

BUY				HOLD			SELL						BUY	RATING SINCE	11/08/2011		
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+		E	E-	F	TARGET PRICE
Annual Dividend Rate \$2.92				Annual Dividend Yield 1.40%			Beta 1.24			Market Capitalization \$989.4 Billion			52-Week Range \$150.24-\$233.47		Price as of 11/8/2018 \$208.49		

Sector: **Technology** | Sub-Industry: **Technology Hardware, Storage & Peripherals** | Source: **S&P**

AAPL BUSINESS DESCRIPTION

Apple Inc. designs, manufactures, and markets mobile communication and media devices, and personal computers to consumers, and small and mid-sized businesses; and education, enterprise, and government customers worldwide.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	0.59	18.29	19.87

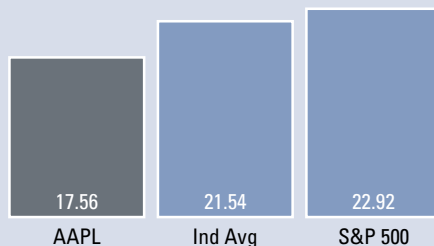
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	19.62	15.75	4.32
Net Income	31.83	23.12	3.69
EPS	40.57	29.02	8.86

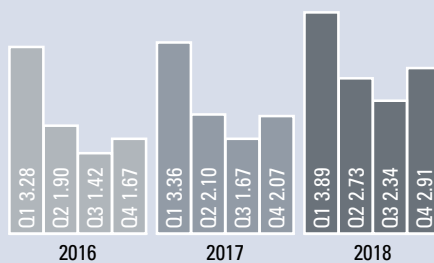
RETURN ON EQUITY (%)

	AAPL	Ind Avg	S&P 500
Q4 2018	55.56	54.82	14.82
Q4 2017	36.07	35.18	13.41
Q4 2016	35.62	34.83	11.79

P/E COMPARISON



EPS ANALYSIS' (\$)

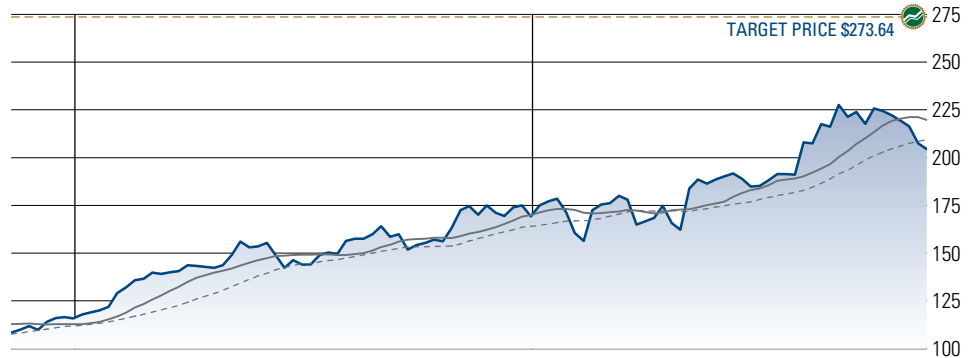


NA = not available NM = not meaningful

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

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

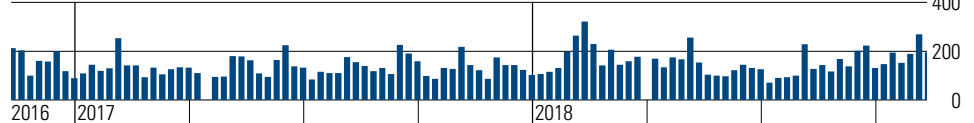
1 Year | 2 Years



Rating History



Volume in Millions



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

RECOMMENDATION

We rate APPLE INC (AAPL) a BUY. This is based on the convergence of positive investment measures, which should help this stock outperform the majority of stocks that we rate. The company's strengths can be seen in multiple areas, such as its robust revenue growth, notable return on equity, expanding profit margins, solid stock price performance and impressive record of earnings per share growth. We feel its strengths outweigh the fact that the company has had generally high debt management risk by most measures that we evaluated.

