October 18, 2026 09:04 PM GMT

Amazon.com Inc | North America

Amazon to Top Pick and 5 Catalysts to Deliver Outperformance

WHAT'S CHANGED

Amazon.com Inc (AMZN.O)	From	To
Price Target	$335.00	**$350.00**
Top Pick Added	-	**AMZN.O**

We see ~40% upside to $350 PT and 3:1 risk reward. AWS's bigger top-line and ability to operate as a "rule of 90" company, further visibility and appreciation for Bedrock's importance, Amazon retail's agentic importance and retail's robotic optionality primed to deliver durable outperformance.

Amazon to Top Pick With ~3:1 Risk Reward and 5 Catalysts Ahead: We move Amazon to our top pick with our $350 PT having ~40% upside potential. Our base to bear skew ($220 to $350/share) has a 3:1 risk-reward ratio. In a market of see-sawing AI leaders and laggards, we detail 5 catalysts ahead to re-rate shares and drive material outperformance.

1. Deliver Continued Outsized AWS Topline Growth on the Way to $1trln... As detailed in Amazon.com Inc: AWS's Path to $1 Trln of Revenue and How AMZN Shares Can Double (16 Aug 2026), we continue to think AWS's growth and profit runway is under-appreciated. In fact, even today, we are updating for higher NVDA GPU shipments and raising our AWS growth expectations, **now expecting 47%/42% y/y growth in '27/'28**. As detailed below, even this may be conservative.

2. Which Translates to Better-Than-Priced AWS and Amazon Earnings Power: As detailed below, our bottom-up AWS expense build gives us confidence AWS can operate at high 40s% incremental EBIT margins in '27/'28. This is also consistent with our ROIC work in Internet: The Paths to 25-50% GenAI ROIC (27 Jul 2026). Bottom line, **we see AWS operating as "rule of 90" company in 2027-2028, paving the way for AMZN to generate ~$16.50 of '28 EPS.**

Please let us know if interested in our latest hyperscaler capex and AWS models.

3. And Visibility into Bedrock Leading to Multiple Expansion: As detailed in Internet and Software: Why Amazon Bedrock and Microsoft Foundry Should Become Household Names (7 Oct 2026), we continue to believe AMZN's ability to showcase the strength of Bedrock through this age of inference (and its importance to driving GenAI adoption across the economy) is under-appreciated and a potential multiple expander from current 15X '28 EPS levels.

4. Prove Amazon is an Agentic Winner: Our "5I's" framework (here) details why AMZN is a key agentic enabler and winner, and that remains unchanged even

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Amazon.com Inc (AMZN.O, AMZN US)

Top Pick

Internet | United States of America

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	**$350.00**
Shr price, close (Oct 16, 2026)	$250.00
Mkt cap, curr (mm)	$2,759,667
52-Week Range	$287.20-196.00

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

through Muse. As we discussed here, **we think Muse would benefit from AMZN**'s leading logistics network and loyal Prime member flywheel to scale a compelling and consistent e-commerce experience, and we expect the companies to partner over time. While we don't know exactly how the retail media business will be protected through agentic adoption, **we expect to learn more from templates of other connections (such as Walmart, Dick's Sporting Goods, Best Buy, or Wayfair) in coming months** as the connections launch hopefully into the holiday season. Some potential mitigants may be a hand-off from Muse to Alexa for Shopping (with AMZN controlling user experience/inventory); perhaps it's a take rate adjustment, perhaps it's a revenue share, perhaps AMZN flexes 3P FBA pricing power, but **we expect AMZN to leverage its leading e-commerce infrastructure and loyal user base to continue to monetize**. If Muse's holiday season shopping offerings don't go well without Amazon, that could also be a proof point of the importance of Amazon to scaling agentic commerce.

5. Robotics Are Coming to Showcase How Amazon Retail is a "Physical AI" Winner: 20 months ago (February 2025), we wrote a deep dive on AMZN's robotics in Shreveport, Louisiana, and showed how every 10% of global units moving through AMZN's robotics-enabled fulfillment centers could generate $2bn-$4bn of annual recurring savings. We believe the efficiency per unit is improving even faster than we originally modeled (for even larger savings) and think we could be getting closer to seeing these savings. Consider some of AMZN management's comments on the 2Q:26 earnings call: *"We're expanding our deployment of robotics and automation which have been integral to our operations for decades. We're retrofitting our facilities with our latest generation technology, and we expect to more than double our fleet of robotic arms, like Cardinal and Sparrow, in 2026."* **The extent to which we see AMZN's robotics fulfillment centers ramp (new builds and retrofits) throughout '27 could showcase how AMZN is a physical AI winner** as well...with the technology delivering more earning power to re-invest or flow through.

