# UConn Student Managed Fund Analyst Report

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Apple Inc. NASDAQ: AAPL		Recommendation: BUY				
Target Price: 175.24	Market Cap: \$2.38	81T	P/E Ratio: 24.50			
Current Price:149.70	<b>Dividend Yield:</b> 0.	61%	<b>EV/EBITDA:</b> 18.54x			
Stop Loss:	<b>Beta:</b> 1.25		EBITDA Margin: 30.3%			
<b>52 Week High/Low:</b> 129.04 - 182.94	<b>ROE:</b> 160.9		Gross Margin: 43.3%			

### Company Background:

Designs, manufactures and markets smartphones, computers, tablets, wearables, accessories, and services. It is currently the most valued company in the world.

## Industry Outlook:

Worldwide IT spending is projected to total \$4.6 T in 2023. Ongoing volatility in the global economy is taking a toll on the industry. The Tech industry is greater than 10% of the global economy and growing at an accelerated rate.

### **Investment Thesis:**

Strong FCF, recession resistant business model, loyal customer base, new product releases.

#### **Investment Risks:**

Supply chain risks, reliance on china, inflation/slow growth risk, foregin exchange rates risk.

#### Financial Performance

AAPL US Equity		Historic	cal Period		Current FY		Pr	rojection Period			Projection Period				
	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Revenue	\$265,359	\$260,174	\$274,515	\$365,817	\$394,328	\$421,931	\$451,466	\$478,554	\$502,482	\$527,606	\$553,986	\$581,685	\$610,770	\$641,308	\$673,374
% Growth	15.0%	-2.0%	5.5%	33.3%	7.8%	7.0%	7.0%	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Cost of Sales	\$169,559	\$161,782	\$169,559	\$212,981	\$223,546	\$240,501	\$261,850	\$282,347	\$296,464	\$311,287	\$326,852	\$343,194	\$360,354	\$378,372	\$397,290
% Margin	63.9%	62.2%	61.8%	58.2%	56.7%	57.0%	58.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%
Gross Profit	\$95,800	\$98,392	\$104,956	\$152,836	\$170,782	\$181,430	\$189,616	\$196,207	\$206,018	\$216,318	\$227,134	\$238,491	\$250,416	\$262,936	\$276,083
% Margin	36.1%	37.8%	38.2%	41.8%	43.3%	43.0%	42.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%
SG&A Expense	\$16,705	\$18,245	\$19,916	\$21,973	\$25,094	\$25,316	\$27,088	\$28,713	\$30,149	\$31,656	\$33,239	\$34,901	\$36,646	\$38,478	\$40,402
% Margin	6.3%	7.0%	7.3%	6.0%	6.4%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
R&D Expense	\$14,236	\$16,217	\$18,752	\$21,914	\$26,251	\$25,316	\$27,088	\$28,713	\$30,149	\$31,656	\$33,239	\$34,901	\$36,646	\$38,478	\$40,402
% Margin	5.4%	6.2%	6.8%	6.0%	6.7%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Total Operating Expens	\$30,941	\$34,462	\$38,668	\$43,887	\$51,345	\$50,632	\$54,176	\$57,426	\$60,298	\$63,313	\$66,478	\$69,802	\$73,292	\$76,957	\$80,805
% Margin	11.7%	13.2%	14.1%	12.0%	13.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Other (Expense)/Incom	\$2,005	\$1,807	\$803	\$258	-\$334	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
% Margin	0.76%	0.69%	0.29%	0.07%	-0.08%	0.12%	0.11%	0.10%	0.10%	0.09%	0.09%	0.09%	0.08%	0.08%	0.07%
EBIT	\$64,859	\$63,930	\$66,288	\$108,949	\$119,437	\$130,799	\$135,440	\$138,781	\$145,720	\$153,006	\$160,656	\$168,689	\$177,123	\$185,979	\$195,278
% Margin	24.4%	24.6%	24.1%	29.8%	30.3%	31.0%	30.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
Income Tax Expense	\$13,372	\$10,481	\$9,680	\$14,527	\$19,300	\$21,217	\$21,670	\$22,205	\$23,315	\$24,481	\$25,705	\$26,990	\$28,340	\$29,757	\$31,245
Effective Tax Rate	20.6%	16.4%	14.6%	13.3%	16.2%	16.2%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
NOPLAT	\$51,487	\$53,449	\$56,608	\$94,422	\$100,137	\$109,581	\$113,769	\$116,576	\$122,405	\$128,525	\$134,951	\$141,699	\$148,784	\$156,223	\$164,034
% Margin	19.4%	20.5%	20.6%	25.8%	25.4%	26.0%	25.2%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%

# Valuation: Discounted Cash Flow Analysis

Implied Perpetuity G	rowth Rate
Terminal Year FCF	\$137,655
Discount Rate	6.15%
Terminal Value	\$3,865,642
Perpetuity Growth Rate	2.50%

Implied Equity Value an	d Share Price	
PV of FCF	\$788,765	
PV of Terminal Value	\$2,128,245	
Enterprise Value	\$2,917,010	
Less: Debt	\$110,087	
Add: Cash & Equivalents	\$23,646	
Equity Value	\$2,830,569	
Diluted Shares Outstand	16,215	
Implied Share Price	\$174.56	
Current Price	\$146.87	(as of
Margin of Safety	15.87%	

## Relative Valuation

Name	Ticker	2Y Corr	Mkt Cap (USD)	BF P/E	BF EV/EBITDA	BF EV/EBIT	BF EV/Rev	LF P/BV
Apple Inc	AAPL US		\$2,336,425,290,660.00	23.1802	17.3006	19.1057	5.6152	46.2111
Current Premium to Comps Mean				39.2492	58.9098	39.1146	57.4042	
Mean (Including AAPL US)			\$914,229,391,068.43	16.6466	10.887	13.7338	3.5674	3.7458
Microsoft Corp	MSFT US	0.7617	\$1,811,287,884,529.12	23.6592	16.3068	19.1078	7.9226	10.4393
HP Inc	<b>HPQ US</b>	0.4855	\$29,474,007,689.70	7.9296	6.6324	7.5651	0.6083	
International Business Machine	IBM US	0.2721	\$127,689,766,246.49	14.818	10.8315	15.9088	2.8494	6.3603
Samsung Electronics Co Ltd	005930 KS	0.1098	\$266,270,006,216.86	13.6459	3.364	6.9816	0.8415	1.1314

# ESG:

### **Environment, Social and Governance (ESG) Risk Ratings** ①

Total ESG Risk score Environment Risk Score Social Risk Score Governance Risk Score

**17** <sub>15th percentile</sub> 0.6 6.9 9.2

Low