

Apple (AAPL)

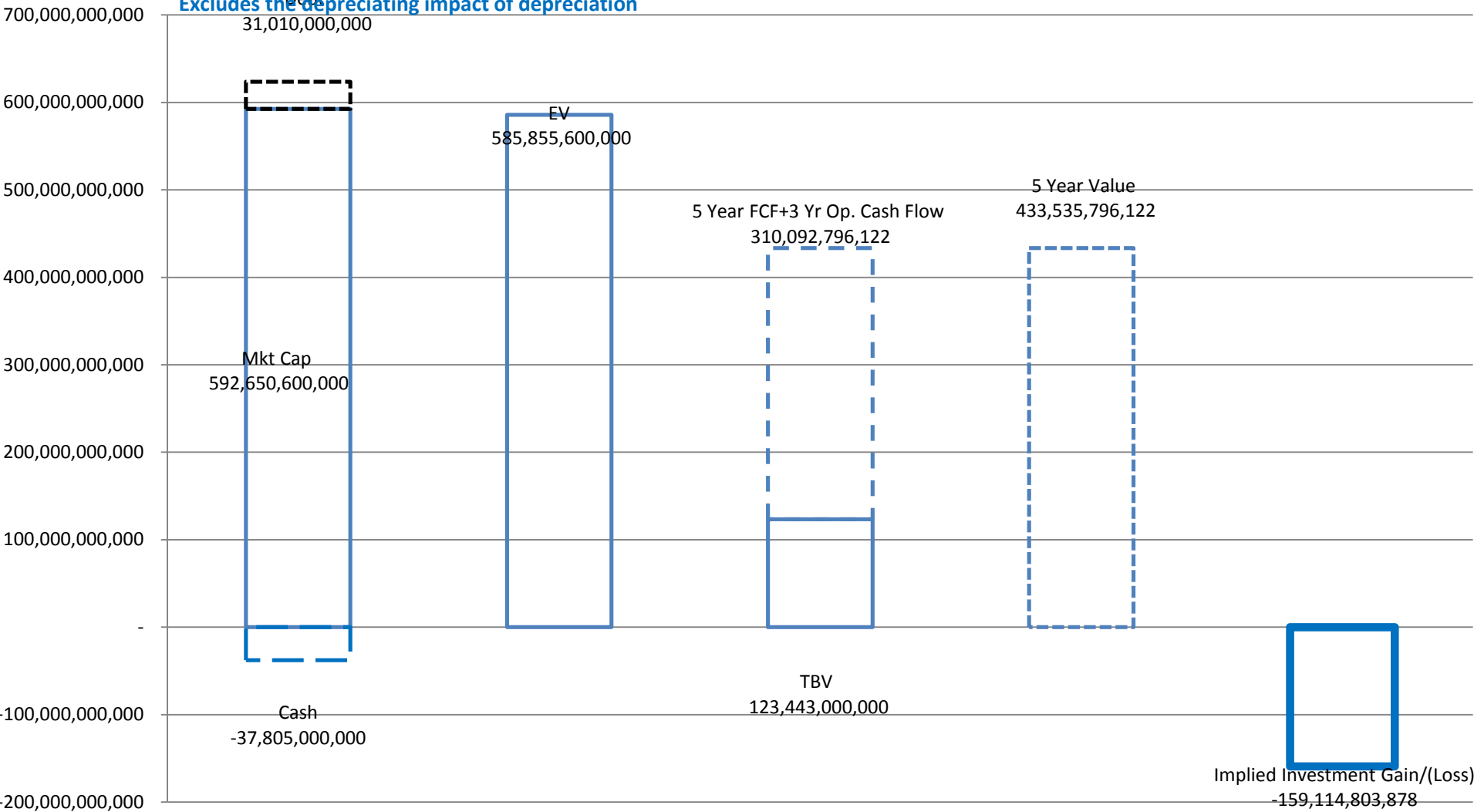
Price:	\$98.94	Net Tang. Bk Value Incl. Cash, Excl.	\$123,443,000,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$290,724,808,246.66
Shares Outstanding:	5,990,000,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$41,297,066,624.14
Market Cap:	\$592,650,600,000	NTBVIC/Market Downside Recovery:	20.83%	Year 5 Disposition FCF Multiple:	3.0
Cash:	\$37,805,000,000	Op. Cash Flow:	\$37,240,319,250	Year 5 Disposition Price:	\$414,616,008,119.09
Debt:	\$31,010,000,000	Implied Years to Fill Gap:	12.60		
Net Cash:	\$6,795,000,000	Today's Equity if 5x Op. CF:	\$235,163,957,750		
Enterprise Value:	\$585,855,600,000			Net Tang. Book+ Gain Disposition:	\$414,616,008,119.09
				IRR:	-6.90%
				Price:	\$69.22
				Target Market Cap:	\$414,616,008,119
				Target Enterprise Value:	\$407,821,008,119

