

Apple Report 2021



APPLE

COMPANY OVERVIEW

Apple Inc. designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories worldwide. It sells and delivers third-party applications for its products through the App Store, Mac App Store, and Watch App Store. The company also sells its products through its retail and online stores, and direct sales force; and third-party cellular network carriers, wholesalers, retailers, and resellers.

Apple Inc. (NASDAQ: AAPL) has given a return of about 125% in the past year. The stock closed down 8% on Thursday which was slightly higher than the broader market drop. Trading at about \$2 trillion valuation beating companies like Aramco, Microsoft, and Amazon, the company was able to reach this milestone a little over two years since the company became the first publicly traded U.S. \$1 trillion company in August 2018.

Apple stock has split five times since the company went public. The recent stock split on a 4-for-1 basis was on August 28, 2020, a 7-for-1 basis on June 9, 2014, and split on a 2-for-1 basis on February 28, 2005, June 21,

Apple reported fourth-quarter earnings on Thursday that slightly exceeded Wall Street expectations, but the company did not offer investors any guidance for the quarter ending in December.

The lack of fiscal first-quarter 2021 guidance from Apple means that investors and analysts don't get a hint at how Apple is projecting the sales performance of the iPhone 12, which went on sale in October.



FINANCIALS - Q4 2020

Cupertino, California – October 29, 2020. Apple announced financial results for its fiscal 2020 fourth quarter ended September 26, 2020. The Company posted record September quarter revenue of **\$64.7 billion** and quarterly earnings per diluted share of \$0.73. International sales accounted for 59 percent of the quarter's revenue.

\$64.7 BILLION

REVENUE

1% INCREASE

"Apple capped off a fiscal year defined by innovation in the face of adversity with a September quarter record, led by all-time records for Mac and Services," said Tim Cook, Apple's CEO.

\$26.4 BILLION

IPHONE REVENUE

20.7% DECREASE

"Despite the ongoing impacts of COVID-19, Apple is in the midst of our most prolific product introduction period ever, and the early response to all our new products, led by our first 5G-enabled iPhone lineup, has been tremendously positive.

AAPL Q4 2020 earnings by product

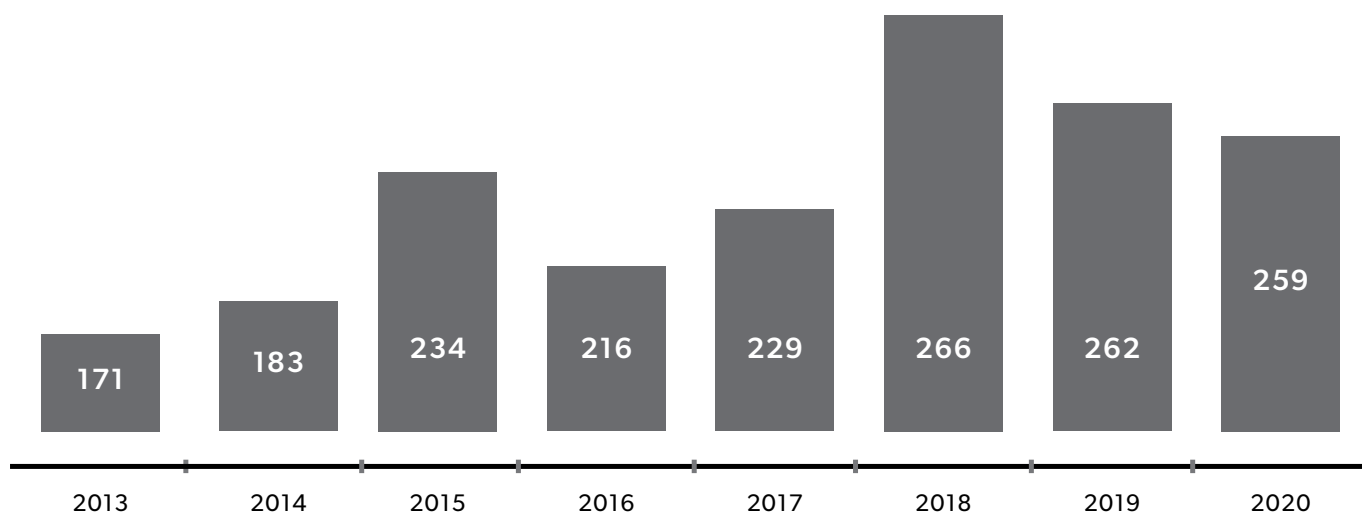
Apple does not report unit sales for any of its hardware products. Instead, it reports a breakdown of revenue by product category. Here are those numbers for fiscal Q4 2020:

- \$26.44 billion: iPhone (down from \$33.36 billion in Q4 2019)
- \$14.55 billion: Services (up from \$12.5 billion in Q4 2019)
- \$9.03 billion: Mac (up from \$6.99 billion in Q4 2019)
- \$7.88 billion: Wearables, Home, and Accessories (up from \$6.52 billion in Q4 2019)
- \$6.79 billion: iPad (up from \$4.66 billion in Q4 2019)

