Apple Inc. (AAPL)

F3Q26 preview: Expect beat driven by Products, iCloud & AppleCare+ to offset App Store slowdown

AAPL	12m Price Target: **$370.00**	Price: **$333.02**	Upside: **11.1%**

AAPL is outperforming since the start of C2Q26 as (a) investors rotated away from traditional AI infrastructure trades, (b) AAPL has demonstrated market share gains amidst industry-wide price increases due to memory cost inflation, and (c) concerns around AI disruption have been somewhat addressed given the promising progress in Apple Intelligence following WWDC. Though the stock initially reacted negatively to announced price increases to Mac and iPad in June, we expect existing price increases (and to the extent more price increases are announced) to reinforce longer-term earnings growth over the next few quarters as (a) we believe Apple's user base is relatively price inelastic given brand stickiness, US carrier subsidies, and availability of recent low-cost product launches (iPhone 17e, MacBook Neo), and (b) concerns around margin sustainability are somewhat addressed given ongoing memory cost inflation. Across Services, though App Store has continued to decelerate given ongoing commission rate compression across regions including China & Japan, we continue to believe product-related Services drivers (iCloud+, AppleCare+) have meaningful runway to continue driving DD% Services growth. **For F3Q26E, we forecast EPS of $1.93 (above consensus of $1.89), with outperformance on iPhone & Mac revenue, and gross margins**. Looking ahead, AAPL's annual September event, where AAPL should announce the iPhone 18 Pro/Pro Max & the iPhone Fold, should provide greater clarity into sizing the sustainability of iPhone demand given multiple quarters of >20% yoy revenue growth thus far in F2026.

Please read inside for our detailed estimates for F3Q26E, guidance expectations for F4Q26E, and an overview from our latest industry/market checks.

BUY

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Key Data

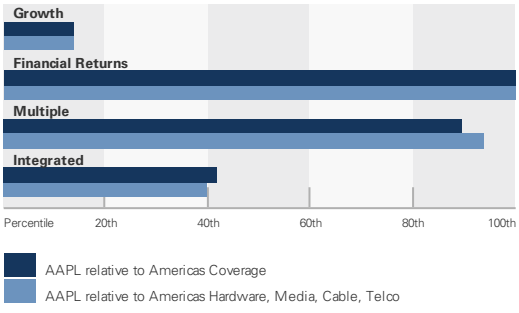
Market cap: $4.9tr
Enterprise value: $4.8tr
3m ADTV: $16.5bn
United States
Americas Hardware, Media, Cable, Telco
M&A Rank: 3

GS Forecast

	9/25	9/26E	9/27E	9/28E
Revenue ($ mn) New	**416,161.0**	**482,632.9**	**517,583.9**	**539,330.7**
Revenue ($ mn) Old	416,161.0	479,404.1	505,780.7	531,096.8
EBITDA ($ mn)	144,748.0	172,000.2	185,117.2	192,186.8
EBIT ($ mn)	133,050.0	158,379.5	169,581.6	174,657.6
EPS ($) New	**7.46**	**8.92**	**9.73**	**10.27**
EPS ($) Old	7.46	8.86	9.50	10.10
P/E (X)	30.0	37.3	34.2	32.4
Dividend yield (%)	0.5	0.3	0.3	0.3
Net debt/EBITDA (X)	(0.2)	(0.4)	(0.5)	(0.5)

	3/26	6/26E	9/26E	12/26E
EPS ($)	2.01	1.93	2.13	2.95

GS Factor Profile



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

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BUY

Apple Inc. (AAPL)

Rating since Mar 5, 2023

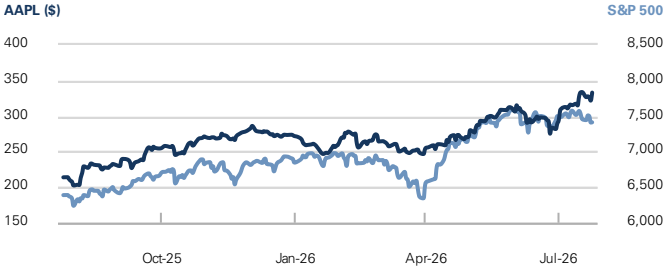
Ratios & Valuation

	9/25	9/26E	9/27E	9/28E
P/E (X)	30.0	37.3	34.2	32.4
EV/EBITDA (X)	22.9	28.0	25.6	24.1
EV/sales (X)	8.0	10.0	9.2	8.6
FCF yield (%)	3.0	3.1	3.1	3.4
EV/DACF (X)	24.2	30.7	27.8	26.0
CROCI (%)	86.0	94.6	96.8	92.6
ROE (%)	171.4	141.1	116.0	106.4
Net debt/EBITDA (X)	(0.2)	(0.4)	(0.5)	(0.5)
Net debt/equity (%)	(45.8)	(64.5)	(64.2)	(65.2)
Interest cover (X)	31.7	37.7	40.4	41.6
Inventory days	10.7	9.6	10.1	10.1
Receivable days	32.1	32.3	33.0	33.1
Days payable outstanding	114.7	108.8	107.5	107.5

Growth & Margins (%)

	9/25	9/26E	9/27E	9/28E
Total revenue growth	6.4	16.0	7.2	4.2
EBITDA growth	7.5	18.8	7.6	3.8
EPS growth	10.6	19.5	9.1	5.5
DPS growth	4.1	3.9	3.8	3.6
Gross margin	46.9	48.5	48.6	48.8
EBIT margin	32.0	32.8	32.8	32.4

Price Performance



	3m	6m	12m
Absolute	22.9%	34.3%	55.8%
Rel. to the S&P 500	18.8%	25.3%	33.8%

Source: FactSet. Price as of 24 Jul 2026 close.

Income Statement ($ mn)

	9/25	9/26E	9/27E	9/28E
Total revenue	416,161.0	482,632.9	517,583.9	539,330.7
Cost of goods sold	(220,960.0)	(248,786.3)	(266,068.3)	(276,339.1)
SG&A	(27,601.0)	(29,323.0)	(29,858.0)	(30,658.0)
R&D	(34,550.0)	(46,144.0)	(52,076.0)	(57,676.0)
Other operating inc./(exp.)	–	–	–	–
EBITDA	**144,748.0**	**172,000.2**	**185,117.2**	**192,186.8**
Depreciation & amortization	(11,698.0)	(13,620.6)	(15,535.6)	(17,529.2)
EBIT	**133,050.0**	**158,379.5**	**169,581.6**	**174,657.6**
Net interest inc./(exp.)	(321.0)	532.1	986.2	1,326.6
Income/(loss) from associates	–	–	–	–
Pre-tax profit	**132,729.0**	**158,911.7**	**170,567.8**	**175,984.3**
Provision for taxes	(20,719.0)	(27,413.0)	(28,996.5)	(29,917.3)
Minority interest	–	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**112,010.0**	**131,498.6**	**141,571.3**	**146,066.9**
Net inc. (post-exceptionals)	**112,010.0**	**131,498.6**	**141,571.3**	**146,066.9**
EPS (basic, pre-except) ($)	**7.49**	**8.95**	**9.77**	**10.31**
EPS (diluted, pre-except) ($)	**7.46**	**8.92**	**9.73**	**10.27**
EPS (ex-ESO exp., dil.) ($)	**--**	**--**	**--**	**--**
DPS ($)	1.02	1.06	1.10	1.14
Div. payout ratio (%)	13.6	11.8	11.3	11.1
Wtd avg shares out. (basic) (mn)	14,947.7	14,691.5	14,493.3	14,166.8
Wtd avg shares out. (diluted) (mn)	15,004.7	14,746.5	14,545.9	14,219.4

Balance Sheet ($ mn)

	9/25	9/26E	9/27E	9/28E
Cash & cash equivalents	35,934.0	60,381.8	79,976.9	97,000.6
Accounts receivable	39,777.0	45,648.2	47,814.2	49,965.4
Inventory	5,718.0	7,394.7	7,373.1	7,960.7
Other current assets	66,528.0	77,109.9	81,398.4	78,840.7
Total current assets	**147,957.0**	**190,534.6**	**216,562.5**	**233,767.4**
Net PP&E	49,834.0	53,195.5	60,822.8	67,234.2
Net intangibles	6,512.0	6,512.0	6,512.0	6,512.0
Total investments	77,723.0	75,088.0	69,088.0	63,088.0
Other long-term assets	77,215.0	92,252.0	92,252.0	92,252.0
Total assets	**359,241.0**	**417,582.1**	**445,237.3**	**462,853.6**
Accounts payable	69,860.0	78,483.6	78,254.1	84,490.9
Short-term debt	20,329.0	10,307.0	10,307.0	10,307.0
Current lease liabilities	–	–	–	–
Other current liabilities	75,442.0	86,216.8	95,357.0	94,981.9
Total current liabilities	**165,631.0**	**175,007.3**	**183,918.1**	**189,779.8**
Long-term debt	78,328.0	74,404.0	74,404.0	74,404.0
Non-current lease liabilities	–	–	–	–
Other long-term liabilities	41,549.0	55,546.0	55,546.0	55,546.0
Total long-term liabilities	**119,877.0**	**129,950.0**	**129,950.0**	**129,950.0**
Total liabilities	**285,508.0**	**304,957.3**	**313,868.1**	**319,729.8**
Preferred shares	–	–	–	–
Total common equity	**73,733.0**	**112,624.7**	**131,369.2**	**143,123.9**
Minority interest	–	–	–	–
Total liabilities & equity	**359,241.0**	**417,582.1**	**445,237.3**	**462,853.6**
BVPS ($)	4.93	7.67	9.06	10.10

Cash Flow ($ mn)

	9/25	9/26E	9/27E	9/28E
Net income	112,010.0	131,498.6	141,571.3	146,066.9
D&A add-back	11,698.0	13,620.6	15,535.6	17,529.2
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(25,000.0)	5,249.6	(2,322.1)	880.5
Others	12,774.0	12,073.6	14,480.1	15,204.1
Cash flow from operations	**111,482.0**	**162,442.4**	**169,264.9**	**179,680.6**
Capital expenditures	(12,715.0)	(12,991.1)	(20,362.9)	(21,140.5)
Acquisitions	–	–	–	–
Divestitures	–	–	–	–
Others	–	–	–	–
Cash flow from investing	**15,195.0**	**(15,701.1)**	**(12,362.9)**	**(13,140.5)**
Dividends paid	(15,421.0)	(15,694.5)	(15,998.9)	(16,208.3)
Share issuance/(repurchase)	(96,671.0)	(92,648.0)	(121,308.0)	(133,308.0)
Inc/(dec) in debt	–	–	–	–
Others	–	–	–	–
Cash flow from financing	**(120,686.0)**	**(122,293.5)**	**(137,306.9)**	**(149,516.3)**
Total cash flow	**5,991.0**	**24,447.8**	**19,595.0**	**17,023.8**
Free cash flow	98,767.0	149,451.3	148,902.0	158,540.1
Free cash flow per share (basic) ($)	6.61	10.17	10.27	11.19

Source: Company data, Goldman Sachs Research estimates.

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F3Q26 earnings preview

We forecast AAPL F3Q26 EPS of $1.93 (unchanged), above FactSet consensus $1.89, with revenue $110.1 bn (v. consensus $108.8 bn). Revenue of $110.1 bn represents +17% yoy growth, on the high end of AAPL's guidance for revenue to grow between 14-17% year-over-year. First, we forecast iPhone revenue of $54.8 bn (+23% yoy), above consensus $53.7 bn (+21% yoy), reflecting (a) +15% yoy unit growth, in-line with IDC estimates; and (b) ASP growth of +7% yoy on premium mix shift. Second, we forecast Services revenue to grow +15% yoy, in-line with consensus +15% yoy and above company guidance for growth in-line with F2Q26 Services growth (16%) excluding >2.5% forex tailwinds. Services growth should be driven by momentum across iCloud+, AppleCare+, and other subscriptions, partially offset by slower App Store revenue growth. Third, we forecast gross margins of 48.2% (v. consensus 48.1%), on the high-end of AAPL's guidance for 47.5-48.5% gross margins.

