

The Henry Fund

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Amazon.com (AMZN)

May 1, 2026

Consumer Discretionary – Internet Retail

Stock Rating

BUY

Investment Thesis

We recommend a BUY rating on Amazon with a 12 month price target of \$217. The key point is that Amazon should be viewed as three businesses, not one. The market is treating the roughly \$200 billion of expected FY2026 capex¹ as undisciplined, but management framed it as necessary investment.

AWS is growing 24% on a \$142 billion run rate, with a \$244 billion backlog up 40% year over year¹. Advertising grew 22% to \$21.3 billion in Q4, and North America retail margins expanded 100 basis points year over year¹. All three segments are improving at the same time. The weak free cash flow in 2026 looks more like a timing issue tied to heavy investment that should support revenue growth in 2027 and beyond.

Drivers of Thesis

- **AWS Capacity and Custom Silicon:** The \$244 billion backlog and continued Trainium deployment provide strong demand visibility and a cost advantage¹. This should support operating margins near 35% while allowing AWS to grow around 25% in 2026.
- **Advertising as Self-Funding Capex:** Advertising grew 22% in Q4 and carries margins above 70%². The \$12 billion of incremental revenue in 2025 helps fund AI-related capex without pressuring overall margins
- **Retail Margin Repair:** North America margins improved from 8% to 9% year over year despite impairment charges. Regionalization and automation are still in early stages, which supports further margin expansion.

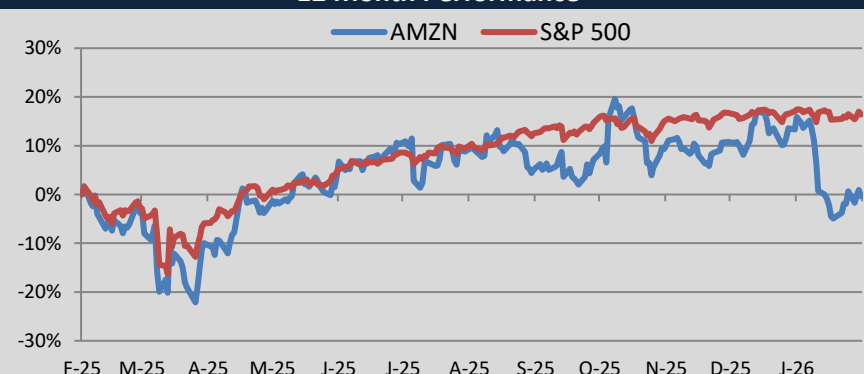
Risks to Thesis

- **FTC antitrust trial (March 2027):** A structural remedy affecting Prime and Fulfillment by Amazon could weaken seller lock-in, though the case appears weak.
- **Capex digestion:** If AI demand slows or Trainium underperforms, backlog conversion could delay and extend weak free cash flow.
- **Amazon Leo (satellite program):** About \$1 billion of added 2026 cost with no revenue, plus regulatory risk tied to launch timing.

Earnings Estimates

Year	2023	2024	2025	2026E	2027E	2028E
EPS	\$2.90	\$5.53	\$7.17	\$8.45	\$9.86	\$12.54
HF est. growth		90.7%	29.7%	-0.1%	8.7%	22.2%

12 Month Performance



Target Price

\$282-295

Henry Fund SOTP	\$305.98
Henry Fund DCF	\$169.61
Relative Multiple	\$222.56

Price Data

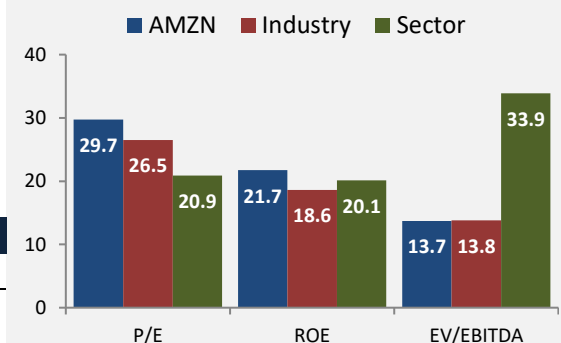
Current Price	\$265.06
52wk Range	\$161.38 – 273.87
Consensus 1yr Target	\$302.39

Key Statistics

Market Cap (B)	\$2,850.5
Shares Outstanding (M)	\$10,957.4
Institutional Ownership	65.29%
Beta	1.24
Dividend Yield	0%
Est. 5yr Growth	14.3%
Price/Earnings (TTM)	32.2
Price/Earnings (FY1)	27.0
Price/Sales (TTM)	3.4
Price/Book (mrq)	6.5

Profitability

Operating Margin	11.80%
Profit Margin	10.83%
Return on Assets (TTM)	10.77%
Return on Equity (TTM)	22.29%



Company Description

Amazon.com, Inc. is a global technology leader operating through three primary segments: North America, International, and Amazon Web Services. The company leverages its massive physical logistics network to sell consumer goods while providing third-party merchant services, subscription-based entertainment through Prime, and high-margin advertising. Its cloud division provides the essential computing infrastructure for the modern internet.

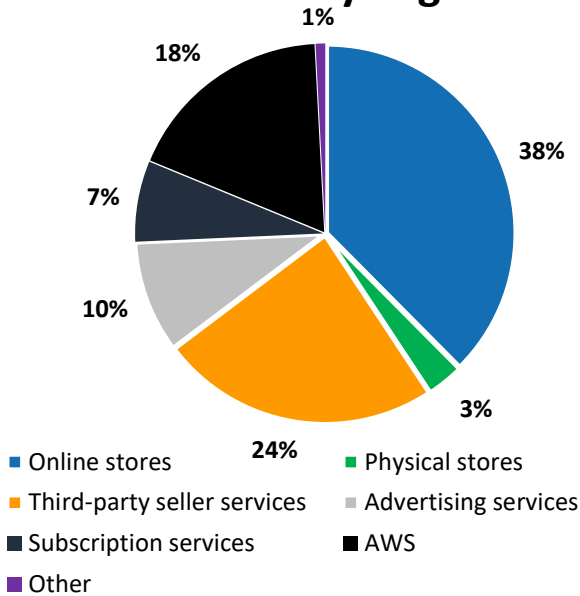
Important disclosures appear on the last page of this report.

Company Overview

Amazon is basically a fixed cost infrastructure business that rents out scale. It spends heavily on warehouses, logistics, and data centers, then earns revenue by letting consumers, sellers, advertisers, and enterprises use that network. This creates a cycle where heavy build years, like 2026, show high capex and weak free cash flow, while later years see strong cash flow as that capacity gets used. Right now, the company is clearly in the build phase, which is driving the negative market reaction.

There are three changes over the past two years that seem underappreciated. First, AWS has re-accelerated, with growth reaching 24% in Q4 2025, the fastest pace in over three years. Second, advertising has become a major profit driver, generating \$21.3 billion in Q4 and growing above 20% with margins over 70%. Third, third-party sellers now make up 61% of units sold, which structurally improves retail margins without relying on price increases. These shifts are central to the bull case.

FY25 Sales by Segment



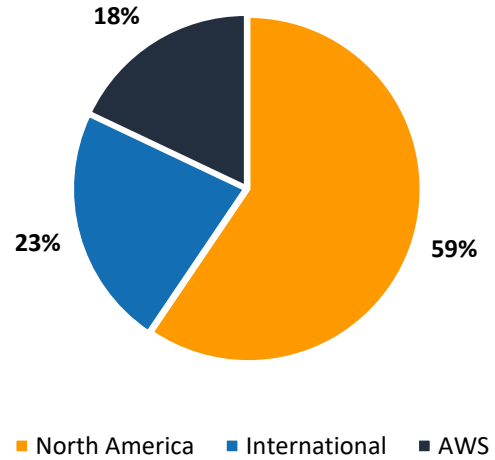
Segment Breakdown

AWS: The Backlog-Driven Profit Engine

AWS generated \$35.6 billion in Q4 2025 revenue, growing 24%, its fastest pace in 13 quarters. The run rate is now \$142 billion, with operating margin at 35%. The key driver here is the \$244 billion backlog, which is up 40% year over

year and nearly 2x annual revenue. That level of backlog gives AWS real multi-year visibility and supports sustained growth.

FY2025 Geographic Breakdown



The main differentiator is custom silicon. Amazon has deployed 1.4 million Trainium2 chips, and its Trainium and Graviton business exceeded \$10 billion in annualized revenue in 2025 with triple-digit growth¹. Management claims Trainium2 offers 30% to 40% better price-performance than merchant GPUs, with Trainium3 improving another 40%¹. Most of that supply is already committed through mid-2026, with Trainium4 in development. If these advantages hold in real workloads, AWS should maintain a cost edge even as AI workloads grow faster than traditional compute.

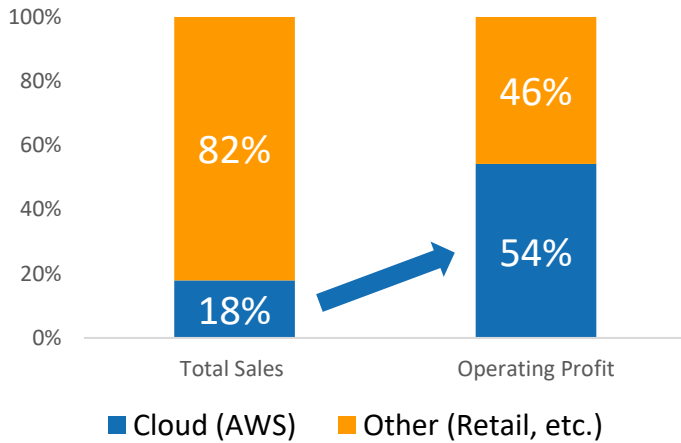
Capacity buildout is another key piece. Amazon added 3.9 gigawatts of power capacity over the past year, including 1.2 gigawatts in Q4 alone, and plans to double capacity again by 2027¹. This suggests the infrastructure supporting AI demand will be multiples larger over the next few years.

Our model assumes AWS grows 25% in 2026 and 2027, then moderates to 15% through 2030. There is upside if backlog continues to expand at current levels. Bedrock is already a multi-billion dollar run rate business, with customer spend up 60% quarter over quarter in Q4. Because it runs largely on Trainium, it shows how Amazon

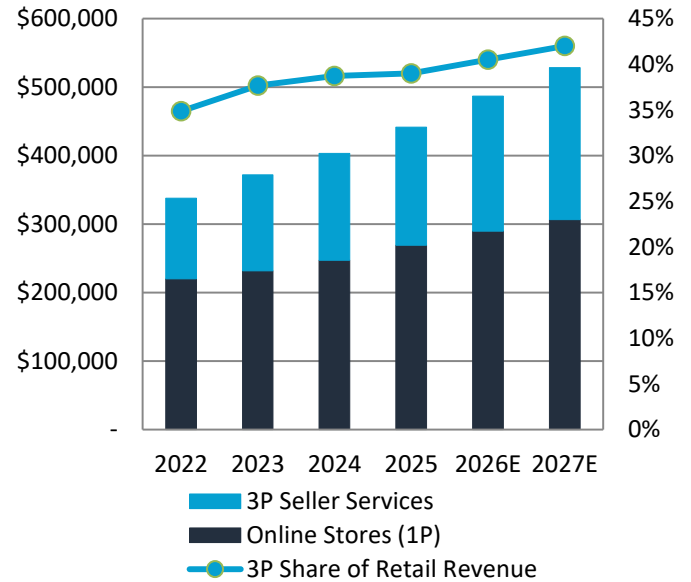
is turning hardware cost advantages into higher-margin software revenue.

more likely to complete a purchase¹. That creates a clear conversion benefit. Since Rufus runs on AWS infrastructure Amazon already owns, the incremental cost is low, which makes the margin impact attractive.

