

Amazon.com

AWS capacity ramp drives upside, and the ramp accelerates from here; Buy

Reiterate Rating: BUY | PO: 303.00 USD | Price: 222.86 USD

AWS beat helps drive strong 3Q

Reported sales of \$180bn was above Street at \$178bn, while GAAP adjusted profit of \$21.7bn (ex-1x items) beat Street at \$19.7bn. AWS growth of 20% accelerated approx. 3ppts q/q & was above Street at 18%. 4Q rev. guide for \$206bn-\$213bn was above Street at \$208bn at high-end, and profit outlook at \$21bn-\$26bn was also above Street at \$23.8bn at high-end. The q/q ramp in 4Q profit guidance was above historic levels & could suggest strong q/q AWS growth, plus benefits from headcount management.

Better messaging: Capacity growth to support AWS accel.

AWS has been aggressively adding power capacity (up 2x since 2022), and mgmt. plans to add "at least" 1 GW in 4Q, and double its total capacity by 2027. While the doubling of power capacity since 2022 suggests AWS revs. are growing at slower rate than capacity (revs. up 61% from 3Q'22), outlook could suggest potential for AWS growth at over 25% over next two years. At the same time, mgmt. noted robust q/q adoption of Trainium chips, which we believe can increase with the release of Trainium3 (40% better performance than Trn2). Finally, backlog commentary suggests demand has accelerated in 4Q (from a relatively soft \$5bn in q/q growth in 3Q), and with Rainier chip capacity expected double from Oct. to Dec., we expect 4Q AWS y/y growth to accelerate to 22%.

Raising 2026E estimates, 2027E EPS up 6%

4Q outlook suggests a solid holiday, with limited tariff impact, and a broad selection to help lower-income consumers find savings. We raise 4Q operating profit to \$26.0bn (high-end of guide), reflecting accelerating higher-margin AWS revenue growth, shipping efficiencies (cost-to-serve down y/y), and retail headcount leverage. For 2026E, we raise rev/Profit/GAAP EPS to \$801bn/\$101bn/\$7.75, up from \$786bn/\$97bn/\$7.43 prior. We raise 2027E EPS by 6% to \$9.28 from \$8.77.

Both engines running smoothly; Reiterate Buy

Results suggest ramping AWS capacity can drive growth, and commentary suggests Trainium is, indeed, seeing strong demand. We think capacity outlook commentary will support optimism on AWS upside, while re:Invent will be an opportunity to showcase key advances with Trainium, Nova, and potentially new partners. Also, eCommerce strength continues with Amazon retail taking share. We are rolling forward our SOTP basis to 2027E ests. (from 2026E) and raise our PO to \$303 (slightly lower multiple for AWS given lower comp multiples in out year). Our PO implies a 33x '27 GAAP EPS. Reiterate Buy.

Estimates (Dec) (US\$)	2023A	2024A	2025E	2026E	2027E
EPS	2.90	5.53	7.25	7.75	9.28
EPS Change (YoY)	NM	90.7%	31.1%	6.9%	19.7%
Consensus EPS (Bloomberg)			8.32	9.20	11.31
Consensus EPS (Visible Alpha)			6.72	7.66	9.41
Valuation (Dec)					
P/E	76.8x	40.3x	30.7x	28.8x	24.0x
EV / EBITDA*	21.0x	16.1x	13.7x	11.1x	9.1x
Free Cash Flow Yield*	1.6%	1.7%	0.5%	1.2%	1.5%

* For full definitions of *IQmethod*SM measures, see page 9.

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Timestamp: 31 October 2025 01:17AM EDT

31 October 2025

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	272.00	303.00
2025E Rev (m)	712,099.3	716,406.7
2026E Rev (m)	785,970.5	801,240.9
2027E Rev (m)	863,221.5	885,000.3
2025E EPS	6.91	7.25
2026E EPS	7.43	7.75
2027E EPS	8.77	9.28

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Stock Data

Price	222.86 USD
Price Objective	303.00 USD
Date Established	31-Oct-2025
Investment Opinion	B-1-9
52-Week Range	161.38 USD - 242.52 USD
Mrkt Val (mn) / Shares Out (mn)	2,266,709 USD / 10,171.0
Free Float	89.5%
Average Daily Value (mn)	11004.76 USD
BofA Ticker / Exchange	AMZN / NAS
Bloomberg / Reuters	AMZN US / AMZN.OQ
ROE (2025E)	21.7%
Net Dbt to Eqty (Dec-2024A)	21.0%

