



ASML posts record full-year 2014 sales of € 5.86 billion
Announces new € 1 billion share buyback program

ASML 2014 Fourth Quarter and 2014 Annual Results

Veldhoven, the Netherlands

January 21, 2015

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 trends, systems backlog, IC unit demand, expected financial results, including expected or potential sales, other income, gross margin and expenses, tool orders and expected shipment of tools, productivity of our tools and systems performance, including TWINSCAN and EUV system performance (such as endurance tests), expected industry trends, the development of EUV technology and the number of EUV systems expected to be shipped and timing of shipments, our proposed dividend for 2014 and our 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. 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, performance of our systems, 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 and recognized in revenue, 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, risks associated with the Cymer acquisition 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

- Investor key messages
- 2014 Highlights
- Business environment
- Outlook
- Technology highlights
- Financial statements

Investor key messages

Investor key messages

- Shrink is the key industry driver supporting innovation and providing long term industry growth
- Moore's Law will continue and be affordable
- Lithography enables affordable shrink and therefore delivers compelling value for our customers
- ASML's strategy of large R&D investments in lithography product roadmaps supports future industry needs
- DUV product improvement roadmaps and Holistic Litho enable multi-pass immersion patterning today, with Holistic Litho supporting EUV in future. These highly differentiated products provide unique value drivers for us and our customers
- EUV faces normal new technology introduction challenges but its adoption is now a matter of WHEN not IF. EUV will continue to enable Moore's Law and will drive long term value for ASML
- ASML models an annual revenue opportunity of €10 billion by 2020 and given the significant leverage in our financial model this will allow a potential tripling of EPS by the end of this decade thereby creating significant value for all stakeholders
- We expect to continue to return excess cash to our shareholders through dividends that are stable or growing and regularly timed share buybacks in line with our policy

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2014 Highlights

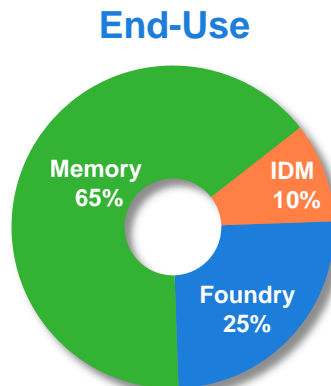
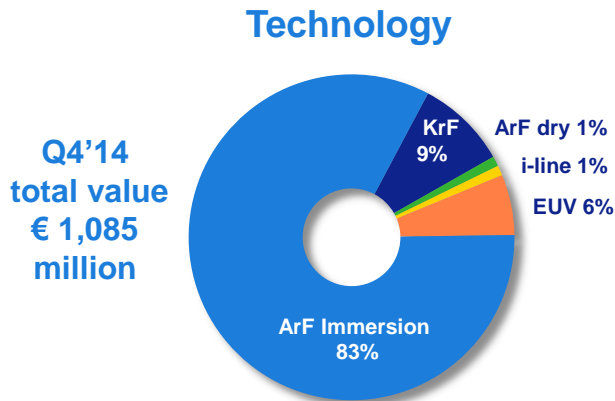
2014 – Highlights

- Record net sales of € 5,856 million, up 12% vs 2013
 - Gross margin 44.3% vs 41.5% in 2013
 - Net income € 1,197 million, up 18% vs 2013
 - Basic EPS € 2.74, up 16% versus 2013
- We achieved our target of 500 wafer per day productivity for EUV NXE:3300B at multiple customer sites
- First order for 2 NXE:3350B EUV systems received from TSMC
- Maintained our strong cash balance
- Returned € 968 million to shareholders through combined dividend and share buybacks

