ASML

What Is REALLY Priced In for ASML?

Equities

Netherlands
Semiconductors

12-month rating	**Buy**
12m price target	**€2,400.00**
Price (26 Oct 2026)	**€1,430**

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

Trading data and key metrics

52-wk range	€1,721.40-834.00
Market cap.	€556b/US$621b
Shares o/s	389m (ORD)
Free float	100%
Avg. daily volume ('000)	583
Avg. daily value (m)	€871.4
Common s/h equity (12/26E)	€25.9b
P/BV (12/26E)	21.1x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (EUR)

	UBS	Cons.
12/26E	42.22	41.27
12/27E	63.42	56.93
12/28E	93.45	74.45

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Stick to Quality in Uncertain Times

We frequently hear two objections to our ASML conviction: **"the buyside is already there"** and **"it's crowded"** . We think this misses the more important question: **what is actually priced in?** In this note, we reverse-engineer current buyside expectations across WFE, AI EPS and GW demand. Our conclusion is that the bar is materially lower than the headline debate suggests, leaving ASML with attractive relative value in European tech and potentially globally.

1) The market is already discounting a material AI reset

Extrapolating ASML's 2011–21 EPS CAGR to 2028E suggests **non-AI EPS of €40–45**, versus c.€85 in buyside expectations, implying roughly **half is AI-related**. Applying historical valuation to the non-AI base leaves only **11x** for AI earnings, consistent with a c.**50% haircut**. On €40–45 non-AI EPS, ASML would trade at c.30-35x, versus historical 1Y/2Y averages of c.31x/27x. We see an asymmetry: **valuation reflects a meaningful AI correction that our compute work does not yet support.**

2) Translating the valuation discount into GW suggests 25GW downside

We estimate every **1GW of AI compute represents €500-900m of lithography spend**, or roughly **0.6-1% of ASML's 2028E revenues and 2% EPS.** On our framework, the ~50% haircut to AI-related EPS currently implied by the valuation equates to ~**25GW** coming out of 2027/28E capacity expectations. Against our forecast of ~50GW of industry additions in 2027E and 60-70GW in 2028E, this suggests the market is already pricing in **c.20% downside to AI compute demand across 2027/28E.**

3) €85 of 2028E EPS does NOT require $300bn+ WFE

Our investor conversations suggest the buyside bogey for **FY28E** sits at around **€85/share of EPS (Sell side €78/share)**. We reverse-engineer that number through ASML's P&L, units and ASPs to derive the underlying WFE assumption.We estimate €85/share can be supported by roughly **115-120 EUV shipments and $250-275bn of WFE in 2028E**. That is meaningfully below the often-discussed >$300bn WFE scenario.

4) "It is too crowded"

On crowding, we used our quant data to assess ASML's share-price performance during similarly crowded periods over the past 10 years. Across **115 monthly observations**, crowding had virtually no relationship with next-month returns. Following readings of 20 or higher, **returns averaged +2.5%, versus +3.0% below that threshold**, and remained **positive in 65% of cases**. We therefore regard crowding as contextual information rather than a validated timing indicator.

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	44,447	60,867	81,742	82,507	87,716
EBIT (UBS)	9,082	9,063	11,342	18,803	28,620	41,885	42,324	45,536
Net earnings (UBS)	7,681	7,395	9,426	16,203	24,141	35,284	35,653	38,351
EPS (UBS, diluted) (€)	19.49	18.79	24.24	42.22	63.42	93.45	95.34	103.66
DPS (net) (€)	6.10	6.40	7.50	9.97	10.22	14.43	16.47	18.92
Net (debt) / cash	(3,220)	2,680	6,631	9,912	31,066	65,258	96,014	128,931
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	42.3	47.0	51.2	51.3	51.9
ROIC (EBIT) %	71.9	60.5	90.7	164.8	294.8	>500	<-500	(412.2)
EV/EBITDA (UBS core) x	24.4	30.5	22.1	27.1	17.6	11.2	10.1	8.7
P/E (UBS, diluted) x	31.4	42.5	29.9	33.9	22.5	15.3	15.0	13.8
Equity FCF (UBS) yield %	1.4	3.0	4.0	3.9	5.3	7.8	7.6	8.1
Dividend yield (net) %	1.0	0.8	1.0	0.7	0.7	1.0	1.2	1.3

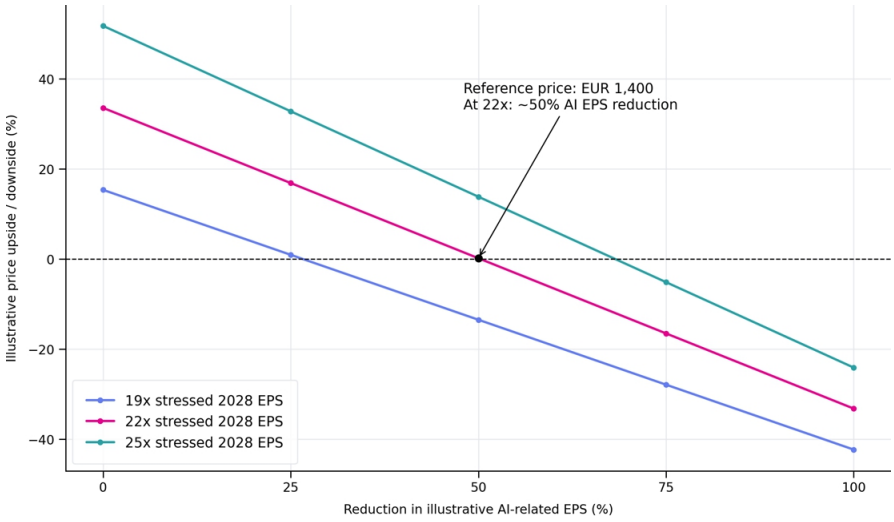
Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of € 1,430.00 on 26-Oct-2026

