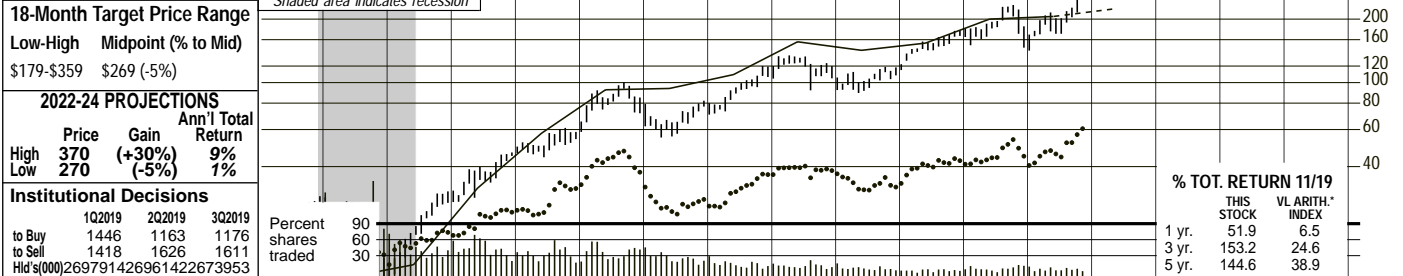


# APPLE INC. NDAQ:AAPL

RECENT PRICE **280.41** P/E RATIO **21.6** (Trailing: 23.7; Median: 13.0) RELATIVE P/E RATIO **1.18** DIV'D YLD **1.2%** VALUE LINE

TIMELINESS <b>3</b> Raised 7/5/19	High: 28.6	30.6	46.7	61.0	100.7	82.2	119.8	134.5	118.7	177.2	233.5	281.8									Target Price Range	2022	2023	2024	
SAFETY <b>2</b> Lowered 7/3/15	Low: 11.3	11.2	27.2	44.4	58.4	55.0	70.5	92.0	89.5	114.8	146.6	142.0													
TECHNICAL <b>3</b> Lowered 10/11/19	LEGENDS — 13.5 x "Cash Flow" p sh ... Relative Price Strength 7-for-1 split 6/14 Options: Yes Shaded area indicates recession																								
BETA 1.05 (1.00 = Market)																									



18-Month Target Price Range																							© VALUE LINE PUB. LLC	22-24		
Low-High	Midpoint (% to Mid)																									
\$179-\$359	\$269 (-5%)																									
2022-24 PROJECTIONS																										
High	Price	Gain	Ann'l Total Return																							
Low	370	(+30%)	9%																							
	270	(-5%)	1%																							
Institutional Decisions																										
			Percent shares traded																							
			90																							
			60																							
			30																							
																							% TOT. RETURN 11/19			
																							THIS STOCK	VL ARITH. INDEX		
																							1 yr. 51.9	6.5		
																							3 yr. 153.2	24.6		
																							5 yr. 144.6	38.9		

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	58.56	64.75	Sales per sh <sup>A</sup>		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	15.26	16.65	"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	11.89	13.30	Earnings per sh <sup>B</sup>		20.00
--	--	--	--	--	--	--	--	--	.38	1.63	1.81	1.98	2.18	2.40	2.72	3.00	3.18	Div's Decl'd per sh <sup>E</sup>		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	2.36	2.55	Cap'l Spending per sh		3.15
.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	20.37	25.45	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	4443.2	4300.0	Common Shs Outst'g <sup>C</sup>		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	16.1		Avg Ann'l P/E Ratio		16.0
NMF	2.01	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.64	.66	.75	.82	.89		Relative P/E Ratio		.90
--	--	--	--	--	--	--	--	--	.5%	2.3%	2.2%	1.7%	2.1%	1.8%	1.5%	1.6%		Avg Ann'l Div'd Yield		1.5%

