

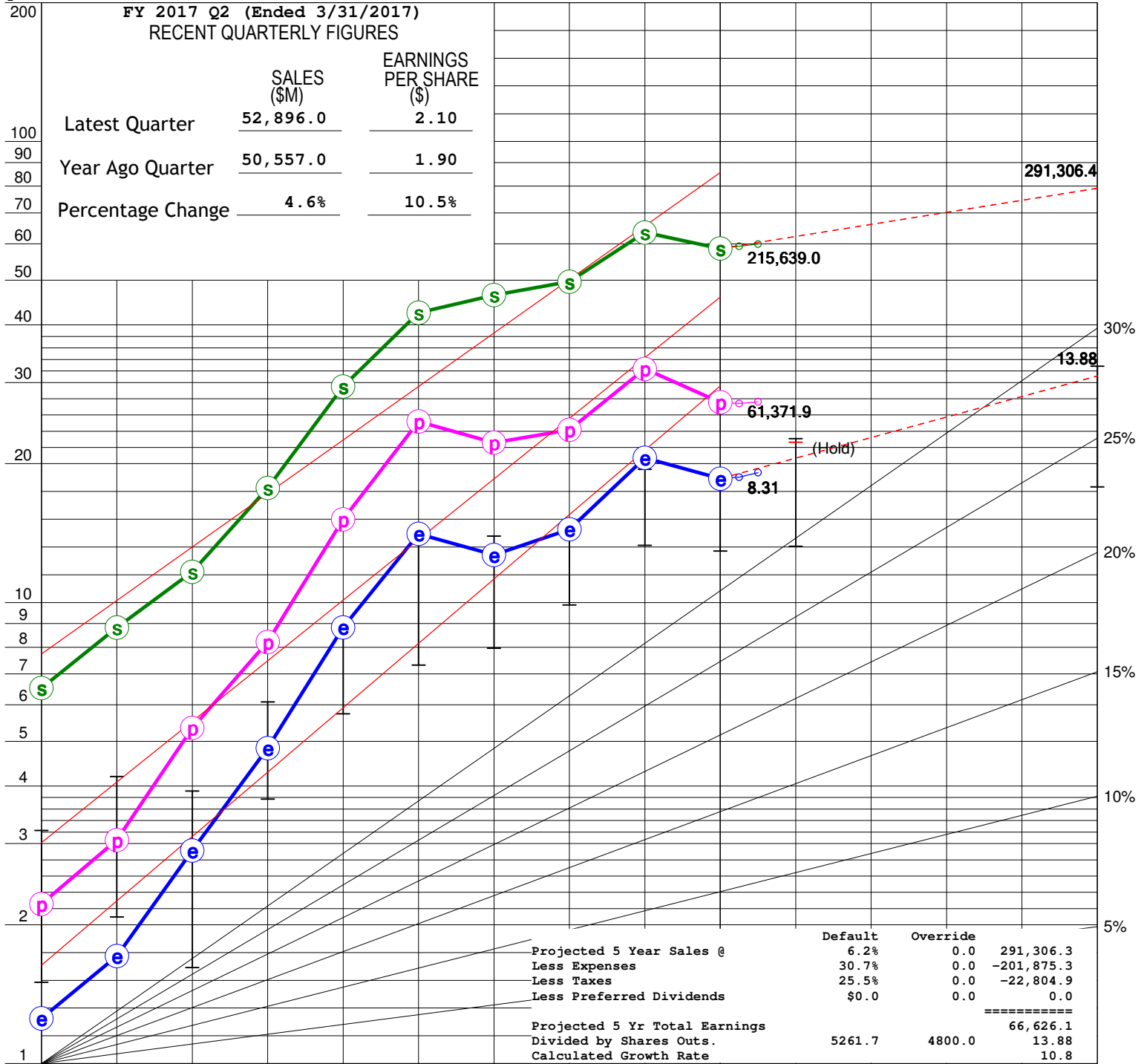


# Stock Study

|                       |                      |                |                  |
|-----------------------|----------------------|----------------|------------------|
| Company               | Apple-SP-5-22-17     | Price Date     | 05/22/17         |
| Study by              | SPatter              | Data Date      | 05/22/17         |
| Sector                | Technology           | Last Judgment  | 05/24/17         |
| Industry              | Consumer Electronics | Data Source    | StkCntrl         |
| Preferred(\$M)        | 0.0                  | Reference      | Morningstar      |
| Diluted(M Shares)     | 5,261.7              | % Insiders     | 0.2              |
| Total Debt(\$M)       | 98,522.0             | % Institutions | 62.5             |
| % Tot Debt to Tot Cap | 42.4                 | Quality        | 0.5 (Take Stock) |

## 1 Growth Analysis

NAS: AAPL



|                                   |        |  |        |               |
|-----------------------------------|--------|--|--------|---------------|
| (1) Historical Sales Growth       | 30.6 % | (3) Historical Earnings Per Share Growth       | 37.9 % | www.iclub.com |
| (2) Estimated Future Sales Growth | 6.2 %  | (4) Estimated Future Earnings Per Share Growth | 10.8 % |               |
| (5) Sales Growth R <sup>2</sup>   | 0.93   | (6) Earnings Per Share Growth R <sup>2</sup>   | 0.91   |               |

