

TheStreet Quant Ratings

BUY				HOLD			SELL						BUY	RATING SINCE	09/24/2013		
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+		E	E-	F	TARGET PRICE
Annual Dividend Rate \$0.82				Annual Dividend Yield 0.75%			Beta 1.28			Market Capitalization \$1,850.8 Billion			52-Week Range \$53.15-\$137.98		Price as of 9/24/2020 \$108.22		

Sector: **Manufacturing** | Industry Group: **Communications Equipment Manufacturing****AAPL BUSINESS DESCRIPTION**

Apple Inc. designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories worldwide. It also sells various related services.

STOCK PERFORMANCE (%)

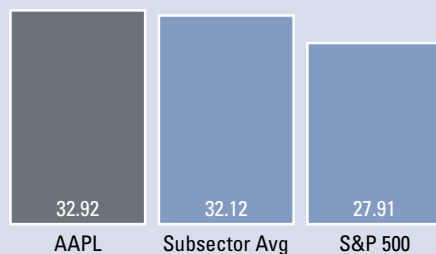
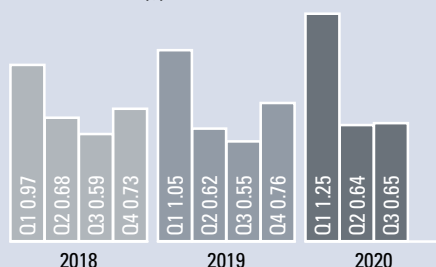
	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	20.22	98.86	41.78

GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	10.92	5.72	7.00
Net Income	12.03	4.89	7.79
EPS	18.34	12.10	14.33

RETURN ON EQUITY (%)

	AAPL	Subsector Avg	S&P 500
Q3 2020	80.82	86.32	13.37
Q3 2019	57.74	56.40	15.78
Q3 2018	48.82	47.28	14.01

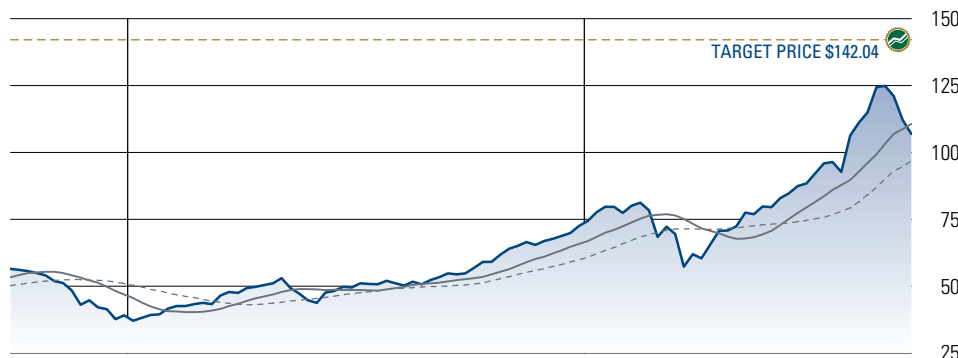
P/E COMPARISON**EPS ANALYSIS' (\$)**

NA = not available NM = not meaningful

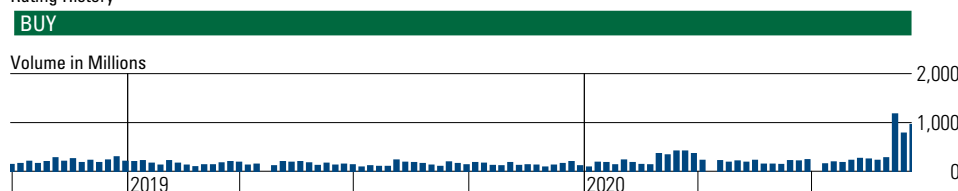
1 CompuStat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

1 Year | 2 Years



Rating History



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate APPLE INC (AAPL) a BUY. This is driven by multiple strengths, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its increase in net income, revenue growth, solid stock price performance, growth in earnings per share and notable return on equity. Although no company is perfect, currently we do not see any significant weaknesses which are likely to detract from the generally positive outlook.

