Alphabet Inc.

Unpacking The AI Transition In Search

Search appears to be undergoing the biggest change in the past 25 years. Our initial view is that management is being clear that queries are growing, commercial query mix is expanding, and new formats (incl. in AI Mode) may drive up CTR - the biggest contributor to revenue over the past decade.

GOOGL	OVERWEIGHT
U.S. Internet	POSITIVE
Price Target	USD 405.00
Price (03-Jun-26)	USD 358.99
Potential Upside/Downside	+12.8%

Source: Bloomberg, Barclays Research

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The Key Take-Away: Google is changing the layout and flow of Search the most in its 25-year history of late. While these big changes can sometimes raise concerns around revenue "airpockets", our initial take is that these moves likely continue to drive query growth, and probably higher monetization via increasing click-through-rates (CTRs). Our proprietary work shows that CTR growth has been the biggest factor in driving Google's revenue over the past 10-15 years, more so than commercial query or CPC growth. So we feel good about the company infusing AI into search results.

While this may sound bullish, Search revenue growth is likely to decelerate in 2H26 for other reasons related to tougher ad industry comps and FX, right when ChatGPT ads and all kinds of new agentic consumer AI products are launching (including new AI devices). We think the Street could conflate Search slowing with AI competition, which could weigh on GOOGL shares (but thankfully consensus has Search exiting 2026 at 13% y/y growth, which we find appropriate). We continue to see some risk around a few search access points moving away from Google given all the AI innovation going on, namely on Apple devices, which represent around half of Google's Search revenue. AI product differentiation may move queries out of older legacy channels (like Safari toolbar) and into Siri or Google's owned & operated (O+O) apps. But like ChatGPT-related risk, Apple is more of a market share question rather than some self-inflicted monetization airpocket.

We attempt to unpack the situation below, based on lots of available datapoints around how users access search, and how these channels may change going forward.

Key Points Include:

1. Google unveiled a bunch of new AI features in Search. Noted above, the bulk of Search revenue growth historically has been a function of increasing CTR and, to a far lesser degree, commercial query growth. At first glance, it looks like these new AI Search Ads might increase CTR further.
2. AI innovations like AI Overviews and AI Mode are already driving higher query growth and, combined with Google's AI Max/PMax, are likely driving up the commercial query mix. We can gauge from Google's communication whether changes to the user experience are tailwinds or headwinds to revenue growth, and right now the vibe is clearly pointing to tailwinds.
3. Search differentiation is going to become a big theme going forward as consumer AI adoption wars play out. Siri (and Apple Intelligence more broadly) could take meaningful share on Apple devices. Safari toolbar incentives are still aligned between Google and Apple, but Apple stands to benefit to the degree that Siri gains query share. Additionally, Safari search (absent any upgrades) is likely to feel more stale over time as the service lacks a lot of new AI features that are starting to show up across many AI products. This is both an opportunity (to shift more queries to O+O) and a threat to Google, as over half of Search revenue comes from Apple devices.

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Where Do Searches Actually Take Place? And How Many?

The first step we took in attempting to model how AI might impact paid search was to look "top-down" at how many queries are happening on Google each day and what the revenue per query (RPQ) trend has been over the past few years. Google generates around $0.04-$0.05 in revenue for each search and, if we strip out non-commercial queries, it generates around 5x that, or $0.25 per search. To put this in perspective, the number two player in search (Bing) monetizes at 30% of that of Google, a surprisingly wide gap that speaks to Google's competitive advantage.

FIGURE 1. **Search Revenue Growing Teens From A Balance Of Query Growth And RPQ**

Google Search Breakdown	2024	2025	2026E	2027E	2028E
Total Queries (T)	4.8	5.2	5.5	5.8	6.1
% Y/Y Growth	*1%*	*7%*	*7%*	*6%*	*5%*
RPQ	$0.041	$0.044	$0.047	$0.049	$0.050
% Y/Y Growth	*12%*	*6%*	*8%*	*4%*	*3%*
Total Google Search Revenue ($B)	**198,084**	**224,532**	**259,649**	**285,614**	**308,463**
% Y/Y Growth	*13%*	*13%*	*16%*	*10%*	*8%*

Source: Barclays Research Estimates, Company Disclosures

There is a wide range of RPQs across geographies and device types. For example, an iPhone user in San Francisco is likely well above the average RPQ, while an Android user in Mumbai is well below, for obvious per-capita-ad-spend reasons.

Google's search access points are fairly diverse, and we've pieced together where the searches are coming from by OS and application in Figure 2 below. As one can see, just under 50% of queries come from Apple devices, with around 30% from the Safari toolbar. This area is important because it represents a much larger percentage of Search revenue given the RPQ premium noted above. Further, around half of users who search in Safari don't even know they are using Google when they search (per trial documents, Project Cinnamon)[1]. This is an important factor to keep in mind as Apple starts to take over control of more search access points going forward. Google's other search channels are very sticky as the user has either demonstrated intent to download Chrome or the Google Search App or is defaulted in on an Android device that is powered by Google and unlikely to change.

Stated more clearly, around 70% of queries, and likely just over half of Google Search revenue, is safe as measured by user intent. The other 30% of queries and just under half of revenue is also safe, but subject to the changing platform choices that Apple may make in the future. Senior VP of Services Eddy Cue made several comments around Apple adding other AI services to Safari during the Search/DoJ Trial, but we haven't seen much change thus far.

