AAPL

Apple is growing 16%, and about two points of margin are one-off.

June-quarter sales rose 16% with double-digit growth in every region, and gross margin reached 50.1%. Tariff refunds added about two points, and memory costs are rising.

+16% CALCULATED

Fiscal Q3 2026 net sales growth: $109.4B vs $94.0B (growth calculated from reported sales).

Watchlist: demand is strong; memory cost, the end of tariff refunds and a 37x forward multiple decide what the next prints are worth.

Core question

Can Apple sustain mid-teens growth through memory cost inflation once tariff refunds stop?

Revenue

FQ3 sales $109.4B, +16%; iPhone $54.3B (+22%), Services $30.7B (+12%), every region up double digits.

Margin

Gross margin 50.1% vs 46.5%, including about 2 points from tariff refunds; operating margin 32.6% (calculated).

Cash

Nine-month operating cash flow $117.0B, capex $6.8B, buybacks $62.1B; net cash $62.2B (calculated).

Risk

Inventories +94% since September on components; the 10-Q expects memory cost pressure to intensify.

Street

Published targets span $215 to $405, average $329.38, 3.7% below the Oct 15 close of $342.00.

PRICE	MARKET CAP	PRICE AS OF	REPORT DATE
$342.00	**$4.99T**	**15 Oct 2026**	**16 Oct 2026**
as of 15 Oct 2026	as of 15 Oct 2026		

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SUMMARY

Strong demand, a margin lifted by tariff refunds, shares at 39x trailing earnings.

Growth accelerated to 16% and every geography grew double digits. Part of the margin gain is tariff refunds, and the shares trade at 39x trailing earnings.

+16%

FQ3 2026 net sales growth, a June-quarter record; Americas +11%, Europe +22%, Greater China +22%. CALCULATED

50.1%

FQ3 gross margin vs 46.5%; about 2 points from tariff refunds, so roughly 48.1% without them (calculated).

+94%

Inventories to $11.1B from $5.7B at Sep 27, 2025; components $7.6B vs $2.1B. CALCULATED

What supports the view

- Net sales $109.4B, +16%; iPhone +22%, Mac +29%, Services +12% (growth calculated from reported lines).
- Operating income $35.7B, +27%; EPS $2.02, +29%, with 2% fewer shares than a year ago.
- Nine-month operating cash flow $117.0B vs $81.8B; capex only $6.8B; $62.1B of repurchases.
- Installed base of active devices at an all-time high in every major category and region (company statement).

What could undercut it

- About 2 points of FQ3 gross margin came from tariff refunds, which do not repeat.
- The 10-Q expects supply constraints and component cost increases, including DRAM and NAND, to intensify.
- Services growth of 12.1% is the slowest in five quarters (calculated).
- R&D rose 32% y/y; SG&A 10%. Leverage fades if sales growth does.
- The average Street target ($329.38) is below the price; four analysts rate it negatively.

What decides it: gross margin without refunds against Apple's guide (growth +9% to +11%, margin 47% to 48%), reported 2 November, 1:30pm PT.

Key figures

METRIC	PERIOD	VALUE	SOURCE
Net sales	FQ3 2026	**$109.417B**	FQ3 2026 release
Gross margin	FQ3 2026	**50.1%**	FQ3 2026 10-Q
Operating income	FQ3 2026	**$35.695B**	FQ3 2026 release
Diluted EPS	FQ3 2026	**$2.02**	FQ3 2026 release
TTM net sales	FQ4 25 to FQ3 26	**$466.823B** CALCULATED	Calculated: four quarters
TTM net income	FQ4 25 to FQ3 26	**$128.930B** CALCULATED	Calculated: four quarters
Net cash	27 Jun 2026	**$62.2B** CALCULATED	Calculated: $146.5B cash and securities less $84.3B debt

What to watch

2 NOV 2026

FQ4 2026 results

Date confirmed by Apple (1:30pm PT). Apple's FQ4 guide: revenue +9% to +11% y/y, gross margin 47% to 48%. Consensus implies about $113.9B (+11%), calculated.

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DEC 2026 QUARTER

Holiday quarter outlook

FQ1 2027 guide is given on the 2 Nov call; the FQ4 guide came from the Q3 call (secondary transcript).

