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Technology - European Semiconductors | Europe

# Global Technology Webcast - Chipflation

Join technology analysts Shawn Kim, Lee Simpson, Howard Kao and Shane Brett at 1pm BST/8am EST 9th June to discuss “Chipflation” and navigating a memory crisis as well as recent developments and stock opportunities post Computex. Register [here](#).

MORGAN STANLEY &amp; CO. INTERNATIONAL PLC+

**Shawn Kim**

Equity Analyst

Shawn.Kim@morganstanley.com

+44 20 7677-1018

**Lee Simpson**

Equity Analyst

Lee.Simpson@morganstanley.com

+44 20 7425-3378

MORGAN STANLEY TAIWAN LIMITED+

**Howard Kao**

Equity Analyst

Howard.Kao@morganstanley.com

+886 2 2730-2989

MORGAN STANLEY &amp; CO. LLC

**Shane Brett**

Equity Analyst

Shane.Brett@morganstanley.com

+1 212 761-1022

**TECHNOLOGY - EUROPEAN SEMICONDUCTORS****Europe**

Industry View

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## OVERVIEW

**Global Technology Webcast****Chipflation – Navigating a Memory Crisis and AI Supply Chain Computex Takeaways****MORGAN STANLEY RESEARCH  
Europe**

Morgan Stanley & Co. International plc +  
**Shawn Kim**  
 Equity Analyst  
[Shawn.Kim@morganstanley.com](mailto:Shawn.Kim@morganstanley.com)  
 +44 20 7677-1018

**Lee Simpson**  
 Equity analyst  
[lee.simpson@morganstanley.com](mailto:lee.simpson@morganstanley.com)  
 +44 20 7425 3378

Morgan Stanley Taiwan Limited+  
**Howard Kao**  
 Equity Analyst  
[Howard.Kao@morganstanley.com](mailto:Howard.Kao@morganstanley.com)  
 +886 2 2730 2989

Morgan Stanley & Co. LLC  
**Shane Brett**  
 Equity Analyst  
[Shane.Brett@morganstanley.com](mailto:Shane.Brett@morganstanley.com)  
 +1 212 761 1022

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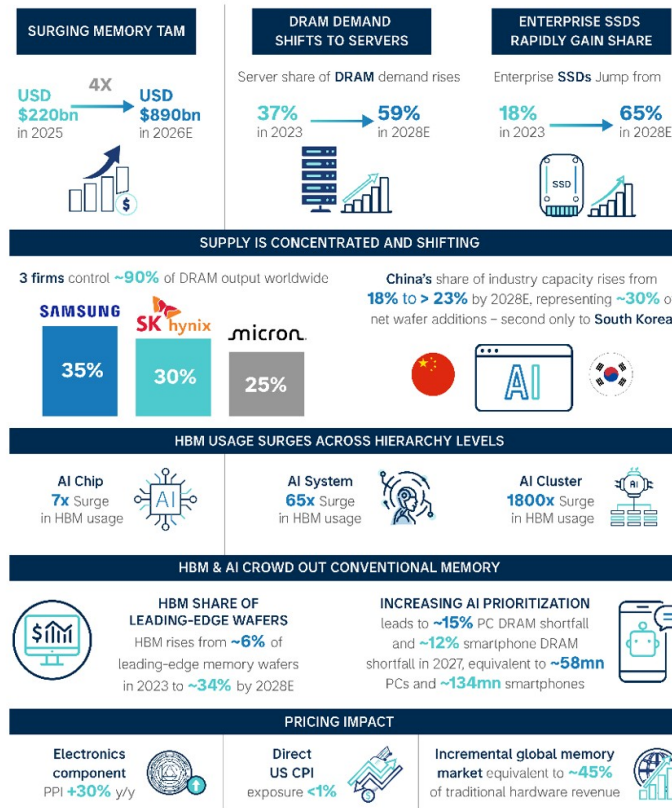
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**Shawn Kim**

