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FINANCIAL, INC.

An Independent Firm

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We listened, (as you may have as well), to Apple's earnings call yesterday. What follows is a summary, our thoughts, and the market's general reactions.

Apple's operational results for the 3rd quarter produced a record for the June quarter. Revenue grew 36% year over year (Y/Y), earnings per share (EPS) grew by 100% Y/Y and every product category increased by double digits. The company's forecast for the quarter was exceeded as the below table illustrates the forecast vs. the actual result:

Forecast	Q3 Actual Results
Revenue to grow strong double digits.	Revenue grew by 36% Y/Y.
A sequential revenue decline may be larger due to supply constraints and timing of iPhone launches.	Apple was able to mitigate supply constraints and therefore sequential revenue decline was historically normal.
Mac and iPad may struggle to beat prior year's results.	iPad grew 12% Y/Y and Mac grew 16% Y/Y.
A strong quarter for iPhone.	iPhone revenue was an all-time June record.

Additional highlights from the call are as follows:

- China geographic revenue growth of 58% Y/Y.
- 700 million paid subscriptions, up more than 150 million since last year.
- Services up 33% Y/Y.
- Installed base set an all-time record.

In closing, Tim and Luca provided the following guidance for the upcoming quarter:

- Revenue to grow strong double digits (Y/Y), not likely to beat 36% for current quarter.
- Services growth rate to be closer to historical averages, not likely to beat 33% growth rate for current quarter.
- Supply constraints to have a negative \$3B - \$5B impact in the September quarter.

As of 6:35 a.m. Apple stock price is \$142.69 per share, down 2.7%.

Please don't hesitate to contact us with any questions, concerns, or specific issues regarding your Apple holdings.

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