

## Apple Inc.

**HOLD** (AAPL, \$123.73, \$115 PT)

### APPLE REVIEW: PREPARE FOR SLOWING GROWTH.

Haiku: Growth may be harder, for Apple to find over, the next fiscal year.

Shares of Apple are down over 7% since the 2015 high of \$133.00 reached on February 23, 2015 despite the company supporting its share price via the repurchase of billions of dollars in stock. This includes \$4 billion to repurchase 31.2 million shares in open market transactions in the June quarter, and \$90 billion in total share repurchases since the start of the capital return program. While the market is starting to express concerns over Apple's dependency on the iPhone, and growth in the China market, we mention two other items.

- Services.** Apple makes wonderful hardware and has nicely integrated it with a software operating system. Its other software products and services layer can be considered merely adequate, in our opinion. Does anyone really love using iTunes? Do you truly consider the App store a polished product with curated suggestions that can't be improved? Have you compared Siri to Google Now? Music may have millions of customers take the free trial, but given the resources that Apple has – isn't it a bit disappointing to have a product that is similar to others already on the market? Given the excitement over a potential TV bundle, should we expect a break out product given the recent launches? Why can't Apple build up an advertising revenue stream? And finally, and what point does owning the platform increase the regulatory risk to the company as it uses pricing power and the App store to its own advantage?
- Growth.** We are modeling growth on a year-over-year basis to slow starting in the December quarter of 2016. We are not factoring in revenue from new products that are not announced such as TV, but we are factoring in an iPhone and iPad refresh. While we respect that 73% of the installed base has not upgraded to a 6/6+, and this is going to be driver, the yearly comparison becomes increasingly difficult starting in the December quarter. We do not see that Apple has much room left to increase the ASP of the iPhone, increasing its dependence on growth by driving more units through the channel. Finally, the capital return program has completed \$126 billion of the \$200 billion plan, and share repurchase activity is slowing as the company spends its domestic cash.

The Company reported June quarter revenue of \$49.6B. Revenue grew 33% YoY. International sales accounted for 59% of total revenue in the June quarter. Apple returned over \$13B to its shareholders in the quarter.

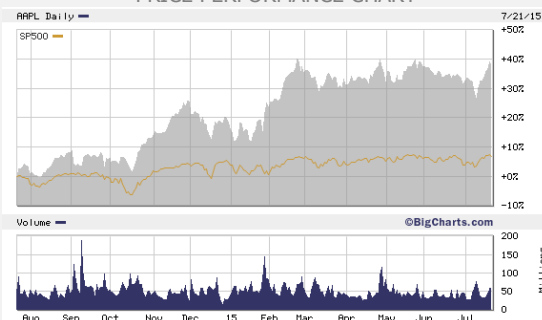
**iPhone:** The company sold 48M (+35% YoY) units in the quarter. **iPad:** The Company sold 11M (-18% YoY) **Macintosh:** Apple sold 5M (+9% YoY) Macs during the quarter.

**Geographical Breakdown:** The Company derived 20B (+15% YoY, 41% of total revenue) from Americas., 10B from Europe (+19% YoY, 21% of total revenue), 13B from Greater China (+112% YoY, 27% of revenue), 3B (+9% YoY, 6% of total revenue) and 3B from Asia Pacific (+26% YoY, 6% of total revenue)

**Company guidance** for the 2015 fourth quarter is \$49B-\$51B in revenue, gross margin of 38.5-39.5%, tax rate to be 26.3%, and operating expense of \$5.85-\$5.95B.

**Balance Sheet:** AAPL has \$203B in cash (\$35.14/ share) and \$47B long-term debt as of June 27, 2015. The company generated \$15B in cash from operations. Cash increased by \$9B in the quarter from \$194B on March 28, 2015, to \$203B on June 27, 2015. We mildly increase our estimates, maintain our HOLD rating and our price target of \$115 on shares of Apple Inc.

### PRICE PERFORMANCE CHART



### Company Data

Price (\$)	123.73
52-Week Range (\$)	93.28–134.54
Mkt Cap (\$ B)	754.80
Price Target (\$)	115
Diluted Shares Out (M)	5773
Avg. daily vol. (3mo)	47,025,500

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**Apple Inc.**

	2014A	2015E	2016E
EPS Reported (\$)			
Q1 (Dec)	2.07	3.06A	3.19
Q2 (Mar)	1.66	2.33A	2.38
Q3 (Jun)	1.28	1.85A	2.04
Q4 (Sep)	1.42	1.95E	2.08
FY (Fiscal Sep)	6.45	9.19E	9.70
Bloomberg EPS FY (\$)	6.45	9.09E	9.63

	2014A	2015E	2016E
Revenue Reported (\$M)			
Q1 (Dec)	57,594	74,599A	76,837
Q2 (Mar)	45,646	58,010A	60,330
Q3 (Jun)	37,432	49,605A	52,581
Q4 (Sep)	42,123	52,190E	55,322
FY (Fiscal Sep)	182,795	234,404E	245,070
Bloomberg Revenue FY (\$)	182,795	233,147E	245,596

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

## Recommendation

We maintain our HOLD rating and the price target of \$115 on shares of Apple Inc.

