



## Apple Earnings: Mark Your Calendar

### Description

It's going to be a busy month as far as earnings reports go — particularly the second half of October. Starting with **Netflix's** [third-quarter update](#) on Oct. 16, a handful of other popular megacap stocks will follow with their results, including **Facebook** and **Apple** ([NASDAQ: AAPL](#)).

Apple's latest update, in particular, will be interesting to watch. The company is scheduled to report its fiscal fourth-quarter results on Oct. 30, and investors will probably get more insight into two key narratives investors have been watching closely: the company's iPhone revenue and its services business. With iPhone revenue declining recently, investors will be looking for the decline to bottom out. In addition, with the iPhone no longer driving Apple's growth, investors will look for more strong growth from services, the company's second largest segment.

### iPhone revenue

Following a year of strong iPhone revenue growth, the [tech](#) giant has seen iPhone revenue decline in each of the three quarters reported so far in its fiscal 2019.

Part of the headwind in the growth rates for Apple's iPhone business, of course, was due to a tough year-over-year comparison. iPhone revenue surged in fiscal 2018 as the company saw strong demand for its iPhone 8, 8 Plus, and X models; iPhone revenue jumped 17% during the fiscal year.

But the company's 15% year-over-year decline in trailing-nine-month iPhone revenue shouldn't be excused entirely by a tough year-ago comparison. If iPhone revenue continues to pull back at a pace like this in fiscal 2020, the segment could weigh significantly on Apple's profits during the period.

This is why investors should look for signs that Apple can either moderate this negative trend or stop it entirely. Fortunately, there's evidence this may be happening. Apple's iPhone revenue declined by 12% in fiscal Q3, an improvement from 15% and 17% declines in fiscal Q1 and Q2, respectively.

## Services

Apple's fast-growing services segment, which accounted for about \$34 billion of Apple's \$196 billion in trailing-nine-month revenue and is the company's second-largest segment, has been growing by strong double-digit rates for years. In the company's most recent quarter, services revenue increased by 16% year over year.

Capturing how strong Apple's services business is, management said in the company's [fiscal third-quarter earnings call](#) that the segment's performance was broad-based, helped by a number of catalysts, including record-high AppleCare, Music, cloud services, and App Store ad revenue. In addition, App Store revenue was higher than any fiscal third quarter. The company also saw strength in services across all five of its geographic segments, with double-digit growth in each market.

Apple has been ramping up its investment in services to capitalize on this momentum, launching a paid news service earlier this year. More recently, Apple launched a credit card and a paid gaming service. And the company will launch Netflix competitor Apple TV+ on Nov. 1.

Given the segment's robust growth and Apple's recent investments in new services, investors should look for another strong quarter from this segment in fiscal Q4.

Mark your calendar. Apple reports its fiscal fourth-quarter earnings after the market closes on Wednesday, Oct. 30.

### CATEGORY

1. Investing
2. Tech Stocks

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1. Syndicated

### TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NASDAQ:META (Meta Platforms Inc.)
3. NASDAQ:NFLX (Netflix, Inc.)

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