

July 21, 2025 05:52 AM GMT

Apple, Inc. | North America

# Expecting A Solid Quarter, But Watching What's Around The Corner

Jun Q Product strength, better than feared Services growth, and FX supports upside to ests this qtr, with mgmt's Sept Q guide likely to bracket MSe/Consensus. However, need more clarity on tariffs, the upcoming DOJ v. GOOGL remedy ruling, and AI strategy before sentiment can materially shift.

## Key Takeaways

- June Q est upside is driven by strength in iPhone, iPad, Mac and FX. While 2% above Street, we feel we're still conservative in our forecast.
- Importantly, Services growth is likely to positively surprise due to strong App Store/TAC, and our 11.6% Y/Y growth is 90bps ahead of Consensus.
- Very modestly below Street in Sept Q, but expect guide to bracket MSe/Consensus; we are embedding \$1.5B of tariff costs to our model in the Sept Q.
- Key upcoming events: DOJ v. GOOGL remedy trial by August, iPhone 17 launch the week of Sept 8th, any AI announcements (TBD).
- Remain OW with unchanged \$235 PT, or 29x our CY26 EPS of \$8.06.

**Our estimates are moving higher, but we still need key overhangs to dissipate before getting more structurally bullish.** Big picture, we are Overweight Apple shares with an unchanged \$235 price target and believe that better monetization of Apple's 1.4B+ user base remains the key to driving outperformance, though the most important catalysts impacting monetization – such as the launch of an updated Siri, new AI partnerships, key product launches, a sustainable turnaround in China, and/or accelerating revenue growth – are more heavily weighted to FY26, in our view. At the same time, Apple also needs to get past key overhangs – namely concerns around Services growth (answered at earnings), the implementation of Section 232 tariffs (imminent?), and the upcoming DOJ v. GOOGL remedy ruling ("by August") – before we'd feel more confident that Apple can sustainably break out of its \$195-\$215 trading range. So while we'd argue that the setup into June quarter earnings is more positive than negative, given slight upside to F2H estimates, a better than expected Services quarter, potential OBBBA FCF upside, and September quarter guidance to bracket MSe/Consensus expectations, any outperformance into earnings is likely to be short-lived until we get (1) clarity on these near-term uncertainties, and (2) greater confidence that spend per user is set to re-inflect higher.

MORGAN STANLEY & CO. LLC	
Erik W Woodring	
Equity Analyst	
Erik.Woodring@morganstanley.com	+1 212 296-8083
Dylan Liu	
Research Associate	
Dylan.Liu@morganstanley.com	+1 212 761-4519
Maya C Neuman	
Research Associate	
Maya.Neuman@morganstanley.com	+1 212 761-1946
Oluebube K Udochukwu	
Research Associate	
Kansi.Udochukwu@morganstanley.com	+1 212 761-4883

Apple, Inc. (AAPL.O, AAPL US)	
IT Hardware   United States of America	
Stock Rating	Overweight
Industry View	In-Line
Price target	\$235.00
Shr price, close (Jul 18, 2025)	\$211.18
Mkt cap, curr (mm)	\$3,167,941
52-Week Range	\$260.10-169.21

Fiscal Year Ending	09/24	09/25e	09/26e	09/27e
EPS (\$) **	6.75	7.12	7.69	8.67
Prior EPS (\$) **	-	7.02	7.69	8.64
P/E	34.5	29.7	27.5	24.4
EPS (\$) §	-	-	-	-
Div yld (%)	0.4	0.5	0.5	0.5

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework  
\*\* = Based on consensus methodology  
§ = Consensus data is provided by Refinitiv Estimates  
e = Morgan Stanley Research estimates

QUARTERLY EPS (\$)					
Quarter	2024	2025e Prior	2025e Current	2026e Prior	2026e Current
Q1	2.18	-	2.40a	2.36	2.36
Q2	1.53	-	1.65a	1.79	1.78
Q3	1.40	1.41	1.45	1.58	1.59
Q4	1.64	1.56	1.61	1.96	1.96

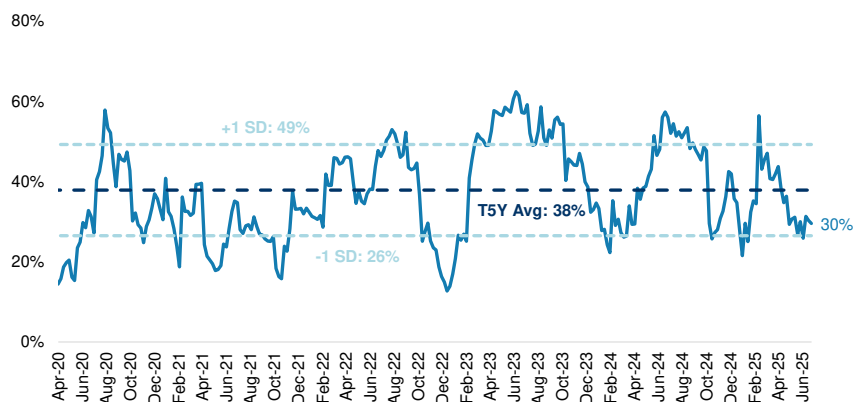
e = Morgan Stanley Research estimates, a = Actual Company reported data

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

**For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.**

**Exhibit 1:** Compared to S&P 500, AAPL's current valuation is not stretched at 30% of premium vs. S&P 500 – AAPL has been consistently trading at a premium vs. the market (by 38% on average) in the T5Y – which is nearly one standard deviation below the average levels.

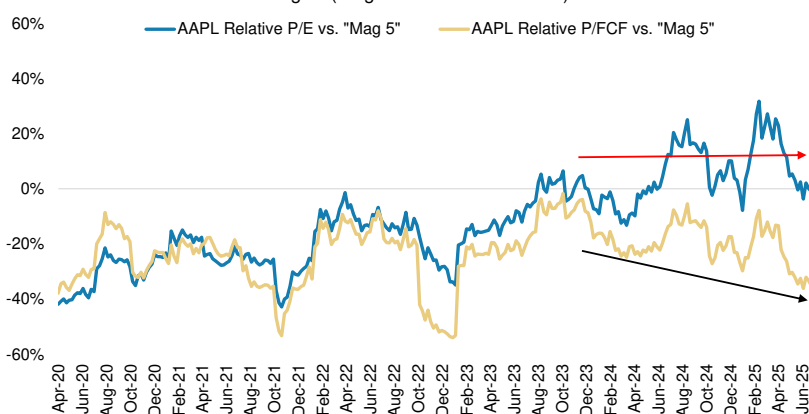
AAPL Relative FY2 Cons P/E vs. S&P 500



Source: FactSet, Morgan Stanley Research

**Exhibit 2:** AAPL's relative P/E and P/FCF vs. "Mag 5" have started to deviate since the end of 2023, which means either the market is underappreciating or Street is overoptimistic about AAPL's ability to generate FCF going forward.

AAPL Relative Valuation vs. "Mag 5" (Mag 7 excl. AAPL & TSLA)



Source: FactSet, Morgan Stanley Research

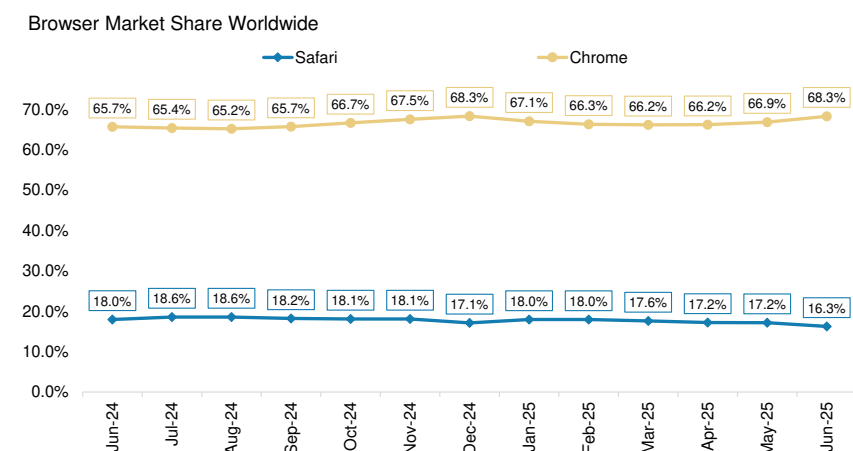
**To start, we see healthy upside across most product categories in June, with FX an incremental upside kicker.** Management guided to LSD-MSD% revenue growth in the June quarter, and our checks would suggest Apple can land at the high end of this range (we're at +5.8% Y/Y). For iPhone, our revenue estimate is now 2% above Consensus, driven by upside from both shipments (see more in [Exhibit 5](#)) and ASPs, though we don't rule out even further upside to our 47M shipment estimates as June quarter iPhone builds would imply shipments of 50.6M, 8% above our forecast. We also raise our iPad and Mac estimates by 9% and 1%, respectively, thanks to stronger-than-expected end demand during the June quarter, which we believe is sustainable as Apple takes share in both markets. Finally, we estimate FX could be up to a 200bps Y/Y tailwind to June Q revenue, well ahead of the 50bps headwind that management guided to. However, we are conservatively embedding just 50bps Y/Y of FX tailwinds in the June quarter. All in, our June quarter revenue is now

\$90.7B, 2% above Street forecasts, though it's reasonable to assume that with strong iPhone builds and notable FX tailwinds, revenue could even come in modestly above MSe.

### Importantly, concerns about Services growth deceleration in the June quarter appear overblown.

In the days after Apple's March quarter, investors were hypothesizing that Apple's lack of formal Services guidance combined with the [April 30th App Store injunction](#) and [Eddy Cue's cautious search commentary](#) could result in a notable slowdown in June quarter Services growth. We don't believe that to be the case. In fact, we are raising our June quarter Services forecast by 60bps, to 11.6% Y/Y growth, as the App Store ended the quarter growing 11.6% Y/Y, 60bps ahead of our expectations, and Google advertising trends seemed to improve through the quarter, with only minor share losses from Chrome through June ([Exhibit 3](#)). For reference we still assume just 3% Y/Y GOOGL TAC growth in the June quarter, by no means an aggressive assumption, in our view. When combined with the USD tailwind, we feel confident that Services growth is not at risk of a major deceleration in the June quarter, and instead see 90bps upside vs. Consensus expectations, implying an 8th consecutive quarter of 10-15% Y/Y Services revenue growth.

**Exhibit 3:** Safari lost 90bps M/M or 170bps Y/Y of global browser market share in the month of June.



Source: Statcounter GlobalStats, Morgan Stanley Research

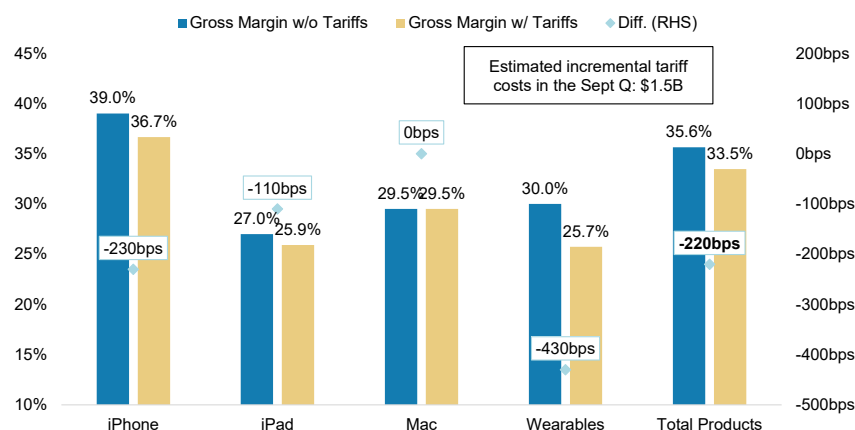
### Looking ahead, we expect growth to trough in the September quarter, with MSe a shade below the Street.

