

## Amazon.com Inc. (AMZN)

**\$3,346.49** (As of 08/25/20)

Price Target (6-12 Months): **\$3,514.00**

Long Term: 6-12 Months

**Zacks Recommendation:**
**Neutral**

(Since: 10/28/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**3-Hold**

Zacks Style Scores:

VGM:A

Value: D

Growth: A

Momentum: B

### Summary

Amazon reported impressive second-quarter results wherein both earnings and revenues topped the estimates and grew year over year. The company benefited from coronavirus-led spike in online orders which drove growth in its online stores sales. Moreover, surge in online grocery shopping was a major positive. Additionally, solid Prime momentum owing to ultrafast delivery services and expanding content portfolio remained tailwind. Further, strengthening AWS services and its growing adoption rate contributed well. Additionally, improving Alexa skills and features remained a major positive. Expanding smart home products offerings were tailwinds. The stock has outperformed its industry on a year-to-date basis. However, accelerating coronavirus related expenses remain major concerns. Also, foreign exchange headwinds and rising cloud competition are risks.

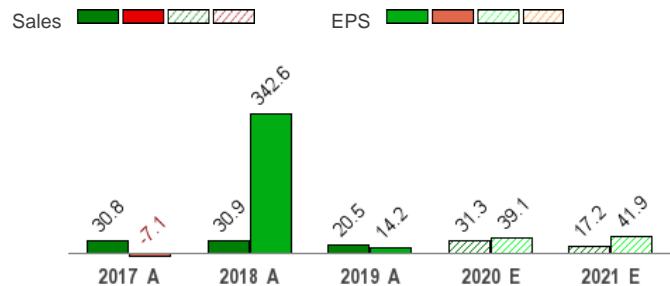
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$3,380.32 - \$1,626.03
20 Day Average Volume (sh)	4,142,199
Market Cap	\$1,676.2 B
YTD Price Change	81.1%
Beta	1.32
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Internet - Commerce</a>
Zacks Industry Rank	Top 31% (78 out of 252)

### Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	492.0%
Last Sales Surprise	9.0%
EPS F1 Est- 4 week change	58.3%
Expected Report Date	10/22/2020
Earnings ESP	0.0%
P/E TTM	128.7
P/E F1	104.6
PEG F1	3.2
P/S TTM	5.2

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	90,754 E	99,170 E	106,780 E	127,680 E	431,557 E
2020	75,452 A	88,912 A	92,572 E	111,163 E	368,348 E
2019	59,700 A	63,404 A	69,981 A	87,437 A	280,522 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$8.69 E	\$9.67 E	\$10.04 E	\$12.46 E	\$45.40 E
2020	\$5.01 A	\$10.30 A	\$7.50 E	\$9.42 E	\$32.00 E
2019	\$7.09 A	\$5.22 A	\$4.23 A	\$6.47 A	\$23.01 A

\*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/25/2020. The reports text is as of 08/26/2020.

## Overview

Amazon.com is one of the largest e-commerce providers, with sprawling operations in North America, now spreading across the globe. Its online retail business revolves around the Prime program well-supported by the company's massive distribution network. Further, the Whole Foods Market acquisition helped Amazon establish footprint in physical grocery supermarket space.

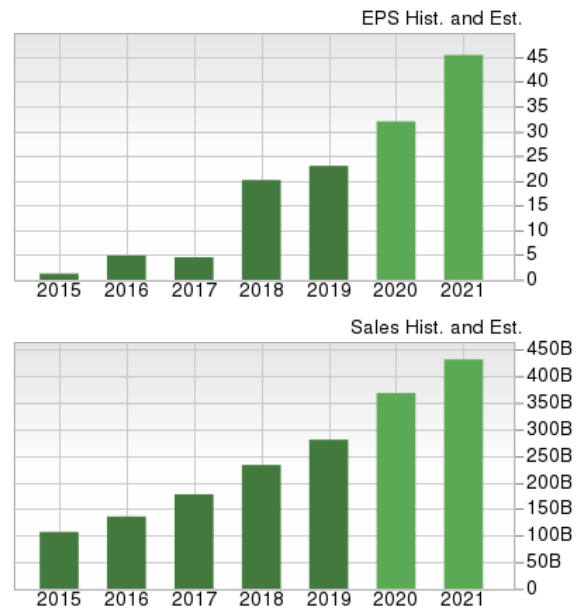
Amazon also enjoys dominant position in the cloud-computing market, particularly in the Infrastructure as a Service (IaaS) space, thanks to Amazon Web Services (AWS), which is one of its high-margin generating businesses.

