

Amazon (AMZN US)

AWS growth momentum continues to build

Amazon announced (30 Apr BJT) 1Q26 results: revenue was US\$181.5bn, up 16.6% YoY (1Q25: 8.6%), or 15% on a constant-currency basis, 2% above both our forecast and the Bloomberg consensus estimate. Total operating profit was US\$23.9bn, up 30% YoY, 12%/15% ahead of our forecast/Bloomberg consensus, driven by broad-based beats across all three business segments, including North America (NA), AWS, and the international business. In 1Q26, AWS revenue growth further accelerated to 28.4% YoY (4Q25: 23.6%; 1Q25: 16.9%), 2ppts above consensus. Management guided for 2Q26E revenue of US\$194bn-199bn (consensus: US\$188.9bn), implying 16-19% YoY growth, and operating profit of US\$20bn-24bn (consensus: US\$22.9bn). We lifted our 2026E-2028E revenue forecasts by 4-6% to reflect a better-than-expected growth outlook for both product sales and AWS revenue, and raised our OP forecasts by 4-10% to account for stronger-than-expected operating efficiency gains. Our TP was lifted by 4% to US\$305.0 (was US\$292.0), based on 17.6x EV/EBITDA (vs. 17.3x previously), in line with the three-year average trading range. We remain positive that AWS YoY revenue growth could further accelerate in 2Q26, driven by strong demand, while 2026E operating profit growth of 27%, supported by improving operating efficiency in the core retail business and AWS, could serve as key stock price drivers. Maintain BUY.

■ **AWS: YoY revenue growth accelerated further.** In 1Q26, AWS posted revenue of US\$37.6bn, up 28.4% YoY (4Q25: 23.6%). AWS OPM of 37.7% was down 1.8ppts YoY due to related capex investment, but was 3.8ppts ahead of consensus. Cash capex plus finance leases was US\$43.2bn in 1Q26 (+78% YoY; +12% QoQ), and management maintained its guidance of US\$200bn capex for 2026. Management highlighted that AWS backlog reached US\$364bn in 1Q26 (excluding the recent deal with Anthropic for over US\$100bn), up 49% QoQ. Driven by strong demand, as evidenced by the solid increase in backlog, we anticipate a further acceleration in AWS revenue growth to 31% in 2Q26E.

■ **Margin expansion remains on track for both North America and international businesses.** In 1Q26, Amazon's NA business recorded revenue of US\$104.1bn, up 12.1% YoY (1Q25: 7.6%; 4Q25: 9.9%), 2% above consensus, while OPM expanded by 1.6ppts YoY to 9.0% and was 1.3ppts ahead of consensus. For the international segment, revenue was US\$39.8bn, up 18.7% YoY, 3% ahead of consensus, with OPM of 3.6% (1Q25: 3.0%), 0.3ppts ahead of consensus.

■ **Update on AI-related applications and business initiatives:** 1) Amazon's chip business (including Graviton, Trainium, and Nitro) achieved 40% QoQ revenue growth in 1Q26, and now has a combined annual revenue run rate of over US\$20bn, representing triple-digit YoY growth. Graviton now has over US\$225bn in revenue commitments. 2) Rufus, the AI-powered shopping assistant, saw over 115% YoY growth in MAUs, with engagement up c.400% YoY in 1Q26.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	637,959	716,924	837,234	960,830	1,075,501
YoY growth (%)	11.0	12.4	16.8	14.8	11.9
Net profit (US\$ mn)	59,248.0	77,670.0	96,325.5	105,897.7	130,646.3
YoY growth (%)	94.7	31.1	24.0	9.9	23.4
EPS (Reported) (US\$)	5.61	7.28	8.95	9.75	11.92
Consensus EPS (US\$)	na	7.17	7.70	9.42	11.67
P/E (x)	46.9	36.1	29.4	27.0	22.1
P/B (x)	10.0	7.0	5.4	4.4	3.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$305.00
(Previous TP)	US\$292.00
Up/Downside	16.0%
Current Price	US\$263.04

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Stock Data

Mkt Cap (US\$ mn)	2,882,849.8
Avg 3 mths t/o (US\$ mn)	7,392.3
52w High/Low (US\$)	263.99/185.01
Total Issued Shares (mn)	10959.7

Source: FactSet

Shareholding Structure

Jeffrey P. Bezos	8.3%
The Vanguard Group, Inc.	7.9%

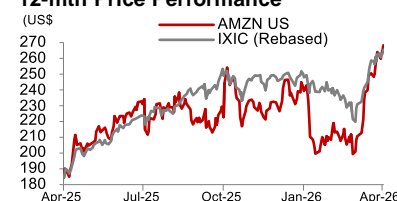
Source: Nasdaq

Share Performance

	Absolute	Relative
1-mth	26.3%	10.5%
3-mth	9.9%	4.5%
6-mth	7.7%	3.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Key financials