<b>CAPITAL STRUCTURE as of 9/28/19</b>																																
Total Debt \$108047 mill. Due in 5 Yrs \$54000 mill.																			36537	65225	108249	156508	170910	182795	233715	215639	229234	265595	260174	278500	Sales (\$mill) <sup>A</sup>	320000
LT Debt \$91807 mill. LT Interest \$4500 mill. (50% of Cap'l)																			22.9%	29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	31.2%	30.8%	29.4%	29.0%	Operating Margin	33.0%
Leases, Uncapitalized Annual rentals \$1306 mill.																			703.0	1027.0	1814.0	3277.0	6757.0	7946.0	11257	10505	10157	10903	12547	13500	Depreciation (\$mill) <sup>D</sup>	16000
No Defined Benefit Pension Plan Pfd Stock None																			5704.0	14013	25922	41733	37037	39510	53394	45687	48351	59531	55256	58100	Net Profit (\$mill)	80000
Common Stock 4,443,265,000 shs. as of 10/18/19																			28.6%	24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	24.6%	18.3%	15.9%	16.5%	Income Tax Rate	16.5%
MARKET CAP: \$1.2 trillion (Large Cap)																			15.6%	21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	22.4%	21.2%	20.9%	Net Profit Margin	25.0%
CURRENT POSITION (SMILL.)																			16983	20956	17018	19111	29628	5083.0	8768.0	27863	27831	14473	57101	60000	Working Cap'l (\$mill)	70000
Cash Assets																			74181	66301	100557										Long-Term Debt (\$mill)	110000
Receivables																			17874	23186	22926										Shr. Equity (\$mill)	195000
Inventory (FIFO)																			4855	3956	4106											
Other																			31735	37896	35230											
Current Assets																			128645	131339	162819											
Accts Payable																			49049	55888	46236											
Debt Due																			18473	20748	16240											
Other																			33292	40230	43242											
Current Liab.																			100814	116866	105718											

**Apple shares, up almost 80% in value in 2019, remain on a major roll.** There was a lot for investors to worry about this past year, from the maturing smartphone space to tariff threats and a softening economic backdrop in China. But the tech giant, behind the leadership of CEO Tim Cook, has managed its business very well in a challenging environment. And, after a tough first half of fiscal 2019 (year ended September 28th), trends showed welcome improvement, and Apple now looks to have returned to a sustainable growth mode.

<b>ANNUAL RATES</b>																			<b>Past</b>		<b>Est'd '17-'19</b>			
of change (per sh)																			10 Yrs.		5 Yrs.		to '22-'24	
Sales																			27.5%		16.0%		8.5%	
"Cash Flow"																			35.0%		15.5%		11.5%	
Earnings																			33.5%		13.0%		12.5%	
Dividends																			--		29.5%		12.0%	
Book Value																			25.5%		8.0%		16.0%	

<b>QUARTERLY SALES (\$mill.) <sup>A</sup></b>																			<b>Full Fiscal Year</b>										
Dec. Per Mar. Per Jun. Per Sep. Per																			Dec. Per										
2016	75872	50557	42358	46852	215639	2017	78351	52896	45408	52579	229234	2018	88293	61137	53265	62900	265595	2019	84310	58015	53809	64040	260174	2020	87500	62500	58500	70000	278500
<b>EARNINGS PER SHARE <sup>A B</sup></b>																			<b>Full Fiscal Year</b>										
Dec. Per Mar. Per Jun. Per Sep. Per																			Dec. Per										
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	2.18	3.03	11.89	2020	4.55	2.95	2.45	3.35	13.30
<b>QUARTERLY DIVIDENDS PAID <sup>E</sup></b>																			<b>Full Year</b>										
Mar.31 Jun.30 Sep.30 Dec.31																			Dec.31										
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	.77	.77	

**These favorable trends ought to persist through fiscal 2020.** This is especially likely given recent forays into gaming and streaming TV, as well as stepped-up investments in new health-oriented applications for the *Apple Watch*. In the meantime, prospects for the cash-cow smartphone franchise appear decent, with the competitively priced *iPhone 11* series (it debuted in September) scoring high marks with consumers thus far. The expected rollout of a 5G *iPhone* in the latter half of 2020 should be a significant catalyst, too, with many users waiting for the new super-fast devices before upgrading. All in all, we currently see the bottom line climbing 12% in the fiscal year ahead, to the \$13.30-a-share level. And we remain optimistic that share earnings can reach \$20.00 by the 2022-2024 horizon, as the company further diversifies away from the *iPhone* and uses stock buybacks to enhance shareholder value.

**This neutrally ranked (3) Dow component looks fairly valued here, but we would be long-term buyers on any material share-price weakness.**

*Justin Hellman* December 27, 2019

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Quarters may not add to total due to rounding/changes in the share count. Excludes nonrecurring gain: '05, 2c. Next earnings report due in late January. (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

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