

Apple Inc.

HOLD (AAPL, \$101.92, \$103 PT)

APPLE EARNINGS REVIEW: THE IPHONE COMPANY.

The smartphone market, could converge to the growth rate, of the phone market.

Apple reported upside September quarter results that were once again driven by strong performance in iPhone sales, partially offset by a continued decline in sales of the iPad. The company reported iPhone unit sales of 39.3 million, growth of 21.8% on a revenue basis and 16.2% on a unit basis. We mention the unit growth remains materially below the IDC industry growth rate of 25.3%. Given that Apple is generating the majority of its revenue and profits from sales of the iPhone, we mention a few statistics taken from IDC data:

- 1) The total growth of the mobile phone market (feature and smart phones) was 4.8% in 2013 (1.82 billion units).
- 2) Smartphones have passed over 50% of mobile phone shipments, representing 55.1% of total in 2013.
- 3) The smartphone market itself is slowing, from 46.6% in 2012, to 38.5% in 2013, the to 25% rate in the June quarter of 2014.
- 4) Android took 84.7% market share in the June quarter, with iOS at 11.7% and we do not expect the iPhone 6 to materially change this dynamic.
- 5) Apple was able to increase its ASP to \$605 in the September quarter. This compares to 58.6% of the Android shipments in the June quarter costing less than \$200 off contract. Apple commands a price more than double the average selling price of the broader market.

We mention these points to highlight that Apple's current dependence on iPhone hardware sales may be a looming headwind. The market dynamics for smartphone growth is slowing and may converge to the 5% growth rates of the overall mobile phone market. For us to turn more positive on Apple shares we prefer to see a stronger recurring revenue stream with a monthly component coming from streaming music and movie, payments and advertising. We understand the company is positioning for these markets, and it remains to be seen if Apple can build up a robust service layer before the smartphone product cycle elongates.

Apple reported September quarter revenue of \$42.1B. Revenue grew 12.4% YoY. Revenue for the FY 2014 was 182 B (+7% YoY) International sales accounted for 61.4% of total revenue in the September quarter and 64.3% for the full year. Apple returned over \$19B to its shareholders in the September quarter.

iPhone: The company sold 39.2M (+12% YoY) units in the September quarter.

Macintosh: Apple sold 5.5M (+25% YoY) Macs during the quarter. **iPad:** Unit sales and revenue declined for the third consecutive quarter. iPad revenue was the 5th worst level of the 18 quarters the product has been in existence, with the only quarters being lower the initial four quarters at launch. There are now over 50 models of the iPad compared to just a handful at launch. Unit sales of 12.3 million were the lowest in 10 quarters, and a warning signal to what the future could hold for the smartphone market. **Company guidance** for the fiscal 2015 first quarter is \$63.5-\$66.5B in revenue, gross margin of 37.5-38.5%, tax rate to be 26.5%, and operating expense of \$5.4-\$5.5B. **Balance Sheet:** AAPL has \$155.2B in cash (\$25.99 / share) and \$28.9B long-term debt as of September 27, 2014 The company generated \$13.3B in cash from operations.

We increase our FY14 and FY15 estimates, maintain our HOLD rating on shares of Apple Inc. Our price target goes to \$103 from \$98, but we mention the majority of the near-term good news in the current cycle is already known.

PRICE PERFORMANCE CHART



Source: finance.yahoo.com

Company Data

Price (\$)	101.92
52-Week Range (\$)	70.51 – 103.74
Mkt Cap (\$ B)	610.58
Price Target (\$)	103
Diluted Shares Out (M)	5,972.1
Avg. daily vol. (3mo)	58,257,900

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Apple Inc.

	2014A	2015E	2016E
EPS Reported (\$)			
Q1 (Dec)	2.07	2.54	2.70
Q2 (Mar)	1.66	1.94	2.15
Q3 (Jun)	1.28	1.45	1.71
Q4 (Sep)	1.42	1.64	1.83
FY (Fiscal Sep)	6.45	7.58	8.39
Bloomberg EPS FY (\$)	6.45	7.49	8.33

	2014A	2015E	2016E
Revenue Reported (\$M)			
Q1 (Dec)	57,594	66,809	69,815
Q2 (Mar)	45,646	53,223	57,446
Q3 (Jun)	37,432	42,747	47,193
Q4 (Sep)	42,213	46,546	50,689
FY (Fiscal Sep)	1,82,795	2,09,326	2,25,144
Bloomberg Revenue FY (\$)	1,82,795	2,07,047	2,18,827

Source: Company data, Bloomberg, BGC Financial estimates. Note: F14 and FY15 estimates may include adjustments. FY total may not add up due to rounding. 'Bloomberg' above denotes Bloomberg consensus estimates.

Recommendation

We maintain our HOLD rating and increase our price target to \$103 from \$98 on shares of Apple Inc.

Estimates and Valuation

We increase our FY2015 estimates to:

\$7.58 eps and \$209.3B in net revenue

From

\$7.23 eps and \$201.3B in net revenue

Our estimates represent YoY revenue growth of 14.5%. This compares to consensus revenue of \$207B. Our earnings estimate is \$7.58 EPS, which compares to \$6.45 in the prior year, growth of 17.4%. Consensus EPS is \$7.49.

