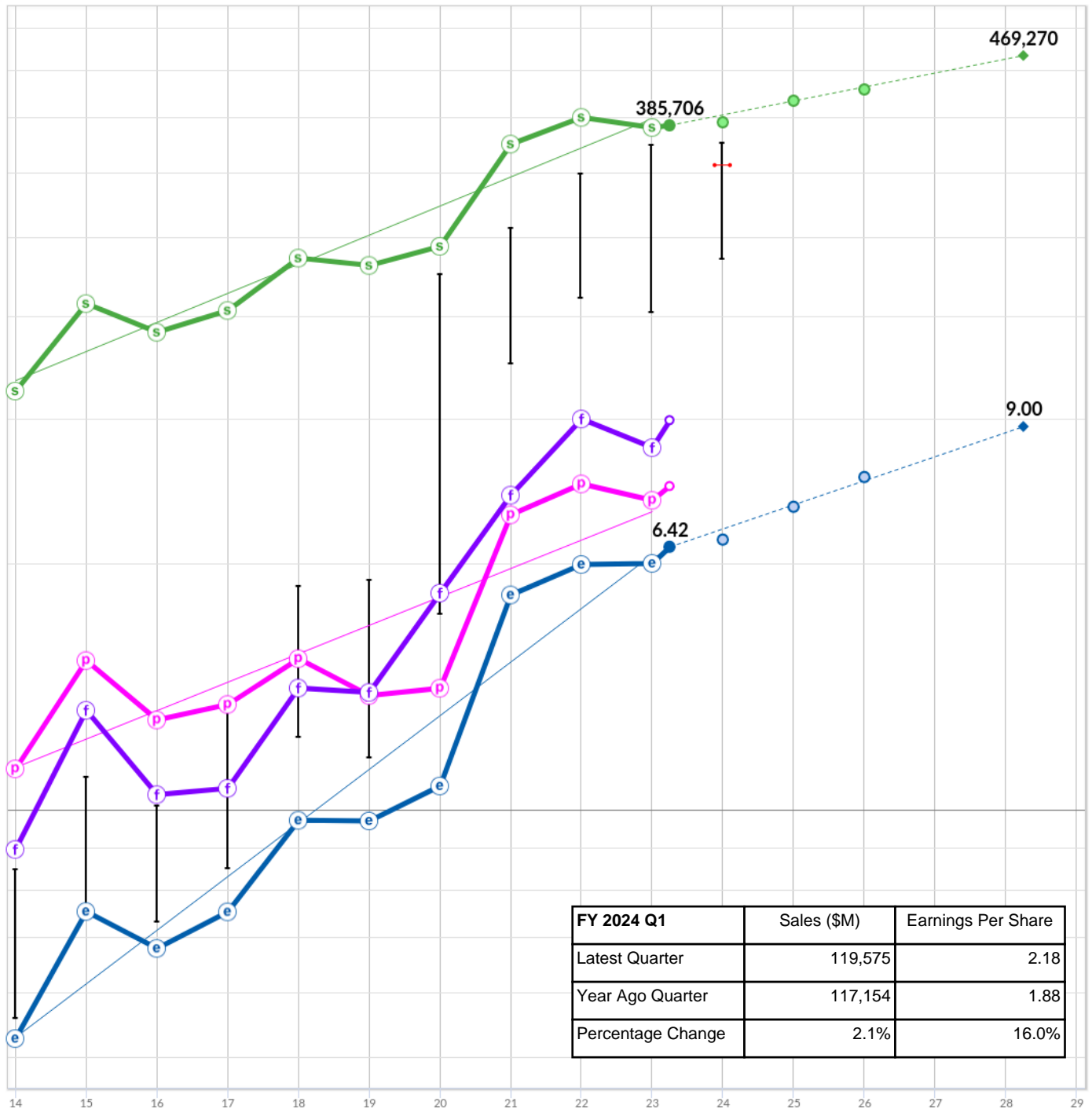


Stock Selection Guide

Company	Apple		Date	02/05/24	
Prepared by	HENRIKSON		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Consumer Electronics		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	15,576.6	0.1	35.2		
Debt (\$M)	108,040.0	% to Tot Cap	59.3	% Pot Dil	0.4

