IT Hardware

Key message

1. Foldable iPhone shipments could reach 6mn & 14mn units in 2026-27F, respectively, positioning Apple as the world's second-largest foldable smartphone vendor.
2. iPhone shipments to decline by only 1% YoY in 2026F, outperforming the broader industry.
3. Upgraded chip in new AirPods to enhance real-time translation speed and output quality.

Foldable iPhones to be the Apple launch highlight

Event

Apple (US) is scheduled to hold a product launch event on September 10 (Hong Kong time). Anticipated product announcements include the foldable iPhone, iPhone 18 Pro series, AirPods, and Apple Watch.

Impact

Foldable iPhone shipments could reach a respective 6mn & 14mn units in 2026-27F, positioning Apple as the world's second largest foldable smartphone vendor. We believe the key metrics for evaluating the foldable iPhone will be crease visibility and folding durability. Current foldable smartphones from Samsung (KR), HONOR (CN), and OPPO (CN) have generally achieved 500k-fold durability certifications, implying an average service life of more than five years. A crease depth of less than 60μm is typically considered barely noticeable to the naked eye, while market expectations suggest the foldable iPhone could achieve a crease depth of below 150μm. The foldable iPhone is expected to be priced at US$2,000-2,500, above the US$1,500-2,000 range of most competing foldable devices. However, the device is expected to feature TSMC's (2330 TT, NT$2,410, OP) 2nm A20 Pro chip, which should enable performance which is superior to that of rival foldable smartphones. Based on current supply chain build plans, we forecast foldable iPhone shipments of 6mn units in 2026F and 14mn units in 2027F. Apple could become the world's second largest foldable smartphone vendor by 2027F, with an estimated 24% market share. Key Taiwan-based suppliers include Shin Zu Shing (SZS; 3376 TT, NT$211, OP), Hon Hai Precision (2317 TT, NT$256, OP) and Asia Vital Components (AVC; 3017 TT, NT$3,570, OP).

iPhone shipments to decline by only 1% YoY in 2026F, outperforming the broader industry. Key specification upgrades for the iPhone 18 Pro series are expected to include: (1) adoption of the 2nm A20 Pro chip, delivering an estimated 10-15% performance improvement; (2) an upgrade of the front-facing camera from 18MP to 24MP; (3) replacement of the current 5G modem with Apple's in-house C2 modem, which should lower costs and contribute approximately 0.4ppt to iPhone gross margin; and (4) a 9-10% increase in battery capacity for the iPhone 18 Pro Max, while battery capacity for the standard iPhone 18 Pro is expected to be unchanged. Amid rising memory costs, consensus expects the iPhone 18 Pro series' ASP to increase by US$200 versus the previous generation, helping sustain iPhone gross margins above 40%. In addition, Apple is expected to launch only Pro-series models in 2H26F, which we believe will lead to a steady YoY decline in iPhone shipments. According to our supply chain checks, initial production volumes for the iPhone 18 Pro series are estimated at 50-60mn units. We forecast total iPhone shipments of 234mn units in 2026F and 226mn units in 2027F, down 1% and 4% YoY, respectively. Nevertheless, the projected 1% decline in 2026F would compare favorably with the overall industry's expected 12% contraction.

Upgraded chip in new AirPods to improve real-time translation speed & output quality. Key features of the new AirPods 5 include: (1) adoption of the H3 chip to enhance audio quality and reduce transmission latency, as well as boost AI computing capability by 30-40%; (2) the introduction of an ear-canal temperature monitoring function, with data integrated into the Apple Health ecosystem; and (3) an extension of battery life from 5 hours in the previous generation to 8 hours. The chip upgrade in AirPods is expected to improve the speed and quality of real-time translation functions. Within the Taiwan supply chain, SZS is a key beneficiary.

Stocks for Action

Our top picks for the iPhone supply chain, inclusive of the foldable model, are Hon Hai, TSMC, AVC, Largan Precision (3008 TT, NT$7,400, OP) and SZS.

Risks

Weak consumer demand; rising component prices; tariff issues.

Figure 1: Apple iPhone 18 series models include upgrades to optical lenses, processors, & battery density

