APPLE INC. NDQ-AAPL

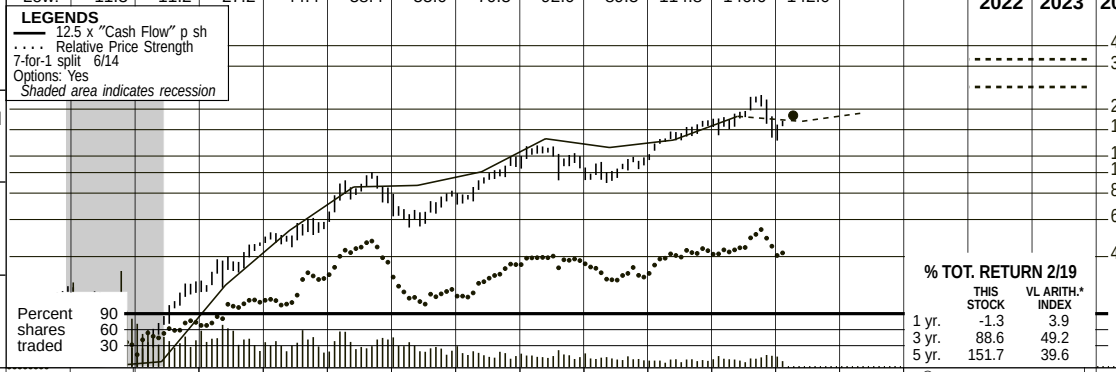
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
186.53	16.4	(Trailing: 15.3 Median: 13.0)	0.95	1.7%	VALUE LINE

TIMELINESS 4 Lowered 3/15/19
SAFETY 2 Lowered 7/3/15
TECHNICAL 5 Lowered 3/22/19
BETA 1.00 (1.00 = Market)

High:	28.6	30.6	46.7	61.0	100.7	82.2	119.8	134.5	118.7	177.2	233.5	189.0
Low:	11.3	11.2	27.2	44.4	58.4	55.0	70.5	92.0	89.5	114.8	146.6	142.0

Target Price Range
2022 | 2023 | 2024

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



2022-24 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	345	(+85%)	*18%*
Low	255	(+35%)	*10%*

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	0
Options	3	1	0	3	0	4	1	0	1
to Sell	6	3	1	5	0	3	1	0	0

Institutional Decisions

	2Q2018	3Q2018	4Q2018
to Buy	1122	1069	1533
to Sell	1419	1522	1324
Hld's(000)	2891570	2817352	2776556

% TOT. RETURN 2/19

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-1.3	3.9
3 yr.	88.6	49.2
5 yr.	151.7	39.6

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
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	40.41	44.72	55.86	***55.20***	***58.75***	Sales per sh A	***80.00***
.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	8.09	11.59	10.53	11.41	14.81	***14.00***	***15.40***	"Cash Flow" per sh	***24.00***
.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.68	6.45	9.22	8.31	9.21	11.91	***11.40***	***12.50***	Earnings per sh B	***20.00***
--	--	--	--	--	--	--	--	--	.38	1.63	1.81	1.98	2.18	2.40	2.72	***3.04***	***3.28***	Div'ds Decl'd per sh E	***4.80***
.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	2.02	2.39	2.43	2.80	***2.95***	***3.15***	Cap'l Spending per sh	***3.90***
.82	.93	1.28	1.67	2.38	3.38	4.42	7.45	11.78	17.98	19.63	19.02	21.39	24.03	26.15	22.53	***25.65***	***29.65***	Book Value per sh	***48.75***
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	5336.2	5126.2	4755.0	***4600.0***	***4450.0***	Common Shs Outst'g C	***4000.0***
83.8	38.0	26.2	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	*Bold figures are*		Avg Ann'l P/E Ratio	***15.0***
4.78	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.64	.66	.75	.82	*Value Line*		Relative P/E Ratio	***.85***
--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%	1.7%	2.1%	1.8%	1.5%	*estimates*		Avg Ann'l Div'd Yield	***1.6%***

CAPITAL STRUCTURE as of 12/29/18
Total Debt $114730 mill. **Due in 5 Yrs** $57500 mill.
LT Debt $92989 mill. **LT Interest** $4000 mill.
(44% of Cap'l)
Leases, Uncapitalized Annual rentals $1298 mill.

