

ASML - Summary IFRS-EU Consolidated Statement of Profit or Loss ^{1,2}

	Three months ended,		Twelve months ended,	
	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017
(in millions EUR)				
Net system sales ³	1,289.1	1,954.9	4,672.0	6,373.7
Net service and field option sales ³	618.3	605.5	2,122.8	2,679.1
Total net sales	1,907.4	2,560.4	6,794.8	9,052.8
Total cost of sales	(1,078.1)	(1,476.6)	(3,897.0)	(5,265.5)
Gross profit	829.3	1,083.8	2,897.8	3,787.3
Other income	23.5	24.0	93.8	95.8
Research and development costs	(191.4)	(229.2)	(718.8)	(898.9)
Selling, general and administrative costs	(106.8)	(112.6)	(374.6)	(416.6)
Operating income	554.6	766.0	1,898.2	2,567.6
Interest and other, net	77.1	(12.0)	46.7	(46.0)
Income before income taxes	631.7	754.0	1,944.9	2,521.6
Income tax expense	(101.5)	(23.4)	(388.0)	(279.7)
Income after income taxes	530.2	730.6	1,556.9	2,241.9
Profit (loss) related to investments in associates	—	(16.7)	—	(16.7)
Net income	530.2	713.9	1,556.9	2,225.2

ASML - Summary IFRS-EU Consolidated Statement of Financial Position

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	Dec 31, 2016	Dec 31, 2017
(in millions EUR)		
ASSETS		
Property, plant and equipment	1,687.2	1,546.1
Goodwill	4,898.3	4,562.7
Other intangible assets	2,882.3	2,736.1
Investments in associates	—	982.2
Deferred tax assets	181.6	196.3
Finance receivables	117.2	264.9
Derivative financial instruments	89.5	65.2
Other assets	377.6	458.5
Total non-current assets	10,233.7	10,812.0
Inventories	2,780.9	2,958.4
Current tax assets	11.6	61.6
Derivative financial instruments	44.5	50.5
Finance receivables	447.4	59.1
Accounts receivable	700.2	1,772.3
Other assets	441.6	717.1
Short-term investments	1,150.0	1,029.3
Cash and cash equivalents	2,906.9	2,259.0
Total current assets	8,483.1	8,907.3
Total assets	18,716.8	19,719.3
EQUITY AND LIABILITIES		
Equity	11,028.7	11,956.1
Long-term debt	3,071.8	3,000.1
Derivative financial instruments	38.1	62.7
Deferred and other tax liabilities	699.5	570.9
Provisions	20.5	21.2
Accrued and other liabilities	577.6	766.4
Total non-current liabilities	4,407.5	4,421.3
Provisions	1.8	—
Derivative financial instruments	75.8	4.6
Current portion of long-term debt	247.7	25.2
Current and other tax liabilities	201.9	152.0
Accrued and other liabilities	2,160.2	2,322.8
Accounts payable	593.2	837.3
Total current liabilities	3,280.6	3,341.9
Total equity and liabilities	18,716.8	19,719.3

ASML - Summary IFRS-EU Consolidated Statement of Cash Flows ^{1,2}

	Three months ended,		Twelve months ended,	
	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017
(in millions EUR)				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	530.2	713.9	1,556.9	2,225.2
Adjustments to reconcile net income to net cash flows from operating activities:				
Depreciation and amortization	174.4	174.7	503.6	707.0
Impairment	1.2	1.2	3.5	9.0
Loss on disposal of property, plant and equipment	1.4	1.6	5.2	2.8
Share-based payments	12.2	20.9	48.9	66.1
Allowance for doubtful receivables	0.8	2.2	3.2	7.8
Allowance for obsolete inventory	11.0	18.9	73.0	120.1
Deferred income taxes	0.3	(88.5)	172.4	(71.0)
Investments in associates, net of income taxes	—	16.7	—	16.7
Changes in assets and liabilities	560.4	264.3	(300.2)	(920.0)
Net cash provided by (used in) operating activities	1,291.9	1,125.9	2,066.5	2,163.7
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(95.9)	(148.3)	(316.3)	(338.9)
Purchase of intangible assets	(99.2)	(96.0)	(408.1)	(384.2)
Purchase of short-term investments	(1,050.0)	(679.3)	(2,520.0)	(1,129.3)
Maturity of short-term investments	1,300.0	250.0	2,320.0	1,250.0
Cash from (used for) derivative financial instruments	(9.4)	42.2	(15.0)	27.0
Loans issued and other investments	(0.2)	(0.6)	(7.4)	(0.6)
Repayment of loans	—	1.6	—	1.6
Acquisition of associates	—	(11.8)	—	(1,019.7)
Dividend income from associates	—	19.7	—	19.7
Acquisition of subsidiaries (net of cash acquired)	(2,641.3)	—	(2,641.3)	—
Net cash provided by (used in) investing activities	(2,596.0)	(622.5)	(3,588.1)	(1,574.4)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	—	—	(445.9)	(516.7)
Purchase of shares	—	(334.5)	(400.0)	(500.0)
Net proceeds from issuance of shares	548.3	13.0	582.7	50.6
Net proceeds from issuance of notes	745.9	—	2,230.6	—
Repayment of debt	(1.2)	(1.1)	(4.7)	(243.0)
Net cash provided by (used in) financing activities	1,293.0	(322.6)	1,962.7	(1,209.1)
Net cash flows	(11.1)	180.8	441.1	(619.8)
Effect of changes in exchange rates on cash	5.0	0.6	7.1	(28.1)
Net increase (decrease) in cash and cash equivalents	(6.1)	181.4	448.2	(647.9)

