

ASML reports €5.4 billion net sales and €1.4 billion net income in Q2

Supply chain constraints drive more fast shipments;
expected 2022 sales growth around 10%

ASML 2022 Second-Quarter
Veldhoven, the Netherlands

July 20, 2022

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
- We plan to ship a record number of systems in 2022 but supply chain constraints result in delayed starts and drive more fast shipments
- 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 as presented during our Investor Day in September 2021, we presented an opportunity to reach annual revenue in 2025 between approximately €24 billion and €30 billion, with a gross margin between approximately 54% and 56%
- As presented at our Investor Day in September 2021 we see significant growth opportunities beyond 2025 and we expect our systems and Installed Base Management¹ could provide an annual revenue growth rate of around 11% for the period 2020-2030²
- ASML and its supply chain partners are actively adding and improving capacity to meet current and future customer demand. Based on market developments we are looking at feasibility of further increasing our capacity beyond what we presented during our September 2021 Investor Day
- In light of the demand and our plans to increase capacity, we expect to revisit our scenarios for 2025 and growth opportunities beyond, which we plan to communicate during our Investor Day on 11 November 2022
- We are continuously striving to improve 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

Q2 results summary

- Net sales of €5.4 billion, net systems sales of €4.1 billion, Installed Base Management¹ sales of €1.3 billion
- Gross margin of 49.1%
- Operating margin² of 30.4%
- Net income as a percentage of net sales of 26.0%
- Earnings per share (basic) of €3.54
- Record quarterly net bookings³ of €8.5 billion, including €5.4 billion of EUV 0.33 NA systems and EUV 0.55 NA systems

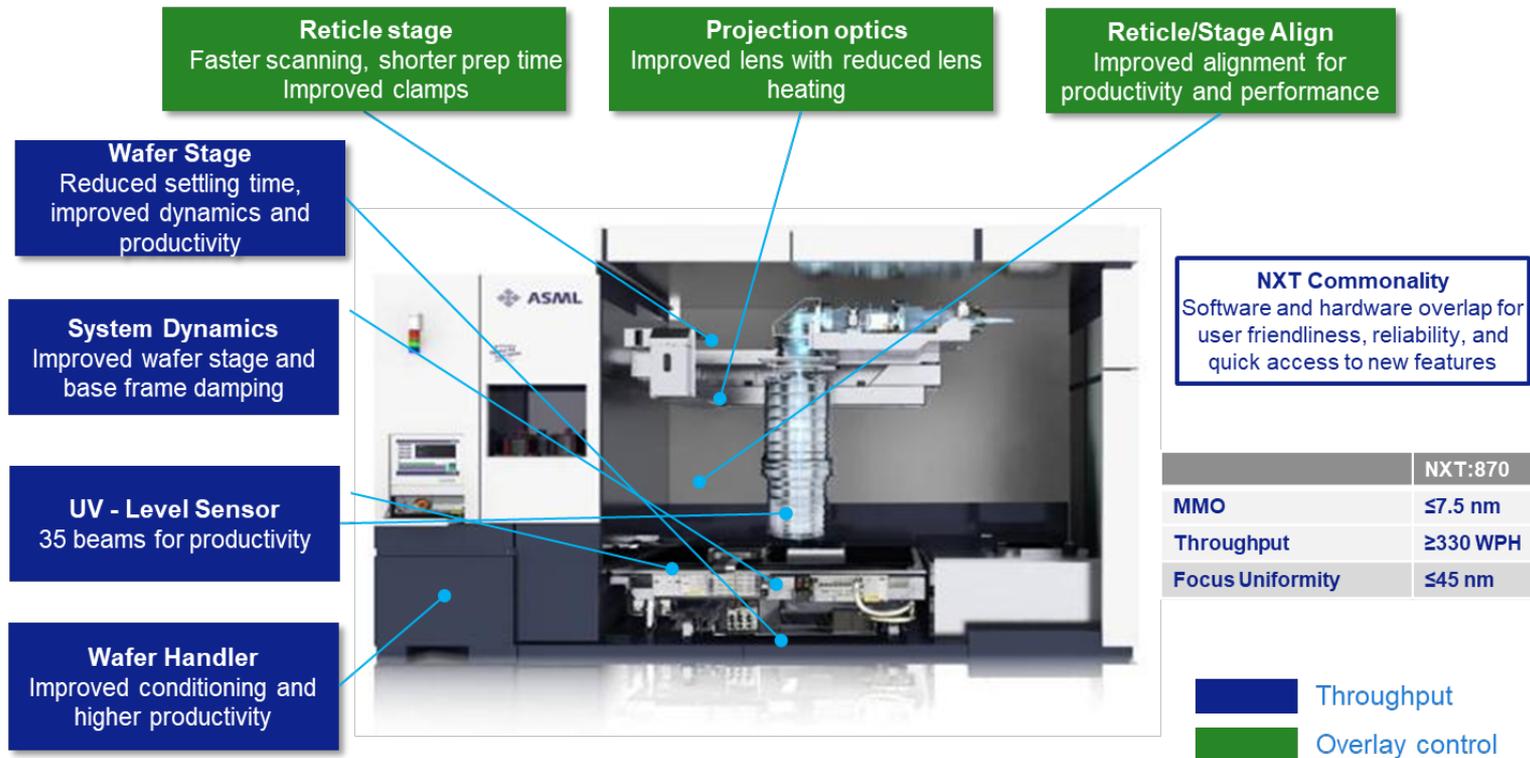
¹ Installed Base Management equals our net service and field option sales

