

ASML stock tanks after posting drop in sales, orders

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ASML sees solid growth in 2025.

Shares in ASML plunged Wednesday after the Dutch tech giant posted a decline in third-quarter sales and orders, as the semiconductor industry battles headwinds from a trade spat between the West and China.

The firm's stock tanked nearly four percent at the open on the Amsterdam Stock Exchange before recovering slightly, with traders worried about a sharp decline in net bookings to 2.6 billion euros (\$2.7 billion) in the third quarter compared to 4.5 billion euros in the second.

ASML, which makes cutting-edge machines for global semiconductor chip manufacturers, said it expected flat sales in 2024, which it called a "transition" year, before registering "significant growth" in 2025.

CEO Peter Winnink admitted the industry was going through a tough period but insisted his firm was well-placed to weather the storm.

"The semiconductor industry is currently working through the bottom of the cycle and our customers expect the inflection point to be visible by the end of this year," he said in a statement.

Third-quarter sales came in at nearly 6.7 billion euros, down from 6.9 billion euros in the second quarter of the year, while net profit was 1.89 billion euros, compared to the 1.94 billion euros booked in the second quarter.

ASML had forecast a range of between 6.5-7.0 billion euros for third-quarter sales. It said the fourth quarter was expected to be slightly better, between 6.7 and 7.1 billion euros.

Overall, the firm confirmed expectations for a 30-percent growth in sales over the whole of 2023.

The chip industry is facing difficulties due to severe political turbulence as China and the West compete for dominance in the sector.

Just one day before the ASML results, Washington said it was tightening its curbs on exports of state-of-the-art AI chips to Beijing.

ASML said that it did not expect that measure to have a "material impact on our financial outlook for 2023 and for our longer-term scenarios for 2025 and 2030."

In June, the Dutch government said firms producing semiconductor-making equipment would need permission to export to foreign clients from September 2023.

ASML has also shrugged off those moves, saying they would have only a limited impact on the firm's business. Some of its top technology was already under export restrictions.

Amid the trade tensions with China, there are also concerns that Beijing may introduce its own export controls on gallium and germanium—two rare earth metals critical for the manufacture of semiconductors.

"The China percentage in our sales was quite high this quarter," admitted chief financial officer Roger Dassen, but stressed that third-quarter sales to China were based on orders from last year and even the year before.

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