

ASML reports €5.2 billion net sales and €1.7 billion net income in Q3 2021

Expected growth for 2021 to approach 35%

ASML 2021 Third-Quarter
Veldhoven, the Netherlands

October 20, 2021

Agenda

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

Investor key messages

Investor key messages

- Global megatrends in the electronics industry, supported by a highly profitable and fiercely innovative ecosystem, are expected to continue to fuel growth across the semiconductor market
- Growth in semiconductor end markets and increasing lithography intensity are driving demand for our products and services
- ASML's comprehensive product portfolio is aligned with our customers' roadmaps, delivering cost effective solutions in support of all applications from leading edge to mature nodes
- Based on different market scenarios, we have an opportunity to reach annual revenue in 2025 between approximately €24 billion and €30 billion, with a gross margin between approximately 54% and 56%¹
- We see significant growth opportunities beyond 2025. We expect our systems and Installed Base Management² to provide an annual revenue growth rate of around 11% for the period 2020-2030, based on third party research and our assumptions¹
- ASML and its supply chain partners are actively adding and improving capacity to meet current and future customer demand
- We are continuously improving our performance on ESG Sustainability KPIs and are upgrading our ESG Sustainability strategy to accelerate progress
- We expect to continue to return significant amounts of cash to our shareholders through a combination of growing dividends and share buybacks

Business summary

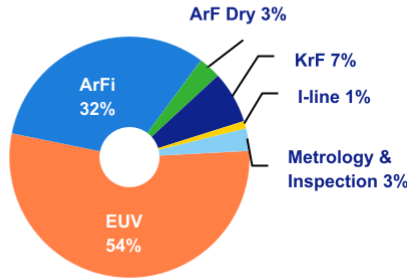
Q3 results summary

- Net sales of €5.2 billion, net systems sales of €4.1 billion, Installed Base Management¹ sales of €1.1 billion
- Gross margin of 51.7%
- Operating margin of 36.6%
- Net income as a percentage of net sales of 33.2%
- Earnings per share (basic) of €4.27
- Net bookings of €6.2 billion, including €2.9 billion of EUV 0.33 NA systems

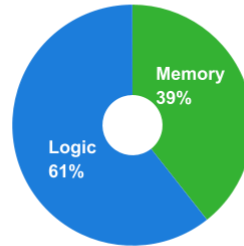
¹ Installed Base Management equals our net service and field option sales

Net system sales breakdown (Quarterly)

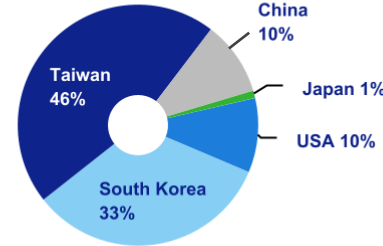
Technology



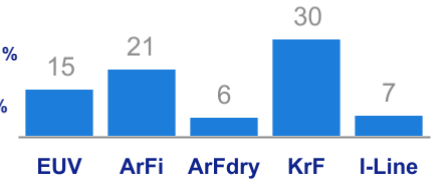
End-Use



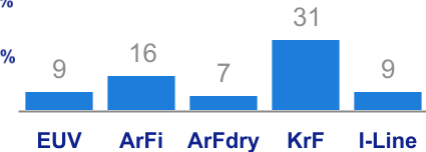
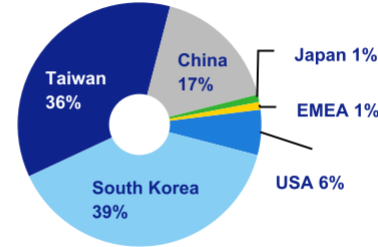
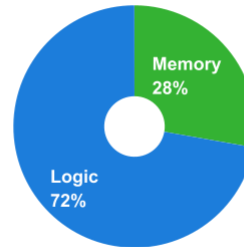
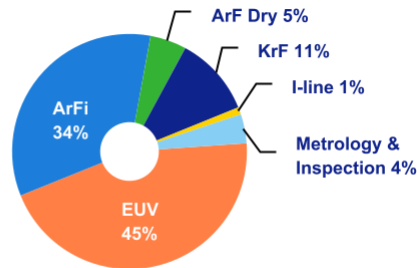
Region (ship to location)