Exhibit 1: We expect AAPL to deliver a revenue & EPS beat driven by iPhone, Mac, and Services
AAPL F3Q26 GS estimate v. consensus v. guidance ($, millions except per share data)

	Gse					Consensus				Comments/guidance
($, mn)	New	yoy Δ (%)	Old	Δ ($, mn)	Δ (%)	FactSet	Δ ($, mn)	Δ (%)	yoy Δ (%)	
Sales	$110,103	17%	$109,845	$257	0%	$108,848	$1,254	1%	16%	14-17% yoy
Gross profit	$53,051	21%	$52,910	$141	0%	$52,339	$711	1%	20%	
Operating expenses	$18,946	22%	$18,946	$0	0%	$18,938	$8	0%	22%	$18.8-$19.1 bn
Operating income	$34,105	21%	$33,964	$141	0%	$33,401	$703	2%	18%	
Other income (expense), net	$250	-246%	$250	$0	0%	$49	$201	405%	-129%	$250 mn
Earnings before tax	$34,355	23%	$34,214	$141	0%	$33,451	$904	3%	19%	
Tax (Non-GAAP)	$5,840		$5,816	$24	0%	$5,703	$137	2%		
Tax rate	17.0%		17.0%	0.0%		17.0%				17.0%
Net income - Non-GAAP	$28,514	22%	$28,398	$117	0%	$27,731	$783	3%	18%	
Diluted EPS (Non-GAAP)	$1.93	23%	$1.93	$0.00	0%	$1.89	$0.04	2%	21%	
Segment information										
iPhone	$54,800	23%	$54,951	($151)	0%	$53,742	$1,058	2%	21%	
iPad	$6,828	4%	$6,443	$385	6%	$7,098	($270)	-4%	8%	
Mac	$9,279	15%	$9,372	($93)	-1%	$8,680	$599	7%	8%	
Wearables, Home and Accessories	$7,794	5%	$7,794	$0	0%	$7,904	($110)	-1%	7%	
Products	$78,701	18%	$78,559	$142	0%	$76,803	$1,898	2%	15%	
Services	$31,402	15%	$31,286	$116	0%	$31,414	($12)	0%	15%	in-line with F2Q26 Services growth (+16% yoy) excluding >2.5% forex tailwinds (13% yoy)
Total revenue	**$110,103**	**17%**	**$109,845**	**$257**	**0%**	**$108,848**	**$1,254**	**1%**	**16%**	**14-17% yoy**
Products Gross Profit	$28,972	26%	$28,920	$52	0%	$27,962	$1,010	4%	22%	
Services Gross Profit	$24,079	16%	$23,990	$89	0%	$23,961	$118	0%	16%	
Gross profit	**$53,051**	**21%**	**$52,910**	**$141**	**0%**	**$52,339**	**$711**	**1%**	**20%**	
Products gross margin (%)	36.8%	2.3%	36.8%	0.0%		36.4%	0.4%		1.9%	
Services gross margin (%)	76.7%	1.1%	76.7%	0.0%		76.3%	0.4%		0.7%	
Gross profit margin (%)	**48.2%**	**1.7%**	**48.2%**	**0.0%**		**48.1%**	**0.1%**		**1.6%**	**47.5-48.5%**
Operating income margin (%)	**31.0%**	**1.0%**	**30.9%**	**0.1%**		**30.7%**	**0.3%**		**0.7%**	
Revenue by geography										
Americas	$46,142	12%	$46,142	$0	0%					
Europe	$27,616	15%	$27,616	$0	0%					
Greater China	$19,672	28%	$19,672	$0	0%					
Japan	$6,649	15%	$6,649	$0	0%					
Rest of Asia-Pacific	$10,023	31%	$9,766	$257	3%					
Total revenue	**$110,103**	**17%**	**$109,845**	**$257**	**0%**	**$108,848**	**$1,254**	**1%**	**16%**	

FactSet consensus estimates as of 7/17/26

Source: Company data, Goldman Sachs Global Investment Research, FactSet

For the September F4Q26E quarter, we forecast EPS of $2.13 with revenue of $117.6 bn (v. Visible Alpha Consensus Data estimates for EPS of $2.01 and revenue of $114.3 bn), gross margins of 48.3% (v. VA Consensus +47.4%), and opex of $19.2 bn (v. VA consensus $18.8 bn). We expect AAPL to guide to F4Q26E revenue growth of 13%-15% yoy (v. GSe +15% yoy). We are encouraged by continued demand strength for the iPhone 17 family, price increases across the Mac and iPad product family where AAPL should see the first full quarter impact to margins in F4Q26E, and continued momentum in Services categories, where AAPL should benefit from price increases in Apple Care, Apple Music, and benefit from longer-term demand for storage via iCloud+.

Upcoming catalysts include the September event, where AAPL should announce the first foldable iPhone and iPhone 18 Pro/Pro Max and begin rolling out Siri AI with the launch of iOS 27.

Product: iPhone & Mac strength to drive beat

We estimate F3Q26 Product revenue of $78.7 bn (+18% yoy), above FactSet consensus $76.8 bn (+15% yoy) driven by strength in iPhone (GSe +23% yoy v. consensus +21% yoy) and Mac (GSe +15% yoy v. consensus +8% yoy). We forecast product gross margins of 36.8% v. consensus 36.4% as premium mix shift (toward iPhone and within iPhone models), forex, and component in-sourcing offset commodity cost inflation.

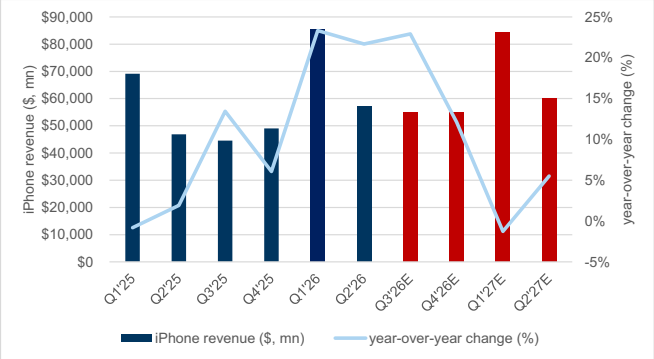
#1: iPhone: Revenue +23% yoy on continued iPhone 17 family strength & market share gains, ASP growth to accelerate

We estimate F3Q26E iPhone revenue of $54.8 bn (+23% yoy), just above FactSet consensus (+21% yoy), driven by +15% yoy growth in units and +7% yoy growth in ASP. Our in-quarter iPhone unit shipment estimate is in-line with IDC (55.8 mn, +15% yoy), and should be driven by continued strength in iPhone 17 generation demand, particularly given (a) refresh of aging devices with legacy technology, and (b) market share gains given pricing increases at competitors. Notably, per IDC, Apple gained ~4 pp of market share in China year-over-year (18% of total China market shipments in 2Q26) where competitors Samsung, Xiaomi, Vivo, and Oppo have raised prices this year. Separately, AAPL's commentary during F2Q26 earnings around being supply constrained on advanced nodes for SOC should reinforce sell-in shipment strength.

Our estimate for +7% yoy growth in ASP is underpinned by continued premiumization of the iPhone installed base, as well as (a) $100 starting price increases on the iPhone 17 Pro (v. 16 Pro) and iPhone Air (v. 16 Plus) driven by the elimination of the 128 GB starting storage model; and (b) introduction of the new premium 2 TB storage option for the iPhone 17 Pro Max.

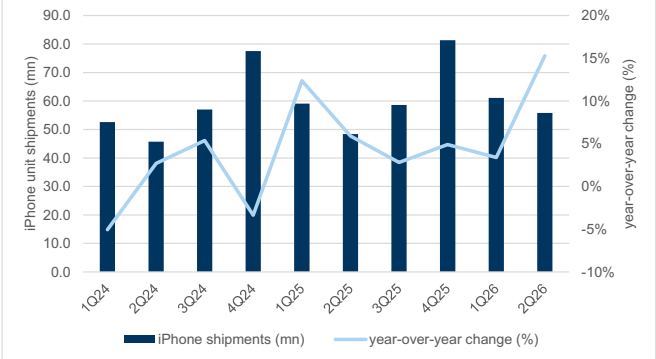
On a forward basis, we expect iPhone revenue to grow +20% yoy in F2026E as AAPL continues to benefit from continued device refresh and market share gains as competitors raise prices and are limited by memory supply constraints. That said, iPhone shipments should decline in F4Q26E and F1Q27E given the widely anticipated bifurcation of iPhone 18 model launches, whereas detailed in our product pipeline tracker below, AAPL should launch premium iPhone 18 family models in September 2026 (iPhone foldable, iPhone Pro/Pro Max), and lower-end models in Spring 2027 (iPhone 18e, iPhone 18 base, iPhone Air 2). As a result, though shipments should see tough comps with year-ago full iPhone 17 base/Air/Pro/Pro Max launches, ASPs should benefit as iPhone purchasing demand is concentrated across premium models. Additionally, given recent price increases on AAPL's Mac and iPad product portfolio and iPhone price increases in Japan, we expect any additional price increases to iPhone to drive upside to our estimates.

Exhibit 2: We estimate iPhone revenue should grow +23% yoy to $54.8 bn in F3Q26E
iPhone revenue ($, mn) & year-over-year change (%)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: IDC estimates C2Q26 iPhone unit shipments grew 15% yoy to 55.8 mn, representing 20% of overall market shipments (+4 pp of share v. 2Q25)
iPhone unit shipments (mn) & year-over-year change (%)



Source: IDC

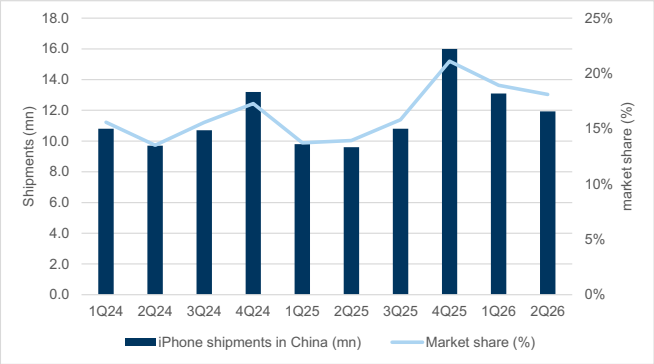
Exhibit 4: IDC's iPhone unit growth estimate is near that implied by Omdia and above that of Counterpoint
Industry unit shipment growth estimates across third party data vendors, smartphone market vs. iPhone

YoY growth (%)	IDC	Omdia	Counterpoint	Average
Smartphone market	-7%	-4%	-11%	**-7%**
iPhone	15%	20%	3%	**13%**

Omdia and Counterpoint iPhone year-over-year growth estimates are implied based on 2Q26 & 2Q25 market share data

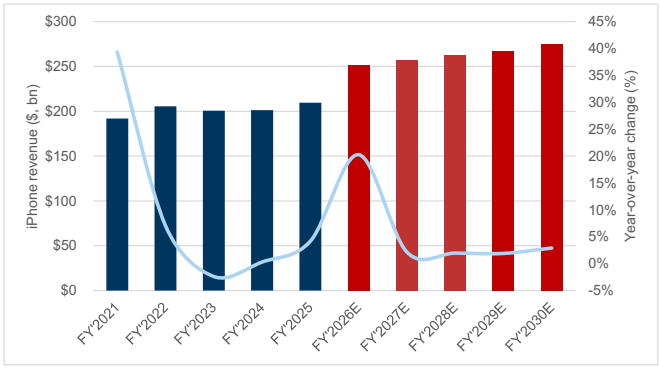
Source: IDC, Omdia, Counterpoint Research

Exhibit 5: iPhone unit shipments in China of 11.9 mn grew 24% yoy, representing 18% market share
iPhone shipments in China (mn) & market share (%)