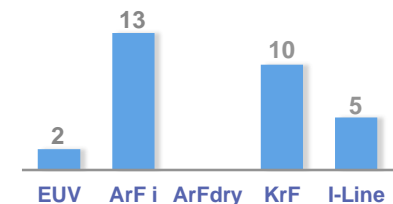
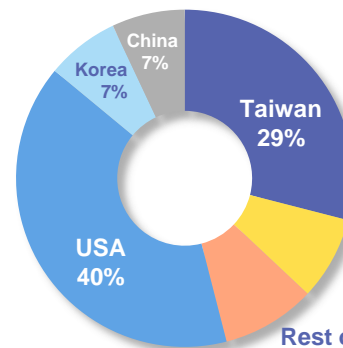
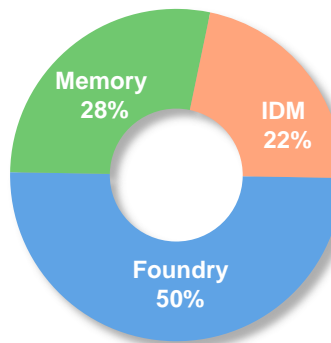
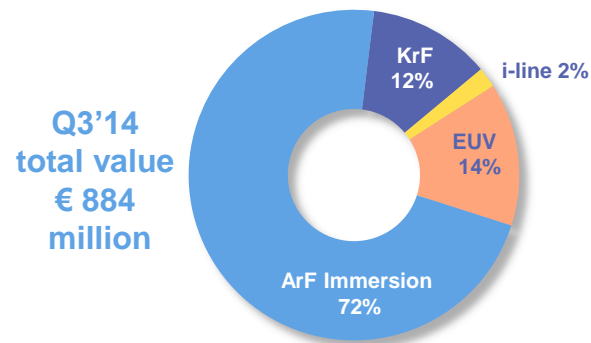
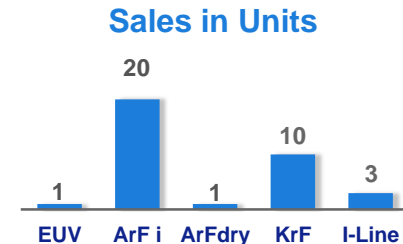
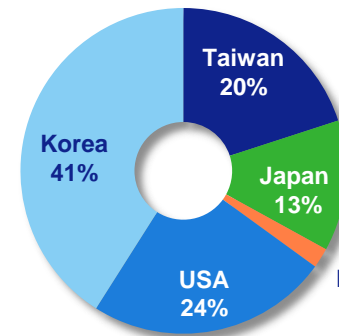
Q4 results

- Net sales of € 1,494 million, 35 litho systems sold, valued at € 1,085 million, net service and field option sales at € 409 million
- Average selling price of € 31.0 million per machine
- Gross margin of 44.0%
- Operating margin of 22.1%
- Net bookings of € 1,387 million, 51 systems (including orders for EUV NXE:3350B)
- Backlog at € 2,772 million, 82 systems (including orders for EUV NXE:3350B)

