



ASML Q2 sales as guided, gross margin tops guided range
Full-year sales impacted by timing of logic capacity ramp

ASML 2014 Second Quarter Results

Veldhoven, the Netherlands

July 16, 2014

Forward looking statements

This document contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to our outlook, expected customer demand in specified market segments, expected sales levels, systems backlog, IC unit demand, expected financial results, gross margin and expenses, expected shipment of tools, productivity of our tools, the development of EUV technology and the number of EUV systems expected to be shipped and timing of shipments, dividend policy and intention to repurchase shares. 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” 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. Actual results may differ materially from projected results as a result of certain 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 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, 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.

Agenda

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

Business summary

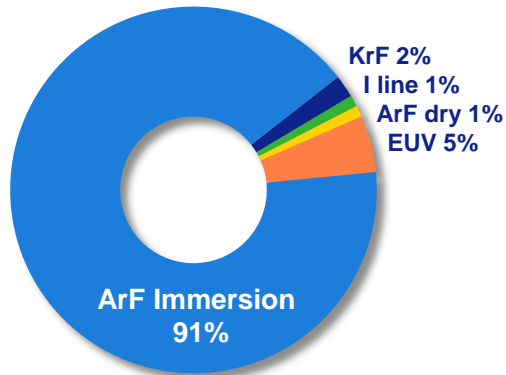
Q2 results – highlights

- Net sales of € 1,644 million, 31 litho systems sold, valued at € 1,243 million, net service and field option sales at € 401 million
 - Record average selling price of € 40 million per machine
- Gross margin of 45.7%
 - Positively impacted by sector/product mix and better contribution from service and field options
- Operating margin of 25.9%
- Net bookings of € 1,048 million, 29 systems
- Backlog at € 1,763 million, 46 systems

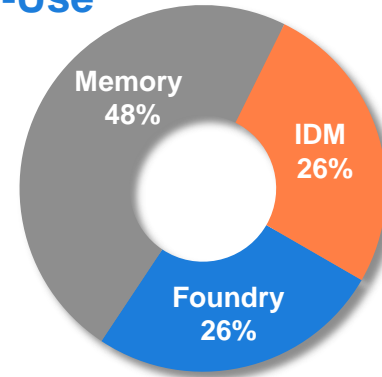
Net system sales breakdown in value: Q2 2014

Total value is € 1,243 million

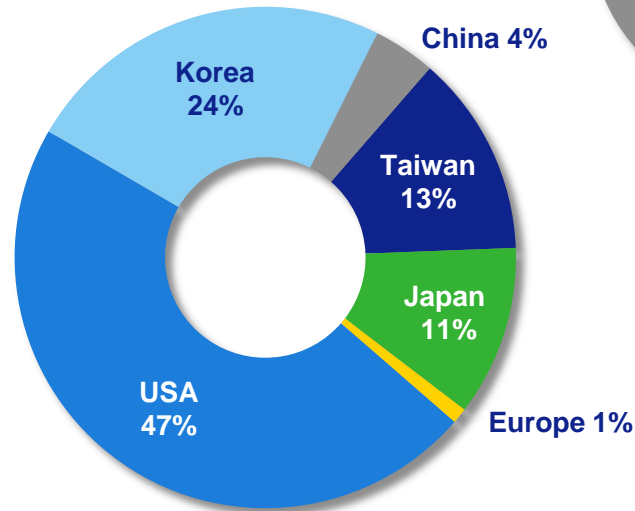
Technology



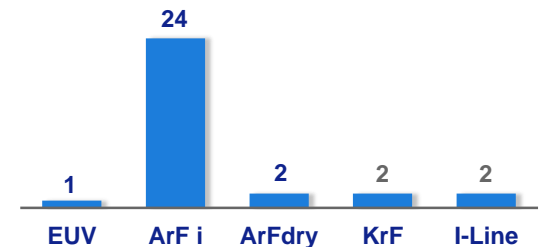
End-Use



Region (ship to location)