## Estimates and Valuation

### We increase our FY2015 estimates to:

\$9.19 eps and \$234.4B in net revenue

From

\$9.04 eps and \$234.2B in net revenue

Our estimates represent YoY revenue growth of 28%. This compares to consensus revenue of \$233B. Our earnings estimate is \$9.19 EPS, represents growth of 42%. Consensus EPS is \$9.09.

### We increase our FY2016 estimates to:

\$9.70 eps and \$245.1B in net revenue

From

\$9.38 eps and \$244.7B in net revenue

Our estimates represent YoY revenue growth of 5%. This compares to consensus revenue of \$245.6B. Consensus EPS is \$9.63.

The company operates on a fiscal September year.

Based on our \$9.70 EPS estimate for FY2016 and using a 12x multiple, in line with its peers, we determine a 12-month price target for AAPL of \$115.

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## Short Interest

Settlement Date	Short Interest	Average Daily Share Volume	Days to Cover
6/30/2015	63,744,832	40,354,402	1.58
6/15/2015	60,498,031	39,545,843	1.53
5/15/2015	77,867,734	49,020,825	1.59
5/15/2015	77,867,734	49,020,825	1.59
4/30/2015	61,971,777	59,114,383	1.05
4/15/2015	64,808,515	34,595,262	1.87
3/31/2015	64,707,770	47,119,400	1.37
3/13/2015	65,741,792	57,349,079	1.15
2/27/2015	72,721,976	62,574,704	1.16
2/13/2015	61,093,771	53,046,069	1.15
1/30/2015	58,991,635	74,359,687	1.00
1/15/2015	62,411,704	56,267,697	1.11
12/31/2014	61,293,800	43,668,095	1.40
12/15/2014	53,673,391	54,205,753	1.00
11/28/2014	78,182,668	46,160,890	1.69
11/14/2014	74,477,960	40,589,714	1.83
10/31/2014	99,635,030	59,962,311	1.66
10/15/2014	99,551,780	58,311,232	1.71
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

Source: www.nasdaqtrader.com

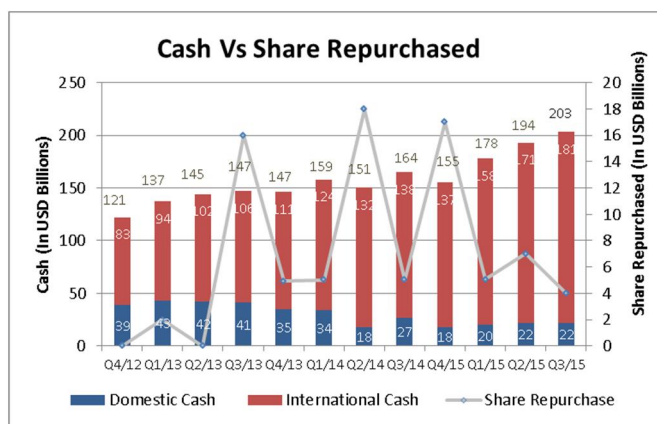
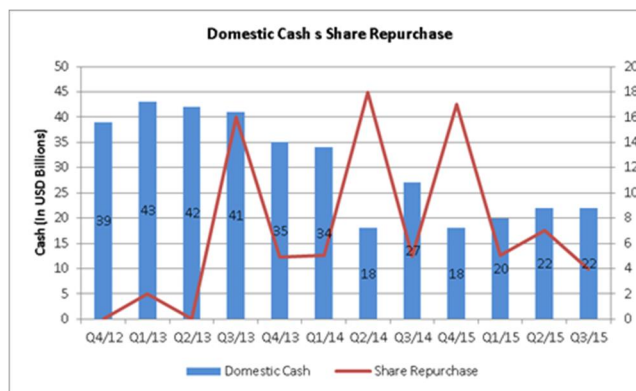
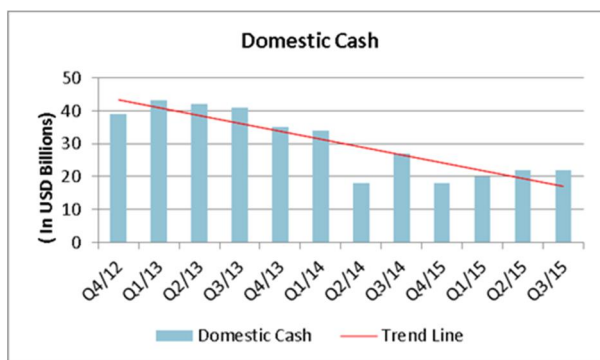
## Share Performance during Earnings

