ASML

What Is the Market Missing? Buy.

Equities

Netherlands
Semiconductors

12-month rating **Buy**

12m price target	**€2,350.00**
	Prior : €2,250
Price (28 Aug 2026)	**€1,494.4**

RIC: ASML.AS **BBG:** ASML NA

Trading data and key metrics

52-wk range	€1,721.40-617.20
Market cap.	€581b/US$673b
Shares o/s	389m (ORD)
Free float	100%
Avg. daily volume ('000)	700
Avg. daily value (m)	€1,081
Common s/h equity (12/26E)	€27.1b
P/BV (12/26E)	21.2x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (€)

	From	To	% ch	Cons.
12/26E	39.51	39.51	0	38.71
12/27E	58.41	58.41	0	53.45
12/28E	77.46	85.17	10	68.25

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A structural step-up in ASML's earnings power

We reiterate our Buy rating on ASML and continue to see the most attractive risk/reward in European semiconductors. Our EPS forecasts are **7% and 20% above consensus in 2027E and 2028E**, respectively, yet the stock trades on just 25.6x/17.5x 2027E/2028E P/E. We forecast €85 EPS by 2030E (vs cons €70), implying a 31% EPS CAGR from 2025-30E. While investors remain focused on the WFE cycle, we believe the market is overlooking a structural step-up in ASML's earnings power driven by pricing, rising lithography intensity and increasing memory exposure.

1) Pricing power is emerging as the next earnings driver

Following the Q2 results, ASML highlighted that the current environment offers greater pricing flexibility than in previous cycles. We believe consensus underestimates the scope for pricing increases across both EUV and immersion systems, which together account for 80-85% of 2026E revenue. **We estimate EUV pricing could provide 5-10% upside to consensus 2028E assumptions, while potential immersion pricing actions could add a further 10-15% upside.** This could lead to close to a 60% gross margin as early as 2028E, vs broader expectations for 2030.

2) Lithography intensity is more likely to rise than decline in 2028

ASML plans to increase both EUV and immersion capacity by approximately 30% during 2027-28, while **EUV throughput is expected to improve by roughly 45%, ahead of immersion at 30-35%**. Combined with increasing EUV layer counts, continued advanced memory adoption and forthcoming High-NA deployments, we believe lithography intensity is more likely to rise than decline over the next five years (by 1-3 percentage points through the end of the decade).

3) Memory is becoming a strong(er) growth engine

We believe memory is increasingly transitioning from a cyclical swing factor into a stronger driver of lithography demand. HBM-related investment, rising EUV adoption and continued shrink/capacity requirements are increasing lithography intensity across DRAM roadmaps. We estimate memory represented c45% of product sales in 2026E, creating a growth engine alongside advanced logic and broadening EUV demand beyond a small number of leading-edge customers. **We believe the DRAM EUV exposures could reach the high end or above of current guidance of 7-10 in 30E.**

Catalysts and valuation

Key catalysts over the next 6-12 months include: **(1)** stronger 2027 growth commentary at October results; **(2)** evidence of foundry and High-NA progress at potential Intel's CMD; and **(3) backlog growth that could reach €55-60bn by January results versus ~€45bn expected by consensus**. We raise our EPS forecasts by ~10% from 2028E onwards and increase our DCF-based price target to €2,350 (from €2,250).

Highlights (€m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	27,559	28,263	32,667	44,039	58,560	76,225	74,058	79,360
EBIT (UBS)	9,082	9,063	11,342	18,170	26,275	37,903	36,541	40,160
Net earnings (UBS)	7,681	7,395	9,426	15,170	22,172	31,939	30,795	33,835
EPS (UBS, diluted) (€)	19.49	18.79	24.24	39.51	58.41	85.17	83.28	92.90
DPS (net) (€)	6.10	6.40	7.50	9.85	9.30	14.16	14.16	16.84
Net (debt) / cash	(3,220)	2,680	6,631	10,433	29,477	54,770	77,437	105,496
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	33.0	32.1	34.7	41.3	44.9	49.7	49.3	50.6
ROIC (EBIT) %	71.9	60.5	90.7	148.4	242.8	>500	>500	<-500
EV/EBITDA (UBS core) x	24.4	30.5	22.1	29.8	20.4	13.5	12.9	11.1
P/E (UBS, diluted) x	31.4	42.5	29.9	37.8	25.6	17.5	17.9	16.1
Equity FCF (UBS) yield %	1.4	3.0	4.0	2.1	4.9	6.2	6.0	7.0
Dividend yield (net) %	1.0	0.8	1.0	0.7	0.6	0.9	0.9	1.1

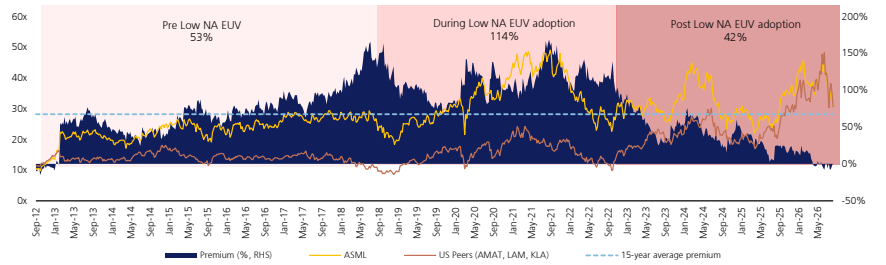
Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of € 1,494.40 on 28-Aug-2026

This report has been prepared by UBS AG London Branch. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 33.**

LITHO INTENSITY PULSE

To gauge market expectations for lithography intensity, we look at ASML's relative valuation versus non-lithography equipment peers, particularly LAM Research, KLA and Applied Materials. As shown below, ASML currently trades at only a 1% premium to this peer group, versus an average premium of c67% over the past 15 years. Notably, ASML traded at a c50% premium even during periods when lithography intensity was broadly flat. In our view, the current valuation implies that investors are pricing in a decline in lithography intensity. Given ASML's monopoly position and structurally stronger competitive profile, we believe such a discount is difficult to justify and leaves scope for multiple expansion.

Figure 1: ASML premium (12-month forward P/E) vs. US large cap peers - ASML is trading at a 1% premium vs US peers vs c67% premium 15Y average



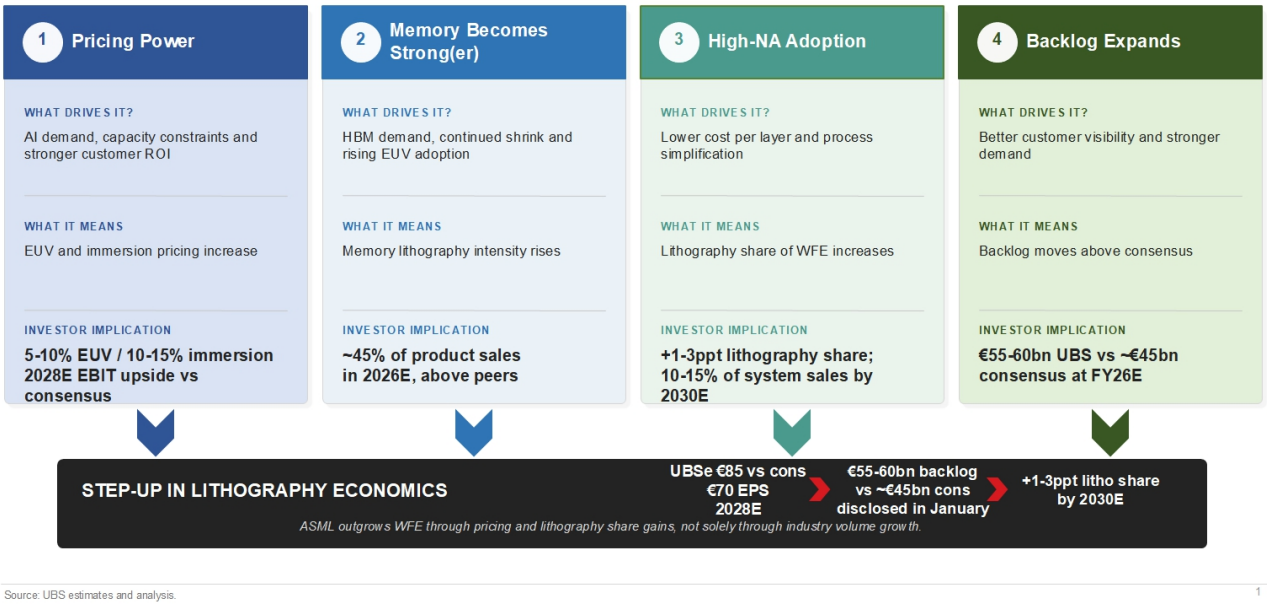
Source: UBSe, company data

Figure 2: What market pricing in vs UBSe

Market view	UBS view
Pricing follows throughput	**Pricing reset is emerging**
Lithography intensity declines	**Lithography intensity increases**
Memory remains cyclical	**Memory becomes structural**
High-NA is a long-dated opportunity	**High-NA becomes increasingly visible**
ASML grows with WFE	**ASML outgrows WFE**
Backlog normalises	**Backlog surprises higher**

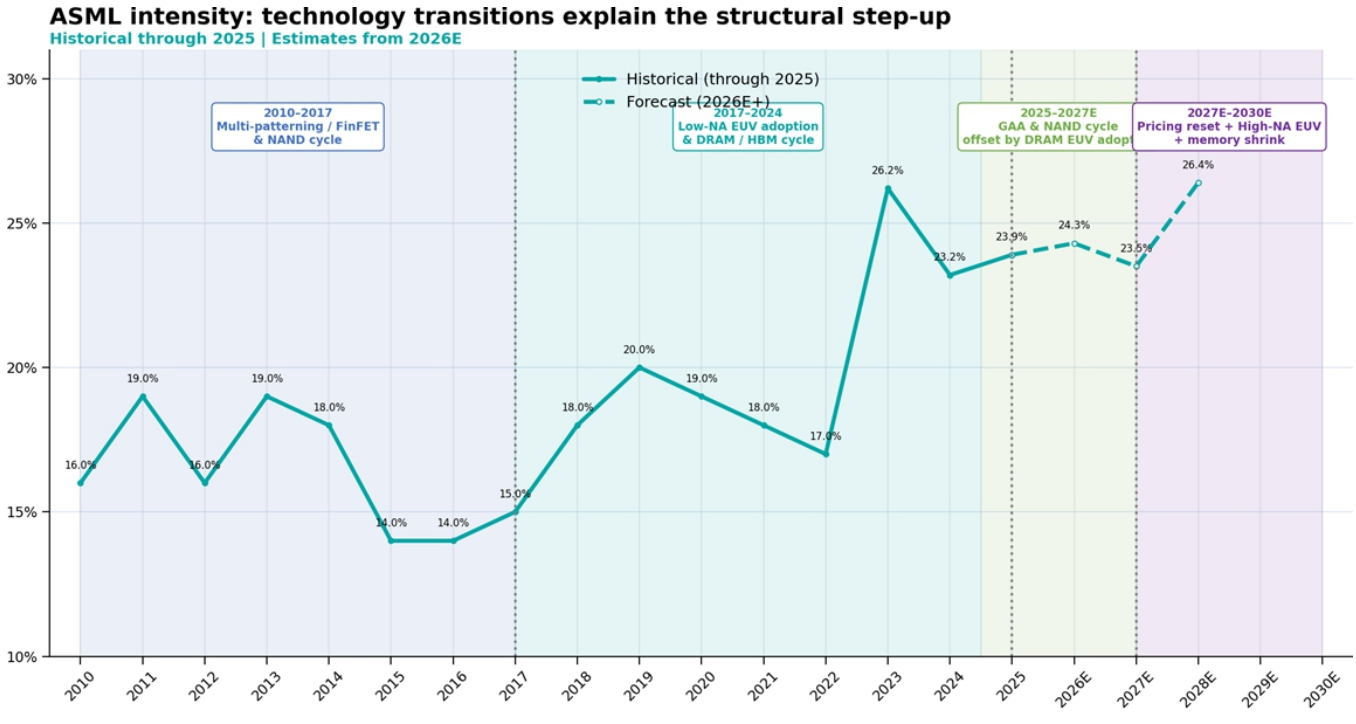
Source: UBSe, consensus

Figure 3: A Step-Up in Lithography Economics - what is the market missing



Source: UBSe, company data

Figure 4: Litho intensity (litho/wafer fab equipment spend) likely being boosted by High NA adoption, pricing increase and memory layers edging higher



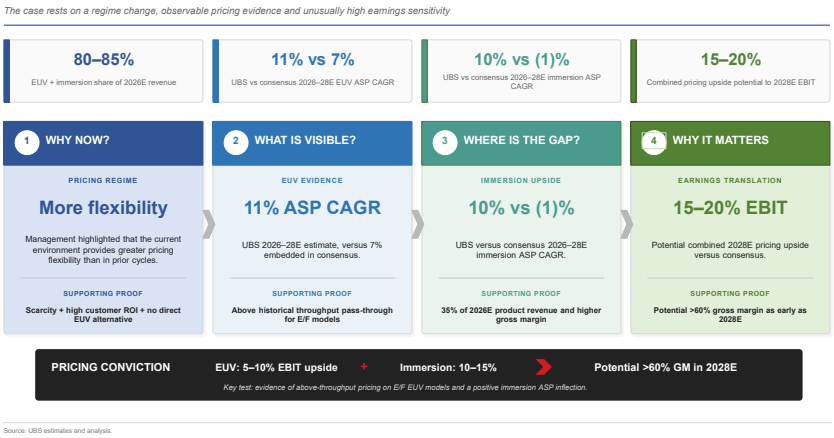
Source: Company data, UBS

1) Pricing power is emerging as the next earnings driver

Conclusion: We believe pricing adjustments could enable the company to surpass a 60% gross margin sooner than anticipated. ASML's concentrated revenue mix, with EUV and immersion accounting for 80-85% of 2026E revenue, means pricing actions should have a greater earnings impact than for more diversified non-lithography peers. This, in turn, could reinforce ASML's lithography share gains and support stronger incremental gross margins. **We estimate that pricing adjustments could lead to 10-15% upside to cons EBIT in 2028E.**

Evidence: ASML indicated at Q2 that the "*current environment provides more flexibility for pricing than what you would have had in different days*" and *news report.*

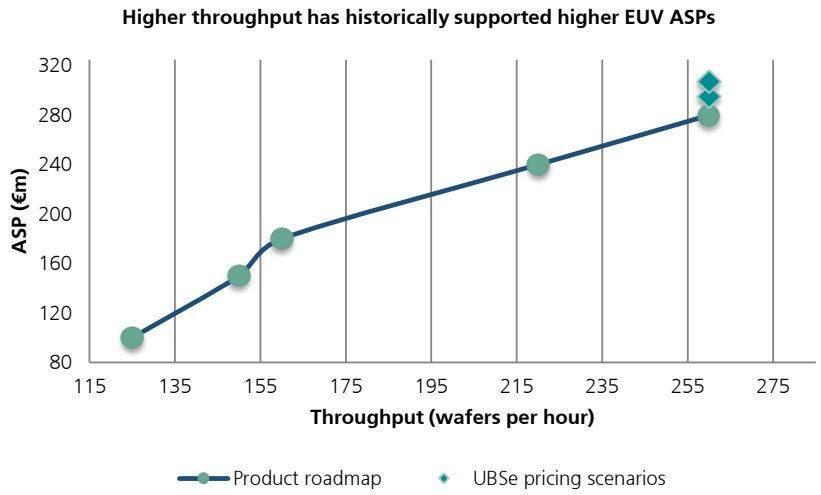
Figure 5: Why the Pricing Thesis Has More Conviction Now



