146,975	162,012	175,574	188,107	199,953	211,377	222,583	233,730	244,946
Property & equipment, net	160,281	186,715	204,177	223,793	249,843	275,404	298,458	319,763	339,901	359,320	378,369	397,319	416,384
Operating leases	56,082	66,123	72,513	79,480	88,731	97,809	105,997	113,563	120,715	127,612	134,377	141,107	147,878
Goodwill	15,371	20,288	22,789	22,879	22,879	22,879	22,879	22,879	22,879	22,879	22,879	22,879	22,879
Other assets	27,235	42,758	56,024	60,012	65,479	72,522	81,100	91,262	103,142	116,995	133,147	151,998	174,028
Total assets	420,549	462,675	527,854	613,919	720,283	845,668	992,613	1,165,986	1,371,709	1,616,963	1,910,076	2,260,713	2,679,465
Accounts payable	78,664	79,600	84,981	92,419	99,019	106,724	115,579	125,606	136,846	149,432	163,513	179,249	196,817
Accrued expenses & other current liabilities	51,775	62,566	64,709	72,691	81,261	91,112	102,519	115,723	130,988	148,697	169,292	193,297	221,334
Unearned revenue	11,827	13,227	15,227	16,885	18,755	20,961	23,548	26,559	30,051	34,107	38,827	44,330	50,759
Total current liabilities	142,266	155,393	164,917	181,995	199,034	218,797	241,646	267,887	297,885	332,235	371,631	416,877	468,910
Long-term lease liabilities	67,651	72,968	77,297	84,723	94,585	104,262	112,990	121,056	128,679	136,031	143,242	150,416	157,634
Other long-term liabilities	23,643	21,121	25,451	27,372	29,828	32,384	34,872	37,354	39,886	42,530	45,342	48,379	51,700
Long-term debt	48,744	67,150	58,314	62,715	68,343	74,200	79,899	85,586	91,389	97,446	103,889	110,847	118,456
Total long-term liabilities	140,038	161,239	161,062	174,810	192,757	210,846	227,760	243,995	259,955	276,007	292,473	309,642	327,790
Treasury stock, at cost	1,837	7,837	7,837	8,037	8,537	9,204	9,921	10,692	11,520	12,411	13,369	14,398	15,505
Common stock and APIC	55,543	75,174	99,134	99,134	99,134	99,134	99,134	99,134	99,134	99,134	99,134	99,134	99,134
Accumulated other comprehensive income (loss)	(1,376)	(4,487)	(3,040)	(3,040)	(3,040)	(3,040)	(3,040)	(3,040)	(3,040)	(3,040)	(3,040)	(3,040)	(3,040)
Retained earnings (accumulated deficit)	85,915	83,193	113,618	169,057	240,935	329,135	437,034	568,702	729,296	925,038	1,163,247	1,452,498	1,802,177
Total stockholders' equity (deficit)	138,245	146,043	201,875	257,114	328,492	416,025	523,207	654,104	813,869	1,008,721	1,245,972	1,534,194	1,882,766