UNDATED

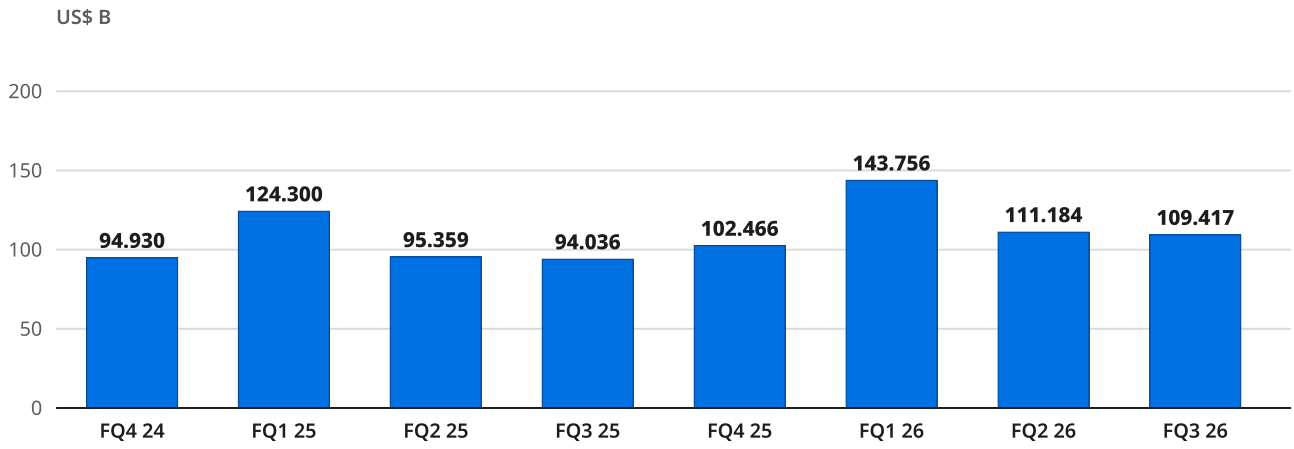
Tariff decisions

Section 301 and a Section 232 semiconductor investigation are named in the 10-Q; no dates sourced.

EVIDENCE 1 · REVENUE AND MARGINS

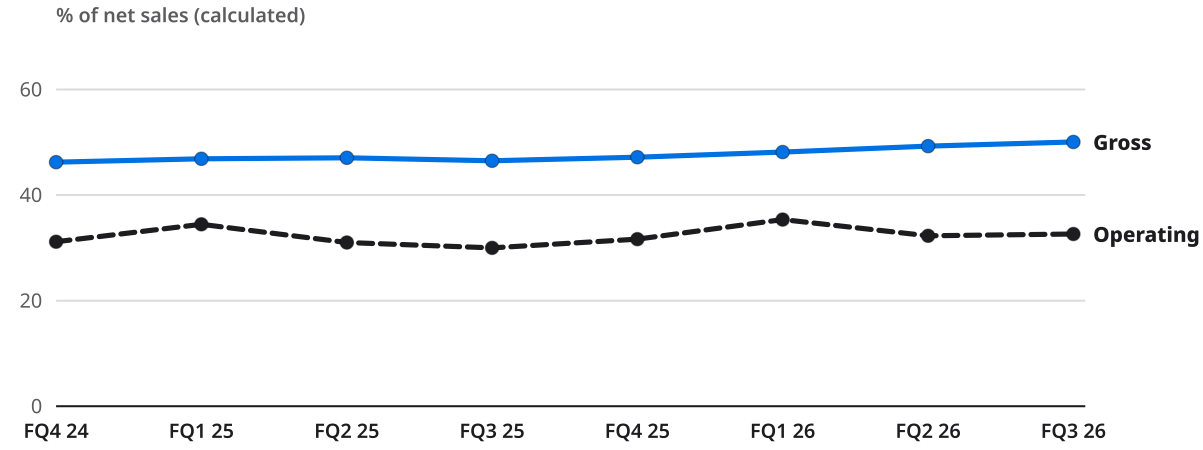
Sales growth accelerated to 16% and gross margin passed 50%.

Quarterly net sales reached $109.4B in FQ3, a June-quarter record



Net sales as reported. FQ1 is the holiday peak. FQ3 2026 from the release; earlier quarters from the Flip sheet, tab AAPL.
Source: Apple 8-K (SEC) and 10-Q; Flip sheet tab AAPL (checked to nine-month totals).

