BERNSTEIN
SOCIETE GENERALE GROUP

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Global Semiconductors & Hardware

China Smartphone Tracker (September): A temporary boost from iPhone 18


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*Please download our smartphone monthly tracker data from **here**.*

A boost from iPhone 18 launch but likely temporary. In September, China smartphone shipment rose 15% MoM to 19.7M units, supported by the start of iPhone 18 Pro and Pro Max shipments. However, the September volumes were still 1.5% YoY lower, with high- & mid-tier registered positive growth but low-tier nearly halved & dropped 43% YoY. Total 9M25 shipments were still 10% lower YoY.

Apple overtook Huawei, and we'll wait for more data to assess the effect of LogicFolding. With iPhone shipments up 44% YoY, Apple regained the unit-share lead over Huawei despite launching only 2 models vs. 4 last year. Huawei's shipments also grew but primarily driven by models priced at RMB5-6K, while premium smartphone sales were largely flat YoY. Huawei's Mate XT2 and Mate 90 Pro Max feature the Kirin 9050 Pro with LogicFolding technology. Sales of both handsets started not long ago & we will wait for more data to have a better assessment.

Low sell-in likely suggests a cautious demand outlook. After being lower for 3 months, sell-in remained slightly lower than sell-through in September, likely reflecting a cautious demand outlook into 4Q26.

Record-high ASP fueled by price increases from Huawei and Apple. Smartphone ASPs reached a record high, up 24% MoM and 35% YoY, driven by both seasonal factors and changes prompted by high memory prices. We expect ASP to remain elevated & more demand destruction in 4Q26, and possibly 2027 too.

We rate MediaTek Outperform despite smartphone weakness. We remain cautious on MediaTek's smartphone business given memory price pressure and its higher exposure to mid- to low-end segments, but rapid TPU revenue growth and high operating leverage should more than offset that. Outperform and our Top Pick of Asia Semis & Global Memory coverage.

Apple (OP) continues to gain share in China and globally as shipments outperform market (see recent APPLE TRACKER and Apple: How bad could December Qtr Gross Margins be? for more on our latest thoughts on Apple). Largan indicated that Apple cut its sales forecast in Sep. Despite strong initial consumer interest, iPhone Duo is likely to be supply constrained till early-2027 by hinge, panel and final assembly yield challenges. We expect smartphone supply chain sentiment to improve, supported by the iPhone 18 launch in 1H27, the 20th-anniversary lineup in 2H27, and potentially easing memory price.

Xiaomi's (OP) smartphone shipments fell 24% YoY in September 2026, while market share declined to 13.2%, from 15.1% in August and 17.0% in September 2025. In 9M26, Xiaomi's shipments decreased 24% YoY. Despite weaker volumes, Xiaomi's LTM ASP rose to RMB 2,769, 10% YoY, reflecting an increasingly premium product mix. The improvement was driven primarily by stronger contribution from ultra-premium (≥RMB 6,000) models, while trends in the RMB 3,000-5,999 segments remained mixed. (Xiaomi Q2).

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.

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BERNSTEIN TICKER TABLE

			22 Oct 2026		TTM	Reported EPS				Reported P/E (x)	
Ticker	Rating	Cur	Closing Price	Price Target	Rel. Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
2454.TT (MediaTek)	O	TWD	4,010.00	5,500.00	192.5%	TWD	66.17	68.52	169.35	60.6	58.5	23.7
3034.TT (Novatek)	M	TWD	583.00	490.00	32.9%	TWD	26.87	34.32	34.03	21.7	17.0	17.1
QCOM (Qualcomm)	M	USD	179.60	165.00	(6.7)%	USD	12.03	10.51	9.57	14.9	17.1	18.8
SOI.FP (Soitec)	O	EUR	117.30	215.00	160.1%	EUR	(6.17)	0.01	3.92	(19.0)	N/M	29.9
002475.CH (Luxshare)	O	CNY	49.81	86.00	(31.7)%	CNY	2.26	2.64	3.48	22.0	18.9	14.3
3008.TT (Largan)	O	TWD	6,175.00	5,150.00	166.5%	TWD	158.08	187.55	208.38	39.1	32.9	29.6
1810.HK (Xiaomi)	O	HKD	26.90	35.00	(54.3)%	CNY	1.62	0.89	1.29	1.0	1.0	0.9
AAPL (Apple)	O	USD	343.91	370.00	17.8%	USD	7.46	8.85	9.90	46.1	38.9	34.7
2382.HK (Sunny Optical)	O	HKD	62.95	94.00	(30.2)%	CNY	4.25	3.62	4.47	12.6	14.8	12.0
ASIAX			1,783.55									
SPX			7,676.77									
EDME			1,588.26									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

QCOM, SOI.FP, AAPL estimate is Adjusted EPS; QCOM, SOI.FP, AAPL valuation is Adjusted P/E (x); 1810.HK valuation is EV/Sales (x); SOI.FP base year is 2026;

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

MediaTek (OP, PT NT$5,500.00): We rate MediaTek Outperform with PT NT$5,500.00.

Novatek (MP, PT NT$490.00): We rate Novatek Market-Perform with PT NT$490.00.

Apple (OP, PT$370): We rate AAPL Outperform with PT $370.00.

QCOM (MP, $165): The diversification story is real but a number of near-term headwinds (smartphone memory dynamics, margins, AAPL etc) need to be navigated first.

Luxshare (OP, PT RMB 86.00): We rate Luxshare Outperform with a RMB86.00 price target.

Sunny Optical (OP, PT HK$94.00): We rate Sunny Optical Outperform with a HK$94.00 price target.

Largan (OP, PT NT$ 5,150.00): We rate Largan Outperform with a NT$5,150.00 price target.

Soitec (Outperform, PT €215.00). We rate Soitec Outperform with a PT of €215.00. Soitec's core narrative is shifting to Photonics-SOI as the next primary source of growth, now clearly offsetting continuing destocking-led declines in smartphone-related RF-SOI.

Xiaomi (Outperform, PT HK$35): We rate Xiaomi Outperform with price target for 1810.HK at HK$35.00.

DETAILS

This tracker is mainly based on the smartphone sell-through data that CINNO reports for the China market. We also compare that with the sell-in data published by CATR to help investors get a view on handset inventory. Additionally, we summarize the shares of mobile SoC suppliers & the use of display panel technologies. Please find the details of our methodology in **this** and **this report**.

September smartphone sales got a boost from iPhone 18 shipments, but the uplift could be temporary.

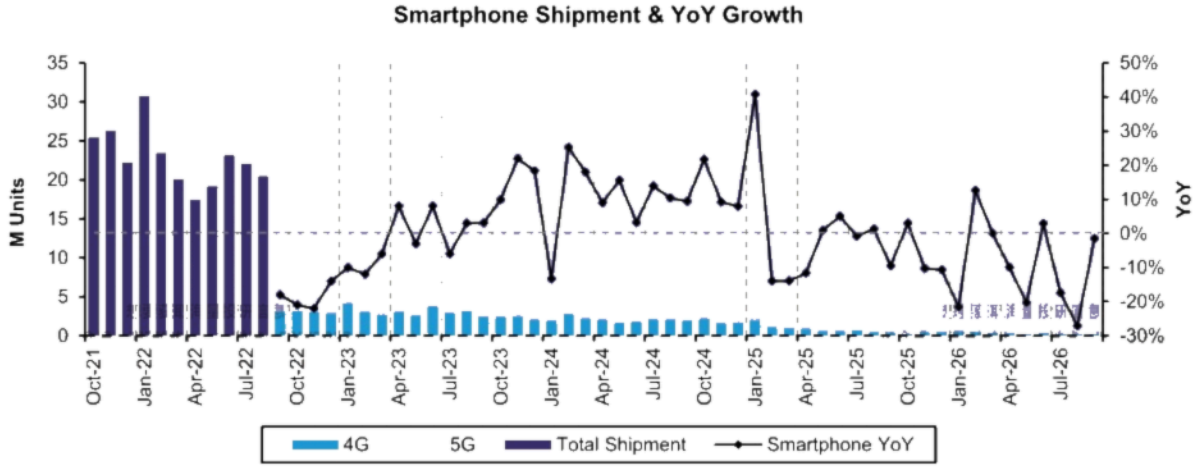
- China smartphone sell-through rose 15% MoM to 19.7M units in September, supported by the start of shipments for Apple's iPhone 18 Pro and Pro Max models on September 18 (Exhibit 1). However, volumes remained down 1.5% YoY. We attribute the weaker YoY performance to the lack of promotional activities, fading benefits from government subsidies, and elevated pricing across both new and legacy models. As a result, the cumulative 9M26 smartphone shipments declined 10% YoY.

