

Apple investors happy with Jobs' successor

by Maureen Farrell August 25, 2011: 6:12 PM ET

Apple



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NEW YORK (CNNMoney) -- Apple's shareholders express confidence that the company's newly anointed chief executive, Tim Cook, is the right man for the job.

Investors were saddened but not surprised to learn Wednesday night of **Steve Jobs' departure** as CEO. Shareholders seem fairly confident that Apple's larger-than-life co-founder and long-time executive has effectively trained Cook and **built a bench deep enough** to execute the vision he's laid out for the company. Tim Cook, most recently Apple's chief operating officer, had taken over the top job on two previous occasions in 2004 and 2009, both when Jobs was on medical leave.

"It's reasonable to give [Steve Jobs'] lieutenants the benefit of the doubt for several years," says **Pat Dorsey, director of research and strategy at the Sanibel Captiva Trust**. "Questions about the leaders' vision for the company are a long way off." Dorsey's clients, mostly high net worth individuals, all hold Apple stock.

The relatively modest drop in the company's shares Thursday suggests that shareholders have largely priced in expectations of Jobs' departure. After a sharp drop Wednesday night in after-hours trading immediately following Jobs' announcement, Apple's (**AAPL**, **Fortune 500**) stock retraced most of its losses, ending Thursday down just 0.70%, at \$373.72.

Apple's stock under Jobs: from \$10 to \$400

While few leaders can match Jobs' vision or showmanship, Apple holders said they are confident about **Tim Cook** and his ability to execute.

"If this was any other company, you'd say to yourself 'wow, this is an extraordinary CEO,'" said Morris Mark, founder of the hedge fund Mark Asset Management Corp. He has \$500 million in assets under management, including an investment in Apple. "Shareholders were rooting for him to be chosen as CEO."

Beyond the loss of Steve Jobs, Apple shareholders are also dealing with the departure of another key executive: Ron Johnson, the senior vice president of retail, **who recently accepted the CEO job** at J.C. Penney. Johnson is among the visionaries who created Apple's iconic brick-and-mortar retail presence.

Some shareholders also take solace in **Apple's pristine balance sheet**. The technology behemoth has a \$347 billion market capitalization, \$76 billion instockpiled cash, and no debt.

"Cash is comforting in the market," Mark said. "At some point you get a benefit from it, because they either start paying dividends or make an acquisition."

Investors also said that Apple is trading at a discount to the market. Dan Rosenblatt, managing director and portfolio manager at Neuberger Berman, estimated that Apple trades at 12 times earnings per share for the fiscal year ended September 2012. Subtracting Apple's cash, the company trades at 8 times its earnings per share. Such valuations mark Apple at a discount to the market overall, which trades at 13.5 times forward earnings.

The real question is whether any other leader can keep the world's second-largest company by market cap (Exxon Mobil (**XOM**, **Fortune 500**) is first) expanding as rapidly as Jobs, who introduced game-changing technology like the iPhone and iPad.

Competitors Google (**GOOG**, **Fortune 500**), Research in Motion (**RIMM**), Verizon (**VZ**, **Fortune 500**) and AT&T (**T**, **Fortune 500**) have all been nipping at Apple's heels.