



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

ASML Holdings Q4 2025 Results

Share Price	€1 235,2
Date	29 January 2026

RESULTS SUMMARY

ASML Holdings delivered solid fourth quarter results, with orders and revenue ahead of expectations. Revenue increased 5% year-on-year to €9.7bn, supported by the sale of two High Numerical Aperture (NA) systems. Gross margin improved by 50bps to 52.2%, exceeding expectations of 51.9%.

Order intake was particularly strong at €13bn. Logic customers accounted for 44% of orders, while memory contributed 56% - a notable improvement from 47% in the previous quarter. Management upgraded their 2026 outlook, guiding to revenue growth of around 12% and gross margins of 51% - 53%.

Despite the strong order beat, ASML's share price was volatile. The stock initially rose over 5% but reversed after the investor call, ending the day down 2%. During the call, management announced a reorganisation that will see 1400 job cuts, raising concerns about margin pressure. Investors also questioned whether ASML can deliver on record orders within expected timeframes, given capacity constraints.

Recent results from customers such as Taiwan Semiconductor and Intel suggest that the industry remains supply constrained. Taiwan Semiconductor, typically conservative on capital spending, is expected to increase capex by over 30% in 2026. This points to an AI-driven investment cycle extending into the medium term. As the sole provider of Extreme Ultraviolet (EUV) systems, ASML is well positioned to benefit.

[Click here](#) to read more about our long-term investment case for ASML.

OUR LONG-TERM INVESTMENT VIEW

- ASML holds a 90% share of the global lithography market and is the only supplier of EUV technology, which is essential for advanced semiconductor chip manufacturing. Competitors Nikon and Canon lag in R&D, further entrenching ASML's lead.
- The company benefits from strong recurring revenue, with 90% of its machines sold since the 1980s still generating revenue through servicing.
- High switching costs also play in ASML's favour, as lithography systems account for around 25% of a semiconductor factory's build cost. This creates long-term customer lock-in and a strong competitive moat.
- ASML has guided to 2030 revenue of €44bn - €60bn, implying a 16% annual growth rate, with earnings per share expected to grow by over 20% per year. Its dominant position in the semiconductor supply chain positions it well to benefit from rising demand for AI, high-performance computing and mobile technology. This long-term outlook reflects the strong structural tailwinds and visibility supporting ASML.

UNPACKING THE Q4 2025 RESULTS

High-level numbers

- **Group revenue** increased 5% year-on-year to €9.7bn. Number of units sold decreased 21% as sales mix shifted to more advanced systems, including two High NA systems, ASML's most advanced system.
- **Gross margin** was 52.2%, which was slightly better than guided and expected and 50bps higher than the prior year. The main driver for the improved margin was sales mix, with more advanced systems sold improving the average selling price for the quarter.
- **Installed base management sales** (22% of revenue), which are made up of services and products to support and upgrade existing systems was flat year-on-year but up 26% for the full year. The upgrade business continues to be strong as management point to capacity improvements at existing fabs being as favoured as the building of new fabs. This segment is expected to continue its strong performance as there is a sizeable installed base that will be coming out of warranty. We expect this to

- **Earnings per share** came in at €7.35, which is 7% higher than the prior year but slightly below expectations of €7.54 due to operating margin being lower than expected.
- The group reported good **cash flow** from operations for the quarter at €11.4bn, up 20%, and ended the period with €13.3bn in cash and securities on its balance sheet. With long-term debt of €2.7bn, **the group remains in a net cash position.**

Key segment performance

- **System sales** (78% of revenue) reported revenue growth of 6.5% to €7.6bn. During the quarter, the group reported sales of 102 lithography units compared to the previous quarter's 132 units. Management commented on the strong demand for EUV systems, which are typically the technology used to manufacture AI-related semiconductor chips. Management estimates that these systems will continue to be the growth driver for the company. Year-on-year EUV sales increased 22% with mix improving from 42% to 48% of system sales. The group's previous version lithography systems (Deep Ultraviolet lithography – DUV) and applications decreased 4% compared to the prior year.

support margins into the future.

- Recent **market activity** points to supply constraints for 2026 and potentially 2027. Taiwan Semiconductor increased their capital expenditure guidance for 2026 after discussions with customers on their ability to meet demand. This supply constraint is specifically seen with memory. This supply constraint resulted in the quarter's record net bookings, which increased 85% year-on-year. This growth was driven largely by demand for memory with its contribution increasing from 39% of bookings in the prior year to 56% in Q4 2025.

Looking ahead

ASML expect first-quarter revenue to increase by about 12%, while gross margins are forecast to decline by to 52% from 54% a year ago. For the full-year 2026, management upgraded their outlook, now guiding to growth of around 11%.

While the record order intake is unlikely to materially lift earnings in 2026 due to delivery timing, it strengthens the earnings outlook for 2027 and beyond. Ongoing demand for AI continues to drive a multi-year upcycle in the semiconductor industry, and ASML remains well-positioned to benefit as chipmakers invest in additional capacity.

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