Strong DUV demand drives solid Q1 results and confirms positive outlook for 2018

Multiple EUV orders, including High-NA, demonstrate further adoption of EUV technology

ASML 2018 First-Quarter Results

Veldhoven, the Netherlands

April 18, 2018
Agenda

• Investor key messages
• Business highlights
• Outlook
• Product highlights
• Financial statements
Investor key messages
Investor key messages

• Shrink is a key industry driver supporting innovation and providing long term industry growth
• Lithography enables affordable shrink and therefore delivers compelling value for our customers
• EUV will enable continuation of Moore’s Law and will drive long term value for ASML beyond the next decade
• DUV, Holistic Litho and EUV are highly differentiated products providing unique value drivers for our customers and ASML
• ASML models a 2020 annual revenue opportunity of € 11 billion with an EPS > € 9*, with significant further growth potential into the next decade
• HMI provides market leading e-beam metrology capability which expands our integrated Holistic Lithography solutions to include a new class of pattern fidelity control
• We expect to continue to return excess cash to our shareholders through stable or growing dividends and regularly timed share buybacks in line with our policy
• We will host an Investor Day on November 8th, 2018 at our headquarters in The Netherlands

* based on model details and assumptions as presented in our 2016 Investor Day (October 31, 2016)
Business highlights
Q1 results summary

- Net sales of €2,285 million, net systems sales valued at €1,668 million, Installed Base Management sales at €617 million
- Gross margin of 48.7%
- Operating margin of 28.1%
- Net income as a percentage of net sales of 23.6%
- Net bookings of €2,442 million, excluding High-NA EUV orders

- Installed Base Management equals our service and field option sales
- Net bookings are calculated based upon the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842) which ASML has adopted as of January 1, 2018
Net system sales breakdown in value

**Q1’18 total value € 1,668 million**
- ArF Dry 4%
- KrF 14%
- I-line 1%
- Metrology & Inspection 2%
- EUV 7%
- ArF Immersion 72%

**Q4’17 total value € 1,955 million**
- ArF Dry 4%
- KrF 10%
- I-line 1%
- Metrology & Inspection 4%
- EUV 25%
- ArF Immersion 56%

**End-Use**
- Logic 25%
- Memory 74%
- As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The quarterly comparative numbers have not been adjusted to reflect these changes in accounting policy.

**Region (ship to location)**
- Taiwan 3%
- China 20%
- Rest of Asia 1%
- USA 5%
- Korea 51%
- EMEA 20%

**Sales in lithography units**
- EUV
- ArF i
- ArFdry
- KrF
- I-Line

- Lithography systems do not include metrology and inspection systems
- Logic equals our Foundry and IDM sales
- Installed Base Management equals our service and field option sales
- Logic equals our Foundry and IDM sales
- As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers have not been adjusted to reflect these changes in accounting policy
Bookings activity by End-use

Q1’18 total value €2,442 million
- Logic 57%
- Memory 43%

Q4’17 total value €2,935 million
- Logic 45%
- Memory 55%

Lithography systems

<table>
<thead>
<tr>
<th></th>
<th>New</th>
<th>Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1’18 Units</td>
<td>55</td>
<td>7</td>
</tr>
<tr>
<td>Q4’17 Units</td>
<td>68</td>
<td>7</td>
</tr>
</tbody>
</table>

- Lithography systems do not include metrology and inspection systems
- Logic equals our Foundry and IDM sales
- As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The quarterly comparative numbers have not been adjusted to reflect these changes in accounting policy
- Bookings do not include High-NA EUV orders
Capital return to shareholders

- Proposal submitted to 2018 Annual General Meeting of Shareholders to pay a dividend of €1.40 per ordinary share, for a total of around €600 million, in respect of fiscal year 2017
- €170 million worth of shares has been repurchased in Q1
- €2,330 million of the 2018/2019 share buyback program remaining

### Dividend history

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

### Capital return

Capital return is cumulative share buyback + dividend.
Outlook
Q2 Outlook

• Q2 2018 net sales between € 2.5 billion and € 2.6 billion
  ◦ Including EUV revenue around € 600 million
• Gross margin around 43%
• R&D costs of about € 375 million
• SG&A costs of about € 115 million
• Effective annualized tax rate around 14%
Product highlights
EUV commitment to volume manufacturing continues

**Customers**

Commitment to insert EUV in volume manufacturing by ordering systems

- 3 EUV systems shipped in Q1, 1 shipment in progress, 1 revenue recognized
- Received 9 EUV orders in Q1
- In addition, received 4 High-NA orders for R&D systems from 3 customers and sold options for 8 early volume systems
- Planned shipments of 20 systems in 2018, production capacity of at least 30 systems in 2019

**ASML**

Commitment to securing system performance, shipments and support required for volume manufacturing

For volume manufacturing of logic and memory, ASML remains committed to deliver:

- Throughput of >125 wafers per hour
- Availability of >90% on average
- Shipments on time in sufficient volume
- Ability to support a growing installed base
Continuing progress on our EUV productivity roadmap

