

Accelerated + Biden						
The Narrative						
The iPhone continues to be the profit engine, allowing the Apple cash machine to churn on, but Apple finds new potencial accelerated growth in its service and entertainment businesses.						
The Assumptions						
	Base year	Growth Phase	Stable Phase	Terminal	Link to narrative	
Revenues	\$273,857	10.00%	2.00%	2.00%	Significant growth from services & entertainment	
Operating margin	25.93%	35.00%	35.00%	35.00%	Increment in margins due to services	
Tax rate	14.50%	14.50%	30.00%	30.00%	Increment in taxes due to Biden win	
Reinvestment	Sales to capital ratio = 4.00		RIR = 16.67%		Left higher to reflect Apple's history	
Return on capital	177.05%	Marginal ROIC = 107.00%		12.00%	Substantial competitive moats	
Cost of capital	6.56%		6.56%	6.56%	Cost of capital stays steady.	
The Cash Flows						
	Revenues	Operating Margin	EBIT	EBIT (1-t)	Reinvestment	FCFF
1	\$295,766	27.74%	\$82,057	\$70,159	\$5,477	\$64,681
2	\$325,342	29.56%	\$96,164	\$80,564	\$7,394	\$73,170
3	\$357,876	31.37%	\$112,273	\$92,126	\$8,134	\$83,992
4	\$393,664	33.19%	\$130,641	\$104,948	\$8,947	\$96,002
5	\$433,030	35.00%	\$151,561	\$119,143	\$9,842	\$109,302
6	\$469,405	35.00%	\$164,292	\$126,322	\$9,094	\$117,228
7	\$501,324	35.00%	\$175,464	\$131,890	\$7,980	\$123,910
8	\$527,393	35.00%	\$184,588	\$135,569	\$6,517	\$129,052
9	\$546,379	35.00%	\$191,233	\$137,156	\$4,747	\$132,410
10	\$557,307	35.00%	\$195,057	\$136,540	\$2,732	\$133,808
Terminal year	\$568,453	35.00%	\$198,959	\$139,271	\$23,212	\$116,059
The Value						
Terminal value			\$2,543,964			
PV(Terminal value)			\$1,347,353			
PV (CF over next 10 years)			\$731,226			
Value of operating assets			\$2,078,579			
+ Cash & Marketable Securities			\$193,617			
- Total Debt, including operating leases			-\$122,186			
- Options outstanding			\$0			
Value of Equity in Common Stock			\$2,150,010			
Number of shares (primary)			17,100			
Intrinsic Equity Value per share			\$125.73			
Market Price per Share			\$124.40	Price as % of value 98.94%		

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Operating margin	25.93%	35.00%	35.00%	35.00%	Increment in margins due to services	
Tax rate	14.50%	14.50%	25.00%	25.00%	Global/US marginal tax rate over time - Trump wins	
Reinvestment	Sales to capital ratio = 4.00		RIR = 16.67%		Left higher to reflect Apple's history	
Return on capital	177.05%	Marginal ROIC = 120.77%		12.00%	Substantial competitive moats	
Cost of capital	7.01%		7.01%	7.01%	Increment in cost of capital due to Trade War with China. +1% in ERP for USA.	
The Cash Flows						
	Revenues	Operating Margin	EBIT	EBIT (1-t)	Reinvestment	FCFF
1	\$295,766	27.74%	\$82,057	\$70,159	\$5,477	\$64,681
2	\$325,342	29.56%	\$96,164	\$81,099	\$7,394	\$73,704
3	\$357,876	31.37%	\$112,273	\$93,373	\$8,134	\$85,240
4	\$393,664	33.19%	\$130,641	\$107,126	\$8,947	\$98,179
5	\$433,030	35.00%	\$151,561	\$122,512	\$9,842	\$112,670
6	\$469,405	35.00%	\$164,292	\$130,886	\$9,094	\$121,792
7	\$501,324	35.00%	\$175,464	\$137,739	\$7,980	\$129,759
8	\$527,393	35.00%	\$184,588	\$142,748	\$6,517	\$136,231
9	\$546,379	35.00%	\$191,233	\$145,656	\$4,747	\$140,909
10	\$557,307	35.00%	\$195,057	\$146,293	\$2,732	\$143,561
Terminal year	\$568,453	35.00%	\$198,959	\$149,219	\$24,870	\$124,349
The Value						
Terminal value			\$2,481,237			
PV(Terminal value)			\$1,259,971			
PV (CF over next 10 years)			\$740,059			
Value of operating assets			\$2,000,030			
+ Cash & Marketable Securities			\$193,617			
- Total Debt, including operating leases			-\$122,186			
- Options outstanding			\$0			
Value of Equity in Common Stock			\$2,071,461			
Number of shares (primary)			17,100			
Intrinsic Equity Value per share			\$121.14			
Market Price per Share			\$124.40	Price as % of value 102.69%		

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The iPhone continues to be the profit engine, allowing the Apple cash machine to churn on, but Apple finds new potencial moderate growth in its service and entertainment businesses.						
The Assumptions						
	Base year	Growth Phase	Stable Phase	Terminal	Link to narrative	
Revenues	\$273,857	8.00%	2.00%	2.00%	Moderate growth from services & entertainment	
Operating margin	25.93%	30.00%	30.00%	30.00%	Subtle growth in margin	
Tax rate	14.50%	14.50%	30.00%	30.00%	Increment in taxes due to Biden win	
Reinvestment	Sales to capital ratio = 4.00		RIR = 16.67%		Left higher to reflect Apple's history	
Return on capital	177.05%	Marginal ROIC = 78.06%		12.00%	Substantial competitive moats	
Cost of capital	6.56%		6.56%	6.56%	Cost of capital stays steady.	
The Cash Flows						
	Revenues	Operating Margin	EBIT	EBIT (1-t)	Reinvestment	FCFF
1	\$290,288	26.74%	\$77,634	\$66,377	\$4,108	\$62,270
2	\$313,511	27.56%	\$86,397	\$72,382	\$5,806	\$66,576
3	\$338,592	28.37%	\$96,065	\$78,827	\$6,270	\$72,557
4	\$365,680	29.19%	\$106,727	\$85,738	\$6,772	\$78,966
5	\$394,934	30.00%	\$118,480	\$93,139	\$7,314	\$85,825
6	\$421,790	30.00%	\$126,537	\$97,293	\$6,714	\$90,579
7	\$445,410	30.00%	\$133,623	\$100,440	\$5,905	\$94,535
8	\$465,008	30.00%	\$139,502	\$102,457	\$4,900	\$97,557
9	\$479,888	30.00%	\$143,966	\$103,256	\$3,720	\$99,536
10	\$489,486	30.00%	\$146,846	\$102,792	\$2,399	\$100,393
Terminal year	\$499,276	30.00%	\$149,783	\$104,848	\$17,475	\$87,373
The Value						
Terminal value			\$1,915,181			
PV(Terminal value)			\$1,014,333			
PV (CF over next 10 years)			\$591,189			
Value of operating assets			\$1,605,521			
+ Cash & Marketable Securities			\$193,617			
- Total Debt, including operating leases			-\$122,186			
- Options outstanding			\$0			
Value of Equity in Common Stock			\$1,676,952			
Number of shares (primary)			17,100			
Intrinsic Equity Value per share			\$98.07			
Market Price per Share			\$124.40	Price as % of value 126.85%		

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Revenues	\$273,857	8.00%	2.00%	2.00%	Moderate growth from services & entertainment	
Operating margin	25.93%	30.00%	30.00%	30.00%	Subtle growth in margin	
Tax rate	14.50%	14.50%	25.00%	25.00%	Global/US marginal tax rate over time - Trump wins	
Reinvestment	Sales to capital ratio = 4.00		RIR = 16.67%		Left higher to reflect Apple's history	
Return on capital	177.05%	Marginal ROIC = 91.68%		12.00%	Substantial competitive moats	
Cost of capital	7.01%		7.01%	7.01%	Increment in cost of capital due to Trade War with China. +1% in ERP for USA.	
The Cash Flows						
	Revenues	Operating Margin	EBIT	EBIT (1-t)	Reinvestment	FCFF
1	\$290,288	26.74%	\$77,634	\$66,377	\$4,108	\$62,270
2	\$313,511	27.56%	\$86,397	\$72,862	\$5,806	\$67,056
3	\$338,592	28.37%	\$96,065	\$79,894	\$6,270	\$73,624
4	\$365,680	29.19%	\$106,727	\$87,516	\$6,772	\$80,744
5	\$394,934	30.00%	\$118,480	\$95,772	\$7,314	\$88,458
6	\$421,790	30.00%	\$126,537	\$100,808	\$6,714	\$94,094
7	\$445,410	30.00%	\$133,623	\$104,894	\$5,905	\$98,989
8	\$465,008	30.00%	\$139,502	\$107,882	\$4,900	\$102,982
9	\$479,888	30.00%	\$143,966	\$109,654	\$3,720	\$105,934
10	\$489,486	30.00%	\$146,846	\$110,134	\$2,399	\$107,735
Terminal year	\$499,276	30.00%	\$149,783	\$112,337	\$18,723	\$93,614
The Value						
Terminal value			\$1,867,958			
PV(Terminal value)			\$948,548			
PV (CF over next 10 years)			\$597,848			
Value of operating assets			\$1,546,397			
+ Cash & Marketable Securities			\$193,617			
- Total Debt, including operating leases			-\$122,186			
- Options outstanding			\$0			
Value of Equity in Common Stock			\$1,617,828			
Number of shares (primary)			17,100			
Intrinsic Equity Value per share			\$94.61			
Market Price per Share			\$124.40	Price as % of value 131.49%		