Press conference

ASML 2022 Fourth-Quarter and Full-Year Results

Peter Wennink – President & CEO
Roger Dassen – CFO

January 25, 2023

Live from the TWINSCAN Auditorium on
ASML’s Campus in Veldhoven, The Netherlands
ASML reports €21.2 billion net sales and €5.6 billion net income in 2022

Despite challenging environment, continued strong sales growth expected in 2023
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 plans, strategies, expected trends, including trends in semiconductor end markets and technology industry and business environment trends, statements with respect to demand and capacity, plans to increase capacity and capacity goals, outlook, backlog, bookings and orders, expected financial results, including expected net sales, gross margin, R&D costs, SG&A costs and estimated annualized effective tax rate for Q1 and full year 2023, expected shipments in 2023 including expected shipments of EUV and DUV systems, expected growth in EUV, non-EUV and IBM sales in 2023, statements made at our 2022 Investor Day including revenue and gross margin opportunity for 2025 and 2030, statements with respect to fast shipments including estimates of amounts of deferred revenue not yet recognized and expected timing of recognition of such deferred revenue for fast shipments, including deferred revenue from fast shipments in 2022 expected to be recognized in 2023, expected customer demand trends including expected rebound in second half of the year, statements about the market and macroeconomic trends including global megatrends, long-term growth opportunity, statements with respect to the geopolitical situation and export control policy and restrictions, statements with respect to capital allocation policy including plans to return significant amounts of cash thought growing dividends and buybacks and statements with respect to the Q4 interim and final 2022 dividend and dividends and statements with respect to share buyback programs, aim to improve ESG sustainability KPIs and upgrade ESG sustainability strategy and other non-financial KPIs, and other risks indicated in the risk factors include indebtedness, available cash and distributable reserves for, and other factors impacting, dividend payments and share repurchases, results of the share repurchase programs, our ability to meet ESG goals and improve ESG KPIs and upgrade ESG strategy 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.
Agenda

01 Key messages          Peter Wennink
02 Semiconductor Industry Peter Wennink
03 Financials            Roger Dassen
04 Outlook               Roger Dassen
05 Q&A
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\(^1\) as presented during our Investor Day in November 2022, we modeled an opportunity to reach annual revenue in 2025 between approximately €30 billion and €40 billion, with a gross margin between approximately 54% and 56% and in 2030 an annual revenue between approximately €44 billion and €60 billion, with a gross margin between approximately 56% and 60%.
- ASML and its supply chain partners are actively adding and improving capacity to meet current and future customer demand.
- We are continuously striving to improve our performance on ESG Sustainability 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.

\(^1\) based on third party research and our assumptions
Semiconductor Industry
The world is changing fast and technology can help unlock the potential

Connected world
- Cloud infrastructure
- Artificial intelligence
- Hyperconnectivity
- Edge computing

Climate change and resource scarcity
- Energy transition
- Electrification, smart mobility
- Agricultural innovation
- Smarter use of limited resources

Social and economic shifts
- Working, learning remotely
- Healthcare, medical tech
- Technological sovereignty
- Automation
Energy transition will be one of the market drivers over the coming decades
Semiconductors are crucial in generation, storage, distribution, consumption of electrical energy

Generation

Accelerated migration to different energy mix due to environmental, scarcity and geopolitical factors¹

Green energy generators have **high-power semiconductor** content²:

- Wind: ~3,000 €/MW
- Solar: ~4,000 €/MW

Sources
1: Shell-2021 The energy transition scenarios
2: Infineon-August 2022: Third quarter FY2022- quarterly update
3: Infineon-October 2022: Automotive Division Call
xEV: all types of electric vehicles, including mild hybrid electric vehicles

Consumption

Accelerated conversion from fossil to electrical in mobility

- ~70% of car sales in 2030 will be xEV
  (up from ~15% in 2021)³

**Semi content ~2X** from fossil cars to EV, and ADAS is an additional driver

- EV: >$1,500 per vehicle in this decade³
More integrated systems require both advanced and mature nodes
An automotive integrated system has a spectrum of scalable, flexible computing solutions

