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Amazon.com, Inc.
Company Report · October 30, 2026
Independent analysis · no mandate from the company



amazon

Nasdaq: AMZN · ISIN US0231351067 · WKN 906866

Q3 2026 RESULTS · AMAZON WEB SERVICES · AI INVESTMENT

$578 Billion Backlog: AWS Is Racing, the Stock Is Falling – Opportunity or Warning?

Amazon's cloud unit is growing at its fastest pace in nearly five years, and the group just posted the highest operating margin in its history – yet the stock dropped about 7 percent after hours. The reason: roughly $220 billion of capital expenditure this year alone, free cash flow of minus $42 billion and the announcement that it will spend "meaningfully more" in 2027. This report explains what lies behind the largest investment program in the company's history – with the numbers, a peer group comparison and the risks.

+39.3%	**$578bn**	**13.9%**	**-$42.4bn**
AWS revenue growth in Q3 – the sixth consecutive acceleration, per Amazon	AWS backlog per Amazon, growing at a triple-digit rate year over year	group operating margin – a record in Amazon's history	trailing twelve-month free cash flow – a result of AI investment

Important notice: Independent analysis by aktiencheck.de AG. There is **no mandate** from Amazon.com, Inc.; no compensation was paid by the issuer or any third party for this report. No rating, no price target, no investment advice. Artificial intelligence was used in preparing this report. Price data: closing prices of October 29, 2026 (Nasdaq). Shares involve risks up to and including total loss. Please note the conflict-of-interest disclosures and the disclaimer on page 14.

AT A GLANCE

The record quarter the market refused to celebrate

On October 29, 2026, Amazon delivered a quarter of contrasts: AWS grew 39.3 percent to $46.0 billion, and operating income jumped 61 percent to $28.1 billion. At the same time, revenue and earnings per share narrowly missed consensus estimates, advertising disappointed, and the capital needs of the data center build-out are growing faster than operating cash flow. The market now has to decide which side weighs more.

Key data

Metric	Value
Close Oct 29, 2026	$243.79
After hours Oct 29	~$226 (-7%)
Tradegate (Oct 29, late)	~EUR 205
Market cap	**~$2.64 trillion**
Shares (Sep 30, 2026)	10.81 billion
52-week range	$196.00–287.20
Net sales (TTM)	$797.5bn
Operating income (TTM)	$104.4bn
Net income (TTM)*	$134.8bn
Operating cash flow (TTM)	$168.3bn
Dividend	none
CEO / CFO	A. Jassy / B. Olsavsky

* includes large valuation gains on the Anthropic investment. 52-week range based on intraday prices. Sources: Amazon (Q3 release, Oct 29, 2026), stockanalysis.com; Tradegate price per boerse-express.com.

The flip side

- TTM free cash flow of -$42.4bn (prior year: +$14.8bn).
- Long-term debt up from $65.6bn to $173.1bn since the start of the year.
- Q3 slightly below consensus: EPS of $1.89 vs. $1.96 (LSEG).
- Advertising +11%, below expectations for the first time in seven quarters (Reuters).
- The FTC antitrust trial in the U.S. is scheduled to begin on March 29, 2027.

Six reasons Amazon is in focus

01
AWS is accelerating
+39.3% in Q3, the sixth acceleration in a row per Amazon, $184bn annualized revenue. Management targets more than 40% in both 2027 and 2028.

02
$578bn backlog
According to Amazon, contracted AWS backlog is growing at a triple-digit rate – capacity is reserved well in advance, the company says.

03
Record margin
13.9% group operating margin, North America operating income +82%. Retail efficiency is rising despite record investment.

04
In-house AI chips
Revenue commitments for Trainium and Graviton each grew more than 20-fold. From late 2027, Amazon plans to offer Trainium outside AWS.

05
The Anthropic lever
According to media reports, the Anthropic stake was carried at about $190bn at the end of June; per Reuters, Anthropic has committed to at least $110bn of AWS spending.

06
New revenue streams
Advertising (Q4 target: high-teens growth), pharmacy (+60% customers), Amazon Now, Leo satellite internet, Zoox robotaxis.

> *"There has never been a trillion dollar revenue business, and we may have two of them in the next 5-10 years."*
>
> Andy Jassy, President and CEO of Amazon, in the Q3 release of October 29, 2026

Context: The statement describes a management goal (referring to AWS and retail), not an assured outcome.