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

We ran a similar report back in June 2012. We had a price target for \$570 BB, but that was with the assumption growth would continue at 20% YoY. However, that is proving to be impossible now that the Iphone craze is dying out. Apple needs to launch a new, large mover on the scale of Ipad, or Iphone in order to propel the stock above \$1 trillion. If not, then this stock will start to crash to a more sustainable \$200-300 BB.

The assets are definitely in place to make this stock a strong dividend player in the near future. Right now it is paying out 1.90%.

Excludes the depreciating impact of depreciation



Apple Inc is a California corporation established in 1977. The Company designs, manufactures, and markets mobile communication and media devices, personal computers, and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications. It sells its products worldwide through its retail stores, online stores, and direct sales force, as well as through third-party cellular network carriers, wholesalers, retailers, and value-added resellers. The Company's products and services include iPhone (r), iPad(r), Mac(r), iPod(r), Apple TV(r) a portfolio of consumer and professional software applications, the iOS and OS X(r) operating systems, iCloud(r) and a variety of accessory, service and support offerings. It also sells and delivers digital content and applications through the iTunes Store(r) App StoreSM, iBookstoreSM, and Mac App Store. The Company also sells and delivers digital content and applications through the iTunes Store (r), App Store™, iBooks Store™, and Mac App Store. In addition, the Company sells a variety of third-party iPhone, iPad, Mac and iPod compatible products, including application software, and various accessories, through its online and retail stores. It sells to consumer; small and mid-sized businesses (SMB); and education, enterprise and government customers. Its reportable operating segments consist of Americas, Europe, Japan, Greater China, Rest of Asia Pacific and Retail. The Americas segment includes both North and South America. The Europe segment includes European countries, as well as the Middle East and Africa. The Asia-Pacific segment includes Australia and Asian countries, other than Japan. The Retail segment operates Apple retail stores in 13 countries, including the U.S. Each operating segment provides similar hardware and software products and similar services. It offers its own software products, including iOS, the Company's mobile operating system; OS X, the Company's Mac operating system; and server and application software. The Company currently holds rights to patents and copyrights relating to certain aspects of its computer systems, iPhone and iPod devices, peripherals, software and services. The Company is subject to federal, state and international laws relating to the collection, use, retention, security and transfer of PII.

Company Name:	Apple
Ticker Symbol:	AAPL
Last Price:	\$98.94
Net Cash/Share:	\$1.13
Net Cash to Last Price:	1.15%
Shares Outstanding:	5,990,000,000
Industry:	Consumer Electronics
Sector:	Technology
Institutional Ownership:	64.26%
Mutual Fund Ownership:	29.79%
Insider Ownership:	0.12%
Float:	100.00%

Market Capitalization:	\$592,650,600,000.00
Total Debt:	\$31,010,000,000.00
RCH Total Cash:	\$37,805,000,000.00
Net Cash/(Debt):	\$6,795,000,000.00
Enterprise Value:	\$585,855,600,000.00
Current EV/Share:	\$97.81
EBITDA:	\$55,756,000,000.00
EV/EBITDA Multiple:	10.51
EV/EBITDA Multiple Average Year 1-5:	9.54
EV/FCF Multiple (excluding acquisition):	13.14
	18.72

Income Statement		
Revenue:	\$178,140,000,000.00	100.0%
Cost of Goods Sold:	\$113,836,000,000.00	63.9%
Gross Profit:	\$64,304,000,000.00	36.1%
EBITDA:	\$59,130,000,000.00	33.2%
Net Income:	\$38,560,000,000.00	21.6%

