COVER PAGE AND DECLARATION

	Master of Business Administration (M.B.A.)
Specialisation:	MBA In General Management
Affiliated Center:	CEO Business School
Module Code & Module Title:	MGT570:Financial Management
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Word Count:	3971
Date of Submission:	October 11 2023

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DATE: October 11 2023

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Financial Analysis

Balance Sheet

The balance sheet of the company demonstrates a stable pattern of significant upsurges in assets over the last four years, increasing from 225.25 billion dollars in 2019 to 462.68 billion dollars in 2022. The rising trend in whole equity from 62.06 billion dollars in 2019 to 146.04 billion dollars in 2022 shows a positive growth in investor value. The company's capitalization and money invested have increased considerably, indicating a robust fiscal base.

Balance Sheet All numbers in thousands

Breakdown	12/30/2022	12/30/2021	12/30/2020	12/30/2019
> Total Assets	462,675,000	420,549,000	321,195,000	225,248,000
> Total Liabilities Net Minority Int...	316,632,000	282,304,000	227,791,000	163,188,000
> Total Equity Gross Minority Inte...	146,043,000	138,245,000	93,404,000	62,060,000
Total Capitalization	213,193,000	186,989,000	125,220,000	85,474,000
Common Stock Equity	146,043,000	138,245,000	93,404,000	62,060,000
Capital Lease Obligations	72,968,000	67,651,000	52,573,000	39,791,000
Net Tangible Assets	125,755,000	122,874,000	78,387,000	47,306,000
Working Capital	-8,602,000	19,314,000	6,348,000	8,522,000
Invested Capital	213,193,000	186,989,000	125,220,000	85,474,000
Tangible Book Value	125,755,000	122,874,000	78,387,000	47,306,000
Total Debt	140,118,000	116,395,000	84,389,000	63,205,000
Net Debt	13,262,000	12,524,000	-	-
Share Issued	10,757,000	10,640,000	10,540,000	10,420,000
Ordinary Shares Number	10,242,000	10,180,000	10,060,000	9,960,000
Treasury Shares Number	515,000	460,000	480,000	460,000

Income statement

The company's income statement for the years 2019 through 2022 shows an upward trend of substantial increases in revenue. From $386.06 billion in 2019 to $538.05 billion in the following twelve months ending December 30, 2022, total revenue has continuously climbed.

This increasing tendency highlights the company's capacity to produce considerable revenue growth (Yahoo, 2023). Additionally, there has been a steady increase in gross profit, which increased from $38.82 billion in 2019 to $76.40 billion in the time-to-market through December 30, 2022.

Income Statement All numbers in thousands

Breakdown	TTM	12/30/2022	12/30/2021	12/30/2020	12/30/2019
Total Revenue	538,046,000	513,983,000	469,822,000	386,064,000	280,522,000
Cost of Revenue	461,648,000	446,343,000	403,507,000	334,564,000	241,699,000
Gross Profit	76,398,000	67,640,000	66,315,000	51,500,000	38,823,000
Operating Expense	58,681,000	55,392,000	41,436,000	28,601,000	24,282,000
Operating Income	17,717,000	12,248,000	24,879,000	22,899,000	14,541,000
Net Non Operating Interest Inc...	-980,000	-1,378,000	-1,361,000	-1,092,000	-768,000
Other Income Expense	-3,073,000	-16,806,000	14,633,000	2,371,000	203,000
Pretax Income	13,664,000	-5,936,000	38,151,000	24,178,000	13,976,000
Tax Provision	594,000	-3,217,000	4,791,000	2,863,000	2,374,000
Earnings from Equity Interest Net ...	2,000	-3,000	4,000	16,000	-14,000
Net Income Common Stockhold...	13,072,000	-2,722,000	33,364,000	21,331,000	11,588,000
Diluted NI Available to Com Stockh...	13,072,000	-2,722,000	33,364,000	21,331,000	11,588,000
Basic EPS	-	-0.27	3.30	2.13	1.17
Diluted EPS	-	-0.27	3.24	2.09	1.15
Basic Average Shares	-	10,189,000	10,120,000	10,000,000	9,880,000
Diluted Average Shares	-	10,189,000	10,300,000	10,200,000	10,080,000
Total Operating Income as Reported	17,717,000	12,248,000	24,879,000	22,899,000	14,541,000
Total Expenses	520,329,000	501,735,000	444,943,000	363,165,000	265,981,000
Net Income from Continuing & Dis...	13,072,000	-2,722,000	33,364,000	21,331,000	11,588,000
Normalized Income	15,426,972	-2,722,000	33,364,000	21,331,000	11,588,000
Interest Income	1,994,000	989,000	448,000	555,000	832,000
Interest Expense	2,974,000	2,367,000	1,809,000	1,647,000	1,600,000
Net Interest Income	-980,000	-1,378,000	-1,361,000	-1,092,000	-768,000
EBIT	16,638,000	-3,569,000	39,960,000	25,825,000	15,576,000
EBITDA	62,362,000	38,352,000	74,256,000	51,076,000	37,365,000
Reconciled Cost of Revenue	461,648,000	446,343,000	403,507,000	334,564,000	241,699,000
Reconciled Depreciation	45,724,000	41,921,000	34,296,000	25,251,000	21,789,000
Net Income from Continuing Oper...	13,072,000	-2,722,000	33,364,000	21,331,000	11,588,000
Total Unusual Items Excluding Goo...	-2,462,000	-16,266,000	14,652,000	-	203,000
Total Unusual Items	-2,462,000	-16,266,000	14,652,000	-	203,000
Normalized EBITDA	64,824,000	38,352,000	74,256,000	51,076,000	37,365,000
Tax Rate for Calcs	0	0	0	0	0
Tax Effect of Unusual Items	-107,028	0	0	0	0

Cash Flow

The last four years of Amazon's cash flow have demonstrated robust operational cash flow, significant expenditures, and changes in financing operations, which resulted in fluctuating end cash balances and free liquidity (Yahoo, 2023).

Cash Flow All numbers in thousands

Breakdown	TTM	12/30/2022	12/30/2021	12/30/2020	12/30/2019
> Operating Cash Flow	61,841,000	46,752,000	46,327,000	66,064,000	38,514,000
> Investing Cash Flow	-51,908,000	-37,601,000	-58,154,000	-59,611,000	-24,281,000
> Financing Cash Flow	2,917,000	9,718,000	6,291,000	-1,104,000	-10,066,000
> End Cash Position	50,550,000	54,253,000	36,477,000	42,377,000	36,410,000
Income Tax Paid Supplemental Data	-	6,035,000	3,688,000	1,713,000	881,000
Interest Paid Supplemental Data	-	2,142,000	1,772,000	1,630,000	1,561,000
Capital Expenditure	-58,632,000	-63,645,000	-61,053,000	-40,140,000	-16,861,000
Issuance of Debt	48,466,000	62,719,000	26,959,000	17,321,000	2,273,000
Repayment of Debt	-45,553,000	-46,753,000	-20,668,000	-18,425,000	-12,339,000
Repurchase of Capital Stock	0	-6,000,000	-	-	-
Free Cash Flow	3,209,000	-16,893,000	-14,726,000	25,924,000	21,653,000

