UBS

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Global Research
28 July 2026

# Amazon.com

## Updating Our AWS Backlog Construct

**Equities**

Americas

Internet Services

| | |
|---|---|
| **12-month rating** | **Buy** |
| **12m price target** | **US$305.00** |
| | ***Prior : US$333.00*** |
| **Price (27 Jul 2026)** | **US$231.39** |

**RIC:** AMZN.O **BBG:** AMZN US

**Trading data and key metrics**

| | |
|---|---|
| **52-wk range** | US$274.99-198.79 |
| **Market cap.** | US$2,430b |
| **Shares o/s** | 10,500m (COM) |
| **Free float** | 80% |
| **Avg. daily volume ('000)** | 48,529 |
| **Avg. daily value (m)** | US$12,150.4 |
| **Common s/h equity (12/26E)** | US$567b |
| **P/BV (12/26E)** | 4.4x |
| **Net debt to EBITDA (12/26E)** | 1.2x |

**EPS (UBS, diluted) (USD)**

| | 12/26E | | | |
|---|---|---|---|---|
| | From | To | % ch | Cons. |
| **Q1** | 3.20 | 3.20 | 0 | 2.78 |
| **Q2E** | 2.28 | 2.34 | 2 | 1.82 |
| **Q3E** | 2.46 | 2.47 | 0 | 1.91 |
| **Q4E** | 3.21 | 3.03 | -6 | 2.39 |
| **12/26E** | 11.15 | 11.03 | -1 | 8.82 |
| **12/27E** | 16.25 | 17.09 | 5 | 10.05 |
| **12/28E** | 22.36 | 25.36 | 13 | 12.97 |


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### Key takeaways

We preview Amazon's 2Q26 results, which it will report on July 30. We lower our price target to $305 from $333 as we contemplate higher CapEx estimates for 2027 and beyond in light of rising component prices as well as demand. We have also made near term changes to AWS revenue to move OpenAI's initial use of Trainium out of 4Q26 and into early-2027 - which shifts ~$3B of revenue out of this year. We continue to believe the Street is undermodeling the backlog and revenue growth prospects for AWS in 2H26 (UBSe 36% vs Street 31%) and even more so in 2027 (UBSe 48% vs street 30%). Consequently, where we continue to diverge most meaningfully vs the Street is in 2027 Operating Income estimate which is ~49% higher than consensus. And at 14x our updated 2027E EPS, there is still significant room for the stock to outperform, as we do not believe a premium asset such as this should be at a discount to the market multiple.

We maintain our Buy rating with our thesis centered on the following:

- Ongoing prospects for AWS growth acceleration in 2026 and into 2027 as the company brings on incremental capacity
- Potentially faster GMV growth and share gains due to greater service levels, namely expansion of Same-Day delivery and intensifying efforts into groceries
- Faster margin expansion in e-commerce due to improving unit economics as units growth continues to outpace cost
- Higher-margin revenue potential from Prime Video with ads catalyzed by its rolodex of partnerships alongside live sports as the service continues to scale globally

### Valuation:

We lower our price target to $305 (from $333) on a 30x (unchanged) P/FCF multiple applied to our 3Q27E-2Q28E FCF estimate of $109.9 billion.

| Highlights (US$m) | 12/23 | 12/24 | 12/25 | 12/26E | 12/27E | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | 574,785 | 637,959 | 716,924 | 830,721 | 982,207 | 1,180,888 | 1,406,388 | 1,648,485 |
| **EBIT (UBS)** | 60,875 | 90,604 | 99,442 | 126,033 | 218,180 | 324,822 | 447,990 | 577,146 |
| **Net earnings (UBS)** | 55,227 | 82,123 | 102,300 | 120,287 | 187,757 | 280,739 | 390,983 | 508,816 |
| **EPS (UBS, diluted) (US$)** | 5.26 | 7.66 | 9.45 | 11.03 | 17.09 | 25.36 | 35.02 | 45.16 |
| **DPS (net) (US$)** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Net (debt) / cash** | (135,611) | (130,900) | (152,987) | (250,371) | (247,963) | (242,374) | (243,444) | (237,066) |
| **Profitability/valuation** | **12/23** | **12/24** | **12/25** | **12/26E** | **12/27E** | **12/28E** | **12/29E** | **12/30E** |
| **EBIT (UBS) margin %** | 10.6 | 14.2 | 13.9 | 15.2 | 22.2 | 27.5 | 31.9 | 35.0 |
| **ROIC (EBIT) %** | 19.5 | 24.0 | 20.3 | 18.2 | 23.7 | 27.8 | 29.5 | 29.0 |
| **EV/EBITDA (UBS core) x** | 12.6 | 14.2 | 14.4 | 12.5 | 8.2 | 5.8 | 4.3 | 3.4 |
| **P/E (UBS, diluted) x** | 23.1 | 24.1 | 23.0 | 21.0 | 13.5 | 9.1 | 6.6 | 5.1 |
| **Equity FCF (UBS) yield %** | 3.0 | 2.0 | 0.6 | 0.6 | 2.5 | 7.0 | 9.7 | 16.1 |
| **Dividend yield (net) %** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 231.39 on 27-Jul-2026 18:31:51 EDT

# Investment Case: Updating Our AWS Backlog Construct

We preview Amazon's 2Q26 results, which it will report on July 30. Our near term revenue estimates do not change meaningfully on the e-commerce side of the business, but we do roll through greater revisions to 2027 and 2028 for AWS and assume a higher level of capital intensity (much as we had already done for its megacap Internet peers). Per our usual practice, we also recalibrate for currency movements in the quarter and incorporate the ~$35 billion debt from its bond sale in June and July respectively. Our price target moves to $305 from $333 and we maintain our Buy rating.

### Moving Timing of Recent OpenAI Deal to Begin Converting into Revenue in 2027

We update our backlog analysis first published in "Stacking the Backlog from the AI Labs and Bedrock"(May 27, 2026) - following further conversations with the company. In particular for the $100 billion OpenAI deal signed in February 2026, we anticipate Trainium usage will commence in early-2027. This does shift about $3 billion in our previously-forecasted revenue into 2027 which brings our 4Q26/2026-exit growth rate down from 44% to 36%.

And in light of rising component prices as well as demand, we raise our Capital Expenditures forecast for 2027 and 2028 by 17% and 25% respectively.

We believe that the Street has begun to catch up with our estimates - we are forecasting 32.1% vs the Street at 30.9% of AWS growth in 2Q26. That said we remain ahead vs the Street for 2H26 at 35.8% vs 31.1% respectively with that delta widening into 2027 (48% vs 30%) as the path of least resistance is to assume deceleration. We once again call out that there may be variations in terms of when assets / chips get deployed (versus building-related CapEx) so we may have some variability in any given quarter regarding revenue growth and margins, but we believe that the ultimate direction of incremental acceleration for the balance of the year and into 2027 remains valid.

### E-commerce Estimates Moves Modestly Higher on US Prime Day Momentum

Our e-commerce estimates modestly come up as we see the potential for demand pull forward driven by its US Prime Day event in June compared to the regular July timing. We also contemplate higher operating costs (primarily in shipping) as oil prices in April hovered around ~$100 per barrel before leveling in May and falling further in June as uncertainties around the Iran War stabilized. Nonetheless this does not preclude oil prices from rebounding in July as geopolitical tensions remain high, hence we find no reason to revise down our shipping cost estimates for now which should also weigh on segment margins in the near-term as Amazon is expected to host a Prime Day in Australia, Brazil, India, and Japan in 3Q26.

### Advertising Moves up Driven by Prime Day and World Cup

As we noted in our ad expert compilation note (US Internet "2Q26 Advertising Expert Calls Compilation: Bouncing Off the April-May Trough" published July 2, 2026), we caught up with 7 experts who have visibility into $9B+ in digital advertising spend. The checks are heavily skewed towards the US market and with comparatively larger advertisers, which could result in some distorted views. We present simple averages (not weighted) from their 2Q26 spend as well as initial projections for 3Q26 and updated forecasts on 2026. Note that the averages have been adjusted in the event that an expert did not provide historical views or were absent in our latest call series which may cause some disconnect with previously published figures. Please reach out to the team if you would like a copy of the complete data set (unadjusted).

