

Case Study: Apple Inc – Market Values and Ratios



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- ❖ Public company data is readily available for free online
- ❖ We are going to take a look at Apple's Market data and ratios using Yahoo Finance
- ❖ <https://finance.yahoo.com/quote/AAPL/financials?p=AAPL>

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❖ Here on the front page of the Apple listing we can see that we have access to:

❖ Chart

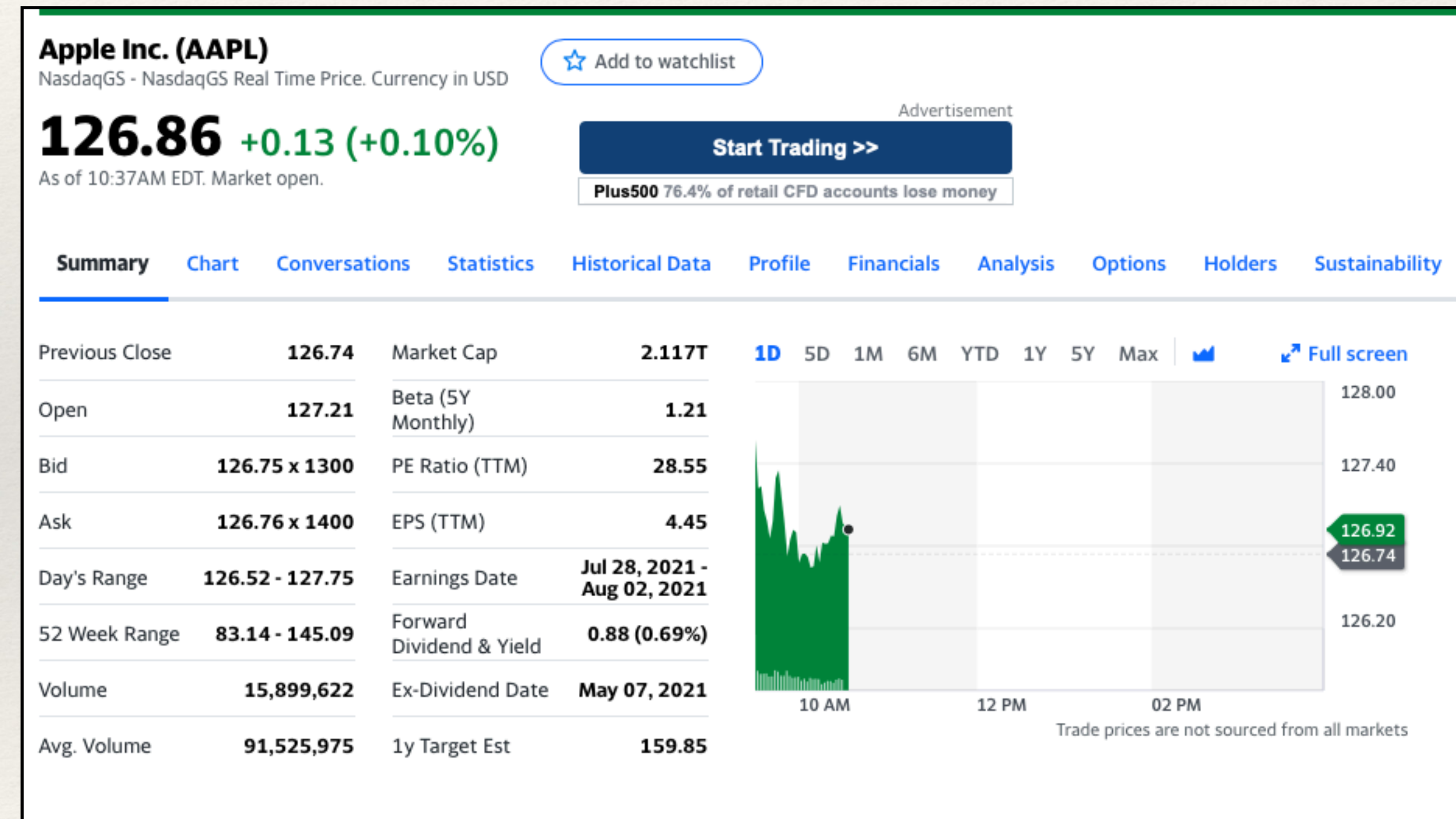
❖ Statistics

❖ Historical Data

❖ Financials

❖ Analysis

❖ Options



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❖ We have access to the main data for the financial Statements:

❖ Income Statement

Show: Income Statement Balance Sheet Cash Flow Annual Quarterly					
Income Statement <small>All numbers in thousands</small> Expand All					
Breakdown	TTM	9/29/2020	9/29/2019	9/29/2018	9/29/2017
> Total Revenue	325,406,000	274,515,000	260,174,000	265,595,000	229,238,000
Cost of Revenue	195,630,000	169,559,000	161,782,000	163,756,000	141,026,000
Gross Profit	129,776,000	104,956,000	98,392,000	101,839,000	88,186,000
> Operating Expense	40,873,000	38,668,000	34,462,000	30,941,000	26,842,000
Operating Income	88,903,000	66,288,000	63,930,000	70,898,000	61,344,000
> Net Non Operating Interest Inc...	495,000	890,000	1,385,000	2,446,000	2,870,000
> Other Income Expense	230,000	-87,000	422,000	-441,000	-133,000
Pretax Income	89,628,000	67,091,000	65,737,000	72,903,000	64,081,000
Tax Provision	13,317,000	9,680,000	10,481,000	13,372,000	15,737,000
> Net Income Common Stockhold...	76,311,000	57,411,000	55,256,000	59,531,000	48,344,000
Diluted NI Available to Com Stock...	76,311,000	57,411,000	55,256,000	59,531,000	48,344,000
Basic EPS	-	3.31	2.99	3.00	2.98
Diluted EPS	-	3.28	2.97	2.98	2.97
Basic Average Shares	-	17,352,119	18,471,336	19,821,508	20,866,000
Diluted Average Shares	-	17,528,214	18,595,652	20,000,436	21,000,000
Total Operating Income as Reported	88,903,000	66,288,000	63,930,000	70,898,000	61,344,000
Total Expenses	236,503,000	208,227,000	196,244,000	194,697,000	167,842,000
Net Income from Continuing & Dis...	76,311,000	57,411,000	55,256,000	59,531,000	48,344,000
Normalized Income	76,311,000	57,411,000	55,256,000	59,531,000	48,344,000
Interest Income	3,134,000	3,763,000	4,961,000	5,686,000	5,200,000
Interest Expense	2,639,000	2,873,000	3,576,000	3,240,000	2,320,000
Net Interest Income	495,000	890,000	1,385,000	2,446,000	2,870,000
EBIT	92,267,000	69,964,000	69,313,000	76,143,000	66,414,000
EBITDA	103,184,000	-	-	-	-
Reconciled Cost of Revenue	195,630,000	169,559,000	161,782,000	163,756,000	141,026,000
Reconciled Depreciation	10,917,000	11,056,000	12,547,000	10,903,000	10,150,000
Net Income from Continuing Oper...	76,311,000	57,411,000	55,256,000	59,531,000	48,344,000
Normalized EBITDA	103,184,000	81,020,000	81,860,000	87,046,000	76,560,000

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- ❖ We have access to the main data for the financial Statements:
- ❖ Income Statement
- ❖ Balance Sheet

Show: Income Statement Balance Sheet Cash Flow					Annual Quarterly	
Balance Sheet <small>All numbers in thousands</small>					Expand All	
Breakdown	9/29/2020	9/29/2019	9/29/2018	9/29/2017		
> Total Assets	323,888,000	338,516,000	365,725,000	375,319,000		
> Total Liabilities Net Minority Int...	258,549,000	248,028,000	258,578,000	241,272,000		
> Total Equity Gross Minority Inte...	65,339,000	90,488,000	107,147,000	134,047,000		
Total Capitalization	164,006,000	182,295,000	200,882,000	231,254,000		
Common Stock Equity	65,339,000	90,488,000	107,147,000	134,047,000		
Net Tangible Assets	65,339,000	90,488,000	107,147,000	126,032,000		
Working Capital	38,321,000	57,101,000	14,473,000	27,831,000		
Invested Capital	177,775,000	198,535,000	221,630,000	249,727,000		
Tangible Book Value	65,339,000	90,488,000	107,147,000	126,032,000		
Total Debt	112,436,000	108,047,000	114,483,000	115,680,000		
Net Debt	74,420,000	59,203,000	88,570,000	95,391,000		
Share Issued	16,976,763	17,772,944	19,019,944	20,504,804		
Ordinary Shares Number	16,976,763	17,772,944	19,019,944	20,504,804		

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- ❖ Income Statement
- ❖ Balance Sheet
- ❖ Cash Flow

Show: Income Statement Balance Sheet Cash Flow					
					Annual Quarterly
Cash Flow <small>All numbers in thousands</small> Expand All					
Breakdown	TTM	9/29/2020	9/29/2019	9/29/2018	9/29/2017
> Operating Cash Flow	99,591,000	80,674,000	69,391,000	77,434,000	63,559,000
> Investing Cash Flow	-18,586,000	-4,289,000	45,896,000	16,066,000	-46,411,000
> Financing Cash Flow	-84,048,000	-86,820,000	-90,976,000	-87,876,000	-17,341,000
> End Cash Position	40,006,000	39,789,000	50,224,000	25,913,000	20,286,000
Income Tax Paid Supplemental Data	12,272,000	9,501,000	15,263,000	10,417,000	11,559,000
Interest Paid Supplemental Data	2,640,000	3,002,000	3,423,000	3,022,000	2,091,000
Capital Expenditure	-9,118,000	-7,309,000	-10,495,000	-13,313,000	-12,791,000
Issuance of Capital Stock	1,011,000	880,000	781,000	669,000	555,000
Issuance of Debt	26,308,000	16,091,000	6,963,000	6,969,000	28,661,000
Repayment of Debt	-11,879,000	-12,629,000	-8,805,000	-6,500,000	-3,501,000
Repurchase of Capital Stock	-76,401,000	-72,358,000	-66,897,000	-72,738,000	-32,911,000
Free Cash Flow	90,473,000	73,365,000	58,896,000	64,121,000	50,800,000

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- ❖ The Statistics Page provides some key valuation measures:
 - ❖ Enterprise value
 - ❖ Trailing PE
 - ❖ Forward PE
 - ❖ PEG Ratio
 - ❖ Price/Sales
 - ❖ Price/Book
 - ❖ EV/Revenues
 - ❖ EV/EBITDA

Summary	Chart	Conversations	Statistics	Historical Data
Valuation Measures				
Market Cap (intraday) ⁵				2.12T
Enterprise Value ³				2.18T
Trailing P/E				28.55
Forward P/E ¹				23.74
PEG Ratio (5 yr expected) ¹				1.45
Price/Sales (ttm)				6.51
Price/Book (mrq)				30.64
Enterprise Value/Revenue ³				6.70
Enterprise Value/EBITDA ⁷				21.84

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- ❖ We can use these figures and figures for other companies knowing that they are correctly calculated enabling us to make comparisons and evaluate relative valuations

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- ❖ The same page also shows us
- ❖ Profitability Ratios; profit margin and operating margin
- ❖ Management effectiveness; ROA and ROE

Profitability	
Profit Margin	23.45%
Operating Margin (ttm)	27.32%
Management Effectiveness	
Return on Assets (ttm)	16.90%
Return on Equity (ttm)	103.40%

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- ❖ Yahoo Finance and other similar pages are a great free resource you can easily access when conducting your relative valuation exercises and when looking for detailed and up to date data on public companies

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