Amazon.com Inc.
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Cash & cash equivalents	7.71%	10.48%	12.77%	18.85%	24.98%	31.56%	38.73%	46.30%	54.15%	62.18%	70.28%	78.37%	86.31%
Marketable securities	12.73%	3.14%	2.33%	2.25%	2.18%	2.09%	2.00%	1.91%	1.81%	1.72%	1.62%	1.53%	1.43%
Inventories	6.95%	6.69%	5.80%	5.43%	5.00%	4.66%	4.35%	4.05%	3.76%	3.48%	3.22%	2.96%	2.72%
Accounts receivable, net & other current assets, gross	7.23%	8.51%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%
Less: Allowance for doubtful accounts receivable	0.23%	0.27%	0.30%	0.28%	0.28%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%
Accounts receivable, net and other	7.00%	8.24%	9.09%	9.10%	9.11%	9.11%	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%
Total current assets	34.39%	28.56%	29.99%	35.64%	41.27%	47.43%	54.19%	61.37%	68.84%	76.50%	84.24%	91.97%	99.58%
Land & buildings	17.26%	17.83%	18.32%	18.06%	18.13%	17.86%	17.23%	16.36%	15.37%	14.32%	13.24%	12.18%	11.15%
Equipment	27.39%	30.63%	32.19%	31.73%	31.85%	31.39%	30.28%	28.75%	27.01%	25.16%	23.27%	21.40%	19.59%
Other assets	0.88%	0.90%	0.89%	0.88%	0.88%	0.87%	0.84%	0.79%	0.75%	0.70%	0.64%	0.59%	0.54%
Construction in progress	5.30%	5.84%	5.02%	4.95%	4.96%	4.89%	4.72%	4.48%	4.21%	3.92%	3.63%	3.34%	3.05%
Gross property & equipment	50.83%	55.20%	56.42%	55.62%	55.82%	55.02%	53.06%	50.39%	47.34%	44.09%	40.78%	37.51%	34.33%
Less accumulated depreciation & amortization	16.71%	18.88%	20.90%	20.60%	20.68%	20.38%	19.65%	18.66%	17.53%	16.33%	15.11%	13.89%	12.71%
Property & equipment, net	34.12%	36.33%	35.52%	35.02%	35.15%	34.64%	33.41%	31.73%	29.80%	27.76%	25.68%	23.62%	21.61%
Operating leases	11.94%	12.86%	12.62%	12.44%	12.48%	12.30%	11.86%	11.27%	10.59%	9.86%	9.12%	8.39%	7.68%
Goodwill	3.27%	3.95%	3.96%	3.58%	3.22%	2.88%	2.56%	2.27%	2.01%	1.77%	1.55%	1.36%	1.19%
Other assets	5.80%	8.32%	9.75%	9.39%	9.21%	9.12%	9.08%	9.06%	9.04%	9.04%	9.04%	9.03%	9.03%
Total assets	89.51%	90.02%	91.84%	96.06%	101.33%	106.37%	111.10%	115.69%	120.28%	124.92%	129.62%	134.37%	139.09%
Accounts payable	16.74%	15.49%	14.78%	14.46%	13.93%	13.42%	12.94%	12.46%	12.00%	11.54%	11.10%	10.65%	10.22%
Accrued expenses & other current liabilities	11.02%	12.17%	11.26%	11.37%	11.43%	11.46%	11.48%	11.48%	11.49%	11.49%	11.49%	11.49%	11.49%
Unearned revenue	2.52%	2.57%	2.65%	2.64%	2.64%	2.64%	2.64%	2.64%	2.64%	2.63%	2.63%	2.63%	2.63%
Total current liabilities	30.28%	30.23%	28.69%	28.48%	28.00%	27.52%	27.05%	26.58%	26.12%	25.67%	25.22%	24.78%	24.34%
Long-term lease liabilities	14.40%	14.20%	13.45%	13.26%	13.31%	13.11%	12.65%	12.01%	11.28%	10.51%	9.72%	8.94%	8.18%
Other long-term liabilities	5.03%	4.11%	4.43%	4.28%	4.20%	4.07%	3.90%	3.71%	3.50%	3.29%	3.08%	2.88%	2.68%
Long-term debt	10.37%	13.06%	10.15%	9.81%	9.61%	9.33%	8.94%	8.49%	8.01%	7.53%	7.05%	6.59%	6.15%
Total long-term liabilities	29.81%	31.37%	28.02%	27.35%	27.12%	26.52%	25.49%	24.21%	22.79%	21.32%	19.85%	18.40%	17.02%
Treasury stock, at cost	0.39%	1.52%	1.36%	1.26%	1.20%	1.16%	1.11%	1.06%	1.01%	0.96%	0.91%	0.86%	0.80%
Additional paid-in capital	11.82%	14.60%	17.23%	15.49%	13.93%	12.46%	11.08%	9.83%	8.68%	7.65%	6.72%	5.89%	5.14%
Common stock and APIC	11.82%	14.63%	17.25%	15.51%	13.95%	12.47%	11.10%	9.84%	8.69%	7.66%	6.73%	5.89%	5.15%
Accumulated other comprehensive income (loss)	-0.29%	-0.87%	-0.53%	-0.48%	-0.43%	-0.38%	-0.34%	-0.30%	-0.27%	-0.23%	-0.21%	-0.18%	-0.16%
Retained earnings (accumulated deficit)	18.29%	16.19%	19.77%	26.45%	33.89%	41.40%	48.92%	56.43%	63.95%	71.46%	78.94%	86.33%	93.55%
Total equity	29.42%	28.41%	35.12%	40.23%	46.21%	52.33%	58.56%	64.90%	71.37%	77.93%	84.56%	91.19%	97.73%

