



**ASML Q1 2014 sales in line with guidance  
gross margin above guidance**

ASML 2014 First Quarter Results

Veldhoven, the Netherlands

April 16, 2014

# Forward looking statements

“Safe Harbor” Statement under the US Private Securities Litigation Reform Act of 1995: the matters discussed in this document may include forward-looking statements, including statements made about our outlook, expected sales levels, systems backlog, IC unit demand, expected financial results, gross margin and expenses, and intention to repurchase shares.

These forward looking statements are subject to risks and uncertainties including: economic conditions, product demand and semiconductor equipment industry capacity, worldwide demand and manufacturing capacity utilization for semiconductors (the principal product of our customer base), including the impact of general economic conditions on consumer confidence and demand for our customers' products, competitive products and pricing, the impact of manufacturing efficiencies and capacity constraints, the continuing success of technology advances and the related pace of new product development and customer acceptance of new products, the number and timing of EUV systems expected to be shipped, our ability to enforce patents and protect intellectual property rights, the risk of intellectual property litigation, availability of raw materials and critical manufacturing equipment, trade environment, changes in exchange rates, available cash, distributable reserves for dividend payments and share repurchases, our ability to successfully integrate Cymer, 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

- Business summary
- Business environment
- Outlook
- ASML technology status

The background of the slide features a series of thin, light blue wavy lines that flow from the left side towards the right, creating a sense of movement and depth. The lines are more densely packed on the left and become more sparse as they move towards the right.

# Business summary

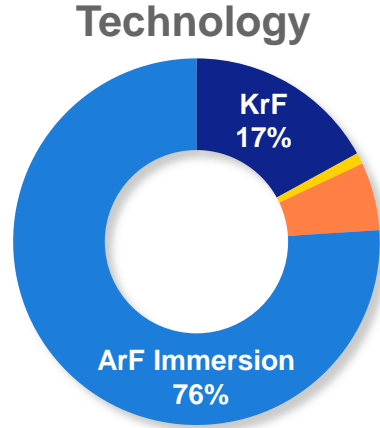
# Q1 results – highlights

- Net sales of € 1,397 million, 40 litho systems sold, valued at € 1,030 million, net service and field option sales at € 367 million
- Gross margin of 43.6%
  - Positively impacted by product mix and holistic litho sales
  - Includes negative impact of 2.0% due to revenue recognition of 1 EUV system
- Operating margin of 19.0%
- Net bookings of € 1,070 million, 30 systems
- Backlog at € 1,939 million, 47 systems

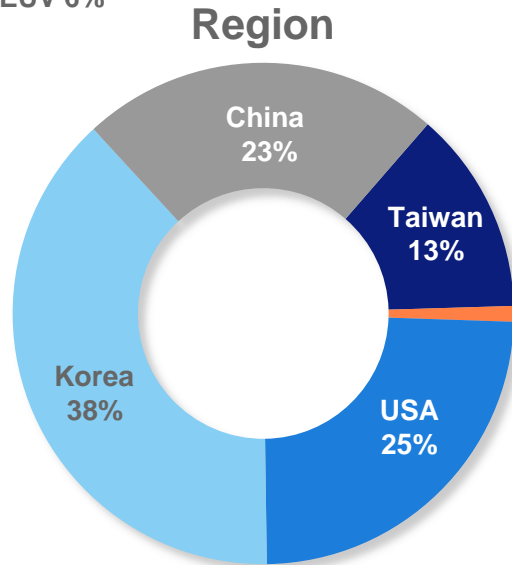
Net bookings and backlog numbers are excluding EUV  
Numbers have been rounded for readers' convenience

