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June 1, 2026 04:06 AM GMT

Apple, Inc. | North America

WWDC 2026 – What's The Upside If Apple Goes Agentic?

The "AI winner" narrative has served as an inflection point for many stocks since 2023. WWDC 2026 could catalyze a similar shift for Apple, where a polished AI platform and clear Agentic vision could push valuation to $365-385, with upside to $440. June 8 is a key catalyst for the stock.

AlphaWise α

Key Takeaways

- WWDC 2026 is a pivotal catalyst to reframe Apple as an "AI winner," potentially driving multiple expansion similar to WWDC 2024's 20pt outperformance.
- A more agentic, conversational Siri plus improved Apple Intelligence capabilities could position Apple as a scaled AI platform across its massive device base.
- Privacy-first, hybrid AI architecture and multi-LLM partnerships differentiate Apple as an AI distributor rather than a single-model competitor.
- Successful AI execution could accelerate iPhone upgrades, lift Services monetization, and potentially unlock meaningful EPS and valuation upside into FY27.
- Low investor expectations create a favorable setup for narrative re-rating, with Scenarios 2-3 implying $365-440/share upside potential.

I'd greatly appreciate your support for the Morgan Stanley IT Hardware & EMS team in this year's All-America Extel survey. Thank you so much! Erik

How to vote: To request a ballot, please go to https://www.extelinsights.com/voting and select "All-American Research Team".



WWDC 2026 serves as a real opportunity to shift the Apple investment narrative. To-date, Apple has performed purely on the back of underlying Products and Services strength; AI has been effectively irrelevant to the story. But as we've seen across numerous companies and industries over the last 12-24 months, being seen an "AI Winner" drives a clear inflection in fundamentals, valuation, and sometimes both. We believe Apple's Worldwide Developers Conference (WWDC) is a clear catalyst that can help shift Apple into the "AI Winner" bucket (perceived or

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Apple, Inc. (AAPL.O, AAPL US)

IT Hardware | United States of America

Stock Rating	**Overweight**
Industry View	**Cautious**
Price target	**$330.00**
Shr price, close (May 29, 2026)	$312.06
Mkt cap, curr (mm)	$4,593,605
52-Week Range	$315.00-195.07

Fiscal Year Ending	09/25	09/26e	09/27e	09/28e
EPS ($)**	7.46	8.89	10.23	10.92
Prior EPS ($)**	-	-	-	-
P/E	34.1	35.1	30.5	28.6
EPS ($)§	-	-	-	-
Div yld (%)	0.4	0.3	0.4	0.4

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2025	2026e Prior	2026e Current	2027e Prior	2027e Current
Q1	2.40	-	2.84a	-	2.86
Q2	1.65	-	2.01a	-	2.51
Q3	1.57	-	1.89	-	2.42
Q4	1.85	-	2.14	-	2.44

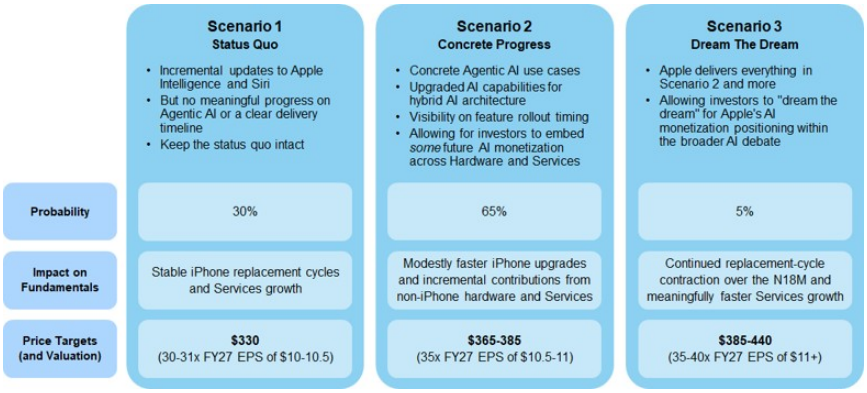
e = Morgan Stanley Research estimates, a = Actual Company reported data

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

otherwise), just as WWDC 2024 did when Apple outperformed by 20 points on the back of 6x turns of multiple expansion. Apple now has the fundamental technology backbone (GOOGL Gemini backing Apple Foundation Models), the industry-leading security standard, and *appears* to have a reformulated AI strategy (a new Siri and Apple Intelligence platform) needed to compete with incumbent consumer-centric Agentic platforms – all at a time where the market is starving for a new AI platform that can ease the myriad shortages that exist across AI today. Said differently, Siri/ Apple Intelligence 2.0 has the potential to become the ultimate AI resource offload and deliver a form of Agentic AI to the consumer at a lower cost than incumbents, vertically integrated across one of the largest device installed bases. If WWDC 2026 successfully outlines this path – please see Exhibit 1 for how we define "success" – we see valuation potentially reaching $365-385, all the way up to $440 per share. **We think Cupertino is positioned to deliver and reiterate our OW rating.**

Exhibit 1: We outline 3 scenarios to assess the success – and EPS/valuation impact – of WWDC 2026.



Source: Morgan Stanley Research estimates

Note: The probabilities shown are only illustrative. They do not forecast a precise series of events and do not account for all possible outcomes but instead illustrate our sense of the relative plausibility of selected scenarios, based on current industry dynamics.

We expect WWDC 2026 to focus on Apple's re-strategized AI approach featuring Apple Intelligence and Siri. The centerpiece of WWDC 2026 will be a more conversational Siri that looks and feels closer to mainstream AI chatbots (e.g. ChatGPT, Gemini, or Claude), with support for persistent chat history, stronger contextual awareness, on-screen understanding, deeper Siri-to-app text and voice control, and more natural, chatbot-style interactions – "*Siri, can you make a reservation for the steakhouse on my screen… for party of 4… actually, make it 6 for tonight.*" Said differently, we expect Apple to position Siri as a more "Agentic" virtual assistant. Beyond Siri, Apple Intelligence functionality should expand meaningfully within iOS 27, macOS 27 and iPadOS 27, adding improved writing/summary/image-generation tools, natural-language Shortcuts creation, and broader system-wide AI integration across 1P apps such as Safari, Camera, and Weather. And finally, we expect Apple to emphasize a deepened partnership with GOOGL (covered by Brian Nowak) while also opening Siri to numerous third-party AI models, providing "user choice" and positioning Apple as a unique distributor of AI.

Apple's focus on privacy, model flexibility, and AI feature enhancements could prove to be the keys for consumer adoption… but the details are critical. We expect Apple to continue positioning privacy as a primary differentiator vs. other

platforms, supported by features such as auto-deleting chat history, tighter memory controls, and heavier reliance on Private Cloud Compute (PCC) and/or on-device processing. At the same time, Apple's reported strategy of working with multiple third-party AI models – and giving users flexibility based on task (e.g. Codex with Claude for coding, Gemini for image/video generation, or any other external LLMs within Siri and Apple Intelligence features) – would position Apple at the center of the broader consumer AI experience rather than tying it to a single model and competing with incumbents at the LLM level (Exhibit 2). In our view, this approach has the potential to differentiate Apple Intelligence from today's standalone chatbot apps, at a time where switching costs are still low. While iPhone users' adoption of Apple Intelligence was as high as 80% (ex-China) as of late last year, based on our 2025 Smartphone Survey, feature enhancements enabled by third-party LLMs as well as better AFMs (Apple Foundation Models) still represent a tipping point for stronger engagement. **That said, Apple's privacy-first stance and growing reliance on external models also raise important questions around execution** – e.g. how automated the Siri-driven AI experience can ultimately be, how much functional limitation will exist between Apple Intelligence/Siri and third-party apps, and whether a privacy-heavy framework can deliver AI experiences that are comparable – or superior – in terms of automation, integration, and overall usability. These are not trivial details in our perspective, and are likely to have a major impact on consumer adoption. We'll be monitoring these closely.

Exhibit 2: We believe Apple's AI intention is to leverage AI (through internal efforts and external partnerships) to monetize their well-established eco-system as a platform.

