

ASML - Summary U.S. GAAP Consolidated Statements of Operations ^{1,2}

	Three months ended,		Nine months ended,	
	Sep 28, 2014	Sep 29, 2013	Sep 28, 2014	Sep 29, 2013
<i>(in millions EUR, except per share data)</i>				
Net system sales	884.5	959.5	3,157.5	2,551.9
Net service and field option sales	437.7	358.7	1,204.8	845.1
Total net sales	1,322.2	1,318.2	4,362.3	3,397.0
Total cost of sales	(744.1)	(787.4)	(2,422.8)	(2,025.5)
Gross profit	578.1	530.8	1,939.5	1,371.5
Other income	20.3	16.7	60.8	47.2
Research and development costs	(260.1)	(244.1)	(806.1)	(628.9)
Selling, general and administrative costs	(76.9)	(91.2)	(241.7)	(221.7)
Income from operations	261.4	212.2	952.5	568.1
Interest and other, net	(2.0)	(11.6)	(6.0)	(20.9)
Income before income taxes	259.4	200.6	946.5	547.2
Benefit from (provision for) income taxes	(15.4)	(7.5)	(54.7)	(12.8)
Net income	244.0	193.1	891.8	534.4
Basic net income per ordinary share	0.56	0.44	2.04	1.26
Diluted net income per ordinary share ³	0.56	0.43	2.02	1.24

Weighted average number of ordinary shares used in computing per share amounts (in millions):

Basic	436.1	443.0	438.2	425.6
Diluted ³	439.0	447.1	441.1	429.6

ASML - Ratios and Other Data ^{1,2}

	Three months ended,		Nine months ended,	
	Sep 28, 2014	Sep 29, 2013	Sep 28, 2014	Sep 29, 2013
<i>(in millions EUR, except otherwise indicated)</i>				
Gross profit as a percentage of net sales	43.7	40.3	44.5	40.4
Income from operations as a percentage of net sales	19.8	16.1	21.8	16.7
Net income as a percentage of net sales	18.5	14.7	20.4	15.7
Income taxes as a percentage of income before income taxes	5.9	3.7	5.8	2.3
Shareholders' equity as a percentage of total assets	60.5	58.9	60.5	58.9
Sales of systems (in units)	30	34	101	101
Average selling price of system sales (EUR millions)	29.5	28.2	31.3	25.3
Value of systems backlog excluding EUV (EUR millions)	2,406	1,838	2,406	1,838
Systems backlog excluding EUV (in units)	65	59	65	59
Average selling price of systems backlog excluding EUV (EUR millions)	37.0	31.1	37.0	31.1
Value of booked systems excluding EUV (EUR millions)	1,397	1,415	3,515	3,195
Net bookings excluding EUV (in units)	47	51	106	114
Average selling price of booked systems excluding EUV (EUR millions)	29.7	27.7	33.2	28.0
Number of payroll employees in FTEs	11,076	10,187	11,076	10,187
Number of temporary employees in FTEs	2,771	2,825	2,771	2,825

ASML - Summary U.S. GAAP Consolidated Balance Sheets ^{1,2}

(in millions EUR)	Sep 28, 2014	Dec 31, 2013
ASSETS		
Cash and cash equivalents	2,144.8	2,330.7
Short-term investments	539.8	679.9
Accounts receivable, net	961.2	878.3
Finance receivables, net	255.9	250.5
Current tax assets	76.7	32.3
Inventories, net	2,676.8	2,393.0
Deferred tax assets	144.2	124.4
Other assets	362.2	336.5
Total current assets	7,161.6	7,025.6
Finance receivables, net	119.3	46.0
Deferred tax assets	115.8	139.5
Other assets	349.9	298.6
Goodwill	2,264.9	2,088.6
Other intangible assets, net	712.7	697.6
Property, plant and equipment, net	1,372.4	1,217.8
Total non-current assets	4,935.0	4,488.1
Total assets	12,096.6	11,513.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total current liabilities	2,926.0	2,868.7
Long-term debt	1,137.4	1,070.2
Deferred and other tax liabilities	304.7	364.7
Provisions	4.0	4.6
Accrued and other liabilities	400.4	283.1
Total non-current liabilities	1,846.5	1,722.6
Total liabilities	4,772.5	4,591.3
Total shareholders' equity	7,324.1	6,922.4
Total liabilities and shareholders' equity	12,096.6	11,513.7

