COMPANY PROFILE

Apple Inc.

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TABLE OF CONTENTS

Company Overview 3
Key Facts 3
Business Description 4
History 8
Key Employees 13
Key Employee Biographies 15
Major Products & Services 20
Revenue Analysis 22
SWOT Analysis 24
Top Competitors 31
Company View 32
Locations And Subsidiaries 34

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COMPANY OVERVIEW

Apple Inc. (Apple or "the company") designs, manufactures, and markets mobile communication and media devices, personal computers (PCs), and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications. The company operates globally across the US, Europe and Asia Pacific. It is headquartered in Cupertino, California and employed 110,000 people as of September 26, 2015.

The company recorded revenues of $233,715 million during the financial year ended September 2015 (FY2015), an increase of 27.9% over FY2014. The operating profit of the company was $71,230 million in FY2015, an increase of 35.7% over FY2014. The net profit of the company was $53,394 million in FY2015, an increase of 35.1% over FY2014.

KEY FACTS

Head Office	Apple Inc. 1 Infinite Loop Cupertino California 95014 USA
Phone	1 408 996 1010
Fax	
Web Address	http://www.apple.com/
Revenue / turnover (USD Mn)	233,715.0
Financial Year End	September
Employees	110,000
NASDAQ Ticker	AAPL

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BUSINESS DESCRIPTION

Apple Inc. (Apple or the company) is a technology company that offers personal communication devices and related software and solutions. The company's products and services include iPhone, iPad, Mac, iPod, Apple Watch, Apple TV, a portfolio of consumer and professional software applications, iOS, OS X and watchOS operating systems, iCloud, Apple Pay and a variety of accessory, service and support offerings. The company also sells and delivers digital content and applications through the iTunes Store, App Store, iBooks Store, and Mac App Store. Apple sells its products worldwide through its retail stores, online stores, and direct sales force, as well as through third-party cellular network carriers, wholesalers, retailers and value-added resellers. In addition, the company sells various third-party products that are compatible with iPhone, iPad, Mac and iPod, including application software, and various accessories, through its online and retail stores. Apple sells its products to consumers; small and mid-sized businesses (SMB); and education, enterprise and government customers. The company has operations in Americas, Europe, and Asia Pacific.

The company manages its business primarily on a geographic basis: the Americas, Europe, Greater China, Japan and Rest of Asia Pacific. Each operating segment provides similar hardware and software products and similar services. The Americas segment includes both North and South America. The Europe segment includes European countries, as well as India, the Middle East and Africa. The Greater China segment includes China, Hong Kong and Taiwan. The rest of Asia Pacific segment includes Australia and Asian countries, other than those countries included in the company's other operating segments.

Apple offers products, operating system software, application software, services, and other products.

The company's products include iPhone; iPad; and Mac. iPhone is the company's line of smartphones based on Apple's iOS Multi-Touch operating system. iPhone includes Siri, a voice activated intelligent assistant, and Apple Pay and Touch ID on qualifying devices. It works with the iTunes Store, App Store and iBooks Store for purchasing, organizing and playing digital content and apps. iPhone is compatible with both Mac and Windows personal computers and Apple’s iCloud services, which provide synchronization across users’ devices. The company sold approximately 231.2 million iPhones in FY2015.

iPad is the company's line of multi-purpose tablets based on Apple's iOS operating system, which includes iPad Air and iPad mini. iPad includes Siri and also includes Touch ID on qualifying devices. iPad works with the iTunes Store, App Store and iBooks Store for purchasing, organizing and playing digital content and apps. iPad is compatible with both Mac and Windows personal computers and Apple’s iCloud

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services. Apple sold approximately 54.9 million iPads in FY2015.

Mac is the company's line of desktop and portable PCs based on its OS X operating system. The company's desktop computers include iMac, 21.5" iMac with Retina 4K Display, 27" iMac with Retina 5K Display, Mac Pro and Mac mini. The company's portable computers include MacBook, MacBook Air, MacBook Pro and MacBook Pro with Retina display. The company sold approximately 20.6 million Mac products in FY2015.

Apple's operating system software includes iOS, OS X, watchOS and tvOS. iOS is the company's Multi-Touch operating system that serves as the foundation for iOS devices. Devices running iOS are compatible with both Mac and Windows personal computers and Apple's iCloud services. The company recently released iOS 9, which provides more search abilities and improved Siri features. iOS 9 also introduced new multitasking features designed specifically for iPad, including Slide Over and Split View, which allow users to work with two apps simultaneously, and Picture-in-Picture that allows users to watch a video while using another application.

OS X, the company's Mac operating system, is built on an open-source UNIX-based foundation and provides an intuitive and integrated computer experience. Support for iCloud is built into OS X so users can access content and information from their other Macs, their iOS devices and other supported devices and access downloaded content and apps from the iTunes Store. watchOS is the company's operating system for Apple Watch. watchOS 2 provides users with new features, including new watch faces, the ability to add third-party app information on watch faces, Time Travel, and additional communication capabilities in Mail, Friends and Digital Touch. watchOS 2 also gives developers the ability to build native apps for Apple Watch. tvOS is the company's operating system for its new Apple TV. The tvOS is based on the company's iOS platform and will enable developers to create new apps and games specifically for Apple TV and deliver them to customers through the new Apple TV App Store.

Apple's application software includes iLife, iWork and other software, including Final Cut Pro, Logic Pro X and FileMaker Pro. iLife is the company's consumer-oriented digital lifestyle software application suite included with all Mac computers. iLife features iMovie, a digital video editing application, and GarageBand, a music creation application that allows users to play, record and create music. iWork for Mac is the company's integrated productivity suite designed to help users create, present, and publish documents through Pages, presentations through Keynote, and spreadsheets. iWork includes Pages for word processing and page layout, Keynote for presentations, and Numbers for spreadsheets.

The services offered by the company include Internet Services, iCloud, AppleCare, and Apple Pay.

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Internet services include iTunes Store, available for iOS devices, Mac and Windows personal computers and Apple TV; App Store to discover and download apps and purchase in-app content; Mac App Store to discover, download and install Mac applications; and iBooks Store that features e-books from major and independent publishers. In addition, it offers Apple Music with on-demand radio stations and access to Apple Music library. iCloud is the company's cloud service which stores music, photos, contacts, calendars, mail, and documents, keeping them up-to-date and available across multiple iOS devices, Mac and Windows personal computers and Apple TV. iCloud services include iCloud Drive, iCloud Photo Library, Family Sharing, Find My iPhone, Find My Friends, Notes, iCloud Keychain and iCloud Backup for iOS devices.

