

# Apple Income Statement

Income Statement (\$ in millions)	Dec-12	Mar-13	Jun-13E	Sep-13E	Dec-13E	Mar-14E	Jun-14E	Sep-14E	2012	2013E	2014E
<b>Total Revenue</b>	\$54,512	\$43,603	\$36,841	\$39,280	\$61,555	\$47,805	\$40,574	\$43,475	\$156,508	\$174,236	\$193,408
<i>Y/Y Change</i>	18%	11%	5%	9%	13%	10%	10%	11%	45%	11%	11%
<i>Q/Q Change</i>	52%	-20%	-16%	7%	57%	-22%	-15%	7%	-	-	-
Cost of Goods Sold	33,452	27,254	23,325	24,745	37,512	29,713	25,775	27,237	87,846	108,776	120,237
<b>Gross Profit</b>	21,060	16,349	13,516	14,535	24,043	18,092	14,798	16,238	68,662	65,460	73,172
<i>Y/Y Change</i>									57%	-5%	12%
<i>Q/Q Change</i>	46%	-22%	-17%	8%	65%	-25%	-18%	10%	-	-	-
<b>Gross Margin %</b>	38.6%	37.5%	36.7%	37.0%	39.1%	37.8%	36.5%	37.4%	43.9%	37.6%	37.8%
R&D	1,010	1,119	683	728	1,140	886	752	806	3,381	3,539	3,583
<i>Y/Y Change</i>	33%	33%	-22%	-20%	13%	-21%	10%	11%	39%	5%	1%
<i>Q/Q Change</i>	11%	11%	-39%	7%	57%	-22%	-15%	7%	-	-	-
<i>% of Revenue</i>	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%
SG&A	2,840	2,672	1,919	2,046	3,207	2,491	2,114	2,265	10,040	9,478	10,076
<i>Y/Y Change</i>	9%	14%	-25%	-20%	13%	-7%	10%	11%	32%	-6%	6%
<i>Q/Q Change</i>	11%	-6%	-28%	7%	57%	-22%	-15%	7%	-	-	-
<i>% of Revenue</i>	5%	6%	5%	5%	5%	5%	5%	5%	6%	5%	5%
Total Operating Expenses	3,850	3,791	2,602	2,774	4,347	3,376	2,866	3,070	13,421	13,017	13,660
<i>Y/Y Change</i>	14%	19%	-24%	-20%	13%	-11%	10%	11%	34%	-3%	5%
<i>Q/Q Change</i>	11%	-2%	-31%	7%	57%	-22%	-15%	7%	-	-	-
<i>% of Revenue</i>	7%	9%	7%	7%	7%	7%	7%	7%	9%	7%	7%
<b>Operating Income (EBIT)</b>	17,210	12,558	10,914	11,760	19,696	14,716	11,933	13,168	55,241	52,443	59,512
<i>Y/Y Change</i>	-1%	-18%	-6%	7%	14%	17%	9%	12%	63%	-5%	13%
<i>Q/Q Change</i>	57%	-27%	-13%	8%	67%	-25%	-19%	10%	-	-	-
<b>Operating Margin (EBIT Margin)</b>	31.6%	28.8%	29.6%	29.9%	32.0%	30.8%	29.4%	30.3%	35.3%	30.1%	30.8%
Other Income (Expense)	462	347	300	300	200	200	200	200	522	1,409	800
Earnings (Loss) Before Taxes (EBT)	17,672	12,905	11,214	12,060	19,896	14,916	12,133	13,368	55,763	53,852	60,312
Provision for Taxes	4,594	3,358	2,915	3,135	5,172	3,877	3,154	3,475	14,030	14,002	15,679
<i>Tax Rate</i>	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	25.2%	26.0%	26.0%
