INITIATING COVERAGE · BUY

Apple Inc.

AAPL · NASDAQ · USD

Three-vector re-rating to $330 (+22% upside) — AI gateway monetization via 2.35B device surface × Services annuity compounding at 75.4% GM × $599B capital return discipline reinforced by $100B May 2025 re-authorization.

RATING

Buy

PRICE TARGET

$330

+22.0% vs spot

FY27E EPS

$5.05

Consensus $4.78

TIMEFRAME

12 mo

Three-vector re-rating lifts AAPL from 29× to 33× — +22% to $330 in 12 months

AI-gateway distribution, Services margin compounding, and disciplined capital return each contribute independently to multiple expansion.

12M BASE CASE UPSIDE TO $330	FY27E EPS	SERVICES GM	BUYBACK YIELD
+22.0%	$10.0	75.4%	2.60%
	MS/Citi framework	vs Products 37.2%	$105B returned FY25

AI GATEWAY

2.35B devices = largest AI distribution surface on earth

M5 chip 3.5× AI throughput vs M4; 20+ Apple Intelligence features shipped. Spring 2026 Personalized Siri is the multiple re-rate gate. Google $1B/yr integration runs in parallel.

SERVICES MARGIN

Each 1pp Services mix adds 38bps blended GM — 60% headroom remains

FY25 $109.1B at 75.4% GM, +14% YoY. ARPU $77 CY25 × 2.35B = $181B theoretical ceiling vs $109B actual. ARPU compounding $69→$72→$77 per MS.

CAPITAL RETURN

$104.7B returned FY25 — $100B buyback re-authorized May 2025

FY20–FY25 cumulative $599B = 43% of starting mcap. Net-debt transition is leverage discipline, not risk. ~3% EPS mechanical lift from share count reduction.

Source: AAPL 2026-04-28 FY24/FY25 10-K, F1Q26 release. Bernstein/Citi/MS

Prob-weighted EV $321 vs current $270 — 3:1 bull-bear skew on 4 F1Q26 signal beats

The asymmetric skew exists because the bear requires three simultaneous failures, while the bull needs only Siri to ship on time.

BEAR

15% probability

PRICE TARGET

$212

- DRAM 100% spike 2H26 breaks GM floor 2 consecutive quarters
- FY26E EPS $8.50 at 25× = $212 PT (Uninodue bear case)
- Bear requires China + AI miss simultaneously; deep-bear $160 needs DOJ too

BASE

60% probability

PRICE TARGET

$330

- F1Q26 signals continue; Personalized Siri ships Spring 2026
- FY27E EPS $10.00 at 33× Fwd PE = $330 PT (Citi/MS framework)
- Services ARPU breaks $296/user; China structural reversal confirmed

BULL

20% probability

PRICE TARGET

$414

- iPhone 17e captures 10% Android base = 46M incr. units, +$1.24 EPS
- AI-gateway multiple expands to 36× on confirmed Siri monetization
- FY27E EPS $10.50+ at 36× = $414 PT (Bernstein bull case)

Source: AAPL 2026-04-28 Uninodue Research, Citi/MS/Bernstein EPS paths. Apple F1Q26 release

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PART ONE

THE COMPANY

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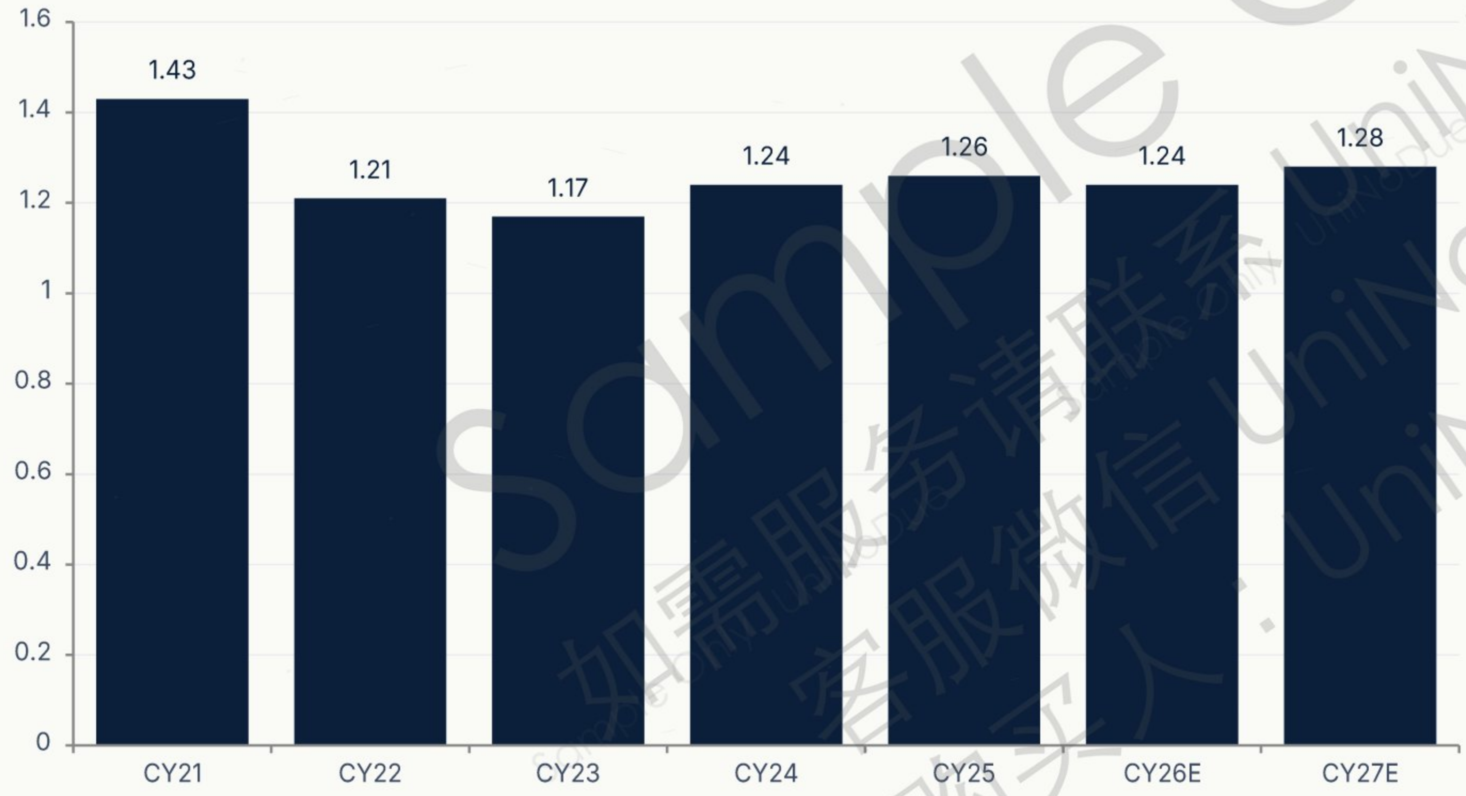
Units stall at 1.26B CY25 — Apple value share 22%→35% on 15%→20% units

In a saturated unit market Apple compounds revenue through Pro/Pro Max ASP migration — value share decouples structurally from unit share.

Global smartphone shipments CY2021–CY2027E (B units), B units



KEY TAKEAWAYS

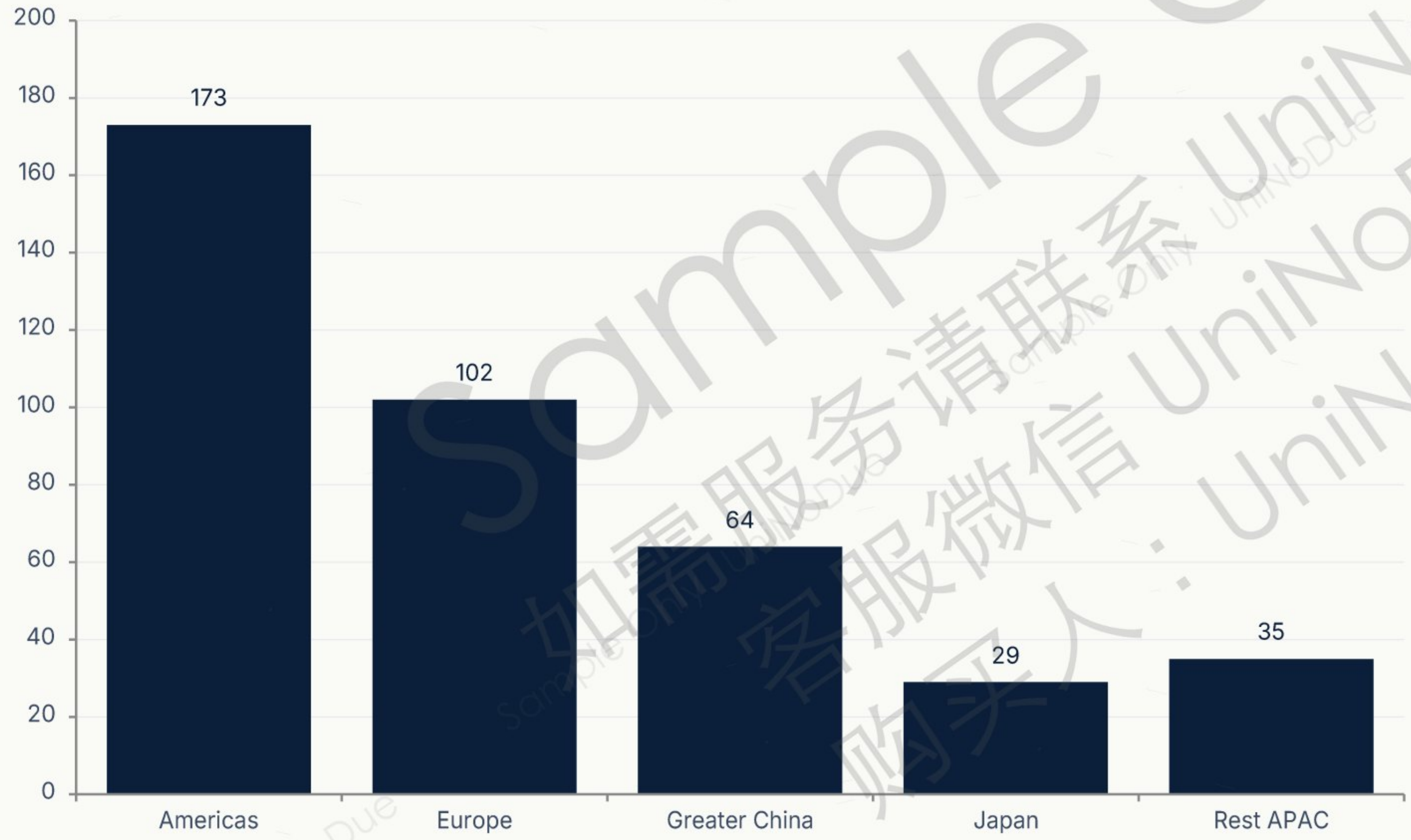
- **Apple wins value, not units**
  Apple holds 20% of units but captures 35%+ of dollar value — gap widening 2-3pp yearly as Pro mix rises.
- **Zero-growth TAM is not zero opportunity**
  Shipments stall at 1.26B in CY25, yet Apple extracts a 35%+ value share from its 20% unit position.
- **CY26 -2% volume headwind is real**
  iPhone 17e at $599 targets 458M Android users; Bernstein India tracker is the key unit-validation signal.

Source: AAPL 2026-04-28 Counterpoint Q4 CY25, IDC CY25-27E outlook. Bernstein Feb-26 tracker

China +38% F1Q26 reverses two-year decline — segment mix iPhone 50%/Services 26%

Two-year decline ends with Huawei flat — premium share recovery is structural; Services hit 29.2% single-quarter mix record in F3Q25.

