

May 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 2nd quarter of 2024 were largely as expected, in contrast to market expectations. Total revenue declined by 4.3% with the iPhone being the main culprit – iPhone sales were down 10%. Greater China's sales were down 8% which was better than the previous quarter. Earnings per share (EPS) set an all-time record for the quarter coming in at \$1.53 (vs. \$1.52 during the previous year at this time). For the past 6 months, Apple's overall revenue has declined by 1%, but EPS has grown by 9%. This is primarily due to increasing margins and large share repurchases.

Apple continues to maintain a large cash position on their balance sheet. Net cash in the quarter was \$58 billion. Due to the size of this position, Apple's board of directors has decided to increase the dividend by 4%. Additionally, the board agreed to raise the share buyback amount from \$90 billion to \$110 billion.

Additional points from the call were as follows:

- The install base grew in every product and geographic segment.
- Emerging markets set all-time iPhone sales record.
- China iPhone sales were down 5% less than the previous quarter (meaning the decline slowed).
- Services grew 14% Y/Y.
- iPad, iPhone, and Wearables product categories all declined by 10% or more.
- Paid subscriptions grew strongly, showing double-digit gains.
- Services gross margins were 74.6%, up 1.8% Y/Y.
- Apple will provide a generative AI product update over the next few weeks.

Tim and Luca also provided the following guidance for the upcoming June quarter:

- Total company revenue to grow by low single digits.
- The services business is expected to grow between 11 and 14%.
- iPad to grow double digits.
- Gross margins should come in between 45.5% and 46.5%

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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