We increase our FY2016 estimates to:

\$8.39 eps and \$225B in net revenue

From

\$8.14 eps and \$218B in net revenue

Our estimates represent YoY revenue growth of 7.6%. This compares to consensus revenue of \$218B. Our earnings estimate is \$8.39 EPS, which compares to \$7.58 in the prior year, growth of 10.8%. Consensus EPS is \$8.33.

The company operates on a fiscal September year.

Based on our \$7.58 EPS estimate for FY2015 and using a 14x multiple, in line with its peers, we determine a 12-month

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price target for AAPL of \$103. Our previous target was \$98.

Short Interest – note the increase is driven the 7-1 stock split

Settlement Date	Short Interest	Average Daily Share Volume	Days to Cover
9/30/2014	97,534,380	61,812,753	1.58
9/15/2014	138,266,760	84,842,699	1.63
8/29/2014	96,046,863	48,648,732	1.97
8/15/2014	95,116,846	41,052,838	2.32
7/31/2014	103,492,685	52,221,094	1.98
7/15/2014	103,680,863	41,090,329	2.52
6/30/2014	112,228,389	45,575,617	2.46
6/13/2014	125,894,855	70,638,571	1.78
5/30/2014	117,636,169	76,697,481	1.53
5/15/2014	118,004,173	60,836,391	1.94
4/30/2014	130,394,327	97,350,141	1.34
4/15/2014	138,978,126	57,817,011	2.40
3/31/2014	155,117,039	62,638,366	2.48
3/14/2014	20,621,174	8,105,424	2.54
2/28/2014	22,980,397	10,452,727	2.20
2/14/2014	26,403,466	11,705,531	2.26
1/31/2014	16,538,870	18,191,886	1.00
1/15/2014	15,231,209	11,869,905	1.28
12/31/2013	14,158,050	11,021,590	1.28
12/13/2013	16,032,758	13,346,337	1.20
11/29/2013	17,038,304	10,161,944	1.68
11/15/2013	19,388,272	9,434,658	2.06
10/31/2013	17,785,876	14,214,733	1.25
10/15/2013	18,279,959	11,299,346	1.62
9/30/2013	17,493,461	15,821,188	1.11
9/13/2013	17,870,393	16,375,704	1.09
8/30/2013	17,573,332	12,205,599	1.44
8/15/2013	20,435,838	15,045,415	1.36
7/31/2013	21,029,731	10,519,619	2.00
7/15/2013	26,042,120	11,691,065	2.23

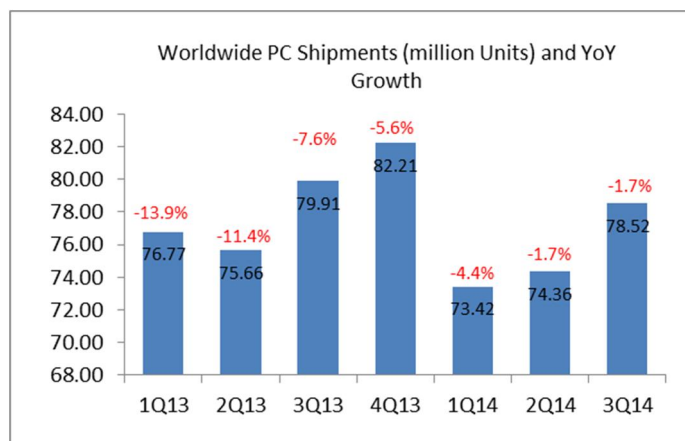
Source: www.nasdaqtrader.com

Share Performance during Earnings

Apple Inc. (AAPL)	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14
Date of Earnings Release	23-Jan-13	23-Apr-13	23-Jul-13	28-Oct-13	27-Jan-14	23-Apr-14	22-Jul-14
Stock Price on Date of Earning Release	73.43	58.02	59.86	75.70	78.64	74.96	94.72
Stock Price a Day after Earning Release	64.36	57.92	62.93	73.81	72.36	81.11	97.19
% Change	-12.4%	-0.2%	5.1%	-2.5%	-8.0%	8.2%	2.6%

Source: MSN and BGC Financial

PC Market Data



Source: IDC Worldwide Quarterly PC Tracker. Quarterly data shown is tied to Microsoft's Fiscal June year.

Top 5 Vendors, Worldwide PC Shipments

Third Quarter 2014 (Preliminary) Unit Shipments are in thousands)

Rank	Vendor	3Q14 Shipments	3Q14 Market Share	3Q13 Shipments	3Q13 Market Share	3Q14/3Q13 Growth
1	Lenovo	15,707	20.0%	14,130	17.7%	11.2%
2	HP	14,729	18.8%	14,016	17.5%	5.1%
3	Dell	10,442	13.3%	9,517	11.9%	9.7%
4	Acer Group	6,632	8.4%	5,952	7.4%	11.4%
5	Apple	4,982	6.3%	4,577	5.7%	8.9%
	Others	26,026	33.1%	31,714	39.7%	-17.9%
	Total	78,519	100.0%	79,905	100.0%	-1.7%

Source: IDC Worldwide Quarterly PC Tracker, BGC Financial

Top 5 Vendors, Worldwide Tablet Shipments

Second Quarter 2014 (Preliminary, Unit Shipments are in millions)