Amazon has also become a household name with its Alexa powered Echo devices. Artificial Intelligence (AI) backed Alexa is helping the company sell products and services.

Revenues were \$280.5 billion in 2019. The company reports revenue under three broad heads—North America, International and AWS, which generated 60.9%, 26.6% and 12.5% of total revenues, respectively.

Headquartered in Seattle, WA, Amazon targets three categories of customers—consumers, sellers and website developers. Consumers are offered variety, convenience and free delivery of goods displayed on the company's websites. The agreements with sellers are varied, enabling them to use the company's websites to either sell their merchandise directly, or redirect customers to the sellers' own branded websites. In case of the latter arrangement, Amazon earns a fee for the sales thus generated.

Competition comes in the form of traditional retailers, other online retailers, media companies, web portals, search engines, e-commerce companies and cloud computing service providers.



## Reasons To Buy:

- ▲ Amazon.com is **one of the largest e-commerce companies** in the world. Although the primary product line was books at first, the company rapidly diversified into a host of other product categories. The current focus is on building video content, primarily for Prime subscribers because the growth prospects in that market are considerable. Product selection, a superior user experience, bargains and customer feedback have helped the company build a strong position for itself in the fast-growing ecommerce market. The growth of the e-commerce industry with consumers increasingly buying things online has proved to be favorable for the company. While the big brands may build their own online stores over time, a platform like Amazon allows discovery by new buyers. Smaller players are far more dependent on Amazon as they don't have the resources that Amazon has to invest in technology and fulfilment to generate the kind of reach that Amazon can deliver. Moreover, considering opportunities in international markets, the company's high growth rates are likely to be sustained over the next few years.
- ▲ Amazon is benefiting from its Prime program, delivery and logistic system in the e-commerce space. Further, its dominant position in cloud market is a positive.
- ▲ Amazon keeps its retail business very hard to beat on price, choice, and convenience with the help of a solid loyalty system in **Prime and its FBA strategy**. The company continues to push advantages exclusively to Prime members, thus encouraging them to spend more on Amazon. The current focus is on building video content, primarily for Prime subscribers because the growth prospects in the market are considerable. Prime members are much more loyal and spend double the amount spent by non-Prime members.
- ▲ Amazon's strategy of **gradually merging online and offline retail** looks promising. It will not only reshape the retail landscape but also help it fend off competition, if it could manage a first mover advantage. It has added online and offline features to its bookstores and is going the same way with innovations such as drive-in-grocery delivery service (AmazonFresh Pickup - order groceries online and collect them from a store nearby) and "cashier-less" stores (Amazon Go – the company's first brick-and mortar grocery store). We expect online retail sales to decelerate while the overall retail market still holds a lot of potential. So, moves like these will help Amazon tap a large number of customers who prefer to shop offline, while not doing away with the online business.
