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Greater China Technology Hardware | Asia Pacific

How to Position in Supply Chain Stocks amid iPhone 18 Launching

We expect supply chain companies in Asia to benefit from Apple's new product launching. Key OW recommendations include Hon Hai, FII, Luxshare, TDK, Alps Alpine, LG Innotek, TSMC, Lens, BOE, Lingyi, AAC and Crystal. We have also downgraded Largan and Genius.

iPhone positive impact could be notable: Our US team holds a positive view on iPhone's new product launch. From a supply chain perspective, we think a higher price and rising volume will boost industry TAM, while spec upgrades could trigger further ASP increases and margin improvements.

1) Largest price increase: Rising NAND and DRAM costs drive the largest like-for-like iPhone price increases in years; supply chain companies can share higher revenue with memory companies being the key beneficiary. Meanwhile, good pass-throughs also reduce the risk of cost cannibalization, allowing Apple to introduce more advanced components for better user experience.

2) Higher volume: Our supply chain checks point to an estimated 265–270M total iPhone builds in CY26 (+5–7% Y/Y), with recent pull-ins in 2nm wafer orders suggesting Apple is more focused on securing components than finding buyers. If shipments are better than forecast, we expect supply-chain companies to re-rate.

3) Spec upgrade: Display, camera, SoC and memory are the four key areas of spec upgrades. We expect larger TAM and better margin opportunities for supply chain companies having exposure to those four segments.

Key stocks to potentially benefit: We expect Hon Hai, FII and Luxshare to be the key beneficiaries as iPhone 18 Pro/Pro Max/Foldable assembly partners. We also believe TDK, Alps Alpine, LG Innotek, TSMC, Lens, BOE, Lingyi, AAC and Crystal will benefit most from component spec upgrades.

Non-consensus call: downgraded Largan to EW and Genius to UW: Despite positive impact from iPhone's variable aperture lens upgrade, our analysis suggests Largan's current share price already embeds more than 30% global FAU market share before formal production in 2H27 or even into 2028. Any delay in CPO/FAU development would pose significant downside risk, and we no longer view the stock as attractive. Similarly, we believe Genius's share price is also inflated by FAU components. A similar approach concludes aggregate value of TW$910/share (TW $600 for traditional and TW$310/share for CPO/FAU), representing downside vs. the latest stock price.

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GREATER CHINA TECHNOLOGY HARDWARE
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What Does the New iPhone Bring to the Supply Chain?

iPhone 18 new product launch has brought new specs to supply chain companies, which could positively affect ASP and volume. We summarize key supply chain companies' iPhone revenue exposure in Exhibit 1. Via collaboration with our analysts in Japan, Korea and Greater China, we also summarize our key supply chain stocks ideas in Exhibit 2.

