

July 31<sup>st</sup>, 2019

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.

Overall revenue for the 3rd quarter was \$53.8 billion, producing a year over year (Y/Y) increase of 1%, leading Tim Cook to say:

“This was our biggest June quarter ever.”

This quarter's results followed a similar theme to that of quarters past – iPhone sales continue declining and the Services business continues growing.

This quarter every product category, aside from the iPhone, grew on a year over year (Y/Y) basis and a sequential basis (this quarter vs. last quarter). Luca and Tim highlighted this last point several times on the call.

A few key points from the call were as follows:

- EPS came in at \$2.18, down 6.8% (Y/Y).
- iPhone revenue was down 13% (Y/Y).
- Wearables growth was over 50% (Y/Y).
- The Mac grew by 10% (Y/Y).
- The iPad grew by 8% (Y/Y).
- Active install base is at a new all-time high.
- There are currently 420 million paid subscriptions.
- The Services business grew by 11% (Y/Y).

As of 7:27 a.m. Apple stock is trading up 4.3% as expectations were exceeded for the quarter and strong guidance was also given for the upcoming 4<sup>th</sup> quarter. Apple is projecting another Y/Y record. Next quarter, results will be telling as the continued emphasis on the Services business and non-iPhone products marches on.

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

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