

# ModernGraham Valuation

Company Name:

Apple Inc.

Company Ticker AAPL

Date of Analysis

2/8/2016



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$512,721,279,857	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.00	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	752.14%	Pass
5. Earnings Growth	PEmg < 20	12.29	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.14	Fail
7. Moderate Price to Assets			

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.00	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	418.93	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$7.73
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$297.73</b>
MG Value based on 3% Growth	\$112.13
MG Value based on 0% Growth	\$65.73
Market Implied Growth Rate	1.89%

### MG Opinion

Current Price	\$95.01
% of Intrinsic Value	31.91%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

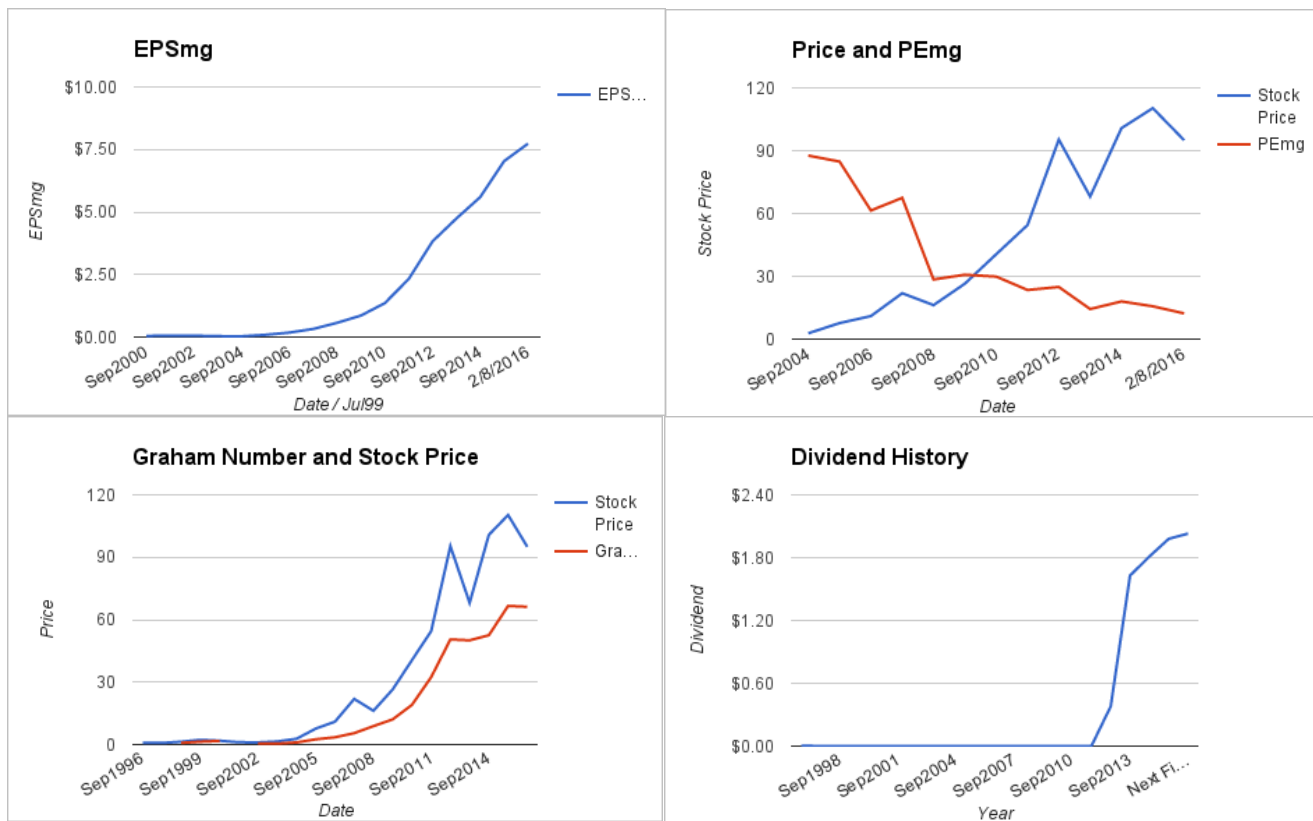
Net Current Asset Value (NCAV)	-\$15.87
Graham Number	\$66.20
PEmg	12.29
Current Ratio	1.00
PB Ratio	4.14
Dividend Yield	2.14%
Number of Consecutive Years of Dividend Growth	5

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.42	Next Fiscal Year Estimate	\$7.73
Sep2015	\$9.22	Sep2015	\$7.03
Sep2014	\$6.45	Sep2014	\$5.60
Sep2013	\$5.68	Sep2013	\$4.74
Sep2012	\$6.31	Sep2012	\$3.83
Sep2011	\$3.95	Sep2011	\$2.32
Sep2010	\$2.16	Sep2010	\$1.36
Sep2009	\$1.30	Sep2009	\$0.86
Sep2008	\$0.97	Sep2008	\$0.57
Sep2007	\$0.56	Sep2007	\$0.32
Sep2006	\$0.32	Sep2006	\$0.18
Sep2005	\$0.22	Sep2005	\$0.09
Sep2004	\$0.05	Sep2004	\$0.03
Sep2003	\$0.01	Sep2003	\$0.04
Sep2002	\$0.01	Sep2002	\$0.06
Sep2001	-\$0.01	Sep2001	\$0.06
Sep2000	\$0.16	Sep2000	\$0.05
Sep1999	\$0.13	<b>Balance Sheet Information</b> <b>Dec2015</b>	
Sep1998	\$0.08	Total Current Assets	\$76,219,000,000
Sep1997	-\$0.30	Total Current Liabilities	\$76,092,000,000
Sep1996	-\$0.24	Long-Term Debt	\$53,204,000,000
		Total Assets	\$293,284,000,000
		Intangible Assets	\$9,126,000,000
		Total Liabilities	\$165,017,000,000
		Shares Outstanding (Diluted Average)	5,594,127,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

**Other  
ModernGraham  
posts about the  
company**

[My Personal Holdings: Apple Inc. – September 2015 Update \\$AAPL](#)  
[My Personal Holdings: Apple Inc. – September 2015 Update \\$AAPL](#)  
[27 Companies in the Spotlight This Week – 12/20/14](#)  
[Apple Inc. Quarterly Valuation – December 2014 \\$AAPL](#)  
[23 Companies to Research This Week – 9/13/14](#)

**Other  
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[Ametek Inc Valuation – February 2016 Update \\$AME](#)  
[MTS Systems Corp Valuation – February 2016 Update \\$MTSC](#)  
[Linear Technology Corp Valuation – January 2016 Update \\$LLTC](#)  
[Seagate Technology PLC Valuation – January 2016 Update \\$STX](#)  
[Microchip Technology Inc Valuation – January 2016 Update \\$MCHP](#)  
[Avago Technologies Ltd Valuation – January 2016 Update \\$AVGO](#)  
[KLA-Tencor Corp Valuation – January 2016 Update \\$KLAC](#)  
[Lam Research Corp Valuation – January 2016 Update \\$LRCX](#)  
[Amphenol Corporation Valuation – January 2016 Update \\$APH](#)  
[Arrow Electronics Inc Valuation – December 2015 Update \\$ARW](#)