Sales vs Profit Share FY25



1P vs. 3P Retail Revenue



Retail: The Margin Repair Story

North America generated \$127.1 billion in Q4 revenue, up 10% year over year, with operating margin improving from 8% to 9%¹. International grew 11% excluding FX to \$50.7 billion, with a 2.1% margin. Both segments expanded margins year over year once you adjust for \$2.4 billion of one-time charges¹.

Two factors are driving the margin recovery. First is the shift toward everyday essentials, which now make up 1 out of every 3 units sold in the US and are growing nearly twice as fast as other categories¹. These are lower-ticket items but drive higher purchase frequency. Management noted that customers buying groceries shop about twice as often, reinforcing the Amazon flywheel. With over \$150 billion in gross grocery sales, Amazon is already operating at scale in this category.

Second is the regionalization of the fulfillment network. Amazon has expanded from 8 to 10 US regions, which reduces shipping distance, lowers cost per unit, and improves delivery speed. Prime members received 8 billion same-day or next-day items in 2025, up over 30% year over year¹. Same-day delivery is the fastest-growing option and was used by nearly 100 million customers. Automation is also increasing, with over 1 million robots deployed, and management still sees this as early.

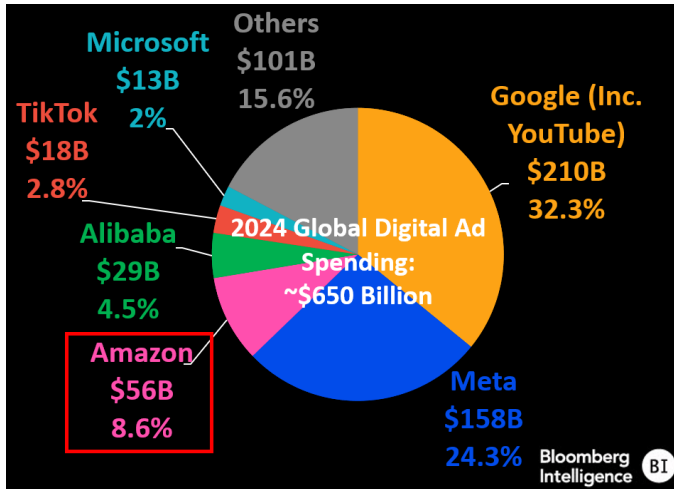
Rufus represents the AI layer on top of retail. Around 300 million customers used it in 2025, and users are about 60%

Advertising: The Margin Catalyst

Advertising generated \$21.3 billion in Q4, growing 22% year over year. In 2025, it added over \$12 billion of incremental revenue, making it Amazon's fastest-growing major segment and the highest margin. Gross margin is estimated above 90% with operating margin near 50%, since it builds on existing retail infrastructure, traffic, and customer data.

Prime Video ads are expanding reach. The ad-supported audience is now 315 million globally across 16 countries, up from 200 million in early 2024¹. Live sports are a key driver. Thursday Night Football averaged over 15 million viewers per game, up 16% year over year, and the Packers vs. Bears wild card game reached 31.6 million viewers, the most streamed NFL game ever¹.

The main advantage is attribution. Advertisers can directly track how many units were sold from a campaign, which is much stronger than typical click-based models. This supports premium pricing and helps explain why Amazon's ad business is still growing above 20% while broader digital advertising has slowed.



Investment Drivers

Driver #1: AWS Capital Deployment Is Matched by Demand, Not Speculation

This is the core of the thesis. Amazon guided to roughly \$200 billion in capex for FY2026, up from \$132 billion in 2025. The stock fell close to 20% on this, which suggests the market viewed it as overspending. We see it differently based on management commentary.

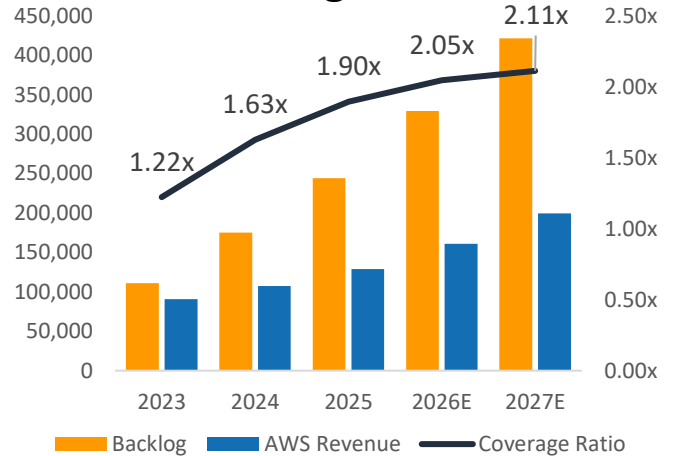
On the Q4 call, Jassy made it clear AWS is supply constrained, not demand constrained. He said AWS could grow faster if it had more capacity available. That matters because it reframes capex as a response to real demand, not speculation.

The \$244 billion backlog supports this. It is up 40% year over year and represents contracted, multi-year revenue. Backlog growth is outpacing capacity expansion, which indicates demand is still ahead of supply.

Customer traction also supports this view. AWS continued to add large enterprise clients in Q4, including OpenAI, Visa, NBA, BlackRock, Salesforce, Adobe, HSBC, and

London Stock Exchange Group. This level of adoption suggests demand for AWS remains strong at scale.

AWS Backlog-to-Revenue Coverage Ratio



The Chip Economics Subplot

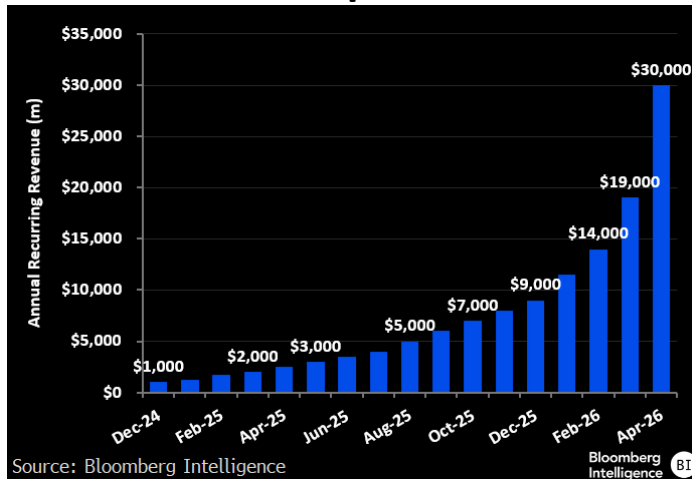
The chip strategy is what makes the capital cycle potentially self-funding. If AWS relied entirely on buying Nvidia GPUs at market prices, most of the AI margin would sit with Nvidia. Instead, Amazon is vertically integrating this cost layer through Trainium chips.

Trainium2 is estimated to deliver 30% to 40% better price-performance, with Trainium3 improving another ~40%. That directly reduces compute costs for AWS workloads and helps preserve margins even as AI usage scales. Jassy also emphasized that customers are demanding better price-performance, and incumbents like Nvidia have limited incentive to drive prices down.

Trainium is already a multi-billion dollar annualized business, with over 100,000 companies using it. A key example is Project Rainier, the Anthropic compute cluster, which runs on Trainium2. It currently uses about 500,000 chips and is expected to scale toward 1 million by 2026¹. Anthropic reportedly reached \$30 billion in annualized revenue as of April 2026, up sharply from \$9 billion three months earlier². Because AWS provides the underlying

compute, a meaningful portion of that growth flows back through AWS infrastructure demand.

Anthropic ARR



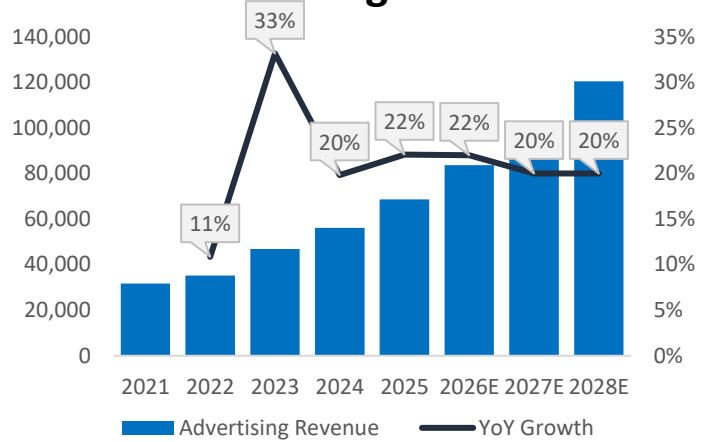
A common concern is that AI demand could fade or normalize. Jassy described the market as barbell shaped: large AI labs on one end, a few breakout consumer apps on the other, and a much larger enterprise segment in the middle that is still early. The key point is that enterprise workloads are slower to adopt but far stickier once deployed due to high switching costs. That supports the view that AI demand inside AWS is more durable than the market assumes.

Driver #2: Advertising Is the Internal Funding Source for the Capital Cycle

This driver is important because it helps explain how Amazon can fund heavy AI capex without relying on AWS margin expansion. Advertising is growing around 22% on roughly an \$85 billion run rate, which implies about \$15 billion to \$18 billion of incremental revenue in 2026. With operating margins assumed in the model to be near 40%, that translates to roughly \$7 billion to \$9 billion of incremental operating profit.

That matters because the incremental depreciation from AWS capex in 2026 is in a similar range. So at the consolidated level, advertising helps offset the AI investment cycle and stabilizes margins even while AWS absorbs higher depreciation.

Advertising Revenue

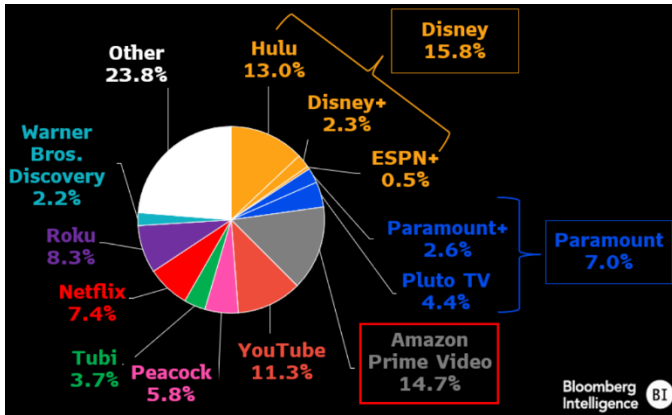


Prime Video's Operating Leverage

Prime Video adds another layer of operating leverage. Ads are effectively the default experience, with ad-free access costing an additional \$2.99 per month. Bloomberg estimates Prime Video could generate about \$5 billion in ad revenue in 2026². Live sports, especially NFL and NBA content, is driving premium CPMs because it is one of the few formats where users consistently watch ads. As Amazon expands sports rights and international ad markets, this becomes a scalable growth engine separate from retail.