# Net system sales breakdown in value: Q1 2014

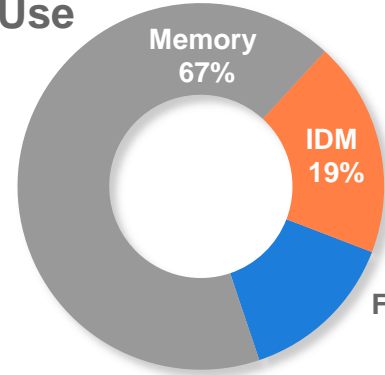
Total value is € 1,030 million



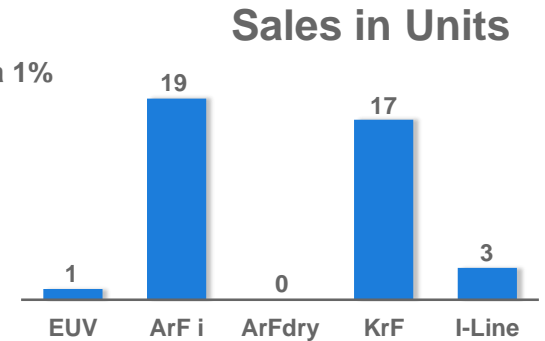
I line 1%  
EUV 6%



### End-Use

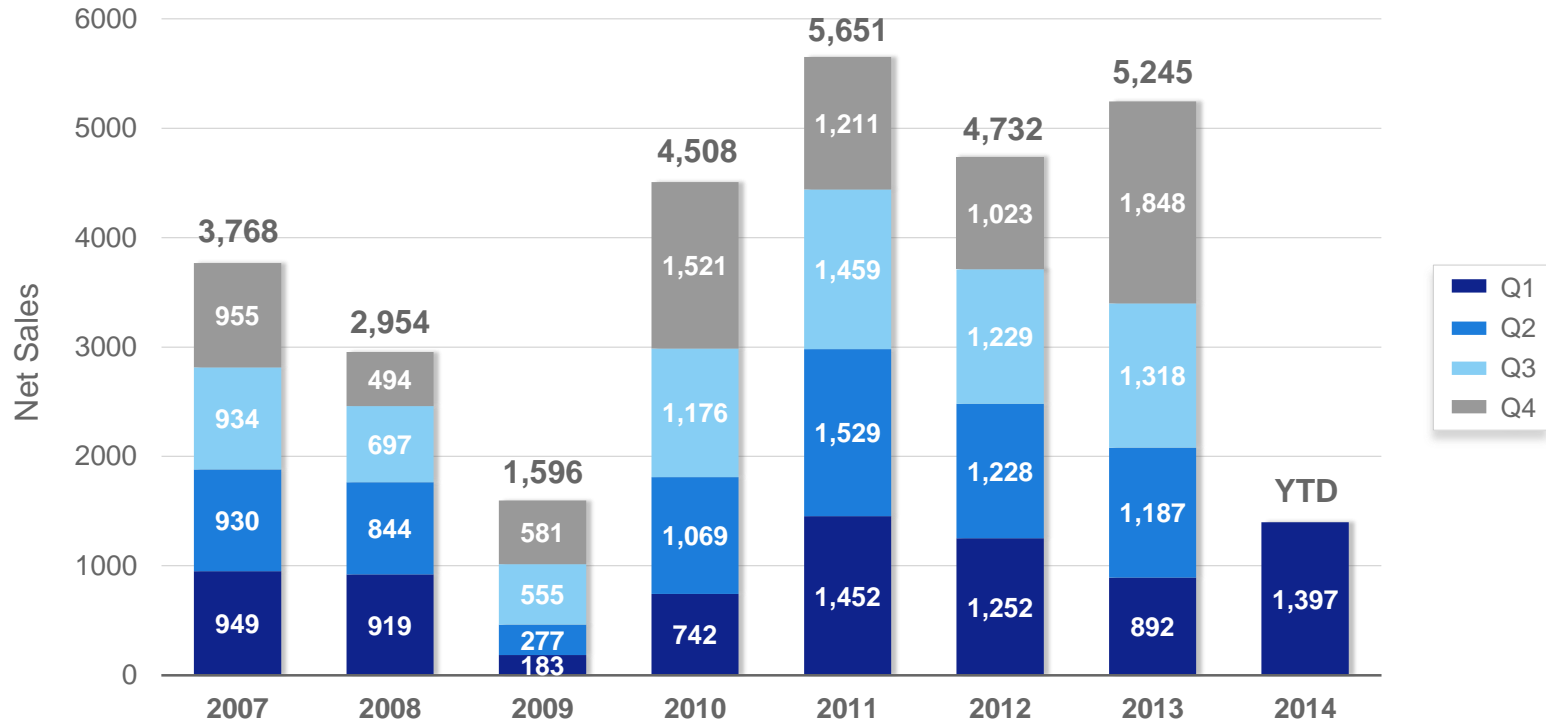


Foundry 14%



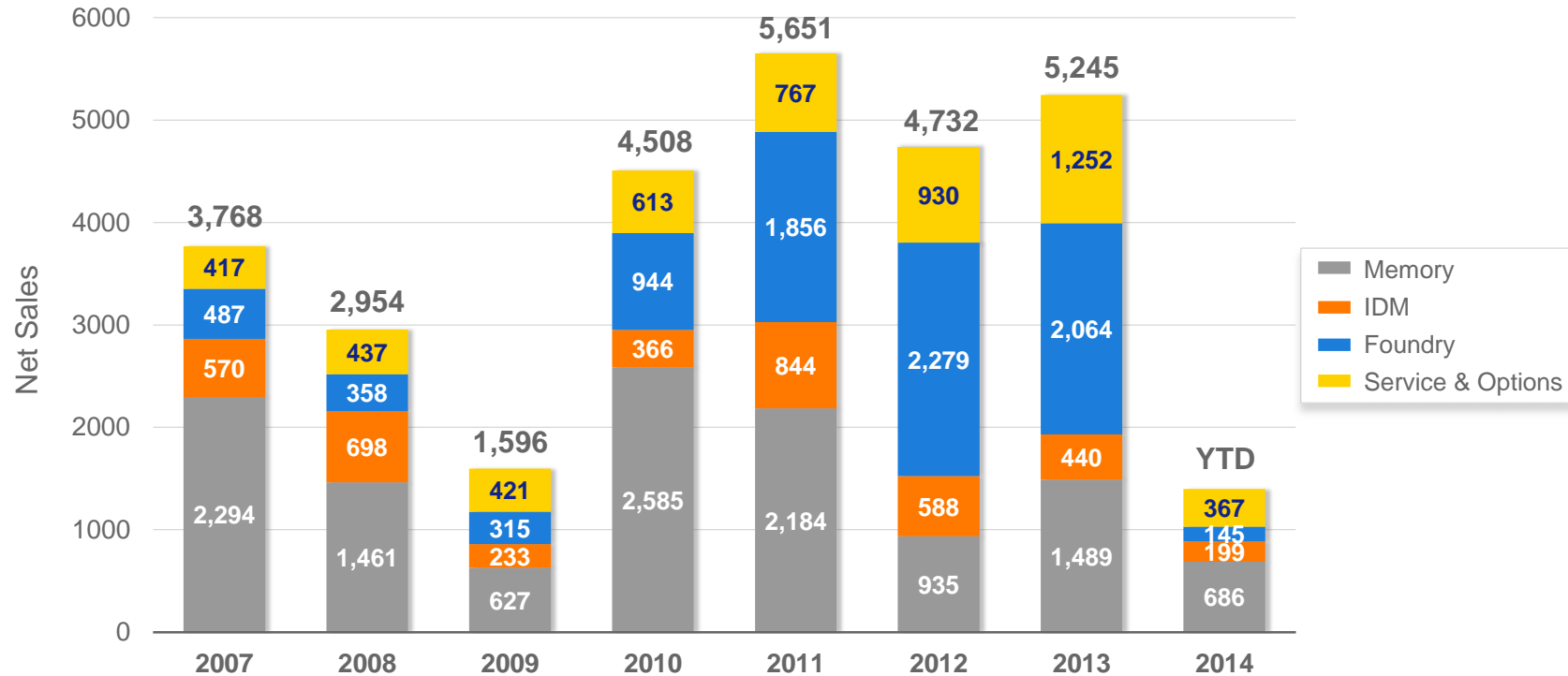
Numbers have been rounded for readers' convenience

