

# AMAZON.COM NDQ-AMZN

RECENT PRICE **236.56**

P/E RATIO **NMF** (Trailing:NMF Median: 62.0)

RELATIVE P/E RATIO **NMF**

DIV'D YLD

**Nil**

**VALUE LINE**

**TIMELINESS** 4 Raised 5/11/12  
**SAFETY** 3 Raised 5/25/07  
**TECHNICAL** 2 Raised 8/17/12  
**BETA** 1.05 (1.00 = Market)

High: 22.4 25.0 61.2 57.8 50.0 48.6 101.1 97.4 145.9 185.6 246.7 240.7  
 Low: 5.5 9.0 18.5 33.0 30.6 25.8 36.3 34.7 47.6 105.8 160.6 172.0

**LEGENDS**  
 — 21.0 x "Cash Flow" p sh  
 ... Relative Price Strength  
 3-for-1 split 1/99  
 2-for-1 split 9/99  
 Options: Yes  
 Shaded areas indicate recessions

**2015-17 PROJECTIONS**

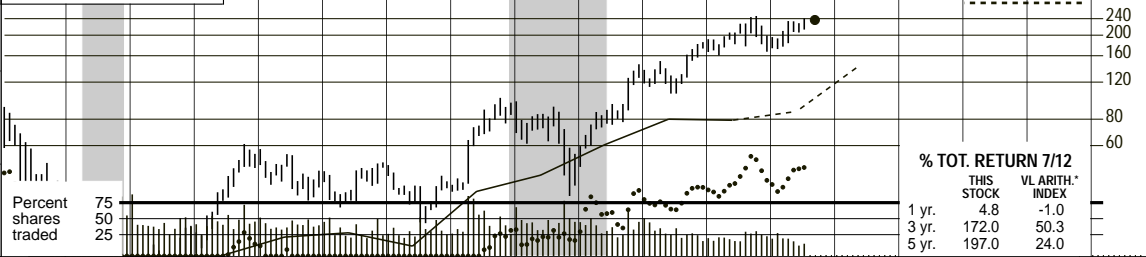
	Price	Gain	Ann'l Total Return
High	430	(+80%)	16%
Low	285	(+20%)	5%

**Insider Decisions**

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	4	0	10	3	0	9	3	0	9

**Institutional Decisions**

	3Q2011	4Q2011	1Q2012
to Buy	377	373	386
to Sell	348	418	425
Hlds(000)	311072	295056	297800



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
.07	.51	1.92	4.75	7.73	8.37	10.14	13.05	17.16	20.41	25.87	35.66	44.78	55.20	75.84	105.65	<b>139.55</b>	<b>179.10</b>	Revenues per sh	<b>350.00</b>
d.02	d.08	d.20	d.10.2	d.93	d.21	.21	.60	1.05	1.10	.95	1.74	2.07	2.88	3.81	3.77	<b>4.15</b>	<b>6.90</b>	"Cash Flow" per sh	<b>17.60</b>
d.02	d.11	d.25	d1.19	d1.19	d.44	d.01	.40	.82	.79	.45	1.12	1.39	2.04	2.53	1.37	<b>.80</b>	<b>2.45</b>	Earnings per sh <sup>A</sup>	<b>11.90</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>	Div'ds Decl'd per sh	<b>Nil</b>
.01	.03	.09	.83	.38	.13	.10	.11	.22	.49	.52	.54	.78	.84	2.17	3.98	<b>4.45</b>	<b>4.00</b>	Cap'l Spending per sh	<b>3.35</b>
.01	.10	.44	.77	d2.71	d3.86	d3.49	d2.57	d2.56	.59	1.04	2.88	6.24	11.84	15.22	17.05	<b>16.40</b>	<b>18.85</b>	Book Value per sh	<b>43.25</b>
231.80	287.25	318.53	345.16	357.14	373.22	387.91	403.35	403.35	416.00	414.00	416.00	428.00	444.00	451.00	455.07	<b>450.00</b>	<b>450.00</b>	Common Shs Outst'g <sup>B</sup>	<b>450.00</b>
--	--	--	--	--	--	--	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	<b>Bold figures are Value Line estimates</b>	<b>Nil</b>	Avg Ann'l P/E Ratio	<b>30.0</b>
--	--	--	--	--	--	--	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	<b>Nil</b>	<b>Nil</b>	Relative P/E Ratio	<b>2.00</b>
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>	Avg Ann'l Div'd Yield	<b>Nil</b>

**CAPITAL STRUCTURE as of 6/30/12**

Total Debt \$1741.0 mill. Due in 5 Yrs \$1638.0 mill.

