Amazon.com

Almost Can't Help But Buy Amazon

Overweight

AMZN, AMZN US
Price (29 Oct 26):$243.79
Price Target (Dec-27):$365.00

Internet - Large Cap / Mid & Small Cap

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Quarterly Forecasts (FYE Dec)

Adj. EPS ($)

	2025A	2026E	2027E
Q1	1.96	3.20A	2.81
Q2	2.31	6.31A	3.28
Q3	2.67	2.40A	3.27
Q4	2.51	2.92	3.76
FY	9.45	14.82	13.12

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	81	83	81	88	84
Growth	94	70	67	77	87
Momentum	21	34	37	12	83
Quality	15	21	10	22	27
Low Vol	13	16	16	40	8
ESGQ	84	94	100	100	81

Amazon delivered a solid overall quarter with AI returns increasingly evident, and management remains bullish on future AWS growth. AWS accelerated to +39% growth (a $184B revenue run rate), slightly below our +41% estimate, but still the fastest growth in 5 years, while remaining capacity constrained. **Importantly, AMZN believes AWS can grow above 40% in both 2027 & 2028, & become a $1T revenue business in the next 5-10 years, w/Stores also possibly reaching the $1T mark in the same timeframe.** Backlog reached $578B, increasing 189% Y/Y & 17% Q/Q, & AMZN has recently emphasized that AWS is sold out through a good chunk of 2028, while always leaving a certain amount of capacity for spot/on-demand. We believe management's strong visibility into demand gives it the confidence to underwrite 40%+ growth over the next 2 years & to invest even more aggressively in AI compute infrastructure. AMZN left its outlook for ~$220B in capex in 2026 unchanged, despite outsized spend in 3Q ($77B), but expects to invest meaningfully more in 2027. AMZN also emphasized that AI is a once-in-a lifetime opportunity—the biggest transformation in our lifetime—and that it is going to continue to invest to be the leader in infrastructure & AI. Accordingly, we do not expect any slowdown in capex, and we're raising our already Street-high estimate for 2027 from $366B to $395B (+77%). That pushes AMZN to more materially negative FCF at an estimate of -($128B) in 2027, but AMZN continues to have servers & networking payback in less than 3 years w/a useful life of 5-6 years, & data centers have 30 year useful lives and see 5-6 generations of chips. Access to capital will remain top of mind for investors & we expect AMZN to primarily fund capex through operating cash flow, the debt market, & leasing opportunities. We recognize there will likely be some pushback on increasing investments & greater FCF burn in the near-term, but AMZN is showing the returns & building for a much bigger business in the medium to long-term. We reiterate our Overweight rating & our $365 PT is based on 26.5x 2028E GAAP EPS of $13.82.

KEY THOUGHTS AFTER CALLS WITH MANAGEMENT

- **AWS Acceleration Continues, But Short of High Expectations.** AWS revenue accelerated to ~39% growth (vs. 37% in 2Q), the fastest growth in ~5 years, but was short of buyside expectations of ~42%. Despite the expectations miss in 3Q, bigger picture, Amazon now expects AWS to reach revenue of $1T in the next 5-10 years (vs. $184B run-rate in 3Q) and expects growth of 40%+ in each 2027/2028 (vs. consensus of 35%/30%). AWS Backlog increased by $82B (+17% Q/Q) to $578B, surpassing GOOGL's 3Q-ending $561B. AWS continues to see momentum in AI, w/AWS's AI business growing triple-digits Y/Y in 3Q, driven in part by strong Bedrock growth, with Fortune 500 companies spending ~7x more Y/Y and total Bedrock token volume growing ~17x Y/Y. Amazon believes that over time Bedrock could reach the size of its EC2 business. The chips business also continued to grow triple-digits Y/Y in 3Q, with revenue commitments for Graviton and Trainium each increasing more than ~20x Y/Y. Amazon also announced it intends to begin selling Trainium chips externally in late 2027, which is expected to realize more revenue in the short-term relative to selling intelligence & inference through AWS instances. Core AWS compute/storage revenue grew at its fastest rate in

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 16 for analyst certification and important disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	5.6%	-1.2%	7.6%	5.9%
Rel	-7.2%	-1.8%	2.0%	-6.2%

Company Data

Shares O/S (mn)	10,929
52-week range ($)	287.20-196.00
Market cap ($ mn)	2,664,381.00
Exchange rate	1.00
Free float (%)	91.7%
3M ADV (mn)	38.80
3M ADV ($ mn)	10,000.9
Volatility (90 Day)	39
Index	S&P 500
BBG ANR (Buy | Hold | Sell)	77|4|0

Key Metrics (FYE Dec)

$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	716,924	829,687	962,541	1,122,513
Adj. EBITDA	169,837	221,623	316,886	422,390
Adj. EBIT	104,081	133,687	174,276	221,510
Adj. net income	102,330	161,673	143,683	176,336
Adj. EPS	9.45	14.82	13.12	16.09
BBG EPS	8.76	14.35	12.17	15.18
Cashflow from operations	139,514	177,459	266,638	366,640
FCFF	9,420	(44,403)	(123,171)	(97,008)
Margins and Growth				
Revenue Growth Y/Y (%)	12.4%	15.7%	16.0%	16.6%
Gross margin	50.4%	51.9%	55.4%	58.7%
EBITDA margin	23.7%	26.7%	32.9%	37.6%
EBIT margin	14.5%	16.1%	18.1%	19.7%
Adj. EPS growth	23.4%	56.8%	(11.4%)	22.6%
Ratios				
Adj. tax rate	15.8%	19.6%	14.7%	15.0%
Interest cover	NM	239.6	53.6	29.8
Net debt/Equity	NM	0.1	0.2	0.3
Net debt/EBITDA	NM	0.2	0.6	0.7
ROCE	21.5%	16.6%	15.8%	15.7%
ROE	29.4%	30.6%	20.0%	20.1%
Valuation				
FCFF yield	0.4%	(1.7%)	(4.6%)	(3.6%)
Dividend yield	-	-	-	-
EV/Revenue	3.6	3.3	3.0	2.6
EV/EBITDA	15.4	12.2	9.0	7.0
Adj. P/E	25.8	16.5	18.6	15.2

Summary Investment Thesis and Valuation

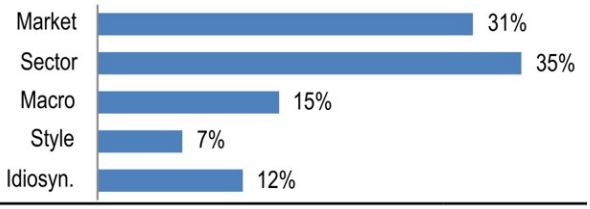
Investment Thesis

We believe Amazon is well positioned as the market leader in both e-commerce and public cloud, and the secular shifts in each have meaningful headroom as US e-comm represents <25% of adjusted retail sales and we estimate <20% of IT spend is in the cloud. We believe Amazon's flexibility across first party vs. third-party inventory, and the Prime membership serve as major advantages in its Stores business, and its multi-year head start in the cloud has led to ~30% AWS market share in '26e. We believe AMZN is on track for multi-year margin expansion led by N.America operating efficiencies. High-growth AWS and Advertising revenue streams are AMZN's most profitable businesses, further supporting margin expansion.

Valuation

Our December 2027 PT of $365 is based on ~26.5x our 2028E GAAP EPS of $13.82. This is a premium to GOOGL & META trading at ~15.5x on average, given AMZN's faster bottom-line growth profile.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.60	0.59
Sect: Cons Discretionary	0.82	0.80
Ind: Retailing	0.97	0.96
Macro:		
Economic Surprise	-0.44	-0.32
US 10yr Breakeven	0.27	0.28
Crude Oil	-0.06	0.11
Quant Styles:		
Quality	0.47	0.36
DivYld	-0.06	-0.23
Growth	-0.05	0.22

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

several years, with Amazon seeing a strong linkage between core services and AI spend as more AI workloads move into production and drive additional demand for compute, storage, and networking. AWS continues to make progress on margin expansion despite the drag from AI revenue, with margin expansion of ~400bps to 38.7%. However, we note that margin expansion going forward may not be linear with lower margin AI revenue increasing as a % of the mix, and higher component pricing beginning to flow through the P&L in the form of depreciation. We run AWS margins in the high-30s% range going forward.

- **2026 Capex Outlook Maintained, But We Expect Continued Heavy Multi-Year Ramp.** Amazon maintained its 2026 capex outlook of $220B (+71% Y/Y) despite 3Q capex of $77B coming in 31% higher vs consensus, however, we believe the heavier 3Q spend was a function of timing. Amazon highlighted that it continues to accelerate its capex payback and that there is a clear line-of-sight to attractive financial returns. As such, Amazon indicated that it expects to spend "meaningfully more" on capex in 2027, which is likely why it provided an AWS outlook for the next 2 years. **We do not expect capex growth to decelerate or slow next year, and as such we project capex of $395B in 2027 (+77% Y/Y) followed by $476B in 2028 (+20% Y/Y).**
- **Solid Stores Growth, But Ads Impacting 4Q OI.** Stores growth (1P+3P) of 2.5% FXN was in-line with our expectations w/unit growth of 12%, and everyday essentials now represent ~half of all units globally. We note that Prime Day occurred in 2Q for most of Amazon's largest countries, including the U.S., which drove the deceleration in growth from 15.4% FXN in 2Q, and was a 400bps headwind to total revenue growth in 3Q. Prime Day also impacted Ads Revenue growth by 850bps which decelerated from 26% FXN in 2Q to 12% FXN Y/Y in 3Q. Additionally, Ads growth was impacted by timing with the lack of NBA on Prime in 3Q and lapping SEM programs that drove greater monetization in 3Q25. That being said, Amazon expects Ads growth to reaccelerate to a high-teens % in 4Q, albeit still below recent growth levels of 20%+. Moving to profit, Amazon guided to 4Q OI of $28.5B to $33.5B, which was lower than investor expectations and our estimate at the midpoint. The outlook was impacted by ~$1B from the delay of Project Leo capitalization, along w/slower Ads growth and increases to fuel and line haul inflation.
- **Other Notable Points**. **1)** Amazon is on track to reduce cost to serve per unit for the 4th consecutive year while increasing speed, which is fueling the grocery business reaching $250B TTM gross sales; **2)** Management highlighted that agentic shopping from external agents is not impacting Amazon Ads and that few customers are shopping with agents as the experience is still not better or more convenient than coming directly to a retailer; **3)** Prime Video has reached a revenue run-rate in the tens of billions of dollars and is now profitable in its own right.