Apple Inc. (AAPL)	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15
Date of Earnings Release	23-Apr-13	23-Jul-13	28-Oct-13	27-Jan-14	23-Apr-14	22-Jul-14	20-Oct-14	27-Jan-15	27-Apr-15
Stock Price on Date of Earning Release	58.02	59.86	75.70	78.64	74.96	94.72	99.33	108.71	132.65
Stock Price a Day after Earning Release	57.92	62.93	73.81	72.36	81.11	97.19	102.03	114.86	130.56
% Change	-0.2%	5.1%	-2.5%	-8.0%	8.2%	2.6%	2.7%	5.7%	-1.6%

Source: MSN and BGC Financial

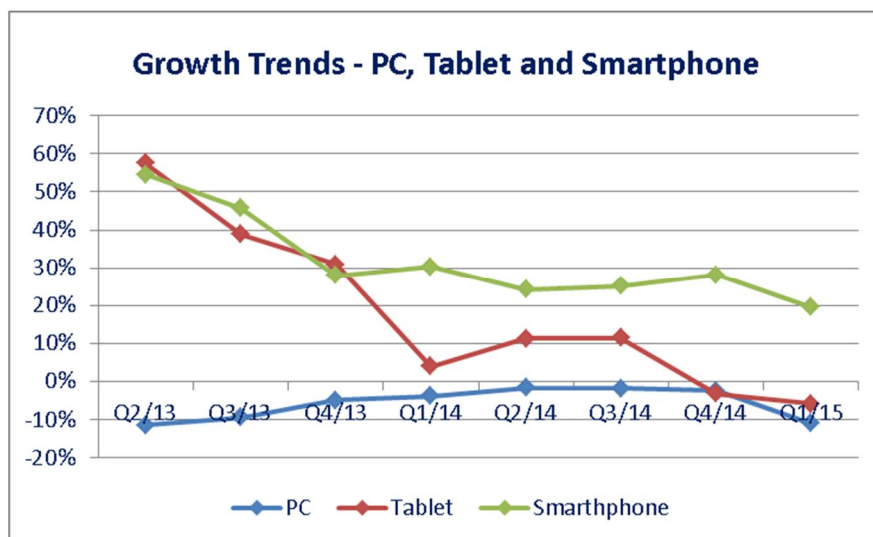
## Declining Domestic Cash

AAPL's cash and cash equivalents increased by \$9B in the quarter from \$194B on March 28, 2014 to \$203B on June 27, 2015. Data is based on fiscal year ending September.



## Combined Growth Trends – Declining PC, Tablets and Smartphone Market

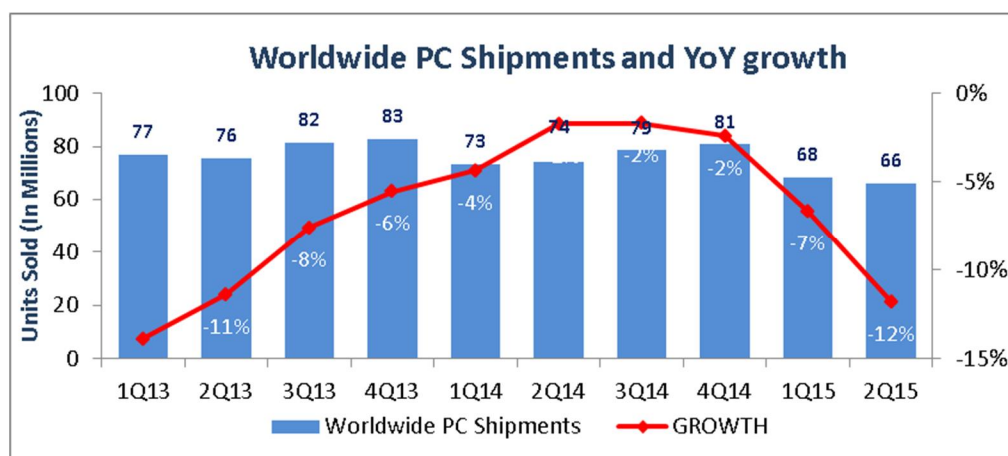
The March quarter saw a negative YoY growth in both PC (-11%) and Tablet (-6%) shipments. Smartphone growth rate also declined but remained positive with 20% YoY growth.



## PC Market Data

Top 5 Vendors, Worldwide PC Shipments						
Second Quarter 2015 (Preliminary ) Unit Shipments are in thousands						
Rank	Vendor	2Q15 Shipments	2Q15 Market Share	2Q14 Shipments	2Q14 Market Share	2Q15/2Q14 Growth
1	Lenovo	13,444	20.3%	14,535	19.4%	-7.5%
2	HP	12,253	18.5%	13,675	18.2%	-10.4%
3	Dell	9,560	14.5%	10,466	14.0%	-8.7%
4	Apple	5,136	7.8%	4,423	5.9%	16.1%
5	Acer Group*	4,334	6.6%	5,932	7.9%	-26.9%
5	ASUS*	4,330	6.5%	4,693	6.3%	-7.7%
	Others	17,082	25.8%	21,274	28.4%	-19.7%
	Total	66,140	100.0%	74,998	100.0%	-11.8%

