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July 23, 2026 08:38 AM GMT

Investor Presentation | Japan

Semiconductor Production Equipment: Tech Monthly Jul 2026

MORGAN STANLEY MUFG SECURITIES CO., LTD.+

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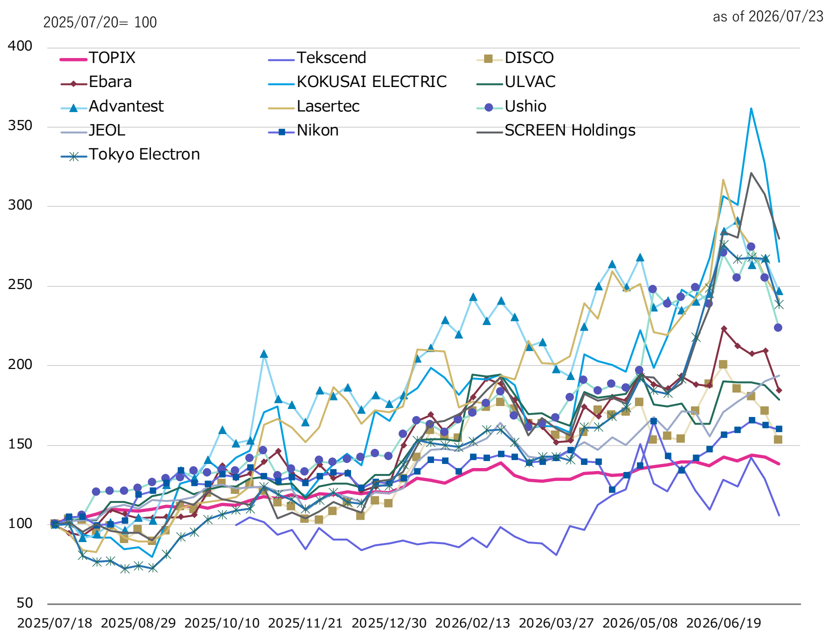
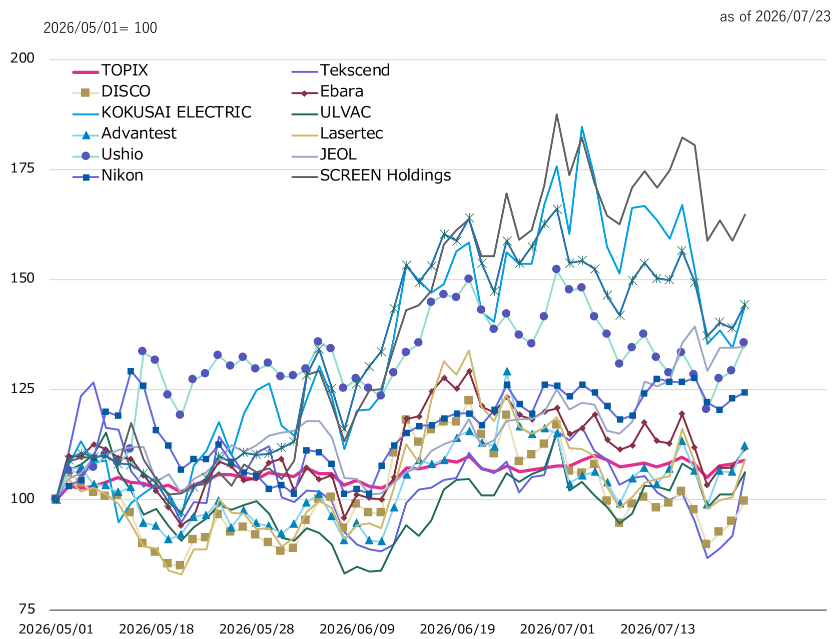
SEMICONDUCTOR PRODUCTION EQUIPMENT