**Figure 1: Amazon.com, Inc. - 2Q26, 3Q26 and 2026 YOY Ad Budget Growth Estimates from Ad Expert Checks**

| | 1Q26A | 2Q26A | Δ bps | 2Q26E | 2Q26A | Δ bps | 2Q26A | 3Q26E | Δ bps | Old 2026E | 2026E | Δ bps |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Digital** | **12.0%** | **12.7%** | **66** | **12.4%** | **12.7%** | **27** | **12.7%** | **12.9%** | **22** | **11.9%** | **12.8%** | **92** |
| **AMZN** | **17.5%** | **18.7%** | **113** | **18.1%** | **18.7%** | **61** | **18.7%** | **18.0%** | **-70** | **18.3%** | **18.6%** | **30** |
| Sponsored Ads | 16.5% | 17.5% | 93 | 17.0% | 17.5% | 47 | 17.5% | 17.4% | -6 | 15.3% | 17.3% | 206 |
| CTV & DSP | 21.3% | 23.3% | 204 | 21.7% | 23.3% | 158 | 23.3% | 22.8% | -50 | 19.1% | 22.2% | 308 |

Source: UBS estimates; Note: the number of experts contributing to each data point might differ and aggregates views are not statistically significant.

Despite the overhang over the ad sector due to the Iran war at the start of the quarter, the pressure began to ease in late April into May before normalizing in June with notable strength from e-commerce / retail verticals. While the pull forward of ad spend around US Prime Day in June (vs July last year) was well understood, the incrementality around the world cup was less understood and drove the modest outperformance in Sponsored Ads. That said we do not preclude potential headwinds for its Sponsored Ads product as agentic searches scale resulting in less traffic directly to Amazon. Otherwise Amazon's DSP remains a stand out given its full funnel scope, scale and depth of user data, and competitive fees particularly compared to The Trade Desk from whom they continue to claim share. While some expert noted concerns around Prime Video ad loads, we note that user visibility and thus return on ad spend remains favorable and further partnerships / integrations should underscore its position as a "must spend" destination particularly as we enter the fall with the return of live pro and college sports. We move our advertising estimates up by 3.1% in 2Q26 and 1.6% in 2026 respectively.

### Amazon Leo Set to Launch Initial Service in 2H26

Now that it has 396 satellites deployed as of early July which is sufficient to "support continuous service across initial launches" per Chris Weber Vice President of business and product for the Amazon Leo. We note that this is a significant step up from the 212 satellites it had in orbit at the end of 1Q26 suggesting that Amazon has hastened its launch pace - that said, what remains difficult to discern is how many rockets launches (and corresponding satellite payloads) it has access to.

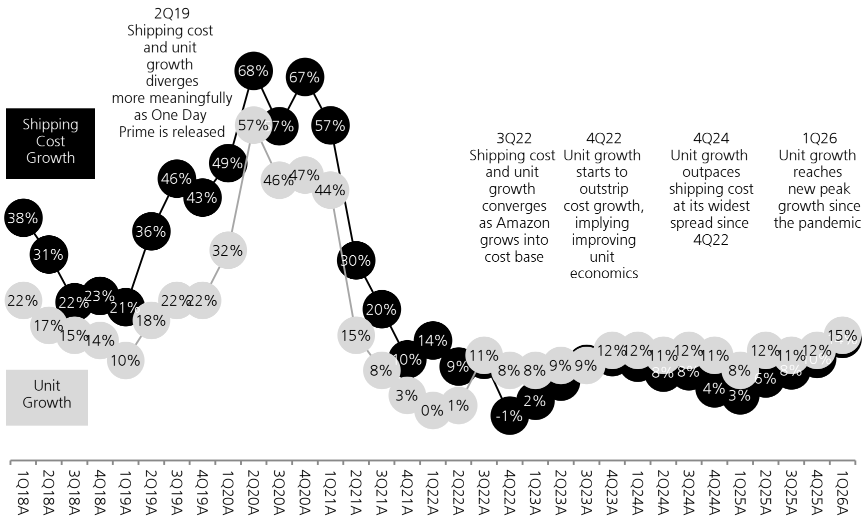
If the launches continue at the pace that we are estimating, Leo should hit the "hundreds" of satellites required (more specifically ~600) for commercialization by end of this year. As a reminder, Amazon submitted a request to the Federal Communications Commission (FCC) in February 2026 to expend its deadline to deploy half of its 3,232 satellites to July 30, 2028 from the prior July 30, 2026 deadline. Otherwise we continue to expect the timeline for satellite build and launch costs to move from expensed to capitalized in 1Q27 from the perspective of conservatism.

We update our Amazon Leo drivers as we recalibrate rocket launches alongside satellites in orbit per Amazon's disclosures. We assume ~5 launches in 3Q26 and 4Q26 with an average of 32 satellites per rocket or approximately the midpoint of an Atlas V and Ariane 64 which can carry 29 and 36 satellites respectively.

### E-Commerce Unit Economics Narrows Further as Faster Service Continues to Scale

We continue to trace improving e-commerce unit economics / margins as measured by comparing its disclosed unit growth vs shipping cost growth as a proxy. The most important takeaway from its latest disclosures is that unit growth reached +15% year over year which it had not done since the pandemic and off a progressively larger base. While the spread narrowed to 1pt in 1Q26 from 2pts in 4Q26, we do not believe that investors will perceive this as a negative event given the company continues to ramp its Same-Day delivery into rural areas and testing its 30-min service in select cities. On the other hand, it raises the likelihood for unit growth to remain stronger for longer.

**Figure 2: Amazon.com, Inc. - Quarterly Shipping Cost versus Unit Growth (1Q18-1Q26)**



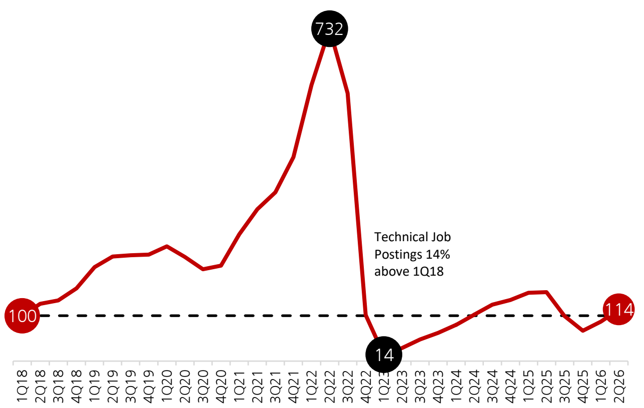

Source: UBS, Company data

### Job Postings Data Suggests Non-Technical Hiring Remains Priority in 2H26

The latest UBS Evidence Lab data once again suggests that while Amazon continues to hire across the business, the mix continues to skew higher towards non-technical positions. We believe that this is likely due to higher hiring needs within its e-commerce segment given major shopping and holiday events in 3Q26 and 4Q26 - which is also in-line with historical trends (excluding the pandemic years).