THE THIRD QUARTER OF 2026

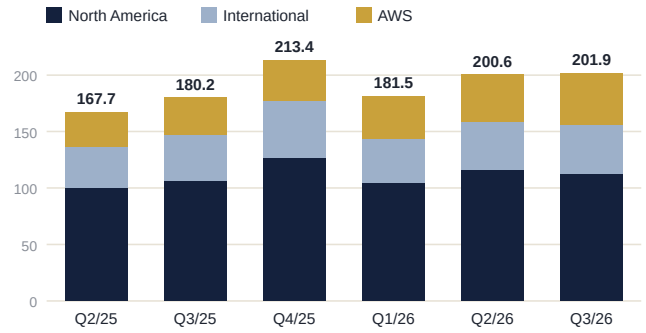
Revenue narrowly missed, operating income at a record high

Amazon grew net sales by 12 percent to $201.9 billion in the third quarter (13 percent excluding currency effects). Without the shift of Prime Day into the second quarter, growth would have been about 4 percentage points higher, according to Amazon. Operating income rose from $17.4 billion to $28.1 billion, and the margin from 9.7 to 13.9 percent – a record. Note: the prior-year quarter carried $2.9 billion of other operating expenses (now $0.1 billion), which flatters the comparison.

USD bn	Sales Q3/26	Q3/25	Growth	Op. income Q3/26	Q3/25	Margin Q3/26	Q3/25
North America	112.9	106.3	+6%	8.7	4.8	7.7%	4.5%
International	43.1	40.9	+5% (+8% ex FX)	1.6	1.2	3.7%	2.9%
AWS	**46.0**	**33.0**	**+39%**	**17.8**	**11.4**	**38.7%**	**34.6%**
Group	**201.9**	**180.2**	**+12%**	**28.1**	**17.4**	**13.9%**	**9.7%**
Net income	20.7	21.2	-2%	Prior year included $9.5bn of pre-tax gains from Anthropic			
Diluted EPS	$1.89	$1.95	-3%	LSEG consensus: $1.96			

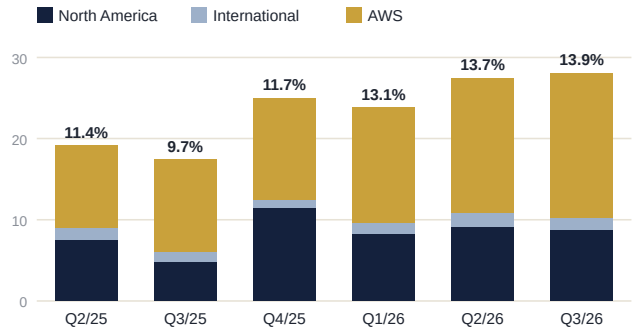
ex FX = excluding foreign exchange effects. Source: Amazon, Q3 release of October 29, 2026 (unaudited).

Net sales by segment



USD bn per quarter; figure above bar = group net sales.

Operating income by segment



USD bn per quarter; figure above bar = group operating margin.

Actual vs. expectations

Q3/26	Actual	Expected	Source
Net sales ($bn)	201.9	202.3	LSEG
EPS ($)	1.89	1.96	LSEG
AWS sales ($bn)	**46.0**	**45.3**	**StreetAccount**
Advertising ($bn)	19.6	20.8	StreetAccount
Online stores ($bn)	68.5	69.7	StreetAccount

Consensus figures as reported by CNBC, Seeking Alpha and Yahoo Finance.

Fourth-quarter 2026 guidance

- **Net sales:** $240.0bn to $247.0bn (+12% to +16%); midpoint slightly below the $244.2bn consensus.
- **Operating income:** $28.5bn to $33.5bn (prior year: $25.0bn). Amazon Leo launch costs weigh (CFO).
- **Advertising:** growth expected “in the high teens”.
- **Capex 2026:** still about $220bn; Amazon expects to spend “meaningfully more” in 2027.

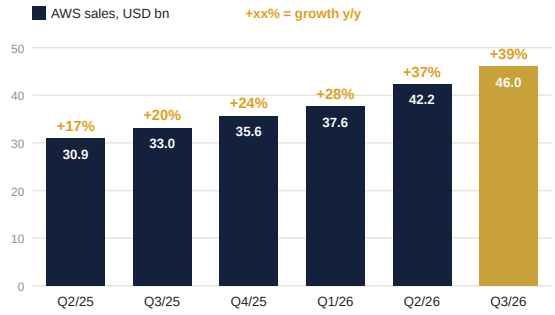
AMAZON WEB SERVICES

A $184 billion machine that keeps getting faster

The most important number of the evening was 39.3 percent. That is how fast AWS grew in the third quarter – faster than in the previous quarter for the sixth time in a row, according to Jassy, and the fastest pace in nearly five years. Revenue reached $46.0 billion, equivalent to an annualized run rate of $184 billion. The unit's operating income rose 55 percent to $17.8 billion. With 23 percent of group revenue, AWS thus generates about 63 percent of operating profit.

