

April 29th, 2022

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.

The outcome for the quarter was better than Tim and Luca had expected and was once again, record setting. The results set all-time revenue records for the March quarter. Revenue grew by 8.6% (Y/Y) to \$97.2 billion and net income grew by 5.8%. Apple agreed to increase their dividend by 5% to \$0.23 per share.

Additional company highlights and segment specifics from the call were as follows:

- Installed base reached new all-time highs.
- iPhone sales were up 5% Y/Y.
- Mac sales were up 15% Y/Y.
  - The past 7 quarters for Mac have been the 7 highest Mac quarters ever.
- Services were up 17% Y/Y.
- Wearables and other products increased by 12% Y/Y.
- Paid subscriptions increased to 825 million.
  - Up over 165 million Y/Y (growth of 25%).
- Net cash sits at \$89 billion.
- iPad was the only product category that was down Y/Y, posting a decline of -2%.

In closing, Tim and Luca did not provide specific guidance for the upcoming quarter due to the geopolitical environment, COVID restrictions, and supply constraints. However, they did provide the following forecast:

- Expectations are for supply constraints to cause a loss of revenue between \$4B - \$8B, worse than any previous quarter.
  - This is due to the COVID induced shutdowns in China (specifically the Shanghai corridor), and the ongoing silicon shortages in the semiconductor industry at large.
- Services will grow double digits, but to slow in comparison to the previous quarter.
- Margins will decelerate due to broad increases in costs.

As of 6:58 a.m. Apple stock price is \$165.4 per share, up 1.07% due to the better-than-expected quarterly performance.

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

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