



Strong logic ramp and healthy memory drive ASML second-quarter sales
New EUV orders intended for volume manufacturing

ASML 2016 Second-Quarter Results

Veldhoven, the Netherlands

July 20, 2016

Agenda

- Investor key messages
- HMI acquisition highlights
- 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
- 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
- Current EUV focus shifts from WHEN to HOW MANY in what timeframe
- 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
- 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
- Planned HMI acquisition provides market leading e-beam metrology capability which expands our integrated Holistic Lithography solutions to include a new class of pattern fidelity control

* HMI acquisition not included, see Press Release (date June 16th 2016 on www.asml.com)

HMI acquisition highlights

HMI acquisition to enhance Holistic Lithography portfolio

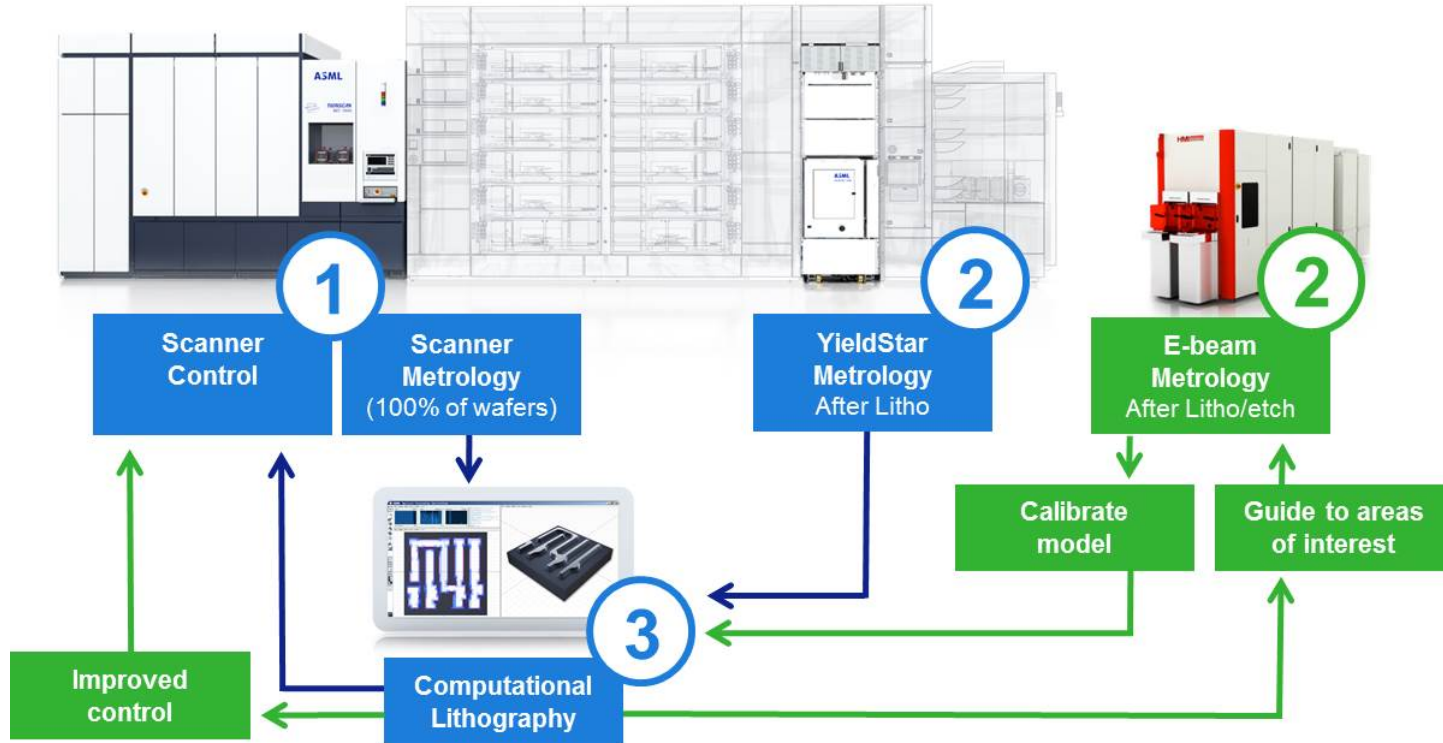
Rationale:

- Combination of HMI e-beam metrology technology and ASML Holistic Lithography will create a new class of products for patterning control which improves yield and time to market needed to support extension of Moore's law
- Patterning control represents a major growth opportunity in the next 5 to 10 years, expands the addressable market opportunity for qualification, monitoring and control to € 2.3 billion in 2020
- In addition, ASML and HMI will accelerate introduction of reticle defect detection to support coming EUV ramp, an opportunity of € 200 million in 2020
- The transaction will be accretive to ASML earnings immediately (before the impact of purchase-price accounting)

Status:

- ASML placed € 1.5 billion Eurobonds on July 4th offering intended for partial finance of the acquisition
- The transaction is expected to close in Q4 2016 and is subject to customary closing conditions. Closing is also subject to approval by HMI's shareholders. The HMI Extraordinary General Meeting is scheduled for August 3rd 2016

ASML holistic lithography future - a new paradigm: E-beam added: ASML model *guides* e-beam to *improve coverage* of critical features; e-beam data *enhances* ASML model and *control* of scanner



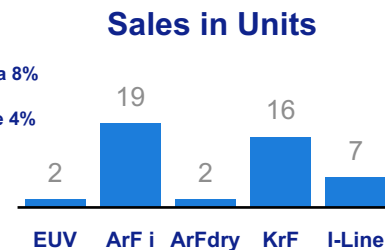
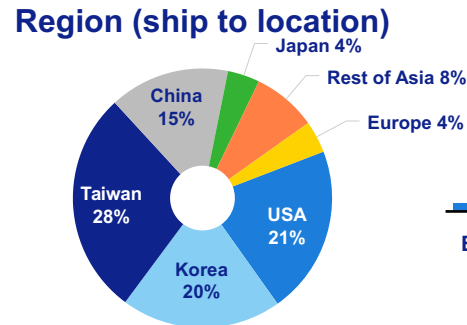
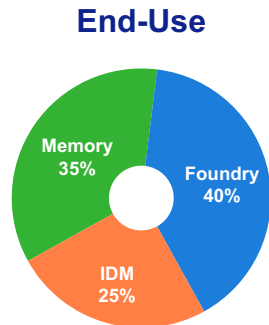
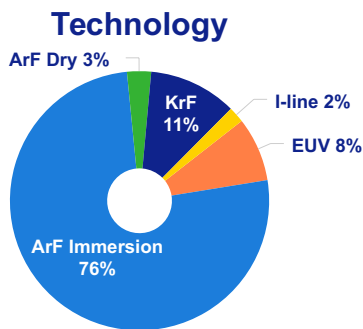
Business highlights

Q2 results summary

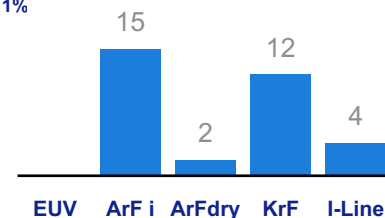
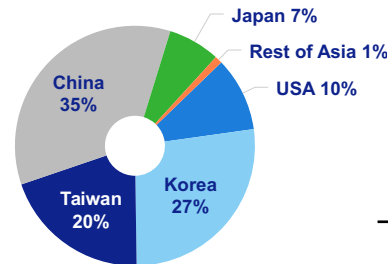
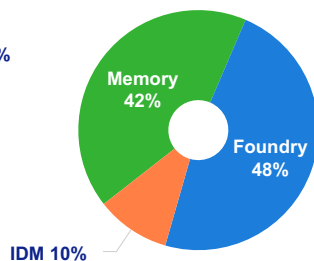
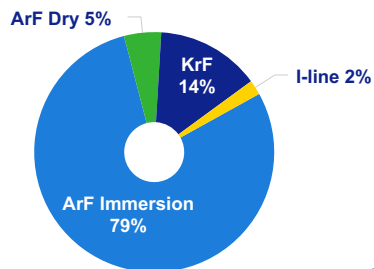
- Net sales of € 1,740 million, including around € 100 million EUV, 46 litho systems sold valued at € 1,254 million, net service and field option sales at € 486 million
- Average selling price of € 27.3 million per system
- Gross margin of 42.6%
- Operating margin of 23.2%
- Net bookings of € 1,566 million, including 4 new EUV systems
- Backlog at € 3,371 million, including 10 EUV systems