The broader point is how far advertising has come. It was essentially zero in 2014 and is now the third-largest digital ad platform after Google and Meta⁵. Bloomberg Intelligence estimates retail media could exceed 25% of US digital ad spend by 2027, and Amazon already captures more than 30% of that segment². That positions advertising as a durable, high-margin funding source for Amazon's broader capital cycle.

Connected-TV Ad Market Share



Driver #3: Retail Margin Repair Still Has Runway

The market focused heavily on AWS capex and largely missed a clear 100 basis point improvement in North America retail margins in Q4 2025. Operating margin increased from 8% to 9% year over year, even with \$610 million in physical store impairments. Excluding those charges, the improvement was even stronger.

Two main forces are driving this. The first is regionalization, now operating across 10 US hubs. By keeping inventory closer to customers, Amazon reduces transportation costs and improves delivery speed. That faster delivery increases Prime engagement, drives more frequent purchases, and improves fixed cost absorption. Management also highlighted improvements in units per box, which directly lowers cost per shipment. These gains are coming from both inbound and outbound logistics improvements.

The second driver is automation. Amazon now has over 1 million robots in its fulfillment network, with management noting this is still early relative to the long-term plan. As more facilities shift toward automation, labor cost per package continues to fall. This is already showing up in margins rather than being a theoretical upside.

In our model, we hold North America retail operating margin at 7.5% in 2026, reflecting the \$1 billion Amazon Leo cost step-up and continued investment in same-day delivery and grocery. We expect margins to ramp to 10.8% by 2030 and 12% by terminal year, reflecting management commentary on regionalization, robotics, and AI cost savings, as well as Bloomberg’s view that “North America

and International operating margins are set to widen as the company gains scale”².

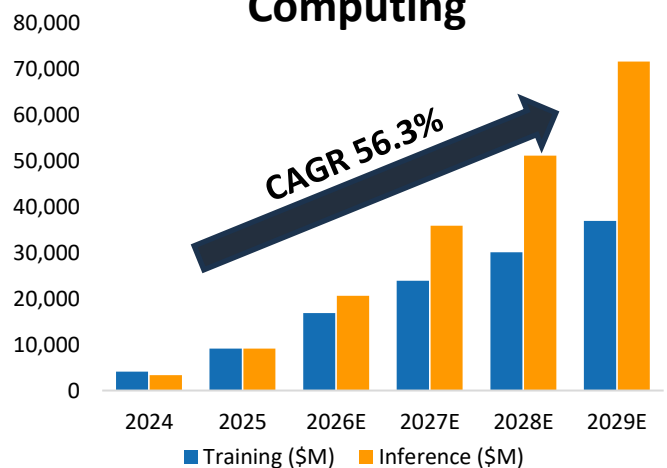
Industry Trends & Market Outlook

Trend #1: Cloud Is Moving from Training to Inference

The enterprise cloud optimization cycle that weighed on growth in 2023 and early 2024 is largely over. What is replacing it is AI-driven demand, which is structurally different. Training workloads require large, centralized compute clusters, which aligns with Amazon’s current capacity buildout. Inference will ultimately be the larger workload over time, and it is less capital intensive per unit of revenue since it can run on more standardized hardware, where Trainium2 and Inferentia are positioned to compete well.

The main uncertainty is adoption speed in enterprise AI. Jassy’s “barbell” framing is correct, with fast growth at AI labs and consumer apps, and slower adoption in the enterprise middle. Our base case assumes AWS AI revenue supports 20% plus growth through 2027, moderating toward 15% as enterprise usage matures.

Global Spending on Cloud Computing



Trend #2: Hyperscaler Capex Is Higher for Longer

Bloomberg estimates 2026 capex across major cloud providers (AWS, Microsoft, Google, Oracle, Meta, CoreWeave) at roughly \$750 billion, about 70% higher than 2025. AWS alone accounts for around \$165 billion of

that². This shows the entire industry is in a sustained build phase driven by AI demand, not just Amazon. Constraints in power, GPUs, and cooling are system-wide, which makes supply tight across all hyperscalers. That supports continued strong demand for capacity over multiple years.

Trend #3: Retail Media Is Absorbing Digital Ad Budget Share

Retail media networks are growing faster than broader digital advertising because they combine closed-loop attribution with first-party transaction data. As third-party cookies fade, this advantage becomes more valuable. Amazon already captures over 30% of US retail media spend, and the category continues to take share from linear TV and the open web, especially in CPG and brand advertising.

Competition

The Three Horse Race: AWS vs. Azure vs. Google Cloud

AWS remains the largest infrastructure-as-a-service provider with roughly 46% global share, compared to Microsoft Azure at 17% and Google Cloud at 7%⁶. The competitive narrative shifted in 2024 and early 2025 as Microsoft and Google showed faster AI-driven growth. That started to reverse in Q4 2025, when AWS re-accelerated to 24% growth and posted the strongest backlog expansion among hyperscalers.

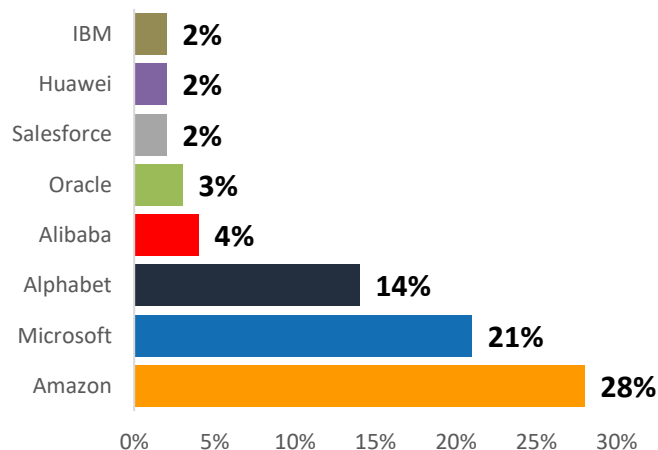
Microsoft Azure is still growing strongly but is increasingly constrained by supply, and its updated agreement with OpenAI now allows OpenAI to work with other cloud providers, which opens the door for AWS over time. Google Cloud is growing fastest off a smaller base and has strong technical capabilities through TPUs and Gemini, but its enterprise go-to-market execution is still weaker than AWS.

AWS's defensibility comes from three factors. First is scale, with the largest global infrastructure footprint. Second is custom silicon, which lowers cost and improves performance through Trainium and Graviton. Third is the model-agnostic strategy through Bedrock. Bedrock allows customers to run models from Anthropic, Meta, or

Amazon's own Nova rather than being locked into a single provider.

Jassy highlighted this on the call, arguing that advanced AI workloads use multiple models depending on the task. AWS is positioned around that flexibility instead of forcing ecosystem lock-in. This makes it more aligned with how enterprise AI deployment is actually evolving.

Cloud Market Share (%)



Source: Statista

The Domestic Retail War: Amazon vs. Walmart

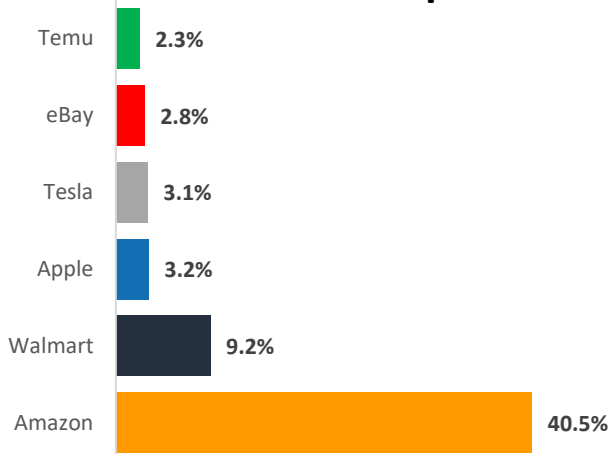
US e-commerce has effectively become a two-horse race between Amazon and Walmart for mainstream volume. Amazon's 2024 GMV of about \$768 billion is still several times larger than Walmart's digital business and far ahead of smaller players like Temu and Shein⁷. Walmart continues to lead in grocery and household staples because of its store footprint, where physical proximity still matters, while Amazon is trying to close that gap through Whole Foods expansion and perishable same-day delivery in over 2,300 US cities.

Competition at the low end has been driven by Temu, Shein, and TikTok Shop, which gained share through ultra-low-cost cross-border shipping supported by the \$800 de minimis exemption. That advantage has been partially reduced following policy changes in 2025, which weakens the structural edge of that model but does not eliminate competition entirely. Amazon's response has been Amazon Haul, which scaled to over 1 million items under

\$10 in 2025 and now operates in more than 25 countries, putting it directly into the discount segment rather than avoiding it.

Even with pressure at the low-price end, Amazon’s scale and Prime ecosystem continue to protect its core retail business. The main takeaway is that competition is real but concentrated at the discount tier, while the broader marketplace remains structurally anchored by Amazon’s logistics network and membership base.

Market share of retail e-commerce companies



Source: Statista

Disruptive Entrants: TikTok Shop and Temu

TikTok Shop and Temu have added real competitive pressure in social-driven discovery and cross-border e-commerce. Both platforms have grown quickly by focusing on low prices and algorithm-based product recommendations. During the 2025 holiday season, TikTok Shop saw meaningful US sales volume, while Temu continued expanding across cross-border product categories.

That said, these platforms are more complementary than fully substitutive to Amazon. They are strong at impulse purchases and discovery, but Amazon still has clear advantages in logistics reliability, delivery speed, and post-purchase service. As a result, many sellers now operate across multiple channels, using social platforms for customer acquisition while relying on Amazon for fulfillment and shipping.

In our view, this limits the long-term margin impact from these entrants on Amazon’s core retail business. The more likely effect is increased competition for attention and customer acquisition rather than a structural displacement of Amazon’s marketplace.

Economic Outlook

Tariffs and the De Minimis Question

The 2025 tariff regime has increased input cost pressure for third-party sellers, but Amazon has largely pushed those costs onto sellers rather than consumers, which has helped keep retail prices stable. Whether that holds into 2026 depends on the final outcome of ongoing legal and policy decisions around tariffs. In our model, we assume a small gross margin drag in retail that is already reflected in a flat North America operating margin assumption.

The de minimis exemption is a separate but related issue. If courts reinstate the \$800 duty-free threshold, cross-border platforms like Temu and Shein would regain some pricing advantage. That would create modest headwinds in discretionary categories for Amazon’s marketplace, while also giving a slight tailwind to Amazon Haul. Overall, the net impact on consolidated revenue is limited, but it does increase competitive intensity at the low end of retail.

Consumer Spending and Amazon's Pricing Discipline

The broader macro environment is unlikely to be the deciding factor in this thesis. Amazon has already gone through inflation, rate hikes, and pandemic volatility over the past several years without a structural slowdown in growth. The key drivers remain company-specific, especially AI demand in AWS, Trainium execution, and ongoing retail efficiency gains.

On pricing, Amazon remains the lowest-priced major online retailer for the ninth consecutive year, averaging about 14% below competitors according to Profitero⁴. That consistency matters because it anchors consumer expectations and strengthens Amazon’s position in a

down-trading environment, even when competition at the low end increases.

