



Industry strength and EUV demand drive expected sales growth of about 25 percent in 2017

Current business trends likely to continue into 2018

8 additional EUV orders in Q2 2017 - EUV HVM adoption inflection begins

ASML 2017 Second-Quarter Results

Veldhoven, the Netherlands

July 19, 2017

Agenda

- Investor key messages
- Business highlights
- Outlook
- Product / Market highlights
- Financial statements

Investor key messages

Investor key messages

- Shrink is a key industry driver supporting innovation and providing long term industry growth
- Lithography enables affordable shrink and therefore delivers compelling value for our customers
- EUV will enable continuation of Moore's Law and will drive long term value for ASML beyond the next decade
- DUV, Holistic Litho and EUV are highly differentiated products providing unique value drivers for our customers and ASML
- ASML models a 2020 annual revenue opportunity of €11 billion with an EPS > €9*, with significant further growth potential into the next decade
- HMI provides market leading e-beam metrology capability which expands our integrated Holistic Lithography solutions to include a new class of pattern fidelity control
- We expect to continue to return excess cash to our shareholders through stable or growing dividends and regularly timed share buybacks in line with our policy

* based on model details and assumptions as presented in our 2016 Investor Day (October 31, 2016)

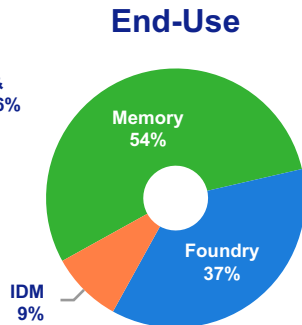
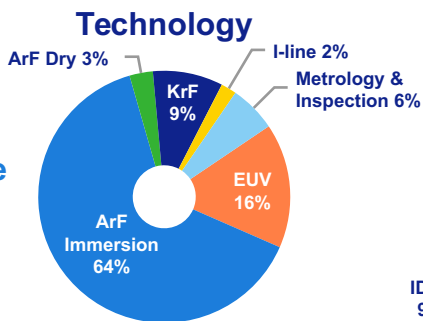
Business highlights

Q2 results summary

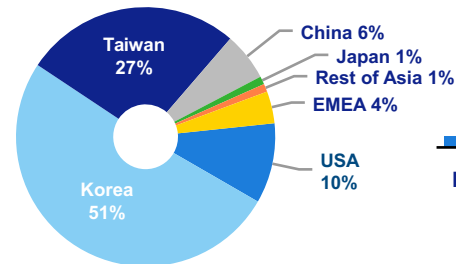
- Net sales of € 2,101 million, net systems sales valued at € 1,384 million, net service and field option sales at € 717 million
- Gross margin of 45.0%
- Operating margin of 26.4%
- Net bookings of € 2,375 million, including 8 new EUV systems
- Backlog at € 5,351 million, including 27 EUV systems
- Completed the acquisition of a 24.9% interest in Carl Zeiss SMT

Net system sales breakdown in value

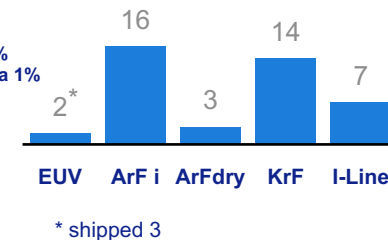
Q2'17
total value
€ 1,384
million



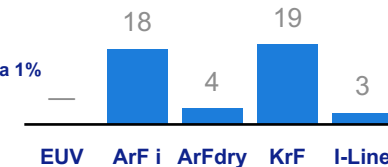
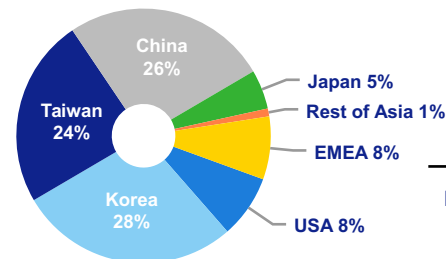
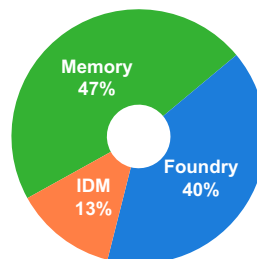
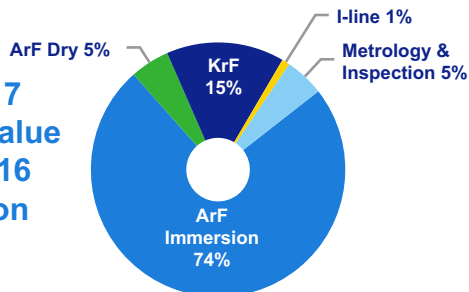
Region (ship to location)



