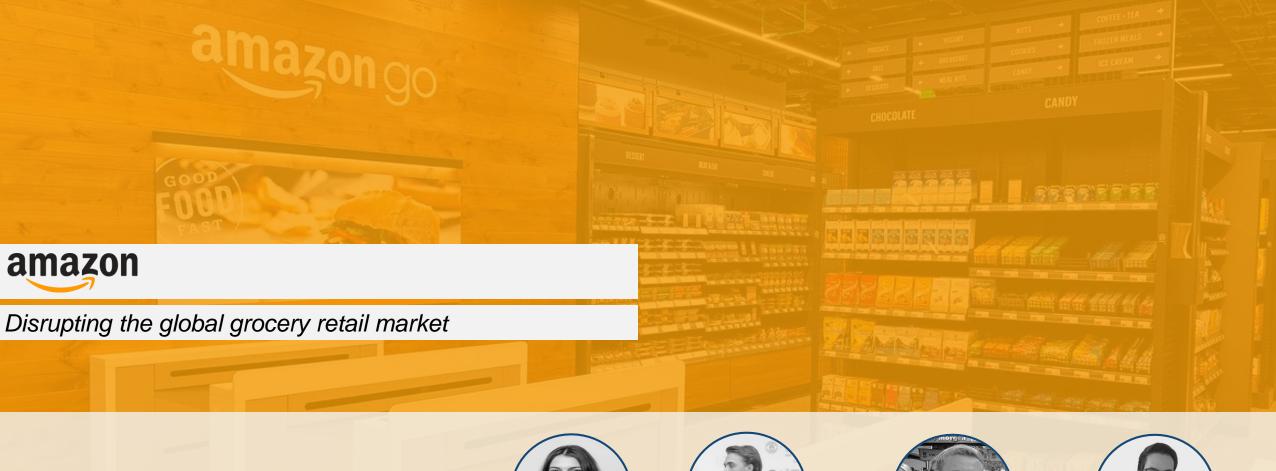
"What else?"

- Jeff Bezos

"What next?"

- Jeff Bezos





The Wolves of Case Street



Therese Dines



Michael Wachtell



Mikkel Duedal



Jonas Faarup

The grocery retail market is growing...

Solution



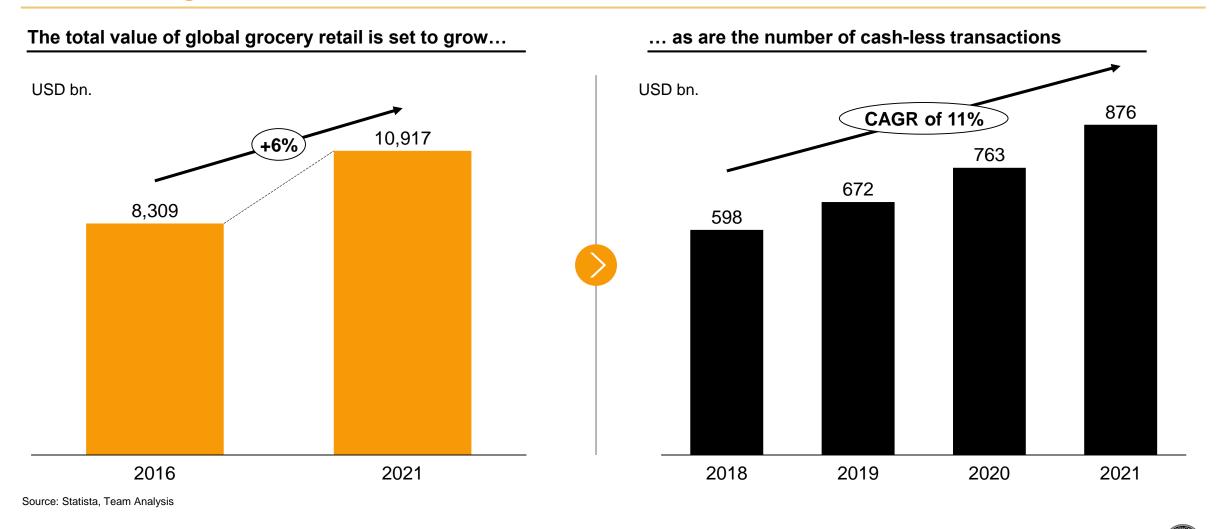
Risk

Impact

Market size & growth

Situation

Analysis



Implementation

... and consumers are continuously demanding more efficient shopping experiences



Consumer trends



Customers are busy, they're in a rush, they want good food, they want to be in and out really quickly

- Kurt Schlosser December 18, 2018



88% want retail to be faster





67% want more localized groceries



75% want quality increases

Sources: Statista: Harris Poll

Situation



Amazon has invented Amazon Go to disrupt the grocery retail market and meet consumer demands



Amazon Go



The store works with an Amazon
Go application - you enter
Amazon Go, take the products
you want and, thanks to the
app, just leave again.





App-based walk-out technology



Required staff reduced



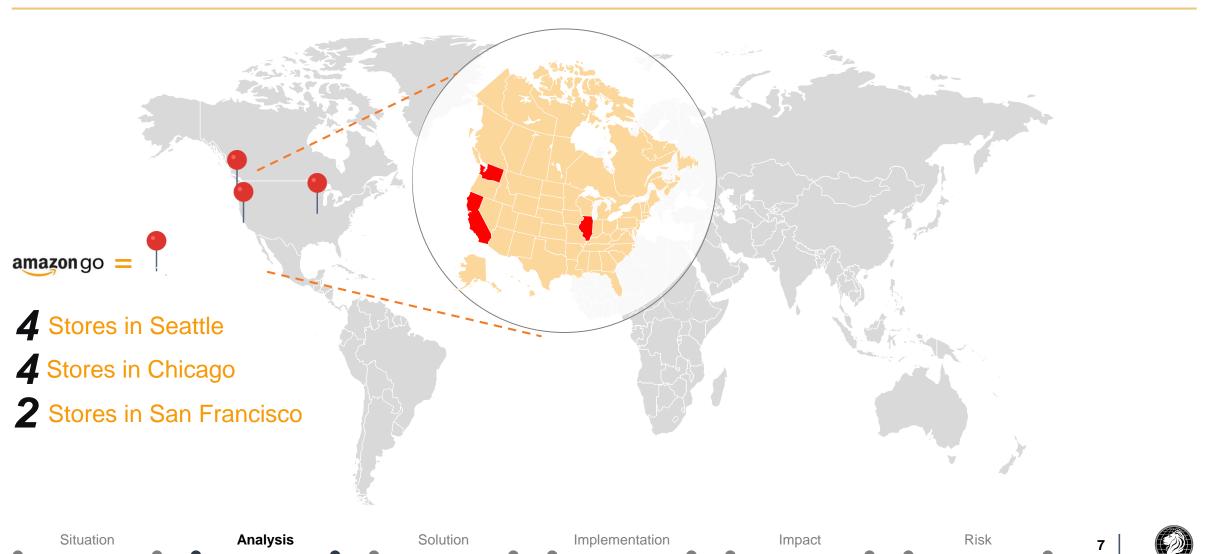
No checkout required



Currently, Amazon Go has been rolled out in the US with a succesful launch of 10 stores



Amazon Go Stores





Key Question: How can Amazon take the Amazon Go innovation global within 5 years?

We see three strategies for rolling-out the Amazon Go innovation globally



Global strategies



Launch Amazon Go Stores



Partner with global retailers



Sell Amazon Go Technology



What



Roll-out of Amazon Go innovation by launching Amazon Go Stores around the world Roll-out of Amazon Go innovation by utilizing partnerships with major retailers around the world



Roll-out of Amazon Go innovation by selling Amazon Go technology to retailers



Firstly, Amazon could launch own Amazon Go Stores globally





What



- Roll-out of own stores
- Branded as "Amazon Go"
- Metropolitan cities

How

- Expand where Amazon have presence
- Synergies with other Amazon brands







Situation





Global fit

Synergies with other Amazon operations





A second strategy is to partner with global retailers





What



- Partner up and install Amazon Go technology in partners' stores
- Branded as "Amazon Go"

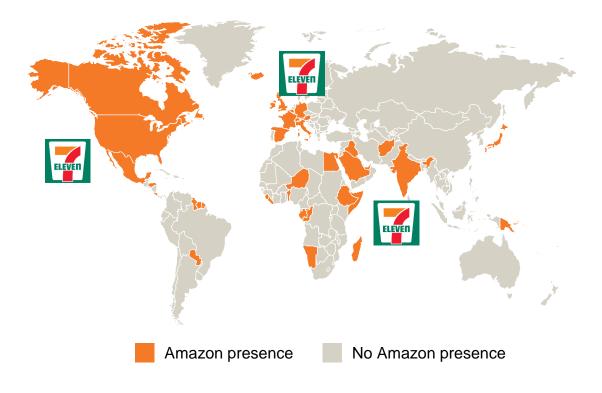
How

 Partnerships with leading convenience grocery stores. E.g. 7Eleven



Global fit

Synergies with other Amazon operations





Thirdly, Amazon could sell its Amazon Go technology and expand reach of its innovations





What



- Amazon Go innovation sold to other grocery retailers
- NOT Branded as "Amazon Go"

