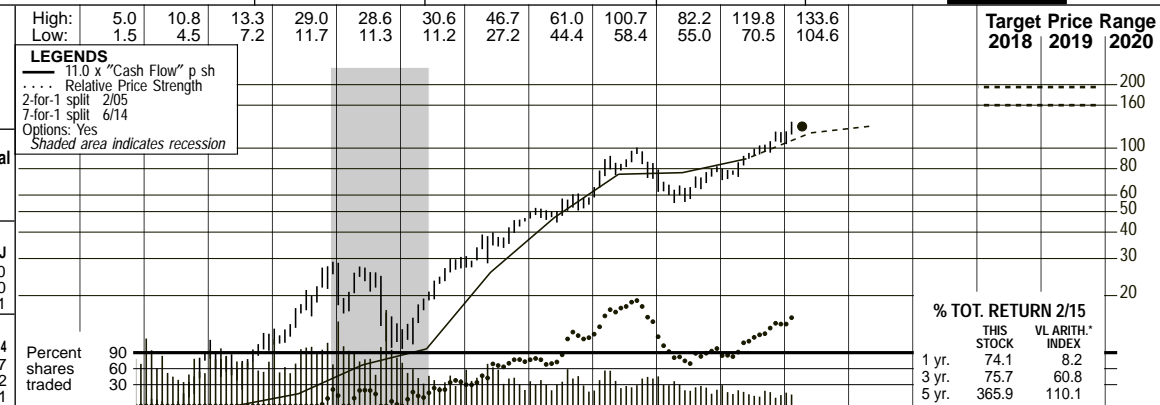


# APPLE INC. NDAQ:AAPL

RECENT PRICE **126.69** P/E RATIO **13.8** (Trailing: 17.0 Median: 18.0) RELATIVE P/E RATIO **0.72** DIV'D YLD **1.6%**

**VALUE LINE**

**TIMELINESS** 2 Raised 4/18/14  
**SAFETY** 1 Raised 1/13/14  
**TECHNICAL** 5 Lowered 3/27/15  
**BETA** .90 (1.00 = Market)



**2018-20 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	195	(+55%)	13%
Low	160	(+25%)	8%

**Insider Decisions**

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	0
Options	1	0	1	0	0	0	0	0	0
to Sell	2	1	1	1	5	2	2	2	1

**Institutional Decisions**

	202014	3Q2014	4Q2014
to Buy	930	906	1027
to Sell	1052	1089	1102
Hlds(000)	36846343571	10243519871	

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
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	31.16	<b>41.40</b>	<b>44.30</b>	Sales per sh <sup>A</sup>	58.00
.11	.15	.00	.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	8.09	<b>10.75</b>	<b>11.60</b>	"Cash Flow" per sh	16.35
.09	.12	d.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.66	6.45	<b>9.15</b>	<b>9.80</b>	Earnings per sh <sup>B</sup>	13.75
--	--	--	--	--	--	--	--	--	--	--	--	--	.38	1.63	1.81	<b>1.94</b>	<b>2.10</b>	Div'ds Decl'd per sh <sup>F</sup>	4.00
.01	.02	.05	.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	<b>1.75</b>	<b>1.85</b>	Cap'l Spending per sh	2.25
.66	.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	<b>22.90</b>	<b>25.20</b>	Book Value per sh <sup>E</sup>	36.60
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	5866.2	<b>5700.0</b>	<b>5600.00</b>	Common Shs Outst'g <sup>C</sup>	5000.00
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	13.0	<b>13.0</b>	<b>13.0</b>	Avg Ann'l P/E Ratio	13.0
.99	2.00	--	NMF	NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.69	<b>2.3%</b>	<b>2.2%</b>	Relative P/E Ratio	.80
--	--	--	--	--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%			Avg Ann'l Div'd Yield	2.2%

**CAPITAL STRUCTURE as of 12/27/14**  
 Total Debt \$36403 mill. Due in 5 Yrs \$14000 mill.  
 LT Debt \$32504 mill. LT Interest \$1750 mill.  
 (21% of Cap'l)  
 Leases, Uncapitalized Annual rentals \$662 mill.  
**No Defined Benefit Pension Plan**  
 Pfd Stock None  
 Common Stock 5,824,748,000 shs. as of 1/9/15  
 Market Cap: \$738 billion (Large Cap)

