Apple inc investment

Apple Inc.

is a good candidate for investment because, first and foremost, it loomed with revenue that is worth $19. 3 billion in 2006, an operating income that is worth $2. 12 billion, and a net income that reached $1. 73 billion (Wikipedia 2007).

With full-time employees that arrive at almost 18, 000 individuals, and temporary employees that are more than 2, 300 individuals, Apple Inc. has been known for very renowned products around the globe, such as the iPhone, the iPod, the Apple TV, the iLife, and the iTunes Store. There are also operational manufacturing strategies used in product manufacturing and introduction, such as the use of plans, inventories, and manufacturing schedules. This means that the production and manufacturing of products are more stable and more secure, and this is one great asset of the company that investors usually look for. The company has also been known to implement four key areas in particular: first is product and packaging design; second is responsible manufacturing; third is energy efficiency; fourth and final is recycling (Apple Inc. 2007).

This gives the company credit in terms of government satisfaction, not to mention the educational and environmental associations and organizations that go with it. As it is evident, business is better when there are more members in the team. Since the company's Internet stores and services stretch the range of consumers globally, investing in the company would be supported globally by members of the team, especially that most of its customer base are distinctively devoted Americans that comprise about 60%

of its net sales in 2006 (USSEC 19). With a big revenue, a huge operating and net income, an extremely large global team, a number of very renowned products, leaders, and designers, as well as the use of well-modified strategies, plans, and inventories that lead to a more stable input and output operations, it is presumed that Apple Inc. is a good candidate for business investments nowadays.

This is true, since the company's net sales in 2006 have increased by 28%. Main Body Financial Analysis of Apple Inc. Ratio for 2006, 2005, and 2004 The following are the ratios of Apple Inc. for the years 2006, 2005, and 2004, as based on the data provided by Google Finance and USSEC on Apple Inc. , which is also being displayed in the Appendix section on page 26: From the twelve types of ratios that were calculated in the recent pages, the following facts could be distinguished: Current ratio increased by 11% from 2004 to 2005, and then decreased by 24% from 2005 until 2006. The company is on the downfall.

Quick / acid test ratio decreased by 40% from 2004 to 2005, and then increased by 40% as well from 2005 until 2006. The company is stagnant. Inventory turnover ratio increased by 3% from 2004 to 2005, and then decreased by 15% from 2005 until 2006. The company is on the downfall. Fixed assets turnover ratio increased by 47% from 2004 to 2005, and then decreased by 1% from 2005 until 2006.

The company is on the rise. Total assets turnover ratio increased by 17% from 2004 to 2005, and then decreased by 7% from 2005 until 2006. The company is on the rise. Debt ratio decreased by 5% from 2004 to 2005, and then increased by 20% from 2005 until 2006.

The company is on the downfall. Times-interest-earned ratio increased by 72% from 2004 to 2005, and then decreased by 28% from 2005 until 2006. The company is on the rise. EBITDA coverage ratio increased by 91% from 2004 to 2005, and then increased also by 6% from 2005 until 2006. The company is on the rise. Basic earning power ratio increased by 220% from 2004 to 2005, and then retained its position a year after 2005.

The company is on the rise. Return on total assets (ROA) increased by 233% from 2004 to 2005, and then multiplied 115 times from 2005 until 2006. The company is on the rise. Price / earnings (P/E) ratio decreased by 51% from 2004 to 2005, and then decreased again by 19% from 2005 until 2006. The company is on the downfall. Price/cash flow ratio increased by 240 points from 2004 to 2005, and then decreased by 25 points from 2005 until 2006.

The company is on the rise. From the twelve ratios above, it appears that Apple Inc. is on the rise (4 downfalls vs. 7 rise; 1 is stagnant). The problems appear to be on the side of the following: first is the current ratio that is negative by 15% from 2004 to 2006; second is the inventory turnover ratio that is negative by 12% from 2004 to 2006; third is the debt ratio that is positive by 15% from 2004 to 2006; fourth is the P/E ratio that is negative by 32% from 2004 until 2006.

The last ratio—the P/E ratio—appears to be the basic problem of Apple Inc. Because the P/E ratio is usually the ratio that encourages investors to join the company because it points to higher earnings and growth, it would be better if Apple Inc. would have higher P/E ratio in the coming year and quarters. However, this would not be very discouraging, especially that P/E ratio is usually compared to others in the market industry. Its true value would only be recognized once the P/E ratios of other competitors in the industry are defined.

Thus, it would be significant to compare its P/E ratio with the other competitors of Apple Inc. , to be able to define the specific status of the company.