

February 2nd, 2024

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.

Apple’s results for the first quarter of 2024 were strong and largely exceeded Tim and Luca’s expectations. Total revenue returned to growth despite having one week less in the quarter. The top-line revenue growth combined with better margins drove an all-time record EPS of \$2.18 (up 16% Y/Y).

The chart below illustrates Apple’s expectations as they entered the quarter vs. their reported results.

Q1 24’ Forecast	Q1 24’ Actual Results
Revenue growth is expected to be flat Y/Y	Revenue was up 2.1%
iPhone revenue to grow year-over-year	iPhone revenue grew 6%
Mac year-over-year performance to significantly accelerate from the September quarter	Mac revenue was up 0.6% compared to -34% the previous quarter
The year-over-year revenue performance for both iPad and Wearables, Home and Accessories to decelerate significantly from the September quarter	iPad revenues were down 25% and Wearables, etc. were down 11.3%.
Services to grow by strong double-digits	Services grew by 11%.
Gross margins should come in between 45% and 46%	Gross margins were 45.9%

Additional points from the call were as follows:

- The Vision Pro is available for sale today.
- Apple is working on a generative AI product, more details to be released this fall.
- Install base set a new record, now at over 2.2 billion devices.
- The 100th store has been opened in Asia Pacific.
- Apple has over 1 billion paid subscriptions.
- Greater China sales were down 13% Y/Y.

Tim and Luca provided the following guidance for the upcoming March quarter:

- Total company revenue and iPhone revenue to be similar to a year ago.
- Services business to grow at a similar double-digit growth rate to what was reported in the December quarter (11%).
- Gross margins should come in between 46% and 47%.

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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