

October 30th, 2020

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 closed the books for its fiscal year 2020 by providing 4th quarter results. One could argue that this year's earnings were the most impressive results ever accomplished by the company. Apple produced record revenue despite the U.S. being in a recession for two quarters of the 2020 fiscal calendar. In looking at Apple's 12-month performance for the 2020 fiscal year, we see the following:

- EPS (earnings per share) grew by 10.1%
- Revenue grew by 5.5%
- iPad grew by 11.48%
- Mac grew by 11.2%
- Services grew by 16.15%
- Wearables and other products grew by 25.07%

Despite an exceptional year, Investors still found cause for concern. iPhone sales were down 3.23% (for the 2020 fiscal year), and Greater China revenue was down 7.72% for the same period.

Turning to the 4th quarter, the results follow a similar theme as the previously mentioned fiscal 2020 data - every product category was up double digits year over year (Y/Y) except for the iPhone. Additionally, every geographic segment was up Y/Y except for China.

The cause for lower iPhone sales in the quarter is partially attributable to delayed release dates when compared to the previous year. In 2019, the iPhone 11, iPhone 11 Pro and iPhone 11 Pro Max were released on September 20th. This year, the iPhone 12 and iPhone 12 Pro were released on October 23rd, meaning that more than a full month's worth of new iPhone sales were not included in the Q4 earnings as they would typically be.

Once again, Luca and Tim did not provide specific revenue guidance for the next quarter. However, they did share that expectations are for iPhone to return to growth, for the remaining business segments to continue double digit growth and for a return to growth in China.

As of 6:31 a.m. Apple stock price is \$108.6 per share, down 5.6% due to disappointing iPhone sales and underperformance in China.

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