First Read

Apple Inc.

F3Q Earnings First Read

Equities

United States
Computers

12-month rating	**Neutral**
12m price target	**US$296.00**
Price (30 Jul 2026)	**US$333.89**

RIC: AAPL.O **BGG:** AAPL US

Trading data and key metrics

52-wk range	US$340.08-202.38
Market cap.	US$4,899b
Shares o/s	14,673m (COM)
Free float	100%
Avg. daily volume ('000)	55,580
Avg. daily value (m)	US$16,820.3
Common s/h equity (09/26E)	US$121b
P/BV (09/26E)	40.3x
Net debt to EBITDA (09/26E)	0.0x

EPS (UBS, diluted) (USD)

	09/26E	
	UBS	Cons.
Q1	2.84	2.84
Q2	2.01	2.01
Q3E	1.84	1.89
Q4E	2.02	2.01
09/26E	8.72	8.77
09/27E	9.57	9.75
09/28E	10.52	10.93

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Q: How did the results compare vs expectations?

A: Apple reported total revenue of $109.4B, (16.4% YoY growth), 1.5% above our $107.8B estimate (Guide 14%-17% growth / VA Cons of $108.2B). iPhone rev growth was 21.7%, a touch above our est but 'Services' revenue grew 12%, missing our ~14% est. Despite supply constraints, Mac revenue grew ~29%, better than our ~6% estimate. while iPad revenue declined 6% YoY owing to a tough comp. Gross margin of 50.1%, was ~200 bps bps better than our 48.0% but in-line backing out tariff refunds that lifted GM 2% points. Backing out the tariff impact (and tax related adjustments), diluted EPS would have been $1.91 vs our $1.84 est (VA Cons $1.87).

Q: What were the most noteworthy areas in the results?

- iPhone revenue of $54.3B beat our $53.B estimate by 1.8 % growing 21.7% YoY.
- 'Services' revenue $30.7B missed our $31.3B est by 1.9% (VA Cons $31.3B).
- GM % came in at 50.1%, above our 48.0% est (Guide 47.5%-48.5% / VA Cons 48.0%) but as noted earlier benefitted from a tariff refund.
    - 'Product' GM of 40.1% beat our 36.4% est. Applying 100% of the tariff refund to 'Product' we est normalized gross margin of 37.3%, about 90 bps above our est.
    - 'Services' GM of 75.6% missed our 76.5% est by ~110 bps.
- Diluted EPS of $2.02 beat our $1.84 estimate and the VA Cons of $1.87 however includes $0.11 from tariff refunds.

Q: Has the company's outlook/guidance changed?

A: Apple does not provide guidance in the release. A mix of qualitative/quantitative commentary is typically provided on the call.

Q: How would we expect investors to react?

A: Given effectively an in-line qtr with some puts and takes, an elevated valuation due to the AI infra unwind in July, and risk of future gross margin pressure due to higher memory costs, we expect the shares to trade down more than the 3-4% implied by the options market prior to the earnings conf call.

Highlights (US$m)	09/23	09/24	09/25	09/26E	09/27E	09/28E	09/29E	09/30E
Revenues	383,285	391,035	416,161	476,745	509,630	540,002	566,036	582,980
EBIT (UBS)	114,301	123,216	133,050	155,119	165,779	177,995	187,951	193,901
Net earnings (UBS)	97,759	103,982	112,010	128,115	137,945	148,940	158,184	164,182
EPS (UBS, diluted) (US$)	6.18	6.75	7.46	8.72	9.57	10.52	11.37	12.00
DPS (net) (US$)	0.94	0.98	1.02	1.06	1.10	1.14	1.18	1.22
Net (debt) / cash	(49,533)	(41,458)	(43,960)	5,344	67,472	136,968	[illegible]	[illegible]

Profitability/valuation	09/23	09/24	09/25	09/26E	09/27E	09/28E	[illegible]	[illegible]
EBIT (UBS) margin %	29.8	31.5	32.0	32.5	32.5	33.0	[illegible]	[illegible]
ROIC (EBIT) %	>500	>500	>500	402.7	481.3	>500	[illegible]	[illegible]
EV/EBITDA (UBS core) x	20.1	21.9	23.0	28.9	27.4	25.8	[illegible]	[illegible]
P/E (UBS, diluted) x	26.2	28.8	30.0	38.2	34.8	31.6	[illegible]	[illegible]
Equity FCF (UBS) yield %	3.9	4.0	2.9	3.1	3.2	3.4	[illegible]	[illegible]
Dividend yield (net) %	0.6	0.5	0.5	0.3	0.3	0.3	[illegible]	[illegible]