- By price tier, low-end segment continued suffering from high memory cost. Should we define low-tier segment as smartphones priced below RMB 2,000 (below c. US$290), mid-tier as RMB 2,000-5,000 (c. US$290-725) and high-tier as above RMB 5,000 (above c. US$725), we find a clear divergence across these segments. Low-end smartphone shipments nearly halved & fell 43% YoY in September, materially lagging the overall market as OEMs cut loss-making entry-level SKUs. Several key low-end products, including Xiaomi A variants, OPPO A-series, and vivo Y-series models, were discontinued. Meanwhile, mid-range and premium segments delivered 25-35% YoY growth, driven by flagship launches across brands (Exhibit 2). As a result, the contribution from low-end segment in the overall shipment mix dropped further to 24% (Exhibit 3).

- Premium OEMs like Huawei and Apple were less affected by the memory cost pressure (Exhibit 4, Exhibit 5). In contrast, vivo and OPPO were likely affected most. Honor also saw low-end product shipment mix dropped to historical lows (Exhibit 6 - Exhibit 8). Non-Apple/Huawei OEMs saw their combined shipment decline 23% YoY in September & their aggregated market share drop 15pts vs. September 2025 (Exhibit 10 - Exhibit 11).

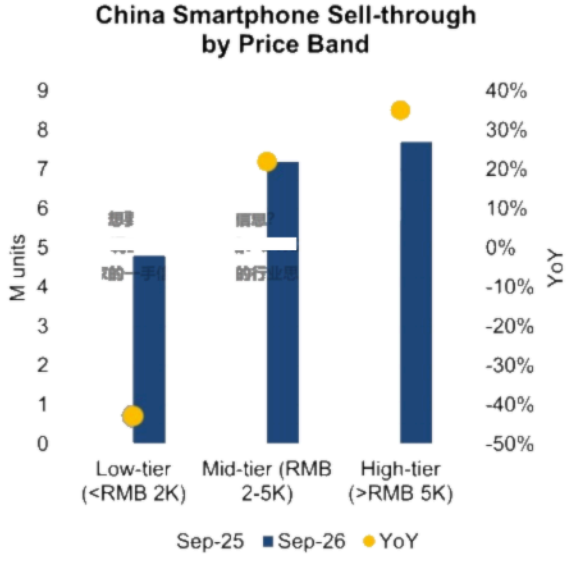
- We now expect the China smartphone market to decline 13.5% YoY in 2026 (***Smartphone and 5G Model***). Although upstream vendors have delivered better-than-expected results with stronger ASPs and margins driven by premiumization, we remain cautious on the risk of a supply chain correction in late 2026 and 1H27 given ongoing memory inflation and possible further end demand destruction.

EXHIBIT 1: **China smartphone sell-through in September rose 15% MoM on new iPhone shipment. Sell-through YTD was down 10%.**



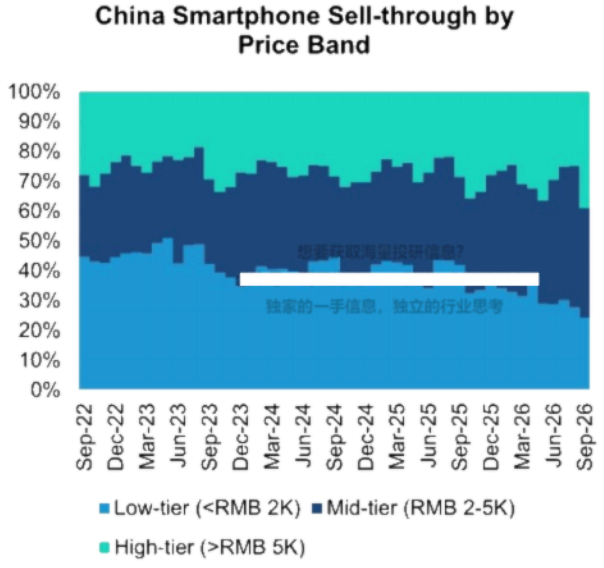
Source: CINNO and Bernstein analysis

EXHIBIT 2: **Low-tier smartphone shipment declined by 43% YoY in September, while high-tier and mid-tier both grew YoY.**



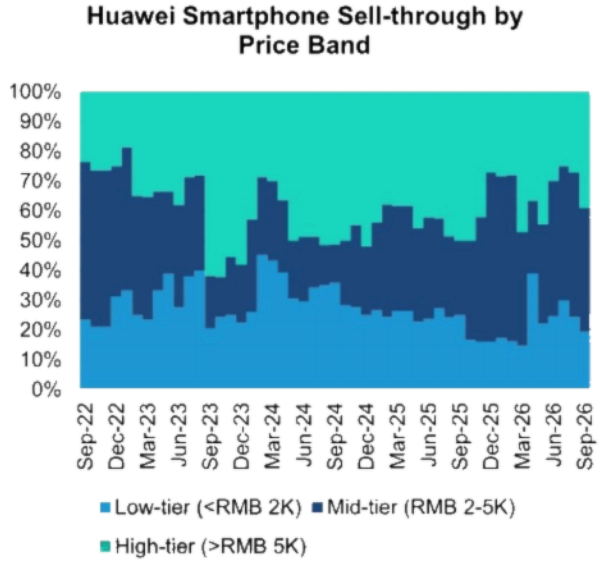
Source: CINNO and Bernstein analysis

EXHIBIT 3: **The contribution from low-end segment in the overall sales mix dropped further to 24%.**



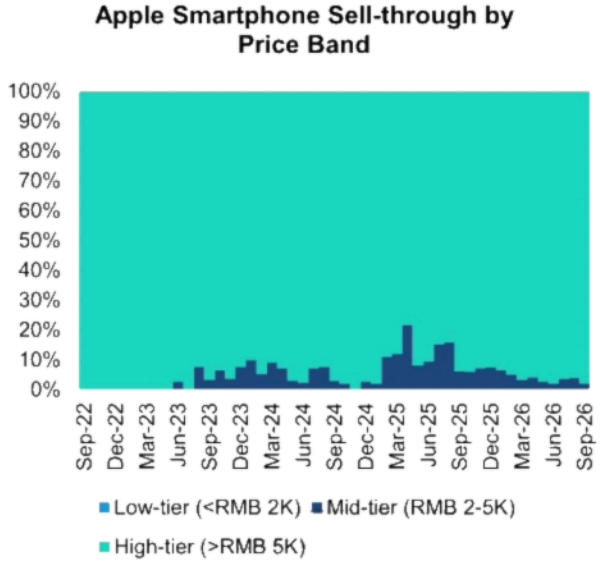
Source: CINNO and Bernstein analysis

EXHIBIT 4: **For Huawei the fall of low-end segment mix started before memory price hike.**



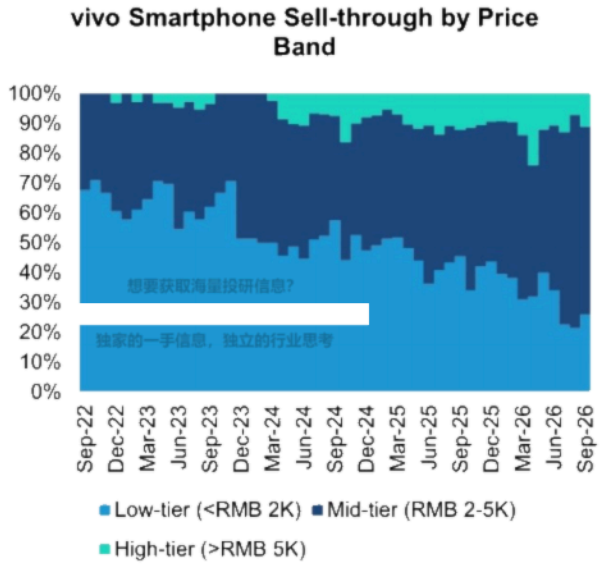
Source: CINNO and Bernstein analysis

EXHIBIT 5: **Apple has no exposure to low-end market, and thus best positioned among all brands.**