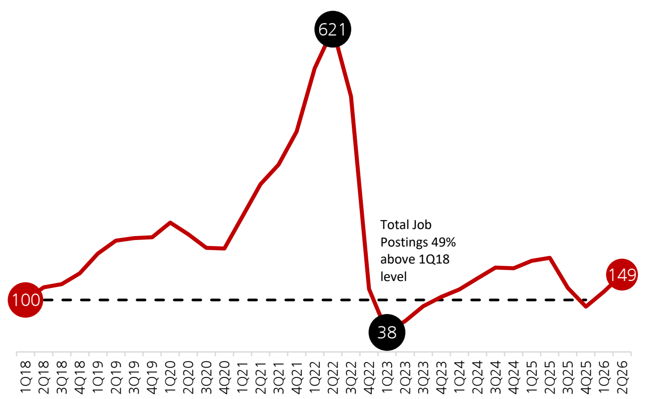
More specifically, technical postings are trending 14% above our 1Q18 base case while total jobs are tracking 49% vs the same comparative period. As measured by technical hiring intent, Amazon remains well below its megacap Internet peers (Google +113% and Meta +39% vs 1Q18 base case) as the company continues to rebalance its headcount needs following its reduction in force earlier this year. Post quarter close news headlines reported on cuts in the company's AI business teams and while this was confirmed by a company spokesperson, the scale or types of jobs eliminated were not announced. That said this would align with the dip in 4Q25 seen below given that our data set serves as a 6-9 month leading indicator.

**Figure 3: Amazon.com, Inc. - Technical Job Postings Indexed to 100 in 1Q18**




Source: UBS Evidence Lab, [(> Access Dataset)] (based on Computer & Mathematical Jobs)

**Figure 4: Amazon.com, Inc. - Total Job Postings Indexed to 100 in 1Q18**




Source: UBS Evidence Lab, [(> Access Dataset)]

## Changes to Estimates

We summarize changes to our estimates for 2Q26, 2026, 2027, and 2028 in the table below. As is our usual practice, we isolate currency-driven changes from the fundamentals.

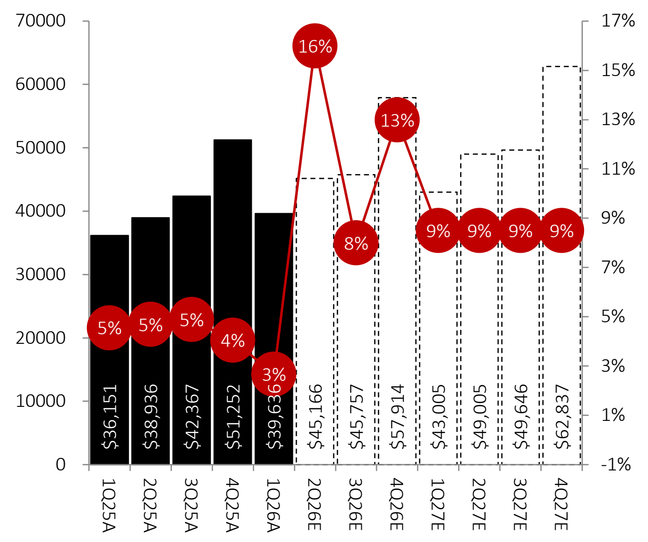
**Figure 7: Amazon.com, Inc. - UBS Estimate Revisions**

| $M unless otherwise stated | 2Q26 Prior | 2Q26 FX Only | % Δ | 2Q26 Current | % Δ | 2026 Prior | 2026 FX Only | % Δ | 2026 Current | % Δ | 2027 Prior | 2027 FX Only | % Δ | 2027 Current | % Δ | 2028 Prior | 2028 FX Only | % Δ | 2028 Current | % Δ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross Merchandise Value | 213297.1 | 212656.3 | -0.3% | 214128.8 | 0.4% | 905241.5 | 900723.4 | -0.5% | 904159.6 | -0.1% | 999582.2 | 991655.4 | -0.8% | 997458.2 | -0.2% | 1105277.8 | 1096474.3 | -0.8% | 1106168.2 | 0.1% |
| Physical Stores | 5894.6 | 5894.6 | 0.0% | 5894.6 | 0.0% | 23724.6 | 23724.6 | 0.0% | 23724.6 | 0.0% | 24281.8 | 24281.8 | 0.0% | 24281.8 | 0.0% | 24122.3 | 24122.3 | 0.0% | 24122.3 | 0.0% |
| Online Stores | 65742.8 | 65574.6 | -0.3% | 66736.9 | 1.5% | 287054.0 | 285799.6 | -0.4% | 288459.0 | 0.5% | 309978.5 | 307850.1 | -0.7% | 310421.9 | 0.1% | 339032.9 | 336673.6 | -0.7% | 339100.4 | 0.0% |
| Retail Third-Party Seller Services | 47425.8 | 47274.4 | -0.3% | 47451.0 | 0.1% | 199775.6 | 198711.7 | -0.5% | 199318.0 | -0.2% | 224123.9 | 222178.0 | -0.9% | 224902.1 | 0.3% | 255351.1 | 253156.0 | -0.9% | 257374.8 | 0.8% |
| Retail Subscription Services | 13767.7 | 13766.2 | 0.0% | 13766.2 | 0.0% | 55490.3 | 55475.4 | 0.0% | 55475.4 | 0.0% | 61591.0 | 61538.1 | -0.1% | 61538.1 | -0.1% | 68262.6 | 68212.8 | -0.1% | 68212.8 | -0.1% |
| AWS | 40924.8 | 40924.8 | 0.0% | 40788.3 | -0.3% | 174898.6 | 174898.6 | 0.0% | 171534.5 | -1.9% | 243351.7 | 243351.7 | 0.0% | 254155.9 | 4.4% | 322732.8 | 322732.8 | 0.0% | 369355.9 | 14.4% |
| Advertising | 19426.7 | 19371.8 | -0.3% | 20019.5 | 3.1% | 83329.2 | 82933.0 | -0.5% | 84678.9 | 1.6% | 95403.5 | 94704.5 | -0.7% | 96840.8 | 1.5% | 108884.4 | 108091.7 | -0.7% | 110784.3 | 1.7% |
| Other | 1588.6 | 1588.6 | 0.0% | 1588.6 | 0.0% | 7531.1 | 7531.1 | 0.0% | 7531.1 | 0.0% | 10066.2 | 10066.2 | 0.0% | 10066.2 | 0.0% | 11937.2 | 11937.2 | 0.0% | 11937.2 | 0.0% |
| **Net Revenue** | **194771.0** | **194395.0** | **-0.2%** | **196245.1** | **0.8%** | **831803.3** | **829074.0** | **-0.3%** | **830721.5** | **-0.1%** | **968796.8** | **963970.3** | **-0.5%** | **982206.9** | **1.4%** | **1130323.2** | **1124926.3** | **-0.5%** | **1180887.7** | **4.5%** |
| Cost of Revenue | 93577.8 | 93350.9 | -0.2% | 94892.4 | 1.4% | 402822.6 | 401130.8 | -0.4% | 404180.6 | 0.3% | 414406.7 | 411711.2 | -0.7% | 413037.4 | -0.3% | 445788.5 | 442849.2 | -0.7% | 444657.9 | -0.3% |
| Gross Profit | 101193.2 | 101044.1 | -0.1% | 101352.7 | 0.2% | 428980.8 | 427943.2 | -0.2% | 426540.8 | -0.6% | 554390.0 | 552259.2 | -0.4% | 569169.5 | 2.7% | 684534.8 | 682077.2 | -0.4% | 736229.8 | 7.6% |
| **Operating Income** | **23495.6** | **23444.7** | **-0.2%** | **24161.7** | **2.8%** | **108335.7** | **107916.1** | **-0.4%** | **107001.2** | **-1.2%** | **185916.7** | **184913.9** | **-0.5%** | **197640.9** | **6.3%** | **263103.1** | **261818.0** | **-0.5%** | **302606.0** | **15.0%** |
| Adjusted EBITDA | 49267.3 | 49207.0 | -0.1% | 49226.7 | -0.1% | 213556.1 | 213016.6 | -0.3% | 210102.0 | -1.6% | 316411.7 | 315166.2 | -0.4% | 328366.3 | 3.8% | 418628.6 | 417128.8 | -0.4% | 463274.4 | 10.7% |

