



ASML



Press conference ASML
Fourth-quarter & full-year results 2023

Peter Wennink – President & CEO
Roger Dassen – CFO

January 24, 2024

Live from the TWINSCAN Auditorium on
ASML's Campus in Veldhoven, The Netherlands



ASML reports €27.6 billion net sales and €7.8 billion net income in 2023

2024 expected to be a transition year with sales similar to 2023

ASML 2023 Fourth-Quarter and Full-Year results
Veldhoven, the Netherlands

January 24, 2024

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 the semiconductor industry and end markets and business environment trends, including expected demand, utilization, inventory levels, backlog, bookings, expected recovery in the semiconductor industry and expected timing thereof, assumptions and expectations with respect to fast shipments, plans to increase capacity, outlook and expected financial results, including expected results for Q1 2024, including net sales, gross margin, R&D costs, SG&A costs, expected results for full year 2024, including expectations with respect to revenue and gross margin and estimated annualized effective tax rate, expectations with respect to sales by market segment and EUV, non-EUV and IBM sales and expected drivers thereof, and other full year 2024 expectations, expectations with respect to revenue growth in 2025 and expected drivers thereof, statements made at our 2022 Investor Day, including revenue and gross margin opportunity for 2025 and 2030, statements with respect to export control policy and regulations and expected impact on us, expectation to return significant amounts of cash to shareholders through growing dividends and share buybacks, including the amount of shares intended to be repurchased under the program and statements with respect to dividends, statements with respect to our ESG goals and strategy 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”, “opportunity”, “potential” 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, customer demand and semiconductor equipment industry capacity, worldwide demand for semiconductors and semiconductor manufacturing capacity, utilization and inventory levels, general trends and consumer confidence in the semiconductor industry, the impact of general economic conditions, including the impact of the current macroeconomic uncertainty on the semiconductor industry, the impact of inflation, interest rates, geopolitical developments, the impact of pandemics, 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, our production capacity and ability to adjust capacity to meet demand, supply chain capacity, constraints and logistics, timely availability of parts and components, raw materials, critical manufacturing equipment and qualified employees, and constraints on our ability to produce systems to meet demand, the number and timing of systems ordered, shipped and recognized in revenue, and the risk of order cancellation or push outs and restrictions on shipment of ordered systems under export controls, risks relating to the trade environment, import/export and national security regulations and orders and their impact on us, including the impact of changes in export regulations and the impact of such regulations on our ability to obtain necessary licenses and to sell our systems to certain customers, 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, the number of shares repurchased under our share repurchase programs, our ability to enforce patents and protect intellectual property rights and the outcome of intellectual property disputes and litigation, our ability to meet ESG goals and execute our ESG strategy, other factors that may impact ASML’s business or financial results, and other risks indicated in the risk factors included in ASML’s Annual Report on Form 20-F for the year ended December 31, 2022 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

- Industry developments and our progress Peter Wennink
- Financials and Outlook Roger Dassen
- Questions and Answers

