



Assessment

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1. Introduction

International financial management is associated with the opportunity to diversify the risk associated with running a business and the use of currency differences between entities (Breuer & Ruiz de Vargas, 2021). At the same time, an enterprise with an international reach has a better chance of developing than domestic ones, for example, because of the access to sales markets or additional sources of financing. Access to global international infrastructure allows for high profitability, ensuring the company's financial liquidity while maximising its shareholders' profit. (Arnold & Lewis, 2019)

Apple Inc. uses these possibilities in its activities, established on April 1, 1976, in collaboration with Steve Jobs and Steve Wozniak in Los Altos, California. From the beginning, the company has been producing personal computers, telephones, mobile applications and software. (Weinberger & Hartmans, 2020) The company's market value exceeded \$ 3 trillion in January 2022. (Balu & Randewich, 2022) It was increased over March last year by almost \$ 1 trillion (Kolakowski, 2021)

The latest quarterly data shows an increase in revenue of more than 18% compared to the previous year, and as of March 31, 2022, it is over 386 trillion dollars. Similarly, there is an increase of over 33% of net income to 101.9b dollars (Macrotrends, 2022a). The company's global smartphone market share was 15% in 2021, placing it second behind its main competitor, Samsung, with a 22% market share (Wise, 2022). Most of its sales and service revenues in Q2 2022, 40 %, were achieved by the company in the markets of the Americas. Almost 24% is in the European market. China is just over 18% (Laricchia, 2022).

From data presented for 2021, Apple Inc. employed over 154,000 employees worldwide - an increase of 4.76% compared to the previous year. (Macrotrends, 2022b)

2. Apple Inc.'s dividend policy

A company's performance and growth are the main factors affecting its share price. (Harper, 2022) It is natural that when a company performs well, the number of investors willing to buy its shares increases. It also, in turn, increases demand and raises the company's share price. It is reflected in its investors' portfolios in the form of dividends. (Arnold & Lewis, 2019)

The company debuted on the stock exchange in 1980 with a value of 22 USD. The prerequisite for entering the market was the first public offering (IPO). (FAQ, 2022) To date, Apple has approximately 16 billion stocks traded. (Johnston, 2022)

In the last five years, AAPL shares have increased by more than 32.54% (Griffin, 2022), with a return rate of 31.32% (as of 03/08/2022) over the same period. (Morningstar, 2022) The stock price has fluctuated between 130-180 USD over the past year. As of August 3, 2022, its value was 166.13 USD, and it has an upward trend. According to analysts, the average stock value in the next 12 months will be 85.42 USD (AlphaSpread, 2022)

Companies that make a profit can either invest it in their further development or pay it out to shareholders as dividends. The dividend payment is of great importance to the investor as it is a constant source of income from his investment. Shares of companies that increase dividends generally gain in price, while those that lower the amount of compensation paid - depreciate. (Marquit & Curry, 2021)

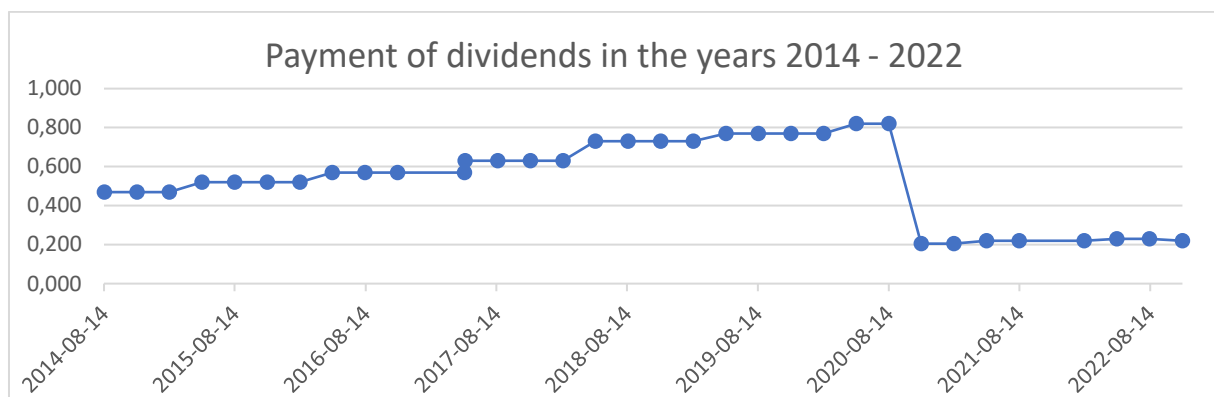


FIGURE 1. PAYMENT OF DIVIDENDS IN THE YEARS 2014 – 2022

The chart above shows the value of dividends paid to Apple shareholders between 2014 and 2022. As the company continues to grow its revenues, this allows its shareholders to increase their annual dividends. From 2014 until the third quarter of 2020, the quarterly value of the dividend oscillated between USD 0.47 and USD 0.82. (Apple, 2022) It continued to increase until 2020, when Apple decided to split the shares. It happened on August 31, 2020, when the amount of 449.23 USD per share was divided into four to one. (Macrotrends, 2022c) By design, this operation is used to increase the company's liquidity. The split of shares may increase the interest among investors who have so far bypassed the company due to, for example, poor liquidity. (Smith, 2019)

The new quarterly dividend value was set at 0.205 in November 2020 and until 2022 shows a slight steady increase to 0.22 USD. Apple Inc., through a constant, albeit low value of dividends, tries to allocate funds to investments in new projects. (Gao, 2022)

For 2020 Apple Inc. paid its shareholders dividends worth \$ 14.1 billion on a gross income of 57.4 billion USD. It gives a payout ratio of 25%. (Report'20, 2020). For 2021 it was the amount of USD 14.4 billion (Report'21, 2021)

