

APPLE INC. NDQ:AAPL				RECENT PRICE	113.57	P/E RATIO	13.3	(Trailing: 13.3 Median: 15.0)	RELATIVE P/E RATIO	0.73	DIV'D YLD	2.1%	VALUE LINE									
TIMELINESS	5	Lowered 6/17/16	High: 10.8 13.3 29.0 28.6 30.6 46.7 61.0 100.7 82.2 119.8 134.5 116.2	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									Target Price Range 2019 2020 2021									
SAFETY	2	Lowered 7/3/15																				
TECHNICAL	4	Raised 9/9/16																				
BETA	.95	(1.00 = Market)																				
2019-21 PROJECTIONS																						
Price		Gain	Ann'l Total Return																			
High	205	(+80%)	18%																			
Low	150	(+30%)	10%																			
Insider Decisions																						
N D J F M A M J J																						
to Buy			0 0 0 0 0 0 0 0																			
Options			0 0 0 8 4 9 1 2 0																			
to Sell			2 0 0 1 2 1 3 2 1																			
Institutional Decisions																						
4Q2015 1Q2016 2Q2016																						
to Buy			1242 1259 1115																			
to Sell			1001 1052 1158																			
Hld's(000)			321474732968593055784																			
Percent shares traded			90 60 30																			
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	40.00	42.85	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	10.45	11.85	"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	8.25	9.50	Earnings per sh ^B	13.75			
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.02	.05	.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	2.02	2.15	2.25	Cap'l Spending per sh	2.50			
.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	23.90	26.05	Book Value per sh ^E	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	5400.00	5300.00	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	Bold figures are Value Line estimates		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			Relative P/E Ratio	.80			
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CAPITAL STRUCTURE as of 6/25/16				19315 24006 32479 36537 65225 108249 156508 170910 182795 233715 216000 227000															Sales (\$mill) ^A		290000	
Total Debt \$84935 mill. Due in 5 Yrs \$25000 mill.				13.9% 19.7% 20.8% 22.9% 29.8% 32.9% 37.4% 32.6% 33.1% 35.3% 33.0% 34.5%															Operating Margin		36.0%	
LT Debt \$68939 mill. LT Interest \$3000 mill. (35% of Cap'l)				225.0 317.0 473.0 703.0 1027.0 1814.0 3277.0 6757.0 7946.0 11257 11800 12400															Depreciation (\$mill) ^D		15000	
Leases, Uncapitalized Annual rentals \$772 mill.				1989.0 3496.0 4834.0 5704.0 14013 25922 41733 37037 39510 53394 44550 50350															Net Profit (\$mill)		68800	
No Defined Benefit Pension Plan				29.4% 30.2% 29.9% 28.6% 24.4% 24.2% 25.2% 26.2% 26.1% 26.4% 25.5%															Income Tax Rate		26.5%	
Pfd Stock None				10.3% 14.6% 14.9% 15.6% 21.5% 23.9% 26.7% 21.7% 21.6% 22.8% 20.6%															Net Profit Margin		23.7%	
Common Stock 5,388,443,000 shs. as of 7/15/16				8038.0 12657 20598 16983 20956 17018 19111 29628 5083.0 8768.0 20000 22000															Working Cap'l (\$mill)		25000	
MARKET CAP: \$612 billion (Large Cap)				9984.0 14532 21030 27832 47791 76615 118210 123549 111547 119355 129000 138000															Long-Term Debt (\$mill)		75000	
CURRENT POSITION				19.9% 24.1% 23.0% 20.5% 29.3% 33.8% 35.3% 30.0% 35.4% 44.7% 34.5%															Shr. Equity (\$mill) ^E		172000	
(\$MILL.)				19.9% 24.1% 23.0% 20.5% 29.3% 33.8% 33.2% 21.4% 25.4% 35.0% 25.5%															Return on Total Cap'l		28.5%	
Cash Assets				-- -- -- -- -- -- -- 6%															Return on Shr. Equity		40.0%	
Receivables				25077 41601 61756															All Div'ds to Net Prof		29%	
Inventory (FIFO)				17460 16849 11714																		
Other				2111 2349 1831																		
Current Assets				23883 28579 18460																		
Accts Payable				68531 89378 93761																		
Debt Due				30196 35490 26318																		
Other				6308 10999 15996																		
Current Liab.				26944 34121 29172																		
				63448 80610 71486																		
ANNUAL RATES				19315 24006 32479 36537 65225 108249 156508 170910 182795 233715 216000 227000																		
of change (per sh)				13.9% 19.7% 20.8% 22.9% 29.8% 32.9% 37.4% 32.6% 33.1% 35.3% 33.0% 34.5%																		
10 Yrs.				225.0 317.0 473.0 703.0 1027.0 1814.0 3277.0 6757.0 7946.0 11257 11800 12400																		
Past 5 Yrs.				1989.0 3496.0 4834.0 5704.0 14013 25922 41733 37037 39510 53394 44550 50350																		
Est'd '13-'15				29.4% 30.2% 29.9% 28.6% 24.4% 24.2% 25.2% 26.2% 26.1% 26.4% 25.5%																		
to '19-'21				10.3% 14.6% 14.9% 15.6% 21.5% 23.9% 26.7% 21.7% 21.6% 22.8% 20.6%																		
Sales				8038.0 12657 20598 16983 20956 17018 19111 29628 5083.0 8768.0 20000 22000																		
"Cash Flow"				9984.0 14532 21030 27832 47791 76615 118210 123549 111547 119355 129000 138000																		
Earnings				19.9% 24.1% 23.0% 20.5% 29.3% 33.8% 35.3% 30.0% 35.4% 44.7% 34.5%																		
Dividends				19.9% 24.1% 23.0% 20.5% 29.3% 33.8% 33.2% 21.4% 25.4% 35.0% 25.5%																		
Book Value				-- -- -- -- -- -- -- 6%																		
Fiscal Year Ends				-- -- -- -- -- -- -- 29%																		
QUARTERLY SALES (\$mill.) ^A																						
Dec.Per Mar.Per Jun.Per Sep.Per																						
Full Fiscal Year																						
2013				54512 43603 35323 37472 170910																		
2014				57594 45646 37432 42123 182795																		
2015				74599 58010 49605 51501 233715																		
2016				75872 50557 42358 47213 216000																		
2017				74500 55500 46000 51000 227000																		
Fiscal Year Ends																						
EARNINGS PER SHARE ^{A B}																						
Dec.Per Mar.Per Jun.Per Sep.Per																						
Full Fiscal Year																						
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 1.65 8.25																		
2017				3.15 2.35 1.85 2.15 9.50																		
Cal-endar																						
QUARTERLY DIVIDENDS PAID ^F																						
Mar.31 Jun.30 Sep.30 Dec.31																						
Full Year																						
2012				.379 .379 .379 .379 1.69																		
2013				.436 .436 .436 .436 1.85																		
2014				.47 .47 .47 .47 1.85																		
2015				.52 .52 .52 .52 2.03																		
2016				.57 .57 .57 .57 2.03																		

