

China Technology

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Apple launch event: iPhone 15/Apple Watch inline; Camera upgrade remains the major focus

Apple introduced four new iPhone 15 models (15/15 Plus, 15 Pro/Pro Max), featuring major camera upgrade (periscope lens), 3nm A17 Pro chips, titanium alloy casing, USB-C socket, customizable action button, and spatial video support for Vision Pro display. Apple also updated two Apple Watch (Series 9, Ultra 2). We believe most spec are in-line with expectations, and no price hike for all models (same storage) will be positive to share gain. For stocks, given major upgrades in camera, USB-C and mid-frame casing, we prefer Apple supply chain such as **Luxshare** for iPhone/Watch OEM share gain, **BYDE** for titanium casing upgrade trend (Jabil), **Tongda** for structural component upgrade, **FIT Hon Teng** for USB-C adoption, and **Sunny Optical/Cowell** for improved camera (periscope).

- **Event was in-line with our expectations; No price hike for iPhone will boost share gain.** Apple launched a new gen of iPhone 15 (15/15 Plus, 15 Pro/Pro Max) with spec/pricing largely in-line with our expectations. Most upgrades (A17 Pro chip, titanium casing, periscope cam) will come to high-end Pro models, but 48MP rear camera and USB-C connector will also be introduced to 15/15 Plus models. We believe no price increase for all iPhone 15 models will offer a competitive position in the premium segment to gain more share, and reduced price for older models (e.g. iPhone 14/13) will drive volume upside. Overall, we expect iPhone shipment of 223mn in FY23E (-1 YoY, vs -5% YoY industry), backed by share gain in India/LATAM/SEA, and replacement demand from big iPhone 12 installed base (Fig 5).
- **Apple Watch Series 9/Ultra 2 bring more innovations.** The Apple Watch Series 9 features better screen, new S9 SiP chip, double tap gesture and precision finding function. Apple Watch Ultra 2 comes with titanium design, bigger and brighter screen, new action button, and also features new double tap gesture function. The price level of Watch Ultra 2 maintained, starting at US\$799. We believe a strong product pipeline will solidify Apple Watch's positioning within the ecosystem.
- **Accumulate Apple names on recent weakness; Top picks: Luxshare, BYDE, FIT Hon Teng and Tongda.** Although Apple names underperformed over the past month due to Huawei Mate 60 Pro launch and US-China tensions, we believe a strong Apple product line-up should revive positive sentiment on the supply chain in 4Q23E. We prefer Apple names with spec upgrade and share gain, such as **Luxshare** for iPhone/Watch OEM, **BYDE** for titanium casing (Jabil), **Tongda** for structural component material upgrade, **FIT Hon Teng** for USB-C upgrade, and **Sunny Optical/Cowell** for improved camera (periscope).

Valuation Table

Name	Ticker	Rating	Mkt Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x)		P/B (x)	
							FY23E	FY24E	FY23E	FY24E
Luxshare	002475 CH	BUY	28,400	29.01	44.9	55%	18.1	14.4	2.0	1.8
BYDE	285 HK	BUY	10,452	36.3	42.0	16%	21.1	17.1	2.5	2.2
FIT Hon Teng	6088 HK	BUY	969	1.04	2.1	98%	6.9	5.6	0.4	0.4
Tongda	698 HK	BUY	101	0.08	0.2	110%	4.5	2.8	0.1	0.1
Goertek	002241 CH	BUY	7,284	15.51	17.6	13%	35.3	16.5	1.7	1.5
Sunny Optical	2382 HK	HOLD	8,676	61.90	78.3	26%	33.4	21.7	2.6	2.4
AAC Tech	2018 HK	HOLD	2,141	13.98	14.0	0%	24.6	14.1	0.7	0.6

Source: Company data, CMBIGM estimates.