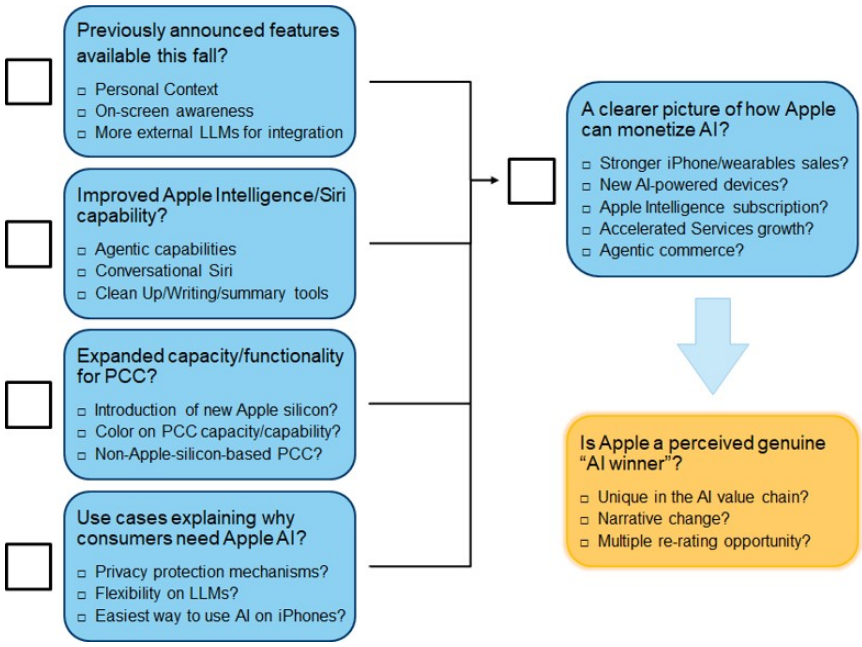


Source: Company data, Morgan Stanley Research

The key question is – does this mean Apple is finally on the verge of becoming a perceived "Agentic" winner? After seeing GOOGL demonstrate Agentic AI capabilities at I/O '26 keynote, we believe WWDC 2026 is Apple's opportunity to more clearly articulate its own Agentic AI offerings. For the keynote next Monday, we are focused on several key signals: (1) confirmation that previously announced Apple Intelligence features – such as personal context and on-screen awareness – will be available later this Fall alongside iOS 27, even if initially in "beta"; (2)

improved Apple Intelligence and Siri usability driven by deeper integration with external LLMs (e.g. ChatGPT and Gemini) and more powerful Apple Foundation Models; (3) expanded capacity and functionality for Private Cloud Compute to support Apple Intelligence inferencing at scale (we wrote about this here); and (4) clearer, more concrete use cases explaining why and when users should rely on Apple's AI even if they already subscribe to third-party LLMs. While we do not expect Apple to explicitly outline an AI monetization strategy at WWDC given its developer focus, progress across these areas should allow investors to better infer how Apple can ultimately monetize AI across its silicon, software, and hardware ecosystem. If Apple can check these boxes, we believe the stock narrative should shift, with valuation re-rating first as the market increasingly perceives Apple as an "AI winner", followed by future monetization (Exhibit 3).

Exhibit 3: WWDC 2026 check list – is Apple finally on the verge of going "Agentic"?

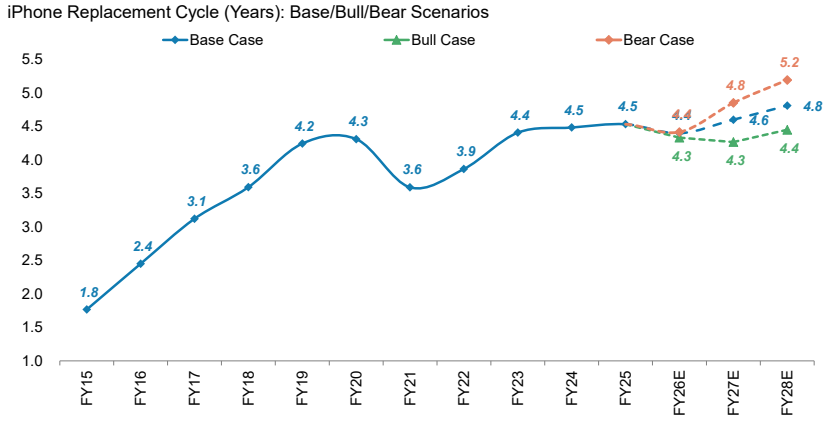


Source: Morgan Stanley Research

What does a successful AI mean for Apple financially? We see multiple paths to accelerate growth. For the iPhone, we estimate that more than 50% of the 1.6B+ installed base will still be incapable of running Apple Intelligence (e.g. own an iPhone 15 or older) exiting this Fall; however, if Apple introduces truly compelling AI features, we would foresee improving upgrade rates with stabilizing or accelerating replacement cycles into FY27 (Exhibit 4). Combined with Apple's relatively favorable memory supply position, faster upgrade rates could also drive incremental share gains, where every 50bps of global smartphone market share gains (iPhone currently ~20% of T12M shipments) equates to ~5M additional iPhone shipments or 14c of incremental EPS. Beyond iPhone, enhanced AI functionality should also deliver faster revenue growth in Mac, iPad, and Wearables/Accessories, supported by broader hardware adoption as AI functionality creates stronger cross-device functionality, and the future introduction of Apple Intelligence-enabled devices (e.g. camera-equipped AirPods, smart glasses, AI pendants, and smart home products).

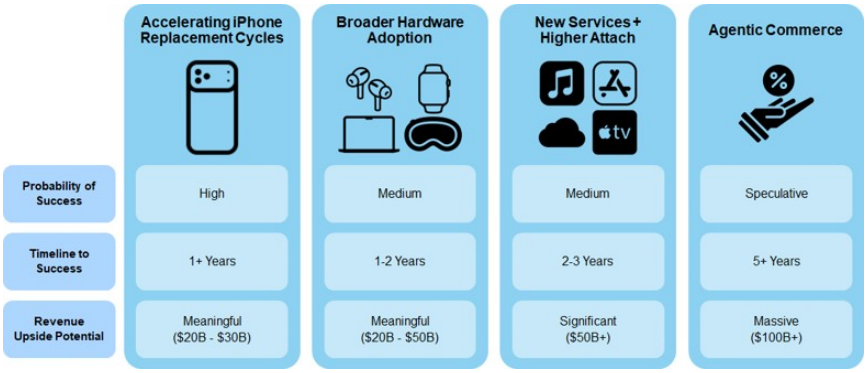
For Services, a future Apple Intelligence subscription priced at $9.99 per month would add ~$2B of incremental annual Services revenue (or 40bps of total revenue) for every 1% iPhone installed base adoption, translating into 10c of incremental EPS upside in FY27, all else equal. Apple could also gain greater pricing power across Services as first-party offerings become more differentiated through AI. Finally, if Agent-driven experiences (i.e. Siri) prove valuable to both consumers and ecosystem partners – we see a world where Apple Intelligence stands as a critical middle-layer to enable Agentic commerce across Apple devices, adding up to $70B+ of incremental revenue in the US alone (Exhibit 6).

Exhibit 4: While inherently uncertain, our bull case shipments of 289M (+7% Y/Y) imply stabilizing iPhone replacement cycles into FY27, assuming Apple's AI offerings are attractive enough to drive shipments despite potential like-for-like pricing increases for iPhone 18 family.



Source: Company data, Morgan Stanley Research estimates

Exhibit 5: What are the financial implications of Apple's AI re-introduction?



Source: Morgan Stanley Research

Exhibit 6: We estimate that Apple can collect $1-70B+ of annual revenue solely in the US from its Agentic AI efforts that facilitate household expenditures through Apple devices.

