

Apple Inc.

iPhone grows despite China weakness; 15 cycle up vs. 14; GM blowout; GenAI coming

Reiterate Rating: BUY | PO: 225.00 USD | Price: 186.86 USD

iPhone 15 cycle tracking better than 14; mix better

Mar quarter (F2Q24) guidance implies revenues of \$90bn (likely leaves room for beat). Key takeaways are: 1) iPhone 15 cycle tracking better than iPhone 14, ex impact of the extra week in the year-ago qtr, 2) iPhones revenues grew 6% y/y in the Dec qtr, despite weaker demand in China and guidance of worse than normal q/q for March likely conservative, 3) Channel inventories at low end of range across products with no new product introductions assumed in F2Q (iPad, Mac could be introduced), 4) GMs for F2Q were guided 60bps q/q higher to 46.5% (46-47%) and outlook remains strong for remainder of the year despite memory price trends, 5) Apple working on Gen AI and looks to share details later in the year, 6) VisionPro seeing strong interest from Enterprises and 7) minimal EPS revisions given strength in GMs that offset weaker revs. Reiterate Buy on 1) strong multi-yr iPhone upgrade cycle, 2) continued growth in Services, and 3) new product launches (Vision Pro).

Services guide implies some deceleration (conservative)

We continue to be bullish on Services and model double digit y/y growth. Apple reported 11% y/y rev growth in Services for F1Q24 and F2Q guide implies a similar y/y growth. The 11% y/y growth would have been 17% y/y in F1Q ex headwind from the extra week. As such the 11% y/y guide for the Mar qtr suggests some deceleration, even factoring out a 2% headwind from FX and 1% y/y easier compare. Overall, Apple sees strength in cloud, payments, video, advertising. Paid subscriptions continued to grow strong double-digits y/y, and Apple has more than 1bn paid subs across its services platform.

Remains bullish on China long-term but now 17% of revs

iPhone rev in mainland China, in constant currency, was down mid-single digits y/y. Apple saw strong demand from upgraders, and Apple was the top selling brand for the full year and the Dec qtr. We view growth in iPhone despite China weakness as a net positive. China has dropped to 17% of total revs.

Adjusting estimates; PO stays at \$225

Our F24 rev/EPS move to \$396bn/\$6.70, from \$405bn/\$6.73. Our PO stays at \$225 on 32x (unchanged) C24 EPS of \$6.93 (prior \$7.00).

Estimates (Sep) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	6.11	6.13	6.70	7.59	8.16
GAAP EPS	6.12	6.12	6.70	7.59	8.16
EPS Change (YoY)	8.9%	0.3%	9.3%	13.3%	7.5%
Consensus EPS (Bloomberg)			6.63	7.15	7.86
DPS	0.90	0.94	0.99	1.04	1.09
Valuation (Sep)					
P/E	30.6x	30.5x	27.9x	24.6x	22.9x
GAAP P/E	30.5x	30.5x	27.9x	24.6x	22.9x
Dividend Yield	0.5%	0.5%	0.5%	0.6%	0.6%
EV / EBITDA*	21.9x	22.6x	21.0x	19.1x	18.1x
Free Cash Flow Yield*	3.9%	3.4%	3.5%	3.7%	4.0%

* For full definitions of *IQmethod*SM measures, see page 10.

01 February 2024

Equity

Key Changes

(US\$)	Previous	Current
2024E Rev (m)	405,214.3	396,240.0
2025E Rev (m)	438,715.1	434,681.0
2026E Rev (m)	456,671.7	455,000.5
2024E EPS	6.73	6.70
2025E EPS	7.62	7.59
2026E EPS	8.17	8.16

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Stock Data

Price	186.86 USD
Price Objective	225.00 USD
Date Established	18-Jan-2024
Investment Opinion	B-1-7
52-Week Range	143.90 USD - 199.62 USD
Mrkt Val (mn) / Shares Out (mn)	2,889,210 USD / 15,461.9
Free Float	94.0%
Average Daily Value (mn)	9858.07 USD
BofA Ticker / Exchange	AAPL / NAS
Bloomberg / Reuters	AAPL US / AAPLOQ
ROE (2024E)	139.3%
Net Dbt to Eqty (Sep-2023A)	130.5%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

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Timestamp: 01 February 2024 10:39PM EST

iQprofileSM Apple Inc.

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	46.6%	47.5%	48.1%	47.7%	41.7%
Return on Equity	175.5%	171.9%	139.3%	111.3%	77.5%
Operating Margin	32.1%	31.8%	33.2%	33.4%	33.5%
Free Cash Flow	111,443	99,584	100,365	107,672	115,795

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.2x	1.1x	1.1x	1.1x	1.1x
Asset Replacement Ratio	1.0x	1.0x	1.0x	1.2x	1.2x
Tax Rate	16.2%	14.7%	16.0%	16.0%	16.0%
Net Debt-to-Equity Ratio	190.3%	130.5%	79.5%	44.1%	-2.0%
Interest Cover	NM	NM	NM	NM	NM

Income Statement Data (Sep)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	394,328	383,285	396,240	434,681	455,001
% Change	7.8%	-2.8%	3.4%	9.7%	4.7%
Gross Profit	172,026	170,452	182,746	200,891	210,842
% Change	11.7%	-0.9%	7.2%	9.9%	5.0%
EBITDA	137,601	133,300	142,919	157,810	166,228
% Change	8.5%	-3.1%	7.2%	10.4%	5.3%
Net Interest & Other Income	(291)	(765)	(253)	(145)	128
Net Income (Adjusted)	99,803	96,995	103,600	114,933	120,936
% Change	5.4%	-2.8%	6.8%	10.9%	5.2%

Free Cash Flow Data (Sep)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	105,764	103,187	110,214	121,922	128,277
Depreciation & Amortization	11,104	11,519	11,511	12,520	13,645
Change in Working Capital	1,200	(6,577)	(10,603)	(12,885)	(11,599)
Deferred Taxation Charge	895	0	0	0	0
Other Adjustments, Net	3,188	2,414	1,320	1,331	1,398
Capital Expenditure	(10,708)	(10,959)	(12,076)	(15,216)	(15,927)
Free Cash Flow	111,443	99,584	100,365	107,672	115,795
% Change	19.9%	-10.6%	0.8%	7.3%	7.5%
Share / Issue Repurchase	(89,402)	(77,550)	(77,139)	(76,000)	(43,000)
Cost of Dividends Paid	(14,841)	(14,875)	(15,366)	(15,735)	(16,172)
Change in Debt	(4,078)	(5,923)	0	0	0