Amazon.com Inc.
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2017	2018	2019	2020	2021	2022	2023
Net income / loss	3,033	10,073	11,588	21,331	33,364	(2,722)	30,425
Depreciation and amortization	11,680	15,615	21,953	25,180	34,433	41,921	48,663
Other operating expense / income, net	202	274	164	(71)	137	-	-
Stock-based compensation	4,215	5,418	6,864	9,208	12,757	19,621	24,023
Other expense / income, net	(292)	219	(249)	(2,582)	(14,306)	16,966	(748)
Deferred income taxes	(29)	441	796	(554)	(310)	(8,148)	(5,876)
Changes in operating assets and liabilities	(173)	(1,043)	(2,438)	13,481	(19,611)	(20,886)	(11,541)
Inventories	(3,583)	(1,314)	(3,278)	(2,849)	(9,487)	(2,592)	1,449
Accounts receivable, net and other	(4,786)	(4,615)	(7,681)	(8,169)	(18,163)	(21,897)	(20,613)
Accounts payable	7,175	3,263	8,193	17,480	3,602	2,945	5,473
Accrued expenses and other	283	472	(1,383)	5,754	2,123	(1,558)	(2,428)
Unearned revenue	738	1,151	1,711	1,265	2,314	2,216	4,578
Adjustments to reconcile net income provided by operating activities	15,401	20,650	26,926	44,733	12,963	49,474	54,521
Purchases of property and equipment, net	(10,058)	(11,323)	(12,689)	(35,044)	(55,396)	(58,321)	(48,133)
Proceeds from property and equipment incentives	1,897	2,104	4,172	5,096	5,657	5,324	4,596
Acquisitions, net of cash acquired, and other	(13,972)	(2,186)	(2,461)	(2,325)	(1,985)	(8,316)	(5,839)
Sales and maturities of marketable securities	9,988	8,240	22,681	50,237	59,384	31,601	5,627
Purchases of marketable securities	(13,777)	(7,100)	(31,812)	(72,479)	(60,157)	(2,565)	(1,488)
Net cash provided by / used in investing activities	(27,819)	(12,369)	(24,281)	(59,611)	(58,154)	(37,601)	(49,833)
Common stock repurchased	-	-	-	-	-	(6,000)	-
Proceeds from long-term debt and other	16,231	768	2,273	17,321	26,959	62,719	18,129
Proceeds from short-term debt, and other	-	-	-	6,796	7,956	41,553	18,129
Proceeds from long-term debt	-	-	-	10,525	19,003	21,166	-
Repayments of long-term debt, capital lease, and finance lease obligations	(6,371)	(8,454)	(12,339)	(18,425)	(20,668)	(47,001)	(34,008)
Repayments of long-term debt and other	(1,372)	(668)	(2,684)	(7,730)	(9,343)	(38,812)	(29,353)
Repayments of short-term debt, and other	-	-	-	(6,177)	(7,753)	(37,554)	(25,677)
Repayments of long-term debt	-	-	-	(1,553)	(1,590)	(1,258)	(3,676)
Principal repayments of capital lease obligations	(4,799)	(7,449)	(9,628)	(10,642)	(11,163)	(7,941)	(4,384)
Principal repayments of finance lease obligations	(200)	(337)	(27)	(53)	(162)	(248)	(271)
Foreign-currency effect on cash and cash equivalents	713	(351)	70	618	(364)	(1,093)	403
Net increase / decrease in cash and cash equivalents	1,188	10,317	4,237	5,967	(5,900)	17,776	19,637
Cash and cash equivalents, beginning of period	19,334	21,856	32,173	36,410	42,377	36,477	54,253
Cash, cash equivalents, and restricted cash, end of period	20,522	32,173	36,410	42,377	36,477	54,253	73,890
Cash paid for interest on long-term debt	(328)	(854)	(875)	(916)	(1,098)	(1,561)	(2,608)
Cash paid for operating leases	-	-	(3,361)	(4,475)	(6,722)	(8,633)	(10,453)
Cash paid for interest on capital and finance lease obligations	(319)	(575)	(686)	(714)	(674)	(581)	(504)
Cash paid for interest on finance leases	-	-	(647)	(612)	(521)	(374)	(308)
Cash paid for interest on financing obligations	-	-	(39)	(102)	(153)	(207)	(196)
Cash paid for income taxes, net of refunds	(957)	(1,184)	(881)	(1,713)	(3,688)	(6,035)	(11,179)
Assets acquired under operating leases	-	-	(7,870)	(16,217)	(25,369)	(18,800)	(14,052)
Fixed assets acquired under capital leases	(9,637)	(10,615)	(13,723)	(11,588)	(7,061)	(675)	(642)
Property and equipment acquired under build-to-suit leases	(3,541)	(3,641)	(1,362)	(2,267)	(5,616)	1,971	1,017
Net cash provided by / used in financing activities	9,860	(7,686)	(10,066)	(1,104)	6,291	9,718	(15,879)

Amazon.com Inc.