HIGHLIGHTS

The net income growth from the same quarter one year ago has greatly exceeded that of the S&P 500, but is less than that of the Computer and Electronic Product Manufacturing subsector average. The net income increased by 12.0% when compared to the same quarter one year prior, going from \$10,044.00 million to \$11,253.00 million.

Despite its growing revenue, the company underperformed as compared with the subsector average of 13.1%. Since the same quarter one year prior, revenues rose by 10.9%. This growth in revenue appears to have trickled down to the company's bottom line, improving the earnings per share.

Investors have apparently begun to recognize positive factors similar to those we have mentioned in this report, including earnings growth. This has helped drive up the company's shares by a sharp 98.86% over the past year, a rise that has exceeded that of the S&P 500 Index. Looking ahead, the stock's sharp rise over the last year has already helped drive it to a level which is relatively expensive compared to the rest of its subsector. We feel, however, that other strengths this company displays justify these higher price levels.

APPLE INC has improved earnings per share by 18.3% in the most recent quarter compared to the same quarter a year ago. Stable earnings per share over the past year indicate the company has sound management over its earnings and share float. We anticipate these figures will begin to experience more growth in the coming year. During the past fiscal year, APPLE INC reported lower earnings of \$2.96 versus \$2.97 in the prior year. This year, the market expects an improvement in earnings (\$3.25 versus \$2.96).

The company's current return on equity greatly increased when compared to its ROE from the same quarter one year prior. This is a signal of significant strength within the corporation. In comparison to other companies in the Computer and Electronic Product Manufacturing subsector and the overall market on the basis of return on equity, APPLE INC has underperformed in comparison with the subsector average, but has greatly exceeded that of the S&P 500.

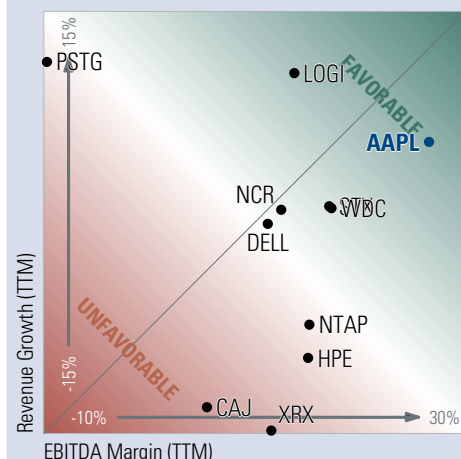
TheStreet Quant Ratings

Sector: Manufacturing | Communications Equipment Manufacturing

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PEER GROUP ANALYSIS

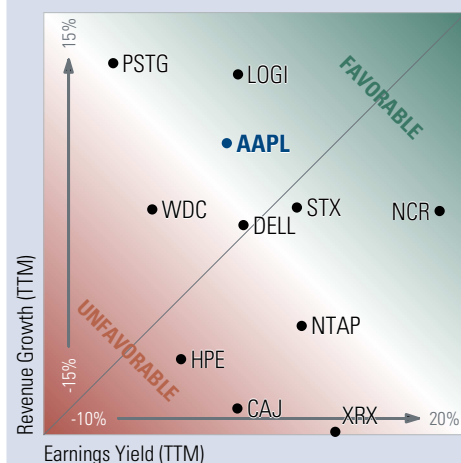
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$2.4 Billion and \$1.9 Trillion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -14.8% and 11.4%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

APPLE INC falls within the Manufacturing sector and the Communications Equipment Manufacturing industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing.

TheStreet Quant Ratings is currently tracking 1947 companies in the Manufacturing sector that total around \$18,460 billion in market capitalization as well as \$8,666 billion in annual sales.

The Computer and Electronic Product Manufacturing subsector accounts for 16.7% of those revenues.

Industries in the Computer and Electronic Product Manufacturing subsector group establishments that manufacture computers, computer peripherals, communications equipment, and similar electronic products, and establishments that manufacture components for such products. The Computer and Electronic Product Manufacturing industries have attained economic significance. Their rapid growth suggests that they will become even more important to the economies of all three North American countries in the future, and in addition their manufacturing processes are fundamentally different from the manufacturing processes of other machinery and equipment. The design and use of integrated circuits and the application of highly specialized miniaturization technologies are common elements in the production technologies of the Computer and Electronic Product Manufacturing subsector. Digitalization of sound recording includes the technologies for recording, storing, transmitting, and manipulating data.