Please let us know if interested in our AMZN robotics sensitivities.



Exhibit 1: Our AMZN Top Pick Catalyst Checklist:

	Catalyst	Timing
☐	**Continued Outsized AWS Growth...**	Forward AMZN Earnings
☐	**...as AWS Margin and Profit Beats Surprise Too**	Forward AMZN Earnings
☐	**Showcase Bedrock's Importance and Strategic Value**	Forward AMZN Earnings
☐	**Prove Amazon is an Agentic Winner**	TBD, But Watch Holiday Season
☐	**Robots are Coming as Amazon Retail is a Physical AI Winner Too**	2027

Exhibit 2: We raise '28 EPS to ~$16.50 (+7% vs. prior) and PT to $350 (~40% upside)...our PT is based on a ~21x P/E multiple to our '28 EPS...

AMZN Valuation			
	Bear	**Base**	**Bull**
'28 EPS	$14.79	$16.56	$17.71
(X) P/E	15x	21x	23x
Price Per Share	**$220**	**$350**	**$410**
% Upside	*-14%*	*37%*	*61%*
Implied P/E on '27 EPS	**21x**	**30x**	**32x**

Exhibit 3: ...and note, our ~$350 PT implies a ~0.5X PEG, a ~50% discount to AMZN's hyperscaler peer median PEG of ~0.9X. Note, at current levels, AMZN is trading at a ~60% discount to its hyperscaler peer median PEG:

Peer Set	Share Price	'28 EPS	'28 EPS Growth	'28 P/E	'28 PEG
AAPL	$342	$11	6%	32x	5.7x
MSFT	$539	$27	24%	20x	0.8x
GOOGL	$349	$18	22%	19x	0.9x
META	$737	$35	3%	21x	8.5x
COST	$978	$25	12%	39x	3.4x
NFLX	$73	$4	20%	16x	0.8x
WMT	$118	$3	9%	38x	4.2x
Peer Median			**12%**	**21x**	**1.8x**
Hyperscaler Median			**22%**	**20x**	**0.9x**
AMZN @ Current Share Price	**Share Price**	**'28 EPS**	**'28 EPS Growth**	**'28 P/E**	**'28 PEG**
AMZN	**$255**	**$16.56**	**28%**	**15x**	**0.3x**
Premium/(Discount) vs. Hyper Median				**(23%)**	**(63%)**
AMZN @ $350 PT	**Share Price**	**'28 EPS**	**'28 EPS Growth**	**'28 P/E**	**'28 PEG**
AMZN	**$350**	**$16.6**	**28%**	**21x**	**0.5x**
Premium/(Discount) vs. Hyper Median				**6%**	**(49%)**

We now turn to our key model and valuation updates ahead of 3Q:26 EPS

NVDA's Latest AWS GPU Purchase Disclosure Points to Further AWS Upside:

NVDA's recent earnings (NVDA is covered by Joe Moore) highlighted how NVDA expects AWS to purchase/deploy 2mn GPUs in '27/'28 (see here). This is ~1mn more GPUS than we previously expected from 2027-2028, as we raise our aggregate AWS NVDA GPU purchase/deployment to 3mn chips from '26-'28. We see these incremental GPU deployments driving AWS capex higher but accelerating compute capacity and revenue growth and ultimately supporting stronger margin expansion and EBIT dollar growth. These incremental chips cause us to do three things.

1) Raise Amazon Capex: Given the incremental chip purchases, we raise AWS '27/'28 capex by ~$30bn/$15bn (now at $300bn/$300bn) as we continue to model hyperscaler capex on a bottoms-up basis based on chip purchases (see here). In all, **our AMZN company-wide capex now reaches $355bn/$365bn in '27/'28** (up $30bn/$15bn as retail capex estimates are unchanged).

