

# APPLE INC. NDAQ:AAPL

RECENT PRICE **144.49** P/E RATIO **23.5** (Trailing: 23.6 Median: 14.0) RELATIVE P/E RATIO **1.42** DIV'D YLD **0.6%** **VALUE LINE**

**TIMELINESS** 1 Raised 4/9/21  
**SAFETY** 1 Raised 4/17/20  
**TECHNICAL** 3 Lowered 12/2/22  
**BETA** .95 (1.00 = Market)

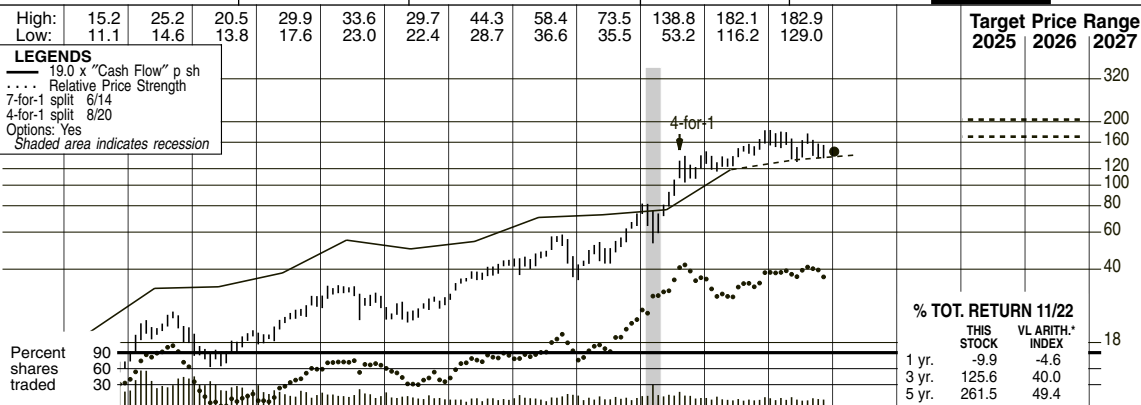
High: 15.2 25.2 20.5 29.9 33.6 29.7 44.3 58.4 73.5  
 Low: 11.1 14.6 13.8 17.6 23.0 22.4 28.7 36.6 35.5

LEGENDS  
 — 19.0 x "Cash Flow" p sh  
 ... Relative Price Strength  
 7-for-1 split 6/14  
 4-for-1 split 8/20  
 Options: Yes  
 Shaded area indicates recession

**18-Month Target Price Range**  
 Low-High Midpoint (% to Mid)  
 \$123-\$257 \$190 (30%)

**2025-27 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 205 (+40%) 10%  
 Low 170 (+20%) 5%

**Institutional Decisions**  
 102022 202022 302022  
 to Buy 1734 1799 1732  
 to Sell 2270 2191 2195  
 Hld's(000)93971 1592937 149253753



2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
.81	.98	1.31	1.45	2.54	4.16	5.95	6.79	7.79	10.47	10.10	11.18	13.96	14.64	16.17	21.55	24.73	<b>27.00</b>	Sales per sh <sup>A</sup>	<b>35.70</b>
.09	.16	.21	.25	.59	1.07	1.71	1.74	2.02	2.90	2.63	2.85	3.70	3.82	4.03	6.24	6.96	<b>7.35</b>	"Cash Flow" per sh	<b>9.80</b>
.08	.14	.19	.22	.54	.99	1.58	1.42	1.61	2.31	2.08	2.30	2.98	2.97	3.28	5.61	6.11	<b>6.25</b>	Earnings per sh <sup>B</sup>	<b>8.55</b>
--	--	--	--	--	--	.09	.41	.45	.50	.55	.60	.68	.75	.80	.85	.92	<b>.98</b>	Div's Decl'd per sh <sup>E</sup>	<b>1.56</b>
.03	.03	.04	.05	.08	.16	.32	.32	.41	.50	.60	.61	.70	.59	.43	.65	.67	<b>.75</b>	Cap'l Spending per sh	<b>.95</b>
42	60	85	1.10	1.86	2.94	4.50	4.91	4.75	5.35	6.01	6.54	5.63	5.09	3.85	3.72	3.18	<b>3.30</b>	Book Value per sh	<b>6.85</b>
23947	24425	24873	25195	25647	26020	26298	25178	23465	22315	21345	20505	19020	17773	16977	16977	15943	<b>15000</b>	Common Shs Outst'g <sup>C</sup>	<b>13000</b>
29.1	26.3	30.4	19.2	15.2	12.4	12.0	12.3	13.0	12.8	12.6	14.9	15.3	16.1	24.7	23.4	25.9		Avg Ann'l P/E Ratio	<b>22.0</b>
1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.64	.66	.75	.83	.86	1.27	1.25	1.48		Relative P/E Ratio	<b>1.20</b>
--	--	--	--	--	--	.5%	2.3%	2.2%	1.7%	2.1%	1.8%	1.5%	1.6%	1.0%	.6%	.6%		Avg Ann'l Div'd Yield	<b>.8%</b>