[1] https://www.justice.gov/d9/2023-10/417397.pdf

FIGURE 2. Google Query Mix By Search Access Point

		% Total Search Queries					
		iOS	Mac	Android	Windows	Other	Total
TAC Zone	Safari	23%	7%	0%	0%	0%	30%
	Android Widgets	0%	0%	10%	0%	0%	10%
	Paid Chrome	3%	2%	9%	2%	0%	16%
No TAC	User-DL'd Chrome	2%	2%	0%	15%	0%	19%
	GSA	5%	0%	0%	0%	0%	5%
	Other	5%	0%	10%	4%	1%	20%
	Total	38%	11%	29%	21%	1%	100%

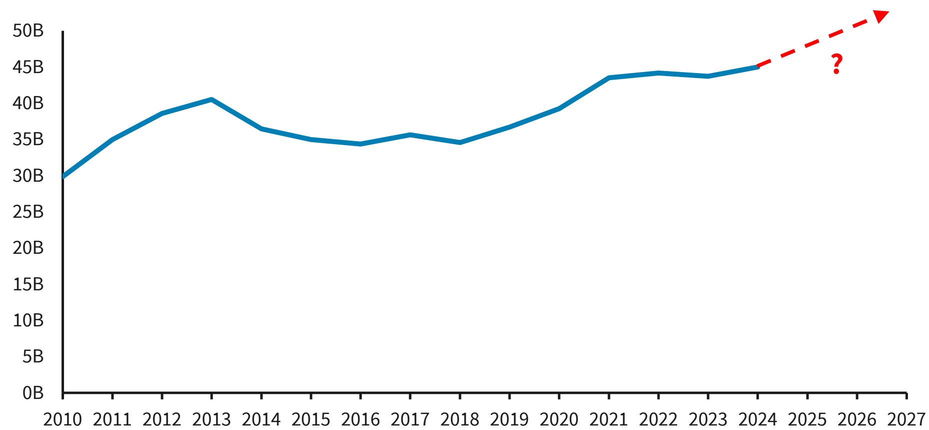
Source: Barclays Research, Trial Disclosures

With so much exposure to Apple devices (as is the case for any application), and especially the Safari toolbar, it begs the question how this market share evolves as Apple continues to push users into new advanced AI features. Safari toolbar alone is around 30% of total queries and a higher percentage of revenue and, unfortunately, innovation there seems unlikely to keep pace with all the new AI features available in Google Search App, Chrome, or in the new Siri 2.0. We wonder how long until these users migrate to more powerful AI-based search, and which access points they may start using in the future.

How Does The New "AI Search" Impact Revenue?

We can glean some insights from various regulatory filings as to what has been happening in paid search heading into this transition to AI. The UK CMA report showed that commercial query growth dipped pretty hard during the desktop to mobile transition in 2013-2018, then ramped back up fairly dramatically as ad load increased, and has been trending flattish since 2021, illustrated below in Figure 3. The overall CAGR over this decade was ~2.5%, with near 0% growth in recent years.

FIGURE 3. Monthly Commercial Queries Declined 15% On Desktop To Mobile Transition, And Are Basically Flat Since 2021 (In UK)

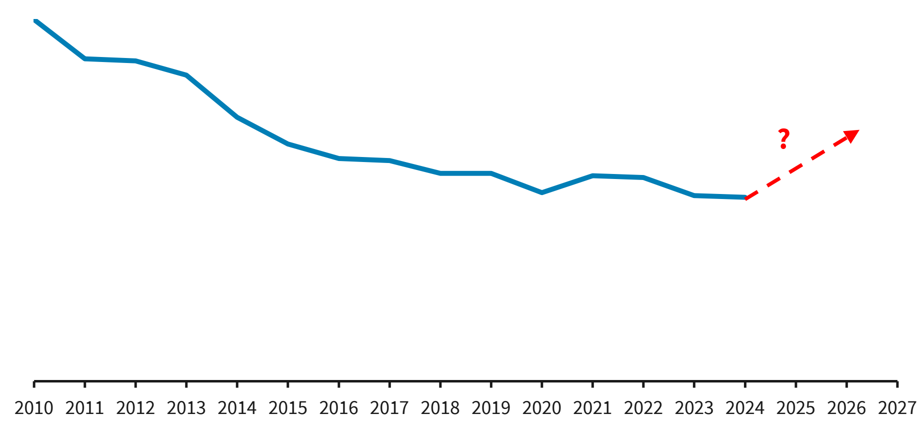


2010-2024; UK Data
Source: UK Competition & Markets Authority, Barclays Research

Google has stated that the new AI features (AI Overviews and AI Mode) in Search are driving query growth higher and, once these new surfaces are infused with some of the new ads features recently shown off by Google, it should mean that commercial query growth is also picking up (illustrated above in the red line).

For example, Google introduced AI Max in May 2025 to expand advertiser keyword buys into more queries using advanced AI. This has likely been successful in increasing the commercial query mix from 20% to something a bit higher, per management's recent comments. Prior to AI Max, and based on the UK CMA data, overall commercial query mix had been declining in a fairly uniform pattern for the past decade, illustrated below in Figure 4.

