



Transcript

Investor Call ASML CEO Christophe Fouquet and CFO Roger Dassen Q2 2025 results, July 16, 2025

Christophe Fouquet

Welcome everyone and thank you for joining us for our second-quarter 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 second-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 second-quarter accomplishments.

In the second quarter of 2025, total net sales were 7.7 billion euros, which is at the upper end of our guidance, primarily due to revenue recognition of one High NA system and additional upgrade business.

Net system sales were at 5.6 billion euros, which includes 2.7 billion euros from EUV sales and 2.9 billion euros from non-EUV sales. Net system sales was driven by Logic at 69 percent and the remaining 31 percent coming from Memory.

Installed Base Management sales for the quarter came in above the guidance at 2.1 billion euros.

Gross margin for the quarter was above guidance at 53.7 percent, driven by an increase in upgrade business, one-off items resulting in lower costs and lower than expected impact from tariffs which was partially offset by the dilutive effect from the High NA system revenue recognition.

Operating expenses came in as guided with R&D expenses at 1.2 billion euros and SG&A expenses at 299 million euros.

The effective tax rate for Q2 was 18.1 percent. For the full year 2025 we still expect an annualized effective tax rate of around 17 percent.

Net income in Q2 was 2.3 billion euros, representing 29.8 percent of total net sales and resulting in an earnings per share of 5.90 euros.

Turning to the balance sheet. We ended the second quarter with cash, cash equivalents and short-term investments at a level of 7.2 billion euros.

Moving to the order book, Q2 net system bookings came in at 5.5 billion euros, which is made up of 2.3 billion euros of EUV and 3.2 billion euros of non-EUV. Net system bookings in the quarter were weighted towards Logic at 84 percent of the bookings while Memory accounted for the remaining 16 percent.

Regarding our backlog, we ended Q2 at around 33 billion euros. In addition to the regular changes from system sales and bookings, this reflects an adjustment of 1.4 billion euros in Q2 related to customers' response to 2024 export controls.



In Q2, ASML paid a final dividend of 1.84 euros per ordinary share. Together with the interim dividend paid in 2024 and 2025, this resulted in a total dividend for 2024 of 6.40 euros per ordinary share.

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

In Q2 2025 we purchased shares for a total amount of around 1.4 billion euros, bringing the total share buyback of our 2022-2025 program to 5.8 billion euros at the end of Q2 2025.

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 second quarter with good financial results.

Turning to the markets, as we've said in recent quarters, artificial intelligence is the key driver of growth in Memory and Logic at this point.

For Logic we expect system revenue to increase in 2025 compared to 2024, as customers add capacity on leading-edge nodes.

In Memory we expect system revenues to remain strong in 2025 as our customers transition to their next nodes in support of the latest generation HBM and DDR5 products.

With respect to our China business, revenue is expected to account for over 25 percent of total revenue this year as it moderates to more closely represent its proportion of the backlog.

Turning to our EUV business, customers continue to add capacity on the leading edge to support AI demand, in which EUV plays an increased role. For example, our DRAM customers have recently mentioned an increase in the number of EUV layers on their latest and future nodes.

In 2025 we expect our advanced customers to add about 30 percent more EUV capacity compared to 2024.

The higher productivity of the NXE:3800E means that we can address that capacity increase with about the same number of systems as in 2024 but with higher ASP and improved gross margin. This Low NA EUV capacity increase together with the planned revenue from High NA systems is expected to lead to overall EUV revenue growth of around 30 percent in 2025 versus 2024.

The combined revenue of DUV and our metrology and inspection systems in 2025 is expected to be similar to 2024.

With respect to Installed Base Management, the upgrade business has been strong in the first half of the year as we completed most of the productivity upgrades on the NXE:3800E systems in the field to bring them to full specification.

We expect continued strength in Installed Base Management through the second half of the year driven by increasing service revenues as our installed base grows, with a growing contribution from EUV services. With this, we expect Installed Base Management revenue to grow more than 20 percent over last year.



We now guide the full-year 2025 revenue to increase by around 15 percent, with gross margin of around 52 percent. We expect demand to be more skewed towards the second half of the year.

As we look ahead to 2026, we continue to see strong demand related to AI for both logic and memory, and we see the positive impact of a growing number of EUV layers.

On the other hand, as we said before, customers are facing increasing uncertainties based on macro-economic and geopolitical developments. Further, some customers are navigating specific challenges that might affect the timing of their capital expenditure.

Against this backdrop, while we are still preparing for growth in 2026, we cannot confirm it at this stage. We will continue monitoring developments over the coming months.

With that I ask Roger to provide an update about how we are currently looking at tariffs and their potential effects.

Roger

Roger Dassen

Thank you Christophe.