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Figure 1: iPhone 15 series (2023) vs iPhone 14 series (2022) vs Huawei Mate 60 series

	iPhone 15	iPhone 15 Plus	iPhone 15 Pro	iPhone 15 Pro Max	iPhone 14	iPhone 14 Plus	iPhone 14 Pro	iPhone 14 Pro Max	HUAWEI Mate 60	HUAWEI Mate 60 Pro
Starting Price	\$799	\$899	\$999	\$1,199	\$799	\$899	\$999	\$1,099	RMB 5,999	RMB 6,999
... 128GB	\$799	\$899	\$999	-	\$799	\$899	\$999	\$1,099		
... 256GB	\$899	\$999	\$1,099	\$1,199	\$899	\$999	\$1,099	\$1,199		
... 512 GB	\$1,099	\$1,199	\$1,299	\$1,399	\$1,099	\$1,199	\$1,299	\$1,399		
... 1TB	-	-	\$1,499	\$1,599	-	-	\$1,499	\$1,599		
Storage	128GB, 256GB, 512GB	128GB, 256GB, 512GB	128GB, 256GB, 512GB, 1TB	256GB, 512GB, 1TB	128GB, 256GB, 512GB	128GB, 256GB, 512GB	128GB, 256GB, 512GB, 1TB	128GB, 256GB, 512GB, 1TB	512GB, 1TB	512GB, 1TB
Screen Size	6.1 inches	6.7 inches	6.1 inches	6.7 inches	6.1 inches	6.7 inches	6.1 inches	6.7 inches	6.69 inches	6.82 inches
Resolution					2532 x 1170	2778 x 1284	2556 x 1179	2796 x 1290	2688 x 1216	2720 x 1260
Adaptive refresh			ProMotion 120Hz	ProMotion 120Hz			ProMotion 120Hz	ProMotion 120Hz	300 Hz	300 Hz
Processor	A16 (4nm)	A16 (4nm)	A17 Pro (3nm)	A17 Pro (3nm)	A15A15 (5nm)	A15 (5nm)	A16 (4nm)	A16 (4nm)	Kirin 9000s (7nm)*	Kirin 9000s (7nm)*
Rear camera	Dual cameras: * 48MP Main (f/1.6) * 12MP Ultrawide (f/2.4) * 12MP 2x Tele (f/1.6) * 2x optical zoom in/out * Digital zoom 10x	Dual cameras: * 48MP Main (f/1.6) * 12MP Ultrawide (f/2.4) * 12MP 2x Tele (f/1.6) * 2x optical zoom in/out * Digital zoom 10x	Three cameras: * 48MP Main (f/1.78) * 12MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.78) * 12MP 3x Tele (f/2.8) * Optical zoom 3x in/ 2x out * Digital zoom 15x	Three cameras: * 48MP Main (f/1.78) * 12MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.78) * 12MP 5x Tele (f/2.8) * Optical zoom 5x in, 2x out * Digital zoom 25x	Dual cameras: * 12MP Main (f/1.5) * 12MP Ultrawide (f/2.4) * 2x optical zoom * Digital zoom 5x	Dual cameras: * 12MP Main (f/1.5) * 12MP Ultrawide (f/2.4) * 2x optical zoom * Digital zoom 5x	Three cameras: * 48MP Main (f/1.78) * 12MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.78) * 12MP 3x Tele (f/2.8) * Optical zoom 3x * Digital zoom 15x	Three cameras: * 48MP Main (f/1.78) * 12MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.78) * 12MP 3x Tele (f/2.8) * Optical zoom 3x * Digital zoom 15x	* 50MP main (f/1.4-4.0) * 12MP (f/2.2) ultrawide * 12MP periscope telephoto (f/3.4)	* 50MP main (f/1.4-4.0) * 12MP (f/2.2) ultrawide * 48MP telephoto (f/3.0)
Colors	Pink, yellow, green, blue, black	Pink, yellow, green, blue, black	Natural, blue, black, white	Natural, blue, black, white	Midnight, purple, starlight, red, blue	Midnight, purple, starlight, red, blue	Space black, silver, gold, deep purple	Space black, silver, gold, deep purple	Green, purple, black, silver	Green, purple, black, silver
Battery size	Up to 20 hours	Up to 26 hours	Up to 23 hours	Up to 29 hours	Up to 20 hours	Up to 26 hours	Up to 23 hours	Up to 29 hours	4750mAh	5000mAh
Size					5.8 x 2.8 x 0.3 (inch)	6.3 x 3.1 x 0.3 (inch)	5.8 x 2.8 x 0.3 (inch)	6.3 x 3.1 x 0.3 (inch)	161.4 x 76 x 7.95 (mm)	163.65 x 79 x 8.1 (mm)
Weight					6.07 ounces	7.16 ounces	7.27 ounces	8.47 ounces	209g	225g
Satellite call	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Yes	Yes
Operating system	iOS 17	iOS 17	iOS 17	iOS 17	iOS 16	iOS 16	iOS 16	iOS 16	Harmony OS4	Harmony OS4
Other upgrades	Type-C, dynamic island	Type-C, dynamic island	Type-C, Titanium design, Spatial videos for Vision Pro, Action Button	Type-C, Titanium design, Spatial videos for Vision Pro, Action Button			Dynamic island	Dynamic island		