Industry developments and our progress

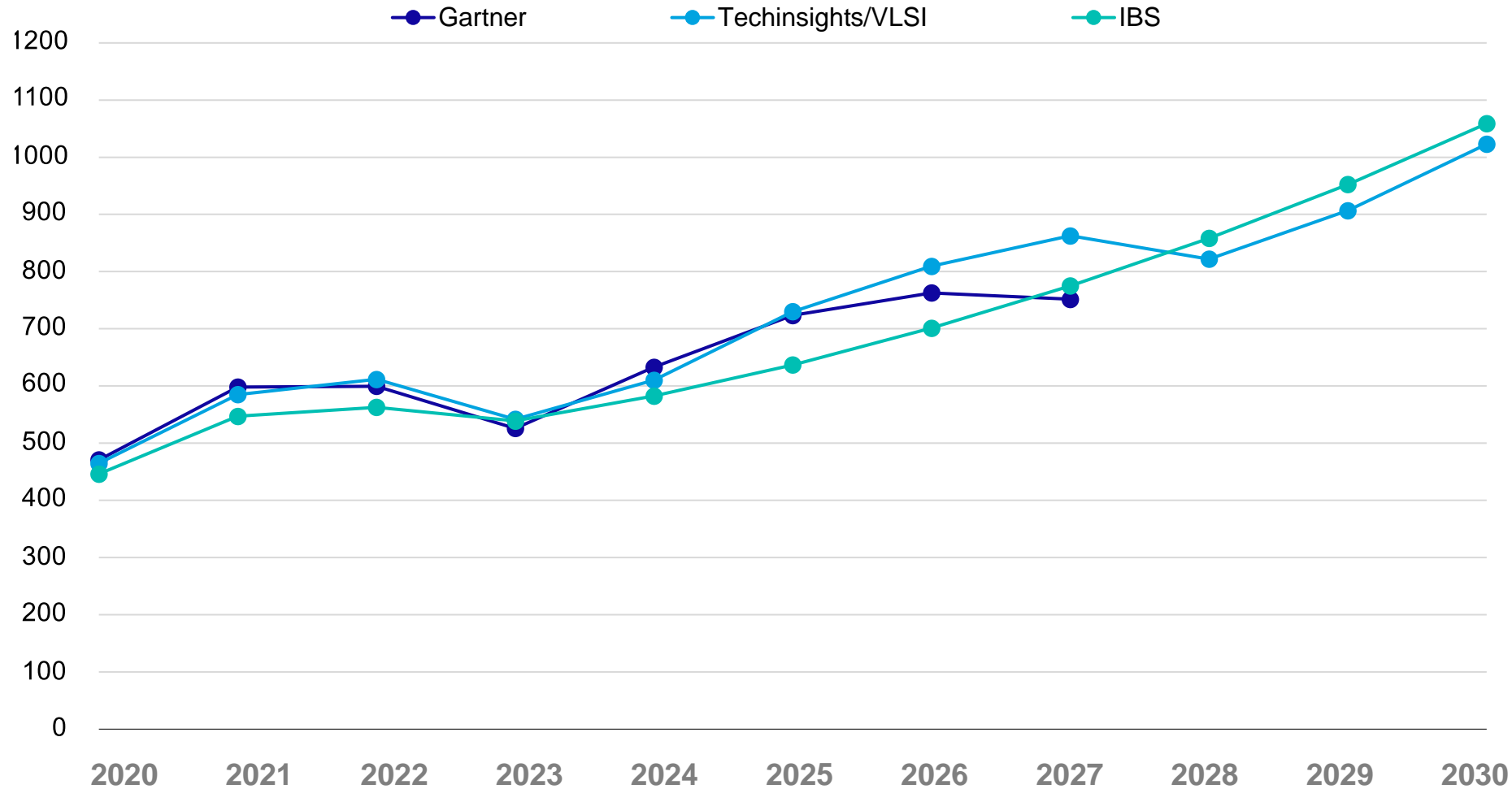
Peter Wennink,
President and CEO



Investor key messages

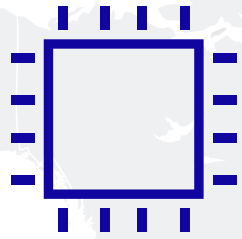
- Global megatrends in the electronics industry, supported by a highly profitable and fiercely innovative ecosystem, are expected to continue to fuel growth across the semiconductor market
- Growth in semiconductor end markets and increasing lithography intensity are driving demand for our products and 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 scenarios¹ 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 continue to execute our ESG Sustainability strategy and will share the latest progress and actions to reach our targets in our integrated Annual Report 2023, to be published on February 14, 2024
- We expect to continue to return significant amounts of cash to our shareholders through a combination of growing dividends and share buybacks

Market expectations remain unchanged: around 1 trillion of sales by 2030



Total semiconductor revenue is expected to top \$1 trillion by 2030

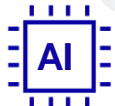
...underpinned by strong fundamental trends



