

Apple Inc.

AAPL

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Apple Surpasses Forecasts Yet Faces Sales Decline Amid China's Slowing Growth

Earnings Result

In comparing the previous quarter to the current quarter, Apple Inc. experienced a slight decrease in net sales for both the quarter and the full year. However, the cost of sales decreased as well, resulting in an increased gross margin. Operating income also saw an increase for both the quarter and the full year. Net income remained stable for the quarter but decreased for the full year. Earnings per share showed a slight increase for the quarter but a decrease for the full year. The net sales by reportable segment showed growth in the Americas and Europe, while Greater China experienced a slight decline. Additionally, iPhone sales performed well, while Mac and iPad sales decreased compared to the previous year. Overall, Apple's financial results indicate a stable outlook with consistent profitability and strong sales in certain product categories.

Apple's Net Profit Rises, Buoyed by Stronger-Than-Expected Services Growth

The net profit of Apple Inc. increased from \$20.721 billion in the previous quarter to \$22.956 billion in the current quarter, representing a quarter-on-quarter (QoQ) growth of approximately 10.8%. However, when comparing the current quarter's net profit to the same quarter of the previous year, there was a year-on-year (YoY) growth of approximately 10.8% as well.

Apple's Revenue Declines for Fourth Consecutive Quarter

Apple's revenue slightly dipped to \$90 billion, better than market expectations, with only a 0.7% drop. Services growth, up 16%, mitigated China sales declines. Mac sales fell more than expected at 34%, totaling \$7.6 billion, while iPad revenue decreased 10% to \$6.4 billion, surpassing predictions.

Operating margin

The operating margin for Apple Inc. can be calculated by dividing the operating income by the total net sales. For the three months ended September 30, 2023, the operating income was \$26,969 million and the total net sales were \$89,498 million. Therefore, the operating margin for this period was approximately 30.1%.

Balance sheet and cashflow

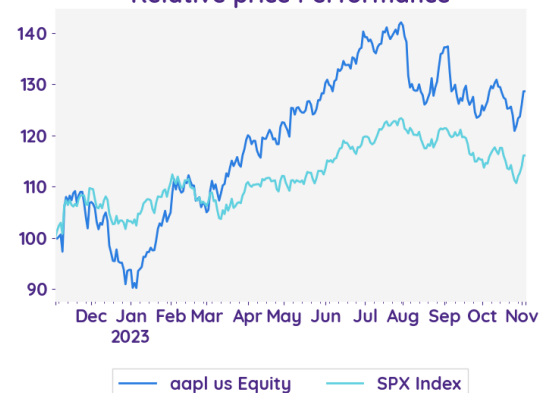
Apple Inc.'s cash from operations declined from \$122.2 billion to \$110.5 billion year-over-year. Investing activities showed a positive \$3.7 billion, while financing activities saw an outflow over \$108 billion. Total assets slightly decreased, as did liabilities and equity.

Company Outlook

In light of recent performance, Apple forecasts a subtle decline in FY2024, with sales growth estimated to be around 3.6%, slightly below the 5.6% market consensus. This takes into account the 2.5% dip in China sales versus the expected 10% rise. Despite this, robust service sector growth of 16% and a projected \$75-80 billion in buybacks could bolster the overall financial health.

REVENUE - %CHG YOY	2Q23	3Q23	4Q23	1Q24E	2Q24E
iPhone	1.5%	-2.4%	2.8%	5.5%	-0.4%
iPad	-12.8%	-19.8%	-10.2%	-15.7%	-1.5%
Mac	-31.3%	-7.3%	-33.8%	5.2%	5.4%
Wearables, Home & Accessories	-0.6%	2.5%	-3.4%	1.2%	7.1%
Services	5.5%	8.2%	16.3%	11.0%	11.0%

Relative price performance



SENTIMENT	1Q23	2Q23	3Q23	4Q23
net profit	Positive	Positive	Positive	Positive
margin	Neutral	Neutral	Neutral	Neutral
revenue	Neutral	Neutral	Neutral	Neutral