Forecasted Cash Flow Statement

<i>Fiscal Years Ending Dec. 31</i>	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net income	55,439	71,878	88,200	107,899	131,668	160,594	195,742	238,209	289,252	349,678
Depreciation and amortization	51,114	53,811	60,074	66,220	71,764	76,886	81,728	86,398	90,978	95,534
Accounts receivable, net and other	(5,934)	(6,579)	(7,695)	(8,984)	(10,440)	(12,093)	(14,041)	(16,337)	(19,047)	(22,248)
Inventories	(1,408)	(839)	(1,494)	(1,790)	(1,976)	(2,076)	(2,182)	(2,294)	(2,411)	(2,534)
Goodwill	(90)	-	-	-	-	-	-	-	-	-
Other assets	(3,988)	(5,467)	(7,043)	(8,578)	(10,162)	(11,879)	(13,853)	(16,153)	(18,851)	(22,030)
Accounts payable	7,438	6,600	7,705	8,855	10,027	11,240	12,586	14,081	15,737	17,568
Accrued expenses and liabilities	7,982	8,570	9,851	11,407	13,203	15,266	17,708	20,595	24,006	28,037
Unearned Revenue	1,658	1,870	2,206	2,587	3,011	3,492	4,056	4,720	5,503	6,429
Net cash flows from operating activities	112,210	129,843	151,804	177,616	207,095	241,429	281,745	329,219	385,167	450,435
Capital expenditures	(70,730)	(79,861)	(85,635)	(89,274)	(93,069)	(97,024)	(101,148)	(105,446)	(109,928)	(114,600)
Marketable securities	(1,004)	(1,080)	(1,161)	(1,248)	(1,341)	(1,442)	(1,550)	(1,666)	(1,791)	(1,926)
Lease right-of-use assets	(6,967)	(9,252)	(9,078)	(8,188)	(7,566)	(7,152)	(6,897)	(6,765)	(6,730)	(6,771)
Net cash flows from investing activities	(78,701)	(90,193)	(95,874)	(98,710)	(101,977)	(105,618)	(109,594)	(113,878)	(118,449)	(123,297)
Common stock	0	-	-	-	-	-	-	-	-	-
Stock repurchases	(200)	(500)	(667)	(717)	(771)	(829)	(891)	(958)	(1,029)	(1,107)
Dividends	-	-	-	-	-	-	-	-	-	-
Long-term lease liabilities	7,426	9,862	9,677	8,728	8,066	7,624	7,352	7,211	7,174	7,218
Other long-term liabilities	1,921	2,457	2,556	2,487	2,482	2,533	2,644	2,812	3,037	3,321
Long-term debt	4,401	5,629	5,856	5,699	5,687	5,803	6,057	6,443	6,958	7,609
Net cash flows from financing activities	13,548	17,447	17,422	16,197	15,464	15,131	15,162	15,508	16,140	17,041
Cash & equivalents increase (decrease)	47,057	57,098	73,352	95,103	120,583	150,942	187,312	230,849	282,858	344,179
Cash & equivalents at beginning of year	73,387	120,444	177,542	250,894	345,997	466,580	617,521	804,833	1,035,682	1,318,540
Cash & equivalents at end of year	120,444	177,542	250,894	345,997	466,580	617,521	804,833	1,035,682	1,318,540	1,662,719

Amazon.com Inc.
Key Management Ratios

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Liquidity Ratios:													
Current Ratio (Current Assets / Current Liabilities)	113.58%	94.46%	104.51%	124.87%	146.05%	169.56%	195.82%	225.64%	256.27%	288.48%	321.96%	356.43%	391.45%
Quick Ratio ((Cash + Recievables + Investment Securities) / Current Liabilities)	90.63%	72.32%	84.30%	105.79%	128.18%	152.62%	179.74%	210.40%	241.87%	274.91%	309.21%	344.49%	380.29%
Cash Ratio (Cash / Current Liabilities)	25.46%	34.68%	44.50%	65.91%	87.87%	111.90%	138.64%	168.92%	200.03%	232.70%	266.63%	301.53%	336.94%
Non-Cash Current Ratio ((Current Assets - Cash) / Current Liabilities)	88.12%	59.79%	60.01%	58.96%	58.19%	57.66%	57.18%	56.72%	56.25%	55.78%	55.33%	54.90%	54.50%
Asset-Management Ratios:													
Total Asset Turnover (Revenue / Total Assets (excl. cash))	1.22	1.26	1.26	1.30	1.31	1.34	1.38	1.44	1.51	1.59	1.69	1.79	1.89
Net Working Capital Turnover (Revenue / Net Working Capital)	11.49	11.77	12.66	14.25	13.82	14.27	14.76	15.25	15.72	16.23	16.77	17.36	18.00
Receivables Turnover (Revenue / Net Receivable)	14.28	12.13	11.00	10.98	10.98	10.97	10.97	10.97	10.97	10.97	10.97	10.97	10.97
Inventory Turnover (Product Revenue / Avg. Inventory)	7.41	7.06	7.68	7.74	7.74	7.74	7.74	7.74	7.74	7.74	7.74	7.74	7.74
Financial Leverage Ratios:													
Debt to Equity (Total Liabilities / Total Shareholder's Equity)	2.04	2.17	1.61	1.39	1.20	1.05	0.92	0.80	0.70	0.62	0.55	0.49	0.44
Debt to Equity (Total Long-Term Liabilities / Total Shareholder's Equity)	1.01	1.10	0.80	0.68	0.59	0.51	0.44	0.38	0.33	0.28	0.24	0.21	0.18
Equity Multiplier (Total Assets / Total Equity)	3.04	3.17	2.61	2.39	2.20	2.05	1.92	1.80	1.70	1.62	1.55	1.49	1.44
Debt to Assets (Total Liabilities / Total Assets)	0.67	0.68	0.62	0.58	0.55	0.51	0.48	0.44	0.41	0.38	0.36	0.33	0.31
Profitability Ratios:													
Return on Equity (Net Income/Beg TSE)	35.72%	-1.97%	20.83%	27.22%	27.17%	26.02%	25.12%	24.49%	23.90%	23.44%	23.04%	22.69%	22.30%
Return on Assets (Net Income / Total Assets)	7.93%	-0.59%	5.76%	8.96%	9.72%	10.10%	10.49%	10.94%	11.33%	11.71%	12.07%	12.39%	12.65%
Gross Profit Margin (Operating Income / Revenue)	42.03%	43.81%	46.98%	48.82%	49.34%	49.85%	50.34%	50.83%	51.35%	51.89%	52.45%	53.01%	53.55%
Net Profit Margin (Net Income / Revenue)	7.10%	-0.53%	5.29%	8.60%	9.81%	10.67%	11.53%	12.51%	13.42%	14.34%	15.28%	16.20%	17.05%
Payout Policy Ratios:													
Dividend Payout Ratio (Dividend/EPS)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Payout Ratio ((Divs. + Repurchases)/NI)	0.00%	220.43%	0.00%	0.36%	0.72%	0.79%	0.70%	0.61%	0.54%	0.48%	0.43%	0.38%	0.34%

