

# ASML

## Transcript

### Investor Call ASML CEO Christophe Fouquet and CFO Roger Dassen Q4/FY 2025 results, January 28, 2026

#### Christophe Fouquet

Thank you Jim. Welcome everyone and thank you for joining us for our fourth-quarter and full-year 2025 results conference call.

Before we begin the Q & A session Roger and I would like to provide an overview and some commentary on the fourth-quarter results and full-year 2025 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 fourth-quarter and full-year 2025 financial accomplishments and then provide guidance for the first quarter of 2026.

Let me start with our fourth-quarter accomplishments.

In the fourth quarter of 2025, total net sales were 9.7 billion euros, which is within our guidance.

Net system sales were 7.6 billion euros, which includes 3.6 billion euros from EUV system sales, including two High NA systems, and 4.0 billion euros from non-EUV system sales. Net system sales were driven by Logic at 70 percent, with the remaining 30 percent coming from Memory.

Installed Base Management sales for the quarter came in at 2.1 billion euros as guided.

Gross margin for the quarter was also within guidance at 52.2 percent.

On operating expenses, R&D expenses were slightly higher than expected at rounded 1.3 billion euros, mainly due to higher non-recurring personnel cost and the recognition of a grant that shifted into 2026. SG&A expenses also came in higher than guided at 375 million euros, driven mostly by higher, mainly non-recurring, salary-related costs, the sale of receivables and pull-in of certain IT spending.

The effective tax rate for Q4 was 18.0 percent. For the full year 2025 the annualized effective tax rate came in at 17.7 percent.

Net income in Q4 was 2.8 billion euros, representing 29.2 percent of total net sales and resulting in an earnings per share of 7.35 euros.

Turning to the balance sheet: We ended the fourth quarter with cash, cash equivalents and short-term investments at a level of 13.3 billion euros. Our Q4 free cash flow was 10.9 billion euros, which was significantly higher relative to the previous quarters of this year, with the majority of the cash coming in at the very end of the quarter.

Moving to the order book, Q4 net bookings came in at 13.2 billion euros, split between 7.4 billion euros of EUV systems and 5.8 billion euros of non-EUV systems. Net bookings in the quarter were slightly weighted towards Memory with 56 percent of the bookings and Logic accounting for the remaining 44 percent.

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Turning now to the full year, net sales came in at 32.7 billion euros with a gross margin of 52.8 percent.

EUV system sales, realized from 48 systems including High NA, were 11.6 billion euros, which was 39 percent higher than 2024.

DUV system sales decreased 6 percent year over year to 12.0 billion euros.

Our Metrology & Inspection system sales increased 28 percent from 2024 to 825 million euros.

Looking at the market segments for 2025, logic system revenue was 16.1 billion euros, 22 percent higher than 2024. Memory system revenue was 8.4 billion euros, 2 percent lower than 2024, and Installed Base Management sales were 8.2 billion euros, 26 percent higher than 2024.

We concluded 2025 with a backlog of around 38.8 billion euros.

In 2025, we continued to invest in innovation across our full product portfolio, increasing R&D spending to 4.7 billion euros or about 14 percent of sales. SG&A increased to 1.3 billion euros in 2025, which was about 4 percent of sales.

Net income for the full year was 9.6 billion euros, 29.4 percent of net sales, resulting in an earnings per share of 24.73 euros. In 2025, we generated free cash flow of 11.0 billion euros.

With that I would like to turn to our expectations for the first quarter of 2026.

We expect Q1 total net sales to be between 8.2 billion euros and 8.9 billion euros. We expect our Q1 Installed Base Management sales to be around 2.4 billion euros.

Gross margin for Q1 is expected to be between 51 and 53 percent.

The expected R&D expenses for Q1 are around 1.2 billion euros and SG&A is expected to be around 0.3 billion euros.

For the full year 2026 we expect total net sales to be between 34 billion euros and 39 billion euros, with a gross margin of between 51 and 53 percent.

Regarding our cash return to our shareholders, in Q4 ASML paid the second interim dividend over 2025 of 1.60 euro per ordinary share.

ASML intends to declare a total dividend for the year 2025 of 7.50 euro per ordinary share, which is a 17 percent increase compared to 2024. An interim dividend of 1.60 euro per ordinary share will be made payable on February 18, 2026.

Recognizing this interim dividend and the two interim dividends of 1.60 euro per ordinary share paid in 2025, this leads to a final dividend proposal to the Annual General Meeting of 2.70 euros per ordinary share.

In Q4 2025 we purchased shares for a total amount of around 1.7 billion euros.

This program finished in December 2025, with a total of 7.6 billion euros repurchased out of the up to 12 billion euro program.

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We returned 8.5 billion euros to shareholders through a combination of dividends and share buybacks in 2025.

ASML announced a new share buyback program, effective today and to be executed by December 31, 2028. We intend to repurchase shares of an amount up to 12 billion euros, of which we expect a total of up to 2 million shares will be used to cover employee share plans. We intend to cancel the remainder of the shares repurchased.

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

## **Christophe Fouquet**

Thank you Roger.

As Roger has highlighted, we finished the year with a very strong quarter with good financial results.

The market outlook has improved notably over the last months specifically as related to the continued build-out of data centers and AI-related infrastructure. This buildup is now translating into additional capacity needs at our advanced logic and DRAM customers, and, in turn, an increased demand across our product portfolio, especially in our EUV business.

Over the past quarter, we have seen a notable increase and acceleration of capacity expansion planning across the large majority of our customer base.

