

Nasdaq-100 Index®: Q4 2024 Earnings Updates

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- Recent advancements in artificial intelligence (AI) have compelled markets to reassess their AI assumptions. The launch of DeepSeek's AI model has raised questions about the ongoing necessity for substantial AI capital expenditures (capex). However, with widespread AI adoption still on the horizon and the vast potential of AI use cases barely explored, increased investment is likely essential to drive further AI innovation, though the primary focus is shifting from training to inference. Tech giants demonstrate their ability to sustain substantial AI capex, with management maintaining robust long-term confidence in the AI theme. Amazon, Microsoft and Google have reported experiencing capacity constraints in their cloud computing divisions.
- Exceeding quarterly overall sales estimates, [Microsoft's](#) cloud revenue surged 21% year-over-year to US\$40.9 billion last quarter. Azure and other cloud services revenue climbed 31%, with AI contributing 13 percentage points to this growth. Despite more than doubling its data center capacity over the past three years, Microsoft still faces capacity constraints, impacting overall sales in its key cloud unit.
- With net income nearly doubling to US\$20.0 billion, [Amazon](#) reported better-than-expected Q4 earnings and revenue. Despite its cloud unit achieving 19% sales growth for the third consecutive quarter, chip and power capacity shortages are hindering Amazon Web Services in bringing new data centers online. The firm anticipates these constraints will ease in the second half of 2025. Meanwhile, Amazon's retail segment offset the cloud challenges, posting a 7% increase in online sales to US\$75.6 billion.
- Despite [Meta's](#) strong Q4 results with revenue up 21% to US\$48.4 billion, its Q1 revenue guidance of US\$39.5 billion to US\$41.8 billion fell short of analysts' estimates. Meta AI has exceeded 700 million monthly active users, and management expects it to surpass 1 billion this year. Over 4 million advertisers now utilize at least one of its generative AI ad creative tools, a significant increase from 1 million six months ago.
- With 2.35 billion active devices worldwide, [Apple](#) achieved record-high revenue and EPS, with its gross margin rising to 46.9% in the latest quarter. The company narrowly exceeded consensus estimates, as robust double-digit growth in services revenue helped counterbalance soft iPhone sales.
- Alphabet, [Google's](#) parent company, posted a 12% rise in Q4 revenue, missing analysts' forecasts. Its annual cloud revenue growth slowed to 30% from 35% in the previous quarter, partly due to capacity constraints. Search advertising and YouTube generated US\$54.0 billion and US\$10.5 billion in revenue, respectively, both surpassing analysts' forecasts.
- With profit margins from vehicle sales, excluding regulatory credits, dropping to 13.6%, [Tesla's](#) Q4 earnings and revenue fell short of analysts' expectations. The cost per vehicle hit a record low of under US\$35,000, largely due to lower raw material costs. Tesla aims to evolve from primarily an auto manufacturer to a real-world AI provider. With the first robotaxi service launch set for June 2025, Tesla is making strides toward its long-term autonomous driving ambitions.

Name of Company	Revenue growth (yoy)	Profit growth (yoy)	Q4 Revenue Beat/Miss%	Q4 EPS Beat/Miss %
Apple	4%	7%	0.1%	2.2%
Microsoft	12%	10%	1.2%	3.9%
Alphabet	12%	28%	(0.2%)	1.1%
Meta	21%	49%	3.0%	18.7%
Amazon	11%	88%	0.3%	25.1%
Tesla	2%	3%	(5.6%)	(6.4%)

Source: Nasdaq Global Indexes, FactSet, company filings. Note: Figures are on non-GAAP basis.

- 56 companies in the Nasdaq-100® (66% by weight) have reported their quarterly earnings since January 1st. Overall, these firms beat their revenue and earnings estimates for the quarter by an average of 1.7% and 5.7%, respectively, with 38 of them (39% by weight) exceeding both top and bottom-line estimates.
- The rate of bottom-line beats by index weight so far surpasses that of the previous quarter, while slightly declining on the top line. In terms of index constituent count, the rate of revenue beats so far is better than last quarter but slightly worse on earnings.

	Beats		Misses	
	No. of firms / Index weight	Average Beat %	No. of firms / Index weight	Average Miss %
Q4 24 Revenues	41 / 50.3%	2.9%	15 / 16.0%	(1.7%)
Q4 24 Earnings	43 / 57.5%	8.8%	13 / 8.8%	(6.2%)

Source: Nasdaq Global Indexes, FactSet. Data as of February 12, 2025.

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