

Apple Inc. - Financial and Strategic Analysis Review

Publication Date: 18-Feb-2011

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Company Snapshot

Key Information

Apple Inc., Key Information	
Web Address	www.apple.com
Financial year-end	September
Number of Employees	46,600
NASD	AAPL
Source : GlobalData	

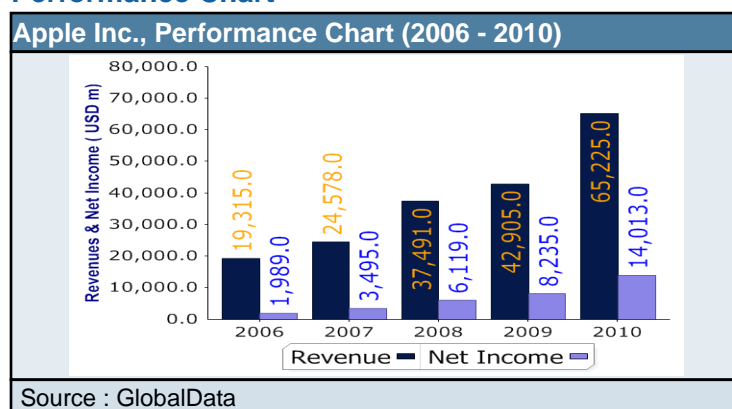
Key Ratios

Apple Inc., Key Ratios	
P/E	23.64
Return on Equity (%)	29.32
Debt/Equity (%)	
Operating profit margin (%)	28.19
Dividend Yield	NA
Note: Above ratios are based on share price as of 17-Feb-2011	
Source : GlobalData	

Share Data

Apple Inc., Share Data	
Price (USD) as on 17-Feb-2011	358.30
EPS (USD)	15.15
Market Cap (million USD)	330,094
Enterprise Value (million USD)	31,936
Shares Outstanding (million)	921
Source : GlobalData	

Performance Chart



Company Overview

Apple Inc. (Apple) is a US based company engaged in manufacturing and selling personal computers, portable digital music players, and mobile communication and media devices. The company offers personal computing products that include desktop and portable personal computers, related devices and peripherals, as well as third-party hardware and software products. The software products include Mac OS X, its proprietary operating system software for the Macintosh software and related solutions; professional application software; and consumer, education, and business oriented application software.

SWOT Analysis

Apple Inc., SWOT Analysis	
Strengths	Weaknesses
Strong Liquidity Position	Limited iPhone/Mobile Phone Variants
Expanding Operating Margin and Return on Equity	Unresolved Legal Proceedings
Strong Revenue Growth	Dependence on Network Providers
Opportunities	Threats
Emerging Markets Providing Ladder for Growth	Intense Competition
Scope in Retail Segment	Absence of Multiple Distribution Network
Innovative Products & Designs	Theft of Digital Content
Source : GlobalData	

Financial Performance

The company reported revenues of (U.S. Dollars) USD 65,225.00 million during the fiscal year ended September 2010, an increase of 52.02% over 2009. The operating profit of the company was USD 18,385.00 million during the fiscal year 2010, an increase of 56.60% over 2009. The net profit of the company was USD 14,013.00 million during the fiscal year 2010, an increase of 70.16% over 2009.

Apple Inc. - Key Facts

Apple Inc., Key Facts			
Corporate Address	1 Infinite Loop, Cupertino, CA, 95014, United States	Ticker Symbol, Stock Exchange	AAPL [NASDAQ]
Telephone	+1 408 9961010	No. of Employees	46,600
Fax	+1 408 9960275	Fiscal Year End	September
URL	www.apple.com	Revenue (in USD Million)	65,225.0
Industry	Retailing, Technology and Telecommunication		
Locations	Argentina, Australia, Brazil, Canada, China, Denmark, France, Germany, Hong Kong Special Administrative Region of China, Hungary, India, Indonesia, Ireland, Italy, Japan, Mexico, Peru, Philippines, Poland, Portugal, Republic of Korea, Singapore, South Africa, Spain, Sweden, Taiwan, Thailand, United Arab Emirates, United Kingdom, United States		
Source : GlobalData			

Apple Inc. - Business Description

Apple designs, manufactures, and markets personal computers, portable digital music players and mobile communication devices. It also markets a range of related software, services, peripherals and networking solutions. The company offers its products and services to customers in education, consumer, creative, professional, business and government sectors. In addition, it sells various third-party Macintosh (Mac), iPod, iPad and iPhone compatible products that include application software, printers, storage devices, speakers, headphones, and various other accessories and peripherals.

Apple offers a range of personal computing products, which include desktop and portable personal computers, related devices and peripherals, and various third party hardware and software products. Additionally, it designs, develops and markets, its family of iPod digital music players and its iPhone mobile communication devices, along with related accessories and services such as the online distribution of third-party content through the company's iTunes Store. At the end of fiscal year 2009, the company operated a total of 317 retail stores across the world comprising 233 stores in the US and 84 stores internationally. The company opened its stores at high-traffic locations in quality shopping malls and urban shopping districts.

The company operates through five reportable segments, namely, Americas, Europe, Japan, Asia-Pacific and Retail. The activities related to the Retail segment are not included in America, Europe, Asia-Pacific and Japan segments. The Americas segment includes both North and South America, while the Europe segment includes European countries as well as Africa. The Retail segment operates apple-owned retail stores. The Asia-Pacific segment comprises Australia and Asia excluding Japan. In 2010, the America segment accounted for 37.56% of the total revenue, followed by Europe (28.66%), Retail (15.02%), Asia-Pacific (12.66%) and Japan (6.10%).

The company offers its products worldwide through its retail stores, online stores, direct sales force, and third-party wholesalers, resellers, and value-added resellers. The company's iPods are sold through a number of distribution points to ensure wide availability. iPads and iPods can be purchased from department stores, member-only warehouse stores, large retail chains, and specialty retail stores as well as through channels for Mac distribution. iPhone is distributed through its cellular network carriers' distribution channels and certain third-party resellers. Apple signed multi-year agreements with various cellular network carriers to distribute and provide cellular network services for iPhone in approximately 89 countries through 166 carriers.

The company R&D expenditure for fiscal 2010 was USD 1,782 million, reflecting an increase of 34% over 2009 (USD 1,333 million). It focuses on the development of new products and technologies and the enhancement of existing products in computer hardware and peripherals, consumer electronics products, system software, applications software, mobile communication devices, Internet services and solutions, networking and communications software and solutions.

Apple principally serves SMB, enterprise, education, government and creative markets. It distributes its products through wholesalers, resellers, national and regional retailers and catalogers. In addition, it sells and resells certain third-party products to customers through its own sales force and retail and online stores. At the end of fiscal year 2010, the company had 317 stores, out of which 44 were opened during 2010. Its average revenue per store was USD 34.1 million for fiscal 2010.

In January 2010, the company launched iPad, an electronic device for browsing Internet, accessing emails, listening to music, watching photos and videos, playing games, reading e-books and much more. In February 2010, the company introduced Aperture 3, the updated version of its photo editing and management software. In April 2010, Apple updated its MacBook Pro line with faster Intel Core i5 and i7 processors, NVIDIA graphic cards and long lasting batteries.

In September 2009, the company introduced new ipod touch, featuring Apple's retina display, facetime video calling, HD video recording, Apple's A4 chip, 3-axis gyro, iOS 4.1 and Game Center-all combined in the thinnest and lightest iPod touch ever and also introduced iTunes 9, the latest version of the world's most popular software application to purchase, manage and play media, packed with innovative features such as iTunes LP, Home Sharing and Genius Mixes, as well as a redesigned store and improved syncing. In October 2010, the company launched its Apple Store in China. Apple Store in China will offer free shipping, free personalized engraving on iPod or iPad, and customization of Mac.

In November 2010, the company and the Dentsu Group entered into a partnership agreement to expand Apple's iAd mobile advertising network in Japan. The company also collaborated with Oracle Corporation to work on OpenJDK Project for Mac OS X.