Source: UBS estimates

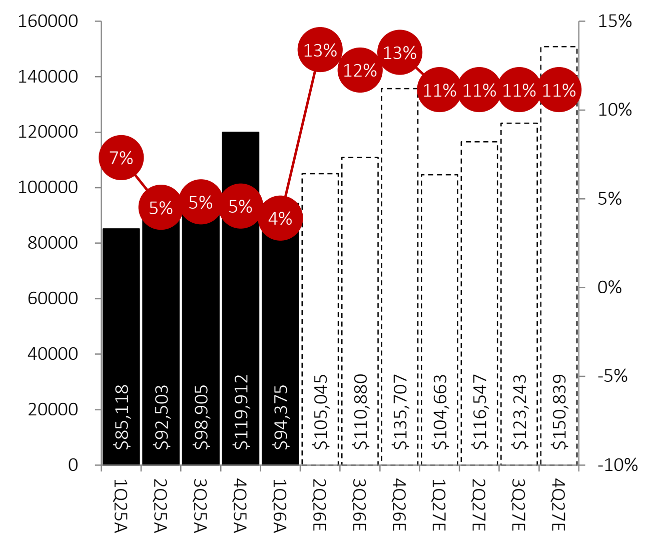
With greater granularity in disclosure, we have for some time driven our e-commerce estimates (denominated in millions) based on North America 1P GMV, North America 3P GMV, International 1P GMV, International 3P GMV, which we show below:

**Figure 8: Amazon.com, Inc. - Quarterly North America 1P GMV and YOY Growth**




Source: UBS estimates, Company data

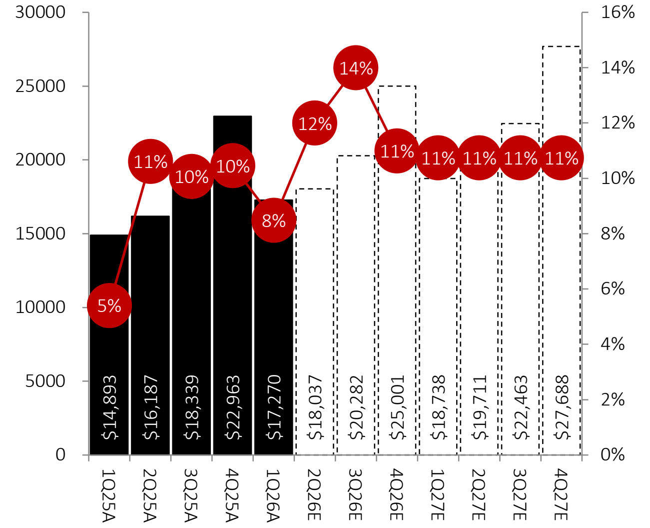
**Figure 9: Amazon.com, Inc. - Quarterly North America 3P GMV and YOY Growth**




Source: UBS estimates, Company data

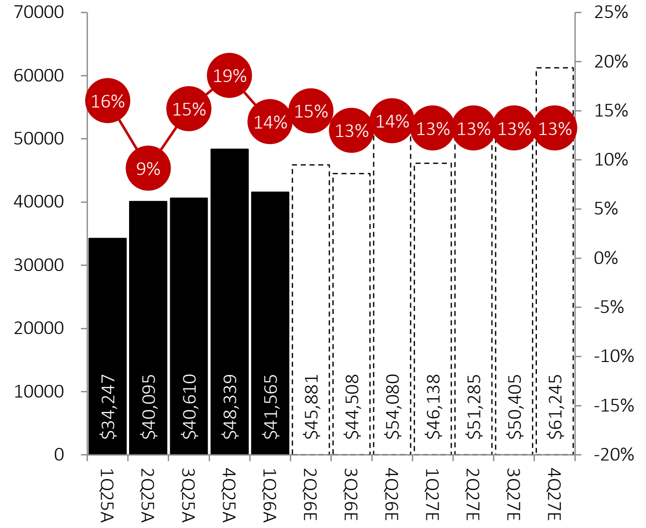
We are forecasting North America 1P GMV to increase 16% year-over-year to reach $45.2 billion in 2Q26 versus the 3% increase in 1Q26 and 5% in 2Q25. Our projection for North America 3P GMV is $105.0 billion or an increase of 13% vs the 4% in 1Q26 and 5% in 2Q25.

**Figure 10: Amazon.com, Inc. - Quarterly International 1P GMV and (FXN) YOY Growth**




Source: UBS estimates, Company data

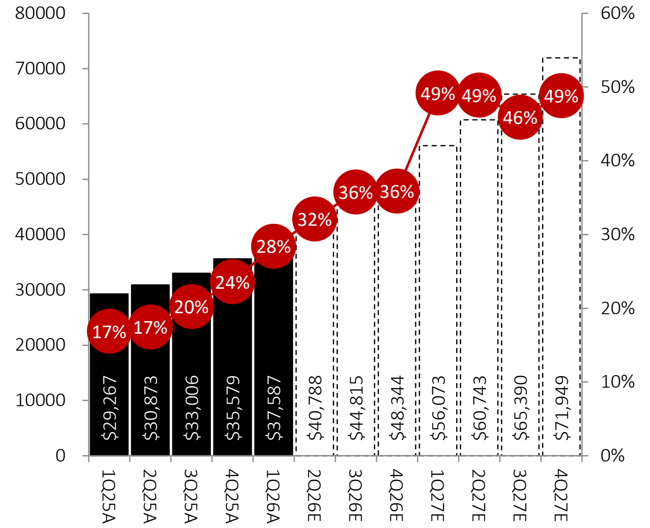
**Figure 11: Amazon.com, Inc. - Quarterly International 3P GMV and (FXN) YOY Growth**




Source: UBS estimates, Company data

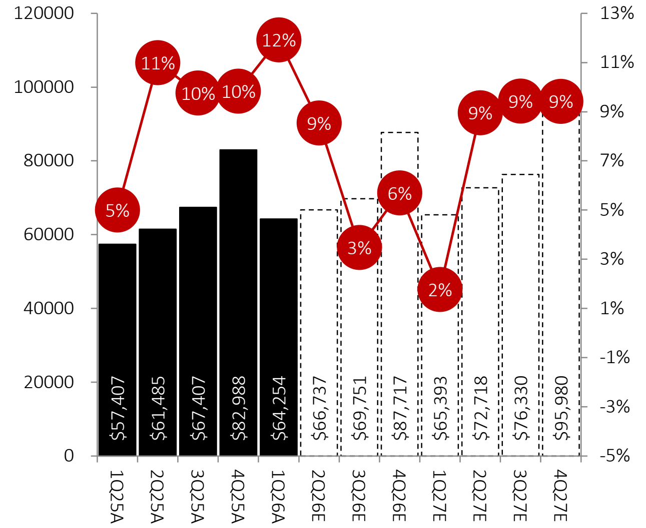
We are forecasting International 1P GMV to increase 12% FX-neutral year-over-year to reach $18.0 billion in 2Q26 - this is versus the 8% FX-neutral increase in 1Q26 and 11% a year ago. Our projection for International 3P GMV is $45.9 billion in 2Q26 which reflects a 15% FX-neutral growth rate compared to 14% for 1Q26 and 9% a year ago.

