

# Google, Apple disappoint as tech earnings hit by gloom

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Meta CEO and founder Mark Zuckerberg said he was upbeat about the future of his company, despite a one percent fall in sales in 2022.

Google and Apple on Thursday reported downbeat results for the last quarter of 2022 as Amazon beat expectations, but warned that the

coming months would be uncertain in a difficult moment for Big Tech.

The tech titans posted earnings as shares in Meta skyrocketed a day after it reported better results than expected and signaled spending and job cuts.

The results follow weeks of unprecedented layoff rounds in the usually unassailable tech sector amid pessimism about the economic outlook.

The souring mood followed a long spell of outsized growth during the peak COVID-19 period when consumers went online for work, shopping and entertainment.

"Big Tech calls from Apple, Amazon, and Alphabet painting a much different picture of demand environment than the tech bears were hoping for," tweeted Wedbush analyst Dan Ives, referring to investors who believe shares are on a downward path.

While earnings reports show there is "caution in the air" there are signs that the companies could be heading for soft landings, the analyst added.

Google parent Alphabet's revenue of \$76 billion in its fourth quarter and profit of \$13.6 billion were below what it made in the same period a year earlier, with share prices falling more than 3 percent in after-market trade.

Google saw a slump in its crucial advertising sales, which were slightly better than analysts had projected, according to data compiled by Factset.

"It's clear that after a period of significant acceleration in digital spending during the pandemic, the macro economic climate has become more challenging," Google CEO Sundar Pichai said in an earnings call.

Pichai last month announced a plan to lay off 12,000 employees in order to reverse pandemic over-hiring and focus on new areas, especially artificial intelligence.

Google was caught off guard by the sudden rise of user-friendly AI such as ChatGPT, which is seen as a potential rival to Google's popular search engine.

Apple is the only US tech giant that has not announced major layoffs in recent weeks.

The world's biggest company in terms of market value reported a fall in quarterly revenue and profits for the final three months last year, hit by a drop in sales of its flagship iPhones.

Apple sales were hit by curtailed production at factories due to China's zero-COVID policy that was only recently lifted.

"COVID-19 related challenges" that "significantly" reduced Apple's supply of iPhone 14 Pro and iPhone 14 Pro Max lasted through most of December, Apple chief executive Tim Cook said on an earnings call.

## **'Unprecedented circumstances'**

Apple's revenue was \$117.1 billion, down 5.4 percent from a year ago for the same quarter a year earlier, missing what analysts had forecast.

"The world continues to face unprecedented circumstances, from inflation to war in Eastern Europe, to the enduring impacts of the pandemic and we know that Apple is not immune to it," Cook said.

Amazon meanwhile reported an inflation-fueled increase in sales despite the company announcing a massive round of layoffs to correct for a

hiring binge during the pandemic when business growth ramped up.

"During periods of economic uncertainty, consumers are very careful about how they allocate their resources and where they choose to spend their money," Amazon chief financial officer Brian Olsavsky said on an earnings call.

"We saw them spend less on discretionary categories and shift to lower priced items in value brands in categories like electronics."

Last month, the company said it would let go more than 18,000 employees after the workforce swelled by 800,000 employees during the peak years of the pandemic period.

Amazon's sales figures of \$149.2 billion in the quarter were better than initial forecasts by analysts polled by Factset, but its profit took a massive hit, falling to near zero.

"In the short term, we face an uncertain economy, but we remain quite optimistic about the long-term opportunities for Amazon," said CEO Andy Jassy.

The Big Tech earnings dump came a day after Meta said quarterly sales dropped one percent, which beat expectations, and announced that the number of daily users on Facebook hit two billion for the first time.

Shares in Meta ended the formal trading day up 23 percent.

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