



Transcript

Investor Call ASML CEO Christophe Fouquet and CFO Roger Dassen Q3 2025 results, October 15, 2025

Christophe Fouquet

Welcome everyone and thank you for joining us for our third-quarter 2025 results conference call.

Let me start by saying how pleased I am with the recent announcement of the reappointment of both Roger Dassen and Frederic Schneider-Maunoury to the Board of Management. We also announced last week the appointment of Marco Pieters as our Chief Technology Officer.

This appointment is part of our robust succession planning process and with over 25 years of experience at ASML, Marco brings a proven track record in technology leadership. Marco will take on the responsibility of driving our technology roadmap forward in support of our customers, and I look forward to our continued collaboration.

In addition, ASML's Supervisory Board announced that it intends to appoint Marco to the Board of Management as of the company's next Annual General Meeting to be held on April 22nd, 2026.

Before we begin the Q & A session Roger and I would like to provide an overview and some commentary on the third-quarter 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.

Let me start with our third-quarter accomplishments.

In the third quarter of 2025, total net sales were 7.5 billion euros, which is within our guidance.

Net system sales were at 5.6 billion euros, which includes 2.1 billion euros from EUV system sales, including one High NA system, and 3.4 billion euros from non-EUV system sales. Net system sales were driven by Logic at 65 percent, with the remaining 35 percent coming from Memory.

Installed Base Management sales for the quarter came in as guided at 2.0 billion euros.

Gross margin for the quarter was also within guidance at 51.6 percent.

For operating expenses, R&D expenses came in a bit below guidance at 1.1 billion euros due to timing of spending, and SG&A expenses basically came in as guided at 303 million euros.

The effective tax rate for Q3 was 17.8 percent. For the full year 2025 we continue to expect an annualized effective tax rate of around 17 percent.

Net income in Q3 was 2.1 billion euros, representing 28.3 percent of total net sales and resulting in an EPS of 5.49 euros.

Turning to the balance sheet: We ended the third quarter with cash, cash equivalents and short-term investments at a level of 5.1 billion euros.



Moving to the order book, Q3 net system bookings came in at 5.4 billion euros, split between 3.6 billion euros of EUV systems and 1.8 billion euros of non-EUV systems. Net system bookings in the quarter were slightly weighted towards Logic at 53 percent while Memory accounted for the remaining 47 percent.

In Q3, ASML paid the first interim dividend over 2025 of 1.60 euros per ordinary share.

The second quarterly interim dividend over 2025 will also be 1.60 euros per ordinary share and will be made payable on November 6, 2025.

In Q3 2025 we purchased shares for a total amount of around 148 million euros.

As of September 28, 2025, ASML has acquired 9.0 million of shares under this program for a total consideration of 5.9 billion euros. ASML does not expect to complete the 12 billion euros share buyback program in full within the 2022–2025 timeframe. We intend to announce a new share buyback program in January 2026.

With that I would like to turn to our expectations for the fourth quarter of 2025.

We expect Q4 total net sales to be between 9.2 billion euros and 9.8 billion euros.
We expect our Q4 Installed Base Management sales to be around 2.1 billion euros.

As previously discussed, we expect Q4 to be a very strong quarter, as was the case in Q4 of last year.

Gross margin for Q4 is expected to be between 51 and 53 percent.

The expected R&D expenses for Q4 are around 1.2 billion euros and SG&A is expected to be around 320 million euros.

For the full year, we continue to expect total net sales to be around 32.5 billion euros, with a gross margin of around 52 percent.

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 third quarter with good financial results.

Looking now to the market, There has been a positive news flow across the industry in recent months that has helped to reduce the level of uncertainty that we were reporting last quarter.

First, there were a number of announcements around the continued investment in AI infrastructure that supports demand in both leading-edge Logic and advanced DRAM.

Second, the positive momentum around AI seems to extend to more customers in both Logic and DRAM.



Third, we see continued momentum around customers adopting more EUV layers in both Logic and DRAM, migrating multi-patterning DUV to single exposure EUV and continuing to support litho intensity.

On the other hand, we expect to see China customer demand and therefore our China total net sales in 2026 to decline significantly compared to our very strong business there in 2024 and 2025.

We believe that the impact of these dynamics will only partially affect 2026. However, overall we do not expect 2026 total net sales to be below 2025.

In this environment, we also expect the 2026 EUV business to be up driven by the dynamics in advanced DRAM and leading-edge logic, and the DUV business to be down compared to 2025 driven by the dynamics with our Chinese customers. We will provide more details on our 2026 outlook in January.

Turning to technology, there has been a lot of good progress this quarter, with latest achievements on EUV presented at industry conferences, the release of a new 3-D packaging lithography system and the announcement of our strategic engagement with Mistral AI.

