**Suhasini Chandramouli**

Good afternoon, and welcome to the Apple Q2 Fiscal Year 2025 Earnings Conference Call. My name is Suhasini Chandramouli, Director of Investor Relations. Today's call is being recorded.

Speaking first today is Apple's CEO, Tim Cook; and he'll be followed by CFO, Kevan Parekh. After that, we'll open the call to questions from analysts.

Please note that some of the information you'll hear during our discussion today will consist of forward-looking statements, including without limitation those regarding revenue, gross margin, operating expenses, other income and expense, taxes, capital allocation and future business outlook, including the potential impact of tariffs and other trade measures and macroeconomic conditions on the company's business and results of operations. These statements involve risks and uncertainties that may cause actual results or trends to differ materially from our forecast.

For more information, please refer to the risk factors discussed in Apple's most recently filed reports on Form 10-Q and Form 10-K and the Form 8-K filed with the SEC today, along with the associated press release. Additional information will also be in our report on Form 10-Q for the quarter ended March 29, 2025 to be filed tomorrow and in other reports and filings we make with the SEC. Apple assumes no obligation to update any forward-looking statements, which speak only as of the date they are made.

I'd now like to turn the call over to Tim for introductory remarks.

**Tim Cook**

Thank you, Suhasini. Good afternoon, everyone, and thanks for joining the call. Today, we are reporting $95.4 billion in revenue, up 5% from a year ago and at the high end of the range we provided last quarter. Diluted EPS was $1.65, up 8% year-over-year and a March quarter record. Services achieved an all-time revenue record, growing 12% compared to the prior year.

We also set a number of quarterly records in countries and regions across the world, including the UK, Spain, Finland, Brazil, Chile, Turkey, Poland, India, and the Philippines. We are as dedicated as ever to the innovation and ingenuity that will enrich our customers' lives and help us leave the world better than we found it.

And we are proud to increase our impact around the world, including here in the United States, where we recently announced plans to spend $500 billion over the next four years. We're going to be expanding our teams in our facilities in several states, including Michigan, Texas, California, Arizona, Nevada, Iowa, Oregon, North Carolina, and Washington. And we're going to be opening a new factory for advanced server manufacturing in Texas.

During calendar year 2025, we expect to source more than 19 billion chips from a dozen states, including tens of millions of advanced chips being made in Arizona this year. We also source glass used in iPhone from an American company. All told, we have more than 9,000 suppliers in the U.S. across all 50 states.

Now I'll turn to products, starting with iPhone. iPhone revenue was $46.8 billion, up 2% from a year ago. During the quarter, we introduced iPhone 16e, a great new entry-level addition to our iPhone 16 lineup. It's powered by our latest generation A18 chip and includes the all-new Apple-designed C1 modem, the most energy-efficient modem ever in an iPhone, allowing iPhone 16e to have the longest battery life of any 6.1-inch iPhone.

Meanwhile, iPhone 16 and iPhone 16 Plus users are exploring how they can use Camera Control, whether capturing stunning images or exploring the world with Visual Intelligence. And our iPhone 16 Pro models continue to be a hit with our users. They are turbocharged by the remarkable capabilities and efficiency of A18 Pro and feature larger displays, an advanced camera system and a beautiful design.

Mac revenue was $7.9 billion, 7% higher year-over-year, another great quarter for Mac. During the quarter, we introduced significant new updates to our lineup. The world's most popular laptop just got even better. The M4-powered MacBook Air features a 12-megapixel Center Stage camera and delivers a massive boost in performance. And now it comes in a beautiful new sky blue color.

The new Mac Studio is the most powerful Mac we've ever shipped, equipped with M4 Max and our new M3 Ultra chip. It's a true AI powerhouse capable of running large language models with over 600 billion parameters entirely in memory. Apple Intelligence brings great capabilities to the Mac with features like Writing Tools and Notification Summaries that help users stay focused and get more done.

Turning to iPad. Revenue for the quarter was $6.4 billion, up 15% from a year ago, another strong quarter of double digit growth. Our iPad lineup continues to help users learn, work, play, and go wherever their imaginations take them. The new iPad Air with M3 combines powerful performance and exceptional portability, whether you're taking it across the street or around the world. And Apple Intelligence and Apple Pencil Pro are a perfect match, with features like the Clean Up Tool in Photos to remove distractions, and Image Wand in the Notes app to elevate simple sketches into polished illustrations.

Across Wearables, Home and Accessories, revenue was $7.5 billion, down 5% from a year ago. From walking trails to bike paths, Apple Watch Series 10 is an essential partner wherever you are on the health and fitness journey. And AirPods 4 with active noise cancellation delivers an extraordinary experience in an open-ear design.