- ▲ Amazon is the leading provider of cloud infrastructure as a service to enterprise customers. The expanding customer base of **Amazon Web Services (AWS)** driven by its strengthening cloud offerings will continue to aid Amazon's dominance in the global cloud space. Even more encouraging is the fact that AWS generates much stronger margins than the traditional retail business, which should remain a positive for the company's profitability as it continues to grow in the mix. AWS is gaining momentum with customers including Western Union, Klarna, Old Mutual, Seattle Seahawks, FINRA CAT, Emirates NBD, Adobe, National Association for Stock Car Auto Racing, GE Oil & Gas, Kellogg's, Airbnb, Philips, Pinterest, Spotify, Tata Motors, Unilever, McDonalds and BMW, to name a few.
- ▲ Amazon is pushing well with its **devices strategy**. Alexa powered Echo devices are going great guns and help the company sell products and services. Artificial intelligence (AI) driven Alexa has already been integrated into a host of everyday devices for the digital home, which has converted the nascent smart home market into a potential area of growth in a very short time. Moreover, the company is benefiting from increasing number of Alexa compatible smart devices. The company is racing to build an ecosystem around Alexa and it's safe to say that it has taken an early lead over Google's smart assistant and Microsoft's Cortana.
- ▲ Amazon is gradually choosing the **buy option over build**, which, along with the other positives, ensures that the company generates revenues right way without wasting any time in building its own infrastructure. The company's acquisition of a Dubai-based e-commerce giant, Souq.com. is helping it to strengthen presence in countries like Egypt, Saudi Arabia, and the UAE markets like Egypt, Saudi Arabia, and the UAE. Amazon's retail market share is still relatively small in these markets, but there is a good possibility of an increase in the next few years. If this happens, the company will see additional several billion dollars a year in revenues. The company acquired natural and organic foods supermarket, Whole Foods Market for \$13.7 billion. Through this acquisition, the company is gaining traction across a large customer base that still prefers to shop at physical stores. This is Amazon's way of tackling mounting competition and slow growth in the e-commerce space. Amazon has also acquired Body Labs, a startup that develops AI, computer vision and body-modelling based 3D body shapes and motion for various industries. It also acquired GameSparks to spruce up its gaming capabilities.
- ▲ Amazon has a solid balance sheet that makes the stock attractive to investors. As of Jun 30, 2020, the company's net cash amounted to \$4.3 billion compared with \$3.8 billion as of Mar 31, 2020. Further, debt-to-total capital was 31% as of Jun 30, 2020 compared to 26.4% as of Mar 31, 2020. Although increasing net debt-to-capital ratio raises risk, we note that the company has no short-term debt currently. Additionally, strong cash flow generation is bolstering the company's liquidity position. Notably, Amazon generated \$20.6 billion of cash from operations in the second quarter, which increased significantly from \$3.1 billion in the prior quarter.