**Figure 12: Amazon.com, Inc. - Quarterly AWS Revenue YOY Growth**




Source: UBS estimates, Company data

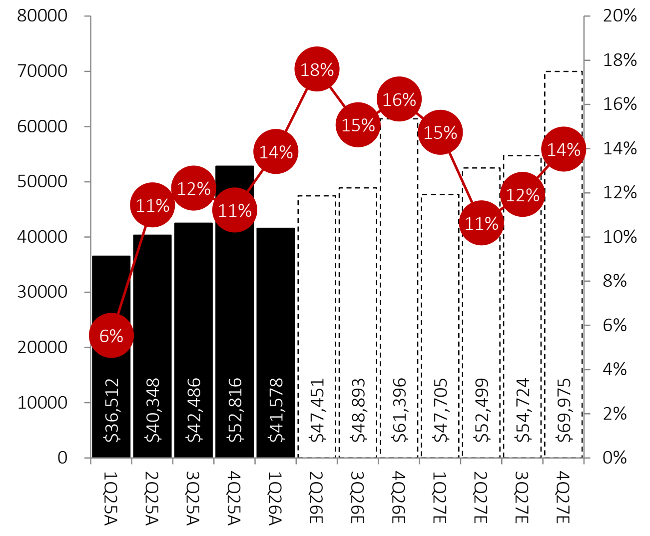
**Figure 13: Amazon.com, Inc. - Quarterly Retail Revenue YOY Growth**




Source: UBS estimates, Company data

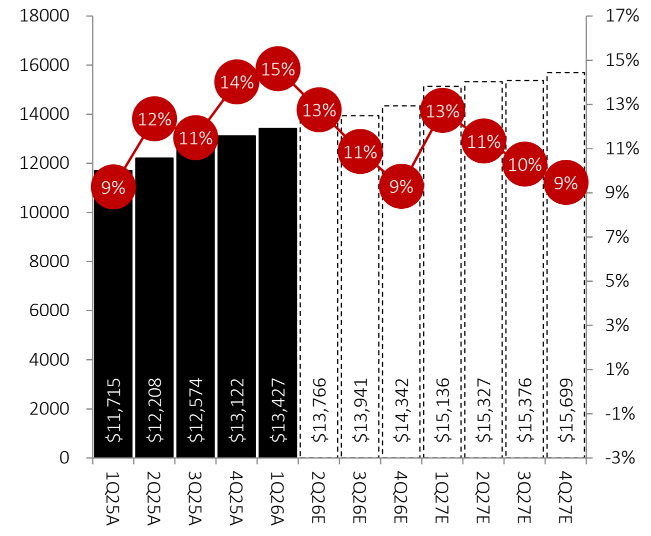
For AWS, we are forecasting revenue to grow 32% to reach $40.1 billion in 2Q26 - this is versus the 28% growth for 1Q26 and 17% a year ago. Our Retail revenue forecast for 2Q26 stands at $66.7 billion reflecting 9% growth - this is versus 12% in 1Q26 and 11% a year ago.

**Figure 14: Amazon.com, Inc. - Quarterly Retail Third-Party Seller Services Revenue and YOY Growth**




Source: UBS estimates, Company data

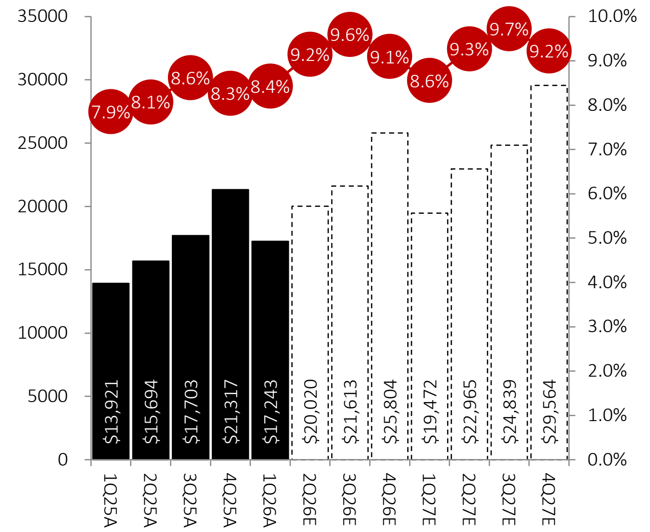
**Figure 15: Amazon.com, Inc. - Quarterly Retail Subscription Revenue and YOY Growth**




Source: UBS estimates, Company data

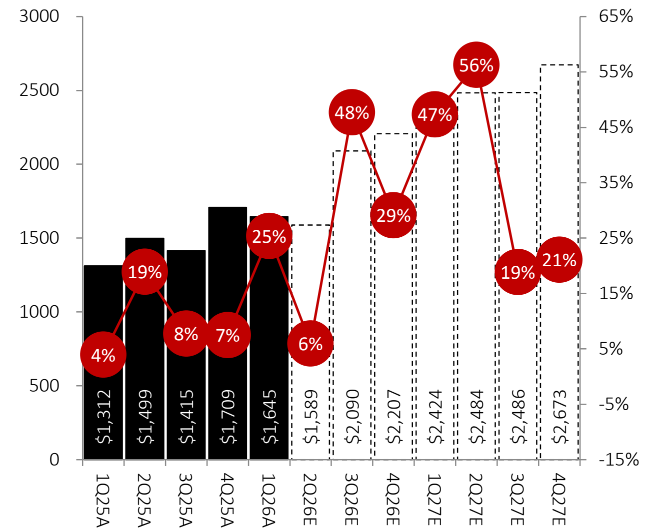
We are forecasting Retail Third-Party Seller Services Revenue growth to be up 18% in 2Q26 to reach $47.5 billion - this is versus 14% in 1Q26 and 11% in the year prior. Our projection for Retail Subscription Services Revenue is $13.8 billion in 2Q26 reflecting 13% growth versus 15% in 1Q26 and 12% in the year prior.

**Figure 16: Amazon.com, Inc. - Quarterly Advertising Revenue and Percentage of GMV**




Source: UBS estimates, Company data

**Figure 17: Amazon.com, Inc. - Quarterly Other Revenue and YOY Growth**




Source: UBS estimates, Company data

We are forecasting Advertising Revenue growth to reach $20.0 billion in 2Q26 or 9.2% of GMV compared to 8.4% in 1Q26 and 8.1% in 2Q25. Our projection for Other Revenue is $1.6 billion in 2Q26 reflecting 6% growth versus 25% in 1Q26 and 19% in 2Q25.

# Valuation

We lower our price target to $305 from $333 derived on our 3Q27E-2Q28E free cash flow estimate of $109.9 billion. More specifically, we modestly raise our long-term revenue estimates primarily from AWS offset by more substantial upward revisions to our CapEx forecast in FY27 and FY28. Our price target is derived from a Price to Free Cash Flow methodology as we apply a 30x multiple (unchanged) on our estimates as Amazon has typically anchored its conversations with investors around cash flow generation. Our revised price target implies a price to earnings (GAAP) multiple of ~15x vs its megacap peers (GOOGL, META) who are trading within the 20x-25x range.