Connected world



Cloud infrastructure



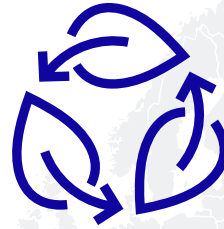
Artificial intelligence



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



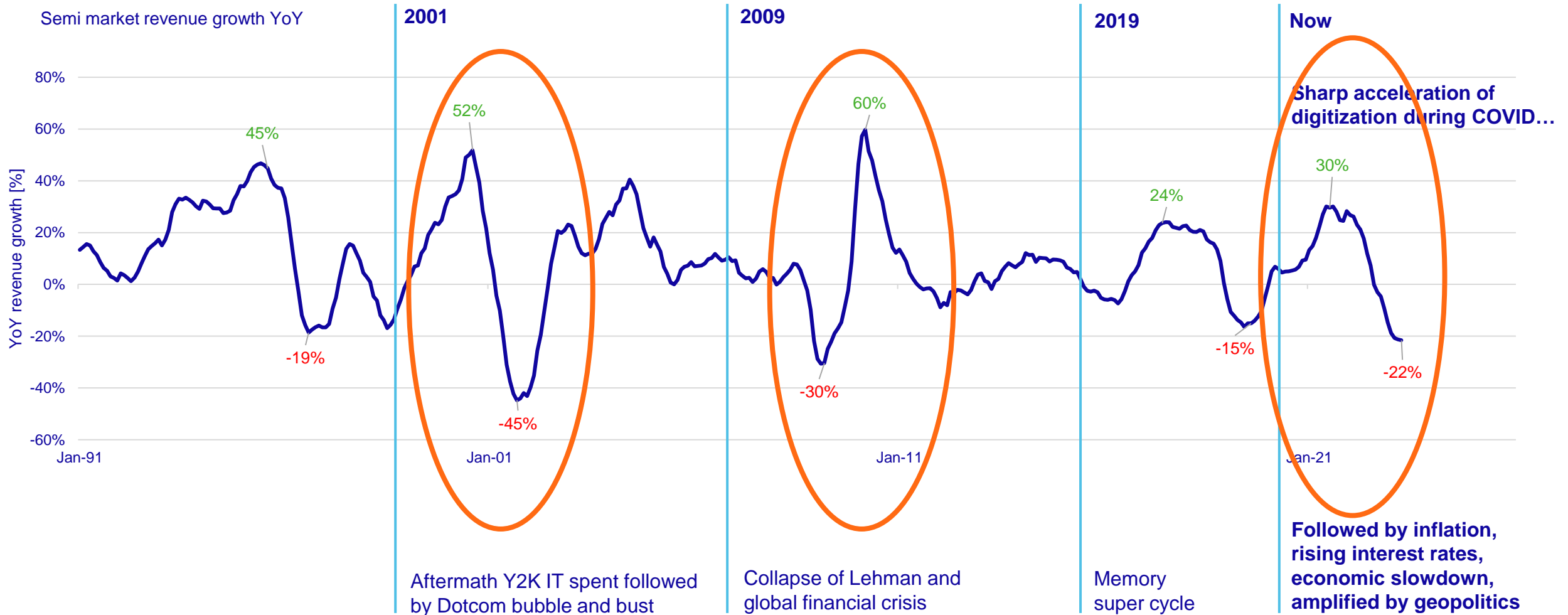
Technological sovereignty



Automation

History shows that a period of downturn is followed by significant growth

Past upturns required a steep ramp – we must be ready



Our customers continue to invest

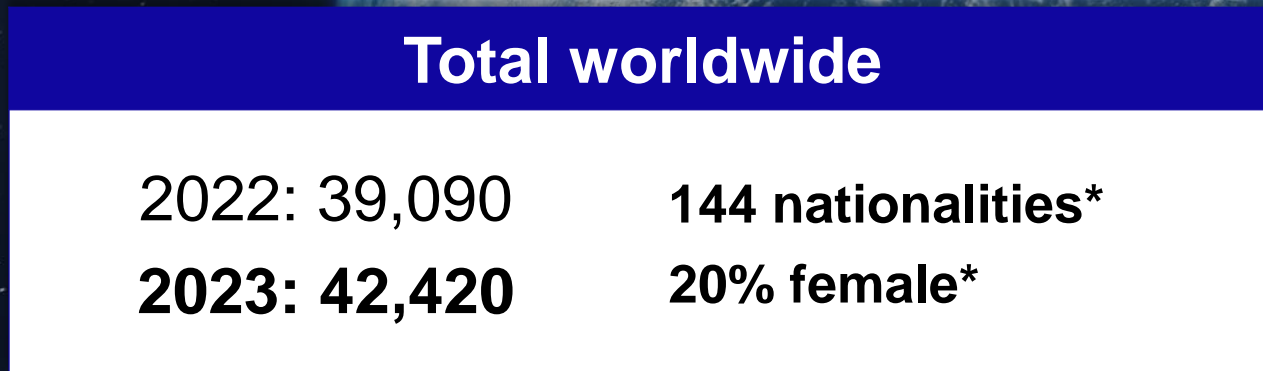
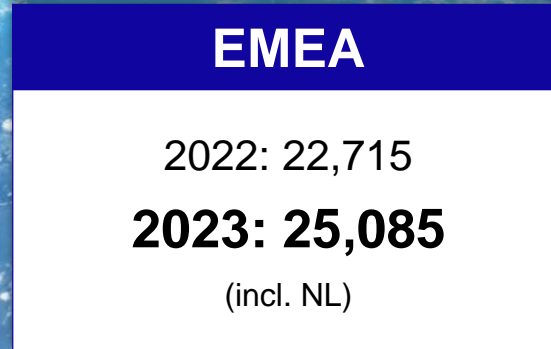
20+ fab projects (new fabs and expansions) are expected to take tools in 2024/2025