Balance Sheet	
Cash:	\$12,977,000,000.00
Short Term Investment:	\$24,828,000,000.00
A/R:	\$13,102,000,000.00
PP&E:	\$17,500,000,000.00
Assets:	\$219,296,000,000.00

Upper Range
DCF: EV/EBITDA Terminal Value

Technicals	
52 week low:	\$63.89
Today from 52 week low:	54.86%
52 week high:	\$103.74
Today from 52 week high:	4.85%

Implied TV from 3 X EV/EBITDA Multiple	\$176,684,718,295.97
Enterprise Value	\$176,684,718,295.97
Cash at Year 5:	\$194,290,333,120.72
Debt at Year 5:	\$31,010,000,000.00
Equity Value Year 5:	\$339,965,051,416.69
Equity/Share at Year 5:	\$56.76
Annualized Return:	-10.52%

A/P:	\$22,367,000,000.00
Deferred Tax:	\$20,159,000,000.00
Other Liabilities:	\$28,044,000,000.00
Short term Debt:	\$2,010,000,000.00
Long Term Debt:	\$29,000,000,000.00
Liabilities:	\$101,580,000,000.00
Retained Earnings:	\$105,256,000,000.00
Paid-In Capital:	\$19,764,000,000.00
Treasury Stock:	\$0.00
Stockholder's Equity:	\$125,020,000,000.00

Analyst/Consensus	
Analyst Sales Growth FY1:	5.40%
Analyst Sales Growth FY2:	9.30%
SN Valuation Estimate FY1:	5.00%
SN Valuation Estimate FY2:	5.00%

Lower Range
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value

Year 5 Net Tangible Assets excluding cash and debt	\$87,656,000,000.00
Enterprise Value	\$87,656,000,000.00
Cash at Year 5:	\$194,290,333,120.72
Debt at Year 5:	\$31,010,000,000.00
Equity Value Year 5:	\$250,936,333,120.72
Equity/Share at Year 5:	\$41.89
Annualized Return:	-15.79%

Cash Flow	
Net Income:	37,037,000,000.00
Depreciation/Amortization:	6,757,000,000.00
Change in Working capital:	6,478,000,000.00
Cash from Operating Activities:	53,666,000,000.00
Capital Expenditures:	-9,076,000,000.00
Cash from Investing Activities:	-33,774,000,000.00
Total Cash Dividends Paid:	-10,564,000,000.00
Issuance (Retirement) of Stock:	-22,330,000,000.00
Issuance (Retirement) of Debt:	16,896,000,000.00
Cash from Financing Activities:	-16,379,000,000.00

Analyst Earnings Estimate FY1:	\$6.33
Analyst Earnings Estimate FY2:	\$7.05
SN Valuation Earnings Est. FY1:	\$5.03
SN Valuation Earnings Est. FY2:	\$5.30

Multiples	
Market Value to Book:	4.74
EV to Book:	4.69
Market Value to Tangible Net Assets:	8.38
P/E Ratio:	15.37
Trailing P/E Ratio:	16.60
Forward P/E Ratio:	14.03
Beta:	0.89
Dividend:	1.88
Dividend Yield:	1.90%
Dividend Date:	Aug 14, 2014
Ex-Dividend Date:	Aug 7, 2014

EVA	
EVA today:	\$144,335,233,204.10
EVA in 5 Years:	\$240,769,281,384.07
EVA/Share:	\$40.20
Cash at Year 5:	\$194,290,333,120.72
Debt at Year 5:	\$31,010,000,000.00
Equity Value Year 5:	\$404,049,614,504.79
Equity/Share at Year 5:	\$67.45
Annualized return	10.78%

Profitability Margins	
Debt to Equity:	24.80%
Return on Assets:	16.89%
Return on Capital:	23.74%
Return on Equity:	29.62%

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	10.51
Average EV to EBIT:	N/A
Company EV to EBITA:	11.96

Current Net Tangible Asset	
Net Tangible Asset/Share:	\$18.69
Net Tangible Asset/Share in Year 5:	\$46.62
Annualized return	20.06%

