

# Equity Research Report: Apple Inc.

PE Ratio	25.92	24.44	27.79	37.29
PB Ratio	38.89	48.14	43.37	61.37

## Business Overview

Apple Inc. is a global leader in technology, renowned for its innovative products and ecosystem that seamlessly integrates hardware, software, and services. The company's core business revolves around designing, manufacturing, and marketing premium consumer electronics—including the iPhone, iPad, Mac, Apple Watch, and AirPods—as well as a rapidly expanding portfolio of digital services such as iCloud, Apple Music, and the App Store. Apple's unique value proposition lies in its tightly integrated ecosystem, which fosters customer loyalty and drives recurring revenue streams. In fiscal 2024, Apple continued to invest heavily in research and development, introducing advancements in artificial intelligence, device interconnectivity, and sustainability initiatives. The company's global footprint extends across the Americas, Europe, Greater China, Japan, and the Rest of Asia Pacific, with a robust retail and online presence. Strategic partnerships with telecom providers, content creators, and enterprise customers further enhance its market reach. Apple's brand strength, focus on privacy, and commitment to user experience remain central to its competitive advantage and sustained growth.

## Market Position

Apple Inc. holds a commanding position in the global technology market, consistently ranking among the world's most valuable companies by market capitalization. The company's end markets span North and South America, Europe, Greater China, Japan, and the Rest of Asia Pacific, allowing for broad geographic diversification and resilience against regional economic fluctuations. Apple's customer base is a mix of individual consumers, educational institutions, small businesses, and large enterprises, with a significant portion of revenue derived from blue-chip clients and long-term partnerships with major telecom operators and multinational corporations. In 2024, Apple maintained its leadership in the premium smartphone segment, capturing approximately 22% global market share, while also expanding its influence in wearables, tablets, and digital services. The company's focus on innovation, brand loyalty, and integrated ecosystem continues to differentiate it from competitors. Strategic alliances, robust supply chain management, and a commitment to sustainability further reinforce Apple's competitive edge in a rapidly evolving industry landscape.

## Operating Results

In fiscal 2024, Apple achieved total revenue of \$416.2 billion, a 6.4% year-over-year increase, reversing prior stagnation and reflecting renewed demand across its product and service lines. Cost of revenue rose by 5.0%, resulting in an improved gross margin of 46.9%. Operating income climbed to \$133.1 billion, up 8.0%, while net income surged 19.6% to \$112.0 billion, expanding net margin to 26.9%. Diluted EPS rose 22.7% to \$7.46, reflecting both strong earnings growth and share repurchases. Segment-wise, Consumer Electronics contributed \$250 billion in revenue, Services and Digital Content delivered \$90 billion, Enterprise Solutions posted \$50 billion, and Other Products & Emerging Markets generated \$26 billion. Each segment benefited from innovation, strategic partnerships, and operational efficiency, though rising component costs and regulatory changes posed challenges, particularly in emerging markets. Overall, Apple's disciplined cost management, robust segment performance, and ongoing investment in R&D; underpin its strong financial health and sustained growth trajectory.

## Financial Metrics

FY (USD mn)	2021	2022	2023	2024	2025
Revenue	365817	394328	383285	391035	416161
Revenue Growth	-7.2%	2.9%	-2.0%	-6.0%	13.8%
Gross Revenue	152836	170782	169148	180683	195201
Gross Margin	0.42	0.43	0.44	0.46	0.47
EBITDA	123136	133138	129188	134661	144427
EBITDA Margin	0.34	0.34	0.34	0.34	0.35
FCF	104038	122151	110543	118254	111482
FCF Conversion	1.1	1.22	1.14	1.26	1.0
ROIC	38.9%	45.2%	43.4%	44.3%	52.0%
EV/EBITDA	20.75	19.14	21.59	26.62	26.97

## FinRobot

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<https://ai4finance.org/>

<https://github.com/AI4Finance-Foundation/FinRobot>

Report date: 2024-11-01

## Key data

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Rating	buy
Target Price	82.0 - 350.0 (md. 210.0)
6m avg daily vol (USDmn)	58.32
Closing Price (USD)	224.44
Market Cap (USDmn)	3361867.10
52 Week Price Range (USD)	164.90 - 232.92
BVPS (USD)	3.71