Balance Sheet Data (Sep)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	23,646	29,965	36,295	52,232	108,855
Trade Receivables	28,184	29,508	39,019	46,356	56,612
Other Current Assets	83,575	84,093	85,731	85,885	86,502
Property, Plant & Equipment	42,117	43,715	45,926	50,411	54,643
Other Non-Current Assets	175,233	165,302	166,138	166,707	167,281
Total Assets	352,755	352,583	373,109	401,590	473,892
Short-Term Debt	21,110	15,807	10,000	10,000	10,000
Other Current Liabilities	132,872	129,501	131,138	126,301	126,146
Long-Term Debt	98,959	95,281	95,088	95,088	95,088
Other Non-Current Liabilities	49,142	49,848	50,311	50,322	50,325
Total Liabilities	302,083	290,437	286,537	281,710	281,559
Total Equity	50,672	62,146	86,573	119,880	192,333
Total Equity & Liabilities	352,755	352,583	373,109	401,590	473,892

* For full definitions of iQmethodSM measures, see page 10.

Company Sector

IT Hardware

Company Description

Apple Inc. (AAPL) designs, manufactures, and markets consumer electronics and computers, and has developed its own proprietary iOS, Mac OS, tvOS and Watch OS operating systems and related software platform/ecosystem.

Revenues are principally derived from the iPhone line of smartphones, Services, hardware sales of the Macintosh family of notebook and desktop computers, iPad tablets, and wearables.

Investment Rationale

Our Buy rating on Apple is based on: 1) expected strong iPhone upgrade cycle in F25 driven by the need for latest hardware to enable Gen AI features, 2) higher growth in Services revenue, 3) higher margins from more internally developed silicon, 4) continuing capital returns, 5) AI features that can drive higher institutional ownership, and 6) risk around legal issues being manageable.

Stock Data

Average Daily Volume 52,756,468

Quarterly Earnings Estimates

	2023	2024
Q1	1.88A	2.18A
Q2	1.52A	1.52E
Q3	1.26A	1.36E
Q4	1.46A	1.64E

Takeaways from the earnings call

Apple reported F1Q24 (December quarter) revenues of \$119.6bn (+2% y/y), which was slightly above our/Street estimates of \$118.4bn/\$118.0bn, driven by an all-time revenue record in more than 24 countries and Europe. Apple saw record growth in some Emerging Market countries such as Malaysia, Mexico, Philippines, Poland, and Turkey. The company's installed base has now surpassed 2.2bn active devices. EPS of \$2.18 (+16% y/y), an all-time record high, also came in ahead of our/Street estimate of \$2.10/\$2.09. FX impact in December qtr was essentially flat for Apple. Product revenue increased by 7bps y/y including the impact of one less week in F1Q24 versus F1Q23.

iPhone rev grew +6% y/y

Apple saw F1Q iPhone revenue of \$69.7bn (+6% y/y). iPhone revenue saw a new all-time record in Latin America, Western Europe, the Middle East, and Korea as well as December quarter records in India and Indonesia. The iPhone active installed base grew to a new all-time high in F1Q24 and an all-time record number of iPhone upgraders during the quarter.

iPad -25% y/y and Mac +1% y/y on 1 less week in F1Q24

iPad generated \$7.02bn revenue (-25% y/y) due to a tough compare against last year's December quarter which saw the launch of the M2 iPad Pro and the 10th generation iPad. Mac revenue was \$7.8bn (+1% y/y) driven by strength of the M3-powered MacBook Pro despite having one less week of sales in F1Q24 versus F1Q23.

Wearables rev declined yet slightly better-than-expected

Wearables, Home, and Accessories rev was \$11.95bn (-11% y/y) vs. our estimated \$11.7bn. The segment faced tough compares with the launch timing of products in the category and the impact of the 14th week last year.

Record high rev despite having one less week in the qtr

Despite having one less week this quarter, Services revenue grew +11% y/y to \$23.1bn, an all-time revenue record across advertising, cloud services, payment services, video, App Store, and AppleCare.

Another better-than-expected GM result in F1Q24

Apple's gross margin of 45.9% (+70bps q/q) beat our estimate of 45.4, the Street's estimate of 45.4, and company guidance of 45.5% driven by leverage and a favorable mix, partially offset by foreign exchange. Product gross margin came in at 39.4% (+280bps q/q) also driven by leverage and mix, partially offset by foreign exchange. Services gross margin was 72.8% (+190 bps q/q) due to a more favorable mix. Management guided F1Q24 gross margin to 46.5% at the mid-point.

China weak but partly from FX

Apple's China revs declined 13% partly driven by FX headwinds. While the China outlook remains weak in the near term, growth in iPhones despite China weakness is encouraging.

Capital returns remain healthy; Goal - net cash neutral

For the December quarter, Apple returned over \$27bn to shareholders, which included \$3.8bn in dividends and \$20.5bn through open market purchases of 112mn Apple shares. Apple had approx. \$173bn in cash plus marketable securities, total debt of about \$108bn and net cash was \$65bn at the end of the quarter. Apple's goal to become net cash neutral over time remains unchanged.



