# Apple posts better-than-anticipated earnings fueled by iPhone sales

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Apple posted better-than-anticipated second-quarter earnings on Thursday, boosting hopes of a tentative tech recovery and sending company shares up. The company reported revenue of $94.84bn in its second-quarter earnings, up from a predicted $92.96bn, and an all-time record in its services division. It also reported a March quarter record for iPhone sales. The report heartened investors, coming after Apple posted rare misses on revenue, profit and sales in its previous earnings released in February. At the time the company cited supply-chain issues for the slump, after its factories in China were affected by strict Covid-19 lockdowns and related protests in late 2022. CEO Tim Cook said in a call with investors accompanying Thursday's report that those supply-chain snarls had vanished. "We had no material shortages at all during the quarter across any of the products," he said, adding that the company was pleased it pulled out positive results "despite the challenging macroeconomic environment". Regardless of the positive performance, Apple struggled in other aspects of its business – seeing its second straight quarter of negative year-over-year growth and net income down 3% versus the same quarter last year. Mac sales fell more than 30% to $7.17bn compared with analyst estimates of a 25% decline to $7.8bn, according to Refinitiv. The company has its eyes on other markets, after sales in China dropped 2.9% to $17.8bn, a slightly larger drop than overall revenue and growth in the Americas slowed. In a call with investors, Cook highlighted Apple's growing reach in India as a bright point for the company. "I was just there and the dynamism in the market, the vibrancy is unbelievable," he said. "There are a lot of people coming into the middle class and I really feel that India is at a tipping point." A 1.5% rise in Apple's iPhone revenue contrasted with the broader consumer electronics industry, which is grappling with a decline in sales of smartphones, tablets and PCs as consumers and businesses who scooped up electronics during the pandemic tighten spending amid rising interest rates and economic uncertainty. Apple has long been seen as a relatively stable bet in the chaotic investing world of tech, with fewer fluctuations than peers such as Alphabet and Meta. However, in its past two earnings reports, the company has warned of a continuing economic downturn. The solid quarter highlighted the "durability of the company's brand", and how consistent demand for its high-end iPhone products successfully offset other weaknesses in the business, said Jesse Cohen, senior analyst at Investing.com. "The earnings beat suggests that Apple's premium smartphone business may be insulated from concerns about deteriorating consumer confidence and a worsening macroeconomic outlook," he said. Apple has remained relatively stable in its workforce even as companies like Alphabet and Meta, which grew their workforces rapidly during the tech boom seen during the pandemic, have laid off thousands of workers. But reports in early April showed this may be coming to an end, with corporate layoffs anticipated. Apple's recent stumbles came amid a wider downturn in the tech world – one that is seeing a tentative recovery this quarter. Last week, Alphabet reported an unexpected rise in revenue during its first quarter and Meta similarly reported earnings that beat investor predictions. Apple may be uniquely situated to weather the ongoing headwinds, said Cohen. “Like other major tech companies, even Apple is suffering from the negative impact of a worsening macro backdrop and ongoing supply-chain woes, though it has done a better job of navigating through the challenging environment,” he said. Reuters contributed to this report