招銀国际
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Amazon (AMZN US)

Acceleration in cloud revenue growth better than expected

Amazon announced (31 Oct HKT) 3Q25 results: revenue was US$180.2bn, up 13.4% YoY (3Q24: 11.0%), 2/1% better than our forecast/Bloomberg consensus estimate, and total operating profit was US$17.4bn, flat YoY. Excluding the impact of two special charges (US$2.5bn related to a legal settlement with the Federal Trade Commission and US$1.8bn in estimated severance cost related to planned role eliminations), OP would reach US$21.7bn (vs consensus at US$19.8bn), up 25% YoY. In 3Q25, YoY revenue growth of AWS accelerated to 20.2% (2Q25: 17.5%; 3Q24: 19.1%), 2ppts ahead of consensus, driven by strong demand and relaxation of supply constraints, and the optimization in cost to serve as well as solid ads revenue growth (24% YoY) continue to drive margin expansion of both North America (NA) and International business (after excluding impact of special charges). Management guided for US$206.0bn-213.0bn revenue for 4Q25E (consensus: US$208.5bn), implying 10-13% YoY growth, and US$21-26bn operating profit (consensus: US$23.8bn). For 2025E, we raise revenue forecast by 1% to account for better-than-expected revenue growth in both AWS and e-commerce business, but lower OP by 5% to factor in the one-off charges. We lift TP by 7% to US$269.0, based on 17.5x EV/EBITDA (was 17.0x), in line with two-year average trading range. BUY.

- **AWS: gradual relaxation in supply constraints aided acceleration in revenue growth.** In 3Q25, AWS inked revenue of US$33.0bn, up 20.2% YoY, and OP for AWS segment was US$11.4bn, up 9% YoY and 3% better than consensus, translating into a 34.6% OPM (3Q24: 38.1%; 2Q25: 32.9%). For Capex, cash capex plus finance leases was US$34.2bn in 3Q25 (2Q25: US$31.4bn). Management expects 2025E capex to reach US$125bn, and the total amount to increase further in 2026E. Management highlighted that the backlog for AWS has reached US$200bn in 3Q25, and the company has been accelerating capacity to fulfil the demand. Amazon has added more than 3.8 gigawatts of power in the past 12 months, and expects to add at least another one gigawatt of power in 4Q25, and to double overall capacity by the end of 2027.
- **Margin expansion trend continued for e-commerce business if excluding one-off charges.** In 3Q25, Amazon's NA business recorded revenue of US$106.3bn, up 11.2% YoY, 1% better than consensus. OP of NA segment would be in line with consensus if adding back US$2.5bn legal settlement charges. For international segment, revenue was US$40.9bn, up 14% YoY, inline with consensus, and management noted that OPM would have expanded YoY if excluding the impact for severance charges.
- **Update on AI related applications and business initiatives:** 1) Trainium: Trainium2 is now a multi-billion dollar revenue business that grew by 150% QoQ, and Trainium3, which management expects to achieve 40% better price performance compared to that of Trainium2, should preview by end-2025 with fuller volumes coming in in the beginning of 2026; 2) Rufus, the AI-powered shopping assistant, has had 250mn active customers in 2025 with monthly users up 140% YoY in 3Q25, and customers using Rufus during a shopping trip being 60% more likely to complete a purchase; 3) empowering sellers: more than 1.3mn sellers have used Amazon's Gen-AI capabilities to more quickly launch high quality listings, and this translates into better traction with customers, and propels an increase in third-party seller unit mix by 200bps to 62% in 3Q25.

BUY (Maintain)

Target Price	**US$269.00**
(Previous TP	US$252.00)
Up/Downside	**20.7%**
Current Price	**US$222.86**

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Stock Data

Mkt Cap (US$ mn)	2,406,585.9
Avg 3 mths t/o (US$ mn)	4,565.2
52w High/Low (US$)	242.06/167.32
Total Issued Shares (mn)	10798.6