---

## Reasons To Sell:

- ▼ There is a downside to a growing international business in the current economic environment. While expansion opportunities automatically increase, **currency** also starts playing a bigger role. Currency continues to have a significantly negative impact on its e-commerce results, which is now being offset by strength in AWS. Since the dollar remains strong at the moment and the situation may not change much for the rest of the year as well, there will be pressure on Amazon's profitability. The risk should be hedged however as AWS increases in the mix. AWS revenues are dollar-denominated while a lot of the assets were located in low-cost regions meaning that reduced competitiveness from the rising dollar would potentially be compensated by lower costs. Also note that once companies have migrated to its AWS platform, it will be difficult to switch or stop using it, leading to a situation of relatively inelastic demand.
- ▼ The AWS business is bringing an **element of cyclicality** into the business. Generally, a capital-intensive business means that the company will have to periodically sacrifice profits to build out infrastructure and then wait for customers to fill up the capacity thus created. So there will be periods during which the company will build out at the cost of profits and cash flows followed by periods during which the increased operating leverage will translate into improved profitability. AWS is still a small percentage of Amazon's total business, but still has a significant impact on its profitability because of the low-margin profile of the retail business. As AWS grows as a percentage of sales, it will become a greater influence on profitability.
- ▼ **Prime's saturation in the U.S. market** is apparent, because Amazon has very high penetration rates in the country. This led management to announce a tiered pricing system, wherein users can try out a monthly subscription if they are unsure about the program or don't want to pay upfront for the whole year. This plan brings flexibility to the pricing system, so is likely to remain. It should also increase penetration amongst the less affluent households.
- ▼ The **competition in online retail** is heating up. Traditional retailers have always provided the strongest competition and a number of them are running e-commerce sites as well. Additionally, the increased use of the Internet in both developed and developing economies is attracting other players into the space. Affiliation programs are being used by big players such as eBay. Several smaller companies could also find their own niche. While the Chinese market appears ripe and Amazon has initiatives to increase penetration in the market, local company Alibaba.com is very well-entrenched there. In China, Amazon has to contend with not only Alibaba, but also a growing number of other home-grown players. Additionally, Alibaba is now targeting the American market, which will greatly increase competition for Amazon. Further, since Amazon's first mover advantage is likely to moderate over time, some market share erosion seems inevitable.
- ▼ Amazon continues to **invest heavily on fulfillment centers, TV shows and movies, grocery, AWS, India expansion** and what not. In India, the company is making massive investments to build a logistics network that would cover the entire country. The \$5 billion investment plan is well on track but at the cost of global margins. Management has indicated that Amazon will continue with its push into the Indian e-commerce market, making the nation its fifth largest market after the U.S., the U.K. Japan and Germany. That being said, Amazon's global margins are likely to be under pressure at least for a few years in the future.
- ▼ Most retail businesses tend to be **seasonal** and Amazon's is no different. The company's revenues get a huge boost from the holiday season each year. Over 31% of its 2019 revenues were generated in the fourth quarter of 2019. With such a huge contribution from the fourth quarter, there is an obvious drop-off in the first quarter. The dependence on consumer spending makes the business lumpy, increasing the possibility of expectations going awry. However, management usually provides a fairly conservative guidance and reported revenues are usually within the guided range.

Amazon's rising operating expenses to support expansion of business into new markets and territories, and grow its volume of content remain major concerns.

## Last Earnings Report

### Amazon's Q2 Earnings & Revenues Beat Estimates

Amazon.com reported second-quarter 2020 earnings of \$10.30 per share, beating the Zacks Consensus Estimate of \$1.74 per share by 491.9%. The bottom line also improved 97.3% from the year-ago quarter and 105.6% from the previous quarter.

Net sales of \$88.9 billion comfortably surpassed the Zacks Consensus Estimate of \$81.6 billion and exceeded management's guided range of \$75 billion and \$81 billion. Further, the figure increased 40.2% on a year-over-year basis and 17.8% sequentially.

North America revenues (62.3% of sales) advanced 43.4% from the year-ago quarter to \$55.4 billion. International revenues (25.5% of sales) climbed 38.5% year over year to \$22.7 billion. Amazon Web Services (AWS) revenues (12.2% of sales) surged 29% year over year to \$10.8 billion.

The top line was driven by strong growth in the online stores sales in the coronavirus-hit second quarter. The company witnessed 49% growth in the online stores from the prior-year quarter. Further, strong momentum across online grocery shopping contributed to the performance.

Additionally, strengthening relationship with third-party sellers remained a major positive. Notably, sales generated by these sellers rose 53% on a year-over-year basis. Further, strong performance delivered by subscription services, which exhibited an improvement of 30% year over year, contributed to the top line.

The company generated strong profits in the reported quarter despite spending heavily in order to manage the unprecedented situation induced by coronavirus.

As announced during the first-quarter earnings call, the company spent over \$4 billion during the second quarter to protect its workforce from COVID-19 and speed up delivery time during this pandemic situation.

Nevertheless, the company generated \$5.2 billion worth net income in the second quarter.

Solid customer demand, strong Amazon Web Services (AWS) momentum, expanding smart devices portfolio and robust Prime member engagement remained major tailwinds.

The company experience solid Prime subscription renewal rates during the reported quarter. Additionally, robust grocery sales, which tripled compared with the year-ago quarter, were noteworthy.