Apple Inc. - Major Products and Services

Apple Inc. is principally engaged in designing, manufacturing, and marketing of personal computers, portable digital music players, and mobile communication devices. The company's key products, services, and brands include the following:

Apple Inc., Major Products and Services
Products:
iPod
iPad
Personal Computers
Laptops
Accessories
Mobile Phones
Services:
Website Selling
itunes
Brands:
MacBook
iPhone
Source : GlobalData

Apple Inc. - History

Apple Inc., History		
2010	New Products/Services	The company introduced new iPad and Aperture 3.
2009	Corporate Changes/Expansions	The company opened its iTunes store in Mexico, offering a large collection of Mexican and international music from all major labels and hundreds of independent labels
2009	New Products/Services	The company launched iPhone 3GS, the new phones comes with longer battery life, 3 megapixel autofocus camera, video recording and hands free voice control.
2009	New Products/Services	The company introduced the new Mac Pro. It utilizes Intel Nehalem Xeon processors.
2009	New Products/Services	The company introduced iLife '09, it includes upgrades to iPhoto, iMovie and GarageBand, and includes iDVD and an updated version of iWeb.
2008	New Products/Services	The company introduced Time Capsule, a backup appliance which backs up everything on one or more Macs running Leopard.
2008	New Products/Services	Apple launched new MacBook and MacBook Pro Models.
2008	New Products/Services	Apple released new product, iPhone 2.0 Software Beta.
2007	Contracts/Agreements	The company renewed its agreement with Microsoft for use of Core Windows fonts such as Times New Roman, Arial, and Verdana in the Apple systems.
2006	New Products/Services	The company together with Acura, Audi, Honda and Volkswagen launched ipod in the market.
2003	Contracts/Agreements	Apple signed licensing agreements with Beggars Group, Sanctuary Records Group and V2.
2002	Acquisitions/Mergers/Takeovers	The company acquired Prismo Graphics, Silicon Grail ,Zayante, Emagic, which became a wholly owned division of Apple Computer and Nothing Real.
2001	Acquisitions/Mergers/Takeovers	The company acquired PowerSchool, the providers of web-based student information systems for K-12 schools and school districts.
1996	Acquisitions/Mergers/Takeovers	Apple Computer acquired NeXT.
1994	New Products/Services	Apple introduced the PowerPC chip based PowerMac.
1984	New Products/Services	The company launched first mouse driven computer, the Macintosh.
1980	Stock Listings/IPO	The company went public.
1977	Incorporation/Establishment	The Apple Computer was incorporated in 1977 by Steven Wozniak and Steve Jobs.

Source : GlobalData

Apple Inc. - SWOT Analysis

SWOT Analysis - Overview

Apple is a leading player in personal computer industry and consumer electronics market. It designs and develops the entire personal computer range, from hardware and operating systems to network solutions. Its brand image and financial position help the company enhance its competitive position in the industry. Its innovative products and potential growth in retail segment provide sound scope for its growth. However, competitive pressure and absence of multiple distribution networks for applications of iPhone and iPod could limit Apple's growth.

Apple Inc. - Strengths

Strength - Strong Liquidity Position

The strong liquidity of Apple supports its expansion and provides business stability to the company. The company reported a ratio of 2.01 times at the end of fiscal year 2010. This was above the S&P 500 companies average* of 1.46. A higher than S&P 500 companies average* current ratio indicates that the company is in a strong financial position and is more capable of meeting its short-term obligations than other companies in the S&P 500 index. The company does not have any debt obligation. It reported strong quick ratio of 1.96 times in 2010. The company's cash and cash equivalents, and short-term investment increased from USD 23.46 billion in 2009 to USD 25.62 billion in 2010, reflecting an increase of 9.19% over that in 2009.

Apple also reported increase in working capital over the last three years. The working capital of the company increased from USD 18.65 billion in 2008 to USD 20.05 billion in 2009, indicating an increase of 7.53% over 2008. Similarly, in 2010, the company's working capital increased from USD 20.05 billion in 2009 to USD 20.96 billion, recording an increase of 4.52% over 2009. The increasing liquidity and absence of debt provide the company with adequate capital to expand both geographically and operationally.

Strength - Expanding Operating Margin and Return on Equity

The company's operating margin was 28.19% for fiscal year 2010. This was above the S&P 500 companies average* of 7.26%. A higher than S&P 500 companies average* operating margin may indicate efficient cost management or a strong pricing strategy by the company. The operating margin increased 83 basis points (bps) over 2009, which may indicate management's high focus on improving profitability. The company strategically reduced its operating costs as percentage of revenue from 72.64% in 2009 to 71.81% in 2010 and administration costs as percentage of revenue from 9.67% to 8.46%. Subsequently, Apple's return on equity (ROE) was 29.3% for fiscal year 2010. This was above the S&P 500 companies average* of 4.5%. A higher than S&P 500 companies average* ROE may indicate that the company is efficiently using the shareholders' money and that it is generating higher returns than other companies in the S&P 500 index.

Strength - Strong Revenue Growth

Apple registered strong revenue output in financial year 2010. It recorded net sales of USD 65.23 billion, reflecting an increase of 52.02% over last fiscal. The company's compound annual growth rate (CAGR) in revenue was 35.56% during 2006-2010. This was above the S&P 500 companies average* of 12.74%. A higher than S&P 500 companies average* revenue CAGR indicates that the company performed above the average S&P 500 companies growth and gained market share over the last four years. Similarly, its gross profit also increased to USD 25.68 billion in 2010 from USD 17.22 billion in 2009, recording an increase of 49.13% over that in 2009. The company achieved this growth due to better competitive positioning as well as superior product offerings, as compared to other companies in the S&P 500 index.

Strength - Well Diversified Product Mix

The company offers a wide range of technological products that cater to various end-markets. Apple is currently the only maker of hardware using the Mac OS. Apple sold over 150 million iPods so far. It has the largest library of content available in the world for sale to customers, more than five million songs, over 500 movies, and hundreds of TV shows. The company offers a wide range of personal computing products including desktop and portable personal computers, and also offers software products including Mac OS X, iWork, Safari, MobileMe and iLife. Apple also designs, develops, and markets its music players, iPods, iPads and iPhones to users. This product mix offered by the company would enhance the customer base as well as the market share of the company. Wide range of products helps the company to cater to a broad range of customers, thereby generate greater revenues and profits.

Strength - Strong Brand Image

The company enjoys a strong brand image in all the geographical regions in which it operates. According to the report named Top 100 Most Valuable Global Brands 2010 released by the international consulting firm Millward Brown, the company's brand value increased from USD 63.1 billion in 2009 to USD 83.2 billion in 2010, registering an increase of about 31.8% over 2009. The increase in brand value resulted from the popularity of its iconic products, which enable

people to manage and enjoy their lives, simultaneously. Among the top 100 brands, it was ranked 3rd, an improvement over the previous year's ranking of 6. Apple's percentage increase was the seventh best in comparison to all the 100 top brands. The company reported sales of 8.7 million iPhones for the quarter, a 100 percent year-on-year increase in 2009. The number of applications crossed 100,000, enabling users to make them an extension of their personality. The increase is a compliment to the company's transformation from an electronics manufacturer into a brand that has become central to the lives of people.

Apple Inc. - Weaknesses

Weakness - Limited iPhone/Mobile Phone Variants

The company's presence in mobile phone segment is confined to iPhone and its two models, even as its peers in the industry regularly launch new variants in the marketplace. Although Apple's iPhone is a huge success, it has very few variants, namely, iPhone 3GS and iPhone 4. Moreover, iPhone 4 has problems with its antenna. On the other hand, its two closest peers, Nokia and Research in Motion have multiple models. It limits the company's presence in the mobile phone market to the high-end music phone sub-segment.

Weakness - Unresolved Legal Proceedings

Apple's business could suffer from pending legal issues. On August 28, 2007, Mediatech, Inc. filed a case against Apple, Acer America Corp., Dell, Inc. and Gateway, Inc., in the US District Court for the Eastern District of Texas alleging infringement of U.S. Patent No. 7,009,655. Plaintiff sought unspecified damages and other relief. On March 14, 2008, Mirror Worlds, LLC filed a case against the company in the US District Court for the Eastern District of Texas. The plaintiff alleged that certain of Apple's products infringed U.S. Patent Nos. 6,006,227, 6,638,313 and 6,725,427. On October 1, 2010, a jury found that the company infringed all three patents, and awarded damages of USD 208 million per patent. The company challenged the verdict and the court scheduled post verdict motions hearing on December 9, 2010. The company is also a defendant in various cases filed by Nokia Corporation, Motorola Mobility, Inc, Branning, etc. Similarly, the company has various legal proceedings and claims filed against it. Such litigations could hamper the brand image of the company.

