

Financial Statement Model - Apple

	Historical			
USDm	2017A	2018A	2019A	2020A
Control				
Latest fiscal year end date	9/26/2020			
Circuit breaker/circularity (1=off, 0=on)	0			
Case selector	2			
Upside case	1			
Base case	2			
Downside case	3			
Income statement				
Net sales	229,234	265,595	260,174	274,515
Cost of sales	(141,048)	(163,756)	(161,782)	(169,559)
Gross Profit	88,186	101,839	98,392	104,956
Research & development	(11,581)	(14,236)	(16,217)	(18,752)
Selling, general & administrative	(15,261)	(16,705)	(18,245)	(19,916)
EBIT	61,344	70,898	63,930	66,288
Interest and dividend income	5,201	5,686	4,961	3,763
Interest expense	(2,323)	(3,240)	(3,576)	(2,873)
Other income/(expense), net	(133)	(441)	422	(87)
Profit before tax (PBT)	64,089	72,903	65,737	67,091
Taxes	(15,738)	(13,372)	(10,481)	(9,680)
Net income	48,351	59,531	55,256	57,411
Basic EPS		\$3.00	\$2.99	\$3.31
Diluted EPS		\$2.98	\$2.97	\$3.28
Growth rates & margins				
Net sales growth		15.9%	(2.0%)	5.5%
Gross profit margin	38.5%	38.3%	37.8%	38.2%
R&D % of sales	5.1%	5.4%	6.2%	6.8%
SG&A % of sales	6.7%	6.3%	7.0%	7.3%
Tax rate	24.6%	18.3%	15.9%	14.4%
Adjusted EBITDA				
Operating profit (EBIT)	61,344	70,898	63,930	66,288
[add-back] Depreciation & amortization	10,157	10,903	12,547	11,056
EBITDA	71,501	81,801	76,477	77,344
[add-back] Share-based compensation expense	4,840	5,340	6,068	6,829
Adjusted EBITDA	76,341	87,141	82,545	84,173
Net income as per source data	48,351	59,531	55,256	57,411
Check	0.0	0.0	0.0	0.0
Balance sheet				
Cash and cash equivalents	268,895	237,100	205,898	191,830
Accounts receivable	17,874	23,186	22,926	16,120
Inventories	4,855	3,956	4,106	4,061
Vendor non-trade receivable	17,799	25,809	22,878	21,325
Other current assets	13,936	12,087	12,352	11,264
Property, plant and equipment	33,783	41,304	37,378	36,766
Other non current assets	18,177	22,283	32,978	42,522
Total assets	375,319	365,725	338,516	323,888
Accounts payable	44,242	55,888	46,236	42,296
Other current liabilities	30,551	33,327	37,720	42,684
Deferred revenue	10,384	5,966	5,522	6,643
Commercial paper / revolver	11,977	11,964	5,980	4,996
Term debt	103,703	102,519	102,067	107,440

Other non current liabilities	40,415	48,914	50,503	54,490
Total liabilities	241,272	258,578	248,028	258,549
Common stock	35,867	40,201	45,174	50,779
Retained earnings	98,330	70,400	45,898	14,966
Accumulated other comprehensive income/(loss)	(150)	(3,454)	(584)	(406)
Total shareholders' equity	134,047	107,147	90,488	65,339
Total liabilities and shareholders' equity	375,319	365,725	338,516	323,888
<i>Balance check</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>

Ratios

Net debt	(153,215)	(122,617)	(97,851)	(79,394)
Asset turnover (net sales/total assets)	0.61x	0.73x	0.77x	0.85x
Return on assets (ROA)	12.9%	16.3%	16.3%	17.7%
Return on equity (ROE)	36.1%	55.6%	61.1%	87.9%

Cash flow statement

Net income	
Depreciation & amortization	
Stock based compensation	
Decreases / (Increases) in working capital assets	
Increases / (Decreases) in working capital liabilities	
Other non current assets	
Other non current liabilities	
Cash from operating activities (CFO)	
Capital expenditures (capex)	
Cash from investing activities (CFI)	
Long term debt	
Commercial paper/ Revolver	
Share repurchases	
Common dividends	
Cash from financing activities (CFF)	
Net change in cash during period	

Growth rates, margins and tax rate assumptions

Net sales growth	n.a.	15.9%	(2.0%)	5.5%
Upside case				
Base case				
Downside case				
Gross profit margin	38.5%	38.3%	37.8%	38.2%
Upside case				
Base case				
Downside case				
R&D as % of net sales	5.1%	5.4%	6.2%	6.8%
Upside case				
Base case				
Downside case				
SG&A as % of net sales	6.7%	6.3%	7.0%	7.3%
Upside case				
Base case				
Downside case				
Tax rate	24.6%	18.3%	15.9%	14.4%