Sales in lithography units

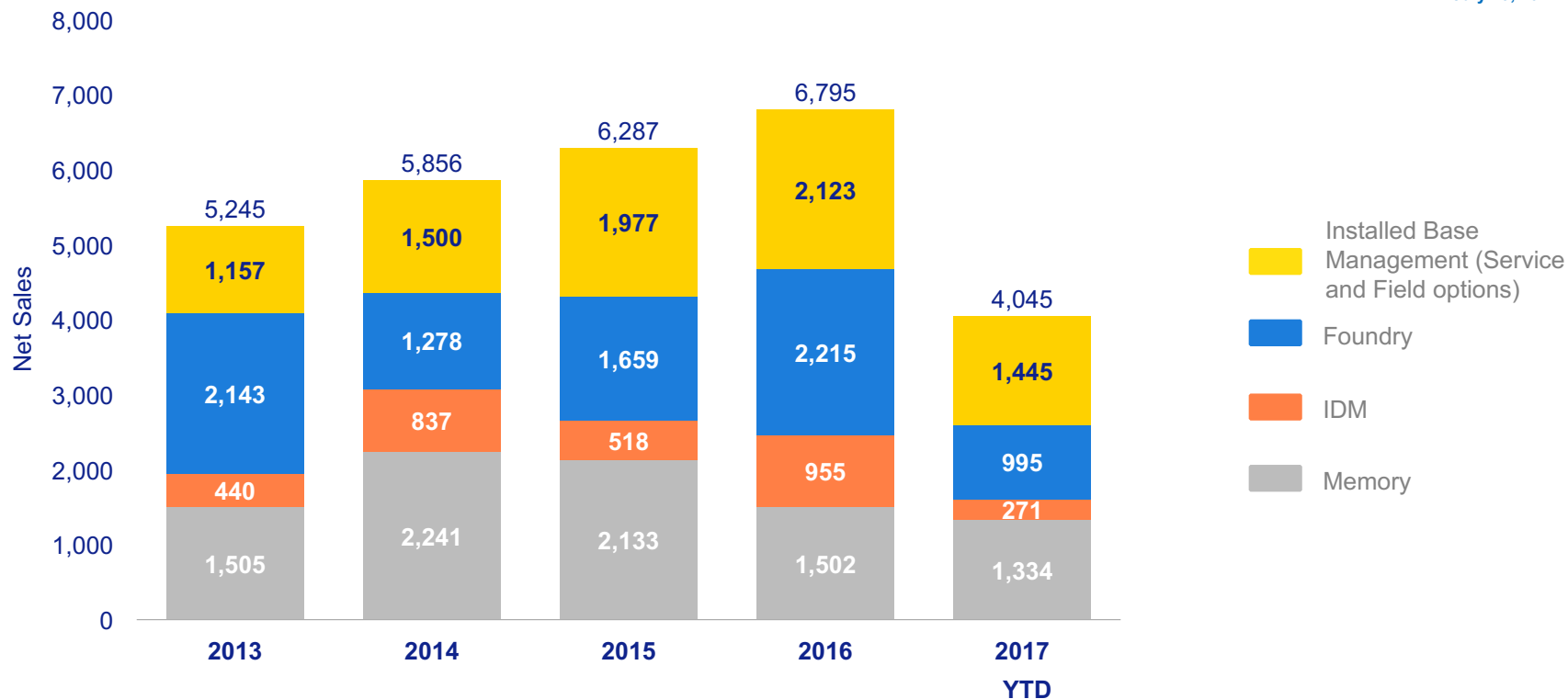


Q1'17
total value
€ 1,216
million



As per January 1, 2017, ASML presents net sales with respect to metrology and inspection systems as part of Net system sales instead of Net service and field option sales. Lithography systems do not include metrology and inspection systems.

