

# Amazon.com Inc

AMZN  
NASDAQ

C Marketperform  
Data as of 11/08/2024

## SCHWAB EQUITY RATING

C Marketperform  
Percentile Ranking: 38  
Data as of 11/08/2024

Last week's rating: C Marketperform  
Percentile Ranking: 37  
Data as of 11/01/2024

A	1-10	Strongly Outperform	BUY
B	11-30	Outperform	BUY
C	31-70	Marketperform	HOLD
D	71-90	Underperform	SELL
F	91-100	Strongly Underperform	SELL

Schwab Equity Ratings is a quantitative measure of the equity's prospects for stock price appreciation over the next twelve months in relation to its market peers.

For more details about the quantitative model's design and intent, please review the Schwab Equity Ratings Foundations document.

For more information on important disclosures please visit page 4 within this report.

## PRICE VOLATILITY OUTLOOK

High Above average price volatility  
Data as of 11/08/2024

Last week's rating: High  
Data as of 11/01/2024

High	Above average price volatility
Medium	Average price volatility
Low	Below average price volatility
N/A	Volatility score not available

Price Volatility Outlook measures the degree of variance typically demonstrated by the equity in relation to its peers within the same A-F ratings group. The outlook's measurement is based on a six month forecast.

Investment suitability is partially dependent on your portfolio risk tolerance. Positive or negative connotations associated with the price volatility outlook score should mirror your personal risk appetite. For more information, please consult Managing a Portfolio Using Schwab Equity Ratings.

## RATIONALE BEHIND OUR C RATING ON AMZN

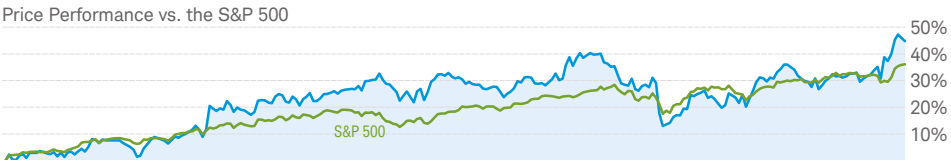
For details about inputs to Schwab Equity Rating, see "Schwab Equity Ratings Foundations" in the "Stocks" article library under Market Insight.

▲ IMPROVED VS. PREVIOUS WEEK  
▼ DECLINED VS. PREVIOUS WEEK

	THIS WEEK	LAST WEEK	AVERAGE IMPORTANCE
D Growth Grade	Negative	Negative	Medium
C Quality Grade	Neutral	Neutral	High
B Sentiment Grade	Positive	Positive	High
A Stability Grade	Positive	Positive	Low
C Valuation Grade	Neutral	Neutral	Medium

## PRICE & VOLUME HISTORY

AMZN Daily Close Prices  
Data source: Refinitiv  
--- 200-DAY MOVING AVERAGE



## BUSINESS SUMMARY

Source: Reuters

Amazon.com, Inc. provides a range of products and services to customers. The products offered through its stores include merchandise and content it has purchased for resale and products offered by third-party sellers. The Company's segments include...

For more details, see page 2.

## OVERVIEW

Source: Reuters

Price as of 11/8/24	\$208.18
Market Capitalization	\$2189.0 Billion
Asset Class	Large Cap
Beta	1.16

## SECTOR/INDUSTRY

Source: S&P Global

Sector	Consumer Discretionary
Industry	Broadline Retail
Sub-Industry	Broadline Retail

## METRICS

Source: Refinitiv

VALUE METRICS	AMZN	S&P 500
P/E last 4Q	44.6	46.9
P/E forecast EPS	40.5	33.1
P/Free Cash Flow last 4Q	51.0	66.3
P/Sales last 4Q	3.53	8.93
Price/Book	8.4	19.0
Dividend Yield(%)	--	1.5

## GROWTH METRICS (%)

1 year sales growth	11.9	18.9
3 year sales growth	14.2	16.6
1 year EPS growth	143.6	139.3
3 year EPS growth	11.5	27.6
1-year forecast EPS growth	77.3	23.0
Long term growth rate 3-5 years	32.9	--
1 year dividend growth	--	8.1
3 year dividend growth	--	9.3

## MOMENTUM METRICS (%)

4 week stock price change	10.3	3.1
26 week stock price change	11.0	14.8

## FINANCIAL METRICS (%)

Gross margin	48.4	54.1
Net margin	8.1	20.5
Return on assets	9.3	19.9
Return on equity	22.6	57.5
Return on invested capital	13.1	23.2
Long-term debt/capital	.23	.42