AppleCare offers a range of support options for the company's customers. These include assistance that is built into software products, printed and electronic product manuals, online support including comprehensive product information as well as technical assistance, the AppleCare Protection Plan (APP) and the AppleCare+ Protection Plan (AC+). APP is a fee-based service that typically extends the service coverage of phone support, hardware repairs and dedicated web-based support resources for Mac, Apple TV and display products. AC+ is a fee-based service offering additional coverage under some circumstances for instances of accidental damage in addition to the services offered by APP and is available in certain countries for iPhone, iPad, Apple Watch and iPod. Apple Pay is the company's mobile payment service available in the US and the UK that offers an easy, secure and private way to pay. Apple Pay allows users to pay for purchases in stores accepting contactless payments and to pay for purchases within participating apps on qualifying devices.

The other products offered by the company include accessories, Apple TV, Apple Watch, and iPod. The company sells a variety of Apple-branded and third-party Mac-compatible and iOS-compatible accessories, including Apple TV, Apple Watch, headphones, cases, displays, storage devices, Beats products, and various other connectivity and computing products and supplies.

Apple TV connects to consumers' TVs and enables them to access digital content directly for streaming high definition video, playing music and games, and viewing photos. Content from Apple Music and other media services are also available on Apple TV. Apple TV allows streaming digital content from Mac and Windows personal computers through Home Share and through AirPlay from compatible Mac and iOS devices. Apple Watch is a personal electronic device that combines the watchOS user interface and technologies created specifically for a smaller device, including the Digital Crown, a unique navigation tool that allows users to seamlessly scroll, zoom and navigate, and Force Touch, a technology that senses the difference between a tap and a press and allows users to access controls within apps. Apple Watch enables users to communicate in new ways from their wrist, track their health and fitness through activity and workout apps, and includes Siri and Apple Pay.

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iPod is the company's line of portable digital music and media players, which includes iPod touch, iPod nano and iPod shuffle. All iPods work with iTunes to purchase and synchronize content. iPod touch, based on the company's iOS operating system, is a flash memory based iPod that works with the iTunes Store, App Store and iBooks Store for purchasing and playing digital content and apps. In addition, the company offers developer programs that support the app developers with building, testing and distributing apps for iOS, Mac, Apple Watch and the new Apple TV.

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HISTORY

Apple Inc. (Apple or "the company") was incorporated in 1977. It was co-founded by Steven Wozniak and Steven P. Jobs. They introduced the first Apple I computer in 1976. The company offered its initial public offering (IPO) in the year 1980.

In early 1980, competition from the personal computer (PC) market and internal difficulties led to critical management changes. By 1983, Apple faced stiff competition with the entry of International Business Machines Corporation (IBM) into the PC market, and the failure of its Apple III version computer. Apple introduced its first mouse driven PC, the Macintosh (Mac), in 1984.

By 1990, the market was flooded with cheap PC clones and Microsoft had launched Windows 3.0 and these factors further intensified competition. In 1994, the company launched the PowerPC chip based PowerMac, which allowed Mac to compete with the speed of Intel's PC processors. Apple still had problems though and in 1995, the company had a $1 billion order backlog. These problems were compounded by the launch of Windows 95. The company's performance nosedived during 1995-96 when it lost $68 million.

In 1996, Apple acquired NeXT, and by virtue of which, its operating system (OS), Rhapsody, became Apple's next-generation OS. By 1997, Apple had incurred huge losses running into millions of dollars. Mr. Jobs, the co-founder returned as the interim Chief Executive Officer. Under his leadership, Apple reorganized to concentrate on its more profitable competencies, and divested its unsuccessful businesses as spin-offs. Among the spin-offs was Newton, its personal digital assistant (PDA) line of products.

Soon after Mr. Jobs returned, the company entered into an agreement with Microsoft which was subsequently followed with the appearance of MS Office on Mac PCs. In 2001, the company acquired PowerSchool, one of the providers of web-based student information systems for K-12 schools and school districts, and Spruce Technologies, a privately-held company involved in developing and marketing digital versatile disk (DVD) authoring products.

In the following year, Apple, Ericsson and Sun Microsystems formed an alliance to create a standard format for delivering multimedia content to wireless devices, such as smartphones and PDAs. The alliance combined Apple's QuickTime video creation software, Sun's content distribution software and hardware, and Ericsson's mobile infrastructure and services expertise.

Apple pursued a number of acquisitions during 2002. The company acquired Prismo Graphics, Silicon Grail, certain assets of Zayante, and also acquired the German based specialist music software manufacturer, Emagic. Additionally, in 2002, the company acquired certain assets of Nothing Real, a privately-held company engaged in the development of high performance tools designed for the digital image creation market.

Apple launched its iTunes music store, an online store for downloading music tracks and albums, in 2003. In the following year, the company signed licensing agreements with three of the largest European independent music labels, Beggars Group, Sanctuary Records Group and V2, adding additional

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independent tracks from leading artists to the iTunes music store in the UK, France and Germany. In the same year, Apple introduced its fourth generation (4G) iPod portable digital music player.

In 2005, the company made an agreement to use Intel microprocessors in its Mac PCs. Later in the year, the company collaborated with Acura, Audi, Honda and Volkswagen to deliver iPod with their car stereos for 2006 model lines, and also introduced mobile phone with iTunes in collaboration with Motorola and Cingular Wireless.

Chrysler, in association with Apple, integrated iPod option in the audio systems in its 2006 models. In 2005, Apple sold its student information systems (SIS) division, PowerSchool, to Pearson. Later in the same year, Ford, General Motors and Mazda teamed up with Apple to integrate iPod across their brand and models. In 2006, Apple teamed up with Air France, Continental, Delta, Emirates, KLM and United Airlines to integrate iPod with in-flight entertainment systems.

The company changed its name from Apple Computer, Inc to Apple Inc. in 2007, representing its expanding product portfolio and increased focus on consumer electronics market. In the same year, Apple resolved its 'iPhone' trademark issue with Cisco Systems by entering into an agreement. According to the agreement, both the companies acknowledged the ownership rights and will use the trademark in their products. Subsequently, Apple launched its revolutionary product, iPhone, a smartphone device, and also launched iPod nano, featuring two inch display.

In 2008, the company introduced Mac Pro with eight processor cores, and MacBook Air, a thin notebook, which measures a maximum height of 0.76-inch. In the same year, Apple introduced Xsan 2, the first major upgrade to its enterprise class storage area network (SAN) file system for Mac OS X. Subsequently, the company introduced MobileMe, a new internet service that offers push email, push contacts and push calendars to native applications on iPhone, iPod touch, Macs and PCs. Also in 2008, Apple launched iPod touch.