Exhibit 1: iPhone revenue exposure across supply chain companies

Apple Product	Company	Ticker	Product	2026e sales contribution				
				Total iPhone	iPhone (Low-end)	iPhone Pro (High-end)	iPhone SE	Legacy iPhones
	Pegatron	4938.TW	Assembly	**45-50%**	20-25%	0-5%	0-5%	15-20%
	Hon Hai	2317.TW	Assembly	**30-35%**	5-10%	15-20%	<5%	5-8%
	Largan	3008.TW	Lens	**40-45%**	10-15%	15-20%	0-5%	5-10%
	Genius	3406.TW	Lens	**30%**	5-10%	10-15%	0-5%	5-10%
	Kinsus	3189.TW	IC substrate/PCB	**15-20%**	0-5%	5-10%	0-5%	0-5%
	NYPCB	8046.TW	IC substrate/PCB	**~5%**				
	Unimicron	3037.TW	IC substrate/PCB	**~5%**	0-5%	0-5%	0-5%	0-5%
	AVC	3017.TW	Thermal VC	**5-10%**				
	Wistron	3231.TW	LCM	**0-5%**	0%	0%	0-5%	0-5%
	TSMC	2330.TW	AP foundry	**~10%**	5%	5%	<1%	<1%
	Novatek	3034.TW	OLED DDI	**5-10%**				
	Tong Hsing	6271.TW	3D sensor wafer processing	**5-10%**	3-5%	0-3%	0-3%	3-5%
	Delta	2308.TW	Power choke	**5-10%**				
	Yageo	2327.TW	Passive components	**~5%**	0-5%	0-5%	0-5%	0-5%
	VPEC	2455.TW	PA epiwafer	**30~40%**				
	Win Semi	3105.TWO	VCSEL and PA foundry	**35-40%**	20%	10-15%	0-3%	3-5%
	SZS	3376.TW	Hinge	**40%**				
	Chipbond	6147.TWO	Driver IC packaging	**5-10%**	3-5%	0%	3-5%	0-3%
	AAC	2018.HK	Acoustics/haptics/VC	**25-30%**	5-10%	10%	2%	5-10%
	BYDE	0285.HK	Metal casing	**50%**				
	Lingyi Itech	002600.SZ	Precision components	**30%**				
	Luxshare	002475.SZ	Assembly	**35-40%**	10-15%	5-10%	1-3%	8-10%
	FII	601138.SS	Metal casing	**~15%**	0-5%	5-10%	<3%	<5%
	USI	601231.SS	SiP service	**35%**				
	JCET	600584.SS	SiP service	**30%**				
	Goertek	002241.SZ	Acoustics	**10-15%**	5%	5%	1%	3-5%
	Lens Tech	300433.SZ	Cover glass/casing	**35%**	15%	5%	7%	8%
	BOE	000725.SZ	OLED display	**~5%**	3%	0%	0%	2%
	Crystal	002273.SZ	Optical components and coating	**~50%**	15%	25%	<5%	10%
	Sunny Optical	2382.HK	Lens	**<10%**	2-4%	2-4%	<1%	1-2%
	LG Innotek	011070.KS	Camera module	**70-80%**	20-30%	20-30%	10%	0-10%
	LG Display	034220.KS	LCD display	**20-30%**	0%	5-10%	0%	0%
	Samsung SDI	006400.KS	Battery	**5-10%**	4-5%	4-5%	4-5%	4-5%
	Samsung	005930.KS	OLED display	**5-10%**	10%	5-10%	0%	5-10%
	JAE	6807.T	Connector	**10%**	3%	5%	1%	1%
	Minebea Mitsumi	6479.T	LED backlight/camera actuator	**10-15%**	1%	3%	4%	4%
	Murata	6981.T	MLCC/MetroCirc/WLAN	**20%**	5-10%	5-10%	2%	3%
	Alps Alpine	6770.T	Camera actuator/haptics	**25%**	5-10%	10-15%	1%	2%
	Sony	6758.T	CMOS sensor	**10%**				
	TDK	6762.T	Battery/sensor	**15%**	5-10%	5-10%	1%	2%
	Hirose	6806.T	Connectors	**5-10%**	4%	2%	1%	2%
	Taiyo Yuden	6976.T	MLCC	**10%**	4%	3%	1%	2%
	Kyocera	6971.T	MLCC/connector/cristal	**5%**	1-2%	1-2%	1%	1%