For EUV, we presented a number of papers at recent SPIE and Semicon events that highlighted the progress we have made in helping drive down cost of technology on our customers' most advanced processes.

With regards to the maturity of High NA, we shared data showing that we have now run cumulatively over 300,000 wafers on the systems at our customer. Also, our customers have shared very positive data showing that the maturation level of the platform is well ahead of where Low NA EUV was at the same stage in its introduction.

Further, SK Hynix announced this quarter that they started to take delivery of their first High NA system, the EXE:5200, positioning High NA as a critical enabler for future advanced DRAM devices.

We are also happy to report that this quarter, we shipped ASML's first 3D integration product: the XT:260. The XT:260 is an i-line scanner designed for applications that include advanced packaging and offering up to 4 times the productivity compared to existing solutions.

3D integration is of increasing importance to the roadmaps of our customers and the semiconductor industry, and our customers have been sharing with us a need to innovate in order to meet their future requirements. The discussion with our customers on those requirements point to a good opportunity to transfer some of our holistic lithography technology to 3D integration to meet their future needs.

The XT:260 is the first example of several opportunities we are evaluating. With the XT:260 we are able, as said, to multiply the existing productivity by up to a factor of 4 using a unique optical design. As mentioned, we shipped our first system this quarter and expect to ship this tool to quite a few more customers in the coming quarters, reflecting strong interest in this technology solution.

With that I ask Roger to provide some insights into our recent engagement with Mistral AI.

Roger.



Roger Dassen

Thanks Christophe.

In September we announced that we closed a strategic partnership with Mistral AI, a pioneering company in generative artificial intelligence with a strong Business to Business focus and widely recognized for its leadership in large language models that assist in areas such as Software coding development.

ASML is normally associated with hardware but software plays an increasing role in driving the precision and speed of our tools.

Our partnership with Mistral AI allows us to embed AI across our entire holistic portfolio in order to increase the performance and productivity of our systems and the yield of our customers' processes.

Also, we believe this collaboration will allow for faster innovation, resulting in improved time-to-market and lower development costs when delivering state-of-the art solutions to our customers.

In addition to the collaboration agreement, ASML has invested 1.3 billion euros in Mistral AI's Series C funding round as lead investor, resulting in ASML holding around an 11 percent share in Mistral AI and having a seat at their Strategic Committee. It allows us to become even more closely connected to the AI eco-system.

Christophe Fouquet

Thanks Roger,

Looking longer term, as we shared in our Capital Markets Day, we start to see that the end-market dynamics is leading to a product mix shift towards more advanced Logic and DRAM. Those applications require a more intensive use of advanced lithography systems. We expect that to continue.

The combination of our strong productivity roadmap on Low NA and the introduction of High NA supports further cost of technology reduction and the conversion of more multi-patterning layers to a single EUV exposure, especially on DRAM advanced nodes.

In line with our 2024 Capital Markets Day we expect a 2030 revenue opportunity between 44 billion euros and 60 billion euros with gross margins expected between 56 percent and 60 percent.

With that Roger and I 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 trends in the semiconductor industry and end markets, expected trends in product mix and geography, and business environment trends, expected growth in the semiconductor industry by 2030, statements with respect to AI including goals for use of AI in our portfolio and the expected impact of AI demand on our business, industry and results, 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, our expectation that customer fundamentals remain strong, expected reduction in level of business uncertainty, expected demand, shipments, bookings, outlook of market segments, outlook and expected financial results including outlook and expected results for Q4 2025, including net sales, Installed Base Management sales, gross margin, R&D costs, SG&A costs, outlook and expected financial results for full year 2025, including expected full year 2025 total net sales and growth, gross margin, and estimated annualized effective tax rate and expected IBM sales, expectation of a very strong fourth quarter, and expectations with respect to EUV and DUV sales in 2026, expectations with respect to total 2026 net sales, statements made at our 2024 Investor Day, including modelled revenue and gross margin opportunity for 2030, our expectation to continue to return significant amounts of cash to shareholders through growing dividends and share buybacks, expectations with respect to our 2022-2025 share buyback program and plan to announce a new share buyback program in January 2026, and statements with respect to dividends, statements with respect to expected performance and capabilities of our systems and customer plans, statements with respect to our 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 current macroeconomic and geopolitical environment on the semiconductor industry, semiconductor market conditions, the ultimate impact of AI on our industry and business and semiconductor demand, 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 net bookings and our ability to convert bookings into sales, the risk of order cancellation, 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 recent and future 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. These forward-looking statements are made only as of the date of this document. We undertake no obligation to update any forward-looking statements after the date of this report or to conform such statements to actual results or revised expectations, except as required by law.