In 2009, Apple introduced iWork '09, a new version of Apple's office productivity suite, and iLife '09, which features major upgrades to iPhoto, iMovie and GarageBand, and included iDVD and an updated version of iWeb. Subsequently, the company introduced the iPhone 3GS, Apple's third-generation smartphone with new features such as, longer battery life, high-quality three megapixel autofocus camera, easy to use video recording and hands free voice control. Later in the year, Apple launched its iTunes Store in Mexico with a selection of Mexican and international music from all the major labels and independent labels. During 2009, the company updated its MacBook with light emitting diode (LED)-backlit display, Apple Multi-Touch track pad and built-in seven-hour battery, and subsequently, introduced its wireless Magic Mouse, the world's first mouse to use Apple's Multi-Touch technology.

In 2010, Apple announced iPad, a high-resolution, multi-touch display device for browsing the web, reading, sending email, and viewing entertainment content. In the same year, Apple filed a lawsuit against HTC for infringing 20 of Apple's patents related to the iPhone's user interface, underlying architecture and hardware. Subsequently, the company's iPad, was made available in the US, Australia, Canada, France, Germany, Italy, Japan, Spain, Switzerland and the UK, and sold 300,000 units on the first day of its launch in the US. During the same year, the company previewed its iPhone OS 4 software and released a beta version of the software to iPhone Developer Program members. Apple introduced the new iPhone 4 featuring FaceTime, which allows video calling, and Apple's new Retina display which enhances the text,

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images and video. Subsequently, Apple released Safari 5.0.1 with extensions that supports allowing developers to create extensions with HTML5, CSS3 and JavaScript web standards. Also, Apple updated its all-in-one iMac line, with the Intel Core i3, Core i5 and Core i7 processors and new graphics.

During 2010, Apple introduced iTunes 10 with Ping, a new music-oriented social network. The company announced the new Apple TV which allows viewers to watch high-definition (HD) movies and television (TV) shows. Apple introduced the Apple Store in China (apple.com.cn) which allows Chinese customers to shop online for Apple products. The company unveiled a new MacBook Air, in 2010. In the same year, iPad was made available at over 2,000 Verizon Wireless Stores in the US. Apple and the Dentsu Group formed a partnership to expand Apple's iAd mobile advertising network to Japan. As part of the agreement, Dentsu will be responsible for the sales and creative execution of iAds in Japan, and Apple will host, target and deliver the iAds to its iPhone and iPod touch users.

In 2011, Apple launched the Mac App Store with more than 1,000 free and paid applications. Subsequently, Apple updated its MacBook Pro family with next generation processors and graphics, high-speed Thunderbolt I/O technology and a new FaceTime HD camera. During the same year, the company made iWork available for iPhone and iPod touch users. Apple launched iCloud, a set of free cloud services that work with applications on iPhone, iPad, iPod touch and Mac to automatically and wirelessly store content in iCloud and automatically and wirelessly push it to all devices. Further in 2011, the company unveiled the Apple Thunderbolt display, a display with Thunderbolt I/O technology for Mac notebook. The company launched its 4G iPhone and 5G iOS, in 2011. Apple launched iTunes Store in Brazil and in 15 other countries in Latin America during the same year.

In 2012, the company launched its new iPhone 4S in China and 21 additional countries. To strengthen its presence in the education market, Apple launched iTunes U app, which provides educators and students access to teaching and taking entire courses on their iPad, iPhone and iPod touch. Subsequently, the company launched iBooks 2 for iPad, featuring iBooks textbooks. During the same year, the company launched its third generation of iPad. Apple previewed iOS 6, introducing over 200 new features to the mobile operating system, and released a beta version to iOS Developer Program members. The company updated MacBook Air with the latest Intel Core processors. Subsequently, Apple unveiled new 15-inch MacBook Pro featuring a Retina display. The company launched the iTunes Store in Hong Kong, Singapore, Taiwan and nine additional countries in Asia, in the same year.

Apple launched its new third generation iPad in China in 2012. In the same year, the company introduced the new lineup of iPod touch and iPod nano. Subsequently, Apple introduced iPhone 5 smartphone. During the same year, the company introduced a version of its MacBook Pro featuring Retina display and flash storage in a new compact design. Apple introduced iPad mini, a smaller version of the iPad with 7.9-inch display. HTC and Apple reached a global settlement for the dismissal of all current lawsuits and a 10-year license agreement. The license extends to current and future patents held by both parties. Subsequently, Apple launched the iTunes Store in Russia, Turkey, India, South Africa and 52 additional countries.

In 2013, the company launched the wireless fidelity (Wi-Fi) + Cellular versions of iPad mini and the new fourth generation iPad with Retina display, in China. Apple also launched the iBookstore in Japan featuring titles from independent publishers, including a selection of books from Kodansha, KADOKAWA, Bungeishunju, Gakken and Gentosha. In the same year, Apple received a $30 million commitment from

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the US' second largest public school district, the Los Angeles School Board of Education's. As part of this phase which is the first phase of the larger roll out, the company began offering iPad to students across the school district. Subsequently, the company launched iTunes Radio, a free internet radio service featuring over 200 stations and a catalog of music from the iTunes Store. During the year, Apple launched Logic Pro X which offers advanced tools and new interface designed to streamline the process of creating professional quality music. Apple launched the iPhone 5S and iPhone 5C smartphone models in the US, Australia, Canada, China, France, Germany, Hong Kong, Japan, Puerto Rico, Singapore and the UK. Apple and NTT Docomo teamed up to offer the iPhone 5S and iPhone 5C in Japan. The company introduced the iOS 7, featuring a redesigned new user interface. This was made available to iPhone, iPad and iPod touch users as a free software update. The company launched the iPad Air, featuring 9.7-inch Retina display in a thinner and lighter design. This new version of iPad was another step ahead for Apple in its strategy to enhance the computing power of its tablet PC products. Subsequently, Apple introduced the iPhone 5S and iPhone 5C in Italy, Russia, Spain and more than 25 additional countries. At the end of the year, Apple launched the iPad mini with Retina display.

In 2014, Apple's iBooks Textbooks and iTunes U Course Manager expanded into new markets across Asia, Latin America and Europe, among others. With this, the company expanded worldwide access to educational content. In the same year, Apple launched the iTunes Radio in Australia. Subsequently, iPad Air and iPad mini with long term evolution (LTE) performance were made available in China. During the year, the company launched updates for MacBook Air featuring faster processors at the same time lowering prices. The company's updates and pricing are expected to further drive the penetration of its notebook PCs. Apple agreed to acquire Beats Music and Beats Electronics. This acquisition is expected to enhance the company's music lineup. NTT Docomo and Apple announced the availability of iPad Air and iPad mini with Retina display on Docomo network. Apple announced OS X Yosemite, an enhanced version of OS X with enhanced features and new apps. Apple released iOS 8 software development kit (SDK), with 4,000 application programming interfaces (APIs) for the developers. Apple launched iOS 8 with new features such as iCloud Photo Library, a new messages app, the QuickType keyboard and a new Health app. Apple introduced a 21.5-inch iMac, enhancing its product lineup of entry-level Mac desktop.

