

ASML shares jump on Intel deal

July 10 2012, by TOBY STERLING

(AP) — Shares in ASML Holding NV surged Tuesday on news that [Intel Corp intends to take a 15 percent stake](#) in the company for around \$3.07 billion, and will also help fund its research into new technologies. ASML said other large customers may also take equity stakes.

Shares closed up 8.6 percent at €43.15 (\$53).

ASML, the world's largest supplier of equipment to computer chip makers, said after the close of trading in New York Monday that it may issue up to €4.19 billion (\$5.15 billion) worth of shares, or a 25 percent stake, to Intel and others. However, under the deal's complicated structure, current shareholders would not be diluted, as ASML would distribute the proceeds to existing shareholders, and then carry out a reverse share split.

Intel said in a statement it will first take a 10 percent share in ASML and then another 5 percent, pending regulatory and shareholder approval, paying €39.91 (\$49.08) per share. ASML depository receipts closed at \$50.00 in New York.

ASML said other major customers - which include South Korea's Samsung and Taiwan Semiconductor Manufacturing Company Ltd. - were also considering equity investments.

"We welcome Intel as the first customer to agree to contribute to these investments, the results of which will be available to every semiconductor manufacturer with no restrictions," said Eric Meurice,

Chief Executive Officer of ASML.

"We hope to be able to announce additional investments by our other customers in the coming weeks."

ASML makes multimillion dollar machines that are used at the heart of the semiconductor making process. Its "lithography systems" use intensely focused beams of light to map out the circuitry of computer chips.

As chipmaking technology has progressed, investments in further improving the focus of beams has become increasingly difficult, and now requires sums of money so great no one company can risk taking them alone - and no chipmaker could afford to miss out on a serious advance in technology.

Under the deal, Intel will also contribute €829 million in research and development funding, and has committed to advance purchase orders for the next generation of ASML's multimillion dollar machines, including support and servicing they require. Details of the orders were not disclosed.

"This is a very a very attractive deal for ASML," said analyst Victor Bareno of SNS Securities, who rates shares a "Reduce" because shares are already highly valued. "The stake taken by Intel and the reverse stock split do directly not create shareholder value but the strategic implications of the deal are positive as it confirms the dominant position that ASML will take in the litho market for a prolonged period of time."

Intel's chief operating officer Brian Krzanich said that lithography techniques - developed along with competitors such as Japan's Nikon Corp - are "direct enablers of Moore's Law," which says that computing power per semiconductor chip doubles about every 18 months.

"The faster we do this (move to the next generation of technology), the sooner we can gain the benefit of productivity improvements, which creates tremendous value for customers and shareholders," he said in a statement.

Nikon shares fell sharply in Japan on fears it is being locked out of the increasingly close Intel-ASML partnership. They closed down 7.0 percent at 2,336 yen.

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