Stock Selection Guide

Company	Apple			Date	02/12/21
Prepared by	K EMMONS		Data taken from		BI Stock Data
Where traded	NAS	Industry	Consumer Electronics		
Capitalization --- Outstanding Amounts			Reference		

Preferred ($M)		0.0	% Insiders	% Institution
Common (M Shares)		17,113.7	0.1	69.6
Debt ($M)	112,043.0	% to Tot Cap	62.9 % Pot Dil	1.1

Symbol: AAPL

1 VISUAL ANALYSIS of Sales, Earnings, and Price

528,555

274,515

6.86

3.28

FY 2021 Q1	Sales ($M)	Earnings Per Share
Latest Quarter	111,439	1.68
Year Ago Quarter	91,819	1.25
Percentage Change	21.4%	34.6%
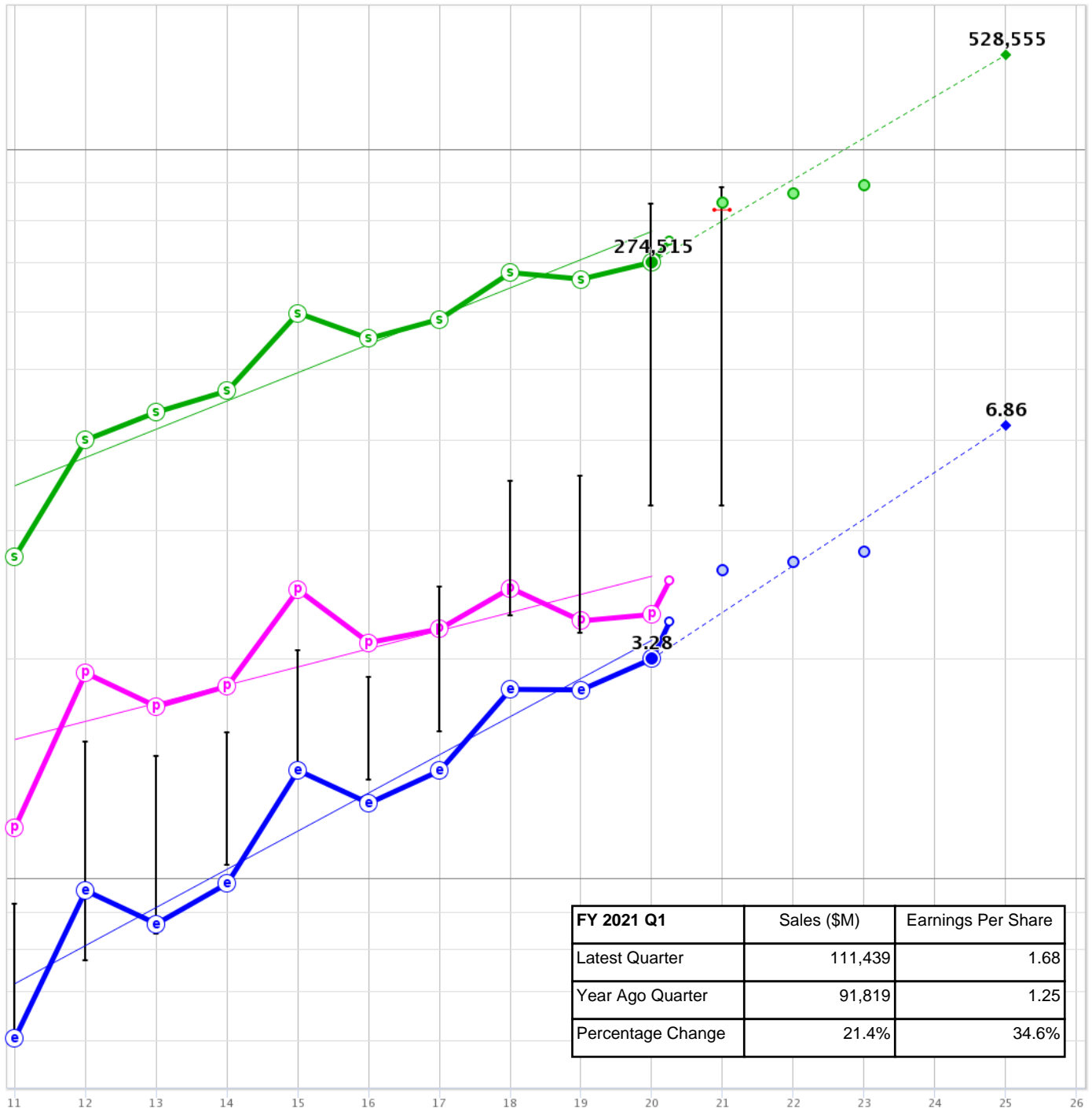
(1) Historical Sales Growth	9.3%	(3) Historical Earnings Per Share Growth	12.8%
(2) Estimated Future Sales Growth	14.0%	(4) Estimated Future Earnings Per Share Growth	15.9%