Net system sales breakdown in value

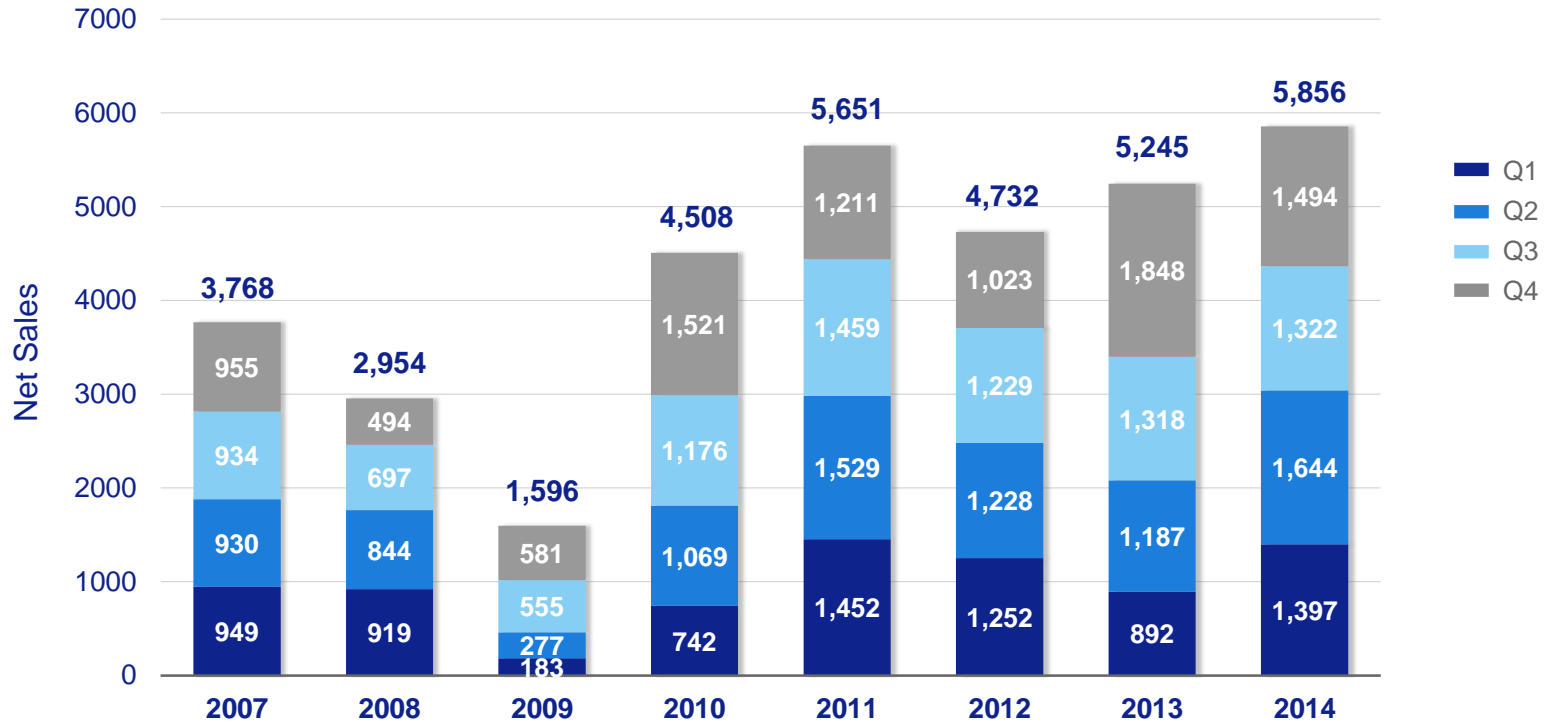


Region (ship to location)



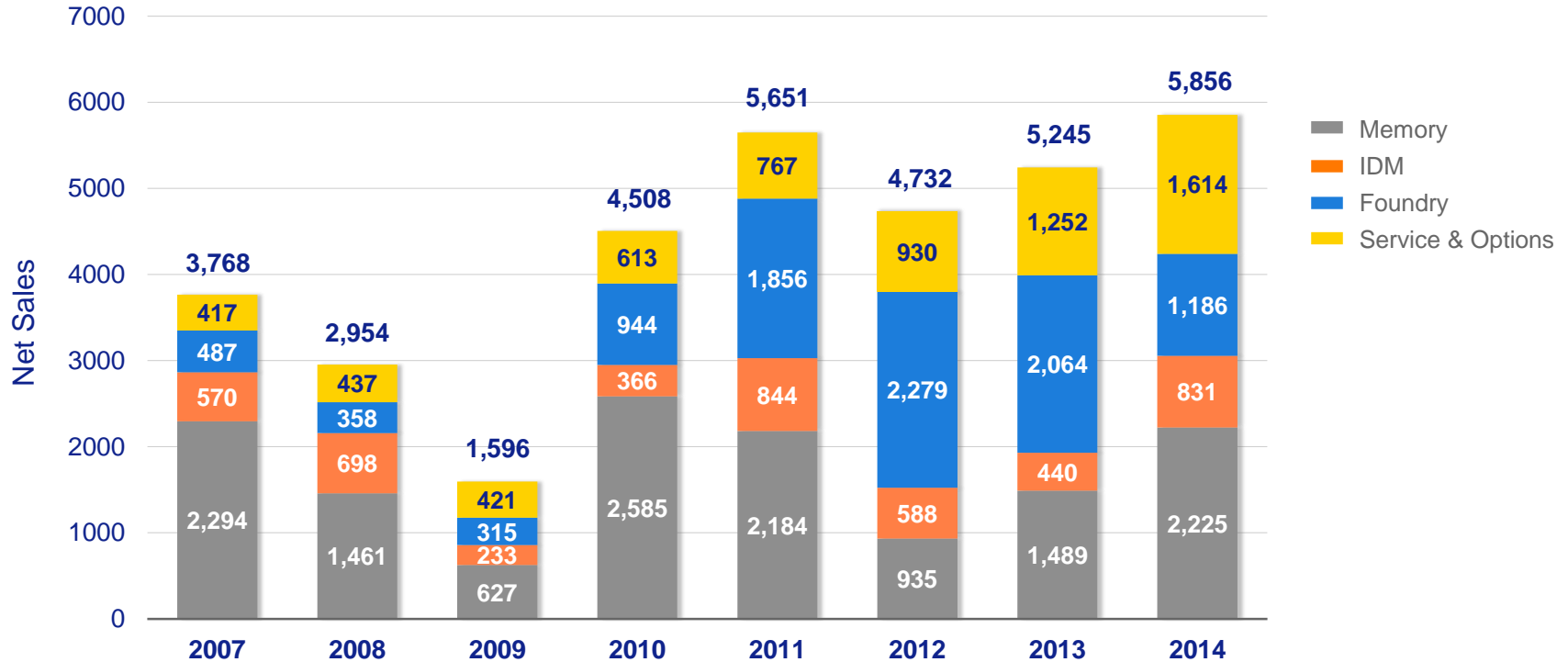
Numbers have been rounded for readers' convenience

