



Transcript

Investor Call ASML CEO Christophe Fouquet and CFO Roger Dassen Q3 2026 results, October 14, 2026

Christophe Fouquet

Thank you Jim. Welcome everyone and thank you for joining us for our third-quarter 2026 results conference call.

Before we begin the Q & A session, Roger and I would like to provide an overview and some commentary on the third-quarter 2026 results as well as provide some additional comments on the current business environment and on our future business outlook.

Roger.

Roger Dassen

Thank you Christophe and welcome everyone.

I will first review the third-quarter 2026 financial accomplishments and then provide guidance on the fourth quarter and full year of 2026.

Let me start with our third-quarter accomplishments.

Total net sales in the third quarter of 2026 were a record at 11.7 billion euros, towards the high end of our guidance and reflecting strong execution of our capacity ramp.

Net system sales were 8.4 billion euros, which includes 4.1 billion euros from EUV system sales, including the sale of 1 High NA EUV system, and 4.3 billion euros from non-EUV system sales. Net system sales were split between Logic at 54 percent and Memory at 46 percent.

Installed Base Management sales for the quarter were 3.3 billion euros, exceeding our guidance by almost 0.4 billion euros primarily due to the strong demand for our productivity upgrade products in both EUV and DUV.

Gross margin for the quarter was above guidance at 57.5 percent primarily due to the contribution of very high margin components within our Installed Base Management business.

Our operating expenses were as guided with R&D expenses at around 1.2 billion euros and SG&A expenses at around 0.4 billion euros.

The effective tax rate for Q3 was 16.1 percent. For the full year 2026 the expected annualized effective tax rate is around 17 percent.

Net income in Q3 was 5.0 billion euros, which includes around 0.5 billion euros as a result of an increase in the valuation of our initial investment in Mistral AI, representing 42.5 percent of total net sales and resulting in earnings per share of 12.95 euros.

Turning to the balance sheet: We ended the third quarter with cash, cash equivalents and short-term investments at a level of 12.7 billion euros.



Our free cash flow¹ in Q3 was 11.4 billion euros, underpinning the strong order momentum of our customers and the related downpayments.

¹ Free cash flow, which is a non-GAAP measure, is defined as net cash provided by (used in) operating activities minus purchases of Property, plant and equipment and intangible assets, see US GAAP Consolidated Financial Statements

Moving to the cash return to our shareholders: in Q3 ASML paid the first interim dividend over 2026 of 1.88 euro per ordinary share.

Further, we purchased in Q3 around 4.1 billion euros worth of shares under the current 2026-2028 share buyback program.

The second quarterly interim dividend over 2026 will be 1.88 euro per ordinary share and will be made payable on November 4, 2026.

With that I would like to turn to our expectations for the fourth quarter and the full year 2026.

We expect Q4 total net sales to be between 14.2 billion euros and 15.2 billion euros with a gross margin of around 57 percent.

We expect our Q4 Installed Base Management sales to be around 3.7 billion euros.

The expected R&D expenses for Q4 are around 1.2 billion euros and SG&A is expected to be around 0.4 billion euros.

Regarding our full-year expectations, we expect our full year 2026 total net sales to be between 44 billion euros and 45 billion euros, with a gross margin of around 56 percent.

This anticipated year-over-year total net sales increase of around 36 percent reflects our expectation of over 45 percent growth in EUV, around 20 percent growth in non-EUV-related system sales and around 50 percent growth in Installed Base Management sales.

Turning to end use, this year we expect Logic net system sales to grow around 10 percent and Memory net system sales to grow around 75 percent. The growth in memory is driven by the combination of capacity expansion of our customers and the increasing adoption of EUV on advanced DRAM nodes.

As previously mentioned, we continue to expect the China region to account for around 20 percent of our total net sales this year.

In summary the third quarter was a record for both total net sales and gross margin and we expect our business to continue to accelerate in the fourth quarter as we execute against a backdrop of very strong customer demand for all our products and services.

With that I would like to turn the call back over to Christophe.



Christophe Fouquet

Thank you Roger.

If we take a step back to look at the market environment, we see that the pace of the AI build-out continues to be very robust. Supply shortages across advanced Logic and Memory nodes continue to increase in size and in time horizon. Against this backdrop, we had very constructive discussions with our customers throughout the quarter and the demand signals we have received have continued to strengthen.

