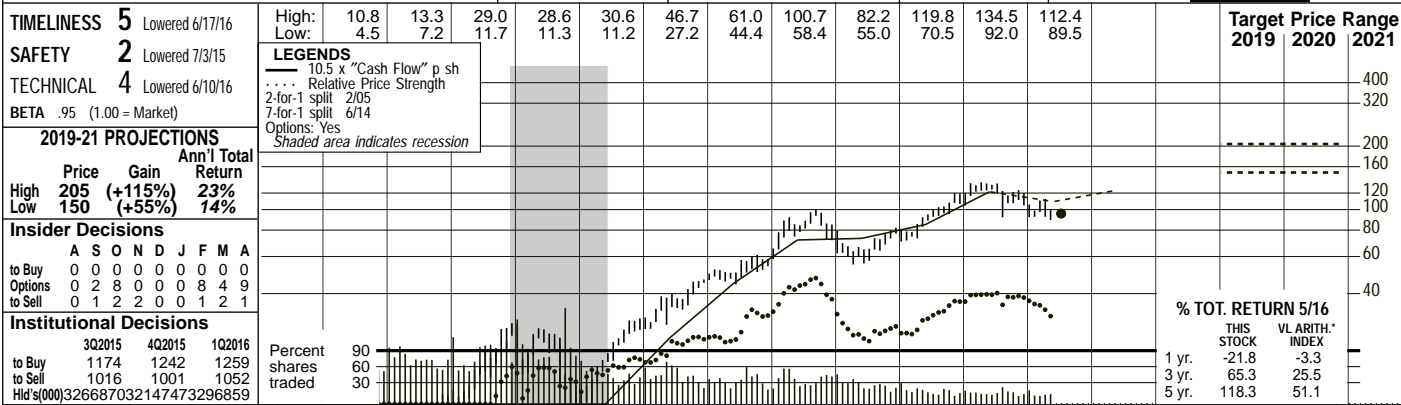


APPLE INC. NDAQ:AAPL

RECENT PRICE **95.91** P/E RATIO **11.1** (Trailing: 10.7 Median: 15.0) RELATIVE P/E RATIO **0.61** DIV'D YLD **2.4%** **VALUE LINE**



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
1.70	1.09	1.14	1.21	1.51	2.38	3.23	3.93	5.22	5.80	10.17	16.64	23.81	27.15	31.16	41.89	39.65	42.45	Sales per sh ^A	58.00
.15	.00	.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	8.09	11.59	10.40	11.80	"Cash Flow" per sh	16.75
.12	d.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.66	6.45	9.22	8.25	9.50	Earnings per sh ^B	13.75
--	--	--	--	--	--	--	--	--	--	--	--	.38	1.63	1.81	1.98	2.18	2.38	Div'ds Decl'd per sh ^F	4.00
.02	.05	.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	2.02	2.15	2.25	Cap'l Spending per sh	2.50
.86	.80	.81	.82	.93	1.28	1.67	2.38	3.38	4.42	7.45	11.78	17.98	19.63	19.02	21.39	23.95	26.00	Book Value per sh ^E	34.40
4699.5	4912.9	5025.4	5134.2	5480.2	5845.1	5986.8	6106.3	6218.3	6298.6	6411.8	6504.9	6574.5	6294.5	5866.2	5578.8	5450.00	5350.00	Common Shs Outst'g ^C	5000.00
30.8	--	NMF	NMF	38.0	26.2	29.1	26.3	30.4	19.2	15.2	12.4	12.0	12.3	13.0	12.8	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	13.0
2.00	--	NMF	NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.65			Relative P/E Ratio	.80
--	--	--	--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%	1.7%			Avg Ann'l Div'd Yield	2.2%

