

May 5th, 2023

We listened, (as you may have as well), to Apple's earnings call yesterday. What follows is a summary of the results and our thoughts.

The results for the quarter came in slightly better than Tim and Luca had expected. iPhone and Services set all-time records for the March quarter and the install base continued to grow. Total revenue declined by 2.5% year-over-year (Y/Y), operating income declined by 3.4% Y/Y, and operating expenses grew by 8.5% Y/Y. Gross margins for the company were better than expected, coming in at 44.2%. This result was accomplished despite a 5% headwind caused by the strong dollar. Earnings per share (EPS) were flat Y/Y due to Apple's share repurchase plan buying \$23B of AAPL stock.

Additional points from the call were as follows:

- India sales grew double-digits Y/Y.
- Paid subscriptions now stand at 975 million, an increase of more than 150 million Y/Y.
- Mac revenue was down 31% Y/Y.
- iPad sales decreased by 14%Y/Y.
- Dividends will be increased by 4% per share.
- iPhone revenue grew by 2% Y/Y.
- Services revenue expanded by 5% Y/Y.

Tim and Luca ended the call by providing guidance for the upcoming June quarter. They provided the following direction:

- Revenue growth is expected to be similar to the March quarter (down 2.5% Y/Y).
- The strong dollar will likely negatively impact results by 4%.
- Services expected to grow by approximately 5% Y/Y.
- Gross margins should come in at approximately 44%.

As always, please don't hesitate to contact us with any questions, concerns, or specific issues regarding your Apple holdings.

Source: Apple, Inc.

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