

APPLE INC

FORM 8-K (Current report filing)

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Address	ONE INFINITE LOOP CUPERTINO, CA 95014
Telephone	(408) 996-1010
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

October 28, 2013

Date of Report (date of earliest event reported)

APPLE INC.

(Exact name of Registrant as specified in its charter)

California
(State or other jurisdiction
of incorporation)

000-10030
(Commission
File Number)

94-2404110
(I.R.S. Employer
Identification Number)

1 Infinite Loop
Cupertino, California 95014
(Address of principal executive offices) (Zip Code)

(408) 996-1010
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On October 28, 2013, Apple Inc. (“Apple”) issued a press release regarding Apple’s financial results for its fourth fiscal quarter ended September 28, 2013 and a related data sheet. A copy of Apple’s press release is attached hereto as Exhibit 99.1 and a copy of the related data sheet is attached hereto as Exhibit 99.2.

The information contained in this Current Report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are furnished herewith:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Text of press release issued by Apple Inc. on October 28, 2013.
99.2	Data sheet issued by Apple Inc. on October 28, 2013.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APPLE INC.

Date: October 28, 2013

By: /s/ Peter Oppenheimer

Peter Oppenheimer
Senior Vice President,
Chief Financial Officer

EXHIBIT INDEX

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Apple Reports Fourth Quarter Results

iPhone Sales Grow 26% to Establish New September Quarter Record

CUPERTINO, California—October 28, 2013—Apple® today announced financial results for its fiscal 2013 fourth quarter ended September 28, 2013. The Company posted quarterly revenue of \$37.5 billion and quarterly net profit of \$7.5 billion, or \$8.26 per diluted share. These results compare to revenue of \$36 billion and net profit of \$8.2 billion, or \$8.67 per diluted share, in the year-ago quarter. Gross margin was 37 percent compared to 40 percent in the year-ago quarter. International sales accounted for 60 percent of the quarter's revenue.

The Company sold 33.8 million iPhones, a record for the September quarter, compared to 26.9 million in the year-ago quarter. Apple also sold 14.1 million iPads during the quarter, compared to 14 million in the year-ago quarter. The Company sold 4.6 million Macs, compared to 4.9 million in the year-ago quarter.

Apple's Board of Directors has declared a cash dividend of \$3.05 per share of the Company's common stock. The dividend is payable on November 14, 2013, to shareholders of record as of the close of business on November 11, 2013.

"We're pleased to report a strong finish to an amazing year with record fourth quarter revenue, including sales of almost 34 million iPhones," said Tim Cook, Apple's CEO. "We're excited to go into the holidays with our new iPhone 5c and iPhone 5s, iOS 7, the new iPad mini with Retina Display and the incredibly thin and light iPad Air, new MacBook Pros, the radical new Mac Pro, OS X Mavericks and the next generation iWork and iLife apps for OS X and iOS."

"We generated \$9.9 billion in cash flow from operations and returned an additional \$7.8 billion in cash to shareholders through dividends and share repurchases during the September quarter, bringing cumulative payments under our capital return program to \$36 billion," said Peter Oppenheimer, Apple's CFO.

Apple is providing the following guidance for its fiscal 2014 first quarter:

- revenue between \$55 billion and \$58 billion
- gross margin between 36.5 percent and 37.5 percent
- operating expenses between \$4.4 billion and \$4.5 billion
- other income/(expense) of \$200 million
- tax rate of 26.25 percent

Apple will provide live streaming of its Q4 2013 financial results conference call beginning at 2:00 p.m. PDT on October 28, 2013 at www.apple.com/quicktime/qtv/earningsq413. This webcast will also be available for replay for approximately two weeks thereafter.