**CURRENT POSITION (SMILL.)**

	2013	2014	12/27/14
Cash Assets	40546	25077	32463
Receivables	13102	17460	16709
Inventory (FIFO)	1764	2111	2283
Other	17874	23883	31948
Current Assets	73286	68531	83403
Accts Payable	22367	30196	38001
Debt Due	--	6308	3899
Other	21291	26944	31711
Current Liab.	43658	63448	73611

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Sales	36.0%	40.5%	13.5%
"Cash Flow"	63.5%	54.5%	14.5%
Earnings	70.5%	52.5%	14.5%
Dividends	--	--	21.0%
Book Value	36.5%	41.0%	11.5%

**QUARTERLY SALES (\$ mill.) <sup>A</sup>**

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2012	46333	39186	35023	35966		156508
2013	54512	43603	35323	37472		170910
2014	57594	45646	37432	42123		182795
2015	74599	57901	50800	52700		236000
2016	78400	60800	53400	55400		248000

**EARNINGS PER SHARE <sup>A B</sup>**

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
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	1.42		6.45
2015	3.06	2.31	1.85	1.93		9.15
2016	3.25	2.45	2.00	2.10		9.80

**QUARTERLY DIVIDENDS PAID <sup>F</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	--	--	--	--	--
2012	--	--	.379	.379	.76
2013	.379	.436	.436	.436	1.69
2014	.436	.47	.47	.47	1.85
2015	.47				

**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 27, 2014, Apple operated a total of 437 retail outlets, including 259 stores in the U.S. and 178 in international markets. R&D: 3.3% of '14 revenues. Has 92,600 employees. Off./dir. own less than 1.0% of common; BlackRock, 5.5% (1/15 Proxy). CEO: Tim Cook. Inc.: CA. Addr.: 1 Infinite Loop, Cupertino, CA 95014. Tel.: 408-996-1010. Internet: www.apple.com.

**Fiscal 2015 (ends September 26th) is shaping up to be an excellent year for Apple.** The tech giant got off to a fast start this year, with December-period share net of \$3.06 handily topping our \$2.50 estimate and Wall Street's consensus view of \$2.60. What's more, there's little to suggest that the earnings momentum will let up, given the strength of the *iPhone* franchise, which appears to have reasserted its dominance in the smartphone space. Indeed, the company is benefiting from a powerful *iPhone 6/6 Plus* upgrade cycle (these latest devices have larger displays than their predecessors), and from a related "halo effect" that is supporting *Mac* computer sales. Too . . .

**The company's smartphones are gaining serious traction in China.** Part of this is due to the popularity of the larger screens, which is helping Apple to wrest market share from the likes of Samsung, Lenovo, and up-and-comer Xiaomi. But growth in that important region is also being aided by aggressive store expansion (around 25 new locations will be opened over the next two years) and strategic tie-ups with local wireless carriers (like the

one reached in late 2013 with China Mobile). These initiatives suggest that China may soon overtake the U.S. in terms of total *iPhone* shipments.

**The "Apple Watch," set to be released on April 24th, may be the next big thing.** While the *iPhone* line is going strong (and accounts for the bulk of the growth here), Apple continues to search for new catalysts, a tall order for a company this size. The *iPad* was a big hit when first launched in 2010, but the tablet line appears to have lost steam, with unit sales down 18% in the first quarter. The "Apple Watch," targeting not just tech lovers but affluent fashionistas (some models will sell for over \$10,000), ought to have more staying power. New services, meanwhile, from "Apple Pay" to a streaming TV product, should further broaden the company's ecosystem (and augment earnings growth) in fiscal 2015 and beyond.

**High-quality Apple stock, now part of the prestigious Dow 30, is a timely selection.** It should also provide investors with attractive risk-adjusted returns through the 2018-2020 period.

*Justin Hellman*  
 April 3, 2015

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes non-recurring gains: '99, 4¢; '00, 3¢; '01, 1¢; '05, 2¢; loss: '02, 1¢. Next earnings report due late April. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) Includes intangibles. In 2014, \$8758 mill., \$1.49 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