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ASML Holding NV (ASML.AS)

AI Demand Extends Visibility Beyond 2028; Raising TP to €2,300

CITI'S TAKE

ASML's Q3 results reinforce our view that AI-driven semiconductor demand remains stronger and more durable than investors expected. The key takeaway was another extension in visibility, with customers now discussing capacity requirements for 2029 and 2030, shifting the debate increasingly towards 2028 and beyond and supporting the potential for capacity expansion above existing plans. Combined with accelerating memory demand, strong upgrade activity, and a supportive margin outlook, we see further upside to earnings over the medium term. We raise our TP to €2,300 (from €2,200) and retain Buy and Focus List.

Demand Visibility Extends Further Out — Mgmt. highlighted that it is adding orders for 2028 and seeing growing customer interest in securing capacity for 2029 and 2030 across both logic and memory. While memory remains the more aggressive area of capacity expansion beyond 2028, mgmt. continues to describe demand as broad-based, supporting confidence in a multi-year growth runway.

Capacity and Margins Moving Higher — ASML expressed confidence that the supply chain can support its capacity plans for 2027 and 2028, noting that key suppliers, including Zeiss, are not currently capacity bottlenecks beyond 2028, while adding suppliers in other areas. At the same time, stronger installed base demand, favourable mix, and higher volumes continue to support the margin outlook.

High-NA and Memory Remain Important Drivers — High-NA adoption continues to progress, with Intel achieving throughput targets and both Samsung and TSMC committing to high-volume manufacturing over the coming years. Meanwhile, memory remains a key growth driver, with ASML expecting memory-related sales growth of around 75% in 2026.

Raise estimates, TP to €2,200 — We raise FY26-28 EPS by 5-7%, mainly reflecting higher installed base revenues and improved gross margin assumptions. Our TP moves to €2,300 (from €2,200), based on an unchanged 28x P/E (1x PEG) applied to 2028 earnings. Retain Buy and Focus List.

Buy	
Price (14 Oct 26 16:30)	€1,528.20
Target price	€2,300.00↑
from €2,200.00	
Expected share price return	50.5%
Expected dividend yield	0.4%
Expected total return	50.9%
Market Cap	€593,167M
	US$664,288M

Price Performance
(RIC: ASML.AS, BB: ASML NA)



Pavan Daswani, CFA[AC]

Balajee Tirupati, CFA

ASML Holding NV (EUR)

Year to 31 Dec	2024A	2025A	2026E	2027E	2028E
Sales (€M)	28,262.9	32,667.3	44,713.5	59,431.7	73,845.9
Net Income (€M)	7,571.6	9,609.4	16,611.5	23,736.0	31,001.8
Diluted EPS (€)	19.24	24.72	43.28	62.36	82.03
Diluted EPS (Old) (€)	19.24	24.72	40.42	59.10	78.05
PE (x)	79.4	61.8	35.3	24.5	18.6
EV/EBITDA (x)	59.1	47.3	29.2	19.6	14.5
DPS (€)	6.40	7.50	8.63	9.92	11.41
Net Div Yield (%)	0.4	0.5	0.6	0.6	0.7

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

Figure 1. Key change in our estimates

Dec FY, € m	2026E			2027E			2028E		
	New	Old	Δ%	Citi	Old	Δ%	New	Old	Δ%
Group revenue	44,714	44,742	0%	59,432	58,849	1%	73,846	73,375	1%
Operating Income	18797	18304	3%	27840	26782	4%	36476	35182	4%
Diluted EPS (€)	43.28	40.42	7%	62.36	59.10	6%	82.03	78.05	5%
Other KPIs									
Net System Sales	32,462	34,280	-5%	44,977	46,521	-3%	57,585	59,506	-3%
Installed Base Management	12,251	10,462	17%	14,454	12,328	17%	16,261	13,869	17%
Gross margin (%)	55.7%	55.0%	72 bps	57.1%	56.6%	50 bps	58.3%	57.6%	75 bps

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Source: Citi Research



Bull/Bear: ASML Holding NV (ASML.AS)

€ 2,700.00	€ 2,300.00	€ 1,300.00
▲77% Upside	▲51% Upside	▼15% Downside



Spread 92pp
Current Price and expected returns (upside/downside) as of 14 Oct 2026

BULL Assumptions

- Macro backdrop: Inflation proves less entrenched and moderation of banking stresses
- CY26E revenue: >30% growth in logic system sales and >100% growth in memory system sales
- ~1.3x PEG based on FY28 earnings

BASE Assumptions

- Macro backdrop: A series of rolling country-level recessions and moderation of banking stresses
- Base case revenue and EPS aligned with our underlying financial model

BEAR Assumptions

- Macro backdrop: Elevated concerns associated with banking stresses resulting in meaningful moderation of global GDP growth
- CY26 revenue: limited growth in logic system sales and memory system sales
- ~0.6x PEG based on FY28 earnings

ASML Holding NV

Company description

ASML develops, manufactures, and markets photolithography projection systems used in integrated circuit semiconductor manufacturing. Since its founding in 1984, ASML has grown rapidly to become the world's top 3 semiconductor equipment company and the largest manufacturer of photolithography scanner systems.

Investment strategy

Our Buy recommendation on ASML is based on three premises: 1) faster digital transformation, and in particular the rise of Artificial Intelligence of Things (AIoT), driving increased demand; 2) higher operational profitability, primarily as EUV matures and its share becomes significant across both systems and installed base management; and 3) stronger computational platform of semiconductor fabrication leveraging Big Data.

Valuation

We value ASML using a 28x 2028 or 1x PEG based on FY28 earnings, in line with other strong growth stocks in our coverage, which leads to our target price of EUR 2,300. We continue to have conviction in ASML's long-term growth outlook, as evident in our forecast of a 30% CAGR in EPS through 2030E.

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 a 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.