

ModernGraham Valuation

Company Name:

Apple Inc.

Company Ticker AAPL

Date of Analysis

2/22/2018



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	\$874,252,451,422	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.24	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	283.01%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	18.32	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.34	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	1.24	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.71	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$9.40
MG Growth Estimate	10.20%
MG Value	\$271.73
MG Value based on 3% Growth	\$136.36
MG Value based on 0% Growth	\$79.93
Market Implied Growth Rate	4.91%

MG Opinion

Current Price	\$172.30
% of Intrinsic Value	63.41%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

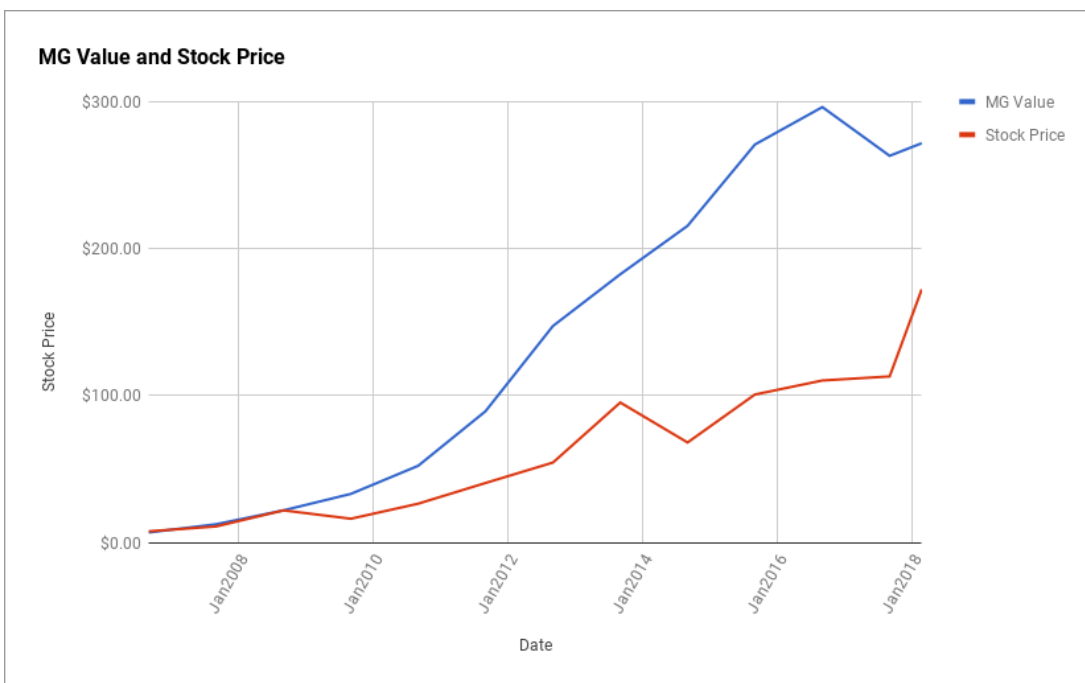
Net Current Asset Value (NCAV)	-\$23.81
Graham Number	\$80.01
PEmg	18.32
Current Ratio	1.24
PB Ratio	6.34
Current Dividend	\$2.40
Dividend Yield	1.39%
Number of Consecutive Years of Dividend Growth	6

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$10.88	Next Fiscal Year Estimate	\$9.40
Sep2017	\$9.21	Sep2017	\$8.37
Sep2016	\$8.31	Sep2016	\$7.70
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	Balance Sheet Information 12/1/2017	
Sep2000	\$0.16	Total Current Assets	\$143,810,000,000
Sep1999	\$0.13	Total Current Liabilities	\$115,788,000,000
Sep1998	\$0.08	Long-Term Debt	\$103,922,000,000
		Total Assets	\$406,794,000,000
		Intangible Assets	\$8,038,000,000
		Total Liabilities	\$266,595,000,000
		Shares Outstanding (Diluted Average)	5,157,787,000





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 – January 2017 \\$AAPL](#)
- [Apple Inc Valuation – August 2016 \\$AAPL](#)
- [Apple Inc Valuation – February 2016 \\$AAPL](#)
- [My Personal Holdings: Apple Inc. – September 2015 Update \\$AAPL](#)
- [27 Companies in the Spotlight This Week – 12/20/14](#)

Other ModernGraham posts about related companies

- [Lam Research Corp Valuation – September 2017 \\$LRCX](#)
- [Vicor Corp Valuation – Initial Coverage \\$VICR](#)
- [Emerson Electric Co Valuation – August 2017 \\$EMR](#)
- [General Cable Corporation Valuation – Initial Coverage \\$BGC](#)
- [3D Systems Corp Valuation – Initial Coverage \\$DDD](#)
- [Teradyne Inc Valuation – Initial Coverage \\$TER](#)
- [Diebold Nixdorf Inc Valuation – Initial Coverage \\$DBD](#)
- [Tech Data Corp Valuation – Initial Coverage \\$TECD](#)
- [Teledyne Technologies Inc Valuation – Initial Coverage \\$TDY](#)
- [Skyworks Solutions Inc Valuation – April 2017 \\$SWKS](#)