ASML

Transcript

Video interview with ASML CEO Christophe Fouquet and CFO Roger Dassen

Q2 2026 results

Hello and welcome to ASML Q2 2026 results video. Welcome Christophe. Welcome Roger. Roger, can I start with you and ask you to give us a summary of our Q2 results?

Total net sales for the quarter came in at €9.3 billion. We had a gross margin of 54,0%. Both of them, both the top line and also the gross margin, above guidance. Main reason why it was above guidance is the Installed Base business. The Installed Base business came in at €2.8 billion. That is €300 million more than we expected. As a result of the fact that customers are really looking for productivity enhancements and therefore the upgrade business was quite high.

Net income came in at €2.9 billion. In the €2.9 billion is also an estimate of the cost associated with the Tech and IT transformation. So that's included in that number. So all in all, I would say a very strong quarter. Both from a market dynamic perspective and from an execution perspective.

Q3 and full-year 2026 guidance

And then looking further ahead, can you also provide us with a guide for Q3 and then the full year 2026?

So the way we look at Q3, we guide total net sales between €11 billion and €12 billion for Q3. With a gross margin between 55% and 57%. We are looking at an Installed Base business of approximately €2.9 billion for Q3. If we look at the total year, we're looking at total net sales guided between €43 and €45 billion. The gross margin between 54% and 56% for the full year.

Market dynamics

So then, Christophe, if I can turn to you and ask you to give us a sense of the market dynamics that have led to the upgrade in the guidance that Roger just talked about.

Well I think it's really a combination of a continuous, very strong demand from our customers. But also, that's very important, our ability to respond to that demand thanks to the strength of our supply chain, manufacturing and the install teams in the field. So if we look at the market demand, the end market demand, this has motivated our customers to increase their CapEx but also accelerate all their plans. This really creates a need for more systems basically starting this year. We are doing the same on our side, extending output, extending basically our teams so that we can support them moving forward. So that dynamic we see both with Logic and DRAM. What we also see for both Logic and DRAM is that our customers are getting long-term agreements with their own customers, which really invites them to commit for the long term. Because they have what I would call a quite unprecedented visibility on what will happen to the market.

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And if we take a slightly deeper look down on Logic first. What you're seeing there specifically?
Well, quite a bit happening with Logic. So first, if we look at the existing advanced nodes 5nm, 4nm, 3nm, we see that our customers are trying to add a lot of capacity there now. This is because there is a huge demand on those technologies coming from AI. At the same time, the 2nm ramp is done as aggressively as possible. We see customers adding capacity, accelerating their plans and even start basically to look at the 1.4nm ramp. So all of that together means that our revenue for advanced foundry Logic this year should increase by about 25%.

If we also look at Memory in that regard, what are you seeing there?
If we look at the price of Memory today, either for DDR or for HBM, there is a clear need for more supply. This is translating into, again, acceleration of capacity plans from our customers. So this is happening with all customers. On top of that, as we discussed previously, the latest nodes are calling for more litho, for higher litho intensity, both on EUV but also advanced immersion.

So all of that together means that our revenue on Memory this year will increase by 75%.

So having said that then, what does that translate to in terms of our own business, EUV, non-EUV. What are you seeing there for example?
Let me start with EUV. So quantifying a bit some of the statements I've made before. We will be able this year to ship about 65 Low NA EUV machines. So this is the result basically of a lot of work done on our output. This means that our EUV business will grow by about 45%.

When it comes to DUV, immersion first. We had to reaccelerate our output. We are now happy that we will be able to ship about 130 systems. Which is about the level of last year, after a strong acceleration of all our plans there.

Finally, when we look at the DUV Dry. A lot of traction there. Also capturing some customers with our dry products and the number of shipments is also going to increase quite a bit in 2026.

Touching a little bit then on our metrology and inspection business.
So there also a very strong growth this year. Two reasons for that. The first one is our customers are using more and more process control. This is because of course of more advanced, more complicated nodes. So this is, I would say, one of the trends. The second trend, to be honest, is a very strong increased adoption of our product being in the optical metrology or e-beam inspection. Which basically all together drives very strong growth on inspection and metrology at ASML. So if you look at DUV, metrology inspection together, we are looking at about 25% growth, also in revenue in 2026.