In addition to raising our June quarter estimates, we raise our Sept Q revenue and EPS to \$96.5B (from \$95.7B) and \$1.61 (from \$1.56), respectively, given modest USD tailwinds, upside to Mac and iPad builds, and stronger Services revenue growth. We also raise our gross margin forecast, to 46.1% (from 45.3%), which now explicitly includes \$1.5B of tariff costs ([Exhibit 4](#)), assuming tariff rates remain unchanged through month-end and that FX is a 100bps Y/Y tailwind to the September quarter. All-in, this leaves MSe very modestly below Consensus in the September quarter, though we expect (1) Apple's September quarter guidance to likely bracket MSe and Consensus, and (2) for FY25 estimates to likely get revised higher by 1-2%, supporting our tactically positive view into earnings ([Exhibit 5](#)). We'd flag that any unexpected September quarter guidance

upside – for example, revenue growth guidance closer to mid-single digits Y/Y (vs. LSD to MSD) – likely implies Apple will raise iPhone 17 prices in September, as our forecast (which embeds 8% Y/Y iPhone ASP growth) already accounts for Apple eliminating low-end storage SKUs but keeping like-for-like pricing unchanged.

**Exhibit 4:** We estimate tariff costs of \$1.5B in the Sept Q, which negatively impacts our Product gross margin estimates by 220bps.

Tariff Impact on AAPL Gross Margin (Sept Q)



Source: Company data, Morgan Stanley Research estimates

**Exhibit 5:** After raising our Jun Q estimates by 2-3% and Sept Q estimates by 1-3%, our bottom line forecasts are now 2% higher for the Jun Q but 2% lower for the Sept Q vs. Consensus estimates.

	F3Q25 (Jun Q)					F4Q25 (Sept Q)				
	MSe	MSe (Old)	% Diff	Consensus	% Diff	MSe	MSe (Old)	% Diff	Consensus	% Diff
<b>Total Revenue</b>	<b>90,716</b>	<b>88,786</b>	<b>2.2%</b>	<b>89,016</b>	<b>1.9%</b>	<b>96,464</b>	<b>95,719</b>	<b>0.8%</b>	<b>97,734</b>	<b>-1.3%</b>
Y/Y Growth	5.8%	3.5%	225bps	3.8%	198bps	1.6%	0.8%	78bps	3.0%	-134bps
<b>iPhone</b>	<b>41,447</b>	<b>40,363</b>	<b>2.7%</b>	<b>40,005</b>	<b>3.6%</b>	<b>45,651</b>	<b>45,250</b>	<b>0.9%</b>	<b>46,034</b>	<b>-0.8%</b>
ASP (\$)	878	874	0.5%	861	2.1%	876	869	0.9%	867	1.1%
Unit (K units)	47,000	46,000	2.2%	45,206	4.0%	52,000	52,000	0.0%	50,880	2.2%
iPad	7,511	6,879	9.2%	7,213	4.1%	6,454	6,325	2.0%	6,912	-6.6%
Mac	7,542	7,476	0.9%	7,260	3.9%	8,342	7,970	4.7%	8,400	-0.7%
Wearables	7,191	7,191	0.0%	7,758	-7.3%	8,128	8,431	-3.6%	8,849	-8.1%
Services	27,024	26,876	0.6%	26,804	0.8%	27,888	27,742	0.5%	27,676	0.8%
Gross Profit	41,703	40,829	2.1%	40,874	2.0%	44,480	43,341	2.6%	44,663	-0.4%
EBIT	26,191	25,380	3.2%	25,595	2.3%	28,853	27,834	3.7%	29,396	-1.8%
Pre-tax Profits	25,890	25,079	3.2%	25,243	2.6%	28,599	27,715	3.2%	29,182	-2.0%
Net Income	21,748	21,067	3.2%	21,280	2.2%	24,024	23,281	3.2%	24,539	-2.1%
<b>EPS</b>	<b>\$1.45</b>	<b>\$1.41</b>	<b>3.2%</b>	<b>\$1.42</b>	<b>2.3%</b>	<b>\$1.61</b>	<b>\$1.56</b>	<b>3.2%</b>	<b>\$1.65</b>	<b>-2.0%</b>
Gross Margin	46.0%	46.0%	-1bps	45.9%	5bps	46.1%	45.3%	83bps	45.7%	41bps
OpM	28.9%	28.6%	29bps	28.8%	12bps	29.9%	29.1%	83bps	30.1%	-17bps
Effective Tax Rate	16.0%	16.0%	0bps	15.7%	30bps	16.0%	16.0%	0bps	15.9%	9bps
Net Margin	24.0%	23.7%	25bps	23.9%	7bps	24.9%	24.3%	58bps	25.1%	-20bps

Source: Company data, FactSet, Morgan Stanley Research estimates

### Don't expect any meaningful update on Apple Intelligence or Apple AI this

**quarter.** We continue to believe that investors do not fully appreciate Apple's AI intentions – most often comparing what Apple needs to do in AI with what META, GOOGL, AMZN and others are doing. Of course, we acknowledge that Apple might not have fully finalized their own approach to AI, but we also believe that anyone thinking Apple will acquire an AI-powered search engine to "solve their AI shortfalls" is misguided. Apple almost certainly is not, and does not, want to compete directly in search, regardless of what happens in the DOJ v. GOOGL remedy ruling. It's expensive to build from scratch (or buy), and search is increasingly full of well-positioned incumbents. Instead, we believe Apple's approach to AI will be to create a broad platform of new virtual-assistant-like features embedded into their OS – some of which run on homegrown LLMs with Siri acting as central command, and

others (arguably more) leveraging white-labeled technology from leading AI labs (Perplexity, Google, Grok, Anthropic, Mistral, etc.) – that make their products and services better (i.e. more monetizable). We recognize the uncertainty around AI means Apple is not near the top of the "AI Beneficiaries" pecking order today, but Apple's core business (selling products and services) is not materially threatened by AI in the near term, and as a result, Apple still has time to right the AI ship. Though the rapid pace of AI innovation means we need to start seeing more tangible progress from Apple in the coming months.

Strategy aside, investors shouldn't expect much from Apple in the form of AI announcements this quarter. It's likely mgmt highlights that Product growth in regions where Apple Intelligence is available outpaced growth in non-Apple Intelligence regions, but we can say with a high degree of certainty that AI drove any Product upside this quarter, so this factoid shouldn't significantly influence sentiment. Otherwise, we don't expect (1) an update on Apple Intelligence timing (2026), (2) any material change in quarterly capex, (3) an update on Apple Intelligence approval in China, and/or (4) any new partnership announcements.

**Bringing this altogether, our FY25 and FY26 estimates move modestly higher, while our PT remains unchanged at \$235.** Our FY25 revenue estimate moves 70bps higher, primarily driven by higher shipment estimates for iPhone, iPad, and Mac, and a more favorable FX that positively affects both Products and Services revenue. We also raise our FY25 gross margin estimate by 20bps to reflect unchanged tariff rates for the September quarter and 100bps of FX tailwind that we embed for F2H25 in our model. Combined with a largely unchanged opex and effective tax rate for the year, our FY25 EPS estimate moves 1% higher to \$7.12. We fine-tune our FY26 estimate by flowing through the Mac and Services strength, but our FY27 EPS estimate only goes up by 30bps to \$8.67. We keep our price target unchanged at \$235 on 29.2x (unchanged) our CY26 EPS of \$8.06 (unchanged). Services growth, gross margins, China revenue growth, and September revenue guide are key areas that we will focus on for the upcoming F3Q25 earnings call.

**Exhibit 6:** We raise our FY25 EPS estimate by 1% (in line with Consensus) and FY27 estimate by 30bps (3% above Consensus), but our CY26 EPS estimate unchanged at \$8.06.

	FY25E					FY26E					FY27E				
	MSs	MSs (Cld)	% Diff	Consensus	% Diff	MSs	MSs (Cld)	% Diff	Consensus	% Diff	MSs	MSs (Cld)	% Diff	Consensus	% Diff
Total Revenue	406,838	404,164	0.7%	407,367	-0.1%	433,915	433,664	0.1%	430,482	0.6%	463,581	461,888	0.4%	454,578	2.0%
Y/Y Growth	4.0%	3.4%	68bps	4.2%	-14bps	6.7%	7.3%	-64bps	5.7%	98bps	6.8%	6.5%	33bps	5.6%	124bps
iPhone	203,077	201,592	0.7%	202,217	0.4%	215,890	215,998	0.0%	209,872	2.8%	231,095	230,890	0.1%	216,438	6.8%
ASP (\$)	882	879	0.3%	884	-0.2%	935	935	-0.1%	922	1.4%	969	968	0.1%	949	2.1%
Unit (K units)	230,258	229,258	0.4%	223,389	3.1%	231,000	231,000	0.0%	219,770	5.1%	238,500	238,500	0.0%	219,600	8.6%
iPad	28,455	27,894	2.7%	28,483	-0.1%	28,584	28,628	-0.2%	28,544	0.1%	28,646	27,831	2.9%	28,473	0.6%
Mac	32,620	32,362	1.4%	32,403	1.3%	33,295	32,953	1.0%	33,635	-1.0%	33,552	33,193	1.1%	35,603	-5.8%
Wearables	34,589	34,692	-0.3%	36,383	-4.9%	35,650	36,125	-1.3%	38,111	-6.5%	37,127	37,627	-1.3%	40,056	-7.3%
Services	107,898	107,604	0.3%	107,640	0.2%	120,496	119,960	0.4%	119,210	1.1%	133,161	132,348	0.6%	130,177	2.3%
Gross Profit	189,325	187,311	1.1%	189,338	0.0%	201,362	201,052	0.2%	199,557	0.9%	220,290	219,428	0.4%	211,333	4.2%
EBIT	127,464	125,835	1.5%	127,788	-0.3%	135,216	135,097	0.1%	135,109	0.1%	149,285	148,814	0.3%	141,879	5.2%
Pre-tax Profits	126,383	124,688	1.4%	127,283	-0.7%	134,755	134,810	0.0%	135,003	-0.2%	149,321	148,818	0.3%	144,302	3.5%
Net Income	106,881	105,457	1.4%	107,366	-0.5%	113,194	113,240	0.0%	112,986	0.2%	125,430	125,007	0.3%	120,657	4.0%
EPS	\$7.12	\$7.02	1.4%	\$7.17	-0.7%	\$7.69	\$7.69	0.0%	\$7.77	-1.1%	\$8.67	\$8.64	0.3%	\$8.42	3.1%
Gross Margin	46.5%	46.3%	19bps	46.5%	6bps	46.4%	46.4%	4bps	46.4%	5bps	47.5%	47.5%	1bps	46.5%	103bps
OpM	31.3%	31.1%	28bps	31.4%	-4bps	31.2%	31.2%	1bps	31.4%	-22bps	32.2%	32.2%	-2bps	31.2%	99bps
Effective Tax Rate	15.4%	15.4%	1bps	15.6%	-22bps	16.0%	16.0%	0bps	16.3%	-31bps	16.0%	16.0%	0bps	16.4%	-39bps
Net Margin	26.3%	26.1%	18bps	26.4%	-8bps	26.1%	26.1%	-3bps	26.2%	-16bps	27.1%	27.1%	-1bps	26.5%	51bps

