BERNSTEIN
SOCIETE GENERALE GROUP

23 April 2026

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U.S. Internet

Amazon.Com Inc

Rating

Outperform

Price Target

AMZN **300.00 USD** (265.00 *OLD*)

AMZN: Everyone wants this to work...

What's there to say on Amazon that hasn't been pitched over and over by every Internet analyst out there? The perennial sell-side top pick years running finally appears to have some momentum behind it... up +21% MTD, though its hard to prescribe too much alpha to the move given Meta's up +16%, Google's +15%, NVIDIA's +15%, and even Microsoft's +17% over this same time frame. Will Amazon once again round trip this positive performance as we've seen too often over the past few years? Is it safer to just own the basket of Internet/Cloud names? Or can investors finally expect Amazon to break out from the pack to new all-time highs?

Investment Implications

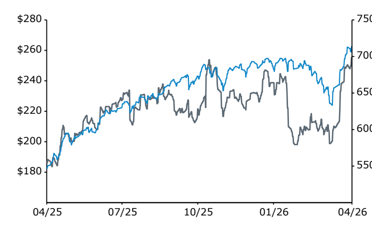
We rate Amazon Outperform.

Close Date	22 Apr 2026
AMZN Close Price (USD)	255.36
Price Target (USD)	300.00
Upside/(Downside)	17%
52-Week Range	258.60/169.35
SPX	7,137.90
FYE	Dec
Div Yield	NA
Market Cap (USD) (B)	2,745.44
EV (USD) (B)	2,792.34

Performance	YTD	1M	6M	12M
Absolute (%)	10.6	24.3	17.2	47.5
SPX (%)	4.3	9.7	6.5	35.0
Relative (%)	6.4	14.6	10.6	12.5

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Reported EPS	F25A	F26E	F27E
AMZN (USD)	7.17	**7.67**	**10.70**
OLD	--	7.62	10.34

Financials	F25A	F26E	F27E	CAGR
Revenues (M)	716,924	817,544	926,939	--
EBITDA (M)	145,731	186,510	254,320	--
EBIT (M)	79,975	100,349	142,732	--
EBITDA Margin (%)	20.3	22.8	27.4	--

Valuation Metrics	F25A	F26E	F27E
Reported P/E (x)	35.6	33.3	23.9
EV/Sales (x)	3.9	3.4	3.0
EV/EBITDA (x)	19.2	15.0	11.0
EV/EBIT (x)	34.9	27.8	19.6
Adjusted P/E (x)	35.6	33.3	23.9
PEG Adjusted (x)	1.2	4.8	0.6
EV/FCF (x)	249.4	(613.1)	79.4

*Values shown in billions;Source: Bloomberg, Bernstein estimates and analysis.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.

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DETAILS

EXHIBIT 1: **The Big Capex 4 (META, AMZN, GOOGL, MSFT) all report earnings on 04.29 with remarkably similar setups**

Note: Microsoft is covered by Mark Moerdler
Source: Gemini

THE AMAZON DEBATES

A big night in April for the big AI CapEx spenders. The setup going into earnings is pretty straightforward and consistent for the group at large → (1) beat on core revenue targets, (2) deliver accelerating AI revenue growth, (3) leave CapEx unchanged for 2026, and (4) allude to operating margin leverage either via pricing power, headcount reductions, or against previous conservative guidance which combined offers upside revisions to EPS estimates to go along with the recent re-rating we've seen in the group.

Amazon should be able to deliver on all 4 of these objectives, and in fact has already pre-announced several:

1. **AWS estimates only go higher.** AWS sell-side numbers keep going up with a whisper number quickly encroaching on 30% Y/Y growth for Q1. While our base case for 1Q26 puts us closer to 27.5% growth, recent GPU spot pricing hikes up +10-20% Q/Q, confirmation of 3.9 GW of capacity stood up in 2025 with more to come, and our usual SSO work (see note here; strong SSO data points to ~20% core AWS growth) offer strong tailwinds to the bull case. The strong momentum in both core and AI workloads should continue through FY 2026; we raise our full-year AWS growth estimate to ~27.5% on the back of new capacity additions, improving revenue per GW on existing infrastructure (as it is progressively lit, utilization ramps, and yields improve) and the financial impact of new OpenAI and Anthropic deals coming into focus.

2. **AI revenue growth tracking in the right direction.** Prior to Andy Jassy's annual shareholder letter announcing a $15B AI revenue run-rate in 1Q26 (see letter), we had pegged AWS' annualized AI revenue run-rate in the low-teens billions - encouraging signs we are ahead of (at least our) schedule. In addition, AWS' chip business has passed a $20B annualized run-rate in 1Q26, up meaningfully from ~$10B in 4Q25, which points to Project Rainier scaling as expected and validates Trainium as a top 3 AI chip (along with the fact that new deals from OpenAI in end-Feb 2026 and Anthropic this week have collectively locked in 7GW(!) of future Trainium capacity). The creative coup to bring OpenAI 'stateful' models onto AWS reduces the Anthropic customer-concentration risk with a leaked memo from OpenAI confirming that "inbound demand from our customers for this offering has been frankly staggering".

3. **2026 CapEx holding the line (for now).** It's only been a few months since we've had Amazon offer up a quantified full-year CapEx guidance for the first time in as long as we've been covering the company. We suspect part of why these Big 4 all unusually offered up FY26 guidance was to avoid last year's cadence of taking the spend numbers up each quarter, frustrating investors. In the same shareholder letter, Jassy re-iterated the $200B number despite fears that a higher bill of materials (CPU, memory, networking equipment) would push up the cost to light up each GW.

