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ASML Holding NV (ASML.AS)

Demand momentum continuing, 2026 raised, capacity expanding to drive 2027 upside

CITI'S TAKE

Demand for ASML's tools remains strong, which is evident even without a quoted order number. Management have raised expectations for 2026 revenue by mid-single digits and are expanding capacity for 2027 which equates to a similar increase to consensus revenue. Based on customer demand, orders and forecasts, ASML aim to increase low NA EUV capacity to at least 60 in 2026 (Visible Alpha 59) and at least 80 in 2027 (VA 72); the former is included in the raised guidance, but the latter would result in at least an incremental €2bn in revenue, or total sales >4% above current consensus. Non-EUV capacity is also being expanded to support such demand. WIthin the updated 2026 guidance, ASML have incorporated potential export license control outcomes, but were no more specific. ASML are executing strongly, expanding capacity and pointing to upside to 2027 expectations. We reiterate our Buy rating and €1600 target price.

Buy	
Price (14 Apr 26 16:30)	€1,284.20
Target price	€1,600.00
Expected share price return	24.6%
Expected dividend yield	0.5%
Expected total return	25.1%
Market Cap	€498,459M
	US$587,983M

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1Q26 results ahead — Revenue of €8.77bn, was slightly above consensus (Citi €8.70bn / Visible Alpha consensus €8.69bn) and at the top of the company's guidance of €8.2-8.9bn. Gross margin came in above expectations at 53.0% (Citi 52.3% / VA consensus 52.2%), and at the high end of the gross margin guide, aided by installed based management's higher margins. This was partially offset by slightly higher SG&A and R&D costs resulting in the operating margin to come in at 36.0%, which is ~120 bps ahead of consensus at 34.8%. EPS at €7.15 beat consensus of €6.70 by +7% on higher EBIT.

2Q26 guided weaker — ASML guides for revenue to come in 3% below expectations at €8.70bn (vs consensus at €8.94bn), yet continue to see stronger momentum in advanced logic (shift to 2nm) and memory demand (DDR5 and HBM) together with a strong installed base revenue of €2.5bn. Furthermore, they expect margins between 51-52% which is at midpoint ~-78bps below consensus expectations of 52.3%. This in addition to slightly lower opex leads to an operating margin of ~34.3% which is ~-

ASML Holding NV (EUR)

Year to 31 Dec	2024A	2025A	2026E	2027E	2028E
Sales (€M)	28,262.9	32,667.3	37,880.9	46,370.7	52,266.9
Net Income (€M)	7,571.6	9,609.4	11,669.8	15,858.8	18,828.9
Diluted EPS (€)	19.24	24.72	30.40	41.71	49.92
Diluted EPS (Old) (€)	19.24	24.72	30.40	41.71	49.92
PE (x)	66.7	51.9	42.2	30.8	25.7
EV/EBITDA (x)	49.6	39.6	33.0	24.5	20.2
DPS (€)	6.40	7.50	8.63	9.92	11.41
Net Div Yield (%)	0.5	0.6	0.7	0.8	0.9

60bps below expectations (VA Consensus at 34.9%).

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

2026 guidance raised with stronger demand in non-EUV; capacity expansion into 2027 is the key — Management now guides 2026 to grow to ~€38.0bn at the midpoint of a €36=40bn range, above prior €36.5bn midpoint expectation. This is mainly driven by customers starting to accelerate their capacity additions; ASML had already expected strong EUV demand but are now reacting to a much stronger demand for immersion. This new guide is also accommodating potential outcomes of the export control discussions that are currently ongoing. Beyond 2026, ASML are planning on at least 80 EUV Low NA shipments for 2027, which is comfortably above VA consensus of 72.

Implications — We see a mid-single digit upgrade to 2026/27 revenue consensus as a result of this morning's announcement, particularly driven by management's statements around customer demand and ASML's capacity expansion. If they are willing to commit today in April of 2026 to at least 80 units of Low NA delivered over the course of 2027, a period ending over 20 months from now, we anticipate some conservativism baked into the statement.

Figure 1. ASML – 1Q26 results and 2Q/2026 guidance vs. estimates

ASML	1Q26A						2Q26E			FY2026E		
EUR M, Dec FY	CITI	Actual	% A / C	CONS	% C / CONS	% A / CONS	Citi	Guidance	CONS	Citi	Guidance	CONS
Sales												
System Sales (EUR m)	6,258	6,279	0%	6,314	-1%	-1%	6,718	6,200	6,616	28,161		28,490
DUV & Metrology System Sales (EUR m)	3,333	2,135	-36%	3,386	-2%	-37%	3,208		3,494	13,311		14,865
EUV System Sales (EUR m)	2,925	4,144	42%	2,928	0%	42%	3,510		3,122	14,850		13,625
Installed base management sales (EUR m)	2,401	2,488	4%	2,394	0%	4%	2,305	2,500	2,321	9,720		9,441
Total net sales	**8,659**	**8,767**	1%	**8,691**	0%	1%	**9,023**	**8,700**	**8,945**	**37,881**	**38,000**	**37,919**
Gross profit	**4,525**	**4,645**	3%	**4,534**	0%	2%	**4,675**	**4,481**	**4,676**	**19,763**	**19,760**	**19,877**
- Gross margin	*52.3%*	*53.0%*	*73 bps*	*52.2%*	*9 bps*	*82 bps*	*51.8%*	*51.5%*	*52.3%*	*52.2%*	*52.0%*	*52.4%*
Selling, general & administrative	-300	-302	-1%	-347	13%	13%	-306	-300	-360	-1,227		-1465
Research & development	-1,200	-1,185	1%	-1161	-3%	-2%	-1,212	-1,200	-1188	-4,860		-4838
Total operating expenses	**-1,500**	**-1,487**	1%	-1507	0%	1%	**-1,518**	**-1,500**	-1558	**-6,087**		-6310
Operating income	**3,025**	**3,158**	4%	**3,027**	*0%*	4%	**3,157**	**2,981**	**3,118**	**13,676**		**13,567**
- Operating margin	*34.9%*	*36.0%*	*109 bps*	*34.8%*	*10 bps*	*119 bps*	*35.0%*	*34.3%*	*34.9%*	*36.1%*		*35.8%*
Net income (loss)	**2,584**	**2,757**	7%	**2,579**	0%	7%	**2,698**		**2,656**	**11,670**		**11,545**
EPS - diluted	6.70	7.15	7%	6.70	0%	7%	7.02		6.91	30.40		30.05