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Summary of the Quarter

Figure 1: Amazon 3Q26 Results vs. J.P. Morgan Estimates

$ in millions, except per share data

Amazon	3Q26 JPMe	3Q26 Actuals	3Q26 Diff (%)	3Q26 Guidance
Net Sales	**$201,313**	**$201,944**	**0.3%**	**$197B-$202B**
North America	$112,211	$112,852	0.6%	
International	$42,563	$43,108	1.3%	
AWS	$46,538	$45,984	(1.2%)	
Gross Profit	$106,746	$107,541	0.7%	
GAAP Operating Income	**$26,408**	**$28,076**	**6.3%**	**$22.5B-$26.5B**
% Margin	13.1%	13.9%	79 bps	
GAAP EPS	$1.97	$1.89	(3.8%)	
Y/Y Growth				
Net Sales FXN	*12.5%*	*12.6%*		
North America	*5.6%*	*6.2%*		
International FXN	*7.4%*	*8.0%*		
AWS FXN	*41.0%*	*39.0%*		
Gross Profit	*16.4%*	*17.3%*		
GAAP Operating Income	*51.6%*	*61.2%*		
GAAP EPS	*0.7%*	*(3.1%)*		

Source: Company reports and J.P. Morgan estimates.

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Amazon Estimate Changes

Figure 2: Adjusting J.P. Morgan Estimates, 4Q26E-2028E

$ in millions, except per share data

AMZN	4Q26 JPME		2026 JPME		1Q27 JPME		2Q27 JPME		3Q27 JPME		4Q27 JPME		2027 JPME		2028 JPME	
($ in Millions)	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
GMV	$286,977	$290,346	$948,507	$962,595	$223,854	$226,549	$249,778	$249,693	$235,349	$249,980	$308,919	$314,451	$1,017,900	$1,040,673	$1,093,909	$1,118,512
Y/Y Growth	*7.6%*	*8.9%*	*8.8%*	*10.5%*	*6.9%*	*8.2%*	*7.2%*	*7.2%*	*7.4%*	*8.7%*	*7.6%*	*8.3%*	*7.3%*	*8.1%*	*7.5%*	*7.5%*
% chg vs. old		1.2%		1.5%		1.2%		(0.0%)		6.2%		1.8%		2.2%		2.2%
Net Sales	$245,990	$245,618	$829,427	$829,687	$210,523	$210,688	$232,174	$231,865	$233,488	$235,597	$282,294	$284,391	$958,479	$962,541	$1,099,206	$1,122,513
Y/Y Growth	*15.3%*	*15.1%*	*15.7%*	*15.7%*	*16.0%*	*16.1%*	*15.7%*	*15.6%*	*16.0%*	*16.7%*	*14.8%*	*15.8%*	*15.6%*	*16.0%*	*14.7%*	*16.6%*
% chg vs. old		(0.2%)		0.0%		0.1%		(0.1%)		0.9%		0.7%		0.4%		2.1%
FXN Y/Y Growth	*15.8%*	*15.7%*	*15.6%*	*15.6%*	*16.5%*	*16.6%*	*16.1%*	*15.9%*	*16.2%*	*16.9%*	*14.8%*	*15.8%*	*15.8%*	*16.3%*	*14.7%*	*16.6%*
Online stores	$89,054	$89,037	$291,853	$292,193	$68,287	$68,276	$75,054	$75,045	$72,684	$73,056	$95,288	$95,269	$311,312	$311,646	$331,548	$331,903
Y/Y Growth	*7.3%*	*7.3%*	*8.4%*	*8.5%*	*6.3%*	*6.3%*	*6.6%*	*6.5%*	*6.7%*	*6.7%*	*7.0%*	*7.0%*	*6.7%*	*6.7%*	*6.5%*	*6.5%*
% chg vs. old		(0.0%)		0.1%		(0.0%)		(0.0%)		0.5%		(0.0%)		0.1%		0.1%
FXN Y/Y Growth	*8.0%*	*8.0%*	*8.3%*	*7.3%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*6.5%*	*6.5%*
Physical stores	$6,263	$6,147	$23,697	$23,436	$6,128	$6,071	$6,138	$6,082	$6,204	$6,052	$6,639	$6,455	$25,109	$24,660	$26,365	$25,893
Y/Y Growth	*7.0%*	*5.0%*	*5.0%*	*3.9%*	*5.9%*	*5.0%*	*5.9%*	*5.0%*	*6.0%*	*6.0%*	*6.0%*	*5.0%*	*6.0%*	*5.2%*	*5.0%*	*5.0%*
% chg vs. old		(1.8%)		(1.1%)		(0.9%)		(0.9%)		(2.5%)		(2.8%)		(1.8%)		(1.8%)
FXN Y/Y Growth	*7.0%*	*5.0%*	*5.0%*	*3.8%*	*6.0%*	*5.0%*	*6.0%*	*5.0%*	*6.0%*	*6.0%*	*6.0%*	*5.0%*	*6.0%*	*5.2%*	*5.0%*	*5.0%*
Retail third-party seller services	$57,205	$58,250	$188,919	$193,100	$44,603	$45,428	$50,318	$50,312	$46,699	$51,000	$61,781	$63,493	$203,401	$210,232	$219,673	$227,051
Y/Y Growth	*8.3%*	*10.3%*	*9.7%*	*12.2%*	*7.3%*	*9.3%*	*7.6%*	*7.5%*	*7.7%*	*9.7%*	*8.0%*	*9.0%*	*7.7%*	*8.9%*	*8.0%*	*8.0%*
% chg vs. old		1.8%		2.2%		1.8%		(0.0%)		9.2%		2.8%		3.4%		3.4%
FXN Y/Y Growth	*9.0%*	*11.0%*	*9.8%*	*12.1%*	*8.0%*	*10.0%*	*8.0%*	*8.0%*	*8.0%*	*10.0%*	*8.0%*	*9.0%*	*8.0%*	*9.2%*	*8.0%*	*8.0%*
Retail subscription services	$14,606	$14,603	$55,852	$55,766	$14,672	$14,805	$15,043	$15,178	$15,457	$15,504	$16,067	$16,210	$61,239	$61,697	$67,363	$67,867
Y/Y Growth	*11.3%*	*11.3%*	*12.6%*	*12.4%*	*9.3%*	*10.3%*	*9.6%*	*10.5%*	*9.7%*	*10.7%*	*10.0%*	*11.0%*	*9.6%*	*10.6%*	*10.0%*	*10.0%*
% chg vs. old		(0.0%)		(0.2%)		0.9%		0.9%		0.3%		0.9%		0.7%		0.7%
FXN Y/Y Growth	*12.0%*	*12.0%*	*12.3%*	*12.0%*	*10.0%*	*11.0%*	*10.0%*	*11.0%*	*10.0%*	*11.0%*	*10.0%*	*11.0%*	*10.0%*	*11.0%*	*10.0%*	*10.0%*
AWS	$50,878	$50,522	$177,235	$176,325	$54,501	$54,125	$59,969	$60,392	$64,688	$65,297	$69,194	$71,741	$248,353	$251,556	$325,343	$352,178
Y/Y Growth	*43.0%*	*42.0%*	*37.7%*	*37.0%*	*45.0%*	*44.0%*	*42.0%*	*43.0%*	*39.0%*	*42.0%*	*36.0%*	*42.0%*	*40.1%*	*42.7%*	*31.0%*	*40.0%*
% chg vs. old		(0.7%)		(0.5%)		(0.7%)		0.7%		0.9%		3.7%		1.3%		8.2%
FXN Y/Y Growth	*43.0%*	*42.0%*	*37.6%*	*36.8%*	*45.0%*	*44.0%*	*42.0%*	*43.0%*	*39.0%*	*42.0%*	*36.0%*	*42.0%*	*40.1%*	*42.7%*	*31.0%*	*40.0%*
Advertising services	$25,860	$25,002	$84,518	$81,691	$20,567	$20,219	$23,684	$22,889	$25,865	$22,916	$31,031	$29,003	$101,147	$95,027	$120,365	$109,281
Y/Y Growth	*21.3%*	*17.3%*	*23.1%*	*19.0%*	*19.3%*	*17.3%*	*19.6%*	*15.5%*	*19.7%*	*16.7%*	*20.0%*	*16.0%*	*19.7%*	*16.3%*	*19.0%*	*15.0%*
% chg vs. old		(3.3%)		(3.3%)		(1.7%)		(3.4%)		(11.4%)		(6.5%)		(6.1%)		(9.2%)
FXN Y/Y Growth	*22.0%*	*18.0%*	*23.2%*	*19.1%*	*20.0%*	*18.0%*	*20.0%*	*16.0%*	*20.0%*	*17.0%*	*20.0%*	*16.0%*	*20.0%*	*16.7%*	*19.0%*	*15.0%*
Other	$2,124	$2,056	$7,354	$7,175	$1,765	$1,764	$1,967	$1,967	$1,891	$1,772	$2,294	$2,220	$7,917	$7,723	$8,550	$8,341
Y/Y Growth	*24.3%*	*20.3%*	*23.9%*	*20.9%*	*7.3%*	*7.3%*	*7.6%*	*7.5%*	*7.7%*	*7.7%*	*8.0%*	*8.0%*	*7.7%*	*7.6%*	*8.0%*	*8.0%*
% chg vs. old		(3.2%)		(2.4%)		(0.0%)		(0.0%)		(6.3%)		(3.2%)		(2.4%)		(2.4%)
FXN Y/Y Growth	*25.0%*	*21.0%*	*24.5%*	*21.4%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*

Source: J.P. Morgan estimates.