LT Debt \$1433.0 mill. LT Interest \$125.0 mill. Includes \$944.0 mill. in capitalized leases. (16% of Cap'l)

Leases, Uncapitalized: \$246.0 mill.

**No Defined Benefit Pension Plan**

Common Stock 452,065,256 shs. as of 7/13/12  
**MARKET CAP: \$107 billion (Large Cap)**

2010	2011	6/30/12	2010	2011	6/30/12	2010	2011	6/30/12	2010	2011	6/30/12	2010	2011	6/30/12	2010	2011	6/30/12	2010	2011	6/30/12
3932.9	5263.7	6921.1	8490.0	10711	14836	19166	24509	34204	48077	<b>62800</b>	<b>80600</b>	Revenues (\$mill)	<b>157500</b>							
4.9%	6.6%	7.3%	7.1%	5.5%	6.1%	5.8%	6.6%	5.8%	4.0%	<b>3.5%</b>	<b>5.0%</b>	Operating Margin	<b>7.0%</b>							
82.3	75.6	75.7	121.0	205.0	246.0	287.0	378.0	568.0	1083.0	<b>1500</b>	<b>2000</b>	Depreciation (\$mill)	<b>2500</b>							
d2.4	168.3	348.7	337.9	190.0	476.0	600.0	902.0	1152.0	631.0	<b>365</b>	<b>1105</b>	Net Profit (\$mill)	<b>5410</b>							
--	--	--	22.0%	49.6%	27.9%	26.1%	21.8%	23.5%	31.2%	<b>35.0%</b>	<b>35.0%</b>	Income Tax Rate	<b>35.0%</b>							
NMF	3.2%	5.0%	4.0%	1.8%	3.2%	3.1%	3.7%	3.4%	1.3%	<b>.6%</b>	<b>1.4%</b>	Net Profit Margin	<b>3.4%</b>							
549.7	568.1	919.0	1000.0	841.0	1450.0	1411.0	2433.0	3375.0	2594.0	<b>1555</b>	<b>1860</b>	Working Cap'l (\$mill)	<b>6455</b>							
2277.3	1945.4	1855.3	1521.0	1247.0	1282.0	687.0	109.0	460.0	853.0	<b>1500</b>	<b>1500</b>	Long-Term Debt (\$mill)	<b>1500</b>							
d1353	d1036	d227.2	246.0	431.0	1197.0	2672.0	5257.0	6864.0	7757.0	<b>7370</b>	<b>8475</b>	Shr. Equity (\$mill)	<b>19470</b>							
7.4%	25.6%	24.7%	21.7%	13.6%	20.8%	18.9%	17.1%	16.0%	7.7%	<b>5.0%</b>	<b>12.0%</b>	Return on Total Cap'l	<b>26.5%</b>							
--	--	--	137.4%	44.1%	39.8%	22.5%	17.2%	16.8%	8.1%	<b>5.0%</b>	<b>13.0%</b>	Return on Shr. Equity	<b>28.0%</b>							
--	--	--	137.4%	44.1%	39.8%	22.5%	17.2%	16.8%	8.1%	<b>5.0%</b>	<b>13.0%</b>	Retained to Com Eq	<b>28.0%</b>							
--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>	All Div'ds to Net Prof	<b>Nil</b>							

**CURRENT POSITION**

	2010	2011	6/30/12
Cash Assets	8762	9576	4970
Inventory (Avg Cst)	3202	4992	4380
A/R & Other	1783	2922	2443
Current Assets	13747	17490	11793
Accts Payable	8051	11145	7072
Debt due	--	544	308
Other	2321	3207	3584
Current Liab.	10372	14896	10964

