

## iPhone 5 sales top five million, but shy of forecasts (Update 3)

September 24 2012, by Sophie Estienne

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A customer inspects their new Apple iPhone 5. Apple said Monday sales of its new iPhone 5 topped five million in the launch weekend and that demand has "exceeded the initial supply," forcing some customers to wait.

The new iPhone 5 broke records in its launch weekend with sales above five million, Apple said Monday, but the figures were below some forecasts and pressured the company's share price.

Apple shares closed down 1.46 percent at \$689.88 after hitting record highs last week.

The early sales data was a negative surprise for some expecting a figure up to 10 million. But others noted that Apple is being constrained only by supply.

"We believe this is a classic case of near-term expectations getting out of touch with reality," said analyst Shaw Wu at Sterne Agee.

"We find it unfortunate that some analysts continue to publish irresponsible estimates without taking into account realistic demand trends and potential supply constraints on new in-cell touchscreens."

Ben Reitzes at Barclays said Apple is "facing significant production constraints" but that this will only push back sales a bit.

"We believe our estimates for Apple could still be conservative after the September quarter. We reiterate our overweight rating and our \$810 price target," he said in a note to clients.

Apple opened sales Friday of the latest version of the iconic smartphone, leading to long queues in the nine launch countries.

"Demand for iPhone 5 has been incredible and we are working hard to get an iPhone 5 into the hands of every customer who wants one as quickly as possible," said Tim Cook, Apple's chief executive.

The phone will be available in 22 more countries by the end of the week and 100 countries by the end of the year.

Cook said that "while we have sold out of our initial supply, stores continue to receive iPhone 5 shipments regularly and customers can

continue to order online and receive an estimated delivery date.

"We appreciate everyone's patience and are working hard to build enough iPhone 5s for everyone," he said.

Apple also said that the new mobile operating system iOS 6, had been downloaded for "more than 100 million iOS devices" since it was launched last week.

Analysts expect massive sales of the iPhone 5, which is lighter, slimmer and more powerful than its predecessors, even though the device has garnered only lukewarm reviews and has drawn complaints for its glitch-prone maps program.

Brian White at Topeka Capital Markets said the iPhone sales figures were "below our expectations" and added that "we were at the lower end of expectations."

"We believe this shortfall is largely due to supply availability and the fact that most consumers are opting for the pre-order option," White said in a note to clients.

"We remain aggressive buyers of Apple on any weakness in the stock price this morning as we believe Apple has another blockbuster on its hands with the iPhone 5 and we expect the 'iPad Mini' to launch in the coming weeks."

Some analysts argue however that say Apple has fallen short, as other companies such as Samsung improve rival offerings powered by Google's Android operating system.

Apple also faced a barrage of criticism after it ditched Google's maps application in favor of its own error-riddled program. Many users

protested that the new maps misplace some landmarks and leave others off altogether.

Google meanwhile saw its stock hit new record highs, closing up 2.1 percent at \$749.38.

Citi analyst Mark Mahaney said Google has now overtaken its high from before the recession, in 2007, and pointed out that Google has "an excellent track record of innovation and acquisition."

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