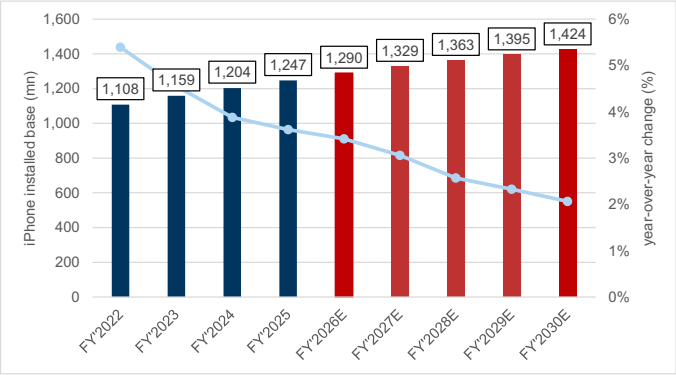
Source: IDC

Exhibit 6: We estimate iPhone revenue will grow 20% yoy in F2026, though should decelerate into F2027
iPhone revenue ($, bn) and year-over-year change (%)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: We believe that the active iPhone installed base will approach ~1.3 bn in F2026 as first smartphone and switchers continue to more than offset churn
iPhone active installed base (mn)



Source: Company data, Goldman Sachs Global Investment Research

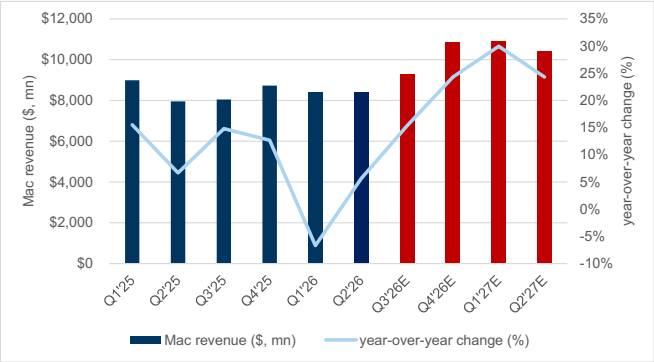
#2: Mac: Unit demand strength, ASP growth to accelerate on price increases

We estimate F3Q26 Mac revenue of $9.3 bn (+15% yoy v. FactSet consensus +8% yoy) driven by +10% yoy growth in units (in-line with IDC estimates) and +5% yoy ASP growth. Strength in unit demand should be driven by (a) continued refresh of aging devices, and (b) popularity of MacBook Neo, M5 Pro & M5 Max MacBook Pros, and M5 MacBook Airs (all launched in March 2026), which should help drive market share gains given competitor price increases prior to Apple's June 26th Mac price increases. Separately, ASPs should grow by ~5% in the quarter and accelerate afterwards given (a) premiumization of the Apple product installed base, (b) prior March 2026 starting price increases across new M5 MacBook Airs and M5 Pro & M5 Max MacBook Pros, with partial offset by the debut of the $599 MacBook Neo ($699 following June 2026 price increases).

As a result, on a forward basis, we expect Mac revenue to grow +10% yoy overall in F2026, supported by the ~18% price increases across the product portfolio, demand

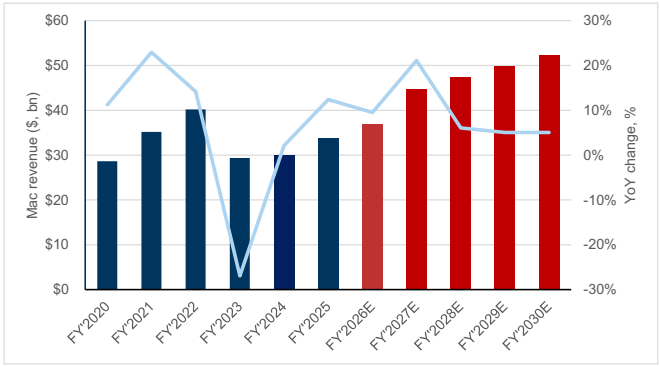
strength for the March 2026 Mac releases, as well as market share gains within the <$800 segment of the PC market, where MacBook Neo should be well-positioned to compete against other players that have meaningfully increased prices to address rising memory prices (e.g., Dell, HP, Lenovo). Though investors have been concerned around demand deterioration with portfolio price increases, we expect Apple, with its strong competitive moat around macOS (and iOS more generally), to be better positioned against windowsOS competitors where demand may be more elastic.

Exhibit 8: We estimate Mac revenue grew +15% yoy to $9.3 bn in F3Q26
Mac revenue ($, mn) & year-over-year change (%)



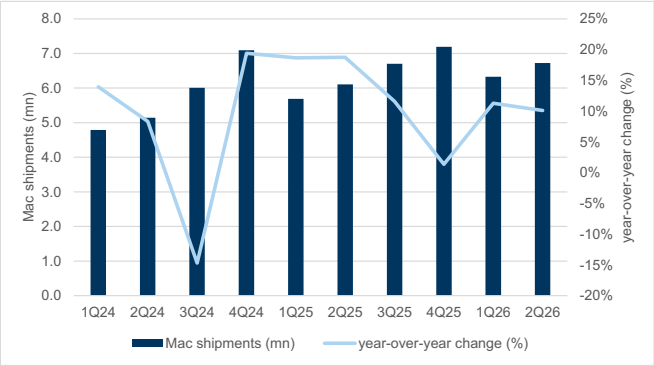
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 9: We estimate Mac revenue will grow +10% yoy in F2026E before accelerating in F2027
Mac revenue ($, mn) & year-over-year change (%)



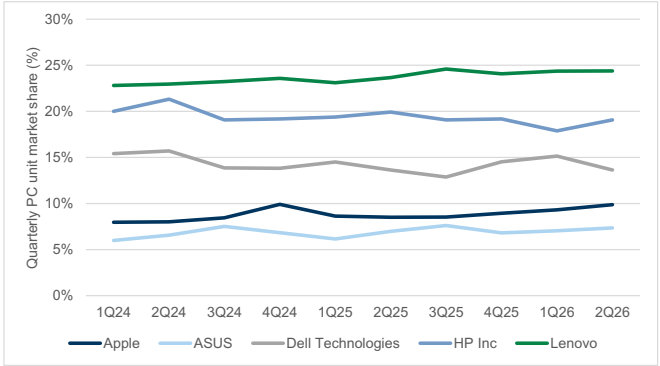
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 10: IDC estimates C2Q26 Mac shipments of 6.7 mn, up 10% year-over-year
Mac shipments (mn) & year-over-year change (%)



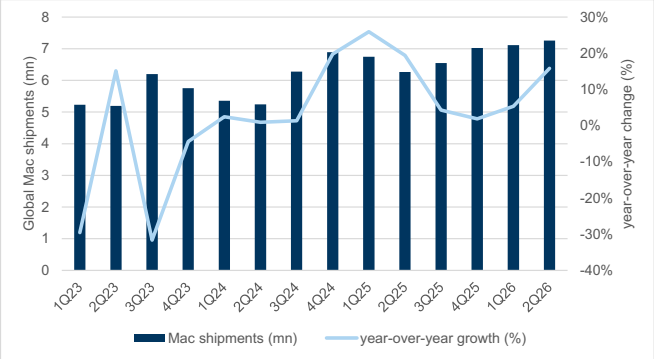
Source: IDC, Data compiled by Goldman Sachs Global Investment Research

Exhibit 11: IDC estimates AAPL's share of the PC market grew sequentially to 10% of total shipments
PC market share by vendor (%)



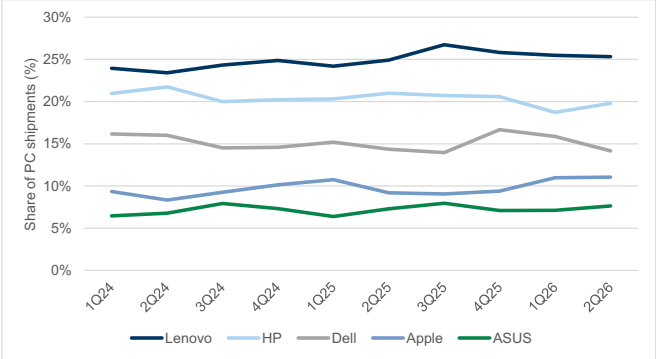
Source: IDC, Data compiled by Goldman Sachs Global Investment Research

Exhibit 12: Omdia (formerly Canalys) estimates AAPL shipped 7.3 mn Macs in C1Q26, marking 16% growth year-over year.
C1Q26 Mac shipments (mn) & year-over-year growth (%)



Source: Omdia, Data compiled by Goldman Sachs Global Investment Research

Exhibit 13: Omdia estimates Mac's share of PC shipments grew to ~11% of total C2Q26 industry PC shipments (+2 pp yoy)
Share of PC industry shipments by vendor (%)



Source: Omdia, Data compiled by Goldman Sachs Global Investment Research

Exhibit 14: Across the Mac product portfolio, starting prices have been increased by about ~18% on average
Mac June 2026 product price increases

Mac	Old Price	New Price	% difference
MacBook Neo	$599	$699	**17%**
13 inch MacBook Air	$1,099	$1,299	**18%**
15 inch MacBook Air	$1,299	$1,499	**15%**
M5 MacBook Pro	$1,699	$1,999	**18%**
M5 Pro MacBook Pro	$2,199	$2,499	**14%**
M5 Max MacBook Pro	$3,599	$4,099	**14%**
iMac	$1,299	$1,499	15%
M4 Max Mac Studio	$1,999	$2,499	25%
M3 Ultra Mac Studio	$3,999	$5,299	33%
M4 Pro Mac Mini	$1,399	$1,599	14%
Total Average			**18%**
Neo/Air/Pro Avg			**16%**

Reflects starting prices

Source: Company data, Goldman Sachs Global Investment Research

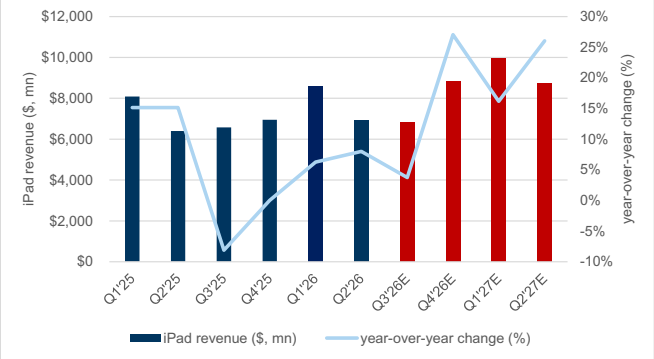
#3: iPad: Forward ASPs to accelerate on price increases, in-quarter units challenged by tough year-ago launch comps

We estimate F3Q26 iPad revenue of $6.8 bn (+4% yoy v. FactSet +8% yoy), driven by -2% unit growth and +5% yoy ASP growth. Unit decline of -2% yoy should be driven by tough year-ago comps with the year-ago release of the A16 base iPad, though the segment should benefit from the March M4 iPad Air launch as well as October 2025 release of the M5 iPad Pro. That said, unit growth should improve given the upcoming launch of the 8th-gen iPad Mini & early 2027 refreshes of iPad (12th-gen), iPad Air (M5 chip), and iPad Pro (M6 chip). Our +3% ASP growth estimate is underpinned by our belief that iPad ASPs should continue to benefit from premiumization given (a) user preferences, and (b) the aged portfolio of lower ASP models including the base iPad (11th-gen, last released in March 2025) and iPad Mini (last released October 2024) relative to more premium iPad Air and iPad Pro models. On a forward basis, we anticipate ASP growth to accelerate in F4Q26 & F1Q27 given recent price increases

across the new iPad lineup, where prices increased by over 20% on average. Given that price increases took place on June 26, 2026, we expect a 1 pp ASP uplift to F3Q26 numbers.

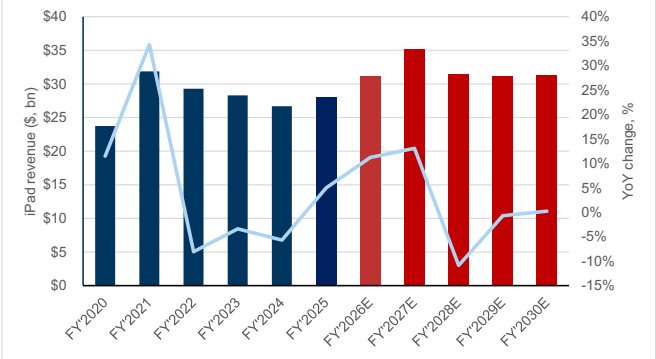
Due to lagged historical data releases from Omdia (formerly Canalys), we show data reported as of C1Q26.