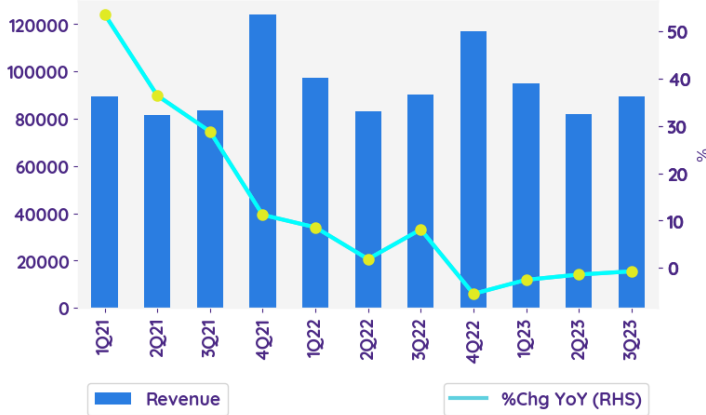
STOCK DATA	
Market Cap (USD Million)	2776.17
Beta	1.25
Last close	177.57
12-m Low / High	124.2 / 198.2
Target price	200.00
Return Potential	12.6 %
% of Buy / Sell rating	65.0 % / 8.0 %

VALUATION DATA	12M FORWARD	5-YR AVERAGE
P/E	27.06	24.51
P/B	35.65	27.10
P/S	6.88	5.62
EV/EBITDA	20.37	19.15
Dividend Yield	0.0 %	

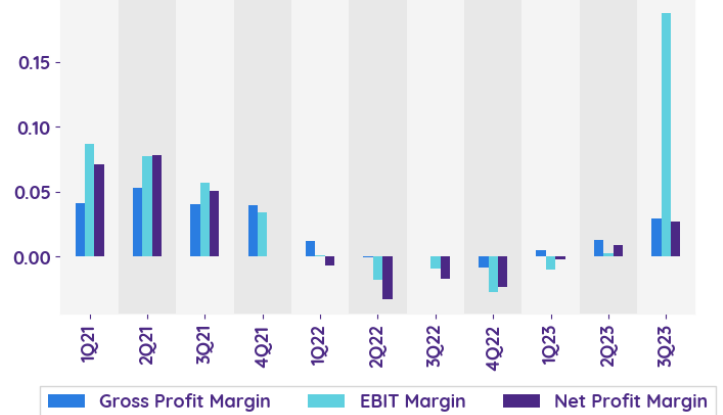
Apple Inc.

Apple Inc. designs, manufactures, and markets smartphones, personal computers, tablets, wearables and accessories, and sells a variety of related accessories. The Company also offers payment, digital content, cloud and advertising services. Apple Inc.'s customers are primarily in consumer, small & mid-sized business, education, enterprise and government markets worldwide.

Quarterly Revenue Trend



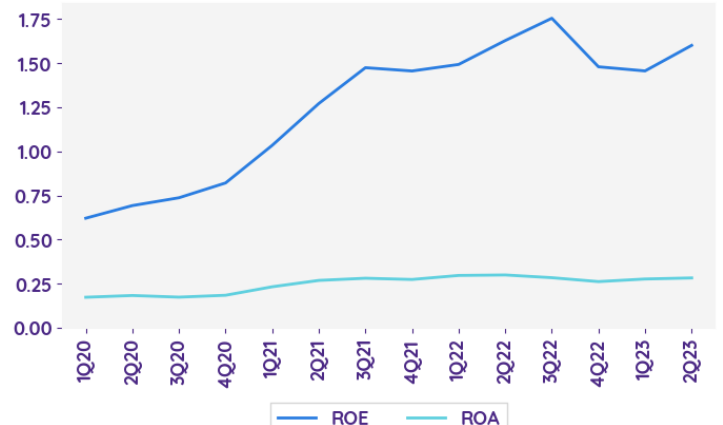
Quarterly Margin Expansion Trend



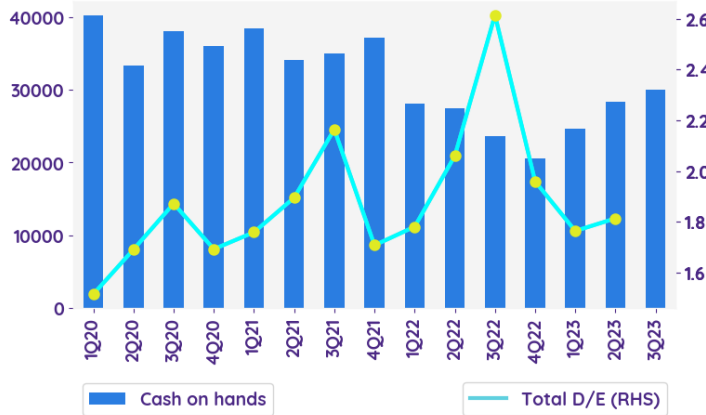
Quarterly Net Profit Growth Trend



Quarterly ROE and ROA Trend



Quarterly Liquidity and Leverage



Quarterly Cash Flows Trend