# Total net sales M€



Numbers have been rounded for readers' convenience

# Total net sales M€ by End-use



Numbers have been rounded for readers' convenience



# Consolidated statements of operations M€

	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14
<b>Net sales</b>	<b>892</b>	<b>1,187</b>	<b>1,318</b>	<b>1,848</b>	<b>1,397**</b>
<b>Gross profit</b>	<b>341</b>	<b>500</b>	<b>531</b>	<b>806</b>	<b>610</b>
<b>Gross margin %</b>	<b>38.2%</b>	<b>42.1%</b>	<b>40.3%</b>	<b>43.6%</b>	<b>43.6%</b>
<b>Other income*</b>	<b>14</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>20</b>
<b>R&amp;D costs</b>	<b>(185)</b>	<b>(200)</b>	<b>(244)</b>	<b>(253)</b>	<b>(279)</b>
<b>SG&amp;A costs</b>	<b>(63)</b>	<b>(68)</b>	<b>(91)</b>	<b>(90)</b>	<b>(85)</b>
<b>Income from operations</b>	<b>107</b>	<b>248</b>	<b>212</b>	<b>480</b>	<b>266</b>
<b>Operating income %</b>	<b>12.1%</b>	<b>20.9%</b>	<b>16.1%</b>	<b>26.0%</b>	<b>19.0%</b>
<b>Net income</b>	<b>96</b>	<b>245</b>	<b>193</b>	<b>481</b>	<b>249</b>
<b>Net income as a % of net sales</b>	<b>10.8%</b>	<b>20.7%</b>	<b>14.7%</b>	<b>26.0%</b>	<b>17.8%</b>
<b>Earnings per share (basic) €</b>	<b>0.24</b>	<b>0.58</b>	<b>0.44</b>	<b>1.09</b>	<b>0.57</b>
<b>Earnings per share (diluted) €</b>	<b>0.23</b>	<b>0.57</b>	<b>0.43</b>	<b>1.08</b>	<b>0.56</b>
<b>Litho units sold</b>	<b>29</b>	<b>38</b>	<b>34</b>	<b>56</b>	<b>40</b>
<b>ASP new litho systems</b>	<b>26.6</b>	<b>25.8</b>	<b>31.5</b>	<b>26.5</b>	<b>28.6</b>
<b>Net booking value</b>	<b>715</b>	<b>1,065</b>	<b>1,415</b>	<b>1,449</b>	<b>1,070</b>

Numbers have been rounded for readers' convenience

Net booking value is excl. EUV

\* Customer Co-Investment Program (CCIP)

\*\* incl. € 8 million CCIP contribution this quarter

# Cash flows M€

	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14
Net income	96	245	193	481	249
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	45	49	68	68	65
Allowance for obsolete inventory	30	34	48	52	42
Other non-cash items	6	20	8	12	(2)
Change in assets and liabilities:					
Accounts receivables (incl. Finance receivables)	(101)	199	(181)	(100)	(3)
Inventories	(182)	(101)	(244)	9	(204)
Accounts payable	233	(10)	207	(109)	118
Other assets and liabilities	(184)	46	8	108	(61)
<b>Net cash provided by (used in) operating activities</b>	<b>(56)</b>	<b>481</b>	<b>107</b>	<b>522</b>	<b>203</b>
Capex (Purchase of PPE and intangibles)	(31)	(51)	(55)	(78)	(75)
Other investing activities	90	(322)	96	(17)	80
<b>Net cash provided by (used in) investing activities</b>	<b>59</b>	<b>(372)</b>	<b>41</b>	<b>(95)</b>	<b>5</b>
Purchase of shares	-	(85)	(52)	(164)	(145)
Dividend paid	-	(216)	-	-	-
Other financing activities	10	6	377	10	4
<b>Net cash provided by (used in) financing activities</b>	<b>10</b>	<b>(295)</b>	<b>325</b>	<b>(153)</b>	<b>(141)</b>
Effect of changes in currency rates on cash	1	(2)	(4)	(4)	(0)
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	<b>13</b>	<b>(188)</b>	<b>469</b>	<b>270</b>	<b>67</b>
<b>Free cash flow *</b>	<b>(88)</b>	<b>431</b>	<b>52</b>	<b>444</b>	<b>128</b>