² Income from operations as a percentage of Total net sales

³ Our systems net bookings include all system sales orders for which written authorizations have been accepted.

1st NXT:870 shipped: extending productivity to new levels

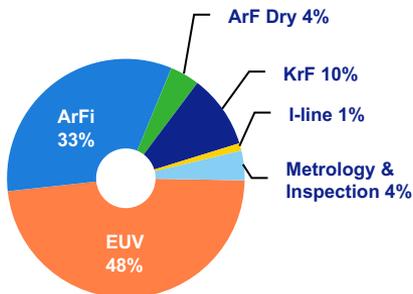
Provides >330 wph capability and <7.5nm Matched Machine Overlay



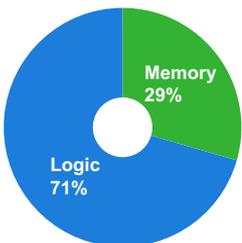
Net system sales breakdown (Quarterly)

Q2'22
total system sales
€4,141 million

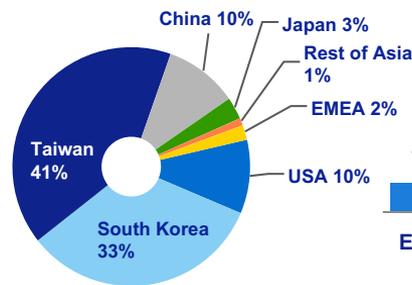
Technology



End-Use



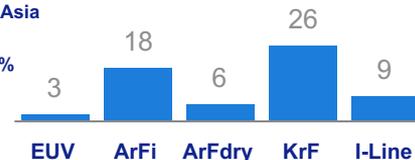
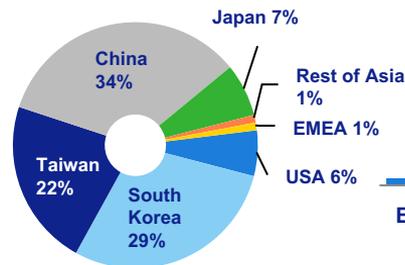
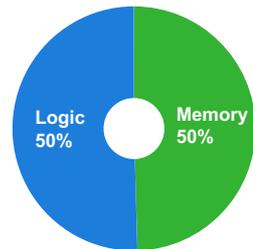
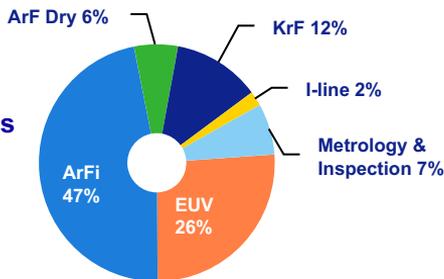
Region (ship to location)