Valuation

Approach

We value Amazon using a discounted cash flow model built on the Sales Decomposition in our financial model. Revenue is forecast by segment through 2034, with a continuing value year in 2035. The WACC is 9.75%, built from a 4.05% risk-free rate (10-year Treasury), a beta of 1.23, and a 5.0% equity risk premium, blended with an after-tax cost of debt of 3.6%. The terminal NOPLAT growth rate is 2.5%, anchored to long-term nominal US GDP growth⁸. Our DCF yields a per-share value of \$170 today, while our SOTP based on FY2027E segment-level revenue and EBIT multiples yields \$305⁸. We triangulate to a 12-month price target of \$295, weighted toward SOTP.

Revenue Growth and the Service Pivot

We forecast 2026 consolidated revenue growth of 13.5%, driven mainly by AWS and continued strength in Advertising Services. The AWS outlook is supported by the \$244 billion backlog, which provides strong visibility into near-term demand and reduces uncertainty around growth assumptions.

In retail, the key structural shift is the ongoing mix change from first-party to third-party sales. We model a 150 basis point shift toward third-party, which mechanically slows reported Online Stores revenue growth. However, this shift is margin accretive at the consolidated level because Amazon earns higher-margin service fees while avoiding inventory and fulfillment risk. In other words, reported retail growth looks slightly weaker, but profitability improves underneath.

Operating Expenses and Margin Expansion

On the cost side, we model a margin compression cycle in 2026 and 2027 before margin expansion takes over. Our 2026 consolidated operating margin of 11.7% is below Q4 2025's 11.8% and below Bloomberg consensus of 12.5%², but consistent with management's Q1 2026 operating income guide of \$16.5 to \$21.5 billion which implies an OM around 11% at the midpoint¹. The compression reflects rising depreciation as the AI capex cycle hits the income statement before the corresponding revenue ramps. We

model the depreciation rate spiking to 22% of PPE in 2026 then gliding to 16% terminal, anchored to management's extension of server useful life from 5 to 6 years effective January 2024³.

From 2028 onward we model expansion to 18.7% terminal OM, driven by three forces. First, AWS scales from 18% of revenue in 2025 to 33% by 2035, and AWS carries a 36% terminal segment margin⁸. Second, advertising scales from roughly 10% of revenue today toward 13% by terminal year at a 45% segment margin, anchored to Bloomberg's 50% Ad operating margin estimate². Third, North America retail margin expands from 8% to 12% terminal as regionalization and automation work through the cost base. The same mix shift mechanically reduces consolidated COGS as a percentage of sales from 40.5% to 36% terminal, since AWS has dramatically lower variable cost intensity than retail.

The same shape shows up in ROIC. Using average invested capital, ROIC starts at 16% in 2026, troughs at 14.5% in 2027 as capex outpaces NOPLAT growth, then expands to 25% by 2035⁸. Even at the trough, ROIC remains 475 basis points above WACC. This is the playbook AWS executed during the 2014 to 2018 buildout, and it directly matches what Jassy described on the Q4 call as the path to "strong long-term return on invested capital"¹.

The key sensitivity is fulfillment efficiency. If in-region fulfillment rates plateau closer to 70% instead of our assumed 76%, we estimate roughly \$4.50 downside to our 12-month price target.

Capital Expenditure and FCF Compression

Our model fully incorporates the \$200 billion capex guidance for FY 2026¹. We assume capex glides up to a peak of \$230 billion in 2029 before normalizing to \$200 billion by 2033, anchored to management commentary that they expect to "add a lot more in 2026, 2027, and 2028"¹ combined with Bloomberg's estimate that AWS capex alone reaches \$165 billion in 2026². About 80% of this spending is growth-related, primarily tied to data centers and custom silicon buildout.

The key question we kept coming back to in the model is whether this capex is being funded by debt or by operating cash flow. Our debt schedule answers this clearly. Cumulative CFO over 2026 to 2035 is roughly \$3.1 trillion, against cumulative capex of \$2.1 trillion⁸. That leaves a \$1

trillion surplus over the decade, more than enough to fund both the capex cycle and roughly \$530 billion of buybacks. Net new debt issuance is only about \$40 billion, less than 2% of total capex spend. New term debt bridges a small funding gap in 2026 and 2027 when capex temporarily outruns CFO. This pattern mirrors Amazon's actual behavior in 2021 and 2022 when they issued \$22 billion during the post-COVID buildout, then paid down \$28 billion in 2023 and 2024 as CFO recovered³. The AI buildout follows the same shape.

The debt schedule itself is structured as four term tranches with fixed coupons between 3.5% and 5.0% based on Amazon's actual outstanding bonds, with refinancings of Tranche A in 2028 and Tranche B in 2031 modeled at then-prevailing rates of 4.5% to 5.0%. A revolver at SOFR plus 100 basis points serves as the cash plug if pre-revolver cash falls below a \$30 billion operating buffer. Bloomberg has flagged that Amazon recently received \$125 billion in oversubscribed bond orders, so debt capacity exists if the funding mix shifts².

As a result, our 2026 FCF estimate comes in below consensus. However, we expect a meaningful rebound in 2027 and 2028 as capital intensity normalizes and the deployed capacity converts the \$244 billion AWS backlog into revenue. We model capex declining from roughly 25% of revenue in 2026 toward about 12% terminal, which drives the recovery in free cash flow.

Capital Structure and Payout Policy

We model zero share repurchases in 2026 and 2027, consistent with management's focus on funding the AI capex cycle, and a phased ramp from \$10 billion in 2028 to \$100 billion per year by 2034 once FCF generation comfortably exceeds capex needs⁸. The cumulative buyback total over the decade is roughly \$530 billion, large but consistent with Apple's scale in absolute terms. We model debt growing modestly through 2030 to peak around \$103 billion before normalizing, with a four-tranche maturity ladder and a revolver plug.

In our framework, capital returns would actually be a negative signal at this stage. For example, a large unexpected buyback, such as \$20 billion, would suggest Amazon lacks high-return internal investment opportunities. That would conflict with our core view that AWS capacity buildout, AI infrastructure, and retail

efficiency improvements are still in early innings and remain high ROIC uses of capital.

Relationship to Consensus

S&P Global consensus sits at about \$280 per share, above our \$295 target⁸. The gap is mostly about how much weight to give SOTP versus DCF. Our SOTP at \$305 lines up reasonably close to consensus, while our DCF at \$170 reflects the near-term margin compression cycle that the SOTP partially smooths through 2027 segment-level multiples.

Investment Risks

Risk #1: FTC Antitrust Trial

The FTC antitrust trial is scheduled for March 2027 and targets Amazon's marketplace structure, specifically the link between Prime eligibility and Fulfillment by Amazon. The main risk is a structural remedy that forces Amazon to separate Prime benefits from its logistics network or allow third-party logistics providers to qualify for Prime, which could weaken lock-in in the third-party seller ecosystem. Bloomberg's legal coverage views the case as weak on the merits, which aligns with our base view, and the timing also leaves room for settlement given the trial is still over a year away. In a worst-case scenario where a structural remedy is imposed, we estimate high single-digit percentage downside to our price target, while more likely outcomes such as settlement or an FTC loss without major structural changes would have minimal to no impact on valuation.

Risk #2: Capex Digestion and FCF Compression

Our thesis assumes the \$244 billion AWS backlog converts into revenue at roughly current growth rates. If enterprise AI adoption slows or Trainium underperforms relative to merchant GPUs, backlog conversion could stretch out, extending the 2026 investment cycle and delaying free cash flow recovery. If FCF does not show clear improvement by 2028, the market could start viewing AWS capex as inefficient rather than growth-oriented, which would pressure the valuation multiple even if revenue continues to grow.

The secondary risk is capex overshoot. Bloomberg estimates hyperscaler capex in 2026 will be about 70%

higher than 2025 on an aggregate basis². If Amazon needs to spend above the current \$200 billion guide to keep pace with demand and competitors, the free cash flow trough becomes deeper and more prolonged. In that scenario, the market would likely struggle to fully discount additional upward revisions to capex.

Risk #3: Amazon Leo Execution

The Amazon Leo satellite program is expected to add roughly \$1 billion of incremental cost in 2026 with no meaningful revenue offset. Amazon currently has about 180 satellites in orbit, with 20+ additional launches planned in 2026 and 30+ in 2027, and commercial service expected to begin later this year. At this stage, the program is still in a heavy investment phase and is a drag on consolidated free cash flow.

Execution risk comes from both launch timing and monetization. FCC spectrum requirements also introduce regulatory constraints, which could create delays if rollout timelines slip. If commercial adoption takes longer than expected, Leo could remain a multi-year cash drag rather than transitioning into a contributing asset.

While this is a contained risk relative to Amazon's overall capex scale, it still matters at the margin for near-term free cash flow. For the program to be justified within the broader capital allocation framework, it needs to show clear commercial viability by around 2028.

Conclusion

The investment case for Amazon is mainly about timing. The market is reacting to the 2026 free cash flow compression instead of looking through to the revenue and margin profile this investment cycle is building. AWS is growing 24% on a \$142 billion run rate with a \$244 billion backlog. Advertising is growing 22% with incremental margins above 70%. Retail is already showing about 100 basis points of year-over-year margin expansion. All three segments are improving at the same time. The weak point in 2026 is free cash flow, but that mainly reflects upfront spending on infrastructure and chips that support revenue in 2027 and beyond.

If AI inference demand is structural rather than temporary, and if the AWS backlog represents real contracted demand rather than soft commitments, then the current valuation reflects a more negative view than the operating data

supports. Management effectively described AWS as supply constrained on the Q4 2025 call, which reinforces that demand is already there. In that context, the market's focus on near-term cash flow misses the longer-term earnings power being built.

Our price target is \$295, derived from a DCF of \$170 and a SOTP of \$305, weighted toward SOTP but acknowledging DCF captures the segment mix shift. That implies about 11% upside to the current price of \$265.06⁸. The model now captures the U-shape that management has been describing: consolidated operating margin compresses from 11.8% in 2025 to 11.7% in 2026 as the AI capex cycle hits depreciation before revenue ramps, then expands every year afterward to 18.7% terminal. ROIC follows the same shape, troughing at 14.5% in 2027 before climbing to 25% by 2035. We view that compression as the buying window rather than the risk.

We rate Amazon a BUY with a 12-month price target of \$295.

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6. IDC Cloud Infrastructure-as-a-Service Market Share, 2024 (\$158B IaaS market). Source for AWS 46.3% global share, Microsoft 16.9%, Google 6.9%, Oracle 0.7%.

7. Statista, Online Marketplaces' GMV — source for 2024 GMV comparisons (Amazon \$768B, Walmart \$121B, Shein \$38B, Temu \$54B).

8. Henry Fund Financial Model (Amazon, v12, April 2026). Internal DCF, SOTP, and segment-level forecast outputs including margin trajectory, ROIC trajectory, debt schedule, and capex funding analysis.

9. Wall Street Journal, “What Is Inference? Explaining the Massive New Shift in AI Computing”

10. McKinsey & Company, “Valuation: Measuring and Managing the Value of Companies” — methodology source for the continuing-value formula and economic-profit framework used in our DCF.