Customers continue to tell me how important our Hearing Health features for AirPods Pro 2 are to them, and we've been expanding their availability to reach even more users around the world. Millions have already taken hearing tests and the stories we received about the new hearing aid feature are deeply moving, showing how these innovations are making a real difference in people's daily lives. It's a powerful reminder of the impact technology can have when it's designed with care.

Meanwhile, Apple Vision Pro takes the concert experience to a whole new level with Metallica, our latest Apple immersive video, which you have to see to believe. And visionOS 2.4 unlocks the first set of Apple Intelligence features for Vision Pro users while inviting them to explore a curated and regularly updated collection of spatial experiences with the Spatial Gallery app. In retail, in addition to the two stores we opened during the quarter, we're also looking forward to a new retail store in the UAE, the arrival of the online store in Saudi Arabia and new retail stores in India starting later this year.

Let's now turn to Services, where we achieved an all-time revenue record of $26.6 billion, up 12% from a year ago with strong performance across all of our categories. From starting their morning with their podcast of choice to buying a coffee with Apple Pay to spending an afternoon reading the latest bestseller on Apple Books to using their favorite app from the App Store or an evening workout with Fitness+, Apple Services are enriching our users' lives all throughout their day.

With incredible shows like The Studio, Your Friends & Neighbors and the culture-shaping Severance, Apple TV+ has become a must-see destination with record viewership during the quarter. And we're excited for our upcoming movie F1 starring Brad Pitt, which will hit theaters this summer and gives an incredible inside look at one of the most intense sports on Earth. And there is so much more to come this year.

It's no wonder Apple TV+ has earned more than 2,500 award nominations and 560 wins. We're also reaching sports fans in more ways than ever, from watching their favorite teams go to bat on Friday Night Baseball to cheering on their local team with MLS Season Pass to following the results of every Grand Prix with Formula 1 now on the Apple Sports app.

Turning to software. We just released iOS 18.4, which brought Apple Intelligence to more languages, including French, German, Italian, Portuguese, Spanish, Japanese, Korean, and simplified Chinese as well as localized English to Singapore and India. AI and machine learning are core to so many profound features we've rolled out over the years to help our users live a better day. It's why we designed Apple Silicon with a neural engine that powers so many AI features across our products and third-party apps. It's also what makes Apple products the best devices for generative AI.

At WWDC 24, we announced Apple Intelligence and shared our vision for integrating generative AI across our ecosystem into the apps and features our users rely on every day. To achieve this goal, we built our own highly capable foundation models that are specialized for everyday tasks. We designed helpful features that are right where our users need them and are easy to use. And we went to great lengths to build a system that protects user privacy, whether requests are processed on-device or in the cloud with Private Cloud Compute, an extraordinary step forward for privacy and AI.

Since we launched iOS 18, we've released a number of Apple Intelligence features from helpful Writing Tools to Genmoji, Image Playground, Image Wand, Clean Up, Visual Intelligence and a seamless connection to ChatGPT, we made it possible for users to create movies of their memories with a simple prompt and added AI-powered photo search, smart replies, priority notifications, summaries for mail, messages and more.

We've also expanded these capabilities to more languages and regions. With regard to the more personal Siri features we announced, we need more time to complete our work on these features so they meet our high-quality bar. We are making progress and we look forward to getting these features into customers' hands.

Turning to sustainability. We just celebrated Earth Day, and we were proud to announce that we've cut our emissions by 60% from our 2015 levels. Today, we're using more clean energy across our operations and more recycled materials in our products than ever. We have worked with suppliers to bring 17.8 gigawatts of renewable electricity online.

We're also saving billions of gallons of freshwater and redirecting millions of metric tons of waste from landfills. All of this will help us make important progress towards our goal of carbon neutrality across our supply chain and the life cycle of our products by 2030.

Now let me walk you through the impacts of tariffs in the March quarter and give you some color on what we expect for the June quarter. For the March quarter, we had a limited impact from tariffs as we were able to optimize our supply chain and inventory. For the June quarter, currently, we are not able to precisely estimate the impact of tariffs as we are uncertain of potential future actions prior to the end of the quarter.

However, for some color, assuming the current global tariff rates, policies and applications do not change for the balance of the quarter and no new tariffs are added, we estimate the impact to add $900 million to our costs. This estimate should not be used to make projections for future quarters as there are certain unique factors that benefit the June quarter. For our part, we will manage the company the way we always have, with thoughtful and deliberate decisions, with a focus on investing for the long term, and with dedication to innovation and the possibilities it creates.

As we look ahead, we remain confident, confident that we will continue to build the world's best products and services, confident in our ability to innovate and enrich our users' lives, and confident that we can continue to run our business in a way that has always set Apple apart. Next month, we can't wait to welcome our developer community for the Worldwide Developers Conference, and we look forward to revealing some exciting announcements.

With that, I'll turn it over to Kevan.