N.A.: North America

GMV: Gross Merchandise Volume

AWS: Amazon Web Services

GW: Gigawatt

iQprofileSM Amazon.com

iQmethodSM – Bus Performance*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Return on Capital Employed	15.6%	20.4%	17.2%	17.3%	18.0%
Return on Equity	17.1%	23.4%	21.7%	17.6%	17.6%
Operating Margin	10.7%	14.3%	14.6%	15.8%	17.1%
Free Cash Flow	36,813	38,219	10,926	27,881	34,215

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash Realization Ratio	2.9x	2.0x	1.8x	2.4x	2.4x
Asset Replacement Ratio	1.0x	1.5x	1.9x	2.0x	1.9x
Tax Rate	19.3%	14.0%	20.3%	18.9%	18.6%
Net Debt-to-Equity Ratio	36.8%	21.0%	11.9%	6.0%	7.4%
Interest Cover	19.4x	38.0x	49.1x	NM	NM

Income Statement Data (Dec)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Sales	574,785	637,959	716,407	801,241	885,000
% Change	11.8%	11.0%	12.3%	11.8%	10.5%
Gross Profit	270,046	311,671	361,389	418,331	477,900
% Change	19.9%	15.4%	16.0%	15.8%	14.2%
EBITDA	110,305	144,162	169,544	208,448	254,966
% Change	48.1%	30.7%	17.6%	22.9%	22.3%
Net Interest & Other Income	705	21	16,570	2,443	2,923
Net Income (Adjusted)	29,789	56,832	74,545	79,724	95,417
% Change	NM	90.8%	31.2%	6.9%	19.7%

Free Cash Flow Data (Dec)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Net Income from Cont Operations (GAAP)	29,790	56,794	74,544	79,737	95,373
Depreciation & Amortization	48,663	52,795	64,881	82,034	104,034
Change in Working Capital	(13,691)	(13,589)	(19,981)	(8,018)	(5,470)
Deferred Taxation Charge	(5,876)	(4,648)	10,652	16	16
Other Adjustments, Net	26,060	24,525	5,681	35,113	37,262
Capital Expenditure	(48,133)	(77,658)	(124,851)	(161,000)	(197,000)
Free Cash Flow	36,813	38,219	10,926	27,881	34,215
% Change	NM	3.8%	-71.4%	155.2%	22.7%
Share / Issue Repurchase	(7,548)	82	2,578	5	5
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(3,676)	(9,182)	(4,199)	(120)	(120)

Balance Sheet Data (Dec)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash & Equivalents	86,780	101,202	113,100	130,735	117,262
Trade Receivables	52,253	55,451	65,221	75,174	84,863
Other Current Assets	33,318	34,214	41,756	47,748	50,888
Property, Plant & Equipment	204,177	252,665	340,839	419,805	512,771
Other Non-Current Assets	151,326	181,362	206,620	206,620	206,620
Total Assets	527,854	624,894	767,536	880,082	972,404
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	164,917	179,431	203,258	218,195	228,867
Long-Term Debt	161,062	161,012	160,962	160,762	160,562
Other Non-Current Liabilities	NA	NA	NA	NA	NA
Total Liabilities	325,979	340,443	364,220	378,957	389,429
Total Equity	201,875	284,451	403,316	501,125	582,975
Total Equity & Liabilities	527,854	624,894	767,536	880,082	972,404

* For full definitions of iQmethodSM measures, see page 9.

Company Sector

Internet/e-Commerce

Company Description

Amazon.com is one of the world's largest online retailers with a global brand and country specific sites in the U.S., UK, Germany, France, Japan, Canada, China, Spain, Italy, Mexico and India. Amazon also owns several other online retailers and online properties including Zappos.com, Diapers.com, Woot.com, Twitch.com and others. Amazon also operates Amazon Web Services (AWS), a leading cloud-based computing platform for developers and enterprises, and Whole Foods Markets.

Investment Rationale

Amazon is an eCommerce and cloud computing leader with higher market share and margin potential stemming from its global scale, fulfillment footprint and technology platform investments. We think Amazon's focus on the customers and the buyer experience is right for the Internet. We think Amazon is well positioned to capitalize on the global growth of eCommerce and other secular trends such as cloud computing, online advertising and connected devices.

