

Amazon (AMZN US)

Growth story unchanged with acceleration in AWS revenue growth better than expectation

Amazon announced (6 Feb BJT) 4Q25 results: revenue was US\$213.4bn, up 14% YoY, or 12% YoY on constant currency basis (4Q24: 11% on constant currency basis), 1% better than both our forecast/Bloomberg consensus estimate. During the period, total operating profit was US\$25.0bn, up 18% YoY, 2%/1% ahead of our forecast/Bloomberg consensus. Excluding three one-off special charges totalling US\$2.4bn, operating profit would be 10% ahead of consensus. 4Q25 AWS YoY revenue growth accelerated to 23.6% (3Q25: 20.2%; 4Q24: 18.9%), 2ppts above consensus, driven by eased (yet still existing) supply constraints. For 2025, total revenue grew 12% YoY to US\$716.9bn, and operating profit grew 17% YoY to US\$80.0bn. Management guided for US\$173.5bn-178.5bn revenue for 1Q26E (consensus: US\$175.5bn), implying 11-15% YoY growth. Meanwhile, operating profit is guided to be US\$16.5-21.5bn (consensus: US\$22.2bn), with US\$200bn capex for 2026E (implies >50% YoY growth). We lifted 2026-2027E revenue forecasts by 2-3% to account for better-than-expected growth outlook for AWS revenue, while lowered OP forecasts by 2-4% to account for depreciation impact from capex and investment in new initiatives. After rolling forward valuation window to 2026E, our TP was lifted by 9% to US\$292.0, based on 17.3x EV/EBITDA (was 17.5x), in line with two-year average trading range. Maintain BUY.

- **AWS: acceleration in revenue growth better than expectation.** In 4Q25, AWS inked revenue of US\$35.6bn, up 23.6% YoY, and OPM for AWS of 35.0% was up 0.4pppts QoQ and 0.7pppts ahead of consensus. For capex, cash capex plus finance leases was US\$38.5/128bn in 4Q25/2025 (+46/64% YoY), and management guided for US\$200bn capex in 2026E (vs total OCF of US\$140bn/182bn in 2025/2026E based on Bloomberg consensus). Management highlighted that the backlog for AWS has reached US\$244bn in 4Q25, up 22% QoQ and 40% YoY, and it is still ramping up capacity to fulfil the demand. Amazon has added more than 1.2/3.9 gigawatts of power in 4Q25/2025 (vs previous guidance of adding at least one gigawatt in 4Q25), and expected to double overall capacity by end-2027. We forecast AWS to deliver 26% YoY revenue growth in 2026E, driven by further easing in supply constraints. Meanwhile, we highlight the need for greater focus on the impact of elevated capex on cash flow.
- **Margin expansion remains on track.** In 4Q25, Amazon's NA business recorded revenue of US\$127.1bn, up 9.9% YoY (4Q24: 9.5%), in line with consensus, while OPM expanded by 1.0ppt YoY to 9.0% (consensus: 8.6%). For international segment, revenue was US\$50.7bn, up 16.8% YoY, 2.0% ahead of consensus, with an OPM of 2.1% (4Q24: 3.0%), while management noted that the OPM would have expanded YoY if excluding the impact of special charges.
- **Update on AI related applications and business initiatives:** 1) Trainium and Graviton: now have a combined annual revenue run rate of over US\$10bn and growing at a triple digit percentage YoY. Graviton is now used by over 90% of the top 1,000 AWS customers and is up to 40% more price- performant than leading x86 processors; 2) Rufus, the AI-powered shopping assistant, was used by 300mn customers and helping deliver nearly US\$12bn in incremental annualized sales in 2025.

BUY (Maintain)

Target Price	US\$292.00
(Previous TP	US\$269.00)
Up/Downside	38.8%
Current Price	US\$210.32

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Stock Data

Mkt Cap (US\$ mn)	2,310,095.7
Avg 3 mths t/o (US\$ mn)	10,145.0
52w High/Low (US\$)	254.00/167.32
Total Issued Shares (mn)	10983.7

Source: FactSet

Shareholding Structure

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

Source: Nasdaq

Share Performance

	Absolute	Relative
1-mth	-12.7%	-10.7%
3-mth	-13.5%	-13.4%
6-mth	-5.4%	-13.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	637,959	716,924	808,296	907,934	1,011,560
YoY growth (%)	11.0	12.4	12.7	12.3	11.4
Net profit (US\$ mn)	59,248.0	77,670.0	82,703.9	99,128.8	115,589.7
YoY growth (%)	94.7	31.1	6.5	19.9	16.6
EPS (Reported) (US\$)	5.61	7.28	7.69	9.13	10.56
Consensus EPS (US\$)	na	7.17	7.85	9.49	11.39
P/E (x)	37.5	28.9	27.4	23.0	19.9
P/B (x)	8.0	5.6	4.5	3.6	3.0

