

November 3rd, 2023

We listened, (as you may have as well), to Apple’s earnings call yesterday. What follows is a summary of the results and our thoughts.

Apple’s results for the recent September period brought a close to their fiscal 2023. For the quarter, revenue declined 0.7% year on year (Y/Y); it was the 4th consecutive quarter that sales have declined. Operating income increased by over 8% and earnings per share (EPS) grew by 13% Y/Y as Apple repurchased over 85 million shares this quarter. Outcomes for the quarter came largely in line with Tim and Luca’s expectations.

The chart below illustrates Apple’s expectations as they entered the quarter vs. their reported results.

| Forecast | Q4 Actual Results |
|---|---|
| Revenue growth to be down 1.5% (Y/Y) | Revenue was down by 0.7% |
| iPhone sales will grow by more than 2% | iPhone sales grew by 3% |
| Services revenue will increase by more than 8% | Services revenue expanded by 16% |
| Mac and iPad revenues will both decline double digits thereby offsetting the increases in the iPhone and Services business segments | Mac declined by 34% and iPad sales declined by 10% |
| Gross margins should come in between 44% and 45% | Gross margins came in at 45.2% (a new September quarter record) |

Additional points from the call were as follows:

- India set an all-time revenue record in the quarter.
- The installed base has again reached a new all-time high across all products and all geographic segments.
- Foreign exchange (the strong dollar) caused revenues to be lower by 2%.
- Services set new records in every category and segment.

Tim and Luca ended the call by providing guidance for the upcoming December quarter, which will be one week shorter than last year. They provided the following direction:

- Revenue growth is expected to be flat Y/Y.
- iPhone revenue to grow year-over-year on an absolute basis.
- Mac year-over-year performance to significantly accelerate from the September quarter.
- The year-over-year revenue performance for both iPad and Wearables, Home and Accessories to decelerate significantly from the September quarter.
- Services to grow by strong double digits.
- Gross margins should come in between 45% and 46%.

As always, please don’t hesitate to contact us with any questions, concerns, or specific issues regarding your Apple holdings.

Source: Apple, Inc.

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