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URGENT: US China Export Controls Impact Assessment

Supply chain and revenue exposure update

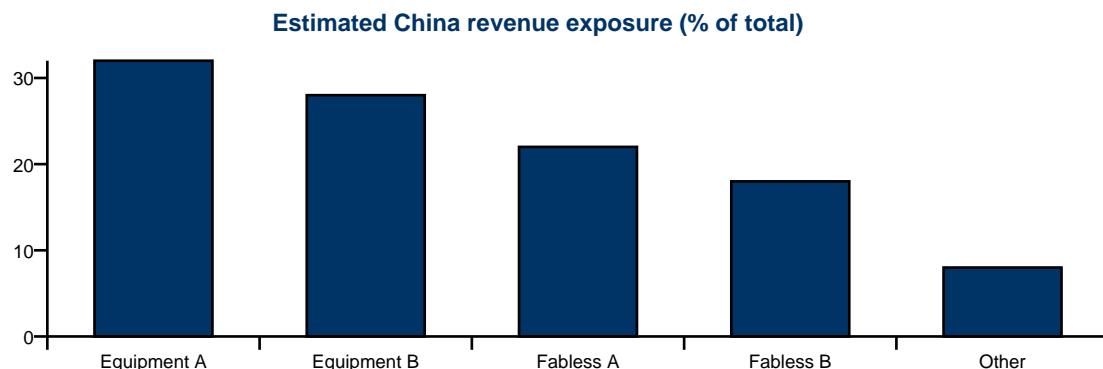
February 11, 2026

Executive Summary

Recent updates to U.S. export controls affecting advanced semiconductors and equipment shipments to China require a reassessment of revenue and supply chain exposure across our coverage universe. This note summarizes the policy changes and our updated impact analysis for key companies and industries. We have revised estimates and price targets where appropriate and flag additional names for monitoring. Compliance and licensing timelines remain fluid; we will update this analysis as the situation evolves.

Policy summary and scope

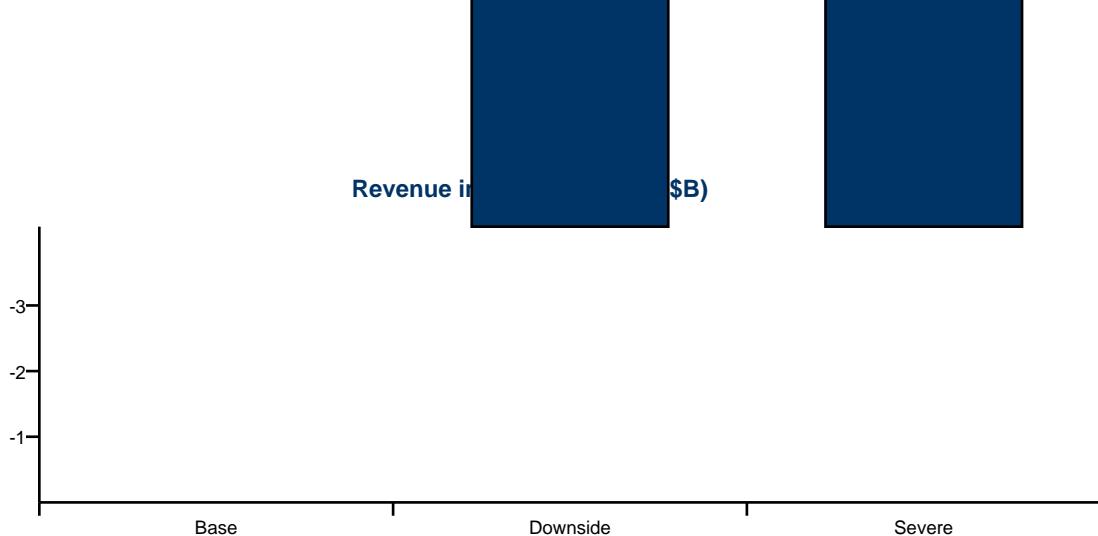
The latest rules extend restrictions on certain GPU and AI accelerator sales and tighten controls on manufacturing equipment and services. We have updated our assumptions for China derived revenue and incorporated downside scenarios for names with material exposure. Compliance and licensing timelines remain fluid. The rules affect both direct sales to China and indirect channels; we discuss the implications for semiconductor equipment, fabless vendors, and select industrials. Our legal and policy teams have provided input on interpretation, but we note that implementation may evolve and that companies are likely to pursue licensing and restructuring where possible.



Source: J.P. Morgan Research. Illustrative coverage names; actual exposure varies.

Sector and name level impact

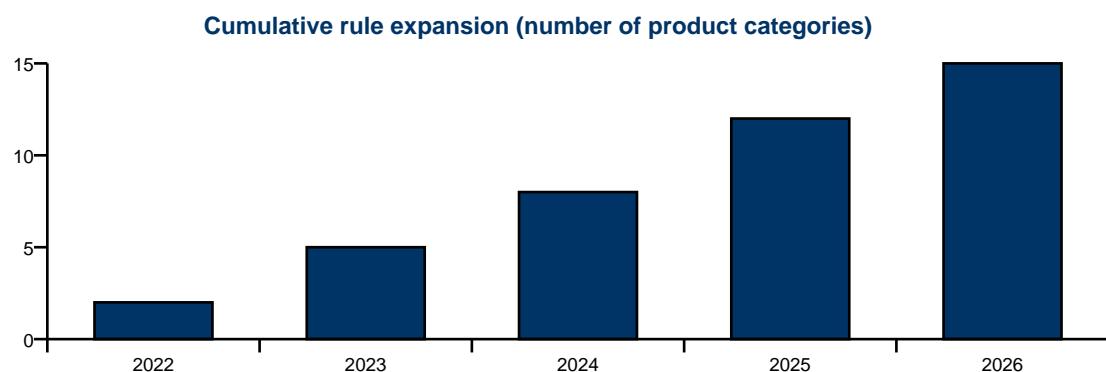
Semiconductor equipment and select fabless vendors face the largest direct revenue impact. We have adjusted estimates and price targets where appropriate and flag additional names for monitoring. Diversification of end markets and geography remains a key differentiator in our ratings framework. We provide a summary table of estimated China revenue exposure for key names and discuss the potential for offset from other regions. We also consider second order effects on supply chains and on companies that supply restricted products or technologies. Our analysis assumes a base case for the scope and timing of enforcement, with sensitivity to stricter or looser implementation.



Source: J.P. Morgan estimates. Aggregate revenue impact for covered universe.

Supply chain and customer implications

Beyond direct revenue, we consider implications for supply chains and for customers that rely on restricted technology. Some customers may accelerate localization or dual sourcing efforts; others may face delays or redesign requirements. We discuss the potential for market share shifts and for longer term repositioning of the industry. We also note that allied and partner countries may adopt similar or complementary controls, which could broaden the impact over time. Our coverage recommendations reflect these dynamics, with a preference for names with lower China exposure or with clear paths to mitigate risk.



Source: J.P. Morgan Research. Illustrative expansion of controlled categories.

Recommendations and next steps

We maintain underweight or neutral ratings on names with high China revenue exposure and limited near term offset. We have reduced price targets where our earnings estimates have been cut. For names with moderate exposure, we emphasize monitoring licensing outcomes and management commentary. We will update this report as new information becomes available and encourage clients to reach out for company specific discussion.

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