APPLE INC. NDQ-AAPL

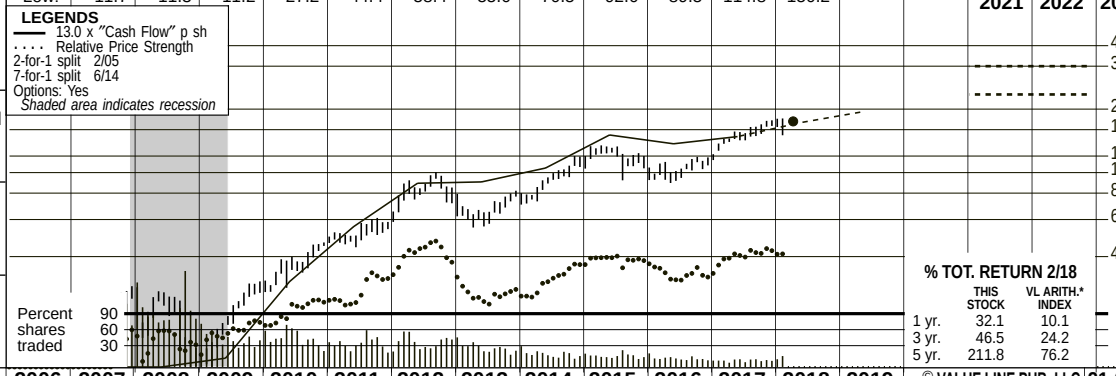
RECENT PRICE **175.24** | P/E RATIO **15.6** (Trailing: 18.0 / Median: 13.0) | RELATIVE P/E RATIO **0.83** | DIV'D YLD **1.7%** | **VALUE LINE**

TIMELINESS 1 Raised 3/2/18
SAFETY 2 Lowered 7/3/15
TECHNICAL 3 Lowered 2/23/18
BETA .95 (1.00 = Market)

High:	29.0	28.6	30.6	46.7	61.0	100.7	82.2	119.8	134.5	118.7	177.2	183.5
Low:	11.7	11.3	11.2	27.2	44.4	58.4	55.0	70.5	92.0	89.5	114.8	150.2

Target Price Range
2021 | 2022 | 2023

LEGENDS
— 13.0 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



2021-23 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	320	(+85%)	*18%*
Low	235	(+35%)	*10%*

Insider Decisions

	M	J	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0	0
Options	3	1	0	3	0	10	0	0	0
to Sell	6	2	1	6	0	2	2	1	1

Institutional Decisions

	2Q2017	3Q2017	4Q2017
to Buy	953	958	1018
to Sell	1407	1361	1209
Hld's(000)	3448817	3394805	3097175

% TOT. RETURN 2/18

	THIS STOCK	VL ARITH.* INDEX
1 yr.	32.1	10.1
3 yr.	46.5	24.2
5 yr.	211.8	76.2

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
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	44.72	*51.80*	*55.50*	Sales per sh A	*72.20*
.05	.04	.08	.25	.37	.62	.85	1.02	2.35	4.26	6.85	6.96	8.09	11.59	10.53	11.41	*13.30*	*15.05*	"Cash Flow" per sh	*21.30*
.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.68	6.45	9.22	8.31	9.21	*11.20*	*12.70*	Earnings per sh B	*18.50*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	.38	1.63	1.81	1.98	2.18	2.40	*2.74*	*3.08*	Div'ds Decl'd per sh F	*4.40*
.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	2.02	2.39	2.43	*2.60*	*2.75*	Cap'l Spending per sh	*3.35*
.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	26.15	*31.45*	*35.70*	Book Value per sh E	*52.90*
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	5126.2	*5025.0*	*4900.0*	Common Shs Outst'g C	*4500.0*
61.5	83.8	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	14.9	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
3.36	4.78	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.64	.66	.73	*Value Line*		Relative P/E Ratio	*.85*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	.5%	2.3%	2.2%	1.7%	2.1%	1.8%	*estimates*		Avg Ann'l Div'd Yield	*1.6%*

CAPITAL STRUCTURE as of 12/30/17
Total Debt $122400 mill. **Due in 5 Yrs** $50000 mill.
LT Debt $103922 mill. **LT Interest** $5000 mill.
(43% of Cap'l)
Leases, Uncapitalized Annual rentals $1223 mill.

No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 5,074,013,000 shs.
as of 1/19/18
MARKET CAP: $889 billion (Large Cap)

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		21-23
32479	36537	65225	108249	156508	170910	182795	233715	215639	229234	*260400*	*272000*	Sales ($mill) A	*325000*
20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	31.2%	*31.5%*	*33.0%*	Operating Margin	*35.5%*
473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	10505	10157	*10500*	*11500*	Depreciation ($mill) D	*12500*
4834.0	5704.0	14013	25922	41733	37037	39510	53394	45687	48351	*56300*	*62200*	Net Profit ($mill)	*83300*
29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	24.6%	*19.5%*	*19.0%*	Income Tax Rate	*19.0%*
14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	*21.6%*	*22.9%*	Net Profit Margin	*25.6%*
20598	16983	20956	17018	19111	29628	5083.0	8768.0	27863	27831	*29000*	*30000*	Working Cap'l ($mill)	*35000*
- -	- -	- -	- -	- -	16960	28987	53463	75427	97207	*105000*	*110000*	Long-Term Debt ($mill)	*125000*
21030	27832	47791	76615	118210	123549	111547	119355	128249	134047	*158000*	*175000*	Shr. Equity ($mill) E	*238000*
23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	31.3%	23.2%	21.8%	*22.5%*	*23.0%*	Return on Total Cap'l	*24.0%*
23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	44.7%	35.6%	36.1%	*35.5%*	*35.5%*	Return on Shr. Equity	*35.0%*
23.0%	20.5%	29.3%	33.8%	33.2%	21.4%	25.4%	35.0%	26.2%	26.5%	*27.0%*	*27.0%*	Retained to Com Eq	*26.5%*
- -	- -	- -	- -	6%	29%	28%	22%	27%	26%	*24%*	*24%*	All Div'ds to Net Prof	*24%*

CURRENT POSITION ($MILL.)	2016	2017	12/30/17
Cash Assets	67155	74181	77153
Receivables	15754	17874	23440
Inventory (FIFO)	2132	4855	4421
Other	21828	31735	38796
Current Assets	106869	128645	143810
Accts Payable	37294	49049	62985
Debt Due	11605	18473	18478
Other	30107	33292	34325
Current Liab.	79006	100814	115788

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '15-'17 to '21-'23
Sales	29.5%	20.0%	*9.5%*
"Cash Flow"	39.0%	20.0%	*11.5%*
Earnings	37.5%	16.5%	*13.0%*
Dividends	- -	- -	*12.5%*
Book Value	29.5%	14.0%	*14.0%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2015	74599	58010	49605	51501	233715
2016	75872	50557	42358	46852	215639
2017	78351	52896	45408	52579	229234
2018	88293	*61307*	*53400*	*57400*	*260400*
2019	*90800*	*66500*	*56300*	*58400*	*272000*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2015	3.08	2.33	1.85	1.96	9.22
2016	3.28	1.90	1.42	1.67	8.31
2017	3.36	2.10	1.67	2.07	9.21
2018	3.89	*2.69*	*2.21*	*2.41*	*11.20*
2019	*4.60*	*3.05*	*2.45*	*2.60*	*12.70*

Cal-endar	QUARTERLY DIVIDENDS PAID F Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.436	.47	.47	.47	1.85
2015	.47	.52	.52	.52	2.03
2016	.52	.57	.57	.57	2.23
2017	.57	.63	.63	.63	2.46
2018	.63				

BUSINESS: Apple Inc., established in 1977, 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, services like *iCloud* storage and *Apple Pay*, and a host of digital content from the popular *iTunes* store and other portals. Research and development: 5.1% of '17 sales. Has approximately 123,000 employees. Off./dir. own less than 1.0% of common stock; Vanguard, 6.6%; BlackRock, 6.3% (12/17 Proxy). CEO: Tim Cook. Inc.: CA. Addr.: 1 Infinite Loop, Cupertino, CA 95014. Tel.: 408-996-1010. Internet: www.apple.com.

Recent results at Apple have been pretty solid. *iPhone* shipments were a bit weaker than anticipated during the first quarter of fiscal 2018 (year ends September 29th), slipping 1%, to 77.3 million units. (We had been looking for closer to 80 million in unit sales.) The average selling price for the smartphone jumped 15%, however, to $796, thanks to the November release of the premium *iPhone X* model, which retails for between $999 and $1,149. This supported double-digit revenue growth and rendered the bread-and-butter product an even greater cash cow. (Cash assets, including long-term marketable securities, have ballooned to $285 billion.) Moreover, ASP trends should continue to improve, with *iPhone X* sales apt to account for the largest percentage of the overall smartphone pie in the coming periods. Meanwhile . . .

The company's broader ecosystem, comprised of 1.3 billion devices worldwide, should continue to expand. The services business, in particular, where gross margins are much higher than the corporate average, remains on a roll. Indeed, revenues from this segment were up 18% during the December interim, to a hefty $8.5 billion. The momentum shows no sign of letting up, either, with *Apple Pay*, *iCloud* storage, and other key offerings still gaining traction, and with the company, taking a page from Netflix's playbook, investing more in its own digital content. There have been rumors that Apple, a big beneficiary of the new tax law, may look to buy an established media heavyweight, like Netflix or Disney. We think a large acquisition is unlikely here, however. Instead, the company will probably build up its own roster of films and TV shows, and use more of its cash for dividends and stock buybacks. Investments overseas, most notably in China, should also remain a priority, as Apple endeavors to further diversify its revenue stream. All told, we are still optimistic about the company's prospects, and envision share net reaching $11.20 and $12.70 in fiscal 2018 and fiscal 2019, respectively.

This top-ranked (1) Dow component holds appeal for both short- and long-term investors. Even after their run, the shares appear to be a decent bargain.

Justin Hellman *March 30, 2018*

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes nonrecurring gain: '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 2017, $8015 mill., $1.56 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	85
Earnings Predictability	65