How

Sell to regional market leaders within grocery retail







Global fit

Access to all global markets





The different strategies each have different prosand cons



Pros & Cons

















Consumer data



Aligns with Amazon retail strategy



Synergies with Amazon



Utilize partner's capabilities



Utilize partner's network & stores



Shared investment costs



Low capital requirements



Quick scalability



Lower risks





High investments required



Retail is a low margin industry



Less swift global expansion



Loss of control



Shared profits



Less synergies with Amazon



No synergies with Amazon business



Less value chain control



Less D2C brand value for Amazon

Situation

Analysis

Solution

Implementation

Impact

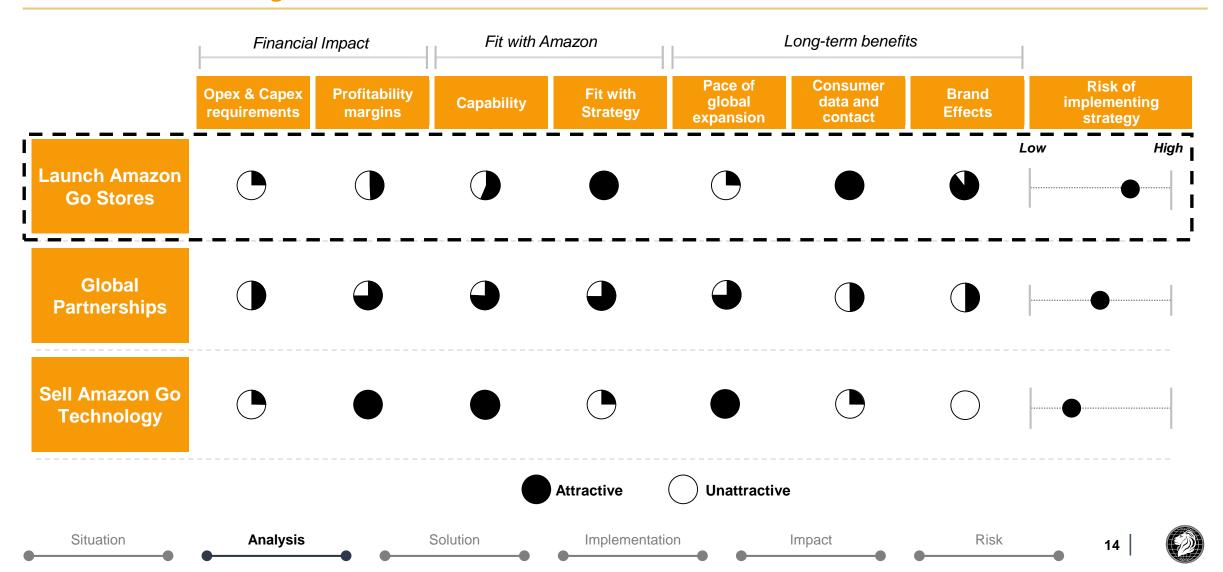
Risk



We recommend that you roll out your own Amazon Go stores globally



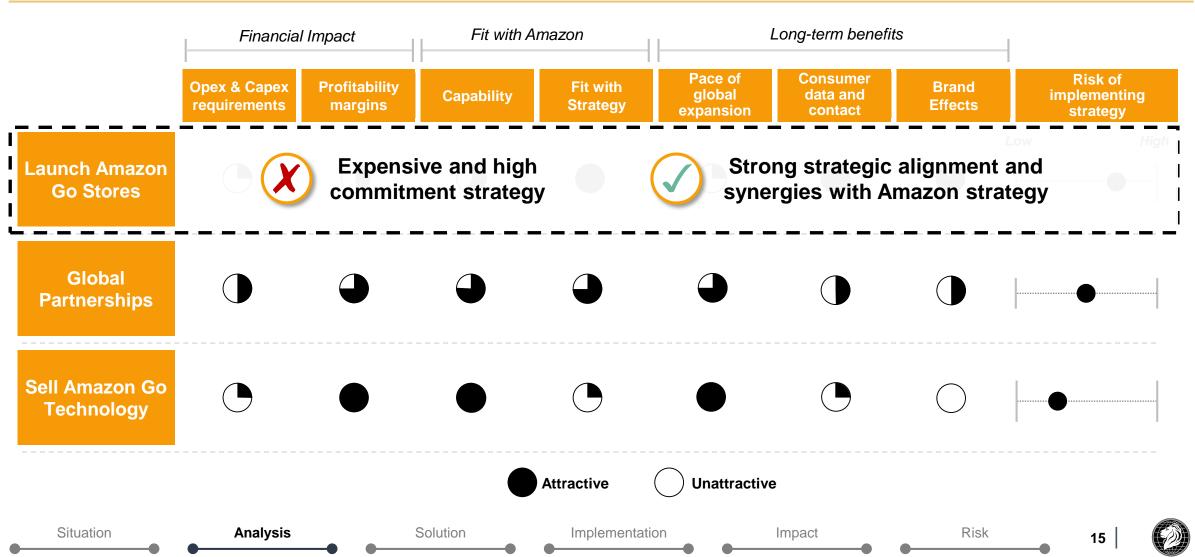
Assessment of Strategies



We recommend that you roll out your own Amazon Go stores globally



Assessment of Strategies







Conquer Europe by expanding into UK, Germany, Spain, and Italy





Target Generation X & Y in the capital cities





Integrate channels and offerings into multi-channel

solution





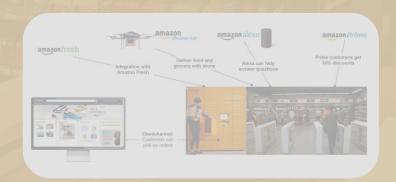
Conquer Europe by expanding into UK, Germany, Spain, and Italy



Target



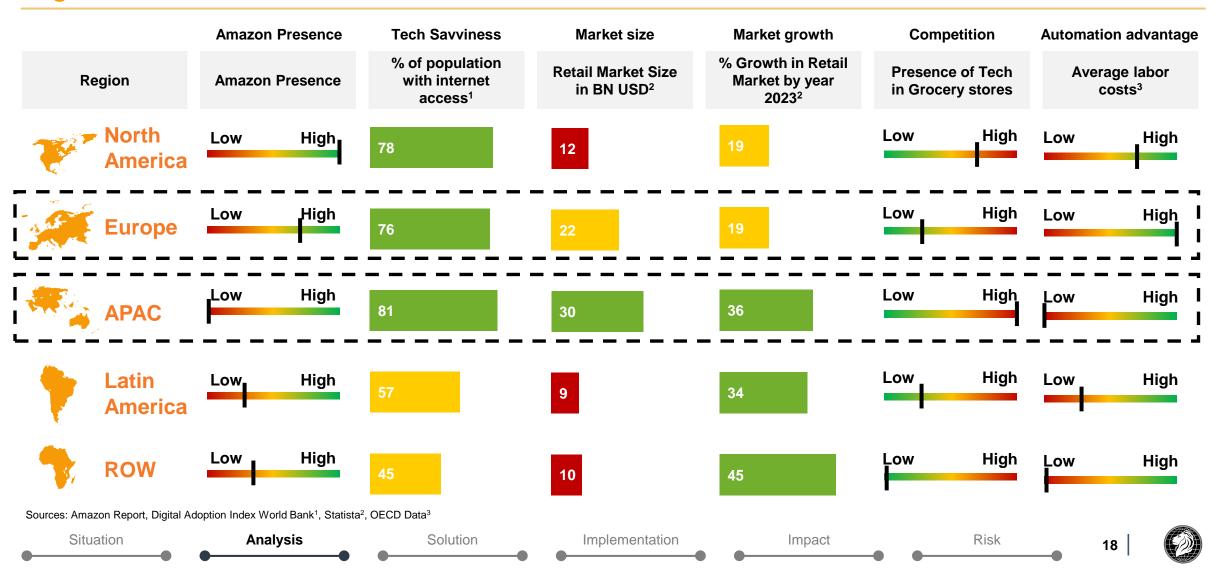




Europe and APAC are the most attractive markets to expand Amazon Go globally beyond the US



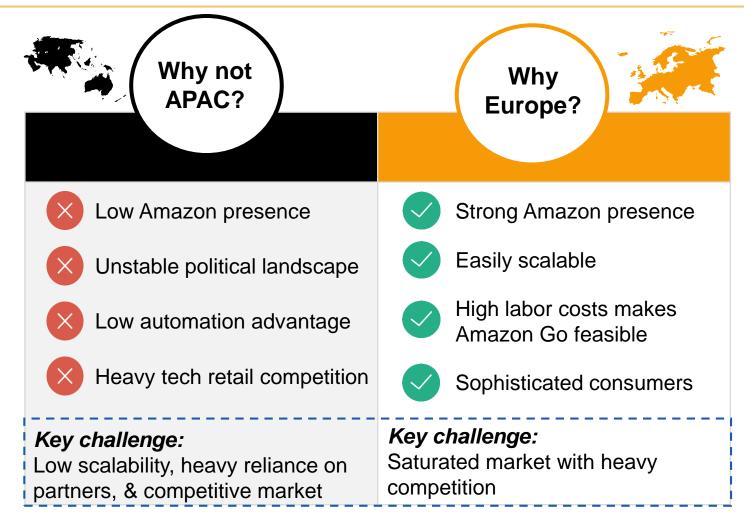
Regional assessment



Of the two, Europe is the most attractive market to commence the Amazon Go global expansion



Assessment of APAC and Europe



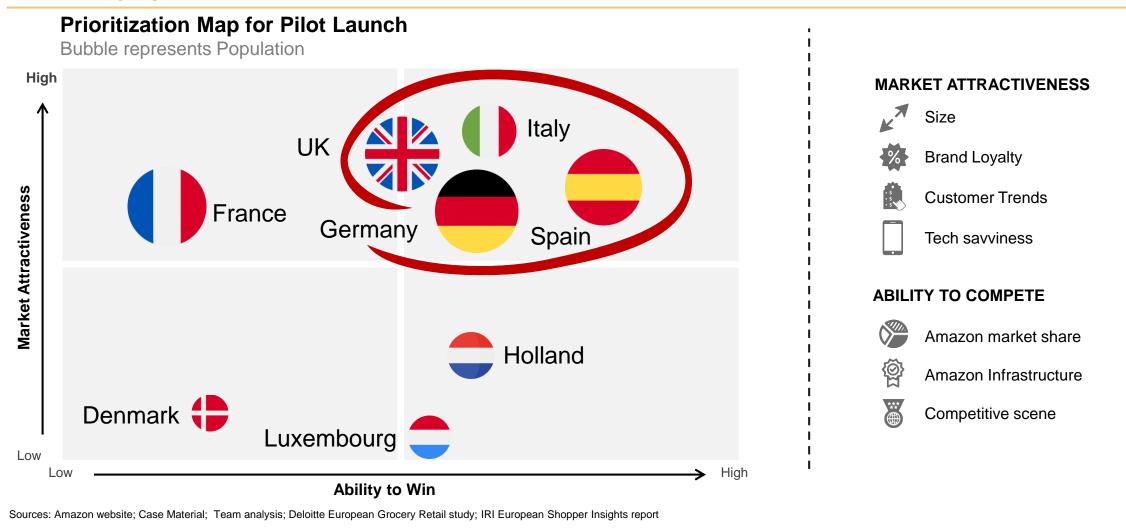


Within Europe, UK, Spain, Germany and Italy are the most lucrative markets



Where to play

Situation



Implementation

Impact

Risk

Solution

Analysis

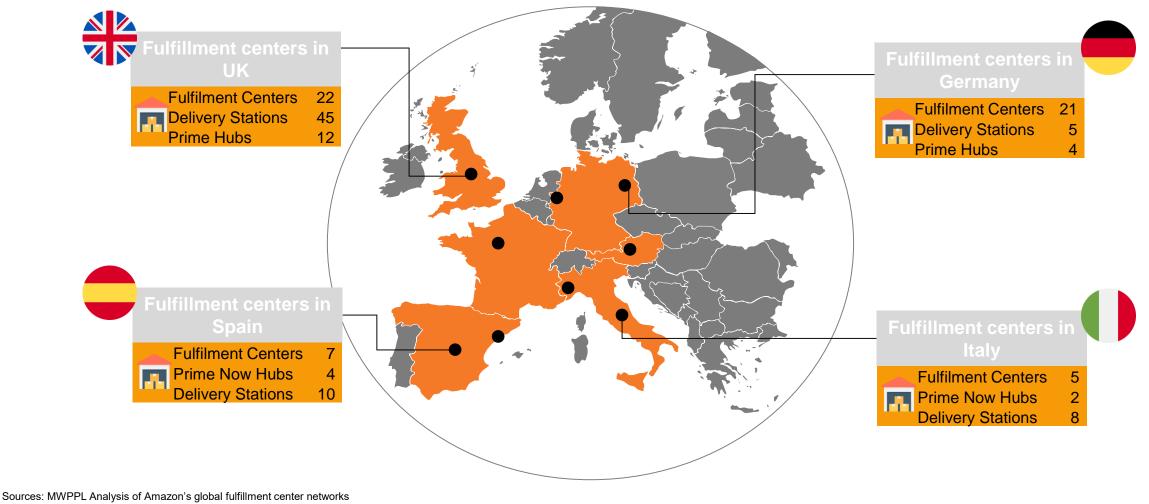
Amazon's supply chain is well-positioned strategically to launch Amazon Go in European Capital Cities

Analysis of Amazons EU Supply Chain

Analysis

Situation

Solution



Implementation

Impact

Risk



Leveraging its supply chain network, Amazon can open stores in busy areas capitalizing on busy life styles