Source: Company Reports and Citi Research Estimates, Visible Alpha consensus

ASML Holding NV

Valuation

We value ASML using a 38x 2027 or 1.7x PEG based on FY27 earnings, in line with other strong growth stocks in our coverage, which leads to our target price of EUR1600. We continue to have conviction in ASML's long-term growth outlook, as evident in our forecast of a high-teen CAGR in EPS through 2030E. Given our strong multi-year growth forecast for ASML, we look further out than 2026 to capture the growth potential. We think this approach better captures its long-term exposure to artificial intelligence, semiconductor capex and other structural growth areas.

Risks

We highlight the following risk factors for ASML. If the impact of these risk factors is more or less negative than we anticipate, the share price could deviate significantly from our target price:

Technological: Challenges in development of EUV technology could result in delays and lower margins.

Competition: A gain/loss in lithography and/or process control market share would result in upside/downside risk to our estimates.

Customer Risk: ASML derives significant share of its revenues from a few large customers, and an increase/cut in their capex could result in risk to our estimates.

Macroeconomic: A weak macroeconomic environment and/or escalation in geopolitical tensions resulting in subdued semiconductor growth/increase in cadence could cause downside to our estimates.

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Appendix A-1

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ASML Holding NV (ASML.AS)

Ratings and Target Price History

Fundamental Research

Analyst: Andrew M. Gardiner, CFA

#	Date	Rating	Target Price	Closing Price
1	15-Dec-23 00:00:00	1	*900.00	694.70
2	12-Apr-24 00:00:00	1	*1,250.00	907.50
3	18-Sep-24 00:00:00	1	*1,150.00	715.00
4	17-Oct-24 01:07:32	1	*930.00	634.20
5	17-Apr-25 11:23:20	1	*860.00	564.20
6	16-Jul-25 18:41:06	1	*825.00	625.80
7	07-Oct-25 00:06:11	1	*1,050.00	874.80
8	10-Dec-25 00:00:00	1	*1,200.00	946.00
9	20-Jan-26 00:00:00	1	*1,400.00	1,140.00
10	29-Jan-26 00:00:00	1	*1,600.00	1,192.00

*Indicates Change

Rating/target price changes above reflect Eastern Time

ASML Holding NV (ASML.AS)

Short-Term View/Catalyst Watch Research

Analyst: Andrew M. Gardiner, CFA

#	Date	Action	Expected Direction	Duration	Closing Price
1	15-Oct-23 21:48:46	Add CW	Upside	30 Days	573.60
2	15-Nov-23 05:34:57	Remove CW	Upside	30 Days	627.80
3	21-Jan-24 19:00:00	Add CW	Upside	30 Days	686.30
4	21-Feb-24 05:35:09	Remove CW	Upside	30 Days	834.00
5	11-Apr-24 20:00:00	Add CW	Upside	30 Days	909.10
6	10-May-24 12:08:52	Remove CW	Upside	30 Days	864.50
7	05-Jul-24 14:09:25	Add CW	Upside	90 Days	993.00
8	30-Sep-24 23:33:40	Remove CW	Upside	90 Days	745.60
9	01-Oct-24 20:00:00	Add CW	Upside	90 Days	741.80
10	15-Oct-24 07:27:39	Remove CW	Upside	90 Days	668.10
11	14-Nov-24 20:44:40	Add STV	Upside	90 Days	671.60
12	29-Jan-25 20:23:53	Remove STV	Upside	90 Days	682.50
13	30-Mar-25 21:17:09	Add CW	Upside	90 Days	625.60
14	17-Apr-25 07:23:20	Remove CW	Upside	90 Days	564.20
15	02-Jul-25 20:00:00	Add STV	Upside	90 Days	677.60
16	16-Jul-25 14:41:06	Remove STV	Upside	90 Days	625.80
17	06-Oct-25 20:06:11	Add STV	Upside	30 Days	897.30
18	06-Nov-25 05:35:31	Remove STV	Upside	30 Days	895.30
19	28-Jan-26 19:00:00	Add STV	Upside	90 Days	1,194.40
20	06-Apr-26 20:00:00	Remove STV	Upside	90 Days	1,161.00

CW - Catalyst Watch , STV - Short-Term View

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% of companies in each rating category that are investment banking clients	38%	41%	28%	42%	37%	36%

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