**Actuators**
Smart control

**Domain/zone control**
Compute intensive real-time actions

**Comms gateway**
Low latency communications

**Central core**
System’s main computer

40 nm

16 nm

16 nm

5 nm

More mature

More advanced

High control capacity
Signal-oriented operations
Hard real-time requirements

High processing capacity
Service-oriented operations
Soft real-time requirements

Source: Based on Lars Reger, NXP, “Changing the world with rolling robots – requirements for collaboration, innovation and supply”, IMEC Future summit, May 2022
Customers are investing to support these demand drivers
Top three semiconductor manufacturers announced plans to invest >$300 billion in global capacity

- New Mexico: $3.5bn
- Iowa: $17bn
- Texas: $20bn
- Ireland: $20bn
- Israel: $10bn
- Germany: $17bn
- China: $11bn
- Taiwan: $10bn
- Japan: $20bn
- Arizona: $3bn
- Oregon: $20bn
- Ohio: $20bn
- Korea: $100bn
- Korea: $40bn
- Ohio: $11bn
- Arizona: $8bn
- Japan: $12bn
- Taiwan: $45bn
The total semiconductor market is expected to double in 10 years

Analysts’ views on 2030 market are ranging from $1.0tn to $1.3tn

Sources: TechInsights, McKinsey, SEMI.org
Scaling up means building capacity and finding talent around the world

Investing in our production capability

Continue ramp in extended and new factories beyond 2023
ASML global factory network

Network of factories extension plans for capacity beyond 2023
- New factory: Location and high-level plan to be decided soon
- EF EUV extension: High level plan part 1 decided; detailed plan in progress
- TF DUV extension: High level plan in progress
- BF Berlin extension: Part 1 put into use; plan in progress for part 2
- WF Wilton extension: High level plan decided; detailed plan in progress
- LF Linkou extension: High level plan decided; detailed plan in progress

We continue to expand our factories around the world, while also expanding our training facilities and support centers in Korea and Taiwan

Recruitment, onboarding and training

In 2022, we onboarded a record **10,000 new employees**, bringing ASML’s total FTE for 2022 to just over 39,000 worldwide
We remain committed to our ambitious ESG Sustainability goals and have taken important steps forward in 2022

**Environment** *(example)*
- Connecting all buildings on headquarters campus in one energy grid
- This grid makes it possible to transfer waste heat from one building to another so that energy can be re-used where it's needed
- Grid and equipment upgrades are expected to reduce Veldhoven gas use by 70%

**Social** *(example)*
- Significantly scaling up investments in our communities to contribute to:
  1. Attractive Communities: Mitigate impacts of our growth, help improve our communities
  2. Inclusive communities: Create equal opportunities for all community members
  3. STEM Education: Increase the talent pool that is needed to solve key societal challenges
  4. ESG Innovation: Support innovative ideas to solve key ESG Sustainability challenges

**Governance** *(example)*
- ASML is one of founding members of the Semiconductor Climate Consortium (SCC)
- The Consortium was launched during COP27 (November 2022) by Al Gore
- The Consortium's objective is to accelerate industry value chain efforts to reduce greenhouse gas emissions
Geopolitics in the semiconductor industry

TSMC CEO Says Export Controls Weaken Trust Among Countries
Bloomberg, December 2022

Impact of Geopolitical Tumult on Businesses to Continue in 2023, Say Risk Experts
Wall Street Journal, January 2023

Top European chip companies seek stability amid US-China dispute
Financial Times (November 2022)

Why the U.S. needs Japan's help on China chips restrictions
Reuters, January 2023

Biden's tech war with China is dividing US and Europe
South China Morning Post, January 2023
Semiconductor industry is based on global collaboration

Customers
- Commit early to innovation path
- Test, qualify, scale lithography
- Drive ecosystem for innovation

Peers
- Deliver critical infrastructure
- Innovate manufacturing process steps

Academic partners
- Long-term academic tracks yield advances across fields (physics, chemistry, material sciences, etc)