NXE:3400B Acceptance Test Procedures (ATP) test: 26x33mm², 96 fields, 20mJ/cm²
High-NA commitment secures lithography roadmap beyond the next decade

• Extension of EUV with High-NA lithography enables the IC industry to continue to drive down cost per function by improving imaging, overlay and productivity
  ◦ NA (numerical aperture) of the new optical system will increase from 0.33 on current EUV systems, to 0.55 on High-NA systems
  ◦ Throughput targeted at 185 wafers per hour
• With the addition of High-NA, the ASML product portfolio will include 0.33 NA and 0.55 NA EUV, dry and immersion DUV, as well as Holistic products, all designed to work seamlessly together in production
• Last year’s investment in Carl Zeiss SMT solidifies our development timeline and reduces our execution risk
• Received four orders for High-NA R&D systems from three leading semiconductor manufacturers targeted to start shipping by end of 2021
• Sold options for eight High-NA early volume systems targeted to start shipping in 2024
Applications Product Highlights

• Initial ePfm5 customer evaluation data shows significant measurement cycle time reductions
• Shipped our first YS:1375 for In Device Measurement
• First 3x3 multi-beam images captured on proof of concept system
• YieldStar metrology system growth further accelerates with memory adoption
Multi-beam enables further throughput scaling
First 3x3 multi-beam image captured, ~9x increase in throughput capability
YieldStar metrology system growth further accelerates with memory adoption
Financial statements
## Consolidated statements of operations M€

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017 ¹</th>
<th>Q2 2017 ¹</th>
<th>Q3 2017 ¹</th>
<th>Q4 2017 ¹</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>1,944</td>
<td>2,101</td>
<td>2,447</td>
<td>2,561</td>
<td>2,285</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>925</td>
<td>946</td>
<td>1,050</td>
<td>1,156</td>
<td>1,113</td>
</tr>
<tr>
<td><strong>Gross margin %</strong></td>
<td>47.6</td>
<td>45.0</td>
<td>42.9</td>
<td>45.2</td>
<td>48.7</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>—</td>
</tr>
<tr>
<td><strong>R&amp;D costs</strong></td>
<td>(315)</td>
<td>(313)</td>
<td>(315)</td>
<td>(317)</td>
<td>(357)</td>
</tr>
<tr>
<td><strong>SG&amp;A costs</strong></td>
<td>(99)</td>
<td>(102)</td>
<td>(103)</td>
<td>(113)</td>
<td>(114)</td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>535</td>
<td>555</td>
<td>656</td>
<td>750</td>
<td>642</td>
</tr>
<tr>
<td><strong>Operating income as a % of net sales</strong></td>
<td>27.5</td>
<td>26.4</td>
<td>26.8</td>
<td>29.3</td>
<td>28.1</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>452</td>
<td>466</td>
<td>557</td>
<td>644</td>
<td>540</td>
</tr>
<tr>
<td><strong>Net income as a % of net sales</strong></td>
<td>23.3</td>
<td>22.2</td>
<td>22.8</td>
<td>25.1</td>
<td>23.6</td>
</tr>
<tr>
<td><strong>Earnings per share (basic) €</strong></td>
<td>1.05</td>
<td>1.08</td>
<td>1.30</td>
<td>1.50</td>
<td>1.26</td>
</tr>
<tr>
<td><strong>Earnings per share (diluted) €</strong></td>
<td>1.05</td>
<td>1.08</td>
<td>1.29</td>
<td>1.49</td>
<td>1.26</td>
</tr>
<tr>
<td><strong>Lithography systems sold (units) ³</strong></td>
<td>44</td>
<td>42</td>
<td>55</td>
<td>57</td>
<td>49</td>
</tr>
<tr>
<td><strong>Net booking value ⁴</strong></td>
<td>1,894</td>
<td>2,375</td>
<td>2,154</td>
<td>2,935</td>
<td>2,442</td>
</tr>
</tbody>
</table>

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

² Customer Co-Investment Program (CCIP).

³ Lithography systems do not include metrology and inspection systems.

⁴ Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV starting with the NXE:3350B and excluding the High-NA systems).

These numbers have been prepared in accordance with US GAAP.
### Consolidated statements of Cash flows M€

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017 ¹</th>
<th>Q2 2017 ¹</th>
<th>Q3 2017 ¹</th>
<th>Q4 2017 ¹</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>452</td>
<td>466</td>
<td>557</td>
<td>644</td>
<td>540</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(168)</td>
<td>530</td>
<td>400</td>
<td>1,037</td>
<td>191</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>150</td>
<td>(754)</td>
<td>(72)</td>
<td>(533)</td>
<td>182</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>12</td>
<td>(744)</td>
<td>(154)</td>
<td>(323)</td>
<td>(160)</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash &amp; cash equivalents</strong></td>
<td>4</td>
<td>(996)</td>
<td>163</td>
<td>181</td>
<td>206</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>(212)</td>
<td>469</td>
<td>302</td>
<td>882</td>
<td>56</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents and short-term investments</strong></td>
<td>3,836</td>
<td>2,514</td>
<td>2,678</td>
<td>3,288</td>
<td>3,194</td>
</tr>
</tbody>
</table>

* Free cash flow 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.

