ASML Holding NV

Monopoly in lithography market

9 February 2026

Company Overview

ASML Holding N.V., a holding company based in the Netherlands, is engaged in development, production, marketing, sales, upgrading and servicing of advanced semiconductor equipment systems, consisting of lithography, metrology and inspection systems. For 2025, in terms of end market, logic accounts for 66%, with the remaining 34% coming from Memory. China accounted for 33% of FY24 revenue, South Korea 25%, Taiwan 22% and USA 12%.

Investment Overview

ASML is a monopoly in the semiconductor lithography market. Its extremeultraviolet (EUV) system sales represented about 48% of FY25 net system sales. ASML dominates the semiconductor lithography market with a 100% share in EUV. Its leading technology sets a very high barrier for market entrants, with no present or near-term competition. This implies very high bargaining power for the company.

De-globalisation in semiconductor manufacturing, driven by US-China technology restrictions, the CHIPS Act, and growing national efforts to localise supply chains, is expected to accelerate fab localisation and sustain long-term demand for lithography equipment. Against this backdrop, the company targets 2030 annual revenue of EUR44-60bn, with gross margins of 56-60%.

ASML boasts impressive returns on invested capital on technology. With attractive historical return on capital and projected return of about 40%, ASML has an excellent track record of deploying capital. As ASML continues to invest in new lithography technologies, we can expect the high ROIC levels to be maintained.

We maintain our BUY call on ASML, with a higher TP of EUR1403 (previously EUR1000) per share, reflecting improved visibility into a robust FY26F, supported by backlog conversion. Our TP is based on 26x forward PB, which is at +2.7 SD above its 5-year average. We expect ASML's demand to remain strong led by AI adoption across an expanding applications space, coupled with its monopoly position with leading edge technologies in lithography.

Supply chain disruptions. Similar to the supply chain woes in 2020-21, if one critical supplier goes down, it can jeopardise an entire manufacturing plant.

Risks

Geopolitical risk

Geopolitics could also pose a risk, as it limits the number of potential ASML customers. For example, China is not allowed to buy EUV systems from ASML after the technology ban. China accounted for 33% of total net system sales in FY25.

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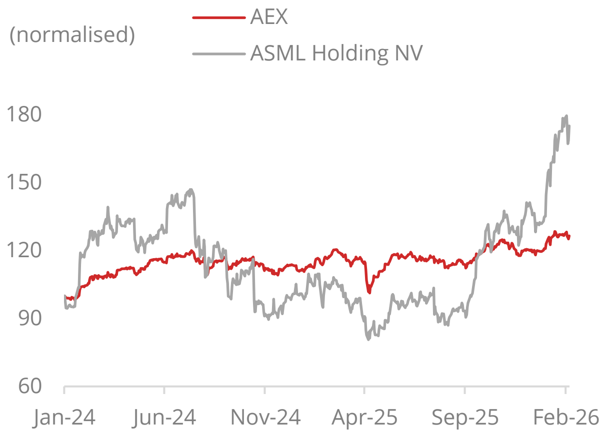
Key Financial Data

Bloomberg Ticker	ASML NA
Sector	Information Technology
Share Price (EUR)	1,193.80
DBS Rating	BUY
12-mth Target Price (EUR)	1,403
Market Cap (USDb)	547.6
Volume (m shares)	0.5
Free float (%)	99.8
Dividend yield (%)	0.5
Net Debt to Equity (%)	-54.1
Fwd. P/E (x)	40.9
P/Book (x)	23.6
ROE (%)	50.5

Closing Price as of 5 Feb 2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

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Financial Summary

FY Dec (EURmn)	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	27,558	28,263	32,667	37,455	43,931
% y/y	*30.2*	*2.6*	*15.6*	*14.8*	*17.5*
Gross Profit	14,136	14,492	17,258	19,622	23,634
% y/y	*32.1*	*2.5*	*19.1*	*14.0*	*20.7*
EBITDA	9,782	9,961	12,328	14,361	17,975
% y/y	*38.1*	*1.6*	*24.0*	*16.8*	*25.6*
Net Profit	7,839	7,572	9,609	11,347	14,408
% y/y	*39.4*	*(3.4)*	*26.9*	*18.3*	*27.1*
FCF	3,288	9,099	11,085	9,682	13,929
% y/y	*(54.4)*	*176.8*	*21.8*	*191.0*	*74.6*
CAPEX	2,156	2,067	1,574	1,880	1,944
% y/y	*68.2*	*(4.1)*	*(23.9)*	*17.5*	*10.6*
EBITDA Margin (%)	35.5	35.2	37.7	38.4	41.0
Net Margin (%)	28.4	26.8	29.4	30.3	32.7
ROA (%)	20.6	17.1	19.4	21.5	24.9
ROE (%)	70.4	47.4	50.5	51.8	56.2
Tax Rate (%)	15.8	18.6	17.7	17.1	17.0

Source: Visible Alpha

Valuation Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
P/E (x)	57.7	59.7	46.5	39.0	30.5
P/B (x)	33.7	24.5	22.8	18.2	14.9
Dividend Yield (%)	0.5	0.6	0.7	0.8	0.9
EV/EBITDA (x)	27.5	26.8	28.7	30.0	23.9
FCF Yield (%)	0.7	2.0	2.5	2.2	3.2
Dividend Per Share (DPS)	6.1	6.4	7.5	8.6	10.0

Source: Visible Alpha

Credit & Cashflow Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (%)	34.4	25.4	16.0	12.4	10.1
Net Debt / Equity (x)	(0.2)	(0.4)	(0.5)	(0.5)	(0.5)
Debt / Assets (%)	11.6	9.6	6.4	5.4	4.7
Net Debt / Assets (x)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
ST Debt / Total Debt (x)	0.0	0.2	0.2	0.3	0.3
Debt / EBITDA (x)	0.5	0.5	0.3	0.2	0.2
[Cash + CFO] / ST Debt (%)	–	23.7	34.4	34.2	45.4
Receivables Days	57.4	57.8	33.8	43.0	43.9
Days Payable	31.1	45.2	32.4	29.5	28.8
Inventory Days	117.2	140.7	127.7	119.2	115.2

Source: Visible Alpha

Target Price & Ratings History

#	Date of Report	Closing Price	12-m Target Price	Rating
1	17 Apr'25	574.00	743.00	BUY
2	15 Oct'25	846.60	1000.00	BUY

Source: DBS
Analyst: Lee Keng Ling

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Share price appreciation + dividends

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