

APPLE INC. NDAQ:AAPL

RECENT PRICE **102.64** P/E RATIO **15.2** (Trailing: 16.6 Median: 22.0) RELATIVE P/E RATIO **0.85** DIV'D YLD **1.8%**

VALUE LINE

TIMELINESS 2 Raised 4/18/14
SAFETY 1 Raised 1/3/14
TECHNICAL 4 Lowered 9/19/14
BETA .85 (1.00 = Market)

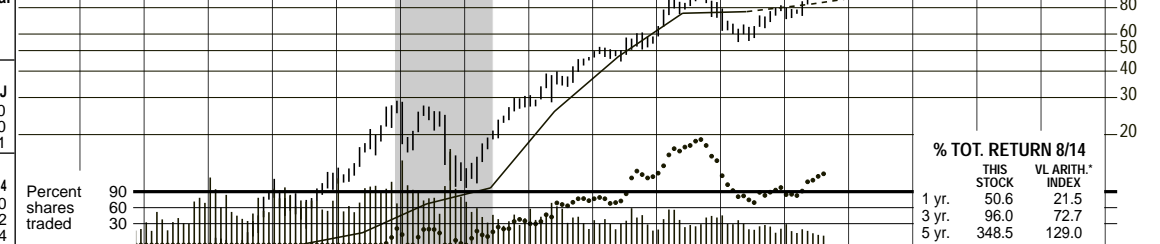
High: 1.8 5.0 10.8 13.3 29.0 28.6 30.6 46.7 61.0 100.7 82.2 103.7
 Low: 0.9 1.5 4.5 7.2 11.7 11.3 11.2 27.2 44.4 58.4 55.0 70.5

LEGENDS
 --- 11.0 x "Cash Flow" p sh
 Relative Price Strength
 2-for-1 split 2/05
 7-for-1 split 6/14
 Options: Yes
 Shaded area indicates recession

2017-19 PROJECTIONS
 Price Gain Ann'l Total
 High 155 (+50%) 12%
 Low 130 (+25%) 8%

Insider Decisions
 N D J F M A M J J
 to Buy 0 0 0 0 0 0 0 0
 Options 0 0 0 0 0 0 1 0
 to Sell 3 1 1 1 2 2 2 1

Institutional Decisions
 4Q2013 1Q2014 2Q2014
 to Buy 1049 976 930
 to Sell 887 943 1052
 Hlds(000)378510336591523684634



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
1.57	1.36	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	30.35	34.65	Sales per sh ^A	53.00
.10	.11	.15	.00	.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	7.55	8.35	"Cash Flow" per sh	12.80
.07	.09	.12	d.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.66	6.35	7.05	Earnings per sh ^B	11.00
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.01	.01	.02	.05	.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.35	1.40	Cap'l Spending per sh	1.55
.39	.66	.86	.80	.81	.82	.93	1.28	1.67	2.38	3.38	4.42	7.45	11.78	17.98	19.63	20.50	22.75	Book Value per sh ^E	36.60
3785.4	4502.4	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	5950.00	5700.00	Common Shs Outst'g ^C	5000.00
13.3	17.3	30.8	--	NMF	NMF	38.0	26.2	29.1	26.3	30.4	19.2	15.2	12.4	12.0	12.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	13.0
.69	.99	2.00	--	NMF	NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	2.3%		Relative P/E Ratio	.80
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CAPITAL STRUCTURE as of 6/28/14
 Total Debt \$31040 mill. Due in 5 Yrs \$10000 mill.
 LT Debt \$29030 mill. LT Interest \$1500 mill.
 (19% of Cap'l)
 Leases, Uncapitalized Annual rentals \$610 mill.
 No Defined Benefit Pension Plan
 Pfd Stock None
 Common Stock 5,987,867,000 shs. as of 7/11/14
 Market Cap: \$615 billion (Large Cap)

8279.0	13931	19315	24006	32479	36537	65225	108249	156508	170910	180500	197500	Sales (\$mill) ^A	265000
5.7%	13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	31.5%	31.5%	Operating Margin	31.5%
150.0	179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7000	7500	Depreciation (\$mill) ^D	9000
276.0	1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	37037	37800	40200	Net Profit (\$mill)	55000
27.9%	30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.0%	26.0%	Income Tax Rate	26.0%
3.3%	9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	20.9%	20.4%	Net Profit Margin	20.8%
4375.0	6816.0	8038.0	12657	20598	16983	20956	17018	19111	29628	22000	25000	Working Cap'l (\$mill)	35000
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5076.0	7466.0	9984.0	14532	21030	27832	47791	76615	118210	123549	121900	129700	Shr. Equity (\$mill) ^E	183000
5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	25.5%	26.0%	Return on Total Cap'l	26.0%
5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	31.0%	31.0%	Return on Shr. Equity	30.0%
5.4%	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	33.2%	21.4%	22.0%	22.5%	Retained to Com Eq	22.0%
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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 28, 2013, Apple operated a total of 416 retail outlets, including 254 stores in the U.S. and 162 in international markets. R&D: 2.6% of '13 revenues. Has about 80,300 full-time employees. Off.dir. as a group own less than 1.0% of common; BlackRock, 5.6% (1/14 Proxy). CEO: Tim Cook. Inc.: CA. Address: 1 Infinite Loop, Cupertino, CA 95014. Telephone: 408-996-1010. Internet: www.apple.com.