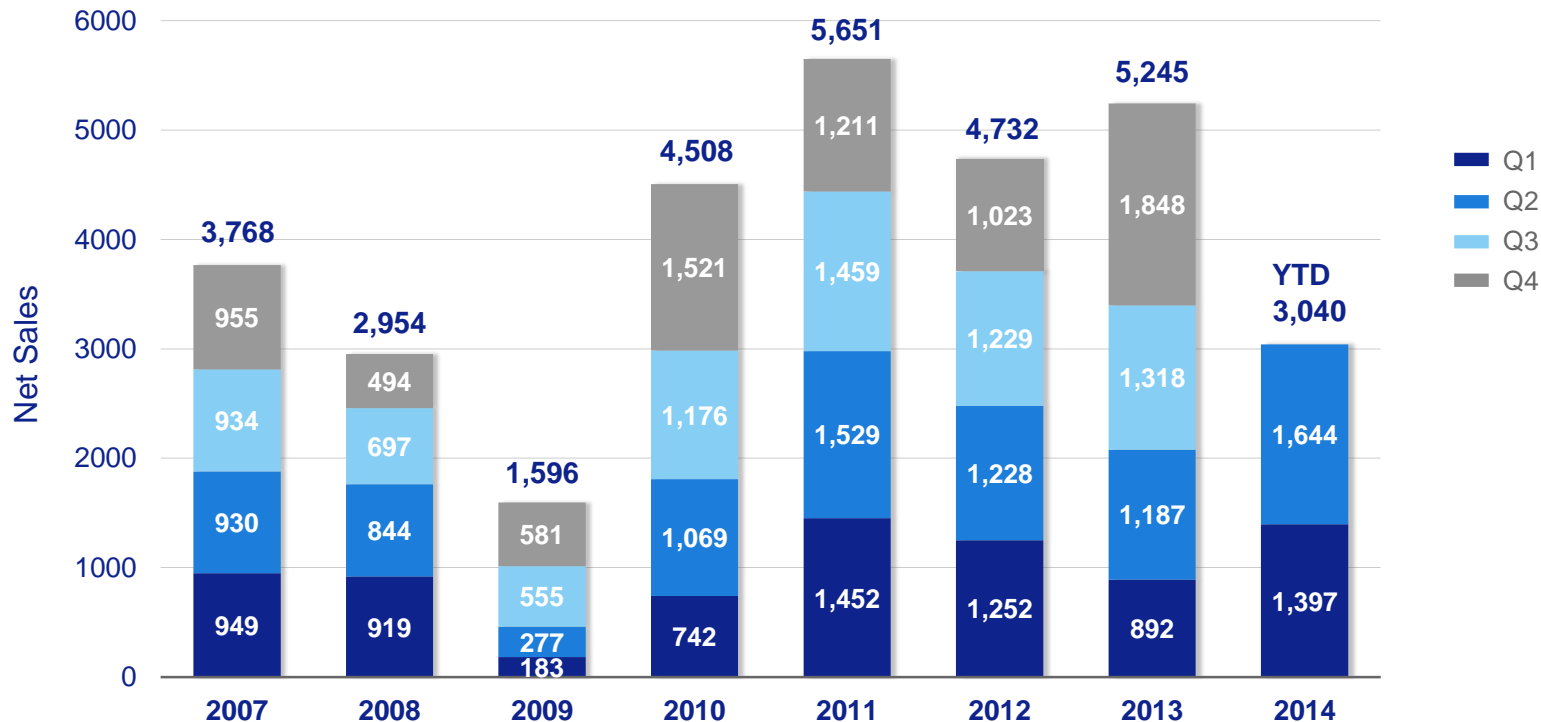


Sales in Units



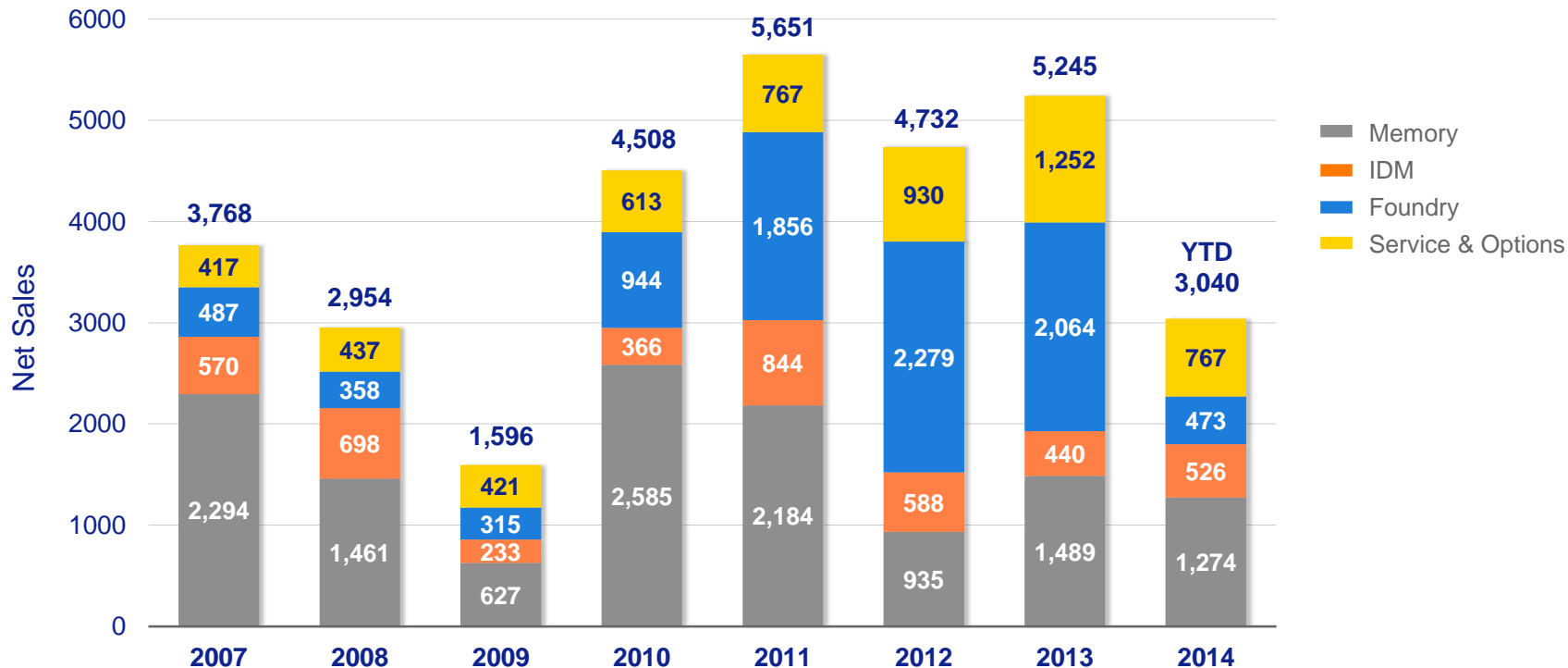
Numbers have been rounded for readers' convenience

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€

| | Q2 13 | Q3 13 | Q4 13 | Q1 14 | Q2 14 |
|---------------------------------------|--------------|--------------|--------------|--------------|----------------|
| Net sales | 1,187 | 1,318 | 1,848 | 1,397 | 1,644** |
| Gross profit | 500 | 531 | 806 | 610 | 752 |
| Gross margin % | 42.1% | 40.3% | 43.6% | 43.6% | 45.7% |
| Other income* | 16 | 17 | 17 | 20 | 20 |
| R&D costs | (200) | (244) | (253) | (279) | (267) |
| SG&A costs | (68) | (91) | (90) | (85) | (80) |
| Income from operations | 248 | 212 | 480 | 266 | 425 |
| Operating income % | 20.9% | 16.1% | 26.0% | 19.0% | 25.9% |
| Net income | 245 | 193 | 481 | 249 | 399 |
| Net income as a % of net sales | 20.7% | 14.7% | 26.0% | 17.8% | 24.3% |
| Earnings per share (basic) € | 0.58 | 0.44 | 1.09 | 0.57 | 0.91 |
| Earnings per share (diluted) € | 0.57 | 0.43 | 1.08 | 0.56 | 0.90 |
| Litho units sold | 38 | 34 | 56 | 40 | 31 |
| ASP new litho systems | 25.8 | 31.5 | 26.5 | 28.6 | 45.2 |
| Net booking value | 1,065 | 1,415 | 1,449 | 1,070 | 1,048 |

