

# Meta, Amazon add \$336 billion in market value on earnings

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Meta Platforms Inc. and Amazon.com Inc. shares soared Friday after delivering quarterly earnings and outlooks that far exceeded Wall Street's expectations, validating the belt-tightening strategies that defined

the tech industry's past 16 months.

For all the hype over artificial intelligence and its potential to bolster profits, Meta and Amazon stood out as winners of the Big Tech earnings season for the simple reason that they have cut tens of thousands of jobs, and their core businesses did well over the holidays. That allowed Meta to announce plans for an additional \$50 billion in stock buybacks and its first quarterly dividend, giving investors a reason to stick around.

Combined, their stocks added \$336 billion in market value. Shares of Amazon gained 7.9% and Meta surged 20% to an all-time high of \$474.99. Meta's gain added \$197 billion to its market capitalization, the biggest in stock-market history.

Amazon posted its best online sales growth since early in the pandemic, helped by quicker shipping times. The company—which initiated its biggest-ever round of corporate job cuts beginning in 2022 that affected about 35,000 people last year—has said more positions will be eliminated in its Prime Video, studios and Twitch livestreaming businesses.

"This new found cost discipline is paying off for investors as these companies were able to prune less productive businesses while still being able to invest some of those savings in the faster growing parts of their business," said Gil Luria, managing director at D.A. Davidson & Co. "At the same time, these companies have been able to accelerate revenue growth, thus significantly increasing margins."

Meta Chief Executive Officer Mark Zuckerberg acknowledged that the strong fourth-quarter results—posting a 25% gain in sales and profits that tripled—raise questions about whether Meta should start investing heavily again.

"The biggest thing that's holding me back from doing that is that at this point I feel like I've really come around to thinking that we operate better as a leaner company," he said Thursday. "There are always these questions about adding a few people here or there to do something, and I guess I just have more of an appreciation about how all of that adds up."

Zuckerberg stands to get about \$700 million a year from the company's first-ever dividend, according to data compiled by Bloomberg.

For years, Meta and Amazon reinvested profits back into the companies, fueling hiring sprees and expanding into new technologies and business lines.

The strategy was increasingly apparent in the wake of the COVID-19 pandemic, when both companies spent aggressively. Meta's headcount increased 30% in 2020, and another 23% in 2021, while pivoting the entire company toward a massive investment in augmented and virtual reality technology dubbed the metaverse. Amazon, for its part, doubled the size of its logistics network to meet pandemic demand and increased its workforce almost 30% in 2022 before it cooled on hiring and building new facilities.

The question now becomes whether leaner, more focused versions of Meta and Amazon can continue to strive for the bold and ambitious tech advancements that have made them household names.

In Meta's case, that includes spending aggressively on [artificial intelligence](#) advancements, both in generative AI but also on the background technologies to help feed its social media products and power its ad targeting. Zuckerberg is also still committed to VR and AR headsets, and the company's Reality Labs division building these kinds of technologies still lost \$16 billion in 2023.

Zuckerberg said he plans to keep headcount growth "relatively minimal" for 2024 and beyond despite the lofty ambitions. "Until we reach a point where we are just really under water on our ability to execute, I kind of want to keep things lean because I think that's the right thing for us to do culturally."

Amazon CEO Andy Jassy said Amazon reduced the cost to serve a customer's order by 45 cents per unit in 2023, its first decrease on that metric in five years, and he vowed to continue to look for ways to bring those costs even lower.

Chief Financial Officer Brian Olsavsky said the company would be cautious about new investments. "Where we can find efficiencies and do more with less, we're going to do that as well," he said.

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