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Apple Supply Chain

Implications: Resilient iPhone and Mac demand, but continued rising memory cost likely weighing on supply chain

Technology

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Apple (OW, covered by J.P. Morgan analyst Samik Chatterjee – see note) reported Jun-Q results with corporate revenue growing 16% YoY to US$109bn, which came in at the relatively high end of management's previous guidance range of 14-17% YoY growth. The strong Product revenue (+18% YoY) was underpinned by robust iPhone 17 family and Macbook Neo demand despite supply constraints, as well as the company's solid share gains. For Sep-Q, Apple expects 9-11% YoY revenue growth, which is below Bloomberg consensus of +12% YoY given the 2.5ppt FX headwind impact along with further increasing supply constraints (especially SoCs) across iPhone, Mac and iPad. Despite the headwinds, management guides iPhone revenue to grow mid-teens YoY in the coming quarter, backed by resilient demand from share gain. However, as memory cost hikes continue to impact Apple's product margin, the potential price increases on the upcoming new iPhones may lead to demand uncertainties (though relatively low price elasticity for iPhones), while the cost reduction pressure on non-memory components should also weigh on related supply chain vendors. Hence, we maintain our below-consensus iPhone EMS build estimates of flat YoY in 2026.

- **For the iPhone supply chain:** 1) For 2H26, our total iPhone EMS build estimates are 52mn units in 3Q26 and 85mn units in 4Q26, totaling 114mn units for 2H26 (-7% YoY). This includes 88mn units from the new iPhone 18 series models (Pro, Pro Max and Foldable), which is 10% below the 97mn units of the iPhone 17 series build in 2H25 given fewer new models launched (vs. 4 iPhone 17 series models in 2H25); 2) for the Foldable iPhone potentially launching in 2H26, we model 7-8mn units build this year; 3) for 2026 full year, our total iPhone EMS build estimate totals up to 250mn units, maintaining at the high 250mn level build in 2025, which suggests a significant share gain for iPhone vs. Android smartphones this year. Please see our recent note (here).
- **Key product highlights:** 1) Jun-Q Product revenue growth was +16% YoY and -2% QoQ, driven mainly by strong iPhone and Mac growth momentum with solid market share gain; 2) iPhone revenue growth was -5% QoQ but +22% YoY, thanks to the better-than-expected demand for the iPhone 17 family; 3) for the Mac, it grew both 23% QoQ and 29% YoY, which is a new June-Q record, driven by the strength of the new MacBook Neo with solid share gain, despite the supply constraint; 4) iPad revenue declined 10% QoQ and 6% YoY, given difficult comp; 5) Wearables revenue was flat QoQ and +6% YoY with solid Apple Watch upgrade demand; 6) Product GM of 40.1% increased by 555bps YoY and 138bps QoQ, mainly due to the 2.5% favorable impact from tariff refunds.
- **Implications:** We remain selective on Apple supply chain names as the continued memory hikes might also imply rising ASP and GM pressure for some component vendors. Hence, we prefer the camera lens suppliers, Genius (OW) and Largan (OW), given their product diversification into CPO FAU, in addition to the solid iPhone demand.

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Table 1: Apple Jun-26 quarter result review and Sep-26 quarter guidance

$ million	Jun-26	JPMe	Variance	Consensus	Variance	% QoQ	% YoY	Sep-26 Guidance
Sales	109,417	109,738	0%	108,853	1%	-2%	16%	9-11% YoY growth
Gross Profit	54,770	52,723	4%	52,250	5%	0%	25%	
GM (%)	50.1%	48.0%	201 bps	48.0%	206 bps	79 bps	357 bps	47% - 48% (inc. +1ppt from tariff refund)
Operating profit	35,695	33,773	6%	33,424	7%	-1%	27%	Opex US$19.1-19.4bn
OPM (%)	32.6%	30.8%	185 bps	30.7%	192 bps	35 bps	263 bps	
Net profit	29,789	28,239	5%	27,711	7%	1%	27%	
NM (%)	27.2%	25.7%	149 bps	25.5%	177 bps	62 bps	230 bps	Tax rate 16.5%
Diluted EPS ($)	**2.02**	**1.93**	**5%**	**1.89**	**7%**	**0%**	**29%**	

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. Note: GAAP basis.