Apple's US Agentic Commerce Opportunity, 2028			
Agentic Commerce GMV Calculation	***"Base Case"***	***Low***	***High***
Number of US Households (K)	135,760	135,760	135,760
Average Annual Expenditures ($)	84,159	84,159	84,159
2028 US Total Household Expenditures ($B)	11,425	11,425	11,425
iPhone US Installed Base (% of Household)	70%	65%	75%
% of Household Expenditures As Apple AI's SAM	50%	36%	63%
Apple SAM ($B)	3,969	2,664	5,431
% of Expenditures (within the SAM) Thru Apple AI	15%	10%	20%
US Household Expenditures Captured by Agentic Siri ($B)	**595**	**266**	**1,086**

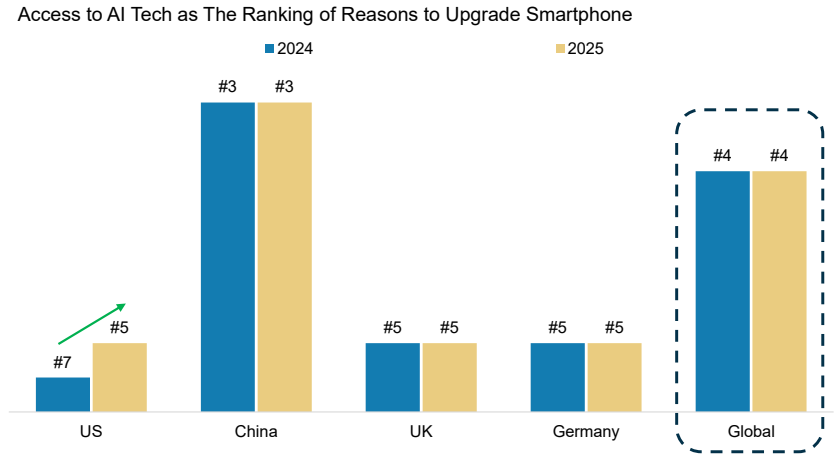
Take Rate Scenarios	***Annual Revs ($B)***	***Upside to FY28 Services Revs***
15bps (The standard fee Apple collects from Apple Pay)	1	1%
3% (The payment fee Apple collects on App Store)	18	12%
5%	30	19%
7%	42	27%
12% (Amazon's non-FBA commission rate)	71	46%

Source: Company data, Morgan Stanley Research estimates. Note: Average Annual Expenditures are inflation-adjusted from 2024 data.

Importantly, investor expectations for Apple's AI reboot remain relatively low. Based on our Survey work over the past 2 years, we would characterize consumer sentiment toward Apple Intelligence (and Apple's AI efforts more broadly) as moving from anticipation in September 2024 (driven by enthusiasm from WWDC 2024), to initial validation and adoption by March 2025, and ultimately to disappointment in late 2025. Importantly, consumers continue to view Gen AI as a key smartphone feature – generative AI ranks as the #4 reason in purchase or upgrade decisions (Exhibit 7) – but our survey data point to a steady deterioration in consumer perception of Apple Intelligence over the past 18-24 months. For context, Apple Intelligence fell from the #5 reason to upgrade in our 2024 Survey to #7 in our 2025 Survey (Exhibit 8), while the share of iPhone users willing to pay for a monthly Apple Intelligence subscription declined 10 points Y/Y, to 68%, in our 2025 Survey (Exhibit 9).

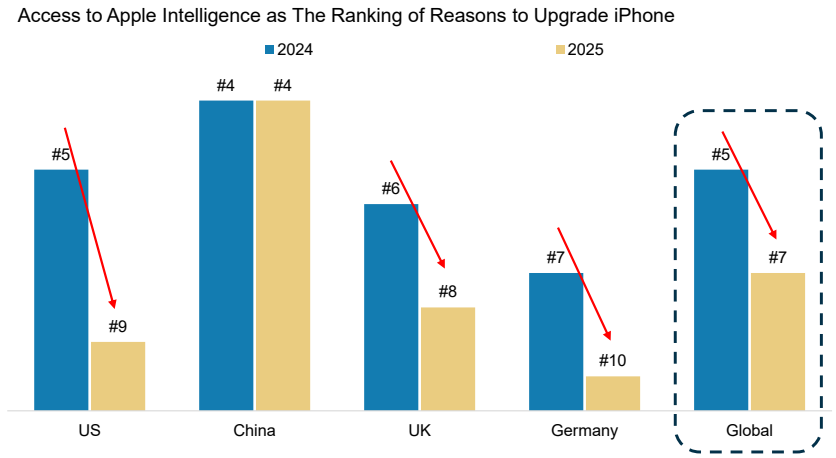
Investors that we've spoken to would generally agree that Apple is well positioned to act as an "AI distributor," leveraging its tightly integrated software, hardware, and silicon ecosystem as well as its large device installed base (1.5B+ iPhones exiting CY25). However, execution remains the primary concern. Taken together, we would characterize both consumer and investor expectations for WWDC 2026 as fairly low – and notably lower than heading into WWDC 2024 – making WWDC a critical catalyst to re-rate shares. For context, GOOGL now trades at 27.4x forward EPS, much higher than the T3Y average of 20.6x given improved fundamentals and greater AI confidence, highlighting the potential valuation re-rating that can come from improved AI execution shifting investor perception.

Exhibit 7: Smartphone owners in general (Apple + Android) continue to rank AI technologies as the #4 reason to upgrade, with the US actually showing Y/Y improvement in ranking.



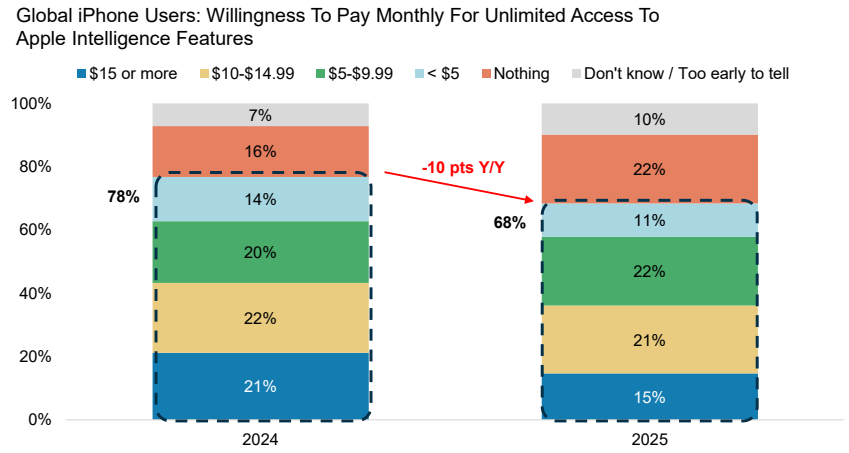
Source: AlphaWise, Morgan Stanley Research

Exhibit 8: Apple Intelligence ranked as the #7 reason to upgrade to an iPhone, with the US showing the most significant Y/Y deterioration in ranking.



Source: AlphaWise, Morgan Stanley Research

Exhibit 9: 68% of global iPhone owners are willing to pay to get unlimited access to Apple Intelligence, 10 points lower Y/Y.



Source: AlphaWise, Morgan Stanley Research

So what is the upside to our base case forecasts and valuation approach if WWDC 2026 is successful? (Exhibit 1) We are not changing our estimates or PT ahead of the event, but see three potential post-WWDC scenarios for Apple's valuation and earnings path. **Scenario 1 (30% probability):** Apple delivers incremental updates to Apple Intelligence and Siri, but stops short of meaningful progress on Agentic AI or providing a clear delivery timeline, keeping the status quo intact. **Scenario 2 (65% probability):** Apple offers more concrete Agentic AI use cases and demonstrates upgraded AI capabilities leveraging its privacy-focused hybrid AI architecture, alongside greater visibility into feature rollout timing, allowing for investors to embed *some* future AI monetization across Hardware and Services. **Scenario 3 (5% probability):** Apple delivers everything in Scenario 2 and more, allowing investors to "dream the dream" for Apple's AI monetization positioning within the broader AI debate.

Under Scenario 1, we would expect shares to reach $330 (our current PT), implying $10-10.50 of FY27 earnings power (supported by stable iPhone replacement cycles and Services growth) at a 30-31x P/E. Under Scenario 2, shares could move toward $365-385, implying $10.50-11 of FY27 earnings power (underpinned by modestly faster iPhone upgrades and incremental contributions from non-iPhone hardware and Services) and a 35x P/E. Under Scenario 3, shares could reach $385-440, implying $11+ of FY27 earnings power (driven by continued replacement-cycle contraction over the next 18 months and meaningfully faster Services growth) at a 35-40x P/E.

Is now the most exciting time for Apple in 20+ years? It could be – with multiple TAM-expanding offerings likely to come beyond WWDC, under the leadership of a new CEO. We view WWDC 2026 as a positive near-term catalyst for the stock, with AI success increasingly narrative-changing, even for a ~$4.5T company. But looking beyond WWDC, we see multiple paths to TAM-expanding opportunities as well: (1) the September iPhone launch, where pricing dynamics and the introduction of a Foldable iPhone will be key, (2) the rollout of iOS 27 toward the end of CY26 as an important checkpoint on Apple's AI platform, (3) the launch of new AI-enabled

wearables (including camera-equipped AirPods, smart glasses, and an AI pendant) later this year and into early 2027, (4) the introduction of a new smart-home product family (e.g., smart display, security camera, and tabletop device) potentially in C1H27, and (5) the 20th anniversary iPhone launch in C2H27. Apple's incoming CEO John Ternus, has publicly stated that "*this is the most exciting time in my 25-year career at Apple*," a sentiment we would agree with. That said, execution is key, and we will continue to monitor risks such as memory costs, geopolitics, slowing App Store growth, and competition going forward.

