



ASML reports first-quarter sales and gross margin in line with guidance
Strong Q2 outlook underpinned by 10 nanometer logic ramp

ASML 2016 First-Quarter Results

Veldhoven, the Netherlands

April 20, 2016

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, including expected customer demand in specified market segments including memory, logic and foundry and expected customer demand for particular nodes, expected trends, expected levels of service sales, systems backlog, expected financial results for the second quarter of 2016, including expected sales, other income, gross margin, R&D and SG&A expenses and effective annualized tax rate, annual revenue opportunity for ASML and EPS potential by end of decade, productivity of our tools and systems performance, TWINSCAN and EUV system performance (such as endurance tests), expected industry trends and business environment, statements with respect to expected system shipments, including the number of EUV systems expected to be shipped and timing of shipments and recognition in revenue and other EUV targets (including availability, productivity and shipments) and roadmaps, shrink being key driver to industry growth, expected industry adoption of EUV, the expected continuation of Moore's law and that EUV will continue to enable Moore's law and drive long term value, goals for holistic lithography, intention to return excess cash to shareholders, and statements about our proposed dividend, 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. 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 any 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 including EUV, the number and timing of EUV systems expected to be shipped and recognized in revenue, delays in EUV systems production and development, 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, changes in tax rates, available cash and liquidity, our ability to refinance our indebtedness, 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

- Investor key messages
- Business highlights
- Business environment
- Outlook
- EUV 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 the future. These highly differentiated products provide unique value drivers for us and our customers
- EUV faces 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, compared to calendar year 2014, 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

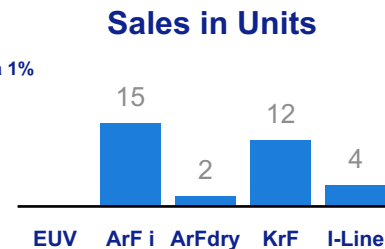
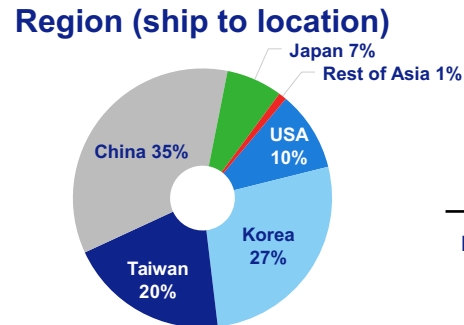
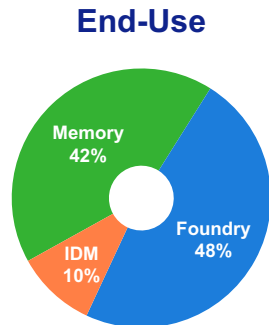
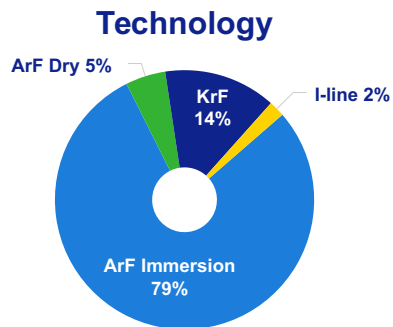
Business highlights

Q1 results summary

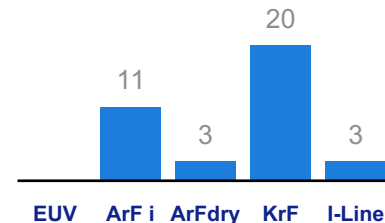
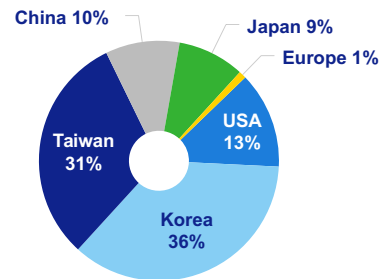
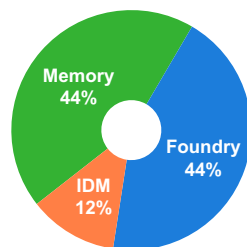
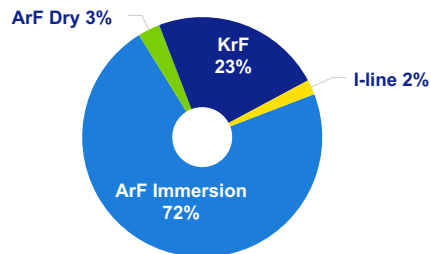
- Q1 sales in line with our guidance
- Net sales of € 1,333 million, 33 litho systems sold, valued at € 856 million, net service and field option sales at € 477 million
- Average selling price of € 25.9 million per system
- Gross margin of 42.6%
- Operating margin of 17.1%
- Net bookings of € 835 million
- Backlog at € 3,018 million

