



# Investment Recommendation Apple (NASDAQ: AAPL)



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**HOLD: 8.55% Upside**

Target Share Price: US\$240.66

Company Overview

Apple is a technology company that designs, manufactures and markets mobile communication and media devices, and sells related services

Industry Overview

Despite stagnant growth recently, recovery is poised for companies positioned to capitalise on structural industry changes

Investment Thesis

Apple's innovation and cost-optimising strategies drive operational efficiency and industry-leading ROIC

Apple Intelligence will be a sustaining innovation over the next five years

Success in services transformation to uphold earnings resilience

Valuation

**57.6%**  
**Return on Invested Capital**

**10.5%**  
**Revenue CAGR**

**29.4x**  
**FY25 Forward P/E**

Risks

Geopolitical Pressure

Regulatory Scrutiny

Competitive Pressure

Sales Underperformance

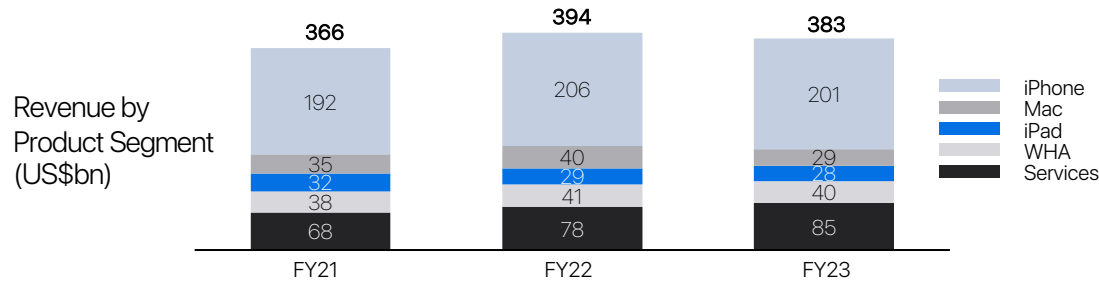
# Apple is a technology company that designs and markets a variety of hardware, software and related services



## Company Overview

### Apple's business model

Apple's value proposition lies in the vertical integration of its own hardware, software, and services that enables a premium user experience

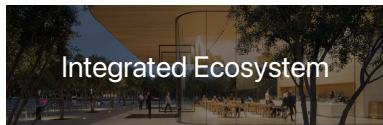


### Why customers pick Apple over competitors



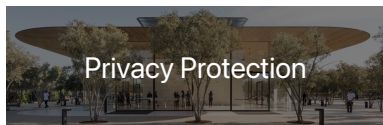
#### Design and Build Quality

Gold standard product design characterised by minimalist aesthetic and sophisticated functionality



#### Integrated Ecosystem

Tight integration between hardware and software enables cohesive user experience across devices



#### Privacy Protection

Closed-source and proprietary operating system enforces par-excellence privacy on a systemic level

Source: Apple, Capital IQ, Statista, CIRP, Sensor Tower

### Performance Snapshot

**US\$85.8bn**

Revenue  
3Q24

+4.9%  
YoY

**25%**

Profit Margin  
3Q24

+2.9%  
YoY

**US\$1.4**

EPS  
3Q24

+11%  
YoY

**1.2bn**

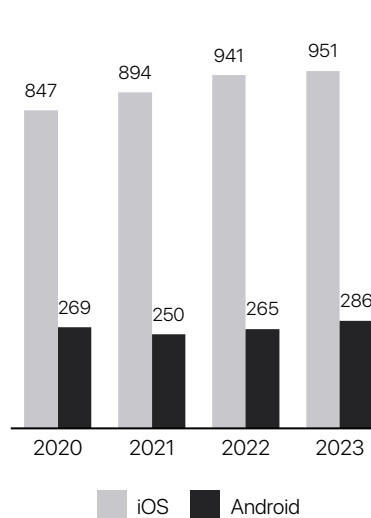
iPhone Installed Base\*  
FY23

+3.6%  
YoY

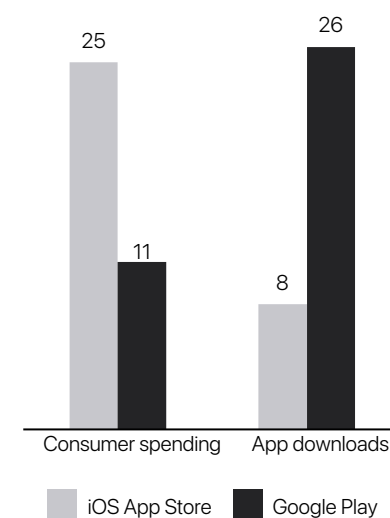
### Apple's superior pricing power over competitors

By committing to distinct design philosophy and focusing on user experience, Apple has built a strong brand identity and platform stickiness that allows it to command premium pricing

Worldwide Average Selling Price (US\$)



Worldwide - Q1 2024 (US\$bn)



- App Store and Google Play demand **high commissions** of up to 30%
- Google Play's installs being more than **3x** Apple's
- **However**, iPhone users outspend Android counterparts by more than **2x**

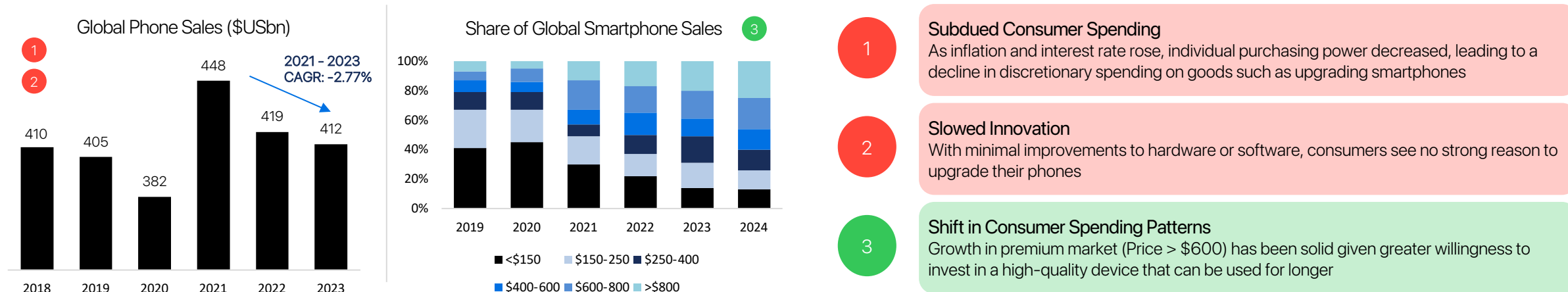
\* Note: Installed base refers to the number of iPhone being actively used

# Despite stagnant growth recently, recovery is poised for companies positioned to capitalise on structural changes



## Industry Overview

While smartphone sales have declined over the last three years, the global mix highlights consumer positives

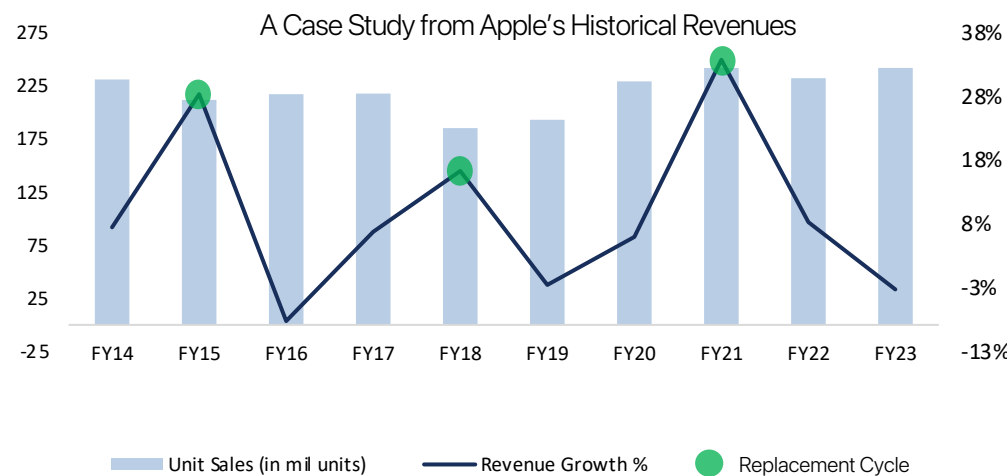


Structural shifts toward premium segments have altered competitive dynamics

Key Industry Drivers	
<b>Replacement</b>	Market saturation, longer device lifecycles, and trade-in programs have resulted fallen unit sales/installed base YoY
<b>Innovation</b>	Limited innovation between launches offers consumers little reason to upgrade
<b>Services</b>	As hardware revenue slows, services (particularly through subscription) has emerged as a critical revenue stream

These dynamics are expected to be emphasised amid softer U.S. spending post-2024:

- Easing pent-up demand
- Decline of pandemic-era excess savings



+3.13%  
2024 - 2029 CAGR

US\$562bn

Smartphone Market Size 2029





## Investment Thesis 1

### Innovation-Driven Differentiation

Apple's innovation **consistently disrupts markets** and sets the foundation for its market dominance

2007 ● The **iPhone** is the most influential internet device of all time



- Redefined global communication and media consumption
- Transformed mobile user interface and photography
- Catalysed Apple's growth to the biggest company in the world

2015 ● The **Apple Watch** took functionalities of a wristwatch to the next level

4Q23 Global Smartwatch Shipment

- Phone calls and texts
- Health & Fitness tracking
- Integration with iPhone

2020 ● The **Apple Silicon** on Mac was one of the most groundbreaking tech innovations of the last decade

Compared to Intel chips

**3.5x** Faster CPU performance

**15.0x** Faster machine learning capabilities

### Capital-Efficient Business Structure

Apple's strategic decisions further **amplify its cost control** and enhance efficiency

#### Outsourcing and Supply Chain Optimisation

- Reduce CapEx while leveraging partnering manufacturers' specialisation and infrastructure
- Apple's high volume of orders give it substantial leverage in negotiations with suppliers

#### Superior Inventory Management

- Products move quickly through the supply chain, reducing carrying costs
- Lean inventory minimises working capital tied to unsold goods, freeing up capital for more efficient use

#### Revenue from Apple

TSMC Revenue: 25% Apple, 75% Others

Foxconn Revenue: 50% Apple, 50% Others

#### Inventory Turnover Ratio

Fiscal Year	Apple	Samsung	Dell
FY21	40	5	20
FY22	39	4	17
FY23	38	3	15

### Exceptional Financial Strength

Combination of innovative products and cost-optimised operations result in low CapEx, higher profitability and **superior ROIC**

#### Operating Margin vs. ROIC

Company	ROIC (%)	Operating Margin (%)
Apple	65	30
Microsoft	25	45
Google	25	30
Mag7	35	25
Sony	10	12
Dell	10	6
Samsung	5	3

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#### Apple's constant innovation across product lines fortifies its market leadership across global markets

##### Smartphone Market Share (%)

Region	Apple	Samsung	Xiaomi	Others
Global	28	24	12	36
US	57	23	2	18
EU	32	33	14	21



# Apple Intelligence will be a sustaining innovation over the next five years

## Investment Thesis 2

Short-term growth will be driven by the potential of Apple Intelligence...

Desirable use cases for the regular customer

- Contextually-intelligent prompts and suggestions
- Integration in third-party apps and services
- Security of the Private Cloud Compute proposal

**"AI for the rest of us"**

**8.9% - 9.6%**  
iPhone CAGR  
(historical vs forecast)

iPhone Upgrade Cycle

- 270 million iPhones have **not been upgraded** in more than 4 years
- 90% of Apple's installed base requires an upgrade to access Apple Intelligence

...while medium-term growth may be supported by potential revenue streams



User Subscription

- Premium features
- Incorporation into existing subscription model, Apple One



Bolstered App Store Revenue

- Democratisation of AI capabilities for developers
- Intuitive and responsive apps
- On-device processing



Provisioning of Apple Servers

- Private AI
- Secure and low energy servers
- Enterprise users

Apple is positioned to succeed in the emerging Edge AI\* space

1

Apple's access to end-users enables it to **extract value from the supply side** who are developing cloud-based AI products but lack the platform/hardware to reach end-users and monetise

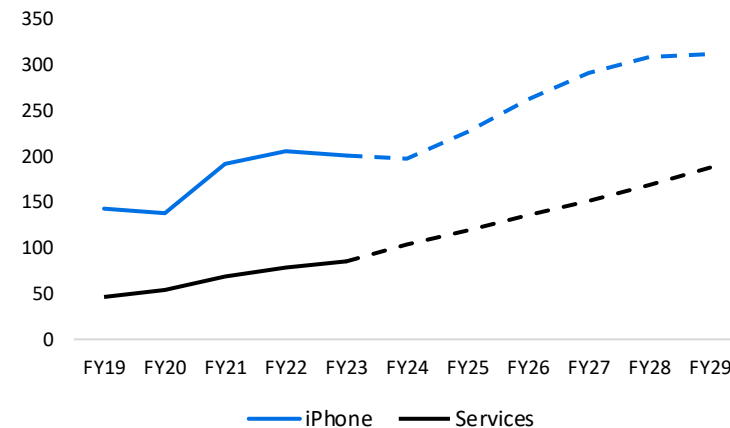
2

Apple's hardware-software integration allows it to develop AI features that run directly on devices, which is a **significant advantage in privacy**, security, and speed compared to competitors who rely on cloud-based AI

3

Apple Intelligence can be directly integrated into Apple's ecosystem, offering **meaningful use cases for end-users** but also unlocking new revenue streams

Historical and Forecast Revenue (US\$bn)



5-year Services CAGR  
**16.5%** → **12.6%**  
 FY19-23      FY24-28

- Rise in digital services subscription penetration rate
- Resilient App Store developer billings growth, resulting in 17.4% App Store CAGR

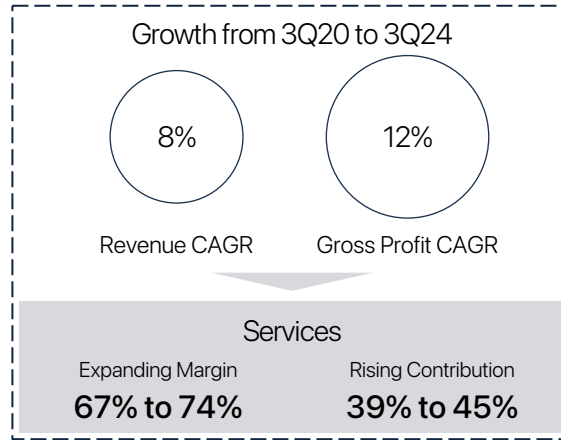
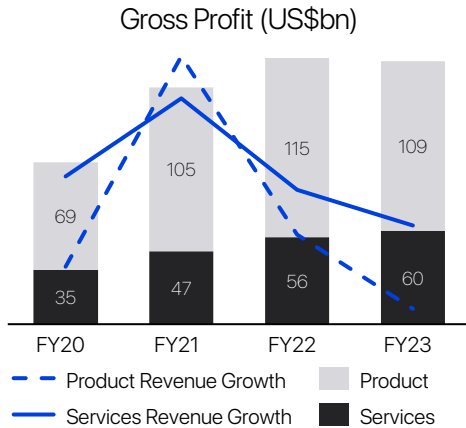
\* Note: Edge AI is the implementation of AI directly on local devices without reliance on cloud infrastructure

# Success in services transformation to uphold earnings resilience

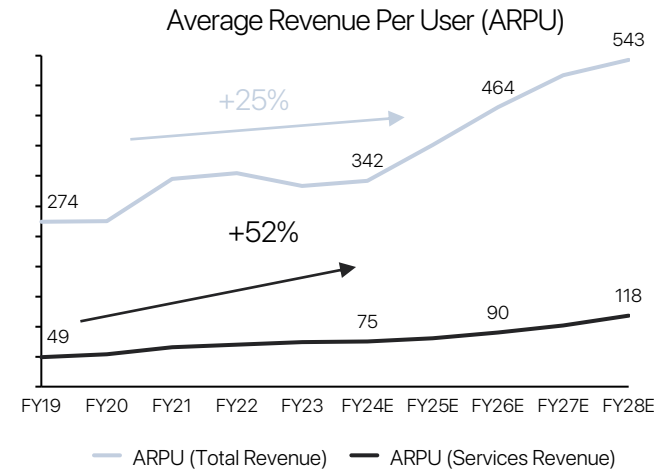


## Investment Thesis 3

Services has become increasingly important to Apple's top and bottom line...



...and enhanced Apple's capability to extract revenue from existing user base



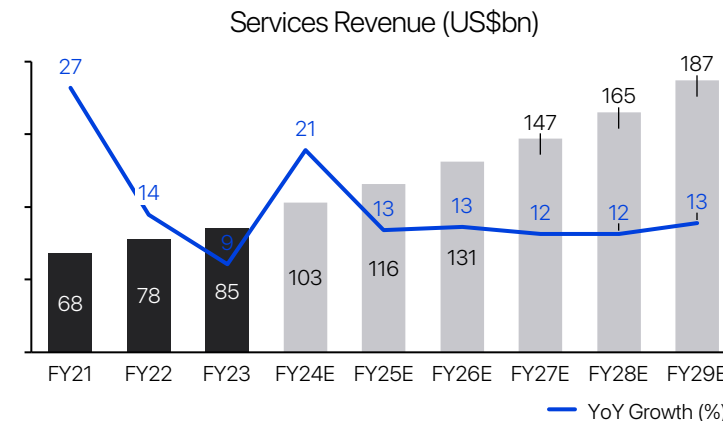
ARPU growth for services **more than double** that of combined Products & Services, outperforming during troughs in replacement cycle

**Strong unit economics** proves commercial success of Apple's strategic shift to subscription-based revenue and upkeep its growth during hardware flatlines

## Drivers of growth expected to remain strong in the medium term

Installed Base Growth	<ul style="list-style-type: none"> <li>Active device base has grown from 1.3 billion in FY18 to 2.2 billion today</li> <li>Paid subscriptions per active device nearly tripled over the same period</li> <li>Lift to installed base across all products from upcoming major purchase round to continue support Services' growth</li> </ul>
Adoption of Digital Payments	<ul style="list-style-type: none"> <li>Apple Pay took the lead from PayPal in 1Q24, with upcoming "Tap to Cash" feature expanding beyond POS transactions and enlarge Apple's footprint in the space</li> <li>New Apple Pay features such as reward redemption and instalment loan offerings capture even more payment types and provide additional revenue upsides</li> </ul>
Ad Business Potential	<ul style="list-style-type: none"> <li>High-margin revenue stream that is expected to top \$12 billion by 2026, capitalizing on Apple's targeting capabilities and affluent customer base</li> <li>Broadening of ads on native apps (currently on News, Stocks and App Store only) such as Apple Maps and Apple TV+ could further boost this monetisation opportunity</li> </ul>

Services momentum will continue to be sustained, with additional AI-driven monetisation outlets supporting longer growth cycle

