



Apple, Inc.

Tweaking Estimates on Virtual Trip

Dear Client: We appreciate your consideration in the *Institutional Investor All-America & All-Canada Research Team 2020 Survey*. To view this year's roster, please [click here](#).

We are adjusting our iPhone estimates post our virtual Asia trip (*Virtual Asia Trip Takeaways, 6/25/20*) and raise our price target from \$288 to \$326 while maintaining EW rating. Supply chain indicates order trend is tracking ok with SE2 being stronger and iPhone 11 recovering gradually. As expected, four models will be launched with 5G in 2H with 4-6 weeks of delay. There is increasing evidence of Apple taking aggressive effort to control BOM cost to maintain margins given added features. Our iPhone units are 3% and 5% lower for Jun-Q and Sep-Q, while Dec-Q is 3% higher.

iPhone trend. Near-term trend seems in-line for units. We are seeing recovery in May/June from very weak March/April as economy reopens. Order trend suggests SE2 is doing quite well, and iPhone 11 demand has been recovering from Covid-19, but not as strong, indicating mix maybe a less favorable than expected. New iPhone builds looked flattish Y/Y for 2H at 60-70M. Mix is much more uncertain this year given the increased number of new devices and impact from recently introduced SE2.

Other products. AirPods Pro is seeing stronger trend than AirPods 2 thanks to better performance with moderate price difference, and supply chain suggest a total of 80M units for the year, down from 90M previously and in-line with our model. We believe supply chain moves from China to Vietnam had an impact. Watch is expected to be 30-35M units this year, in line with our current estimates. Both iPad and Mac are beneficiaries of WFH trend and seeing stable demand.

Ratings and estimates. As a result of iPhone estimate changes, our Jun-Q and Sep-Q EPS slightly came down by 3% and 5% to \$2.12 and \$2.73, while FY21 and FY22 EPS are now 4% higher reflecting slightly higher margins. Our price target of \$326 is based on 23x P/E (21x prior) on \$14.24 (\$13.77 prior) FY21E EPS (equivalent to 15x FY21E EV/EBITDA). Stock looks fairly valued on every metric, therefore we maintain Equal Weight rating on AAPL stock.

AAPL: Quarterly and Annual EPS (USD)

	2019			2020			2021			Change y/y	
FY Sep	Actual	Old	New	Cons	Old	New	Cons	2020	2021		
Q1	4.22A	4.99A	4.99A	4.99A	4.83E	4.94E	5.21E	18%	-1%		
Q2	2.47A	2.55A	2.55A	2.55A	3.02E	3.16E	3.26E	3%	24%		
Q3	2.18A	2.19E	2.12E	2.02E	2.63E	2.78E	2.78E	-3%	31%		
Q4	3.03A	2.86E	2.73E	2.82E	3.28E	3.36E	3.69E	-10%	23%		
Year	11.90A	12.60E	12.39E	12.43E	13.77E	14.24E	14.82E	4%	15%		
P/E	30.3		29.1			25.3					

Source: Barclays Research.

Consensus numbers are from Bloomberg received on 24-Jun-2020; 12:50 GMT

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PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 7.

Equity Research

Technology | IT Hardware and
Communications Equipment
25 June 2020

Stock Rating	EQUAL WEIGHT Unchanged
Industry View	NEUTRAL Unchanged
Price Target	USD 326.00 raised 13% from USD 288.00

Price (24-Jun-2020)	USD 360.06
Potential Upside/Downside	-9.5%
Tickers	AAPL

Market Cap (USD mn)	1560621
Shares Outstanding (mn)	4334.34
Free Float (%)	87.94
52 Wk Avg Daily Volume (mn)	34.3
Dividend Yield (%)	0.91
Return on Equity TTM (%)	62.09
Current BVPS (USD)	18.14