Suppliers
- Drive innovation and cost roadmap
- Share risk and reward
Risks and potential disruption

End markets
- Chip availability reduced & complicated for key verticals (cars, industrial IoT, medtech)
- Supply chain disruption & retaliation risk

Peers
- Opportunities for co-development reduced further
- Mutual trust damaged

Academia
- Talent inflow impacted
- Fundamental research tracks will become more insular

Supply chain
- Double work and investments will cause inefficiencies
- China will double down on its own chip infrastructure
Financials
Q4 results summary

• Net sales of €6.4 billion, net system sales of €4.7 billion, Installed Base Management sales of €1.7 billion

• Gross margin of 51.5%

• Operating margin of 33.0%

• Net income as a percentage of net sales of 28.2%

• Earnings per share (basic) of €4.60

• Net bookings of €6.3 billion
  ◦ including EUV bookings of €3.4 billion

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1 Installed Base Management equals our net service and field option sales
2 Income from operations as a percentage of Total net sales
3 Net bookings include all system sales orders and inflation related adjustments, for which written authorizations have been accepted.
2022 - Highlights

ASML achieved a sales growth of 14%, reflecting the continued strong global demand for our products:
  • Net sales grew to €21.2 billion at 50.5% gross margin
  • Net income at €5.6 billion resulted in an EPS of €14.14

EUV lithography:
  • EUV system sales grew 12% to €7.0 billion, recognized 40 systems and shipped 54
  • All five EUV customers have placed High-NA orders

DUV lithography:
  • DUV system sales grew 13% to €7.7 billion, as part of our continued capacity ramp
  • Shipped new models on both ArF immersion (NXT:2100i) and dry (NXT:870) systems

Applications:
  • Our Metrology & Inspection systems sales grew 28% to €660 million
  • Shipped our new eScan 460, eP5 XLE and eP6 e-beam systems

Installed Base¹:
  • Our Installed Base business grew 16% to €5.7 billion providing our customers services and upgrade capabilities

Capital return:
  • Returned €7.2 billion to shareholders through dividends and share buybacks

¹ Installed Base Management equals our net service and field option sales
Net system sales breakdown (Yearly)

**2022**
Net system sales €15,430 million

**Technology**
- ArFi 34%
- EUV 46%
- KrF 11%
- i-line 1%
- ArF Dry 4%
- Metrology & Inspection 4%

**End-Use**
- Logic 65%
- Memory 35%

**Region gross (ship to location)**
- Taiwan 42%
- South Korea 29%
- China 14%
- USA 7%
- Japan 4%
- Rest of Asia 2%
- EMEA 2%

**Sales in lithography units**
- EUV 40
- ArFi 81
- ArFdry 28
- KrF 151
- i-Line 45

**2021**
Net system sales €13,653 million

**Technology**
- ArFi 36%
- EUV 46%
- KrF 10%
- i-line 1%
- ArF Dry 3%
- Metrology & Inspection 4%

**End-Use**
- Logic 70%
- Memory 30%

**Region gross (ship to location)**
- Taiwan 44%
- South Korea 35%
- China 16%
- Japan 1%
- USA 5%

**Sales in lithography units**
- EUV 42
- ArFi 81
- ArFdry 22
- KrF 131
- i-Line 33
Installed Base Management equals our net service and field option sales

1 Installed Base Management equals our net service and field option sales
## Consolidated statements of operations € million