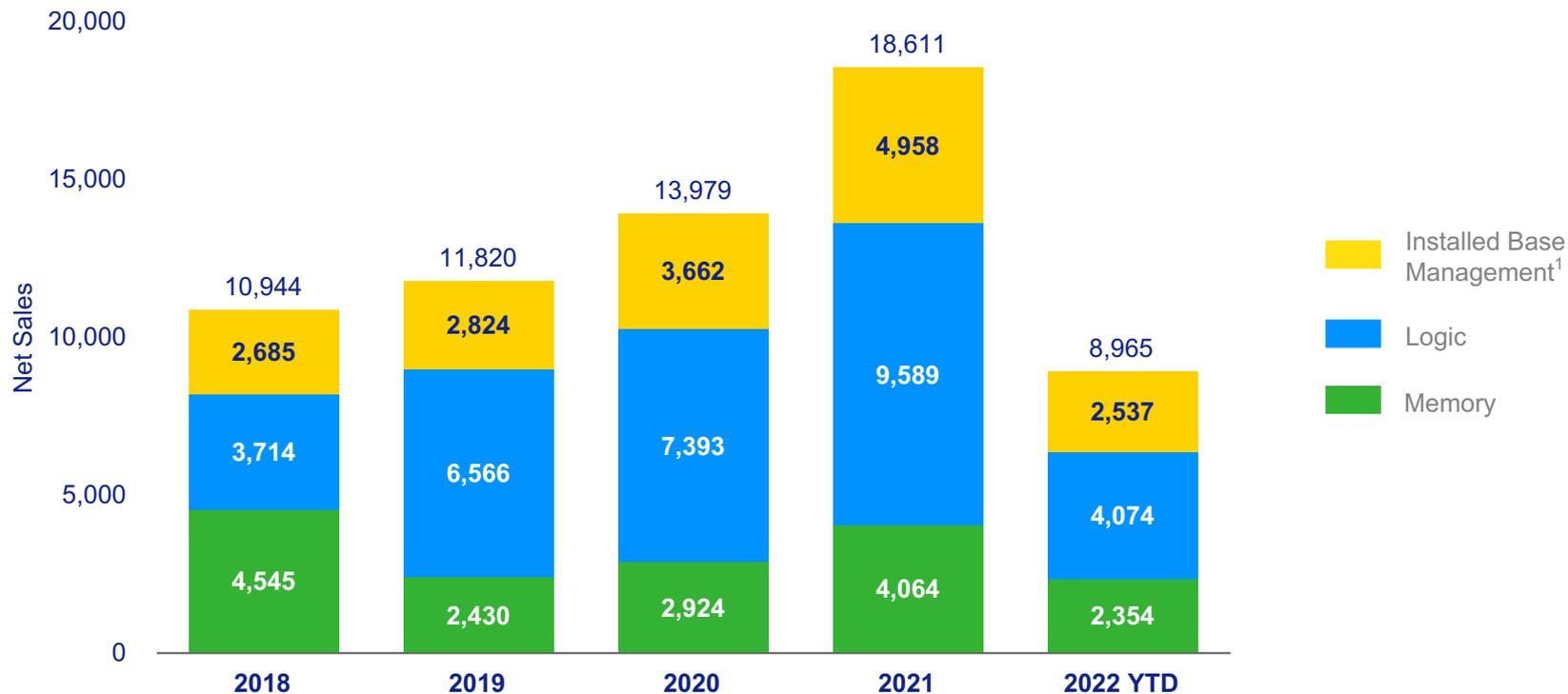
Sales in lithography units



Q1'22
total system sales
€2,287 million



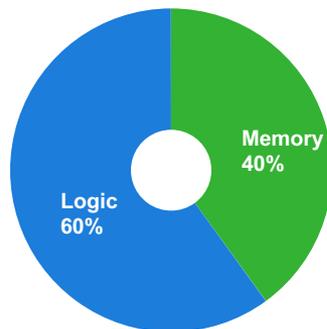
Total net sales € million by End-use



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

Litho systems bookings activity by End-use

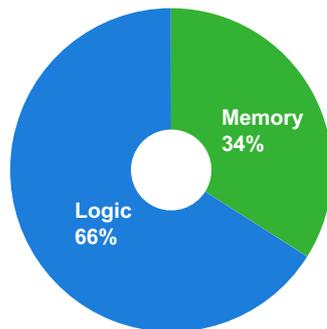
**Q2'22 total system value
€8,461 million**



