
From: jeffrey E. <jeevacation@gmail.com>
Sent: Thursday, December 21, 2017 1:36 PM
To: Richard Kahn
Subject: Re: Apple, Inc.: iPhone X Accelerating Apple Share Gains in China

call me [REDACTED]

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On Thu, Dec 21, 2017 at 8:34 AM, Richard [REDACTED] <[REDACTED]> >
wrote:

Richard Kahn
HBRK Associates Inc.
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New York, NY 10022
[REDACTED]
[REDACTED]
[REDACTED]

Begin forwarded message:

From: "Morgan Stanley"=<ms-wmir=morganstanley.com <mailto:ms-wmir@morganstanley.com>>

Subject: Apple, Inc.: iPhone X Accelerating Apple Share Gains in China

Date: December 21, 2017 at 12:24:04 AM EST<=r>

To: <richa=dkahn12@gmail.com <[REDACTED]>>

Reply-To: <mswmir-cie-feedback@morganstanley.com <mailto:mswmir-cie-feedback@morganstanley.com>>

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Kat= L. Huberty, CFA – Morgan Stanley

December 21, 2017 5:=1 AM GMT

Initial iPhone X data points in China highlight faster adoption vs. iPhone 8/8 Plus and increasing switching opportunity (to Apple), fueling an acceleration of Apple smartphone share gains. Google Trends data also corroborate iPhone strength in China. AAPL remains our top pick entering 2018.

Initial iPhone X China data show faster adoption vs. iPhone 8 and 8 Plus. Recall, three weeks ago we published a report on data that we analyzed in conjunction with AlphaWise that aggregates smartphone data from = push-messaging service in China, highlighting Apple's growing share of active smartphones in China – which runs counter to the consensus= view that Apple is losing share to cheaper smartphone brands in China (1).=We now have data through November 19 that bolsters our bullish China thesi=. This additional data show that iPhone X adoption in China is on a faster=pace than the iPhone 8 or 8 Plus. As 2 depicts, iPhone X represented 0.36% of the iPhone installed base in China through November 19, higher than the=initial adoption of the iPhone 8 or 8 Plus. Importantly, the data through =ovember 19 only contains 16 days of iPhone X availability, whereas the com=arable period for the iPhone 8 and 8 Plus includes a full 28 days. As a re=ult, we expect further acceleration of iPhone X relative to iPhone 8/8 Plus in the next data release.iPhone X data show runway for iPhone upgrades. Despite faster penetration of iPhone X vs. iPhone 8/8 Plus, we believe there=remains significant pent-up demand from the base of 2+ year old iPhone own=rs. This is because 48% of upgraders to iPhone X upgraded from the iPhone 6 and 7 Plus (3), meaning early adopters are driving demand at the beginnin= of the cycle. Compare this to upgrader data for the iPhone 8 and 8 Plus (=) that show 43% and 46% of upgraders, respectively, in the November 19 per=od, came from the iPhone 6 and 6 Plus generation. As a result, we believe =pgrades to the iPhone X from the base of 2-year-old iPhone owners, which i=span class="m_1434519441706473062Apple-converted-space">

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Th=s alert is sent from:

Andrew At=as, morganstanley.com <mailto:Andrew.Atlas@morganstanley.com>

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