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January 31<sup>st</sup>, 2025

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 1<sup>st</sup> quarter of 2025 marginally exceeded expectations. Total revenue was \$124.3 billion, the best quarter on record, and grew 4% year over year (Y/Y). Earnings per share increased by 10% Y/Y, and the installed base reached a new all-time high across all products and geographic segments. The chart below illustrates Apple's expectations as they entered the quarter vs. their reported results.

Forecast	Q4 Actual Results
Total company revenue to be maintained at low - mid single digit growth	Total company revenue grew 4%
Services business to grow between 12% and 13%	Services business increased 13.9%
Gross margins to be between 46% and 47%	Gross margins came in at 46.8%

The December quarter was the first earnings call for the new CFO, Kevan Parekh. Kevan replaced Luca Maestri who stepped down after 10 years in the role.

iPhone sales declined by 0.8% in the quarter. Tim and Kevan expressed optimism in the long-term growth of iPhone due to Apple Intelligence and future innovations. Sales were higher in markets that received the Apple Intelligence rollout compared to those that didn't have the feature.

Additional points from the call were as follows:

- China sales slumped by 11% Y/Y.
- iPad and Mac both grew by over 15% Y/Y.
- Wearables and other products declined by 1.7% Y/Y.
- Transacting accounts and paid subscriptions reached all-time highs.
- Product gross margin was up 3%, compared to the previous quarter, and Services gross margin was up 1%.
- iPhone was the top selling phone in all of India during the quarter.
- There are now over 2.35 billion active devices worldwide.
- Apple's net cash position sits at \$45 billion.

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

- The strong dollar is expected to negatively impact revenue by 2.5% Y/Y.
- Total company revenue is projected to increase between 1% and 3% Y/Y.
- Services business to likely grow in the low double-digit range.
- Gross margins to land between 46.5% and 47.5%.

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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Investing involves risk and the potential to lose principal. Past performance is no guarantee of future results.

Please note that comments summarized herein based on the earnings calls include forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from any future results expressed or implied by the forward-looking statements. For more information on the factors that could influence results, including risks and uncertainties, please refer to [Apple's SEC filings](#).

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