Source: UBSe, Company data

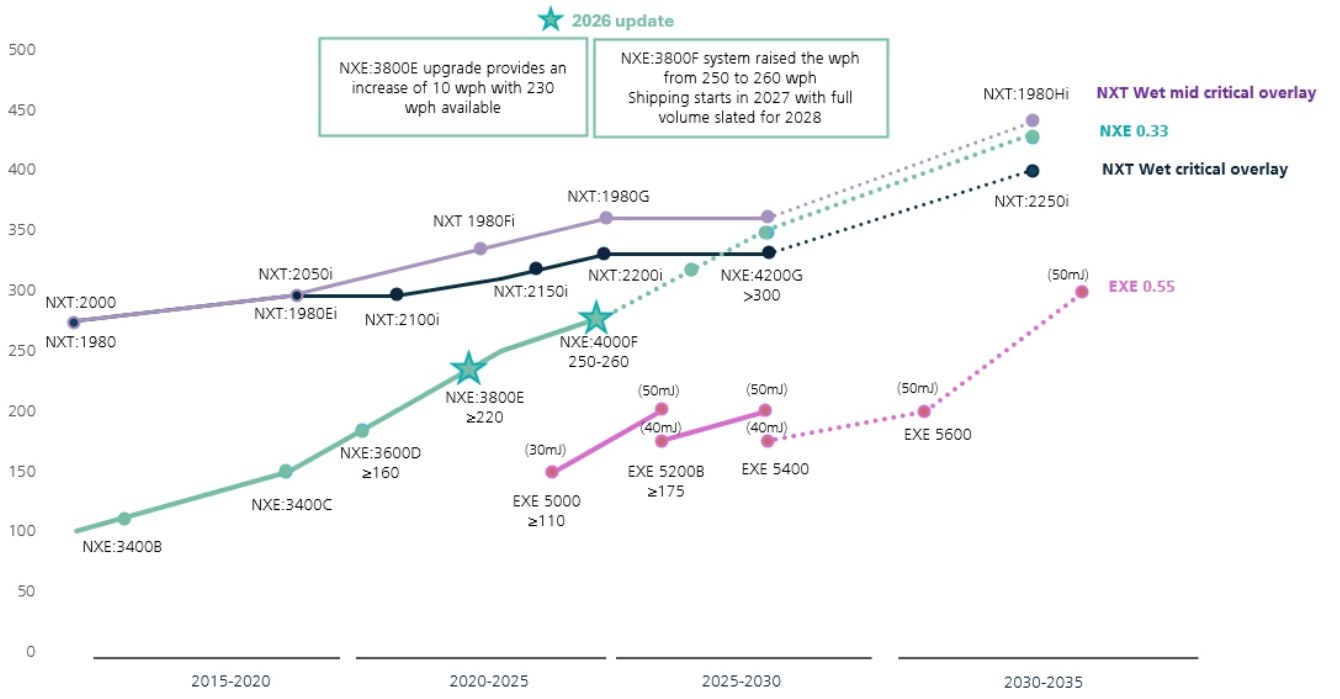
Historically, ASML EUV pricing has been closely linked to the productivity of the tools in terms of throughput but it is important to note that it also depends on other parameters such as overlay, availability, etc. However, for the E and F low NA pricing starting in 2027E but more fully in 2028E, we estimate an ASP increase 5 percentage points higher than throughput implied and we view this scenario as relatively conservative. This leads to c5% group EBIT increase alone without taking into account immersion price increases.

Figure 6: Higher throughput has historically supported higher ASPs but we estimate an above-average trend in 2028E due to a repricing



Source: UBS, company data

Figure 7: ASML's throughput per system roadmap - ASML managed to drive ASP driven mainly by throughput improvement



Source: Company data, UBS

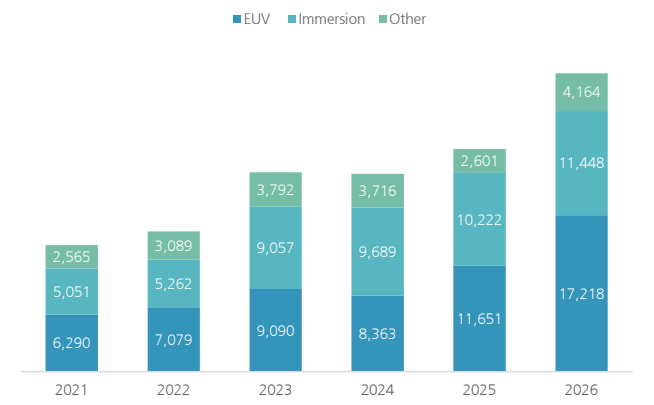
Figure 8: We look at the relationship between wafer per hour and ASP and assume a higher increase of ASP relative to wafers for the F model launching mainly in 2028E. We estimate 5-10% upside to EBIT cons 2028E driven by EUV

EUV low NA	Technology roadmap					F-model pricing scenarios	
	3400B	3400C	3600D	3800E	4000F OLD	New UBSe pricing 2028	Upside pricing 2028E
Throughput (wph)	**125**	**150**	**160**	**220**	**260**	**260**	**260**
Throughput uplift vs prior model	Base	20%	7%	38%	18%	–	–
ASP (€m)	€100m	€150m	€180m	€240m	€280m	€295m	€307m
ASP per wph (€m)	€0.80m	€1.00m	€1.13m	€1.09m	€1.08m	€1.13m	€1.18m
ASP/wph throughput %	**-20%**	**0**	**13%**	**9%**	**8%**	**13%**	**18%**
Group EBIT 2028 impact						**5%**	**9%**

Source: UBSe, company data

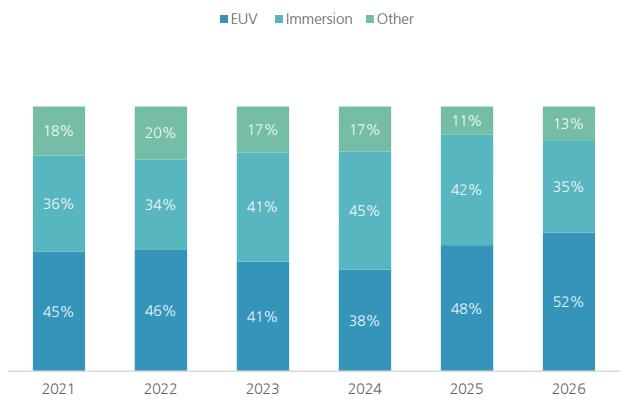
Interestingly, we believe ASML is not only in position to increase pricing for EUV (52% of product sales in 2026E) but also for immersion (35% of product sales in 2026E) which holds a higher gross margin.

Figure 9: ASML product revenues split by products...



Source: UBSe, company data

Figure 10: ...shows that immersion represents c35% of product revenues in 2026 and is likely to be impacted by price increase



Source: UBSe, company data

The charts below illustrate the pricing dynamics for both immersion and **EUV systems** over the past decade. EUV pricing has increased by an average **12% CAGR over the last ten years**, and we expect a similar trajectory to continue in 2026-28E, with our forecast implying an **11% CAGR versus consensus at 7% CAGR**. We estimate that this pricing upside could translate approximatelyinto a **5% uplift to 2028E EBIT relative to consensus.**

For **immersion systems**, pricing has historically increased by around **6% CAGR** over the past decade. In contrast, consensus expectations imply a **1% CAGR decline in 2026-28E**, whereas our estimates assume a **10% CAGR** increase over the same period. If realised, this pricing differential could drive an approximately **13% upside to 2028E EBIT** versus consensus.

Figure 11: We estimate c5-10% EBIT upside to cons from EUV but 10-15% for immersion

Immersion ASP

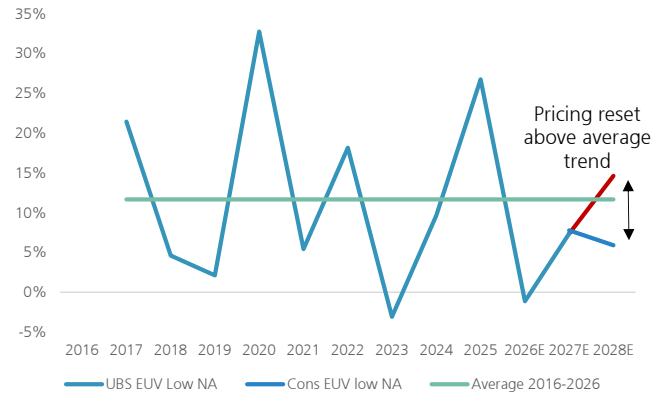
Metric	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2016-26E CAGR	2026-28E CAGR
UBSe Immersion	5%	11%	(3%)	2%	11%	3%	17%	2%	8%	6%	12%	9%	6%	10%
Cons Immersion										6%	(4%)	2%	6%	(1%)
Average 2016-2026	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%		
EBIT impact 2028												13%		

EUV Low-NA ASP

Metric	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2016-26E CAGR	2026-28E CAGR
UBS EUV Low NA	21%	5%	2%	33%	5%	18%	(3%)	10%	27%	(1%)	7%	15%	11%	11%
Cons EUV Low NA											8%	6%	11%	7%
Average 2016-2026	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%		
EBIT impact 2028												5%		

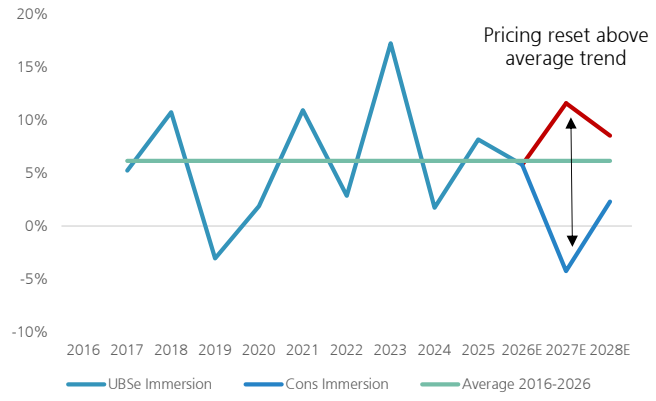
Source: UBSe, company data

Figure 12: EUV pricing UBS vs cons



Source: UBSe, Company data

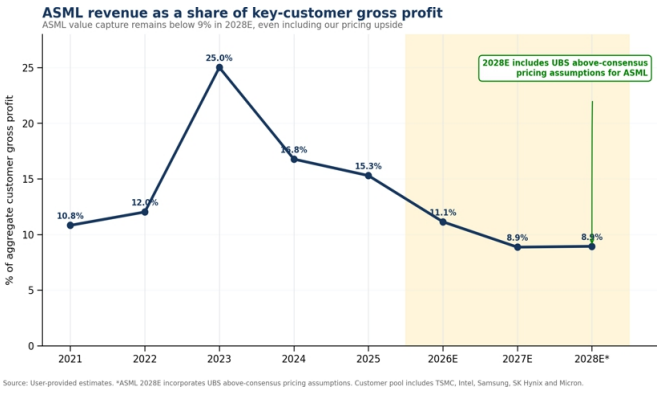
Figure 13: Immersion pricing UBS vs cons



Source: UBSe, Company data

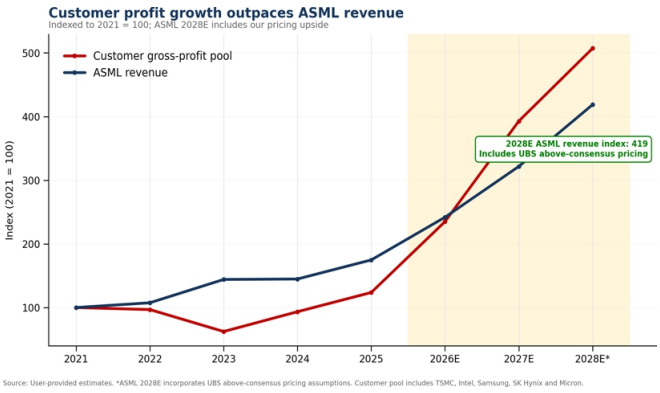
A key rationale for ASML to raise pricing is that industry profitability has improved at a faster pace than that of equipment companies, including ASML specifically. As a result, we estimate this adjustment is likely to be well absorbed by customers as the equipments are now at an all-time low relative to profitability.

Figure 14: ASML revenue as % of customer profit pool shows a significant decline in 2026E and likely more in 2027-28E without any pricing reset from ASML



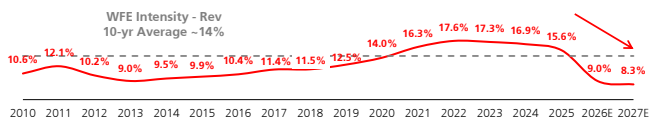
Source: UBSe, Company data, * customers includes TSMC, Intel, Samsung, SK Hynix, Micron

Figure 15: Customer profit pool vs ASML revenues shows a similar dynamic



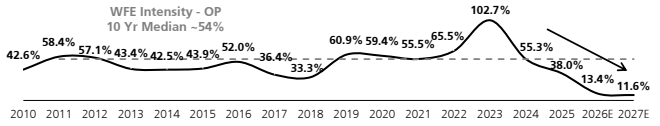
Source: UBSe, Company data, * customers includes TSMC, Intel, Samsung, SK Hynix, Micron

Figure 16: WFE Intensity based on Semi Industry Revenue



Source: FactSet, Company reports, UBS estimates

Figure 17: WFE Intensity based on Semi Industry OP



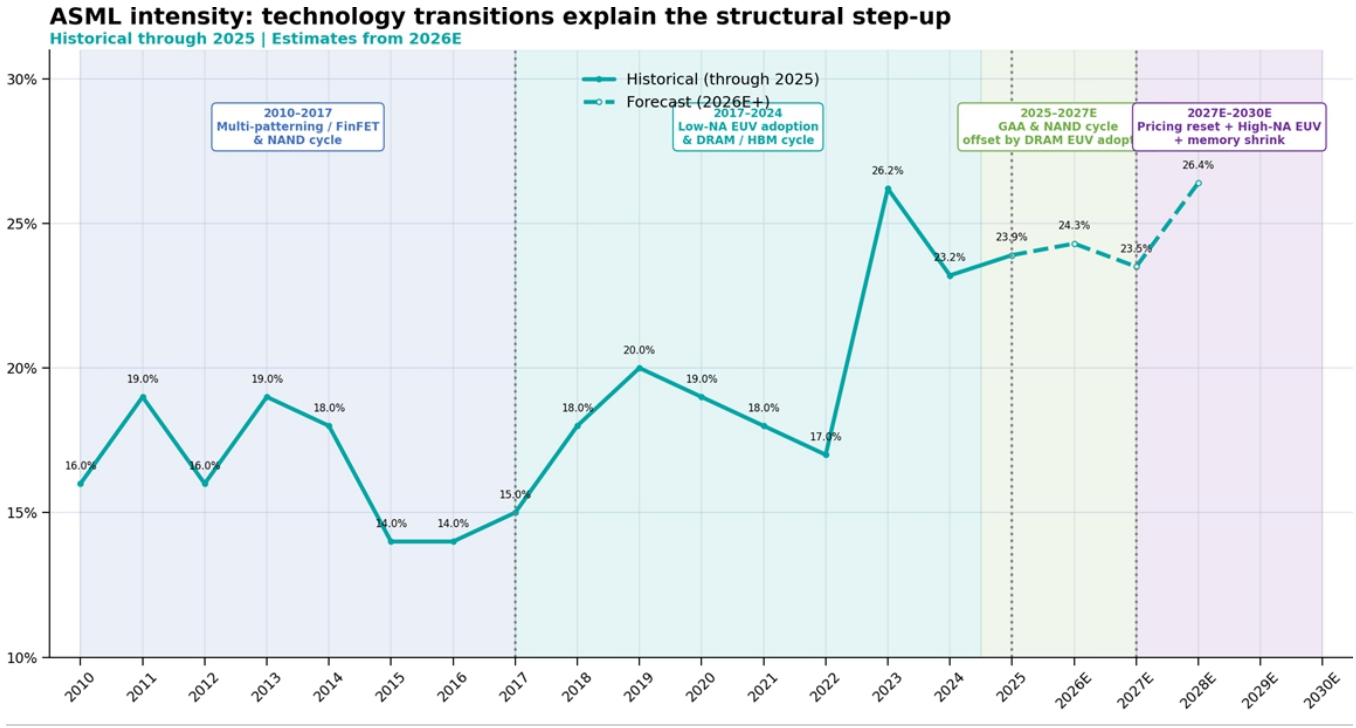
Source: FactSet, Company reports, UBS estimates

2) Lithography intensity is more likely to rise than decline in 2028, and 3) Memory is becoming a strong(er) growth engine

Conclusion: Based on ASML's guidance and our assessment of the advanced logic and memory technology roadmaps, we expect ASML to outperform WFE growth during 2028-2030. This outperformance should be driven primarily by increasing EUV layer intensity in memory and the gradual adoption of High NA lithography. We estimate ASML's revenue growth could exceed WFE growth by approximately 1-3 percentage points over this period.