<b>Net Income (Excluding SBC)</b>	13,623	10,122	8,874	9,500	15,299	11,613	9,554	10,468	43,473	42,119	46,933
<i>Y/Y Change</i>	1%	-16%	-4%	10%	12%	15%	8%	10%	60%	-3%	11%
<i>Q/Q Change</i>	57%	-26%	-12%	7%	61%	-24%	-18%	10%	-	-	-
<b>Net Margin %</b>	25.0%	23.2%	24.1%	24.2%	24.9%	24.3%	23.5%	24.1%	27.8%	24.2%	24.3%
<b>GAAP Basic EPS</b>	\$13.93	\$10.16	\$8.83	\$9.50	\$15.67	\$11.75	\$9.56	\$10.53	\$44.64	\$42.42	\$47.50
<b>GAAP Diluted EPS</b>	\$13.81	\$10.09	\$8.77	\$9.43	\$15.56	\$11.67	\$9.49	\$10.46	\$44.15	\$42.11	\$47.18
<b>Non-GAAP Diluted EPS</b>	\$14.38	\$10.70	\$9.38	\$10.04	\$16.17	\$12.28	\$10.10	\$11.06	\$45.99	\$44.51	\$49.61
<b>Reconciliation</b>											
Stock Compensation Expense (SBC)	545	575	575	575	575	575	575	575	1,740	2,270	2,300
GAAP Net Income	13,078	9,547	8,299	8,925	14,724	11,038	8,979	9,893	41,733	39,849	44,633
Basic Shares	938.9	939.6	939.6	939.6	939.6	939.6	939.6	939.6	934.818	939.451	939.629
Diluted Shares	947.2	946.0	946.0	946.0	946.0	946.0	946.0	946.0	945.355	946.331	946.035





# Apple Revenue Build

Revenue Assumptions (\$ in millions)	Dec-12	Mar-13	Jun-13E	Sep-13E	Dec-13E	Mar-14E	Jun-14E	Sep-14E	2012	2013E	2014E
<b>Mac Revenue</b>	<b>\$5,519</b>	<b>\$5,447</b>	<b>\$4,440</b>	<b>\$6,948</b>	<b>\$5,068</b>	<b>\$5,500</b>	<b>\$4,365</b>	<b>\$7,139</b>	<b>\$23,221</b>	<b>\$22,354</b>	<b>\$22,072</b>
<i>Y/Y Change</i>	-16%	7%	-10%	5%	-8%	1%	-2%	3%	7%	-4%	-1%
<i>Q/Q Change</i>	-17%	-1%	-18%	56%	-27%	9%	-21%	64%	-	-	-
<b>Mac Units (000s)</b>	<b>4,061</b>	<b>3,952</b>	<b>3,819</b>	<b>5,169</b>	<b>3,617</b>	<b>3,873</b>	<b>3,854</b>	<b>5,184</b>	<b>18,158</b>	<b>17,001</b>	<b>16,529</b>
<i>Y/Y Change</i>	-22%	-2%	-5%	5%	-11%	-2%	1%	0%	9%	-6%	-3%
<i>Q/Q Change</i>	-18%	-3%	-3%	35%	-30%	7%	0%	35%	-	-	-
<b>iPod Revenue</b>	<b>2,143</b>	<b>962</b>	<b>795</b>	<b>656</b>	<b>1,886</b>	<b>847</b>	<b>700</b>	<b>577</b>	<b>5,615</b>	<b>4,556</b>	<b>4,009</b>
<i>Y/Y Change</i>	-15%	-20%	-25%	-20%	-12%	-12%	-12%	-12%	-25%	-19%	-12%
<i>Q/Q Change</i>	161%	-55%	-17%	-17%	187%	-55%	-17%	-17%	-	-	-
<b>iPod Units (000s)</b>	<b>12,679</b>	<b>5,633</b>	<b>5,063</b>	<b>4,275</b>	<b>11,158</b>	<b>4,957</b>	<b>4,456</b>	<b>3,762</b>	<b>35,165</b>	<b>27,650</b>	<b>24,332</b>
<i>Y/Y Change</i>	-18%	-27%	-25%	-20%	-12%	-12%	-12%	-12%	-17%	-21%	-12%