Lithography systems

	New	Used
Units	137	2

**Q1'22 total system value
€6,977 million**



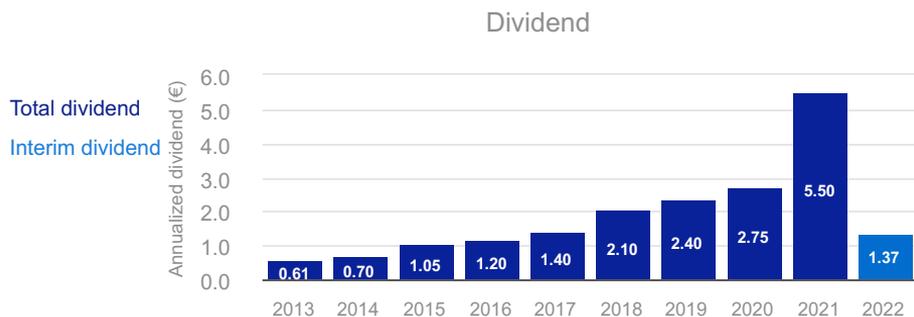
Lithography systems

	New	Used
Units	154	9

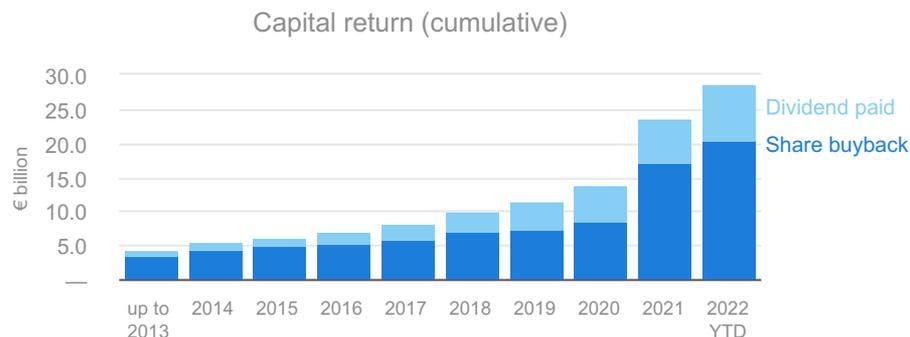
Our systems net bookings include all system sales orders for which written authorizations have been accepted.

Capital return to shareholders

- In Q2, ASML paid a final dividend of €3.70 per ordinary share. Together with the interim dividend paid in 2021, this resulted in a total dividend for 2021 of €5.50 per ordinary share
- ASML will start to distribute dividends quarterly. The first quarterly interim dividend over 2022 will be €1.37 per ordinary share and will be made payable on 12 August 2022
- In Q2 2022 we repurchased around 2.3 million shares for a total amount of around €1.2 billion
- Total shares bought under the 2021-2023 program until end of Q2 is around 12.4 million shares for a total amount of around €7.9 billion



The final dividend for a year is paid in the subsequent year



Outlook

Outlook

Q3

- Net sales between €5.1 billion and €5.4 billion,
 - including, Installed Base Management¹ sales of around €1.4 billion
- Net delayed revenue recognition of around €1.1 billion into subsequent quarters due to fast shipments
- Gross margin between 49% and 50%
- R&D costs of around €810 million
- SG&A costs of around €235 million

2022

- Supply chain constraints drive more fast shipments; expected 2022 sales growth around 10% and gross margin between 49% and 50%
- Estimated annualized effective tax rate between 15% and 16%

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

Financial Statements

Consolidated statements of operations € million

Quarter on Quarter

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Net sales	4,020	5,241	4,986	3,534	5,431
Gross profit	2,045	2,711	2,701	1,731	2,665
Gross margin %	50.9	51.7	54.2	49.0	49.1
Other income ¹	—	—	214	—	—
R&D costs	(634)	(609)	(681)	(739)	(789)
SG&A costs	(172)	(183)	(203)	(208)	(222)
Income from operations	1,239	1,919	2,031	784	1,653
Operating income as a % of net sales	30.8	36.6	40.7	22.2	30.4
Net income	1,038	1,740	1,774	695	1,411
Net income as a % of net sales	25.8	33.2	35.6	19.7	26.0
Earnings per share (basic) €	2.52	4.27	4.39	1.73	3.54
Earnings per share (diluted) €	2.52	4.26	4.38	1.73	3.54
Lithography systems sold (units) ²	72	79	82	62	91
Net bookings ³	8,271	6,179	7,050	6,977	8,461