No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 4,715,280,000 shs.
as of 1/18/19
MARKET CAP: $880 billion (Large Cap)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		22-24
36537	65225	108249	156508	170910	182795	233715	215639	229234	265595	***254000***	***261500***	Sales ($mill) A	***320000***
22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	31.2%	30.8%	***29.5%***	***30.0%***	Operating Margin	***33.5%***
703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	10505	10157	10903	***12000***	***13000***	Depreciation ($mill) D	***16000***
5704.0	14013	25922	41733	37037	39510	53394	45687	48351	59531	***52400***	***55600***	Net Profit ($mill)	***80000***
28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	24.6%	18.3%	***16.0%***	***16.0%***	Income Tax Rate	***16.0%***
15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	22.4%	***20.6%***	***21.3%***	Net Profit Margin	***25.0%***
16983	20956	17018	19111	29628	5083.0	8768.0	27863	27831	14473	***30000***	***35000***	Working Cap'l ($mill)	***45000***
--	--	--	--	16960	28987	53463	75427	97207	93735	***95000***	***95000***	Long-Term Debt ($mill)	***110000***
27832	47791	76615	118210	123549	111547	119355	128249	134047	107147	***118000***	***132000***	Shr. Equity ($mill)	***195000***
20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	31.3%	23.2%	21.8%	30.8%	***25.5%***	***25.5%***	Return on Total Cap'l	***27.0%***
20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	44.7%	35.6%	36.1%	55.6%	***44.5%***	***42.0%***	Return on Shr. Equity	***41.0%***
20.5%	29.3%	33.8%	33.2%	21.4%	25.4%	35.0%	26.2%	26.5%	42.8%	***32.5%***	***31.0%***	Retained to Com Eq	***31.0%***
--	--	--	6%	29%	28%	22%	27%	26%	23%	***27%***	***26%***	All Div'ds to Net Prof	***24%***

CURRENT POSITION ($MILL.)	2017	2018	12/29/18
Cash Assets	74181	66301	86427
Receivables	17874	23186	18077
Inventory (FIFO)	4855	3956	4988
Other	31735	37896	31336
Current Assets	128645	131339	140828
Accts Payable	49049	55888	44293
Debt Due	18473	20748	21741
Other	33292	40230	42249
Current Liab.	100814	116866	108283

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
Sales	27.5%	16.0%	*9.5%*
"Cash Flow"	35.0%	15.5%	*12.0%*
Earnings	33.5%	13.0%	*12.5%*
Dividends	--	29.5%	*12.0%*
Book Value	25.5%	8.0%	*12.5%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2016	75872	50557	42358	46852	215639
2017	78351	52896	45408	52579	229234
2018	88293	61137	53265	62900	265595
2019	84310	***56890***	***52800***	***60000***	***254000***
2020	***86750***	***58550***	***54400***	***61800***	***261500***

Fiscal Year Ends	EARNINGS PER SHARE A B Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2016	3.28	1.90	1.42	1.67	8.31
2017	3.36	2.10	1.67	2.07	9.21
2018	3.89	2.73	2.34	2.91	11.91
2019	4.18	***2.32***	***2.20***	***2.70***	***11.40***
2020	***4.55***	***2.55***	***2.40***	***3.00***	***12.50***

Cal-endar	QUARTERLY DIVIDENDS PAID E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2015	.47	.52	.52	.52	2.03
2016	.52	.57	.57	.57	2.23
2017	.57	.63	.63	.63	2.46
2018	.63	.73	.73	.73	2.82
2019	.73				

BUSINESS: Apple Inc., established in 1977, 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, services like *iCloud* storage and *Apple Pay*, and a host of digital content from the popular *iTunes* store and other portals. Research and development: 5.4% of '18 sales. Has approximately 132,000 employees. Off./dir. own less than 1.0% of common stock; Vanguard, 7.4%; BlackRock, 6.8% (1/19 Proxy). CEO: Tim Cook. Inc.: CA. Addr.: One Apple Park Way, Cupertino, CA 95014. Tel.: 408-996-1010. Internet: www.apple.com.

Recent results at Apple have been disappointing. In fact, share earnings of $4.18 for the first quarter of fiscal 2019 (year ends September 28th) came in well below the $4.70 estimate contained in our last full-page report three months ago. The shortfall, which the technology behemoth had warned about in early January, was due to challenging operating conditions in China and softer-than-anticipated demand for new, high-priced *iPhone* models. Notably, sales in Greater China were down roughly 25% on a year-over-year basis during the December interim, as that region has been hard hit by trade-related headwinds. And *iPhone* revenue slumped 15%, reflecting, we think, a maturing of the global smartphone market and a move by consumers to hold on to their devices longer before upgrading.

We still like the longer-term prospects here. The bottom line now seems likely to retreat modestly in fiscal 2019, to $11.40 a share. But growth should resume next year, as the situation in China gradually improves (hopes for a trade truce are running high), the company adjusts its pricing strategy and rolls out more budget-friendly *iPhones*, and the *Apple Watch* platform gains traction. The high-margined services business, meanwhile, including everything from the *Apple Pay* digital wallet to *iCloud* storage, ought to remain a major catalyst. This segment generated a brisk revenue advance of 19% in the first quarter. And the momentum should prove sustainable, thanks to further efforts by the company to leverage its massive installed base of active products. All in all, we see share net rebounding to $12.50 in fiscal 2020 and reaching around $20.00 by the 2022-2024 horizon. These projections assume additional stock repurchases, though they don't factor in any accretive deals. With cash and long-term investments of nearly $250 billion, Apple remains under pressure to make a splashy acquisition (buyout targets in the media realm have been rumored) that would fuel greater growth and reduce its reliance on the core *iPhone* franchise.

This good-quality Dow component remains attractive for buy-and-hold investors. The issue carries a Below Average (4) Timeliness rank, however.

Justin Hellman *March 29, 2019*

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes nonrecurring gain: '05, 2¢. Next earnings report due late April. (C) In mill., 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	70
Price Growth Persistence	85
Earnings Predictability	75

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