
From: Richard Kahn <[REDACTED]>
Sent: Wednesday, July 12, 2017 1:07 PM
To: Jeffrey Epstein
Subject: Fwd: AAPL US: Apple Inc.: Estimate Change - Lowering iPhone estimates on anticipated delayed shipment of iPhone 8 - BUY (PO remains \$180)

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue, 4th Floor
New York, NY 10022
Phone [REDACTED]
Fax [REDACTED]
Cell [REDACTED]

Begin forwarded message:

From: "Ens, Amanda" [REDACTED]
Date: July 12, 2017 at 8:56:37 AM EDT
To: "Rich Kahn" <[REDACTED]>
Subject: AAPL US: Apple Inc.: Estimate Change - Lowering iPhone estimates on anticipated delayed shipment of iPhone 8 - BUY (PO remains \$180)
Reply-To: "Ens, Amanda" <[REDACTED]>

====
Global Research

=/td> <= class="MsoNormal" align="right" style="text-align:right">

<=tbody>

=span style="mso-bookmark:_MailOriginal">
 <=span>

Reiterate Rating: BUY<=/:p>

Equity | 12 July 2017

=span style="mso-fareast-font-family:"Times New Roman";display:n=ne;mso-hide:all">

=p class="MsoNormal">Key takeaways

· Our checks from Asia suggest iPh 8 likely=ships 3-4 wks after LCD counter parts. We pro=ctively lower Sep/Dec iph 11mn/6mn

* &nbs=; Issues: 1) placing finger print sensor below OLED screen, 2) packaging 3D=sensor and low yields

· Mar 2018 iph units +10mn given push out. F17/F18 iph uni=s -11mn/+3mn (net 8mn lower units). Modest upside if fixed earlier</=pan>

FULL REPORT <<http://rsch.baml.com/r?q=bp1!fbWktOCuLD1MzvTg!w&e=richardkahn12%40gmail.com&h=SaAU=Q>>

=nbsp;

<<http://rsch.baml.com/r?q=bp1!fbWktOC=LD1MzvTg!w&e=richardkahn12%40gmail.com&h=SaAUrQ>>

<=div>

Checks indicate 3-4 weeks delay for the OLED phone=&/span>

Our supply chain checks, as=part of our recent trip to Asia, suggest that the iPhone 8 with OLED displa= will likely ship 3-4 weeks after its LCD counterparts. We expect Apple to a=ounce all three new iPhones (4.7" LCD iPhone 7S, 5.5" LCD iPhone 7S Plus, a=d OLED iPhone 8) at its launch event in the fall. However, the iPhone 8 may=ship with a 3-4 week delay given various production issues. We are proactiv=ly lowering our iPhone unit estimates for the Sep and Dec quarters, while r=ising March 18 quarter. While shares may see some near-term weakness, we re=terate our Buy on iPhone 8 super long cycle with higher ASPs, potential for=significant cash repatriation and associated optionality for incremental ca=ital return and M&A, and growth in Services revenue (target to double S=rvices revenue by 2020).

Fingerpr=nt and 3D sensor potential causes for delay<=span>

Our conversations with the Supply Chain suggest t=at the iPhone 8 will ship 3-4 weeks delayed given technological issues whic= Apple and its suppliers are working through. Initially, Samsung was having=problems in lamination of the OLED screens; however, that issue seems to ha=e been resolved. The remaining issues are 1) removal of the home button and=placement of the finger print sensor below the OLED screen, and 2) packagin= of 3D sensor and low yields. The supply chain is optimistic that the issue= around integrating the finger print sensor below the OLED screen, and issu=s with 3D sensing may be resolved by the end of August. LCD phone productio= starts sooner than OLED but demand for LCD could be lower given high deman= for OLED.<=pan style="font-size:9.5pt;line-height:140%;font-family:"Arial";=sans-serif;color:#231F20">

=span class="text1">Lower Sep/Dec ests, C1= mostly same, PO remains \$180<=p>

<=pan style="font-size:11.0pt;line-height:140%;font-family:"Arial";=sans-serif;letter-spacing:-.2pt">We project a delayed launch for the iPhon= 8 and are lowering Sep/Dec iPhone estimates (~11mn/6mn units, respectively=. However Mar 2018 quarter moves up by 10mn. By the June quarter demand cou=d shift toward fall 2018 iPhones. In aggregate, our F17 iPhone units are 11=mn lower, F18 units are 3mn higher (Fig 1). PO remains \$180 on 16x C18 EPS o= \$11.61. If the supply chain issues are resolved earlier, there could be so=e modest upside to our projections. Our derivatives research

team recommend= an options trade to protect against near term volatility and capture long= term upside potential (details in note).