Note: IDC declares a statistical tie in the worldwide PC market when there is less than one tenth of one percent difference in the revenue share of two or more vendor



Source: IDC Worldwide Quarterly PC Tracker and BGC Financials

#### Tablet Market Data

##### Worldwide Tablet/ 2 in 1 Shipments, Market Share and 5-Year CAGR by Operating System 2014-2018 (figures in \$USD)

Operating System	2014 Tablet ASP	2014 Market Share	2018 Tablet ASP	2014 Market Share	2013-2018 CAGR
Android	159.5	67.7%	183.1	64.0%	5.9%
iOS	64.9	27.5%	70.1	24.5%	-1.1%
Windows Phone	10.9	4.6%	32.6	11.4%	38.1%
Other	0.5	0.2%	0.1	0.0%	-43.0%
<b>Total</b>	<b>235.7</b>	<b>100.0%</b>	<b>285.9</b>	<b>100.0%</b>	<b>5.4%</b>

Source: IDC

##### Top 5 Vendors, Worldwide Tablet Shipments

##### First Quarter 2015 (Preliminary, Unit Shipments are in millions)

Vendor	1Q15 Shipments	1Q15 Market Share	1Q14 Shipments	1Q14 Market Share	1Q15/1Q14 Growth
Apple	12.6	26.8%	16.4	32.7%	-22.9%
Samsung	9.0	19.1%	10.8	21.6%	-16.5%
ASUS	1.8	3.8%	2.6	5.2%	23.0%
Lenovo	2.5	5.3%	2.0	4.1%	-30.6%
LG Electronics	1.4	3.1%	0.1	0.2%	1423.7%
Others	19.7	41.8%	18.1	36.3%	8.6%
<b>Total</b>	<b>47.1</b>	<b>100.0%</b>	<b>50.0</b>	<b>100.0%</b>	<b>-5.9%</b>

Source: IDC

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Source: IDC

## Smartphone

### Top Five Smartphone Vendors, Shipments, and Market Share

First Quarter 2015 ( Preliminary, Unit Shipments are in millions)

Vendor	1Q15 Unit Shipments	1Q15 Market Share	1Q14 Unit Shipments	1Q14 Market Share	Year-over-year Change
Samsung	82.4	24.5%	88.5	30.7%	-7.0%
Apple	61.2	18.2%	43.7	15.1%	40.0%
Lenovo	18.8	5.6%	12.6	4.4%	49.2%
Huawei	17.0	5.1%	13.5	4.7%	25.9%
LG Electronics	15.4	4.6%	12.3	4.3%	25.3%
Others	141.7	42.1%	117.8	40.8%	20.3%
Total	336.5	100.0%	288.5	100.0%	16.7%



## Smartphone Operating System

Top Five Smartphone Operating Systems Shipments, and Market Share, 1Q 2015 (Units in Millions)					
Operating System	1Q15 Shipment Volume	1Q15 Market Share	1Q14 Shipment Volume	1Q14 Market Share	Year over Year Change
Android	260.8	78.0%	234.1	81.2%	11.4%
iOS	61.2	18.3%	43.8	15.2%	39.6%
Windows Phone	9.0	2.7%	7.2	2.5%	25.3%
BlackBerry OS	1.0	0.3%	1.4	0.5%	-30.4%
Others	2.3	0.7%	2.0	0.7%	16.0%
<b>Total</b>	<b>334.4</b>	<b>100.0%</b>	<b>288.3</b>	<b>100.1%</b>	<b>16.0%</b>

Source: IDC

## Smartphone Applications

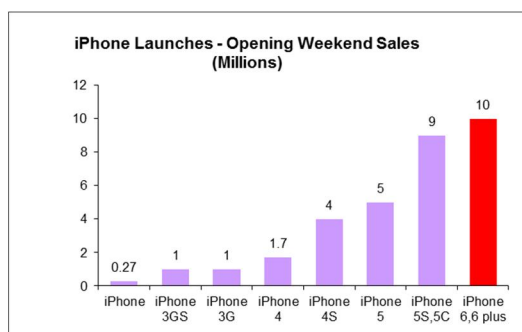
Top 15 Smartphone Apps Total U.S. Smartphone Mobile Media Users, Age 18+ (iOS and Android Platforms) Source: comScore Mobile Metrix		
S.No	Applications	May-15
1	Facebook	70.2%
2	YouTube	59.1%
3	Facebook Messenger	52.4%
4	Google Play	52.1%
5	Google Search	51.8%
6	Google Maps	49.1%
7	Pandora Radio	44.0%
8	Gmail	43.0%
9	Instagram	36.6%
10	Apple Maps	27.2%
11	iTunes Radio/iCloud	26.0%
12	Amazon Mobile	25.9%
13	Twitter	24.9%
14	Google+	23.1%
15	Pinterest	22.4%