Head of Asia and Europe Technology Research

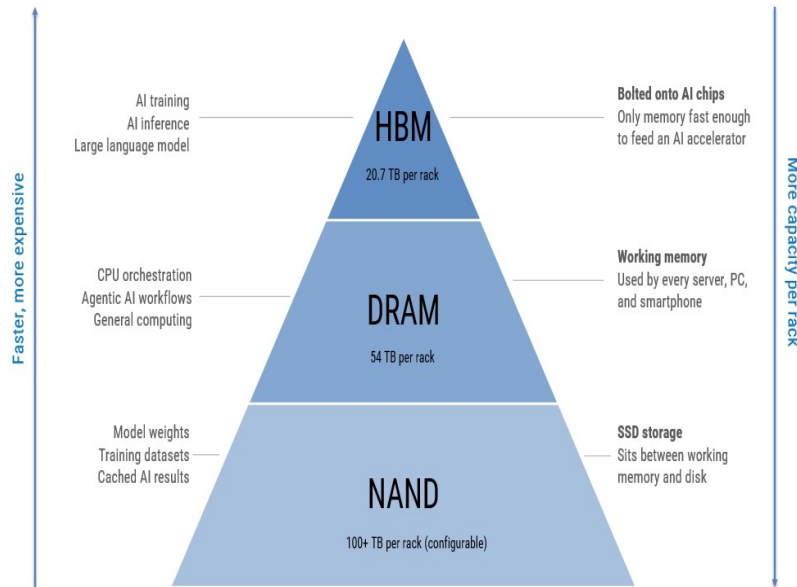
## Chipflation – The Story in Numbers



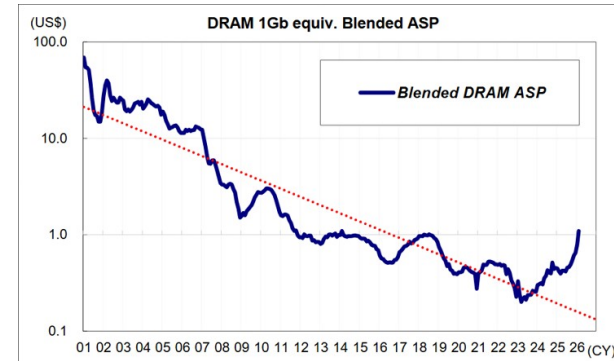
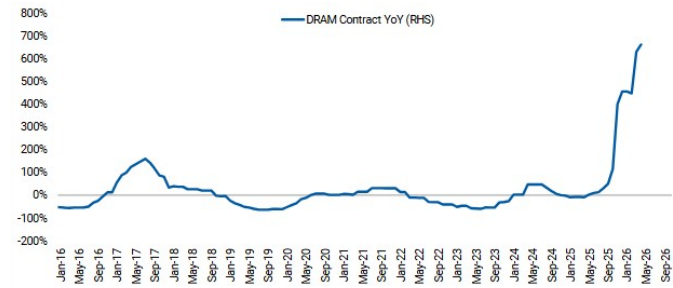
Source: TrendForce projections, Morgan Stanley Research estimate