Source: Apple, CMBIGM. *Source: TechInsights

Figure 2: Apple iPhone 15 Pro series



Source: Apple, CMBIGM

Figure 3: New Apple Watch series 9 and Ultra



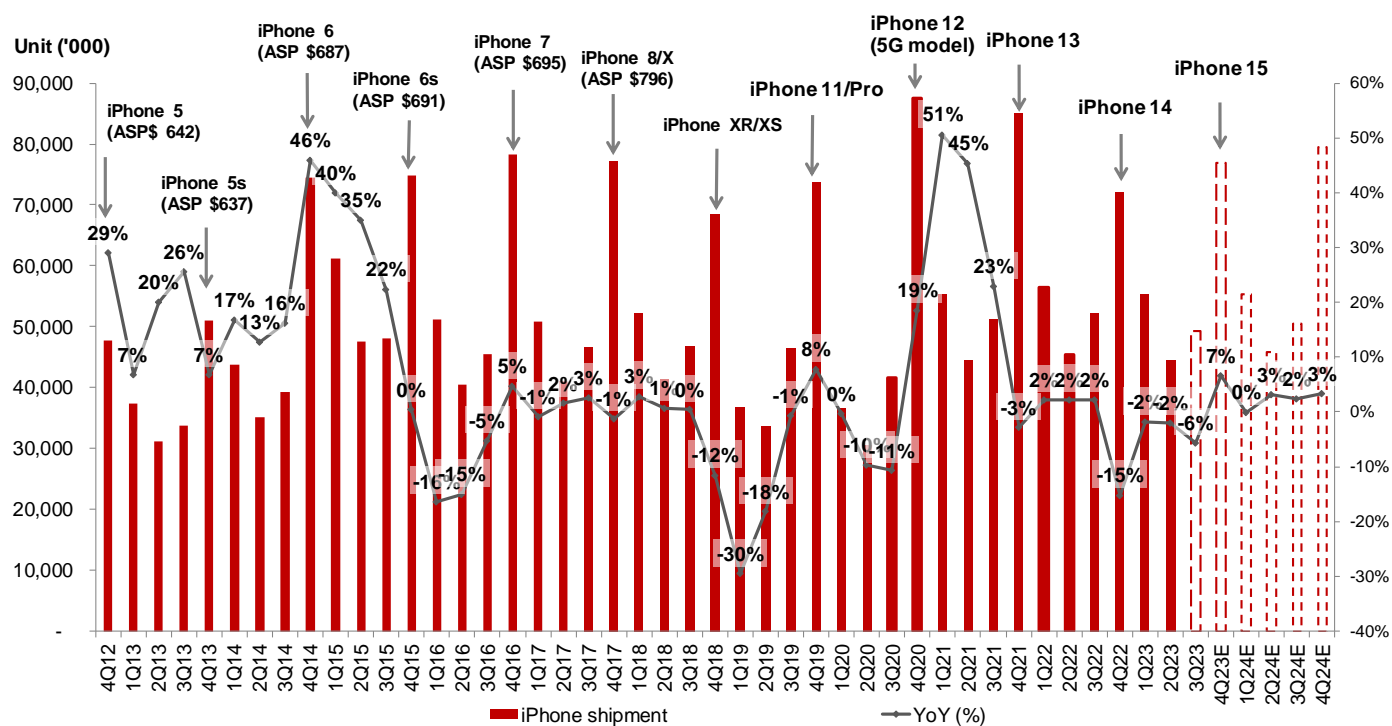
Source: Apple, CMBIGM

Figure 4: Supply chain mapping and sales mix exposure (2023E)

Company	Ticker	Apple	Huawei	Samsung	Other CN brands	Others	Major products
AAC Tech	2018 HK	45%	5%	25%	20%	5%	Acoustics, haptics, optics, casing
FIT Hon Teng	6088 HK	40%	3%			57%	Connector, wireless charging, accessories
Sunny Optical	2382 HK	3%	5%	15%	62%	15%	Camera module, handset lens sets, auto lens/module
BYDE	285 HK	40%	5%	10%	30%	15%	Metal/glass/plastics casing, ODM/OEM, automobile
Tongda	698 HK	37%	2%	2%	32%	27%	Metal/plastic casing, waterproof, household & sports
Q-Tech	1478 HK		5%		85%	15%	Cam module/lens, fingerprint modules, auto cam module
TK Group	2283 HK	2%				98%	Plastic molding, plastic precision
Truly	732 HK			5%	60%	35%	Camera modules, fingerprint, display modules
Cowell	1415 HK	90%		5%		5%	Camera Module
Luxshare	002475 CN	65%	5%	3%		27%	iPhone/AirPods/Watch OEM, acoustics/haptics, auto., comm.
Goertek	002241 CN	35%	5%	5%	5%	50%	Acoustics, AirPods/Watch OEM, AR/VR, gaming console

Source: Company data, CMBIGM estimates

Figure 5: Apple's iPhone shipment by quarter (CY)



