“What else?”
- Jeff Bezos
"What next?"

- Jeff Bezos
Disrupting the global grocery retail market

The Wolves of Case Street

Therese Dines  Michael Wachtell  Mikkel Duedal  Jonas Faarup
The grocery retail market is growing…

Market size & growth

The total value of global grocery retail is set to grow…

USD bn.

2016 8,309
2017 10,917

+6% CAGR of 11%

USD bn.

2018 598
2019 672
2020 763
2021 876

... as are the number of cash-less transactions

Source: Statista, Team Analysis
… 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
Amazon has invented Amazon Go to disrupt the grocery retail market and meet consumer demands.

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 successful launch of 10 stores.

**Amazon Go Stores**

**Situation**: Amazon Go has been rolled out in the US with a successful launch of 10 stores.

**Analysis**: Amazon Go has been rolled out in the US with a successful launch of 10 stores.

**Solution**: Amazon Go has been rolled out in the US with a successful launch of 10 stores.

**Implementation**: Amazon Go has been rolled out in the US with a successful launch of 10 stores.

**Impact**: Amazon Go has been rolled out in the US with a successful launch of 10 stores.

**Risk**: Amazon Go has been rolled out in the US with a successful launch of 10 stores.

**4 Stores in Seattle**

**4 Stores in Chicago**

**2 Stores in San Francisco**
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**

1. **Launch Amazon Go Stores**
   - Roll-out of Amazon Go innovation by launching Amazon Go Stores around the world

2. **Partner with global retailers**
   - Roll-out of Amazon Go innovation by utilizing partnerships with major retailers around the world

3. **Sell Amazon Go Technology**
   - Roll-out of Amazon Go innovation by selling Amazon Go technology to retailers
Firstly, Amazon could launch own Amazon Go Stores globally

**Strategy #1**

### What

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

### How

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

---

Amazon presence

No Amazon presence
A second strategy is to partner with global retailers

2 Strategy #2

**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

- Amazon presence
- No Amazon presence
Thirdly, Amazon could sell its Amazon Go technology and expand reach of its innovations

### Strategy #3

<table>
<thead>
<tr>
<th>What</th>
<th>Global fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Amazon Go innovation sold to other grocery retailers</td>
<td></td>
</tr>
<tr>
<td>- NOT Branded as “Amazon Go”</td>
<td></td>
</tr>
<tr>
<td>- Access to all global markets</td>
<td></td>
</tr>
</tbody>
</table>

### How

- Sell to regional market leaders within grocery retail
The different strategies each have different pros and cons

Pros & Cons

**Situation**

**Analysis**

**Solution**

**Implementation**

**Impact**

**Risk**

---

1. **Launch Amazon Go Stores**
   - **Pros**
     - Consumer data
     - Aligns with Amazon retail strategy
     - Synergies with Amazon
   - **Cons**
     - High investments required
     - Retail is a low margin industry
     - Less swift global expansion

2. **Global Partnerships**
   - **Pros**
     - Utilize partner’s capabilities
     - Utilize partner’s network & stores
     - Shared investment costs
   - **Cons**
     - Loss of control
     - Shared profits
     - Less synergies with Amazon

3. **Sell Amazon Go Technology**
   - **Pros**
     - Low capital requirements
     - Quick scalability
     - Lower risks
   - **Cons**
     - No synergies with Amazon business
     - Less value chain control
     - Less D2C brand value for Amazon
We recommend that you roll out your own Amazon Go stores globally

**Assessment of Strategies**

<table>
<thead>
<tr>
<th>Financial Impact</th>
<th>Fit with Amazon</th>
<th>Long-term benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opex &amp; Capex requirements</td>
<td>Profitability margins</td>
<td>Capability</td>
</tr>
<tr>
<td><img src="image1" alt="Low" /></td>
<td><img src="image2" alt="Low" /></td>
<td><img src="image3" alt="Low" /></td>
</tr>
<tr>
<td><img src="image1" alt="High" /></td>
<td><img src="image2" alt="High" /></td>
<td><img src="image3" alt="High" /></td>
</tr>
</tbody>
</table>

**Launch Amazon Go Stores**
- Profitability margins: Low
- Capability: Low
- Pace of global expansion: Low
- Consumer data and contact: Low
- Brand Effects: Low
- Risk of implementing strategy: Low

**Global Partnerships**
- Profitability margins: Low
- Capability: Low
- Pace of global expansion: Low
- Consumer data and contact: Low
- Brand Effects: Low
- Risk of implementing strategy: Low

**Sell Amazon Go Technology**
- Profitability margins: Low
- Capability: Low
- Pace of global expansion: Low
- Consumer data and contact: Low
- Brand Effects: Low
- Risk of implementing strategy: Low

**Situation**

**Analysis**

**Solution**

**Implementation**

**Impact**

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

Assessment of Strategies

<table>
<thead>
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<tr>
<td>Opex &amp; Capex requirements</td>
<td>Profitability margins</td>
<td>Capability</td>
</tr>
</tbody>
</table>

Launch Amazon Go Stores

- Expensive and high commitment strategy
- Strong strategic alignment and synergies with Amazon strategy

Global Partnerships

- Low Opex & Capex requirements
- Moderate capability
- Moderate fit with strategy
- Moderate pace of global expansion
- Moderate consumer data and contact
- Moderate brand effects
- High risk of implementing strategy

Sell Amazon Go Technology

- Moderate Opex & Capex requirements
- High capability
- High fit with strategy
- Moderate pace of global expansion
- High consumer data and contact
- High brand effects
- Low risk of implementing strategy
Conquer Europe by expanding into UK, Germany, Spain, and Italy

Expand

Target Generation X & Y in the capital cities

Target

Integrate channels and offerings into multi-channel solution

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

Target Generation X & Y in the capital cities

1. Expand

2. Target

3. Integrate

Integrate channels and offerings into multi-channel solution

- Integrate with Amazon Fresh
- Enhance food and grocery with shoppers
- Allow customers to pick up
- Examples of how.

