

13th July 2016

TMT

ASML

Price EUR90.61

ASML reaches a 3-day throughput of up to 1,488 wafers per day on EUV system

Fair Value EUR81 (-11%)

SELL

Bloomberg	ASML NA
Reuters	ASML.AS
12-month High / Low (EUR)	98.3 / 71.8
Market Cap (EURm)	39,264
Avg. 6m daily volume (000)	1,289

	1 M	3 M	6 M	31/12/15
Absolute perf. Semiconductor	4.9%	2.5%	19.2%	9.8%
s	6.4%	4.5%	12.0%	2.2%
DJ Stoxx 600	1.0%	0.5%	-2.0%	-8.1%
	2015	2016e	2017e	2018e
P/E	28.2x	30.0x	21.3x	15.6x
Div yield (%)	0.8%	1.2%	1.3%	1.5%

ANALYSIS

- **Yesterday, during Semicon West conference, ASML announced that its latest system achieved a maximum throughput of 1,488 wafers/day during 3-day test at company's own site.** At ASML customer's site, ASML said that EUV systems reached 1,200 wafer/day throughput. In addition, the group added that five EUV NXE:3300B systems (the previous generation), reached a 80% availability on average over 4 weeks.
- **We remind that the group target a throughput of 1,500 wafers per day and 80% availability by year end.** As we already commented in February, we believe this target is achievable given recent evolution of the systems. Again, our concern about ASML is not in the EUV technology itself but 1/ on the demand for DUV tools as customer base narrow (less foundry and IDMs can afford investing in advanced node), and 2/ the timing of introduction of the EUV expected to be late 2017 by the market while given that 7nm is the trigger of adoption of EUV and 10nm is ramping up right now (meaning 10nm would have a 1.5 year lifetime while Moore's Law tends to elongate). As a result, despite being a positive news, this does not change our view on the case.

VALUATION

- Based on our estimates, ASML's shares trade at a 2016e P/E ratio of 30.0x and a 2016e PEG ratio of 1.4x

NEXT CATALYSTS

- 20th July 2016: FQ2-16 results.

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Dorian Terral, dterral@bryangarnier.com



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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
Beaufort House 15 St. Botolph Street London EC3A 7BB Tel: +44 (0) 207 332 2500 Fax: +44 (0) 207 332 2559 Authorised and regulated by the Financial Conduct Authority (FCA)	26 Avenue des Champs Elysées 75008 Paris Tel: +33 (0) 1 56 68 75 00 Fax: +33 (0) 1 56 68 75 01 Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudentiel et de résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	The Imperial Hotel Janpath New Delhi 110 001 Tel +91 11 4132 6062 +91 98 1111 5119 Fax +91 11 2621 9062 Geneva rue de Grenus 7 CP 2113 Genève 1, CH 1211 Tel +4122 731 3263 Fax+4122731 3243 Regulated by the FINMA

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