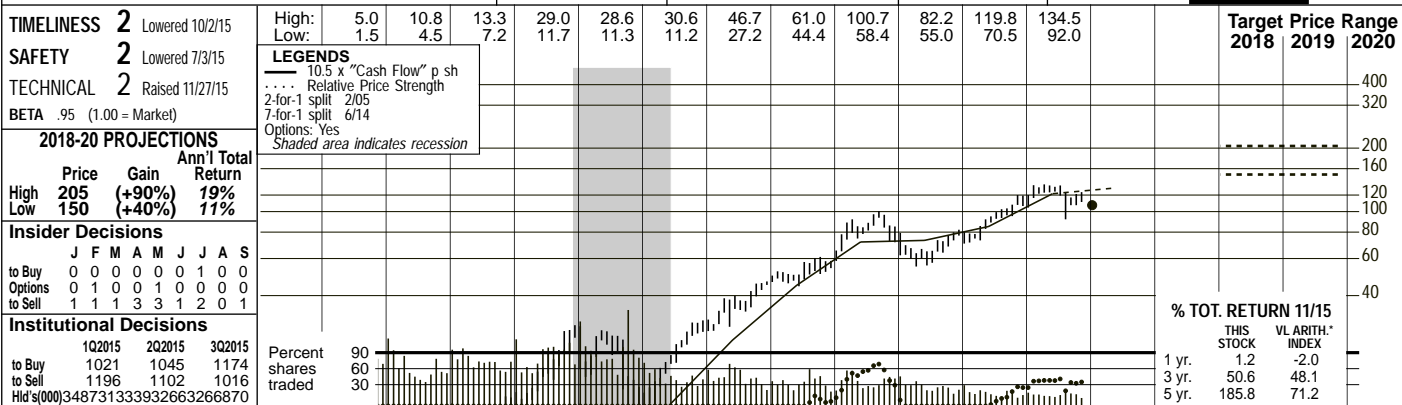


# APPLE INC. NDAQ:AAPL

RECENT PRICE **107.33** P/E RATIO **10.9** (Trailing: 11.6; Median: 15.0) RELATIVE P/E RATIO **0.63** DIV'D YLD **2.1%**

## 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	41.89	44.95	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	11.59	12.35	"Cash Flow" per sh	16.75
.09	.12	d.02	.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.66	6.45	9.22	10.00	Earnings per sh <sup>B</sup>	13.75
--	--	--	--	--	--	--	--	--	--	--	--	--	.38	1.63	1.81	1.98	2.18	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	2.02	2.15	Cap'l Spending per sh	2.50
.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	21.39	23.50	Book Value per sh	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	5578.8	5450.00	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	12.8	--	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	.65	--	Relative P/E Ratio	.80
--	--	--	--	--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%	1.7%	--	Avg Ann'l Div'd Yield	2.2%

