

Q2 FY2026 Earnings Briefing Q&A

■ Questions

- Q1 You revised the outlook for the CY2026 WFE* market three months ago. What is your latest outlook for the CY2026 WFE market and the growth rates by application?
- Q2 Regarding CY2026 WFE market growth, what is your outlook considering the situation of WFE investment in China? Do you have concerns about additional export restrictions to China?
- Q3 Is there a possibility that the proportion of TEL's net sales to China will return to around 20% of total sales in the future?
- Q4 On page 14 of the earnings presentation, you mentioned that sales of bonders/laser-related equipment are expected to exceed 500 billion yen cumulatively over five years through 2030, implying annual sales will eventually surpass 100 billion yen. What will drive this growth?
- Q5 On page 14 of the earnings presentation, you mentioned that you expect proper sales for AI and HPC applications to grow at a CAGR of over 15% from CY2025 to CY2030. Will this growth be driven more by market expansion or by TEL's share gains?
- Q6 Field Solutions sales exceeded 160 billion yen in Q2 FY2026. Is this increase temporary due to a higher level of modifications driven by technology transition investments compared to capacity expansion investments? Will sales decline if the WFE market expands, or is this 160 billion yen a new baseline for Field Solutions sales?
- Q7 The latest FY2026 full-year guidance for profit margin has not changed significantly since the downward revision announced on July 31. Given the downturn, I expected this to be a good opportunity to work on cost control. Is it difficult to implement major cost reductions?
- Q8 With semiconductor chip market conditions improving considerably, how do you view the feasibility of achieving the 3 trillion yen net sales target in the Medium-term Management Plan, which ends in FY2027?

■ Q&A

Q1 You revised the outlook for the CY2026 WFE* market three months ago. What is your latest outlook for the CY2026 WFE market and the growth rates by application?

A1 Although we are currently reviewing the details, we expect the market to reach a record high. Demand for leading-edge AI servers remains very strong, with DRAM expected to grow in double digits. We are closely monitoring customers' production plans and anticipate that investment will accelerate in H2 CY2026 as additional fab capacity becomes available. NAND demand is rising for data center nearline storage, but PC and smartphone-related demand for NAND remains weak. Should demand recover, it would lead to capacity expansion investments; however, we have yet to see signs of this. Nonetheless, the growth potential for memory demand remains high. When PC and smartphone demand rebounds, both DRAM and NAND could enter a supercycle characterized by continuous supply-demand tightness. For non-memory, investment in mature nodes is expected to remain mostly flat, while investment in leading-edge logic/foundry, centered on AI servers, is expected to increase.

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Q2 Regarding CY2026 WFE market growth, what is your outlook considering the situation of WFE investment in China? Do you have concerns about additional export restrictions to China?

A2 We have high expectations for WFE investment outside China. In China, we believe a certain level of investment will continue, mainly for general-purpose devices, but we have no information suggesting larger-scale investment at this time. Currently, no additional export restrictions affecting TEL's performance have been imposed. We will continue to respond appropriately in line with the Japanese government's policies.

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Q3 Is there a possibility that the proportion of TEL's net sales to China will return to around 20% of total sales in the future?

A3 As sales of our high value-added equipment for leading-edge semiconductors increase, the proportion of sales to China is expected to decrease. It is conceivable that the ratio could fall below 30% in the future.

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Q4 On page 14 of the earnings presentation, you mentioned that sales of bonders/laser-related equipment are expected to exceed 500 billion yen cumulatively over five years through 2030, implying annual sales will eventually surpass 100 billion yen. What will drive this growth?

A4 Demand is very strong across all applications, including leading-edge logic, DRAM, and NAND. The key drivers for TEL's rapid sales growth will be expansion of applications adopting these tools, growth of the relevant markets, and TEL's market share gains.

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Q5 On page 14 of the earnings presentation, you mentioned that you expect prober sales for AI and HPC applications to grow at a CAGR of over 15% from CY2025 to CY2030. Will this growth be driven more by market expansion or by TEL's share gains?

A5 TEL holds a very high share in leading-edge logic probers. Among these, the frequency and duration of tests are gradually increasing for AI and HPC probes. Additionally, new test methods such as die prober are expected to be introduced. Therefore, with the expansion of AI server demand, sales growth exceeding a CAGR of 15% is anticipated.

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Q6 Field Solutions sales exceeded 160 billion yen in Q2 FY2026. Is this increase temporary due to a higher level of modifications driven by technology transition investments compared to capacity expansion investments? Will sales decline if the WFE market expands, or is this 160 billion yen a new baseline for Field Solutions sales?

A6 Field Solutions sales, mainly parts and services, grow as semiconductor chip manufacturers' fab utilization rates increase. Providing services and technologies that can improve customer yield is very important. There is also significant demand for equipment upgrades and modifications. As the installed base increases, business opportunities for Field Solutions will continue to expand.

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Q7 The latest FY2026 full-year guidance for profit margin has not changed significantly since the downward revision announced on July 31. Given the downturn, I expected this to be a good opportunity to work on cost control. Is it difficult to implement major cost reductions?

A7 Considering the forecasted expansion of the semiconductor chip market, which could reach 1 trillion dollars by CY2030, we want to ensure growth not only in the short term but also over the medium to long term. The strategic growth investment announced in February 2024 has prepared us for significant growth. We intend to utilize the full potential of our assets to meet expected customer demand. In the short term, we have some downward flexibility through performance-linked compensation, and we aim to improve efficiency by promoting digital transformation using AI and robotics. We will pursue world-class profitability while securing dynamic capabilities.

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- Q8 With semiconductor chip market conditions improving considerably, how do you view the feasibility of achieving the 3 trillion yen net sales target in the Medium-term Management Plan, which ends in FY2027?
- A8 Since announcing the Medium-term Management Plan, TEL has steadily built earning power by creating and delivering high value-added leading-edge equipment. Opportunities for TEL to provide technology to leading-edge areas will continue to increase. Although the semiconductor chip market currently faces macroeconomic and geopolitical challenges, demand related to AI servers is offsetting these factors. When the WFE market reaches the expected scale, we believe we can approach the medium-term plan's net sales target. We will continue to monitor various factors and pursue this goal.

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* WFE (Wafer Fab Equipment): The semiconductor production process is divided into front-end production, in which circuits are formed on wafers and inspected, and back-end production, in which wafers are cut into chips, assembled and inspected again. WFE refers to the production equipment used in front-end production and in wafer-level packaging production.

FY202x refers to the financial year ending in March 202x.

The content above is a summary of the Q&A session.

An audio recording synchronized with the slides is available [here](#).