**Apple Inc** AAPL

**Company Profile**

Apple Inc. (Apple) designs, manufactures and markets smartphones, personal computers, tablets, wearables and accessories and sells a range of related services. The Company's products include iPhone, Mac, iPad, Air Pods, Apple TV, Apple Watch, Beats products, Home Pod, iPod touch and accessories. The Apple Store sells and ships products to end-user customers only. Consumers can purchase Apple products directly from Apple Store or off the Apple website, from stores like Walmart or Best Buy or through cell phone carrier. In this scenario, Apple operates as a manufacturer, wholesaler, and retailer.

**Management**

Apple was founded as Apple Computer Company on April 1, 1976, by Steve Jobs, Steve Wozniak and Ronald Wayne. Apple Inc. is owned by two main institutional investors (Vanguard Group and BlackRock, Inc). While its major individual shareholders comprise people like Art Levinson, Tim Cook, Bruce Sewell, Al Gore, Johny Sroujli, and others. Tim Cook is currently the CEO of Apple Inc. Both Luca Maestri (CFO) & Jeff Williams (COO) report to CEO Tim Cook.

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| --- | --- | --- | --- |
| YoY | 2022-09 | 2021-09 | 2020-09 |
| Revenue % | 7.79 | 33.26 | 5.51 |
| Op.Income % | 9.63 | 64.36 | 3.69 |
| Net Income % | 5.41 | 64.92 | 3.9 |
| Diluted EPS % | 8.91 | 71.04 | 10.34 |

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| --- | --- | --- | --- |
| Cash Flow Ratios | 2022-09 | 2021-09 | 2020-09 |
| Operating Cash Flow Growth % YOY | 17.41 | 28.96 | 16.26 |
| Free Cash Flow Growth % YOY | 19.89 | 26.7 | 24.57 |
| Cap Ex as a % of Sales | 2.72 | 3.03 | 2.66 |
| Free Cash Flow/Share | 6.54 | 5.57 | 4.04 |

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| --- | --- | --- | --- |
| Financial Health | 2022-09 | 2021-09 | 2020-09 |
| Quick Ratio | 0.71 | 0.91 | 1.22 |
| Debt/Equity | 1.95 | 1.73 | 1.51 |
| Book Value/Share | 3.64 | 3.91 | 4.26 |

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| --- | --- | --- | --- |
| *Fair Value* | *Last Close* | *Consider Buy* | *Consider Sell* |
| *50.58* | ***144.22*** |  |  |

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| --- | --- | --- | --- | --- |
| *Industry* | *Business Risk* | *Moat Size* | *Investment Style* | *Sector* |
| Consumer Electronics |  |  | Large Growth | Hardware & Software |

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Stocks | M Cap ($mil) | Price/Cf | ROA % | Debt/Equity | 1 yr Return | 5 yr Return | *Year Range* |
| Apple Inc. | 229,430 | 19.80 | 28.36 | 2.37 | -8.54% | 250.47% | 129.04 – 182.13 |
| GOOGL | 124,320 | 13.76 | 18.99 | 0.11 | -33.30% | 88.69% | 83.34 – 151.55 |
| HPQ | 29,384 | 6.87 | 8.3 | - | -15.60% | 39.91% | 24.08 – 41.47 |
| MSFT | 180,220 | 20.75 | 20.08 | 0.35 | -26.76% | 197.54% | 213.43 – 344.30 |



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| --- | --- | --- | --- |
| Valuation Ratios | 2022 | 2021 | 2020 |
| Price/Sales | 6.26 | 8.19 | 8.47 |
| Price/Book | 47.5 | 45.99 | 34.16 |
| Price/Cash Flow | 20.22 | 28.78 | 28.83 |
| Price/Earnings | 24.76 | 31.65 | 40.45 |
| PEG Ratio | 2.93 | 3.79 | 3.33 |
| EntVl/EBITDA | 2022 | 2021 | 2020 |

|  |  |  |  |
| --- | --- | --- | --- |
| Funds | % Total shares held | Institutions | % Total shares held |
| Vanguard Total Stock Mkt Idx Inv | 2.88 | Vanguard Group Inc | 8.03 |
| Vanguard Instl Ttl Stck Mkt Idx Tr | 2.87 | Berkshire Hathaway Inc | 5.62 |
| Vanguard 500 Index Investor | 2.17 | State Street Corporation | 3.76 |

**Thesis:**

Apple Inc. stands as a preeminent force within the global technology landscape, renowned for its revolutionary products, unwavering commitment to innovation, and steadfast market dominance. This equity report delves into the multifaceted aspects that have propelled Apple to its current position and assesses its potential for sustained growth and value generation for investors.

Apple's persistent dedication to innovation has been a driving force behind its success. Pioneering products such as the iPhone, iPad, and MacBook have transformed entire industries, redefining the way individuals interact with technology. The company's ecosystem approach, integrating hardware, software, and services, has cultivated unparalleled customer loyalty and elevated Apple to the forefront of consumer preferences.

While historically recognized for its hardware offerings, Apple has strategically diversified into the services sector. The advent of Apple Music, iCloud, Apple TV+, and the App Store has not only diversified revenue streams but has also deepened customer engagement and retention. This shift has the potential to cushion Apple against the cyclicality inherent in hardware sales.

Apple's footprint spans across continents, enabling it to capture diverse markets and demographics. With a strong presence in both developed and emerging economies, the company has exhibited resilience to geopolitical tensions and market fluctuations. Such geographical diversification has underpinned its financial stability and growth prospects.

Apple's financial performance has consistently demonstrated robustness. A track record of strong revenue growth, healthy profit margins, and prudent financial management has positioned the company as a bellwether within the technology sector. Furthermore, its substantial cash reserves provide ample room for strategic investments, acquisitions, and research and development initiatives.

In recent years, Apple's commitment to environmental sustainability and corporate responsibility has garnered significant attention. By setting ambitious goals for carbon neutrality, responsible sourcing, and supply chain transparency, the company aligns its operations with broader societal concerns, enhancing its brand image and long-term viability.

While Apple's dominance is undeniable, it is not immune to challenges. Increasing regulatory scrutiny over antitrust concerns, potential saturation in key markets, and the need to continually outpace its own innovations could pose headwinds. Navigating these challenges will demand adept management and a resilient corporate strategy.

Apple's legacy of innovation, global reach, financial stability, and commitment to sustainability position it as a compelling investment opportunity. While challenges exist, the company's proven ability to adapt, evolve, and set industry standards suggests a resilient trajectory forward. As technology continues to shape the modern world, Apple's ability to captivate consumer sentiment and redefine technological landscapes could translate into continued shareholder value.