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 sales. Has about 110,000 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.

Apple shares have enjoyed decent investor support lately. The Dow stock has rallied over 15% in value since our last full-page review in early July, bolstered by better-than-anticipated results for the third quarter of fiscal 2016 (year ended September 24th) and hopes that the company will soon return to a sustainable growth track. For the third period, share net came in at \$1.42, a nickel above our estimate and \$0.02 ahead of the consensus view. The earnings beat was a quality one, too, as sales (of \$42.4 billion) and iPhone shipments (of 40.4 million) topped expectations. The iPhone SE, a low-cost device with a smallish 4-inch display, performed especially well during the interim, despite arriving to little fanfare back in March. Indeed, the entry-level smartphone went a long way toward helping Apple to attract new customers — in both developed and emerging countries — and broaden its ecosystem of hardware and services.

The iPhone should remain a major growth catalyst for years to come. The iPhone 6 offerings have not reached blockbuster status (by the company's own very high standards), but they have bolstered global market-share trends at a time of intense competition. Moreover, given the large installed base at present, as well as the good press and encouraging early sales data for the just-debuted iPhone 7 and 7 Plus, we think that a powerful upgrade cycle is now at hand. This augurs well for fiscal 2017, when we see earnings staging a double-digit rebound. (For fiscal 2016, we still envision share net of \$8.25, notwithstanding the solid third-quarter showing.) In the meantime, the company should continue to return cash to shareholders via dividends and stock buybacks. Apple grabbed headlines recently when the European Union served it with a hefty \$14.5 billion tax bill. The controversial move will almost certainly be appealed (a process that could take years), however, and we do not expect any material long-term impact on the company's business.

The stock does not score well (5) in our Timeliness system. Still, we continue to like the shares for the patient buy-and-hold crowd, thanks to Apple's excellent finances and improving prospects. The valuation is attractive, as well.

Justin Hellman September 30, 2016