Source: Company data, FactSet, Morgan Stanley Research estimates

**What would get us more vocally positive on Apple?** While we remain Overweight-rated, we have been less vocal bulls for the better part of 5 months, [after learning that the upgraded Siri rollout was indefinitely delayed](#), as we see AI as important innovation to help accelerate device replacement cycles and better monetize Services. As we alluded to earlier, getting past key near-term risk events will be important overhangs to clear, but we still believe the key to outperformance is

better monetization of the installed base, where the building blocks for accelerating growth remain – (1) iPhone replacement cycles are peaking at 5 years, making clear pent up demand still exists, (2) new form factors are coming into the pipeline to help unlock pent up demand – a thin phone this year, a foldable next year, new iPads/Macs, and AirPods update, and Vision Pro V2.0 – with a large user cohort coming due for upgrades in 2026/2027, (3) a number of new software features, including Apple Intelligence, are coming to market in Fall 2025/Spring 2026 with only 20% of the installed base on devices that support modern features, (4) device pricing should be a relative tailwind starting in 2026, and (5) Apple likely has room to increase pricing on select Services, as well. **After all, Apple still only monetizes users at a rate of \$23 per user per month across all products and services, well-below many household utilities / what we believe is an ARPU ceiling.**

**Finally, touching on the upcoming DOJ v. GOOGL remedy ruling.** We anticipate Judge Mehta could announce his ruling on GOOGL remedies any day now, and in our accompanying report ([A Reminder – What's At Stake For Apple in DOJ v. GOOGL?](#)) remind readers of the 5 different potential scenarios we believe are most likely to come out of this trial. Our base case remains that Judge Mehta would restrict Google search exclusivity but still allow Google to pay Apple variable traffic acquisition costs, requiring Apple to introduce a search choice screen, somewhat akin to what Apple has been asked to do in the EU (a result of the Digital Markets Act). In this scenario, we expect only 1-2% revenue/EPS downside, as we see the choice screen as a mechanism for Apple to collect search economics a different way, with Apple likely to better monetize both traditional and AI-powered search partners. That said, the bear case scenario of Judge Mehta entirely restricting Google payments (\$20B+) to Apple would result in >10% EPS downside and Apple likely re-testing its April lows, given Apple is unlikely to recoup the entirety of Google payments from a choice screen. Either way, it's likely Judge Mehta's ruling is appealed, and thus any structural change to Google TAC is likely multiple years away.

Preview to earnings

Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
-----------	--------------------	---------------------------------

Apple, Inc. AAPL.O

Sept Q Total Revenue Growth and Gross Margin	— In-line	— Largely unchanged
--	-----------	---------------------

\*Likely impact to consensus EPS is for the next 12 months  
Source: Company data, Morgan Stanley Research

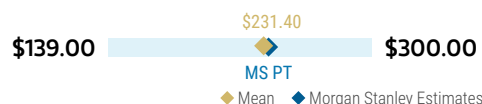
## Risk Reward – Apple, Inc. (AAPL.O)

Replacement Cycles Will Still Accelerate But Near-term Uncertainties Remain

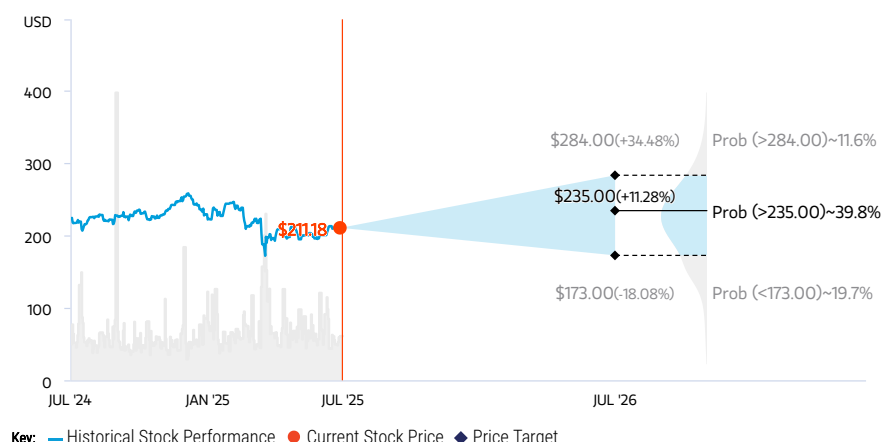
### PRICE TARGET \$235.00

Our \$235 PT is based a 7.9x EV/Sales FY26 multiple, which is derived from a regression of tech and consumer platform peers. Our price target implies 29.2x P/E on \$8.06 CY26 EPS.

#### Consensus Price Target Distribution



### RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

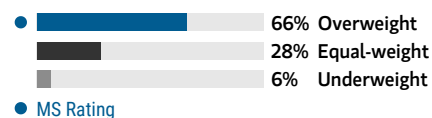


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 18 Jul 2025. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

### OVERWEIGHT THESIS

With the largest base of pent up iPhone demand ever (i.e. most elongated replacement cycles), new AI features rolling out (slowly) around the world, and a renewed focus on device form factor changes, we believe Apple can accelerate iPhone growth starting in FY26, before replacement cycles contract in the 2 years thereafter. When combined with consistent, double digit services growth, gross margin stability, and moderate operating leverage, we believe Apple can earn \$8.06 in CY26 and \$8.68 by FY27. Longer-term, investments in AI, payments, cloud, health, and home, and long runway to grow spend per user from \$1/day today are key arguments for sustained long-term growth and value creation.

#### Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

#### Risk Reward Themes

Disruption: *Positive*  
New Data Era: *Positive*  
Pricing Power: *Positive*

View descriptions of Risk Rewards Themes [here](#)

### BULL CASE \$284.00

9.2x EV/Sales FY26; 33.8x Bull CY26 P/E of \$8.40

**iPhone replacement cycles accelerate in FY26 as AI iPhone drives double-digit revenue/EPS growth.** Consumer demand returns, and stronger than expected iPhone 17 upgrade intentions + mix shift to higher end iPhones drives mid-teens Y/Y iPhone revenue growth, while tariff impacts are largely mitigated as we enter FY26, thanks to Apple's bargaining power against end consumers and the supply chain. Our bull case valuation implies a 33.8x P/E multiple on CY26 Bull EPS.

### BASE CASE \$235.00

7.9x EV/Sales FY26 or 29.2x CY26 EPS of \$8.06

**Services and margins remain resilient, while investors look past near-term to Edge AI opportunity in 2025.** Revenue grows 7% Y/Y in FY26, driven by 10%+ Services growth and MSD Product growth. GM may stay flat Y/Y at mid-40s % in FY26 mainly due to incremental tariff costs, but should gradually resume to expand as Apple leverages the supply chain and repricing to mitigate the impact. The elongated iPhone replacement cycle may still create pent up demand for upgrades in FY27.

### BEAR CASE

\$173.00

6.5x EV/Sales FY26; 23.5x CY26 Bear EPS of \$7.36

**iPhone 17 cycle disappoints as consumer spending weakens more than expected amidst tariff-driven price increase.** Growth slows further across the portfolio as discretionary income is pressured by hard landing, leading to just LSD of Product rev growth and decelerating Services rev growth in FY26. With revenue slightly growing but margin contracting, CY26 EPS will only grow 7% to ~\$7.36. Our bear case valuation implies a 23.5x CY26 P/E, below T5Y avg of 26.0x due to plateauing Services profit mix.



## Risk Reward – Apple, Inc. (AAPL.O)

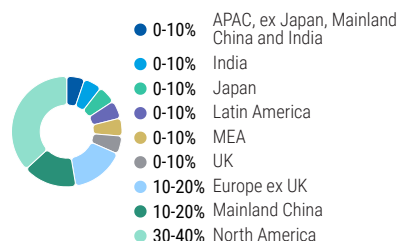
### KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Total Revenue Growth (Y/Y) (%)	2.0	4.0	6.7	6.8
iPhone Revenue Growth (Y/Y) (%)	0.3	0.9	6.3	7.0
Services Revenue Growth (Y/Y) (%)	12.9	12.2	11.7	10.5
Gross Margin (%)	46.2	46.5	46.4	47.5
EPS Growth (Y/Y) (%)	10.0	5.5	8.0	12.8

### INVESTMENT DRIVERS

- Positive iPhone build revisions / clearer signs of accelerating replacement cycles
- Services revenue growth reacceleration
- Apple Intelligence feature and distribution expansion
- New product launches in home, health and AI
- Regulatory overhang eliminated

### GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate  
View explanation of regional hierarchies [here](#)

### MS ALPHA MODELS

<b>3/5 BEST</b>	<b>24 Month Horizon</b>	<b>1/5 MOST</b>	<b>3 Month Horizon</b>
---------------------	-----------------------------	---------------------	----------------------------

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

### RISKS TO PT/RATING

#### RISKS TO UPSIDE

- iPhone 17 outperforms expectations
- Apple Intelligence adoption surprises to the upside
- Apple pulls forward form factor changes
- Services growth re-accelerates despite tougher compares
- Gross margins surprise positively

#### RISKS TO DOWNSIDE

- Weak consumer spending limits iPhone upgrade rates
- Limited progress on AI features
- Geopolitical tensions/tariffs
- Increased regulation, particularly with GOOGL TAC and App Store

### OWNERSHIP POSITIONING

Inst. Owners, % Active	49.4%	<div><div></div><div></div><div></div><div></div><div></div></div>
HF Sector Long/Short Ratio	1.9x	<div><div></div><div></div><div></div><div></div><div></div></div>
HF Sector Net Exposure	24.4%	<div><div></div><div></div><div></div><div></div><div></div></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

### MS ESTIMATES VS. CONSENSUS

FY Sep 2026e

**Sales / Revenue** (\$, mm) **◆ 433,915**  
Note: There are not sufficient brokers supplying consensus data for this metric

**EBITDA** (\$, mm) **◆ 149,025**  
Note: There are not sufficient brokers supplying consensus data for this metric

**Net income** (\$, mm) **◆ 113,194**  
Note: There are not sufficient brokers supplying consensus data for this metric

**EPS** (\$) **◆ 7.69**  
Note: There are not sufficient brokers supplying consensus data for this metric

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

# Earnings Variance

## Exhibit 7: Apple F3Q25 Earnings Variance

### Apple Earnings Analysis

Ticker:  
Industry View:  
Rating:

Erik Woodring  
(212) 296-8083  
erik.woodring@morganstanley.com

#### F4Q25 Expectations

Consensus (pre-call): F4Q25 revenue of \$97.7B, GM 45.7%, OPEX \$15.4B, tax rate of 15.9% and EPS of \$1.65