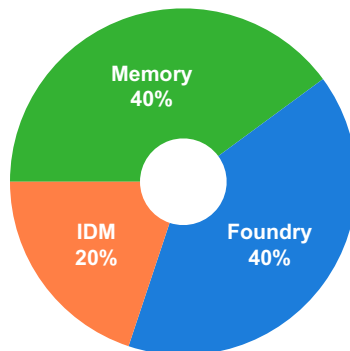
Total net sales million € by End-use



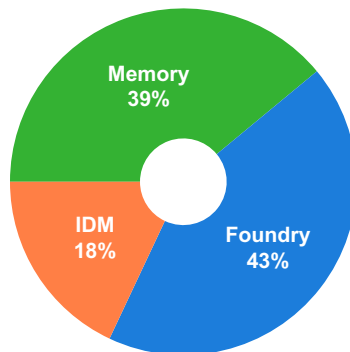
As per January 1, 2017, ASML presents net sales with respect to metrology and inspection systems as part of Net system sales instead of Net service and field option sales. The comparative numbers have been adjusted to reflect this change in accounting policy.

Bookings activity by sector

Q2'17 total value
€ 2,375 million



Q1'17 total value
€ 1,894 million



Lithography systems

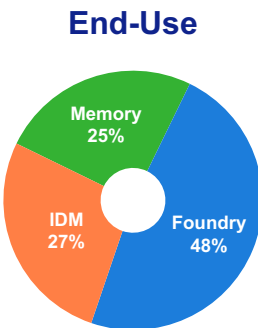
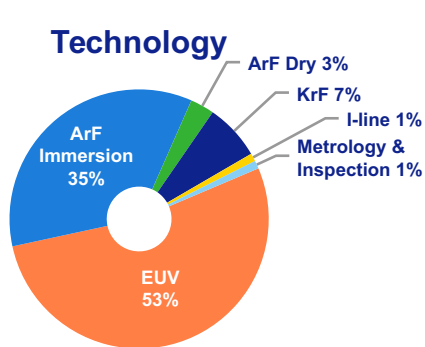
	New	Used
Units	49	6

Lithography systems

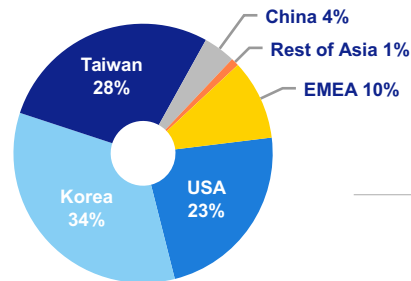
	New	Used
Units	52	3

System backlog in value

Q2'17
total value
€ 5,351
million



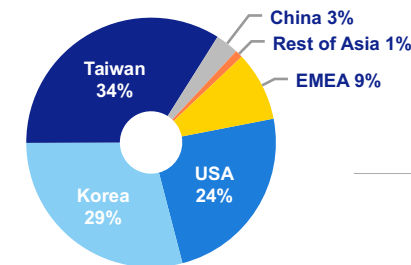
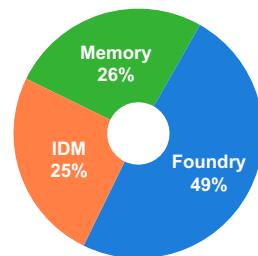
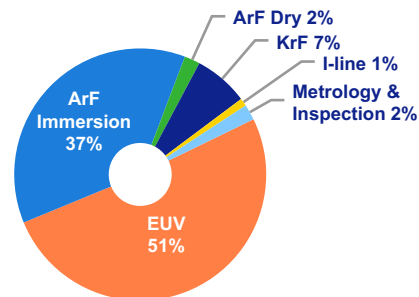
Region (ship to location)