In advanced Logic, our foundry customers have become more positive on the long-term sustainability of demand on a number of fronts. AI accelerators are migrating from the 4nm node to the more litho intensive 3nm node. At the same time, customers continue to ramp the 2nm node in support of next-generation HPC and mobile applications.

In Memory, our customers are reporting very strong demand for both HBM and DDR products with supply remaining very tight through at least 2026 as they ramp both their 1b and 1c nodes in support of the demand. In addition, DRAM customers continue to adopt more EUV layers on these nodes. This is expected to continue on their future nodes as they migrate more multi-patterning DUV to single-exposure EUV, resulting in an increase in litho intensity.

As a result of these dynamics, we see our customers in both segments increasing and accelerating capacity expansion plans to support the very strong demand they are seeing.

We expect these investments to generate business for ASML in 2026 and beyond. Starting first with EUV, we expect revenues to be up significantly this year as a result of the dynamics in both advanced Logic and DRAM.

In non-EUV, we expect revenues for 2026 to be similar to last year's as our advanced Logic and Memory customers expand capacity. As part of the outlook for non-EUV, we expect the China region's share in our total net sales in 2026 to be in line with our current system backlog, which is around 20 percent. We also expect our Metrology & Inspection businesses to grow significantly as customers increasingly invest in enhancing their process control strategies.

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For Installed Base Management we expect another year of revenue growth. This is primarily the result of increasing service revenue from our growing installed base of EUV systems and of our customers' plans for performance upgrades to support their rapidly increasing capacity requirements.

Turning to technology, in EUV we continue to make progress driving down the cost of technology on our customers' most advanced processes. We ramped our NXE:3800E through 2025, and its productivity gains support further replacement of complex multi-patterning with single-expose EUV for multiple layers on current and future DRAM nodes. We also expect both immersion and EUV litho intensity to increase as customers migrate from 6F<sup>2</sup> technology to 4F<sup>2</sup> architectures.

With regard to High NA, our customers are reporting good progress on their qualification of the technology for Logic and DRAM applications in their R&D facilities.

Intel announced last month the qualification and acceptance of their EXE:5200B system, which will be used in high-volume manufacturing for their leading-edge nodes. We expect more systems to be released to our customers in 2026 supporting their preparations for the insertion of High NA in high-volume manufacturing.

With the continuing increase of 3D structures in advanced Logic and Memory, we see more adoption of our multi e-beam inspection system to detect optically non-visible yield-limiting defects. Our progress on system maturity and productivity supports further use of these multibeam systems in high-volume manufacturing on the most advanced nodes.

In summary, our product portfolio roadmap remains focused on supporting the roadmap requirements of our customers and driving our overall competitiveness. We look forward to sharing more performance data at the SPIE Advanced Lithography conference in February.

Looking longer term, the last few months have confirmed the positive impact of AI on customer demand for our advanced products, and especially for our EUV systems. As we shared during our Capital Markets Day in November 2024, we see the end-market dynamics supporting a shift in product mix towards more demand for our advanced lithography products and an increase in litho intensity. The combination of our strong productivity roadmap on Low NA and the introduction of High NA supports further cost of technology reduction. It also supports the conversion of more multi-patterning DUV to single EUV exposure, especially on advanced DRAM nodes. In line with what we shared at the 2024 Capital Markets Day, we expect a 2030 revenue opportunity between 44 billion euros and 60 billion euros with an expected gross margin of between 56 percent and 60 percent.

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, expected trends in product mix and geography, business environment trends, expected growth in the semiconductor industry by 2030, and the semiconductor ecosystem being poised to experience significant growth and ASML being well positioned to benefit, statements with respect to AI including the expected impact of AI demand on our business, industry and results and expected sustainability of AI related demand, statements with respect to EUV adoption, our expectation that lithography will remain at the heart of customer innovation, expected increase in critical lithography exposures, statements with respect to our product portfolio, expected demand, shipments, system backlog, outlook of market segments and geographies, outlook and expected financial results including outlook and expected results for Q1 2026, including net sales, Installed Base Management sales, gross margin, R&D costs, SG&A costs, outlook and expected financial results for full year 2026, including expected full year 2026 total net sales and growth, gross margin, annualized effective tax rate and IBM sales, expectations with respect to EUV and DUV demand and sales in 2026, statements made at our 2024 Investor Day, including revenue and gross margin model and opportunity for 2030, our expectation to continue to return significant amounts of cash to shareholders through growing dividends and share buybacks, intentions and expectations with respect to our share buyback program announced in January 2026, and statements with respect to dividends including 2025 dividends, statements with respect to expected performance and capabilities of our systems and customer outlook and plans including capacity expansion plans, statements with respect to our ESG strategy and commitments and other non-historical statements. You can generally identify these statements by the use of words like "may", "expect", "will", "could", "should", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "guide", "potential", "intend", "continue", "target", "future", "progress", "goal", "model", "opportunity", "commitment" and variations of these words or comparable words. These statements are not historical facts, but rather are based on current expectations, estimates, assumptions, plans and projections about our business and industry and our future financial results and readers should not place undue reliance on them. Forward-looking statements do not guarantee future performance and involve a number of substantial known and unknown risks and uncertainties. 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 current macroeconomic and geopolitical environment on the semiconductor industry, semiconductor market conditions, the impact of AI on our industry and business and semiconductor demand and demand for our tools, the impact of inflation, interest rates, 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 and products, 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 orders into sales and 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, exchange rate fluctuations, 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, 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, 2024 and other filings with and submissions to the US Securities and Exchange Commission. 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