Source: FactSet

Shareholding Structure

Jeffrey P. Bezos	9.0%
The Vanguard Group, Inc.	7.2%

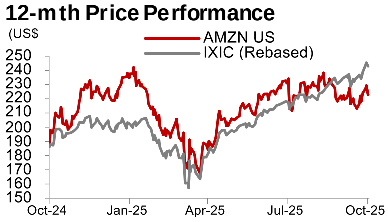
Source: Nasdaq

Share Performance

	Absolute	Relative
1-mth	1.5%	-2.5%
3-mth	-4.8%	-14.7%
6-mth	20.8%	-10.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US$ mn)	574,785	637,959	714,718	795,464	880,370
YoY growth (%)	11.8	11.0	12.0	11.3	10.7
Net profit (US$ mn)	30,425.0	59,248.0	76,752.4	85,893.9	106,198.8
YoY growth (%)	na	94.7	29.5	11.9	23.6
EPS (Reported) (US$)	2.90	5.61	7.19	7.98	9.78
Consensus EPS (US$)	na	na	6.69	7.63	9.32
P/E (x)	76.9	39.8	31.0	27.9	22.8
P/B (x)	11.6	8.5	6.0	4.8	3.8

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	3Q25 Consensus	Diff%
Online Stores	**54.7**	**55.4**	**61.4**	**75.6**	**57.4**	**61.5**	**67.4**	**66.9**	**0.7%**
YoY Growth	*7.0%*	*4.6%*	*7.2%*	*7.1%*	*5.0%*	*11.0%*	*9.8%*		
Third-Party Seller Services	**34.6**	**36.2**	**37.9**	**47.5**	**36.5**	**40.3**	**42.5**	**42.1**	**1.0%**
YoY Growth	*16.0%*	*12.0%*	*10.3%*	*9.0%*	*5.5%*	*11.5%*	*12.2%*		
AWS	**25.0**	**26.3**	**27.5**	**28.8**	**29.3**	**30.9**	**33.0**	**32.4**	**1.9%**
YoY Growth	*17.2%*	*18.7%*	*19.1%*	*18.9%*	*16.9%*	*17.5%*	*20.2%*		
Subscription Services	**10.7**	**10.9**	**11.3**	**11.5**	**11.7**	**12.2**	**12.6**	**12.5**	**0.6%**
YoY Growth	*11.0%*	*9.8%*	*10.9%*	*9.7%*	*9.3%*	*12.4%*	*11.5%*		
Advertising Services	**11.8**	**12.8**	**14.3**	**17.3**	**13.9**	**15.7**	**17.7**	**17.3**	**2.1%**
YoY Growth	*24.3%*	*19.5%*	*18.8%*	*18.0%*	*17.7%*	*22.9%*	*23.5%*		
Physical Stores	**5.2**	**5.2**	**5.2**	**5.6**	**5.5**	**5.6**	**5.6**	**5.6**	**0.3%**
YoY Growth	*6.3%*	*3.6%*	*5.4%*	*8.3%*	*6.4%*	*7.5%*	*6.7%*		
Others	**1.3**	**1.3**	**1.3**	**1.6**	**1.3**	**1.5**	**1.4**	**1.1**	**33.9%**
YoY Growth	*22.9%*	*-6.3%*	*7.1%*	*16.8%*	*4.0%*	*19.0%*	*7.8%*		
Total revenue	**143.3**	**148.0**	**158.9**	**187.8**	**155.7**	**167.7**	**180.2**	**177.8**	**1.3%**
YoY Growth	***12.5%***	***10.1%***	***11.0%***	***10.5%***	***8.6%***	***13.3%***	***13.4%***		
Gross profit	70.7	74.2	77.9	88.9	78.7	86.9	91.5	88.9	2.9%
Operating profit	**15.3**	**14.7**	**17.4**	**21.2**	**18.4**	**19.2**	**17.4**	**19.8**	**-11.9%**
Net profit	**10.4**	**13.5**	**15.3**	**20.0**	**17.1**	**18.2**	**21.2**	16.9	**25.5%**
Revenue breakdown by segment									
North America	**86.3**	**90.0**	**95.5**	**115.6**	**92.9**	**100.1**	**106.3**	**105.0**	**1.2%**
YoY Growth	*12.3%*	*9.1%*	*8.7%*	*9.5%*	*7.6%*	*11.1%*	*11.2%*		
% of total revenue	60.2%	60.8%	60.1%	61.6%	59.7%	59.7%	59.0%		
International revenue	**31.9**	**31.7**	**35.9**	**43.4**	**33.5**	**36.8**	**40.9**	**40.8**	**0.3%**
YoY Growth	*9.7%*	*6.6%*	*11.7%*	*7.9%*	*4.9%*	*16.1%*	*14.0%*		
% of total revenue	22.3%	21.4%	22.6%	23.1%	21.5%	21.9%	22.7%		
AWS	**25.0**	**26.3**	**27.5**	**28.8**	**29.3**	**30.9**	**33.0**	**32.4**	**1.9%**
YoY Growth	*17.2%*	*18.7%*	*19.1%*	*18.9%*	*16.9%*	*17.5%*	*20.2%*		
% of total revenue	17.5%	17.8%	17.3%	15.3%	18.8%	18.4%	18.3%		
OP breakdown by segment									
North America	**5.0**	**5.1**	**5.7**	**9.3**	**5.8**	**7.5**	**4.8**	**7.3**	-34.5%
OPM	5.8%	5.6%	5.9%	8.0%	6.3%	7.5%	4.5%	7.0%	-2.5 ppt
International	**0.9**	**0.3**	**1.3**	**1.3**	**1.0**	**1.5**	**1.2**	**1.6**	-25.6%
OPM	2.8%	0.9%	3.6%	3.0%	3.0%	4.1%	2.9%	4.0%	-1.0 ppt
AWS	**9.4**	**9.3**	**10.4**	**10.6**	**11.5**	**10.2**	**11.4**	**11.1**	3.3%
OPM	37.6%	35.5%	38.1%	36.9%	39.5%	32.9%	34.6%	34.2%	0.5 ppt
YoY Growth	*83.9%*	*74.0%*	*49.8%*	*48.3%*	*22.6%*	*8.8%*	*9.4%*		
Margins (%)									
GPM	**49.3%**	**50.1%**	**49.0%**	**47.3%**	**50.6%**	**51.8%**	**50.8%**	**50.0%**	0.8 ppt
OPM	**10.7%**	**9.9%**	**11.0%**	**11.3%**	**11.8%**	**11.4%**	**9.7%**	**11.1%**	-1.5 ppt
NPM	**7.3%**	**9.1%**	**9.6%**	**10.7%**	**11.0%**	**10.8%**	**11.8%**	**9.5%**	2.3 ppt

