Apple Inc. (AAPL)

F4Q26 preview: iPhone 18 family + Duo to drive growth in F2027

AAPL	12m Price Target: **$390.00**	Price: **$347.73**	Upside: **12.2%**

We expect AAPL to deliver in-line F4Q26 results, which including **(1) iPhone revenue growth of +15% yoy** as price increases on the iPhone 18 Pro and Pro Max and older generation phones, as well as the launch of the Duo offset modest volume declines as a result of price-volume elasticity and the delayed launch of the iPhone 18; **(2) Services revenue growth of +10% yoy** despite slowing App Store growth as iCloud+, AppleCare+, subscription services, and advertising grow double-digits; and **(3) gross margins of 47.8%** which includes a 1pp benefit from tariff refunds and reflects headwinds from component cost inflation.

While memory/component inflation and supply constraints remain near-term headwinds, recent price increases across iPhone, Mac and iPad should increasingly support revenue and partially mitigate cost pressure as AAPL realizes a fuller pricing benefit into the December quarter.

Going into F2027, AAPL growth should be supported by the full-year contribution from price increases on the iPhone 18 Pro/Pro Max, a replacement cycle improvement catalyzed by the iPhone Duo, the Spring 2027 launches of the base iPhone 18, iPhone 18e and iPhone Air 2, easier compares following F2H26 supply constraints, and the full-year benefit of recent price increases across the Mac and iPad portfolios. We also expect premium positioning, carrier promotions and Apple Upgrade to help support demand despite higher device pricing. That said, key areas of debate should center around (a) the sustainability of hardware demand as higher memory/component costs translate into higher device prices, and whether favorable price/mix can sufficiently offset unit and margin pressure; and (b) the sustainability of DD% Services growth given slower App Store trends and continued regulatory pressure on App Store monetization.

Please read inside for our detailed estimates for F4Q26E, guidance

BUY

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Key Data

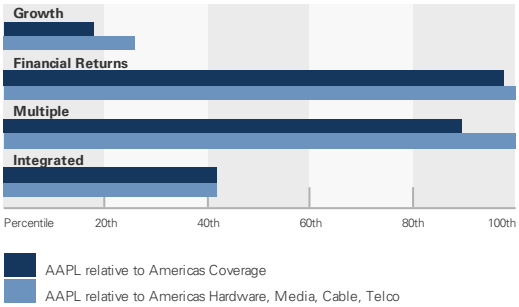
Market cap: $5.1tr
Enterprise value: $5.0tr
3m ADTV: $14.3bn
United States
Americas Hardware, Media, Cable, Telco
M&A Rank: 3

GS Forecast

	9/25	9/26E	9/27E	9/28E
Revenue ($ mn) New	**416,161.0**	**477,955.3**	**517,262.1**	**540,301.2**
Revenue ($ mn) Old	416,161.0	479,425.3	518,697.2	542,798.8
EBITDA ($ mn)	144,748.0	170,713.8	173,929.3	182,363.0
EBIT ($ mn)	133,050.0	157,333.7	159,006.9	165,664.2
EPS ($) New	**7.46**	**8.89**	**9.16**	**9.76**
EPS ($) Old	7.46	8.91	9.14	9.83
P/E (X)	30.0	39.1	38.0	35.6
Dividend yield (%)	0.5	0.3	0.3	0.3
Net debt/EBITDA (X)	(0.2)	(0.4)	(0.4)	(0.4)

	6/26	9/26E	12/26E	3/27E
EPS ($)	2.02	2.01	2.88	2.10

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

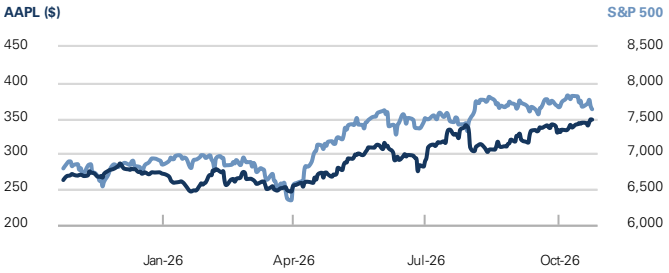
Ratios & Valuation

	9/25	9/26E	9/27E	9/28E
P/E (X)	30.0	39.1	38.0	35.6
EV/EBITDA (X)	22.9	29.5	28.4	26.5
EV/sales (X)	8.0	10.5	9.5	8.9
FCF yield (%)	3.0	2.9	2.9	3.0
EV/DACF (X)	24.2	32.4	30.6	28.5
CROCI (%)	83.1	84.3	80.7	79.2
ROE (%)	171.4	141.0	113.5	111.6
Net debt/EBITDA (X)	(0.2)	(0.4)	(0.4)	(0.4)
Net debt/equity (%)	(45.8)	(63.5)	(63.6)	(61.2)
Interest cover (X)	31.7	37.5	37.9	39.4
Inventory days	10.7	9.6	9.9	10.0
Receivable days	32.1	32.0	32.0	32.1
Days payable outstanding	114.7	109.1	104.8	106.1

Growth & Margins (%)

	9/25	9/26E	9/27E	9/28E
Total revenue growth	6.4	14.8	8.2	4.5
EBITDA growth	7.5	17.9	1.9	4.8
EPS growth	10.6	19.1	3.1	6.5
DPS growth	4.1	3.9	3.8	3.6
Gross margin	46.9	48.8	46.6	47.0
EBIT margin	32.0	32.9	30.7	30.7

Price Performance



	3m	6m	12m
Absolute	8.1%	27.2%	34.0%
Rel. to the S&P 500	5.0%	18.6%	18.4%

Source: FactSet. Price as of 23 Oct 2026 close.