Exhibit 15: We estimate F3Q26 iPad revenue of $6.8 bn (+4% yoy)
iPad revenue ($, mn) & year-over-year change (%)



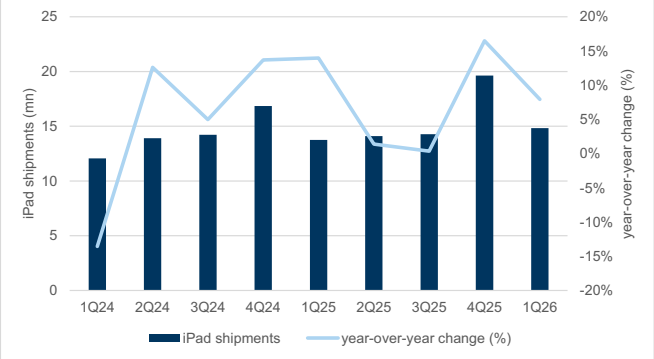
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 16: We estimate F2026 iPad revenue to grow +11% yoy
iPad revenue ($, mn) & year-over-year change (%)



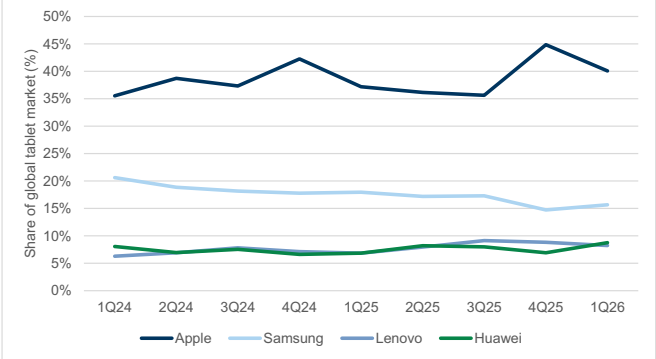
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 17: Omdia (formerly Canalys) estimates C1Q26 iPad shipments of 14.8 mn grew 8% yoy (C2Q26 not yet reported)
Global iPad shipments (mn) & year-over-year change (%)



Source: Omdia

Exhibit 18: Omdia estimates iPad (40% of C1Q26 tablet market shipments) gained 3 pp. of market share annually v. C1Q25
Share of tablet market shipments (%)



Source: Canalys

Exhibit 19: Across the iPad product portfolio, starting prices have increased by over 20% on average
iPad June 2026 price increases

iPad	Old Price	New Price	% difference
iPad	$349	$449	29%
11 inch iPad Air	$599	$749	25%
13 inch iPad Air	$749	$949	27%
11 inch iPad Pro	$999	$1,199	20%
13 inch iPad Pro	$1,299	$1,499	15%
iPad mini	$499	$599	20%
Total Average			**23%**

Reflects starting prices

Source: Company data, Goldman Sachs Global Investment Research

#4: Product Pipeline

We update our product pipeline tracker for the latest reported upcoming AAPL products. **AAPL's most important product launches for the remainder of 2026 are expected in the fall, and include the premium-end iPhone 18 generation products (foldable iPhone, iPhone 18 Pro, and iPhone 18 Pro Max), an M6 MacBook Pro, and Smart Home Device.**

Exhibit 20: AAPL continues to have a breadth of upcoming product releases throughout 2026 and beyond
Illustrative AAPL Product Pipeline

Product Category	Upcoming Model	Expected Release	Specs	Sources
iPhone	iPhone 18 (Foldable, Pro, Pro Max)	Sept. 2026	Foldable book-style form factor without visible crease and Touch-ID at over $2,000; 2-nm A20 series chip; variable aperture camera on Pro model; under-screen Face ID for Pro/Pro Max; removing dynamic island. Pro models to include C2 chip (instead of Qualcomm modem)	1, 2, 3, 4, 5, 6, 7, 8, 9
	iPhone 18 (base, 18e, Air 2)	early 2027	2-nm A20 series chip; 9 GB RAM	5, 10, 11
	iPhone 19 (Pro, Pro Max)	Sept. 2027	All-screen glass display on iPhone Pro	5, 7, 12
Mac	Mac mini	mid-2026	M5 and M5 Pro chips	13,14
	Mac Studio	late-2026	M5 Max and M5 Ultra chip	13, 14, 15
	iMac	2026	M5 chips	14
	MacBook Pro	late 2026	M6 chip	16
	MacBook Ultra	late 2026-2027	First OLED Mac, touch screen, thinner design, more expensive than MacBook Pros with M5 Max chips ($3599 starting), M5 Pro & M5 Max chips	17, 43
	MacBook Air	early 2027	Similar design to current gen	43
	MacBook Neo (2nd-gen)	2027	A19 Pro chip, 12 GB of Ram	18, 19, 20, 43
	MacBook Ultra	late 2027-early 2028	M7 Pro and M7 Max chips	43
	MacBook Air	2028	OLED display	43
	Mac Studio	2028	M7 Ultra chip, better heat sink	21
iPad	iPad Mini (8th-gen)	2026	A19 Pro chip; potentially OLED display	22
	iPad (12th-gen)	2027	A18 chip	23
	iPad Air	early 2027	M5 chip	24
	iPad Pro	early 2027	M6	8
	iPad (foldable)	2029	$3,000 price range; 18-inch display	25
Wearables & Accessories	Magic Mouse	2026	Relocated charging port & updated design	26
	AirPod Pro with cameras (Ultra)	2026/2027	Infrared cameras to feed Visual Intelligence into Siri; priced above AirPods Pro	27, 28, 29
	Smart Glasses	2027	Pairs with iPhone; no display. Includes speakers, cameras, and voice-control capabilities. Embedded battery	30, 31
	AI Pin	2027	Wearable pin (thin, flat circular disk) with two cameras to capture photos of surroundings. Includes speaker and microphone. Similar size as AirTag.	32
	Smart Glasses with Display	2028 or later	Features display	30
Misc	Home Pod mini 2	Fall 2026	New S-series chip; improved sound quality; additional colors; contains Apple's designed Bluetooth and Wi-Fi chip (instead of Broadcom's), supporting Wi-Fi 6	33, 34, 35
	Smart Home Device	Fall 2026	7-inch display tied to AI Siri; controls smart home devices; music playback; note taking; web-browsing; video-conferencing; $350; snap to wall feature	36, 37, 38, 39, 40
	Apple TV (updated)	2026	A17 Pro chip; camera for FaceTime; contains Apple's designed bluetooth and wifi chip (instead of Broadcom's), supporting Wi-Fi 6	33, 34, 41, 42
	Home security cameras	2026	Home security camera with battery lasting between several months to a year. Has facial recognition and infrared sensors.	36, 39
	Tabletop robot	2027	iPad mounted on a movable limb that can swivel and reposition itself to follow users in a room. Can inject into conversation using AI Siri. 9 inch display	36, 39

Source: Data compiled by Goldman Sachs Global Investment Research

Sources: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 (Mark Gurman's Power On Newsletter 12/15/24), 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43

Services: Expect in-line revenue growth despite App Store deceleration

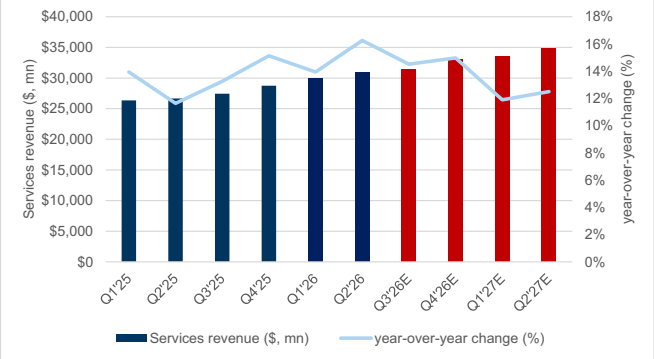
We estimate Apple F3Q26E Services revenue of ~$31.4 bn (+15% yoy), above Apple's prior guidance for Services revenue to grow in-line with F2Q26 Services growth excluding >2.5pp of foreign exchange tailwinds (~13% yoy). The two largest contributors to Services revenue should be App Store (~23% of F3Q26E Services revenue, F3Q26E revenue +3% yoy GSe) and TAC (~23% of total Services revenue, F3Q26E +11% yoy GSe), which along with strong DD% yoy growth across Apple's other Service categories, which should support longer-term growth.

As we will discuss later in our App Store analysis, we continue to believe App Store should be a meaningful driver of Services revenue over the long run despite concerns around third party payments. That said, we expect near-term App Store revenue slowness driven by (a) competition from off-app payment options; (b) headwinds from changes in commission fee structures in China, Japan, and Brazil; and (c) macro-economic volatility. However, we expect continued faster growth across Apple's broader Services categories to support >10% yoy Services revenue growth through the rest of F2026E.

There are several trends underpinning our expectations for Apple to be able to maintain >10% yoy quarterly Services revenue growth. **First, resilient Google search traffic & user trends support long-term growth in Google's TAC payments** to Apple and demonstrates the stickiness of browser search relative to AI app usage. **Second, continued scaling of iCloud+ should support greater levels of high-margin recurring Services revenue** as members of the Apple installed base aggregate greater levels of data that require storage (e.g., more photos & saved content, growing App sizes as developers integrate more data and features across apps, greater iOS storage requirements with growing levels of Apple Intelligence features). **Third, long-term growth in AppleCare+ adoption** should support sustainability in Services revenue growth as Apple users refresh aging devices or add additional devices to their Apple ecosystem. Recent price increases across new iPad and new Mac AppleCare+ subscriptions, as well as Apple Music subscription price increases, demonstrate that AAPL continues to be able to reinforce longer category growth through pricing. **Fourth, Apple TV streaming subscription price increases** from August 2025 should similarly support growth through the rest of F2026, particularly as churn rates normalize and AAPL scales its service through continued content development.

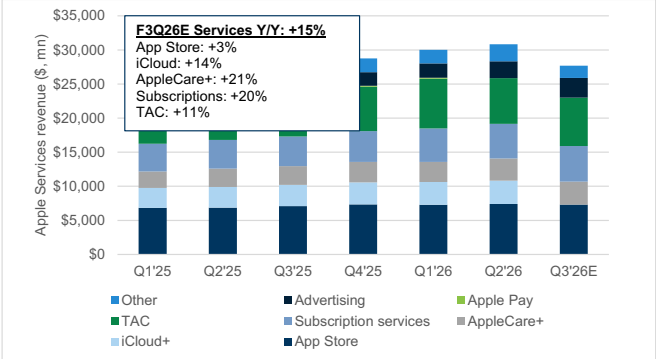
Separately, we see expansion of Advertising offerings and AI feature launches as key growth accelerators for Services on a forward basis. First, Apple should benefit from the introduction of ads across greater iOS environments, particularly with local business ads launching on Apple Maps later this summer. Second, we view AI feature launches as potential monetization opportunities through product refreshes (driven by advanced AI features, like expressive voices and advanced dictation for AI Siri being restricted to devices with 12 GB+ memory), iCloud+ plan attach, or new first or third party app offerings.

Exhibit 21: We estimate Apple F3Q26E Services revenue of $31.4 bn (+15% yoy)
Apple Services revenue ($, mn) & year-over-year change (%)



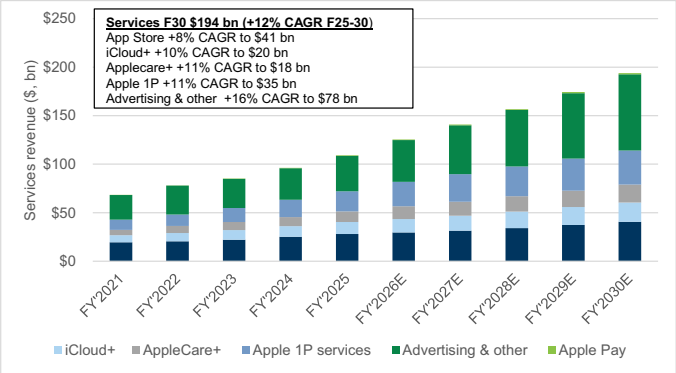
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 22: F3Q26E Services growth should be driven by growth in iCloud, AppleCare+, and subscriptions, with slower App Store revenue growth
Apple F3Q26E Services revenue ($, mn)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 23: Over the long term, we expect Apple to maintain an ~12% 2025-30 Services revenue CAGR
Apple Services revenue by category ($, mn)



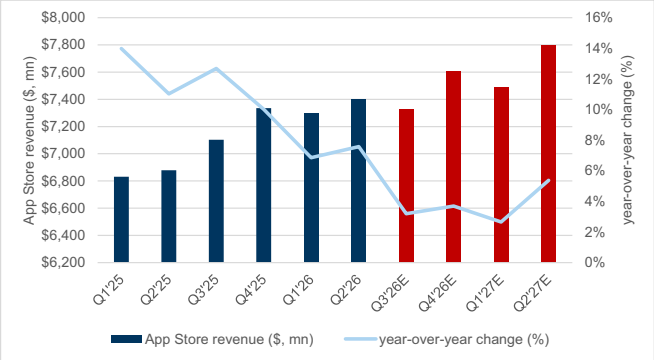
Source: Company data, Goldman Sachs Global Investment Research

#1: App Store: Deceleration amids commission fee structure changes

We estimate F3Q26 Apple App Store revenue of $7.33 bn (+3% yoy), decelerating from F2Q26 (~+8% yoy). Per Sensor Tower, C2Q26 App Store spending decelerated to +3% yoy (v. +8% yoy), driven by worsening growth trends throughout each month in the quarter (+5% yoy in April, +3% yoy in May, +2% in June). Spending deceleration throughout the quarter was consistent in Games (~40% of total App Store revenue) and Photo & Video (~9% of total), though Entertainment (~16% of total) saw moderate growth acceleration throughout the quarter. Geographically trends across App Store's largest regions were mixed, with the US (~34% of total) decelerating to -6% yoy (v. flat in C1Q26), and Japan (~10% of total) decelerating to -2% yoy (v. -1% in C1Q26), though China (~20% of total) accelerated to +10% growth in C2Q26 (v. +3% yoy in C1Q26). During the quarter, Apple potentially saw pressure from off-app payment options in the US, as well as commission fee changes in China and Japan which we previously estimated to represent ~5 pp headwinds to App Store revenue growth. Additionally, during the quarter, Apple announced changes to Brazil App Store commission fees (Brazil represented ~1% of App Store revenue in

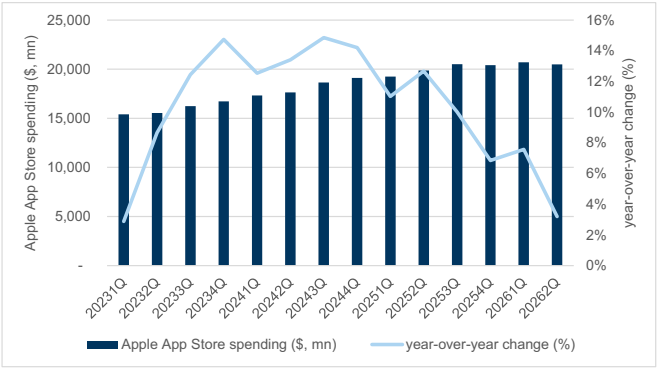
C1Q26 per Sensor Tower), which we estimate should represent a slight negative headwind to App Store revenue growth on a full-quarter basis. Accordingly, we adjust our forecasts for App Store revenue growth for the next four quarters, and recognize the risk for continued commission rate compression across Apple's other App Store regions.

Exhibit 24: We estimate F3Q26E Apple App Store revenue decelerated to +3% yoy growth to $7.33 bn (v. +8% yoy growth in F2Q26)
App Store revenue ($, mn) & year-over-year change (%), GSe



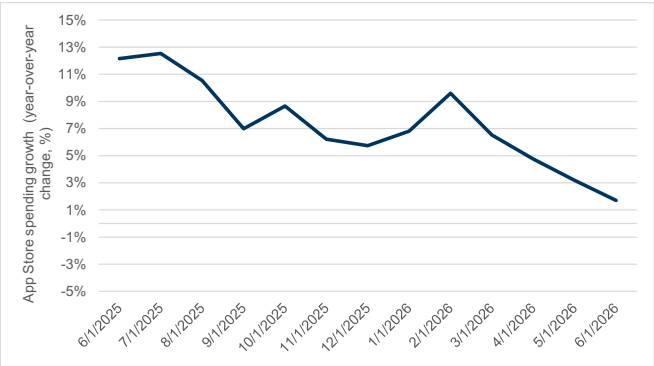
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 25: Overall Apple App Store spending of ~$20.5 bn grew ~3% yoy in C2Q26, decelerating substantially sequentially
Quarterly Apple App Store spending ($, mn) & year-over-year change (%)



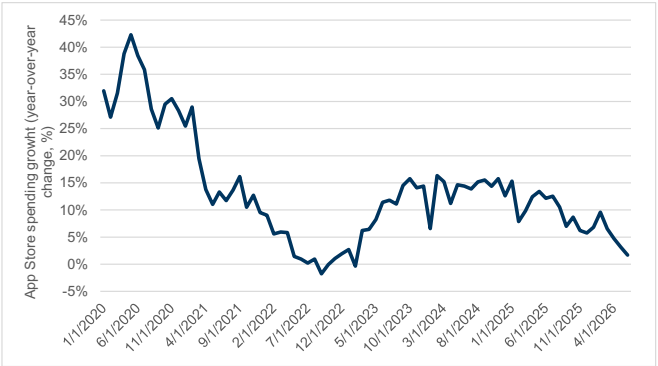
Source: Sensor Tower

Exhibit 26: App Store spending growth has decelerated consistently since February 2026
App store spending growth (year-over-year growth, %)



Source: Sensor Tower

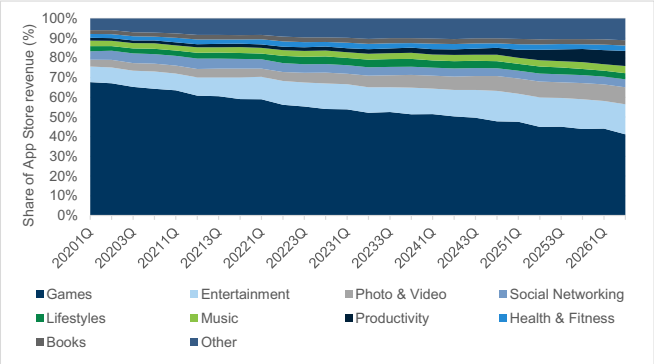
Exhibit 27: App Store spending growth has decelerated to near 2022-2023 lows
App Store monthly spending growth (year-over-year change, %)



Source: Sensor Tower

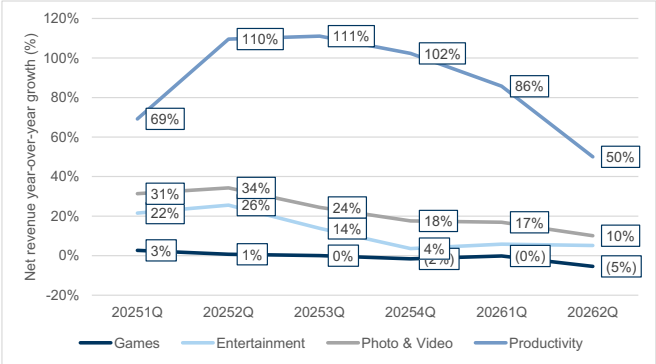
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Exhibit 28: While Games dominates nearly half of App Store revenue, its share of overall spend has declined over time
Share of App Store revenue (%) by app category



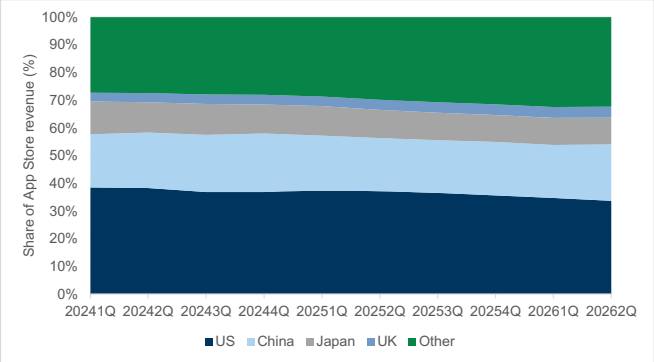
Source: Sensor Tower

Exhibit 29: Spending in App Store's #2-#4 app categories have outpaced that of Games in recent quarters
Quarterly App Store revenue year-over-year growth (%) by category



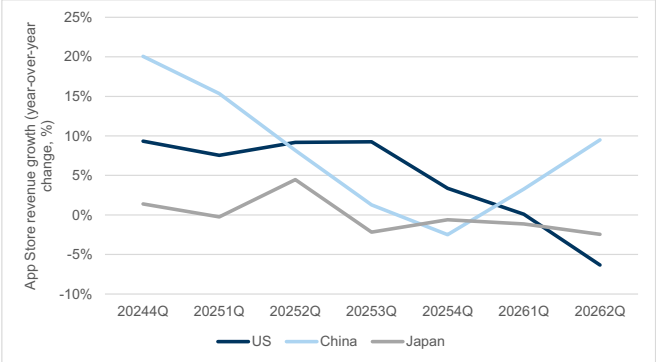
Source: Sensor Tower

Exhibit 30: Apple's App Store revenue is dominated by the US, followed by China and Japan
Share of Apple App Store revenue (%) by geography



Source: Sensor Tower

Exhibit 31: Though App Store revenue growth has meaningfully slowed in the US, growth has accelerated in China
App Store revenue growth by top geographies (year-over-year change, %)



Source: Sensor Tower

Exhibit 32: We estimate that recent changes in Apple App Store commission rates in Brazil should present a slight headwind to App Store revenue growth on a year-over-year basis
Changes to App Store commission fee structure in Brazil

Country	Change date	Old commission rate	New commission rate	Prior avg	After avg	C1Q26 revenue share (%)	App Store headwind (%)
Brazil	6/18/2026	- IAP: **30%** - IAP for Small Business Program/Mini Apps Partner Program/Auto-renewals of IAP subscriptions after first year: **15%**	- IAP: **26%** (21% + 5%) - IAP for Small Business Program/Mini Apps PartnerProgram/Auto-renewals of IAP subscriptions after first year: **15%** (10% + 5%) - Commission on externally-linked website payments: **15%** (or reduced-program related rate of 10%) - Transactions for iOS apps made through alternative marketplaces: 5% (Core Technology Commission)	24%	21%	1.4%	**(0.2%)**

***Brazil prior average assumes 40%/60% split on discounted/non-discounted commission revenues*
***Brazil after assumes 50%/20%/15%/15% split across non-discounted/discounted//external website/alternative marketplace rates*

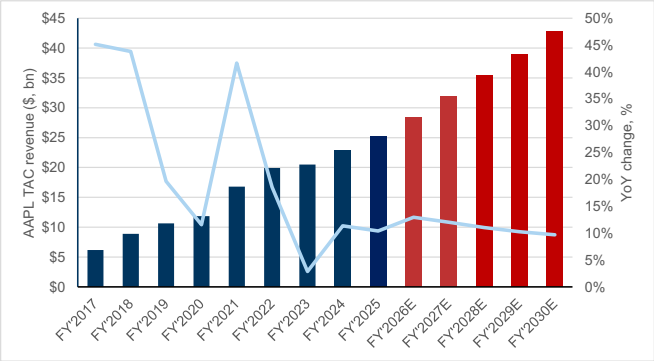
Estimates represent the estimated full-quarter impact of these changes relative to under prior commission rates. We compare to C1Q26 revenue shares to compare impact to pre-commission rate changes in Brazil

Source: Company data, Goldman Sachs Global Investment Research

#2: TAC: Continued outlook for growth with search stickiness

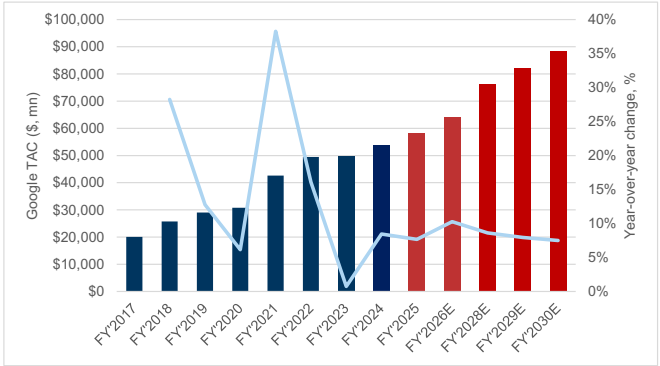
We forecast F3Q26E TAC revenue of ~$7.1 bn (+11% yoy), in-line with GS estimates for Google TAC growth of ~9% yoy (per GS' C2Q26 GOOGL preview). We continue to view TAC revenue as a substantial driver of long-term Services growth, and we are encouraged by to-date resilience in Google Chrome usage trends (per Sensor Tower) despite continued AI chatbot optionality, which should reinforce the stickiness of the browser search experience.

