

Apple revenues fall for third straight quarter as company invests heavily in AI

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Apple boss Tim Cook announced the company was investing heavily in artificial intelligence (AI) on Thursday as the company announced its third consecutive quarter of declining revenues, the company's most prolonged sales slump since 2016. Apple's sales for the fiscal third quarter ending 1 July fell 1.4% to \$81.8bn. Over the quarter the company made a profit of \$19.9bn, higher than analysts had expected. iPhone sales slightly missed analyst estimates, but were made up for by strong sales in the services segment that contains Apple TV+ and by sales in China that grew 8% year over year. Apple shares were flat in extended trading after the results. Apple chief executive Tim Cook told Reuters that the increased R&D spending was in part driven by work on generative artificial intelligence, the same field that is driving spending at its big technology rivals, Alphabet and Microsoft. "We've been doing research across a wide range of AI technologies, including generative AI, for years. We're going to continue investing and innovating and responsibly advancing our products with these technologies to help enrich people's lives," Cook said. "Obviously, we're investing a lot, and it is showing up in the R&D spending that you're looking at." Apple's research and development spending hit \$22.61bn for the fiscal year so far, about \$3.12bn higher than at this point in the previous year. The news came as Amazon reported results that were better than Wall Street's expectations. Amazon sped up revenue growth in the second quarter. Sales increased 11% to \$134.4bn, compared to estimates of \$131.5bn from analysts polled by Refinitiv. The company reported a quarterly profit of \$6.7bn, nearly double what analysts expected. Amazon now expects a further summer revenue bump. It said its biggest sales day ever was part of last month's marketing blitz for loyalty shoppers known as Prime Day. Shares rose 6% in after-hours trade. Reuters contributed to this story