CAPITAL STRUCTURE as of 3/26/16				2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC		19-21
Total Debt \$79872 mill. Due in 5 Yrs \$20000 mill.				13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	33.5%	35.0%	33.5%	35.0%	Sales (\$mill) ^A	290000	290000
LT Debt \$69374 mill. LT Interest \$3000 mill. (35% of Cap'l)				225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	11800	12400	11800	12400	Operating Margin	36.0%	36.0%
Leases, Uncapitalized Annual rentals \$772 mill.				1989.0	3496.0	4834.0	5704.0	14013	25922	41733	37037	39510	53394	44950	50850	44950	50850	Depreciation (\$mill) ^D	15000	15000
No Defined Benefit Pension Plan Pfd Stock None				29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.5%	25.5%	25.5%	25.5%	Income Tax Rate	26.5%	26.5%
Common Stock 5,477,425,000 shs. as of 4/8/16				10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	20.8%	22.4%	20.8%	22.4%	Net Profit Margin	23.7%	23.7%
Market Cap: \$525 billion (Large Cap)				8038.0	12657	20598	16983	20956	17018	19111	29628	5083.0	8768.0	10000	12000	10000	12000	Working Cap'l (\$mill)	15000	15000
CURRENT POSITION (SMILL.)				--	--	--	--	--	--	--	--	16960	28987	53463	70000	70000	70000	Long-Term Debt (\$mill)	75000	75000
Cash Assets				25077	41601	55283												Shr. Equity (\$mill) ^E	172000	172000
Receivables				17460	16849	12229												Return on Total Cap'l	28.5%	28.5%
Inventory (FIFO)				2111	2349	2281												Return on Shr. Equity	40.0%	40.0%
Other				23883	28579	17799												Retained to Com Eq	28.5%	28.5%
Current Assets				68531	89378	87592												All Div'ds to Net Prof	29%	29%
Accts Payable				30196	35490	25098														
Debt Due				6308	10999	10498														
Other				26944	34121	32669														
Current Liab.				63448	80610	68265														

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, the iPhone smartphone, and the Apple Watch, 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 26, 2015, Apple operated a total of 463 retail outlets, with lease terms ranging from five to 20 years. R&D: 3.5% of '15 sales. Has about 110,000 employees. Off./dir. own less than 1.0% of common; Vanguard, 6.0%; BlackRock, 5.7% (1/16 Proxy). CEO: Tim Cook. Inc.: CA. Addr.: 1 Infinite Loop, Cupertino, CA 95014. Tel.: 408-996-1010. Internet: www.apple.com.

Results at Apple have been disappointing lately. For the second quarter of fiscal 2016 (ends September 24th), the company missed Wall Street's expectations on both the top and bottom lines, with share net of \$1.90 coming in \$0.13 shy of our estimate. The iPhone franchise was the main reason for the misses, as worldwide shipments slowed even more than had been feared. Indeed, iPhone sales totaled 51.19 million units, 16% fewer than the tally shipped a year earlier. This was despite inroads with consumers that had been loyal to Alphabet's Android operating system, and a strong showing from the Apple Watch, which works in tandem with the smartphone.

The company expects results to remain soft for a while, as it laps some difficult year-over-year comparisons. The tough comps are probably only part of the problem, however. A bigger issue may be a slowdown in China, where Apple had been experiencing robust growth. Though economic conditions in that market remain decent, revenue from the Greater China region (including mainland China, Hong Kong, and Taiwan) tumbled 26% in the second quarter. The plunge was likely due to currency headwinds that hampered the flow of foreign tourists to Hong Kong. These pressures should gradually subside, just as comps in mainland China begin to get a lot easier. Visibility in the region ought to remain limited, however, given intellectual property challenges from local electronics makers and the shifting regulatory and political landscape there. Apple has long been under China's microscope, as that country endeavors to control the content available to its consumers. This makes things tricky for the tech giant, though we still see China as a big long-term growth opportunity.

The stock is untimely. Even so, we encourage patient investors to take a look here. Growth should return in fiscal 2017, thanks to the launch of the iPhone 7 (expected in September), further traction from the Apple Watch, and an expansion of the high-margined services business. The company should remain very shareholder-friendly, too, in terms of stock buybacks and dividends. The quarterly payout was just hiked by 10%, to \$0.57 a share.

Justin Hellman *July 1, 2016*

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes non-recurring gains: '00, 3c; '01, 1c; '05, 2c; loss: '02, 1c. Next earnings report due late July. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2015, \$909 mill., \$1.61 a share. (F) New dividend policy adopted 3/12. Payments typically made in February, May, August, and November.	Company's Financial Strength A++ Stock's Price Stability 65 Price Growth Persistence 95 Earnings Predictability 60
---	---

© 2016 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-VALUELINE