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 16.**

WHAT IS PRICED IN

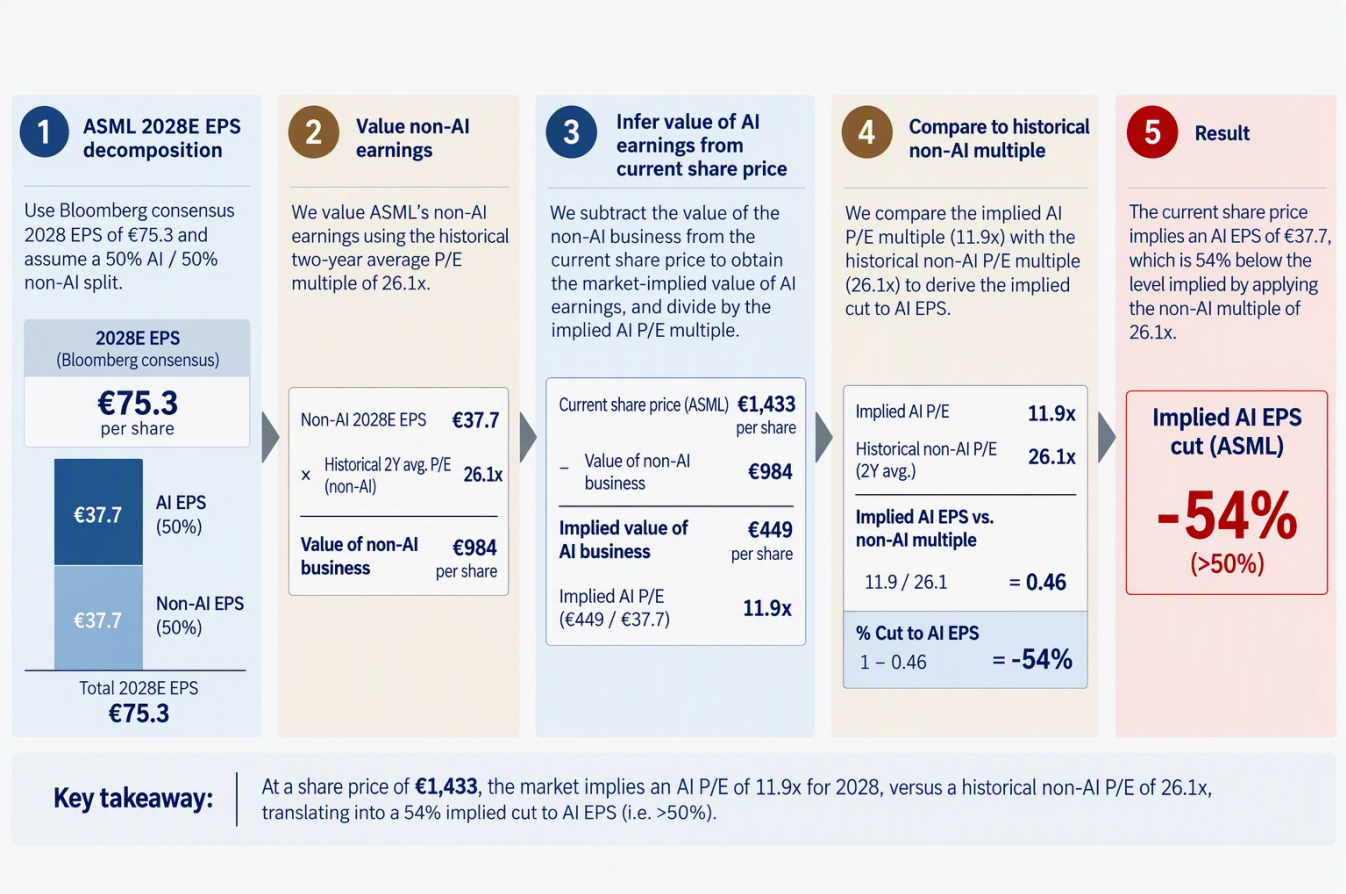
ASML's valuation leaves room for meaningful AI disappointment. In our illustrative framework, a 50% cut to AI earnings reduces total EPS from €85 to €63.75. At 22x, this supports a share price close to €1,400; at 19x or 25x, it implies approximately 14% downside or upside, respectively. Figure 1 separates the risk of lower earnings from the risk of a lower multiple.

Figure 1: How much AI disappointment can ASML' s valuation absorb?



Source: UBS estimates. Inputs: €85 total 2028E EPS; €42.5 non-AI EPS held constant; reference share price €1,400. 50% reduction in illustrative AI-related EPS leaves €63.75 total EPS, implying a broadly unchanged value at 22x. Illustrative scenarios, not price targets. Multiples are assumed; dividends and discounting are excluded. Non-AI earnings are not a guaranteed floor.

Figure 2: Methodology used to derive the implied AI EPS cut/upgrade - We estimate the current share price implies >50% of AI EPS in 2028



Source: UBS estimates, company data

1) & 3) We estimate the current valuation implies c50% cut to AI EPS

Conclusions

- Our 2028 estimates imply €40–45/share of non-AI EPS, with AI accounting for c.50% of total EPS.

- On our estimates, the current valuation appears to discount c.50% of 2028E AI-related EPS.

- Reverse-engineering the valuation, we estimate that €85/share would correspond to a WFE market of c.$250–275bn.

Reverse-engineering the share price suggests a wide range of implied WFE, highlighting that the key debate is not just the size of the cycle, but where we are in the earnings cycle and what actually the price is pricing in.

Figure 3: Cycle analysis shows that the last 4 down cycles led to 10-20% EPS decline vs 25% total EPS decline under our illustrative 50% AI earnings stress

Cycle	Peak date	10% threshold date	EPS trough date	Recovery date	Peak EPS	Trough EPS	EPS decline	Weeks peak-to-trough	Peak P/E	P/E at EPS trough	Maximum price drawdown
1	11-Jan-01	22-Mar-01	27-Dec-01	18-May-06	$1.66	$0.09	(94.6%)	50	16.6x	206.5x	(78.1%)
2	13-Mar-08	17-Apr-08	19-Mar-09	15-Apr-10	$3.11	-$0.35	(111.2%)	53	7.7x		(42.5%)
3	28-Apr-11	14-Jul-11	28-Feb-13	19-Oct-17	$6.19	$3.24	(47.7%)	96	7.0x	22.0x	(21.7%)
4	31-Jan-19	14-Feb-19	07-Mar-19	18-Jul-19	$8.29	$7.24	(12.7%)	5	21.2x	24.7x	-
5	16-Jan-20	16-Apr-20	07-May-20	16-Jul-20	$9.85	$8.78	(10.8%)	16	30.6x	33.9x	(28.5%)
6	17-Feb-22	03-Nov-22	03-Nov-22	15-Dec-22	$19.65	$17.55	(10.7%)	37	33.5x	25.2x	(39.2%)
7	20-Jul-23	19-Oct-23	26-Oct-23	18-Apr-24	$23.62	$21.09	(10.7%)	14	29.3x	28.0x	(16.5%)
8	26-Sep-24	17-Oct-24	02-Jan-25	18-Dec-25	$30.31	$24.77	(18.3%)	14	28.0x	28.6x	(24.5%)

Source: UBS, Datastream

With the ASML debate increasingly shifting towards how much of a potential semiconductor equipment upcycle is already reflected in the shares, we take a different approach to valuation. Rather than starting with a WFE forecast and deriving a price target, we start with the share price and ask: **what level of earnings, and ultimately WFE, would be required to justify that price under different historical valuation regimes? We use 2028E as a base for our analysis because we argue 2027E is mostly locked in and that the variation and therefore the debate is mostly centered toward 2028E.**

ASML's ten-year forward-P/E history in our analysis ranges from a minimum of c.18.4x to a maximum of c.49.5x. The median is c.29.6x, with the 10th and 90th percentiles at c.25.0x and c.42.4x respectively. Importantly, the historical valuation low is not necessarily the multiple paid on trough earnings, just as the historical maximum should not automatically be classified as the trough-EPS multiple. We also look at ASML's historical P/E valuation on both a 12-month and two-year forward basis, with the latter particularly relevant given that much of the debate is now focused on the 2028E outlook. While we expect growth to moderate, we remain constructive on the sector as AI continues to drive significant investment. Against this backdrop, our historical analysis suggests **ASML should trade at c.27–29x 1-year forward P/E and 25–27x 2-year forward P/E**, compared with **just 22x 2027E and 15x 2028E on our estimates today**.