PEER GROUP: Computer and Electronic Product Manufacturing

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
AAPL	APPLE INC	108.22	1,850,836	32.92	273,857.00	58,424.00
NTAP	NETAPP INC	41.49	9,211	11.96	5,479.00	793.00
PSTG	PURE STORAGE INC	14.45	3,876	NM	1,691.26	-190.19
XRX	XEROX HOLDINGS CORP	17.79	3,790	9.31	7,948.00	1,064.00
NCR	NCR CORP	19.00	2,440	5.51	6,656.00	526.00
CAJ	CANON INC	16.38	21,847	26.42	30,141.38	661.66
DELL	DELL TECHNOLOGIES INC	65.37	17,033	23.68	91,506.00	2,098.00
LOGI	LOGITECH INTERNATIONAL SA	73.22	12,344	26.15	3,123.52	476.45
STX	SEAGATE TECHNOLOGY PLC	47.42	12,165	12.48	10,509.00	1,004.00
HPE	HEWLETT PACKARD ENTERPRISE	9.13	11,745	NM	26,989.00	1.00
WDC	WESTERN DIGITAL CORP	37.53	11,354	NM	16,736.00	-250.00

The peer group comparison is based on Major Computer and Electronic Product Manufacturing companies of comparable size.

TheStreet Quant Ratings

Sector: Manufacturing | Communications Equipment Manufacturing

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COMPANY DESCRIPTION

Apple Inc. designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories worldwide. It also sells various related services. The company offers iPhone, a line of smartphones; Mac, a line of personal computers; iPad, a line of multi-purpose tablets; and wearables, home, and accessories comprising AirPods, Apple TV, Apple Watch, Beats products, HomePod, iPod touch, and other Apple-branded and third-party accessories. It also provides digital content stores and streaming services; AppleCare support services; and iCloud, a cloud service, which stores music, photos, contacts, calendars, mail, documents, and others. In addition, the company offers various service, such as Apple Arcade, a game subscription service; Apple Card, a co-branded credit card; Apple News+, a subscription news and magazine service; and Apple Pay, a cashless payment service, as well as licenses its intellectual property, and provides other related services. The company serves consumers, and small and mid-sized businesses; and the education, enterprise, and government markets. It sells and delivers third-party applications for its products through the App Store, Mac App Store, and Watch App Store. The company also sells its products through its retail and online stores, and direct sales force; and third-party cellular network carriers, wholesalers, retailers, and resellers. Apple Inc. has a collaboration with Google to develop COVID-19 tracking system for Android and iOS devices. Apple Inc. was founded in 1977 and is headquartered in Cupertino, California.

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of AAPL shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	4.5 out of 5 stars	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, AAPL has a growth score better than 80% of the stocks we rate.		weak				strong
Total Return	5.0 out of 5 stars	★	★	★	★	★
Measures the historical price movement of the stock. The stock performance of this company has beaten 90% of the companies we cover.		weak				strong
Efficiency	5.0 out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review.		weak				strong
Price volatility	5.0 out of 5 stars	★	★	★	★	★
Measures the volatility of the company's stock price historically. The stock is less volatile than 90% of the stocks we monitor.		weak				strong
Solvency	3.5 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 60% of the companies we analyze.		weak				strong
Income	3.5 out of 5 stars	★	★	★	★	★
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 60% of the companies we track.		weak				strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

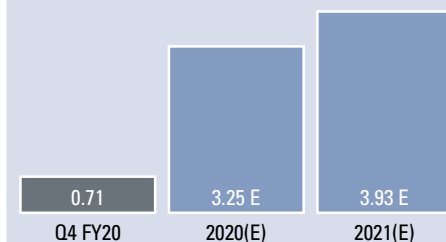
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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q3 FY20	Q3 FY19
Net Sales (\$mil)	59,685.00	53,809.00
EBITDA (\$mil)	15,843.00	14,477.00
EBIT (\$mil)	13,091.00	11,544.00
Net Income (\$mil)	11,253.00	10,044.00

