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Technology

Apple FY1Q26 and guidance beat; Positive on strong iPhone cycle and Google AI despite memory headwinds

OUTPERFORM (Maintain)

China Technology Sector

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Apple (AAPL US, NR) reported upbeat FY1Q26 (CY4Q25) results with revenue growth of 16% YoY, 4% above consensus, driven by strong iPhone sales (+23% YoY) and China recovery (+38% YoY, vs -4% in FY4Q), while GPM further expanded to 48.2% thanks to favourable mix and leverage. For FY2Q26E, mgmt. guided revenue growth of 13-16% YoY and resilient GPM of 48-49% despite memory headwinds. Looking into 2026, we expect "strong iPhone cycle, strong price cycle" to continue given iPhone Fold/18 upgrade, high-end market share gains and Google AI partnership. We believe Apple is better positioned to navigate memory headwinds than peers given its supply chain leverage and strong pricing power, and we prefer stocks with content/share gains in new product cycles (iPhone Fold/smart home/AI glasses), including Luxshare, AAC, FIT and BYDE.

- **FY1Q26 results beat; Record iPhone/services and China recovery offset Mac/Wearables dip.** By segment, **iPhone** revenue jumped 23% YoY since iPhone 17 family and **iPad** revenue climbed 6% YoY driven by M5-powered iPad Pro and A16-powered iPad, while **Mac/wearables** revenue declined 7%/2% YoY. **Services** revenue reached all-time high, up 14% YoY thanks to double-digit growth in paid subscriptions. While the strength was led by Greater China (38% YoY) with record iPhone upgraders and double-digit growth in switchers, revenue was strong across all major regions: America +11% YoY, rest of APAC +18% YoY and Europe +13% YoY.
- **FY2Q26 outlook: iPhone strength to continue with resilient GPM despite memory headwinds and SoC supply constraints.** Mgmt. guided 1) FY2Q26E revenue growth of 13-16% YoY despite iPhone supply constraints, 2) service revenue growth at similar double-digit rate to FY1Q26 (+14% YoY), and 3) robust GPM at 48-49% (vs 47.6% consensus). Other highlights include: **1) Memory cost:** Mgmt. stated that memory cost hike had minimal impact on FY1Q26 GPM while FY2Q26 GPM guidance included impacts from higher memory costs, which we believe reflects benefits from its supply chain leverage and product premiumization. **2) Advanced capacity (3nm) constraint**: Mgmt. expressed concerns over SoC supply constraint given strong iPhone orders and lean channel inventory level. **3) Google AI partnership:** Mgmt. confirmed their partnership with Google to develop the next-gen Apple Foundation Models (AFM) to support more personalized Siri features.
- **Expect strong iPhone cycle to drive restocking into 1H26E; Prefer Apple supply chain over Android camp.** We believe upbeat guidance and strong iPhone cycle with lean inventory will alleviate market concerns over memory headwinds. As stated in [2026 outlook](), we are positive on iPhone Fold/18, smart home products and Apple Intelligence upgrade in 2026. We prefer names with content/share gains, such as Luxshare, AAC, FIT and BYDE.

Valuation Table

Name	Ticker	Rating	Mkt Cap (US$ mn)	TP (LC)	Upside/ Downside	P/E (x) FY25E	P/E (x) FY26E	P/B (x) FY25E	P/B (x) FY26E	ROE (%) FY25E	ROE (%) FY26E
AAC Tech	2018 HK	BUY	5,675.8	60.55	64%	15.2	12.0	1.5	1.4	0.1	0.1
BYDE	285 HK	BUY	9,636.4	43.54	30%	15.6	12.2	1.9	1.7	0.1	0.1
FIT Hon Teng	6088 HK	BUY	4,568.8	6.46	31%	24.3	15.1	1.7	1.5	0.1	0.1
Luxshare	002475 CH	BUY	52,817.0	75.55	46%	21.5	17.1	3.6	3.0	0.2	0.2
Sunny Optical	2382 HK	BUY	8,793.2	91.38	46%	13.1	15.5	2.2	2.1	0.2	0.1

Source: Company data, CMBIGM estimates

Figure 1: Apple's FY1Q26 (CY4Q25) results review

Apple Inc (AAPL US)	Actual			Consensus	
US$ bn	FY1Q26	FY1Q25	YoY %	FY1Q26	Diff (%)
Revenue	143.8	124.3	16%	138.4	4%
EPS (US$)	2.84	2.40	18%	2.68	6%
GPM	48.2%	46.9%	1.3 ppt	47.5%	0.6 ppt
Product GPM	40.7%	39.3%	1.4 ppt	39.5%	1.2 ppt
Service GPM	76.5%	75.0%	1.5 ppt	75.7%	0.8 ppt
Product	113.7	98.0	16%	107.7	6%
iPhone	85.3	69.1	23%	78.3	9%
iPad	8.6	8.1	6%	8.2	5%
Mac	8.4	9.0	-7%	9.1	-8%
Wearables, Home and Accessories	11.5	11.7	-2%	12.1	-5%
Services	30.0	26.3	14%	30.0	0%
By region					
Americas	58.5	52.6	11%	59.1	-1%
Europe	38.1	33.9	13%	36.8	4%
Greater China	25.5	18.5	38%	21.8	17%
Japan	9.4	9.0	5%	9.2	2%
Rest of Asia Pacific	12.1	10.3	18%	11.4	7%