Figure 4: 12m fwd P/E - we show the history of PE behaviour depending on the cycle

EPS regime	12m fwd P/E	Interpretation
EPS accelerating	**30–35x+**	Market pays for visibility/growth
EPS still growing, but slowing	**28–31x**	Growth premium compresses
EPS flat / plateauing	**27–29x**	**28x base case**
EPS starts falling	**24–27x**	Revision risk now matters
Clear cyclical EPS-down	**22–25x**	Stress / trough valuation

Source: UBSe

Figure 5: 2Y fwd P/E - we show the history of PE behaviour depending on the cycle

EPS regime	FY2 P/E	Interpretation
EPS accelerating	**30–35x+**	Premium to the average for growth and visibility
EPS still growing, but slowing	**27–30x**	Growth premium compresses toward the average
EPS flat / plateauing	**25–27x**	**26.4x base case**, anchored to the historical FY2 average
EPS starts falling	**22–25x**	Discount for negative revisions and weaker visibility
Clear cyclical EPS-down	**19–22x**	Stress-case discount; not an empirically established trough range

Source: UBSe

The answer is necessarily a range rather than a single number. Based on our conversations with the buyside, we understand that EPS expectations are for €85/share in 2028E which we reverse engineer to understand that it implies c$275bn of WFE. This would also put the stock on 16-17x 2Y forward P/E which is, based on historical analysis, a clear EPS down multiple and therefore it implies that the market is pricing in a clear decline beyond 2028E. We come to two conclusions: **1) The market is pricing closer to $250-275bn WFE and not $300bn (ie 10%) and 2) the market is pricing a clear fall in 2029/2030 rather than a stabilisation.**

We lay out below the reverse engineering:

At the c€1,400 share price in our historical data set, applying a 16.5x P/E implies c.€85 EPS and, on our simplified operating bridge, c.$272bn of WFE. At 15x, implied EPS rises to c.€93 and implied WFE to c.$300bn. However, an equally relevant framework for a cyclical stock is to apply a different multiple depending on where we are in the cycle. Today we would argue the market is assessing the sustainability and therefore transition from a high growth environment to a slower/low growth environment.

Figure 6: Reverse engineering scenarios from EPS to WFE

Compact valuation bridge | EUR million		Current price												
Current P/E 2028	16.5													
10Y average 2Y forward P/E	26.5													
2028 P/E multiple (x)	15.x	16.5x	20.x	25.x	28.x	30.x	35.x	28.x	30.x	32.5x	35.x	40.x	45.x	50.x
Implied EPS (EUR)	93.3	85.0	70.0	56.0	50.0	46.7	40.0	50.0	46.7	43.1	40.0	35.0	31.1	28.0
Lithography intensity (% WFE)	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Indicative WFE (USD bn)	300.2	271.7	220.3	172.4	151.9	140.4	117.6	151.9	140.4	128.2	117.6	100.5	87.2	76.5
Share price (EUR)	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0
EPS vs current expectation	9.8%	-	(17.6%)	(34.1%)	(41.2%)	(45.1%)	(52.9%)	(41.2%)	(45.1%)	(49.3%)	(52.9%)	(58.8%)	(63.4%)	(67.1%)
Net income (EUR m)	35,000.0	31,875.0	26,250.0	21,000.0	18,750.0	17,500.0	15,000.0	18,750.0	17,500.0	16,153.8	15,000.0	13,125.0	11,666.7	10,500.0
Required EBIT (EUR m)	41,666.7	37,946.4	31,250.0	25,000.0	22,321.4	20,833.3	17,857.1	22,321.4	20,833.3	19,230.8	17,857.1	15,625.0	13,888.9	12,500.0
Gross margin	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%
Total revenue (EUR m)	81,792.7	75,540.2	64,285.7	53,781.5	49,279.7	46,778.7	41,776.7	49,279.7	46,778.7	44,085.3	41,776.7	38,025.2	35,107.4	32,773.1
Service revenue (EUR m)	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0	16,000.0
Systems revenue (EUR m)	**65,792.7**	**59,540.2**	**48,285.7**	**37,781.5**	**33,279.7**	**30,778.7**	**25,776.7**	**33,279.7**	**30,778.7**	**28,085.3**	**25,776.7**	**22,025.2**	**19,107.4**	**16,773.1**
Implied EBIT margin	50.9%	50.2%	48.6%	46.5%	45.3%	44.5%	42.7%	45.3%	44.5%	43.6%	42.7%	41.1%	39.6%	38.1%
Product assumptions | fixed ASPs and mix; implied units shown for every EPS scenario														
High-NA ASP (EUR m)	380.0	380.0	380.0	380.0	380.0	380.0	380.0	380.0	380.0	380.0	380.0	380.0	380.0	380.0
EUV ASP (EUR m)	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0	280.0
ArFi ASP (EUR m)	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
Dry ASP (EUR m)	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
High-NA implied units	13.0	11.8	9.5	7.4	6.5	6.0	4.9	6.5	6.0	5.4	4.9	4.2	3.6	3.1
EUV implied units	127.2	114.8	92.6	71.9	63.0	58.1	48.2	63.0	58.1	52.8	48.2	40.8	35.1	30.5
ArFi implied units	217.4	196.3	158.3	122.9	107.7	99.3	82.4	107.7	99.3	90.2	82.4	69.8	59.9	52.1
Dry implied units	270.6	244.4	197.1	153.0	134.1	123.6	102.6	134.1	123.6	112.3	102.6	86.9	74.6	64.8
Total implied units	**628.2**	**567.3**	**457.6**	**355.2**	**311.3**	**286.9**	**238.2**	**311.3**	**286.9**	**260.7**	**238.2**	**201.6**	**173.2**	**150.4**
Other systems (EUR m)	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3	1,336.3
Systems revenue check (EUR m)	**65,792.7**	**59,540.2**	**48,285.7**	**37,781.5**	**33,279.7**	**30,778.7**	**25,776.7**	**33,279.7**	**30,778.7**	**28,085.3**	**25,776.7**	**22,025.2**	**19,107.4**	**16,773.1**

Calibration product mix | carried forward from the previous bridge

Product	Units	ASP (EUR m)	Revs (EUR m)
High-NA	12.0	380.0	4,560.0
EUV	117.0	280.0	32,760.0
ArFi	200.0	90.0	18,000.0
Dry	249.0	16.0	3,983.7

Source: UBSe, company data

We lay out below the summary of results depending on multiples and EPS and what it means for WFE, and conclude that the current share price is more likely pricing in $250-275bn level rather than the $300bn of WFE sometimes referenced by investors.

