

5th July 2016

TMT

## ASML

Price EUR87.29

As previously announced, ASML issues EUR1.5bn in bonds to finance the acquisition of HMI

Fair Value EUR81 (-7%)

SELL

Bloomberg	ASML NA
Reuters	ASML.AS
12-month High / Low (EUR)	98.3 / 71.8
Market Cap (EURm)	37,826
Avg. 6m daily volume (000)	1,304

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.6%	-2.5%	9.0%	5.7%
Semiconductors	-0.7%	-1.7%	1.0%	-2.1%
DJ Stoxx 600	-3.4%	-1.4%	-7.5%	-9.9%

	2015	2016e	2017e	2018e
P/E	27.2x	28.9x	20.5x	15.0x
Div yield (%)	0.8%	1.2%	1.4%	1.6%

### ANALYSIS

- **Yesterday, ASML announced the success of the two Eurobond offerings for an aggregate amount of EUR1.5bn.** The transaction is expected to settle on 7th July 2016 and, as previously announced, ASML will use the net proceeds to fund the acquisition of Hermes Microvision (HMI). The bonds split into two tranches, consisting of EUR500m due 2022 and EUR1.0bn due 2026. Following the issuance of bonds, ASML's net cash position will remain positive and at close to EUR500m.
- **Note that on 16th June 2016, ASML announced the acquisition of Hermes Microvision for EUR2.75bn.** ASML said it would issue 1/ around 5.9m shares or a limited dilution of about 1.4% of currently outstanding shares at a price of EUR85.24 for a total issue of EUR500m, 2/ EUR1.5bn of debt (today's issue) and 3/ add the remainder of EUR750m from available cash (net cash of EUR2.0bn by the end of Q1-16).
- **This operation does not change our view on the case** and we continue to consider risk-reward on ASML as attractive given risks concerning 1/ the timing of adoption of the EUV Technology and 2/ demand for DUV systems as the current market environment remains generally unresponsive. In addition, the demanding high valuation (2016e P/E of 28.9x) offers no room for disappointment.

### VALUATION

- Based on our estimates, ASML's shares trade at a 2016e P/E ratio of 28.9x and a 2016e PEG ratio of 1.3x.

### NEXT CATALYSTS

- 20th July 2016: FQ2-16 results.

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### Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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