



## **ASML reports €11.8 billion net sales and €2.6 billion net income in 2019**

Strong EUV demand and Installed Base business support expected growth in 2020  
ASML announces a three-year share buyback program up to €6 billion and proposes 14% annualized dividend increase

ASML 2019 Fourth-Quarter and Full-Year Results

Veldhoven, the Netherlands

January 22, 2020

## Agenda

- Investor key messages
- Business summary
- Outlook
- Financial statements

# Investor key messages

# Investor key messages

- Long term growth opportunity remains, driven by end markets growth enabled by major innovation in semiconductors
- Shrink is a key industry driver supporting innovation and providing long term industry growth
- Holistic Lithography enables affordable shrink and therefore delivers compelling value for our customers
- DUV, EUV and Application products are highly differentiated solutions that provide unique value drivers for our customers and ASML
- EUV will enable continuation of Moore's Law and will drive long term value for ASML well into this decade
- In November 2018 ASML modeled an annual revenue opportunity of €13 billion in 2020 under a moderate market scenario and an annual revenue opportunity between €15 – 24 billion through 2025
- We expect to continue to return significant amounts of cash to our shareholders through a combination of share buybacks and growing annualized dividends

# Business summary

# 2019 - Highlights

- Despite an overall industry decline, ASML delivered a sales growth of 8%, reflecting our customers' desire to invest in future technology:
  - Net sales grew to a record €11.8 billion at 44.7% gross margin
  - Net income at €2.6 billion resulted in an EPS of €6.16
- EUV lithography:
  - Shipped 26 systems, including 9 NXE:3400C
  - Adoption in Logic is accelerating and starting in Memory
  - High-NA preparation progressing at both ASML and suppliers
- DUV lithography: our DUV business remained solid despite a weak memory market
- Applications: shipped around 50% more YieldStar systems, driven by leading edge Logic
- Capital return: returned more than €1.7 billion through dividends and share buybacks, including €441 million in interim dividend for 2019

# Investing for our long-term growth opportunities

## Infrastructure, including High-NA @ Zeiss SMT



HQ: High-NA manufacturing facilities\*



HQ: Logistic center and offices\*



Wilton: Manufacturing facilities\*



Zeiss SMT: High-NA optics metrology vessels

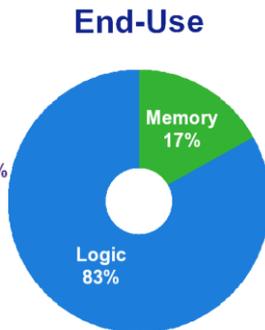
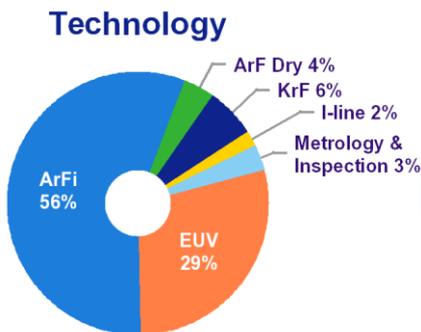
# Q4 results summary

- Net sales of €4,036 million, net systems sales of €3,130 million, Installed Base Management\* sales of €906 million
- Gross margin of 48.1%
- Operating margin of 31.6%
- Net income as a percentage of net sales of 28.1%
- Net bookings of €2,402 million, including €1,068 million of EUV systems (9)

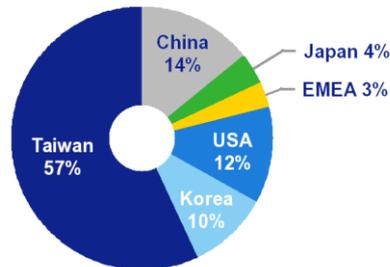
\* Installed Base Management equals our service and field upgrades sales

