

ModernGraham Valuation



Company Name:

Apple Inc.

Company Ticker AAPL

Date of Analysis

8/16/2016

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	\$596,470,620,817	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.31	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	743.30%	Pass
6. Moderate PEmg Ratio	PEmg < 20	14.30	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.73	Fail

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	1.31	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.09	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.65
MG Growth Estimate	14.98%
MG Value	\$294.16
MG Value based on 3% Growth	\$110.93
MG Value based on 0% Growth	\$65.03
Market Implied Growth Rate	2.90%

MG Opinion

Current Price	\$109.38
% of Intrinsic Value	37.18%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.59
Graham Number	\$65.67
PEmg	14.30
Current Ratio	1.31
PB Ratio	4.73
Current Dividend	\$2.13
Dividend Yield	1.95%
Number of Consecutive Years of Dividend Growth	5

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.17	Next Fiscal Year Estimate	\$7.65
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	Balance Sheet Information 6/1/2016	
Sep1998	\$0.08	Total Current Assets	\$93,761,000,000
Sep1997	-\$0.30	Total Current Liabilities	\$71,486,000,000
Sep1996	-\$0.24	Long-Term Debt	\$68,939,000,000
		Total Assets	\$305,602,000,000
		Intangible Assets	\$8,767,000,000
		Total Liabilities	\$179,061,000,000
		Shares Outstanding (Diluted Average)	5,472,781,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author held a long position in AAPL 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

- [Apple Inc Valuation – February 2016 \\$AAPL](#)
- [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](#)

Other ModernGraham posts about related companies

- [Ametek Inc Valuation – August 2016 \\$AME](#)
- [MTS Systems Corp Valuation – July 2016 \\$MTSC](#)
- [Seagate Technology PLC Valuation – July 2016 \\$STX](#)
- [Broadcom Limited Valuation – July 2016 \\$AVGO](#)
- [Microchip Technology Inc Valuation – July 2016 \\$MCHP](#)
- [Jabil Circuit Inc Valuation – July 2016 \\$JBL](#)
- [KLA-Tencor Corp Valuation – July 2016 \\$KLAC](#)
- [Linear Technology Corp Valuation – July 2016 \\$LLTC](#)
- [Arrow Electronics Inc Valuation – July 2016 \\$ARW](#)
- [Lam Research Corp Valuation – June 2016 \\$LRCX](#)