Growth in numbers of employees worldwide (year-end 2023)

Slide 11

January 24, 2024



In FTE (Full Time Equivalent) year-end, rounded numbers

* ASML worldwide, excluding Berliner Glas (ASML Berlin GmbH)

In 2023, we achieved important progress towards our ESG Sustainability goals

Environment



- Reduced operations and buildings footprint (scope 1+2) by 8% in 2023 (vs 2022) through combination of:
 - Energy savings master plan (reducing emissions);
 - Change in electricity contract in Taiwan (in 2022) to reduce CO2 intensity (reducing emissions); offset by
 - Business growth (increasing emissions)
- EUV energy use/wafer: decrease of 40% in 2023 vs 2019
- Launching partner of “Energy Collaborative” in 2024
- Closed 5-year renewable energy contract in Taiwan for around 70% of 2024 electricity needs, aiming for 100% renewable electricity by 2025

Social



- Invested around €14 million via cash and in-kind commitments in community initiatives:
 - Attractive communities: e.g. affordable homes, sports, culture support, green communities
 - STEM Education: e.g. ASML Junior Academy
 - Inclusive communities: e.g. food banks and after school programs in US and NL
- Employee engagement, measured in annual survey: from 78% in 2022 to 80% in 2023
- Attrition rate from 6% in 2022 to 4% in 2023
- Inflow of women: 24% in 2022 to 27% in 2023

Governance



- Recognition by ESG rating agencies:
 - Sustainalytics: #1 in industry group ‘Semiconductors’
 - MSCI: AAA rating
 - DJSI: Score of 83
 - CDP climate: Improved from C to B

Shipped first modules of first High NA EUV system

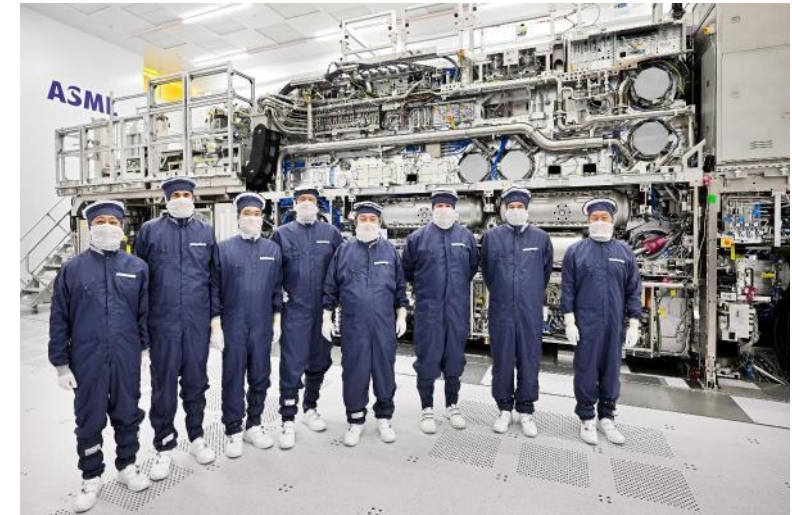


Arrival first modules of first High NA EUV system



High NA EUV (EXE): The result of 40 years evolution at ASML

- Wavelength first, now Numerical Aperture of the optics
- After 0.33 NA EUV, the 0.55 NA EUV (High NA) tool is the next logical step



$\lambda = 13.5\text{nm}$
NA = 0.55

- High NA EUV lithography will enable multiple future nodes, starting at the sub 2nm logic node, and followed by Memory nodes at similar transistor density.
- All current EUV customers have submitted orders for the EXE.