Source: Bloomberg, CMBIGM

Changes in forecast and valuation

Figure 2: Amazon forecast revision

	Current			Previous			Change (%)		
USD bn	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	714.7	795.5	880.4	707.5	781.2	858.1	1.0%	1.8%	2.6%
Gross profit	360.4	406.0	454.6	352.7	393.4	438.2	2.2%	3.2%	3.7%
Operating profit	79.5	102.2	125.2	83.7	101.7	124.6	-5.0%	0.5%	0.5%
Net profit	76.8	85.9	106.2	73.7	84.2	102.0	4.2%	2.0%	4.1%
GPM	50.4%	51.0%	51.6%	49.8%	50.4%	51.1%	0.6 ppt	0.7 ppt	0.6 ppt
OPM	11.1%	12.8%	14.2%	11.8%	13.0%	14.5%	-0.7 ppt	-0.2 ppt	-0.3 ppt
NPM	10.7%	10.8%	12.1%	10.4%	10.8%	11.9%	0.3 ppt	0.0 ppt	0.2 ppt

Source: CMBIGM estimates

Figure 3: Amazon: CMBI forecast vs consensus

	Current			Consensus			Difference (%)		
USD bn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	714.7	795.5	880.4	709.0	783.3	868.7	0.8%	1.5%	1.3%
Gross profit	360.4	406.0	454.6	354.9	397.1	448.0	1.5%	2.2%	1.5%
Operating profit	79.5	102.2	125.2	81.1	98.1	121.8	-1.9%	4.1%	2.8%
Net profit	76.8	85.9	106.2	72.1	83.2	103.0	6.4%	3.2%	3.1%
GPM	50.4%	51.0%	51.6%	50.1%	50.7%	51.6%	0.4 ppt	0.3 ppt	0.1 ppt
OPM	11.1%	12.8%	14.2%	11.4%	12.5%	14.0%	-0.3 ppt	0.3 ppt	0.2 ppt
NPM	10.7%	10.8%	12.1%	10.2%	10.6%	11.9%	0.6 ppt	0.2 ppt	0.2 ppt