Weakness - Dependence on Network Providers

The company depends on the cellular network providers with respect to its iPhones. Apple is engaged in designing, manufacturing, and marketing personal computers, mobile communication devices, and portable digital music players. It relies on single network carriers in the US, the UK, Germany and France. Apple's cellular network carriers for iPhones include AT&T in the US, O2 in the UK, T-Mobile in Germany, and Orange in France. Network failure of any of its carriers may adversely affect the sales of iPhones. The company's agreement requires each carrier to make revenue generating payments to the company. The inability of these network carriers to attract and retain iPhone customers or the termination of any of the agreements could prove unfavorable to Apple. This dependence on network providers can adversely affect the profitability of the company.

Apple Inc. - Opportunities

Opportunity - Emerging Markets Providing Ladder for Growth

The company has the opportunity to expand its operations in emerging markets and benefit from increasing disposable incomes in these markets. Currently, majority of the company's operations are in the US. The company can look forward to expanding its operations worldwide, focusing on emerging countries. Additionally, factors such as growing affluence, increasing brand-consciousness and other factors in these countries make them attractive destinations for global retailers. According to A.T. Kearney's Global Retail Development Index, India is the most attractive emerging market followed by Russia, China and the United Arab Emirates. Under such conditions, the company began offering iPhones across China. The company, along with China Unicom, embarked on setting up over 1,000 points-of-sale across the country.

Opportunity - Scope in Retail Segment

Apple could explore the huge opportunity in the retail segment. At the end of fiscal 2010, the company had 317 retail points, with 44 new retail stores added during fiscal year 2010. Earlier, during fiscal 2009, the company opened 26 new retail stores, both in the US and other countries, bringing the total number of stores to 273 in 2009. The company's stores are in high traffic locations in quality shopping malls and urban shopping districts. With the opening of its own retail stores, Apple will be able to attract new customers and will be in a better position to interact with them. The average revenue per store totaled USD 34.1 million for 2009. The stores are designed to market and present the company's products such that they attract more customers. The retail net sales increased 47% in 2010, due in large part to increased revenue from iPad, Mac desktop and Mac portable systems. The company will continue to invest in new stores internationally to exploit the opportunities in the retail segment, in addition to the expansion of third-party channels.

Opportunity - Innovative Products & Designs

The company could benefit from the timely release of its innovative products. In early 2010, the company introduced iPad, a device to browse the web, read and send email, enjoy photos, watch videos, listen to music, play games, and read e-books, among others. The device, featuring 12 next-generation multi-touch applications, connects users with their applications and content more intimately and intuitively. iPad runs more than 100,000 apps on the App Store. The company also introduced iPhone 4 in the later half of 2010, which is an addition to its existing portfolio of phones. Earlier, in January 2009, the company launched iLife '09, a multimedia suite of consumer applications. This suite principally focuses on iPhoto, iMovie, and GarageBand. Changes made in iPhoto include new features called Faces and Places, which permit users to tag people and places in photos. iMovie has an option of expanded timeline and automatic video stabilization and GarageBand has new amp models and a new Magic GarageBand Jam function allowing users to add instruments, jam along with compositions, and record the music.

Apple launched new products, which include the new fourth generation iPod Nano. It is the world's most popular music player and its new features and design allow customers to enjoy more. The new iPod works with the new iTunes 8 Genius feature. The company sold more than 1.1 million iPhones till now. According to research from Strategy Analytics, the iPhone was the fourth highest selling handset in the U.S market. Apple started selling the iPhone in Europe, Germany and France. In 2008, Apple introduced new content from HBO to iTunes in the U.S, premiered movies in Canada and the UK and introduced television programming in Germany, France and Australia. It launched the iPhone 3G and App stores in the June quarter 2008. App Stores offers more than 900 applications. Customers have given a positive response to the App Stores and the iPhone and iPod touch users have already downloaded over 25 million applications. With the launch of new products and mobile applications, Apple is expected to build a strong position among competitors.

Apple Inc. - Threats

Threat - Intense Competition

The technology industry is highly competitive because of the nature of its products such as personal computers and consumer electronics. Apple competes with other big companies such as Microsoft, IBM, and Motorola. It focuses on digital content distribution, consumer electronic devices, and mobile devices including iPhones. The company is exposed to pricing pressures owing to aggressive competition in all its areas of business. Over the last two years, price competition in these markets has been particularly intense. Competitors are going for price cuts and have lowered their product margins to gain market share. This could adversely affect the financial results of the company.

Threat - Absence of Multiple Distribution Network

The applications for iPhones, iPads and iPods are distributed through the company-owned App Store. The company has low scale distribution network as compared to its competitors. All its competitors have wide presence in the world with dedicated sales network and third party distribution network, as compared to Apple's App store. The company limits its operations to single channel distribution of application platform for iPhone and iPod touch platforms against its multichannel distribution for Mac applications. Its iPad, iPod and iPhone are subject to fast technology change and need to attract and cater to the ever changing requirements of customers. Unavailability of multiple distribution channels discourages the usage of third-party applications by its customers for iPhones and iPods, discouraging third party developers to decrease development for the company's platforms, which may impact the market growth of iPhone and iPod touch in future.

Threat - Theft of Digital Content

The company offers digital content through its iTune stores to the technology market and is subject to various risks associated with unauthorized access of digital content. Users who have illegitimate access could easily copy the content or make changes in the content, share it with others or make it available on the Internet. It is very difficult for companies to prevent this unauthorized access. The e-learning systems provide access control but the operating system or the database system on which the e-learning system is installed allows users to gain unauthorized access to the content. Thus, it is required that access control should be installed through all layers. Such unauthorized access to digital content could adversely affect the company's operations.

NOTE:

* Sector average represents top companies within the specified sector

The above strategic analysis is based on in-house research and reflects the publishers opinion only

Apple Inc. - Key Competitors

The following companies are the major competitors of Apple Inc.:

IBM Global Services
Hewlett-Packard Company
EMC Corporation
Sprint Nextel Corporation
Oracle Corporation
Microsoft Corporation
Dell Inc.
Adobe Systems Incorporated
Qualcomm Incorporated
Motorola
Google Inc.
Intel Corporation
Sony Corporation

Apple Inc. - Key Employees

Apple Inc., Key Employees				
Name	Job Title	Board Level	Since	Age
Steven P. Jobs	Chief Executive Officer, Director	Executive Board	1997	56
William V. Campbell	Director	Non Executive Board	1997	70
Millard S. Drexler	Director	Non Executive Board	2003	66
Albert A. Gore	Director	Non Executive Board	2003	62
Andrea Jung	Director	Non Executive Board	2008	52
Arthur D. Levinson	Independent Co-Lead Director	Non Executive Board		61
Ronald Sugar	Independent Director	Non Executive Board	2010	62
Timothy D. Cook	Chief Operating Officer	Senior Management	2005	50
Peter Oppenheimer	Chief Financial Officer, Senior Vice President	Senior Management		48
Robert Mansfield	Senior Vice President, Mac Hardware Engineering Apple	Senior Management	2008	50
Scott Forstall	Senior Vice President, iPhone Software	Senior Management	2008	42
Jonathan Ive	Senior Vice President, Industrial Design	Senior Management		
Ronald B. Johnson	Senior Vice President, Retail	Senior Management	2000	52
Mark Papermaster	Senior Vice President, Devices Hardware Engineering	Senior Management		48
Philip W. Schiller	Senior Vice President, Worldwide Product Marketing	Senior Management	1997	50
Bertrand Serlet	Senior Vice President, Software Engineering	Senior Management	2003	50
Bruce Sewell	General Counsel, Senior Vice President	Senior Management	2009	52
Jeffrey Williams	Senior Vice President, Operations	Senior Management	2010	47
Betsy Rafael	Vice President, Corporate Controller	Senior Management		