High NA EUV

Increased NA enables shrink to 1.7x smaller features and 2.9x increased transistor density

Increased contrast enables 40% improvement in local CDU at 1.4x lower dose

EXE:5000 product specifications

Throughput at 20mJ/cm² ≥185 WpH

Resolution 8 nm

Full wafer CDU & Focus

- 10nm dense horizontal L/S ≤0.6 nm
- 14nm dense contact holes ≤1.0 nm
- Focus control budget 35 nm

On-product Overlay 1.7 nm

- Dedicated Chuck Overlay ≤0.9 nm
- Matched Machine Overlay ≤1.1 nm

Lens & illuminator

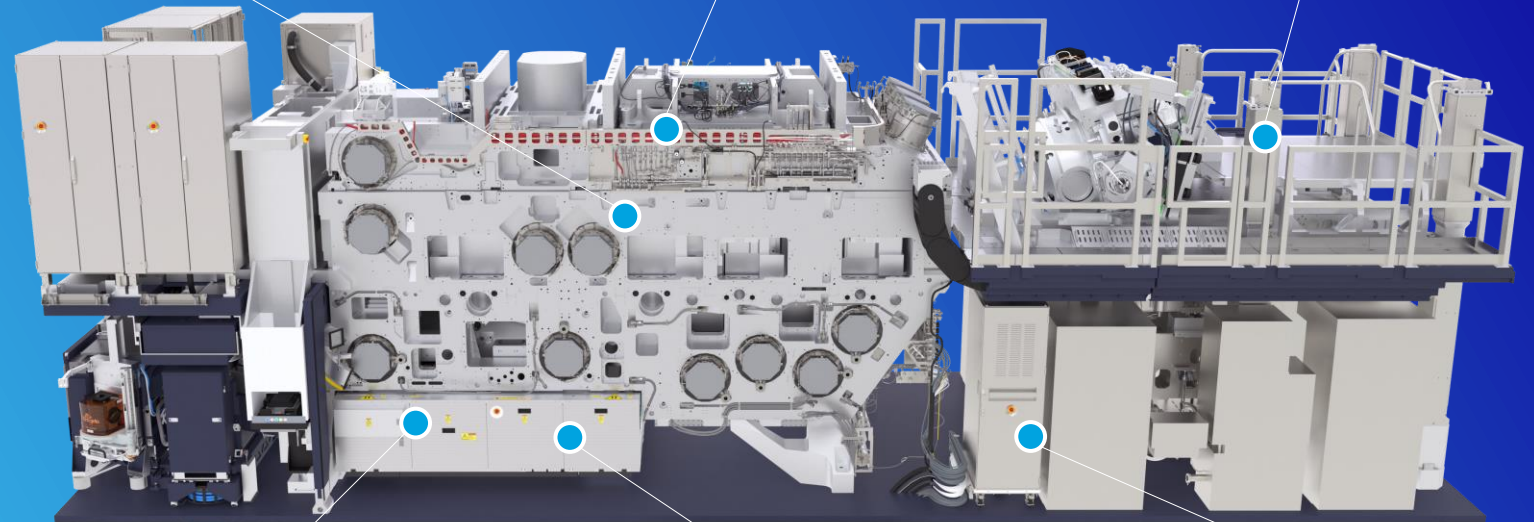
Anamorphic 0.55NA optics design for high contrast and high transmission

Reticle Stage

With 4x increase in acceleration

Horizontal Source position

Allows for larger transmission



Improved Metrology

1.5~2x improvement in overlay/focus

Wafer Stage

2x increase in acceleration

New Frames

Improved thermal and dynamic control to support larger optics

Common technology with NXE

Financials

Roger Dassen,
Executive Vice President and CFO



Q4 results summary

Q4 2023	
Net sales	€7.2 billion
Net system sales	€5.7 billion
Installed Base Management ¹ sales	€1.6 billion
Gross Margin	51.4%
Operating Margin ²	33.1%
Net income as a percentage of net sales	28.3%
Earnings per share (basic)	€5.21
Net bookings ³ including EUV bookings of €5.6 billion	€9.2 billion

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.