Exhibit 2: Key stock ideas: what we like and dislike in Apple supply chain

iPhone supply chain beneficiaries							
Company	Ticker	Rating	Analyst	Sub-category	Reason	TP (LoC)	Upside
LG Innotek	011070.KS	OW	Ryan Kim	Korea	We see LG Innotek as a key beneficiary of rising camera content and upgrade in premium smartphones. Based on our estimates, the upcoming product cycle brings richer camera specifications, including variable aperture, which should increase module complexity and ASP. Combined with a premium-heavy initial product mix, we believe optical revenue could outgrow underlying smartphone units.	640,000.0	17%
LG Display	034220.KS	EW	Ryan Kim	Korea	For LG Display, the key debate is less about smartphone units and more about OLED panel allocation, utilization and yield. With the business increasingly concentrated on OLED following its LCD exit, higher premium mobile OLED volumes should carry meaningful operating leverage through better utilization and fixed-cost absorption.	10,000.0	12%
TDK	6762.T	OW	Shoji Sato	Japan	TDK holds more than a 50% share of the lithium-ion rechargeable batteries used in iPhones. We expect metal-cased batteries to be adopted in the iPhone 17 Pro and Pro Max and to remain in use in the iPhone 18 Pro and Pro Max. We estimate that the ASP of metal-cased batteries is more than 50% higher than that of conventional batteries. As a result, we believe the contribution from metal-cased batteries throughout FY3/27 will be one of the factors supporting TDK's earnings growth.	4,900.0	77%
Alps Alpine	6770.T	OW	Shoji Sato	Japan	It supply camera actuators for the iPhone. We expect the introduction of a variable aperture feature in the main camera of the iPhone 18 Pro and Pro Max to increase the ASP of camera actuators, leading to higher camera actuator revenue for Alps Alpine.	3,000.0	45%
Minebea Mitsumi	6479.T	EW	Shoji Sato	Japan	It supply camera actuators for the iPhone. We expect the introduction of a variable aperture feature in the main camera of the iPhone 18 Pro and Pro Max to increase the ASP of camera actuators, leading to higher camera actuator revenue for Minebea Mitsumi.	5,300.0	156%
Largan	3008.TW	EW	Andy Meng	Greater China	Key variable-aperture lens supplier benefiting from the 3Q26 seasonal recovery and foldable/periscope upgrades, although CPO/FAU enthusiasm has made valuation too aggressive before mass production.	7,100.0	9%
Genius	3406.TW	UW	Andy Meng	Greater China	Second-largest Apple optical-lens supplier benefiting from variable-aperture, foldable and periscope upgrades. However, FAU components TAM is smaller vs. FAU TAM and valuation already reflects aggressive expectations.	910.0	-10%
Luxshare	2475.HK	OW	Andy Meng	Greater China	Second-largest iPhone 18 Pro/Pro Max assembler with exposure to variable-aperture actuator components, foldable hinges, haptics and AirPods, while its Apple opportunity remains underappreciated.	82.0	37%
BYDE	0285.HK	OW	Andy Meng	Greater China	A normal peak-season ramp while new EV products and AI infrastructure remain medium-term drivers, limited iPhone specification upgrades constrain incremental upside.	33.0	29%
AAC	2018.HK	OW	Andy Meng	Greater China	Strong growth momentum in thermal management, haptics and precision mechanics should offset weaker-than-expected Android optics, while the iPhone launch could help re-rate the stock.	50.0	22%
Crystal	002273.SZ	OW	Andy Meng	Greater China	Micro-prism modules, coated filters and 3D-sensing/cover-lens upgrades likely to introduce positive sentiment.	32.0	27%
Sunny	2382.HK	EW	Andy Meng	Greater China	Apple revenue is expected to double in 2026 on variable-aperture actuators, broader Apple product exposure and high-end lens share gains, although the strong growth is already well anticipated by the market.	75.0	11%
Lingyi	1688.HK	OW	Andy Meng	Greater China	iPhone 18 foldable components, vapor chambers, battery cases and display structures should support growth, with additional longer-term opportunities from AI infrastructure.	8.3	28%
Goertek	002241.SZ	EW	Andy Meng	Greater China	The iPhone 18 launch and peak-season ramp should drive higher AirPods, acoustic-component and precision-component shipments, although higher labor costs in Vietnam will continue to weigh on assembly margins.	27.0	14%
Foxconn Industrial Internet	601138.SS	OW	Howard Kao	Greater China	Strong overall iPhone sell-through should benefit FII given its higher revenue exposure, while stronger foldable iPhone demand would provide additional upside given its sole assembly status.	82.8	28%
Hon Hai	2317.TW	OW	Howard Kao	Greater China	Strong overall iPhone sell-through should benefit Hon Hai given its higher revenue exposure, while stronger foldable iPhone demand would provide additional upside through its exposure to Hon Hai's sole assembly status.	310.0	23%
Lens Tech	300433.SZ	EW	Derrick Yang	Greater China	Aside from supplying the existing cover glass for upcoming foldable phones, Lens Tech will also solely supply UTG-related components, with the dollar content 3x as high as a regular high-end smartphone. We expect foldable iphone could contribute 10-15% of Lens Tech's total revenue in 2026.	31.0	31%
BOE	000725.SZ	OW	Derrick Yang	Greater China	One of the iPhone display suppliers. Despite inferior technology capability, it continues to benefit from Apple's diversification strategy	9.3	68%
TSMC	2330.TW	OW	Charlie Chan	Greater China	The iPhone 18 Pro's migration to TSMC's 2nm process should support leading-edge wafer demand, with stronger-than-expected sell-through providing further upside to A20 Pro orders.	2,988.0	21%

Greater China Apple Supply Chain

With Largan and Genius's significant outperformance YTD, we believe the iPhone 18 launching is less likely to become a key stock price driver for them any more. Instead, our analysis suggests the CPO enthusiasm may have already made the share prices over-valued. We therefore downgrade Largan to EW and Genius to UW.