HIGHLIGHTS

Looking at where the stock is today compared to one year ago, we find that it is not only higher, but it has also clearly outperformed the rise in the S&P 500 over the same period. Although other factors naturally played a role, the company's strong earnings growth was key. Turning our attention to the future direction of the stock, it goes without saying that even the best stocks can fall in an overall down market. However, in any other environment, this stock still has good upside potential despite the fact that it has already risen in the past year.

APPLE INC has improved earnings per share by 40.6% in the most recent quarter compared to the same quarter a year ago. The company has demonstrated a pattern of positive earnings per share growth over the past two years. We feel that this trend should continue. During the past fiscal year, APPLE INC increased its bottom line by earning \$11.87 versus \$9.20 in the prior year. This year, the market expects an improvement in earnings (\$13.52 versus \$11.87).

Despite its growing revenue, the company underperformed as compared with the industry average of 20.5%. Since the same quarter one year prior, revenues rose by 19.6%. Growth in the company's revenue appears to have helped boost the earnings per share.

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. When compared to other companies in the Computers & Peripherals industry and the overall market, APPLE INC's return on equity exceeds that of the industry average and significantly exceeds that of the S&P 500.

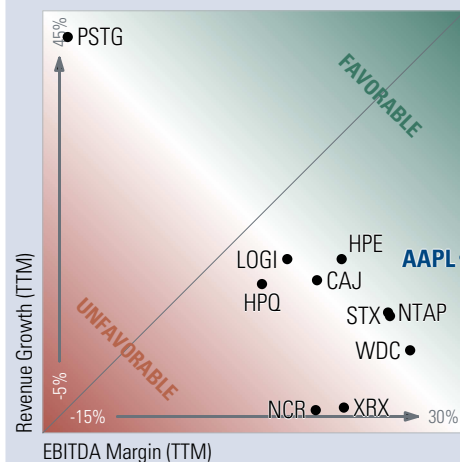
42.67% is the gross profit margin for APPLE INC which we consider to be strong. It has increased from the same quarter the previous year. Along with this, the net profit margin of 22.45% is above that of the industry average.

Sector: Technology | Technology Hardware, Storage & Peripherals | Source: S&P

Annual Dividend Rate \$2.92	Annual Dividend Yield 1.40%	Beta 1.24	Market Capitalization \$989.4 Billion	52-Week Range \$150.24-\$233.47	Price as of 11/8/2018 \$208.49
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PEER GROUP ANALYSIS

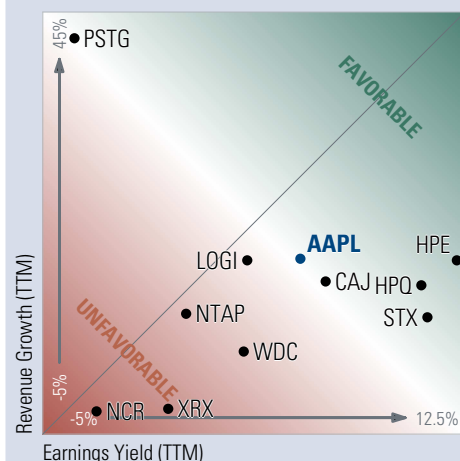
REVENUE GROWTH AND EBITDA MARGIN*



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 \$3.3 Billion and \$989.4 Billion. 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 -2.3% and 41.9%. Companies with NA or NM values do not appear.

INDUSTRY ANALYSIS

The computers and peripherals industry includes PC equipment, handheld devices, complex information technology systems and network equipment. Technological factors such as interoperability of hardware products and compatibility with the web have brought about industry consolidation. Also, intense competition and the importance of intellectual property rights have been instrumental to growth.

The US computers and peripherals industry is one of the largest global markets, including companies such as Apple (AAPL), EMC (EMC), Canon (CAJ), Western Digital (WDC), and HP (HPQ). The industry is capital-intensive with highly automated operations. Larger companies are built on purchasing power and mass production while smaller firms concentrate on product specialty and superior technology.

Research and development spending at large manufacturers generally varies between 5% and 15% of product revenue and can be more for smaller companies and low for pure assemblers like Dell. Patent licensing is a common practice as are disputes arising from patents. Technological advancement renders products quickly outdated. Many products have a lifespan less than 18 months.