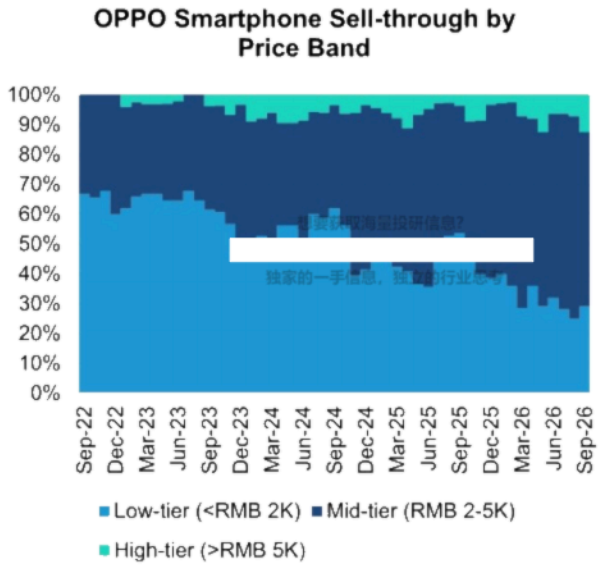
Source: CINNO and Bernstein analysis

EXHIBIT 6: **Among major Android OEMs, vivo...**



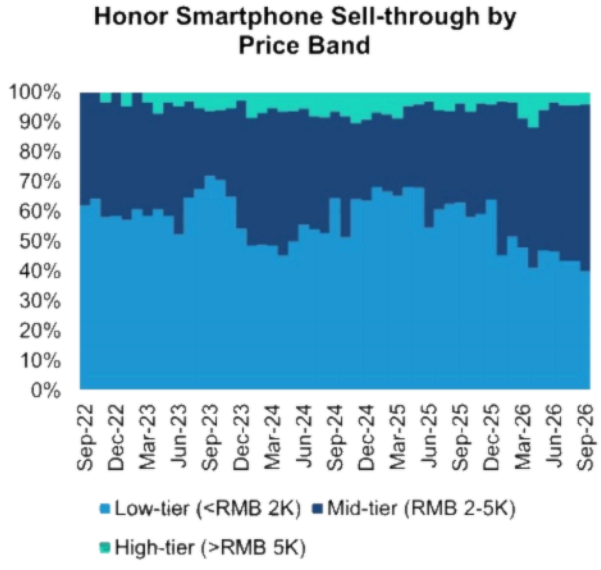
Source: CINNO and Bernstein analysis

EXHIBIT 7: **...and OPPO have undergone the most significant mix shift away from low-end products in recent months.**



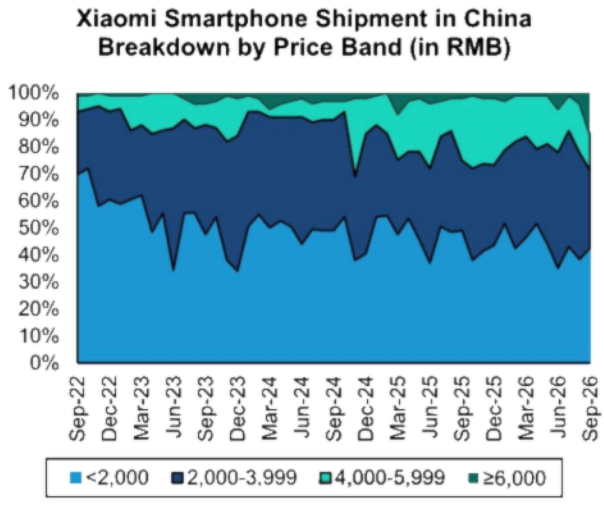
Source: CINNO and Bernstein analysis

EXHIBIT 8: **Low-end sales mix for Honor also came to a historical low in September.**



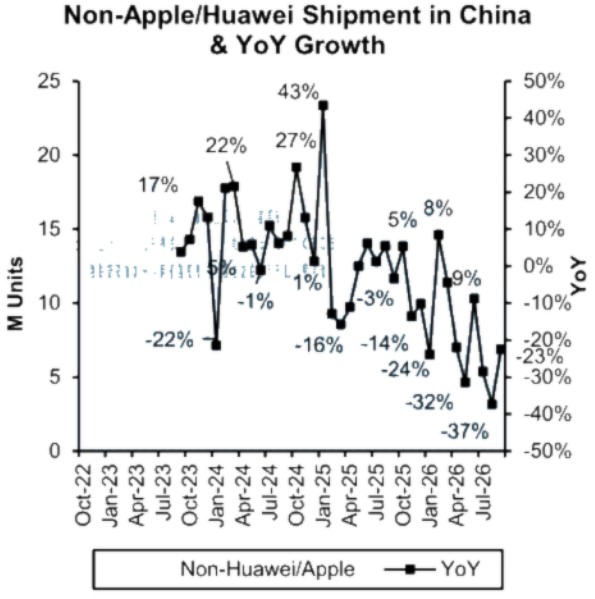
Source: CINNO and Bernstein analysis

EXHIBIT 9: **The share of Xiaomi shipments priced below RMB 2k in September 2026 declined 6 ppt yoy to 43%, while the RMB4k+ segment expanded to 4 ppt to 29%.**



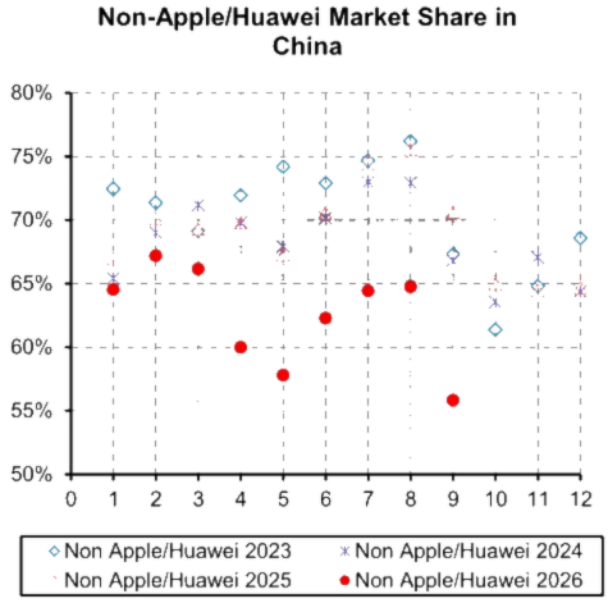
Source: CINNO and Bernstein analysis

EXHIBIT 10: **Non-Apple/Huawei OEMs altogether shipped 23% less smartphones in September 2026 vs. September 2025 ...**



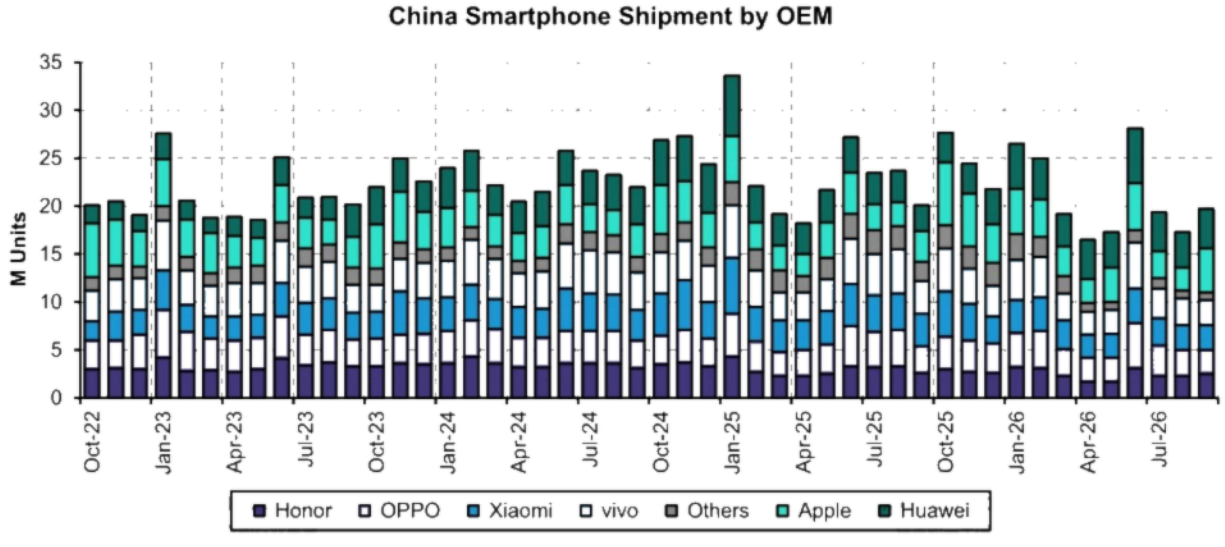
Source: CINNO and Bernstein analysis

EXHIBIT 11: **...and they collectively lost 15pts unit share YoY, likely burdened by the drop of low-end segment shipment.**



Source: CINNO and Bernstein analysis

EXHIBIT 12: **Sell-through of most OEMs were up MoM in September on seasonality. But on a YoY base, only Apple and Huawei managed to achieve positive growth.**



Source: CINNO and Bernstein analysis

Apple overtook Huawei in unit share. And we are still waiting for more data to better assess the effect of LogicFolding.

