

APPLE INC. NDAQ:AAPL

RECENT PRICE **116.95** P/E RATIO **13.1** (Trailing: 14.1; Median: 13.0) RELATIVE P/E RATIO **0.66** DIV'D YLD **2.1%** VALUE LINE

TIMELINESS 4 Raised 12/30/16
SAFETY 2 Lowered 7/3/15
TECHNICAL 3 Lowered 12/30/16
BETA .90 (1.00 = Market)

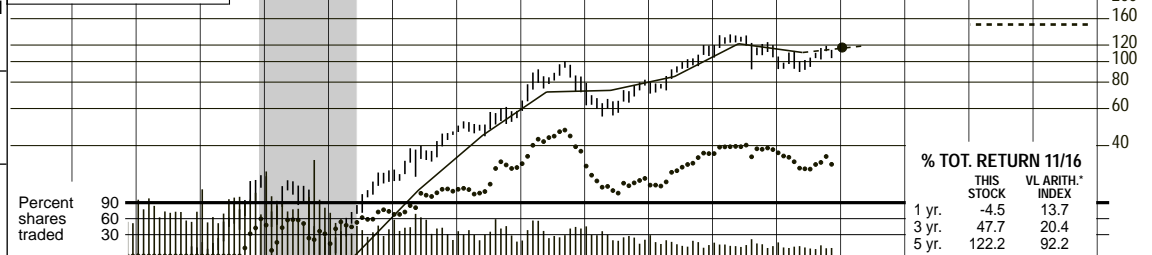
High: 10.8 13.3 29.0 28.6 30.6 46.7 61.0 100.7 82.2 119.8 134.5 118.7
 Low: 4.5 7.2 11.7 11.3 11.2 27.2 44.4 58.4 55.0 70.5 92.0 89.5

LEGENDS
 — 10.5 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

2019-21 PROJECTIONS
 Price Gain Ann'l Total
 High 205 (+75%) 17%
 Low 150 (+30%) 9%

Insider Decisions
 F M A M J J A S O
 to Buy 0 0 0 0 0 0 0 0 0
 Options 8 4 9 1 2 0 5 2 9
 to Sell 1 2 1 3 2 1 8 1 2

Institutional Decisions
 12/2016 2/2016 3/2016
 to Buy 1259 1115 992
 to Sell 1052 1158 1259
 Hlds(000)329685930557843053280



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	40.41	43.80	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	10.53	11.35	"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	8.31	9.25	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	2.39	2.50	Cap'l Spending per sh	3.00
.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	24.03	26.40	Book Value per sh	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	5336.2	5250.00	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	12.6	--	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	.67	--	Relative P/E Ratio	.80
--	--	--	--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%	1.7%	2.1%	--	Avg Ann'l Div'd Yield	2.2%

CAPITAL STRUCTURE as of 9/24/16
 Total Debt \$87032 mill. Due in 5 Yrs \$39143 mill.
 LT Debt \$75427 mill. LT Interest \$3500 mill.
 (37% of Cap'l)
 Leases, Uncapitalized Annual rentals \$929 mill.

No Defined Benefit Pension Plan
 Pfd Stock None

Common Stock 5,332,313,000 shs. as of 10/14/16

MARKET CAP: \$624 billion (Large Cap)

19315	24006	32479	36537	65225	108249	156508	170910	182795	233715	215639	230000	Sales (\$mill) ^A	290000
13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	32.5%	Operating Margin	35.0%
225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	10505	11000	Depreciation (\$mill) ^D	15000
1989.0	3496.0	4834.0	5704.0	14013	25922	41733	37037	39510	53394	45687	48550	Net Profit (\$mill)	68800
29.4%	30.2%	29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	26.5%	Income Tax Rate	26.5%
10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	Net Profit Margin	23.7%
8038.0	12657	20598	16983	20956	17018	19111	29628	5083.0	8768.0	27863	30000	Working Cap'l (\$mill)	40000
--	--	--	--	--	--	--	16960	28987	53463	75427	75000	Long-Term Debt (\$mill)	75000
9984.0	14532	21030	27832	47791	76615	118210	123549	111547	119355	128249	138500	Shr. Equity (\$mill) ^E	172000
19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	31.3%	23.2%	23.5%	Return on Total Cap'l	28.5%
19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	44.7%	35.6%	35.0%	Return on Shr. Equity	40.0%
19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	33.2%	21.4%	25.4%	35.0%	26.1%	26.0%	Retained to Com Eq	28.5%
--	--	--	--	--	--	6%	29%	28%	22%	27%	26%	All Div'ds to Net Prof	29%