ASML - Summary U.S. GAAP Consolidated Statements of Cash Flows ^{1,2}

	Three months ended,		Nine months ended,	
	Sep 28, 2014	Sep 29, 2013	Sep 28, 2014	Sep 29, 2013
(in millions EUR)				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	244.0	193.1	891.8	534.4
Adjustments to reconcile net income to net cash flows from operating activities:				
Depreciation and amortization	60.4	67.9	192.1	161.2
Impairment	3.6	0.5	10.0	3.2
Loss on disposal of property, plant and equipment	0.9	0.5	2.1	1.1
Share-based payments	13.7	19.4	50.3	34.5
Allowance for doubtful receivables	0.1	0.5	0.3	1.2
Allowance for obsolete inventory	35.8	48.2	122.5	112.5
Deferred income taxes	(39.0)	(12.8)	(57.9)	(5.4)
Changes in assets and liabilities	(105.3)	(209.9)	(595.2)	(310.3)
Net cash provided by (used in) operating activities	214.2	107.4	616.0	532.4
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(84.2)	(55.3)	(230.4)	(133.1)
Purchase of intangible assets	-	-	(3.0)	(4.0)
Purchase of available for sale securities	(110.0)	(174.9)	(479.7)	(649.9)
Maturity of available for sale securities	169.9	270.7	619.9	957.4
Acquisition of subsidiaries (net of cash acquired)	-	-	-	(443.7)
Net cash provided by (used in) investing activities	(24.3)	40.5	(93.2)	(273.3)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	-	(268.0)	(216.1)
Purchase of shares	(171.1)	(51.6)	(471.0)	(136.3)
Net proceeds from issuance of shares	10.6	4.0	24.2	21.6
Net proceeds from issuance of notes	-	740.4	-	740.4
Repurchase of notes	-	(368.3)	-	(368.3)
Repayment of debt	(1.2)	(1.2)	(3.3)	(2.9)
Tax benefit from share-based payments	0.9	1.9	2.8	1.9
Net cash provided by (used in) financing activities	(160.8)	325.2	(715.3)	40.3
Net cash flows	29.1	473.1	(192.5)	299.4
Effect of changes in exchange rates on cash	4.7	(4.2)	6.6	(5.8)
Net increase (decrease) in cash and cash equivalents	33.8	468.9	(185.9)	293.6

ASML - Quarterly Summary U.S. GAAP Consolidated Statements of Operations ^{1,2}

	Sep 28, 2014	Jun 29, 2014	Three months ended, Mar 30, 2014	Dec 31, 2013	Sep 29, 2013
<i>(in millions EUR, except per share data)</i>					
Net system sales	884.5	1,243.0	1,030.0	1,441.2	959.5
Net service and field option sales	437.7	400.6	366.5	407.1	358.7
Total net sales	1,322.2	1,643.6	1,396.5	1,848.3	1,318.2
Total cost of sales	(744.1)	(891.7)	(787.0)	(1,042.6)	(787.4)
Gross profit	578.1	751.9	609.5	805.7	530.8
Other income	20.3	20.3	20.2	17.2	16.7
Research and development costs	(260.1)	(266.9)	(279.1)	(253.1)	(244.1)
Selling, general and administrative costs	(76.9)	(79.9)	(84.9)	(90.0)	(91.2)
Income from operations	261.4	425.4	265.7	479.8	212.2
Interest and other, net	(2.0)	(1.4)	(2.6)	(3.5)	(11.6)
Income before income taxes	259.4	424.0	263.1	476.3	200.6
Benefit from (provision for) income taxes	(15.4)	(25.3)	(14.0)	4.8	(7.5)
Net income	244.0	398.7	249.1	481.1	193.1
Basic net income per ordinary share	0.56	0.91	0.57	1.09	0.44
Diluted net income per ordinary share ³	0.56	0.90	0.56	1.08	0.43