Current Equity Price:	\$98.94
Selling at Discount?	Premium
Appreciation Potential:	-81.11%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Apple

Ticker:

AAPL

	Historical				Forecasted				
	52 weeks ending 2010-09-25	52 weeks ending 2011-09-24	52 weeks ending 2012-09-29	52 weeks ending 2013-09-28	2014	2015	2016	2017	2018
Revenue	65,225.00	108,249.00	156,508.00	170,910.00	179,455.50	188,428.28	197,849.69	207,742.17	218,129.28
COGS	39,541.00	64,431.00	87,846.00	106,606.00	113,056.97	118,709.81	124,645.30	130,877.57	137,421.45
Gross margin	25,684.00	43,818.00	68,662.00	64,304.00	66,398.54	69,718.46	73,204.38	76,864.60	80,707.83
SG&A	5,517.00	7,599.00	10,040.00	10,830.00	12,551.89	13,199.98	13,849.48	14,541.95	15,289.05
R&D	1,782.00	2,429.00	3,381.00	4,475.00	5,383.67	5,652.85	5,935.49	6,232.27	6,543.88
Unusual expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	18,385.00	33,790.00	55,241.00	48,999.00	48,452.99	50,875.63	53,419.42	56,090.39	58,894.91
Interest income/(expense)	311.00	519.00	1,088.00	1,180.00	-2,075.34	-2,075.34	-2,075.34	-2,075.34	-2,075.34
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	-156.00	-104.00	-566.00	-24.00	0.00	0.00	0.00	0.00	0.00
Income before tax	18,540.00	34,205.00	55,763.00	50,155.00	46,377.65	48,800.29	51,344.08	54,015.05	56,819.57
Tax	4,527.00	8,263.00	14,030.00	13,118.00	16,232.18	17,080.10	17,970.43	18,905.27	19,886.85
Income after tax	14,013.00	25,922.00	41,733.00	37,037.00	30,145.47	31,720.19	33,373.65	35,109.78	36,932.72
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	14,013.00	25,922.00	41,733.00	37,037.00	30,145.47	31,720.19	33,373.65	35,109.78	36,932.72
* Figures are in millions (\$)									
EPS (based off today's share count)	\$2.34	\$4.33	\$6.97	\$6.18	\$5.03	\$5.30	\$5.57	\$5.86	\$6.17
P/E (historical today's price; forecasted intrinsic price)	42.29	22.86	14.20	16.00	18.30	16.20	14.33	12.68	11.23
Revenue Growth	N/A	65.96%	44.58%	9.20%	5.00%	5.00%	5.00%	5.00%	5.00%
Tax Rate	24.42%	24.22%	25.16%	26.15%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	6.96%	-7.16%	-7.16%	-7.16%	-7.16%	-7.16%
Margins									
COGS	60.62%	59.52%	56.13%	62.38%	63.00%	63.00%	63.00%	63.00%	63.00%
Gross margin	39.38%	40.48%	43.87%	37.62%	37.00%	37.00%	37.00%	37.00%	37.00%
SG&A	8.46%	7.02%	6.42%	6.34%	7.00%	7.00%	7.00%	7.00%	7.00%
R&D	2.73%	2.24%	2.16%	2.62%	3.00%	3.00%	3.00%	3.00%	3.00%
Unusual expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	28.19%	31.22%	35.30%	28.67%	27.00%	27.00%	27.00%	27.00%	27.00%
Interest income/(expense)	0.48%	0.48%	0.70%	0.69%	-1.16%	-1.10%	-1.05%	-1.00%	-0.95%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-0.24%	-0.10%	-0.36%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	28.42%	31.60%	35.63%	29.35%	25.84%	25.90%	25.95%	26.00%	26.05%
Tax	6.94%	7.65%	8.96%	7.68%	9.05%	9.06%	9.08%	9.10%	9.12%
Income after tax	21.48%	23.95%	26.67%	21.67%	16.80%	17.68%	18.60%	19.56%	20.58%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	21.48%	23.95%	26.67%	21.67%	16.80%	16.83%	16.87%	16.90%	16.93%