Amazon's strong global presence remains a major positive. Additionally, growing Prime and AWS momentum, strengthening Alexa skills and expanding smart devices portfolio and growing efforts toward gaining strong traction among small and medium businesses are likely to drive the company's business in the near term.

### Prime Momentum

Amazon Prime momentum continued to benefit the company during the reported quarter on the back of robust grocery services and customer-oriented benefits despite coronavirus-induced disruptions.

The company expanded grocery delivery capacity by 160% in the second quarter, which helped it in gaining strong momentum in online grocery shopping.

Apart from retail benefits, expanding original content and overall content portfolio on Prime Video drove the company's momentum across the Prime subscribers.

Further, Prime Video premiered original series namely *Upload*, Season 2 of *Homecoming* and Season 6 of *Bosch* during the reported quarter. Further, it premiered a docuseries called *Regular Heroes* based on COVID-19 scenario.

Additionally, Amazon expanded its movie portfolio by streaming *Selah and the Spades*, *The Goldfinch*, *The Vast of Night*, *7500*, and *My Spy* during the reported quarter.

Further, it strengthened its Indian movie content portfolio by streaming *Ponmagal Vandhal* and *Gulabo Sitabo*.

Furthermore, the launch of Watch Parties feature and Prime Video Profiles was a positive.

### Expanding AWS Portfolio: A Key Catalyst

AWS that witnessed significant improvement in the topline, continued to gain strong momentum across several government authorities, health organizations, apex bodies and companies during the coronavirus-hit second quarter courtesy of its highly reliable services portfolio.

During the to-be-reported quarter, Amazon Web Services (AWS) introduced Amazon Honeycode, which is a fully managed service that is ideal for seamless creation of interactive web and mobile applications.

Further, AWS made its three new sixth generation Amazon Elastic Compute Cloud (Amazon EC2) instances namely M6g, C6g and R6g generally available. Additionally, the company has made AWS Snowcone, Amazon Kendra, UltraWarm for Amazon Elasticsearch Service and Amazon CodeGuru generally available during the second quarter.

Further, the company entered into a multi-year agreement with Slack Technologies in the second quarter to offer integrated enterprise software

Quarter Ending 06/2020

Report Date	Jul 30, 2020
Sales Surprise	9.02%
EPS Surprise	491.95%
Quarterly EPS	10.30
Annual EPS (TTM)	26.01

---

tools.

With the aid of expanding services portfolio, AWS gained strong traction among new customers including IHS Markit, Capella Space and Genesys during the reported quarter.

Further, the company witnessed solid momentum across its sports customers like Bundesliga and Formula 1 in the quarter under review.

### **Alexa & Expanding Smart Devices Offering**

Amazon continued to enhance skills and features of Alexa during the reported quarter. Advanced features that include setting of reminders across all Alexa devices, nutrition tips, new notification capabilities with Routines and announcements on smartphones as push notification were added.

Additionally, strengthening international footprint of Alexa Skill Blueprints, which are now available in France, Italy, Mexico, and Spain, remained a tailwind.

Moreover, expanding international availability of the Echo Devices remained positive. The company made Echo Auto available in Australia, Canada, France, Germany, Italy, Spain, and the U.K. It also made Echo Dot with clock and Echo Studio available in Brazil.

Also, the company made eero mesh WiFi systems available in Australia and Mexico.

Furthermore, Amazon unveiled next-generation original Ring Video Doorbell and made Ring Alarm available in Germany, Norway and Sweden during the reported quarter, which expanded its smart doorbell offering.

### **Quarter Details**

Product sales (56.5% of sales) increased 40.1% year over year to \$50.2 billion. Service sales (43.5% of sales) surged 40.4% from the year-ago quarter to \$38.7 billion.

Operating expenses were \$83.1 billion, up 37.7% from the year-ago quarter. As percentage of revenues, the figure contracted 170 bps on a year-over-year basis to 93.4%.