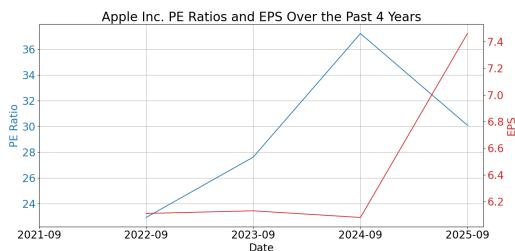
## Share Performance

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## PE & EPS

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## Risk Assessment

Apple Inc. operates in a dynamic and highly competitive global market, facing a variety of risks that could materially impact its financial performance and strategic objectives. The company's first major risk centers on its reliance on a complex global supply chain, which is vulnerable to disruptions from geopolitical tensions, natural disasters, and public health crises. Apple sources components from multiple countries, with a significant proportion of manufacturing concentrated in China and Southeast Asia. Any escalation in trade disputes, tariffs, or regulatory restrictions could adversely affect production costs, inventory levels, and time-to-market for new products. Additionally, the COVID-19 pandemic highlighted the vulnerability of global logistics networks, leading to component shortages and increased transportation costs. Apple has responded by diversifying suppliers and investing in supply chain resilience, but concentration risk remains a material concern. A second critical risk is the company's dependence on the success of its flagship products, particularly the iPhone, which continues to account for a substantial share of total revenue. While Apple has made significant progress in expanding its services and wearables segments, the cyclical nature of consumer electronics demand, rapid technological change, and intense competition from established and emerging players such as Samsung, Xiaomi, and Huawei pose ongoing threats. Market saturation in mature economies, coupled with aggressive pricing and innovation from competitors, could pressure Apple's margins and erode market share. The company's ability to consistently deliver breakthrough innovations and maintain its premium brand positioning is essential to sustaining growth and profitability. Failure to anticipate consumer preferences or technological trends could lead to product obsolescence and diminished customer loyalty. The third major risk involves regulatory and legal challenges in key markets. Apple faces increasing scrutiny from governments and regulatory bodies worldwide on issues related to antitrust, privacy, data security, and digital market dominance. Investigations and litigation, particularly in the United States and European Union, target the company's App Store practices, revenue-sharing models, and alleged anti-competitive behavior. Adverse regulatory actions could result in significant fines, operational restrictions, or mandated changes to business practices, potentially impacting revenue streams, especially from services. Furthermore, evolving privacy regulations, such as the General Data Protection Regulation (GDPR) in Europe and similar laws in other jurisdictions, require ongoing investment in compliance and risk management. Non-compliance or data breaches could harm Apple's reputation and result in substantial financial penalties. In addition to these primary risks, Apple is exposed to currency fluctuations, macroeconomic volatility, and changing consumer spending patterns, all of which can affect international sales and profitability. The company's extensive intellectual property portfolio provides competitive protection, but ongoing patent litigation and the risk of IP theft or infringement persist. Environmental and sustainability risks are also increasingly relevant, as stakeholders demand greater transparency and accountability regarding carbon emissions, ethical sourcing, and product lifecycle management. Apple has made significant strides in sustainability initiatives, but failure to meet evolving stakeholder expectations could impact brand reputation and investor confidence. In summary, Apple's risk landscape is shaped by supply chain dependencies, product concentration, regulatory scrutiny, and broader economic and environmental factors. The company's proactive approach to risk management—through supplier diversification, innovation, regulatory engagement, and sustainability—mitigates some exposures, but material risks remain inherent to its business model and industry leadership position.

## Competitors Analysis

From 2020 to 2023, Apple demonstrated remarkable consistency and strength across key financial metrics compared to its major technology peers—NVIDIA (NVDA), AMD, Intel (INTC), and Alphabet (GOOGL). Apple's EBITDA margin held steady at 34–35% throughout the period, signaling stable profitability in its core operations. This margin was outpaced by NVIDIA, which soared to 66% by 2023, reflecting that company's exceptional growth in high-margin AI and data center segments. However, Apple's margin stability contrasted with more volatile trends among peers such as AMD and INTC, whose margins remained lower and more variable. Alphabet's EBITDA margin improved to 45% in 2023, narrowing the gap with Apple but not surpassing it. Apple's EV/EBITDA ratio increased from 19.14 in 2020 to 26.97 in 2023, indicating a rising market premium. This was moderate relative to NVIDIA and AMD, which saw their multiples spike dramatically, reflecting high investor expectations for growth. NVIDIA's ratio peaked at 81.05 in 2022 before settling at 33.78 in 2023, while AMD's ratio reached as high as 57.12 in 2022. Intel and Alphabet, by contrast, maintained lower valuation multiples, suggesting more tempered market expectations. Free cash flow (FCF) conversion is a particular strength for Apple, consistently at or above 1.0—peaking at 1.26 in 2022—highlighting its best-in-class ability to translate profits into cash. This efficiency was matched only by Alphabet, which also maintained strong FCF conversion, while NVIDIA and AMD, despite their growth, exhibited more variability. Intel's FCF conversion turned sharply negative in 2023, raising concerns about its cash flow health. Gross margin for Apple improved from 43% in 2020 to 47% by 2023, reflecting ongoing pricing power and cost discipline. NVIDIA again led the field, with gross margin rising from 65% to 75% over the period, but Apple's margin gains were significant given its much larger scale. AMD and Intel trailed, with gross margins of 50% and 35% respectively by 2023, while Alphabet closed the period at a strong 60%. Return on invested capital (ROIC) is another area where Apple excelled, starting at 45.2% in 2020 and reaching 52.0% in 2023. Only NVIDIA surpassed Apple's ROIC in 2023, surging to an extraordinary 75.3% on the back of its recent growth. AMD and Intel, however, posted much lower or even negative ROIC, while Alphabet's ROIC hovered around 22%. Apple's ability to maintain high ROIC at scale underscores its operational efficiency and capital discipline. Revenue-wise, Apple led all peers, growing from \$394.3 billion in 2020 to \$416.2 billion in 2023. Alphabet was the only close competitor in terms of revenue scale, reaching \$402.9 billion in 2023. NVIDIA, AMD, and Intel had much smaller but sometimes faster-growing revenue bases, with NVIDIA's rapid expansion in AI and data centers being particularly notable. In summary, Apple's financial performance over these years was characterized by stability, efficiency, and scale. While NVIDIA's explosive growth and margin expansion have captured market attention and driven its valuation to extraordinary levels, Apple's consistently high margins, best-in-class cash generation, and industry-leading ROIC justify its premium valuation. The company's EV/EBITDA multiple, though elevated, is supported by its robust fundamentals and unmatched scale. Apple's performance across these metrics both justifies its current market valuation and highlights its position as a benchmark for operational excellence in the technology sector.