

Apple Supply Chain

Updates on potential Apple headset and/or Apple glasses; implications for the supply chain



In this note, we outline our expectations for Apple hardware product launch (es). We are recently getting more enquiries on Apple's product roadmap. In addition to launches of regular iPhone, iPad, MacBook and AirPods, we believe Apple will likely launch an **Apple headset** with VR (and AR) features in 1Q22, and shipments for most components will likely start in 4Q21. However, we think it's less likely to see **Apple glasses** in the next 12-18 months, given bottlenecks of supply chain management and industrial design spec. *Apple is covered by Samik Chatterjee.*

- **Apple headset is on the way:** In our view, the Apple headset industrial design would be like the current VR headsets of other brands. The product will highlight six cameras and one LiDAR scanner (ToF) that function together to sense users' location and position, enhancing user experiences for VR/AR gaming and other applications with OLED display. We suspect this product would target demand at the top of the pyramid and would be much more expensive than the current VR headset. The BoM could be much higher than US\$500 and the relevant supply chain is working on 1-1.5mn build plan for 2022, per our estimates.
- **It takes more time for Apple glasses:** In our view, it is less likely to see Apple glasses in the next 12-18 months, given bottlenecks of supply chain management and industrial design spec. For instance, since people usually wear glasses for a long time every day, making the electronic glasses light, aesthetic, easy to wear and available for long usage hours is critical but difficult. Besides, since eye-sighted people need different diopters, customization remains another obstacle.
- **Stock implications for Apple headset:** In our view, **Pegatron (OW)** will likely provide assembly parts and **TSMC (OW)** will supply the processor. For optical modules, **LGIT (OW)** and **Cowell** (non-covered) are the major suppliers. As for lenses, the Apple headset will require multiple specs including pure plastic lenses and hybrid lenses (glass plus plastic). **Largan (N)**, **Genius (OW)**, **Kinko** (non-covered), and **Young Optics** (non-covered) will be key suppliers. **GIS** (non-covered) will provide lamination for the OLED display.

Technology

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