Figure 1: Amazon quarterly results review and comparison with consensus

(USDbn)	1Q25	2Q25	3Q25	4Q25	1Q26	1Q26 Consensus	Diff%
Online Stores	57.4	61.5	67.4	83.0	64.3	62.7	2.6%
YoY Growth	5.0%	11.0%	9.8%	9.8%	11.9%		
Third-Party Seller Services	36.5	40.3	42.5	52.8	41.6	40.8	2.0%
YoY Growth	5.5%	11.5%	12.2%	11.2%	13.9%		
AWS	29.3	30.9	33.0	35.6	37.6	36.7	2.5%
YoY Growth	16.9%	17.5%	20.2%	23.6%	28.4%		
Subscription Services	11.7	12.2	12.6	13.1	13.4	13.1	2.7%
YoY Growth	9.3%	12.4%	11.5%	14.0%	14.6%		
Advertising Services	13.9	15.7	17.7	21.3	17.2	16.9	2.1%
YoY Growth	17.7%	22.9%	23.5%	23.3%	23.9%		
Physical Stores	5.5	5.6	5.6	5.9	5.8	5.8	-0.5%
YoY Growth	6.4%	7.5%	6.7%	4.9%	4.6%		
Others	1.3	1.5	1.4	1.7	1.6	1.5	12.9%
YoY Growth	4.0%	19.0%	7.8%	7.5%	25.4%		
Total revenue	155.7	167.7	180.2	213.4	181.5	177.2	2.4%
YoY Growth	8.6%	13.3%	13.4%	13.6%	16.6%		
Gross profit	78.7	86.9	91.5	103.4	94.1	90.9	3.5%
Operating profit	18.4	19.2	17.4	25.0	23.9	20.7	15.1%
YoY Growth	20.2%	30.7%	0.1%	17.8%	29.6%		
Net profit	17.1	18.2	21.2	21.2	30.3	18.0	68.3%
Revenue breakdown by segment							
North America	92.9	100.1	106.3	127.1	104.1	102.1	2.0%
YoY Growth	7.6%	11.1%	11.2%	9.9%	12.1%		
% of total revenue	59.7%	59.7%	59.0%	59.6%	57.4%		
International revenue	33.5	36.8	40.9	50.7	39.8	38.6	3.1%
YoY Growth	4.9%	16.1%	14.0%	16.8%	18.7%		
% of total revenue	21.5%	21.9%	22.7%	23.8%	21.9%		
AWS	29.3	30.9	33.0	35.6	37.6	36.7	2.5%
YoY Growth	16.9%	17.5%	20.2%	23.6%	28.4%		
% of total revenue	18.8%	18.4%	18.3%	16.7%	20.7%		
OP breakdown by segment							
North America	5.8	7.5	4.8	11.5	8.3	6.8	21.6% 1.3 ppt
OPM	6.3%	7.5%	4.5%	9.0%	7.9%	6.7%	
International	1.0	1.5	1.2	1.0	1.4	1.3	12.3% 0.3 ppt
OPM	3.0%	4.1%	2.9%	2.1%	3.6%	3.3%	
AWS	11.5	10.2	11.4	12.5	14.2	12.4	13.8% 3.8 ppt
OPM	39.5%	32.9%	34.6%	35.0%	37.7%	33.9%	
YoY Growth	22.6%	8.8%	9.4%	17.2%	22.6%		
Margins (%)							
GPM	50.6%	51.8%	50.8%	48.5%	51.8%	51.3%	0.5 ppt
OPM	11.8%	11.4%	9.7%	11.7%	13.1%	11.7%	1.4 ppt
NPM	11.0%	10.8%	11.8%	9.9%	16.7%	10.1%	6.5 ppt

Source: Bloomberg, CMBIGM

Changes in forecast and valuation

Figure 2: Amazon forecast revision

USD bn	Current			Previous			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	837.2	960.8	1,075.5	808.3	907.9	1,011.6	3.6%	5.8%	6.3%
Gross profit	428.9	497.1	561.8	405.7	460.3	517.9	5.7%	8.0%	8.5%
Operating profit	101.6	133.0	166.5	97.8	123.1	151.8	3.9%	8.0%	9.7%
Net profit	96.3	105.9	130.6	82.7	99.1	115.6	16.5%	6.8%	13.0%
GPM	51.2%	51.7%	52.2%	50.2%	50.7%	51.2%	1.0 ppt	1.0 ppt	1.0 ppt
OPM	12.1%	13.8%	15.5%	12.1%	13.6%	15.0%	0.0 ppt	0.3 ppt	0.5 ppt
NPM	11.5%	11.0%	12.1%	10.2%	10.9%	11.4%	1.3 ppt	0.1 ppt	0.7 ppt