Source : GlobalData

Apple Inc. - Key Employee Biographies

Apple Inc., Key Employee Biographies	
<p>Steven P. Jobs Job Title: Chief Executive Officer, Director Board Level: Executive Board Since: 1997 Age: 56</p>	<p>Mr. Jobs has been the Chief Executive Officer and a Director of Apple Inc, since 1997. He is also the co-founder of the company. Previously, Mr. Jobs co-founded Pixar Animation Studios and played a key role in creating animated films of all time, such as Toy Story, A Bug's Life, Toy Story 2, Monsters, Inc., Finding Nemo, The Incredibles, Cars and Ratatouille. At present, he also serves as a Director of The Walt Disney Company.</p>
<p>Timothy D. Cook Job Title: Chief Operating Officer Board Level: Senior Management Since: 2005 Age: 50</p>	<p>Mr. Cook has been the Chief Operating Officer of Apple since 2005. He served as the Executive Vice President, Worldwide Sales and Operations during 2002-'05. He was the Senior Vice President, Worldwide Operations, Sales, Service and Support during 2000-'02. Prior to joining Apple, he was the Vice President of Corporate Materials at Compaq, where he was responsible for procuring and managing all of the company's inventory. Prior to joining Compaq, he was the Chief Operating Officer of the Reseller Division at Intelligent Electronics. He had 12 years of working experience at IBM and also employed as the Director of North American Fulfillment.</p>
<p>Peter Oppenheimer Job Title: Chief Financial Officer, Senior Vice President Board Level: Senior Management Age: 48</p>	<p>Mr. Oppenheimer is a Senior Vice President and the Chief Financial Officer of the company. Previously, he served as the Vice President and the Corporate Controller and as the Senior Director - Finance, Americas. Prior to joining Apple, he served at Automatic Data Processing (ADP), where he was the Chief Financial Officer. Prior to joining ADP, he gained experience in the Information Technology Consulting Practice at Coopers and Lybrand, where he monitored and covered all financial and systems engagements for the clients in relation with telecommunications, transportation insurance, and banking sectors.</p>
Source : GlobalData	

Apple Inc. - Company Statement

A statement taken from the management's discussion and analysis is given below. The statement has been taken from the company's 2010 10-K SEC filing.

The Company designs, manufactures, and markets a range of personal computers, mobile communication and media devices, and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications. The Company's products and services include Mac computers, iPhone, iPad, iPod, Apple TV, Xserve, a portfolio of consumer and professional software applications, the Mac OS X and iOS operating systems, third-party digital content and applications through the iTunes Store, and a variety of accessory, service and support offerings. The Company sells its products worldwide through its retail stores, online stores, and direct sales force, and third-party cellular network carriers, wholesalers, retailers, and value-added resellers. In addition, the Company sells a variety of third-party Mac, iPhone, iPad and iPod compatible products, including application software, printers, storage devices, speakers, headphones, and various other accessories and peripherals through its online and retail stores. The Company sells to SMB, education, enterprise, government, and creative markets.

The Company is committed to bringing the best user experience to its customers through its innovative hardware, software, peripherals, services, and Internet offerings. The Company's business strategy leverages its unique ability to design and develop its own operating systems, hardware, application software, and services to provide its customers new products and solutions with superior ease-of-use, seamless integration, and innovative industrial design. The Company believes continual investment in research and development is critical to the development and enhancement of innovative products and technologies. In conjunction with its strategy, the Company continues to build and host a robust platform for the discovery and delivery of third-party digital content and applications through the iTunes Store. Within the iTunes Store, the Company has expanded its offerings through the App Store and iBookstore, which allow customers to browse, search for, and purchase third-party applications and books through either a Mac or Windows-based computer or by wirelessly downloading directly to an iPhone, iPad or iPod touch. The Company also works to support a community for the development of third-party software and hardware products and digital content that complement the Company's offerings. Additionally, the Company's strategy includes expanding its distribution network to effectively reach more customers and provide them with a high-quality sales and post-sales support experience. The Company is therefore uniquely positioned to offer superior and well-integrated digital lifestyle and productivity solutions.

The Company participates in several highly competitive markets, including personal computers with its Mac computers; mobile communications and media devices with its iPhone, iPad and iPod product families; and distribution of third-party digital content and applications with its online iTunes Store. While the Company is widely recognized as a leading innovator in the markets where it competes, these markets are highly competitive and subject to aggressive pricing. To remain competitive, the Company believes that increased investment in research and development and marketing and advertising is necessary to maintain or expand its position in the markets where it competes. The Company's research and development spending is focused on further developing its existing Mac line of personal computers; the Mac OS X and iOS operating systems; application software for the Mac; iPhone, iPad and iPod and related software; development of new digital lifestyle consumer and professional software applications; and investing in new product areas and technologies. The Company also believes increased investment in marketing and advertising programs is critical to increasing product and brand awareness.

The Company utilizes a variety of direct and indirect distribution channels, including its retail stores, online stores, and direct sales force, and third-party cellular network carriers, wholesalers, retailers, and value-added resellers. The Company believes that sales of its innovative and differentiated products are enhanced by knowledgeable salespersons who can convey the value of the hardware, software, and peripheral integration, demonstrate the unique digital lifestyle solutions that are available on its products, and demonstrate the compatibility of the Mac with the Windows platform and networks. The Company further believes providing direct contact with its targeted customers is an effective way to demonstrate the advantages of its products over those of its competitors and providing a high-quality sales and after-sales support experience is critical to attracting new and retaining existing customers. To ensure a high-quality buying experience for its products in which service and education are emphasized, the Company continues to expand and improve its distribution capabilities by expanding the number of its own retail stores worldwide. Additionally, the Company has invested in programs to enhance reseller sales by placing high quality Apple fixtures, merchandising materials and other resources within selected third-party reseller locations. Through the Apple Premium Reseller Program, certain third-party resellers focus on the Apple platform by providing a high level of integration and support services, and product expertise.

Net sales during 2010 increased \$22.3 billion or 52% compared to 2009. Several factors contributed positively to these increases, including the following:

Net sales of iPhone and related products and services were \$25.2 billion in 2010 representing an increase of \$12.1 billion or 93% compared to 2009. Net sales of iPhone and related products and services accounted for 39% of the Company's total net sales for the year. iPhone unit sales totaled 40 million in 2010, which represents an increase of 19.3 million or 93% compared to 2009. iPhone year-over-year growth was attributable primarily to continued growth from existing carriers, expanded distribution with new international carriers and resellers, and strong demand for iPhone 4, which was released in the U.S. in June 2010 and in many other countries over the remainder of 2010. As of September 25, 2010, the Company distributed iPhone in 89 countries through 166 carriers.

Net sales of iPad and related products and services were \$5.0 billion and unit sales of iPad were 7.5 million during 2010. iPad was released in the U.S. in April 2010 and in various other countries over the remainder of 2010. As of September 25, 2010, the Company distributed iPad in 26 countries. The Company distributes iPad through its direct channels, certain cellular network carriers' distribution channels and certain third-party resellers. Net sales of iPad and related products and services accounted for 8% of the Company's total net sales for 2010, reflecting the strong demand for iPad during the five months following its release.

Mac net sales increased by \$3.6 billion or 26% in 2010 compared to 2009, and Mac unit sales increased by 3.3 million or 31% in 2010 compared to 2009. Net sales per Mac unit sold decreased by 4% in 2010 compared to 2009 due primarily to lower average selling prices of Mac portable systems. Net sales of the Company's Macs accounted for 27% of the Company's total net sales in 2010 compared to 32% in 2009. During 2010, net sales and unit sales of the Company's Mac portable systems increased by 18% and 25%, respectively, primarily attributable to strong demand for MacBook Pro, which was updated in April 2010. Net sales and unit sales of the Company's Mac desktop systems increased by 43% and 45%, respectively, as a result of higher sales of iMac, which was updated in July 2010.

Net sales of other music related products and services increased \$912 million or 23% during 2010 compared to 2009. This increase was due primarily to growth of the iTunes Store which generated total net sales of \$4.1 billion for 2010. The results of the iTunes Store reflect growth of the iTunes App Store, continued growth in the installed base of iPhone, iPad, and iPod customers, and the expansion of third-party audio and video content available for sale and rent via the iTunes Store. The Company continues to expand its iTunes content and applications offerings around the world. Net sales of other music related products and services accounted for 8% of the Company's total net sales for 2010.

Net sales of iPods increased \$183 million or 2% during 2010, while iPod unit sales declined by 7% during 2010 compared to 2009. Net sales per iPod unit sold increased by 10% to \$164 in 2010 compared to 2009, due to a shift in product mix toward iPod touch. iPod touch had strong growth in each of the Company's reportable operating segments. Net sales of iPods accounted for 13% of the Company's total net sales for the year compared to 19% in 2009.