Numbers have been rounded for readers' convenience

\* Free cash flow is defined as net cash provided by (used in) operating activities minus investments in Capex (Purchase of PPE and intangibles)

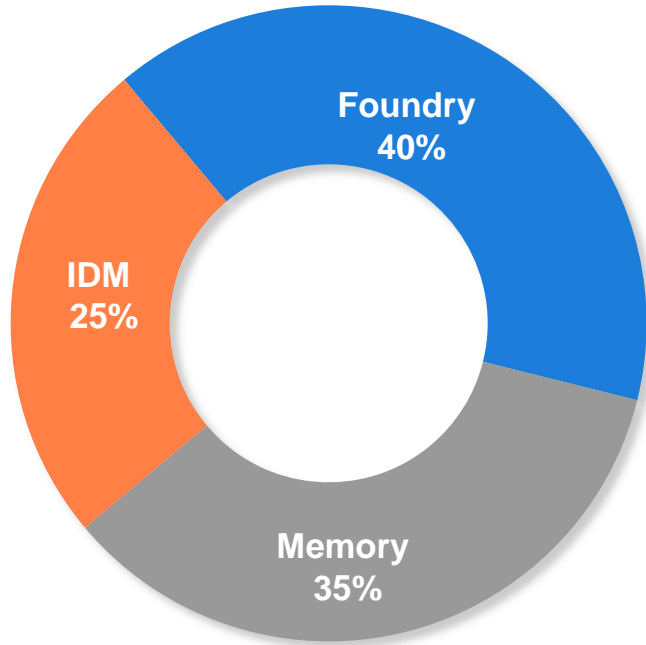
# Balance sheets M€

	Assets	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14
Cash & cash equivalents and short-term investments		2,620	2,351	2,724	3,011	2,998
Net accounts receivable and finance receivables		1,008	883	1,070	1,175	1,177
Inventories, net		2,006	2,372	2,492	2,393	2,548
Other assets		591	584	674	635	684
Tax assets		210	266	253	296	340
Goodwill		153	2,208	2,134	2,089	2,093
Other intangible assets		13	759	723	697	688
Property, plant and equipment		1,012	1,127	1,163	1,218	1,231
<b>Total assets</b>		<b>7,613</b>	<b>10,550</b>	<b>11,233</b>	<b>11,514</b>	<b>11,758</b>
<b>Liabilities and shareholders' equity</b>						
Current liabilities		2,346	2,490	2,758	2,869	2,958
Non-current liabilities		1,095	1,538	1,854	1,723	1,744
Shareholders' equity		4,172	6,522	6,621	6,922	7,057
<b>Total liabilities and shareholders' equity</b>		<b>7,613</b>	<b>10,550</b>	<b>11,233</b>	<b>11,514</b>	<b>11,758</b>

Numbers have been rounded for readers' convenience

# Bookings activity by sector

Total value M€ 1,070



## Net booked

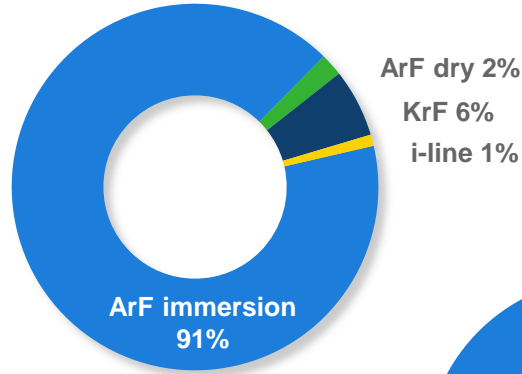
- 27 new tools at € 1,055 million
  - ASP € 39.1 million
- 3 used tools at € 15 million