4. **A clear path to operating leverage.** It seems like people almost didn't notice — but North America surpassed the long-debated 10% operating margin threshold last quarter (ex one-time items), a milestone that seemed distant (even unrealistic?) just a few years ago. The engine behind it is a multi-layered efficiency flywheel: cost-to-serve continues to decline, and Amazon now has 1M+ robots in fulfillment centers, with automation density still rising. On the cloud side, pricing leverage on XPUs is emerging as a powerful margin driver as the customer base broadens and revenue per GW/year has significant room to inflect upward. Amazon's COI advantage is structural — owned CPU design (Graviton/Trainium) and long-term supply chain deals, including what appears to be mostly locked-in memory supply, can deliver 10–20%+ BOM cost advantages versus hyperscaler peers on a per-gigawatt basis. And also…workforce rationalization remains a live lever: the 16k-role reduction in January 2026 is already flowing through, and with another RIF reportedly in the pipeline, there is likely further OpEx relief ahead.

Estimate changes. We remain Outperform and take up our price target to $300/Share (+$35/Share). We value Amazon using a 50/50 combination of SOTP method (which values the Retail segment at a raised 2027E EV/Sales multiple of 3x (previously 2.5x) and the AWS segment at a raised 2027E EV/EBIT multiple of 25x (previously 20x)), and a DCF using a WACC of 9% and a terminal growth rate of 3.5% (WACC and terminal growth rate remain unchanged). We revise up our 2026 Sales estimate from $815B to $818B, and our 2027 Sales estimate from $920B to $927 B.

- We take up our Y/Y AWS revenue growth for 1Q26 and 2026 to 27.5%, ahead of consensus, as our SSO data points towards continued core strength, and more importantly we model continued acceleration for AI revenues tied to strong capacity adds. We take up AWS revenue for 2027 and 2028 as well on continued momentum.

- Our EBIT estimate for 1Q26 comes up slightly to $21.8B as higher revenue estimates flow through, and lands just above the upper end of the company's guidance range ($16.5-21.5B). We expect AWS margins to fluctuate in the mid-30% range and settle in the low-to-mid 30s, though model through strong increases in depreciation tied to higher spending. In aggregate, our EBIT margin for 1Q ticks up by ~40 bps. Our EBIT estimate for 2Q26 comes down by 4% driven by rising expenses.

- Note that 1Q26 "Other Income" will include a **~$15B gain tied to Amazon's Anthropic stake**, which could reflect a **$ 1.1+ (~65-70%+) bump to EPS** (consensus $1.64). The $15B breaks into two components: (1) ~$3B reclassification of previously unrealized gains as a portion of Amazon's convertible notes in Anthropic converted into nonvoting preferred stock, and (2) ~$12B upward mark to reflect observable price appreciation on non-voting preferred stock as of December 31, 2025.

WHERE COULD THE BULL CASE GO WRONG? THE KEY DEBATES WE'RE HEARING…

How high could 2027 go? Investors have made peace with 2026's CAPEX cycle…the monetization path is visible and ROIC is holding up. **Of the AWS CapEx expected in 2026, much of it will be monetized in 2027-2028, and there are already customer commitments for a substantial portion of it.** The real debate now is 2027. Semiconductor analysts are penciling in another 50-60% step-up from 2026 levels; internet analysts are closer to 30% consensus growth. Both can't be right — and the semis analysts haven't been wrong so far. If the semis camp is correct, the question isn't whether today's capacity generates returns — it's whether investors can underwrite another (and another?) year (years?) of step-change capex spending with no clear finish line.

AWS finds itself in the eye of the storm. Our conversations related to Amazon have skewed 90% AWS and 10% everything else (aka 80%+ of Amazon's business).

- **Can AWS win in the era of the AI cloud?** AWS has long dominated the Cloud, but AI is rewriting rules of the game. Hyperscalers have become the picks-and-shovels play for the gen AI wave — but their DNA is CPU, not AI-native. Last quarter, Google's vertically integrated stack quietly crept neck-and-neck with AWS for incremental cloud dollars Q/Q; is this hyperscale laggard the emerging AI cloud leader? Can AWS hold its crown in the AI era?

- **Is there a commoditization risk to IaaS? Can AWS move up the stack?** Frontier AI labs are emerging as a potential new intermediary layer, building direct enterprise relationships and increasingly becoming the interface through which customers consume AI. If that trajectory continues, and labs gain the flexibility to route inference workloads to wherever compute is cheapest, hyperscalers risk being reduced to undifferentiated compute providers — and IaaS becomes a race to the bottom. AWS, with roughly two-thirds of its business in IaaS, would have the most to lose in that scenario. Microsoft, which came to cloud second, leaned on its deep enterprise software relationships to land higher up the stack from day one, building a business that's roughly two-thirds PaaS. AWS has historically been slower on the managed, turnkey side of the cloud. The question is: can it can move up the stack fast enough to reduce its reliance on bare metal — when and if that margin war becomes a reality?...Zooming out, sure, AWS's IaaS dominance carries commoditization risk, but it might just be the company's most underappreciated structural defense given the importance of data gravity. Most enterprise data lives on AWS, and enterprises very much prefer inference running right next to it — not routed across clouds. The latest OpenAI deal is a strong proof point, as OpenAI chose to come to where the data already sits vs trying to pull customers to a new cloud.