Amazon.com Inc.*Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	4.43%
Beta	1.15
Equity Risk Premium	5.00%
Cost of Equity	10.18%

*ASSUMPTIONS:**10-Year Treasury**3-Year Average of Semi-Annual Betas**HF Estimate***Cost of Debt:**

Risk-Free Rate	4.43%
Implied Default Premium	0.66%
Pre-Tax Cost of Debt	5.09%
Marginal Tax Rate	14%
After-Tax Cost of Debt	4.38%

*10-Year Treasury**Longest Maturity Corporate Bond***Market Value of Common Equity:**

Total Shares Outstanding	10,515
Current Stock Price	\$202.61
MV of Equity	2,130,446

MV Weights

94.02%

Market Value of Debt:

PV of Operating Leases	77,297
Long-Term Debt	58,314
MV of Total Debt	135,611

5.98%

Market Value of the Firm**2,266,057**

100.00%

Estimated WACC**9.83%**

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NOPLAT:	23,772	7,289	26,716	57,430	70,413	84,619	101,455	121,388	145,347	174,192	208,771	250,044	299,224
% change	12.71%	-69.34%	266.51%	114.96%	22.61%	20.17%	19.90%	19.65%	19.74%	19.85%	19.85%	19.77%	19.67%
EBIT Calculation													
Add: Total sales	469,822	513,983	574,785	639,110	710,842	795,006	893,411	1,007,839	1,140,431	1,294,401	1,473,563	1,682,449	1,926,443
Less: Cost of sales	(272,344)	(288,831)	(304,739)	(326,859)	(359,028)	(396,578)	(440,317)	(490,733)	(548,201)	(613,820)	(689,097)	(775,872)	(876,278)
Less: Fulfillment expenses	(75,111)	(84,299)	(90,619)	(98,511)	(99,617)	(103,712)	(108,716)	(114,244)	(120,054)	(126,161)	(132,579)	(139,325)	(146,415)
Less: Technology & infrastructure	(56,052)	(73,213)	(85,622)	(91,606)	(107,517)	(125,303)	(146,072)	(170,456)	(199,134)	(232,883)	(272,627)	(319,471)	(374,727)
Less: Sales & marketing expenses	(32,551)	(42,238)	(44,370)	(43,797)	(50,126)	(56,404)	(63,410)	(71,533)	(80,944)	(91,872)	(104,589)	(119,415)	(136,733)
Less: General & administrative expenses	(8,823)	(11,891)	(11,816)	(11,519)	(13,023)	(14,679)	(16,504)	(18,618)	(21,068)	(23,912)	(27,222)	(31,081)	(35,588)
Less: Other operating expense (income), n	(62)	(1,263)	(767)	(866)	(952)	(1,036)	(1,163)	(1,312)	(1,484)	(1,685)	(1,918)	(2,190)	(2,507)
Add: Implied lease interest	2,483	2,928	3,211	3,519	3,929	4,331	4,694	5,029	5,345	5,651	5,950	6,248	6,548
EBIT	27,362	15,176	40,063	69,472	84,508	101,625	121,923	145,972	174,891	209,719	251,482	301,344	360,743
Tax Adjustments:													
Income tax provision	4,791	(3,217)	7,120	9,576	11,701	14,358	17,565	21,434	26,143	31,865	38,778	47,087	56,924
Add: Implied lease interest	348	410	450	493	550	606	657	704	748	791	833	875	917
Add: Tax on interest expense	253	331	445	365	453	493	534	574	614	655	699	745	786
Less: Tax on interest income	(63)	(138)	(413)	(629)	(892)	(1,257)	(1,724)	(2,326)	(3,087)	(4,037)	(5,214)	(6,662)	(8,302)
Less: Other expense (income), net	(2,049)	2,353	(131)	384	19	27	37	50	66	87	112	143	178
Total Adjusted Taxes	3,281	(261)	7,471	10,189	11,831	14,227	17,069	20,436	24,485	29,361	35,207	42,188	50,504
Total Change in Deferred Taxes	(310)	(8,148)	(5,876)	(1,853)	(2,264)	(2,778)	(3,399)	(4,148)	(5,059)	(6,166)	(7,504)	(9,112)	(11,015)
