

May 2, 2018

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 2018 2<sup>nd</sup> quarter produced record results with revenues and earnings for the March period being the highest ever reported. Overall revenue for the 2nd quarter was \$61.1 billion, producing year over year (Y/Y) growth of 16%. Quarterly earnings per diluted share were \$2.73, a (Y/Y) change of 30%.

Each quarter, the financial results for the iPhone receive the greatest amount of attention and scrutiny. And rightly so, as the iPhone accounts for over 62% of Apple's revenue. This quarter iPhone results were outstanding. There were 3% more iPhones sold compared to a year ago and total iPhone sales grew by 14%.

The Services business was highlighted once again on this quarter's earnings call. It grew by 8% compared to the previous quarter and 30% Y/Y. The growth in the Services business over the past few years has been phenomenal. In Q2/15', the revenue from Services was \$4.9B. This past quarter the revenue came in at \$9.1B. This is equal to a 22.92% growth rate!

Apple's revenue and margins came in as expected. However, they beat guidance with respect to operating expenses as their costs were slightly lower than expected. Lastly, Apple's Board of Directors approved a new \$100 billion share repurchase authorization and cash dividend increase of 16% to \$0.73 per share.

Additional Highlights from the call include the following:

- Y/Y growth in every geographical segment.
- Wearable devices grew just shy of 50% Y/Y.

As of 7:01 a.m. Apple stock is up 4.2% due to excellent financial results and higher-than-expected revenue guidance for the quarter.

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

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