2) Higher AWS Compute Capacity and Revenue: We believe AWS's planned incremental GPU purchases will skew to Vera Rubin and Rubin Ultra...and given this (and leveraging our bottom-up KW/rack estimates), we see these extra chips driving an extra ~2 GW /~1 GW of compute capacity in '27/'28 vs. our prior estimates. Given the still-constrained environment, we see this extra capacity translating into faster AWS revenue growth, as we raise '27/'28 AWS revenue by 5%/10%, now modeling 47%/42% growth in '27/'28. Note that this is based on the incremental revenue/watt of $9/$12 in '27/'28...which may prove conservative (but we do remind investors that we believe AWS has large negotiated pricing that does not mirror spot GPU pricing, or recent price increases on EC2 capacity block rate cards).

3) Higher AWS Margin Expansion and EBIT Dollar Growth This higher revenue growth translates into higher incremental EBIT dollars as our AWS '27/'28 EBIT rises by 9%/15%. In all, AWS GAAP EBIT margins reach 42%/44% in '27/'28 (~200bp higher than previously) as revenue trumps higher D&A and other opex growth (headcount, energy, general costs). Note too that this assumes non-D&A opex growth accelerates from 18% in '26 to 28%/31% in '27/'28, which admittedly could be conservative. But even with this, **we now see AWS operating as a "rule of 90% company in '27/'28 as AWS EBIT reaches ~67% of company-wide EBIT in '28 (at ~ $164bn).**

Exhibit 4: We raise '27/28 AMZN company-wide capex +9%/+4% (vs. prior) driven by incremental NVDA GPU purchases in '27/'28...

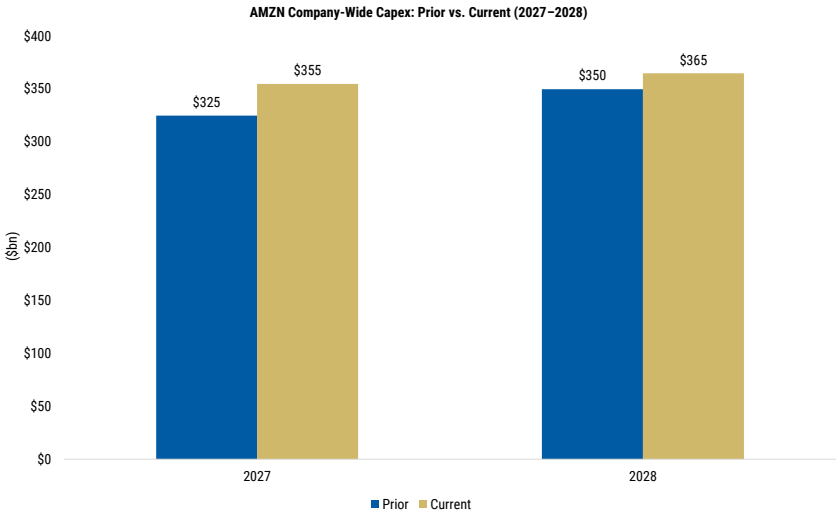


Exhibit 5: ...we see AWS's incremental NVDA GPU purchases and deployments driving an additional ~2 GW / ~1 GW of incremental compute capacity in '27/'28...

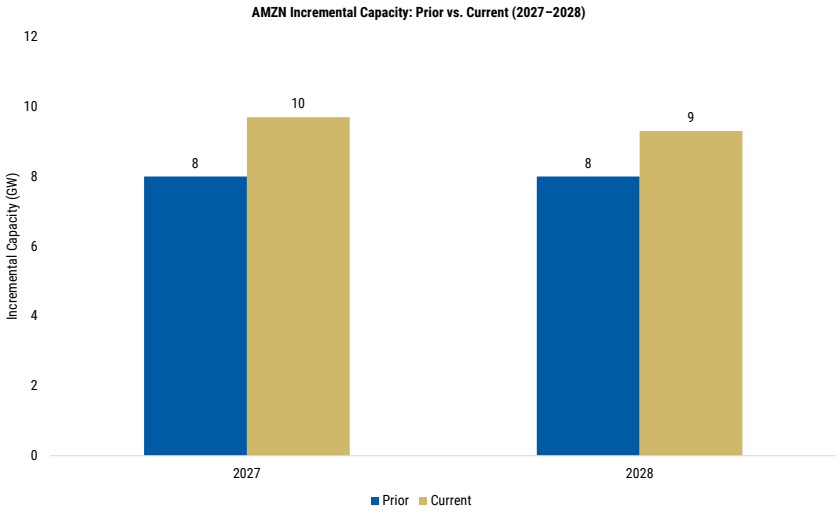


Exhibit 6: ...leading to faster '27/'28 AWS y/y growth of 47%/42% (vs. 41%/37% prior)

