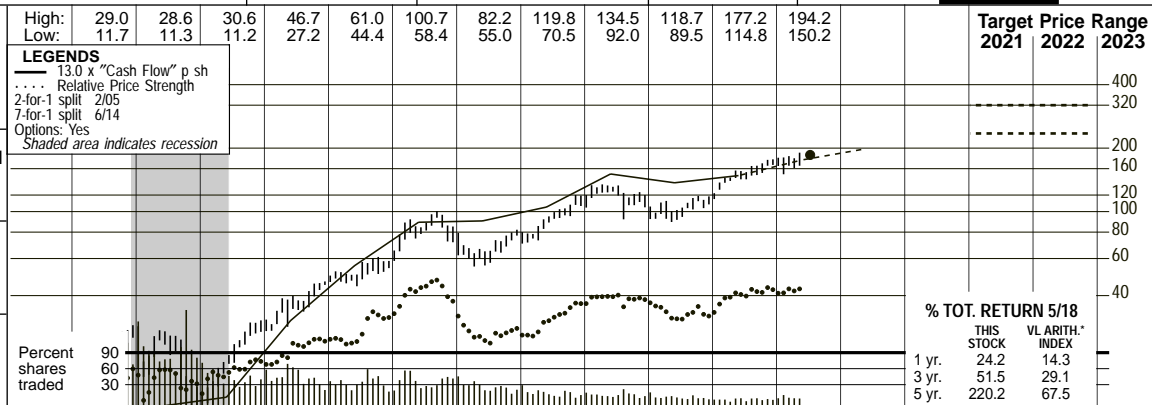


APPLE INC. NDAQ:AAPL

RECENT PRICE **185.69** P/E RATIO **15.6** (Trailing: 17.9 Median: 13.0) RELATIVE P/E RATIO **0.85** DIV'D YLD **1.6%** VALUE LINE

TIMELINESS **2** Lowered 6/1/18
 SAFETY **2** Lowered 7/3/15
 TECHNICAL **2** Raised 6/29/18
 BETA .95 (1.00 = Market)



2021-23 PROJECTIONS
 Price Gain Ann'l Total Return
 High 320 (+70%) 16%
 Low 235 (+25%) 8%

Insider Decisions
 A S O N D J F M A
 to Buy 0 0 0 0 0 0 0 0 0
 Options 3 0 1 0 0 0 0 0 9
 to Sell 6 0 2 2 1 1 0 0 2

Institutional Decisions
 3Q2017 4Q2017 1Q2018
 to Buy 958 1018 1125
 to Sell 1361 1209 1476
 Hlds(000)339480530971752970832

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
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	40.41	44.72	53.05	57.65	Sales per sh ^A	72.20
.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	8.09	11.59	10.53	11.41	13.55	15.30	"Cash Flow" per sh	21.30
.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.68	6.45	9.22	8.31	9.21	11.40	12.85	Earnings per sh ^B	18.50
--	--	--	--	--	--	--	--	--	--	.38	1.63	1.81	1.98	2.18	2.40	2.72	3.06	Div'ds Decl'd per sh ^F	4.40
.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	2.02	2.39	2.43	2.65	2.80	Cap'l Spending per sh	3.35
.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	24.03	26.15	30.00	33.85	Book Value per sh ^E	52.90
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	5336.2	5126.2	4900.0	4700.0	Common Shs Outst'g ^C	4500.0
61.5	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	14.9	14.9	Avg Ann'l P/E Ratio	15.0
3.36	4.78	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.64	.66	.73	.73	.73	Relative P/E Ratio	.85
--	--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%	1.7%	2.1%	1.8%	1.8%	1.8%	Avg Ann'l Div'd Yield	1.6%

CAPITAL STRUCTURE as of 3/31/18
 Total Debt \$121840 mill. Due in 5 Yrs \$50000 mill.
 LT Debt \$101362 mill. LT Interest \$5000 mill. (44% of Cap'l)
 Leases, Uncapitalized Annual rentals \$1223 mill.

No Defined Benefit Pension Plan
 Pfd Stock None

Common Stock 4,915,138,000 shs. as of 4/20/18
MARKET CAP: \$913 billion (Large Cap)