Evidence: ASML guidance, disclosed technology roadmap by customers, public comments from customers.

Figure 18: Litho intensity likely being boosted by High NA adoption



Source: Company data, UBS

a) ASML guidance for EUV and DUV units suggests litho strength...

ASML has indicated that it plans to increase shipment capacity for both low-NA EUV and DUV systems by approximately 30% in 2027 and is assessing a further capacity increase in 2028. Within low-NA EUV, we expect the shipment mix to shift from a combination of D and E models in 2026 to predominantly E models in 2027E and F models in 2028E. Incorporating the higher productivity of these newer systems, we estimate that effective wafer-processing capacity could increase by approximately a 45% CAGR 26-28E, rather than 30%, for EUV, compared with approximately 30% to 35% for DUV. This widening growth differential suggests that **EUV will account for a greater share of incremental lithography capacity, consistent with continued node migration, a higher number of EUV layers per wafer, and increasing EUV intensity across advanced Logic and DRAM.**

Figure 19: We estimate EUV tools unit shipments implies c45% kwpm of EUV low NA demand vs 30-35% for immersion translating into either litho intensity increase and/or mix towards leading edge

Throughput & Availability & ASP	2026E	2027E	2028E
Low NA EUV wph	208	214	260
Immersion DUV wph	300	300	305
Low NA EUV (%)	90%	90%	90%
Immersion DUV(%)	90%	90%	90%
Low NA EUV (EURm)	236	253	290
Immersion DUV(EURm)	91	101	110
K wpm	**2026E**	**2027E**	**2028E**
Low NA EUV	135	138.672	168.48
immersion DUV	194	194	198
(m wpm)	**2026E**	**2027E**	**2028E**
Low NA EUV	9	12	19
Immersion DUV	25	33	43
Total	34.5	45.3	62.7
Low NA EUV yoy		34%	58%
DUV yoy		30%	32%
Revenues	**2026E**	**2027E**	**2028E**
Low NA EUV (EURm)	15,318	21,379	31,857
Immersion (EURm)	11,811	17,131	24,167
Total	**27,130**	**38,510**	**56,024**
Low NA EUV share	56%	56%	57%
DUV share	44%	44%	43%

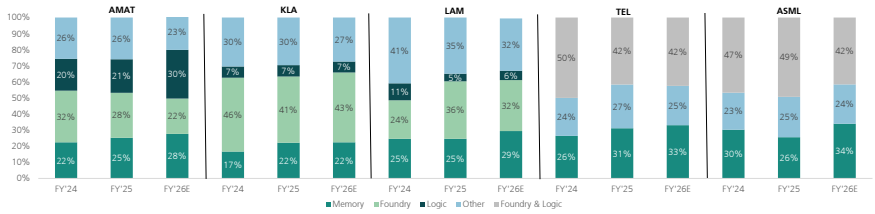
Source: UBSe, company

b) … likely driven by Memory and Logic layers increasing leading to higher litho intensity….

The increase of EUV wpm relative to DUV could be driven by other factors than litho intensity like more mix towards leading edge or customers building redundancy into capacity plans. We looked at the roadmap for both memory and advanced logic and we conclude that litho intensity should be flattish for advanced logic (likely c40% of wafer fab equipment spend in 2026) until A10 kicks in in 2030-32, as, based on our industry research, we believe EUV exposures are increasing but based on roughly the same number of layers, leading to a slight decline of litho intensity before A10 EUV layers increase again and/or with adoption of high NA. Net, we estimate a flattish litho intensity in advanced logic over the next 3-5 years.

With regard to memory (c35-40% of ASML revenues in 2026E), memory has moved from a cyclical swing factor to a structural driver of litho intensity, and we believe this is likely to persist through 2027-28E. In 2026, we estimate that memory accounted for 45% of product sales. This is driven by HBM suppliers, which rely on EUV for advanced DRAM nodes. With HBM content per AI server rising, memory fabs are becoming as EUV intensive as logic fabs, which broadens EUV demand beyond TSMC and Intel and adds a second growth engine.

Figure 20: We note that ASML is the most exposed to memory with TEL in the last two years and in 2026E



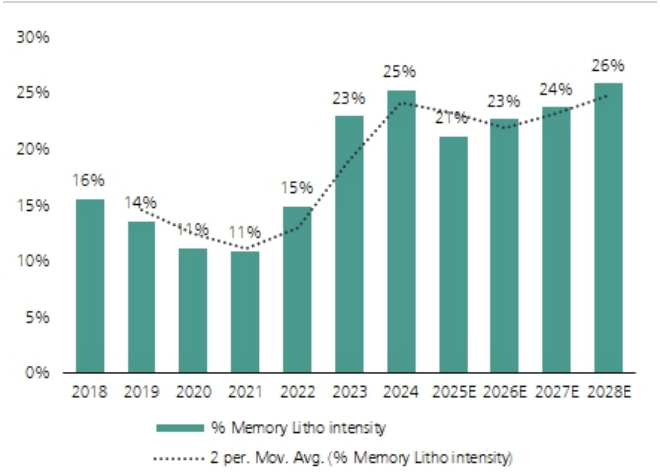
Source: UBS, Company data, VA consensus

Figure 21: Memory revenue growth by peers shows strong outperformance of ASML in memory...

Memory Y-o-Y USD	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26E
AMAT	30%	-15%	-11%	20%	15%	43%
KLA	33%	44%	-21%	-11%	56%	24%
LAM	37%	2%	-55%	30%	27%	70%
TEL	75%	-25%	-36%	32%	22%	34%
ASML	44%	19%	12%	46%	2%	84%

Source: UBS, company data

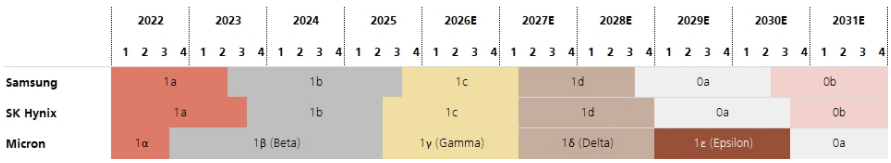
Figure 22: ...leading to memory litho intensity to increase



Source: UBS, company data

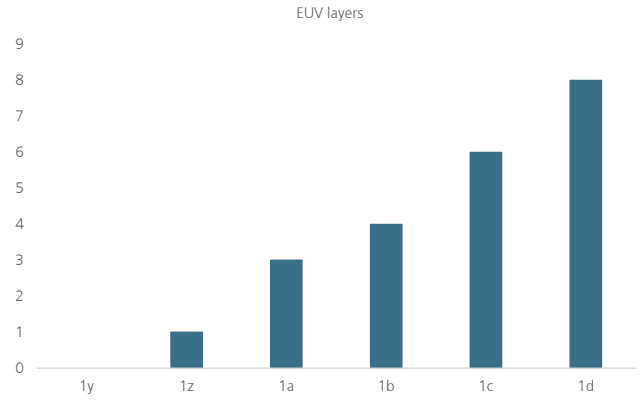
ASML has evolved over the years into a pivotal player in the memory sector, as evidenced below. We project that by 2026, ASML is likely to surpass its competitors once again, driven by the growing integration of EUV layers and an emphasis on DRAM production capacity. Notably, we believe that shrink remains a critical priority for memory manufacturers, as it facilitates fitting more dies per wafer (e.g., 30% more for 1c compared to 1b), thereby enabling significant capacity expansion through technological migration, particularly given constraints in cleanroom space. For instance, Micron highlighted during its most recent earnings call on March 16: "*We plan to increase EUV adoption at the 1-delta DRAM node utilizing the latest-generation EUV tools. These more advanced EUV tools will help us optimize both cleanroom space efficiency and patterning when scaling to 1-delta and beyond.*"

Figure 23: Memory roadmap by players shows strong technological migration with shrink



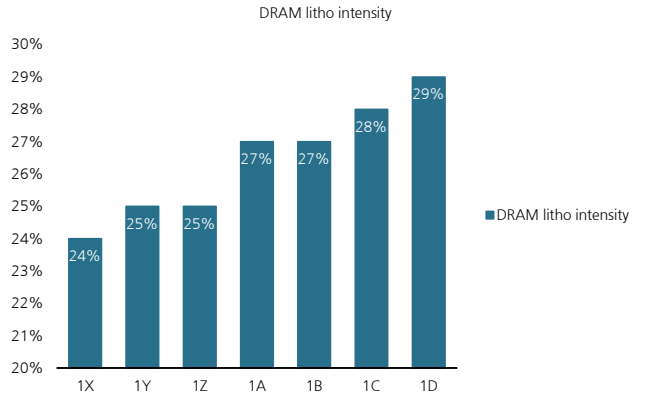
Source: UBS, Company data

Figure 24: EUV layers per node increasing….



Source: UBS, company data

Figure 25: …leading to higher litho intensity for DRAM



Source: UBS, company data

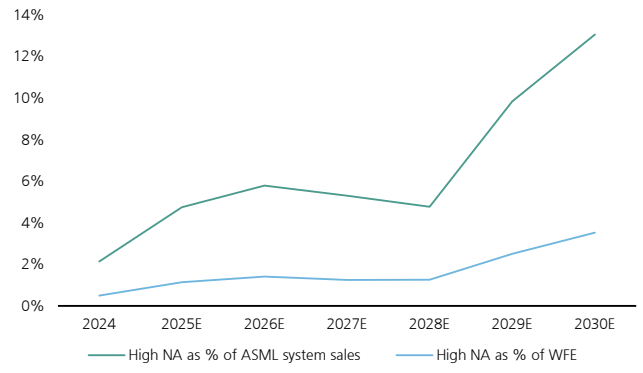
Importantly, looking at the roadmap of memory, we estimate 1d node ramp up in 2027-28 is likely to have 1-2 more EUV layers, which should boost litho intensity further in our estimates. Beyond 2028E, we believe high NA adoption is likely to offset potential adoption of some 4F2 architecture. More details can be found here.

c) …. and High NA ramp-up in 2028-29 to provide some support

Despite some delay in TSMC adoption vs. our initial expectations (here), we still see High NA being adopted within 2–3 years. The value proposition remains strong: **(1) 20-40% cost savings on critical layers vs. double/triple patterning** and process simplification, and **(2) meaningful capacity unlock by replacing low-throughput multi-patterning steps (e.g., ALD ~30 wph).** Our analysis suggests High NA can deliver >100% throughput gains vs. most alternatives (~80% vs. LELE), reinforcing its long-term adoption case.

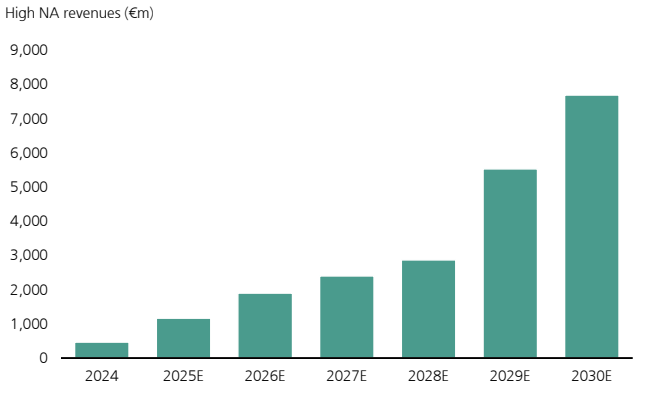
Our analysis suggests that **High NA could account for 10-15% of system sales by the end of the decade**, driving a **1-3 percentage point increase in lithography intensity share** due to cost reductions achieved in critical layers of other manufacturing processes, such as deposition and etching. Furthermore, we believe the **introduction of High NA is significantly more impactful for ASML compared to low NA multi-patterning**, as High NA results in a greater lithography share, whereas multi-patterning leads to a lower lithography share. This dynamic could meaningfully influence ASML's valuation premium relative to its peers.

Figure 26: High NA could account for 10-15% of system sales, driving a 1-3 ppt increase in lithography share.



Source: UBS, Company data

Figure 27: We estimate high NA to reach >€2bn revenues in 2027E and >€7bn in 2030E



Source: UBS, Company data

A way for ASML or customers to unlock even more capacity would be through the use of high NA, which should improve overall cycle time, and in memory where reuse exists

freeing up EUV tools for other layers. High NA will be replacing multiple patterning steps listed below; in early stages, it would be predominantly LELELE low NA (triple patterning) and SAQP (quadruple patterning) to a lesser extent.

Figure 28: Key patterning steps for high NA single patterning and low NA multiple patterning

High NA	Low NA			
LE	*SADP*	*SAQP*	*LELE*	*LELELE*
Litho	Litho	Litho	Litho	Litho
etch	etch	etch	etch	etch
	ALD	ALD	Litho	Litho
	etch	etch	etch	etch
		ALD		Litho
		etch		etch

Source: UBSe, Company data

Looking at the effective throughput for a single 'layer' by summing the individual steps, the use of high NA can save significant time/unlock incremental capacity. This is especially relevant in processes that use ALD, which is the bottleneck in terms of wafer time.

Figure 29: Effective throughput for different patterning schemes

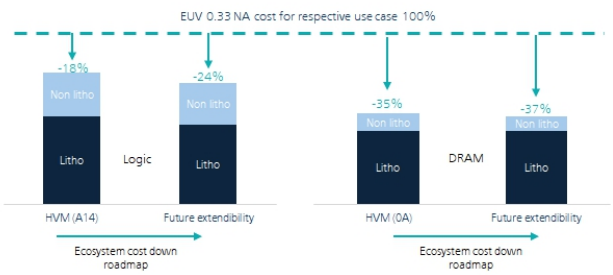
	High NA	Low NA			
	LE	*SADP*	*SAQP*	*LELE*	*LELELE*
Time taken per wafer (s)	36	169	305	65	98
Effective wph	**99**	**21**	**12**	**55**	**37**
High NA 'throughput' increase		*365%*	*740%*	*80%*	*170%*

Source: UBSe, Company data

Also, as a reminder, High NA is also key to reduce costs and process steps, as shown below, which is likely to drive adoption in the coming few years, especially as shrink could be a strong way to increase capacity from existing cleanroom space.

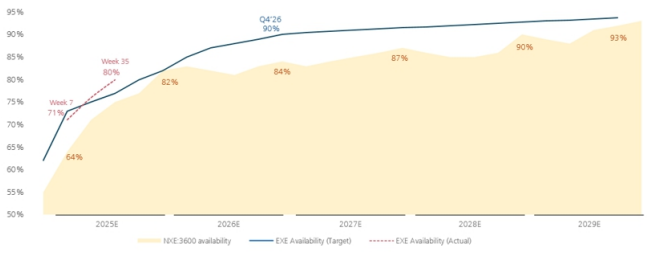
As previously discussed (here), High NA enables a process simplification compared with immersion-based multiple patterning but also low NA. Traditional immersion techniques like LE3, LE4, or SAQP+cuts can require 27 to 60 process steps for critical layers, driving up cost, complexity, and defect risk. In contrast, Low NA EUV reduces this to around 10 steps, while High NA EUV can achieve similar or better resolution with steps in the single digits. **More recently, Intel claimed that one high NA EUV exposure and single-digit process steps could replace three low NA EUV exposures and 40 steps, highlighting the significant simplification and cost savings that EUV can bring vs triple patterning low NA and even more recently that process steps can be reduced by a factor of 10**. This reduction translates into lower wafer costs, faster cycle times, improved yield and simpler design rules. This in turn makes High NA EUV a key enabler for efficient scaling at advanced nodes like A10 and beyond.