Cost of sales, fulfillment, technology & content, marketing, and general & administrative increased 44.9%, 48.9%, 14.6%, 1.3% and 24.4% to \$52.7 billion, \$13.8 billion, \$10.4 billion, \$4.3 billion and \$1.6 billion, respectively, on a year-over-year basis.

Other operating expenses were \$290 million during the second quarter compared with \$86 million in the year-ago quarter.

Operating income increased 89.5% from the year-ago quarter to \$5.8 billion. Further, operating margin expanded 170 bps from the year-ago quarter to 6.6%.

Operating income for AWS was \$3.6 billion, up 58.3% year over year. Further, the same for North America improved 36.9% from the prior-year quarter to \$2.1 billion.

Further, International segment reported operating income of \$345 million against a loss of \$601 million in the year-ago quarter.

### **Balance Sheet & Cash Flow**

As of Jun 30, 2020, cash and cash equivalents were \$37.5 billion compared with \$27.2 billion as of Mar 31, 2020. Further, marketable securities totalled \$33.9 billion at the end of the second quarter, up from \$22.1 billion at the end of the first quarter.

Long-term debt was \$33.1 billion in the reported quarter compared with \$23.4 billion in the previous quarter.

Further, the company generated \$20.6 billion of cash from operation in the second quarter, which increased significantly from \$3.1 billion in the prior quarter.

### **Guidance**

For third-quarter 2020, Amazon expects net sales between \$87 billion and \$93 billion. The figure is anticipated to improve in the range of 24-33% on a year-over-year basis.

Management projects an unfavorable foreign exchange impact of approximately 20 bps.

Proceeds from operational activities are likely to range from operating income of \$2 billion to \$5 billion. Notably, the company reported an operating income of \$3.2 billion in the year-ago quarter.

This guidance is inclusive of more than \$2 billion costs related to COVID-19.

---

---

## Recent News

On **Aug 25, 2020**, Amazon's AWS made io2 for Amazon Elastic Block Store (Amazon EBS) generally available. Notably, io2 is an advanced provisioned input/output operations per second (IOPS) SSD volume, which expands the volume offerings of Amazon EBS that already provides four different types of volumes.

On **Aug 13, 2020**, Amazon announced plans to open its first fulfillment center in Forney, Texas. The facility is expected to create over 500 new full-time jobs with industry-leading pay and comprehensive benefits.

On **Jul 15, 2020**, Amazon's AWS made its fully-managed service — Amazon Interactive Video Service (Amazon IVS) — generally available in a bid to expand presence in the live video streaming field.

On **Jul 9, 2020**, Amazon's AWS made its new service namely AWS IoT SiteWise generally available. With this service, AWS strives to address the time and cost challenges in extracting data from several sensors and equipment across various locations.

On **Jun 23, 2020**, Amazon revealed about its latest \$2 billion investment in its Climate Pledge Fund for the development of environment-friendly technologies and services in order to achieve its carbon neutrality goal.

On **Jun 4, 2020**, Amazon's AWS joined forces with Slack Technologies in a bid to aid the management of AWS resources of distributed development teams from inside Slac, thus offering enhanced enterprise workforce collaboration.

On **Jun 3, 2020**, Amazon extended its partnership with Air Transport Services Group to lease 12 additional Boeing 767-300 converted cargo aircraft in a bid to expand its air fleet operation.

On **May 26, 2020**, Amazon's AWS client Bundesliga — the professional association football (soccer) league of Germany — that went all-in on AWS in the beginning of 2019 debuted its first two Match Facts namely Average Positions and Expected Goals (xGoals).

On **May 21, 2020**, Amazon revealed about its five new renewable projects which are utility-scale solar projects in nature. Notably, these projects will be based in the United States, China and Australia which are equipped with a total of 615 megawatt (MW), will generate around 1.2 million megawatt hours (MWh).

On **May 19, 2020**, Amazon's AWS was selected by Lyell Immunopharma as the standard for machine learning workloads. Notably, Lyell has gone all-in on AWS.