This press release contains forward-looking statements including without limitation those about the Company's estimated revenue, gross margin, operating expenses, other income/(expense), and tax rate. These statements involve risks and uncertainties, and actual results may differ. Risks and uncertainties include without limitation the effect of competitive and economic factors, and the Company's reaction to those factors, on consumer and business buying decisions with respect to the Company's products; continued competitive pressures in the marketplace; the ability of the Company to deliver to the marketplace and stimulate customer demand for new programs, products, and technological innovations on a timely basis; the effect that product introductions and transitions, changes in product pricing or mix, and/or increases in component costs could have on the Company's gross margin; the inventory risk associated with the Company's need to order or commit to order product components in advance of customer orders; the continued availability on acceptable terms, or at all, of certain components and services essential to the Company's business currently obtained by the Company from sole or limited sources; the effect that the Company's dependency on manufacturing and logistics services provided by third parties may have on the quality, quantity or cost of products manufactured or services rendered; risks associated with the Company's international operations; the Company's reliance on third-party intellectual property and digital content; the potential impact of a finding that the Company has infringed on the intellectual property rights of others; the Company's dependency on the performance of distributors, carriers and other resellers of the Company's products; the effect that product and service quality problems could have on the Company's sales and operating profits; the continued service and availability of key executives and employees; war, terrorism, public health issues, natural disasters, and other circumstances that could disrupt supply, delivery, or demand of products; and unfavorable results of other legal proceedings. More information on potential factors that could affect the Company's financial results is included from time to time in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's public reports filed with the SEC, including the Company's Form 10-K for the fiscal year ended September 29, 2012, its Form 10-Q for the quarter ended December 29, 2012, its Form 10-Q for the quarter ended March 30, 2013, its Form 10-Q for the quarter ended June 29, 2013, and its Form 10-K for the year ended September 28, 2013 to be filed with the SEC. The Company assumes no obligation to update any forward-looking statements or information, which speak as of their respective dates.

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NOTE TO EDITORS: For additional information visit Apple's PR website (www.apple.com/pr), or call Apple's Media Helpline at (408) 974-2042.

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Apple Inc.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except number of shares which are reflected in thousands and per share amounts)

	Three Months Ended		Twelve Months Ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Net sales	\$ 37,472	\$ 35,966	\$ 170,910	\$ 156,508
Cost of sales (1)	23,601	21,565	106,606	87,846
Gross margin	13,871	14,401	64,304	68,662
Operating expenses:				
Research and development (1)	1,168	906	4,475	3,381
Selling, general and administrative (1)	2,673	2,551	10,830	10,040
Total operating expenses	3,841	3,457	15,305	13,421
Operating income	10,030	10,944	48,999	55,241
Other income/(expense), net	113	(51)	1,156	522
Income before provision for income taxes	10,143	10,893	50,155	55,763
Provision for income taxes	2,631	2,670	13,118	14,030
Net income	\$ 7,512	\$ 8,223	\$ 37,037	\$ 41,733
Earnings per share:				
Basic	\$ 8.31	\$ 8.76	\$ 40.03	\$ 44.64
Diluted	\$ 8.26	\$ 8.67	\$ 39.75	\$ 44.15
Shares used in computing earnings per share:				
Basic	904,163	938,343	925,331	934,818
Diluted	909,131	948,186	931,662	945,355
Cash dividends declared per common share	\$ 3.05	\$ 2.65	\$ 11.40	\$ 2.65
(1) Includes share-based compensation expense as follows:				
Cost of sales	\$ 88	\$ 69	\$ 350	\$ 265
Research and development	\$ 209	\$ 168	\$ 917	\$ 668
Selling, general and administrative	\$ 258	\$ 211	\$ 986	\$ 807

Apple Inc.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except number of shares which are reflected in thousands)

	<u>September 28, 2013</u>	<u>September 29, 2012</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 14,259	\$ 10,746
Short-term marketable securities	26,287	18,383
Accounts receivable, less allowances of \$99 and \$98, respectively	13,102	10,930
Inventories	1,764	791
Deferred tax assets	3,453	2,583
Vendor non-trade receivables	7,539	7,762
Other current assets	<u>6,882</u>	<u>6,458</u>
Total current assets	73,286	57,653
Long-term marketable securities	106,215	92,122
Property, plant and equipment, net	16,597	15,452
Goodwill	1,577	1,135
Acquired intangible assets, net	4,179	4,224
Other assets	5,146	5,478
Total assets	<u>\$ 207,000</u>	<u>\$ 176,064</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 22,367	\$ 21,175
Accrued expenses	13,856	11,414
Deferred revenue	<u>7,435</u>	<u>5,953</u>
Total current liabilities	43,658	38,542
Deferred revenue – non-current	2,625	2,648
Long-term debt	16,960	0
Other non-current liabilities	<u>20,208</u>	<u>16,664</u>
Total liabilities	<u>83,451</u>	<u>57,854</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 1,800,000 shares authorized; 899,213 and 939,208 shares issued and outstanding, respectively	19,764	16,422
Retained earnings	104,256	101,289
Accumulated other comprehensive income/(loss)	<u>(471)</u>	<u>499</u>
Total shareholders' equity	<u>123,549</u>	<u>118,210</u>
Total liabilities and shareholders' equity	<u>\$ 207,000</u>	<u>\$ 176,064</u>