	As of 2010-09-25	As of 2011-09-24	As of 2012-09-29	As of 2013-09-28	Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
					+	-						
Cash	11,261.00	9,815.00	10,746.00	14,259.00	12,977.00		12,977.00	40217.31925	69,387.10	100,582.82	133,905.78	169,462.33
Short term investment	14,359.00	16,137.00	18,383.00	26,287.00	24,828.00		24,828.00	24,828.00	24,828.00	24,828.00	24,828.00	24,828.00
Cash and Short term	25,620.00	25,952.00	29,129.00	40,546.00	37,805.00		37,805.00	65,045.32	94,215.10	125,410.82	158,733.78	194,290.33
Accounts Receivable	5,510.00	5,369.00	10,930.00	13,102.00	13,102.00		13,102.00	13,102.00	13,102.00	13,102.00	13,102.00	13,102.00
Other receivables	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	5,510.00	5,369.00	10,930.00	13,102.00	13,102.00		13,102.00	13,102.00	13,102.00	13,102.00	13,102.00	13,102.00
Total Inventory	1,051.00	776.00	791.00	1,764.00	1,594.00		1,594.00	1,594.00	1,594.00	1,594.00	1,594.00	1,594.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	5,083.00	6,543.00	9,041.00	10,335.00	11,709.00		11,709.00	11,709.00	11,709.00	11,709.00	11,709.00	11,709.00
Current Assets	37,264.00	38,640.00	49,891.00	65,747.00	64,210.00	0.00	64,210.00	91450.31925	120,620.10	151,815.82	185,138.78	220,695.33
PP&E, Gross	7,234.00	11,768.00	21,887.00	34,453.00	34,500.00		34,500.00	44,500.00	54,500.00	64,500.00	74,500.00	84,500.00
Change in Depreciation	1,027.00	1,814.00	3,277.00	6,757.00	6,757.00		6,757.00	7,094.85	7,449.59	7,822.07	8,213.18	8,623.83
Accumulated Depreciation	2,466.00	3,991.00	6,435.00	16,868.00	17,000.00		17,000.00	24,094.85	31,544.44	39,366.51	47,579.69	56,203.52
PP&E, Net	4,788.00	7,777.00	15,452.00	17,585.00	17,500.00		17,500.00	20,405.15	22,955.56	25,133.49	26,920.31	28,296.48
Goodwill	741.00	896.00	1,135.00	1,577.00	1,577.00	0.00	1,577.00	1,577.00	1,577.00	1,577.00	1,577.00	1,577.00
Intangibles	342.00	3,536.00	4,224.00	4,179.00	4,178.00		4,178.00	4,178.00	4,178.00	4,178.00	4,178.00	4,178.00
Long term investments	25,391.00	55,618.00	92,122.00	106,215.00	126,685.00		126,685.00	126,685.00	126,685.00	126,685.00	126,685.00	126,685.00
Other long term assets	2,263.00	3,556.00	5,478.00	5,146.00	5,146.00		5,146.00	5,146.00	5,146.00	5,146.00	5,146.00	5,146.00
Long Term Assets	33,505.00	71,383.00	118,411.00	134,702.00	155,086.00	0.00	155,086.00	157,991.15	160,541.56	162,719.49	164,506.31	165,882.48
Total Assets	70,769.00	110,023.00	168,302.00	200,449.00	219,296.00	0.00	219,296.00	249,441.47	281,161.66	314,535.31	349,645.09	386,577.81
Accounts Payable	12,015.00	14,632.00	21,175.00	22,367.00	22,367.00		22,367.00	22,367.00	22,367.00	22,367.00	22,367.00	22,367.00
Accrued Expense	1,593.00	2,428.00	3,283.00	4,782.00	4,782.00		4,782.00	4,782.00	4,782.00	4,782.00	4,782.00	4,782.00
Other current Liabilities	7,114.00	10,910.00	14,084.00	16,509.00	16,618.00		16,618.00	16,618.00	16,618.00	16,618.00	16,618.00	16,618.00