Stock Data

Average Daily Volume 49,379,692

Quarterly Earnings Estimates

	2024	2025
Q1	0.98A	1.59A
Q2	1.26A	1.68A
Q3	1.43A	1.95A
Q4	1.86A	2.03E



Amazon 3Q Earnings Review

Amazon reported 3Q revenue of \$180.2bn, 1% above Street at \$177.8bn, with GAAP reported operating profit of \$17.4bn below Street at \$19.7bn (operating profit would have been \$21.7bn when excluding 1x charges related to the FTC settlement and severance). Total revenue grew 13% y/y (stable vs 2Q), with a lower-than-expected FX tailwind being offset by acceleration in AWS (Cloud growth of 20% y/y improved 3ppts q/q and beat Street expectations for 18.0-18.5% growth). Paid units grew a healthy 11% y/y (1ppt decel on a 1ppt tougher comp) while 3P mix of 62% was flat q/q. Adjusted operating income \$21.7bn represented a 12.0% margin, up +1ppt y/y.

For 4Q, Amazon guided to \$206bn-\$213bn in revenue, representing 10%-13% growth with a 190bps benefit from FX. For operating income, outlook is for \$21bn-\$26bn, which was above Street at \$23.8bn at the high-end, and likely reflects AWS profitability, leverage on fixed costs, and some q/q headcount efficiencies (though headcount leverage more likely in 1Q as employees have 90 days to find a new role). We note that Amazon has historically guided 4Q conservatively and has beat the high end of guidance the last two years.

AWS: capacity turning online should support Street's 2026 outlook

AWS revenue of \$33bn was a bright spot, growing 20% y/y (from 17.5% y/y in 2Q) and exceeding expectations at 18.0%-18.5%, also comparing well to the rest of the industry that accelerated an average of 2.4ppts q/q despite AWS's much larger scale. AWS operating income of \$11.4bn (34.6% margin, +1.7ppts q/q) also beat Street at \$11.1bn, and reflects fixed cost leverage and likely q/q savings from AWS headcount reductions in July. Mgmt. was a lot more upbeat on capacity this quarter, highlighting unlocks with Project Rainier that should support accelerating growth in 2026 (see [report on Rainier](#)). Per mgmt., AWS has added 3.8 gigawatts of capacity in the past year (more than other cloud providers), with "at least" another gigawatt coming in 4Q, and plans to double capacity by 2027. Amazon also noted traction for Trainium chips (150% q/q revenue growth) that should only increase with the launch of Trainium3, which is expected to improve performance by 40% over Trn2. AWS backlog grew to \$200bn (+\$5bn q/q), a negative compared to strong competitor growth, but mgmt. indicated October deals have been signed that are collectively more than AWS's total deal volume for all of 3Q.

Retail: faster delivery speeds drive Retail margins up y/y, excluding 1x charges

North America revenue grew 11% y/y (stable vs 2Q) and was 1% above Street, while normalized Operating Income of \$7.3bn was in line, and would have been above ex-severance charges. Int'l revenue grew 14% y/y (10% y/y ex-FX, a 1ppt deceleration on a 2ppt tough ex-FX comp) and Int'l operating income of \$1.2bn was below Street's \$1.6bn estimate, but also impacted by severance charges. Excluding impacts, Retail margins improved y/y, with management noting that better inventory placement is driving fewer touches per package, lower travel distances, and faster delivery times (Amazon is on track for its fastest Prime delivery speeds for the 3rd year in a row). A faster network is also enabling fresh grocery delivery, which mgmt. suggests is driving incremental activity on Amazon as grocery shoppers tend to return to the site 2x more than non-grocery shoppers (consistent with our thesis that Amazon will see important customer frequency benefits from grocery).

Advertising: management notes strong upfronts performance

Amazon generated \$17.7bn in Ad sales (24% y/y growth, a 1ppt acceleration on a 1ppt easier comp) which was 2% above Street at \$17.3bn. Assuming a 55% margin on Ad sales, we estimate that Advertising generated nearly \$10bn in operating profits. Looking ahead, management noted strong interest in upfront commitments for 2026, particularly around Live Sports where engagement continues to grow y/y while, at the same time, Amazon also adds new broadcasts.



