

# VF Invest

## Amazon.com: We're Buying!

Buying Reason #1: Amazon is the undisputed market leader with a near-monopoly position in online retail. Buying Reason #2: The crown jewels of Amazon reveal themselves only through in-depth research. Cloud computing, storing data, or executing programs in a remote data center, is the mega-trend!

### The value of AWS:

Originally founded in 2006 to manage its own platforms, AWS quickly evolved into a service that could be offered to other companies with a substantial margin. While Huawei and Alibaba also provide similar services, the largest players by far are Alphabet, Microsoft (Azure), and Amazon, with AWS still being twice the size of its closest competitor in terms of 2021 revenue. In our opinion, it's only a matter of time before Amazon initiates a spin-off of its profitable cloud division. In 2021, AWS revenue was \$62 billion, projected to be just over \$80 billion in 2022, and estimates for 2023 exceed \$100 billion, resulting in a growth rate of well over 20 percent. Many companies with such growth rates are valued at twenty times their revenue, even if they often have no significant profits. With this approach, AWS alone would have a market capitalization double that of Amazon as a whole today. However, we consider this approach too optimistic, as growth will inevitably slow, and we prefer to make conservative plans. If AWS were to IPO today, its value would likely be in the range of \$500 to \$600 billion, covering more than half of the current market capitalization.

### The risks:

Amazon doesn't stop investing. This can be viewed positively, but profits are thin in relation to revenue, making the valuation appear high, especially due to the margin-weak e-commerce sector. If the market continues to avoid perceived high-risk stocks, the stock could easily fall another 30 to 50 percent in a tech bear market.

**Amazon.com** <https://ir.aboutamazon.com/>

ISIN	US0231351067
Current Price	\$92.18
Market Capitalization	\$880.36 billion
Profit Growth 2021 to 2025e	+132.1%
Dividend 2023e	\$0
Dividend Yield 2023e	0%
Earnings Per Share 2023e	1.83
P/E Ratio 2023e	49.7

# Long-Term Portfolio: Amazon.com

## Amazon In Our Stock Check:

Profit Growth:	Long-term, still a growth story	+
Debt:	Equity ratio has significantly increased	+
P/E Ratio Evaluation:	Optically still relatively expensive	+ -
Industry Outlook:	Above average	+
Technical Analysis:	Long-term upward, short-term under significant pressure	+ -
Market Leader:	Yes, in e-commerce and cloud	+
Management Quality:	Visionary and good	+
Dividend Yield:	None	-
Business Model:	Strongly expansive and forward-looking	+
Insider Buys/Sells:	No noticeable activities	+

## Amazon in USD (10 years)



**Our conclusion:** Over a period of seven to ten years, we continue to consider Amazon an absolute top investment. We willingly accept short-term price fluctuations. Amazon's growth and its unique market position continue to provide expansion opportunities not only in e-commerce and cloud but also in various other industries.

## Buy-Order

ISIN	US0231351067
Transaction	Buy
Exchange	Nasdaq
Quantity	11
Current Price	\$92.18
Buy-Limit	\$94