Figure 7: EPS scenarios and WFE implied

Multiple	Implied EPS	Indicative WFE*
15x	**€ 93**	**$300bn**
18x	**€ 78**	**$247bn**
19x	**€ 74**	**$233bn**
20x	**€ 70**	**$220bn**
25x	**€ 56**	**$172bn**
30x	**€ 47**	**$140bn**

Source: UBS estimates

2) What does it mean for AI specifically?

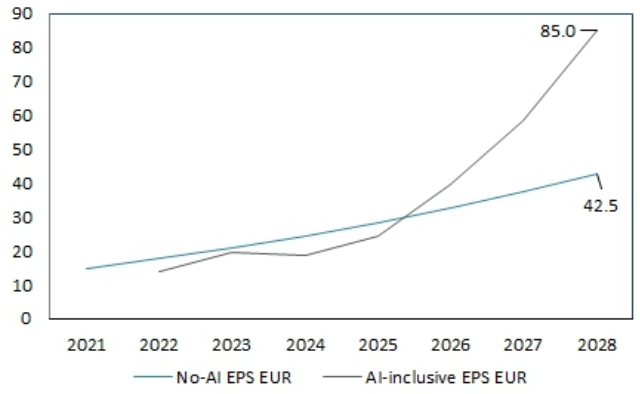
Conclusions

- Every 1GW of AI compute capacity translates into €500–900m of lithography spend, equivalent to roughly 0.6 -1% of ASML's 2028E revenues and c2% of EPS.

-A c.50% haircut to AI-related EPS therefore implies the market is effectively removing ~25GW of AI capacity from 2027/28E expectations.

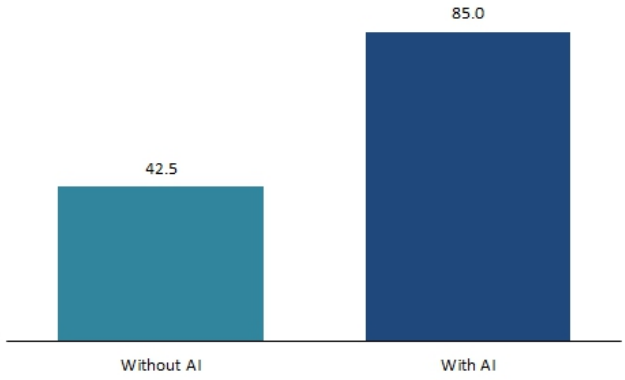
We run in addition some analysis to understand what the market is pricing in terms of AI and non AI. To answer this question, we took 2021 WFE and ASML revenue/EPS as a base and we applied the 5-10 year historic WFE and EPS trend to assess what the EPS would have been without AI. We would view this number as a potential worst case scenario and to answer the question of a "worst case scenario" discussed with many investors currently.

Figure 8: We extrapolate the 2011-21 EPS growth to 21-28E to estimate that non AI EPS would be close to €40-45/share



Source: UBS estimates, company data; we use buyside expectations in this example

Figure 9: 2028E EPS with and without AI



Source: UBS estimates, company data

As we previously wrote, our framework suggests every 1GW of AI compute translates into €500-900m of lithography spend, or roughly 0.6-1.1% of ASML revenues and c2% of 28E EPS. A ~50% haircut to AI EPS therefore equates to approximately 25GW of capacity being removed from 2027/28E expectations. That is significant relative to our forecast for industry additions of ~26GW in 2026E, ~50GW in 2027E and 60-70GW in 2028E (or c20% of cumulative demand 2027/28E).

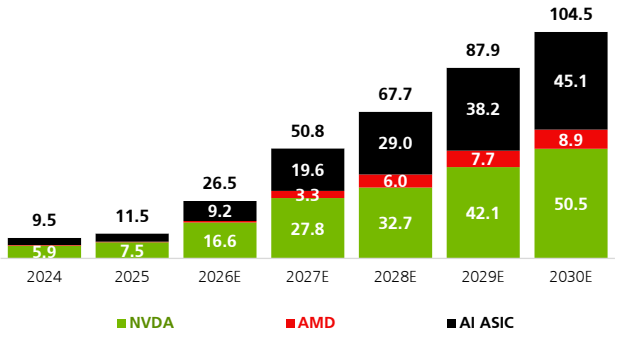
Figure 10: Total Litho spend and intensity per GW - we estimate €500 to €900m litho spend per GW

	Blackwell		Rubin		Feynman
	GB200	GB300	VR NVL144	VR NVL576	NVL576
Power for AI Hardware, Net (kW)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Power usage effectiveness or PUE	74%	74%	74%	74%	74%
Power for AI Hardware, Net (kW)	739,500	739,500	739,500	739,500	739,500
kw per Racks	120	132	200	600	1,000
Number of Racks per GW	**6,163**	**5,602**	**3,698**	**1,233**	**739.5**
Total logic litho spend per GW (Em)	**213**	**194**	**168**	**196**	**129**
Total logic litho spend per GW ($m)	**250**	**227**	**196**	**229**	**151**
Total logic WFE spend per GW	**452**	**411**	**440**	**489**	**402**
% of logic litho intensity	**55%**	**55%**	**45%**	**47%**	**38%**
Total memory litho spend per GW (Em)	284	335	403	689	736
Total memory litho spend per GW ($m)	333	392	471	806	861
Total memory WFE spend per GW ($m)	1,182	1,635	1,609	2,873	2,642
% memory litho intensity	**28%**	**24%**	**29%**	**28%**	**33%**
Total litho spend per GW (Em)	**498**	**529**	**570**	**885**	**865**
Total litho spend per GW ($m)	**582**	**620**	**667**	**1,035**	**1,012**
Total WFE Spend ($m)	1,794	2,047	2,049	3,362	3,044
% of litho intensity	32%	30%	33%	31%	33%

Source: UBSe, Company data

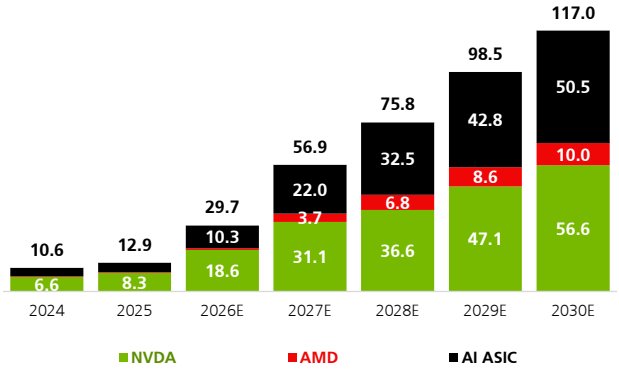
We estimate that ASML's current valuation implies a 25 GW downward revision to our demand assumptions (ie 119GW 27/28E combined), equivalent to c.20% cumulative demand destruction over the next two years.