Positives from the quarter

- **AWS growth beats expectations.** AWS growth was 20% y/y in 3Q, accelerating from 17.5% in 2Q and above Street at 18% growth. Project Rainier capacity is coming online and Amazon plans to double capacity by 2027, potentially driving accelerating sales in 2026.
- **Strong AWS margins.** AWS margins of 34.6% were above Street at 34.2% and expanded 1.7ppts q/q, benefiting from operating leverage on fixed costs and July headcount reductions.
- **4Q's profit guide above Street at high end.** Amazon guided 4Q operating income to \$21bn-\$26bn, bracketing Street at \$23.8bn. Amazon has beat the high end of guidance in each of the last 7 quarters.
- **Solid Gross Margin leverage.** Gross margin of 50.8% expanded 1.8ppts y/y. AWS and advertising growth are key levers, though we estimate Retail gross margins are also growing y/y on better inventory management.

Negatives from the quarter

- **Growing capex to weigh on FCF and drive higher depreciation expense.** We raise our 2026/2027 capex estimates by 20%/34% as Amazon indicated plans to double AWS capacity through 2027. While we believe investments are ultimately well-founded, added depreciation could weigh on AWS margins in the medium-term and pressure FCF. We estimate FCF could decline to around \$10bn in 2025, and Amazon has growing margin risk during periods of macro pressure.
- **Limited Backlog growth.** Backlog grew \$5bn q/q to \$200bn, and y/y growth decelerated to 22% from 25% in 2Q. Backlog growth was well below competitors, including Google and Oracle.



Actuals vs Estimates

Amazon reported revenue of \$180.2bn, above Street at \$177.8bn, while GAAP operating profit of \$17.4bn was below Street at \$19.7bn (excluding 1x changes of \$4.3bn, profit of \$21.7bn would have exceeded Street estimates). GAAP EPS of \$1.95 was \$0.40 above Street at \$1.56, with Amazon benefiting from a pre-tax gain on an Anthropic valuation adjustment. All of Amazon's operating segments beat Street revenue estimates, except for "Other".

Exhibit 1: Amazon reported rev/operating income of \$180bn/\$17.4bn vs Street at \$178bn/\$19.7bn

Actuals vs Estimates

	3Q25 AvE				
	Actuals	BofA Est	Diff.	Street Est	Diff.
North America Revenue	106,267	105,486	781	104,961	1,306
International Revenue	40,896	41,446	-550	40,767	129
AWS	33,006	32,311	695	32,394	612
Total Revenue	180,169	179,243	926	177,817	2,352
y/y	13%	13%	1%	12%	1%
Gross profit	91,499	90,697	802	88,885	2,614
Gross Margin	50.8%	50.6%	0.2%	50.0%	0.8%
Fulfillment	27,679	27,603	76	27,485	194
Fulfillment %	15.4%	15.4%	0.0%	15.5%	-0.1%
Operating expenses:					
Marketing	11,686	11,830	-144	11,852	-166
Technology & content	28,962	27,424	1,538	26,671	2,291
G & A	2,875	3,226	-351	2,987	-112
Other operating exp. (Inc.)	2,875	199	2,676	-820	3,695
Operating expense	46,398	42,679	3,719	40,691	5,707
Operating expense %	25.8%	23.8%	1.9%	22.9%	2.9%
			-		
GAAP Operating Income (loss)	17,422	20,414	2,992	19,722	-2,300
Operating Margin	9.7%	11.4%	-1.7%	11.1%	-1.4%
GAAP Income Tax	6,910	2,707	4,203	3,609	3,301
Tax Rate (GAAP taxes)	25%	13%	12%	18%	7%
GAAP Net Income	21,187	18,376	2,811	16,855	4,332
Diluted EPS - GAAP	\$1.95	\$1.70	\$0.26	\$1.56	\$0.40
Stock Comp. In Above	4,847	5,500	-653	5,770	-923
CSOI (GAAP Op. Inc. ex. SBC & Other)	25,144	26,113	-969	25,492	-348
Adjusted Net Income	29,431	21,961	7,470	21,675	7,756
Adjusted Diluted EPS	\$2.86	\$2.14	\$0.73	\$2.01	\$0.85

Source: Company report, Bloomberg, BofA Global Research

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Exhibit 2: Amazon reported rev/operating income of \$180bn/\$17.4bn vs Street at \$178bn/\$19.7bn