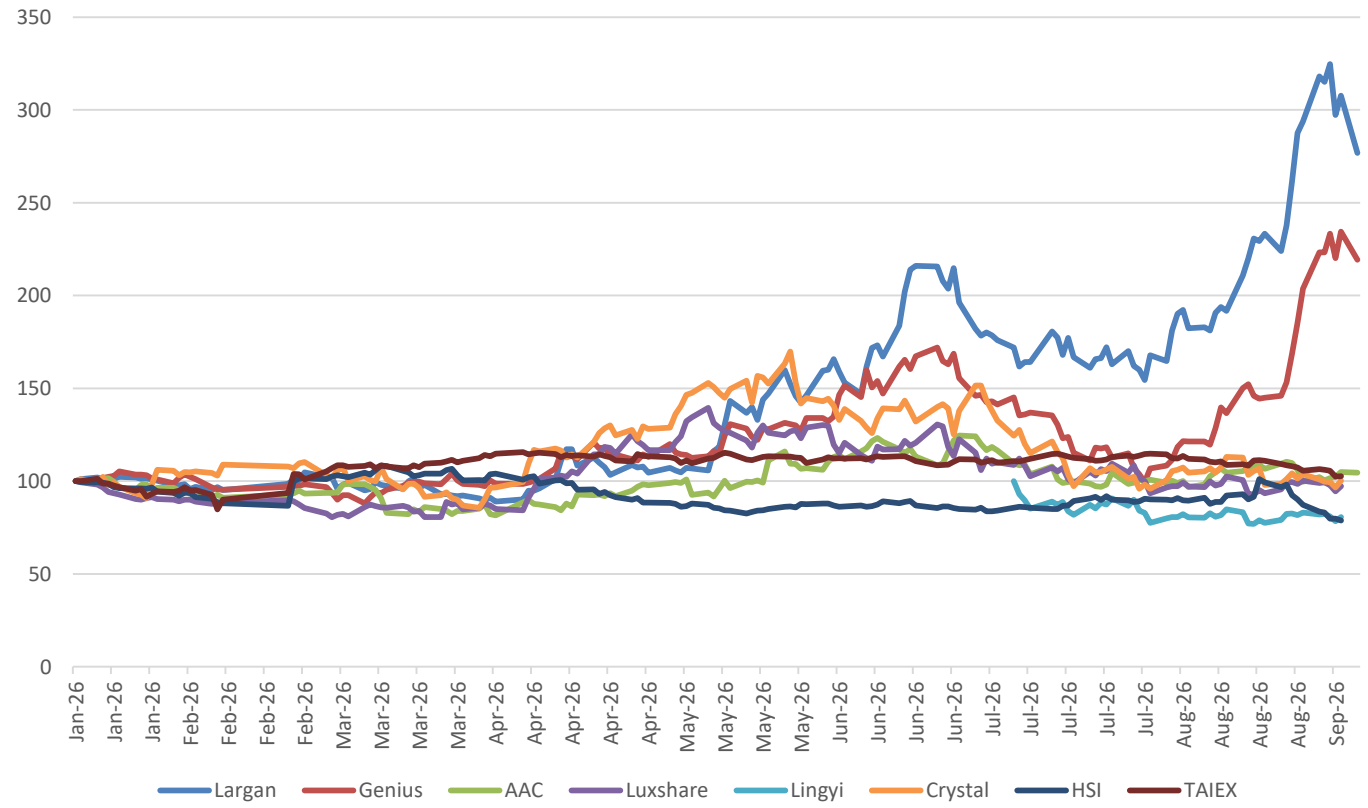
Meanwhile, we expect Luxshare, Lingyi, Crystal and AAC to become the key beneficiaries amid the iPhone new product launch. As the share prices haven't rallied materially, we see more upside potential for those four names.

We remain EW on Sunny and Goertek, and expect limited positive surprises from the iPhone peak season.

If overall sell-through is good, it should have positive implications for **Hon Hai/FII** due to

their higher revenue exposure. If the upside comes from the Foldable iPhone, it should also benefit **Hon Hai/FII** due to their sole assembly status, while also benefiting hinge suppliers.

Exhibit 3: Downgraded Largan to EW and Genius to UW, reiterate OW on Luxshare, Lingyi, Crystal and AAC



For more details, please refer to our related report, iPhone 18: Real Upgrade Cycle, but Select Optical Valuations Look Stretched.

Japan Apple Supply Chain

Battery

TDK (6762.T) holds more than a 50% share of the lithium-ion rechargeable batteries used in iPhones. We expect metal-cased batteries to be adopted in the iPhone 17 Pro and Pro Max and to remain in use in the iPhone 18 Pro and Pro Max. We estimate that the ASP of metal-cased batteries is more than 50% higher than that of conventional batteries. As a result, we believe the contribution from metal-cased batteries throughout FY3/27 will be one of the factors supporting TDK's earnings growth.

Camera

Alps Alpine (6770.T) and MinebeaMitsumi (6479.T) supply camera actuators for the iPhone. We expect the introduction of a variable aperture feature in the main camera of the iPhone 18 Pro and Pro Max to increase the ASP of camera actuators, leading to higher related revenue for both Alps Alpine and MinebeaMitsumi.