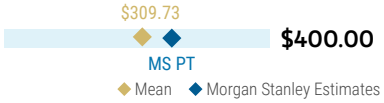
Risk Reward – Apple, Inc. (AAPL.O)

More Near-Term Cost Uncertainties Before a Catalyst-Laden 2H

PRICE TARGET $330.00

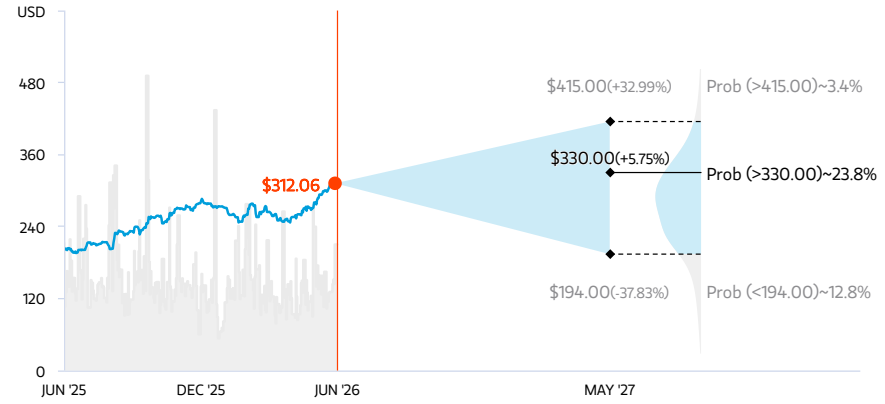
Our $330 PT is based an 8.3x EV/Sales FY27 multiple, which is derived from a regression of tech and consumer platform peers. Our price target implies ~32x P/E on $10.23 FY27 EPS.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



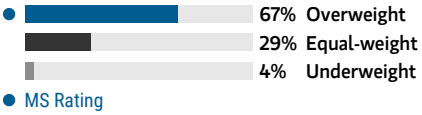
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 29 May 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

With the most elongated iPhone replacement cycles, new AI features rolling out around the world, and a renewed focus on device form factor changes, we believe Apple can accelerate iPhone growth starting in FY26, with replacement cycles peaking as aged installed base starts to upgrade. When combined with consistent, double digit services growth and moderate operating leverage, we believe Apple can earn $8.89 in FY26 and $10.23 by FY27. Memory cost dynamic could create uncertainties in the near term. Longer-term, investments in AI, payments, cloud, health, and home, and long runway to grow spend per user from $1/day today are key arguments for sustained long-term growth and value creation.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Disruption:	*Positive*
New Data Era:	*Positive*
Pricing Power:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $415.00

10.9x EV/Sales FY27; 39.1x Bull FY27 P/E of $10.60

iPhone replacement cycles accelerate in FY26/FY27 with Robotics as an long-term upside. Consumer demand returns, and stronger than expected iPhone 17 upgrade intentions + mix shift to higher end iPhones drives mid-teens Y/Y iPhone revenue growth, while rising component costs are mitigated given Apple's bargaining power against consumers and the supply chain. Our bull case valuation implies a 39.1x P/E multiple on FY27 Bull EPS, which embeds $22 per share of upside from its Robotics efforts.

BASE CASE $330.00

8.3x EV/Sales FY27 or ~32x FY27 EPS of $10.23

Services and margins remain resilient, while investors start to expect stronger iPhone cycles ahead. Revenue grows 14% Y/Y in FY27, driven by 10%+ Services growth and mid-teens % Products growth. GM may contract Y/Y in FY27 driven by higher Product revenue mix and memory costs, while Apple leverages the supply chain and repricing to mitigate the cost impact. The iPhone replacement cycle are peaking and create pent up demand for upgrades in FY27.

BEAR CASE $194.00

6.3x EV/Sales FY27; 24.6x FY27 Bear EPS of $7.89

iPhone 17 cycle disappoints as consumer spending weakens more than expected amidst synthetic price increases. Growth slows further across the portfolio as discretionary income is pressured by hard landing, leading to just LSD of Product rev growth and decelerating Services rev growth in FY26. With revenue slightly growing but margin contracting, FY26 EPS will only grow MSD to ~$7.36. Our bear case valuation implies a 24.6x FY27 P/E, below T5Y avg of 26.0x due to plateauing Services profit mix.

Risk Reward – Apple, Inc. (AAPL.O)

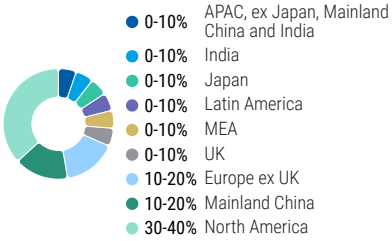
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
Total Revenue Growth (Y/Y) (%)	6.4	16.6	14.1	5.5
iPhone Revenue Growth (Y/Y) (%)	4.2	23.6	18.6	3.9
Services Revenue Growth (Y/Y) (%)	13.5	14.0	11.6	10.2
Gross Margin (%)	46.9	48.0	47.6	47.9
EPS Growth (Y/Y) (%)	10.6	19.1	15.1	6.7

INVESTMENT DRIVERS

- Positive iPhone build revisions / clearer signs of accelerating replacement cycles
- Services revenue growth reacceleration
- Apple Intelligence feature and distribution expansion
- New product launches in home, health and AI

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	1/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- iPhone 17 outperforms expectations
- Apple Intelligence adoption surprises to the upside
- Apple pulls forward form factor changes
- Services growth re-accelerates despite tougher compares
- Gross margins surprise positively

RISKS TO DOWNSIDE

- Weak consumer spending limits iPhone upgrade rates
- Higher memory input costs
- Limited progress on AI features
- Geopolitical tensions
- Increased regulation, particularly with App Store

OWNERSHIP POSITIONING

Inst. Owners, % Active	47.5%
HF Sector Long/Short Ratio	2x
HF Sector Net Exposure	25.3%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Sep 2027e

Sales / Revenue ($, mm)
◆ 553,714
Note: There are not sufficient brokers supplying consensus data for this metric

EBITDA ($, mm)
◆ 191,143
Note: There are not sufficient brokers supplying consensus data for this metric

Net income ($, mm)
◆ 148,582
Note: There are not sufficient brokers supplying consensus data for this metric

EPS ($)
◆ 10.23
Note: There are not sufficient brokers supplying consensus data for this metric

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Apple (AAPL) Financial Model