Actuals vs Estimates: Segment Level

Metrics	Actuals	BofA Est	Diff.	Street Est	Diff.
Online Stores	67,407	67,683	-276	66,926	481
y/y	9.8%	10.2%	-0.4%	9.0%	0.8%
Physical Stores	5,578	5,395	183	5,560	18
y/y	7%	3%	3.5%	6%	0.3%
Retail 3P seller services	42,486	42,464	22	42,050	436
y/y	12.2%	12.1%	0.1%	11.1%	1.2%
Retail subscription services	12,574	12,540	34	12,494	80
y/y	11.5%	11.2%	0.3%	10.8%	0.7%
AWS	33,006	32,311	695	32,394	612
y/y	20.2%	17.7%	2.5%	18.0%	2.2%
Advertising services	17,703	17,341	362	17,335	368
y/y	23.5%	21.0%	2.5%	21.0%	2.6%
Other	1,415	1,510	-95	1,439	-24
y/y	7.8%	15.0%	-7.2%	9.6%	-1.8%
Total Revenue	180,169	179,243	926	177,817	2,352
y/y	13.4%	12.8%	0.6%	11.9%	1.5%
Segment Profit Trends	Actuals	BofA Est	Diff.	Street Est	Diff.
North America					
Operating Income (GAAP)	4,789	8,093	-3,304	7,326	-2,537
North America Margin %	4.5%	7.7%	-3.2%	7.0%	-2.5%
Y/Y P.P.Change	-1.4%	1.7%	-3.2%	1.1%	-2.5%
International					
Operating Income (GAAP)	1,199	1,658	-459	1,641	-442
International Margin %	2.9%	4.0%	-1.1%	4.0%	-1.1%
Y/Y P.P.Change	-0.7%	0.4%	-1.1%	0.4%	-1.1%
AWS					
Operating Income (GAAP)	11,434	10,663	771	11,072	362
AWS Margin %	34.6%	33.0%	1.6%	34.2%	0.5%
Y/Y P.P.Change	-3.4%	-5.1%	1.6%	-3.9%	0.5%
Operating Income (GAAP)	17,422	20,414	-2,992	19,722	-2,300
Operating Margin %	9.7%	11.4%	-1.7%	11.1%	-1.4%
Y/Y Change	0%	17%	-17%	13%	-13%

Source: Company report, Bloomberg, BofA Global Research

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Estimate Changes

We are raising our 4Q revenue estimates for retail upside and AWS. We now project AWS growth of 22% y/y in 4Q, up from 17.5% prior, as increasing AWS capacity should drive higher sales. For 4Q, we raise sales/GAAP profit to \$213bn/\$26bn from \$209bn/\$24bn prior. For 2026E, we raise total revenue by 2%, raise operating profit by 4%, and raise GAAP EPS by \$0.34 to \$7.75.

Exhibit 3: For 4Q, we raise sales/GAAP profit to \$213bn/\$26bn from \$209bn/\$24bn prior