<=p>
MLPF&S=br>+1 646 855 3854

=/tbody>
=/tbody>

=/span></pan>

This report is intended for <=span><=pan style="mso-bookmark:_MailOriginal">amanda.ens@baml.com =/span>

Click here
=td style="background:#F5F3EE;padding:0in 22.5pt 0in 22.5pt">

The res=search report and the link to such report are for the use of Bank of America M=errill Lynch customers only and all copying, redistribution, retransmission,=publication, and any other dissemination or use of the contents thereof are=prohibited. There may be more recent information available. Please visit on= of the electronic venues that carry BofA Merrill Lynch Global Research rep=ts or contact your Bank of America Merrill Lynch representative for furthe= information. "Bank of America Merrill Lynch" is the marketing name for the=global banking and global markets businesses of Bank of America Corporation=

Clic=

<=span><http://rsch.baml.com/r?q=bp1!fbWktOCuLD1MzvTg!w&e=richardkahn12%40gmail.c=m&h=SaAUrQ></=span>
<<http://rsch.baml.com/r?q=bp1!fbWktOCuLD1MzvTg!w&e=r=chardkahn12%40gmail.com&h=SaAUrQ>>

This message, and any attachments, is for t=e intended recipient(s) only, may contain information that is privileged, c=nfidential and/or proprietary and subject to important terms and conditions=available at <http://www.bankofamerica.com/emaildisclaimer> <<http://www.bankofamerica.com/emaildisclaimer>> . If you are not the intended rec=ipient, please delete this message.

<[http://rsch-bems-tr.baml.c=m/q/ZYUwS5E5J5y69Ui3YcDRCw~~/AAAAAQAA~/RgRbSKGAPkElAGym6WoARRpCCgABgRxmWdwe-NSF3JpY2hhcmRrYWhuMTJA221haWwuY29tCVEAAAAAEEzeyJ0ZW1wbGF0ZSI6ImRlZmF1bHRfd=VtcGxhdGUiLCJuYW1lIjoiMDcxMjA4NTY1Nzc3Mzc4MToyMzc2MjQ0LUhOQTAiLCJjbGllbnRfa=QiOii1LTA3MTlwODU2NTc3NzM3ODE6MjM3NjI0NC1ITkEwliwiYXV0aG9yIGVtYWlsIjoiYWRta=5AY29sZHNwYXJrLmNvbSJ9">http://rsch-bems-tr.baml.c=m/q/ZYUwS5E5J5y69Ui3YcDRCw~~/AAAAAQAA~/RgRbSKGAPkElAGym6WoARRpCCgABgRxmWdwe-NSF3JpY2hhcmRrYWhuMTJA221haWwuY29tCVEAAAAAEEzeyJ0ZW1wbGF0ZSI6ImRlZmF1bHRfd=VtcGxhdGUiLCJuYW1lIjoiMDcxMjA4NTY1Nzc3Mzc4MToyMzc2MjQ0LUhOQTAiLCJjbGllbnRfa=QiOii1LTA3MTlwODU2NTc3NzM3ODE6MjM3NjI0NC1ITkEwliwiYXV0aG9yIGVtYWlsIjoiYWRta=5AY29sZHNwYXJrLmNvbSJ9](http://rsch-bems-tr.baml.c=m/q/ZYUwS5E5J5y69Ui3YcDRCw~~/AAAAAQAA~/RgRbSKGAPkElAGym6WoARRpCCgABgRxmWdwe-NSF3JpY2hhcmRrYWhuMTJA221haWwuY29tCVEAAAAAEEzeyJ0ZW1wbGF0ZSI6ImRlZmF1bHRfd=VtcGxhdGUiLCJuYW1lIjoiMDcxMjA4NTY1Nzc3Mzc4MToyMzc2MjQ0LUhOQTAiLCJjbGllbnRfa=QiOii1LTA3MTlwODU2NTc3NzM3ODE6MjM3NjI0NC1ITkEwliwiYXV0aG9yIGVtYWlsIjoiYWRta=5AY29sZHNwYXJrLmNvbSJ9)> 2376244

=