BALANCE SHEET

	Q3 FY20	Q3 FY19
Cash & Equiv. (\$mil)	93,054.00	94,880.00
Total Assets (\$mil)	317,344.00	322,239.00
Total Debt (\$mil)	122,186.00	108,418.00
Equity (\$mil)	72,282.00	96,456.00

PROFITABILITY

	Q3 FY20	Q3 FY19
Gross Profit Margin	42.61%	43.04%
EBITDA Margin	26.54%	26.90%
Operating Margin	21.93%	21.45%
Sales Turnover	0.86	0.80
Return on Assets	18.41%	17.28%
Return on Equity	80.82%	57.74%

DEBT

	Q3 FY20	Q3 FY19
Current Ratio	1.47	1.50
Debt/Capital	0.63	0.53
Interest Expense	697.00	866.00
Interest Coverage	18.78	13.33

SHARE DATA

	Q3 FY20	Q3 FY19
Shares outstanding (mil)	17,136	18,126
Div / share	0.21	0.19
EPS	0.65	0.55
Book value / share	4.22	5.32
Institutional Own %	NA	NA
Avg Daily Volume	85,496,398	37,190,192

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

APPLE INC's gross profit margin for the third quarter of its fiscal year 2020 is essentially unchanged when compared to the same period a year ago. The company has grown sales and net income during the past quarter when compared with the same quarter a year ago, however, it was unable to keep up with the growth of the average competitor within its subsector. APPLE INC has average liquidity. Currently, the Quick Ratio is 1.31 which shows that technically this company has the ability to cover short-term cash needs. The company's liquidity has decreased from the same period last year.

At the same time, stockholders' equity ("net worth") has significantly decreased by 25.06% from the same quarter last year. Together, the key liquidity measurements indicate that it is relatively unlikely that the company will face financial difficulties in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

TheStreet Quant Ratings

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RATINGS HISTORY

Our rating for APPLE INC has not changed since 4/13/2009. As of 9/24/2020, the stock was trading at a price of \$108.22 which is 21.6% below its 52-week high of \$137.98 and 103.6% above its 52-week low of \$53.15.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
9/24/18	\$55.20	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 9/24/2020)

21.83% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

40.70% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

37.47% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

BUY. This stock's P/E ratio indicates a significant discount compared to an average of 49.48 for the Computer and Electronic Product Manufacturing subsector and a premium compared to the S&P 500 average of 27.91. For additional comparison, its price-to-book ratio of 25.66 indicates a significant premium versus the S&P 500 average of 3.58 and a discount versus the subsector average of 26.72. The current price-to-sales ratio is well above the S&P 500 average and above the subsector average, indicating a premium. Upon assessment of these and other key valuation criteria, APPLE INC proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
			premium		discount

AAPL 32.92 **Peers 32.12**

- Average. An average P/E ratio can signify an subsector neutral price for a stock and an average growth expectation.
- AAPL is trading at a valuation on par with its peers.

Price/Projected Earnings	1	2	3	4	5
			premium		discount

AAPL 27.54 **Peers 32.36**

- Average. An average price-to-projected earnings ratio can signify an subsector neutral stock price and average future growth expectations.
- AAPL is trading at a valuation on par with its peers.

Price/Book	1	2	3	4	5
			premium		discount

AAPL 25.66 **Peers 26.72**

- Average. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- AAPL is trading at a valuation on par with its peers.

Price/Sales	1	2	3	4	5
			premium		discount

AAPL 6.77 **Peers 6.38**

- Average. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- AAPL is trading at a valuation on par with its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
			premium		discount

AAPL 23.12 **Peers 22.20**

- Average. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- AAPL is trading at a valuation on par to its peers.

Price to Earnings/Growth	1	2	3	4	5
			premium		discount

AAPL NM **Peers 2.20**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- AAPL's negative PEG ratio makes this valuation measure meaningless.

Earnings Growth	1	2	3	4	5
			lower		higher

AAPL 12.10 **Peers 10.85**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- AAPL is expected to have an earnings growth rate that exceeds its peers.

Sales Growth	1	2	3	4	5
			lower		higher

AAPL 5.72 **Peers 5.10**

- Higher. A sales growth rate that exceeds the subsector implies that a company is gaining market share.
- AAPL has a sales growth rate that exceeds its peers.

DISCLAIMER:

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NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.