Companies with excellent process technology, capital-intensive components production and flexible high-volume assembly are expected to dominate the hardware value chain. Companies with patent capital, close links to component and equipment developers and the ability to afford research and development expenditures and capital investments will benefit the most in the future. These attributes play into the strategic and technical strengths of Japanese companies. The US industry has superior design skills, but remains largely fragmented, undercapitalized and lacks a long-term approach. However, some US companies have been successful in producing structures, strategy and operational techniques necessary for commercial success.

With the global economic recovery, the computers and peripherals industry is expected to thrive as corporations continue to automate and upgrade their systems to increase efficiency and enhance competitive positions. Major players in the sector derive a substantial portion of their revenues from foreign markets adding geographic diversity to their product sales base. A weaker US dollar has previously given a pricing edge to American products and services.

Companies have little room for errors or inefficiencies in such a competitive and economically volatile environment. According to International Data Corp., price wars and technological evolution can drive down prices by 25% a year.

Computer storage and peripherals are strong sellers as data storage continues to be a top priority across businesses. Increasing amounts of data and content and the proliferation of broadband access have necessitated greater capacity across the storage infrastructure.

PEER GROUP: Computers & Peripherals

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
AAPL	APPLE INC	208.49	989,368	17.56	265,359.00	59,531.00
XRX	XEROX CORP	29.14	6,944	485.67	10,044.00	34.00
LOGI	LOGITECH INTERNATIONAL SA	36.91	6,115	28.61	2,704.07	217.82
PSTG	PURE STORAGE INC	21.71	4,457	NM	1,180.76	-177.95
HPQ	HP INC	25.50	40,351	9.34	57,033.00	4,536.00
CAJ	CANON INC	28.62	38,172	14.83	35,428.01	2,079.13
NCR	NCR CORP	27.90	3,298	NM	6,386.00	-86.00
HPE	HEWLETT PACKARD ENTERPRISE	16.25	23,914	8.21	30,566.00	3,189.00
NTAP	NETAPP INC	82.84	21,478	104.86	6,060.00	223.00
WDC	WESTERN DIGITAL CORP	47.56	13,765	29.91	20,494.00	505.00
STX	SEAGATE TECHNOLOGY PLC	45.33	12,973	9.12	11,543.00	1,451.00

The peer group comparison is based on Major Technology Hardware, Storage & Peripherals companies of comparable size.

Sector: Technology | Technology Hardware, Storage & Peripherals | Source: S&P

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COMPANY DESCRIPTION

Apple Inc. designs, manufactures, and markets mobile communication and media devices, and personal computers to consumers, and small and mid-sized businesses; and education, enterprise, and government customers worldwide. The company also sells related software, services, accessories, networking solutions, and third-party digital content and applications. It offers iPhone, a line of smartphones; iPad, a line of multi-purpose tablets; and Mac, a line of desktop and portable personal computers, as well as iOS, macOS, watchOS, and tvOS operating systems. The company also provides iWork, a productivity suite that helps users create, present, and publish documents, presentations, and spreadsheets; and other application software, such as Final Cut Pro, Logic Pro X, and FileMaker Pro. In addition, it offers Apple TV that connects to consumers' TV and enables them to access digital content directly for streaming high definition video, playing music and games, and viewing photos; Apple Watch, a personal electronic device; and iPod touch, a digital music and media player. Further, the company sells Apple-branded and third-party accessories, such as headphones, displays, storage devices, Beats products, and other connectivity and computing products and supplies. Additionally, it offers iCloud, a cloud service that stores music, photos, contacts, calendars, mail, documents, and others; AppleCare support services; and Apple Pay, a cashless payment service. The company sells and delivers digital content and applications through the iTunes Store, App Store, Mac App Store, TV App Store, iBooks Store, and Apple Music. It also sells its products through its retail and online stores, and direct sales force; and third-party cellular network carriers, wholesalers, retailers, and value-added resellers. Apple Inc. has a strategic partnership with Salesforce to develop customer relationship management platform. The company was founded in 1977 and is headquartered in Cupertino, California.

APPLE INC

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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	5.0 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 90% 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	4.0 out of 5 stars	★	★	★	★	☆
Measures the solvency of the company based on several ratios. The company is more solvent than 70% 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

THE STREET RATINGS RESEARCH METHODOLOGY

TheStreet 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.