## AI is turning memory into a structural bottleneck

- AI servers are becoming memory systems



- Prices for memory have risen more than 6-fold over the last year

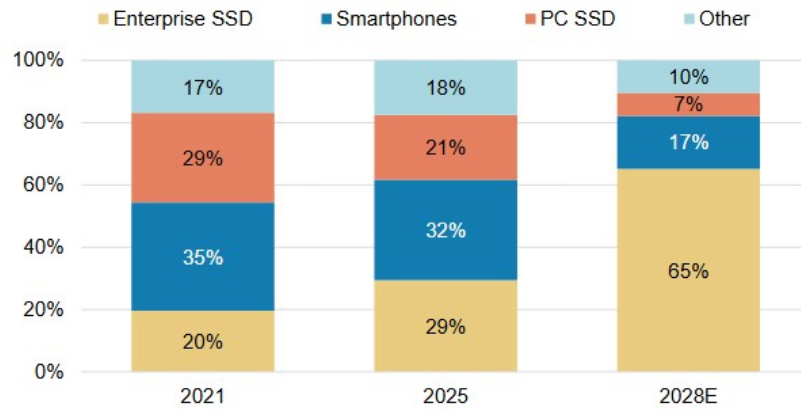


Source: WSTS, TrendForce, Morgan Stanley Research

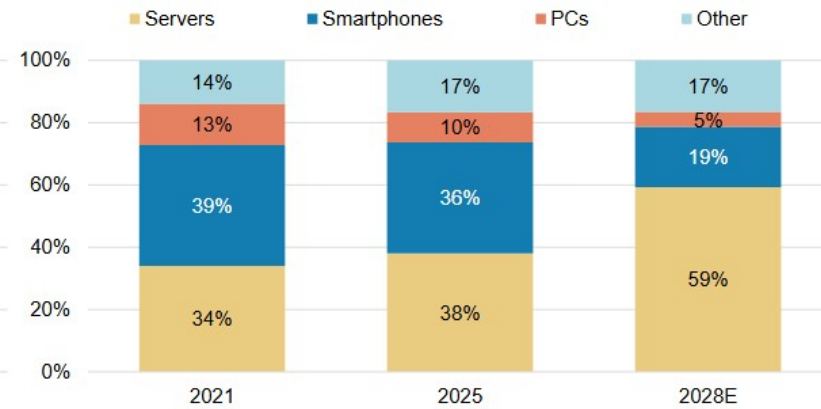
## Demand is shifting from consumer electronics to AI/server infrastructure

- Memory demand is overwhelmingly shifting towards data center technologies and away from more consumer-facing Smartphone and PC markets

NAND Bit Demand Mix



DRAM Bit Demand Mix



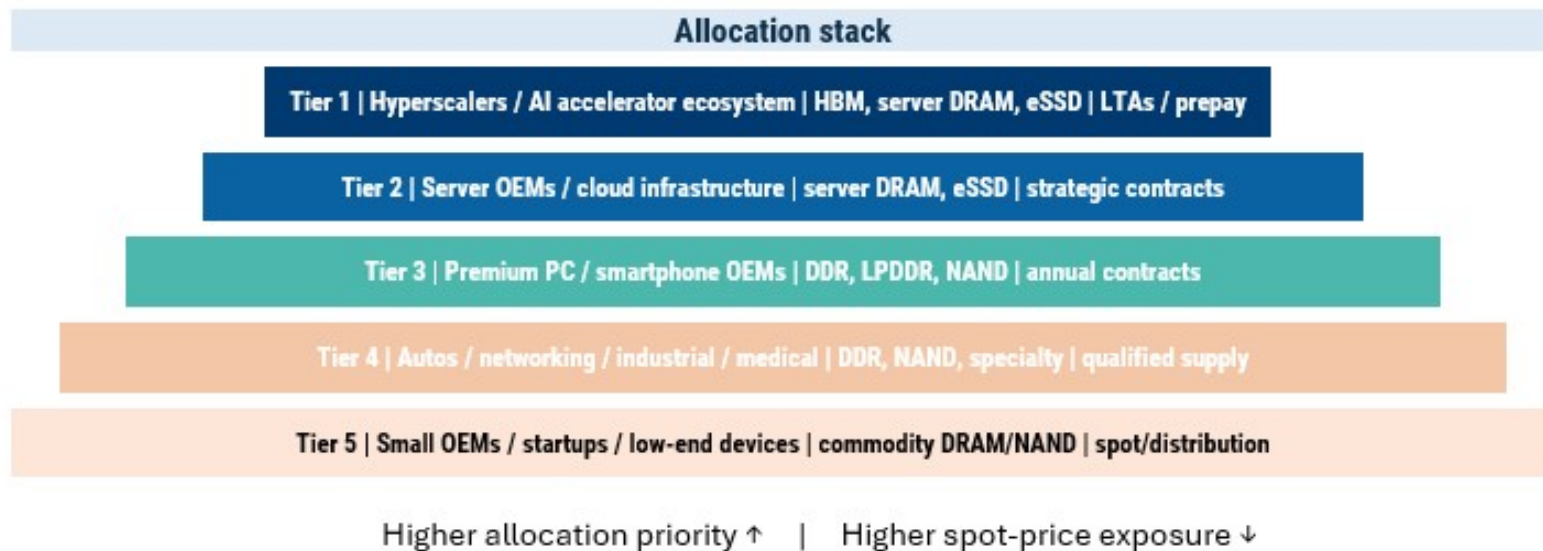
Source: TrendForce projections, Morgan Stanley Research