Source: Bloomberg, company data, CMBIGM

Figure 2: Supply chain names and revenue contribution (2026E)

Company	Stock code	Apple	Huawei	Samsung	Other brands	Others	Main products
AAC Tech	2018 HK	34%	10%	10%	33%	12%	Acoustics, haptics, optics, casing, auto acoustics, VC
FIT Hon Teng	6088 HK	25%	-	-	-	75%	Connectors, AirPods, accessories, EVs, servers
Sunny Optical	2382 HK	5%	5%	15%	60%	15%	Camera modules, lens, auto lenses/modules, AR/VR
BYDE	285 HK	60%	5%	5%	15%	15%	Casings, ODM/OEM, auto components, servers
Luxshare	002475 CH	60%	10%	3%	-	27%	Wireless, iPhone/AirPods/watch OEM, acoustic/haptics
Lens Tech	6613 HK	50%	25%		7%	18%	Glass/metal/sapphire/ceramic cover, structural components, functional modules, ODM, servers
FII	601138 CH	13%				87%	Precision structural components, server ODM
Cowell	1415 HK	95%	-	3%	-	2%	Camera module
Tongda	698 HK	-	5%	5%	40%	50%	Metal/plastic casing, home appliances
Q-Tech	1478 HK	-	5%	-	85%	15%	Camera module/lens, fingerprint module, auto CCM
TK Group	2283 HK	-	-	-	10%	90%	Plastic molding, plastic precision
Truly	732 HK	-	-	3%	62%	35%	Camera module, fingerprint, display module

