

Amazon shares soar as earnings top expectations

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Amazon shares soared Thursday after the Internet giant reported earnings that topped expectations, boosting revenue from its fresh acquisition of grocery chain Whole Foods and an expanded line-up of devices tapping into its digital assistant Alexa.

Profit for the third quarter was \$256 million, up slightly from \$252 million a year ago while revenue jumped 34 percent to \$43.7 billion.

The Seattle-based company has grown from its online retail roots to cloud computing, streaming video, artificial intelligence and more.

Amazon shares rallied nearly eight percent to \$1,050 in after hours trade on the stronger-than-expected results.

In its earnings statement Amazon's founder and chief executive Jeff Bezos focused on Amazon's fast-growing digital assistant Alexa, which is included in its connected speakers and third-party products ranging from appliances to automobiles.

"In the last month alone, we've launched five new Alexa-enabled devices, introduced Alexa in India, announced integration with BMW, surpassed 25,000 skills, integrated Alexa with Sonos speakers, taught Alexa to distinguish between two voices, and more," Bezos said.

"Customers have purchased tens of millions of Alexa-enabled devices... With thousands of developers and hardware makers building new Alexa skills and devices, the Alexa experience will continue to get even better."

Amazon said Whole Foods, the natural foods chain it acquired this year, provided \$1.3 billion in revenue and \$21 million in operating income for the company.

Excluding the impact of Whole Foods, net sales were up 29 percent, Amazon said.

Its cloud computing arm Amazon Web Services accounted for \$4.6 billion in revenue and \$1.2 billion in operating income.

Amazon's expansion into new sectors and markets has lifted the company's share price and made Bezos one of the world's richest individuals—briefly the richest at one point, according to a Forbes survey.

Along with its growing influence, Amazon has become one of the most

valuable companies on the planet alongside US tech rivals Apple, Facebook and Google parent Alphabet.

Amazon said that for the fourth quarter, it expects revenues in a range of \$56 to \$60.5 billion, representing growth of 28 to 38 percent compared with last year.

Independent tech analyst Rob Enderle said the fact that Amazon did so well in the quarter leading up to the prime holiday shopping season suggests the firm will "knock it off the rails" as the year comes to a close.

'In good shape'

Neil Saunders of the research firm GlobalData called the Amazon results "stellar."

He noted that Amazon has been able to drive growth from online sales with its Prime subscription service, which offers free delivery, video and other extras.

"Overall, Amazon is in very good shape," Saunders said in a research note.

As for Whole Foods, he said "it is too early to conclusively say whether this is a success story" but that "initial signs are encouraging, and our data show some very slight movements on price perception... Amazon's approach is being noticed by consumers."

The \$13.7 billion acquisition of Whole Foods this year came with plans to broadly integrate its bricks-and-mortar stores into Amazon's subscription-based "Prime" program, which already grants customers free two-day shipping, access to original programming and other perks.

The companies also emphasized their determination to cut prices at a franchise that for years has had the ironic moniker of "Whole Paycheck" for its ability to induce sticker shock at the chain known for healthful and organic food.

"I think over time you'll see more cooperation and working together between AmazonFresh, Prime Now, and Whole Foods as we can explore different ways to serve the customer," Amazon chief financial officer Brian Olsavsky said during an earnings call with analysts.

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