

Amazon reports strong 4Q results despite supply-chain snags

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An Amazon logo appears on a delivery van, Oct. 1, 2020, in Boston. Amazon is reporting, Thursday, Feb. 3, 2022, strong fourth-quarter sales and profits even as the online behemoth continues to contend with surging costs tied to a snarled supply chain and labor shortages. Credit: AP Photo/Steven Senne, File

Amazon reported Thursday that its profits nearly doubled in the final

three months of last year, even as it contended with surging costs tied to a snarled supply chain and labor shortages.

The Seattle-based online behemoth also said it is raising its annual prime membership fee in the U.S. to \$139 per year from \$119. It's the first price hike for the Prime membership since 2018.

Shares of Amazon jumped nearly 15% in after-market trading.

"As expected over the holidays, we saw higher costs driven by labor supply shortages and inflationary pressures, and these issues persisted into the first quarter due to omicron," said Amazon CEO Andrew Jassy, who succeeded founder Jeff Bezos in that role last July. "Despite these short-term challenges, we continue to feel optimistic and excited about the business as we emerge from the pandemic."

Bezos is now executive chairman.

Amazon is one of the few retailers that has prospered during the COVID-19 outbreak. As physical stores selling non-essential goods temporarily or permanently closed, homebound people turned to Amazon for everything from groceries to cleaning supplies.

But growth has slowed as vaccinated Americans feel comfortable going out. And, like many others, it is dealing with supply-chain issues and labor shortages.

Amazon's Chief Financial Officer Brian Olsavsky estimated Amazon incurred about \$4 billion in costs related to supply-chain and labor issues. And he said that the surging omicron variant resulted in workers calling out sick, hurting productivity.

Still, the company reported a profit of \$14.32 billion, or \$27.75 per

share, for the three-month period ended Dec. 31. That compared with a profit of \$7.22 billion, or \$14.09 per share, during the year-ago period. Revenue rose 9% to \$137.41 billion, the company's fifth consecutive quarter of revenue topping \$100 billion.

Analysts surveyed by FactSet on average expected \$137.68 billion in quarterly revenue and per-share earnings of \$3.61 per share.

Amazon said that its sales are expected to be between \$112 billion and \$117 billion for the current quarter. Analysts were expecting \$120.93 billion, according to FactSet estimates.

Meanwhile, sales at Amazon's cloud-computing business, which helps power the online operations of Netflix, McDonald's and other companies, grew 40% in the quarter.

And sales in its advertising business, where brands pay to get their products to show up first when shoppers search on Amazon's site, rose 32%. It marked the first time that Amazon revealed details of its fast-growing advertising business. Previously, it lumped its advertising revenue in its "other business" category.

Amazon faces attempts by workers to unionize. Workers at a company warehouse in Bessemer, Alabama, organized by the Retail Wholesale and Department Store union, will begin voting Friday in a do-over election on whether to unionize the facility. The election comes two months after the federal labor board declared Amazon unfairly influenced the election last year.

The company has also been fighting a separate attempt by workers in a New York City facility, where last week the nascent Amazon Labor Union lined up enough support to vote on whether to unionize.

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