

Technology

Apple FY3Q25 read-through: Strong iPhone, China rebound and service momentum; 4Q guidance better than feared

Apple's (AAPL US, NR) FY3Q25 (CY2Q25) results came in better than feared, with revenue/EPS growth of 10%/12% YoY, driven by stronger iPhone sales (+13% YoY), China rebound (+4% YoY) and accelerated services revenue growth (+13% YoY). Mgmt. stated that tariff-related pull-forward effect drove 1ppt of 10% revenue growth, or 1/6 of iPhone sales growth. By product, iPhone/Mac sales grew 13%/15% YoY, offsetting iPad/wearables weakness (-8%/-9% YoY) due to tough YoY comparison. For FY4Q25E, mgmt. guided resilient revenue growth of "mid-high single digit" and GPM of 46-47%, including US\$1.1bn tariff impact (vs US\$800mn in 3Q). With ongoing uncertainties on tariff/trade/macro, we think this set of solid guidance will alleviate market concerns in the near term. Overall, we are constructive on high-end smartphone demand tailwinds in 2H25E, in-line with the latest comments from Samsung/Qualcomm/MediaTek ([note](#)). For stocks, we remain selective and prefer names with structural growth drivers and attractive valuations, such as Xiaomi, AAC Tech, BYDE, FIT Hon Teng, Q-tech and Tongda.

■ **FY3Q25 beat on stronger iPhone/Mac/China, offsetting iPad/wearables weakness.** By segment, iPhone/Mac revenue climbed 13%/15% YoY with YoY growth across all regions, while iPad/wearables sales declined 8%/9% YoY given difficult comparison against product launches last year. For **iPhone**, we are encouraged by double-digit growth in iPhone 16 series and ASP hike on strong demand for Pro/Pro Max models. **Services** revenue growth was impressive at 13% YoY (+12% YoY in 2Q), backed by double-digit growth in both developed and emerging markets. All regions achieved revenue growth in FY3Q25, especially **Greater China** with the first sales growth (+4% YoY) in two years.

■ **FY4Q25 outlook: mid-to-high SD sales growth, Siri upgrade, M&A, India (iPhone) & Vietnam (iPad/Watch/AirPods).** Mgmt. guided FY4Q25 revenue to grow "mid- to high-single digit" YoY and GPM to come in at 46%-47%, including US\$1.1bn tariff impact, both of which are ahead of consensus. Other highlights included: 1) Apple is open to M&A to accelerate product roadmap, with seven companies acquired this year; 2) more personalized Siri will be released next year; 3) accelerating AI investments across capex and R&D; 4) potential screenless AI devices which will be complimentary to the iPhone; 5) the majority of iPhones sold in the US coming from India and the majority of iPad/Mac/Watch/ AirPods sold in the US from Vietnam.

■ **Implications: solid outlook in 2H25E amid macro/tariff uncertainties.** We believe resilient revenue/GPM guidance will partially alleviate market concerns on product demand weakness along Apple supply chain. We reiterate our positive view on high-end smartphone outlook in 2H25E, evidenced by recent comments from Samsung/Qualcomm/MediaTek ([note](#)). For stocks, we prefer names with valuations corrected to attractive levels and diversified production bases. We are positive on Xiaomi, BYDE, AAC Tech, BYDE, FIT Hon Teng, Q-tech and Tongda.

Valuation Table

Name	Ticker	Rating	Mkt Cap (US\$ mn)	TP (LC)	Upside/Downside	P/E (x)	P/B (x)	ROE (%)
Xiaomi	1810 HK	BUY	143,819.5	65.91	23%	30.4	23.4	0.2
AAC Tech	2018 HK	BUY	6,089.2	63.54	59%	16.0	13.3	0.1
BYDE	285 HK	BUY	9,357.3	43.22	33%	12.3	9.9	0.2
FIT Hon Teng	6088 HK	BUY	2,369.9	3.48	36%	10.3	7.8	0.1
Luxshare	002475 CH	BUY	36,166.8	55.09	50%	16.0	13.4	0.2
Q-Tech	1478 HK	BUY	1,811.5	13.21	10%	17.8	15.2	0.1
Tongda	698 HK	BUY	142.4	0.12	7%	6.1	4.4	0.1