Table 2: Apple Jun-26 quarter revenue by segment

$ million	Jun-26	Mix	Mar-26	% QoQ	Jun-25	% YoY
iPhone	54,252	50%	56,994	-5%	44,582	22%
iPad	6,191	6%	6,914	-10%	6,581	-6%
Mac	10,352	9%	8,399	23%	8,046	29%
Services	30,739	28%	30,976	-1%	27,423	12%
Wearables, Home, Accessories	7,883	7%	7,901	0%	7,404	6%
Total Revenue	**109,417**	**100%**	**111,184**	**-2%**	**94,036**	**16%**
Products GM	40.1%		38.7%	138 bps	34.5%	555 bps
Services GM	75.6%		76.7%	-106 bps	75.6%	5 bps
Total GM	**50.1%**		**49.3%**	**79 bps**	**46.5%**	**357 bps**

Source: Company data; compiled by J.P. Morgan.

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Companies Discussed in This Report (all prices in this report as of market close on 30 July 2026, unless otherwise indicated)
Apple(AAPL/$333.43/OW), Genius Electronic Optical Co., Ltd(3406.TW/NT$447.50/OW), Largan Precision Co Ltd(3008.TW/NT$3,715.00/OW)

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Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 01, 1999. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
01-Aug-23	OW	196.45	235
08-Sep-23	OW	177.56	230
02-Nov-23	OW	173.97	225
01-Feb-24	OW	184.40	215
11-Apr-24	OW	167.78	210
02-May-24	OW	169.30	225
18-Jun-24	OW	216.67	245
24-Jul-24	OW	225.01	265
21-Jan-25	OW	229.98	260
30-Jan-25	OW	239.36	270
14-Apr-25	OW	198.15	245
01-May-25	OW	212.50	240
26-Jun-25	OW	201.56	230
17-Jul-25	OW	210.16	250
31-Jul-25	OW	209.05	255
19-Sep-25	OW	237.88	280
27-Oct-25	OW	262.82	290
30-Oct-25	OW	269.70	305
26-Jan-26	OW	248.04	315
29-Jan-26	OW	256.44	325
07-Jul-26	OW	312.66	345

Genius Electronic Optical Co., Ltd (3406.TW, 3406 TT) Price Chart

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Aug 01, 2019. All share prices are as of market close on the previous business day.

Date	Rating	Price (NT$)	Price Target (NT$)
08-Sep-23	OW	391.00	430
25-Feb-24	OW	409.50	475
15-May-24	OW	488.50	500
06-Aug-24	OW	453.00	560
14-Aug-24	OW	532.00	620
12-Nov-24	OW	446.50	560
09-Mar-25	OW	456.50	550
15-May-25	OW	391.00	470
19-Aug-25	OW	447.00	560
19-Nov-25	OW	449.00	600
21-Apr-26	OW	544.00	700

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Largan Precision Co Ltd (3008.TW, 3008 TT) Price Chart

Date	Rating	Price (NT$)	Price Target (NT$)
08-Sep-23	OW	2070.00	2,400
11-Jan-24	OW	2525.00	2,600
12-Jan-24	OW	2550.00	2,700
12-Apr-24	OW	2315.00	2,800
07-Jul-24	OW	2895.00	3,200
11-Jul-24	OW	3110.00	3,300
08-Jul-25	OW	2185.00	3,100
09-Oct-25	OW	2485.00	3,150
08-Jan-26	OW	2550.00	3,200
10-Jun-26	N	3885.00	3,600
10-Jul-26	OW	3950.00	5,000

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
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