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October 31st, 2024

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 4th quarter of 2024 were solid and met expectations. Total revenue was \$94.9 billion, a new September quarter record, marking growth of 6.1% year over year (Y/Y). New quarterly highs were also reached in the iPhone and the Services categories as well. The chart below illustrates Apple's expectations as they entered the quarter vs. their reported results.

Forecast	Q4 Actual Results
Total company revenue to be maintained at low single digit	Total company revenue grew 6.1%.
Services business to maintain double digits growth.	Services business increased 12%.
Gross margins will likely remain consistent at between 45.5% and 46.5%.	Gross margins came in at 46.2%.

Operating income for the quarter increased by 9.7% to 29.6B. However, earnings per share (EPS) decreased by 33.5% due to a one-time \$10.2 billion charge related to the impact of the European General Court's State Aid decision reversal. EPS would have increased by 12% if the previously mentioned charge had not occurred.

The September quarter marks the last earnings call for Luca Maestri. He will be stepping down on January 1st, 2025, as Apple's CFO and will be replaced by Kevan Parekh, vice president of financial planning and analysis.

Apple Intelligence has been formally rolled out on the new iPhone models. It is Tim and Luca's belief that this feature will compel many consumers to upgrade their iPhones. The current 18.1 software adoption rate is 2x the adoption rate of 17.1.

Additional points from the call were as follows:

- The install base continued robust growth across every product and geographic segment, setting new records in all categories.
- Except for China, every geographic segment set revenue records.
- Apple returned \$29 billion to shareholders in the quarter.
- Both transacting accounts and paid accounts reached a new all-time high, growing at double digits.
- iPad revenue grew 8% Y/Y while Wearables, etc. declined 3%.

Tim and Luca provided the following guidance for the upcoming December quarter:

- Total company revenue to be maintained at low – mid single-digit growth.
- Services business to grow between 12% and 13%.
- Gross margins will likely come in between 46% and 47%.

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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