Net system sales breakdown in value

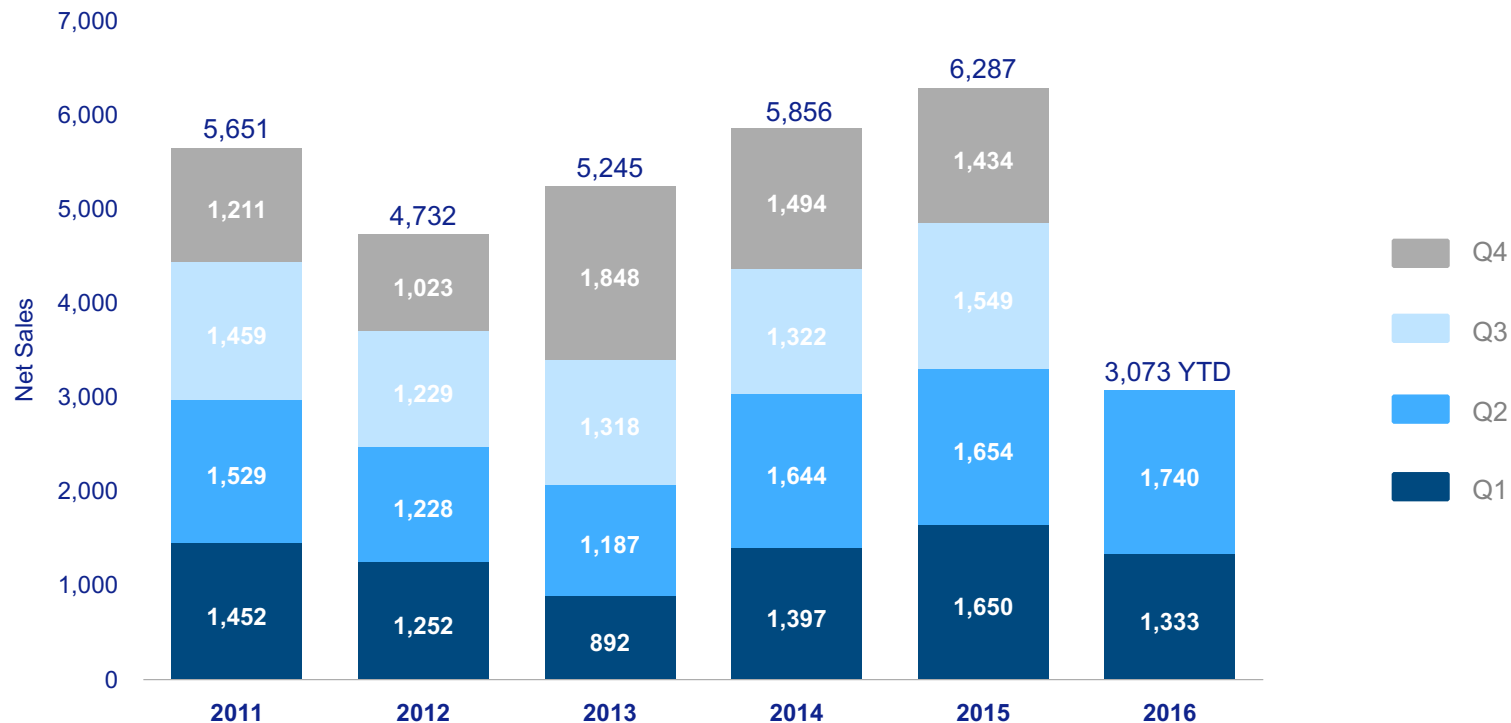
Q2'16
total value
€ 1,254
million