Figure 30: High NA to offer meaningful cost savings potential across memory and advanced logic...



Source: Company data, UBS.

Figure 31: ...and availability is also improving meaningfully suggesting maturity reaching the threshold of 90%



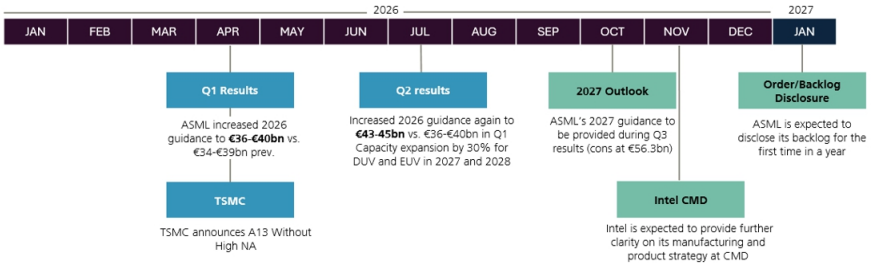
Source: Company data, UBS.

3) We see a clear catalyst path to unlock the value

Conclusion: We highlight three key catalysts over the next six months: (1) October results, where ASML could signal significant growth in 2027E; (2) Intel's potential November CMD, which may offer additional evidence of foundry momentum, High NA progress, and a supportive capex outlook; and (3) January results, when ASML provides its annual backlog disclosure, which we estimate could reach €55-60bn versus consensus expectations of €45bn.

Evidence: Management comments, reported revenues and customers capex outlook.

Figure 32: ASML's past and upcoming catalysts



Source: UBS, company data

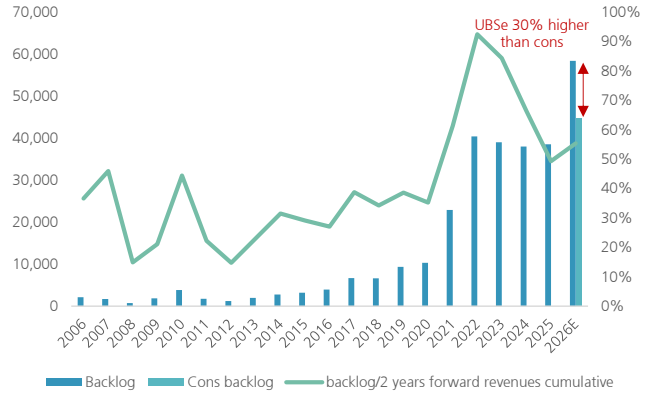
ASML is set to disclose its backlog for the first time in a year. For reference, the company exited 2025 with €28bn of net bookings and a backlog of €38.8bn. **Based on our 2027-28 forecasts, we estimate FY26 gross orders of €50-55bn, implying a year-end backlog of c.€55-60bn, well above current consensus expectations of €44.5bn.**

To frame the potential upside, we analyse backlog coverage relative to 2028 revenues, assuming 2027 deliveries remain largely constrained by available capacity. Consensus currently forecasts €53.5bn of product revenues in 2028. Historically, ASML's backlog-to-two-year-forward revenue ratio averaged c.41%, but has increased to around 60% over the past five years, in our view reflecting longer lead times associated with EUV and, more recently, High NA systems.

Applying a relatively conservative backlog coverage ratio of 55% implies a backlog of approximately €55-60bn. We note that management has repeatedly highlighted improving customer visibility, stating on recent earnings calls that "*customers have been able to share forecasts with us that extend out multiple years*" and that "*order momentum has remained extremely strong*", resulting in a steadily growing backlog across a broad customer base. This increased planning visibility could support a structurally higher backlog coverage ratio than in the past.

Under a more bullish scenario, assuming backlog coverage rises toward the upper end of the historical range at 60-70%, we estimate ASML's backlog could reach €60-65bn, implying material upside versus current consensus expectations.

Figure 33: Backlog vs revenues: we estimate c€55bn-€60bn backlog in 2026E vs cons €44.5bn



Source: UBS estimates, Company data. Note: in EURm

Figure 34: Backlog 2026 sensitivity to backlog cover and 2028 product revenues (assuming 2027 unchanged). Consensus currently expects €53.5bn 2028 product revenues. We see significant upside to backlog 2026.

		2028 product revenues					
		45,000	50,000	55,000	60,000	65,000	70,000
Backlog cover	30%	27,089	28,589	30,089	31,589	33,089	34,589
	40%	36,118	38,118	40,118	42,118	44,118	46,118
	50%	45,148	47,648	50,148	52,648	55,148	57,648
	60%	54,177	57,177	60,177	63,177	66,177	69,177
	70%	63,207	66,707	70,207	73,707	77,207	80,707
	80%	72,236	76,236	80,236	84,236	88,236	92,236

Source: UBS estimates, Company data. Backlog cover is defined as backlog / 2y forward revenues cumulated. In EURm

4) Excluding new restrictions, we estimate China to be significantly better than feared

1) Past: how has China revenue evolved in recent years? China accounted for 33% of ASML's product sales in 2025, up from roughly 10% prior to 2020, driving a ~40% China revenue CAGR over 2019–2025E. The pace of this expansion has naturally raised concerns about its sustainability.

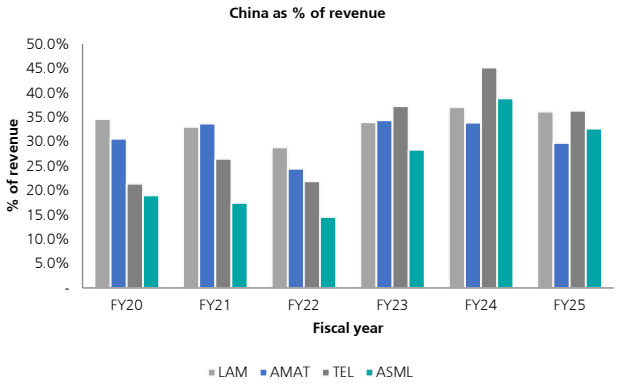
2) Present: what do we expect for China revenues this year? We forecast China to decline by -11% y-o-y in 2026E (+25% y-o-y in 2027E); however, given we have China WFE up +9% yoy in 2026 and 29% in 2027E (driven by 'advanced' logic/memory), we have China litho intensity coming down to 15-20% in 2026 and 2027E (vs 17% in 2019 and 20-25% from 2020 to 2025.

3) Future: When will China catch up on lithography? Our base case continues to be that China won't achieve an EUV tool within the next 10 years; looking at patents, they seem to be at a similar stage to ASML in 2004. We believe SMEE and Yuliangsheng are particularly important to watch with the most advanced DUV solutions. On the DUV side, we expect another 2-5 years before China can be competitive, especially on immersion, but believe China will continue to buy ASML tools due to yield and throughput differences. The bear case remains around new restrictions on DUV sales. We estimate China to represent 15-20% of group sales in 2027E.

Evidence: 1) Papers/patents from Chinese peers; 2) UBS bottom-up models; 3) company public data worldwide.

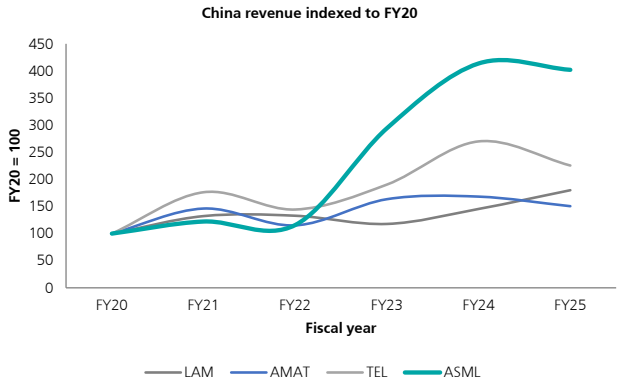
China is investing heavily in domestic lithography amid U.S. export restrictions. SMEE and Yuliangsheng/SiCarrier are the most advanced players, supplying DUV tools to major Chinese foundries, though we believe they still depend on imported high precision optics from Zeiss, Nikon, and Canon. **For immersion**, our analysis suggests China may be **2–5 years** from meaningful high volume manufacturing, though limited visibility on tool performance and supply chain readiness adds uncertainty. **On EUV**, we do not expect a viable solution for **around 10 years**; patent activity, particularly around light source and laser subsystems, shows maturity comparable to Cymer/ASML in the mid 2000s or 15 years before mass production. Given likely gaps in yield and throughput versus ASML, along with regulatory constraints, we see it as unlikely that Chinese lithography tools will be deployed outside China.

Figure 35: China as % of revenues, ASML exposure is similar to peers



Source: Company data, calendarized

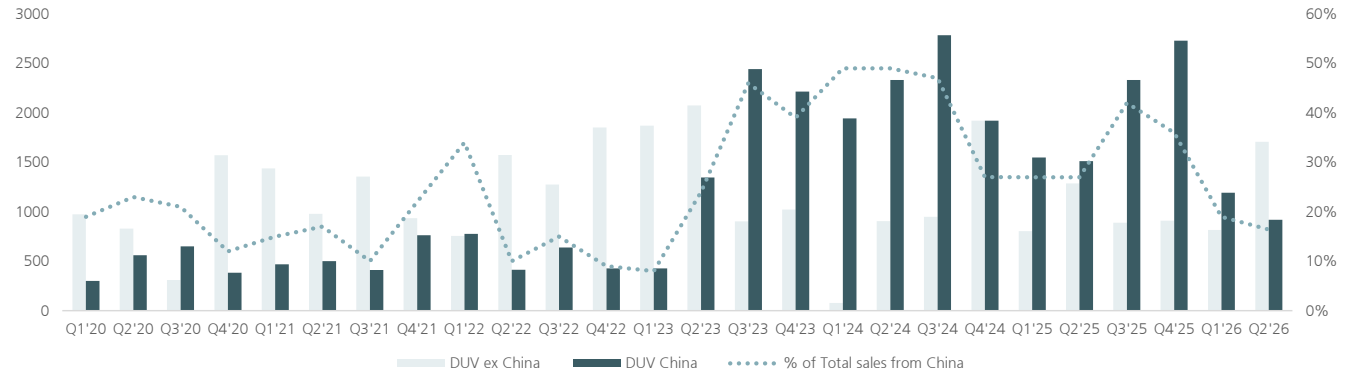
Figure 36: China revenue indexed to FY20 saw a strong catch-up in China but is now normalizing



Source: UBSe, Company data

China accounted for 33% of ASML's product sales in 2025, up from roughly 10% prior to 2020, driving a ~40% China revenue CAGR over 2019–2025. The pace of this expansion has naturally raised concerns about its sustainability.

Figure 37: China/DUV litho sales show acceleration in H2'25



Source: UBSe, Company data

In terms of the major region/fabs importing litho, we see CXMT and memory accelerating spending in the next 6 to 12 months driven by strong demand and increasing fab readiness.

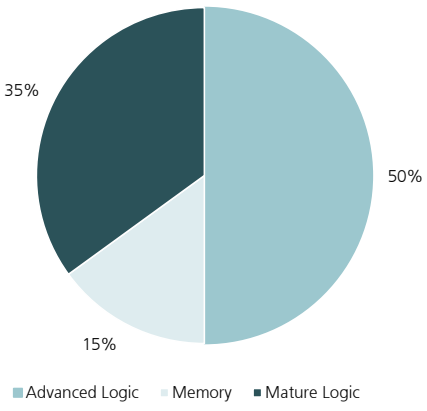
Figure 38: China litho imports by region

	Jul-26				7M26				
Province	**Imported amount (US$ m)**	**Imported unit**	**ASP (US$ m)**	**As % of total amount**	**Imported amount (US$ m)**	**Imported unit**	**ASP (US$ m)**	**As % of total amount**	**Major fabs located in the province**
Shanghai	460	6	77	56%	1,666	26	64	47%	SMIC, Hua Hong, Huali, CXMT. GTA Semi, GTX, etc.
Beijing	144	3	48	18%	561	21	27	16%	SMIC, Yandong Micro, CXMT, etc.
Guangdong	45	4	11	5%	317	11	29	9%	SMIC, CanSemi, SwaySure, CR Micro
Shandong	0	0	n.a.	0%	0	0	n.a.	0%	Si'En, BYD Semi
Anhui	0	0	n.a.	0%	126	2	63	4%	CXMT, Nexchip
Sichuan	16	1	16	2%	256	6	43	7%	Huali, BYD Semi
Jiangsu	7	1	7	1%	67	6	11	2%	Hua Hong, SK Hynix, TSMC Nanjing
Hubei	0	0	n.a.	0%	82	7	12	2%	YMTC, XMC
Fujian	0	0	n.a.	0%	0	0	n.a.	0%	UMC Xiamen, Jinhua, Silan Xiamen
Shaanxi	6	2	3	1%	6	2	3	0%	Samsung
Zhejiang	116	2	58	14%	313	7	45	9%	Fullsemi, Rongsemi, United Nova, Silan Micro, StarPower
Other	20	2	10	3%	167	7	24	5%	
Total	**815**	**21**	**39**		**3,561**	**95**	**37**		

Source: China Customs, UBS

We see the following split for China revenues last year; going forward, we wouldn't expect significant change, however, perhaps an increasing % from 'advanced' logic.

Figure 39: UBSe ASML China revenues by segment 2025



Source: UBSe

Looking ahead to 2027, we expect a meaningful recovery in memory-related spending following two years of significant underinvestment. We believe CXMT will be a key driver of this acceleration, with capacity additions potentially exceeding 80k wpm in 2027E, up from approximately 50k wpm in 2026E.

Importantly, we expect the majority of this expansion to be dedicated to G5 (1a) DRAM production, for which we estimate lithography intensity of roughly €2.5-3.0bn per 100k wpm of capacity. On this basis, CXMT's lithography spend alone could approach €2.5bn in 2027E.

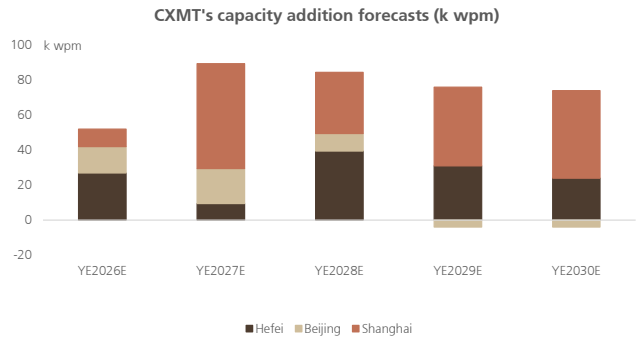
To put this into perspective, such spending would represent approximately 30-35% of our estimate for ASML's China revenues in 2026, highlighting both the growing importance of domestic Chinese memory investment and the potential for CXMT to become one of the largest incremental demand drivers for ASML over the coming years.

