Amazon posts record profit; Apple disappoints

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Amazon Inc, the world's largest online retailer and a prominent cloud services provider, on Thursday reported a profit near $2 billion - its largest ever - as changes to US tax law added to its bottom line, while Apple Inc, the world's most valuable technology company, sold fewer new iPhones than forecast in its second quarter.  
Shares of Seattle-based Amazon, which reported its strongest holiday-quarter sales growth in eight years, rose as much as 6.8 percent in extended trading after closing at $1,390 in New York. The stock has leaped 67 percent in the past 12 months.  
Apple's shares were down 1.3 percent in extended trading on Thursday.  
Perhaps the surprise star of the past quarter was Amazon's voice aide Alexa, embedded in the company's Echo speakers and Fire TV players, as well as some cars and house gadgets.  
Millions of Amazon customers ordered goods by voice with Alexa in the past year, said Brian Olsavsky, Amazon's chief financial officer, on a call with reporters.  
"Our 2017 projections for Alexa were very optimistic, and we far exceeded them," added Jeff Bezos, Amazon's founder and chief executive, in a statement. "We don't see positive surprises of this magnitude very often - expect us to double down."  
Amazon's Prime delivery and entertainment service also saw more than 4 million sign-ups in one week alone last quarter.  
Amazon's revenue, which includes sales from its Whole Foods grocery stores, jumped 38 percent year-over-year. Its North America revenue surged 42 percent to $37 billion, while international sales grew 29 percent to $18 billion.  
Sales gained 38 percent to $60.5 billion in the fourth quarter, the biggest growth increase in the period since 2009, when revenue jumped 42 percent. Net income was $1.9 billion, or $3.75 per share, the company said Thursday in a statement. Analysts projected earnings of $1.83 per share on sales of $59.8 billion.  
The profit received a provisional $789 million boost from the tax bill passed by Congress in December.  
Olsavsky said the advertising business and Amazon Web Services (AWS), the company's profitable cloud-computing unit, were strong contributors to the quarterly sales growth. Revenue from AWS increased 45 percent to $5.1 billion.  
Amazon's subscription services revenue increased 49 percent to $3.2 billion in the quarter. Third-quarter growth was 59 percent.  
Apple's net income and revenue for its first quarter that ended Dec 31 rose, but its revenue forecast for the second quarter of between $60 billion and $62 billion was below market expectations of $65.73 billion, adding to concerns of a plateau in demand for its newer iPhones, including the anniversary edition iPhone X.  
In the latest fiscal first quarter, the company said it sold 77.32 million iPhone units, below analysts' average estimates of 80.03 million, according to financial data and analytics firm FactSet.  
However, average selling prices were stronger than expected - $796 against expectations of $756 - a fact that Chief Financial Officer Luca Maestri attributed to higher demand for its newest iPhones.  
The company, which will be paying $38 billion in repatriation tax, said net income rose to $20.07 billion, or $3.89 per share in the first quarter, from $17.89 billion or $3.36 per share, a year earlier.  
Revenue rose about 13 percent to $88.29 billion for the first quarter, beating analysts' average expectation of $87.28 billion. Revenue from the services segment, which includes iTunes, Apple Music, iCloud, and Apple Pay, rose about 18 percent to $8.47 billion in the quarter.  
Bloomberg-Reuters

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