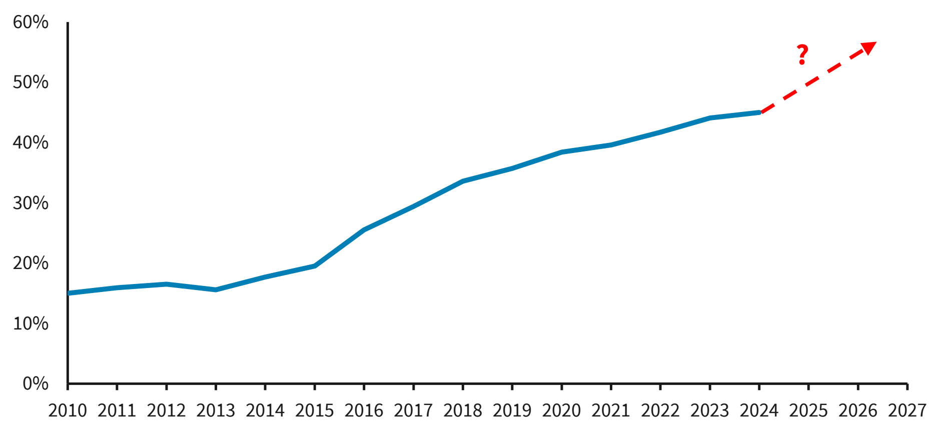
FIGURE 4. Commercial Query Mix Has Been Declining For A Decade, Maybe With AI Max This Turns Back Up?



2010-2024; UK Data
Source: UK Competition & Markets Authority, Barclays Research

Noted above, the biggest driver of Search revenue over the past decade has been Google's ability to increase CTR, which is up 40 percentage points over the past decade. This single metric explains the vast majority of Paid Search revenue growth at Google, illustrated below in Figure 5.

FIGURE 5. CTR Improvements Have Explained The Vast Majority Of Search Revenue Growth....Will This Continue With New AI Features?



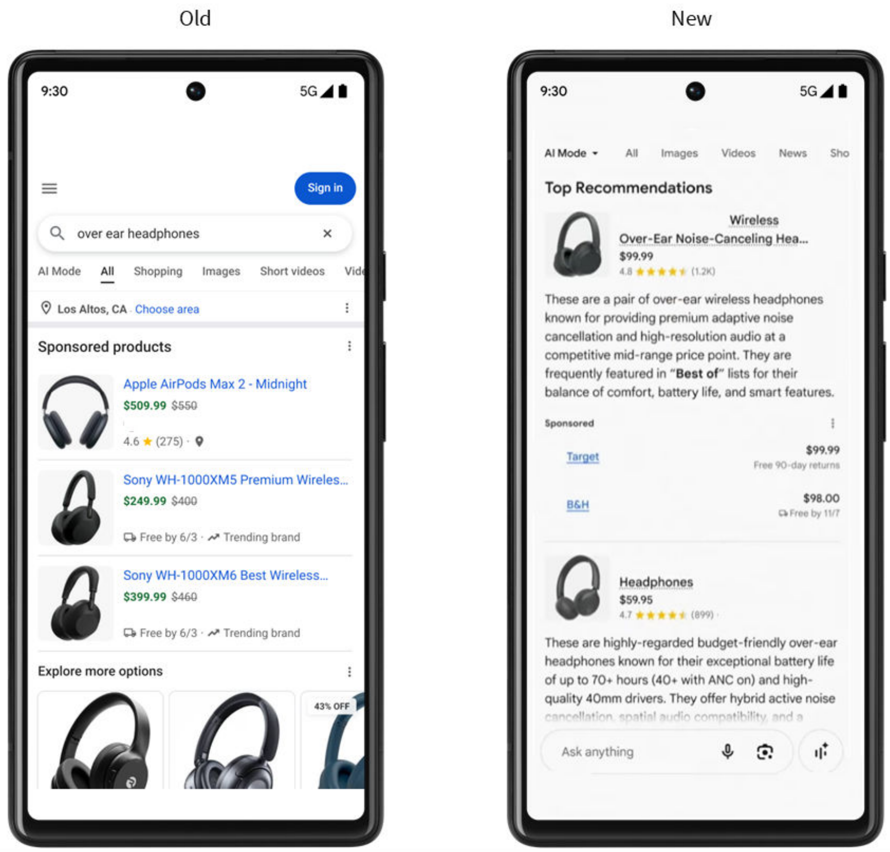
2010-2024; UK Data
Source: UK Competition & Markets Authority, Barclays Research

So the primary two questions investors should be asking themselves are: 1) *"Can Google maintain 90% market share in Search? Or not?"* and 2) *"Do we think all the AI infused features in Google Search allow the company to keep cranking CTR higher? Or not?"*

Expanding the mix of commercial queries using AI Max seems like a cool feature that will drive revenue higher for the next year or so, but not likely a game changer in our view. PMax, whereby Google gains control over campaign spending and placement (i.e., where ads are placed throughout the various O+O properties based on ROAS), is likely a better mechanism for driving revenue as all these new surfaces like Universal Carts and other yet-to-be-unveiled features can immediately see advertiser adoption and high monetization. PMax and AI Max need to be turned on for advertisers to experience the new ad formats.

Some of these new formats were on display at the recent Marketing Live and Google I/O keynotes. These new ads come in a few formats (offers, leads, direct native checkout, etc.) with a bunch of updated AI plumbing like UCP/MCP integrations. The ad load appears to largely be the same for commercial queries in the new AI infused search, illustrated below in Figure 6. If anything, all these new AI generated descriptions may help drive CTR higher in AI Mode, a key driver of revenue noted above.