Abbreviations

ASR: Accelerated Share Repurchase

GM: Gross Margins

FCF: Free Cash Flow

Model

Exhibit 1: Apple Income Statement

We model F24 revenue/EPS of \$396bn/\$6.70

	F2023				F2024E								
(\$ Millions Except Per Share Data)	12/22	3/23	6/23	9/23	12/23	3/24E	6/24E	9/24E	F2022	F2023	F2024E	F2025E	F2026E
Income Statement													
Revenue (\$mn)	117154	94836	81797	89498	119575	91040	84345	101280	394328	383285	396240	434681	455001
iPhone revenue	65775	51334	39669	43805	69702	45838	39744	50671	205489	200583	205956	227764	230005
iPad revenue	9396	6670	5791	6443	7023	6608	6134	7040	29292	28300	26805	26787	27332
Mac revenue	7735	7168	6840	7614	7780	7037	6268	8656	40177	29357	29741	30895	32092
iTunes / Software / Services	20766	20907	21213	22314	23117	23207	23971	25661	78129	85200	95956	108661	121964
Other Rev	13482	8757	8284	9322	11953	8350	8229	9252	41241	39845	37783	40575	43608
Cost of Goods Sold (excl. Stock-based comp.)	66496	52534	45058	48745	64379	48343	45190	55582	222302	212833	213494	233790	244159
Gross Profit (excl. Stock-based comp.)	50658	42302	36739	40753	55196	42696	39156	45699	172026	170452	182746	200891	210842
Total Operating Expense (excl. Stock-based comp.)	12772	12114	11871	11914	12848	12700	12109	13681	45529	48671	51338	55601	58259
R&D (excl. Stock-based comp.)	6778	6526	6511	6376	6715	6919	6579	7090	22727	26191	27303	30049	31486
SG&A (excl. Stock-based comp.)	5994	5588	5360	5538	6133	5781	5530	6592	22802	22480	24036	25552	26772
Operating Income (Pre-Stock-based comp.)	37886	30188	24868	28839	42348	29996	27047	32017	126497	121781	131408	145290	152583
Total Operating Expense (incl. Stock-based comp.)	14316	13658	13415	13458	14482	14334	13743	15315	51345	54847	57874	62497	65515
R&D (incl. Stock-based comp.)	7709	7457	7442	7307	7696	7900	7560	8071	26251	29915	31227	34173	35810
SG&A (incl. Stock-based comp.)	6607	6201	5973	6151	6786	6434	6183	7245	25094	24932	26648	28324	29704
Operating Income (Incl. Stock-based comp.)	36016	28318	22998	26969	40373	28021	25072	30042	119437	114301	123508	136970	143843
Total Interest and Other Income/(Expense)	-393	64	-265	29	-50	-50	-66	-61	-334	-565	-228	-145	128
Pretax Income (Pre SBC)	37493	30252	24603	28868	42298	29946	26980	31956	126163	121216	131181	145145	152711
Provision for Income Taxes (Credit)	5920	4500	3087	4322	6721	4791	4317	5113	20442	17829	20942	23223	24434
Net Income (Pre Stock-based comp.)	31573	25752	21516	24546	35577	25155	22663	26843	105721	103387	110239	121922	128277
Stock-based comp. (After tax)	-1575	-1592	-1635	-1590	-1661	-1659	-1659	-1659	-5918	-6392	-6638	-6989	-7342
Net Income (Incl. Stock-based-comp)	29998	24160	19881	22956	33916	23496	21004	25184	99803	96995	103600	114933	120936
Diluted EPS (Pre-Stock-based comp)	1.98	1.63	1.36	1.57	2.28	1.62	1.47	1.75	6.48	6.54	7.13	8.05	8.66
