

Apple delivers record profit, seeks to allay iPhone X fears

February 2 2018



Credit: CC0 Public Domain

Apple on Thursday said its earnings in the final three months of last year set new records, with sales of its flagship iPhone X topping its expectations.

The California-based technology giant reported that profit climbed to \$20 billion on [revenue](#) that increased 13 percent to \$88.3 billion during the period.

"We're thrilled to report the biggest quarter in Apple's history, with broad-based growth that included the highest revenue ever from a new iPhone lineup," said Apple chief executive Tim Cook.

"iPhone X surpassed our expectations and has been our top-selling iPhone every week since it shipped in November."

However, Apple reported that overall iPhone sales in the quarter of 77.3 million were about a million fewer than the same period a year earlier.

But iPhone revenues rose 13 percent from a year ago, suggesting its newer models were gaining traction.

The earnings—for the first quarter of Apple's financial year—come amid concerns over weak demand for the newest and most expensive iPhone X, the 10th anniversary edition of the iconic smartphone.

Revenue growth from iPhone sales rose in all regions, and it was the top-selling smartphone overall in mainland China, according to Cook.

"It was a stellar quarter for iPhone," Cook said.

"iPhone X was the most popular."

Apple also forecast revenue of between \$60 billion and \$62 billion in the current quarter, an outlook less rosy than analysts had expected.

Apple shares dipped and then rose more than three percent to \$173.40 in after-market trades that followed release of the earnings figures.

Spotlight off iPhone

Despite Apple's spectacular trajectory in the decade since the introduction of the iPhone, the California technology titan is facing challenges on whether it can continue growth.

Apple's image has been bruised by revelations that it updated its mobile software to slow the performance of old iPhones as batteries weaken from age.

While the iPhone delivered the bulk of revenues, \$61.6 billion in the quarter, the key segment of services saw [revenue growth](#) of 18 percent to \$8.5 billion.

The "other product" segment which includes the Apple Watch and Apple TV, increased 36 percent to \$5.5 billion.

Cook spent much of an earnings call with analysts playing up increasing revenue from Apple services, digital content, subscriptions, and products other than iPhones.

The number of Apple devices being used in the world as of January is at an all-time high of 1.3 billion, the ranks having grown 30 percent during the past two years, according to Apple.

"That number speaks to the strength of the product; the loyalty of the customer, the strength of the ecosystem; it also obviously fuels the services business," Cook said.

While iPhone sales are at the heart of Apple's money-making machine, the company has taken to spotlighting revenue from the App Store, iCloud, Apple Music, iTunes and other content and services people tap into using its devices.

Where's the wow?

Neil Saunders, managing director of research firm GlobalData Retail, saw "worrying trends" behind Apple's record-breaking quarterly earnings.

The number of iPhones sold declined, and people overall seem to be waiting longer to upgrade to new smartphones, the analyst noted. He saw the slowdown in iPhone sales as a sign that Apple isn't coming up with the kind of innovations that "wow" consumers.

"We believe that the clear blue water that once existed between Apple and rivals is much diminished," Saunders said.

"The company has time to reopen the gap, but to do so, it needs to pull something new and unique out of its hat sooner, rather than later."

Apple said its cash pile grew to \$285 billion, with much of that stashed overseas.

The company said last month it would bring back most of its profits from abroad to take advantage of a favorable tax rate in legislation approved by Congress last year.

The repatriation will result in a tax bill of about \$38 billion, but also would free up big chunks of money for investment.

© 2018 AFP

Citation: Apple delivers record profit, seeks to allay iPhone X fears (2018, February 2) retrieved 6 May 2024 from <https://phys.org/news/2018-02-apple-profit-allay-iphone.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.