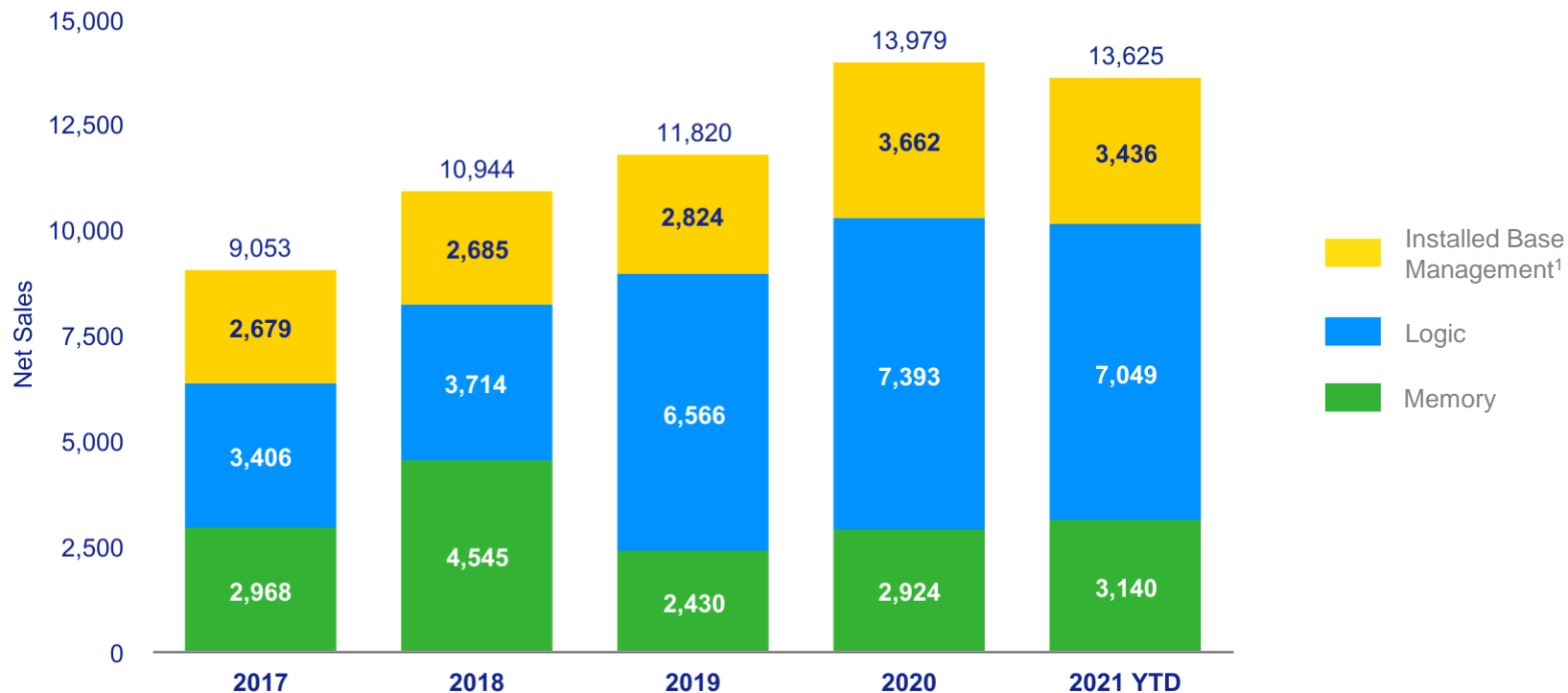
Sales in lithography units



Q2'21
total system sales
€2,949 million



Total net sales € million by End-use



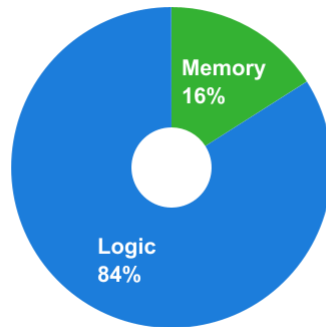
As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842).