Exhibit 10: Apple Income Statement

	2025A				2026E				2027E				Fiscal Year				
($ in millions)	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	2024A	2025A	2026E	2027E	2028E
Revenues	**124,300**	**95,359**	**94,036**	**102,466**	**143,756**	**111,184**	**108,714**	**121,542**	**150,033**	**134,075**	**134,217**	**135,389**	**391,035**	**416,161**	**485,195**	**553,714**	**584,210**
iPhone	69,138	46,841	44,582	49,025	85,269	56,994	54,162	62,580	85,657	75,127	74,683	71,743	201,183	209,586	259,005	307,210	319,172
iPad	8,088	6,402	6,581	6,952	8,595	6,914	6,847	7,891	9,222	7,330	7,305	7,898	26,694	28,023	30,247	31,755	32,419
Mac	8,987	7,949	8,046	8,726	8,386	8,399	8,839	9,702	9,529	9,151	9,292	10,500	29,984	33,708	35,326	38,471	40,030
Wearables, Home and Accessories	11,747	7,522	7,404	9,013	11,493	7,901	7,796	9,041	12,103	7,886	8,214	9,241	37,005	35,686	36,231	37,445	39,608
Services	26,340	26,645	27,423	28,750	30,013	30,976	31,070	32,328	33,522	34,581	34,722	36,007	96,169	109,158	124,388	138,832	152,981
Cost of Sales	**66,025**	**50,492**	**50,318**	**54,125**	**74,525**	**56,403**	**56,473**	**64,680**	**79,238**	**69,200**	**70,700**	**71,139**	**210,352**	**220,960**	**252,080**	**290,276**	**304,085**
Gross Profit	**58,275**	**44,867**	**43,718**	**48,341**	**69,231**	**54,781**	**52,241**	**56,862**	**70,796**	**64,875**	**63,517**	**64,250**	**180,683**	**195,201**	**233,115**	**263,438**	**280,125**
Gross Margin	*46.9%*	*47.1%*	*46.5%*	*47.2%*	*48.2%*	*49.3%*	*48.1%*	*46.8%*	*47.2%*	*48.4%*	*47.3%*	*47.5%*	*46.2%*	*46.9%*	*48.0%*	*47.6%*	*47.9%*
Operating Expenses	**15,443**	**15,278**	**15,516**	**15,914**	**18,379**	**18,896**	**19,079**	**19,629**	**21,305**	**21,586**	**21,920**	**22,339**	**57,467**	**62,151**	**75,983**	**87,150**	**93,583**
Research and Development	8,268	8,550	8,866	8,866	10,887	11,419	11,795	12,154	13,203	13,743	14,294	14,487	31,370	34,550	46,256	55,726	60,916
Selling, General and Administrative	7,175	6,728	6,650	7,048	7,492	7,477	7,284	7,475	8,102	7,843	7,626	7,853	26,097	27,601	29,728	31,424	32,667
Operating Income	**42,832**	**29,589**	**28,202**	**32,427**	**50,852**	**35,885**	**33,162**	**37,233**	**49,491**	**43,289**	**41,597**	**41,910**	**123,216**	**133,050**	**157,132**	**176,287**	**186,543**
PTOP Margin	*34.5%*	*31.0%*	*30.0%*	*31.6%*	*35.4%*	*32.3%*	*30.5%*	*30.6%*	*33.0%*	*32.3%*	*31.0%*	*31.0%*	*31.5%*	*32.0%*	*32.4%*	*31.8%*	*31.9%*
Total Interest & Other Income	**(248)**	**(279)**	**(171)**	**377**	**150**	**(52)**	**251**	**155**	**123**	**135**	**158**	**179**	**269**	**(321)**	**504**	**596**	**273**
Pretax Income	**42,584**	**29,310**	**28,031**	**32,804**	**51,002**	**35,833**	**33,413**	**37,389**	**49,614**	**43,424**	**41,755**	**42,089**	**123,485**	**132,729**	**157,636**	**176,883**	**186,816**
GAAP Income Tax Provision	6,254	4,530	4,597	5,338	8,905	6,255	5,680	5,982	7,938	6,948	6,681	6,734	29,749	20,719	26,822	28,301	29,891
Operating Tax Provision (excl one time tax ef	6,254	4,530	4,597	5,338	8,905	6,255	5,680	5,982	7,938	6,948	6,681	6,734	19,503	20,719	26,822	28,301	29,891
Effective Tax Rate	*14.7%*	*15.5%*	*16.4%*	*16.3%*	*17.5%*	*17.5%*	*17.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*15.8%*	*15.6%*	*17.0%*	*16.0%*	*16.0%*
Operating Net Income	**36,330**	**24,780**	**23,434**	**27,466**	**42,097**	**29,578**	**27,732**	**31,406**	**41,676**	**36,476**	**35,074**	**35,355**	**103,982**	**112,010**	**130,814**	**148,582**	**156,925**
Operating Net Income Margin	*29.2%*	*26.0%*	*24.9%*	*26.8%*	*29.3%*	*26.6%*	*25.5%*	*25.8%*	*27.8%*	*27.2%*	*26.1%*	*26.1%*	*26.6%*	*26.9%*	*27.0%*	*26.8%*	*26.9%*
Total Non-recurring Charges	-	-	-	-	-	-	-	-	-	-	-	-	**(10,246)**	-	-	-	-
GAAP Net Income	**36,330**	**24,780**	**23,434**	**27,466**	**42,097**	**29,578**	**27,732**	**31,406**	**41,676**	**36,476**	**35,074**	**35,355**	**93,736**	**112,010**	**130,814**	**148,582**	**156,925**
Fully-diluted EPS																	
EPS - ModelWare	**$2.40**	**$1.65**	**$1.57**	**$1.85**	**$2.84**	**$2.01**	**$1.89**	**$2.14**	**$2.86**	**$2.51**	**$2.42**	**$2.44**	**$6.75**	**$7.46**	**$8.89**	**$10.23**	**$10.92**
EPS - Reported	$2.40	$1.65	$1.57	$1.85	$2.84	$2.01	$1.89	$2.14	$2.86	$2.51	$2.42	$2.44	$6.08	$7.46	$8.89	$10.23	$10.92
EPS - ModelWare excl. Stock Option Expe	$2.61	$1.86	$1.78	$2.06	$3.09	$2.25	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Dividend Payment	3,856	3,758	3,945	3,862	3,921	3,822	4,057	3,981	4,043	3,952	4,208	4,131	15,234	15,421	15,780	16,334	16,974
Dividend Per Share	$0.25	$0.25	$0.26	$0.26	$0.26	$0.26	$0.28	$0.27	$0.28	$0.27	$0.29	$0.29	$0.99	$1.03	$1.08	$1.13	$1.18
Period Ending Outstanding Shares	15,040.7	14,939.3	14,856.7	14,773.3	14,702.7	14,667.7	14,613.0	14,567.5	14,523.7	14,481.4	14,440.7	14,401.5	15,116.8	14,773.3	14,567.5	14,401.5	14,268.8
Avg Shares (Basic)	15,081.7	14,994.1	14,902.9	14,815.3	14,748.2	14,673.3	14,640.3	14,590.2	14,545.6	14,502.5	14,461.1	14,421.1	15,343.8	14,948.5	14,663.0	14,482.6	14,332.7
Avg Shares (Fully Diluted)	15,150.9	15,056.1	14,948.2	14,863.6	14,810.4	14,725.9	14,692.9	14,642.8	14,587.6	14,544.5	14,503.1	14,463.1	15,408.1	15,004.7	14,718.0	14,524.6	14,374.7