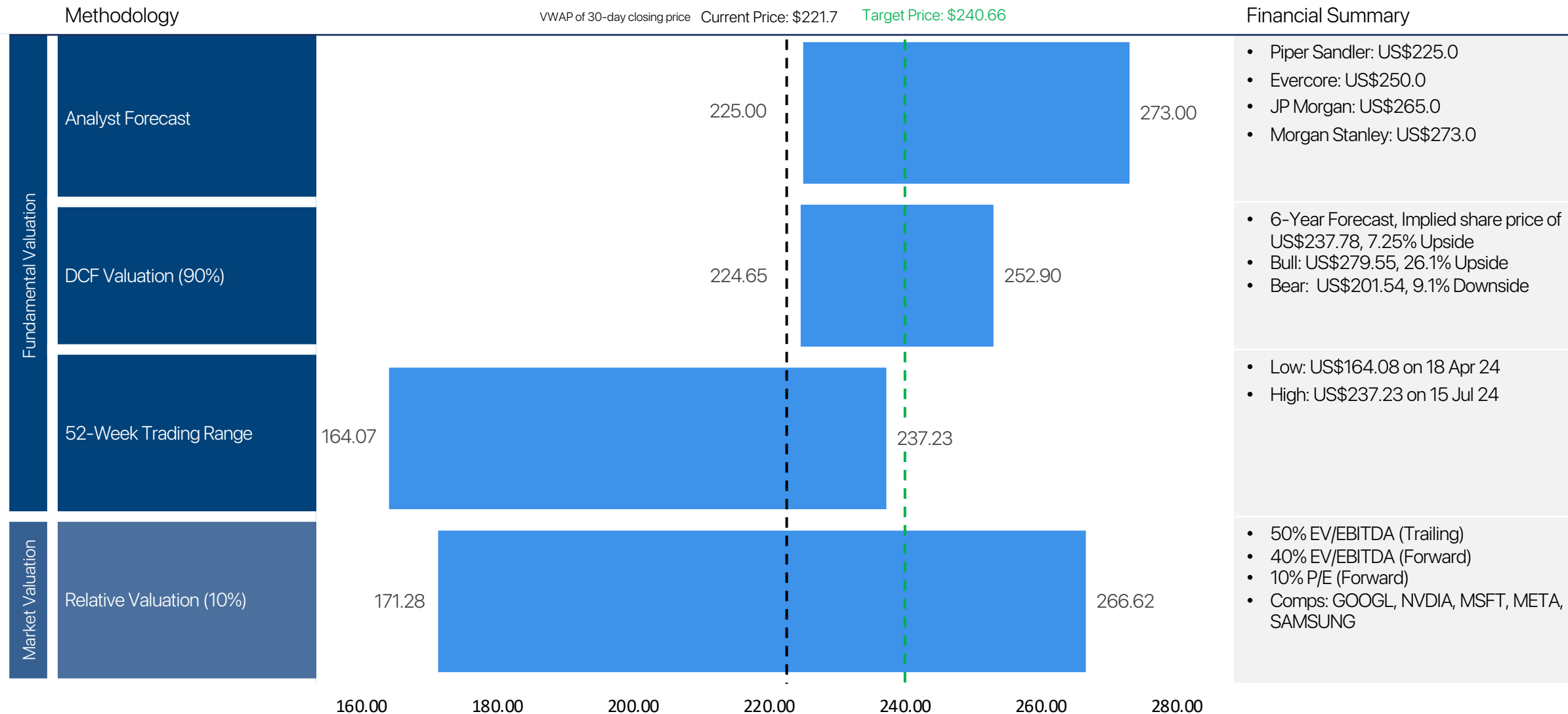


The current P/E multiple reflects investors' willingness to pay a premium for Apple's stable, high-margin earnings with long-term potential and defensive qualities

# A blended target price of \$240.66 per share, an 8.55% upside HOLD recommendation



## Football Field Valuation





# Potential risks threatening Apple's market share and growth opportunities over the next five years

## Risk & Mitigation

Risk	Description	Mitigation	Likelihood	Impact
Geopolitical Pressure	<ul style="list-style-type: none"> <li>✘ Increasingly protectionist trade policies may raise the costs of production, shrinking margins</li> <li>✘ China-US relations may affect Apple's ability to effectively operate in China</li> </ul>	<ul style="list-style-type: none"> <li>✓ Apple is shifting manufacturing to India &amp; Southeast Asia, as partners like Foxconn have offshore infrastructure outside China</li> <li>✓ Reduced reliance on the Chinese market through growing sources of revenue in emerging markets</li> </ul>		
Regulatory Scrutiny	<ul style="list-style-type: none"> <li>✘ Apple's closed ecosystem risks breaching anti-competition regulations, which may lead to fines, App Store structure changes, or wider business model changes</li> </ul>	<ul style="list-style-type: none"> <li>✓ Apple's legal and compliance team are well-experienced to handle lawsuits and regulatory changes</li> <li>✓ Apple's strong cash balance enables it to absorb potential losses from penalties</li> <li>✓ Strong user loyalty drives recurring revenue despite potentially harmful changes to App Store structure</li> </ul>		
Competitive Pressure	<ul style="list-style-type: none"> <li>✘ Competition may erode Apple's market share in China</li> <li>✘ Operating system competitors such as Alphabet pose threat to Apple's market position</li> </ul>	<ul style="list-style-type: none"> <li>✓ Apple's low prices recently aim to expand its installed base in the short-term and benefit from services expansion in the long-term</li> <li>✓ Apple's innovative product design and technology enables them to maintain a competitive edge</li> </ul>		
Sales Underperformance	<ul style="list-style-type: none"> <li>✘ Upcoming launch of iPhone 16 could negatively impact market sentiment if AI-led sales fall short of expectation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Apple's diversity of revenue enable other growing segments, particularly services, to absorb short-term iPhone underperformance</li> <li>✓ Long-term opportunities with Apple Intelligence given the value proposition for consumers and developers</li> </ul>		



# We recommend a hold position



Final Recommendation

**\$221.70**

30-day closing  
VWAP

**+8.55%**



**\$240.66**

Target Share Price  
Base Case

Thesis

Apple is effective at allocating capital into profitable investments. It is well positioned with Apple Intelligence to drive iPhone upgrades and expand existing revenue streams that are stable, predictable and growing

Valuation

Stock is reasonably valued, with an 8.55% upside


Risks

Regulatory challenges, competition pressures and weaker-than-expected sales may induce volatility, but Apple's ecosystem provides strong defence

**HOLD**

Apple is trading at a justifiable earnings outlook with solid upside potential

# Appendix

A photograph of a modern building facade with a grid of windows. The building is light-colored with a dark frame around the windows. A sign with the word "hello" in a colorful, cursive font is visible in the bottom right corner. The sign is illuminated with a gradient of colors from purple to orange. The image is split diagonally by a black triangle on the left side.

hello

# Appendix Network



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# Unit sales seek to drive revenue in the short-term while premiums play a greater role in the long-term



## Revenue Schedule: Summary and iPhone

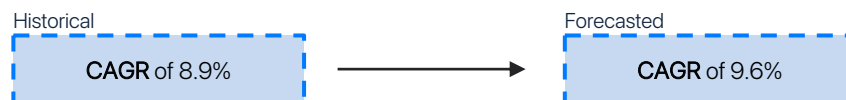
Revenue by Segment	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
iPhone	142,381	137,781	191,973	205,489	200,583	197,309	226,330	262,572	290,937	308,453	311,554
Mac	25,740	28,622	35,190	40,177	29,357	31,407	36,628	42,142	47,852	44,843	40,912
iPad	21,280	23,724	31,862	29,292	28,300	31,452	37,886	44,791	51,996	52,526	52,080
Wearables, Home and Accessories	24,482	30,620	38,367	41,241	39,845	45,447	51,604	58,295	65,475	73,071	80,975
Services	46,291	53,768	68,425	78,129	85,200	103,763	119,177	135,509	151,161	168,467	187,581
<b>Total Revenue</b>	<b>260,174</b>	<b>274,515</b>	<b>365,817</b>	<b>394,328</b>	<b>383,285</b>	<b>409,378</b>	<b>471,625</b>	<b>543,310</b>	<b>607,421</b>	<b>647,361</b>	<b>673,101</b>
% Growth		5.5%	33.3%	7.8%	-2.8%	6.8%	15.2%	15.2%	11.8%	6.6%	4.0%
iPhone Segment	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
1 Average selling price (hundred \$)	770	714	838	849	865	880	880	941	1,005	1,074	1,147
Selling price growth (%)		-7.2%	17.4%	1.3%	1.8%	1.8%	0.0%	6.8%	6.8%	6.8%	6.8%
Unit sales	185	193	229	242	232	224	257	279	289	287	272
Installed base (million units)	950	1,000	1,060	1,110	1,150	1,177	1,204	1,232	1,261	1,290	1,320
Unit sales/Installed base (%)	19.5%	19.3%	21.6%	21.8%	20.2%	19.0%	21.3%	22.7%	23.0%	22.3%	20.6%
Bull Case [1]						19.0%	22.3%	23.7%	24.0%	23.3%	21.6%
Base Case [2]						19.0%	21.3%	22.7%	23.0%	22.3%	20.6%
Bear Case [3]						19.0%	20.8%	22.2%	22.5%	21.8%	20.1%
2 Unit sales/Installed base change (%)		-0.2%	2.3%	0.2%	-1.6%	-1.1%	2.3%	1.3%	0.3%	-0.7%	-1.7%
Smartphone Industry Installed Base (million units)	4,313	4,516	4,680	4,821	4,915	5,011	5,109	5,208	5,310	5,413	5,519
3 Smartphone Industry Installed Base growth (%)		4.7%	3.6%	3.0%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Apple Market Share based on Installed Base	22.0%	22.1%	22.6%	23.0%	23.4%	23.5%	23.6%	23.7%	23.7%	23.8%	23.9%
4 Apple Market Share based on Installed Base change (%)		0.1%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
iPhone Revenue	142,381	137,781	191,973	205,489	200,583	197,309	226,330	262,572	290,937	308,453	311,554
% Growth		-3.2%	39.3%	7.0%	-2.4%	-1.6%	14.7%	16.0%	10.8%	6.0%	1.0%

- Apple to hold prices for the iPhone 16 launch in FY25E which is a positive sign given soft consumer spending
  - Anticipate price hikes following FY25E given the cost of the new iPhone has risen by 8%
  - Expect Apple to cover margins and charge the justifiable Apple Intelligence premium

- The change in unit sales/installed base ratio has ranged between -1.6% and 2.3% historically
  - Anticipate low iPhone prices to stimulate unit sales and drive the YoY change in FY25 toward the upper region of the historical range
  - Gradual decline between FY25-27 due to stronger and longer upgrade cycle
  - Change in ratio to fall to the lower region of the historical range by FY29

- U.S. smartphone industry installed base growth is forecasted to remain at a low 1.95%, reflecting a structural shift toward replacements over new buyers due to market saturation, longer device lifecycles, and increased trade-in usage for higher-quality, durable phones (IDC, 2024)

- Anticipate change in Apple's market share to consolidate at 0.4% YoY with Apple to gain in the US and struggle in China



# Anticipate some resilience across Mac and iPad unit sales in the short-to-medium term



## Revenue Schedule: Mac and iPad

Mac Segment	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
Average selling price (hundred \$)	1,430	1,244	1,257	1,435	1,334	1,344	1,354	1,364	1,374	1,384	1,394
Selling price growth (%)		-13.0%	1.0%	14.2%	-7.0%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Unit sales	18	23	28	28	22	23	27	31	35	32	29
Installed base (million units)	109	120	134	145	154	164	177	190	202	212	221
Installed base growth (%)		10.1%	11.7%	8.2%	6.2%	6.2%	8.2%	7.2%	6.2%	5.2%	4.2%
Unit sales/Installed base (%)	16.5%	19.2%	20.9%	19.3%	14.3%	14.3%	15.3%	16.3%	17.3%	15.3%	13.3%
Bull Case [1]						16.3%	17.3%	18.3%	19.3%	17.3%	15.3%
Base Case [2]						14.3%	15.3%	16.3%	17.3%	15.3%	13.3%
Bear Case [3]						12.3%	13.3%	14.3%	15.3%	13.3%	11.3%
Mac Revenue	25,740	28,622	35,190	40,177	29,357	31,407	36,628	42,142	47,852	44,843	40,912
% Growth		11.2%	22.9%	14.2%	-26.9%	7.0%	16.6%	15.1%	13.6%	-6.3%	-8.8%
iPad Segment	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
Average selling price (hundred \$)	453	474	540	514	515	532	551	570	590	610	632
Selling price growth (%)		4.80%	13.82%	-4.84%	0.13%	3.47%	3.47%	3.47%	3.47%	3.47%	3.47%
Unit sales	47	50	59	57	55	59	69	79	88	86	82
Bull Case [1]						62	72	82	91	89	85
Base Case [2]						59	69	79	88	86	82
Bear Case [3]						56	66	76	85	83	79
Installed base (million units)	298	312	339	378	406	436	473	505	533	554	567
Installed base growth (%)		4.7%	8.7%	11.5%	7.4%	7.4%	8.4%	6.9%	5.4%	3.9%	2.4%
Unit sales/Installed base (%)	15.8%	16.0%	17.4%	15.1%	13.5%	13.5%	14.5%	15.5%	16.5%	15.5%	14.5%
iPad Revenue	21,280	23,724	31,862	29,292	28,300	31,452	37,886	44,791	51,996	52,526	52,080
% Growth		11.5%	34.3%	-8.1%	-3.4%	11.1%	20.5%	18.2%	16.1%	1.0%	-0.9%

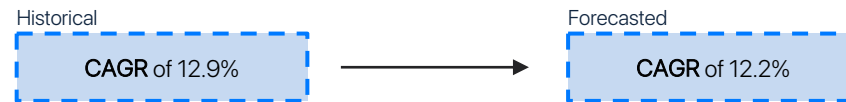


# The revenue build of Apple indicates strong revenue growth



## Revenue Schedule: Wearables, Home and Accessories

Wearables, Home and Accessories Segment	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
1 Average selling price (hundred \$)	314	243	268	270	314	317	326	339	359	384	418
Selling price growth (%)		-22.6%	10.4%	0.5%	16.4%	1.2%	2.7%	4.2%	5.7%	7.2%	8.7%
Total units	78	126	143	153	127	143	158	172	183	190	194
<i>Bull Case [1]</i>						148	163	177	188	195	199
<i>Base Case [2]</i>						143	158	172	183	190	194
<i>Bear Case [3]</i>						138	153	167	178	185	189
<b>2 Apple Watch</b>											
Unit sales	27	32	36	47	40	46	51	56	60	62	63
Installed base (million units)	51	73	95	122	145	169	192	214	233	248	257
Installed base growth (%)		43.1%	30.1%	28.4%	18.9%	16.4%	13.9%	11.4%	8.9%	6.4%	3.9%
Unit sales/Installed base (%)	52.9%	43.8%	37.9%	38.5%	27.6%	27.1%	26.6%	26.1%	25.6%	25.1%	24.6%
<b>3 AirPods</b>											
Unit sales	51	94	107	106	87	97	107	116	123	128	131
Installed base (million units)	56	113	183	225	265	302	337	370	399	422	438
Installed base growth (%)		101.8%	61.9%	23.0%	17.8%	13.8%	11.8%	9.8%	7.8%	5.8%	3.8%
Unit sales/Installed base (%)	91.1%	83.2%	58.5%	47.1%	32.8%	32.3%	31.8%	31.3%	30.8%	30.3%	29.8%
<b>Wearable, Home and Accessories Revenue</b>	24,482	30,620	38,367	41,241	39,845	45,447	51,604	58,295	65,475	73,071	80,975
<b>% Growth</b>		25.1%	25.3%	7.5%	-3.4%	14.1%	13.5%	13.0%	12.3%	11.6%	10.8%



1

- **ASP growth (%)**: Due to limited historical data on Apple Watch and AirPods prices, we have held 2024 prices constant, assuming Apple manipulates prices YoY but lacking clarity on the range of adjustments.
- **Installed base growth (%)**: After a sharp decline from FY2019-23 driven by macroeconomic factors and competition, we expect a continued but slower decline, mitigated by ecosystem expansion and AI integration across Apple devices.

2

The new Apple Watch Series 10 with major upgrades and highly-anticipated health features will provide opportunity for further expansion of Apple's market share in the smart watch market and support solid medium-term growth

3

Newly released AirPods featuring personalized hearing aid via software updates will enhance the product's usability for people with hearing impairments and capture more customer segments, thus we expect this to support installed base growth.

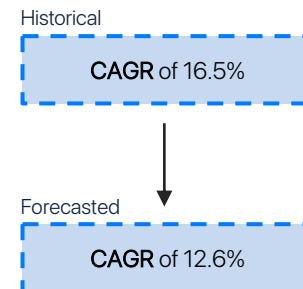
# The revenue build of Apple indicates strong services revenue growth



## Revenue Schedule: Services

Services Segment	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
1 AppStore	32,746.7	39,296.0	46,369.3	53,788.4	62,394.5	72,377.7	83,958.1
Total Developer Billings through App Store	1,347,600.0	1,617,120.0	1,908,201.6	2,213,513.9	2,567,676.1	2,978,504.2	3,455,064.9
Growth(%)	20%	20.0%	18.0%	16.0%	16.0%	16.0%	16.0%
Bull Case [1]		21.0%	19.0%	17.0%	17.0%	17.0%	17.0%
Base Case [2]		20.0%	18.0%	16.0%	16.0%	16.0%	16.0%
Bear Case [3]		19.0%	17.0%	15.0%	15.0%	15.0%	15.0%
Digital Services Billings	121,284.0	145,540.8	171,738.1	199,216.2	231,090.8	268,065.4	310,955.8
Digital Services Billings as % of Total Developer Billings	9%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Apple's Commission Rate	27%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Bull Case [1]		27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Base Case [2]		27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Bear Case [3]		27.0%	27.0%	20.0%	20.0%	20.0%	20.0%
2 Third-party Licensing	17,935	19,435	20,319	21,335	22,353	23,445	24,578
Google's Traffic Acquisition Costs (TAC)	49,820	53,987	56,441	59,263	62,092	65,126	68,271
Growth (%)	1%	8%	5%	5%	5%	5%	5%
Apple's Cut (%)	36%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
Bull Case [1]		36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
Base Case [2]		36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
Bear Case [3]		36.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3 Apple Pay	1,974	2,334	2,764	3,275	3,880	4,596	5,445
Total Digital Wallets Transactions Volume	14,000,000	16,208,000	18,764,480	21,724,477	25,151,725	29,120,033	33,714,875
POS	10,800,000	12,528,000	14,532,480	16,857,677	19,554,905	22,683,690	26,313,080
POS growth (%)	16%	16%	16%	16%	16%	16%	16%
E-com	3,200,000	3,680,000	4,232,000	4,866,800	5,596,820	6,436,343	7,401,794
E-com growth (%)	15%	15%	15%	15%	15%	15%	15%
Apple Pay Market Share (%)	47%	48%	49%	50%	51%	53%	54%
Apple Pay Transaction Volume	6,580,000	7,779,840	9,213,567	10,915,027	12,934,440	15,319,562	18,149,316
Apple Pay's Out (%)	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
4 Advertising	7,500	8,968.1	10,544.2	12,186.4	13,840.6	15,442.6	16,921.1
Bull Case [1]		11,620.3	13,451.7	15,303.0	17,103.5	18,774.2	20,233.4
Base Case [2]		8,968.1	10,544.2	12,186.4	13,840.6	15,442.6	16,921.1
Bear Case [3]		8,218.1	9,647.4	11,132.0	12,622.0	14,058.5	15,376.9
Growth(%)	60%	20%	18%	16%	14%	12%	10%
5 Digital Services Subscription	25,185	25,776	29,980	34,373	36,695	39,087	41,580
iPhone Installed Base	1,150	1,177	1,204	1,232	1,261	1,290	1,320
Penetration rate (%)	37%	37%	42%	47%	49%	51%	53%
11 Apple Music							
10 AppleCare - iPhone							
3 iCloud							
10 Apple TV							
1.7 Apple Podcasts							
13 Apple News							
Active Subscribers	419.8	429.6	499.7	572.9	611.6	651.5	693.0
7.1 Average Monthly Subscription Price (\$)	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other Services	6,816	7,953	9,201	10,553	11,997	13,519	15,099
Growth (%)	17%	17%	16%	15%	14%	13%	12%
Services Revenue	85,200	103,763	119,177	135,509	151,161	168,467	187,581
% Growth	9.1%	21.8%	14.9%	13.7%	11.5%	11.4%	11.3%

- Assume digital service billings (the type of billings Apple collects a commission for) to remain at 9% of total developer billings
  - Expect total developer billings growth to modestly fall from elevated historic levels amidst weaker consumer spend and less reliance on digital apps, as was the case in COVID, but remain resilient for the most part
  - Likely scenario is Apple maintains a 27% average commission, but downside case opens the possibility to court ruling against Apple. Potential for app store structure changes to increase competitiveness of third-party app stores and servers, seeing commissions falling to 20%
- Google's case against the DoJ for such deals could result in 20% of Apple's service revenue diminished
- Total point-of-sale (POS) and digital wallets transactions processed via digital wallets are assumed to grow at 16% and 15% p.a. respectively
  - Assume Apple Pay can keep growing its market share at the same rate iPhone installed base is expected to grow
  - Apple Pay's cut come from fees charged to card issuers and is assumed to remain at 0.03% of transaction value
- Base case in line with Omdia Research
- Digital Services Subscriptions include user subscriptions of Apple-branded services only (Apple Music, Apple TV+, Apple News+, etc)
  - Average monthly subscription price of \$7.1 is weighted-average price by penetration rate
  - Penetration rate accelerates through FY25 and FY26, reflecting additional AI offerings attracting new subscribers, and normalizes at 2% growth thereafter



