Semiconductor/SPE

Implications of ASML's 3Q results: 2029-30 inquiries expanding

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ASML (covered by Sandeep Deshpande) announced 3Q results on the 14th at 14:00 JST and held a briefing at 22:00 JST the same day (report). 3Q 2026 sales were €11.7 billion (+25% QoQ), in line with the Bloomberg consensus estimate, but the midpoint of the 4Q 2026 sales guidance of €14.7±0.5 billion is 5% above the Bloomberg consensus estimate. Full-year sales growth guidance is +36% YoY (by tool type: EUV lithography tools +45%, non-EUV tools +20%; by application: logic +10%, memory +75%), reflecting a stronger growth outlook than our WFE growth estimate of +31%. ASML plans to expand capacity by +30% YoY in 2027 and over +30% YoY in 2028, but demand exceeds this, with inquiries coming from customers for 2029-30. Management also noted progress on price negotiations, which should provide reassurance for Japanese SPE firms.

- **Demand outlook:** Management expects demand to continue to exceed supply in 2028. It commented that it has been receiving inquiries for POs for 2029-30 from a wide range of customers but is not accepting them at present. ASML will not commit to these inquiries until visibility on 2029-30 demand improves and the required production capacity becomes clearer to some extent. Logic chip equipment accounted for 54% of 3Q 2026 sales and memory chip equipment 46%, but the growth driver was memory chips (mainly DRAM). Management expects DRAM growth to remain higher going forward but noted that demand for logic chip equipment is also strong and that logic chips could continue to account for a higher share of orders in 2027 than memory chips. Management expects sales to China to account for about 20% of total sales in 2026 but demand to remain strong going forward.
- **Production capacity:** Demand is strong, centered on EUV lithography tools, and management plans capacity expansions (including for immersion tools) of +30% YoY in 2027 and over +30% YoY in 2028 through (1) factory space optimization, (2) manufacturing time reduction, and (3) strategic collaboration with Zeiss and other suppliers, as well as the addition of suppliers for non-critical parts.
- **Price increases:** Backed by rising value added, management plans to raise prices for both new tools and upgrades, and negotiations with customers appear to have concluded. Management expects no price revisions in 2026. The increases would start to have a positive impact on earnings gradually in 2027 and fully contribute in 2028. ASML stated that while value-based pricing is its baseline to avoid price declines during downcycles, it does not plan to raise prices steadily. However, management noted that ideally it would like to hold discussions with customers once in a while regarding the value of lithography tools.



See page 2 for analyst certification and important disclosures, including non-US analyst disc