Rank	Vendor	2Q14 Shipments	2Q14 Market Share	2Q13 Shipments	2Q13 Market Share	2Q14/2Q13 Growth
1	Apple	13.3	26.9%	14.6	33.0%	-9.3%
2	Samsung	8.5	17.2%	8.4	18.8%	1.6%
3	Lenovo	2.4	4.9%	1.5	3.3%	64.7%
4	ASUS	2.3	4.6%	2.0	4.5%	13.1%
5	Acer Group	1.0	2.0%	1.5	3.4%	-36.3%
	Others	21.9	44.4%	16.4	37.0%	33.4%
	Total	49.3	100.0%	44.4	100.0%	11.0%

Source: IDC

Smartphone

Top 5 Vendors, Worldwide Smartphone Shipments Second Quarter 2014 (Preliminary, Unit Shipments are in millions)						
Rank	Vendor	2Q14 Shipments	2Q14 Market Share	2Q13 Shipments	2Q13 Market Share	2Q14/2Q13 Growth
1	Samsung	74.3	25.2%	77.3	32.3%	-3.9%
2	Apple	35.1	11.9%	31.2	13.0%	12.4%
3	Huawei	20.3	6.9%	10.4	4.3%	95.1%
4	Lenovo	15.8	5.4%	11.4	4.7%	38.7%
5	LG	14.5	4.9%	12.1	5.0%	19.8%
	Others	135.3	45.8%	97.5	40.6%	38.7%
	Total	295.3	100.0%	240.0	100.0%	23.1%

Source: IDC

Smartphone Operating System

Top 5 Smartphone Operating System, Worldwide Shipments and Market Share Second Quarter 2014 (Units in millions)						
Rank	Operating System	2Q14 Shipment Volume	2Q14 Market Share	2Q13 Shipment Volume	2Q13 Market Share	2Q14/2Q13 Growth
1	Android	255.3	84.7%	191.5	79.6%	33.3%
2	iOS	35.2	11.7%	31.2	13.0%	12.7%
3	Windows Phone	7.4	2.5%	8.2	3.4%	-9.4%
4	BlackBerry	1.5	0.5%	6.7	2.8%	-78.0%
5	Others	1.9	0.6%	2.9	1.2%	-32.2%
	Total	301.3	100.0%	240.5	100.0%	25.3%

iPhone History

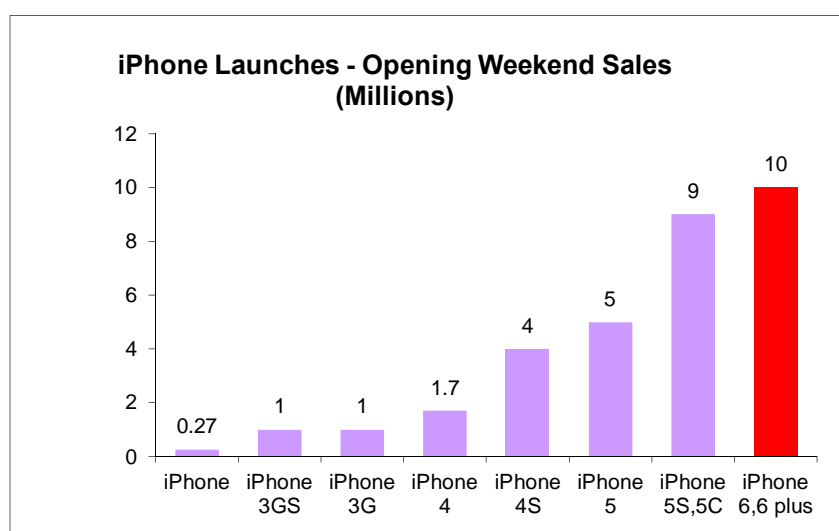
- 2007: **iPhone** released.
- 2008: **iPhone 3G** released. **1M** units sold over first weekend.
- 2009: **iPhone 3GS** released. **1M** units sold over first weekend.
- 2010: **iPhone 4** released. **1.7M** units sold in first three days.
- 2011: **iPhone 4S** released. **4M** units sold in first three days.
- 2012: **iPhone 5** released. **5M** units sold in first three days.
- 2013: **iPhone 5S and iPhone 5C** released. **9M** units sold in the first 3 days.
- 2014: **iPhone 6 and iPhone 6 plus** released. **10M** units sold in the first 3 days