Exhibit 33: We forecast an AAPL TAC revenue CAGR of 11% (F25-30E)...
Estimated Apple TAC advertising revenue ($, bn) and year-over-year change (%)



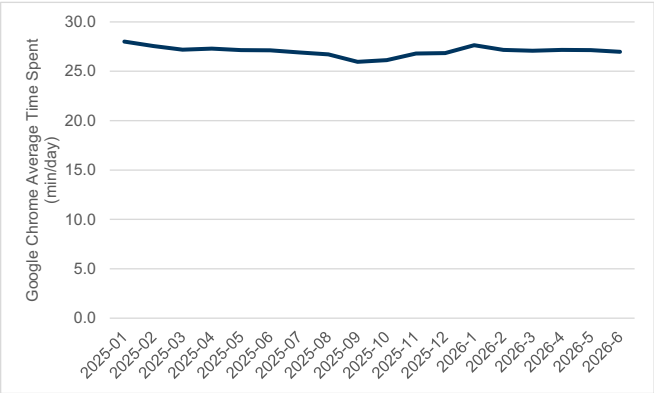
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 34: Apple's TAC advertising revenue, which includes distribution agreements, should be directionally consistent with GOOGL's TAC growth of MSD-HSD% yoy
Google TAC ($, mn) and year-over-year change (%)



Source: Company data, Goldman Sachs Global Investment Research

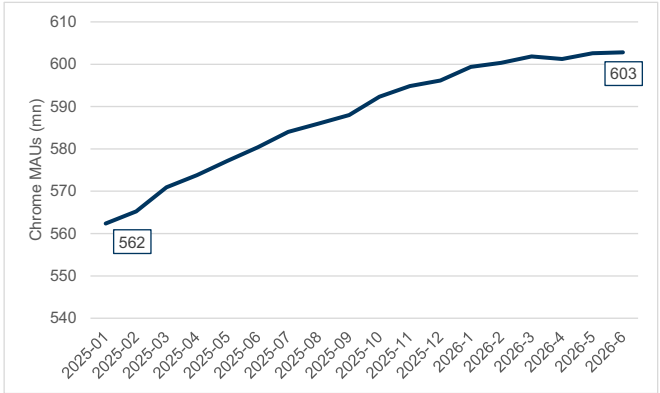
Exhibit 35: Average time spent on Google Chrome with iOS has, in aggregate, stayed relatively stable since the start of 2025
Average time spent on Google Chrome (min/day)



Only includes iOS usage data

Source: Sensor Tower

Exhibit 36: Google Chrome MAUs (iOS) continue to grow over time
Google Chrome MAUs (mn)



Only includes iOS usage data

Source: Sensor Tower

3: Apple TV: Continued content investment to drive long-term

subscriber growth

We estimate F3Q26 Apple TV revenue of ~$2.2 bn (+38% yoy) driven by both continued subscriber growth and August 2025 price increases. First, our paid subscriber estimate reflects a net 3 mn paid adds during the quarter as the company benefits from continued investment in content. During C2Q26, we estimate Apple TV released ~90 episodes of original series content, which along with film spend, results in content amortization costs of ~$772 mn. Beyond F3Q26, AAPL should continue to focus on content investment (GSe $747 mn in C3Q26E) which should continue to attract subscriber net adds.

Exhibit 37: Based on the Apple TV film and TV slate, we estimate Apple TV had ~$772 mn of content amortization in C2Q26

Estimated content amortization for Apple TV films and TV series ($, mn), calendar quarters

	2022	2023	2024	1Q25	2Q25	3Q25	4Q25	2025	1Q26	2Q26
Scripted Drama	163	196	176	42	34	55	27	158	56	62
Scripted Comedy	74	113	100	31	30	20	20	101	11	18
Docuseries	94	71	54	19	7	22	19	67	3	0
Kids & Family	205	87	110	36	20	18	12	86	23	10
Total	**536**	**467**	**440**	**128**	**91**	**115**	**78**	**412**	**93**	**90**

Estimated cost per episode ($, mn)	Avg	Avg	Avg	1Q25	2Q25	3Q25	4Q25	Avg	1Q26	2Q26
Scripted Drama	$9	$10	$11	$12	$10	$10	$10	$11	$10	$10
Scripted Comedy	$5	$5	$5	$6	$5	$5	$5	$5	$5	$5
Docuseries	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1
Kids & Family	$1	$2	$1	$2	$1	$1	$1	$1	$1	$1
Avg	**$4**	**$6**	**$6**	**$6**	**$6**	**$6**	**$5**	**$6**	**$7**	**$8**

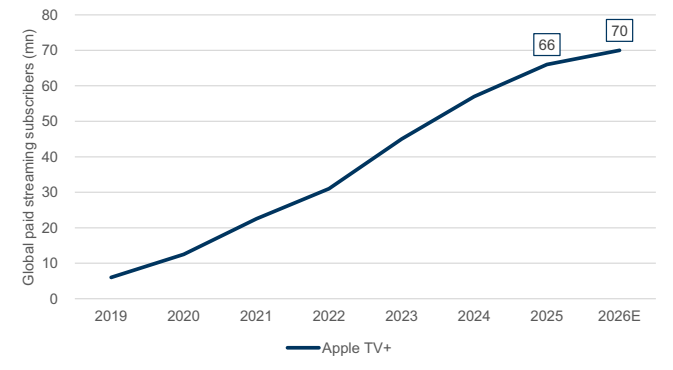
Total cost ($, mn)	Total	Total	Total	1Q25	2Q25	3Q25	4Q25	Total	1Q26	2Q26
Scripted Drama	$1,462	$1,960	$1,924	$513	$340	$550	$270	$1,673	$560	$620
Scripted Comedy	$370	$565	$500	$175	$150	$100	$100	$525	$55	$90
Docuseries	$47	$44	$54	$19	$7	$22	$19	$67	$3	$0
Kids & Family	$225	$146	$97	$60	$28	$13	$17	$118	$15	$7
Total TV	**$2,104**	**$2,715**	**$2,575**	**$767**	**$525**	**$685**	**$406**	**$2,383**	**$633**	**$717**
Films	$610	$765	$697	$125	$550	$88	$132	$895	$12	$55
Total TV+Films	**$2,714**	**$3,480**	**$3,272**	**$892**	**$1,075**	**$772**	**$538**	**$3,278**	**$645**	**$772**

# of episodes by quarter based on season premiere timing. We've observed a strategy of Apple TV making 2-3 episodes available at season premiere, with episodes available weekly thereafter, resulting in some episodes falling into a different month/quarter than season premiere

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 38: Apple TV continues to grow its subscriber base over the long-run

Apple TV global paid streaming subscribers (mn)

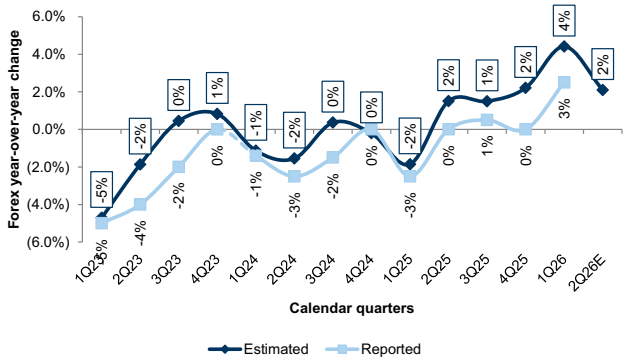


Source: Company data, Goldman Sachs Global Investment Research

Exhibit 39: Apple TV continues to build out its content slate, which should drive streaming video subscriber growth
Apple TV television series content slate by quarter

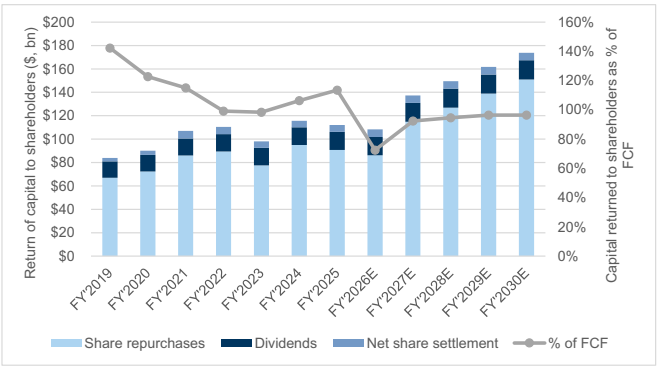
Forex, capital allocation, other

Exhibit 40: Foreign exchange should be a tailwind in C2Q26
Apple estimated forex impact v. reported forex impact to revenue



Source: FactSet, Company data, Goldman Sachs Global Investment Research

Exhibit 41: AAPL returned >$110 bn of capital back to shareholders in F2025, and we expect this to grow over time as shareholder capital returns scale with growing free cash flow
AAPL share repurchases and dividends ($, bn) and as a percentage of free cash flow (%)



Source: Company data, Goldman Sachs Global Investment Research

Stable earnings growth supports valuation premium

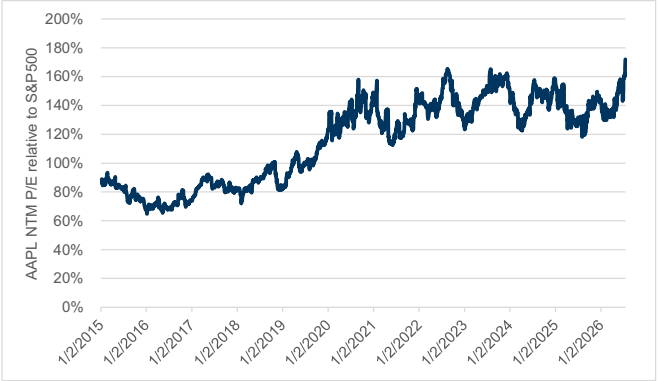
Exhibit 42: AAPL trades at ~37X NTM P/E v. 2020-25 average of ~28x
AAPL NTM P/E (consensus)



Priced as of 7/17/2026

Source: FactSet, Data compiled by Goldman Sachs Global Investment Research

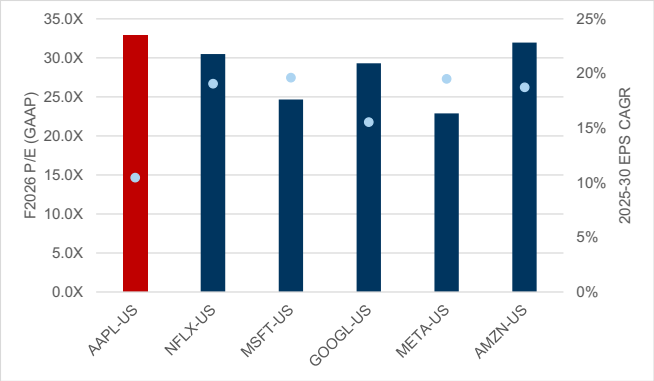
Exhibit 43: On a relative basis, AAPL trades at ~170% the S&P 500 NTM P/E, above its 2020-25 average of 139%
AAPL NTM P/E relative to the S&P 500 NTM P/E (consensus)



Priced as of 7/17/26

Source: FactSet, Data compiled by Goldman Sachs Global Investment Research

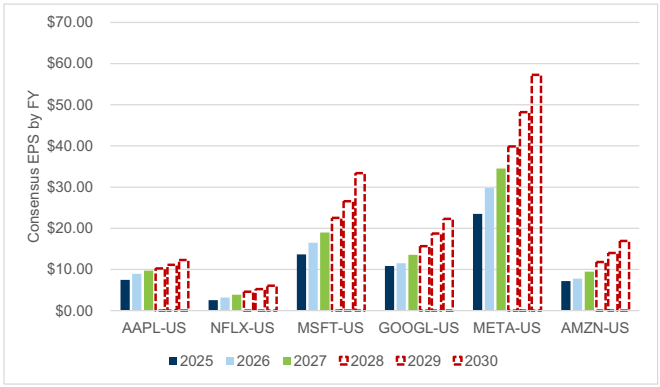
Exhibit 44: APPL trades towards the higher end of tech peers
AAPL F2026 P/E (GAAP) and F2025-30 EPS CAGR (consensus) v. select tech peers



Priced as of 7/17/26. AAPL EPS estimates are GSe.