Figure 40: CXMT's total capacity to reach 466k wpm in YE2028E

Unit: k wpm		2024	2025	2026E	2027E	2028E
12 inch capacity	**Max. capacity**					
Hefei - phase 1	120	110	119	115	107	99
Hefei - phase 2	100	41	59	89	100	99
Beijing - phase 1	100	35	55	64	83	100
Beijing - phase 2	100	-	-	-	-	-
Shanghai- fab 1	100			3	45	83
Shanghai- fab 2	100			-	-	-
Hefei - phase 3	100	-	-	-	7	48
Hefei - phase 4	100	-	-	-	-	-
New fabs	100	-	-	-	-	-
Total 12'' DRAM wafer capacity - year end (k wpm		**205**	**240**	**292**	**382**	**466**
YoY (absolute cpacity addition)		*45*	*35*	*52*	*90*	*85*
Total 12'' DRAM wafer capacity - average (k wpm)		**186**	**233**	**271**	**341**	**430**
YoY		*43*	*46*	*38*	*71*	*89*

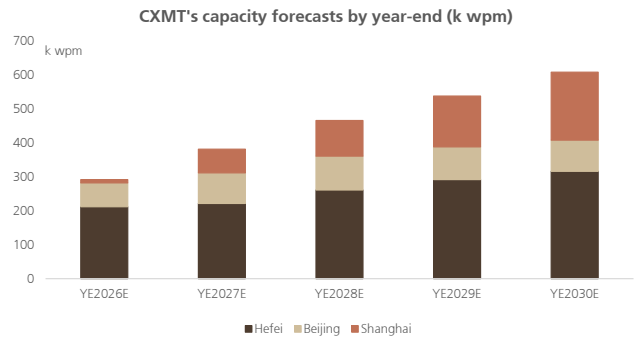
Source: Company data, UBS-S estimates

Figure 41: CXMT's designed capacity addition forecasts shows strong ramp in Shanghai



Source: Company data, UBS-S estimates

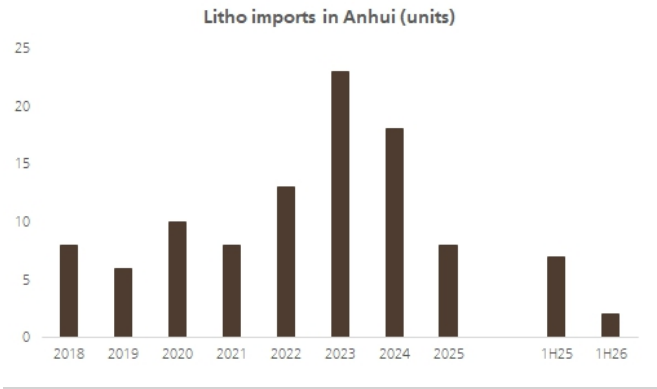
Figure 42: CXMT's DRAM designed year-end capacity forecasts



Source: Company data, UBS-S estimates

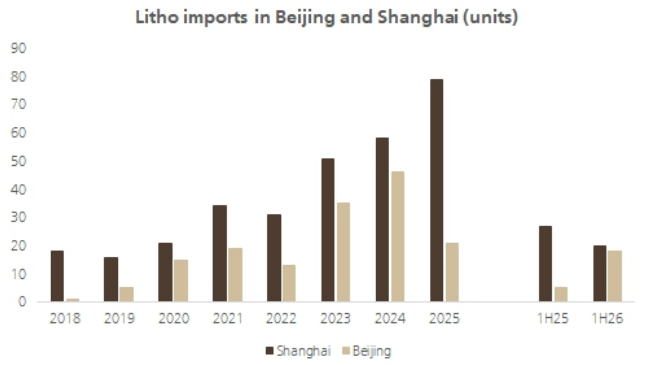
We expect imports into the Shanghai region to increase materially over the next 6-12 months, reflecting the capacity expansion we forecast at CXMT, which has yet to be visible in the Chinese import data.

Figure 43: Litho imports in Anhui



Source: China Customs

Figure 44: Litho imports in Beijing and Shanghai



Source: China Customs

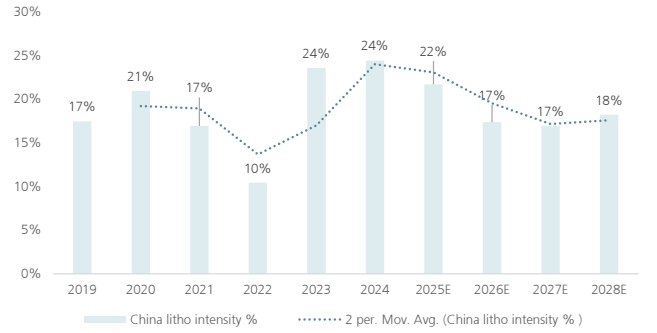
Therefore, we foresee solid underlying demand from China. Importantly, based on our forecasts, we estimate China's lithography intensity to reach 15-20% in 2027-28E, which we view as a "normalized" level, given that China's lithography intensity prior to the 2019 restrictions was approximately within the 15-18% range.

Figure 45: DUV revenues - we expect China revenues down c-11% in 2026E and +25% y-o-y in 2027E.

	2021	2022	2023	2024	2025	2026E	2027E	2028E
Non-China	4,883	5,553	5,869	3,853	3,890	7,567	10,282	14,723
y-o-y	18%	14%	6%	-34%	1%	95%	36%	43%
China	2,225	2,160	6,431	8,983	8,124	7,223	9,059	10,824
y-o-y		-3%	198%	40%	-10%	-11%	25%	19%
DUV revenues	**7,108**	**7,713**	**12,300**	**12,836**	**12,013**	**14,789**	**19,341**	**25,547**
y-o-y		**9%**	**455%**	**4%**	**-6%**	**23%**	**31%**	**32%**

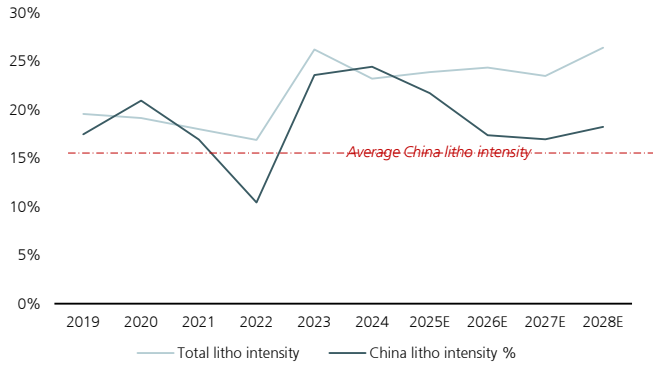
Source: UBSe, Company data

Figure 46: China litho intensity forecast - we expect litho intensity to be more normalised in 2027-28E at 15-20%, similar to pre 2020 levels



Source: UBS, Company data

Figure 47: China litho intensity vs total litho intensity - China is back below total intensity reflecting the more trailing edge and multi patterning exposure of China vs non China



Source: UBS, Company data

There is significant newsflow out of China on their domestic lithography capability, an area they are investing in significantly given the strategic importance. SMEE are the most ahead with a >90nm lithography tool already in manufacturing; however, Yuliangsheng as well as others listed below are also important to watch.

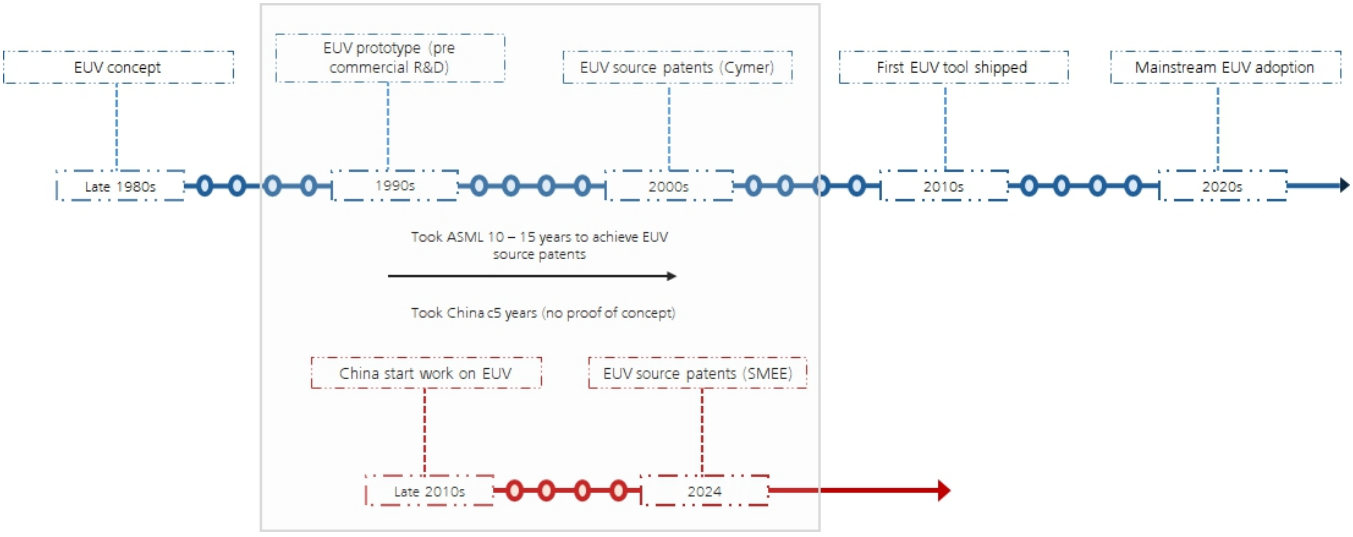
Figure 48: Key China litho players

Company	Comments
SMEE	Current DUV systems serve >90nm and working towards 28nm immersion development. Multiple submitted EUV patents including comprehensive light source solution
Yuliangsheng	Immersion for 28nm prototype sent to SMIC for testing with mostly Chinese sourced platform
Prinano	Focus on Nanonimprint lithography, PL-SR series can pattern <10nm features on 300mm wafers howver throughput/overlay lags traditional lithography
UP Optotech	provides high precision optical lens/modules used in DUV systems (sells to SMEE)
GuoWang optics	optical systems for Immersion litho (sells to SMEE)
RSLaser	Light source system supplier, delivering first ArF light source (sells to SMEE)

Source: UBSe, Company data

We believe for now China still imports key optical components from Zeiss/Nikon/Canon for their lithography tools based on import data. We continue to see China's ability to make EUV tools as >10 years away; however, given the ability to reverse-engineer current equipment, we would expect them to reach an HVM tool quicker than ASML. Yields/throughput are unlikely to match; however, they'd likely be sufficient for the Chinese market. SMEE submitted a patent in 2024 on an EUV source component, a key part of the process. A similar sort of patent was submitted by Cymer in the mid 2000s, 10-15 years after the first EUV prototype. This took China c5 years; however, it is important to note that there is no proof of concept of this patent or evidence that it works in an HVM environment.

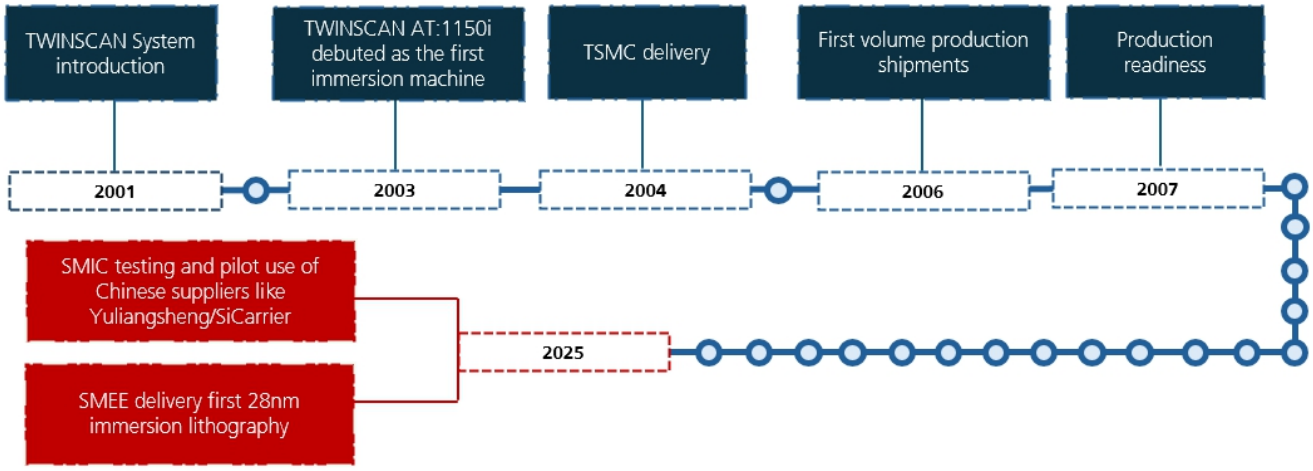
Figure 49: ASML EUV timeline vs China



Source: UBSe, Company data

Regarding DUV, we analyzed China's advancements, particularly in immersion technology, which we consider crucial for the country's focus on leading-edge capabilities. Based on the comparative timeline outlined below, we estimate that China's development of a potentially competitive immersion tool relative to ASML remains approximately 2 to 5 years away. However, it is essential to note that disparities in yield and throughput are expected to persist significantly. Consequently, we anticipate that China will continue acquiring ASML tools for these reasons, barring any restrictions that might limit access.

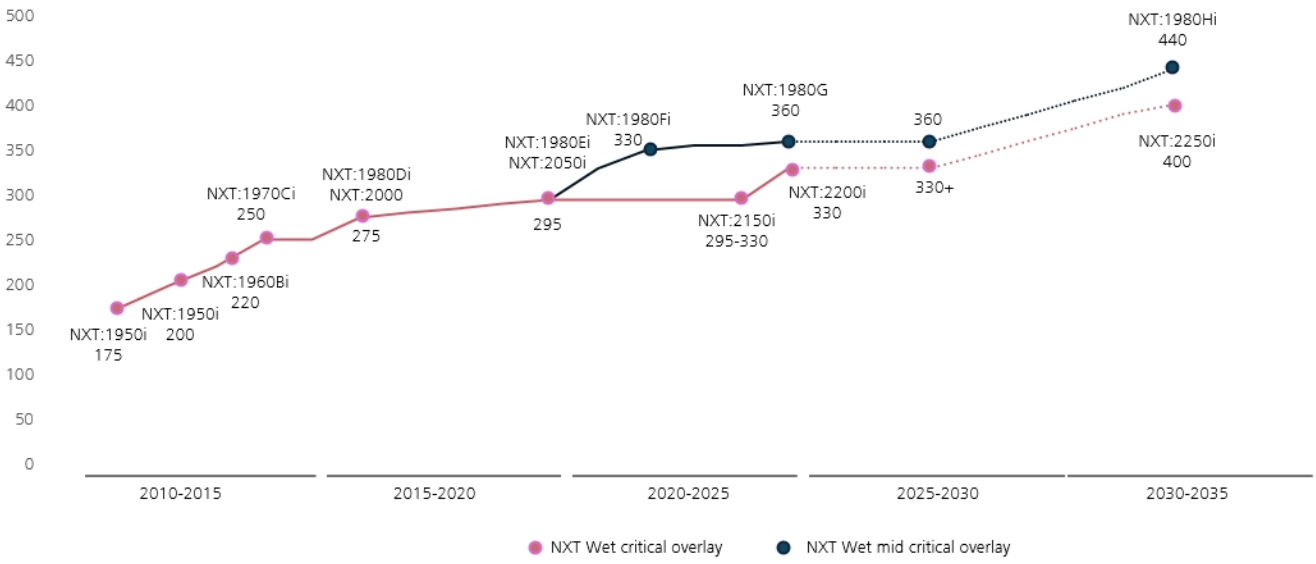
Figure 50: We assess that China might be 2-5 years away from mass production tools in immersion if we compare its development vs ASML



Source: UBS, Company data

Analyzing the progression of immersion system throughput, ASML demonstrated advancements from approximately 120 wph in 2006-07 to 175-220 wph during the 2010-15 period, and further to around 330 wph today. Assuming initial throughput for China's lithography tools reaches approximately 150 wph, this would suggest that China's productivity would be roughly half that of ASML during its early stages, even without factoring in potentially lower tool availability. Consequently, we anticipate sustained demand from China over the next few years, even as the country begins deploying its own lithography tools. A similar pattern can be observed in deposition and etching equipment, where Chinese revenues have shown notable growth and resilience for Western manufacturers, despite China being comparatively more advanced in deposition and etching technologies than in lithography.

