

The technology giant Apple Inc. has managed its financial structure credibly to reach its \$3 trillion market capitalization.

### **Balanced mix of debt and equity**

Apple Inc. maintains an optimally managed mix of debt and equity with **\$118.5 billion in debt** and **\$2844 billion** in equity.

### **Equity capitalization**

In 2021, Apple had a healthy weighted average cost of capital (WACC) of **9.67%**.

It manages this with a dual-class structure for equity with two classes of common shares.

### **Debt financing for strategic initiatives**

Apple has leveraged its strong credit rating and low-interest-rate environment to raise significant capital by issuing bonds and stock repurchases.

The debt-to-capital ratio rose from **56% in 2016 to 148%** over five years.

### **Large cash reserves and liquidity management**

According to the 2021 [financial statement](#), Apple possessed a **\$172.6 billion** spread across cash, cash equivalents, and securities, making it the most cash-rich business in America.

### **Global expansion and revenue diversification**

Apple's success in markets worldwide has ensured a steady revenue inflow, supporting its financial stability.

In the first quarter of 2021, sales saw a **21%** year-on-year increase, with a net profit increase of **29%** in the same period.

Apple manages to carry a large cash balance and increased long-term debts simultaneously. It continues attracting investors as a low-risk investment with good returns (in 2021, the expected return rate was **19.10%**).

[CLICK HERE](#) for a more detailed analysis of Apple's financial structure.