Apple and IBM entered into a strategic partnership to transform enterprise mobility through new class of business apps, by introducing IBM's big data and analytics capabilities to iPhone and iPad, in 2014. In the same year, the company updated MacBook Pro with Retina display, faster processors and double memory in both entry-level configurations. The company also launched a new, lower starting price for the 15-inch notebook. Subsequently, the company completed its previously announced acquisition of Beat Music and Beat Electronics. During the year, Apple announced iOS 8 for the iPhone, iPad, and iPod touch users as a free software update. iOS 8 delivers a simpler, faster, and more intuitive user experience with new messages and photos features, predictive typing for Apple's QuickType keyboard, and Family Sharing. iOS 8 also includes the new Health app, a health and fitness data app and iCloud Drive, a cloud storage solution. Apple announced Apple Pay, a new mobile payment service that will allow users to pay with mobiles. The Apple Pay works with iPhone 6 and iPhone 6 Plus through a near field communication (NFC) antenna design, a dedicated chip called the Secure Element, and the security and convenience of Touch ID. The company launched iPhone 6 and iPhone 6 Plus models with 4.7-inch and 5.5-inch Retina HD displays, respectively. The company also unveiled Apple Watch, a new wearable device which enables users to communicate from the wrist and will include comprehensive health and fitness apps. Apple released iPhone 6 and iPhone 6 Plus in 36 additional countries and territories across Europe, Asia,

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the Middle East, Latin America and Africa. Apple launched 27-inch iMac with Retina 5K display, running on OS X Yosemite. At the end of the year, Apple launched iPad Air2, powered by the new Apple-designed A8X chip, and with improved Retina display.

In April 2015, Apple released Final Cut Pro 10.2, an updated version of Final Cut Pro X, Motion and Compressor with enhancements to accelerate video editing, packaging and delivery. In the same month, the company launched ResearchKit, a software framework for medical and health research, available to researchers and developers. Subsequently, IBM and Apple partnered to deliver iPads with IBM-developed apps and analytics to connect millions of seniors with services, healthcare, community and their families.

In June 2015, the company unveiled Apple Music, an app for live radio and streaming music. In August 2015, Apple and Cisco entered into a partnership for iOS business users by optimising Cisco networks for iOS devices and apps, and integrating iPhone with Cisco enterprise environments.

In September 2015, Apple and Hermes introduced Apple Watch Hermes, a new collection of Apple Watch. In the same month, the company also introduced watchOS 2, Apple Pencil, iPhone 6s and iPhone 6s Plus.

In December 2015, the company introduced Swift programming language as an open source, enabling developers, educational institutions, and enterprises to contribute to new Swift features and optimizations and bring Swift to new computing platforms. In the same month, Apple and China UnionPay entered into a partnership to bring Apple Pay to China, enabling China UnionPay cardholders to add their bank cards to Apple Pay on iPhone, Apple Watch and iPad.

In January 2016, Apple announced plans to open an iOS app development center in Italy, to provide students with practical skills and training on developing iOS apps for the app ecosystem.

The company introduced iPhone 5SE with a four inch display in March 2016. In the same month, Apple introduced iPad Pro with a 9.7 inch display.

In May 2016, Apple and SAP entered into a partnership to deliver a new iOS software development kit (SDK) and training academy for developers, partners and customers to build native iOS apps as per their business needs. In the same month, the company announced to establish an iOS App design and development accelerator in Bengaluru, India to support engineering talent and accelerate growth in India’s iOS developer community.

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KEY EMPLOYEES

Name	Job Title	Board	Compensation
Timothy Cook	Chief Executive Officer	Executive Board	10281327 USD
Arthur D. Levinson	Chairman	Non Executive Board	559198 USD
James A. Bell	Director	Non Executive Board	
Albert A. Gore Jr.	Director	Non Executive Board	353035 USD
Robert A. Iger	Director	Non Executive Board	373859 USD
Andrea Jung	Director	Non Executive Board	375322 USD
Ronald D. Sugar	Director	Non Executive Board	379661 USD
Susan L. Wagner	Director	Non Executive Board	351499 USD
Luca Maestri	Senior Vice President and Chief Financial Officer	Senior Management	25337976 USD
Jeffrey Williams	Chief Operating Officer	Senior Management	
Bruce Sewell	Senior Vice President and General Counsel	Senior Management	25017626 USD
Eduardo Cue	Senior Vice President, Internet Software and Services	Senior Management	25052240 USD
Craig Federighi	Senior Vice President, Software Engineering	Senior Management	
Jonathan Ive	Chief Design Officer	Senior Management	
Daniel Riccio	Senior Vice President, Hardware Engineering	Senior Management	25017626 USD
Philip W. Schiller	Senior Vice President, Worldwide Marketing	Senior Management	
Angela Ahrendts	Senior Vice President, Retail and Online Stores	Senior Management	25779228 USD
Paul Deneve	Vice President, Special Projects	Senior Management	
Lisa Jackson	Vice President Environment, Policy and Social Initiatives	Senior Management	
Joel Podolny	Vice President, Dean, Apple University	Senior Management	
Johny Srouji	Vice President, Hardware Technologies	Senior Management	
Denise Young Smith	Vice President, Worldwide Human Resources	Senior Management	
Steve Dowling	Vice President, Communications	Senior Management	
Alan Dye	Vice President, User Interface Design	Senior Management	
Richard Howarth	Vice President, Industrial Design	Senior Management	

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Tor Myhren	Vice President, Marketing Communications	Senior Management	

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KEY EMPLOYEE BIOGRAPHIES

Timothy Cook

Board:Executive Board
Job Title:Chief Executive Officer
Since:2011
Age:55

Mr. Cook has been the Chief Executive Officer at Apple since 2011. Prior to his current position, he was the Chief Operating Officer at the company. Mr. Cook joined the company in 1998 and served as the Executive Vice President, Worldwide Sales and Operations from 2002 to 2005. From 2000 to 2002, Mr. Cook served as the Senior Vice President, Worldwide Operations, Sales, Service and Support. From 1998 to 2000, he served as the Senior Vice President, Worldwide Operations. Prior to joining the company, Mr. Cook was the Vice President, Corporate Materials at Compaq. Prior to his work at Compaq, he was the Chief Operating Officer of the Reseller Division at Intelligent Electronics. Mr. Cook also spent 12 years at IBM, most recently as the Director of North American Fulfillment.