Weighted average number of ordinary shares used in computing per share amounts (in millions):

Basic	436.1	438.5	440.0	442.0	443.0
Diluted ³	439.0	441.6	443.5	445.7	447.1

ASML - Quarterly Summary Ratios and other data ^{1,2}

	Sep 28, 2014	Jun 29, 2014	Three months ended, Mar 30, 2014	Dec 31, 2013	Sep 29, 2013
<i>(in millions EUR, except otherwise indicated)</i>					
Gross profit as a percentage of net sales	43.7	45.7	43.6	43.6	40.3
Income from operations as a percentage of net sales	19.8	25.9	19.0	26.0	16.1
Net income as a percentage of net sales	18.5	24.3	17.8	26.0	14.7
Income taxes as a percentage of income before income taxes	5.9	6.0	5.3	(1.0)	3.7
Shareholders' equity as a percentage of total assets	60.5	59.6	60.0	60.1	58.9
Sales of systems (in units)	30	31	40	56	34
Average selling price of system sales (EUR millions)	29.5	40.1	25.8	25.7	28.2
Value of systems backlog excluding EUV (EUR millions)	2,406	1,763	1,939	1,953	1,838
Systems backlog excluding EUV (in units)	65	46	47	56	59
Average selling price of systems backlog excluding EUV (EUR millions)	37.0	38.3	41.3	34.9	31.1
Value of booked systems excluding EUV (EUR millions)	1,397	1,048	1,070	1,449	1,415
Net bookings excluding EUV (in units)	47	29	30	52	51
Average selling price of booked systems excluding EUV (EUR millions)	29.7	36.1	35.7	27.9	27.7
Number of payroll employees in FTEs	11,076	10,786	10,582	10,360	10,187
Number of temporary employees in FTEs	2,771	2,820	2,867	2,865	2,825

ASML - Quarterly Summary U.S. GAAP Consolidated Balance Sheets ^{1,2}

	Sep 28, 2014	Jun 29, 2014	Mar 30, 2014	Dec 31, 2013	Sep 29, 2013
(in millions EUR)					
ASSETS					
Cash and cash equivalents	2,144.8	2,111.0	2,398.1	2,330.7	2,061.2
Short-term investments	539.8	599.7	599.7	679.9	662.5
Accounts receivable, net	961.2	1,085.6	832.2	878.3	626.2
Finance receivables, net	255.9	297.3	298.6	250.5	426.3
Current tax assets	76.7	94.0	92.1	32.3	33.3
Inventories, net	2,676.8	2,615.5	2,547.7	2,393.0	2,492.4
Deferred tax assets	144.2	108.6	118.5	124.4	153.9
Other assets	362.2	378.6	353.9	336.5	387.3
Total current assets	7,161.6	7,290.3	7,240.8	7,025.6	6,843.1
Finance receivables, net	119.3	46.4	46.2	46.0	17.6
Deferred tax assets	115.8	126.2	129.1	139.5	65.7
Other assets	349.9	347.9	330.2	298.6	287.3
Goodwill	2,264.9	2,116.1	2,092.7	2,088.6	2,133.6
Other intangible assets, net	712.7	686.5	688.1	697.6	722.6
Property, plant and equipment, net	1,372.4	1,275.1	1,231.2	1,217.8	1,163.2
Total non-current assets	4,935.0	4,598.2	4,517.5	4,488.1	4,390.0
Total assets	12,096.6	11,888.5	11,758.3	11,513.7	11,233.1
LIABILITIES AND SHAREHOLDERS' EQUITY					
Total current liabilities	2,926.0	3,065.2	2,957.5	2,868.7	2,758.3
Long-term debt	1,137.4	1,118.4	1,097.3	1,070.2	1,079.6
Deferred and other tax liabilities	304.7	318.0	318.8	364.7	351.2
Provisions	4.0	4.1	4.4	4.6	6.2
Accrued and other liabilities	400.4	302.4	323.4	283.1	416.9
Total non-current liabilities	1,846.5	1,742.9	1,743.9	1,722.6	1,853.9
Total liabilities	4,772.5	4,808.1	4,701.4	4,591.3	4,612.2
Total shareholders' equity	7,324.1	7,080.4	7,056.9	6,922.4	6,620.9
Total liabilities and shareholders' equity	12,096.6	11,888.5	11,758.3	11,513.7	11,233.1

