

Amazon sales soar with boost from artificial intelligence and advertising

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Amazon profits soared once again in the first quarter of 2024, the company announced on Tuesday – the latest in a series of robust earnings reports for the retail giant. The company attributed the boost to artificial intelligence and advertising sales. Amazon reported overall revenue of \$143.3bn in the first three months of the year – up 13% from the same period in 2023 and surpassing Wall Street expectations of \$142.65bn. The e-commerce giant reported an increase of more than 200% to \$15bn, with net income more than tripling to \$10.4bn from \$3.17bn at the same time in 2023. In a statement accompanying the report, the chief executive, Andy Jassy, said Amazon's continuing focus on AI has "reaccelerat[ed]" the growth rate of Amazon Web Services (AWS), the company's cloud-computing sector. Revenue at AWS increased 17% year-over-year to \$25bn, and AWS accounted for 62% of total operating profit. In a call following the report, Jassy said Amazon still has a lot of room to grow in the generative AI sector. The boost to AWS comes after growth in the sector had slowed recently. Executives attributed the slump to recovery from the Covid-19 pandemic, which had pushed many companies to improve cloud infrastructure to support remote work. That trend is stabilizing, they said, and demand for AI can further boost its cloud services. "We remain very bullish in AWS," Jassy said. "We're at a \$100bn-dollar annualized revenue run right now, and this is before you even calculate generative AI. There's a very large opportunity in front of us." Advertising sales, meanwhile, increased 24% year-over-year to \$11.8bn, after the company expanded its advertising, including rolling out ads on Prime Video, starting earlier this year. As Amazon ramps up its cloud-computing and AI capabilities, it will need to spend more on infrastructure to support the technology, Jassy said on the investor call Tuesday. Capital expenditure (capex) was at \$14bn for the quarter, and Jassy said it is expected to increase in subsequent quarters of the fiscal year. "The more demand AWS has, the more we have to procure new data centers' power and hardware," he said, adding that the company does not spend capital "without very clear signals that we can monetize it". Last week, Meta's shares plummeted on news that the company would increase its capital expenditure to build up its AI capabilities. The earnings report comes after Amazon announced it would invest \$11bn to build more data centers in Indiana, promising at least 1,000 jobs there. Also in the quarter, the company extended its partnership with chip manufacturer Nvidia to continue to power its AI offerings. The report underscores a positive response from investors to Amazon's recent cost-cutting measures, including laying off more than 27,000 employees since late 2022. Amazon laid off hundreds of additional staffers in early 2024. Shares were up 5% in after-hours trading.