NATIONAL ASSOCIATION OF INVESTORS CORPORATION

BETTERINVESTING™
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Stock Selection Guide

Company	Apple		Date	01/14/19
Prepared by	Fitts		Data taken from	BI Stock Data
Where traded	NAS	Industry	Consumer Electronics	

Capitalization --- Outstanding Amounts		Reference	
Preferred ($M)		0.0	% Insiders	% Institution
Common (M Shares)		4,847.5	0.2	89.4
Debt ($M)	114,483.0	% to Tot Cap	51.7	% Pot Dil	1.0

Symbol: AAPL

1 VISUAL ANALYSIS of Sales, Earnings, and Price

534,206

265,595

23.96

11.91
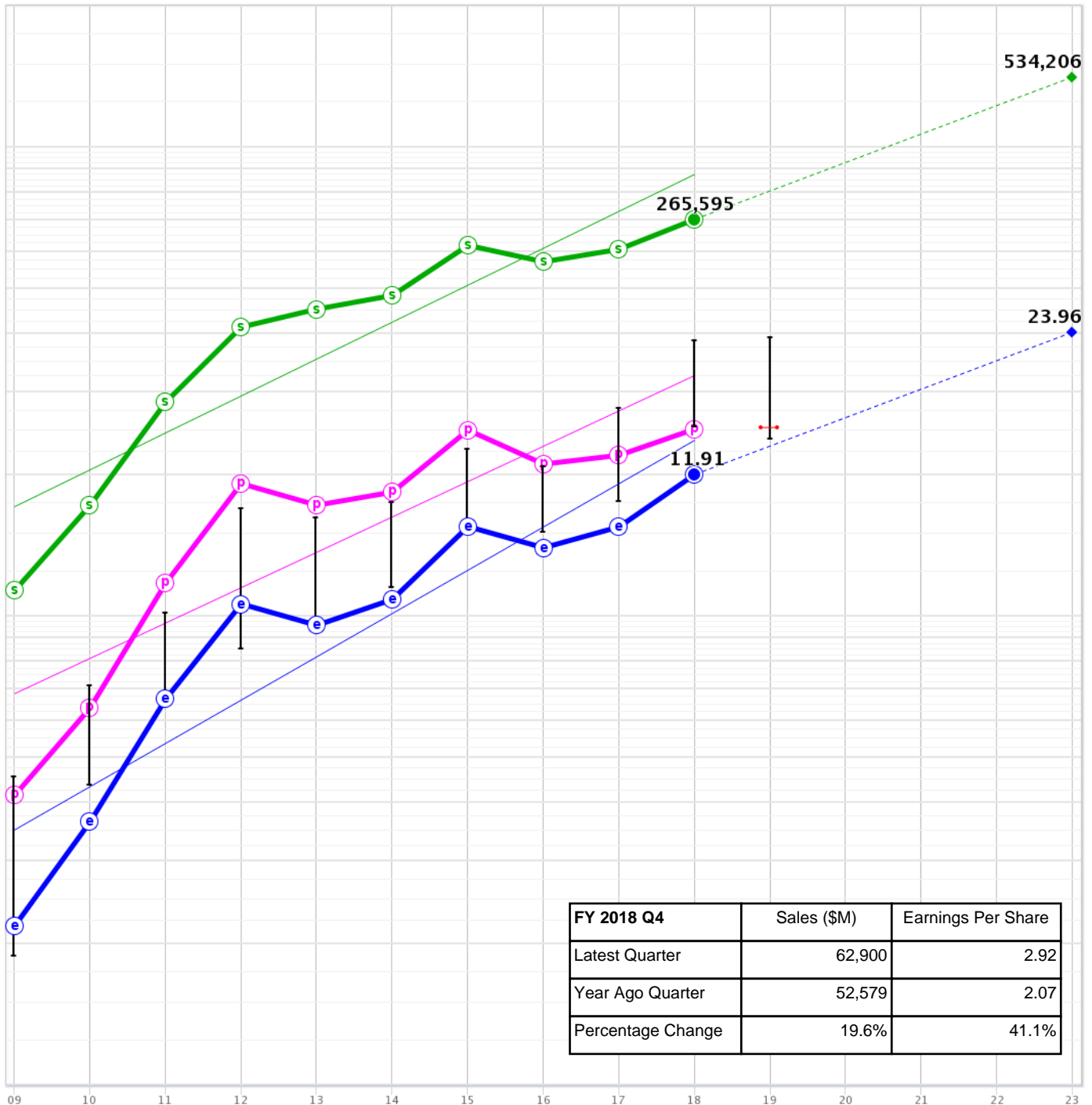
FY 2018 Q4	Sales ($M)	Earnings Per Share
Latest Quarter	62,900	2.92
Year Ago Quarter	52,579	2.07
Percentage Change	19.6%	41.1%