Total Current Liabilities	20,722.00	27,970.00	38,542.00	43,658.00	43,767.00	0.00	43,767.00	43,767.00	43,767.00	43,767.00	43,767.00	43,767.00
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	2,010.00		2,010.00	2,010.00	2,010.00	2,010.00	2,010.00	2,010.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	16,960.00	29,000.00	0.00	29,000.00	29,000.00	29,000.00	29,000.00	29,000.00	29,000.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	0.00	0.00	0.00	16,960.00	31,010.00	0.00	31,010.00	31,010.00	31,010.00	31,010.00	31,010.00	31,010.00
Deferred Income tax	4,300.00	8,159.00	13,847.00	16,489.00	20,159.00		20,159.00	20,159.00	20,159.00	20,159.00	20,159.00	20,159.00
Minority Interest	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	2,370.00	3,627.00	5,465.00	6,344.00	6,644.00		6,644.00	6,644.00	6,644.00	6,644.00	6,644.00	6,644.00
Total Liabilities	27,392.00	39,756.00	57,854.00	83,451.00	101,580.00	0.00	101,580.00	101,580.00	101,580.00	101,580.00	101,580.00	101,580.00
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	10,668.00	13,331.00	16,422.00	19,764.00	19,764.00		19,764.00	19,764.00	19,764.00	19,764.00	19,764.00	19,764.00
Additional Paid-in capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	37,169.00	62,841.00	101,289.00	104,256.00	105,256.00		105,256.00	135,401.47	167,121.66	200,495.31	235,605.09	272,537.81
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	171.00	130.00	731.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	48,008.00	76,302.00	118,442.00	123,823.00	125,020.00	0.00	125,020.00	155,165.47	186,885.66	220,259.31	255,369.09	292,301.81
Liability + Equity	75,400.00	116,058.00	176,296.00	207,280.00	226,600.00	0.00	226,600.00	256,745.47	288,465.66	321,839.31	356,949.09	393,881.81
Variance	-4,631.00	-6,035.00	-7,994.00	-6,831.00	-7,304.00		-7,304.00	-7,304.00	-7,304.00	-7,304.00	-7,304.00	-7,304.00
Debt/Equity	0.00	0.00	0.00	0.14	0.25		0.25	0.20	0.17	0.14	0.12	0.11
Inventory Turnover	62.06	139.50	197.86	96.89	112.58		107.22	112.58	118.21	124.12	130.33	136.84
Inventory Turnover Days	5.88	2.62	1.84	3.77	3.24		3.40	3.24	3.09	2.94	2.80	2.67
Days Inventory Outstanding	9.70	4.40	3.29	6.04	5.15		5.46	5.15	4.90	4.67	4.45	4.23
Accounts Receivable Turnover	11.84	20.16	14.32	13.04	13.70		13.04	13.70	14.38	15.10	15.86	16.65
Accounts Receivable Turnover Days	30.83	18.10	25.49	27.98	26.65		27.98	26.65	25.38	24.17	23.02	21.92
Days Payable Outstanding	110.91	82.89	87.98	76.58	72.21		76.58	72.21	68.77	65.50	62.38	59.41
Days Sales Outstanding	30.83	18.10	25.49	27.98	26.65		27.98	27.98	26.65	25.38	24.17	23.02
Cash Conversion Cycle	-70.37	-60.39	-59.21	-42.56	-40.42		-43.14	-39.08	-37.22	-35.45	-33.76	-32.15
Net tangible assets/share	\$7.83	\$12.00	\$18.88	\$19.71	\$19.91		\$24.94	\$30.24	\$35.81	\$41.67	\$47.84	