Total net sales million € by quarter



Numbers have been rounded for readers' convenience

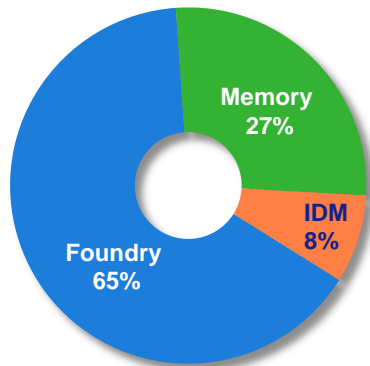
Total net sales million € by End-use



Numbers have been rounded for readers' convenience

Bookings activity by sector

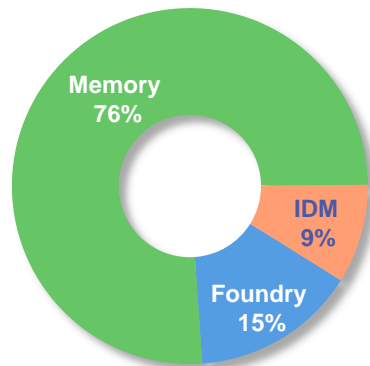
Q4'14
total value
€ 1,387
million



Net booked, including EUV NXE:3350B

- 43 new tools at € 1,357 million
- 8 used tools at € 30 million

Q3'14
total value
€ 1,397
million



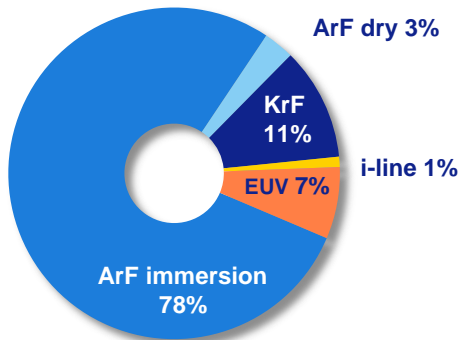
Net booked, not including EUV

- 37 new tools at € 1,346 million
- 10 used tools at € 51 million

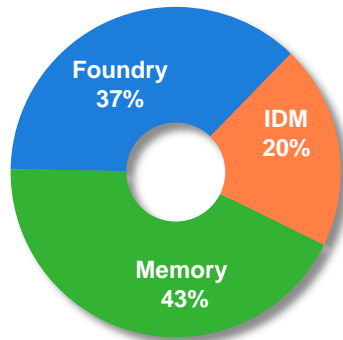
Backlog in value per Dec 31, 2014

Q4'14
total value
€ 2,772
million

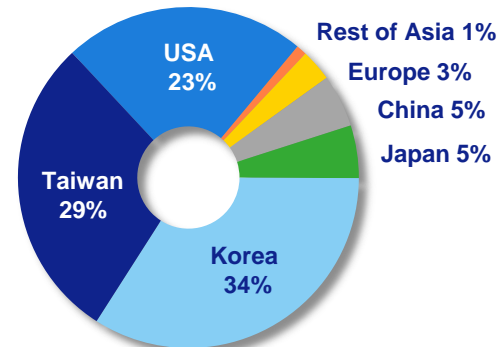
Technology



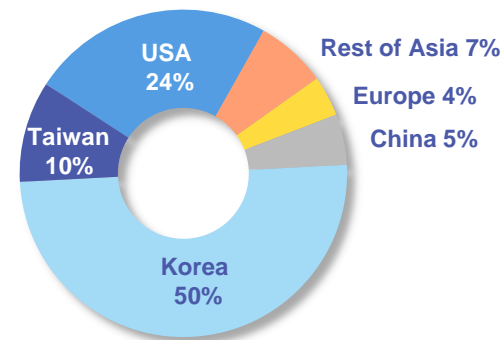