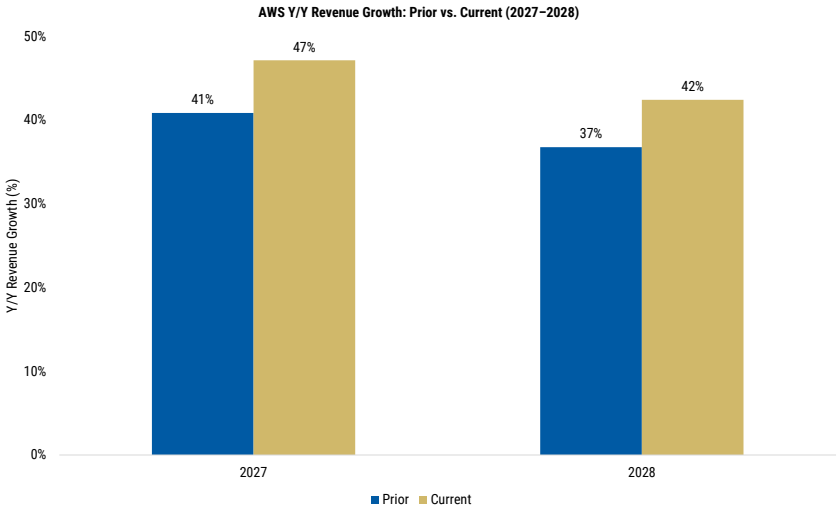
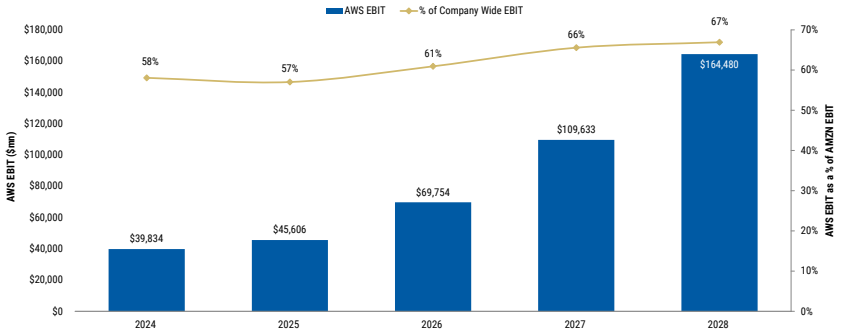


Exhibit 7: We estimate AWS EBIT margins reach 42%/44% despite non-D&A opex growth accelerating from 18% in '26 to 28%/31% in '27/'28

($mn)	2024	2025	2026	2027	2028
Total AWS Revenue	**$107,556**	**$128,725**	**$178,277**	**$262,302**	**$373,568**
Y/Y Growth (%)	19%	20%	38%	47%	42%
Y/Y Growth ($)	16,799	$21,169	$49,552	$84,025	$111,265
Depreciation & Amortization	**13,320**	**21,450**	**35,949**	**59,722**	**87,347**
% of Revenue	12%	17%	20%	23%	23%
Y/Y Growth (%)	6%	61%	68%	66%	46%
Y/Y Growth ($)	789	8,130	14,499	23,773	27,625
Non-D&A Opex (ex D&A)	**54,402**	**61,669**	**72,574**	**92,947**	**121,741**
% of Revenue	51%	48%	41%	35%	33%
Y/Y Growth (%)	2%	13%	18%	28%	31%
Y/Y Growth ($)	807	7,267	10,905	20,373	28,794
EBIT	**39,834**	**45,606**	**69,754**	**109,633**	**164,480**
Margins (%)	37%	35%	39%	42%	44%
Y/Y bp change	990	(161)	370	267	223
Incremental Margins	90%	27%	49%	47%	49%

Exhibit 8: We now expect AWS to comprise ~67% of AMZN's company wide EBIT as soon as '28



Raise '28 EPS to ~$16.50 (+7% vs. prior) and PT to $350 (~40% upside potential), remain OW: As detailed above, we raise '27/'28 AWS Revenue/EBIT. This is partially offset by slightly higher shipping cost per fulfilled unit (read higher fuel costs, we estimate similar ~$1bn headwinds disclosed at 2Q:26 EPS) and interest expense (incremental debt raised in 3Q:26 at slightly higher rates). This drives our '28 EPS to ~$16.50 (+7% vs. prior) as we raise our PT $350 (~40% upside), see Exhibit 2 . Our PT is based on implying a ~21x P/E multiple to our '28 EPS. Note, our ~$350 PT also implies a ~0.5X PEG, a ~50% discount to AMZN's hyperscaler peer median PEG of ~0.9X given AWS's bigger topline & margin trajectory, further visibility into Bedrock, retail agentic importance, and robotics optionality. Note, at current levels, AMZN is trading at a ~60% discount to its hyperscaler peer median PEG (see Exhibit 3).