FY25 revenue by geography ($B), $B



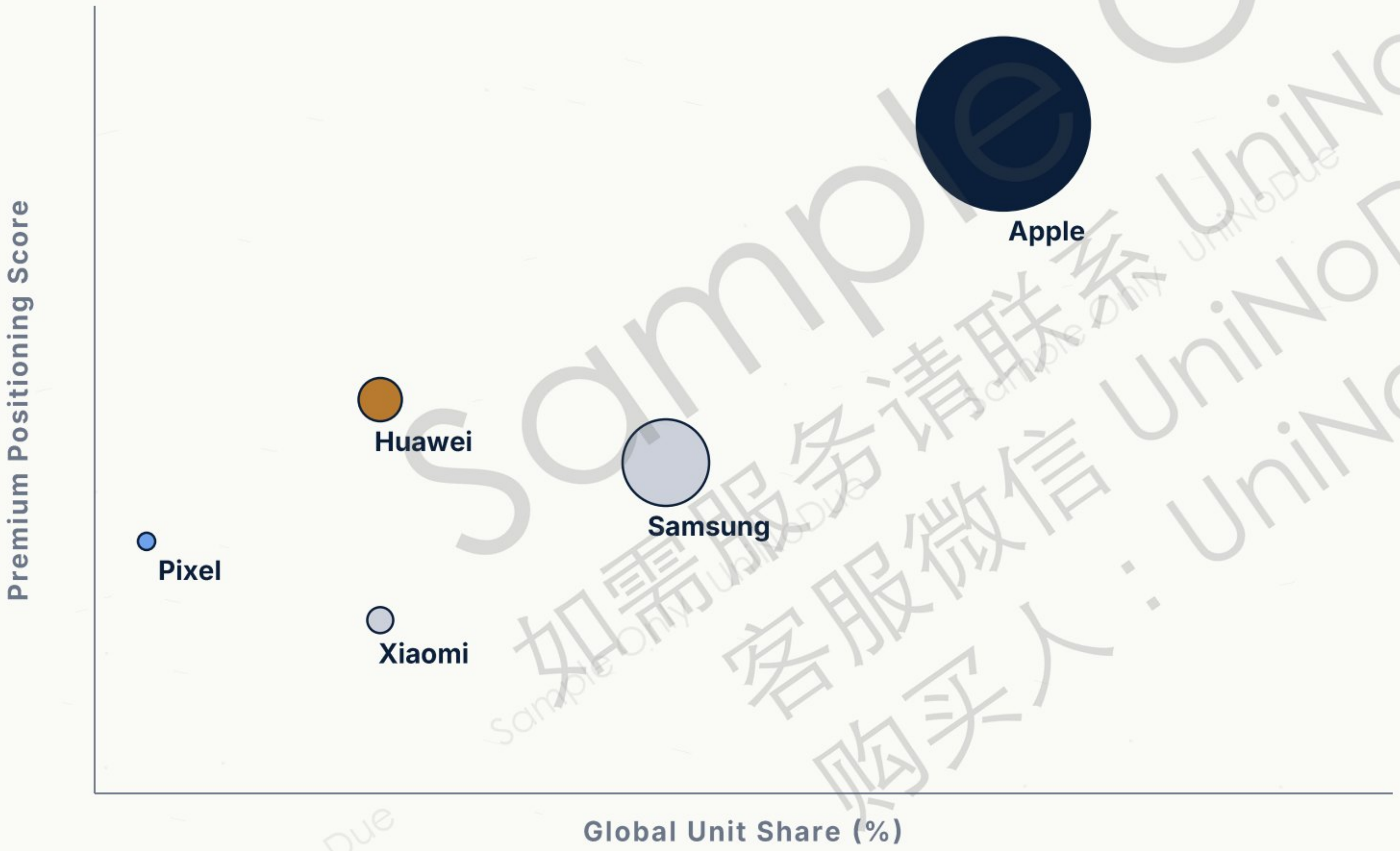
REGIONAL SPLIT

Americas	43%	$173B · +9.00% F1Q26
Europe	25%	$102B · +12.0% F1Q26
Greater China	16%	$64.0B · +38.0% F1Q26
Japan	7%	$29.0B · OM 49.7%
Rest APAC	9%	$35.0B · India record

Source: AAPL 2026-04-28 FY24/FY25 10-K geographic segment, F1Q26 earnings release. Bernstein China tracker

Samsung retreats; Huawei bounded — DoA metrics growing: 2.35B base, youth >85%

Competitive retreat on both flanks widens the premium moat while DoA ecosystem metrics confirm lock-in is deepening, not eroding.



KEY OBSERVATIONS

Value-share is structural, not cyclical
20% units → 35% value share — premium positioning compounds via Pro/Pro Max ASP migration. Gap widening 2-3pp/yr.

Both flanks ceding premium share
Samsung retreats to mid-tier; Huawei bounded to China — Apple's defensible premium band is widening, not under attack.

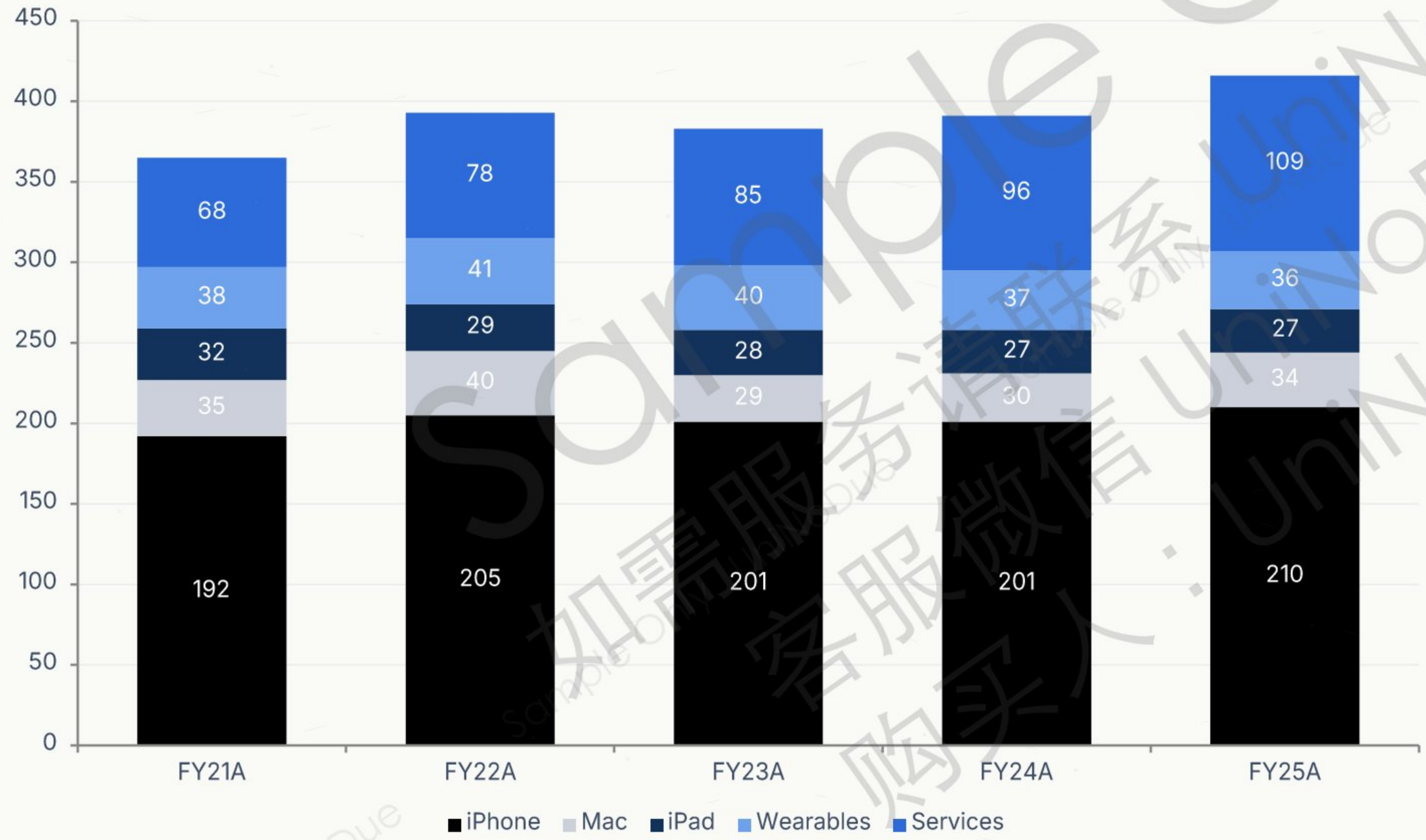
DoA lock-in deepening, not eroding
2.35B installed base + youth >85% + devs +12% YoY — 'Death of Apple' thesis contradicted by every monitorable metric.

Source: AAPL 2026-04-28 Counterpoint Q4 CY25, Bernstein competitive tracker. Piper Sandler survey

Services mix 19%→26% structural shift — iPhone $138B→$210B; total $366B→$416B

Services is the only segment growing faster than total revenue; mix shift is self-reinforcing and mechanically lifts blended gross margin.

Revenue segment mix FY21–FY25A ($B), $B



KEY TAKEAWAYS

- **Services 14% CAGR vs hardware flat**
  Services grew $68B in FY21 to $109B in FY25 — each 1pp mix shift adds 38bps blended GM and 2-3% EPS.
- **iPhone ~50% stable; Services leads re-rate**
  iPhone held steady at $210B in FY25 vs $201B in FY24; re-rating catalyst is Services mix expansion, not iPhone volume.
- **Wearables -4% FY25 is the one weak segment**
  Only segment declining; the -4% in FY25 looks like a cyclical trough with >50% first-time Apple Watch buyers intact.

Source: AAPL 2026-04-28 FY21-FY25 10-K segment disclosures, Uninodue Research model. _aapl_argumentation_extracted.md

EPS $5.6→$7.85 in 5Y on Services GM 69.7%→75.4% and $599B cumulative return

Services GM expansion and share-count reduction compound EPS 2.5× faster than revenue growth — the structural engine of the re-rate.

Historical financials FY21A–FY25A (5Y annual)

METRIC	FY21A	FY22A	FY23A	FY24A	FY25A
Revenue ($B)	365.8	394.3	383.3	391.0	416.2
Gross Margin	41.8%	43.3%	44.1%	46.2%	46.9%
Products GM	35.4%	36.3%	36.5%	37.2%	36.8%
Services GM	69.7%	71.7%	70.8%	73.9%	75.4%
Net Income ($B)	94.7	99.8	97.0	93.7	112.0
Net Profit Margin	25.9%	25.3%	25.3%	24.0%	26.9%
FCF ($B)	92.9	111.4	99.6	108.8	98.8
Cash ($B)	196	169	162	156	133
Buyback ($B)	85.5	89.4	77.6	95.9	89.3

KEY TAKEAWAYS

- **SERVICES GM EXPANSION**

  +570bps

  FY21 69.7% → FY25 75.4%; drove 60% of blended GM re-rate

- **FCF 5-YR AVG**

  $102B

  103% avg FCF conversion FY21-25; FY25 at 88% trough (capex +35%)

- **CUMULATIVE RETURN**

  $599B

  FY20-FY25 returned = 43% of FY20 starting mcap; pace holds $85-90B/yr through FY27

Source: AAPL 2026-04-28 FY21-FY25 10-K IS, _aapl_argumentation_extracted.md. Uninodue Research

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PART TWO

THE THESIS

CONTENTS

AI gateway, Services GM, capital return — 3 pillars triangulate $330 PT (+38%)

12-MONTH PRICE TARGET (+38% UPSIDE)

$330

PILLAR 1 · V1

AI-GATEWAY MONETIZATION UNDERVALUED

28.9× Fwd PE prices zero AI premium despite 2.35B distribution surface and 20+ AI features shipped; Google $1B/yr deal converts rival to supplier

Services FY26E $121B

PILLAR 2 · V2

SERVICES 75.4% GM COMPOUNDS BLENDED MARGIN

App Store +7% YoY (Mar-26) re-acceleration; each 1pp Services mix shift adds 38bps blended GM; mix 22%→26% lifts blended GM mechanically

Services GM 75.4%

PILLAR 3 · V3

CAPITAL RETURN MECHANICALLY LIFTS EPS

$110B/yr buyback shrinks share count 4-5%/yr — EPS lift independent of revenue; $599B returned FY20-25 = 43% of starting mcap

Buyback $110B/yr

$467B	$8.51	33.8x	$58B
FY26E Rev (+5% YoY)	FY26E EPS (+11% YoY)	Current PE (76th %ile 5Y)	Net cash (1.5% mkt cap)

Source: AAPL 2026-04-28 Capital IQ consensus, _aapl_pe_band_data.json. Est. denotes our forecast.