Japan

Industry View **Attractive**

Stock Price Performance





Source: FactSet data, Morgan Stanley Research

Stock performance and valuations

		Rating	Share price						Valuation											
			(LC)	(LC)	Performance				Cons PE (x)			Cons EV/EBITDA (x)			Cons PBR (x)			Cons Div. yield		
		MS	Last close	MS PT	YTD	3m	1m	11/20 ~	F1	F2	F3	F1	F2	F3	F1	F2	F3	F1	F2	F3
Semiconductor Production Equipment (Japan)																				
8035 JP	Tokyo Electron	OW	65,960	65,000	92.2%	45.0%	-15.2%	103.0%	41.1	30.8	25.3	29.3	22.3	18.9	12.6	10.5	8.7	1.2%	1.6%	2.0%
7735 JP	SCREEN Holdings	OW	16,500	17,000	116.5%	58.1%	-3.0%	154.6%	26.9	21.6	18.8	17.2	14.1	12.6	5.8	5.0	4.3	1.1%	1.4%	1.6%
6525 JP	Kokusai Electric	OW	8,741	8,300	59.1%	31.7%	-15.1%	107.1%	41.4	29.9	23.8	25.5	19.7	16.3	8.5	7.2	6.0	0.6%	0.9%	1.1%
6146 JP	DISCO	OW	68,590	78,000	42.4%	-8.3%	-22.5%	45.1%	40.8	33.7	29.1	28.6	24.1	21.3	11.1	9.2	8.0	1.0%	1.2%	1.5%
6857 JP	Advantest	OW	29,585	36,000	50.7%	6.0%	-8.0%	42.0%	41.7	32.8	27.7	30.8	24.5	20.9	20.0	14.2	10.5	0.4%	0.5%	0.7%
6361 JP	Ebara	OW	5,593	7,100	51.8%	2.2%	-17.4%	44.8%	24.3	21.7	18.4	15.7	13.0	11.3	4.6	4.1	3.6	1.4%	1.6%	1.9%
6920 JP	Lasertec	UW	42,990	36,000	45.0%	-4.0%	-25.2%	53.8%	49.4	38.9	30.0	39.3	28.3	22.7	16.2	12.8	10.1	0.8%	0.9%	1.1%
6951 JP	JEOL	EW	8,351	7,100	66.0%	29.2%	13.7%	79.9%	19.4	16.2	14.6	12.5	10.3	9.3	2.5	2.3	2.1	1.6%	1.9%	1.9%
6925 JP	Ushio	EW	4,104	9,800	63.8%	29.6%	-13.9%	76.6%	31.3	21.9	17.7	14.4	11.4	9.4	1.7	1.6	1.5	1.7%	2.2%	2.9%
6728 JP	ULVAC	NA	9,800	NA	38.4%	-0.7%	-4.8%	46.7%	25.0	20.1	17.2	14.0	9.9	8.6	2.1	2.0	1.9	1.6%	1.9%	2.2%
7731 JP	Nikon	UW	2,213	1,100	26.9%	17.0%	2.8%	27.4%	66.9	33.0	24.6	15.5	12.3	10.5	1.2	1.2	1.2	1.1%	1.4%	1.4%
429A JP	Tekscend	EW	3,760	4,600	24.1%	0.1%	-17.2%	20.1%	14.5	13.4	11.8	7.2	6.3	5.6	2.2	2.0	1.8	1.9%	1.9%	2.2%
PLAB US	Photronics (Not covered)	NA	31	NA	-2.4%	-37.6%	-8.3%	54.0%	16.8	15.5	14.3	NA	NA	NA	NA	NA	NA	NA	NA	NA
Semiconductor Capital Equipment (North America)																				
AMAT US	Applied Materials	EW	554	647	115.5%	37.3%	-13.5%	151.5%	45.1	32.8	25.8	38.6	27.6	22.3	16.6	13.2	11.0	0.3%	0.4%	0.4%
LRCX US	Lam Research	OW	319	404	86.5%	20.2%	-22.0%	128.7%	56.1	39.5	32.5	63.1	32.6	27.6	35.0	23.2	17.0	0.3%	0.4%	0.4%
KLAC US	KLA	OW	215	274	76.7%	18.5%	-20.2%	94.7%	57.9	41.3	33.4	64.9	34.0	28.0	48.3	37.4	29.5	0.4%	0.4%	0.5%
TER US	Teradyne	EW	369	387	90.9%	-4.1%	-19.2%	137.0%	48.6	35.4	25.5	36.3	27.6	21.0	15.5	11.7	9.0	0.1%	0.1%	0.1%
Mid Small Cap/Manufacturer (Japan):																				
7729 JP	Tokyo Seimitsu	OW	18,255	22,000	64.4%	9.6%	-9.4%	68.5%	23.6	20.4	17.8	14.3	12.5	11.0	3.6	3.2	2.9	1.7%	2.0%	2.3%
6315 JP	Towa	EW	2,860	3,200	33.0%	10.1%	-19.2%	13.5%	25.3	20.2	16.9	14.9	11.9	10.2	3.0	2.7	2.4	0.9%	1.0%	1.1%
Semiconductors (Japan)																				
285A JP	Kioxia Holdings	OW	64,270	110,000	515.9%	84.7%	-40.9%	467.0%	6.5	5.0	4.2	4.6	3.5	3.1	5.5	3.0	1.9	0.5%	0.9%	1.1%
Semiconductors (North America)																				
NVDA US	NVIDIA Corp	OW	212	288	13.7%	4.7%	1.6%	17.4%	23.6	16.6	13.9	19.2	13.4	11.0	16.9	10.0	6.6	0.3%	0.4%	0.4%

Note: Data as of July 22 market close. Prices and price targets are in Japanese yen except for Teradyne, Applied Materials, Lam Research, KLA, NVIDIA, and Photronics, which are in US dollars. Tokyo Seimitsu and Towa are covered by Yoshihito Hasegawa. Koixia Holdings is covered by Kazuo Yoshikawa. Teradyne, Applied Materials, Lam Research, and KLA are covered by Shane Brett. NVIDIA is covered by Joseph Moore; NA = No data found on FactSet/Morgan Stanley Research. Photronics is not covered; Japan Semiconductors: In-Line Mid Small Cap/Manufacturer (Japan): In-Line, Semiconductor Capital Equipment (North America): In-Line, Semiconductors (North America): Attractive
Source: FactSet, Morgan Stanley Research; Cons = based on FactSet Consensus; MSe = Morgan Stanley Research estimates

AlphaSignals Earnings Preview (1)

Company / Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
KOKUSAI ELECTRIC (6525.T) Upward revision to 2H guidance	— In-line	— Largely unchanged

- Focus is on the magnitude of any upward revision to 2H company guidance.
- We feel the market has already priced in an upward revision toward our F3/27 forecast (sales ¥320bn, OP ¥73bn).

Company / Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
SCREEN Holdings (7735.T) 1Q results	— In-line	↑ Modest revision higher

- We expect 1Q results to compare unfavorably with peers benefiting from investment by the largest DRAM maker.
- Our expectations for 1Q progress are modest given the 2H weighted plan. Note that carryover projects from F3/26 could materially affect 1Q optics.
- Watch whether management comments on portfolio reform in connection with the new medium term plan starting in F3/28.

Company / Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Advantest (6857.T) Degree of upward revision to guidance	— In-line	↑ Modest revision higher

- We expect an upward revision to full-year guidance.
- However, as only 1Q, we expect the magnitude of any upward revision to be modest.
- We believe market expectations for the size of any guidance hike are not particularly high.

*Direction of next 12-month consensus EPS; Source: Company data, Morgan Stanley Research

AlphaSignals Earnings Preview (2)

Company / Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Ulvac (6728.T) F6/27 guidance	Likely downside surprise	Largely unchanged
Ushio (6925.T) Industrial Process business sales	In-line	Largely unchanged
Tekscend Photoma... (429A.T) 1Q results	Likely downside surprise	Largely unchanged
DISCO (6146.T) Guidance on consolidated 2Q shipments	Likely downside surprise	Largely unchanged

Ulvac (6728.T)
- Expectations for F6/27 guidance are low, and even weak guidance would likely be largely within market expectations.
- Watch closely for any changes to the medium term plan outlook.

Ushio (6925.T)
- We expect positive commentary on PKG substrates and EMIB-T related demand.

Tekscend Photoma... (429A.T)
- We expect weak 1Q progress versus company guidance.

DISCO (6146.T)
- We forecast 2Q consolidated shipment guidance of more than ¥140bn.
- In our view, a positive surprise would require guidance of around ¥150bn.

*Direction of next 12-month consensus EPS; Source: Company data, Morgan Stanley Research

AlphaSignals Earnings Preview (3)

Company / Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Nikon (7731.T) 1Q results	— In-line	⬇ Modest revision lower

- We expect 1Q results to be in line.
- While we see downside risk to full-year guidance, the company tends not to make forward-looking revisions, so we do not expect this risk to surface in 1Q.
- Downward revision risks are likely to rise as memory prices increase from July–September onward.