09 10 11 12 13 14 15 16 17 18 19 20 21 22 23

(1) Historical Sales Growth	19.9%	(3) Historical Earnings Per Share Growth	23.7%
(2) Estimated Future Sales Growth	15.0%	(4) Estimated Future Earnings Per Share Growth	15.0%

2 EVALUATING Management — Apple

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Last 5 Year Avg.
Pre-tax Profit on Sales	28.1%	28.4%	31.6%	35.6%	29.3%	29.3%	31.0%	28.5%	28.0%	27.4%	28.8%
% Earned on Equity	25.8%	29.0%	33.6%	37.1%	29.0%	31.3%	40.9%	35.0%	35.7%	49.3%	38.4%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	12.1%	24.0%	35.1%	40.4%	46.3%	51.7%	39.5%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 150.00 (01/14/19) **HIGH THIS YEAR** 233.47 **LOW THIS YEAR** 142.00

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2014	103.7	68.3	6.45	16.1	10.6	1.81	28.1	2.7
2015	134.5	92.0	9.22	14.6	10.0	1.98	21.5	2.2
2016	123.8	89.5	8.31	14.9	10.8	2.18	26.2	2.4
2017	164.5	104.1	9.21	17.9	11.3	2.40	26.1	2.3
2018	229.7	150.2	11.91	19.3	12.6	2.72	22.8	1.8
AVERAGE		100.8		16.5	11.1		24.9	
CURRENT/TTM			11.88			2.92	24.6	
AVERAGE PRICE EARNINGS RATIO: 13.8				CURRENT PRICE EARNINGS RATIO: 12.6				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 11.0 X Estimate High Earnings/Share 23.96 = Forecasted High Price $ 263.5

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 11.1 X Estimate Low Earnings/Share 11.88 = Forecasted Low Price $ 131.9

(b) Avg. Low Price of Last 5 Years 100.8

(c) Recent Market Low Price 104.1

(d) Price Dividend Will Support $\dfrac{\text{Indicated Dividend}}{\text{High Yield}} = \dfrac{2.92}{2.65\%} = 110.2$

Selected Forecasted Low Price $ 131.9

C ZONING using 25%-50%-25%

Forecasted High Price 263.5 Minus Forecasted Low Price 131.9 = 131.6 Range. 25% of Range 32.9

Buy Zone 131.9 to 164.8

Hold Zone 164.8 to 230.6

Sell Zone 230.6 to 263.5

Present Market Price of 150.00 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\dfrac{\text{High Price} \quad 263.5}{\text{Present Price} \quad 150.00} \quad \dfrac{\text{Minus Present Price} \quad 150.00}{\text{Minus Low Price} \quad 131.9} = \dfrac{113.51}{18.10} = 6.3$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\dfrac{\text{High Price} \quad 263.5}{\text{Closing Price} \quad 150.00} = 1.7567 \quad X \quad 100 = 175.67 - 100 = 75.7$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\dfrac{\text{Indicated Annual Dividend} \quad 2.72}{\text{Closing Price} \quad 150.00} = 0.0195 = 1.9\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \dfrac{24.9\%}{11.00} = 2.3\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \dfrac{24.9\%}{11.05} = 2.3\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation	11.9 %
Average Yield	2.3 %
Annualized Rate of Return	14.2 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation	12.0 %
Average Yield	2.3 %
Annualized Rate of Return	14.3 %