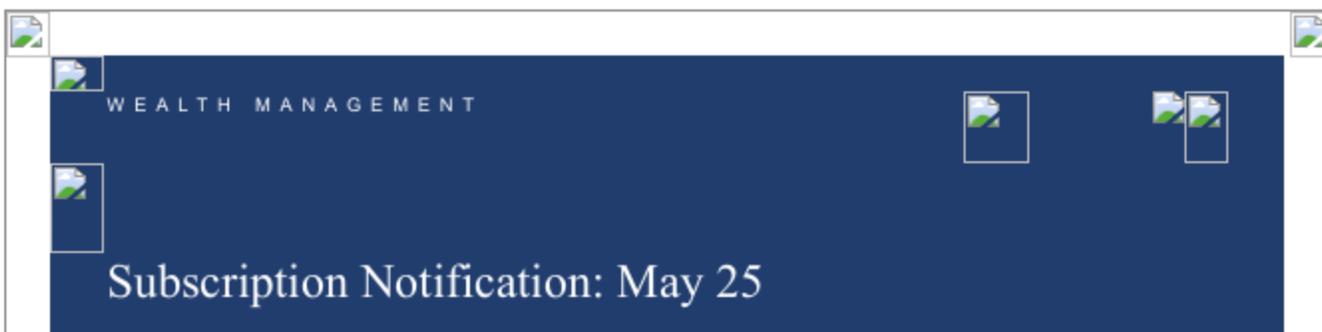


From: "jeffrey E." <jeevacation@gmail.com>
To: Richard Kahn <[REDACTED]>
Subject: Re: FW: Apple, Inc.: Is Shared Mobility in Apple's Future?
Date: Wed, 25 May 2016 11:17:30 +0000

I d like to underastand rothschld furntiure purchases , did we pay for all. did she pay for any?

On Wed, May 25, 2016 at 7:16 AM, Richard Kahn <[REDACTED]> wrote:

From: Morgan Stanley <[REDACTED]>
Reply-To: <[REDACTED]>
Date: Wednesday, May 25, 2016 at 12:09 AM
To: Richard Kahn <[REDACTED]>
Subject: Apple, Inc.: Is Shared Mobility in Apple's Future?



[Apple, Inc.: Is Shared Mobility in Apple's Future?](#)

Katy L. Huberty, CFA – Morgan Stanley

May 25, 2016 4:01 AM GMT

Apple investments in the \$2.6T shared mobility market open up the potential to contribute more revenue/EPS than Apple generates today. Supporting our view, incremental R&D investment is 20x larger than major auto OEMs & investment in Didi Chuxing & data centers point to a shared service model.

Shared mobility the most likely explanation for increased investments, due to: 1) The significant opportunity – \$2.6T annually based on 20 trillion miles traveled in 2030 with 26% shared autos penetration at 50c/mile, 2) Intersection of three disruptive forces - electric, autonomous, shared vehicles, 3) Need for improved digital experience in vehicles, and 4) Faster technology cycles which average 1-2 years, at most, compared to auto design cycles of 5-7 years. Apple's recent investment in Didi Chuxing signals an interest in shared rather than owned vehicles creating a recurring revenue stream at maturity. With Apple outspending the major auto OEMs on this opportunity, we believe

Apple could gain at least 16% of the shared mobility market, similar to the company's share in smartphones today. This translates to over \$400B of revenue and \$16 EPS for Apple in 2030 - more than the rest of Apple generates today (\$234B / \$9.22 in FY15) (Exhibit1). We assume Apple garners 16% share of the \$2.6T shared mobility TAM in 2030, along with Apple's 2015 operating net income margin and average diluted share count. Over the past three years, Apple spent an incremental \$5B on R&D likely for products not yet launched. This compares to \$2B incremental R&D spend ahead of Watch and less than \$1B ahead of iPhone and iPad launches (Exhibit2). While the investment cycle creates negative leverage today – R&D grew 80% vs. revenue up 37% last two years – if these projects deliver revenue in the future, we could see meaningful margin expansion similar to what the company experienced after the iPhone launch. Interestingly, Apple spent more on R&D in FY15 (3.5%) as a percent of revenue than it

Click [here](#) to see the full report.

This alert is sent from:

Andrew Atlas, [REDACTED]

You received this because you asked to be alerted to:

APPLE INC.

Please contact your FA if you want to unsubscribe from the alerts.

Disclosures:

Please see the full report for risks, disclosures and other important information.

Important disclosures regarding the relationship between the companies that are referenced in Morgan Stanley research and Morgan Stanley Wealth Management research are available on the Morgan Stanley Wealth Management disclosure website at <https://www.morganstanley.com/online/researchdisclosures>.

Morgan Stanley Wealth Management Not Acting as Municipal Advisor

Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.

Copyright

The copyright in materials provided by Morgan Stanley is owned by Morgan Stanley & Co. LLC. Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States.



--

please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of JEE

Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved