

Apple ends yearlong sales slump with slight revenue rise in holiday-season period but stock slips

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People look at iPhone 15 phones at an announcement of new products in Cupertino, Calif., Tuesday, Sept. 12, 2023. On Thursday, Feb. 1, 2024, Apple will release its results for the holiday season against a backdrop of legal headaches, ongoing worries about a yearlong dip in revenue and intrigue surrounding the upcoming release of its hotly anticipated mixed-reality headset. Credit: AP Photo/Jeff Chiu, File

Apple snapped out of a yearlong sales funk during its holiday-season quarter, propelled by solid demand for the latest model of its iPhone and still-robust growth in a services division facing legal threats that could undermine its prospects.

The modest [revenue](#) growth announced Thursday as part of Apple's October-December results ended [four consecutive quarters of year-over-year sales declines](#). But the performance still may not be enough to allay recent investor concerns about Apple's ability to rebuild the momentum that established it as the most valuable U.S. publicly traded company.

After years of holding that mantle, Apple recently ceded the top spot to its long-time rival Microsoft, which has been elevated largely through its early leadership in artificial intelligence technology.

Apple is hoping to shift the narrative back in its favor with Friday's release of its Vision Pro headset that transports users into a hybrid of physical and digital environments—a combination the company is promoting as "spatial computing." But the first version of the Vision Pro will cost \$3,500—a lofty price tag analysts expect to constrain demand this year.

"We are optimistic about the future, confident in the long term, and excited as we have ever been," Apple CEO Tim Cook assured analysts during a Thursday conference call about the latest quarterly results.



iPhone 15 Pro phones are shown at an announcement of new products in Cupertino, Calif., Tuesday, Sept. 12, 2023. On Thursday, Feb. 1, 2024, Apple will release its results for the holiday season against a backdrop of legal headaches, ongoing worries about a yearlong dip in revenue and intrigue surrounding the upcoming release of its hotly anticipated mixed-reality headset. Credit: AP Photo/Jeff Chiu, File

Despite recurring worries that Apple may be entering a period of slower growth compared with its track record over the past 20 years, the Cupertino, California, is still thriving.

Apple's revenue for its most recent quarter rose 2% from the same time in the previous year to \$119.58 billion. The company earned \$33.92 billion, or \$2.18 per share, a 13% gain from the same time last year.

As usual, the iPhone accounted for the bulk of Apple's revenue. Sales of the company's marquee product totaled \$69.7 billion in the past quarter, a 6% increase from the same time in the prior year. Those results include the latest iPhone that came out in late September, including a premium model that includes a special video recording feature designed for playing back on the Vision Pro.

Apple's services division, which is tied largely to the iPhone, posted an 11% rise in revenue from the previous year to \$23.12 billion.



Apple CEO Tim Cook waves at an announcement of new products on Sept. 12, 2023, in Cupertino, Calif. On Thursday, Feb. 1, 2024, Apple will release its results for the holiday season against a backdrop of legal headaches, ongoing worries about a yearlong dip in revenue and intrigue surrounding the upcoming release of its hotly anticipated mixed-reality headset. Credit: AP Photo/Jeff

Chiu, File

Both the revenue and earnings for the quarter exceeded analysts' projections, according to FactSet Research.

But Apple issued a lukewarm forecast for the current January-March period that indicated iPhone sales will slip from last year, supporting the thesis that the company is mired in a financial malaise. That helped push down Apple's stock price by more than 3% in Thursday's extended trading. If the shares make a similar move during Friday's regular trading session, Apple's market value will have fallen nearly \$200 billion, or 6%, so far this year.

While it has been consistently generating double-digit revenue growth, Apple's services division is under legal attack. The results of the legal challenges could siphon away a significant chunk of revenue flowing from a search deal with Google and commissions collected through the iPhone app store when consumers complete digital transactions on the device.



Apple CEO Tim Cook speaks during an announcement of new products, Sept. 12, 2023, in Cupertino, Calif. On Thursday, Feb. 1, 2024, Apple will release its results for the holiday season against a backdrop of legal headaches, ongoing worries about a yearlong dip in revenue and intrigue surrounding the upcoming release of its hotly anticipated mixed-reality headset. Credit: AP Photo/Jeff Chiu, File



The Apple Vision Pro headset is displayed in a showroom on the Apple campus after it's unveiling on June 5, 2023, in Cupertino, Calif. On Thursday, Feb. 1, 2024, Apple will release its results for the holiday season against a backdrop of legal headaches, ongoing worries about a yearlong dip in revenue and intrigue surrounding the upcoming release of its hotly anticipated mixed-reality headset. Credit: AP Photo/Jeff Chiu, File



Apple Watches are displayed at an announcement of new products in Cupertino, Calif., Sept. 12, 2023. On Thursday, Feb. 1, 2024, Apple will release its results for the holiday season against a backdrop of legal headaches, ongoing worries about a yearlong dip in revenue and intrigue surrounding the upcoming release of its hotly anticipated mixed-reality headset. Credit: AP Photo/Jeff Chiu, File

Apple's agreement to make Google the default search engine on the iPhone and Safari browser—a deal that brings in an estimated \$15 billion to \$20 billion annually—is the focal point of antitrust case brought by the U.S. Justice Department that will shift into its final phase in May. Another antitrust case brought by video game maker Epic Games and [new regulatory rules in Europe](#) already have forced Apple to revise its commission system in the iPhone app store, although critics say the concessions are illusory and are pledging to push for even more

dramatic changes.

The past quarter also pointed to faltering sales in China, a major market for Apple and an area that investors have been fretting about because of that country's weakening economy and reports that the government there may prohibit its workers from buying iPhones. Apple's revenue in China dropped 13% from the previous year to \$20.82 billion.

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