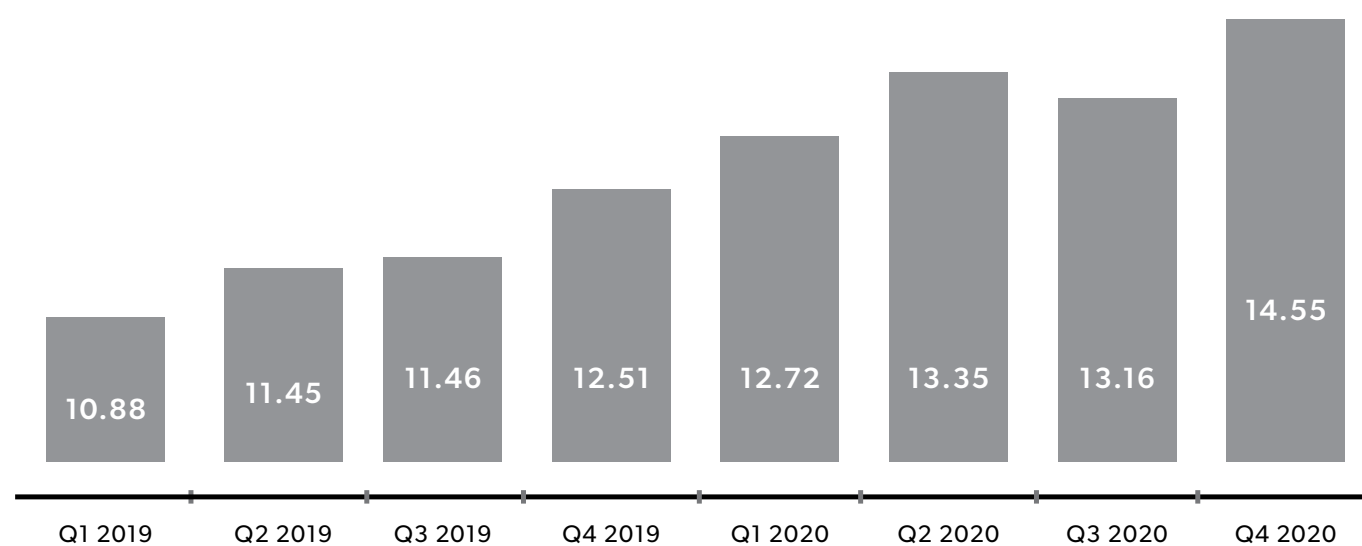
The iPhone 12 and iPhone 12 Pro were not available until October 16, well after the end of Apple's fourth fiscal quarter. Furthermore, the iPhone 12 mini and iPhone 12 Pro Max won't be available until November 6. This means the entire iPhone 12 launch season will be factored into Apple's fiscal Q1 2021 earnings release in January, alongside the normal holiday shopping season.

Due to the uncertainty caused by the global pandemic, Apple did not provide financial guidance for Q4 2020 during its last earnings call.

TOTAL REVENUE (\$BILLION) - BY FINANCIAL YEAR



REVENUE FROM SERVICES (\$BILLION) - LAST 8 QUARTERS



FIRST QUARTER 2021 RESULTS

WHAT TO EXPECT

On January 27, Apple will disclose the results of its critical first fiscal quarter for 2021, that spans the 2020 holiday season. Here's what factors impact this quarter, which is expected to be a record-breaking one.

The first financial results of the year is always Apple's biggest in terms of revenue, partly due to it covering the holiday sales period, but mostly because it also contains the first near-full quarter of sales for Apple's annual flagship iPhone refresh. As with the previous few quarters, Q1 2021 will be an unusual one for the company, as the ongoing COVID-19 pandemic may have a direct effect on sales.

The launches in question consist of the iPhone 12 generation of smartphones, including the iPhone 12 mini, iPhone 12 Pro, and iPhone 12 Pro Max. Reports claim demand for the iPhone is high, prompting Apple to allegedly increase production in early 2021 to a level that's supposedly 30% higher than iPhone orders one year prior.

Other products launched during the period include the iPad Air, the HomePod mini, the M1 Mac mini, the M1 MacBook Air, and the M1 13-inch MacBook Pro. Though the AirPods Max did launch and release within the quarter, it would have only been sold for a few weeks towards the end, making it unlikely to have made a significant impact on revenues.