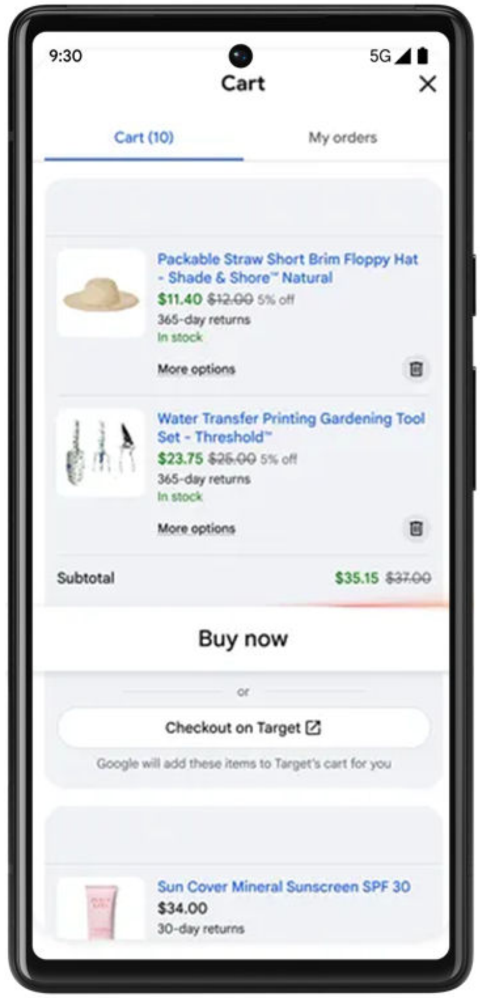
FIGURE 6. New AI Search Ads Should Help Monetization



Source: Barclays Research, Company Presentations

Google showed off entirely new shopping experiences that look to be deeply integrated into Search using AI. Universal Cart is a feature where users can place items into their shopping cart and Google will proactively find deals and alert the user when prices drop. These kinds of "personal and proactive" agentic features in Search may have the effect of increasing overall commercial query growth, which has stagnated since 2021 in Western geos.

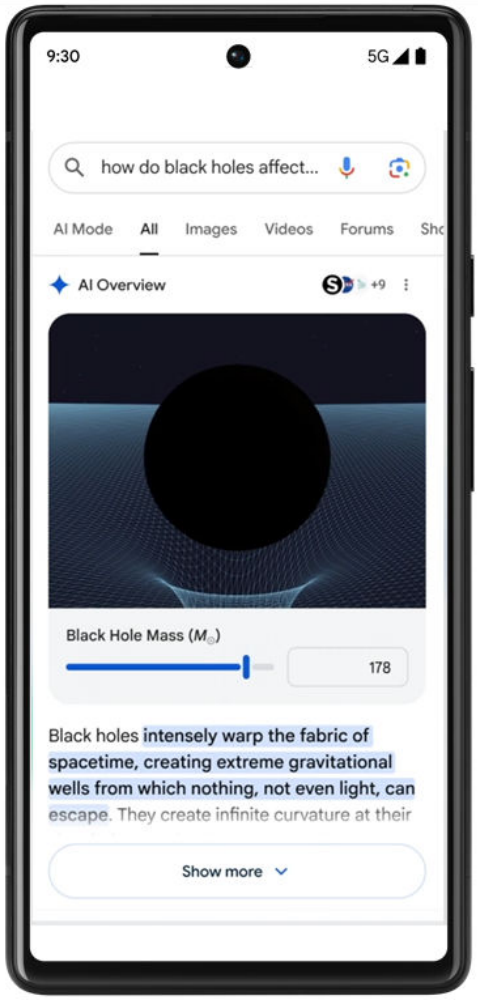
FIGURE 7. New Universal Cart Feature Looks Impressive & Could Be Incremental



Source: Barclays Research, Company Presentations

It appeared to us that most of the changes to the commercial side of Search seem subtle, revenue accretive, and deliberate. There were, however, much more radical changes in non-commercial query zones, showed off by Google that look very different from the old blue links format. Similar to AI Mode and AI Overviews, these queries likely trigger re-engagement that probably wasn't happening when SERPs were blue link only. The user is prodded to go deeper on topics and search more. This should have the effect of increasing overall query volume, as we've witnessed over the past year.

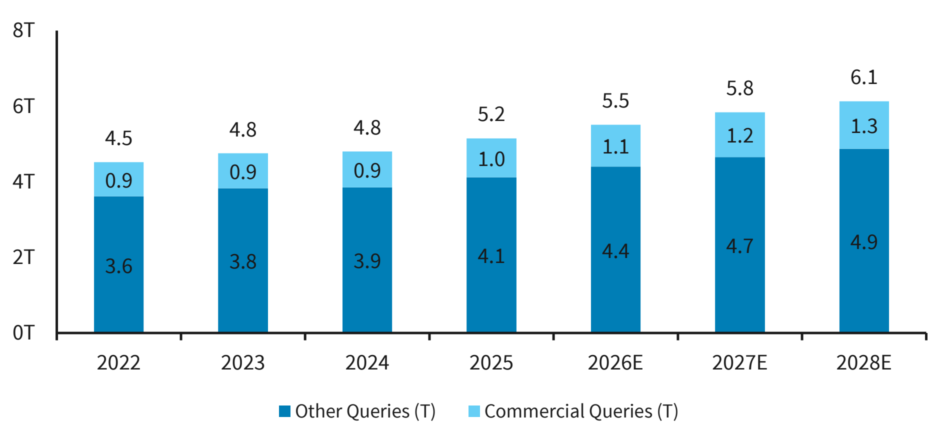
FIGURE 8. Lots Of Cool New Stuff Showed Off Having Zero Ads, But Might Drive Query Growth Over Time



Source: Barclays Research, Company Presentations

A key debates that could be answered over the coming quarters is how all these changes potentially impact commercial query growth and RPQ. Below we estimate overall queries are growing around 7% with commercial queries potentially gaining share from AI Max.

