

Message

From: Liz Daly [Redacted@google.com]
Sent: 1/31/2020 5:23:01 PM
To: Joan Braddi [Redacted@google.com]
CC: Ben Friedenson [Redacted@google.com]
Subject: Re: AAPL transcript

Thanks, Joan. I have applied that to the document, both on the first slide and in the title of the doc generally.

On Fri, Jan 31, 2020 at 11:10 AM Joan Braddi [Redacted@google.com] wrote:
Ben/Liz:

Would you please add the appropriate A/C privilege to this document?

Joan

On Fri, Jan 31, 2020 at 8:07 AM Joan Braddi [Redacted@google.com] wrote:
+ Liz

Attorney-Client Privileged and Confidential -

On Thu, Jan 30, 2020 at 11:20 PM Ben Friedenson [Redacted@google.com] wrote:

Hi Ellen, Joan, Philipp and Carlos

The slides for Apple's Q4'19 fiscal results are now available here

Our payment Y|Y growth rate was Confidential this quarter, Confidential Y|Y in the prior quarter. Their overall services revenue actually decreased in Y|Y growth, showing Confidential Y|Y this quarter vs. Confidential Y|Y last quarter.

Here are our staple bullets:

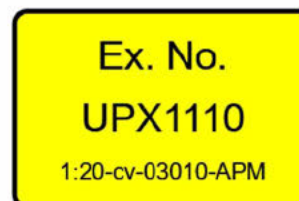
- Our payments accounted for Confidential of Services revenue (vs. Confidential last quarter; Confidential last year) and Confidential of Apple's Total Revenue (vs. Confidential last quarter; Confidential last year)
- YoY our payments Confidential while Services revenue grew at Confidential
- YoY payment Confidential last quarter (and Confidential) and Confidential the two quarters before) and is expected to hover at roughly Confidential next quarter.
- We were a Confidential to their Services growth, or roughly Confidential quarter where Confidential (eg Confidential of growth last qtr)
- We accounted for Confidential of Apple's Operating Income (Confidential the prior two quarters)
- We estimate that our payments contributed Confidential to Apples diluted EPS of Confidential Confidential last quarter)
- Our payments represented Confidential of Apples Cash from Operations, Confidential the year before.

Please let us know if any questions.

[Redacted@google.com]

My team is hiring!

Hello, 2020! Goodbye plastic! Make a Reusable Resolution for 2020. Check out [go/beyond-single-use](https://www.apple.com/learn/beyond-single-use)



Redacted

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On Mon, Nov 11, 2019 at 1:50 PM Joan Braddi [Redacted]@google.com> wrote:
+ philipp

On Mon, Nov 11, 2019 at 1:28 PM Carlos Kirjner [Redacted]@google.com> wrote:

Confidential

On Mon, Nov 11, 2019, 12:25 PM Ben Friedenson [Redacted]@google.com> wrote:

Hi Ellen and Joan,

The slides for Apple's Q3'19 fiscal results are now available here.

Our payment Y|Y growth rate was [Confidential] this quarter, **Confidential** Y|Y in the prior quarter. Their overall services revenue actually increased in Y|Y growth, showing [Confidential] Y|Y this quarter vs. [Confidential] Y|Y last quarter.

Confidential

Here are our staple bullets:

- Our payments accounted for [Confidential] of Services revenue (vs. [Confidential] last quarter, [Confidential] last year) and [Confidential] of Apple's Total Revenue (vs. [Confidential] last quarter, [Confidential] last year)
- YoY our payments **Confidential** while Services revenue grew at [Confidential]
- YoY payment **Confidential** last quarter (and up from **Confidential** the two quarters before) and is expected to hover at roughly [Confidential] next quarter.
- We were [Confidential] to their Services growth, or roughly [Confidential] this is similar to last quarter where we were also **Confidential** of growth last qtr)
- We accounted for [Confidential] of Apple's Operating Income (up from [Confidential] and [Confidential] the prior two quarters)
- We estimate that our payments contributed [Confidential] to Apples basic EPS: **Confidential** [Confidential] last quarter)
- Our payments represented [Confidential] of Apples Cash from Operations, up from [Confidential] the year before.

