

# Amazon 2Q profit jumps 45 pct; misses Wall Street

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In this file photo made May 25, 2010, Amazon.com Inc. CEO and founder Jeff Bezos speaks during the company's shareholders meeting in Seattle.

Amazon.com Inc. said Thursday, July 22, 2010, that its second-quarter income jumped, bolstered by shoppers who spent more with the online retailer even as consumer confidence fell overall. (AP Photo/Ted S. Warren, File)

(AP) -- Amazon.com Inc. said Thursday that its second-quarter income jumped, bolstered by shoppers who spent more with the online retailer even as consumer confidence fell overall.

But the Seattle-based company's earnings fell below analyst expectations, and its stock dove in after-hours trading.

For the April-June quarter, Amazon.com earned \$207 million, or 45 cents per share. That's a 45 percent increase from \$142 million, or 32

cents per share, in the same quarter last year.

Analysts polled by Thomson Reuters were looking for 54 cents per share, but rising operating expenses cut into Amazon's profit growth.

Overall, operating expenses grew 40 percent to \$6.3 billion. Part of that resulted from rising fulfillment costs - \$582 million, compared with \$409 million last year.

In a conference call with journalists to discuss the company's results, Chief Financial Officer Tom Szkutak attributed the expenses to Amazon's efforts at increasing its ability to fill orders. The company is adding 13 fulfillment centers this year, he said, and hired 2,200 people during the quarter.

Revenue grew 41 percent to \$6.6 billion, slightly beating analyst predictions for \$6.5 billion in revenue.

The growth came mainly from sales of electronics and other general merchandise, which increased 69 percent from last year to \$3.5 billion. Revenue from books, CDs, DVDs and other media rose 18 percent to \$2.9 billion.

Revenue increased 46 percent in North America to \$3.6 billion, and 35 percent to \$3 billion elsewhere.

As usual, Amazon did not provide details about sales of its Kindle e-reader, which was joined in the second quarter by a formidable competitor, Apple Inc.'s iPad. In a statement, CEO Jeff Bezos said Amazon is seeing "rapid growth" in Kindle sales, among other company offerings.

Earlier this week, Amazon did say that Kindle sales have risen since it

cut its price in June. To push more Kindle sales, Amazon dropped the price of the Kindle by \$70, to \$189, just hours after Barnes & Noble Inc. said it would lower the price of its competing Nook e-reader by \$60, to \$199. Amazon also started selling the Kindle at Target stores.

Bezos also said Thursday that in the past year, consumers have bought more than \$1 billion worth of goods from Amazon with a mobile device. This includes digital purchases made over the Kindle, which can download content wirelessly.

In the current quarter, Amazon believes revenue will total \$6.9 billion to \$7.6 billion, which would mark growth of 27 percent to 40 percent over the third quarter of 2009. Analysts expect \$7.1 billion in revenue.

The stock fell \$15.82, or 13.2 percent, to \$104.25 in extended trading. Before the release of results, the stock rose \$2.64, or 2.25 percent, to close at \$120.07.

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