

Amazon posts strong revenue and profits, says it's in 'best position' it's ever been before holidays

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The Amazon logo is displayed, Jan. 23, 2023, at a Best Buy store in Pittsburgh. Amazon on Thursday, Oct. 26, reported strong revenue and profits from the summer months driven by growth in online sales and its advertising business. Credit: AP Photo/Gene J. Puskar, File

Amazon on Thursday reported strong revenue and profits from the summer months driven by growth in online sales and its advertising business.

For the three months that ended on Sept. 30, the company said it earned \$143.1 billion in revenue, a 13% increase compared to the same period last year. Amazon made \$9.9 billion in profits, topping analysts' expectations and sending its stocks higher in after-hours trading.

In a prepared statement, Amazon CEO Andy Jassy said the company had a strong quarter as its advertising business grew robustly and it improved its delivery speed.

Deliveries to Amazon's Prime customers have been getting faster under a model where warehouses in eight regions across the country serve smaller areas. On a call with reporters on Thursday, Amazon's Chief Financial Officer Brian Olsavsky said, this year, packages were delivered at the fastest speed ever for U.S. customers.

"We're ready to make this a great holiday season for customers," Olsavsky said, adding Amazon's operations network and inventory are in the "best position" its ever been heading into the holiday season.

Overall, consumers have have shown resilience in their spending despite rising [interest rates](#) and stubbornly high inflation that has steadily eased since last year. Excluding changes in foreign exchange rates, Amazon said Thursday its retail business grew by 6% during the third quarter. It was boosted by the company's popular Prime Day sales event held in July. Amazon is also seeing strong customer demand across categories like beauty, health and personal care items, Olsavsky said.

"But we still see customers being cautious about price, trading down where they can and seeking out deals," he said.

Revenue from another sales event held earlier this month for Prime members will be included in Amazon's earnings for the October-December period.

Aside from the core e-commerce business, investors have been focused on the slowdown of Amazon Web Services, the company's profitable cloud computing unit also known as AWS. The unit had propped Amazon's earnings during a slowdown in [online sales](#) in the aftermath of the pandemic. AWS began to see lower rates of growth in the past year as companies cut costs amid high inflation and broader concerns about the economy.

Jassy said on Thursday that AWS, which grew by 12%, continued to stabilize. Analysts surveyed by FactSet had expected growth of roughly 13%. Meanwhile, Amazon's cloud competitors have delivered mixed results. Earlier this week, Microsoft reported strong revenue for its flagship cloud platform, Azure, while revenue from Google's Cloud division fell below analysts' expectations.

Investors have expressed optimism about AWS and the opportunities it could provide Amazon in the growing AI race. Over the past few months, the company has been rolling out generative AI tools AWS customers can use to make their own applications. It made another aggressive move in September when it announced a \$4 billion investment in San Francisco-based Anthropic, an AI startup founded by former staffers from ChatGPT maker OpenAI, which currently has a partnership with Microsoft.

Under the deal, Anthropic is making AWS its primary cloud computing service and using Amazon's custom chips to train and deploy its generative AI systems.

Additionally, Amazon has rolled out an update to its popular voice

assistant Alexa with new AI features that make it more human-like. It also unveiled a new generative AI feature that summarizes product reviews for customers.

On Thursday, Amazon also reported its burgeoning advertising business grew by 25% excluding changes in foreign exchange rates.

The report comes as Amazon is facing regulatory scrutiny on several fronts. Last month, the Federal Trade Commission and 17 states filed a landmark lawsuit against the company, alleging the e-commerce giant was abusing its position in the marketplace through anti-competitive practices that boost prices for consumers on and off its platform.

The agency, led by Big Tech critic Lina Khan, is also challenging the company's business practices in separate lawsuit that accuses Amazon of duping consumers into enrolling in the Prime subscription program. Amazon denies both claims.

The [company](#) said it expects to earn between \$160 billion and \$167 billion during the fourth quarter.

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