Apple Inc. - Locations And Subsidiaries

Head Office

Apple Inc.
 1 Infinite Loop
 Cupertino
 CA
 ZIP: 95014
 United States
 Tel: +1 408 9961010
 Fax: +1 408 9960275

Other Locations & Subsidiaries

Apple Inc., Other Locations	
2401 Tower One, Times Square Causeway Bay Hong Kong Special Administrative Region of China Tel: +852 2506 8888	PO Box A2629 Sydney South New South Wales (NSW) Zip: 1235 Australia
PO Box 912015 Auckland Mail Centre Auckland Zip: 1142 New Zealand	7 Ang Mo Kio Street 64 Zip: 569086 Singapore Tel: +65 64815511
7495 Birchmount Road Markham Ontario (ON) Zip: L3R 5G2 Canada	19 Floor, Concorde Tower C UB City No 24 Vittal Mallya Road Bangalore Karnataka Zip: 560001 India
Source : GlobalData	

Apple Inc., Subsidiaries	
Apple Sales International Hollyhill Industrial Estate Hollyhill Cork Ireland	Braeburn Capital, Inc. Reno United States
Source : GlobalData	

Apple Inc. - Financial Ratios

Financial Ratios - Capital Market Ratios

Apple Inc., Ratios based on current share price	
Key Ratios	17-Feb-2011
P/E (Price/Earnings) Ratio	23.64
EV/EBITDA (Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortization)	17.23
Enterprise Value/Sales	4.90
Enterprise Value/Operating Profit	17.37
Enterprise Value/Total Assets	4.25
Note: Above ratios are based on share price as of 17-Feb-2011, the above ratios are absolute numbers	
Source : GlobalData	

Financial Ratios - Annual Ratios

Apple Inc., Annual Ratios						
Key Ratios	Unit/Currency	2006	2007	2008	2009	2010
Equity Ratios						
EPS (Earnings per Share)	USD	2.27	3.93	6.78	9.08	15.15
Book Value per Share	USD	11.67	16.66	25.10	35.16	52.18
Cash Value per Share	USD	7.47	10.72	13.37	5.85	12.29
Profitability Ratios						
Gross Margin	%	28.98	33.17	35.20	40.14	39.38
Operating Margin	%	12.7	17.93	22.21	27.36	28.19
Net Profit Margin	%	10.3	14.22	16.32	19.19	21.48
Profit Markup	%	40.81	49.63	54.32	67.06	
PBT Margin (Profit Before Tax)	%	14.59	20.37	23.86	28.12	28.42
Return on Equity	%	19.92	24.05	27.44	26.03.00	29.32
Return on Capital Employed	%	22.79	27.43	33.56	32.62	33.76
Return on Assets	%	11.56	13.79	16.92	17.34	18.64
Return on Fixed Assets	%	90.99	129.96	135.07	73.62	54.87
Return on Working Capital	%	30.41	34.77	44.66	58.56	87.73
Growth Ratios						
Sales Growth	%	38.65	27.25	52.54	14.44	52.02.00
Operating Income Growth	%	49.3	79.66	88.95.00	40.99.00	56.60
EBITDA Growth	%	55.86	77.64	78.73	34.86	53.65
Net Income Growth	%	49.77	75.72	75.08	34.58	70.16
EPS Growth	%	46.25	73.39	72.59	33.86	66.91
Working Capital Growth	%	18.39	57.15	47.09	7.53	4.52
Cost Ratios						
Operating Costs (% of Sales)	%	87.3	82.07	77.79	72.64	71.81
Administration Costs (% of Sales)	%	12.6	12.06	10.03.00	9.67	8.46
Liquidity Ratios						
Current Ratio	Absolute	2.25	2.37	2.64	2.74	2.01.00
Quick Ratio	Absolute	2.21	2.33	2.60	2.70	1.96.00
Cash Ratio	Absolute	1.57	1.66	1.95.00	2.04.00	1.24
Leverage Ratios						
Net Debt to Equity	%	-64.02	-64.35	-53.26	-16.63	-23.56
Efficiency Ratios						
Asset Turnover	Absolute	1.12	0.97	1.04.00	0.90	0.87

Fixed Asset Turnover	Absolute	15.08	13.42	15.27	14.52	13.68
Inventory Turnover	Absolute	50.8	47.47	47.73	56.45	37.62
Current Asset Turnover	Absolute	1.33	1.12	1.25	1.36	1.56
Capital Employed Turnover	Absolute	1.93	1.69	1.68	1.36	1.36
Working Capital Turnover	Absolute	2.39	1.94	2.01.00	2.14	3.11
Revenue per Employee	USD					1,399,678
Net Income per Employee	USD					300,708
Capex to Sales	%	3.4	4.01	3.20	2.83	3.25
R&D to Sales	%	3.69	3.18	2.96.00	3.11	2.73

