



Apple's Big Event: What to Watch

Description

It's that time of the year. On Tuesday morning, **Apple** ([NASDAQ: AAPL](#)) is set to host its annual September product event. New iPhones, of course, are usually the main event. But [other new products and services](#) may get some attention, too.

Apple executives are scheduled to take the stage tomorrow at 10 a.m. PDT at the company's Steve Jobs Theater in its Apple Park campus in Cupertino, California. Rumors circulating ahead of the event are rampant, as usual. Beyond the company's usual iPhone refresh, Apple could potentially unveil an updated Apple Watch, new MacBook Pros, and more. But investors will likely be focused on two main areas: iPhones and services.

Can new iPhones reverse the segment's declining sales?

The pressure is on for Apple's iPhone business. For the trailing-nine-month period ending Jun. 29, iPhone revenue fell 15% year over year. This highlights how challenging it has been for Apple to grow its iPhone revenue during the company's latest iPhone lineup's product cycle. The iPhone September 2018-launched XS, XS Max, and XR simply weren't exciting enough to help Apple live up to the iPhone X's blockbuster performance in the prior fiscal year.

Of course, the iPhone represents a significant portion of Apple's business. To be exact, iPhone accounted for nearly 56% of Apple's trailing-nine-month revenue. Lackluster iPhone sales compared to Apple's fiscal 2018, therefore, have weighed heavily on the [tech](#) giant's overall financial performance. During the trailing-nine-month period ending June 29, Apple's total sales fell 3% and net income declined 8%.

To differentiate its iPhones this year, rumors suggest much of the focus may be on their cameras. The ever-active Apple rumor mill is guessing that Apple will refresh all three of last year's iPhones with new versions of the same sizes. However, this year's upgrades to the iPhone XS and XS Max will reportedly include triple-lens camera setups, while the upgraded iPhone XR will get a dual-lens camera for the first time. Of course, all three of the phones are also expected to get new processors. Some

new colors are expected, too.

Will new services help Apple return to growth?

While the iPhone still accounts for the bulk of Apple's revenue and operating profits, the tech company's services business is arguably equally important to investors. That's because the segment offers a sustainable revenue stream, is growing faster than the iPhone, and has an impressive [gross profit margin of 64.1%](#). Therefore, though Apple's services segment is smaller than iPhone, it's more important to the company's long-term growth story.

While it would be great to see Apple launch yet another new service on Tuesday, the company's discussion of services during the event may focus primarily the [four new services announced earlier this year](#). Apple could give updates on the two of these services that have already launched — Apple News+ and Apple Card — or it could provide more details on the two of these services it hasn't brought to market yet: Apple TV+ and Apple Arcade. Both of these services are supposed to launch this fall.

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Date

2025/07/04

Date Created

2019/09/10

Author

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