Income Statement ($ mn)

	9/25	9/26E	9/27E	9/28E
Total revenue	416,161.0	477,955.3	517,262.1	540,301.2
Cost of goods sold	(220,960.0)	(244,896.7)	(276,205.2)	(286,187.0)
SG&A	(27,601.0)	(29,761.0)	(30,334.0)	(31,134.0)
R&D	(34,550.0)	(45,964.0)	(51,716.0)	(57,316.0)
Other operating inc./(exp.)	–	–	–	–
EBITDA	**144,748.0**	**170,713.8**	**173,929.3**	**182,363.0**
Depreciation & amortization	(11,698.0)	(13,380.1)	(14,922.5)	(16,698.8)
EBIT	**133,050.0**	**157,333.7**	**159,006.9**	**165,664.2**
Net interest inc./(exp.)	(321.0)	1,020.0	827.7	939.7
Income/(loss) from associates	–	–	–	–
Pre-tax profit	**132,729.0**	**158,353.7**	**159,834.6**	**166,604.0**
Provision for taxes	(20,719.0)	(27,454.5)	(27,171.9)	(28,322.7)
Minority interest	–	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**112,010.0**	**130,899.1**	**132,662.7**	**138,281.3**
Net inc. (post-exceptionals)	**112,010.0**	**130,899.1**	**132,662.7**	**138,281.3**
EPS (basic, pre-except) ($)	**7.49**	**8.92**	**9.20**	**9.80**
EPS (diluted, pre-except) ($)	**7.46**	**8.89**	**9.16**	**9.76**
EPS (ex-ESO exp., dil.) ($)	**--**	**--**	**--**	**--**
DPS ($)	1.02	1.06	1.10	1.14
Div. payout ratio (%)	13.6	11.9	12.0	11.6
Wtd avg shares out. (basic) (mn)	14,947.7	14,669.3	14,421.4	14,107.1
Wtd avg shares out. (diluted) (mn)	15,004.7	14,727.3	14,479.9	14,165.7

Balance Sheet ($ mn)

	9/25	9/26E	9/27E	9/28E
Cash & cash equivalents	35,934.0	50,479.3	64,896.0	72,455.0
Accounts receivable	39,777.0	44,098.5	46,646.2	48,508.3
Inventory	5,718.0	7,214.1	7,725.0	7,951.8
Other current assets	66,528.0	73,820.9	73,633.1	73,990.9
Total current assets	**147,957.0**	**175,612.9**	**192,900.3**	**202,906.0**
Net PP&E	49,834.0	52,937.9	59,947.6	66,108.8
Net intangibles	11,093.0	20,342.0	20,342.0	20,342.0
Total investments	77,723.0	82,618.0	76,618.0	70,618.0
Other long-term assets	72,634.0	77,557.0	77,557.0	77,557.0
Total assets	**359,241.0**	**409,067.7**	**427,364.9**	**437,531.7**
Accounts payable	69,860.0	76,567.4	81,989.1	84,396.6
Short-term debt	20,329.0	13,004.0	13,004.0	13,004.0
Current lease liabilities	–	–	–	–
Other current liabilities	75,442.0	81,168.8	84,087.5	87,764.5
Total current liabilities	**165,631.0**	**170,740.2**	**179,080.6**	**185,165.1**
Long-term debt	78,328.0	71,340.0	71,340.0	71,340.0
Non-current lease liabilities	–	–	–	–
Other long-term liabilities	41,549.0	55,080.0	55,080.0	55,080.0
Total long-term liabilities	**119,877.0**	**126,420.0**	**126,420.0**	**126,420.0**
Total liabilities	**285,508.0**	**297,160.2**	**305,500.6**	**311,585.1**
Preferred shares	–	–	–	–
Total common equity	**73,733.0**	**111,907.6**	**121,864.3**	**125,946.6**
Minority interest	–	–	–	–
Total liabilities & equity	**359,241.0**	**409,067.7**	**427,364.9**	**437,531.7**
BVPS ($)	4.93	7.63	8.45	8.93

Cash Flow ($ mn)

	9/25	9/26E	9/27E	9/28E
Net income	112,010.0	130,899.1	132,662.7	138,281.3
D&A add-back	11,698.0	13,380.1	14,922.5	16,698.8
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(25,000.0)	2,427.6	669.8	(1,162.2)
Others	12,774.0	11,828.2	14,558.4	15,286.3
Cash flow from operations	**111,482.0**	**158,535.0**	**162,813.4**	**169,104.2**
Capital expenditures	(12,715.0)	(11,013.0)	(19,132.2)	(20,059.9)
Acquisitions	–	–	–	–
Divestitures	–	–	–	–
Others	–	–	–	–
Cash flow from investing	**15,195.0**	**(21,025.0)**	**(11,132.2)**	**(12,059.9)**
Dividends paid	(15,421.0)	(15,735.7)	(15,926.4)	(16,147.3)
Share issuance/(repurchase)	(96,671.0)	(92,988.0)	(121,338.0)	(133,338.0)
Inc/(dec) in debt	–	–	–	–
Others	–	–	–	–
Cash flow from financing	**(120,686.0)**	**(122,964.7)**	**(137,264.4)**	**(149,485.3)**
Total cash flow	**5,991.0**	**14,545.3**	**14,416.7**	**7,559.0**
Free cash flow	98,767.0	147,522.1	143,681.2	149,044.2
Free cash flow per share (basic) ($)	6.61	10.06	9.96	10.57

Source: Company data, Goldman Sachs Research estimates.