CURRENT POSITION (\$MILL.)	2014	2015	9/24/16
Cash Assets	25077	41601	67155
Receivables	17460	16849	15754
Inventory (FIFO)	2111	2349	2132
Other	23883	28579	21828
Current Assets	68531	89378	106869
Accts Payable	30196	35490	37294
Debt Due	6308	10999	11605
Other	26944	34121	30107
Current Liab.	63448	80610	79006

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 2016, Apple operated a total of around 488 retail outlets in 20 countries, with lease terms ranging from five to 20 years. R&D: 4.7% of '16 sales. Has about 116,000 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.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16
of change (per sh)	10 Yrs.	5 Yrs.	to '19-'21
Sales	34.5%	36.5%	9.0%
"Cash Flow"	54.0%	44.5%	10.5%
Earnings	55.0%	41.0%	11.5%
Dividends	--	--	15.0%
Book Value	35.0%	31.5%	10.0%

Apple is coming off a challenging year. Fiscal 2016 (ended September 24th) closed with three straight quarters of top-line declines, as iPhone momentum slowed (unit shipments fell 5% during the September interim) and business conditions softened in China (a key emerging market for the tech giant). Moreover, earnings slipped 10% for the year, to \$8.31 a share, only the second such profit decline since the cash-cow smartphone franchise debuted back in 2007. This contributed to the stock's laggard performance, and prompted some investors to wonder whether there were any more chapters to come in Apple's incredible growth story.

reported battery fires.) In the meantime, the services business, containing the App Store and software offerings like the Siri intelligent personal assistant, should continue to chug along. Services revenue jumped 24% in the fourth quarter, to a record \$6.3 billion, as Apple garnered benefits from strategic acquisitions, R&D investments, exclusive music downloads, and brisk demand for the "Pokemon Go" location-based augmented reality game. And this strength seems apt to persist through the current year and beyond. All told, we envision an 11% rebound in share net in fiscal 2017, to \$9.25, on a top-line advance in the mid- to high-single digits.

Fiscal Year Ends	QUARTERLY SALES (\$mill.) ^A	Full Fiscal Year
	Dec.Per Mar.Per Jun.Per Sep.Per	
2013	54512 43603 35323 37472	170910
2014	57594 45646 37432 42123	182795
2015	74599 58010 49605 51501	233715
2016	75872 50557 42358 46852	215639
2017	76000 56000 47000 51000	230000

Fiscal 2017 will probably be a solid, bounce-back year. Though initial supplies have been tight, the new iPhone 7 and 7 Plus (released in mid-September), which have been well received by customers and the tech press, ought to support a powerful smartphone upgrade cycle in the coming periods. This should be especially true given the battery issues that have affected rival Samsung's high-end smartphones. (Samsung had to recall millions of its Galaxy Note 7 devices because of

Longer term, earnings of \$13.75 a share still appear achievable by decade's end. This estimate may even prove to be conservative, depending on the pace of stock buybacks and how quickly the company can make further strides in China and other emerging markets. **We continue to like this tech name for the buy-and-hold crowd.** The issue's Below Average (4) Timeliness rank suggests that there is no need to rush in, however.

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}	Full Fiscal Year
	Dec.Per Mar.Per Jun.Per Sep.Per	
2013	1.97 1.44 1.07 1.18	5.66
2014	2.07 1.66 1.28 1.42	6.45
2015	3.08 2.33 1.85 1.96	9.22
2016	3.28 1.90 1.42 1.67	8.31
2017	3.20 2.25 1.80 2.00	9.25

Calendar	QUARTERLY DIVIDENDS PAID ^F	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2012	-- -- .379 .379	.76
2013	.379 .436 .436 .436	1.69
2014	.436 .47 .47 .47	1.85
2015	.47 .52 .52 .52	2.03
2016	.52 .57 .57 .57	

(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, 3¢; '01, 1¢; '05, 2¢; loss: '02, 1¢. Next earnings report due late January. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2016, \$8620 mill., \$1.62 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	60
Price Growth Persistence	85
Earnings Predictability	60

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