**CAPITAL STRUCTURE as of 9/24/22**  
 Total Debt \$120.1 bill. Due in 5 Yrs \$52.5 bill.  
 LT Debt \$99.0 bill. LT Interest \$3.1 bill.  
 (66% of Cap'l)

**Leases, Uncapitalized** Annual rentals \$1,758 mill.

**No Defined Benefit Pension Plan**

**Pfd Stock** None

**Common Stock** 15,943 mill. shs.

**MARKET CAP: \$2.3 trillion (Large Cap)**

**CURRENT POSITION** 2020 2021 9/24/22 (SMILL.)

156508	170910	182795	233715	215639	229234	265595	260174	274515	365817	394328	<b>405250</b>	Sales (\$mill) <sup>A</sup>	<b>464000</b>
37.4%	32.6%	33.1%	35.3%	32.7%	31.2%	30.8%	29.4%	28.2%	32.9%	33.8%	<b>32.5%</b>	Operating Margin	<b>33.0%</b>
3277.0	6757.0	7946.0	11257	10505	10157	10903	12547	11056	11284	11104	<b>11525</b>	Depreciation (\$mill) <sup>D</sup>	<b>12275</b>
41733	37037	39510	53394	45687	48351	59531	55256	57411	94680	99819	<b>98640</b>	Net Profit (\$mill)	<b>114935</b>
25.2%	26.2%	26.1%	26.4%	25.6%	24.6%	18.3%	15.9%	14.4%	13.3%	16.2%	<b>16.0%</b>	Income Tax Rate	<b>16.0%</b>
26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	22.4%	21.2%	20.9%	25.9%	25.3%	<b>24.3%</b>	Net Profit Margin	<b>24.8%</b>
19111	29628	5083.0	8768.0	27863	27831	14473	57101	38321	9355.0	d18575	<b>d9175</b>	Working Cap'l (\$mill)	<b>18375</b>
--	16960	28987	53463	75427	97207	93735	91807	98667	109106	98960	<b>98850</b>	Long-Term Debt (\$mill)	<b>98750</b>
118210	123549	111547	119355	128249	134047	107147	90488	65339	63090	50670	<b>49650</b>	Shr. Equity (\$mill)	<b>89220</b>
35.3%	26.5%	28.4%	31.3%	23.2%	21.8%	30.8%	31.5%	36.5%	55.8%	<b>67.5%</b>	<b>67.0%</b>	Return on Total Cap'l	<b>62.0%</b>
35.3%	30.0%	35.4%	44.7%	35.6%	36.1%	55.6%	61.1%	87.9%	150.1%	NMF	<b>NMF</b>	Return on Shr. Equity	<b>129%</b>
33.2%	21.4%	25.4%	35.0%	26.2%	26.5%	42.8%	45.5%	66.3%	127.1%	NMF	<b>NMF</b>	Retained to Com Eq	<b>105%</b>
6%	29%	28%	22%	27%	26%	23%	26%	25%	15%	15%	<b>16%</b>	All Div'ds to Net Prof	<b>18%</b>

Cash Assets	90943	62639	48304
Receivables	16120	26278	28184
Inventory (FIFO)	4061	6580	4946
Other	32589	39339	53971
Current Assets	143713	134836	135405
Accts Payable	42296	54763	64115
Debt Due	13769	15613	21110
Other	49327	55105	68757
Current Liab.	105392	125481	153982

**BUSINESS:** Apple Inc., established in 1977, is one of the world's largest makers of PCs and peripheral and consumer products, such as the iPhone smartphone, the Apple Watch, the iPad tablet, and its Mac line of personal computers, for sale primarily to the business, creative, education, government, and consumer markets. It also sells operating systems, services like iCloud storage and Apple Pay, and a host of digital content from the popular iTunes store and other portals. Research and development: 6.7% of '22 sales. Has approximately 164,000 employees. Off./dir. own less than 1.0% of common stock; Vanguard, 7.7%; BlackRock, 6.5% (1/22 Proxy). CEO: Tim Cook. Inc.: CA. Addr.: One Apple Park Way, Cupertino, CA 95014. Tel.: 408-996-1010. Internet: www.apple.com.