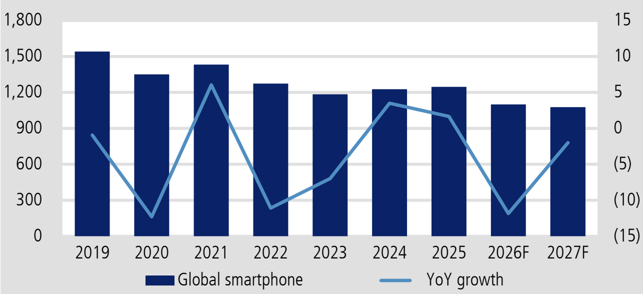
	iPhone 18 Pro	iPhone 18 Pro Max	iPhone Fold	iPhone 17 Pro	iPhone 17 Pro Max
Processor	A20 Pro (2nm)	A20 Pro (2nm)	A20 Pro (2nm)	A19 Pro (3nm)	A19 Pro (3nm)
Display	6.3"LTPO + OLED (Super Retina XDR) 120Hz refresh rate (ProMotion)	6.9"LTPO + OLED (Super Retina XDR) 120Hz refresh rate (ProMotion)	7.8" Foldable OLED (Inner) 5.5" OLED (Outer) 120Hz refresh rate (ProMotion)	6.3"OLED (Super Retina XDR) Always-On display Dynamic island 120Hz refresh rate (ProMotion)	6.9"OLED (Super Retina XDR) Always-On display Dynamic island 120Hz refresh rate (ProMotion)
Display pixels	2622 x 1206 pixels	2868 x 1320 pixels	2713 x 1920 pixels (Inner)/ 2088 x 1422 pixels (Outer)	2622 x 1206 pixels	2868 x 1320 pixels
ppi		460ppi	460ppi	460ppi	460ppi
Camera	48MP Main (variable aperture) 48MP Ultra Wide 48MP Telephoto	48MP Main (variable aperture) 48MP Ultra Wide 48MP Telephoto	48MP Main 48MP Ultra Wide	48MP Fusion Main 48MP Fusion Ultra Wide 48MP Fusion Telephoto ToF	48MP Fusion Main 48MP Fusion Ultra Wide 48MP Fusion Telephoto ToF
Front camera	24MP (Center stage)	24MP (Center stage)	Dual 18/24MP (Center stage)	18MP (Center Stage)	18MP (Center Stage)
LiDAR	V	V	V	V	V
Emergency SOS via satellite	V	V	V	V	V
Connectivity	5G mmWave + sub-6 GHz Wi-Fi 7 Apple C2 wireless networking	5G mmWave + sub-6 GHz Wi-Fi 7 Apple C2 wireless networking	5G mmWave + sub-6 GHz Wi-Fi 7 Apple C2 wireless networking	5G mmWave + sub-6 GHz Wi-Fi 7 Apple N1 Wireless Networking	5G mmWave + sub-6 GHz Wi-Fi 7 Apple N1 Wireless Networking
Storage	256GB / 512GB / 1TB	256GB / 512GB / 1TB/2TB	512GB / 1TB	256/512GB/1TB	256/512GB/1TB/2TB
Memory (RAM)	12GB LPDDR5X	12GB LPDDR5X	12GB LPDDR5X	12GB LPDDR5X	12GB LPDDR5X
Color	Black Sliver Light blue Dark Cherry	Black Sliver Light blue Dark Cherry	Black White	Silver, Deep Blue, Cosmic Orange	Silver, Deep Blue, Cosmic Orange
Connector	USB-C	USB-C	USB-C	USB-C	USB-C
Battery Capacity	4,288 mAh	5,567 mAh	4,800-5,000 mAh	4,252mAh	5,088mAh
Mechanical parts	Aluminum	Aluminum	Titanium Aluminum frame	Aluminum unibody Ceramic shield 2 front & back	Aluminum unibody Ceramic shield 2 front & back
Starting price	US$1,199-1,399	US$1,399+	US$2,000+	US$1,099/$1,299/$1,499 (256/512GB/1TB)	US$1,199/$1,399/$1,599/$1,999 (256/512GB/1TB/2TB)
Available date	3Q26	3Q26	3Q26	3Q25	3Q25
Dimension	149.6x71.5x8.25mm	163x77.6x8.25mm	150x72x11mm (Folded) 150x140x5.2mm (Unfolded)	150x71.9x8.75mm	163.4x78x8.75mm
Weight	199g	227g	245g	206g	233g

** Red text indicates spec upgrades from previous versions*

Source: Apple; KGI Research estimates

Figure 2: Global smartphone shipments to decline by 12% YoY in 2026F & 2% YoY in 2027F

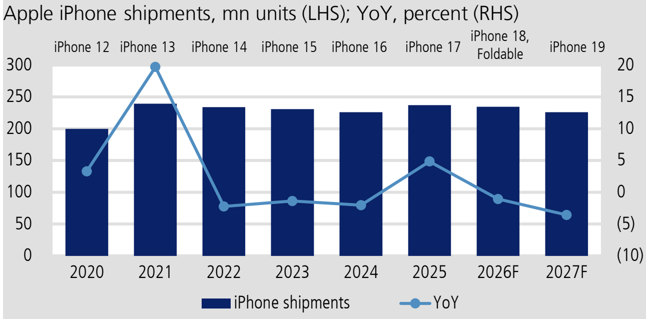
Global smartphone shipments, mn units (LHS); YoY, percent (RHS)