# Net system sales breakdown (Quarterly)

**Q4'19**  
total sales  
€3,130  
million



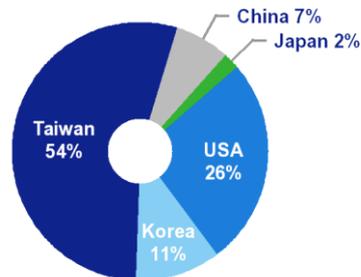
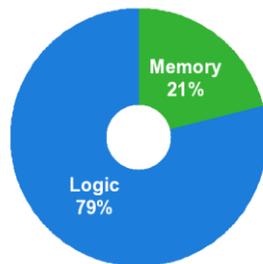
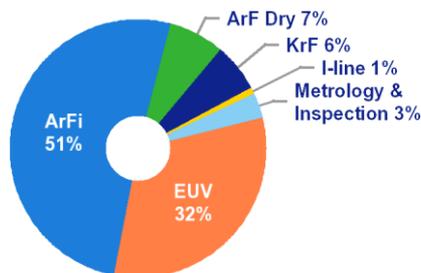
### Region (ship to location)



### Sales in lithography units

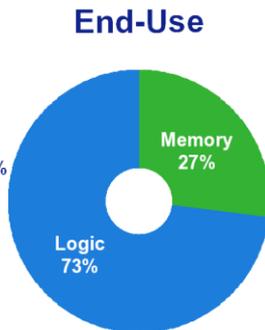
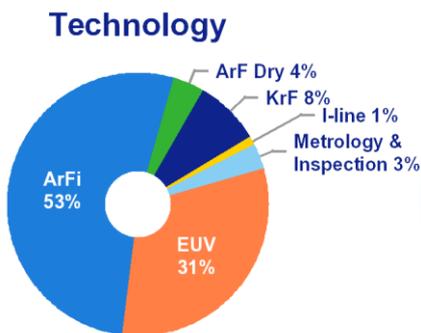


**Q3'19**  
total sales  
€2,326  
million

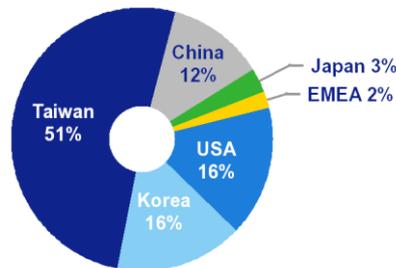


## Net system sales breakdown (Yearly)

2019  
total value  
€8,996  
million



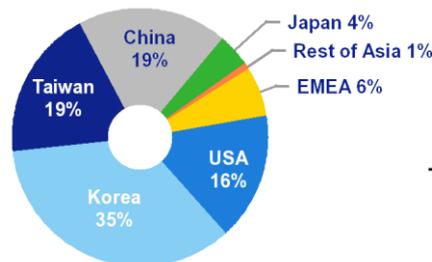
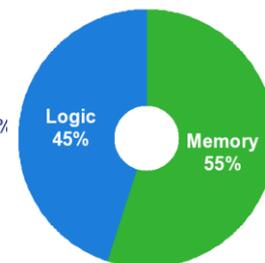
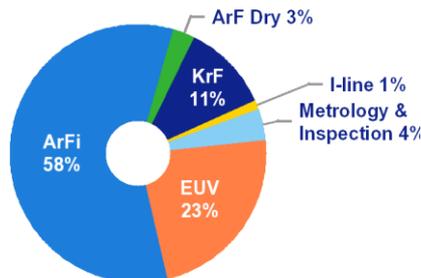
### Region (ship to location)