Source: Company data, Bloomberg, CMBIGM estimates

Key financials

Figure 1: Amazon quarterly results review and comparison with consensus

(USDbn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	4Q25 Consensus	Diff%
Online Stores	54.7	55.4	61.4	75.6	57.4	61.5	67.4	83.0	82.3	0.8%
YoY Growth	7.0%	4.6%	7.2%	7.1%	5.0%	11.0%	9.8%	9.8%		
Third-Party Seller Services	34.6	36.2	37.9	47.5	36.5	40.3	42.5	52.8	53.2	-0.7%
YoY Growth	16.0%	12.0%	10.3%	9.0%	5.5%	11.5%	12.2%	11.2%		
AWS	25.0	26.3	27.5	28.8	29.3	30.9	33.0	35.6	34.9	2.0%
YoY Growth	17.2%	18.7%	19.1%	18.9%	16.9%	17.5%	20.2%	23.6%		
Subscription Services	10.7	10.9	11.3	11.5	11.7	12.2	12.6	13.1	12.7	3.0%
YoY Growth	11.0%	9.8%	10.9%	9.7%	9.3%	12.4%	11.5%	14.0%		
Advertising Services	11.8	12.8	14.3	17.3	13.9	15.7	17.7	21.3	21.2	0.8%
YoY Growth	24.3%	19.5%	18.8%	18.0%	17.7%	22.9%	23.5%	23.3%		
Physical Stores	5.2	5.2	5.2	5.6	5.5	5.6	5.6	5.9	5.9	-0.4%
YoY Growth	6.3%	3.6%	5.4%	8.3%	6.4%	7.5%	6.7%	4.9%		
Others	1.3	1.3	1.3	1.6	1.3	1.5	1.4	1.7	1.8	-3.9%
YoY Growth	22.9%	-6.3%	7.1%	16.8%	4.0%	19.0%	7.8%	7.5%		
Total revenue	143.3	148.0	158.9	187.8	155.7	167.7	180.2	213.4	211.5	0.9%
YoY Growth	12.5%	10.1%	11.0%	10.5%	8.6%	13.3%	13.4%	13.6%		
Gross profit	70.7	74.2	77.9	88.9	78.7	86.9	91.5	103.4	102.9	0.5%
Operating profit	15.3	14.7	17.4	21.2	18.4	19.2	17.4	25.0	24.8	0.6%
YoY Growth	220.6%	91.0%	55.6%	60.5%	20.2%	30.7%	0.1%	17.8%		
Net profit	10.4	13.5	15.3	20.0	17.1	18.2	21.2	21.2	21.3	-0.3%
Revenue breakdown by segment										
North America	86.3	90.0	95.5	115.6	92.9	100.1	106.3	127.1	127.2	-0.1%
YoY Growth	12.3%	9.1%	8.7%	9.5%	7.6%	11.1%	11.2%	9.9%		
% of total revenue	60.2%	60.8%	60.1%	61.6%	59.7%	59.7%	59.0%	59.6%		
International revenue	31.9	31.7	35.9	43.4	33.5	36.8	40.9	50.7	49.7	2.0%
YoY Growth	9.7%	6.6%	11.7%	7.9%	4.9%	16.1%	14.0%	16.8%		
% of total revenue	22.3%	21.4%	22.6%	23.1%	21.5%	21.9%	22.7%	23.8%		
