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the quarterly dance begins

Like it or not, **Apple Inc.'s finances** are destined to be the biggest news story of the week, barring something totally unexpected like an iPod Air or Mac Nano. The company's stock price has taken a beating in the past quarter, and we believe that's largely due to nearly endless unfounded speculation about imagined "problems" ranging from "missing" iPhones to guesses that new markets are opening because it costs Steve Jobs more to fly his jet than it did a year ago. Today's monster **MDJ Analysis** looks at all these problems and debunks them (or offers theories thereupon) one by one, including showing that there never were any "missing" iPhones, that lower prices do not necessarily mean imminent 3G models, and that sometimes, analysts just don't know how to count. It includes the full conference call from three months ago, showing how Apple executives repeatedly used boilerplate language that led analysts to make up data to fill in the gaps, and it even suggests some questions for analysts to ask in the hopes of getting information that is more useful. Don't worry about reading all this in a single sitting, but if you want to understand what's been going on, this is the issue for you. [The money pit, page 1.](#)

the attitudinal responds

Your friendly *Attitudinal* received both private and MacJournals-Talk complaints that Apple's aluminum MacBook Pro cases are not more durable than plastic ones (**MDJ** 2004.04.14), just more expensive. Plastic is cheaper to replace, and unlike the aluminum, it does not deform (read "bend") and create warping problems. The *Attitudinal* grants these issues, but since it was speaking of the effects of a rumor on purchasing, it contends that the appearance of durability is equally important. Purchasers don't stop to think that if their case gets horribly bent, it can't really be hammered back into shape – Apple has to replace it, just as it would with a plastic one, except a plastic case is cheaper. The *Attitudinal* contends that purchasers use heuristics like "plastic shatters, but metal doesn't, so the components inside will be safer," not quite realizing that if the computer is dropped, both cases are likely to protect the components, yet both cases would be damaged to the point of requiring case replacement. The *Attitudinal's* point therefore stands, but it concedes that such replacement decisions must only be made on – wait for it – a case-by-case basis. (You may groan as the *Attitudinal* retires to contemplate the attack of the clones.)

MDJ analysis

looking back to q1

how great results turned into bad press

Four times per year, the business and technology press starts looking into Apple Inc.'s finances, like Uncle Scrooge peering over Bob Cratchit's shoulder – except unlike Scrooge, the analysts don't own Apple's ledger. They just act as if they do.

The financial dance starts again this week, as Apple releases results for its second fiscal quarter of 2008 on [Wednesday, 2008.04.23](#). As of today, Apple stock has more or less recovered from the [three-month beating](#) it took after the company released its results for the *first* fiscal quarter of 2008. Thanks to CNBC's rapid, real-time creation of an entirely in-

accurate narrative about Apple issuing "disappointing" guidance and falling short on iPod sales (both completely untrue, **MDJ** 2008.01.23), Apple's stock dropped in value 11% on the next trading day, to US\$139.07 per share.

By 2008.02.26, Apple's stock hit its recent low point, closing at US\$119.15 per share, its lowest closing price since 2007.08.16. What was driving the concern about Apple's immediate prospects?

You might get a clue from articles like this AppleInsider summary of analyst Keith Bachman's actions, entitled ["Macs seen as Apple's only](#) **2** ▶