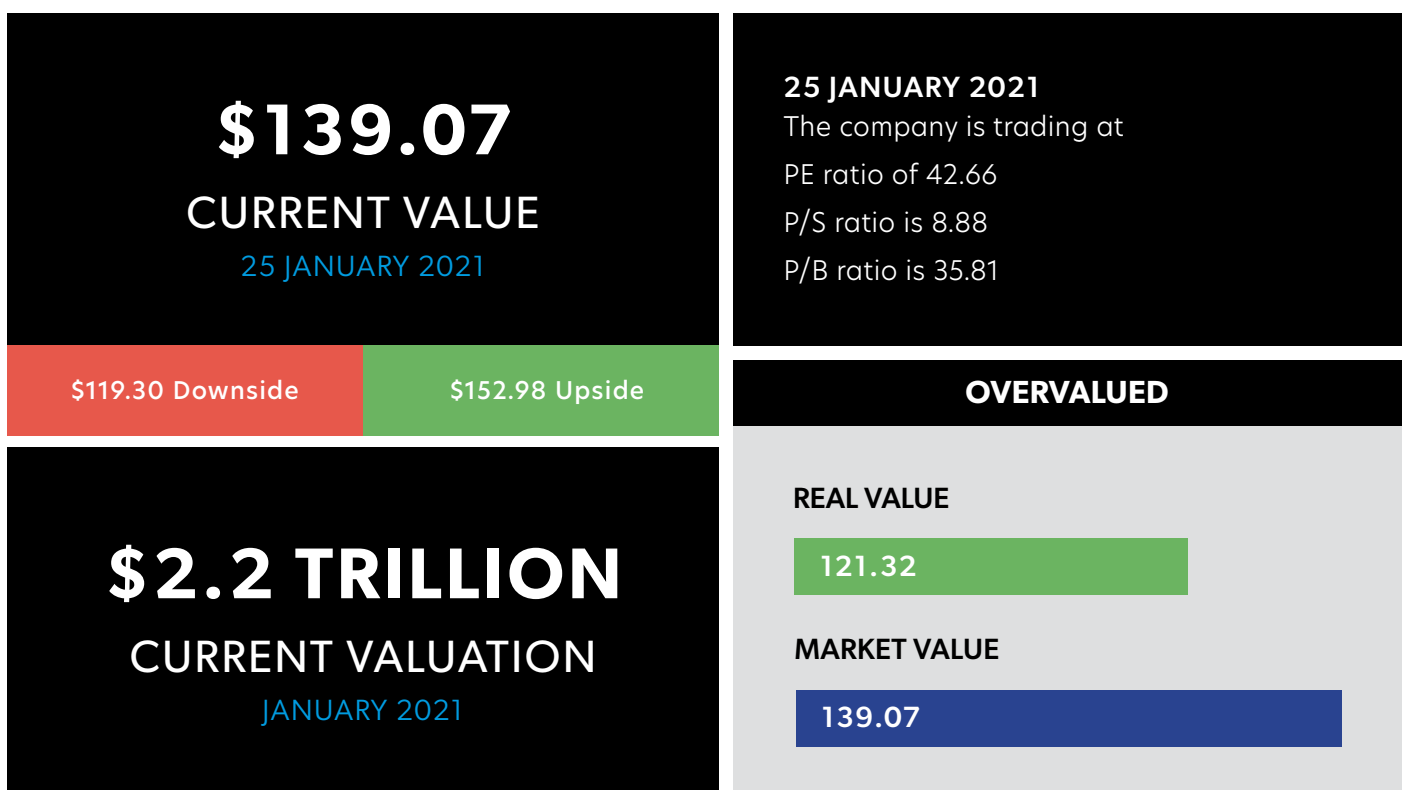
Like other quarters in 2020, Apple's Q4 2020 results did not include a forecast to investors of what to expect for Q1 2021. This is due to the quickly-changing and challenging trading conditions prompted by the COVID-19 pandemic, and it is likely that Apple will decline to forecast for the Q2 2021 quarter either.

For reference, Apple's first quarter of 2020 saw \$91.8 billion in revenue, representing a year-on-year increase of 9%. Revenue from iPhone grew to \$56 billion from \$52 billion one year prior, Services saw 16.9% year-on-year growth to \$12.7 billion, and Wearables, Home, and Accessories swelled 37% YoY to \$10.1 billion.



VALUTATION

The company's current value of Free Cash Flow is estimated at **56.4 Billion**. Enterprise Value is expected to hike to about **928.1 B** this year, although Tangible Asset Value will most likely fall to nearly **343.8 B**. Apple Inc shows a prevailing Real Value of **\$121.32** per share. The current price of the firm is **\$139.07**. At this time, the firm appears to be overvalued. The value of Apple Inc from analyzing the firm fundamentals such as Current Valuation of 2200 B, return on equity of 73.69 %, and Profit Margin of 20.91 % as well as examining its technical indicators and Probability Of Bankruptcy



AVERAGE ANALYST ANALYSIS

Apple is very steady asset. Analysis and calculation of next after-hype price of Intel is based on 3 months time horizon.

BUY



FINAL THOUGHTS

The upcoming quarterly report is expected on the 27th of January 2021. Apple is selling for 139.07 as of the 25th of January 2021. This is a 1.61% increase since the beginning of the trading day. The stock's lowest day price was 135.02. Apple has a very small chance of experiencing financial distress in the next few years but had a somewhat insignificant performance during the last 30 days.

The first quarter earnings call will likely provide some insight into the sales of the iPhone 12 models, which were released in October, along with the M1 Macs that came out in November. Because the new iPhones were delayed, initial iPhone sales did not factor into the fourth quarter revenue results.

In general, we recommend acquiring undervalued stocks and selling overvalued stocks since, at some point, asset prices and their ongoing real values will merge together.