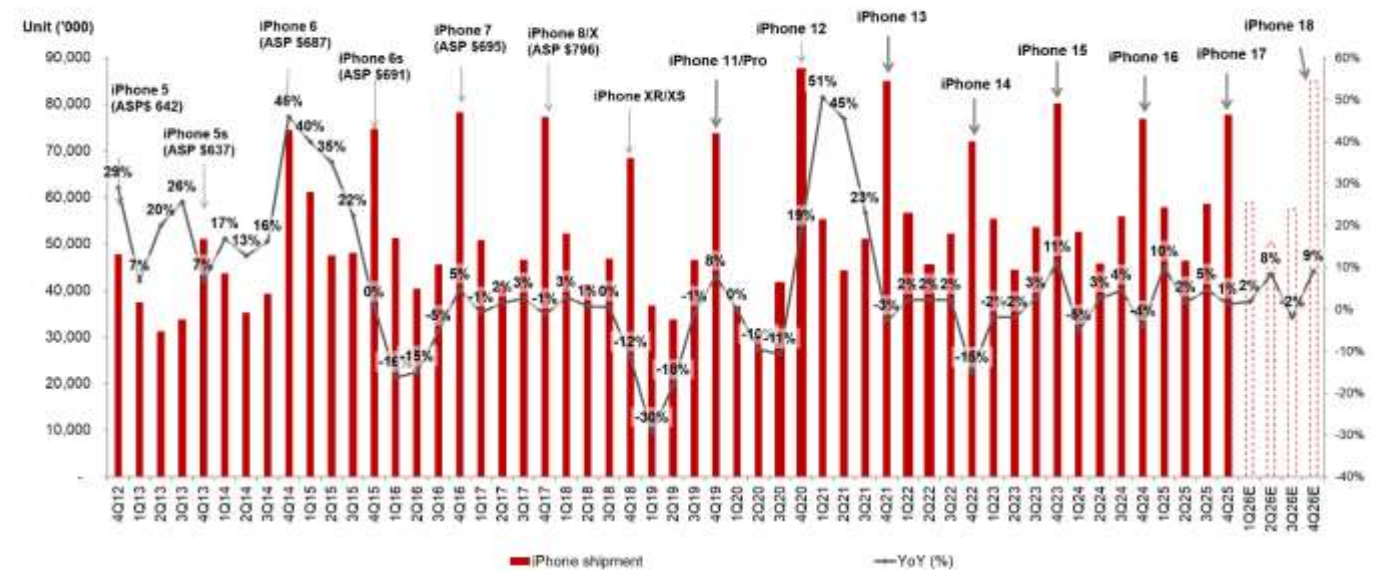
Source: company data, CMBIGM estimates

Figure 3: iPhone/iPad/AirPods/Watch/Mac shipment forecasts

(mn unit)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
iPhone	**215.4**	**215.8**	**208.0**	**200.5**	**204.9**	**228.6**	**224.8**	**224.1**	**218.7**	**233.2**	**235.1**	**240.5**
YoY growth	-7%	0%	-4%	-4%	2%	12%	-2%	0%	-2%	7%	1%	2%
AirPods			**27.5**	**58.2**	**73.7**	**83.8**	**82.1**	**74.4**	**58.8**	**57.6**	**54.8**	**52.0**
YoY growth				112%	27%	14%	-2%	-9%	-21%	-2%	-5%	-5%
iPad	**42.5**	**43.8**	**44.8**	**46.0**	**57.3**	**62.2**	**63.6**	**52.4**	**59.6**	**61.0**	**62.9**	**66.0**
YoY growth	-14%	3%	2%	3%	25%	9%	2%	-18%	14%	2%	3%	5%
Watch	**11.6**	**18.2**	**21.4**	**27.2**	**34.2**	**43.4**	**42.8**	**40.6**	**37.1**	**36.7**	**36.0**	**37.0**
YoY growth	32%	57%	18%	27%	26%	27%	-1%	-5%	-9%	-1%	-2%	3%
Mac	**18.5**	**19.0**	**18.1**	**18.0**	**20.7**	**24.7**	**23.7**	**20.6**	**22.8**	**26.2**	**27.0**	**29.1**
YoY growth	-9%	2%	-4%	-1%	15%	19%	-4%	-13%	11%	15%	3%	8%
HomePod			**4.6**	**6.1**	**7.1**	**10.5**	**10.7**	**10.0**	**8.3**	**7.5**	**6.7**	**6.9**
YoY growth				33%	16%	48%	2%	-7%	-17%	-9%	-10%	3%
Vision Pro									**0.5**	**0.4**	**0.4**	**0.5**
YoY growth										-21%	5%	5%

Source: IDC, Gartner, S&P, CMBIGM estimates

Figure 4: Apple's iPhone shipment by quarter (CY)



Source: Company data, IDC, CMBIGM

Figure 5: Apple new products timeline (2026-2028)

	1H26	2H26	1H27	2H27	1H28	2H28
Smartphone	iPhone 17e	iPhone 18 Pro/Max iPhone Fold	iPhone 18 iPhone 18e	iPhone 19 (20th Anniversary) iPhone Fold 2 iPhone 19 Air/Pro/Max		iPhone 20 Series
PC/NB	MacBook Air/Pro (M5 chip)	Mac miniStudio (M5 chip) Brand new MacBook Pro		New Mac Studio (M5 Ultra chip)	MacBook Air (15-inch OLED)	Mac Pro (Modular ARM)
Tablet	iPad Air (M4 chip) Entry-level iPad (A18 chip) New iPad mini	iPad mini (A19 chip)	iPad Pro (OLED)		Foldable iPad (1st-gen)	
Wearables		Apple Watch 12 AirPod Pro 3 (camera)	AirPods 5	Apple Watch X (10th Anniversary)		Apple Watch 14
Smart home	New Apple TV 4K HomePod mini 2	Display HomePod Home camera Video doorbell	Desktop robot			
AR/VR			Apple Vision Pro 2		Apple Glasses (AR glasses prototype)	