Source: Bloomberg

Price Performance	Exchange-Nasdaq
52 Week range	USD 372.38-192.58



Source: IDC; Link to Barclays Live for interactive charting

IT Hardware and Communications Equipment

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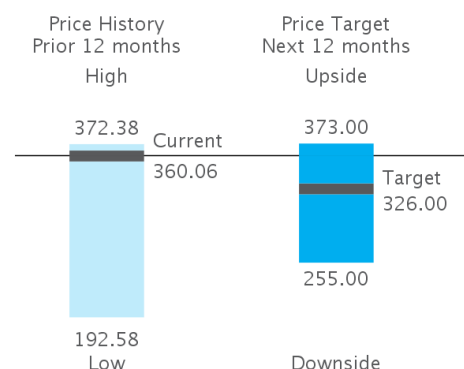
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Valuation and leverage metrics					Average
P/E (reported) (x)	30.3	29.1	25.3	24.8	27.4
EV/sales (x)	5.8	5.9	5.4	5.3	5.6
EV/EBITDA (adj) (x)	19.7	20.8	19.2	18.7	19.6
EV/EBIT (adj) (x)	23.6	24.6	22.6	22.2	23.2
FCF yield (%)	3.9	3.9	4.2	4.1	4.0
P/BV (x)	18.5	30.5	94.7	-81.6	15.5
Dividend yield (%)	0.8	0.9	0.9	0.9	0.9

Upside/Downside scenarios



25 June 2020

Tweaking iPhone Estimates Post Virtual Asia Trip

We are adjusting our iPhone estimates post virtual Asia trip. Supply chain check indicates order trend is tracking ok with SE2 being stronger and iPhone 11 recovering gradually. As expected, four models will be launched with 5G in 2H with 1-1.5 months of delay, of which half are planned for 6.1" model with OLED but no LiDAR or triple camera. This seemed a bit aggressive to us, considering there is another 5.4" iPhone 12 supposedly priced cheaper. There is also increasing evidence of Apple taking aggressive effort to control BOM cost to maintain margins given added features while still driving upgrades. We see Apple starting to enlist LGD and BOE as OLED panel suppliers for the aforementioned higher volume 6.1" model, with BOE offers very aggressive pricing of only \$55 vs. around \$80-100 for Samsung's panel. Our iPhone units are 3% and 5% lower for Jun-Q and Sep-Q to now 31M and 39M, while Dec-Q is 3% higher at 73M due to shift of iPhone 12 timing by a month.

FIGURE 1
iPhone Estimate Changes

Revenue and units in millions; ASPs in \$

	Jun-Q 20E	Sep-Q 20E	Dec-Q 20E	Mar-Q 21E	Jun-Q 21E	C2020E	C2021E	F2020E	F2021E	F2022E
New Estimates - iPhone										
Revenue	\$21,545	\$27,495	\$56,940	\$31,570	\$26,250	\$134,942	\$145,880	\$133,959	\$147,440	\$146,640
Units	31,000	39,000	73,000	41,000	35,000	179,700	190,000	180,500	192,000	191,000
ASPs (\$)	\$695	\$705	\$780	\$770	\$750	\$751	\$768	\$742	\$768	\$768
Y/Y Growth %										
Revenue	-17.1%	-17.6%	1.8%	9.0%	21.8%	-7.8%	8.1%	-5.9%	10.1%	-0.5%
Units	-8.2%	-17.3%	-1.1%	11.7%	12.9%	-6.2%	5.7%	-3.0%	6.4%	-0.5%
ASPs (\$)	-9.6%	-0.4%	2.9%	-2.4%	7.9%	-1.7%	2.2%	-3.0%	3.5%	0.0%
Old Estimates - iPhone										
Revenue	\$22,720	\$29,930	\$55,380	\$33,440	\$27,010	\$136,992	\$150,420	\$137,569	\$148,080	\$151,260
Units	32,000	41,000	71,000	44,000	37,000	180,700	198,000	183,500	195,000	200,000
ASPs (\$)	\$710	\$730	\$780	\$760	\$730	\$758	\$760	\$750	\$759	\$756
Y/Y Growth %										
Revenue	-12.6%	-10.3%	-1.0%	15.5%	18.9%	-6.4%	9.8%	-3.4%	7.6%	2.1%
Units	-5.3%	-13.0%	-3.8%	19.9%	15.6%	-5.7%	9.6%	-1.4%	6.3%	2.6%
ASPs (\$)	-7.7%	3.1%	2.9%	-3.7%	2.8%	-0.8%	0.2%	-2.0%	1.3%	-0.4%

Source: Company reports and Barclays Research estimates.

