

May 12th, 2020

From Wall Street to Main Street

Highlights from the past week



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Market / Macro Economic Summary

Markets continue their positive trends while earnings reports bring some good news in terms of the perceived recovery. I say "perceived recovery" since across the United States, states are left to their own devices on how to open and in what timeframe. Markets are usually future indicators and they are currently thinking that we will have no issues on the re-opening. Let's hope that is true!

Company Specific / Micro Economic Summary

Tesla (TSLA)

Numbers- EPS of \$1.24 vs. loss of 34 cents. Revenues of \$5.99 billion vs. \$5.9 billion.

Takeaways- Q1 2020 deliveries were 88,400 versus expectations of 79,000. CEO Elon Musk highlighted deliveries have started in the Model Y. The company was expected to deliver 500,000 vehicles for 2020, but management did not say they would still be able to do that. They just mentioned they have the "capacity" to be able to deliver that number of vehicles.

Alphabet aka Google (GOOG)

Numbers- EPS dropped 17% to \$9.87. Revenues of \$41.16 billion were a 13% over a year ago.

Takeaways- Ad revenue had seen a March decline but had improved through the quarter.

FaceBook (FB)

Numbers- Revenues were \$17.7 billion, up 18% year over year.

Takeaways- Daily Active Users was up 10% to 2.6 billion! CFO Dave Wehner said while he saw decline in ad revenue in March, April had seen a stabilization and will probably be flat year over year.

Starbucks (SBUX)

Numbers- EPS of 32 cents vs. estimates of 34 cents. Revenues of \$6 billion vs. estimates of \$5.89 billion.

Takeaways- Covid-19 related costs took an approximately \$915 million bite from numbers. Same store sales globally declined by 10%. Now, China has 98% of stores reopened.

Boeing (BA)

Numbers- EPS of \$1.70 loss for the quarter. Revenues of \$16.91 billion.

Takeaways- company expects to decrease payroll by 10%, the 737 Max is hoped to come back towards the end of 2020. The manufacturer is still expecting more order deferrals as opposed to outright order cancellations.

Microsoft (MSFT)

Numbers- EPS of \$1.40 vs. \$1.27. Sales of \$35 billion vs. expectations \$33.7 billion.

Takeaways- Microsoft Azure, their cloud platform grew by 59% from a year ago. Personal computing and Xbox were up 3% to \$11 billion dollars. CEO Satya Nadella highlighted how the company was built for times like this. Their revenues are mostly insulated from short term issues created by situations like the Covid-19 pandemic.

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Amazon (AMZN)

Numbers- EPS of \$5.01 vs. \$6.23 estimates. Revenues of \$75.5 billion beat calls for \$73.7 billion
Takeaways- CEO Jeff Bazos says although they expect to make around \$4 billion in profits next quarter, don't expect the company to do anything but invest that money back into the business. They're working on making facilities a safe and secure environment for employees and expanding their footprint as more and more customers migrate to online shopping.

Apple (AAPL)

Numbers- EPS of \$2.55 was much higher than the \$2.37 expected. Revenues of \$58.3 billion, they increased their dividend by 6% and announced a \$50 billion stock buy program.
Takeaways-CEO Tim Cook was happy with the 16% growth in the Apple Services group which came in with revenues of \$12.7 billion.

CVS Health (CVS)

Numbers- EPS of \$1.73 vs. \$1.68 expected. Revenues up to \$66.8 billion.
Takeaways-Same store sales were up 9%, which is unheard of but people have been stocking up on supplies amidst this pandemic.

Paypal (PYPL)

Numbers- EPS of 66 cents vs. 75 cents estimates. Revenues of \$4.62 billion were shy by 2%
Takeaways-Active accounts on the quarter ended at 325 million, up 17% over the last year. Active users to Paypal/Venmo were up 10 million while Honey, a company they brought added users too.

Twilio (TWLO)

Numbers- EPS was 6 cents per share. Revenue was \$364.9 million, a 57% increase.
Takeaways-CEO Jeff Lawson highlighted the massive opportunity in front of them as companies are forced to look at "distributed" call centers and telehealth, areas which suit the company well.

Uber (UBER)

Numbers- EPS of a loss of \$1.70 per share on revenues of \$3.54 billion.
Takeaways- rides business were down 80% in April from last year but CEO Dara Khosrowshahi said ride volume has started to pick up. He also highlighted the strength in Uber Eats, which had gross bookings increase by 50% and they continue to add more retailers to their platform.

Parting Thoughts

We welcome an opportunity to discuss the above detail and wish you much success in the rest of your week!

Regards,

E. Palacios

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