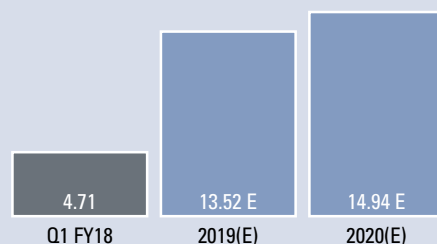
Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation 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.

Sector: Technology | Technology Hardware, Storage & Peripherals | Source: S&P

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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q4 FY18	Q4 FY17
Net Sales (\$mil)	62,900.00	52,579.00
EBITDA (\$mil)	18,872.00	15,604.00
EBIT (\$mil)	16,118.00	13,120.00
Net Income (\$mil)	14,125.00	10,714.00

BALANCE SHEET

	Q4 FY18	Q4 FY17
Cash & Equiv. (\$mil)	66,301.00	74,181.00
Total Assets (\$mil)	365,725.00	375,319.00
Total Debt (\$mil)	114,483.00	115,680.00
Equity (\$mil)	107,147.00	134,047.00

PROFITABILITY

	Q4 FY18	Q4 FY17
Gross Profit Margin	42.67%	42.63%
EBITDA Margin	30.00%	29.67%
Operating Margin	25.62%	24.95%
Sales Turnover	0.73	0.61
Return on Assets	16.27%	12.88%
Return on Equity	55.56%	36.07%

DEBT

	Q4 FY18	Q4 FY17
Current Ratio	1.12	1.28
Debt/Capital	0.52	0.46
Interest Expense	868.00	666.00
Interest Coverage	18.57	19.70

SHARE DATA

	Q4 FY18	Q4 FY17
Shares outstanding (mil)	4,755	5,126
Div / share	0.73	0.63
EPS	2.91	2.07
Book value / share	22.53	26.15
Institutional Own %	NA	NA
Avg Daily Volume	34,229,966	23,205,786

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 fourth quarter of its fiscal year 2018 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 industry. APPLE INC has weak liquidity. Currently, the Quick Ratio is 0.99 which shows a lack of ability to cover short-term cash needs. The company's liquidity has decreased from the same period last year.

During the same period, stockholders' equity ("net worth") has decreased by 20.06% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the 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.

Sector: Technology | Technology Hardware, Storage & Peripherals | Source: S&P

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RATINGS HISTORY

Our rating for APPLE INC has not changed since 4/13/2009. As of 11/8/2018, the stock was trading at a price of \$208.49 which is 10.7% below its 52-week high of \$233.47 and 38.8% above its 52-week low of \$150.24.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
11/8/16	\$111.06	No Change	Buy	Buy

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

RATINGS DEFINITIONS & DISTRIBUTION OF THE STREET RATINGS

(as of 11/8/2018)

41.29% 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.

33.42% 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.

25.29% 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 discount compared to an average of 21.54 for the Computers & Peripherals industry and a discount compared to the S&P 500 average of 22.92. Conducting a second comparison, its price-to-book ratio of 9.25 indicates a significant premium versus the S&P 500 average of 3.28 and a premium versus the industry average of 8.58. The current price-to-sales ratio is well above the S&P 500 average and above the industry average, indicating a premium.

Price/Earnings	1	2	3	4	5
				premium	discount

AAPL 17.56 Peers **21.54**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- AAPL is trading at a discount to its peers.

Price/Projected Earnings	1	2	3	4	5
			premium	discount	

AAPL 13.96 Peers **15.55**

- Average. An average price-to-projected earnings ratio can signify an industry 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 9.25 Peers **8.58**

- 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 3.74 Peers **3.37**

- Premium. 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 premium to its industry on this measurement.

Price/CashFlow	1	2	3	4	5
			premium	discount	

AAPL 12.80 Peers **13.04**

- 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 1.30 Peers **1.66**

- Discount. 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 trades at a discount to its peers.

Earnings Growth	1	2	3	4	5
	lower			higher	

AAPL 29.02 Peers **67.86**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, AAPL is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
	lower			higher	

AAPL 15.75 Peers **15.14**

- Average. Comparing a company's sales growth to its industry helps to determine if the company is adding or losing market share.
- AAPL is keeping pace with its peers on the basis of sales growth.

DISCLAIMER:

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