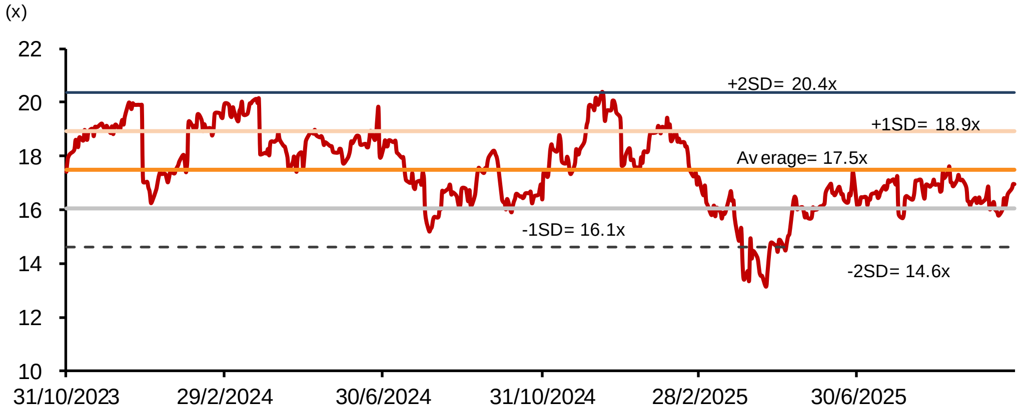
Source: CMBIGM estimates, Bloomberg

Figure 4: Amazon: target price of US$269.0 based on 17.5x EV/EBITDA

(USDmn)	
GAAP EBITDA (3Q25-2Q26E)	162,382
Target EV/EBITDA	17.5x
Enterprise Value	2,841,687
GAAP EBITDA CAGR (2024-2027E CAGR)	21%
Capital Structure Adjustments	
Adjusted Net Debt - 2025E	(65,202)
Shares Outstanding (mn) - 2025E	10,799
Valuation (USD)	**269.0**