CAPITAL STRUCTURE as of 9/26/15				13931	19315	24006	32479	36537	65225	108249	156508	170910	182795	233715	245000	Sales (\$mill) <sup>A</sup>	290000				
Total Debt \$64462 mill. Due in 5 Yrs \$21500 mill.				13.1%	13.9%	19.7%	20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	35.0%	Operating Margin	36.0%				
LT Debt \$53463 mill. LT Interest \$2000 mill. (31% of Cap'l)				179.0	225.0	317.0	473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	12900	Depreciation (\$mill) <sup>D</sup>	15000				
Leases, Uncapitalized Annual rentals \$772 mill.				1254.0	1989.0	3496.0	4834.0	5704.0	14013	25922	41733	37037	39510	53394	54500	Net Profit (\$mill)	68800				
No Defined Benefit Pension Plan Pfd Stock None				30.9%	29.4%	30.2%	29.9%	28.6%	24.4%	25.2%	26.2%	26.1%	26.4%	26.4%	26.5%	Income Tax Rate	26.5%				
Common Stock 5,575,331,000 shs. as of 10/9/15				9.0%	10.3%	14.6%	14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	22.2%	Net Profit Margin	23.7%				
Market Cap: \$598 billion (Large Cap)				6816.0	8038.0	12657	20598	16983	20956	17018	19111	29628	5083.0	8768.0	10000	Working Cap'l (\$mill)	25000				
CURRENT POSITION 2013 2014 9/26/15				--	--	--	--	--	--	--	--	--	16960	28987	53463	55000	Long-Term Debt (\$mill)	75000			
Cash Assets				40546	25077	41601	--	--	--	--	--	--	119355	118120	119355	128000	Shr. Equity (\$mill) <sup>E</sup>	183000			
Receivables				13102	17460	16849	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	31.3%	30.5%	Return on Total Cap'l	30.0%	
Inventory (FIFO)				1764	2111	2349	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	44.7%	42.5%	Return on Shr. Equity	37.5%	
Other				17874	23883	28579	--	--	--	--	--	--	--	6%	29%	28%	22%	33.5%	All Div'ds to Net Prof	29%	
Current Assets				73286	68531	89378	16.8%	19.9%	24.1%	23.0%	20.5%	29.3%	33.8%	35.3%	21.4%	25.4%	35.0%	33.5%	Retained to Com Eq	26.5%	
Accts Payable				22367	30196	35490	--	--	--	--	--	--	--	--	29%	28%	22%	22%	All Div'ds to Net Prof	29%	
Debt Due				--	6308	10999	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other				21291	26944	34121	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Current Liab.				43658	63448	80610	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**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 26, 2015, Apple operated a total of 463 retail outlets, with lease terms ranging from five to 20 years. R&D: 3.5% of '15 revenues. Has about 110,000 full-time 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 stock, mostly trading water since our October review, has remained a modest laggard.** The shares are being kept in check, we think, by a growing tide of negativity on Wall Street. Indeed, many analysts have been vocal about supply chain concerns (some recent procurement orders appear underwhelming), and fears that the tech giant's cash-cow iPhone franchise may be losing a bit of its luster. The company is coming off a great year, however, one which saw the bottom line jump over 40%. And we expect the growth story to continue to play out in fiscal 2016 (ends September 24th), with share net apt to reach at least \$10.00.

**The iPhone should remain the primary catalyst here.** (iPhone offerings account for more than 60% of the top-line mix at present.) Unit shipments may decelerate somewhat as the global smartphone market nears saturation. But Apple is in the midst of a powerful replacement cycle, with the new iPhone 6S and 6S Plus, which debuted in late September, still gaining traction. And the company looks to have plenty of room to expand in emerging countries, including China and India. Notably, aided by a rising middle class, iPhone sales soared 87% in the Greater China region during the September interim. In the meantime...

**We look for share trends to remain favorable, not just for the iPhone, but also for the Mac line.** The iPad franchise should stabilize, too (it's been one of the weaker links), as the tablets make strides in the enterprise market. And we anticipate decent growth from the Apple Watch and the increasingly important services business. We have especially high hopes for Apple Pay, the company's electronic payment system, which will be available to some customers in China in early 2016. The digital wallet space seems to be heating up, and Apple will likely be a big beneficiary of this consumer shift.

**This Dow component is timely (2), and looks to have plenty of upside potential out to 2018-2020.** The good-quality issue would make a fine addition to most diversified portfolios, in our view. What's more, the recent quotation is very attractive, suggesting that now is an opportune time for investors to build positions.

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	51501		233715
2016	78700	61000	51300	54000		245000

Fiscal Year Ends	Dec.	Mar.	Jun.	Per 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	3.08	2.33	1.85	1.96		9.22
2016	3.35	2.55	2.00	2.10		10.00

Calendar	Mar.31	Jun.30	Per Sep.30	Dec.31	Full Year
2012	--	--	.379	.379	.76
2013	.379	.436	.436	.436	1.69
2014	.436	.47	.47	.47	1.85
2015	.47	.52	.52	.52	
2016					

(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 January. (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.