Alibaba approves an additional $25 billion share buyback as its revenue disappoints

February 7 2024, by Zen Soo

The Alibaba logo is seen outside a building in Beijing on Nov. 16, 2021. Alibaba Group Holding on Wednesday, Feb. 7, 2024, approved an additional $25 billion addition to its share buyback program, amid lower-than-expected sales revenue for the last quarter of 2023.Credit: AP Photo/Ng Han Guan, File

Chinese e-commerce firm Alibaba Group Holding on Wednesday approved an additional $25 billion authorization to its share buyback program, after reporting lower-than-expected sales revenue for the last quarter of 2023.

The company's Hong Kong-traded shares plunged 6.8% on Thursday. Alibaba's New York-listed stock price sank 5.9% on Wednesday and has fallen nearly 26% over the past year.

Alibaba posted a 5% increase in sales to 260.3 billion yuan ($36.67 billion) in the quarter that ended in December, slightly missing analysts' estimates. Net income sank to 14.4 billion yuan ($2 billion), down 77% compared to a year earlier.

The Hangzhou, China-based firm attributed the drastic decrease to declining values of its equity investments and falling revenues. Alibaba has struggled to sustain its growth and faces increasing competition in the e-commerce sector from rivals such as Pinduoduo and ByteDance, which operates TikTok and Douyin.

On a call with analysts, Alibaba chairman Joseph Tsai said that the company no longer plans to list shares in its logistics unit Cainiao and its Freshippo grocery business unit, given "challenging market conditions."

Earlier, the group scrapped plans to spin-off its cloud business, citing uncertainties over U.S. export curbs on advanced chips used for artificial intelligence.

Alibaba is looking to sell off some of its non-core holdings, including several retail operations, he said.

"We have a number of traditional physical retail businesses on our balance sheet, and these are not our core focus," Tsai said.

The Hangzhou-based firm initially restructured its businesses in March, splitting them into six units that would eventually raise their own capital and go public to improve shareholder value.

Trying to rev up its growth, in December Alibaba named current CEO Eddie Wu as the new head of its e-commerce business, replacing longtime Alibaba executive Trudy Dai. That came weeks after rival PDD, which operates Pinduoduo, surpassed Alibaba in market value.

The company has struggled to recover following a regulatory crackdown on the technology industry in China and a $2.8 billion fine it had to pay after authorities deemed that it had violated antitrust regulations.

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