2023 - Business summary

ASML achieved a sales growth of 30%, reflecting the continued strong global demand for our products:

- Net sales grew to €27.6 billion at 51.3% gross margin
- Net income at €7.8 billion resulted in an EPS of €19.91

EUV lithography:

- EUV system sales grew 30% to €9.1 billion, recognized revenue on 53 systems and shipped 42 systems
- Shipped the first modules of the first High NA EUV EXE:5000 system

DUV lithography:

- DUV system sales grew 60% to €12.3 billion, recognized revenue on 396 systems of which 32% immersion systems
- Shipped the first NXT:1980Fi immersion systems as well as the XT:400M i-line systems

Applications:

- Our Metrology & Inspection systems sales declined 19% to €536 million due to lower YieldStar systems sales
- Shipped the first YieldStar 500 systems

Installed Base¹:

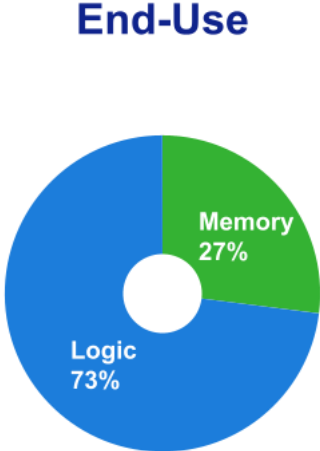
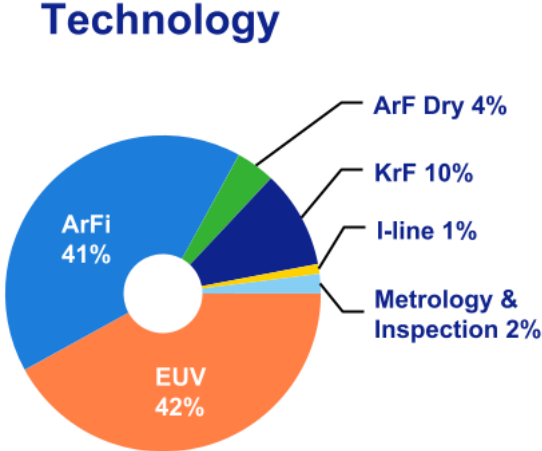
- Our Installed Base business declined 2% to €5.6 billion due to lower upgrade business

Capital return:

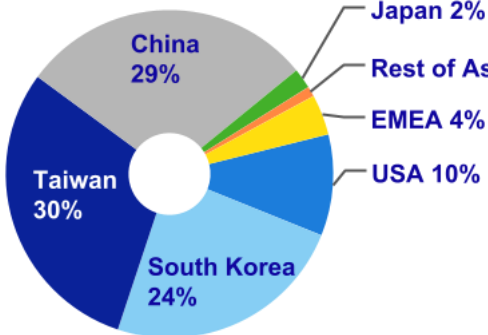
- Returned €3.3 billion to shareholders through dividends and share buybacks

Net system sales breakdown (Yearly)

