

APPLE INC. NDAQ:AAPL

RECENT PRICE **121.78** P/E RATIO **32.2** (Trailing: 37.1 Median: 13.0) RELATIVE P/E RATIO **1.53** DIV'D YLD **0.7%**

VALUE LINE

TIMELINESS 3 Lowered 11/27/20
SAFETY 1 Raised 4/17/20
TECHNICAL 2 Lowered 12/18/20
BETA .90 (1.00 = Market)

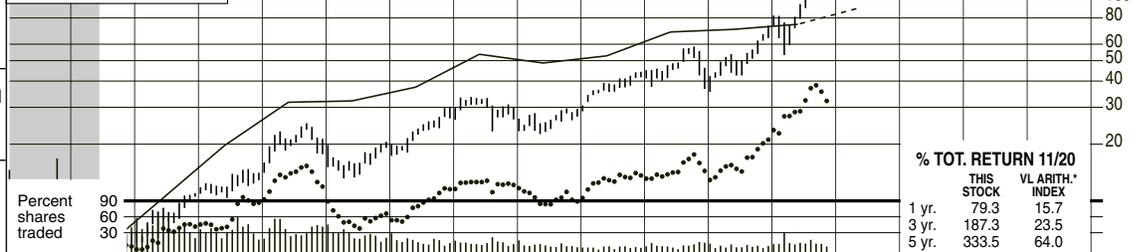
High: 7.6 11.7 15.2 25.2 20.5 29.9 33.6 29.7 44.3 58.4 73.5 138.0
 Low: 2.8 6.8 11.1 14.6 13.8 17.6 23.0 22.4 28.7 36.6 35.5 53.2

LEGENDS
 — 18.5 x "Cash Flow" p sh
 ···· Relative Price Strength
 7-for-1 split 6/14
 4-for-1 split 8/20
 Options: Yes
 Shaded area indicates recession

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$65-\$151 \$108 (-10%)

2023-25 PROJECTIONS
 High Price Gain Ann'l Total
 Low 155 (+25%) 7%
 130 (+5%) 3%

Institutional Decisions
 102020 202020 302020
 to Buy 1298 1336 3258
 to Sell 1905 1838 121
 Hld's(000) 795948 251248 9721629



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
.38	.60	.81	.98	1.31	1.45	2.54	4.16	5.95	6.79	7.79	10.47	10.10	11.18	13.96	14.64	16.17	19.10	Sales per sh ^A	29.00
.02	.06	.09	.16	.21	.25	.59	1.07	1.71	1.74	2.02	2.90	2.63	2.85	3.70	3.82	4.03	4.85	"Cash Flow" per sh	7.70
.01	.05	.08	.14	.19	.22	.54	.99	1.58	1.42	1.61	2.31	2.08	2.30	2.98	2.97	3.28	4.10	Earnings per sh ^B	6.50
--	--	--	--	--	--	--	--	.09	.41	.45	.50	.55	.60	.68	.75	.80	.85	Div'ds Decl'd per sh ^E	1.60
.01	.01	.03	.03	.04	.05	.08	.16	.32	.32	.41	.50	.60	.61	.70	.59	.43	.60	Cap'l Spending per sh	.85
.23	.32	.42	.60	.85	1.10	1.86	2.94	4.50	4.91	4.75	5.35	6.01	6.54	5.63	5.09	3.85	5.05	Book Value per sh	10.85
21921	23381	23947	24425	24873	25195	25647	26020	26298	25178	23465	22315	21345	20505	19020	17773	16977	16500	Common Shs Outst'g ^C	15000
37.9	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	24.7		Avg Ann'l P/E Ratio	22.0
2.00	1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.64	.66	.75	.83	.86	1.22		Relative P/E Ratio	1.20
--	--	--	--	--	--	--	--	.5%	2.3%	2.2%	1.7%	2.1%	1.8%	1.5%	1.6%	1.0%		Avg Ann'l Div'd Yield	1.1%

CAPITAL STRUCTURE as of 9/26/20
 Total Debt \$112436 mill. Due in 5 Yrs \$55000 mill.
 LT Debt \$98667 mill. LT Interest \$4500 mill. (60% of Cap'l)
 Leases, Uncapitalized Annual rentals \$1493 mill.

No Defined Benefit Pension Plan
 Pfd Stock None
 Common Stock 17,002 mill. shs. as of 10/16/20