As Christophe highlighted, we are currently facing an increasing level of uncertainty surrounding macro-economic and geopolitical developments, which may have both direct and indirect implications for our business.

With regards to tariffs, the direct impacts result from tariffs related to system sales to our customers in the United States, the import of materials for our US manufacturing facilities, the import of parts and tools for our US field operations and the export of parts from the US into other countries, to the extent tariffs apply to those parts.

We continue working with our customers and suppliers to try to achieve that any direct impact of tariffs on our results will be limited.

The indirect impact is more complex and very difficult to determine as it is related to the potential impact of tariffs on GDP and the resulting overall market demand.

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

We expect Q3 total net sales to be between 7.4 billion euros and 7.9 billion euros.
We expect our Q3 Installed Base Management sales to be around 2.0 billion euros.

Gross margin for Q3 is expected to be between 50 and 52 percent.
The expected R&D expenses for Q3 are around 1.2 billion euros and SG&A is expected to be around 310 million euros.

The gross margin in the second half of the year is expected to be lower than the first half primarily due to the margin-dilutive effect of the revenue recognition of a greater number of High NA systems in the second half of the year, lower upgrade revenue and a number of one-offs that contributed positively to the gross margin in the first half that we do not expect in the second half of this year.



For the full year, we continue to expect a gross margin of around 52 percent, of course with the caveat of the uncertainties around tariffs as we just discussed.

With that I turn it back over to Christophe.

Christophe Fouquet

Thanks Roger,

Turning to technology, we continue to make good progress on both our Low NA and High NA EUV products, and we are building a comprehensive EUV portfolio that gives customers the flexibility to meet their advanced technology roadmap goals and optimize their cost of technology.

On the NXE:3800E we made strong progress this quarter, completing a large number of field upgrades to the final 220 wafers per hour configuration. We are on track to finish rolling out these upgrades across the installed base through 2025. New NXE:3800E systems are now all shipping at full specification.

As mentioned earlier the NXE:3800E is helping customers expand their use of EUV. On the latest DRAM nodes, they can now replace more complex multi-patterning DUV steps with single EUV exposures which brings benefits like lower cost, faster cycle time and better yield.

On High NA, we continue to work with our customer teams to mature the technology using our EXE:5000. This quarter, we also shipped and commenced the install of the first EXE:5200B system which is intended to support the High NA technology insertion into high volume manufacturing.

As a reminder, this system is capable of achieving at least 175 wafers per hour, which is approximately a 60 percent productivity improvement compared to the EXE:5000. As we shared during our 2024 Capital Markets Day, the High NA platform will enable customer roadmaps and lower their cost of technology by moving from multiple patterning Low NA EUV to single exposure High NA EUV.

For DUV, the transition of customers to the advanced nodes also requires more advanced systems. This is due to the increasing critical litho requirements driving the adoption of both the NXT:2100 and NXT:2150 systems as well as the latest generation KrF system, the NXT:870.

So overall, continued good momentum as our customers work closely with us to further adopt our EUV and DUV technologies.

As mentioned earlier there is increasing uncertainty on the short term, driven by geopolitical developments impacting macroeconomic conditions.

However looking longer term, we expect the semiconductor market to remain strong, with artificial intelligence continuing to drive growth.



As discussed in our Capital Markets Day, we expect that the end market dynamics will lead to a product mix shift more towards advanced Logic and DRAM and require a more intensive use of advanced lithography systems. The combination of the strong productivity roadmap on Low NA EUV and the introduction of High NA will support the cost of technology reduction and the conversion of more multi-patterning layers to single EUV exposure and increasing the number of EUV layers.

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 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 trends in the semiconductor industry and end markets and business environment trends, expected growth in the semiconductor industry by 2030, our expectation that AI will be the key driver for the industry and the expected impact of AI demand on our business and results, our expectation that lithography will remain at the heart of customer innovation, expected demand, bookings, outlook of market segments, outlook and expected financial results including 2025 second-half outlook, expected results for Q3 2025, including net sales, Installed Base Management sales, gross margin, R&D costs, SG&A costs, outlook for full year 2025, including expected full year 2025 total net sales, gross margin, estimated annualized effective tax rate and expected IBM sales, expected full-year net sales growth percentage relative to 2024, current expectations relating to 2026 including expected drivers and uncertainties and preparation for growth in 2026, statements made at our 2024 Investor Day, including modelled revenue and gross margin opportunity for 2030, statements with respect to tariff announcements and the expected impact of such tariffs on our business and results, our expectation to continue to return significant amounts of cash to shareholders through growing dividends and share buybacks, statements with respect to our share buyback program, 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 environment on the semiconductor industry, semiconductor market conditions, the ultimate impact of AI on our industry and business, 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 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 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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