

## Questions About Apple

January 9, 2025

- 1) Has Apple become a stronger, less leveraged and more liquid company than it was 3 years ago?
  - a. Explain what data supports these conclusions.
  - b. What are the primary concerns?
  - c. What are the secondary concerns?
  - d. What are additional concerns?

### 3-Year History of Important Financial Metrics (in billions):

	12/31/2021	12/31/2022	12/31/2023	12/31/2024*	3-Yr Change
<b>Market Cap</b>	\$2,901.65	\$2,066.94	\$2,994.37	\$3,785.30	+\$883.66 (+30%)
<b>Cash &amp; Investments</b>	\$63.91	\$51.36	\$162.13	\$65.17	+\$1.26 (+2%)
<b>Revenue</b>	\$378.32	\$387.54	\$385.71	\$391.04	+\$12.71 (+3%)
<b>Total Debt</b>	\$309.26	\$290.02	\$111.13	\$308.03	-\$1.23 (-0%)
<b>Tangible Equity</b>	\$71.93	\$56.73	\$52.89	\$56.95	-\$14.98 (-21%)
<b>Net Income</b>	\$100.56	\$95.17	\$100.91	\$93.74	-\$6.82 (-7%)
<b>Net Cash Position</b>	-\$245.35	-\$238.67	-\$206.31	-\$242.86	+\$2.49 (+1%)

*\*Most recent financial statement only as of 9/30/2024*

- 2) What has been the percentage change in their sales over the past three years?
- 3) What has been the percentage change in their Net Income over the past three years?
- 4) What has been the percentage change in their Tangible Equity over the past three years?
- 5) What has been the percentage change in their Total Liabilities over the past three years?
- 6) What has been the percentage change in their Gross Profit Margin over the past three years?
- 7) What has been the percentage change in their Net Profit Margin over the past three years?
- 8) What's the percentage change in their Cash & Short Term Investments (STI) in the last 3 years?
- 9) How much Cash & STI did Apple have 3 years ago?
- 10) How much Cash & STI does Apple have now?
- 11) How much tangible equity did Apple have 3 years ago?
- 12) How much tangible equity does Apple now?
- 13) What were Apple's total liabilities 3 years ago?
- 14) What was their price to sales ratio 10 years ago?
- 15) What was their price to sales ratio 5 years ago?
- 16) What is their price to sales ratio now?
- 17) What was their price to earnings ratio 10 years ago?
- 18) What was their price to earnings ratio 5 years ago?
- 19) What is their price to earnings ratio now?
- 20) Historically, do the P/S ratios of companies with slowing revenue growth rise or contract?
- 21) Historically, do the P/E ratios of companies with slowing earnings growth rise or contract?

- 22) Historically, are the P/S & P/E ratios of companies with the largest revenues Lower, much lower, about the same, larger, or much higher than companies with the largest revenues and earnings?
- 23) Historically, what have been the average P/S ratios of the 10 largest companies in the US?
- 24) Is that ratio higher or lower now? Explain why?
- 25) Historically, when P/S ratios of S&P companies were lowest, did their future prices rise or fall?
- 26) Historically, when P/E ratios of S&P companies were highest, did their future prices rise or fall?
- 27) Do the prices of companies that are strong and profitable rise the most when their P/S ratios were at their lowest levels or at their highest levels?
- 28) Is it more or less probable that Apples P/S and P/E ratios will rise from their current levels?
- 29) If either, Apple's revenues or earnings their slow somewhat, how much could their P/S ratio fall?
- 30) What effect will a lower P/S ratio have on their price?
- 31) What effect will a lower P/E ratio have on their price?
- 32) Ten-year changes in Apple's financial profile:

Apple	1/9/2015	1/9/2025	10-Yr Change
<b>Market Cap</b>	\$652 billion	\$3.67 trillion	+462%
<b>Revenue</b>	\$183 billion	\$391 billion	+114%
<b>Net Income</b>	\$39.5 billion	\$93.7 billion	+137%
<b>Cash &amp; ST Inv's</b>	\$25.1 billion	\$62.2 billion	+160%
<b>P/S Ratio</b>	3.6	9.6	+163%
<b>P/E Ratio</b>	14	40	+137%
<b>3-Yr Annual Revenue Growth</b>	19.1%	2.25%	-88%

- 33) Does Apple have as much revenue and earnings growth potential in the next 10 years as they had 10 years ago?
- 34) Does Apple's stock price have as much growth potential today as it had 10 years ago?
- 35) Is Apple's stock price more or less risky now than it was 10 years ago?
- 36) Has there even been a company with Apples's financial profile whose stock price has grown?

Out of approximately 2,300 companies with a market value exceeding \$1 billion, how many of these companies may have strong and liquid balance sheets, a solid earnings history, significantly lower P/E and P/S ratios, and operate in industries far less vulnerable to a consumer recession, a market correction, tariffs on Chinese imports, a technology innovation that reduces the demand for Apple's leading edge products, and the most predictable of event that will cause their price to decline significantly, the inevitable forces of a compression in both their extremely-high, Price-to-Sales and Price-to-Earnings ratios?

How many solid companies can provide you with far greater upside and less risk of a major decline? Many. And quite a few are paying a dividend of 4% or more and have a far greater probability of recovering from a significant market decline, where Apple may not.