

ModernGraham Valuation

Company Name:

Apple Inc.

Company Ticker AAPL

Date of Analysis

11/10/2018



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	\$970,291,506,431	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.12	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	174.94%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	18.44	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	9.25	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	1.12	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.48	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	\$11.09
MG Growth Estimate	8.65%
MG Value	\$286.14
MG Value based on 3% Growth	\$160.81
MG Value based on 0% Growth	\$94.27
Market Implied Growth Rate	4.97%

MG Opinion

Current Price	\$204.47
% of Intrinsic Value	71.46%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.25
Graham Number	\$81.34
PEmg	18.44
Current Ratio	1.12
PB Ratio	9.25
Current Dividend	\$2.72
Dividend Yield	1.33%
Number of Consecutive Years of Dividend Growth	7

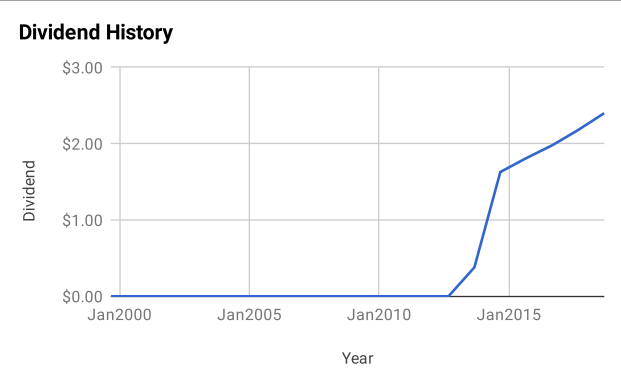
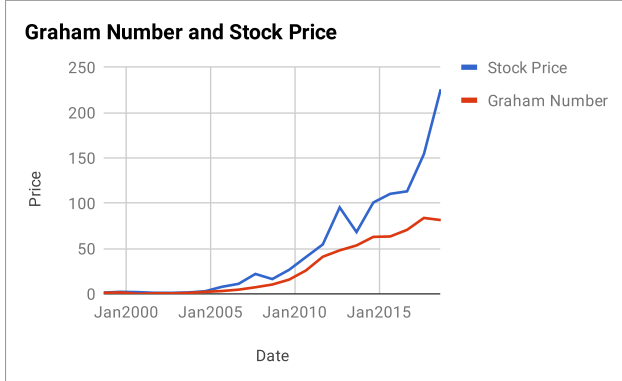
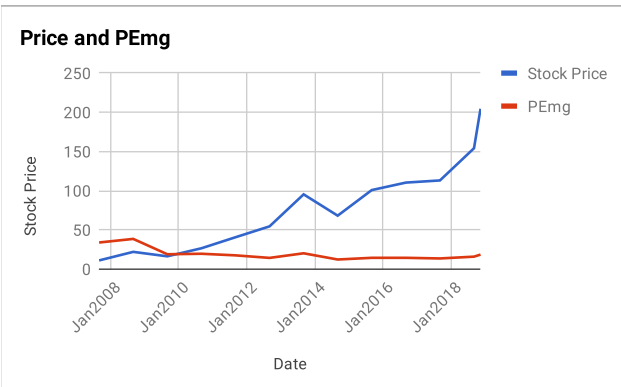
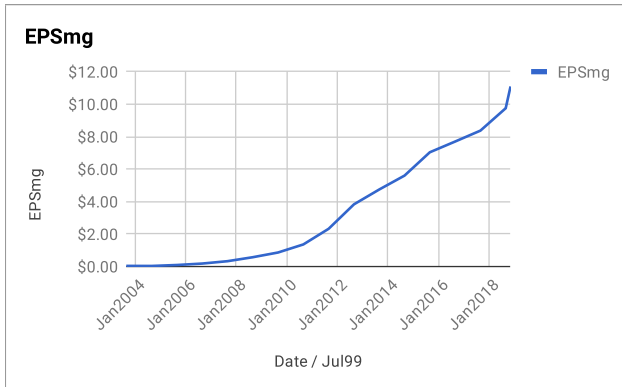
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$13.05	Next Fiscal Year Estimate	\$11.09
Sep2018	\$11.91	Sep2018	\$9.75
Sep2017	\$9.21	Sep2017	\$8.37
Sep2016	\$8.31	Sep2016	\$7.70
Sep2015	\$9.22	Sep2015	\$7.03
Sep2014	\$6.45	Sep2014	\$5.60
Sep2013	\$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	Balance Sheet Information 9/1/2018	
Sep2001	-\$0.01	Total Current Assets	\$131,339,000,000
Sep2000	\$0.16	Total Current Liabilities	\$116,866,000,000
Sep1999	\$0.13	Long-Term Debt	\$93,735,000,000
		Total Assets	\$365,725,000,000
		Intangible Assets	\$0
		Total Liabilities	\$258,578,000,000
		Shares Outstanding (Diluted Average)	4,847,547,000





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 2018 \\$AAPL](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [Littelfuse Inc Valuation – September 2018 \\$LFUS](#)
 - [CTS Corporation Valuation – August 2018 \\$CTS](#)
 - [Kopin Corp Valuation – August 2018 \\$KOPN](#)
 - [Knowles Corp Valuation – August 2018 \\$KN](#)
 - [Cree Inc Valuation – August 2018 \\$CREE](#)
 - [Cray Inc Valuation – August 2018 \\$CRAY](#)
 - [Kulicke & Soffa Industries Inc Valuation – August 2018 \\$KLIC](#)
 - [Keysight Technologies Inc Valuation – August 2018 \\$KEYS](#)
 - [Semtech Corp Valuation – August 2018 \\$SMTC](#)
 - [Cohu Inc Valuation – August 2018 \\$COHU](#)