Figure 11: Gigawatts of Annual Rack Capacity Deployed



Source: UBS estimates

Figure 12: Gigawatts of Annual Data Center Capacity Deployed, Assuming PUE of 1.12



Source: UBS estimates

3) Relative valuation shows strong support

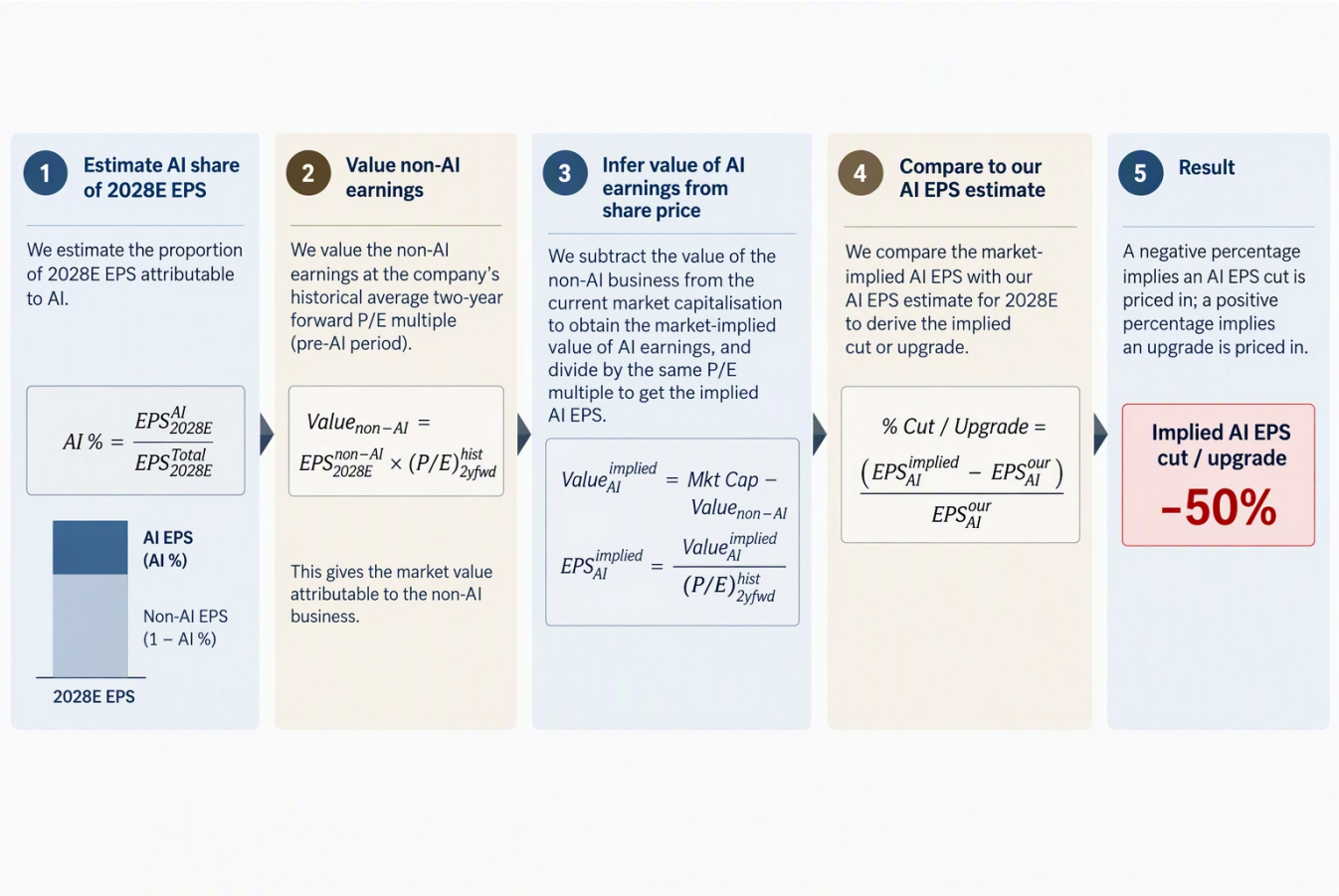
Conclusions

- ASML remains the stock with the biggest cut to AI implied by the current share price globally

- ASML trades at a 4% premium to US peers vs 80% 10Y historic average

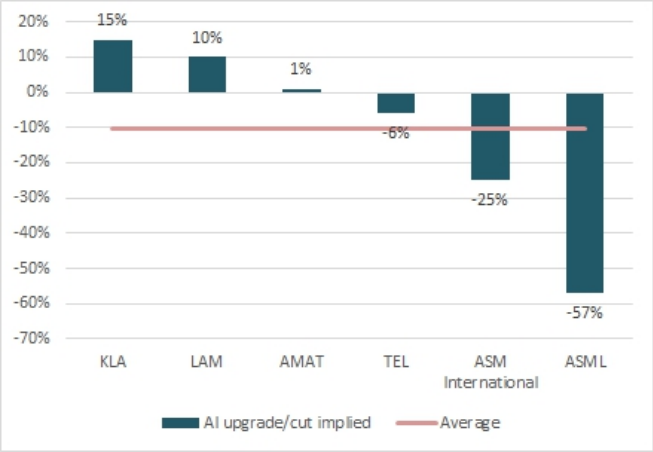
We have long argued that we believe the most attractive value we see in ASML is relative to peers as we believe litho intensity is likely to inflect higher from 2028E mainly driven by High NA.