MS estimates (pre-call): F4Q25 revenue of \$96.9B, GM 46.1%, OPEX \$15.5B, OI&E -\$253M, tax rate of 16.0% and EPS of \$1.63

(\$ Millions)	F4Q23A	F1Q24A	F2Q24A	F3Q24A	F4Q24A	F1Q25A	F2Q25A	F3Q25E	Cons. Est.
<b>Total Revenues</b>	<b>89,498</b>	<b>119,575</b>	<b>90,753</b>	<b>85,777</b>	<b>94,930</b>	<b>124,300</b>	<b>95,359</b>	<b>90,716</b>	<b>89,016</b>
Y/Y Growth	-1%	2%	-4%	5%	6%	4%	5%	6%	
Q/Q Growth	9%	34%	-24%	-5%	11%	31%	-23%	-5%	
<b>Gross Profit</b>	<b>40,427</b>	<b>54,855</b>	<b>42,271</b>	<b>39,678</b>	<b>43,879</b>	<b>58,275</b>	<b>44,867</b>	<b>41,703</b>	<b>40,955</b>
Gross Profit Margin	45.2%	45.9%	46.6%	46.3%	46.2%	46.9%	47.1%	46.0%	46.0%
<b>SG&amp;A</b>	<b>6,151</b>	<b>6,786</b>	<b>6,468</b>	<b>6,320</b>	<b>6,523</b>	<b>7,175</b>	<b>6,728</b>	<b>6,804</b>	
SG&A as a % of Sales	6.9%	5.7%	7.1%	7.4%	6.9%	5.8%	7.1%	7.5%	
<b>R&amp;D</b>	<b>7,307</b>	<b>7,696</b>	<b>7,903</b>	<b>8,006</b>	<b>7,765</b>	<b>8,268</b>	<b>8,550</b>	<b>8,709</b>	
R&D as a % of Sales	8.2%	6.4%	8.7%	9.3%	8.2%	6.7%	9.0%	9.6%	
<b>Total Operating Expenses</b>	<b>13,458</b>	<b>14,482</b>	<b>14,371</b>	<b>14,326</b>	<b>14,288</b>	<b>15,443</b>	<b>15,278</b>	<b>15,512</b>	<b>15,381</b>
<b>Operating Income</b>	<b>26,969</b>	<b>40,373</b>	<b>27,900</b>	<b>25,352</b>	<b>29,591</b>	<b>42,832</b>	<b>29,589</b>	<b>26,191</b>	<b>25,574</b>
Operating Margin	30.1%	33.8%	30.7%	29.6%	31.2%	34.5%	31.0%	28.9%	28.7%
Other Income & Expense	29	(50)	158	142	19	(248)	(279)	(301)	
Tax rate	15.0%	15.9%	15.8%	15.9%	15.6%	14.7%	15.5%	16.0%	
<b>Operating EPS</b>	<b>\$1.46</b>	<b>\$2.18</b>	<b>\$1.53</b>	<b>\$1.40</b>	<b>\$1.64</b>	<b>\$2.40</b>	<b>\$1.65</b>	<b>\$1.45</b>	<b>\$1.42</b>
Share Count	15,672	15,577	15,465	15,348	15,243	15,151	15,056	14,965	
<b>Segment Revenue (\$M)</b>	<b>F4Q23A</b>	<b>F1Q24A</b>	<b>F2Q24A</b>	<b>F3Q24A</b>	<b>F4Q24A</b>	<b>F1Q25A</b>	<b>F2Q25A</b>	<b>F3Q25E</b>	
<b>iPhone</b>	<b>43,805</b>	<b>69,702</b>	<b>45,963</b>	<b>39,296</b>	<b>46,222</b>	<b>69,138</b>	<b>46,841</b>	<b>41,447</b>	<b>40,005</b>
Y/Y Growth	3%	6%	-10%	-1%	6%	-1%	2%	5%	
<b>iPad</b>	<b>6,443</b>	<b>7,023</b>	<b>5,559</b>	<b>7,162</b>	<b>6,950</b>	<b>8,088</b>	<b>6,402</b>	<b>7,511</b>	<b>7,213</b>
Y/Y Growth	-10%	-25%	-17%	24%	8%	15%	15%	5%	
<b>Mac</b>	<b>7,614</b>	<b>7,780</b>	<b>7,451</b>	<b>7,009</b>	<b>7,744</b>	<b>8,987</b>	<b>7,949</b>	<b>7,542</b>	<b>7,260</b>
Y/Y Growth	-34%	1%	4%	2%	2%	16%	7%	8%	
<b>Wearables, Home and Accessories</b>	<b>9,322</b>	<b>11,953</b>	<b>7,913</b>	<b>8,097</b>	<b>9,042</b>	<b>11,747</b>	<b>7,522</b>	<b>7,191</b>	<b>7,758</b>
Y/Y Growth	-3%	-11%	-10%	-2%	-3%	-2%	-5%	-11%	
<b>Services</b>	<b>22,314</b>	<b>23,117</b>	<b>23,867</b>	<b>24,213</b>	<b>24,972</b>	<b>26,340</b>	<b>26,645</b>	<b>27,024</b>	<b>26,804</b>
Y/Y Growth	16%	11%	14%	14%	12%	14%	12%	12%	
<b>Segment Gross Margin (\$M)</b>	<b>F4Q23A</b>	<b>F1Q24A</b>	<b>F2Q24A</b>	<b>F3Q24A</b>	<b>F4Q24A</b>	<b>F1Q25A</b>	<b>F2Q25A</b>	<b>F3Q25E</b>	
<b>Product Gross Profit</b>	<b>24,598</b>	<b>38,018</b>	<b>24,462</b>	<b>21,761</b>	<b>25,392</b>	<b>38,513</b>	<b>24,684</b>	<b>21,273</b>	
Product Gross Margin	36.6%	39.4%	36.6%	35.3%	36.3%	39.3%	35.9%	33.4%	
<b>Services Gross Profit</b>	<b>15,829</b>	<b>16,837</b>	<b>17,809</b>	<b>17,917</b>	<b>18,487</b>	<b>19,762</b>	<b>20,183</b>	<b>20,431</b>	
Services Gross Margin	70.9%	72.8%	74.6%	74.0%	74.0%	75.0%	75.7%	75.6%	
<b>Regional Revenue (\$M)</b>	<b>F4Q23A</b>	<b>F1Q24A</b>	<b>F2Q24A</b>	<b>F3Q24A</b>	<b>F4Q24A</b>	<b>F1Q25A</b>	<b>F2Q25A</b>	<b>F3Q25E</b>	
<b>Americas</b>	<b>40,115</b>	<b>50,430</b>	<b>37,273</b>	<b>37,678</b>	<b>41,664</b>	<b>52,648</b>	<b>40,315</b>		
Y/Y Growth	1%	2%	-1%	6%	4%	4%	8%		
<b>Europe, Middle East, Africa</b>	<b>22,463</b>	<b>30,397</b>	<b>24,123</b>	<b>21,884</b>	<b>24,924</b>	<b>33,861</b>	<b>24,454</b>		
Y/Y Growth	-1%	10%	1%	8%	11%	11%	1%		
<b>Greater China</b>	<b>15,084</b>	<b>20,819</b>	<b>16,372</b>	<b>14,728</b>	<b>15,033</b>	<b>18,513</b>	<b>16,002</b>		
Y/Y Growth	-2%	-13%	-8%	-7%	0%	-11%	-2%		
<b>Japan</b>	<b>5,505</b>	<b>7,767</b>	<b>6,262</b>	<b>5,097</b>	<b>5,926</b>	<b>8,987</b>	<b>7,298</b>		
Y/Y Growth	-3%	15%	-13%	6%	8%	16%	17%		
<b>Rest of Asia Pacific</b>	<b>6,331</b>	<b>10,162</b>	<b>6,723</b>	<b>6,390</b>	<b>7,383</b>	<b>10,291</b>	<b>7,290</b>		
Y/Y Growth	-1%	7%	-17%	13%	17%	1%	8%		
<b>Balance Sheet / Return Metrics</b>	<b>F4Q23A</b>	<b>F1Q24A</b>	<b>F2Q24A</b>	<b>F3Q24A</b>	<b>F4Q24A</b>	<b>F1Q25A</b>	<b>F2Q25A</b>	<b>F3Q25E</b>	
<b>CFO</b>	<b>21,598</b>	<b>39,895</b>	<b>22,690</b>	<b>28,858</b>	<b>26,811</b>	<b>29,935</b>	<b>23,952</b>	<b>31,509</b>	
<b>FCF</b>	<b>19,435</b>	<b>37,503</b>	<b>20,694</b>	<b>26,707</b>	<b>23,903</b>	<b>26,995</b>	<b>20,881</b>	<b>28,783</b>	
<b>Repurchase of Common Stock</b>	<b>21,003</b>	<b>20,139</b>	<b>23,205</b>	<b>26,522</b>	<b>25,083</b>	<b>23,606</b>	<b>25,898</b>	<b>25,000</b>	
<b>Total deferred Revenue</b>	<b>11,222</b>	<b>11,495</b>	<b>11,119</b>	<b>11,183</b>	<b>11,209</b>	<b>11,660</b>	<b>11,723</b>	<b>11,702</b>	
Y/Y Growth	2%	1%	-4%	-3%	0%	1%	5%	5%	
<b>Inventory Turns</b>	<b>34</b>	<b>33</b>	<b>33</b>	<b>34</b>	<b>29</b>	<b>31</b>	<b>34</b>	<b>29</b>	
<b>Days Sales</b>	<b>30</b>	<b>18</b>	<b>22</b>	<b>24</b>	<b>32</b>	<b>22</b>	<b>25</b>	<b>22</b>	
<b>Days Payable</b>	<b>117</b>	<b>83</b>	<b>86</b>	<b>94</b>	<b>124</b>	<b>86</b>	<b>96</b>	<b>97</b>	
<b>Days Inventory</b>	<b>12</b>	<b>9</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>10</b>	<b>11</b>	<b>14</b>	
<b>Cash Conversion</b>	<b>(75)</b>	<b>(56)</b>	<b>(52)</b>	<b>(58)</b>	<b>(79)</b>	<b>(55)</b>	<b>(61)</b>	<b>(61)</b>	

Source: Company data, FactSet, Morgan Stanley Research estimates

# Apple (AAPL) Financial Model

Exhibit 8: Apple Income Statement

(\$ in millions)	2024A				2025E				2026E				Fiscal Year				
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	2023A	2024A	2025E	2026E	2027E
<b>Revenues</b>	<b>119,575</b>	<b>90,753</b>	<b>85,777</b>	<b>94,930</b>	<b>124,300</b>	<b>95,359</b>	<b>90,716</b>	<b>96,464</b>	<b>129,834</b>	<b>101,578</b>	<b>94,107</b>	<b>108,396</b>	<b>383,285</b>	<b>391,035</b>	<b>406,838</b>	<b>433,915</b>	<b>463,581</b>
iPhone	69,702	45,963	39,296	46,222	69,138	46,841	41,447	45,651	72,051	50,875	41,412	51,553	200,583	201,183	203,077	215,890	231,095
iPad	7,023	5,559	7,162	6,950	8,088	6,402	7,511	6,454	7,898	6,160	7,056	7,470	28,300	26,694	28,455	28,584	28,646
Mac	7,780	7,451	7,009	7,744	8,987	7,949	7,542	8,342	8,568	7,856	7,688	9,183	29,357	29,984	32,820	33,295	33,552
Wearables, Home and Accessories	11,953	7,913	8,097	9,042	11,747	7,522	7,191	8,128	11,815	7,106	7,798	8,932	39,845	37,005	34,589	35,650	37,127
Services	23,117	23,867	24,213	24,972	26,340	26,645	27,024	27,888	29,503	29,581	30,153	31,259	85,200	96,169	107,898	120,496	133,161
<b>Cost of Sales</b>	<b>64,720</b>	<b>48,482</b>	<b>46,099</b>	<b>51,051</b>	<b>66,025</b>	<b>50,492</b>	<b>49,013</b>	<b>51,984</b>	<b>71,330</b>	<b>53,735</b>	<b>49,760</b>	<b>57,728</b>	<b>214,137</b>	<b>210,352</b>	<b>217,514</b>	<b>232,553</b>	<b>243,291</b>
<b>Gross Profit</b>	<b>54,855</b>	<b>42,271</b>	<b>39,678</b>	<b>43,879</b>	<b>58,275</b>	<b>44,867</b>	<b>41,703</b>	<b>44,480</b>	<b>58,504</b>	<b>47,843</b>	<b>44,347</b>	<b>50,668</b>	<b>169,148</b>	<b>180,683</b>	<b>189,325</b>	<b>201,362</b>	<b>220,290</b>
Gross Margin	45.9%	46.6%	46.3%	46.2%	46.9%	47.1%	46.0%	46.1%	45.1%	47.1%	47.1%	46.7%	44.1%	46.2%	46.5%	46.4%	47.5%
<b>Operating Expenses</b>	<b>14,482</b>	<b>14,371</b>	<b>14,326</b>	<b>14,288</b>	<b>15,443</b>	<b>15,278</b>	<b>15,512</b>	<b>15,627</b>	<b>16,645</b>	<b>16,456</b>	<b>16,516</b>	<b>16,530</b>	<b>54,847</b>	<b>57,467</b>	<b>61,861</b>	<b>66,147</b>	<b>71,005</b>
Research and Development	7,696	7,903	8,006	7,765	8,268	8,550	8,709	8,489	9,049	9,244	9,317	9,105	29,915	31,370	34,016	36,715	40,211
Selling, General and Administrative	6,786	6,468	6,320	6,523	7,175	6,728	6,804	7,138	7,595	7,212	7,199	7,425	24,932	26,097	27,845	29,432	30,794
<b>Operating Income</b>	<b>40,373</b>	<b>27,900</b>	<b>25,352</b>	<b>29,591</b>	<b>42,832</b>	<b>29,589</b>	<b>26,191</b>	<b>28,853</b>	<b>41,860</b>	<b>31,388</b>	<b>27,831</b>	<b>34,138</b>	<b>114,301</b>	<b>123,216</b>	<b>127,464</b>	<b>135,216</b>	<b>149,285</b>
<b>Total Interest &amp; Other Income</b>	<b>(50)</b>	<b>158</b>	<b>142</b>	<b>19</b>	<b>(248)</b>	<b>(279)</b>	<b>(301)</b>	<b>(253)</b>	<b>(260)</b>	<b>(153)</b>	<b>(56)</b>	<b>8</b>	<b>(565)</b>	<b>269</b>	<b>(1,081)</b>	<b>(461)</b>	<b>36</b>
<b>Pretax Income</b>	<b>40,323</b>	<b>28,058</b>	<b>25,494</b>	<b>29,610</b>	<b>42,584</b>	<b>29,310</b>	<b>25,890</b>	<b>28,599</b>	<b>41,600</b>	<b>31,235</b>	<b>27,775</b>	<b>34,146</b>	<b>113,736</b>	<b>123,485</b>	<b>126,383</b>	<b>134,755</b>	<b>149,321</b>
GAAP Income Tax Provision	6,407	4,422	4,046	14,874	6,254	4,530	4,142	4,576	6,656	4,998	4,444	5,463	16,741	29,749	19,502	21,561	23,891
Operating Tax Provision (excl one time tax ef	6,407	4,422	4,046	4,628	6,254	4,530	4,142	4,576	6,656	4,998	4,444	5,463	16,741	19,503	19,502	21,561	23,891
Effective Tax Rate	15.9%	15.8%	15.9%	15.6%	14.7%	15.5%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	14.7%	15.8%	15.4%	16.0%	16.0%
<b>Operating Net Income</b>	<b>33,916</b>	<b>23,636</b>	<b>21,448</b>	<b>24,982</b>	<b>36,330</b>	<b>24,780</b>	<b>21,748</b>	<b>24,024</b>	<b>34,944</b>	<b>26,237</b>	<b>23,331</b>	<b>28,682</b>	<b>96,995</b>	<b>103,982</b>	<b>106,881</b>	<b>113,194</b>	<b>125,430</b>
Operating Net Income Margin	28.4%	26.0%	25.0%	26.3%	29.2%	26.0%	24.0%	24.9%	26.9%	25.8%	24.8%	26.5%	25.3%	26.6%	26.3%	26.1%	27.1%
<b>Total Non-recurring Charges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,246)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,246)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GAAP Net Income</b>	<b>33,916</b>	<b>23,636</b>	<b>21,448</b>	<b>14,736</b>	<b>36,330</b>	<b>24,780</b>	<b>21,748</b>	<b>24,024</b>	<b>34,944</b>	<b>26,237</b>	<b>23,331</b>	<b>28,682</b>	<b>96,995</b>	<b>93,736</b>	<b>106,881</b>	<b>113,194</b>	<b>125,430</b>
<b>Fully-diluted EPS</b>																	
EPS - ModelWare	\$2.18	\$1.53	\$1.40	\$1.64	\$2.40	\$1.65	\$1.45	\$1.61	\$2.36	\$1.78	\$1.59	\$1.96	\$6.13	\$6.75	\$7.12	\$7.69	\$8.67
EPS - Reported	\$2.18	\$1.53	\$1.40	\$0.97	\$2.40	\$1.65	\$1.45	\$1.61	\$2.36	\$1.78	\$1.59	\$1.96	\$6.13	\$6.08	\$7.12	\$7.69	\$8.67
EPS - ModelWare excl. Stock Option Expe	\$2.37	\$1.72	\$1.58	\$1.83	\$2.61	\$1.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dividend Payment	3,825	3,710	3,895	3,804	3,856	3,758	3,933	3,849	3,944	3,850	4,052	3,967	15,025	15,234	15,396	15,813	16,314
Dividend Per Share	\$0.25	\$0.24	\$0.25	\$0.25	\$0.25	\$0.25	\$0.26	\$0.26	\$0.27	\$0.26	\$0.28	\$0.27	\$0.95	\$0.99	\$1.03	\$1.08	\$1.13
Period Ending Outstanding Shares	15,460.2	15,550.1	15,222.3	15,116.8	15,040.7	14,939.3	14,865.8	14,794.3	14,724.2	14,655.9	14,589.3	14,524.3	15,550.1	15,116.8	14,794.3	14,524.3	14,281.2
Avg Shares (Basic)	15,509.8	15,405.9	15,287.5	15,172.0	15,081.7	14,994.1	14,902.6	14,830.0	14,759.2	14,690.0	14,622.6	14,556.8	15,744.2	15,343.8	14,952.1	14,657.2	14,400.7
Avg Shares (Fully Diluted)	15,576.6	15,464.7	15,348.2	15,242.9	15,150.9	15,056.1	14,964.6	14,892.1	14,821.3	14,752.1	14,684.6	14,618.8	15,812.5	15,408.1	15,015.9	14,719.2	14,462.8