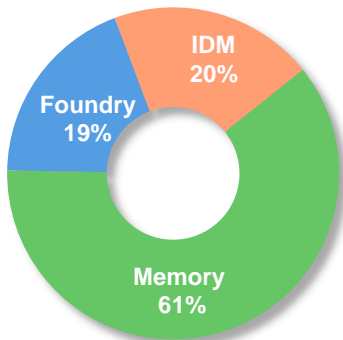
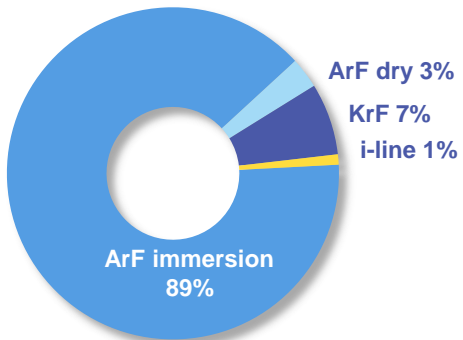
End-use



Region (ship to location)



Q3'14
total value
€ 2,406
million

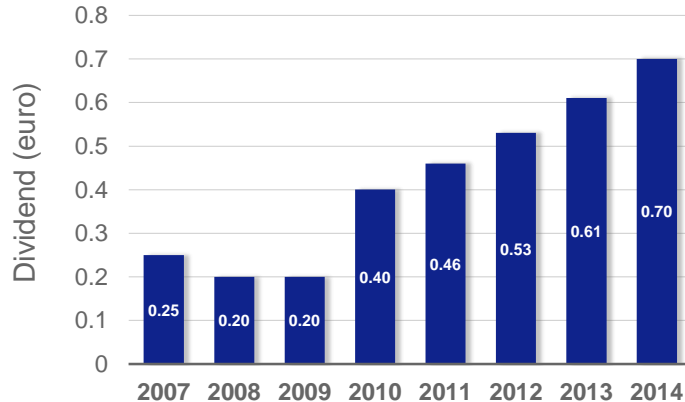


Numbers have been rounded for readers' convenience
Backlog includes orders for EUV NXE:3350B, starting in Q4'14

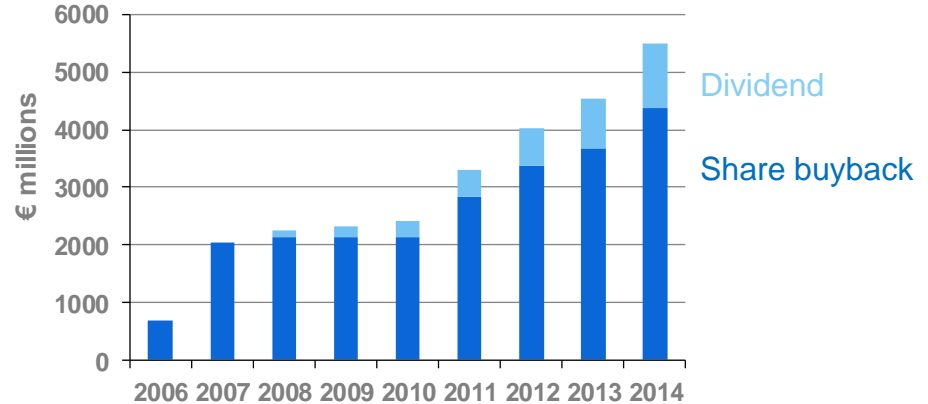
Capital return to shareholders

- ASML proposes to again increase dividend by 15% to € 0.70 per ordinary share
- ASML also intends to purchase its own shares within 2015 – 2016, including 3.3 million shares to cover employee stock and stock option plans as well as up to € 750 million worth of shares intended to be cancelled. At current share price these intended repurchases represent a total value of approx. € 1 billion
- Buy back program will start on 22 January 2015