Please let us know if any questions.

[Redacted]@google.com

*** I'm Hiring ***

Finance Manager, Machines and Infrastructure, Search and Assistant PA Finance

Finance Manager, Core Search & New Surfaces, Search and Assistant PA Finance

Finance Manager, Central Planning & Strategic Projects, Search and Assistant PA Finance

On Fri, Nov 8, 2019 at 7:37 PM Joan Braddi [Redacted]@google.com> wrote:
I'll do that.

Thanks

On Fri, Nov 8, 2019, 7:23 PM Ben Friedenson [Redacted]@google.com> wrote:
Thank you Joan,

If we can advise Philipp that it will be ready prior to his call on Tuesday that would be great and I will make sure to have it ready in time (and ideally early!)

Redacted

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Thanks,
Ben

On Fri, Nov 8, 2019, 2:27 PM Joan Braddi [Redacted@google.com](#)> wrote:
Btw I know you are all very busy. I can tell Philipp it will be provided before his call on Tuesday with Apple if Monday is not possible.

On Fri, Nov 8, 2019, 2:26 PM Joan Braddi [Redacted@google.com](#)> wrote:
If possible to have early Monday as meeting with Philipp at 10am to run through the numbers.

On Fri, Nov 8, 2019, 2:15 PM Ben Friedenson [Redacted@google.com](#)> wrote:
Hi Joan and Ellen,

I apologize but I am now working to address a few unexpected but timely requests. I will deliver this over the weekend or on Monday.

Thanks,
Ben

[Redacted@google.com](#)

***** I'm Hiring *****

Finance Manager, Core Search & New Surfaces, Search and Assistant PA Finance
Finance Manager, Central Planning & Strategic Projects, Search and Assistant PA Finance

On Fri, Nov 8, 2019 at 2:08 PM Joan Braddi [Redacted@google.com](#)> wrote:
Hi Ben:

Let me know if this is still on track for EOD today.

Thanks
Joan

On Mon, Nov 4, 2019 at 1:04 PM Ben Friedenson [Redacted@google.com](#)> wrote:
Thanks Joan,

On my radar this week as soon as plan mtg (tomorrow 10AM) is behind us. Will have it by EOW.

Thanks!

[Redacted@google.com](#)

*** I'm Hiring ***

Finance Manager, Machines and Infrastructure, Search and Assistant PA Finance

Finance Manager, Core Search & New Surfaces, Search and Assistant PA Finance

Finance Manager, Central Planning & Strategic Projects, Search and Assistant PA Finance

On Mon, Nov 4, 2019 at 12:21 PM Joan Braddi [Redacted@google.com] wrote:
EOW works for him. Send to me and I will incorporate into the overall Apple update.

On Mon, Nov 4, 2019 at 11:24 AM Carlos Kirjner [Redacted@google.com] wrote:
We are swamped with planning till wed but should be able to get something out this week.

Does he need it in the next couple of days?

On Mon, Nov 4, 2019, 1:22 PM Joan Braddi [Redacted@google.com] wrote:
Ben:

Per my last email, when you get a chance, Philipp is looking for the most recent qtrly numbers on our contribution to Apple's Services revenue.

Thanks
joan

On Thu, Aug 1, 2019 at 9:28 PM Ben Friedenson [Redacted@google.com] wrote:
+Joan Braddi as FYI

Hi Ellen,

The slides for Apple's Q3'19 fiscal results are now available [here](#).

