

ASML: ASML Holding N.V.

Monopoly in EUV Lithography · Best-in-Class Growth · Elite Capital Efficiency

NTM P/E	Exp. 2-Yr Avg. EPS Growth	Net Debt/EBITDA	Projected ROE
~41x	~29.0%	Net Cash	Mid-50s %
Next Twelve Months	Forward outlook	Below -0.6x	Full-year estimate

GROWTH PLAY: THE QUANTITATIVE GROWTH ENGINE

ASML is not merely an equipment manufacturer; it is the absolute gatekeeper of the global semiconductor roadmap. With an unrivalled competitive moat in EUV (Extreme Ultraviolet) lithography and consistent structural tailwinds, ASML represents the gold standard of high-growth technology compounders. Our multi-factor models flag this as an ultra-high-conviction Growth play with a **Growth Rank of 98/100**, heavily justifying its extreme premium valuation which pushes the Value Rank to a minimal 2/100.

Value Score	Growth Score	Balance Sheet	Sector Position
2/100	98/100	Net Cash	EUV Monopoly
Priced for absolute perfection	TOP GROWTH	No external capital needed	Unchallenged

1 · Structural Growth & Aggressive Profitability Scaling

ASML demonstrates a rare, elite ability to scale its top-line revenue while simultaneously expanding its already high profitability margins.

- **Top-Line Velocity:** Driven by the global rush for artificial intelligence infrastructure and technological sovereignty, full-year revenue is projected to grow by nearly **+20% YoY**.
- **Operating Leverage:** EBIT margins expected to expand past the **36%** mark — showcasing immense pricing power and the ability to maintain premium software-like margins in a highly supply-constrained hardware environment.
- **Earnings Inflection:** Projections indicate an exceptional average annual EPS growth rate approaching **~29%** over the next two years, positioning ASML as a premier growth vehicle within the global tech universe.

2 · Best-in-Class Capital Efficiency & Quality

ASML's ability to generate massive returns on capital is historically exceptional, screening out almost all peers in the industrial and technology sectors.

- **Explosive ROE Expansion:** Return on Equity forecast to experience a massive jump, scaling from just under **50%** in the previous fiscal period to the **mid-50s%** for the current full year.
- **Financial Fortress:** Operating with a massive net cash position (Net Debt/EBITDA below **-0.6x**) — unparalleled financial flexibility enabling ASML to fully fund its massive, non-negotiable R&D pipeline completely organically, without relying on volatile debt markets.

3 · Valuation & Market Context

The ultra-low Value Score (2/100) confirms that the market is fully aware of ASML's structural monopoly, pricing the equity at a steep and justified premium.

■ **Premium Multiples:** Trading at approximately ~41x forward earnings (NTM P/E) — the stock demands patience on entry, but institutional markets continuously reward ASML for its predictable, long-term revenue visibility and massive backlog.

■ **Investment Case:** While traditional value investors will instantly shy away from these multiples, our quantitative scoring highlights ASML as a fundamental “must-own” anchor for high-conviction growth portfolios seeking exposure to the semiconductor backbone.

The Bottom Line

ASML is the quintessential modern compounder. In an era where technological sovereignty and semiconductor manufacturing are treated as national security priorities, ASML's absolute dominance in lithography provides a structural floor to its valuation. While the current multiples require a long-term time horizon, the near-perfect growth trajectory (Growth Score 98/100) and extraordinary operational efficiency make it a mandatory anchor for institutional tech portfolios.

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