65225	108249	156508	170910	182795	233715	215639	229234	265595	260174	274515	315000	Sales (\$mill) ^A	435000
29.8%	32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	31.2%	30.8%	29.4%	28.2%	29.0%	Operating Margin	30.5%
1027.0	1814.0	3277.0	6757.0	7946.0	11257	10505	10157	10903	12547	11056	12500	Depreciation (\$mill) ^D	18000
14013	25922	41733	37037	39510	53394	45687	48351	59531	55256	57411	67700	Net Profit (\$mill)	97500
24.4%	24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	24.6%	18.3%	15.9%	14.4%	16.0%	Income Tax Rate	16.0%
21.5%	23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	22.4%	21.2%	20.9%	21.5%	Net Profit Margin	22.4%
20956	17018	19111	29628	5083.0	8768.0	27863	27831	14473	57101	38321	45000	Working Cap'l (\$mill)	70000
--	--	--	16960	28987	53463	75427	97207	93735	91807	98667	99000	Long-Term Debt (\$mill)	100000
47791	76615	118210	111547	119355	128249	134047		107147	90488	65339	83000	Shr. Equity (\$mill)	162500
29.3%	33.8%	35.3%	26.5%	28.4%	31.3%	23.2%	21.8%	30.8%	31.5%	36.5%	38.5%	Return on Total Cap'l	38.0%
29.3%	33.8%	35.3%	30.0%	35.4%	44.7%	35.6%	36.1%	55.6%	61.1%	87.9%	81.5%	Return on Shr. Equity	60.0%
29.3%	33.8%	33.2%	21.4%	25.4%	35.0%	26.2%	26.5%	42.8%	45.5%	66.3%	64.5%	Retained to Com Eq	45.0%
--	--	6%	29%	28%	22%	27%	26%	23%	26%	25%	21%	All Div'ds to Net Prof	25%

MARKET CAP: \$2.1 trillion (Large Cap)

CURRENT POSITION 2018 2019 9/26/20 (SMILL.)

Cash Assets	66301	100557	90943
Receivables	23186	22926	16120
Inventory (FIFO)	3956	4106	4061
Other	37896	35230	32589
Current Assets	131339	162819	143713
Accts Payable	55888	46236	42296
Debt Due	20748	16240	13769
Other	40230	43242	49327
Current Liab.	116866	105718	105392

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: 6.8% of '20 sales. Has approximately 147,000 employees. Off./dir. own less than 1.0% of common stock; Vanguard, 7.7%; BlackRock, 6.8% (1/20 Proxy). CEO: Tim Cook. Inc.: CA. Addr.: One Apple Park Way, Cupertino, CA 95014. Tel.: 408-996-1010. Internet: www.apple.com.

ANNUAL RATES Past Past Est'd '18-'20
 of change (per sh) 10 Yrs. 5 Yrs. to '23-'25

Sales	26.5%	14.0%	14.0%
"Cash Flow"	32.5%	13.5%	15.0%
Earnings	31.0%	12.5%	16.0%
Dividends	--	16.5%	16.5%
Book Value	21.0%	4.0%	17.5%

Apple stock, among the tech stand-outs during the COVID-19 pandemic, remains on a major roll. In fact, the Dow component, up roughly 65% year to date, has tacked on another 6% in value since our last full-page review in September. There was some modest profit-taking on the heels of the company's earnings release for the fourth quarter of fiscal 2020 (ended September 26th), with investors seemingly concerned about a lack of guidance from management and a slowdown in the cash-cow smartphone franchise. (iPhone revenues fell 21% in the period, to \$26.4 billion.) The pullback proved to be short-lived, however. Rather than focus on the temporary smartphone softness...

devices. And the high-margined services business, including everything from App Store sales to the iCloud storage and Apple Music offerings, maintained its recent momentum, growing revenue 16%, to over \$14.5 billion. In the meantime...

QUARTERLY SALES (\$ mill.)^A

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2017	78351	52896	45408	52579		229234
2018	88293	61137	53265	62900		265595
2019	84310	58015	53809	64040		260174
2020	91819	58313	59685	64698		274515
2021	101000	70000	66000	78000		315000

The bulls instead pointed to strength across the company's broader, and increasingly diverse, ecosystem. Notably, iPad and Mac sales were quite brisk during the September stanza, rising 46% and 29%, respectively, as the company garnered benefits from prevailing work-from-home trends. The wearables category continued to shine, led by good headphone demand (AirPods and Beats) and traction from the new Apple Watch Series 6

The popularity of the iPhone 12 collection, which launched in October, should bolster the handset operations in the coming periods. The latest iPhones, which feature an OLED display and long-awaited 5G support, have been hot sellers ahead of the year-end holidays. And we think they'll continue to perform well through fiscal 2021, especially as Apple woo's new enterprise customers and the nation's 5G infrastructure is further built out. With this in mind, we are optimistic that share net will rally 25% this year, to \$4.10. Profits should still reach around \$6.50 a share by 2023-2025, too, with a deeper push into services and emerging geographies likely to lead the charge. **There's a lot to like here, but the full valuation suggests that new commitments to this high-quality name are best deferred, at least for now.**

EARNINGS PER SHARE^{A B}

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2017	.84	.53	.42	.51		2.30
2018	.97	.68	.59	.74		2.98
2019	1.05	.62	.55	.75		2.97
2020	1.25	.64	.65	.73		3.28
2021	1.40	.85	.80	1.05		4.10

QUARTERLY DIVIDENDS PAID^E

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.13	.143	.143	.143	.56
2017	.143	.158	.158	.158	.62
2018	.158	.183	.183	.183	.71
2019	.183	.193	.193	.193	.76
2020	.193	.205	.205	.205	

(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. 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	80
Price Growth Persistence	80
Earnings Predictability	85