
From: Richard Kahn <[REDACTED]>
Sent: Thursday, February 15, 2018 1:35 PM
To: jeffrey E.
Subject: Fwd: Apple, Inc.: iPhone X China Share Gains Accelerating But Competitors Fight Back in Mid-Market

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022
tel [REDACTED]
fax [REDACTED]
cell [REDACTED]

Begin forwarded message:

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

Subject: =/b>Apple, Inc.: iPhone X China Share Gains Accelerating But Competitors Fight Back in =id-Market

Date: =/b>February 14, 2018 at 7:09:43 PM =ST

To: =/b><[REDACTED]>

Reply-To: =/b><[REDACTED]>

<<http://www.morganstanley.com/img/cs/spacer.gif>>
<<http://www.morganstanley.com/img/cs/spacer.gif>>
<<http://www.morganstanley.com/img/cs/spacer.gif>>
<<http://www.morganstanley.com/img/cs/spacer.gif>> <<http://www.morganstanley.com/>>
Wealth =anagement

<<http://www.morganstanley.com/img/cs/spacer.gif>>
Apple, Inc.: iPhone = China Share Gains Accelerating But Competitors Fight Back in =id-Market
<<http://www.morganstanley.com/img/cs/spacer.gif>>

Katy L. Huberty, CFA =E2 Morgan Stanley

February =5, 2018 12:00 AM GMT

iPhone China replacement =ycle and share gains surprised positively in 4Q17 but fewer Android =witchers limits unit growth this cycle. In January, iPhone X share =ains accelerated but Chinese vendors re-gained some share against =lder, discounted iPhones in the mid-market.

Apple 4Q17 =martphone share surprised positively in China though market demand =isappointed as Android replacement cycles lengthened, taking some air =ut of the supercycle. Apple iPhone grew shipments 12% in China last =uarter while Android smartphone shipments declined 17%. This was =pple's second largest sequential share gain in China, and consistent =ith the more than 5 points of active installed base market share gains =ighlighted in Jiguang data, which accelerated post the iPhone 8/8+ and =Phone X product launches. However, Android replacement cycles elongated =1) despite iPhone replacement cycles shrinking in 4Q17 (2), which =educed the switcher opportunity (31M by our estimates) compared to our =ottom-up model. This suggests 4Q17 shipment share gains were driven =argely driven by stronger upgrades within Apple's installed base while =ower churn drove the installed base share gains. Overall iPhone active =martphone user share downticked in early January from recent highs but =Phone X share gains accelerating in China... According to data from =iguang, a firm that aggregates smartphone data from its push-messaging =ervices in China, iPhone had 20.6% share of the active smartphone =arket in China in the 4 week period ending January 14th, 2018, down =rom 21.8% in the prior 4 week period ending December 31, 2017 (3). This =epresents the second largest period over period share loss since we =egan tracking this data in January 2017 (largest was in August 2017), =ith market share largely picked up by the big 4 Chinese smartphone =endors (4). Importantly for Apple, and despite the overall share loss =s. peers, adoption of the iPhone X continued to accelerate in the =atest period, account

This alert is sent from:

Andrew Atlas, [REDACTED]

You received this because you requested =hat you receive content and reports from:

APPLE =NC.

Please contact your FA if you want to unsubscribe from the =lerts.

<<http://www.morganstanley.com/img/cs/spacer.gif>>

<<http://www.morganstanley.com/img/cs/spacer.gif>>

<<http://www.morganstanley.com/img/cs/spacer.gif>>

<<http://www.morganstanley.com/img/cs/spacer.gif>>

Disclosures:

Please see =he full report for risks, disclosures and other important =nformation.

Important disclosures regarding the =elationship between the companies that are referenced in Morgan Stanley =esearch and Morgan Stanley Wealth Management research are available on =he Morgan Stanley Wealth Management disclosure website at <https://www.morganstanley.com/online/researchdisclosures>.

Morgan Stanley Wealth Management Not Acting as Municipal Advisor Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.

Copyright

The copyright in materials provided by Morgan Stanley is owned by Morgan Stanley & Co. LLC. Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States.

© 2018 Morgan Stanley Smith Barney LLC. Member SIPC.

[<http://www.morganstanley.com/img/cs/spacer.gif>](http://www.morganstanley.com/img/cs/spacer.gif)

[<http://www.morganstanley.com/img/cs/spacer.gif>](http://www.morganstanley.com/img/cs/spacer.gif)

[<http://www.morganstanley.com/img/cs/spacer.gif>](http://www.morganstanley.com/img/cs/spacer.gif)

[<http://www.morganstanley.com/img/cs/spacer.gif>](http://www.morganstanley.com/img/cs/spacer.gif)

[<http://www.morganstanley.com/img/cs/spacer.gif>](http://www.morganstanley.com/img/cs/spacer.gif)

[<http://www.morganstanley.com/img/cs/spacer.gif>](http://www.morganstanley.com/img/cs/spacer.gif)

[<http://www.morganstanley.com/img/cs/spacer.gif>](http://www.morganstanley.com/img/cs/spacer.gif)

=