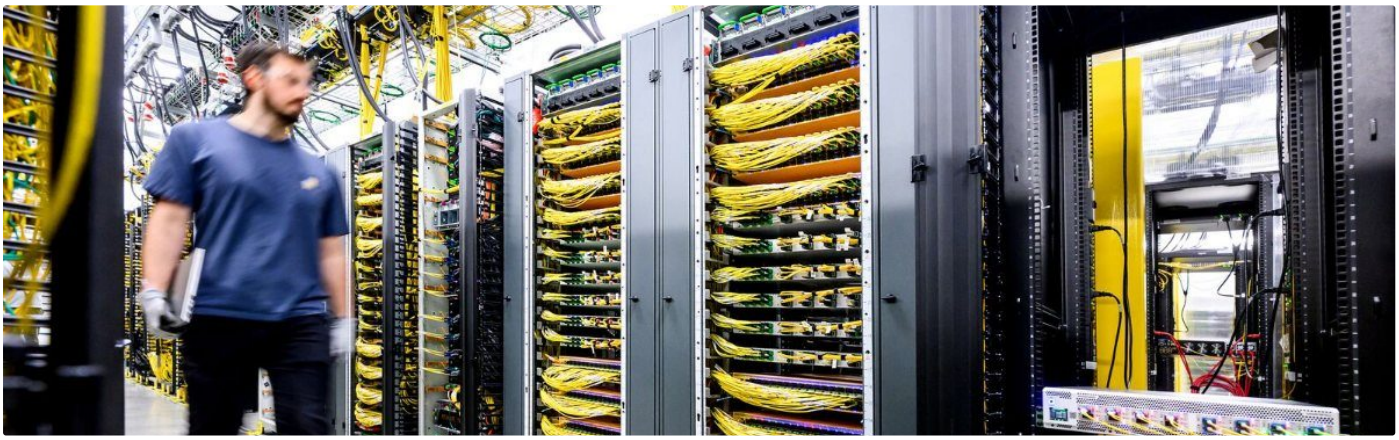
Even more important for the future is the backlog: $578 billion of contracted revenue not yet recognized – growing at a triple-digit rate year over year and "well diversified", according to CEO Andy Jassy. On the earnings call, Jassy cited good visibility for the next eight to ten quarters; large customers are reserving capacity of hundreds of megawatts up to gigawatts in advance.

Management's ambition is bold: AWS is expected to grow by more than 40 percent in both 2027 and 2028 and to become a business with one trillion dollars in annual revenue within five to ten years. Notably, however, the sequential revenue increase fell from $4.6 billion (Q2) to $3.8 billion. Jassy attributed this to uneven capacity additions, not to weaker demand.



38.7%
AWS operating margin in Q3 (prior year: 34.6%)

63%
AWS share of group operating income



Inside an AWS data center. Image: Amazon (aboutamazon.com)

Bedrock: the AI marketplace

Fortune 500 customers are spending nearly 7x more on Amazon's inference service than a year ago; total token volume grew nearly 17-fold. Models offered include those from OpenAI, Anthropic, Moonshot and SpaceXAI.

Agents at work

Tens of thousands of customers use AgentCore. In Q3 they deployed twice as many AI agents as in the prior three quarters combined. According to Jassy, inference already accounts for well over half of AWS's AI revenue.

New key customers

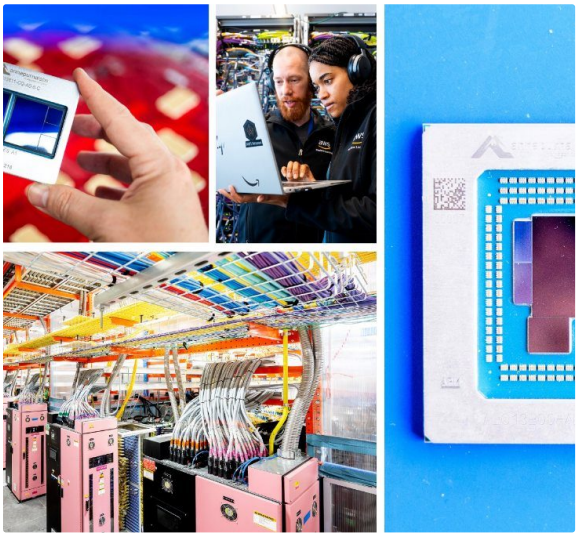
Since the Q2 results, AWS has signed new agreements with Meta, NVIDIA, OpenAI, Salesforce, Oracle, Qualcomm, Verizon, Stripe and NATO, among others. Per Reuters, the Verizon deal is worth more than $2bn.

CHIPS, MODELS, INVESTMENTS

Trainium, Bedrock, Anthropic: Amazon's AI toolkit



Trainium 3 chip from Amazon's Annapurna Labs. Image: Amazon



In-house semiconductor development at AWS. Image: Amazon

Amazon's most important lever against dependence on expensive third-party chips is Trainium. According to Jassy, the chips business is growing at triple-digit rates; revenue commitments for Trainium and the Graviton server processor have each risen more than 20-fold year over year. Customers using Amazon's custom silicon saved more than $2 billion in the third quarter alone. According to the company, the majority of Bedrock workloads already run on Trainium – improving price-performance for customers and the cost structure for AWS.