Arthur D. Levinson

Board:Non Executive Board
Job Title:Chairman
Since:2011
Age:65

Mr. Levinson serves as the Chairman of the Board at Apple. He has been the Chief Executive Officer at Calico since 2013. Mr. Levinson previously served as the Chairman, and Chief Executive Officer at Genentech. He also served as an Advisor to Genentech's Research and Early Development center and as a Member of the Scientific Resource Board. He previously served as a Director at Google from 2004 to 2009

James A. Bell

Board:Non Executive Board
Job Title:Director
Since:2015
Age:67

Mr. Bell has been a Director at Apple since 2015. He previously served as the Senior Vice President and Executive Vice President of Finance; the Corporate President; the Chief Financial Officer; and the Corporate Controller at the Boeing Company. Mr. Bell also has been a Director at The Dow Chemical Company since 2005.

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Albert A. Gore Jr.

Board:Non Executive Board
Job Title:Director
Since:2003
Age:67

Mr. Gore has been a Director at Apple since 2003. He is the former Vice President of the US. Mr. Gore has been the Chairman at Generation Investment Management since 2004, and serves as a Senior Partner at Kleiner Perkins Caufield & Byers. He is also the Chairman at the Climate Reality Project, a non-profit organization devoted to solving the climate crisis.

Robert A. Iger

Board:Non Executive Board
Job Title:Director
Since:2011
Age:65

Mr. Iger has been a Director at Apple since 2011. He serves as the Chairman and Chief Executive Officer at Walt Disney. Prior to that, Mr. Iger served as the President and Chief Executive Officer; and the President and Chief Operating Officer at Walt Disney. He also served as the President at Walt Disney International and the Chairman at ABC from 1999 to 2000. From 1974 until 1998, Mr. Iger held a series of increasingly responsible positions at ABC and its predecessor, Capital Cities/ABC.

Andrea Jung

Board:Non Executive Board
Job Title:Director
Since:2008
Age:57

Ms. Jung has been a Director at Apple since 2008. She was the Chairman of the Board and Chief Executive Officer at Avon Products from 2001 to 2012. Ms. Jung has been a Director at General Electric since 1998 and a Member of the Supervisory Board at Daimler since 2013. She serves as the President and Chief Executive Officer at Grameen America.

Ronald D. Sugar

Board:Non Executive Board
Job Title:Director
Since:2010
Age:67

Dr. Sugar has been a Director at Apple since 2010. He is the retired Chairman of the Board and Chief Executive Officer at Northrop Grumman. Dr. Sugar was the President and Chief Operating Officer at

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Litton Industries from 2000 until the company was acquired by Northrop Grumman in 2001. He also served as the Chief Financial Officer at TRW. Dr. Sugar also serves as a Director at Air Lease, and Amgen.

Susan L. Wagner

Board:Non Executive Board
Job Title:Director
Since:2014
Age:54

Ms. Wagner has been a Director at Apple since 2014. She co-Founded BlackRock in 1988 and held a range of leadership positions including as the Vice Chairman until 2012. Ms. Wagner currently serves on the Boards at BlackRock and DSP BlackRock Investment Managers, as well as Swiss Re, Wellesley College and Hackley School.

Luca Maestri

Board:Senior Management
Job Title:Senior Vice President and Chief Financial Officer
Since:2014
Age:52

Mr. Maestri has been the Senior Vice President and Chief Financial Officer at Apple since 2014. He joined the company in 2013 as the Vice President of Finance and Corporate Controller. Prior to joining Apple, Mr. Maestri served as the Chief Financial Officer at Xerox and Nokia Networks. He began his career at General Motors and served for 20 years in finance and operating roles in the Americas, Asia Pacific and Europe. Mr. Maestri also served as the Chief Financial Officer for Operations in Europe at GM.

Jeffrey Williams

Board:Senior Management
Job Title:Chief Operating Officer
Since:2015
Age:52

Mr. Williams has been the Chief Operating Officer at Apple since 2015. He joined the company in 1998 as the Head of Worldwide Procurement and in 2004 became the Vice President of Operations. Prior to joining Apple, Mr. Williams worked at IBM from 1985 to 1998 in various operations and engineering roles.

Bruce Sewell

Board:Senior Management
Job Title:Senior Vice President and General Counsel
Since:2009

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Age:57

Mr. Sewell has been the Senior Vice President and General Counsel at Apple since 2009. Prior to joining the company in 2009, he served as the Senior Vice President and General Counsel at Intel. Mr. Sewell also served as Intel's Vice President and General Counsel from 2004 to 2005 and as the Vice President of Legal and Government Affairs, Deputy General Counsel from 2001 to 2004. Prior to joining Intel, he was a Partner in the litigation firm at Brown & Bain.

Eduardo Cue

Board:Senior Management
Job Title:Senior Vice President, Internet Software and Services
Since:2011
Age:51

Mr. Cue has been the Senior Vice President of Internet Software and Services at Apple since 2011. He joined the company in 1989. Mr. Cue held various positions at Apple, including as the Vice President of Internet Services and the Senior Director of iTunes Operations. He also has been a Director at Ferrari since 2012.

Craig Federighi

Board:Senior Management
Job Title:Senior Vice President, Software Engineering
Since:2012
Age:46

Mr. Federighi has been the Senior Vice President of Software Engineering at Apple since 2012. Prior to rejoining the company in 2009, he held several positions at Ariba, including the Chief Technology Officer and the Vice President of Internet Services. Before Ariba, Mr. Federighi worked at NeXT and at Apple upon the acquisition of NeXT. He also served as the Vice President of Mac OS Engineering and as the Director of Engineering at the company.

Jonathan Ive

Board:Senior Management
Job Title:Chief Design Officer

Mr. Ive currently serves as the Chief Design Officer at Apple. He previously served as the Senior Vice President of Design at the company. Mr. Ive graduated in Arts from Newcastle Polytechnic, and holds Honorary Doctorates from the Royal College of Art.

Daniel Riccio

Board:Senior Management
Job Title:Senior Vice President, Hardware Engineering

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Since:2012
Age:53

Mr. Riccio has been the Senior Vice President of Hardware Engineering at Apple since 2012. He joined the company in 1998 as the Vice President of Product Design and in 2010 became the Vice President of iPad Hardware Engineering. Prior to Apple, Mr. Riccio worked at Compaq Computer as the Senior Manager of Mechanical Engineering. He holds a Bachelor's degree in Mechanical Engineering from the University of Massachusetts Amherst.

Philip W. Schiller

Board:Senior Management
Job Title:Senior Vice President, Worldwide Marketing
Since:2002
Age:55

Mr. Schiller has been the Senior Vice President of Worldwide Marketing at Apple since 2002. Prior to rejoining the company in 1997, he was the Vice President of Product Marketing at Macromedia from 1995 to 1997 and the Director of Product Marketing at FirePower Systems from 1993 to 1995. Prior to that, Mr. Schiller spent six years at Apple in various marketing positions.