ASML - Quarterly Summary IFRS-EU Consolidated Statement of Profit or Loss ^{1,2}

	Three months ended,				
	Dec 31, 2016	Apr 2, 2017	Jul 2, 2017	Oct 1, 2017	Dec 31, 2017
(in millions EUR)					
Net system sales ³	1,289.1	1,215.8	1,384.1	1,818.9	1,954.9
Net service and field option sales ³	618.3	727.8	717.3	628.5	605.5
Total net sales	1,907.4	1,943.6	2,101.4	2,447.4	2,560.4
Total cost of sales	(1,078.1)	(1,089.7)	(1,228.5)	(1,470.7)	(1,476.6)
Gross profit	829.3	853.9	872.9	976.7	1,083.8
Other income	23.5	23.9	24.0	23.9	24.0
Research and development costs	(191.4)	(237.4)	(202.7)	(229.6)	(229.2)
Selling, general and administrative costs	(106.8)	(98.6)	(102.0)	(103.4)	(112.6)
Operating income	554.6	541.8	592.2	667.6	766.0
Interest and other, net	77.1	(10.3)	(12.2)	(11.5)	(12.0)
Income before income taxes	631.7	531.5	580.0	656.1	754.0
Income tax expense	(101.5)	(70.6)	(104.4)	(81.3)	(23.4)
Income after income taxes	530.2	460.9	475.6	574.8	730.6
Profit (loss) related to investments in associates	—	—	—	—	(16.7)
Net income	530.2	460.9	475.6	574.8	713.9

ASML - Quarterly Summary IFRS-EU Consolidated Statement of Financial Position ^{1,2}

	Dec 31, 2016	Apr 2, 2017	Jul 2, 2017	Oct 1, 2017	Dec 31, 2017
(in millions EUR)					
ASSETS					
Property, plant and equipment	1,687.2	1,622.4	1,567.3	1,523.4	1,546.1
Goodwill	4,898.3	4,807.7	4,668.3	4,586.4	4,562.7
Other intangible assets	2,882.3	2,832.7	2,792.2	2,749.4	2,736.1
Investments in associates	—	—	1,002.1	1,007.9	982.2
Deferred tax assets	181.6	200.8	186.3	178.3	196.3
Finance receivables	117.2	213.6	120.2	263.9	264.9
Derivative financial instruments	89.5	85.5	84.7	63.5	65.2
Other assets	377.6	391.5	409.2	425.3	458.5
Total non-current assets	10,233.7	10,154.2	10,830.3	10,798.1	10,812.0
Inventories	2,780.9	2,995.7	3,136.9	2,998.5	2,958.4
Current tax assets	11.6	137.0	32.6	73.6	61.6
Derivative financial instruments	44.5	39.4	84.8	65.6	50.5
Finance receivables	447.4	346.9	413.6	138.2	59.1
Accounts receivable	700.2	864.8	1,224.6	1,664.2	1,772.3
Other assets	441.6	474.5	547.7	591.9	717.1
Short-term investments	1,150.0	925.0	600.0	600.0	1,029.3
Cash and cash equivalents	2,906.9	2,910.6	1,914.2	2,077.6	2,259.0
Total current assets	8,483.1	8,693.9	7,954.4	8,209.6	8,907.3
Total assets	18,716.8	18,848.1	18,784.7	19,007.7	19,719.3
EQUITY AND LIABILITIES					
Equity	11,028.7	11,449.9	11,228.1	11,553.3	11,956.1
Long-term debt	3,071.8	3,040.3	2,995.5	2,996.7	3,000.1
Derivative financial instruments	38.1	50.8	71.2	77.9	62.7
Deferred and other tax liabilities	699.5	726.5	655.0	624.8	570.9
Provisions	20.5	20.5	20.5	21.2	21.2
Accrued and other liabilities	577.6	684.7	689.4	759.6	766.4
Total non-current liabilities	4,407.5	4,522.8	4,431.6	4,480.2	4,421.3
Provisions	1.8	0.8	—	—	—
Derivative financial instruments	75.8	30.0	0.1	6.1	4.6
Current portion of long-term debt	247.7	244.7	25.9	25.6	25.2
Current and other tax liabilities	201.9	137.6	31.9	82.0	152.0
Accrued and other liabilities	2,160.2	1,697.0	2,084.8	2,024.8	2,322.8
Accounts payable	593.2	765.3	982.3	835.7	837.3
Total current liabilities	3,280.6	2,875.4	3,125.0	2,974.2	3,341.9
Total equity and liabilities	18,716.8	18,848.1	18,784.7	19,007.7	19,719.3

