

Apple profit soars in latest quarter on higher iPhone sales

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In this Saturday, March 14, 2020, file photo, an Apple logo adorns the facade of the downtown Brooklyn Apple store in New York. Demand for the iPhone drove Apple net income, which more than doubled in the January-March 2021 period as the tech giant continued to capitalize on smartphone addiction. (AP Photo/Kathy Willens, File)

Demand for the iPhone and other Apple products drove profits to more than double in the January-March period as the tech giant continued to capitalize on smartphone addiction.

Profits came to \$23.6 billion, or \$1.40 per share, while revenue climbed 54% to \$89.6 billion in the fiscal second quarter, the company said Wednesday. Analysts polled by FactSet expected 99 cents per share on \$77.1 billion in sales.

The iPhone, Apple's crown jewel, hadn't sold quite as well as usual over the past few years as people held on to their current phones for longer. But the release of four iPhone 12 models last fall has unleashed purchases, and iPhone sales rose 66% to \$47.9 billion on top of a [holiday-season quarter](#) when iPhone sales jumped 17%.

Some analysts believe the popularity of the iPhone 12 could lead to the device's biggest sales year since 2014, when the iPhone 6 came out. It was a big hit because Apple enlarged the device's screen.

The iPhone 12 is the first model that can connect to 5G wireless networks that promise higher speeds but are still being built out. Apple is trying to goose sales even more during the current quarter with a new purple iPhone 12.

Apple's other products and services—it has music and TV streaming services, just announced a new key- and backpack-tracking device called AirTags, and computers and tablets—are also growing. Mac sales soared 70% to \$9.1 billion, a revenue record for the company, and iPad sales climbed 79% to \$7.8 billion. CEO Tim Cook, on a call with investment analysts, noted the importance of the company's computers and tablets during the pandemic as students and workers toiled virtually at home.

The company's steadily expanding services division generated revenue of

\$16.9 billion during the quarter, up 27%. That division includes 15% to 30% commissions that Apple collects from most paid transactions completed with iPhone apps. Regulators in different countries are scrutinizing how Apple extracts payments through the App Store.

The issue will be the focal point of a federal court trial scheduled to start May 3. Epic Games, the maker of the popular video game Fortnite, will try to prove its contention that Apple has turned its [app store](#) into a weapon for shaking down smaller companies to boost its own already huge profits.

Apple insists its fees are reasonable in light of its massive investment in the iPhone and that its "walled garden" approach helps protect the security of its customers and their devices.

The company also said it would increase spending on stock buybacks by \$90 billion and raised its dividend by 7%.

Apple CFO Luca Maestri said on the call that the company was not providing a revenue forecast given continued uncertainty in the world economy, but said that revenue in the current quarter would grow by "double digits" from the year before. Supply constraints resulting from a shortage of computer chips would lower [revenue](#) by \$3 billion to \$4 billion in the June quarter, primarily affecting the Mac and iPad, he said.

Chips that power a wide range of devices [are in short supply](#), contributing to the iPhone 12's delayed release last year. Apple is "executing extremely well" despite those supply constraints, CFRA analyst Angelo Zino wrote in a research note.

Apple shares rose 1.8% in aftermarket trading Wednesday.

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