

# Apple's holiday surprise: big sales, not so big profits

REUTERS

Apple Inc posted its third successive quarter of declining iPhone sales on Tuesday and forecast slimmer-than-expected profit margins over the upcoming holiday season even as it projected record sales, sending its shares down.

The world's most valuable publicly traded company said improved sales from China were around the corner, despite revenue falling almost 30 percent from the country in the latest quarter. It said sales so far to India have only scratched the surface.

But a slight miss on fiscal fourth-quarter revenue and a projection of gross profit margins a touch behind analyst targets reflected broader concerns that Apple may have lost its tech superiority, even with the refreshed iPhone 7.

"In essence, in China and elsewhere, while Apple's products are still seen favorably, the distance between Apple and its competitors is nowhere near as great as it once was," Neil Saunders, head of retail research firm Conlumino, wrote in a note.

Apple shares fell 2.8 percent to \$114.99 in after-hours trading.

Chief Financial Officer Luca Maestri said in a phone interview with Reuters it was "impossible to know" if there was any effect yet from rival Samsung Electronics Co Ltd halting production of its



REUTERS/FILE

A customer buys the new iPhone 7 smartphone inside an Apple store in California, US.

fire-prone Galaxy Note 7 phones earlier this month. He also said that Apple was "supply constrained" and selling all the smartphones it could make.

"It's clear that Apple is bullish about growth in the iPhone, but there's little evidence of that growth in the actual results announced today," said analyst Jan Dawson of Jackdaw Research.

"Given that the iPhone 7 and especially the iPhone 7 Plus is in short supply, Apple is going to be

a little constrained in its ability to take full advantage of the strong demand we're seeing," he added.

Apple said it sold 45.51 million iPhones in the three months ended Sept. 24. That beat the average analysts' estimate of 44.8 million, according to research firm FactSet StreetAccount.

Revenue fell 9 percent to \$46.85 billion, a touch behind Wall Street targets, according to Thomson Reuters I/B/E/S. Apple forecast revenue of \$76 billion to

\$78 billion for the current, holiday-dominated quarter, ahead of the consensus estimate of \$75.08 billion. If it hits that estimate, this quarter would be Apple's biggest on record by sales, ahead of the \$75.9 billion revenue it posted in the year-ago period.

However, Apple offered a conservative outlook on profit margins, 38 to 38.5 percent, versus expectations of nearly 39 percent, said Mariann Montagne, senior investment analyst and portfolio

manager at Gradient Investments.

"I think people were a bit surprised," said Montagne, whose firm holds Apple shares.

Apple shares have outperformed the market over the last three months, and Edward Jones analyst Bill Kreher said the shares were taking a "natural pause" even though results were positive. The stock hit a 12-month low of \$89.47 in May and has marched up since as investor confidence returned.

Apple is still optimistic about its business in China, CFO Maestri said. While gross domestic product growth in the country has slowed, the economy is still growing, the middle class is expanding and smartphone ownership remains low, he said.

Maestri said high demand for Apple's newest iPhones made the company confident about results in the first quarter.

The company's net income fell to \$9.01 billion, or \$1.67 per share in the quarter from \$11.12 billion, or \$1.96 per share, a year earlier. That beat the average estimate of \$1.66 per share.

Apple's fortunes are strongly tied to the success of the iPhone, which accounts for two-thirds of its revenue.

Chief Executive Tim Cook also said on a call with analysts that India was poised to boom in smartphone sales as a more powerful 4G cellular network was put in place this year and next.

## Canon slashes profit view on sales tumble, strong yen

AFP, Tokyo

Canon on Wednesday slashed its annual profit forecast, as it warned that a slowdown in emerging economies and a strong yen were taking a bite out of the bottom line.

The camera and copier maker also said that nine-month sales and profit figures tumbled from a year ago. January-September net profit dropped 30 percent to 105.8 billion yen, while sales were off 11 percent from a year ago, it said.

It added that it now expected its full-year bottom line to shrink by one-quarter to 165 billion yen (\$1.58 billion), with sales and operating profit set to come in lower than the previous year.

Canon said the downgrade was due to "a prolonged economic slowdown in developing nations and revised foreign exchange rate assumptions, which negatively affect sales and gross profit".

It added that it is facing "greater uncertainty" after Britain's vote to leave the European Union, as firms scramble to assess how the decision will impact their business in the region.

The yen, seen as a safe investment in times of turmoil, spiked after the June referendum.

But a stronger yen shrinks the value of Japanese firms' repatriated profits.

