

amazon (AMZN US)



**Amazon.com, Inc.** is an American leading online retailer that has a strong global presence with most of their revenue coming from online orders. AMZN’s main segment is Online Stores (constituting 43.4% of revenue) as well as other services such as personalized shopping, shipping and cloud platform services. AMZN also manufactures and sells its own electronic devices such as the Kindle and Echo. AMZN has also has a reach into entertainment with online streaming service Prime Video which includes it’s own Prime exclusives.

Amazon Go-ing?

Amazon has recently closed 4 Amazon Go stores at the beginning of April 1 in New York with only 20 remaining across the U.S. Amazon has been optimizing and reallocating resources to adapt to the slowing sales and poor economic outlook with a statement in January indicating they would lay off a potential 18,000 employees.

Outlook opinions

Despite Amazon’s pessimistic outlook, Barclays seems to believe that the stable growth observed despite decrease in consumer spending may be attributed to consumer’s making use of special sales. J.P. Morgan also shares a similar sentiment with a positive outlook on sales growth with many strong focuses on services that will aid in retail. On the other hand they also acknowledge bearish outlook depending on how much consumers continue to optimize their spending.

Market leaders

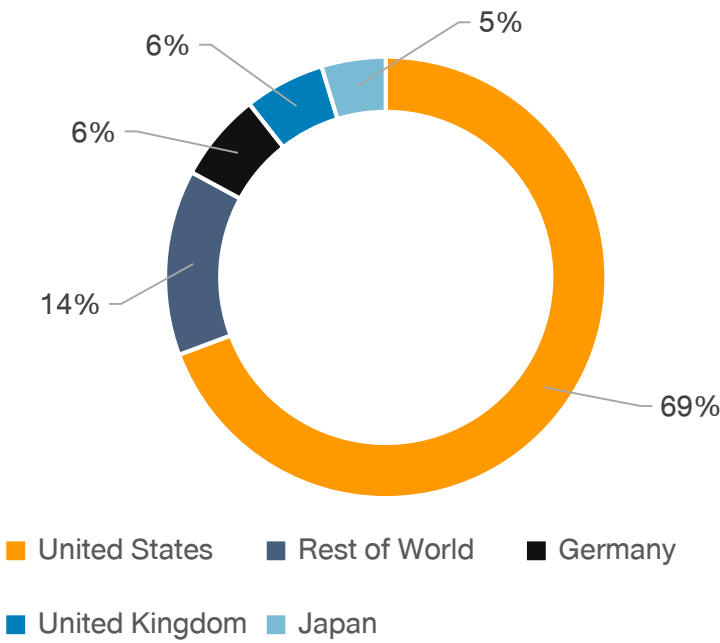
AMZN’s main segment consists of Online Stores (43.4%) followed by Third-Party Seller Services (24.4%) with additional revenue from Advertising Services (14.3%) Subscription Services (6.2%) Physical Stores (3.3%) and Other Services (0.8%). AMZN alone makes up 60% of the Online Marketplace Industry market cap forcing many others in the industry to follow trends set by them, regarding shopping processes, paying processes, delivery services and sale events. Compared to it’s competitors AMZN has a very high PE of 122.86 compared to the industry average of 49.93 and it’s closest competitors Alibaba and Ebay at 12.58 and 13.08. It’s PBV is also fairly high at 6.36 and has a negative PEG ratio of -1.80, though it is much less negative than it’s close competitors. **The ratios are indicative of an overvalued stock.**

Industry Online Marketplace  
Last Price USD90.73  
Bloomberg TP USD134.51  
Upside/Downside 48.3%

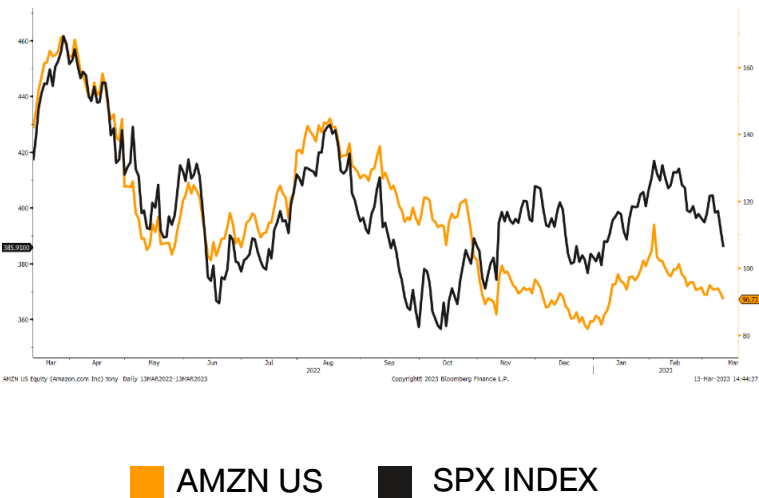
Financial (USD)	22A	23E	24E
Revenue (Millions)	513,983	556,676	626,395
Net Profit (Millions)	7,546	27,649	40,965
Profit Margin	1.5%	5.0%	6.5%
EBITDA Margin	12.3%	15.1%	16.4%
Earning Per Share	9.21	9.32	10.76

Valuation	22A	23E	24E
P/E (x)	113.85	33.46	24.15
P/B (x)	5.89	5.14	3.97

Revenue Breakdown



YTD Return VS S&P 500 Index



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Sources: Yahoo Finance, J.P. Morgan, Barclays, Bloomberg as of 13/03/23