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J.P.Morgan

Figure 3: Adjusting J.P. Morgan Estimates, 4Q26E-2028E (Cont'd)

$ in millions, except per share data

AMZN	4Q26 JPME		2026 JPME		1Q27 JPME		2Q27 JPME		3Q27 JPME		4Q27 JPME		2027 JPME		2028 JPME	
($ in Millions)	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Gross Profit	$126,985	$124,034	$432,994	$430,838	$116,481	$115,752	$128,988	$129,118	$130,971	$132,169	$153,446	$155,815	$529,887	$532,853	$635,489	$659,228
Y/Y Growth	*22.6%*	*19.7%*	*19.8%*	*19.3%*	*23.6%*	*22.8%*	*22.8%*	*22.9%*	*22.7%*	*22.9%*	*20.8%*	*25.6%*	*22.4%*	*23.7%*	*19.9%*	*23.7%*
Margin (%)	51.6%	50.5%	52.2%	51.9%	55.3%	54.9%	55.6%	55.7%	56.1%	56.1%	54.4%	54.8%	55.3%	55.4%	57.8%	58.7%
% chg vs. old		(2.3%)		(0.5%)		(0.6%)		0.1%		0.9%		1.5%		0.6%		3.7%
Operating Income	$32,907	$33,138	$110,628	$112,527	$33,051	$32,706	$36,079	$35,932	$35,977	$37,762	$43,840	$44,704	$148,947	$151,105	$187,897	$196,610
Y/Y Growth	*31.7%*	*32.7%*	*38.3%*	*40.7%*	*38.6%*	*37.1%*	*31.4%*	*30.8%*	*36.2%*	*34.5%*	*33.2%*	*34.9%*	*34.6%*	*34.3%*	*26.1%*	*30.1%*
Margin (%)	13.4%	13.5%	13.3%	13.6%	15.7%	15.5%	15.5%	15.5%	15.4%	16.0%	15.5%	15.7%	15.5%	15.7%	17.1%	17.5%
% chg vs. old		0.7%		1.7%		(1.0%)		(0.4%)		5.0%		2.0%		1.4%		4.6%
GAAP EPS	$2.47	$2.46	$12.96	$12.88	$2.45	$2.39	$2.68	$2.65	$2.62	$2.71	$3.23	$3.25	$10.97	$11.01	$13.34	$13.82
Y/Y Growth	*26.4%*	*26.1%*	*80.7%*	*79.5%*	*(12.0%)*	*(14.0%)*	*(53.4%)*	*(54.0%)*	*33.1%*	*43.4%*	*30.8%*	*32.3%*	*(15.4%)*	*(14.5%)*	*21.6%*	*25.5%*
% chg vs. old		(0.2%)		(0.7%)		(2.3%)		(1.3%)		3.7%		0.9%		0.3%		3.6%
Adjusted EBITDA	$67,798	$66,205	$226,445	$221,623	$67,819	$67,502	$76,240	$75,962	$79,055	$80,147	$91,479	$93,275	$314,592	$316,886	$405,720	$422,390
Y/Y Growth	*35.3%*	*32.1%*	*33.3%*	*30.5%*	*43.5%*	*42.8%*	*42.3%*	*41.8%*	*36.8%*	*46.9%*	*34.9%*	*40.9%*	*38.9%*	*43.0%*	*29.0%*	*33.3%*
Margin (%)	27.6%	27.0%	27.3%	26.7%	32.2%	32.0%	32.8%	32.8%	33.9%	34.0%	32.4%	32.8%	32.8%	32.9%	36.9%	37.6%
% chg vs. old		(2.3%)		(2.1%)		(0.5%)		(0.4%)		1.4%		2.0%		0.7%		4.1%
Capital Expenditures	$69,702	$50,417	$221,344	$222,605	$79,581	$81,677	$89,988	$94,457	$88,919	$98,885	$107,929	$119,834	$366,417	$394,852	$446,499	$475,687
Y/Y Growth	*81%*	*31%*	*72%*	*73%*	*84%*	*89%*	*70%*	*78%*	*61%*	*30%*	*55%*	*138%*	*66%*	*77%*	*22%*	*20%*
% chg vs. old		(27.7%)		0.6%		2.6%		5.0%		11.2%		11.0%		7.8%		6.5%
Free Cash Flow	$2,753	$13,201	($37,413)	($45,146)	($35,193)	($37,587)	($24,139)	($29,177)	($26,604)	($31,287)	($19,582)	($30,164)	($105,518)	($128,215)	($98,662)	($109,048)
Y/Y Growth	*-82.8%*	*-17.4%*	*-434.2%*	*-503.3%*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*-811.2%*	*-328.5%*	*NA*	*NA*	*NA*	*NA*
% chg vs. old		379.4%		NA		NA		NA		NA		NA		NA		NA

Source: J.P. Morgan estimates.

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Figure 4: Amazon Income Statement

$ in thousands, except per share data

	2022A	2023A	2024A	2025A	3/26A	6/26A	9/26A	12/26E	2026E	3/27E	6/27E	9/27E	12/27E	2027E	2028E
Gross Merchandise Value	**649,894,503**	**729,368,973**	**794,150,794**	**871,518,034**	**209,342,783**	**232,958,670**	**229,947,749**	**290,346,045**	**962,595,246**	**226,549,416**	**249,692,557**	**249,980,315**	**314,450,559**	**1,040,672,848**	**1,118,512,191**
Net Sales	**513,983,000**	**574,785,000**	**637,959,000**	**716,924,000**	**181,519,000**	**200,606,000**	**201,944,000**	**245,617,644**	**829,686,644**	**210,688,200**	**231,865,371**	**235,596,813**	**284,390,598**	**962,540,982**	**1,122,513,456**
Online Stores	220,004,000	231,872,000	247,029,000	269,287,000	64,254,000	70,432,000	68,470,000	89,036,623	292,192,623	68,275,794	75,045,064	73,055,613	95,269,187	311,645,658	331,902,626
Physical Stores	18,963,000	20,030,000	21,215,000	22,561,000	5,785,000	5,794,000	5,710,000	6,147,424	23,436,424	6,071,406	6,082,024	6,051,751	6,454,795	24,659,977	25,892,976
Retail third-party seller services	117,716,000	140,053,000	156,146,000	172,162,000	41,578,000	46,780,000	46,492,000	58,250,001	193,100,001	45,427,795	50,311,736	51,000,450	63,492,501	210,232,482	227,051,081
Retail subscription services	35,218,000	40,209,000	44,374,000	49,619,000	13,427,000	13,730,000	14,006,000	14,603,284	55,766,284	14,804,504	15,178,470	15,504,258	16,209,645	61,696,877	67,866,565
AWS	80,096,000	90,757,000	107,556,000	128,725,000	37,587,000	42,232,000	45,984,000	50,522,180	176,325,180	54,125,280	60,391,760	65,297,280	71,741,496	251,555,816	352,178,142
Advertising services	37,739,000	46,906,000	56,214,000	68,635,000	17,243,000	19,809,000	19,637,000	25,002,401	81,691,401	20,219,006	22,889,234	22,915,841	29,002,785	95,026,865	109,280,895
Other	4,247,000	4,958,000	5,425,000	5,935,000	1,645,000	1,829,000	1,645,000	2,055,731	7,174,731	1,764,414	1,967,083	1,771,620	2,220,190	7,723,307	8,341,172
Cost of sales	288,074,000	303,903,000	325,450,000	355,637,000	87,292,000	95,570,000	94,403,000	121,583,493	398,848,493	94,936,624	102,747,845	103,428,015	128,575,303	429,687,787	463,285,821
Gross profit	**225,909,000**	**270,882,000**	**312,509,000**	**361,287,000**	**94,227,000**	**105,036,000**	**107,541,000**	**124,034,151**	**430,838,151**	**115,751,577**	**129,117,526**	**132,168,798**	**155,815,295**	**532,853,196**	**659,227,635**
Operating expenses:															
Fulfillment	81,554,000	87,529,000	95,532,000	106,371,000	26,688,000	28,869,000	29,341,000	33,404,000	118,302,000	30,023,069	32,693,017	33,454,747	38,392,731	134,563,564	153,223,087
Marketing	38,363,000	39,747,000	39,823,000	41,819,000	9,651,000	10,853,000	10,887,000	14,982,676	46,373,676	11,166,475	12,520,730	12,251,034	17,063,436	53,001,675	59,493,213
Technology and content	62,592,000	72,188,000	76,394,000	99,515,000	27,281,000	29,457,000	31,405,000	34,877,705	123,020,705	34,658,209	38,257,786	40,051,458	46,924,449	159,891,902	211,032,530
General and administrative	10,268,000	9,776,000	9,393,000	9,501,000	2,276,000	2,268,000	2,292,000	2,619,260	9,455,260	2,590,544	2,807,410	2,576,743	3,144,905	11,119,601	13,968,610
Stock-based compensation	19,621,000	24,023,000	22,011,000	19,467,000	4,032,000	6,038,000	5,406,000	4,912,353	20,388,353	4,424,452	6,724,096	5,889,920	5,403,421	22,441,890	24,134,039
Other operating expense, net	1,263,000	767,000	763,000	4,639,000	447,000	90,000	134,000	100,000	771,000	182,500	182,500	182,500	182,500	730,000	766,500
Total operating expenses	213,661,000	234,030,000	243,916,000	281,312,000	70,375,000	77,575,000	79,465,000	90,895,994	318,310,994	83,045,248	93,185,539	94,406,403	111,111,441	381,748,631	462,617,979
Operating income	**12,248,000**	**36,852,000**	**68,593,000**	**79,975,000**	**23,852,000**	**27,461,000**	**28,076,000**	**33,138,157**	**112,527,157**	**32,706,328**	**35,931,987**	**37,762,395**	**44,703,854**	**151,104,564**	**196,609,656**
Non-GAAP Operating income (CSOI)	**33,132,000**	**61,642,000**	**91,367,000**	**104,081,000**	**28,331,000**	**33,589,000**	**33,616,000**	**38,150,510**	**133,686,510**	**37,313,281**	**42,838,583**	**43,834,815**	**50,289,775**	**174,276,454**	**221,510,196**
Non-operating expenses:															
Interest income	989,000	2,949,000	4,677,000	4,381,000	1,135,000	1,295,000	1,187,000	1,085,147	4,702,147	1,269,241	1,386,808	1,089,930	1,270,988	5,016,968	3,854,798
Interest expense	(2,367,000)	(3,182,000)	(2,406,000)	(2,274,000)	(800,000)	(1,314,000)	(1,691,000)	(1,822,004)	(5,627,004)	(2,447,004)	(2,427,867)	(3,035,876)	(3,016,773)	(10,927,520)	(18,011,609)
Other income (expense), net	(16,806,000)	938,000	(2,250,000)	15,229,000	15,647,000	53,415,000	(703,000)		68,359,000						
Total non-operating expenses, net	(18,184,000)	705,000	21,000	17,336,000	15,982,000	53,396,000	(1,207,000)	(736,857)	67,434,143	(1,177,763)	(1,041,059)	(1,945,945)	(1,745,785)	(5,910,552)	(14,156,812)
Income (loss) before equity-method investees	(5,936,000)	37,557,000	68,614,000	97,311,000	39,834,000	80,857,000	26,869,000	32,401,300	179,961,300	31,528,566	34,890,928	35,816,449	42,958,069	145,194,013	182,452,845
Equity-method investment activity, net of tax	(3,000)	(12,000)	(101,000)	(554,000)	(19,000)	(11,000)	(4,000)		(34,000)						
Income (loss) before income taxes	(5,939,000)	37,545,000	68,513,000	96,757,000	39,815,000	80,846,000	26,865,000	32,401,300	179,927,300	31,528,566	34,890,928	35,816,449	42,958,069	145,194,013	182,452,845
Provision (benefit) for income taxes	(3,217,000)	7,120,000	9,265,000	19,087,000	9,560,000	18,199,000	6,180,000	5,508,221	39,447,221	5,359,856	5,931,458	6,088,796	7,302,872	24,682,982	31,016,984
Effective Tax Rate	54.2%	19.0%	13.5%	19.7%	24.0%	22.5%	23.0%	17.0%	21.9%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
GAAP Net income	**(2,722,000)**	**30,425,000**	**59,248,000**	**77,670,000**	**30,255,000**	**62,647,000**	**20,685,000**	**26,893,079**	**140,480,079**	**26,168,710**	**28,959,471**	**29,727,653**	**35,655,197**	**120,511,030**	**151,435,861**
Basic income (loss) per share	**($0.27)**	**$2.95**	**$5.66**	**$7.29**	**$2.82**	**$5.82**	**$1.92**	**$2.49**	**$13.03**	**$2.42**	**$2.68**	**$2.75**	**$3.29**	**$11.14**	**$13.99**
Diluted income (loss) per share	**($0.27)**	**$2.90**	**$5.53**	**$7.17**	**$2.78**	**$5.75**	**$1.89**	**$2.46**	**$12.88**	**$2.39**	**$2.65**	**$2.71**	**$3.25**	**$11.01**	**$13.82**
Basic shares outstanding	10,189,000	10,304,000	10,473,000	10,656,000	10,743,000	10,769,000	10,797,000	10,802,399	10,777,850	10,807,800	10,813,204	10,818,610	10,824,020	10,815,908	10,826,724
Diluted shares outstanding	10,189,000	10,492,000	10,721,000	10,827,000	10,874,000	10,903,000	10,929,000	10,934,465	10,910,116	10,939,932	10,945,402	10,950,874	10,956,350	10,948,139	10,959,088
Adj. EBITDA Reconciliation:															
Non-GAAP Operating income (CSOI)	33,132,000	61,642,000	91,367,000	104,081,000	28,331,000	33,589,000	33,616,000	38,150,510	133,686,510	37,313,281	42,838,583	43,834,815	50,289,775	174,276,454	221,510,196
Depreciation and other amortization	41,921,000	48,663,000	52,795,000	65,756,000	18,945,000	19,988,000	20,949,000	28,054,600	87,936,600	30,189,100	33,123,019	36,312,511	42,985,029	142,609,658	200,880,063
Adj. EBITDA	**75,053,000**	**110,305,000**	**144,162,000**	**169,837,000**	**47,276,000**	**53,577,000**	**54,565,000**	**66,205,110**	**221,623,110**	**67,502,380**	**75,961,602**	**80,147,326**	**93,274,804**	**316,886,112**	**422,390,259**