32479	36537	65225	108249	156508	170910	182795	233715	215639	229234	260000	271000	Sales (\$mill) ^A	325000
20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	31.2%	31.5%	32.5%	Operating Margin	35.5%
473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	10505	10157	10500	11500	Depreciation (\$mill) ^D	12500
4834.0	5704.0	14013	25922	41733	37037	39510	53394	45687	48351	55900	60400	Net Profit (\$mill)	83300
29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	24.6%	19.0%	19.0%	Income Tax Rate	19.0%
14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	21.5%	22.3%	Net Profit Margin	25.6%
20598	16983	20956	17018	19111	29628	5083.0	8768.0	27863	27831	30000	32500	Working Cap'l (\$mill)	40000
--	--	--	--	--	16960	28987	53463	75427	97207	100000	105000	Long-Term Debt (\$mill)	125000
21030	27832	47791	76615	118210	123549	111547	119355	128249	134047	147000	159000	Shr. Equity (\$mill) ^E	238000
23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	31.3%	23.2%	21.8%	23.5%	24.0%	Return on Total Cap'l	24.0%
23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	44.7%	35.6%	36.1%	38.0%	38.0%	Return on Shr. Equity	35.0%
23.0%	20.5%	29.3%	33.8%	33.2%	21.4%	25.4%	35.0%	26.2%	26.5%	29.0%	29.0%	Retained to Com Eq	26.5%
--	--	--	--	6%	29%	28%	22%	27%	26%	24%	24%	All Div'ds to Net Prof	24%

CURRENT POSITION (SMILL.)

	2016	2017	3/31/18
Cash Assets	67155	74181	87940
Receivables	15754	17874	14324
Inventory (FIFO)	2132	4855	7662
Other	21828	31735	20127
Current Assets	106869	128645	130053
Accts Payable	37294	49049	34311
Debt Due	11605	18473	20478
Other	30107	33292	34531
Current Liab.	79006	100814	89320

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: 5.1% of '17 sales. Has approximately 123,000 employees. Off/dlr. own less than 1.0% of common stock; Vanguard, 6.6%; BlackRock, 6.3% (12/17 Proxy). CEO: Tim Cook. Inc.: CA. Addr.: 1 Infinite Loop, Cupertino, CA 95014. Tel.: 408-996-1010. Internet: www.apple.com.

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '15-'17 to '21-'23
of change (per sh)	10 Yrs.	5 Yrs.	to '21-'23
Sales	29.5%	20.0%	9.5%
"Cash Flow"	39.0%	20.0%	11.5%
Earnings	37.5%	16.5%	13.0%
Dividends	--	--	12.5%
Book Value	29.5%	14.0%	14.0%

Apple shares, briefly touching a fresh 52-week high in the mid-\$190s, have been solid relative performers since our last full-page review in March. The company got another vote of confidence from legendary investor Warren Buffett, who announced that Berkshire Hathaway had acquired 75 million more AAPL shares during the first three months of the year. (Berkshire had already amassed approximately 165 million shares as of the end of 2017.) In addition, the fundamental picture at the tech giant remains bright, despite lingering investor fears of a slowdown in the global smartphone market. Notably . . .

augurs well for future upgrade cycles, as well as for the broader iPhone "halo effect." Indeed, the huge user base means that the company should have an easier time selling its other products, from wireless AirPods and the Apple Watch to the new HomePod smart speaker, in the coming periods. In the meantime . . .

The high-margined services business, which often appears to be overlooked by the Street, continues to chug along. This segment, including offerings like Apple Pay and iCloud storage, registered a 31% year-over-year revenue advance during the second quarter. And it will probably remain a key part of the growth story here, especially as Apple further leverages its brand in China and other large emerging markets. All in all, given the strong prospects, we now envision share net climbing 24% in fiscal 2018 (to \$11.40) and another 13% next year (to \$12.85).

QUARTERLY SALES (\$mill.)^A

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2015	74599	58010	49605	51501	233715	
2016	75872	50557	42358	46852	215639	
2017	78351	52896	45408	52579	229234	
2018	88293	61137	51970	58600	260000	
2019	92000	63700	54200	61100	271000	

Recent results have been better than anticipated. For the second quarter of fiscal 2018 (year ends September 29th), share net came in at \$2.73, topping our \$2.69 estimate and Wall Street's consensus view of \$2.67. Even better, iPhone unit sales of 52.2 million were surprisingly healthy, led by brisk demand for the top-tier iPhone X model (that was released back in November). And the total smartphone installed base continued to expand at an impressive, double-digit clip. This

This quality Dow component is timely (2) and, as currently valued, still offers good upside potential to 2021-2023. Stock buybacks and steady dividend growth ought to sweeten the pot.

Justin Hellman
 June 29, 2018

EARNINGS PER SHARE^{A,B}

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2015	3.08	2.33	1.85	1.96	9.22	
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	2.18	2.60	11.40	
2019	4.40	3.10	2.45	2.90	12.85	

QUARTERLY DIVIDENDS PAID^F

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.436	.47	.47	.47	1.85
2015	.47	.52	.52	.52	2.03
2016	.52	.57	.57	.57	2.23
2017	.57	.63	.63	.63	2.46
2018	.63	.73			

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes non-recurring gain: '05, 2¢; loss: '02, 1¢. Next earnings report due late July. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2017, \$8015 mill., \$1.56 a share. (F) New dividend policy adopted 3/12. Payments typically made in February, May, August, and November.

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Company's Financial Strength A++
Stock's Price Stability 70
Price Growth Persistence 85
Earnings Predictability 65

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