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

AAPL

	52 weeks ending 2010-09-25	52 weeks ending 2011-09-24	52 weeks ending 2012-09-29	52 weeks ending 2013-09-28	2014	2015	2016	2017	2018
Net Income	14,013.00	25,922.00	41,733.00	37,037.00	30,145.47	31,720.19	33,373.65	35,109.78	36,932.72
Depreciation	1,027.00	1,814.00	3,277.00	6,757.00	7,094.85	7,449.59	7,822.07	8,213.18	8,623.83
Net Income + Depreciation	15,040.00	27,736.00	45,010.00	43,794.00	37,240.32	39,169.78	41,195.72	43,322.96	45,556.55
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	1,440.00	2,868.00	4,405.00	1,141.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	903.00	1,168.00	1,740.00	2,253.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	1,212.00	5,757.00	-299.00	6,478.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	141.00	-5,561.00	-2,172.00	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	275.00	-15.00	-973.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	2,617.00	6,543.00	1,192.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	18,595.00	37,529.00	50,856.00	53,666.00	37,240.32	39,169.78	41,195.72	43,322.96	45,556.55
Capital Expenditures Expenditures	-2,121.00	-7,452.00	-9,402.00	-9,076.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-11,733.00	-32,967.00	-38,825.00	-24,698.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-13,854.00	-40,419.00	-48,227.00	-33,774.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00
Financing Cash flow items	345.00	613.00	125.00	-381.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	-2,488.00	-10,564.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	912.00	831.00	665.00	-22,330.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	0.00	0.00	0.00	16,896.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	1,257.00	1,444.00	-1,698.00	-16,379.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	5,263.00	11,261.00	9,815.00	10,746.00	12,977.00	40,217.32	69,387.10	100,582.82	133,905.78
Net Change in Cash	5,998.00	-1,446.00	931.00	3,513.00	27,240.32	29,169.78	31,195.72	33,322.96	35,556.55
Ending Cash Balance	11,261.00	9,815.00	10,746.00	14,259.00	40,217.32	69,387.10	100,582.82	133,905.78	169,462.33
Capex to Revenue	3.25%	6.88%	6.01%	5.31%	5.57%	5.31%	5.05%	4.81%	4.58%
Depreciation to Sales	1.57%	1.68%	2.09%	3.95%	3.95%	3.95%	3.95%	3.95%	3.95%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	8.45%	4.96%	6.98%	7.67%	7.30%	6.95%	6.62%	6.31%	6.01%
Distributable FCF/EV Yield	0.81%	-0.49%	0.45%	3.40%	4.65%	4.98%	5.32%	5.69%	6.07%
Dividend Yield	0.00%	0.00%	-0.42%	-1.78%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	16,474.00	30,077.00	43,942.00	55,154.00	27,240.32	29,169.78	31,195.72	33,322.96	35,556.55

SN VALUATION

LBO Debt Schedule

Ticker:

AAPL

	Proforma	2014	2015	2016	2017	2018
Net Change in Cash	3,513.00	27,240.32	29,169.78	31,195.72	33,322.96	35,556.55
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	31,010.00	31,010.00	31,010.00	31,010.00	31,010.00	31,010.00
Current Portion Debt Balance	2,010.00	2,010.00	2,010.00	2,010.00	2,010.00	2,010.00
Long Term Debt Balance	29,000.00	29,000.00	29,000.00	29,000.00	29,000.00	29,000.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		2480.80	2480.80	2480.80	2480.80	2480.80
Cash Balance		40,546.00				
Interest @ 1.0%		405.46	405.46	405.46	405.46	405.46
Net Interest Expense/(Income)		2075.34	2075.34	2075.34	2075.34	2075.34
Net Interest Rate		7.16%	7.16%	7.16%	7.16%	7.16%
EBITDA		48,452.99	50,875.63	53,419.42	56,090.39	58,894.91
EBITDA/Interest Expense Coverage		19.53	20.51	21.53	22.61	23.74

Interest Rate Coverage Table

Debt Rating					
AAA	AAA	AAA	AAA	AAA	AAA
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

SN VALUATION

Altman Z Score

Company Name:

Apple

Ticker:

AAPL

Period	2010	2011	2012	2013	2014	2015	2016	2017	2018
Working Capital	16,542.00	10,670.00	11,349.00	20,443.00	47,683.32	76,853.10	108,048.82	141,371.78	176,928.33
Total Assets	70,769.00	110,023.00	168,302.00	219,296.00	249,441.47	281,161.66	314,535.31	349,645.09	386,577.81
X1	0.23	0.10	0.07	0.09	0.19	0.27	0.34	0.40	0.46
Retained Earnings	37,169.00	62,841.00	101,289.00	105,256.00	135,401.47	167,121.66	200,495.31	235,605.09	272,537.81
Total Assets	70,769.00	110,023.00	168,302.00	219,296.00	249,441.47	281,161.66	314,535.31	349,645.09	386,577.81
X2	0.53	0.57	0.60	0.48	0.54	0.59	0.64	0.67	0.71
EBITDA	18,385.00	33,790.00	55,241.00	48,999.00	48,452.99	50,875.63	53,419.42	56,090.39	58,894.91
Total Assets	70,769.00	110,023.00	168,302.00	219,296.00	249,441.47	281,161.66	314,535.31	349,645.09	386,577.81
X3	0.26	0.31	0.33	0.22	0.19	0.18	0.17	0.16	0.15
Market Value of Equity	592,650.60	592,650.60	592,650.60	592,650.60	551,782.85	513,733.24	478,307.43	445,324.51	414,616.01
Total Liabilities	27,392.00	39,756.00	57,854.00	101,580.00	101,580.00	101,580.00	101,580.00	101,580.00	101,580.00
X4	21.64	14.91	10.24	5.83	5.43	5.06	4.71	4.38	4.08
Net Sales	65,225.00	108,249.00	156,508.00	170,910.00	179,455.50	188,428.28	197,849.69	207,742.17	218,129.28
Total Assets	70,769.00	110,023.00	168,302.00	219,296.00	249,441.47	281,161.66	314,535.31	349,645.09	386,577.81
X5	0.92	0.98	0.93	0.78	0.72	0.67	0.63	0.59	0.56
Altman Z Score	15.78	11.86	9.08	5.80	5.61	5.46	5.32	5.18	5.05

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	123,443.00	153,588.47	185,308.66	218,682.31	253,792.09	290,724.81				290,724.81
Annual Change		30,145.47	31,720.19	33,373.65	35,109.78	36,932.72				
Annual FCF	44,590.00	27,240.32	29,169.78	31,195.72	33,322.96	35,556.55	31,297.07	31,297.07	31,297.07	93,891.20
Annual Op. Cash Flow	53,666.00	37,240.32	39,169.78	41,195.72	43,322.96	45,556.55	41,297.07	41,297.07	41,297.07	
Annual PP&E Investment	(9,076.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	
Today's Tangible Book Value	123,443.00	146,510.78	173,889.24	206,383.91	244,950.86	290,724.81				384,616.01
Intrinsic Value IRR	18.69%									
Market Price	592,650.60	543,556.20	498,528.72	457,231.25	419,354.81	384,616.01				384,616.01
Market Price IRR	-8.28%									

Debt	50.00%	296,325.30
Equity	50.00%	296,325.30
Total	100.00%	592,650.60

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5	6	7	8
Book Equity	125020	296,325.30	310,902.82	327,055.07	344,860.78	364,402.61	385,767.39			
Goodwill	1577	469,207.60	469,207.60	469,207.60	469,207.60	469,207.60	469,207.60			
Debt	29000	325,325.30	325,325.30	325,325.30	325,325.30	325,325.30	325,325.30			
Debt Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%			
Additional Interest Expense		23,950.68	23,950.68	23,950.68	23,950.68	23,950.68				
Tangible Book Value	123443	-172,882.30	-158,304.78	-142,152.53	-124,346.82	-104,804.99	-83,440.21			-83,440.21
Annual Change			14,577.52	16,152.25	17,805.70	19,541.84	21,364.77			
Annual FCF	44,590.00	11,672.37	13,601.84	15,627.78	17,755.01	19,988.61	19,988.61	19,988.61	19,988.61	59,965.82
Annual Net Income	37,037.00	14,577.52	16,152.25	17,805.70	19,541.84	21,364.77	21,364.77	21,364.77	21,364.77	
Annual Op. Cash Flow	53,666.00	21,672.37	23,601.84	25,627.78	27,755.01	29,988.61	29,988.61	29,988.61	29,988.61	
Dividend Payments										
Annual PP&E Investment	(9,076.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	
Debt Paydown	0.00						0.00	0.00	0.00	

Sale Price in Year 5 (23,474.33)

Capital Left for Equity Investor (23,474.33)
 Dividend Payments 0.00
 Total Cash In Flow (23,474.33)

Invested Equity 296,325.30
 IRR -160.22%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 89,442.09
 Cash Flow (Year 6-8) 59,965.82
149,407.91

Value Dilution
 Debt 296,325.30
 Goodwill 467,630.60
 Additional Interest 119,753.42
883,709.32