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€

| | Q2 13 | Q3 13 | Q4 13 | Q1 14 | Q2 14 |
|--|--------------|------------|--------------|--------------|--------------|
| Net income | 245 | 193 | 481 | 249 | 399 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | | | | |
| Depreciation and amortization | 49 | 68 | 68 | 65 | 67 |
| Allowance for obsolete inventory | 34 | 48 | 52 | 42 | 45 |
| Other non-cash items | 20 | 8 | 12 | (2) | 28 |
| Change in assets and liabilities: | | | | | |
| Accounts receivables (incl. Finance receivables) | 199 | (181) | (100) | (3) | (253) |
| Inventories | (101) | (244) | 9 | (204) | (123) |
| Accounts payable | (10) | 207 | (109) | 118 | (62) |
| Other assets and liabilities | 46 | 8 | 108 | (61) | 97 |
| Net cash provided by (used in) operating activities | 481 | 107 | 522 | 203 | 198 |
| Capex (Purchase of PPE and intangibles) | (51) | (55) | (78) | (75) | (74) |
| Other investing activities | (322) | 96 | (17) | 80 | (0) |
| Net cash provided by (used in) investing activities | (372) | 41 | (95) | 5 | (74) |
| Purchase of shares | (85) | (52) | (164) | (145) | (155) |
| Dividend paid | (216) | - | - | - | (268) |
| Other financing activities | 6 | 377 | 10 | 4 | 9 |
| Net cash provided by (used in) financing activities | (295) | 325 | (153) | (141) | (414) |
| Effect of changes in currency rates on cash | (2) | (4) | (4) | (0) | 2 |
| Net increase (decrease) in cash & cash equivalents | (188) | 469 | 270 | 67 | (287) |
| Free cash flow * | 431 | 52 | 444 | 128 | 125 |

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)

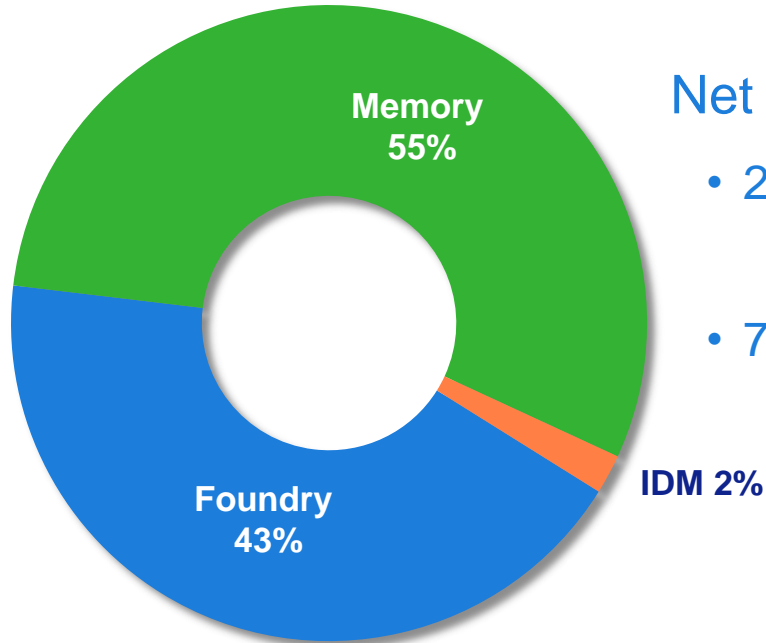
Balance sheets M€

| Assets | Q2 13 | Q3 13 | Q4 13 | Q1 14 | Q2 14 |
|--|---------------|---------------|---------------|---------------|---------------|
| Cash & cash equivalents and short-term investments | 2,351 | 2,724 | 3,011 | 2,998 | 2,711 |
| Net accounts receivable and finance receivables | 883 | 1,070 | 1,175 | 1,177 | 1,429 |
| Inventories, net | 2,372 | 2,492 | 2,393 | 2,548 | 2,616 |
| Other assets | 584 | 674 | 635 | 684 | 727 |
| Tax assets | 266 | 253 | 296 | 340 | 329 |
| Goodwill | 2,208 | 2,134 | 2,089 | 2,093 | 2,116 |
| Other intangible assets | 759 | 723 | 697 | 688 | 686 |
| Property, plant and equipment | 1,127 | 1,163 | 1,218 | 1,231 | 1,275 |
| Total assets | 10,550 | 11,233 | 11,514 | 11,758 | 11,889 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | 2,490 | 2,758 | 2,869 | 2,958 | 3,065 |
| Non-current liabilities | 1,538 | 1,854 | 1,723 | 1,744 | 1,743 |
| Shareholders' equity | 6,522 | 6,621 | 6,922 | 7,057 | 7,081 |
| Total liabilities and shareholders' equity | 10,550 | 11,233 | 11,514 | 11,758 | 11,889 |

Numbers have been rounded for readers' convenience

Bookings activity by sector

Total value M€ 1,048



Net booked

- 22 new tools at € 990 million
 - ASP € 45.0 million
- 7 used tools at € 58 million