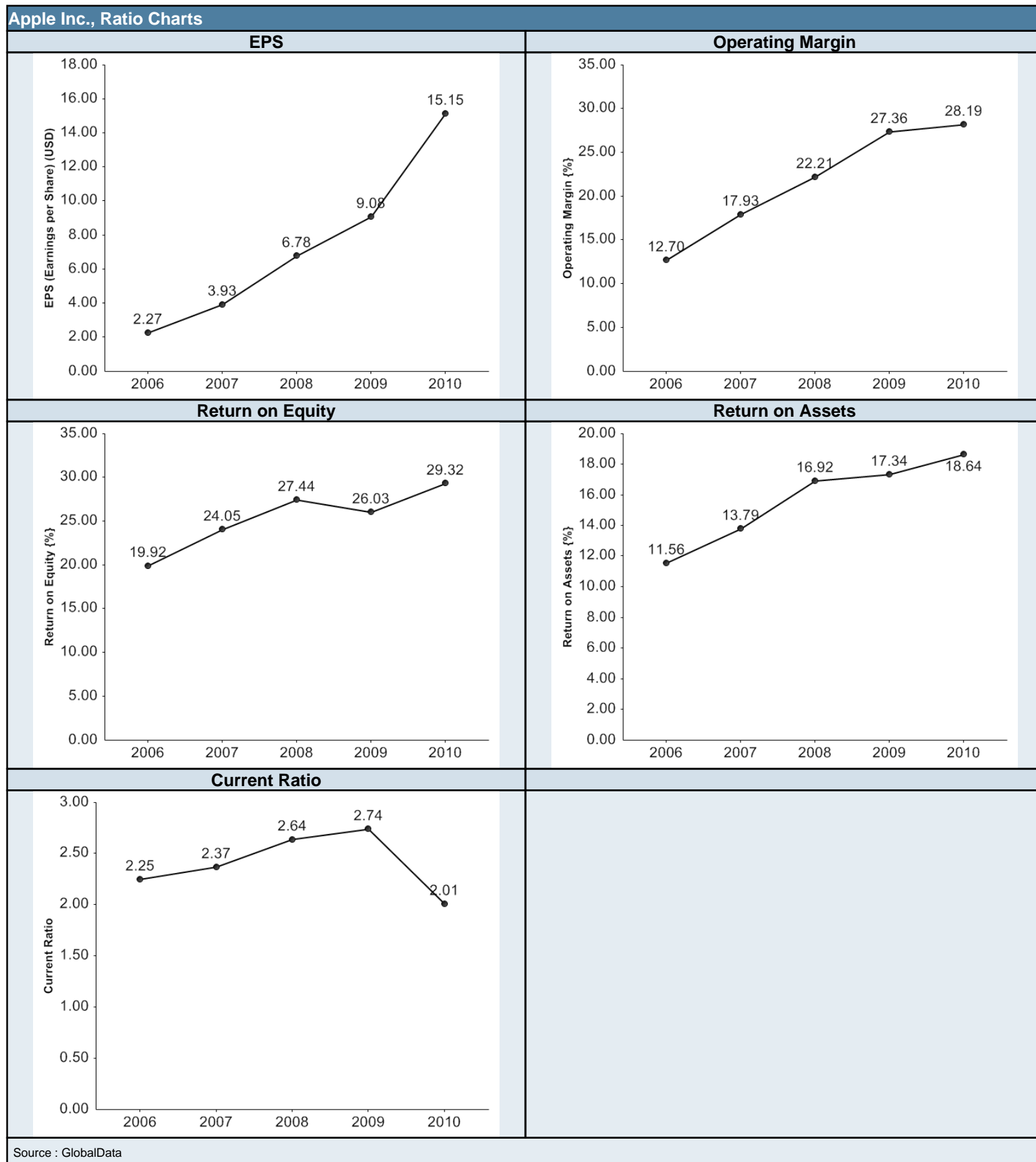
Source : GlobalData

Financial Ratios - Interim Ratios

Apple Inc., Interim Ratios						
Key Ratios	Unit/Currency	Dec-2009	Mar-2010	Jun-2010	Sep-2010	Dec-2010
Interim EPS (Earnings per Share)	USD	3.67	3.33	3.51	4.64	6.43
Book Value per Share	USD	39.47	43.26	47.19	52.18	59.35
Gross Margin	%	40.88	41.67	39.08	36.93	38.51
Operating Margin	%	30.13	29.48	26.97	26.78	29.27
Net Profit Margin	%	21.54	22.77	20.72	21.18	22.45
Profit Markup	%	69.14	71.44	64.16	58.55	62.63
PBT Margin (Profit Before Tax)	%	30.34	29.85	27.34	26.84	29.78
Operating Costs (% of Sales)	%	69.87	70.52	73.03	73.22	70.73
Administration Costs (% of Sales)	%	8.21	9.04	9.16	7.72	7.09
Current Ratio	Absolute	2.55	2.64	2.31	2.01	1.85
Quick Ratio	Absolute	2.50	2.59	2.25	1.96	1.81
Net Debt to Equity	%	-21.27	-25.46	-22.51	-23.56	-19.64

Source : GlobalData

Financial Ratios - Ratio Charts



Recent Developments

Apr 20, 2010 : Apple's iPad Wi-Fi + 3G models available in US by April end

Free Personal Setup service to be offered through Apple retail stores

Apple said that the Wi-Fi + 3G models of its iPad will be delivered to US customers who've pre-ordered on Friday, April 30, and will be available in Apple retail stores the same day starting at 5:00 p.m.

The company said that its new iPad allows users to browse the web, read and send email, share photos, watch HD videos, listen to music, play games, read ebooks and more, all using its Multi-Touch user interface. iPad Wi-Fi + 3G models are 0.5 inches thick and weigh 1.6 pounds and delivers up to 10 hours of battery life for surfing the web on Wi-Fi, and up to nine hours of surfing the web using a 3G data network.

iPad is available in Wi-Fi models in the US for a suggested retail price of \$499 for 16GB, \$599 for 32GB and \$699 for 64GB. The Wi-Fi + 3G models will be available on April 30 in the US for a suggested retail price of \$629 for 16GB, \$729 for 32GB and \$829 for 64GB. iPad will be available at the end of May in Australia, Canada, France, Germany, Italy, Japan, Spain, Switzerland and the UK, the company said.

Apple said that its retail stores will offer a free Personal Setup service to every customer who buys an iPad at the store, helping them customise their new iPad by setting up their email, loading their favorite apps from the App Store, and more.

Apr 15, 2010 : Apple to open store in California

Apple, the retail arm of Apple Incorporation, will open a retail store at El Paseo Village in Palm Desert, California.

The expansion of The Gardens on El Paseo is expected to open in late 2010. The Palm Desert Architectural Review Commission has approved plans for a storefront with the company's unmistakable logo, to be located near the southeast corner of retail and restaurant enclave at 73-445 El Paseo in Palm Desert. Bob Fliday, general manager of The Gardens, has said that Apple would be opening in the new mall, which is now 100% leased.

The Apple Store is a chain of retail stores owned and operated by Apple Incorporation, dealing in computers and consumer electronics. As of March 2010 Apple has opened 287 stores 222 in 41 US states, 27 in the UK.

Apr 13, 2010 : Apple updates MacBook Pro lineup

Extends battery life and adds faster processors and NxG graphics from Nvidia

Apple has updated its MacBook Pro line of laptops, with an extended battery life and faster processors, and powerful graphics from Nvidia.

According to Apple, all 13-inch MacBook Pro models now include Intel Core 2 Duo processors, 4GB RAM, a 10-hour built-in battery and the new Nvidia GeForce 320M graphics processor that offers up to 80% faster graphics.

The 13-inch MacBook Pro is available in two configurations, one with a 2.4GHz Intel Core 2 Duo and 250GB hard drive priced at \$1,199 and one with a 2.66GHz Intel Core 2 Duo and 320GB hard drive priced at \$1,499.

The new 15-inch and 17-inch MacBook Pro models feature Intel Core i5 and i7 processors ranging from 2.4GHz to 2.66GHz and Apple's new automatic graphics switching technology that switches between Nvidia GeForce GT 330M that is twice as fast as the GeForce 320M, and energy efficient Intel HD graphics processors.

The company claims that the new 15-inch and 17-inch MacBook Pro models are up to 50% faster than the previous systems. The Core i5 and i7 processors integrate the memory controller and Level 3 cache for faster access to system memory, hyper-threading technology improves data throughput by creating virtual processing cores, while turbo boost optimises performance between the two processor cores.

The Pro's unibody enclosure is made of highly recyclable aluminum and comes standard with energy efficient LED-backlit

displays that are mercury-free and made with arsenic-free glass, and their multi-touch trackpad supports inertial scrolling. The 17-inch MacBook Pro includes a high resolution 1920 x 1200 display, and the 15-inch MacBook Pro is now available with an optional high resolution 1680 x 1050 display.

The new 15-inch MacBook Pro is available in three models with prices ranging from \$1,799 to \$2,199. The new 17-inch MacBook Pro with 2.53GHz Intel Core i5, Nvidia GeForce GT 330M and 500GB hard drive is priced at \$2,299.

Apr 06, 2010 : Rackspace launches cloud server app for Apple iPad

Allows developers to monitor and manage Rackspace cloud servers

The Rackspace Cloud, the cloud computing division of Rackspace Hosting, has introduced Cloud Pro, its first application for the new Apple iPad, which enables developers to monitor and manage their Rackspace cloud servers.

The new Cloud Pro app allows users to turn on backups for a server, create new servers from backups, manage back-up scheduling, re-boot, rename, resize and delete servers, using iPad's touchscreen interface, Rackspace said.

Mike Mayo, developer at Rackspace Hosting, said: "It's amazing to think about how the iPad tablet and cloud servers can lower the entry barriers for web start-ups everywhere because they no longer have to make large investments in hardware to get their businesses going."

According to Rackspace, the new application also offers a panel on the login screen that shows users the current system status of the entire Rackspace Cloud and displays the US and UK Rackspace support numbers. It also allows users to ping the public IP address for a cloud server to check the responsiveness of their server.

The Rackspace Cloud was designed to encourage developers to build tools and applications for the company's open APIs to enhance its cloud with community-driven features and functionality.

Lew Moorman, president of cloud and chief strategy officer of Rackspace Hosting, said: "As we build out our cloud, we expect to become more visible around the issues of openness, data access and customer choice.

"Our goal is to allow our customers to be able to choose the services, applications, databases and OSs they want to use in a non-proprietary environment without the fear of being locked into one particular cloud."

Apr 02, 2010 : Control4 My Home Application Allows Home Control From Apple iPad

Control4 Corporation (Control4) has announced the Control4 My Home application for Apple Inc. (Apple) iPad, which was developed in collaboration with Control UI. In a Control4-enabled smart home, users will be able to access lighting, temperature, music, video, security systems, web cameras and more from an Apple iPad. Available on April 2, 2010 on the iTunes App Store, the Control4 My Home app has been selected by Apple staff for iPad apps.

Control4 provides home automation through an operating system that integrates energy using devices and systems in the home, including, audio and video equipment, lighting systems, motorized shades, and security systems. With the new, specially designed Control4 My Home app for iPad, homeowners can use their iPad as an interface to their Control4 system to create personalized experiences such as custom lighting scenesto conveniently control entertainment systemsor to take advantage of energy savings with programmable thermostats and other 'green' settings. Later in 2010, homeowners will be able to use Control4 My Home in conjunction with a Control4 4Sight remote monitoring subscription to turn lights on and off, lock or unlock doors, or access IP video cameras and security systems from the Internet, providing increased home security and peace of mind.

Will West, CEO of Control4, said: "Consumers want the devices in their home to be integrated and easy to use. The Control4 Operating System is designed to do just that. Many of our customers use touch screens to access their Control4 system and the iPad is a great platform that meets the needs of many homeowners for exactly this task. We think the iPad is an important platform for homeowners looking for a smarter home and believe that when combined with Control4 My Home we will continue to push forward the mainstream adoption of affordable home control technologies that make our lives easier."

