

Alibaba results beat analyst estimates

15 May 2019



Alibaba dominates China's rapidly expanding consumer culture

Chinese e-commerce leader Alibaba on Wednesday announced revenue for the latest quarter that beat analyst estimates, indicating that the Sino-US trade tiff and a slowing domestic economy were having little impact on the bottom line.

Revenue for the January-March period rose 51 percent year on year to 93.5 billion yuan (\$13.6 billion), a company statement said, outpacing an average analyst estimate of 91.7 billion yuan compiled by Bloomberg News.

Net profit was 25.8 billion yuan, up more than three-fold compared to the same period a year earlier.

Revenue in the Hangzhou-based company's core e-commerce segment, which accounts for the vast majority of its business, jumped 54 percent, while the smaller but fast-growing cloud computing unit surged 76 percent.

"Our cloud and data technology and tremendous traction in new retail have enabled us to continuously transform the way businesses operate in China and other [emerging markets](#),

which will contribute to our long-term growth," Chief Executive Officer Daniel Zhang said in the statement.

Alibaba has been pouring money into what it calls "new retail", which optimises in-store sales and service using data culled online.

Alibaba dominates China's rapidly expanding consumer culture and its corporate results are typically closely watched for any signs that a Chinese economic deceleration and the US-China trade tensions were turning off shoppers.

Earlier on Wednesday, Hong Kong-listed Chinese social media and gaming giant Tencent announced that its quarterly profit also beat expectations.

Tencent said its commercial-payment services and digital content business lines helped offset a government crackdown on its cash-cow gaming segment.

Alibaba was on Tuesday named the world's most valuable retail brand outside the US, according to rankings by global marketing and communications group WPP and research and consulting firm Kantar.

Their report put Alibaba ahead of McDonald's, Home Depot, Nike and Louis Vuitton, and it was the only Asian brand in the top 10.

It put Alibaba's brand value at \$131.2 billion in 2018, up 48 percent on the previous year.

Companies like Alibaba are at the nexus of a national economic strategy to encourage more domestic consumer spending and thereby lessen the reliance on fickle foreign demand for Chinese exports.

© 2019 AFP

APA citation: Alibaba results beat analyst estimates (2019, May 15) retrieved 17 June 2019 from <https://phys.org/news/2019-05-alibaba-results-analyst.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.