

AMAZON.COM NDQ-AMZN

RECENT PRICE **312.32**

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

RELATIVE P/E RATIO **NMF**

DIV'D YLD

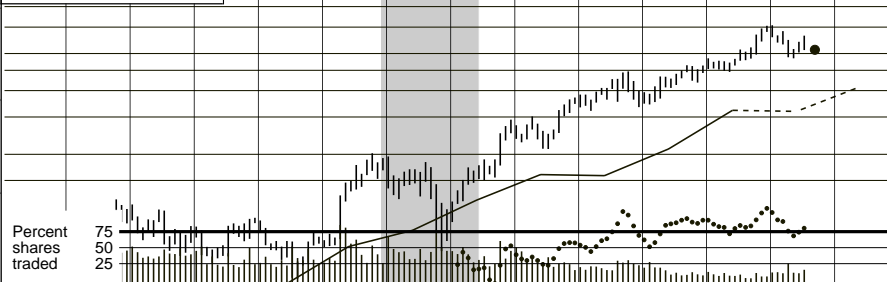
Nil

VALUE LINE

TIMELINESS 5 Lowered 9/13/13
SAFETY 3 Raised 5/25/07
TECHNICAL 5 Lowered 7/25/14
BETA 1.05 (1.00 = Market)

High: 61.2 57.8 50.0 48.6 101.1 97.4 145.9 185.6 246.7
 Low: 18.5 33.0 30.6 25.8 36.3 34.7 47.6 105.8 160.6
LEGENDS
 21.0 x "Cash Flow" p sh
 Relative Price Strength
 Options: Yes
 Shaded area indicates recession

2017-19 PROJECTIONS
 Price Gain Ann'l Total
 High 520 (+65%) 14%
 Low 350 (+10%) 3%
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 1 0 10 2 0 0 0 0 7
Institutional Decisions
 3Q2013 4Q2013 1Q2014
 to Buy 407 507 548
 to Sell 386 425 437
 Hlds(000) 314368 310170 306774
 Percent shares traded 75 50 25



Target Price Range	2017	2018	2019
800			
600			
500			
400			
300			
250			
200			
150			
100			
75			

% TOT. RETURN 7/14
 THIS STOCK VL:ARTH: INDEX
 1 yr. 3.9 12.9
 3 yr. 40.7 52.3
 5 yr. 265.0 131.3

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
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	134.40	162.11	196.35	233.85	Revenues per sh	379.35
d.20	d1.02	d.93	d.21	.21	.60	1.05	1.10	.95	1.74	2.07	2.88	3.81	3.77	5.04	7.68	7.60	9.95	"Cash Flow" per sh	23.65
d.25	d1.19	d1.19	d.44	d.01	.40	.82	.79	.45	1.12	1.39	2.04	2.53	1.37	.29	.59	.05	2.00	Earnings per sh ^A	14.50
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.09	.83	.38	.13	.10	.11	.22	.49	.52	.54	.78	.84	2.17	3.98	8.33	7.50	10.80	11.80	Cap'l Spending per sh	14.60
44	.77	d2.71	d3.86	d3.49	d2.57	d.56	.59	1.04	2.88	6.24	11.84	15.22	17.05	18.02	21.22	22.30	25.30	Book Value per sh	57.20
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	454.55	459.26	463.00	467.00	Common Shs Outst'g ^B	479.00
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CAPITAL STRUCTURE as of 6/30/14
Total Debt \$3979.0 mill. Due in 5 Yrs \$2717.0 mill.
LT Debt \$3119.0 mill. **LT Interest** \$150.0 mill.
 Includes \$1435.0 mill. in capitalized leases.
 (23% of Cap'l)
 Leases, Uncapitalized: \$752.0 mill.
No Defined Benefit Pension Plan
Common Stock 462,036,113 shs. as of 7/16/14
MARKET CAP: \$144 billion (Large Cap)

6921.1	8490.0	10711	14836	19166	24509	34204	48077	61093	74452	90900	109200	Revenues (\$mill)	181700
7.3%	7.1%	5.5%	6.1%	5.8%	6.6%	5.8%	4.0%	4.6%	5.4%	4.0%	5.0%	Operating Margin	8.5%
75.7	121.0	205.0	246.0	287.0	378.0	568.0	1083.0	2159.0	3253.0	3500	3700	Depreciation (\$mill)	4300
348.7	337.9	190.0	476.0	600.0	902.0	1152.0	631.0	130.0	274.0	20.0	950	Net Profit (\$mill)	7040
--	22.0%	49.6%	27.9%	26.1%	21.8%	23.5%	31.2%	NMF	31.8%	35.0%	35.0%	Income Tax Rate	35.0%
5.0%	4.0%	1.8%	3.2%	3.1%	3.7%	3.4%	1.3%	.2%	.4%	NMF	.9%	Net Profit Margin	3.9%
919.0	1000.0	841.0	1450.0	1411.0	2433.0	3375.0	2594.0	2294.0	1645.0	1325	1725	Working Cap'l (\$mill)	12210
1855.3	1521.0	1247.0	1282.0	687.0	109.0	460.0	853.0	3084.0	3191.0	2800	2500	Long-Term Debt (\$mill)	1600
d227.2	246.0	431.0	1197.0	2672.0	6257.0	6864.0	7757.0	8192.0	9746.0	10315	11815	Shr. Equity (\$mill)	27400
24.7%	21.7%	13.6%	20.8%	18.9%	17.1%	16.0%	7.7%	1.6%	2.7%	.5%	7.0%	Return on Total Cap'l	24.5%
--	NMF	44.1%	39.8%	22.5%	17.2%	16.8%	8.1%	1.6%	2.8%	NMF	8.0%	Return on Shr. Equity	25.5%
--	NMF	44.1%	39.8%	22.5%	17.2%	16.8%	8.1%	1.6%	2.8%	NMF	8.0%	Retained to Com Eq	25.5%
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CURRENT POSITION 2012 2013 6/30/14 (\$MILL.)
 Cash Assets 11448 12447 7986
 Inventory (Avg Cst) 3817 7411 4125
 A/R & Other 6031 4767 6644
 Current Assets 21296 24625 18755
 Accts Payable 13318 15133 10457
 Debt due 579 753 860
 Other 5105 7094 7434
 Current Liab. 19002 22980 18751