Our payment Y|Y growth rate was [Confidential] this quarter, [Confidential] Y|Y in the prior quarter. Their overall services revenue actually declined in Y|Y growth, showing 15.3% Y|Y this quarter vs. 16.2% Y|Y last quarter. [Confidential]

[Confidential]

Here are our staple bullets:

- Our payments accounted for [Confidential] of Services revenue (vs. [Confidential] last quarter; [Confidential] last year) and [Confidential] of Apple's Total Revenue (vs. [Confidential] last quarter; [Confidential] last year).
- YoY our payments grew [Confidential], while Services revenue grew at [Confidential]
- YoY payment growth was [Confidential] last quarter (and [Confidential] [Confidential] the two quarters before) and is expected to hover between [Confidential] for the next two quarters.
- We were a [Confidential] to their Services growth, or roughly [Confidential] [Confidential] of growth last qtr)
- We accounted for [Confidential] of Apple's Operating Income ([Confidential] the prior two quarters)

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• We estimate that our payments contributed Confidential to Apples basic EPS of Confidential
Confidential

Please let us know if any questions.

***** I'm Hiring *****

Finance Manager - Search and Assistant PA Finance

Bungee - Google Assistant

Redacted@google.com

On Wed, Jul 31, 2019 at 9:13 AM Ben Friedenson Redacted@google.com wrote:
Hi Ellen,

Thanks for reminding me of Apple's release. I will look into this in the next 24 hours and revert back here.

Thanks,
Ben

***** I'm Hiring *****

Finance Manager - Search and Assistant PA Finance

Bungee - Google Assistant

Redacted@google.com

On Wed, Jul 31, 2019 at 4:02 AM Ellen West Redacted@google.com wrote:
Hi, Ben and Ross. Let me know when you have an update based on the results Apple released last night.

Thanks,

Ellen

On Tue, Jul 23, 2019 at 8:41 PM Mike Roszak Redacted@google.com wrote:
+Ben and Ross

Hi Ellen - Ben and Ross are leading the AAPL analytics and can help with the ongoing quarterly reporting.

Thanks,
Mike

Redacted

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On Tue, Jul 23, 2019, 5:27 PM Ellen West [Redacted]@google.com> wrote:
Hi, all. Just checking in to see who is responsible for updating this after AAPL reports next week -- I think all of you have moved on.

Thanks,

Ellen

On Fri, May 3, 2019 at 5:50 AM Ellen West [Redacted]@google.com> wrote:
Thanks, Chris. Very helpful to understand.

On Thu, May 2, 2019 at 4:52 PM Chris Rhyu [Redacted]@google.com> wrote:
Thanks Mike.

The slides for Apple's Q2'19 fiscal results are now available [here](#).

Our payment Y|Y growth rate was [Confidential] this quarter, [Confidential] Y|Y in the prior quarter. Their overall services revenue [Confidential] moving from to 16.2% Y|Y this quarter vs. 19% Y|Y last quarter. [Confidential]

Confidential

Here are our staple bullets:

- Our payments accounted for [Confidential] of Services revenue (vs. [Confidential] last quarter; [Confidential] last year) and [Confidential] of Apple's Total Revenue (vs. [Confidential] last quarter; [Confidential] last year). [Confidential]

- YoY our payments [Confidential], while Services revenue grew at 16.2%
 - YoY payment [Confidential] last quarter (and [Confidential] the two quarters before) and is expected to continue hovering [Confidential] for the next two quarters.
 - We were a [Confidential] on their Services growth, or roughly [Confidential]

Confidential

- We accounted for [Confidential] of Apple's Operating Income (up from [Confidential] the prior two quarters)
- We estimate that our payments contributed [Confidential] to Apples basic EPS of [Confidential] or [Confidential] (up from [Confidential] last quarter)

Please let us know if any questions.
Chris

On Thu, May 2, 2019 at 9:51 AM Mike Roszak [Redacted]@google.com> wrote:
+Chris who pulled together the Google payment / Apple earnings analysis for this quarter to share the most recent takeaways

On Tue, Feb 12, 2019 at 9:29 PM Mike Roszak [Redacted]@google.com> wrote:

Thanks for sharing - interesting that it got picked up again now after the Goldman report came out several months ago.

