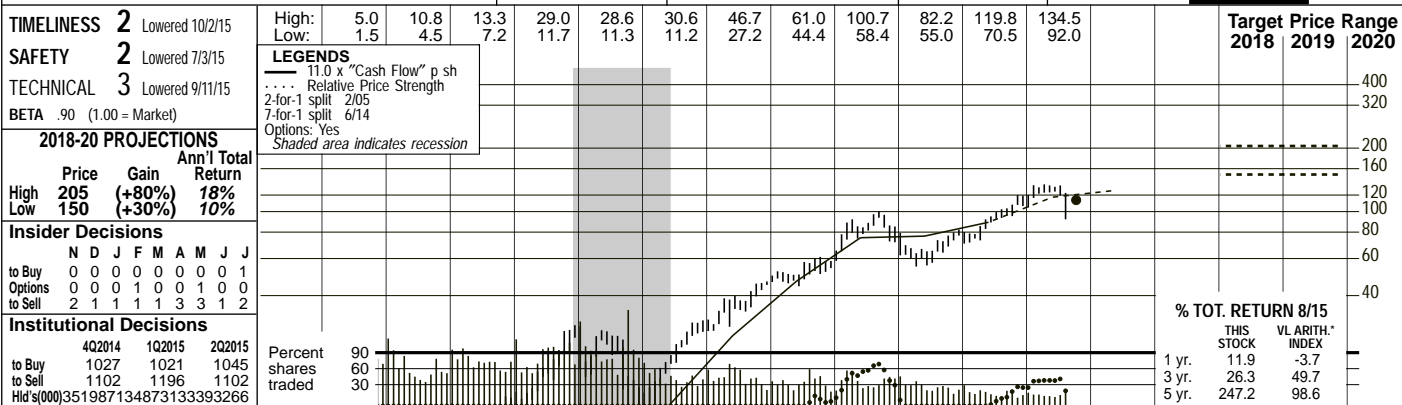


# APPLE INC. NDAQ:AAPL

RECENT PRICE **113.40** P/E RATIO **12.1** (Trailing: 13.1; Median: 18.0) RELATIVE P/E RATIO **0.70** DIV'D YLD **1.9%**

**VALUE LINE**



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>40.80</b>	<b>43.75</b>	Sales per sh <sup>A</sup>	<b>58.00</b>
.11	.15	.00	.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	8.09	<b>10.65</b>	<b>11.50</b>	"Cash Flow" per sh	<b>16.35</b>
.09	.12	d.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.66	6.45	<b>9.05</b>	<b>9.70</b>	Earnings per sh <sup>B</sup>	<b>13.75</b>
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.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	<b>2.25</b>
.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>22.80</b>	<b>24.80</b>	Book Value per sh <sup>E</sup>	<b>36.60</b>
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>	<b>5000.00</b>
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	<b>13.0</b>
.99	2.00	--	NMF	NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.69	<b>.69</b>	<b>.69</b>	Relative P/E Ratio	<b>.80</b>
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CAPITAL STRUCTURE as of 6/27/15																	Sales (\$mill) <sup>A</sup>		290000
Total Debt \$54418 mill. Due in 5 Yrs \$20000 mill.				13931	19315	24006	32479	36537	65225	108249	156508	170910	182795	232500	245000	<b>232500</b>	<b>245000</b>	Operating Margin	<b>35.0%</b>
LT Debt \$47419 mill. LT Interest \$2300 mill. (27% of Cap'l)				13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	<b>33.5%</b>	<b>33.5%</b>	Depreciation (\$mill) <sup>D</sup>	<b>13000</b>		
Leases, Uncapitalized Annual rentals \$662 mill.				179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	<b>9000</b>	<b>10000</b>	Net Profit (\$mill)	<b>68800</b>		
No Defined Benefit Pension Plan Pfd Stock None				1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	37037	39510	<b>51600</b>	<b>54300</b>	Income Tax Rate	<b>26.0%</b>		
Common Stock 5,702,722,000 shs. as of 7/10/15				30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	25.2%	26.2%	26.1%	<b>26.0%</b>	<b>26.0%</b>	Net Profit Margin	<b>23.7%</b>			
Market Cap: \$647 billion (Large Cap)				9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	<b>22.2%</b>	<b>22.2%</b>	Working Cap'l (\$mill)	<b>25000</b>		
CURRENT POSITION (SMILL.)				6816.0	8038.0	12657	20598	16983	20956	17018	19111	29628	5083.0	<b>7000</b>	<b>9000</b>	Long-Term Debt (\$mill)	<b>50000</b>		
Cash Assets				40546	25077	34703							16960	28987	<b>47000</b>	<b>48000</b>	Shr. Equity (\$mill) <sup>E</sup>	<b>183000</b>	
Receivables				13102	17460	10370									111547	<b>130000</b>	Return on Total Cap'l	<b>30.0%</b>	
Inventory (FIFO)				1764	2111	2042									111547	<b>130000</b>	Return on Shr. Equity	<b>37.5%</b>	
Other				17874	23883	23838											Retained to Com Eq	<b>26.5%</b>	
Current Assets				73286	68531	70953											All Div'ds to Net Prof	<b>29%</b>	
Accts Payable				22367	30196	26474													
Debt Due				--	6308	6999													
Other				21291	26944	31812													
Current Liab.				43658	63448	65285													

**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.

**Apple shares have been on a bumpy ride since our last full-page review in early July.** The new Dow component came under pressure following the June-period earnings release that showed *iPhone* sales coming in below Wall Street's lofty expectations. (Unit shipments of the cash-cow smartphone franchise amounted to 47.5 million, less than the 50 million-plus figure that many investors had hoped for.) Then the stock fell farther in August, briefly dipping into the low \$90s, as fears spread rapidly about an economic slowdown in China, which has become an important growth market for the company. September was better, however, with the issue now back to around the \$113 level. **The current entry point looks attractive.** Earnings advances ought to moderate after a blockbuster fiscal 2015 (ended September 26th), when share net probably jumped about 40%, to \$9.05. But the growth story at Apple appears far from over, with the tech giant constantly working to broaden its integrated ecosystem—all of the company's devices work well together and are run by similar operating systems—and increase its exposure to emerging geographies. Notably, CEO Tim Cook has indicated that the China business has continued to do well, despite worries to the contrary. In addition, the latest smartphones, the just-launched *iPhone 6S* and *6S Plus*, have gotten off to a very strong start, with first-weekend unit sales likely to set a new record of more than 10 million. This suggests that Apple will be able to continue gaining share at the high end of the smartphone market, where it has faced stiff competition from Samsung and other Asian rivals in recent years. Meanwhile, other new products, from a large-screen *iPad Pro* to an upgraded *Apple TV*, should further strengthen the company's ecosystem, benefiting both sales and margins. And we have high hopes for the *Apple Watch* (it began shipping in April), with functionality and global availability still improving. All told, we still see share net rising to \$9.70 in fiscal 2016 and \$13.75 by late decade. **The issue is Above Average for Timeliness and suitable for most accounts.** The generous capital-return program adds to the stock's appeal as a core holding. *Justin Hellman* October 2, 2015

Fiscal Year Ends	Dec.	Mar.	Jun.	Per	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	58010	49605	<b>50286</b>			<b>232500</b>
2016	<b>78600</b>	<b>61100</b>	<b>52300</b>	<b>53000</b>			<b>245000</b>

(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, 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 2014, \$8758 mill., \$1.49 a share. (F) New dividend policy adopted 3/12. Payments typically made in February, May, August, and November.

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