Implementation locations



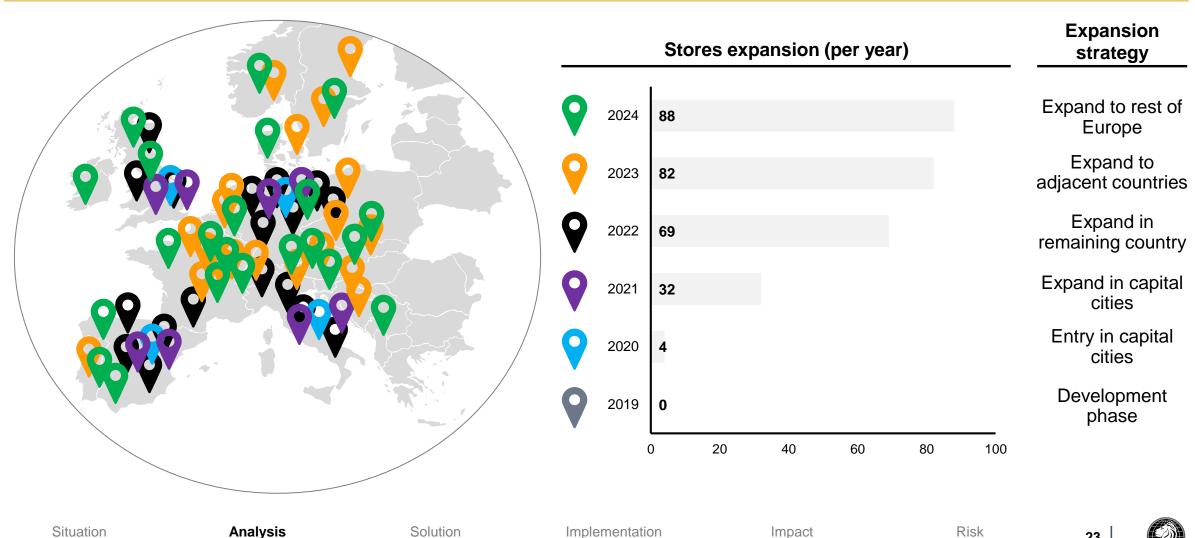




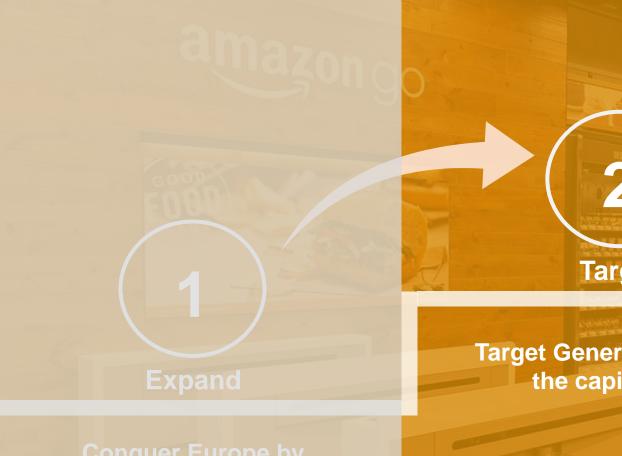
The Amazon Go stores will be spread across **Europe within the next five years**



European expansion strategy







Conquer Europe by expanding into UK, Germany, Spain, and Italy





Target Generation X & Y in the capital cities





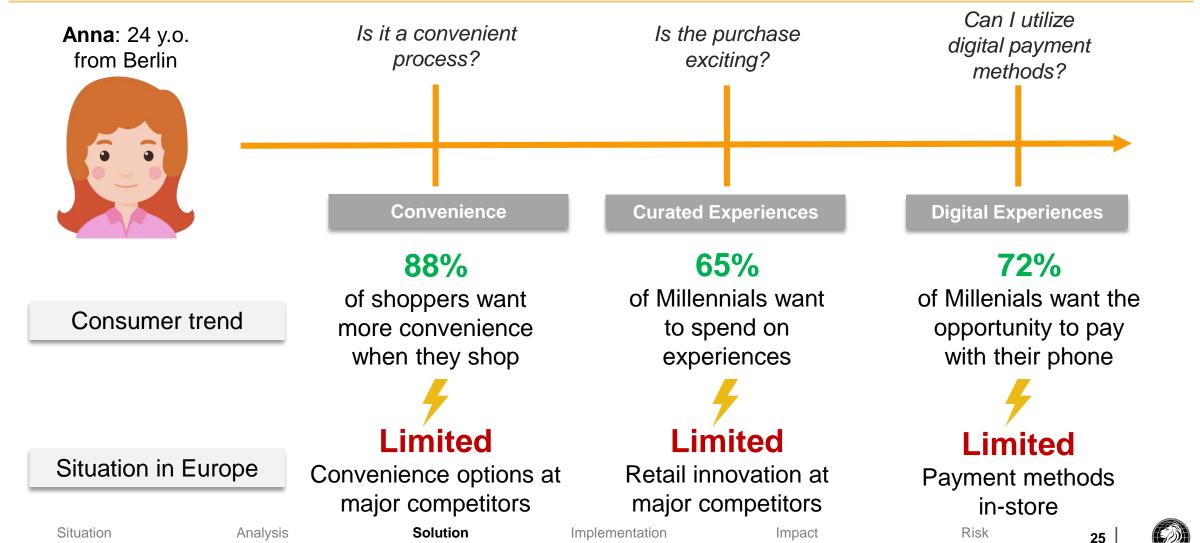
Integrate channels and offerings into multi-channel solution



Currently, European grocery retailers are not catering to demands of Gen Y & X consumers...



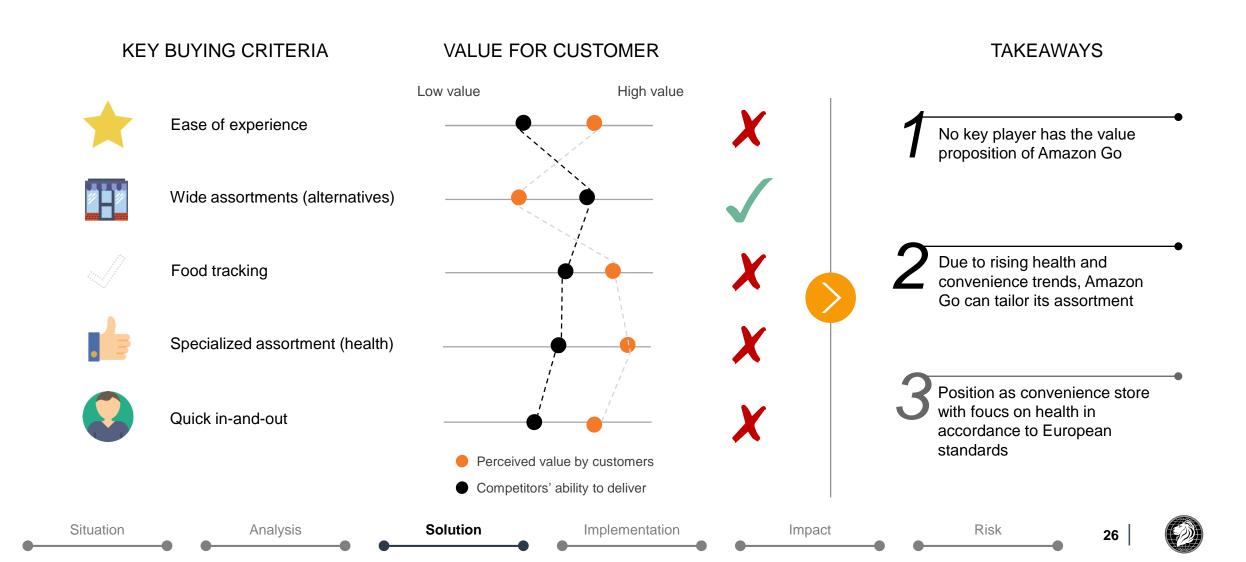
Customer Analysis



... however, Amazon can win by positioning itself as a convenience store with specialized assortment



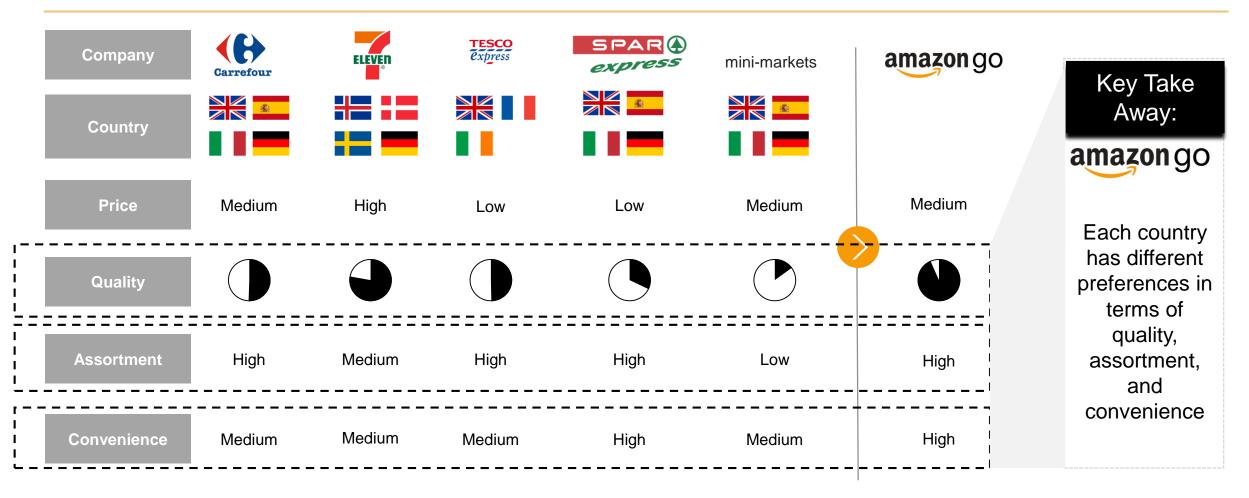
How to Win in the European Market



Amazon Go will be able to out-compete competition through better quality, assortment, and convenience...