- **Trainium and Graviton suddenly in high demand.** NVIDIA remains the gold standard, and Google's TPU has earned its stripes over seven (and now 8) generations. Trainium? It started with a skeptical reception as early performance left a lot to be desired, but sentiment has gradually warmed as AWS iterated. Investors wonder — does growing Trainium reflect genuine conviction, or simply supply constraints forcing customers' hands? AWS has leaned heavily on pricing concessions to move Trainium into workloads. Can AWS lift revenue/GW for Trainium, or will it have to keep relying on deep discounting? The good news is Graviton is a proven entity and if AI workloads move deeper towards agentic then the CPU scarcity issue is advantage AWS.

- **Should we be worried about the frontier lab concentration risk?** AWS has already invested $8B in Anthropic, is investing another $5B today with upto an additional $20B in the future according to the new deal this week, and is Anthropic's primary cloud provider and training partner. For OpenAI, AWS will be the exclusive third-party cloud distribution provider for OpenAI Frontier, and OpenAI has committed to 2GW of Trainium capacity as part of a $138B agreement over 8 years. These labs are now among AWS's most strategically significant customers. But they're also burning cash at scale, sustained by a rotating cycle of investor capital. What happens if the funding cycle turns or they run out of money?

- **Risk of overbuilding, risk of underbuilding, rising BOM costs, declining server useful lives...etc?** So many worries in the infrastructure balancing act. Overbuild, and you're sitting on stranded capital. Underbuild, and you cede ground to competitors. Layer in rising bill-of-materials costs, and accelerating server obsolescence cycles as AI hardware evolves faster than depreciation schedules, investors have a lot to contend with.

There are always puts and takes on margins, and some thoughts we've been hearing on the takes side: delayed capitalization from Project Leo could weigh on cost, seller frustration on fuel surcharge hikes may trigger a pullback in high-margin third-party ad spend, international margins could face continued pressure as Amazon invests in fast and ultra-fast delivery infrastructure, and of course, there's the rising depreciation re: the aggressive AWS capacity build out. When you operate at Amazon's scale and breadth, there are always moving parts in any given quarter. But beyond the short-term, the direction of travel is clear: the structural path to operating leverage is intact with cost-to-serve declining, XPU economics improving, COI advantages compounding, and further workforce rationalization flowing through.

The agentic commerce bubble has popped, now what? AI agents promise to reshape not just how we search — but how we transact. The worry for Amazon? Can agentic AI systems become the new storefront? An AI that books your travel, reorders your household goods, and compares prices autonomously and.... never lands on Amazon at all? The consumer relationship, and the valuable first-party data that comes with it, shifts from Amazon to whoever owns the agent in that reality. At least here it feels like these risks are overdone, but pay close attention to advertising trajectory.

The debates are real — but so is the bull case. Enough existential hand-wringing. Here's why Amazon is going to be just fine.

THE AMAZON 2026 PITCH

AWS momentum continues supported by continued strength in core non-AI workloads, **healthy demand for AI services now run-rating at $15B+ in 1Q26**, higher spot pricing for XPU instances, and constructive commentary around demand constraints with capacity commitments stretching years into the future.

- **AI revenue ramp tracking well, with room to grow revenue/GW.** The $15B AI revenue run rate is encouraging, but that revenue base still appears early relative to the nearly ~4GW of AI-oriented capacity AWS has brought online. On a revenue-per-gigawatt basis, monetization still has substantial headroom to scale as that capacity is progressively lit/actioned, yields improve, and utilization ramps. **We expect to see revenue growth continue to accelerate meaningfully in 1Q26 as Project Rainier scales and more Trainium units ship.**

- **Custom ASICs for the win.** Amazon's semis business (led by Graviton and Trainium) now **exceeds $20B in annualized revenues** ($50B if you include Amazon as a customer) as of April 2026, growing at triple-digits Y/Y, up sharply from the $10B+ disclosed on the 4Q call in early-Feb.

  - **Trainium is emerging as the clear #3.** Sentiment is increasingly warming to Trainium, and there is validation in the form of **new deals from OpenAI and Anthropic collectively locking in 7GW of future Trainium capacity.** Trainium2 (30-40% more price-performant than comparable GPUs) is **largely sold out**, Trainium3 (40% more price performant than Trainium2) is **nearly fully-subscribed**, and Trainium 4 (still about 18 months from broad availability) has **already been reserved.** Amazon believes that at scale, Trainium can save tens of billions of capex/yr and provide several hundred bps of operating margin advantage vs. relying on 3P chips for inference. That edge becomes very valuable in an inference-heavy world, where cost-per-query is everything and the average user doesn't care which chip (or even which model) processed their request. AWS has run this playbook before — Graviton vs. x86 proved that owning the silicon lets Amazon pass efficiencies to customers while protecting its own net income dollars. Trainium is likely to be the inference-era sequel. And btw, comments from AWS CEO Matt Garman on CNBC indicate Trainium is now being used for a meaningful share of large training runs as well, underscoring growing relevance beyond inference alone.