Operating Current Assets:													
Normal cash	19,967	21,844	24,428	27,162	30,211	33,788	37,970	42,833	48,468	55,012	62,626	71,504	81,874
Inventories	32,640	34,405	33,318	34,726	35,565	37,059	38,849	40,825	42,901	45,084	47,377	49,788	52,321
Receivables	32,891	42,360	52,253	58,187	64,766	72,462	81,446	91,886	103,980	118,021	134,358	153,405	175,653
Total Operating CA	85,498	98,609	109,999	120,076	130,542	143,309	158,265	175,544	195,349	218,116	244,362	274,697	309,848
Operating Current Liabilities:													
Accounts payable	72,539	78,664	79,600	84,981	92,419	99,019	106,724	115,579	125,606	136,846	149,432	163,513	179,249
Accrued expenses & other current liabilit	44,138	51,775	62,566	64,709	72,691	81,261	91,112	102,519	115,723	130,988	148,697	169,292	193,297
Unearned revenue	9,708	11,827	13,227	15,227	16,885	18,755	20,961	23,548	26,559	30,051	34,107	38,827	44,330
Total Operating CL	126,385	142,266	155,393	164,917	181,995	199,034	218,797	241,646	267,887	297,885	332,235	371,631	416,877
Net Working Capital	(40,887)	(43,657)	(45,394)	(44,841)	(51,453)	(55,725)	(60,532)	(66,101)	(72,538)	(79,769)	(87,874)	(96,934)	(107,029)
PPE, net	160,281	186,715	204,177	223,793	249,843	275,404	298,458	319,763	339,901	359,320	378,369	397,319	416,384
Net Other Operating Assets:													
Operating lease right-of-use assets	56,082	66,123	72,513	79,480	88,731	97,809	105,997	113,563	120,715	127,612	134,377	141,107	147,878
Other assets	27,235	42,758	56,024	60,012	65,479	72,522	81,100	91,262	103,142	116,995	133,147	151,998	174,028
Total Net Other Operating Assets	83,317	108,881	128,537	139,492	154,210	170,331	187,097	204,826	223,857	244,607	267,524	293,105	321,906
Net Other Operating Liabilities:													
Other long-term liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Other Operating Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Invested Capital (IC):	202,711	251,939	287,320	318,443	352,601	390,010	425,024	458,488	491,220	524,158	558,019	593,490	631,262
Free Cash Flow (FCF):													
NOPLAT	23,772	7,289	26,716	57,430	70,413	84,619	101,455	121,388	145,347	174,192	208,771	250,044	299,224
Change in IC	90,907	49,228	35,381	31,123	34,158	37,409	35,014	33,464	32,732	32,939	33,861	35,470	37,772
FCF	(67,135)	(41,939)	(8,665)	26,307	36,255	47,210	66,441	87,924	112,615	141,254	174,910	214,574	261,452
Return on Invested Capital (ROIC):													
NOPLAT	23,772	7,289	26,716	57,430	70,413	84,619	101,455	121,388	145,347	174,192	208,771	250,044	299,224
Beginning IC	111,805	202,711	251,939	287,320	318,443	352,601	390,010	425,024	458,488	491,220	524,158	558,019	593,490
ROIC	21.26%	3.60%	10.60%	19.99%	22.11%	24.00%	26.01%	28.56%	31.70%	35.46%	39.83%	44.81%	50.42%
Economic Profit (EP):													
Beginning IC	111,805	202,711	251,939	287,320	318,443	352,601	390,010	425,024	458,488	491,220	524,158	558,019	593,490
x (ROIC - WACC)	11.43%	-6.23%	0.77%	10.16%	12.28%	14.17%	16.18%	18.73%	21.87%	25.63%	30.00%	34.98%	40.59%
EP	12,780	(12,639)	1,948	29,184	39,107	49,955	63,114	79,605	100,274	125,901	157,242	195,186	240,879

