

Amazon Q2 profit edges up 3.6% to \$2.6 bn

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This Wednesday, July 17, 2019 photo shows an Amazon shipping truck at a fulfillment center in Phoenix. Amazon.com Inc. reports financial earnings on Thursday, July 25. (AP Photo/Ross D. Franklin)

Amazon said Thursday profits edged up to \$2.6 billion in the past quarter amid strong revenue gains for the US online giant.

Revenues rose 20 percent to \$63.4 billion in the April-June period for

the company, a dominant force in retail with its Prime subscription service.

"Customers are responding to Prime's move to one-day delivery—we've received a lot of positive feedback and seen accelerating sales growth," said chief executive Jeff Bezos.

"Free one-day delivery is now available to Prime members on more than ten million items, and we're just getting started."

Amazon—which has expanded from its origins in e-commerce to cloud services, streaming media, artificial intelligence and brick-and-mortar grocery stores—saw shares slip 2.6 percent in after-hours trade on the results, which showed profits below forecasts but better-than-expected revenues.

The latest results did not include sales from Amazon's big Prime Day two-day sales event, said to have been a record.

Amazon Web Services, the cloud computing division which is a key profit driver for the company, saw revenue gains of 37 percent in the quarter.

Moody's Amazon Analyst Charlie O'Shea said Amazon profits were hit by "margin compression in North America due to the investments in next day Prime delivery."

O'Shea said the shift to one-day delivery for many Prime items "is an example of short-term pain for long-term gain, and is a necessary strategy to compete with brick-and-mortar's speed advantage to the customer."

The analyst said AWS "continues to chug along and provide a significant

buffer to the retail operations."

Amazon has been delivering consistently robust profits in recent quarters after years of thin margins, as the company has grown into one of the world's most valuable, making Bezos the world's richest person.

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