Figure 51: Immersion throughput history shows that China is likely to take time to compete with ASML tools in the beginning leading to healthy demand from China for ASML even in a scenario of China local breakthrough



Source: UBS, Company data

We show below our assumptions for EUV shipments.

Figure 52: EUV shipments forecast by customer

0.33 NA tools	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Logic																
TSMC	1	1	3	10	15	15	20	22	19	13	20	26	35	44	43	42
Samsung Foundry	1	1	1	2	4	9	11	14	4	2	2	2	4	4	4	4
Intel	2	2	2	3	3	2	2	9	7	8	5	5	8	13	10	10
GF			1													
Others			1	1	2		1			1	2	2	4	3	0	0
DRAM																
Samsung		1		1	1	4	7	5	6	6	5	12	15	16	15	14
SK Hynix				1	1	1	1	3	4	10	8	12	15	17	17	17
Micron		1		1			1	1	2	2	2	6	7	8	8	8
Total shipments	**4**	**6**	**8**	**19**	**26**	**31**	**43**	**54**	**42**	**42**	**44**	**65**	**88**	**105**	**97**	**95**

0.55 NA tools	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
TSMC								0	0	1	2	1	2	2	5	8
Samsung								0	0	0	1	1	2	2	3	3
Intel								0	1	2	2	2	1	2	2	2
SK Hynix								0	0	0	1	1	1	1	3	5
Micron								0	0	0	0	0	0	0	0	0
Others										1	0	0	1	0	0	0
Total shipments								**0**	**1**	**4**	**6**	**5**	**6**	**7**	**13**	**18**

Source: UBS estimates

Figure 53: EUV revenues by end markets show strong memory growth in 2026E and 2027E

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EUV logic revs y-o-y						44%	38%	56%	-35%	6%	50%	16%	55%	39%	0%	5%
EUV memory revs y-o-y						232%	90%	18%	29%	64%	21%	89%	34%	25%	10%	4%

Source: UBS estimates

Figure 54: DUV revenues - we expect China revenues down 11% in 2026E and up 25% y-o-y in 2027E

	2021	2022	2023	2024	2025	2026E	2027E	2028E
Non-China	4,883	5,553	5,869	3,853	3,890	7,567	10,282	14,723
y-o-y	18%	14%	6%	-34%	1%	95%	36%	43%
China	2,225	2,160	6,431	8,983	8,124	7,223	9,059	10,824
y-o-y		-3%	198%	40%	-10%	-11%	25%	19%
DUV revenues	**7,108**	**7,713**	**12,300**	**12,836**	**12,013**	**14,789**	**19,341**	**25,547**
y-o-y		**9%**	**455%**	**4%**	**-6%**	**23%**	**31%**	**32%**

Source: UBS estimates

Figure 55: We estimate an EPS upside scenario of €103/share in 2028

	2026		2027				2028			
Scenario Variable	**UBSe**	**Cons**	**Downside**	**Upside**	**UBSe**	**Cons**	**Downside**	**Upside**	**UBSe**	**Cons**
ASML Scenario										
Dry*	208	232	200	240	223	244	170	250	249	250
ArF Immersion*	126	131	150	180	160	165	150	300	200	197
DUV	**334**	**363**	**350**	**420**	**383**	**409**	**320**	**550**	**449**	**447**
EUV 0.33 NA	65	66	75	100	88	87	80	120	105	106
EUV 0.50 NA (High-NA)	5	5	5	7	6	6	5	10	7	9
Total units	**404**	**433**	**430**	**527**	**477**	**502**	**405**	**680**	**561**	**562**
DUV revenues	14,789	14,318	15,362	22,034	19,341	17,652	15,607	34,202	25,547	20,610
y-o-y			4%	49%	31%	23%	6%	131%	32%	17%
EUV revenues	17,218	17,473	19,000	29,800	24,664	24,185	21,750	36,400	33,320	31,783
y-o-y			10%	73%	43%	38%	26%	111%	35%	31%
metrology & inspection	823	1,002	1,000	1,500	1,290	1,332	1,000	1,500	1,268	1,400
Systems Revenue	32,830	32,808	35,362	53,334	45,295	43,200	38,357	72,102	60,135	53,506
Service Revenue	11,209	11,041	10,000	12,000	13,265	12,907	12,000	15,000	16,089	14,677
Total Revenues (ASML)	**44,039**	**43,879**	**45,362**	**65,334**	**58,560**	**56,157**	**50,357**	**87,102**	**76,225**	**68,302**
y-o-y	**35%**	**34%**	**3%**	**48%**	**33%**	**28%**	**-14%**	**49%**	**30%**	**22%**
Gross margin %	55.6%	55.0%	54.0%	58.0%	56.7%	56.4%	53.0%	61.0%	59.3%	57.4%
R&D (Em)	4,936	5,059	5,000	5,300	5,306	5,591	5,000	5,400	5,572	6,101
R&D % of sales	11.2%	11.5%	11.0%	8.1%	9.1%	10.0%	9.9%	6.2%	7.3%	8.9%
SG&A (Em)	1,405	1,400	1,200	1,400	1,650	1,598	1,200	1,600	1,733	1,737
SG&A % of sales	3.2%	3.2%	2.6%	2.1%	2.8%	2.8%	2.4%	1.8%	2.3%	2.5%
EBIT margin %	**41.2%**	**40.3%**	**40.3%**	**47.7%**	**44.8%**	**43.6%**	**40.7%**	**53.0%**	**49.7%**	**46.0%**
EBIT (€m)	**18,130**	**17,689**	**18,295**	**31,194**	**26,235**	**24,490**	**20,489**	**46,132**	**37,863**	**31,425**
Net income (€m)	**15,262**	**15,027**	**15,277**	**26,047**	**22,099**	**20,702**	**17,109**	**38,520**	**31,865**	**26,465**
No of shares (UBSe)	384	385	380	380	380	381	375	375	375	377
EPS (€)	**39.5**	**39.1**	**40.2**	**68.6**	**58.4**	**54.3**	**45.6**	**102.7**	**85.2**	**70.2**
y-o-y			2%	74%	48%	39%	-22%	76%	45.81%	29%
Current price: **1500**										
P/E	38	38	37	22	26	28	33	15	18	21
Assumptions										
Litho intensity assumptions	29%		27%	28%	26%		27%	29%	28%	
WFE intensity	9%		11%	9%	9%		11%	9%	10%	
Output										
WFE implied ($bn)	147		169	245	226		183	320	275	
y-o-y	37%		15%	67%	54%		-19%	42%	22%	
Semis revs ($bn)	1,624		1,532	2,724	2,413		1,662	3,555	2,700	
y-o-y	136%		-6%	68%	49%		-31%	47%	12%	

Source: UBS estimates

Forecast changes

We increase our EPS by c10% in 2028E and beyond mainly to reflect pricing increase.

Figure 56: UBS forecast changes for ASML

	New					Old					% change				
EURm	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Product sales	32,830	45,295	60,135	56,186	58,909	32,830	45,295	56,608	52,436	54,909	0.0%	0.0%	6.2%	7.2%	7.3%
Service sales	11,209	13,265	16,089	17,872	20,451	11,209	13,265	15,801	17,812	20,391	0.0%	0.0%	1.8%	0.3%	0.3%
Total revenues	**44,039**	**58,560**	**76,225**	**74,058**	**79,360**	**44,039**	**58,560**	**72,409**	**70,248**	**75,300**	**0.0%**	**0.0%**	**5.3%**	**5.4%**	**5.4%**
Gross profit adj.	**24,511**	**33,232**	**45,207**	**44,297**	**48,213**	**24,511**	**33,232**	**41,772**	**41,328**	**44,848**	**0.0%**	**0.0%**	**8.2%**	**7.2%**	**7.5%**
Gross margin adj.	**55.7%**	**56.7%**	**59.3%**	**59.8%**	**60.8%**	**55.7%**	**56.7%**	**57.7%**	**58.8%**	**59.6%**	**0bps**	**0bps**	**162bps**	**98bps**	**119bps**
R&D	-4,936	-5,306	-5,572	-5,850	-6,052	-4,936	-5,306	-5,572	-5,850	-6,052	0.0%	0.0%	0.0%	0.0%	0.0%
SG&A	-1,405	-1,650	-1,733	-1,906	-2,001	-1,405	-1,650	-1,733	-1,906	-2,001	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT adj.	**18,170**	**26,275**	**37,903**	**36,541**	**40,160**	**18,170**	**26,275**	**34,467**	**33,572**	**36,795**	**0.0%**	**0.0%**	**10.0%**	**8.8%**	**9.1%**
% margin	**41.3%**	**44.9%**	**49.7%**	**49.3%**	**50.6%**	**41.3%**	**44.9%**	**47.6%**	**47.8%**	**48.9%**	**0bps**	**0bps**	**212bps**	**155bps**	**174bps**
Interest Income/jvs	131	120	120	120	120	131	120	120	120	120					
Tax	-3,124	-4,217	-6,077	-5,859	-6,438	-3,124	-4,217	-5,528	-5,384	-5,900					
Net Income adj.	**15,170**	**22,172**	**31,939**	**30,795**	**33,835**	**15,170**	**22,172**	**29,053**	**28,301**	**31,008**	**0.0%**	**0.0%**	**9.9%**	**8.8%**	**9.1%**
EPS basic adj.	**39.55**	**58.47**	**85.25**	**83.37**	**92.99**	**39.55**	**58.47**	**77.54**	**76.62**	**85.23**	**0.0%**	**0.0%**	**9.9%**	**8.8%**	**9.1%**
EPS diluted adj.	**39.51**	**58.41**	**85.17**	**83.28**	**92.90**	**39.51**	**58.41**	**77.46**	**76.54**	**85.15**	**0.0%**	**0.0%**	**9.9%**	**8.8%**	**9.1%**
New unit shipments	**404**	**477**	**561**	**521**	**533**	**404**	**477**	**556**	**521**	**533**	**0.0%**	**0.0%**	**0.9%**	**0.0%**	**0.0%**
Refurbished tools	31	28	28	28	28	31	28	28	28	28	0.0%	0.0%	0.0%	0.0%	0.0%
Total unit shipments	**435**	**505**	**589**	**549**	**561**	**435**	**505**	**584**	**549**	**561**	**0.0%**	**0.0%**	**0.9%**	**0.0%**	**0.0%**
ASP (new tools - EURm)	**79.2**	**92.3**	**104.9**	**105.2**	**107.9**	**79.2**	**92.3**	**99.5**	**98.0**	**100.4**	**0.0%**	**0.0%**	**5.4%**	**7.3%**	**7.5%**
ASP (refurbs - Euro m)	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	0.0%	0.0%	0.0%	0.0%	0.0%
ASP (Euro m)	**75.5**	**89.8**	**102.1**	**102.3**	**105.1**	**75.5**	**89.8**	**96.9**	**95.4**	**97.9**	**0.0%**	**0.0%**	**5.3%**	**7.2%**	**7.3%**

Source: UBS estimates

Valuation

Our price target increases to €2,350 from €2,250 driven by the changes above. Key long term DCF assumptions remain unchanged

Figure 57: UBS DCF valuation summary – ASML

Dec Yr End	Actual							Explicit Projections				
EURm	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Revenue	11,820	13,978	18,611	21,173	27,559	28,263	32,667	44,039	58,560	76,225	74,058	79,360
% change y-o-y												
EBIT	2,831	4,091	6,790	6,541	9,082	9,063	11,342	18,170	26,275	37,903	36,541	40,160
margin %	24%	29%	36%	31%	33%	32%	35%	41%	45%	50%	49%	51%
D&A	369	411	391	504	660	839	946	686	440	720	1,840	1,920
% of sales	3%	3%	2%	2%	2%	3%	3%	2%	1%	1%	2%	2%
EBITDA	3,199	4,502	7,181	7,044	9,742	9,901	12,288	18,856	26,715	38,623	38,381	42,080
margin %	27%	32%	39%	33%	35%	35%	38%	43%	46%	51%	52%	53%
Cash tax	-192	-552	-1,021	-970	-1,436	-1,681	-2,013	-3,124	-4,217	-6,077	-5,859	-6,438
tax rate %	7%	13%	15%	15%	16%	19%	18%	17%	16%	16%	16%	16%
NWC	74	532	4,893	2,441	-3,664	2,053	1,027	-2,677	6,822	4,215	4,049	7,319
Capex	-767	-980	-923	-1,282	-2,156	-2,067	-1,574	-1,202	-1,000	-1,000	-2,000	-2,400
% of sales	6%	7%	5%	6%	8%	7%	5%	3%	2%	1%	3%	3%
FCF	2,315	3,503	10,129	7,234	2,487	8,207	9,727	11,853	28,321	35,760	34,570	40,560
Discounted FCF	0	0	0	0	0	0	0	0	27,106	31,413	27,872	30,014

DCF Summary (EURm)	
Enterprise Value	883,555
Net Cash (2026E)	14,684
Equity investments	1,000
Market Value (Em)	899,239
No of shares (m)	382.6
Per share (E)	**2,350**

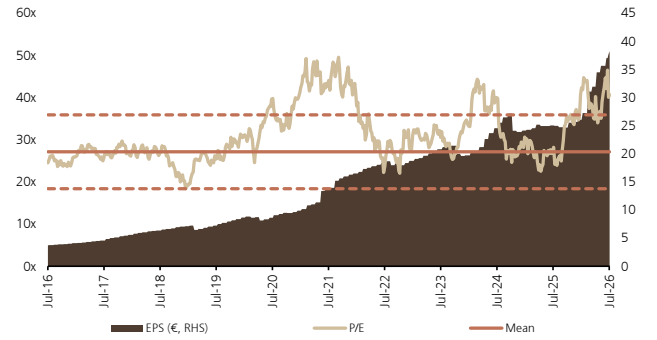
Assumptions normalised year	
Revenue g %	
Product Sales	3%
Service Sales	3%
EBIT margin %	**40%**
Capex % of sales	2.4%
D&A % of sales	2.3%
Tax rate	16%

WACC Calculation	
Equity Beta	1.4
Rf	2.0%
ERP	5.5%
Ke	9.8%
DRP	3.0%
Kd	4.2%
Gearing	15.0%
WACC	**9%**

Value beyond 2026	767,149
as % of EV	87%

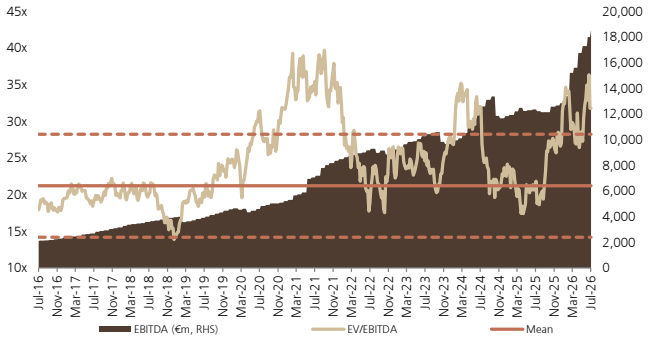
Source: Company data, UBS estimates

Figure 58: ASML historical 12-month forward P/E



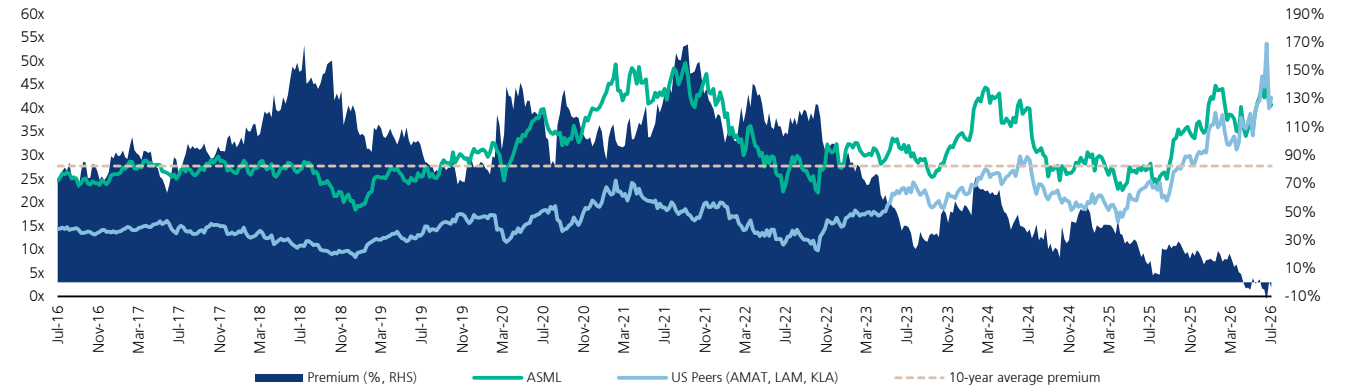
Source: UBS, Datastream

Figure 59: ASML historical 12-month forward EV/EBITDA



Source: UBS, Datastream

Figure 60: ASML premium (12-month forward P/E) vs. US large cap peers - ASML is trading at a 1% premium vs US peers, vs a c67% premium on a 15Y average