FIGURE 9. AI Overviews And AI Mode Appear To Be Driving Up Overall Query Growth



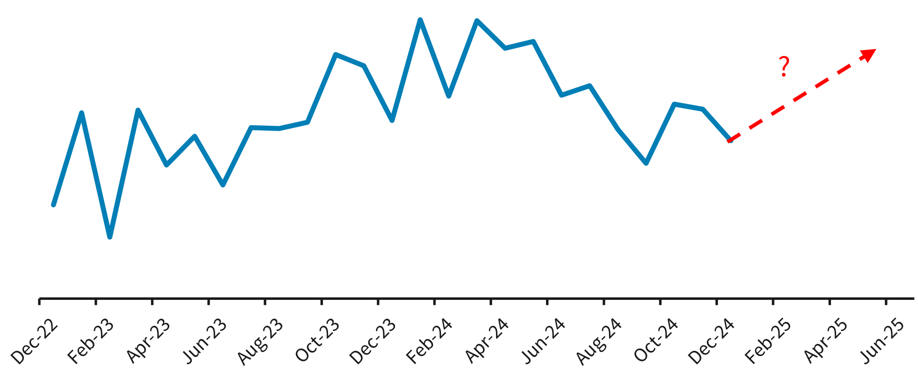
Source: Barclays Research Estimates, Company Disclosures

Every point of commercial query growth or RPQ growth translates nearly 100% to every point of overall Search revenue growth.

Google executives have noted that both overall and commercial queries have been growing for a couple years now. AI Overviews and AI Mode are driving more search frequency and engagement. We do wonder how much "original" query growth is happening vs. the follow-up style queries that AI Overviews and AI Mode are designed to trigger. Each page refresh counts towards query growth and Google is certainly seeing that pick up, along with ad impressions growing each time the user refreshes the page.

UK Google data showed that overall queries were declining in 2024, which we would guess is happening in most mature Western markets (illustrated below in Figure 10), so it appears that AI Overviews and AI Mode may have reversed this trend in 2025. Management stated in 2024 that it was seeing query growth across "most major markets" but the chart below, combined with Eddy Cue's comments about Safari queries in early 2025, may mean that some markets and search access points were declining, likely those that don't have new and innovative features.

FIGURE 10. UK Google Search Queries Declined In 2024, And It Seems Like This Trend Has Already Reversed



Indexed to December 2022; Dec'22 - Dec'24; UK Data
Source: UK Competition & Markets Authority, Barclays Research

We May Be At Local "Peak Google" Revenue Growth Right Now

The 19% y/y revenue growth in 1Q26 could be the high-water mark for the current cycle. We are modeling Search to decelerate to 14% in 2H26 (as is consensus). The deceleration is mostly a function of ad market dynamics (tougher comps) and FX. But this is likely to happen right when a number of external factors are playing out which could muddy the investment narrative a bit, including: 1) Apple launching its new Siri and Apple Intelligence feature set; 2) OpenAI ramping up its ads revenue; 3) many new consumer agentic services being introduced from Meta, OpenAI and others; and 4) the first glimpse of consumer AI hardware devices.

What About Apple (and Siri 2.0)?

Ahead of WWDC and the unveiling of Siri 2.0/upgraded Apple Intelligence stack, we wanted to revisit a few factors to consider regarding Google Search. Noted above, over half of Google Search revenue and nearly half of queries come from Apple devices. Figure 11 below illustrates the search access points and how big each is in terms of overall Google queries.

FIGURE 11. A Large Percentage Of Google Queries Are On Apple Devices

Source: Barclays Research, Trial Documents

Safari is a high percentage of exposure and an area we view as risky for Google, despite having aligned incentives with Apple. First, noted above, nearly half of users don't know they are using Google when they search on Safari, per Google's own survey work (and as high as 90% in countries like Japan). Second, Safari doesn't have the same access to updated search features that Chrome or Google Search App (GSA) would have. The latter point likely means Google moves some of these users into its O+O products over time (reducing TAC), which is likely already happening as evidenced by Eddy Cue's testimony that Safari queries were declining in early 2025. But it also leaves Google exposed to new things like Siri that may gain more prominent features and promotions from Apple in the future as an alternative to Search and other competing AI products.

