

# Apple breaks year-long streak of falling revenue with strong holiday sales

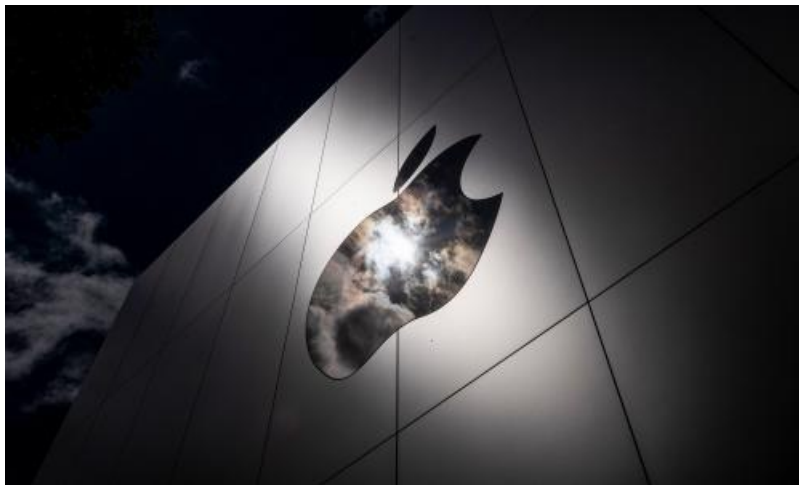
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Author: Johana Bhuiyan

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Apple has ended the quarter with its first revenue gain in over a year, but the company still struggled to cope with a decline in global smartphone demand. The company posted \$119.58bn in revenue and \$2.18 in earnings per share (EPS), beating Wall Street expectations of \$117.91bn in quarterly revenue and \$2.10 in EPS. Apple broke its four-quarter streak of declining revenue with a reported 2% growth in sales. Shares dropped in after-hours trading. However, the news wasn't all rosy for the iPhone maker. The company's sales in China, its third-largest market, dropped from \$23.9bn to \$20.8bn. Global iPad sales dropped to \$7bn in the most recent quarter, from \$9bn in the same quarter last year. The company brought in \$69.7bn in iPhone sales in the three months ending in December 2023, up from \$65.8bn year-over-year. Earlier this week, the company's stock took a tumble after the prominent TF International Securities analyst Ming-Chi Kuo predicted Apple's iPhone shipments would decrease by 15% year-over-year, due in part to a sizable drop in iPhone sales in China. Apple's services business maintained its growth, with the company posting \$23.1bn in revenue, up from \$20.8bn in services revenue the previous year. Microsoft overtook Apple as the world's most valuable company in January, hitting a \$3tn valuation while Apple's market capitalization slipped. Investors will probably have questions about Apple's business and the demand for its devices in China, where the company faces steep competition from Huawei, according to the Forrester analyst Thomas Husson. "The key element to watch will be – as always given its major contribution to sales during the holiday season – the performance of the new iPhone 15 lineup," Husson wrote in a statement. "Part of its performance will depend on how Apple managed hurdles in China given both the usage ban by government officials and the fierce competition from Chinese brands." Apple's new headset, the Vision Pro, which is set to go on general sale on Friday after opening for preorders late last month, will be the first new product category the company is entering since launching the Apple Watch in 2015. While iPhone sales are expected to remain the strongest indicator of the company's financial health, investors are likely to keep an eye on the demand for the new headset. According to Apple news site MacRumors, the company has sold roughly 200,000 headsets. "Sales of the new Vision Pro – starting only on February 2, will not impact results but given the high price point, dozens of thousands of pre-orders mean hundreds of millions of dollars – not bad for an entirely new product category still in its infancy," Husson wrote. "Looking forward, the biggest question mark is Apple's ability to leverage AI and genAI in differentiating experiences." Apple has also emerged as a significant player in the movie industry as it spends lavishly on Apple TV+, scoring 13 Academy Award nominations. Ten of the nominations were for Killers of the Flower Moon. • This article was amended on 2 February 2024 to clarify that Wall Street expected \$117.91bn in quarterly, not full-year, revenue for Apple.