Source: Company data, CMBIGM estimates

Figure 6: Peers Comparison

			Mkt Cap	Price	TP	Up/Down	P/E (x)		P/B (x)		ROE (%)	
Company	Ticker	Rating	(US\$ mn)	(LC)	(LC)	-side	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Optics												
Sunny Optical	2382 HK	HOLD	8,676	61.90	78.3	26%	33.4	21.7	2.6	2.4	7.8	11.2
Q Tech	1478 HK	BUY	445	2.94	3.6	22%	10.5	5.5	0.6	0.6	5.9	10.3
Cowell	1415 HK	NR	1,535	14.14	NA	NA	22.9	13.4	3.6	2.8	15.2	22.9
Largan	3008 TT	NR	8,387	2010	NA	NA	15.3	13.7	1.7	1.6	11.2	11.5
Genius	3406 TT	NR	1,336	379	NA	NA	15.6	13.8	2.0	1.9	13.3	14.6
Primax	4915 TT	NR	1,034	71.40	NA	NA	11.9	10.8	1.8	1.7	15.5	16.0
Lite-On	2301 TT	NR	9,182	124.00	NA	NA	18.8	15.6	3.4	3.4	18.5	21.6
O-Film	002456 CH	NR	2,693	6.02	NA	NA	-	-	7.3	7.6	(36.9)	(24.0)
Samsung Elec	009150 KS	NR	7,866	139900	NA	NA	17.1	11.5	1.3	1.2	8.0	10.9
Lg Innotek	011070 KS	NR	4,302	241500	NA	NA	8.2	6.1	1.2	1.0	15.4	17.9
Partron	091700 KS	NR	355	8010	NA	NA	10.9	9.3	0.9	0.9	8.9	9.4
			Average				16.5	12.1	2.4	2.3	7.5	11.1
Acoustics/Haptics												
AAC Tech	2018 HK	HOLD	2,141	13.98	14.0	0%	24.6	14.1	0.7	0.6	2.7	4.6
Goertek	002241 CH	BUY	7,284	15.51	17.6	13%	35.3	16.5	1.7	1.5	4.7	9.3
Luxshare	002475 CH	BUY	28,400	29.01	44.9	55%	18.1	14.4	2.0	1.8	11.2	12.5
Sunway	300136 CH	NR	2,341	17.62	NA	NA	20.5	16.2	2.3	2.0	11.4	13.3
Merry	2439 TT	NR	594	87	NA	NA	14.8	13.3	1.5	1.4	10.4	11.3
Nidec	6594 JP	NR	29,586	7312	NA	NA	52.6	23.8	3.2	2.8	7.0	12.6
Alps Alpine	6770 JP	NR	1,867	1255	NA	NA	10.6	12.5	0.6	0.6	6.2	5.0