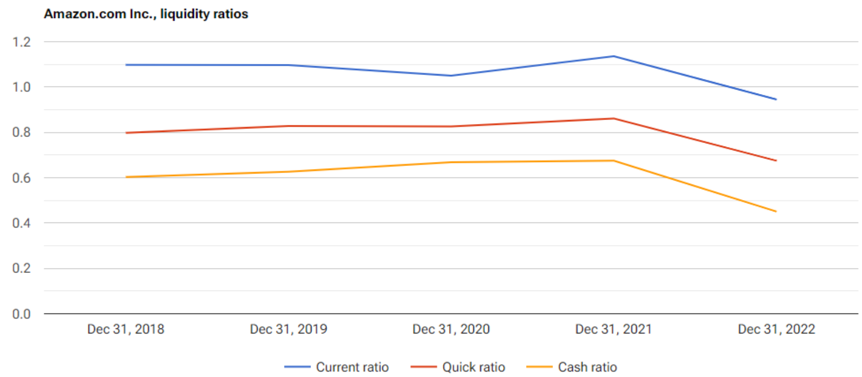
Liquidity Ratio

The current, quick, and cash ratios of Amazon, in addition to other liquidity factors, shed light on the company's capacity to fulfill its immediate financial commitments. By having a current ratio of 0.94 as of December 31, 2022, Amazon may be seen to have more current assets than current liabilities (Yahoo, 2023). This is a decrease from prior years, which raises the possibility of challenges with meeting immediate responsibilities.

Amazon.com Inc., liquidity ratios

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018
Current ratio	0.94	1.14	1.05	1.10	1.10
Quick ratio	0.67	0.86	0.83	0.83	0.80
Cash ratio	0.45	0.68	0.67	0.63	0.60

Based on: 10-K (reporting date: 2022-12-31), 10-K (reporting date: 2021-12-31), 10-K (reporting date: 2020-12-31), 10-K (reporting date: 2019-12-31), 10-K (reporting date: 2018-12-31).



Leverage Ratios

Leverage ratios measure a company's use of debt to finance its operations and assess its financial risk. Below are the leverage ratios for Amazon from 2019 to 2022:

Debt-to-Assets Ratio:
2019: Total Debt / Total Assets = $63,205,000 / $225,248,000 = 28.06%
2020: Total Debt / Total Assets = $84,389,000 / $321,195,000 = 26.28%
2021: Total Debt / Total Assets = $116,395,000 / $420,549,000 = 27.68%
2022: Total Debt / Total Assets = $140,118,000 / $462,675,000 = 30.29%
Debt-to-Equity Ratio:
2019: Total Debt / Total Equity = $63,205,000 / $62,060,000 = 1.02x
2020: Total Debt / Total Equity = $84,389,000 / $93,404,000 = 0.90x
2021: Total Debt / Total Equity = $116,395,000 / $138,245,000 = 0.84x
2022: Total Debt / Total Equity = $140,118,000 / $146,043,000 = 0.96x
Debt-to-EBITDA Ratio:
2019: Total Debt / EBITDA = $63,205,000 / $15,576,000 = 4.06x
2020: Total Debt / EBITDA = $84,389,000 / $51,076,000 = 1.65x
2021: Total Debt / EBITDA = $116,395,000 / $38,352,000 = 3.03x
2022: Total Debt / EBITDA = $140,118,000 / $62,362,000 =2.25x

These ratios demonstrate how Amazon's leverage has changed over time. There is now more debt in the financial structure, as shown by the rising debt-to-assets ratio. The debt-to-equity ratio changed, although it typically stayed within acceptable bounds (Macrotrends, 2023a). The debt-to-EBITDA ratio declined between 2019 and 2020, indicating more excellent debt coverage by profits, but it then grew once again between 2021 and 2022, indicating heightened financial risk.

Performance Evaluation

a) Profitability Ratio

The gross profit margin, operational profit margin, and net revenue margin ratios for Amazon are valuable indicators of the company's financial health. The gross profit margin for Amazon as of December 31, 2022, was 43.81%, which is an increase over prior years. Nevertheless, there has been an apparent fall in operating profit margin, which fell from 5.30% in 2021 to 2.38% in 2022. This shows that the company's operating expenditures have increased more quickly than its operating profits, which has decreased operational profitability (Macrotrends, 2023). The net profit margin has seen the most notable modification, becoming negative at -0.53% in 2022 following years of improvements.