Gross margin rose 3.6 points y/y; operating margin 2.6 points



Calculated: gross margin and operating income divided by net sales. FQ3 2026 gross margin includes about 2 points of tariff refunds.
Source: Apple filings; Flip sheet tab AAPL; margins calculated by the Desk.

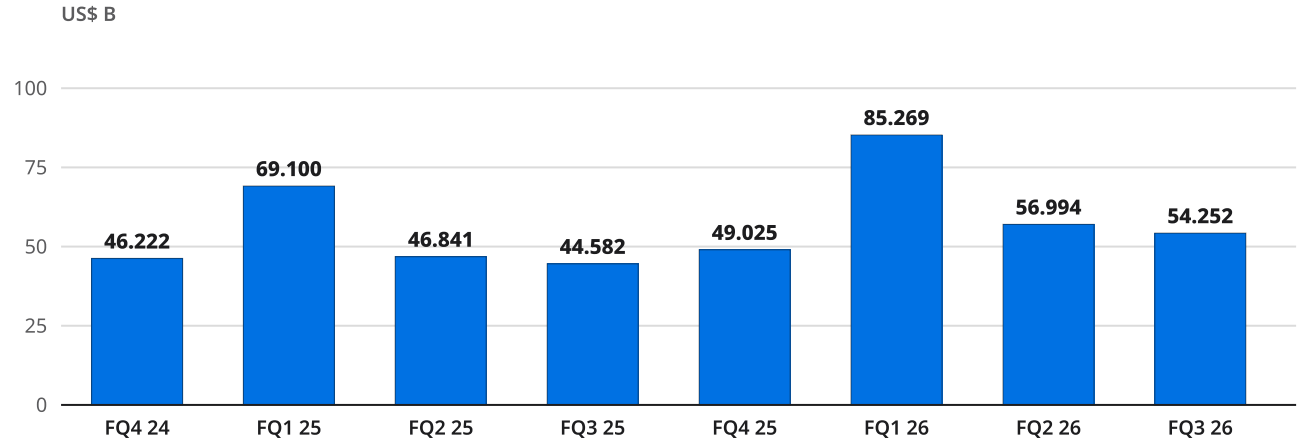
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Products gross margin was 40.1% vs 34.5% and Services 75.6%, flat (reported). The 10-Q cites a different product mix and tariff refunds, partly offset by higher costs including memory. Refunds follow the Feb 20, 2026 Supreme Court ruling on IEEPA tariffs and are booked as a reduction of products cost of sales.

EVIDENCE 2 · PRODUCTS AND SERVICES

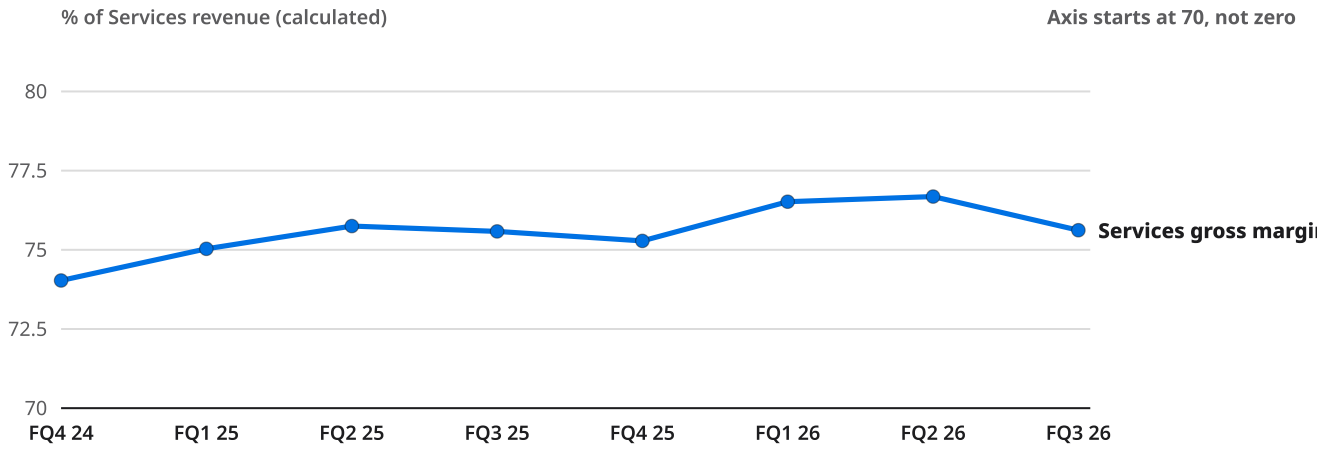
iPhone and Mac led growth; Services slowed to 12%.

iPhone revenue grew 22% to $54.3B in FQ3



FQ1 2025 value in the tab (69,100) looks rounded; the tab's category total misses the segment total by 30 in that quarter.
Source: Flip sheet tab AAPL; FQ3 2026 Apple release.