**Figure 18: Amazon.com, Inc. - Valuation**

**Amazon.com, Inc. - Valuation Worksheet**
(In Billions, unless otherwise noted)

| Current Valuation | 1Q26A | 2Q26E | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E | 1Q28E | 2Q28E | 3Q28E | 4Q28E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Current EV Calculation | | | | | | | | | | | | |
| Current Share Price | | | | | | | | | | $233.6 | 7/23/2026 | |
| (x) Diluted Share Count | | | | | | | | | | 11 | as of 1Q26A | |
| (=) Market Cap | | | | | | | | | | 2540 | | |
| (-) Cash & Equivalents | | | | | | | | | | (143) | as of 1Q26A | |
| (+) Debt | | | | | | | | | | 119 | as of 1Q26A | |
| (+) Lease Liabilites | | | | | | | | | | 13 | as of 1Q26A | |
| (=) Enterprise value | | | | | | | | | | 2530 | | |
| EV to Retail GMV | 3.0x | 2.9x | 2.9x | 2.8x | 2.7x | 2.7x | 2.6x | 2.5x | 2.5x | 2.4x | 2.4x | 2.3x |
| EV to Total Net Sales | 3.4x | 3.3x | 3.2x | 3.0x | 2.9x | 2.8x | 2.7x | 2.6x | 2.5x | 2.4x | 2.3x | 2.1x |
| Total EV to AWS Revenue | 18.5x | 17.2x | 15.9x | 14.7x | 13.3x | 12.0x | 11.0x | 10.0x | 9.1x | 8.3x | 7.5x | 6.8x |
| EV to GAAP EBIT | 29.6x | 28.0x | 25.7x | 23.6x | 20.4x | 17.4x | 15.0x | 12.8x | 11.6x | 10.4x | 9.3x | 8.4x |
| EV to Adj. EBITDA | 14.4x | 13.8x | 12.8x | 12.0x | 10.8x | 9.7x | 8.6x | 7.7x | 7.1x | 6.5x | 6.0x | 5.5x |
| Price to Earnings | 21.9x | 21.8x | 22.2x | 21.2x | 20.4x | 17.8x | 15.7x | 13.7x | 12.5x | 11.3x | 10.2x | 9.2x |
| Price to Free Cash Flow (Fully Loaded) | NM | 522.9x | 1,995.4x | 198.7x | NM | NM | 99.9x | 43.3x | 31.9x | 23.4x | 18.7x | 15.1x |
| FCF Yield (Fully loaded) | (0.06)% | 0.19% | 0.05% | 0.51% | (0.40)% | (0.07)% | 1.01% | 2.35% | 3.18% | 4.33% | 5.42% | 6.74% |
| Price to Free Cash Flow | | | | | | | | | | | | |
| Free Cash Flow (Fully Loaded) | (18.8) | 6.6 | (3.3) | 28.3 | (41.8) | 15.1 | 24.1 | 62.3 | (20.8) | 44.3 | 52.0 | 95.7 |
| (x) Target multiple | 30x | 30x | 30x | 30x | 30x | 30x | 30x | 30x | 30x | 30x | 30x | 30x |
| (=) Equity Value | (572.2) | 202.7 | (99.8) | 863.9 | (1275.4) | 459.9 | 734.7 | 1898.6 | (634.0) | 1351.2 | 1585.6 | 2916.6 |
| (/) Diluted Shares (T-1) | 10.8 | 10.8 | 10.7 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 11.0 | 11.0 | 11.0 | 11.0 |
| Price Target | | | | | | | | | | $305 | | |
| | | | | | | | | | Current price | $234 | | |
| | | | | | | | | | Potential Upside/downside | 31% | | |
| Implied Valuation Multiples at Target Price $305 | | | | | | | | | | | | |
| EV/Net Sales | NM | 0.0x | NM | 0.3x | NM | NM | 0.6x | 1.6x | 2.2x | 2.9x | 3.5x | 4.1x |
| EV/Gross Profit | NM | 0.0x | NM | 0.5x | NM | NM | 1.1x | 2.8x | 3.6x | 4.8x | 5.7x | 6.6x |
| EV/EBIT | NM | 0.2x | NM | 2.2x | NM | NM | 3.3x | 7.9x | 10.1x | 12.6x | 14.3x | 16.0x |
| EV/EBITDA | NM | 0.1x | NM | 1.2x | NM | NM | 2.0x | 5.1x | 6.6x | 8.4x | 9.7x | 11.0x |
| EV/Adj. EBITDA | NM | 0.1x | NM | 1.1x | NM | NM | 1.9x | 4.8x | 6.2x | 7.9x | 9.2x | 10.5x |
| FCF Yield (Fully Loaded) | (0.05)% | 0.14% | 0.04% | 0.39% | (0.30)% | (0.05)% | 0.77% | 1.78% | 2.41% | 3.28% | 4.11% | 5.11% |
| Price to Earnings | 28.6x | 28.5x | 29.0x | 27.7x | 26.7x | 23.3x | 20.5x | 17.9x | 16.3x | 14.8x | 13.3x | 12.0x |

Source: UBS estimates, Company data

# Upside / Downside Scenarios

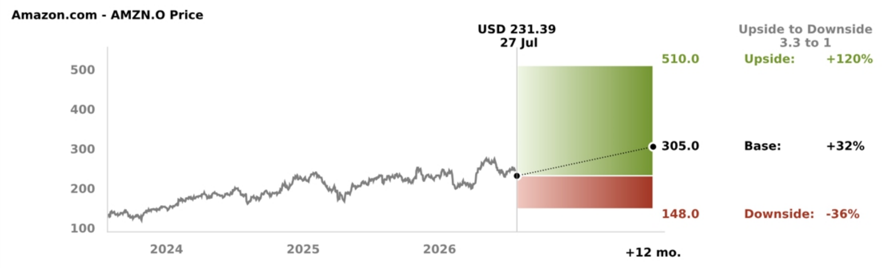
For Amazon, our upside / downside scenarios imply a skew of 3.3x.

**Upside Case ($510):** Our upside scenario assumes a 2.25-YR revenue CAGR of 20% and FCF margin of 15% as we apply a 35x multiple on our 3Q27-2Q28 FCF estimate of $162.3 billion.

**Base Case ($305):** Our base case assumes a 2.25-YR revenue CAGR of 18% and FCF margin of 10% as we apply a 30x multiple on our 3Q27-2Q28 FCF estimate of $109.9 billion.

**Downside Case ($148):** Our downside scenario assumes an acceleration in 2.25-YR revenue CAGR of 12% and FCF margin of 9% as we apply a 20x multiple on our 3Q27-2Q28 FCF estimate of $81.5 billion.

## Figure 19: Amazon.com, Inc. - Upside/Downside Skew




Source: UBS Research

## Figure 20: Amazon.com, Inc. - Scenario Analysis' Key Assumptions

| $B except per share | Implied Valuation | Revenue CAGR 2.25-YR | Revenue (3Q27E-2Q28E) | Free Cash Flow Margin | Free Cash Flow (3Q27E-2Q28E) | Applied Multiple |
|---|---|---|---|---|---|---|
| Upside | $510 | 20.0% | $1,119.5 | 14.5% | $162.3 | 35x |
| Base | $305 | 17.7% | $1,072.2 | 10.2% | $109.9 | 30x |
| Downside | $148 | 12.0% | $958.5 | 8.5% | $81.5 | 20x |

Source: UBS estimates

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# Amazon.com (AMZN.O)

| Income Statement (US$m) | 12/23 | 12/24 | 12/25 | 12/26E | %ch | 12/27E | %ch | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | **574,785** | **637,959** | **716,924** | **830,721** | 15.9 | **982,207** | 18.2 | **1,180,888** | **1,406,388** | **1,648,485** |
| Gross profit | 270,046 | 311,671 | 360,510 | 426,541 | 18.3 | 569,169 | 33.4 | 736,230 | 928,218 | 1,131,161 |
| **EBITDA (UBS)** | **109,538** | **143,379** | **165,198** | **210,102** | 27.2 | **328,366** | 56.3 | **463,274** | **619,960** | **786,810** |
| Depreciation & amortisation | (48,663) | (52,775) | (65,756) | (84,069) | -27.8 | (110,187) | -31.1 | (138,452) | (171,970) | (209,664) |
| **EBIT (UBS)** | **60,875** | **90,604** | **99,442** | **126,033** | 26.7 | **218,180** | 73.1 | **324,822** | **447,990** | **577,146** |
| Associates & investment income | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| Other non-operating income | 938 | (2,250) | 15,229 | 15,647 | 2.7 | 0 | - | 0 | 0 | 0 |
| Net interest | (233) | 2,271 | 2,077 | (587) | - | (2,193) | -273.8 | 258 | 6,286 | 15,285 |
| Exceptionals (incl goodwill) | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| **Pre-tax profit** | **61,580** | **90,625** | **116,748** | **141,094** | 20.9 | **215,986** | 53.1 | **325,081** | **454,277** | **592,431** |
| Tax | (7,120) | (9,265) | (19,087) | (21,894) | -14.7 | (29,317) | -33.9 | (45,430) | (64,382) | (84,703) |
| **Profit after tax** | **54,460** | **81,360** | **97,661** | **119,199** | 22.1 | **186,669** | 56.6 | **279,651** | **389,895** | **507,728** |
| Preference dividends | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| Minorities | (12) | (101) | (524) | (19) | 96.4 | 0 | - | 0 | 0 | 0 |
| Extraordinary items | (24,023) | (22,011) | (19,467) | (19,032) | 2.2 | (20,539) | -7.9 | (22,216) | (25,065) | (27,743) |
| **Net earnings (local GAAP)** | **30,425** | **59,248** | **77,670** | **100,148** | 28.9 | **166,130** | 65.9 | **257,435** | **364,830** | **479,985** |
| **Net earnings (UBS)** | **55,227** | **82,123** | **102,300** | **120,287** | 17.6 | **187,757** | 56.1 | **280,739** | **390,983** | **508,816** |
| Tax rate (%) | 11.6 | 10.2 | 16.3 | 15.5 | -5.1 | 13.6 | -12.5 | 14.0 | 14.2 | 14.3 |