Source: CMBIGM estimates

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



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US$ mn)						
Revenue	**513,983**	**574,785**	**637,959**	**714,718**	**795,464**	**880,370**
Cost of goods sold	(288,831)	(304,739)	(326,288)	(354,286)	(389,509)	(425,771)
Gross profit	**225,152**	**270,046**	**311,671**	**360,433**	**405,955**	**454,599**
Operating expenses	**(212,904)**	**(233,194)**	**(243,078)**	**(280,886)**	**(303,758)**	**(329,381)**
Selling expense	(42,238)	(44,370)	(43,907)	(47,594)	(51,977)	(56,329)
Admin expense	(11,891)	(11,816)	(11,359)	(11,593)	(12,434)	(13,242)
R&D expense	(73,213)	(85,622)	(88,544)	(108,896)	(119,471)	(130,802)
Others	(85,562)	(91,386)	(99,268)	(112,803)	(119,876)	(129,009)
Operating profit	**12,248**	**36,852**	**68,593**	**79,547**	**102,197**	**125,218**
Interest income	989	2,949	4,677	4,432	7,973	13,746
Interest expense	(2,367)	(3,182)	(2,406)	(2,204)	(2,437)	(2,437)
Other income/expense	(16,806)	938	(2,250)	14,052	0	0
Pre-tax profit	**(5,936)**	**37,557**	**68,614**	**95,826**	**107,732**	**136,527**
Income tax	3,217	(7,120)	(9,265)	(18,914)	(21,546)	(30,036)
Others	(3)	(12)	(101)	(160)	(292)	(292)
After tax profit	**(2,722)**	**30,425**	**59,248**	**76,752**	**85,894**	**106,199**
Net profit	**(2,722)**	**30,425**	**59,248**	**76,752**	**85,894**	**106,199**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US$ mn)						
Current assets	**146,791**	**172,351**	**190,867**	**208,143**	**277,886**	**377,430**
Cash & equivalents	53,888	73,387	78,779	91,680	168,842	266,412
Restricted cash	24,093	32,328	43,660	44,346	32,204	29,537
Account receivables	34,405	33,318	34,214	36,059	38,420	40,740
Inventories	34,405	33,318	34,214	36,059	38,420	40,740
Contract obtaining costs	315,884	355,503	434,027	548,489	612,479	668,839
PP&E	186,715	204,177	252,665	341,869	405,859	462,219
Deferred income tax	0	0	0	0	0	0
Goodwill	20,288	22,789	23,074	23,260	23,260	23,260
Other non-current assets	108,881	128,537	158,288	183,360	183,360	183,360
Total assets	**462,675**	**527,854**	**624,894**	**756,632**	**890,365**	**1,046,269**
Current liabilities	**155,393**	**164,917**	**179,431**	**198,662**	**224,623**	**252,335**
Account payables	79,600	84,981	94,363	105,288	118,572	132,691
Other current liabilities	13,227	15,227	18,103	20,358	22,683	25,130
Accrued expenses	62,566	64,709	66,965	73,017	83,369	94,514
Non-current liabilities	**161,239**	**161,062**	**159,493**	**158,968**	**158,358**	**156,214**
Long-term borrowings	67,150	58,314	52,623	46,872	46,872	46,872
Other non-current liabilities	94,089	102,748	106,870	112,096	111,486	109,342
Total liabilities	**316,632**	**325,979**	**338,924**	**357,630**	**382,981**	**408,548**
Share capital	108	109	111	112	112	112
Capital surplus	75,066	99,025	120,864	141,455	163,944	188,082
Retained earnings	83,193	113,618	172,866	249,618	335,512	441,711
Other reserves	(12,324)	(10,877)	(7,871)	7,816	7,816	7,816
Total shareholders equity	**146,043**	**201,875**	**285,970**	**399,002**	**507,384**	**637,721**
Total equity and liabilities	**462,675**	**527,854**	**624,894**	**756,632**	**890,365**	**1,046,269**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US$ mn)						
Operating						
Profit before taxation	**(5,936)**	**37,557**	**68,614**	**95,826**	**107,732**	**136,527**
Depreciation & amortization	41,461	48,663	52,795	64,453	79,795	87,941
Tax paid	3,217	(7,120)	(9,265)	(18,914)	(21,546)	(30,036)
Change in working capital	(20,886)	(11,541)	(15,541)	(19,173)	19,361	21,356
Others	28,896	17,387	19,274	17,147	22,196	23,846
Net cash from operations	**46,752**	**84,946**	**115,877**	**139,340**	**207,537**	**239,634**
Investing						
Capital expenditure	(58,321)	(48,133)	(77,658)	(125,079)	(140,912)	(140,912)
Acquisition of subsidiaries/ investments	(8,316)	(5,839)	(7,082)	(2,438)	0	0
Others	29,036	4,139	(9,602)	3,870	14,020	4,382
Net cash from investing	**(37,601)**	**(49,833)**	**(94,342)**	**(123,647)**	**(126,892)**	**(136,530)**
Financing						
Net borrowings	23,907	(11,224)	(9,100)	(5,052)	0	0
Share repurchases	(6,000)	0	0	0	0	0
Others	(8,189)	(4,655)	(2,712)	(2,078)	(3,483)	(5,534)
Net cash from financing	**9,718**	**(15,879)**	**(11,812)**	**(7,130)**	**(3,483)**	**(5,534)**
Net change in cash						
Cash at the beginning of the year	35,566	53,342	72,979	81,401	90,992	168,154
Others	(1,093)	403	(1,301)	1,027	0	0
Cash at the end of the year	**53,342**	**72,979**	**81,401**	**90,992**	**168,154**	**265,723**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	9.4%	11.8%	11.0%	12.0%	11.3%	10.7%
Gross profit	14.0%	19.9%	15.4%	15.6%	12.6%	12.0%
Operating profit	(50.8%)	200.9%	86.1%	16.0%	28.5%	22.5%
Net profit	na	na	94.7%	29.5%	11.9%	23.6%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	43.8%	47.0%	48.9%	50.4%	51.0%	51.6%
Operating margin	2.4%	6.4%	10.8%	11.1%	12.8%	14.2%
Return on equity (ROE)	(1.9%)	17.5%	24.3%	22.4%	19.0%	18.5%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	0.9	1.0	1.1	1.0	1.2	1.5
Receivable turnover days	26.4	29.6	30.4	29.1	28.1	27.1
Inventory turnover days	41.8	40.0	37.3	35.7	34.4	33.5
Payable turnover days	99.2	100.4	104.1	107.0	109.6	112.2

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	76.9	39.8	31.0	27.9	22.8
P/E (diluted)	ns	76.9	40.8	31.4	28.3	23.1
P/B	15.8	11.6	8.5	6.0	4.8	3.8
P/CFPS	ns	63.5	63.3	168.8	36.4	24.8

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

Disclosures & Disclaimers

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