Then Roger, turning quickly. Can you also give us an update on what we're seeing regionally with China? How we're seeing things play there?
As we said we still look at China as approximately 20% of our total net sales for 2026. So that percentage hasn't changed. Obviously it's of a higher base. Because the total net sales for the company we see today is higher than we anticipated at the beginning of the year. So in that sense you could say that the Chinese market is moving in sync with the overall behavior that we see globally. If you really want to pinpoint where is that extra demand in China? It is primarily in the Logic business and then primarily catering to domestic led demand.

The other piece is on Installed Base management. I think we've had some very good momentum over recent quarters. You've given a good guide for next Q. Can you talk a little bit about the dynamics we're seeing there?
I already mentioned a little bit. So the Installed Base business, two main buckets obviously. The upgrade business that we talked about and as I said customers in the current environment, whatever they can do to increase productivity, they will take it. Particularly if it's instant upgrade of productivity. We're increasingly in a position to give that to customers because a lot of the upgrade business is software led. So it doesn't take a lot of machine time. So customers have an instant improvement of productivity. So we have quite a few of those products. But we're really driving that with quite some force to make sure that we have as many upgrade products available to customers as possible.

And on the EUV side with the installed base increasing the way it does, that also obviously means that the total service business is going up.

So if you take those two buckets combined, we're looking at over 30% growth for the Installed Base business this year.

Then following on from that, can you also give us some color on the gross margin. What are some of the drivers there?
So gross margin is influenced of course, by what I just mentioned on the Installed Base business. So the increase in upgrade business obviously also leads to an increase in the gross margin. So that's an important driver for the gross margin this year. The other one, if you look at the system sales it's a combination both of the volume. So with higher volume we get better fixed cost coverage. That of course is helpful for the gross margin. But also there is a positive mix effect this year with strong performance both on the EUV side and also on the immersion side.

Beyond 2026

Christophe, looking at a little bit longer term and beyond 2026. What are the conversations and the dynamics you're having in terms of discussions with customers for example?

Based on everything we have said so far, you can imagine that we are having very constructive discussions with our customers on the long term. Their own visibility to their business allows them to share with us also, longer than, I would say, usual visibility on their business. We are talking of course about next year, but also beyond that. Now this has also translated practically into very strong order bookings through the first half of 2026.

If we look into more detail starting with 2027, there we are pretty much already close to receive all the EUV orders we need for 2027. This is with us adding about 30% capacity for EUV in 2027 versus 2026.

When we look at 2028, we have received already a large number of orders from our customers for EUV. This has also invited us very strongly to investigate another 30% increase in our EUV capacity for 2028. Now, of course, when EUV grows DUV grows as well. Immersion is going to be important. Also for 2027 and for 2028 we are going to look into a 30% increase of our capacity for both years.

Technology

If we can switch gears a little bit, and if you can provide us with a little bit of an update on the technology front and maybe High NA, how are things going there?

On High NA I'd like to start with the press release we had this morning about Intel. So as you may have read it, Intel is basically now using High NA in production on their most advanced products. So it means that some of the products you buy today from Intel have been created with an High NA machine. So this is, of course, a very important milestone. This is the proof of the maturity of the tool. We talked a lot about that in the last quarter. We are seeing that happening with all customers and therefore expect to enter that discussion with all our customers on how exactly and when exactly the tool will be inserted in high volume manufacturing.

Capital Markets Day

Can I ask you to share a little bit on the timing of our next Capital Markets Day?

Well, I think we will all agree that a lot has happened in our market in the last few quarters. So I think we believe it's time to revisit our assumptions, revisit a bit the analysis we have of the market. We like to welcome all our investors on June 10th, next year 2027, for the next Capital Markets Day. Which would be, for us, the opportunity to look again at the context of the market and define basically what it means for the long term of ASML's business.

With that, thank you Roger. Thank you Christophe.