Source: Company reports and J.P. Morgan estimates.

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Figure 5: Amazon Income Statement (Cont'd)

Y/Y Growth	2022A	2023A	2024A	2025A	3/26A	6/26A	9/26A	12/26E	2026E	3/27E	6/27E	9/27E	12/27E	2027E	2028E
GMV	**5.7%**	**12.2%**	**8.9%**	**9.7%**	**12.6%**	**14.8%**	**6.4%**	**8.9%**	**10.5%**	**8.2%**	**7.2%**	**8.7%**	**8.3%**	**8.1%**	**7.5%**
Net sales	**9.4%**	**11.8%**	**11.0%**	**12.4%**	**16.6%**	**19.6%**	**12.1%**	**15.1%**	**15.7%**	**16.1%**	**15.6%**	**16.7%**	**15.8%**	**16.0%**	**16.6%**
Net sales FXN	**12.7%**	**11.8%**	**11.4%**	**11.7%**	**14.8%**	**19.6%**	**12.6%**	**15.7%**	**15.6%**	**16.6%**	**15.9%**	**16.9%**	**15.8%**	**16.3%**	**16.6%**
Cost of sales	6.0%	5.5%	7.1%	9.3%	13.6%	18.6%	6.7%	10.8%	12.2%	8.8%	7.5%	9.6%	5.8%	7.7%	7.8%
Gross profit	**14.1%**	**19.9%**	**15.4%**	**15.6%**	**19.5%**	**20.5%**	**17.3%**	**19.7%**	**19.3%**	**22.8%**	**22.9%**	**22.9%**	**25.6%**	**23.7%**	**23.7%**
Fulfillment	11.5%	7.3%	9.1%	11.3%	10.8%	15.0%	8.7%	10.7%	11.2%	12.5%	13.2%	14.0%	14.9%	13.7%	13.9%
Marketing	27.8%	3.6%	0.2%	5.0%	5.9%	6.3%	21.1%	10.9%	10.9%	15.7%	15.4%	12.5%	13.9%	14.3%	12.2%
Technology and content	26.7%	15.3%	5.8%	30.3%	30.3%	25.3%	11.6%	29.5%	23.6%	27.0%	29.9%	27.5%	34.5%	30.0%	32.0%
General and administrative	32.9%	(4.8%)	(3.9%)	1.1%	(0.9%)	(6.4%)	(6.0%)	11.8%	(0.5%)	13.8%	23.8%	12.4%	20.1%	17.6%	25.6%
Stock-based compensation	53.8%	22.4%	(8.4%)	(11.6%)	9.3%	(7.6%)	11.5%	11.7%	4.7%	9.7%	11.4%	9.0%	10.0%	10.1%	7.5%
Total cash operating expenses	**20.2%**	**8.5%**	**5.7%**	**16.3%**	**16.8%**	**16.7%**	**11.1%**	**17.7%**	**15.5%**	**19.0%**	**20.8%**	**19.5%**	**22.9%**	**20.7%**	**22.1%**
Operating income	**(50.8%)**	**200.9%**	**86.1%**	**16.6%**	**29.6%**	**43.2%**	**61.2%**	**32.7%**	**40.7%**	**37.1%**	**30.8%**	**34.5%**	**34.9%**	**34.3%**	**30.1%**
Non-GAAP Operating income (CSOI)	**(12.1%)**	**86.0%**	**48.2%**	**13.9%**	**26.5%**	**29.7%**	**33.7%**	**24.5%**	**28.4%**	**31.7%**	**27.5%**	**30.4%**	**31.8%**	**30.4%**	**27.1%**
GAAP Net income	(108.2%)	NA	94.7%	31.1%	76.7%	244.9%	(2.4%)	26.9%	80.9%	(13.5%)	(53.8%)	43.7%	32.6%	(14.2%)	25.7%
GAAP EPS	**(108.2%)**	**NA**	**90.6%**	**29.8%**	**75.3%**	**241.8%**	**(3.1%)**	**26.1%**	**79.5%**	**(14.0%)**	**(54.0%)**	**43.4%**	**32.3%**	**(14.5%)**	**25.5%**
Adj. EBITDA	**4.1%**	**47.0%**	**30.7%**	**17.8%**	**28.9%**	**30.3%**	**30.1%**	**32.1%**	**30.5%**	**42.8%**	**41.8%**	**46.9%**	**40.9%**	**43.0%**	**33.3%**
% of Revenues															
Cost of sales	56.0%	52.9%	51.0%	49.6%	48.1%	47.6%	46.7%	49.5%	48.1%	45.1%	44.3%	43.9%	45.2%	44.6%	41.3%
Fulfillment	15.9%	15.2%	15.0%	14.8%	14.7%	14.4%	14.5%	13.6%	14.3%	14.3%	14.1%	14.2%	13.5%	14.0%	13.7%
Marketing	7.5%	6.9%	6.2%	5.8%	5.3%	5.4%	5.4%	6.1%	5.6%	5.3%	5.4%	5.2%	6.0%	5.5%	5.3%
Technology and content	12.2%	12.6%	12.0%	13.9%	15.0%	14.7%	15.6%	14.2%	14.8%	16.5%	16.5%	17.0%	16.5%	16.6%	18.8%
General and administrative	2.0%	1.7%	1.5%	1.3%	1.3%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%	1.1%	1.1%	1.2%	1.2%
Total cash operating expenses	**37.5%**	**36.4%**	**34.7%**	**35.9%**	**36.3%**	**35.6%**	**36.6%**	**35.0%**	**35.8%**	**37.2%**	**37.2%**	**37.5%**	**37.1%**	**37.3%**	**39.0%**
Stock-based compensation expense	3.8%	4.2%	3.5%	2.7%	2.2%	3.0%	2.7%	2.0%	2.5%	2.1%	2.9%	2.5%	1.9%	2.3%	2.2%
Margins															
Gross margin	**44.0%**	**47.1%**	**49.0%**	**50.4%**	**51.9%**	**52.4%**	**53.3%**	**50.5%**	**51.9%**	**54.9%**	**55.7%**	**56.1%**	**54.8%**	**55.4%**	**58.7%**
Operating margin	**2.4%**	**6.4%**	**10.8%**	**11.2%**	**13.1%**	**13.7%**	**13.9%**	**13.5%**	**13.6%**	**15.5%**	**15.5%**	**16.0%**	**15.7%**	**15.7%**	**17.5%**
Non-GAAP Operating margin (CSOI)	6.4%	10.7%	14.3%	14.5%	15.6%	16.7%	16.6%	15.5%	16.1%	17.7%	18.5%	18.6%	17.7%	18.1%	19.7%
Adjusted EBITDA margin	**14.6%**	**19.2%**	**22.6%**	**23.7%**	**26.0%**	**26.7%**	**27.0%**	**27.0%**	**26.7%**	**32.0%**	**32.8%**	**34.0%**	**32.8%**	**32.9%**	**37.6%**

Source: Company reports and J.P. Morgan estimates.

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J.P.Morgan

Figure 6: Amazon Segment Build

$ in thousands

NET SALES	2022A	2023A	2024A	2025A	3/26A	6/26A	9/26A	12/26E	2026E	3/27E	6/27E	9/27E	12/27E	2027E	2028E
Online Stores	**220,004,000**	**231,872,000**	**247,029,000**	**269,287,000**	**64,254,000**	**70,432,000**	**68,470,000**	**89,036,623**	**292,192,623**	**68,275,794**	**75,045,064**	**73,055,613**	**95,269,187**	**311,645,658**	**331,902,626**
Y/Y Growth	*-0.9%*	*5.4%*	*6.5%*	*9.0%*	*11.9%*	*14.6%*	*1.6%*	*7.3%*	*8.5%*	*6.3%*	*6.5%*	*6.7%*	*7.0%*	*6.7%*	*6.5%*
Q/Q Growth					*-22.6%*	*9.6%*	*-2.8%*	*30.0%*		*-23.3%*	*9.9%*	*-2.7%*	*30.4%*		
CAGR (vs. 2019)	*15.9%*	*13.2%*	*11.8%*	*11.4%*	*11.8%*	*12.4%*	*10.0%*	*10.0%*	*10.9%*	*8.1%*	*6.3%*	*5.3%*	*4.6%*	*5.9%*	*10.0%*
FX Benefit (Negative Impact)	(9,355,950)	(580,440)	(1,822,480)	2,481,240	1,680,370	(275,750)	77,782	(590,417)	891,985	(475,986)	(317,176)	(207,287)	0	(1,000,449)	
FXN Y/Y Growth	*3.3%*	*5.7%*	*7.3%*	*8.0%*	*9.0%*	*15.0%*	*2.0%*	*8.0%*	*8.2%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*6.5%*
Seasonality	100.0%	100.0%	100.0%	100.0%	22.0%	24.1%	23.4%	30.5%	100.0%	21.9%	24.1%	23.4%	30.6%	100.0%	
Whole Foods Market (incl. pre-acquisition numbers)															
% change															
FX Benefit (Negative Impact)															
% change FXN															
Physical Stores	**18,963,000**	**20,030,000**	**21,215,000**	**22,561,000**	**5,785,000**	**5,794,000**	**5,710,000**	**6,147,424**	**23,436,424**	**6,071,406**	**6,082,024**	**6,051,751**	**6,454,795**	**24,659,977**	**25,892,976**
Y/Y Growth	*11.1%*	*5.6%*	*5.9%*	*6.3%*	*4.6%*	*3.6%*	*2.4%*	*5.0%*	*3.9%*	*5.0%*	*5.0%*	*6.0%*	*5.0%*	*5.2%*	*5.0%*
Q/Q Growth					*-1.2%*	*0.2%*	*-1.4%*	*7.7%*		*-1.2%*	*0.2%*	*-0.5%*	*6.7%*		
CAGR (vs. 2019)	*3.3%*	*3.9%*	*4.3%*	*4.6%*	*4.3%*	*4.2%*	*4.5%*	*5.0%*	*4.5%*	*3.4%*	*6.1%*	*6.0%*	*6.1%*	*5.4%*	*4.7%*
FX Benefit (Negative Impact)	6,880	(64,760)	30,230	24,550	30,680	(24,800)	20,440	(326)	25,994	(2,844)	(1,676)	(849)	0	(5,368)	
FXN Y/Y Growth	*11.0%*	*6.0%*	*5.8%*	*6.2%*	*4.0%*	*4.0%*	*2.0%*	*5.0%*	*3.8%*	*5.0%*	*5.0%*	*6.0%*	*5.0%*	*5.2%*	*5.0%*
Seasonality	100.0%	100.0%	100.0%	100.0%	24.7%	24.7%	24.4%	26.2%	100.0%	24.6%	24.7%	24.5%	26.2%	100.0%	
Third-party seller services	**117,716,000**	**140,053,000**	**156,146,000**	**172,162,000**	**41,578,000**	**46,780,000**	**46,492,000**	**58,250,001**	**193,100,001**	**45,427,795**	**50,311,736**	**51,000,450**	**63,492,501**	**210,232,482**	**227,051,081**
Y/Y Growth	*13.9%*	*19.0%*	*11.5%*	*10.3%*	*13.9%*	*15.9%*	*9.4%*	*10.3%*	*12.2%*	*9.3%*	*7.5%*	*9.7%*	*9.0%*	*8.9%*	*8.0%*
Q/Q Growth					*-21.3%*	*12.5%*	*-0.6%*	*25.3%*		*-22.0%*	*10.8%*	*1.4%*	*24.5%*		
CAGR (vs. 2019)	*29.9%*	*27.0%*	*23.8%*	*21.4%*	*20.7%*	*21.5%*	*19.7%*	*18.8%*	*20.0%*	*15.4%*	*13.6%*	*12.1%*	*11.1%*	*12.8%*	*17.4%*
FX Benefit (Negative Impact)	(3,899,620)	278,030	(235,870)	1,060,640	684,560	(23,680)	(242,600)	(375,759)	42,521	(308,005)	(210,664)	(140,750)	0	(659,419)	
FXN Y/Y Growth	*17.7%*	*18.7%*	*11.7%*	*9.6%*	*12.0%*	*16.0%*	*10.0%*	*11.0%*	*12.1%*	*10.0%*	*8.0%*	*10.0%*	*9.0%*	*9.2%*	*8.0%*
Seasonality	100.0%	100.0%	100.0%	100.0%	21.5%	24.2%	24.1%	30.2%	100.0%	21.6%	23.9%	24.3%	30.2%	100.0%	
Subscription services	**35,218,000**	**40,209,000**	**44,374,000**	**49,619,000**	**13,427,000**	**13,730,000**	**14,006,000**	**14,603,284**	**55,766,284**	**14,804,504**	**15,178,470**	**15,504,258**	**16,209,645**	**61,696,877**	**67,866,565**
Y/Y Growth	*10.9%*	*14.2%*	*10.4%*	*11.8%*	*14.6%*	*12.5%*	*11.4%*	*11.3%*	*12.4%*	*10.3%*	*10.5%*	*10.7%*	*11.0%*	*10.6%*	*10.0%*
Q/Q Growth					*2.3%*	*2.3%*	*2.0%*	*4.3%*		*1.4%*	*2.5%*	*2.1%*	*4.5%*		
CAGR (vs. 2019)	*22.4%*	*20.3%*	*18.2%*	*17.1%*	*17.5%*	*16.6%*	*16.0%*	*15.8%*	*16.4%*	*13.0%*	*12.3%*	*11.3%*	*10.9%*	*11.8%*	*15.1%*
FX Benefit (Negative Impact)	(1,165,410)	(10,900)	(153,110)	361,560	306,200	57,040	(76,880)	(93,356)	193,004	(99,466)	(61,830)	(42,402)	0	(203,698)	
FXN Y/Y Growth	*14.5%*	*14.2%*	*10.7%*	*11.0%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*	*11.0%*	*11.0%*	*11.0%*	*11.0%*	*11.0%*	*10.0%*
Seasonality	100.0%	100.0%	100.0%	100.0%	24.1%	24.6%	25.1%	26.2%	100.0%	24.0%	24.6%	25.1%	26.3%	100.0%	

Source: Company reports and J.P. Morgan estimates.

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Figure 7: Amazon Segment Build (Cont'd)

$ in thousands

NET SALES	2022A	2023A	2024A	2025A	3/26A	6/26A	9/26A	12/26E	2026E	3/27E	6/27E	9/27E	12/27E	2027E	2028E
AWS	**80,096,000**	**90,757,000**	**107,556,000**	**128,725,000**	**37,587,000**	**42,232,000**	**45,984,000**	**50,522,180**	**176,325,180**	**54,125,280**	**60,391,760**	**65,297,280**	**71,741,496**	**251,555,816**	**352,178,142**
Y/Y Growth	*28.8%*	*13.3%*	*18.5%*	*19.7%*	*28.4%*	*36.8%*	*39.3%*	*42.0%*	*37.0%*	*44.0%*	*43.0%*	*42.0%*	*42.0%*	*42.7%*	*40.0%*
Q/Q Growth					*5.6%*	*12.4%*	*8.9%*	*9.9%*		*7.1%*	*11.6%*	*8.1%*	*9.9%*		
CAGR (vs. 2019)	*31.7%*	*26.9%*	*25.2%*	*24.2%*	*25.4%*	*26.0%*	*26.2%*	*26.1%*	*26.0%*	*23.2%*	*24.0%*	*24.1%*	*24.1%*	*23.9%*	*29.2%*
FX Benefit (Negative Impact)	(55,880)	98,060	(17,750)	(85,505)	125,240	(64,010)	105,660		166,890						
FXN Y/Y Growth	*28.9%*	*13.2%*	*18.5%*	*19.8%*	*28.0%*	*37.0%*	*39.0%*	*42.0%*	*36.8%*	*44.0%*	*43.0%*	*42.0%*	*42.0%*	*42.7%*	*40.0%*
Seasonality	100.0%	100.0%	100.0%	100.0%	21.3%	24.0%	26.1%	28.7%	100.0%						
Advertising services	**37,739,000**	**46,906,000**	**56,214,000**	**68,635,000**	**17,243,000**	**19,809,000**	**19,637,000**	**25,002,401**	**81,691,401**	**20,219,006**	**22,889,234**	**22,915,841**	**29,002,785**	**95,026,865**	**109,280,895**
Y/Y Growth	*21.1%*	*24.3%*	*19.8%*	*22.1%*	*23.9%*	*26.2%*	*10.9%*	*17.3%*	*19.0%*	*17.3%*	*15.5%*	*16.7%*	*16.0%*	*16.3%*	*15.0%*
Q/Q Growth					*-19.1%*	*14.9%*	*-0.9%*	*27.3%*		*-19.1%*	*13.2%*	*0.1%*	*26.6%*		
CAGR (vs. 2019)	*44.1%*	*38.8%*	*34.8%*	*32.6%*					*30.6%*					*25.1%*	*27.1%*
FX Benefit (Negative Impact)	(1,099,240)	36,930	(39,880)	408,640	259,380	34,560	(190,360)	(151,659)	(48,079)	(127,734)	(89,206)	(59,449)	0	(276,389)	
FXN Y/Y Growth	*24.6%*	*24.2%*	*19.9%*	*21.4%*	*22.0%*	*26.0%*	*12.0%*	*18.0%*	*19.1%*	*18.0%*	*16.0%*	*17.0%*	*16.0%*	*16.7%*	*15.0%*
Seasonality	100.0%	100.0%	100.0%	100.0%	21.1%	24.2%	24.0%	30.6%	100.0%	21.3%	24.1%	24.1%	30.5%	100.0%	
Other	**4,247,000**	**4,958,000**	**5,425,000**	**5,935,000**	**1,645,000**	**1,829,000**	**1,645,000**	**2,055,731**	**7,174,731**	**1,764,414**	**1,967,083**	**1,771,620**	**2,220,190**	**7,723,307**	**8,341,172**
Y/Y Growth	*95.2%*	*16.7%*	*9.4%*	*9.4%*	*25.4%*	*22.0%*	*16.3%*	*20.3%*	*20.9%*	*7.3%*	*7.5%*	*7.7%*	*8.0%*	*7.6%*	*8.0%*
Q/Q Growth					*-3.7%*	*11.2%*	*-10.1%*	*25.0%*		*-14.2%*	*11.5%*	*-9.9%*	*25.3%*		
CAGR (vs. 2019)	*42.7%*	*35.7%*	*30.0%*	*26.3%*	*-6.9%*	*-6.8%*	*-10.5%*	*-11.4%*	*25.5%*	*-9.5%*	*-9.1%*	*19.9%*	*17.7%*	*20.8%*	*21.4%*
FX Benefit (Negative Impact)	(73,490)	(6,320)	18,760	29,510	5,000	(14,770)	(10,550)	(12,159)	(32,479)	(12,186)	(8,237)	(4,980)	0	(25,403)	
FXN Y/Y Growth	*98.6%*	*16.9%*	*9.0%*	*8.9%*	*25.0%*	*23.0%*	*17.0%*	*21.0%*	*21.4%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*
Seasonality	100.0%	100.0%	100.0%	100.0%	22.9%	25.5%	22.9%	28.7%	100.0%	22.8%	25.5%	22.9%	28.7%	100.0%	
Other pre-acct change															
% change															
FX Benefit (Negative Impact)															
% change FXN															
1P Revenue															
% change															
Q/Q change															
Total Net Sales	**513,983,000**	**574,785,000**	**637,959,000**	**716,924,000**	**181,519,000**	**200,606,000**	**201,944,000**	**245,617,644**	**829,686,644**	**210,688,200**	**231,865,371**	**235,596,813**	**284,390,598**	**962,540,982**	**1,122,513,456**
Y/Y Growth	*9.4%*	*11.8%*	*11.0%*	*12.4%*	*16.6%*	*19.6%*	*12.1%*	*15.1%*	*15.7%*	*16.1%*	*15.6%*	*16.7%*	*15.8%*	*16.0%*	*16.6%*
Q/Q Growth					*-14.9%*	*10.5%*	*0.7%*	*21.6%*		*-14.2%*	*10.1%*	*1.6%*	*20.7%*		
CAGR (vs. 2019)	*22.4%*	*19.6%*	*17.9%*	*16.9%*	*17.2%*	*17.9%*	*16.3%*	*15.9%*	*16.8%*	*13.7%*	*12.7%*	*11.9%*	*10.8%*	*12.1%*	*16.7%*
FX Benefit (Negative Impact)	(15,495,000)	(71,000)	(2,335,000)	4,409,000	2,877,000	100,000	(900,000)	(1,223,676)	853,324	(1,026,220)	(688,789)	(455,717)	0	(2,170,726)	0
FXN Y/Y Growth	***12.7%***	***11.8%***	***11.4%***	***11.7%***	***14.8%***	***19.6%***	***12.6%***	***15.7%***	***15.6%***	***16.6%***	***15.9%***	***16.9%***	***15.8%***	***16.3%***	***16.6%***
Seasonality	100.0%	100.0%	100.0%	100.0%	21.9%	24.2%	24.3%	29.6%	100.0%	21.9%	24.1%	24.5%	29.5%	100.0%	

