

Company	Apple Inc.	Ticker	AAPL	Current Price	Industry:	Information Technology	Sub-Industry	<sub-Industry Name>
Target Price	\$179.39	TTM P/E	24.30	\$144.80	Beta	1.23	Mkt Cap	\$2.33 t
Stop Loss	\$115.84	Forward	23.70		Credit Rating	AA+ (S&P)	Avg Vol (12M)	82.83 m
52 wk High/Low	\$129.04 / \$182.94	EPS	\$6.06	Rating Outlook	Stable	Div Yield		0.62%

Company Background

Apple designs a wide variety of consumer electronic devices, including smartphones (iPhone), tablets (iPad), PCs (Mac), smartwatches (Apple Watch), AirPods, and TV boxes (Apple TV), among others. The iPhone makes up the majority of Apple's total revenue. In addition, Apple offers its customers a variety of services such as Apple Music, iCloud, Apple Care, Apple TV+, Apple Arcade, Apple Card, and Apple Pay, among others. Apple's products run internally developed software and semiconductors, and the firm is well known for its integration of hardware, software and services. Apple's products are distributed online as well as through company-owned stores and third-party retailers. The company generates roughly 40% of its revenue from the Americas, with the remainder earned internationally.

Industry Outlook

Once concerns surrounding the COVID-19 (coronavirus) dissipate, economic activity is expected to once again begin to improve. Improved economic conditions will enable disposable income levels to rise during the outlook period. This should help provide consumers and businesses with increased certainty in their long-term financial stability. This stability will likely lead to increased demand for industry operators' services. Additionally, improved economic conditions should lead the Federal Reserve to increase the Federal Funds Rate (FFR) from the near zero-bound levels it dropped to amid the coronavirus pandemic in the prior period. Industry operators will significantly benefit from this, as it will lead the interest rates on the products they provide to increase as well. Overall, these trends are expected to lead industry revenue to increase an annualized 4.9% to \$315.1 billion over the five years to 2026.

Investment Thesis

Apple's fundamentals are showing a strong intrinsic value against its market price for several scenarios. Financial strength and cash flow generation remains robust. Apple continues to shift strategically to a services model for increased revenues. They have a strong "walled garden" which allows them platform effects for their hardware and software.

Investment Risks

- Pace of innovation could slow over time, eroding their position in the highly changeable consumer technology market

3-5 takeaways

- Record revenue of \$83 billion, better than expected despite supply chain issues, foreign exchange changes, impacts of Russia. Records set in the Americas, in Europe, and in the rest of Asia Pacific region
- Record revenues in both developed and emerging markets with double-digit growth in Brazil, Indonesia, and Vietnam and almost double revenue growth in India
- Supply chain issues were less than expected in the quarter, impacting less than initially forecasted

Financial Performance

	2017	2018	2019	2020	2021
Revenue	229,234	265,595	260,174	274,515	365,817
Operating Profit	46,280	57,893	53,737	56,724	94,456
Net Income	48,351	59,531	55,256	57,411	94,680
Revenue Growth	6.0%	16.0%	-2.0%	6.0%	33.0%
EBITDA%	31.2%	30.8%	29.4%	28.7%	33.3%
Operating Profit %	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income Margin	20.9%	22.3%	21.3%	20.9%	25.8%
D/E	86.30	106.85	119.40	187.14	216.39
EPS	2.32	3.00	2.99	3.31	5.67
PE Ratio	16.90	19.02	18.41	34.27	26.25
Current Ratio	1.28	1.13	1.54	1.36	1.07
RoE	36.87	49.36	55.92	73.69	147.44
RoA	13.87	16.07	15.69	17.33	28.06
Dividend per share	0.60	0.68	0.75	0.80	0.87
FCF	51,774.0	64,121.0	58,896.0	73,365.0	92,953.0

Discounted Cash Flow

	2018-21	2022-31
Avg Revenue Growth	12.2%	15.5%
Avg Gross Margin	39.3%	41.1%
Avg EBITDA Margin	30.5%	31.9%
Avg NOPAT Margin	22.2%	25.4%
Avg FCF Margin	24.7%	28.3%
Tax Rate		21%
WACC		9.53%
Perpetuity growth rate		3%

Analyst Opinion

Buy: 36	Sell: 10	Hold: 2
	Rating	Target
S&P NetAdvantage	Buy	\$165.00
Bloomberg	Buy	\$178.24
Yahoo Finance	Buy	\$180.81

Financial Performance

Company Name	ESG	S&P ESG	S&P ESG	ESG	Ticker	Mkt Cap 1 (USD)	IC to BV	Tot Assets:Y	P/S:Y	P/E:Y	P/FCF:Y	P/S:Y	GhY EBIT/Net Sales:Y	ROE:Y	ROA:Y
Median						28,238	1.84	57,708	1.67	16.24	19.91	1.67	40.48%	13.68%	9.70%
01 APPLE INC					AAPL US	2,381	6.99	327,748	6.39	24.62	21.89	6.19	43.31%	39.99%	28.36%
02 SAMSUNG ELECTRONICS CO LTD					005930 KS	252,648	1.12	358,518	1.67	13.55	25.99	1.67	40.48%	18.47%	12.1%
03 CISCO SYSTEMS INC					CSCO US	185,558	4.67	94,008	3.67	16.24	14.84	3.67	62.60%	27.09%	28.88%
04 ZOVY GROUP CORP					0752 JP	88,650	1.84	250,750	1.59	17.68	19.91	1.59	27.45%	11.88%	3.09%
05 ARISTA NETWORKS INC					ANET US	38,048	8.67	5,738	14.95	62.70	46.33	14.95	63.80%	31.37%	20.09%
06 DELL TECHNOLOGIES - C					DELL US	28,238	-9.87	92,748	0.42	10.38	5.71	0.42	21.72%	4.60%	-4.40%
07 HP INC					HPE US	27,800	11.99	28,610	0.58	9.01	6.29	0.58	21.12%	8.73%	-12.61%
08 HEWLETT PACKARD ENTERPRISE					HPE US	18,396	0.89	57,708	0.69	9.81	5.69	0.69	33.75%	4.07%	11.00%
09 LG ELECTRONICS INC					066270 KS	9,538	0.68	44,940	0.30	11.40	7.6673	0.30	25.26%	5.17%	14.84%
10 QIMO CORP					QIMO US	7,600	2.62	4,870	2.33	22.72	18.24	2.33	47.56%	31.68%	13.56%
11 DOLBY LABORATORIES INC CL A					DLB US	6,588	2.68	3,118	7.30	31.58	23.79	7.30	89.85%	26.88%	12.16%

*Industry Avg. includes companies listed

Total Return

Rating	Company	S&P 500	Industry Sect.
YTD	-15.05%	-17.92%	-26.77%
2021	33.82%	26.89%	33.35%
Last 3 years	350.29%	90.13%	180.75%
Last 5 years	513.26%	112.89%	278.17%

CSR Characteristics	Company	Peers (median)
ESG Disclosure score	54.93	57.92
Governance disclosure score	93.74	91.24
Social Disclosure score	21.13	31.38
Environmental disclosure score	49.77	52.25

Prepared by Team Hartford (Month Day, Year) using Bloomberg, S&P Net Advantage, Morning Star, Yahoo Finance