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UPDATE

October 14, 2026 05:50 AM GMT

ASML Holding NV | Europe

Capacity Increase Expected

AlphaSignals Earnings Reaction

Unchanged	Modest upside	Modest revision higher
Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

Key Takeaways

- Company guides ahead of expectations for Q4 (3% up on €14.7bn expected) - AI driven demand in particular is driving sales/profit higher again.
- This tightens FY26 sales to high end of guide at €44-45bn (prior €42-46bn); MS/e €45bn)
- ASML suggests it needs to increase capacity beyond the prior guide of 30% CAGR across 2027-28 but stopped short of giving new levels needed.
- Meantime, looks as though company will lean into upgrades and better tool productivity to address some of this capacity increase needs at customers.
- Margins are better on installed base revenue (higher upgrade business); FY26 is guided to 56% 93bps up on cons.

What happened. ASML reported €11.7bn Q3 sales (in line with cons) and a gross margin of 57.5% (147bps ahead of cons and guide). Higher sales volumes and business mix (including IBM) are contributing to better margins. Management spoke to discussions shifting beyond 2027 with significant order intake for 2028, strong interest for 2029 and some for 2030. On capacity, the guide for LNA EUV totals didn't formally rise (prior targets 85+ EUV low NA FY27 and 110 EUV low NA FY28), but the company did signal that current targets will not allow them to meet expected customer demand and they will need to look at ways to extend these higher. Meantime, ASML expects that customer capacity needs can be partially addressed with ongoing high upgrade deliveries and demand for higher throughput EUV/immersion systems. The company guided c.€14.2-15.2bn sales for Q4 with 57% GM% wherein Installed Base Management sales are €3.7bn (23% above MSe and Cons).

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ASML Holding NV (ASML.AS, ASML NA)
Top Pick

ADRASML.O

Technology - European Semiconductors | Netherlands

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	**€1,700.00**
Shr price, close (Oct 13, 2026)	€1,509.60
52-Week Range	€1,741.00-813.80
Mkt cap, curr (mn)	€600,255
Net debt (12/26e) (mn)*	€(3,158)
EV, curr (mn)*	€591,324

* = GAAP or approximated based on GAAP

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Exhibit 1: ASML Q1: Actuals vs consensus into the print

	3Q26				4Q26e			
	Actual	MSe	Cons	Actual vs. Cons	Guide	MSe	Cons	Guide vs. Cons
System Sales	8,373	9,421	8,908	-6%		11,521	11,184	
IBM Sales	3,289	2,914	2,906	13%	3,700	3,032	3,005	23%
Total Net Sales	**11,662**	**12,335**	**11,715**	**0%**	**14,700**	**14,552**	**14,284**	**3%**
Gross profit	6,700	6,927	6,558	2%	8,379	8,288	8,097	3%
Gross margin (%)	57.5%	56.2%	56.0%	147bps	57.0%	57.0%	56.7%	1%
Operating income	5,173	5,295	4,943	5%		6,605	6,347	
EPS (Diluted)	12.95	11.75	10.87	19%		14.51	13.96	

	FY26e				FY27e			
	Guide	MSe	Cons	Guide vs. Cons	Guide	MSe	Cons	Guide vs. Cons
System Sales		33,785	32,879			42,434	43,411	
IBM Sales		11,195	11,070			13,173	12,999	
Total Net Sales	**44,500**	**44,981**	**43,972**	**1%**		**55,607**	**56,446**	
Gross profit	24,920	24,895	24,217	3%		30,913	31,884	
Gross margin (%)	56.0%	55.3%	55.1%	93bps		55.6%	56.5%	
Operating income		18,513	17,759			24,291	24,669	
EPS (Diluted)		40.99	39.22			55.64	54.74	

Source: Company data, Morgan Stanley Research estimates (e)

Valuation Methodology and Risks

ASML Holding NV (ASML.AS)

We value ASML at a P/E multiple of 27x, at the upper end of our usual mid-cycle valuation range of 24-27x. This reflects the historical valuation cycle for ASML given fundamentals are nearing full size. However we note upside potential from significant foundry capex as well as continued rapidly rising memory prices. Applying a 27x P/E multiple to our €62.32 FY28 EPSe gives us a PT €1,700.