Jassy announced a new chapter for late 2027: Amazon then plans to make Trainium available outside its own cloud. Amazon would thus enter the market for AI accelerators, dominated by NVIDIA, directly for the first time. With TorchNeuron, developers can run their PyTorch code on Trainium without rewriting it.

Anthropic: partner, customer and multi-billion stake

Amazon invested a total of $8 billion in AI developer Anthropic in 2023 and 2024 and, according to media reports, added another $5 billion in 2026. Based on reports on Amazon's quarterly filings, the value of the stake rose from $74.2 billion (March 31, 2026) to $190.4 billion (June 30, 2026). These revaluations explain why net income jumped to $62.6 billion in the second quarter. In the third quarter, by contrast, other income (expense) was slightly negative at -$0.7 billion.

More important than the book gain is the operational link: according to Reuters, Anthropic has committed in its IPO documents to spend at least $110 billion on Amazon's cloud services over seven to ten years.

Why this matters for investors

At around $190 billion, the Anthropic stake corresponds to roughly 7 percent of Amazon's current market value. An Anthropic IPO could make this value visible – conversely, a lower valuation would mean write-downs. At the same time, the partnership increases dependence on a single large customer.

Transparency note: This report was prepared using an AI model by Anthropic, in which Amazon holds an investment. See disclaimer, section 4.

CAPITAL EXPENDITURE AND CASH FLOW

$220 billion in one year: the math behind the capital appetite

$75.9bn
cash capex in Q3 alone (prior year: $35.1bn of property and equipment purchases)

-$33.5bn
free cash flow in Q3 (own calculation using Amazon's definition)

$173.1bn
long-term debt at Sep 30 (Dec 31, 2025: $65.6bn)

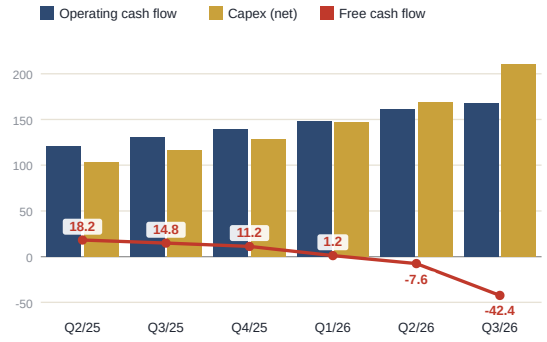
$114.2bn
cash, equivalents and marketable securities at Sep 30, 2026

Amazon is no longer funding the AI build-out from operations alone. Trailing twelve-month operating cash flow rose 29 percent to $168.3 billion, but net purchases of property and equipment climbed 82 percent to $210.7 billion. The result: free cash flow of -$42.4 billion, compared with +$14.8 billion a year earlier. In the first nine months, Amazon raised $115.1 billion of long-term debt, $48.1 billion of it in the third quarter. Quarterly interest expense more than tripled to $1.7 billion.

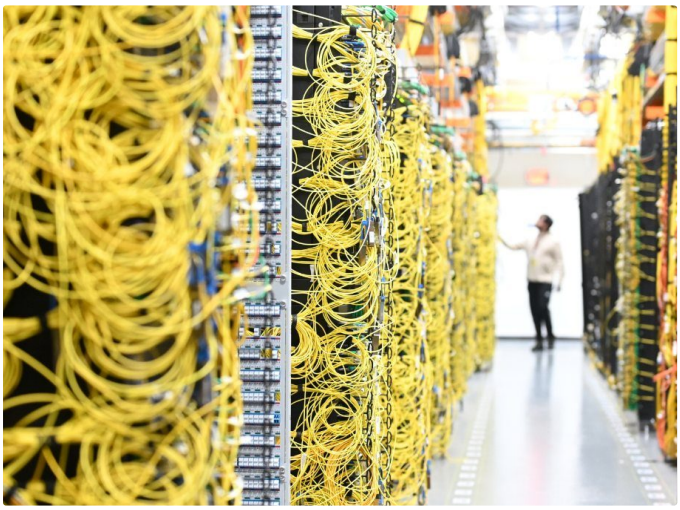
For 2026, Amazon confirmed cash capex of about $220 billion, mostly for AWS. The company had originally guided to about $200 billion; in July, Jassy pointed to higher memory chip costs. For 2027, he announced "meaningfully more" – with a "clear line of sight to attractive financial returns", as he said on the earnings call.

The impact on earnings will only become visible gradually: depreciation and amortization rose 25 percent in the quarter to $20.9 billion. This item will keep growing with every new data center. For margins to hold, the new capacity must be filled quickly – which is exactly what the reference to the $578 billion backlog is meant to address.