Company / Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Lasertec (6920.T) F6/27 order guidance	— In-line	— Largely unchanged

- We expect F6/27 order guidance of around ¥300bn, consistent with the company's prior communication.
- We believe buy side expectations are at a similar level.

Company / Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
JEOL (6951.T) Orders for multibeam mask writers	⬇ Likely downside surprise	— Largely unchanged

- Market expectations appear to have risen following ASML's strong earnings.
- However, JEOL has a backlog of 16 multibeam lithography systems, suggesting backlog execution takes priority over new orders.
- We do not expect a major improvement in 1Q orders.

*Direction of next 12-month consensus EPS; Source: Company data, Morgan Stanley Research

AlphaSignals Earnings Preview (4)

Company / Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Tokyo Electron (8035.T) 1Q results	— In-line	⬆ Modest revision higher

- We expect solid progress versus the company's 1H plan, but not a major beat given lead time constraints.

Company / Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Ebara (6361.T) Precision machinery full-year order plan	⬆ Very likely upside surprise	⬆ Meaningful revision higher

- We expect an upward revision to precision machinery full-year order plan.
- Given management's conservative stance, we expect the order plan to be raised from ¥405bn (+33% YoY) to around ¥450bn (+50% YoY).
- We believe the stock would react positively if order guidance is raised to around +50% YoY growth.

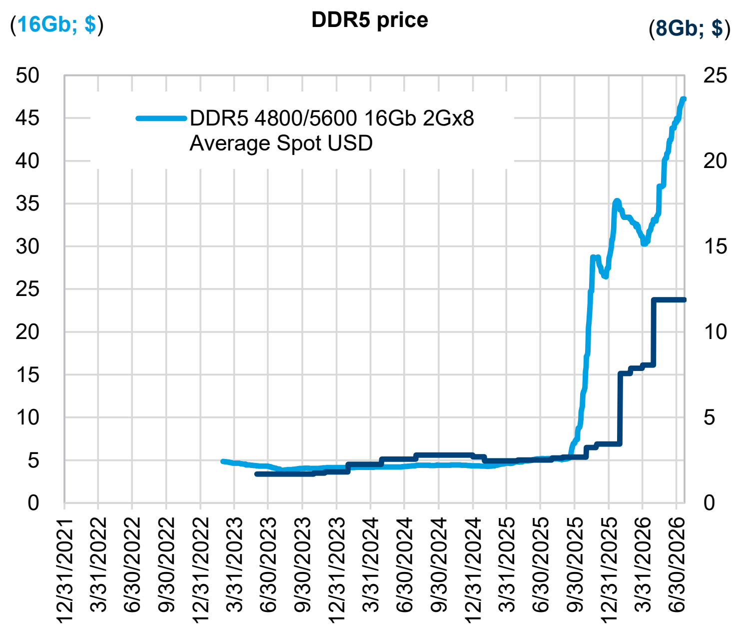
*Direction of next 12-month consensus EPS; Source: Company data, Morgan Stanley Research

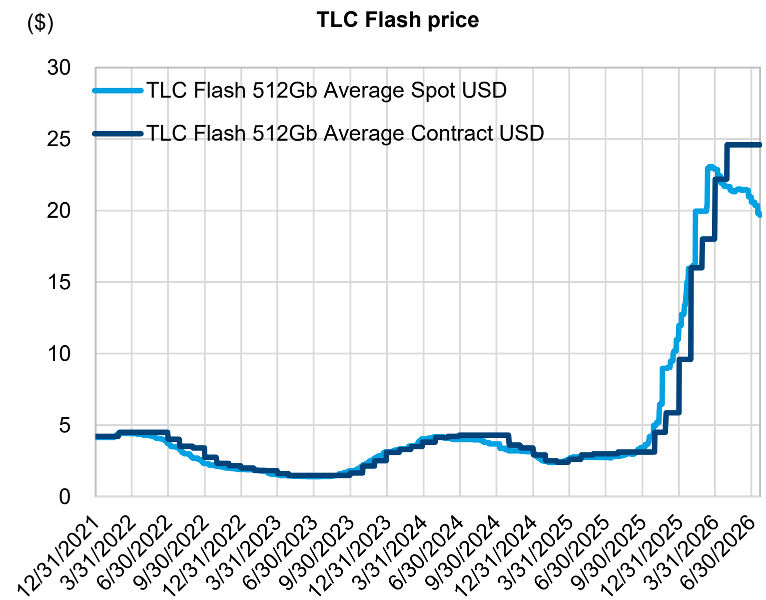
Our forecasts for Ebara

(¥mn) Order intake and net sales	F12/24	F12/25	F12/26 MSe	F12/27 MSe	F12/28 MSe	F12/26 Ce
Orders received	**860,579**	**949,683**	**1,158,400**	**1,253,500**	**1,393,500**	**1,070,000**
Precision Machinery	260,059	303,447	492,400	546,500	651,000	405,000
Energy	222,743	194,777	210,000	242,000	267,000	210,000
Building Service & Industrial	244,401	249,285	265,000	274,000	284,500	265,000
Infrastructure	60,559	62,973	60,000	60,000	60,000	60,000
Environmental Solutions	71,594	135,392	130,000	130,000	130,000	130,000
Others	1,220	3,808	1,000	1,000	1,000	-
y-y	**5%**	**10%**	**22%**	**8%**	**11%**	**13%**
Precision Machinery	19%	17%	62%	11%	19%	33%
Energy	-0%	-13%	8%	15%	10%	8%
Building Service & Industrial	10%	2%	6%	3%	4%	6%
Infrastructure	7%	4%	-5%	0%	0%	-5%
Environmental Solutions	-29%	89%	-4%	0%	0%	-4%
Others	5%	212%	-74%	0%	0%	-100%
Net sales	**866,668**	**958,285**	**1,073,000**	**1,208,200**	**1,284,200**	**1,020,000**
Precision Machinery	278,378	342,267	448,300	538,500	587,000	400,000
Energy	210,434	217,845	208,700	236,700	256,700	205,000
Building Service & Industrial	238,182	241,938	260,000	274,000	284,500	260,000
Infrastructure	51,118	57,143	60,000	63,000	60,000	60,000
Environmental Solutions	87,438	97,864	95,000	95,000	95,000	95,000
Others	1,115	1,225	1,000	1,000	1,000	-
y-y	**14%**	**11%**	**12%**	**13%**	**6%**	**6%**
Precision Machinery	13%	23%	31%	20%	9%	17%
Energy	26%	4%	-4%	13%	8%	-6%
Building Service & Industrial	7%	2%	7%	5%	4%	7%
Infrastructure	2%	12%	5%	5%	-5%	5%
Environmental Solutions	22%	12%	-3%	0%	0%	-3%
Others	-7%	10%	-18%	0%	0%	-100%