Assessment of convenience stores



Sources: IRI European Shopper Insights report; Deloitte European Grocery Retail study; Team analysi



Situation

but for Amazon Go to succeed, they must cater to consumer demands regarding store setup and assortment



Assortment Assessment

Consumer analysis of convenience store preferences:

Country









55%



70%







61%

71%

47%

34%



% value of wide range of products

% value of Range to super market



32%

34%

30%

Recommendation for store setup and assortment strategy:









Smaller stores

Larger stores

Smaller stores

Larger stores

Wide assortment Specialized assortment

Specialized assortment

Wide assortment

Quick scale and implantation

Slow scale and implantation

Slow scale and implantation

Slow scale and implentation

Amazon Go stores should be tailored to local consumer preferences

Sources: IRI European Shopper Insights report; Deloitte European Grocery Retail study; Team analysi

Situation

Analysis

Solution

Implementation

Impact

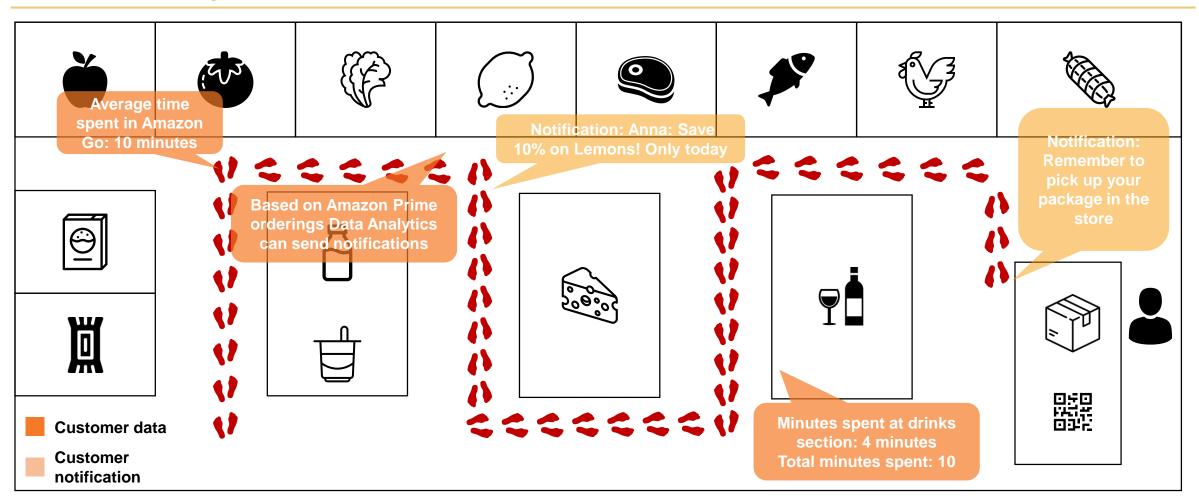
Risk



Amazon Go directly meets the demands of Gen Y and X by offering a connected and convenient experience



Customer Journey





Amazon should brand Amazon Go as the final piece to multichannel integration to extend from its current offerings



Customer Acquisition

STRONGER CUSTOMER EXPERIENCE



TRANSFORM

The customer experience and create a convenient multi-channel experience

1M Customers in Europe





LEVERAGE

Amazon Prime data to tailor marketing recommendations to the targeted segments



CAPTURE

New customers through presence on Social Media as well as secure prime locations spots



Imagine no lines. No Checkout. No Seriously. Amazon Go has transformed the customer experience



Furthermore, Amazon should communicate its launch of Amazon Go through a provocative SoMe marketing campaign



Marketing



UK, Germany, Italy and Spain boasts **50 million** monthly active users on Instagram



UK, Germany, Italy and Spain boasts **75 million** monthly active users on Youtube

- Create transparency between Amazon's value propositions
- 2 Leverage Amazon Prime and SoMe Presence
- Push Amazon Go through provocative marketing

Instagram amazon go Connecting the online and offline retail experience NO LINES. NO CHECK

Each day an average person spends
20 minutes waiting. How do you like
to spend your time? amazongo





- Patagonia utilized celebrities and ads on Social Media to increase customer base
- By being provocative in their way of communicating, Patagonia's sales took off as a result of the gimmick

Statista Social Media EU 2018





Conquer Europe by expanding into UK, Germany, Spain, and Italy



Target Generation X & Y in the capital cities





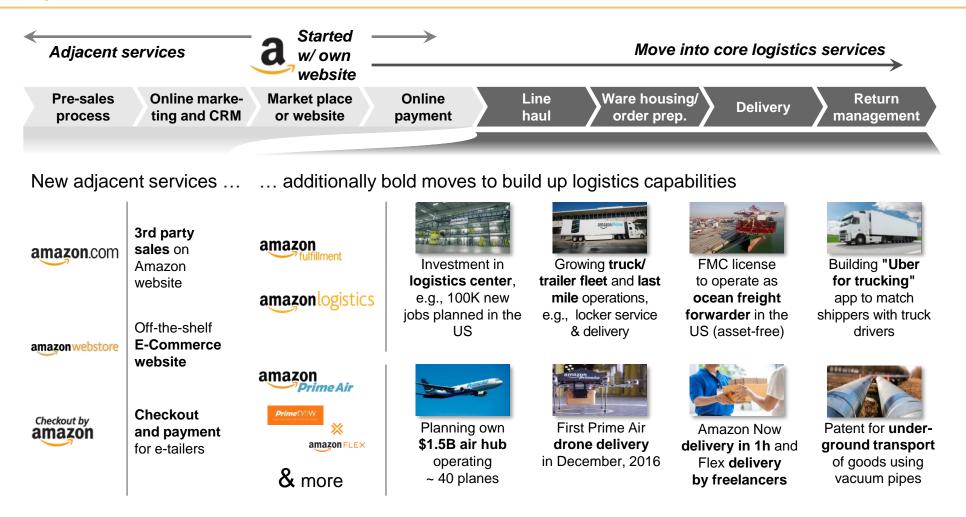
Integrate channels and offerings into multi-channel solution



Over the years, you have expanded your presence in the value chain...



Value chain expansion





... which has enabled a full presence in the value chain for Amazon

Solution



Value chain presence

Situation

Analysis



Implementation



Risk

Impact

Amazon currently has a range of brands in Europe



Offerings in Europe by Amazon

	Description	Synergies	Usage for Amazon Go
amazonfresh	Grocery delivery services		 AmazonFresh can be used for grocery delivery for stores in Europe. Amazon Fresh can be ordered for pick-up in Amazon Go
amazon alexa	Virtual assistant capable of e.g. voice interaction and controlling smart devices		 Alexa can be used for store navigation in Amazon Go stores.
amazon <i>Prime</i>	Paid subscription service that gives the users access to additional options		 AmazonPrime is to create traction by granting users discounts in the stores Can be ordered for pick-up in Amazon Go
WHÔLE FOODS MARRET	US based supermarket chain owned by Amazon since 2017		Costs of logistics and supply chain management can be reduced by owning Whole Foods
amazon basics	Best selling private label brand under Amazon	X	No substantial synergy-effects
Situation	Analysis Solution	Implementation	Impact Risk 25 I



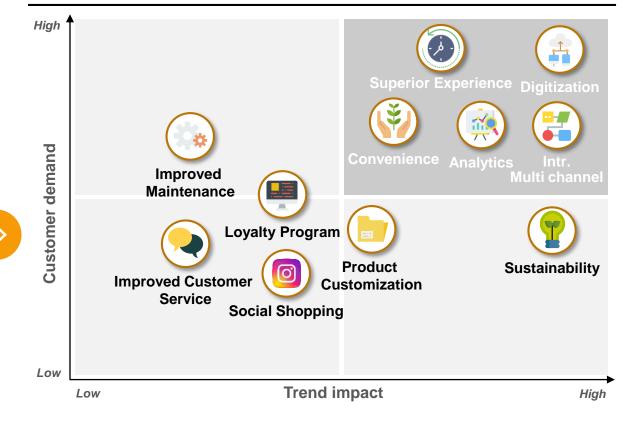
Combined with this, it can win in the European Market by leveraging key consumer trends...



Who To Target

Key characteristics of Amazon Go's core segment is defined as...

18-50 Male/female vears old amazon go Urban Educated 7 Looking for Tech-savvv **Innovation** Want personalized Use more than one channel to purchase recommendations and Pairing four megatrends within grocery retail with these consumer characteristics suggests one direction





... which can be utilized to offer integrated multichannel retail solutions for customers



Multi-channel solutions



Giving Amazon the answer to the "what else?"

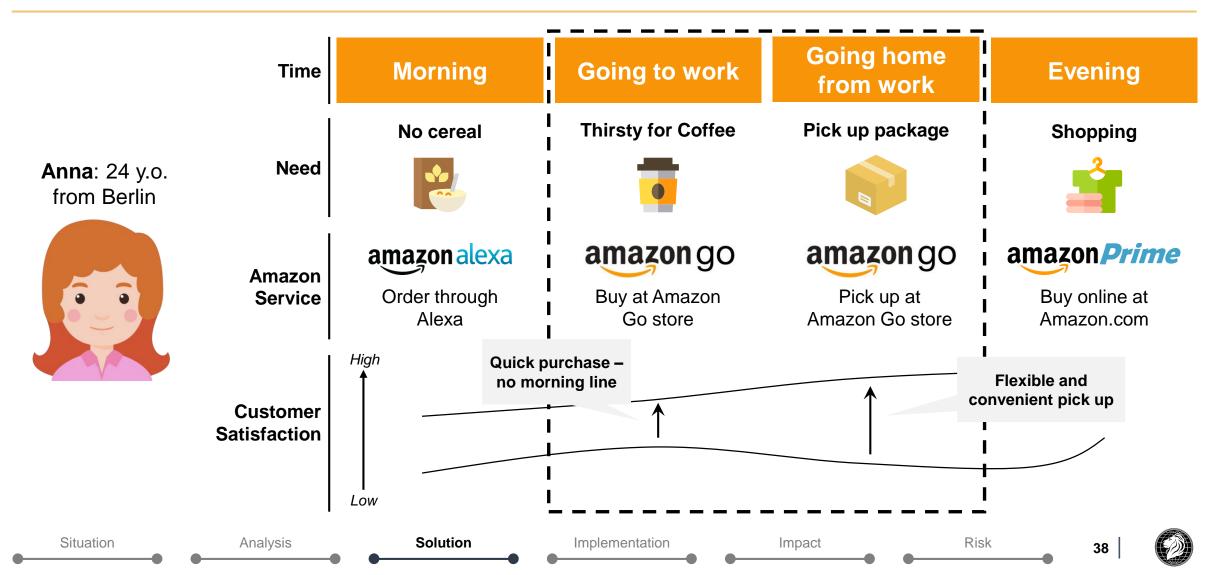


Solution

This 360° multi-channel strategy enables Amazon to become an integrated part of customers' lives



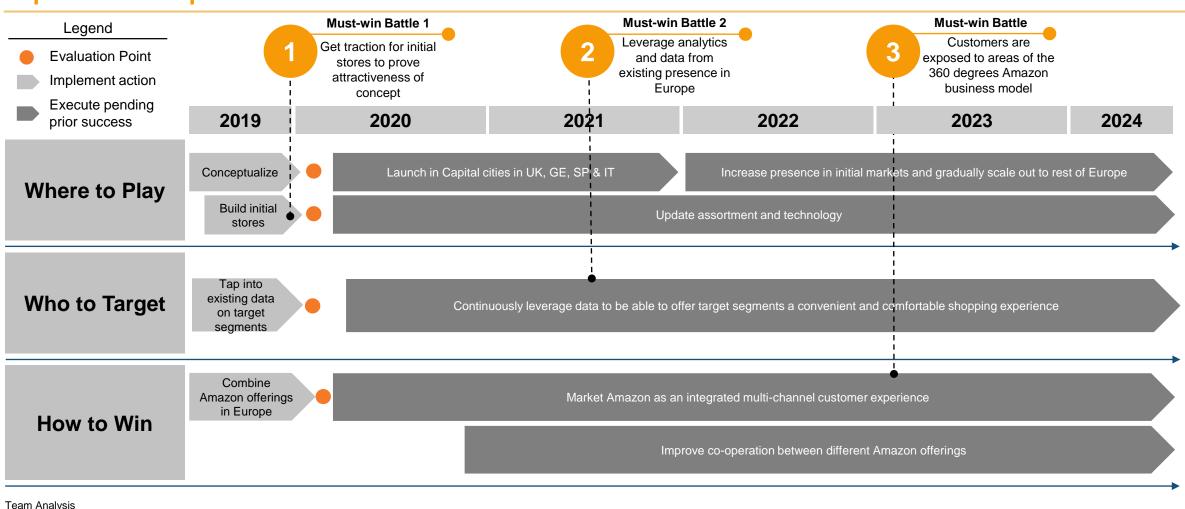
Customer satisfaction



Amazon has three must win battles to overcome in order to secure a successful strategy