# Income Statement Drivers



## Financial Statement Drivers (Pt 1.)

	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
<b>Cost of Sales % of Revenue</b>							
Products (% of Cost of Sales)	63.5%	63.5%	63.0%	62.5%	61.5%	59.0%	58.0%
<i>Bull Case [1]</i>		63.5%	63.0%	62.0%	59.5%	57.0%	56.0%
<i>Base Case [2]</i>		63.5%	63.0%	62.5%	61.5%	59.0%	58.0%
<i>Bear Case [3]</i>		64.5%	64.0%	63.5%	62.5%	60.0%	59.0%
Services (% of Cost of Sales)	29.2%	29.2%	29.2%	29.2%	29.2%	29.2%	29.2%
<b>SG&amp;A % of Revenue</b>							
<i>Bull Case [1]</i>	14.3%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<i>Base Case [2]</i>		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<i>Bear Case [3]</i>	13.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
R&D % of Revenue	15.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Other SG&A % of Revenue	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Depreciation & Amortisation (% of Net PPE)	6.5%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
Other Operating Expense/Income % of Revenue	26.4%						
Interest Rate on Debt	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest Rate on Cash	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Tax Rate / EBT	7.8%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Changes in Shares Outstanding	14.7%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Dividend Payout Ratio	(393.0)	(394.4)	(393.9)	(393.9)	(393.9)	(393.9)	(393.9)
Growth (Dividend per share)	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
	4.4%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%

(1): Select FY19A-FY22A line items excluded for simplicity

# Balance Sheet Drivers



## Financial Statement Drivers (Pt 2.)

Operating Assumptions	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
ST Marketable Securities (% of Cash and Equiv)	133.6%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%
<b>Receivables (DSO)</b>	28	28	28	28	28	28	28
<i>Bull Case [1]</i>		26	26	26	26	26	26
<i>Base Case [2]</i>		28	28	28	28	28	28
<i>Bear Case [3]</i>		30	30	30	30	30	30
Change in Vendor Non-Trade Receivables	(1,271)	2,150	2,150	2,150	2,150	2,150	2,150
<b>Inventories (DIO)</b>	8	8	7	6	6	6	6
<i>Bull Case [1]</i>		7	6	5	5	5	5
<i>Base Case [2]</i>		8	7	6	6	6	6
<i>Bear Case [3]</i>		9	8	7	7	7	7
Change in Other Current Assets	(6,528)	586	586	586	586	586	586
Change of Long-Term Marketable Securities	(20,261)	0	0	0	0	0	0
Other Non-Current Assets	64,758	74,532	85,781	98,728	113,630	130,780	150,519
<i>Growth (%)</i>	18.98%	15.09%	15.09%	15.09%	15.09%	15.09%	15.09%
<b>Accounts Payable (DPO)</b>	107	100	100	100	100	100	100
<i>Bull Case [1]</i>		102	102	102	102	102	102
<i>Base Case [2]</i>		100	100	100	100	100	100
<i>Bear Case [3]</i>		98	98	98	98	98	98
Change in Deferred Revenue	149	225	225	225	225	225	225
Change in Other Current Liabilities	(2,016)	5,277	5,277	5,277	5,277	5,277	5,277
Change in Other Non-Current Liabilities	706	1,500	1,500	1,500	1,500	1,500	1,500
<b>CAPEX Assumptions</b>							
<b>PP&amp;E Growth Capex</b>	1,598	11,705	13,956	16,621	19,190	21,099	22,611
<i>Bull Case [1]</i>		12,876	15,352	18,283	21,109	23,209	24,872
<i>Base Case [2]</i>		11,705	13,956	16,621	19,190	21,099	22,611
<i>Bear Case [3]</i>		10,535	12,561	14,959	17,271	18,989	20,350
<b>Financing Assumptions</b>							
Issuance (Repayments) of Commercial Paper (ST)	(3,997)	0	0	0	0	0	0
Issuances (Repayments) of ST Term Debt	(1,306)	800	800	800	800	800	800
Issuance (Repayments) of LT Term Debt	(3,678)	8,000	8,000	8,000	8,000	8,000	8,000
Change in Share Capital	8,963	0	0	0	0	0	0
Changes in Comprehensive Inc. and Other	(343)	0	0	0	0	0	0

(1): Select FY19A-FY22A line items excluded for simplicity

# Income Statement



## Financial Statements

### Income Statement

		FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
<b>Revenue</b>	\$m							
iPhone	\$m	200,583	197,309	226,330	262,572	290,937	308,453	311,554
Mac	\$m	29,357	31,407	36,628	42,142	47,852	44,843	40,912
iPad	\$m	28,300	31,452	37,886	44,791	51,996	52,526	52,080
Wearables, Home and Accessories	\$m	39,845	45,447	51,604	58,295	65,475	73,071	80,975
Services	\$m	85,200	103,763	119,177	135,509	151,161	168,467	187,581
<b>Total Revenue</b>	\$m	<b>383,285</b>	<b>409,378</b>	<b>471,625</b>	<b>543,310</b>	<b>607,421</b>	<b>647,361</b>	<b>673,101</b>
% Growth	%	-2.8%	6.8%	15.2%	15.2%	11.8%	6.6%	4.0%
		8.4%						
Cost Of Sales excluding D&A	\$m	(214,137)	(233,528)	(268,316)	(308,671)	(342,145)	(352,641)	(361,023)
Products	\$m	(189,282)	(194,063)	(222,040)	(254,873)	(280,597)	(282,544)	(281,598)
Services	\$m	(24,855)	(30,270)	(34,767)	(39,532)	(44,097)	(49,146)	(54,722)
Depreciation & Amortization Expense	\$m	(11,519)	(9,194)	(11,510)	(14,267)	(17,451)	(20,951)	(24,702)
<b>Gross Income</b>	\$m	<b>169,148</b>	<b>175,850</b>	<b>203,308</b>	<b>234,639</b>	<b>265,276</b>	<b>294,719</b>	<b>312,078</b>
% Gross Margin	%	44.1%	43.0%	43.1%	43.2%	43.7%	45.5%	46.4%
<b>SG&amp;A Expense</b>	\$m							
R&D	\$m	(29,915)	(31,952)	(36,810)	(42,405)	(47,409)	(50,526)	(52,535)
Other SG&A	\$m	(24,932)	(25,757)	(29,673)	(34,183)	(38,217)	(40,730)	(42,350)
<b>Total SG&amp;A Expense</b>	\$m	<b>(54,847)</b>	<b>(57,708)</b>	<b>(66,483)</b>	<b>(76,588)</b>	<b>(85,626)</b>	<b>(91,256)</b>	<b>(94,884)</b>
<b>EBIT (Operating Income)</b>	\$m	<b>114,301</b>	<b>118,142</b>	<b>136,825</b>	<b>158,050</b>	<b>179,650</b>	<b>203,464</b>	<b>217,194</b>
% EBIT Margin	%	67.57%	67.18%	67.30%	67.36%	67.72%	69.04%	69.60%
Interest and Dividend Income	\$m	3,750	2179	1423	1232	1408	1830	2537
Interest Expense	\$m	(3,933)	(4245)	(4556)	(4868)	(5179)	(5491)	(5802)
Other income/(expense), net	\$m	(382)	(193)	(222)	(256)	(286)	(304)	(317)
<b>Pre Tax Income</b>	\$m	<b>113,736</b>	<b>115,884</b>	<b>133,471</b>	<b>154,159</b>	<b>175,594</b>	<b>199,499</b>	<b>213,612</b>
Income Taxes	\$m	16,741	24,336	28,029	32,373	36,875	41,895	44,859
<b>Consolidated Net Income</b>	\$m	<b>96,995</b>	<b>91,548</b>	<b>105,442</b>	<b>121,786</b>	<b>138,719</b>	<b>157,604</b>	<b>168,754</b>
% Growth		-2.8%	-5.6%	15.2%	15.5%	13.9%	13.6%	7.1%
<b>EBITDA</b>	\$m	<b>168,766</b>	<b>175,657</b>	<b>203,087</b>	<b>234,383</b>	<b>264,990</b>	<b>294,415</b>	<b>311,762</b>
% EBITDA Margin	%	44.0%	42.9%	43.1%	43.1%	43.6%	45.5%	46.3%

(1): Select FY19A-FY22A line items excluded for simplicity



# Balance Sheet



## Financial Statements

Balance Sheet	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
<b>ASSETS</b>							
Cash and Equivalents	29,965	12,535	23,217	18,342	34,757	39,568	61,378
ST Marketable Securities	31,590	27,671	11,575	21,439	16,938	32,096	36,538
<b>Total Cash &amp; ST Investments</b>	<b>61,555</b>	<b>40,206</b>	<b>34,792</b>	<b>39,781</b>	<b>51,695</b>	<b>71,664</b>	<b>97,917</b>
Accounts Receivable	29,508	31,431	36,309	41,828	46,764	49,702	51,820
Vendor Non-Trade Receivables	31,477	33,627	35,777	37,926	40,076	42,226	44,376
<b>Total Receivables</b>	<b>60,985</b>	<b>65,057</b>	<b>72,086</b>	<b>79,754</b>	<b>86,840</b>	<b>91,928</b>	<b>96,196</b>
Inventory	6,331	8,671	8,725	8,562	9,985	10,612	11,065
Other Current Assets	14,695	15,281	15,867	16,452	17,038	17,624	18,210
<b>Total Current Assets</b>	<b>143,566</b>	<b>129,215</b>	<b>131,469</b>	<b>144,550</b>	<b>165,557</b>	<b>191,828</b>	<b>223,386</b>
Gross Property, Plant & Equipment	114,599	135,498	160,964	191,853	228,493	270,543	317,857
Accumulated Depreciation	70,884	80,078	91,588	105,855	123,306	144,257	168,959
<b>Net Property, Plant &amp; Equipment</b>	<b>43,715</b>	<b>55,420</b>	<b>69,377</b>	<b>85,998</b>	<b>105,187</b>	<b>126,286</b>	<b>148,897</b>
LT Marketable Securities	100,544	100,544	100,544	100,544	100,544	100,544	100,544
Other Non-Current Assets	64,758	74,532	85,781	98,728	113,630	130,780	150,519
<b>Total Non-Current Assets</b>	<b>209,017</b>	<b>230,496</b>	<b>255,702</b>	<b>285,270</b>	<b>319,361</b>	<b>357,610</b>	<b>399,960</b>
<b>Total Assets</b>	<b>352,583</b>	<b>359,711</b>	<b>387,171</b>	<b>429,820</b>	<b>484,918</b>	<b>549,438</b>	<b>623,347</b>
<b>LIABILITIES</b>							
Accounts Payable	62,611	63,885	73,602	84,672	93,855	96,470	99,033
Deferred Revenue	8,061	8,286	8,510	8,735	8,959	9,184	9,408
Commercial Paper	5,985	5,985	5,985	5,985	5,985	5,985	5,985
ST Debt	9,822	10,622	11,422	12,222	13,022	13,822	14,622
Other Current Liabilities	58,829	64,106	69,384	74,661	79,938	85,215	90,493
<b>Total Current Liabilities</b>	<b>145,308</b>	<b>152,883</b>	<b>168,903</b>	<b>186,275</b>	<b>201,759</b>	<b>210,675</b>	<b>219,541</b>
LT Debt	95,281	103,281	111,281	119,281	127,281	135,281	143,281
Other Non-Current Liabilities	49,848	51,348	52,848	54,348	55,848	57,348	58,848
<b>Total Non-Current Liabilities</b>	<b>145,129</b>	<b>154,629</b>	<b>164,129</b>	<b>173,629</b>	<b>183,129</b>	<b>192,629</b>	<b>202,129</b>
<b>Total Liabilities</b>	<b>290,437</b>	<b>307,512</b>	<b>333,032</b>	<b>359,904</b>	<b>384,888</b>	<b>403,304</b>	<b>421,670</b>
Common Stock	73,812	73,812	73,812	73,812	73,812	73,812	73,812
Retained Earnings (Deficit)	(214)	(10,161)	(8,221)	7,556	37,670	83,774	139,317
Accumulated Other Comprehensive Inc. (Loss)	(11,452)	(11,452)	(11,452)	(11,452)	(11,452)	(11,452)	(11,452)
<b>Total Equity</b>	<b>62,146</b>	<b>52,199</b>	<b>54,139</b>	<b>69,916</b>	<b>100,030</b>	<b>146,134</b>	<b>201,677</b>

(1): Select FY19A-FY22A line items excluded for simplicity

# Cash Flow Statement



## Financial Statements

Cash Flow Statement (Pro-Forma)	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
<b>Operating Cash Flows</b>						
Net Income (NPAT)	91,548	105,442	121,786	138,719	157,604	168,754
Add Back: Depreciation	9,194	11,510	14,267	17,451	20,951	24,702
Add Back: Amortisation						
Change in Net Working Capital	(223)	7,552	8,480	5,590	1,815	2,760
Change in Other Non-Current Assets	(9,774)	(11,249)	(12,947)	(14,901)	(17,150)	(19,739)
Change in Other Non-Current Liabilities	1,500	1,500	1,500	1,500	1,500	1,500
<b>Cash Flow from Operating Activities</b>	<b>92,246</b>	<b>114,755</b>	<b>133,085</b>	<b>148,359</b>	<b>164,720</b>	<b>177,977</b>
<b>Investing Cash Flows</b>						
PP&E Capex / Acquisition of PP&E	(20,899)	(25,466)	(30,888)	(36,641)	(42,050)	(47,313)
Change in ST Marketable Securities	3,919	16,095	(9,864)	4,502	(15,158)	(4,443)
Change in LT Marketable Securities	0	0	0	0	0	0
<b>Cash Flow from Investing Activities</b>	<b>(16,980)</b>	<b>(9,371)</b>	<b>(40,752)</b>	<b>(32,139)</b>	<b>(57,208)</b>	<b>(51,756)</b>
<b>Financing Cash Flows</b>						
Proceeds (Repayments) of Commercial Paper	0	0	0	0	0	0
Proceeds (Repayments) of ST Term Debt	800	800	800	800	800	800
Proceeds (Repayments) of LT Term Debt	8,000	8,000	8,000	8,000	8,000	8,000
Share buyback	(87,457)	(87,333)	(87,333)	(87,333)	(87,333)	(87,333)
Change in Common Stock	0	0	0	0	0	0
Change in Comprehensive Inc. and Other	0	0	0	0	0	0
Dividends Paid	(14,038)	(16,169)	(18,675)	(21,272)	(24,168)	(25,877)
<b>Cash Flow from Financing Activities</b>	<b>(92,695)</b>	<b>(94,702)</b>	<b>(97,208)</b>	<b>(99,805)</b>	<b>(102,701)</b>	<b>(104,410)</b>
Cash at Beginning of Period	29,965	12,535	23,217	18,342	34,757	39,568
Net Change in Cash	(17,430)	10,682	(4,875)	16,415	4,811	21,810
<b>Cash at End of Period</b>	<b>12,535</b>	<b>23,217</b>	<b>18,342</b>	<b>34,757</b>	<b>39,568</b>	<b>61,378</b>
<b>Net Working Capital</b>	<b>(47,267)</b>	<b>(54,819)</b>	<b>(63,299)</b>	<b>(68,889)</b>	<b>(70,704)</b>	<b>(73,464)</b>
Add: Current Receivables	65,057	72,086	79,754	86,840	91,928	96,196
Add: Inventory	8,671	8,725	8,562	9,985	10,612	11,065
Add: Other Current Assets	15,281	15,867	16,452	17,038	17,624	18,210
Less: Accounts Payable	63,885	73,602	84,672	93,855	96,470	99,033
Less: Deferred Revenue	8,286	8,510	8,735	8,959	9,184	9,408
Less: Other Current Liabilities	64,106	69,384	74,661	79,938	85,215	90,493
<b>Change in NWC</b>	<b>223</b>	<b>(7,552)</b>	<b>(8,480)</b>	<b>(5,590)</b>	<b>(1,815)</b>	<b>(2,760)</b>
<b>Total Capex</b>	<b>20,899</b>	<b>25,466</b>	<b>30,888</b>	<b>36,641</b>	<b>42,050</b>	<b>47,313</b>

(1): Select FY19A-FY22A line items excluded for simplicity



## Operating Schedules

CAPEX Schedule	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
Beginning PPE	42,117	43,715	46,226	48,673	51,027	52,766	52,914
+CAPEX / Acquisition of PPE	10,959	11,705	13,956	16,621	19,190	21,099	22,611
-Depreciation & Amortisation	(11,519)	(9,194)	(11,510)	(14,267)	(17,451)	(20,951)	(24,702)
+ Revaluation/ disposal	2,158	0	0	0	0	0	0
<b>End PPE</b>	<b>43,715</b>	<b>46,226</b>	<b>48,673</b>	<b>51,027</b>	<b>52,766</b>	<b>52,914</b>	<b>50,822</b>

### Assumption

Capex	10,959	11,705	13,956	16,621	19,190	21,099	22,611
Relative to Sales	2.9%	2.9%	3.0%	3.1%	3.2%	3.3%	3.4%
<i>Bull Case [1]</i>		2.9%	3.0%	3.1%	3.2%	3.3%	3.4%
<i>Base Case [2]</i>		2.9%	3.0%	3.1%	3.2%	3.3%	3.4%
<i>Bear Case [3]</i>		2.4%	2.5%	2.6%	2.7%	2.8%	3.4%

### Gross PPE

Land and Buildings	23,446	20%					
Machinery, Equipments and Internal-use software	78,314	68%					
Leasehold Improvements	12,839	11%					
<b>Total</b>	<b>114,599</b>						

### Capex

Land and Buildings	2,395	2,855	3,401	3,926	4,317	4,626
Machinery, Equipments and Internal-use software	7,999	9,537	11,358	13,114	14,418	15,452
Leasehold Improvements	1,311	1,564	1,862	2,150	2,364	2,533
<b>Total Capex</b>	<b>11,705</b>	<b>13,956</b>	<b>16,621</b>	<b>19,190</b>	<b>21,099</b>	<b>22,611</b>

### Depreciation

Land and Buildings	378	473	586	717	861	1,015
Machinery, Equipments and Internal-use software	7,575	9,482	11,754	14,376	17,260	20,351
Leasehold Improvements	1,242	1,555	1,927	2,357	2,830	3,336
<b>Total Depreciation</b>	<b>9,194</b>	<b>11,510</b>	<b>14,267</b>	<b>17,451</b>	<b>20,951</b>	<b>24,702</b>

### Depreciation Waterfall

		FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
Land and Buildings							
Existing Depreciable Amount	8,944	298	298	298	298	298	298
Estimated Life	30						
CAPEX		80	175	288	419	563	717
2024	2,395	80	80	80	80	80	80
2025	2,855		95	95	95	95	95
2026	3,401			113	113	113	113
2027	3,926				131	131	131
2028	4,317					144	144
2029	4,626						154
		<b>378</b>	<b>473</b>	<b>586</b>	<b>717</b>	<b>861</b>	<b>1,015</b>
Machinery, Equipments and Internal-use software							
Existing Depreciable Amount	29,874	5,975	5,975	5,975	5,975	5,975	5,975
Estimated Life	5						
CAPEX		1,600	3,507	5,779	8,402	11,285	14,376
2024	7,999	1,600	1,600	1,600	1,600	1,600	1,600
2025	9,537		1,907	1,907	1,907	1,907	1,907
2026	11,358			2,272	2,272	2,272	2,272
2027	13,114				2,623	2,623	2,623
2028	14,418					2,884	2,884
2029	15,452						3,090
		<b>7,575</b>	<b>9,482</b>	<b>11,754</b>	<b>14,376</b>	<b>17,260</b>	<b>20,351</b>
Leasehold Improvements							
Existing Depreciable Amount	4,898	980	980	980	980	980	980
Estimated Life	5						
CAPEX		262	575	947	1,377	1,850	2,357
2024	1,311	262	262	262	262	262	262
2025	1,564		313	313	313	313	313
2026	1,862			372	372	372	372
2027	2,150				430	430	430
2028	2,364					473	473
2029	2,533						507
		<b>1,242</b>	<b>1,555</b>	<b>1,927</b>	<b>2,357</b>	<b>2,830</b>	<b>3,336</b>