Source: Company data, Morgan Stanley Research; Ce= Company estimates, MSe= Morgan Stanley Research estimates

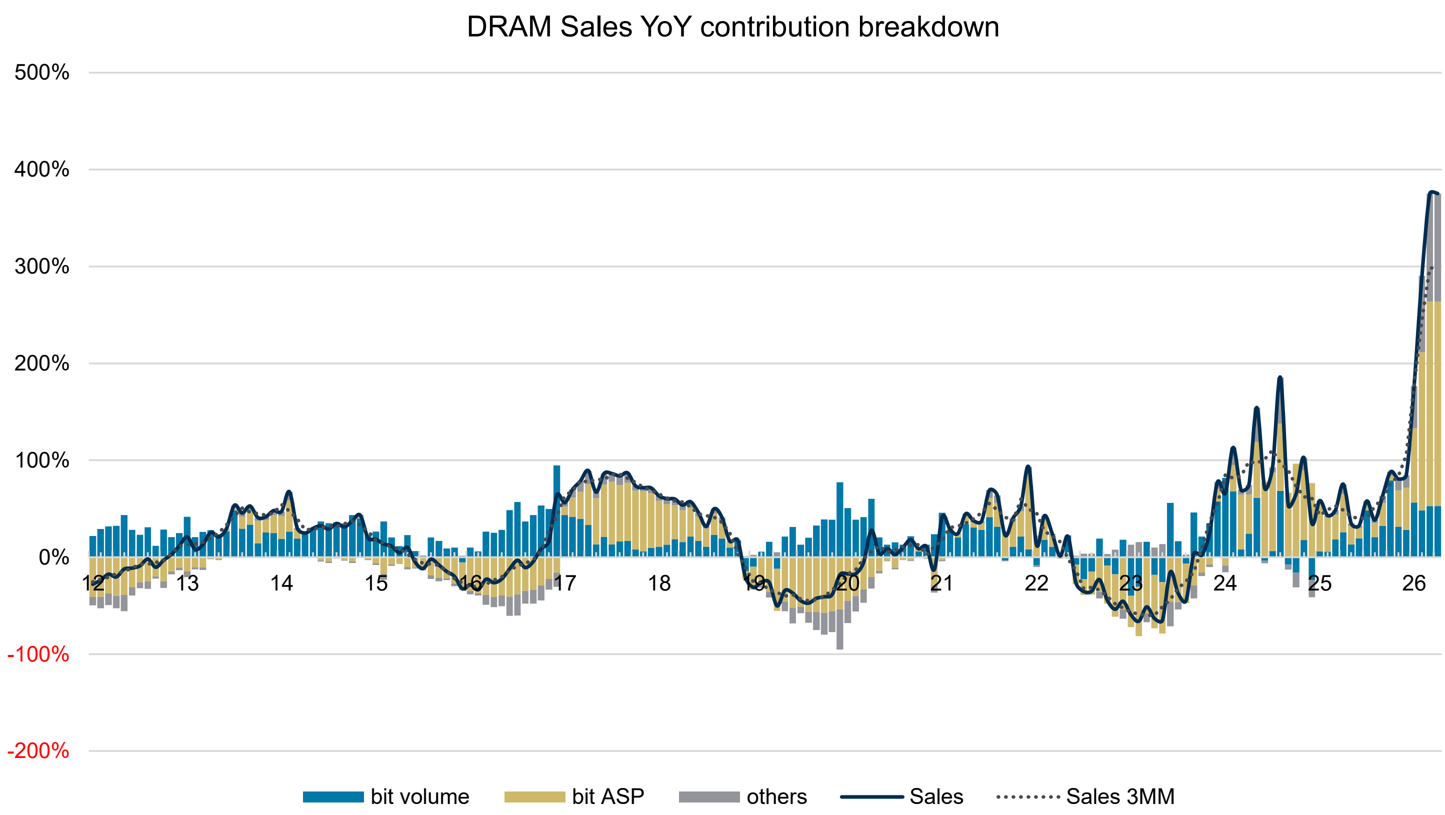
Memory price trends





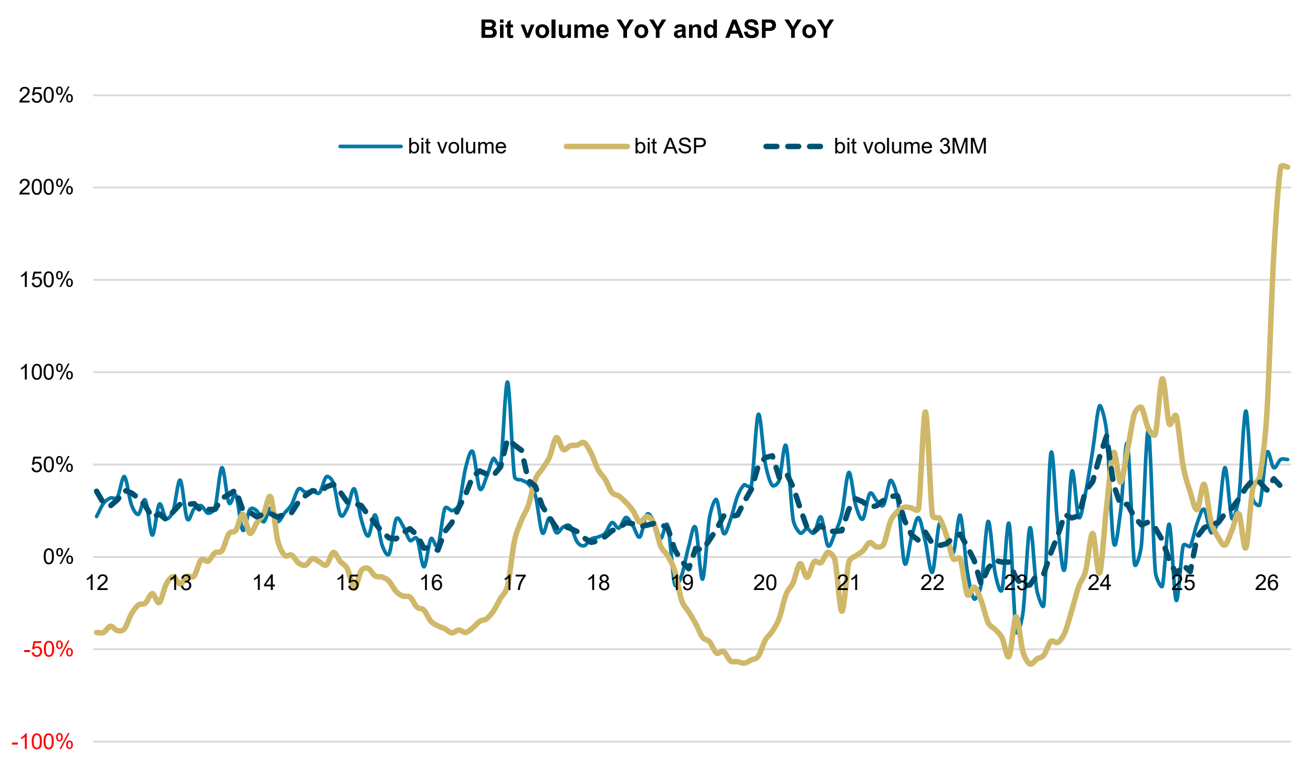
Source: FactSet, Morgan Stanley Research

