Financial Health Report - Amazon Inc.

## 1. Liquidity Analysis:

**Strengths:**

Robust defensive interval, demonstrating the company's ability to operate for over 10 months without external financing.

Efficient working capital management, evident in a negative net trading cycle, reflecting streamlined cash flows.

**Challenges:**

Slight declines in current and quick ratios in 2022 raise concerns about short-term obligation fulfillment.

Negative working capital as a percentage of sales in 2022 warrants further investigation into operational efficiency.

## 2. Profitability Analysis:

**Strengths:**

Consistent improvement in gross margin, reaching 43.81% in 2022, showcasing operational efficiency.

Positive growth in EBITDA and EBIT, indicating sustained profitability at the operational level.

**Challenges:**

Net margin turned negative in 2022, and declines in EBIT and EBITDA margins suggest challenges at the net income level and increased operational costs.

## 3. Solvency/Debt Management:

**Strengths:**

Positive debt coverage ratios and a significant increase in free cash flow per share indicate the company's capacity to cover debt obligations and generate free cash flow.

**Challenges:**

Increasing debt to equity ratios raise concerns about reliance on debt.

Negative times interest earned and declining debt coverage ratios warrant attention to interest coverage and overall debt management.

## 4. Asset Utilization Analysis:

**Strengths:**

Effective inventory management with stable turnover ratios.

Although Total and Fixed Asset Turnover declined, Inventory Turnover remains satisfactory.

**Challenges:**

Negative ROA in 2022 suggests challenges in generating profits from the asset base.

The decline in fixed asset turnover requires scrutiny of asset efficiency strategies.

## 5. Investor/Market Ratios Analysis:

**Strengths:**

Growth in Book Value Per Share and Enterprise Value indicates positive intrinsic value and overall company worth.

**Challenges:**

Negative P/E, ROE, and ROA in 2022 signal market concerns, potentially influenced by a net loss per share and decreased profitability.

The decline in ROCE raises questions about generating returns from total capital employed.

**Conclusion:**

Amazon's financial health analysis reveals a mixed picture. Operational profitability remains a strength, but challenges in net income, liquidity, and market perception warrant strategic considerations. Effective debt management, operational efficiency enhancements, and a proactive approach to address challenges will be crucial for sustained financial health. Continuous monitoring and strategic adjustments will enable Amazon to navigate the dynamic market landscape and capitalize on future opportunities.