



Apple Research

BOE to be a new supplier of Apple Mini LED displays; specification upgrades and product mix/capacity optimization to be key growth drivers for BOE in 2H21–2022

Our latest survey indicates that Apple will launch an all-new design MacBook Air around mid-2022. One of the main selling points of this new model is the adoption of a Mini LED display, and BOE will be the new display supplier of the Mini LED MacBook Air. This order is meaningful for BOE, as it is the first time for BOE to secure a high-end order with high ASP from Apple. It will significantly contribute to BOE's capabilities for Mini LED display design and production and facilitate non-Apple orders. In addition, we believe that the market underestimates the contribution of specification upgrades and product mix/capacity optimization to BOE's revenue and profit in 2H21–2022.

We predict that Apple will launch the all-new design MacBook Air equipped with a Mini LED display in mid-2022.

1. We believe the new 2022 MacBook Air will significantly increase Mini LED display shipments due to its more affordable product position.
2. It is not yet certain whether the existing M1 MacBook Air will end production after the Mini LED MacBook Air goes to mass production. If the M1 MacBook Air does end production, the Mini LED MacBook Air will probably start at the same price as the current M1 MacBook Air. On the other hand, if the M1 MacBook Air doesn't end production, the price of the M1 MacBook Air may be lower. We think either scenario will help with total shipments of MacBook Air.
3. The casing of the Mini LED MacBook Air will offer several color options, and the form factor design will be similar to the 3Q21 new MacBook Pro.
4. We estimate that the total MacBook Air shipments in 2021 will reach 5.5–6 million units. We forecast total MacBook Air shipments to reach 8 million units or more in 2022, benefiting from the sale of the Mini LED MacBook Air.

We predict that BOE will be the new display supplier of Mini LED MacBook Air in 2022.

1. The Mini LED display suppliers for the 3Q21 new MacBook Pro models are LG Display and Sharp/GIS. We predict that the 2022 new Mini LED MacBook Air display suppliers will be BOE and LG Display.
2. Since BOE has only shipped low-end displays for MacBook Air in the past, it is meaningful for BOE to obtain high ASP Mini LED display orders. We believe that this order will help BOE's Apple business grow significantly in 2022.
3. The BOE's Mini LED display order from Apple will help the company upgrade its design and production capabilities for Mini LED displays. We believe BOE will receive more orders for Mini LED displays from non-Apple brands due to its upgraded design and production capabilities.

We have a positive view that specification upgrades and product mix/capacity optimization will drive BOE's further growth.

1. In terms of BOE's valuation, the market is only concerned about TV panel prices and shipments. Still, we believe that specification upgrades and product mix/capacity optimization are more critical to BOE's long-term growth.
2. Starting from 2H21, BOE will increase the shipment allocation of 65-inch TV panels or above and high-end IT (notebook and monitor) panels and reduce the

Updated forecast:

BOE's Mini LED orders from Apple and critical growth drivers in 2H21–2022

Major companies in this report:

BOE (000725.SZ)

Ming-Chi Kuo
SFC License: BMO600
mck@tfisec.com

proportion of low-ASP and -profit 32-inch TV panel shipments. As a result, although TV panel shipments will decline due to this change, overall revenue and profits can grow.

3. In terms of small-sized panels, we estimate that BOE's iPhone OLED display shipments to grow significantly by 150% YoY or higher to 20–25 million units in 2022. Therefore, benefiting from the contribution of iPhone display orders, we expect that the BOE's smartphone OLED market share will increase from 5–10% in 2021 to 10–15% in 2022.
4. In terms of medium-sized panels, in addition to the above-mentioned high ASP Mini LED MacBook Air displays in 2022, we expect BOE to start shipping OLED displays for Windows notebooks in 2022. High ASP IT device panel shipments will also increase due to capacity optimization.
5. In terms of large panels, shipments of high ASP 65-inch TV panels or above will increase due to capacity optimization. In addition, we expect BOE to ship Mini LED displays that adopt glass substrates for TVs in 2022 (vs. the current Mini LED display's adoption of a PCB substrate). Mini LED displays that adopt glass substrates will be lighter and thinner, helping BOE increase its market share in high-end TV displays.

Stock for actions:

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Risk:

New product shipment delays; lower-than-expected demand due to COVID-19.

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		Sell	Expected relative return over stock price below -10%
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Jurisdictions	Index Used for Ratings Definitions
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Contact

Hong Kong

TFI Asset Management Limited
11F, Nexxus Building, 41 Connaught Road Central, Hong Kong
Email: research_tfi@tifsec.com
Tel: 852 3899 7399