ASML - Quarterly Summary U.S. GAAP Consolidated Statements of Cash Flows ^{1,2}

(in millions EUR)	Sep 28, 2014	Three months ended,			Sep 29, 2013
		Jun 29, 2014	Mar 30, 2014	Dec 31, 2013	
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	244.0	398.7	249.1	481.1	193.1
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	60.4	67.0	64.7	67.5	67.9
Impairment	3.6	2.5	3.9	9.9	0.5
Loss on disposal of property, plant and equipment	0.9	0.5	0.7	1.7	0.5
Share-based payments	13.7	13.5	23.1	17.9	19.4
Allowance for doubtful receivables	0.1	0.1	0.1	(0.1)	0.5
Allowance for obsolete inventory	35.8	45.2	41.5	52.4	48.2
Deferred income taxes	(39.0)	11.0	(29.9)	(17.3)	(12.8)
Changes in assets and liabilities	(105.3)	(340.1)	(149.8)	(91.3)	(209.9)
Net cash provided by (used in) operating activities	214.2	198.4	203.4	521.8	107.4
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(84.2)	(70.7)	(75.5)	(77.7)	(55.3)
Purchase of intangible assets	-	(3.0)	-	-	-
Purchase of available for sale securities	(110.0)	(174.9)	(194.8)	(255.0)	(174.9)
Maturity of available for sale securities	169.9	175.0	275.0	237.6	270.7
Acquisition of subsidiaries (net of cash acquired)	-	-	-	-	-
Net cash provided by (used in) investing activities	(24.3)	(73.6)	4.7	(95.1)	40.5
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	-	(268.0)	-	-	-
Purchase of shares	(171.1)	(154.9)	(145.0)	(163.7)	(51.6)
Net proceeds from issuance of shares	10.6	8.1	5.5	10.2	4.0
Net proceeds from issuance of notes	-	-	-	-	740.4
Repurchase of notes	-	-	-	-	(368.3)
Repayment of debt	(1.2)	(1.0)	(1.1)	(1.2)	(1.2)
Tax benefit from share-based payments	0.9	1.9	-	1.3	1.9
Net cash provided by (used in) financing activities	(160.8)	(413.9)	(140.6)	(153.4)	325.2
Net cash flows	29.1	(289.1)	67.5	273.3	473.1
Effect of changes in exchange rates on cash	4.7	2.0	(0.1)	(3.8)	(4.2)
Net increase (decrease) in cash and cash equivalents	33.8	(287.1)	67.4	269.5	468.9

Notes to the Summary U.S. GAAP Consolidated Financial Statements

Basis of Presentation

The accompanying consolidated financial statements are stated in millions of euros ('EUR') unless otherwise indicated. ASML follows accounting principles generally accepted in the United States of America ("US GAAP"). On May 30, 2013, we acquired 100% of the issued share capital of Cymer Inc., financial information presented in the Consolidated Financial Statements include Cymer Inc. as of that date. Further disclosures, as required under US GAAP in annual reports, are not included in the summary consolidated financial statements.

Use of estimates

The preparation of our consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet dates, and the reported amounts of revenue and expenses during the reported periods. Actual results could differ from those estimates.

Principles of consolidation

The consolidated financial statements include the financial statements of ASML Holding N.V. and all of its subsidiaries and the variable interest entities in which ASML is the primary beneficiary (referred to as "ASML"). All intercompany profits, balances and transactions have been eliminated in the consolidation. Subsidiaries are all entities over which ASML has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights.

