
From: Richard Kahn [REDACTED]
Sent: Monday, July 23, 2018 11:53 PM
To: Jeffrey Epstein
Subject: Fwd: Apple, Inc.: We expect an In-Line Quarter; All Eyes on Services & Fall iPhone Launch

Richard Kahn
HBRK Associates =nc.
575 Lexington =venue, 4th Floor
New York, NY =0022
[REDACTED]

Begin forwarded message:

From: =/b>"Morgan Stanley" [REDACTED]
Subject: =/b>Apple, Inc.: We =xpect an In-Line Quarter; All Eyes on Services & Fall iPhone =aunch
Date: =/b>July 23, 2018 at 7:52:20 PM =DT
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.: We =xpect an In-Line Quarter; All Eyes on Services & Fall iPhone =aunch
<<http://www.morganstanley.com/img/cs/spacer.gif>>

Katy L. Huberty, CFA =E2 Morgan Stanley

July =3, 2018 11:45 PM GMT

We slightly tweak ests into =he quarter, most notably raising June Q iPhone ests by 2% to 39.8M =nits. Expect Services growth above cons. at 30%+ but anticipate =nvestors remain focused on Sept Q guidance and fall iPhone launch. =arking our SOTP-driven PT to market drives PT to \$232 (from \$214).

We expect limited follow through from earnings, with Sept =Phone launch the next big stock catalyst. We expect Apple to report an =n-line June quarter and provide a slightly weaker than consensus =eptember quarter outlook due to a possible October launch of the 6.1" =CD iPhone. We currently see no delay in the ramp of Apple's upcoming =lagship 5.8" or 6.5" OLED iPhones, however suspected issues with LED =acklight leakage have caused a 1 month delay in mass production of the =.1" LCD iPhone, although this is down from a 6 week delay baked into =he original production forecast, according to suppliers. Nevertheless, =ll three new iPhone models are expected to be announced in September, =ith our Greater China Technology Hardware team still forecasting 90M =ew iPhone builds in C2H18, up slightly from 89M in C2H17. We make minor =djustments to June quarter estimates (iPhone units up 800k, Mac units =p 150k, iPad units down 500k, Services growth to 32% Y/Y, from 33%) but =therwise keep our FY18 and FY19 device (iPhone, iPad, Mac) forecasts =nchanged, while slightly tweaking Services growth on the margin (1 =amp; 2). Net, we now model FY18e EPS of \$11.45 (up from \$11.41 prior) =nd FY19e EPS of \$14.00 (up from \$13.76 prior). With the summer months =ypically viewed as a product transition period, we look to the =eptember launch of the new iPhone models as the next meaningful stock =atalyst but note that 1) a push out of the iPhone launch date, 2) =eaningfully weaker Services data points, or 3) increasingly heated =rade rhetoric between the US and China present the greatest risks to =hares over the next 3 months. We expect Services results to be the =ocal point of June quarter report with

This alert is sent from:

Andrew Atlas, 

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 =dvisor Morgan Stanley Wealth Management is not acting as a municipal =dvisor to any municipal entity or obligated person within the meaning =f 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)

=