Diluted EPS (Incl. Stock-based comp)	1.88	1.52	1.26	1.46	2.18	1.52	1.36	1.64	6.11	6.13	6.70	7.59	8.16
Diluted Weighted Average Shares	15956	15847	15775	15672	15577	15497	15417	15337	16326	15813	15457	15137	14817
Income Statement (Cont'd)													
% Growth Rates													
Revenues (Y/Y)	(5.5%)	(2.5%)	(1.4%)	(0.7%)	2.1%	(4.0%)	3.1%	13.2%	7.8%	(2.8%)	3.4%	9.7%	4.7%
Gross Profit (Y/Y)	(7.1%)	(1.3%)	1.5%	6.1%	9.0%	0.9%	6.6%	12.1%	11.7%	(0.9%)	7.2%	9.9%	5.0%
Opex (Y/Y)	13.0%	8.9%	4.5%	1.4%	0.6%	4.8%	2.0%	14.8%	18.5%	6.9%	5.5%	8.3%	4.8%
R&D (Y/Y)	24.9%	18.5%	10.1%	8.4%	(0.9%)	6.0%	1.0%	11.2%	22.3%	15.2%	4.2%	10.1%	4.8%
SG&A (Y/Y)	2.0%	(0.6%)	(1.5%)	(5.6%)	2.3%	3.5%	3.2%	19.0%	14.9%	(1.4%)	6.9%	6.3%	4.8%
Op. Income (Y/Y)	(12.4%)	(4.9%)	0.1%	8.2%	11.8%	(0.6%)	8.8%	11.0%	9.4%	(3.7%)	7.9%	10.6%	5.0%
Pretax Income (Y/Y)	(12.8%)	(5.2%)	(0.9%)	9.3%	12.8%	(1.0%)	9.7%	10.7%	8.9%	(3.9%)	8.2%	10.6%	5.2%
Net Income (Y/Y)	(13.4%)	(3.4%)	2.3%	10.8%	13.1%	(2.7%)	5.7%	9.7%	5.4%	(2.8%)	6.8%	10.9%	5.2%
EPS (Y/Y)	(10.3%)	(0.0%)	5.4%	13.9%	15.8%	(0.6%)	8.1%	12.1%	8.9%	0.3%	9.3%	13.3%	7.5%
Diluted Shares (Y/Y)	(3.4%)	(3.4%)	(3.0%)	(2.8%)	(2.4%)	(2.2%)	(2.3%)	(2.1%)	(3.2%)	(3.1%)	(2.3%)	(2.1%)	(2.1%)
Revenues (Q/Q)	30.0%	(19.1%)	(13.7%)	9.4%	33.6%	(23.9%)	(7.4%)	20.1%					
Gross Profit (Q/Q)	28.5%	(21.0%)	(14.2%)	8.2%	32.1%	(24.9%)	(6.5%)	23.0%					
Opex (Q/Q)	8.7%	(5.2%)	(2.0%)	0.4%	7.8%	(1.2%)	(4.7%)	13.0%					
Op. Income (Q/Q)	42.1%	(20.3%)	(17.6%)	16.0%	46.8%	(29.2%)	(9.8%)	18.4%					
Diluted Shares (Q/Q)	(1.0%)	(0.7%)	(0.5%)	(0.7%)	(0.6%)	(0.5%)	(0.5%)	(0.5%)					
% of Revenues													
Gross Profit (Excl. Stock Based Comp Expense)	43.2%	44.6%	44.9%	45.7%	46.2%	46.9%	46.4%	45.1%	43.6%	44.5%	46.1%	46.2%	46.3%
Gross Profit (Incl. Stock Based Comp Expense)	43.0%	44.3%	44.5%	45.2%	45.9%	46.5%	46.0%	44.8%	43.3%	44.1%	45.8%	45.9%	46.0%
Opex	10.9%	12.8%	14.5%	13.3%	10.7%	14.0%	14.4%	13.5%	11.5%	12.7%	13.0%	12.8%	12.8%
R&D	5.8%	6.9%	8.0%	7.1%	5.6%	7.6%	7.8%	7.0%	5.8%	6.8%	6.9%	6.9%	6.9%
SG&A	5.1%	5.9%	6.6%	6.2%	5.1%	6.4%	6.6%	6.5%	5.8%	5.9%	6.1%	5.9%	5.9%
Opex (including Stock Based Comp)	12.2%	14.4%	16.4%	15.0%	12.1%	15.7%	16.3%	15.1%	13.0%	14.3%	14.6%	14.4%	14.4%
EBIT (Pre-Stock Based Comp)	32.3%	31.8%	30.4%	32.2%	35.4%	32.9%	32.1%	31.6%	32.1%	31.8%	33.2%	33.4%	33.5%
Stock Based Comp Expense	(1.3%)	(1.7%)	(2.0%)	(1.8%)	(1.4%)	(1.8%)	(2.0%)	(1.6%)	(1.5%)	(1.7%)	(1.7%)	(1.6%)	(1.6%)
EBIT (Post-Stock Based Comp)	30.7%	29.9%	28.1%	30.1%	33.8%	30.8%	29.7%	29.7%	30.3%	29.8%	31.2%	31.5%	31.6%
Pretax Income	32.0%	31.9%	30.1%	32.3%	35.4%	32.9%	32.0%	31.6%	32.0%	31.6%	33.1%	33.4%	33.6%
Tax Rate	15.8%	14.9%	12.5%	15.0%	15.9%	16.0%	16.0%	16.0%	16.2%	14.7%	16.0%	16.0%	16.0%
Net Income (Operating, Pre-SBC)	25.6%	25.5%	24.3%	25.6%	28.4%	25.8%	24.9%	24.9%	25.3%	25.3%	26.1%	26.4%	26.6%
Net Income (Operating, Post-SBC)	26.9%	27.2%	26.3%	27.4%	29.8%	27.6%	26.9%	26.5%	26.8%	27.0%	27.8%	28.0%	28.2%