Implementation plan and timeline



Team Analysis

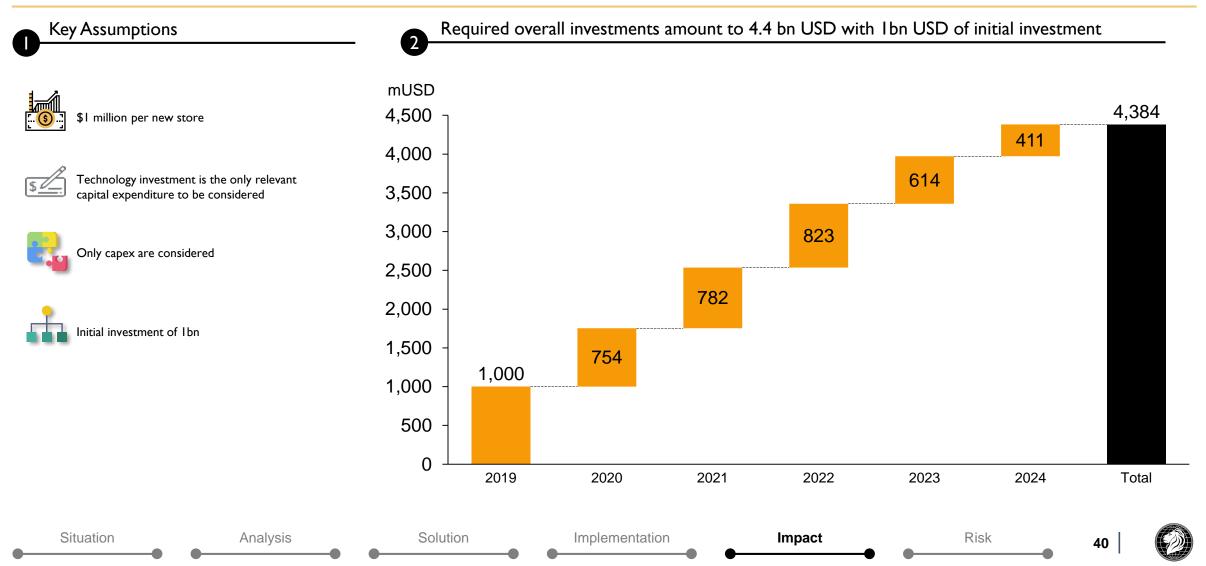
Situation



Amazon needs to invest 4.4 bn USD in order to enable the implementation of the strategy



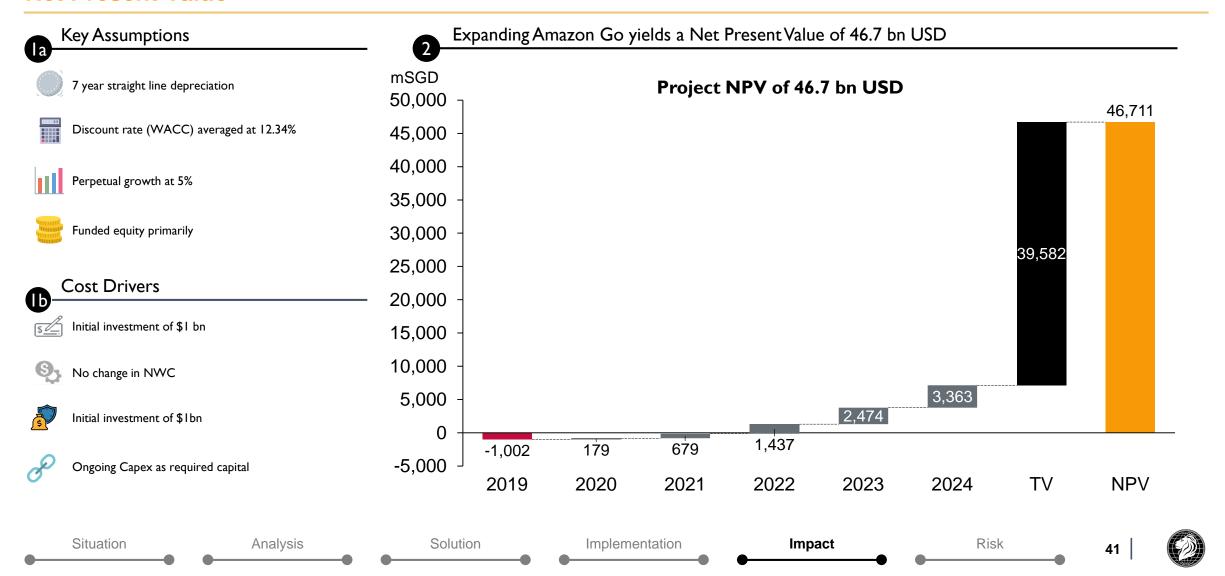
Investment requirements



The intiatives will grant an NPV of 46.7 bn USD with an initial investment of 1 bn USD...



Net Present Value



... and yield incremental revenues of 53 bn USD by 2024 with prospects for scalable growth



Incremental Revenue

Key Assumptions 700 average daily customers per store with \$25 spent per customer Stores are open 279 days a year 7 line straight line depreciation Main Cost Drivers Annual rent per store \$3m in capital cities and \$2m outside capital cities Initiative-specific Assumptions **US Expansion** Around 750 new stores annually from 2020 toward Ignores Synergy effects

European Expansion

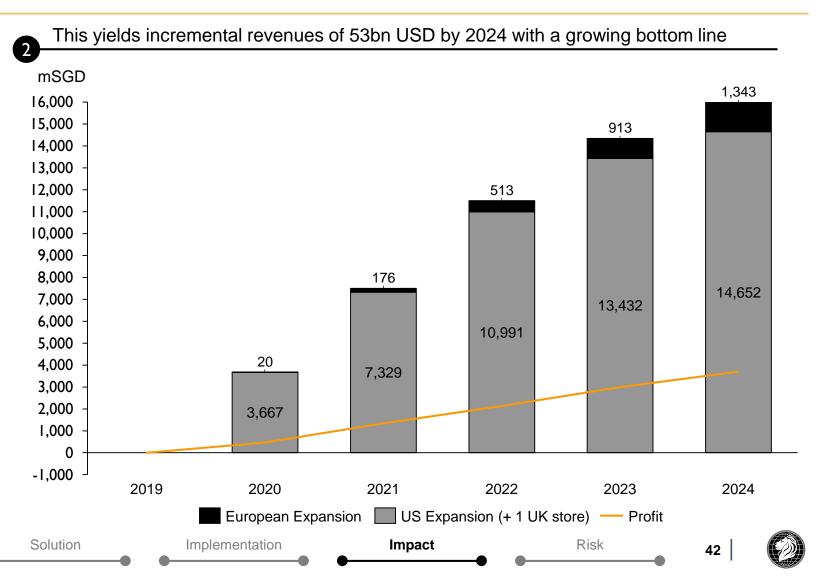
Situation

276 stores in Europe by 2024

2,000 new customers per store



Analysis





Conquer Europe by expanding into UK, Germany, Spain, and Italy





Target Generation X & Y in the capital cities





Integrate channels and offerings into multi-channel

solution



Appendix overview



Analysis

- Current Amazon Go stores
- Three global strategies
- Strategy #1
- Strategy #2
- Strategy #3
- Pros & Cons
- Strategy assessment

Expand

- Regional assessment
- Why Europe?
- Country assessment
- Amazon's European supply chain network
- Capital city locations
- <u>European expansion</u> strategy

Target

- Current pain points
- How to win?
- Assessment of convenience stores
- Consumer differences
- Customer journey
- · Customer acquisition
- Marketing

Integrate

- Value chain expansion
- Value chain presence
- Offerings in Europe
- Trends to leverage
- <u>Multi-channel solution</u>Customer satisfaction

Financial implications

- <u>Implementation</u>
- Investment requiremens
- Net present value
- Incremental revenue

Appendix

- Risk assessment
- Future store formats
- Customer segment assessment
- Amazon Go Missing piece
- <u>Digitization stages</u>
- · <u>Digital capabilities</u>
- Gartner hype curve
- Technological compass
- Preferred grocery attributes
- Customer segment information

- Amazon retail offerings
- Amazon Go European population reach
- Competitive landscape
- Provocative marketing
- Case Study: Ali Baba's Hema Stores
- Extensive list of pros
- Extensive list of cons
- Non-cash transactions by region
- Grocery retail sales by region

- Pro forma income statement
- Cost break-down assumptions
- Cost break-down number of stores
- Cost break-down Capex and Opex
 - European expansion
- Cost break-down Capex and Opex US
- <u>expansion</u>
- Revenues from US and UK expansion

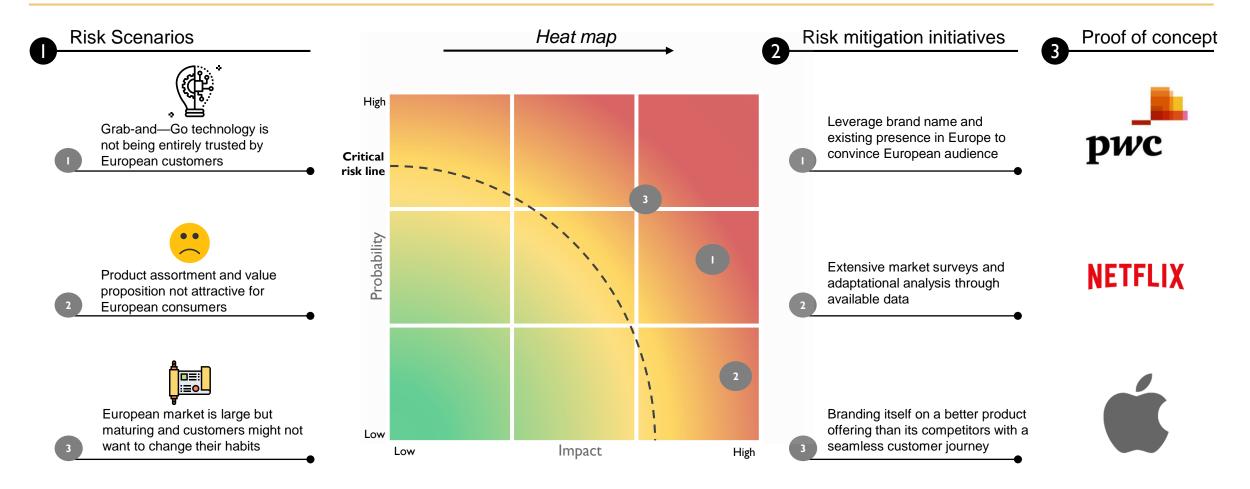
- Revenues from European expansion
- · Revenue from existing stores
- Depreciation break-down
- Accumulated customer break-down
- Project Net Present Value
- · Capital requirements
- Growth in subscriptions



There are three major risks that must be mitigated to achieve the geographical and financial impact



