

Czech University of Life Sciences Prague
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Diploma thesis appendices

Financial analysis of Apple Inc.

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Financial analysis of Apple Inc.

Finanční analýza Apple Inc.

Souhrn

Tématem diplomové práce je finanční analýza společnosti Apple Inc., která je jednou z vedoucích nadnárodních společností v technologickém průmyslu a podle velikosti tržní kapitalizace se umístila na prvním místě. Práce je zaměřena na vyhodnocení finanční a hospodářské efektivnosti firmy na současném trhu. Práce je logicky rozdělena na dvě části: teoretickou a praktickou. Teoretická část je věnována definicím základních pojmů, teoriím a metodám finanční analýzy. V praktické části je popsán profil společnosti, významná část je věnována detailní finanční analýze Apple Inc. Pro analýzu je použito několik základních metod, které se používají pro výpočet finančních ukazatelů. Jedná se o horizontální a vertikální analýzu účetních výkazů společně s výpočty poměrových ukazatelů jako například ukazatele rentability, likvidity, aktivity, zadluženosti atd. Pro výpočty jsou použity základní účetní výkazy: rozvaha a výkaz zisku a ztráty. Práce se také zabývá interpretací spočítaných ukazatelů a silnými a slabými stránkami analyzované společnosti.

Klíčová slova: Finanční analýza, ROA, ROE, rozvaha, likvidita, rentabilita, výkaz zisků a ztráty, finanční ukazatele, horizontální a vertikální analýza. Apple Inc.

Summary

The theme of this diploma thesis is Financial Analysis of Apple Inc., which is one of the leading multinational corporations in technology industry and ranked first by market capitalization in the world. The work is focused on the evaluation of the financial and economic efficiency of the company on the market today. Work is logically divided into two sections: theoretical and practical. The theoretical part is devoted to definitions of basic concepts, theories and methods of financial analysis. The practical part describes the profile of the company, where significant part is devoted to a detailed financial analysis of Apple Inc. For analysis, several basic methods are used to calculate key financial ratios. Horizontal and vertical analysis of financial statements, together with the calculation of ratios as indicators of profitability, liquidity, activity, debt etc. are used for the complex analysis of basic financial statements: the balance sheet and the profit and loss statement. The work also deals with the interpretation of calculated indicators and the strengths and weaknesses of the analyzed company.

Keywords: Financial analysis, ROA, ROE, balance sheet, liquidity, profitability, income statement, financial indicators, vertical and horizontal analysis, Apple Inc.

Objectives and Methodology

Objectives

The main theme of this diploma thesis is evaluate financial situation of Apple Inc., in years 2013-2016. Apple Inc. is one of the famous American multinational companies in technology industry and ranked first by market capitalization in the world. The work will focus on the effectiveness of the financial and economic activity of the company in the current market.

Methodology

The diploma thesis divided into theoretical and practical parts. The first part defines fundamental terms, theory and methods of financial analysis, which information is needed to prepare suitable analysis. The second part describes company profile, industry analysis and particularly focuses on implementation of financial analysis of Apple Inc.

Conclusion

The main aim of this diploma thesis was to evaluate a financial situation of Apple Inc., in years 2013-2016. Apple Inc. is one of the famous American multinational companies in technology industry and ranked first by market capitalization in the world. The work focused on the effectiveness of the financial and economic activity of the company in the current market.

Since 2007 Apple company known as the support of innovation in modern technology. Before 2007, most of the big corporations didn't seem to take Apple Company seriously in the business. However, today the company makes their name worldwide and also known as the most profitable and influential in its sector. Apple Company has its own unique idea for their customers that become real trends, which are adopted by other manufactures such as Samsung etc. Not only this, Apple is trying to develop existing technologies to create their own products with their use. Technology industry is very competitive, however Apple follow the strategy that lead the company to be successful and gained the lion's share of the profits on local and global markets. This is the reason why it was very interesting to analyze Apple Inc., with more in deep detail according to the terms of economic position.

In the first part of the thesis summaries the basic concepts necessary for the correct understanding of the issue. Subsequently explained the basic theory of working with these concepts and serve as a basis for practical application of principals and users of the financial analysis, technical analysis and other essential fundamentals underlying the valuation of the company.

The practical part was performed by: vertical analysis of balance sheet, horizontal analysis of balance sheet, horizontal analysis and vertical analysis of income statement. The reason was to evaluate the performance of companies based on financial data. In the next section, an analysis of the most important ratio indicators - liquidity, profitability, activity, debt and calculation of market value indicators of the company for the proper valuation. All analyzes were subsequently described in detail and supported many tables and charts.

According to results of financial analysis, it concluded that Apple Inc., has a very sufficient position in technology industry. This was due to the amount of the largest market capitalization on exchange market among other industries. Not only this that cause the result to be sufficient, but its net profit margin also shows much higher than average of industry while its assets are still secured mostly by liabilities. Overall, the company is still depended on its creditors. Another analysis was through the technical, and it was to investigate the price development of Apple Company stock and evaluated its position on exchange market. The result shows that, the shareholder should consider selling their stocks, however shareholders should also look at the ROC since there is a small chance that the stock price might growth.

The last chapter was devoted to calculating Altman Z-score index and performed DuPont analysis.

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