

Equity Research Report: Apple Inc.

Rating:BUY

Income Statement Analysis

Apple reported revenue of \$391 billion for fiscal 2024, up slightly from last year. Gross margin improved to 46.2% on stable product costs and higher services revenue. Operating expenses grew modestly at 5%. Overall profitability remained strong, with net income of \$94 billion and operating margin of 31%. While revenue growth has slowed, sustainable demand for replacement iPhones, robust services business, and rising average selling prices offset macro headwinds. Margins appear optimized for now, though continued innovation and procurement savings could further boost operating efficiency and profitability over time.

Balance Sheet Analysis

For 2024, Apple maintains stable liquidity with current assets of \$1.53 trillion exceeding current liabilities of \$1.76 trillion. Long-term debt of \$857.5 billion is offset by tangible assets of \$569.5 billion, showing improved solvency over prior years. Shareholders' equity of \$569.5 billion demonstrates the company's strong financial foundation. Overall, Apple appears fiscally sound with optimized leverage, exemplary asset usage, and prudent capital allocation. With continued focus on innovative products and growing services segments, Apple is well-positioned for sustained prosperity.

Cashflow Analysis

The company generated strong operational cash flows in 2024, seeing growth in working capital which boosted liquidity. Lower capital expenditures and asset sales offset outlays. Dividend payments increased as share buybacks exhausted most authorized amounts. Overall, robust cash generation and liquidity were maintained despite macroeconomic headwinds, with over \$140 billion available. Prudent management of capital structure and cash allocation have positioned the company well for continued growth with ample reserves to weather near-term volatility.

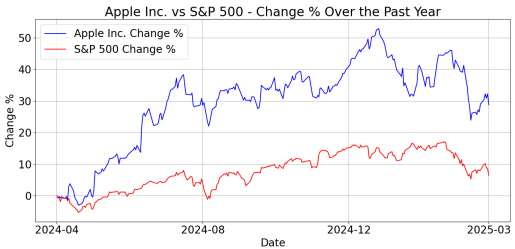
Summarization

Apple continues to demonstrate strong financial performance based on my analysis. Stable costs and growing services boosted margins despite slow revenue growth. Prudent capital allocation through buybacks exhausted allotments while debt issuance optimized leverage. Robust cash generation and liquidity of over \$140 billion were maintained through efficient operations and capital expenditures. Apple is well-positioned for sustained growth with ample reserves. Focusing R&D; on new innovations and further strengthening recurring revenue streams could help offset economic headwinds. Overall Apple displays exemplary financial management with optimized costs, liquidity, and resilient business model ensuring profitable stability and shareholder value.

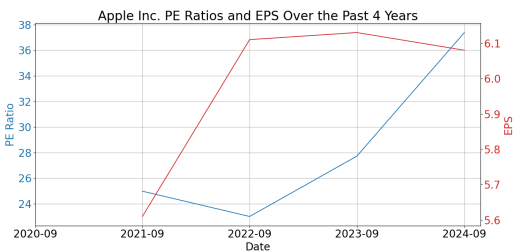
Key data

6m avg daily val (USDmn)	48.12
Closing Price (USD)	217.90
Market Cap (USDmn)	3273315.58
52 Week Price Range (USD)	164.08 - 260.1
BVPS (USD)	4.438

Share Performance



PE & EPS



Income Statement

FY (USD mn)	2024	2023	2022
Tax Effect Of Unusual Items	0.0	0.0	0.0
Tax Rate For Calcs	0.241	0.147	0.162
Normalized EBITDA	134661.0	125820.0	130541.0
Net Income From Continuing Operation Net Minority Interest	93736.0	96995.0	99803.0
Reconciled Depreciation	11445.0	11519.0	11104.0
Reconciled Cost Of Revenue	210352.0	214137.0	223546.0
EBITDA	134661.0	125820.0	130541.0
EBIT	123216.0	114301.0	119437.0
Net Interest Income	nan	-183.0	-106.0
Interest Expense	nan	3933.0	2931.0
Interest Income	nan	3750.0	2825.0
Normalized Income	93736.0	96995.0	99803.0
Net Income From Continuing And Discontinued Operation	93736.0	96995.0	99803.0
Total Expenses	267819.0	268984.0	274891.0
Total Operating Income As Reported	123216.0	114301.0	119437.0
Diluted Average Shares	15408.095	15812.547	16325.819
Basic Average Shares	15343.783	15744.231	16215.963
Diluted EPS	6.08	6.13	6.11
Basic EPS	6.11	6.16	6.15
Diluted NI Availto Com Stockholders	93736.0	96995.0	99803.0
Net Income Common Stockholders	93736.0	96995.0	99803.0
Net Income	93736.0	96995.0	99803.0
Net Income Including Noncontrolling Interests	93736.0	96995.0	99803.0
Net Income Continuous Operations	93736.0	96995.0	99803.0
Tax Provision	29749.0	16741.0	19300.0
Pretax Income	123485.0	113736.0	119103.0
Other Income Expense	269.0	-565.0	-334.0
Other Non Operating Income Expenses	269.0	-565.0	-334.0
Net Non Operating Interest Income Expense	nan	-183.0	-106.0
Interest Expense Non Operating	nan	3933.0	2931.0
Interest Income Non Operating	nan	3750.0	2825.0
Operating Income	123216.0	114301.0	119437.0
Operating Expense	57467.0	54847.0	51345.0
Research And Development	31370.0	29915.0	26251.0
Selling General And Administration	26097.0	24932.0	25094.0
Gross Profit	180683.0	169148.0	170782.0
Cost Of Revenue	210352.0	214137.0	223546.0
Total Revenue	391035.0	383285.0	394328.0
Operating Revenue	391035.0	383285.0	394328.0

Cash Flow Sheet

FY (USD mn)	2024	2023	2022
Free Cash Flow	108807.0	99584.0	111443.0
Repurchase Of Capital Stock	-94949.0	-77550.0	-89402.0
Repayment Of Debt	-9958.0	-11151.0	-9543.0
Issuance Of Debt	0.0	5228.0	5465.0
Issuance Of Capital Stock	nan	nan	nan
Capital Expenditure	-9447.0	-10959.0	-10708.0
Interest Paid Supplemental Data	nan	3803.0	2865.0
Income Tax Paid Supplemental Data	26102.0	18679.0	19573.0
End Cash Position	29943.0	30737.0	24977.0
Beginning Cash Position	30737.0	24977.0	35929.0
Changes In Cash	-794.0	5760.0	-10952.0
Financing Cash Flow	-121983.0	-108488.0	-110749.0
Cash Flow From Continuing Financing Activities	-121983.0	-108488.0	-110749.0
Net Other Financing Charges	-5802.0	-6012.0	-6383.0
Cash Dividends Paid	-15234.0	-15025.0	-14841.0
Common Stock Dividend Paid	-15234.0	-15025.0	-14841.0
Net Common Stock Issuance	-94949.0	-77550.0	-89402.0
Common Stock Payments	-94949.0	-77550.0	-89402.0
Common Stock Issuance	nan	nan	nan
Net Issuance Payments Of Debt	-5998.0	-9901.0	-123.0
Net Short Term Debt Issuance	3960.0	-3978.0	3955.0
Net Long Term Debt Issuance	-9958.0	-5923.0	-4078.0
Long Term Debt Payments	-9958.0	-11151.0	-9543.0
Long Term Debt Issuance	0.0	5228.0	5465.0
Investing Cash Flow	2935.0	3705.0	-22354.0
Cash Flow From Continuing Investing Activities	2935.0	3705.0	-22354.0
Net Other Investing Changes	-1308.0	-1337.0	-2086.0
Net Investment Purchase And Sale	13690.0	16001.0	-9560.0
Sale Of Investment	62346.0	45514.0	67363.0
Purchase Of Investment	-48656.0	-29513.0	-76923.0
Net Business Purchase And Sale	nan	nan	-306.0
Purchase Of Business	nan	nan	-306.0
Net PPE Purchase And Sale	-9447.0	-10959.0	-10708.0
Purchase Of PPE	-9447.0	-10959.0	-10708.0
Operating Cash Flow	118254.0	110543.0	122151.0
Cash Flow From Continuing Operating Activities	118254.0	110543.0	122151.0
Change In Working Capital	3651.0	-6577.0	1200.0
Change In Other Working Capital	nan	nan	478.0
Change In Other Current Liabilities	15552.0	3031.0	6110.0
Change In Other Current Assets	-11731.0	-5684.0	-6499.0
Change In Payables And Accrued Expense	6020.0	-1889.0	9448.0
Change In Payable	6020.0	-1889.0	9448.0
Change In Account Payable	6020.0	-1889.0	9448.0
Change In Inventory	-1046.0	-1618.0	1484.0
Change In Receivables	-5144.0	-417.0	-9343.0
Changes In Account Receivables	-3788.0	-1688.0	-1823.0
Other Non Cash Items	-2266.0	-2227.0	1006.0
Stock Based Compensation	11688.0	10833.0	9038.0
Deferred Tax	nan	nan	895.0
Deferred Income Tax	nan	nan	895.0
Depreciation Amortization Depletion	11445.0	11519.0	11104.0
Depreciation And Amortization	11445.0	11519.0	11104.0
Net Income From Continuing Operations	93736.0	96995.0	99803.0