Source: Company reports, BoFA Global Research estimates

Exhibit 2: Apple segment details

We model F24 iPhone revenue of \$206bn, iPad revenue of \$27bn, and Mac revenue of \$30bn

	F2023				F2024E									
(\$ Millions Except Per Share Data)	12/22	3/23	6/23	9/23	12/23	3/24E	6/24E	9/24E	F2022	F2023	F2024E	F2025E	F2026E	
Sales By Segment														
Total Revenue (\$mn)	\$117,154	\$94,836	\$81,797	\$89,498	\$119,575	\$91,040	\$84,345	\$101,280	\$394,328	\$383,285	\$396,240	\$434,681	\$455,001	
iPhone revenue	65,775	51,334	39,669	43,805	69,702	45,838	39,744	50,671	205,489	200,583	205,956	227,764	230,005	
iPad revenue	9,396	6,670	5,791	6,443	7,023	6,608	6,134	7,040	29,292	28,300	26,805	26,787	27,332	
Mac revenue	7,735	7,168	6,840	7,614	7,780	7,037	6,268	8,656	40,177	29,357	29,741	30,895	32,092	
iPod revenue	71	35	38	35	55	27	30	28	228	179	140	110	86	
iTunes / Software / Services revenue	20,766	20,907	21,213	22,314	23,117	23,207	23,971	25,661	78,129	85,200	95,956	108,661	121,964	
Accessories	4,251	5,709	4,596	5,272	4,111	5,310	4,366	5,008	21,263	19,828	18,795	20,675	22,742	
Apple Watch	9,160	3,013	3,650	4,015	7,786	3,013	3,833	4,216	19,750	19,839	18,848	19,790	20,780	
Other Revenue	13,482	8,757	8,284	9,322	11,953	8,350	8,229	9,252	41,241	39,845	37,783	40,575	43,608	
% of Revenue														
iPhone revenue	56%	54%	48%	49%	58%	50%	47%	50%	52%	52%	52%	52%	51%	
iPad revenue	8%	7%	7%	7%	6%	7%	7%	7%	7%	7%	7%	6%	6%	
Mac revenue	7%	8%	8%	9%	7%	8%	7%	9%	10%	8%	8%	7%	7%	
iPod revenue	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
iTunes / Software / Services revenue	18%	22%	26%	25%	19%	25%	28%	25%	20%	22%	24%	25%	27%	
Accessories	4%	6%	6%	6%	3%	6%	5%	5%	5%	5%	5%	5%	5%	
Apple Watch									5%	5%	5%	5%	5%	
Product Segment Revenue Growth - Y/Y														
iPhone revenue	(8%)	2%	(2%)	3%	6%	(11%)	0%	16%	7%	(2%)	3%	11%	1%	
iPad revenue	30%	(13%)	(20%)	(10%)	(25%)	(1%)	6%	9%	(8%)	(3%)	(5%)	(0%)	2%	
Mac revenue	(29%)	(31%)	(7%)	(34%)	1%	(2%)	(8%)	14%	14%	(27%)	1%	4%	4%	
iPod revenue	(22%)	(22%)	(22%)	(22%)	(22%)	(22%)	(22%)	(22%)	(22%)	(22%)	(22%)	(22%)	(22%)	
iTunes / Software / Services revenue	6%	5%	8%	16%	11%	11%	13%	15%	14%	9%	13%	13%	12%	
Accessories	(25%)	(6%)	5%	2%	(3%)	(7%)	(5%)	(5%)	3%	(7%)	(5%)	10%	10%	
Apple Watch									13%	0%	(5%)	5%	5%	
Product Segment Revenue Growth - Q/Q														
iPhone revenue	54%	(22%)	(23%)	10%	59%	(34%)	(13%)	27%						
iPad revenue	31%	(29%)	(13%)	11%	9%	(6%)	(7%)	15%						
Mac revenue	(33%)	(7%)	(5%)	11%	2%	(10%)	(11%)	38%						
iPod revenue	58%	(51%)	8%	(7%)	58%	(51%)	8%	(7%)						
iTunes / Software / Services revenue	8%	1%	1%	5%	4%	0%	3%	7%						
Accessories	(17%)	34%	(20%)	15%	(22%)	29%	(18%)	15%						
Apple Watch	105%	(67%)	21%	10%	94%	(61%)	27%	10%						
Units by Segment														
Total Units (k)														
iPhone	70,000	55,000	42,000	51,000	77,000	51,000	43,000	57,000	245,000	218,000	228,000	247,000	250,000	
iPad	14,709	13,435	12,589	11,776	11,767	14,107	13,218	12,365	59,348	52,509	51,457	50,885	50,968	
Mac	6,848	6,444	5,225	6,480	6,368	6,444	5,486	7,452	28,369	24,997	25,751	27,038	28,390	
iPod	533	243	295	266	426	195	236	213	1,670	1,336	1,069	855	684	
Apple Watch	21,745	7,304	8,850	9,734	18,484	7,304	9,292	10,221	54,499	47,634	45,301	47,566	49,944	
Product Segment Unit Growth - Y/Y														
iPhone	(15%)	(8%)	(16%)	(4%)	10%	(7%)	2%	12%	4%	(11%)	5%	8%	1%	
iPad	(6%)	(15%)	(15%)	(10%)	(20%)	5%	5%	5%	(13%)	(12%)	(2%)	(1%)	0%	
Mac	(10%)	(10%)	(5%)	(20%)	(7%)	0%	5%	15%	3%	(12%)	3%	5%	5%	
iPod	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	(20%)	
Apple Watch									9%	(13%)	(5%)	5%	5%	
Product Segment Unit Growth - Q/Q														
iPhone	32%	(21%)	(24%)	21%	51%	(34%)	(16%)	33%						
iPad	12%	(9%)	(6%)	(6%)	(0%)	20%	(6%)	(6%)						
Mac	(15%)	(6%)	(19%)	24%	(2%)	1%	(15%)	36%						
iPod	60%	(54%)	21%	(10%)	60%	(54%)	21%	(10%)						
Apple Watch														
Product Segment ASPs														
iPhone	940	933	945	859	905	899	924	889	839	920	903	922	920	
iPad	639	496	460	547	597	444	438	542	494	539	521	526	536	
Mac	1,110	1,091	1,283	1,153	1,199	1,069	1,116	1,142	1,416	1,174	1,155	1,143	1,130	
iPod	134	139	126	129	131	136	123	127	136	134	131	128	126	
Apple Watch	421	412	412	412	421	412	412	412	362	416	416	416	416	
Product Segment ASP Growth - Y/Y														
iPhone	8%	11%	16%	7%	(4%)	(4%)	(2%)	3%	3%	10%	(2%)	2%	(0%)	
iPad	38%	3%	(6%)	(0%)	(7%)	(11%)	(5%)	(1%)	6%	9%	(3%)	1%	2%	
Mac	(21%)	(24%)	(3%)	(18%)	8%	(2%)	(13%)	(1%)	11%	(17%)	(2%)	(1%)	(1%)	
iPod	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	
Apple Watch									4%	15%	(0%)	0%	0%	
Product Segment ASP Growth - Q/Q														
iPhone	17%	(1%)	1%	(9%)	5%	(1%)	3%	(4%)						
iPad	17%	(22%)	(7%)	19%	9%	(26%)	(1%)	24%						
Mac	(21%)	(2%)	18%	(10%)	4%	(11%)	4%	2%						