Source: FactSet, Data compiled by Goldman Sachs Global Investment Research

Exhibit 45: AAPL has relatively stable earnings, roughly in line with large cap tech peers
AAPL consensus EPS v. select tech peers



Priced as of 7/17/26. AAPL is GSe.

Source: FactSet, Data compiled by Goldman Sachs Global Investment Research

Exhibit 46: AAPL v. select comps in large cap tech, consumer brands, and payments
Apple vs select comparable companies

		Growth metrics				Valuation			
Ticker	F26 revenue ($, mn)	F26-29 revenue CAGR (3y)	F25-28 revenue CAGR (3y)	F26-29 EPS CAGR (3y)	F25-28 EPS CAGR (3y)	F26 P/E	F27 P/E	F26 FCF yield %	F27 FCF yield %
AAPL-US	$482,538	5%	9%	8%	11%	37.4X	34.4X	2.0%	3.0%
Large cap tech									
NFLX-US	$51,060	10%	11%	14%	22%	19.2X	18.1X	4.3%	5.2%
MSFT-US	$329,437	18%	17%	17%	19%	23.4X	20.2X	2.5%	1.7%
GOOGL-US	$488,613	18%	20%	12%	17%	24.2X	23.3X	0.5%	0.2%
META-US	$252,969	17%	21%	14%	20%	19.6X	18.5X	(0.2%)	(0.7%)
Consumer brands									
PG-US	$87,138	3%	3%	4%	3%	21.8X	21.4X	4.2%	4.2%
NKE-US	$45,733		2%		4%	25.2X	20.0X	3.3%	4.9%
DIS-US	$101,755	4%	5%	11%	12%	14.3X	13.1X	6.0%	6.4%
PEP-US	$99,007	2%	4%		5%	16.0X	15.3X		
LVMH	$80,607		3%		8%	22.5X	19.5X	5.1%	5.4%
HSY-US	$12,248	3%	3%	10%	19%	20.3X	17.2X	4.9%	6.6%
Platforms with competitive moats									
MA-US	$37,104	13%	13%	15%	16%	27.6X	23.8X	3.4%	3.9%
V-US	$45,562	11%	12%	14%	14%	27.3X	24.0X	3.5%	4.4%

As of 7/17/26; FactSet consensus estimates except for AAPL, which are GS estimates

Source: FactSet, Data compiled by Goldman Sachs Global Investment Research

Thesis summary, rating, price target, key risks

We are **Buy rated** on Apple with a 12-month target price of $370 (v. $330 prior) reflecting 37X (v. 34X prior) our NTM+1Y EPS. The increase in our target multiple reflects our growing confidence in the iPhone replacement cycle and AI initiatives.

Key risks include:

Weakening consumer demand for products and services. Apple's products and services are typically sold to consumers and any weakness in the macroeconomic environment could reduce demand for Apple products and services. Apple generated ~50% of its revenue from iPhones (F2025), which is highly dependent on purchases driven by upgrades. Lengthening replacement cycles due to macroeconomic headwinds, improved product durability, or lackluster product innovation could all negatively impact upgrade demand.

Supply chain disruption. Although Apple's suppliers have a global footprint, the majority of final assembly occurs in China. Increased geopolitical tension may result in disruptions to global trade including through tariffs. While Apple has a robust supply chain network, it may rely on one or a few key suppliers for unique or hard-to-manufacture at scale parts.

Intensifying competition. Apple competes across personal devices (e.g., handsets, tablets, PCs, headphones) and a variety of services (e.g., video streaming, app distribution, advertising, music streaming, online fitness, cloud storage, product warranties). Although Apple is the largest company and the most well resourced among its competitors, it is not the market leader in every single business line. For instance, in video streaming, it faces several key competitors that invest more heavily than Apple in content.

Regulatory risks. Apple is subject to intense regulatory scrutiny in all the major markets that it operates in. Regulatory intervention could result in weakening Apple's competitive advantages if it is forced to make its proprietary products or services available for competitors to use.

Capital allocation execution. Apple has a history of M&A, which has no guarantee of success. AAPL also has a history of share repurchases, which could prove to offer lower ROI or come under deeper regulatory scrutiny.

Thesis summary

Apple designs, manufactures, and markets personal technology devices and sells a variety of related services. Its long history and track record of **(1) designing category-defining and innovative products** (e.g., Mac, iPhone, iPad, Apple Watch, AirPods, iPod); **(2) protecting digital privacy**; and **(3) delivering premium services & experiences** have contributed to an unmatched brand strength. Apple's brand loyalty has resulted in a growing installed base of users that provide Apple with visibility into revenue growth by reducing customer churn, lowering customer acquisition costs for new product and services launches (e.g., Apple TV+, Apple Fitness, Apple Watch), and encouraging repeat purchases, such as phone upgrades.

We are Buy-rated on AAPL as we believe that the market's focus on slower product

revenue growth masks the strength of the Apple ecosystem and associated revenue durability & visibility. Apple's installed base growth, secular growth in services, and new product innovation should more than offset cyclical headwinds to product revenue, such as a reduced iPhone unit demand due to a lengthening replacement cycle and reduced consumer demand for the PC & tablet category. Valuation is attractive relative to AAPL's historical multiple - both on an absolute & relative basis - and compared to key tech peers. The majority of gross profit growth over the next 5-years should be driven by Services, which should mark an inflection point in the Services investment narrative and support AAPL's premium multiple. The durability of Apple's installed base and the resulting revenue growth visibility from attaching more Services and Products is what underpins the recurring revenue - or Apple-as-a-Service - opportunity.

Key risks to our view include weakening consumer demand, supply chain disruption, intensifying competition, regulatory risks, and capital allocation execution.

We raise our F26/27/28 EPS estimates by 2% on average on greater product revenue following price increases across AAPL's Mac and iPad portfolio & market share gains in iPhone & Mac.

Exhibit 47: AAPL estimate changes
$ millions, except per share data

	FY'2026E				FY'2027E				FY'2028E			
	Current	Prior	Δ ($, mn)	Δ (%)	Current	Prior	Δ ($, mn)	Δ (%)	Current	Prior	Δ ($, mn)	Δ (%)
Sales	482,633	479,404	3,229	1%	517,584	505,781	11,803	2%	539,331	531,097	8,234	2%
Cost of sales	248,786	246,986	1,800	1%	266,068	259,361	6,708	3%	276,339	272,057	4,282	2%
Gross profit	233,847	232,418	1,429	1%	251,516	246,420	5,096	2%	262,992	259,039	3,952	2%
Research & development	46,144	46,144	0	0%	52,076	52,076	0	0%	57,676	57,676	0	0%
Selling, General & Administration	29,323	29,323	0	0%	29,858	29,858	0	0%	30,658	30,658	0	0%
Total operating expenses	75,467	75,467	0	0%	81,934	81,934	0	0%	88,334	88,334	0	0%
Operating income	158,380	156,951	1,429	1%	169,582	164,486	5,096	3%	174,658	170,705	3,952	2%
Other income (expense), net	532	530	2	0%	986	863	123	14%	1,327	1,122	205	18%
Earnings before tax	158,912	157,481	1,430	1%	170,568	165,349	5,219	3%	175,984	171,827	4,157	2%
Tax	27,413	27,170	243	1%	28,997	28,109	887	3%	29,917	29,211	707	2%
Net income - GAAP	131,499	130,311	1,187	1%	141,571	137,240	4,332	3%	146,067	142,616	3,451	2%
Diluted EPS (GAAP)	**$8.92**	**$8.86**	**$0.06**	**1%**	**$9.73**	**$9.50**	**$0.23**	**2%**	**$10.27**	**$10.10**	**$0.17**	**2%**
Diluted shares	14,747	14,714	32	0%	14,546	14,449	97	1%	14,219	14,117	103	1%
EBITDA	172,000	170,571	1,430	1%	185,117	179,924	5,193	3%	192,187	188,037	4,150	2%
iPhone	252,033	252,183	(151)	0%	257,454	255,744	1,711	1%	262,512	260,767	1,745	1%
Mac	36,911	35,735	1,176	3%	44,701	41,077	3,624	9%	47,423	43,579	3,844	9%
iPad	31,169	29,519	1,650	6%	35,250	30,558	4,693	15%	31,420	31,020	400	1%
Wearables, Home and Accessories	37,072	37,072	0	0%	39,314	39,314	0	0%	41,220	41,220	0	0%
Products	357,184	354,509	2,675	1%	376,719	366,692	10,027	3%	382,575	376,586	5,989	2%
Services	125,449	124,895	553	0%	140,865	139,088	1,776	1%	156,756	154,511	2,245	1%
Total revenue	**482,633**	**479,404**	**3,229**	**1%**	**517,584**	**505,781**	**11,803**	**2%**	**539,331**	**531,097**	**8,234**	**2%**
Products Gross Profit	138,130	137,120	1,010	1%	143,894	140,154	3,740	3%	143,073	140,836	2,237	2%
Services Gross Profit	95,717	95,298	419	0%	107,622	106,266	1,356	1%	119,919	118,203	1,716	1%
Gross profit	**233,847**	**232,418**	**1,429**	**1%**	**251,516**	**246,420**	**5,096**	**2%**	**262,992**	**259,039**	**3,952**	**2%**
Products gross margin (%)	38.7%	38.7%		(0.0%)	38.2%	38.2%		(0.0%)	37.4%	37.4%		(0.0%)
Services gross margin (%)	76.3%	76.3%		(0.0%)	76.4%	76.4%		(0.0%)	76.5%	76.5%		(0.0%)
Total Gross Margin (%)	**48.5%**	**48.5%**		**(0.0%)**	**48.6%**	**48.7%**		**(0.1%)**	**48.8%**	**48.8%**		**(0.0%)**

