

Amazon will pump billions more into logistics in 2020 after record peak

03-02-2020

Amazon will invest billions of dollars more in logistics around the world this year after splashing out over \$3 billion in 2019 to speed up deliveries which generated record results in the peak final quarter. The US e-commerce giant soundly beat analysts' expectations in the October - December quarter, which included both the Black Friday and Christmas sales periods, as Prime membership numbers hit 150 million worldwide. In Q4, Amazon's net sales increased by 21% to \$87.4 billion, operating profits went up by 2% to \$3.9 billion and net profits improved by 8% to \$3.3 billion. However, its fulfilment costs went up to \$12.2 billion from \$10 billion one year earlier and shipping costs soared by 43% to \$12.9 billion as volumes grew. The company already said in December that it delivered about 3.5 billion packages last year, which was about half of its total global orders. At a regional level, North America sales soared by 22% to \$53.7 billion but operating profits dropped 16% to \$1.9 billion as logistics investments pushed up operating costs. International sales grew by 14% to \$23.8 billion and the operating loss decreased slightly to \$617 million. The high-margin AWS business again grew rapidly with sales up 34% to nearly \$10 billion and operating profits up 19% at \$2.6 billion. In 2019 as a whole, Amazon's net sales increased 20% to \$280.5 billion, operating profits rose to \$14.5 billion from \$12.4 billion in 2018, and net profits grew to \$11.6 billion from \$10.1 billion in the previous year.

Source: <https://www.cep-research.com/news/amazon-will-pump-billions-more-into-logistics-in-2020-after-record-peak>