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH



Exhibit 3: Apple Balance Sheet

Apple had net cash of \$65bn at the end of F1Q24

	F2023				F2024E								
(\$ Millions Except Per Share Data)	12/22	3/23	6/23	9/23	12/23	3/24E	6/24E	9/24E	F2022	F2023	F2024E	F2025E	F2026E
Balance Sheet													
Total Assets	\$346,747	\$332,160	\$335,038	\$352,583	\$353,514	\$339,215	\$344,442	\$373,109	\$352,755	\$352,583	\$373,109	\$401,590	\$473,892
Total Current Assets	128,777	112,913	122,659	143,566	143,692	128,058	133,997	161,045	135,405	143,566	161,045	184,473	251,969
Cash/Equivalents	20,535	24,687	28,408	29,965	40,760	33,905	36,164	36,295	23,646	29,965	36,295	52,232	108,855
ST Investments	30,820	31,185	34,074	31,590	32,340	32,340	32,340	32,340	24,658	31,590	32,340	32,340	32,340
Accounts Receivable	23,752	17,936	19,549	29,508	23,194	20,231	24,844	39,019	28,184	29,508	39,019	46,356	56,612
Deferred Tax Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventory	6,820	7,482	7,351	6,331	6,511	4,958	7,373	7,219	4,946	6,331	7,219	7,373	7,990
Other Current Assets	46,850	31,623	33,277	46,172	40,887	36,623	33,277	46,172	53,971	46,172	46,172	46,172	46,172
Vendor Non-Trade Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
NAND Flash Memory Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
PP&E	42,951	43,398	43,550	43,715	43,666	44,415	44,887	45,926	42,117	43,715	45,926	50,411	54,643
LT Investments	114,095	110,461	104,061	100,544	99,475	99,475	99,475	99,475	120,805	100,544	99,475	99,475	99,475
Goodwill	5,889	5,889	5,889	5,889	5,889	5,889	5,889	5,889	5,889	5,889	5,889	5,889	5,889
Intangible Assets	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149	2,149
Other Assets	52,886	57,530	56,730	56,720	58,643	59,229	58,045	58,625	46,390	56,720	58,625	59,194	59,768
Long-Term NAND Flash Memory Payments	0	0	0	0	0	0	0	0	0	0	0	0	0
Capitalized Software Development Costs, Net	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Current Deferred Tax Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	\$290,020	\$270,002	\$274,764	\$290,437	\$279,414	\$257,814	\$262,558	\$286,537	\$302,083	\$290,437	\$286,537	\$281,710	\$281,559
Total Current Liabilities	137,286	120,075	124,963	145,308	133,973	112,384	117,158	141,138	153,982	145,308	141,138	136,301	136,146
Accounts Payable	57,918	42,945	46,699	62,611	58,146	39,519	44,325	68,305	64,115	62,611	68,305	63,456	63,297
Accrued Liabilities	67,885	64,556	67,055	66,890	62,875	62,864	62,833	62,833	68,757	66,890	62,833	62,844	62,849
Deferred Revenue - Current	7,992	8,131	8,158	8,061	8,264	8,253	8,222	8,222	7,912	8,061	8,222	8,233	8,238
Other Accrued Tax Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Margin on Component Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Warranty and Related Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Marketing and Distribution	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Compensation and Benefits	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (accrued exp)	59,893	56,425	58,897	58,829	54,611	54,611	54,611	54,611	60,845	58,829	54,611	54,611	54,611
Current Portion LT Debt/commercial paper	11,483	12,574	11,209	15,807	12,952	10,000	10,000	10,000	21,110	15,807	10,000	10,000	10,000
LT Debt	99,627	97,041	98,071	95,281	95,088	95,088	95,088	95,088	98,959	95,281	95,088	95,088	95,088
Other LT Liabilities	53,107	52,886	51,730	49,848	50,353	50,342	50,311	50,311	49,142	49,848	50,311	50,322	50,325
Deferred Revenue - Non-Current	0	0	0	0	0	(11)	(42)	(42)	0	0	(42)	(31)	(28)
Deferred Tax Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-Current Liabilities	53,107	52,886	51,730	49,848	50,353	50,353	50,353	50,353	49,142	49,848	50,353	50,353	50,353
Shareholders' Equity	\$56,727	\$62,158	\$60,274	\$62,146	\$74,100	\$81,401	\$81,884	\$86,573	\$50,672	\$62,146	\$86,573	\$119,880	\$192,333
Common Stock	66,399	69,568	70,667	73,812	75,236	75,236	75,236	75,236	64,849	73,812	75,236	75,236	75,236
Paid-in Capital	0	0	0	0	0	0	0	0	0	0	0	0	0
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Retained Earnings (Deficit)	3,240	4,336	1,408	(214)	8,242	15,543	16,026	20,715	(11,109)	(214)	20,715	54,022	126,475
Accumulated Other comprehensive income	(12,912)	(11,746)	(11,801)	(11,452)	(9,378)	(9,378)	(9,378)	(9,378)	(3,068)	(11,452)	(9,378)	(9,378)	(9,378)
Treasury Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities & Shareholders' Equity	346,747	332,160	335,038	352,583	353,514	339,215	344,442	373,109	352,755	352,583	373,109	401,590	473,892
Balance Sheet Statistics													
Book Value per Share	\$3.56	\$3.92	\$3.82	\$3.97	\$4.76	\$5.25	\$5.31	\$5.64	\$3.10	\$3.93	\$5.60	\$7.92	\$12.98
Tangible Book Value per Share	\$3.05	\$3.42	\$3.31	\$3.45	\$4.24	\$4.73	\$4.79	\$5.12	\$2.61	\$3.42	\$5.08	\$7.39	\$12.44
Debt/Equity	196%	176%	181%	179%	146%	129%	128%	121%	237%	179%	121%	88%	55%
Net Cash & Investments	\$54,340	\$56,718	\$57,263	\$51,011	\$64,535	\$60,632	\$62,891	\$63,022	\$49,040	\$51,011	\$63,022	\$78,959	\$135,582
Net Cash & Investments per Share	\$3.41	\$3.58	\$3.63	\$3.25	\$4.14	\$3.91	\$4.08	\$4.11	\$3.00	\$3.23	\$4.08	\$5.22	\$9.15
Inventory Turns	45.2x	29.4x	24.3x	28.5x	40.1x	33.7x	29.3x	30.5x	38.6x	37.7x	31.5x	32.0x	31.8x
Days of Inventory	8	12	15	13	9	11	12	12	9	10	11	11	11
Days Accts. Receivable	20	20	21	25	20	21	24	28	25	27	31	35	41
Days payables	83	86	90	101	84	91	83	91	96	107	110	101	93
Cash cycle	(55)	(54)	(54)	(64)	(56)	(59)	(47)	(51)	(62)	(71)	(68)	(55)	(41)
Op. W/C/Revenue	(6%)	(5%)	(6%)	(7%)	(6%)	(4%)	(4%)	(5%)	(8%)	(7%)	(6%)	(2%)	0%
ROE	223%	163%	130%	150%	199%	121%	103%	120%	172%	155%	151%	126%	87%
ROA	34%	28%	24%	27%	38%	27%	25%	28%	29%	28%	29%	30%	29%
Drivers:													
Inventory Turns	39.0x	28.1x	24.5x	30.8x	39.6x	39.0x	24.5x	30.8x	44.9x	33.6x	29.6x	31.7x	30.6x
Inventory Days	9	13	15	12	9	9	15	12	8	11	12	11	12
Days Accts. Receivable	18	17	22	30	17	20	27	35	26	28	35	38	45
Days Payables	78	74	93	116	81	74	88	111	104	106	115	98	93
Cash Cycle	(51)	(44)	(57)	(74)	(55)	(44)	(47)	(64)	(70)	(67)	(68)	(48)	(37)