Demographics: 18-50 years old, Male/Female, Urban, Educated, Looking for Innovation, Tech-savvy
Europe and APAC are the most attractive markets to expand Amazon Go globally beyond the US

Regional assessment

<table>
<thead>
<tr>
<th>Region</th>
<th>Amazon Presence</th>
<th>Tech Savviness</th>
<th>Market size</th>
<th>Market growth</th>
<th>Competition</th>
<th>Automation advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amazon Presence</td>
<td>% of population with internet access</td>
<td>Retail Market Size in BN USD</td>
<td>% Growth in Retail Market by year 2023</td>
<td>Presence of Tech in Grocery stores</td>
<td>Average labor costs</td>
</tr>
<tr>
<td>North America</td>
<td>Low</td>
<td>High</td>
<td>78</td>
<td>12</td>
<td>19</td>
<td>Low</td>
</tr>
<tr>
<td>Europe</td>
<td>Low</td>
<td>High</td>
<td>76</td>
<td>22</td>
<td>19</td>
<td>Low</td>
</tr>
<tr>
<td>APAC</td>
<td>Low</td>
<td>High</td>
<td>81</td>
<td>30</td>
<td>36</td>
<td>Low</td>
</tr>
<tr>
<td>Latin America</td>
<td>Low</td>
<td>High</td>
<td>57</td>
<td>9</td>
<td>34</td>
<td>Low</td>
</tr>
<tr>
<td>ROW</td>
<td>Low</td>
<td>High</td>
<td>45</td>
<td>10</td>
<td>45</td>
<td>Low</td>
</tr>
</tbody>
</table>

Sources: Amazon Report, Digital Adoption Index World Bank¹, Statista², OECD Data³
Of the two, Europe is the most attractive market to commence the Amazon Go global expansion.

**Assessment of APAC and Europe**

<table>
<thead>
<tr>
<th>Why not APAC?</th>
<th>Why Europe?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Amazon presence</td>
<td>Strong Amazon presence</td>
</tr>
<tr>
<td>Unstable political landscape</td>
<td>Easily scalable</td>
</tr>
<tr>
<td>Low automation advantage</td>
<td>High labor costs makes Amazon Go feasible</td>
</tr>
<tr>
<td>Heavy tech retail competition</td>
<td>Sophisticated consumers</td>
</tr>
</tbody>
</table>

**Key challenge:**
Low scalability, heavy reliance on partners, & competitive market

**Key challenge:**
Saturated market with heavy competition
Within Europe, UK, Spain, Germany and Italy are the most lucrative markets

Where to play

Prioritization Map for Pilot Launch
Bubble represents Population

High

Market Attractiveness

Low

Low

Ability to Win

High

UK

Italy

Spain

France

Germany

Holland

Denmark

Luxembourg

MARKET ATTRACTIVENESS

- Size
- Brand Loyalty
- Customer Trends
- Tech savviness

ABILITY TO COMPETE

- Amazon market share
- Amazon Infrastructure
- Competitive scene

Sources: Amazon website; Case Material; Team analysis; Deloitte European Grocery Retail study; IRI European Shopper Insights report
Amazon’s supply chain is well-positioned strategically to launch Amazon Go in European Capital Cities

Analysis of Amazon’s EU Supply Chain

**Fulfillment centers in the UK**
- Fulfilment Centers: 22
- Delivery Stations: 45
- Prime Hubs: 12

**Fulfillment centers in Italy**
- Fulfilment Centers: 5
- Prime Now Hubs: 4
- Delivery Stations: 10

**Fulfillment centers in Spain**
- Fulfilment Centers: 7
- Prime Now Hubs: 4
- Delivery Stations: 10

**Fulfillment centers in Germany**
- Fulfilment Centers: 21
- Delivery Stations: 5
- Prime Hubs: 4

Sources: MWPPL Analysis of Amazon’s global fulfillment center networks
Leveraging its supply chain network, Amazon can open stores in busy areas capitalizing on busy life styles

Implementation locations

London, Oxford Street
Berlin, Ku’damm
Rome, Via Del Corso
Madrid, Gran Via

Consumer trends in
Ideal Areas
Launch Amazon Go in capital cities in busy areas
Ideal street locations
London, Oxford Street
Berlin, Ku’damm
Madrid, Gran Via
Rome, Via Del Corso
The Amazon Go stores will be spread across Europe within the next five years.

European expansion strategy

Stores expansion (per year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0</td>
</tr>
<tr>
<td>2020</td>
<td>4</td>
</tr>
<tr>
<td>2021</td>
<td>32</td>
</tr>
<tr>
<td>2022</td>
<td>69</td>
</tr>
<tr>
<td>2023</td>
<td>82</td>
</tr>
<tr>
<td>2024</td>
<td>88</td>
</tr>
</tbody>
</table>

Expansion strategy

- Expand to rest of Europe
- Expand to adjacent countries
- Expand in remaining country
- Expand in capital cities
- Entry in capital cities
- Development phase
Conquer Europe by expanding into UK, Germany, Spain, and Italy.

1. Expand

2. Target

   - Target Generation X & Y in the capital cities

3. Integrate

   - Integrate channels and offerings into multi-channel solution

- Expand into UK, Germany, Spain, and Italy
- Integrate channels and offerings into a multi-channel solution
Currently, European grocery retailers are not catering to demands of Gen Y & X consumers…

**Customer Analysis**

**Anna:** 24 y.o. from Berlin

- **Is it a convenient process?**
  - 88% of shoppers want more convenience when they shop

- **Is the purchase exciting?**
  - 65% of Millennials want to spend on experiences

- **Can I utilize digital payment methods?**
  - 72% of Millennials want the opportunity to pay with their phone

**Consumer trend**

**Situation in Europe**

**Solution**

- **Limited** Convenience options at major competitors
- **Limited** Retail innovation at major competitors
- **Limited** Payment methods in-store

**Implementation**

**Impact**

- Limited

**Risk**

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

How to Win in the European Market

KEY BUYING CRITERIA
- Ease of experience
- Wide assortments (alternatives)
- Food tracking
- Specialized assortment (health)
- Quick in-and-out

VALUE FOR CUSTOMER

<table>
<thead>
<tr>
<th>Low value</th>
<th>High value</th>
</tr>
</thead>
<tbody>
<tr>
<td>✠ Perceived value by customers</td>
<td></td>
</tr>
<tr>
<td>✺ Competitors’ ability to deliver</td>
<td></td>
</tr>
</tbody>
</table>

TAKEAWAYS

1. No key player has the value proposition of Amazon Go
2. Due to rising health and convenience trends, Amazon Go can tailor its assortment
3. Position as convenience store with focus on health in accordance to European standards
Amazon Go will be able to out-compete competition through better quality, assortment, and convenience...