Accounts receivable

Beginning of period				
Increases / (decreases)				
End of period (EOP)	17,874	23,186	22,926	16,120

Average AR as % of sales		7.7%	8.9%	7.1%
Select an A/R forecasting approach (1= revenue growth, 2=explicit DSO)				1
Approach 1: Grow A/R with revenue growth rate		15.9%	(2.0%)	5.5%
Approach 2: DSO Assumption		28 days	32 days	26 days
Inventories				
Beginning of period				
Increases / (decreases)				
End of period	4,855	3,956	4,106	4,061
Select an inventory forecasting approach:				2
Approach 1: Keep avg. inventory / COGS ratio constant		2.7%	2.5%	2.4%
Approach 2: Inventory turnover (using a 365 day year)		37.2x	40.1x	41.5x
Accounts payable				
Beginning of period				
Increases / (decreases)				
End of period (EOP)	44,242	55,888	46,236	42,296
Average AP as % of COGS		30.6%	31.6%	26.1%
Select an A/R forecasting approach (1= revenue growth, 2=explicit DSO)				1
Approach 1: Grow A/P with COGS growth rate		16.1%	(1.2%)	4.8%
Approach 2: DPO Assumption		112 days	115 days	95 days
Working capital & liquidity ratios				
Trade A/R Days sales outstanding (average)		28 days	32 days	26 days
Trade A/R + Non-Trade A/R Days sales outstanding (average)		58 days	66 days	55 days
Days inventory outstanding		10 days	9 days	9 days
Operating cycle (inc vendor non-trade A/R)		68 days	76 days	64 days
Days payable outstanding		112 days	115 days	95 days
Net operating cycle (Cash conversion cycle)		-44 days	-40 days	-31 days
Property, plant & equipment (PP&E) assumptions				
Beginning of period (BOP)				
Plus: Capital expenditures (capex)	12,451	13,313	10,495	7,309
Less: Depreciation	(8,200)	(9,300)	(11,300)	(9,700)
End of period (EOP)	33,783	41,304	37,378	36,766
D&A related to PP&E, as a % of capex	65.9%	69.9%	107.7%	132.7%
Depreciation waterfall				
Existing PP&E				
Gross PP&E	75,076	90,403	95,957	103,526
Non-depreciable PP&E (i.e. land)	-13,587	-16,216	-17,085	-17,952
Accumulated depreciation	-41,293	-49,099	-58,579	-66,760
Net PP&E (excl. land)	20,196	25,088	20,293	18,814
Average useful life	7.00	8.00	7.00	5.00
Override - If necessary for smoothing				5.00
Midyear adjustment				1
Depreciation from existing PP&E				
Depreciation from capital expenditures in 2021				
Depreciation from capital expenditures in 2022				

Depreciation from capital expenditures in 2023				
Depreciation from capital expenditures in 2024				
Depreciation from capital expenditures in 2025				
Total depreciation				

Other non-current assets assumptions

Beginning of period (BOP)				
Less: Amortization of intangible assets				
Plus: Additions				
End of period (EOP)	18,177	22,283	32,978	42,522
D&A <u>not</u> related to PP&E	1,957	1,603	1,247	1,356
as % of net sales	0.9%	0.6%	0.5%	0.5%
Total D&A	10,157	10,903	12,547	11,056

Retained earnings

Beginning of period (BOP)				
Plus: Net income	48,351	59,531	55,256	57,411
Less: Dividends	(12,803)	(13,735)	(14,129)	(14,087)
Less: Repurchases	(33,001)	(73,056)	(67,101)	(72,516)
End of period (EOP)	98,330	70,400	45,898	14,966

Revolving credit facility assumptions (model plug)

Revolver needs analysis

Cash at beginning of period (BOP)				
Less: Minimum cash balance				
Plus: Free cash flows generated during period				
Cash available to pay down / (needed to draw from) revolver				

Minimum cash as % of net sales

Commercial paper / Revolver

Beginning of period				
Draw / (paydown)				
Additional discretionary borrowing / (paydown)				
End of period	11,977	11,964	5,980	4,996

Minimum revolver balance (historical average)

Debt balance check

Interest expense and interest income

Total interest expense (from I/S)	2,323	3,240	3,576	2,873
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Commercial Paper / Revolver

Weighted-average interest rate	1.20%	2.18%	2.24%	0.62%
End of period balance (from B/S)	11,977	11,964	5,980	4,996
Interest expense		261	201	34

Long term debt

End of period balance (from B/S)	103,703	102,519	102,067	107,440
Weighted-average interest rate		2.9%	3.3%	2.7%
Interest expense		2,979	3,375	2,839

Interest rate on cash

Weighted-average interest rate on cash	1.99%	2.16%	2.19%	1.85%
Interest income	5,201	5,686	4,961	3,763

Earnings per share (EPS)

Net income	48,351	59,531	55,256	57,411
Shares outstanding (millions)	17,001.802			

Basic Shares - BOP

Net change in basic shares

Basic shares - EOP

Basic shares - weighted-average**Basic EPS**

Diluted Shares

Diluted EPS

\$ amount of shares repurchased

\$ amount of new shares issued

Average share price

Share price increase

Consensus Estimates

Revenue

Revenue growth (%)

GM

Capex

Sensitivity analysis**2021E net income sensitivity analysis**

		Net sales growth			
		\$68,880	(5.0%)	(2.5%)	15.6%
Gross Profit Margin:		40.5%	56,335	57,885	69,108
		39.5%	54,104	55,595	66,393
		38.5%	51,872	53,305	63,677
		37.5%	49,641	51,014	60,962
		36.5%	47,409	48,724	58,246

Active case: Base case

Projected					CAGR		Comments
2021E	2022E	2023E	2024E	2025E	'17A-'20A	'20A-'25E	
Color code legend							
[xx] - hardcoded							
[xx] - link to a worksheet							
[xx] - calculation							
329,587	343,361	360,784	385,679	394,677	6.2%	7.5%	Previous year's
(199,669)	(208,364)	(218,228)	(231,838)	(237,596)	6.3%	7.0%	Plug = Revenue
129,917	134,997	142,556	153,840	157,081	6.0%	8.4%	Revenue x Gr
(22,514)	(23,455)	(24,645)	(26,346)	(26,960)	17.4%	7.5%	Revenue x R&
(23,911)	(24,911)	(26,175)	(27,981)	(28,634)	9.3%	7.5%	Revenue x SG
83,492	86,631	91,736	99,514	101,488	2.6%	8.9%	Gross Profit -
0	0	0	0	0	(10.2%)	(100.0%)	Reference for
(2,912)	(2,912)	(2,912)	(2,912)	(2,912)	7.3%	0.3%	Reference for
(87)	(87)	(87)	(87)	(87)	(13.2%)	0.0%	Straight-line
80,493	83,632	88,737	96,515	98,489	1.5%	8.0%	EBIT + interest
(11,614)	(12,067)	(12,803)	(13,925)	(14,210)	(15.0%)	8.0%	Pre-tax Profit >
68,880	71,566	75,934	82,590	84,279	5.9%	8.0%	Pre-tax Profit
\$4.11	\$4.40	\$4.80	\$5.37	\$5.62			
\$4.07	\$4.35	\$4.75	\$5.31	\$5.56			
20.1%	4.2%	5.1%	6.9%	2.3%			
39.4%	39.3%	39.5%	39.9%	39.8%			
6.8%	6.8%	6.8%	6.8%	6.8%			
7.3%	7.3%	7.3%	7.3%	7.3%			
14.4%	14.4%	14.4%	14.4%	14.4%			
83,492	86,631	91,736	99,514	101,488	2.6%	8.9%	
11,192	10,300	10,734	12,075	13,826	2.9%	4.6%	Reference for
94,684	96,931	102,470	111,589	115,313	2.7%	8.3%	EBIT + D&A
8,199	8,542	8,975	9,594	9,818	12.2%	7.5%	Grow SBC in-l
102,883	105,473	111,445	121,184	125,132	3.3%	8.3%	EBITDA + Share
186,200	178,118	172,097	174,259	177,468			Reference for
19,354	20,163	21,186	22,648	23,176			Grow in-line w
5,015	4,246	5,242	4,623	5,277			Grow in-line w
25,603	26,673	28,027	29,960	30,659			
13,524	14,089	14,804	15,825	16,195			Grow in-line w
37,395	39,040	40,858	42,200	42,105			Reference for
51,053	53,186	55,885	59,741	61,135			Grow in-line w
338,143	335,514	338,098	349,257	356,014			
44,329	46,460	48,694	51,034	53,488			Grow in-line w
51,247	53,389	56,098	59,969	61,368			Grow in-line w
7,976	8,309	8,731	9,333	9,551			Grow in-line w
8,729	8,729	8,729	8,729	8,729			Reference EO
107,440	107,440	107,440	107,440	107,440			Straight-line. I

65,421	68,156	71,614	76,555	78,342
285,143	292,483	301,305	313,061	318,917
58,978	67,520	76,495	86,089	95,907
(5,572)	(24,082)	(39,296)	(49,487)	(58,404)
(406)	(406)	(406)	(406)	(406)
53,000	43,032	36,793	36,196	37,097
338,143	335,514	338,098	349,257	356,014
0.0	0.0	0.0	0.0	0.0

Grow in-line wi

Increase by st
Reference for
Straight-line

(70,031)	(61,948)	(55,927)	(58,090)	(61,299)
0.97x	1.02x	1.07x	1.10x	1.11x
20.4%	21.3%	22.5%	23.6%	23.7%
130.0%	166.3%	206.4%	228.2%	227.2%

68,880	71,566	75,934	82,590	84,279
11,192	10,300	10,734	12,075	13,826
8,199	8,542	8,975	9,594	9,818
(10,726)	(1,675)	(4,088)	(3,798)	(2,250)
11,929	4,606	5,364	6,814	4,070
(10,159)	(3,830)	(4,481)	(5,761)	(3,343)
10,931	2,734	3,458	4,941	1,786
90,247	92,243	95,896	106,456	108,185
(10,193)	(10,249)	(10,769)	(11,512)	(11,781)
(10,193)	(10,249)	(10,769)	(11,512)	(11,781)
0	0	0	0	0
3,733	0	0	0	0
(72,516)	(72,516)	(72,516)	(72,516)	(72,516)
(16,901)	(17,560)	(18,632)	(20,265)	(20,680)
(85,684)	(90,076)	(91,148)	(92,781)	(93,196)
(5,630)	(8,083)	(6,021)	2,163	3,209

Reference for

Reference for

Reference for

Reference for
Reference for
Reference for

20.1%	4.2%	5.1%	6.9%	2.3%
21.1%	5.2%	6.1%	7.9%	3.3%
20.1%	4.2%	5.1%	6.9%	2.3%
19.1%	3.2%	4.1%	5.9%	1.3%

Base case + 1
Consensus es
Base case - 1

39.4%	39.3%	39.5%	39.9%	39.8%
39.9%	39.8%	40.0%	40.4%	40.3%
39.4%	39.3%	39.5%	39.9%	39.8%
38.9%	38.9%	38.9%	38.9%	38.9%

Base case + 0
Consensus es
Base case - 0,

6.8%	6.8%	6.8%	6.8%	6.8%
5.8%	5.8%	5.8%	5.8%	5.8%
6.8%	6.8%	6.8%	6.8%	6.8%
7.8%	7.8%	7.8%	7.8%	7.8%

Last historical
Straight-line la
Last historical

7.3%	7.3%	7.3%	7.3%	7.3%
6.3%	6.3%	6.3%	6.3%	6.3%
7.3%	7.3%	7.3%	7.3%	7.3%
8.3%	8.3%	8.3%	8.3%	8.3%

Last historical
Straight-line la
Last historical

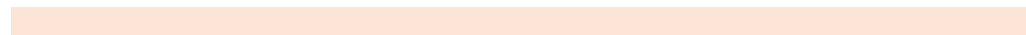
14.4%	14.4%	14.4%	14.4%	14.4%
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Straight-line la

16,120	19,354	20,163	21,186	22,648
3,234	809	1,023	1,462	528
19,354	20,163	21,186	22,648	23,176

5.4% 5.8% 5.7% 5.7% 5.8%

20.1%	4.2%	5.1%	6.9%	2.3%
29 days	29 days	29 days	29 days	29 days



4,061	5,015	4,246	5,242	4,623
954	(769)	997	(619)	654
5,015	4,246	5,242	4,623	5,277

2.4%	2.4%	2.4%	2.4%	2.4%
44.0x	45.0x	46.0x	47.0x	48.0x



42,296	44,329	46,460	48,694	51,034
2,033	2,131	2,233	2,341	2,453
44,329	46,460	48,694	51,034	53,488

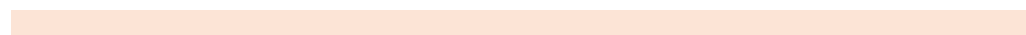
21.7% 21.8% 21.8% 21.5% 22.0%

4.8%	4.8%	4.8%	4.8%	4.8%
107 days	107 days	107 days	107 days	107 days



20 days	21 days	21 days	21 days
46 days	49 days	49 days	48 days
8 days	8 days	8 days	8 days
54 days	57 days	57 days	56 days

79 days	80 days	80 days	79 days
-25 days	-23 days	-23 days	-23 days



36,766	37,395	39,040	40,858	42,200
10,193	10,249	10,769	11,512	11,781
(9,564)	(8,604)	(8,951)	(10,170)	(11,876)
37,395	39,040	40,858	42,200	42,105

93.8% 83.9% 83.1% 88.3% 100.8%



From Apple's 2

7,526	4,515	2,709	1,626	975
2,039	2,039	2,039	2,039	2,039
	2,050	2,050	2,050	2,050



		2,154	2,154	2,154
			2,302	2,302
				2,356
9,564	8,604	8,951	10,170	11,876

42,522	51,053	53,186	55,885	59,741
(1,628)	(1,696)	(1,782)	(1,905)	(1,950)
10,159	3,830	4,481	5,761	3,343
51,053	53,186	55,885	59,741	61,135

Assume all D8
Because we al
Referenced fr

1,628	1,696	1,782	1,905	1,950
0.5%	0.5%	0.5%	0.5%	0.5%
11,192	10,300	10,734	12,075	13,826

Revenue x 'as
Straight-line la

14,966	(5,572)	(24,082)	(39,296)	(49,487)
68,880	71,566	75,934	82,590	84,279
(16,901)	(17,560)	(18,632)	(20,265)	(20,680)
(72,516)	(72,516)	(72,516)	(72,516)	(72,516)
(5,572)	(24,082)	(39,296)	(49,487)	(58,404)

Reference fror
Roll-forward of
Straight-line la
BOP + net inc

191,830	186,200	178,118	172,097	174,259
(49,438)	(51,504)	(54,118)	(57,852)	(59,202)
(9,363)	(8,083)	(6,021)	2,163	3,209
133,029	126,613	117,979	116,407	118,266

Reference pric

CFO + CFI + C

15.0% 15.0% 15.0% 15.0% 15.0%

Minimum cash

4,996	8,729	8,729	8,729	8,729
(4,996)	(8,729)	(8,729)	(8,729)	(8,729)
8,729	8,729	8,729	8,729	8,729
8,729	8,729	8,729	8,729	8,729

BOP = Previo
Cash (paydow

8,729 8,729 8,729 8,729 8,729

Assumption th

OK OK OK OK OK

2,912 2,912 2,912 2,912 2,912

Interest expen

0.62%	0.62%	0.62%	0.62%	0.62%
8,729	8,729	8,729	8,729	8,729
0	0	0	0	0

Straight-line in

Interest rate x

107,440	107,440	107,440	107,440	107,440
2.7%	2.7%	2.7%	2.7%	2.7%
2,912	2,912	2,912	2,912	2,912

Straight-line in
Interest rate x

1.85% 1.85% 1.85% 1.85% 1.85%
0 0 0 0 0

Straight-line in
Interest rate x

68,880 71,566 75,934 82,590 84,279

Reference fror

17,002	16,507	16,033	15,590	15,186
(495)	(474)	(443)	(404)	(394)
16,507	16,033	15,590	15,186	14,792
16,754	16,270	15,812	15,388	14,989
\$4.11	\$4.40	\$4.80	\$5.37	\$5.62
16,931	16,446	15,988	15,564	15,165
\$4.07	\$4.35	\$4.75	\$5.31	\$5.56
72,516	72,516	72,516	72,516	72,516
8,199	8,542	8,975	9,594	9,818
\$130.00	\$135.07	\$143.31	\$155.88	\$159.06
	4%	6%	9%	2%

(\$ shares issu
Basic Shares -
Average(Basic

Net income / E

Basic shares +
Net income/Dil

Reference from
Reference SB
Last period sh
Used net incor

329,587	343,361	360,784	385,679	394,677
20.06%	4.18%	5.07%	6.90%	2.33%
39.42%	39.32%	39.51%	39.89%	39.80%
10,193	10,249	10,074	9,871	8,813

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Bloomberg thr

rate	
2.5%	5.0%
60,986	62,536
58,578	60,069
56,170	57,603
53,762	55,136
51,354	52,670

1 the 10k they do disclose future principal payments. However, the y-o-y change is hard to forecast since they issue debt continuous

2020 10K: Depreciation on property, plant and equipment is recognized on a straight-line basis over the estimated useful lives of the

balance is a function of sales, industry and other unquantifiable factors, it might range anywhere from 2% to 10% of sales. However

at Apple wants to keep a minimum revolver balance on its balance sheet the net as they use the proceeds from the commercial paper

assets, which for buildings is the lesser of 40 years or the remaining life of the building; between one and five years for machinery and

nd equipment. Assumption: As the vast majority of the PP&E is Machinery & equipment, and that depreciation of buildings is not cap

atures herein, I have assumed 5 years.