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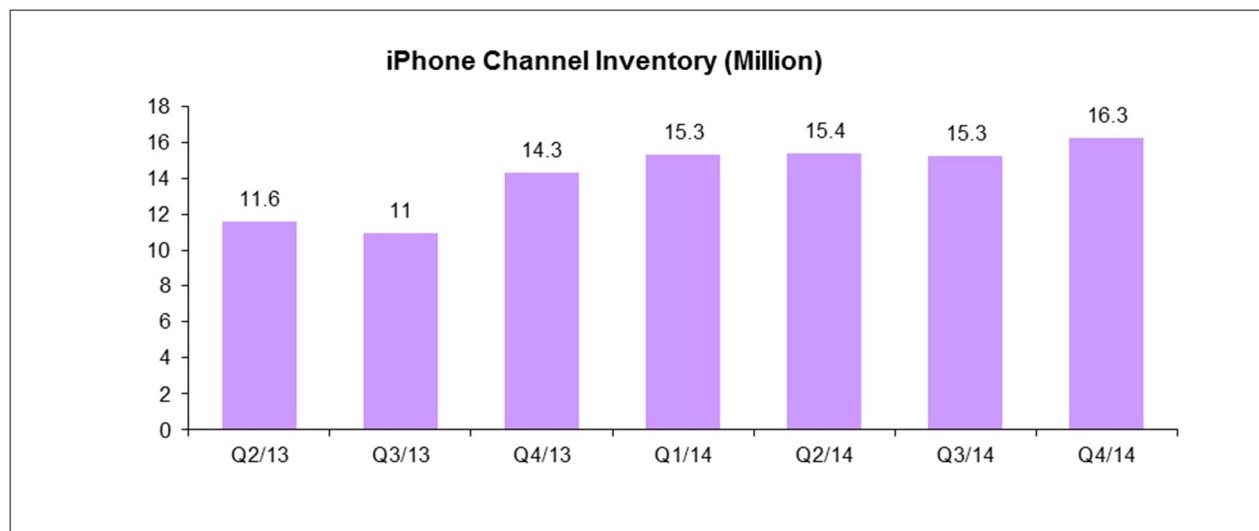
iPhone Sales (Million Units)					
Fiscal Year	Q1 (Oct-Dec)	Q2 (Jan-Mar)	Q3 (Apr-Jun)	Q4 (Jul-Sep)	Total Sold
2007	-	-	0.3	1.1	1.4
2008	2.3	1.7	0.7	6.9	11.6
2009	4.4	3.8	5.2	7.4	20.7
2010	8.7	8.8	8.4	14.1	40.0
2011	16.2	18.6	20.3	17.1	72.3
2012	37.0	35.1	26.0	26.9	125.0
2013	47.8	37.4	31.2	33.8	150.3
2014	51.0	43.7	35.2	39.3	169.2
Fiscal Year	Q1	Q2	Q3	Q4	590.6

Source: Company Documents and BGC Financial.



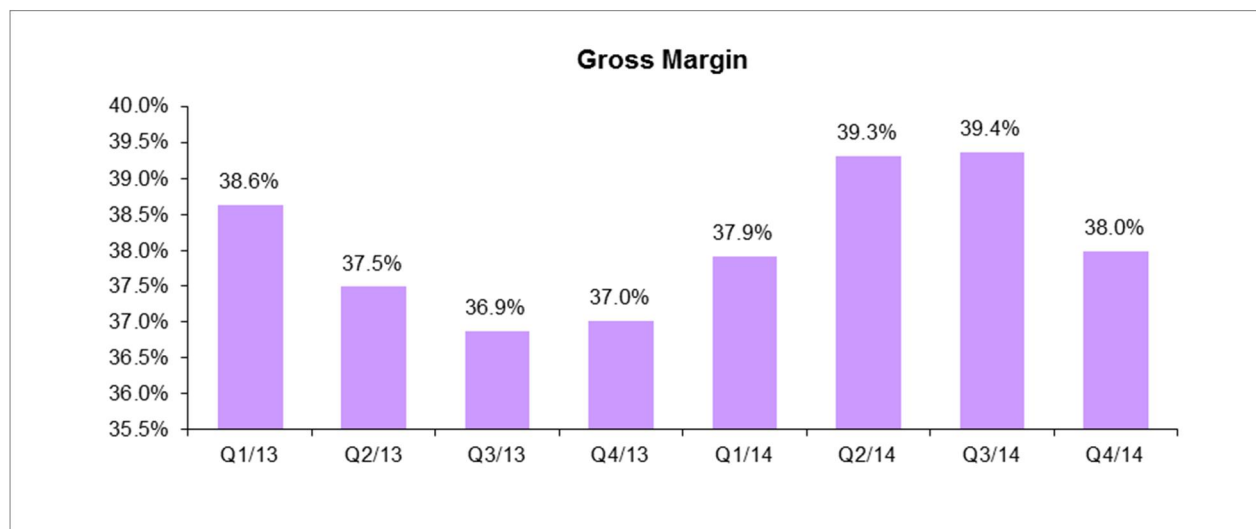
Source: Company Documents and BGC Financial.

iPhone Channel Inventory

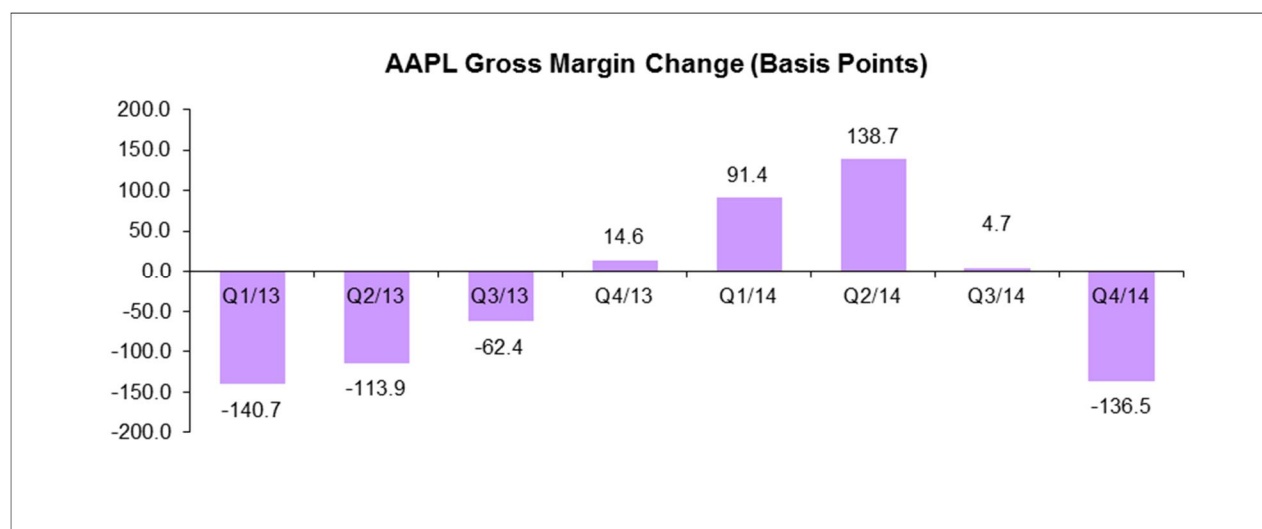


Source: Company Documents and BGC Financial.