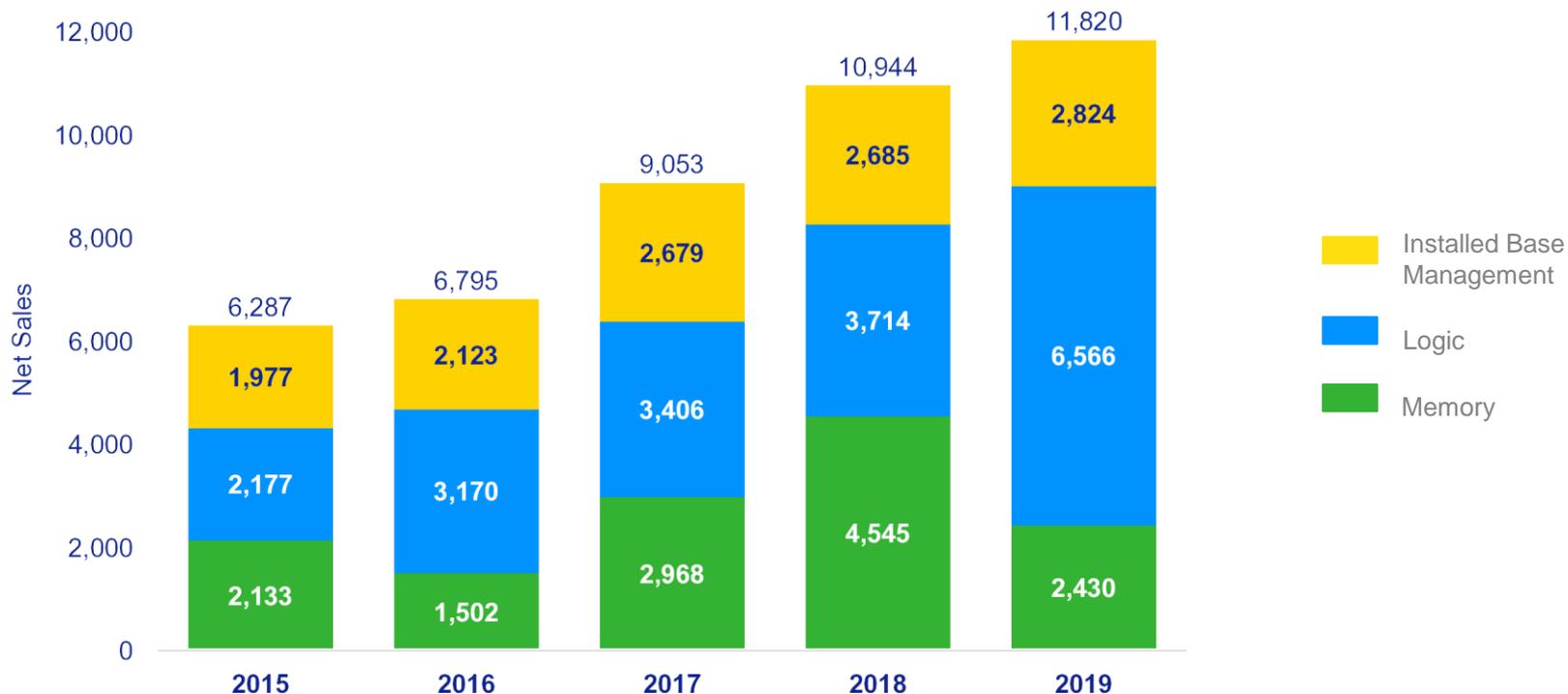
### Sales in lithography units



2018  
total value  
€8,259  
million



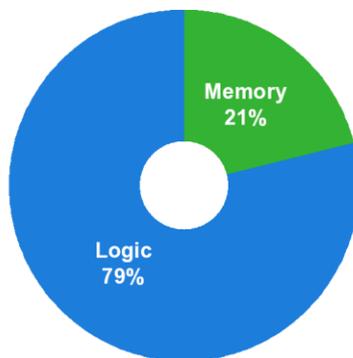
# Total net sales € million by End-use



As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers 2015 - 2017 presented above have not been adjusted to reflect these changes in accounting policy.

# Litho systems bookings activity by End-use

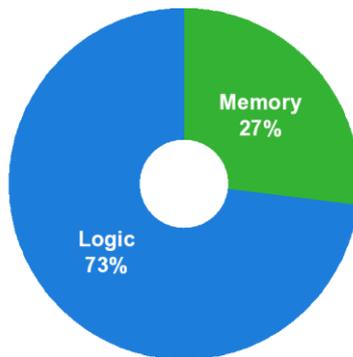
Q4'19 total value  
€2,402 million



## Lithography systems

	New	Used
Units	57	3

Q3'19 total value  
€5,111 million



## Lithography systems

	New	Used
Units	78	3

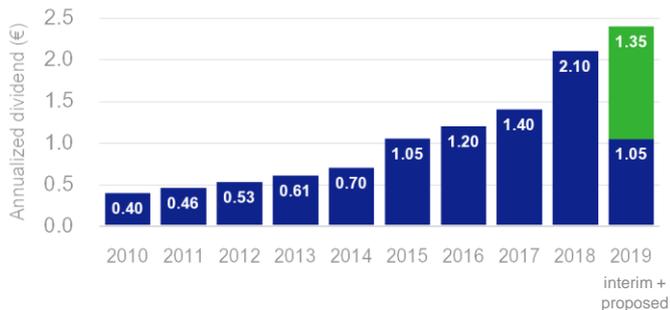
Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV excluding the High-NA systems).