Net system sales breakdown in value

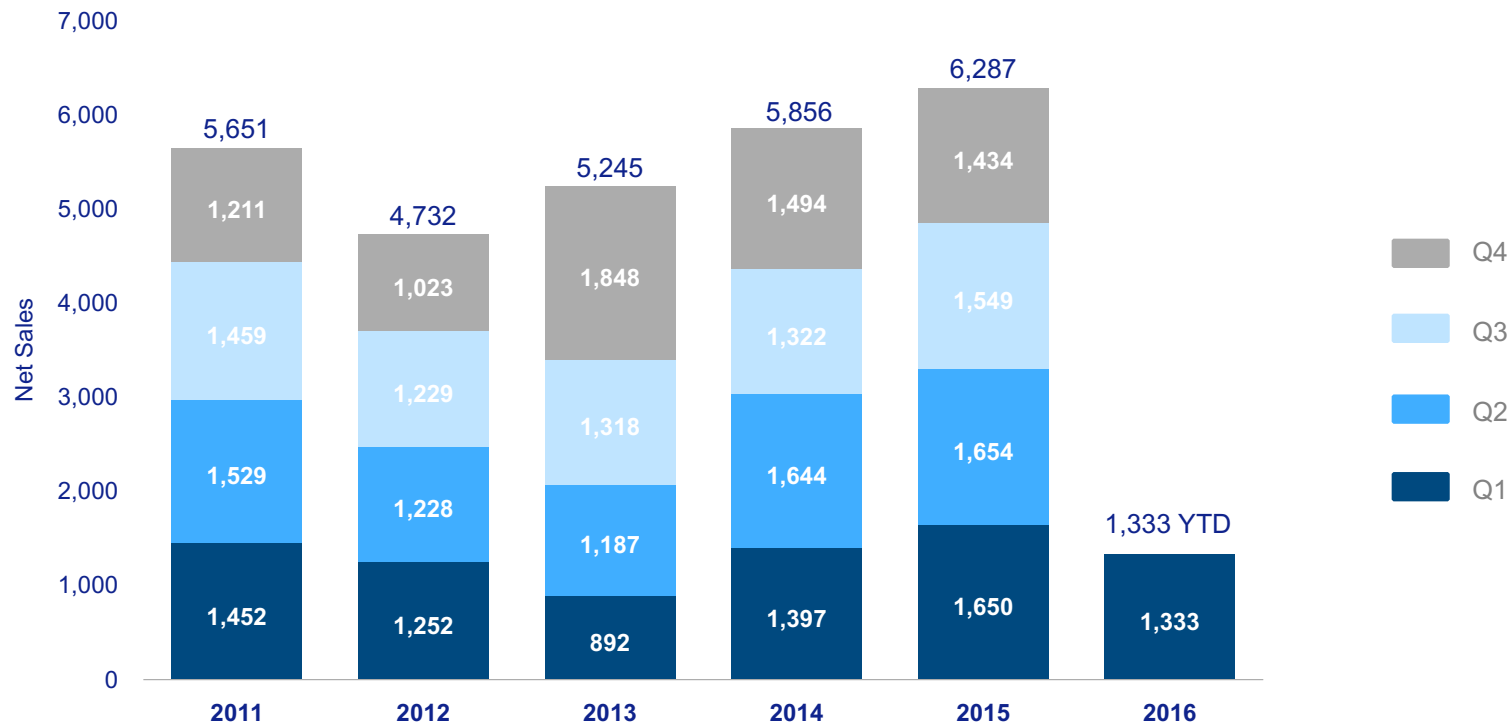
Q1'16
total value
€ 856
million



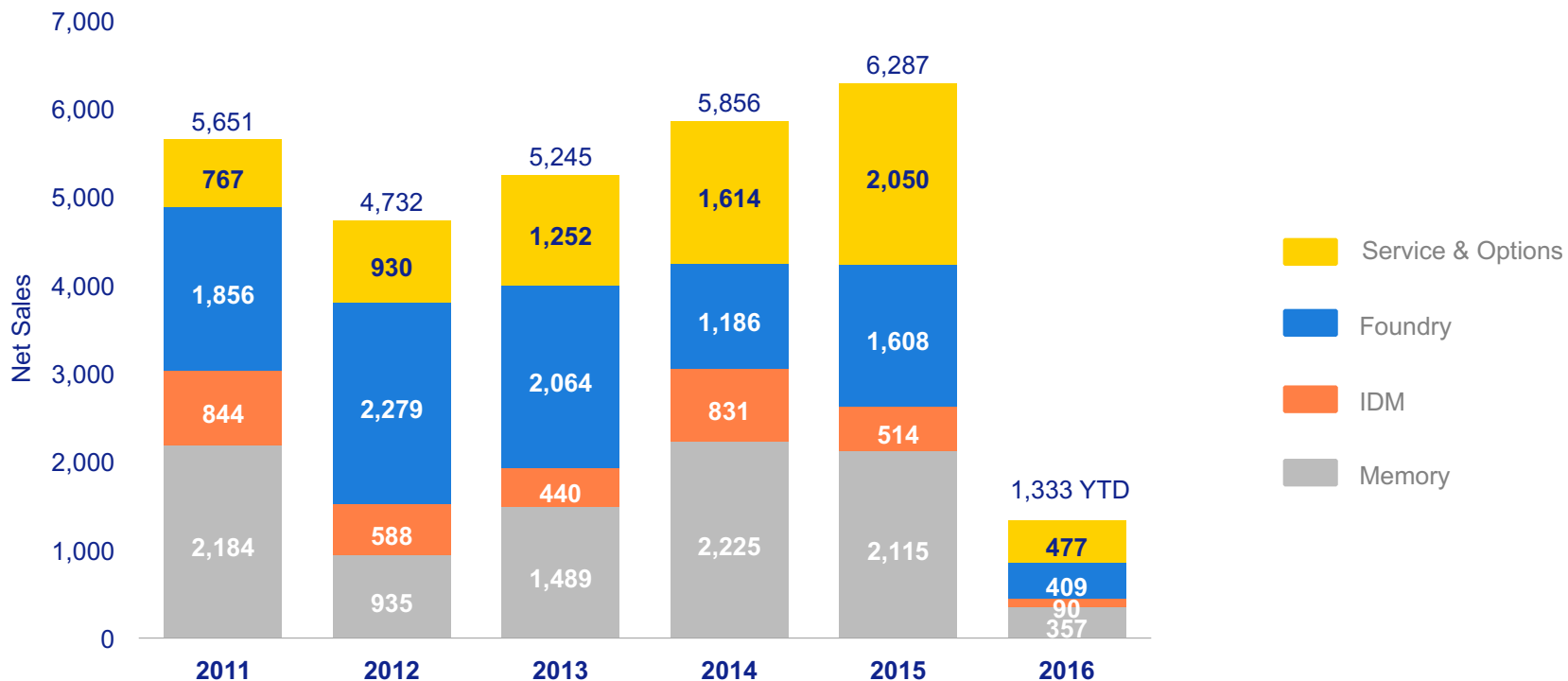
Q4'15
total value
€ 881
million



Total net sales million € by quarter

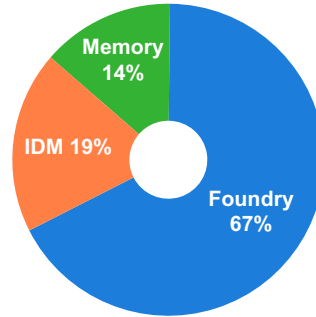


Total net sales million € by End-use

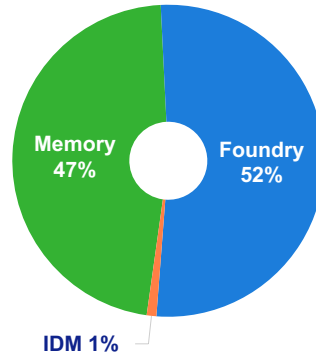


Bookings activity by sector

**Q1'16 total value
€ 835 million**



**Q4'15 total value
€ 1,184 million**

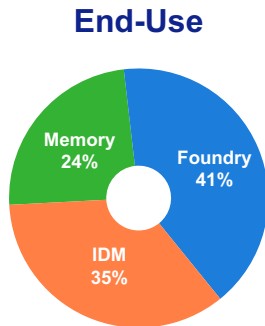
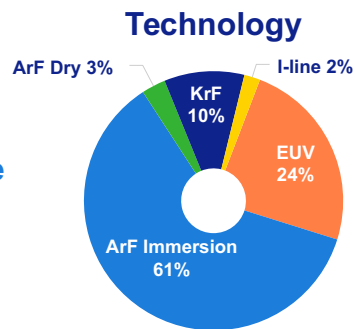