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Technology - Semiconductors  
June, 2026

## There is a clear divide between memory suppliers and customers

- Buyer Hierarchy: Large cloud buyers can secure supply and capitalize higher costs, while non-AI buyers face higher COGS and weaker allocation, price increases, spec cuts and delayed launches

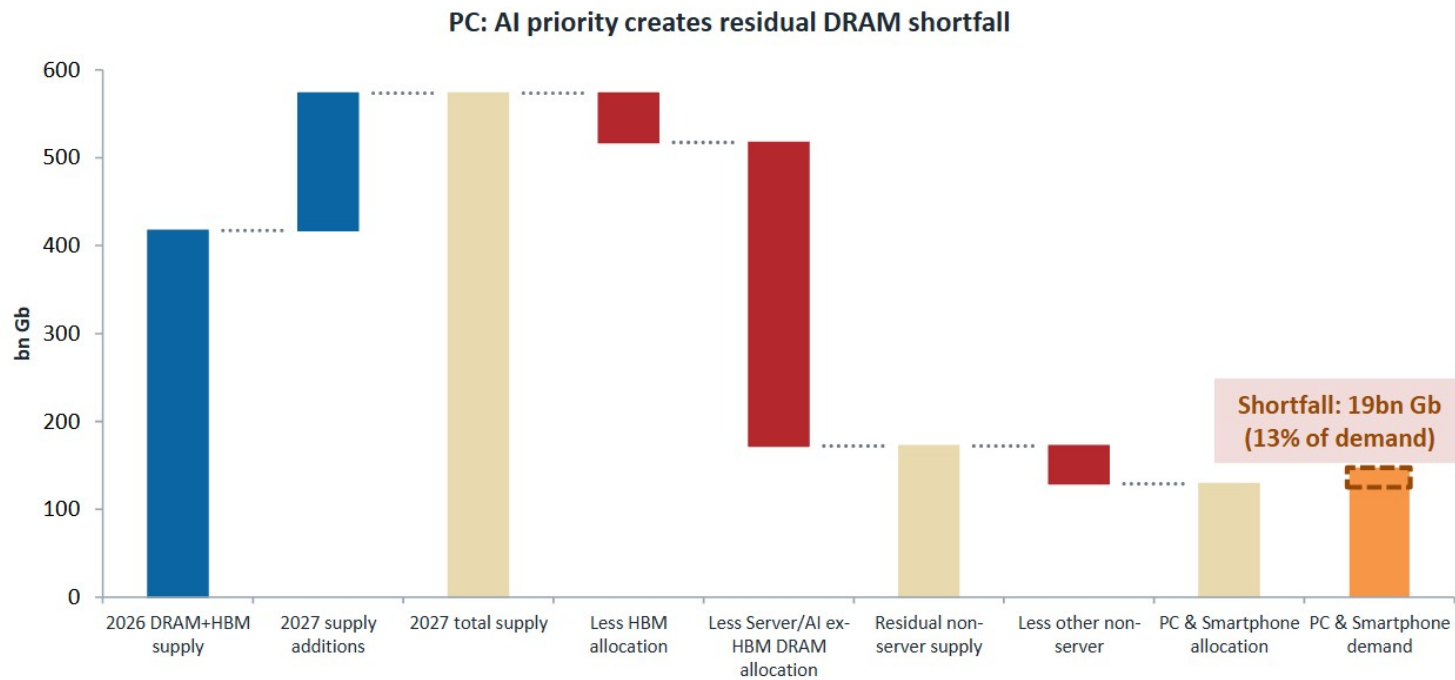


Source: Morgan Stanley Research

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## AI prioritization turns 2027 supply growth into a consumer memory shortfall

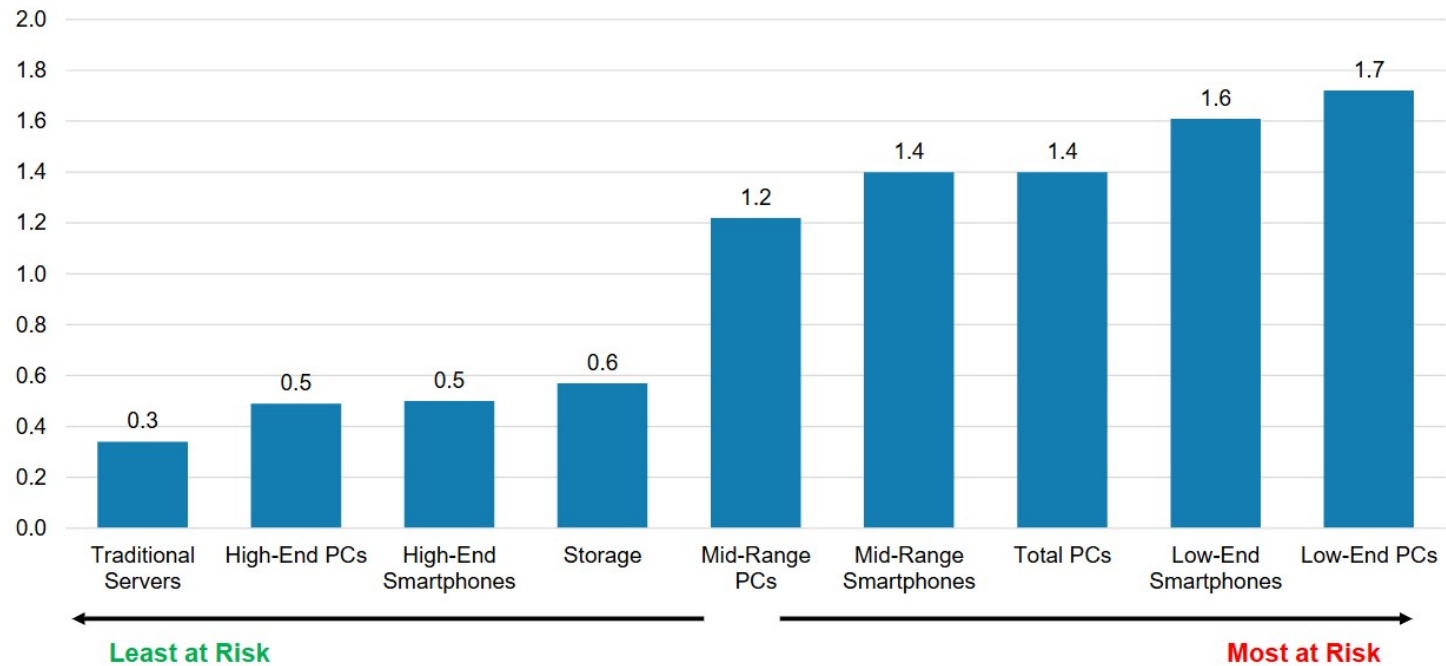
- Our memory sufficiency framework suggests PC and smartphone in aggregate could see 13% memory shortfall