Gross Margin



Source: Company Documents and BGC Financial.



Source: Company Documents and BGC Financial.

Balance Sheet and Cash flow

AAPL has \$155.2B in cash (\$25.99/ share) and \$28.9B long-term debt as of September 27, 2014. Cash decreased by \$9.3B in the September quarter from \$164.5B on June 28, 2014 to \$155.2B on September 27, 2014

Key Metrics Review

Revenue	Q1 (2014)	Q2 (2014)	Q3 (2014)	Q4 (2014)	Q1 (2015)E	Q2 (2015)E	Q3 (2015)E	Q4 (2015)E
Revenue	57,594	45,646	37,432	42,123	66,809	53,223	42,747	46,546
Y/Y Growth Rate	6%	5%	6%	12%	16%	17%	14%	11%
Q/Q Growth Rate	54%	-21%	-18%	13%	59%	-20%	-20%	9%
Americas	20,098	14,310	14,577	16,247	25,387	19,693	15,817	17,222
As % of Revenues	35%	31%	39%	39%	38%	37%	37%	37%
Y/Y Growth Rate	-1%	2%	1%	17%	26%	38%	9%	6%
Q/Q Growth Rate	44%	-29%	2%	11%	56%	-22%	-20%	9%
Europe	13,073	10,230	8,091	9,535	14,030	11,709	9,404	10,240
As % of Revenues	23%	22%	22%	23%	21%	22%	22%	22%
Y/Y Growth Rate	5%	4%	6%	19%	7%	14%	16%	7%
Q/Q Growth Rate	63%	-22%	-21%	18%	47%	-17%	-20%	9%
Greater China	8,844	9,289	5,935	5,778	10,689	8,516	6,840	7,447
As % of Revenues	15%	20%	16%	14%	16%	16%	16%	16%
Y/Y Growth Rate	29%	13%	28%	1%	21%	-8%	15%	29%
Q/Q Growth Rate	54%	5%	-36%	-3%	85%	-20%	-20%	9%
Japan	4,948	3,963	2,564	3,507	5,345	4,258	3,420	3,724
As % of Revenues	9%	9%	7%	8%	8%	8%	8%	8%
Y/Y Growth Rate	11%	26%	1%	5%	8%	7%	33%	6%
Q/Q Growth Rate	48%	-20%	-35%	37%	52%	-20%	-20%	9%
Asia Pacific	3,633	2,627	2,161	1,923	3,340	2,661	2,137	2,327
As % of Revenues	6%	6%	6%	5%	5%	5%	5%	5%
Y/Y Growth Rate	-9%	-17%	6%	-3%	-8%	1%	-1%	21%
Q/Q Growth Rate	83%	-28%	-18%	-11%	74%	-20%	-20%	9%
Retail	6,998	5,227	4,104	5,133	8,017	6,387	5,130	5,586
As % of Revenues	12%	11%	11%	12%	12%	12%	12%	12%
Y/Y Growth Rate	9%	0%	1%	15%	15%	22%	25%	9%
Q/Q Growth Rate	56%	-25%	-21%	25%	56%	-20%	-20%	9%

Source: Company Documents and BGC Financial. Data is based on fiscal year ending September.
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Cost	Q1 (2014)	Q2 (2014)	Q3 (2014)	Q4 (2014)	Q1 (2015)E	Q2 (2015)E	Q3 (2015)E	Q4 (2015)E
Cost of Revenues	35,748	27,699	22,697	26,114	41,221	33,211	26,858	29,068
As % of Revenues	62%	61%	61%	62%	62%	62%	63%	62%
Research and development	1,330	1,422	1,603	1,686	1,871	1,597	1,539	1,536
As % of Revenues	2%	3%	4%	4%	3%	3%	4%	3%
Selling, general and administrative	3,053	2,932	2,850	3,158	3,507	3,193	3,121	3,305
As % of Revenues	5%	6%	8%	7%	5%	6%	7%	7%

Source: Company Documents and BGC Financial. Data is based on fiscal year ending September.

Profitability	Q1 (2014)	Q2 (2014)	Q3 (2014)	Q4 (2014)	Q1 (2015)E	Q2 (2015)E	Q3 (2015)E	Q4 (2015)E
Income from operations	17,463	13,593	10,282	11,165	20,210	15,222	11,230	12,637
As % of Revenues	30%	30%	27%	27%	30%	29%	26%	27%
Net Income	13,072	10,223	7,748	8,467	15,038	11,418	8,472	9,511
As % of Revenues	23%	22%	21%	20%	23%	21%	20%	20%
EPS (Diluted)	\$2.07	\$1.66	\$1.28	\$1.42	\$2.54	\$1.94	\$1.45	\$1.64
Number of Shares (Diluted)	6310	6157	6052	5972	5922	5877	5839	5789
Operating Cash Flow	\$22,670	\$13,538	\$10,255					

Source: Company Documents and BGC Financial. Data is based on fiscal year ending September.