% Change in Barclays New vs. Old Estimates for Apple

	Jun-Q 20E	Sep-Q 20E	Dec-Q 20E	Mar-Q 21E	Jun-Q 21E	C2020E	C2021E	F2020E	F2021E	F2022E
Revenue	-5%	-8%	3%	-6%	-3%	-1%	-3%	-3%	0%	-3%
Units	-3%	-5%	3%	-7%	-5%	-1%	-4%	-2%	-2%	-5%
ASPs (\$)	-2%	-3%	0%	1%	3%	-1%	1%	-1%	1%	2%

Source: Barclays Research

FIGURE 2
AAPL Estimate Changes

	Jun-Q 20E		Sep-Q 20E		C2020E		C2021E		F2020E		F2021E		F2022E	
	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old
Total Revenue	\$52,196	\$53,371	\$61,037	\$63,472	\$267,160	\$269,210	\$294,462	\$299,002	\$263,365	\$266,975	\$291,705	\$292,345	\$306,055	\$310,675
Y/Y	-3.0%	-0.8%	-4.7%	-0.9%	-0.2%	0.6%	10.2%	11.1%	1.2%	2.6%	10.8%	9.5%	4.9%	6.3%
Q/Q	-10.5%	-8.5%	16.9%	18.9%										
Gross margin %	38.0%	38.2%	37.8%	37.9%	37.8%	37.7%	38.4%	38.0%	38.2%	38.2%	38.4%	37.9%	38.5%	38.0%
EBIT margin %	20.6%	20.8%	22.6%	22.7%	23.3%	23.2%	23.8%	22.8%	23.9%	23.9%	24.0%	22.9%	23.7%	22.9%
Tax rate	16.5%	16.5%	16.5%	16.5%	16.1%	16.1%	16.5%	16.5%	15.1%	15.2%	16.5%	16.5%	16.5%	16.5%
Diluted share count	4,344	4,336	4,289	4,267	4,300	4,280	4,094	4,025	4,389	4,381	4,160	4,107	3,931	3,818
EPS	\$2.12	\$2.19	\$2.73	\$2.86	\$12.34	\$12.44	\$14.52	\$14.40	\$12.39	\$12.60	\$14.24	\$13.77	\$14.52	\$14.40
Segment revenue														
iPhone	\$21,545	\$22,720	\$27,495	\$29,930	\$134,942	\$136,992	\$145,880	\$150,420	\$133,959	\$137,569	\$147,440	\$148,080	\$146,640	\$151,260
iPad	4,988	4,988	4,600	4,600	19,976	19,976	19,490	19,490	19,933	19,933	19,920	19,920	19,330	19,330
Mac	5,921	5,921	7,214	7,214	25,802	25,802	25,944	25,944	25,646	25,646	25,911	25,911	25,535	25,535
Services	13,081	13,081	13,735	13,735	54,311	54,311	61,293	61,293	52,879	52,879	59,453	59,453	66,682	66,682
Other	6,661	6,661	7,993	7,993	32,129	32,129	41,854	41,854	30,948	30,948	38,981	38,981	47,868	47,868
Units														
iPhone	31.0	32.0	39.0	41.0	179.7	180.7	190.0	198.0	180.5	183.5	192.0	195.0	191.0	200.0
iPad	10.5	10.5	10.0	10.0	42.8	42.8	44.0	44.0	44.7	44.7	45.0	45.0	44.0	44.0
Mac	3.9	3.9	4.8	4.8	16.6	16.6	17.2	17.2	16.5	16.5	17.2	17.2	16.7	16.7
Cash flow from operations	\$10,884	\$11,558	\$13,640	\$14,583	\$67,334	\$67,525	\$73,273	\$72,486	\$68,351	\$69,969	\$75,507	\$71,755	\$76,126	\$76,426
Free cash flow	\$8,692	\$9,317	\$11,076	\$11,918	\$58,334	\$58,413	\$63,352	\$62,434	\$59,635	\$61,101	\$65,654	\$61,869	\$65,770	\$65,934
Free cash flow as % of revenue	16.7%	17.5%	18.1%	18.8%	21.8%	21.7%	21.5%	20.9%	22.6%	22.9%	22.5%	21.2%	21.5%	21.2%

