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Faster iPhone mfg ramp =ranslates to C4Q beat but lower C1Q estimates. However, a March quarter =uide down relative to consensus is unlikely due to mis-modeled ASPs, in =ur view. Our lowered estimates also consider slower iPhone X demand =ate cycle but we remain 13% above FY18 consensus EPS.

Positively biased into the December quarter print. Our bottom =p analysis of upgrades from the aged iPhone installed base and switcher =arket share gains point to iPhone shipments down slightly in the US, up =lightly in Europe, but up strong double-digits in China during FY18 =1). Our proprietary AlphaWise data confirms accelerated market share =ains in China post the iPhone 8/X launch which sustained through =id-December (2) and we see accelerating growth in China as a key metric =o monitor in the December quarter. Greater China revenue growth of 12% =n the September quarter, already accelerated from -10% Y/Y in June, and =e see the potential for a similar step-up in growth during December. =ven after contemplating increased price elasticity late in the iPhone X =ycle and some push out of upgrades on cheaper battery replacements and =ew product rumors, we model revenue and EPS 9% and 13% above consensus =n FY18 largely driven by our higher iPhone ASPs and bullish China =hesis. We also now model slight iPhone and total revenue growth in =Y19, compared to declines previously, on the back of an easier comp and =elayed upgrades. We agree with the market view of a December quarter =arnings beat. Apple produced as much as 6-7M more iPhone X units than =e originally modeled (see report Hon Hai Precision: iPhone X Builds =oost the Revenue Scale and Thus Profit) which after considering some =pill-over of shipments into March and cannibalization of lower-end =nits, we raise December quarter iPhone shipments to 80M (from 76M) and =Phone ASP to \$819 (from \$771). After adjusting Mac, iPad, and Watch =hipments to align with recent supply chain and carrier comments and =ervices r

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