Services gross margin has held near 76% while growth eased



Calculated: Services gross profit divided by Services revenue. FQ3 2026 reported at 75.6%. Axis runs 70 to 80.
Source: Flip sheet tab AAPL; Apple 10-Q for FQ3 2026.

Services revenue was $30.7B, +12.1% (calculated), against +16.3% in FQ2. The 10-Q credits advertising and cloud services. Services is 28% of sales and about 42% of gross profit (calculated).

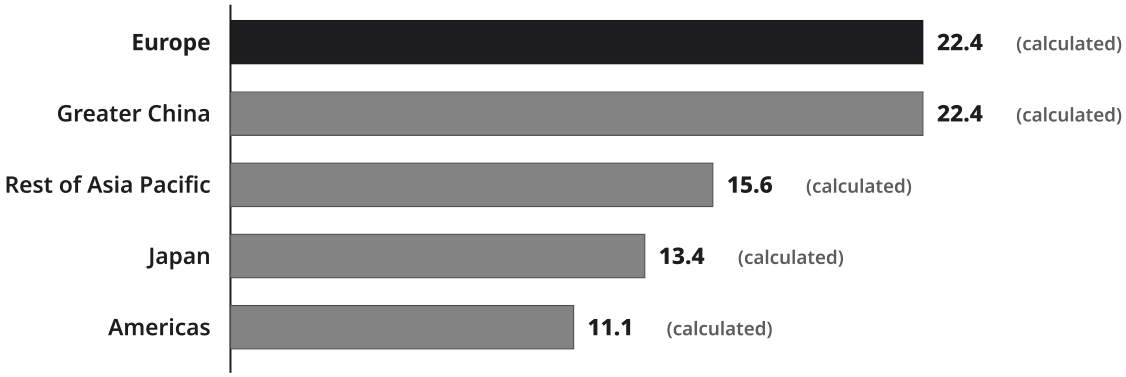
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EVIDENCE 3 · REGIONS AND COSTS

Europe and Greater China grew 22%; R&D grew fastest of the cost lines.

Europe and Greater China grew fastest, up 22% each

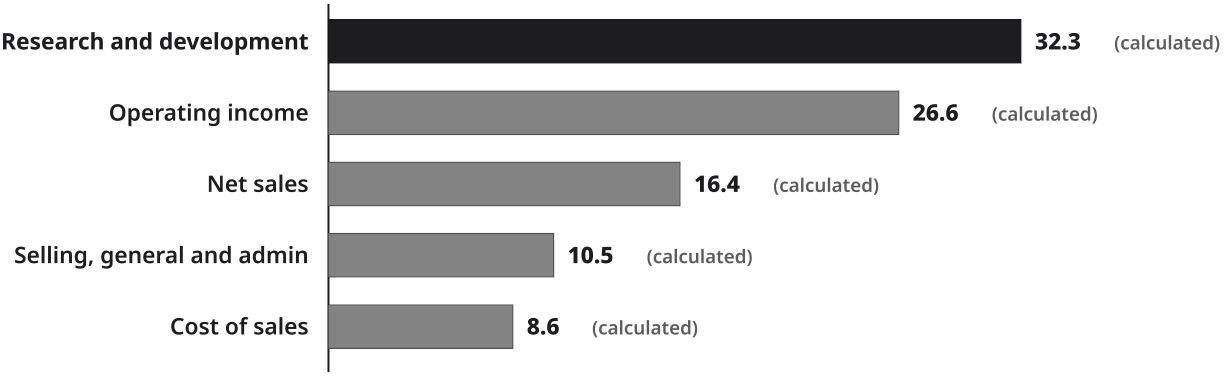
% change y/y, FQ3 2026



Growth calculated from reported segment net sales in the FQ3 2026 release.
Source: Apple FQ3 2026 release and 10-Q, segment note.