EUV not included  
Numbers have been rounded for readers' convenience

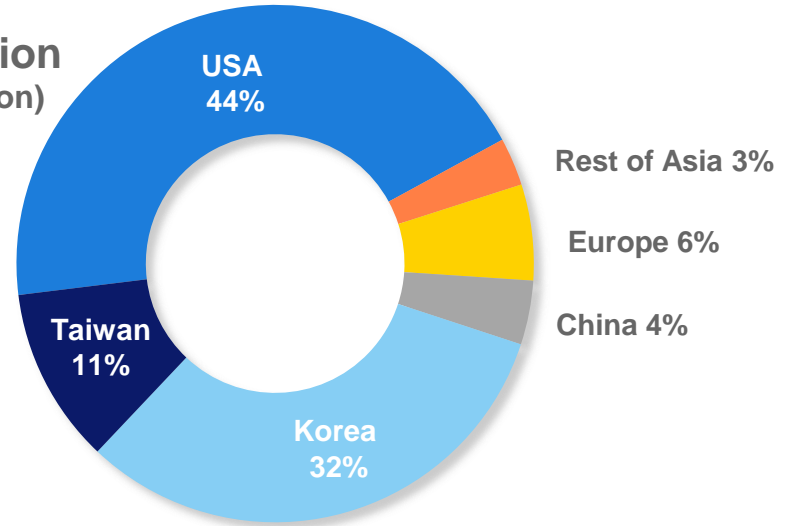
# Backlog in value per Mar 30, 2014

Total value M€ 1,939

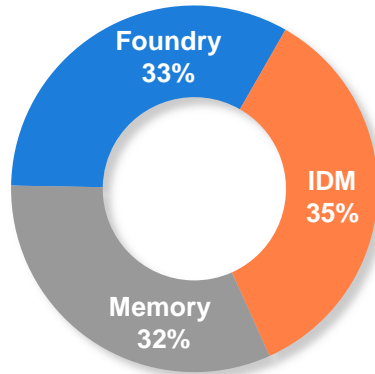
## Technology



## Region (ship to location)



## End-use



65% of backlog carries shipment dates in the next 6 months

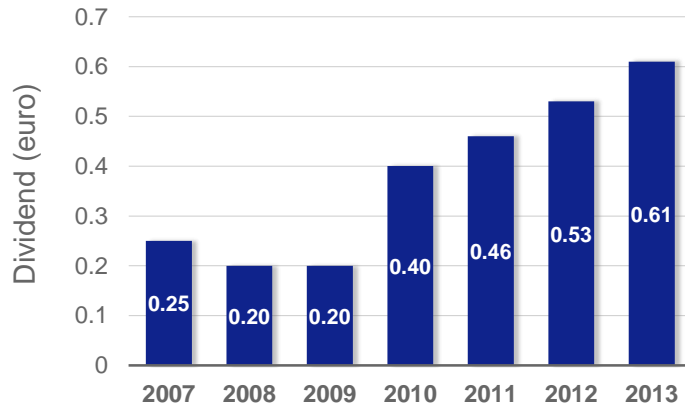
EUV not included  
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	New systems	Used systems	Total systems
<b>Units</b>	39	8	47
<b>Value M€</b>	1,908	32	1,939
<b>ASP M€</b>	48.9	3.9	41.3