On Tue, Feb 12, 2019 at 4:03 PM Ellen West <Redacted@google.com> wrote:
Hi, Mike. Just wanted to be sure you saw the media reports based on Goldman Sachs's estimate of our payments to Apple.

On Wed, Jan 30, 2019 at 9:23 PM Mike Roszak <Redacted@google.com> wrote:
We updated the slides HERE for Apple's Q1'19 fiscal year results. The analyses and trends are more complicated this quarter as Apple restated their historical services revenue for 2018 (details pasted below), so we approximated Services revenue restatements for 2017 and earlier to have estimated apples-to-apples growth rate trends - but these are a best guess.

Our payment Y|Y **Confidential** % this quarter. **Confidential** Y|Y in the prior quarter. Their overall services revenue **Confidential** in Y|Y growth to 19% Y|Y this quarter vs. 25% Y|Y last quarter.

Here are our staple bullets and please let us know if any questions:

- Our payments accounted for **Confidential** of Services revenue (vs. **Confidential** last quarter) and **Confidential** of Apple's Total Revenue (vs. **Confidential** last quarter) **Confidential**
- YoY our payments grew **Confidential**, while Services revenue grew at **Confidential**
 - YoY payment growth **Confidential** last quarter (and **Confidential** the two quarters before) and is expected to continue hovering at **Confidential** for the next two quarters **Confidential**
 - We contributed **Confidential** of Services growth, or roughly **Confidential** this is similar to **Confidential** of Services growth (or **Confidential** last quarter)
- We accounted for **Confidential** of Apple's Operating Income **Confidential** the prior two quarters)
- We estimate that our payments contributed **Confidential** to Apples basic EPS of **Confidential**, or **Confidential** last quarter)

Please let us know if any questions.

Thanks,
Mike

Change in Historical Services Revenue

Starting in 2019, in connection with the adoption of the new revenue accounting standard, Apple will classify the amortization of the deferred value of Maps, Siri and free iCloud services, which are bundled in the sales price of iPhone, iPad, Mac and certain other products, in Services net sales. Historically, Apple classified the amortization of these amounts in Product net sales consistent with its management reporting framework. As a result, the 2018 net sales information has been reclassified to conform to the 2019 presentation.

On Wed, Jan 30, 2019 at 12:27 PM Ellen West <Redacted@google.com> wrote:

Hey, Mike. Can you share the updated analysis when you've had a chance to digest the most recent earnings report?

Thanks,

Ellen

On Fri, Nov 2, 2018 at 6:07 PM Mike Roszak <Redacted@google.com> wrote:
Thanks for sharing the notes from their call. We updated our slides [HERE](#) for their most recent earnings.

Confidential

Confidential

I have pasted the staples bullets below and please let us know if any questions:

- Our payments accounted for Confidential of Services revenue (vs Confidential last quarter) and Confidential of Apple's Total Revenue (vs Confidential last quarter)
- YoY our payments Confidential while Services revenue Confidential (their non-payment services revenue grew at Confidential)
 - YoY payment growth Confidential last quarter (and Confidential the quarter before) and is expected to continue Confidential

Confidential

- We contributed Confidential of Services growth, or roughly Confidential Confidential Confidential of Services growth (or Confidential last quarter & Confidential of Services growth Confidential the quarter before

- We accounted for Confidential of Apple's Operating Income (Confidential last quarter) and Confidential vs. Confidential last quarter) of their Confidential YoY growth
- We estimate that our payments contributed Confidential to Apples basic EPS of Confidential or Confidential (down from Confidential last quarter)

On Fri, Nov 2, 2018 at 6:29 AM Ellen West <Redacted@google.com> wrote:
Hi, Mike and Kristen. Here is [the link](#) to AAPL's 4Q18 earnings call transcript. Some interesting/cryptic quotes below. As always would be helpful to see your analysis of the impact of our partnership on their results.