Source: UBS, Datastream

Figure 61: UBS estimates - ASML Units & ASP

	2018	2019	2020	2021	2022	2023	2024	2025	Q1 26	Q2 26	Q3 26E	Q4 26E	2026E	2027E	2028E
i-line	21	28	25	29	42	51	57	48	9	9	10	14	42	60	72
KrF dry	73	56	92	115	141	173	136	72	24	30	35	35	124	130	136
ArF dry	13	22	20	22	28	30	26	14	4	8	15	15	42	33	41
ArF Immersion	81	80	68	78	79	116	122	119	14	22	40	50	126	160	200
EUV 0.33NA	18	26	31	42	40	53	42	44	14	15	17	19	65	88	105
EUV High-NA	0	0	0	0	0	0	2	4	2	1	1	1	5	6	7
New tools (units)	**206**	**212**	**236**	**286**	**330**	**423**	**385**	**301**	**67**	**85**	**118**	**134**	**404**	**477**	**561**
Used tools	17	22	22	23	28	28	38	27	12	5	7	7	31	28	28
Product sales (units)	**223**	**234**	**258**	**309**	**358**	**451**	**423**	**328**	**79**	**90**	**125**	**141**	**435**	**505**	**589**
New Tools ASP (Em)	**38.0**	**40.2**	**41.6**	**46.3**	**44.9**	**50.6**	**55.1**	**78.6**	**91.8**	**74.9**	**76.3**	**78.2**	**79.2**	**92.3**	**104.9**
Used tools	7.7	8.0	7.9	7.0	5.6	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Total ASP (Em)	**37.0**	**38.4**	**40.0**	**45.0**	**43.1**	**48.6**	**51.5**	**74.6**	**79.5**	**72.9**	**73.6**	**76.5**	**75.5**	**89.8**	**102.1**
New Tools Sales (Em)	**7,824**	**8,532**	**9,813**	**13,237**	**14,822**	**21,390**	**21,199**	**23,664**	**6,154**	**6,368**	**9,004**	**10,482**	**32,008**	**44,005**	**58,867**
Used tools	131	176	175	162	158	224	304	216	96	40	56	56	248	224	224
Metrology & inspection	304	289	329	508	638	549	570	810	126	197	200	300	823	1,290	1,268
ASML Product sales (Em)	**8,259**	**8,997**	**10,317**	**13,907**	**15,430**	**21,939**	**21,769**	**24,474**	**6,279**	**6,565**	**9,204**	**10,782**	**32,830**	**45,295**	**60,135**
% y-o-y	30%	9%	15%	35%	11%	42%	-1%	12%	9%	17%	66%	42%	34%	38%	33%
New tool sales ex EUV	***5,938***	***5,750***	***5,409***	***6,946***	***7,744***	***12,300***	***12,836***	***12,013***	***2,009***	***2,626***	***4,612***	***5,542***	***14,789***	***19,341***	***25,547***
% y-o-y	*22%*	*-3%*	*-6%*	*28%*	*11%*	*59%*	*4%*	*-6%*	*-15%*	*-6%*	*43%*	*52%*	*23%*	*31%*	*32%*

Source: Company data, UBS estimates

Figure 62: UBS estimates – ASML Income Statement (€m)

Income Statement															
EURm	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Q1 26**	**Q2 26**	**Q3 26E**	**Q4 26E**	**2026E**	**2027E**	**2028E**
Product sales	8,259	8,996	10,317	13,653	15,430	21,939	21,769	24,474	6,279	6,565	9,204	10,782	32,830	45,295	60,135
y-o-y %	29.6%	8.9%	14.7%	32.3%	13.0%	42.2%	-0.8%	12.4%	9.4%	17.3%	65.7%	42.2%	34.1%	38.0%	32.8%
Service sales	2,685	2,824	3,662	4,958	5,743	5,620	6,494	8,193	2,488	2,762	2,900	3,060	11,209	13,265	16,089
y-o-y %	0.2%	5.2%	29.7%	35.4%	15.8%	-2.1%	15.6%	26.2%	24.3%	31.8%	47.8%	43.4%	36.8%	18.3%	21.3%
Revenues	**10,944**	**11,820**	**13,978**	**18,611**	**21,173**	**27,559**	**28,263**	**32,667**	**8,767**	**9,327**	**12,104**	**13,841**	**44,039**	**58,560**	**76,225**
y-o-y %	20.9%	8.0%	18.3%	33.1%	13.8%	30.2%	2.6%	15.6%	13.2%	21.3%	61.0%	42.4%	34.8%	33.0%	30.2%
CoS	-5,915	-6,540	-7,181	-8,802	-10,473	-13,422	-13,771	-15,409	-4,122	-4,291	-5,346	-5,810	-19,568	-25,368	-31,058
Gross margin - headline	5,029	5,280	6,797	9,809	10,700	14,136	14,492	17,258	4,645	5,035	6,759	8,032	24,471	33,192	45,167
Gross margin (%)	46.0%	44.7%	48.6%	52.7%	50.5%	51.3%	51.3%	52.8%	53.0%	54.0%	55.8%	58.0%	55.6%	56.7%	59.3%
Gross profit - UBS	**5,200**	**5,320**	**6,837**	**9,849**	**10,740**	**14,176**	**14,532**	**17,298**	**4,655**	**5,045**	**6,769**	**8,042**	**24,511**	**33,232**	**45,207**
Gross margin (% - UBS)	**47.5%**	**45.0%**	**48.9%**	**52.9%**	**50.7%**	**51.4%**	**51.4%**	**53.0%**	**53.1%**	**54.1%**	**55.9%**	**58.1%**	**55.7%**	**56.7%**	**59.3%**
R&D	-1,576	-1,969	-2,201	-2,547	-3,254	-3,981	-4,304	-4,699	-1,185	-1,277	-1,200	-1,275	-4,936	-5,306	-5,572
% of revenue	14.4%	16.7%	15.7%	13.7%	15.4%	14.4%	15.2%	14.4%	13.5%	13.7%	9.9%	9.2%	11.2%	9.1%	7.3%
SG&A	-488	-521	-545	-726	-946	-1,113	-1,166	-1,258	-302	-303	-400	-400	-1,405	-1,650	-1,733
% of revenue	4.5%	4.4%	3.9%	3.9%	4.5%	4.0%	4.1%	3.9%	3.4%	3.2%	3.3%	2.9%	3.2%	2.8%	2.3%
Other (expenses) income	0	0	0	214	0	0	0	0	0	0	0	0	0	0	0
Total opex	-2,064	-2,489	-2,746	-3,059	-4,199	-5,094	-5,469	-5,957	-1,487	-1,579	-1,600	-1,675	-6,341	-6,956	-7,304
EBIT - headline	2,965	2,791	4,051	6,750	6,501	9,042	9,023	11,302	3,158	3,456	5,159	6,357	18,130	26,235	37,863
% margin	27.1%	23.6%	29.0%	36.3%	30.7%	32.8%	31.9%	34.6%	36.0%	37.1%	42.6%	45.9%	41.2%	44.8%	49.7%
EBIT adj.	**3,136**	**2,831**	**4,091**	**6,790**	**6,541**	**9,082**	**9,063**	**11,342**	**3,168**	**3,466**	**5,169**	**6,367**	**18,170**	**26,275**	**37,903**
% margin	**28.7%**	**23.9%**	**29.3%**	**36.5%**	**30.9%**	**33.0%**	**32.1%**	**34.7%**	**36.1%**	**37.2%**	**42.7%**	**46.0%**	**41.3%**	**44.9%**	**49.7%**
Interest Income(Expense)	-14	-9	54	-18	-45	41	20	105	41	30	30	30	131	120	120
PBT adj.	3,122	2,822	4,145	6,772	6,496	9,124	9,082	11,446	3,209	3,496	5,199	6,397	18,301	26,395	38,023
Tax	-352	-192	-552	-1,021	-970	-1,436	-1,681	-2,013	-547	-610	-882	-1,086	-3,124	-4,217	-6,077
Effective Tax Rate %	11.3%	6.8%	13.3%	15.1%	14.9%	15.7%	18.5%	17.6%	17.1%	17.5%	17.0%	17.0%	17.1%	16.0%	16.0%
Net Income cont. adj.	**2,759**	**2,628**	**3,588**	**5,744**	**5,520**	**7,681**	**7,395**	**9,426**	**2,660**	**2,885**	**4,315**	**5,309**	**15,170**	**22,172**	**31,939**
EPS basic - headline	**6.10**	**6.16**	**8.50**	**14.38**	**14.17**	**19.91**	**19.25**	**24.74**	**7.15**	**7.59**	**11.21**	**13.84**	**39.79**	**58.27**	**85.06**
EPS diluted - headline	**6.08**	**6.15**	**8.48**	**14.36**	**14.16**	**19.89**	**19.24**	**24.72**	**7.15**	**7.58**	**11.19**	**13.83**	**39.75**	**58.22**	**84.97**
EPS basic - UBS	**6.50**	**6.25**	**8.58**	**14.04**	**13.91**	**19.51**	**18.80**	**24.26**	**6.90**	**7.50**	**11.25**	**13.89**	**39.55**	**58.47**	**85.25**
EPS diluted - UBS	**6.47**	**6.23**	**8.57**	**14.02**	**13.90**	**19.49**	**18.79**	**24.24**	**6.90**	**7.49**	**11.24**	**13.88**	**39.51**	**58.41**	**85.17**

Source: Company data, UBS estimates

Figure 63: UBS estimates – ASML Balance sheet (€m)

Balance Sheet EURm	2018	2019	2020	2021	2022	2023	2024	2025	Q1 26	Q2 26	Q3 26E	Q4 26E	2026E	2027E	2028E
Cash and cash equivalents	3,121	3,532	6,049	6,952	7,268	7,005	12,736	12,916	7,970	6,672	11,972	15,759	15,759	34,802	60,096
Short term Investments	913	1,186	1,302	639	108	5	5	406	406	910	910	910	910	910	910
Accounts receivable	1,498	1,787	1,310	3,028	5,324	4,334	4,478	3,023	4,403	7,253	6,725	5,383	5,383	5,933	7,890
Finance receivables	611	565	1,711	1,186	1,357	1,379	83	614	630	560	560	560	560	560	560
Current tax assets	80	179	67	42	33	1,001	284	89	65	84	84	84	84	84	84
Inventories	3,440	3,809	4,689	5,179	7,200	8,851	10,892	11,429	11,711	11,740	14,624	15,894	15,894	11,296	14,115
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other current assets	869	1,074	802	1,165	1,775	1,819	2,261	2,140	2,398	2,332	2,332	2,332	2,332	2,332	2,332
Total current assets	**10,531**	**12,131**	**15,930**	**18,190**	**23,065**	**24,394**	**30,737**	**30,616**	**27,584**	**29,549**	**37,206**	**40,920**	**40,920**	**55,917**	**85,986**
Finance receivables	275	421	401	383	0	61	317	13	198	0	0	0	0	0	0
Deferred tax asset	236	445	672	1,099	1,673	1,872	1,941	1,719	1,762	1,743	1,743	1,743	1,743	1,743	1,743
Other assets	806	830	951	1,011	1,104	1,581	2,247	2,711	3,047	3,299	3,299	3,299	3,299	3,299	3,299
Goodwill	4,541	4,541	4,629	4,556	4,556	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589
Other intangible assets	1,104	1,104	1,049	952	842	742	621	540	532	590	590	590	590	590	590
PP&E	1,590	1,999	2,470	2,983	3,944	5,493	6,847	7,894	7,770	7,816	7,936	8,056	8,056	8,536	8,736
Total long-term assets	**9,606**	**10,499**	**11,337**	**12,041**	**13,236**	**15,564**	**17,852**	**19,951**	**20,477**	**20,666**	**20,786**	**20,906**	**20,906**	**21,386**	**21,586**
Total assets	**20,137**	**22,630**	**27,267**	**30,231**	**36,300**	**39,958**	**48,590**	**50,567**	**48,061**	**50,215**	**57,992**	**61,826**	**61,826**	**77,302**	**107,571**
ST debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax liabilities	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188
Accounts payable	964	1,630	1,703	5,636	8,724	7,915	9,683	11,609	9,539	10,193	13,673	14,505	14,505	15,865	19,824
Accrued and other liabilities	2,640	2,876	4,713	6,474	9,072	8,172	10,181	12,467	10,561	11,773	13,841	13,841	13,841	15,256	20,287
Provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total current liabilities	**3,792**	**4,694**	**6,604**	**12,298**	**17,984**	**16,275**	**20,051**	**24,264**	**20,288**	**22,155**	**27,703**	**28,535**	**28,535**	**31,309**	**40,299**
LT debt	3,027	3,108	4,663	4,075	3,514	4,632	3,677	2,709	2,706	1,984	1,984	1,984	1,984	1,984	1,984
Deferred and other liabilities	251	234	238	241	267	372	299	183	235	240	240	240	240	240	240
Provisions	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued and other liabilities	1,397	2,001	1,897	3,477	5,725	5,227	6,085	3,799	4,002	4,010	4,010	4,010	4,010	4,010	4,010
Total non-current liabilities	**4,704**	**5,343**	**6,799**	**7,792**	**9,506**	**10,230**	**10,061**	**6,691**	**6,943**	**6,235**	**6,235**	**6,235**	**6,235**	**6,235**	**6,235**
Shareholders' equity	**11,641**	**12,592**	**13,865**	**10,141**	**8,811**	**13,452**	**18,477**	**19,612**	**20,830**	**21,825**	**24,054**	**27,057**	**27,057**	**39,758**	**61,037**
Total liabilities and equity	**20,137**	**22,630**	**27,267**	**30,231**	**36,300**	**39,958**	**48,590**	**50,567**	**48,061**	**50,215**	**57,992**	**61,826**	**61,826**	**77,302**	**107,571**

Source: Company data, UBS estimates

Figure 64: UBS estimates – ASML Cash flow (€m)

