

Amazon reports boost in quarterly profits but misses revenue estimates

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Amazon employees load packages on carts before being put on to trucks for distribution for Amazon's annual Prime Day event at an Amazon's DAX7 delivery station on July 16, 2024, in South Gate, Calif. Amazon reports earnings on Thursday, Aug. 1, 2024. Credit: AP Photo/Richard Vogel, File

Amazon reported a boost in its quarterly profits Thursday, but the

company missed revenue estimates, sending its stock lower in after-hours trading.

The [Seattle-based tech company](#) said it earned \$13.5 billion for the April-June period, higher than the \$10.99 billion industry analysts surveyed by FactSet had anticipated. Amazon earned \$6.7 billion during the same period last year.

Earnings per share for the second quarter came out to \$1.26, higher than analysts' expectations of \$1.03.

However, investors reacted negatively to other results, leading Amazon shares to fall more than 6% after the closing bell. The company posted revenue of \$148 billion, a 10% increase that fell slightly below analyst expectations of \$148.67 billion.

Amazon also said it expects revenue for the current quarter, which ends Sept. 30, to be between \$154 billion and \$158.5 billion—lower than the \$158.22 billion forecast by analysts.

Amazon boosted its spending during the COVID-19 pandemic to keep up with higher demand from consumers who became more reliant on online shopping. But as demand cooled and wider [economic conditions](#) pressured other parts of its business, the company aggressively cut costs by eliminating unprofitable businesses and laying off more than 27,000 corporate employees.

The cost-cutting has led to growth in profits. However, Amazon is also feeling the benefits of the buzz around generative artificial intelligence, which has helped reaccelerate its cloud computing unit, Amazon Web Services, after it experienced a slowdown.

The company said Thursday that Amazon Web Services saw a 19%

jump in revenue compared to the same period last year.

"We're continuing to make progress on a number of dimensions, but perhaps none more so than the continued reacceleration in AWS growth," Amazon CEO Andy Jassy said in a statement.

The cloud computing unit, whose customers are mostly businesses, has been attempting to lure in more customers with [new tools](#), including a service called Amazon Bedrock that provides companies with access to AI models they can use to make their own applications. In April, [Jassy said](#) AWS was on pace for \$100 billion in annual revenue.

But Amazon is also expected to spend more this year to support the unit. During a call with reporters, Chief Financial Officer Brian Olsavsky said the company spent more than \$30 billion during the first half of the year on capital expenditures, the majority of it to boost infrastructure for AWS. It expects that to increase during the second half, he said.

Like other [tech companies](#), Amazon has been ramping up investments in [data centers](#), chips and the power needed for AI workloads, Olsavsky said. Among other projects, the company plans to put billions toward additional infrastructure in Saudi Arabia, Mexico and Mississippi, where it has secured state incentives to build two data center "complexes."

"The key for us is always to make sure that we're matching that supply and demand, and running it efficiently so we don't have excess capacity," Olsavsky said. "That's not a concern right now. Our concern is more on getting the supply."

Meanwhile, revenue for the company's core e-commerce business grew by 5%, which was more sluggish compared to recent quarters. The numbers did not include sales from Amazon's annual [Prime Day](#) discount event, which took place last month.

Olsavsky said the company came up short on revenue growth in North America because customers were still being cautious with their spending and trading down to cheaper items.

Amazon said sales from its advertising business—which mostly comes from ad listings on its online platform—jumped by 20%. Earlier this year, it began placing ads on movies and TV shows found on its Prime Video service to bring in extra dollars.

Last month, Prime Video also became one of three companies to sign an 11-year media rights deal with the National Basketball Association.

But the company faces other challenges.

This week, [federal regulators](#) said Amazon was [responsible for the recall](#) of more than 400,000 hazardous products that were sold on its platform by third-party sellers and shipped using its fulfillment service.

Amazon is also facing an antitrust lawsuit, which alleges it has been overcharging sellers and stifling competition.

Amazon's results followed other earning reports this week from tech giants such as [Microsoft](#), Meta and [Google's corporate parent](#), Alphabet Inc.

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