Apple Inc. (AAPL)

F2Q26 preview: Expect beat on iPhone, Mac, forex, & gross margins

AAPL	12m Price Target: **$330.00**	Price: **$270.23**	Upside: **22.1%**

With DRAM prices experiencing a massive surge since Fall 2025 driven by an AI-induced supply shortage, concerns around smartphone gross margin pressures and pricing-driven demand destruction and component shortages have driven underperformance in AAPL stock (-4% YTD v. S&P +2%). That said, we believe concerns for Apple are overly pessimistic given its much stronger relative position, which we believe has been supported by recent datapoints including high-end smartphone outperformance (confirmed by TSMC in its latest earnings call, iPhone share gains in China) and reports that Apple is actively securing as much mobile DRAM on the market while keeping pricing competitive for market share gains. Ultimately, **we forecast F2Q26E EPS of $2.00, above consensus of $1.93, with outperformance on iPhone revenue, Mac revenue, and gross margins.**

Results should also be flattered by favorable forex, as well as strong underlying Services revenue growth. Despite another slow App Store growth quarter (<10%), we believe product-related Services drivers such as iCloud+ and AppleCare+, along with prior price increases on AppleTV+ and solid advertising performance, should support another quarter of teens Services revenue growth (GSe: +14% yoy). Looking ahead, Services should benefit from Apple's growing advertising inventory in the App Store, as well as in Maps (summer). WWDC should provide clarity into new AI Siri features, while the iPhone line-up in Fall 2026 should be the most innovative ever with the introduction of the iPhone Fold.

Please read inside for our detailed estimates for F2Q26E, guidance expectations for F3Q26E, and an overview from our latest industry/market checks.

BUY

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Key Data

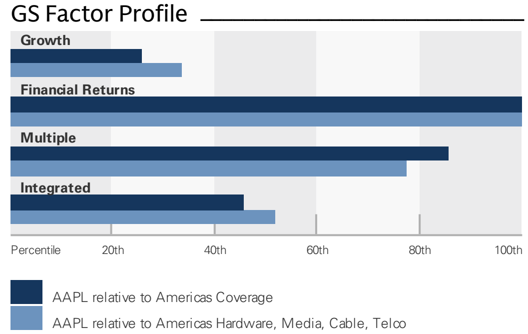
Market cap: $4.0tr
Enterprise value: $4.0tr
3m ADTV: $12.2bn
United States
Americas Hardware, Media, Cable, Telco
M&A Rank: 3

GS Forecast

	9/25	9/26E	9/27E	9/28E
Revenue ($ mn) New	**416,161.0**	**471,297.7**	**498,745.7**	**523,145.5**
Revenue ($ mn) Old	416,161.0	469,639.0	493,819.8	517,796.8
EBITDA ($ mn)	144,748.0	167,332.0	177,398.8	187,928.7
EBIT ($ mn)	133,050.0	154,113.1	162,389.8	171,097.5
EPS ($) New	**7.46**	**8.70**	**9.41**	**10.19**
EPS ($) Old	7.46	8.73	9.44	10.21
P/E (X)	30.0	31.1	28.7	26.5
Dividend yield (%)	0.5	0.4	0.4	0.4
Net debt/EBITDA (X)	(0.2)	(0.3)	(0.3)	(0.3)

	12/25	3/26E	6/26E	9/26E
EPS ($)	2.84	2.00	1.79	2.06

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates. See disclosures for details.

BUY

Apple Inc. (AAPL)

Rating since Mar 5, 2023

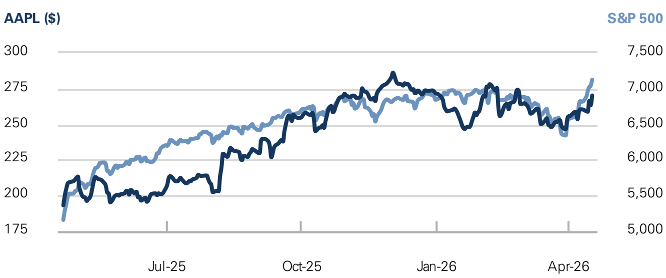
Ratios & Valuation

	9/25	9/26E	9/27E	9/28E
P/E (X)	30.0	31.1	28.7	26.5
EV/EBITDA (X)	22.9	23.3	21.5	19.7
EV/sales (X)	8.0	8.3	7.6	7.1
FCF yield (%)	3.0	3.5	3.7	4.1
EV/DACF (X)	24.2	25.4	23.2	21.3
CROCI (%)	86.0	91.7	91.5	89.5
ROE (%)	171.4	156.5	144.7	144.1
Net debt/EBITDA (X)	(0.2)	(0.3)	(0.3)	(0.3)
Net debt/equity (%)	(45.8)	(54.4)	(52.5)	(49.0)
Interest cover (X)	31.7	36.7	38.7	40.7
Inventory days	10.7	9.7	10.4	10.4
Receivable days	32.1	32.6	33.2	33.1
Days payable outstanding	114.7	109.8	110.7	110.3

Growth & Margins (%)

	9/25	9/26E	9/27E	9/28E
Total revenue growth	6.4	13.2	5.8	4.9
EBITDA growth	7.5	15.6	6.0	5.9
EPS growth	10.6	16.5	8.2	8.3
DPS growth	4.1	3.9	3.8	3.6
Gross margin	46.9	48.6	48.9	49.5
EBIT margin	32.0	32.7	32.6	32.7

Price Performance



	3m	6m	12m
Absolute	5.8%	7.1%	37.2%
Rel. to the S&P 500	3.0%	0.2%	1.7%

Source: FactSet. Price as of 17 Apr 2026 close.

