Amazon.com Inc. (AMZN): Q3'26 Earnings First Take

Eric Sheridan
+1(917)343-8683 |
eric.sheridan@gs.com
Goldman Sachs & Co. LLC

Alex Vegliante, CFA
+1(212)934-1878 |
alex.vegliante@gs.com
Goldman Sachs & Co. LLC

Sarah Boulos
+1(212)357-4205 |
sarah.boulos@gs.com
Goldman Sachs & Co. LLC

Isabel Gomez
+1(212)357-1213 |
isabel.gomez@gs.com
Goldman Sachs & Co. LLC

We would expect Amazon's shares to have an initial negative reaction to its Q3 2026 earnings report as the results painted a neutral to slightly weaker outcome relative to GS/Street estimates across most areas of the business. Most notable were Online Stores revenue & Advertising Services and AWS revenue were ahead of GS/Street estimates but below buyside expectations of 42%+ YoY growth that had been a consistent topic of conversation in the weeks leading up to the earnings report. In Terms of forward commentary, the Q4 revenue range bracketed Street estimates, while the high end of the Operating Income guide was slightly above Street estimates (with commentary around AWS growth rate of +40% for 2027 & 2028). Lastly the company reaffirmed ~$220b of capex for 2026. 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 6-12 months & how to think about compute capacity coming online in forward periods when measured against visible demand; 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) any broader views on how agentic commerce might either already be impacting the landscape and/or how horizontal and vertical agentic behavior might evolve; & e) thoughts on capital needs, forward capital spending and how to think about the scaling and funding dynamics around compute in forward periods.

Actuals vs. GS and FactSet Estimates: Amazon reported Q3'26 total revenues of $201.94bn (+12.1% YoY), compared to GSe of $201.51bn, Visible Alpha Street est. of $202.35bn and guidance of $197.0-202.0bn. By segment, Amazon reported revenues as follows: Online Stores of $68.47bn (+1.6% YoY); Third-Party Seller Services of $46.49bn (+9.4% YoY); Subscription Services of $14.01bn (+11.4% YoY); Advertising services of $19.64bn (+10.9% YoY); AWS of $45.98bn (+39.3% YoY); Other of $1.65bn (+16.3% YoY); North America of $112.85bn (+6.2% YoY) and International of $43.11bn (+5.4% YoY). Q3'26 total GAAP operating income was $28.1bn (13.9% margin), compared to GSe of $26.04bn, Street est. of $26.16bn and guidance of $22.5-26.5bn. By segment, Amazon reported GAAP operating income as follows: North America of $8.72bn (7.7% margin); International of $1.58bn (3.7% margin) and AWS of $17.77bn (38.7% margin).

Guidance vs. Street: Amazon guided Q4'26 total revenue to $240-247bn (including a 60bps headwind from foreign exchange rates), compared to GSe of $241.4bn and Street est. of $244.4bn) and total GAAP operating income to $28.5-33.5bn (compared to GSe of $32.0bn and Street est. of $32.9bn) reflecting a 12.7% GAAP

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operating margin at the midpoint (vs. GSe of 13.3% and Street est. of 13.5%).

Valuation: Our $395, 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: **$375.00**	Price: **$254.60**	Upside: **47.3%**

Buy CL

Market cap: $2.8tr
Enterprise value: $2.8tr
3m ADTV: $10.0bn
United States
Americas Internet
M&A Rank: 3

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue ($ mn)	716,924.0	825,055.0	962,384.5	1,100,176.3
EBITDA ($ mn)	145,731.0	198,309.7	275,197.2	359,133.6
EBIT ($ mn)	79,975.0	109,373.3	152,250.4	197,147.8
EPS ($)	7.17	12.76	10.99	14.02
P/E (X)	30.3	20.0	23.2	18.2
EV/EBITDA (X)	15.8	14.0	10.4	8.1
FCF yield (%)	0.5	(1.6)	(2.1)	(1.0)
Dividend yield (%)	–	–	–	–
Net debt/EBITDA (X)	(0.1)	0.2	0.3	0.3

	6/26	9/26E	12/26E	3/27E
EPS ($)	5.75	1.90	2.33	2.38

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 28 Oct 2026 close.