

# Apple Earnings, Guidance Disappoint, Stock Plummets 10 Percent

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Investors weren't impressed with what Apple had to say in its fiscal first quarter earnings call Wednesday. Shares fell over 10 percent to \$460 in aftermarket trading on lowball guidance and a rare dip in quarterly profits, as well as diminishing margins.

Apple basically met analyst revenue expectations with \$54.5 billion, but a net income of \$13.06 billion, was down slightly from the previous quarter, when Apple reported \$13.07 billion in profits.

The company actually sold a record 47.8 million iPhones in the quarter, compared to 37 million in the year-ago quarter. Profits from the iPhone rose 28 percent.

Apple also sold a record 22.9 million iPads during the quarter, compared to 15.4 million in the year-ago quarter.

Gross margins are expected to continue falling in the next quarter, which Chief Financial Officer Peter Oppenheimer said could be at least partially attributed to the iPad Mini, which typically has lower gross margins than the company's other products.

When asked to break out iPad Mini numbers from actual sales of iPads, Oppenheimer said it was hard to know, adding that supply of the smaller slate was "constrained every week."

"We wished that we could have made more, and we ended the quarter with significant backlog," he said, during an earnings call that was broadcast on the company's website.

As for its guidance, investors already worried about slowing growth weren't given much upon which to hang their cap.

Oppenheimer said Apple was changing the way it provides guidance, offering a "range," as opposed to a single point.

The company expects fiscal second quarter revenues between \$41 billion and \$43 billion. Gross margins are expected between 37.5 percent and 38.5 percent, while operating expenses are forecast between \$3.8 billion and \$3.9 billion. Apple did

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provide expectations on earning per share,

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