<i>Q/Q Change</i>	137%	-56%	-10%	-16%	161%	-56%	-10%	-16%	-	-	-
<b>iPhone Revenue</b>	<b>30,660</b>	<b>22,955</b>	<b>15,821</b>	<b>18,310</b>	<b>36,792</b>	<b>24,103</b>	<b>16,612</b>	<b>21,056</b>	<b>78,692</b>	<b>87,746</b>	<b>98,563</b>
<i>Y/Y Change</i>	28%	3%	0%	10%	20%	5%	5%	15%	71%	12%	12%
<i>Q/Q Change</i>	84%	-25%	-31%	16%	101%	-34%	-31%	27%	-	-	-
<b>iPhone Units (000s)</b>	<b>47,789</b>	<b>37,430</b>	<b>27,069</b>	<b>32,292</b>	<b>57,347</b>	<b>39,302</b>	<b>28,423</b>	<b>37,136</b>	<b>125,046</b>	<b>144,580</b>	<b>162,207</b>
<i>Y/Y Change</i>	29%	7%	4%	20%	20%	5%	5%	15%	73%	16%	12%
<i>Q/Q Change</i>	78%	-22%	-28%	19%	78%	-31%	-28%	31%	-	-	-
<b>iPad Revenue</b>	<b>10,674</b>	<b>8,746</b>	<b>10,974</b>	<b>8,203</b>	<b>11,833</b>	<b>11,370</b>	<b>13,717</b>	<b>9,023</b>	<b>30,945</b>	<b>38,597</b>	<b>45,944</b>
<i>Y/Y Change</i>	22%	40%	25%	15%	11%	30%	25%	10%	61%	25%	19%
<i>Q/Q Change</i>	50%	-18%	25%	-25%	44%	-4%	21%	-34%	-	-	-
<b>iPad Units Shipped (000s)</b>	<b>22,860</b>	<b>19,477</b>	<b>23,859</b>	<b>16,141</b>	<b>28,359</b>	<b>28,242</b>	<b>31,016</b>	<b>18,563</b>	<b>58,310</b>	<b>82,337</b>	<b>106,180</b>
<i>Y/Y Change</i>	48%	65%	40%	15%	24%	45%	30%	15%	80%	41%	29%
<i>Q/Q Change</i>	63%	-15%	22%	-32%	76%	0%	10%	-40%	-	-	-
<b>iTunes/Software/Services</b>	<b>3,687</b>	<b>4,114</b>	<b>3,523</b>	<b>3,846</b>	<b>4,056</b>	<b>4,525</b>	<b>3,876</b>	<b>4,230</b>	<b>12,890</b>	<b>15,170</b>	<b>16,687</b>
<i>Y/Y Change</i>	22%	30%	10%	10%	10%	10%	10%	10%	38%	18%	10%
<i>Q/Q Change</i>	5%	12%	-14%	9%	5%	12%	-14%	9%	-	-	-
<b>Accessories</b>	<b>1,829</b>	<b>1,379</b>	<b>1,288</b>	<b>1,318</b>	<b>1,920</b>	<b>1,460</b>	<b>1,304</b>	<b>1,450</b>	<b>5,145</b>	<b>5,814</b>	<b>6,134</b>
<i>Y/Y Change</i>	9%	15%	5%	5%	5%	6%	1%	10%	15%	13%	6%
<i>Q/Q Change</i>	46%	-25%	-7%	2%	46%	-24%	-11%	11%	-	-	-
<b>Total Revenue</b>	<b>\$54,512</b>	<b>\$43,603</b>	<b>\$36,841</b>	<b>\$39,280</b>	<b>\$61,555</b>	<b>\$47,805</b>	<b>\$40,574</b>	<b>\$43,475</b>	<b>\$156,508</b>	<b>\$174,236</b>	<b>\$193,408</b>
<i>Y/Y Change</i>	18%	11%	5%	9%	13%	10%	10%	11%	-	11%	11%
<i>Q/Q Change</i>	52%	-20%	-16%	7%	57%	-22%	-15%	7%	-	-	-

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# Apple Gross Margin Build

Revenue Assumptions (\$ in millions)	Dec-12	Mar-13	Jun-13E	Sep-13E	Dec-13E	Mar-14E	Jun-14E	Sep-14E	2012	2013E	2014E
