

THE EVERYTHING COMPANY

Can you think of anything amazon doesn't sell? If so, just wait until it does. 'The Everything Company' was a possible a name for amazon - showing the scope of Founder Jeff Bezos' ambition. Unlike other tech firms, amazon didn't create a new offering, but sold existing things online. It can by nature expand into new fields and does so constantly, reinvesting all of its earnings to fuel its meteoric growth. Unlike other firms, amazon is not so dependent on profits. It mainly sources its capital from the stock market, its stock price having grown 9300% since going public. Even if all of Bezos dreams come true, there's one thing you'll never find on amazon: Openness. The company is highly secretive about its financial figures.

Corporate Structure Amazon



Topics Net Sales Segments Profits Stock Employees Acquisitions Taxes Philosophy

Analyzing the Biggest Online-Retailer

Total and segment sales, Profits, 2017

NET SALES 2017

\$177.86 Bn

Online Commerce

\$108.35 Bn \$21.43 Bn  
Since 2016: +18%

Core business of amazon, biggest segment of all. Made \$3.06 Bn losses worldwide in 2017.

The Economist

★★★★★

The strategy behind amazons breakneck growth is the 'flywheel' philosophy, as CEO Jeff Bezos calls it. In a new market, they offer highly competitive prices until they have the size to influence prices, benefitting on top of scale economies. Amazon announcing they plan to enter a new market sends the stock of established players down. 5 stars for sure.

The Critic

★☆☆☆☆

Aggressive tax avoidance, monopolistic tendencies, questionable ethics on certain business practices, patent infringement, intellectual property violations, read their annual report, questionable authenticity of the customer reviews. Not this one, of course. All this makes one star far too generous.

Marketplace

\$31,88 Bn \$22,99 Bn  
Since 2016: +38%

Services to third-party sellers. Represented half of amazons online sales 2017.

Amazon Web Services

\$17,45 Bn \$12,21 Bn  
Since 2016: +43%

Cloud storage offering. 2017 AWS was undisputed leader with a market share of 47.1%.

Subscription Services

\$9,72 Bn \$6,39 Bn  
Since 2016: +52%

Prime Membership, e-books, audiobooks, amazon music, and amazon prime video.

Physical stores

\$5,79 Bn

All brick and mortar stores of amazon, including Whole Foods.

Other

\$4,66 Bn \$2,95 Bn  
Since 2016: +58%

Includes advertisement sales and co-branded credit card agreements.

EARNINGS

North America \$2,837 Bn  
Amazon Web Services \$4,331 Bn  
\$7,168 Bn

LOSSES

International \$3,062 Bn  
Tax Provisions \$0,769 Bn  
Other Expenses \$0,304 Bn  
\$4,135 Bn

NET PROFIT 2017

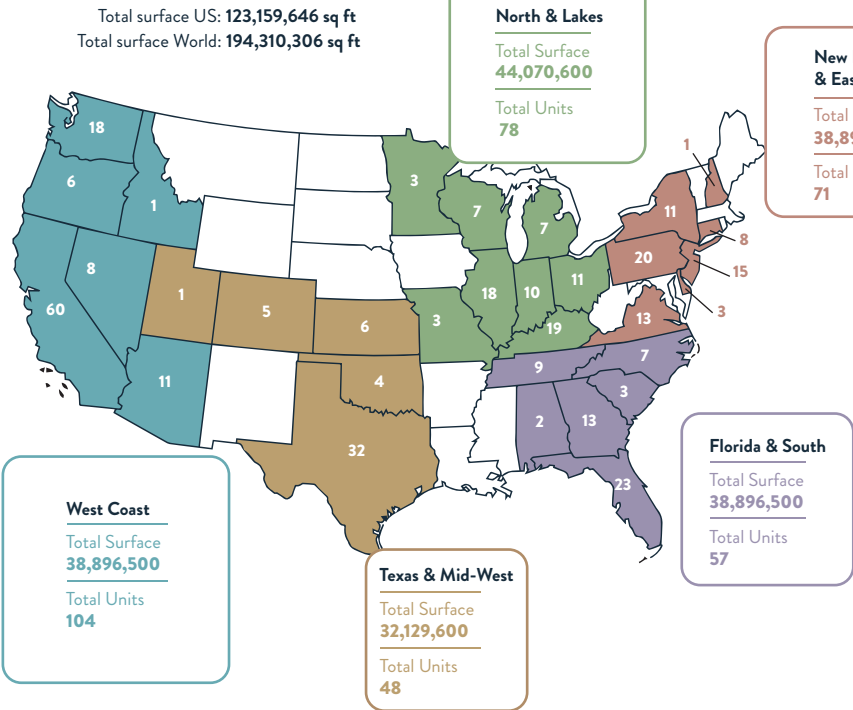
\$3,033 Bn

Amazons Logistics: 77 times the surface of New York

Overview of the delivery infrastructure in the US

All US Facilities:

Fulfillment Centers 155  
Food Distribution Centers 31  
Prime Now Hubs 51  
Inbound Sortation Centers 9  
Outbound Sortation Centers 39  
Delivery Stations 73



\$2061.46 20??

\$1,000,000,000,000

AMAZON'S STOCK MARKET VALUE 2017

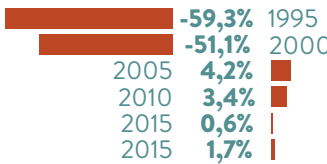
Founded in 1994 in a garage in Seattle, amazon is on track to reach 1 trillion dollars in market capitalisation at the turn of 2019. In less than 25 years it would have become the most valuable company in the world.

Stock was issued at \$18 in 1997. It cost 1699 \$ end of June 2018, a rise of 9300 % in 21 years. Sluggish for years, growth became exponential from 2015 onwards. When the stock hits \$2061.45, amazon will be the first trillion dollar company in history.

Amazon discards profitability to invests earnings in its expansion. 2017 profit margin was a modest 1,7 %. Morgan Stanley sees amazon focusing on profits around 2022-2023. It would then reap net profits of several tens of billions per year.

WHO NEEDS PROFITS

NET PROFIT MARGINS OF AMAZON



IF YOU PAY LITTLE TAXES

0,005 %

is the part of its revenue amazon sets aside to pay taxes. Maximizing tax avoidance plays a key role in keeping profit margins low.

21%

is the corporate tax rate in the US since 2018.

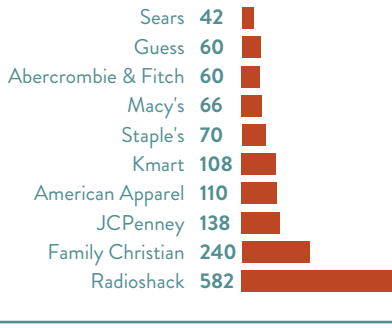
THE AMAZON EFFECT

DEATH OF RETAIL

AMAZON MARKET SHARE IN RETAIL US 2016



US RETAILER CLOSURES 2017



Amazon Stock Price

In US \$, 1997 - 2019

Product Introduction

Year

Net Sales in Mn US\$

Employees

Acquisitions

Price in Mn US\$

Total: 81