R&D grew 32%, three times the rate of SG&A

% change y/y, FQ3 2026



Calculated from reported dollar lines in the FQ3 2026 release.
Source: Apple FQ3 2026 release, income statement.

Greater China segment operating income was $7.4B on $18.8B of sales, a 39% margin (calculated). The 10-Q says iPhone was a moderately higher share of Greater China sales.

EVIDENCE 4 · CASH AND BALANCE SHEET

Cash generation is huge; the build is in inventory.

NINE MONTHS TO 27 JUN 2026	2026	2025	SOURCE
Operating cash flow	**$116,996M**	$81,754M	FQ3 2026 release
Capex (property and equipment)	**$6,799M**	$9,473M	FQ3 2026 release
Share repurchases	**$62,094M**	$70,579M	FQ3 2026 release
Dividends	**$11,778M**	$11,559M	FQ3 2026 release
Free cash flow	**$110,197M** CALCULATED	$72,281M CALCULATED	Calculated: operating cash flow less capex
Inventories (period end)	**$11,092M**	$5,718M (Sep 2025)	FQ3 2026 release

Cash and marketable securities were $146.5B against $84.3B of debt, so net cash was $62.2B (calculated). Intangible assets rose to $25.4B from $13.3B; the cause is not stated in the sections reviewed. Apple gives no numerical guidance in the release; the FQ4 outlook came on the call.

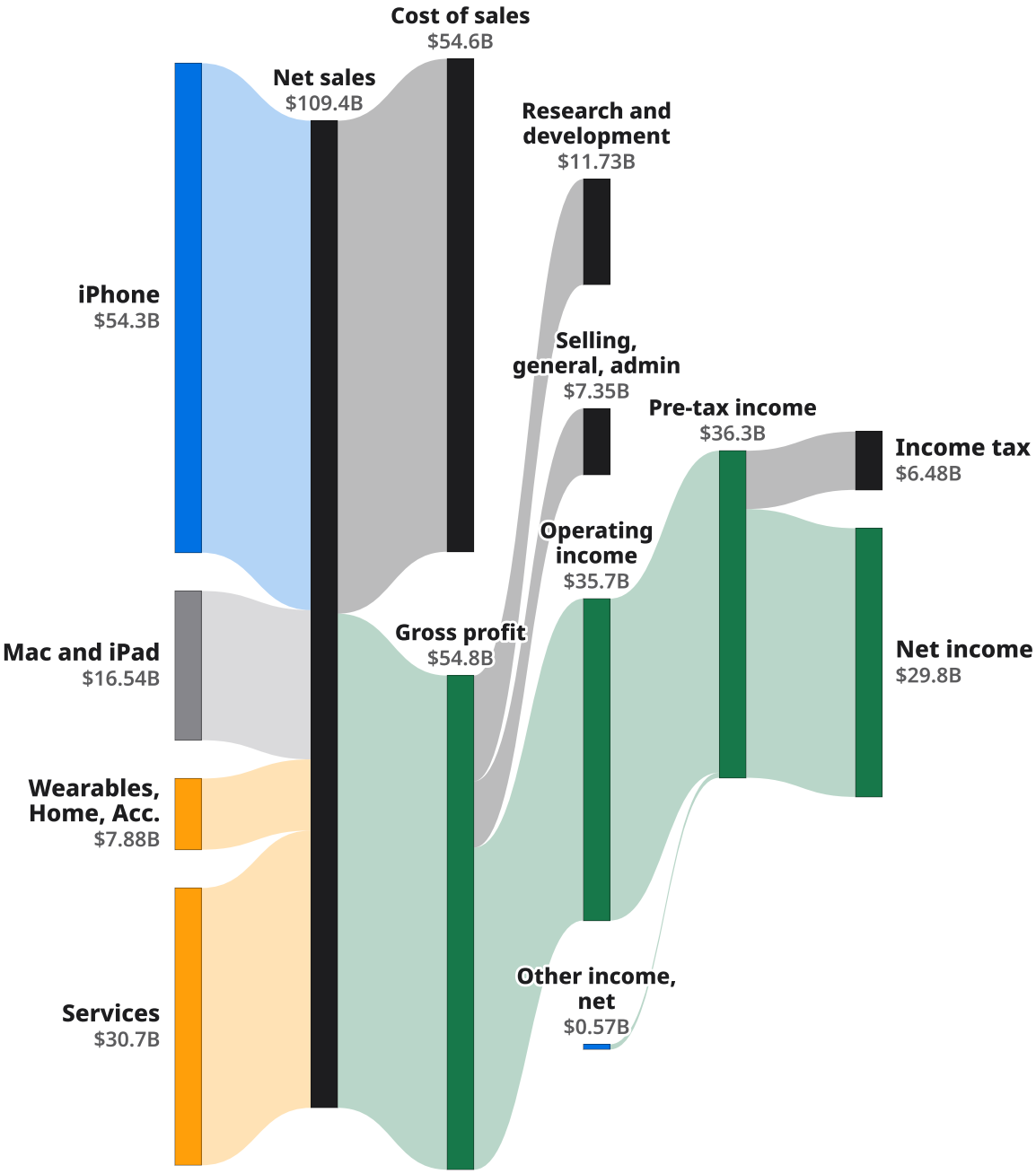
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INCOME STATEMENT FLOW

