TO:

FROM:

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SUBJECT: EVEALUTION MEMO

In this memo shows financial analysis of Amazon to its competitor eBay because they have the same online shopping market. On the financial analysis, I found out both companies’ stock price, quick ratio, earnings per share, price to earnings ratio, and net income. Defining how each company performance and what their difference were.

Amazon, overall, is doing greater than its competitor. According to Nasdaq analysis, amazon stock price in intraday is $1006.22 million, $770.42 million is in the 6 months, and in the year is $727.65 million. However, the competitor eBay stock price is 35.67 million, 28.91 million is for the 6 months, and in the year is 24.28 million. The reason which makes a difference in the prices is that Amazon costs more per share than eBay.

Moreover, the quick ratio is the standard for number 1 or above and it is an indicator of a company’s short-term liquidity. eBay has quick ratio of 1.66, and 4.09 yearly. Amazon has a quick ratio of 0.77 intraday, and 0.78.

 According to Ready Ratios, earnings per share is growth in EPS is an important measure of management performance because it shows how much money the company is making for it is shareholders, not only due to changes in profit, but also after all the effects of issuance of new shares. Amazon’s earnings per share is 1.75 in 2016, and 5.32 in 2017. Earnings per share in eBay is a little different than Amazon. In 2016, the earnings per share is 0.30, and in 2017 increases to 6.98.

Another analysis field that I did on price earnings per ratio for both Amazon and its competitor eBay. Amazon has 184.2 for price per earnings, and the industry average is 44.7. Its competitor has 5.1 for price per share, and the same industry average for eBay.

The final analysis that I did was on the net income. Comparing the net income for two big companies is not obvious or simple to figure it out how to increase it or develop some ways to increase it. The analysis was in the last three years. The net income for Amazon in 2014 was $241,000, in 2015 was $596,000, and in 2016 was $2,371,000 billion. Also, net income percentage change for Amazon was 883.82%. On other hand, eBay had $46,000 for 2014, $1,725,000 for 2015, and $7,266,00 billion for 2016. the percentage change for eBay’s net income was 15695.65%. Looking at the revenue on Amazon has increase by 27% to almost $136, and that was because of having more serveries in 50 separated areas.

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