

INCOME STATEMENT (US\$ MILLIONS)

<i>Fiscal year</i>	2018A	2019A	2020A	2021A	2022F	2023F	2024F	2025F	2026F
<i>Period ended</i>	<i>31-Dec-18</i>	<i>31-Dec-19</i>	<i>31-Dec-20</i>	<i>31-Dec-21</i>	<i>31-Dec-22</i>	<i>31-Dec-23</i>	<i>31-Dec-24</i>	<i>31-Dec-25</i>	<i>31-Dec-26</i>
Net product sales	141,915	160,407	215,915	241,787	238,279	281,490	297,172	333,709	359,152
Net service sales	90,972	120,115	170,149	228,035	265,906	288,767	331,626	357,042	392,438
Total net sales	232,887	280,522	386,064	469,822	504,186	570,257	628,798	690,751	751,590
Operating expenses:									
Cost of sales	(139,156)	(165,536)	(233,307)	(272,344)	(280,803)	(307,480)	(333,795)	(362,322)	(391,344)
Fulfillment	(34,027)	(40,231)	(58,516)	(75,111)	(84,587)	(91,680)	(96,773)	(100,422)	(105,842)
Technology and content	(28,837)	(35,932)	(42,738)	(56,052)	(72,345)	(71,237)	(81,666)	(86,294)	(94,476)
Marketing	(13,814)	(18,879)	(22,010)	(32,551)	(40,617)	(38,792)	(45,197)	(47,385)	(52,085)
General and administrative	(4,336)	(5,203)	(6,668)	(8,823)	(11,821)	(11,801)	(13,432)	(14,243)	(15,566)
Other operating income (expense), net	(296)	(201)	74	(62)	(698)	(16,517)	(12,645)	(22,710)	(24,796)
Total operating expenses	(220,466)	(265,982)	(363,165)	(444,943)	(490,873)	(537,506)	(583,507)	(633,375)	(684,109)
Operating income	12,421	14,540	22,899	24,879	13,313	32,751	45,290	57,376	67,481
Interest income	440	833	555	448	733	686	836	875	975
Interest expense	(1,417)	(1,600)	(1,647)	(1,809)	(2,248)	(2,378)	(2,091)	(1,876)	(1,723)
Other income (expense), net	(183)	202	2,371	14,633	(12,524)	2,366	(6,505)	19	(5,826)
Total non-operating income (expense)	(1,160)	(565)	1,279	13,272	(14,039)	675	(7,761)	(982)	(6,574)
Income before income tax	11,261	13,975	24,178	38,151	(726)	33,426	37,530	56,394	60,907
Provision for income taxes	(1,197)	(2,373)	(2,863)	(4,791)	1,554	(4,078)	(4,646)	(6,930)	(7,512)
Equity method investment activity, net of tax	9	(14)	16	4	(15)	(4)	10	1	(3)
Net income	10,073	11,588	21,331	33,364	813	29,344	32,894	49,464	53,392

Source: Author, with historical data based on the 2021 and 2022 Amazon.com, Inc. Annual and Interim Reports. All opinions and estimates contained in the forecasted financial information constitute the Author's judgement as of the date of this forecast.

Valuation (US\$ Millions)

<i>Fiscal year</i>	2022F	2023F	2024F	2025F	2026F
<i>Period ended</i>	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
Net (loss)/income	813	29,344	32,894	49,464	53,392
Income taxes	(1,554)	4,078	4,646	6,930	7,512
Interest expense	2,248	2,378	2,091	1,876	1,723
Depreciation and amortization	44,193	50,811	52,783	50,551	45,086
EBITDA	45,701	86,610	92,415	108,822	107,713
Change in NWC	(11,201)	(11,766)	(13,472)	(14,526)	(15,954)
Cash taxes	1,554	(4,078)	(4,646)	(6,930)	(7,512)
Financing costs	(2,248)	(2,378)	(2,091)	(1,876)	(1,723)
Capex	(59,448)	(62,058)	(42,737)	(32,394)	(24,321)
Terminal value	-	-	-	-	1,373,839
Cash flow to equity	(25,643)	6,330	29,469	53,096	1,432,042
Free cash flow to equity	(25,643)	6,330	29,469	53,096	1,432,042

Equity value (US\$ Millions)	1,051,903
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Weighted average units outstanding	10,331,000,000
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Equity value per share	\$ 102.00
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Source: Author, with historical data based on the 2021 and 2022 Amazon.com, Inc. Annual and Interim Reports. All opinions and estimates contained in the forecasted financial information constitute the Author's judgement as of the date of this forecast.

Assumptions**Terminal value**

Perpetual growth rate	4.78%
Implied terminal value	1,373,839
Implied terminal EV/EBITDA	12.8x
Terminal value multiple	12.8x
Net debt/EBITDA multiple	.0x
Terminal value	1,373,839
Less: Terminal net debt	-
Equity Terminal Value	1,373,839

Discount Rate

Cost of equity:	
Unlevered beta	0.93
Tax rate	13%
Capital structure	43%
Equity beta	1.28
Risk free rate	3.5%
Equity beta	1.28
Equity risk premium	5.5%
Cost of equity	10.5%
CSRP	1.0%
Cost of equity	11.5%
Cost of debt:	4.4%
WACC:	9.2%

EV/EBITDA-Based Valuation Approach (US\$ mm, except per share value)

Amazon - CY/2023E EBITDA		86,610
EV/EBITDA - CY/2023E		15.4x
Estimated Value		1,329,468
Shares Outstanding		10,331
Estimated Price	\$	130.00
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DCF	\$	102.00
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Average	\$	116.00