



ASML Reports Solid Q4 Earnings

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- ASML delivered strong Q4 results, driven by robust demand for AI-related chips.
- Order bookings more than double from the prior quarter.
- ASML sees DeepSeek as a net positive, as cheaper AI models could drive greater demand for chips.

ASML, the producer of extreme ultraviolet (EUV) lithography machines, remains one of the world's leading manufacturers of chip-making equipment. Its machines enable the production of cutting-edge AI chips for major clients like TSMC, which supplies Nvidia, Apple, and other tech giants.

ASML – the world's supplier to the semiconductor industry – reported stellar Q4 2024 earnings, exceeding expectations and reinforcing investor confidence in AI-driven semiconductor demand.

Despite market jitters over Chinese AI firm DeepSeek, whose launch of a low-cost AI model triggered a sharp selloff in ASML's shares on Monday, the company's strong bookings signal continued sector resilience.

Earnings Highlights

ASML's Q4 2024 results highlighted strong demand for its cutting-edge chipmaking tools, with net bookings more than doubling from the previous quarter, reinforcing confidence in semiconductor investments.

- **EPS:** €6.85 up from € 5.28 in Q3 2024
- **Net Profit:** €2.69 billion up from €2.07 billion in Q3 2024
- **Net Bookings:** €7.09 billion up 169% from €2.63 billion in Q3
- **Gross Margin:** 51.7%

Full-Year 2024 Results:

- **Total Net Sales:** €28.26 billion higher than €27.56 billion in 2023

- **EPS:** €19.25 slightly below €19.91 in 2023
- **Net Income:** €7.57 billion lower than €7.84 billion in 2023
- **Gross Margin:** 51.3%
- **Total Net Bookings:** €18.89 billion slightly below 2023's €20.04 billion

The strong Q4 rebound suggests semiconductor manufacturers are resuming long-term investment plans following a period of cautious spending. With robust demand and ongoing advancements in High-NA EUV technology, ASML appears well-positioned to maintain its leadership in the semiconductor industry.

Figures in millions of euros unless otherwise indicated	Q3 2024	Q4 2024	FY 2023	FY 2024
Net sales	7,467	9,263	27,559	28,263
...of which Installed Base Management sales ¹	1,541	2,147	5,620	6,494
New lithography systems sold (units)	106	119	421	380
Used lithography systems sold (units)	10	13	28	38
Net bookings ²	2,633	7,088	20,040 ³	18,899 ³
Gross profit	3,793	4,790	14,136	14,492
Gross margin (%)	50.8	51.7	51.3	51.3
Net income	2,077	2,693	7,839	7,572
EPS (basic, in euros)	5.28	6.85	19.91	19.25
End-quarter cash and cash equivalents and short-term investments	4,985	12,741	7,010	12,741

Source: ASML Press releases & announcements, as of January 29, 2025

Market Reactions and AI Investment Trends

ASML's strong Q4 results reassured investors following a global tech sell-off earlier in the week, triggered by DeepSeek's newly unveiled low-cost R1 AI model. Without commenting directly on DeepSeek's R1, which disrupted the tech industry with performance benchmarks rivalling top U.S. models at a fraction of the cost, CEO Christophe Fouquet dismissed concerns of an AI chip demand slowdown and anticipates the R1 AI model will drive greater demand for AI chips rather than diminishing it. Mr. Fouquet

remained optimistic, suggesting that lower AI costs could drive broader adoption and, in turn, increase semiconductor demand.

Investor sentiment rebounded quickly after the release of the earnings results, with ASML's stock jumping 12%. The rally offset earlier losses caused by concerns over potential changes in AI spending due to DeepSeek's efficiency breakthroughs.

Overall, ASML is likely to benefit from aggressive AI infrastructure investments by major tech firms. For instance, Meta plans to increase AI spending to \$65 billion in 2025. OpenAI, SoftBank, and Oracle under the umbrella of the Stargate project are expected to collectively invest \$100 billion in AI data centres in Texas, while TSMC projects up to 42% increase in capital expenditures.

These massive investments reinforce continued demand for ASML's cutting-edge lithography technology, ensuring its crucial role in AI-driven semiconductor manufacturing.

Export Restrictions

China, once its largest market, has now fallen behind the U.S. due to tighter export controls, with further curbs remaining a potential risk. The U.S. overtook China as ASML's largest market in Q4, accounting for 28% of sales, just ahead of China's 27%. This change reflects key orders from TSMC's Arizona expansion and Intel's acquisition of ASML's entire 2024 stock of High-NA EUV machines, forcing Samsung and SK Hynix to wait until next year for equipment.

Despite strong demand from Chinese firms in 2024, driven by stockpiling ahead of U.S. export restrictions, ASML expects China's share of total revenue to decline to 20% in 2025. The Dutch government, under U.S. pressure, has restricted ASML from selling its most advanced tools to China, limiting its growth potential in the region.

Geopolitical tensions have weighed on ASML's stock, particularly after disappointing earnings in the previous quarter. The latest pressures stem from export restrictions imposed by the Netherlands and the U.S., further tightening China's access to advanced chip technology. Yet, ASML said it anticipates its business mix to stabilize and does not expect the US restrictions on semiconductor exports to China to affect its financial guidance.



Source: TradingView, as of January 30, 2025

Forward Guidance and Outlook

ASML's order backlog stood at approximately €36 billion at the end of 2024, reflecting sustained long-term demand. Looking ahead, the company provided an optimistic Q1 outlook, forecasting revenue between €7.5 billion and €8.0 billion, well above consensus, with a projected gross margin of 52% to 53%. For the full year 2025, ASML reaffirmed its revenue guidance of €30 billion to €35 billion, implying 7-25% YoY growth, with a gross margin expected between 51% and 53%.

While some semiconductor manufacturers are aggressively expanding production to meet AI-driven demand, others face a more uncertain outlook, leading to variability in ASML's 2025 revenue expectations. However, the company remains well-positioned, particularly as High-NA EUV systems gain broader adoption.

ASML's strong results and confident outlook suggest that fears over DeepSeek's low-cost AI model disrupting high-end chip demand were overstated. The company's earnings report precedes key updates from Meta, Microsoft, Tesla, Amazon, and Apple, potentially setting a bullish tone for AI-driven semiconductor demand.

Dividend and Share Buyback

ASML announced a 4.9% increase in its total dividend for 2024, raising it to €6.40 per share, up from the previous year. The company confirmed an interim dividend of €1.52 per share, payable on February 19, 2025, with a final dividend proposal of €1.84 per share to be presented at the General Meeting.

Despite its strong financial performance, ASML did not repurchase any shares under its current 2022-2025 buyback program in Q4, citing broader capital allocation strategies.

The dividend increase underscores ASML's confidence in its long-term growth, while its cautious approach to share buybacks suggests a focus on strategic investments and financial flexibility moving forward.

Professional investors looking for exposure to ASML may consider the [Leverage Shares 2x Long ASML Daily ETF](#) (Ticker: ASMG).

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