‘Apple Fever’ to Push Stock to $1,001 Within Year, Analyst Says

By Adam Satariano - Apr 3, 2012

Apple Inc. (AAPL), already the world’s most valuable company, will see its stock price reach $1,001 within 12 months, lifted by growth in China and the debut of a new television product, according to Topeka Capital Markets.

The new target, issued yesterday by Topeka's Brian White, is the highest among the 45 analysts tracked by Bloomberg and represents a 62 percent increase over the current price. The gains will be fueled by demand for the next iPhone, in addition to the expansion into China and the TV market, he said.

“Apple fever is spreading like a wildfire around the world,” White said in a report, which initiated coverage of the company with a buy recommendation.

Apple will get to $1,001 by introducing a TV within a year, as well as an upgraded iPhone that works with speedier wireless networks, he said. China Mobile Ltd. (941), the Asian country’s largest wireless network, will start carrying the iPhone within a year, White said, adding millions of new potential customers.

Apple’s stock also is getting a boost because of a relatively seamless transition since the death of co-founder Steve Jobs, he said. The stock has risen more than 60 percent since he died in October. Tim Cook had assumed the role of chief executive officer from Jobs the previous August.

“Steve Jobs’s health was such a fear that was hanging over the stock,” White said in an interview. “Now you’ve seen that Tim Cook is doing a good job.”

Steve Dowling, a spokesman for Cupertino, California-based Apple, declined to comment on the report.

A Trillion?

Apple’s management should aim to become the first company to generate $1 trillion in revenue, a goal that’s achievable in the next decade, he said. Apple had sales of $108.2 billion in its last fiscal year, which ended in September.

A risk for Apple is the uncertainty over who will make critical decisions about future products, White said. Cook’s experience is with Apple’s supply chain and operations, and less with product development, the area where Jobs excelled.

The stock has already risen 53 percent this year, spurred by soaring iPhone revenue and the debut of a higher-resolution iPad last month. The shares climbed 3.2 percent to $618.63 yesterday. Apple’s market value is now $576.8 billion, far above the previous leader, Exxon Mobil Corp. (XOM) That company is valued at $410.4 billion.

Apple investors also are benefiting from a $2.65-a-share dividend, starting in July, and a $10 billion stock buyback plan. The company announced both initiatives last month.
Top of the Heap

White previously covered Apple for Ticonderoga Securities LLC, where his last price target was $666. The next closest prediction to his new $1,001 target is the $800 target of Morgan Keegan’s Tavis McCourt.

White said Apple can hit his target because its iPhone and Mac computers still have relatively low market share, giving them room to grow. He also foresees Apple introducing iPads with a smaller screen size, letting them compete more directly with tablet computers from Amazon.com Inc. (AMZN) and other rivals.

The much-anticipated television set, which Apple may introduce within a year, would create a new $100 billion market opportunity for the company, White said. China, meanwhile, offers some of the best growth prospects. Mobile-phone subscribers in the country with access to 3G wireless networks could reach 230 million by the end of this year, adding millions of new potential iPhone buyers, White said.

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