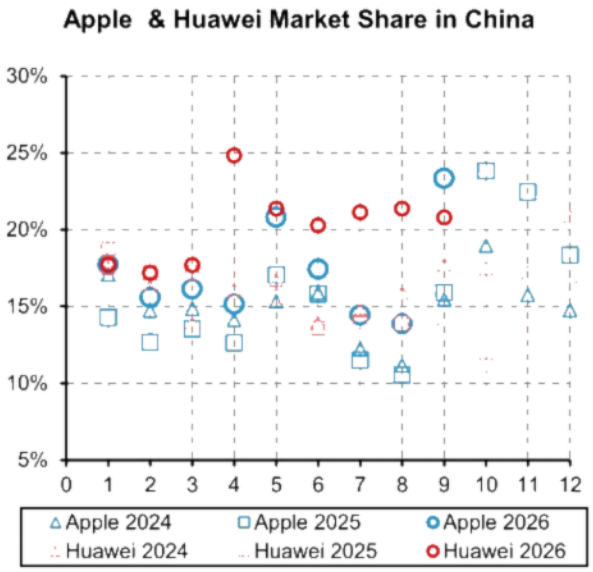
- Apple staged a strong recovery in September, with iPhone shipments rising 92% MoM and 44% YoY, overtaking Huawei in unit share following the launch of iPhone 18 series (Exhibit 14). Notably, the strong September performance was achieved with only two models (Pro and Pro Max), compared with four models (Standard, Air, Pro, and Pro Max) a year ago. We believe

part of the demand for iPhone 18 was absorbed by the Pro and Pro Max version.

- The recovery follows a period of sustained share pressure. Huawei's adoption of homegrown SoCs since late 2023 enabled it to regain share in the high-end market, while other Chinese OEMs moved up the price ladder and eroded share at the lower end of Apple's portfolio. With the flagship segment seeing limited expansion, Apple's share loss had primarily benefited Huawei and, to a lesser extent, other domestic OEMs (Exhibit 15 - Exhibit 17). Apple then has responded with more flexible pricing, including making its smartphone prices eliglble for subsidies & other promotions. While these measures helped improve competitiveness, their impact appeared to fade after promotional campaigns ended. (See recent APPLE TRACKER and Apple: How bad could December Qtr Gross Margins be? for more on our latest thoughts on Apple)

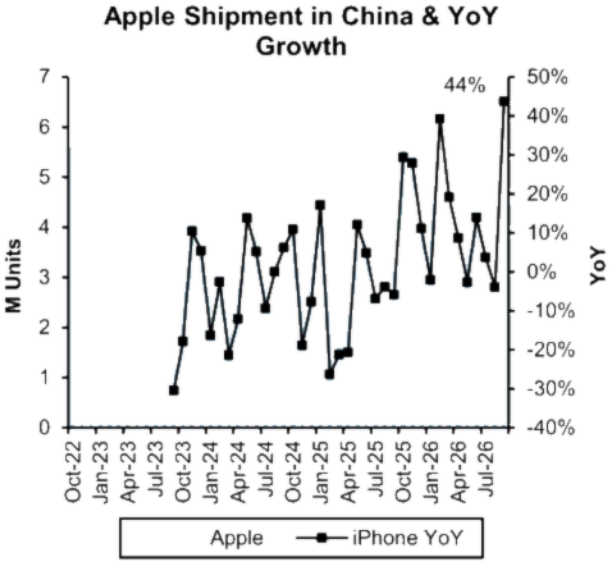
- Meanwhile, Huawei also achieved a 52% YoY growth in September, driven primarily by the models priced between RMB5-6K, while shipment in the premium segment (i.e. ASP above RMB6K) remained flat YoY. We focus on the Mate XT2 (generally available since Sept. 12) and Mate 90 Pro Max (shipment starts from Oct. 10) which adopt Kirin 9050 Pro, the first commercial chip employing LogicFolding architecture based on SMIC's N+3 process. This chip is important as Huawei advocates LogicFolding can overcome the lack of EUV and make chips better technologically. As the shipment of both handsets started just not long ago, we will await more sales data & feedback from consumers to better assess the effect of LogicFolding (Exhibit 19 - Exhibit 20)

EXHIBIT 13: **In September, iPhone overtook Huawei and claimed the largest unit share thanks to its iPhone 18 launches.**



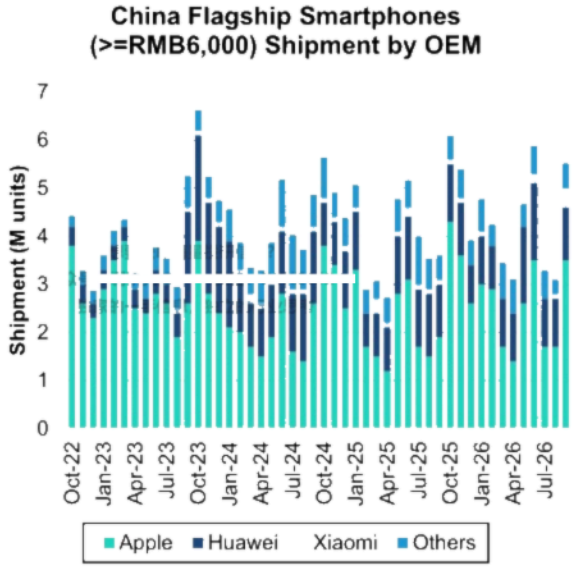
Source: CINNO and Bernstein analysis

EXHIBIT 14: **Apple shipment surged 92% MoM and 44% YoY.**



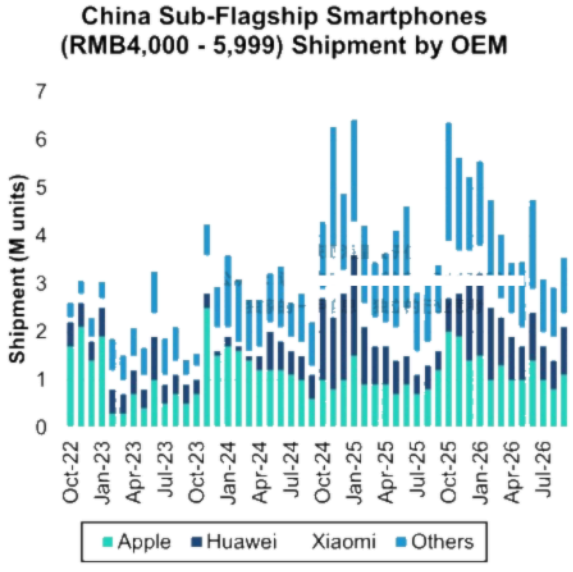
Source: CINNO and Bernstein analysis

EXHIBIT 15: **Apple focuses on flagship segment but the size of this segment hardly expanded.**



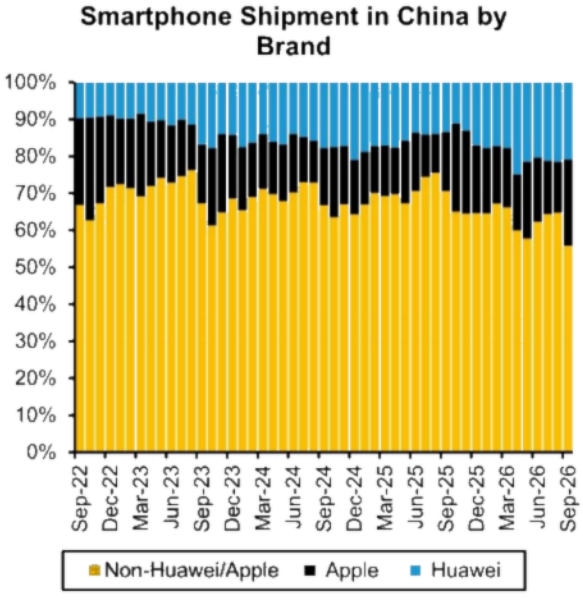
Source: CINNO and Bernstein analysis

EXHIBIT 16: **In comparison, sub-flagship segment has been growing gradually.**



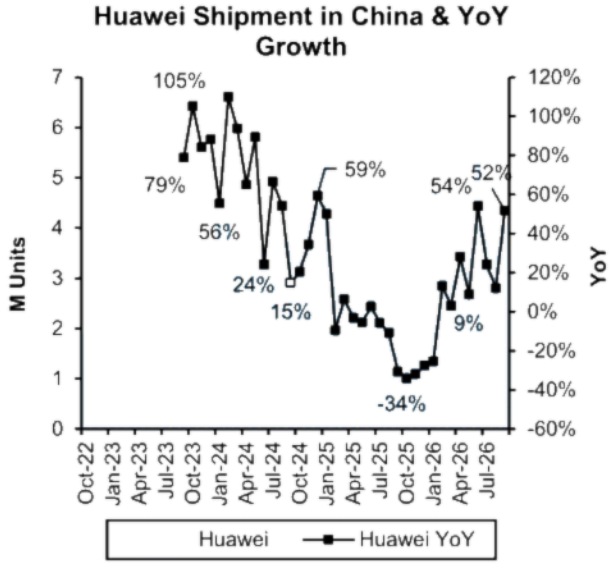
Source: CINNO and Bernstein analysis

EXHIBIT 17: **Apple is challenged by Huawei in the flagship segment & earlier also by other Chinese OEMs in the sub-flagship segment.**