Source: Company reports, BofA Global Research estimates

Exhibit 4: Apple Cash Flow Statement

We model F24 FCF at about \$100bn

	F2023				F2024E								
(\$ Millions Except Per Share Data)	12/22	3/23	6/23	9/23	12/23	3/24E	6/24E	9/24E	F2022	F2023	F2024E	F2025E	F2026E
Cash Flow Statement													
Cash from Operating Activities	\$34,005	\$28,560	\$26,380	\$21,598	\$39,895	\$17,861	\$28,120	\$26,565	\$122,151	\$110,543	\$112,441	\$122,888	\$131,722
Net Income	29,998	24,160	19,881	22,956	33,916	23,496	21,004	25,184	99,803	96,995	103,600	114,933	120,936
Depreciation and Amortization	2,916	2,898	3,052	2,653	2,848	2,845	2,894	2,924	11,104	11,519	11,511	12,520	13,645
Stock Based Compensation	2,905	2,686	2,617	2,625	2,997	1,975	1,975	1,975	9,038	10,833	8,922	8,320	8,740
Deferred Taxes	0	0	0	0	0	0	0	0	895	0	0	0	0
Amortization-Intangible	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill Amortization/ Impairment	0	0	0	0	0	0	0	0	0	0	0	0	0
In process R&D	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment (Gains)/Losses	0	0	0	0	0	0	0	0	0	0	0	0	0
Other - Loss on disposition of PPE	(317)	(1,415)	81	(576)	(989)	0	0	0	111	(2,227)	(989)	0	0
Change in Working Capital	(1,497)	231	749	(6,060)	1,123	(10,455)	2,247	(3,518)	1,200	(6,577)	(10,603)	(12,885)	(11,599)
Accounts Receivable	4,275	5,321	(1,987)	(9,297)	6,555	2,963	(4,613)	(14,175)	(1,823)	(1,688)	(9,270)	(7,336)	(10,257)
Inventory	(1,807)	(741)	(22)	952	(137)	1,553	(2,414)	154	1,484	(1,618)	(845)	(154)	(617)
Other Current Assets	(1,779)	12,472	(2,445)	(12,661)	3,112	4,264	3,346	(12,895)	(14,019)	(4,413)	(2,173)	0	0
Accounts Payable	(6,075)	(14,689)	3,974	14,901	(4,542)	(18,627)	4,806	23,979	9,448	(1,889)	5,617	(4,848)	(159)
Deferred Revenue	131	(131)	0	0	0	(11)	(31)	0	478	0	(42)	11	4
Other Asset and Other Liabilities	3,758	(2,001)	1,229	45	(3,865)	(597)	1,154	(581)	5,632	3,031	(3,889)	(558)	(570)
Cash from Investing Activities	(\$1,445)	\$2,319	\$437	\$2,394	\$1,927	(\$3,187)	(\$2,952)	(\$3,545)	(\$22,354)	\$3,705	(\$7,757)	(\$15,216)	(\$15,927)
Capital Expenditures	(3,787)	(2,916)	(2,093)	(2,163)	(2,392)	(3,187)	(2,952)	(3,545)	(10,708)	(10,959)	(12,076)	(15,216)	(15,927)
Sale of PP&E	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds of investments	7,636	11,385	12,795	13,698	14,383	0	0	0	67,363	45,514	14,383	0	0
Purchase of Investments	(5,153)	(6,044)	(9,759)	(8,557)	(9,780)	0	0	0	(76,923)	(29,513)	(9,780)	0	0
Acquisitions/intang assets	0	0	0	0	0	0	0	0	(306)	0	0	0	0
Other/Strategic investments	(141)	(106)	(506)	(584)	(284)	0	0	0	(1,780)	(1,337)	(284)	0	0
Cash from Financing Activities	(\$35,563)	(\$25,724)	(\$24,048)	(\$23,153)	(\$30,585)	(\$22,742)	(\$22,909)	(\$22,889)	(\$110,749)	(\$108,338)	(\$99,126)	(\$91,735)	(\$59,172)
Proceeds from the issuance of term debt, net	0	0	5,228	0	0	0	0	0	5,465	5,228	0	0	0
Repayments of term debt	(1,401)	(2,250)	(7,500)	(0)	0	0	0	0	(9,543)	(11,151)	0	0	0
Issuance of Common	0	0	0	0	0	0	0	0	0	0	0	0	0
Treasury Stock	(19,475)	(19,594)	(17,478)	(21,003)	(20,139)	(19,000)	(19,000)	(19,000)	(89,402)	(77,550)	(77,139)	(76,000)	(43,000)
Preferred Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	(2,705)	(484)	(2,438)	(385)	(2,637)	0	0	0	(6,383)	(6,012)	(2,637)	0	0
Dividends	(3,768)	(3,650)	(3,849)	(3,758)	(3,825)	(3,742)	(3,909)	(3,889)	(14,841)	(14,875)	(15,366)	(15,735)	(16,172)
ESOP Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign Exchange Effects	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Change in Cash	(\$3,003)	\$5,155	\$2,769	\$839	\$11,237	(\$8,068)	\$2,258	\$131	(\$10,952)	\$5,910	\$5,558	\$15,937	\$56,622
Net Cash - Beginning Balance	24,977	21,974	27,129	29,898	30,737	41,974	33,905	36,164	35,929	24,977	30,887	36,445	52,382
Net Cash - Ending Balance	21,974	27,129	29,898	30,737	41,974	33,905	36,164	36,295	24,977	30,887	36,445	52,382	109,005
Free Cash Flow													
Free Cash Flow	\$30,218	\$25,644	\$24,287	\$19,435	\$37,503	\$14,674	\$25,168	\$23,020	\$111,443	\$99,584	\$100,365	\$107,672	\$115,795
Cash From Operations	34,005	28,560	26,380	21,598	39,895	17,861	28,120	26,565	122,151	110,543	112,441	122,888	131,722
Capital Expenditures	(3,787)	(2,916)	(2,093)	(2,163)	(2,392)	(3,187)	(2,952)	(3,545)	(10,708)	(10,959)	(12,076)	(15,216)	(15,927)
Free Cash Flow Per Share	\$1.89	\$1.62	\$1.54	\$1.24	\$2.41	\$0.95	\$1.63	\$1.50	\$6.83	\$6.30	\$6.49	\$7.11	\$7.82
Free Cash Flow (after acq.)	30,218	25,644	24,287	19,435	37,503	14,674	25,168	23,020	111,137	99,584	100,365	107,672	115,795
Drivers													
Depreciation & amortization	2,916	2,898	3,052	2,653	2,848	2,845	2,894	2,924	11,104	11,519	11,511	12,520	13,645
Cap Ex/Depreciation	1.3	1.0	0.7	0.8	0.8	1.1	1.0	1.2	1.0	1.0	1.0	1.2	1.2
Cap Ex/Sales	(3%)	(3%)	(3%)	(2%)	(2%)	(4%)	(4%)	(4%)	(38%)	(28%)	(26%)	(20%)	(12%)
Annual Depr. % of PP&E (prior qtr)	28%	27%	28%	24%	26%	26%	26%	26%	28%	27%	26%	26%	26%