Where each dollar of FQ3 sales went: 32.6% became operating income.

FQ3 2026 income statement

US$ B · quarter ended 27 Jun 2026 · GAAP



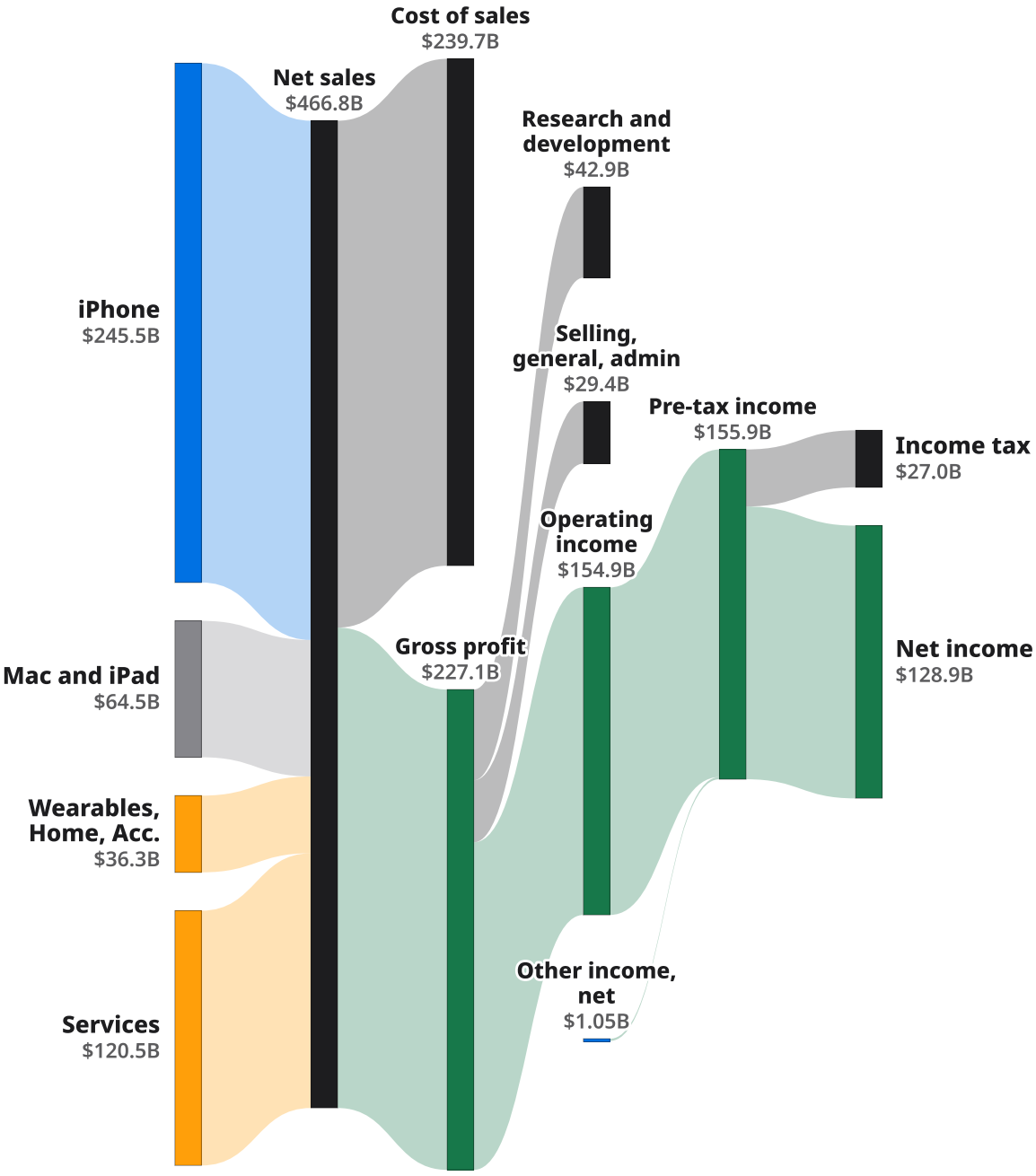
Source: Apple FQ3 2026 release (8-K). Mac and iPad grouped; ties to reported subtotals.
Chart: desk analysis. Grouped lines are calculated; see method.