Estimate changes

	4Q25E			2025E			2026E		
	Old	New	Diff.	Old	New	Diff.	Old	New	Diff.
North America Revenue	125,737	127,446	1,709	424,178	426,668	2,490	461,658	467,803	6,145
International Revenue	49,927	50,362	434	161,647	161,532	-115	176,763	177,860	1,096
AWS	33,824	35,061	1,238	126,275	128,207	1,933	147,549	155,578	8,029
Total Revenue	209,488	212,869	3,381	712,099	716,407	4,307	785,971	801,241	15,270
y/y	12%	13%	2%	12%	12%	1%	10%	12%	1.5%
Gross profit	102,021	104,306	2,285	358,301	361,389	3,087	407,984	418,331	10,347
Gross Margin	48.7%	49.0%	0.3%	50.3%	50.4%	0.1%	51.9%	52.2%	0.3%
Fulfillment	31,214	31,292	78	109,386	109,540	154	120,765	121,050	285
Fulfillment %	14.9%	14.7%	0%	15.4%	15.3%	-0.1%	15.4%	15.1%	-0.3%
Operating expenses:									
Marketing	14,455	14,262	-192	47,464	47,127	-336	50,542	50,595	52
Technology & content	29,328	29,802	473	106,912	108,924	2,011	126,525	133,011	6,486
G & A	3,247	2,938	-309	12,066	11,406	-661	12,878	12,163	-715
Other operating exp. (Inc.)	199	0	-199	905	3,382	2,477	426	426	0
Operating expense	47,229	47,001	-228	167,347	170,838	3,491	190,372	196,195	5,823
Operating expense %	22.5%	22.1%	0%	23.5%	23.8%	0.3%	24.2%	24.5%	0.3%
GAAP Operating Income (loss)	23,578	26,013	2,435	81,568	81,011	-557	96,848	101,086	4,239
Operating Margin	11.3%	12.2%	1.0%	11.5%	11.3%	-0.1%	12.3%	12.6%	0.3%
GAAP Income Tax	3,113	4,837	1,724	13,051	18,978	5,927	17,872	18,635	763
Tax Rate (GAAP taxes)	13%	18%	5%	15%	19%	5%	18%	18%	0%
GAAP Net Income	21,134	22,037	904	74,800	78,515	3,715	81,423	84,899	3,476
Diluted EPS - GAAP	\$1.94	\$2.03	\$0.08	\$6.91	\$7.25	\$0.34	\$7.43	\$7.75	\$0.32
Stock Comp. In Above	5,700	5,200	-500	21,423	20,270	-1,153	25,402	24,902	-500
CSOI (GAAP Op. Inc. ex. SBC & Other)	29,477	31,213	1,736	103,896	104,663	767	122,676	126,414	3,739
CSOI Margin	14.1%	14.7%	0.6%	14.6%	14.6%	0.0%	15.6%	15.8%	0.2%
Adjusted Net Income	24,720	26,301	1,582	90,359	99,411	9,052	102,597	105,663	3,066
Capex	-32,000	-35,000	-3,000	-118,923	-124,851	-5,928	-134,000	-161,000	-27,000
FCF	32,218	15,722	-16,496	21,021	10,926	-10,095	40,850	27,881	-12,969

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH



Valuation

We are raising our PO to \$303 (from \$272), based on a Sum-of-the-Parts analysis using 2027 estimates (from 2026). Our \$303 PO is values AWS at 10x 2027 sales, 1P Retail at 1.1x, 3P Retail at 2.5x, and Advertising at 5.0x. Our 2027 sales multiples compare to 9.2x for our SaaS comps, 1.3x for Retail comps, 2.7x for Marketplace comps, and 4.8x for Online Media comps. We value AWS higher than retail.

Exhibit 4: Our \$303 PO implies a 33x '27 P/E multiple

Price Objective

Metric	
AWS sales	186,694
<i>P/S multiple</i>	10x
AWS valuation	1,866,935
AWS per share	\$172
1P Retail sales (incl. Subscription)	385,505
<i>P/S multiple</i>	1.1x
1P Retail valuation	424,056
1P Retail per share	\$39
3P Retail sales	210,556
<i>P/S multiple</i>	2.5x
3P Retail valuation	526,391
3P Retail per share	\$48
Advertising sales	95,487
<i>P/S multiple</i>	5.0x
Advertising valuation	477,434
Advertising per share	\$44
Implied Market Cap (\$mn)	3,294,816
Shares (YE 2025)	10,875
Price Objective	\$303

Source: BofA Global Research

2027 Comps

<i>SaaS</i>	9.2x
<i>Retail</i>	1.3x
<i>Marketplace</i>	2.7x
<i>Online Media</i>	4.8x

BofA GLOBAL RESEARCH



Price objective basis & risk

Amazon.com (AMZN)

Our \$303 PO is based on our SOTP analysis that values AWS at 10x 2027 sales, 1P Retail at 1.1x, 3P Retail at 2.5x, and Advertising at 5.0x. Our 2027 sales multiples compare to 9.2x for SaaS comps, 1.3x for Retail comps, 2.7x for Marketplace comps, and 4.8x for Online Media comps. Our PO implies 3.7x blended P/Sales, 13x '27 EBITDA, and 33x '27 EPS.

Downside risks to our price objective are increasing competition from offline and local retailers, AWS client cost optimization impact on revenues and margins, and regulatory pressure on the 3P marketplace. The stock has been subject to heavy volatility in the past, based on margin trends, and this volatility could increase due to economic uncertainty.