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## Schwab Equity Ratings® Report

Report generated on 11/11/2024, 10:22 AM

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Marketperform

Data as of 11/08/2024

### ESG RATING

ESG data source: MSCI

#### Environmental, Social and Governance (ESG) Ratings Overview

ESG is a term used to describe various investing approaches that emphasize environmental, social and governance factors in addition to risk and return. ESG ratings try to measure a company's exposure to long-term, financially relevant ESG risks so that investors can implement the ESG investing approach they choose.



#### MSCI ESG Rating

Data as of 07/23/2024

Laggard		Average		Leader		
CCC	B	BB	BBB	A	AA	AAA

Weighted Average Key  
Issues Score

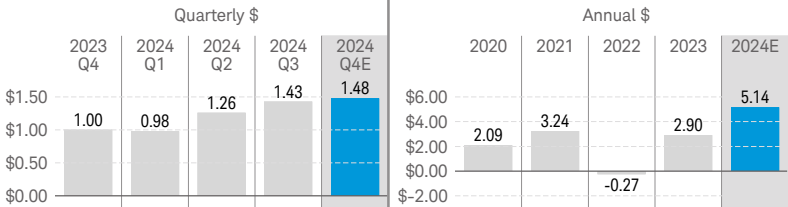
**Average**  
5.6 out of 10

Environment Average	Social Average	Governance Average
6.4 out of 10	4.5 out of 10	4.9 out of 10

### EARNINGS PER SHARE

Earnings data source: Refinitiv

Fiscal Year ending  
in December



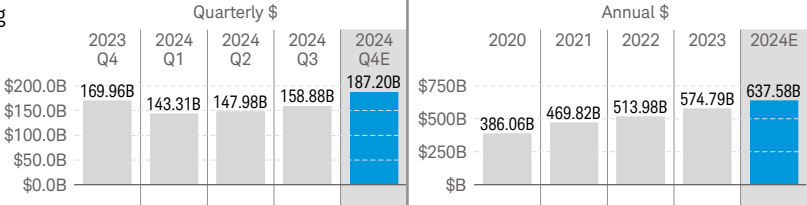
vs. prior year (%)	3233.3	216.1	93.8	52.1	--	81.9	54.9	-108.2	1185.5	--
Earnings Surprise(%)	24.5	17.9	22.6	25.2	--	19.6	58.7	-128.8	8.0	--
# of analysts	38	39	37	40	37	45	47	37	47	51

Next earnings announcement is expected in the week of 2/6

### REVENUE

Revenue data source: Refinitiv

Fiscal Year ending  
in December



vs. 1 year ago (%)	13.9	12.5	10.1	11.0	--	37.6	21.7	9.4	11.8	--
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### ANNUAL EARNINGS FORECAST

Source: Refinitiv

	MEAN FORECAST	CONSENSUS CHANGE IN LAST 30 DAYS	FORECAST RANGE	NUMBER OF FORECASTS
12/31/2024	\$5.14	\$0.41	\$4.73-\$5.49	51
12/31/2025	\$6.14	\$0.34	\$5.50-\$6.86	52
Next 5 Yr. Growth Rate	32.9%	1.1%	30.5%-35.3%	2

### DIVIDENDS

Dividends data source: Refinitiv

This company does not pay a dividend.

### OTHER OPINIONS

CFRA RANKING SINCE 07/24/2015

Recommendation	★★★★★
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Morningstar Rating RATING SINCE 09/11/2024

★★★★★
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Argus 12 Month Rating RATING SINCE 09/22/2016

BUY
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Market Edge Second Opinion® RATING SINCE 10/02/2024

LONG
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Reuter's Average Rating RATING SINCE 11/07/2024

BUY
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### BUSINESS DESCRIPTION

Source: Reuters

Amazon.com, Inc. provides a range of products and services to customers. The products offered through its stores include merchandise and content it has purchased for resale and products offered by third-party sellers. The Company's segments include North America, International and Amazon Web Services (AWS). It serves consumers through its online and physical stores and focuses on selection, price, and convenience. Customers access its offerings through its Websites, mobile apps, Alexa, devices, streaming, and physically visiting its stores. It manufactures and sells electronic devices, including Kindle, Fire tablet, Fire TV, Echo, Ring, Blink, and eero, and it develops and produces media content. It serves developers and enterprises of all sizes, including start-ups, government agencies, and academic institutions, through AWS, which offers a broad set of on-demand technology services, including compute, storage, database, analytics, and machine learning, and other services.