Source: Company data, Morgan Stanley Research estimates

Exhibit 9: Apple Income Statement Analysis

(\$ in millions)	2024A				2025E				2026E				Fiscal Year				
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	2023A	2024A	2025E	2026E	2027E
Margin Analysis																	
Gross Margin	45.9%	46.6%	46.3%	46.2%	46.9%	47.1%	46.0%	46.1%	45.1%	47.1%	47.1%	46.7%	44.1%	46.2%	46.5%	46.4%	47.5%
Product	39.4%	36.6%	35.3%	36.3%	39.3%	35.9%	33.4%	34.2%	36.3%	35.6%	34.1%	35.3%	36.5%	37.2%	36.1%	35.4%	36.4%
iPhone	42.5%	40.0%	38.7%	39.8%	42.8%	39.3%	36.5%	37.4%	40.0%	38.5%	37.0%	38.5%	40.1%	40.6%	39.5%	38.7%	39.5%
iPad	30.0%	28.0%	28.0%	28.1%	29.7%	27.5%	26.5%	26.5%	26.0%	27.0%	27.5%	27.5%	27.8%	28.6%	27.6%	27.0%	28.1%
Mac	32.0%	29.2%	30.0%	30.0%	32.3%	28.5%	30.0%	30.0%	27.0%	29.3%	29.5%	29.8%	29.4%	30.3%	30.3%	28.9%	30.3%
Wearables, Home and Accessories	31.8%	29.6%	30.2%	30.1%	30.8%	29.9%	26.3%	26.3%	27.0%	28.8%	29.0%	29.0%	29.8%	30.6%	28.6%	28.3%	29.4%
Services	72.8%	74.6%	74.0%	74.0%	75.0%	75.7%	75.6%	75.5%	75.0%	75.2%	74.8%	75.0%	70.8%	73.9%	75.5%	75.0%	75.0%
R&D	6.4%	8.7%	9.3%	8.2%	6.7%	9.0%	9.6%	8.8%	7.0%	9.1%	9.9%	8.4%	7.8%	8.0%	8.4%	8.5%	8.7%
SG&A	5.7%	7.1%	7.4%	6.9%	5.8%	7.1%	7.5%	7.4%	5.9%	7.1%	7.7%	6.9%	6.5%	6.7%	6.8%	6.8%	6.6%
Operating Expenses	12.1%	15.8%	16.7%	15.1%	12.4%	16.0%	17.1%	16.2%	12.8%	16.2%	17.6%	15.3%	14.3%	14.7%	15.2%	15.2%	15.3%
EBITDA Margin	36.1%	33.9%	32.9%	34.2%	36.9%	33.8%	32.5%	33.4%	34.9%	34.3%	33.3%	34.7%	32.8%	34.4%	34.4%	34.3%	35.4%
PTOP Margin	33.8%	30.7%	29.6%	31.2%	34.5%	31.0%	28.9%	29.9%	32.2%	30.9%	29.6%	31.5%	29.8%	31.5%	31.3%	31.2%	32.2%
Pretax Margin	33.7%	30.9%	29.7%	31.2%	34.3%	30.7%	28.5%	29.6%	32.0%	30.7%	29.5%	31.5%	29.7%	31.6%	31.1%	31.1%	32.2%
Net Income	28.4%	26.0%	25.0%	26.3%	29.2%	26.0%	24.0%	24.9%	26.9%	25.8%	24.8%	26.5%	25.3%	26.6%	26.3%	26.1%	27.1%
Year-Over-Year Growth (%)																	
Revenue	2%	-4%	5%	6%	4%	5%	6%	2%	4%	7%	4%	12%	-3%	2%	4%	7%	7%
iPhone	6%	-10%	-1%	6%	-1%	2%	5%	-1%	4%	9%	0%	13%	-2%	0%	1%	6%	7%
iPad	-25%	-17%	24%	8%	15%	15%	5%	-7%	-2%	-4%	-6%	16%	-3%	-6%	7%	0%	0%
Mac	1%	4%	2%	2%	16%	7%	8%	8%	-5%	-1%	2%	10%	-27%	2%	9%	1%	1%
Wearables, Home and Accessories	-11%	-10%	-2%	-3%	-2%	-5%	-11%	-10%	1%	-6%	8%	10%	-3%	-7%	-7%	3%	4%
Services	11%	14%	14%	12%	14%	12%	12%	12%	12%	11%	12%	12%	9%	13%	12%	12%	11%
Gross Margin	9%	1%	9%	9%	6%	6%	5%	1%	0%	7%	6%	14%	-1%	7%	5%	6%	9%
iPhone	11%	-10%	-1%	4%	0%	0%	-1%	-7%	-3%	6%	1%	16%	-2%	1%	-2%	4%	9%
iPad	-18%	-17%	24%	8%	14%	13%	-1%	-12%	-15%	-6%	-3%	20%	-3%	-3%	3%	-2%	5%
Mac	11%	3%	6%	2%	17%	4%	8%	8%	-20%	2%	0%	9%	-27%	5%	9%	-3%	6%
Wearables, Home and Accessories	-5%	-10%	0%	-3%	-5%	-4%	-23%	-21%	-12%	-9%	20%	21%	-7%	-5%	-12%	2%	8%
Services	14%	20%	20%	17%	17%	13%	14%	14%	12%	10%	10%	11%	8%	18%	15%	11%	11%
R&D	0%	6%	8%	6%	7%	8%	9%	9%	9%	8%	7%	7%	14%	5%	8%	8%	10%
SG&A	3%	4%	6%	6%	6%	4%	8%	9%	6%	7%	6%	4%	-1%	5%	7%	6%	5%
Operating Expenses	1%	5%	7%	6%	7%	6%	8%	9%	8%	8%	6%	6%	7%	5%	8%	7%	7%
PTOP Margin	12%	-1%	10%	10%	6%	6%	3%	-2%	-2%	6%	6%	18%	-4%	8%	3%	6%	10%
Pretax Margin	13%	-1%	12%	10%	6%	4%	2%	-3%	-2%	7%	7%	19%	-5%	9%	2%	7%	11%
Net Income	13%	-2%	8%	9%	7%	5%	1%	-4%	-4%	6%	7%	19%	-3%	7%	3%	6%	11%
ModelWare EPS	16%	0%	11%	12%	10%	8%	4%	-2%	-2%	8%	9%	22%	0%	10%	5%	8%	13%
Sequential Growth (%)																	
Revenue	34%	-24%	-5%	11%	31%	-23%	-5%	6%	35%	-22%	-7%	15%					
iPhone	59%	-34%	-15%	18%	50%	-32%	-12%	10%	58%	-29%	-19%	24%					
iPad	9%	-21%	29%	-3%	16%	-21%	17%	-14%	22%	-22%	15%	6%					
Mac	2%	-4%	-6%	10%	16%	-12%	-5%	11%	3%	-8%	-2%	19%					
Wearables, Home and Accessories	28%	-34%	2%	12%	30%	-36%	-4%	13%	45%	-40%	10%	15%					
Services	4%	3%	1%	3%	5%	1%	1%	3%	6%	0%	2%	4%					
Gross Margin	36%	-23%	-6%	11%	33%	-23%	-7%	7%	32%	-18%	-7%	14%					
iPhone	67%	-38%	-17%	21%	61%	-38%	-18%	13%	69%	-32%	-22%	30%					
iPad	17%	-26%	29%	-3%	23%	-27%	13%	-14%	20%	-19%	17%	6%					
Mac	9%	-13%	-3%	10%	25%	-22%	0%	11%	-8%	0%	-1%	20%					
Wearables, Home and Accessories	35%	-38%	4%	11%	33%	-38%	-16%	13%	49%	-36%	11%	15%					
Services	6%	6%	1%	3%	7%	1%	1%	3%	5%	1%	1%	4%					
R&D	5%	3%	1%	-3%	6%	3%	2%	-3%	7%	2%	1%	-2%					
SG&A	10%	-5%	-2%	3%	10%	-6%	1%	5%	6%	-5%	0%	3%					
Operating Expenses	8%	-1%	0%	0%	8%	-1%	2%	1%	7%	-1%	0%	0%					
PTOP Margin	50%	-31%	-9%	17%	45%	-31%	-11%	10%	45%	-25%	-11%	23%					
Pretax Margin	49%	-30%	-9%	16%	44%	-31%	-12%	10%	45%	-25%	-11%	23%					
Net Income	48%	-30%	-9%	16%	45%	-32%	-12%	10%	45%	-25%	-11%	23%					
ModelWare EPS	49%	-30%	-9%	17%	46%	-31%	-12%	11%	46%	-25%	-11%	23%					
Revenue Mix																	
iPhone	58%	51%	46%	49%	56%	49%	46%	47%	55%	50%	44%	48%	52%	51%	50%	50%	50%
iPad	6%	6%	8%	7%	7%	7%	8%	7%	6%	6%	7%	7%	7%	7%	7%	7%	6%
Mac	7%	8%	8%	8%	7%	8%	8%	9%	7%	8%	8%	8%	8%	8%	8%	8%	7%
Wearables, Home and Accessories	10%	9%	9%	10%	9%	8%	8%	8%	9%	7%	8%	8%	10%	9%	9%	8%	8%
Services	19%	26%	28%	26%	21%	28%	30%	29%	23%	29%	32%	29%	22%	25%	27%	28%	29%

Source: Company data, Morgan Stanley Research estimates

Exhibit 10: Apple Balance Sheet

(\$ in millions)	2024A				2025E				2026E				2023A	2024A	2025E	2026E	2027E
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26					
<b>Assets</b>																	
<b>Current Assets:</b>																	
Cash and cash equivalents	40,760	32,695	25,565	29,943	30,299	28,162	28,041	61,166	54,639	43,042	52,683	58,439	29,965	29,943	61,166	58,439	69,495
Short-term investments	131,815	129,642	127,476	126,707	111,069	104,760	104,760	74,760	74,760	74,760	74,760	74,760	132,134	126,707	74,760	74,760	74,760
Accounts receivable	23,194	21,837	22,795	33,410	29,639	26,136	21,931	34,601	39,515	31,602	22,751	37,703	29,508	33,410	34,601	37,703	35,914
Inventories	6,511	6,232	6,165	7,286	6,911	6,269	7,540	7,346	6,978	6,568	6,015	7,530	6,331	7,286	7,346	7,530	7,750
Deferred tax assets	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546
Other current assets	35,341	27,651	29,128	41,574	37,369	32,225	29,959	43,038	39,713	33,408	31,029	44,761	40,626	41,574	43,038	44,761	47,657
<b>Total Current Assets</b>	<b>243,167</b>	<b>223,603</b>	<b>216,675</b>	<b>244,466</b>	<b>220,833</b>	<b>203,098</b>	<b>197,777</b>	<b>226,456</b>	<b>221,150</b>	<b>194,925</b>	<b>192,783</b>	<b>228,738</b>	<b>244,110</b>	<b>244,466</b>	<b>226,456</b>	<b>228,738</b>	<b>241,122</b>
Property, Plant & Equipment, net	43,666	43,546	44,502	45,680	46,069	46,876	46,817	46,758	47,010	47,268	47,535	47,818	43,715	45,680	46,758	47,818	48,988
Acquired Intangible Assets	25,092	26,439	26,504	28,160	29,043	30,577	30,032	29,524	29,049	28,606	28,192	27,806	24,368	28,160	29,524	27,806	26,503
Other assets	41,589	43,823	43,931	46,674	48,140	50,682	48,324	46,674	52,954	55,750	53,156	51,342	40,390	46,674	46,674	51,342	56,476
Non-current debt and equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fixed Assets</b>	<b>110,347</b>	<b>113,808</b>	<b>114,937</b>	<b>120,514</b>	<b>123,252</b>	<b>128,135</b>	<b>125,174</b>	<b>122,956</b>	<b>129,012</b>	<b>131,623</b>	<b>128,884</b>	<b>126,966</b>	<b>108,473</b>	<b>120,514</b>	<b>122,956</b>	<b>126,966</b>	<b>131,967</b>
<b>Total Assets</b>	<b>353,514</b>	<b>337,411</b>	<b>331,612</b>	<b>364,980</b>	<b>344,085</b>	<b>331,233</b>	<b>322,951</b>	<b>349,412</b>	<b>350,162</b>	<b>326,549</b>	<b>321,667</b>	<b>355,705</b>	<b>352,583</b>	<b>364,980</b>	<b>349,412</b>	<b>355,705</b>	<b>373,089</b>
<b>Liabilities</b>																	
<b>Current Liabilities:</b>																	
Accounts payable	58,146	45,753	47,574	68,960	61,910	54,126	52,245	64,980	66,678	50,749	50,854	72,160	62,611	68,960	64,980	72,160	74,273
Accrued expenses	62,875	65,310	68,942	86,553	69,612	70,825	70,700	77,843	69,870	64,195	64,234	76,525	66,890	86,553	77,843	76,525	79,964
Current Debt	12,952	12,759	15,108	20,879	12,843	19,620	19,620	19,620	19,620	19,620	19,620	19,620	15,807	20,879	19,620	19,620	19,620
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>133,973</b>	<b>123,822</b>	<b>131,624</b>	<b>176,392</b>	<b>144,365</b>	<b>144,571</b>	<b>142,565</b>	<b>162,443</b>	<b>156,168</b>	<b>134,564</b>	<b>134,708</b>	<b>168,304</b>	<b>145,308</b>	<b>176,392</b>	<b>162,443</b>	<b>168,304</b>	<b>173,858</b>
<b>Non-Current Liabilities</b>																	
Long-term debt	95,088	91,831	86,196	85,750	83,956	78,566	78,566	78,566	78,566	78,566	78,566	78,566	95,281	85,750	78,566	78,566	78,566
Deferred revenue - non-current	3,231	3,107	3,130	2,960	3,199	2,747	3,628	3,247	3,545	3,419	3,385	3,381	3,161	2,960	3,247	3,381	3,435
Deferred tax liabilities	46,272	43,607	43,104	42,078	44,957	37,703	37,703	37,703	37,703	37,703	37,703	37,703	45,837	42,078	37,703	37,703	37,703
Other non-current liabilities	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850
<b>Total Non-Current Liabilities</b>	<b>145,441</b>	<b>139,395</b>	<b>133,280</b>	<b>131,638</b>	<b>132,962</b>	<b>119,866</b>	<b>120,746</b>	<b>120,366</b>	<b>120,664</b>	<b>120,538</b>	<b>120,504</b>	<b>120,500</b>	<b>145,129</b>	<b>131,638</b>	<b>120,366</b>	<b>120,500</b>	<b>120,554</b>
<b>Total Liabilities</b>	<b>279,414</b>	<b>263,217</b>	<b>264,904</b>	<b>308,030</b>	<b>277,327</b>	<b>264,437</b>	<b>263,311</b>	<b>282,809</b>	<b>276,832</b>	<b>255,102</b>	<b>255,212</b>	<b>288,805</b>	<b>290,437</b>	<b>308,030</b>	<b>282,809</b>	<b>288,805</b>	<b>294,412</b>
Series A preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Shareholder's Equity</b>	<b>74,100</b>	<b>74,194</b>	<b>66,708</b>	<b>56,950</b>	<b>66,758</b>	<b>66,796</b>	<b>59,640</b>	<b>66,603</b>	<b>73,331</b>	<b>71,447</b>	<b>66,455</b>	<b>66,900</b>	<b>62,146</b>	<b>56,950</b>	<b>66,603</b>	<b>66,900</b>	<b>78,678</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>353,514</b>	<b>337,411</b>	<b>331,612</b>	<b>364,980</b>	<b>344,085</b>	<b>331,233</b>	<b>322,951</b>	<b>349,412</b>	<b>350,162</b>	<b>326,549</b>	<b>321,667</b>	<b>355,705</b>	<b>352,583</b>	<b>364,980</b>	<b>349,412</b>	<b>355,705</b>	<b>373,089</b>

Source: Company data, Morgan Stanley Research estimates

Exhibit 11: Apple Statement of Cash Flows

(\$ in millions)	2024E				2025E				2026E				2023A 2024A 2025E 2026E 2027E				
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	2023A	2024A	2025E	2026E	2027E
<b>Cash Flow Statement (Non Cumulative)</b>																	
Operating activities:																	
Net Income / (Loss)	33,916	23,636	21,448	14,736	36,330	24,780	21,748	24,024	34,944	26,237	23,331	28,682	96,995	93,736	106,881	113,194	125,430
Cumulative effect of accounting change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to reconcile net income:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	2,848	2,836	2,850	2,911	3,080	2,661	3,330	3,356	3,390	3,431	3,474	3,514	11,519	11,445	12,427	13,809	14,651
Stock based compensation expense	2,997	2,964	2,869	2,858	3,286	3,226	-	-	-	-	-	-	10,833	11,688	6,512	-	-
Provision for (benefit from) deferred income taxes	(989)	(982)	7	(302)	(2,009)	(208)	-	-	-	-	-	-	(2,227)	(2,266)	(2,217)	-	-
Gain on non-current investments, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on short-term investments, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized loss on conv. securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Process R&D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax benefit from ESO	-	-	-	-	-	-	-	11,758	700	700	699	699	-	-	11,758	2,798	2,532
Changes in Operating Assets and Liabilities:																	
Accounts receivable	6,555	1,172	(1,030)	(10,485)	3,597	3,669	4,205	(12,670)	(4,914)	7,913	8,851	(14,952)	(1,688)	(3,788)	(1,199)	(3,102)	1,789
Inventories	(137)	190	(12)	(1,087)	215	643	(1,271)	195	368	410	553	(1,515)	(1,618)	(1,046)	(219)	(184)	(221)
Other current assets	4,569	7,595	(1,064)	(22,831)	3,166	6,005	2,266	(13,079)	3,324	6,305	2,379	(13,733)	(5,684)	(11,731)	(1,642)	(1,724)	(2,896)
Other assets	(1,457)	(2,981)	(1,188)	4,270	939	(5,310)	2,358	1,649	(6,279)	(2,796)	2,594	1,814	1,271	(1,356)	(364)	(4,667)	(5,134)
Accounts payable	(4,542)	(12,168)	1,539	21,191	(6,671)	(7,933)	(1,881)	12,735	1,698	(15,928)	105	21,306	(1,889)	6,020	(3,750)	7,180	2,114
Deferred revenue	-	-	-	-	-	-	880	(381)	298	(126)	(34)	(4)	-	-	500	134	54
Accrued restructuring costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(3,865)	428	3,439	15,550	(11,998)	(3,581)	(125)	7,143	(7,973)	(5,675)	40	12,290	3,031	15,552	(8,561)	(1,319)	3,439
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Provided by Operating Activities</b>	<b>39,895</b>	<b>22,690</b>	<b>28,858</b>	<b>26,811</b>	<b>29,935</b>	<b>23,952</b>	<b>31,509</b>	<b>34,731</b>	<b>25,556</b>	<b>20,470</b>	<b>41,991</b>	<b>38,103</b>	<b>110,543</b>	<b>118,254</b>	<b>120,127</b>	<b>126,120</b>	<b>141,758</b>
Investing activities:																	
Purchase of short-term investments	(9,780)	(15,262)	(13,032)	(10,582)	(6,124)	(6,318)	-	-	-	-	-	-	(29,513)	(48,656)	(12,442)	-	-
Proceeds from maturities of short-term investments	13,046	14,416	12,376	11,373	15,967	10,620	-	30,000	-	-	-	-	39,686	51,211	56,587	-	-
Proceeds from sales of short-term investments	1,337	2,977	3,068	3,753	3,492	1,718	-	-	-	-	-	-	5,828	11,135	5,210	-	-
Purchases of long-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Proceeds from sale of PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of PP&E	(2,392)	(1,996)	(2,151)	(2,908)	(2,940)	(3,071)	(2,727)	(2,788)	(3,167)	(3,247)	(3,328)	(3,411)	(10,959)	(9,447)	(11,525)	(13,152)	(14,518)
Cash paid for acquisition of technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of ARM shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(284)	(445)	(388)	(191)	(603)	(32)	-	-	-	-	-	-	(1,337)	(1,308)	(635)	-	-
<b>Net cash used in investing activities</b>	<b>1,927</b>	<b>(310)</b>	<b>(127)</b>	<b>1,445</b>	<b>9,792</b>	<b>2,917</b>	<b>(2,727)</b>	<b>27,212</b>	<b>(3,167)</b>	<b>(3,247)</b>	<b>(3,328)</b>	<b>(3,411)</b>	<b>3,705</b>	<b>2,935</b>	<b>37,195</b>	<b>(13,152)</b>	<b>(14,518)</b>
Financing activities:																	
Proceeds from issuance of common stock	-	-	-	-	-	-	30	30	28	29	30	31	-	-	60	118	130
Excess tax benefits from stock-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid related to net share settlement	(2,591)	(284)	(2,288)	(278)	(2,921)	(284)	-	-	-	-	-	-	(5,431)	(5,441)	(3,205)	-	-
Dividends and dividend equivalent rights paid	(3,825)	(3,710)	(3,895)	(3,804)	(3,856)	(3,758)	(3,933)	(3,849)	(3,944)	(3,850)	(4,052)	(3,967)	(15,025)	(15,234)	(15,396)	(15,813)	(16,314)
Repurchase of common stock	(20,139)	(23,205)	(26,522)	(25,083)	(23,606)	(25,898)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(77,550)	(94,949)	(99,504)	(100,000)	(100,000)
Increase (decrease) in long-term borrowing	-	-	-	-	(1,009)	1,009	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in notes payable to banks	(4,030)	(3,234)	(3,312)	4,217	(7,979)	(75)	-	-	-	-	-	-	(10,482)	(6,359)	(8,054)	-	-
<b>Net Cash used in Financing Activities</b>	<b>(30,585)</b>	<b>(30,433)</b>	<b>(36,017)</b>	<b>(24,948)</b>	<b>(39,371)</b>	<b>(29,006)</b>	<b>(28,904)</b>	<b>(28,819)</b>	<b>(28,916)</b>	<b>(28,821)</b>	<b>(29,022)</b>	<b>(28,936)</b>	<b>(108,488)</b>	<b>(121,983)</b>	<b>(126,099)</b>	<b>(115,695)</b>	<b>(116,184)</b>
<b>Increase/(decrease) in Cash and Cash Equivalents</b>	<b>11,237</b>	<b>(8,053)</b>	<b>(7,286)</b>	<b>3,308</b>	<b>356</b>	<b>(2,137)</b>	<b>(121)</b>	<b>33,125</b>	<b>(6,527)</b>	<b>(11,597)</b>	<b>9,641</b>	<b>5,756</b>	<b>5,760</b>	<b>(794)</b>	<b>31,223</b>	<b>(2,727)</b>	<b>11,056</b>
Adjustments for restatements	(442)	(12)	156	1,070	-	-	-	-	-	-	-	-	559	772	-	-	-
Cash and Cash Equivalents at Beginning of Period	29,965	40,760	32,695	25,565	29,943	30,299	28,162	28,041	61,166	54,639	43,042	52,683	23,646	29,965	29,943	61,166	58,439
<b>Cash and Cash Equivalents at End of Period</b>	<b>40,760</b>	<b>32,695</b>	<b>25,565</b>	<b>29,943</b>	<b>30,299</b>	<b>28,162</b>	<b>28,041</b>	<b>61,166</b>	<b>54,639</b>	<b>43,042</b>	<b>52,683</b>	<b>58,439</b>	<b>29,965</b>	<b>29,943</b>	<b>61,166</b>	<b>58,439</b>	<b>69,495</b>

Source: Company data, Morgan Stanley Research estimates

## Risk Reward Reference links

1. View explanation of Options Probabilities methodology - [Options\\_Probabilities\\_Exhibit\\_Link.pdf](#)
2. View descriptions of Risk Rewards Themes - [RR\\_Themes\\_Exhibit\\_Link.pdf](#)
3. View explanation of regional hierarchies - [GEG\\_Exhibit\\_Link.pdf](#)
4. View explanation of Theme/Exposure methodology - [ESG\\_Sustainable\\_Solutions\\_External\\_Link.pdf](#)
5. View explanation of HERS methodology - [ESG\\_HERS\\_External\\_Link.pdf](#)

## Disclosure Section

The information and opinions in Morgan Stanley Research were prepared by Morgan Stanley & Co. LLC, and/or Morgan Stanley C.T.V.M. S.A., and/or Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., and/or Morgan Stanley Canada Limited. As used in this disclosure section, "Morgan Stanley" includes Morgan Stanley & Co. LLC, Morgan Stanley C.T.V.M. S.A., Morgan Stanley Mexico, Casa de Bolsa, S.A. de C.V., Morgan Stanley Canada Limited and their affiliates as necessary.

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at [www.morganstanley.com/researchdisclosures](http://www.morganstanley.com/researchdisclosures), or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

### Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Erik W Woodring.

### Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at [www.morganstanley.com/institutional/research/conflictolicies](http://www.morganstanley.com/institutional/research/conflictolicies). A Portuguese version of the policy can be found at [www.morganstanley.com.br](http://www.morganstanley.com.br)

### Important Regulatory Disclosures on Subject Companies

The analyst or strategist (or a household member) identified below owns the following securities (or related derivatives): Maya C Neuman - **Apple, Inc.** (common or preferred stock).

As of June 30, 2025, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: **Apple, Inc.**, CDW Corporation, Dell Technologies Inc., Garmin Ltd, Hewlett Packard Enterprise, HP Inc., IBM, Kornit Digital Ltd., Logitech International SA, NetApp Inc, Nutanix Inc, Pure Storage Inc, Seagate Technology, SmartRent, Inc., Sonos Inc., Teradata, Western Digital, Xerox Corp.

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of **Apple, Inc.**, CDW Corporation, Dell Technologies Inc., HP Inc., Ingram Micro, Nutanix Inc, Seagate Technology.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from **Apple, Inc.**, CDW Corporation, Dell Technologies Inc., HP Inc., Ingram Micro, Logitech International SA, Nutanix Inc.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from **Apple, Inc.**, CDW Corporation, Dell Technologies Inc., Garmin Ltd, GoPro Inc, Hewlett Packard Enterprise, HP Inc., IBM, Ingram Micro, Kornit Digital Ltd., Logitech International SA, NetApp Inc, Nutanix Inc, Pure Storage Inc, Resideo Technologies Inc, SmartRent, Inc., Sonos Inc., TD Synnex Corporation, Teradata, Western Digital, Xerox Corp.

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from **Apple, Inc.**, CDW Corporation, Dell Technologies Inc., Garmin Ltd, Hewlett Packard Enterprise, HP Inc., IBM, Ingram Micro, Logitech International SA, NetApp Inc, TD Synnex Corporation, Western Digital, Xerox Corp.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: **Apple, Inc.**, CDW Corporation, Dell Technologies Inc., Garmin Ltd, GoPro Inc, Hewlett Packard Enterprise, HP Inc., IBM, Ingram Micro, Kornit Digital Ltd., Logitech International SA, NetApp Inc, Nutanix Inc, Pure Storage Inc, Resideo Technologies Inc, Seagate Technology, SmartRent, Inc., Sonos Inc., TD Synnex Corporation, Teradata, Western Digital, Xerox Corp.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: **Apple, Inc.**, CDW Corporation, Dell Technologies Inc., Garmin Ltd, Hewlett Packard Enterprise, HP Inc., IBM, Ingram Micro, Logitech International SA, NetApp Inc, Nutanix Inc, Pure Storage Inc, Resideo Technologies Inc, Sonos Inc., TD Synnex Corporation, Western Digital, Xerox Corp.

An employee, director or consultant of Morgan Stanley is a director of HP Inc.. This person is not a research analyst or a member of a research analyst's household.

Morgan Stanley & Co. LLC makes a market in the securities of **Apple, Inc.**, CDW Corporation, Cricut Inc, Garmin Ltd, GoPro Inc, Hewlett Packard Enterprise, HP Inc., IBM, Kornit Digital Ltd., Logitech International SA, NetApp Inc, Nutanix Inc, Pure Storage Inc, Resideo Technologies Inc, Seagate Technology, SmartRent, Inc., Sonos Inc., TD Synnex Corporation, Teradata, Western Digital, Xerox Corp.

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

### STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

### Global Stock Ratings Distribution

(as of June 30, 2025)



The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm.

For disclosure purposes only (in accordance with FINRA requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1497	40%	372	45%	25%	702	41%
Equal-weight/Hold	1632	44%	380	46%	23%	776	45%
Not-Rated/Hold	4	0%	0	0%	0%	2	0%
Underweight/Sell	593	16%	79	10%	13%	233	14%
Total	3,726		831			1713	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

## Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

## Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

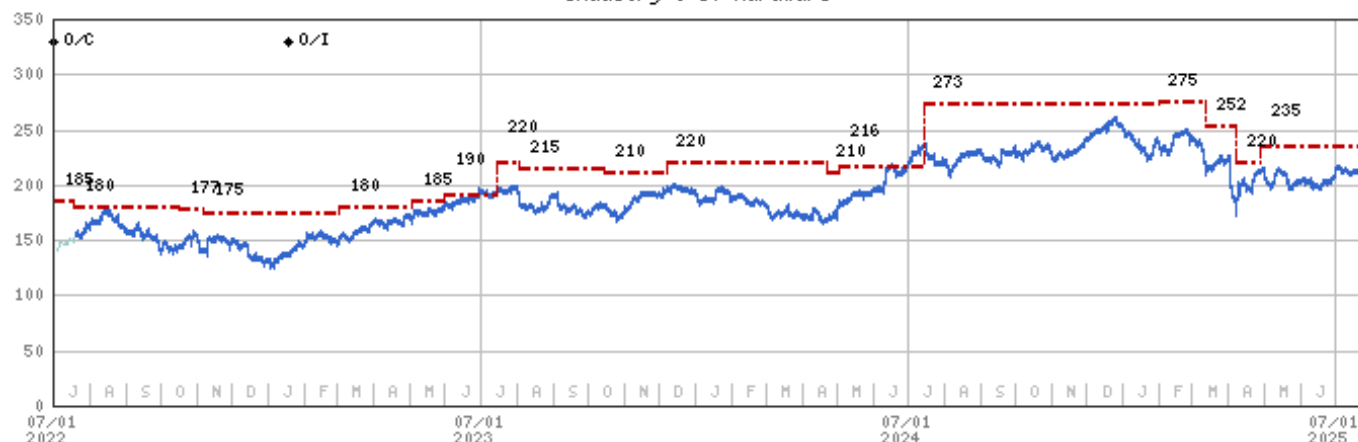
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

## Stock Price, Price Target and Rating History (See Rating Definitions)

Apple, Inc. (AAPL.O) - As of 07/21/25 GMT in USD  
Industry : IT Hardware



Stock Rating History: 7/1/20 : 0/I; 10/12/20 : 0/A; 6/10/21 : 0/I; 10/5/21 : 0/C; 1/18/23 : 0/I

Price Target History: 6/2/20 : 85; 7/13/20 : 104.75; 7/30/20 : 107.75; 8/23/20 : 130; 10/13/20 : 136; 12/15/20 : 144; 1/20/21 : 152; 1/27/21 : 164; 4/5/21 : 156; 4/15/21 : 157; 4/20/21 : 158; 4/28/21 : 161; 6/23/21 : 162; 7/14/21 : 166; 7/27/21 : 168; 10/26/21 : 166; 10/28/21 : 164; 12/7/21 : 200; 1/27/22 : 210; 4/28/22 : 195; 6/14/22 : 185; 7/19/22 : 180; 10/17/22 : 177; 11/7/22 : 175; 3/3/23 : 180; 5/4/23 : 185; 6/1/23 : 190; 7/16/23 : 220; 8/3/23 : 215; 10/15/23 : 210; 12/7/23 : 220; 4/22/24 : 210; 5/3/24 : 216; 7/14/24 : 273; 1/31/25 : 275; 3/12/25 : 252; 4/8/25 : 220; 4/28/25 : 235

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —

Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

## Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC or Morgan Stanley or any of their affiliates, are available on the Morgan Stanley Wealth Management disclosure website at [www.morganstanley.com/online/researchdisclosures](http://www.morganstanley.com/online/researchdisclosures). For Morgan Stanley specific disclosures, you may refer to [www.morganstanley.com/researchdisclosures](http://www.morganstanley.com/researchdisclosures).

Each Morgan Stanley research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the research report on behalf of Morgan Stanley. This could create a conflict of interest.

## Other Important Disclosures

A member of Research who had or could have had access to the research prior to completion owns securities (or related derivatives) in the Apple, Inc.. This person is not a research analyst or a member of research analyst's household.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (<http://www.morganstanley.com/terms.html>). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (<http://www.morganstanley.com/terms.html>). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy ([http://www.morganstanley.com/privacy\\_pledge.html](http://www.morganstanley.com/privacy_pledge.html)), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy ([http://www.morganstanley.com/privacy\\_pledge.html](http://www.morganstanley.com/privacy_pledge.html)).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those

who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V. which is regulated by Comisión Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Bank Asia Limited; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Bank Asia Limited, Singapore Branch (Registration number T14FC0118); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited having Corporate Identification No (CIN) U22990MH1998PTC115305, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INH000001105); Stock Broker (SEBI Stock Broker Registration No. INZ000244438), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-567-2021) having registered office at Altimus, Level 39 & 40, Pandurang Budhkar Marg, Worli, Mumbai 400018, India; Telephone no. +91-22-61181000; Compliance Officer Details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: tejarshi.hardas@morganstanley.com; Grievance officer details: Mr. Tejarshi Hardas, Tel. No.: +91-22-61181000 or Email: msic-compliance@morganstanley.com. Morgan Stanley India Company Private Limited (MSICPL) may use AI tools in providing research services. All recommendations contained herein are made by the duly qualified research analysts; in Canada by Morgan Stanley Canada Limited; in Germany and the European Economic Area where required by Morgan Stanley Europe S.E., authorised and regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin) under the reference number 149169; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, disseminates in the UK research that it has prepared, and research which has been prepared by any of its affiliates, only to persons who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended) may otherwise lawfully be communicated or caused to be communicated. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and A2X (Pty) Ltd. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia, and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA)

or by Morgan Stanley & Co. International plc (ADGM Branch), regulated by the Financial Services Regulatory Authority Abu Dhabi (the FSRA), and is directed at Professional Clients only, as defined by the DFSA or the FSRA, respectively. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria of a Professional Client. A distribution of the different MS Research ratings or recommendations, in percentage terms for Investments in each sector covered, is available upon request from your sales representative.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.

The issuers and/or fixed income products recommended or discussed in certain fixed income research reports may not be continuously followed. Accordingly, investors should regard those fixed income research reports as providing stand-alone analysis and should not expect continuing analysis or additional reports relating to such issuers and/or individual fixed income products. Morgan Stanley may hold, from time to time, material financial and commercial interests regarding the company subject to the Research report.

Registration granted by SEBI and certification from the National Institute of Securities Markets (NISM) in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

## INDUSTRY COVERAGE: IT Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/18/2025)
<b>Erik W Woodring</b>		
Apple, Inc. (AAPL.O)	O (05/26/2009)	\$211.18
CDW Corporation (CDW.O)	O (04/08/2025)	\$179.59
Cricut Inc (CRCT.O)	U (08/12/2021)	\$5.44
Dell Technologies Inc. (DELL.N)	O (05/01/2023)	\$131.24
Garmin Ltd (GRMN.N)	U (10/07/2024)	\$227.89
GoPro Inc (GPRO.O)	U (12/12/2023)	\$0.88
HP Inc. (HPQ.N)	E (08/19/2024)	\$25.06
IBM (IBM.N)	E (01/18/2023)	\$285.87
Ingram Micro (INGM.N)	E (06/11/2025)	\$20.69
Kornit Digital Ltd. (KRNT.O)	O (08/10/2023)	\$21.49
Logitech International SA (LOGI.O)	E (01/23/2025)	\$95.71
Resideo Technologies Inc (REZI.N)	E (03/16/2021)	\$24.17
Seagate Technology (STX.O)	O (03/26/2024)	\$149.08
SmartRent, Inc. (SMRT.N)	++	\$0.97
Sonos Inc. (SONO.O)	U (09/26/2024)	\$10.52
TD Synnex Corporation (SNX.N)	O (06/11/2025)	\$143.29
Teradata (TDC.N)	O (04/08/2025)	\$21.59
Western Digital (WDC.O)	O (04/16/2025)	\$68.00
Xerox Corp (XRX.O)		\$5.07
<b>Meta A Marshall</b>		
Hewlett Packard Enterprise (HPE.N)	E (04/08/2025)	\$21.11
NetApp Inc (NTAP.O)	E (07/26/2023)	\$108.37
Nutanix Inc (NTNX.O)	O (10/28/2024)	\$75.55
Pure Storage Inc (PSTG.N)	E (06/11/2024)	\$58.12

Stock Ratings are subject to change. Please see latest research for each company.

\* Historical prices are not split adjusted.