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Over four quarters, 33.2% of $466.8B of sales became operating income.

TTM income statement, FQ4 2025 to FQ3 2026

US$ B · trailing twelve months to 27 Jun 2026 · GAAP · calculated



Source: Apple releases (SEC); Flip sheet tab AAPL for FQ4 2025. Sum of four quarters, calculated.
Chart: desk analysis. Grouped lines are calculated; see method.

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RISKS

Five exposures matter most, set against real strengths.

Memory and component costs

Inventories +94%; the 10-Q expects supply constraints and cost increases to intensify and says price rises may not offset them.

Margin non-repeatability

About 2 points of FQ3 gross margin are tariff refunds; Section 301 and 232 measures are still moving.

Valuation

39x trailing and 37x forward earnings; consensus FY27 EPS growth is 8.5%; the average target is 3.7% below the price.

Services deceleration

+12.1% in FQ3 vs +16.3% in FQ2 (calculated); Services is about 42% of gross profit.

R&D step-up

R&D +32% y/y for two quarters (calculated); legal and regulatory sections were not reviewed in depth.

Offsetting strengths

Record installed base, $62.2B net cash, 16% growth in every region and 2% annual share-count reduction.

VALUATION

The published Street range runs from $215 to $405 against a $342.00 price.

Only the third-party analyst range is sourced; the Desk has no scenario model. This is not a Desk target.

Street range (third-party)

CASE	STREET TARGET	VERSUS CLOSE	SOURCE
Street low	**$215**	-37.1%	S and P Global MI, 44 analysts
Street average	**$329.38**	-3.7%	S and P Global MI
Street high	**$405**	+18.4%	S and P Global MI

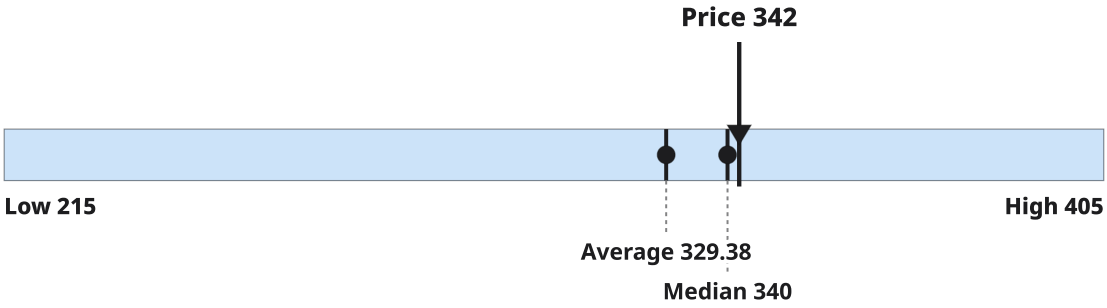
Valuation inputs, 15 Oct 2026

METRIC	BASIS	VALUE	SOURCE
Market capitalisation	Oct 15 close	**$4.99T**	S and P Global MI
Trailing P/E	TTM	**39.2x**	S and P Global MI
Forward P/E	S and P	**37.2x**	S and P Global MI
P/E on FY26 EPS $8.83	Consensus	**38.7x** CALCULATED	Calculated: $342.00 / $8.83
P/E on FY27 EPS $9.58	Consensus	**35.7x** CALCULATED	Calculated: $342.00 / $9.58
EV/EBITDA	TTM	**29.5x**	S and P Global MI
Free cash flow yield	TTM	**2.7%**	S and P Global MI

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The price sits in the upper half of a wide published range

US$ per share



Third-party analyst targets as polled by S and P Global; not a Desk view.
Source: stockanalysis.com forecast page, 15 Oct 2026.