Our leading-edge high-volume customers are sharing very good visibility as a result of the increasing number of long-term commitments they are securing with their customers. This extended visibility has led them to conclude that demand for their products will outpace supply through at least 2028. As a result, customers are accelerating capacity build-out plans and preparing for further expansion beyond 2028 in order to better meet the anticipated level of demand.

For us, their drive to add capacity is translating into not only greater short-term demand across our entire Holistic Lithography portfolio but also improved longer term visibility and demand especially for our EUV products.

As customers shift focus to their needs beyond 2027, our order momentum continues to build. We are increasingly receiving orders for 2028, and customers are also expressing interest in placing orders for 2029 and even 2030.

As our customers are preparing to meet rising demand, we, in turn, continue our focus on adding capacity to support their needs.

Roger will now share further details on our latest plans on providing our customers additional capacity.

Roger,

Roger Dassen

Thank you Christophe,

We have been very successful in ramping capacity this year.

For Low NA EUV, we anticipate output of roughly 65 systems for 2026 – which is nearly 50 percent more than the 44 systems we shipped last year.

For DUV immersion systems, while our initial output target for these systems was well below the year prior, we now expect we will deliver a similar quantity in 2026 as we did in 2025.

Looking further ahead, we shared our intent last quarter to increase our capacity in 2027 by 30 percent for both Low NA EUV and DUV immersion systems, as well as to investigate adding a further 30 percent in 2028.

However, given the dynamics of this quarter, we now anticipate that our current planned levels of output in 2027 and 2028 will not fully meet the demand of our customers.

Therefore, we continue to strengthen our efforts to produce more systems, especially beyond 2027, and, with that goal in mind, are now looking into expanding our 2028 capacity even above the 30 percent year-on-year growth target that was under investigation last quarter for both Low NA EUV and immersion systems.



In addition to shipping new systems, we support customer needs for more wafer capacity through productivity upgrades across our EUV and DUV installed base, as well as with the introduction of new products.

The ability to enable an increase in capacity through upgrades on the same footprint is very compelling for our customers as the effect is an immediate increase in output capability. We will continue to work on this important value driver, expanding the upgrade portfolio offering new productivity options to our customers in the coming years.

The introduction of new products is the other lever we have to support increased wafer capacity. We plan to introduce our next generation Low NA EUV system, the NXE:3800F, starting in small quantities at the beginning of 2027. This system is specified at a throughput of 260 wafers per hour compared to the 230 wafers per hour capability of the NXE:3800E system. We also plan to introduce the next generation critical DUV immersion running at 330 wafers per hour. These new products will provide incrementally more wafer capacity to the industry as they ramp in the coming years.

With that, I will hand back over to Christophe for a technology update

Christophe Fouquet

Thanks you Roger,

This quarter we saw meaningful momentum around High NA EUV, with several industry announcements providing evidence of the technology's progress from development toward production.

Intel announced that it has exposed more than 1 million wafers using its High NA EUV systems with performance that meets or exceeds comparable layers patterned using Low NA EUV.

Additionally, Samsung and tsmc announced plans to introduce High NA EUV into high volume manufacturing in 2028 and 2030, respectively.

With availability across the existing High NA EUV fleet approaching 90 percent, we now expect to see adoption increase node on node moving forward.

To further ensure chipmakers can fully leverage the advantages of High NA EUV, we also, in collaboration with tsmc, began an industrywide initiative to develop larger-format EUV photomasks. This collaborative effort aims to establish a 12-inch mask pilot line by 2031 and enter production in 2033. The broad support for this transition reflects customer interest in maximizing the value of High NA EUV and in investing in the next generation of this technology.

In Q3 we also shipped the first YieldStar 550B metrology system. This overlay measurement system is designed with improved accuracy and precision to support the tighter process control requirements of the 14 angstrom node in Logic and the 1D node in DRAM. This system is designed to deliver more than 60 percent greater productivity over the previous generation YieldStar allowing customers to measure more wafers and therefore more quickly drive yield improvement in their processes.



In closing, the combination of very strong demand fundamentals, improved visibility and rising litho intensity reinforces our confidence in the trajectory of our business.