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Amazon.com (AMZN)

Segment Build — Retail / Advertising / AWS (Basis for SOTP)

Fiscal Year (Dec. 31)	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
REVENUE BY PRODUCT LINE (\$mm)															
Online stores	222,075	220,004	231,872	247,029	269,287	285,444	299,716	314,702	327,290	340,382	350,593	361,111	371,945	383,103	394,596
Physical stores	17,075	18,963	20,030	21,215	22,561	23,689	24,874	25,620	26,132	26,655	27,188	27,732	28,286	28,852	29,429
Third-party seller services	103,366	117,716	140,053	156,146	172,162	192,821	214,032	235,435	256,624	279,720	302,098	326,266	349,104	373,542	395,954
Advertising services	31,768	35,218	46,906	56,214	68,635	83,735	100,482	118,568	137,539	156,795	175,610	193,171	210,557	227,401	243,319
Subscription services	31,160	37,739	40,209	44,374	49,619	54,085	58,411	62,500	66,250	69,563	73,041	76,693	80,528	84,554	88,782
AWS	62,202	80,096	90,757	107,556	128,725	160,906	201,133	245,382	287,097	330,162	373,083	417,852	463,816	510,198	561,218
Other	2,176	4,247	4,958	5,425	5,935	6,469	6,987	7,476	7,999	8,479	8,988	9,437	9,909	10,404	10,925
Y/Y GROWTH RATE ASSUMPTIONS (FORECAST)															
Online stores growth		(0.9%)	5.4%	6.5%	9.0%	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Physical stores growth		11.1%	5.6%	5.9%	6.3%	5.0%	5.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Third-party seller services growth		13.9%	19.0%	11.5%	10.3%	12.0%	11.0%	10.0%	9.0%	9.0%	8.0%	8.0%	7.0%	7.0%	6.0%
Advertising services growth		10.9%	33.2%	19.8%	22.1%	22.0%	20.0%	18.0%	16.0%	14.0%	12.0%	10.0%	9.0%	8.0%	7.0%
Subscription services growth		21.1%	6.5%	10.4%	11.8%	21.1%	8.0%	7.0%	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
AWS growth		28.8%	13.3%	18.5%	19.7%	25.0%	25.0%	22.0%	17.0%	15.0%	13.0%	12.0%	11.0%	10.0%	10.0%
Other growth		95.2%	16.7%	9.4%	9.4%	9.0%	8.0%	7.0%	7.0%	6.0%	6.0%	5.0%	5.0%	5.0%	5.0%
Total Net Sales	469,822	513,983	574,785	637,959	716,924	807,150	905,634	1,009,683	1,108,932	1,211,755	1,310,601	1,412,262	1,514,145	1,618,054	1,724,222
Total Y/Y growth		9.4%	11.8%	11.0%	12.4%	12.6%	12.2%	11.5%	9.8%	9.3%	8.2%	7.8%	7.2%	6.9%	6.6%
SOTP RECLASSIFICATION — Retail / Advertising / AWS (\$mm)															
Revenue															
Retail (Online + Physical + 3P + Subscription + Other)	375,852	398,669	437,122	474,189	519,564	562,509	604,020	645,733	684,296	724,799	761,908	801,239	839,772	880,455	919,686
Advertising services	31,768	35,218	46,906	56,214	68,635	83,735	100,482	118,568	137,539	156,795	175,610	193,171	210,557	227,401	243,319
AWS	62,202	80,096	90,757	107,556	128,725	160,906	201,133	245,382	287,097	330,162	373,083	417,852	463,816	510,198	561,218
Total (check)	469,822	513,983	574,785	637,959	716,924	807,150	905,634	1,009,683	1,108,932	1,211,755	1,310,601	1,412,262	1,514,145	1,618,054	1,724,222
OPERATING INCOME BY SEGMENT (\$mm)															
Reported Segment Op. Income															
North America op. income	7,271	(2,847)	14,877	24,967	32,729	35,139	40,861	49,871	59,583	69,029	78,166	85,072	91,379	96,383	101,181
International op. income	(924)	(7,746)	(2,656)	3,792	5,850	7,109	7,750	10,509	12,430	14,546	16,242	17,775	19,352	21,022	22,388
AWS op. income	18,532	22,841	24,631	39,834	45,606	51,490	66,374	84,657	101,919	118,858	134,310	150,427	166,974	183,671	202,038
Total reported op. income	24,879	12,248	36,852	68,593	84,185	93,738	114,984	145,037	173,933	202,433	228,718	253,274	277,705	301,076	325,608
NA share of non-AWS revenue (forecast)						72.5%	72.5%	72.5%	72.5%	72.5%	72.5%	72.5%	72.5%	72.5%	72.5%
SEGMENT MARGIN ASSUMPTIONS (reported basis, % of segment sales)															
North America segment sales (derived)	279,833	315,880	352,828	387,497	426,305	468,526	510,764	554,118	595,831	639,155	679,701	720,947	761,488	803,196	843,178
International segment sales (derived)	127,787	118,007	131,200	142,906	161,894	177,717	193,738	210,183	226,005	242,438	257,817	273,463	288,840	304,660	319,826
NA operating margin	2.6%	(0.9%)	4.2%	6.4%	7.7%	7.5%	8.0%	9.0%	10.0%	10.8%	11.5%	11.8%	12.0%	12.0%	12.0%
International operating margin	(0.7%)	(6.6%)	(2.0%)	2.7%	3.6%	4.0%	4.0%	5.0%	5.5%	6.0%	6.3%	6.5%	6.7%	6.9%	7.0%
AWS operating margin	29.8%	28.5%	27.1%	37.0%	35.4%	32.0%	33.0%	34.5%	35.5%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
IMPUTED ADVERTISING ECONOMICS (strips ad profit out of NA/intl)															
Advertising operating margin (assumed)	25.0%	28.0%	32.0%	34.0%	35.0%	38.0%	40.0%	42.0%	43.0%	44.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Advertising op. income (imputed)	7,942	9,861	15,010	19,113	24,022	31,819	40,193	49,799	59,142	68,990	79,025	86,927	94,750	102,330	109,494
Retail op. income (= NA + Intl - Ad op.)	(1,595)	(20,454)	(2,789)	9,646	14,557	10,429	8,418	10,581	12,871	14,585	15,384	15,920	15,980	15,075	14,076
Retail revenue (for SOTP)	375,852	398,669	437,122	474,189	519,564	562,509	604,020	645,733	684,296	724,799	761,908	801,239	839,772	880,455	919,686
Retail implied op. margin	(0.4%)	(5.1%)	(0.6%)	2.0%	2.8%	1.9%	1.4%	1.6%	1.9%	2.0%	2.0%	2.0%	1.9%	1.7%	1.5%
SOTP SUMMARY — Three Businesses (\$mm)															
Revenue by business															
Retail	375,852	398,669	437,122	474,189	519,564	562,509	604,020	645,733	684,296	724,799	761,908	801,239	839,772	880,455	919,686
Advertising	31,768	35,218	46,906	56,214	68,635	83,735	100,482	118,568	137,539	156,795	175,610	193,171	210,557	227,401	243,319
AWS	62,202	80,096	90,757	107,556	128,725	160,906	201,133	245,382	287,097	330,162	373,083	417,852	463,816	510,198	561,218
Total	469,822	513,983	574,785	637,959	716,924	807,150	905,634	1,009,683	1,108,932	1,211,755	1,310,601	1,412,262	1,514,145	1,618,054	1,724,222
Operating income by business															
Retail	(1,595)	(20,454)	(2,789)	9,646	14,557	10,429	8,418	10,581	12,871	14,585	15,384	15,920	15,980	15,075	14,076
Advertising	7,942	9,861	15,010	19,113	24,022	31,819	40,193	49,799	59,142	68,990	79,025	86,927	94,750	102,330	109,494
AWS	18,532	22,841	24,631	39,834	45,606	51,490	66,374	84,657	101,919	118,858	134,310	150,427	166,974	183,671	202,038
Total	24,879	12,248	36,852	68,593	84,185	93,738	114,984	145,037	173,933	202,433	228,718	253,274	277,705	301,076	325,608
Operating margin by business															
Retail	(0.4%)	(5.1%)	(0.6%)	2.0%	2.8%	1.9%	1.4%	1.6%	1.9%	2.0%	2.0%	2.0%	1.9%	1.7%	1.5%
Advertising	25.0%	28.0%	32.0%	34.0%	35.0%	38.0%	40.0%	42.0%	43.0%	44.0%	45.0%	45.0%	45.0%	45.0%	45.0%
AWS	29.8%	28.5%	27.1%	37.0%	35.4%	32.0%	33.0%	34.5%	35.5%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%

AWS Revenue Build — Backlog & Capacity Driven

Fiscal Year (Dec. 31)	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
AWS Starting Point & Contracted Visibility													
Reported AWS revenue (\$mm)	90,757	107,556	128,725	160,906	201,133	245,382	287,097	330,162	373,083	417,852	463,816	510,198	561,218
Y/Y growth		18.5%	19.7%	25.0%	25.0%	22.0%	17.0%	15.0%	13.0%	12.0%	11.0%	10.0%	10.0%
AWS backlog (performance obligations, \$B)	111	175	244	329	422	514	602	680	762	838	913	986	1,065
Backlog Y/Y growth		57.7%	39.4%	35.0%	28.0%	22.0%	17.0%	13.0%	12.0%	10.0%	9.0%	8.0%	8.0%
Backlog / current-year revenue (x)	1.22x	1.63x	1.90x	2.05x	2.10x	2.10x	2.10x	2.06x	2.04x	2.01x	1.97x	1.93x	1.90x
Capacity Buildout (Power, GW)													
Cumulative AWS power capacity (GW)	4.5 GW	7.0 GW	10.9 GW	15.9 GW	21.4 GW	26.4 GW	30.4 GW	33.9 GW	36.9 GW	39.4 GW	41.4 GW	43.4 GW	45.4 GW
Net capacity adds (GW)		2.5 GW	3.9 GW	5.0 GW	5.5 GW	5.0 GW	4.0 GW	3.5 GW	3.0 GW	2.5 GW	2.0 GW	2.0 GW	2.0 GW
Revenue per GW (\$B/GW) — productivity	\$20.2	\$15.4	\$11.8	\$10.1	\$9.4	\$9.3	\$9.4	\$9.7	\$10.1	\$10.6	\$11.2	\$11.8	\$12.4
Custom Silicon Mix & Margin Support													
Trainium & Graviton annualized run-rate (\$B)	\$2.0 B	\$5.0 B	\$11.0 B	\$19.8 B	\$31.7 B	\$45.9 B	\$60.6 B	\$74.0 B	\$86.6 B	\$97.8 B	\$107.6 B	\$116.2 B	\$125.5 B
Y/Y growth		150.0%	120.0%	80.0%	60.0%	45.0%	32.0%	22.0%	17.0%	13.0%	10.0%	8.0%	8.0%
Custom silicon % of AWS revenue	2.2%	4.6%	8.5%	12.3%	15.8%	18.7%	21.1%	22.4%	23.2%	23.4%	23.2%	22.8%	22.4%
AWS Operating Economics													
AWS operating income (\$mm, from Segments sheet)	24,631	39,834	45,606	51,490	66,374	84,657	101,919	118,858	134,310	150,427	166,974	183,671	202,038
AWS operating margin	27.1%	37.0%	35.4%	32.0%	33.0%	34.5%	35.5%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%