Our Q3 2019 systems net bookings include 1 DUV system shipped in Q3 2019 to collaborative Research Center (Imec). This system is not recognized in revenue.

# Capital return to shareholders

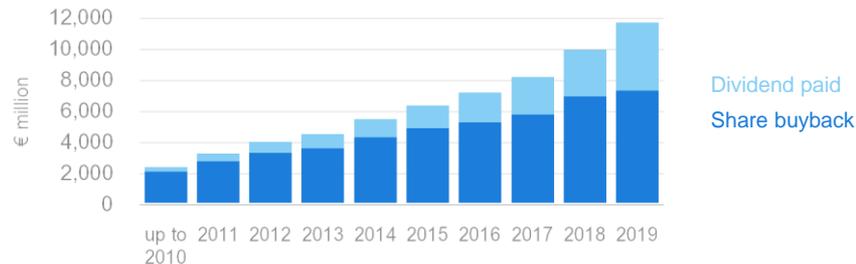
- Paid total dividends of €1.3 billion, including FY2018 final dividend and FY2019 interim dividend, and purchased €410 million worth of shares in 2019
- Proposal at the 2020 Annual General Meeting of Shareholders (AGM) to declare a total dividend for 2019 of €2.40 per ordinary share. Recognizing the interim dividend of €1.05 paid in November 2019, this leads to a final dividend of €1.35 to be paid in the second quarter. This is a 14% percent increase compared to the 2018 dividend
- Announce 3 year share buyback program for 2020-2022 of up to €6 billion: up to 0.4 million shares for employee share plans and the remainder for cancellation

## Dividend history



The dividend for a year is paid in the subsequent year, except interim

## Capital return



Capital return is cumulative share buyback + dividend

Dividend proposed  
Dividend paid

Dividend paid  
Share buyback

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# Outlook

# Q1 Outlook

- Q1 2020 net sales between €3.1 billion and €3.3 billion, including
  - Installed Base Management sales of around €950 million
- Gross margin between 46% and 47%
- R&D costs of around €550 million
- SG&A costs of around €140 million
- Estimated annualized effective tax rate of around 13% for 2020

# Financial statements

# Consolidated statements of operations € million

Year on Year

	2015 <sup>1</sup>	2016	2017	2018	2019
Net sales	6,287	6,875	8,963	10,944	11,820
Gross profit	2,896	3,145	4,020	5,029	5,280
Gross margin %	46.1	45.7	44.9	46.0	44.7
Other income <sup>2</sup>	83	94	96	—	—
R&D costs	(1,068)	(1,106)	(1,260)	(1,576)	(1,968)
SG&A costs	(346)	(375)	(417)	(488)	(521)
Income from operations	1,565	1,758	2,440	2,965	2,791
Operating income as a % of net sales	24.9	25.6	27.2	27.1	23.6
Net income	1,387	1,558	2,067	2,592	2,592
Net income as a % of net sales	22.1	22.7	23.1	23.7	21.9
Earnings per share (basic) €	3.22	3.66	4.81	6.10	6.16
Earnings per share (diluted) €	3.21	3.64	4.79	6.08	6.15
Lithography systems sold (units) <sup>3</sup>	169	154	197	224	229
Net booking value <sup>4</sup>	4,639	5,396	9,358	8,181	11,740

<sup>1</sup> As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers of 2015 have not been adjusted to reflect these changes in accounting policy. The comparative numbers for our systems net booking values have not been adjusted.

<sup>2</sup> Customer Co-Investment Program (CCIP).

<sup>3</sup> Lithography systems do not include metrology and inspection systems.

<sup>4</sup> Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV excluding the High-NA systems). Our 2018 systems net bookings include 1 EUV system shipped in Q4 2018 and our 2019 systems net bookings include 1 DUV system shipped in Q3 2019, both shipped to collaborative Research Center (Imec). These systems are not recognized in revenue.