Our focus continues to be on supporting our customers as they ramp their Logic and Memory nodes by continuing to expand our capacity over a multi-year horizon, while also delivering enhanced productivity by executing our technology roadmap.

This latest generation system continues to support major adoption of YieldStar at customers with a demand that is expected to more than double for the coming years versus 2025.

Finally, the transition of High NA EUV into high-volume manufacturing creates a compelling opportunity for customers to enhance the economics of their future roadmaps, and we remain fully committed to helping them execute a successful insertion.

With that we would be happy to take your questions.



Forward Looking Statements

This document and related discussions contain statements that are forward-looking within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements with respect to plans, strategies, expected trends, including expected trends in the semiconductor industry and end markets, business dynamics and business environment trends, the expected impact of AI investments and impact of AI technologies on demand for chips and our systems and semiconductor growth outlook and impact on our customers and our business, lithography intensity, plans and capability to increase capacity and output and expected capacity and investigation of ways to increase capacity, our product portfolio and portfolio roadmaps, backlog, expectations and customer plans with respect to High NA EUV and holistic lithography adoption, technological developments and expected shipment of systems, supply and demand trends, visibility into longer-term demand, outlook including expected sales of market segments and geographies, outlook and expected financial results including outlook and expected results for Q4 2026, including expected total net sales, IBM sales, gross margin, R&D costs, SG&A costs, outlook and expectations with respect to full year 2026 including expected full year 2026 total net sales, gross margin and annualized effective tax rate, expectations with respect to EUV, DUV and IBM sales in 2026, and expectations with respect to future years, investor key messages, our expectation to continue to return significant amounts of cash to shareholders through growing dividends and share buybacks and statements with respect to dividends, expected performance and capabilities of our systems and product roadmaps, customer outlook, demand forecasts, demand visibility and plans including customer orders and interest in placing orders in future years, customer roadmaps, capital expenditures and customer plans and capability with respect to capacity expansion, ESG strategy and commitments and other non-historical statements. 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These risks and uncertainties include, without limitation, risks relating to customer demand, semiconductor equipment industry capacity, worldwide demand for semiconductors and semiconductor manufacturing capacity, lithography tool utilization and semiconductor inventory levels, general trends and consumer confidence in the semiconductor industry, the impact of general economic conditions, including the impact of the macroeconomic and geopolitical environment on the semiconductor industry, semiconductor market conditions, the impact of AI on our customers and our business, the pace and scale of customer increase in capacity, industry and business and semiconductor demand and demand for our tools, the impact of inflation, interest rate and exchange rate fluctuations, wars and geopolitical developments, the impact of pandemics, the performance of our systems, the success of technology advances and the pace of new product development and customer acceptance of and demand for new technologies, products and models and customer roadmaps, our production capacity and ability to adjust capacity to meet demand, supply chain capacity, timely availability of parts and components, raw materials, critical manufacturing equipment and qualified employees, our ability to produce systems to meet demand, the number and timing of systems ordered, shipped and recognized in revenue, risks relating to fluctuations in orders and our ability to convert orders into sales and whether customer interest in orders in future years results in actual orders, risks relating to the realization of our backlog, the risk of order cancellations, delays or push outs and restrictions on shipments of systems, including ordered systems, under export controls, risks relating to the trade environment, import/export and national security regulations and orders and their impact on us, including the impact of changes in export regulations and the impact of such regulations on our ability to obtain necessary licenses and to sell our systems and provide services to certain customers, the impact of the tariff announcements, changes in tax rates, available liquidity and free cash flow and liquidity requirements, our ability to refinance our indebtedness, available cash and distributable reserves for, and other factors impacting, dividend payments and share repurchases, the number of shares that we repurchase under our share repurchase program, our ability to enforce patents and protect intellectual property rights and the outcome of intellectual property disputes and litigation, our ability to meet ESG goals and commitments and execute our ESG strategy, risks relating to future financial results and the risk that future results may differ from our outlook and other factors that may impact ASML’s business or financial results, and other risks indicated in the risk factors included in ASML’s Annual Report on Form 20-F for the year ended December 31, 2025 and other filings with and submissions to the US Securities and Exchange Commission. 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