Source: Barclays Research

INCOME STATEMENT

FIGURE 3

AAPL Income Statement

Apple, Inc.																
	Actual	Actual	Actual	Actual	Actual	Actual	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Fiscal Year: September	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
\$ in millions, except per share data	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE
INCOME STATEMENT																
Revenue	\$84,310	\$58,015	\$53,809	\$64,040	\$91,819	\$58,313	\$52,196	\$61,037	\$95,614	\$65,160	\$60,788	\$70,143	\$98,370	\$69,511	\$65,346	\$72,828
Q/Q %	34.0%	-31.2%	-7.2%	19.0%	43.4%	-36.5%	-10.5%	16.9%	56.6%	-31.9%	-6.7%	15.4%	40.2%	-29.3%	-6.0%	11.5%
Y/Y %	-4.5%	-5.1%	1.0%	1.8%	8.9%	0.5%	-3.0%	-4.7%	4.1%	11.7%	16.5%	14.9%	2.9%	6.7%	7.5%	3.8%
Cost of revenue	52,279	36,194	33,582	39,727	56,602	35,943	32,350	37,987	60,012	39,481	36,967	43,174	61,744	42,390	39,516	44,567
As % of revenue	62.0%	62.4%	62.4%	62.0%	61.6%	61.6%	62.0%	62.2%	62.8%	60.6%	60.8%	61.6%	62.8%	61.0%	60.5%	61.2%
Gross profit	32,031	21,821	20,227	24,313	35,217	22,370	19,846	23,050	35,602	25,679	23,820	26,970	36,626	27,122	25,830	28,261
Gross margin %	38.0%	37.6%	37.6%	38.0%	38.4%	38.4%	38.0%	37.8%	37.2%	39.4%	39.2%	38.4%	37.2%	39.0%	39.5%	38.8%
SG&A	4,783	4,458	4,426	4,578	5,197	4,952	4,593	4,761	5,546	5,213	5,471	5,962	5,902	5,561	5,881	6,190
As % of revenue	5.7%	7.7%	8.2%	7.1%	5.7%	8.5%	8.8%	7.8%	5.8%	8.0%	9.0%	8.5%	6.0%	8.0%	9.0%	8.5%
R&D	3,902	3,948	4,257	4,110	4,451	4,565	4,489	4,517	5,259	4,887	4,863	4,910	5,902	5,213	5,228	5,462
As % of revenue	4.6%	6.8%	7.9%	6.4%	4.8%	7.8%	8.6%	7.4%	5.5%	7.5%	8.0%	7.0%	6.0%	7.5%	8.0%	7.5%
OpEx	8,685	8,406	8,683	8,688	9,648	9,517	9,082	9,278	10,804	10,100	10,334	10,872	11,804	10,774	11,109	11,653
As % of revenue	10.3%	14.5%	16.1%	13.6%	10.5%	16.3%	17.4%	15.2%	11.3%	15.5%	17.0%	15.5%	12.0%	15.5%	17.0%	16.0%
Q/Q %	9.0%	-3.2%	3.3%	0.1%	11.0%	-1.4%	-4.6%	2.2%	16.5%	-6.5%	2.3%	5.2%	8.6%	-8.7%	3.1%	4.9%
Y/Y %	13.7%	11.7%	11.2%	9.1%	11.1%	13.2%	4.6%	6.8%	12.0%	6.1%	13.8%	17.2%	9.3%	6.7%	7.5%	7.2%
Operating income	23,346	13,415	11,544	15,625	25,569	12,853	10,764	13,772	24,797	15,579	13,487	16,097	24,822	16,347	14,722	16,609
Operating margin	27.7%	23.1%	21.5%	24.4%	27.8%	22.0%	20.6%	22.6%	25.9%	23.9%	22.2%	22.9%	25.2%	23.5%	22.5%	22.8%
Other income (expense)	560	378	367	502	349	282	250	250	250	250	250	250	250	250	250	250
Pretax income	23,906	13,793	11,911	16,127	25,918	13,135	11,014	14,022	25,047	15,829	13,737	16,347	25,072	16,597	14,972	16,859
Pretax margin %	28.4%	23.8%	22.1%	25.2%	28.2%	22.5%	21.1%	23.0%	26.2%	24.3%	22.6%	23.3%	25.5%	23.9%	22.9%	23.1%
Income taxes	3,941	2,232	1,867	2,441	3,682	1,886	1,817	2,314	4,133	2,612	2,267	2,697	4,137	2,739	2,470	2,782
Tax rate %	16.5%	16.2%	15.7%	15.1%	14.2%	14.4%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%
Net income - GAAP	\$19,965	\$11,561	\$10,044	\$13,686	\$22,236	\$11,249	\$9,197	\$11,708	\$20,914	\$13,217	\$11,470	\$13,650	\$20,935	\$13,859	\$12,501	\$14,077
Net margin %	23.7%	19.9%	18.7%	21.4%	24.2%	19.3%	17.6%	19.2%	21.9%	20.3%	18.9%	19.5%	21.3%	19.9%	19.1%	19.3%
GAAP EPS	\$4.22	\$2.47	\$2.18	\$3.03	\$4.99	\$2.55	\$2.12	\$2.73	\$4.94	\$3.16	\$2.78	\$3.36	\$5.22	\$3.50	\$3.20	\$3.66
Basic share count	4,773	4,701	4,571	4,491	4,415	4,360	4,299	4,244	4,188	4,133	4,077	4,022	3,968	3,914	3,860	3,806
Diluted share count	4,736	4,674	4,601	4,520	4,455	4,405	4,344	4,289	4,233	4,177	4,122	4,066	4,012	3,958	3,904	3,850