Korea Apple Supply Chain

LG Innotek – Content upgrade matters more than units

We see LG Innotek as a key beneficiary of rising camera content and upgrade in premium smartphones. Based on our estimates, the upcoming product cycle should bring richer camera specifications, including variable aperture, which should increase module complexity and ASP. Combined with a premium-heavy initial product mix, we believe optical revenue could outgrow underlying smartphone units.

For the longer term, we see continued camera complexity – folded zoom, stabilization, larger sensors and variable aperture – supporting structural content growth. Foldable represents additional upside optionality, although we expect its initial earnings contribution to remain limited. Package substrates provide a second growth pillar and gradually reduce LG Innotek's dependence on optics.

LG Display – Allocation and utilization are key

For LG Display, the key debate is less about smartphone units and more about OLED panel allocation, utilization and yield. With the business increasingly concentrated on OLED following its LCD exit, higher premium mobile OLED volumes should carry meaningful operating leverage through better utilization and fixed-cost absorption.

We see the upcoming premium cycle as supportive, with increasingly sophisticated LTPO OLED specifications and a potential new foldable opportunity. However, earnings visibility remains lower than LG Innotek given greater sensitivity to panel allocation, qualification and yield. Successful participation in foldable would be strategically meaningful, but we view it as upside optionality rather than a near-term earnings driver.

Exhibit 4: LG Innotek: NTM P/E valuation

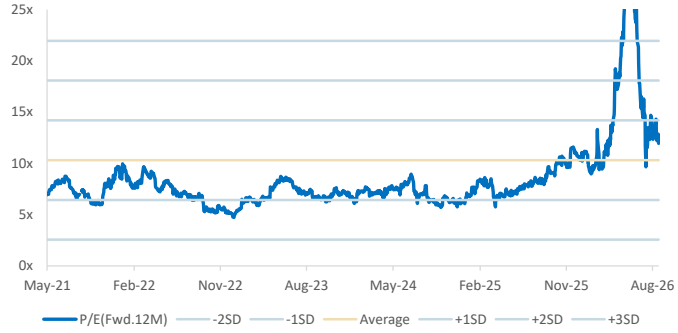


Exhibit 5: LG Display: NTM P/B valuation

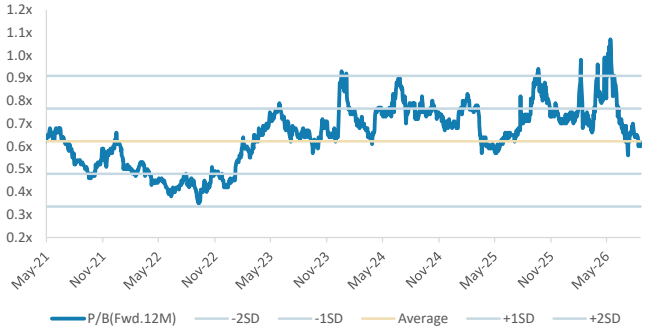


Exhibit 6: LG Innotek: Net buying activities of retail, domestic, and foreign investors

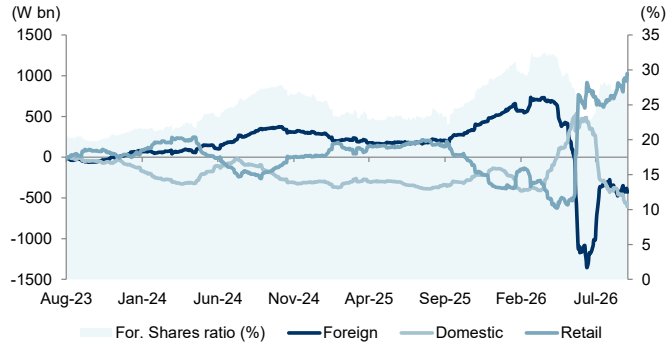
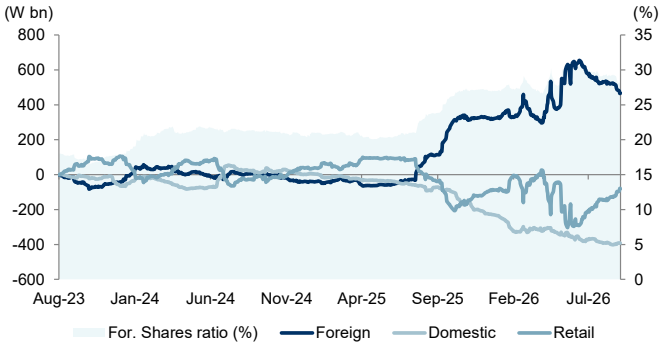


Exhibit 7: LG Display: Net buying activities of retail, domestic, and foreign investors



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