DRAM YoY growth



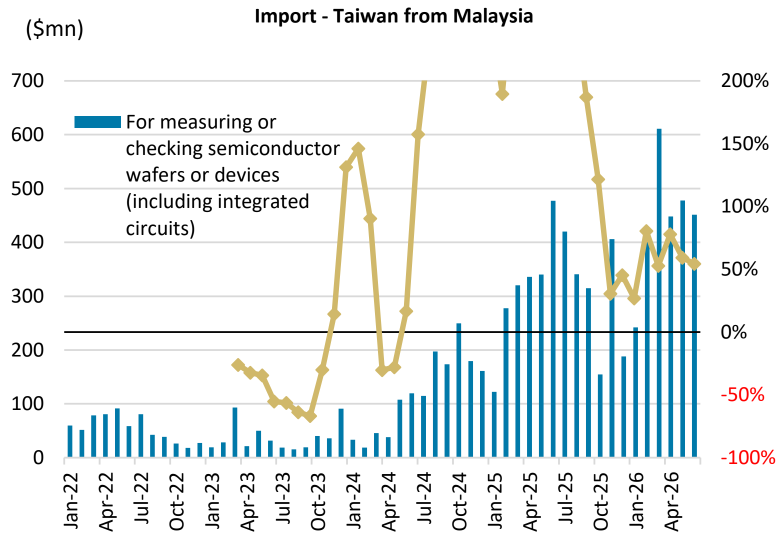
Source: WSTS, Morgan Stanley Research

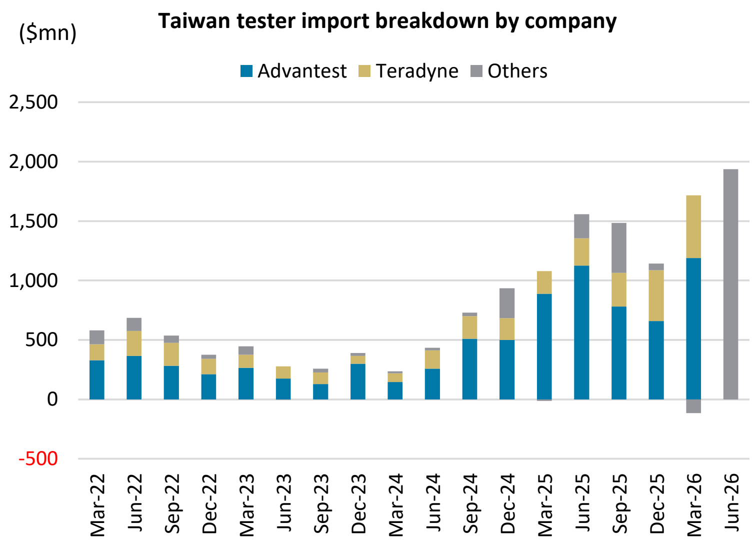
DRAM bit shipment and ASP YoY growth



Source: WSTS, Morgan Stanley Research

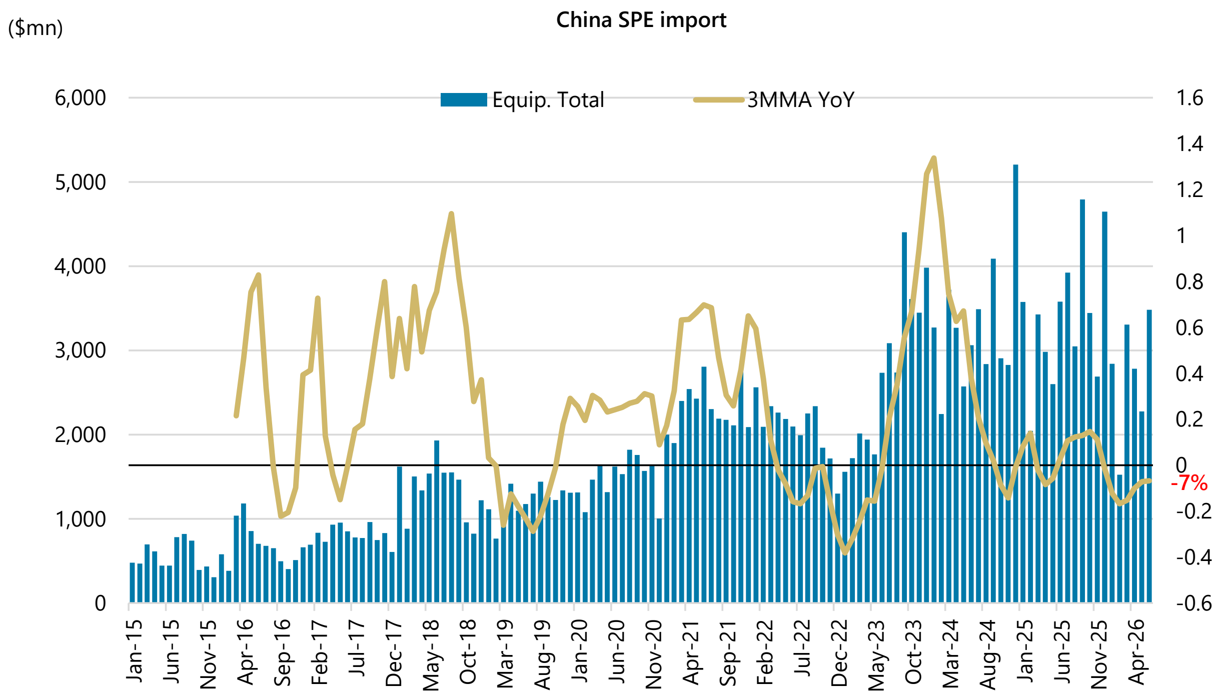
Taiwan test-related equipment imports from Malaysia