			Average				24.0	15.4	1.7	1.6	7.7	9.8
Connector												
FIT Hon Teng	6088 HK	BUY	969	1.04	2.1	98%	6.9	5.6	0.4	0.4	5.2	6.3
Luxshare	002475 CH	BUY	28,400	29.01	44.9	55%	18.1	14.4	2.0	1.8	11.2	12.5
TE	TEL US	NR	40,332	128.47	NA	NA	19.2	17.1	3.5	3.2	19.1	19.9
Amphenol	APH US	NR	51,653	86.60	NA	NA	29.7	27.0	6.5	5.9	24.5	24.4
			Average				18.5	16.0	3.1	2.8	15.0	15.8
EMS/OEM												
BYDE	285 HK	BUY	10,452	36.30	42.0	16%	21.1	17.1	2.5	2.2	11.9	13.0
Luxshare	002475 CH	BUY	28,400	29.01	44.9	55%	18.1	14.4	2.0	1.8	11.2	12.5
Hon Hai Precision	2317 TT	NR	46,159	106.50	NA	NA	12.1	9.8	1.0	0.9	8.2	9.6
Pegatron	4938 TT	NR	6,381	76.60	NA	NA	12.9	11.1	1.1	1.1	8.6	11.5
Wistron	3231 TT	NR	9,202	102.00	NA	NA	27.7	15.0	2.8	2.4	9.6	16.2
			Average				29.0	20.9	6.6	5.0	13.6	19.9
Casing												
BYDE	285 HK	BUY	10,452	36.30	42.0	16%	21.1	17.1	2.5	2.2	11.9	13.0
Tongda	698 HK	BUY	101	0.08	0.2	110%	4.5	2.8	0.1	0.1	2.3	3.5
TK Group	2283 HK	BUY	149	1.40	3.1	121%	5.0	3.6	0.7	0.6	13.3	17.4
Everwin	300115 CH	NR	1,656	10.02	NA	NA	27.6	13.4	2.0	1.7	7.1	13.2
Lens Tech	300433 CH	NR	8,236	12.06	NA	NA	19.5	14.6	1.3	1.2	6.7	8.5
Chaozhou Three	300408 CH	NR	8,276	31.45	NA	NA	32.7	24.7	3.2	2.9	10.1	12.1
Catcher	2474 TT	NR	3,850	181.0	NA	NA	13.0	16.0	0.8	0.8	5.8	4.6
Jabil	JBL US	NR	14,032	107.21	NA	NA	12.6	11.6	4.8	4.0	43.5	38.4
			Average				17.0	13.0	1.9	1.7	12.6	13.8

Source: Bloomberg, CMBIGM estimates.

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