(1): Select FY19A-FY22A line items excluded for simplicity

# Buyback Schedule



## Operating Schedules

	FY19A	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
Current Share Price	221.7										
APPL Buyback Yield	2.71%										
	19,019.94	17,772.95	16,976.76	16,426.79	15,943.43	15,550.06	15,155.58	14,761.65	14,367.73	13,973.80	13,579.88
	133.82	121.09	106.36	85.23	78.06	78.06	78.06	78.06	78.06	78.06	78.06
	(1,380.82)	(917.27)	(656.34)	(568.59)	(471.42)	(472.54)	(471.98)	(471.98)	(471.98)	(471.98)	(471.98)
	17,772.95	16,976.76	16,426.79	15,943.43	15,550.06	15,155.58	14,761.65	14,367.73	13,973.80	13,579.88	13,185.96
	55,256.00	57,411.00	94,680.00	99,803.00	96,995.00	91,548.17	105,441.98	121,785.60	138,718.88	157,603.92	168,753.53
	67,100.00	72,500.00	85,500.00	90,200.00	76,600.00	110,000.00					
	3.11	3.38	5.76	6.26	6.24	6.04	7.14	8.48	9.93	11.61	12.80



## WACC

### WACC Analysis

Cost of Debt	5.5%
Cost of Equity	8.2%
% Debt	60.5%
% Equity	39.5%
<b>WACC</b>	<b>6.6%</b>

### Cost of Equity – CAPM Pricing Model

Risk Free Rate	2.4%
Market Risk Premium	4.8%
Beta	1.21

### Risk Free Rate

	Value	Weighting
--	-------	-----------

10 Year US Government Bond	2.42%	100%
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### Market Risk Premium

	Value	Weighting
--	-------	-----------

Statistica	5.50%	50%
Damodaran	4.05%	50%
Implied Market Risk Premium	4.8%	

### Beta

CapitalIQ Beta (5Y)	1.24	40%
Linear Regression	1.18	60%
Beta	1.21	

### WACC Analysis

#### Cost of Debt

	Rate	Weighting
Comparable company YTM	4.03%	75%
Index spreads	9.87%	25%
<b>Triangulated cost of debt</b>	<b>5.49%</b>	<b>100.00%</b>

#### 1 Comparable company yields

Company instrument	Credit rating	YTM
Alphabet 10-year bond	AA+	3.88%
Nvidia 10-year bond	AA-	4.01%
Microsoft 10-year bond	AAA	2.68%
Meta 10-year bond	AA-	4.30%
Microsoft 10-year bond	A	5.31%
Average		4.03%

#### 2 Index Spreads

	10-yr spread
Credit Ratings Matrix	
AAA	4.23%
AA	4.59%
A	4.91%
BBB	5.20%
3M USD LIBOR Spot	5.28%
Spread	4.59%
Cost of debt	9.87%



# Base & Bear Cases



## DCF Valuation

Base Case

Discounted Cash Flow (US\$m)	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
EBIT	118,142	136,825	158,050	179,650	203,464	217,194
LESS: Taxes	(24,810)	(28,733)	(33,191)	(37,726)	(42,727)	(45,611)
ADD BACK: D&A	9,194	11,510	14,267	17,451	20,951	24,702
LESS: Capex	(20,899)	(25,466)	(30,888)	(36,641)	(42,050)	(47,313)
LESS: Change in Working Capital	(223)	7,552	8,480	5,590	1,815	2,760
<b>Nominal FCFF</b>	<b>81,404</b>	<b>101,688</b>	<b>116,718</b>	<b>128,324</b>	<b>141,452</b>	<b>151,732</b>
<i>Growth on pcp</i>		24.9%	14.8%	9.9%	10.2%	7.3%
Discounted FCFF	76,396	89,562	96,476	99,544	102,978	103,666

PV Unlevered FCF	568,621
Terminal Value	4,396,287
PV of Terminal Value	3,003,623
<b>Enterprise Value</b>	<b>3,572,244</b>
LESS: Debt & Debt Equiv.	95,281
ADD: Cash & cash equiv.	29,965
<b>Equity Value</b>	<b>3,697,490</b>
Diluted Shares Outstanding	15,550
<b>Value per Share</b>	<b>\$ 237.78</b>

Premium of 7.25%

Bear Case

Discounted Cash Flow (US\$m)	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
EBIT	114,149	119,363	131,239	149,937	170,585	180,582
LESS: Taxes	(23,971)	(25,066)	(27,560)	(31,487)	(35,823)	(37,922)
ADD BACK: D&A	8,838	10,634	12,736	15,177	17,862	21,233
LESS: Capex	(17,440)	(20,378)	(24,136)	(28,418)	(32,429)	(39,522)
LESS: Change in Working Capital	(4,313)	6,998	7,892	4,941	1,443	2,531
<b>Nominal FCFF</b>	<b>77,263</b>	<b>91,550</b>	<b>100,171</b>	<b>110,150</b>	<b>121,638</b>	<b>126,902</b>
<i>Growth on pcp</i>		18.5%	9.4%	10.0%	10.4%	4.3%
Discounted FCFF	72,510	80,633	82,798	85,446	88,553	86,702

PV Unlevered FCF	496,641
Terminal Value	3,676,873
PV of Terminal Value	2,512,106
<b>Enterprise Value</b>	<b>3,008,747</b>
LESS: Debt & Debt Equiv.	95,281
ADD: Cash & cash equiv.	29,965
<b>Equity Value</b>	<b>3,133,993</b>
Diluted Shares Outstanding	15,550
<b>Value per Share</b>	<b>\$ 201.54</b>

Discount of -9.09%



# Comparable Analysis

## Relative Valuation

### Peer Set Assumptions

- Peers were chosen based on similarity to Apple's different operating segments

- 50% Forward Ratios
- 50% Trailing Ratios

50%  
EV/EBITDA (Trailing)

- Assessing Apple's operational performance by comparing its ability on earnings generating earnings before non-cash expenses (D&A) taxes, and financing decisions

40%  
EV//EBITDA (Forward)

10%  
P/E (Forward)

- Current stock price over earnings per share reflects markets sentiment, evaluating whether Apple is over/under valued

### Segment Breakdown

### Final Set Up

### Multiples

Hardware:  
MSFT  
Samsung  
NVDA

Software:  
GOOGL  
MSFT  
META

Q1	171.28
Step	95.34
Q3	266.62
Current Share Price	A\$221.70
Rel. Val Implied Share Price	A\$266.62
Premium	20.26%

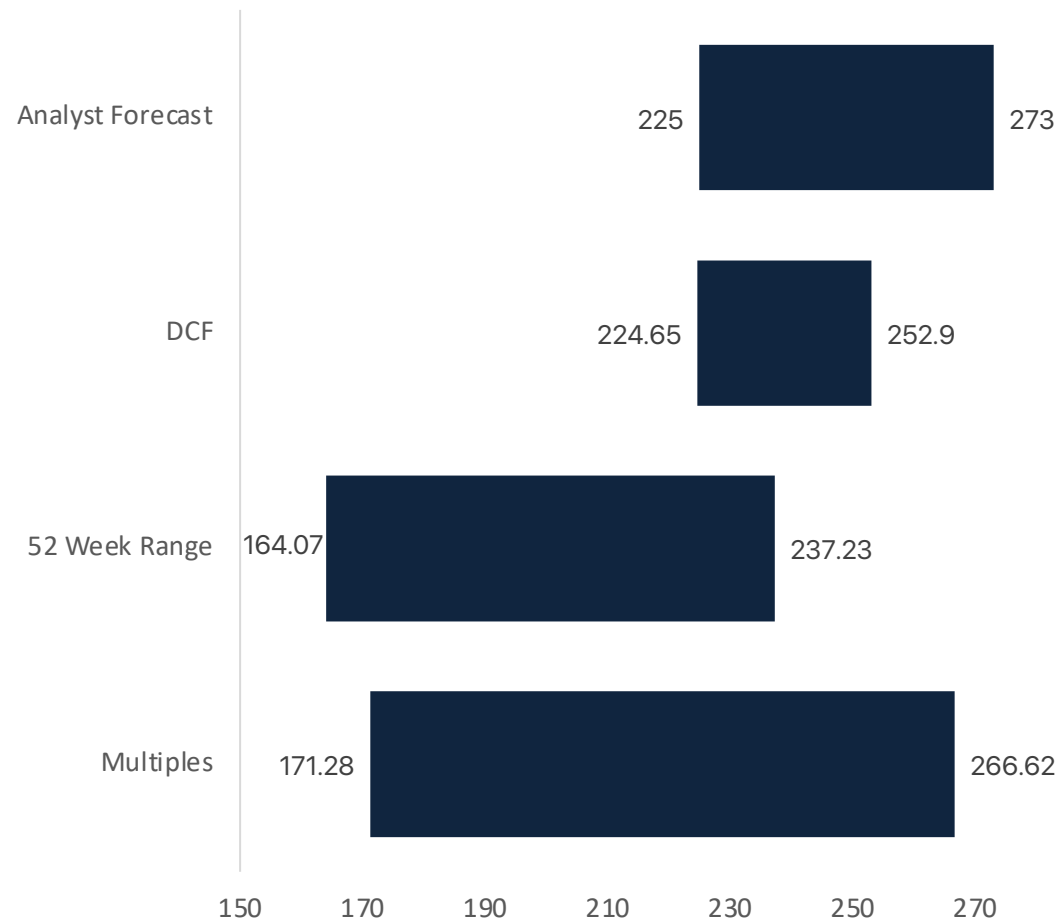
	EV / EBITDA (trailing)	EV / EBITDA (forward)	P / E (forward)
Quartile 1	\$187.33	\$159.45	\$138.34
Median	\$197.13	\$167.14	\$159.59
Quartile 3	\$271.41	\$274.90	\$209.57

- Selected comparable companies operates in different environment / industry, where investor sentiments and operational performance, leading to a broad range of valuation results



## Football Field Set-up

Weight Total		Multiples	52 Week Range	DCF	Analyst Forecast
100%	Quartile 1	176.94	164.07	263.87	225.00
<b>Valuation</b>	Step	98.89	73.16	33.73	48.00
240.66	Quartile 3	275.83	237.23	297.60	273.00
<i>Premium to Current Price</i>	Valuation	279.18	279.18	279.18	279.18
8.55%	Current Price	221.70	221.70	221.70	221.70
<i>Implied P/E</i>	Implied Price	275.83		279.55	
18.0x	Weightings	10%	0%	90%	0%



# Beta Calculation



## SUMMARY OUTPUT

### Regression Statistics

Multiple R	0.793192885
R Square	0.629154952
Adjusted R Square	0.628859458
Standard Error	0.012162334
Observations	1257

### ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.314950786	0.314950786	2129.16276	1.322E-272
Residual	1255	0.185642565	0.000147922		
Total	1256	0.500593351			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0.0006551	0.0003434	1.9075349	0.0566794	-0.0000187	0.0013288	-0.0000187	0.0013288
X Variable 1	1.1847090	0.0256748	46.1428517	0.0000000	1.1343387	1.2350793	1.1343387	1.2350793

$$y = 1.1847x + 0.0007$$

$$R^2 = 0.6292$$

Scatter Plot



# Defining invested capital from an operating perspective yields greater insight into the value creation process



## Return on Invested Capital

1.0 Invested Capital (Operating approach)								
		FY23A	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E
Excess Cash % of Revenue	2%							
Net working capital		(47,490.0)	(52,160.4)	(61,396.0)	(70,256.9)	(74,575.7)	(76,659.7)	(79,771.7)
Excess cash		7,665.7	8,310.8	9,863.5	11,456.0	12,949.4	14,016.6	14,856.2
Property and Equipment, Net		43,715.0	56,784.4	72,838.1	92,113.6	114,614.2	139,740.0	167,188.0
Operating lease right-of-use assets		-	-	-	-	-	-	-
Goodwill		-	-	-	-	-	-	-
Intangible assets, net		-	-	-	-	-	-	-
Other long-term assets		64,758.0	74,532.0	85,781.3	98,728.4	113,629.6	130,779.9	150,518.7
Capitalised intangibles, Net		54,847.0	58,577.3	69,521.1	80,745.0	91,271.5	98,792.9	104,711.2
<b>Invested Capital</b>		123,495.7	146,044.1	176,608.0	212,786.0	257,889.0	306,669.7	357,502.5
<b>NOPAT</b>		97,560.0	95,682.5	114,602.7	136,319.3	163,532.5	188,388.1	205,902.5
<b>ROIC</b>		<b>79.0%</b>	<b>65.5%</b>	<b>64.9%</b>	<b>64.1%</b>	<b>63.4%</b>	<b>61.4%</b>	<b>57.6%</b>
2.0 Invested Capital (Financing approach)								
Short-term debt		15,807.00	16,607.00	17,407.00	18,207.00	19,007.00	19,807.00	20,607.00
Long-term debt		95,281.00	103,281.00	111,281.00	119,281.00	127,281.00	135,281.00	143,281.00
Other long-term liabilities		49,848.00	51,348.00	52,848.00	54,348.00	55,848.00	57,348.00	58,848.00
Shareholders' Equity		73,812.00	73,812.00	73,812.00	73,812.00	73,812.00	73,812.00	73,812.00
<b>Invested Capital</b>		234,748.00	245,048.00	255,348.00	265,648.00	275,948.00	286,248.00	296,548.00
<b>NOPAT</b>		97,560.00	95,682.49	114,602.69	136,319.34	163,532.48	188,388.14	205,902.46
<b>ROIC</b>		<b>41.6%</b>	<b>39.0%</b>	<b>44.9%</b>	<b>51.3%</b>	<b>59.3%</b>	<b>65.8%</b>	<b>69.4%</b>

(1): Select FY19A-FY22A line items excluded for simplicity

# Debt Structure



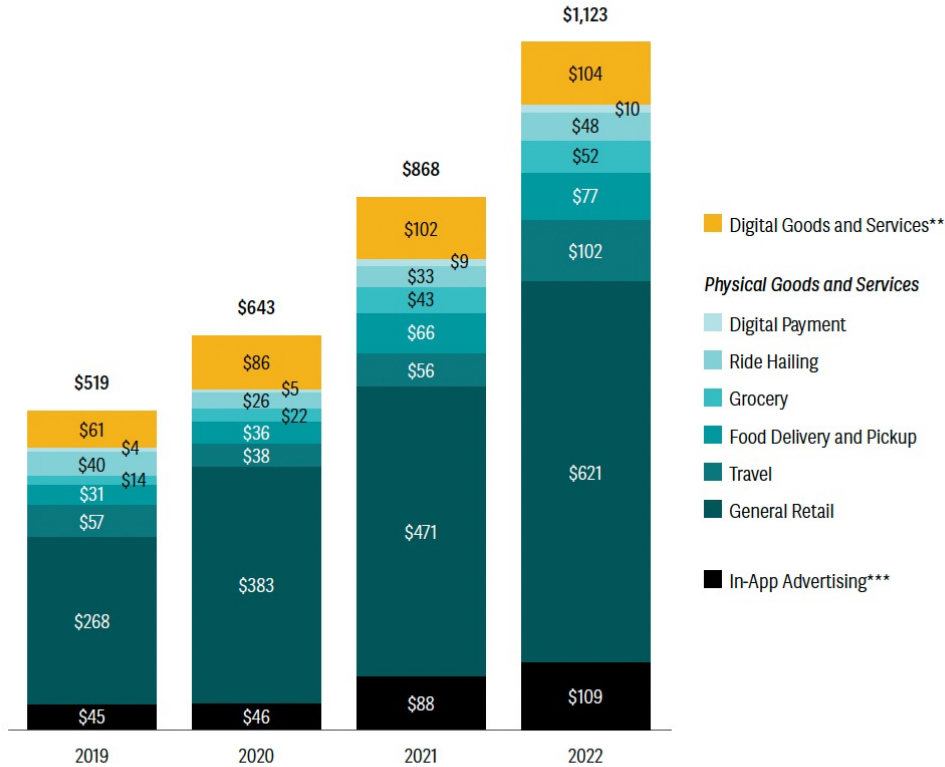
Description	Type	Principal (US\$)	Coupon Rate	Floating Rate	Maturity	Seniority	Secured	Convertible
0.000% 2025 Notes	Bonds and Notes	1,058.4	0.000%	NA	Nov-15-2025	Senior	No	No
0.500% Notes Due 2031	Bonds and Notes	1,058.4	0.500%	NA	Nov-15-2031	Senior	No	No
0.875% 2025 Notes	Bonds and Notes	1,323.0	0.875%	NA	May-24-2025	Senior	No	No
1.375% 2029 Notes	Bonds and Notes	1,323.0	1.375%	NA	May-24-2029	Senior	No	No
1.375% Notes Due January 17, 2024	Bonds and Notes	1,058.4	1.375%	NA	Jan-17-2024	Senior	No	No
1.625% Notes Due 2026	Bonds and Notes	1,481.8	1.625%	NA	Nov-10-2026	Senior	No	No
2.000% Notes Due 2027	Bonds and Notes	1,058.4	2.000%	NA	Sep-17-2027	Senior	No	No
3.050% 2029 Notes	Bonds and Notes	915.2	3.050%	NA	Jul-31-2029	Senior	No	No
3.600% Notes Due 2042	Bonds and Notes	610.2	3.600%	NA	Jul-31-2042	Senior	No	No
Commercial Paper	Commercial Paper	5,985.0	5.280%	NA	Jun-29-2025	Senior	No	No
Finance Leases	Capital Lease	1,024.0	NA	NA	-	Senior	Yes	No
Fixed Rate 4.000% - 4.850% Notes	Bonds and Notes	5,250.0	4.000% - 4.850%	NA	2026 - 2053	Senior	No	No
Fixed-Rate 3.250% - 4.100% Notes *	Bonds and Notes	5,500.0	3.250% - 4.100%	NA	2029 - 2062	Senior	No	No
Fixed-Rate Notes *	Bonds and Notes	83,214.3	NA	NA	-	Senior	No	No
Fixed-Rate Notes *	Bonds and Notes	6,500.0	1.430% - 2.860%	NA	2028 - 2061	Senior	No	No
Fixed-Rate Notes *	Bonds and Notes	14,000.0	0.750% - 2.810%	NA	2026 - 2061	Senior	No	No
Operating Leases	Capital Lease	11,818.0	NA	NA	-	Senior	Yes	No

# App Store developers generated \$1.1 trillion in total billings and sales in the App Store ecosystem in 2022



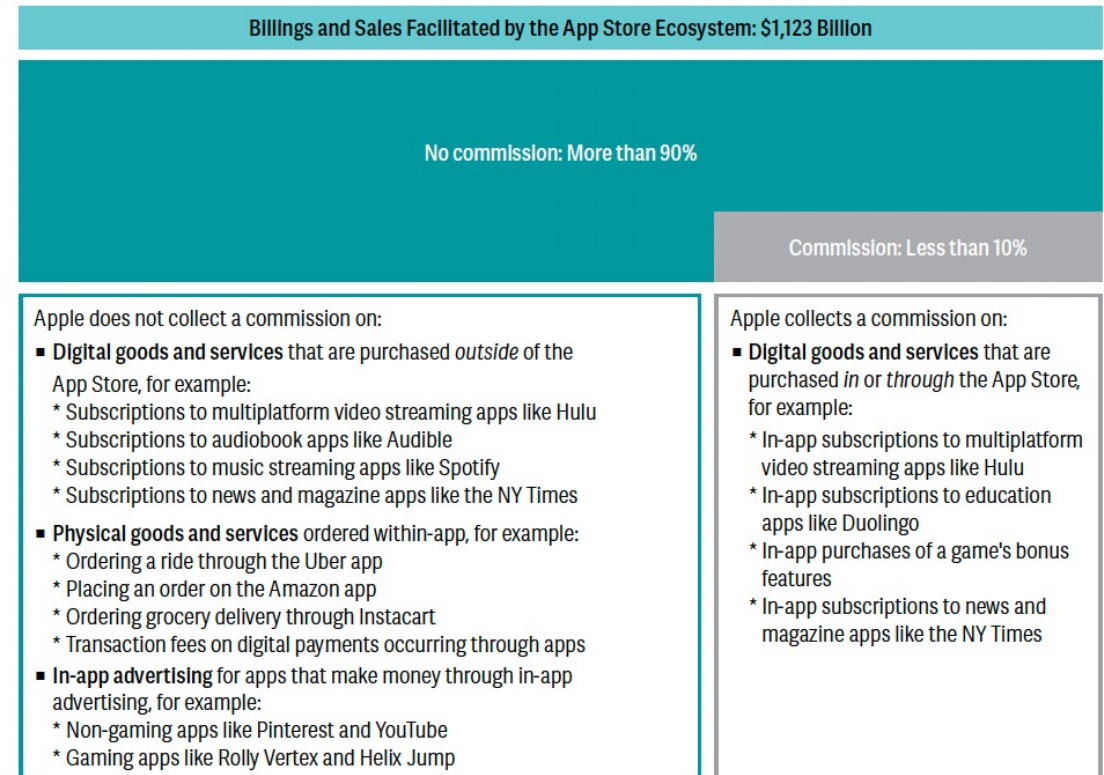
## App Store Billings

**Figure 1: Estimated Billings and Sales Facilitated by the App Store Ecosystem by App Category, 2019-2022 (\$ Billion)\***



\* Totals may not sum due to rounding.  
 \*\* Billings and sales from digital goods and services are not the same as App Store billings.  
 \*\*\* iOS in-app ad revenue; does not include mobile web, search ads, and Apple Search ads.