Control4 homeowners can immediately download Control4 My Home for iPad and authenticate to their Control4 system

with a mobile navigator license obtained from a Control4 dealer.

Feb 25, 2010 : Apple plans to open 25 retail stores in China

Apple, an American multinational corporation has revealed its plans to open 25 stores in the China.

Ron Johnson, senior vice president of retail, announced the plans for expansion in the nation of over 1 billion. In January, 2010, Apple executives revealed that they are more focused on building the company's brand in China than they are about achieving blockbuster sales as they attempt to crack the foreign market.

The first Chinese store of the company was opened in 2008, prior to the Olympic Games in Beijing. Plans for the second store, which will employ a classic Chinese design, were revealed in mid-2009.

Apple Incorporation is an American multinational corporation that designs and manufactures consumer electronics, computer software, and commercial servers.

Feb 06, 2010 : Apple to launch its iPad

Apple, an American multinational corporation that designs and manufactures consumer electronics and computer software products, will soon launch its multimedia tablet iPad.

The iPad, weighs at 1.5 pounds. With 3G capabilities, the iPad will make it convenient for business travelers from finding WiFi hotspots. The device would also give them a nearly 10-inch screen for viewing company documents stored on servers at headquarters. Some models of the half-inch-thick iPad will be able to connect to a 3G cellular network.

The device brings together functions common to laptops and smartphones in a new and fun form that lets people navigate the Web, flip pages of a digital book and create business presentations by tapping the iPad's screen.

This launch may not introduce major new technology, but it signals a potential sea change in how people engage with everything from newspapers to legal documents and video. When Apple unveiled the iPad on January 27, 2010 CEO Steve Jobs and other executives positioned it as a device for everyone in the family.

Feb 03, 2010 : Apple to come up with new store

Apple will soon open its new store in Newcastle, UK.

Apple's decision to locate in the St Andrew's Way development means that all 23 retail units have now been let a clear show of confidence in the region by a host of UK and international stores. Apple has a number of stores in the UK but the Newcastle one will be its only presence between Sheffield and Glasgow.

Work started on the St Andrew's Way development in 2007 just as the credit crunch began to bite and when it opens in February, 2010, it will comprise of 23 new retail outlets employing around 800 people.

The project is the final piece of a GBP175 million (\$279.3 million) five-year centre redevelopment by Eldon Square owners Capital Shopping Centers and Newcastle City Council with the former contributing 60% and the latter 40%.

Jan 27, 2010 : Apple to open three stores in Spain in 2010

Apple, an American multinational corporation that designs and manufactures consumer electronics and computer software products, will open at least three new stores in Spain in 2010.

Two stores are expected to be opened in the capital city of Madrid, with one of them might be located in a shopping mall in Xanadu. The third store is planned in the city of Barcelona, at 38-40 Passeig de Gràcia, which is a major business and shopping district. The fourth store is expected to be under development for Valencia.

Apple at present has no stores in Spain. Its iPhone brand is sold in Spain as well as other countries through its subsidiary brand O2.

Jan 27, 2010 : ClairMail Expands Mobile Banking Platform Support To Android, BlackBerry Devices

ClairMail, a California-based provider of mobile banking and payment solutions, has enhanced its mobile banking platform that extends mobile web experience to Android and BlackBerry devices.

Based on its SmartRendering technology, the ClairMail platform now supports a device-optimized version of the ClairMail mobile Web experience for BlackBerry and Android-based phones, such as the Curve, Storm, Pearl, Motorola Droid and Google's Nexus One, with plans to support other devices as they are introduced to market.

Mark Schwanhauser, senior analyst in charge of multichannel financial services at Javelin Strategy & Research, said: "Smartphone owners are blazing the path for mobile banking and payments -- they 'get it' and use such services habitually. But to capitalize on smartphone owners and establish themselves as mobile-banking innovators, financial institutions must quickly develop ways to specifically serve the leading smartphones, starting with the iPhone, BlackBerry and Android-based phones."

Donald MacCormick, VP of product and engineering at ClairMail, said: "Our new highly optimized support for the BlackBerry and Android operating systems demonstrates our commitment to furthering mobile banking adoption amongst all smartphone users."

"With 15 million users, BlackBerry is the most popular smartphone operating system in the US, and Google's new Android operating system has seen a surge of adoption in the past year. Each of these operating systems comprises millions of mobile users who, along with iPhone owners, can now take advantage of ClairMail's best-in-breed mobile banking and SmartRendering technology."

Appendix

The data and analysis within this report is driven by GlobalData.

GlobalData gives you key information to drive sales, investment and deal making activity in your business.

The key industries include Alternative Energy, Construction, Oil & Gas, Clean Technology, Technology and Telecommunication, Healthcare, Power, Financial Services, Retail & Consumer Packaged Goods and Transport.

Methodology

GlobalData company reports are based on a core set of research techniques which ensure the best possible level of quality and accuracy of data. The key sources used include:

Company Websites

Company Annual Reports

SEC Filings

Press Releases

Proprietary Databases

Currency Codes	
Currency Code	Currency
USD	U.S. Dollars
GlobalData	

Ratio Definitions

Capital Market Ratios	
Capital Market Ratios measure investor response to owning a company's stock and also the cost of issuing stock.	
Price/Earnings Ratio (P/E)	Price/Earnings (P/E) ratio is a measure of the price paid for a share relative to the annual income earned per share. It is a financial ratio used for valuation: a higher P/E ratio means that investors are paying more for each unit of income, so the stock is more expensive compared to one with lower P/E ratio. A high P/E suggests that investors are expecting higher earnings growth in the future compared to companies with a lower P/E. Price per share is as of previous business close, and EPS is from latest annual report. Calculation: Price per Share / Earnings per Share
Enterprise Value/Earnings before Interest, Tax, Depreciation & Amortization (EV/EBITDA)	Enterprise Value/EBITDA (EV/EBITDA) is a valuation multiple that is often used in parallel with, or as an alternative to, the P/E ratio. The main advantage of EV/EBITDA over the PE ratio is that it is unaffected by a company's capital structure. It compares the value of a business, free of debt, to earnings before interest. Price per share is as of previous business close, and shares outstanding last reported. Other items are from latest annual report. Calculation: (Market Cap + Debt + Preferred Stock - Cash & Cash Equivalents) / (Net Income + Interest + Tax + Depreciation + Amortization)
Enterprise Value/Sales	Enterprise Value/Sales (EV/Sales) is a ratio that provides an idea of how much it costs to buy the company's sales. EV/Sales is seen as more accurate than Price/Sales because market capitalization does not take into account the amount of debt a company has, which needs to be paid back at some point. Price per share is as of previous business close, and shares outstanding last reported. Other items are from latest annual report. Calculation: (Market Cap + Debt + Preferred Stock - Cash & Cash Equivalents) / Sales
Enterprise Value/Operating Profit	Enterprise Value/Operating Profit measures the company's enterprise value to the operating profit. Price per share is as of previous business close, and shares outstanding last reported. Other items are from latest annual report. Calculation: (Market Cap + Debt + Preferred Stock - Cash & Cash Equivalents) / Operating Income
Enterprise Value/Total Assets	Enterprise Value/Total Assets measures the company's enterprise value to the total assets. Price per share is as of previous business close, and shares outstanding last reported. Other items are from latest annual report. Calculation: (Market Cap + Debt + Preferred Stock - Cash & Cash Equivalents) / Total Assets
Dividend Yield	Dividend Yield shows how much a company pays out in dividends each year relative to its share price. In the absence of any capital gains, the dividend yield is the return on investment for a stock. Calculation: Annual Dividend per Share / Price per Share
GlobalData	

Equity Ratios	
These ratios are based on per share value.	
Earnings per Share (EPS)	Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Calculation: Net Income / Weighted Average Shares
Dividend per Share	Dividend is the distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders.
Dividend Cover	Dividend cover is the ratio of company's earnings (net income) over the dividend paid to shareholders. Calculation: Earnings per share / Dividend per share
Book Value per Share	Book Value per Share measure used by owners of common shares in a firm to determine the level of safety associated with each individual share after all debts are paid accordingly. Calculation: (Shareholders Equity - Preferred Equity) / Outstanding Shares
Cash Value per Share	Cash Value per Share is a measure of a company's cash (cash & equivalents on the balance sheet) that is determined by dividing cash & equivalents by the total shares outstanding. Calculation: Cash & equivalents / Outstanding Shares
GlobalData	