# Amazon.com Inc

## NEWS HEADLINES



**1 11/01/24 7:41 am ET...** CFRA Maintains Buy Opinion on Shares of Amazon.com, Inc. (AMZN 198.60 \*\*\*\*) : Our 12-month target price of \$238, up from \$219, is calculated using an EV/EBITDA multiple of 16x from our 2025 adj-EBITDA estimate of \$163.9B (+15% Y/Y, up from \$159.6B) vs. 12x-30x historical range. We lift our 2024 adj-EPS to \$7.14 from \$6.83 and 2025's to \$8.08 from \$7.82. AMZN posted a Q3 sales/EPS beat (see prior note), with guidance in line with expectations. The company typically provides conservative guidance, making this "in line" outlook especially appealing to investors. AMZN achieved its highest-ever operating income in Q3 (+56% Y/Y to \$17.4B; 11.0% margin). We see plenty of margin upside over the coming years as AMZN expands higher-margin revenue streams (e.g., advertising, 3P fulfillment services, AWS), lowers its cost to serve (e.g., fulfillment regionalization, same-day facilities, automation/robotics), scales in emerging markets, and capitalizes on new AI workloads. Given more AI demand than capacity, net capex is now expected to be up 55% in 2024 to \$75B and will likely exceed \$80B in 2025.. /Arun Sundaram, CFA, CPA

**2 10/31/24 5:10 pm ET...** CFRA Maintains Buy Opinion on Shares of Amazon.com, Inc. (AMZN 194.75 \*\*\*\*) : AMZN posted Q3 revenue of \$158.9B (+11% Y/Y), above the \$157.3B consensus and our \$158.2B estimate. AWS growth accelerated to 19.1% Y/Y to \$27.5B, up from +18.7% in Q2 and +17.2% in Q1. Investors were likely expecting over 20% AWS growth after the strong beats by both GOOGL and MSFT. 1P online sales grew 7.2% Y/Y, also an acceleration from Q2 (+4.6%), with unit growth of 12% Y/Y (up from 11% in Q2). Advertising grew 19% Y/Y to \$14.3B, slightly below our 20% estimate (\$14.5B). The highlight this quarter was operating income of \$17.4B (+56% Y/Y), well above the \$14.7B consensus and our \$15.2B estimate. Margins were surprisingly strong in all three business segments (North America 5.9%; International 3.6%; AWS 38%). Guidance was in line, as AMZN targets Q4 revenue between \$181.5-\$188.5B (\$186.3B consensus) and Q4 operating income between \$16B and \$20B (\$17.3B consensus). We'll provide updated assumptions after the earnings call.. /Arun Sundaram, CFA, CPA

**3 10/21/24 9:33 am ET...** CFRA Maintains Buy Opinion on Shares of Amazon.com, Inc. (AMZN 186.80 \*\*\*\*) : AMZN will report Q3 results on October 31, and investors will be looking for AMZN to strike the right balance between growth and investment. We trim our 12-month target to \$219 from \$225, calculated using an EV/EBITDA multiple of 15x from our 2025 adj-EBITDA of \$159.6B (+14% Y/Y, but down from \$164.5B) vs. the 12x-30x historical range. We cut our 2024 EPS to \$6.83 from \$7.02 and 2025's to \$7.82 from \$8.18. Our revised estimates reflect investments related to Project Kuiper, generative AI, same-day fulfilment, and digital content. These investments, along with a tepid consumer spending environment and lumpy AWS deal volume, could result in earnings volatility over the near term. However, our longer-term bullish view remains unchanged, as we believe AMZN has a long runway for margin expansion and FCF growth. We still see robust operating margin expansion over the next few years as AMZN realizes efficiencies in its retail business and sees stronger growth in higher-margin revenue streams like advertising and AWS.. /Arun Sundaram, CFA, CPA