**Appendix Table 1: Breakdown of Where Apple Collects a Commission on Billings and Sales Facilitated by the App Store**





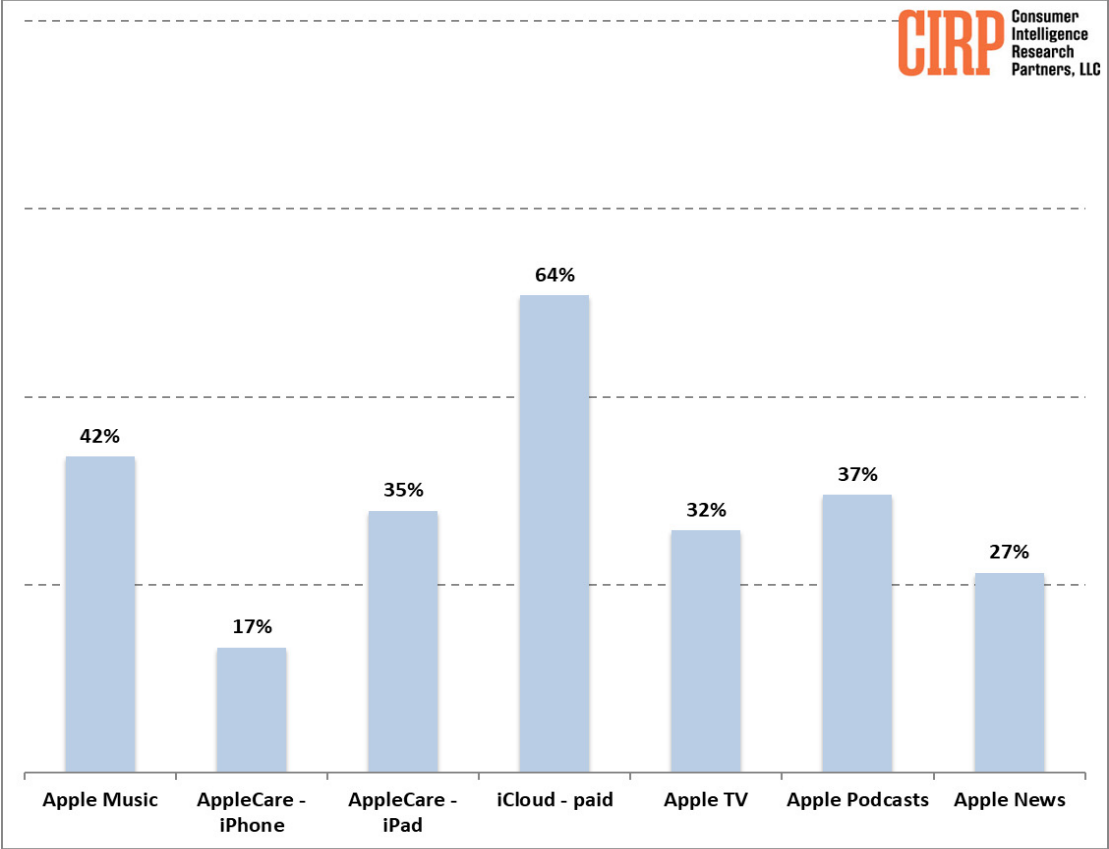
# According to CIRP, paid iCloud store continues to capture the greatest share of Apple customers



## Apple Subscription Services Penetration Rate

Penetration Rate of Various Services into the Apple customer base

As of August 2024



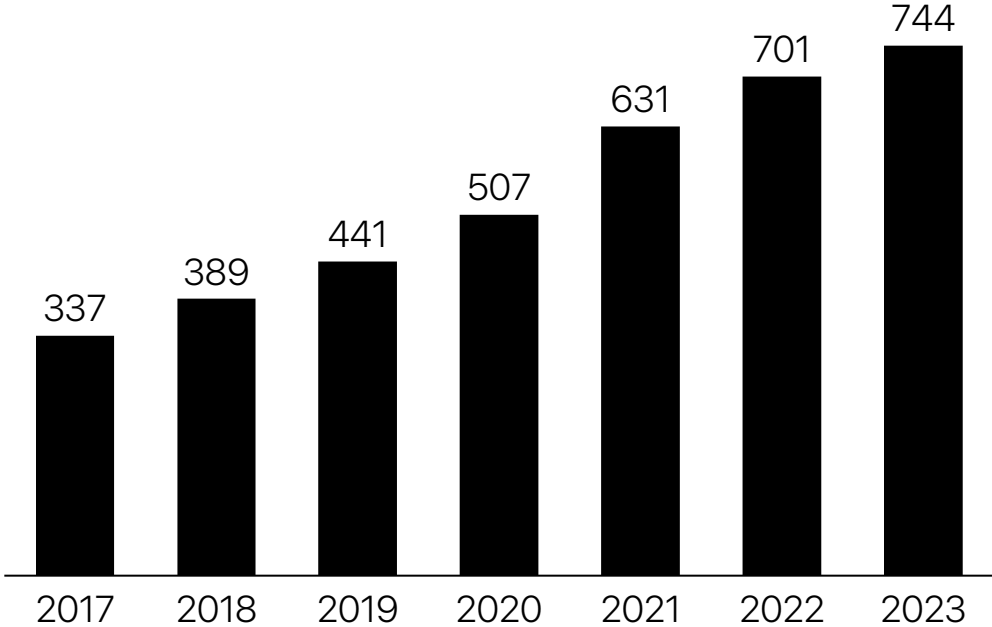
Apple iCloud is the most convenient way to back up your data on Apple devices.

Paid iCloud offers 3 tiers of subscriptions:

- 50GB at \$0.99/month
- 200GB at \$2.99/month
- 2TB at \$9.99/month



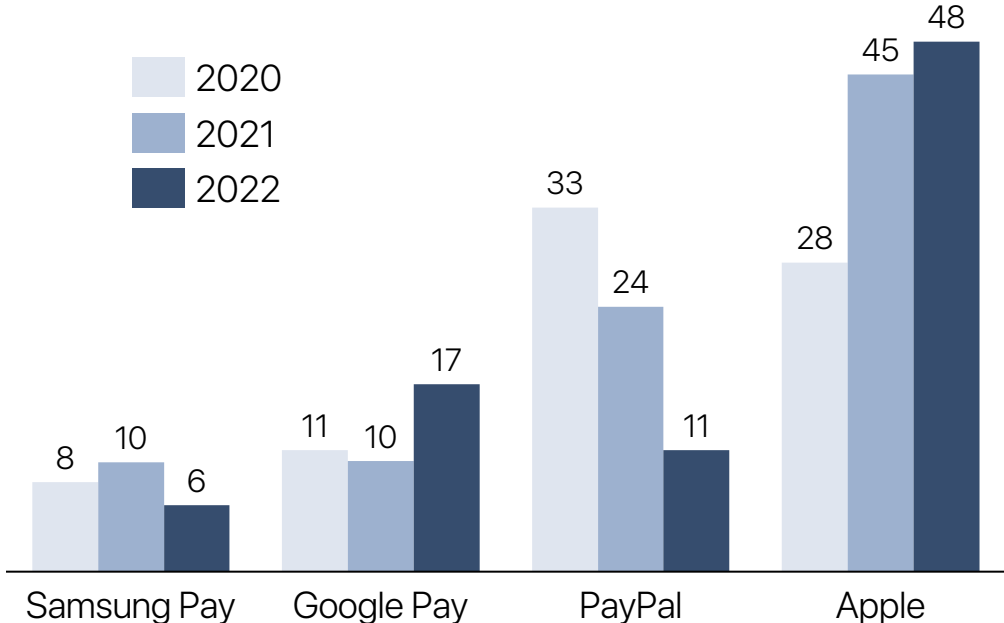
Apple Pay Active Users (million)



Source: Loop Ventures

Apple Pay vs Competitors User Penetration (%)

US Digital Wallet Market

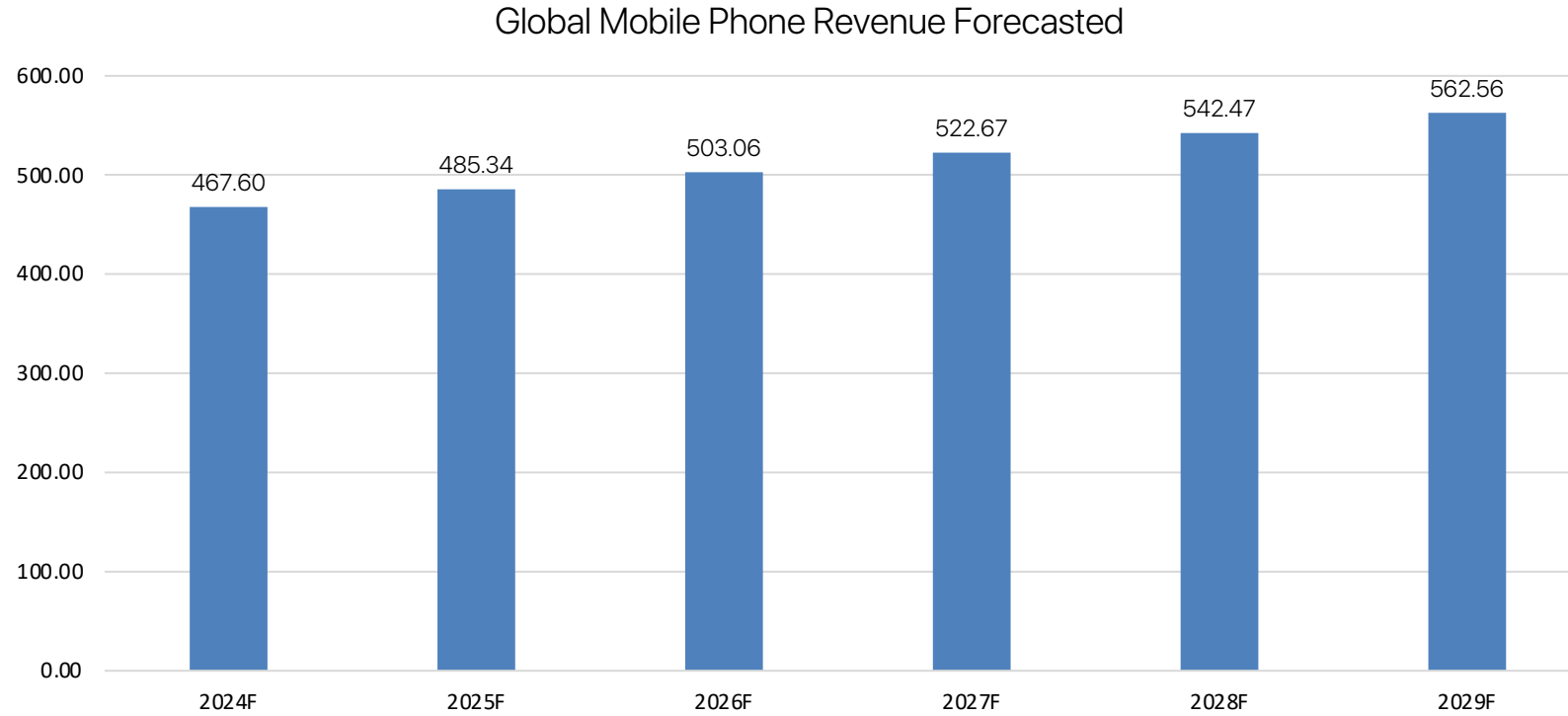


Source: PYMNTS

# The smartphone market is forecasted to reach US\$562bn in 2029



## Forecasted Smartphone Market



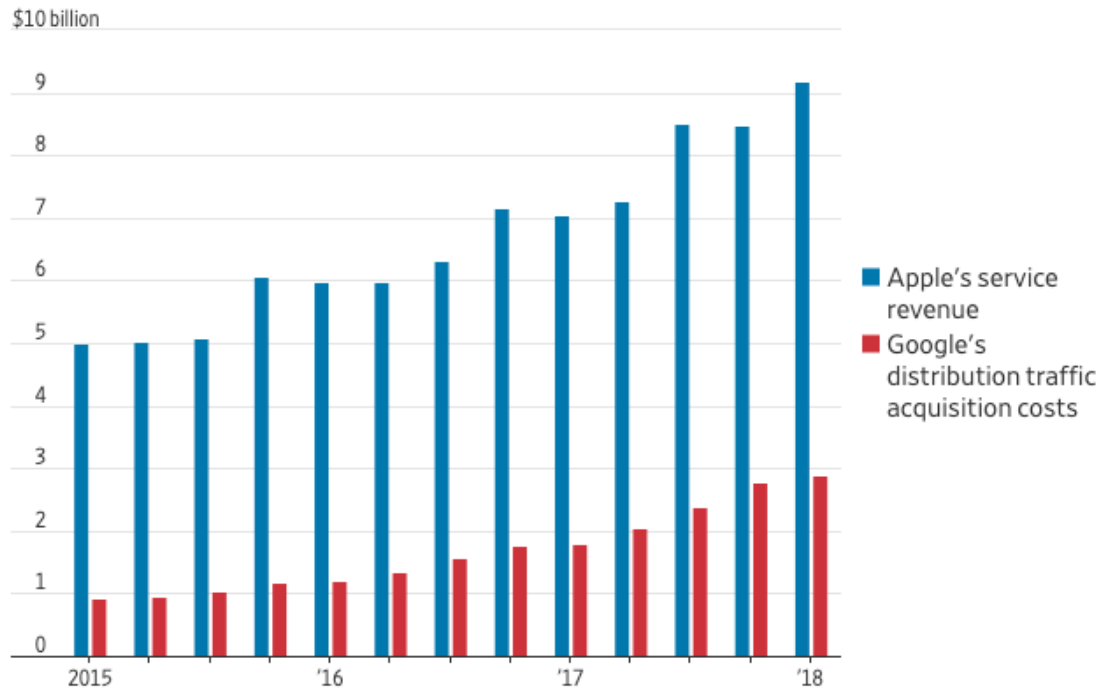


## Google Search Engine Licensing

The fees, known as **traffic acquisition costs**, are paid for the privilege of being the default search engine on Apple devices

### Tacked On

Revenue and expenditures per calendar quarter\*



Note: \*Apple's fiscal year ends September

Source: company data

Source: WSJ

### TECH

## Alphabet pays Apple 36% of Safari search revenue, Sundar Pichai confirms

PUBLISHED TUE, NOV 14 2023 2:31 PM EST | UPDATED TUE, NOV 14 2023 5:53 PM EST



Jennifer Elias  
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Rohan Goswami  
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### KEY POINTS

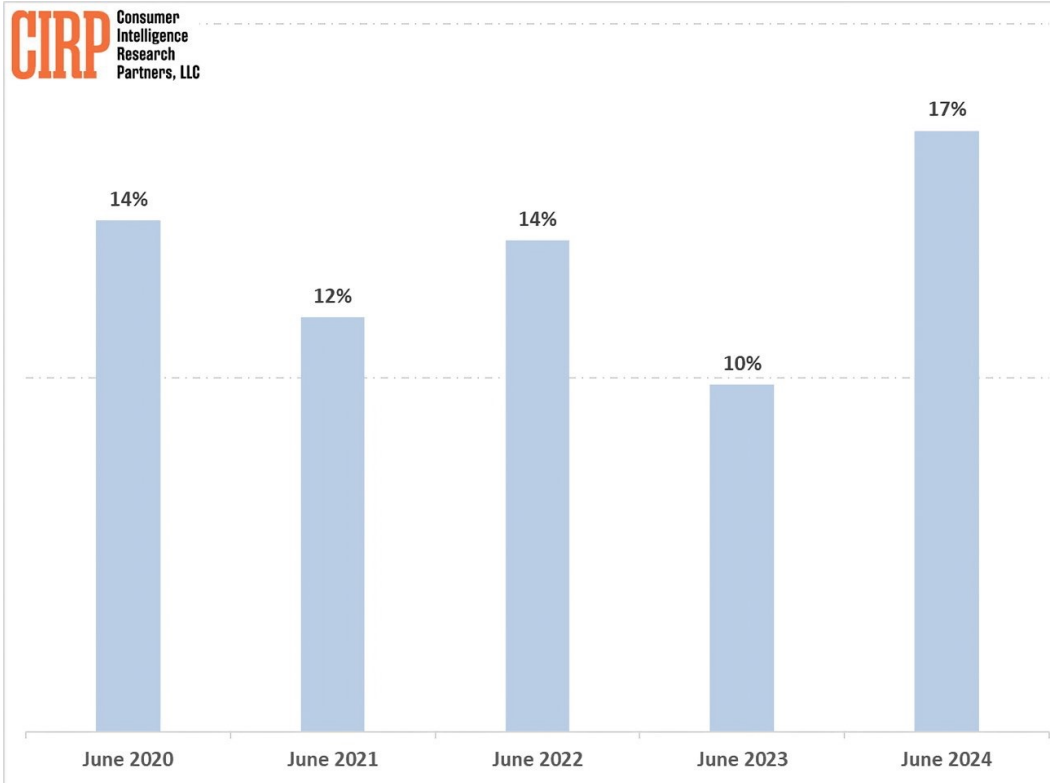
- Alphabet CEO Sundar Pichai on Tuesday confirmed that Google pays Apple 36% of Safari search revenue, under the terms of a default search agreement that is core to the Justice Department's antitrust claims.
- An expert witness testifying on Google's behalf in Washington, D.C., antitrust proceedings revealed the 36% figure in open court on Monday, apparently by accident.