The comparative 2017 numbers presented above have not been adjusted to reflect these changes in accounting policy.

¹ Installed Base Management equals our net service and field option sales

Litho systems bookings activity by End-use

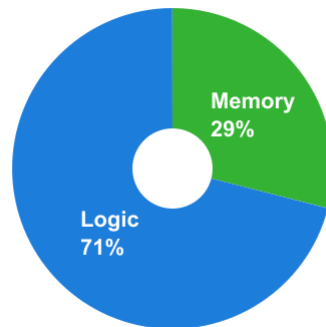
**Q3'21 total system value
€6,179 million**



Lithography systems

	New	Used
Units	168	10

**Q2'21 total system value
€8,271 million**



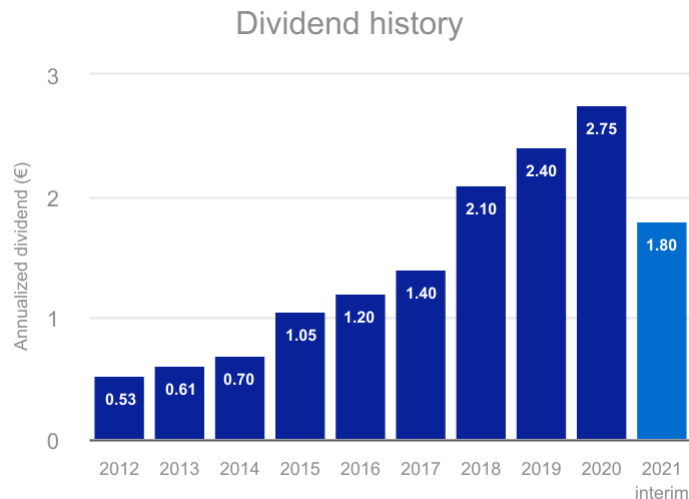
Lithography systems

	New	Used
Units	156	11

Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV excluding the EUV 0.55 NA (High-NA) systems).

Capital return to shareholders

- Interim dividend for 2021 will be €1.80 per ordinary share and will be made payable on November 12, 2021
- In Q3 2021 around €2.4 billion of shares were purchased under the current and previous program



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



Capital return is cumulative dividend + share buyback

Outlook

Outlook

Q4

- Net sales between €4.9 billion and €5.2 billion, including
 - Installed Base Management¹ sales of around €1.1 billion
- Gross margin between 51% and 52%
- R&D costs of around €670 million
- SG&A costs of around €195 million

2021

- Strong demand across markets drives expected net sales growth for 2021 to approach 35%
- Estimated annualized effective tax rate around 15%

¹ Installed Base Management equals our net service and field option sales

Financial Statements

Consolidated statements of operations € million

Quarter on Quarter

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Net sales	3,958	4,254	4,364	4,020	5,241
Gross profit	1,881	2,212	2,352	2,045	2,711
Gross margin %	47.5	52.0	53.9	50.9	51.7
R&D costs	(534)	(556)	(623)	(634)	(609)
SG&A costs	(132)	(152)	(168)	(172)	(183)
Income from operations	1,216	1,504	1,561	1,239	1,919
Operating income as a % of net sales	30.7	35.3	35.8	30.8	36.6
Net income	1,062	1,351	1,331	1,038	1,740
Net income as a % of net sales	26.8	31.7	30.5	25.8	33.2
Earnings per share (basic) €	2.54	3.23	3.21	2.52	4.27
Earnings per share (diluted) €	2.53	3.23	3.20	2.52	4.26
Lithography systems sold (units) ¹	60	80	76	72	79
Net bookings ²	2,868	4,238	4,740	8,271	6,179

1 Lithography systems do not include metrology and inspection systems.

2 Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV excluding the EUV 0.55 NA (High-NA) systems).