1 Other income includes the gain on the sale of Berliner Glas subsidiaries.

2 Lithography systems do not include metrology and inspection systems.

3 Our systems net bookings include all system sales orders for which written authorizations have been accepted.

Consolidated statements of cash flows € million

Quarter on Quarter

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Cash and cash equivalents, beginning of period	3,244	5,187	4,319	6,952	4,324
Net cash provided by (used in) operating activities	3,569	1,802	6,417	(586)	2,553
Net cash provided by (used in) investing activities	991	(280)	(476)	(12)	(144)
Net cash provided by (used in) financing activities	(2,613)	(2,392)	(3,327)	(2,030)	(2,638)
Effect of changes in exchange rates on cash	(4)	2	19	—	1
Net increase (decrease) in cash and cash equivalents	1,943	(868)	2,633	(2,628)	(228)
Cash and cash equivalents, end of period	5,187	4,319	6,952	4,324	4,096
Short-term investments	187	137	638	399	306
Cash and cash equivalents and short-term investments	5,374	4,456	7,590	4,723	4,402
Purchases of property, plant and equipment and intangible assets	(247)	(205)	(291)	(252)	(238)
Free cash flow ¹	3,322	1,597	6,126	(838)	2,315

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	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Cash & cash equivalents and short-term investments		5,374	4,456	7,590	4,723	4,402
Net accounts receivable and finance receivables		4,426	4,708	4,597	4,954	6,610
Contract assets		179	272	165	371	270
Inventories, net		5,086	4,944	5,179	6,074	6,367
Other assets and Held for sale assets		2,088	2,268	2,010	2,402	2,406
Tax assets		1,319	1,276	1,141	1,953	1,899
Equity method investments		865	963	893	940	961
Goodwill		4,556	4,556	4,556	4,556	4,556
Other intangible assets		988	964	952	923	896
Property, plant and equipment		2,609	2,730	2,983	3,159	3,358
Right-of-use assets		326	161	165	177	188
Total assets		27,816	27,298	30,231	30,232	31,913
Liabilities and shareholders' equity						
Current liabilities		8,754	9,163	12,298	13,613	14,637
Non-current liabilities		6,969	6,633	7,792	7,809	9,627
Shareholders' equity		12,093	11,502	10,141	8,810	7,649
Total liabilities and shareholders' equity		27,816	27,298	30,231	30,232	31,913

Forward looking statements

This document and related discussions contain statements that are forward-looking within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements with respect to expected trends, including trends in end markets and technology industry and business environment trends, supply chain constraints, outlook and expected financial results, including bookings, expected net sales, gross margin, R&D costs, SG&A costs and estimated annualized effective tax rate, full year 2022 expectations including expected revenue growth, gross margin and shipments including expectations of increasing fast shipments and impact on revenue and gross margin, statements made at our 2021 Investor Day including revenue and gross margin opportunity for 2025 and growth opportunities beyond 2025, expected annual revenue growth rate for the period of 2020-2030, and our plan to revisit the expectations presented at the 2021 Investor Day, estimates of revenue to be recognized in periods after shipment, including value of fast shipments in 2022 leading to revenue recognition in 2023, expected shipments, plans and strategies, including plans to increase capacity, customer demand and plans to meet increasing demand, expected impact of inflation, statements with respect to dividends and share buybacks and financial policy including statements with respect to the 2021-2023 share buyback program, including the amount of shares intended to be repurchased under the program, intention to pay dividends quarterly, aim to improve ESG sustainability KPI's 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, the impact of the Russian military actions in the Ukraine and measures taken in response on the global economy and global financial markets and other factors that may impact ASML's financial results, including customer demand and ASML's ability to obtain parts and components for its products and otherwise meet demand, 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 impact of inflation, the number and timing of systems ordered, shipped and recognized in revenue, and the risk of order cancellation or push out, supply chain capacity and constraints and logistics and constraints on our ability to produce systems to meet demand, trends in the semi-conductor industry, the impact of inflation, 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, 2021 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.

