

Apple Inc.

09:50 29 Jan 2020

Apple sees quarterly sales and profits top expectations as iPhone sales rose for first time in a year

Apple Inc (NASDAQ:AAPL) shares rose on Wednesday after the tech giant reported quarterly sales and profits that topped Wall Street expectations after-hours on Tuesday thanks to rising iPhone sales for the first time in a year.

The Nasdaq-listed firm also forecast revenue for the quarter ending in March above Wall Street expectations.

READ: Apple closes historic 2019 for Services offerings with double-digit App Store growth

Apple also highlighted soaring demand for add-ons like AirPods wireless headphones in its fiscal first quarter, although there was a slight revenue miss in the company's services business, which includes the new Apple TV+ streaming offering.

For the quarter ended December 28, Apple reported revenue of \$91.8 billion compared with analyst estimates of \$88.5 billion, with reported earnings per share of \$4.99, compared with analyst estimates of \$4.55 per share.

iPhone sales of \$55.96 billion in the quarter beat analyst estimates of \$51.6 billion and year-before sales of \$52 billion.

Apple's wearables segment - which, along with AirPods, also includes the Apple Watch - saw revenue of \$10.0 billion versus estimates of \$9.5 billion, up sharply from \$7.3 billion the year before.

But Services revenue was \$12.7 billion, below analyst estimates of \$13 billion, albeit up from \$10.9 billion the year before.

Coronavirus outlook uncertainty

The strong quarterly performance outweighed concerns about the possible impact from the current coronavirus outbreak in China, which is a major market and manufacturing hub for Apple.

The company forecast revenue for the quarter ending in March would be \$63.0 billion to \$67.0 billion, ahead of estimates of \$62.4 billion.

Apple chief Executive Tim Cook told Reuters that the company has issued a wider-than-normal prediction range because of the uncertainty created by the coronavirus.

"We have limited travel to business-critical situations as of last week," he told the newswire.

"The situation is emerging, and we're still gathering lots of data points and monitoring it very closely."

Apple shares were up 1.5% to \$322.54 in the first hour of New York trading, matching its after-hours rise.

Price: 317.94

Market Cap: \$1.38 trillion

1 Year Share Price Graph



Share Information

Code: AAPL

Listing: NASDAQ

52 week	High	Low
	327.85	170.27

Sector: Hardware & electrical equipment

Website: www.apple.com

Company Synopsis:

Apple Inc. designs, manufactures, and markets personal computers, mobile communication devices, and portable digital music and video players, and sells a variety of related software, services, peripherals, and networking solutions.

action@proactiveinvestors.com

Sustained growth in physical products

In reaction to the Apple numbers, Sophie Lund-Yates, equity analyst at Hargreaves Lansdown commented: "iPhone sales have comfortably beaten market expectations in the first quarter, suggesting the latest models have been a force to be reckoned with.

"Since iPhones make up over half of all sales that's good going, particularly with the advances between different phone models becoming more nuanced and harder to differentiate, leading to a much more crowded marketplace. Overall hardware sales have probably benefitted from Phase 1 of a trade deal between the US and China, saving Apple from burdensome tariffs."

She added: "Sales did slip in iPads and Macs, but an impressive showing from wearables and accessories more than offset those declines. In total there are now over 1.5bn active apple products in the world. Sustained growth in physical products is a core part of Apple's story, because it feeds into a lucrative web.

"The integration of things like iMessage across various products including Macs, iPhones and Apple Watches means people are more likely to select other Apple products in the future if they already own one. That makes Apple customers particularly sticky and is a key pillar in the group's modus operandi. Growth in Services is likely a function of the extra devices, as people turn to the App Store or Apple Music when they get their new phones, and this is an attractive, high margin area of the business. Apple is sowing the seeds for future growth."

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.