Assessment of convenience stores

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Price</th>
<th>Quality</th>
<th>Assortment</th>
<th>Convenience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrefour</td>
<td>France</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>7-Eleven</td>
<td>UK</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Tesco Express</td>
<td>Germany</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Spar Express</td>
<td>Italy</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>mini-markets</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Source: IRI European Shopper Insights report; Deloitte European Grocery Retail study; Team analysis

Key Take Away:
Each country has different preferences in terms of quality, assortment, and convenience.
.... 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:**

<table>
<thead>
<tr>
<th>Country</th>
<th>% value of convenience</th>
<th>% value of wide range of products</th>
<th>% value of Range to supermarket</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>71%</td>
<td>61%</td>
<td>59%</td>
</tr>
<tr>
<td>Italy</td>
<td>71%</td>
<td>47%</td>
<td>32%</td>
</tr>
<tr>
<td>Spain</td>
<td>34%</td>
<td>55%</td>
<td>34%</td>
</tr>
<tr>
<td>Germany</td>
<td>30%</td>
<td>70%</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Recommendation for store setup and assortment strategy:**

- **Smaller stores**
  - Wide assortment
  - Quick scale and implantation

- **Larger stores**
  - Specialized assortment
  - Slow scale and implantation

**Amazon Go stores should be tailored to local consumer preferences**

Sources: IRI European Shopper Insights report; Deloitte European Grocery Retail study; Team analysis
Amazon Go directly meets the demands of Gen Y and X by offering a connected and convenient experience

**Customer Journey**

- **Average time spent in Amazon Go:** 10 minutes
- **Notification:** Anna: Save 10% on Lemons! Only today
- **Notification:** Remember to pick up your package in the store
- **Minutes spent at drinks section:** 4 minutes
  **Total minutes spent:** 10

**Impact:**
- Customer notification
  - Based on Amazon Prime orderings Data Analytics can send notifications

**Customer data**
Amazon should brand Amazon Go as the final piece to multi-channel integration to extend from its current offerings

**Customer Acquisition**

**STRONGER CUSTOMER EXPERIENCE**

**IMPROVE REVENUE STREAMS**

**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**

1. **Create transparency between Amazon’s value propositions**
2. **Leverage Amazon Prime and SoMe Presence**
3. **Push Amazon Go through provocative marketing**

---

Statista Social Media EU 2018

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

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

---

**Case study**

- 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
Expand

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

Target

Target Generation X & Y in the capital cities

1

2

3

Integrate

Integrate channels and offerings into multi-channel solution

18-50 years old

Male/Female

Urban

Educated

Looking for Innovation

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

Value chain expansion

<table>
<thead>
<tr>
<th>Adjacent services</th>
<th>Started w/ own website</th>
<th>Move into core logistics services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-sales process</td>
<td>Online marketing and CRM</td>
<td>Line haul</td>
</tr>
<tr>
<td>Online payment</td>
<td>Market place or website</td>
<td>Ware housing/order prep.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Delivery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Return management</td>
</tr>
</tbody>
</table>

New adjacent services … … additionally bold moves to build up logistics capabilities

- **3rd party sales on Amazon website**
- **Off-the-shelf E-Commerce website**
- **Checkout and payment for e-tailers**

- **3rd party sales on Amazon website**
- **Off-the-shelf E-Commerce website**
- **Checkout and payment for e-tailers**

- **5th party sales on Amazon website**
- **Off-the-shelf E-Commerce website**
- **Checkout and payment for e-tailers**

- **Investment in logistics center, e.g., 100K new jobs planned in the US**
- **Growing truck/trailer fleet and last mile operations, e.g., locker service & delivery**
- **FMC license to operate as ocean freight forwarder in the US (asset-free)**
- **Building "Uber for trucking" app to match shippers with truck drivers**

- **Planning own $1.5B air hub operating ~ 40 planes**
- **First Prime Air drone delivery in December, 2016**
- **Amazon Now delivery in 1h and Flex delivery by freelancers**
- **Patent for underground transport of goods using vacuum pipes**
... which has enabled a full presence in the value chain for Amazon

Value chain presence

Online value chain

- Warehousing
- Online platform
- Logistics
- Pick-up

Offline value chain

- Retail
- Logistics
- Warehousing
Amazon currently has a range of brands in Europe

Offerings in Europe by Amazon

<table>
<thead>
<tr>
<th>Description</th>
<th>Synergies</th>
<th>Usage for Amazon Go</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AmazonFresh</strong></td>
<td>✔️</td>
<td>• AmazonFresh can be used for grocery delivery for stores in Europe.</td>
</tr>
<tr>
<td><strong>Virtual assistant capable of e.g. voice interaction and controlling smart devices</strong></td>
<td>✔️</td>
<td>• Alexa can be used for store navigation in Amazon Go.</td>
</tr>
<tr>
<td><strong>Amazon Prime</strong></td>
<td>✔️</td>
<td>• AmazonPrime is to create traction by granting users discounts in the stores</td>
</tr>
<tr>
<td><strong>Whole Foods Market</strong></td>
<td>✔️</td>
<td>• Costs of logistics and supply chain management can be reduced by owning Whole Foods</td>
</tr>
<tr>
<td><strong>Best selling private label brand under Amazon</strong></td>
<td>❌</td>
<td>• No substantial synergy-effects</td>
</tr>
</tbody>
</table>

**Situation**

**Analysis**

**Solution**

**Implementation**

**Impact**

**Risk**
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 years old
- Male/female
- Urban
- Educated
- Looking for Innovation
- Tech-savvy

Pairing four megatrends within grocery retail with these consumer characteristics suggests one direction:

- 86% Use more than one channel to purchase groceries
- 74% Want personalized recommendations and offers

Customer demand vs Trend impact:

- Improved Maintenance
- Improved Customer Service
- Product Customization
- Social Shopping
- Analytics
- Digitization
- Sustainability
- Convenience
- Multi channel
- Intr.
... which can be utilized to offer integrated multi-channel retail solutions for customers

**Multi-channel solutions**

- Integration with Amazon Fresh
- Deliver food and grocery with drone
- Alexa can help answer questions
- Prime customers get 10% discounts

**Omnichannel:** Customers can pick-up orders

**Giving Amazon the answer to the ”what else?”**
This 360° multi-channel strategy enables Amazon to become an integrated part of customers’ lives

Customer satisfaction

Time

Morning

Go to work

Going from work

Evening

Anna: 24 y.o. from Berlin

Need

Amazon Service

Amazon Alexa

Order through Alexa

Thirsty for Coffee

Pick up package

Shopping

Customer Satisfaction

Low

High

Quick purchase – no morning line

Flexible and convenient pick up

Situation

Analysis

Solution

Implementation

Impact

Risk

Anna: 24 y.o. from Berlin

This 360° multi-channel strategy enables Amazon to become an integrated part of customers’ lives.
Amazon has three must-win battles to overcome in order to secure a successful strategy

Implementation plan and timeline

Legend
- Evaluation Point
- Implement action
- Execute pending prior success

1. Must-win Battle 1: Get traction for initial stores to prove attractiveness of concept
   - 2019: Conceptualize
   - 2020: Launch in Capital cities in UK, GE, SP & IT
   - 2021: Increase presence in initial markets and gradually scale out to rest of Europe
   - 2022: Update assortment and technology
   - 2023: Continue leveraging data to target segments
   - 2024: Build initial stores

2. Must-win Battle 2: Leverage analytics and data from existing presence in Europe
   - 2020: Launch in Capital cities in UK, GE, SP & IT
   - 2021: Increase presence in initial markets and gradually scale out to rest of Europe
   - 2022: Update assortment and technology
   - 2023: Continuously leverage data to offer target segments a convenient and comfortable shopping experience
   - 2024: Market Amazon as an integrated multi-channel customer experience

3. Must-win Battle: Customers are exposed to areas of the 360 degrees Amazon business model
   - 2021: Increase presence in initial markets and gradually scale out to rest of Europe
   - 2022: Update assortment and technology
   - 2023: Continuously leverage data to offer target segments a convenient and comfortable shopping experience
   - 2024: Market Amazon as an integrated multi-channel customer experience

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

Investment requirements

Key Assumptions

1. $1 million per new store
2. Technology investment is the only relevant capital expenditure to be considered
3. Only capex are considered
4. Initial investment of 1bn

Required overall investments amount to 4.4 bn USD with 1bn USD of initial investment.