Dividend history



Cumulative capital return



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Business environment

Business environment



DRAM

- 2015 bit growth is forecasted to be similar to 2014 at around 30%
 - 2x nm node ramps expected to meet bit demand
 - Some wafer capacity adds to compensate growing die size (mobile)
 - Litho tool adds to compensate process complexity
-



NAND

- 2015 bit growth is forecasted to be about same level as 2014 at around 35%
 - Demand met through 1x nm planar shrink and capacity expansion via new litho equipment purchases and tool relocations
-



LOGIC

- 28 and 20nm node capacity additions continue
- 16 / 14nm nodes in qualification
- 10nm process development continues

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Outlook

- Looking ahead to H1 2015, we expect both our sales to the memory segment and our service and field option business to continue to be strong and sales to the logic segment to increase from H2 2014 to H1 2015
- Q1 net sales around € 1.6 billion, no EUV expected
 - Gross margin around 47%
 - R&D costs of about € 260 million
 - SG&A costs of about € 83 million
 - Other income (Customer Co-Investment Program) of about € 20 million

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Technology highlights

2014 Product Highlights

EUV

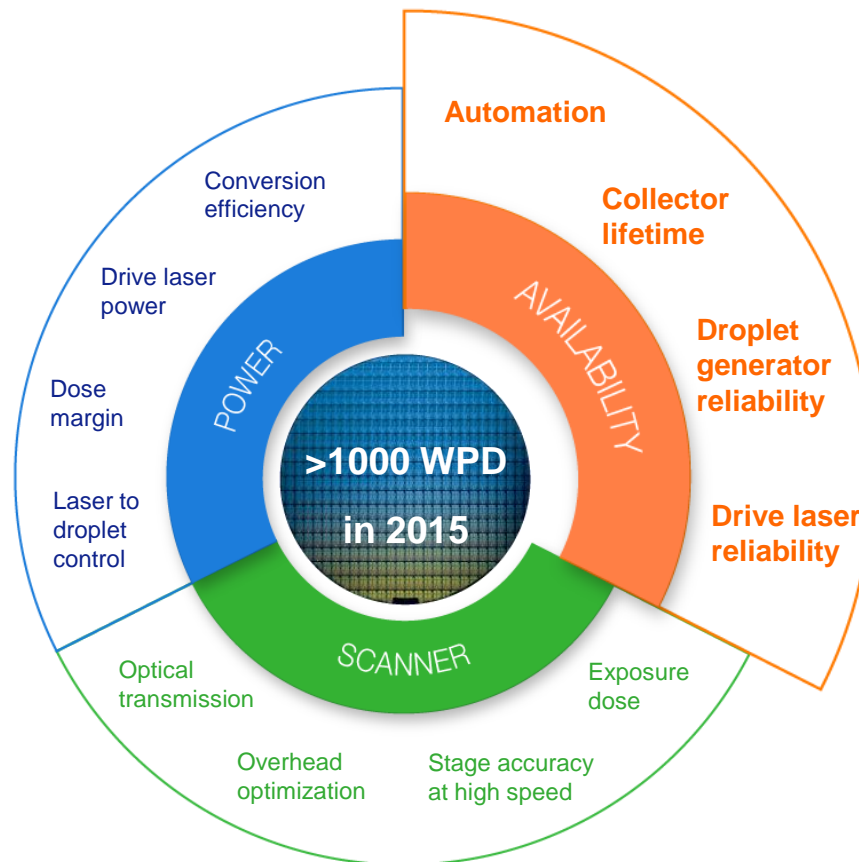
- A total of 7 EUV NXE:3300B systems were in the field by the end of 2014
- Achieved our target of 500 wafers per day productivity on NXE:3300B at multiple customer sites
- Demonstrated stable source operation at 80 W running continuously for 24 hours at a customer site
- TSMC ordered 2 NXE:3350B systems for delivery in 2015 with the intention to use those systems in production