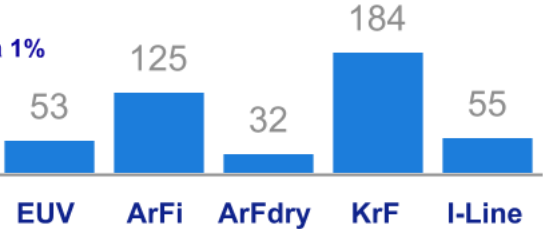
2023
Net system sales
€21,939 million



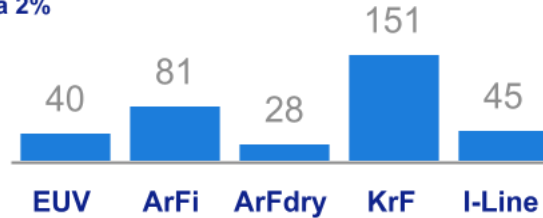
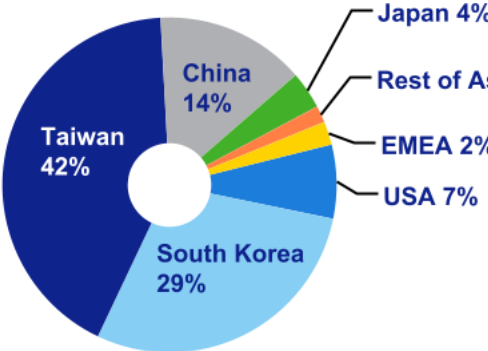
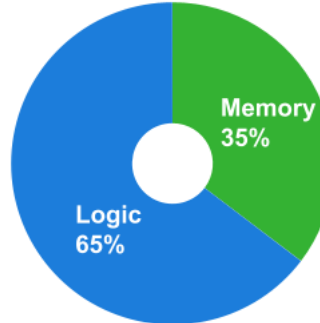
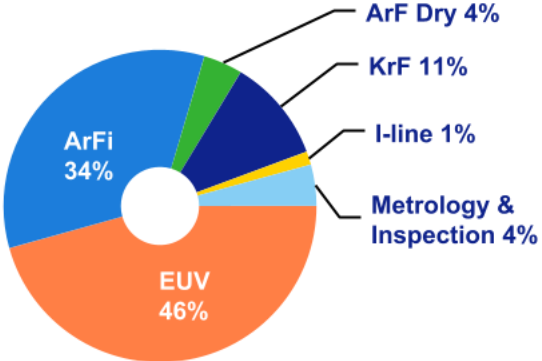
Region (ship to location)