Risk mapping

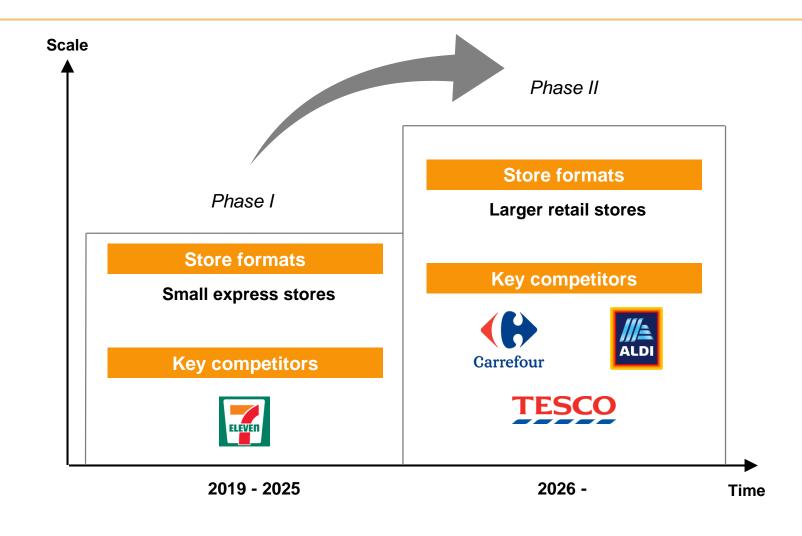




In the future, Amazon Go will be able to compete with large grocery retailers



Future

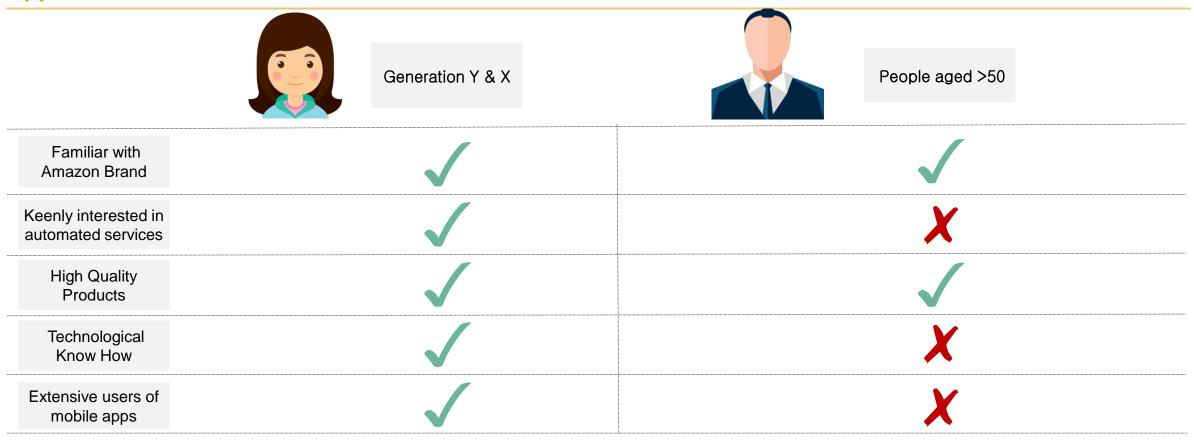




Assessing the European Consumers, the generations Y and X constitute a lucrative target segment



Appendix: Customer Assessment



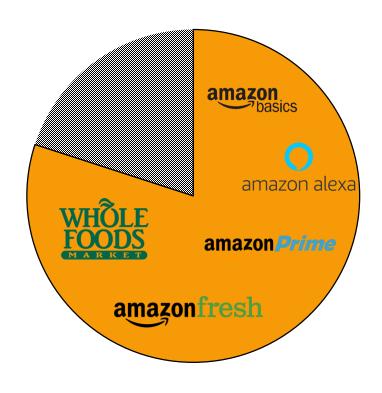
Key Takeaway: Given the price customer characteristics of generation Y and X in Europe, Amazon Go should focus on these segments in the initial launch



Index

Appendix slides









Amazon Go enter a new stage of digitization



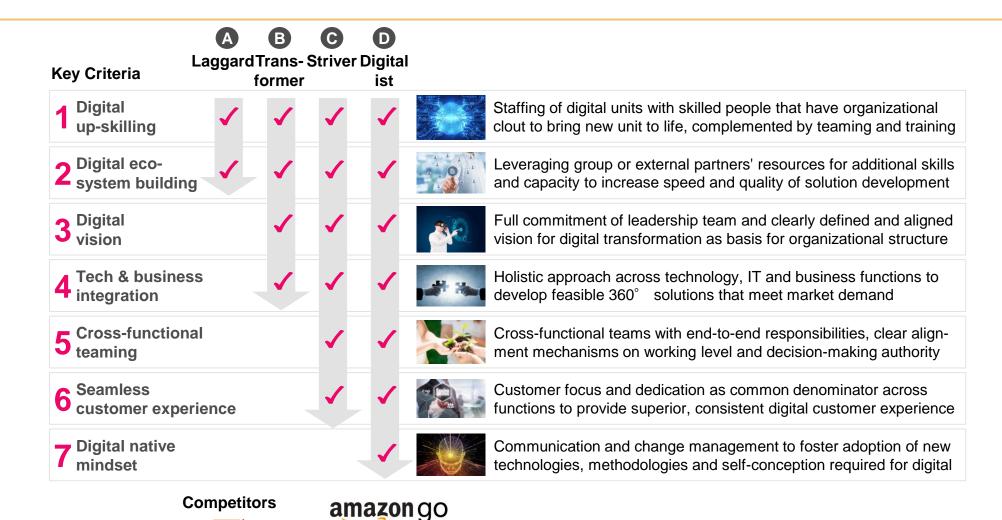
Digitization stages

1 st Stage	2 nd Stage	3 rd Stage	4 st Stage
 Digital impact primarily in operations and cost reduction Limited digital disruption in the industry 	 Digital engagement with customers increasingly important Increasing personalization of customers using advanced data analytics 	 Advanced technologies and data analytics constantly deployed to find competitive advantages 	amazongo
	Airlines	Telco Tech Media Banking Insurance	
Construction Mining Oil & Utilities Pharma	Hotels Education Medtech Transportation/Logistics Healthcare Consumer products Manufacturing		

Amazon is way ahead of its competitors

ELEVEN



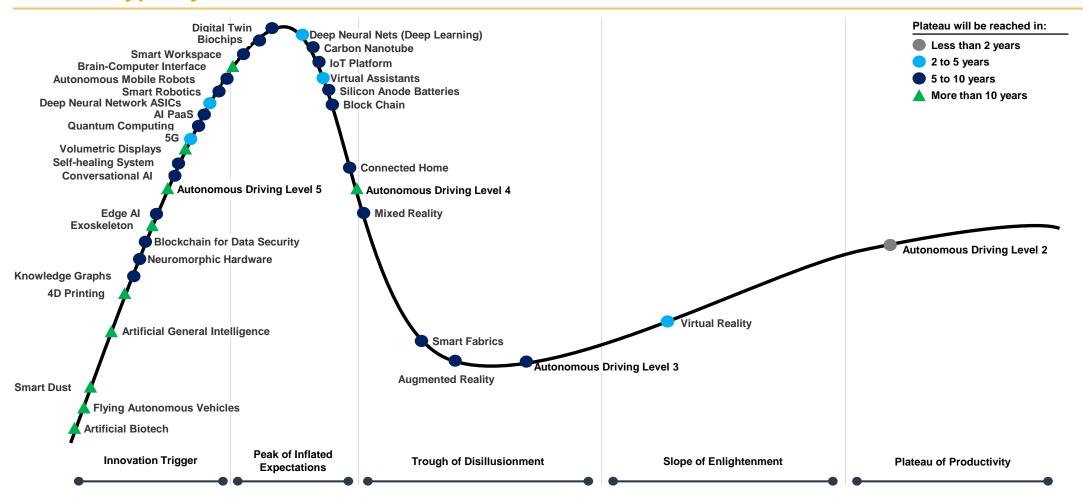




Different technologies have been assessed according to the Gartner Hype Cycle



Gartner Hype Cycle



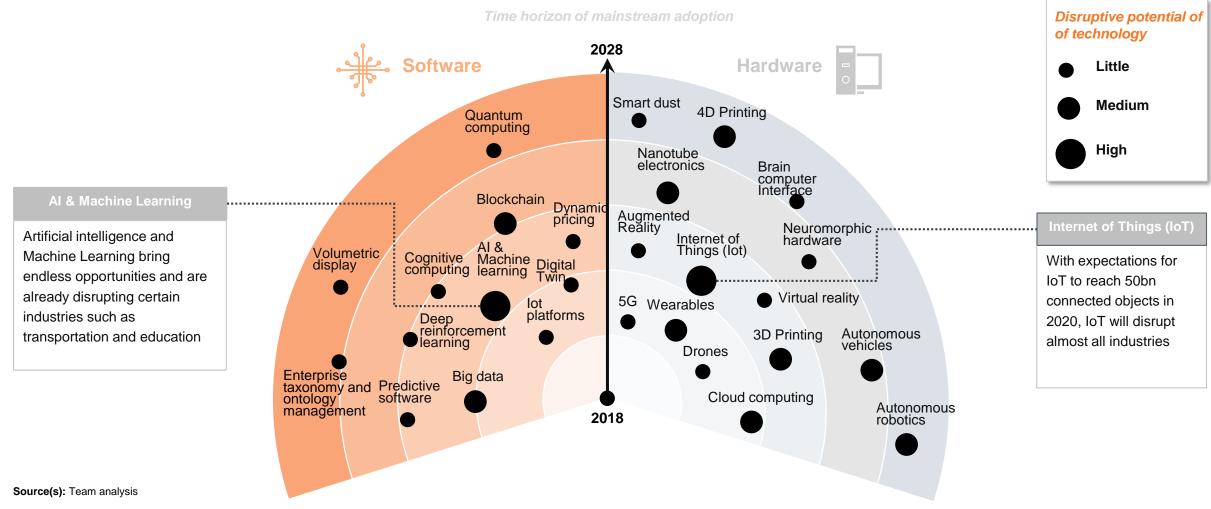
Source(s): Gartner Hype Cycle



Technologies have been assessed based on there time horizon and disruptiveness potential



