

APPLE INC. NDAQ:AAPL

RECENT PRICE **198.45** P/E RATIO **16.8** (Trailing: 16.7; Median: 13.0) RELATIVE P/E RATIO **1.00** DIV'D YLD **1.6%**

VALUE LINE

TIMELINESS 4 Lowered 3/15/19
SAFETY 2 Lowered 7/3/15
TECHNICAL 2 Lowered 6/28/19
BETA 1.05 (1.00 = Market)



Target Price	Range	
2022	2023	2024
400	320	320
200	160	160
120	100	100
80	60	60
40		

% TOT. RETURN 5/19

THIS STOCK	VL ARITH. INDEX
1 yr. -4.9	-6.7
3 yr. 84.2	24.4
5 yr. 111.2	30.8

2022-24 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	345	(+75%)	16%
Low	255	(+30%)	8%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	3	0	4	1	0	1	0	0	0
to Sell	5	0	3	1	0	0	0	0	0

Institutional Decisions

	3Q2018	4Q2018	1Q2019
to Buy	1069	1533	1446
to Sell	1522	1324	1418

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2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
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	56.20	60.45	Sales per sh ^A	80.00
.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	14.05	15.65	"Cash Flow" per sh	24.00
.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	11.40	12.70	Earnings per sh ^B	20.00
--	--	--	--	--	--	--	--	--	.38	1.63	1.81	1.98	2.18	2.40	2.72	3.00	3.18	Div'ds Decl'd per sh ^E	4.80
.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	3.20	Cap'l Spending per sh	3.90
.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	25.60	29.90	Book Value per sh	48.75
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	4400.0	Common Shs Outst'g ^C	4000.0
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	15.0	15.0	Avg Ann'l P/E Ratio	15.0
NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.64	.66	.75	.82	.85	.85	Relative P/E Ratio	.85
--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%	1.7%	2.1%	1.8%	1.5%			Avg Ann'l Div'd Yield	1.6%

CAPITAL STRUCTURE as of 3/30/19
 Total Debt \$112630 mill. Due in 5 Yrs \$55000 mill.
 LT Debt \$90201 mill. LT Interest \$4000 mill. (46% of Cap'l)
 Leases, Uncapitalized Annual rentals \$1298 mill.
 No Defined Benefit Pension Plan
 Pfd Stock None
 Common Stock 4,601,075,000 shs. as of 4/22/19
 MARKET CAP: \$913 billion (Large Cap)

36537	65225	108249	156508	170910	182795	233715	215639	229234	265595	255700	266000	Sales (\$mill) ^A	320000
22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	31.2%	30.8%	29.0%	29.5%	Operating Margin	33.5%
703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	10505	10157	10903	12000	13000	Depreciation (\$mill) ^D	16000
5704.0	14013	25922	41733	37037	39510	53394	45687	48351	59531	51900	55900	Net Profit (\$mill)	80000
28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	24.6%	18.3%	16.0%	16.0%	Income Tax Rate	16.0%
15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	22.4%	20.3%	21.0%	Net Profit Margin	25.0%
16983	20956	17018	19111	29628	5083.0	8768.0	27863	27831	14473	30000	35000	Working Cap'l (\$mill)	45000
--	--	--	--	16960	28987	53463	75427	97207	93735	90000	90000	Long-Term Debt (\$mill)	110000
27832	47791	76615	118210	111547	119355	128249	134047	107147	116500	131500	150000	Shr. Equity (\$mill)	195000
20.5%	29.3%	33.8%	35.3%	26.5%	28.4%	31.3%	23.2%	21.8%	30.8%	26.0%	26.5%	Return on Total Cap'l	27.0%
20.5%	29.3%	33.8%	35.3%	30.0%	35.4%	44.7%	35.6%	36.1%	55.6%	44.5%	42.5%	Return on Shr. Equity	41.0%
20.5%	29.3%	33.8%	33.2%	21.4%	25.4%	35.0%	26.2%	26.5%	42.8%	33.0%	32.0%	Retained to Com Eq	31.0%
--	--	--	6%	29%	28%	22%	27%	26%	23%	26%	26%	All Div'ds to Net Prof	24%

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, 7.4%; BlackRock, 6.8% (1/19 Proxy). CEO: Tim Cook. Inc.: CA. Addr.: One Apple Park Way, Cupertino, CA 95014. Tel.: 408-996-1010. Internet: www.apple.com.

CURRENT POSITION (SMILL.)

	2017	2018	3/30/19
Cash Assets	74181	66301	80092
Receivables	17874	23186	15085
Inventory (FIFO)	4855	3956	4884
Other	31735	37896	23285
Current Assets	128645	131339	123346
Accts Payable	49049	55888	30443
Debt Due	18473	20748	22429
Other	33292	40230	40900
Current Liab.	100814	116866	93772

Apple shares have been on a wild ride since our last full-page review in March. The Dow component climbed nicely into the \$200s after results for the second quarter of fiscal 2019 (year ends September 28th) showed welcome progress. Indeed, share net of \$2.46 for the period sailed past our \$2.32 estimate, as efforts to diversify the business beyond the core iPhone franchise continued to pay off. The stock fell back to earth during the month of May, however, as trade tensions between the U.S. and China appeared to worsen. And it's now unclear just how long the high-stakes trade dispute will persist. This is bad news for Apple for a couple of reasons. First, the company generates roughly 20% of its top line from Greater China, so a slowdown in that country's economy would likely hurt sales there. And, second, further tariffs on goods imported from China, if implemented, may drive up Apple's production costs, forcing the tech giant to either absorb the added expenses or pass them along to customers. None of these outcomes is desirable, which explains, we think, the heightened share-price volatility. That said . . .

We remain upbeat about the long-term prospects here. iPhone sales will probably remain uneven, given the maturity of the global smartphone market and the trade overhang. But the high-margined services segment should continue to gain traction (service revenues jumped 16% during the March term), particularly as new offerings, like the recently unveiled subscription video service and Goldman Sachs-backed credit card, are rolled out. And the Wearables unit, which looks to be flying under the Street's radar, ought to be a powerful growth driver, with the latest-generation Apple Watch and AirPods wireless headphones proving to be smash hits. All in all, though fiscal 2019 will probably be a down year, and visibility is limited at present, we expect solid earnings growth to resume in fiscal 2020. We also still see share net reaching the \$20.00 mark by 2022-2024.

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '22-'24
Sales	27.5%	16.0%	9.5%
"Cash Flow"	35.0%	15.5%	12.0%
Earnings	33.5%	13.0%	12.5%
Dividends	--	29.5%	12.0%
Book Value	25.5%	8.0%	12.5%

This untimely (4) issue seems attractive for buy-and-hold investors. The decent dividend yield is a notable plus, and Apple should continue to enhance shareholder value via stock buybacks.

Justin Hellman
 June 28, 2019

Fiscal Year Ends

	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2016	75872	50557	42358	46852		215639
2017	78351	52896	45408	52579		229234
2018	88293	61137	53265	62900		265595
2019	84310	58015	53275	60100		255700
2020	87700	60400	55400	62500		266000

Fiscal Year Ends

	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
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	4.18	2.46	2.10	2.66		11.40
2020	4.60	2.75	2.40	2.95		12.70

Calendar

	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	2.82
2019	.73	.77			

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(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¢. Next earnings report due in late July. (C) In millions, adjusted for splits. (D) Depreciation on accelerated basis. (E) New dividend policy adopted 3/12. Payments typically made in February, May, August, and November.	Company's Financial Strength	A++
	Stock's Price Stability	70
	Price Growth Persistence	85
	Earnings Predictability	75