Source: Company Data, Barclays Research

INCOME STATEMENT					
Actual	Actual	Actual	Proj	Proj	Proj
F2017	F2018	F2019	F2020E	F2021E	F2022E
Year	Year	Year	Year	Year	Year
\$229,234	\$265,595	\$260,174	\$263,365	\$291,705	\$306,055
6.3%	15.9%	-2.0%	1.2%	10.8%	4.9%
141,048	163,756	161,782	162,882	179,635	188,216
61.5%	61.7%	62.2%	61.8%	61.6%	61.5%
88,186	101,839	98,392	100,483	112,071	117,840
38.5%	38.3%	37.8%	38.2%	38.4%	38.5%
15,261	16,705	18,245	19,503	22,192	23,535
6.7%	6.3%	7.0%	7.4%	7.6%	7.7%
11,581	14,236	16,217	18,022	19,919	21,805
5.1%	5.4%	6.2%	6.8%	6.8%	7.1%
26,842	30,941	34,462	37,525	42,110	45,340
11.7%	11.6%	13.2%	14.2%	14.4%	14.8%
10.7%	15.3%	11.4%	8.9%	12.2%	7.7%
61,344	70,898	63,930	62,958	69,960	72,500
26.8%	26.7%	24.6%	23.9%	24.0%	23.7%
2,745	2,005	1,807	1,131	1,000	1,000
64,089	72,903	65,737	64,089	70,960	73,500
28.0%	27.4%	25.3%	24.3%	24.3%	24.0%
15,738	13,372	10,481	9,699	11,708	12,127
24.6%	18.3%	15.9%	15.1%	16.5%	16.5%
\$48,351	\$59,531	\$55,256	\$54,390	\$59,252	\$61,372
21.1%	22.4%	21.2%	20.7%	20.3%	20.1%
\$9.19	\$11.87	\$11.90	\$12.39	\$14.24	\$14.52
5,217	4,955	4,634	4,330	4,105	3,887
5,263	5,016	4,644	4,389	4,160	3,931