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price tha [illegible] price of US$ 332.83 on 30-Jul-2026 16:31:13 EDT

This report has been prepared by UBS Securities LLC. **ANALYST CERTIFICATION AND REQUIRED DISCLO[illegible] INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.**

Key Metrics ($ millions except per share data)

	Consensus estimates	UBS estimates	Actual	% diff vs. UBS
Revenue	$108,199	$107,754	$109,417	+1.5%
iPhone rev	$53,109	$53,309	$54,252	+1.8%
GM % *	48.0%	48.0%	50.1%	+203 bps
OpM%	30.5%	30.4%	32.6%	+220 bps
Diluted EPS *	$1.87	$1.82	$2.02	+9.8%

Source: Company data, UBS estimates, and Visible Alpha * Includes ~2 points from a tariff refund and $0.11 in EPS.

Figure 1: Apple variance table

May not add due to rounding FY Ends: September (in US$ millions, except units & per share amounts)	June-25 Actual	June-26 UBS Estimate	June-26 Consensus	Jun-26 Actual	June-26 Better / Worse $	June-26 Better / Worse %
Product Net Sales:						
iPhone	$44,582	$53,309	$53,109	$54,252	$943	1.8%
Mac	8,046	8,512	8,761	10,352	1,840	21.6%
iPad	6,581	6,581	6,900	6,191	(390)	-5.9%
Wearables, Home and Accessories *	7,404	8,015	7,856	7,883	(132)	-1.6%
Services	27,423	31,336	31,389	30,739	(597)	-1.9%
Total net sales	$94,036	$107,754	$108,199	$109,417	$1,663	1.5%
Yr-to-Yr percent growth	9.6%	14.6%	15.1%	16.4%		
Gross margin	43,718	51,755	51,899	54,770	3,015	5.8%
Gross margin %	46.5%	48.0%	48.0%	50.1%	2.03%	
Research and development	8,866	11,792	11,476	11,729	(63)	-0.5%
Selling, general and administrative	6,650	7,182	7,416	7,346	164	2.3%
Operating expenses (GAAP)	15,516	18,974	18,893	19,075	101	0.5%
Operating income	28,202	32,781	33,007	35,695	2,914	8.9%
Operating margin %	30.0%	30.4%	30.5%	32.6%	2.20%	
Income before taxes	28,031	32,559	33,089	36,267	3,708	11.4%
Income taxes	4,597	5,535	5,650	6,478	943	17.0%
Income tax rate	16.4%	17.0%	17.1%	17.9%	0	
Net income	$23,434	$27,024	$27,439	$29,789	$2,765	10.2%
Diluted EPS	$1.57	$1.84	$1.87	$2.02	$0.18	9.8%
Diluted shares outstanding	14,948	14,650	14,675	14,715	64	0.4%

Source: Company data, UBS estimates, and Visible Alpha

Forecast returns

Forecast price appreciation	-11.3%
Forecast dividend yield	0.3%
Forecast stock return	-11.0%
Market return assumption	9.3%
Forecast excess return	-20.3%

Company Description

Apple designs, manufactures and markets mobile products, personal computers and media devices. The company's primary hardware product categories include the iPhone, iPad, iPod, and Mac computers. In addition, the company sells a variety of related software, services, peripherals, and third-party digital content and applications via iTunes and the App Store. Apple predominately sells to the consumer segment through its own online and retail stores, as well as third-party cellular network carriers, wholesalers and retailers.

Valuation Method and Risk Statement

Risks to our Apple thesis include (1) product delays or less innovative offerings, particularly a decline in iPhone unit shipments; (2) macro weakness dampening product demand, especially in China; (3) reduced product differentiation resulting in a successful smartphone attack from below; (4) governments looking to regulate Apple as its power increases; and (5) poor platform management. We use a P/E multiple to derive our price target for Apple.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Apple Inc.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	