Source: Company reports and J.P. Morgan estimates.

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Figure 8: Amazon Net Sales Build

$ in thousands

NET SALES	2022A	2023A	2024A	2025A	3/26A	6/26A	9/26A	12/26E	2026E	3/27E	6/27E	9/27E	12/27E	2027E	2028E
Total Net 1P + 3P Sales	**337,720,000**	**371,925,000**	**403,175,000**	**441,449,000**	**105,832,000**	**117,212,000**	**114,962,000**	**147,286,625**	**485,292,625**	**113,703,590**	**125,356,799**	**124,056,063**	**158,761,688**	**521,878,140**	**558,953,706**
Y/Y Growth	*3.8%*	*10.1%*	*8.4%*	*9.5%*	*12.7%*	*15.1%*	*4.6%*	*8.5%*	*9.9%*	*7.4%*	*6.9%*	*7.9%*	*7.8%*	*7.5%*	*7.1%*
Q/Q Growth					*-22.1%*	*10.8%*	*-1.9%*	*28.1%*		*-22.8%*	*10.2%*	*-1.0%*	*28.0%*		
CAGR (vs. 2019)	*20.1%*	*17.5%*	*15.6%*	*14.6%*	*14.7%*	*15.4%*	*13.2%*	*12.9%*	*13.9%*	*10.5%*	*8.7%*	*7.7%*	*6.8%*	*8.2%*	*12.4%*
FX Benefit (Negative Impact)	(13,255,570)	(302,410)	(2,058,350)	3,541,880	2,364,930	(299,430)	(164,818)	(966,175)	934,506	(783,990)	(527,841)	(348,037)	0	(1,659,868)	
FXN Y/Y Growth	***7.8%***	***10.2%***	***9.0%***	***8.6%***	***10.2%***	***15.4%***	***4.8%***	***9.2%***	***9.7%***	***8.2%***	***7.4%***	***8.2%***	***7.8%***	***7.9%***	***7.1%***
% of Total	65.7%	64.7%	63.2%	61.6%	58.3%	58.4%	56.9%	60.0%	58.5%	54.0%	54.1%	52.7%	55.8%	54.2%	49.8%
Amazon 1P sales	**220,004,000**	**231,872,000**	**247,029,000**	**269,287,000**	**64,254,000**	**70,432,000**	**68,470,000**	**89,036,623**	**292,192,623**	**68,275,794**	**75,045,064**	**73,055,613**	**95,269,187**	**311,645,658**	**331,902,626**
Y/Y Growth	*-0.9%*	*5.4%*	*6.5%*	*9.0%*	*11.9%*	*14.6%*	*1.6%*	*7.3%*	*8.5%*	*6.3%*	*6.5%*	*6.7%*	*7.0%*	*6.7%*	*6.5%*
Q/Q Growth					*-22.6%*	*9.6%*	*-2.8%*	*30.0%*		*-23.3%*	*9.9%*	*-2.7%*	*30.4%*		
CAGR (vs. 2019)	*15.9%*	*13.2%*	*11.8%*	*11.4%*	*11.8%*	*12.4%*	*10.0%*	*10.0%*	*10.9%*	*8.1%*	*6.3%*	*5.3%*	*4.6%*	*5.9%*	*10.0%*
Amazon 3P sales	**117,716,000**	**140,053,000**	**156,146,000**	**172,162,000**	**41,578,000**	**46,780,000**	**46,492,000**	**58,250,001**	**193,100,001**	**45,427,795**	**50,311,736**	**51,000,450**	**63,492,501**	**210,232,482**	**227,051,081**
Y/Y Growth	*13.9%*	*19.0%*	*11.5%*	*10.3%*	*13.9%*	*15.9%*	*9.4%*	*10.3%*	*12.2%*	*9.3%*	*7.5%*	*9.7%*	*9.0%*	*8.9%*	*8.0%*
Q/Q Growth					*-21.3%*	*12.5%*	*-0.6%*	*25.3%*		*-22.0%*	*10.8%*	*1.4%*	*24.5%*		
CAGR (vs. 2019)	*29.9%*	*27.0%*	*23.8%*	*21.4%*	*20.7%*	*21.5%*	*19.7%*	*18.8%*	*20.0%*	*15.4%*	*13.6%*	*12.1%*	*11.1%*	*12.8%*	*17.4%*
Total Non-AWS Net Sales	**433,887,000**	**484,028,000**	**530,403,000**	**588,199,000**	**143,932,000**	**158,374,000**	**155,960,000**	**195,095,464**	**653,361,464**	**156,562,920**	**171,473,611**	**170,299,533**	**212,649,103**	**710,985,167**	**770,335,314**
Y/Y Growth	*6.4%*	*11.6%*	*9.6%*	*10.9%*	*13.9%*	*15.7%*	*6.0%*	*9.7%*	*11.1%*	*8.8%*	*8.3%*	*9.2%*	*9.0%*	*8.8%*	*8.3%*
Q/Q Growth					*-19.1%*	*10.0%*	*-1.5%*	*25.1%*		*-19.8%*	*9.5%*	*-0.7%*	*24.9%*		
CAGR (vs. 2019)	*20.9%*	*18.5%*	*16.7%*	*15.7%*	*15.7%*	*16.3%*	*14.4%*	*14.1%*	*15.0%*	*11.6%*	*10.3%*	*9.1%*	*8.2%*	*9.6%*	*13.5%*
FX Benefit (Negative Impact)	(15,439,120)	(169,060)	(2,317,250)	4,494,505	2,751,760	164,010	(1,005,660)	(1,223,676)	686,434	(1,026,220)	(688,789)	(455,717)	0	(2,170,726)	
FXN Y/Y Growth	***10.2%***	***11.6%***	***10.1%***	***10.0%***	***11.7%***	***15.6%***	***6.7%***	***10.4%***	***11.0%***	***9.5%***	***8.7%***	***9.5%***	***9.0%***	***9.2%***	***8.3%***
Net Sales by Geography (ex-AWS)	**2022A**	**2023A**	**2024A**	**2025A**	**3/26A**	**6/26A**	**9/26A**	**12/26E**	**2026E**	**3/27E**	**6/27E**	**9/27E**	**12/27E**	**2027E**	**2028E**
North America															
Net Sales	315,880,000	352,828,000	387,497,000	426,305,000	104,143,000	116,177,000	112,852,000	140,078,543	473,250,543	113,821,243	126,376,051	123,637,461	152,682,056	516,516,811	560,804,109
Y/Y Growth	*12.9%*	*11.7%*	*9.8%*	*10.0%*	*12.1%*	*16.1%*	*6.2%*	*10.2%*	*11.0%*	*9.3%*	*8.8%*	*9.6%*	*9.0%*	*9.1%*	*8.6%*
FX Benefit (Negative Impact)	(499,080)	333,940	(447,090)	(70,580)	109,560	98,120	208,980	0	416,660	0	0	0	0	0	
% change, ex-FX impact	*13.1%*	*11.6%*	*10.0%*	*10.0%*	*12.0%*	*16.0%*	*6.0%*	*10.2%*	*10.9%*	*9.3%*	*8.8%*	*9.6%*	*9.0%*	*9.1%*	*8.6%*
% of retail sales	72.8%	72.9%	73.1%	72.5%	72.4%	73.4%	72.4%	71.8%	72.4%	72.7%	73.7%	72.6%	71.8%	72.6%	72.8%
International															
Net Sales	118,007,000	131,200,000	142,906,000	161,894,000	39,789,000	42,197,000	43,108,000	55,016,921	180,110,921	42,741,677	45,097,560	46,662,072	59,967,047	194,468,356	209,531,205
Y/Y Growth	*-7.7%*	*11.2%*	*8.9%*	*13.3%*	*18.7%*	*14.8%*	*5.4%*	*8.5%*	*11.3%*	*7.4%*	*6.9%*	*8.2%*	*9.0%*	*8.0%*	*7.7%*
FX Benefit (Negative Impact)	(15,495,000)	(71,000)	(2,335,000)	4,409,000	2,589,570	100,000	(900,000)	(1,223,676)	853,324	(1,026,220)	(688,789)	(455,717)	0	(2,170,726)	
FXN Y/Y Growth	*4.5%*	*11.2%*	*10.7%*	*10.2%*	*11.0%*	*15.0%*	*8.0%*	*10.9%*	*10.7%*	*10.0%*	*8.5%*	*9.3%*	*9.0%*	*9.2%*	*7.7%*
% of Retail Net Sales	27.2%	27.1%	26.9%	27.5%	27.6%	26.6%	27.6%	28.2%	27.6%	27.3%	26.3%	27.4%	28.2%	27.4%	27.2%

Source: Company reports and J.P. Morgan estimates.