We have reduced our sales estimate by \$6.25 billion, suggesting a relatively modest 3% increase for the year. Meanwhile, our earnings call has been reduced by a quarter, to \$6.25.

**We remain constructive on the long-term picture.** Despite the difficult market conditions, Apple's installed base of active devices set all-time highs in all of its major product divisions and geographic regions, providing a foundation for continued growth. Meanwhile, we look for higher-margin services-related revenues to make up an increasingly larger portion of the total. Apple had more than 900 million paid subscribers at the end of September, up more than 155 million year over year.

**Apple shares have held up relatively well during 2022.** Year to date, the stock is down about 18.5%, roughly on par with the S&P 500, but about 11% better than the tech-heavy NASDAQ. The shares are ranked to outperform the broader market in the year ahead. Longer term, although price appreciation prospects out to 2025-2027 are below average, they are decent on a risk-adjusted basis.

Mario Ferro December 23, 2022

**ANNUAL RATES** Past Past Est'd '19-'21 of change (per sh) 10 Yrs. 5 Yrs. to '25-'27

Sales	20.5%	13.0%	12.5%
"Cash Flow"	22.0%	13.5%	12.5%
Earnings	21.0%	14.5%	13.5%
Dividends	--	10.0%	12.0%
Book Value	8.0%	-4.5%	8.5%

**Apple closed out fiscal 2022 on a positive note.** (Year ended September 24th.) Sales for the September period increased 8% versus the year before, to \$90.1 billion, setting a quarterly record. Meanwhile, earnings per share were up 4%, to \$1.29. The gains were driven by higher sales in most product categories, led by the company's flagship iPhone (up 9.7%, to \$42.6 billion) and its Mac line of personal computers (+25%, to \$11.5 billion). For the year, Apple set records for iPhone, Mac, Wearables, Home and Accessories, and Services, and reported strong double-digit growth in emerging markets, including India, Southeast Asia, and Latin America.

**The quarters ahead present a number of challenges.** These include ongoing supply-chain disruptions, the persistence of COVID-19, high inflation, unfavorable currency exchange rates, and slowing economic growth. On top of all this, rising interest rates are prompting businesses and consumers to ease up on discretionary spending. In light of the weakening macro-economic outlook, we are taking a slightly more cautious stance in regards to the company's fiscal 2023 financial prospects.

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**Fiscal Year Ends** QUARTERLY SALES (\$mill.) <sup>A</sup> Full Fiscal Year

	Dec.	Mar.	Jun.	Sep.	Per
2019	84310	58015	53809	64040	260174
2020	91819	58313	59685	64698	274515
2021	111439	89584	81434	83360	365817
2022	123945	97278	82959	90146	394328
2023	<b>123750</b>	<b>98400</b>	<b>88100</b>	<b>95000</b>	<b>405250</b>

**Fiscal Year Ends** EARNINGS PER SHARE <sup>A B</sup> Full Fiscal Year

	Dec.	Mar.	Jun.	Sep.	Per
2019	1.05	.62	.55	.75	2.97
2020	1.25	.64	.65	.73	3.28
2021	1.67	1.40	1.30	1.24	5.61
2022	2.10	1.52	1.20	1.29	6.11
2023	<b>2.00</b>	<b>1.55</b>	<b>1.30</b>	<b>1.40</b>	<b>6.25</b>

**Cal-endar** QUARTERLY DIVIDENDS PAID <sup>E</sup> Full Year

	Mar.31	Jun.30	Sep.30	Dec.31	Year
2018	.158	.183	.183	.183	.71
2019	.183	.193	.193	.193	.76
2020	.193	.205	.205	.205	.81
2021	.205	.22	.22	.22	.865
2022	.22	.23	.23	.23	

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding/changes in the share count. Next earnings report due late January. (C) In millions, adjusted for splits. (D) Depreciation on accelerated basis. (E) New dividend policy adopted 3/12. Payments typically made in February, May, August, and November.

**Company's Financial Strength** A++  
**Stock's Price Stability** 75  
**Price Growth Persistence** 95  
**Earnings Predictability** 80