Cash Flow Statement EURm	2018	2019	2020	2021	2022	2023	2024	2025	Q1 26	Q2 26	Q3 26E	Q4 26E	2026E	2027E	2028E
Net income	2,591	2,592	3,554	5,883	5,624	7,839	7,572	9,609	2,757	2,918	4,297	5,291	15,262	22,099	31,865
D&A	423	449	491	471	584	740	919	1,026	259	247	130	130	766	520	800
% of revenue	3.9%	3.8%	3.5%	2.5%	2.8%	2.7%	3.3%	3.1%	3.0%	2.6%	1.1%	0.9%	1.7%	0.9%	1.0%
Share based payments	46	75	54	118	69	135	173	202	31	59	0	0	90	0	0
Deferred Income tax	-239	-200	-211	-420	-564	-134	-145	181	-42	20	0	0	-22	0	0
Change in A&L	-59	74	532	4,893	2,441	-3,664	2,053	1,027	-5,158	-1,615	3,191	904	-2,677	6,822	4,215
Others	326	287	209	-99	333	527	595	614	-33	75	0	0	42	0	0
Cash flow from operations	**3,088**	**3,276**	**4,628**	**10,846**	**8,487**	**5,443**	**11,166**	**12,659**	**-2,186**	**1,703**	**7,618**	**6,326**	**13,461**	**29,441**	**36,880**
Capex	-574	-767	-980	-923	-1,282	-2,156	-2,067	-1,574	-402	-299	-250	-250	-1,202	-1,000	-1,000
% of revenue	5.2%	6.5%	7.0%	5.0%	6.1%	7.8%	7.3%	4.8%	4.6%	3.2%	2.1%	1.8%	2.7%	1.7%	1.3%
Others	67	-391	-373	851	253	-534	-542	-2,204	-85	-627	0	0	-712	0	0
Cash flow from investing	**-508**	**-1,158**	**-1,352**	**-72**	**-1,029**	**-2,689**	**-2,609**	**-3,778**	**-488**	**-926**	**-250**	**-250**	**-1,914**	**-1,000**	**-1,000**
Dividend paid	-597	-1,326	-1,066	-1,368	-2,560	-2,348	-2,453	-2,550	-617	-1,039	-721	-673	-3,049	-3,397	-4,586
Purchase of shares	-1,146	-410	-1,208	-8,560	-4,640	-1,000	-500	-5,950	-1,000	-1,078	-1,347	-1,616	-5,041	-6,000	-6,000
Issue of shares	22	27	38	49	82	99	124	142	35	37	0	0	72	0	0
Change in debt, net	-3	-4	1,485	-3	-516	-753	-26	-313	-693	0	0	0	-693	0	0
Others	0	0	-2	-9	496	998	23	0	0	0	0	0	0	0	0
Cash flow from financing	**-1,724**	**-1,712**	**-753**	**-9,892**	**-7,138**	**-3,004**	**-2,832**	**-8,671**	**-2,275**	**-2,080**	**-2,068**	**-2,289**	**-8,711**	**-9,397**	**-10,586**
FX / Other	5	5	-5	20	-3	-14	6	-30	3	4	0	0	7	0	0
Net cashflow	**862**	**411**	**2,517**	**902**	**317**	**-264**	**5,731**	**180**	**-4,946**	**-1,299**	**5,300**	**3,787**	**2,843**	**19,043**	**25,294**
Free Cash Flow	**2,514**	**2,510**	**3,648**	**9,923**	**7,205**	**3,288**	**9,099**	**11,085**	**-2,588**	**1,404**	**7,368**	**6,076**	**12,259**	**28,441**	**35,880**
% margin	**23.0%**	**21.2%**	**26.1%**	**53.3%**	**34.0%**	**11.9%**	**32.2%**	**33.9%**	**-29.5%**	**15.0%**	**60.9%**	**43.9%**	**27.8%**	**48.6%**	**47.1%**

Source: Company data, UBS estimates

ASML (ASML.AS)

Income Statement (€m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**27,559**	**28,263**	**32,667**	**44,039**	*34.8*	**58,560**	*33.0*	**76,225**	**74,058**	**79,360**
Gross profit	14,176	14,532	17,298	24,511	*41.7*	33,232	*35.6*	45,207	44,297	48,213
EBITDA (UBS)	**9,822**	**9,981**	**12,368**	**18,936**	*53.1*	**26,795**	*41.5*	**38,703**	**38,461**	**42,160**
Depreciation & amortisation	(740)	(919)	(1,026)	(766)	*25.3*	(520)	*32.1*	(800)	(1,920)	(2,000)
EBIT (UBS)	**9,082**	**9,063**	**11,342**	**18,170**	*60.2*	**26,275**	*44.6*	**37,903**	**36,541**	**40,160**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	41	20	105	131	*25.1*	120	*-8.3*	120	120	120
Exceptionals (incl goodwill)	(40)	(40)	(40)	(40)	*0.0*	(40)	*0.0*	(40)	(40)	(40)
Pre-tax profit	**9,084**	**9,042**	**11,406**	**18,261**	*60.1*	**26,355**	*44.3*	**37,983**	**36,621**	**40,240**
Tax	(1,436)	(1,681)	(2,013)	(3,124)	*-55.2*	(4,217)	*-35.0*	(6,077)	(5,859)	(6,438)
Profit after tax	**7,648**	**7,362**	**9,393**	**15,136**	*61.2*	**22,139**	*46.3*	**31,905**	**30,761**	**33,802**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	191	210	217	126	*-42.0*	(40)	-	(40)	(40)	(40)
Net earnings (local GAAP)	**7,839**	**7,572**	**9,609**	**15,262**	*58.8*	**22,099**	*44.8*	**31,865**	**30,721**	**33,762**
Net earnings (UBS)	**7,681**	**7,395**	**9,426**	**15,170**	*60.9*	**22,172**	*46.2*	**31,939**	**30,795**	**33,835**
Tax rate (%)	15.8	18.6	17.7	17.1	*-3.1*	16.0	*-6.5*	16.0	16.0	16.0

Per Share (€)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	19.49	18.79	24.24	39.51	*63.0*	58.41	*47.8*	85.17	83.28	92.90
EPS (local GAAP, diluted)	19.89	19.24	24.71	39.75	*60.9*	58.22	*46.4*	84.97	83.08	92.69
EPS (UBS, basic)	19.51	18.80	24.26	39.55	*63.0*	58.47	*47.8*	85.25	83.37	92.99
DPS (net) (€)	6.10	6.40	7.50	9.85	*31.3*	9.30	*-5.6*	14.16	14.16	16.84
Cash EPS (UBS, diluted) [1]	21.37	21.12	26.88	41.51	*54.4*	59.78	*44.0*	87.30	88.47	98.39
Book value per share	34.16	46.92	50.47	70.54	*39.8*	104.84	*48.6*	162.92	215.86	277.25
Average shares (diluted)	394	394	389	384	*-1.3*	380	*-1.1*	375	370	364

Balance Sheet (€m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net tangible fixed assets	5,493	6,847	7,894	8,056	*2.1*	8,536	*6.0*	8,736	8,816	9,216
Net intangible fixed assets	5,330	5,210	5,129	5,178	*1.0*	5,178	*0.0*	5,178	5,178	5,178
Investments	1,226	1,290	2,484	2,630	*5.9*	2,630	*0.0*	2,630	2,630	2,630
Other assets	3,514	4,505	4,444	5,042	*13.5*	5,042	*0.0*	5,042	5,042	5,042
Total fixed assets	**15,564**	**17,852**	**19,951**	**20,906**	*4.8*	**21,386**	*2.3*	**21,586**	**21,666**	**22,066**
Net working capital	**1,109**	**(2,055)**	**(6,970)**	**(4,282)**	*38.6*	**(11,104)**	*-159.3*	**(15,319)**	**(19,368)**	**(26,686)**
Cash	7,010	12,741	13,322	16,668	*25.1*	35,712	*114.3*	61,005	83,672	111,730
Short term debt	0	0	0	0	-	0	-	0	0	0
Long term debt	(10,230)	(10,061)	(6,691)	(6,235)	*6.8*	(6,235)	*0.0*	(6,235)	(6,235)	(6,235)
Preferred shares	0	0	0	0	-	0	-	0	0	0
Net (debt) / cash	**(3,220)**	**2,680**	**6,631**	**10,433**	*57.3*	**29,477**	*182.5*	**54,770**	**77,437**	**105,496**
Other debt-deemed liabilities	0	0	0	0	-	0	-	0	0	0
Provisions & non-debt deemed liabs	0	0	0	0	-	0	-	0	0	0
Total equity	**13,452**	**18,477**	**19,612**	**27,057**	*38.0*	**39,758**	*46.9*	**61,037**	**79,735**	**100,875**
Minority interests	0	0	0	0	-	0	-	0	0	0
Common s/h equity	**13,452**	**18,477**	**19,612**	**27,057**	*38.0*	**39,758**	*46.9*	**61,037**	**79,735**	**100,875**
Operating invested capital	**15,446**	**14,507**	**10,497**	**13,993**	*33.3*	**7,651**	*-45.3*	**3,637**	**(332)**	**(7,251)**
Total capital employed	**16,673**	**15,797**	**12,981**	**16,623**	*28.1*	**10,281**	*-38.2*	**6,267**	**2,298**	**(4,621)**

Cash Flow (€m)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EBIT (UBS)	9,082	9,063	11,342	18,170	*60.2*	26,275	*44.6*	37,903	36,541	40,160
Depreciation & amortisation	740	919	1,026	766	*-25.3*	520	*-32.1*	800	1,920	2,000
Net change in working capital	(3,664)	2,053	1,027	(2,677)	-	6,822	-	4,215	4,049	7,319
Net interest	41	20	105	131	*25.1*	120	*-8.3*	120	120	120
Tax paid	(1,436)	(1,681)	(2,013)	(3,124)	*-55.2*	(4,217)	*-35.0*	(6,077)	(5,859)	(6,438)
Other operating	871	1,002	1,390	321	*-76.9*	(120)	-	(120)	(120)	(120)
Operating cash flow	**5,635**	**11,376**	**12,875**	**13,587**	*5.5*	**29,401**	*116.4*	**36,840**	**36,650**	**43,040**
Tangible capital expenditure	(2,156)	(2,067)	(1,574)	(1,202)	*23.6*	(1,000)	*16.8*	(1,000)	(2,000)	(2,400)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Equity free cash flow	**3,479**	**9,309**	**11,302**	**12,385**	*9.6*	**28,401**	*129.3*	**35,840**	**34,650**	**40,640**
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Equity dividends paid	(2,348)	(2,453)	(2,550)	(3,049)	*-19.6*	(3,397)	*-11.4*	(4,586)	(5,243)	(5,723)
Share issues / (buybacks)	(901)	(376)	(5,808)	(4,969)	*14.4*	(6,000)	*-20.8*	(6,000)	(6,780)	(6,899)
Net other cash flows	450	(513)	(2,234)	(706)	*68.4*	0	-	0	0	0
Cash flow (inc)/dec in net debt	**681**	**5,967**	**709**	**3,661**	*NM*	**19,003**	*NM*	**25,254**	**22,627**	**28,018**
FX / non cash items	(1,771)	(66)	3,242	141	*-95.7*	40	*-71.6*	40	40	40
Balance sheet (inc)/dec in net debt	**(1,090)**	**5,900**	**3,952**	**3,802**	*-3.8*	**19,043**	*NM*	**25,294**	**22,667**	**28,058**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

ASML (ASML.AS)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	30.7	41.5	29.3	37.6	25.7	17.6	18.0	16.1
P/E (UBS, diluted)	31.4	42.5	29.9	37.8	25.6	17.5	17.9	16.1
P/CEPS	28.6	37.8	26.9	36.0	25.0	17.1	16.9	15.2
Equity FCF (UBS) yield %	1.4	3.0	4.0	2.1	4.9	6.2	6.0	7.0
Dividend yield (net) %	1.0	0.8	1.0	0.7	0.6	0.9	0.9	1.1
P/BV	17.9	17.0	14.4	21.2	14.3	9.2	6.9	5.4
EV/revenues (core)	8.7	NM	8.4	NM	9.3	6.8	6.7	5.9
EV/EBITDA (UBS core)	24.4	30.5	22.1	29.8	20.4	13.5	12.9	11.1
EV/EBIT (core)	26.3	33.6	24.1	31.1	20.8	13.7	13.6	11.7
EV/OpFCF (core)	24.4	30.6	22.2	29.9	20.4	13.5	13.0	11.2
EV/op. invested capital	18.9	20.3	21.9	46.1	50.5	92.3	>100	NM

Enterprise value (€m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	242,636	314,749	285,334	580,724	580,724	580,724	580,724	580,724
Net debt (cash)	(2,379)	(9,064)	(10,613)	(14,684)	(33,727)	(59,021)	(81,688)	(109,746)
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**240,258**	**305,685**	**274,721**	**566,040**	**546,997**	**521,703**	**499,036**	**470,978**
Non core assets	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Core enterprise value	**239,258**	**304,685**	**273,721**	**565,040**	**545,997**	**520,703**	**498,036**	**469,978**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	30.2	2.6	15.6	34.8	33.0	30.2	(2.8)	7.2
EBITDA (UBS)	37.9	1.6	23.9	53.1	41.5	44.4	(0.6)	9.6
EBIT (UBS)	38.9	(0.2)	25.1	60.2	44.6	44.3	(3.6)	9.9
EPS (UBS, diluted)	40.3	(3.6)	29.0	63.0	47.8	45.8	(2.2)	11.5
Net DPS	5.2	4.9	17.2	31.3	(5.6)	52.3	0.0	18.9

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	51.4	51.4	53.0	55.7	56.7	59.3	59.8	60.8
EBITDA margin	35.6	35.3	37.9	43.0	45.8	50.8	51.9	53.1
EBIT (UBS) margin	33.0	32.1	34.7	41.3	44.9	49.7	49.3	50.6
Net earnings (UBS) margin	27.9	26.2	28.9	34.4	37.9	41.9	41.6	42.6
ROIC (EBIT)	71.9	60.5	NM	NM	NM	NM	NM	NM
ROIC post tax	60.5	49.3	74.7	NM	NM	NM	NM	NM
ROE (UBS)	69.0	46.3	49.5	65.0	66.4	63.4	43.8	37.5

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	0.3	(0.3)	(0.5)	(0.6)	(1.1)	(1.4)	(2.0)	(2.5)
Net debt / total equity %	23.9	(14.5)	(33.8)	(38.6)	(74.1)	(89.7)	(97.1)	(104.6)
Net debt / (net debt + total equity) %	19.3	(17.0)	(51.1)	(62.8)	NM	NM	NM	NM
Net debt/EV %	1.1	0.1	(1.7)	(1.5)	(3.6)	(8.1)	(13.2)	(19.4)
Capex / depreciation %	NM	NM	153.4	156.8	192.3	125.0	104.2	120.0
Capex / revenue %	7.8	7.3	4.8	2.7	1.7	1.3	2.7	3.0
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	3.2	2.9	3.2	4.0	6.3	6.0	5.9	5.5
Div. payout ratio (UBS) %	31.3	34.0	30.9	24.9	15.9	16.6	17.0	18.1

Revenues by division (€m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	27,559	28,263	32,667	44,039	58,560	76,225	74,058	79,360
Total	**27,559**	**28,263**	**32,667**	**44,039**	**58,560**	**76,225**	**74,058**	**79,360**

EBIT (UBS) by division (€m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	9,082	9,063	11,342	18,170	26,275	37,903	36,541	40,160
Total	**9,082**	**9,063**	**11,342**	**18,170**	**26,275**	**37,903**	**36,541**	**40,160**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	57.3%
Forecast dividend yield	0.6%
Forecast stock return	57.9%
Market return assumption	7.9%
Forecast excess return	50.0%

Company Description

ASML is the leading supplier of lithography equipment for the manufacture of semiconductor devices. A Philips and ASMI spin-off established in 1984, ASML has progressively gained market share to become the leading supplier of lithography equipment to the semiconductor industry, with few able to compete at the leading edge. The company's products are critical to the ongoing advances in semiconductor technology. ASML supplies all major semiconductor manufacturers, including Samsung, TSMC, Intel and Hynix. Competition primarily comes from Nikon and Canon.

Valuation Method and Risk Statement

Macroeconomic conditions and a slowdown in end markets for semiconductors may lead to curtailment of spending on capital equipment and deferral/ postponement of orders placed with ASML. ASML will remain exposed to significant volatility given the cyclicality of its customers' businesses. Also, the business is currently exposed to significant execution risk around its next generation technology EUV. Our valuation for ASML is derived from a DCF-based methodology with of a WACC of 9% and terminal growth of 3%.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

ASML

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	October 14, 2026
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	results new guidance