AWS	25.0	26.3	27.5	28.8	29.3	30.9	33.0	35.6	34.9	2.0%
YoY Growth	17.2%	18.7%	19.1%	18.9%	16.9%	17.5%	20.2%	23.6%		
% of total revenue	17.5%	17.8%	17.3%	15.3%	18.8%	18.4%	18.3%	16.7%		
OP breakdown by segment										
North America	5.0	5.1	5.7	9.3	5.8	7.5	4.8	11.5	11.0	4.7%
OPM	5.8%	5.6%	5.9%	8.0%	6.3%	7.5%	4.5%	9.0%	8.6%	0.4 ppt
International	0.9	0.3	1.3	1.3	1.0	1.5	1.2	1.0	2.1	50.2% -2.1 ppt
OPM	2.8%	0.9%	3.6%	3.0%	3.0%	4.1%	2.9%	2.1%	4.2%	4.2% ppt
AWS	9.4	9.3	10.4	10.6	11.5	10.2	11.4	12.5	12.0	4.1% 0.7 ppt
OPM	37.6%	35.5%	38.1%	36.9%	39.5%	32.9%	34.6%	35.0%	34.3%	34.3% ppt
YoY Growth	83.9%	74.0%	49.8%	48.3%	22.6%	8.8%	9.4%	17.2%		
Margins (%)	49.3%	50.1%	49.0%	47.3%	50.6%	51.8%	50.8%	48.5%	48.7%	-0.2 ppt
GPM	10.7%	9.9%	11.0%	11.3%	11.8%	11.4%	9.7%	11.7%	11.7%	0.0 ppt
OPM	7.3%	9.1%	9.6%	10.7%	11.0%	10.8%	11.8%	9.9%	10.0%	-0.1 ppt
NPM	7.3%	9.1%	9.6%	10.7%	11.0%	10.8%	11.8%	9.9%	10.0%	-0.1 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	808.3	907.9	1,011.6	795.5	880.4	-	1.6%	3.1%	-
Gross profit	405.7	460.3	517.9	406.0	454.6	-	-0.1%	1.2%	-
Operating profit	97.8	123.1	151.8	102.2	125.2	-	-4.3%	-1.7%	-
Net profit	82.7	99.1	115.6	85.9	106.2	-	-3.7%	-6.7%	-
GPM	50.2%	50.7%	51.2%	51.0%	51.6%	-	-0.8 ppt	-0.9 ppt	-
OPM	12.1%	13.6%	15.0%	12.8%	14.2%	-	-0.7 ppt	-0.7 ppt	-
NPM	10.2%	10.9%	11.4%	10.8%	12.1%	-	-0.6 ppt	-1.1 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	808.3	907.9	1,011.6	802.1	895.4	996.7	0.8%	1.4%	1.5%
Gross Profit	405.7	460.3	517.9	409.5	467.5	535.6	-0.9%	-1.6%	-3.3%
Operating Profit	97.8	123.1	151.8	99.5	123.0	151.0	-1.7%	0.1%	0.5%
Net profit	82.7	99.1	115.6	84.4	103.4	126.2	-2.0%	-4.1%	-8.4%
GPM	50.2%	50.7%	51.2%	51.1%	52.2%	53.7%	-0.9 ppt	-1.5 ppt	-2.5 ppt
OPM	12.1%	13.6%	15.0%	12.4%	13.7%	15.2%	-0.3 ppt	-0.2 ppt	-0.1 ppt
NPM	10.2%	10.9%	11.4%	10.5%	11.5%	12.7%	-0.3 ppt	-0.6 ppt	-1.2 ppt