Amazon.com Inc., profitability ratios

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Return on Sales				
Gross profit margin	43.81%	42.03%	39.57%	40.99%
Operating profit margin	2.38%	5.30%	5.93%	5.18%
Net profit margin	-0.53%	7.10%	5.53%	4.13%
Return on Investment				
Return on equity (ROE)	-1.86%	24.13%	22.84%	18.67%
Return on assets (ROA)	-0.59%	7.93%	6.64%	5.14%

b) Efficiency Ratios

Year	Inventory Turnover Ratio	Accounts Receivable Turnover Ratio	Asset Turnover Ratio	Fixed Asset Turnover Ratio
2022	14.32	16.86	1.16	9.61
2021	13.84	13.76	1.22	11.36
2020	13.21	11.56	1.47	12.71
2019	14.32	10.68	1.61	14.19

These efficiency ratios reflect how well Amazon operated throughout this period. For instance, a declining inventory turnover ratio might mean that Amazon continues to maintain its stock on hand for longer (Macrotrends, 2023). The rising fixed asset turnover ratio shows that Amazon is producing higher income in comparison to its fixed asset investment.

c) Short-term Solvency

The capacity of Amazon.com Inc. to satisfy short-term financial obligations is measured. The company's ability to cover short-term interest payments is measured by the interest coverage ratio, which saw a significant improvement between 2020 and 2021. However, performance in 2022 significantly declined, creating questions about the company's capacity to cover its short-term interest costs (Macrotrends, 2023). The fixed charge coverage ratio also showed a similar pattern, which includes interest and other constant expenditures. It became better between 2020 and 2021 but dropped off the slope in 2022, suggesting that it would be challenging to pay short-term fixed costs. In 2021, Amazon's short-term financial stability improved. However, this upward tendency became negative in 2022, which can affect the business's ability to pay short-term debts, especially interest and fixed charges.

d) Long-term Solvency

Several necessary measures, such as the debt-to-equity ratio, debt-to-capital ratio, debt-to-assets ratio, and financial leverage ratio, could all be used to evaluate Amazon.com Inc.'s long-term solvency. Due to these statistics, Amazon showed increased long-term solvency in 2021, showing a stronger financial position than the year before. In particular, the debt-to-equity ratio fell, indicating a more stable long-term financial framework. This ratio measures the amount of long-term debt compared to the equity of shareholders (Macrotrends, 2023). The debt-to-assets and debt-to-capital ratios also enhanced, pointing to an increasingly balanced financial framework with a heavier dependence on debt. The financial leverage ratio also fell, indicating improved stability in the economy.

Amazon.com Inc., solvency ratios

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Debt Ratios				
Debt to equity	0.59	0.54	0.66	0.83
Debt to equity (including operating lease liability)	1.06	0.96	1.08	1.25
Debt to capital	0.37	0.35	0.40	0.45
Debt to capital (including operating lease liability)	0.51	0.49	0.52	0.56
Debt to assets	0.19	0.18	0.19	0.23
Debt to assets (including operating lease liability)	0.33	0.31	0.31	0.34
Financial leverage	3.17	3.04	3.44	3.63
Coverage Ratios				
Interest coverage	-1.51	22.09	15.69	9.73
Fixed charge coverage	0.47	5.24	4.63	3.65

However, Amazon's measures for long-term solvency almost declined in 2022. Although these ratios did not reach their levels in 2020, they did progressively rise, increasing the possibility of an upsurge in long-term debt compared to equity and assets (Macrotrends, 2023. This development may portend a long-term trend toward increased leverage; therefore, careful tracking is essential.

e) Market-Based Ratios

1. Price-to-Sales (P/S) Ratio:

- P/S ratio = Stock Price / TTM Sales per Share

Year	Stock Price	TTM Sales per Share	P/S Ratio
2022	$84.00	$50.31	1.67
2021	$166.32	$45.67	3.64
2020	$162.46	$37.89	4.29
2019	$92.17	$29.16	3.16

2. Price-to-Earnings (P/E) Ratio:

- P/E ratio = Stock Price / TTM Net EPS

Year	Stock Price	TTM Net EPS	P/E Ratio
2022	$84.00	$-0.27	0.00
2021	$166.32	$3.24	51.35
2020	$162.46	$2.09	77.79