Income Statement ($ mn)

	9/25	9/26E	9/27E	9/28E
Total revenue	416,161.0	471,297.7	498,745.7	523,145.5
Cost of goods sold	(220,960.0)	(242,418.6)	(255,089.8)	(264,382.0)
SG&A	(27,601.0)	(28,918.0)	(29,718.0)	(30,518.0)
R&D	(34,550.0)	(45,848.0)	(51,548.0)	(57,148.0)
Other operating inc./(exp.)	–	–	–	–
EBITDA	**144,748.0**	**167,332.0**	**177,398.8**	**187,928.7**
Depreciation & amortization	(11,698.0)	(13,219.0)	(15,009.0)	(16,831.1)
EBIT	**133,050.0**	**154,113.1**	**162,389.8**	**171,097.5**
Net interest inc./(exp.)	(321.0)	403.6	463.2	512.3
Income/(loss) from associates	–	–	–	–
Pre-tax profit	**132,729.0**	**154,516.7**	**162,853.0**	**171,609.8**
Provision for taxes	(20,719.0)	(26,680.7)	(27,685.0)	(29,173.7)
Minority interest	–	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**112,010.0**	**127,836.0**	**135,168.0**	**142,436.2**
Net inc. (post-exceptionals)	**112,010.0**	**127,836.0**	**135,168.0**	**142,436.2**
EPS (basic, pre-except) ($)	**7.49**	**8.73**	**9.45**	**10.23**
EPS (diluted, pre-except) ($)	**7.46**	**8.70**	**9.41**	**10.19**
EPS (ex-ESO exp., dil.) ($)	**--**	**--**	**--**	**--**
DPS ($)	1.02	1.06	1.10	1.14
Div. payout ratio (%)	13.6	12.1	11.6	11.1
Wtd avg shares out. (basic) (mn)	14,947.7	14,637.0	14,300.0	13,917.2
Wtd avg shares out. (diluted) (mn)	15,004.7	14,699.2	14,362.2	13,979.4

Balance Sheet ($ mn)

	9/25	9/26E	9/27E	9/28E
Cash & cash equivalents	35,934.0	45,832.4	56,043.1	62,315.9
Accounts receivable	39,777.0	44,290.6	46,525.7	48,496.1
Inventory	5,718.0	7,156.0	7,423.8	7,628.9
Other current assets	66,528.0	73,281.9	74,560.7	75,557.5
Total current assets	**147,957.0**	**170,561.0**	**184,553.3**	**193,998.3**
Net PP&E	49,834.0	54,713.3	62,018.2	68,659.2
Net intangibles	6,512.0	6,512.0	6,512.0	6,512.0
Total investments	77,723.0	73,388.0	67,388.0	61,388.0
Other long-term assets	77,215.0	86,634.0	86,634.0	86,634.0
Total assets	**359,241.0**	**391,808.3**	**407,105.5**	**417,191.6**
Accounts payable	69,860.0	75,950.7	78,793.1	80,969.4
Short-term debt	20,329.0	13,824.0	13,824.0	13,824.0
Current lease liabilities	–	–	–	–
Other current liabilities	75,442.0	83,642.7	88,599.8	93,164.9
Total current liabilities	**165,631.0**	**173,417.4**	**181,216.9**	**187,958.3**
Long-term debt	78,328.0	76,685.0	76,685.0	76,685.0
Non-current lease liabilities	–	–	–	–
Other long-term liabilities	41,549.0	52,055.0	52,055.0	52,055.0
Total long-term liabilities	**119,877.0**	**128,740.0**	**128,740.0**	**128,740.0**
Total liabilities	**285,508.0**	**302,157.4**	**309,956.9**	**316,698.3**
Preferred shares	–	–	–	–
Total common equity	**73,733.0**	**89,650.8**	**97,148.7**	**100,493.3**
Minority interest	–	–	–	–
Total liabilities & equity	**359,241.0**	**391,808.3**	**407,105.5**	**417,191.6**
BVPS ($)	4.93	6.12	6.79	7.22

Cash Flow ($ mn)

	9/25	9/26E	9/27E	9/28E
Net income	112,010.0	127,836.0	135,168.0	142,436.2
D&A add-back	11,698.0	13,219.0	15,009.0	16,831.1
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(25,000.0)	1,056.9	(782.2)	(1,230.8)
Others	12,774.0	13,121.9	14,332.3	15,049.0
Cash flow from operations	**111,482.0**	**155,233.7**	**163,727.1**	**173,085.4**
Capital expenditures	(12,715.0)	(14,832.3)	(19,513.9)	(20,672.2)
Acquisitions	–	–	–	–
Divestitures	–	–	–	–
Others	–	–	–	–
Cash flow from investing	**15,195.0**	**(11,345.3)**	**(11,513.9)**	**(12,672.2)**
Dividends paid	(15,421.0)	(15,650.0)	(15,796.5)	(15,934.5)
Share issuance/(repurchase)	(96,671.0)	(110,228.0)	(126,206.0)	(138,206.0)
Inc/(dec) in debt	–	–	–	–
Others	–	–	–	–
Cash flow from financing	**(120,686.0)**	**(133,990.0)**	**(142,002.5)**	**(154,140.5)**
Total cash flow	**5,991.0**	**9,898.4**	**10,210.7**	**6,272.8**
Free cash flow	98,767.0	140,401.4	144,213.2	152,413.3
Free cash flow per share (basic) ($)	6.61	9.59	10.08	10.95

Source: Company data, Goldman Sachs Research estimates.