Figure 13: Methodology used to derive the implied AI EPS cut/upgrade



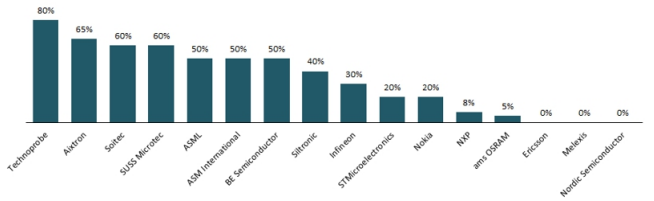
Source: UBS estimates, company data

Figure 14: AI upgrade/cut to 2028E EPS implied by company shows ASML is the company with largest cut implied, with 50%+, among the companies we compared



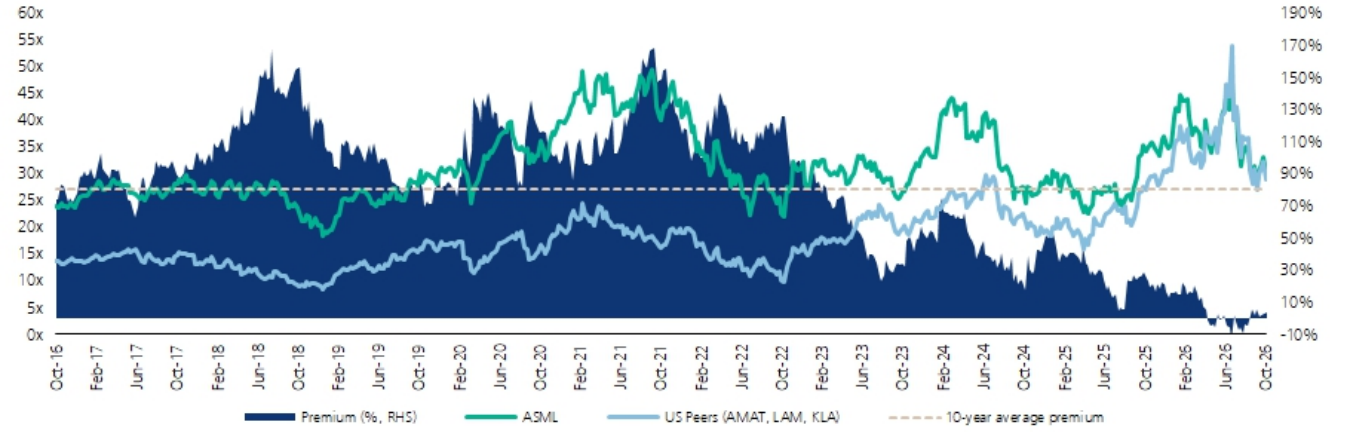
Source: UBS estimates, company data

Figure 15: AI as % of 2028E EPS by company in Europe



Source: UBS estimates, company data

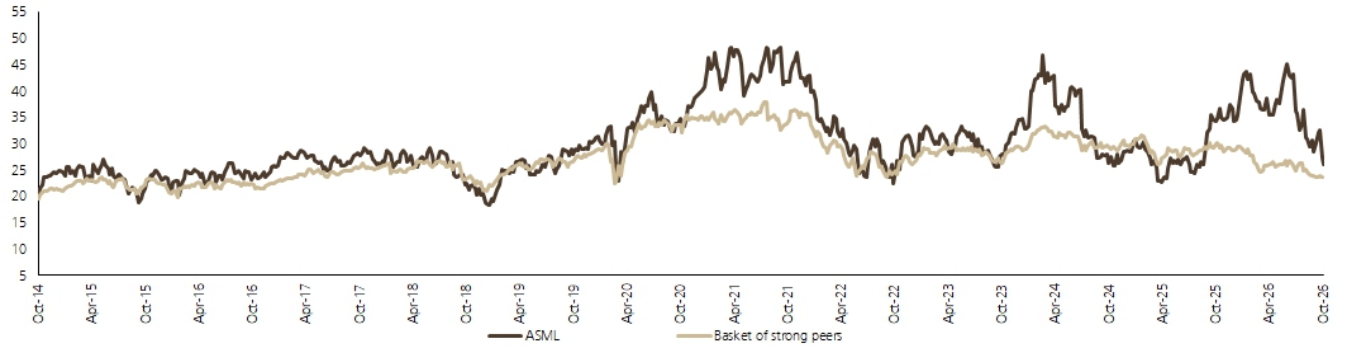
Figure 16: ASML premium (12-month forward P/E) vs. US large cap peers - ASML trades at a 4% premium to US peers vs 80% 10Y historic average



Source: UBS, Datastream

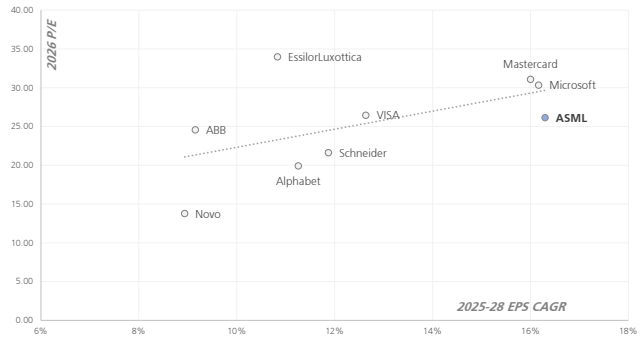
Dominant companies: In addition to comparing ASML to other WFE peers, we think a comparison with dominant peers is also worthwhile given that in effect ASML is a listed, growing leader. What is interesting is that ASML is now in line with its 15 year average premium of 10% despite high AI exposure.

Figure 17: Dominant peers' valuation (P/E): ASML is trading at 10% premium vs dominant peers - in line with 15 years average despite ASML being a key AI beneficiary



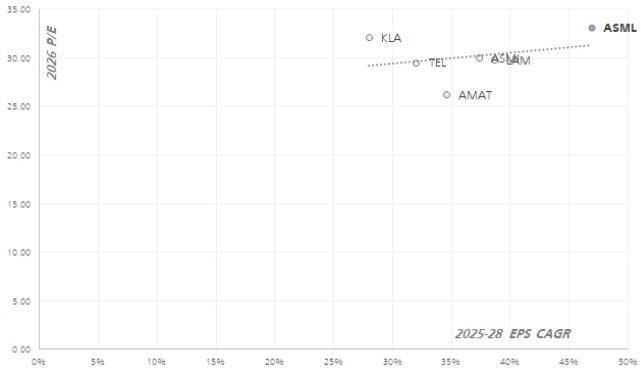
Source: UBS, Datastream. Peer group includes Alphabet, Luxottica, LVMH, Visa, Mastercard, Novo, Microsoft, ABB, and Schneider.

Figure 18: ASML trades at a discount to dominant peers when accounting for EPS growth...