These numbers have been prepared in accordance with US GAAP. Numbers have been rounded for readers' convenience.

# Consolidated statements of operations € million

Quarter on Quarter

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Net sales	3,143	2,229	2,568	2,987	4,036
Gross profit	1,393	928	1,105	1,307	1,940
Gross margin %	44.3	41.6	43.0	43.7	48.1
R&D costs	(442)	(473)	(487)	(493)	(516)
SG&A costs	(135)	(121)	(123)	(129)	(148)
Income from operations	816	334	495	685	1,277
Operating income as a % of net sales	26.0	15.0	19.2	23.0	31.6
Net income	788	355	476	627	1,134
Net income as a % of net sales	25.1	15.9	18.5	21.0	28.1
Earnings per share (basic) €	1.87	0.84	1.13	1.49	2.70
Earnings per share (diluted) €	1.86	0.84	1.13	1.49	2.69
Lithography systems sold (units) <sup>1</sup>	64	48	48	57	76
Net booking value <sup>2</sup>	1,587	1,399	2,828	5,111	2,402

<sup>1</sup> Lithography systems do not include metrology and inspection systems.

<sup>2</sup> Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV excluding the High-NA systems). Our Q3 2019 systems net bookings include 1 DUV system shipped in Q3 2019, shipped to collaborative Research Center (Imec). This system is not recognized in revenue

# Consolidated statements of cash flows € million

Year on Year

	2015 <sup>1</sup>	2016	2017	2018	2019
Cash and cash equivalents, beginning of period	2,420	2,459	2,907	2,259	3,121
Net cash provided by (used in) operating activities	2,026	1,666	1,818	3,073	3,276
Net cash provided by (used in) investing activities	(1,160)	(3,188)	(1,229)	(492)	(1,158)
Net cash provided by (used in) financing activities	(834)	1,964	(1,209)	(1,724)	(1,712)
Effect of changes in exchange rates on cash	7	7	(28)	5	5
Net increase (decrease) in cash and cash equivalents	39	448	(648)	862	411
Cash and cash equivalents, end of period	2,459	2,907	2,259	3,121	3,532
Short-term investments	950	1,150	1,029	913	1,186
Cash and cash equivalents and short-term investments	3,409	4,057	3,288	4,034	4,718
Purchases of property, plant and equipment and intangible assets	(373)	(325)	(358)	(610)	(886)
Free cash flow <sup>2</sup>	1,653	1,341	1,460	2,463	2,391

1 As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers of 2015 have not been adjusted to reflect these changes in accounting policy.

2 Free cash flow, which is a non-GAAP measure, 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 statements of cash flows € million

## Quarter on Quarter

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Cash and cash equivalents, beginning of period	2,203	3,121	2,253	1,661	1,586
Net cash provided by (used in) operating activities	1,646	(481)	100	69	3,588
Net cash provided by (used in) investing activities	(383)	(342)	208	(7)	(1,017)
Net cash provided by (used in) financing activities	(353)	(48)	(896)	(142)	(626)
Effect of changes in exchange rates on cash	8	3	(4)	5	1
Net increase (decrease) in cash and cash equivalents	918	(868)	(592)	(75)	1,946
Cash and cash equivalents, end of period	3,121	2,253	1,661	1,586	3,532
Short-term investments	913	1,022	673	484	1,186
Cash and cash equivalents and short-term investments	4,034	3,275	2,335	2,070	4,718
Purchases of property, plant and equipment and intangible assets	(205)	(234)	(140)	(197)	(315)
Free cash flow <sup>1</sup>	1,442	(714)	(41)	(128)	3,273

<sup>1</sup> Free cash flow, which is a non-GAAP measure, is defined as net cash provided by (used in) operating activities minus purchases of Property, plant and equipment and intangible assets), see US GAAP Consolidated Financial Statements.