28.9× Fwd PE prices ZERO AI premium across 2.35B device distribution surface

Three pillars below show ARPU ceiling unpriced, on-device moat undervalued, and Google deal converts rival to supplier.

V1A — ARPU CEILING

Evidence 1 of 3

PRICE TARGET

$181B ceiling

- ARPU $77 × 2.35B devices = $181B theoretical ceiling
- 66% headroom unpriced at 28.9× hardware multiple
- Each $5/user AI subscription on 200M paid subs = +$12B Services
- vs Street $109B FY25 actual — four independent ARPU levers

V1B — ON-DEVICE AI MOAT

Evidence 2 of 3

PRICE TARGET

3.5× faster

- M5 vs M4: 3.5× AI inference throughput uplift
- 20+ Apple Intelligence features shipped on 2.35B devices
- Apple 28.9× vs MAG7 median 32.4× — 3.5-turn discount
- Personalized Siri Spring 2026 is the multiple re-rate gate

V1C — GOOGLE DEAL = SUPPLIER LOCK

Evidence 3 of 3

PRICE TARGET

$1B/yr

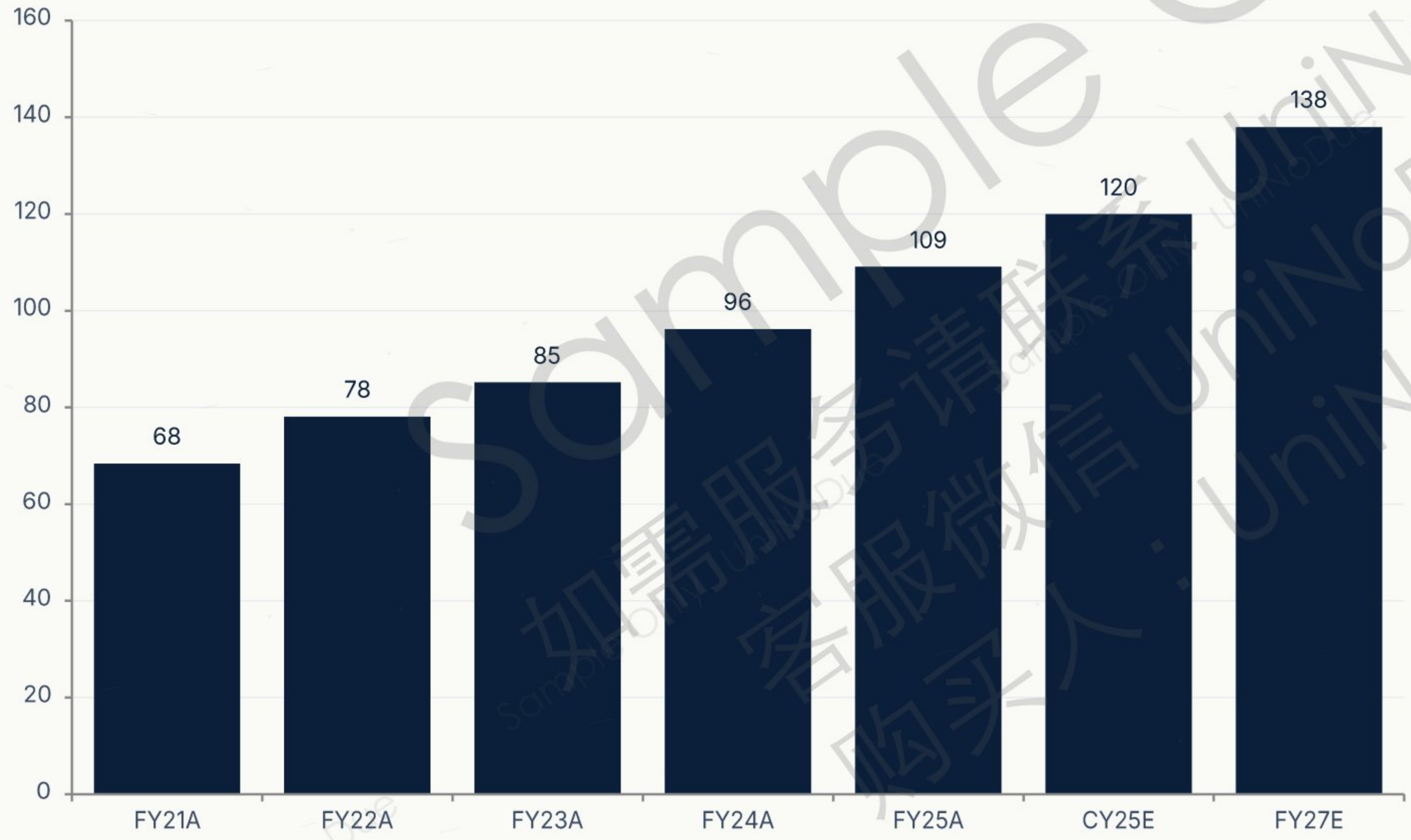
- Apple pays Google ~$1B/yr for AI integration
- Converts rival into commercial supplier; Apple retains iOS interface
- Disintermediation tail 2028+, not 12M thesis risk
- WWDC June-26 paid AI tier announcement = 1-2 turn upside

Source: AAPL 2026-04-28 Uninodue Research v1 lead, _aapl_argumentation_extracted.md. Bernstein

Services ARPU $77 × 2.35B = $181B ceiling — 66% headroom unpriced at 28.9×

Four independent ARPU levers compound at +7%/yr; Street $123B FY26E captures only 68% of the $181B device-addressable ARPU ceiling.

Services revenue + ARPU trajectory FY21–FY27E ($B), $B



KEY TAKEAWAYS

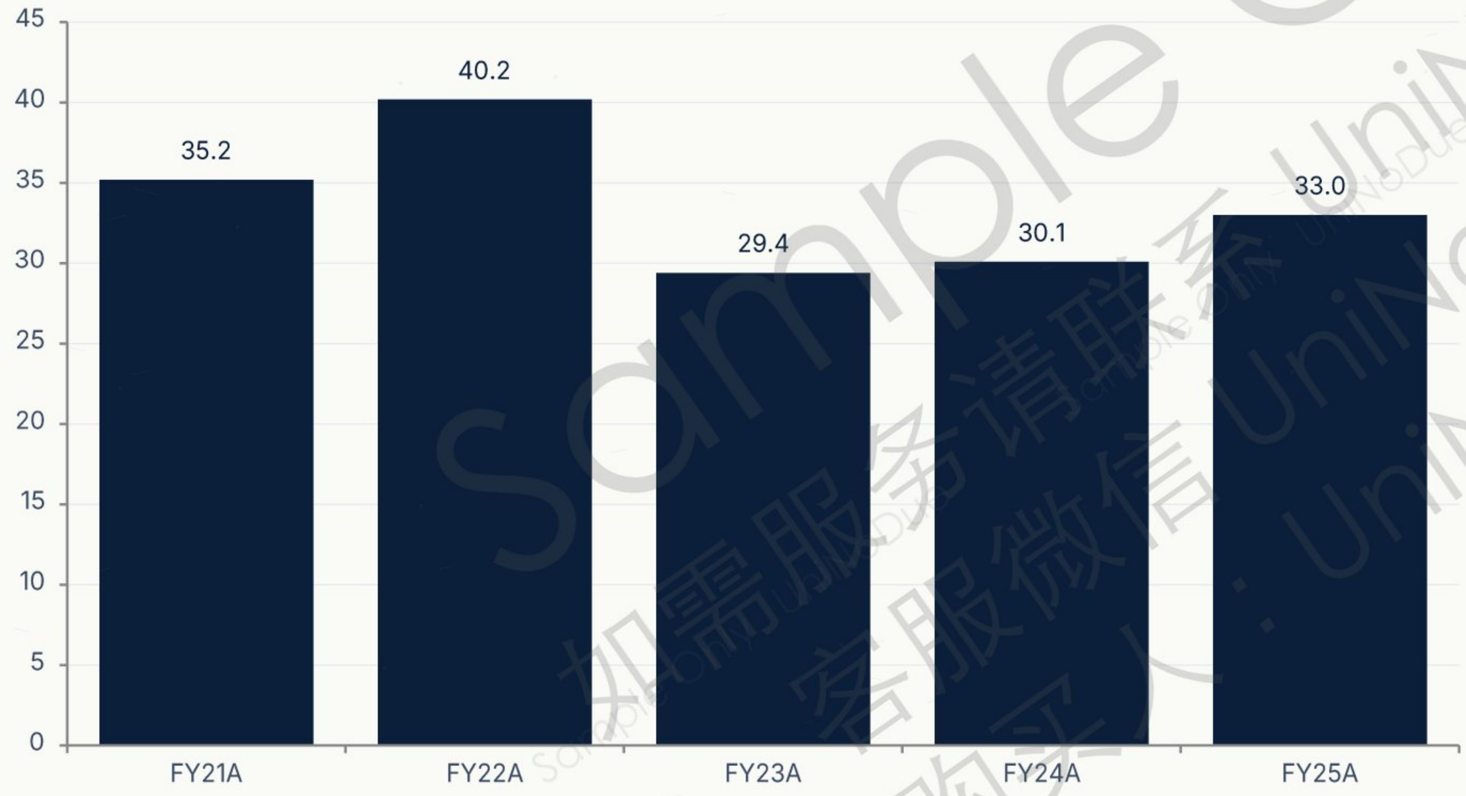
- **Four ARPU levers compound independently**
  App Store, Ads, iCloud, and TV+ lift ARPU $69→$72→$77 at +7%/yr on separate demand drivers — the four-lever structure keeps compounding.
- **Services mix = mechanical EPS lift**
  Each 1pp of Services mix adds 38bps to blended GM; FY27E mix at 29.8% = 200bps of structural margin expansion baked into the base case.
- **App Store <10% = downgrade trigger**
  Mar-26 print of +7% was re-acceleration from +4-5% in Dec-25, but two consecutive quarters below 10% growth would signal annuity thesis erosion.

Source: AAPL 2026-04-28 FY21-FY25 10-K, Bernstein ARPU model. MS Services ARPU

M5 3.5× AI throughput + 20 features shipped — Apple at 28.9× vs MAG7 median 32.4×

Apple owns the chip stack, the distribution surface, and the interface layer — yet the market applies a hardware PE, not a platform PE.

Mac revenue arc + Apple Silicon generation FY21–FY25A ($B), $B



KEY TAKEAWAYS

- **Silicon moat = Products GM floor**
  Chip stack ownership floors Products GM 5pp above OEMs — no rival matches. M-series 32% (FY22) → 39.3% (F1Q26).
- **M5 — on-device AI inference substrate**
  M5 delivers 3.5× AI throughput vs M4 — 20+ features on 2.35B devices; every device is an AI endpoint.
- **MAG7 discount 3.5× — unwarranted**
  Apple at 28.9× vs MAG7 median 32.4× despite comparable R&D intensity; Siri is the catalyst for PE re-rate to 33×.

Source: AAPL 2026-04-28 Apple Silicon launch events, FY23-FY25 10-K Mac segment. F1Q26 release

Apple pays Google ~$1B/yr for Siri AI — rival becomes supplier; tail risk is 2028+

Metro Research adjudicates 60/40 bull: Apple retains iOS interface while Google funds model cost — 12M risk is bounded, 12M upside is not.

BULL CASE

▲ **Google $1B/yr = revenue-generating supplier relationship**
Apple pays ~$1B/yr for model access; Google $20B/yr Search TAC still flows to Apple — aggregate Google relationship is net positive by ~$19B.

▲ **iOS interface layer retained — Apple owns AI UX**
Personalized Siri retains the consumer interface layer; Google provides model weight behind the scenes. Privacy positioning is Apple's, not Google's.

▲ **Dumb-glass scenario requires behavior change + DMA simultaneously**
Open-source LLMs routing around Siri requires consumer switch to alt-store apps plus EU DMA global cascade — joint probability low in 12M window.