	New systems	Used systems
Units	24	6
Value M€	802	33

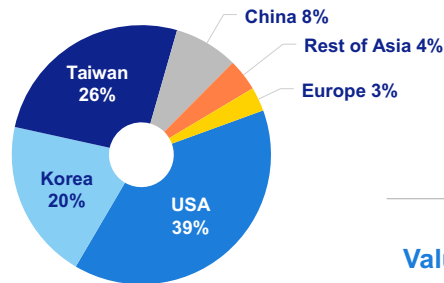
	New systems	Used systems
Units	39	5
Value M€	1,174	10

System backlog in value

Q1'16
total value
€ 3,018
million

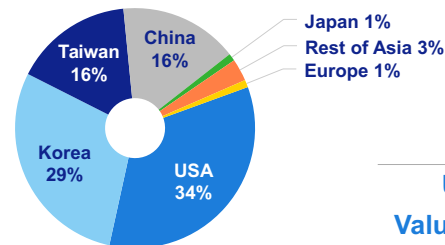
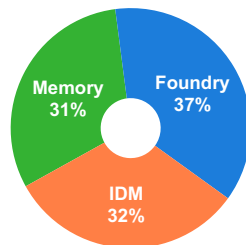
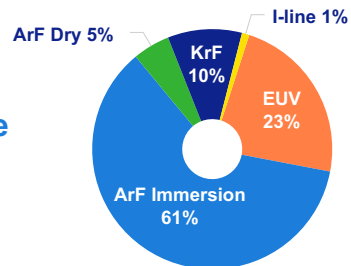


Region (ship to location)



	New systems	Used systems
Units	64	12
Value M€	2,975	43

Q4'15
total value
€ 3,184
million

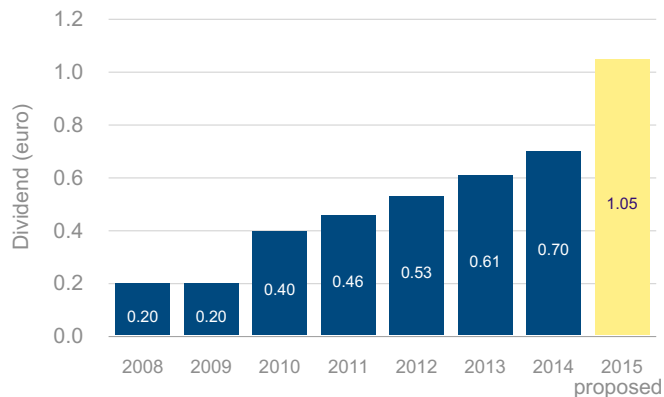


	New systems	Used systems
Units	68	11
Value M€	3,149	35

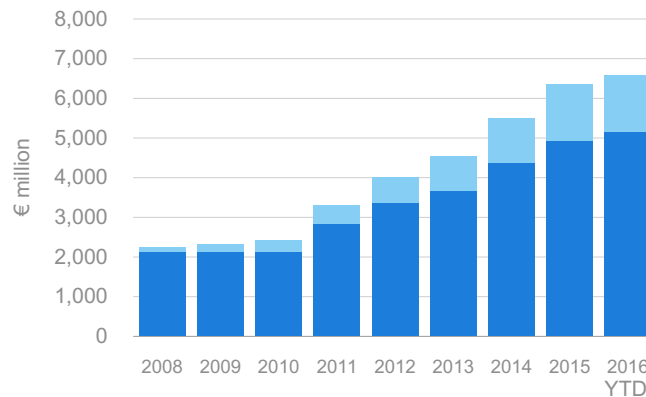
Capital return to shareholders

- Purchased € 223 million worth of our own shares in 2016, through April 3
- Proposed dividend increase to € 1.05 per ordinary share pending approval at the Annual General Meeting of Shareholders on April 29, 2016

Dividend history



Cumulative capital return



Dividend
Share buyback

The dividend for a year is paid in the subsequent year

Numbers have been rounded for readers' convenience

Business environment



Memory

- 2x nm DRAM node progressing, 1x nm node initial production starting
- Planar NAND shrink continues
- 3D NAND technology ramping
- X-Point initial production expected to start this year



