
From: Richard Kahn [REDACTED]
Sent: Tuesday, September 12, 2017 7:51 PM
To: jeffrey E.
Subject: Fwd: Apple, Inc.: Apple sets the stage for Augmented Reality to become the next killer app on smartphones

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Begin forwarded message:

From: =/b>"Morgan Stanley" <[REDACTED]>

Subject: =/b>Apple, Inc.: Apple sets the stage for Augmented Reality to become the next killer app on smartphones

Date: September 12, 2017 at 3:20:14 PM EDT

To: =/b><richardkahn12@gmail.com>

Reply-To: =/b><mswmir-cie-feedback@morganstanley.com>

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Apple, Inc.: Apple sets the stage for Augmented Reality to become the next killer app on smartphones

Katy L. Huberty, CFA =E2 Morgan Stanley

September=12, 2017 7:17 PM GMT

Following the early release =f ARKit at June's WWDC, Apple spent a significant amount of =ime on the advanced camera functionality in the iPhone 8, 8 Plus and X, =nd Augmented Reality features in iOS11 available to the majority of =Phone users upon download starting September 19. Demos included games =arhammer 40,000: Freeblade, SkyGuy and Directive Games new multiplayer =ame The Machines. We believe AR has the potential to become the next =iller app that accelerates smartphone upgrades and drives increased =ervices monetization and growth, which is reflected in our \$253 bull =ase valuation, representing close to 60% upside vs. Apple's =urrent share price. For more details on why we think AR will be the =ext big smartphone technology trend, how Apple fits into the AR =cosystem, and the \$400B impact AR could have on the technology market, =lease see our recently published Global Insight note here:

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