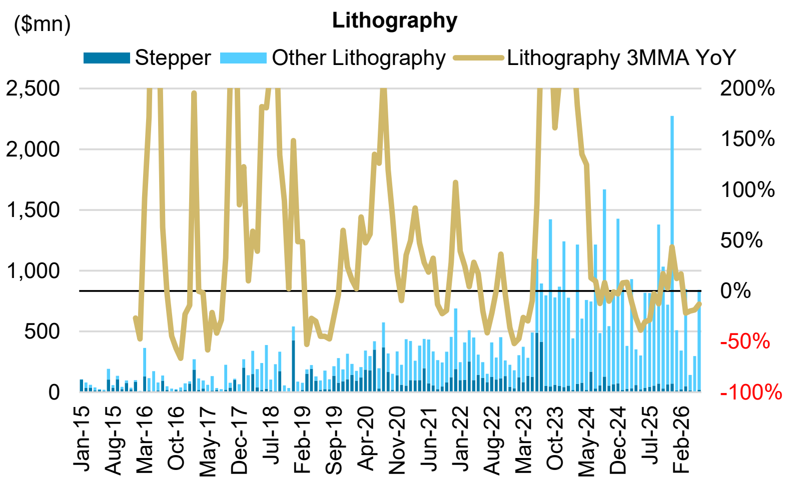
Source: Ministry of Economic Affairs, R.O.C., Morgan Stanley Research

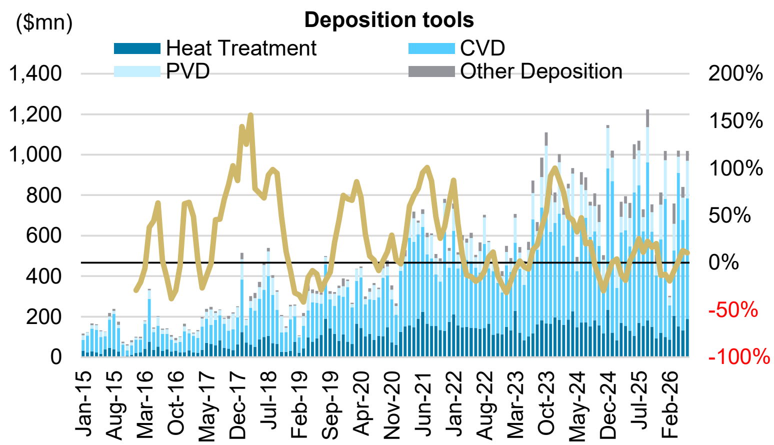
China monthly SPE import data: Jun -7% YoY, 3MMA

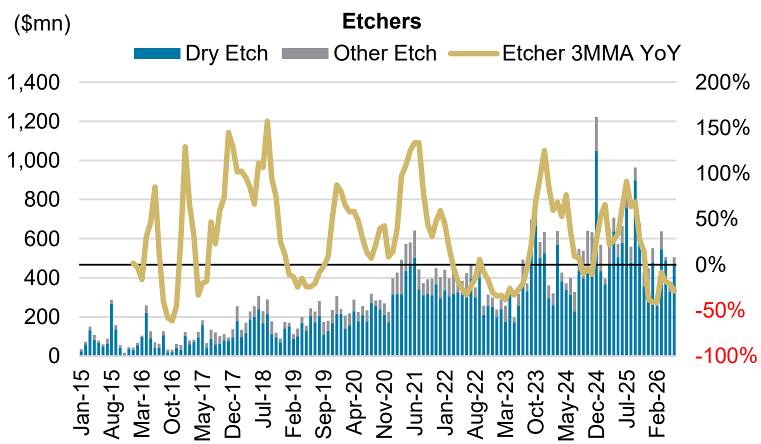


Note: Data excludes handling equipment and components
Source: General Administration of Customs of the People's Republic of China, Morgan Stanley Research

