

Sales up, profits down at Amazon.com

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ABSTRACT (ABSTRACT)

Amazon's strategy of gaining market share and boosting revenue through discount deliveries and expanding into goods other than books has come at the expense of margins. It is betting the success of new initiatives will boost profits in the long term.

FULL TEXT

Feb. 2--Amazon.com lifted sales by 34 percent in its fourth quarter but net profits fell 51 percent as the online retailer continues to plough money back into the business.

Meanwhile, in its international operations, which include the UK, France, Germany, Japan and China, sales surged 37 percent to \$1.78 billion amid strong pre-orders for the new Harry Potter book.

In the US, investors sent Amazon shares up 6 percent in after-hours trade but they later gave up the gains.

Net profit was \$98 million (49.8 million) compared with \$199 million a year earlier. Total sales rose to \$3.99 billion, helped by a 55 percent gain in sales of electronics.

The Wall Street consensus had been for \$3.78 billion in sales.

Amazon's strategy of gaining market share and boosting revenue through discount deliveries and expanding into goods other than books has come at the expense of margins. It is betting the success of new initiatives will boost profits in the long term.

Amazon is targeting full-year earnings of between \$355 million and \$505 million on revenue of between \$13 billion and \$13.7 billion.

Credit: Evening Standard, London

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