▲ **Vision Pro enterprise moat building ahead of consumer**
1.5M compatible apps + 2,500 native spatial apps + BMW/Cisco enterprise deployment — AirPods playbook ($0 FY14 → $18-20B FY25) repeating.

BEAR CASE

▼ **DOJ Google TAC -$1.20 EPS is the actual tail risk**
If $20B/yr Search TAC injunction eliminates Apple's default payment — ~$18B direct profit loss = ~$1.20 EPS drag, -15% share price. CY26-27 timeline.

▼ **Open-source AI commoditizes the interface layer (2028+ risk)**
If Llama-tier models ship natively on-device by FY27-28, Apple's Siri premium over commodity AI shrinks — not a 12M thesis risk but a 3-5Y strategic watch.

Source: AAPL 2026-04-28 Uninodue Research v1c, _aapl_argumentation_extracted.md. DOJ filings

Personalized Siri delay → 27× × $9.35 = $253; $100B buyback caps de-rating duration

The bear requires Siri to miss Spring 2026 AND market to hold the discount for 2+ quarters — both conditions necessary, not either/or.

BULL CASE

▲ **FY27E EPS $10 path is not Siri-dependent**

FY27 EPS requires only 6.3% revenue growth + 50bps OP leverage + 1.5%/yr share count reduction — all within trailing 3Y history, no AI premium assumed.

▲ **Services 75.4% GM cash-cow floors FCF regardless of AI narrative**

Services generates $98-108B FCF/yr independent of Siri; the fundamental earnings power is not at risk in the delay scenario, only the multiple.

▲ **$100B buyback creates mechanical floor at $260**

At $260, buyback yield ~3.5%, which limits duration of de-rating — Street buyback support mechanically limits how long the discount persists.

BEAR CASE

▼ **Delay crystallizes AI laggard narrative — 27× de-rate**

Personalized Siri ships late or underwhelms; AI narrative crystallizes as laggard, multiple reverts from 29× to historical 27× mean (Citi), PT falls to $252-$261.

▼ **Metro Research hard stop $240 is the invalidation level**

Metro Research hard stop at $240 (below UBS bear $258) is the thesis invalidation level — not a re-rate from 29× to 27×. Below $240 = thesis broken.

Source: AAPL 2026-04-28 Uninodue Research v1_counter, _aapl_argumentation_extracted.md. Metro Research

Each 1pp Services mix adds 38bps blended GM = +2-3% EPS — Street underprices

Three evidences confirm mix-shift is mechanical: 510bps GM lift over 5Y, App Store re-acceleration, SOTP $740B ecosystem premium unpriced.

V2A — 510BPS GM EXPANSION

Evidence 1 of 3

PRICE TARGET

+510bps

- 41.8% → 46.9% blended GM in 5 years (FY21→FY25)
- Services contributed 60% of blended GM lift
- Street FY27E 47.9% underprices structural compounder by 40-80bps
- Each 100bps Services GM lift adds 26bps blended

V2B — APP STORE +7%

Evidence 2 of 3

PRICE TARGET

+7% YoY

- Mar-26 App Store re-accelerates from +4-5% Dec-25 to +7%
- GS + UBS dual-source confirmation — saturation narrative disproved
- Services GM 73.9% → 75.4% (+150bps FY24→FY25)
- Street still models only 10-13% Services CAGR FY26-27

V2C — SOTP $740B PREMIUM

Evidence 3 of 3

PRICE TARGET

$3.26T

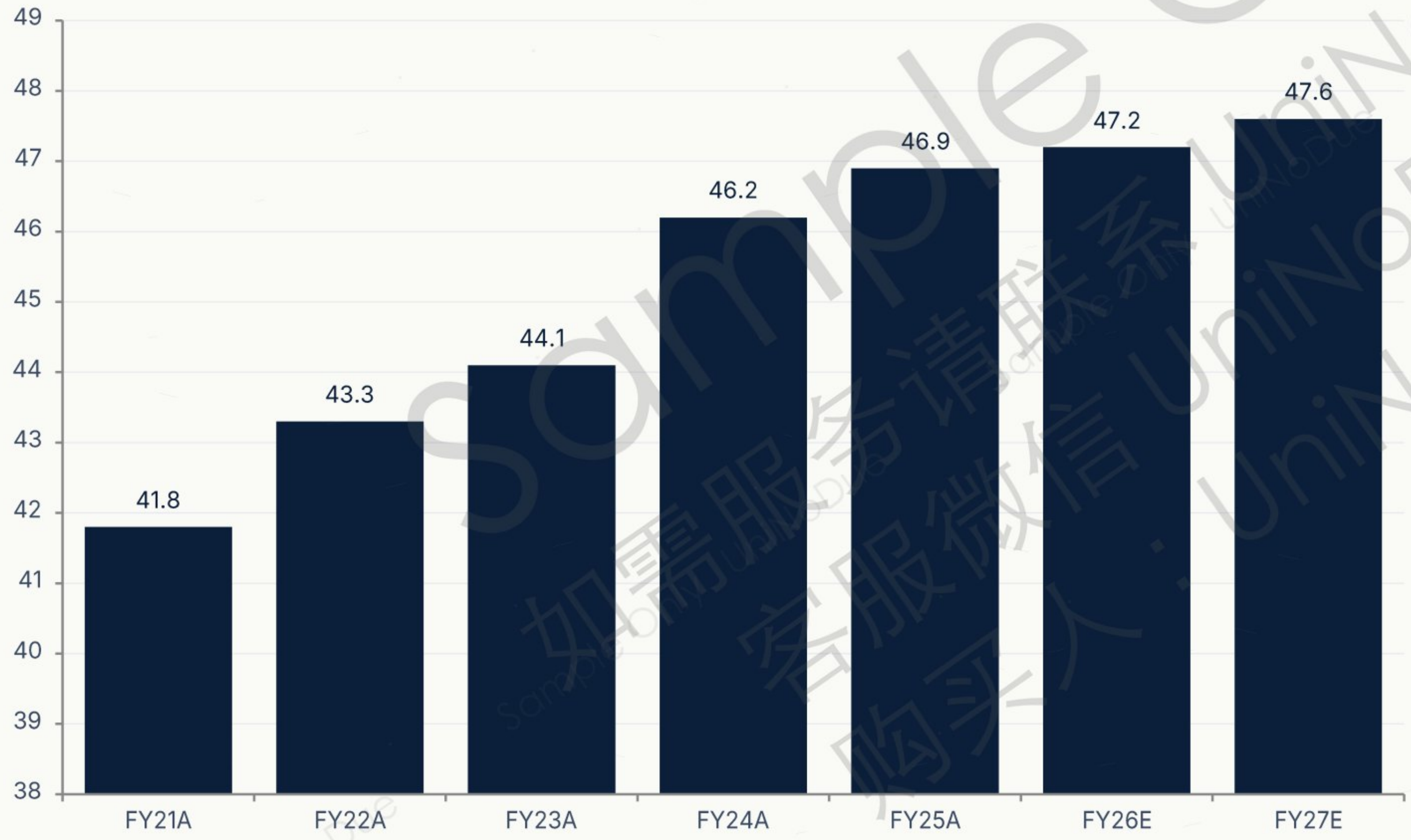
- Services $2.24T (30× $74.6B NI) + Hardware $1.02T = $3.26T parts
- vs current $3.97T market — $740B ecosystem premium not in parts
- Confirms blended PE re-rate from 28.9× to 33× is justified
- Hardware comps structurally undervalue Services annuity

Source: AAPL 2026-04-28 Uninodue Research v2 lead, _aapl_argumentation_extracted.md. GS+UBS

510bps blended GM in 5Y — Services drove 60%; Street FY27E underprices by 40-80bps

Mix is the structural driver — DRAM headwind in FY26 reverses as memory normalizes; Services expansion continues undisturbed. Arithmetic not narrative.

Blended gross margin inflection FY21–FY27E (%), %



KEY TAKEAWAYS

- **Services GM drove 60% of 510bps expansion**
  Services GM expanded 70%→75.4% (+570bps), driving 60% of the blended improvement — each 100bps Services GM lift adds 26bps blended.
- **Mix +180bps beats DRAM -140bps headwind**
  The +180bps tailwind from Services mix and Pro channel offsets the -140bps DRAM headwind in FY26E, landing blended GM at 47.2% — net +30bps vs FY25.
- **Products GM floor 36.8% via Apple Silicon**
  Apple Silicon removes the third-party chip vendor tax, establishing a Products gross margin floor at 36.8% — ~5pp above comparable OEM hardware margins.

Source: AAPL 2026-04-28 FY21-FY25 10-K GM disclosures, Citi FY26E GM model. _aapl_argumentation_extracted.md

App Store +7% Mar-26 re-accelerates vs +4-5% Dec-25 — saturation narrative disproved

GS+UBS dual-source +7% re-acceleration contradicts Street's deceleration assumption — consensus models 10-13% FY26-27 vs FY25's 14% actual.

Services revenue trajectory + Street consensus FY21–FY27E ($B), $B

KEY TAKEAWAYS

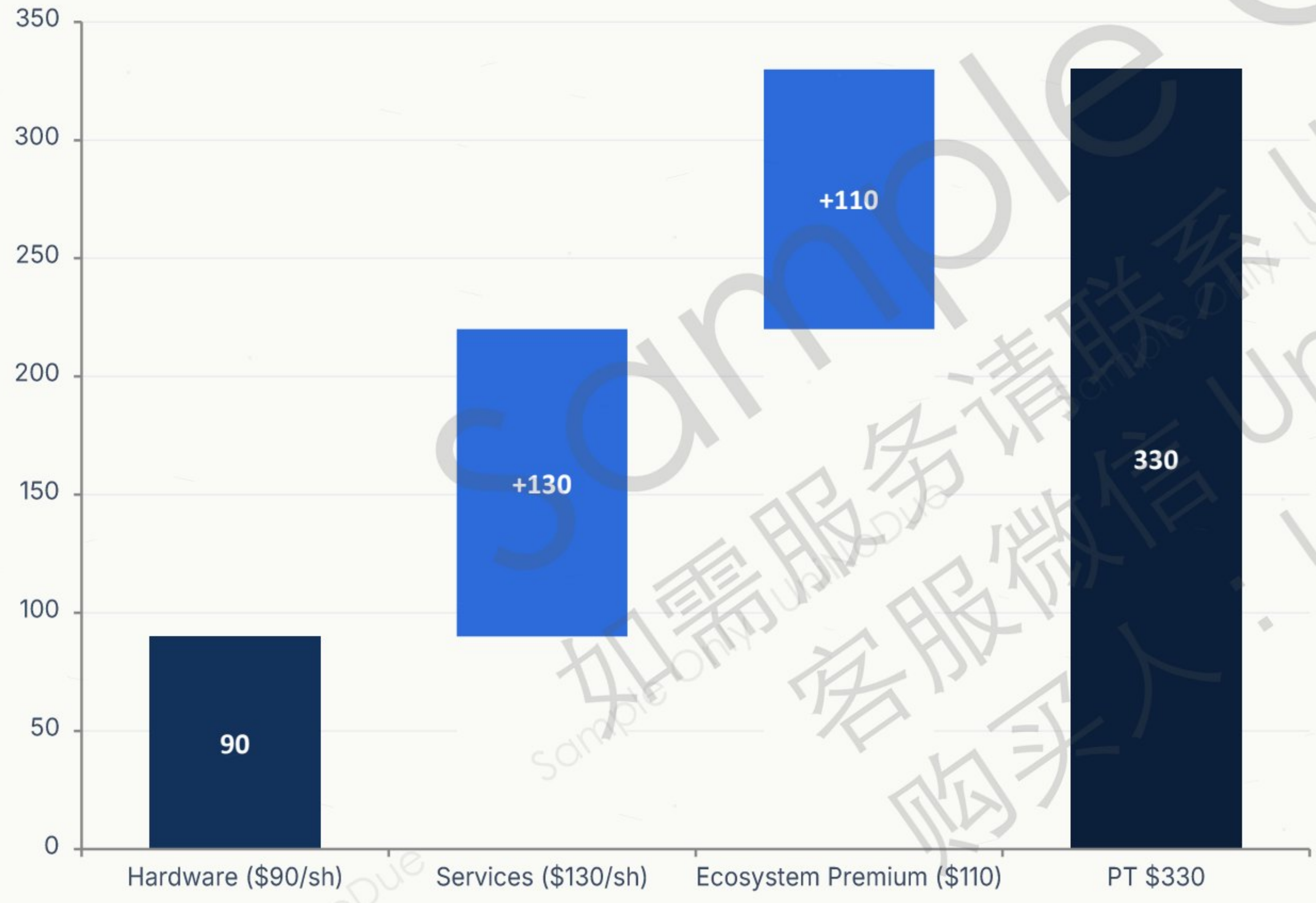
- **App Store +7% Mar-26 re-acceleration**
  +7% from +4-5% Dec-25; two quarters above 15% validates AI monetization; justifies 35-37× multiple.
- **Services GM +150bps — no saturation**
  Services GM 73.9%→75.4% — no margin saturation evidence. China App Store cut adds only ~-$1.1B/yr drag.
- **Street CAGR undermodels FY25 actual**
  Street models 10-13% FY26-27 vs FY25 14% actual; 2-quarter re-acceleration forces FY27E consensus revision.