FIGURE 12. Safari Is Still A Huge Percentage Of Google Revenue & Lacks New Feature Set

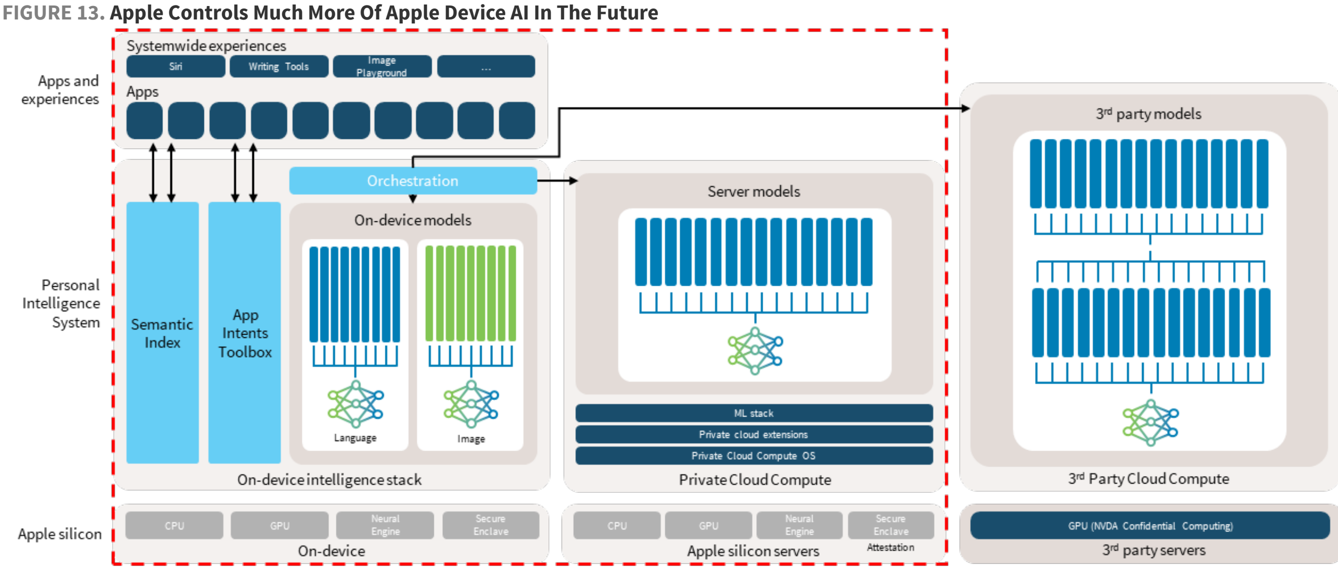
Google Search / Safari Exposure	2025	2026	2027
Safari iOS Queries (T)	1.2	1.3	1.3
% of Total Queries	*23%*	*23%*	*23%*
Safari Mac/iPad Queries (T)	0.4	0.4	0.4
% of Total Queries	*7%*	*7%*	*7%*
Total Safari Queries (T)	**1.5**	**1.7**	**1.7**
% of Total Queries	*30%*	*30%*	*29%*
Revenue per Query	$0.054	$0.059	$0.061
Revenue Exposure to Safari ($B)	**84,200**	**97,368**	**102,457**
% of Total Search Revenue	*38%*	*38%*	*36%*

Source: Barclays Research Estimates, Company Disclosures, Trial Documents

Press reports cite heavy emphasis on edge AI queries for Apple Intelligence, which likely involve very small and purpose built models from Apple and distilled from Gemini. We'd point out that executives at Groq (which was recently acqui-hired by NVDA) stated that an 8B parameter model could use up an iPhone's entire battery life in 30 minutes of use, so Apple has likely optimized using smaller distilled and quantized models to preserve as much power efficiency as possible.

We'd also note that the vast majority of queries handled by Siri 2.0 are more or less controlled by Apple. The technical stack for Apple Intelligence showed off two years ago at WWDC (illustrated below in Figure 13) pointed to this fact. Nearly all queries, API calls to third party apps, most transactions, etc., are routed to Apple services. The only queries that route to more advanced AI models are likely complex, but not necessarily commercial, queries.

FIGURE 13. Apple Controls Much More Of Apple Device AI In The Future



Source: Barclays Research

These power efficiency and quality tradeoffs noted above likely limit the kinds of queries that can be handled locally vs. in the cloud. Any complex reasoning queries would likely have to go to larger models hosted on either PCC (Apple's private cloud) or routed to Gemini/another model provider on a third party cloud. Press has reported that Apple has found a privacy focused solution in NVDA's encrypted confidential computing system hosted on GCP to get around this issue.

Bringing this back to the Google risk, we'd point out that Siri and Apple Intelligence look to control far more of the monetization on Apple devices than in the past. Previously, the company monetized through IAP and other things around the App Store, but left most of the web based monetization to Google in the form of revenue share on Safari. If Siri 2.0 gains share of queries on Apple devices, the company (i.e., AAPL) stands to benefit at the expense of Google, as it would earn comparable RPQ without the hefty 64% revenue share that flows back to Google.

Stated differently, if Google's Search revenue on Apple Devices amounts to around $140B in 2027, Apple would stand to earn around $30B of that, and Google would capture the rest. This dynamic would flip more into Apple's favor if Siri 2.0 were to gain share of queries on Apple devices.

Appendix: Reading The Tea Leaves Is Getting Easier - Google Communication Points To Healthy Backdrop

There have been a few times in the past decade or so where Google communicated in a way that, in hindsight, was a subtle flag that something bad was happening in Search. Most investors remember several quarters in the 2018-2019 time period when the CFO had stated that "changes to the user and advertiser experience" could impact growth rates. Back then, this kind of flag on Google's quarterly calls was a reasonably good signal to expect weaker trends. Here is a snapshot of C-suite communication regarding Search back then and how it differs greatly from today's:

Ruth Porat, 4Q18 Earnings Call (February 4, 2019)

"Looking ahead, a couple of things to note. First, as we've said many times, we continuously work to enhance the user and advertiser experience. Because we make changes with the focus on the best interest of users and advertisers over the long-term, the timing of the introduction of new experiences, particularly in search advertising, can vary, which can result in an impact on quarterly year-on-year growth."