Source: CNBC

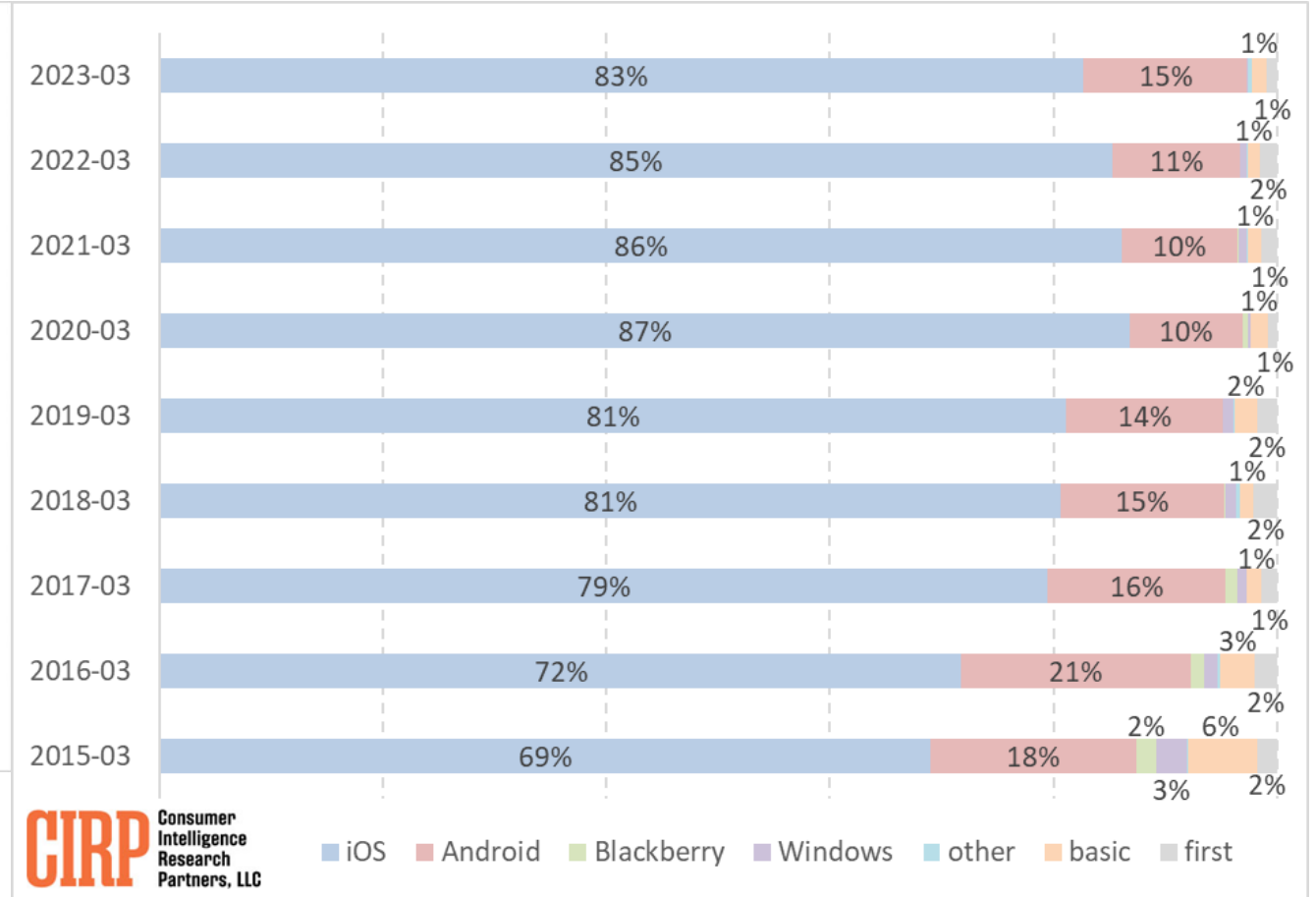
18% of iPhone users are former Android users, while only 11% of Android users made the switch from Apple.



Android Turnover to iPhone



According to a survey of 2,500 U.S. consumers, some 29 percent had switched mobile operating systems. ~11% of those switchers went from iOS to Android, while the other ~17% went from Android to iOS.

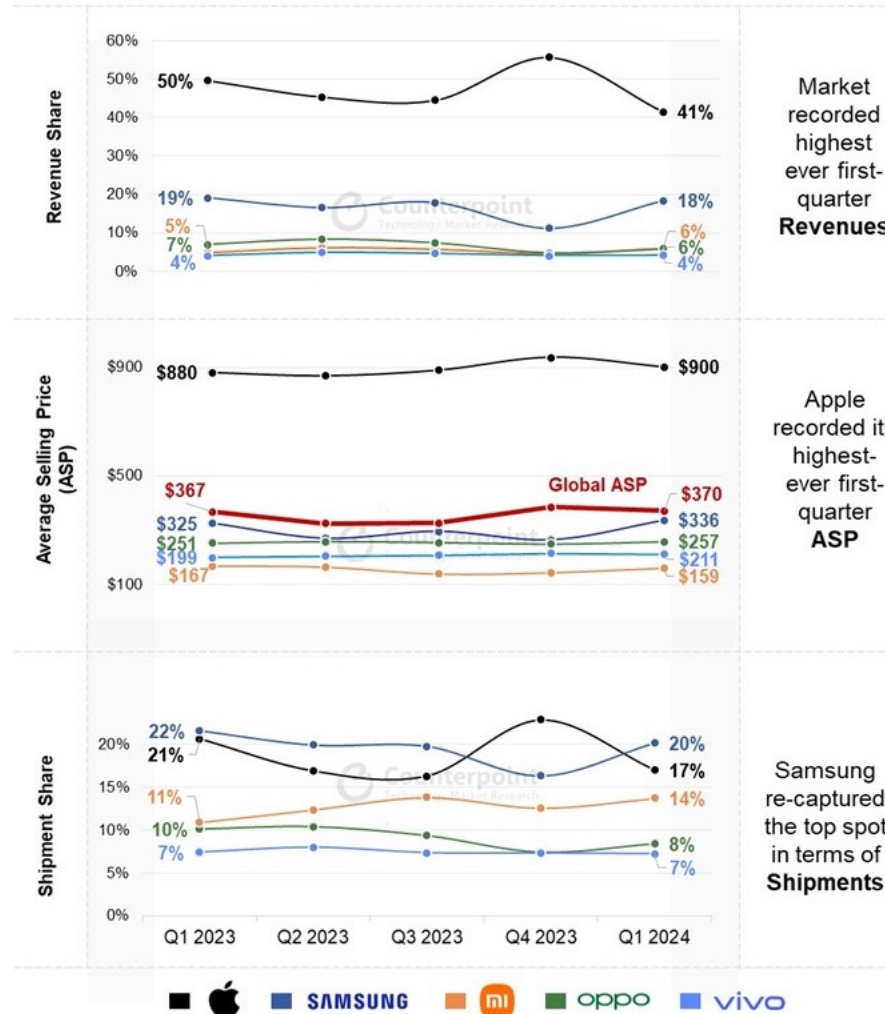


# Whilst Samsung ships more phones, Apple commands more revenue share through the highest ASP



## Apple's ASP and Revenue Share

### Global Smartphone Market Witnessed Growth; Revenues Reach Highest-Ever in a First Quarter



Market recorded highest ever first-quarter Revenues

Apple recorded its highest-ever first-quarter ASP

Apple is the clear leader in the premium smartphone market, commanding higher average selling price (ASP) compared to peers, allowing for leading margins and revenue. Hence, we do not see Samsung's higher shipment share a threat to Apple's revenue share



# Qualcomm Announces Agreement with Apple for Chip Supply

Sep 11, 2023 SAN DIEGO

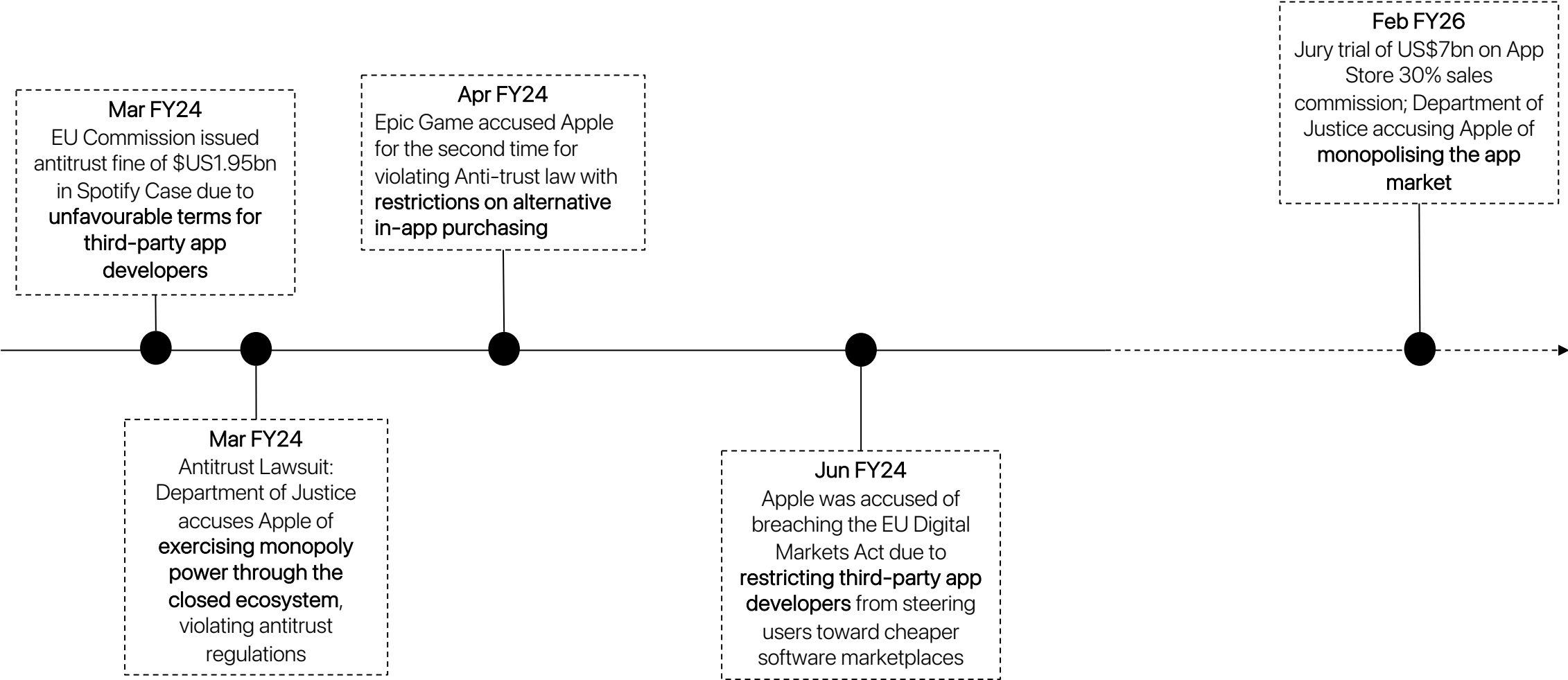
Qualcomm Technologies, Inc. today announced that it has entered into an agreement with Apple Inc. to supply Snapdragon® 5G Modem-RF Systems for smartphone launches in 2024, 2025 and 2026. This agreement reinforces Qualcomm's track record of sustained leadership across 5G technologies and products.

- Qualcomm is currently the sole supplier for 5G Modem, strengthening bargaining power of supplier, leading to possible higher COGS
- Apple planned to roll out in-house 5G chips in FY25, partnering with TSMC
- iPhone SE4 (1Q25) and iPhone 17 (1Q25) will be experimental products for Apple's in-house Chips

# Growing pressure from regulatory on potential violation of anti-competition law



## Lawsuit Timeline












### DOJ vs. Apple

On March 21, 2024, the U.S. Justice Department sued Apple for **monopolizing smartphone markets**. According to the complaint, Apple engaged in anticompetitive behavior in at least five areas:

				
Blocking <b>'Super Apps'</b>	Suppressing <b>cloud streaming services</b>	Excluding cross-platform <b>messaging apps</b>	Diminishing the functionality of non-Apple <b>smartwatches</b>	Limiting third-party <b>digital wallets</b>

Apple responded by calling the lawsuit "wrong on the facts and the law", saying that it would vigorously defend against it. **"This lawsuit threatens who we are and the principles that set Apple products apart in fiercely competitive markets."**

# Huawei announces trifold phone in attempt to claw market share from Apple



## Competition in China

Huawei's Mate XT – pricing at US\$4,220



Although Huawei has attracted attention...

- Debuted hours after the iPhone 16 launch in China
- #iPhone16ChineseVersionDoesn'tSupportAIYet" attracted 11.33 million views on Weibo
- A symbol of nationalistic pride that is likely to be rallied behind as US-China relations sour

...it will be difficult for the trifold market to grow

- High technical requirements, low yields, high prices and limited demand
- Other Chinese phone makers have begun decelerating investment in foldables, understanding the unattractiveness

iPhone will see a short-term recovery in the Chinese market due to aggressive discounts and new AI features

However, Chinese smartphone firms are likely to introduce AI advancements in the mid-price phone market, **challenging Apple's market share further**

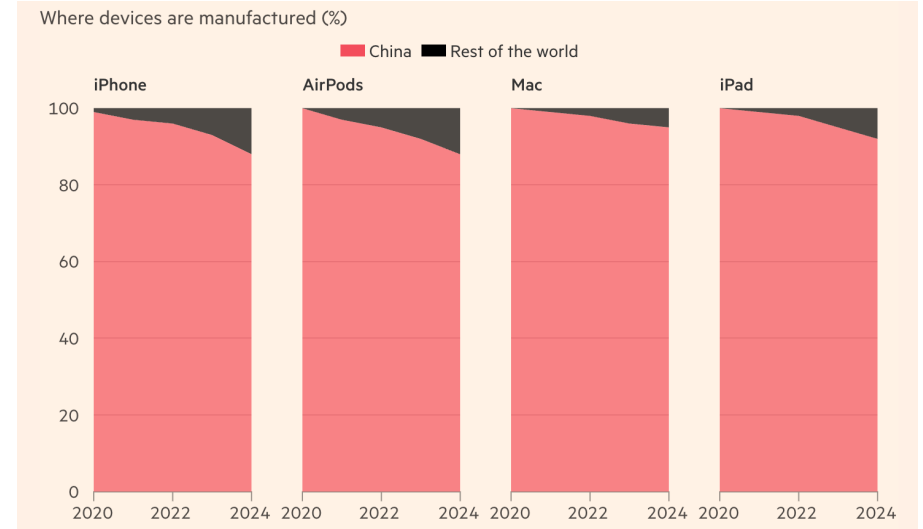
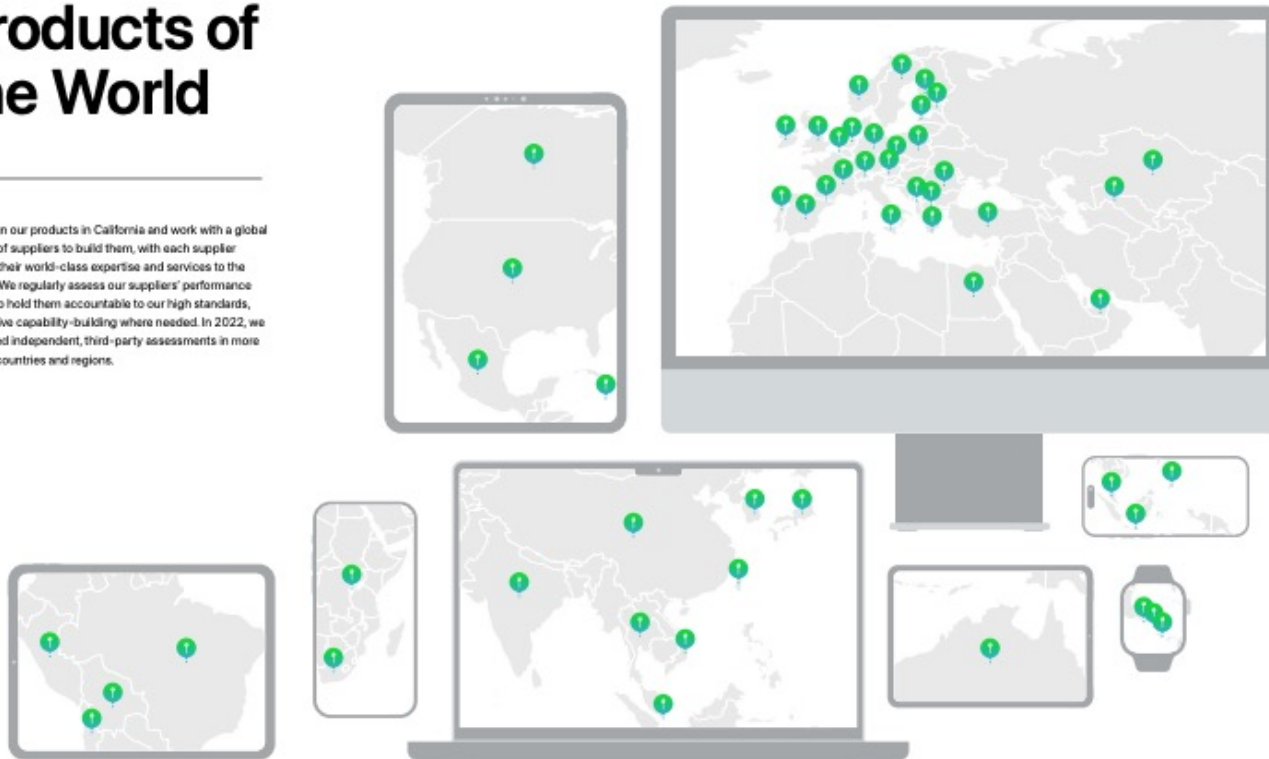


# Apple heavily rely on Chinese manufactures on supply production

## Supply Chain Distribution

### Products of the World

We design our products in California and work with a global network of suppliers to build them, with each supplier bringing their world-class expertise and services to the process. We regularly assess our suppliers' performance in order to hold them accountable to our high standards, and to drive capability-building where needed. In 2022, we conducted independent, third-party assessments in more than 50 countries and regions.



However, More than **90%** of Apple's products are manufactured in China



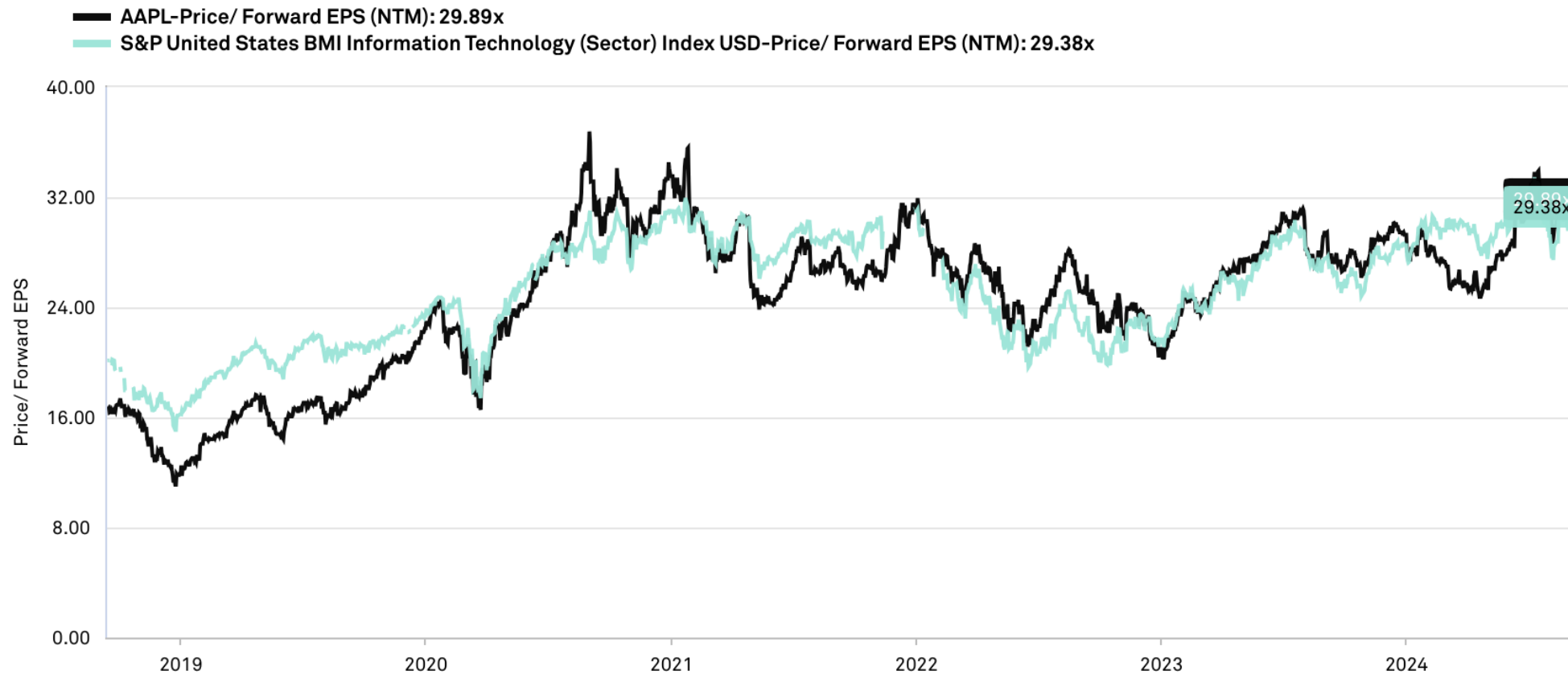
Apple's diversification of supply chain in response to US-China Tension

- 1 in 7 of iPhone is produced in India, Apple plan to triple output in FY25As of early FY23, Apple strategically expanded its manufacturing to Vietnam, covering products on MacBook & Apple Watch

