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FINANCIAL, INC.

An Independent Firm

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

The earnings call yesterday wraps up the 4th quarter and Apple's 2019 fiscal year. Overall revenue for the quarter came in at \$64B, a new all-time high for 4th quarter earnings. Revenue grew by 1.8% when compared to the previous September quarter (Y/Y). Apple's net profit per share was \$3.03, a growth of 4% Y/Y.

Since the last earnings report, Apple stock is up over 16%. This is largely due to the improvement in iPhone sales. Sales of the iPhone were down 10% vs. last year's September quarter. In the 3rd quarter iPhone sales were down 13% (Y/Y) and in the 2nd quarter, iPhone sales were down 21% (Y/Y).

Every other business segment aside from the iPhone grew. Apple's revenue has grown by 14.7% (Y/Y) when iPhone results are excluded.

One analyst pointedly said the following:

"Tim and Luca - great quarter and excellent results. The iPhone sales were down lower than previous quarters, but they were still down, when will they be back to growth, or will they?"

As always, Tim and Luca were vague but optimistic about the iPhone being back to growth in 2020.

A few additional key points from the call were as follows:

- Services were up 18% for the fiscal year – an increase of over \$1B.
- Wearable grew by 35% (Y/Y)
- There are currently 450 million paid subscriptions.
- Foreign exchange caused a \$1B decrease in revenue.
- Apple Pay broke a new all-time record and had more transactions than Paypal.
- Apple has \$98B in net cash.
- The iPhone trade-in program grew 5x (Y/Y).

As of 7:47 a.m. Apple stock is trading up 1.3% as expectations were exceeded for the quarter and stronger iPhone guidance was also given for the upcoming 1st quarter and 2020 fiscal year.

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

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