Risks to Upside

- Meaningful ramp-up in logic/foundry spend with nrs 2 and 3 returning to investment mode
- Higher HBM/DRAM spend than expected
- Servicing margins expanding
- Tech sovereignty programmes crystallising

Risks to Downside

- Materially weaker end-market demand (foundry / DRAM especially)
- Strong inflation cycle and Chinese weakness driving slowdown and more order push-outs
- Absent High NA adoption (DRAM 2028+) inhibiting multiple

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(as of September 30, 2026)

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Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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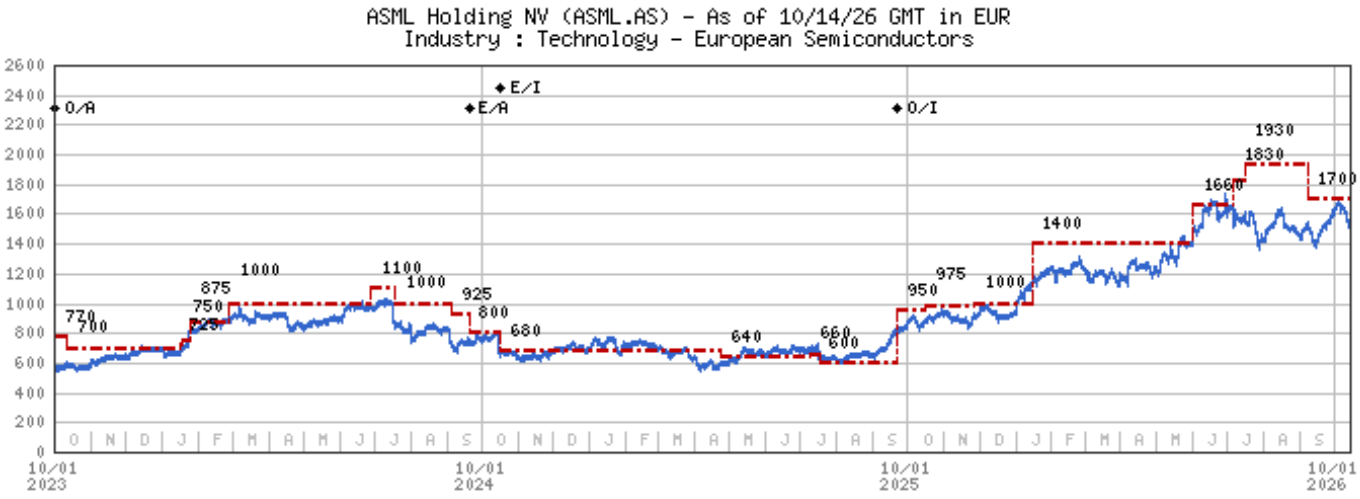
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Price Target History: 9/23/21 : 800; 2/9/22 : NA; 11/7/22 : 650; 11/14/22 : 700; 2/13/23 : 770; 10/12/23 : 700; 1/16/24 : 725; 1/19/24 : 750; 1/25/24 : 875; 2/27/24 : 1000; 6/28/24 : 1100; 7/18/24 : 1000; 9/5/24 : 925; 9/20/24 : 800; 10/17/24 : 680; 4/24/25 : 640; 7/9/25 : 660; 7/17/25 : 600; 9/22/25 : 950; 10/16/25 : 975; 11/26/25 : 1000; 1/15/26 : 1400; 6/2/26 : 1660; 7/7/26 : 1830; 7/16/26 : 1930; 9/8/26 : 1700

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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INDUSTRY COVERAGE: Technology - European Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/13/2026)
Lee Simpson		
Aixtron SE (AIXGn.DE)	E (05/25/2023)	€34.53
ASM International NV (ASMI.AS)	O (06/19/2024)	€821.20
ASML Holding NV (ASML.AS)	O (09/22/2025)	€1,509.60
BE Semiconductor Industries NV (BESI.AS)	O (11/07/2022)	€172.50
Infineon Technologies AG (IFXGn.DE)	E (09/08/2026)	€56.00
Melexis N.V. (MLXS.BR)	E (02/05/2026)	€60.50
Nordic Semiconductor ASA (NOD.OL)	E (02/10/2025)	NKr 173.40
Soitec SA (SOIT.PA)	O (03/26/2026)	€145.30
STMicroelectronics NV (STMPA.PA)	O (03/26/2026)	€43.84
VAT Group AG (VACN.S)	E (03/21/2025)	SFr 646.20

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* Historical prices are not split adjusted.

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