# Consolidated Balance sheets € million

Year on Year

	<b>Assets</b>	<b>2015<sup>1</sup></b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Cash & cash equivalents and short-term investments		3,409	4,057	3,288	4,034	4,718
Net accounts receivable and finance receivables		1,208	1,145	1,958	2,384	2,773
Contract assets		—	149	270	96	231
Inventories, net		2,574	2,732	2,956	3,440	3,809
Other assets		940	1,141	1,219	1,579	1,673
Tax assets		181	47	94	316	624
Equity method investments		—	—	982	916	833
Goodwill		2,624	4,874	4,541	4,541	4,541
Other intangible assets		738	1,323	1,166	1,104	1,105
Property, plant and equipment		1,621	1,687	1,601	1,589	1,999
Right-of-use assets		—	—	114	138	324
<b>Total assets</b>		<b>13,295</b>	<b>17,155</b>	<b>18,189</b>	<b>20,137</b>	<b>22,630</b>
<b>Liabilities and shareholders' equity</b>						
Current liabilities		3,107	3,076	3,170	3,792	4,694
Non-current liabilities		1,799	4,107	4,243	4,704	5,344
Shareholders' equity		8,389	9,972	10,776	11,641	12,592
<b>Total liabilities and shareholders' equity</b>		<b>13,295</b>	<b>17,155</b>	<b>18,189</b>	<b>20,137</b>	<b>22,630</b>

<sup>1</sup> As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers of 2015 have not been adjusted to reflect these changes in accounting policy.

# Consolidated balance sheets € million

Quarter on Quarter

	Assets	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Cash & cash equivalents and short-term investments		4,034	3,275	2,335	2,070	4,718
Net accounts receivable and finance receivables		2,384	2,523	2,664	3,274	2,773
Contract assets		96	104	190	288	231
Inventories, net		3,440	3,765	3,914	3,895	3,809
Other assets		1,579	1,637	1,771	1,767	1,673
Tax assets		316	654	647	649	624
Equity method investments		916	934	950	969	833
Goodwill		4,541	4,541	4,541	4,541	4,541
Other intangible assets		1,104	1,158	1,141	1,123	1,105
Property, plant and equipment		1,589	1,622	1,670	1,818	1,999
Right-of-use assets		138	148	211	305	324
	<b>Total assets</b>	<b>20,137</b>	<b>20,361</b>	<b>20,034</b>	<b>20,699</b>	<b>22,630</b>
<b>Liabilities and shareholders' equity</b>						
	Current liabilities	3,792	3,721	3,693	3,712	4,694
	Non-current liabilities	4,704	4,674	4,796	4,916	5,344
	Shareholders' equity	11,641	11,966	11,545	12,071	12,592
	<b>Total liabilities and shareholders' equity</b>	<b>20,137</b>	<b>20,361</b>	<b>20,034</b>	<b>20,699</b>	<b>22,630</b>

# Forward looking statements

This document contains statements that are forward-looking, including statements with respect to expected trends, outlook, bookings, financial results and effective tax rate, annual revenue opportunity in 2020 and through 2025 and long term growth opportunity including the expectation that 2020 will be a growth year, expected trends in end markets, products and segments, including memory and logic, expected industry and business environment trends, the expected continuation of Moore's law and the expectation that EUV will continue to enable Moore's law and drive long term value for ASML and statements with respect to plans regarding dividends and share buybacks, including the dividend proposal in respect of 2019, the intention to continue to return excess cash to shareholders through a combination of share buybacks and growing annualized dividends and the new share buyback program. 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", "target", 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 our 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 impact of general economic conditions on consumer confidence and demand for our customers' products; performance of our systems, the success of technology advances and the pace of new product development and customer acceptance of and demand for new products; the number and timing of systems ordered, shipped and recognized in revenue, and the risk of order cancellation or push out, production capacity for our systems including delays in system production; our ability to enforce patents and protect intellectual property rights and the outcome of intellectual property disputes and litigation; availability of raw materials, critical manufacturing equipment and qualified employees; trade environment; changes in exchange and tax rates; available liquidity, our ability to refinance our indebtedness, available cash and distributable reserves for, and other factors impacting, dividend payments and share repurchases, results of the share repurchase programs and other risks indicated in the risk factors included in ASML's Annual Report on Form 20-F and other filings with and submissions to 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.

The image features the ASML logo in a bold, dark blue font on the left side. The background is a gradient of light blue, with several large, curved, semi-transparent shapes in various shades of blue. On the right side, there are several thin, white, wavy lines that curve across the frame, creating a sense of motion and depth. The overall aesthetic is clean, modern, and professional.

**ASML**