

Technology

Apple FY4Q24 beat on better margin and China sales; Positive on Apple Intelligence and ChatGPT rollouts

Apple reported FY4Q24 (CY3Q23) revenue of US\$94.9bn (+6% YoY) and EPS of US\$0.97 (-34% YoY, +12% YoY excl. one-off charge), both above market consensus, thanks to better smartphone sales and continued margin expansion. We are also encouraged by GPM of 46.2%, close to high-end of guidance range. For FY1Q25E, mgmt. guided revenue growth at a lower pace (low-to-mid-single-digits YoY), while service revenue will grow at double digits at a similar rate in 1-4QFY24 (+11-14% YoY). With ongoing rollouts of Apple Intelligence as well as ChatGPT integration, we expect new AI features and product upgrades to boost replacement demand and trigger more edge AI applications. For stocks, we maintain BUY on Luxshare (iPhone OEM), BYDE (iPad, iPhone casing), FIT Hon Teng (AirPods), Sunny Optical (iPhone share gain) and AAC Tech (acoustics).

■ **FY4Q24 above expectations, Record revenue in multiple regions.** By segment, iPhone/iPad/Mac sales climbed 6%/8%/2% YoY, while wearables sales declined 3% YoY and Services stayed strong with 12% YoY growth. iPhone, Mac and iPad sales were boosted by new product line-ups (eg. iPhone 16/16 Pro. Mac with M4/M4 Pro/M4 Max, iPad mini), rollouts of Apple Intelligence and back-to-school sales. Services revenue reached all-time record across most categories, delivering 12% YoY growth (vs. 14%/14%/11% in FY3Q/2Q/1Q24). Most regions recorded sales growth YoY, and China's sales decline narrowed to -0.3% YoY (vs. FY3Q24 -6.5% YoY), partially thanks to easing FX pressure, but still slightly below market expectations.

■ **Solid FY1Q25 guidance; New features on Apple Intelligence, ChatGPT integration and other non-US English versions.** Mgmt. guided FY1Q25 revenue to grow "low-to-mid-single-digits" YoY (slightly below) and GPM to come in at 46-47%. For service, Apple expected revenue to grow at double digits YoY at a similar rate as fiscal quarters in FY24. As for Apple Intelligence, mgmt. highlighted that 1) rollouts to other non-US English regions are on track, 2) ChatGPT integration will kick off by end of 2024, 3) More AI features will be introduced in December, including updated writing tools and visual intelligence experience. Apple also expected to expand sales of Vision Pro to Korea and UAE markets, despite soft sales during initial sales in other regions.

■ **Positive on Apple Intelligence and ChatGPT integration; expect Apple supply chain to benefit in a "slower but longer" upgrade cycle.** We remain positive on initial customer feedbacks of Apple Intelligence roll-out into broader regions and upcoming update of ChatGPT integration. We reiterate BUY on supply chain names, such as Luxshare (OEM share gains), BYDE (iPad OEM/iPhone casing) and FIT Hon Teng (AirPods order wins), Sunny Optical (iPhone camera share gain and upgrades) and AAC Tech (acoustics/hatpics).

Valuation Table

Name	Ticker	Rating	Mkt Cap (US\$ mn)	TP (LC)	Upside/Downside	P/E (x) FY24E	P/E (x) FY25E	P/B (x) FY24E	P/B (x) FY25E	ROE (%) FY24E	ROE (%) FY25E
AAC Tech	2018 HK	BUY	4,692	37.8	24%	19.4	15.5	1.4	1.3	7.0	8.2
BYDE	285 HK	BUY	9,459	44.4	36%	14.9	10.9	3.6	2.9	24.2	26.8
FIT Hon Teng	6088 HK	BUY	2,371	4.3	68%	12.6	7.8	0.9	0.8	7.0	10.3
Luxshare	002475 CH	BUY	42,798	55.1	31%	22.4	18.3	3.6	3.0	16	16.4
Q-Tech	1478 HK	BUY	734	6.4	33%	14.4	9.6	1.0	0.9	6.9	9.6
Sunny Optical	2382 HK	BUY	6,869	72.5	49%	19.5	16.3	2.0	1.8	10.1	11.2

Source: Company data, CMBIGM estimates

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Related Reports:

1. BYDE (285 HK) - 3Q24 in-line; Eyes on Jabil/NEV/AI server ramp-up ([link](#))
2. Luxshare (002475 CH) - 3Q24 results and FY24 guidance in-line; Resilient outlook boosted by Apple Intelligence cycle ([link](#))
3. Goertek (002241 CH) - 3Q24 recovery on track; Poised to benefit from XR/TWS/gaming product launches in 2H24/FY25E ([link](#))
4. FIT Hon Teng (6088 HK) - Beneficiary of GB200 server ramp in 4Q24E; Assessing the AI server opportunity ([link](#))
5. Apple launch event: new iPhone 16/Watch/AirPods unveiled; Apple Intelligence to launch next month ([link](#))