Source: Company data, Morgan Stanley Research estimates

Exhibit 11: Apple Income Statement Analysis

	2025A				2026E				2027E				Fiscal Year				
($ in millions)	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	2024A	2025A	2026E	2027E	2028E
Margin Analysis																	
Gross Margin	**46.9%**	**47.1%**	**46.5%**	**47.2%**	**48.2%**	**49.3%**	**48.1%**	**46.8%**	**47.2%**	**48.4%**	**47.3%**	**47.5%**	**46.2%**	**46.9%**	**48.0%**	**47.6%**	**47.9%**
Product	39.3%	35.9%	34.5%	36.2%	40.7%	38.7%	36.7%	36.1%	38.6%	38.2%	36.9%	36.7%	37.2%	36.8%	38.2%	37.6%	37.3%
iPhone	42.8%	39.3%	37.4%	40.0%	44.5%	43.0%	41.0%	40.0%	42.5%	41.8%	40.0%	40.3%	40.6%	40.2%	42.4%	41.2%	40.5%
iPad	29.7%	27.5%	26.8%	26.8%	28.0%	28.0%	25.5%	26.0%	27.0%	26.0%	27.0%	27.0%	28.6%	27.8%	26.9%	26.8%	27.7%
Mac	32.3%	28.5%	30.0%	30.0%	31.0%	28.0%	26.0%	26.0%	27.0%	26.8%	26.8%	27.1%	30.3%	30.3%	27.7%	26.9%	28.6%
Wearables, Home and Accessories	30.8%	29.9%	28.9%	28.9%	28.8%	28.3%	28.5%	29.0%	28.5%	28.5%	28.5%	28.5%	30.6%	29.7%	28.7%	28.5%	28.8%
Services	75.0%	75.7%	75.6%	75.3%	76.5%	76.7%	76.5%	76.2%	77.2%	77.8%	77.3%	77.1%	73.9%	75.4%	76.5%	77.3%	77.8%
R&D	6.7%	9.0%	9.4%	8.7%	7.6%	10.3%	10.9%	10.0%	8.8%	10.3%	10.7%	10.7%	8.0%	8.3%	9.5%	10.1%	10.4%
SG&A	5.8%	7.1%	7.1%	6.9%	5.2%	6.7%	6.7%	6.2%	5.4%	5.9%	5.7%	5.8%	6.7%	6.6%	6.1%	5.7%	5.6%
Operating Expenses	12.4%	16.0%	16.5%	15.5%	12.8%	17.0%	17.6%	16.2%	14.2%	16.1%	16.3%	16.5%	14.7%	14.9%	15.7%	15.7%	16.0%
EBITDA Margin	36.9%	33.8%	33.0%	34.7%	37.6%	35.4%	33.9%	33.6%	35.4%	35.0%	33.8%	33.7%	34.4%	34.8%	35.3%	34.5%	34.6%
PTOP Margin	34.5%	31.0%	30.0%	31.6%	35.4%	32.3%	30.5%	30.6%	33.0%	32.3%	31.0%	31.0%	31.5%	32.0%	32.4%	31.8%	31.9%
Pretax Margin	34.3%	30.7%	29.8%	32.0%	35.5%	32.2%	30.7%	30.8%	33.1%	32.4%	31.1%	31.1%	31.6%	31.9%	32.5%	31.9%	32.0%
Net Income	29.2%	26.0%	24.9%	26.8%	29.3%	26.6%	25.5%	25.8%	27.8%	27.2%	26.1%	26.1%	26.6%	26.9%	27.0%	26.8%	26.9%
Year-Over-Year Growth (%)																	
Revenue	**4%**	**5%**	**10%**	**8%**	**16%**	**17%**	**16%**	**19%**	**4%**	**21%**	**23%**	**11%**	**2%**	**6%**	**17%**	**14%**	**6%**
iPhone	-1%	2%	13%	6%	23%	22%	21%	28%	0%	32%	38%	15%	0%	4%	24%	19%	4%
iPad	15%	15%	-8%	0%	6%	8%	4%	14%	7%	6%	7%	0%	-6%	5%	8%	5%	2%
Mac	16%	7%	15%	13%	-7%	6%	10%	11%	14%	9%	5%	8%	2%	12%	5%	9%	4%
Wearables, Home and Accessories	-2%	-5%	-9%	0%	-2%	5%	5%	0%	5%	0%	5%	2%	-7%	-4%	2%	3%	6%
Services	14%	12%	13%	15%	14%	16%	13%	12%	12%	12%	12%	11%	13%	14%	14%	12%	10%
Gross Margin	**6%**	**6%**	**10%**	**10%**	**19%**	**22%**	**19%**	**18%**	**2%**	**18%**	**22%**	**13%**	**7%**	**8%**	**19%**	**13%**	**6%**
iPhone	0%	0%	10%	7%	28%	33%	33%	28%	-4%	28%	35%	15%	1%	3%	30%	15%	2%
iPad	14%	13%	-12%	-5%	0%	10%	-1%	10%	3%	-2%	13%	4%	-3%	2%	5%	4%	6%
Mac	17%	4%	15%	13%	-10%	4%	-5%	-4%	-1%	4%	8%	13%	5%	12%	-4%	6%	11%
Wearables, Home and Accessories	-5%	-4%	-12%	-4%	-8%	-1%	4%	1%	4%	1%	5%	0%	-5%	-6%	-2%	3%	7%
Services	17%	13%	16%	17%	16%	18%	15%	14%	13%	13%	13%	13%	18%	16%	16%	13%	11%
R&D	**7%**	**8%**	**11%**	**14%**	**32%**	**34%**	**33%**	**37%**	**21%**	**20%**	**21%**	**19%**	**5%**	**10%**	**34%**	**20%**	**9%**
SG&A	**6%**	**4%**	**5%**	**8%**	**4%**	**11%**	**10%**	**6%**	**8%**	**5%**	**5%**	**5%**	**5%**	**6%**	**8%**	**6%**	**4%**
Operating Expenses	**7%**	**6%**	**8%**	**11%**	**19%**	**24%**	**23%**	**23%**	**16%**	**14%**	**15%**	**14%**	**5%**	**8%**	**22%**	**15%**	**7%**
PTOP Margin	6%	6%	11%	10%	19%	21%	18%	15%	-3%	21%	25%	13%	8%	8%	18%	12%	6%
Pretax Margin	6%	4%	10%	11%	20%	22%	19%	14%	-3%	21%	25%	13%	9%	7%	19%	12%	6%
Net Income	7%	5%	9%	10%	16%	19%	18%	14%	-1%	23%	26%	13%	7%	8%	17%	14%	6%
ModelWare EPS	**10%**	**8%**	**12%**	**13%**	**19%**	**22%**	**20%**	**16%**	**1%**	**25%**	**28%**	**14%**	**10%**	**11%**	**19%**	**15%**	**7%**
Sequential Growth (%)																	
Revenue	**31%**	**-23%**	**-1%**	**9%**	**40%**	**-23%**	**-2%**	**12%**	**23%**	**-11%**	**0%**	**1%**					
iPhone	50%	-32%	-5%	10%	74%	-33%	-5%	16%	37%	-12%	-1%	-4%					
iPad	16%	-21%	3%	6%	24%	-20%	-1%	15%	17%	-21%	0%	8%					
Mac	16%	-12%	1%	8%	-4%	0%	5%	10%	-2%	-4%	2%	13%					
Wearables, Home and Accessories	30%	-36%	-2%	22%	28%	-31%	-1%	16%	34%	-35%	4%	12%					
Services	5%	1%	3%	5%	4%	3%	0%	4%	4%	3%	0%	4%					
Gross Margin	**33%**	**-23%**	**-3%**	**11%**	**43%**	**-21%**	**-5%**	**9%**	**25%**	**-8%**	**-2%**	**1%**					
iPhone	61%	-38%	-9%	18%	93%	-35%	-9%	13%	45%	-14%	-5%	-3%					
iPad	23%	-27%	0%	6%	29%	-20%	-10%	18%	21%	-23%	3%	8%					
Mac	25%	-22%	7%	8%	-1%	-10%	-2%	10%	2%	-5%	2%	14%					
Wearables, Home and Accessories	33%	-38%	-5%	22%	27%	-33%	-1%	18%	32%	-35%	4%	12%					
Services	7%	2%	3%	4%	6%	3%	0%	4%	5%	4%	0%	3%					
R&D	6%	3%	4%	0%	23%	5%	3%	3%	9%	4%	4%	1%					
SG&A	10%	-6%	-1%	6%	6%	0%	-3%	3%	8%	-3%	-3%	3%					
Operating Expenses	**8%**	**-1%**	**2%**	**3%**	**15%**	**3%**	**1%**	**3%**	**9%**	**1%**	**2%**	**2%**					
PTOP Margin	45%	-31%	-5%	15%	57%	-29%	-8%	12%	33%	-13%	-4%	1%					
Pretax Margin	44%	-31%	-4%	17%	55%	-30%	-7%	12%	33%	-12%	-4%	1%					
Net Income	45%	-32%	-5%	17%	53%	-30%	-6%	13%	33%	-12%	-4%	1%					
ModelWare EPS	**46%**	**-31%**	**-5%**	**18%**	**54%**	**-29%**	**-6%**	**14%**	**33%**	**-12%**	**-4%**	**1%**					
Revenue Mix																	
iPhone	56%	49%	47%	48%	59%	51%	50%	51%	57%	56%	56%	53%	51%	50%	53%	55%	55%
iPad	7%	7%	7%	7%	6%	6%	6%	6%	6%	5%	5%	6%	7%	7%	6%	6%	6%
Mac	7%	8%	9%	9%	6%	8%	8%	8%	6%	7%	7%	8%	8%	8%	7%	7%	7%
Wearables, Home and Accessories	9%	8%	8%	9%	8%	7%	7%	7%	8%	6%	6%	7%	9%	9%	7%	7%	7%
Services	21%	28%	29%	28%	21%	28%	29%	27%	22%	26%	26%	27%	25%	26%	26%	25%	26%