Source: AAPL 2026-04-28 FY21-FY25 10-K, GS+UBS dual-source App Store data. _aapl_argumentation_extracted.md

SOTP $3.26T parts vs $3.97T mcap — $740B ecosystem premium not in parts-only analysis

Hardware comps structurally undervalue the Services annuity and installed-base network effect — the ecosystem premium accrues here, not in parts.

SOTP build → ecosystem premium → PT $330, $/share



OUR FY27E vs STREET CONSENSUS

($/share)

METRIC	OURS	CONS.	Δ
Revenue ($B)	**463**	455	+2.00%
Services ($B)	**138**	132	+5.00%
Gross Margin	**47.6%**	47.2%	+40.0bps
EPS	**$10.0**	$9.70	+$0.30
Fwd PE	**33×**	31×	+2.00×
12M PT	**$330**	$297	+$33.0 (+11.0%)

Source: AAPL 2026-04-28 Visible Alpha FY27E consensus, Bernstein/Citi/MS/JPM TPs. Uninodue Research SOTP

EU DMA forces App Store alternatives → Services GM 75%→60% = -$0.75 EPS, PT $245-252

The DMA bear requires global multi-jurisdiction enforcement simultaneously — Apple's 30%→17% EU rate cut shows adaptive pricing limits the cascade.

BULL CASE

▲ **DMA covers EU only — ~15% of Services**

EU is ~$18B of $109B total Services; even if full mandate hits, other 85% of Services revenue (US, China, APAC) is unaffected and continues at 75%+ GM.

▲ **Apple already adapted — 30%→17% EU rate for standard devs**

Apple proved it can re-price without losing platform; the voluntary rate cut pre-empts full alternative-store mandate by absorbing the regulatory pressure at lower cost.

▲ **Even at 60% Services GM — thesis intact**

60% Services GM on $120B still generates $72B gross profit — more profitable than any hardware segment; Services growing faster than hardware thesis survives DMA.

BEAR CASE

▼ **Global App Store alternative mandate → -$0.75 EPS**

Metro Research bear scenario 2: Services GM 75.4%→~60% removes ~$11B NI, ~$0.75 EPS; at 28× on $8.75-9.00 EPS revised → PT $245-$252 (-7% to -9%).

▼ **Services multiple re-rates from 30× to 22× on DMA**

Regulatory overhang de-rates Services comparables; a 22× NI multiple on compressed $63B Services NI reduces Services intrinsic value by ~$800B → -$53/share equivalent.

Source: AAPL 2026-04-28 EU Commission DMA docket, _aapl_argumentation_extracted.md. Metro Research bear scenario

$599B returned FY20-25 = 43% of starting mcap; capital return = 22% of 3Y return

$89B FY25 buyback funded by $99B FCF + cheap debt; capital return ranks 2nd in 4-factor 3Y attribution at 22%.

V3A — $89B BUYBACK

Evidence 1 of 3

PRICE TARGET

2.5%

- FY25 $89.3B buyback compressed share count ~2.5% annually
- $100B re-auth = 3-year runway at $85B/yr pace
- FY27E $10 EPS needs only 1.5%/yr share + 6.3% rev + 50bps OP
- All three within 3Y trailing history — no heroics required

V3B — FUNDED STRUCTURALLY

Evidence 2 of 3

PRICE TARGET

$99B FCF

- Net debt $24B is leverage discipline, not impairment (AA+/Aa1)
- $99B FCF + $20B/yr cheap debt at 4.0-4.85% coupon
- 45% in 5-10yr maturities — roll, don't issue expensive new debt
- Sustains $85-90B/yr buyback through FY27 at 1.2× net debt/EBITDA

V3C — 22% OF RETURN

Evidence 3 of 3

PRICE TARGET

+10.9% cum

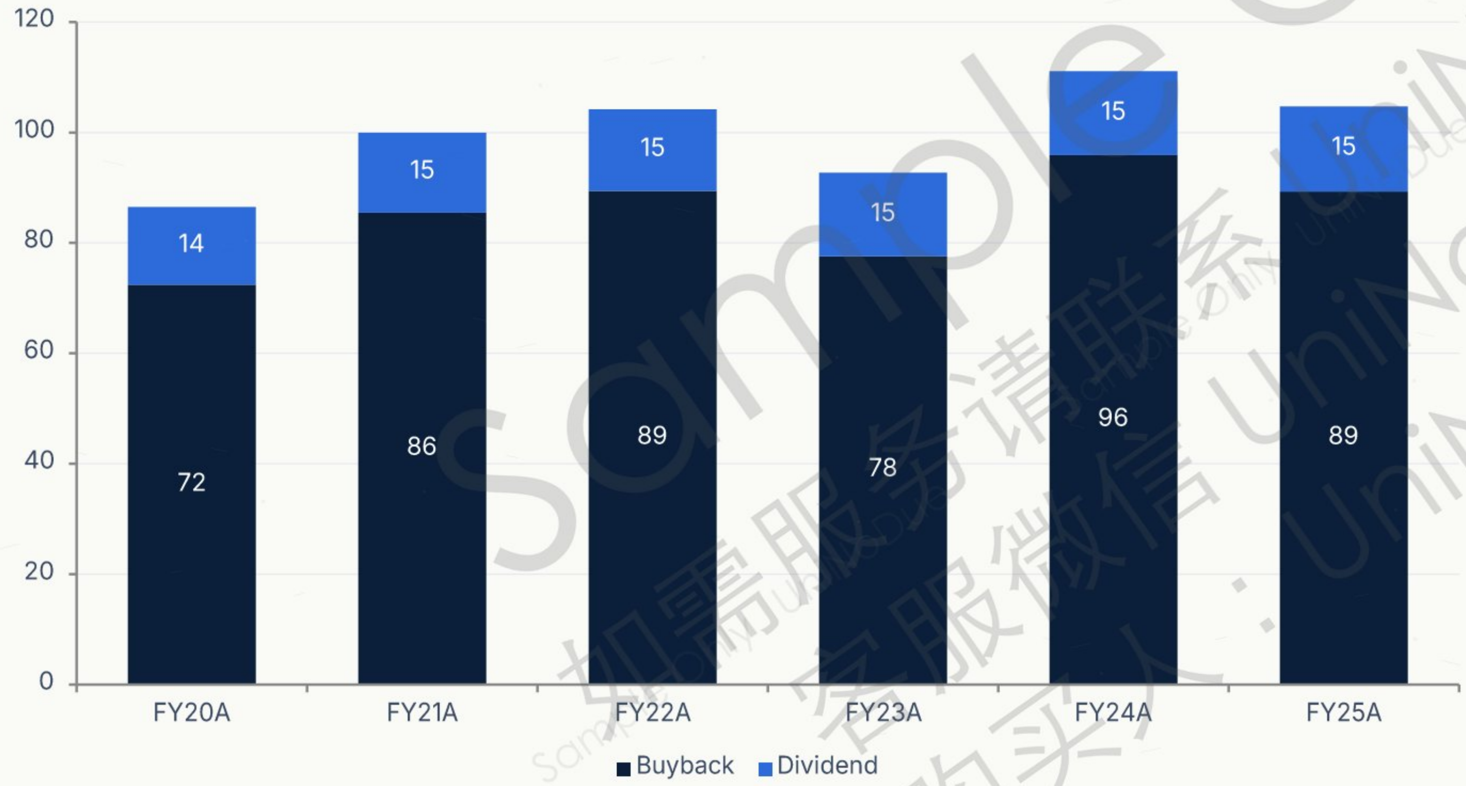
- 4-factor 3Y: Revenue 35% / Capital Return 22% / Multiple 14% / Margin 12%
- Capital return is 2nd-largest driver — most predictable lever
- Floor at $260: buyback yield 3.5% = mechanical drawdown self-correction
- Only requires FCF > 0 + Board authorization — both locked through FY27

Source: AAPL 2026-04-28 Uninodue Research v3 lead, _aapl_argumentation_extracted.md. Metro Research

$89.3B FY25 buyback = 2.5% share compression — $599B returned FY20-25 = 43% of mcap

Buyback math creates an EPS floor independent of growth — $85B/yr at $270 retires ~315M shares/yr, delivering 6% cumulative EPS uplift over 3 years.

Capital return (buyback + dividend) FY20–FY25A ($B), $B



KEY TAKEAWAYS

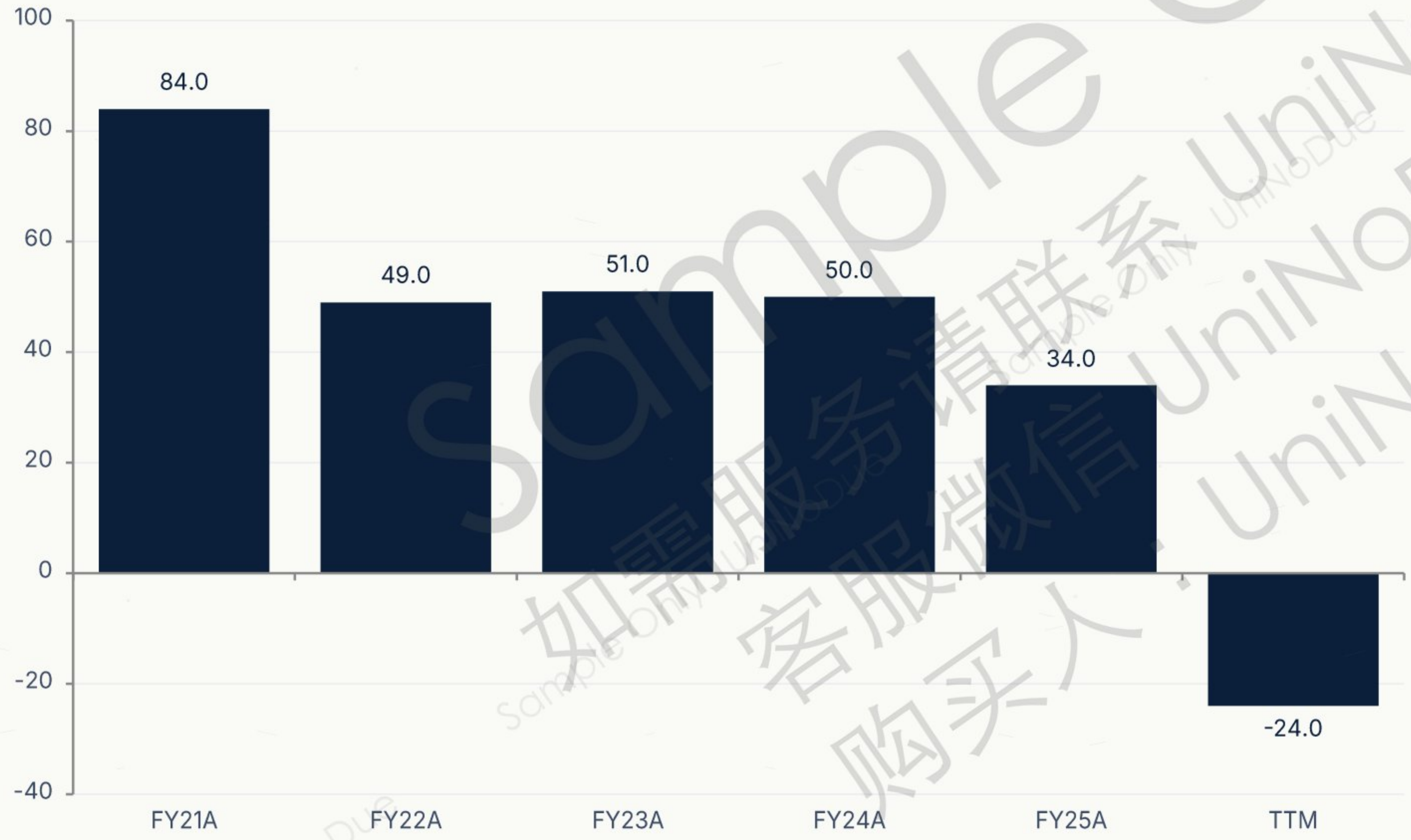
- **$89.3B = 2.5% annual share compression**
  $100B re-auth gives 3-year runway at $85B/yr; Street FY26E ~$85B is conservative vs $89-95B actuals.
- **$10 EPS needs 1.5%/yr share reduction**
  Rev +6.3% YoY + 50bps OP leverage + 1.5% share cut = $10 — within 3Y trailing range; no heroics needed.
- **Buyback pace moderates $90B→$85B FY26E**
  FCF trough $98.8B (capex +35%) — $83-88B buyback after dividends; not a thesis break; $315 PT worst case.