| Per Share (US$) | 12/23 | 12/24 | 12/25 | 12/26E | %ch | 12/27E | %ch | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|---|---|
| EPS (UBS, diluted) | 5.26 | 7.66 | 9.45 | 11.03 | 16.8 | 17.09 | 54.9 | 25.36 | 35.02 | 45.16 |
| EPS (local GAAP, diluted) | 2.90 | 5.53 | 7.17 | 9.18 | 28.0 | 15.12 | 64.6 | 23.25 | 32.68 | 42.60 |
| EPS (UBS, basic) | 5.36 | 7.84 | 9.60 | 11.17 | 16.3 | 17.30 | 54.9 | 25.67 | 35.45 | 45.71 |
| DPS (net) (US$) | 0.00 | 0.00 | 0.00 | 0.00 | - | 0.00 | - | 0.00 | 0.00 | 0.00 |
| Cash EPS (UBS, diluted) [1] | 9.90 | 12.58 | 15.52 | 18.74 | 20.7 | 27.12 | 44.7 | 37.86 | 50.42 | 63.77 |
| Book value per share | 19.64 | 27.82 | 39.99 | 52.53 | 31.4 | 70.90 | 35.0 | 97.95 | 133.71 | 181.11 |
| Average shares (diluted) | 10,491 | 10,721 | 10,827 | 10,904 | 0.7 | 10,985 | 0.8 | 11,072 | 11,165 | 11,267 |

| Balance Sheet (US$m) | 12/23 | 12/24 | 12/25 | 12/26E | %ch | 12/27E | %ch | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash and equivalents | 73,387 | 78,779 | 86,810 | 158,243 | 82.3 | 153,029 | -3.3 | 313,523 | 534,540 | 920,131 |
| Other current assets | 98,964 | 112,088 | 142,273 | 162,801 | 14.4 | 169,414 | 4.1 | 180,327 | 196,511 | 213,573 |
| **Total current assets** | **172,351** | **190,867** | **229,083** | **321,043** | 40.1 | **322,443** | 0.4 | **493,851** | **731,050** | **1,133,704** |
| Net tangible fixed assets | 204,177 | 252,665 | 357,025 | 517,384 | 44.9 | 697,974 | 34.9 | 880,750 | 1,105,123 | 1,311,519 |
| Net intangible fixed assets | 22,789 | 23,074 | 23,273 | 23,449 | 0.8 | 23,449 | 0.0 | 23,449 | 23,449 | 23,449 |
| Investments / other assets | 128,537 | 158,288 | 208,661 | 295,235 | 41.5 | 359,973 | 21.9 | 370,227 | 381,335 | 392,758 |
| **Total assets** | **527,854** | **624,894** | **818,042** | **1,157,111** | 41.4 | **1,403,839** | 21.3 | **1,768,277** | **2,240,957** | **2,861,430** |
| Trade payables & other ST liabilities | 164,917 | 179,431 | 218,005 | 291,201 | 33.6 | 336,033 | 15.4 | 403,024 | 469,383 | 552,539 |
| Short term debt | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| **Total current liabilities** | **164,917** | **179,431** | **218,005** | **291,201** | 33.6 | **336,033** | 15.4 | **403,024** | **469,383** | **552,539** |
| Long term debt | 135,611 | 130,900 | 152,987 | 250,371 | 63.7 | 247,963 | -1.0 | 242,374 | 243,444 | 237,066 |
| Other long term liabilities | 25,451 | 28,593 | 35,985 | 48,072 | 33.6 | 48,072 | 0.0 | 48,072 | 48,072 | 48,072 |
| Preferred shares | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| **Total liabilities (incl pref shares)** | **325,979** | **338,924** | **406,977** | **589,644** | 44.9 | **632,068** | 7.2 | **693,471** | **760,899** | **837,678** |
| **Common s/h equity** | **201,875** | **285,970** | **411,065** | **567,468** | 38.0 | **771,771** | 36.0 | **1,074,806** | **1,480,058** | **2,023,753** |
| Minority interests | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| **Total liabilities & equity** | **527,854** | **624,894** | **818,042** | **1,157,111** | 41.4 | **1,403,839** | 21.3 | **1,768,277** | **2,240,957** | **2,861,430** |

| Cash Flow (US$m) | 12/23 | 12/24 | 12/25 | 12/26E | %ch | 12/27E | %ch | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|---|---|
| Net income (before pref divs) | 30,425 | 59,248 | 77,670 | 100,148 | 28.9 | 166,130 | 65.9 | 257,435 | 364,830 | 479,985 |
| Depreciation & amortisation | 48,663 | 52,775 | 65,756 | 84,069 | 27.8 | 110,187 | 31.1 | 138,452 | 171,970 | 209,664 |
| Net change in working capital | (11,541) | (15,541) | (18,369) | 32,801 | - | 27,475 | -16.2 | 45,741 | 39,726 | 55,503 |
| Other operating | 17,399 | 19,375 | 16,057 | 16,198 | 0.9 | 20,539 | 26.8 | 22,216 | 25,065 | 27,743 |
| **Operating cash flow** | **84,946** | **115,857** | **141,114** | **233,216** | 65.3 | **324,331** | 39.1 | **463,845** | **601,591** | **772,895** |
| Tangible capital expenditure | (48,133) | (77,658) | (128,320) | (218,707) | -70.4 | (264,711) | -21.0 | (292,661) | (364,992) | (382,123) |
| Intangible capital expenditure | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| Net (acquisitions) & disposals | (5,839) | (7,082) | (3,841) | (15,408) | -301.1 | 0 | - | 0 | 0 | 0 |
| Other investing | 4,139 | (9,602) | (10,384) | (10,570) | -1.8 | (55,000) | NM | 0 | 0 | 0 |
| **Investing cash flow** | **(49,833)** | **(94,342)** | **(142,545)** | **(244,685)** | -71.7 | **(319,711)** | -30.7 | **(292,661)** | **(364,992)** | **(382,123)** |
| Equity dividends paid | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| Share issues / (buybacks) | 0 | 0 | 0 | 0 | - | 0 | - | 0 | 0 | 0 |
| Other financing | (4,655) | (2,712) | (1,885) | (3,126) | -65.8 | (1,084) | 65.3 | (1,015) | (954) | (897) |
| Change in debt & pref shares | (11,224) | (9,100) | 11,546 | 85,608 | NM | (8,750) | - | (9,675) | (14,629) | (4,283) |
| **Financing cash flow** | **(15,879)** | **(11,812)** | **9,661** | **82,483** | NM | **(9,834)** | - | **(10,689)** | **(15,583)** | **(5,181)** |
| **Cash flow inc/(dec) in cash** | **19,234** | **9,703** | **8,230** | **71,014** | NM | **(5,214)** | - | **160,495** | **221,016** | **385,591** |
| FX / non cash items | 265 | (4,311) | (199) | 419 | - | 0 | -100.0 | 0 | 0 | 0 |
| **Balance sheet inc/(dec) in cash** | **19,499** | **5,392** | **8,031** | **71,433** | NM | **(5,214)** | - | **160,495** | **221,016** | **385,591** |