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I, Justin Post, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	ACV Auctions	ACVA	ACVA US	Michael McGovern
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	Carvana	CVNA	CVNA US	Michael McGovern
	Chewy Inc	CHWY	CHWY US	Michael McGovern
	DoorDash	DASH	DASH US	Michael McGovern
	Expedia	EXPE	EXPE US	Justin Post
	LegalZoom	LZ	LZ US	Michael McGovern
	Magnite, Inc.	MGNI	MGNI US	Omar Dessouky, CFA
	Meta Platforms Inc	META	META US	Justin Post
	Peloton	PTON	PTON US	Nafeesa Gupta
	Pinterest	PINS	PINS US	Justin Post
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	StubHub Holdings	STUB	STUB US	Justin Post
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Uber	UBER	UBER US	Justin Post
	Wayfair	W	W US	Michael McGovern
	Wix.com	WIX	WIX US	Michael McGovern
NEUTRAL				
	Airbnb	ABNB	ABNB US	Justin Post
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	CoStar Group, Inc	CSGP	CSGP US	Curtis Nagle, CFA
	Coursera Inc.	COUR	COUR US	Nafeesa Gupta
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	DoubleVerify Holdings, Inc.	DV	DV US	Omar Dessouky, CFA
	Duolingo	DUOL	DUOL US	Omar Dessouky, CFA
	eBay	EBAY	EBAY US	Michael McGovern
	Etsy, Inc.	ETSY	ETSY US	Michael McGovern
	Instacart	CART	CART US	Justin Post
	Match Group	MTCH	MTCH US	Omar Dessouky, CFA
	Reddit	RDDT	RDDT US	Justin Post
	Snap	SNAP	SNAP US	Justin Post
	Tripadvisor	TRIP	TRIP US	Nafeesa Gupta
	Udemy Inc	UDMY	UDMY US	Nafeesa Gupta



US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Zillow	Z	Z US	Omar Dessouky, CFA
	Zillow Group	ZG	ZG US	Omar Dessouky, CFA
UNDERPERFORM				
	Bumble	BMBL	BMBL US	Omar Dessouky, CFA
	Cardlytics, Inc	CDLX	CDLX US	Omar Dessouky, CFA
	Ibotta	IBTA	IBTA US	Nitin Bansal, CFA
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Unity	U	U US	Omar Dessouky, CFA
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Yelp	YELP	YELP US	Nitin Bansal, CFA

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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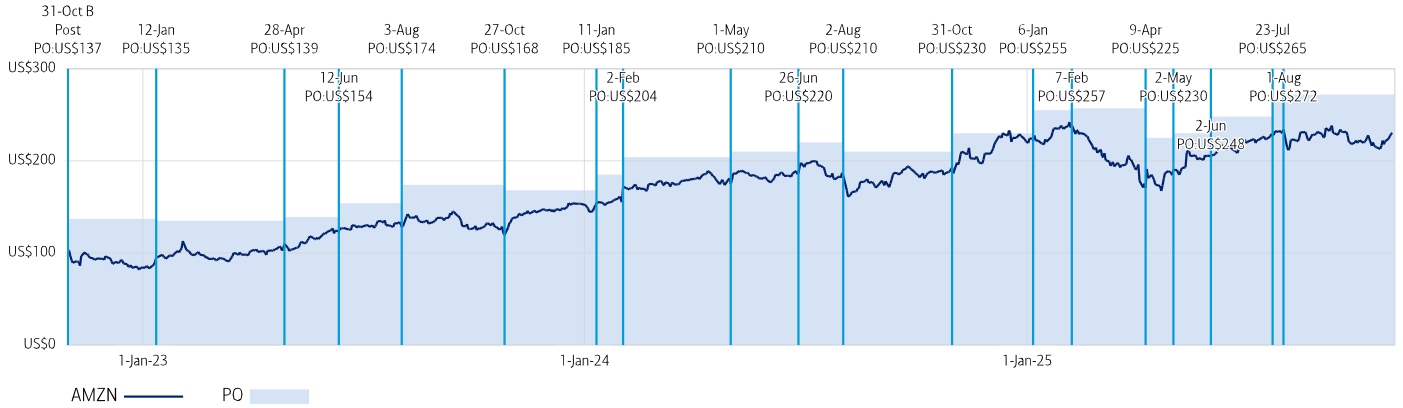
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Equity Investment Rating Distribution: Technology Group (as of 30 Sep 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	195	51.72%	Buy	99	50.77%
Hold	103	27.32%	Hold	52	50.49%
Sell	79	20.95%	Sell	23	29.11%

Equity Investment Rating Distribution: Global Group (as of 30 Sep 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1816	53.11%	Buy	1062	58.48%
Hold	825	24.13%	Hold	480	58.18%
Sell	778	22.76%	Sell	385	49.49%

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
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