Source: Company data, CMBIGM estimates

OUTPERFORM (Maintain)

China Technology Sector

Alex NG

(852) 3900 0881
alexng@cmbi.com.hk

Hanqing LI

lihanqing@cmbi.com.hk

Sector reports:

1. [Smartphone: Samsung/MTK/QCOM results takeaways \(1 Aug 2025\)](#)
2. [Global AI glasses: Ray-Ban Meta upbeat in 1H25, Xiaomi 500k target and Quark Glasses launch \(31 July 2025\)](#)
3. [Apple FY2Q25 read-through: iPhone/China weakness and US\\$900mn tariff cost; Mixed outlook into 2H25E \(2 May 2025\)](#)

Tariff-related reports:

1. [Implications of resumption of H20/MI308 sales in China; Positive for AI server/component supply chain \(16 Jul 2025\)](#)
2. [Implications of US-Vietnam tariff deal; Apple supply chain to benefit most \(4 Jul 2025\)](#)
3. [Implications of China-US tariff reduction \(13 May 2025\)](#)
4. [Implications of Nvidia H20 export restriction for AI server/component supply chain \(16 Apr 2025\)](#)
5. [US tariff updates: Reciprocal tariff exemptions for smartphone/PC/server but new electronics tariff will come soon \(14 Apr 2025\)](#)

Company reports:

1. [AAC Tech \(2018 HK\) -1H25 preview: structural upgrade cycle across multiple segments \(28 Jul 2025\)](#)
2. [Tongda \(698 HK\) -1H25 preview: expect earnings turnaround on track \(28 Jul 2025\)](#)
3. [Q-tech \(1478 HK\) -Beginning of earnings upward revision cycle: Raise TP to HK\\$13.21 \(11 Jul 2025\)](#)

Figure 1: Apple's FY3Q25 (CY2Q25) results review

Apple Inc (AAPL US) US\$ bn	Actual			Consensus	
	FY3Q25	FY3Q24	YoY	FY3Q25	Diff.
Revenue	94.0	85.8	10%	89.3	5%
EPS (US\$)	1.57	1.40	12%	1.43	10%
GPM	46.5%	46.3%	0.2 ppt	46.0%	0.5 ppt
Product GPM	34.5%	35.3%	-0.8 ppt	33.9%	0.6 ppt
Service GPM	75.6%	74.0%	1.6 ppt	73.7%	1.8 ppt
Product	66.6	61.6	8%	62.4	7%
iPhone	44.6	39.3	13%	40.1	11%
iPad	6.6	7.2	-8%	7.1	-7%
Mac	8.0	7.0	15%	7.3	10%
Wearables, Home and Accessories	7.4	8.1	-9%	7.8	-5%
Services	27.4	24.2	13%	26.8	2%
By region					
Americas	41.2	37.7	9%	38.7	6%
Europe	24.0	21.9	10%	22.9	5%
Greater China	15.4	14.7	4%	15.2	1%
Japan	5.8	5.1	13%	5.8	0%
Rest of Asia Pacific	7.7	6.4	20%	6.8	12%

Source: Bloomberg, company data, CMBIGM

Figure 2: Supply chain mapping and sales mix exposure (2025)