  - **And combined with Graviton?...maybe even #2 after NVDA.** Demand for Graviton (40% more price performant than leading x86 processors) keeps accelerating (50%+ Y/Y in 4Q25). Amazon revealed that two large AWS customers have already asked to buy all of Graviton instance capacity in 2026 (Amazon declined given the needs of its overall customer base). It looks like the capacity race is no longer just about adding gigawatts of data center shells, but also about who can stand up fully integrated CPU/XPU/memory/networking/power stacks at scale while keeping BOM low enough to sell profitably below peers. On that dimension, this increasingly looks like Amazon's race to lose.

- **AWS is showing ability to move up the stack.** Microsoft was quick in securing the right to be OpenAI's cloud provider and primary distribution channel. Google has Gemini natively woven into its own stack. For a while, AWS was the only major hyperscaler without a distribution lock on a marquee frontier model — and in the AI era, controlling model distribution pretty much means having an advantage on the higher-margin layers. The end-February OpenAI partnership closes that gap for AWS. AWS is co-creating a Stateful Runtime Environment powered by OpenAI models on Amazon Bedrock, and becomes the exclusive third-party cloud distribution provider for OpenAI Frontier — the platform for deploying and managing teams of AI agents. The expanded OpenAI partnership evidences AWS's strategic shift up the stack, moving from bare-metal compute toward higher-value, turnkey managed AI services via Bedrock.

- **The OpenAI partnership signals something deeper....the power of data gravity.** Maybe OpenAI's decision to come to AWS — vs simply doubling down on Azure — tells us that enterprises want inference running close to their data, and most of that data continues to live on AWS. That's the power of data gravity, and it gives AWS a structural stickiness. It may also explain why Microsoft seemed willing to relax OpenAI's exclusivity clause. Probably customers weren't moving workloads to Azure fast enough to access OpenAI, so OpenAI had no choice but to go where the customers already were aka AWS. Without AWS distribution, it risked ceding enterprise ground to Anthropic, which is available everywhere. Sure, AWS needs OpenAI, but OpenAI also needs AWS.

- **AWS margins buoyed by pricing power.** While operating margins may fluctuate as AI workloads scale, we believe they should remain healthy, with **low-to-mid-30% margins a realistic expectation** given ongoing efficiency gains and disciplined cost control. Trainium is the first lever: by owning the silicon, AWS can deliver meaningfully lower compute costs to customers while simultaneously expanding its own margins. The second lever is the move up the stack — Bedrock and higher-value managed AI services carry structurally better margins than raw compute, and AWS is deliberately pushing in that direction. There's a lot of dominoes that need to fall to get us to a potential IaaS commoditization "race-to-the-bottom" future: full frontier lab routing freedom, normalized GPU supply, eroded switching cost. And in any case, for contractually anchored enterprise workload, we think AWS can continue to sustain a healthy margin in any future than materializes.

- **AWS leading capacity build/additions...not surprising, this is home turf.** AWS added more data center capacity than any other company in the world in 2025. This includes 1.2GW of power added Q/Q in Q4 and 3.9GW added in 2025 (this is 2x total capacity that Amazon had in 2022, and the company expects to double capacity again by 2027). We expect Amazon to keep leading on this front. Building and operating infrastructure at hyperscale has always been Amazon's core competency — it is the leading IaaS player and has spent two decades doing it better and cheaper than anyone else. That advantage holds in the AI buildout: AWS appears to have locked in supply on the memory front, and we expect its cost per gigawatt to come in 10-20%+ better on BOM increases versus peers.

Can agentic commerce really take off without Amazon? No! Amazon's moat is three interlocking legs: price, assortment, and fulfillment. In an agentic world, price transparency is table stakes; AI handles comparison automatically, and that favors the lowest-cost provider. Assortment can theoretically be aggregated — except Amazon hasn't opened its platform to third-party agents, so any experience that excludes it is like a store with its most important shelves empty. But even if both those problems were solved, you'd still hit the wall that nobody else can scale: fulfillment. **When AI handles discovery and decision, the only remaining variable is who gets the product to your door fastest and cheapest.**

The robotics tailwind to Cost-to-serve, and the story. Amazon's decade-long physical infrastructure advantage of owned logistics, same-day delivery, and a network no player can shortcut. **We could well see Amazon double GMV with the same headcount - the moat here only widens.**

Other considerations? Europe and International more broadly remain a battleground which could drive some OI headwinds on the aggregate, especially when all eyes are on 2Q OI guidance. Yet we get prime day, a pathway to finally capitalizing those Project Leo costs, and revenue leverage on the AWS front that may well deliver another clean Amazon print.

EXHIBIT 2: **Our Amazon estimates revisions post 4Q25 earnings**

Changes to estimates	Period	New	Old	% change	New Y/Y %	Old Y/Y %	Consensus	BERN vs Cons
Revenue ($M)	1Q26	179,387	178,304	1%	15%	15%	177,173	1%
	2Q26	190,680	190,062	0%	14%	13%	188,948	1%
	FY26	817,544	814,543	0%	14%	14%	806,674	1%
	FY27	926,939	920,302	1%	13%	13%	902,713	3%
	FY28	1,052,054	1,033,266	2%	13%	12%	1,011,467	4%
EBIT ($M)	1Q26	21,838	21,046	4%	19%	14%	20,702	5%
	2Q26	23,766	24,845	-4%	24%	30%	22,811	4%
	FY26	100,349	99,687	1%	25%	25%	98,658	2%
	FY27	142,732	137,871	4%	42%	38%	121,936	17%
	FY28	191,407	177,658	8%	34%	29%	148,180	29%
EBIT Margin (%)	1Q26	12.2%	11.8%	0.4%			11.7%	4%
	2Q26	12.5%	13.1%	-0.6%			12.1%	3%
	FY26	12.3%	12.2%	0.0%			12.2%	0%
	FY27	15.4%	15.0%	0.4%			13.5%	14%
	FY28	18.2%	17.2%	1.0%			14.7%	24%
Y/Y revenue growth (%)								
Retail & other	1Q26	11.3%	11.3%					
AWS	1Q26	27.5%	23.8%				25.2%	
Advertising	1Q26	22.0%	22.0%				21.3%	
Retail & other	FY26	10.0%	10.0%					
AWS	FY26	27.5%	25.2%				24.9%	
Advertising	FY26	19.6%	19.6%				18.9%	