Symbol: AAPL

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- (1) Historical Sales Growth 8.5% (3) Historical Earnings Per Share Growth 16.3%
- (2) Estimated Future Sales Growth 4.0% (4) Estimated Future Earnings Per Share Growth 7.0%

2 EVALUATING Management

Apple

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Last 5 Year Avg.
% Pre-tax Profit on Sales	29.3%	31.0%	28.5%	28.0%	27.4%	25.3%	24.4%	29.9%	30.2%	29.7%	27.9%
% Earned on Equity	31.3%	40.9%	35.0%	35.7%	49.3%	54.8%	77.0%	143.4%	167.7%	159.0%	120.4%
% Debt To Capital	24.0%	35.1%	40.4%	46.3%	51.7%	54.4%	63.2%	66.4%	70.3%	64.1%	63.7%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 187.66 (02/05/24) **52-WEEK HIGH** 199.62 **52-WEEK LOW** 143.90

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2019	58.4	35.5	2.97	19.6	11.9	0.75	25.2	2.1
2020	138.0	53.2	3.28	42.1	16.2	0.80	24.2	1.5
2021	157.3	107.3	5.61	28.0	19.1	0.85	15.2	0.8
2022	182.9	129.0	6.11	29.9	21.1	0.90	14.7	0.7
2023	198.2	124.2	6.13	32.3	20.3	0.94	15.3	0.8
AVERAGE		89.8		30.4	17.7		18.9	
CURRENT/TTM			6.42	31.1	22.4	0.96	15.0	
AVERAGE PRICE EARNINGS RATIO: 24.1					CURRENT PRICE EARNINGS RATIO: 29.2			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 29.2 X Estimate High Earnings/Share 9.00 = Forecasted High Price \$ 262.9

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 24.1 X Estimate Low Earnings/Share 6.42 = Forecasted Low Price \$ 154.7

(b) Avg. Low Price of Last 5 Years 89.8

(c) Recent Market Low Price 124.2

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.96}{2.11\%} = 45.4$

Selected Forecasted Low Price \$ 143.9

C ZONING using 25%-50%-25%

Forecasted High Price 262.9 Minus Forecasted Low Price 143.9 = 119.0 Range. 25% of Range 29.8

Buy Zone 143.9 to 173.7

Hold Zone 173.7 to 233.2

Sell Zone 233.2 to 262.9

Present Market Price of 187.66 is in the **HOLD** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{262.9 - 187.66}{187.66} = 0.4011$ $\frac{\text{Present Price} - \text{Low Price}}{\text{Present Price} - \text{Low Price}} = \frac{187.66 - 143.9}{187.66 - 143.9} = 1.7$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Closing Price}} = \frac{262.9}{187.66} = 1.4011$ X 100 = 140.11 - 100 = 40.1 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.96}{187.66} = 0.0051 = 0.5\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{18.9\%}{29.20} = 0.6\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{18.9\%}{26.65} = 0.7\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 7.0 %
Average Yield 0.6 %
Annualized Rate of Return 7.6 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 5.0 %
Average Yield 0.7 %
Annualized Rate of Return 5.8 %