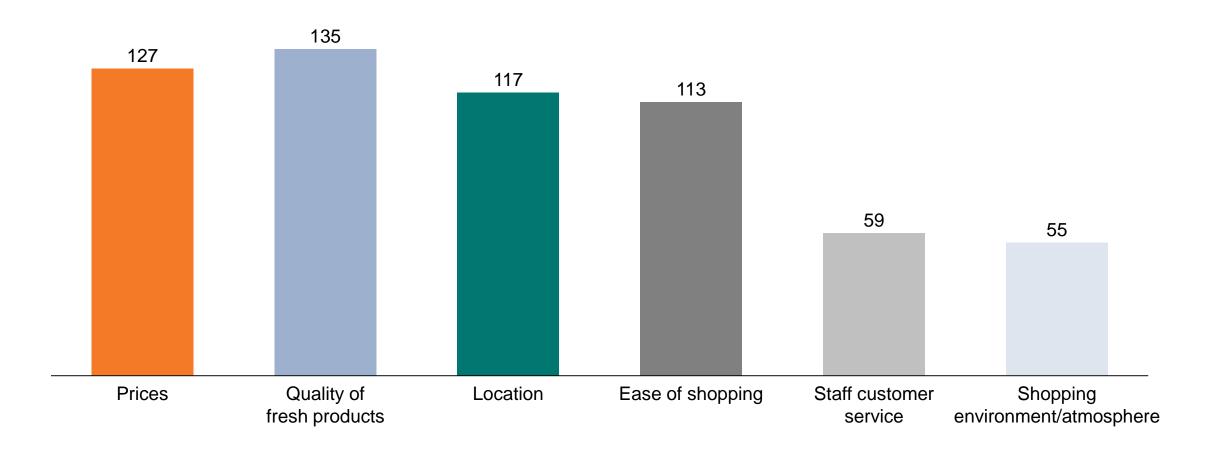
Technological radar



Preferred grocery attributes



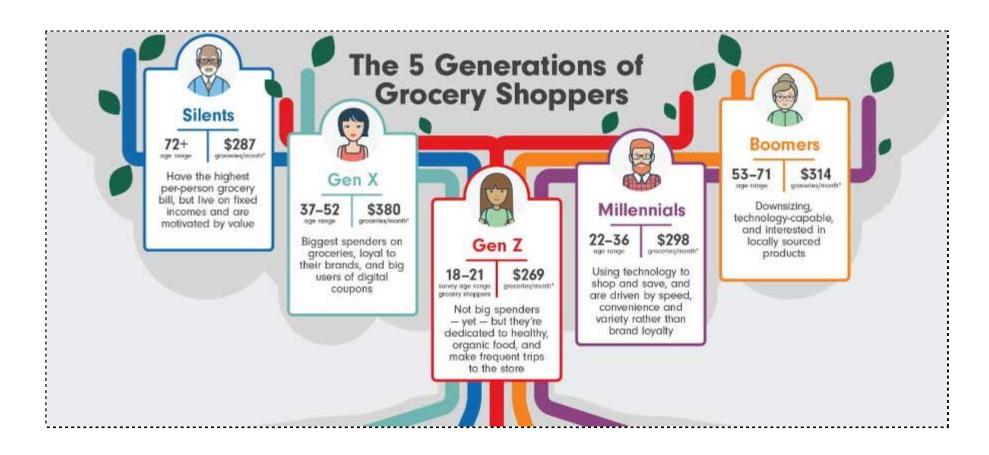
500 consumers' preferred attributes



Generations of shoppers and tech savviness



Millennials is the most tech savy group of shoppers and a



Source: Food Enginering, Team Analysis



Amazon value offerings



Offerings to three different segments



Within 5 years, you will be able to have reach of 56.3m people

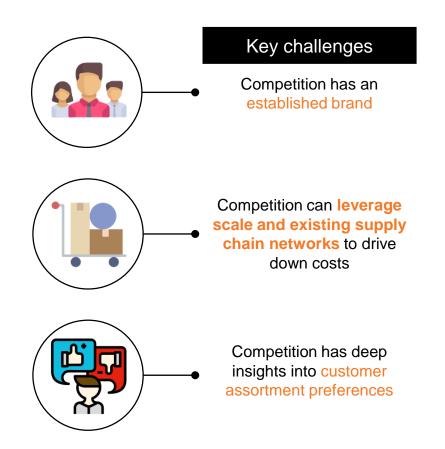


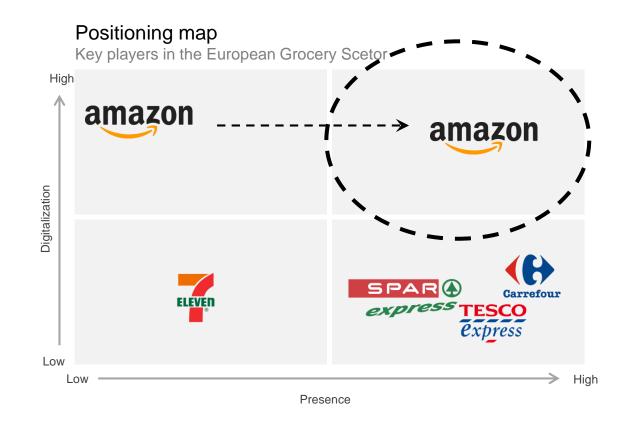


Although there is much competition, Amazon can utilize digitization to differentiate itself



Competitive landscape







The effects of Marketing







Of European Millennials are intrigued by Provocative marketing

60%

Responded positively to the provocative marketing campaigns of Patagonia

54%

Added benefits of word of mouth

52⁰/₀

Of online and Offline purchases are influenced by SoMe Marketing

35%

Purchase content they have seen advertised on Instagram

Fstatista: Effect of Mareting on retail products

Case Study: Ali Baba's Hema Stores



Proof of Concept

We believe the future of New Retail will be a harmonious integration of online and offline, and Hema is a prime example of this evolution that's taking place

- Daniel Zhang, CEO of Ali Baba Group

Supermarket Restaurant **Fulfillment Center**

87 Stores in China



KEY CHARACTERISTICS



Digitized Aisles and Barcodes



Scan for Information And Food Tracking



Fulfillment Center

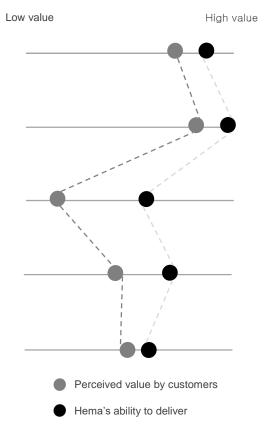


Cook your groceries

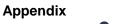


Restaurant (with Robots)

VALUE FOR CUSTOMER







Extensive list of pros and cons



Licensing

Pros

- Strengthen relationships and reinforce a company's value with its existing customers and others
- Facilitate penetration into new markets and distribution channels that may have been inaccessible (without an increase in capital expenditures or ongoing expenses)
- Allow a business to rely on the expertise, capacity and skill of a licensee to commercialize IP, which is especially valuable when a company
 lacks the infrastructure, financial resources and know-how to bring a product to market independently;
- Provide access to improvements a licensee made to its licensed technology without the related research and development costs (i.e., through "grant-back" clauses in licenses)
- Provide a company with access to new technology or neutralize blocking technology through cross-licensing;
- Give a business some control over the technical standards set by national and international standard-setting organizations, which typically
 require that patentees grant licenses for technology adopted in the standard-setting framework under fair, reasonable and nondiscriminatory
 terms, or that the license be royalty-free
- Enhance the company's brand recognition in new markets
- Convert an infringer or competitor into a collaborator by avoiding or settling IP litigation, and reduce the risks of future litigation or licensing demands.



Extensive list of pros and cons



Licensing

Cons

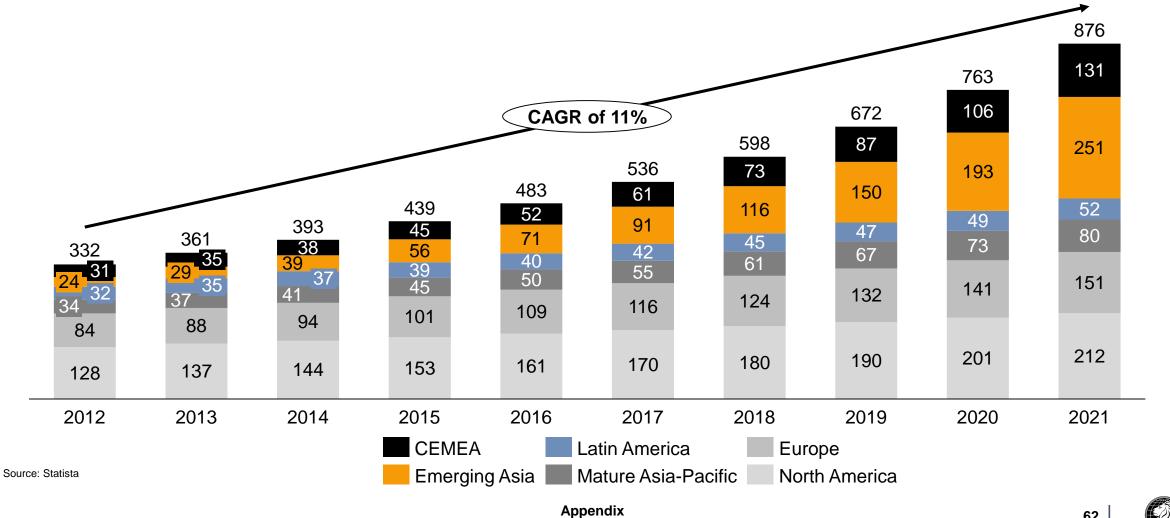
- Creating a Competitor. A significant downside to outbound licensing is that a licensee could become a competitor. For example, a licensee may have a more effective go-to-market strategy than the licensor, or customers may prefer the licensee's product. The ultimate effect of creating a competitor is that the licensor may make less in royalties than it foregoes in lost sales to the licensee or, even worse, that the licensor yields market share to the licensee.
- **Depending on a Lousy Licensee.** A licensor may have to rely on the skill, ability and know-how of a licensee to fulfill its revenue goals, such as where the licensor grants an exclusive license and its only source of revenue is royalties generated by the licensee. When a licensee is inept, the licensor could fail to recover its investment in technology or lose a potentially profitable market opportunity it could have exploited itself.
- Exploitation of the Licensed Technology. A licensee may attempt to exploit a licensor's IP once statutory rights have expired (such as for patents) or upon termination of the license if the agreement does not include terms preventing such abuse.
- Loss of Control Over Technology. Licensors have to surrender control over their technology to licensees and in doing so, can lose some degree of control over their IP. This concern is most prevalent when a licensee is based overseas in a remote region.
- **Diminution in the Value.** Businesses that license out trademarks must invest resources in quality control measures to ensure that the licensee's use is compatible with brand standards and maintains the quality of the licensed products and technology.
- Litigation Risks. Several different litigation risks arise when a company licenses out technology. For instance, if license negotiations break down, a licensee may commence legal action in court or through an administrative agency to invalidate the IP in question.



Number of non-cash transactions worldwide



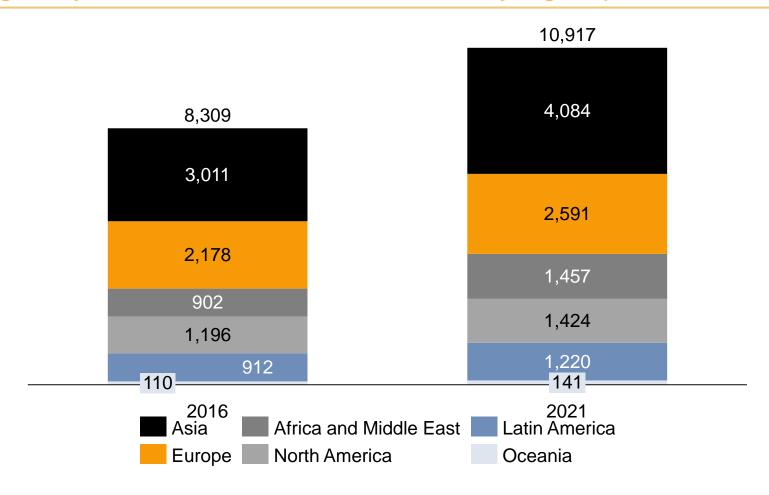
Non-cash transactions split into regions in billions of USD



Global grocery retail sales 2016-2021 by region



Sales value of grocery retail worldwide in 2016 and 2021, by region (in billion U.S. dollars)





