

# APPLE INC. NDAQ:AAPL

RECENT PRICE **130.48** P/E RATIO **24.3** (Trailing: 29.2 Median: 13.0) RELATIVE P/E RATIO **1.15** DIV'D YLD **0.7%**

**VALUE LINE**

**TIMELINESS 1** Raised 4/9/21  
**SAFETY 1** Raised 4/17/20  
**TECHNICAL 3** Lowered 6/25/21  
**BETA .90** (1.00 = Market)

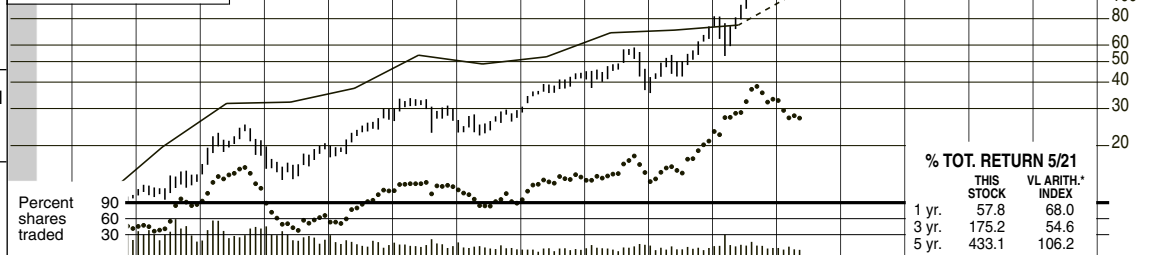
High: 11.7 15.2 25.2 20.5 29.9 33.6 29.7 44.3 58.4 73.5 138.8 145.1  
 Low: 6.8 11.1 14.6 13.8 17.6 23.0 22.4 28.7 36.6 35.5 53.2 116.2

**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)  
 \$101-\$223 \$162 (25%)

**2024-26 PROJECTIONS**  
 Price Gain Ann'l Total Return  
 High 170 (+30%) 8%  
 Low 140 (+5%) 3%

**Institutional Decisions**  
 3Q2020 4Q2020 1Q2021  
 to Buy 3258 1716 1605  
 to Sell 121 1798 1986  
 Hds(000)972162996296549440192



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
.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	<b>21.85</b>	<b>23.80</b>	Sales per sh <sup>A</sup>	<b>33.35</b>
.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	<b>5.95</b>	<b>6.60</b>	"Cash Flow" per sh	<b>8.35</b>
.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	<b>5.20</b>	<b>5.70</b>	Earnings per sh <sup>B</sup>	<b>7.00</b>
--	--	--	--	--	--	--	.09	.41	.45	.50	.55	.60	.68	.75	.80	<b>.85</b>	<b>.92</b>	Div'ds Decl'd per sh <sup>E</sup>	<b>1.60</b>
.01	.03	.03	.04	.05	.08	.16	.32	.32	.41	.50	.60	.61	.70	.59	.43	<b>.60</b>	<b>.75</b>	Cap'l Spending per sh	<b>1.25</b>
.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	<b>4.50</b>	<b>5.50</b>	Book Value per sh	<b>9.25</b>
23381	23947	24425	24873	25195	25647	26020	26298	25178	23465	22315	21345	20505	19020	17773	16977	<b>16250</b>	<b>15500</b>	Common Shs Outst'g <sup>C</sup>	<b>13500</b>
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	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	<b>22.0</b>
1.40	1.57	1.40	1.83	1.28	.97	.78	.76	.69	.68	.64	.66	.75	.83	.86	1.26			Relative P/E Ratio	<b>1.20</b>
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**CAPITAL STRUCTURE as of 3/27/21**  
 Total Debt \$121645 mill. Due in 5 Yrs \$60000 mill.  
 LT Debt \$108642 mill. LT Interest \$5000 mill. (61% of Cap'l)  
 Leases, Uncapitalized Annual rentals \$1493 mill.  
 No Defined Benefit Pension Plan  
 Pfd Stock None  
 Common Stock 16,688 mill. shs. as of 4/16/21

108249	156508	170910	182795	233715	215639	229234	265595	260174	274515	<b>355000</b>	<b>369000</b>	Sales (Smill) <sup>A</sup>	<b>450000</b>
32.9%	37.4%	32.6%	33.1%	35.3%	32.7%	31.2%	30.8%	29.4%	28.2%	<b>31.0%</b>	<b>31.0%</b>	Operating Margin	<b>28.5%</b>
1814.0	3277.0	6757.0	7946.0	11257	10505	10157	10903	12547	11056	<b>12500</b>	<b>14000</b>	Depreciation (Smill) <sup>D</sup>	<b>18500</b>
25922	41733	37037	39510	53394	45687	48351	59531	55256	57411	<b>84500</b>	<b>88400</b>	Net Profit (Smill)	<b>94500</b>
24.2%	25.2%	26.2%	26.1%	26.4%	25.6%	24.6%	18.3%	15.9%	14.4%	<b>16.0%</b>	<b>16.0%</b>	Income Tax Rate	<b>16.0%</b>
23.9%	26.7%	21.7%	21.6%	22.8%	21.2%	21.1%	22.4%	21.2%	20.9%	<b>23.8%</b>	<b>24.0%</b>	Net Profit Margin	<b>21.0%</b>
17018	19111	29628	5083.0	8768.0	27863	27831	14473	57101	38321	<b>15000</b>	<b>20000</b>	Working Cap'l (Smill)	<b>40000</b>
--	--	16960	28987	53463	75427	97207	93735	91807	98667	<b>108500</b>	<b>108500</b>	Long-Term Debt (Smill)	<b>100000</b>
76615	118210	123549	111547	119355	128249	134047	107147	90488	65339	<b>73000</b>	<b>85000</b>	Shr. Equity (Smill)	<b>125000</b>
33.8%	35.3%	26.5%	28.4%	31.3%	23.2%	21.8%	30.8%	31.5%	36.5%	<b>48.0%</b>	<b>47.0%</b>	Return on Total Cap'l	<b>43.0%</b>
33.8%	35.3%	30.0%	35.4%	44.7%	35.6%	36.1%	55.6%	61.1%	87.9%	<b>NMF</b>	<b>NMF</b>	Return on Shr. Equity	<b>75.5%</b>
33.8%	33.2%	21.4%	25.4%	35.0%	26.2%	26.5%	42.8%	45.5%	66.3%	<b>97.0%</b>	<b>87.0%</b>	Retained to Com Eq	<b>58.5%</b>
--	6%	29%	28%	22%	27%	26%	23%	26%	25%	<b>16%</b>	<b>16%</b>	All Div'ds to Net Prof	<b>23%</b>