- Technology investment is the only relevant capital expenditure to be considered.
- Only capex are considered.
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**Investment Requirements: $1 million per new store**

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- Technology investment is the only relevant capital expenditure to be considered.
- Only capex are considered.
- Initial investment of 1bn.
The initiatives will grant an NPV of 46.7 bn USD with an initial investment of 1 bn USD...

**Net Present Value**

### Key Assumptions

1. **7 year straight line depreciation**
2. **Discount rate (WACC) averaged at 12.34%**
3. **Perpetual growth at 5%**
4. **Funded equity primarily**

### Cost Drivers

1. **Initial investment of $1 bn**
2. **No change in NWC**
3. **Initial investment of $1bn**
4. **Ongoing Capex as required capital**

### Project NPV of 46.7 bn USD

<table>
<thead>
<tr>
<th>Year</th>
<th>TV</th>
<th>NPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>-1,002</td>
<td>50,000</td>
</tr>
<tr>
<td>2020</td>
<td>179</td>
<td>47,801</td>
</tr>
<tr>
<td>2021</td>
<td>679</td>
<td>45,122</td>
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<tr>
<td>2022</td>
<td>1,437</td>
<td>43,685</td>
</tr>
<tr>
<td>2023</td>
<td>2,474</td>
<td>42,211</td>
</tr>
<tr>
<td>2024</td>
<td>3,363</td>
<td>40,848</td>
</tr>
<tr>
<td>Total</td>
<td>39,582</td>
<td>46,711</td>
</tr>
</tbody>
</table>

**Expanding Amazon Go yields a Net Present Value of 46.7 bn USD**

**Funded equity primarily**

**Perpetual growth at 5%**

**7 year straight line depreciation**

**Discount rate (WACC) averaged at 12.34%**

**Initial investment of $1 bn**

**No change in NWC**

**Ongoing Capex as required capital**

The intiatives will grant an NPV of 46.7 bn USD with an initial investment of 1 bn USD...
... and yield incremental revenues of 53 bn USD by 2024 with prospects for scalable growth

**Key Assumptions**

1a. 700 average daily customers per store with $25 spent per customer
   - Stores are open 279 days a year
   - 7 line straight line depreciation

1b. Annual rent per store $3m in capital cities and $2m outside capital cities

1c. Initiative-specific Assumptions

**US Expansion**

- Around 750 new stores annually from 2020 toward 2024
- Ignores Synergy effects

**European Expansion**

- 276 stores in Europe by 2024
- 2,000 new customers per store

This yields incremental revenues of 53bn USD by 2024 with a growing bottom line.
Conquer Europe by expanding into UK, Germany, Spain, and Italy

Expand

Target

1. Expand

Target Generation X & Y in the capital cities

2. Target

Integrate

3. Integrate

Integrate channels and offerings into multi-channel solution

- Expand 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
  - European expansion 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
  - Multi-channel solution
  - Customer satisfaction

### Financial implications
- Implementation
- Investment requirements
- Net present value
- Incremental revenue

### Appendix

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Expand</th>
<th>Target</th>
<th>Integrate</th>
<th>Financial implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Amazon Go stores</td>
<td>Regional assessment</td>
<td>Current pain points</td>
<td>Value chain expansion</td>
<td>Implementation</td>
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<tr>
<td>Three global strategies</td>
<td>Why Europe?</td>
<td>How to win?</td>
<td>Value chain presence</td>
<td>Investment requirements</td>
</tr>
<tr>
<td>Strategy #1</td>
<td>Country assessment</td>
<td>Assessment of convenience stores</td>
<td>Offerings in Europe</td>
<td>Net present value</td>
</tr>
<tr>
<td>Strategy #2</td>
<td>Amazon’s European supply chain network</td>
<td>Consumer differences</td>
<td>Trends to leverage</td>
<td>Incremental revenue</td>
</tr>
<tr>
<td>Strategy #3</td>
<td>Capital city locations</td>
<td>Customer journey</td>
<td>Multi-channel solution</td>
<td></td>
</tr>
<tr>
<td>Pros &amp; Cons</td>
<td>European expansion strategy</td>
<td>Customer acquisition</td>
<td>Customer satisfaction</td>
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<tr>
<td>Strategy assessment</td>
<td></td>
<td>Marketing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Risk assessment
- Future store formats
- Customer segment assessment
- Amazon Go – Missing piece
- Digitization stages
- Digital capabilities
- 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 expansion
- 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 Scenarios**

1. Grab-and—Go technology is not being entirely trusted by European customers.
2. Product assortment and value proposition not attractive for European consumers.
3. European market is large but maturing and customers might not want to change their habits.

**Heat map**

- **Critical risk line**
  - **High**
  - **Low**

- **Probability**
  - **Low**
  - **High**
  - **Impact**

**Risk mitigation initiatives**

1. Leverage brand name and existing presence in Europe to convince European audience.
2. Extensive market surveys and adaptational analysis through available data.
3. Branding itself on a better product offering than its competitors with a seamless customer journey.

**Proof of concept**
In the future, Amazon Go will be able to compete with large grocery retailers

**Future**

**Phase I**

**Store formats**
- Small express stores

**Key competitors**
- 7-ELEVEN

**Phase II**

**Store formats**
- Larger retail stores

**Key competitors**
- Carrefour
- ALDI
- TESCO

**Time**
- 2019 - 2025
- 2026 -
Assessing the European Consumers, the generations Y and X constitute a lucrative target segment

Appendix: Customer Assessment

<table>
<thead>
<tr>
<th>Feature</th>
<th>Generation Y &amp; X</th>
<th>People aged &gt;50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Familiar with Amazon Brand</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Keenly interested in automated services</td>
<td>✔</td>
<td>✗</td>
</tr>
<tr>
<td>High Quality Products</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Technological Know How</td>
<td>✔</td>
<td>✗</td>
</tr>
<tr>
<td>Extensive users of mobile apps</td>
<td>✔</td>
<td>✗</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>1st Stage</th>
<th>2nd Stage</th>
<th>3rd Stage</th>
<th>4th Stage</th>
</tr>
</thead>
</table>
| • 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 | |