Exhibits

Exhibit 9: Changes to our AMZN estimates:

in millions (ex EPS) **Income Statement**	**2027** Prior	**2028** Prior	**2027** Current	**2028** Current	**2027** Revision	**2028** Revision
North America	521,037	571,192	521,037	571,192	**0%**	**0%**
International	203,459	222,211	201,991	219,534	**-1%**	**-1%**
AWS	249,171	340,778	262,302	373,568	**5%**	**10%**
Total Net Sales	**973,667**	**1,134,182**	**985,330**	**1,164,294**	**1%**	**3%**
Y/Y % Change	17%	16%	18%	18%	126	168
Cost of Sales	438,988	477,777	442,416	481,280	1%	1%
Gross Profit	**534,679**	**656,405**	**542,913**	**683,014**	**2%**	**4%**
Gross Margin %	55%	58%	55%	59%	19	79
Shipping Costs	129,130	141,311	131,342	143,999	2%	2%
Shipping Cost per fulfilled unit	$3.68	$3.66	$3.74	$3.74	2%	2%
Operating Expenses						
Fulfilment (Ex SBC)	132,416	144,907	132,416	145,176	0%	0%
Marketing (Ex SBC)	49,512	53,764	49,512	53,764	0%	0%
Technology & Content (Ex SBC)	153,214	193,419	160,338	201,043	5%	4%
General & Administrative (Ex SBC)	9,522	10,287	9,522	10,542	0%	2%
Other Operating Expenses (Ex SBC)	962	764	962	764	NM	NM
Stock-Based Comp	22,964	25,964	22,964	25,964	0%	0%
Total Operating Expenses	**368,590**	**429,105**	**375,714**	**437,253**	**2%**	**2%**
Operating Income (GAAP)	**166,089**	**227,300**	**167,200**	**245,761**	**1%**	**8%**
Operating Margin %	17.1%	20.0%	17.0%	21.1%	-9	107
Depreciation and Amortization	115,835	148,509	116,133	150,817	0%	2%
Total Non-Operating Income (Expense)	(5,058)	(7,721)	(6,121)	(10,431)	21%	35%
Income Before Taxes	161,031	219,579	161,078	235,330	0%	7%
Income Taxes	30,596	46,112	30,605	49,419	0%	7%
Net Income (GAAP)	**130,435**	**173,468**	**130,473**	**185,911**	**0%**	**7%**
Wtd Average Diluted Shares Outstanding	11,050	11,229	11,050	11,229	0%	0%
Diluted EPS (GAAP)	**$11.80**	**$15.45**	**$11.80**	**$16.56**	**0%**	**7%**
Cash Capex	**322,320**	**347,028**	**352,320**	**362,028**	**9%**	**4%**
Free Cash Flow	**(59,247)**	**(16,896)**	**(89,409)**	**(19,383)**	**-34%**	**-13%**
Free Cash Flow per Share	**($5.36)**	**($1.50)**	**($8.09)**	**($1.73)**	**-34%**	**-13%**