Amazon.com Inc.*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

<i>Fiscal Years Ending</i>	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
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EPS	\$ 5.28	\$ 6.67	\$ 8.19	\$ 10.02	\$ 12.24	\$ 14.93	\$ 18.20	\$ 22.15	\$ 26.90	\$ 32.53
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Key Assumptions

CV growth of EPS	3.50%
CV Year ROE	22.79%
Cost of Equity	10.18%

Future Cash Flows

P/E Multiple (CV Year)											12.68
EPS (CV Year)											\$ 32.53
Future Stock Price											\$ 412.32
Dividends Per Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Discounted Cash Flows	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172.34

Intrinsic Value as of Last FYE	\$ 172.34
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Implied Price as of Today	\$ 187.68
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Amazon.com Inc.
Sensitivity Tables

DCF		Marginal Tax Rate						
Long-Term Cost of Sales Improvements	\$235.05	12.50%	13.25%	13.75%	14.00%	14.25%	14.75%	15.50%
	-0.75%	199.62	197.11	195.43	194.59	193.75	192.08	189.56
	-1.00%	213.62	210.96	209.19	208.30	207.42	205.64	202.98
	-1.25%	227.39	224.59	222.72	221.79	220.85	218.99	216.18
	-1.50%	240.93	237.99	236.03	235.05	234.07	232.11	229.17
	-1.75%	254.25	251.17	249.12	248.09	247.07	245.02	241.94
	-2.00%	267.34	264.13	261.99	260.92	259.85	257.70	254.49
	-2.25%	280.21	276.87	274.64	273.53	272.41	270.18	266.83

DCF		Long-Term Tech and Infrastructure Expenses Improvements (% of Total Sales)						
AWS Long-Term Growth (x)	\$235.05	-1.00%	-0.50%	-0.25%	-0.05%	-0.03%	0.00%	0.10%
	22.02%	1.05	247.52	244.58	243.11	241.92	241.77	241.62
	20.97%	1.00	240.50	237.64	236.21	235.05	234.91	234.76
	19.93%	0.95	233.94	231.16	229.76	228.64	228.50	228.36
	18.88%	0.90	227.81	225.11	223.75	222.65	222.51	222.38
	17.83%	0.85	222.09	219.46	218.13	217.06	216.93	216.80
	16.78%	0.80	216.76	214.19	212.89	211.85	211.72	211.59
	15.73%	0.75	211.79	209.27	208.00	206.99	206.86	206.73

*implied growth

DCF		CV Growth of NOPLAT						
WACC	\$235.05	4.25%	4.00%	3.75%	3.50%	3.25%	3.00%	2.75%
	8.50%	361.73	345.98	331.89	319.20	307.73	297.29	287.77
	9.00%	315.36	303.35	292.49	282.62	273.61	265.34	257.74
	9.50%	278.04	268.70	260.17	252.35	245.16	238.52	232.37
	9.83%	257.13	249.14	241.81	235.05	228.81	223.02	217.65
	10.00%	247.41	240.01	233.20	226.92	221.10	215.70	210.67
	10.25%	234.08	227.46	221.35	215.69	210.43	205.54	200.97
	10.50%	221.86	215.91	210.41	205.30	200.54	196.09	191.94

DCF		Beta						
Equity Risk Premium	\$235.05	0.95	1.00	1.05	1.10	1.15	1.20	1.25
	4.25%	338.42	321.81	306.53	292.42	279.36	267.24	255.96
	4.50%	319.95	303.96	289.26	275.70	263.17	251.54	240.73
	4.75%	303.11	287.70	273.55	260.51	248.46	237.30	226.93
	4.85%	296.78	281.60	267.65	254.81	242.95	231.96	221.76
	5.00%	287.70	272.83	259.20	246.64	235.05	224.32	214.36
	5.15%	279.07	264.51	251.17	238.89	227.56	217.07	207.34
	5.25%	273.55	259.20	246.04	233.94	222.78	212.45	202.87

DCF		Capex Long-Term Growth Rate						
Depreciation Rate	\$235.05	2.50%	3.00%	3.50%	4.00%	4.25%	4.50%	5.00%
	19%	231.68	230.18	228.68	227.17	226.41	225.65	224.11
	20%	234.18	232.70	231.21	229.71	228.96	228.20	226.68
	22%	236.53	235.06	233.58	232.09	231.35	230.60	229.09
	23%	238.72	237.26	235.80	234.32	233.58	232.84	231.34
	24%	240.16	238.71	237.25	235.78	235.05	234.31	232.82
	25%	241.43	239.99	238.53	237.07	236.34	235.60	234.12
	28%	244.49	243.07	241.64	240.20	239.47	238.74	237.28