---

**Construction, Mining, Oil & Gas, Utilities, Pharma, Manufacturing**  
**Consumer products, Healthcare, Transportation/Logistics, Medtech**  
**Education, Hotels, Airlines**  
**Retail, Tech, Media, Banking, Insurance**
Amazon is way ahead of its competitors

<table>
<thead>
<tr>
<th>Key Criteria</th>
<th>Laggard</th>
<th>Trans-Striver</th>
<th>Digital</th>
<th>ist</th>
<th>Staffing of digital units with skilled people that have organizational clout to bring new unit to life, complemented by teaming and training</th>
<th>Leveraging group or external partners’ resources for additional skills and capacity to increase speed and quality of solution development</th>
<th>Full commitment of leadership team and clearly defined and aligned vision for digital transformation as basis for organizational structure</th>
<th>Holistic approach across technology, IT and business functions to develop feasible 360° solutions that meet market demand</th>
<th>Cross-functional teams with end-to-end responsibilities, clear alignment mechanisms on working level and decision-making authority</th>
<th>Customer focus and dedication as common denominator across functions to provide superior, consistent digital customer experience</th>
<th>Communication and change management to foster adoption of new technologies, methodologies and self-conception required for digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital up-skilling</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital eco-system building</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital vision</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech &amp; business integration</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross-functional teaming</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seamless customer experience</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital native mindset</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Different technologies have been assessed according to the Gartner Hype Cycle

Gartner Hype Cycle

- Different technologies have been assessed according to the Gartner Hype Cycle.
- Source(s): Gartner Hype Cycle

Plateau will be reached in:
- Less than 2 years
- 2 to 5 years
- 5 to 10 years
- More than 10 years
Technologies have been assessed based on their time horizon and disruptiveness potential.

### Technological radar

**Source(s):** Team analysis

**Disruptive potential of technology**
- Little
- Medium
- High

**Internet of Things (IoT)**
With expectations for IoT to reach 50bn connected objects in 2020, IoT will disrupt almost all industries.
## Preferred grocery attributes

### 500 consumers’ preferred attributes

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices</td>
<td>127</td>
</tr>
<tr>
<td>Quality of fresh products</td>
<td>135</td>
</tr>
<tr>
<td>Location</td>
<td>117</td>
</tr>
<tr>
<td>Ease of shopping</td>
<td>113</td>
</tr>
<tr>
<td>Staff customer service</td>
<td>59</td>
</tr>
<tr>
<td>Shopping environment/atmosphere</td>
<td>55</td>
</tr>
</tbody>
</table>
Generations of shoppers and tech savviness

Millenials is the most tech savy group of shoppers and a

The 5 Generations of Grocery Shoppers

- **Silents**
  - Age range: 72+
  - Average household income: $287
  - Have the highest per-person grocery bill, but live on fixed incomes and are motivated by value

- **Gen X**
  - Age range: 37-52
  - Average household income: $380
  - Biggest spenders on groceries, loyal to their brands, and big users of digital coupons

- **Gen Z**
  - Age range: 18-21
  - Average household income: $269
  - Not big spenders — yet — but they’re dedicated to healthy, organic food, and make frequent trips to the store

- **Millenials**
  - Age range: 22-36
  - Average household income: $298
  - Using technology to shop and save, and are driven by speed, convenience and variety rather than brand loyalty

- **Boomers**
  - Age range: 53-71
  - Average household income: $314
  - Downscaling, technology-capable, and interested in locally sourced products

Source: Food Engineering, Team Analysis
Amazon value offerings

Offerings to three different segments

- **On-the-Go**: Amazon Go
- **Home**: Amazon Fresh, Amazon Alexa, Prime Now
- **Flexible**: Whole Foods Market
Within 5 years, you will be able to have reach of 56.3m people

1. **Tier 1 expansion**
   - Expand stores within tier 1 capital cities by 32 within

2. **Tier 2 entry**
   - Expand Amazon Go stores through launch countries by 69

3. **New countries**
   - Develop Amazon throughout Europe, starting in adjacent countries by 82
Although there is much competition, Amazon can utilize digitization to differentiate itself.

**Competitive landscape**

**Key challenges**

- Competition has an established brand
- Competition can leverage scale and existing supply chain networks to drive down costs
- Competition has deep insights into customer assortment preferences

**Positioning map**

Key players in the European Grocery Sector:
- Amazon
- 7-Eleven
- SPAR
- Carrefour
- TESCO

Axes:
- Digitalization (High to Low)
- Presence (Low to High)
The effects of Marketing

Provocative Marketing

- 77% 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.
- 52% of online and offline purchases are influenced by SoMe Marketing.
- 35% purchase content they have seen advertised on Instagram.

Fstatista: Effect of Marketing 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

KEY CHARACTERISTICS
- Digitized Aisles and Barcodes
- Scan for Information And Food Tracking
- Fulfillment Center
- Cook your groceries
- Restaurant (with Robots)

VALUE FOR CUSTOMER
- Low value
- High value

1 Supermarket
87 Stores in China
2 Restaurant
3 Fulfillment Center

Perceived value by customers
Hema’s ability to deliver

Appendix
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**

<table>
<thead>
<tr>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Creating a Competitor.</strong> 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.</td>
</tr>
<tr>
<td><strong>Depending on a Lousy Licensee.</strong> 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.</td>
</tr>
<tr>
<td><strong>Exploitation of the Licensed Technology.</strong> 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.</td>
</tr>
<tr>
<td><strong>Loss of Control Over Technology.</strong> 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.</td>
</tr>
<tr>
<td><strong>Diminution in the Value.</strong> 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.</td>
</tr>
<tr>
<td><strong>Litigation Risks.</strong> 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.</td>
</tr>
</tbody>
</table>
Number of non-cash transactions worldwide

Non-cash transactions split into regions in billions of USD

Source: Statista

Appendix
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)

<table>
<thead>
<tr>
<th>Region</th>
<th>2016 Sales Value (in billion U.S. dollars)</th>
<th>2021 Sales Value (in billion U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>8,309</td>
<td>10,917</td>
</tr>
<tr>
<td>Europe</td>
<td>3,011</td>
<td>4,084</td>
</tr>
<tr>
<td>Latin America</td>
<td>2,178</td>
<td>2,591</td>
</tr>
<tr>
<td>North America</td>
<td>902</td>
<td>1,457</td>
</tr>
<tr>
<td>Africa and Middle East</td>
<td>1,196</td>
<td>1,424</td>
</tr>
<tr>
<td>Oceania</td>
<td>110</td>
<td>1,220</td>
</tr>
</tbody>
</table>

(Chart showing sales distribution by region for 2016 and 2021)
## Pro Forma Income Statement