Turning to Services. It was our best quarter ever in total and virtually in every market around the world with revenue of \$10 billion. A year ago, we had a onetime \$640 million favorable impact to Services revenue due to an accounting adjustment, and taking that into account, our Services growth in Q4 this year was 27%. As Tim mentioned, we reached new all-time quarterly revenue records for many Services categories, and we are well on our way to achieve our goal to double our fiscal 2016 Services revenue by 2020.

You should also note that they announced changes to their disclosures, including this - not sure if this could reveal anything incremental about our partnership:

Before we discuss our December quarter outlook, I'd like to describe a number of changes in our financial reporting that we're implementing as we enter our new fiscal year. First, given the increasing importance of our Services business and in order to provide additional transparency to our financial results, we will start reporting revenue as well as cost of sales for both total products and total services beginning this December quarter.

Second, also beginning this December quarter, we're adopting the FASB's new standard for revenue recognition. This will not result in any change to our total revenue, but it will impact the way we report the classification of revenue between products and services. In particular, the revenue corresponding to the amortization of the deferred value of bundled services such as Maps, Siri and free iCloud services was previously reported in product revenue. After adopting the new standards, this revenue will now be reported in Services revenue.

The change in classification between products and services will also apply to the costs that are associated with the delivery of such bundled services. After we file our 10-K, we will post a schedule to our Investor Relations website showing the reclassification of fiscal 2018 revenue from products to services in connection with the adoption of the new standard. The size of this reclassification amounts to less than 1% of total company revenues. And for clarity, this reclassification was not contemplated in our previously stated goal of doubling our fiscal '16 Services revenue by 2020. That goal remains unchanged and excludes the revenue that is now shifting from products to services over that time frame.

Some commentary from the Q&A on services:

Q: And you mentioned record levels for various components of the Services business. As we look forward, if growth of Services is to maintain something close to the recent pace, what are the components of Services that you're particularly excited about that could drive that and be the strongest drivers?

Luca Maestri: Like as we said, during the September quarter, we set new records for many, many Services categories, right, from Apple Music to cloud services to the App Store to AppleCare and Apple Pay really as an explanation trajectory right now. When we look at our Services business, we think about the fact that we have a very large and growing installed base. The installed base of all our major product categories is at an all-time high and has been growing over the last several quarters. So the opportunity for us to monetize our Services business continues to grow over time. Of course, we are also improving the quality of the services that we provide, and if you look back during the last 3 years, we've added new services to our portfolio. We added Apple Pay. We added Apple Music. We added this advertising business on our App Store. And clearly, we will want to continue to offer new services over time. So there are a number of vectors that allow us to continue to grow the business over time. We have stated that we want to double the size of the Services business from the level that we had in fiscal '16 by 2020. We are well on pace to achieve that, and we feel very, very confident about the future of -- and the opportunities that we have in the Services space.



Quarterly Apple Earnings Review

Reach out to **Redacted**@ with questions

Confidential • Proprietary

Calendar Year
Q3'19 Update
(Apple's Fiscal
Year Q4'19
Earnings)

Google

Confidential + Proprietary

Redacted

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Quarterly Apple Earnings Review

PRIVILEGED & CONFIDENTIAL

Reach out to **Redacted**@ with questions

Confidential - Proprietary

Calendar Year
Q4'19 Update
(Apple's Fiscal
Year Q1'20
Earnings)

Google

Confidential - Proprietary

Redacted

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Quarterly Apple Earnings Review

PRIVILEGED & CONFIDENTIAL

Reach out to [Redacted@](#) or [Redacted@](#) with questions

Confidential - Proprietary

Calendar Year Q4'20 Update
(Apple's Fiscal Year Q1'21 Earnings)

Google

Confidential - Proprietary

Redacted

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