

APPLE INC. NDAQ:AAPL

RECENT PRICE **166.07** P/E RATIO **12.4** 14.0 13.0 RELATIVE P/E RATIO **0.81** DIV'D YLD **1.9%** VALUE LINE

TIMELINESS 2 Lowered 12/14/18
SAFETY 2 Lowered 7/3/15
TECHNICAL 2 Lowered 12/28/18
BETA 1.00 (1.00 = Market)

High: 29.0 28.6 30.6 46.7 61.0 100.7 82.2 119.8 134.5 118.7 177.2 233.5
 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

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	380	(+130%)	24%
Low	280	(+70%)	16%

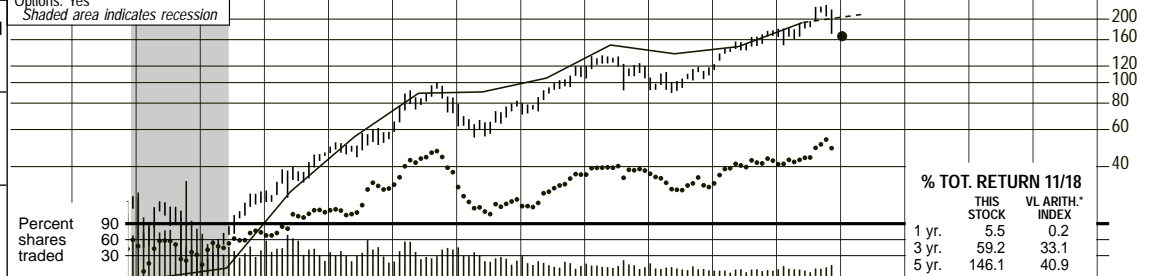
Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	0	0	0	0	0	0	0
Options	8	0	9	3	1	0	3	0	4
to Sell	0	0	2	6	3	1	5	0	3

Institutional Decisions

	12/2018	2/2018	3/2018
to Buy	1125	1122	1069
to Sell	1476	1419	1522

Hlds(000)297083228915702817352



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	55.86	62.20	Sales per sh ^A	85.00
.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	14.81	16.30	"Cash Flow" per sh	25.65
.02	.01	.05	.21	.32	.56	.77	.90	2.16	3.95	6.31	5.68	6.45	9.22	8.31	9.21	11.91	13.65	Earnings per sh ^B	22.00
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.03	.03	.03	.04	.11	.12	.18	.18	.31	.65	1.26	1.30	1.63	2.02	2.39	2.43	2.80	3.00	Cap'l Spending per sh	4.00
.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	22.53	26.15	Book Value per sh	48.75
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	4755.0	4550.0	Common Shs Outst'g ^C	4000.0
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	12.6	14.9	15.3		Avg Ann'l P/E Ratio	15.0
NMF	NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.64	.66	.73	.79		Relative P/E Ratio	.85
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CAPITAL STRUCTURE as of 9/29/18
 Total Debt \$114483 mill. Due in 5 Yrs \$57672 mill.
 LT Debt \$93735 mill. LT Interest \$4000 mill. (47% of Cap'l)
 Leases, Uncapitalized Annual rentals \$1298 mill.
 No Defined Benefit Pension Plan Pfd Stock None
 Common Stock 4,754,986,000 shs.
 MARKET CAP: \$790 billion (Large Cap)

32479	36537	65225	108249	156508	170910	182795	233715	215639	229234	265595	283000	Sales (\$mill) ^A	340000
20.8%	22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	31.2%	30.8%	30.5%	Operating Margin	34.5%
473.0	703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	10505	10157	10903	12000	Depreciation (\$mill) ^D	14500
4834.0	5704.0	14013	25922	41733	37037	39510	53394	45687	48351	59531	62100	Net Profit (\$mill)	88000
29.9%	28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	24.6%	18.3%	16.5%	Income Tax Rate	16.5%
14.9%	15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	22.4%	21.9%	Net Profit Margin	25.9%
20598	16983	20956	17018	19111	29628	5083.0	8768.0	27863	27831	14473	20000	Working Cap'l (\$mill)	35000
--	--	--	--	--	16960	28987	53463	75427	97207	93735	100000	Long-Term Debt (\$mill)	125000
21030	27832	47791	76615	118210	123549	111547	119355	128249	134047	107147	119000	Shr. Equity (\$mill)	195000
23.0%	20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	31.3%	23.2%	21.8%	30.8%	29.5%	Return on Total Cap'l	28.5%
23.0%	20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	44.7%	35.6%	36.1%	55.6%	52.0%	Return on Shr. Equity	45.0%
23.0%	20.5%	29.3%	33.8%	33.2%	21.4%	25.4%	35.0%	26.2%	26.5%	42.8%	40.5%	Retained to Com Eq	35.0%
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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: 5.4% of '18 sales. Has approximately 132,000 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.