Source: Company reports, BofA Global Research estimates

BofA GLOBAL RESEARCH



Price objective basis & risk

Apple Inc. (AAPL)

Our PO of \$225 is based on approximately 32x our C24E EPS. Our target multiple compares to the 5-year historical range of 16-34x (median 27x). We believe a multiple at the higher end of the historical range is justified given a large cash balance and opportunity to diversify into new end markets, increasing mix and diversity of services.

Downside risks are: a) weaker iPhone 15 cycle on consumer spending risk, b) weaker near-term services trajectory where App Store & Licensing can decelerate, c) gross profit dollars declining y/y next few quarters, d) iPads/Macs reverting to pre-COVID levels, and e) stronger dollar. Other risks are potential trade conflicts, tariffs, longer iPhone replacement cycles, commoditization in the smartphone market, intensifying competition in the tablet market, ability to manage beat and raise expectations for EPS estimates, and requirement to maintain pace of product innovation.

Upside risks are: a) stronger sales of Pro iPhone models which can help average selling price and help the mix of the business, b) est. revisions can be lower vs. peers, c) potential new products (AR/VR), and services (advertising). Other upside risks are stronger than expected iPhone cycle, gross margin upside from better mix of higher end iPhones, tailwinds from lower memory costs, and a faster than expected recovery in emerging markets.

Analyst Certification

I, Wamsi Mohan, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amphenol	APH	APH US	Wamsi Mohan
	Apple Inc.	AAPL	AAPL US	Wamsi Mohan
	Corning Inc.	GLW	GLW US	Wamsi Mohan
	Dell Technologies Inc.	DELL	DELL US	Wamsi Mohan
	Flex Ltd.	FLEX	FLEX US	Ruplu Bhattacharya
	HP Inc.	HPQ	HPQ US	Wamsi Mohan
	International Business Machines Corp.	IBM	IBM US	Wamsi Mohan
	Jabil Inc.	JBL	JBL US	Ruplu Bhattacharya
	Nutanix Inc	NTNX	NTNX US	Wamsi Mohan
	Roku, Inc.	ROKU	ROKU US	Ruplu Bhattacharya
	Seagate Technology	STX	STX US	Wamsi Mohan
	Sensata Technologies Holdings Plc	ST	ST US	Wamsi Mohan
	TD Synnex Corp	SNX	SNX US	Ruplu Bhattacharya
	TE Connectivity Ltd.	TEL	TEL US	Wamsi Mohan
	Teradata Corporation	TDC	TDC US	Wamsi Mohan
	Western Digital Corporation	WDC	WDC US	Wamsi Mohan
NEUTRAL				
	Arrow Electronics Inc.	ARW	ARW US	Ruplu Bhattacharya
	Avnet Inc.	AVT	AVT US	Ruplu Bhattacharya
	CDW Corp	CDW	CDW US	Ruplu Bhattacharya
	Concentrix Corporation	CNXC	CNXC US	Ruplu Bhattacharya
	Hewlett-Packard Enterprise	HPE	HPE US	Wamsi Mohan
	Pure Storage	PSTG	PSTG US	Wamsi Mohan
UNDERPERFORM				
	DigitalOcean	DOCN	DOCN US	Wamsi Mohan
	NetApp Inc.	NTAP	NTAP US	Wamsi Mohan



US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Sanmina Corporation	SANM	SANM US	Ruplu Bhattacharya
	Vishay Intertechnology, Inc.	VSH	VSH US	Ruplu Bhattacharya
	Vizio	VZIO	VZIO US	Wamsi Mohan

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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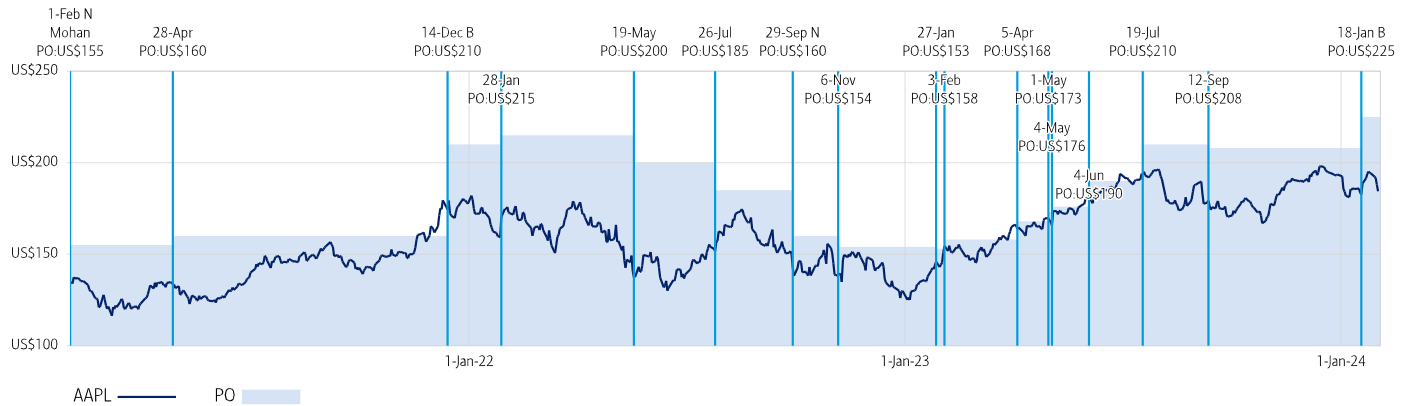
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Apple Inc. (AAPL) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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