Lithography systems

	New	Used
Units	93	14

Q1'17
total value
€ 4,509
million



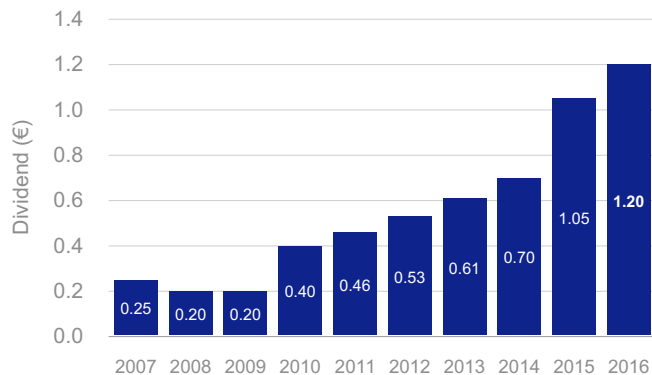
Lithography systems

	New	Used
Units	83	11

Capital return to shareholders

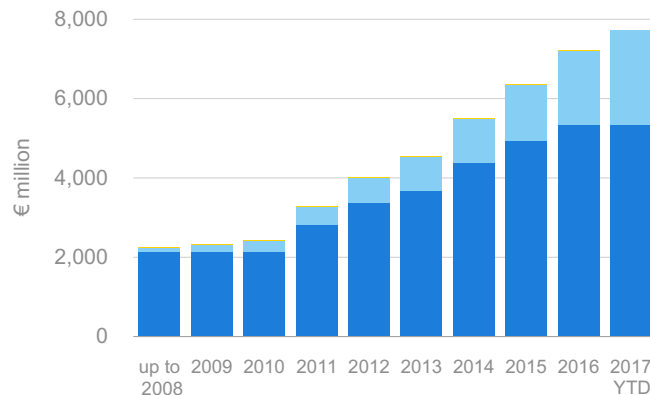
- ASML paid € 517 million in dividend or € 1.20 per ordinary share in Q2
- 2016-2017 share buyback program will resume in Q3

Dividend history



The dividend for a year is paid in the subsequent year

Capital return



Dividend
Share buyback

Capital return is cumulative share buyback + dividend

Outlook

Q3 Outlook

- Q3 2017 net sales around € 2.2 billion
 - EUV revenue approximately € 300 million
- Gross margin around 43%
- R&D costs of about € 315 million
- SG&A costs of about € 105 million
- Other income (Customer Co-Investment Program) of about € 24 million
- Effective annualized tax rate around 14%

2017 Outlook

- Full year 2017 revenue expected to grow about 25%, driven by our entire products and service portfolio
- Memory, especially driven by DRAM, expected to grow about 50% year on year, supporting wafer capacity additions in NAND and lithography enabled cost reduction in DRAM
- Logic expected to grow about 15% off a strong 2016 base
- DUV system revenue expected to exceed last year's record revenue
- Holistic Litho revenue expected to grow about 50% year on year
- Installed base management revenues expected to grow about 20% year on year driven by value providing field performance options

Product / Market highlights

All EUV key performance specifications demonstrated

Stable configuration enables accelerated availability improvements going forward

Customers

show commitment to insert EUV in volume manufacturing by ordering systems

- 8 additional NXE:3400B system orders received in Q2, with 6 orders from one customer for use in both Logic & DRAM
- 3 NXE:3400B systems shipped in Q2
- Backlog now includes 27 EUV systems
- Further system orders are expected in 2017 for 2018/2019 shipments

ASML

commits to securing system performance, shipments and support required for volume manufacturing

For volume manufacturing of logic and memory, ASML remains committed to deliver:

- Throughput of >125 wafers per hour
- Availability of >90% on average
- Shipments on time in sufficient volume
- Ability to support a growing installed base

EUV layer adoption - logic 7nm example

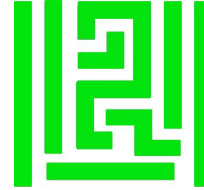
Addressing majority of critical layers at initial insertion

Layer	
Active	Initial EUV layer
Gate	Other candidate EUV layer
LI	Initial EUV layer
Contact	Initial EUV layer
Metal 0	Initial EUV layer
Via 0	Initial EUV layer
Metal 1	Initial EUV layer
Via 1	Initial EUV layer
Metal 2	Initial EUV layer
Via 2	Initial EUV layer
Metal 3	Initial EUV layer
Via 3	Other candidate EUV layer
Metal 4	Other candidate EUV layer
Via 4	Other candidate EUV layer
Metal 5	Other candidate EUV layer