### P&L Amazon Go treated as stand-alone business

### Full P&L - Amazon Go Pro Forma

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Status quo (current stores)</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Initiative #1</td>
<td>-</td>
<td>20</td>
<td>176</td>
<td>513</td>
<td>913</td>
<td>1,343</td>
<td></td>
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<tr>
<td>Initiative #2</td>
<td>-</td>
<td>3,667</td>
<td>7,329</td>
<td>10,997</td>
<td>13,432</td>
<td>14,652</td>
<td></td>
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<tr>
<td><strong>Total revenue</strong></td>
<td>18</td>
<td>3,705</td>
<td>7,523</td>
<td>11,522</td>
<td>14,363</td>
<td>16,013</td>
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<tr>
<td><strong>Production cost</strong></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other production costs</td>
<td>11.0</td>
<td>2213.0</td>
<td>3982.0</td>
<td>5892.0</td>
<td>6829.0</td>
<td>6983.0</td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>7.41</td>
<td>1491.70</td>
<td>3540.82</td>
<td>5629.58</td>
<td>7534.20</td>
<td>9030.48</td>
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</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>Marketing</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>10</td>
<td>22</td>
<td>30</td>
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<tr>
<td>Rent &amp; utilities</td>
<td>9</td>
<td>770</td>
<td>1681</td>
<td>2735</td>
<td>3560</td>
<td>4160</td>
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<tr>
<td><strong>Total SG&amp;A</strong></td>
<td>9</td>
<td>771</td>
<td>1686</td>
<td>2745</td>
<td>3582</td>
<td>4190</td>
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<tr>
<td><strong>R&amp;D</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Investments in tech dev.</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>7</td>
<td>15</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td><strong>Total R&amp;D</strong></td>
<td>2.00</td>
<td>3.00</td>
<td>3.00</td>
<td>7.00</td>
<td>15</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>-4</td>
<td>717</td>
<td>1851</td>
<td>2878</td>
<td>3937</td>
<td>4815</td>
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</tr>
<tr>
<td><strong>EBITDA%</strong></td>
<td>-21%</td>
<td>19%</td>
<td>25%</td>
<td>25%</td>
<td>27%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of tech</td>
<td>0</td>
<td>108</td>
<td>113</td>
<td>117</td>
<td>81</td>
<td>46</td>
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</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>-4</td>
<td>609</td>
<td>1739</td>
<td>2761</td>
<td>3857</td>
<td>4769</td>
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</tr>
<tr>
<td><strong>EBIT%</strong></td>
<td>-21%</td>
<td>16%</td>
<td>23%</td>
<td>24%</td>
<td>27%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>0</td>
<td>19</td>
<td>38</td>
<td>58</td>
<td>72</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>0</td>
<td>19</td>
<td>38</td>
<td>58</td>
<td>72</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td>-4</td>
<td>591</td>
<td>1701</td>
<td>2703</td>
<td>3785</td>
<td>4689</td>
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<tr>
<td><strong>US. Tax</strong></td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td><strong>Profits after tax</strong></td>
<td>-3.1</td>
<td>466.8</td>
<td>1343.8</td>
<td>2135.5</td>
<td>2990.0</td>
<td>3704.5</td>
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</tbody>
</table>

### Assumptions

- **Revenue**: Status quo (current stores)
- **Production cost**: Other production costs
- **Gross profit**: GM, %
- **SG&A post**: Marketing, Rent & utilities
- **R&D post**: Investments in tech dev.
- **R&D**: Research
- **Depreciation**: Depreciation of tech
- **Interest**: Interest expense
- **Tax**: US. Tax

### Notes

- **Initiative #1**: 20
- **Initiative #2**: 3,667
- **Total revenue**: 18
- **Total SG&A**: 9
- **Total R&D**: 2.00
## Expenditures 1: assumptions

### European Amazon Go Stores in capital cities

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Madrid</th>
<th>Rome</th>
<th>London</th>
<th>Berlin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average size of store (ft)</td>
<td>5,000</td>
<td>4,000</td>
<td>6,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Cost per ft</td>
<td>$400</td>
<td>$700</td>
<td>$1,450</td>
<td>$800</td>
</tr>
<tr>
<td>Cost of implementing technology</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Rent per store per year</td>
<td>$2,000,000</td>
<td>$2,800,000</td>
<td>$8,700,000</td>
<td>$6,400,000</td>
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</table>

### European Amazon Go Stores outside capital cities

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Spain</th>
<th>Italy</th>
<th>England</th>
<th>Germany</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average size of store (ft)</td>
<td>5,000</td>
<td>4,000</td>
<td>6,000</td>
<td>8,000</td>
<td>3,500</td>
</tr>
<tr>
<td>Cost per ft</td>
<td>$200</td>
<td>$400</td>
<td>$700</td>
<td>$500</td>
<td>$200</td>
</tr>
<tr>
<td>Cost of implementing technology</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Rent per store per year</td>
<td>$1,000,000</td>
<td>$1,600,000</td>
<td>$4,200,000</td>
<td>$4,000,000</td>
<td>$700,000</td>
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</table>

### Cost per store, fixed

<table>
<thead>
<tr>
<th>Cities</th>
<th>Spain</th>
<th>Italy</th>
<th>England</th>
<th>Germany</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per store, fixed</td>
<td>$2,000,000</td>
<td>$2,600,000</td>
<td>$5,200,000</td>
<td>$5,000,000</td>
<td>$1,700,000</td>
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</tbody>
</table>
## Cost break-down

**Expenditures 2: number of stores**

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Total</th>
<th>Stores in Capital cities</th>
<th>Stores outside capital cities</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Stores in 2019</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Accumulated stores in 2020</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Accumulated stores in 2021</td>
<td>36</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Accumulated stores in 2022</td>
<td>105</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Accumulated stores in 2023</td>
<td>187</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Accumulated stores in 2024</td>
<td>275</td>
<td>75</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stores in Capital cities</th>
<th>Total</th>
<th>Madrid</th>
<th>Rome</th>
<th>London</th>
<th>Berlin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores in 2019</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Accumulated stores in 2020</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Accumulated stores in 2021</td>
<td>36</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Accumulated stores in 2022</td>
<td>90</td>
<td>23</td>
<td>23</td>
<td>23</td>
<td>23</td>
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<tr>
<td>Accumulated stores in 2023</td>
<td>142</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Accumulated stores in 2024</td>
<td>200</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stores in Outside capital cities</th>
<th>Total</th>
<th>Spain</th>
<th>Italy</th>
<th>England</th>
<th>Germany</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores in 2019</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Accumulated stores in 2020</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Accumulated stores in 2021</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Accumulated stores in 2022</td>
<td>15</td>
<td>6</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Accumulated stores in 2023</td>
<td>45</td>
<td>14</td>
<td>7</td>
<td>9</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Accumulated stores in 2024</td>
<td>75</td>
<td>21</td>
<td>11</td>
<td>14</td>
<td>10</td>
<td>19</td>
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</table>
# Cost break-down