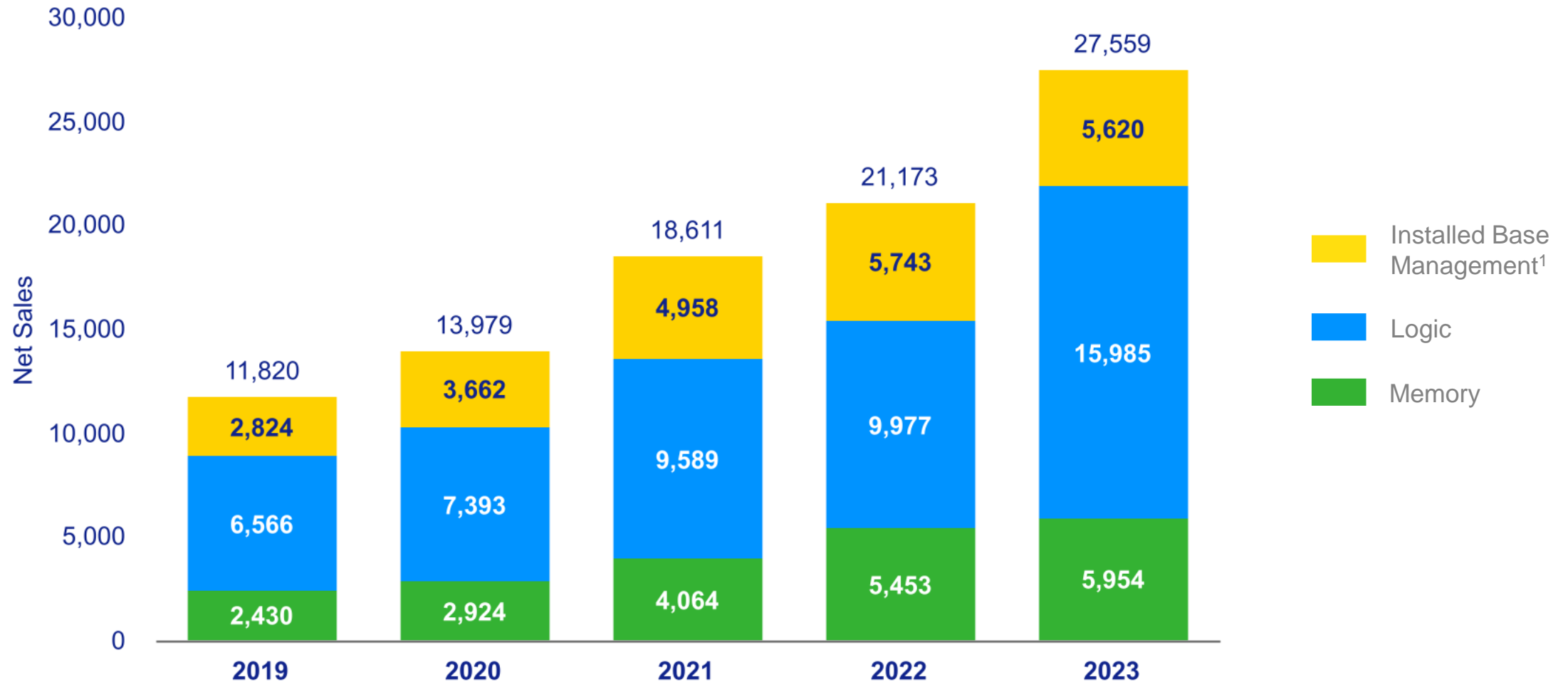
Sales in lithography units



2022
Net system sales
€15,430 million



Total net sales € million by End-use



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

Consolidated statements of operations € million

Year on Year

	2019	2020	2021	2022	2023
Net sales	11,820	13,979	18,611	21,173	27,559
Gross profit	5,280	6,798	9,809	10,700	14,136
Gross margin %	44.7	48.6	52.7	50.5	51.3
Other income ¹	—	—	214	—	—
R&D costs	(1,968)	(2,201)	(2,547)	(3,254)	(3,981)
SG&A costs	(521)	(545)	(726)	(946)	(1,113)
Income from operations	2,791	4,051	6,750	6,501	9,042
Operating income as a % of net sales	23.6	29.0	36.3	30.7	32.8
Net income	2,592	3,554	5,883	5,624	7,839
Net income as a % of net sales	21.9	25.4	31.6	26.6	28.4
Earnings per share (basic) €	6.16	8.49	14.36	14.14	19.91
Earnings per share (diluted) €	6.15	8.48	14.34	14.13	19.89
Lithography systems sold (units) ²	229	258	309	345	449
Net bookings ³	11,740	11,292	26,240	30,674	20,040

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

² Lithography systems do not include metrology and inspection systems

³ The sum of quarterly net bookings over the full year. Our 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.

Capital return to shareholders

- ASML intends to declare a total dividend for the year 2023 of €6.10 per ordinary share. An interim dividend of €1.45 per ordinary share will be made payable on February 14, 2024
- Recognizing this (third) interim dividend and the two interim dividends of €1.45 per ordinary share paid in 2023, this leads to a final dividend proposal to the General Meeting of €1.75 per ordinary share
- In Q4 2023 no shares were purchased



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

Outlook



Outlook Q1 2024

Outlook Q1 2024

Net sales	between €5.0 billion and €5.5 billion
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including Installed Base Management ¹	around €1.3 billion
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Gross margin	between 48% and 49%
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R&D costs	around €1,070 million
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SG&A costs	around €300 million
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View on 2024 – transition year preparing for significant growth in 2025

- Similar net sales with a slightly lower gross margin, relative to 2023
- Estimated annualized effective tax rate between 16% and 17%
- Uncertainty remains in the market due to several global macro concerns
 - The semiconductor industry is currently working through the bottom of the cycle
- Although our customers are still not certain of the shape of the recovery this year, there are some positive signs:
 - Improvement in industry end-market inventory levels and litho tool utilization
 - Strong order intake Q4 2023 in support of future demand
- Market segments:
 - Logic: slightly lower revenue in 2024 vs 2023
 - Memory revenue growth in 2024 vs 2023, primarily driven by DRAM technology node transitions in support of advanced memories (DDR5 and HBM)
- We expect a stronger H2, relative to H1
- We expect 2024 to be an important year to prepare for expected significant growth in 2025
 - We need to continue to make investments this year in capacity ramp and technology

Questions & Answers



The ASML logo is displayed in a bold, white, sans-serif font against a solid blue background. The letters are closely spaced and have a clean, modern appearance.

ASML

A photograph of two workers in a cleanroom environment. They are wearing white protective suits, hoods, and face masks. The worker on the right is gesturing with their hands while speaking. The background shows industrial equipment and a clean, bright setting.

Thank you

January 24, 2024

Thank you