Notes: AAPL 2/6/24

Date	Subject	Description	Type
02/03/24	Quarterly Earnings Report 2/1/24	<p>Club update post 2/1/24 earnings report Dec. 23 quarter</p> <p>Closing price 2/2/24 \$185.85 VL as of 12/22/23 stock at that time up 50% *since then ytd down 3.5% MI Q 98 PAR 8.4 growth 7.3% and projected PE 26</p> <p>Earnings report (yoy format): EPS \$2.18 vs analyst expectations (AE) \$2.10 Revenue \$119.58 vs. AE \$117.91</p> <p>Sales growth 2% increase, breaking 4 quarter decrease streak Gross margins continue to rise hitting 46% Dec. quarter Revenue up 13% yoy</p> <p>Revenue, services, sales will be flat yoy March quarter (Tim Cook) *CEO notes 14 weeks in the 2022 Dec quarter and only 13 weeks 2023</p> <p>Division revenue data: -iphone 6% increase (this is first full quarter since iphone 15 available) -services 11% increase -MAC grew less than 1% in line with AE (and improvement from sept. quarter where it fell to 34%) -IPAD decrease 25% slightly short of AE and first time in co. hx no new model in 23 -wearables (aka 'other products') airpods, watch... down 11% but beat AE * note newest watch pulled until patent lawsuit with MASIMO settled -Analysts track active devices as indicator of service growth Current = 2.2 billion up from 2 billion yoy with 1 billion pd. subscriptions, which includes app store</p> <p>*CEO notes: -Growth in all regions except China (down 13% but iphone still #4 in top phones sold in urban China) Huawei is a threat and increasing in popularity there. China is defined as mainland, Hong Kong and Taiwan</p> <p>Actual numbers: iPhone revenue: \$69.70 billion vs. \$67.82 billion expected Mac revenue: \$7.78 billion vs. \$7.73 billion expected iPad revenue: \$7.02 billion vs. \$7.33 billion expected Other Products revenue: \$11.95 billion vs. \$11.56 billion expected Services revenue: \$23.12 billion vs. \$23.35 billion expected Gross margin: 45.9% vs. 45.3% expected Apple did not provide guidance for the current quarter ending in March</p> <p>\$27 billion in dividends and share repurchases - current shares 15.44 billion (2.3% since September)</p> <p>Apple shares outstanding for the quarter ending September 30, 2023 were 15.813B, a 3.14% decline year-over-year. Apple 2023 shares outstanding were 15.813B, a 3.14% decline from 2022. Apple 2022 shares outstanding were 16.326B, a 3.2% decline from 2021. Apple 2021 shares outstanding were 16.865B, a 3.78% decline from 2020.</p>	Community

12/30/23	AAPL Revenues down, EPS up	<p>AAPL revenue came in less than last year which met VL expectations. EPS, however came a little higher than last year. The actual data from the first to the third quarter indicated that AAPL would miss our projected sales and EPS for the year. This means that AAPL will have to improve more going forward to regain the track of our projections. Here are our assumptions.</p> <p>Projected revenue from VL remains at \$470,000 M growing at 4.2% per year. We expect PTP to remain the same as last year at 29.7%. We used the VL tax estimate of 16% and its share estimate of 12,500. Our EPS estimate is now \$9.39 at an 8.9% growth rate. VL continues to call for \$9.00 in EPS.</p> <p>The average past PE of 24.1 times the EPS of \$9.39 produces a future price target of \$226.3. The average high PE of 30.4 produces a future estimated price of \$285.0.</p> <p>We purchased AAPL for \$20.2 in May, 2014, or 9.33 years ago. Selling at today's price of 192.5 gives us a nice capital gain of 27.3% CAR. Waiting five more years to sell at the average estimate of \$226.3 will net us a gain of 18.4% CAR. Should we be fortunate to reach the high price estimate, our gain could be as much as 20.3% CAR.</p> <p>At a payout rate of 18.9% we would expect to collect \$1.77 in dividends for the year. This represents a yield on cost of 8.7%. Out total return today is 36.1%. Waiting to sell five years from now may well reduce our total return to a range from 27.1% to 29.0%.</p>	Community
04/20/23	Apple (APPL) 4-19-23	<p>India is emerging as a key destination in Apple's plans to diversify its supply chain after relying heavily on China for two decades. Its main manufacturer, Foxconn Technology Group plans to set up a new facility in the southern state of Karnataka to produce as many as 20 million iPhones a year and is expected to employ 50,000 people, according to Indian officials with knowledge of the matter. India is emerging as a key destination in Apple's plans to diversify its supply chain after relying heavily on China for two decades.</p> <p>Apple is projected to have a 5% share of India's overall smartphone market this year, up from 1% in 2019, according to Counterpoint Research. Manufacturing iPhones and other devices in India will help the company avoid some import duties and boost smartphone sales, analysts who follow the industry said.</p> <p>The Wall Street Journal: April 19, 2023 India's population of 1 billion people surpasses that of China's!</p> <p>Investors project earnings and profits o continue to grow over the next 5 years. Most hold the Stong Buy or Buy position on the company with the year's high stock price going to around \$200 from the current price of \$167. The second quarter's report comes out on May 4.</p>	Community
11/08/22	AAPL - November 2022	<p>H/H, price \$138 as of 11/4, down slightly from last month \$140. P/E 22.6, R/V 103, U/D 2.8:1. 52 week high \$183, low is \$129. Q4 results: EPS up 4, PTP up 6.1, Sales up 8.1. TTM: EPS up 8.7, PTP up 9.1, Sales up 7.8. All quarterly numbers, while positive, are down from Q4 2021, particularly EPS and Sales. PTP about the same. AAPL posted a Sept. qtr record revenue of \$90.1B, up 8% Y-O-Y, and qtrly earnings per diluted share up 4% Y-O-Y. Annual revenue was \$394.3B, up 8 % Y-O-Y, and annual earnings per diluted share up 9% Y-O-Y. Record September quarter results continue to demonstrate AAPL's ability to execute effectively in spite of a challenging and volatile macroeconomic backdrop, said Apple's CFO. This quarter capped another record-breaking year for Apple, with revenue growing over \$28 billion and operating cash flow up \$18B versus last year. Cash dividend of \$0.23 per share, payable on 11/10/22. Morningstar remains positive on Apple's ability to extract revenue & robust profits.</p>	Community

