

Apple Inc.

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Apple reports record quarterly profit even as iPhone sales fall

Apple Inc (NASDAQ:APPL) posted a record quarterly profit that beat market forecasts as higher prices offset fewer iPhone sales.

Profits in the final three months of the year rose to US\$20.1bn, up from US\$17.8bn the same period a year ago and above analysts' estimates of US\$19bn.

The results included sales of the iPhone X for the first time. The device, which starts at price of US\$999, helped lift average selling prices despite a 1% decline in the overall number of iPhones sold in the period to 77.3mln.

iPhone X sales top expectations

Chief executive Tim Cook appeared to dismiss rumours of sluggish sales of the iPhone X by saying it has been in demand since its launch.

"iPhone X surpassed our expectations and has been our top selling iPhone every week since it shipped in November," Cook said.

Ahead of the results, media reports said Apple was going to cut production of the iPhone X after disappointing sales in recent weeks.

READ: Apple to halve production of iPhone X in first quarter after slower-than-expected sales

Revenue in the quarter grew 13% to US\$88.3bn, also a record, driven by a 36% jump in sales of its 'other products' category that includes the Apple Watch and Apple TV.

Shares in Apple rose 3.4% to US\$167.7 each in after-hours trade.

Apple's outlook disappoints

However, the company issued a weaker-than-expected sales forecast for the next quarter. It said it expects revenues of between US\$60bn and US\$62bn, below the US\$65.7bn analysts have forecast.

Apple also predicts profit margins of 38% to 38.5%, compared to the 38.9% expected.

The disappointing guidance was interpreted by analysts to mean that Apple expects to sell fewer phones than expected or to sell phones that are either more expensive to make or have lower prices.

CFO reassures investors on guidance

Apple's chief financial officer Luca Maestri tried to soothe investors' concerns about the outlook in a conference call.

"We typically don't go into this level of detail but I think it's important this quarter to give you additional color, and maybe the two most important messages are that we believe iPhone revenue will grow double-digits as compared to last year

Price: 364.11

Market Cap: \$1.58 trillion

1 Year Share Price Graph



Share Information

Code: AAPL

Listing: NASDAQ

52 week High Low
372.31 192.59

Sector: Hardware & electrical equipment

Website: www.apple.com

Company Synopsis:

Apple Inc. designs, manufactures, and markets personal computers, mobile communication devices, and portable digital music and video players, and sells a variety of related software, services, peripherals, and networking solutions.

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during the March quarter and also and, importantly, that iPhone sell-through growth on a year-over-year basis will be actually accelerating during the March quarter as compared to the December," Maestri said.

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