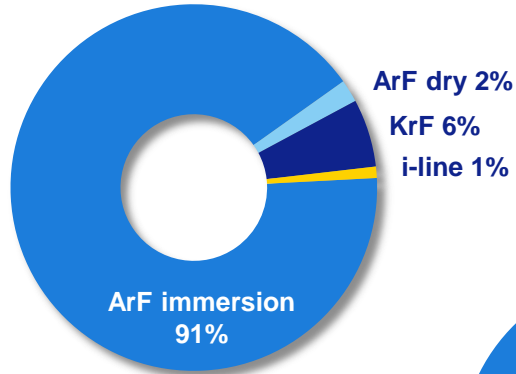
EUV not included

Numbers have been rounded for readers' convenience

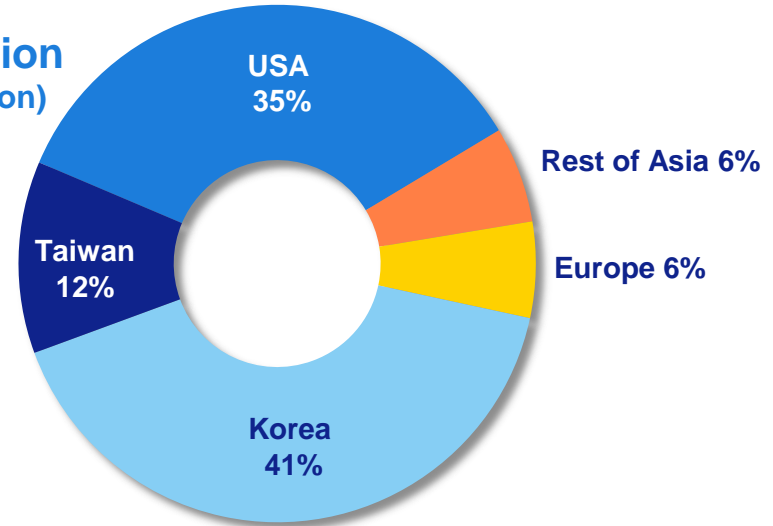
Backlog in value per June 29, 2014

Total value M€ 1,763

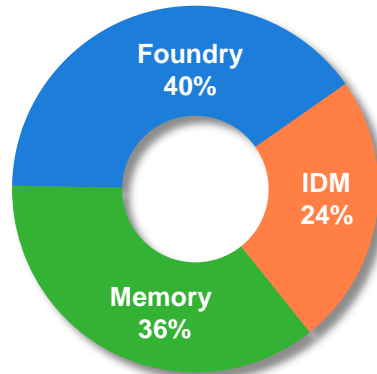
Technology



Region (ship to location)



