

JP/EU Semi Equipment

JP/EU Semi Equipment: Early signs of price hikes emerging



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Semi equipment can potentially outperform again. Semi equipment companies have been underperforming commodity tech (memory, analog, wafer, substrate, etc.) recently as the latter has a price hike theme. However, we believe this is changing as 1. Commodity tech rally inevitably leads to high capex and capacity expansion and hence equipment, 2. Equipment companies can raise prices too, especially with high demand or capacity constraint.

Signs of a price hike are emerging. The Japanese equipment makers are mostly pricing in yen, which has depreciated ~30% against USD in the past 3 years. They are in a good position to adjust prices against that backdrop. The willingness to do so has been lacking, but recently comments from Tokyo Electron and Screen suggests a potential change in strategy. Separately, news suggest that such negotiations are already underway, with [SK Hynix getting requests of a 3-4% price hike](#).

Tokyo Electron aims at better pricing to lift GM to 50%+. The company has made margin improvement a top priority, seeing three steps in adjusting prices: In the near term, they get a lot of expedition requests from customers, and can charge a higher price for such requests (which historically they have not). Subsequently, they can negotiate with customers on price adjustments for surcharges such as inflation, material, and labor cost increases. Subsequently, when they release new models, they can negotiate for higher prices with better technology, additional functions, new material, etc. Through these measures, they expect to lift GM to 50%+, and OPM to closer to 35% target. The street consensus currently is 48% GM and 30% OPM even in FY29/3, so if TEL can achieve that, it would present a significant upside. TEL has sufficient and flexible supply chain management to meet the rising demand or expedition requests.

Screen is also looking to materialize more price / margin upside. Similar to TEL, Screen's price adjustment is done in two stages. First they negotiate with customers for inflation related price increase, which has already been accepted. Following that, they are discussing price increases for additional value added from new models introductions. Through these measures, they expect to target 30% OPM (consensus 27% in FY28/3) in the long run.

We expect Kokusai to follow suit, as it also prices in yen like TEL and Screen. On the other hand, **DISCO/Lasertec/Advantest price in mixed USD & JPY and already have seen significant margin expansions**, so additional price hike benefits should be milder. This also means potentially Japan front end equipment names can outperform backend in the near term.

ASML / Besi would benefit most from product upgrades, especially for ASML with 60% price upside with new EUV ([ASML: LNA EUV ASP seeing 60% upside? Outperform](#)) which would send its EUV GM to well above 60%, based on our estimates. But that doesn't mean ASML can't or shouldn't raise prices or charge higher premium for faster delivery, especially given the current tight supply, as [been reported before](#).

BERNSTEIN TICKER TABLE

Ticker	Rating	12 Jun 2026		Price Target	TTM Rel. Perf.	Reported EPS			Reported P/E (x)			
		Cur	Closing Price			Cur	2025A	2026E	2027E	2025A	2026E	2027E
8035.JP (Tokyo Electron)	O	JPY	68,000	59,200	141.9%	JPY	1,250.88	1,504.14	1,848.77	54.4	45.2	36.8
7735.JP (Screen)	M	JPY	13,945	12,600	130.1%	JPY	486.61	572.60	662.24	28.7	24.4	21.1
6525.JP (Kokusai)	O	JPY	8,875.00	8,240.00	142.4%	JPY	128.63	200.23	274.61	69.0	44.3	32.3
ASML (ASML)	O	USD	1,863.55	1,971.00	114.1%	USD	27.95	36.96	53.13	57.6	43.6	30.3
ASML.NA (ASML)	O	EUR	1,629.60	1,700.00	124.6%	EUR	24.72	32.69	46.98	65.9	49.8	34.7
6920.JP (Lasertec)	O	JPY	44,000	50,000	157.6%	JPY	937.82	893.18	976.61	46.9	49.3	45.1
BESI.NA (Besi)	O	EUR	317.00	280.00	142.0%	EUR	1.66	3.34	5.84	191.0	94.8	54.3
6857.JP (Advantest)	O	JPY	27,325	39,200	177.5%	JPY	534.21	735.65	870.09	51.1	37.1	31.4
6146.JP (DISCO)	O	JPY	79,900	85,000	97.3%	JPY	1,246.28	1,733.62	2,127.33	64.1	46.1	37.6
JPL			2,549.03									
SPX			7,431.46									
EDME			1,570.59									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

We rate Tokyo Electron (TP=¥59,200) and Kokusai (TP=¥8,240.00 Outperform, and Screen (TP=¥12,600) Market-Perform.

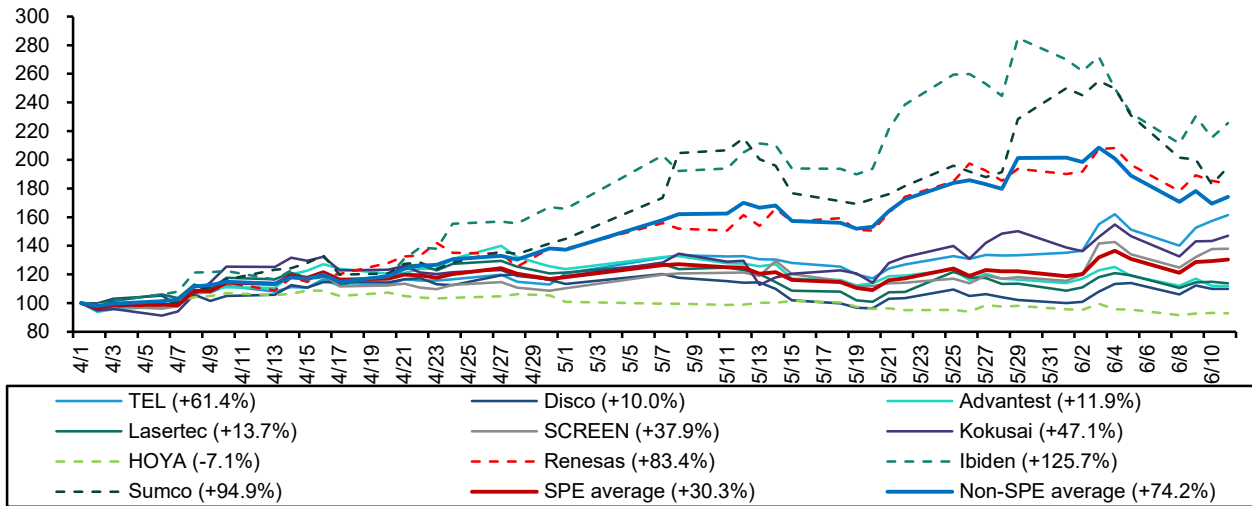
We rate Advantest (TP=¥39,200) and DISCO (TP=¥85,000) and Lasertec (TP=¥50,000) Outperform.

We rate ASML (PT=€1,700.00) Besi (PT=€280.00) Outperform.

DETAILS

EXHIBIT 1: Over the last 2 months, SPEs have significantly underperformed analog (Renesas) and commodity (Ibiden / Sumco).

C2Q26 to date: Share price performance (indexed to 100)



Source: Bloomberg, Bernstein analysis.

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