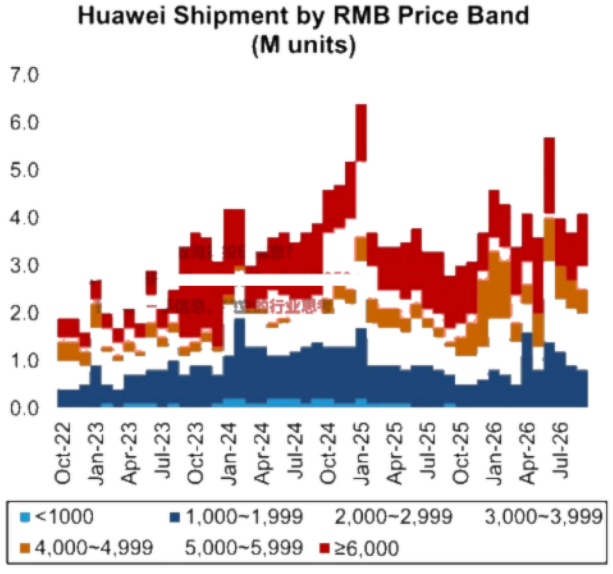
Source: CINNO and Bernstein analysis

EXHIBIT 18: **Huawei's shipment grew by 53% YoY...**



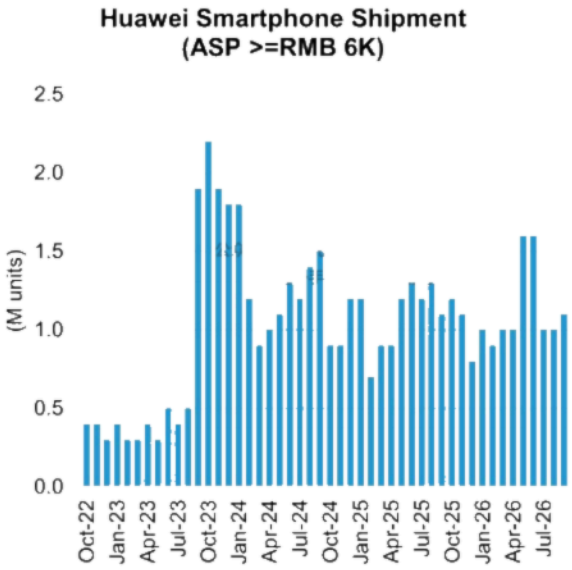
Source: CINNO and Bernstein analysis

EXHIBIT 19: **... mainly driven by products with ASP between RMB 5-6K.**



Source: CINNO and Bernstein analysis

EXHIBIT 20: **Huawei's premium smartphone (i.e. ASP >= RMB 6K) shipment was flat YoY and improved 10% MoM.**



Source: CINNO and Bernstein analysis

EXHIBIT 21: **Xiaomi's smartphone shipment fell -24% yoy in Sep 2026**



Source: CINNO and Bernstein analysis

EXHIBIT 22: **In Sep 2026, Xiaomi's market share decreased to 13.2% from 15.1% in the previous month**



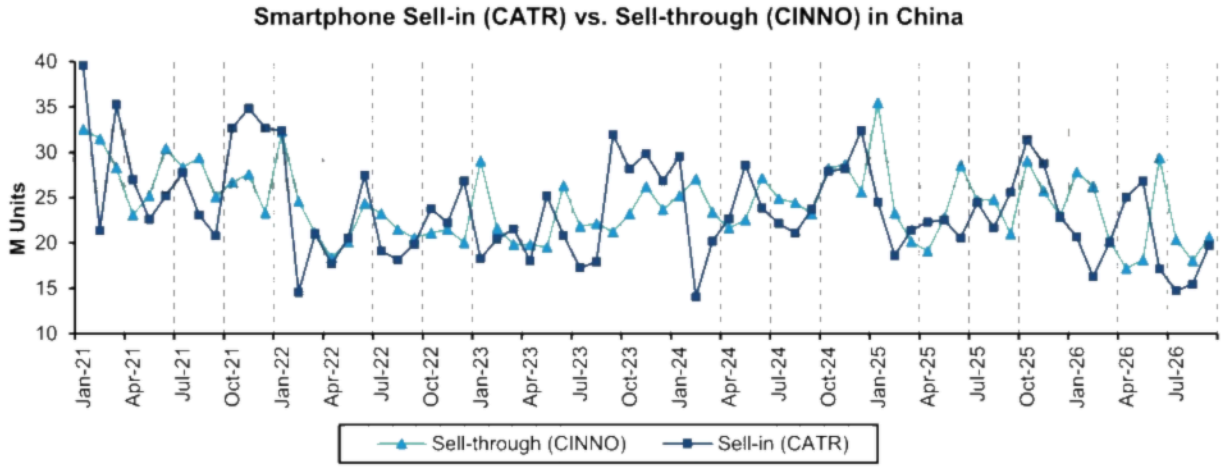
Source: CINNO and Bernstein analysis

September sell-in was slightly lower than sell-through, likely suggesting a cautious demand outlook.

- History shows that obsolescence may make sell-in above sell-through by around 5% and our analysis makes an adjustment to reflect that (more details here). With this adjustment, Exhibit 23 shows that after being lower for 3 months, sell-in remained slightly lower than sell-through in September. We interpret this as a sign reflecting a cautious demand outlook into 4Q26.

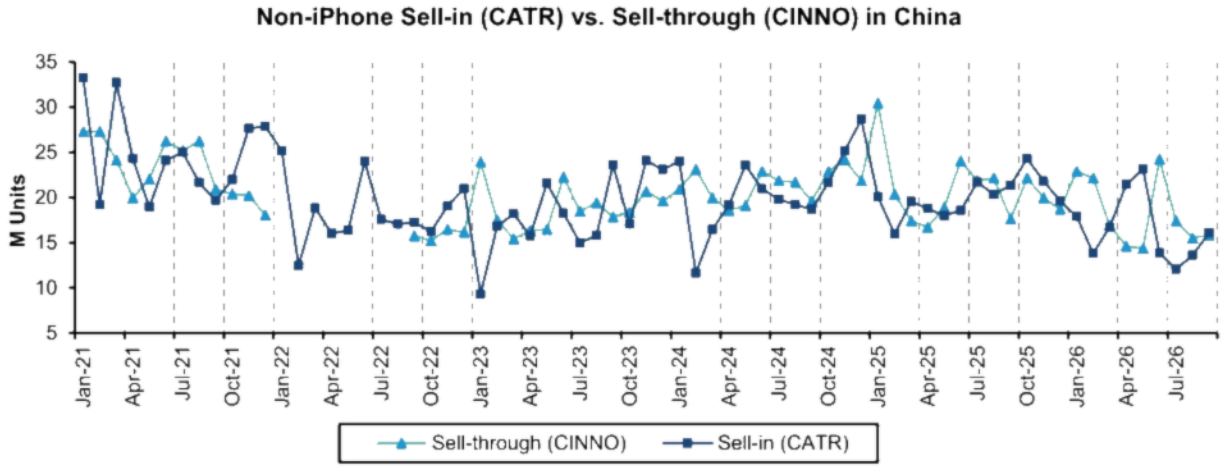
- After 3 months of inventory digestion, Android brands saw a balanced sell-in and sell-through in September (Exhibit 24). iPhone sell-through has been higher than sell-in for 4 months, including in September, suggesting very limited inventory risk. (Exhibit 25).

EXHIBIT 23: **Adjusting the sell-in data from CATR for possible obsolescence, we find sell-in was slightly lower than sell-through in September.**



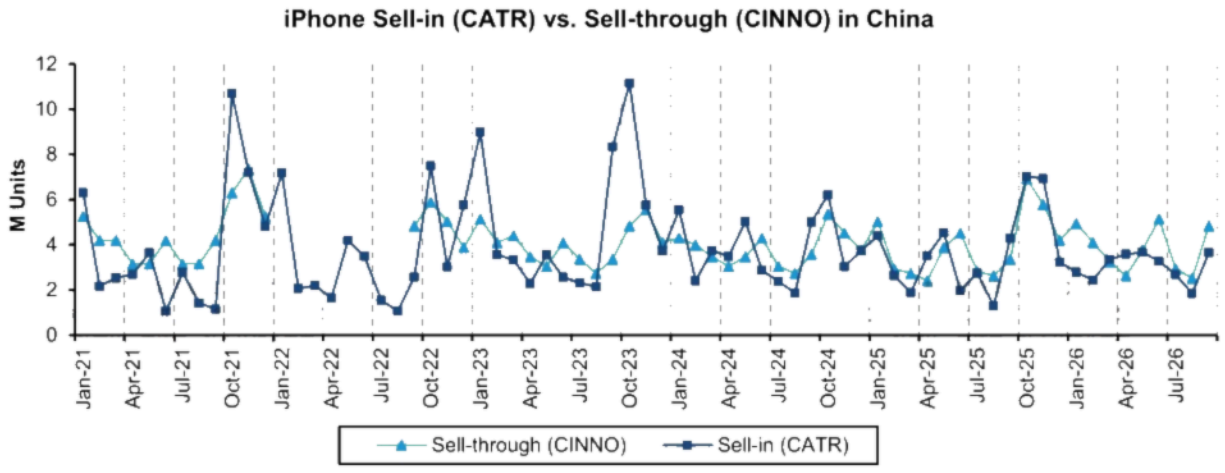
Source: CINNO, CATR, and Bernstein analysis