Source: Morgan Stanley Research estimates

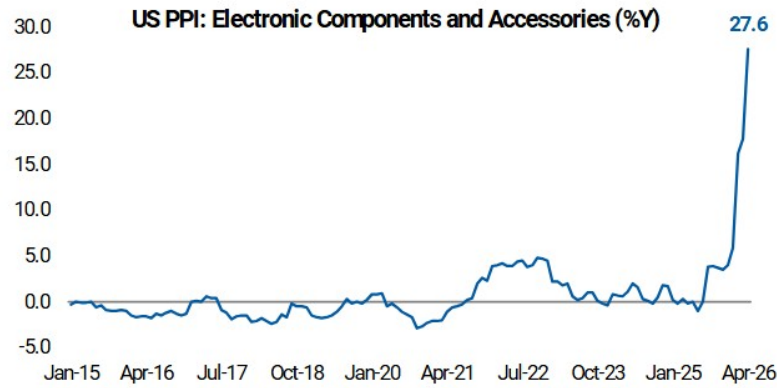
**Low-end smartphones and PCs are more exposed to demand destruction**

**Demand Elasticity by Hardware Product**



Source: IDC, Company data, AlphaWise, Morgan Stanley Research estimates. Demand elasticity takes the absolute value. PC data goes back to 1995, for storage it starts in 2008, servers in 2003 and smartphones in 2007.

### Chipflation is translating into higher producer price inflation



CPI component	Memory costs effect on CPI in 2026 (pp)	CPI weight
PCs	15	0.30%
Smartphones	15	0.20%
TVs	10	0.10%
Cars	0	3.80%
Major household appliances	5	0.06%
Game consoles	125	0.01%
<b>Impact on headline CPI: PCs and smartphones only</b>	<b>0.08</b>	
<b>Total impact on headline CPI</b>	<b>0.10</b>	

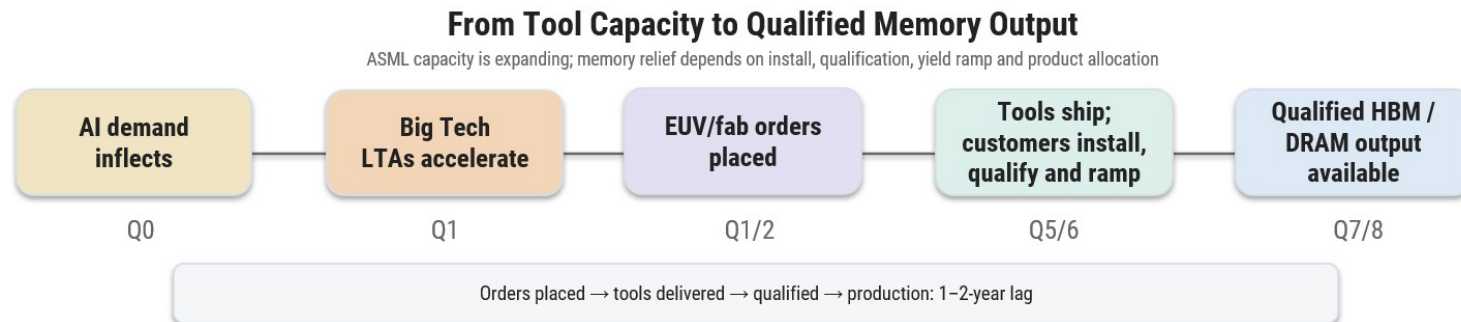
Source: BLS, Morgan Stanley Research forecasts. Note: Smartphones and game consoles weights are estimates.

## Policy could ease pressure, but would take years

- Federal support is possible ...