Source: Gartner; KGI Research estimates

Figure 3: Apple iPhone shipments to fall by only 1% YoY in 2026F, outperforming peers

Apple iPhone shipments, mn units (LHS); YoY, percent (RHS)



Source: Gartner; KGI Research estimates

Figure 4: Core processing & health monitoring features are the main upgrades in the new Apple Watch

	Apple Watch S11	Apple Watch S12
Case Design & Sizes	42mm / 46mm	42mm / 46mm
Material Options	Aluminum, Titanium	Aluminum, Titanium, Precision Ceramic (White / Dark Gray)
Processor	S10 SiP Chip A16 4nm process	S11 SiP Chip A19 3nm process
Battery Life (Typical Use)	Up to 24 hours (Up to 38 hours in low power mode)	Up to 24 hours (Up to 38 hours in low power mode)
Health Monitoring	Sleep apnea notifications Hypertension trend alerts Intermittent heart rate monitoring	Improved sleep apnea notification accuracy Enhanced hypertension trend detection algorithm Continuous all-day heart rate monitoring
Price	From NT$12,900	From NT$12,900

Source: Company data; KGI Research

Figure 5: Upgrades in the new AirPods include core processing, battery life & form factor

	Airpods 4	Airpods 5
Chip	H2 Chip	H3 Chip AI computing performance improved by approximately 30%-40% Power consumption reduced by 20%-25%
Battery Life	Up to 5 hours of listening time More than 30 hours of total battery life with the charging case	Up to 8 hours of listening time More than 40 hours of total battery life with the charging case
Health Sensors	No health sensing features	Equipped with a temperature sensor Data can be synchronized with the Apple Health ecosystem
Design	Standard semi-open earbud design Stem length of 30.2 mm Traditional squared shape with rounded corners; smaller than the previous generation	Earbud housing reduced by 8% Stem length shortened by 15% Charging case features smoother curved edges and a thinner profile
Price	Standard version: approximately US$129 ANC version: approximately US$179	Standard version: approximately US$129 ANC version: approximately US$179

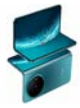
Source: Company data; KGI Research

Figure 6: Brands to launch fewer foldable clamshell smartphones in 2026F

Product	Samsung Galaxy Z Flip 7	Samsung Galaxy Z Flip 7 FE	Samsung Galaxy Z Flip 8	Huawei Nova Flip	Huawei pura X	Motorola Razr 70 Ultra	Oppo Find N3 Flip	VIVO X Flip
								
Launch Date	2025/7/9	2025/7/9	2026/7/22	2024/8/10	2025/3/20	2026/4/29	2023/8/29	2023/4/20
Launch Price	US$1,099	US$899	US$1,199	Rmb 5,288	Rmb 7,499	US$1,499	Rmb 6,799	Rmb 5,999
Hinge Type	Clamshell	Clamshell	Clamshell	Clamshell	Clamshell	Clamshell	Clamshell	Clamshell
Hinge Supplier	Huanli, KH-Vatec	Huanli, KH-Vatec	KH-Vatec, S-Connect	Fositek, Jarllytec	Fositek, Jarllytec	Fositek, ????	Amphenol	Amphenol
CPU	Exynos 2500	Exynos 2400	Snapdragon 8 Gen 5	Kirin 8000	Kirin 9020	Snapdragon 8 Elite	MediaTek Dimensity 9200	Snapdragon 8+ Gen1
Battery	4,300mAh	4,000mAh	4,300mAh	4,400mAh	4,720mAh	5,000mAh	4,300mAh	4,400mAh
Connectivity	5G	5G	5G	5G	5G	5G	5G	5G
Main Display Dimension	6.9 inch	6.7 inch	6.9 inch	6.9 inch	6.3 inch	6.9 inch	6.8 inch	6.74 inch
Cover Display Dimension	4.1 inch	3.4 inch	4.1 inch	2.1inch	3.5inch	4.0 inch	3.26 inch	3 inch
Folded Size	85.5 x 75.2 mm	85.1 x 71.9 mm	85.7 x 75.4 mm	87.8 x 75.4 mm	143.2 x 91.7 mm	88.1 x 74 mm	85.5 x 75.8 mm	86.4 x 75.25 mm
Unfolded Size	166.7 x 75.2 mm	165.1 x 71.9 mm	166.9 x 75.4 mm	169.8 x 75.4 mm	91.7 x 74.43mm	171.5 x 74 mm	166.4 x 75.8 mm	166.42 x 75.25 mm
System	Android	Android	Android	HarmonyOS	HarmonyOS	Android	ColorOS 13.2	OriginOS 3
Cover screen resolution	1048 x 948	720 x 748	1048 x 948	480 x 480	980 x 980	1272x1080	720 x 382	682 x 422
Full screen resolution	2520 x 1080	2640 x 1080	2640 x 1080	2690 x 1136	2120 x 1320	1224 x 2992	2520 x 1080	2520 x 1080