Cash flow and capex (TTM)



Capex = purchases of property and equipment, net of proceeds from sales and incentives. Trailing twelve months, USD bn. Source: Amazon.



Server rows in an Amazon data center. Image: Amazon

The industry is investing in lockstep

Company	Capex plan	Period
Amazon	**~$220bn**	**Calendar year 2026**
Alphabet	$195–205bn	Calendar year 2026
Microsoft	~$170bn	Fiscal year to 06/2027
Meta	from $135bn	Calendar year 2026

All four companies have signaled continued high or rising investment for 2027. Microsoft recently cut its target from $175bn to $170bn. Sources: company statements as reported by CNBC, Quartz, Stockhub.

RETAIL AND LOGISTICS

Retail: little growth in the quarter, but a much higher margin

At first glance, the retail business looks sluggish: online stores grew only 2 percent, the North America segment 6 percent. Most of the weakness, however, is due to the earlier Prime Day. The profit side is more revealing: North America increased operating income by 82 percent to $8.7 billion. On a trailing twelve-month basis, the segment margin stands at 8.2 percent – up from 6.6 percent a year earlier.

Amazon is betting on speed: more than 1.5 billion items reached Prime members same-day or overnight in the quarter. The ultra-fast delivery service Amazon Now is available in over 450 towns and cities, and the number of items ordered through it is up 10x. Fresh groceries and everyday essentials are growing about three times faster than the rest of the store and represented about half of all units sold. The online pharmacy delivers prescriptions within three hours in more than 350 cities; its customer count rose by more than 60 percent.

The AI shopping assistant “Alexa for Shopping” was used by more than 400 million customers in the past twelve months, with interactions up 570 percent. For the holiday season, Amazon plans to hire more than 300,000 seasonal, part-time and full-time employees in the U.S. and to raise minimum starting pay for full-time operations staff to $20 an hour.



Robotic arms in an Amazon fulfillment center. Image: Amazon



Delivery and robotics as cost levers. Image: Amazon

+12%
Units sold
worldwide paid units year over year; third-party seller share: 61%.

+9%
Seller services
commissions and fulfillment fees from third-party sellers: $46.5bn in Q3.

3.7%
International margin
Q3 operating margin after 2.9% a year earlier; sales +8% ex FX.

Retail metrics	Q3/26	Q3/25	Change
Online stores ($bn)	68.5	67.4	+2%
Physical stores incl. Whole Foods ($bn)	5.7	5.6	+2%
Worldwide shipping costs ($bn)	28.3	25.4	+11%
Employees (full- and part-time)	1.638m	1.578m	+4%

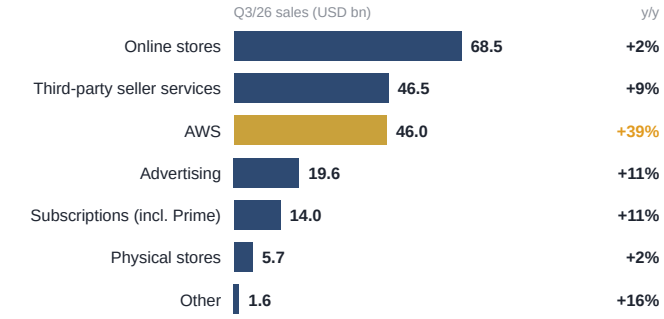
Source: Amazon, Q3 release of October 29, 2026.

Analyst view: The earnings improvement in retail is the part of the story that gets lost in the AWS headlines. Robotics, regionalized logistics and a growing share of high-margin services (advertising, subscriptions, marketplace) are driving the margin. Recent headwinds came from Amazon Leo costs; according to the CFO, fuel and line-haul costs will also rise more in the fourth quarter than in the third.

ADVERTISING, SUBSCRIPTIONS, DEVICES

Advertising and Prime: the high-margin revenue streams

Revenue streams in the third quarter



Year-over-year growth, not adjusted for currency. Source: Amazon.

Advertising is Amazon's second, less-noticed profit engine. In the third quarter it generated $19.6 billion, up 11 percent (12 percent ex FX). That was a marked slowdown from 26 percent in the prior quarter – according to Reuters, the first time in seven quarters that Amazon missed advertising expectations. Amazon attributes the dip to timing effects, mainly Prime Day, and expects growth to return to the high teens in the fourth quarter.

With "Amazon Ads Agent", the company bundles its advertising offering on one AI platform; full-funnel campaigns combine sponsored ads, display, video and streaming TV in a single campaign. Prime Video delivers reach: according to Nielsen, Thursday Night Football averaged 17.7 million viewers – its best start ever.