Memory Category	Policy Objective	Policy Tools
HBM/Advanced DRAM	Protect strategic AI inputs & frontier capabilities; delay adversary access	Maintain de-risking (export controls) strategy; expand supply-side efforts to expand trusted capacity
Commodity/legacy memory	Avoid overly restrictive policy; facilitate trusted supply & alleviate cost pressures	Differentiated licensing regimes; targeted domestic/allied capacity support vis-à-vis supply-side initiatives; procurement for critical sectors

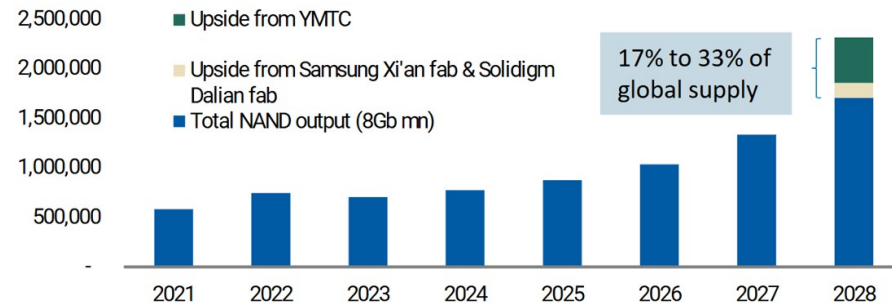
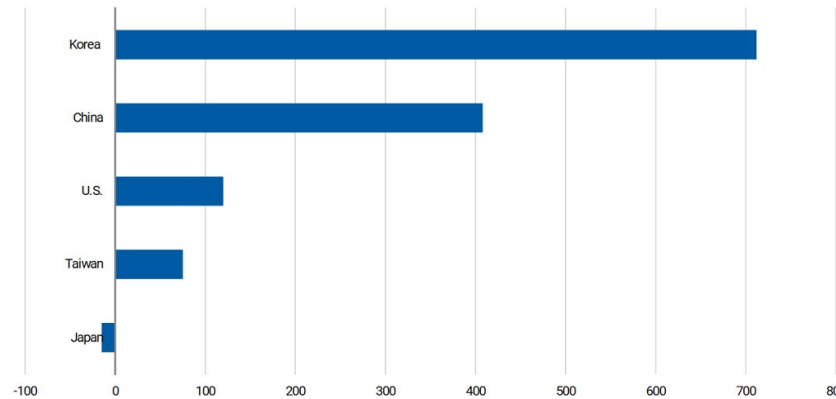
- ... but key constraints exist: procedure, timing & public perception



Source: Morgan Stanley Research estimates

### Could China be the swing factor?

- Mainland China accounts for ~30% of net wafer additions over 2023-28E, second only to South Korea
- However, not all capacity is equally advanced, accessible, or trusted.
- On NAND, the potential uplift is considerable: combining YMTC capacity and yield expansion with potential node migration at Samsung's Xi'an and Solidigm's Dalian facilities, China-based incremental output could reach 17-33% of 2028E global NAND supply.
- This acceleration scenario assumes a meaningful relaxation of US export controls and is not our base case, as we do not assume the EUV ban on exports to China is lifted.
- The key gating factor is not Chinese ambition or investment appetite, but access to leading-edge equipment.



Source: TrendForce (regional capacity projections), Morgan Stanley Research estimates

**Which companies are exposed to the theme?**

Global Exposure Across the Stack ? Names by exposure					
<b>CPU</b> • NVDA • Intel • AMD • Arm	<b>DRAM</b> • Samsung • Hynix • Micron	<b>NAND</b> • Kioxia • SanDisk	<b>HDD</b> • Seagate • WDC • TDK	<b>FOUNDRY</b> • TSMC	<b>IC-design</b> • GUC • Egis
<b>PCB/Substrate/CCL &amp; Materials</b> • SEMCO • Unimicron • NYPCB • Ibiden • Nittobo • MEC			<b>BMC, CPU &amp; Memory interface</b> • Aspeed • Renesas • Montage • WPG • AP Memory		
<b>MLCC &amp; CPU socket</b> • Murata • TDK • Yageo • FIT Hon Teng • Lotes		<b>ODM</b> • Wiwynn • Hon Hai	<b>SPE</b> • ASML • ASMi • AMAT • Besi • KLAC • Tokyo Electron • Ulvac • Wonik		