## Danish payments firm fears 100,000 credit cards hacked

REUTERS

Danish payment processor company Nets has advised local banks to block up to 100,000 credit cards on suspicion their security might have been compromised by hackers, it said on Wednesday. Nets, which was floated last month, said the breach was probably linked to transactions with a single internet retailer based abroad.

None of the cards had been tampered with yet but might be in the near future, it said, adding that credit card companies including Visa and Mastercard had opened an investigation.

"By replacing possibly compromised cards preemptively, banks and shops can save an amount in the triple digit million (Danish crowns) range, which they could suffer in losses from trades made with stolen credit card information," Nets said. Danish lender Jyske Bank said on Wednesday it was blocking and replacing 7,000 cards.



Annisul Huq, mayor of Dhaka North City Corporation, hands over a crest to the winning team from the Institute of Business Administration, at the Battle of Minds 2016, a recruitment platform of British American Tobacco Bangladesh (BATB), on Monday. Golam Mainuddin, chairman of BATB; Shehzad Munim, managing director, and Rumana Rahman, head of human resources, were also present.

IBA



Shamim Ahmed Chaudhury, president and managing director of AB Bank, and Sabik Rahman, director of Network Bangladesh Ltd, attend the signing of a deal at a programme. The automated teller machines and booths of the bank will be maintained by Network.

## Boeing reports higher earnings

AFP, New York

Boeing reported higher third-quarter earnings and lifted its full-year forecast Wednesday following a solid performance in its commercial airplane deliveries.

Net income was \$2.3 billion, up 33.7 percent from the year-ago period and boosted by a one-time tax benefit.

Revenues were down 7.5 percent to \$23.9 billion.

Operating profit fell both in Boeing's commercial and military divisions, yet the aerospace giant continued to book major orders for new commercial planes.

The company also boosted its 2016 forecast for commercial plane deliveries to 745-750 from the prior range of 740-745. Commercial airplane deliveries are closely tied to revenues in the aerospace industry.

"Solid operating performance across our commercial and defense and space businesses in the third quarter again generated strong cash flow for Boeing, which continues to fuel investments in our future and enable us to deliver compelling returns to our shareholders," said Boeing chief executive Dennis Muilenburg.

Boeing's earnings translated to \$3.51 per share, compared with analyst expectations of \$2.62 per share.

Shares of Boeing rose 1.8 percent to \$141.48.

## Oil falls as investors doubt Opec can seal output deal

REUTERS, London

Oil fell for a third day on Wednesday, nearing \$50 a barrel for the first time in three weeks, as investors grew increasingly doubtful that Opec members will agree to cut output and as U.S. inventories staged a surprisingly large increase.

Iraq, the second-largest member of Opec, does not want to join in with a proposed production cut that the group has said it will approve at a regular meeting in Vienna next month.

With Iran, Nigeria and Libya already expected to be excluded, along with potentially Venezuela and Indonesia, whose state oil producer said on Tuesday it was targeting a 42-percent increase in output next year, traders and investors are growing less confident in the chances for an effective deal.

"The market is definitely in need of some kind of soothing words once again, but it's a 'cry wolf' thing. The talking has to get louder and louder to

attract any attention, because scepticism is on the rise and I think rightly so," Saxo Bank senior manager Ole Hansen said.

"No doubt, the difference now compared to earlier this year, back when the market was primarily reacting to verbal intervention, is now something has been promised and if that promise cannot be fulfilled or delivered, then we obviously have a problem," he said, adding that his near-term target for Brent was \$49.40, followed by \$48.40.

Brent crude futures LCOc1 were down 74 cents at \$50.05 a barrel by 0720 ET, having touched a session low of \$50.02, the weakest level since Oct. 3.

U.S. crude futures CLc1 also fell 74 cents on the day to \$49.22 a barrel.

Iraq, the second-largest producer within the Organisation of the Petroleum Exporting Countries, has argued it needs its oil revenues to fight Islamic State.

At the Algiers meeting, Iraq said Opec had underestimated its output,

which it pegged at 4.7 million bpd, compared with the group's assessment, based on secondary sources, of 4.2 million bpd.

"Just the fact that there can be such a huge disagreement over what Iraq is actually producing creates doubts in the market over how Opec is going to handle a cap on production in terms of verifying that the members are actually adhering to the individual targets," SEB chief commodities analyst Bjarne Schieldrop said.

And unless top world producer Russia, which does not belong to Opec, joins in, that leaves the onus of a potential cut with Arab producers in the Middle East such as Saudi Arabia, Kuwait and the United Arab Emirates.