China monthly SPE import data

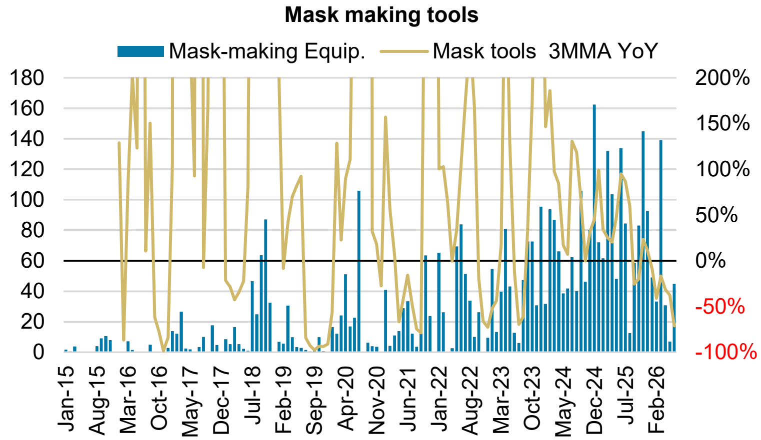


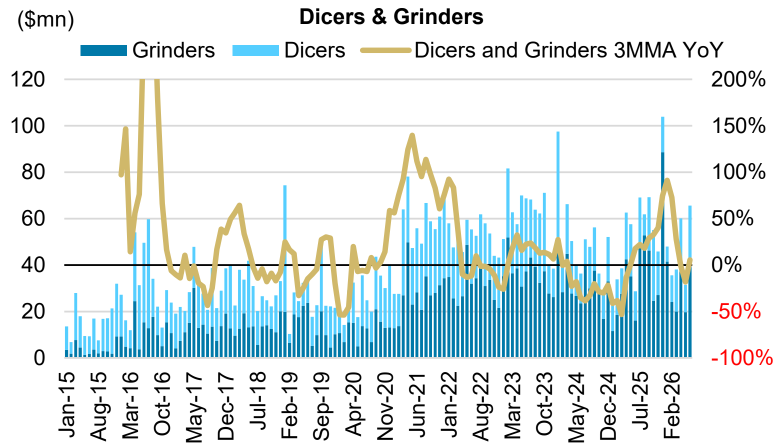


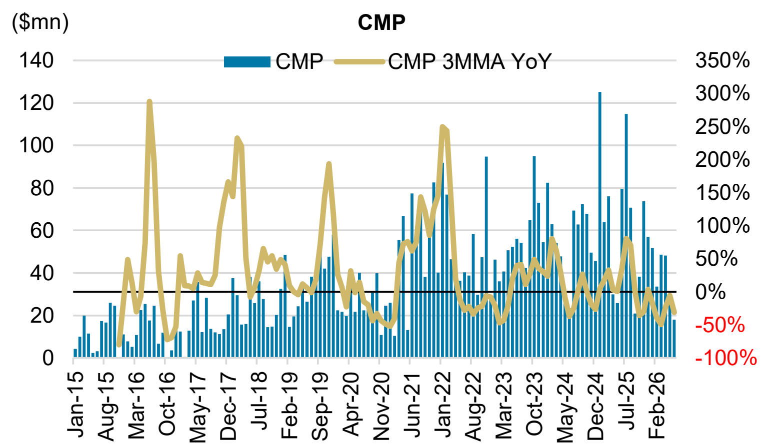


Source: General Administration of Customs of the People's Republic of China, Morgan Stanley Research

China monthly SPE import data

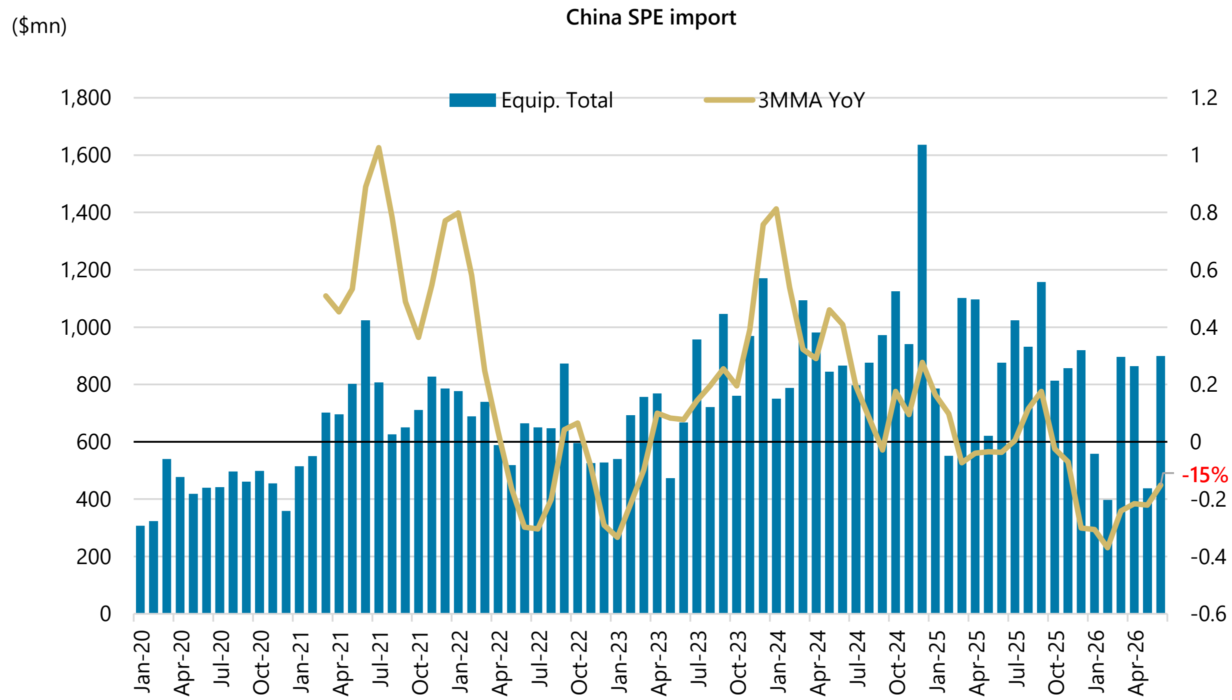






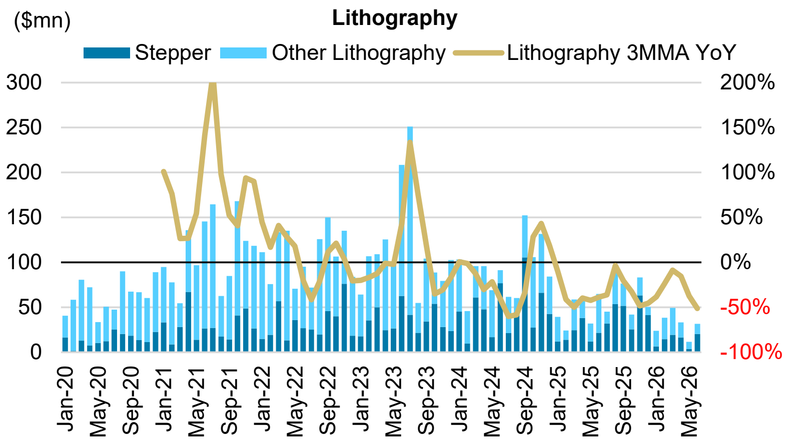
Source: General Administration of Customs of the People's Republic of China, Morgan Stanley Research

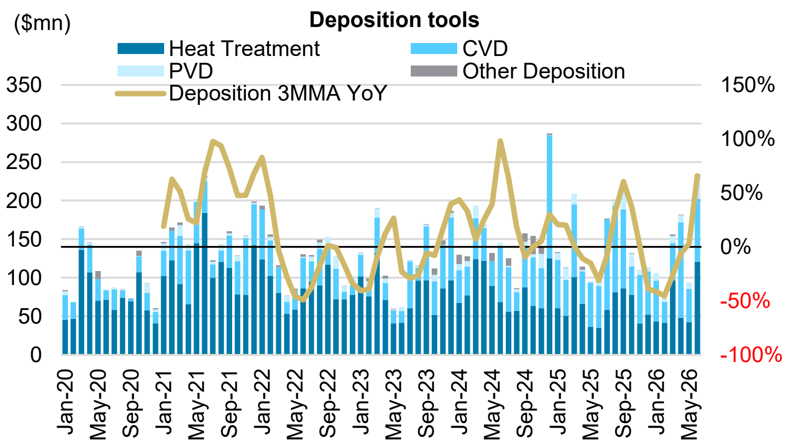
China monthly SPE imports from Japan: Jun -15% YoY, 3MMA