3. Efficient market hypothesis

Considerations regarding the efficiency of the capital market can be reduced to the information dimension. The capital market is efficient in terms of information, if it ensures fast transfer of information to all market participants, and the prices of financial instruments in concluded transactions reflect their real value well. (Sharpe, et al., 1999) The theoretical construct called the market efficiency hypothesis (EMH) means that stocks are always in equilibrium and it is impossible for an investor to systematically outperform the market. According to E. Fama (1970), there are three forms of the market efficiency hypothesis, assuming different types of confidentiality of available information, reflected in the prices of securities. And so, when the weak form of EMH relates to information contained in historical stock price fluctuations (no effective decision making when buying), such a strong form of EMH focuses on access to inside information (often available only to a small group of market participants)

The most widespread among investors, however, is the average form of EMH, showing all publicly available information that can be read from the stock price time series. Also those included in the company's financial reports or the reports of competitors. All mass media messages, economic indicators and other valuable data affecting the value of the stock are also taken into account here.

The value of this information for both the company and investors is invaluable and beneficial to both parties. An example is the share split of Apple Inc., which was made public in 2020. AAPL. 4 out of 1, attracting the attention of individual investors. Apple Inc. thus increased its market capitalization. (Randewich & Patnaik, 2020). Also, an increase in income (given for the second quarter of 2021) by 35% to the value of over 81 trillion dollars translated into an increase in the value of shares by 0.03%, and at the same time by 14% (Ponciano, 2021). The value of information provided to investors also has its other side. Not so long ago, in 2011, Apple Inc. fell by 8-10% with the announcement of major liver surgery by company founder Steve Jobs. (Struck, 2011)

4. Methods of appraising projects

Assessment of investment projects is an area that aims to analyze the profitability of an investment project, verify its assumptions and estimate future cash flows to determine its profitability and payback period. Long-term decision-making in enterprises is always accompanied by risk, so it is necessary to analyze the effectiveness of planned investment projects in terms of this risk. Such investments often determine the company's fate for many years. Therefore, it is essential to use appropriate measures to assess the profitability of a given investment project. (Arnold & Lewis, 2019)

In practice, there are many methods and criteria for their division. Bearing in mind the change in the value of money over time, we distinguish between non-discount and discount methods. As part of the tools used to determine the value of investment projects, the following measures are most often used:

Payback period, i.e. the length of time in which the investment outlays return from the future cash inflows received from this investment. (Arnold & Lewis, 2019) The general rule is that the shorter the payback period, the more influential the investment is (faster return on invested funds). The payback period is not an entirely accurate method of assessing the profitability of an asset. However, it allows us to determine how quickly the invested funds can be recovered. This method is recommended for investments characterized by the rapid ageing of technologies - products from the electronics or IT industry. In this case, the shortest possible payback period is required. (Dai, et al., 2022)

The accounting rate of return (ARR) - is an investment evaluation method based on the ratio between outlays and outcomes. It is the relation of net benefits realized by a given investment project to expenditures incurred. A negative ARR means what part of the outlay will be covered by profits from one year of investment operation. In contrast, a positive ARR value - what part of the annual profit on investment will be allocated to the investment. Benefits. The main disadvantages of this method are the difficulty in determining the minimum investment value. It is not based on actual cash flows but book values. This measure also does not take into account the scale of the investment. (Arnold & Lewis, 2019)

Net present value (NPV) is the net amount of future cash flows (from investments, financial instruments, etc.) adjusted for impairment over time (Arnold & Lewis, 2019). Thus, the NPV determines the benefits of project implementation in the form of a surplus of cash revenues over investment and operating costs. It is believed that any investment project with an NPV greater than or equal to zero is achievable and will be more profitable.

NPV is a more detailed investment profitability analysis as it considers the project's entire lifetime. The disadvantages of NPV include, for example, that the method is based on respect and assumptions - which leaves room for error. This method does not take into account inflation or future tax credits. The design we are considering may require unforeseen expenditure, which could make the NPV inaccurate. Another problem with NPV is that the required rate of return may not fully reflect what will happen in the future. There may be changes in the market due to demand, supply and other factors. (Dai, et al., 2022)

Another important measure when assessing the value of an investment's return of investment (ROI), calculated by dividing the annual income by all capital expenditures, i.e. the total costs that have been made to launch the investment. It is calculated on an annual basis, making it possible to compare the returns on several investments with different lifetimes (Fernando, 2022). And so with the increase in the investment of Apple Inc. by 3.22% and an increase in net income by 64.92%, the annual return on investment as at September 25, 2021 was 41.98%. For comparison, the value of this measure in 2020 was 26.28%. (CSIMarket, 2022) This proves that investments made by investors bring income and they have a lot of interest in the market.

Apple Inc. furthermore announces that all balances of cash and cash equivalents and those generated for day-to-day operations of more than \$ 172 billion are sufficient to meet needs and provide a 12-month return on capital. (Report'21, 2021)

6. Conclusions

The enterprise's entry into the foreign market must result from the achievement of a specific strategic goal. However, building a strategy should be preceded by an analysis of the export potential. The strategic goal should be broad in scope and point to a specific entry method. Enterprises such as Apple Inc. most often indicate as the main goal of export activities increasing sales and profit. The reason often given is the will to develop, but due to the small domestic market, it is not possible to achieve the set goals. Moreover, there are situations where the demand in the domestic market has decreased and the only solution is to diversify the company's offer abroad. Increasing the number of served markets very often reduces the risk of the company's operation, because the crisis situation may present differently on different markets. Launching production abroad in locations with easy access to raw materials, lower transport or human resources costs, may enable lower labor costs or allow avoiding potential trade barriers imposed on products imported into a given market.

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