**4 10/17/24 8:50 am ET...** CFRA Keeps Buy Opinion on Shares of Amazon.com, Inc. (AMZN 186.89 \*\*\*\*) : Yesterday, AMZN announced three new agreements to advance nuclear energy projects aimed at meeting the rising power demands of its data centers. These investments come as AMZN ramps up capex to support both generative and non-generative AI workloads on AWS. We project AMZN's gross capex to grow by 28% in 2024 to \$68 billion (10.6% of revenue) and by another 7% in 2025 to \$72 billion (10.2% of revenue), with nearly two-thirds of this spending directed toward AWS, the more capital-intensive side of its business. The nuclear energy projects involve the construction of several Small Modular Reactors (SMRs), a compact, advanced type of reactor that can be built closer to grids and completed faster than traditional reactors. SMRs also offer the potential to reduce carbon emissions, paving the way for cleaner, more sustainable energy. With the full power of AI dependent on both data centers and energy infrastructure, these investments further help AMZN secure its positioning as a leading cloud/AI provider.. /Arun Sundaram, CFA, CPA

# Amazon.com Inc

## IMPORTANT DISCLOSURES FOR AMZN

**Regulation Analyst Certification:** The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

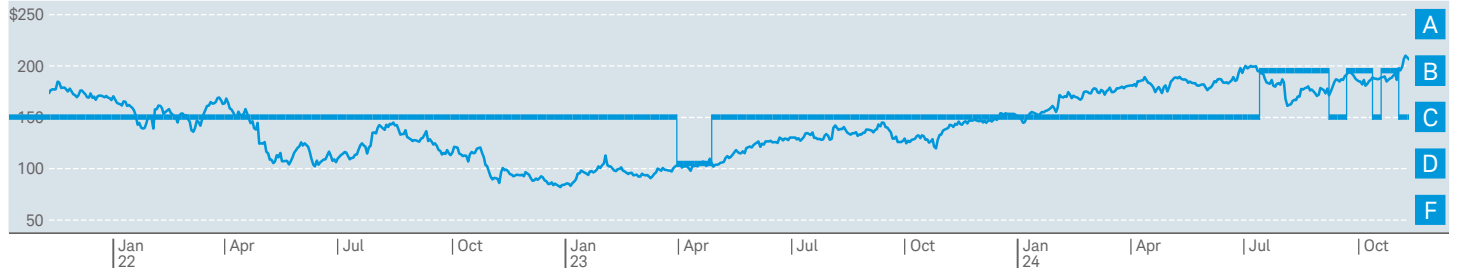
Note the Price Chart in the disclosures of this report which shows the rating and price history over applicable periods for this stock, including if and when coverage was terminated or suspended.

Within the previous 12 months, the percentage of companies that have a Schwab Equity Rating and for which Schwab has provided investment banking services are as follows:

- 2.6% in Buy Category (Schwab Equity Ratings and Schwab Equity Ratings International of A or B)
- 1.61% in Hold Category (Schwab Equity Ratings and Schwab Equity Ratings International of C)
- 1.29% in Sell Category (Schwab Equity Ratings and Schwab Equity Ratings International of D or F)

Price History for AMZN

Schwab Equity Rating History for AMZN



## SCHWAB EQUITY RATINGS MEANING AND DISTRIBUTION

Schwab Equity Ratings are assigned to approximately 3000 U.S.-traded stocks. The Schwab Equity Ratings model universe is generally composed of the combined set of stocks in the Russell Investments' ("Russell") 3000 Index and the Standard & Poor's ("S&P") 500. Additional universe coverage may be incorporated from time to time. The explanation and table below are included to assist you in using Schwab Equity Ratings as one component of your own research to evaluate stocks and investment opportunities.

Schwab rates stocks using a scale of A/B/C/D/F. Schwab's outlook is that "A" rated stocks, on average, will strongly outperform and "F" rated stocks, on average, will strongly underperform the equities market over the next 12 months. Schwab Equity Ratings are based upon a disciplined, systematic approach that evaluates each stock on the basis of a wide variety of investment criteria from five broad categories: Growth, Quality, Sentiment, Stability and Valuation. This approach attempts to gauge investor expectations since stock prices tend to move in the same direction as changes in investor expectations. Stocks with low and potentially improving investor expectations tend to receive the best Schwab Equity Ratings ("A" or "B" ratings), while stocks with high and potentially falling investor expectations tend to receive the worst Schwab Equity Ratings ("D" or "F" ratings). Schwab may update the Schwab Equity Ratings methodology.

### Schwab Equity Ratings Distribution

Schwab Equity Rating	Percentile Ranking Distribution	Distribution	12 Month Return Outlook	General Buy/Hold/Sell Guidance*
A	1 - 10	Top 10%	Strongly Outperform	Buy
B	11 - 30	Next 20%	Outperform	Buy
C	31 - 70	Next 40%	Marketperform	Hold
D	71 - 90	Next 20%	Underperform	Sell
F	91 - 100	Bottom 10%	Strongly Underperform	Sell

\*The general buy/hold/sell guidance is relative to other rated equities only. Before considering whether to take any action, an investor should consider whether equities generally are performing well in comparison to other asset classes and whether other equities in the same sector or category with the same or better rating may be more appropriate.

### Investment Rating Explanation

**A (Strongly Outperform):** If an investor is looking to add a stock to his or her portfolio, "A" rated stocks may be the best candidates for consideration.

**B (Outperform):** An investor looking to add a stock to his or her portfolio might also consider a "B" rated stock, though preference should be given to "A" rated stocks.

**C (Marketperform):** An investor would not usually consider a "C" rated stock for purchase. An investor holding a "C" rated stock in his or her portfolio should consider continuing to hold the stock, and might monitor the stock's ongoing performance and compare the potential benefits of owning a stock with higher ratings.

**D (Underperform):** An investor holding a "D" rated stock should consider whether it is appropriate to continue to hold that stock in his or her portfolio. An investor would not usually consider a "D" rated stock for purchase.

**F (Strongly Underperform):** An investor holding an "F" rated stock should consider whether it is appropriate to eliminate that stock from his or her portfolio. An investor would not usually consider an "F" rated stock for purchase.

**Percentile Rankings Explanation:** Each of the approximately 3,000 stocks rated in the Schwab Equity Ratings U.S. universe is given a composite score that is derived from the research factors used in the Schwab Equity Ratings model. Once the stock's composite score, which includes all research factor scores, is calculated, the universe of rated stocks is divided into percentiles ranging from 1 to 100. The lowest percentile rankings represent the best Schwab Equity Rating Model scores and correspond to the best letter grades. For example, in a universe of 1000 stocks, the top 10 stocks would receive a percentile ranking of 1 and the bottom 10 stocks would receive a percentile ranking of 100. Stocks ranked in percentile groups 1-10 are rated "A" and those in percentile groups 11-30 are rated "B", and so forth.

### Model Risks

Schwab Equity Ratings uses quantitative analyses in its modeling method. Any limitations or inaccuracies in its analyses or models could affect model performance and the results investors may achieve. Models that appear to explain prior market data can fail to predict future market events. While the data used in the models has been taken from sources Schwab believes to be reliable; its accuracy, completeness or interpretation cannot be guaranteed. Schwab Equity Ratings may not capture subjective, qualitative influences on return and risk such as changes in management, business and political trends, or legal and regulatory developments. Thus, it is important to conduct additional research prior to making a trading decision.

# Amazon.com Inc

## IMPORTANT DISCLOSURES FOR AMZN

### Descriptions for Non-Rated Stocks

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this stock due to unusual or extraordinary business circumstances related to this company. Although Schwab generally does not monitor C, D, and F rated stocks for unusual or extraordinary business circumstances, from time to time, a rating of NR may appear on a particular stock.
NC	Not Covered	This stock is not currently in the Schwab Equity Ratings universe or is prohibited from coverage for regulatory or other reasons.

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<sup>1</sup>Markit on Demand used S&P Global's data in making its calculations.

**ESG** - Environmental, social and governance (ESG) ratings given to publicly traded companies are currently subject to inconsistent industry definitions and standards for the measurement and evaluation of ESG factors; therefore, such factors may differ significantly across each ESG ratings provider. As a result, it may be difficult to compare ESG ratings.

A stock's ESG rating may or may not significantly influence its performance. Because stocks are evaluated based on ESG factors rather than other investment criteria, the stock's performance may differ (either higher or lower) from its ESG rating(s), the overall market or comparable stocks that have different ESG ratings. Environmental ("E") factors can include climate change, pollution, waste, and how a company protects and/or conserves natural resources. Social ("S") factors can include how a company manages its relationships with individuals, such as its employees, shareholders, and customers as well as its community. Governance ("G") factors can include how a company operates, such as its leadership composition, pay and incentive structures, internal controls, and the rights of equity and debt holders. Carefully review the ESG rating provider's methodology and framework to learn more about how they incorporate ESG factors into their overall rating.

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