**Profitability**

Amazon incorporated continues to be one of the largest and most valuable companies in the world with billions of dollars in revenue. Revenue growth over the last three years has grown in double-digit percentages each year, proving that demand for their services remain high and show no signs of slowing. Amazon continues to be a profitable company with positive net income and earnings per share. Their profitability is increasing as well as gross and net margin percentage has increased over the last three years, showing that Amazon continues to manage costs efficiently. Operating at a high level is vital to growing and maintaining a profit. Amazon’s ability to operate efficiently can largely be attributed to state of the art technology that allows them to fill orders faster than anyone. Amazon’s investment in this technology is recorded in the technology and content section of the income statement and is the second highest expense on the statement (next to the cost of fulfilling orders). Amazon also has built a surmountable sum in goodwill from acquisitions in Whole Foods and other companies that have cut their costs down drastically.

**Liquidity**

With a current ratio over 1, Amazon continues to be able to pay current liabilities with its Liquid assets and inventory. The quick ratio and cash ratio show that Amazon can pay close to half of their current liabilities with cash and close to 80% of current liabilities with liquid assets. This shows Amazon is keeping a healthy amount of cash and liquid assets on its balance sheet so that short-term liabilities are covered. Amazon’s accounts payable remains high, as their borrowing from vendors exceeds customer credit. They would have an average of forty days of accounts payable to pay if accounts receivable was all paid off. However, accounts payable is relatively close to Amazon’s cash on hand, and so that account can be cleared pretty quickly if need arises. 10% of current liabilities is also unearned revenue, which will capitalize upon earning. Overall, Amazon’s cash management strategy is conservative and it is highly liquid.

**Solvency**

Amazon’s assets are mostly funded by equity, as debt to asset is only 10%. Amazon does not keep a lot of debt and is a more equity driven business. This is due to its high level of profitability and earning potential, as well as the fact that they don’t pay dividends (keeping all of the retained earnings). Amazon has room to take out debt if the need arises.

**Asset Utilization**

Amazon uses its assets to drive sales efficiently. It makes over a dollar in sales for every dollar in asset. Its property and marketing costs drive revenue efficiently and thus are worth the cost as the fixed assets make 4 dollars for every dollar of fixed asset. The company is investing wisely in its fixed assets, and its marketable securities (non-current) are fueling revenue and net income.

**Market Ratios**

Amazon trades 4 times its earnings, showing that it the market is pricing Amazon close to its earnings. In order for the stock price to grow, earnings would have to grow as well, which is not a problem as Amazon demand remains high. Amazon had a significant increase in diluted earnings per share in 2018, and that high earnings per share remains today. This is likely due to the increase in share price as well as steady increase in shareholders equity over the three year period. Although price to earnings is relatively low, Amazon does not payout a dividend. Investors looking to invest in Amazon will do so knowing they won’t share in the profits and will have to hope for increase in share price. Increase in share price will be difficult as Amazon stock has already been one of the most profitable in three years. It is hard to keep sustained share price growth even for profitable companies. Investors will need to consider external factors besides financials as well as financials when making a investment decision.