# Apple P/E vs. S&P IT Sector



AAPL

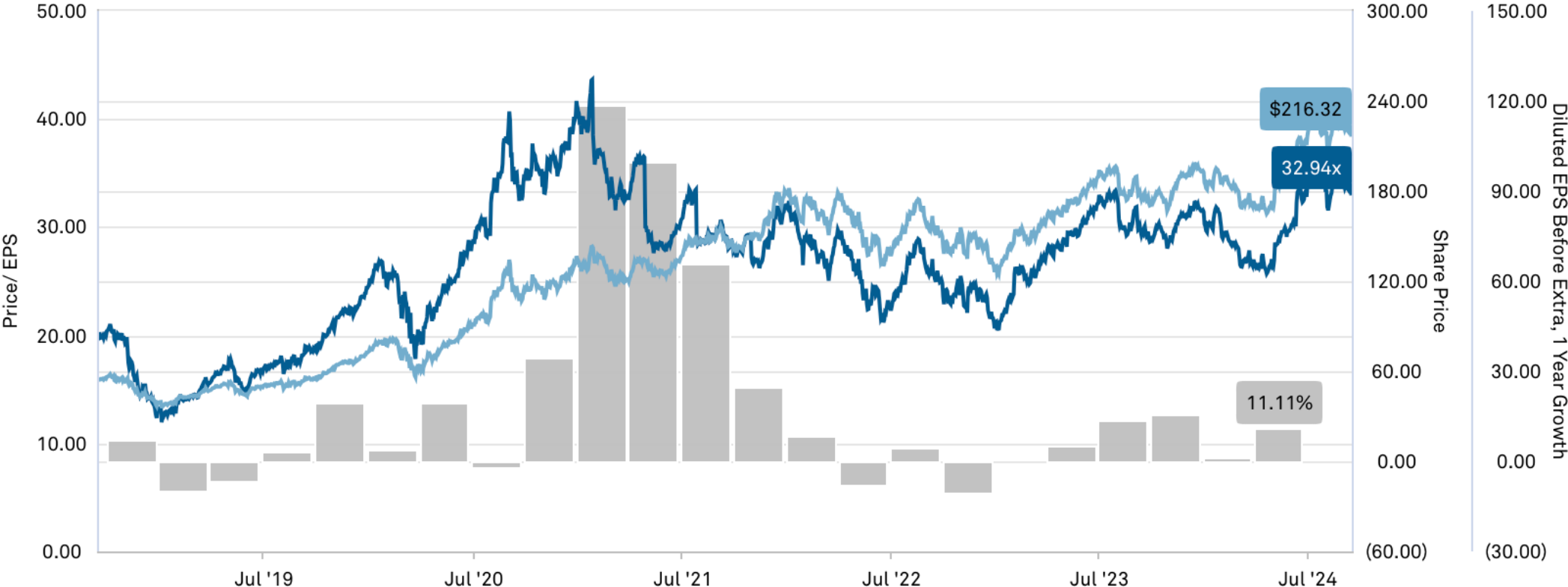


# AAPL Trading Performance



AAPL

- AAPL-Share Price (Daily): \$216.32
- AAPL-Price/ EPS (LTM): 32.94x
- AAPL-Diluted EPS Before Extra, 1 Year Growth (FQ) (FQ3 2024): 11.11%



Source: Capital IQ

# Our estimates are in line with consensus ratings



## Consensus Rating

### Apple - Analysts' Recommendations and Stock Price Forecast (2024) ?

#### Consensus Rating

**Moderate Buy**  
Based on 35 Analyst Ratings



Based on **35** Wall Street analysts who have issued ratings for Apple in the last **12 months**, the stock has a consensus rating of "**Moderate Buy**." Out of the 35 analysts, 1 has given a sell rating, 10 have given a hold rating, 23 have given a buy rating, and 1 has given a strong buy rating for AAPL.


#### Consensus Price Target

**\$239.17**  
↑ 10.56% Upside

High Forecast	\$300.00
Average Forecast	\$239.17
Low Forecast	\$180.00

According to the **35** analysts' twelve-month price targets for Apple, the average price target is **\$239.17**. The highest price target for AAPL is **\$300.00**, while the lowest price target for AAPL is **\$180.00**. The average price target represents a forecasted *upside* of 10.56% from the current price of **\$216.32**.

	Current Forecast 9/17/23 to 9/16/24	1 Month Ago 8/18/23 to 8/17/24	3 Months Ago 6/19/23 to 6/18/24	1 Year Ago 9/17/22 to 9/17/23
Consensus Rating	Moderate Buy	Moderate Buy	Moderate Buy	Moderate Buy
Strong Buy	1	1	1	0
Buy	23	24	22	26
Hold	10	9	11	9
Sell	1	1	1	0
Consensus Price Target	\$239.17	\$234.29	\$208.06	\$199.41
Forecasted Upside	↑ 10.56% Upside	↑ 13.01% Upside	↑ 11.63% Upside	↑ 12.44% Upside



### Get Apple Upgrade and Downgrade Alerts

Sign-up to receive the latest news and ratings for AAPL and its competitors with MarketBeat's FREE daily newsletter.

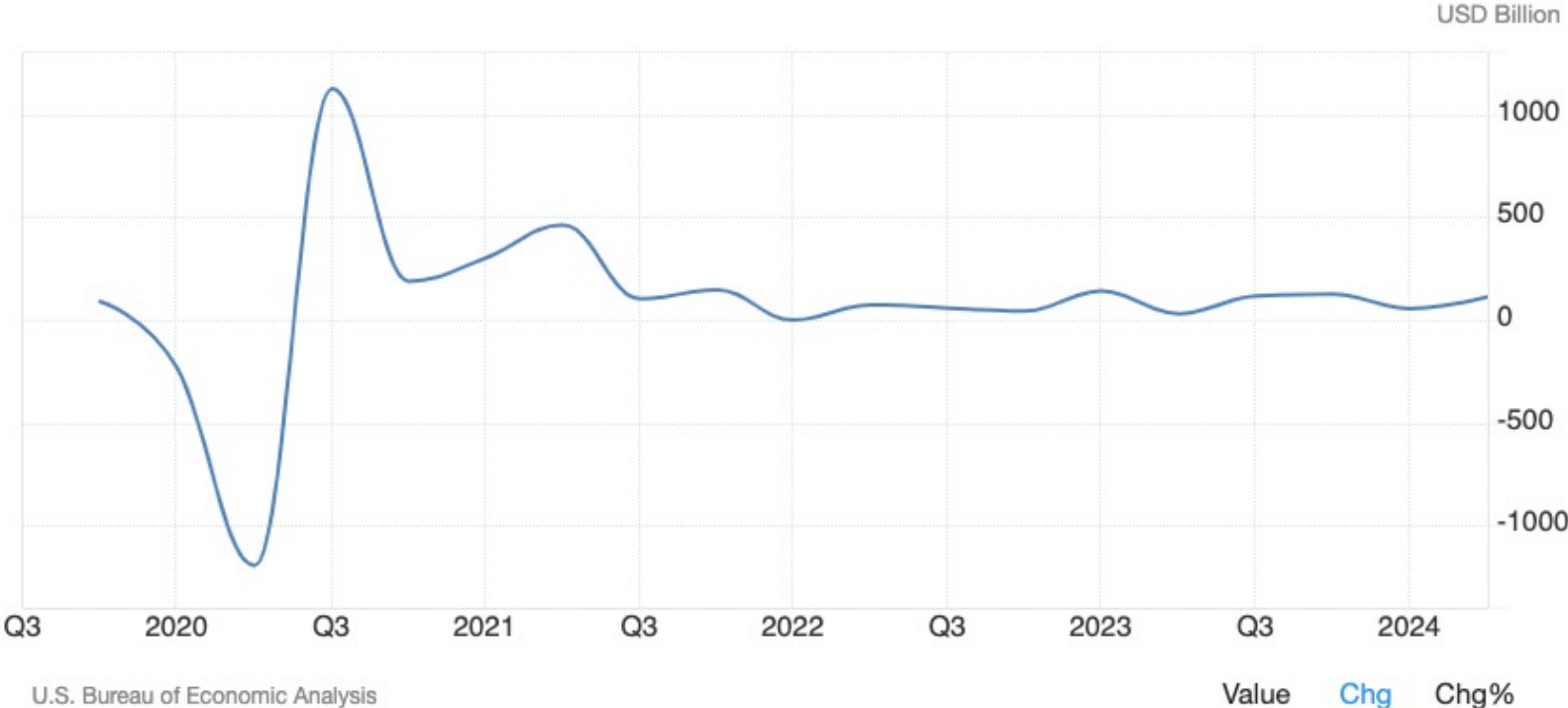
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# Although US consumer spending appears soft, it is more of a normalisation than it is a weakening



## State of the US Consumer

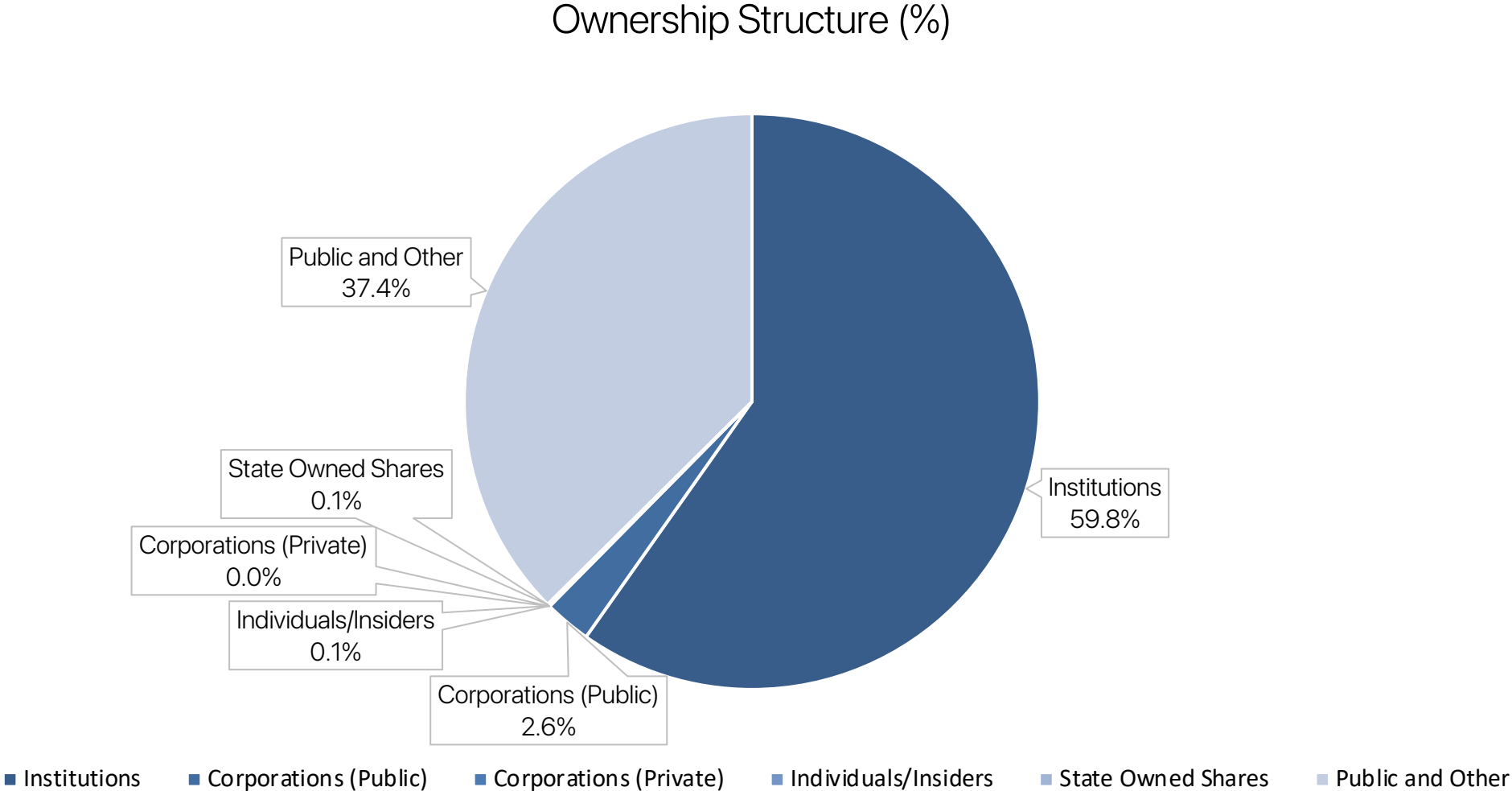


Source: U.S. Bureau of Economic Analysis





Ownership Structure



Source: Capital IQ

# Management with a combined average tenure of 21.2 years, well above Fortune 500 average of 7 years



## Management Overview



**Timothy D. Cook**  
**Chief Executive Officer**

Tim Cook has been CEO of Apple Inc. since 2011, after serving as COO from 2005 to 2011, overseeing global sales, operations, and supply chain management. He joined Apple in 1998, holding key roles in worldwide operations and sales. Before Apple, Cook held leadership positions at Compaq, Intelligent Electronics, and IBM, where he led manufacturing and distribution for North America. Cook holds an MBA from Duke University and a BS in Industrial Engineering from Auburn University, and serves on several high-profile boards, including Nike, the National Football Foundation, and the Malala Fund. 26 years at Apple.



**Jeffrey E. Williams**  
**Chief Operating Officer**

Jeff Williams is Apple's Chief Operating Officer, overseeing worldwide operations, customer service, and the design, hardware, and software teams for Apple Watch. He drives Apple's health initiatives, advancing medical technology and research. Williams played a key role in launching the iPhone and has led product operations since 2010. He joined Apple in 1998 after working at IBM and holds a bachelor's in Mechanical Engineering from North Carolina State University and an MBA from Duke University. 26 years at Apple.



**John Giannandrea**  
**Senior Vice President Machine Learning and AI Strategy**

John Giannandrea is Apple's Senior Vice President of Machine Learning and AI Strategy, overseeing AI and machine learning initiatives, including Core ML and Siri. He joined Apple in 2018 after leading Machine Intelligence, Research, and Search at Google. Prior to that, he co-founded Tellme Networks and Metaweb Technologies and worked as a senior engineer at General Magic. John holds a BSc with Honors in Computer Science from the University of Strathclyde. 6 years at Apple.



**Deirdre O'Brien**  
**Senior Vice President Retail**

Deirdre O'Brien is Apple's Senior Vice President of Retail, overseeing both retail stores and online teams, focused on delivering exceptional customer experiences worldwide. A 30-year Apple veteran, she previously led the People team and played a key role in launching Apple's first retail stores and every major product launch. Deirdre has deep experience in Apple's supply chain and retail operations. She holds a bachelor's degree in Operations Management from Michigan State University and an MBA from San Jose State University. 30 years at Apple.



**Craig Federighi**  
**Senior Vice President Software Engineering**

Craig Federighi is Apple's Senior Vice President of Software Engineering, overseeing the development of iOS and macOS. His teams deliver the software behind Apple's products, including user interfaces, applications, and frameworks. Craig rejoined Apple in 2009 to lead macOS engineering and took on iOS in 2012, overseeing all major releases of both operating systems. He holds a BS in Electrical Engineering and Computer Science and an MS in Computer Science from UC Berkeley, and previously worked at NeXT and Ariba, where he served as CTO. Combined 18 years at Apple.



**Luca Maestri**  
**Chief Financial Officer & Senior Vice President**

Luca Maestri has been CFO and SVP of Apple Inc. since 2014, overseeing financial operations, treasury, M&A, and investor relations. He is also a Director at Nestlé S.A. and Apple Operations International. Prior to Apple, Maestri held CFO roles at Xerox, Nokia Networks, and General Motors, where he contributed to significant turnarounds and growth. He holds a master's degree in Management from Boston University and a BA in Economics from Luiss University. 11 years with Apple.



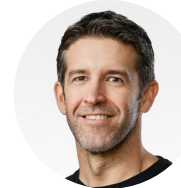
**Katherine Adams**  
**General Counsel & Senior Vice President**

Katherine Adams is Apple's General Counsel and Senior Vice President of Legal and Global Security, overseeing legal matters such as corporate governance, intellectual property, litigation, and global security. She joined Apple in 2017 after serving as SVP and General Counsel at Honeywell, where she led global legal strategy. Prior to Honeywell, Kate was a partner at Sidley Austin LLP and clerked for Supreme Court Justice Sandra Day O'Connor and Judge Stephen Breyer. She holds a bachelor's degree in Comparative Literature from Brown University and a law degree from the University of Chicago Law School. 7 years at Apple.



**Sabih Kahn**  
**Senior Vice President Operations**

Sabih Khan is Apple's Senior Vice President of Operations, overseeing the global supply chain, product quality, and supplier responsibility programs. He plays a key role in planning, procurement, manufacturing, logistics, and supporting Apple's environmental initiatives. Since joining Apple in 1995, Sabih has been instrumental in launching its innovative products. Prior to Apple, he worked at GE Plastics, and he holds bachelor's degrees in Economics and Mechanical Engineering from Tufts University and a master's in Mechanical Engineering from Rensselaer Polytechnic Institute. 29 years at Apple.



**John Ternus**  
**Senior Vice President Hardware Engineering**

John Ternus is Apple's Senior Vice President of Hardware Engineering, overseeing teams responsible for iPhone, iPad, Mac, AirPods, and more. Since joining Apple's Product Design team in 2001, he has played a key role in developing groundbreaking products, including every iPad generation and the transition of Mac to Apple silicon. He became VP of Hardware Engineering in 2013. John holds a bachelor's degree in Mechanical Engineering from the University of Pennsylvania and previously worked as a mechanical engineer at Virtual Research Systems. 23 years at Apple.



**Eddy Cue**  
**Senior Vice President Services**

Eddy Cue is Apple's Senior Vice President of Services, overseeing Apple Music, Apple TV+, iCloud, Apple Pay, Apple Card, and more. Since joining Apple in 1989, he has been instrumental in creating the Apple online store, iTunes Store, and App Store. He holds a bachelor's degree in Computer Science and Economics from Duke University and serves on the Board of Trustees for the Paley Center for Media and Duke University. 35 years at Apple.

# A board with a wealth of experience across multiple sectors



## Board of Directors Overview



**Arthur D. Levinson**  
**Chair of the Board**

Arthur D. Levinson, Ph.D., founder and CEO of Calico, former CEO of Genentech, and current chairman of Apple's board, has a distinguished career in biotechnology leadership, extensive board experience (including a past directorship at Google), and numerous accolades, including the National Medal of Technology and Innovation, alongside over 80 scientific publications and 11 U.S. patents.



**Tim Cook**  
**Chief Executive Officer**

Before being named CEO in August 2011, Tim was Apple's chief operating officer and was responsible for all the company's worldwide sales and operations, including end-to-end management of Apple's supply chain, sales activities, and service and support in all markets and countries. He also headed Apple's Macintosh division and played a key role in the continued development of strategic reseller and supplier relationships, ensuring flexibility in response to an increasingly demanding marketplace.



**Andrea Jung**  
**Non-Executive Director**

Andrea Jung is President and Chief Executive Officer of Grameen America, the fastest-growing microfinance organisation in the United States. The former Chairman and Chief Executive Officer of Avon Products, Inc., and longtime champion of women's issues, Ms. Jung was appointed by Grameen's Founder and Chairman and Nobel Peace Prize Laureate Muhammad Yunus to the position in April 2014. Founded in 2008, Grameen America is dedicated to helping women who live in poverty build small businesses to create better lives for their families.



**Monica Lozano**  
**Non-Executive Director**

Lozano brings with her a broad range of leadership experience in the public and private sectors, as well as a long and storied track record as a champion for equity, opportunity, and representation. Prior to joining College Futures Foundation, Lozano spent 30 years in media as editor and publisher of La Opinión, the largest Spanish-language newspaper in the US, helping shine a light on issues from infant mortality to the AIDS epidemic. She went on to become chairman and CEO of La Opinión's parent company, ImpreMedia.



**Wanda Austin**  
**Non-Executive Director**

Dr. Austin brings decades of science and technology experience to her role, and she has a significant track record of advancing innovation and shaping corporate strategy. As president and CEO of The Aerospace Corporation, Dr. Austin led an organization dedicated to supporting the U.S. space program and expanding opportunities for future exploration. She was the first woman and the first African American to hold the position. She serves on the board of Amgen, and also serves on the board of Chevron, where she is the lead independent director.