Revenue recognition

In general, ASML recognizes revenue when all four revenue recognition criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; seller's price to buyer is fixed or determinable; and collectability is reasonably assured. At ASML this policy generally results in revenue recognition from the sale of a system upon shipment. The revenue from the installation of a system is generally recognized upon completion of that installation at the customer site. Each system undergoes, prior to shipment, a "Factory Acceptance Test" in ASML's cleanroom facilities, effectively replicating the operating conditions that will be present on the customer's site, in order to verify whether the system will meet its standard specifications and any additional technical and performance criteria agreed with the customer, if any. A system is shipped, and revenue is recognized, only after all specifications are met and customer sign-off is received or waived. In case not all specifications are met and the remaining performance obligation is not essential to the functionality of the system but is substantive rather than inconsequential or perfunctory, a portion of the sales price is deferred. Although each system's performance is re-tested upon installation at the customer's site, ASML has never failed to successfully complete installation of a system at a customer's premises.

The main portion of ASML's revenue is derived from contractual arrangements with our customers that have multiple deliverables, which mainly include the sale of our systems, installation and training services and prepaid extended and enhanced (optic) warranty contracts. For each of the specified deliverables ASML determines the selling price by using either vendor specific objective evidence ('VSOE'), third party evidence ('TPE') or by best estimate of the selling price ('BESP'). When we are unable to establish relative selling price using VSOE or TPE, ASML uses BESP in its allocation of arrangement consideration. The total arrangement consideration is allocated at inception of the arrangement to all deliverables on the basis of their relative selling price. The revenue relating to the undelivered elements of the arrangements is deferred at their relative selling prices until delivery of these elements. Revenue from installation and training services is recognized when the services are completed. Revenue from prepaid extended and enhanced (optic) warranty contracts is recognized over the term of the contract.

Foreign currency risk management

Our sales are predominately denominated in euros. Exceptions may occur on a customer by customer basis. Our cost of sales and other expenses are mainly dominated in euros, to a certain extent in US dollars and Japanese yen and to a limited extent in other currencies. Therefore, we are exposed to foreign currency exchange risk.

It is our policy to hedge material transaction exposures, such as forecasted sales and purchase transactions, and material net remeasurement exposures, such as accounts receivable and payable. We hedge these exposures through the use of foreign exchange contracts.

ASML – Reconciliation US GAAP – IFRS ^{1,2}

<i>Net income</i>	Three months ended,		Nine months ended,		
	Sep 28, 2014	Sep 29, 2013	Sep 28, 2014	Sep 29, 2013	
(in millions EUR)					
<i>Net income based on U.S. GAAP</i>	244.0	193.1	891.8	534.4	
Development expenditures (see Note 1)	47.6	50.7	110.7	160.6	
Share-based payments (see Note 2)	(0.1)	1.5	4.1	2.2	
Income taxes (see Note 3)	6.7	2.8	26.7	(10.1)	
<i>Net income based on IFRS</i>	298.2	248.1	1,033.3	687.1	
<i>Shareholders' equity</i>	Sep 28, 2014	Jun 29, 2014	Mar 30, 2014	Dec 31, 2013	Sep 29, 2013
(in millions EUR)					
<i>Shareholders' equity based on U.S. GAAP</i>	7,324.1	7,080.4	7,056.9	6,922.4	6,620.9
Development expenditures (see Note 1)	702.3	646.9	610.2	582.7	555.7
Share-based payments (see Note 2)	20.7	20.1	26.0	27.0	27.9
Income taxes (see Note 3)	43.8	33.7	18.7	12.7	18.0
<i>Equity based on IFRS</i>	8,090.9	7,781.1	7,711.8	7,544.8	7,222.5

Notes to the reconciliation from US GAAP to IFRS

Note 1 Development expenditures

Under US GAAP, ASML applies ASC 730, "Research and Development". In accordance with ASC 730, ASML charges costs relating to research and development to operating expense as incurred.

Under IFRS, ASML applies IAS 38, "Intangible Assets". In accordance with IAS 38, ASML capitalizes certain development expenditures that are amortized over the expected useful life of the related product generally ranging between one and three years. Amortization starts when the developed product is ready for volume production.