Source: Company reports, Bloomberg consensus, Bernstein estimates and analysis

EXHIBIT 3: **We revise our AWS estimates higher; we model ~27.5% AWS sales growth for 1Q26 and 2026 as the base case, and see strong upside potential**

Changes to estimates	Period	New	Old	% point change	Consensus Y/Y growth	BERN vs Cons (% points)
AWS growth	1Q26	27.5%	23.8%	4%	25.2%	2%
	2Q26	27.7%	25.7%	2%	25.6%	2%
	FY26	27.5%	25.2%	2%	24.9%	3%
	FY27	27.3%	25.6%	2%	23.9%	3%
	FY28	27.1%	22.0%	5%	24.9%	2%

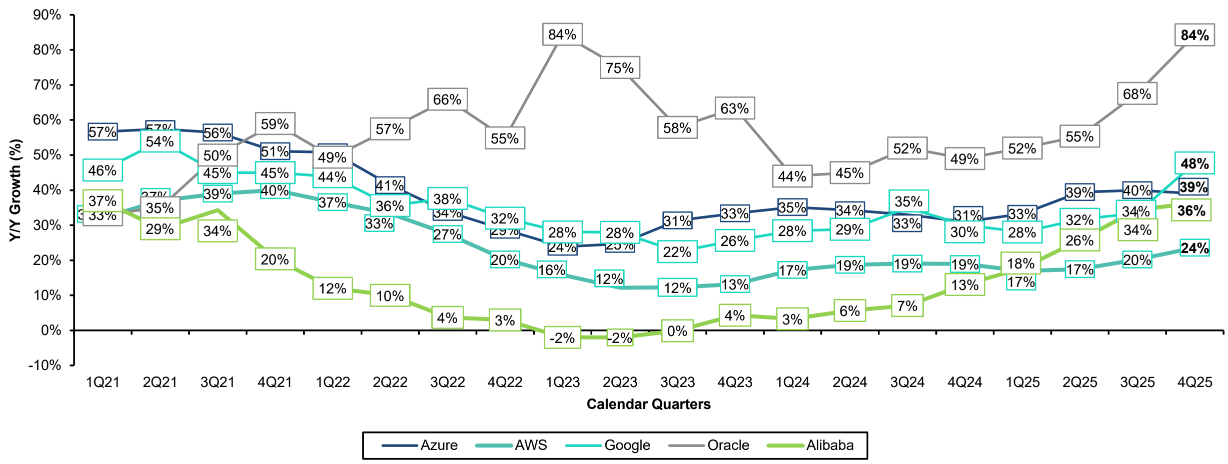
Source: Bloomberg; Bernstein analysis

EXHIBIT 4: **Key comments from Amazon's shareholder letter**

AWS	Amazon comments
AWS AI Revenue growth	*"Three years into this AI wave, AWS's AI revenue run rate is over $15 billion in Q1 2026 (nearly 260 times larger than AWS at that same point)— and ascending rapidly."*
Amazon's Semis Business	*"**Our annual revenue run rate for our chips business (inclusive of Graviton, Trainium, and Nitro—our EC2 NIC) is now over $20 billion, and growing triple digit percentages YoY**. To dimensionalize this versus other chips companies, that run rate is somewhat understated by our currently only monetizing our chips through EC2. If our chips business was a stand-alone business, and sold chips produced this year to AWS and other third parties (as other leading chips companies do), our annual run rate would be ~$50 billion. **There's so much demand for our chips that it's quite possible we'll sell racks of them to third parties in the future**."*
Strong Graviton demand	*"As an aside, **two large AWS customers have already asked if they could buy *all* of our Graviton instance capacity in 2026** (Graviton is our widely-adopted custom CPU chip)—we can't agree to these requests given other customers' needs, but it gives you an idea of the demand."*
Positive Trainium outlook	*"Our second version of our custom AI silicon (Trainium2) had about 30% better price-performance than comparable GPUs, and has **largely sold out**. Trainium3, which just started shipping at the start of 2026 and is 30-40% more price-performant than Trainium2, **is nearly fully-subscribed.** A significant chunk of Trainium4, which is **still about 18 months from broad availability, has already been reserved**. And, **Amazon Bedrock, AWS's primary (and very fast-growing) inference service, runs most of its inference on Trainium.** Demand for Trainium is booming."*
Capex Comments	*"The way AWS's cash cycle works is that the faster AWS grows, the more short-term capex we'll spend. AWS has to lay out cash for land, power, buildings, chips, servers, and networking gear in advance of when we can monetize it (typically 6-24 months before we start billing customers, depending on the component). However, these capex investments fund assets with many-year useful lives (30+ years for datacenters; 5-6 years for chips, servers, and networking gear). **The FCF and ROIC for these investments are cumulatively quite attractive a couple years after being in service; however, in times of very high growth (like now), where the capex growth meaningfully outpaces the revenue growth, the early-years FCF is challenged until these initial tranches of capacity are being monetized and revenue growth out-paces capex growth. We've been through this cycle with the first big AWS growth wave, and liked the results**. We expect to feel similarly about this next wave, with much larger potential downstream revenue and FCF."*
	*"We have customer commitments that make our capex investments predictable. **We're not investing approximately $200 billion in capex in 2026 on a hunch**. The recent OpenAI commitment (over $100 billion) is an example of this, but there are several other customer agreements completed (and unannounced), or deep in process. **Of the AWS capex we expect to spend in 2026, much of which will be monetized in 2027-2028, we already have customer commitments for a substantial portion of it**."*
	*"We are willing to make large capex investments and endure short-term FCF headwinds for the substantial medium to long-term FCF surplus. **AI is a once-in-a-lifetime opportunity where the current growth is unprecedented and the future growth even bigger...We're not going to be conservative in how we play this**—we're investing to be the meaningful leader, and our future business, operating income, and FCF will be much larger because of it."*

Source: Company reports; Bernstein analysis

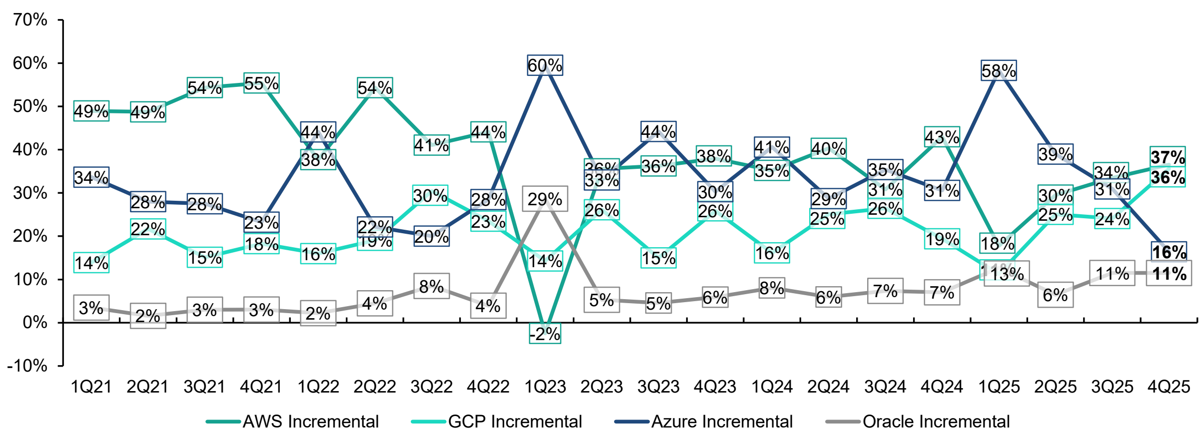
EXHIBIT 5: **In Q4 CY25, Microsoft Azure grew 39% Y/Y, Amazon's AWS grew 24% Y/Y, Google's Cloud grew 48% Y/Y, Alibaba grew 36% Y/Y, and Oracle grew 84%**



Please note that 1) Alibaba no longer provides cloud revenue excluding internal transfers. Our revenue number is an estimate based on historical data. 2) Microsoft Azure numbers are based on estimates and the new segmenting in FY25

Source: Company reports, Bernstein analysis and estimates

EXHIBIT 6: **Q over Q, incremental share gained by each hyperscaler (excluding Alibaba)**

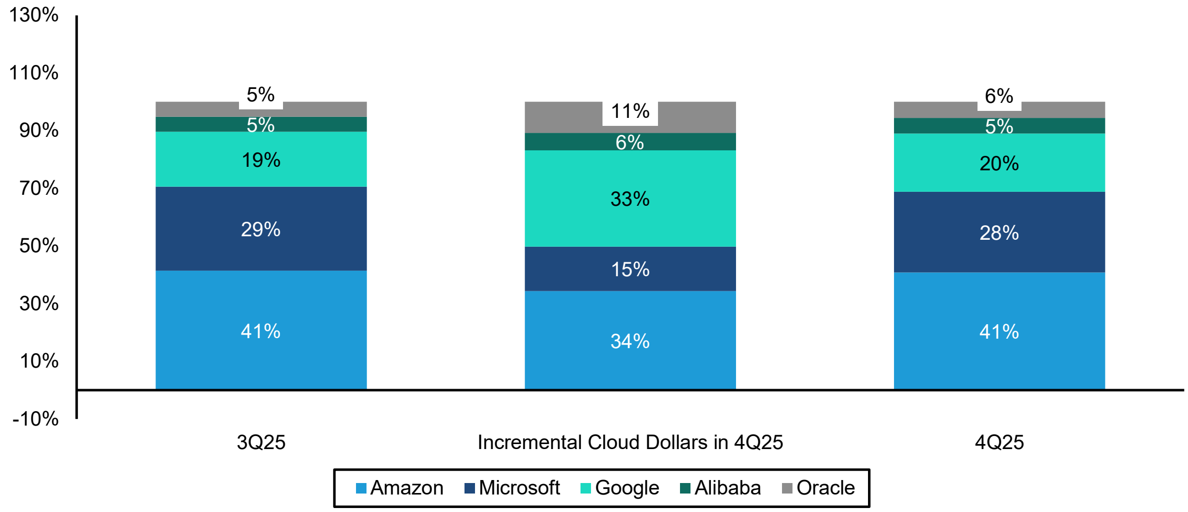


All quarters represent calendar quarters, Google's cloud revenues include both GCP and Workspace.

