

Apple (AAPL)

Price at analysis: 281.82 USD · Tier: Pro · 2026-07-07

6.4 / 10

Hold

Apple remains a best-in-class compounder with an unrivaled ecosystem, but a 34x trailing P/E already prices in flawless execution, leaving limited near-term upside.

P/E (forward)	Revenue Growth	Free Cash Flow	ROE	Operating Margin	Dividend Yield
29.3	16.6%	\$101.1B	141.5%	32.3%	0.38%

Company

Apple designs and sells premium consumer hardware — iPhone, Mac, iPad, and wearables — tightly integrated with a fast-growing, high-margin Services layer spanning the App Store, iCloud, Apple Pay, and advertising. Its roughly 2.3 billion active-device installed base and unmatched brand loyalty create durable switching costs and pricing power. Key competitors include Samsung and Chinese OEMs (Xiaomi, Huawei) in hardware, and Google, Microsoft, and Amazon across software, cloud, and services.

↑ Bull case

A vast, sticky installed base drives an ever-larger, high-margin Services annuity while AI features spark a hardware upgrade supercycle.

- Services revenue carries gross margins well above the 47.9% blended level, steadily lifting overall profitability and earnings quality.
- \$101B in annual free cash flow funds aggressive buybacks that shrink the share count and compound EPS, supporting the 21.8% earnings growth.
- Apple Intelligence and an eventual on-device AI refresh could trigger a multi-year iPhone replacement cycle across the massive active-device base.

↓ Bear case

Premium valuation meets iPhone maturity, regulatory pressure on Services, and a visibly lagging AI roadmap.

- At 34x trailing and 29x forward earnings with a 2.29 PEG, the stock is priced for perfection despite mid-teens growth.
- Regulatory attacks on App Store fees and the Google search payment threaten the highest-margin Services profit pool.
- China exposure, geopolitical/tariff risk, and slower AI feature rollout versus peers could pressure both units and multiple.

Valuation

Apple trades at 29x forward earnings and 26x EV/EBITDA — a meaningful premium to both the S&P 500 and its own historical average nearer 25-27x, justified partly by the Services mix shift and 141% ROE. The 9.2x sales and 38.8x book multiples reflect scarcity value and heavy buybacks rather than accounting distress. A DCF anchored on ~\$101B FCF growing high-single-digits, fading to a terminal 3-4%, supports a fair range modestly below the current \$281.82 price. We view the stock as fairly valued to slightly rich here.

Fair-value range: 240.00 – 290.00 USD (DCF)

Technical picture

The stock trades at \$281.82, below its 50-day MA of \$291.50 but above its 200-day MA of \$269.46, signaling a short-term pullback within a still-intact uptrend. It sits roughly 11% off the 52-week high of \$317.40 and well above the \$199.26 low, leaving a neutral, mid-range setup. A reclaim of the 50-day average would re-establish momentum, while a break below the 200-day would turn the tape bearish.

Catalysts

EVENT	WHEN	IMPACT
Fiscal Q1 (holiday quarter) earnings	Jan 2026	HIGH
WWDC and next-gen Apple Intelligence rollout	Jun 2026	HIGH
iPhone 18 launch cycle	Sep 2026	HIGH
Google antitrust remedy / App Store regulatory rulings	2026	MEDIUM

Risks

RISK	IMPACT	MITIGATION
iPhone demand saturation	Slowing hardware revenue pressures the entire ecosystem and the multiple.	Growing Services annuity and installed-base monetization cushion hardware cyclicality.
Regulatory erosion of Services economics	App Store fee caps and loss of the Google search payment could dent the highest-margin profit pool.	Diversification into advertising, payments, and subscriptions spreads Services risk.
China and geopolitical/tariff exposure	Supply-chain disruption and local competition threaten a major revenue and manufacturing base.	Ongoing supply diversification into India and Vietnam reduces single-country dependence.

Scenarios (12 months)

BULL · 30 %

335.00 USD

An AI-driven upgrade supercycle reaccelerates iPhone units while Services compounds mid-teens, expanding margins and sustaining a premium multiple toward the prior 52-week high and beyond.

BASE · 50 %

290.00 USD

Steady mid-teens revenue and low-20s earnings growth with continued buybacks keep the stock range-bound near fair value as the rich multiple caps upside.

BEAR · 20 %

225.00 USD

iPhone stagnation, adverse regulatory rulings on Services, and China weakness compress both estimates and the multiple back toward the low end of the historical range.

✓ Action plan

- Hold existing positions; avoid chasing at 29x forward earnings above the 50-day moving average.
- Accumulate on pullbacks toward the \$240-250 zone and the 200-day MA for a better risk/reward entry.
- Monitor fiscal Q1 holiday-quarter results and Services growth/margin trajectory as the key thesis check.
- Track the pace of Apple Intelligence rollout versus peers as the primary catalyst for a hardware re-rating.
- Set a review trigger on a decisive break below the 200-day MA (\$269) or adverse App Store/Google regulatory rulings.