Anat Ashkenazi, 1Q26 Earnings Call (April 29, 2026)

"Turning to our outlook, I would like to provide some commentary on factors that will impact our business performance in the second quarter and full year 2026. First, in terms of revenues, we're pleased with the overall momentum of the business. At current spot rates, we would expect to see an FX tailwind of approximately 1 percentage point to our consolidated revenue in Q2 compared to a 3 percentage points FX tailwind in the first quarter."

Philip Schindler, 1Q26 Earnings Call (April 29, 2026)

"We are accelerating the deployment of Gemini across our entire ads infrastructure to help businesses reach more customers in more places than ever before. This is driving significant improvements across all areas of marketing and continues to fuel new performance breakthroughs across three areas critical for our customer success, ads quality, advertiser tools, and new AI user experiences. First, ads quality. AI is boosting our ability to deeply understand user intent for a given Search query and to find the most relevant ad. Even when we don't have a direct user query, we're making significant strides in improving relevance."

As such, the commentary on recent calls seems to point to stronger underlying search trends, in contrast to 1H19. This makes us feel better about the transition from 10-blue-links to AI Search happening in real time. Commercial queries and CTR both seem fine.

In contrast to today, we also now have the benefit of reading about what was happening in early 2019 when the "changes to user and advertiser experience may impact growth" comments were made by the CFO. A rare behind-the-scenes look, based on emails published from the Google Search vs. DoJ trial, shed light on the situation back then. These emails also shed important light on some of the trade-offs that were being made at Google around the user experience and achieving revenue goals, including executives calling "code yellow" when things weren't going so well. We have not heard anything close to this vibe in our recent checks following the big AI changes announced to Search.

Emails From The Trial

Search Ads Team Discusses User Experience And Revenue Tradeoffs[2]

Shashi Thakur to team (February 1, 2019),

Nick Fox responds to team (February 2, 2019) &

Shashi Thakur responds to team (February 2, 2019)

Search Ads Team Calls A "Code Yellow" (Tuesday February 5, 2019)[3]

Jerry Dischler and Shiv Venkataraman to team

1 Month After Search Ads Team Called A “Code Yellow”[4]

Prabhakar Raghavan to team (March 22, 2019) &

Ben Gomes to team (March 23, 2019)

[2] **https://www.justice.gov/d9/2023-11/417581.pdf**
[3] **https://www.justice.gov/d9/2023-11/417579.pdf**
[4] **https://www.justice.gov/d9/2023-11/417557.pdf**

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Primary Stocks (Ticker, Date, Price)
Alphabet Inc. (GOOGL, 03-Jun-2026, USD 358.99), Overweight/Positive, A/CD/CE/D/E/J/K/L/M/N

Materially Mentioned Stocks (Ticker, Date, Price)
Apple, Inc. (AAPL, 03-Jun-2026, USD 310.26), Underweight/Neutral, CD/CE/D/E/J/K/L/M/N

Unless otherwise indicated, prices are sourced from Bloomberg and reflect the closing price in the relevant trading market, which may not be the last available closing price at the time of publication.

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In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

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Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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IT Hardware and Communications Equipment

Apple, Inc. (AAPL)	Arista Networks, Inc. (ANET)	Axon Enterprise, Inc. (AXON)
Celestica Inc. (CLS)	Ciena Corporation (CIEN)	Cisco Systems, Inc. (CSCO)
Corning Incorporated (GLW)	Corsair Gaming, Inc. (CRSR)	Dell Technologies Inc. (DELL)
Everpure, Inc. (P)	F5, Inc. (FFIV)	Fabrinet (FN)

Flex Ltd (FLEX)	Garmin (GRMN)	Harmonic, Inc. (HLIT)
Hewlett Packard Enterprise Company (HPE)	HP Inc. (HPQ)	Jabil (JBL)
Keysight Technologies, Inc. (KEYS)	Logitech (LOGI)	Motorola Solutions, Inc. (MSI)
NetApp, Inc. (NTAP)	Nutanix, Inc (NTNX)	Super Micro (SMCI)
Ubiquiti, Inc. (UI)		

U.S. Internet

Airbnb Inc. (ABNB)	Alphabet Inc. (GOOGL)	Amazon.com, Inc. (AMZN)
Booking Holdings Inc. (BKNG)	Chewy, Inc. (CHWY)	DoorDash, Inc. (DASH)
Duolingo, Inc. (DUOL)	eBay, Inc. (EBAY)	Ethos Technologies Inc. (LIFE)
Etsy Inc (ETSY)	Expedia Inc. (EXPE)	Lyft, Inc. (LYFT)
Maplebear, Inc. (CART)	Match Group, Inc. (MTCH)	Meta Platforms, Inc. (META)
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Alphabet Inc. (GOOGL / GOOGL)