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Last 5 Year Avg.
Pre-tax Profit on Sales	31.6%	35.6%	29.3%	29.3%	31.0%	28.5%	28.0%	27.4%	25.3%	24.4%	26.7%
% Earned on Equity	33.6%	37.1%	29.0%	31.3%	40.9%	35.0%	35.7%	49.3%	54.8%	77.0%	50.4%
% Debt To Capital	0.0%	0.0%	12.1%	24.0%	35.1%	40.4%	46.3%	51.7%	54.4%	63.2%	51.2%

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 135.37 (02/12/21)   **HIGH THIS YEAR** 145.09   **LOW THIS YEAR** 53.15

	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
2016	31.0	22.4	2.08	14.9	10.8	0.55	26.2	2.4
2017	41.1	26.0	2.30	17.9	11.3	0.60	26.1	2.3
2018	57.4	37.6	2.98	19.3	12.6	0.68	22.8	1.8
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
AVERAGE		34.9		22.7	12.6		24.9	
CURRENT/TTM			3.69			0.82	22.2	
AVERAGE PRICE EARNINGS RATIO: 17.7				CURRENT PRICE EARNINGS RATIO: 36.7				

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   25.0   X Estimate High Earnings/Share   6.86   =   Forecasted High Price $ 171.5

B LOW PRICE - NEXT 5 YEARS
(a) Avg. Low P/E   12.6   X Estimate Low Earnings/Share   4.10   =   Forecasted Low Price $ 51.7
(b) Avg. Low Price of Last 5 Years   34.9
(c) Recent Market Low Price   35.5

(d) Price Dividend Will Support $\dfrac{\text{Indicated Dividend}}{\text{High Yield}}$ = $\dfrac{0.82}{2.44\%}$ = 33.7

Selected Forecasted Low Price $ 108.0

C ZONING   using 25%-50%-25%
Forecasted High Price   171.5   Minus Forecasted Low Price   108.0   =   63.5   Range.   25% of Range   15.9
Buy Zone   108.0   to   123.9
Hold Zone   123.9   to   155.6
Sell Zone   155.6   to   171.5
Present Market Price of   135.37   is in the   **HOLD**   Zone

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

$\dfrac{\text{High Price} \quad 171.5 \quad \text{Minus Present Price} \quad 135.37}{\text{Present Price} \quad 135.37 \quad \text{Minus Low Price} \quad 108.0}$ = $\dfrac{36.12}{27.37}$ = 1.3   To 1

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

$\dfrac{\text{High Price} \quad 171.5}{\text{Closing Price} \quad 135.37}$ = 1.2668   X   100   =   126.68   -   100   =   26.7   % 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 $\dfrac{\text{Indicated Annual Dividend} \quad 0.80}{\text{Closing Price} \quad 135.37}$ = 0.0061 = 0.6 %   Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E   **AVERAGE YIELD - USING FORECAST AVERAGE P/E**

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast High PE}}$ = $\dfrac{25.0\%}{25.00}$ = 1.0 % $\dfrac{\text{Avg. \% Payout}}{\text{Forecast Average PE}}$ = $\dfrac{25.0\%}{18.80}$ = 1.3 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E   **COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

Annualized Appreciation	4.8 %	Annualized Appreciation	-1.0 %
Average Yield	1.0 %	Average Yield	1.3 %
Annualized Rate of Return	5.8 %	Annualized Rate of Return	0.4 %