Products Summary (Revenue)	Q1 (2014)	Q2 (2014)	Q3 (2014)	Q4 (2014)	Q1 (2015)E	Q2 (2015)E	Q3 (2015)E	Q4 (2015)E
iPhone	32,498	26,064	19,751	23,678	42,863	28,944	21,105	23,940
iPad	11,468	7,610	5,889	5,316	9,450	7,052	6,235	5,525
Mac	6,395	5,519	5,540	6,625	6,240	5,850	5,850	6,240
WATCH	0	0	0	0	0	4,000	2,500	2,500
iPod	973	461	442	410	800	368	368	32
iTunes/Software/Services	4,397	4,573	4,485	4,608	5,657	5,409	5,089	6,709
Accessories	1,863	1,419	1,325	1,486	1,800	1,600	1,600	1,600
Consolidated	57,594	45,646	37,432	42,123	66,809	53,223	42,747	46,546

Source: Company Documents and BGC Financial. Data is based on fiscal year ending September.

Products Summary (Units)	Q1 (2014)	Q2 (2014)	Q3 (2014)	Q4 (2014)	Q1 (2015)E	Q2 (2015)E	Q3 (2015)E	Q4 (2015)E
iPhone	51,025	43,719	35,203	39,272	63,500	43,200	33,500	38,000
iPad	26,035	16,350	13,276	12,316	21,000	16,400	14,500	13,000
Mac	4,837	4,136	4,413	5,520	4,800	4,500	4,500	4,800
Watch	0	0	0	0	0	8,000	5,000	5,000
iPod	6,049	2,761	2,926	2,641	5,000	2,300	2,300	200

Source: Company Documents and BGC Financial. Data is based on fiscal year ending September.

Risks

Economic conditions: Uncertain global economic conditions may postpone consumer spending due to unemployment, tighter credit, negative financial news and decline in income/asset values. This could adversely affect the performance and operations of the company.

Competition: There is immense competition and rapid technological changes take place in the global market for mobile communication devices, personal computers, digital music and video devices and related services. AAPL's operating results could be affected badly in case it is not able to compete in such adverse market conditions.

Inventory and Other Asset Risk: Product obsolescence is rapid in global personal computers and mobile market can lead to additional incurrence of inventory and asset related charges which could have a material impact on the company's finances.

Key Components: AAPL procures its key components including microprocessors, NAND flash memory, DRAM and LCDs from single or limited sources. This exposes the company to significant pricing and supply risks.

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Dependence on Third Parties Outside the US: AAPL relies on third-party manufacturers for not just most of its products but also for its transportation and logistics management. This reduces the company's direct control over production and distribution and also leads to uncertainty.

For additional risks, see the AAPL 10-K filing with the SEC.

Disclosures Appendix

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HOLD: We have a neutral outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation.

SELL: We have a negative outlook on the stock based on our expected 12 month return relative to its risk. The expected return is based on our view of the company and industry fundamentals, catalysts, and valuation. We recommend investors reduce their position.

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Disclosures Appendix

Distribution of Ratings/Investment Banking Services (IB) as of 07/23/14 BGC

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	17	41%	0	0
HOLD [H]	22	52%	0	0
SELL [S]	3	7%	0	0

Price Target and Ratings Change

Apple Inc.