BUSINESS: Amazon.com is a large online retailer. Sales breakdown (2013): media (books, music, and videos; 29% of sales), electronics (66%); other (5%). International sales, 40% of total. Third-party sellers (Marketplace) account for about 18% of sales. Seasonality: Q4 accounted for 34% of '13 revenue. Acquired Internet Movie Database, Bookpages, Telebook, '98; Junglee and PlanetAll, '98; Exchange.com, Accept.com, Alexa, '99; Zappos, '09. Has about 117,300 employees. Officers/directors own 18.4% of common stock (including Mr. Bezos' 18.3%) (4/14 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.

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ANNUAL RATES Past Past Est'd '11-'13 of change (per sh) 10 Yrs. 5 Yrs. to '17-'19
 Revenues 29.0% 30.5% 19.0%
 "Cash Flow" 39.0% 28.0% 27.5%
 Earnings -- -5.5% 64.0%
 Dividends -- -- Nil
 Book Value -- 41.0% 20.5%

Amazon reported a wider-than-expected loss for the second quarter of 2014. Although revenues came in at \$19.34 billion, about 23% higher than the year-earlier figure, the company reported a share loss of \$0.27 for the June interim, versus the \$0.02 deficit logged in the comparable 2013 period. We had been looking for a deficit of just \$0.07 a share for the quarter. What's more, management warned that operating expenses in the coming quarters would likely weigh even more heavily on margins than previously anticipated.

strong top-line gains, and the bottom-line pressure is largely a result of the aforementioned spending on technology and products, which are aimed at driving growth over the long haul. We look for a rebound in earnings as early as next year, to \$2.00 a share, on an around 20% gain in revenues. The 3- to 5-year outlook remains quite favorable, with healthy earnings gains achievable, as the top line continues to expand and assuming costs moderate. That said, we note that there is some skepticism surrounding the success of Amazon's recent initiatives, adding an element of risk to our rosy long-term view.

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2011	9857	9913	10876	17431	48077
2012	13185	12834	13806	21268	61093
2013	16070	15704	17092	25586	74452
2014	19741	19340	20800	31019	90900
2015	24000	23500	25000	36700	109200

It now appears likely that the bottom line will decline sharply in 2014. Despite a probable 22% top-line advance, ramped-up investments in technologies and new offerings may well lead Amazon to report a profit of just \$0.05 a share this year, compared with the \$0.59 logged in 2013. Meantime, investor confidence appears shaken, as the stock has pulled back quite a bit in recent trading. We note, however, that AMZN shares are still up about 5% in value from our May review. **Investments ought to pay off down the line.** Amazon continues to generate

These untimely shares may appeal to buy-and-hold accounts. Although we have reined in our 3- to 5-year profit projections and Target Price Range, this issue still offers worthwhile recovery potential over the pull to 2017-2019, based on the earnings growth we envision in the years ahead. Therefore, patient investors would likely find this issue of interest. That said, conservative accounts may want to take a pass here, given AMZN's lofty valuation.
 Kathryn M. Drew August 15, 2014

Cal-endar	EARNINGS PER SHARE ^A	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2011	.44	.41	.14	.38	1.37
2012	.28	.01	d.23	.21	.29
2013	.18	d.02	d.09	.51	.59
2014	.23	d.27	d.60	.69	.05
2015	.50	.35	d.05	1.20	2.00

QUARTERLY DIVIDENDS PAID
 Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year
 2010
 2011
 2012
 2013
 2014
NO CASH DIVIDENDS BEING PAID

(A) Diluted earnings. Excludes goodwill: '02, (1c); '03, (21c); '04, (14c); '05, (20c); '06, (24c); '07, (44c); '08, (64c); '09, (77c). Excludes merger/acquisition costs: '02, (11c); '03, (32c). Excludes equity in losses: '02, (01c). Excludes other nonrecurring items: '04, 54c; '05, 5c; '12, (37c). Qtly. egs. may not sum. Next earnings report due late Oct.	(B) In millions.	Company's Financial Strength	A+
		Stock's Price Stability	45
		Price Growth Persistence	90
		Earnings Predictability	35