Source: AAPL 2026-04-28 FY20-FY25 10-K capital return, FY24/FY25Q4 EC mgmt net cash. yfinance TTM

Net debt $24B is leverage discipline — 4.0-4.85% debt cost sustains $85-90B buyback

The bear narrative that net debt ends the buyback is wrong — Apple's $99B debt at 4.0-4.85% coupon is only ~$0.02 EPS drag annually.

Net cash trajectory FY21–TTM ($B, mgmt basis), $B



KEY TAKEAWAYS

Net debt = deliberate discipline, AA+
AA+/Aa1 rated; $99B debt at avg <3.5% coupon; 45% in 5-10yr maturities — balance sheet is a feature, not a risk.

FCF recovering $105-110B from trough
FY25 FCF $98.8B was capex-driven trough; TTM $106.3B already recovering; 5Y avg ~$102B confirms health.

FY21 bonds rolling: +$300-500M/yr drag
4.0-4.85% new vs FY21 0.7-2.85% adds ~$0.02 EPS drag annually — trivial vs $2-3 EPS buyback accretion.

Source: AAPL 2026-04-28 FY21-FY25 10-K, yfinance TTM net cash. _aapl_argumentation_extracted.md

Capital Return = 22% of base case total return — most predictable lever vs AI (14%)

Capital return is the most machine-like alpha — Board authorization is locked, FCF is known, buyback math is a pure function of share price.

BULL CASE

▲ **Capital Return = 22% of 3Y base case (+10.9% cumulative)**
4-factor attribution: Revenue Growth 35% / Capital Return 22% / Multiple Re-rate 14% / Margin Expansion 12% / cross-effect 7% = total base case +42% over 3Y.

▲ **Most predictable return driver — lowest execution risk**
Revenue growth requires macro; multiple re-rate requires AI delivery; margin needs Services mix. Capital return requires only FCF > 0 and Board authorization — both locked.

▲ **Self-correcting at drawdown: $255-260 add-on zone**
If AAPL pulls back to $255-260 (Metro Research add-on zone), buyback yield increases to ~3.5%, making each buyback dollar more EPS-accretive — mechanical self-correction.

BEAR CASE

▼ **3Y +42% base case needs all 4 factors contributing**
Revenue Growth +35% contribution requires 5.5%/yr CAGR — in line with FY21-25 actual; if China or iPhone cycle disappoints, revenue attribution shrinks.

▼ **Shareholder yield FY25 2.9% — modest on absolute basis**
FY25 total return $104.7B on $3.97T mcap = 2.6% yield; not extraordinary vs S&P average, but combined with EPS growth it compounds the total return floor.

Source: AAPL 2026-04-28 Uninodue Research v3c attribution, _aapl_argumentation_extracted.md. Metro Research

Capex +35% to $12.7B + $500B US manufacturing pledge — $70B buyback cuts PT to $315

FCF trough scenario still produces a BUY at $315 — above current $270; capital return counter is a floor-adjuster, not a thesis-breaker.

BULL CASE

▲ **Even $70B/yr buyback = $315 PT — still BUY**

A 15-20% buyback cut to $70B/yr from $89B actuals drops annual EPS accretion from 2.5% to 2.0%; FY27E EPS falls ~-$0.45 to $9.55; at 33× = $315 PT — low end, still BUY.

▲ **Existing debt profile allows roll without new issuance**

Apple's $99B debt averages <3.5% coupon with 45% in 5-10yr maturities — they roll existing paper rather than issuing new expensive bonds during FCF troughs. Combined with $20B/yr cheap incremental debt at 4.0-4.85%, the $85-90B buyback pace is structurally funded; net debt/EBITDA stays manageable at ~1.2× through FY27.

BEAR CASE

▼ **Capex +35% YoY to $12.7B — AI infra + US manufacturing drag**

FY25 capex $12.7B vs $9.45B FY24 (+35%); $500B US manufacturing commitment over 4 years implies structural capex elevation through FY28-29; FCF conversion troughs at 88%.

▼ **106% payout ratio FY25 — third year above 100%**

FY25 total return $104.7B vs FCF $98.8B (payout 106%); if FCF declines to $90-95B while buyback held, Apple must issue $15-20B additional debt/yr — leverage ratio rises.

Source: AAPL 2026-04-28 Uninodue Research v3_counter, _aapl_argumentation_extracted.md. FY25 10-K capex

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PART THREE

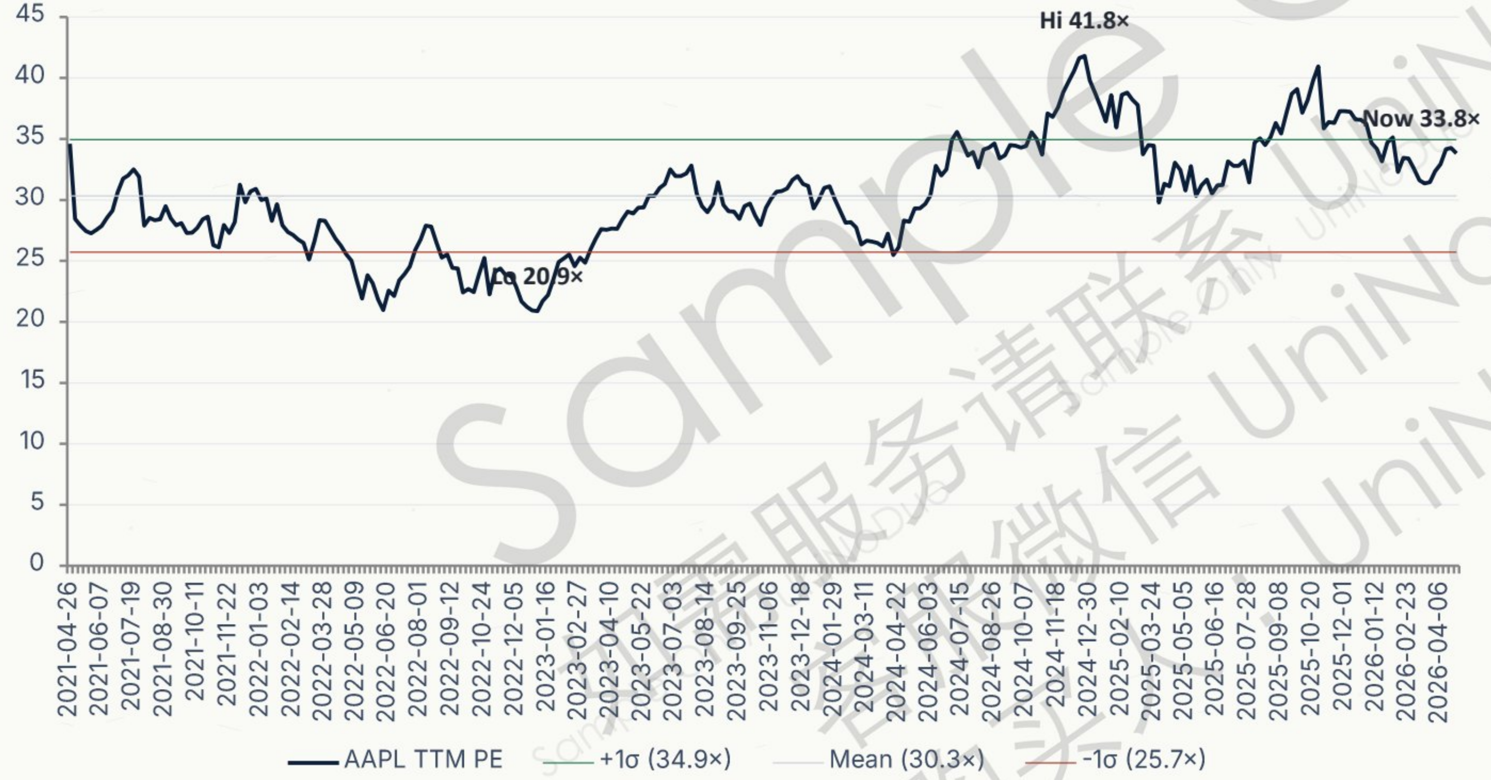
THE VALUATION

CONTENTS

Current PE 33.8× at 76th %ile vs 5Y mean 30.3× (±1σ 25.7-34.9×) — 11.5% premium

At 33.8× AAPL sits within the ±1σ upper band — 11.5% premium to the 5Y mean, consistent with, not stretched beyond, historical re-rate ranges.

AAPL trailing PE weekly — 5Y band (±1σ) Apr-2021 to Apr-2026, PE×



KEY TAKEAWAYS

- **33.8× in ±1σ band — not stretched**
  76th %ile vs 5Y history; ±1σ upper band is 34.9× — current 33.8× is within band; premium is defensible.
- **5Y mean 30.3× = fair PE baseline**
  5Y mean 30.3× is the fair PE at current mix; 33× base case implies a modest premium on Services trend.
- **41.8× peak vs 33.8× now — compressed**
  Compressed from 41.8× (Dec-24) to 33.8× (Apr-26); 33× PT restores the multiple, not asking for new highs.

Source: AAPL 2026-04-28 _aapl_pe_band_data.json (yfinance weekly), Uninodue Research PE framework. Bloomberg 5Y PE range

Apple's 3.5-turn MAG7 PE discount is unwarranted given 71% ROIC and 3.5% yield

ROIC leadership and yield justify a higher multiple even at below-median growth — total-return math favors Apple over faster-growing peers.

MAG7 + premium hardware trading comparables — LTM (CIQ data)

TICKER	MCAP ($T)	LTM PE	EV/EBITDA	NPM	NOTE
AAPL (target)	3.97	33.8×	{{placeholder}}	26.9%	Target — 76th %ile vs 5Y PE band
MSFT	3.15	26.6×	18.2×	39.0%	SaaS-heavy; lower yield
GOOGL	4.23	32.4×	27.8×	32.8%	Search TAC payer to AAPL
NVDA	5.26	44.2×	39.1×	55.6%	AI infra premium; cyclical
AVGO	1.98	81.5×	54.6×	36.6%	Custom silicon; M&A driven
Samsung	0.97	33.6×	14.4×	13.6%	Premium HW peer; DRAM exposure

AAPL vs GOOGL PE

+1.4×

AAPL 33.8× vs GOOGL 32.4× — Services GM 75.4% vs Search blended 57%

AAPL vs MSFT PE

+7.2×

AAPL at premium to MSFT despite MSFT higher GM — ROIC 71% vs 52% defends gap

SAMSUNG COMP

33.6× LTM PE

Premium HW peer at same PE on 13.6% NPM vs Apple 26.9% — Apple quality premium justified

Source: AAPL 2026-04-28 _aapl_ciq_extract.json (CIQ Pro), Visible Alpha consensus FY27E. Uninodue Research

Street FY27E $9.35 EPS vs Uninodue $10.00 — 7% upgrade ahead is the alpha

Street consensus embeds deceleration — Uninodue's $10 EPS requires only repeating FY25's growth trajectory, not heroic assumptions.