Profitability Ratios	
Profitability Ratios are used to assess a company's ability to generate earnings, based on revenues generated or resources used. For most of these ratios, having a higher value relative to a competitor's ratio or the same ratio from a previous period is indicative that the company is doing well.	
Gross Margin	Gross margin is the amount of contribution to the business enterprise, after paying for direct-fixed and direct-variable unit costs. Calculation: $\{(Revenue - Cost\ of\ revenue) / Revenue\} * 100$
Operating Margin	Operating Margin is a ratio used to measure a company's pricing strategy and operating efficiency. Calculation: $(Operating\ Income / Revenues) * 100$
Net Profit Margin	Net Profit Margin is the ratio of net profits to revenues for a company or business segment - that shows how much of each dollar earned by the company is translated into profits. Calculation: $(Net\ Profit / Revenues) * 100$
Profit Markup	Profit Markup measures the company's gross profitability, as compared to the cost of revenue. Calculation: $Gross\ Income / Cost\ of\ Revenue$
PBIT Margin (Profit Before Interest & Tax)	Profit Before Interest & Tax Margin shows the profitability of the company before interest expense & taxation. Calculation: $\{(Net\ Profit + Interest + Tax) / Revenue\} * 100$
PBT Margin (Profit Before Tax)	Profit Before Tax Margin measures the pre-tax income over revenues. Calculation: $\{Income\ Before\ Tax / Revenues\} * 100$
Return on Equity	Return on Equity measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners. Calculation: $(Net\ Income / Shareholders\ Equity) * 100$
Return on Capital Employed	Return on Capital Employed is a ratio that indicates the efficiency and profitability of a company's capital investments. ROCE should always be higher than the rate at which the company borrows; otherwise any increase in borrowing will reduce shareholders' earnings. Calculation: $EBIT / (Total\ Assets - Current\ Liabilities) * 100$
Return on	Return on Assets is an indicator of how profitable a company is relative to its total assets, the ratio measures how efficient management is at using its assets to generate earnings.

Assets	Calculation: $(\text{Net Income} / \text{Total Assets}) * 100$
Return on Fixed Assets	Return on Fixed Assets measures the company's profitability to its fixed assets (property, plant & equipment). Calculation: $(\text{Net Income} / \text{Fixed Assets}) * 100$
Return on Working Capital	Return on Working Capital measures the company's profitability to its working capital. Calculation: $(\text{Net Income} / \text{Working Capital}) * 100$
GlobalData	

Cost Ratios	
Cost ratios help to understand the costs the company is incurring as a percentage of sales.	
Operating costs (% of Sales)	Operating costs as percentage of total revenues measures the operating costs that a company incurs compared to the revenues. Calculation: $(\text{Operating Expenses} / \text{Revenues}) * 100$
Administration costs (% of Sales)	Administration costs as percentage of total revenue measures the selling, general and administrative expenses that a company incurs compared to the revenues. Calculation: $(\text{Administrative Expenses} / \text{Revenues}) * 100$
Interest costs (% of Sales)	Interest costs as percentage of total revenues measures the interest expense that a company incurs compared to the revenues. Calculation: $(\text{Interest Expenses} / \text{Revenues}) * 100$
GlobalData	

Liquidity Ratios	
Liquidity ratios are used to determine a company's ability to pay off its short-term debts obligations. Generally, the higher the value of the ratio, the larger the margin of safety that the company possesses to cover short-term debts. A company's ability to turn short-term assets into cash to cover debts is of the utmost importance when creditors are seeking payment. Bankruptcy analysts and mortgage originators frequently use the liquidity ratios to determine whether a company will be able to continue as a going concern.	
Current Ratio	Current Ratio measures a company's ability to pay its short-term obligations. The ratio gives an idea of the company's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the company is of paying its obligations. A ratio under 1 suggests that the company would be unable to pay off its obligations if they came due at that point. Calculation: $\text{Current Assets} / \text{Current Liabilities}$
Quick Ratio	Quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. Calculation: $(\text{Current Assets} - \text{Inventories}) / \text{Current Liabilities}$
Cash Ratio	Cash ratio is the most stringent and conservative of the three short-term liquidity ratio. It only looks at the most liquid short-term assets of the company, which are those that can be most easily used to pay off current obligations. It also ignores inventory and receivables, as there are no assurances that these two accounts can be converted to cash in a timely matter to meet current liabilities. Calculation: $\{(\text{Cash \& Bank Balance} + \text{Marketable Securities}) / \text{Current Liabilities}\}$
GlobalData	

Leverage Ratios	
Leverage ratios are used to calculate the financial leverage of a company to get an idea of the company's methods of financing or to measure its ability to meet financial obligations. There are several different ratios, but the main factors looked at include debt, equity, assets and interest expenses.	
Debt to Equity Ratio	Debt to Equity Ratio is a measure of a company's financial leverage. The debt/equity ratio also depends on the industry in which the company operates. For example, capital-intensive industries tend to have a higher debt-equity ratio. Calculation: $\text{Total Liabilities} / \text{Shareholders Equity}$
Debt to Capital Ratio	Debt to capital ratio gives an idea of a company's financial structure, or how it is financing its operations, along with some insight into its financial strength. The higher the debt-to-capital ratio, the more debt the company has compared to its equity. This indicates to investors whether a company is more prone to using debt financing or equity financing. A company with high debt-to-capital ratios, compared to a general or industry average, may show weak financial strength because the cost of these debts may weigh on the company and increase its default risk. Calculation: $\{\text{Total Debt} / (\text{Total assets} - \text{Current Liabilities})\}$
Interest Coverage Ratio	Interest Coverage Ratio is used to determine how easily a company can pay interest on outstanding debt, calculated as earnings before interest & tax by interest expense. Calculation: $\text{EBIT} / \text{Interest Expense}$
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Efficiency Ratios	
Efficiency ratios measure a company's effectiveness in various areas of its operations, essentially looking at maximizing its use of resources.	
Fixed Asset Turnover	Fixed Asset Turnover ratio indicates how well the business is using its fixed assets to generate sales. A higher ratio indicates the business has less money tied up in fixed assets for each currency unit of sales revenue. A declining ratio may indicate that the business is over-invested in plant, equipment, or other fixed assets. Calculation: Net Sales / Fixed Assets
Asset Turnover	Asset turnover ratio measures the efficiency of a company's use of its assets in generating sales revenue to the company. A higher asset turnover ratio shows that the company has been more effective in using its assets to generate revenues. Calculation: Net Sales / Total Assets
Current Asset Turnover	Current Asset Turnover indicates how efficiently the business uses its current assets to generate sales. Calculation: Net Sales / Current Assets
Inventory Turnover	Inventory Turnover ratio shows how many times a company's inventory is sold and replaced over a period. A low turnover implies poor sales and, therefore, excess inventory. A high ratio implies either strong sales or ineffective buying. Calculation: Cost of Goods Sold / Inventory
Working Capital Turnover	Working Capital Turnover is a measurement to compare the depletion of working capital to the generation of sales. This provides some useful information as to how effectively a company is using its working capital to generate sales. Calculation: Net Sales / Working Capital
Capital Employed Turnover	Capital employed turnover ratio measures the efficiency of a company's use of its equity in generating sales revenue to the company. Calculation: Net Sales / Shareholders Equity
Capex to sales	Capex to Sales ratio measures the company's expenditure (investments) on fixed and related assets' effectiveness when compared to the sales generated. Calculation: (Capital Expenditure / Sales) *100
Net income per Employee	Net income per Employee looks at a company's net income in relation to the number of employees they have. Ideally, a company wants a higher profit per employee possible, as it denotes higher productivity. Calculation: Net Income / No. of Employees
Revenue per Employee	Revenue per Employee measures the average revenue generated per employee of a company. This ratio is most useful when compared against other companies in the same industry. Generally, a company seeks the highest revenue per employee. Calculation: Revenue / No. of Employees
Efficiency Ratio	Efficiency Ratio is used to calculate a bank's efficiency. An increase means the company is losing a larger percentage of its income to expenses. If the efficiency ratio is getting lower, it is good for the bank and its shareholders. Calculation: Non-interest expense / Total Interest Income
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Notes

The financial and operational data reported for the company is as per the industry defined standards
Revenue converted to USD at average annual conversion rate as of fiscal year end

About GlobalData

GlobalData is a premium business information brand specializing in industry and company analysis.

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