**Susan L. Wagner**  
**Non-Executive Director**

Wagner co-founded BlackRock in 1988 and helped it become one of the world's most successful asset-management companies, holding a range of leadership positions including vice chairman until mid-2012. She continues to serve on the boards of BlackRock and DSP BlackRock (India), as well as Swiss Re, Wellesley College and Hackley School. Wagner graduated with honours from Wellesley College with a BA in English and Economics, and earned an MBA in Finance from the University of Chicago. She has been recognised as one of Fortune Magazine's 50 Most Powerful Women in Business and honoured by the National Council for Research on Women.



**Alex Gorsky**  
**Non-Executive Director**

Gorsky brings decades of experience in corporate leadership and health technologies, and a long track record of leading innovative and diverse teams around the world. During Gorsky's tenure as CEO and chairman, Johnson & Johnson has become the world's largest healthcare company and one of the foremost innovators in research and development for emerging health technologies.



**Ronald D. Sugar**  
**Non-Executive Director**

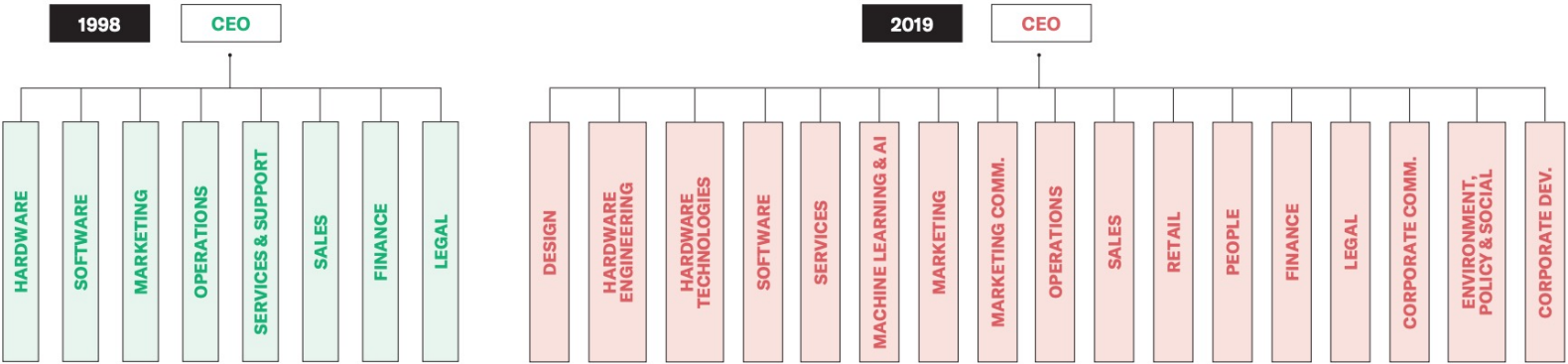
Ronald D. Sugar is the retired Chairman of the Board and Chief Executive Officer of Northrop Grumman Corporation, a global aerospace and defence company, having held these posts from 2003 through 2009. Before Northrop, he held executive positions at Litton Industries and TRW Inc., where he served as chief financial officer.



## Organisational Structure

### Apple's Functional Organization

In 1997, when Steve Jobs returned to Apple, it had a conventional structure for its size and scope. It was divided into business units, each with its own P&L responsibilities. After retaking the helm, Jobs put the entire company under one P&L and combined the disparate departments of the business units into one functional organization that aligns expertise with decision rights—a structure Apple retains to this day.



In a functional organisation, individual and team reputations act as a control mechanism in placing bets. A case in point is the decision to introduce the dual-lens camera with portrait mode in the iPhone 7 Plus in 2016. It was a big wager that the camera's impact on users would be sufficiently great to justify its significant cost.



## Overall Rating

### ESG Risk Rating

COMPREHENSIVE ?

**16.8** Low Risk

Technology Hardware

280 out of 667



## Social

**100%**

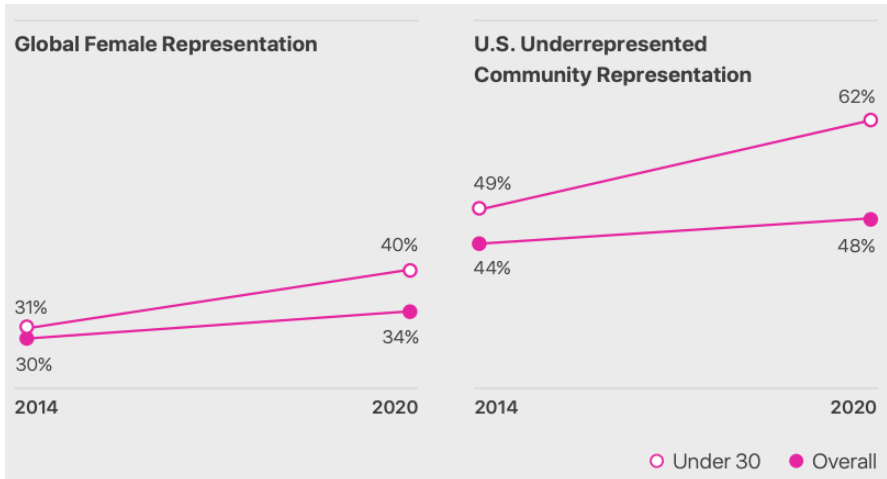
At Apple, women and men earn the same when engaging in similar work with comparable experience and performance.

**64%**

increase in U.S. employees from underrepresented communities since 2014.

**70%**

increase in global population of women at Apple since 2014.



Source: Apple, Sustainalytics

## Environmental

Environmentally friendly supply chain

### More than 320 suppliers committed to renewable electricity

As of March 2024, more than 320 suppliers have committed to sourcing renewable electricity for Apple production, representing 95 percent of our direct supplier spend. We've accelerated progress with a mandate in our Supplier Code of Conduct for all direct suppliers to transition to renewable energy in the manufacturing of Apple products.

Environmentally friendly supply chain

### Increased our use of recycled materials

We're making steady progress on our journey toward using only recycled and renewable materials in our products. In 2023, 22 percent of the materials we shipped in Apple products came from recycled sources.<sup>4</sup> This includes, 99 percent of tungsten, 71 percent of aluminum, 52 percent of cobalt, 25 percent of gold, and 24 percent of lithium in our products.<sup>5</sup>

## Governance

**50%** **50%**

of leadership positions on our Board are held by women. of our directors are from underrepresented communities.

### Selected areas of Board and committee oversight in 2020

	Audit and Finance Committee	Compensation Committee	Nominating and Corporate Governance Committee	Full Board of Directors
Corporate and Product Strategy				●
Enterprise Risk Management	●			●
Legal and Regulatory Compliance	●			●
Tax	●			●
Privacy and Data Security	●			●
Environment	●			●
COVID-19 Response	●	●		●
People		●		●
Inclusion and Diversity			●	●
Governance and Stakeholder Engagement			●	●
Board and Executive Succession			●	●

# iOS vs Android System Comparison



## Apple vs Samsung



	Apple	Samsung
Pre-Installed App	Yes	Yes
Tailored Operating System	Yes	No
Full Control over System	Yes	No
System Upgrade Frequency	Higher	Lower
Ecosystem	Closed Operating System	Open Source, Decentralised
Customization	No	Yes



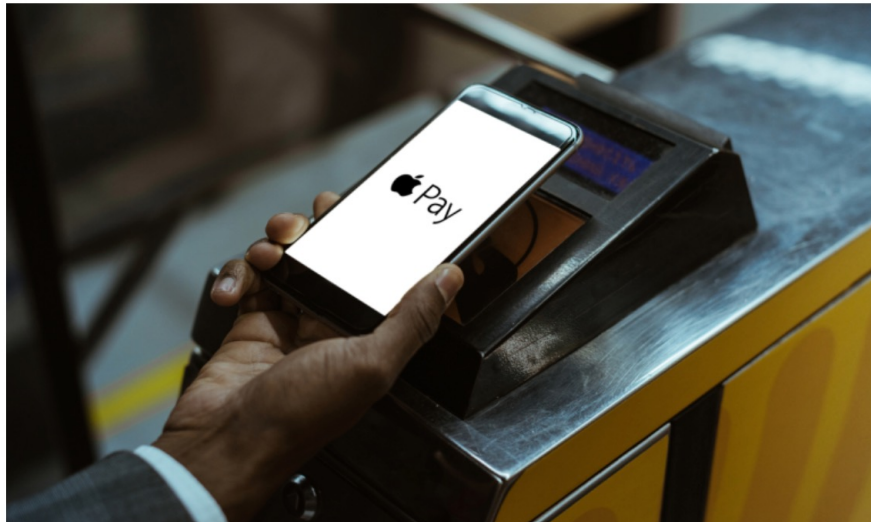
## Keeping iPhones for longer

People are holding on to their iPhones longer as compelling new features have dwindled. The time between replacing an iPhone has expanded to nearly five years, up from three years in 2018, according to TD Securities.

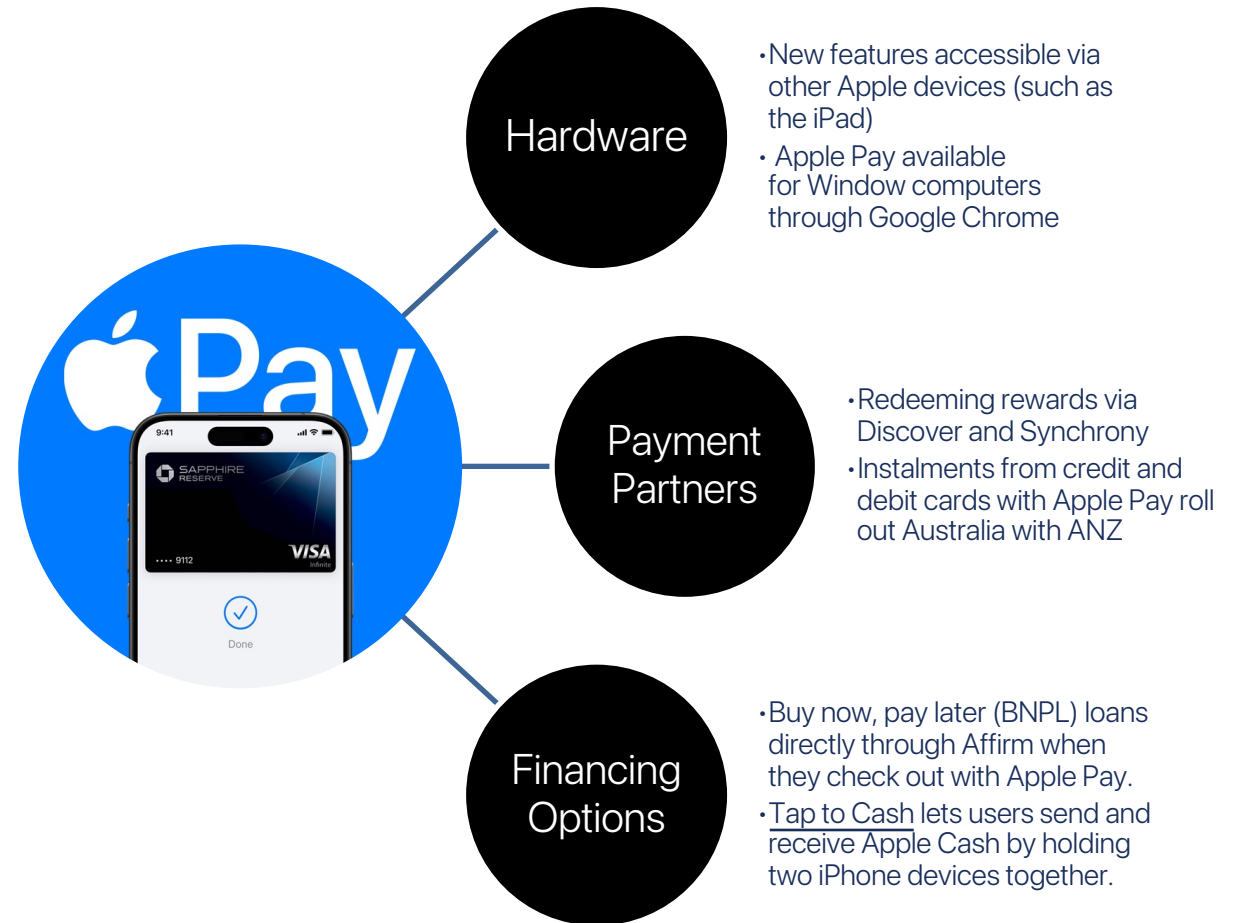


## Apple Pay Expands Services Ecosystem 'Off' iPhone Onto Chrome and Into Installments

BY PYMNTS | JUNE 11, 2024



Source: PYMNTS

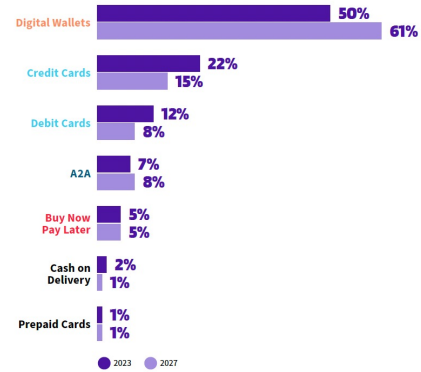




Global Payments Report

**GLOBAL E-COM PAYMENT METHODS**

Transaction value % 2023-2027



**Digital wallets** retain global supremacy in e-commerce, reaching 50% of global transaction value in 2023. Wallets are the fastest growing e-commerce payment method with a projected 15% CAGR through 2027.

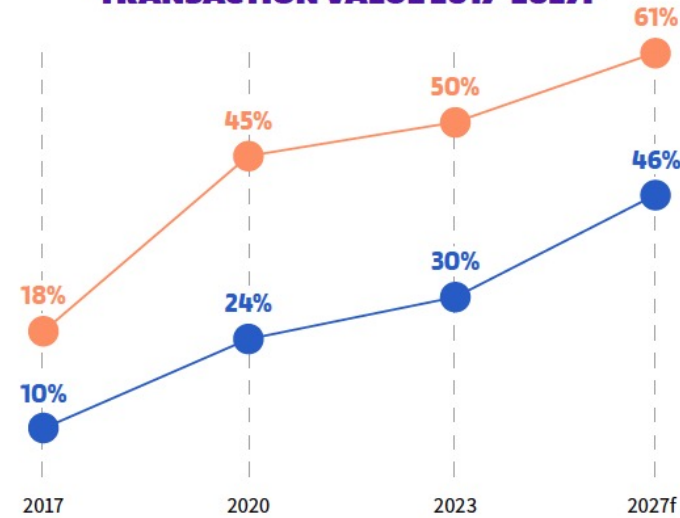
**Credit and debit cards** share of e-commerce transaction value as a direct payment method are projected to decline slightly through the forecast period to 2027. However, much of this "decline" is card spend shifting to use within digital wallets.

**Account-to-account (A2A) payments** continue to flourish in select markets such as Brazil, India and Poland, compensating for slower growth in large card-dominated markets such as the UK and USA. Global A2A transaction values are forecast to rise at 14% CAGR through 2027, gaining 1% global share during that time.

**Buy Now Pay Later (BNPL)** global transaction values grew 18% in 2022-23 to reach 5% share of global e-com spend, or over \$316 billion. We project growth in the forecast period to 2027 of 9% CAGR, equal to that of global e-com growth as a whole and therefore retaining 5% global share through 2027.

**Cryptocurrencies** (0.2%, ~\$11 billion), **post-pay** (0.3%, ~\$20 billion) and **pre-pay** (0.3%, ~\$17.5 billion) each registered less than 0.5% of global e-commerce transaction value in 2023.

**DIGITAL WALLETS SHARE OF GLOBAL TRANSACTION VALUE 2017-2027F**



**KEY GLOBAL DIGITAL WALLET STATS**

2023 Transaction Value

E-com: **\$3.1 trillion**  
 POS: **\$10.8 trillion**  
 Total: **\$14 trillion**

2023-2027 Growth Forecast

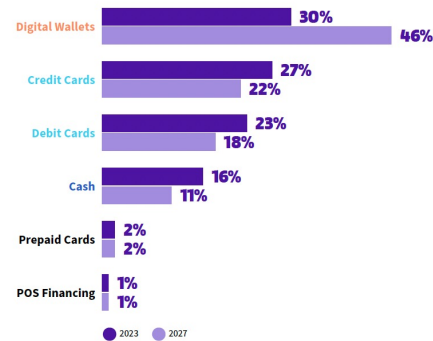
E-com: **15% CAGR**  
 POS: **16% CAGR**

2027 Transaction Value Forecast

E-com: **\$5.4 trillion**  
 POS: **\$19.6 trillion**  
 Total: **\$25 trillion**

**GLOBAL POS PAYMENT METHODS**

Transaction value % 2023-2027



**Digital wallets** extended their lead in global POS payments in 2023. Wallets accounted for approximately 30% of global POS transaction value, or more than \$10.8 trillion. Digital wallets are also the fastest growing POS payment method with 16% CAGR forecast to 2027, when wallets are projected to account for approximately \$19.6 trillion in POS spending.

**Credit and debit cards** continue to do the heavy lifting at the point of sale around the world, combined accounting for approximately half of all POS transaction value. In 2023, credit cards were responsible for 27% of global POS spend (over \$10 trillion), while debit cards accounted for 23% (over \$8.3 trillion).

**Cash** use continued to drop in 2023, accounting for 16% of global POS spend – approximately \$6 trillion – a transaction value decline of 8% versus 2022. Cash is forecast to fall by ~6% CAGR through 2027 when it is projected to account for 11% of global POS spending (over \$4.6 trillion).

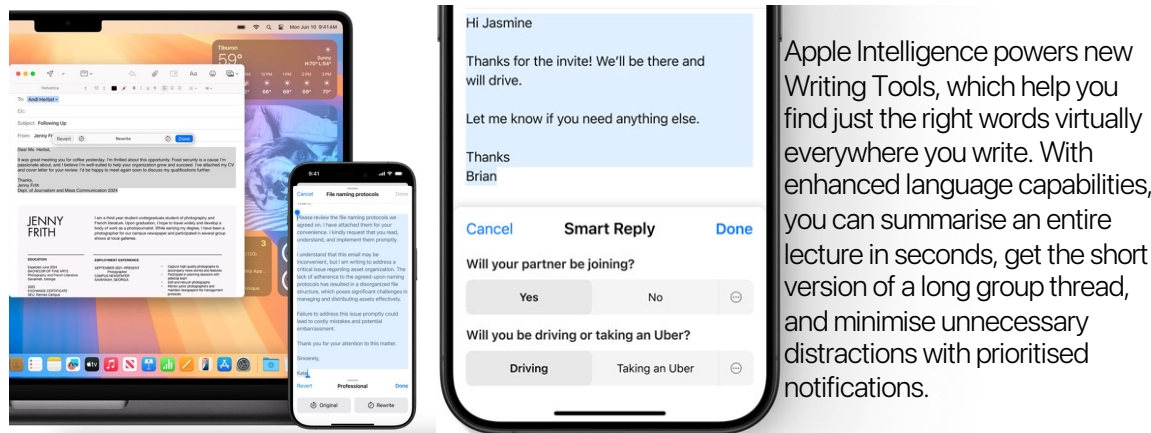
INSIGHTS



# Apple Intelligence enhances productivity with integrated AI, privacy-focused tools

## Apple Intelligence Use Cases

### Write



Apple Intelligence powers new Writing Tools, which help you find just the right words virtually everywhere you write. With enhanced language capabilities, you can summarise an entire lecture in seconds, get the short version of a long group thread, and minimise unnecessary distractions with prioritised notifications.

### Images

Apple Intelligence enables delightful new ways to express yourself visually. Create fun, original images and brand-new Genmoji that are truly personal to you. Turn a rough sketch into a related image that complements your notes with Image Wand. And make a customised memory movie based on the description you provide.



### Siri



**Siri, set an alarm for — oh wait no, set a timer for 10 minutes. Actually, make that five.**



### Privacy

Apple Intelligence is designed to protect your privacy at every step. It's integrated into the core of your iPhone, iPad and Mac through on-device processing. So it's aware of your personal information without collecting your personal information. And with groundbreaking Private Cloud Compute, Apple Intelligence can draw on larger server-based models, running on Apple silicon, to handle more complex requests for you while protecting your privacy.