Pro Forma Income Statement

amazon go

P&L Amazon Go treated as stand-alone business

JSDm	2019E	2020E	2021E	2022E	2023E	2024E	Assumptions
Revenue							
Status quo (current stores)	18	18	18	18	18	18	
Initative #1	-	20	176	513	913	1,343	
Initative #2	-	3,667	7,329	10,991	13,432	14,652	
Total revenue	18	3,705	7,523	11,522	14,363	16,013	
roduction cost			·	·	·		
Other production costs	11.0	2213.0	3982.0	5892.0	6829.0	6983.0	
iross profit	7.41	1491.70	3540.82	5629.58	7534.20	9030.48	
M, %	40%	40%	47%	49%	52%	56%	SG&A post
GG&A							Rent
Marketing	1	1	5	10	22	30	
Rent & utilities	9	770	1681	2735	3560	4160	Salaries
Total SG&A	9	771	1686	2745	3582	4190	
							R&D post
R&D							Research
Investments in tech dev.	2	3	3	7	15	25	
Total R&D	2.00	3.00	3.00	7.00	15	25	
BITDA	-4	717	1851	2878	3937	4815	
EBITDA%	-21%	19%	25%	25%	27%	30%	
Depreciation							
Depreciation of tech	0	108	113	117	81	46	
BIT	-4	609	1739	2761	3857	4769	
BIT%	-21%	16%	23%	24%	27%	30%	Interest
							0.5% of revenue
Interest expense							
nterest expense	0	19	38	58	72	80	
nterest	0	19	38	58	72	80	
BT	-4	591	1701	2703	3785	4689	
	7	391	1/01	2703	3703	7009	US. Tax
							21%
ax	-1	124	357	568	795	985	21 /0
Profits after tax	-3.1	466.8	1343.8	2135.5	2990.0	3704.5	
	-17%	13%	18%	19%	21%	23%	

amazon go

Expenditures 1: assumptions

	European Amazon Go Stores in capital cities								
Assumptions	Madrid		Rome		London		Berlin		
Average size of store (ft)		5,000		4,000	1	6,000		8,000 -	
Cost per ft	\$	400	\$	700	\$	1,450	\$	800 -	
Cost of implementing technology	\$	1,000,000	\$	1,000,000	\$	1,000,000	\$	1,000,000 -	
Rent per store per year	\$	2,000,000	\$	2,800,000	\$	8,700,000	\$	6,400,000	
Cities	Madrid		Rome		London		Berlin		
Cost per store, fixed	\$	3,000,000	\$	3,800,000	\$	9,700,000	\$	7,400,000 -	

	European Amazon Go Stores outside capital cities								
Assumptions	Spain	Italy	England	Germany	Others				
Average size of store (ft)		5,000	4,000	6,000	8,000	3,500			
Cost per ft	\$	200 \$	400 \$	700 \$	500 \$	200			
Cost of implementing technology	\$	1,000,000 \$	1,000,000 \$	1,000,000 \$	1,000,000 \$	1,000,000			
Rent per store per year	\$	1,000,000 \$	1,600,000 \$	4,200,000 \$	4,000,000 \$	700,000			
Cities	Spain	Italy	England	Germany	Others				
Cost per store, fixed	\$	2,000,000 \$	2,600,000 \$	5,200,000 \$	5,000,000 \$	1,700,000			



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Expenditures 2: number of stores

Assumptions	Total	Stores in Capital cities	Stores outs	ide capital cities
Stores in 2019		0	0	0
Accumulated stores in 2020		4	4	0
Accumulated stores in 2021		36	36	0
Accumulated stores in 2022		105	90	15
Accumulated stores in 2023		187	142	45
Accumulated stores in 2024		275	200	75

Stores in Capital cities	Total	Madrid	Rome	London	Berlin	
Stores in 2019		0	0	0	0	0
Accumulated stores in 2020		4	1	1	1	1
Accumulated stores in 2021		36	9	9	9	9
Accumulated stores in 2022		90	23	23	23	23
Accumulated stores in 2023		142	36	36	36	36
Accumulated stores in 2024		200	50	50	50	50

Stores in Outside capital cities	Total	Spain	Italy	England	Germany	Others	
Stores in 2019		0	0	0	0	0	0
Accumulated stores in 2020		0	0	0	0	0	0
Accumulated stores in 2021		0	0	0	0	0	0
Accumulated stores in 2022		15	6	2	3	2	2
Accumulated stores in 2023		45	14	7	9	6	9
Accumulated stores in 2024		75	21	11	14	10	19



Capex and Opex: European expansion

CAPEX & OPEX		Capital cities; rent	Capital c	ities; tech	Capital	cities; total
	2019	\$	- \$	-	\$	-
	2020	\$ 19,900,0	000 \$	4,000,000	\$	23,900,000
	2021	\$ 179,100,0	000 \$	32,000,000	\$	211,100,000
	2022	\$ 447,750,0	000 \$	54,000,000	\$	501,750,000
	2023	\$ 706,450,0	000 \$	52,000,000	\$	758,450,000
	2024	\$ 995,000,0	000 \$	58,000,000	\$	1,053,000,000

CAPEX & OPEX	Capital cities	s; rent	Capital cities; tech		Capital cities; tota	1
2019	\$	-	\$	-	\$	-
2020	\$	-	\$	1,000,000	\$	1,000,000
2021	\$	-	\$	8,000,000	\$	8,000,000
2022	\$	31,200,000	\$	13,500,000	\$	44,700,000
2023	\$	93,300,000	\$	13,000,000	\$	106,300,000
2024	\$	150,700,000	\$	14,500,000	\$	165,200,000

Accumulated Opex	2019	2020	2021	2022	2023	2024
Rent		19,900,000	179,100,000	478,950,000	799,750,000	1,145,700,000
Other operating expenditures		250,000	2,250,000	6,016,960	10,047,111	14,393,216
Total	\$	20,150,000 \$	181,350,000 \$	484,966,960 \$	809,797,111 \$	1,160,093,216

Accumulated Capex	2019	2020	2021	2022	2023	2024	
Implementing technology			5,000,000	40,000,000	67,500,000	65,000,000	72,500,000
Total		\$	5,000,000 \$	40,000,000 \$	67,500,000 \$	65,000,000 \$	72,500,000



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Capex and opex: US expansion

Accumulated Opex, existing	2019	2020	2021	2022	2023	2024	Assumptions	US	
Rent		1,575,000,000	3,150,000,000	4,725,000,000	5,775,000,000	6,300,000,000	Average size of store (ft)		7,000
Other operating expenditures		250,000					Cost per ft	\$	300
							Cost of implementing technology	\$	1,000,000
Total	\$	1,575,250,000 \$	3,150,000,000 \$	4,725,000,000 \$	5,775,000,000 \$	6,300,000,000	Rent per store per year	\$	2,100,000

Accumulated Capex	2019	2020	2021	2022	2023	2024	
Implementing technology			750,000,000	750,000,000	1,500,000,000	1,250,000,000	1,750,000,000
Total		\$	750,000,000 \$	750,000,000 \$	1,500,000,000 \$	1,250,000,000 \$	1,750,000,000



Revenues from intended US and UK expansion



Incremental revenue

Incremental revenues

Assumptions	
Opening hours per day	10
Opening days a year	279
Average spent per customer per visit	\$ 25
Average daily customers	700
New US Stores	3,000
UK Stores	1
Revenues per store, per year	\$ 4,882,500
US Stores revenues	\$ 14,647,500,000
UK Store revenue	\$ 4,882,500

Revenues	2019	2020	2021	2022	2023	2024	
UK stores			4,882,500	4,882,500	4,882,500	4,882,500	4,882,500
US store			3,661,875,000	7,323,750,000	10,985,625,000	13,426,875,000	14,647,500,000
Total		0 \$	3,666,757,500 \$	7,328,632,500 \$	10,990,507,500 \$	13,431,757,500 \$	14,652,382,500



Revenues from proposed European expansion



Incremental revenue

Incremental revenues

Assumptions		Assumptions	Total
Opening hours per day	10	Stores in 2019	0
Opening days a year	279	Accumulated stores in 2020	4
Average spent per customer per visit	\$ 30	Accumulated stores in 2021	36
Average daily customers	800	Accumulated stores in 2022	105
		Accumulated stores in 2023	187
		Accumulated stores in 2024	275

Revenues	2019 20	20 20	21 20	22 20	23 2	2024
European stores		19,530,000	175,770,000	512,662,500	913,027,500	1,342,687,500
Total	0 \$	19,530,000 \$	175,770,000 \$	512,662,500 \$	913,027,500	\$ 1,342,687,500



Revenues from existing stores



Revenue

Incremental revenues

Assumptions	
Opening hours per day	10
Opening days a year	279
Average spent per customer per visit	\$ 10
Average daily customers	600
Existing stores in US	11

Revenues	2019	2020	2021	2022	2023	2024	
Existing stores		18,414,000	18,414,000	18,414,000	18,414,000	18,414,000	18,414,000
Total	\$ 18,4	14,000 \$	18,414,000 \$	18,414,000 \$	18,414,000 \$	18,414,000 \$	18,414,000



Depreciation breakdown Straight-line depreciation



Assuming 7 years of lifetime

Depreciation of tech	2019	2020	2021	2022	2023	2024	
Depreciated tech		0	107,857,143	112,857,143	116,785,714	80,714,286	46,071,429
Non-depreciated tech		0	647,142,857	677,142,857	700,714,286	484,285,714	276,428,571



Accumulated customer break-down



Incremental increase in customer base

Number of customers	
Assumption	1
Number of new customers per store annually,	600
Number of new customers per store annually,	2,500

Stores	2019	2020	2	021 2	2022 2	2023	024
New European stores, expansion		0	4	32	73	114	161
Intial UK Store		1	0	0	0	0	0
New US stores, expansion		0	750	750	750	500	250
Number of customers		600	460,000	530,000	632,500	585,000	552,500

Customers	2019	2020	2021	2022	2023	2024	
New European stores, expansion		0	10000	80000	182500	285000	402500
			10000	90000	272500	557500	960000
Intial UK Store		600	0	0	0	0	0
New US stores, expansion		0	450000	450000	450000	300000	150000
			450600	900600	1350600	1650600	1800600
Number of customers		600	470,000	620,000	905,000	1,142,500	1,512,500

Project Net Present Value

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Cash Flow Analysis

Cash Flow Analysis

Casii i low Allalysis							
Operating (Cash flow USD						
Year		2019	2020	2021	2022	2023	2024
Operating cash flow		(3,063,675)	466,827,471	1,343,786,267	2,135,546,491	2,990,048,571	3,704,509,029
Depreciation		0	107,857,143	112,857,143	116,785,714	80,714,286	46,071,429
Operating cash flow		(3,063,675)	574,684,614	1,456,643,410	2,252,332,205	3,070,762,857	3,750,580,457
Cash flows, USD			Perpetual Growth	5.00%		WACC	12.34%
Year		2019	2020	2021	2022	2023	2024
Operating Cash Flow		(3,063,675)	574,684,614	1,456,643,410	2,252,332,205	3,070,762,857	3,750,580,457
CAPEX		1,000,000,000	754,000,000	782,000,000	823,000,000	614,000,000	411,000,000
Change in NWC			0	0	0	0	0
FCF		(1,003,063,675)	(179,315,386)	674,643,410	1,429,332,205	2,456,762,857	3,339,580,457
PV		(1,003,063,675)	(179,315,386)	674,643,410	1,429,332,205	2,456,762,857	3,339,580,457
	NDV	46 021 142 717				Torminal value	20 202 202 840



Capital requirement



Breakdown of capital expenditures

Number of new stores				
2020	2021	2022	2023	2024
754	1,536	2,355	2,937	3,275
CAPEX	\$1m per store			
2020	2021	2022	2023	2024
754,000,000	1,536,000,000	2,355,000,000	2,937,000,000	3,275,000,000

Assumptions

Assuming other CAPEX are irrelevant



Growth in Subscriptions

Incremental customer growth