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

# Amazon.com (AMZN.O)

| Valuation (x) | 12/23 | 12/24 | 12/25 | 12/26E | 12/27E | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|
| P/E (local GAAP, diluted) | 41.9 | 33.4 | 30.3 | 25.2 | 15.3 | 10.0 | 7.1 | 5.4 |
| P/E (UBS, diluted) | 23.1 | 24.1 | 23.0 | 21.0 | 13.5 | 9.1 | 6.6 | 5.1 |
| P/CEPS | 12.0 | 14.3 | 13.8 | 12.2 | 8.5 | 6.1 | 4.5 | 3.6 |
| Equity FCF (UBS) yield % | 3.0 | 2.0 | 0.6 | 0.6 | 2.5 | 7.0 | 9.7 | 16.1 |
| Dividend yield (net) % | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| P/BV | 6.2 | 6.6 | 5.4 | 4.4 | 3.3 | 2.4 | 1.7 | 1.3 |
| EV/revenues (core) | 2.4 | 3.2 | 3.3 | 3.2 | 2.7 | 2.3 | 1.9 | 1.6 |
| EV/EBITDA (UBS core) | 12.6 | 14.2 | 14.4 | 12.6 | 8.2 | 5.8 | 4.3 | 3.4 |
| EV/EBIT (core) | 22.8 | 22.4 | 23.9 | 20.9 | 12.3 | 8.3 | 6.0 | 4.6 |
| EV/OpFCF (core) | 24.4 | 33.6 | 71.3 | NM | 42.2 | 15.7 | 10.5 | 6.6 |
| EV/op. invested capital | 4.4 | 5.4 | 4.9 | 3.8 | 2.9 | 2.3 | 1.8 | 1.3 |

| Enterprise value (US$m) | 12/23 | 12/24 | 12/25 | 12/26E | 12/27E | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|
| Market cap. | 1,247,712 | 1,897,997 | 2,237,676 | 2,429,595 | 2,429,595 | 2,429,595 | 2,429,595 | 2,429,595 |
| Net debt (cash) | 137,865 | 133,256 | 141,944 | 201,679 | 249,167 | 249,167 | 242,909 | 240,255 |
| Buy out of minorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pension provisions/other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total enterprise value** | **1,385,577** | **2,031,252** | **2,379,620** | **2,631,274** | **2,678,762** | **2,678,762** | **2,672,504** | **2,669,850** |
| Non core assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Core enterprise value** | **1,385,577** | **2,031,252** | **2,379,620** | **2,631,274** | **2,678,762** | **2,678,762** | **2,672,504** | **2,669,850** |

| Growth (%) | 12/23 | 12/24 | 12/25 | 12/26E | 12/27E | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|
| Revenue | 11.8 | 11.0 | 12.4 | 15.9 | 18.2 | 20.2 | 19.1 | 17.2 |
| EBITDA (UBS) | 49.4 | 30.9 | 15.2 | 27.2 | 56.3 | 41.1 | 33.8 | 26.9 |
| EBIT (UBS) | 91.0 | 48.8 | 9.8 | 26.7 | 73.1 | 48.9 | 37.9 | 28.8 |
| EPS (UBS, diluted) | 68.1 | 45.5 | 23.4 | 16.8 | 54.9 | 48.4 | 38.1 | 29.0 |
| Net DPS | - | - | - | - | - | - | - | - |

| Margins & Profitability (%) | 12/23 | 12/24 | 12/25 | 12/26E | 12/27E | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|
| Gross profit margin | 47.0 | 48.9 | 50.3 | 51.3 | 57.9 | 62.3 | 66.0 | 68.6 |
| EBITDA margin | 19.1 | 22.5 | 23.0 | 25.3 | 33.4 | 39.2 | 44.1 | 47.7 |
| EBIT (UBS) margin | 10.6 | 14.2 | 13.9 | 15.2 | 22.2 | 27.5 | 31.9 | 35.0 |
| Net earnings (UBS) margin | 9.6 | 12.9 | 14.3 | 14.5 | 19.1 | 23.8 | 27.8 | 30.9 |
| ROIC (EBIT) | 19.5 | 24.0 | 20.3 | 18.2 | 23.7 | 27.8 | 29.5 | 29.0 |
| ROIC post tax | 17.3 | 21.6 | 17.0 | 15.4 | 20.5 | 23.9 | 25.3 | 24.8 |
| ROE (UBS) | 31.7 | 33.7 | 29.4 | 24.6 | 28.0 | 30.4 | 30.6 | 29.0 |

| Capital structure & Coverage (x) | 12/23 | 12/24 | 12/25 | 12/26E | 12/27E | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|
| Net debt / EBITDA | 1.2 | 0.9 | 0.9 | 1.2 | 0.8 | 0.5 | 0.4 | 0.3 |
| Net debt / total equity % | 67.2 | 45.8 | 37.2 | 44.1 | 32.1 | 22.6 | 16.4 | 11.7 |
| Net debt / (net debt + total equity) % | 40.2 | 31.4 | 27.1 | 30.6 | 24.3 | 18.4 | 14.1 | 10.5 |
| Net debt/EV % | 9.9 | 6.6 | 6.0 | 7.7 | 9.3 | 9.2 | 9.1 | 9.0 |
| Capex / depreciation % | 98.9 | 147.1 | 195.1 | NM | NM | NM | NM | 182.3 |
| Capex / revenue % | 8.4 | 12.2 | 17.9 | 26.3 | 27.0 | 24.8 | 26.0 | 23.2 |
| EBIT / net interest | NM | - | - | NM | NM | - | - | - |
| Dividend cover (UBS) | - | - | - | - | - | - | - | - |
| Div. payout ratio (UBS) % | - | - | - | - | - | - | - | - |

| Revenues by division (US$m) | 12/23 | 12/24 | 12/25 | 12/26E | 12/27E | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|
| Others | 574,785 | 637,959 | 716,924 | 830,721 | 982,207 | 1,180,888 | 1,406,388 | 1,648,485 |
| **Total** | **574,785** | **637,959** | **716,924** | **830,721** | **982,207** | **1,180,888** | **1,406,388** | **1,648,485** |

| EBIT (UBS) by division (US$m) | 12/23 | 12/24 | 12/25 | 12/26E | 12/27E | 12/28E | 12/29E | 12/30E |
|---|---|---|---|---|---|---|---|---|
| Others | 60,875 | 90,604 | 99,442 | 126,033 | 218,180 | 324,822 | 447,990 | 577,146 |
| **Total** | **60,875** | **90,604** | **99,442** | **126,033** | **218,180** | **324,822** | **447,990** | **577,146** |

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

### Forecast returns

| | |
|---|---|
| Forecast price appreciation | 31.8% |
| Forecast dividend yield | 0.0% |
| Forecast stock return | 31.8% |
| Market return assumption | 9.3% |
| Forecast excess return | 22.5% |

#### Company Description

Amazon.com, Inc. is a customer-centric company providing for three customer sets: consumers, sellers, and enterprises. It operates a range of businesses including e-commerce/retail, AWS/cloud services, TV streaming, digital advertising, and financial services.

#### Valuation Method and Risk Statement

Risks to our valuation includes: 1) rise in competitive intensity from any number of Amazon's online e-commerce and offline retail competitors, 2) deterioration in consumer sentiment, which could impact transaction volume velocity, 3) higher-than-expected capital intensity for either the e-commerce platform or AWS, which could weigh on our free cash flow projections.
We value AMZN shares on a price to free cash flow basis as the company has always centered discussions with investors around free cash flow generation.

### Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

**Amazon.com**

| Question | Response |
|---|---|
| 1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view) | N/A |
| 2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view) | N/A |
| 3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view) | N/A |
| 4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view) | N/A |
| 5. What's driving the difference? | |
| 6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view) | N/A |
| 7. What's driving the difference? | |
| 8. Is there an upcoming catalyst for the company over the next three months? | No Catalyst |
| 9. Is there an actual or approximate date for the catalyst? | |
| 10. Is the catalyst date an actual or approximate date? | N/A |
| 11. What is the catalyst? | |