Source: CMBIGM estimates

Figure 6: Peers valuation

Company	Ticker	Mkt Cap (US$ mn)	Price (LC)	P/E (x) FY25E	P/E (x) FY26E	P/B (x) FY25E	P/B (x) FY26E	ROE (%) FY25E	ROE (%) FY26E	Perf YTD (%)
Brand										
Apple	AAPL US	3,796,180	258.3	35.0	31.1	59.9	42.2	177.8	149.4	(5.0)
Xiaomi	1810 HK	118,441	35.5	19.2	15.0	3.0	2.5	15.5	16.6	(9.7)
Transsion	688036 CH	9,630	58.1	19.6	14.1	3.1	2.8	15.7	19.4	(12.1)
Samsung	005930 KS	660,520	160,800	25.4	8.5	2.6	2.0	10.1	25.2	33.6
LG	066570 KS	11,183	99,000	11.2	9.4	0.8	0.7	6.9	7.7	7.6
TCL Electronics	1070 HK	3,878	12.0	12.5	10.5	1.6	1.5	13.1	14.2	15.7
		Average		**20.5**	**14.8**	**11.8**	**8.6**	**39.9**	**38.7**	**5.0**
ODM/EMS										
BYDE	285 HK	9,639	33.4	15.7	12.3	1.9	1.7	12.2	14.0	(0.7)
Luxshare	002475 CH	54,195	51.7	21.5	17.1	3.6	3.0	16.7	17.4	(8.9)
Lens Tech	6613 HK	27,198	29.3	28.5	20.3	2.6	2.0	9.3	12.0	16.2
Hon Hai Precision	2317 TT	97,858	220.5	15.0	12.4	1.8	1.7	11.7	13.2	(4.3)
		Average		**17.4**	**13.9**	**2.4**	**2.1**	**13.5**	**14.9**	**(4.6)**
Optics										
Sunny Optical	2382 HK	8,651	62.6	18.2	14.9	2.3	2.1	12.7	29.0	(4.5)
Q Tech	1478 HK	1,417	9.3	6.5	11.1	1.9	1.4	29.1	12.5	10.5
Truly	732 HK	395	1.0	-	-	-	-	-	-	(4.6)
Cowell	1415 HK	3,367	30.3	17.7	13.8	4.8	3.6	30.1	29.0	9.9
Largan	3008 TT	10,223	2,410	15.4	13.4	1.7	1.6	11.2	12.1	(3.4)
Genius	3406 TT	1,627	454.0	14.3	12.7	2.0	1.8	14.2	14.8	1.0
O-Film	002456 CH	4,720	9.8	424.3	84.9	6.6	5.8	1.6	8.1	(8.1)
Lg Innotek	011070 KS	4,013	244,500	12.3	9.7	1.0	0.9	8.4	10.1	(9.6)
		Average		**72.7**	**22.9**	**2.9**	**2.5**	**15.4**	**16.5**	**(1.1)**
Acoustics/Haptics										
AAC Tech	2018 HK	5,530	37.0	15.3	12.1	1.5	1.4	10.0	11.5	(5.1)
Luxshare	002475 CH	54,195	51.7	21.5	17.1	3.6	3.0	16.7	17.4	(8.9)
Merry	2439 TT	805	99.8	17.3	13.2	1.4	1.3	7.3	9.5	2.1
Knowles	KN US	2,092	24.6	22.4	20.1	-	-	-	-	14.7
Nidec	6594 JP	17,078	2,206	13.9	19.1	1.4	1.4	10.8	7.8	3.5
		Average		**19.0**	**17.2**	**2.1**	**1.9**	**10.9**	**11.4**	**(0.5)**
Connector										
FIT Hon Teng	6088 HK	4,593	4.9	25.3	15.3	1.7	1.5	6.6	9.9	(0.8)
Luxshare	002475 CH	54,195	51.7	21.5	17.1	3.6	3.0	16.7	17.4	(8.9)
TE	TEL US	66,395	226.3	26.3	20.4	5.3	4.8	20.4	24.2	(0.5)
Amphenol	APH US	183,094	149.6	45.0	34.1	14.0	10.7	35.6	35.6	10.7
		Average		**29.5**	**21.7**	**6.1**	**5.0**	**19.8**	**21.8**	**0.1**
Structured Components										
BYDE	285 HK	9,639	33.4	15.7	12.3	1.9	1.7	12.2	14.0	(0.7)
Tongda	698 HK	93	3.7	195.8	143.1	11.6	10.6	5.9	7.4	(4.4)
TK Group	2283 HK	266	2.5	7.5	6.6	1.2	1.1	15.3	16.7	(2.0)
Everwin	300115 CH	7,569	38.7	79.2	53.5	6.3	3.9	7.5	10.8	(16.9)
Lens Tech	300433 CH	27,198	29.3	28.5	20.3	2.6	2.0	9.3	12.0	16.2
Catcher	2474 TT	3,773	200.5	17.7	14.4	0.8	0.8	4.2	4.9	(3.6)
Jabil	JBL US	25,757	243.9	25.9	21.0	18.2	18.5	63.2	83.3	7.0
		Average		**52.9**	**38.7**	**6.1**	**5.5**	**16.8**	**21.3**	**(0.6)**
Hinge										
AAC Tech	2018 HK	5,530	37.0	15.3	12.1	1.5	1.4	10.0	11.5	(5.1)
Jiangsu Gian	300709 CH	1,104	41.2	-	-	-	-	-	-	(12.6)
KH Vatec	060720 KS	314	19,150	21.5	17.3	1.6	1.5	8.0	11.5	71.3
Foseltek	6805 TT	3,105	1,425	45.1	24.6	14.0	9.8	33.6	47.8	(12.3)
Jarlytec	3548 TT	192	89.0	49.6	22.4	1.0	1.0	1.6	3.4	(1.2)
NBTM	600114 CH	3,012	33.2	34.5	26.4	6.8	6.1	19.6	22.6	8.5
Eontec	300328 CH	1,628	16.4	-	-	-	-	-	-	(4.0)
		Average			**20.5**	**5.0**	**3.9**	**14.5**	**19.4**	**6.4**

Source: Bloomberg, CMBIGM estimates
Note: Closing price as of 1/30/2026

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