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Apple Earnings Beat Expectations, Showing Recovery From Trade War Pressures



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Markets

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Apple stock is up almost 55% this year. ANTHONY WALLACE/AFP VIA GETTY IMAGES

Topline: Another major tech company beat earnings on Wednesday, as Apple shook off lingering tariff pressures and continued its **good run**, thanks to better-than-expected iPhone 11 sales and solid growth in its services business.

- Apple reported profit and revenue that came in higher than analyst estimates-

with earnings per share of \$3.03, compared with \$2.84 expected—while also raising guidance for the holiday quarter.

- The tech giant has also benefited from increased optimism around trade negotiations in recent months, signaling that it expects growth over last year’s holiday quarter, when it was hit by a major downturn of iPhone sales in China one of its core manufacturing bases.
- Although iPhone sales beat estimates, they were down 9% year-over-year, but total revenue grew slightly, hitting \$64 billion—compared with the almost \$63 billion expected by Wall Street analysts.
- Apple also saw impressive 18% growth in its services business, which includes Apple TV+, iCloud and AppleCare.
- **Charles Lemonides, chief investment officer at ValueWorks LLC, is solidly bullish on Apple, especially in the long term: “It’s one of the best-loved brand in history and an unrivaled franchise.”**
- **Although Apple has been relatively slow on 5G so far, that will be a “huge growth driver” in the coming years, Lemonides predicts. “Because they have such a loyal base of customers, they don’t need to be first to market.”**

Key background: Apple has been on a tear recently, with its stock hitting several **new all-time high records** this month and up 55% so far this year. Before it reported earnings, Wall Street had been predicting big upside: Raymond James analysts recently predicted that Apple shares could **rally another 20%** this year, thanks to higher prices for new iPhones and the large growth opportunities in 5G. Morgan Stanley, meanwhile, sees big potential for Apple TV+, predicting that it could generate **\$9 billion per year** in revenue by 2025.

Crucial quote: “With customers and reviewers raving about the new generation of iPhones, today’s debut of new, noise-cancelling AirPods Pro, the hotly-anticipated arrival of Apple TV+ just two days away, and our best lineup of products and services ever, we’re very optimistic about what the holiday quarter has in store,” Apple CEO Tim Cook said in a statement.

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