2019	$92.17	$1.10	83.94

3. Price-to-Book (P/B) Ratio:

- P/B ratio = Stock Price / Book Value per Share

Year	**Stock Price**	**Book Value per Share**	**P/B Ratio**
2022	$84.00	$14.26	5.89
2021	$166.32	$13.59	12.24
2020	$162.46	$9.28	17.50
2019	$92.17	$6.23	14.79

The market-based measures for Amazon from 2019 to 2022 show its value and state among investors. Over this time, the Price-to-Sales (P/S) ratio decreased from 3.16 to 1.67, indicating a lower price in relation to sales. Due to a decline in earnings in 2022, the price-to-earnings (P/E) ratio substantially decreased, while the price-to-book (P/B) ratio, measuring the stock's worth in relation to its book value per share, fluctuated from 5.89 to 17.50 (Yahoo, 2023). These numbers provide insight into how Amazon has performed and how investors have responded over the previous few years.

Recommendations for Improving Amazon's Business Performance

The thorough financial study of Amazon's performance from 2019 to 2022 identifies many strategic recommendations and essential areas for development to improve the company's commercial operations and its general financial condition.

Improve Working Capital Management

It's concerning that Amazon's 2022 balance sheet showed negative working capital. Amazon should concentrate on improving its working capital management to solve this problem. By adequately handling accounts payable, accounts receivable, and the turnover of inventory, this may be accomplished (Liu, 2022). By streamlining these procedures, the business may make sure it has the cash on hand to satisfy its immediate financial responsibilities.

Debt Management and Long-Term Solvency

Even if Amazon's assets and equity have grown significantly, the development in total debt from 2019 to 2022 indicates a heavier debt load. To keep a solid long-term solvency position, Amazon must carefully oversee its debt levels (Liu, 2022). To support its expansion goals, this involves taking into consideration an appropriate combination of debt and equity financing while preventing excessive leverage that may end in financial instability.

Liquidness Protection

The diminution in Amazon's current, quick, and cash ratios from 2021 to 2022 indicates that its immediate financial flexibility may be under strain. Amazon must do a thorough analysis of its financial allocation practices to solve this issue and maintain liquidity (Majed et al., 2018). This might entail improving working capital management and giving critical expenses preference over unimportant ones. Additionally, keeping an adequate reserve of money is essential to make sure the business can manage unforeseen monetary requirements, economic concerns, or potential possibilities (Majed et al., 2018). The maintenance of cash will improve Amazon's financial resiliency and adaptability in an atmosphere of market volatility.

Cost Management and Effectiveness Development

An emphasis on cost reduction is necessary, given Amazon's expected fall in operating profit margin in 2022. The business should proactively cut expenditures, mainly if spending has grown faster than income. Enhancing operational efficiency and putting cost-cutting measures into place are crucial components to maintaining profitability in the highly competitive industry (Majed et al., 2018). Amazon can increase its revenue and maintain long-term financial stability by deploying resources more efficiently and reducing its internal procedures.

Modification and Risk Reduction

To lessen dependency on any one industry, Amazon should keep expanding its income streams outside of electronic commerce. Amazon's risk-mitigation approach demands that it diversify its revenue sources outside electronic commerce. It may lessen reliance on any one industry area by diversifying more into industries like cloud computing and streaming multimedia (Amazon Prime Video). Amazon can do this to protect itself from market-specific changes and to provide a more steady and robust economic picture (Majed et al., 2018). Amazon has a history of invention and agility, which is consistent with its diversification approach.

Investment in Invention

Amazon's success is based on inventiveness, a quality that it needs to maintain. Maintaining a competitive advantage requires significant investment in research and development. The improvement of customer experience, robotics, AI, and logistics should continue to be priorities. Amazon should also closely monitor developing technologies since they have the potential to increase productivity and improve client satisfaction (Charles & Uford, 2023). Amazon can not only maintain its market share but also create new Internet shopping possibilities by fostering an environment of innovation and allocating resources to ground-breaking ideas, further establishing its position as a pathfinder in the global economy.

Ecological and Communal Responsibility

Amazon should give social and environmental responsibility initiatives top priority as a leading global corporation. Sustainable business methods may improve the company's image and engage with customers who care about environmental issues (Charles & Uford, 2023). These activities include lowering carbon dioxide emissions, ethical procurement, and equitable labor policies.