<b>Mac Gross Profit</b>	\$1,380	\$1,362	\$1,110	\$1,737	\$1,267	\$1,375	\$1,091	\$1,785	-	\$5,588	\$5,518
<i>Y/Y Change</i>	-	-	-	-	-8%	1%	-2%	3%	-	-	-1%
<i>Q/Q Change</i>	-	-1%	-18%	56%	-27%	9%	-21%	64%	-	-	-
<b>Mac Gross Margin</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	-	25%	25%
<b>iPod Gross Profit</b>	536	241	199	164	471	212	175	144	-	1,139	1,002
<i>Y/Y Change</i>	-	-	-	-	-12%	-12%	-12%	-12%	-	-	-
<i>Q/Q Change</i>	-	-55%	-17%	-17%	187%	-55%	-17%	-17%	-	-	-
<b>iPod Gross Margin</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	-	25%	25%
<b>iPhone Gross Profit</b>	13,919	10,283	7,119	8,239	16,556	10,846	7,475	9,475	-	39,560	44,353
<i>Y/Y Change</i>	-	-	-	-	19%	5%	5%	15%	-	-	-
<i>Q/Q Change</i>	-	-26%	-31%	16%	101%	-34%	-31%	27%	-	-	-
<b>iPhone Gross Margin</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	-	45%	45%
<b>iPad Gross Profit</b>	3,202	2,405	3,292	2,461	3,550	3,411	4,115	2,707	-	11,360	13,783
<i>Y/Y Change</i>	-	-	-	-	11%	42%	25%	10%	-	-	-
<i>Q/Q Change</i>	-	-25%	37%	-25%	44%	-4%	21%	-34%	-	-	-
<b>iPad Gross Margin</b>	<b>30%</b>	<b>28%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	-	29%	30%
<b>iTunes/Software/Services Gross Profit</b>	1,475	1,646	1,409	1,538	1,622	1,810	1,550	1,692	-	6,068	6,675
<i>Y/Y Change</i>	-	-	-	-	10%	10%	10%	10%	-	-	-
<i>Q/Q Change</i>	-	12%	-14%	9%	5%	12%	-14%	9%	-	-	-
<b>iTunes/Software/Services Gross Margin</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	-	40%	40%
<b>Accessories Gross Profit</b>	549	414	387	395	576	438	391	435	-	1,744	1,840
<i>Y/Y Change</i>	-	-	-	-	5%	6%	1%	10%	-	-	-
<i>Q/Q Change</i>	-	-25%	-7%	2%	46%	-24%	-11%	11%	-	-	-
<b>Accessories Gross Margin</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	-	30%	30%
<b>Total Gross Profit</b>	<b>\$21,060</b>	<b>\$16,349</b>	<b>\$13,516</b>	<b>\$14,535</b>	<b>\$24,043</b>	<b>\$18,092</b>	<b>\$14,798</b>	<b>\$16,238</b>	-	<b>\$65,460</b>	<b>\$73,172</b>
<b>Gross Margin</b>	<b>38.6%</b>	<b>37.5%</b>	<b>36.7%</b>	<b>37.0%</b>	<b>39.1%</b>	<b>37.8%</b>	<b>36.5%</b>	<b>37.4%</b>	-	<b>37.6%</b>	<b>37.8%</b>
<i>Y/Y Change</i>	-	-	-	-	14%	11%	9%	12%	-	-	12%
<i>Q/Q Change</i>	-	-22%	-17%	8%	65%	-25%	-18%	10%	-	-	-
Check	0	0	0	0	0	0	0	0	-	0	0