**BUSINESS:** Amazon.com is a large online retailer. Sales breakdown (2011): media (books, music, and videos; 37% of sales), electronics (60%); other (3%). International sales, 44% of total. Third-party sellers (Marketplace) account for about 34% of unit volume. Seasonality: Q4 accounted for 36% of '11 revenue. Acquired Internet Movie Database, Bookpages, Telebook, '98; Jun-

glee and PlanetAll, '98; Exchange.com, Accept.com, Alexa, '99; Zappos, '09. Has about 33,700 employees. Officers/directors own 19.6% of common stock (including Mr. Bezos' 19.5%) (4/12 proxy). President, Chairman & CEO: Jeffrey Bezos. Incorporated: Delaware. Address: 410 Terry Avenue North, Seattle, WA 98109-5210. Telephone: 206-266-1000. Internet: www.amazon.com.

**ANNUAL RATES**

Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '14-'16
27.5%	30.0%	28.0%
--	27.5%	31.0%
--	23.5%	35.0%
--	--	Nil
--	110.5%	19.5%

**Amazon.com shares appear to be on the rebound.** Although the company reported a steep decline in earnings per share, year over year, in the second quarter of 2012, this was largely due to Amazon's ongoing investment in its physical and technological infrastructure. Indeed, the top line continued to expand at a nice pace in the June period, advancing 29% on an annual basis, to \$12.83 billion. And investors appear confident that Amazon's aggressive investment strategy will pay off eventually, making the recent margin pressure but a near-term factor. The stock has risen about 6% since our May review.

The recent margin pressure has led us to lower our full-year earnings-per-share estimate by \$0.85, to \$0.80, which suggests a nearly 42% decrease compared to 2011's tally. **But these expenditures should drive growth long term.** Amazon appears to be gearing up for the future, and we believe these efforts will allow for steady advances in revenues over the long haul. And, as costs associated with the company's recent initiatives moderate, the bottom line should recover nicely. All told, our estimates call for a rebound in share net in 2013, with further gains over the next 3 to 5 years.

**Costs are likely to remain high in the coming months.** Management is focused on committing considerable funds to improving Amazon Web Services, and increasing capacity to support the company's fulfillment operations, among several other initiatives. And although we continue to expect an improvement in share net by yearend, these ramped-up outlays will probably continue to weigh on the bottom line near term. In fact, Amazon may report a deficit in the third quarter of this

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**Patient investors ought to wait for a more attractive entry point.** These shares remain ranked to trail the broader market averages over the coming six- to 12-month period (Timeliness: 4). In addition, this equity has below-average capital appreciation potential over the pull to 2015-2017, as much of the future improvement we are anticipating appears to have been already factored into the current stock price.

**QUARTERLY REVENUES (\$ mill.)**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	4890	4651	5449	9519	24509
2010	7130	6566	7560	12948	34204
2011	9857	9913	10876	17431	48077
2012	13185	12834	<b>13900</b>	<b>22881</b>	<b>62800</b>
2013	<b>17000</b>	<b>16500</b>	<b>18000</b>	<b>29100</b>	<b>80600</b>

**EARNINGS PER SHARE <sup>A</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.42	.32	.45	.85	2.04
2010	.66	.45	.51	.91	2.53
2011	.44	.41	.14	.38	1.37
2012	.28	.01	<b>d.05</b>	<b>.56</b>	<b>.80</b>
2013	<b>.45</b>	<b>.40</b>	<b>.45</b>	<b>1.15</b>	<b>2.45</b>

**QUARTERLY DIVIDENDS PAID**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008					
2009					
2010					
2011					
2012					

NO CASH DIVIDENDS BEING PAID

(A) Diluted earnings. Excludes goodwill: '02, (1c). Includes stock-based compensation: '02, (19c); '03, (21c); '04, (14c); '05, (20c); '06, (24c); '07, (44c); '08, (64c); '09, (77c). Ex-

cludes merger/acquisition costs: '02, (11c); '03, (32c). Excludes equity in losses: '02, (01c). Excludes other nonrecurring items: '04, 54c; '05, 5c. Next earnings report late Oct. (B) In millions.

Company's Financial Strength	A+
Stock's Price Stability	45
Price Growth Persistence	75
Earnings Predictability	55

To subscribe call 1-800-833-0046.

August 17, 2012

Kathryn M. Drew