

# Apple hails results but outlook knocks stock price

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Apple shares slid about 10 percent Wednesday after the tech giant posted record profits and sales of its iPhones and iPads but offered a disappointing forecast for the coming months.

[Apple](#) said it made a profit of \$13.1 billion on revenue of \$54.5 billion in the [fiscal quarter](#) that ended on December 29 as sales of iPhones and iPads set quarterly highs.

"Apple's profit did go up; it just didn't go up that much," said analyst [Rob Enderle](#) of Enderle Group in [Silicon Valley](#).

"They had a really high increase in sales, but their high margin is coming apart at the edges and that is why investors are fleeing the stock," the analyst continued. "They are making less per gadget."

The California-based company reported that it sold 47.8 million iPhones and 22.9 million iPad [tablet computers](#) in the closing months of last year.

"We're thrilled with record revenue of over \$54 billion and sales of over 75 million iOS devices in a single quarter," said Apple chief executive [Tim Cook](#).

Despite the figures, some investors soured on Apple, after it forecast that its revenue for the current quarter would range from \$41 to \$43 billion and it would have a [gross margin](#) of from 37.5 to 39.5 percent.

Apple has been long known for a high margin, the difference between what they charge for products and the cost to make them. Enderle referred to it as a "Porsche model" of creations crafted for the high end of a market.

"Steve Jobs traded on a Porsche model," Enderle said, referring to the late Apple co-founder and [chief executive](#). "Cook is shifting to more of a value model; he is chasing Samsung."

Peter Misek, analyst at Jefferies, said Apple's results topped the consensus "but fell short of our estimates."

Apple shares dropped 9.8 percent to \$463.49 in after-market trading that followed release of the earnings results.

"The most important thing is that our customers love our products," Cook said in an earnings call with [financial analysts](#).

"Not just buy them; love them," he continued. "Everyone at Apple has their eyes on the future."

Apple's stock has been in a downward spiral since hitting a record level above \$700 last year, amid concerns that it is losing its edge in innovation, and that rivals are catching up or surpassing Apple in key segments.

Recently, the [iPhone](#) 5 made a lackluster debut in China and an analyst reported that Apple had cut orders for smartphone parts.

Apple remains the world's most valuable company but its image has been hit by several factors, including an embarrassing release of its glitch-ridden maps program for the new iPhone.

An IDC research firm survey last month showed Google's Android operating system will power more than two-thirds of smartphones sold worldwide in 2012, and will remain the dominant platform for at least the next four years.

South Korean consumer electronics titan Samsung makes popular smartphones powered by Android software.

Brian White at Topeka Capital Markets remained upbeat on Apple.

"There is quite a bit of bad news priced into the stock at current levels," he said.

White said he was unfazed by Apple's "signature conservative outlook" and that the company is likely to get a lift from what he believes will be a new iPhone launch in May or June, and an "iPad refresh" in March.

Cook referred to the tablet market as "the mother of all opportunities" and that Apple was positioned to benefit from [iPads](#) cannibalizing sales of personal computers. Apple said that it sold as many iPad Mini tablets as it could ship.

He said the company was in its most prolific product introduction period since late co-founder [Steve Jobs](#) introduced the first Macintosh computer on January 24, 1984.

"Tomorrow marks the anniversary of a revolution," Cook said. "We've come a long way since 1984."

Apple saw its biggest iPhone sales jump in China, where revenue surged, according to Cook.

"We are making great progress (in China)," Cook said. "I am very happy

with how things are going. It is clear there is a lot of potential there."

Cook advised analysts not to expect a larger-screen iPhone, praising the smartphone's screen and saying the company believed it is the right size.

He also advised analysts to be wary of rumors about Apple trimming parts orders and what that might signal about demand for its [gadgets](#).

"I don't want to comment on any particular rumor, because I would spend my life doing that," Cook said.

"It is good to question the accuracy of any particular rumor."

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