Source: Company data, Morgan Stanley Research estimates

Exhibit 12: Apple Balance Sheet

($ in millions)	2025A				2026E				2027E				Fiscal Year				
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	2024A	2025A	2026E	2027E	2028E
Assets																	
Current Assets:																	
Cash and cash equivalents	30,299	28,162	36,269	35,934	45,317	45,572	57,249	64,758	76,549	99,614	120,188	120,263	29,943	35,934	64,758	120,263	164,573
Short-term investments	111,069	104,760	96,717	96,486	99,478	101,023	101,023	101,023	101,023	101,023	101,023	101,023	126,707	96,486	101,023	101,023	101,023
Accounts receivable	29,639	26,136	27,557	39,777	39,921	30,339	35,840	46,239	35,878	37,243	41,298	47,092	33,410	39,777	46,239	47,092	38,772
Inventories	6,911	6,269	5,925	5,718	5,875	6,747	6,826	8,436	8,613	8,458	8,546	9,279	7,286	5,718	8,436	9,279	7,805
Deferred tax assets	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546	5,546
Other current assets	37,369	32,225	28,091	42,219	39,855	32,975	30,045	44,642	42,634	34,829	31,664	47,429	41,574	42,219	44,642	47,429	51,192
Total Current Assets	**220,833**	**203,098**	**200,105**	**225,680**	**235,992**	**222,202**	**236,529**	**270,644**	**270,242**	**286,713**	**308,265**	**330,632**	**244,466**	**225,680**	**270,644**	**330,632**	**368,910**
Property, Plant & Equipment, ne	46,069	46,876	48,508	49,834	50,159	50,116	49,412	48,770	48,371	47,965	47,969	48,267	45,680	49,834	48,770	48,267	52,257
Acquired Intangible Assets	29,043	30,577	31,188	31,506	35,050	37,164	36,502	35,884	35,307	34,768	34,265	33,796	28,160	31,506	35,884	33,796	32,045
Other assets	48,140	50,682	51,694	52,221	58,096	61,600	56,863	57,443	63,905	67,760	62,550	63,188	46,674	52,221	57,443	63,188	69,506
Non-current debt and equity inve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fixed Assets	**123,252**	**128,135**	**131,390**	**133,561**	**143,305**	**148,880**	**142,777**	**142,097**	**147,583**	**150,493**	**144,784**	**145,250**	**120,514**	**133,561**	**142,097**	**145,250**	**153,808**
Total Assets	**344,085**	**331,233**	**331,495**	**359,241**	**379,297**	**371,082**	**379,307**	**412,741**	**417,825**	**437,206**	**453,049**	**475,882**	**364,980**	**359,241**	**412,741**	**475,882**	**522,718**
Liabilities																	
Current Liabilities:																	
Accounts payable	61,910	54,126	50,374	69,860	70,587	57,349	57,714	80,850	68,902	73,044	71,477	88,924	68,960	69,860	80,850	88,924	81,956
Accrued expenses	69,612	70,825	71,478	75,442	77,956	66,985	75,006	79,345	80,150	83,930	91,419	87,423	86,553	75,442	79,345	87,423	87,262
Current Debt	12,843	19,620	19,268	20,329	13,824	10,307	10,307	10,307	10,307	10,307	10,307	10,307	20,879	20,329	10,307	10,307	10,307
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	**144,365**	**144,571**	**141,120**	**165,631**	**162,367**	**134,641**	**143,026**	**170,501**	**159,359**	**167,282**	**173,203**	**186,654**	**176,392**	**165,631**	**170,501**	**186,654**	**179,525**
Non-Current Liabilities																	
Long-term debt	83,956	78,566	82,430	78,328	76,685	74,404	74,404	74,404	74,404	74,404	74,404	74,404	85,750	78,328	74,404	74,404	74,404
Deferred revenue - non-curren	3,199	2,747	2,851	2,731	3,457	3,772	3,207	3,011	2,940	3,209	3,598	3,090	2,960	2,731	3,011	3,090	3,025
Deferred tax liabilities	44,957	37,703	38,414	37,968	47,748	50,924	50,924	50,924	50,924	50,924	50,924	50,924	42,078	37,968	50,924	50,924	50,924
Other non-current liabilities	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850
Total Non-Current Liabilities	**132,962**	**119,866**	**124,545**	**119,877**	**128,740**	**129,950**	**129,385**	**129,189**	**129,118**	**129,387**	**129,776**	**129,268**	**131,638**	**119,877**	**129,189**	**129,268**	**129,203**
Total Liabilities	**277,327**	**264,437**	**265,665**	**285,508**	**291,107**	**264,591**	**272,411**	**299,690**	**288,477**	**296,668**	**302,979**	**315,922**	**308,030**	**285,508**	**299,690**	**315,922**	**308,728**
Series A preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Shareholder's Equity	**66,758**	**66,796**	**65,830**	**73,733**	**88,190**	**106,491**	**106,895**	**113,051**	**129,348**	**140,537**	**150,070**	**159,960**	**56,950**	**73,733**	**113,051**	**159,960**	**213,990**
Total Liabilities and Shareholde	**344,085**	**331,233**	**331,495**	**359,241**	**379,297**	**371,082**	**379,307**	**412,741**	**417,825**	**437,206**	**453,049**	**475,882**	**364,980**	**359,241**	**412,741**	**475,882**	**522,718**

Source: Company data, Morgan Stanley Research estimates

Exhibit 13: Apple Statement of Cash Flows

($ in millions)	2025A				2026E				2027E				Fiscal Year				
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	2024A	2025A	2026E	2027E	2028E
Cash Flow Statement (Non Cumulative)																	
Operating activities:																	
Net Income / (Loss)	**36,330**	**24,780**	**23,434**	**27,466**	**42,097**	**29,578**	**27,732**	**31,406**	**41,676**	**36,476**	**35,074**	**35,355**	**93,736**	**112,010**	**130,814**	**148,582**	**156,925**
Cumulative effect of accounting change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to reconcile net income:	-	-	-	-	-	-											
Depreciation & Amortization	3,080	2,661	2,830	3,127	3,214	3,439	3,645	3,646	3,673	3,696	3,726	3,761	11,445	11,698	13,943	14,856	15,827
Stock based compensation expense	3,286	3,226	3,168	3,183	3,594	3,528	-	-	-	-	-	-	11,688	12,863	7,122	-	-
Provision for (benefit from) deferred inc	(2,009)	(208)	469	1,659	(528)	(1,189)	-	-	-	-	-	-	(2,266)	(89)	(1,717)	-	-
Gain on non-current investments, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on short-term investments, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized loss on conv. securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In-Process R&D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax benefit from ESO	-	-	-	-	-	-	699	699	633	633	633	633	-	-	1,398	2,532	1,937
Changes in Operating Assets and Liabilities:																	
Accounts receivable	3,597	3,669	(1,581)	(12,367)	(153)	9,448	(5,501)	(10,399)	10,361	(1,366)	(4,054)	(5,794)	(3,788)	(6,682)	(6,605)	(853)	8,320
Inventories	215	643	365	177	(211)	(873)	(79)	(1,610)	(176)	155	(88)	(733)	(1,046)	1,400	(2,773)	(843)	1,474
Other current assets	3,166	6,005	4,384	(13,902)	2,781	7,227	2,930	(14,597)	2,008	7,805	3,165	(15,765)	(11,731)	(347)	(1,659)	(2,787)	(3,763)
Other assets	939	(5,310)	(1,745)	(3,081)	(10,250)	(4,079)	4,736	(580)	(6,462)	(3,854)	5,210	(638)	(1,356)	(9,197)	(10,172)	(5,744)	(6,319)
Accounts payable	(6,671)	(7,933)	(3,875)	19,381	848	(13,145)	365	23,136	(11,947)	4,142	(1,567)	17,447	6,020	902	11,204	8,074	(6,968)
Deferred revenue	-	-	-	-	-	-	(565)	(196)	(71)	269	390	(508)	-	-	(761)	79	(65)
Accrued restructuring costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	(11,998)	(3,581)	418	4,085	12,533	(5,232)	8,021	4,339	806	3,780	7,489	(3,996)	15,552	(11,076)	19,661	8,079	(161)
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by Operating Activities	**29,935**	**23,952**	**27,867**	**29,728**	**53,925**	**28,702**	**41,983**	**35,844**	**40,500**	**51,737**	**49,976**	**29,761**	**118,254**	**111,482**	**160,454**	**171,974**	**167,208**
Investing activities:																	
Purchase of short-term investments	(6,124)	(6,318)	(5,149)	(6,816)	(12,693)	(19,739)	-	-	-	-	-	-	(48,656)	(24,407)	(32,432)	-	-
Proceeds from maturities of short-term inv	15,967	10,620	8,449	5,871	7,510	11,181	-	-	-	-	-	-	51,211	40,907	18,691	-	-
Proceeds from sales of short-term investm	3,492	1,718	5,575	2,105	2,824	5,791	-	-	-	-	-	-	11,135	12,890	8,615	-	-
Purchases of long-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Proceeds from sale of PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of PP&E	(2,940)	(3,071)	(3,462)	(3,242)	(2,373)	(1,971)	(2,279)	(2,385)	(2,698)	(2,751)	(3,227)	(3,589)	(9,447)	(12,715)	(9,008)	(12,265)	(18,066)
Cash paid for acquisition of technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of ARM shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(603)	(32)	(340)	(505)	(154)	(1,430)	-	-	-	-	-	-	(1,308)	(1,480)	(1,584)	-	-
Net cash used in investing activities	**9,792**	**2,917**	**5,073**	**(2,587)**	**(4,886)**	**(6,168)**	**(2,279)**	**(2,385)**	**(2,698)**	**(2,751)**	**(3,227)**	**(3,589)**	**2,935**	**15,195**	**(15,718)**	**(12,265)**	**(18,066)**
Financing activities:																	
Proceeds from issuance of common stock	-	-	-	-	-	-	30	31	31	32	33	34	-	-	61	130	141
Excess tax benefits from stock-based com	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid related to net share settlement	(2,921)	(284)	(2,514)	(241)	(2,922)	(330)	-	-	-	-	-	-	(5,441)	(5,960)	(3,252)	-	-
Dividends and dividend equivalent rights p	(3,856)	(3,758)	(3,945)	(3,862)	(3,921)	(3,822)	(4,057)	(3,981)	(4,043)	(3,952)	(4,208)	(4,131)	(15,234)	(15,421)	(15,780)	(16,334)	(16,974)
Repurchase of common stock	(23,606)	(25,898)	(21,075)	(20,132)	(24,701)	(12,288)	(24,000)	(22,000)	(22,000)	(22,000)	(22,000)	(22,000)	(94,949)	(90,711)	(82,989)	(88,000)	(88,000)
Increase (decrease) in long-term borrowing	(1,009)	1,009	4,481	-	(2,164)	2,164	-	-	-	-	-	-	-	4,481	-	-	-
Increase (decrease) in notes payable to ba	(7,979)	(75)	(1,780)	(3,241)	(5,948)	(8,003)	-	-	-	-	-	-	(6,359)	(13,075)	(13,951)	-	-
Net Cash used in Financing Activities	**(39,371)**	**(29,006)**	**(24,833)**	**(27,476)**	**(39,656)**	**(22,279)**	**(28,027)**	**(25,950)**	**(26,012)**	**(25,920)**	**(26,175)**	**(26,098)**	**(121,983)**	**(120,686)**	**(115,912)**	**(104,204)**	**(104,832)**
Increase/(decrease) in Cash and Cash Equ	**356**	**(2,137)**	**8,107**	**(335)**	**9,383**	**255**	**11,677**	**7,509**	**11,791**	**23,065**	**20,573**	**75**	**(794)**	**5,991**	**28,824**	**55,505**	**44,310**
Adjustments for restatements	-	-	-	-	-	-	-	-	-	-	-	-	772	-	-	-	-
Cash and Cash Equivalents at Beginning of P	29,943	30,299	28,162	36,269	35,934	45,317	45,572	57,249	64,758	76,549	99,614	120,188	29,965	29,943	35,934	64,758	120,263
Cash and Cash Equivalents at End of Peri	**30,299**	**28,162**	**36,269**	**35,934**	**45,317**	**45,572**	**57,249**	**64,758**	**76,549**	**99,614**	**120,188**	**120,263**	**29,943**	**35,934**	**64,758**	**120,263**	**164,573**

