

Kindle Fire helps Amazon beat 1Q estimates

April 27 2012, By RYAN NAKASHIMA , AP Business Writer

(AP) -- Amazon.com Inc. posted first-quarter profits Thursday that blew by analysts' estimates and boosted the company's stock in extended trading. The online commerce giant said its Kindle Fire tablet computer was its best-selling item and helped lift revenue from digital movies and books.

Amazon [chief financial officer](#) Tom Szkutak told analysts that media sales are up, particularly in North America, thanks in part to the Kindle Fire, which is sold exclusively in the U.S. "Customers are buying a lot of content," he said. "You're seeing that accelerate."

Amazon's surprisingly good January-March quarter - which helped drive its stock up 14 percent in after-market trading - came on the heels of a report from market tracker [comScore](#) Inc. that said the Kindle Fire had grabbed more than half of the U.S. market for Android-based tablet computers in February, just months after its Nov. 15 [launch](#).

For the company as a whole, net income declined to \$130 million, or 28 cents per share, from \$201 million, or 44 cents per share a year ago. That was still better than the 6 cents per share of profit expected by analysts polled by FactSet.

Szkutak said the decline in profits was due to continuing investments the company has made in fulfillment centers, Web services infrastructure and [video content](#) rights.

"The good news is we have a lot of opportunity to invest and invent on

behalf of customers," he said. "That's what we're doing. It is impacting our bottom line results."

Revenue grew 34 percent to \$13.18 billion, also beating the \$12.91 billion analysts expected.

North American media sales, which include sales of DVDs, CDs and video streams, grew 17 percent to \$2.2 billion. The growth rate was more than twice as fast as the 8 percent year-over-year gain posted in the quarter through December. That quarter was hurt by sluggish video game purchases.

Amazon's first-quarter performance "basically put the company back on track" in media sales growth, said Susquehanna analyst Herman Leung, who said the sluggish fourth quarter had "spooked" some investors.

The company said it expects revenue in the current quarter to grow between 20 percent and 34 percent, or to between \$11.9 billion and \$13.3 billion, which includes the negative impact of foreign exchange movements.

Before Amazon released its outlook for the current quarter, analysts had expected second quarter revenue of \$12.8 billion. That was higher than the midpoint of Amazon's forecast of \$12.6 billion.

Amazon's stock rose \$28.01, or 14.3 percent, to \$224 in extended trading after the release of results.

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