

Alibaba's 1Q sales short of expectations, shares fall (Update)

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In this Sept. 18, 2014 file photo, people walk past an advertising billboard showing the mobile app of Alibaba's Taobao consumer-to-consumer site at a subway station in Beijing. Alibaba Group Holding Ltd. reports quarterly financial results before the market opens on Wednesday, Aug. 12, 2015. (AP Photo/Vincent Thian, File)

With sales growth slowing in China, Alibaba is looking across its borders to give sales a boost.

The Chinese e-commerce powerhouse reported first-quarter net income more than doubled on strong growth across its online and mobile platforms.

Though revenue jumped 28 percent, the growth fell short of Wall Street expectations and shares fell 6 percent in early trading.

Conlumino analyst Neil Saunders pointed out that revenue growth over the past fiscal year was 39 percent, and it reached 59 percent the year before that.

"This is not to infer criticism of Alibaba, but it does suggest that its core Chinese business has now reached a level of maturity that will dampen future growth rates," Saunders wrote.

Alibaba went public in the U.S. in September and investors, seeking to tap into the rapidly growing Chinese middle-class, scrambled to buy shares. Alibaba's e-commerce platforms, including Taobao and Tmall, make up 80 percent of Chinese e-commerce.

But China's growth has slowed and Beijing devalued the yuan this week to calm domestic markets that have become extremely volatile. But that roiled global markets and the Hang Seng index tumbled 2.4 percent Wednesday. The index has slid 13 percent over the past three months.

Alibaba has begun looking abroad to spur sales, both from U.S. companies selling goods on its platforms in China and Chinese sellers reaching international customers.

"In recent months, we have made substantial progress in providing international access to Chinese consumers shopping on marketplaces," said CEO Daniel Zhang in a call with analysts. "More and more brands believe our Tmall platform is the only e-commerce channel to develop

their China business."

The company said Wednesday that Macy's will launch a store on Alibaba's Tmall Global platform later this year.

Other U.S. retailers on Tmall Global include Costco, Juicy Couture, Gap, Vitamin Shoppe, Nature's Bounty, Mead Johnson and Thermos.

First-quarter net income rose to 12.34 million Chinese yuan, or 11.92 yuan (\$1.92) per share. Excluding one-time items, net income was 59 cents per share. That beat analyst expectations of 56 cents per share according to FactSet.

Annual active buyers rose 32 percent to 367 million.

Revenue rose 28 percent to 20.25 billion Chinese yuan (\$3.27 billion), from 15.77 billion Chinese yuan a year ago. That missed analyst expectations of \$3.32 billion.

Sales on mobile devices made up more than half of Alibaba's retail total for the first time.

Revenue from cloud computing more than doubled to 485 million Chinese yuan (\$78 million).

Alibaba, based in Hangzhou, China, also announced a \$4 billion share repurchase program over the next two years.

Shares fell \$5.02 to \$72.32 in morning trading, hitting the lowest level since the company went public in September.

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