



Transcript

Video interview with ASML CEO Christophe Fouquet and CFO Roger Dassen

Q3 2026 results

Hello and welcome to ASML's Q3 2026 results, with Christophe Fouquet and Roger Dassen.

Welcome Roger, Christophe. Roger if I can start with you and ask you to give us a summary of Q3, very strong quarter and also share a little bit some of the dynamics that got us to that result?

Indeed a very strong quarter. Net sales came in at €11.7 billion for the quarter. Included in there €3.3 billion for Installed Base revenue. So that €11.7 was within guidance, towards the higher end of the guidance. The €3.3 billion was €400 million more than we guided, which I think is a very strong reflection of the desire of our customers to provide upgrades on their installed base. That was the primary driver for that higher number.

The gross margin for the quarter, 57.5%. Again largely driven I would say by Installed Base revenue and the upgrade business as a result of that, higher than what we guided. Net income for the quarter €5 billion. Included in there €500 million for the revaluation of the first tranche that we bought from Mistral AI.

So all in all, I would say a very, very strong quarter. A record quarter I think is fair to say. Both at a sales level and also at the gross margin level. I think it's a clear indication of the very strong execution that we have against the backdrop of a very, very strong market demand.

Q4 and full-year 2026 guidance

With that strong quarter behind us, how are you looking at Q4 and the full year 2026?

For Q4 we expect revenue between €14.2 and €15.2 billion. So again, a very good step up and that is also what we expected. We said that we expect the second half to be stronger than the first half. You see that momentum really very, very strongly building up. So €14.2 billion to €15.2 billion there. In terms of Installed Base business again we expect an increase there. We expect €3.7 billion Installed Base business for the quarter. Again largely driven by upgrades. Gross margin we expect around 57% for the quarter.



If you translate all of that into what does it mean for the full year 2026? We therefore now expect our sales to be between €44 and €45 billion for the year. We expect a gross margin of around 56%.

So what does that mean for the different parts of the business in 2026?

So against the backdrop of an overall 36% increase of 2026 in comparison to 2025, you see that that is largely driven by EUV. So the EUV business grows over 45% this year. We expect the non-EUV business to be around 20% growth in comparison to last year and the Installed Base business around 50%. The China part of the total business we expect to be around 20%.

So then just going a bit deeper on the gross margin, I think at the beginning of the year, we had a guide of between 51% and 53%. Certainly things have gotten stronger since then. Can you share a little bit on the dynamics that have led to that improved outlook?

So what are the key drivers? Of course volume helps. Clearly we have increased our expectation in terms of total sales. And higher volume obviously leads to better fixed cost coverage. So that is a positive for the gross margin. Also mix is important. If you look at EUV and immersion as key drivers for the gross margin, both of them pretty strong. And also obviously as I mentioned before, the Installed Base business and the upgrade business included in there is a very, very strong driver of the gross margin. So as a result of that indeed, as you say, 56% is the expectation for the full year. Which is a very, very nice step up from the expectations at the beginning of the year.

We also talked last quarter about higher value-based pricing and the contribution that might play on the gross margin. How is that showing up as part of the outlook?

We completed those conversations. So that's been done with the key customers. The effect of that is not really visible in 2026. It will start to become visible partly in the course of 2027. The full impact of that you will start to see in 2028 and beyond.

Market dynamics

So Christophe, with that very strong outlook on 2026. I think you've spent a lot of time with our customers this quarter. What are the conversations you're having with them in terms of the investment plans that they have and how is that feeding into the demand outlook that you're seeing for ourselves?



We did indeed spend a lot of time with our customers and all of them are commenting that they see their demand increasing on the short term but also extending in time. I think that their visibility is very good at this point of time. Today they expect that their supply will not meet the demand at least until 2028. So this is a very, very strong demand on their side. And of course this means that they want to build up more capacity faster. So they are accelerating their plans. They are announcing new fabs. For us this translates on the short term into more demand, as Roger mentioned. Overall, basically for our holistic product portfolio and on the long-term increased visibility for our demand, especially with EUV. So a lot of our discussions with our customers now are shifting in fact beyond 2027. A lot of order intake for 2028. But also some strong interest to already place orders for 2029 and sometimes even 2030.

Capacity expansion

So with that demand outlook, how is that shaping your thinking in terms of our own capacity expansion planning?

Well I think it's a very clear picture. Roger mentioned it. So first, we are very happy with the execution of the team of ASML on the ramp this year. We expect to ship about 65 systems, which is more than 50% increase compared to last year. So this is already quite an exceptional step up. On DUV (immersion) at this time last year we were planning to ship quite a few less tools. We move back to a very strong year and we are planning to ship about the same number of tools as last year. So it's clear that we've done some good work to be able to start the ramp very aggressively. Last quarter, we talked about 30% more capacity next year, and also the aspiration to have another 30% increase in 2028. A lot of focus there. But to be honest, it's becoming very clear that 30% in 2027, 30% in 2028 will not allow us to meet our customer demand. So we have to do more and we are looking basically at ways, especially in 2028 and beyond, to further extend our capacity. This is very important of course to be able to fulfill our customer demand as much as we can.

We do have other levers in terms of how we can offer capacity increases to our customers.

Roger, can you maybe talk more about some of those and how they help?

In addition to increasing unit shipments that Christophe talked about, one important driver obviously is the Installed Base business that we've talked about quite a bit. So of course that is a major driver. It's something that customers really like. Because what it does, it gives you within your existing footprint,



you get pretty fast incremental capacity there. So that's been very successful so far and we expect that to continue to be quite successful on a go forward basis.

We're also very aggressively developing upgrades. So we will get more and more upgrades on our installed base available to our customers. So in that way, we try to help customers in getting instantaneous access to more capacity. So that's one driver.

The second driver is the execution of our roadmap and productivity again there is an important driver.

So with new releases of new products, you will see more and more productivity. We talked in the past about the NXE:3800F, which gets you from the 230 wafers per hour that we have today to 260 wafers per hour. That will be introduced in 2027. That will be in small quantities. But obviously for 2028 and beyond you will see that really helping to increase the capacity of our customers.

Also on the immersion front, you will see that we're going to increase the specifications of the critical immersion tools that we ship in 2027, and they will actually show 330 wafers per hour.

So in that combination, Installed Base business and improvement of the throughput of our tools that we ship new to customers, that will be a significant enhancement to our customers' capacity.

Technology

Christophe. I can swap now to a little bit on technology front. We had a number of important press releases through the quarter. Can you share what the importance of those announcements were and the milestones in terms of the adoption plans of High NA?

There has been indeed a lot of news around High NA and we are very happy with that. As you know the High NA program started more than ten years ago. We are all very happy to see that our customers are now about to start using the tool in high-volume manufacturing.

I like to start with the TSMC and ASML announcement. So TSMC has asked us to lead with them a consortium basically to bring a 12-inch reticle to the industry. This is what is happening sometime in the first half of the next decade. But it's also the sign of how important High NA has become in their plan. That's also why they have basically confirmed that they will also introduce High NA around 2030 in high-volume manufacturing. So this is a very important announcement because it shows basically



that over time, customers are looking at using High NA more. This is why they want to use the 12-inch reticle.

Now you have noticed that all other major customers also joined that consortium. At the same time, Samsung has also announced that they will be using High NA in high-volume manufacturing starting in 2028. And Intel, I think we talked about that before, they continue to run the system in high-volume manufacturing, increasing the number of layers. Of course, we look now at a significant amount of wafers being run there. So great news on High NA. This is the set of milestones we've been working on very hard for quite a few years.

Along with that on the technology side, we saw the introduction of the next generation YieldStar 550B. What's so important about that new technology in terms of how it meets our customers' requirements?

We talked about that in the last few quarters. Roger mentioned it a few times. We have a huge momentum on metrology. We have seen a major, major growth. This is true for our overlay metrology system YieldStar. So the 550B is the latest generation of this tool. It's going to improve once again accuracy. We're now ready for the 14 angstrom node in Logic and the 1D for DRAM. So a very, very accurate tool. It's going to increase the productivity by 60% which is very important because customers, in order to get performance, need more and more metrology. And if we are not to improve productivity a bit like with our scanner, capacity will also be an issue. So 60% productivity improvement of course will boost both the performance of the tool, but also our capacity moving forward.

Looking ahead

One final question. I think both you and Roger have talked about strong business momentum, the demand outlook that we're getting from our customers and the visibility that they're giving us. So what then would you say are the key things that you want to focus on for the rest of the year but also in preparation for next year?

Well, I think it's very clear, it's more capacity. As we discussed today, our customers are asking us every single day to get more tools. The reason for that is because they have very high visibility on what is needed in the future. And as a result we also have this very high visibility. So there is no doubt in our mind that we need to continue to get more output. It is a lot of work, but this is for sure the key focus of everyday life at ASML today.



The other one is technology, High NA, YieldStar, we talked about that. We talked in the past also about boosting the productivity of Low NA. Those things also help our customers first to transition to the next technology, but they also help with capacity. So these are the two things we have to do in parallel. As we discussed today, we are very happy to see progress on both counts.

Very helpful. Thank you Christophe and thank you Roger.

Pleasure.