Source: ComScore



## 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

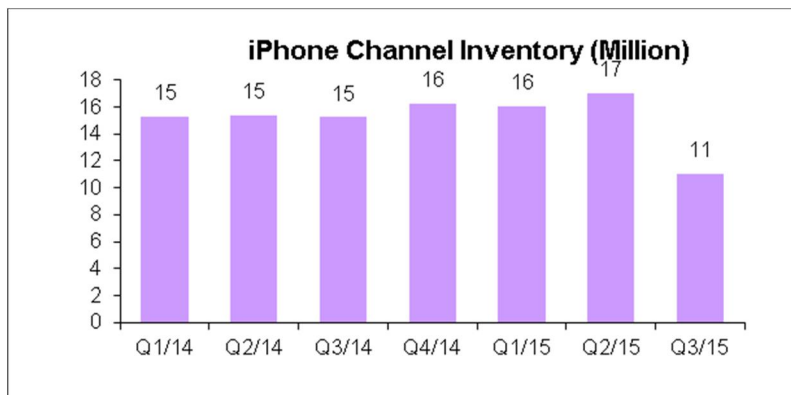


Source: Company Documents and BGC Financial.

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
2015	74.5	61.2	47.5		183.2
Fiscal Year	Q1	Q2	Q3	Q4	773.8

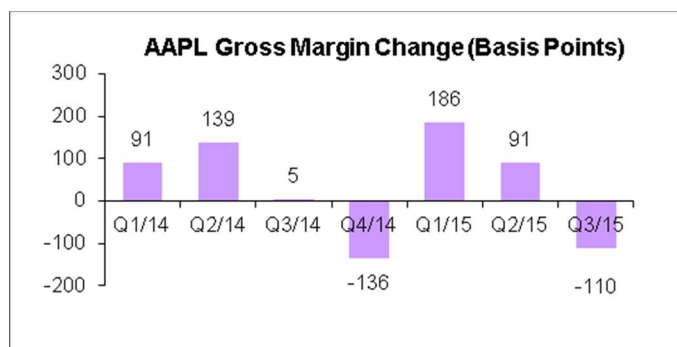
Source: Company Documents and BGC Financial.

## iPhone Channel Inventory

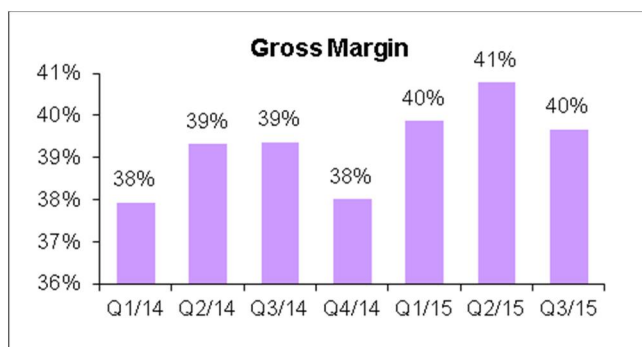


Source: Company Documents and BGC Financial.

## Gross Margin



Source: Company Documents and BGC Financial.



## Balance Sheet and Cash flow

AAPL has \$203B in cash (\$35.14 / share) and \$47B long-term debt as of June 27, 2015. The company generated \$15B in cash from operations. Cash increased by \$9B in the quarter from \$194B on March 28, 2015 to \$203B on June 27, 2015

## Key Metrics Review

AAPL made the following key reporting changes from its first quarter of fiscal 2015:

- Geographical Segment Reporting: Retail is no longer be reported as a separate segment in this category
- Creation of Other as a product category: Revenue from iPod and Accessories would henceforth be clubbed under the "Others" section

Revenue	Q1/15	Q2/15	Q3/15	Q4/15E	Q1/16E	Q2/16E	Q3/16E	Q4/16E
<b>Revenue</b>	74,599	58,010	49,605	52,190	76,837	60,330	52,581	55,322
Y/Y Growth Rate	30%	27%	33%	24%	3%	4%	6%	6%
Q/Q Growth Rate	77%	-22%	-14%	5%	47%	-21%	-13%	5%
<b>Americas</b>	30,566	21,316	20,209	22,442	33,040	25,942	22,610	23,788
As % of Revenues	41%	37%	41%	43%	43%	43%	43%	43%
Y/Y Growth Rate	23%	19%	15%	14%	8%	22%	12%	6%
Q/Q Growth Rate	55%	-30%	-5%	11%	47%	-21%	-13%	5%
<b>Europe</b>	17,214	12,204	10,342	10,960	16,136	12,669	11,042	11,618
As % of Revenues	23%	21%	21%	21%	21%	21%	21%	21%
Y/Y Growth Rate	20%	12%	19%	6%	-6%	4%	7%	6%
Q/Q Growth Rate	66%	-29%	-15%	6%	47%	-21%	-13%	5%
<b>Greater China</b>	16,144	16,823	13,230	13,048	19,209	15,083	13,145	13,830
As % of Revenues	22%	29%	27%	25%	25%	25%	25%	25%
Y/Y Growth Rate	70%	71%	112%	107%	19%	-10%	-1%	6%
Q/Q Growth Rate	157%	4%	-21%	-1%	47%	-21%	-13%	5%
<b>Japan</b>	5,448	3,457	2,872	3,131	4,610	3,620	3,155	3,319
As % of Revenues	7%	6%	6%	6%	6%	6%	6%	6%
Y/Y Growth Rate	8%	-15%	9%	-13%	-15%	5%	10%	6%
Q/Q Growth Rate	52%	-37%	-17%	9%	47%	-21%	-13%	5%
<b>Asia Pacific</b>	5,227	4,210	2,952	2,610	3,842	3,017	2,629	2,766
As % of Revenues	7%	7%	6%	5%	5%	5%	5%	5%
Y/Y Growth Rate	33%	48%	26%	22%	-26%	-28%	-11%	6%
Q/Q Growth Rate	145%	-19%	-30%	-12%	47%	-21%	-13%	5%