Apple Inc.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Twelve Months Ended	
	September 28, 2013	September 29, 2012
Cash and cash equivalents, beginning of the year	\$ 10,746	\$ 9,815
Operating activities:		
Net income	37,037	41,733
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	6,757	3,277
Share-based compensation expense	2,253	1,740
Deferred income tax expense	1,141	4,405
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,172)	(5,551)
Inventories	(973)	(15)
Vendor non-trade receivables	223	(1,414)
Other current and non-current assets	1,080	(3,162)
Accounts payable	2,340	4,467
Deferred revenue	1,459	2,824
Other current and non-current liabilities	4,521	2,552
Cash generated by operating activities	<u>53,666</u>	<u>50,856</u>
Investing activities:		
Purchases of marketable securities	(148,489)	(151,232)
Proceeds from maturities of marketable securities	20,317	13,035
Proceeds from sales of marketable securities	104,130	99,770
Payments made in connection with business acquisitions, net	(496)	(350)
Payments for acquisition of property, plant and equipment	(8,165)	(8,295)
Payments for acquisition of intangible assets	(911)	(1,107)
Other	(160)	(48)
Cash used in investing activities	<u>(33,774)</u>	<u>(48,227)</u>
Financing activities:		
Proceeds from issuance of common stock	530	665
Excess tax benefits from equity awards	701	1,351
Taxes paid related to net share settlement of equity awards	(1,082)	(1,226)
Dividends and dividend equivalent rights paid	(10,564)	(2,488)
Repurchase of common stock	(22,860)	0
Proceeds from issuance of long-term debt, net	16,896	0
Cash used in financing activities	<u>(16,379)</u>	<u>(1,698)</u>
Increase in cash and cash equivalents	3,513	931
Cash and cash equivalents, end of the year	<u>\$ 14,259</u>	<u>\$ 10,746</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 9,128	\$ 7,682

Apple Inc.
Q4 2013 Unaudited Summary Data
(Units in thousands, Revenue in millions)

	Q4'13		Q3'13		Q4'12		Sequential Change		Year/Year Change	
	Revenue		Revenue		Revenue		Revenue		Revenue	
Operating Segments										
Americas	\$	13,941	\$	14,405	\$	13,810		- 3%		1%
Europe		8,005		7,614		8,023		5%		0%
Greater China (a)		5,733		4,641		5,427		24%		6%
Japan		3,341		2,543		2,367		31%		41%
Rest of Asia Pacific		1,980		2,046		2,110		- 3%		- 6%
Retail		4,472		4,074		4,229		10%		6%
Total Apple	\$	37,472	\$	35,323	\$	35,966		6%		4%

	Q4'13		Q3'13		Q4'12		Sequential Change		Year/Year Change	
	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue
Product Summary										
iPhone (b)	33,797	\$ 19,510	31,241	\$ 18,154	26,910	\$ 16,645	8%	7%	26%	17%
iPad (b)	14,079	6,186	14,617	6,374	14,036	7,133	- 4%	- 3%	0%	- 13%
Mac (b)	4,574	5,624	3,754	4,893	4,923	6,617	22%	15%	- 7%	- 15%
iPod (b)	3,498	573	4,569	733	5,344	820	- 23%	- 22%	- 35%	- 30%
iTunes/Software/Services (c)		4,260		3,990		3,496		7%		22%
Accessories (d)		1,319		1,179		1,255		12%		5%
Total Apple	\$	37,472	\$	35,323	\$	35,966		6%		4%

(a) Greater China includes China, Hong Kong and Taiwan.

(b) Includes deferrals and amortization of related non-software services and software upgrade rights.

(c) Includes revenue from sales on the iTunes Store, the App Store, the Mac App Store, and the iBooks Store, and revenue from sales of AppleCare, licensing and other services.

(d) Includes sales of hardware peripherals and Apple-branded and third-party accessories for iPhone, iPad, Mac and iPod.