## Capex and Opex: European expansion

### CAPEX & OPEX

<table>
<thead>
<tr>
<th>Capital cities; rent</th>
<th>Capital cities; tech</th>
<th>Capital cities; total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 $</td>
<td>- $</td>
<td>- $</td>
</tr>
<tr>
<td>2020 $ 19,900,000</td>
<td>4,000,000 $</td>
<td>23,900,000 $</td>
</tr>
<tr>
<td>2021 $ 179,100,000</td>
<td>32,000,000 $</td>
<td>211,100,000 $</td>
</tr>
<tr>
<td>2022 $ 447,750,000</td>
<td>54,000,000 $</td>
<td>501,750,000 $</td>
</tr>
<tr>
<td>2023 $ 706,450,000</td>
<td>52,000,000 $</td>
<td>758,450,000 $</td>
</tr>
<tr>
<td>2024 $ 995,000,000</td>
<td>58,000,000 $</td>
<td>1,053,000,000 $</td>
</tr>
</tbody>
</table>

### Implementing technology

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>5,000,000 $</td>
</tr>
<tr>
<td>2020</td>
<td>40,000,000 $</td>
</tr>
<tr>
<td>2021</td>
<td>67,500,000 $</td>
</tr>
<tr>
<td>2022</td>
<td>65,000,000 $</td>
</tr>
<tr>
<td>2023</td>
<td>72,500,000 $</td>
</tr>
<tr>
<td>2024</td>
<td>72,500,000 $</td>
</tr>
</tbody>
</table>

### Accumulated Capex

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>$19,900,000</td>
<td>$179,100,000</td>
<td>$478,950,000</td>
<td>$799,750,000</td>
<td>$1,145,700,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$20,150,000</td>
<td>$181,350,000</td>
<td>$484,966,960</td>
<td>$809,797,111</td>
<td>$1,160,093,216</td>
<td></td>
</tr>
</tbody>
</table>

### Accumulated Opex

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>$19,900,000</td>
<td>$179,100,000</td>
<td>$478,950,000</td>
<td>$799,750,000</td>
<td>$1,145,700,000</td>
<td></td>
</tr>
<tr>
<td>Other operating expenditures</td>
<td>$250,000</td>
<td>$2,250,000</td>
<td>$6,016,960</td>
<td>$10,047,111</td>
<td>$14,393,216</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$20,150,000</td>
<td>$181,350,000</td>
<td>$484,966,960</td>
<td>$809,797,111</td>
<td>$1,160,093,216</td>
<td></td>
</tr>
</tbody>
</table>
# Cost Break-down
## Capex and Opex: US Expansion

### Accumulated Opex, existing

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>$1,575,000,000</td>
<td>$3,150,000,000</td>
<td>$4,725,000,000</td>
<td>$5,775,000,000</td>
<td>$6,300,000,000</td>
<td>$6,300,000,000</td>
<td>$6,300,000,000</td>
</tr>
<tr>
<td>Other operating expenditures</td>
<td>$250,000,000</td>
<td>$3,150,000,000</td>
<td>$4,725,000,000</td>
<td>$5,775,000,000</td>
<td>$6,300,000,000</td>
<td>$6,300,000,000</td>
<td>$6,300,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,575,250,000</td>
<td>$3,150,000,000</td>
<td>$4,725,000,000</td>
<td>$5,775,000,000</td>
<td>$6,300,000,000</td>
<td>$6,300,000,000</td>
<td>$6,300,000,000</td>
</tr>
</tbody>
</table>

**Assumptions**
- Average size of store (ft) = 7,000
- Cost per ft = $300
- Cost of implementing technology = $1,000,000
- Rent per store per year = $2,100,000

### Accumulated Capex

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing technology</td>
<td>$750,000,000</td>
<td>$750,000,000</td>
<td>$1,500,000,000</td>
<td>$1,250,000,000</td>
<td>$1,750,000,000</td>
<td>$1,750,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>$750,000,000</td>
<td>$750,000,000</td>
<td>$1,500,000,000</td>
<td>$1,250,000,000</td>
<td>$1,750,000,000</td>
<td>$1,750,000,000</td>
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</tbody>
</table>
Revenues from intended US and UK expansion

Incremental revenue

<table>
<thead>
<tr>
<th>Assumptions</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Opening hours per day</td>
<td>10</td>
</tr>
<tr>
<td>Opening days a year</td>
<td>279</td>
</tr>
<tr>
<td>Average spent per customer per visit</td>
<td>$25</td>
</tr>
<tr>
<td>Average daily customers</td>
<td>700</td>
</tr>
<tr>
<td>New US Stores</td>
<td>3,000</td>
</tr>
<tr>
<td>UK Stores</td>
<td>1</td>
</tr>
<tr>
<td>Revenues per store, per year</td>
<td>$4,882,500</td>
</tr>
<tr>
<td>US Stores revenues</td>
<td>$14,647,500,000</td>
</tr>
<tr>
<td>UK Store revenue</td>
<td>$4,882,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK stores</td>
<td>4,882,500</td>
<td>4,882,500</td>
<td>4,882,500</td>
<td>4,882,500</td>
<td>4,882,500</td>
<td>4,882,500</td>
</tr>
<tr>
<td>US store</td>
<td>3,661,875,000</td>
<td>7,323,750,000</td>
<td>10,985,625,000</td>
<td>13,426,875,000</td>
<td>14,647,500,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0 $</td>
<td>3,666,757,500 $</td>
<td>7,328,632,500 $</td>
<td>10,990,507,500 $</td>
<td>13,431,757,500 $</td>
<td>14,652,382,500 $</td>
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</table>
# Revenues from proposed European expansion

## Incremental revenue

### Incremental revenues

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Assumptions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening hours per day</td>
<td>Stores in 2019</td>
<td>0</td>
</tr>
<tr>
<td>Opening days a year</td>
<td>Accumulated stores in 2020</td>
<td>4</td>
</tr>
<tr>
<td>Average spent per customer per visit</td>
<td>Accumulated stores in 2021</td>
<td>36</td>
</tr>
<tr>
<td>Average daily customers</td>
<td>Accumulated stores in 2022</td>
<td>105</td>
</tr>
<tr>
<td></td>
<td>Accumulated stores in 2023</td>
<td>187</td>
</tr>
<tr>
<td></td>
<td>Accumulated stores in 2024</td>
<td>275</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>European stores</td>
<td>0 $</td>
<td>19,530,000 $</td>
<td>175,770,000 $</td>
<td>512,662,500 $</td>
<td>913,027,500 $</td>
<td>1,342,687,500 $</td>
</tr>
<tr>
<td>Total</td>
<td>0 $</td>
<td>19,530,000 $</td>
<td>175,770,000 $</td>
<td>512,662,500 $</td>
<td>913,027,500 $</td>
<td>1,342,687,500 $</td>
</tr>
</tbody>
</table>
Revenues from existing stores