Microsoft Azure numbers are based on estimates.

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 7: **Of the incremental dollars added Q/Q by the hyperscale Cloud providers,Google particularly punched above its weight, but Amazon maintained dominance**



Please note that 1) Alibaba no longer provides cloud revenue excluding internal transfers. Our revenue number is an estimate based on historical data. 2) Microsoft Azure numbers are based on estimates
Source: Company reports, Bernstein analysis and estimates

APPENDIX - FINANCIAL FORECASTS

EXHIBIT 8: **Our AMZN Model**

in millions except per share and percentage data

AMZN	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	FY2024	FY2025	FY2026E	FY2027E	FY2028E
GAAP INCOME STATEMENT													
Revenue	**155,667**	**167,702**	**180,169**	**213,386**	**179,387**	**190,680**	**204,302**	**243,175**	**637,959**	**716,924**	**817,544**	**926,939**	**1,052,054**
Cost of Revenue	76,976	80,809	88,670	109,959	84,549	89,148	95,498	118,414	326,288	356,414	387,609	416,290	448,074
Fulfillment	24,593	25,976	27,679	30,826	27,974	28,952	30,747	35,717	98,505	109,074	123,390	136,387	149,313
Marketing	9,763	11,416	11,686	14,264	11,840	12,394	13,484	16,536	43,907	47,129	54,254	61,264	70,488
Technology and Content	22,994	27,166	28,962	29,399	29,599	32,416	33,710	40,124	88,544	108,521	135,848	152,945	173,589
General and administrative	2,628	2,965	2,875	2,704	2,870	3,242	3,065	3,648	11,359	11,172	12,824	13,615	14,975
Other	308	199	2,875	1,257	718	763	817	973	763	4,639	3,270	3,708	4,208
Total Expenses	**137,262**	**148,531**	**162,747**	**188,409**	**157,549**	**166,914**	**177,321**	**215,411**	**569,366**	**636,949**	**717,194**	**784,208**	**860,647**
EBIT	**18,405**	**19,171**	**17,422**	**24,977**	**21,838**	**23,766**	**26,982**	**27,764**	**68,593**	**79,975**	**100,349**	**142,732**	**191,407**
D&A	14,262	15,227	16,796	19,471	17,939	20,021	21,452	26,749	52,795	65,756	86,161	111,588	139,640
EBITDA (incl. SBC)	**32,667**	**34,398**	**34,218**	**44,448**	**39,777**	**43,787**	**48,433**	**54,513**	**121,388**	**145,731**	**186,510**	**254,320**	**331,047**
Other Expenses (Benefits)	1,278	1,007	(3,765)	3,785	3,511	3,842	4,409	4,525	9,345	2,305	16,288	23,834	32,514
Net Income	**17,127**	**18,164**	**21,187**	**21,192**	**18,327**	**19,923**	**22,573**	**23,239**	**59,248**	**77,670**	**84,062**	**118,897**	**158,893**
Weight Avg. Diluted Shares	10,793	10,806	10,845	10,863	10,903	10,940	10,978	11,016	10,721	10,827	10,960	11,113	11,268
GAAP EPS	**1.59**	**1.68**	**1.95**	**1.95**	**1.68**	**1.82**	**2.06**	**2.11**	**5.52**	**7.17**	**7.67**	**10.70**	**14.10**
GAAP Margins:													
Gross Margin	51%	52%	51%	48%	53%	53%	53%	51%	49%	50%	53%	55%	57%
EBIT Margin	12%	11%	10%	12%	12%	12%	13%	11%	11%	11%	12%	15%	0%
EBITDA Margin	21%	21%	19%	21%	22%	23%	24%	22%	19%	20%	23%	27%	0%
Y/Y Growth (GAAP):													
Revenue	9%	13%	13%	14%	15%	14%	13%	14%	11%	12%	14%	13%	13%
EBIT	20%	31%	0%	18%	19%	24%	55%	11%	86%	17%	25%	42%	34%
EPS	62%	33%	37%	5%	6%	8%	5%	8%	91%	30%	7%	39%	32%
NON-GAAP METRICS													
Adjusted EBITDA	**36,356**	**40,932**	**39,065**	**48,845**	**44,032**	**51,224**	**53,935**	**59,529**	**143,399**	**165,198**	**208,720**	**279,537**	**359,703**
Adjusted EBITDA Margin	23%	24%	22%	23%	25%	27%	26%	24%	22%	23%	26%	30%	34%
Adjusted EPS (ex Rivian)	**1.59**	**1.68**	**1.95**	**1.95**	**1.68**	**1.82**	**2.06**	**2.11**	**5.52**	**7.17**	**7.67**	**10.70**	**14.10**
Adjusted EPS growth	62%	33%	37%	5%	6%	8%	5%	8%	89%	30%	7%	39%	32%
KEY METRICS													
eCommerce GMV (Est.)	182,825	198,595	214,331	267,703	205,678	219,447	236,835	298,489	769,594	863,454	960,450	1,056,495	1,151,579
GMV Growth (Y/Y)	8%	13%	13%	14%	13%	11%	11%	12%	10%	12%	11%	10%	9%
Retail Revenue (Est.)	111,167	119,636	128,045	154,781	123,726	131,030	139,754	170,685	468,764	513,629	565,195	615,230	669,020
Retail Growth (Y/Y)	6%	11%	11%	10%	11%	10%	9%	10%	8%	10%	10%	9%	9%
AWS Revenue (Reported)	29,267	30,873	33,006	35,579	37,315	39,425	42,017	45,363	107,556	128,725	164,120	208,968	265,632
AWS Growth (Y/Y)	17%	17%	20%	24%	28%	28%	27%	28%	19%	20%	27%	27%	27%
Advertising Revenue (Est.)	13,921	15,694	17,703	21,317	16,984	18,676	21,067	25,367	56,214	68,635	82,093	96,406	110,867
Ad Growth (Y/Y)	18%	23%	24%	23%	22%	19%	19%	19%	20%	22%	20%	17%	15%
BALANCE SHEET & CASH FLOW													
Cash + Marketable Securities	94,565	93,180	94,197	123,029	124,672	137,211	149,514	167,668	101,202	123,029	167,668	251,721	376,920
All Other	548,691	588,990	633,724	695,013	705,650	743,984	776,906	828,670	523,692	695,013	828,670	970,669	1,110,894
Total Assets	**643,256**	**682,170**	**727,921**	**818,042**	**830,322**	**881,195**	**926,420**	**996,338**	**624,894**	**818,042**	**996,338**	**1,222,390**	**1,487,814**
Adj. FCF Operations	**(7,240)**	**1,147**	**1,297**	**15,990**	**(10,714)**	**209**	**6**	**5,944**	**38,219**	**11,194**	**(4,555)**	**35,165**	**76,669**
Adjusted FCF Margin	-5%	1%	1%	7%	-6%	0%	0%	2%	6%	2%	-1%	4%	7%