08/08/22	Apple August 2022	<p>Apple in H/H. Price \$165.35, up from \$147 last mo. Current P/E 27.3, Current RV 154, U/D .4:1, Q3 results: EPS -7.7, Sales 1.9, PTP -5.3. TTM EPS 18.6, Sales 11.6, PTP 16.7. Projected growth revised slightly. Revenue record of \$83.0 billion, up 2% YOY, quarterly earnings per diluted share of \$1.20. Results continue to demonstrate Apple's ability to manage business effectively despite the challenging operating environment. Generated nearly \$23B operating cash flow, returned \$28B to shareholders, cont. to invest in long-term growth plans. Cash div. \$0.23/share payable on August 11, 2022. Apple could trade significantly higher in the next 12-36 months due to: New market opportunities including VR/AR and the Apple Car, Accelerating strength in Apple's service portfolio, and Continued financial engineering. Management refrained from giving explicit revenue guidance for the September Q due to macroeconomic uncertainty, but expect low-single-digit YOY growth led by the iPhone and services segments. Supply constraints for the Sept Q expected to be lower than those experienced during the June Q, though macroeconomic headwinds (inflationary pressures and recessionary fears) are likely curbing demand for Apple's hardware products. Co. also facing foreign exchange headwinds, which are expected to negatively affect Sept. Q sales by 600 basis points.</p>	Community
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Study Audit: AAPL 2/6/24

Review Advised	Category	Explanation
✓	Capitalization	More than one-third of this company's capitalization consists of debt. You may want to consider the nature of the industry and this company's prior track record to determine whether this is acceptable. Last FY Debt to Capital: 64.1%
✓	Historical Sales Growth	Is this company's sales growth sufficiently consistent? R-Squared (5 yr): 0.83
✓	Historical Sales Growth	Sales have declined during the last fiscal year. Therefore, it might be well to wait until this company has resumed positive growth and shown that it can sustain it. Prior Sales 2022: 394,328 Latest Sales 2023: 383,285
✓	Historical Earnings Growth	Is this company's earnings growth sufficiently consistent? R-Squared (5 yr): 0.84
✓	Future P/Es	Do you want to estimate the future low PE to exceed the average low? Average Low P/E Forecast: 24.1 Average Low P/E: 17.7
✓	SSG Results	This stock is selling at a higher multiple of earnings than the average that investors have paid for it over the past five years. Relative Value: 121.5%
✓	SSG Results	If purchased at the current price, your potential gain is projected to be less than three times your potential loss. Upside Downside Ratio: 1.7
✓	SSG Results	If purchased at the current price, this stock is not likely to double your money over the next five years. Total Return (High P/E): 7.6%