Angela Ahrendts

Board:Senior Management
Job Title:Senior Vice President, Retail and Online Stores
Since:2014
Age:55

Ms. Ahrendts has been the Senior Vice President of Retail and Online Stores at Apple since 2014. She joined Apple from Burberry, where she served as the Chief Executive Officer. Prior to Burberry, Ms. Ahrendts was an Executive Vice President at Liz Claiborne, and the President at Donna Karan International.

Paul Deneve

Board:Senior Management
Job Title:Vice President, Special Projects

Mr. Deneve serves as the Vice President of Special Projects at Apple. Prior to this, he served as the Chief Executive Officer at Saint Laurent Paris. Before Saint Laurent, Mr. Deneve held top positions in the fashion industry including the President at Lanvin and Nina Ricci, as well as the Managing Director at Courreges. From 1990 to 1997, Mr. Deneve held sales and marketing roles at Apple in Europe.

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MAJOR PRODUCTS & SERVICES

Apple Inc. (Apple or "the company") designs, manufactures, and markets mobile communication and media devices, personal computers (PCs), and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications. The company's key products and services include the following:

Mobile communication and media devices

Personal computing products

Portable digital music players

Televisions

Peripheral products

Networking solutions

Third-party hardware and software products

Mobile operating systems

Desktop operating systems

Server and application software

Brands:

iPhone

iPad

Mac

iMac

iPod

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iTunes

Mac App Store

iCloud

iOS

OS X

iLife

iWork

Apple TV

Apple Watch

Apple Pay

Beats

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REVENUE ANALYSIS

Apple Inc.

The company recorded revenues of $233,715 million during the financial year ended September 2015 (FY2015), an increase of 27.9% over FY2014. In FY2015, Greater China, the company's largest geographic market, accounted for 25.1% of the total revenues.

Apple generates revenues through five product lines: iPhone (66.3% of the total revenues in FY2015), Mac (10.9%), iPad (9.9%), Services (8.5%), and other products (4.3%).

Revenues by product line

In FY2015, the iPhone product line recorded revenues of $155,041 million, an increase of 52% over FY2014.

The Mac product line recorded revenues of $25,471 million in FY2015, an increase of 5.8% over FY2014.

The iPad product line recorded revenues of $23,227 million in FY2015, a decrease of 23.3% as compared to FY2014.

The services product line recorded revenues of $19,909 million in FY2015, an increase of 10.2% over FY2014.

The other products product line recorded revenues of $10,067 million in FY2015, an increase of 20.1% over FY2014.

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Revenues by geography

Greater China, Apple's largest geographical market, accounted for 25.1% of the total revenues in FY2015. Revenues from Greater China reached $58,715 million in FY2015, an increase of 84.3% over FY2014.

Japan accounted for 6.7% of the total revenues in FY2015. Revenues from Japan reached $15,706 million in FY2015, an increase of 2.6% over FY2014.

Americas accounted for 40.2% of the total revenues in FY2015. Revenues from Americas reached $93,864 million in FY2015, an increase of 17.2% over FY2014.

Europe accounted for 21.5% of the total revenues in FY2015. Revenues from Europe reached $50,337 million in FY2015, an increase of 13.7% over FY2014.

Rest of Asia Pacific accounted for 6.5% of the total revenues in FY2015. Revenues from Rest of Asia Pacific reached $15,093 million in FY2015, an increase of 34.2% over FY2014.

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SWOT ANALYSIS

Apple Inc. (Apple or "the company") designs, manufactures, and markets mobile communication and media devices, personal computers (PCs), and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications. Through the integration model, both horizontally and vertically, the company was able to build non replicable and sustainable competitive advantages. However, operating in complex and challenging environment could have a negative impact on the market shares and growth rates of Apple.

Strength	**Weakness**
Formidable competitive advantages through horizontal and vertical integration High average selling prices (ASPs) Significant growth rates and cash flows	High dependence on iPhone and iPad product lines
Opportunity	**Threat**
Apple Pay provides robust growth opportunity Positive outlook for smartphone market Rising adoption of Apple products in the enterprise market Smart wearable devices market offers robust growth opportunities	Operating in complex and challenging environment could impact market position Premium pricing could limit growth in emerging markets Lawsuits and litigations

Strength

Formidable competitive advantages through horizontal and vertical integration

Apple has over the years followed integration both horizontally and vertically and as a result emerged as a formidable competitor. The company's multiple devices provide horizontal integration. Apple has presence across main digital media devices of computing and mobile communications. Through PCs, tablets, smartphones and other devices, Apple aimed at offering a whole range of associate products and devices. Apple through vertical integration connected the user experience across the devices. The company offers hardware, software, content, services and also retails its products creating vertical integration. In addition, the company also built strong software and content business which equipped Apple with several competitive advantages. The company's operating system spans across multiple devices and includes content and application. Consequently, switching to a competitor becomes difficult due to the dependence on iOS. Another key integration aspect that has enabled Apple to gain competitive advantage is the content offering. The company's content base is large and is shared across all devices through iTunes. iTunes is a storefront offering all kinds of media. In addition to the above, the company also engages in retailing. This helps Apple to have control over successfully positioning its products to the end user.

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Apple has followed a vertical integration strategy to build a formidable competitive advantage. The company's business strategy leverages its unique ability to design and develop its own operating systems, hardware, application software, and services. The vertical integration provides control over the entire user experience or process from hardware to software which facilitates higher customer loyalty and provides lock-in. The vertical integration that Apple achieved is very difficult to replicate as evidenced in recent times. None of the company's competitors were able to replicate this model with resonating success as Apple. Google's sale of Motorola's mobile division indicates that this strategy and business model is difficult to replicate although the competitors have tried. This provides Apple with significant competitive advantages. Apple's customized in-house chip design, well integrated hardware, software, applications and service equips the company with an ability to create high quality products that are unmatched in the industry. Apple's vertical integration strategy enabled it to create products which are providing the customers with what it calls a good product experience.

Apple enjoys a favorable competitive environment provided by the user dependence on iOS which enables it to earn incremental earnings by offering all associated devices. In the era of convergence this is a sustainable competitive advantage. Apple's sustainability of market share stems from the fact that it was able to successfully connect its devices with each other and one generation of devices with the next. Through these integration models, Apple built sustainable competitive advantages that are hard to replicate.

High average selling prices (ASPs)

Apple has launched several successful products and follows a strategy of catering to high value customer base. Apple's products ASPs continued to remain stable while rest of the industry witnessed declining ASPs. The Apple iPhone which was initially launched at $600 remained immune to the decline in ASPs in the smartphone category. The estimates indicate that Apple's iPhones sold at an ASP of $670.5 in FY2015, suggesting a fairly healthy demand for the iPhone 6s and 6s Plus which launched in September 2015. Comparatively, Samsung phones sold at an ASP of $225.4; Sony at $421.6 and Microsoft at $185.7.

