

US EQUITY RESEARCH

18 July 2025

Apple Inc

Analyst:
Jim Au | dbsvhk@dbs.com

Phenomenal new products and technological barrier to support growth

Company Overview

Apple Inc. (Apple) designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories and sells a range of related services. The company's products include iPhone (51% of FY24 revenue), Mac (8%), iPad (7%), wearables, home, and accessories (9%) like AirPods, Apple TV, Apple Watch, HomePod, and others. The company also has an online services business (25%), which provides services like 1) operating platforms like the App Store and iTunes, which allow customers to purchase and download applications and digital content; 2) offering digital content through subscription-based services, including Apple Arcade, Apple Music, Apple News+, Apple TV+, and Apple Fitness+; and 3) providing a range of other services, such as AppleCare, iCloud, Apple Card, and Apple Pay.

Investment Overview

iPhone specification upgrades to drive premium model mix higher. We expect the launches of the ultra-thin iPhone 17 Air in 2025 and Apple's first foldable iPhone in 2026 to set new benchmarks in the smartphone market. Android manufacturers will likely follow suit, accelerating their own specification upgrades. These innovative product introductions should significantly boost shipment growth momentum. Apple currently commands a dominant 71% share in the premium segment, supported by an established user base exceeding 150 mn, which provides an excellent platform for adoption of new innovations. The introduction of these cutting-edge iPhone models is expected to further enhance the premium model mix, driving earnings growth in FY9/25F as gross margins expand amid an accelerating replacement cycle.

China Weakness. Apple's iPhone sales in China have declined by 17% y/y in 2024, affected by intense competition from local brands like Vivo, Huawei, and Xiaomi, who are capitalising on innovation and targeted subsidies. The gradual implementation of AI features has further delayed iOS user upgrades. Despite retaining leadership in the high-end market, Apple faces persistent challenges, with the outlook remaining subdued until the anticipated launch of the significantly upgraded next-generation iPhone 17/Air, featuring an enhanced AI Siri.

The technology breakthrough in semiconductor design. Apple has made significant strides in semiconductor design, starting with the launch of its first ARM-based M1 chip in November 2020, moving away from Intel chips. The M1-equipped Macs offer superior performance, battery life, and heat efficiency compared to their Intel-based predecessors, driving a 31% increase in Mac sales in 4Q20. Apple has since expanded the M series chips to the iPad Pro and is expected to continue advancing its chip technology for iPhones, Apple Watch, and headsets, strengthening its competitive edge across product lines.

We are HOLD on AAPL with a TP of USD210 per share. Our TP is based on 28.5x forward PE, 0.5 SD above its peers' average due to its strong user loyalty, which supports long-term product growth and higher shareholder return compared to its peers. AAPL's share price has outperformed the NASDAQ year-to-date, and we believe the short-term drivers have already been factored in. We expect AAPL to achieve steady growth driven by the success of its promising premiumisation and leading product technology in the long run.

Risks

Delays in Apple Intelligence launch could impact growth. Apple's in-house LLM is expected to launch sometime in 2026; any further postponement could adversely affect consumer sentiment and iPhone sales.

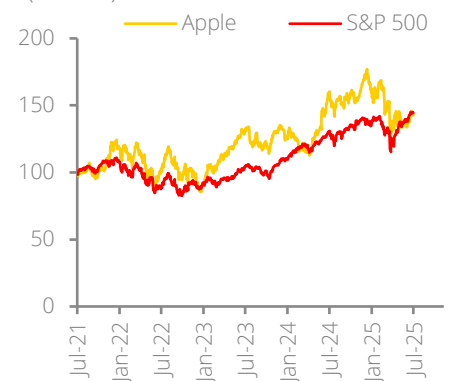
Key Financial Data

Bloomberg Ticker	AAPL US
Sector	Information Technology
Share Price (USD)	210.02
DBS Rating	HOLD
12-mth Target Price (USD)	210.00
Market Cap (USD\$b)	3136.8
Volume (m shares)	48,068.1
Free float (%)	97.9
Dividend yield (%)	0.5
Net Debt to Equity (%)	-66.0
Fwd. P/E (x)	29.3
P/Book (x)	47.0
ROE (%)	138.0

Closing Price as of 17 Jul 2025

Source: Bloomberg, DBS

Indexed Share Price vs Composite Index Performance (indexed)



Source: Bloomberg

Disclaimer: The information contained in this document is intended only for use by the person to whom it has been delivered and should not be disseminated or distributed to third parties without our prior written consent. DBS accepts no liability whatsoever with respect to the use of this document or its contents. Please refer to Disclaimer found at the end of this document

Financial Summary (USD MN)

FY Dec	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F
Sales	394,328	383,285	391,035	407,289	428,871
% y/y	7.8	(2.8)	2.0	4.2	5.3
Gross Profit	170,782	169,148	180,683	189,546	200,411
% y/y	11.7	(1.0)	6.8	4.9	5.7
EBITDA	130,541	125,820	134,661	139,446	147,728
% y/y	8.6	(3.6)	7.0	3.5	5.9
Net Profit (Loss)	99,803	96,995	93,736	107,677	113,466
% y/y	5.4	(2.8)	(3.4)	15.2	5.3
FCF	111,443	99,584	108,807	109,551	124,028
% y/y	19.9	(10.6)	9.3	3.9	13.6
CAPEX	10,708	10,959	9,447	11,325	11,845
% y/y	(3.4)	2.3	(13.8)	20.1	8.6
EBITDA Margin (%)	33.1	32.8	34.4	34.2	34.4
Net Margin (%)	25.3	25.3	24.0	26.4	26.4
ROA (%)	28.4	27.5	26.1	30.0	31.3
ROE (%)	175.5	171.9	157.4	177.8	174.3
Tax Rate (%)	16.2	14.7	24.1	15.4	15.9

Source: Visible Alpha

Valuation Metrics

FY Dec	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F
P/E	22.6	27.9	38.3	29.2	27.0
P/B	44.5	43.6	63.0	48.5	39.6
Dividend Yield	0.7	0.6	0.4	0.5	0.5
EV/EBITDA (x)	17.6	21.6	26.6	22.8	21.5
FCF Yield %	4.9	3.7	3.0	3.5	4.0

Source: Visible Alpha

Credit & Cashflow Metrics

FY Dec	FY2022A	FY2023A	FY2024A	FY2025F	FY2026F
Debt / Equity	237.0	178.8	187.2	157.3	150.8
Net Debt / Equity	1.4	0.8	0.7	0.6	0.2
Debt / Assets	34.0	31.5	29.2	28.0	26.7
Net Debt / Assets	0.2	0.1	0.1	0.1	0.0
EBITDA / Int Exp	44.5	32.0	33.5	40.0	42.7
Debt / EBITDA	0.2	0.2	0.2	0.2	0.2
ST Debt / Total Debt (%)	0.9	0.9	0.8	0.7	0.7
[Cash + CFO] / ST Debt	8.1	10.9	8.8	9.4	10.9
Receivables Days	56.4	28.1	61.8	42.7	42.4
Days Payable	59.3	59.6	64.4	60.2	60.1
Inventory Days	4.6	6.0	6.8	6.4	6.5

Source: Visible Alpha

Disclaimer: The information contained in this document is intended only for use by the person to whom it has been delivered and should not be disseminated or distributed to third parties without our prior written consent. DBS accepts no liability whatsoever with respect to the use of this document or its contents. Please refer to Disclaimer found at the end of this document

Target Price & Ratings History



Source: DBS

Analyst: Jim Au

#	Date of Report	Closing Price	12-m Target Price	Rating
1	21 Jan'25	229.98	210.00	FULLY VALUED
2	23 Apr'25	199.74	210.00	HOLD

DBS Group Research recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Sources for all charts and tables are DBS unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank (Hong Kong) Limited ("DBS HK").

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on
Disclaimer: The information contained in this document is intended only for use by the person to whom it has been delivered and should not be disseminated or distributed to third parties without our prior written consent. DBS accepts no liability whatsoever with respect to the use of this document or its contents. Please refer to Disclaimer found at the end of this document

which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), DBSVUSA, or their subsidiaries and/or other affiliates have a proprietary position in Apple Inc recommended in this report as of 30 Jun 2025.

Compensation for investment banking services:

2. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

Disclosure of previous investment recommendation produced:


3. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

Disclaimer: The information contained in this document is intended only for use by the person to whom it has been delivered and should not be disseminated or distributed to third parties without our prior written consent. DBS accepts no liability whatsoever with respect to the use of this document or its contents. Please refer to Disclaimer found at the end of this document

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <div style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </div>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact Chanpen Sirithanarattanukul at DBSVTresearch@dbs.com</p>

Disclaimer: The information contained in this document is intended only for use by the person to whom it has been delivered and should not be disseminated or distributed to third parties without our prior written consent. DBS accepts no liability whatsoever with respect to the use of this document or its contents. Please refer to Disclaimer found at the end of this document

United Kingdom This report is produced by DBS Bank (Hong Kong) Limited ("DBS HK") which is regulated by the Hong Kong Monetary Authority.

This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.

Dubai International Financial Centre This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.

This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.

DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see <http://www.dbs.com/ae/our-network/default.page>.

Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.

Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).

The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.

Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.

United States This report was prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.

Disclaimer: The information contained in this document is intended only for use by the person to whom it has been delivered and should not be disseminated or distributed to third parties without our prior written consent. DBS accepts no liability whatsoever with respect to the use of this document or its contents. Please refer to Disclaimer found at the end of this document

Other jurisdictions In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS REGIONAL RESEARCH OFFICES

HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Andy Sim
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: William Simadiputra
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanukul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: DBSVTresearch@dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand

Disclaimer: The information contained in this document is intended only for use by the person to whom it has been delivered and should not be disseminated or distributed to third parties without our prior written consent. DBS accepts no liability whatsoever with respect to the use of this document or its contents. Please refer to Disclaimer found at the end of this document