Focus Charts

Figure 1: Apple's FY4Q24 (CY3Q24) results review

Apple Inc (AAPL US)	Actual			Consensus	
US\$ bn	FY4Q24	FY4Q23	YoY	FY4Q24E	Diff (%)
Revenue	94.9	89.5	6%	94.4	1%
EPS (cent US\$)	0.97	1.46	-34%	1.60	-39%
GPM	46.2%	45.2%	1.1 ppt	46.0%	0.2 ppt
Product	70.0	67.2	4%	69.1	1%
iPhone	46.2	43.8	6%	45.0	3%
iPad	7.0	6.4	8%	7.1	-2%
Mac	7.7	7.6	2%	7.7	0%
Wearables, Home and Accessories	9.0	9.3	-3%	9.2	-1%
Services	25.0	22.3	12%	25.3	-1%

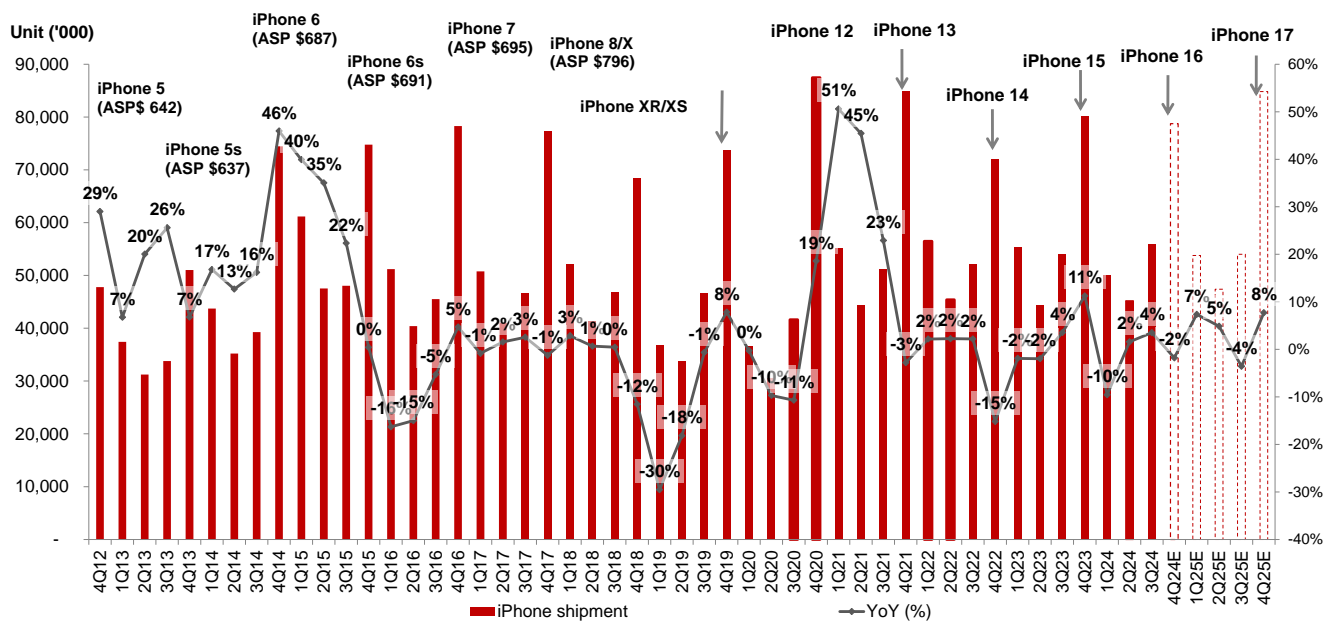
Source: Bloomberg, company data, CMBIGM

Figure 2: Supply chain mapping and sales mix exposure (2024)

Company	Ticker	Apple	Huawei	Samsung	Other CN brands	Others	Major Products
AAC Tech	2018 HK	25%	10%	10%	43%	12%	Acoustics, haptics, optics, casing
FIT Hon Teng	6088 HK	20%	-	-	-	80%	Connectors, AirPods, accessories, EV, AI servers
Sunny Optical	2382 HK	5%	5%	15%	50%	25%	Handset CCM/lens sets, auto lens/modules, AR/XR
BYDE	285 HK	55%	5%	5%	15%	20%	Casing, ODM/OEM, automobile, AI servers
Tongda	698 HK	9%	5%	5%	40%	41%	Casing, waterproof materials, home appliances
Q-Tech	1478 HK	-	5%	-	80%	15%	Camera modules/lenses, FPM, auto CCM
TK Group	2283 HK	5%	-	-	-	95%	Plastic molding, plastic precision
Truly	732 HK	-	-	3%	62%	35%	Camera modules, fingerprint, display modules
Cowell	1415 HK	90%	-	5%	-	5%	Camera modules
Luxshare	002475 CH	64%	5%	-	15%	16%	Wireless, iPhone/AirPods/Watch OEM, acoustics/haptics
Goertek	002241 CH	25%	5%	5%	15%	50%	Acoustics, AirPods, Watch, AR/VR, Wearables