EXHIBIT 24: **After 3 months of destocking, Android brands saw a balanced sell-in and sell-through in September.**



Source: CINNO, CATR, and Bernstein analysis

EXHIBIT 25: **iPhone sell-through was higher than sell-in in September, indicating little inventory risk.**



Source: CINNO, CATR, and Bernstein analysis

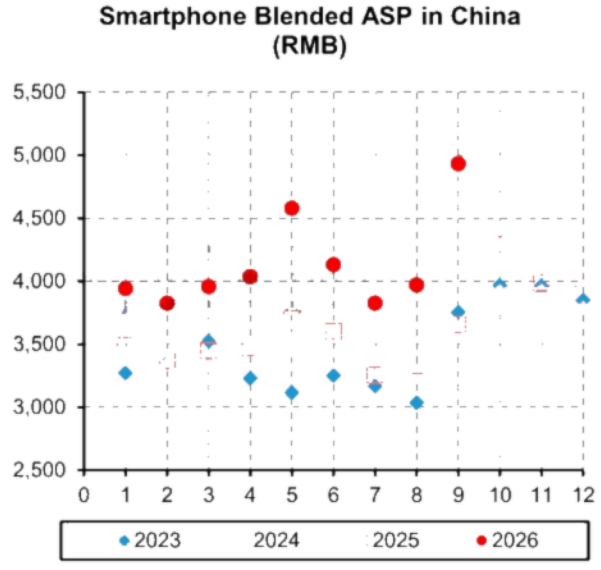
Smartphone ASP was up 24% MoM and 35% YoY to a historical high.

- High memory cost is prompting OEMs to cut low-priced models and raise prices elsewhere. Additionally, Edge AI is expected to become the next driver for smartphone market. Both Qualcomm and MediaTek added specialized dual-NPU architectures and expanded the on-chip cache memory to their latest flagship SoC to power localized AI workloads. We hence monitor the mix of flagship (≥ US$850 (RMB 6,000)) & sub-flagship (US$560-850 (RMB 4,000-5,999)) segments, as well as the overall smartphone ASP, to gauge the effect of both considerations.

- Smartphone ASPs hit a historical high in September, up 24% MoM and 35% YoY. We attribute the increase to a combination of seasonal factors, from flagship model launches, and an upward mix shift as low-end demand is destroyed by high memory price (Exhibit 26 - Exhibit 27). Looking ahead, we expect ASP to normalize from the peak level in September but remain elevated given recent price hikes by Apple and Huawei. The iPhone 18 Pro series saw its entry-level price spike by RMB 1,000, and Huawei across-the-board increased prices for its premium Mate 80 and mid-range Nova 16 series by a similar magnitude. Hence, we expect further demand destruction in 4Q26, with the downside risk extending into 2027.

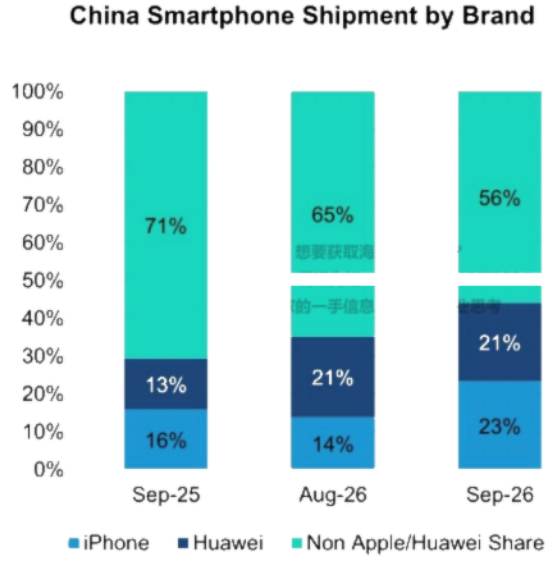
- Zooming into non-Apple/Huawei OEMs, we find their sub-flagship shipment represented 13% of their total shipments, flat YoY, but the absolute volume was down 20% YoY in September (Exhibit 28, Exhibit 29). Flagship non-Apple/Huawei sales volume was down 53% YoY but represented ~8% of their total shipments, vs. only ~4% one year ago (Exhibit 30, Exhibit 31). As Apple and Huawei both have stronger presence in flagship & sub-flagship, it's challenging for other OEMs to generate revenue in this segment to offset the loss elsewhere.

EXHIBIT 26: **Smartphone ASP was up 24% MoM and 35% YoY in September...**



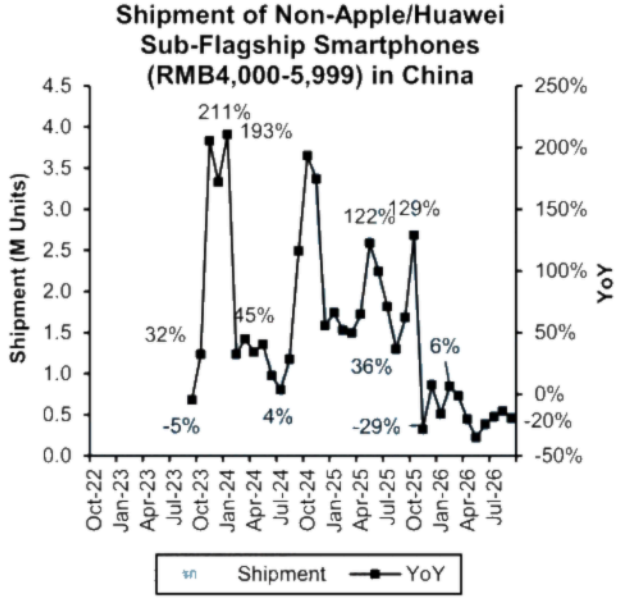
Source: CINNO and Bernstein analysis

EXHIBIT 27: **...partially driven by the lower unit share of non Apple/Huawei OEMs.**



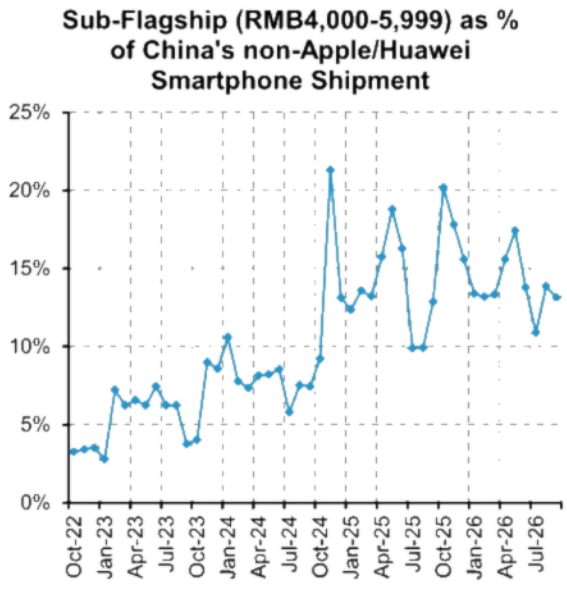
Source: CINNO and Bernstein analysis

EXHIBIT 28: **Non-Apple/Huawei sub-flagship shipment was down 20% YoY.**



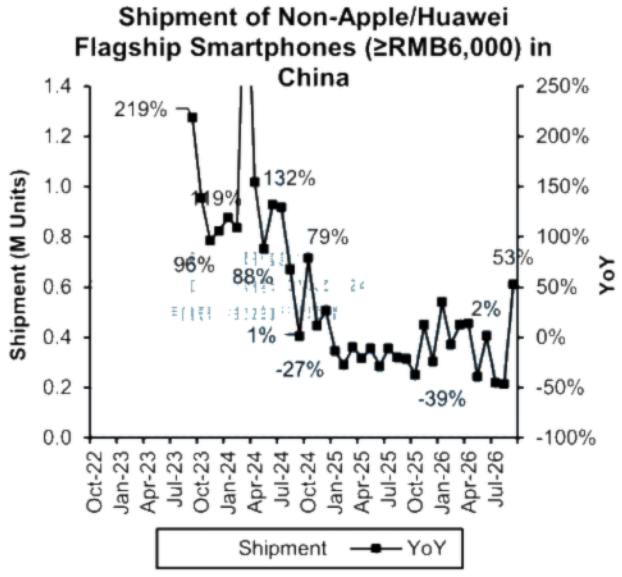
Source: CINNO and Bernstein analysis

EXHIBIT 29: **Sub-flagship segment took up 13% of non-Apple/Huawei shipment, flat YoY.**