Segment Model

FIGURE 4
AAPL Segment Model

Segment Summary	Actual	Actual	Actual	Actual	Actual	Actual	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Fiscal Year: September	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
\$ in millions	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE
REVENUE BY SEGMENT																
Total revenue	\$84,310	\$58,015	\$53,809	\$64,040	\$91,819	\$58,313	\$52,196	\$61,037	\$95,614	\$65,160	\$60,788	\$70,143	\$98,370	\$69,511	\$65,346	\$72,828
iPhone	51,982	31,051	25,986	33,362	55,957	28,962	21,545	27,495	56,940	31,570	26,250	32,680	55,380	31,920	27,000	32,340
iPad	6,729	4,872	5,023	4,656	5,977	4,368	4,988	4,600	6,020	4,750	4,950	4,200	5,590	4,600	4,840	4,300
Mac	7,416	5,513	5,820	6,991	7,160	5,351	5,921	7,214	7,316	5,593	5,753	7,249	7,350	5,657	5,644	6,884
Notebook																
Desktop																
Services	10,875	11,450	11,455	12,511	12,715	13,348	13,081	13,735	14,147	14,855	14,855	15,597	15,987	16,787	16,787	17,122
Other music related products/services																
Software/services/other																
Wearable, Home and accessories	7,308	5,129	5,525	6,520	10,010	6,284	6,661	7,993	11,191	8,393	8,980	10,417	14,063	10,547	11,075	12,182
iPod [separate reporting ceased F2015]																
Check-->	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Y/Y growth %																
Total revenue	-4.5%	-5.1%	1.0%	1.8%	8.9%	0.5%	-3.0%	-4.7%	4.1%	11.7%	16.5%	14.9%	2.9%	6.7%	7.5%	3.8%
iPhone	-14.9%	-17.3%	-11.8%	-9.2%	7.6%	-6.7%	-17.1%	-17.6%	1.8%	9.0%	21.8%	18.9%	-2.7%	1.1%	2.9%	-1.0%
iPad	16.9%	21.6%	8.4%	16.9%	-11.2%	-10.3%	-0.7%	-1.2%	0.7%	8.7%	-0.8%	-8.7%	-7.1%	-3.2%	-2.2%	2.4%
Mac	8.7%	-4.6%	10.7%	-4.8%	-3.5%	-2.9%	1.7%	3.2%	2.2%	4.5%	-2.8%	0.5%	0.5%	1.1%	-1.9%	-5.0%
Notebook																
Desktop																
Services	19.1%	16.2%	12.6%	18.0%	16.9%	16.6%	14.2%	9.8%	11.3%	11.3%	13.6%	13.6%	13.0%	13.0%	13.0%	9.8%
Other music related products/services																
Software/services/other																
Wearable, Home and accessories	33.3%	30.0%	48.0%	54.4%	37.0%	22.5%	20.6%	22.6%	11.8%	33.6%	34.8%	30.3%	25.7%	25.7%	23.3%	16.9%
iPod [separate reporting ceased F2015]																
Q/Q growth %																
Total revenue	34.0%	-31.2%	-7.2%	19.0%	43.4%	-36.5%	-10.5%	16.9%	56.6%	-31.9%	-6.7%	15.4%	40.2%	-29.3%	-6.0%	11.5%
iPhone	41.4%	-40.3%	-16.3%	28.4%	67.7%	-48.2%	-25.6%	27.6%	107.1%	-44.6%	-16.9%	24.5%	69.5%	-42.4%	-15.4%	19.8%
iPad	68.9%	-27.6%	3.1%	-7.3%	28.4%	-26.9%	14.2%	-7.8%	30.9%	-21.1%	4.2%	-15.2%	33.1%	-17.7%	5.2%	-11.2%
Mac	1.0%	-25.7%	5.6%	20.1%	2.4%	-25.3%	10.7%	21.8%	1.4%	-23.6%	2.9%	26.0%	1.4%	-23.0%	-0.2%	22.0%
Notebook																
Desktop																
Services	2.6%	5.3%	0.0%	9.2%	1.6%	5.0%	-2.0%	5.0%	3.0%	5.0%	0.0%	5.0%	2.5%	5.0%	0.0%	2.0%
Other music related products/services																
Software/services/other																
Wearable, Home and accessories	73.1%	-29.8%	7.7%	18.0%	53.5%	-37.2%	6.0%	20.0%	40.0%	-25.0%	7.0%	16.0%	35.0%	-25.0%	5.0%	10.0%
iPod [separate reporting ceased F2015]																
% of total revenue																
iPhone	61.7%	53.5%	48.3%	52.1%	60.9%	49.7%	41.3%	45.0%	59.6%	48.4%	43.2%	46.6%	56.3%	45.9%	41.3%	44.4%
iPad	8.0%	8.4%	9.3%	7.3%	6.5%	7.5%	9.6%	7.5%	6.3%	7.3%	8.1%	6.0%	5.7%	6.6%	7.4%	5.9%
Mac	8.8%	9.5%	10.8%	10.9%	7.8%	9.2%	11.3%	11.8%	7.7%	8.6%	9.5%	10.3%	7.5%	8.1%	8.6%	9.5%
Notebook																
Desktop																
Services	12.9%	19.7%	21.3%	19.5%	13.8%	22.9%	25.1%	22.5%	14.8%	22.8%	24.4%	22.2%	16.3%	24.1%	25.7%	23.5%
Other music related products/services																
Software/services/other																
Wearable, Home and accessories	8.7%	8.8%	10.3%	10.2%	10.9%	10.8%	12.8%	13.1%	11.7%	12.9%	14.8%	14.9%	14.3%	15.2%	16.9%	16.7%
iPod [separate reporting ceased F2015]																

