

iPhone Sales Down in Apple's Q2

Written by Marco Attard
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Apple claims a "strong" fiscal Q2 2017 (ending 1 April 2017), with revenues reaching \$52.9 billion and net profit of \$11.0bn-- even if it also reports a surprise drop in iPhone sales reaching 50.8 million.



The previous quarter saw iPhone sales reach 51.1m, perhaps a sign of customers holding Apple smartphone purchases back in anticipation of the 10th anniversary model the company should reveal later this year. And while the dip might appear slight it did lead to share prices falling (specifically by -1.9%), although that might be in part due to shareholders wanting more of the company's \$250bn-plus cash and investments hoard.

"There is a general softening in phone demand to contend with as well as expectations of a big upgrade, all of which softens the blow of this quarter's miss," Forrester Research tells Reuters. "If we see Apple downplaying expectations before the next upgrade cycle, it might mean that the company isn't confident it will beat those expectations."

Interestingly, despite the drop in sales Q2 iPhone revenues are up by 1.2% Y-o-Y, the result of higher ASPs. Also on the increase is Mac sales reaching 4.2m (from 4.03m in the previous quarter), while iPad sales are down from 10.25m in Q1 to 8.92m.

In Apple revenue boosters, the services segment-- covering the App Store, Apple Music, Apple Pay and iCloud-- sees a 17.5% Y-o-Y increase, as well as the highest-ever revenue for a 13-week quarter.

As for the next quarter, Apple expects revenues of \$43.5-45.5bn and gross margin of 37.5 and 38.5%.

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