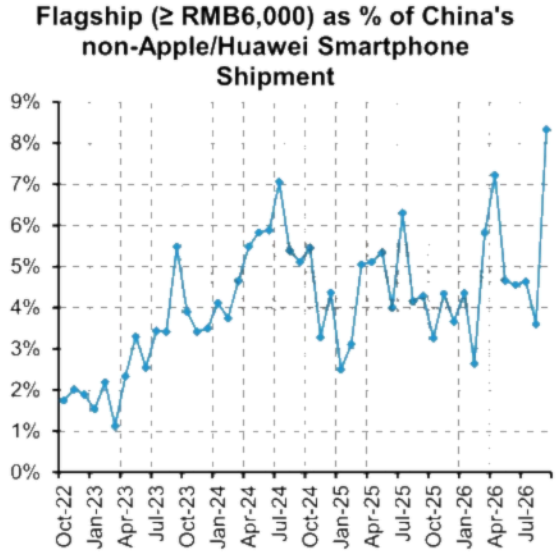
Source: CINNO and Bernstein analysis

EXHIBIT 30: **Non-Apple/Huawei flagship shipment was up 53% YoY on flagship launches.**



Source: CINNO and Bernstein analysis

EXHIBIT 31: **Flagship segment accounted for c. 8% of total non-Apple/Huawei shipment, 4pts higher YoY.**



Source: CINNO and Bernstein analysis

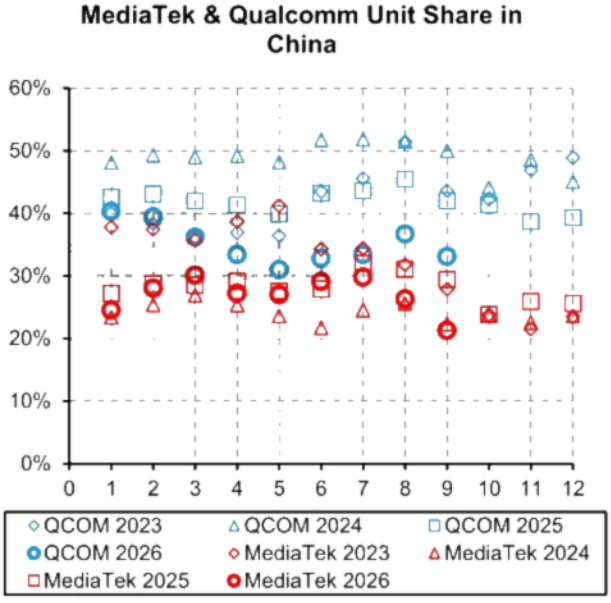
Both of MediaTek and Qualcomm lost unit share to Apple in September

- In September, MediaTek and Qualcomm each lost 5pts and 4pts unit share to Apple, respectively (Exhibit 32). On a YoY basis, Huawei expanded both its handset and mobile SoC share YoY, making the share loss of MediaTek & Qualcomm even more apparaent.

- Overall, we're cautious on MediaTek's smartphone business considering the pressure from high memory price & its higher exposure to mid- to low-end segments, where demand and profitability are more vulnerable (Exhibit 33 - Exhibit 34). In September, its unit share declined across all pricing segments. Share within Xiaomi and Honor also fell (Exhibit 35 - Exhibit 36). In addition, in the latest flagship cycle, Qualcomm's dual-flagship strategy (Snapdragon 8 Elite and 8 Elite Extreme, both on N2) provides OEMs with greater flexibility to balance performance and BOM costs in an increasingly price-competitive market. By contrast, MediaTek offers only one true N2-based flagship, the Dimensity 9600 Pro. While the lower-priced Dimensity 9600M broadens the lineup, it is essentially a repackaged Dimensity 9500 on N3P and therefore may be deemed as a less compelling cost-performance alternative.

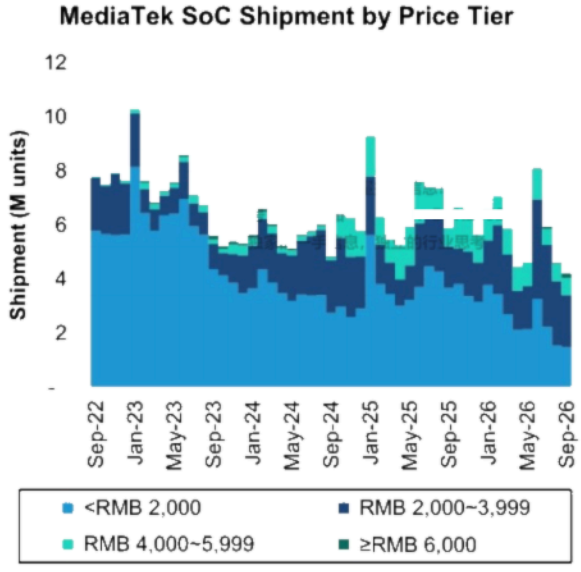
- Finally, UNISOC's share improved sequentially thanks to recent adoption by vivo Y6c and Redmi 17 4G, but remained well below 1% (Exhibit 37), implying the mobile SoC market in China remains a duopoly. Because China has the motivation to use the chips from Chinese suppliers, UNISOC's share staying so low in China attests that the company is not competitive in 5G.

EXHIBIT 32: **In August, MediaTek lost c. 3.5pts unit share, likely to Qualcomm. On a YoY basis, both of them lost share to Huawei and Apple.**



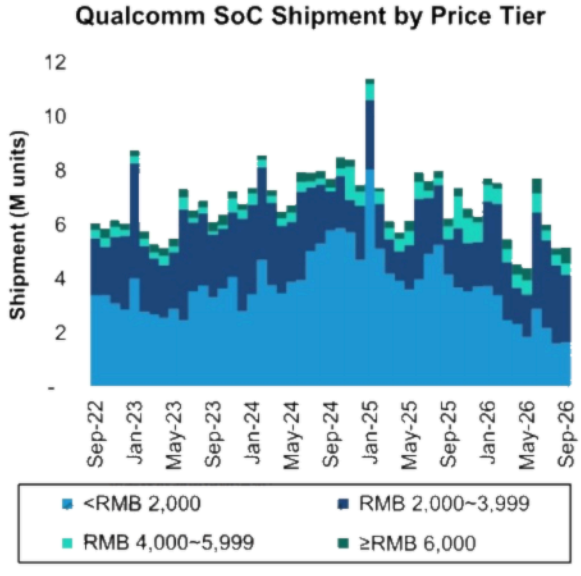
Source: CINNO and Bernstein analysis

EXHIBIT 33: **We're cautious on MediaTek's smartphone business considering the pressure from high memory price & its higher exposure to mid- to low-end segments.**



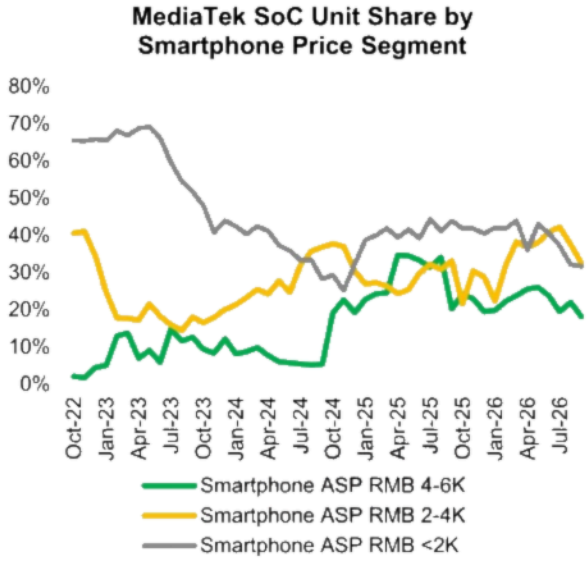
Source: CINNO and Bernstein analysis

EXHIBIT 34: **In comparison, Qualcomm has better exposure to premium segment.**



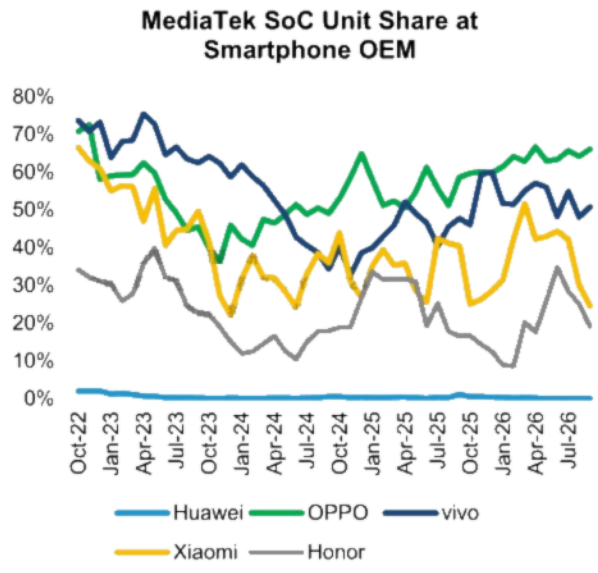
Source: CINNO and Bernstein analysis

EXHIBIT 35: **By price tier, MediaTek's unit share edged down sequentially across different pricing segments in September.**