**MARKET CAP: \$2.18 trillion (Large Cap)**

**CURRENT POSITION** 2019 2020 3/27/21 (SMILL.)

Cash Assets	100557	90943	69834
Receivables	22926	16120	18503
Inventory (FIFO)	4106	4061	5219
Other	35230	32589	27909
Current Assets	162819	143713	121465
Accts Payable	46236	42296	40127
Debt Due	16240	13769	13003
Other	43242	49327	53255
Current Liab.	105718	105392	106385

**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/dlr. own less than 1.0% of common stock; Vanguard, 7.8%; BlackRock, 6.6% (1/21 Proxy). CEO: Tim Cook. Inc.: CA. Addr.: One Apple Park Way, Cupertino, CA 95014. Tel.: 408-996-1010. Internet: www.apple.com.

from-home trends that bolstered the Mac and iPad lines, and a further leveraging of the high-margined services business, which includes everything from iCloud storage to Apple Music streaming. And the company continued to gain ground in key emerging geographies, most notably China. Looking ahead . . .

**ANNUAL RATES** Past Past Est'd '18-'20 of change (per sh) 10 Yrs. 5 Yrs. to '24-'26

Sales	24.0%	12.5%	14.5%
"Cash Flow"	27.0%	11.5%	14.0%
Earnings	25.5%	11.5%	14.5%
Dividends	--	10.5%	13.5%
Book Value	14.5%	-5%	11.5%

**Shares of Apple, little changed in value year to date, have remained modest laggards since our March review.** We attribute the underperformance to a broader rotation out of the tech space, which is quite sensitive to rising interest rates. (Investors fear that inflationary pressures will force the Fed to hike interest rates sooner than was hoped for.) Additionally, the Dow component had been trading at a fairly aggressive P/E multiple, especially considering that it's traded at a discount to the market for much of the past decade. This further prompted some jittery investors, we think, to take profits in this name. That said . . .

**We expect the momentum to persist well beyond this year.** Apple continues to face challenges from COVID-19 and a global semiconductor shortage. Demand for its products ought to remain robust in the coming periods, however, with the company benefiting from a powerful iPhone upgrade cycle, and with flexible work-from-home policies likely here to stay. The services segment should also keep growing in importance, buoyed by a consumer transition to digital payments (Apple Pay) and stepped-up investments in original media content.

**QUARTERLY SALES (\$ mill.) <sup>A</sup>**

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2018	88293	61137	53265	62900		265595
2019	84310	58015	53809	64040		260174
2020	91819	58313	59685	64698		274515
2021	111439	89584	<b>72877</b>	<b>81100</b>		<b>355000</b>
2022	<b>115800</b>	<b>93100</b>	<b>75800</b>	<b>84300</b>		<b>369000</b>

**The fundamental picture at the tech behemoth appears quite bright.** This was evident when the company reported blowout results for the second quarter of fiscal 2021 (ended March 27th). The numbers for that period were truly impressive, with revenues soaring 54%, to \$89.6 billion, and share earnings of \$1.40 trouncing our \$0.98 estimate and the Street's consensus view of \$0.99. There was growth across the board, too, thanks to brisk demand for 5G-enabled iPhones, work-

**This looks like a good time to accumulate top-ranked (1) Apple shares.** Risk-adjusted returns through 2024-2026 should be supported by the cash-rich company's generous capital-return program.

*Justin Hellman*  
 June 25, 2021

**EARNINGS PER SHARE <sup>A B</sup>**

Fiscal Year Ends	Dec.	Mar.	Jun.	Sep.	Per	Full Fiscal Year
2018	.97	.68	.59	.74		2.98
2019	1.05	.62	.55	.75		2.97
2020	1.25	.64	.65	.73		3.28
2021	1.68	1.40	<b>.99</b>	<b>1.13</b>		<b>5.20</b>
2022	<b>1.85</b>	<b>1.55</b>	<b>1.10</b>	<b>1.20</b>		<b>5.70</b>

**QUARTERLY DIVIDENDS PAID <sup>E</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.143	.158	.158	.158	.62
2018	.158	.183	.183	.183	.71
2019	.183	.193	.193	.193	.76
2020	.193	.205	.205	.205	.81
2021	.205	.22			

(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 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	80
Price Growth Persistence	80
Earnings Predictability	90