¹ As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The quarterly comparative numbers have not been adjusted to reflect these changes in accounting policy.
<table>
<thead>
<tr>
<th>Assets</th>
<th>Q1 2017 ¹</th>
<th>Q2 2017 ¹</th>
<th>Q3 2017 ¹</th>
<th>Q4 2017 ¹</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; cash equivalents and short-term investments</td>
<td>3,836</td>
<td>2,514</td>
<td>2,678</td>
<td>3,288</td>
<td>3,194</td>
</tr>
<tr>
<td>Net accounts receivable and finance receivables</td>
<td>1,426</td>
<td>1,758</td>
<td>2,066</td>
<td>2,096</td>
<td>2,025</td>
</tr>
<tr>
<td>Contract assets</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>12</td>
</tr>
<tr>
<td>Inventories, net</td>
<td>2,996</td>
<td>3,137</td>
<td>2,998</td>
<td>2,958</td>
<td>3,231</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,211</td>
<td>1,354</td>
<td>1,339</td>
<td>1,470</td>
<td>1,437</td>
</tr>
<tr>
<td>Tax assets</td>
<td>171</td>
<td>63</td>
<td>99</td>
<td>94</td>
<td>403</td>
</tr>
<tr>
<td>Equity method investments</td>
<td>—</td>
<td>1,002</td>
<td>1,008</td>
<td>982</td>
<td>971</td>
</tr>
<tr>
<td>Goodwill</td>
<td>4,784</td>
<td>4,646</td>
<td>4,565</td>
<td>4,541</td>
<td>4,541</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>1,279</td>
<td>1,231</td>
<td>1,191</td>
<td>1,166</td>
<td>1,146</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,622</td>
<td>1,567</td>
<td>1,552</td>
<td>1,601</td>
<td>1,560</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>124</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>17,325</strong></td>
<td><strong>17,272</strong></td>
<td><strong>17,496</strong></td>
<td><strong>18,196</strong></td>
<td><strong>18,644</strong></td>
</tr>
<tr>
<td>Liabilities and shareholders' equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>2,876</td>
<td>3,125</td>
<td>2,974</td>
<td>3,342</td>
<td>3,132</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>4,206</td>
<td>4,114</td>
<td>4,175</td>
<td>4,178</td>
<td>4,450</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>10,243</td>
<td>10,033</td>
<td>10,347</td>
<td>10,676</td>
<td>11,062</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders' equity</strong></td>
<td><strong>17,325</strong></td>
<td><strong>17,272</strong></td>
<td><strong>17,496</strong></td>
<td><strong>18,196</strong></td>
<td><strong>18,644</strong></td>
</tr>
</tbody>
</table>

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

These numbers have been prepared in accordance with US GAAP.
Forward looking statements

This document contains statements relating to certain projections, business trends and other matters that are forward-looking, including statements with respect to expected trends and outlook, bookings, expected financial results and trends, including expected sales, EUV revenue, gross margin, R&D and SG&A expenses, and annualized effective tax rate for the first quarter of 2018, and expected financial results and trends for the full year 2018, including the expectation for continued solid growth in sales and profitability in 2018, annual revenue opportunity for ASML and EPS potential by 2020 with significant further growth potential into the next decade, expected industry trends and expected trends in the business environment, statements with respect to the intent of customers to insert EUV into volume manufacturing, ASML’s commitment to secure system performance, shipments, and support for volume manufacturing, including availability, productivity, throughput, shipments and the ability to support a growing installed base, including timing of shipments (including planned EUV shipments in 2018 and production capacity in 2019), statements with respect to orders, ASML’s commitment to support stable or growing dividends and regularly timed share buybacks in line with our policy, statements about our proposed dividend, dividend policy and intention to repurchase shares and statements with respect to the share repurchase plan for 2018-2019, including the intention to use certain shares to cover employee share plans and cancel the rest of the shares upon repurchase. 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", "targets", "commits to secure" 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 the 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, including the impact of general economic conditions on consumer confidence and demand for our customers' products, competitive products and pricing, the impact of any manufacturing efficiencies and capacity constraints, conditions included in system orders and the risks that systems are not shipped pursuant to orders or as expected because conditions are not met or for any other reason, performance of our systems, the continuing success of technology advances and the related pace of new product development and customer acceptance of new products including EUV, the number and timing of EUV systems expected to be shipped and recognized in revenue, actual EUV production capacity, delays in EUV systems production and development and volume production by customers, including meeting development requirements for volume production, demand for EUV systems being sufficient to result in utilization of EUV facilities in which ASML has made significant investments, our ability to enforce patents and protect intellectual property rights, the outcome of intellectual property litigation, availability of raw materials, critical manufacturing equipment and qualified employees, trade environment, changes in exchange rates, changes in tax rates, available cash and liquidity, our ability to refinance our indebtedness, distributable reserves for dividend payments and share repurchases, results of the share repurchase plan and other risks indicated in the risk factors included in ASML's Annual Report on Form 20-F and other filings with 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.