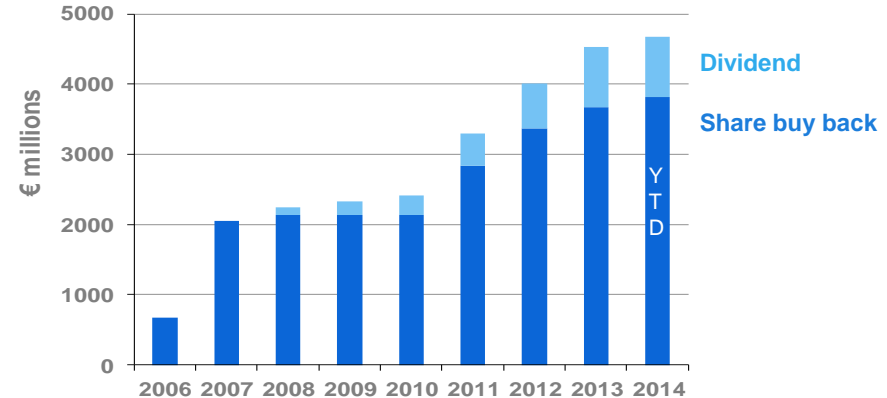
# Capital return to shareholders

- ASML proposes to again increase dividend by 15% to € 0.61 per ordinary share during its Shareholders meeting 23 April 2014
  - Time schedule: Ex-date 25 April, Record date 29 April, Payment date 13 May
- In Q1, ASML acquired 2.3 million shares for a total consideration of € 147 million
- Of the € 1.0 billion 2013-2014 buy back program 45% has been executed
- The repurchased shares will be cancelled
- ASML returned more than € 4.5 billion in dividend and share buy backs since 2006

Dividend history (with associated year)



Cumulative capital return (cash)



# Business environment

# Business environment for 2014



NAND

- Bit growth forecast mid 40s% driven by SSD drives and smartphones
- Demand being met through shrink and capacity expansion
- Challenges in qualification of vertical NAND and future node planar technologies, creating litho demand timing uncertainty



DRAM

- Bit growth forecast of 20 - 30%
- Bits supplied by planned technology transitions meet bit demand forecast
- Litho process intensity increases due to node transition and mobile DRAM process complexity



LOGIC

- Customers are installing capacity for their 20/16/14 nm nodes
- Timing uncertainty in next generation device designs and production ramps
- Market growth uncertainty around PCs, high-end smartphones and tablets



# ASML business status

- Net sales in Q2 is expected to be affected by:
  - Adjustment for system demand from some Logic customers
- This means H1 2014 net sales will be around € 3 billion **including** EUV

The background of the slide features a series of thin, light blue lines that curve and flow from the left side towards the right, creating a sense of movement and depth. The lines are more densely packed on the left and become more sparse as they move towards the right.

# Outlook

# Outlook

- Q2 net sales around € 1.6 billion, including EUV
  - Gross margin around 44 - 45%, including EUV
  - R&D costs of about € 270 million
  - SG&A costs of about € 85 million
  - Other income (Customer Co-Investment Program) of about € 20 million
- Q3 net sales around € 1.4 billion, including EUV
- 3 EUV systems to be revenue recognized in Q2 + Q3 combined

The main title of the slide is 'ASML technology status', centered in a blue, sans-serif font. The background of the slide features a series of light blue, wavy lines that curve from the bottom left towards the right, creating a sense of motion and depth.

# EUV – progress toward production insertion

- Multiple customers are qualifying EUV for insertion at the 10 nm logic node
- For process development, customers typically require 100 wafers per day, increasing to 500 wafers per day on average for production qualification
- We have provided customers with process development capability
- In 2016 we will provide our customers with the productivity needed for volume production
- Our target is to recognize a total of 8 EUV systems in revenue this year

# Product highlights

- We shipped our fourth NXE:3300B EUV system to the fourth customer and recognized 1 EUV system in Q1 sales
- Shipments of our TWINSCAN NXT:1970Ci immersion system continue to ramp, with 24 systems in the backlog at the end of Q1, underscoring the rapid customer adoption
- We have expanded our TWINSCAN NXT portfolio to include the NXT:1965Ci, which will provide the optimum cost of ownership on a common platform and which will be upgradeable to the performance of the NXT:1970Ci and its successor
- Adoption of YieldStar as well as the associated Holistic Lithography products is broadening in 20 nm logic manufacturing and is now also expanding to memory manufacturers

The image features the ASML logo in a bold, dark blue, sans-serif font on the left side. The background is a light blue gradient with several decorative elements: a large, semi-transparent, curved shape on the left; a series of thin, white, wavy lines that originate from the right side of the ASML text and extend across the right half of the image; and a solid light blue area at the top right.

**ASML**