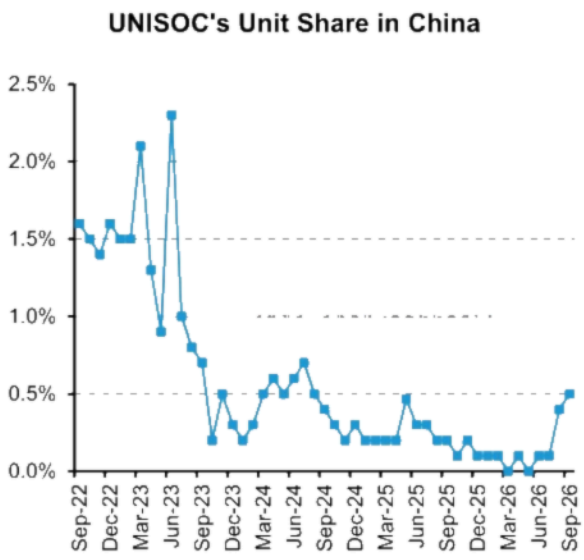
Source: CINNO and Bernstein analysis

EXHIBIT 36: **By brand, MediaTek saw unit share loss in Xiaomi and Honor.**



Source: CINNO and Bernstein analysis

EXHIBIT 37: **UNISOC's share imporved sequentially, but remained very small in China.**



Source: CINNO and Bernstein analysis

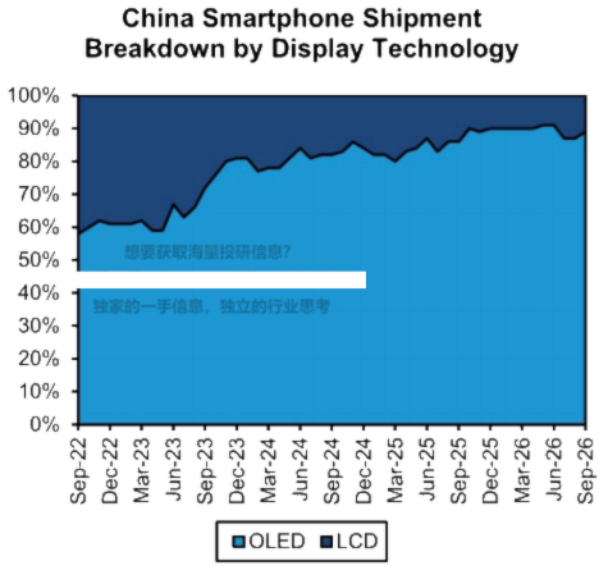
OLED helps Novatek fend off the Chinese rivals, but the adoption has hit a ceiling. Breakthrough in foldable penetration awaits iPhone Duo with shipment scheduled to commence in late-October.

- After OLED panel penetration surpassed 80% of the smartphones shipped in China in late 2023, further penetration has been very gradual (Exhibit 38). In fact the penetration has been hovering around 90% for months, indicating that OLED is a mainstream feature and offers very limited further growth headroom (Exhibit 39, Exhibit 40). The growth of OLED panel and the supporting DDIC is thus bound to slow. Novatek has been a key beneficiary of the rising OLED adoption but plateauing OLED penetration may allow Chinese rivals to catch up. Going forward, Novatek will need to count on share gains especially at Apple & Samsung & the agent-AI machine-vision applications to sustain growth & its competitiveness vs. Chinese rivals.

- Finally, foldable panel adoption edged up sequentially to c. 4% in September (Exhibit 41). And we expect a meaningful pick-up in the penetration in October when iPhone Duo is expected to commence volume shipment.

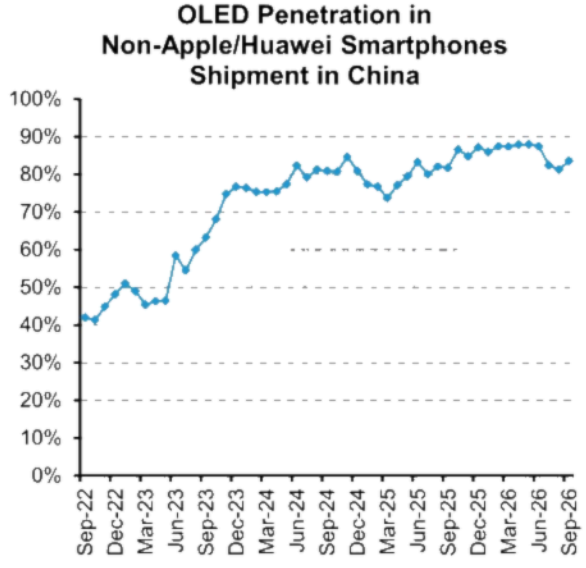
人在草木间

EXHIBIT 38: **The OLED penetration in September edged up MoM to 89%.**



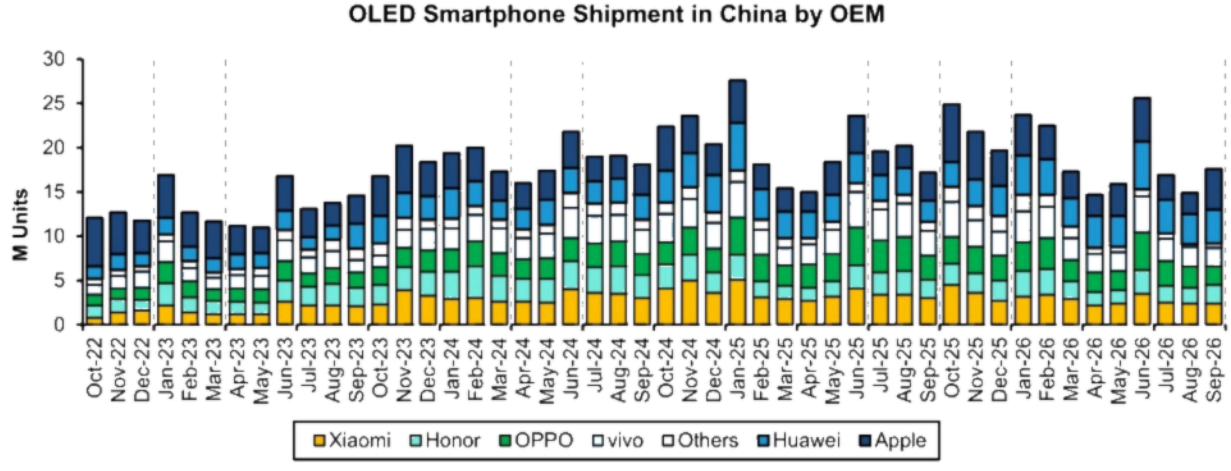
Source: CINNO and Bernstein analysis

EXHIBIT 39: **OLED penetration in non-Apple/Huawei smartphones edged up sequentially to 84%.**



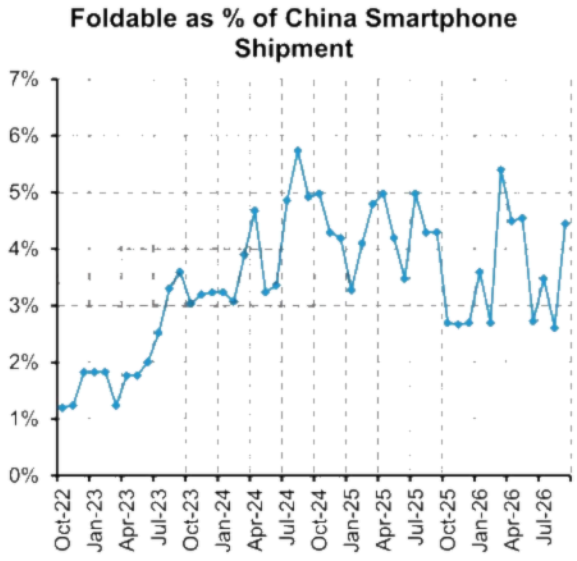
Source: CINNO and Bernstein analysis

EXHIBIT 40: **Only Huawei and Apple shipped more OLED smartphones YoY in September.**



Source: CINNO and Bernstein analysis

EXHIBIT 41: **The adoption rate of foldable panel edged up to c. 4% in September.**



Source: CINNO and Bernstein analysis