DUV and Holistic Litho

- Ramped our newest immersion system NXT:1970Ci, and shipped 51 systems
- Set productivity records for immersion systems: 2 systems each imaged more than 1.5 million wafers in a 12-month period
- Ramp in shipments of our YieldStar metrology tool continued, bringing the total installed base at all major customers to 199 systems

EUV 2015: Focus on stability and availability

Target remains 1000 wafers per day (wpd)



Targeting 70% availability

Collector lifetime:

- Flows, heated vanes
- In-situ cleaning

Droplet Generator:

- Warm swap
- Reliability

Seed Table:

- Seed laser reliability

EUV shipments and revenue recognition

EUV shipments & revenue 2015		
NXE:3300B	Shipment plan Revenue	1 1
NXE:3300B → 3350B*	Shipment plan Revenue	3 TBD**
NXE:3350B	Shipment plan Revenue	6 TBD**

* NXE:3300B systems will be converted to NXE:3350B configuration

** Timing of revenue recognition depending on final T&Cs in commercial agreements

Financial statements

Consolidated statements of operations by year M€

	2013	2014
Net sales	5,245	5,856
Gross profit	2,177	2,596
Gross margin %	41.5%	44.3%
Other income*	64	81
R&D costs	(882)	(1,074)
SG&A costs	(312)	(321)
Income from operations	1,048	1,282
Operating income %	20.0%	21.9%
Net income	1,016	1,197
Net income as a % of net sales	19.4%	20.4%
Earnings per share (basic) €	2.36	2.74

Numbers have been rounded for readers' convenience

* Customer Co-Investment Program (CCIP)

Consolidated statements of operations M€

	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14
Net sales	1,848	1,397	1,644	1,322	1,494
Gross profit	806	610	752	578	657
Gross margin %	43.6%	43.6%	45.7%	43.7%	44.0%
Other income*	17	20	20	20	20
R&D costs	(253)	(279)	(267)	(260)	(268)
SG&A costs	(90)	(85)	(80)	(77)	(79)
Income from operations	480	266	425	261	330
Operating income %	26.0%	19.0%	25.9%	19.8%	22.1%
Net income	481	249	399	244	305
Net income as a % of net sales	26.0%	17.8%	24.3%	18.5%	20.4%
Earnings per share (basic) €	1.09	0.57	0.91	0.56	0.70
Earnings per share (diluted) €	1.08	0.56	0.90	0.56	0.70
Litho units sold	56	40	31	30	35
ASP new litho systems	26.5	28.6	45.2	35.9	34.7
Net booking value	1,449	1,070	1,048	1,397	1,387**

Numbers have been rounded for readers' convenience

* Customer Co-Investment Program (CCIP)

** Q4 Net bookings includes EUV NXE:3350B orders

Cash flows M€

	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14
Net income	481	249	399	244	305
Net cash provided by (used in) operating activities	522	203	198	214	409
Net cash provided by (used in) investing activities	(95)	5	(74)	(24)	77
Net cash provided by (used in) financing activities	(153)	(141)	(414)	(161)	(213)
Net increase (decrease) in cash & cash equivalents	270	67	(287)	34	275
Free cash flow *	444	128	125	130	281

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), see U.S. GAAP Summary Consolidated Financial Statements

Balance sheets M€

Assets	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14
Cash & cash equivalents and short-term investments	3,011	2,998	2,711	2,685	2,754
Net accounts receivable and finance receivables	1,175	1,177	1,429	1,336	1,304
Inventories, net	2,393	2,548	2,616	2,677	2,550
Other assets	635	684	727	712	835
Tax assets	296	340	329	337	232
Goodwill	2,089	2,093	2,116	2,265	2,358
Other intangible assets	697	688	686	713	724
Property, plant and equipment	1,218	1,231	1,275	1,372	1,447
Total assets	11,514	11,758	11,889	12,097	12,204
Liabilities and shareholders' equity					
Current liabilities	2,869	2,958	3,065	2,926	2,889
Non-current liabilities	1,723	1,744	1,743	1,847	1,802
Shareholders' equity	6,922	7,057	7,081	7,324	7,513
Total liabilities and shareholders' equity	11,514	11,758	11,889	12,097	12,204

Numbers have been rounded for readers' convenience

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ASML