Amazon
Normalized Income Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Sales	469,822	513,983	574,785	637,959	716,924	807,150	905,634	1,009,683	1,108,932	1,211,755	1,310,601	1,412,262	1,514,145	1,618,054	1,724,222
COGS excluding D&A	238,048	246,910	256,076	273,493	290,658	322,860	357,726	393,777	426,939	460,467	491,475	522,537	552,663	586,545	620,720
Depreciation	33,784	41,317	47,957	51,957	64,939	78,546	95,696	107,601	118,005	132,348	147,173	158,025	165,541	171,054	175,686
Amortization of Intangibles	512	604	706	838	817	889	889	889	889	889	889	889	889	889	889
Gross Income	197,478	225,152	270,046	311,671	360,510	404,855	451,324	507,417	563,099	618,051	671,063	730,811	795,052	859,566	926,927
SG&A Expense	172,537	211,641	232,427	242,315	275,896	310,753	344,141	378,631	410,305	442,291	471,816	504,884	537,521	570,364	603,478
EBIT (Operating Income)	24,941	13,511	37,619	69,356	84,614	94,102	107,183	128,785	152,794	175,760	199,247	225,927	257,530	289,202	323,450
Nonoperating Income - Net	2,178	-1,078	2,110	3,134	17,879	4,560	4,150	4,111	4,177	4,247	4,427	4,900	5,705	6,826	8,213
Interest Expense	1,809	2,367	3,182	2,406	2,274	3,145	3,625	4,207	4,727	5,016	4,931	4,979	4,979	4,979	4,458
Unusual Expense - Net	-12,841	16,002	-1,010	1,470	2,908	(2,243)	699	779	855	935	1,011	1,089	1,168	1,248	1,330
EBT (Pretax Income)	38,151	-5,936	37,557	68,614	97,311	97,760	107,009	127,910	151,389	174,056	197,733	224,759	257,088	289,801	325,875
Income Taxes	4,791	-3,217	7,120	9,265	19,087	21,489	24,111	26,881	29,524	32,261	34,893	37,599	40,312	43,078	45,905
Equity in Earnings of Affiliates	4	-3	-12	-101	-554	(624)	(700)	(780)	(857)	(936)	(1,013)	(1,091)	(1,170)	(1,250)	(1,332)
Net Income	33,364	-2,722	30,425	59,248	77,670	76,895	83,598	101,809	122,722	142,732	163,853	188,251	217,947	247,973	281,303
Per Share															
EPS (diluted)	3.24	-0.27	2.9	5.53	7.17	7.17	7.79	9.52	11.57	13.65	15.97	18.73	22.17	25.83	29.98
Total Shares Outstanding	10,180	10,242	10,383	10,593	10,731	10,731	10,731	10,698	10,603	10,456	10,261	10,052	9,831	9,600	9,382
EBITDA	59,237	55,432	86,282	122,151	150,370	173,537	203,768	237,276	271,688	308,998	347,309	384,841	423,960	461,145	500,024
EBIT	24,941	13,511	37,619	69,356	84,614	94,102	107,183	128,785	152,794	175,760	199,247	225,927	257,530	289,202	323,450

Amazon
Common Size Income Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COGS excluding D&A	50.67%	48.04%	44.55%	42.87%	40.54%	40.00%	39.50%	39.00%	38.50%	38.00%	37.50%	37.00%	36.50%	36.25%	36.00%
Depreciation	7.19%	8.04%	8.34%	8.14%	9.06%	9.73%	10.57%	10.66%	10.64%	10.92%	11.23%	11.19%	10.93%	10.57%	10.19%
Amortization of Intangibles	0.11%	0.12%	0.12%	0.13%	0.11%	0.11%	0.10%	0.09%	0.08%	0.07%	0.07%	0.06%	0.06%	0.05%	0.05%
Gross Income	42.03%	43.81%	46.98%	48.85%	50.29%	50.16%	49.84%	50.26%	50.78%	51.00%	51.20%	51.75%	52.51%	53.12%	53.76%
SG&A Expense	36.72%	41.18%	40.44%	37.98%	38.48%	38.50%	38.00%	37.50%	37.00%	36.50%	36.00%	35.75%	35.50%	35.25%	35.00%
Technology and infrastructure	11.93%	14.24%	14.90%	13.88%	15.14%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%	14.64%
Other SG&A	24.79%	26.93%	25.54%	24.10%	23.35%	24.33%	24.33%	24.33%	24.33%	24.33%	24.33%	24.33%	24.33%	24.33%	24.33%
EBIT (Operating Income)	5.31%	2.63%	6.54%	10.87%	11.80%	11.66%	11.84%	12.76%	13.78%	14.50%	15.20%	16.00%	17.01%	17.87%	18.76%
Nonoperating Income - Net	0.46%	-0.21%	0.37%	0.49%	2.49%	0.56%	0.46%	0.41%	0.38%	0.35%	0.34%	0.35%	0.38%	0.42%	0.48%
Interest Expense	0.39%	0.46%	0.55%	0.38%	0.32%	0.39%	0.40%	0.42%	0.43%	0.41%	0.38%	0.35%	0.33%	0.31%	0.26%
Unusual Expense - Net	-2.73%	3.11%	-0.18%	0.23%	0.41%	-0.28%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%
EBT (Pretax Income)	8.12%	-1.15%	6.53%	10.76%	13.57%	12.11%	11.82%	12.67%	13.65%	14.36%	15.09%	15.91%	16.98%	17.91%	18.90%
Income Taxes	1.02%	-0.63%	1.24%	1.45%	2.66%	2.66%	2.66%	2.66%	2.66%	2.66%	2.66%	2.66%	2.66%	2.66%	2.66%
Equity in Earnings of Affiliates	0.00%	0.00%	0.00%	-0.02%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%
Net Income	7.10%	-0.53%	5.29%	9.29%	10.83%	9.53%	9.23%	10.08%	11.07%	11.78%	12.50%	13.33%	14.39%	15.33%	16.31%
EPS (diluted)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Shares Outstanding	2.17%	1.99%	1.81%	1.66%	1.50%	1.33%	1.18%	1.06%	0.96%	0.86%	0.78%	0.71%	0.65%	0.59%	0.54%
EBITDA	12.61%	10.78%	15.01%	19.15%	20.97%	21.50%	22.50%	23.50%	24.50%	25.50%	26.50%	27.25%	28.00%	28.50%	29.00%
EBIT	5.31%	2.63%	6.54%	10.87%	11.80%	11.66%	11.84%	12.76%	13.78%	14.50%	15.20%	16.00%	17.01%	17.87%	18.76%

Amazon
Balance Sheet

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Cash	36,480	54,253	73,890	82,312	87,110	39,380	29,533	29,352	29,352	39,610	79,372	152,461	257,429	389,072	538,791
Short-Term Investments	59,829	16,138	13,393	22,423	36,219	37,496	38,818	40,187	41,604	43,071	44,590	46,162	47,789	49,474	51,219
Accounts Receivables, Net	32,631	41,995	51,750	51,918	67,429	71,424	80,139	89,346	98,129	107,228	115,974	124,970	133,986	143,181	152,575
Inventories	32,640	34,405	33,318	34,214	38,325	42,571	44,103	48,548	52,636	56,770	60,593	64,422	68,137	72,314	76,527
Total Current Assets	161,580	146,791	172,351	190,867	229,083	190,871	192,593	207,433	221,721	246,678	300,528	388,015	507,341	654,040	819,113
Net Property, Plant & Equipment	160,281	186,715	204,177	252,665	357,025	478,480	597,784	715,183	827,177	919,829	987,656	1,034,631	1,069,090	1,098,036	1,122,350
Operating Lease Right-of-Use Assets	56,082	66,123	72,513	76,141	86,054	86,054	86,054	86,054	86,054	86,054	86,054	86,054	86,054	86,054	86,054
Total Long-Term Investments	3,415	2,107	2,206	5,986	5,696	5,902	6,115	6,335	6,564	6,801	7,047	7,301	7,565	7,838	8,121
Intangible Assets	20,478	26,385	30,476	31,676	32,470	32,470	32,470	32,470	32,470	32,470	32,470	32,470	32,470	32,470	32,470
Other Assets	18,713	34,554	46,131	67,559	107,714	121,270	136,067	151,700	166,611	182,060	196,911	212,185	227,492	243,104	259,055
Total Assets	420,549	462,675	527,854	624,894	818,042	915,046	1,051,082	1,199,175	1,340,598	1,473,892	1,610,666	1,760,656	1,930,012	2,121,542	2,327,163
ST Debt & Curr. Portion LT Debt	9,574	7,396	10,526	6,392	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292	4,292
Current Operating Lease Obligations	6,349	7,458	8,419	10,546	12,655	12,655	12,655	12,655	12,655	12,655	12,655	12,655	12,655	12,655	12,655
Accounts Payable	78,664	79,600	84,981	94,363	121,909	135,415	150,039	165,159	179,069	193,131	206,137	219,165	231,800	246,011	260,345
Other Current Liabilities	47,679	60,939	60,991	68,130	79,149	89,110	99,983	111,470	122,427	133,779	144,691	155,915	167,163	178,634	190,356
Total Current Liabilities	142,266	155,393	164,917	179,431	218,005	241,472	266,969	293,576	318,443	343,857	367,775	392,027	415,910	441,592	467,648
Long-Term Debt excl Lease Obligations	48,744	67,150	58,314	52,623	65,648	75,000	85,000	96,777	103,539	101,000	103,000	103,000	103,000	103,000	83,000
Capital and Operating Lease Obligations	67,651	72,968	77,297	78,277	87,339	98,331	110,329	123,004	135,095	147,622	159,663	172,048	184,460	197,119	210,053
Other Liabilities	23,643	21,121	25,451	28,593	35,985	40,514	45,457	50,680	55,661	60,822	65,784	70,887	76,000	81,216	86,545
Total Liabilities	282,304	316,632	325,979	338,924	406,977	455,317	507,754	564,037	612,738	653,301	696,222	737,961	779,370	822,927	847,245
Common Stock & APIC	55,543	75,174	99,134	120,975	140,136	140,136	140,136	140,136	140,136	140,136	140,136	140,136	140,136	140,136	140,136
Retained Earnings	85,915	83,193	113,618	172,866	250,536	327,431	411,029	512,838	635,560	778,292	942,145	1,130,396	1,348,342	1,596,316	1,877,618
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	-	-	-	-1,948	-	-	-	-	-	-	-	-	-	-	-
Unrealized Gain/Loss Marketable Securities	0	0	0	0	30,170	-	-	-	-	-	-	-	-	-	-
Other Appropriated Reserves	-1,376	-4,487	-3,040	-34	8	-	-	-	-	-	-	-	-	-	-
Treasury Stock	-1,837	-7,837	-7,837	-7,837	-7,837	(7,837)	(7,837)	(17,837)	(47,837)	(97,837)	(167,837)	(247,837)	(337,837)	(437,837)	(537,837)
Total Shareholders' Equity	138,245	146,043	201,875	285,970	411,065	459,730	543,328	635,137	727,859	820,591	914,444	1,022,695	1,150,641	1,298,615	1,479,917
Total Liabilities & Shareholders' Equity	420,549	462,675	527,854	624,894	818,042	915,046	1,051,082	1,199,175	1,340,598	1,473,892	1,610,666	1,760,656	1,930,012	2,121,542	2,327,163