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

Products Summary (Revenue in \$ M)	Q1/15	Q2/15	Q3/15	Q4/15E	Q1/16E	Q2/16E	Q3/16E	Q4/16E
<b>iPhone</b>	51,182	40,282	31,368	32,750	51,745	40,300	31,850	33,800
<b>iPad</b>	8,985	5,428	4,538	5,040	8,820	5,460	5,880	6,163
<b>Mac</b>	6,944	5,615	6,030	6,370	6,240	5,850	6,370	6,500
<b>Services</b>	4,799	4,996	5,028	5,421	5,422	5,101	5,326	5,540
<b>iPod</b>	2,689	1,689	2,641	2,610	4,610	3,620	3,155	3,319
<b>Consolidated</b>	74,599	58,010	49,605	52,190	76,837	60,330	52,581	55,322

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

Products Summary (Units)	Q1/15	Q2/15	Q3/15	Q4/15E	Q1/16E	Q2/16E	Q3/16E	Q4/16E
<b>iPhone</b>	74,468	61,170	47,534	50,000	79,000	62,000	49,000	52,000
<b>iPad</b>	21,419	12,623	10,931	12,000	21,000	13,000	14,000	14,500
<b>Mac</b>	5,519	4,563	4,796	4,900	4,800	4,500	4,900	5,000

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

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## 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.

**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

### Analyst Certification

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**BUY:** We have a positive 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 add to their position.

**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.

**NC:** Not Covered. BGC Financial LP does not provide an investment opinion or does not provide research coverage on this stock.

### Other Disclosures

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Pursuant to BGC Financial LP's policy, the author of this report does not own shares in any company he/she covers.

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**Disclosures Appendix**

**Distribution of Ratings/Investment Banking Services (IB) as of 07/23/2015**  
**BGC**

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	3	37.5%	0	0
HOLD [H]	5	62.5%	0	0
SELL [S]	0	0%	0	0

