Goldman Sachs Research

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Amazon.com Inc. (AMZN): Q2'26 Earnings First Take

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We would expect Amazon's shares to have an initial positive reaction to its Q2 2026 earnings report as the results painted a strong broad-based picture of reaccelerating AWS revenue growth, solid/inline eCommerce revenue and AWS operating margins of 39%. In addition, Amazon disclosed that AWS' AI business has exceeded a $25b annual revenue runrate (growing triple digits % YoY) and its chip business also exceeded a $25b annual runrate (also growing triple digits % YoY) – both facts demonstrating a scaling effect around key initiatives which we believe are critical to AWS growth and operating margins in the future. There was no update in the release to their annual ~$200b of capex for 2026 and no commentary about forward period capex (2027 and beyond). Q3 2026 forward guidance (at the high end) was slightly below our forecasts on revenue (but more inline with reduced investor expectations over shifts in Prime Day timing) and roughly equal to our operating income forecasts (at the high end) which was ahead of the Street and investor expectations – the latter point demonstrating that the compounding profit narrative around AMZN shares remains intact. In terms of the earnings call, we would expect the questions to be focused on: a) the state of Amazon's AWS segment in terms of the broader AI theme for the coming 12+ months & how to think about compute capacity coming online in forward periods; b) how AMZN is positioning AWS with Bedrock & Trainium to meet shifting industry themes more broadly; c) the overall health of the AMZN consumer; & d) opportunities (automation, robotics, physical AI) within the eCommerce efforts in the next 12-18 months that might be supportive of either rising margins and/or increased re-investment levels.

Actuals vs. GS and FactSet Estimates: Amazon reported Q2'26 total revenues of $200.61bn (+20% YoY), compared to GSe of $197.61bn, Visible Alpha Street est. of $196.69bn and guidance of $194.0-199.0bn. By segment, Amazon reported revenues as follows: Online Stores of $70.43bn (+15% YoY); Third-Party Seller Services of $46.78bn (+16% YoY); Subscription Services of $13.73bn (+12% YoY); Advertising services of $19.81bn (+26% YoY); AWS of $42.23bn (+37% YoY); Other of $1.83bn (+23% YoY); North America of $116.18bn (+16% YoY) and International of $42.20bn (+15% YoY). Q2'26 total GAAP operating income was $27.46bn (13.7% margin), compared to GSe of $23.83bn, Street est. of $23.73bn and guidance of $20.0-24.0bn. By segment, Amazon reported GAAP operating income as follows: North America of $9.12bn (7.9% margin); International of $1.72bn (4.1% margin) and AWS of $16.62bn (39.4% margin).

Guidance vs. Street: Amazon guided Q3'26 total revenue to $197-202bn (including a 80bps headwind from foreign exchange rates), compared to GSe of $206.7bn and Street est. of $203.9bn) and total GAAP operating income to $22.5-26.5bn (compared to GSe of $26.8bn and Street est. of $25.4bn) reflecting a 12.3% GAAP operating margin at the midpoint (vs. GSe of 13.0% and Street est. of 12.4%).

Valuation: Our $335, 12-month price target is based on a sum-of-the-parts of EV/EBIT applied to North America and AWS segments, and EV/Sales applied to the International segment, all based on NTM+1 estimates.

Risks to our Buy rating include: Any impact to eCommerce or Cloud growth from competition; lack of success in scaling high margin businesses including Advertising, Cloud, third-party selling and the subscription business; investments across any array of initiatives creating a headwind to gross or operating margin; any product or platform changes necessary to comply with changes to the global regulatory environment; exposure to the volatility caused by the global macroeconomic environment and investor risk appetite for growth stocks.

AMZN	12m Price Target: **$335.00**	Price: **$226.65**	Upside: **47.8%**

Buy

Market cap: $2.5tr
Enterprise value: $2.5tr
3m ADTV: $12.0bn
United States
Americas Internet
M&A Rank: 3

GS Forecast

	12/25	**12/26E**	**12/27E**	**12/28E**
Revenue ($ mn)	716,924.0	827,599.5	952,883.5	1,081,038.0
EBITDA ($ mn)	145,731.0	193,275.2	255,843.1	331,745.5
EBIT ($ mn)	79,975.0	106,711.4	140,073.2	179,773.4
EPS ($)	7.17	8.85	10.15	12.84
P/E (X)	30.3	25.6	22.3	17.7
EV/EBITDA (X)	15.8	12.7	9.8	7.7
FCF yield (%)	0.5	(0.6)	(1.6)	(1.2)
Dividend yield (%)	–	–	–	–
Net debt/EBITDA (X)	(0.1)	0.1	0.2	0.2

	6/26	**9/26E**	**12/26E**	**3/27E**
EPS ($)	1.76	1.96	2.35	2.35

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 29 Jul 2026 close.