On **May 12, 2020**, Amazon's cloud computing platform AWS made machine learning backed enterprise search service namely Amazon Kendra available to the customers. Notably, the service allows businesses to search internal documents across portals and wikis and get precise answers to natural language queries.

On **May 7, 2020**, Amazon announced the premiere of original series namely Regular Heroes. The eight-episode docuseries which focuses on the front-lines of COVID-19 has already premiered in the U.S., U.K., Canada and Australia on May 8. It will be premiered in other countries on May 12.

On **May 6, 2020**, Amazon's cloud computing platform AWS made its new, highly performant, fully managed, low-cost warm storage tier called UltraWarm for Amazon Elasticsearch Service to its customers. The company strives to offer a warm storage tier that stores large amounts of data cost-effectively to the Elasticsearch customers.

On **Apr 28, 2020**, Amazon launched the AWS Europe (Milan) Region which marks as the sixth AWS Region in Europe. The company has currently 76 Availability Zones within 24 geographic regions across the world. Further, Amazon has announced its plans for nine more Availability Zones and three more AWS Regions in Indonesia, Japan, and Spain.

On **Apr 24, 2020**, Amazon's cloud computing platform AWS made Amazon Augmented Artificial Intelligence (A2I) generally available to the customers. Notably, the service helps developers to build the human review system, structure the review process, and manage the human review workforce.

Further, the company made its fully managed database service for Cassandra workloads namely Amazon Keyspaces available to its customers.

On **Apr 22, 2020**, Amazon launched the AWS Africa (Cape Town) Region which has three Availability Zones.

On **Mar 31, 2020**, Amazon partnered with ride-hailing company Lyft. Per the deal, Lyft has asked its drivers to consider job opportunities at Amazon as means of additional income. These comprise delivery drivers, warehouse and shopper jobs.

On **Mar 27, 2020**, Amazon Web Services (AWS) collaborated with Conduent, which offers a business process services. Per the deal, Conduent's Maven has been made available on AWS in a bid to manage the coronavirus pandemic in an efficient way.

On **Mar 5, 2020**, Amazon announced the comeback of *The Kids in the Hall* on Prime Video. The eight episode which will be the continuation of the show will strengthen the Prime's original content portfolio. Moreover, it will strengthen the kids content portfolio of Prime.

---

## Valuation

Amazon shares are up 81.2% in the year-to-date period and 90% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 65.8% and 34.6% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up 84.6% and 45.9%, respectively.



---

The S&P 500 index is up 6.9% in the year-to-date period and 20.4% in the past year.

The stock is currently trading at 4.09X forward 12-month sales, which compares to 4.89X for the Zacks sub-industry, 1.3X for the Zacks sector and 3.77X for the S&P 500 index.

Over the past five years, the stock has traded as high as 4.18X and as low as 1.72X, with a 5-year median of 2.68X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$3,514 price target reflects 4.29X forward 12-month sales.

The table below shows summary valuation data for AMZN

Valuation Multiples - AMZN					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	4.09	4.89	1.3	3.77
	5-Year High	4.18	5.99	1.3	3.77
	5-Year Low	1.72	3.16	0.82	2.53
	5-Year Median	2.68	4.72	0.97	3.05
P/B TTM	Current	22.74	7.72	5.93	4.66
	5-Year High	28.43	11.2	6.03	4.66
	5-Year Low	13.45	4.89	3.69	2.83
	5-Year Median	20.51	7.82	5.03	3.76
EV/Sales TTM	Current	5.09	6.81	1.58	3.38
	5-Year High	5.09	8.5	1.58	3.46
	5-Year Low	2	3.93	0.89	2.15
	5-Year Median	3.25	6.16	1.15	2.88

