

Apple splitting stock as iPhone sales soar

SAN FRANCISCO, USA: Apple courted investors with plans to split its stock as iPhone sales pushed up profits while underscoring pressure for the company to unveil "the next big thing."



Apple's Tim Cook says new products can be expected but he's not saying when. Image: Apple

Apple shares jumped more than seven percent to US\$566.15 in after-market trade following the release of January to March earnings figures showing profit of US\$10.2bn on US\$45.6bn in revenue.

The earnings report came with Apple's Chief Executive Tim Cook hinting that new products are on the way from the manufacturer of iPhones, iPads, iPods, and Macintosh computers.

"We're very proud of our quarterly results, especially our strong iPhone sales and record revenue from services," Cook said in a press release.

"We're eagerly looking forward to introducing more new products and services that only Apple could bring to market," he added.

Apple will spend an additional US\$30bn to buy back shares of the company's stock, taking to US\$130bn how much it plans to spend on repurchases and dividends by the end of next year.

Apple is pouring US\$90bn into buying back shares because it believes the stock is under-valued in the market, according to executives.

"We're confident in Apple's future and see tremendous value in Apple's stock, so we're continuing to allocate the majority of our expenditure programme to share repurchases," Cook said.

Increased dividends

"We're also happy to be increasing our dividend for the second time in less than two years," he added.

Apple will raise its quarterly dividend to US\$3.29 a share and said it plans to bump up the figure annually.

Its board endorsed a seven-for-one stock split, with each shareholder receiving six additional shares for each one they hold.

"We are taking this action to make Apple stock more accessible to a larger number of investors," Cook added.

Forrester Analyst Frank Gillett said the earnings showed a company "chugging along" on proven products but under pressure to rock the world with another innovation.

"We are ready," Gillett said. "It is time for Apple to show us something from their labs; from behind their closed doors."

"While iPhone sales handily beat Wall Street expectations in the quarter, the performance underscored how heavily Apple's revenue relies on its smartphones," said Gartner Analyst Van Baker.



Spectacular sales of the iPhone have boosted Apple's profits, revenue and dividends. Image: Apple

iPad sales

The analyst said powerful iPhone sales figures offset the less auspicious iPad sales.

"Apple's dependence on the iPhone is even higher than it used to be," Baker said. "It is even more important to bring some new products to market."

Baker said that financial forecast for the current quarter didn't indicate that Apple was poised to launch a major new product, pushing any potential unveilings into the final three months of this year.

Rumours regarding what Apple may introduce as its "next big thing" have included an Internet-linked smart watch and a revamped Apple TV home entertainment box and service.

"We currently feel comfortable in expanding the number of things we are working on," Cook said during an earnings call when asked about Apple diversifying its offerings.

"We have been doing that in the background and are not ready yet to pull the curtain," he said.

Apple reported that sales of iPhones in China climbed to an all-time quarterly high, with a flood of first-time buyers lured away from smartphones powered by Google-backed Android operating software.

And while the growth in iPad sales slowed in the quarter, the Apple tablets were touted as a rare simultaneous "instant hit" in the consumer, business and education markets.

"It has been the fastest growing product in Apple's history," Cook said of iPad, noting that the company has sold more than 210m of the tablet computers since they were introduced.

Source: AFP via I-Net Bridge

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