Initial EUV layers

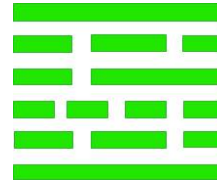
Other candidate EUV layers

Metal layers
patterning
types



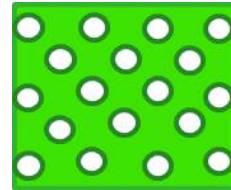
2D pattern
(1 EUV exposure)

or



1D pattern
(1 ArFi spacer exposure
+ 1 EUV cut exposure)

Via / Contact
example



(1 EUV exposure)

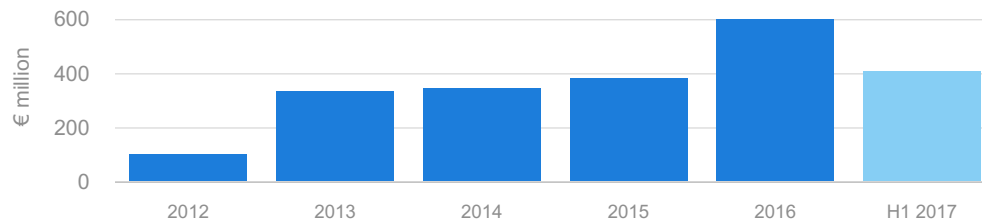
ASML and HMI update

- ASML and HMI company and product integration progressing well towards expanding integrated Holistic Litho roadmap
- HMI e-beam for voltage contrast being used extensively in volume production by memory customers
- HMI e-beam for physical defects being used for defect engineering in R&D and yield ramp at both memory and logic customers
- Pattern Fidelity Metrology e-beam tools being evaluated by customers, enabling Pattern Fidelity Control in 2018 for both memory and logic production
- Groundbreaking multi-e-beam innovation ahead, combining leading edge e-beam technology with ASML's unique stage and computational lithography technology

ASML / Chinese IC industry relationships deepen as new fab demand comes into view

- Continued sales growth over the last 5 years by both domestic Chinese as well as non domestic companies
- In discussion with 2 logic and 3 memory domestic customers with Litho market opportunity of >€ 3 billion as per publicly announced fab build-out plans
- Orders received in Q2 from new domestic memory customer with expected shipments late 2017
- Over 600 employees in 11 cities, supporting installed base of more than 400 lithography systems, including two R&D centers and recently announced partnership with ICRD for applications and a training center

Total China net
system sales



Financial statements

Consolidated statements of operations M€

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Net sales	1,740	1,815	1,907	1,944	2,101
Gross profit	741	834	901	925	946
Gross margin %	42.6%	46.0%	47.2%	47.6%	45.0%
Other income ¹	23	23	23	24	24
R&D costs	(270)	(273)	(287)	(315)	(313)
SG&A costs	(90)	(89)	(107)	(99)	(102)
Income from operations	404	496	530	535	555
Operating income %	23.2%	27.3%	27.8%	27.5%	26.4%
Net income	354	396	524	452	466
Net income as a % of net sales	20.3%	21.8%	27.5%	23.3%	22.2%
Earnings per share (basic) €	0.83	0.93	1.23	1.05	1.08
Earnings per share (diluted) €	0.83	0.93	1.22	1.05	1.08
Lithography systems sold (units) ²	46	40	38	44	42
Net booking value ³	1,566	1,415	1,580	1,894	2,375

¹ Customer Co-Investment Program (CCIP).

² Lithography systems do not include metrology and inspection systems.

³ Our systems backlog and net bookings include all system sales orders for which written authorizations have been accepted (for EUV starting with the NXE:3350B). As per January 1, 2017 our systems backlog and net bookings also include metrology and inspection systems.

Consolidated statements of Cash flows M€

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Net income	354	396	524	452	466
Net cash provided by (used in) operating activities	481	(3)	1,193	(168)	530
Net cash provided by (used in) investing activities	(24)	(484)	(2,498)	150	(755)
Net cash provided by (used in) financing activities	(607)	1,481	1,293	12	(744)
Net increase (decrease) in cash & cash equivalents	(137)	987	(6)	4	(996)
Free cash flow*	381	(72)	1,097	(212)	469
Cash and cash equivalents and short-term investments	2,926	4,313	4,057	3,836	2,514

* Free cash flow is defined as net cash provided by (used in) operating activities minus investments in Capex (Purchase of Property, plant and equipment and intangibles), see US GAAP Consolidated Financial Statements.