Source: CMBIGM estimates, Bloomberg

Figure 4: Amazon: target price of US\$292.0 based on 17.3x EV/EBITDA

(USDmn)	
GAAP EBITDA (2026E)	182,550
GAAP EBITDA margin % (2026E)	22.6%
Target EV/EBITDA	17.3x
Enterprise value	3,153,911
GAAP EBITDA CAGR (2025-2028E CAGR)	18%
Capital Structure Adjustments	
Adjusted net debt - 2026E	(52,749)
Shares outstanding (mn) - 2026E	10,984
Valuation (USD per share)	
% upside/downside to current share price	292.0
	38.8%

Source: CMBIGM estimates

Figure 5: Amazon: historical EV/EBITDA over the past two 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	808,296	907,934	1,011,560
Cost of goods sold	(304,739)	(326,288)	(356,414)	(402,621)	(447,682)	(493,687)
Gross profit	270,046	311,671	360,510	405,675	460,252	517,873
Operating expenses	(233,194)	(243,078)	(280,535)	(307,829)	(337,156)	(366,041)
Selling expense	(44,370)	(43,907)	(47,129)	(52,293)	(57,490)	(62,670)
Admin expense	(11,816)	(11,359)	(11,172)	(12,431)	(13,441)	(14,393)
R&D expense	(85,622)	(88,544)	(108,521)	(122,360)	(135,940)	(149,780)
Others	(91,386)	(99,268)	(113,713)	(120,744)	(130,284)	(139,198)
Operating profit	36,852	68,593	79,975	97,846	123,096	151,832
Interest income	2,949	4,677	4,381	2,843	(1,507)	(10,828)
Interest expense	(3,182)	(2,406)	(2,274)	(2,554)	(2,554)	(2,554)
Other income/expense	938	(2,250)	15,229	0	0	0
Pre-tax profit	37,557	68,614	97,311	98,134	119,035	138,449
Income tax	(7,120)	(9,265)	(19,087)	(14,876)	(18,038)	(20,992)
Others	(12)	(101)	(554)	(554)	(1,868)	(1,868)
After tax profit	30,425	59,248	77,670	82,704	99,129	115,590
Net profit	30,425	59,248	77,670	82,704	99,129	115,590
BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Current assets	172,351	190,867	229,083	224,788	272,167	390,194
Cash & equivalents	73,387	78,779	86,810	7,555	(108,730)	(393,917)
Restricted cash	32,328	43,660	65,623	134,048	291,916	689,606
Account receivables	33,318	34,214	38,325	41,592	44,490	47,253
Inventories	33,318	34,214	38,325	41,592	44,490	47,253
Contract obtaining costs	355,503	434,027	588,959	708,012	811,807	867,235
PP&E	204,177	252,665	357,025	476,078	579,873	635,301
Deferred income tax	0	0	0	0	0	0
Goodwill	22,789	23,074	23,273	23,273	23,273	23,273
Other non-current assets	128,537	158,288	208,661	208,661	208,661	208,661
Total assets	527,854	624,894	818,042	932,800	1,083,974	1,257,429
Current liabilities	164,917	179,431	218,005	241,208	269,986	303,444
Account payables	84,981	94,363	121,909	134,169	151,384	169,351
Other current liabilities	15,227	18,103	20,576	23,064	25,751	28,520
Accrued expenses	64,709	66,965	75,520	83,975	92,851	105,573
Non-current liabilities	161,062	159,493	188,972	173,314	173,330	172,732
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	124,191	124,207	123,609
Total liabilities	325,979	338,924	406,977	414,522	443,316	476,176
Share capital	109	111	112	112	112	112
Capital surplus	99,025	120,864	140,024	161,459	184,711	209,716
Retained earnings	113,618	172,866	250,536	333,240	432,369	547,958
Other reserves	(10,877)	(7,871)	20,393	23,467	23,467	23,467
Total shareholders equity	201,875	285,970	411,065	518,278	640,658	781,253
Total equity and liabilities	527,854	624,894	818,042	932,800	1,083,974	1,257,429

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	37,557	68,614	97,311	98,134	119,035	138,449
Depreciation & amortization	48,663	52,795	65,756	84,704	100,902	110,349
Tax paid	(7,120)	(9,265)	(19,087)	(14,876)	(18,038)	(20,992)
Change in working capital	(11,541)	(15,541)	(19,969)	6,342	16,406	24,219
Others	17,387	19,274	15,503	20,881	21,383	23,137
Net cash from operations	84,946	115,877	139,514	195,185	239,687	275,163
Investing						
Capital expenditure	(48,133)	(77,658)	(128,320)	(200,000)	(200,000)	(160,000)
Acquisition of subsidiaries/ investments	(5,839)	(7,082)	(3,841)	0	0	0
Others	4,139	(9,602)	(10,384)	(58,098)	(151,292)	(393,975)
Net cash from investing	(49,833)	(94,342)	(142,545)	(258,098)	(351,292)	(553,975)
Financing						
Net borrowings	(11,224)	(9,100)	11,546	(16,525)	0	0
Share repurchases	0	0	0	0	0	0
Others	(4,655)	(2,712)	(1,885)	(2,891)	(4,680)	(6,375)
Net cash from financing	(15,879)	(11,812)	9,661	(19,416)	(4,680)	(6,375)
Net change in cash						
Cash at the beginning of the year	53,342	72,979	81,401	89,195	6,867	(109,418)
Others	403	(1,301)	1,164	0	0	0
Cash at the end of the year	72,979	81,401	89,195	6,867	(109,418)	(394,606)
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	11.8%	11.0%	12.4%	12.7%	12.3%	11.4%
Gross profit	19.9%	15.4%	15.7%	12.5%	13.5%	12.5%
Operating profit	200.9%	86.1%	16.6%	22.3%	25.8%	23.3%
Net profit	na	94.7%	31.1%	6.5%	19.9%	16.6%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	47.0%	48.9%	50.3%	50.2%	50.7%	51.2%
Operating margin	6.4%	10.8%	11.2%	12.1%	13.6%	15.0%
Return on equity (ROE)	17.5%	24.3%	22.3%	17.8%	17.1%	16.3%
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	33.2	34.1	33.5
Inventory turnover days	40.0	37.3	36.6	35.7	34.6	33.4
Payable turnover days	100.4	104.1	123.1	120.0	121.7	123.5
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	72.5	37.5	28.9	27.4	23.0	19.9
P/E (diluted)	72.5	38.5	29.5	27.9	23.5	20.3
P/B	10.9	8.0	5.6	4.5	3.6	3.0
P/CFPS	59.9	59.7	204.7	ns	58.7	20.4

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

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