

Apple to dole out \$100B to shareholders

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Apple is finally opening the doors to its bank vault, saying it will distribute \$100 billion in cash to its shareholders over two years.

Apple Inc. on Tuesday said it will buy back \$60 billion in shares — the largest buyback authorization in history. It is also raising its dividend by 15 percent.

Investors have been clamoring for Apple to give them access to its cash hoard, which ended March at an unprecedented \$145 billion. Apple's tight grip on its cash has been blamed for the steep decline in its stock price over the winter.

News of the cash bonanza coincided with the company's release of a poor quarterly outlook for the three-month period that ends in June. Apple said it expects sales for the quarter to fall from the year before, which would be the first decline in many years. The June quarter is generally a weak one for Apple, since consumers tend to hold off for the next iPhone, which the company usually releases in the fall.

Apple shares rose \$18.87, or 4.6 percent, to \$425 in extended trading.

Apple posted results for its latest quarter that beat expectations, though it posted its first profit decline in ten years.

Net income was \$9.5 billion, or \$10.09 per share, down 18 percent from \$11.6 billion, or \$12.30 per share, in the same period a year ago.

Revenue was \$43.6 billion, up 11 percent from last year's \$39.2 billion.

Analysts were expecting earnings of \$9.97 per share on revenue of \$42.3 billion for the latest quarter, according to FactSet.

Apple started paying a dividend last summer and has been buying back a modest number of shares, enough to balance the dilution created by its employee stock option program but not to make a dent in its cash pile. The company says it's now expanding the buybacks from \$10 billion to \$60 billion.

The company has faced continued pressure from Wall Street over the use of its cash, which earns less than 1 percent in interest. Investors reason that if the company has no good use for the money, it should be handed over to shareholders. The company said it was considering ways to use the money, and this year engaged in a public debate with a hedge fund manager who wanted it to institute a new class of preferred shares.

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