ASML - Quarterly Summary IFRS-EU Consolidated Statement of Cash Flows ^{1,2}

	Three months ended,				
	Dec 31, 2016	Apr 2, 2017	Jul 2, 2017	Oct 1, 2017	Dec 31, 2017
(in millions EUR)					
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	530.2	460.9	475.6	574.8	713.9
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	174.4	180.8	177.5	174.0	174.7
Impairment	1.2	0.2	7.6	—	1.2
Loss on disposal of property, plant and equipment	1.4	0.3	0.8	0.1	1.6
Share-based payments	12.2	15.3	10.5	19.4	20.9
Allowance for doubtful receivables	0.8	1.2	1.3	3.1	2.2
Allowance for obsolete inventory	11.0	29.3	31.3	40.6	18.9
Deferred income taxes	0.3	15.3	14.0	(11.8)	(88.5)
Investments in associates, net of income taxes	—	—	—	—	16.7
Changes in assets and liabilities	560.4	(790.2)	(79.7)	(314.4)	264.3
Net cash provided by (used in) operating activities	1,291.9	(86.9)	638.9	485.8	1,125.9
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(95.9)	(38.6)	(56.3)	(95.7)	(148.3)
Purchase of intangible assets	(99.2)	(86.7)	(113.6)	(87.9)	(96.0)
Purchase of short-term investments	(1,050.0)	(75.0)	(275.0)	(100.0)	(679.3)
Maturity of short-term investments	1,300.0	300.0	600.0	100.0	250.0
Cash from (used for) derivative financial instruments	(9.4)	(30.7)	(16.5)	32.0	42.2
Loans issued and other investments	(0.2)	—	—	—	(0.6)
Repayment of loans	—	—	—	—	1.6
Acquisition of associates	—	—	(1,002.1)	(5.8)	(11.8)
Dividend income from associates	—	—	—	—	19.7
Acquisition of subsidiaries (net of cash acquired)	(2,641.3)	—	—	—	—
Net cash provided by (used in) investing activities	(2,596.0)	69.0	(863.5)	(157.4)	(622.5)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	—	—	(516.7)	—	—
Purchase of shares	—	—	—	(165.5)	(334.5)
Net proceeds from issuance of shares	548.3	13.0	11.9	12.7	13.0
Net proceeds from issuance of notes	745.9	—	—	—	—
Repayment of debt	(1.2)	(1.2)	(239.5)	(1.2)	(1.1)
Net cash provided by (used in) financing activities	1,293.0	11.8	(744.3)	(154.0)	(322.6)
Net cash flows	(11.1)	(6.1)	(968.9)	174.4	180.8
Effect of changes in exchange rates on cash	5.0	9.8	(27.5)	(11.0)	0.6
Net increase (decrease) in cash and cash equivalents	(6.1)	3.7	(996.4)	163.4	181.4

Notes to the Summary IFRS-EU Consolidated Financial Statements

Basis of preparation

The accompanying Summary Consolidated Financial Statements are stated in millions of euros unless indicated otherwise. The accompanying Summary Consolidated Financial Statements have been prepared in conformity with International Financial Reporting Standards as adopted by the EU ("IFRS-EU") accounting principles generally accepted in the Netherlands for companies quoted on Euronext Amsterdam. For further details on our Summary of Significant Accounting Policies refer to the Notes to the Consolidated Financial Statements as recorded in our Statutory Annual Report which is available on www.asml.com. Further disclosures, as required under IFRS-EU in annual reports and interim reporting (IAS 34), are not included in the Summary Consolidated Financial Statements.

For internal and external reporting purposes, we apply accounting principles generally accepted in the United States of America ("US GAAP"). US GAAP is our primary accounting standard for the setting of financial and operational performance targets.

Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and has been endorsed by the EU on September 22, 2016.

The new standard is effective for interim and annual periods beginning after January 1, 2018 and allows for either full retrospective adoption or modified retrospective adoption. We have selected full retrospective adoption and will therefore restate all prior years presented in our Consolidated (Condensed Interim) Financial Statements upon adoption in 2018.