Source: VA consensus, UBS

Figure 19: ...and screens as expensive vs. semicap peers but delivers top-end EPS growth



Source: VA consensus, UBS

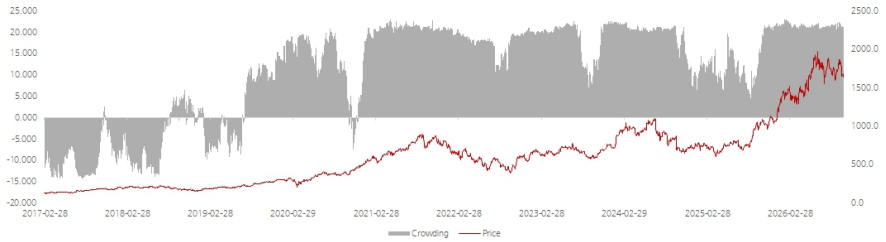
4) "It is too crowded"

Conclusions:

- Across **115 monthly observations** from our UBS Quant Answers crowding dataset, crowding had virtually no relationship with next-month returns. Following readings of 20 or higher, **returns averaged +2.5%, versus +3.0% below that threshold**, and remained **positive in 65% of cases**..

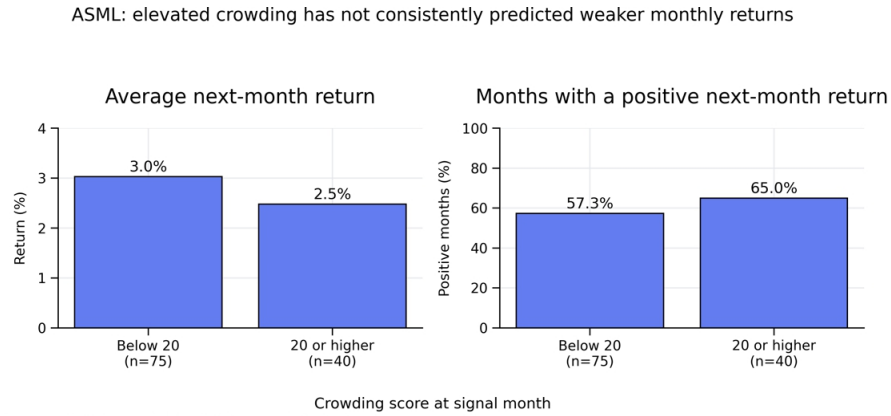
Crowding is not a standalone sell signal for ASML. Across 115 monthly observations, crowding had virtually no relationship with next-month returns. Following readings of 20 or higher, returns averaged +2.5%, versus +3.0% below that threshold, and remained positive in 65% of cases. Negative rank relationships emerge over longer horizons, but overlapping observations and persistent positioning limit their statistical interpretation. We therefore regard crowding as contextual information rather than a validated timing indicator.

Figure 20: Crowding data shows that ASML is as crowded as 14 quarters out of the last 40 quarters



Source: UBSe

Figure 21: Our quant crowding data shows that crowding is not an indicator of performance



Source: UBSe

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**	**44,447**	*36.1*	**60,867**	*36.9*	**81,742**	**82,507**	**87,716**
Gross profit	14,176	14,532	17,298	24,997	*44.5*	35,213	*40.9*	48,808	49,678	53,226
EBITDA (UBS)	**9,822**	**9,981**	**12,368**	**19,702**	*59.3*	**29,140**	*47.9*	**42,685**	**44,244**	**47,536**
Depreciation & amortisation	(740)	(919)	(1,026)	(899)	*12.4*	(520)	*42.2*	(800)	(1,920)	(2,000)
EBIT (UBS)	**9,082**	**9,063**	**11,342**	**18,803**	*65.8*	**28,620**	*52.2*	**41,885**	**42,324**	**45,536**
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	679	*NM*	120	*-82.3*	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**	**19,442**	*70.5*	**28,700**	*47.6*	**41,965**	**42,404**	**45,616**
Tax	(1,436)	(1,681)	(2,013)	(3,272)	*-62.5*	(4,592)	*-40.3*	(6,714)	(6,785)	(7,299)
Profit after tax	**7,648**	**7,362**	**9,393**	**16,170**	*72.2*	**24,108**	*49.1*	**35,250**	**35,620**	**38,317**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	191	210	217	270	*24.8*	(40)	-	(40)	(40)	(40)
Net earnings (local GAAP)	**7,839**	**7,572**	**9,609**	**16,440**	*71.1*	**24,068**	*46.4*	**35,210**	**35,580**	**38,277**
Net earnings (UBS)	**7,681**	**7,395**	**9,426**	**16,203**	*71.9*	**24,141**	*49.0*	**35,284**	**35,653**	**38,351**
Tax rate (%)	15.8	18.6	17.7	16.8	*-4.7*	16.0	*-4.9*	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	42.22	*74.2*	63.42	*50.2*	93.45	95.34	103.66
EPS (local GAAP, diluted)	19.89	19.24	24.71	42.83	*73.3*	63.23	*47.6*	93.25	95.15	103.46
EPS (UBS, basic)	19.51	18.80	24.26	42.26	*74.2*	63.48	*50.2*	93.54	95.44	103.77
DPS (net) (€)	6.10	6.40	7.50	9.97	*32.9*	10.22	*2.5*	14.43	16.47	18.92
Cash EPS (UBS, diluted) [1]	21.37	21.12	26.88	44.56	*65.8*	64.79	*45.4*	95.56	100.48	109.06
Book value per share	34.16	46.92	50.47	67.63	*34.0*	110.03	*62.7*	180.10	246.46	319.69
Average shares (diluted)	394	394	389	384	*-1.3*	381	*-0.8*	378	374	370

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	8,197	*3.8*	8,677	*5.9*	8,877	8,957	9,357
Net intangible fixed assets	5,330	5,210	5,129	5,171	*0.8*	5,171	*0.0*	5,171	5,171	5,171
Investments	1,226	1,290	2,484	3,689	*48.5*	3,689	*0.0*	3,689	3,689	3,689
Other assets	3,514	4,505	4,444	5,018	*12.9*	5,018	*0.0*	5,018	5,018	5,018
Total fixed assets	**15,564**	**17,852**	**19,951**	**22,075**	*10.7*	**22,555**	*2.2*	**22,755**	**22,835**	**23,235**
Net working capital	**1,109**	**(2,055)**	**(6,970)**	**(6,058)**	*13.1*	**(11,779)**	*-94.4*	**(20,080)**	**(26,779)**	**(34,009)**
Cash	7,010	12,741	13,322	21,925	*64.6*	43,079	*96.5*	77,271	108,027	140,944
Short term debt	0	0	0	0	-	0	-	0	0	0
Long term debt	(10,230)	(10,061)	(6,691)	(12,013)	*-79.6*	(12,013)	*0.0*	(12,013)	(12,013)	(12,013)
Preferred shares	0	0	0	0	-	0	-	0	0	0
Net (debt) / cash	**(3,220)**	**2,680**	**6,631**	**9,912**	*49.5*	**31,066**	*213.4*	**65,258**	**96,014**	**128,931**
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**	**25,929**	*32.2*	**41,843**	*61.4*	**67,934**	**92,070**	**118,157**
Minority interests	0	0	0	0	-	0	-	0	0	0
Common s/h equity	**13,452**	**18,477**	**19,612**	**25,929**	*32.2*	**41,843**	*61.4*	**67,934**	**92,070**	**118,157**
Operating invested capital	**15,446**	**14,507**	**10,497**	**12,329**	*17.5*	**7,087**	*-42.5*	**(1,013)**	**(7,632)**	**(14,463)**
Total capital employed	**16,673**	**15,797**	**12,981**	**16,018**	*23.4*	**10,776**	*-32.7*	**2,676**	**(3,944)**	**(10,774)**