Source: Morgan Stanley Research

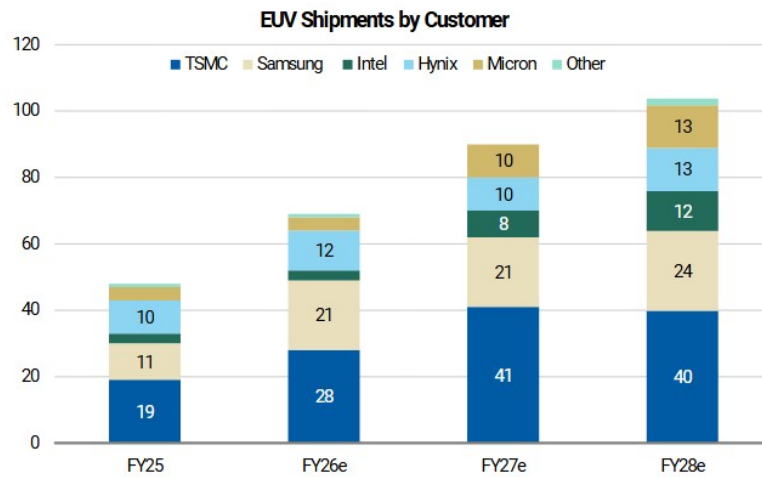
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Lee Simpson

Head of Europe Technology Hardware and Semiconductor Research

## ASML Capacity Concerns are Overdone

We see ASML shipping 90 EUV tools next year and lift our FY28e Shipments to 104



Source: Morgan Stanley Research estimates

Comments from the company at its April AGM give us confidence it can meet demand for c.90 EUV tools next year

Asia	US	Europe
 <p><b>Korea's Hwaseong campus</b> In late 2025, Korea's Hwaseong campus opened its doors, enabling us to collaborate more closely with our key customers and the broader industry ecosystem in South Korea.</p>	 <p><b>Phoenix training center</b> In Q4 2025, we inaugurated our new training center for customer support engineers in Phoenix, Arizona – a significant milestone in our global initiative to provide technical training support to field teams and customers.</p>	 <p><b>Eindhoven BIC campus</b> Preparations of our BIC campus are progressing. We plan to develop the campus in phases and have the first employees move to the new location in Q1 2028. <b>Groundbreaking planned in Q3 2026.</b></p>

Source: ASML April AGM Presentation

Morgan Stanley

Howard Kao

Greater China Technology Hardware Research Analyst

Morgan Stanley

**Shane Brett**

US Semi-Cap Equipment Research Analyst



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Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

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## INDUSTRY COVERAGE: Technology - European Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/08/2026)
<b>Lee Simpson</b>		
ASML Holding NV (ASML.AS)	O (09/22/2025)	€1,514.60
Infineon Technologies AG (IFXGn.DE)	O (02/06/2025)	€78.24
STMicroelectronics NV (STMPA.PA)	O (03/26/2026)	€65.34
<b>Nigel van Putten</b>		
Aixtron SE (AIXGn.DE)	E (05/25/2023)	€56.46
ASM International NV (ASMI.AS)	O (06/19/2024)	€890.00
BE Semiconductor Industries NV (BESI.AS)	O (11/07/2022)	€280.90
Melexis N.V. (MLXS.BR)	E (02/05/2026)	€81.90
Nordic Semiconductor ASA (NOD.OL)	E (02/10/2025)	NKr 193.40
Soitec SA (SOIT.PA)	O (03/26/2026)	€156.45
VAT Group AG (VACN.S)	E (03/21/2025)	SFr 615.80

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\* Historical prices are not split adjusted.