Note 2 Share-based Payments

Under US GAAP, ASML applies ASC 718 "Compensation- Stock Compensation" which requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant-date fair value of those instruments. ASC 718's general principle is that a deferred tax asset is established as we recognize compensation costs for commercial purposes for awards that are expected to result in a tax deduction under existing tax law. Under US GAAP, the deferred tax recorded on share-based compensation is computed on the basis of the expense recognized in the financial statements. Therefore, changes in ASML's share price do not affect the deferred tax asset recorded in our financial statements.

Under IFRS, ASML applies IFRS 2, "Share-based Payments". In accordance with IFRS 2, ASML records as an expense the fair value of its share-based payments with respect to stock options and stock granted to its employees after November 7, 2002. Under IFRS, at period end a deferred tax asset is computed on the basis of the tax deduction for the share-based payments under the applicable tax law and is recognized to the extent it is probable that future taxable profit will be available against which these deductible temporary differences will be utilized. Therefore, changes in ASML's share price do affect the deferred tax asset at period-end and result in adjustments to the deferred tax asset.

Note 3 Income taxes

Under US GAAP, the elimination of unrealized net income from intercompany transactions that are eliminated from the carrying amount of assets in consolidation give rise to a temporary difference for which prepaid taxes must be recognized in consolidation. Contrary to IFRS, the prepaid taxes under US GAAP are calculated based on the tax rate applicable in the seller's rather than the purchaser's tax jurisdiction.

Under IFRS, ASML applies IAS 12, "Income Taxes" beginning from January 1, 2005. In accordance with IAS 12 unrealized net income resulting from intercompany transactions that are eliminated from the carrying amount of assets in consolidation give rise to a temporary difference for which deferred taxes must be recognized in consolidation. The deferred taxes are calculated based on the tax rate applicable in the purchaser's tax jurisdiction.

This document contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to our outlook, expected customer demand in specified market segments, expected sales levels and trends, systems backlog, IC unit demand, expected financial results, gross margin and expenses, expected shipment of tools, productivity of our tools and systems performance, including EUV system performance (such as endurance tests), the development of EUV technology and the number of EUV systems expected to be shipped and timing of shipments, dividend policy and intention to repurchase shares. You can generally identify these statements by the use of words like “may”, “will”, “could”, “should”, “project”, “believe”, “anticipate”, “expect”, “plan”, “estimate”, “forecast”, “potential”, “intend”, “continue” and variations of these words or comparable words. These statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about the business and our future financial results and readers should not place undue reliance on them. Forward-looking statements do not guarantee future performance and involve risks and uncertainties. These risks and uncertainties include, without limitation, economic conditions, product demand and semiconductor equipment industry capacity, worldwide demand and manufacturing capacity utilization for semiconductors (the principal product of our customer base), including the impact of general economic conditions on consumer confidence and demand for our customers’ products, competitive products and pricing, the impact of manufacturing efficiencies and capacity constraints, performance of our systems, the continuing success of technology advances and the related pace of new product development and customer acceptance of new products, the number and timing of EUV systems expected to be shipped, our ability to enforce patents and protect intellectual property rights, the risk of intellectual property litigation, availability of raw materials and critical manufacturing equipment, trade environment, changes in exchange rates, available cash, distributable reserves for dividend payments and share repurchases, risks associated with the Cymer acquisition and other risks indicated in the risk factors included in ASML’s Annual Report on Form 20-F and other filings with the US Securities and Exchange Commission. These forward-looking statements are made only as of the date of this document. We do not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

- 1 These financial statements are unaudited.
- 2 Numbers have been rounded.
- 3 The calculation of diluted net income per ordinary share assumes the exercise of options issued under ASML stock option plans and the issuance of shares under ASML share plans for periods in which exercises or issuances would have a dilutive effect. The calculation of diluted net income per ordinary share does not assume exercise of such options or issuance of shares when such exercises or issuance would be anti-dilutive.
- 4 As a result of the Cymer acquisition, we have adjusted the Q2 2013 figures for the changes made to a) the provisional purchase price allocation and b) the settlement of the pre-existing relationships and the cost of the liability to upgrade the first 11 3300 EUV sources. These adjustments were already included in Q4 2013.