Sell-side consensus vs Uninodue Research — FY24A to FY28E (CIQ data)

METRIC	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue ($B)	390.5	415.7	466.9	**500.7**	536.0
EPS (norm)	$6.70	$7.39	$8.51	**$9.35**	$10.42
NI ($B, norm)	103.3	110.9	124.5	**133.9**	146.3
FCF ($B)	108.5	112.0	136.9	**149.9**	165.6
GM (%)	46.1%	46.8%	48.0%	**47.9%**	48.3%
Uninodue FY27E	—	—	$438B	**$10.00**	—

CITRI vs STREET FY27E EPS

+$0.65

$10.00 Uninodue vs $9.35 CIQ consensus — 7% upgrade alpha; needs only 6.3% rev + 50bps OP leverage

FY26E REVENUE CONSENSUS

$466.9B

CIQ 25-46 brokers; Uninodue $438B is conservative vs street $467B on revenue — EPS alpha from margin

FCF CONSENSUS FY27E

$149.9B

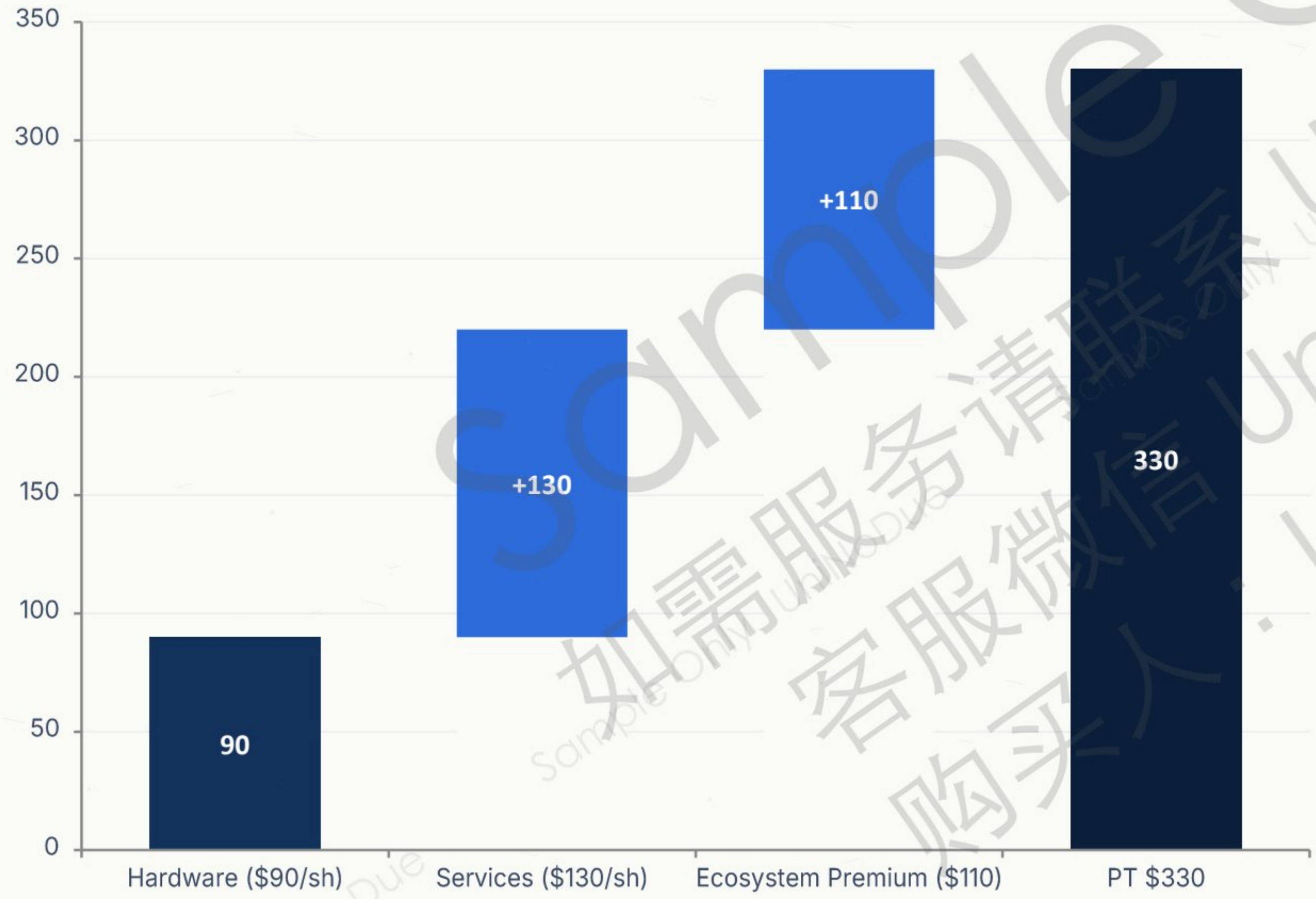
Street already models FCF recovery above FY25 trough — buyback runway confirmed

Source: AAPL 2026-04-28 _aapl_ciq_extract.json (CIQ Pro 25-46 brokers), Uninodue Research model. Visible Alpha

$90 hardware + $130 services + $110 ecosystem = $330 — SOTP $220 is bear-side

Hardware comps undervalue the Services annuity and installed-base network effect — exactly where the ecosystem integration premium accrues.

SOTP build → ecosystem premium → PT $330, $/share



OUR FY27E vs STREET CONSENSUS

($/share)

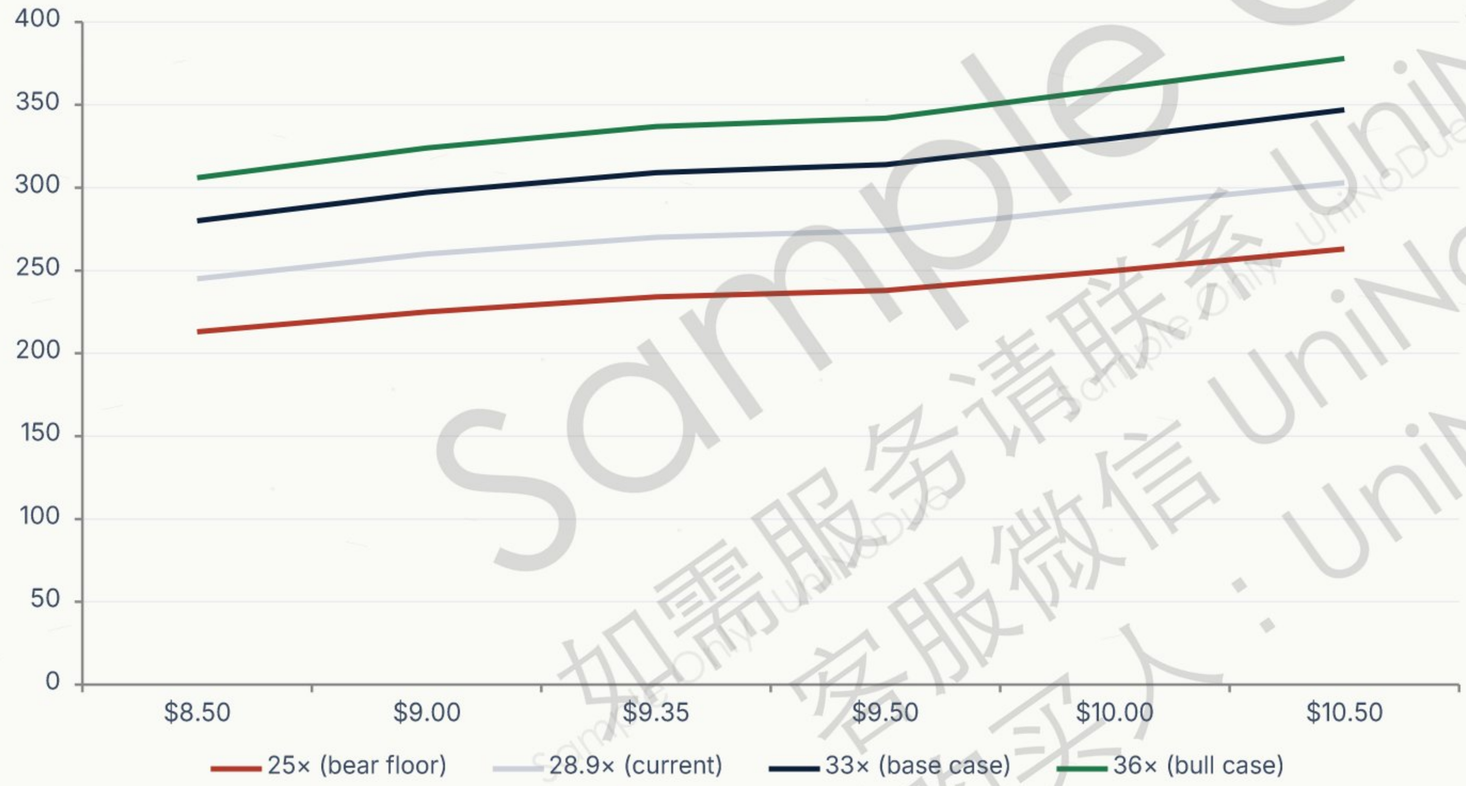
METRIC	OURS	CONS.	Δ
Revenue ($B)	**463**	455	**+2.00%**
Services ($B)	**138**	132	**+5.00%**
Gross Margin	**47.6%**	47.2%	**+40.0bps**
EPS	**$10.0**	$9.70	**+$0.30**
Fwd PE	**33×**	31×	**+2.00×**
12M PT	**$330**	$297	**+$33.0 (+11.0%)**

Source: AAPL 2026-04-28 Visible Alpha FY27E consensus, Bernstein/Citi/MS/JPM TPs. Uninodue Research SOTP

FY26 EPS $9.35 priced at $270 — AI gateway, India, foldable free options worth $30-60

The market pays only for visible FY26 earnings, leaving AI gateway, India, and foldable optionality entirely uncompensated at $270.

12M price target sensitivity: PE multiple × FY27E EPS ($/share), $/share



KEY TAKEAWAYS

- **FY27E $10 + 33× = $330, +22% from $270**
  28.9× × $9.35 = $270 = FY26 priced; $10 at 33× = $330 (+22%); each turn adds ~$20/share.
- **AI, India, foldable = free options**
  Zero credit in 28.9× for 2.35B-device AI moat; Siri gate; India/foldable each worth $10-30/share.
- **Bear $213: EPS miss + de-rate**
  25× × $8.50 = $213 needs DRAM and AI miss simultaneously — joint probability below 15%; 3:1 risk-reward.

Source: AAPL 2026-04-28 Uninodue Research PE × EPS sensitivity, AAPL 5-yr PE range Bloomberg. _aapl_pe_band_data.json

04

PART FOUR

RISKS & CATALYSTS

CONTENTS

DOJ Google TAC is the only tail (-$1.20 EPS); 8 catalysts 3M-12M; 3 options

Risk view across regulatory aggregate, six quantified vectors, catalyst timeline, and optionality not in base case.