## 2 QUALITY ANALYSIS

Company Apple-SP-5-22-17

(AAPL)

05/22/17

|                                    | 2007            | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 5<br>YEAR AVG. | TREND<br>UP / DOWN |
|------------------------------------|-----------------|------|------|------|------|------|------|------|------|------|----------------|--------------------|
| <b>A</b> % Pre-tax Profit on Sales | 20.9            | 21.2 | 28.1 | 28.4 | 31.6 | 35.6 | 29.3 | 29.3 | 31.0 | 28.5 | 30.7           | DOWN               |
| <b>B</b> % ROE (Beginning Yr)      | <del>20.9</del> | 34.9 | 38.2 | 43.1 | 53.0 | 53.5 | 33.4 | 32.9 | 44.7 | 36.9 | 40.3           | DOWN               |
| <b>C</b> % LT Debt to Equity       | 0.0             | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 13.3 | 23.0 | 41.0 | 57.8 | 33.8           | UP                 |

## 3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE (P/E) 153.99 (18.0) 52-WEEK HIGH (P/E) 156.65 (18.3) 52-WEEK LOW (P/E) 91.50 (10.7)

| Fiscal Year       | High Price | Low Price | EPS                  | High P/E                 | Low P/E | Dividend          | % Payout | % High Yield |
|-------------------|------------|-----------|----------------------|--------------------------|---------|-------------------|----------|--------------|
| 1 2012            | 100.7      | 50.6      | 6.31                 | 16.0                     | 8.0     | 0.379             | 6.0      | 0.7          |
| 2 2013            | 96.3       | 55.0      | 5.68                 | 17.0                     | 9.7     | 1.629             | 28.7     | 3.0          |
| 3 2014            | 103.7      | 68.3      | 6.45                 | 16.1                     | 10.6    | 1.811             | 28.1     | 2.7          |
| 4 2015            | 134.5      | 92.0      | 9.22                 | 14.6                     | 10.0    | 1.980             | 21.5     | 2.2          |
| 5 2016            | 123.8      | 89.5      | 8.31                 | 14.9                     | 10.8    | 2.180             | 26.2     | 2.4          |
| 6 AVERAGE         |            | 71.1      |                      | 15.7                     | 9.8     |                   | 22.1     |              |
| AVERAGE P/E RATIO | 12.8       |           | PROJECTED P/E RATIO  | 16.2                     |         | TTM EPS           |          | 8.57         |
| CURRENT P/E RATIO | 18.0       |           | PEG RATIO            | 1.5                      |         | FTM EPS           |          | 9.50         |
| RELATIVE VALUE    | 140.9%     |           | PROJ. RELATIVE VALUE | <del>127.2%</del> 125.2% |         | AVG TTM + FTM EPS |          | 9.03         |

## 4 EVALUATING REWARD and RISK over the next 5 years

### A FUTURE HIGH PRICE ANALYSIS -- NEXT 5 YEARS

Selected High P/E ~~15.7~~ 16.2 X Estimated High Earnings/Share 13.88 = Forecast High Price \$ 224.9

### B FUTURE LOW PRICE ANALYSIS -- NEXT 5 YEARS

(a) Sel. Low P/E ~~9.8~~ 9.7 (as adj.) X Estimated Low Earnings/Share ~~8.31~~ 8.57 = \$ 83.1

(b) Average 5-Year Low Price = 71.1

(c) Recent Severe Low Price = 89.5

(d) Price Dividend Will Support = Present Divd. + High Yield = 2.52 + 0.030 = 85.1

Selected Estimated Low Price = \$ 123.2

### C PRICE RANGES

Forecast High Price 224.9 - Estimated Low Price 123.2 = Range 101.7 25% of Range = 25.4

BUY (Lower 25% of Range) = 123.2 to 148.6

MAYBE (Middle 50% of Range) = 148.6 to 199.5

SELL (Upper 25% of Range) = 199.5 to 224.9

Current Price 153.99 is in the Hold Range

### D REWARD/RISK ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price 224.9 - Current Price 153.99) + (Current Price 153.99 - Estimated Low Price 123.2) = 2.3 To 1

## 5 TOTAL RETURN ANALYSIS

### A CURRENT YIELD

Present Full Year's Dividend \$ 2.520 ÷ Current Price of Stock \$ 153.99 = 1.6 % Present Yield or % Returned on Purchase Price

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

Avg. % Payout 22.1 ÷ Forecast High P/E 16.2 = Avg. Yield 1.4

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

Avg. % Payout 22.1 ÷ Forecast Avg P/E 13.0 = Avg. Yield 1.7

### C % COMPOUND ANNUAL TOTAL RETURN - USING FORECAST HIGH P/E

Average Yield 1.4 % + Annual Appreciation 7.9 % = Compound Annual Total Return 9.2 %

### D % PROJECTED AVERAGE RETURN - USING FORECAST AVERAGE P/E

Average Yield 1.7 % + Annual Appreciation 3.1 % = Projected Average Total Return 4.8 %