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Figure 9: Amazon GMV Build

$ in thousands

Gross Merchandise Value Build	2022A	2023A	2024A	2025A	3/26A	6/26A	9/26A	12/26E	2026E	3/27E	6/27E	9/27E	12/27E	2027E	2028E
Amazon 1P sales (ex-WFM)	220,004,000	231,872,000	247,029,000	269,287,000	64,254,000	70,432,000	68,470,000	89,036,623	292,192,623	68,275,794	75,045,064	73,055,613	95,269,187	311,645,658	331,902,626
Y/Y Growth	*-0.9%*	*5.4%*	*6.5%*	*9.0%*	*11.9%*	*14.6%*	*1.6%*	*7.3%*	*8.5%*	*6.3%*	*6.5%*	*6.7%*	*7.0%*	*6.7%*	*6.5%*
Amazon 1P sales	238,967,000	251,902,000	268,244,000	291,848,000	70,039,000	76,226,000	74,180,000	95,184,047	315,629,047	74,347,201	81,127,088	79,107,364	101,723,982	336,305,635	357,795,601
Y/Y Growth	*-0.1%*	*5.4%*	*6.5%*	*8.8%*	*11.3%*	*13.6%*	*1.6%*	*7.1%*	*8.1%*	*6.2%*	*6.4%*	*6.6%*	*6.9%*	*6.6%*	*6.4%*
Amazon 3P sales	117,716,000	140,053,000	156,146,000	172,162,000	41,578,000	46,780,000	46,492,000	58,250,001	193,100,001	45,427,795	50,311,736	51,000,450	63,492,501	210,232,482	227,051,081
Y/Y Growth	*13.9%*	*19.0%*	*11.5%*	*10.3%*	*13.9%*	*15.9%*	*9.4%*	*10.3%*	*12.2%*	*9.3%*	*7.5%*	*9.7%*	*9.0%*	*8.9%*	*8.0%*
3P blended take rate	28.6%	29.3%	29.7%	29.7%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%	29.8%
3P GMV	410,927,503	477,466,973	525,906,794	579,670,034	139,303,783	156,732,670	155,767,749	195,161,997	646,966,199	152,202,216	168,565,469	170,872,951	212,726,577	704,367,213	760,716,590
Amazon GMV	**649,894,503**	**729,368,973**	**794,150,794**	**871,518,034**	**209,342,783**	**232,958,670**	**229,947,749**	**290,346,045**	**962,595,246**	**226,549,416**	**249,692,557**	**249,980,315**	**314,450,559**	**1,040,672,848**	**1,118,512,191**
Y/Y Growth	*5.7%*	*12.2%*	*8.9%*	*9.7%*	*12.6%*	*14.8%*	*6.4%*	*8.9%*	*10.5%*	*8.2%*	*7.2%*	*8.7%*	*8.3%*	*8.1%*	*7.5%*
Q/Q Growth					*-21.5%*	*11.3%*	*-1.3%*	*26.3%*		*-22.0%*	*10.2%*	*0.1%*	*25.8%*		
CAGR (vs. 2019)	*22.0%*	*19.5%*	*17.3%*	*16.0%*	*15.8%*	*16.6%*	*14.7%*	*14.2%*	*15.2%*	*11.6%*	*10.1%*	*8.9%*	*8.0%*	*9.4%*	*13.5%*
Seasonality	100.0%	100.0%	100.0%	100.0%	21.7%	24.2%	23.9%	30.2%	100.0%	21.8%	24.0%	24.0%	30.2%	100.0%	
1P as % of total GMV	36.8%	34.5%	33.8%	33.5%	33.5%	32.7%	32.3%	32.8%	32.8%	32.8%	32.5%	31.6%	32.3%	32.3%	32.0%
3P as % of total GMV	63.2%	65.5%	66.2%	66.5%	66.5%	67.3%	67.7%	67.2%	67.2%	67.2%	67.5%	68.4%	67.7%	67.7%	68.0%
3P as % of total physical GMV															
3P as % of total units					60.0%	61.0%									
North America GMV	**473,138,254**	**531,640,750**	**580,185,368**	**631,604,281**	**151,471,427**	**170,889,410**	**166,389,224**	**208,468,460**	**697,218,521**	**164,701,426**	**184,023,415**	**181,485,709**	**225,775,501**	**755,986,051**	**814,276,875**
Y/Y Growth	*12.1%*	*12.4%*	*9.1%*	*8.9%*	*10.9%*	*15.1%*	*6.7%*	*9.4%*	*10.4%*	*8.7%*	*7.7%*	*9.1%*	*8.3%*	*8.4%*	*7.7%*
% of total GMV	72.8%	72.9%	73.1%	72.5%	72.4%	73.4%	72.4%	71.8%	72.4%	72.7%	73.7%	72.6%	71.8%	72.6%	72.8%
International GMV	**176,756,249**	**197,728,224**	**213,965,426**	**239,913,752**	**57,871,356**	**62,069,260**	**63,558,525**	**81,877,585**	**265,376,725**	**61,847,991**	**65,669,143**	**68,494,606**	**88,675,058**	**284,686,797**	**304,235,316**
Y/Y Growth	*-8.3%*	*11.9%*	*8.2%*	*12.1%*	*17.4%*	*13.8%*	*5.9%*	*7.6%*	*10.6%*	*6.9%*	*5.8%*	*7.8%*	*8.3%*	*7.3%*	*6.9%*
% of total GMV	27.2%	27.1%	26.9%	27.5%	27.6%	26.6%	27.6%	28.2%	27.6%	27.3%	26.3%	27.4%	28.2%	27.4%	27.2%

Source: Company reports and J.P. Morgan estimates.

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Figure 10: Amazon Gross Profit & Operating Income Build

$ in thousands

GROSS PROFIT	2022A	2023A	2024A	2025A	3/26A	6/26A	9/26A	12/26E	2026E	3/27E	6/27E	9/27E	12/27E	2027E	2028E
North America	107,426,455	134,625,755	155,421,445	175,492,275	42,698,630	47,051,685	45,140,800	56,731,810	191,622,925	46,666,710	51,814,181	50,073,172	64,584,510	213,138,572	233,294,509
Y/Y Growth	*13.3%*	*25.3%*	*15.4%*	*12.9%*	*14.9%*	*12.0%*	*3.6%*	*7.6%*	*9.2%*	*9.3%*	*10.1%*	*10.9%*	*13.8%*	*11.2%*	*9.5%*
% margin	34.0%	38.2%	40.1%	41.2%	41.0%	40.5%	40.0%	40.5%	40.5%	41.0%	41.0%	40.5%	42.3%	41.3%	41.6%
International	38,386,545	45,499,245	49,531,555	57,069,725	13,941,370	15,752,315	16,416,200	16,780,161	62,890,046	14,959,587	16,911,585	16,798,346	19,489,290	68,158,808	73,754,984
Y/Y Growth	*-6.4%*	*18.5%*	*8.9%*	*15.2%*	*12.3%*	*10.6%*	*8.6%*	*9.7%*	*10.2%*	*7.3%*	*7.4%*	*2.3%*	*16.1%*	*8.4%*	*8.2%*
% margin	32.5%	34.7%	34.7%	35.3%	35.0%	37.3%	38.1%	30.5%	34.9%	35.0%	37.5%	36.0%	32.5%	35.0%	35.2%
AWS	80,096,000	90,757,000	107,556,000	128,725,000	37,587,000	42,232,000	45,984,000	50,522,180	176,325,180	54,125,280	60,391,760	65,297,280	71,741,496	251,555,816	352,178,142
Y/Y Growth	*28.8%*	*13.3%*	*18.5%*	*19.7%*	*28.4%*	*36.8%*	*39.3%*	*42.0%*	*37.0%*	*44.0%*	*43.0%*	*42.0%*	*42.0%*	*42.7%*	*40.0%*
% margin	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Consolidated	**225,909,000**	**270,882,000**	**312,509,000**	**361,287,000**	**94,227,000**	**105,036,000**	**107,541,000**	**124,034,151**	**430,838,151**	**115,751,577**	**129,117,526**	**132,168,798**	**155,815,295**	**532,853,196**	**659,227,635**
Y/Y Growth	*14.1%*	*19.9%*	*15.4%*	*15.6%*	*19.5%*	*20.5%*	*17.3%*	*19.7%*	*19.3%*	*22.8%*	*22.9%*	*22.9%*	*25.6%*	*23.7%*	*23.7%*
% margin	44.0%	47.1%	49.0%	50.4%	51.9%	52.4%	53.3%	50.5%	51.9%	54.9%	55.7%	56.1%	54.8%	55.4%	58.7%

OPERATING INCOME	2022A	2023A	2024A	2025A	3/26A	6/26A	9/26A	12/26E	2026E	3/27E	6/27E	9/27E	12/27E	2027E	2028E
North America	(2,847,000)	14,877,000	24,967,000	29,619,000	8,267,000	9,123,000	8,723,000	11,486,441	37,599,441	10,243,912	10,741,964	10,756,459	14,504,795	46,247,131	52,715,586
Y/Y Growth	*NM*	*NM*	*68%*	*19%*	*42%*	*21%*	*82%*	*0%*	*27%*	*24%*	*18%*	*23%*	*26%*	*23%*	*14%*
% margin	-0.9%	4.2%	6.4%	6.9%	7.9%	7.9%	7.7%	8.2%	7.9%	9.0%	8.5%	8.7%	9.5%	9.0%	9.4%
FX Benefit (Negative Impact)	274,000	(6,000)	(61,000)	(204,000)	(41,000)	(6,000)	43,000		(4,000)						
International	(7,746,000)	(2,656,000)	3,792,000	4,750,000	1,424,000	1,717,000	1,580,000	2,200,677	6,921,677	1,624,184	1,939,195	1,866,483	2,578,583	8,008,445	9,009,842
Y/Y Growth	*NM*	*NM*	*NM*	*25%*	*40%*	*15%*	*32%*	*112%*	*46%*	*14%*	*13%*	*18%*	*17%*	*16%*	*13%*
% margin	-6.6%	-2.0%	2.7%	2.9%	3.6%	4.1%	3.7%	4.0%	3.8%	3.8%	4.3%	4.0%	4.3%	4.1%	4.3%
FX Benefit (Negative Impact)	(857,000)	246,000	(48,000)	903,000	347,000	(43,000)	(125,000)		179,000						
AWS	22,841,000	24,631,000	39,834,000	45,606,000	14,161,000	16,621,000	17,773,000	19,451,039	68,006,039	20,838,233	23,250,828	25,139,453	27,620,476	96,848,989	134,884,228
Y/Y Growth	*23%*	*8%*	*62%*	*14%*	*23%*	*64%*	*55%*	*56%*	*49%*	*47%*	*40%*	*41%*	*42%*	*42%*	*39%*
% margin	28.5%	27.1%	37.0%	35.4%	37.7%	39.4%	38.7%	38.5%	38.6%	38.5%	38.5%	38.5%	38.5%	38.5%	38.3%
FX Benefit (Negative Impact)	1,444,000	220,000	240,000	(341,000)	(339,000)	(56,000)	65,000		(330,000)					0	
Total Consolidated	**12,248,000**	**36,852,000**	**68,593,000**	**79,975,000**	**23,852,000**	**27,461,000**	**28,076,000**	**33,138,157**	**112,527,157**	**32,706,328**	**35,931,987**	**37,762,395**	**44,703,854**	**151,104,564**	**196,609,656**
Y/Y Growth	*-51%*	*201%*	*86%*	*17%*	*30%*	*43%*	*61%*	*33%*	*41%*	*37%*	*31%*	*35%*	*35%*	*34%*	*30%*
Operating Income Margin	**2.4%**	**6.4%**	**10.8%**	**11.2%**	**13.1%**	**13.7%**	**13.9%**	**13.5%**	**13.6%**	**15.5%**	**15.5%**	**16.0%**	**15.7%**	**15.7%**	**17.5%**
FX Benefit (Negative Impact)	861,000	460,000	131,000	358,000	(33,000)	(105,000)	(17,000)	0	(155,000)	0	0	0	0	0	0
% change ex-FX															
Y/Y Operating margin change (bps)	(291)	403	434	40	132	226	423	179	241	238	181	213	223	214	182
Q/Q Operating margin change (bps)					144	55	21	(41)		203	(3)	53	(31)		