Revenues

Incremental revenues

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening hours per day</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening days a year</td>
<td>279</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average spent per customer per visit</td>
<td>$10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average daily customers</td>
<td>600</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Existing stores in US</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Revenues

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing stores</td>
<td>18,414,000</td>
<td>18,414,000</td>
<td>18,414,000</td>
<td>18,414,000</td>
<td>18,414,000</td>
<td>18,414,000</td>
</tr>
<tr>
<td>Total</td>
<td>$18,414,000</td>
<td>$18,414,000</td>
<td>$18,414,000</td>
<td>$18,414,000</td>
<td>$18,414,000</td>
<td>$18,414,000</td>
</tr>
</tbody>
</table>
## Depreciation breakdown

**Straight-line depreciation**

Assuming 7 years of lifetime

<table>
<thead>
<tr>
<th>Depreciation of tech</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciated tech</td>
<td>0</td>
<td>107,857,143</td>
<td>112,857,143</td>
<td>116,785,714</td>
<td>80,714,286</td>
<td>46,071,429</td>
</tr>
<tr>
<td>Non-depreciated tech</td>
<td>0</td>
<td>647,142,857</td>
<td>677,142,857</td>
<td>700,714,286</td>
<td>484,285,714</td>
<td>276,428,571</td>
</tr>
</tbody>
</table>
# Accumulated customer break-down

## Incremental increase in customer base

### Stores

<table>
<thead>
<tr>
<th></th>
<th>Number of customers</th>
<th>Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new customers per store annually, US</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>Number of new customers per store annually, EU</td>
<td>2,500</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stores</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>New European stores, expansion</td>
<td>0</td>
<td>4</td>
<td>32</td>
<td>73</td>
<td>114</td>
<td>161</td>
</tr>
<tr>
<td>Initial UK Store</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New US stores, expansion</td>
<td>0</td>
<td>750</td>
<td>750</td>
<td>750</td>
<td>500</td>
<td>250</td>
</tr>
<tr>
<td><strong>Number of customers</strong></td>
<td>600</td>
<td>460,000</td>
<td>530,000</td>
<td>632,500</td>
<td>585,000</td>
<td>552,500</td>
</tr>
</tbody>
</table>

### Customers

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>New European stores, expansion</td>
<td>0</td>
<td>10000</td>
<td>80000</td>
<td>182500</td>
<td>285000</td>
<td>402500</td>
</tr>
<tr>
<td>Initial UK Store</td>
<td>600</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>New US stores, expansion</td>
<td>0</td>
<td>450000</td>
<td>450000</td>
<td>450000</td>
<td>300000</td>
<td>150000</td>
</tr>
<tr>
<td><strong>Number of customers</strong></td>
<td>600</td>
<td>470,000</td>
<td>620,000</td>
<td>905,000</td>
<td>1,142,500</td>
<td>1,512,500</td>
</tr>
</tbody>
</table>
## Project Net Present Value

### Cash Flow Analysis

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating cash flow USD</th>
<th>Depreciation</th>
<th>Operating cash flow USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>(3,063,675)</td>
<td>0</td>
<td>(3,063,675)</td>
</tr>
<tr>
<td>2020</td>
<td>466,827,471</td>
<td>107,857,143</td>
<td>574,684,614</td>
</tr>
<tr>
<td>2021</td>
<td>1,343,786,267</td>
<td>112,857,143</td>
<td>1,456,643,410</td>
</tr>
<tr>
<td>2022</td>
<td>2,135,546,491</td>
<td>116,785,714</td>
<td>2,252,332,205</td>
</tr>
<tr>
<td>2023</td>
<td>2,990,048,571</td>
<td>80,714,286</td>
<td>3,070,762,857</td>
</tr>
<tr>
<td>2024</td>
<td>3,704,509,029</td>
<td>46,071,429</td>
<td>3,750,580,457</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash flows, USD</th>
<th>Perpetual Growth</th>
<th>WACC</th>
<th>Terminal value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>(3,063,675)</td>
<td>574,684,614</td>
<td>1,000,000,000</td>
<td>411,000,000</td>
</tr>
<tr>
<td>2020</td>
<td>466,827,471</td>
<td>1,343,786,267</td>
<td>1,000,000,000</td>
<td>3,339,580,457</td>
</tr>
<tr>
<td>2021</td>
<td>1,343,786,267</td>
<td>2,135,546,491</td>
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<td>3,339,580,457</td>
</tr>
<tr>
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<td>2,135,546,491</td>
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<td>3,339,580,457</td>
</tr>
<tr>
<td>2023</td>
<td>2,990,048,571</td>
<td>3,704,509,029</td>
<td>1,000,000,000</td>
<td>3,339,580,457</td>
</tr>
<tr>
<td>2024</td>
<td>3,704,509,029</td>
<td>3,750,580,457</td>
<td>1,000,000,000</td>
<td>3,339,580,457</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Change in NWC</th>
<th>FCF</th>
<th>PV</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0</td>
<td>(1,003,063,675)</td>
<td>(179,315,386)</td>
</tr>
<tr>
<td>2020</td>
<td>0</td>
<td>674,643,410</td>
<td>1,429,332,205</td>
</tr>
<tr>
<td>2021</td>
<td>0</td>
<td>1,429,332,205</td>
<td>2,456,762,857</td>
</tr>
<tr>
<td>2022</td>
<td>0</td>
<td>2,456,762,857</td>
<td>3,339,580,457</td>
</tr>
<tr>
<td>2023</td>
<td>0</td>
<td>3,339,580,457</td>
<td>3,339,580,457</td>
</tr>
<tr>
<td>2024</td>
<td>0</td>
<td>3,339,580,457</td>
<td>3,339,580,457</td>
</tr>
</tbody>
</table>

| NPV | 46,021,143,717 |

| Terminal value | 39,303,203,849 |
## Capital requirement

### Breakdown of capital expenditures

<table>
<thead>
<tr>
<th>Number of new stores</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>754</td>
<td>1,536</td>
<td>2,355</td>
<td>2,937</td>
<td>3,275</td>
</tr>
<tr>
<td>CAPEX</td>
<td>$1m per store</td>
<td>$1,536,000,000</td>
<td>$2,355,000,000</td>
<td>$2,937,000,000</td>
<td>$3,275,000,000</td>
</tr>
</tbody>
</table>

### Assumptions

Assuming other CAPEX are irrelevant.
Growth in Subscriptions
Incremental customer growth

- Envisioned US expansion
- New European stores, expansion