

ModernGraham Valuation

Company Name:

Amazon.com, Inc.

Company Ticker AMZN

Date of Analysis

7/17/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$344,304,591,741	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.08	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-39.14%	Fail
6. Moderate PEmg Ratio	PEmg < 20	733.97	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	23.97	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.08	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.53	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.00
MG Growth Estimate	-2.61%
MG Value	\$3.29
MG Value based on 3% Growth	\$14.53
MG Value based on 0% Growth	\$8.52
Market Implied Growth Rate	362.74%

MG Opinion

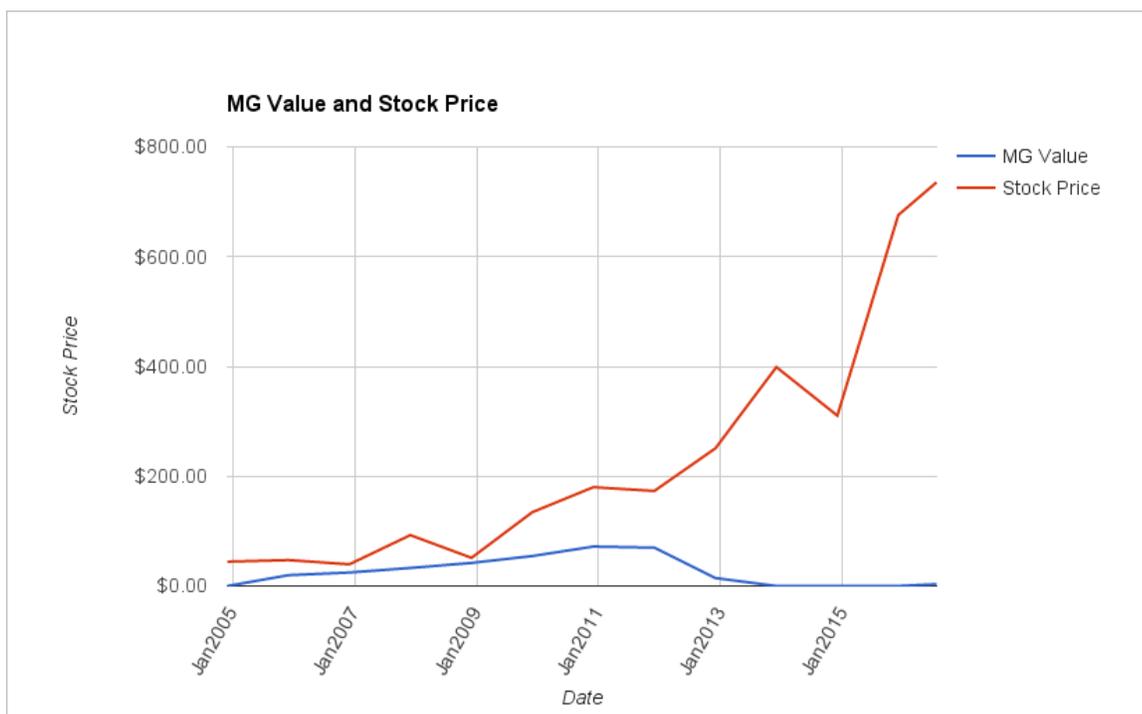
Current Price	\$735.44
% of Intrinsic Value	22320.41%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$32.97
Graham Number	\$38.43
PEmg	733.97
Current Ratio	1.08
PB Ratio	23.97
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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[Google Finance](#) [MSN Money](#)
[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.10	Next Fiscal Year Estimate	\$1.00
Dec2015	\$1.25	Dec2015	\$0.48
Dec2014	-\$0.52	Dec2014	\$0.32
Dec2013	\$0.59	Dec2013	\$0.92
Dec2012	-\$0.09	Dec2012	\$1.21
Dec2011	\$1.37	Dec2011	\$1.81
Dec2010	\$2.53	Dec2010	\$1.86
Dec2009	\$2.04	Dec2009	\$1.42
Dec2008	\$1.49	Dec2008	\$1.09
Dec2007	\$1.12	Dec2007	\$0.85
Dec2006	\$0.45	Dec2006	\$0.64
Dec2005	\$0.84	Dec2005	\$0.51
Dec2004	\$1.39	Dec2004	-\$0.07
Dec2003	\$0.08	Dec2003	-\$1.07
Dec2002	-\$0.39	Dec2002	-\$1.67
Dec2001	-\$1.56	Dec2001	-\$2.10
Dec2000	-\$4.02	Dec2000	-\$2.03
Dec1999	-\$2.20	Balance Sheet Information 3/1/2016	
Dec1998	-\$0.42	Total Current Assets	\$30,513,000,000
Dec1997	-\$0.11	Total Current Liabilities	\$28,187,000,000
Dec1996	-\$0.03	Long-Term Debt	\$8,219,000,000
		Total Assets	\$61,128,000,000
		Intangible Assets	\$3,785,000,000
		Total Liabilities	\$46,372,000,000
		Shares Outstanding (Diluted Average)	481,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [58 Companies in the Spotlight This Week – 1/31/15](#)
- [Amazon.com Inc. Annual Valuation – 2015 \\$AMZN](#)
- [A Comparison of Four Listed Companies \(\\$AMZN, \\$INTC, \\$NFLX, and \\$WFC\) \(MG Book Club Chapter 13\)](#)
- [14 Companies in the Spotlight This Week – 1/11/14](#)
- [ModernGraham Valuation: Amazon Inc. \(AMZN\)](#)

Other ModernGraham posts about related companies

- [Walgreens Boots Alliance Inc Valuation – July 2016 \\$WBA](#)
- [McKesson Corp Valuation – July 2016 \\$MCK](#)
- [Ross Stores Inc Valuation – June 2016 \\$ROST](#)
- [Bed Bath & Beyond Inc Valuation – June 2016 \\$BBBY](#)
- [Wal-Mart Stores Inc Valuation – May 2016 \\$WMT](#)
- [Aaron's Inc Valuation – May 2016 \\$AAN](#)
- [Nordstrom Inc Valuation – May 2016 \\$JWN](#)
- [Tractor Supply Company Valuation – May 2016 \\$TSCO](#)
- [Fossil Group Inc Stock Valuation – February 2016 \\$FOSL](#)
- [TJX Companies Inc Valuation – February 2016 Update \\$TJX](#)