End-use



66% of backlog carries shipment dates in the next 6 months

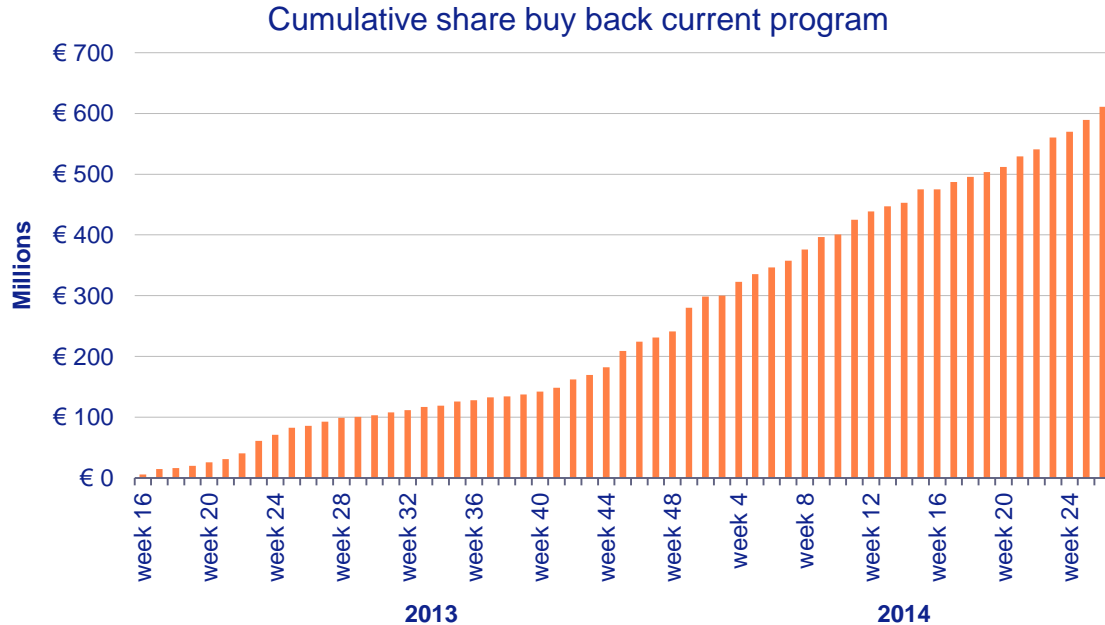
EUV not included

Numbers have been rounded for readers' convenience

| | New systems | Used systems | Total systems |
|----------|-------------|--------------|---------------|
| Units | 35 | 11 | 46 |
| Value M€ | 1,695 | 68 | 1,763 |
| ASP M€ | 48.4 | 6.2 | 38.3 |

Capital return to shareholders

- Of the € 1.0 billion 2013-2014 buy back program 61% has been executed, acquiring 9.5 million shares up until the end of Q2
- Repurchased shares will be cancelled
- ASML returned more than € 5 billion in dividend and share buy backs since 2006



Business environment



LOGIC

- The ramp of the 20/16/14 nm nodes is set to continue, however as we discussed last quarter some customers continue to evaluate the timing of their litho deliveries to synchronize supply and demand, leading to an adjustment of the ASML Q4 shipment forecast
- Expected total installed 20/16/14 nm to reach a capacity of approx. 300,000 wspm (wafer starts/month)



NAND

- Bit growth forecast low 40s%
- Demand being met through planar NAND shrink and capacity expansion
- No Vertical NAND capacity being added in H2



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

The background of the slide features a series of light blue, wavy lines that originate from the left side and curve towards the right, creating a sense of motion and depth. The lines are thin and closely spaced, fading out as they move towards the right edge of the slide.

Outlook

- Q3 net sales around € 1.4 billion, including 2 EUV systems
 - Gross margin around 42%, including EUV
 - R&D costs of about € 260 million
 - SG&A costs of about € 80 million
 - Other income (Customer Co-Investment Program) of about € 20 million
- Full-year 2014 net sales of around € 5.6 billion, due to:
 - Logic customers re-evaluating the timing of the capacity ramps for next nodes
 - 3 EUV systems will now ship in 2015 due to customer requests for the latest upgrades

ASML technology status

EUV status and targets

Status:

- We doubled wafer processing capability at the customer site over the last quarter to over 200 wafers/day, and we are confident that we can meet the 500 wafer per day target around the end of 2014
- One NXE:3300B is recognized in revenue this quarter and we have now shipped a total of 6 NXE:3300B systems to logic and memory customers
- 3 NXE:3300B deliveries will shift into 2015 as some customers prefer the option to upgrade their systems to the NXE:3350B performance specifications
- 4th generation NXE system (NXE:3350B) integration ongoing