New Echo generation with Alexa+. Image: Amazon

Subscriptions and devices

- **Subscriptions** (incl. Prime): $14.0bn, +11%. Consistent double-digit growth for six quarters.
- **Devices:** 34 new products across Echo, Kindle, Fire TV, Ring, Blink and Bee.
- **Alexa+:** launched in Australia, India and Japan; free in the U.S. for compatible Fire TV devices.
- **Sports:** the second season of "NBA on Prime" debuted in more than 200 countries; the opener drew over 2 million U.S. viewers (Nielsen).
- **Content:** Amazon MGM Studios above $1.2bn box office in 2026; "Reacher" season 4: 66m viewers in 28 days.

Advertising revenue	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26	Q3/26
Revenue ($bn)	15.7	17.7	21.3	17.2	19.8	19.6
Growth (ex FX)	**+22%**	**+22%**	**+22%**	**+22%**	**+26%**	**+12%**

Source: Amazon. For Q4/26, Amazon expects growth in the high teens.

Why advertising matters so much

Advertising revenue is earned on existing infrastructure and therefore contributes disproportionately to profit. Over twelve months, advertising ($78.0bn) and subscriptions ($54.3bn) add up to more than $130 billion in revenue. A return to strong advertising growth in the fourth quarter is therefore a key test for earnings development in retail.

FUTURE PROJECTS AND GERMANY

Leo, Zoox and EUR 16 billion for Germany



Rocket for an Amazon Leo satellite launch. Image: Amazon



Amazon in Germany. Image: Amazon

Amazon Leo: satellite internet before launch

With Leo, Amazon is taking on Starlink. According to the company, the commercial service is to launch later this year; AT&T is the first major U.S. telecom provider to offer Leo connectivity to enterprise and public-sector customers. However, the timeline has slipped compared with earlier announcements, and the costs weigh on the fourth-quarter profit guidance, according to the CFO.

Zoox: robotaxis with paying customers

Subsidiary Zoox offers paid rides in autonomous robotaxis in Las Vegas and is testing in San Diego and Houston. Zoox now operates in twelve U.S. cities. The business is not yet relevant to revenue – it is an option on a future market.

Germany: more than EUR 16 billion in 2027

At the German government's "Invest in Germany Summit" on October 20, Amazon announced plans to invest more than EUR 16 billion in Germany in 2027. Of this, EUR 4.8 billion is earmarked for expanding the AWS Europe (Frankfurt) region. According to the company, Amazon has invested more than EUR 100 billion in Germany since 2010, created more than 40,000 permanent jobs and built more than 100 sites. The AWS European Sovereign Cloud has been generally available in Germany since January 2026.

Context

The EUR 16 billion represents planned spending, not investments already made. For 2025, Amazon had cited about EUR 15 billion. The total covers data centers, logistics, Leo and Prime Video.

Leo by the numbers

More than $10bn invested according to FCC filings; approval for 3,236 satellites. More than 20 launches were planned for 2026 and more than 30 for 2027 (CFO, February 2026).

Leo technology

The enterprise terminal "Leo Ultra" is designed to deliver up to 1 Gbps download and 400 Mbps upload speeds and to be closely integrated with AWS.

What it costs

Leo weighs on the North America segment: for 2026, Amazon had cited about $1bn in additional costs. Revenue is only expected once the service launches.

THE STOCK

A year of going sideways – while profits multiplied



Daily Nasdaq closing prices in USD, Oct 29, 2025 to Oct 29, 2026; after-hours price on Oct 29 as an approximation. Source: stockanalysis.com, media reports.

Amazon shares have barely moved over the past twelve months: at the October 29 close of $243.79, they were only about 6 percent above the prior-year level – even though trailing twelve-month operating income rose from $76.2 billion to $104.4 billion. The share price reflects the capex debate: around the fourth-quarter 2025 results and the announcement of roughly $200 billion in capex, the stock fell almost 10 percent within two trading days and hit its low for the year in mid-February. After the Q2 results at the end of July, by contrast, it jumped 15 percent in a single day and set its high for the year on August 3 at $284.02 (close).

On the day of the Q3 results, the stock already lost 4.3 percent in regular trading, weighed down by the slump in Alphabet (-12.6 percent) following its results. After hours, Amazon fell about 7 percent to around $226.

Price data	Value
Close Oct 29, 2026	$243.79
After hours Oct 29	~-7%
Year to date	+5.6%
12 months	+5.9%
Tradegate (Oct 29, late)	~EUR 205
High (close, Aug 3)	$284.02
Low (close, Feb 13)	$198.79

We deliberately do not reproduce analyst price targets. Sources: stockanalysis.com, Yahoo Finance, boerse-express.com.