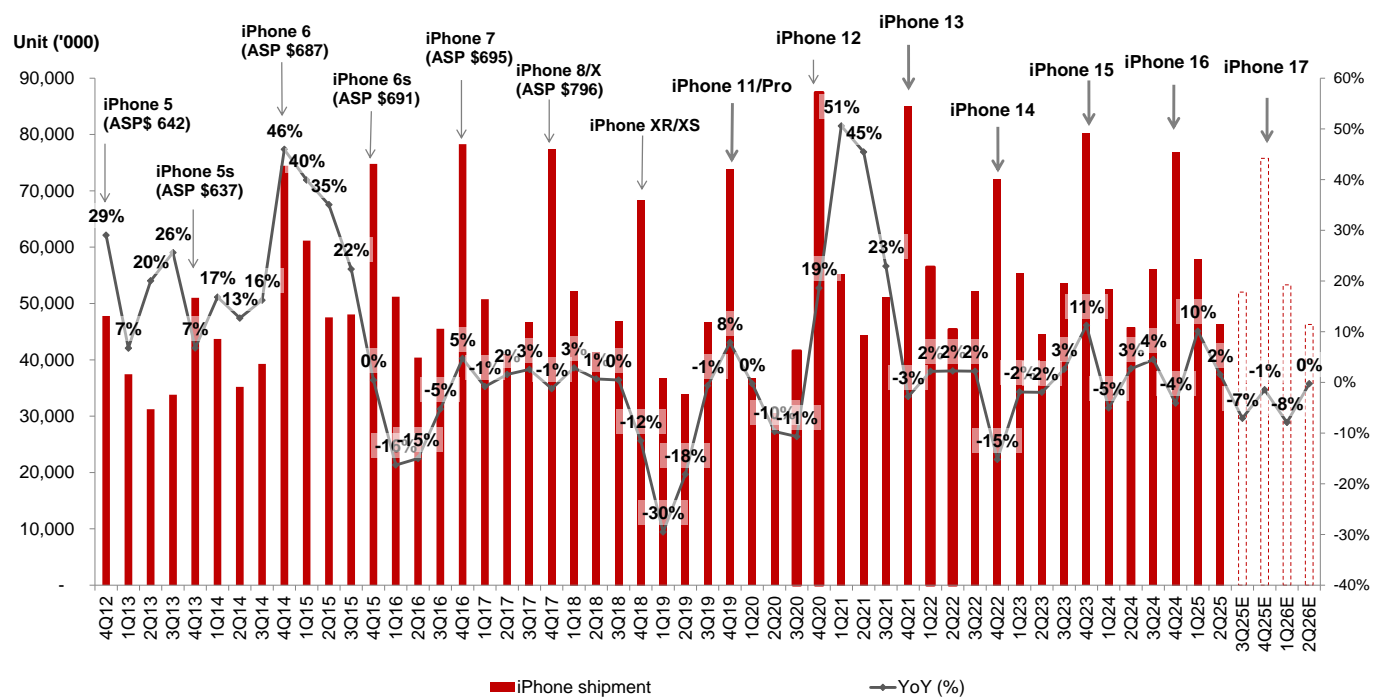
Company	Ticker	Apple	Huawei	Samsung	Other CN brands	Others	Major products
AAC Tech	2018 HK	30%	8%	10%	39%	13%	Acoustics, haptics, optics, casing, VC, MEMS
FIT Hon Teng	6088 HK	25%				75%	Connectors, AirPods, accessories, EV, servers
BYDE	285 HK	52%	5%	5%	18%	20%	ODM/OEM, Casing, auto components, servers
Tongda	698 HK	5%	5%	5%	50%	35%	Casing, household & sports
Q-Tech	1478 HK		5%		85%	15%	Cam module/lens, FPM, auto/drone/IoT cam module
TK Group	2283 HK					100%	Plastic molding, plastic precision, TWS, medical, comm
Truly	732 HK			5%	60%	35%	Camera modules, fingerprint, display modules
Cowell	1415 HK	90%		5%		5%	Camera modules
Luxshare	002475 CN	60%	10%	3%		27%	ODM/OEM, acoustics/haptics, connectors, auto, servers

Source: Company data, CMBIGM estimates

Figure 3: Apple OEM/ODM mapping and production capacity breakdown by region (2024)

Products	2024 Shipments	China	Vietnam	India	Thailand	Major OEM/ODM suppliers
iPhone	219mn	85-90%	-	10-15%	-	Hon Hai (China/India), Luxshare (China), Pegatron (China), Tata (India)
iPad	55mn	70-75%	25-30%	-	-	Hon Hai (China/Vietnam), BYDE (China/Vietnam), Compal (China/Vietnam)
AirPods	63mn	70-75%	25-30%	-	-	Luxshare (China/Vietnam), Chinese supplier (China/Vietnam), FIT Hon Teng (Vietnam/India)
Watch	37mn	70-75%	25-30%	-	-	Hon Hai (China/Vietnam), Luxshare (China/Vietnam)
Mac	23mn	85%	-	-	15%	Quanta (China/Thailand), Luxshare (China)

Source: Company data, IDC, S&P, CMBIGM estimates

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

Source: Company data, IDC, CMBIGM

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report. Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM. Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.