Financials

Exhibit 10: AMZN income statement

(USD millions)	2025	2026E	2027E	2028E	'25-'28 CAGR
Income Statement					
North America	426,305	473,196	521,037	571,192	10%
International	161,894	182,869	201,991	219,534	11%
AWS	128,725	178,277	262,302	373,568	43%
Total Net Sales	**716,924**	**834,342**	**985,330**	**1,164,294**	**18%**
% change Y/Y	12.4%	16.4%	18.1%	18.2%	
Two-Year Growth	23.4%	28.8%	34.5%	36.3%	
Cost of Sales (ex SBC)	355,637	401,757	442,416	481,280	11%
Gross Profit	**361,287**	**432,585**	**542,913**	**683,014**	24%
Gross Margin %	50.4%	51.8%	55.1%	58.7%	
change Y/Y in bp	141 bp	145 bp	325 bp	356 bp	
Abs change Y/Y	48,778	71,298	110,328	140,100	
Gross Profit % change Y/Y	15.6%	19.7%	25.5%	25.8%	
Two-Year Gross Profit % change Y/Y	31.0%	35.3%	45.2%	51.3%	
Operating Expenses					
Fulfilment (Ex SBC)	106,371	119,190	132,416	145,176	11%
Marketing (Ex SBC)	43,684	45,760	49,512	53,764	7%
Technology & Content (Ex SBC)	97,650	122,716	160,338	201,043	27%
General & Administrative (Ex SBC)	9,501	9,155	9,522	10,542	4%
Restructuring	7810	0	0	0	
Other Operating Expenses (Ex SBC)	4639	1080	962	764	
Stock-Based Comp	19,467	20,214	22,964	25,964	10%
Total Operating Expenses	**281,312**	**318,115**	**375,714**	**437,253**	**16%**
Operating Income (GAAP)	**79,975**	**114,470**	**167,200**	**245,761**	**45%**
Operating Margin %	11.2%	13.7%	17.0%	21.1%	
Incremental Margin Y/Y	14.4%	29.4%	34.9%	43.9%	
Total Non-Operating Income (Expense)	**17,336**	**68,171**	**-6,121**	**-10,431**	
Income Before Taxes (GAAP)	97,311	182,641	161,078	235,330	
Income Taxes (GAAP)	(19,087)	(38,043)	(30,605)	(49,419)	
Tax Rate	19.6%	20.8%	19.0%	21.0%	
Equity Income, net	-554	-30	0	0	
Net Income (GAAP)	**77,670**	**144,568**	**130,473**	**185,911**	**34%**
Wtd Average Basic Shares Outstanding	10,827	10,916	10,914	11,229	
Wtd Average Diluted Shares Outstanding	10,827	10,916	11,050	11,229	
Fully Diluted EPS (GAAP)	**$7.17**	**$13.24**	**$11.80**	**$16.56**	**32%**
% change Y/Y	30%	85%	(11%)	40%	

Exhibit 11: AMZN balance sheet

Balance Sheet | Amazon.com model (USD millions)	2025	2026E	2027E	2028E
BALANCE SHEET				
ASSETS				
Cash & Cash Equivalents	86,810	82,415	58,378	63,994
Marketable Securities	36,219	44,775	44,775	44,775
Inventories	38,325	40,744	54,803	51,970
Net Accounts Receivable & Other	67,729	78,479	107,747	144,781
Deferred Tax Assets	0	0	0	0
Total Current Assets	**229,083**	**246,413**	**265,703**	**305,521**
Fixed Assets. Gross	620,152	0	0	0
Accumulated D&A	177,073	0	0	0
Fixed Assets, Net	**443,079**	**614,930**	**851,117**	**1,062,329**
Deferred Tax Assets	0	0	0	0
Goodwill	23,273	23,504	23,504	23,504
Other Assets	122,607	277,102	267,670	267,670
Total Assets	**818,042**	**1,161,949**	**1,407,994**	**1,659,023**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Accounts Payable	121,909	154,076	178,181	193,833
Accrued Expenses & Other	75,520	72,583	71,834	71,085
Unearned Revenue	20,576	20,428	20,428	20,428
Interest Payable	0	0	0	0
Other Liabilities & Accrued Expenses	0	0	0	0
Current Portion of Long-Term Debt	0	0	0	0
Total Current Liabilities	**218,005**	**247,087**	**270,443**	**285,346**
Long-term Debt	65,648	159,654	229,654	254,654
Other Long-Term Liabilities	123,324	173,901	173,901	173,901
Total Liabilities	**406,977**	**580,642**	**673,998**	**713,901**
STOCKHOLDERS' EQUITY				
Preferred Stock	0	0	0	0
Common stock	112	113	113	113
Treasury Stock	(7,837)	(7,837)	(7,837)	(7,837)
Additional paid-in capital	140,024	149,619	149,619	149,619
Accum Other Comprehensive Inc	28,230	66,287	66,287	66,287
Retained Earnings	250,536	404,425	557,114	768,240
Total Shareholders' Equity	**411,065**	**612,607**	**765,296**	**976,422**
Total Liabilities + Stockholders' equity	**818,042**	**1,193,249**	**1,439,294**	**1,690,323**

Exhibit 12: AMZN cash flow statement

Cash Flow Statement | Amazon.com model				
(USD millions)	2025	2026E	2027E	2028E
Cash Flow Statement				
Operating Cash Flow				
Net Income	77,670	144,568	130,473	185,911
Adjustments:				
Depreciation and Amortization	65,756	86,026	116,133	150,817
Stock-Based Compensation	19,467	20,214	22,964	25,964
Other Operating Expense (income), net	0	0	0	0
Losses (gains) on sales of marketable securities, net	0	0	0	0
Other expense (income), net	(14,880)	(69,013)	0	0
Deferred income taxes	11,470	37,519	14,060	0
Excess tax benefit of SBC	0	0	0	0
Changes in Working Capital				
Inventories	(3,002)	(2,756)	(14,059)	2,833
Accounts Receivable and Other	(22,965)	(12,869)	(29,268)	(37,034)
Accounts Payable	11,231	7,341	24,105	15,652
Accrued Expenses and Other	(5,019)	(10,886)	(749)	(749)
Additions to Unearned Revenue	(214)	(749)	(749)	(749)
Amortization of Previously Unearned Revenue	0	0	0	0
Other	0	0	0	0
Total Changes in Working Capital	**(19,969)**	**(19,919)**	**(20,720)**	**(20,047)**
Total Cash Flow from Operations	**139,514**	**199,395**	**262,911**	**342,645**
Cash Flow from Investing				
Purchases of Property and Equipment, net	(128,320)	(219,545)	(352,320)	(362,028)
Acquisitions, net of cash acquired	(3,841)	(71,067)	(4,628)	0
Sales and maturities of mkrtable securites and other investments	44,386	41,882	0	0
Purchases of marketable securities and other investments	(54,770)	(49,262)	0	0
Total Cash Flow from Investing	**(142,545)**	**(297,992)**	**(356,948)**	**(362,028)**
Cash Flow from Financing				
Excess tax benefit from SBC	0	0	0	0
Proceeds from exercise of common stock	0	0	0	0
Proceeds from exercise of stock options	0	0	0	0
Repurchases of common stock, net	0	0	0	0
Proceeds from Long-term Debt and Other	24,247	76,366	0	0
Repayments of Long-term Debt and Other	(14,586)	17,307	70,000	25,000
Total Cash Flow from Financing	**9,661**	**93,673**	**70,000**	**25,000**
FX Impact on Cash	1,401	528	0	0
Net Increase/(Decrease) in Cash Flow	**8,031**	**(4,395)**	**(24,037)**	**5,617**
Cash at Beg of Period	78,779	86,810	82,415	58,378
Cash at End of Period	86,810	82,415	58,378	63,994

Risk Reward – Amazon.com Inc (AMZN.O) Top Pick

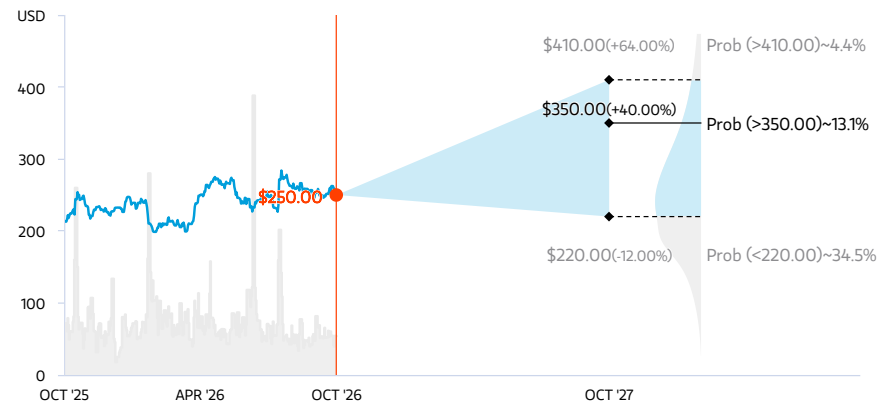
AMZN Risk Reward

PRICE TARGET $350.00

Our $350 PT is based on ~21X our $17 '28E EPS. We sense check our PT & target multiple on a growth-adjusted basis. Our PT implies AMZN re-rates to ~0.7X PEG, reflecting a ~50% discount to its hyperscaler peer median PEG of ~0.9X (closer to its short-term historical 40-50% discount to peers on a growth-adjusted basis), given AWS's bigger topline & margin trajectory, further visibility into Bedrock, retail agentic importance, robotics optionality.

