

Amazon 4Q results disappoint, stock tumbles

BARBARA ORTUTAY - AP Technology Writer - Associated Press

Amazon's fourth-quarter net income dropped sharply, weighed down by higher operating expenses even as its revenue grew. Investors punished the online retailer's stock in after-hours trading, as the company also gave a disappointing forecast for the current period.

Seattle-based Amazon.com Inc. said Tuesday that its net income was \$177 million, or 38 cents per share, in the three months that ended Dec. 31. That's down 57 percent from \$416 million, or 91 cents per share, a year earlier.

Revenue grew 35 percent to \$17.4 billion. Though it was buoyed by solid holiday sales, the figure fell below the \$18.3 billion that analysts polled by FactSet had expected.

Amazon's operating expenses, meanwhile, grew 38 percent to \$17.2 billion. The company has been investing heavily in new sales-fulfillment centers so it can grow its business. That has cut into profits all of last year.

For the current quarter, Amazon is forecasting \$12 billion to \$13.4 billion in revenue. Analysts were expecting \$13.42 billion. The company also said it may record an operating loss for the quarter. Its outlook was in the range of a loss of \$200 million to a profit of \$100 million for the three months ending in March.

Amazon said sales of its Kindle tablet computers and e-reader gadgets nearly tripled compared with the final quarter of 2010. As its custom, though, the company did not give exact sales numbers for the devices.

The Kindle Fire, Amazon's answer to Apple Inc.'s popular iPad, went on sale in November. The company sees the Kindles as a way to drive sales of digital content such as e-books, music, movies and apps.

CEO Jeff Bezos said the Kindle was Amazon's bestselling product during the holiday season in both the U.S. and Europe.

Sales at Amazon's media business, which includes books and DVDs, grew 15 percent to \$6 billion. Sales from electronics and other general merchandise jumped 48 percent to \$10.9 billion.

Amazon's stock dropped nearly \$16.71, or 8.6 percent, to \$177.73 in after-hours trading following the earnings announcement.

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