■ AAPL - Weekly



Source: BGC Financial and Bloomberg

Apple Inc. (AAPL) Income Statement (Data in \$US millions, except per share)													<div>Cash&eqv. \$1,55,239</div> <div>Cash / share \$25.99</div> <div>LT Debt \$28,987</div> <div>As of: Sep 27, 2014</div>			
	2014 by Quarter				2015 by Quarter				2016 by Quarter				Fiscal Year September			
	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15E	Q2/15E	Q3/15E	Q4/15E	Q1/16E	Q2/16E	Q3/16E	Q4/16E	2013	2014	2015E	2016E
	Dec-13	Mar-14	Jun-14	Sep-2014	Dec-2014	Mar-2015	Jun-2015	Sep-2015	Dec-2015	Mar-2016	Jun-2016	Sep-2016				
Revenues	57,594.0	45,646.0	37,432.0	42,123.0	66,809.0	53,223.2	42,747.3	46,545.9	69,815.4	57,446.5	47,193.1	50,688.5	1,70,910.0	1,82,795.0	2,09,325.5	2,25,143.5
Cost of Sales	35,748.0	27,699.0	22,697.0	26,114.0	41,221.2	33,211.3	26,858.2	29,067.9	43,397.3	35,829.4	29,259.7	31,578.9	1,06,606.0	1,12,258.0	1,30,358.6	1,40,065.3
Gross Profit	21,846.0	17,947.0	14,735.0	16,009.0	25,587.9	20,011.9	15,889.2	17,478.0	26,418.2	21,617.1	17,933.4	19,109.6	64,304.0	70,537.0	78,967.0	85,078.2
Operating expenses																
Research and development	1,330.0	1,422.0	1,603.0	1,686.0	1,870.7	1,596.7	1,538.9	1,536.0	2,024.6	1,723.4	1,699.0	1,672.7	4,475.0	6,041.0	6,542.3	7,119.7
Selling, general and administrative	3,053.0	2,932.0	2,850.0	3,158.0	3,507.5	3,193.4	3,120.6	3,304.8	3,630.4	3,504.2	3,350.7	3,649.6	10,830.0	11,993.0	13,126.2	14,134.9
Total operating expenses	4,383.0	4,354.0	4,453.0	4,844.0	5,378.1	4,790.1	4,659.5	4,840.8	5,655.1	5,227.6	5,049.7	5,322.3	15,305.0	18,034.0	19,668.5	21,254.6
Income from operations	17,463.0	13,593.0	10,282.0	11,165.0	20,209.7	15,221.8	11,229.7	12,637.2	20,763.1	16,389.5	12,883.7	13,787.3	48,999.0	52,503.0	59,298.5	63,823.6
Other income and expenses	246.0	225.0	202.0	307.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	1,156.0	980.0	1,000.0	1,000.0
Income before income taxes	17,709.0	13,818.0	10,484.0	11,472.0	20,459.7	15,471.8	11,479.7	12,887.2	21,013.1	16,639.5	13,133.7	14,037.3	50,155.0	53,483.0	60,298.5	64,823.6
Provision for income taxes	4,637.0	3,595.0	2,736.0	3,005.0	5,421.8	4,053.6	3,007.7	3,376.5	5,505.4	4,359.5	3,441.0	3,677.8	13,118.0	13,973.0	15,859.6	16,983.8
Net income	13,072.0	10,223.0	7,748.0	8,467.0	15,037.9	11,418.2	8,472.0	9,510.8	15,507.7	12,279.9	9,692.7	10,359.5	37,037.0	39,510.0	44,438.9	47,839.8
EPS- diluted	\$2.07	\$1.66	\$1.28	\$1.42	\$2.54	\$1.94	\$1.45	\$1.64	\$2.70	\$2.15	\$1.71	\$1.83	\$5.68	\$6.45	\$7.58	\$8.39
Shares used in per share calculation- diluted	6,310.2	6,156.7	6,051.7	5,972.1	5,922.1	5,877.1	5,839.1	5,789.1	5,744.1	5,710.1	5,660.1	5,655.1	6,521.6	6,122.7	5,865.8	5,698.8
															17.4%	10.8%
Margins on Revenue																
Gross Margin	37.9%	39.3%	39.4%	38.0%	38.3%	37.6%	37.2%	37.6%	37.8%	37.6%	38.0%	37.7%	37.6%	38.6%	37.7%	37.8%
Cost of Revenue	62.1%	60.7%	60.6%	62.0%	61.7%	62.4%	62.8%	62.5%	62.2%	62.4%	62.0%	62.3%	62.4%	61.4%	62.3%	62.2%
Research and development	2.3%	3.1%	4.3%	4.0%	2.8%	3.0%	3.6%	3.3%	2.9%	3.0%	3.6%	3.3%	2.6%	3.3%	3.1%	3.2%
Selling, general and administrative	5.3%	6.4%	7.6%	7.5%	5.3%	6.0%	7.3%	7.1%	5.2%	6.1%	7.1%	7.2%	6.3%	6.6%	6.3%	6.3%
EBITDAS	35.2%	35.4%	34.6%	33.0%	34.2%	33.6%	32.5%	32.8%	33.5%	33.1%	32.9%	32.4%	33.9%	34.6%	33.4%	33.1%
Operating Margin	30.3%	29.8%	27.5%	26.5%	30.3%	28.6%	26.3%	27.2%	29.7%	28.5%	27.3%	27.2%	28.7%	28.7%	28.3%	28.3%
Pretax Income	30.7%	30.3%	28.0%	27.2%	30.6%	29.1%	26.9%	27.7%	30.1%	29.0%	27.8%	27.7%	29.3%	29.3%	28.8%	28.8%
Tax Rate	26.2%	26.0%	26.1%	26.2%	26.5%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26.1%	26.3%	26.2%
Net Income	22.7%	22.4%	20.7%	20.1%	22.5%	21.5%	19.8%	20.4%	22.2%	21.4%	20.5%	20.4%	21.7%	21.6%	21.2%	21.2%
% Changes Q/Q																
Total Revenues	53.7%	-20.7%	-18.0%	12.5%	58.6%	-20.3%	-19.7%	8.9%	50.0%	-17.7%	-17.8%	7.4%	na	na	na	na
% Changes Year/Year																
Total Revenues	5.7%	4.7%	6.0%	12.4%	16.0%	16.6%	14.2%	10.5%	4.5%	7.9%	10.4%	8.9%	9.2%	7.0%	14.5%	7.6%
EBITDAS	4.9%	9.1%	12.9%	12.4%	12.7%	10.5%	7.2%	10.0%	2.4%	6.5%	11.9%	7.5%	-3.7%	9.1%	10.4%	6.5%
Operating Income	1.5%	8.2%	11.7%	11.3%	15.7%	12.0%	9.2%	13.2%	2.7%	7.7%	14.7%	9.1%	-11.3%	7.2%	12.9%	7.6%
Pretax Income	0.2%	7.1%	11.1%	13.1%	15.5%	12.0%	9.5%	12.3%	2.7%	7.5%	14.4%	8.9%	-10.1%	6.6%	12.7%	7.5%
Net Income	0.0%	7.1%	12.3%	12.7%	15.0%	11.7%	9.3%	12.3%	3.1%	7.5%	14.4%	8.9%	-11.3%	6.7%	12.5%	7.7%
EBITDAS	20,288.0	16,176.0	12,952.0	13,896.0	22,859.7	17,871.8	13,879.7	15,287.2	23,413.1	19,039.5	15,533.7	16,437.3	58,009.0	63,312.0	69,898.5	74,423.6
October 20, 2014																
Source: Company reports and BGC Financial																