Source: Company data; KGI Research

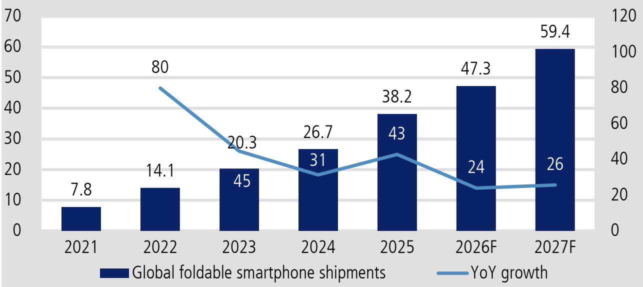
Figure 7: Several new inward-folding smartphone models are set to launch in 2H26F

Product	iPhone Fold	Galaxy Z Fold8	Huawei XT2	Huawei Pura X max	Pixel 11 Pro Fold	Oppo Find N6	Vivo X Fold6	Honor Magic V6
								
Launch date	Sep-26	2026/7/22	Sep-26	2026/4/20	2026/8/20	2026/3/17	2026/6/26	2026/3/10
Launch price	US$2,500-3,000	US$1,900	US$1,800-2,500	Rmb10,999	US$1,900	Rmb9,999	Rmb7,999	Rmb8,999
Hinge type	Inward	Inward	Tri-fold	Inward	Inward	Inward	Inward	Inward
Hinge supplier	SZS, Amphenol	KH-Vatec, Fine M-tec	Fositek	Future High-Tech, Jarllytec	Amphenol	Amphenol	Amphenol	Amphenol
CPU	A20 or A20 Pro	Snapdragon 8 Elite Gen 5 for Galaxy	Kirin 9030 Pro or 9050	Kirin 9030 Pro	Google Tensor G6	Snapdragon 8 Gen 5	MTk Dimensity 9500	Snapdragon 8 Elite Gen 5
Battery	5,000mAh	4,800mAh	6,000mAh	5,300mAh	4,806 mAh	6,000mAh	7,000mAh	6,660mAh
Connectivity	5G	5G	5G	5G	5G	5G	5G	5G
Main display dimension	7.8 inch	7.6 inch	10.2 inch	7.7 inch	8.0 inch	8.1inch	8.0inch	8.0 inch
Cover display dimension	5.5 inch	5.5 inch	6.4 inch	5.5 inch	6.5 inch	6.6 inch	6.5 inch	6.5 inch
Folded size	120.6 x 85.6mm	123.9 x 81.9 mm	156.7 x 73.5 mm	120 x 85 mm	155.2 x 76mm	156.7 x 73.1 mm	157.2 x 74.3 mm	156.7 x 74.5 mm
Unfolded size	120.6 x 167.6 mm	123.9 x 161.4 mm	156.7 x 219 mm	166.5 x 120 mm	155.2 x 150.4 mm	156.7 x 224 mm	157.2 x 145.7 mm	156.7 x 145.6mm
System	iOS	Android	HarmonyOS	HarmonyOS 6.1	Android	Android	Android	Android
Cover screen resolution	2088 x 1422	1264 x 1972	2232 x 1008	1264 x 1848	2342 x 1080	2616 x 1140	2528 x 1120	2420 x 1080
Full screen resolution	2713 x 1920	1828 x 2448	2232 x 3184	1828 x 2584	2076 x 2152	2480 x 2248	2312 x 2504	2172 x 2352

Source: Company data; KGI Research

Figure 8: Foldable smartphone shipments to grow rapidly in 2025-27F, outperforming the industry

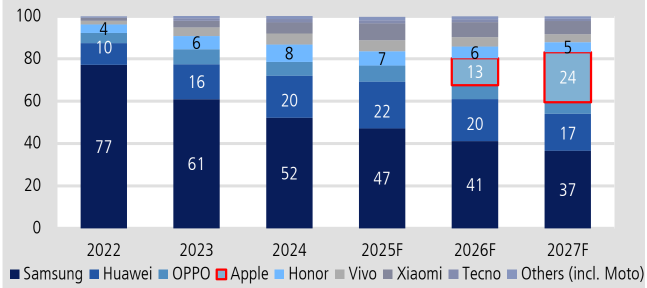
Global foldable smartphone shipments, mn units (LHS); growth YoY, percent (RHS)



Source: Gartner; KGI Research estimates

Figure 9: Apple will become the second largest foldable smartphone vendor in 2027F, with market share of 24%

Shipment weighting by brand, percent



Source: Gartner; KGI Research estimates

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		Total return = (12M target price - current price) / current price