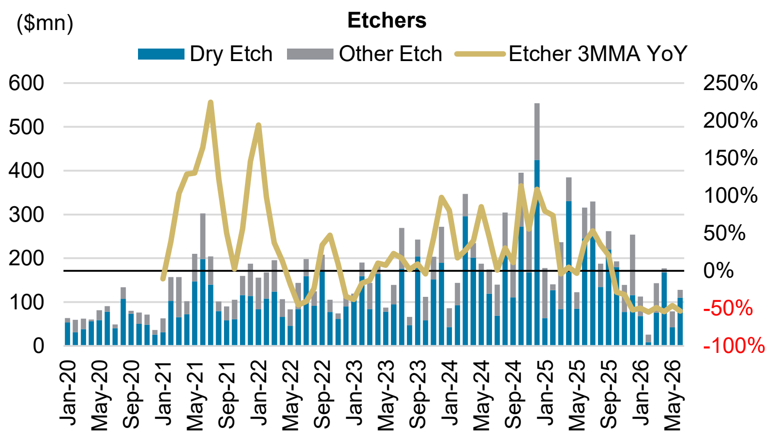


Note: Data excludes handling equipment and components
Source: General Administration of Customs of the People's Republic of China, Morgan Stanley Research

China monthly SPE imports from Japan

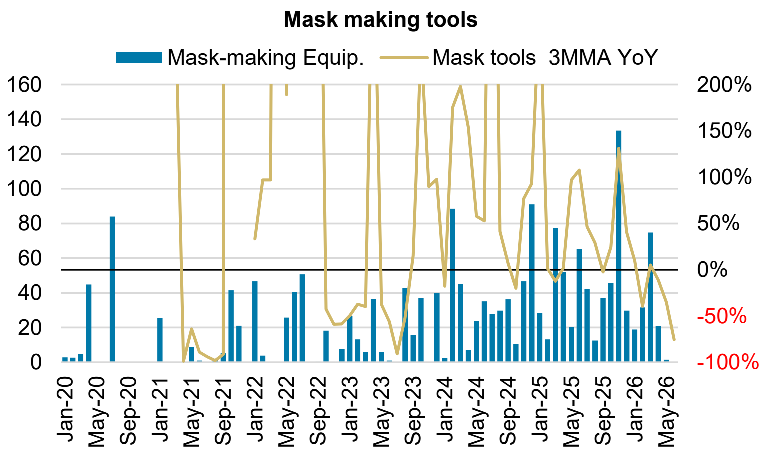


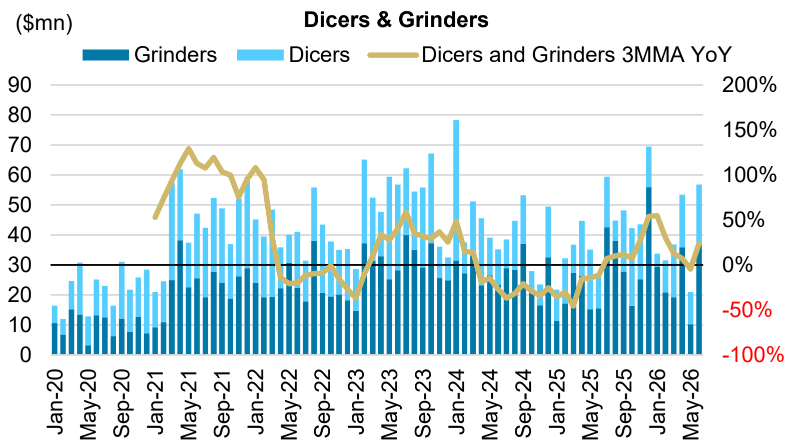


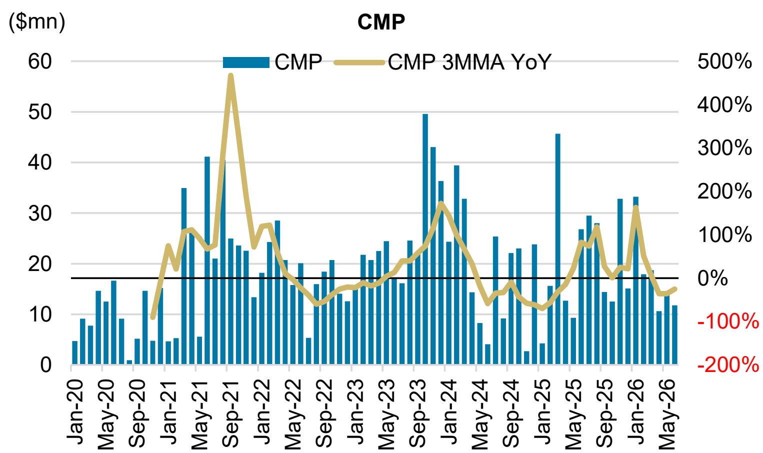


Source: General Administration of Customs of the People's Republic of China, Morgan Stanley Research

China monthly SPE imports from Japan







Source: General Administration of Customs of the People's Republic of China, Morgan Stanley Research

Disclosure Section

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Global Stock Ratings Distribution

(as of June 30, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Semiconductor Production Equipment

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/23/2026)
Suzune Tamura, CFA		
Advantest (6857.T)	O (01/17/2024)	¥30,800
DISCO (6146.T)	O (07/07/2023)	¥69,410
Ebara (6361.T)	O (12/04/2024)	¥5,752
JEOL (6951.T)	E (07/08/2025)	¥8,229
KOKUSAI ELECTRIC (6525.T)	O (12/19/2025)	¥9,108
Lasertec (6920.T)	U (07/28/2025)	¥45,130
Nikon (7731.T)	U (08/08/2023)	¥2,222
SCREEN Holdings (7735.T)	O (11/13/2025)	¥16,650

Tekscend Photomask (429A.T)	E (11/18/2025)	¥4,285
Tokyo Electron (8035.T)	O (12/19/2025)	¥65,950
Ulvac (6728.T)	E (01/17/2024)	¥9,986
Ushio (6925.T)	O (01/05/2026)	¥4,234

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