Consensus Price Target Distribution $207.00 — $323.62 — MS PT — Mean — $405.00

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 Oct 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

- Amazon's high-margin businesses continue to allow Amazon to drive greater profitability while still continuing to invest (last mile delivery, fulfillment, Prime Now, Fresh, Prime digital content, Alexa/Echo, India, AWS, etc).
- Amazon Prime membership growth drives recurring revenue and positive mix shift.
- Cloud adoption hitting an inflection point.
- Advertising serves as a key area for both further growth potential and profitability flow-through.

Consensus Rating Distribution

97%	Overweight
3%	Equal-weight
0%	Underweight

MS Rating

Risk Reward Themes

Secular Growth:	*Positive*
New Data Era:	*Positive*
Technology Diffusion:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $410.00

~23X $18 of bull '28 EPS

Our Bull case is derived from higher Revenue and EBIT margin assumptions than in our base case

BASE CASE $350.00

~21X $16.5 of base '28 EPS

Our $350 PT is based on applying a ~21X P/E multiple to our $17 of '28 EPS.

BEAR CASE $220.00

~15X $15 of bear '28 EPS

Our Bear case is derived from lower Revenue and EBIT margin assumptions than in our base case

Risk Reward – Amazon.com Inc (AMZN.O)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Revenue ($, mm)	716,924	834,342	985,330	1,164,294
Gross Profit ($, mm)	361,287	432,585	542,913	683,014
GAAP EBIT ($, mm)	79,975	114,470	167,200	245,761
Paid Unit Growth (y/y) (%)	10.8	12.9	9.6	9.1
AWS Revenue Growth (%)	19.7	38.5	47.1	42.4

INVESTMENT DRIVERS

- Amazon's high-margin businesses continue to allow Amazon to drive greater profitability while still continuing to invest
- Cloud is in a multi-decade secular adoption cycle
- Amazon is gaining share in eCommerce/retail and share of consumers' wallets

GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% India
- 0-10% Japan
- 0-10% Latin America
- 0-10% Mainland China
- 0-10% UK
- 10-20% Europe ex UK
- 60-70% North America

View explanation of regional hierarchies here

MS ALPHA MODELS

3/5 **BEST**	24 Month Horizon	2/5 **MOST**	3 Month Horizon

the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster than expected AWS rev growth and stable margin expansion
- Faster than expected Retail rev growth, stable to expanding 1P Merch Margins
- Greater than expected shipping and fulfillment leverage

RISKS TO DOWNSIDE

- Investments step up and continue for longer than expected
- Merch margins worse than expected
- AWS revenue decelerates and /or margins decline

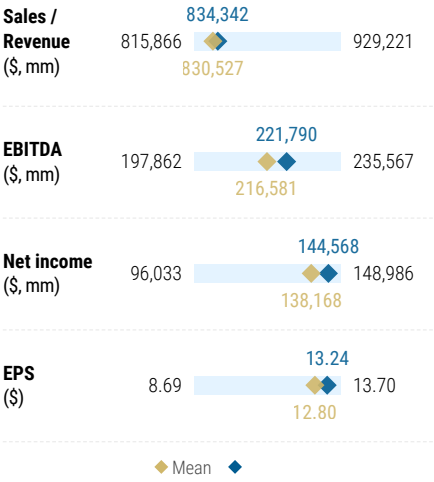
OWNERSHIP POSITIONING

Inst. Owners, % Active	55.8%
HF Sector Long/Short Ratio	1.8x
HF Sector Net Exposure	11.3%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Valuation Methodology and Risks

Meta Platforms Inc (META.O)

Our $775 PT is based on applying a ~23X P/E multiple to the average of our ~$34/$35 EPS estimates for "27/'28. This multiple is slightly above the long-term average of ~21x due to long-term optionality on monetization nodes, including 1) Muse, 2) Subscriptions, 3) API, etc.

Risks to Upside

- Faster than expected Reels monetization & higher engagement growth
- Increased benefit from AI investment
- Revenue driven by subscriptions and/or click-to-message ads
- Further efficiency improvements drive outsized FCF growth

Risks to Downside

- Macro pressures/weaker consumer spend
- Regulation impacts ability to target ads
- Reality labs losses widen further
- Mis-execution risk could result in higher LT capital intensity

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf