

PRINCIPLES OF FINANCE

APPLE'S FINANCIAL STATEMENTS

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Balance sheet (Q4 2019)

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(In millions, except number of shares which are reflected in thousands and par value)

	September 28, 2019	September 29, 2018
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 48,844	\$ 25,913
Marketable securities	51,713	40,388
Accounts receivable, net	22,926	23,186
Inventories	4,106	3,956
Vendor non-trade receivables	22,878	25,809
Other current assets	12,352	12,087
Total current assets	162,819	131,339
Non-current assets:		
Marketable securities	105,341	170,799
Property, plant and equipment, net	37,378	41,304
Other non-current assets	32,978	22,283
Total non-current assets	175,697	234,386
Total assets	\$ 338,516	\$ 365,725
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 46,236	\$ 55,888
Other current liabilities	37,720	33,327
Deferred revenue	5,522	5,966
Commercial paper	5,980	11,964
Term debt	10,260	8,784
Total current liabilities	105,718	115,929
Non-current liabilities:		
Term debt	91,807	93,735
Other non-current liabilities	50,503	48,914
Total non-current liabilities	142,310	142,649
Total liabilities	248,028	258,578
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 4,443,236 and 4,754,986 shares issued and outstanding, respectively	45,174	40,201
Retained earnings	45,898	70,400
Accumulated other comprehensive income/(loss)	(584)	(3,454)
Total shareholders' equity	90,488	107,147
Total liabilities and shareholders' equity	\$ 338,516	\$ 365,725

= Long-term assets

= Short-term debt

= Long-term liabilities

Source: www.apple.com

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except number of shares which are reflected in thousands and per share amounts)

Income
statement

	Years ended		
	September 28, 2019	September 29, 2018	September 30, 2017
Net sales:			
Products	\$ 213,883	\$ 225,847	\$ 196,534
Services	46,291	39,748	32,700
Total net sales	260,174	265,595	229,234
Cost of sales:			
Products	144,996	148,164	126,337
Services	16,786	15,592	14,711
Total cost of sales	161,782	163,756	141,048
Gross margin	98,392	101,839	88,186
Operating expenses:			
Research and development	16,217	14,236	11,581
Selling, general and administrative	18,245	16,705	15,261
Total operating expenses	34,462	30,941	26,842
Operating income	63,930	70,898	61,344
Other income/(expense), net	1,807	2,005	2,745
Income before provision for income taxes	65,737	72,903	64,089
Provision for income taxes	10,481	13,372	15,738
Net income	\$ 55,256	\$ 59,531	\$ 48,351
Earnings per share:			
Basic	\$ 11.97	\$ 12.01	\$ 9.27
Diluted	\$ 11.89	\$ 11.91	\$ 9.21
Shares used in computing earnings per share:			
Basic	4,617,834	4,955,377	5,217,242
Diluted	4,648,913	5,000,109	5,251,692

= Gross profit

= EBIT

= Net income/number
of sharesAccounts for
convertible securities

Statement of cash flows

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (In millions)

	Twelve Months Ended	
	September 28, 2019	September 29, 2018
Cash, cash equivalents and restricted cash, beginning balances	\$ 25,913	\$ 20,289
Operating activities:		
Net income	55,256	59,531
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	12,547	10,903
Share-based compensation expense	6,068	5,340
Deferred income tax benefit	(340)	(32,590)
Other	(652)	(444)
Changes in operating assets and liabilities:		
Accounts receivable, net	245	(5,322)
Inventories	(289)	828
Vendor non-trade receivables	2,931	(8,010)
Other current and non-current assets	873	(423)
Accounts payable	(1,923)	9,175
Deferred revenue	(625)	(3)
Other current and non-current liabilities	(4,700)	38,449
Cash generated by operating activities	69,391	77,434

1) Add back depreciation / other cash flows that were in the income statement for accounting purposes only

2) Main part of operating activities: cash effects of changes in Net Working Capital

Statement of cash flows

3) Capital expenditures


Everything here except Capex is part of the statement of cash flows but not of the free cash flows.

Investing activities:		
Purchases of marketable securities	(39,630)	(71,356)
Proceeds from maturities of marketable securities	40,102	55,881
Proceeds from sales of marketable securities	56,988	47,838
Payments for acquisition of property, plant and equipment	(10,495)	(13,313)
Payments made in connection with business acquisitions, net	(624)	(721)
Purchases of non-marketable securities	(1,001)	(1,871)
Proceeds from non-marketable securities	1,634	353
Other	(1,078)	(745)
Cash generated by investing activities	45,896	16,066
Financing activities:		
Proceeds from issuance of common stock	781	669
Payments for taxes related to net share settlement of equity awards	(2,817)	(2,527)
Payments for dividends and dividend equivalents	(14,119)	(13,712)
Repurchases of common stock	(66,897)	(72,738)
Proceeds from issuance of term debt, net	6,963	6,969
Repayments of term debt	(8,805)	(6,500)
Repayments of commercial paper, net	(5,977)	(37)
Other	(105)	—
Cash used in financing activities	(90,976)	(87,876)
Increase in cash, cash equivalents and restricted cash	24,311	5,624
Cash, cash equivalents and restricted cash, ending balances	\$ 50,224	\$ 25,913
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 15,263	\$ 10,417
Cash paid for interest	\$ 3,423	\$ 3,022

Free cash flows

$$\begin{aligned}\text{FCF} &= \text{Net income (55,256)} \\ &+ \text{Adjustments for depreciation} \\ &+ \text{Changes in NWC} \\ &= 69,391 \\ &+ \text{Capex (-10,495)} \\ &= 58,896.\end{aligned}$$

See first page
of statement
of cash flows



Source:

www.macrotrends.net/stocks/charts/AAPL/apple/free-cash-flow

Apple Annual Free Cash Flow

2020	73,365.00
2019	58,896.00
2018	64,121.00
2017	51,774.00
2016	53,497.00
2015	70,019.00
2014	50,142.00
2013	45,501.00
2012	42,561.00
2011	33,269.00
2010	16,590.00