Logic

- Multiple new foundries fabs accepting equipment in 2016
- Continued demand for litho tools for several nodes
 - Tool shipments continue for 28 nm and 16/14 nm nodes
 - 10 nm foundry and MPU significant volume ramp starting in Q2 2016



Service &
field options

- High demand for service and field options continues to be driven by Holistic Litho, growing installed base and upgrade products which allows for improved process control and capital efficiency

Outlook

Outlook

- Our guidance for second-quarter:
 - Q2 net sales approximately € 1.7 billion
 - Including about € 110 million on two NXE:3350B sales
 - Gross margin around 42%
 - Initial low profitability on early EUV systems and partial EUV revenue recognition at full cost together have a negative 5 percentage point impact on gross margin
 - R&D costs of about € 270 million
 - SG&A costs of about € 90 million
 - Other income (Customer Co-Investment Program) of about € 23 million
 - Effective annualized tax rate around 12%

EUV highlights

EUV 2016 targets and achievements

Productivity - Target: 1500 wafers per day

- More than 1000 wafers per day exposed on NXE:3300B at customer sites, further improved to more than 1350 wafers per day on NXE:3350B at ASML
- A manufacturing readiness test at a customer site on a NXE:3300B averaged 800 wafers per day over two weeks

Availability - Target: 80%

- Three customer systems achieved a four-week average availability of more than 80%
- While overall average availability has increased, consistency still needs to be further improved

NXE shipments: 6-7

- One NXE:3350B system shipped in Q1

Financial statements

Consolidated statements of operations M€

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Net sales	1,650	1,654	1,549	1,434	1,333
Gross profit	779	754	703	660	568
Gross margin %	47.2%	45.6%	45.4%	46.0%	42.6%
Other income*	21	21	21	21	23
R&D costs	(261)	(267)	(267)	(273)	(275)
SG&A costs	(82)	(88)	(86)	(90)	(89)
Income from operations	456	419	372	318	228
Operating income %	27.6%	25.3%	24.0%	22.2%	17.1%
Net income	403	370	322	292	198
Net income as a % of net sales	24.4%	22.4%	20.8%	20.4%	14.9%
Earnings per share (basic) €	0.93	0.86	0.75	0.68	0.46
Earnings per share (diluted) €	0.93	0.85	0.75	0.68	0.46
Litho units sold	47	41	44	37	33
ASP new litho systems	30.8	32.5	24.2	26.9	29.5
Net booking value	1,028	1,523	904	1,184	835

* Customer Co-Investment Program (CCIP)

Cash flows M€

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Net income	403	370	322	292	198
Net cash provided by (used in) operating activities	337	284	420	985	(6)
Net cash provided by (used in) investing activities	124	(107)	(99)	(1,078)	(183)
Net cash provided by (used in) financing activities	(112)	(458)	(133)	(131)	(204)
Net increase (decrease) in cash & cash equivalents	359	(284)	186	(222)	(395)
Free cash flow*	250	205	333	864	(65)

* 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

Balance sheets M€

Assets	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Cash & cash equivalents and short-term investments	2,838	2,520	2,681	3,409	3,138
Net accounts receivable and finance receivables	1,510	1,589	1,593	1,208	1,302
Inventories, net	2,607	2,592	2,537	2,574	2,750
Other assets	929	871	846	940	987
Tax assets	299	264	203	181	143
Goodwill	2,611	2,569	2,574	2,624	2,538
Other intangible assets	774	751	739	738	706
Property, plant and equipment	1,523	1,519	1,533	1,621	1,580
Total assets	13,091	12,675	12,706	13,295	13,144
Liabilities and shareholders' equity					
Current liabilities	3,194	2,854	2,711	3,107	3,248
Non-current liabilities	1,820	1,859	1,850	1,799	1,593
Shareholders' equity	8,077	7,962	8,145	8,389	8,303
Total liabilities and shareholders' equity	13,091	12,675	12,706	13,295	13,144

As of January 1, 2016 ASML early adopted the amendment to ASC 740 "Income taxes (Topic 740): Balance Sheet Classification of Deferred Taxes", which requires that deferred tax liabilities and assets are classified as non-current in the consolidated balance sheets. The comparative figures have not been adjusted to reflect this change in accounting policy.

ASML

The image features the ASML logo in a bold, dark blue font on the left side. The background is a gradient of light blue, with several large, overlapping, curved shapes that create a sense of motion and depth. On the right side, there are numerous thin, white, wavy lines that flow from the center towards the right edge, resembling a stylized wave or a series of parallel paths. The overall aesthetic is clean, modern, and professional.