Consolidated statements of cash flows € million

Quarter on Quarter

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Cash and cash equivalents, beginning of period	3,499	3,532	6,049	3,244	5,187
Net cash provided by (used in) operating activities	191	4,670	(942)	3,569	1,802
Net cash provided by (used in) investing activities	(166)	(956)	(307)	991	(280)
Net cash provided by (used in) financing activities	9	(1,194)	(1,560)	(2,613)	(2,392)
Effect of changes in exchange rates on cash	(2)	(2)	3	(4)	2
Net increase (decrease) in cash and cash equivalents	33	2,518	(2,806)	1,943	(868)
Cash and cash equivalents, end of period	3,532	6,049	3,244	5,187	4,319
Short-term investments	876	1,302	1,412	187	137
Cash and cash equivalents and short-term investments	4,408	7,351	4,656	5,374	4,456
Purchases of property, plant and equipment and intangible assets	(222)	(305)	(197)	(247)	(205)
Free cash flow ¹	(31)	4,365	(1,139)	3,322	1,597

1 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

Quarter on Quarter

	Assets	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Cash & cash equivalents and short-term investments		4,408	7,352	4,656	5,374	4,456
Net accounts receivable and finance receivables		4,664	3,421	4,524	4,426	4,708
Contract assets		177	119	107	179	272
Inventories, net		4,614	4,569	4,748	5,086	4,944
Other assets and Held for sale assets		1,734	1,753	2,396	2,088	2,268
Tax assets		876	739	1,510	1,319	1,276
Equity method investments		918	821	842	865	963
Goodwill		4,541	4,629	4,556	4,556	4,556
Other intangible assets		1,035	1,049	1,014	988	964
Property, plant and equipment		2,198	2,470	2,522	2,609	2,730
Right-of-use assets		298	345	344	326	161
Total assets		25,463	27,267	27,219	27,816	27,298
Liabilities and shareholders' equity						
Current liabilities		4,991	6,604	6,876	8,754	9,163
Non-current liabilities		6,730	6,798	6,714	6,969	6,633
Shareholders' equity		13,742	13,865	13,629	12,093	11,502
Total liabilities and shareholders' equity		25,463	27,267	27,219	27,816	27,298

For more details see US GAAP Consolidated Financial Statements.

Forward looking statements

This document contains statements that are forward-looking, including statements with respect to expected trends, including trends in end markets and technology industry and business environment trends, outlook and expected financial results, including expected net sales, gross margin, R&D costs, SG&A costs and estimated annualized effective tax rate, expected growth in net sales, expected trends in Logic and Memory demand and sales, annual revenue and gross margin for 2025, annual revenue growth rate for the period 2020-2030, timing of revenue recognition, including estimates of revenue to be deferred into 2022, expected capacity growth, long term demand drivers, plans and strategies, including ESG strategy, statements with respect to dividends and share buybacks, including the intention to continue to return significant amounts of cash to shareholders through a combination of share buybacks and growing annualized dividends including the 2021 interim dividend and statements with respect to the 2021-2023 share buyback program including the amount of shares intended to be repurchased under the program and other non-historical statements. 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", "future", "progress", "goal" 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 a number of substantial known and unknown 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 impact of the COVID-19 outbreak and measures taken to contain it on us, our suppliers, the global economy and financial markets, and other factors that may impact ASML's financial results, including customer demand and ASML's ability to obtain supplies for its products, the success of technology advances and the pace of new product development and customer acceptance of and demand for new products, production capacity and our ability to increase capacity to meet demand, 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, risks relating to supply chain capacity and logistics, trends in the semi-conductor industry, 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, import/export and national security regulations and orders and their impact on us, changes in exchange and tax rates, available liquidity and liquidity requirements, 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 for the year ended December 31, 2020 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 undertake no obligation to update any forward-looking statements after the date of this report or to conform such statements to actual results or revised expectations, except as required by law.