CATALYSTS

One dated event: FQ4 results on 2 November.

2 NOV 2026 · KEY DATE

FQ4 2026 results (after close)

Date confirmed by Apple. Guide: +9% to +11%, margin 47% to 48%. Watch gross margin without refunds, memory cost, Services growth and Greater China; consensus implies sales near $113.9B and EPS near $1.95 (calculated).

DEC 2026 QUARTER

Holiday quarter

iPhone cycle and memory pricing; outlook comes on the call, not in the filings reviewed.

UNDATED

Tariff decisions

Section 301 and Section 232 semiconductor measures named in the 10-Q; no dates sourced.

METHOD AND DATA QUALITY

How the numbers were checked

Tags: OK confirmed against the source, FIX corrected, PART partly supported, UNV not verified.

CLAIM	RESULT	NOTE
FQ3 2026 income statement, segment and category sales, cash flow and balance sheet	OK	Read from the release and 10-Q; nine-month totals less FQ3 equal the tab's FQ1 plus FQ2.
Flip tab AAPL is current	FIX	Tab ends at FQ2 2026; FQ3 2026 comes from filings.
Flip tab AAPL category totals and quarterly SBC	FIX	FQ1 and FQ2 2025 category totals miss segment totals by 30; FQ2 2026 SBC repeats FQ2 2024. Not used.
TTM sales, operating income and net income	OK	Sum of four quarters matches S and P ($466.82B, $154.86B, $128.93B); labelled calculated.

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CLAIM	RESULT	NOTE
Sankey grouping: Mac $10,352M plus iPad $6,191M; 14 nodes	OK	Ties to reported net sales; labelled calculated.
Ex-refund gross margin of about 48.1%	PART	Company says approximately 2 points; exact refund dollars not disclosed.
Cause of the rise in intangible assets and inventories	UNV	Only the memory-cost language is in the 10-Q sections reviewed.
FQ4 report date of 2 Nov 2026	UNV	Confirmed: Apple scheduled 2 Nov, 1:30pm PT (MacRumors 6 Oct, reporting Apple's announcement).
Apple FQ4 guide: revenue +9% to +11%, gross margin 47% to 48%	PART	From call transcripts (secondary); margin guide includes about 1 point of tariff refund (about 46.5% without).
Regional growth, TTM sums, Section 301/232 mention	UNV	Not re-derived or re-read in the fact-check.

Not sourced or not determinable

- FQ4 2026 guidance (given on the call).
- Exact dollar value of tariff refunds in FQ3.
- Purpose of the $12B rise in gross intangible assets.
- Legal and regulatory exposures (sections not reviewed in depth).

SOURCES & DISCLOSURE

Principal sources

1. **Apple FQ3 2026 earnings release (8-K EX-99.1)**
   sec.gov/Archives/edgar/data/320193/000032019326000018/a8-kex991q3202606272026.htm
2. **Apple Q3 FY26 call transcript: FQ4 guide +9% to +11%, gross margin 47% to 48% (Motley Fool, secondary)** (secondary)
   fool.com/earnings/call-transcripts/2026/08/07/apple-aapl-q3-2026-earnings-call-transcript/
3. **Apple FQ4 2026 earnings date: 2 Nov, 1:30pm PT (MacRumors)** (secondary)
   macrumors.com/2026/10/06/apple-q4-2026-earnings-nov-2/
4. **Apple Form 10-Q, quarter ended 27 Jun 2026**
   sec.gov/Archives/edgar/data/320193/000032019326000020/aapl-20260627.htm
5. **Valuation statistics, S and P Global MI via stockanalysis.com, 15 Oct 2026** (secondary)
   stockanalysis.com/stocks/aapl/statistics/
6. **Analyst targets and estimates, S and P Global MI / TipRanks via stockanalysis.com** (secondary)
   stockanalysis.com/stocks/aapl/forecast/
7. **Flip sheet, tab AAPL (read-only; history to FQ2 2026)** (secondary)
   docs.google.com/spreadsheets/d/1m3h9Xce3SRMaq20li2Qg4HuSZowwxQSd9FkQmeuI7Dw (Flip sheet, read-only)

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