



Apple's stock split: Nice, but where's the product?

By Matt Hunter and Ansuya Harjani
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While Apple's move to share more of its cash hoard was cheered by investors, it has done little to quell fears that the technology giant is losing the innovation game to rivals.

The company, which posted quarterly earnings and revenue that topped estimates Wednesday, announced plans to boost its stock buyback program, raise its dividend and split its stock 7-for-1, sending shares nearly 8 higher in the after-hours trading. ...

...Apple needs to create product, Chowdhry said. Consumers don't care about the stock, and are asking "where's my iWatch?" he said.

David Kudla, chief investment officer at Mainstay Capital Management agreed, noting that time is ticking for the company to demonstrate its innovative capabilities and unveil the "next big thing".

"If you look at this earnings report, there was a lot in there that a holder of a stock can like. (But) what we really want to see is innovation - that cash being put to work either through strategic acquisitions or through a new product," he said. "We think the next 6 months are critical."

In an earnings press release published on Wednesday, CEO Tim Cook said, "We're eagerly looking forward to introducing more new products and services that only Apple could bring to market." ...

...Later, on the conference call with analysts, Cook further addressed Apple's efforts to launch new products, promising that the company is "not going to under-invest in this business."

Apple is expected to unveil the iPhone 6 - which is rumored to sport a larger display than its predecessors - and the iWatch in the second half of the year. ...

Earnings to buy time

...Still, the company's strong quarterly performance could buy some time, said Max Wolff, chief economist at Citizen VC.

The company posted earnings of \$11.62 a share, on revenue of \$45.6 billion, blowing past estimates for \$10.18 a share on \$43.53 billion in revenue, according to a consensus estimate from Thomson Reuters.

The performance "takes a little pressure off the company on the innovation story, which is still the big story of the day," he said. ...