R0 — REGULATORY

Risk node 1 of 4

PRICE TARGET

-$1.30 EPS

- DOJ Google TAC ~-$1.20 EPS / -15% — the only tail risk
- EU DMA + China app store + India local content all bounded
- 4-front aggregate worst case = -$1.30 EPS total
- R1 quantifies 6 individual risk vectors below

R2 — CATALYSTS

Timeline node 3 of 4

PRICE TARGET

8 events

- F2Q26 earnings (~Apr 30 2026) is the immediate gate
- Personalized Siri Spring 2026 — AI re-rate gate (+$30/sh)
- WWDC June 2026 China Apple Intelligence rollout (+$10/sh)
- iPhone 18 launch Sept 2026 + ARPU threshold Oct 2026

R3 — OPTIONALITY

Upside node 4 of 4

PRICE TARGET

+$10-30

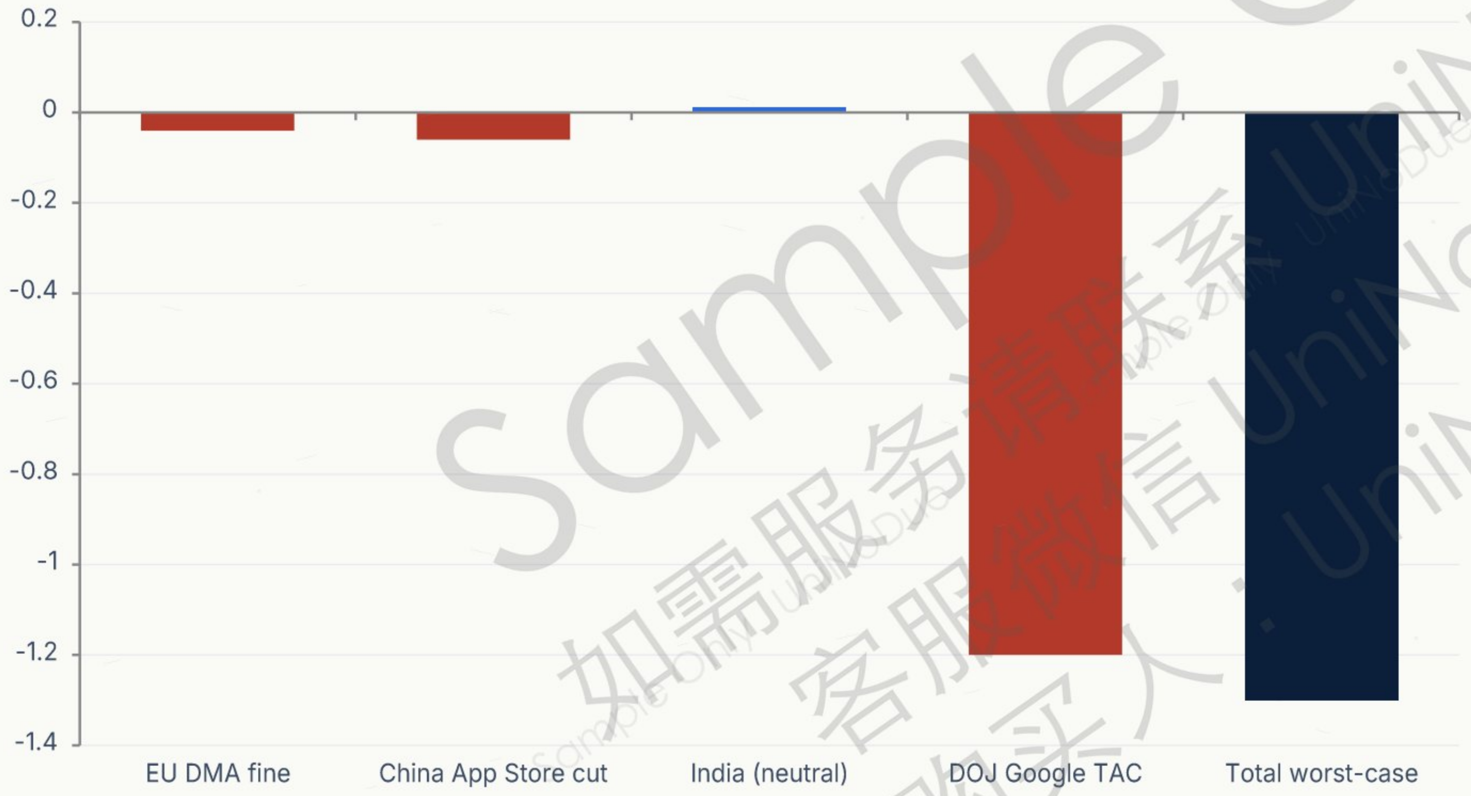
- Paid AI subscription tier: ~$5-10/user/month on 200M subs
- India domestic manufacturing scale-up: record Q4 FY25
- Foldable iPhone product launch: AirPods playbook repeat
- Any one of three layers adds $10-30 to $330 base PT

Source: AAPL 2026-04-28 Uninodue Research R lead, _aapl_argumentation_extracted.md. Metro Research

Regulatory aggregate drag -$1.30 EPS worst case; only DOJ TAC is a tail risk

Three of four fronts are already priced in; only the DOJ Google TAC ruling has the magnitude to meaningfully reset the bear floor.

All-bear regulatory EPS impact per front + aggregate ($), EPS drag ($)



KEY TAKEAWAYS

- **Three of four fronts are manageable**
  EU fine is one-time, China App Store is in the base case, India is net positive — three fronts priced in.
- **DOJ TAC is the only real tail risk**
  $20B/yr Google TAC removal is -$1.20 EPS — the only scenario that meaningfully tests the bear floor.
- **Aggregate drag bounded — floor $212 holds**
  All-bear EPS = $8.50 and 25× floor = $212 — the $1.30 drag is bounded; simultaneous failures required.

Source: AAPL 2026-04-28 EU Commission DMA docket, DOJ filings. App Store policy updates

Six risk vectors quantified — DRAM and China are 2026 watch items; DOJ is the tail

Most vectors carry single-digit EPS impact; only the DOJ Google TAC ruling has the magnitude to reset the bear floor.

Risk vector quantification — EPS and PT impact

RISK VECTOR	PROBABILITY	EPS IMPACT	PT IMPACT	MONITORING TRIPWIRE
DRAM 100% 2H26 spike	High	-$0.37 EPS (-140bps → -4.00%)	-$40.0 PT	F3Q26 GM print Jul 2026; Citi $1.93 EPS bogey
DOJ Google TAC removed	Medium-Low	-$1.20 EPS ($20.0B/yr TAC)	-$118 PT	DOJ ruling timeline CY26-27
Greater China structural loss	Medium	-$0.80 EPS (17.0%→10.0% rev)	-$65.0 PT	CAICT -15% YoY for 3+ consecutive months
AI laggard crystallizes	Medium	Services de-rate to 26×	-$50.0 PT	Spring 2026 Siri miss; Services <10% for 2 qtrs
EU DMA app store mandate	Low	-$0.04 one-time + $0.06/yr	-$5.00 PT	May 2026 DMA appeal ruling
iPhone replacement 5+ yr cycle	High (LT)	-$0.55 EPS (262M→240M units)	-$45.0 PT	Bernstein replacement cycle tracker (quarterly)
Bear case -$212	DRAM + China + AI miss simultaneously	Joint prob <10%		

BASE CASE BEAR FLOOR

$212

25× × $8.50 bear EPS (Uninodue bear case)

DEEP BEAR FLOOR

$160

DOJ + China + DRAM all firing simultaneously

BEAR JOINT PROB.

<10.0%

3 simultaneous failures required for bear

Source: AAPL 2026-04-28 Uninodue Research risk framework, CAICT data. EU Commission DMA docket

Eight catalysts spanning 3M–12M — Personalized Siri launch is the AI-gateway gate

Siri carries the largest single unlock; the other seven catalysts provide sequential confirmation of each pillar in the base case.

APR 2026 — CATALYST 01

F2Q26 earnings print

Citi $109B/$1.93 vs street $105B/$1.83. First China F2Q26 read.

WATCH EPS miss below $1.85 → DRAM/GM concern trigger

IMPACT +$15.0/share if beat; -$20.0 if miss

MAY 2026 — CATALYST 02

EU DMA appeal ruling

€500M fine on appeal; alt-store mandate determination. EU -$0.04.

WATCH Full alt-store mandate = -$0.06/yr additional drag

IMPACT Limited — not in base case

SPRING 2026 — CATALYST 03

Personalized Siri launch

Hybrid on-device + cloud (Google $1B/yr). M5 12GB enables inference.

WATCH Delay collapses AI multiple to 26×

IMPACT +$30.0/share (29× to 33×) if reception positive

JUN 2026 — CATALYST 04

WWDC 2026 — AI China rollout

Apple Intelligence China launch. Unlocks 1.4B addressable market.

WATCH Delay = China bull case deferred 1-2 years

IMPACT +$10.0/share on confirmed rollout

JUL 2026 — CATALYST 05

F3Q26 GM print (DRAM test)

First full DRAM 2H26 cost quarter. 140bps headwind; critical GM test.

WATCH GM below 46.5% = DRAM pass-through failure

IMPACT +/-$40.0/share on outcome

AUG 2026 — CATALYST 06

iPhone 17e India unit data

Bernstein India/SEA 17e tracker. $599 = Android OEM entry point.

WATCH India units below Citi +5.60% CY27 trajectory

IMPACT +$12.0-$25.0 if Bernstein 46M incr. units validate

OCT 2026 — CATALYST 07

Services ARPU threshold

FY26 ARPU — above $296/user unlocks Services multiple re-rate.

WATCH ARPU stagnation = Services annuity thesis weakens

IMPACT +$15.0/share on confirmed ARPU acceleration

APR 2027 — CATALYST 08

FY27E EPS path confirmed

FY27Q1 confirms $10 EPS. Most important multiple anchor for $330.

WATCH EPS below $9.50 triggers multiple compression to 29×

IMPACT +22.0% base case fully realized at $10 × 33×

TIMELINE SYNTHESIS

Star catalyst: Personalized Siri Spring 2026. AI-gateway re-rate 29×→33× = +$60 unlock. All 7 other catalysts are supporting evidence.

Source: AAPL 2026-04-28 Unionde Research catalyst map, Apple IR calendar. Citi/MS/Bernstein timing forecasts

Three optionality layers not in base case — any one adds $10–$30 to the price target

Street consensus prices in none of these layers, so realizing even one creates asymmetric upside beyond the $330 base target.

VISION PRO OPTIONALITY

15% probability

PRICE TARGET

+$30.0

- Miniaturize + reprice Vision Pro Gen-2 to $1,500–$2,000 by FY27-28
- AirPods playbook: $0 FY14 → $18-20B/yr FY25 estimate in 9 years
- Gate: WWDC 2026 Gen-2 specs + pricing; current enterprise-only, low-100k units FY25

INDIA DEMAND INFLECTION

30% probability

PRICE TARGET

+$15.0

- 'Vast majority of US iPhones now produced in India' — FY25Q3 earnings call
- FY25Q4 India quarterly revenue record; 4 new India stores opening FY26
- Gate: iPhone 17e India unit tracker Aug 2026+; target 6-7% revenue share FY27E

M&A OPTIONALITY

10% probability

PRICE TARGET

+$25.0

- ~1 small acquisition/month; Cook: 'does not rule out larger acquisitions' FY25Q1 EC
- $195B cumulative bond issuance; AA+ rating; $30-50B deal supportable
- Gate: Any acquisition above $5B market cap; AI vertical = +2-3× PE turns

Source: AAPL 2026-04-28 Apple FY25Q3/Q4 EC, Sell-side Vision Pro estimates. Cook FY25Q1 EC

BUY Apple — $330 PT on 33× FY27E $10 EPS, 3:1 risk-reward, MAG7 OVERWEIGHT

The three vectors de-risk each other — AI optionality, Services durability, and capital return underpin the floor and compound the upside path.

RATING

BUY

PRICE TARGET

$330

+22.0% vs $270.23

THESIS

1 AI Gateway re-rating: 2.35B devices + 20+ Apple Intelligence features + Spring 2026 Personalized Siri = largest consumer AI distribution surface. Multiple re-rates 29×→33× on confirmed monetization.

2 Services margin compounder: $109B FY25 at 75.4% GM, +14% YoY. Each +1pp mix = +38bps blended GM = +2-3% EPS mechanical lift. FY27E $138B Services at 29.8% mix adds 200bps structural margin.

3 Capital return floor: $599B returned FY20-FY25 (43% of starting mcap); $100B re-authorized May 2025; net debt = deliberate leverage discipline. Zero-growth bear provides 3-4%/yr return floor.

KEY CATALYSTS

Spring 2026	Apr 2026	Jul 2026
Personalized Siri launch — AI-gateway multiple gate	F2Q26 earnings: Citi $109B/$1.93 vs street $105B/$1.83	F3Q26 GM print — first DRAM 2H26 cost read-through

Source: AAPL 2026-04-28 Uninodue Research, FY24/FY25 10-K. F1Q26 earnings release