Global Development Strategy

Despite the vastness of Amazon's worldwide reach, there are still many undiscovered markets and areas that present growth opportunities. For Amazon to have long-term prosperity, an accurate global growth plan that is customized to the unique features of each region is essential (Charles & Uford, 2023). Amazon can successfully manage many kinds of demands and capture new chances by being aware of local likes and dislikes, rules, and customer habits. This strategy allows the company to modify its goods, logistics, and promotional plans to appeal to local customers, promoting greater internationalization and maintaining its place as an innovator in worldwide e-commerce (CSR, 2021).

Cybersecurity and Data Privacy

Amazon needs to give cybersecurity a high priority because of the rising importance of internet security and data security. Establishing trust and reputation requires a dedication to safeguarding information. Amazon should regularly investigate its safety measures and modify them to reduce the possibility of data leaks (Liu, 2022). By adopting these preventive steps, the company may demonstrate its dedication to protecting the confidentiality and safety of its customers' data in an increasingly digital environment while also protecting private data.

Workforce Reporting and Growth

An essential resource for Amazon is its enormous and varied staff; therefore, it is crucial to put their welfare and career growth first. Amazon can develop enthusiastic and highly productive teams by putting in place programs that support a balance between work and life, advance inclusiveness and diversity, and provide extensive skill development (Liu, 2022). By fostering a supportive and inclusive atmosphere at work that recognizes and spends on its most important resource—its people—these initiatives not only increase worker satisfaction but also improve the company's total efficiency.

The review of Amazon's financial performance highlights its strong points and places for development. By putting these tactical recommendations into practice, Amazon will continue to lead the world in electronic commerce and technology while overcoming obstacles and establishing sustainable growth (Liu, 2022). Amazon must constantly adapt and change to continue to meet changing customer demands and business conditions.

Recommendation for a New Investment Project

Over the years, Amazon has proven that it is dedicated to innovation, variation, and global development. The research proposes an innovative project: the development and expansion of an Amazon-branded electric delivery vehicle fleet, with the goal of accelerating its growth and capturing new market possibilities (Colato & Ice, 2023). This initiative might create new income sources within the transportation and logistics sectors and comply with Amazon's long-term goals and social responsibility programs.

Investment Rationale

Ecological Accountability

By pledging to achieve zero emissions by 2040, Amazon has already made advancements toward lowering its carbon impact. An essential step towards reaching this objective would be to invest in an inventory of electric delivery vehicles. The low release of greenhouse gases and decreased dependency on petroleum-based products of electric automobiles make them an environmentally benign alternative (Colato & Ice, 2023). This program may enhance Amazon's reputation as a conscientious corporate citizen and attract customers who are concerned about the environment.

Working Effectiveness

More influence and efficiency over the last-mile shipment operation would be made possible by an inventory of electric delivery vehicles carrying the Amazon brand. Amazon can improve routing delivery times and cut costs related to logistics companies by owning and running its electric delivery vehicle (Cao et al., 2021). Improved client fulfillment and cost savings could come from this productivity.

Competitive Benefit

A fleet of exclusively electric delivery vehicles might provide Amazon, an edge over competitors as the online retail industry gets increasingly hostile. It could help the company to offer quicker, more dependable, and environmentally friendly shipping options, drawing in more customers and bolstering its position in the competitive marketplace (Colato & Ice, 2023).