CURRENT POSITION (\$MILL.)

	2012	2013	6/28/14
Cash Assets	29129	40546	37805
Receivables	10930	13102	10788
Inventory (FIFO)	791	1764	1594
Other	16803	17874	17762
Current Assets	57653	73286	67949
Accts Payable	21175	22367	20535
Debt Due	--	--	2010
Other	17367	21291	23660
Current Liab.	38542	43658	46205

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '17-19
of change (per sh)	34.5%	40.5%	15.5%
Sales	70.5%	58.0%	13.5%
"Cash Flow"	96.5%	57.5%	13.0%
Earnings	--	--	NMF
Dividends	35.0%	46.0%	14.5%
Book Value			

QUARTERLY SALES (\$mill.)^A

Fiscal Year Ends	Dec.	Mar.	Jun.	Per Sep.	Per	Full Fiscal Year
2011	26741	24667	28571	28270		108249
2012	46333	39186	35023	35966		156508
2013	54512	43603	35323	37472		170910
2014	57594	45646	37432	39828		180500
2015	61500	50300	41500	44200		197500

Fiscal 2014 (ended September 27th) looks to have been a solid bounce-back year for Apple. Recent results have been pretty encouraging for the tech giant, with share net climbing nearly 20% during the June interim. The bottom line was buoyed by robust iPhone sales (35.2 million units were sold in the period, 13% more than a year earlier), especially in the developing BRIC countries (i.e., Brazil, Russia, India, and China). This strength, coupled with stable commodity costs, helped the gross margin, and offset further struggles from the iPad tablet franchise.

EARNINGS PER SHARE^{A, B}

Fiscal Year Ends	Dec.	Mar.	Jun.	Per Sep.	Per	Full Fiscal Year
2011	.92	.91	1.11	1.01		3.95
2012	1.98	1.76	1.33	1.24		6.31
2013	1.97	1.44	1.07	1.18		5.66
2014	2.07	1.66	1.28	1.34		6.35
2015	2.35	1.80	1.40	1.50		7.05

The company, meanwhile, continued to put its cash hoard to work this past year. Indeed, Apple bought back stock aggressively and increased the quarterly dividend payout. (The yield is around 1.8% at present.) It also completed the largest acquisition in its history, purchasing Beats Electronics for \$3 billion. That deal, finalized in early August and expected to be earnings accretive right away (this is unusual in the technology space), has given the company successful headphone and music-streaming businesses to leverage globally. And it has provided a nice talent

QUARTERLY DIVIDENDS PAID^F

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	--	--	--	--	--
2011	--	--	--	--	--
2012	--	--	.379	.379	.76
2013	.379	.436	.436	.436	1.69
2014	.436	.47	.47		

infusion at a time when Apple is trying to build a line of smart wearable devices. **New products will probably support a double-digit share-net rise in fiscal 2015.** Leading the charge should be two newly unveiled smartphones, the iPhone 6 and iPhone 6 Plus, which feature 4.7-inch and 5.5-inch displays, respectively, along with improved batteries, cameras, and software. The bigger screens—they compare with the smaller 4-inch display on the iPhone 5 series—ought to enable Apple to better compete with Samsung, its principal rival. Moreover, they should enhance the company's position in the growing smartphone market. Another product that's set to hit store shelves in 2015 is an "Apple Watch," which will be available in versions from plastic to gold. And a new payment system, called "Apple Pay," looks promising. Developed in partnership with the nation's leading credit card outfits, the application aims to simplify consumers' lives by replacing the conventional wallet. **Timely Apple shares continue to hold both short- and long-term appeal.** Investors are encouraged to take a look. *Justin Hellman* October 3, 2014

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes non-recurring gains: '98, 1c; '99, 4c; '00, 3c; '01, 1c; '05, 2c; loss: '02, 1c. Next earnings report due late October. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2013, \$5756 mill., \$0.91 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 70 Price Growth Persistence 95 Earnings Predictability 60
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