Source: Company reports, Bernstein estimates and analysis

BERNSTEIN TICKER TABLE

			22 Apr 2026		TTM	Reported EPS				Reported P/E (x)		
			Closing	Price	Rel.							
Ticker	Rating	Cur	Price	Target	Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
AMZN (Amazon)	O	USD	255.36	**300.00**	12.5%	USD	7.17	**7.67**	**10.70**	35.6	33.3	23.9
OLD				265.00				7.62	10.34			
SPX			7,137.90									

PRICE TARGET CHANGE / ESTIMATE CHANGE IN BOLD

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

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Amazon.Com Inc

We value Amazon on a Price Target of $300 using a 50/50 combination of SOTP method which values Amazon’s largest segment (Retail) at a 2027E EV/Sales multiple of 3x, and a DCF using a WACC of 9% and a terminal growth rate of 3.5%.

RISKS

Amazon.Com Inc

Downside risks to our price target:
• Amazon is currently under investigation in multiple regulatory proceedings across both anti-trust and privacy, domestically and abroad. Any regulations or actions by either the FTC, DOJ, or EU agencies could negatively impact the company's financials and valuation.
• New investments such as Groceries, Healthcare, AI, and Other Bets could result in a new investment cycle resulting in elevated capital intensity, compressing operating margins, and lower FCF.
• Share loss across core businesses from new eCommerce entrants and main AWS competitors could derate the multiples associated with both core businesses

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

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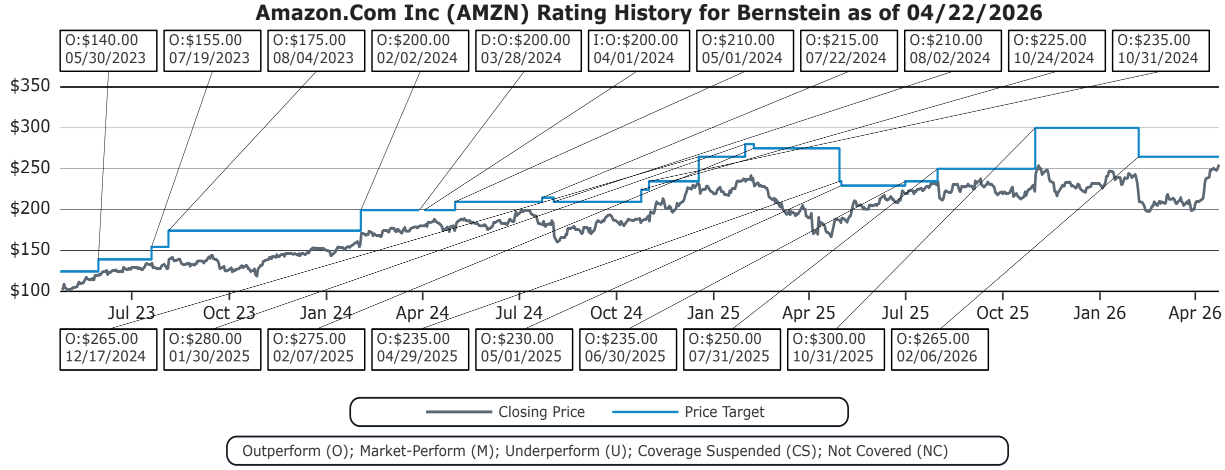

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