

Amazon 4Q profit climbs 71 pct on strong holidays (Update)

January 28 2010, By RACHEL METZ , AP Technology Writer



In this Nov. 16, 2009 photo, Reginald Armstead, Jr., of Phoenix, sends a package on its way after packing it at the 800,000 sq. ft. Amazon.com warehouse in Goodyear, Ariz. Amazon.com Inc., reports quarterly earnings after the market close Thursday, Jan. 28, 2010.(AP Photo/Ross D. Franklin, File)

(AP) -- Amazon.com Inc.'s fourth-quarter earnings skyrocketed 71 percent, as shoppers spent more than ever during a holiday season that improved over the previous year for retailers on and off the Web.

Despite the sluggish economy, Amazon did well throughout the year, drawing shoppers with its Kindle e-reader and deals on an immense selection of goods ranging from alarm clocks to stuffed zebras.

Amazon reported Thursday that this behavior carried through the holiday season, which is typically the busiest time of the year for

retailers. And Amazon doesn't expect growth to slow: The company predicted first-quarter revenue that exceeds analyst expectations.

Amazon said it earned \$384 million, or 85 cents per share, in the October-December period. That compares with \$225 million, or 52 cents per share, in the year-ago quarter, which included a holiday season that Amazon had described then as its "best ever," only to be surpassed by the 2009 holidays.

Revenue rose 42 percent to \$9.52 billion. That includes a \$200 million contribution from online shoe and apparel store Zappos, which Amazon bought late last year.

The results blasted past estimates of analysts polled by Thomson Reuters, who expected earnings of 72 cents per share on \$9.04 billion in revenue.

Amazon forecast revenue of \$6.45 billion to \$7 billion in the current quarter, an increase of 32 percent to 43 percent; analysts had been looking for \$6.36 billion, on average.

Revenue from books, CDs, DVDs and other media climbed 29 percent to \$4.68 billion. Electronics and other "general merchandise" revenue rose nearly 60 percent to \$4.61 billion. Revenue increased 37 percent in North America and nearly 49 percent elsewhere.

Speaking to analysts during a conference call, Chief Operating Officer Tom Szkutak said there are still plenty of product categories and geographic markets that Amazon could enter.

Dan Geiman, an analyst with McAdams Wright Ragen, said the quarter was "extremely strong" and Amazon's results suggest it took some share of the online retail market from competitors.

"It's just huge growth, given that consumers are still under quite a bit of pressure," he said. "The economy still isn't that great."

As in the past, Amazon did not say how many Kindles it has sold so far, though Amazon CEO Jeff Bezos said in a statement that "millions" of people now own the electronic-book reader.

He also said that it is selling six Kindle books for every 10 physical copies for the titles available in both formats.

Amazon had previously said it reached a Kindle milestone on Christmas Day, when it sold more copies of e-books than physical copies for the first time.

The Seattle-based company is encountering more competition from a growing number of e-reader competitors, though, including Apple Inc., which announced its tablet-style multimedia player, the iPad, on Wednesday.

In hopes of staying ahead of the pack, Amazon cut the Kindle's price yet again during the quarter, slicing \$40 to \$259.

Barnes & Noble has come out with its \$259 Nook, and Sony Corp. has stayed in the game with its Readers, with an entry-level model at \$200. Apple's iPad will start at \$499 when it comes out in two months.

For the full year, Amazon earned \$902 million, or \$2.04 per share, on \$24.5 billion in revenue.

Amazon also said its board authorized it to buy back up to \$2 billion in common stock under a plan that doesn't have a set expiration date.

Shares in Amazon rose \$3.08, or 2.5 percent, in after-hours trading. The

stock finished regular trading earlier at \$126.03, up \$3.28, or 2.7 percent.

©2010 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: Amazon 4Q profit climbs 71 pct on strong holidays (Update) (2010, January 28)
retrieved 18 April 2024 from <https://phys.org/news/2010-01-amazon-4q-profit-climbs-pct.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.