

# Amazon reports lower 1Q earnings, higher revenue

April 25 2013, by Barbara Ortutay

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The Amazon logo is projected onto a screen at a press conference on September 6, 2012 in Santa Monica, California. Amazon.com posted earnings that beat Wall Street expectations Thursday even though profit fell as the online retail colossus invested in shipping centers and digital entertainment content.

Amazon.com Inc.'s net income declined in the first three months of the year even though revenue increased 22 percent, as the online retailer continued to spend heavily on order fulfillment and rights to digital content.

Amazon, the world's largest online retailer and the seller of Kindle devices and services, said Thursday that it earned \$82 million, or 18 cents per share, in the first quarter. That's down 37 percent from \$130 million, or 28 cents per share, in the same period a year earlier. But it's higher than the 7 cents expected by analysts polled by FactSet.

Revenue rose 22 percent to \$16.07 billion, from \$13.19 billion. Analysts expected \$16.14 billion.

Amazon's operating expenses rose 22 percent to \$15.9 billion, from \$13 billion. The company has been investing a lot of its income in enhancing its distribution network, its shopping website and its Kindle business as part of a long-term growth plan. Because of that, and deep discounts it offers customers, Amazon's profit margins have been thin.

For the current quarter, Amazon expects revenue of \$14.5 billion to \$16.2 billion. Analysts had expected \$15.92 billion.

Shares fell \$14.70, or 5.4 percent, to \$260 after the results came out. The stock had gained \$5.92, or 2.2 percent, to \$274.70 during the regular session.

Amazon is stretching well beyond online retailing. The Seattle-based company soon plans to debut original TV programming. Amazon is running introductory pilots for 14 TV shows on its website for anyone in the U.S., U.K. and Germany to watch. Viewers will get to help decide which shows get additional episodes.

"The pilots are out in the open where everyone can have a say," Jeff Bezos, Amazon's founder and CEO, said in a statement. "I have my personal picks and so do members of the Amazon Studios team, but the exciting thing about our approach is that our opinions don't matter. Our customers will determine what goes into full-season production."

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Citation: Amazon reports lower 1Q earnings, higher revenue (2013, April 25) retrieved 26 April 2024 from <https://phys.org/news/2013-04-amazon-1q-higher-revenue.html>

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