Adding to the pressure on the oil market was data late on Tuesday from the American Petroleum Institute that showed an unexpected rise in US crude inventories.

Official data by the Energy Information Administration (EIA) is due later on Wednesday.



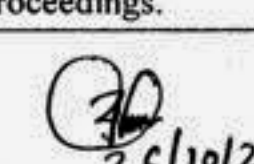
Iftekharul Islam, vice chairman of Uttara Bank, opens the bank's 23rd ATM booth in Uttara, Dhaka on Monday. Mohammed Rabiul Hossain, managing director, was also present.

UTTARA BANK



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"Invitation For International Tenders"				
01. Ministry/Division	:	Ministry of Power, Energy and Mineral Resources/Power Division		
02. Agency	:	Ashuganj Power Station Company Ltd. (APSC)		
03. Procuring Entity Name	:	Managing Director, APSC		
04. Procuring Entity Code	:	Not used at present.		
05. Procuring Entity District	:	Brahmanbaria.		
06. Invitation for	:	Acid Cleaning works of Boiler (Unit-3) of APSC.		
07. Invitation Ref No	:	APSC/Pro-01/2016/1480		
08. Date	:	October 26, 2016		
<b>KEY INFORMATION</b>				
09. Procurement Method	:	Open Tendering Method (International)		
<b>FUNDING INFORMATION</b>				
10. Budget and Source of Funds	:	APSC's own fund.		
<b>PARTICULAR INFORMATION</b>				
11. Tender Package No.	:	APP 2016-17, WRF-004		
12. Tender Package Name	:	Acid Cleaning works of Boiler (Unit-3) of APSC.		
13. Tender Publication Date	:	October 27, 2016		
14. Tender Last Selling Date	:	Upto December 13, 2016 during office hour		
15. Tender Closing Date and Time	:	December 14, 2016 at 12.00 BST.		
16. Tender Opening Date and Time	:	December 14, 2016 at 12.15 BST.		
<b>Name &amp; Address of the Offices:</b>				
17. Selling Tender Document (Principal)	:	Manager (Finance), APSC, Ashuganj, Brahmanbaria, Bangladesh.		
17. Selling Tender Document (Others)	:	Director (Purchase), Bangladesh Power Development Board, WAPDA Bhavan (9 <sup>th</sup> floor), Motijheel C/A, Dhaka-1000, Bangladesh.		
<b>NO CONDITIONS APPLY FOR SALE, PURCHASE OR DISTRIBUTION OF TENDER DOCUMENTS</b>				
18. Receiving of Tender	:	Office of the Manager (Procurement), APSC, Ashuganj, Brahmanbaria, Bangladesh.		
18. Opening of Tender	:	Office of the Manager (Procurement), APSC, Ashuganj, Brahmanbaria, Bangladesh.		
18. Place/Date/ Time of Pre-Tender Meeting (Optional):	:	Not Applicable		
<b>INFORMATION FOR TENDERER</b>				
19. Brief Eligibility and Qualification of Tenderer	:	Renowned Contractor having experience of Acid cleaning works as specified in the Tender Document.		
20. Brief Description of Works:	:	Acid Cleaning works of Boiler (Unit-3) of APSC.		
21. Brief Description of Physical Services	:	Acid Cleaning works		
22. Price of Tender Document (Taka)	:	Taka 3,000.00 (Three thousand) in the form of Pay order/DD in favor of APSC from any schedule Bank of Bangladesh (Non-refundable).		
23. Lot No.	Identification of Lot	Location	Tender Security Amount	Completion time
01	Acid Cleaning works of Boiler (Unit-3) of APSC	Unit-3 of APSC, Ashuganj, Brahmanbaria, Bangladesh	USD 5,100.00 or Taka 4,00,000.00 Favoring Ashuganj Power Station Company Ltd. (APSC)	40 days from the date of Plant Shut down as specified in the Tender Document
<b>PROCURING ENTITY DETAILS</b>				
24. Name & Designation of official Inviting Tender	:	Md. Rafiquddaulla, Manager (Procurement), APSC		
25. Address of official Inviting Tender	:	Ashuganj Power Station Company Ltd., Ashuganj, Brahmanbaria, Bangladesh.		
26. Contact details of official Inviting Tender	:	Tel: +88 08528 74033 Fax: +88 08528 74044. E-mail: <a href="mailto:procurement@apscl.com">procurement@apscl.com</a> , Website: <a href="http://www.apscl.com">www.apscl.com</a>		
27. The procuring entity reserves the right to reject all the tenders or annul the Tender proceedings.	:			



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