## Price Target and Ratings Changes Apple Inc. (AAPL)



Source: BGC Financial and Bloomberg

\*Price have been adjusted for 7:1 stock split

Apple Inc. (AAPL) Income Statement (Data in \$US millions, except per share)	Q415 Guidance: Revenue between \$49 billion and \$51 billion Gross margin between 38.5 percent and 39.5 percent Operating expenses between \$5.85 billion and \$5.95 billion Other income/(expense) of \$400 million, Tax rate of 26.3 percent												Cash&eqv. \$2,02,848 Cash / share \$35.14 LT Debt \$47,419 As of: June 27, 2015			
	2014 by Quarter				2015 by Quarter				2016 by Quarter				Fiscal Year September			
	Q1/14 Dec-13	Q2/14 Mar-14	Q3/14 Jun-14	Q4/14 Sep, 2014	Q1/15 Dec, 2014	Q2/15 Mar, 2015	Q3/15 Jun, 2015	Q4/15E Sep, 2015	Q1/16E Dec, 2015	Q2/16E Mar, 2016	Q3/16E Jun, 2016	Q4/16E Sep, 2016	2013	2014	2015E	2016E
Revenues	57,594	45,646	37,432	42,123	74,599	58,010	49,605	52,190	76,837	60,330	52,581	55,322	1,70,910	1,82,795	2,34,404	2,45,070
Cost of Sales	35,748	27,699	22,697	26,114	44,858	34,354	29,924	31,575	46,410	36,319	31,496	33,746	1,06,606	1,12,258	1,40,711	1,47,971
Gross Profit	21,846	17,947	14,735	16,009	29,741	23,656	19,681	20,615	30,427	24,011	21,085	21,576	64,304	70,537	93,693	97,100
Operating expenses																
Research and development	1,330	1,422	1,603	1,686	1,895	1,918	2,034	2,088	2,228	2,353	2,156	2,213	4,475	6,041	7,935	8,950
Selling, general and administrative	3,053	2,932	2,850	3,158	3,600	3,460	3,564	3,706	3,919	3,740	3,733	3,928	10,830	11,993	14,330	15,320
Total operating expenses	4,383	4,354	4,453	4,844	5,495	5,378	5,598	5,793	6,147	6,093	5,889	6,141	15,305	18,034	22,264	24,270
Income from operations	17,463	13,593	10,282	11,165	24,246	18,278	14,083	14,822	24,280	17,918	15,196	15,435	48,999	52,503	71,429	72,829
Other income and expenses	246	225	202	307	170	286	390	300	300	300	300	300	1,156	980	1,146	1,200
Income before income taxes	17,709	13,818	10,484	11,472	24,416	18,564	14,473	15,122	24,580	18,218	15,496	15,735	50,155	53,483	72,575	74,029
Provision for income taxes	4,637	3,595	2,736	3,005	6,392	4,995	3,796	3,962	6,440	4,773	4,060	4,123	13,118	13,973	19,145	19,396
Net Income	13,072	10,223	7,748	8,467	18,024	13,569	10,677	11,160	18,140	13,445	11,436	11,612	37,037	39,510	53,430	54,634
EPS- diluted	\$2.07	\$1.66	\$1.28	\$1.42	\$3.06	\$2.33	\$1.85	\$1.95	\$3.19	\$2.38	\$2.04	\$2.08	\$5.68	\$6.45	\$9.19	\$9.70
Shares used in per share calculation- diluted	6,310	6,157	6,052	5,972	5,881	5,835	5,773	5,723	5,678	5,644	5,594	5,589	6,522	6,123	5,803	5,626
Margins on Revenue																
Gross Margin	37.9%	39.3%	39.4%	38.0%	39.9%	40.8%	39.7%	39.5%	39.6%	39.8%	40.1%	39.0%	38%	39%	40%	40%
Cost of Revenue	62.1%	60.7%	60.6%	62.0%	60.1%	59.2%	60.3%	60.5%	60.4%	60.2%	59.9%	61.0%	62%	61%	60%	60%
Research and development	2.3%	3.1%	4.3%	4.0%	2.5%	3.3%	4.1%	4.0%	2.9%	3.9%	4.1%	4.0%	3%	3%	3%	4%
Selling, general and administrative	5.3%	6.4%	7.6%	7.5%	4.8%	6.0%	7.2%	7.1%	5.1%	6.2%	7.1%	7.1%	6%	7%	6%	6%
EBITDAS	35.2%	35.4%	34.6%	33.0%	37.1%	37.4%	36.3%	35.6%	36.5%	35.9%	36.0%	34.7%	34%	35%	37%	36%
Operating Margin	30.3%	29.8%	27.5%	26.5%	32.5%	31.5%	28.4%	28.4%	31.6%	29.7%	28.9%	27.9%	29%	29%	30%	30%
Pretax Income	30.7%	30.3%	28.0%	27.2%	32.7%	32.0%	29.2%	29.0%	32.0%	30.2%	29.5%	28.4%	29%	29%	31%	30%
Tax Rate	26.2%	26.0%	26.1%	26.2%	26.2%	26.9%	26.2%	26.2%	26.2%	26.2%	26.2%	26.2%	26%	26%	26%	26%
Net Income	22.7%	22.4%	20.7%	20.1%	24.2%	23.4%	21.5%	21.4%	23.6%	22.3%	21.7%	21.0%	22%	22%	23%	22%
% Changes Q/Q																
Total Revenues	54%	-21%	-18%	13%	77%	-22%	-14%	5%	47%	-21%	-13%	5%	na	na	na	na
% Changes Year/Year																
Total Revenues	6%	5%	6%	12%	30%	27%	33%	24%	3%	4%	6%	6%	9%	7%	28%	5%
EBITDAS	5%	9%	13%	12%	37%	34%	39%	34%	1%	0%	5%	3%	-4%	9%	36%	2%
Operating Income	1%	8%	12%	11%	39%	34%	37%	33%	0%	-2%	8%	4%	-11%	7%	36%	2%
Pretax Income	0%	7%	11%	13%	38%	34%	38%	32%	1%	-2%	7%	4%	-10%	7%	36%	2%
Net Income	0%	7%	12%	13%	38%	33%	38%	32%	1%	-1%	7%	4%	-11%	7%	35%	2%
EBITDAS	20,288	16,176	12,952	13,896	27,709	21,684	18,023	18,572	28,030	21,668	18,946	19,185	58,009	63,312	85,988	87,829
July 22, 2015 Source: Company reports and BGC Financial																