Share price reactions to the latest quarterly results

Results for	Release	Reaction (next day, close)	Trigger per reports
Q4 2025	Feb 5, 2026	-5.6%	Capex guidance of $200bn
Q1 2026	Apr 29, 2026	+0.8%	Record margin, AWS +28%
Q2 2026	Jul 30, 2026	+15.3%	AWS +37%, sales above expectations
Q3 2026	**Oct 29, 2026**	**~-7% (after hours)**	**Free cash flow, advertising, 2027 capex**

What the market is now testing

1. Return on investment: Can AWS actually deliver more than 40 percent growth in 2027 while holding margins near 38 percent?

2. Cash flow turn: When will operating cash flow exceed capex again – and how much will debt rise until then?

3. Retail and advertising: Will advertising growth return to the high teens in the holiday quarter as guided?

VALUATION AND PEER GROUP

Between cloud giant and retailer: Amazon in comparison

Amazon cannot be assigned to a single peer group. We therefore compare the company both with the large cloud and platform companies (Microsoft, Alphabet, Meta, Oracle) and with retail and e-commerce stocks (Walmart, Alibaba, MercadoLibre, Shopify). All figures are based on closing prices of October 29, 2026 and the most recently reported quarters.

Company	Market cap ($bn)	Sales TTM ($bn)	Sales growth last qtr.	Op. margin TTM	P/E TTM	Forward P/E	EV / op. income	Price 12M
Amazon	**2,636**	**797.5**	**+12.1%**	**13.1%**	**19.7***	**24.5**	**26.7**	**+5.9%**
Microsoft	3,940	346.5	+18.8%	47.1%	27.7	25.5	24.6	-2.2%
Alphabet	3,490	471.1	+24.7%	33.3%	14.8*	20.5	21.5	+6.1%
Meta	1,600	241.6	+26.1%	37.8%	21.3	19.0	17.9	-16.9%
Oracle	423	71.8	+29.6%	34.3%	21.9	16.4	22.6	-50.3%
Walmart	962	735.8	+5.9%	3.9%	43.9	40.4	35.5	+17.5%
Alibaba	247	153.8	+8.6%	4.6%	22.7	12.5	32.8	-43.7%
Shopify	215	13.3	+33.7%	17.8%	112.6	79.4	88.4	-6.7%
MercadoLibre	84	35.2	+49.8%	8.3%	45.2	40.2	31.5	-27.5%

* distorted by valuation gains on investments (incl. Anthropic). EV = enterprise value (market cap plus net debt incl. leases). Last quarter depends on fiscal year: Microsoft, Alphabet, Meta as of Sep 30; Oracle Aug 31; Walmart Jul 31; Alibaba, Shopify, MercadoLibre Jun 30, 2026. EV/op. income is our own calculation. Source: stockanalysis.com (retrieved Oct 30, 2026), company data.

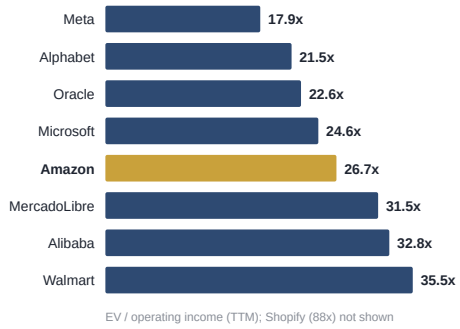
What the numbers say

The reported P/E of 19.7 understates Amazon's actual valuation because trailing twelve-month earnings include about $69 billion of mostly non-operating income (own calculation), primarily from the Anthropic revaluation. Applying a flat 21 percent tax rate to operating income of $104.4 billion results in an adjusted P/E of about 32 (our own simplified calculation). On enterprise value to operating income, Amazon's 26.7 sits at the upper end of the platform companies – above Alphabet, Meta and Oracle, just above Microsoft, but below Walmart.

Measured against operating cash flow (price to cash flow of about 15.7), Amazon looks cheaper; however, all of this cash flow currently flows into investment. Valuation thus depends heavily on what returns the data centers will generate in the coming years.

On EV to sales, Amazon's ratio of about 3.5 is well below Microsoft (11.6), Alphabet (7.2) and Meta (6.7), but far above Walmart (1.4). This reflects the mix of low-margin retail and high-margin cloud.

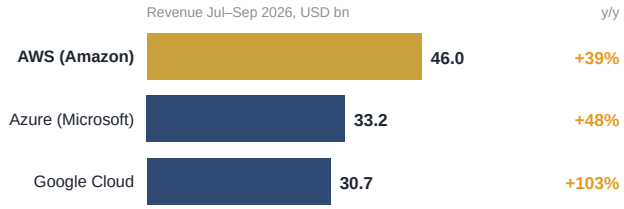
EV / operating income



PEER GROUP II: THE HYPERSCALER COMPARISON

AWS is the largest – but rivals are growing faster

Cloud revenue, July–September quarter



Azure revenue as cited in media reports on Microsoft's Q1 FY2027; Google Cloud incl. Workspace. Definitions differ between providers, so comparison is only indicative.