Amazon
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Cash	7.76%	10.56%	12.86%	12.90%	12.15%	4.88%	3.26%	2.91%	2.65%	3.27%	6.06%	10.80%	17.00%	24.05%	31.25%
Short-Term Investments	12.73%	3.14%	2.33%	3.51%	5.05%	4.65%	4.29%	3.98%	3.75%	3.55%	3.40%	3.27%	3.16%	3.06%	2.97%
Accounts Receivables, Net	6.95%	8.17%	9.00%	8.14%	9.41%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%	8.85%
Inventories	6.95%	6.69%	5.80%	5.36%	5.35%	5.27%	4.87%	4.81%	4.75%	4.68%	4.62%	4.56%	4.50%	4.47%	4.44%
Total Current Assets	34.39%	28.56%	29.99%	29.92%	31.95%	23.65%	21.27%	20.54%	19.99%	20.36%	22.93%	27.47%	33.51%	40.42%	47.51%
Net Property, Plant & Equipment	34.12%	36.33%	35.52%	39.61%	49.80%	59.28%	66.01%	70.83%	74.59%	75.91%	75.36%	73.26%	70.61%	67.86%	65.09%
Total Long-Term Investments	0.73%	0.41%	0.38%	0.94%	0.79%	0.73%	0.68%	0.63%	0.59%	0.56%	0.54%	0.52%	0.50%	0.48%	0.47%
Intangible Assets	4.36%	5.13%	5.30%	4.97%	4.53%	4.02%	3.59%	3.22%	2.93%	2.68%	2.48%	2.30%	2.14%	2.01%	1.88%
Other Assets	3.98%	6.72%	8.03%	10.59%	15.02%	15.02%	15.02%	15.02%	15.02%	15.02%	15.02%	15.02%	15.02%	15.02%	15.02%
Total Assets	89.51%	90.02%	91.84%	97.95%	114.10%	113.37%	116.06%	118.77%	120.89%	121.63%	122.90%	124.67%	127.47%	131.12%	134.97%
ST Debt & Curr. Portion LT Debt	2.04%	1.44%	1.83%	1.00%	0.60%	0.53%	0.47%	0.43%	0.39%	0.35%	0.33%	0.30%	0.28%	0.27%	0.25%
Accounts Payable	16.74%	15.49%	14.78%	14.79%	17.00%	16.78%	16.57%	16.36%	16.15%	15.94%	15.73%	15.52%	15.31%	15.20%	15.10%
Other Current Liabilities	10.15%	11.86%	10.61%	10.68%	11.04%	11.04%	11.04%	11.04%	11.04%	11.04%	11.04%	11.04%	11.04%	11.04%	11.04%
Accrued Payroll	0.00%	0.00%	0.00%	0.00%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%
Miscellaneous Current Liabilities	10.15%	11.86%	10.61%	10.68%	9.58%	9.58%	9.58%	9.58%	9.58%	9.58%	9.58%	9.58%	9.58%	9.58%	9.58%
Total Current Liabilities	30.28%	30.23%	28.69%	28.13%	30.41%	29.92%	29.48%	29.08%	28.72%	28.38%	28.06%	27.76%	27.47%	27.29%	27.12%
Long-Term Debt excl Lease Obligations	10.37%	13.06%	10.15%	8.25%	9.16%	9.29%	9.39%	9.58%	9.34%	8.34%	7.86%	7.29%	6.80%	6.37%	4.81%
Capital and Operating Lease Obligations	14.40%	14.20%	13.45%	12.27%	12.18%	12.18%	12.18%	12.18%	12.18%	12.18%	12.18%	12.18%	12.18%	12.18%	12.18%
Other Liabilities	5.03%	4.11%	4.43%	4.48%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%	5.02%
Total Liabilities	60.09%	61.60%	56.71%	53.13%	56.77%	56.41%	56.07%	55.86%	55.25%	53.91%	53.12%	52.25%	51.47%	50.86%	49.14%
Common Stock & APIC	11.82%	14.63%	17.25%	18.96%	19.55%	17.36%	15.47%	13.88%	12.64%	11.56%	10.69%	9.92%	9.26%	8.66%	8.13%
Retained Earnings	18.29%	16.19%	19.77%	27.10%	34.95%	40.57%	45.39%	50.79%	57.31%	64.23%	71.89%	80.04%	89.05%	98.66%	108.90%
Cumulative Translation Adjustment/Unrealized For. Exch. Gain	0.00%	0.00%	0.00%	0.00%	-0.27%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unrealized Gain/Loss Marketable Securities	0.00%	0.00%	0.00%	0.00%	4.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Appropriated Reserves	-0.29%	-0.87%	-0.53%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Treasury Stock	-0.39%	-1.52%	-1.36%	-1.23%	-1.09%	-0.97%	-0.87%	-1.77%	-4.31%	-8.07%	-12.81%	-17.55%	-22.31%	-27.06%	-31.19%
Total Shareholders' Equity	29.42%	28.41%	35.12%	44.83%	57.34%	56.96%	59.99%	62.90%	65.64%	67.72%	69.77%	72.42%	75.99%	80.26%	85.83%
Total Liabilities & Shareholders' Equity	89.51%	90.02%	91.84%	97.95%	114.10%	113.37%	116.06%	118.77%	120.89%	121.63%	122.90%	124.67%	127.47%	131.12%	134.97%

Amazon
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025
Net Income	33,364	-2,722	30,425	59,248	77,670
Depreciation, Depletion & Amortization	34,296	41,921	48,663	52,795	65,756
Deferred Taxes	-310	-8,148	-5,876	-4,648	11,470
Other Funds	-1,412	36,587	23,275	24,023	4,587
Funds from Operations	65,938	67,638	96,487	131,418	159,483
Changes in Working Capital	-19,611	-20,886	-11,541	-15,541	-19,969
Net Operating Cash Flow	46,327	46,752	84,946	115,877	139,514
Capital Expenditures	-61,053	-63,645	-52,729	-82,999	-131,819
Net Assets from Acquisitions	-1,985	-8,316	-5,839	-7,082	-3,841
Sale of Fixed Assets & Businesses	5,657	5,324	4,596	5,341	3,499
Purchase/Sale of Investments	-773	29,036	4,139	-9,602	-10,384
Net Investing Cash Flow	-58,154	-37,601	-49,833	-94,342	-142,545
Repurchase of Common & Preferred Stk.	0	-6,000	0	0	0
Issuance/Reduction of Debt, Net	6,291	15,718	-15,879	-11,812	9,661
Net Financing Cash Flow	6,291	9,718	-15,879	-11,812	9,661
Exchange Rate Effect	-364	-1,093	403	-1,301	1,164
Net Change in Cash	-5,900	17,776	19,637	8,422	7,794

Amazon
Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Operating Cash Flows:										
Net Income	76,895	83,598	101,809	122,722	142,732	163,853	188,251	217,947	247,973	281,303
Plus: Depreciation	78,546	95,696	107,601	118,005	132,348	147,173	158,025	165,541	171,054	175,686
Change in Accounts Receivable	(3,995)	(8,715)	(9,207)	(8,782)	(9,099)	(8,747)	(8,996)	(9,016)	(9,195)	(9,395)
Change in Inventories	(4,246)	(1,532)	(4,445)	(4,089)	(4,134)	(3,823)	(3,830)	(3,714)	(4,177)	(4,213)
Change in Other Assets	(13,556)	(14,797)	(15,633)	(14,912)	(15,449)	(14,851)	(15,274)	(15,307)	(15,612)	(15,951)
Change in Operating Leases ROU Assets	-	-	-	-	-	-	-	-	-	-
Change in Accounts Payable	13,506	14,624	15,121	13,909	14,062	13,006	13,028	12,635	14,211	14,334
Change in Other Current Liabilities	9,961	10,873	11,487	10,957	11,352	10,913	11,224	11,248	11,472	11,721
Change in Other Liabilities	4,529	4,943	5,223	4,982	5,161	4,961	5,103	5,114	5,216	5,329
Change in Operating Leases ROU Liabilities	10,992	11,998	12,676	12,091	12,526	12,042	12,385	12,412	12,659	12,934
Cash Flow from Operations	172,631	196,688	224,632	254,883	289,501	324,526	359,916	396,860	433,601	471,747
Investing Cash Flows:										
Purchases in PP&E	(200,000)	(215,000)	(225,000)	(230,000)	(225,000)	(215,000)	(205,000)	(200,000)	(200,000)	(200,000)
Changes in ST Investments	(1,277)	(1,322)	(1,369)	(1,417)	(1,467)	(1,519)	(1,572)	(1,628)	(1,685)	(1,744)
Changes in LT Investments	(206)	(213)	(221)	(229)	(237)	(246)	(254)	(264)	(273)	(283)
Change in Goodwill and intangibles	-	-	-	-	-	-	-	-	-	-
Cash Flow from Investing	-201,483	-216,535	-226,589	-231,646	-226,704	-216,764	-206,827	-201,891	-201,958	-202,027
Financing Cash Flows										
Debt Issuance	9,352	10,000	11,777	6,762	(2,539)	2,000	-	-	-	(20,000)
Money Spent on share repurchases	-	-	(10,000)	(30,000)	(50,000)	(70,000)	(80,000)	(90,000)	(100,000)	(100,000)
Change in Accumulated other comprehensive loss	(28,230)	-	-	-	-	-	-	-	-	-
Cash Flow from Financing	(18,878)	10,000	1,777	(23,238)	(52,539)	(68,000)	(80,000)	(90,000)	(100,000)	(120,000)
Cash at beg.	87,110	39,380	29,533	29,352	29,352	39,610	79,372	152,461	257,429	389,072
Net Change in Cash	(47,730)	(9,847)	(181)	-	10,258	39,762	73,089	104,968	131,642	149,720
Cash at end.	39,380	29,533	29,352	29,352	39,610	79,372	152,461	257,429	389,072	538,791

Amazon
Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:	
Risk-Free Rate	4.05%
Beta	1.23
Equity Risk Premium	5.00%
Cost of Equity	10.20%

ASSUMPTIONS:
10-year Treasury Bond
3-year Adjusted Beta (FactSet)
HF Consensus

Cost of Debt:	
Risk-Free Rate	4.05%
Implied Default Premium	0.81%
Pre-Tax Cost of Debt	4.86%
Marginal Tax Rate	25%
After-Tax Cost of Debt	3.65%

10-year Treasury Bond
YTM on Company's 2034 Bond from Bloomberg

Market Value of Common Equity:	
Total Shares Outstanding	10,731
Current Stock Price	\$265.06
MV of Equity	2,844,358.86

MV Weights

94.76%

Market Value of Debt:	
Short-Term Debt & Current Portion of LTD	4,292
Long-Term Debt	65,648
PV of Operating Leases	87,339
MV of Total Debt	157,279.00