Source: CMBIGM estimates

Figure 3: Amazon: CMBI forecast vs consensus

USD bn	Current			Consensus			Difference (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	837.2	960.8	1,075.5	806.9	903.7	966.1	3.8%	6.3%	11.3%
Gross profit	428.9	497.1	561.8	412.1	473.3	519.1	4.1%	5.0%	8.2%
Operating profit	101.6	133.0	166.5	98.5	122.0	150.1	3.1%	9.1%	11.0%
Net profit	96.3	105.9	130.6	84.3	103.7	127.3	14.3%	2.2%	2.7%
GPM	51.2%	51.7%	52.2%	51.1%	52.4%	53.7%	0.2 ppt	-0.6 ppt	-1.5 ppt
OPM	12.1%	13.8%	15.5%	12.2%	13.5%	15.5%	-0.1 ppt	0.3 ppt	0.0 ppt
NPM	11.5%	11.0%	12.1%	10.4%	11.5%	13.2%	1.1 ppt	-0.4 ppt	-1.0 ppt

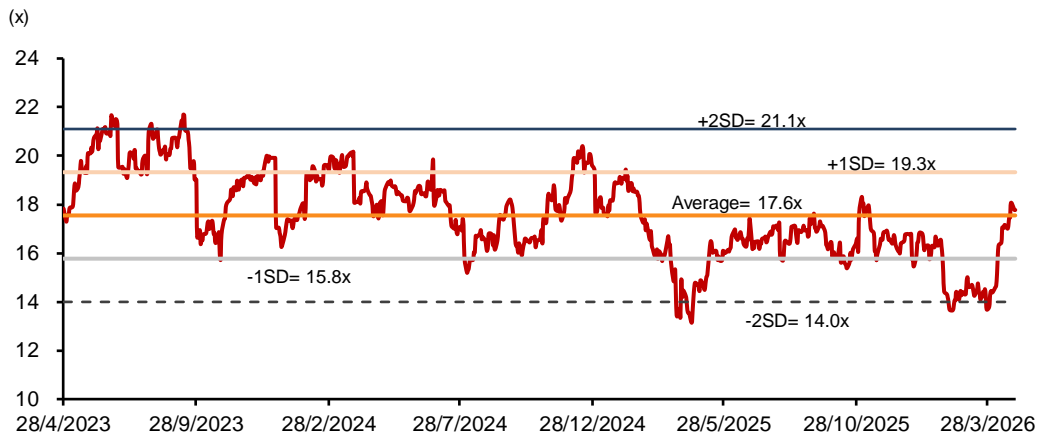
Source: CMBIGM estimates, Bloomberg

Figure 4: Amazon: target price of US\$305.0 based on 17.6x EV/EBITDA

(USDmn)	
GAAP EBITDA (2026E)	187,907
GAAP EBITDA Margin % (2026E)	22.4%
Target EV/EBITDA	17.6x
Enterprise Value	3,307,167
GAAP EBITDA CAGR (2025-2028E CAGR)	21%
Capital Structure Adjustments	
Adjusted Net Debt - 2026E	(35,196)
Shares Outstanding (mn) - 2026E	10,960
Valuation (USD per share)	305.0