With $46.0 billion of quarterly revenue, AWS remains the world's largest cloud provider. In percentage terms, however, its rivals are growing faster: Microsoft's Azure grew 48 percent, and Google Cloud doubled revenue to $30.7 billion. In absolute dollars, the gap looks smaller: AWS added $13.0 billion year over year, Google Cloud about $15.5 billion.

Recently, the market rewarded profitability and cash flow rather than the highest growth: Microsoft held steady after its results, while Alphabet lost 12.6 percent on October 29 despite doubling cloud revenue, because search weakened and free cash flow turned negative. With TTM free cash flow of -$42.4 billion, Amazon is under particularly close scrutiny in this respect.

Metric (Jul–Sep 2026 quarter)	Amazon (AWS)	Microsoft (Azure)	Alphabet (Google Cloud)
Cloud revenue	$46.0bn	$33.2bn	$30.7bn
Growth year over year	+39%	+48%	+103%
Cloud operating margin	38.7%	n/a	36.2%
Backlog	$578bn (AWS)	$677bn (commercial, total)	$560.8bn (Google Cloud)
Capex plan	~$220bn (2026)	~$170bn (FY 06/2027)	$195–205bn (2026)
In-house AI chips	Trainium, Graviton	Maia, Cobalt	TPU
Share price reaction to results	~-7% after hours	stable (-0.2% on Oct 29)	-12.6% (Oct 29)

Sources: company data (Amazon Oct 29, Microsoft and Alphabet Oct 28, 2026) as reported by sec-api.io, Delphis Lens, Quartz and Yahoo Finance; backlog definitions differ.

The size of the backlogs is remarkable: together, the three providers report more than $1.8 trillion of contracted future revenue, with Microsoft's figure covering its entire commercial business. A significant share of these commitments comes from a few AI developers such as OpenAI and Anthropic – which supports the growth forecasts but also increases dependence on their ability to secure funding.

E-commerce comparison

In retail, Amazon sits between Walmart (sales +5.9%, margin 3.9%) and fast-growing regional platforms such as MercadoLibre (+49.8%). With an 8.2% trailing operating margin in North America, Amazon now earns (incl. advertising and subscriptions) about twice as much per dollar of revenue in retail as Walmart does at group level.

Unusual breadth

Alphabet and Microsoft also have cloud, in-house AI chips, advertising and AI investments. Amazon additionally combines these with a global logistics network and the largest retail business in the peer group after Walmart. This breadth is both an opportunity and a risk: it requires capital in all areas at the same time.

CATALYSTS, OPPORTUNITIES, RISKS

The next milestones – and our conclusion

Date	Event
Q4 2026	Planned launch of Amazon Leo commercial satellite internet service
December 2026	AWS re:Invent customer conference (traditionally early December in Las Vegas) – news on Trainium, Bedrock, agents
Early February 2027	Q4 2026 results and first capex outlook for 2027 (date not yet confirmed)
March 29, 2027	Start of the U.S. Federal Trade Commission (FTC) antitrust trial (court in Seattle)
open	Anthropic IPO – a potential valuation anchor for Amazon's stake
Late 2027	Planned external sale of Trainium chips outside AWS

Opportunities

- AWS growth above 40% in 2027 and 2028 according to management, supported by a $578bn backlog.
- In-house chips lower costs and could become a standalone business from 2027.
- Rising retail margins driven by robotics, advertising and subscriptions.
- Value potential of the Anthropic stake in an IPO.
- New markets: satellite internet, healthcare, autonomous driving.

Risks

- Persistently negative free cash flow, rising debt and interest burden.
- Higher depreciation; overcapacity if AI demand weakens.
- Dependence on large customers such as Anthropic and OpenAI; valuation risk of the stake.
- Competition from Microsoft, Google, Oracle and specialized providers.
- Regulation: FTC case, EU digital rules, tariffs; memory chip shortages; energy costs.
- Currency risk for euro-area investors.

Conclusion

Amazon is in the middle of the most capital-intensive phase in its history – and so far the operating figures support the strategy: AWS has accelerated for six quarters according to management, the backlog stands at $578 billion, the group margin has reached a record, and retail margins are rising. Against this stands a price that the market clearly named on October 29: free cash flow of -$42 billion, sharply higher debt and the announcement of even more investment in 2027.

For investors, the question is thus shifting from growth to returns. The key will be whether AWS delivers the announced growth of more than 40 percent with stable margins and whether cash flow turns positive again from 2027/28. If it does, today's investments are the foundation for what Jassy describes as two trillion-dollar businesses. If not, overcapacity and margin pressure loom. The share price performance thus remains subject to considerable volatility and execution risk.

This analysis does not constitute an investment recommendation. Neither a rating nor a price target is given. All forward-looking statements are based on company information and are subject to considerable uncertainty.

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