Source: Company Data, Barclays Research

Actual	Actual	Actual	Proj	Proj	Proj
F2017	F2018	F2019	F2020E	F2021E	F2022E
Year	Year	Year	Year	Year	Year
REVENUE BY SEGMENT					
\$229,234	\$265,595	\$260,174	\$263,365	\$291,705	\$306,055
141,319	164,888	142,381	133,959	147,440	146,640
19,222	18,380	21,280	19,933	19,920	19,330
25,850	25,198	25,740	25,646	25,911	25,535
29,980	39,748	46,291	52,879	59,453	66,682
12,863	17,381	24,482	30,948	38,981	47,868
0.000	0.000	0.000	0.000	0.000	0.000
Y/Y growth %					
6.3%	15.9%	-2.0%	1.2%	10.8%	4.9%
3.4%	16.7%	-13.6%	-5.9%	10.1%	-0.5%
-6.8%	-4.4%	15.8%	-6.3%	-0.1%	-3.0%
13.2%	-2.5%	2.2%	-0.4%	1.0%	-1.5%
23.1%	32.6%	16.5%	14.2%	12.4%	12.2%
15.5%	35.1%	40.9%	26.4%	26.0%	22.8%
% of total revenue					
61.6%	62.1%	54.7%	50.9%	50.5%	47.9%
8.4%	6.9%	8.2%	7.6%	6.8%	6.3%
11.3%	9.5%	9.9%	9.7%	8.9%	8.3%
13.1%	15.0%	17.8%	20.1%	20.4%	21.8%
5.6%	6.5%	9.4%	11.8%	13.4%	15.6%

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Primary Stocks (Ticker, Date, Price)

Apple, Inc. (AAPL, 24-Jun-2020, USD 360.06), Equal Weight/Neutral, A/CD/CE/D/E/J/K/L/M/N

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IT Hardware and Communications Equipment