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	18,803	*65.8*	28,620	*52.2*	41,885	42,324	45,536
Depreciation & amortisation	740	919	1,026	899	*-12.4*	520	*-42.2*	800	1,920	2,000
Net change in working capital	(3,664)	2,053	1,027	5,680	*NM*	5,721	*0.7*	8,300	6,699	7,230
Net interest	41	20	105	679	*NM*	120	*-82.3*	120	120	120
Tax paid	(1,436)	(1,681)	(2,013)	(3,272)	*-62.5*	(4,592)	*-40.3*	(6,714)	(6,785)	(7,299)
Other operating	871	1,002	1,390	176	*-87.4*	(120)	-	(120)	(120)	(120)
Operating cash flow	**5,635**	**11,376**	**12,875**	**22,965**	*78.4*	**30,269**	*31.8*	**44,271**	**44,159**	**47,468**
Tangible capital expenditure	(2,156)	(2,067)	(1,574)	(1,365)	*13.2*	(1,000)	*26.7*	(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**	**21,600**	*91.1*	**29,269**	*35.5*	**43,271**	**42,159**	**45,068**
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Equity dividends paid	(2,348)	(2,453)	(2,550)	(3,095)	*-21.4*	(3,755)	*-21.3*	(4,719)	(6,163)	(6,580)
Share issues / (buybacks)	(901)	(376)	(5,808)	(7,261)	*-25.0*	(4,400)	*39.4*	(4,400)	(5,280)	(5,610)
Net other cash flows	450	(513)	(2,234)	(5,975)	*-167.4*	0	-	0	0	0
Cash flow (inc)/dec in net debt	**681**	**5,967**	**709**	**5,268**	*NM*	**21,115**	*300.8*	**34,152**	**30,716**	**32,878**
FX / non cash items	(1,771)	(66)	3,242	(1,987)	-	40	-	40	40	40
Balance sheet (inc)/dec in net debt	**(1,090)**	**5,900**	**3,952**	**3,280**	*-17.0*	**21,155**	*NM*	**34,192**	**30,756**	**32,918**

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	33.4	22.6	15.3	15.0	13.8
P/E (UBS, diluted)	31.4	42.5	29.9	33.9	22.5	15.3	15.0	13.8
P/CEPS	28.6	37.8	26.9	32.1	22.1	14.9	14.2	13.1
Equity FCF (UBS) yield %	1.4	3.0	4.0	3.9	5.3	7.8	7.6	8.1
Dividend yield (net) %	1.0	0.8	1.0	0.7	0.7	1.0	1.2	1.3
P/BV	17.9	17.0	14.4	21.1	13.0	7.9	5.8	4.5
EV/revenues (core)	8.7	NM	8.4	NM	8.4	5.9	5.4	4.7
EV/EBITDA (UBS core)	24.4	30.5	22.1	27.1	17.6	11.2	10.1	8.7
EV/EBIT (core)	26.3	33.6	24.1	28.4	17.9	11.4	10.6	9.1
EV/OpFCF (core)	24.4	30.6	22.2	27.2	17.6	11.2	10.1	8.7
EV/op. invested capital	18.9	20.3	21.9	46.9	52.9	>100	NM	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	555,698	555,698	555,698	555,698	555,698
Net debt (cash)	(2,379)	(9,064)	(10,613)	(19,962)	(41,116)	(75,308)	(106,064)	(138,981)
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**	**535,736**	**514,582**	**480,390**	**449,634**	**416,717**
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**	**534,736**	**513,582**	**479,390**	**448,634**	**415,717**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	30.2	2.6	15.6	36.1	36.9	34.3	0.9	6.3
EBITDA (UBS)	37.9	1.6	23.9	59.3	47.9	46.5	3.7	7.4
EBIT (UBS)	38.9	(0.2)	25.1	65.8	52.2	46.3	1.0	7.6
EPS (UBS, diluted)	40.3	(3.6)	29.0	74.2	50.2	47.3	2.0	8.7
Net DPS	5.2	4.9	17.2	32.9	2.5	41.3	14.1	14.9

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	56.2	57.9	59.7	60.2	60.7
EBITDA margin	35.6	35.3	37.9	44.3	47.9	52.2	53.6	54.2
EBIT (UBS) margin	33.0	32.1	34.7	42.3	47.0	51.2	51.3	51.9
Net earnings (UBS) margin	27.9	26.2	28.9	36.5	39.7	43.2	43.2	43.7
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	71.2	71.2	64.3	44.6	36.5

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)	(0.5)	(1.1)	(1.5)	(2.2)	(2.7)
Net debt / total equity %	23.9	(14.5)	(33.8)	(38.2)	(74.2)	(96.1)	(104.3)	(109.1)
Net debt / (net debt + total equity) %	19.3	(17.0)	(51.1)	(61.9)	NM	NM	NM	NM
Net debt/EV %	1.1	0.1	(1.7)	(1.5)	(4.0)	(10.0)	(17.9)	(27.0)
Capex / depreciation %	NM	NM	153.4	151.8	192.3	125.0	104.2	120.0
Capex / revenue %	7.8	7.3	4.8	3.1	1.6	1.2	2.4	2.7
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	3.2	2.9	3.2	4.2	6.2	6.5	5.8	5.5
Div. payout ratio (UBS) %	31.3	34.0	30.9	23.6	16.1	15.4	17.3	18.2

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	44,447	60,867	81,742	82,507	87,716
Total	**27,559**	**28,263**	**32,667**	**44,447**	**60,867**	**81,742**	**82,507**	**87,716**

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	18,803	28,620	41,885	42,324	45,536
Total	**9,082**	**9,063**	**11,342**	**18,803**	**28,620**	**41,885**	**42,324**	**45,536**

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



Forecast returns

Forecast price appreciation	67.8%
Forecast dividend yield	0.7%
Forecast stock return	68.5%
Market return assumption	8.1%
Forecast excess return	60.4%

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 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?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	