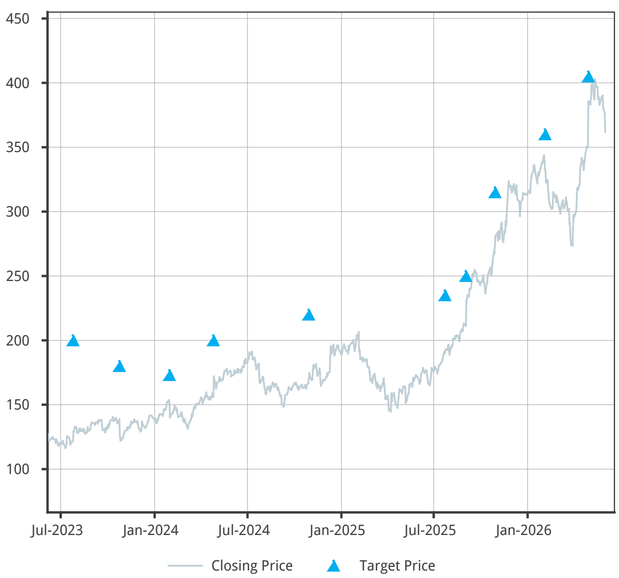
Stock Rating: **OVERWEIGHT**

Industry View: **POSITIVE**

Closing Price: **USD 358.99** (03-Jun-2026)

Rating and Price Target Chart - USD (as of 03-Jun-2026)

Currency=USD



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Publication Date	Closing Price*	Rating	Adjusted Price Target
30-Apr-2026	349.94		405.00
04-Feb-2026	333.04		360.00
29-Oct-2025	274.57		315.00
02-Sep-2025	212.91		250.00
23-Jul-2025	190.23		235.00
29-Oct-2024	169.68		220.00
25-Apr-2024	156.00		200.00
30-Jan-2024	151.46		173.00
24-Oct-2023	138.81		180.00
25-Jul-2023	122.21		200.00

On 03-Jun-2023, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 160.00.

Source: Bloomberg, Barclays Research

*This is the closing price referenced in the publication, which may not be the last available closing price at the time of publication.

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Valuation Methodology: Our $405 price target is based on an average of 25x EPS and 15x EBITDA multiples on our blended FY27E/FY28E estimates.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Increasing competition and regulatory issues could cause multiple compression and downward estimate revisions, while continued innovation, successful product launches and an uptick in GCP adoption could cause upside to our current estimates.

Apple, Inc. (AAPL / AAPL)

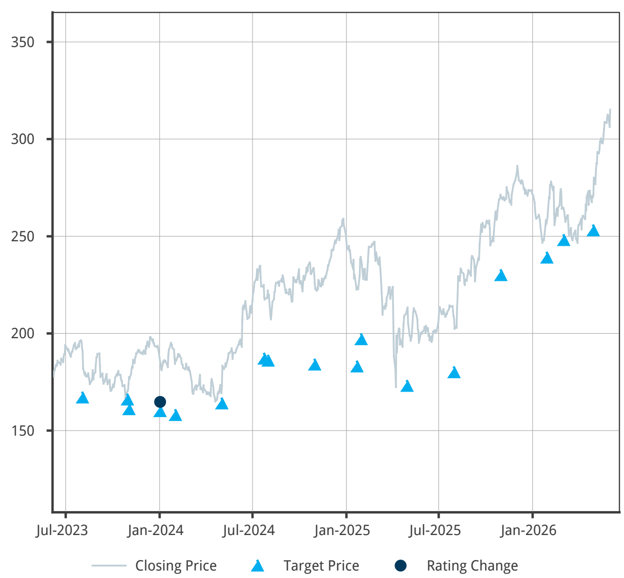
Stock Rating: **UNDERWEIGHT**

Industry View: **NEUTRAL**

Closing Price: **USD 310.26** (03-Jun-2026)

Rating and Price Target Chart - USD (as of 03-Jun-2026)

Currency=USD



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Publication Date	Closing Price*	Rating	Adjusted Price Target
30-Apr-2026	271.35		253.00
03-Mar-2026	264.18		248.00
29-Jan-2026	258.28		239.00
31-Oct-2025	271.40		230.00
31-Jul-2025	207.57		180.00
30-Apr-2025	210.14		173.00
30-Jan-2025	237.59		197.00
22-Jan-2025	229.98		183.00
31-Oct-2024	225.91		184.00
01-Aug-2024	218.36		186.00
24-Jul-2024	225.01		187.00
02-May-2024	169.30		164.00
01-Feb-2024	186.86		158.00
02-Jan-2024	193.15	Underweight	160.00
02-Nov-2023	177.57		161.00
30-Oct-2023	168.22		166.00
03-Aug-2023	191.17		167.00

On 03-Jun-2023, prior to any intra-day change that may have been published, the rating for this security was Equal Weight, and the adjusted price target was 149.00.

Source: Bloomberg, Barclays Research

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Valuation Methodology: We rate AAPL Underweight with a price target of $253. iPhone 17 cycle has been strong, though we remain cautious on sustainability, as well as cautious on other hardware categories and do not expect impressive Services growth going forward. Our PT is based on a 25x multiple of CY27e EPS of $10.14. Our 25x P/E multiple remains below AAPL's 5-year historical multiple.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Upside risks: 1) Stronger iPhone growth. Apple market shares peaked several years ago, and the company has not had a hit phone in a few years. Better iPhone sales could propel earnings and multiples. 2) Better Installed base impact on Services and better Services pull-through from hardware. 3) More benign regulation across App Store and TAC.

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