

**From:** Paul Barrett <[REDACTED]>

**To:** Jeffrey Epstein <jeevacation@gmail.com>

**Subject:** Fwd: AAPL US: Apple Inc. - Early preorders for iPhone X create extended lead times within hours - BUY - United States

**Date:** Fri, 27 Oct 2017 13:30:44 +0000

**Inline-Images:** flag11805253.jpg; logo11805253.jpg; rpt11805253.jpg; email11805253.jpg; bamllogo11805253.jpg

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**Paul Barrett**

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[REDACTED] (o) [REDACTED] (c)

[REDACTED]

Begin forwarded message:

**From:** "Ens, Amanda" <[REDACTED]>

**Date:** October 27, 2017 at 8:20:03 AM EDT

**To:** Paul Barrett <[REDACTED]>

**Subject:** FW: AAPL US: Apple Inc. - Early preorders for iPhone X create extended lead times within hours - BUY - United States

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**From:** BofAML-Wamsi Mohan <[REDACTED]>

**Date:** Friday, Oct 27, 2017, 8:10 AM

**To:** Ens, Amanda <[REDACTED]>

**Subject:** AAPL US: Apple Inc. - Early preorders for iPhone X create extended lead times within hours - BUY - United States

Global Research

 BofAML Flagmark



Apple Inc.

## Early preorders for iPhone X create extended lead times within hours

Reiterate Rating: BUY

PO: 180.00 USD | Price: 157.41 USD

Equity | 27 October 2017

### Key takeaways

- iPhone X preorders started at 12AM PT (3AM ET) this morning. Our checks indicate strong initial

- iPhone X preorders started at 12AM PT (3AM ET) this morning. Our checks indicate strong initial demand for the new phone
- Within an hour of preorders, the expected ship date had extended from Nov 3rd out to 4-5 weeks, and then to 5-6 weeks (Fig 1)
- Ship dates this cycle have extended out further and faster than the iPhone 6/6+ launch (see Figure 2)

## FULL REPORT

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Ship time extends out within a few hours of pre-orders

iPhone X preorders started at 12AM PT (3AM ET) this morning and within a few hours the estimated ship date in many countries stretched out to 5-6 weeks. Figure 1 shows a chart of the trend in ship dates which indicates to us 1) lack of availability (supply constraint), as well as 2) reasonably strong demand for the iPhone X. This compares to 4-6 weeks of elongated lead times (Figure 2) during the launch of the iPhone 6/6+, where the availability was limited and it was a major form factor change. We continue to see strong demand from the new iPhone driving strength in the Dec and Mar quarters. We reiterate our Buy on Apple on strength of the iPhone X cycle, large cash balance which affords optionality to enter new markets, and continued strong capital return program.

iPhone X availability at 5-6 weeks

As Figure 1 shows, within an hour of starting of pre-orders the iPhone X availability had stretched from the initial expected ship date of Nov 3<sup>rd</sup>, out to 4-5 weeks. Then, an hour later, that availability had stretched another week to 5-6 weeks. The demand for the 256GB Space Gray model seemed to stretch out first, which is positive for ASP uplift. Availability in China extended out to 5-6 weeks earlier within the first hour. Given China is the largest market for iPhones, strong demand for iPhone X there bodes well for Apple particularly as this is the first major form factor change post the iPhone 6.

Store availability remains mixed; large premiums on Ebay

Apple usually allocates some supply for its stores and in the US Sprint had some iPhones (64GB) available for earlier pickup in store for longer than other carriers. Some of the early buyers of the iPhone X have already turned to EBAY to sell the phones for a significant premium (\$1700-2500). We plan to monitor the ongoing pre-order cadence through the elongation of lead times.

**Wamsi Mohan**

 [Send email](#)

Research Analyst

MLPF&S



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Publication: 61977350-11805253.pdf

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