



1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC	16-18
13.84	10.99	9.54	11.89	7.64	8.00	8.46	10.58	16.68	22.58	27.52	36.56	40.61	71.21	116.49	166.64	191.00	217.70	Sales per sh ^A	300.50
d.51	.73	.79	1.04	.03	.33	.26	.54	1.72	2.59	4.37	5.97	7.12	16.42	29.85	47.92	48.30	56.35	"Cash Flow" per sh	86.00
d.75	.49	.65	.85	d.14	.17	.10	.36	1.44	2.27	3.93	5.36	6.29	15.15	27.68	44.15	44.50	52.00	Earnings per sh ^B	80.00
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.10	.09	.07	.16	.33	.24	.22	.22	.31	.77	.84	1.23	1.27	2.19	4.58	8.83	9.75	10.00	Cap'l Spending per sh	10.50
2.05	2.76	4.59	6.00	5.59	5.70	5.76	6.48	8.94	11.67	16.66	23.67	30.93	52.18	82.45	125.86	162.95	189.45	Book Value per sh ^E	290.15
511.80	540.77	643.20	671.35	701.84	717.92	733.45	782.89	835.02	855.26	872.33	888.33	899.81	915.97	929.28	939.21	945.00	950.00	Common Shs Outst'g ^C	965.00
--	13.3	17.3	30.8	--	61.5	83.8	37.9	26.2	29.1	26.3	30.4	19.2	15.2	12.4	12.0	12.0	12.0	Avg Ann'l P/E Ratio	16.0
--	.69	.99	2.00	--	3.36	4.78	2.00	1.40	1.57	1.40	1.83	1.28	.97	.78	.75	.75	.75	Relative P/E Ratio	1.05
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CAPITAL STRUCTURE as of 12/29/12		2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC		16-18			
Total Debt	None	2.2%	5.7%	13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	34.0%	34.5%	Sales (\$mill) ^A	290000
Leases, Uncapitalized	Annual rentals \$516 mill.	113.0	150.0	179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	3600	4150	Operating Margin	37.5%
No Defined Benefit Pension Plan		76.0	276.0	1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	42050	49400	Depreciation (\$mill) ^D	5800
Pfd Stock	None	26.2%	27.9%	30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.0%	26.0%	Net Profit (\$mill)	77200
Common Stock	939,058,000 shs. as of 1/11/13	1.2%	3.3%	9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	23.3%	23.9%	Income Tax Rate	26.0%
Market Cap:	\$433 billion (Large Cap)	3530.0	4375.0	6816.0	8038.0	12657	20598	16983	20956	17018	19111	23000	27000	Net Profit Margin	26.6%
		--	--	--	--	--	--	--	--	--	--	Nil	Nil	Working Cap'l (\$mill)	35000
		4.22%	5.07%	7.46%	9.94%	14.52%	21.03%	27.82%	47.79%	76.61%	118.21%	154000	180000	Long-Term Debt (\$mill) ^E	Nil
		1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	27.5%	27.5%	Retained to Com Eq	19.0%
		1.8%	5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	27.5%	27.5%	All Div'ds to Net Prof	31%

BUSINESS: Apple Inc. is one of the world's largest makers of PCs and peripheral and consumer products, such as the iPod digital music player, the iPad tablet, and the iPhone smartphone, for sale primarily to the business, creative, education, government, and consumer markets. It also sells operating systems, utilities, languages, developer tools, and database software. As of September 29, 2012, Apple operated a total of 390 retail outlets, including 250 stores in the U.S. and 140 in international markets. R&D: 2.2% of '12 revenues. Has about 72,800 full-time employees. Off/dir. own less than 1.0% of common: BlackRock, 5.2%; Fidelity, 5.5% (1/13 Proxy). CEO: Tim Cook. Inc.: CA. Address: 1 Infinite Loop, Cupertino, CA 95014. Telephone: 408-996-1010. Internet: www.apple.com.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '10-'12
of change (per sh)	10 Yrs.	5 Yrs.	to '16-'18
Sales	29.0%	39.5%	17.0%
"Cash Flow"	52.5%	61.0%	18.5%
Earnings	58.5%	62.5%	18.5%
Dividends	--	--	NMF
Book Value	31.0%	47.5%	22.5%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) ^A				Full Fiscal Year
	Dec.	Mar.	Jun.	Sep.	
2010	15683	13499	15700	20343	65225
2011	26741	24667	28571	28270	108249
2012	46333	39186	35023	35966	156508
2013	54512	41308	40240	44440	180500
2014	59050	47350	48700	51700	206800

Fiscal Year Ends	EARNINGS PER SHARE ^{A,B}				Full Fiscal Year
	Dec.	Mar.	Jun.	Sep.	
2010	3.67	3.33	3.51	4.64	15.15
2011	6.43	6.40	7.79	7.05	27.68
2012	13.87	12.30	9.32	8.67	44.15
2013	13.81	9.99	9.75	10.95	44.50
2014	15.05	11.75	12.20	13.00	52.00

Calendar	QUARTERLY DIVIDENDS PAID ^F				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	--	--	--	--	--
2012	--	--	2.65	2.65	5.30
2013	2.65	--	--	--	--

Apple shares remain out of favor on Wall Street. The stock, long an investor darling when Steve Jobs was at the helm, has continued to slide since our last review in January, and is now down about 35% from its 52-week high. The bearish sentiment mainly stems, we think, from fears of margin erosion and a slowdown in the company's cash-cow iPhone business. These concerns are not without merit, particularly given the heightened competition in the mobile arena from South Korean rival Samsung, which recently launched its Galaxy S4 smartphone to much fanfare. Indeed, sales of the iPhone 5 have been somewhat underwhelming thus far relative to the performance of Apple's earlier-generation smartphones. And gross margins do appear to be narrowing, squeezed by shorter product cycles, increased pricing pressures, and growth in less profitable product lines, like the iPad. With these factors in mind, we have cut our share-net estimate for fiscal 2013 by \$5.50, to \$44.50. This would equate to a bottom-line advance of just 1%. Still... **We expect the company to enter another growth phase before too long.**

The earnings momentum should be back in force by the September interim. By then, Apple ought to be out with a lower-cost iPhone 5 as well as a next-generation iPhone 5S. Additionally, efforts to gain ground overseas, especially with the Chinese and Japanese carriers (e.g., China Mobile and NTT Docomo), will probably begin to bear more fruit. And margins will likely stabilize, thanks to improved manufacturing efficiencies and greater operating leverage. All in all, we see fiscal 2014 being something of a bounce-back year for the company, with earnings apt to rebound 15%-20%, to around \$52 a share. Longer term, more new products — from larger-screen smartphones to an Apple-branded TV — and share increases in the traditional PC market ought to bolster results. **We continue to like this untimely issue as a long-term play.** Apple is in a bit of a transitional phase at present, but the product pipeline appears quite strong. What's more, the stock is trading at a very attractive P/E multiple. And we believe that a major dividend hike is coming within the next several months.

(A) Fiscal year ends last Saturday in September. (B) Primary earnings through fiscal '07, then diluted. Quarters may not add to total due to rounding. Excludes nonrecurring gains: '98, 4c; '99, 26c; '00, 24c; '01, 8c; '05, 12c; losses: '97, \$1.32; '02, 8c. Next earnings report due late April. (C) In mill., adjusted for split. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2012, \$5359 mill., \$5.71 a share. (F) New dividend policy adopted 3/12. First quarterly payment was made in the September interim.