We are finalizing our impact assessment of the new revenue recognition standard on our accounting policies and our contracts affecting our 2016 results. At this time, we cannot reasonably estimate the exact financial impact of implementing this new standard. However, for 2016 we expect an increase of our Total net sales between zero and five percent and an increase of our Net income between two and ten percent due to a shift in timing of revenue recognition. Based on our assessment of the impact of IFRS 15 on the Consolidated Statement of Financial Position we expect a significant decrease in net Contract assets and Contract liabilities as of December 31, 2016.

We have assessed the new accounting standard against our accounting policies and determined the expected impact. The most significant changes in our accounting policies as a consequence of adopting IFRS 15 are expected to be:

- Certain upgrades and services change from point in time revenue recognition upon completion of the performance obligation to over time revenue recognition throughout the upgrade and service period;
- Options to buy additional goods or services provided within our contracts, offered at a discount incremental to our stand-alone selling price, are now considered performance obligations and therefore consideration is allocated from the contract. Revenue is recognized for these material rights when the future goods or services are transferred or the option to buy expires;
- For bill-and-hold transactions there is no longer a required fixed schedule of delivery and when a customer requests for the bill-and-hold transaction there is assumed to be a substantial reason. We will follow the requirements under IFRS 15 in order to recognize revenue; and
- A change from allocating the consideration of a contract to the elements of the contract using relative selling price determined through vendor-specific objective evidence or best estimate of selling price to allocating the consideration of a contract based on stand-alone selling prices determined using the adjusted market approach in accordance with IFRS 15.

Leases

IFRS 16 "Leases", was issued in January 2016 and has been endorsed by the EU on October 31, 2017. The Standard will become effective as of January 1, 2019 with earlier application being permitted. IFRS 16 is the result of a project initiated by IASB and the FASB and supersedes IAS 17 "Leases" and its associated interpretive guidance. We are adopting this standard as per January 1, 2018. The Standard allows for either full retrospective adoption or cumulative catch-up adoption. We have selected the cumulative catch-up approach and will therefore not restate prior years presented in our Consolidated (Condensed Interim) Financial Statements upon adoption in 2018.

Investments in associates

We recognize our proportionate share of the income or loss of Carl Zeiss SMT Holding GmbH & Co. KG on a one-quarter time lag.

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

Net income	Three months ended,		Twelve months ended,	
	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017
(in millions EUR)				
<i>Net income based on US GAAP</i>	524.2	643.0	1,471.9	2,118.5
Development expenditures (see Note 1)	16.8	80.1	190.6	107.9
Income taxes (see Note 2)	(10.8)	(9.2)	(106.4)	(1.2)
Other	–	–	0.8	–
<i>Net income based on IFRS-EU</i>	530.2	713.9	1,556.9	2,225.2

Notes to the reconciliation from US GAAP to IFRS-EU

Note 1 Development expenditures

Under US GAAP, we apply ASC 730, 'Research and Development'. In accordance with ASC 730, we charge costs relating to research and development to operating expense as incurred.

Under IFRS-EU, we apply IAS 38, 'Intangible Assets'. In accordance with IAS 38, we capitalize certain development expenditures that are amortized over the expected useful life of the related product generally ranging between one and five years. Amortization starts when the developed product is ready for volume production.

Note 2 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-EU, 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-EU, we apply IAS 12, "Income Taxes". 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, business trends and other matters that are forward-looking, including statements with respect to expected trends and outlook, systems backlog, expected financial results and trends, including expected sales, EUV revenue, gross margin, R&D and SG&A expenses, other income, and annualized effective tax rate for the first quarter of 2018, and expected financial results and trends for the full year 2018, including the expectation for continued solid growth in sales and profitability in 2018, 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, statements with respect to the intent of customers to insert EUV into volume manufacturing, supply chain and service capabilities, ASML's commitment to secure system performance, shipments, and the planned shipment of advance products to domestic Chinese customers in 2018, and support for volume manufacturing, including availability, productivity, throughput, shipments and the ability to support a larger installed base, including timing of shipments (including planned EUV shipments in 2018 and 2019), shrink being a key driver supporting innovation and providing long-term industry growth, lithography enabling affordable shrink and delivering value to customers, 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, the expected impact of the new revenue recognition standard on revenue and net income, intention to return excess cash to shareholders, statements about our proposed dividend, dividend policy and intention to repurchase shares and statements with respect to the new share repurchase plan for 2018-2019. 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, 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, our ability to enforce patents and protect intellectual property rights, the outcome of intellectual property litigation, availability of raw materials, critical manufacturing equipment and qualified employees, 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, results of the new share repurchase plan 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 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.