Consolidated Balance sheets M€

Assets	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Cash & cash equivalents and short-term investments	2,926	4,313	4,057	3,836	2,514
Net accounts receivable and finance receivables	1,362	1,593	1,264	1,426	1,758
Inventories, net	2,715	2,697	2,781	2,996	3,137
Other assets	1,146	1,164	1,173	1,211	1,354
Tax assets	228	183	47	171	63
Equity method investments	—	—	—	—	1,002
Goodwill	2,603	2,571	4,874	4,784	4,646
Other intangible assets	714	694	1,323	1,279	1,231
Property, plant and equipment	1,609	1,587	1,687	1,622	1,567
Total assets	13,303	14,802	17,206	17,325	17,272
Liabilities and shareholders' equity					
Current liabilities	3,720	3,272	3,281	2,876	3,125
Non-current liabilities	1,434	3,017	4,105	4,206	4,114
Shareholders' equity	8,149	8,513	9,820	10,243	10,033
Total liabilities and shareholders' equity	13,303	14,802	17,206	17,325	17,272

These numbers have been prepared in conformity with US GAAP

Forward looking statements

This document contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to expected trends and outlook, including expected customer insertion of EUV in volume manufacturing, including expected volume orders, systems backlog, expected financial results and trends for the third quarter of 2017, including expected sales, gross margin, R&D and SG&A expenses, other income, and annualized effective tax rate, expected financial results and trends for the full year 2017, including expected revenue growth and growth in logic and memory, trends in DUV systems revenue, Holistic Lithography and installed base management revenues, annual revenue opportunity for ASML and EPS potential by 2020 with significant further growth potential into the next decade, expected industry trends and expected trends in the business environment, including our expectation that the trends exhibited in the second quarter of 2017 will continue into 2018, statements with respect to EUV targets, manufacturing, supply chain and service capabilities, and ASML's commitment to secure system performance, shipments and support for volume manufacturing, including availability, productivity, throughput and shipments, including timing of shipments and the ability to support a larger installed base, statements with respect to the benefits of the hardware innovations in the new DUV lithography immersion system, EUV-high volume manufacturing adoption inflection, statements with respect to HMI, including expected expansion of the integrated Holistic Lithography roadmap, introduction of a new class of pattern fidelity control for memory and logic production in 2018 and expected multi-e-beam innovation, statements with respect to the acquisition of Carl Zeiss SMT and its expected benefits, statements relating to the development of a training center with Circuit Research and Development Center Ltd., including its expected benefits, and the Chinese IC industry, including expected new fab demand and lithography market opportunity and expected shipments, shrink being a key driver supporting innovation and providing long-term industry growth, lithography enabling affordable shrink and delivering value to customers, expected industry adoption of EUV and statements with respect to the intent of customers to insert EUV into production, the extension of EUV beyond the next decade, the expected continuation of Moore's law and that EUV will continue to enable Moore's law and drive long term value for ASML beyond the next decade, intention to return excess cash to shareholders, and statements about our proposed dividend, dividend policy and intention to repurchase shares and statements with respect to the share repurchase plan, including its expected resumption. 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", "targets", "commits to secure" 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 any 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 including EUV, the number and timing of EUV systems expected to be shipped and recognized in revenue, delays in EUV systems production and development and volume production by customers, including meeting development requirements for volume production, demand for EUV systems being sufficient to result in utilization of EUV facilities in which ASML has made significant investments, potential inability to integrate HMI's systems into our Holistic Lithography portfolio, 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, changes in tax rates, available cash and liquidity, our ability to refinance our indebtedness, distributable reserves for dividend payments and share repurchases and timing of resumption of the share repurchase plan, the pace of development of the Chinese IC industry, 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.

ASML

The ASML logo is rendered in a bold, dark blue, sans-serif font. It is positioned on the left side of the image. The background is a light blue gradient with several decorative elements: a large, curved, semi-transparent light blue shape on the left; a series of thin, white, wavy lines that originate from the right side of the ASML text and extend towards the right edge of the image; and a solid, medium-blue background for the upper right portion of the image.