Source: Company data, Morgan Stanley Research estimates

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of May 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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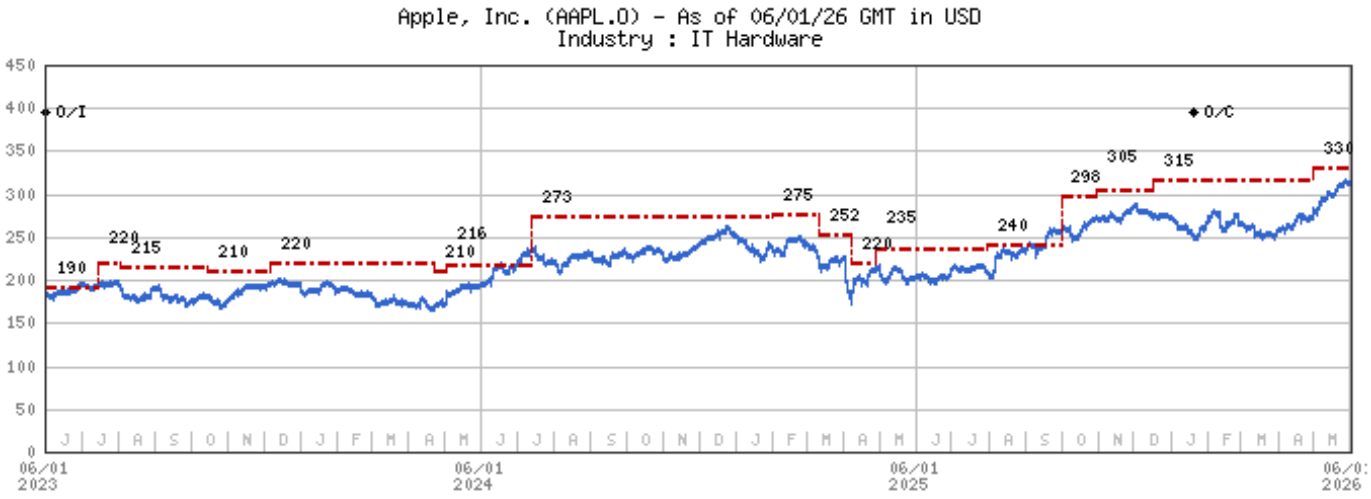
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 6/1/21 : O/A; 6/10/21 : O/I; 10/5/21 : O/C; 1/18/23 : O/I; 1/20/26 : O/C

Price Target History: 4/28/21 : 161; 6/23/21 : 162; 7/14/21 : 166; 7/27/21 : 168; 10/26/21 : 166; 10/28/21 : 164; 12/7/21 : 200; 1/27/22 : 210; 4/28/22 : 195; 6/14/22 : 185; 7/19/22 : 180; 10/17/22 : 177; 11/7/22 : 175; 3/3/23 : 180; 5/4/23 : 185; 6/1/23 : 190; 7/16/23 : 220; 8/3/23 : 215; 10/15/23 : 210; 12/7/23 : 220; 4/22/24 : 210; 5/3/24 : 216; 7/14/24 : 273; 1/31/25 : 275; 3/12/25 : 252; 4/8/25 : 220; 4/28/25 : 235; 7/31/25 : 240; 10/1/25 : 298; 10/31/25 : 305; 12/17/25 : 315; 5/1/26 : 330

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: IT Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/29/2026)
Erik W Woodring		
Apple, Inc. (AAPL.O)	O (05/26/2009)	$312.06
CDW Corporation (CDW.O)	E (01/20/2026)	$125.45
Cricut Inc (CRCT.O)	U (08/12/2021)	$4.15
Dell Technologies Inc. (DELL.N)	U (11/16/2025)	$420.91
Everpure, Inc. (P.N)	E (06/11/2024)	$79.51
Garmin Ltd (GRMN.N)	E (02/18/2026)	$233.92
GoPro Inc (GPRO.O)	U (12/12/2023)	$1.25
Hewlett Packard Enterprise (HPE.N)	E (11/16/2025)	$43.04
HP Inc. (HPQ.N)	U (11/16/2025)	$27.04
IBM (IBM.N)	E (01/18/2023)	$297.80
Ingram Micro (INGM.N)	E (06/11/2025)	$28.25
Kornit Digital Ltd. (KRNT.O)	E (11/06/2025)	$16.13
Logitech International SA (LOGI.O)	U (01/20/2026)	$121.87
NetApp Inc (NTAP.O)	U (01/20/2026)	$174.29
Resideo Technologies Inc (REZI.N)	O (08/11/2025)	$31.27
Seagate Technology (STX.O)	O (03/26/2024)	$879.80
SmartRent, Inc. (SMRT.N)	++	$1.26
Sonos Inc. (SONO.O)	E (11/06/2025)	$15.78
TD Synnex Corporation (SNX.N)	O (06/11/2025)	$261.28
Teradata (TDC.N)	O (04/08/2025)	$34.05
Western Digital (WDC.O)	O (04/16/2025)	$531.21
Sanjit K Singh		
Nutanix Inc (NTNX.O)	E (01/12/2026)	$52.07

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