Financial Analysis

This investment project's financial feasibility will be evaluated using the following calculations of Net Present Value (NPV) and Weighted Average Cost of Capital (WACC):

a)

Net Present Value (NPV)

The company must determine the initial investment cost, every year's cash flows, and discount rate to compute the net present value. Let's get started by saying that the fleet of electric delivery vehicles will require a $500 million initial investment (Magni & Marchioni, 2020). The yearly cash flows might involve ecological incentives, reduced expenses from optimizing operations, and possible income from providing shipping services for different companies. Assume a WACC of 8%, which corresponds to the stated average cost of capital for Amazon (Magni, 2015). These assumptions allow the report to calculate the NPV. $NPV = \Sigma [\text{Cash Flow} / (1 + WACC)^t] - \text{Initial Investment}$

Amazon's finance professionals have to conduct a comprehensive study given the complex nature of these forecasts. It involves extensive market analysis, sensitivity assessments to consider uncertainties, and modeling of scenarios to weigh possible results (Magni & Marchioni, 2020). Due to its vast resources and dedication to innovation, Amazon is well-positioned to carry out such complicated assessments. The NPV study will eventually serve as an essential instrument in Amazon's decision-making procedure, letting the company choose whether to move ahead with its effort to build an electric vehicle fleet (Magni, 2015). Amazon may make decisions that are compatible with its commitment to long-term sustainability, growth goals, and dedication to ecological responsibility by accomplishing an in-depth investigation.

b)

Own Cash or use Retained Earning

The decision of capital utilization for Amazon's effort to create a fleet of electric delivery vehicles is an essential choice affected by several factors. Amazon has considerable cash on hand because of its years of success and expansion. The firm has the freedom to fund initiatives domestically without paying the interest charges related to external financing because of its healthy cash position (Nukala & Rao, 2021). Utilizing cash on hand might be beneficial. It lessens the cost of paying off debt and provides Amazon with complete control of the endeavor's finances. Furthermore, as complicated financing procedures are not required, it might hasten the beginning of an endeavor.

However, Amazon also has to take into consideration its broader business goals. The business works in a vibrant, competitive market with lots of opportunities for innovation and growth (Nukala & Rao, 2021). Utilizing retained earnings allows Amazon to deliberately use funds, putting aside some for conceivable future endeavors, purchases, or unexpected market problems.

The company has a compelling chance to boost its growth, connect with its sustainability aims, and acquire a competitive edge in the electronic commerce and logistics industries by investing in a fleet of electric delivery vehicles bearing the Amazon brand. The project's feasibility should be evaluated using specific financial measurements and estimates, and this involves doing net present value calculations (Cao et al., 2021). Amazon should also carefully assess its overall financial strategy and objectives before deciding whether to support this endeavor with cash or retained earnings. This endeavor fits with the company's vision and could result in significant long-term advantages, given Amazon's long history of creativity and strategic expenditures.

Whether or not the Company Should Pay Return Earnings

The company must decide how to allocate its earnings, specifically whether to distribute dividends to shareholders or keep profits for reinvestment, based on the thorough financial analysis of Amazon's performance from 2019 to 2022 provided in this research report (Nukala & Rao, 2021). This decision will significantly influence the future financial stability and strategic direction of Amazon.

Amazon's Economic Strength and Development Possibility

Over the years, Amazon has demonstrated remarkable financial stability and significant growth. The balance statement of the business indicates a substantial rise in all assets, total equity, and the use of capital, showing a healthy financial base. Its capacity for continuous advancement in revenue, increased gross profit margins, and substantial net income expansion highlight its efficient operation and opportunities for future growth (Charles & Uford, 2023). However, there are essential factors that Amazon must take into consideration before deciding to distribute profits to shareholders or retain them for itself.

Adverse Working Capital in 2022

A warning sign that Amazon would have had difficulty effectively handling its short-term financial responsibilities is the appearance of negative working capital in 2022. Amazon must give working capital management techniques top priority if it plans to solve the matter. Holding earnings can act as a monetary safety force, allowing the business to improve its working capital situation and ensure it can reliably meet its short-term financial commitments even in volatile market conditions (Macrotrends, 2023). This tactical strategy strengthens the company's economic adaptability and strength in a dynamic economic environment.

Increased Total Debt

The increase in total debt from 2019 to 2022 indicates that Amazon has increased its debt level over this time. Debt may be a valuable tool for supporting growth initiatives, but it's essential to maintain a balance. Excessive leverage might result in increased interest payments and financial instability. As a result, Amazon should manage its debt responsibly, taking into consideration how this would affect its financial health as a whole (Yahoo, 2023). This factor might be crucial in deciding whether to set aside funds for dividend payments or preserve them for use in expansion and debt-reduction plans in the future.