Source: Company Documents and BGC Financial

Balance Sheet (Data in Millions)	2013 by Quarter				2014 by Quarter				2015 by Quarter			Fiscal Year			
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	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	Dec 27 2014	Mar 28 2015	June 27, 2015				
<b>Assets</b>															
Current assets:															
Cash and cash equivalents	16,154	12,053	11,248	14,259	14,077	18,949	12,977	13,844	19,478	14,489	15,319	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	12,985	18,607	19,384	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	16,709	10,905	10,370	5,369	10,930	13,102	17,460
Inventories	1455	1245	1697	1,764	2,122	1,829	1,594	2,111	2,283	2,396	2,042	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	5,046	5,141	5,010	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	13,267	7,259	9,537	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	13,635	9,094	9,291	4,529	6,458	6,882	9,806
<b>Total current assets</b>	<b>72,348</b>	<b>63,337</b>	<b>68,219</b>	<b>73,286</b>	<b>80,347</b>	<b>70,541</b>	<b>67,949</b>	<b>68,531</b>	<b>83,403</b>	<b>67,891</b>	<b>70,953</b>	<b>44,988</b>	<b>57,653</b>	<b>73,286</b>	<b>68,531</b>
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	1,45,492	1,60,443	1,68,145	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	20,392	20,151	21,149	7,777	15,452	16,597	20,624
Goodwill	1381	1400	1522	1,577	2,022	2,055	2,374	4,616	4,629	4,711	5,044	896	1,135	1,577	4,616
Acquired intangible assets, net	4462	4136	4353	4,179	4,105	3,928	3,767	4,142	4,370	4,061	3,779	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	3,608	3,937	4,081	3,556	5,478	5,146	3,764
<b>Total assets</b>	<b>1,96,088</b>	<b>1,94,743</b>	<b>1,99,856</b>	<b>2,07,000</b>	<b>2,25,184</b>	<b>2,05,989</b>	<b>2,22,520</b>	<b>2,31,839</b>	<b>2,61,894</b>	<b>2,61,194</b>	<b>2,73,151</b>	<b>1,16,371</b>	<b>1,76,064</b>	<b>2,07,000</b>	<b>2,31,839</b>
<b>Liabilities and Stockholder's Equity</b>															
Current liabilities:															
Accounts payable	26,398	14,912	15,516	22,367	29,588	18,914	20,535	30,196	38,001	23,159	26,474	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	22,724	22,827	22,724	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	8,987	8,944	9,088	4,091	5,953	7,435	8,491
Current portion of long term debt	0	0	0	0	0	0	0	0	0	0	2,500				
Commercial paper	0	0	0	0	0	0	2,010	6,308	3,899	3,799	4,499				6,308
<b>Total current liabilities</b>	<b>46,879</b>	<b>35,508</b>	<b>36,319</b>	<b>43,658</b>	<b>53,769</b>	<b>43,208</b>	<b>46,205</b>	<b>63,448</b>	<b>73,611</b>	<b>58,729</b>	<b>65,285</b>	<b>27,970</b>	<b>38,542</b>	<b>43,658</b>	<b>63,448</b>
Deferred revenue - non current	2,938	2,877	2,672	2,625	3,071	3,164	3,058	3,031	3,480	3,571	3,474	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	28,971	40,072	31,296	10,100	16,664	20,208	24,826
Long term debt	0	0	16,958	16,960	21,699	22,476	29,030	28,987	32,504	29,816	47,419	0	0	16,960	28,987
<b>Total liabilities</b>	<b>68,742</b>	<b>59,253</b>	<b>76,502</b>	<b>83,451</b>	<b>95,500</b>	<b>85,810</b>	<b>1,01,580</b>	<b>1,20,292</b>	<b>1,38,566</b>	<b>1,32,188</b>	<b>1,47,474</b>	<b>39,756</b>	<b>57,854</b>	<b>83,451</b>	<b>1,20,292</b>
Stockholders' equity:															
Common stock	17,167	17,954	19,024	19,764	20,559	21,496	22,139	23,313	24,187	25,376	26,327	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	97,178	1,00,920	98,252	62,841	1,01,289	1,04,256	87,152
<b>Total shareholders' equity</b>	<b>1,27,346</b>	<b>1,35,490</b>	<b>1,23,354</b>	<b>1,23,549</b>	<b>1,29,684</b>	<b>1,20,179</b>	<b>1,20,940</b>	<b>1,11,547</b>	<b>1,23,328</b>	<b>1,29,006</b>	<b>1,25,677</b>	<b>76,615</b>	<b>1,18,210</b>	<b>1,23,549</b>	<b>1,11,547</b>
<b>Total liabilities and stockholders' equity</b>	<b>1,96,088</b>	<b>1,94,743</b>	<b>1,99,856</b>	<b>2,07,000</b>	<b>2,25,184</b>	<b>2,05,989</b>	<b>2,22,520</b>	<b>2,31,839</b>	<b>2,61,894</b>	<b>2,61,194</b>	<b>2,73,151</b>	<b>1,16,371</b>	<b>1,76,064</b>	<b>2,07,000</b>	<b>2,31,839</b>

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Source: Company Documents and BGC Financial