CURRENT POSITION 2016 2017 9/29/18 (\$MILL.)

Cash Assets	67155	74181	66301
Receivables	15754	17874	23186
Inventory (FIFO)	2132	4855	3956
Other	21828	31735	37896
Current Assets	106869	128645	131339
Accts Payable	37294	49049	55888
Debt Due	11605	18473	20748
Other	30107	33292	40230
Current Liab.	79006	100814	116866

ANNUAL RATES Past Past Est'd '16-'18 of change (per sh) 10 Yrs. 5 Yrs. to '21-'23

Sales	29.5%	20.0%	12.5%
"Cash Flow"	39.0%	20.0%	16.0%
Earnings	37.5%	16.5%	17.5%
Dividends	--	--	15.5%
Book Value	29.5%	14.0%	15.0%

Apple stock has been in retreat mode since the tech giant posted results for the fourth quarter of fiscal 2018 (ended September 29th). Those results actually exceeded expectations, with share net of \$2.91 coming in ahead of our \$2.74 estimate and Wall Street's consensus view of \$2.78. But guidance for the December interim was on the light side, owing mainly to currency headwinds (i.e., the strong U.S. dollar) and challenging conditions in select emerging markets, including Brazil, India, and Russia. And . . . **Investors appeared displeased with the company's decision to no longer disclose unit sales for its iPhone, iPad, and Mac platforms.** Some Street analysts are taking this accounting change to mean that shipments of the iPhone, long Apple's cash cow, have peaked globally, and that year-over-year declines are likely on the way. The change seems to make sense, however, given the company's focus on driving services revenues (up 27% in the fourth quarter after adjusting for one-time items) and lifting margins. Plus, average selling prices (ASPs) for nearly all of Apple's products are rising nicely, sug-

gesting that good top-line growth can persist well into the future, even if unit volumes slow a bit against a maturing smartphone market. **We see share net climbing 15% in fiscal 2019, to \$13.65, and reaching the \$22.00 mark by 2021-2023.** Revenues will probably advance at a solid clip in the coming periods, as sales of the latest iPhones (the XS and XS Max models) drive ASPs higher, and as the company leverages its huge installed base to further expand its high-margined services business. In addition, the Apple Watch series should become more of a catalyst, thanks to new health and wellness applications that are attracting consumers to the wearable devices. Share earnings, meanwhile, ought to get an added boost from stock buybacks, as the cash-rich company maintains an aggressive capital return program. **Now would be an opportune time for investors to accumulate this timely (2) Dow component.** Despite the recent negative sentiment here, we still envision the mega-cap stock trading into the \$280-\$380 range by early next decade.

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) ^A				Full Fiscal Year
	Dec.	Mar.	Jun.	Sep.	Per
2015	74599	58010	49605	51501	233715
2016	75872	50557	42358	46852	215639
2017	78351	52896	45408	52579	229234
2018	88293	61137	53265	62900	265595
2019	91800	67100	58300	65800	283000

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Dec.	Mar.	Jun.	Sep.	Per
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	2.73	2.34	2.91	11.91
2019	4.70	3.15	2.60	3.20	13.65

Cal-endar	QUARTERLY DIVIDENDS PAID ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
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	.73	.73	.73	

Justin Hellman
 December 28, 2018

Company's Financial Strength	A++
Stock's Price Stability	70
Price Growth Persistence	85
Earnings Predictability	70

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding. Excludes non-recurring gain: '05, 2¢; loss: '02, 1¢. Next earnings report due early February. (C) In mill., adjusted for splits. (D) Depreciation on accelerated basis. (E) New dividend policy adopted 3/12. Payments typically made in February, May, August, and November.

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