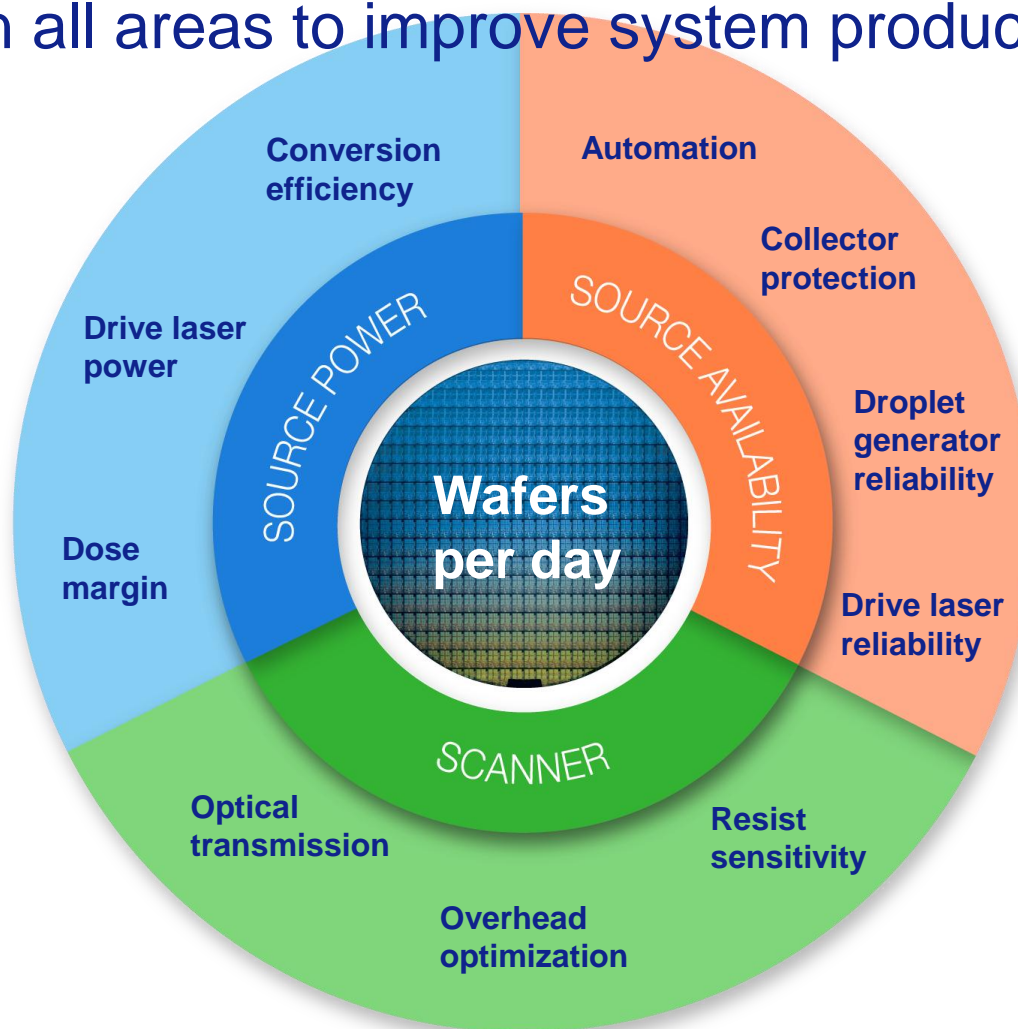
Targets:

- In 2016 we will provide our customers with the productivity needed for volume production (typically up to 1,500 wafers/day)

Progress on all areas to improve system productivity

Source Power

- Higher conversion efficiency demonstrated
- Advanced dose controller demonstrated



System Availability

- Full automation plasma control with good dose control demonstrated
- In-situ cleaning of collector demonstrated

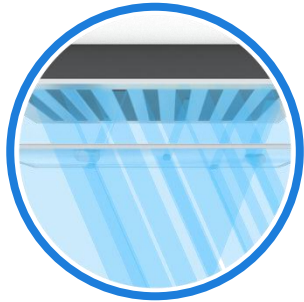
Scanner

- Improved coatings for better transmission
- Reduced overhead ongoing

EUV towards production insertion

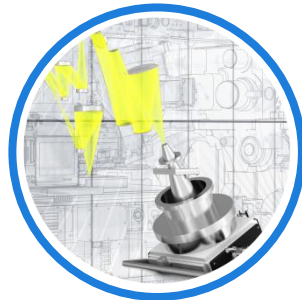


Multiple customers are qualifying EUV for insertion at the 10 nm logic node



NXE:3300B imaging and overlay performance is in line with requirements for 10nm node insertion

Defect reduction ~10x per year shown and full-size EUV pellicle prototype manufactured



EUV source: Improvements demonstrated in conversion efficiency, dose margin, automation and collector lifetime, driving power and availability

Product highlights

- TWINSCAN productivity continues to set new records:
 - An NXT:1950i system with a productivity enhancement package has processed more than 5,250 wafers in a single day
 - Another NXT:1960Bi system imaged more than 1.5 million wafers in a one year period
- First TWINSCAN NXT:1960Bi system has been upgraded at a customer site, bringing it to full NXT:1970Ci system performance
- We started shipping our next-generation integrated metrology system, YieldStar 250D to support 14nm logic and 2xnm memory metrology requirements

The image features the ASML logo in a bold, dark blue, sans-serif font on the left side. The background is a gradient of light blue, with several large, overlapping, curved shapes in varying shades of blue. On the right side, there are several thin, white, wavy lines that curve across the frame, creating a sense of motion and depth. The overall aesthetic is clean, modern, and professional.

ASML