### Year on Year

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>10,944</td>
<td>11,820</td>
<td>13,979</td>
<td>18,611</td>
<td>21,173</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>5,029</td>
<td>5,280</td>
<td>6,798</td>
<td>9,809</td>
<td>10,700</td>
</tr>
<tr>
<td><strong>Gross margin %</strong></td>
<td>46.0</td>
<td>44.7</td>
<td>48.6</td>
<td>52.7</td>
<td>50.5</td>
</tr>
<tr>
<td><strong>Other income</strong> 1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>214</td>
<td>—</td>
</tr>
<tr>
<td><strong>R&amp;D costs</strong></td>
<td>(1,576)</td>
<td>(1,968)</td>
<td>(2,201)</td>
<td>(2,547)</td>
<td>(3,254)</td>
</tr>
<tr>
<td><strong>SG&amp;A costs</strong></td>
<td>(488)</td>
<td>(521)</td>
<td>(545)</td>
<td>(726)</td>
<td>(946)</td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>2,965</td>
<td>2,791</td>
<td>4,051</td>
<td>6,750</td>
<td>6,501</td>
</tr>
<tr>
<td><strong>Operating income as % of net sales</strong></td>
<td>27.1</td>
<td>23.6</td>
<td>29.0</td>
<td>36.3</td>
<td>30.7</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>2,592</td>
<td>2,592</td>
<td>3,554</td>
<td>5,883</td>
<td>5,624</td>
</tr>
<tr>
<td><strong>Net income as % of net sales</strong></td>
<td>23.7</td>
<td>21.9</td>
<td>25.4</td>
<td>31.6</td>
<td>26.6</td>
</tr>
<tr>
<td><strong>Earnings per share (basic) €</strong></td>
<td>6.10</td>
<td>6.16</td>
<td>8.49</td>
<td>14.36</td>
<td>14.14</td>
</tr>
<tr>
<td><strong>Earnings per share (diluted) €</strong></td>
<td>6.08</td>
<td>6.15</td>
<td>8.48</td>
<td>14.34</td>
<td>14.13</td>
</tr>
<tr>
<td><strong>Lithography systems sold (units)</strong> 2</td>
<td>224</td>
<td>229</td>
<td>258</td>
<td>309</td>
<td>345</td>
</tr>
<tr>
<td><strong>Net bookings</strong> 3</td>
<td>8,181</td>
<td>11,740</td>
<td>11,292</td>
<td>26,240</td>
<td>30,674</td>
</tr>
</tbody>
</table>

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1. Other income includes the gain on the sale of Berliner Glas subsidiaries
2. Lithography systems do not include metrology and inspection systems
3. Net bookings include all system sales orders and inflation related adjustments, for which written authorizations have been accepted. Our 2018 and 2019 systems net bookings include 1 EUV and 1 DUV order shipped to our collaborative Research Center (Imec). These systems were not recognized in revenue.

These numbers have been prepared in accordance with US GAAP. Numbers have been rounded for readers' convenience.
ASML intends to declare a total dividend for the year 2022 of €5.80 per ordinary share. An interim dividend of €1.37 per ordinary share will be made payable on February 15, 2023.

Recognizing this (third) interim dividend and the two interim dividends of €1.37 per ordinary share paid in 2022, this leads to a final dividend proposal to the General Meeting of €1.69 per ordinary share.

In Q4 2022 we purchased around 0.6 million shares for a total amount of around €300 million.

Third interim and final dividend for a year are paid in the subsequent year.
Outlook Q1

- Net sales between €6.1 billion and €6.5 billion, including
  - Installed Base Management\(^1\) sales of around €1.5 billion
- Gross margin between 49% and 50%
- R&D costs of around €965 million
- SG&A costs of around €285 million

\(^1\) Installed Base Management equals our net service and field option sales
View on 2023 – continued strong sales growth expected

- In 2023, we expect net sales growth of more than 25% with a slight improvement in gross margin relative to 2022.
- Consumer driven end markets (PCs, smartphones) are still showing demand weakness, with some indications of softening in data centers, while demand strength continues in other end markets (auto, industrial).
- Customers are saying they expect a rebalancing of semiconductor supply chain inventories over 1H of 2023, with business rebounding in 2H of 2023.
- Also for this year, demand exceeds our capacity, and we enter the year with a backlog of €40.4 billion. Our focus will be on maximizing system output.
- We are planning to ship around 60 EUV systems and around 375 DUV systems in 2023.
- Looking at the growth of the different business sectors, we expect:
  - EUV business YoY growth of around 40%.
  - Non-EUV business YoY growth of around 30%.
  - Installed Base business YoY growth of around 5%.