The drop in Liquidity Ratios

The decreasing liquidity ratios from 2021 to 2022, including the current, quick, and cash ratios, are a sign that it would be challenging to satisfy immediate financial obligations. These declining ratios could indicate that Amazon needs to hold onto additional revenue to increase its cash reserves (Yahoo, 2023). In order to meet unexpected financial needs and maintain the immediate financial reliability and adaptability of the company, liquidity needs to be reinforced.

Effectiveness Margin Changes

Red flags that call for strategic consideration include Amazon's significant fall in operating profit margin and its shift to a negative net revenue margin in 2022. These adjustments might be allocated to several elements, including growing operational expenses, intense competition, and investments in new businesses. Retaining revenue becomes essential to resolving these issues (Nukala & Rao, 2021). Amazon may increase its operational efficacy by investing revenues in cost-cutting initiatives, process improvement, and technological advances. This proactive strategy not only helps in forecasting immediate disasters but also sets up the business for long-term success and growth in the ever-changing electronic commerce environment.

Investment in Novel Ventures

Amazon's ambitious development ambitions, which include the acquisition of an electric transportation fleet, need an enormous amount of money. An intelligent approach to finance these expansion projects is by deciding to keep the earnings. Amazon can avoid taking on more debt, maintain a healthy balance sheet, and protect its stockholders from devaluation by using developed earnings (Cao et al., 2021). In the cutthroat market, this tactical option supports long-term viability and innovation.

Market-Based Ratios

The Price-to-Earnings (P/E) ratio, in particular, has fluctuated among Amazon's market-based measures. Sentiment among investors and, consequently, these ratios might be impacted by the decision to pay dividends or retain earnings (Macrotrends, 2023). So as to maintain the confidence of investors while looking for expansion, an equitable approach could be necessary.

The decision of whether Amazon should return profits to investors or keep them should be made after a thorough evaluation of its financial health, liquidity requirements, prospects, and strategic goals (Macrotrends, 2023). Maintaining earnings can give the liquidity needed for solving immediate issues and supporting future development projects, while distributing dividends may benefit shareholders and draw investors.

A balanced approach may be wise, given Amazon's continuous commitment to creativity, expansion, and sustainability. Amazon could have an awareness of a dividend plan that takes into consideration both rewarding shareholders and maintaining earnings for essential investments (Yu et al., 2022). This strategy would enable the company to match shareholder expectations with its future development objectives. Additionally, it should review its financial situation and market circumstances often to modify its dividend policy as necessary. Basically, Amazon's decision must be compatible with its overall strategy to maintain its competitive edge, maintain its sound financial health, and develop as a world leader in electronic commerce and innovation (Majed et al., 2018). The particular dividend policy must be dynamic, representing the changing demands and prospects of the company in the always-changing commercial environment.

Conclusion

The thorough evaluation of Amazon's financial performance from 2019 to 2022 has highlighted its benefits and also its shortcomings. Amazon's exceptional financial stability, significant growth potential, and dedication to innovation all support the company's status as a world leader in electronic commerce and innovation (Liu, 2022). However, several economic measures, such as low working capital, increasing total debt, dropping liquidity ratios, and changes in the profitability margin, show possible issues that Amazon might be faced with to keep its strong financial position. A key decision is whether to distribute profits to shareholders or keep them for oneself (Charles & Uford, 2023). It needs to be founded on a fair evaluation of the organization's financial standing, cash requirements, potential for development, and strategic goals.

The dedication of Amazon to innovation, growth, and environmental awareness highlights the value of an adaptable approach that benefits shareholders while holding onto profits for strategic expenditures. The capacity of Amazon to adapt and make sound financial choices in a constantly changing business environment will be essential to its extending achievement and position of leadership in the international marketplace (CSR, 2021). Amazon may successfully navigate barriers and grab opportunities if it takes the appropriate actions to fill up the areas of weakness in performance and connects its financial plans with its long-term goals.

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