Source: Company reports and J.P. Morgan estimates.

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Investment Thesis, Valuation and Risks

Amazon.com *(Overweight; Price Target: $365.00)*

Investment Thesis
We believe Amazon is well positioned as the market leader in both e-commerce and public cloud, and the secular shifts in each have meaningful headroom as US e-comm represents <25% of adjusted retail sales and we estimate <20% of IT spend is in the cloud. We believe Amazon's flexibility across first party vs. third-party inventory, and the Prime membership serve as major advantages in its Stores business, and its multi-year head start in the cloud has led to ~30% AWS market share in '26e. We believe AMZN is on track for multi-year margin expansion led by N.America operating efficiencies. High-growth AWS and Advertising revenue streams are AMZN's most profitable businesses, further supporting margin expansion.

Valuation
Our December 2027 PT of $365 is based on ~26.5x our 2028E GAAP EPS of $13.82. This is a premium to GOOGL & META trading at ~15.5x on average, given AMZN's faster bottom-line growth profile.

Risks to Rating and Price Target
Downside risks include: 1) Pace of AWS reacceleration & normalized growth trajectory; **2)** State of US consumer, with macro pressures impacting spending levels; **3)** AMZN's margin path is not always linear, with AMZN historically investing in growth; **4)** GenAI monetization is early & visibility is limited; **5)** Heavy competition across Stores & Cloud; **6)** Increased regulatory scrutiny could become a multi-year overhang; & **7)** Less traditional valuation support vs mega-cap peers.

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Amazon.com: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**637,959**	**716,924**	**829,687**	**962,541**	**1,122,513**
COGS	(325,450)	(355,637)	(398,848)	(429,688)	(463,286)
Gross profit	**312,509**	**361,287**	**430,838**	**532,853**	**659,228**
SG&A	(49,216)	(51,320)	(55,829)	(64,121)	(73,462)
Adj. EBITDA	**144,162**	**169,837**	**221,623**	**316,886**	**422,390**
D&A	(53,558)	(70,395)	(88,708)	(143,340)	(201,647)
Adj. EBIT	**91,367**	**104,081**	**133,687**	**174,276**	**221,510**
Net Interest	2,271	2,107	(925)	(5,911)	(14,157)
Adj. PBT	**91,287**	**120,863**	**201,087**	**168,366**	**207,353**
Tax	(9,265)	(19,087)	(39,447)	(24,683)	(31,017)
Minority Interest	-	-	-	-	-
Adj. Net Income	**82,123**	**102,330**	**161,673**	**143,683**	**176,336**
Reported EPS	5.53	7.17	12.88	11.01	13.82
Adj. EPS	**7.66**	**9.45**	**14.82**	**13.12**	**16.09**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	10,721	10,827	10,910	10,948	10,959

Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	101,202	123,029	126,924	96,370	88,680
Accounts receivable	55,451	67,729	100,703	130,820	151,539
Inventories	34,214	38,325	39,299	41,237	44,339
Other current assets	0	0	0	(0)	(0)
Current assets	**190,867**	**229,083**	**266,926**	**268,426**	**284,559**
PP&E	252,665	357,025	526,437	788,398	1,074,913
LT investments	0	0	0	0	0
Other non current assets	181,362	231,934	479,428	479,428	479,428
Total assets	**624,894**	**818,042**	**1,272,791**	**1,536,252**	**1,838,900**
Short term borrowings	0	0	0	0	0
Payables	94,363	121,909	157,195	170,634	185,215
Other short term liabilities	85,068	96,096	97,649	97,339	96,771
Current liabilities	**179,431**	**218,005**	**254,844**	**267,974**	**281,985**
Long-term debt	52,623	65,648	173,125	273,125	377,115
Other long term liabilities	106,870	123,324	199,415	206,794	215,871
Total liabilities	**338,924**	**406,977**	**627,385**	**747,893**	**874,971**
Shareholders' equity	285,970	411,065	645,406	788,359	963,929
Minority interests	-	-	-	-	-
Total liabilities & equity	**624,894**	**818,042**	**1,272,791**	**1,536,252**	**1,838,900**
BVPS	**27.31**	**38.58**	**59.88**	**72.89**	**89.03**
y/y Growth	*39.4%*	*41.3%*	*55.2%*	*21.7%*	*22.1%*
Net debt/(cash)	(48,579)	(57,381)	46,201	176,755	288,435
Cash flow from operating activities	**115,877**	**139,514**	**177,459**	**266,638**	**366,640**
o/w Depreciation & amortization	52,795	65,756	87,937	142,610	200,880
o/w Changes in working capital	(15,541)	(19,969)	(44,573)	(18,925)	(9,810)
Cash flow from investing activities	**(94,342)**	**(142,545)**	**(307,516)**	**(394,852)**	**(475,687)**
o/w Capital expenditure	(77,658)	(128,320)	(222,605)	(394,852)	(475,687)
as % of sales	*12.2%*	*17.9%*	*26.8%*	*41.0%*	*42.4%*
Cash flow from financing activities	**(11,812)**	**9,661**	**111,345**	**97,661**	**101,358**
o/w Dividends paid	-	-	-	-	-
o/w Net debt issued/(repaid)	(9,100)	11,546	113,425	100,000	103,990
Net change in cash	**8,422**	**7,794**	**(18,694)**	**(30,554)**	**(7,690)**
Adj. Free cash flow to firm	**36,178**	**9,420**	**(44,403)**	**(123,171)**	**(97,008)**
y/y Growth	*(2.3%)*	*(74.0%)*	*(571.4%)*	*177.4%*	*(21.2%)*

Income Statement - Quarterly	1Q26A	2Q26A	3Q26A	4Q26E
Revenue	**181,519A**	**200,606A**	**201,944A**	**245,618**
COGS	(87,292)A	(95,570)A	(94,403)A	(121,583)
Gross profit	**94,227A**	**105,036A**	**107,541A**	**124,034**
SG&A	(11,927)A	(13,121)A	(13,179)A	(17,602)
Adj. EBITDA	**47,276A**	**53,577A**	**54,565A**	**66,205**
D&A	(19,392)A	(20,078)A	(21,083)A	(28,155)
Adj. EBIT	**28,331A**	**33,589A**	**33,616A**	**38,151**
Net Interest	335A	(19)A	(504)A	(737)
Adj. PBT	**44,294A**	**86,974A**	**32,405A**	**37,414**
Tax	(9,560)A	(18,199)A	(6,180)A	(5,508)
Minority Interest	-	-	-	-
Adj. Net Income	**34,753A**	**68,786A**	**26,229A**	**31,905**
Reported EPS	2.78A	5.75A	1.89A	2.46
Adj. EPS	**3.20A**	**6.31A**	**2.40A**	**2.92**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	10,874A	10,903A	10,929A	10,934

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	49.0%	50.4%	51.9%	55.4%	58.7%
EBITDA margin	22.6%	23.7%	26.7%	32.9%	37.6%
EBIT margin	14.3%	14.5%	16.1%	18.1%	19.7%
Net profit margin	12.9%	14.3%	19.5%	14.9%	15.7%
ROE	33.7%	29.4%	30.6%	20.0%	20.1%
ROA	14.2%	14.2%	15.5%	10.2%	10.4%
ROCE	27.4%	21.5%	16.6%	15.8%	15.7%
SG&A/Sales	7.7%	7.2%	6.7%	6.7%	6.5%
Net debt/equity	NM	NM	0.1	0.2	0.3
P/E (x)	31.8	25.8	16.5	18.6	15.2
P/BV (x)	8.9	6.3	4.1	3.3	2.7
EV/EBITDA (x)	18.1	15.4	12.2	9.0	7.0
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	1.1	1.0	0.8	0.7	0.7
Interest cover (x)	NM	NM	239.6	53.6	29.8
Operating leverage	438.7%	112.4%	180.8%	189.6%	163.1%
Revenue y/y Growth	11.0%	12.4%	15.7%	16.0%	16.6%
EBITDA y/y Growth	30.7%	17.8%	30.5%	43.0%	33.3%
Tax rate	10.1%	15.8%	19.6%	14.7%	15.0%
Adj. Net Income y/y Growth	48.7%	24.6%	58.0%	(11.1%)	22.7%
EPS y/y Growth	45.5%	23.4%	56.8%	(11.4%)	22.6%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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Amazon.com (AMZN, AMZN US) Price Chart



Date	Rating	Price ($)	Price Target ($)
02-Feb-24	OW	159.28	225
01-May-24	OW	175.00	240
02-Aug-24	OW	184.07	230
01-Nov-24	OW	186.40	250
18-Dec-24	OW	231.15	280
07-Feb-25	OW	238.83	270
08-Apr-25	OW	175.26	220
02-May-25	OW	190.20	225
04-Jun-25	OW	205.71	240
11-Jul-25	OW	222.26	255
01-Aug-25	OW	234.11	265
31-Oct-25	OW	222.86	305
06-Feb-26	OW	222.69	265
24-Mar-26	OW	210.14	280
30-Apr-26	OW	263.04	330
31-Jul-26	OW	235.50	365

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Dec 09, 1999. All share prices are as of market close on the previous business day.

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