Apple's ability to command high ASPs and defend the same highlights the superiority of the company's products. Moreover, Apple's products were able to maintain high ASPs despite entry in to the developing economies where ASPs of consumer goods are usually pressurized. This once again highlights that Apple was able to gain from its product strategy which enabled it to defy many industry downtrends.

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Significant growth rates and cash flows

Apple enjoys robust growth rates and strong cash resources. The revenue growth rates achieved by the company are a play of both increased unit sales and pricing power. While the unit growth has been derived from the appeal of its products gained in the market place, the offshoot of successful product lines has resulted in Apple gaining a dominant position, which has helped it command high pricing power. The combination of these factors enabled Apple to attain industry leading growth rates. For instance, Apple's revenues grew at a compounded annual growth rate (CAGR) of 17% during FY2013-15. The company's net income grew at a CAGR of 20% during the same periods. Moreover, despite the company's growth approaching maturity, Apple registered a 27.9% growth in revenues on year-over-year basis in FY2015. Furthermore, the company's cash position grew strongly in the recent times. Apple's cash from operations grew at a CAGR of 23% during FY2013-15 periods to reach $81,266 million by the end of FY2015. The company's revenue growth and cash position provide a strong platform for it to invest in growth and expansion. The resource base is critical for remaining competitive in the technology space which is rapidly and ever changing. The company's cash base and strong growth history therefore provide competitive advantages.

Weakness

High dependence on iPhone and iPad product lines

The company's revenues and growth rates are largely dependent on iPhone and iPad product lines. The iPhone and iPad product lines together accounted for 76.3% of the total revenues in FY2015. Although, these product lines have been the growth drivers for the company, any future decline in the growth rates could impact the company's performance. Dependence on few product lines increases the business risk, especially in an industry characterized by fast paced technological changes. The risk is aggravated as the company has been losing market share in tablets market. According to industry estimates, iPad had a market share of 20.3% in the third quarter of 2015, compared to 90% share in 2010. In addition, in the smartphone market, iPhone had a market share of 15.3% in the first quarter of 2016, losing its market share to Samsung. The market share losses of key products could have a material adverse impact on the company's growth prospects.

Opportunity

Apple Pay provides robust growth opportunity

Apply Pay is expected to provide incremental growth opportunities for the company. Apple Pay, the company’s mobile payment services works with iPhone 6 and iPhone 6 Plus through a Near Field Communications (NFC) antenna design, a dedicated chip called the secure element, and the Touch ID. Apple Pay allows users to add their credit or debit card on file from their iTunes Store account. Apple Pay also works with the Apple Watch. It was initially launched in the US and the UK. Further in December 2015, Apple and China UnionPay entered into a partnership to offer Apple Pay in China.

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The Apple Pay is expected to provide new growth opportunities for the company in the medium to long term. According to industry estimates, the global mobile money market is expected to reach $1 trillion by 2017 from over $500 billion in 2015, growing at a rate of over 120%. The global mobile transaction volume is expected to grow at a CAGR of 24% during 2015-19 periods to reach a value of $1,080 billion in 2019. Moreover, the number of mobile payment users is expected to reach over 4.8 billion in 2019. Apple Pay is an extension of the company's iOS ecosystem, which makes it a disruptive player in the fast growing mobile payments industry.

The strong outlook for the end market coupled with Apple's robust smartphone market share and iTunes accounts provides incremental growth opportunities to enhance revenues and market share.

Positive outlook for smartphone market

The smartphones market is expected to grow at a robust pace in the medium term. According to industry estimates, global smartphone shipments are expected to grow from 1,429.8 million shipments in 2015 to 1,862.3 million shipments in 2019, growing at a CAGR of 7% during 2015-19 periods. The company is one of the leading smartphone players with a market share of approximately 15.3% in the first quarter of 2016. Apple is well poisoned to benefit from the growing end markets. The company's iPhone is one of the leading smartphone products globally. In FY2015, Apple sold approximately 231.2 million iPhones. Robust outlook for the smartphone market will increase the company's sales in the coming years.

Rising adoption of Apple products in the enterprise market

The company has been focusing on the enterprise markets over the past few years as part of its strategy to enhance its revenues in the wake of the growing adoption of bring your own device (BYOD) across enterprises. Adoption of BYOD has been robust in the recent times. Firms are using smartphones, laptops, and wireless to save on building a dedicated network. According to industry estimates, the global market for BYOD and enterprise mobility market is expected to grow from $106.5 billion in 2015 to $360 billion in 2020, growing at a CAGR of over 28% during 2015-20 periods.

As BYOD trends starts making inroads in the enterprise sector, Apple will be able to effectively sell into this space. The popularity of the iPhone and iPad with consumers is spilling over into the business world, as mobile users increasingly use their personal devices for business purposes. In recent times, companies are opening up their mobility strategies to allow for more choice, which has benefitted Apple. In addition, to further enhance its enterprise adoption, the company announced an exclusive partnership with IBM to launch business apps, to bring IBM's big data and analytics capabilities to iPhone and iPad. The partnership aims to launch more than 100 industry-specific enterprise solutions including native apps, developed exclusively from the ground up, for iPhone and iPad. As part of the partnership, IBM will also offer cloud services optimized for iOS, including device management, security, analytics and mobile

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integration. IBM will offer new AppleCare for Enterprise service and support offering tailored to the needs of the enterprise. Furthermore, IBM will also sell iPhones and iPads with the industry-specific solutions to business clients worldwide. The partnership will also see IBM offering Device Supply, Activate and Manage, a suite of value-added reselling services for iPhone, iPad and Mac.

The positive outlook for the BYOD and enterprise mobility market provides a robust growth opportunity for the company to increase its revenues and market share in the coming years.

Smart wearable devices market offers robust growth opportunities

The market for wearable devices has been growing strongly over the past few years. According to industry estimates, the global shipment of wearable devices is expected to reach over 110 million units in 2016, a growth of 38% over the previous year. In addition, the shipments are expected to grow at a CAGR of over 21% during 2016-20 periods to reach 237.1 million units in 2020. In addition, watch and wristband shipments will reach a combined total of 100 million shipments in 2016, up from 72.2 million in 2015.

Apple is keen to benefit from the growth opportunities offered by these end markets. In 2014, the company announced Apple Watch. Apple Watch is a personal electronic device that combines a watch technology with an iOS-based user interface created specifically for a smaller device. Apple Watch features Digital Crown, a navigation tool that allows users to scroll, zoom and navigate. It enables customers to communicate in new ways from their wrist and features Force Touch, a technology that senses the difference between a tap and a press and allows users to access controls within apps. Further, in September 2015, Apple and Hermes introduced Apple Watch Hermes, a new collection of Apple Watch and also introduced watchOS 2.

The company is well positioned to tap the growing markets and enable revenue growth in the future.