DDM		Cost of Equity						
CV EPS Growth	\$187.68	9.00%	9.25%	9.50%	9.75%	10.00%	10.18%	10.25%
	2.25%	215.76	204.22	193.55	183.66	174.48	168.33	165.93
	2.50%	221.34	209.20	198.02	187.68	178.10	171.70	169.20
	2.75%	227.35	214.57	202.82	191.99	181.97	175.29	172.69
	3.00%	233.87	220.37	208.00	196.61	186.12	179.13	176.41
	3.25%	240.96	226.66	213.58	201.60	190.57	183.25	180.40
	3.50%	248.69	233.49	219.64	206.98	195.37	187.68	184.69
	3.75%	257.15	240.94	226.22	212.81	200.55	192.45	189.31

Amazon.com Inc.

Relative Valuation Models

Ticker	Company	Price	EPS 2024E	EPS 2025E	P/E 24	P/E 25	Est. 5yr EPS gr.	PEG 24	PEG 25	EBITDA	EV	Sales	EV/EBITDA	P/S
WMT	WALMART INC.	\$ 84.25	\$2.45	\$2.72	34.39	30.97	16.0	2.15	1.94	40.68	715.26	665.04	17.58	1.02
COST	CORPORATION	\$ 907.07	\$17.86	\$19.68	50.79	46.09	10.0	5.08	4.61	11.52	395.70	254.45	34.34	1.58
MSFT	CORPORATION	\$ 415.00	\$13.02	\$14.95	31.87	27.76	14.0	2.28	1.98	138.84	3,127.65	254.19	22.53	12.14
NVDA	NVIDIA CORPORATION	\$ 141.98	\$2.84	\$4.06	49.99	34.97	57.4	0.87	0.61	61.18	3,596.15	96.31	58.78	36.16
META	Meta Platforms, Inc.	\$ 554.08	\$22.60	\$25.29	24.52	21.91	16.0	1.53	1.37	79.21	1,432.38	156.23	18.08	8.95
NFLX	NETFLIX, INC.	\$ 823.96	\$19.77	\$23.78	41.68	34.65	26.5	1.57	1.31	24.80	352.09	37.59	14.20	9.37
Average					38.87	32.73		1.68	1.44				21.35	5.23

AMZN	Amazon.com Inc.	\$202.61	5.28	6.67	38.4	30.4	32.92	1.2	0.9	112.34	2,220.00	620.13	19.76	3.44
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Implied Relative Value:

P/E (EPS24)	\$	205.10
P/E (EPS25)	\$	218.42
PEG (EPS24)	\$	291.88
PEG (EPS25)	\$	316.62
EV/EBITDA	\$	229.50
P/S	\$	308.45
Average	\$	261.66

Amazon.com Inc.*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

Number of Options Outstanding (shares):	406
Average Time to Maturity (years):	0.90
Expected Annual Number of Options Exercised:	451

Current Average Strike Price:	\$ 125.00
Cost of Equity:	10.18%
Current Stock Price:	\$202.61

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Increase in Shares Outstanding:	406	0	0	0	0	0	0	0	0	0
Average Strike Price:	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00
Increase in Common Stock Account:	0.1	-	-	-	-	-	-	-	-	-
Share Repurchases (\$)	200	500	667	717	771	829	891	958	1,029	1,107
Expected Price of Repurchased Shares:	\$ 202.61	\$ 223.23	\$ 245.95	\$ 270.99	\$ 298.57	\$ 328.95	\$ 362.44	\$ 399.32	\$ 439.97	\$ 484.75
Number of Shares Repurchased:	1.0	2.2	2.7	2.6	2.6	2.5	2.5	2.4	2.3	2.3
Shares Outstanding (beginning of the year)	10,367	10,771	10,769	10,766	10,764	10,761	10,759	10,756	10,754	10,751
Plus: Shares Issued Through ESOP	406	0	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	1	2	3	3	3	3	2	2	2	2
Shares Outstanding (end of the year)	10,771	10,769	10,766	10,764	10,761	10,759	10,756	10,754	10,751	10,749

Amazon.com Inc.

Valuation of Options Granted under ESOP

Current Stock Price	\$202.61
Risk Free Rate	4.43%
Current Dividend Yield	0.00%
Annualized St. Dev. of Stock Returns	19.51%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	406	125.00	0.90	\$ 82.51	\$ 33,484
Range 2					
Range 3					
Range 4					
Range 5					
Range 6					
Range 7					
Range 8					
Range 9					
Total	406	\$ 125.00	0.90	\$ 82.51	\$ 33,484