Source: Company data, Goldman Sachs Global Investment Research

Income statement

Exhibit 48: AAPL income statement
$ millions, except per-share data

Income statement ($, millions)	Q1'25 Dec-24	Q2'25 Mar-25	Q3'25 Jun-25	Q4'25 Sep-25	Q1'26 Dec-25	Q2'26 Mar-26	Q3'26E Jun-26	Q4'26E Sep-26	Q1'27E Dec-26	Q2'27E Mar-27	Q3'27E Jun-27	Q4'27E Sep-27	Q1'28E Dec-27	Q2'28E Mar-28	Q3'28E Jun-28	Q4'28E Sep-28	FY'2024	FY'2025	FY'2026E	FY'2027E	FY'2028E
Sales	**124,300**	**95,359**	**94,036**	**102,466**	**143,756**	**111,184**	**110,103**	**117,590**	**150,740**	**122,627**	**121,047**	**123,170**	**155,929**	**128,334**	**126,357**	**128,711**	**391,035**	**416,161**	**482,633**	**517,584**	**539,331**
Cost of sales	66,025	50,492	50,318	54,125	74,525	56,403	57,052	60,806	78,504	63,661	63,275	60,628	80,204	65,696	64,979	65,460	210,352	220,960	248,786	266,068	276,339
Gross profit	**58,275**	**44,867**	**43,718**	**48,341**	**69,231**	**54,781**	**53,051**	**56,784**	**72,236**	**58,967**	**57,771**	**62,541**	**75,725**	**62,638**	**61,378**	**63,251**	**180,683**	**195,201**	**233,847**	**251,516**	**262,992**
Research & development	8,268	8,550	8,866	8,866	10,887	11,419	11,819	12,019	12,519	12,919	13,219	13,419	13,919	14,319	14,619	14,819	31,370	34,550	46,144	52,076	57,676
Selling, General & Administration	7,175	6,728	6,650	7,048	7,492	7,477	7,127	7,227	7,727	7,377	7,327	7,427	7,927	7,577	7,527	7,627	26,097	27,601	29,323	29,858	30,658
Total operating expenses	15,443	15,278	15,516	15,914	18,379	18,896	18,946	19,246	20,246	20,296	20,546	20,846	21,846	21,896	22,146	22,446	57,467	62,151	75,467	81,934	88,334
Operating income	**42,832**	**29,589**	**28,202**	**32,427**	**50,852**	**35,885**	**34,105**	**37,538**	**51,990**	**38,671**	**37,225**	**41,695**	**53,879**	**40,742**	**39,232**	**40,805**	**123,216**	**133,050**	**158,380**	**169,582**	**174,658**
Other income (expense), net	-248	-279	-171	377	150	-52	250	184	181	263	227	315	268	350	311	397	269	(321)	532	986	1,327
Earnings before tax	**42,584**	**29,310**	**28,031**	**32,804**	**51,002**	**35,833**	**34,355**	**37,722**	**52,171**	**38,934**	**37,452**	**42,010**	**54,147**	**41,092**	**39,543**	**41,202**	**123,485**	**132,729**	**158,912**	**170,568**	**175,984**
Tax (Non-GAAP)	6,254	4,530	4,597	5,338	8,905	6,255	5,840	6,413	8,869	6,619	6,367	7,142	9,205	6,986	6,722	7,004	19,503	20,719	27,413	28,997	29,917
Tax rate	*14.7%*	*15.5%*	*16.4%*	*16.3%*	*17.5%*	*17.5%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*17.0%*	*15.8%*	*15.6%*	*17.3%*	*17.0%*	*17.0%*
Net income (Non-GAAP)	**36,330**	**24,780**	**23,434**	**27,466**	**42,097**	**29,578**	**28,514**	**31,309**	**43,302**	**32,315**	**31,085**	**34,868**	**44,942**	**34,106**	**32,820**	**34,198**	**103,982**	**112,010**	**131,499**	**141,571**	**146,067**
Post-tax exceptionals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,246	0	0	0	0
Net income - GAAP	**36,330**	**24,780**	**23,434**	**27,466**	**42,097**	**29,578**	**28,514**	**31,309**	**43,302**	**32,315**	**31,085**	**34,868**	**44,942**	**34,106**	**32,820**	**34,198**	**93,736**	**112,010**	**131,499**	**141,571**	**146,067**
Basic EPS (Non-GAAP)	$2.41	$1.65	$1.57	$1.85	$2.85	$2.02	$1.94	$2.14	$2.97	$2.22	$2.15	$2.42	$3.14	$2.40	$2.32	$2.44	$6.78	$7.49	$8.95	$9.77	$10.31
Diluted EPS (Non-GAAP)	**$2.40**	**$1.65**	**$1.57**	**$1.85**	**$2.84**	**$2.01**	**$1.93**	**$2.13**	**$2.95**	**$2.22**	**$2.14**	**$2.42**	**$3.13**	**$2.39**	**$2.32**	**$2.43**	**$6.75**	**$7.46**	**$8.92**	**$9.73**	**$10.27**
Basic EPS (GAAP)	$2.41	$1.65	$1.57	$1.85	$2.85	$2.02	$1.94	$2.14	$2.97	$2.22	$2.15	$2.42	$3.14	$2.40	$2.32	$2.44	$6.11	$7.49	$8.95	$9.77	$10.31
Diluted EPS (GAAP)	**$2.40**	**$1.65**	**$1.57**	**$1.85**	**$2.84**	**$2.01**	**$1.93**	**$2.13**	**$2.95**	**$2.22**	**$2.14**	**$2.42**	**$3.13**	**$2.39**	**$2.32**	**$2.43**	**$6.08**	**$7.46**	**$8.92**	**$9.73**	**$10.27**
Basic shares	15,082	14,991	14,903	14,815	14,748	14,673	14,686	14,658	14,603	14,533	14,457	14,380	14,296	14,210	14,123	14,037	15,344	14,948	14,692	14,493	14,167
Diluted shares	15,151	15,056	14,948	14,864	14,810	14,726	14,739	14,711	14,655	14,586	14,510	14,432	14,349	14,263	14,176	14,090	15,408	15,005	14,747	14,546	14,219
Dividend per share	**$0.25**	**$0.25**	**$0.26**	**$0.26**	**$0.26**	**$0.26**	**$0.27**	**$0.27**	**$0.27**	**$0.27**	**$0.28**	**$0.28**	**$0.28**	**$0.28**	**$0.29**	**$0.29**	**$0.98**	**$1.02**	**$1.06**	**$1.10**	**$1.14**

Year-over-year change (%)	Q1'25 Dec-24	Q2'25 Mar-25	Q3'25 Jun-25	Q4'25 Sep-25	Q1'26 Dec-25	Q2'26 Mar-26	Q3'26E Jun-26	Q4'26E Sep-26	Q1'27E Dec-26	Q2'27E Mar-27	Q3'27E Jun-27	Q4'27E Sep-27	Q1'28E Dec-27	Q2'28E Mar-28	Q3'28E Jun-28	Q4'28E Sep-28	FY'2024	FY'2025	FY'2026E	FY'2027E	FY'2028E
Sales	**4%**	**5%**	**10%**	**8%**	**16%**	**17%**	**17%**	**15%**	**5%**	**10%**	**10%**	**5%**	**3%**	**5%**	**4%**	**4%**	**2%**	**6%**	**16%**	**7%**	**4%**
Cost of sales	2%	4%	9%	6%	13%	12%	13%	12%	5%	13%	11%	0%	2%	3%	3%	8%	-2%	5%	13%	7%	4%
Gross profit	**6%**	**6%**	**10%**	**10%**	**19%**	**22%**	**21%**	**17%**	**4%**	**8%**	**9%**	**10%**	**5%**	**6%**	**6%**	**1%**	**7%**	**8%**	**20%**	**8%**	**5%**
Research & development	7%	8%	11%	14%	32%	34%	33%	36%	15%	13%	12%	12%	11%	11%	11%	10%	5%	10%	34%	13%	11%
Selling, General & Administration	6%	4%	5%	8%	4%	11%	7%	3%	3%	-1%	3%	3%	3%	3%	3%	3%	5%	6%	6%	2%	3%
Total operating expenses	**7%**	**6%**	**8%**	**11%**	**19%**	**24%**	**22%**	**21%**	**10%**	**7%**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**	**5%**	**8%**	**21%**	**9%**	**8%**
Operating income	**6%**	**6%**	**11%**	**10%**	**19%**	**21%**	**21%**	**16%**	**2%**	**8%**	**9%**	**11%**	**4%**	**5%**	**5%**	**-2%**	**8%**	**8%**	**19%**	**7%**	**3%**
D&A	8%	-6%	-1%	7%	4%	29%	21%	13%	13%	12%	15%	15%	14%	13%	12%	12%	-1%	2%	16%	14%	13%
EBITDA	6%	5%	10%	9%	18%	22%	21%	16%	3%	8%	10%	11%	4%	6%	6%	-1%	7%	7%	19%	8%	4%
Earnings before tax	**6%**	**4%**	**10%**	**11%**	**20%**	**22%**	**23%**	**15%**	**2%**	**9%**	**9%**	**11%**	**4%**	**6%**	**6%**	**-2%**	**9%**	**7%**	**20%**	**7%**	**3%**
Net income (Non-GAAP)	**7%**	**5%**	**9%**	**10%**	**16%**	**19%**	**22%**	**14%**	**3%**	**9%**	**9%**	**11%**	**4%**	**6%**	**6%**	**-2%**	**7%**	**8%**	**17%**	**8%**	**3%**
Net income - GAAP	**7%**	**5%**	**9%**	**86%**	**16%**	**19%**	**22%**	**14%**	**3%**	**9%**	**9%**	**11%**	**4%**	**6%**	**6%**	**-2%**	**-3%**	**19%**	**17%**	**8%**	**3%**
Basic EPS (Non-GAAP)	10%	8%	12%	13%	18%	22%	23%	15%	4%	10%	11%	14%	6%	8%	8%	0%	10%	11%	19%	9%	6%
Diluted EPS (Non-GAAP)	**10%**	**8%**	**12%**	**13%**	**19%**	**22%**	**23%**	**15%**	**4%**	**10%**	**11%**	**14%**	**6%**	**8%**	**8%**	**0%**	**10%**	**11%**	**19%**	**9%**	**6%**
Basic EPS (GAAP)	10%	8%	12%	91%	18%	22%	23%	15%	4%	10%	11%	14%	6%	8%	8%	0%	-1%	23%	19%	9%	6%
Diluted EPS (GAAP)	**10%**	**8%**	**12%**	**91%**	**19%**	**22%**	**23%**	**15%**	**4%**	**10%**	**11%**	**14%**	**6%**	**8%**	**8%**	**0%**	**-1%**	**23%**	**19%**	**9%**	**6%**
Basic shares	-3%	-3%	-3%	-2%	-2%	-2%	-1%	-1%	-1%	-1%	-2%	-2%	-2%	-2%	-2%	-2%	-3%	-3%	-2%	-1%	-2%
Diluted shares	-3%	-3%	-3%	-2%	-2%	-2%	-1%	-1%	-1%	-1%	-2%	-2%	-2%	-2%	-2%	-2%	-3%	-3%	-2%	-1%	-2%

Source: Company data, Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

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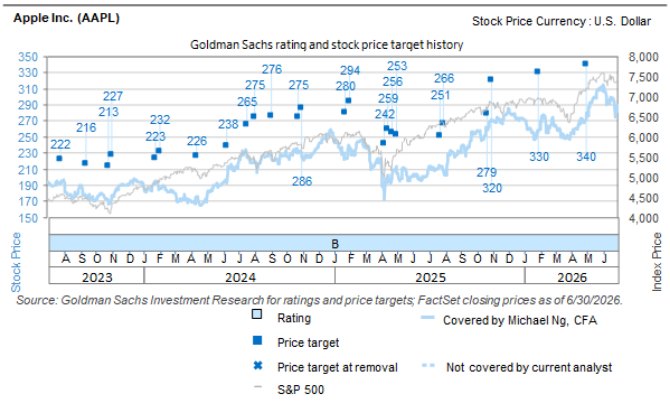
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Target price history table(s)

Apple Inc. (AAPL)

Date of report	Target price ($)	Closing price ($)
01-May-26	340.00	280.14
30-Jan-26	330.00	259.48
31-Oct-25	320.00	270.37
21-Oct-25	279.00	262.77
01-Aug-25	266.00	202.38
23-Jul-25	251.00	214.15
02-May-25	253.00	205.35
22-Apr-25	256.00	199.74
14-Apr-25	259.00	202.52
07-Apr-25	242.00	181.46
31-Jan-25	294.00	236.00
23-Jan-25	280.00	223.66
01-Nov-24	286.00	222.91
24-Oct-24	275.00	230.57
03-Sep-24	276.00	222.77
02-Aug-24	275.00	219.86
18-Jul-24	265.00	224.18
11-Jun-24	238.00	207.15
12-Apr-24	226.00	176.55
02-Feb-24	232.00	185.85
25-Jan-24	223.00	194.17
03-Nov-23	227.00	176.65
25-Oct-23	213.00	171.10
13-Sep-23	216.00	174.21

Price targets shown in table(s) are unadjusted for corporate actions.

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