Threat

Operating in complex and challenging environment could impact market position

The markets for the company's products and services are highly competitive and complex, and the company is confronted by aggressive competition and challenges in all areas of its business. These markets are characterized by frequent product introductions and rapid technological advances that have

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substantially increased the capabilities and use of mobile communication and media devices, PCs, and other digital electronic devices. Apple faces intense competition from well-funded and experienced peers such as Microsoft, Google and Samsung, among others. Google's Android platform is one of the largest mobile operating systems and the Windows is also estimated to capture increased market shares.

In addition to Microsoft and Google, the company competes intensively with Samsung, which has approximately twice the market share of Apple. The company's other competitor Lenovo offers a strong line of ThinkPad tablets and IdeaPad Yoga. Lenovo is well positioned to dent the market share of Apple in China. In addition, freely available music and videos and easier-to-use subscription service such as Spotify or Netflix could also dent the company's market share, as Apple sells this content through iTunes. Also, Apple is facing challenges in its overseas markets. In China, the government has announced plans to build its own Linux-based processor to reduce reliance on Apple's computers. In India, which is one of the largest addressable consumer markets in the world, Apple has been facing trouble to establish its stores because of stringent local market laws. Operating in such complex and challenging environment could have a negative impact on the market shares and growth rates at Apple.

Premium pricing could limit growth in emerging markets

Price can be one of the key competitive disadvantages of Apple that the competitors can effectively use to gain market share. This will prove to be a challenge while addressing the emerging markets, which become important as the advanced economies' smartphone markets attain maturity. The emerging markets lack carrier subsidies and the customer base in these markets is highly price sensitive and therefore competing with lower priced Android products could be a challenge. The revenues from emerging market for Apple products will come from a higher mix of older models. This indicates that as the smartphone markets move towards emerging countries, the average prices will start to fall, impacting the margins. The company has been facing marginal declines in average price per product. Apple has not been able to effectively gain market share in emerging markets where historically, lower priced phones are popular. Apple's premium pricing strategy will prove to be challenging and could have a negative impact on the company's gross margins.

Lawsuits and litigations

The company is subject to various legal proceedings and claims that have not yet been fully resolved and that have arisen in the ordinary course of business, and additional claims may arise in the future. For instance, in April 2016, Apple agreed to pay $24.9 million to Dynamic Advances to settle Siri patent lawsuit. As a result, Apple will be allowed to continue loading its devices with Siri. Earlier, in February 2016, Apple was ordered to pay $626 million in damages after finding that iMessage, FaceTime and other Apple software infringed VirnetX’s patents. In the same month, Apple faced $862 million in damages after patent lawsuit loss to University Of Wisconsin. Apple’s A7, A8, and A8X chips used in iPhone 5S, iPhone 6 and the new iPhone 6S violate the technology covered by a 1998 patent filed by the Wisconsin Alumni Research Foundation (WARF).

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Regardless of the merits of the claims, lawsuits are often time consuming, and cause significant diversion of management attention. Adverse decisions may have an adverse effect on the company's business, consolidated financial position and results of operations.

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TOP COMPETITORS

The following companies are the major competitors of Apple Inc.

Acer Incorporated
Alphabet Inc.
BlackBerry Limited
Dell Inc.
Fujitsu Limited
HP Inc.
International Business Machines Corporation
LG Electronics, Inc.
Microsoft Corporation
Samsung Electronics Co., Ltd.
Sony Corporation
Toshiba Corporation

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COMPANY VIEW

An excerpt from the 'Management's Discussion and Analysis of Financial Condition and Results of Operations' section is given below. The statement has been taken from the company's 10-K filing for FY2015.

Overview and Highlights

The company designs, manufactures and markets mobile communication and media devices, personal computers and portable digital music players, and sells a variety of related software, services, accessories, networking solutions and third-party digital content and applications. The company sells its products worldwide through its retail stores, online stores and direct sales force, as well as through third-party cellular network carriers, wholesalers, retailers and value-added resellers. In addition, the company sells a variety of third-party Apple compatible products, including application software and various accessories through its online and retail stores. The company sells to consumers, small and mid-sized businesses and education, enterprise and government customers.

Fiscal 2015 Highlights

Net sales rose 28% or $50.9 billion during 2015 compared to 2014, driven by a 52% year-over-year increase in iPhone net sales. iPhone net sales and unit sales in 2015 increased in all of the company's reportable operating segments. The company also experienced year-over-year net sales increases in Mac, Services and Other Products. Apple Watch, which launched during the third quarter of 2015, accounted for more than 100% of the year-over-year growth in net sales of Other Products. Net sales growth during 2015 was partially offset by the effect of weakness in most foreign currencies relative to the U.S. dollar and lower iPad net sales. Total net sales increased in each of the company's reportable operating segments, with particularly strong growth in Greater China where year-over-year net sales increased 84%.

In April 2015, the company announced a significant increase to its capital return program by raising the expected total size of the program to $200 billion through March 2017. This included increasing its share repurchase authorization to $140 billion and raising its quarterly dividend to $0.52 per share beginning in May 2015. During 2015, the company spent $36 billion to repurchase shares of its common stock and paid dividends and dividend equivalents of $11.6 billion. Additionally, the company issued $14.5 billion of U.S. dollar-denominated, € 4.8 billion of euro-denominated, SFr1.3 billion of Swiss franc-denominated,

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£1.3 billion of British pound-denominated, A$2.3 billion of Australian dollar-denominated and ¥250 billion of Japanese yen-denominated term debt during 2015.

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LOCATIONS AND SUBSIDIARIES

Head Office

Apple Inc.
1 Infinite Loop
Cupertino
California 95014
USA
Phone:1 408 996 1010
http://www.apple.com/

Other Locations and Subsidiaries

Apple Sydney Sydney South New South Wales 1235 133-622 AUS	Apple Asia Ltd. 2401 Tower One Times Square Causeway Bay HKG Phone:852 2506 8888
Apple Canada Inc. 120 Bremner Boulevard Suite 1600 Ontario M5J 0A8 CAN Phone:1 647 943 4400	Apple Distribution International Hollyhill Industrial Estate Hollyhill Cork IRL
Apple India Private Limited 19 Floor Concorde Tower C UB City No 24 Vittal Mallya Road Bangalore 560-001 IND	Apple Operations Europe IRL
Apple Operations International IRL	Apple Sales International IRL
Apple South Asia Pte Ltd 7 Ang Mo Kio Street 64 Singapore 569086 SGP Phone:65 64815511	Braeburn Capital, Inc. Nevada USA

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John Carpenter House, John Carpenter Street, London, United Kingdom, EC4Y 0AN
T: +44 (0) 203 377 3042 | F: +44 (0) 870 134 4371 | E: reachus@marketline.com | W: www.marketline.com

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