5.24%

Market Value of the Firm **3,001,637.86**

100.00%

Estimated WACC

9.86%

Amazon

Value Driver Estimation

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT:	24,941	13,511	37,619	69,356	84,614	94,102	107,183	128,785	152,794	175,760	199,247	225,927	257,530	289,202	323,450
Less: Adjusted Taxes															
Provision for Income Taxes	4,791	(3,217)	7,120	9,265	19,087	21,489	24,111	26,881	29,524	32,261	34,893	37,599	40,312	43,078	45,905
Plus: Interest expense * Tax Rate	452	592	796	602	569	786	906	1,052	1,182	1,254	1,233	1,245	1,245	1,245	1,114
Less: Interest income * Tax Rate	112	247	737	1,169	1,095	1,353	1,276	1,294	1,337	1,381	1,452	1,597	1,825	2,133	2,508
Plus: Other income (expense) * Tax Rate	433				3,375										
Less: Other income (expense) * Tax Rate		(517)	(210)	(386)		(213)	(239)	(266)	(292)	(319)	(345)	(372)	(399)	(427)	(455)
Plus: Unusual Expense, Net * Tax Rate		4,001		368	727	(561)	175	195	214	234	253	272	292	312	332
Less: Unusual Income, Net * Tax Rate	3,210		253												
Total Adjusted Taxes	2,354	1,645	7,136	9,451	22,662	20,575	24,154	27,100	29,875	32,687	35,271	37,891	40,422	42,928	45,298
NOPLAT:	22,588	11,866	30,484	59,906	61,952	73,528	83,028	101,685	122,919	143,073	163,976	188,036	217,108	246,273	278,151
Invested Capital (IC):															
Plus: Operating Current Assets															
Normal Cash (% of Sales)	36,480	39,909	44,630	49,535	55,667	62,672	70,319	78,398	86,105	94,088	101,763	109,657	117,568	125,636	133,880
Accounts receivable, net	32,631	41,995	51,750	51,918	67,429	71,424	80,139	89,346	98,129	107,228	115,974	124,970	133,986	143,181	152,575
Inventories	32,640	34,405	33,318	34,214	38,325	42,571	44,103	48,548	52,636	56,770	60,593	64,422	68,137	72,314	76,527
Less: Non Interest-Bearing Current Liabilities															
Accounts payable	78,664	79,600	84,981	94,363	121,909	135,415	150,039	165,159	179,069	193,131	206,137	219,165	231,800	246,011	260,345
Accrued payroll	-	-	-	-	10,500	11,821	13,264	14,788	16,241	17,747	19,195	20,684	22,176	23,698	25,253
Miscellaneous Current Liabilities	47,679	60,939	60,991	68,130	68,649	77,289	86,719	96,682	106,186	116,032	125,496	135,231	144,987	154,937	165,103
Plus: Net Property, Plant & Equipment															
Net property and equipment	160,281	186,715	204,177	252,665	357,025	478,480	597,784	715,183	827,177	919,829	987,656	1,034,631	1,069,090	1,098,036	1,122,350
Plus: Net Other Operating Assets															
Right-of-use assets	56,082	66,123	72,513	76,141	86,054	86,054	86,054	86,054	86,054	86,054	86,054	86,054	86,054	86,054	86,054
Less: Other Operating Liabilities															
Total Invested Capital	191,771	228,608	260,416	301,980	403,442	516,676	628,378	740,900	848,606	937,059	1,001,213	1,044,656	1,075,872	1,100,575	1,120,686
Free Cash Flow (FCF):															
NOPLAT	22,588	11,866	30,484	59,906	61,952	73,528	83,028	101,685	122,919	143,073	163,976	188,036	217,108	246,273	278,151
Change in IC		36,837	31,808	41,564	101,461	113,234	111,702	112,522	107,706	88,454	64,154	43,443	31,216	24,703	20,111
FCF	22,588	-24,971	-1,325	18,341	-39,509	-3,9706	-2,8674	-1,0837	15,213	5,4619	9,9822	14,4593	18,5892	22,1570	25,8040
Return on Invested Capital (ROIC):															
NOPLAT		11,866	30,484	59,906	61,952	73,528	83,028	101,685	122,919	143,073	163,976	188,036	217,108	246,273	278,151
Beginning IC		191,771	228,608	260,416	301,980	403,442	516,676	628,378	740,900	848,606	937,059	1,001,213	1,044,656	1,075,872	1,100,575
ROIC		6.2%	13.3%	23.0%	20.5%	18.2%	16.1%	16.2%	16.6%	16.9%	17.5%	18.8%	20.8%	22.9%	25.3%
Economic Profit (EP):															
Beginning IC		191,771	228,608	260,416	301,980	403,442	516,676	628,378	740,900	848,606	937,059	1,001,213	1,044,656	1,075,872	1,100,575
x (ROIC - WACC)		-3.67%	3.48%	13.15%	10.66%	8.37%	6.21%	6.33%	6.73%	7.00%	7.64%	8.92%	10.93%	13.03%	15.42%
EP	0	-7036	7951	34238	32187	33762	32102	39749	49892	59430	71614	89351	114141	140230	169673

Key Inputs:

CV Growth of NOPLAT	4.00%
CV Year ROIC	25.3%
WACC	9.86%
Cost of Equity	10.20%

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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DCF Model:

Free Cash Flow (FCF)	-39706	-28674	-10837	15213	54619	99822	144593	185892	221570	258040
Continuing Value (CV)										3997726
PV of FCF	-36144	-23759	-8174	10445	34136	56790	74880	87630	95078	1715458

Value of Operating Assets:

2006340	
Non-Operating Adjustments:	
+ Excess Cash	31443
+ Other Assets, net	107714
+ ST + LT Investments	41915
+ Intangible Assets	32470
- ST Debt & Curr. Portion LT Debt	(4,292)
- Long-Term Debt excl Lease Obligations	(65,648)
- Current Operating Lease Obligations	(12,655)
- Capital and Operating Lease Obligations	(87,339)
- Other Liabilities	(35,985)
Value of Equity	2,013,964
Shares Outstanding	10731
Intrinsic Value of Last FYE	\$187.68
Implied Price as of Today	\$ 190.04

EP Model:

Economic Profit (EP)	33762	32102	39749	49892	59430	71614	89351	114141	140230	169673
Continuing Value (CV)										2897151
PV of EP	30733	26600	29981	34255	37143	40742	46272	53807	60174	1243192

Total PV of EP

1602899	
Invested Capital (last FYE)	403442
Value of Operating Assets:	2006340
Non-Operating Adjustments:	7623
+ Excess Cash	31,443
+ Other Assets, net	107,714
+ ST + LT Investments	41,915
+ Intangible Assets	32,470
- ST Debt & Curr. Portion LT Debt	(4,292)
- Long-Term Debt excl Lease Obligations	(65,648)
- Current Operating Lease Obligations	(12,655)
- Capital and Operating Lease Obligations	(87,339)
- Other Liabilities	(35,985)
Value of Equity	2,013,964
Shares Outstanding	10731
Intrinsic Value of Last FYE	\$187.68
Implied Price as of Today	\$ 190.04

Sum-of-the-Parts Valuation

Three independent businesses: Retail, Advertising, AWS — valued on segment-specific multiples

Business	FY2027E Revenue (\$mm)	FY2027E Op. Income (\$mm)	Op. Margin	EV/Revenue (x)	EV/EBIT (x)	EV — Revenue (\$mm)	EV — EBIT (\$mm)	Avg EV (\$mm)	% of Total EV
Retail	604,020	8,418	1.4%	1.0x	15.0x	604,020	126,269	365,145	10.8%
Advertising	100,482	40,193	40.0%	8.0x	18.0x	803,853	723,468	763,660	22.7%
AWS	201,133	66,374	33.0%	15.0x	22.0x	3,016,992	1,460,224	2,238,608	66.5%
Total Enterprise Value	905,634	114,984				4,424,865	2,309,961	3,367,413	

Bridge to Equity Value

Enterprise Value (avg of Rev & EBIT multiples)	3,367,413
Plus: Excess Cash + ST Investments	67,662
Plus: Long-term investments	5,696
Less: Short-term debt	(4,292)
Less: Long-term debt	(65,648)
Less: Operating lease obligations (PV)	(87,339)
Equity Value (\$mm)	3,283,493
Shares Outstanding (mm)	10,731
SOTP Value per Share	\$305.98
Current Share Price	\$265.06
Implied Upside / (Downside)	15.4%

Cross-check: DCF Value per Share (from DCF_EP sheet) \$187.68

SOTP Sensitivity — AWS EV/Revenue Multiple × Advertising EV/Revenue Multiple

AWS EV/Rev (x) \ Ad EV/Rev (x)	5.0x	6.0x	7.0x	8.0x	9.0x	10.0x
7.0x	\$237.79	\$247.16	\$256.52	\$265.88	\$275.25	\$284.61
8.5x	\$265.91	\$275.27	\$284.63	\$294.00	\$303.36	\$312.73
10.0x	\$294.02	\$303.39	\$312.75	\$322.11	\$331.48	\$340.84
11.5x	\$322.14	\$331.50	\$340.86	\$350.23	\$359.59	\$368.96
13.0x	\$350.25	\$359.62	\$368.98	\$378.34	\$387.71	\$397.07
14.5x	\$378.37	\$387.73	\$397.09	\$406.46	\$415.82	\$425.18

Ticker	Company	Segment	EPS Price	EPS 2026E	EPS 2027E	P/E 26E
MSFT	Microsoft	Cloud	440.00	15.80	18.20	27.8x
GOOGL	Alphabet	Cloud/Ads	175.00	9.60	11.00	18.2x
ORCL	Oracle	Cloud	170.00	7.10	8.20	23.9x
META	Meta Platforms	Advertising	620.00	27.50	31.00	22.5x
TTD	The Trade Desk	Advertising	90.00	1.95	2.40	46.2x
WMT	Walmart	Retail	95.00	2.80	3.10	33.9x
COST	Costco	Retail	950.00	18.50	20.20	51.4x
TGT	Target	Retail	145.00	9.60	10.50	15.1x

Implied Share Price

P/E 2026E × Amazon EPS 2026E (blended peer avg) \$225.56

P/E 2027E × Amazon EPS 2027E (blended peer avg) \$213.90

Amazon

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	0
Average Time to Maturity (years):	0.00
Expected Annual Number of Options Exercise	0

Current Average Strike Price:	\$ -
Cost of Equity:	6.31%
Current Stock Price:	\$265.06

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Increase in Shares Outstanding:	0	0	0	0	0	0	0	0	0	0
Average Strike Price:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Common Stock Account:	-	-	-	-	-	-	-	-	-	-
Share Repurchases (\$)	0	0	10,000	30,000	50,000	70,000	80,000	90,000	100,000	100,000
Expected Price of Repurchased Shares:	\$ 265.06	\$ 281.79	\$ 299.57	\$ 318.47	\$ 338.56	\$ 359.93	\$ 382.64	\$ 406.78	\$ 432.45	\$ 459.74
Number of Shares Repurchased:	-	-	33	94	148	194	209	221	231	218
Shares Outstanding (beginning of the year)	10,731	10,731	10,731	10,698	10,603	10,456	10,261	10,052	9,831	9,600
Plus: Shares Issued Through ESOP	0	0	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	-	-	33	94	148	194	209	221	231	218
Shares Outstanding (end of the year)	10,731	10,731	10,698	10,603	10,456	10,261	10,052	9,831	9,600	9,382