As of 08/25/2020



## Industry Analysis Zacks Industry Rank: Top 31% (78 out of 252)



## Top Peers

Company (Ticker)	Rec	Rank
Target Corporation (TGT)	Outperform	1
Alibaba Group Holding Limited (BABA)	Neutral	3
eBay Inc. (EBAY)	Neutral	3
Facebook, Inc. (FB)	Neutral	2
Alphabet Inc. (GOOGL)	Neutral	3
The Kroger Co. (KR)	Neutral	2
Microsoft Corporation (MSFT)	Neutral	3
Walmart Inc. (WMT)	Neutral	3

Industry Comparison Industry: Internet - Commerce				Industry Peers		
	AMZN	X Industry	S&P 500	GOOGL	MSFT	WMT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	C	B	A
Market Cap	1,676.22 B	4.01 B	23.77 B	1,092.24 B	1,638.17 B	370.17 B
# of Analysts	14	3.5	14	12	13	15
Dividend Yield	0.00%	0.00%	1.65%	0.00%	0.94%	1.65%
Value Score	D	-	-	C	D	B
Cash/Price	0.04	0.10	0.07	0.11	0.08	0.05
EV/EBITDA	43.84	8.19	13.35	18.97	22.93	12.30
PEG Ratio	3.16	3.47	3.03	2.20	2.47	4.41
Price/Book (P/B)	22.74	6.38	3.17	5.27	13.85	4.56
Price/Cash Flow (P/CF)	49.91	22.89	12.81	23.12	28.70	14.75
P/E (F1)	104.58	52.18	21.72	35.90	33.84	24.83
Price/Sales (P/S)	5.21	2.81	2.47	6.58	11.45	0.68
Earnings Yield	0.96%	0.55%	4.45%	2.79%	2.96%	4.03%
Debt/Equity	0.45	0.14	0.75	0.02	0.57	0.75
Cash Flow (\$/share)	67.05	0.47	6.93	69.45	7.54	8.85
Growth Score	A	-	-	B	A	A
Hist. EPS Growth (3-5 yrs)	97.34%	7.86%	10.41%	22.11%	19.44%	2.80%
Proj. EPS Growth (F1/F0)	39.06%	22.50%	-4.92%	-9.00%	11.07%	6.69%
Curr. Cash Flow Growth	31.33%	1.34%	5.20%	12.62%	17.66%	-0.12%
Hist. Cash Flow Growth (3-5 yrs)	49.26%	11.28%	8.50%	19.91%	10.19%	-0.31%
Current Ratio	1.18	1.58	1.33	3.41	2.52	0.79
Debt/Capital	31.00%	23.86%	44.20%	1.90%	36.24%	43.02%
Net Margin	4.10%	-3.15%	10.25%	18.99%	30.96%	3.30%
Return on Equity	20.47%	6.42%	14.66%	15.62%	39.45%	19.13%
Sales/Assets	1.42	1.34	0.51	0.61	0.50	2.29
Proj. Sales Growth (F1/F0)	31.31%	0.00%	-1.45%	7.51%	8.57%	4.96%
Momentum Score	B	-	-	C	B	A
Daily Price Chg	1.18%	0.14%	-0.03%	1.31%	1.30%	-0.53%
1 Week Price Chg	4.34%	0.00%	-1.45%	4.71%	1.97%	-0.73%
4 Week Price Chg	11.54%	11.91%	3.76%	6.80%	7.15%	-0.86%
12 Week Price Chg	35.35%	33.44%	5.99%	11.34%	17.07%	5.40%
52 Week Price Chg	89.94%	59.08%	4.07%	37.16%	59.47%	16.20%
20 Day Average Volume	4,142,199	321,036	1,880,903	1,581,244	31,804,128	8,209,648
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	1.98%
(F1) EPS Est 4 week change	58.32%	10.41%	1.03%	6.37%	0.08%	6.69%
(F1) EPS Est 12 week change	62.03%	10.86%	3.40%	7.88%	2.76%	6.74%
(Q1) EPS Est Mthly Chg	48.06%	18.99%	0.00%	7.83%	0.01%	2.97%

---

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

---

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	A
Momentum Score	B
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

---

### Disclosures

**This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page.** Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.