Source: Company Documents and BGC Financial

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Balance Sheet (Data in Millions)	2013 by Quarter				2014 by Quarter				Fiscal Year				
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	2010	2011	2012	2013	2014
	Dec 31 2012	Mar 30 2013	Jun 30 2013	Sep 30 2013	Dec 28 2013	Mar 29 2014	June 28 2014	Sep 27 2014					
Assets													
Current assets:													
Cash and cash equivalents	16,154	12,053	11,248	14,259	14,077	18,949	12,977	13,844	11,261	9,815	10,746	14,259	13,844
Short-term investments	23,666	27,084	31,358	26,287	26,634	22,401	24,828	11,233	14,359	16,137	18,383	26,287	11,233
Accounts receivable	11,598	7,084	8,839	13,102	14,200	9,700	10,788	17,460	5,510	5,369	10,930	13,102	17,460
Inventories	1,455	1,245	1,697	1,764	2,122	1,829	1,594	2,111	1,051	776	791	1,764	2,111
Deferred tax assets	2,895	3,242	3,193	3,453	3,742	4,014	3,884	4,318	1,636	2,014	2,583	3,453	4,318
Vendor non-trade receivables	9,936	6,252	4,614	7,539	10,998	6,120	6,053	9,759	4,414	6,348	7,762	7,539	9,759
Other current assets	6,644	6,377	7,270	6,882	8,574	7,528	7,825	9,806	3,447	4,529	6,458	6,882	9,806
Total current assets	72,348	63,337	68,219	73,286	80,347	70,541	67,949	68,531	41,678	44,988	57,653	73,286	68,531
Long term marketable securities	97,292	1,05,550	1,04,014	1,06,215	1,18,131	1,09,239	1,26,685	1,30,162	25,391	55,618	92,122	1,06,215	1,30,162
Property plant and equipment	15,422	15,026	16,327	16,597	15,488	15,120	17,585	20,624	4,768	7,777	15,452	16,597	20,624
Goodwill	1,381	1,400	1,522	1,577	2,022	2,055	2,374	4,616	741	896	1,135	1,577	4,616
Acquired intangible assets, net	4,462	4,136	4,353	4,179	4,105	3,928	3,767	4,142	342	3,536	4,224	4,179	4,142
Other assets	5,183	5,294	5,421	5,146	5,091	5,106	4,160	3,764	2,263	3,556	5,478	5,146	3,764
Total assets	196,088	194,743	199,856	207,000	225,184	2,05,989	2,22,520	2,31,839	75,183	1,16,371	1,76,064	2,07,000	2,31,839
Liabilities and Stockholder's Equity													
Current liabilities:													
Accounts payable	26,398	14,912	15,516	22,367	29,588	18,914	20,535	30,196	12,015	14,632	21,175	22,367	30,196
Accrued expenses	13,207	13,331	13,470	13,856	15,824	15,984	15,264	18,453	5,723	9,247	11,414	13,856	18,453
Deferred revenue	7,274	7,265	7,333	7,435	8,357	8,310	8,396	8,491	2,984	4,091	5,953	7,435	8,491
Commercial paper	0	0	0	0	0	0	2,010	6,308	0	0	0	0	6,308
Total current liabilities	46,879	35,508	36,319	43,658	53,769	43,208	46,205	63,448	20,722	27,970	38,542	43,658	63,448
Deferred revenue - non current	2,938	2,877	2,672	2,625	3,071	3,164	3,058	3,031	1,139	1,686	2,648	2,625	3,031
Non-current liabilities	18,925	20,868	20,553	20,208	16,961	16,962	23,287	24,826	5,531	10,100	16,864	20,208	24,826
Long term debt	0	0	16,958	16,960	21,699	22,476	29,030	28,987	0	0	0	16,960	28,987
Total liabilities	68,742	59,253	76,502	83,451	95,500	85,810	1,01,580	1,20,292	27,392	39,756	57,854	83,451	1,20,292
Stockholders' equity:													
Common stock	17,167	17,954	19,024	19,764	20,559	21,496	22,139	23,313	10,668	13,331	16,422	19,764	23,313
Accumulated other comprehensive income	1,09,567	1,16,572	1,04,564	1,04,256	1,09,431	98,934	98,715	87,152	37,169	62,841	1,01,289	1,04,256	87,152
Total shareholders' equity	612	964	(234)	(471)	(306)	(251)	86	1,082	-46	443	499	-471	1,082
Total liabilities and stockholders' equity	1,27,346	1,35,490	1,23,354	1,23,549	1,29,684	1,20,179	1,20,940	1,11,547	47,791	76,615	1,18,210	1,23,549	1,11,547
Total liabilities and stockholders' equity	1,96,088	1,94,743	1,99,856	2,07,000	2,25,184	2,05,989	2,22,520	2,31,839	75,183	1,16,371	1,76,064	2,07,000	2,31,839

Source: Company Documents and BGC Financial