Source: CMBIGM estimates

Figure 5: Amazon: historical EV/EBITDA over the past three years



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Revenue	574,785	637,959	716,924	837,234	960,830	1,075,501
Cost of goods sold	(304,739)	(326,288)	(356,414)	(408,342)	(463,776)	(513,705)
Gross profit	270,046	311,671	360,510	428,892	497,054	561,795
Operating expenses	(233,194)	(243,078)	(280,535)	(327,277)	(364,052)	(395,256)
Selling expense	(44,370)	(43,907)	(47,129)	(50,951)	(57,173)	(62,551)
Admin expense	(11,816)	(11,359)	(11,172)	(11,555)	(12,703)	(13,593)
R&D expense	(85,622)	(88,544)	(108,521)	(141,271)	(160,562)	(177,966)
Others	(91,386)	(99,268)	(113,713)	(123,500)	(133,614)	(141,146)
Operating profit	36,852	68,593	79,975	101,615	133,003	166,539
Interest income	2,949	4,677	4,381	3,058	974	1,658
Interest expense	(3,182)	(2,406)	(2,274)	(2,716)	(2,554)	(2,554)
Other income/expense	938	(2,250)	15,229	15,647	0	0
Pre-tax profit	37,557	68,614	97,311	117,605	131,422	165,643
Income tax	(7,120)	(9,265)	(19,087)	(20,705)	(23,656)	(33,129)
Others	(12)	(101)	(554)	(574)	(1,868)	(1,868)
After tax profit	30,425	59,248	77,670	96,325	105,898	130,646
Net profit	30,425	59,248	77,670	96,325	105,898	130,646
BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Current assets	172,351	190,867	229,083	211,296	268,535	407,650
Cash & equivalents	73,387	78,779	86,810	20,926	13,241	54,937
Restricted cash	32,328	43,660	65,623	105,657	162,641	253,739
Account receivables	33,318	34,214	38,325	42,357	46,326	49,487
Inventories	33,318	34,214	38,325	42,357	46,326	49,487
Contract obtaining costs	355,503	434,027	588,959	754,849	868,018	929,148
PP&E	204,177	252,665	357,025	490,832	604,001	665,131
Deferred income tax	0	0	0	0	0	0
Goodwill	22,789	23,074	23,273	23,449	23,449	23,449
Other non-current assets	128,537	158,288	208,661	240,568	240,568	240,568
Total assets	527,854	624,894	818,042	966,145	1,136,553	1,336,798
Current liabilities	164,917	179,431	218,005	246,152	281,720	318,455
Account payables	84,981	94,363	121,909	136,635	157,633	177,359
Other current liabilities	15,227	18,103	20,576	23,999	27,403	30,532
Accrued expenses	64,709	66,965	75,520	85,518	96,683	110,565
Non-current liabilities	161,062	159,493	188,972	190,498	194,051	199,449
Long-term borrowings	58,314	52,623	65,648	49,123	49,123	49,123
Other non-current liabilities	102,748	106,870	123,324	141,375	144,928	150,326
Total liabilities	325,979	338,924	406,977	436,651	475,771	517,904
Share capital	109	111	112	113	113	113
Capital surplus	99,025	120,864	140,024	162,835	188,224	215,690
Retained earnings	113,618	172,866	250,536	346,861	452,759	583,405
Other reserves	(10,877)	(7,871)	20,393	19,685	19,685	19,685
Total shareholders equity	201,875	285,970	411,065	529,495	660,782	818,893
Total equity and liabilities	527,854	624,894	818,042	966,145	1,136,553	1,336,798

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	37,557	68,614	97,311	117,605	131,422	165,643
Depreciation & amortization	48,663	52,795	65,756	86,292	105,551	116,418
Tax paid	(7,120)	(9,265)	(19,087)	(20,705)	(23,656)	(33,129)
Change in working capital	(11,541)	(15,541)	(19,969)	(9,881)	19,594	26,062
Others	17,387	19,274	15,503	19,480	23,521	25,598
Net cash from operations	84,946	115,877	139,514	192,791	256,432	300,592
Investing						
Capital expenditure	(48,133)	(77,658)	(128,320)	(200,136)	(213,336)	(170,669)
Acquisition of subsidiaries/ investments	(5,839)	(7,082)	(3,841)	(15,408)	0	0
Others	4,139	(9,602)	(10,384)	(27,690)	(48,949)	(86,746)
Net cash from investing	(49,833)	(94,342)	(142,545)	(243,234)	(262,285)	(257,415)
Financing						
Net borrowings	(11,224)	(9,100)	11,546	(16,601)	0	0
Share repurchases	0	0	0	0	0	0
Others	(4,655)	(2,712)	(1,885)	(1,913)	(1,832)	(1,481)
Net cash from financing	(15,879)	(11,812)	9,661	(18,514)	(1,832)	(1,481)
Net change in cash						
Cash at the beginning of the year	54,253	73,890	82,312	90,106	21,148	13,463
Others	403	(1,301)	1,164	(1)	0	0
Cash at the end of the year	73,890	82,312	90,106	21,148	13,463	55,159
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	11.8%	11.0%	12.4%	16.8%	14.8%	11.9%
Gross profit	19.9%	15.4%	15.7%	19.0%	15.9%	13.0%
Operating profit	200.9%	86.1%	16.6%	27.1%	30.9%	25.2%
Net profit	na	94.7%	31.1%	24.0%	9.9%	23.4%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	47.0%	48.9%	50.3%	51.2%	51.7%	52.2%
Operating margin	6.4%	10.8%	11.2%	12.1%	13.8%	15.5%
Return on equity (ROE)	17.5%	24.3%	22.3%	20.5%	17.8%	17.7%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	1.0	1.1	1.1	0.9	1.0	1.3
Receivable turnover days	29.6	30.4	30.9	32.8	34.0	33.6
Inventory turnover days	40.0	37.3	36.6	35.6	34.4	33.6
Payable turnover days	100.4	104.1	123.1	120.5	122.4	124.3
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	90.7	46.9	36.1	29.4	27.0	22.1
P/E (diluted)	90.7	48.2	36.9	29.9	27.5	22.5
P/B	13.7	10.0	7.0	5.4	4.4	3.6
P/CFPS	75.0	74.7	256.0	ns	67.5	22.6

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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