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By: Smit Patel | Thursday, Oct 29th 2026

Key Takeaways:

- Amazon misses expectations for top line and earnings
- Amazon posts negative FCF of $42 billion
- Amazon will continue to spend $220 billion in CapEx

Summary:

Amazon posted EPS of $1.89 vs. an estimated $1.96. Revenue was $201.94 billion vs. $202.3 billion expected.

Amazon (AMZN) stock plummeted 6% in after-hours trading after it posted Q3 earnings. Similar to GOOGL, AI investments are generating negative FCF.

Positives:

- Amazon Cloud segment sales are up 39% YoY (38% expected).

Negatives:

- Online sales growth is slowing down (2% YoY)
- Advertising revenue missed estimates ($19.64 billion vs $20.82 billion)

Looking forward:

- Amazon expects Q4 revenue to be between $240 and $247 billion. Because of holiday shopping, Q4 is essential to Amazon's business.
- AWS growth is expected to be 40% YoY in 2027 and 2028.
- AWS is expected to be a trillion-dollar revenue business in the next 5-10 years