Source: Company data, CMBIGM estimates

Figure 3: Apple's iPhone shipment by quarter (CY)



Source: Company data, IDC, Bloomberg, CMBIGM

Figure 4: Peers comparison

Company	Ticker	Rating	Mkt Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Brand												
Apple	AAPL US	NR	3,434,767	225.91	NA	NA	33.7	30.6	54.5	42.1	156.0	157.4
Xiaomi	1810 HK	BUY	87,282	27.20	24.4*	NA	26.0	22.8	3.3	3.0	12.8	13.0
Transsion	688036 CH	NR	14,891	93.02	NA	NA	18.4	15.5	4.9	4.0	27.3	27.0
Samsung	005930 KS	NR	252,559	58,300.00	NA	NA	11.1	9.1	1.0	0.9	9.3	10.4
Average							22.3	19.5	15.9	12.5	51.4	51.9
Optics												
Sunny Optical	2382 HK	BUY	6,869	48.80	72.5	49%	19.5	16.3	2.0	1.8	10.1	11.2
Q Tech	1478 HK	BUY	734	4.82	6.4	33%	14.4	9.6	1.0	0.9	6.9	9.6
Cowell	1415 HK	NR	2,578	23.35	NA	NA	26.6	15.8	5.1	3.9	20.3	26.0
Largan	3008 TT	NR	9,572	2,290.00	NA	NA	12.9	12.7	1.7	1.6	13.4	13.0
Genius	3406 TT	NR	1,573	445.50	NA	NA	10.9	10.7	2.1	1.8	20.0	17.8
Lg Innotek	011070 KS	NR	2,988	174,000.00	NA	NA	6.7	5.8	0.8	0.7	12.3	12.7
Partron	091700 KS	NR	305	7,130.00	NA	NA	9.5	8.5	0.8	0.8	9.1	9.5
Average							14.4	11.4	1.9	1.6	13.2	14.3
Acoustics/Haptics												
AAC Tech	2018 HK	BUY	4,692	30.45	37.8	24%	19.4	15.5	1.4	1.3	7.0	8.2
Goertek	002241 CH	BUY	10,983	22.79	27.4	20%	27.1	20.7	2.2	2.1	8.3	10.0
Luxshare	002475 CH	BUY	42,798	42.19	55.1	31%	22.4	18.3	3.6	3.0	16.0	16.4
Nidec	6594 JP	NR	23,620	3,017.00	NA	NA	24.1	18.5	2.3	2.0	10.1	10.7
Average							22.1	17.8	2.4	2.1	10.4	11.3
Connector												
FIT Hon Teng	6088 HK	BUY	2,371	2.53	4.3	68%	12.6	7.8	0.9	0.8	7.0	10.3
Luxshare	002475 CH	BUY	42,798	42.19	55.1	31%	22.4	18.3	3.6	3.0	16.0	16.4
TE	TEL US	NR	44,804	147.42	NA	NA	19.5	18.1	3.6	3.4	19.1	19.4
Amphenol	APH US	NR	80,800	67.02	NA	NA	36.3	30.8	8.4	7.1	24.9	25.2
Average							22.7	18.8	4.1	3.6	16.7	17.8
EMS/OEM												
BYDE	285 HK	BUY	9,459	32.65	44.4	36%	14.9	10.9	3.6	2.9	24.2	26.8
Luxshare	002475 CH	BUY	42,798	42.19	55.1	31%	22.4	18.3	3.6	3.0	16.0	16.4
Hon Hai Precision	2317 TT	NR	90,310	208.00	NA	NA	18.2	13.8	1.8	1.6	9.7	11.8
Pegatron	4938 TT	NR	8,342	100.00	NA	NA	14.1	13.4	1.4	1.3	8.9	9.2
Wistron	3231 TT	NR	10,434	115.00	NA	NA	17.4	13.7	2.6	2.3	16.6	18.0
Average							17.4	14.0	2.6	2.2	15.1	16.4
Casing												
BYDE	285 HK	BUY	9,459	32.65	44.4	36%	14.9	10.9	3.6	2.9	24.2	26.8
Fil	601138 CH	NR	66,045	23.68	NA	NA	18.4	14.8	3.0	2.7	16.5	18.6
Tongda	698 HK	BUY	118	0.09	0.1	30%	31.3	4.7	0.1	0.1	0.4	2.7
TK Group	2283 HK	BUY	187	1.75	2.8	61%	5.1	4.1	0.8	0.7	15.2	17.4
Lens Tech	300433 CH	NR	15,047	21.51	NA	NA	26.7	20.1	2.2	2.0	8.3	10.2
Everwin	300115 CH	NR	3,560	18.76	NA	NA	33.9	28.9	2.4	2.2	10.7	11.4
Average							21.7	13.9	2.0	1.8	12.5	14.5

Source: Bloomberg, CMBIGM estimates, *TP under review.

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