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Ciena Corporation (CIEN)	Cisco Systems, Inc. (CSCO)	Corning Incorporated (GLW)
Dell Technologies Inc. (DELL)	F5 Networks, Inc. (FFIV)	Harmonic, Inc. (HLIT)
Hewlett Packard Enterprise Company (HPE)	HP Inc. (HPQ)	Juniper Networks, Inc. (JNPR)
Keysight Technologies, Inc. (KEYS)	Motorola Solutions, Inc. (MSI)	NetApp, Inc. (NTAP)
Pure Storage, Inc. (PSTG)	Samsung Electronics Co., Ltd. (005930.KS)	Seagate Technology plc (STX)
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USD 360.06 (24-Jun-2020)

Stock Rating

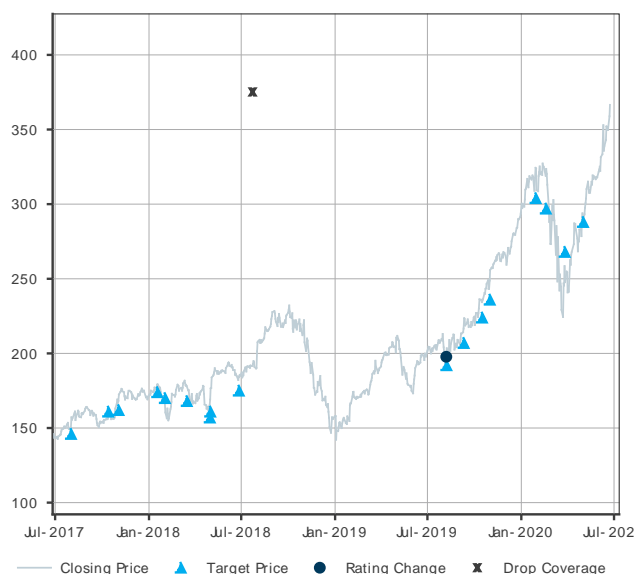
EQUAL WEIGHT

Industry View

NEUTRAL

Rating and Price Target Chart - USD (as of 24-Jun-2020)

Currency=USD



Publication Date	Closing Price	Rating	Adjusted Price Target
01-May-2020	289.07		288.00
26-Mar-2020	258.44		268.00
18-Feb-2020	319.00		297.00
29-Jan-2020	324.34		304.00
31-Oct-2019	248.76		236.00
16-Oct-2019	234.37		224.00
10-Sep-2019	216.70		207.00
07-Aug-2019	199.04	Equal Weight	192.00
17-Jul-2018	191.45	Coverage Dropped	
26-Jun-2018	184.43		175.00
01-May-2018	169.10		161.00
30-Apr-2018	165.26		157.00
16-Mar-2018	178.02		168.00
01-Feb-2018	167.78		170.00
17-Jan-2018	179.10		174.00
02-Nov-2017	168.11		162.00
13-Oct-2017	156.99		161.00
01-Aug-2017	150.05		146.00

On 24-Jun-2017, prior to any intra-day change that may have been published, the rating for this security was Equal Weight, and the adjusted price target was 123.00.

Source: Bloomberg, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

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Valuation Methodology: We rate AAPL Equal Weight with a price target of \$326. While many are excited about Services and Wearables, we remain cautious on the core iPhone business amid high street expectation for 5G iPhone cycle. We believe EPS growth will come mostly from the

buyback. We are using a 15x EV/EBITDA and P/E multiple of 23x our FY 2021 EPS estimate of \$14.24 to arrive at our \$326 price target.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: 1) iPhone competition. Apple market share peaked several years ago, and the company has not had a hit phone in a few years. Huawei has been taking high-end market share in China and other emerging markets.

2) Installed base impact on Services. Services have been a great growth business, but if the installed base grows more slowly or starts to shrink, it could materially affect this business.

3) Valuation. AAPL is trading at all time high in multiples despite little operating income growth, falling gross and operating margins, and share losses in their core business.

4) Tariffs. A large portion of Apple products are manufactured in China, and incremental tariffs would make the iPhone more expensive in the U.S. at a time when price elasticity has begun to hurt.

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