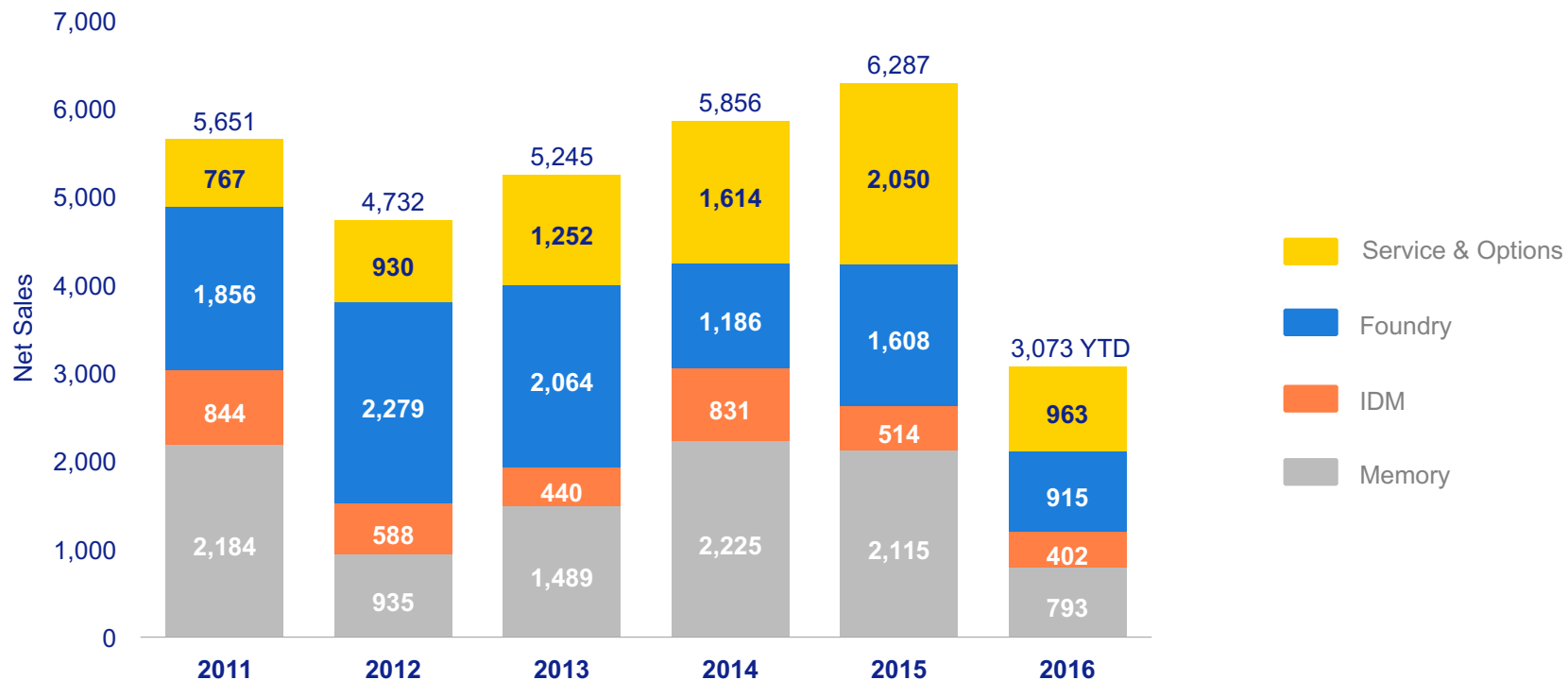
Q1'16
total value
€ 856
million



Total net sales million € by quarter

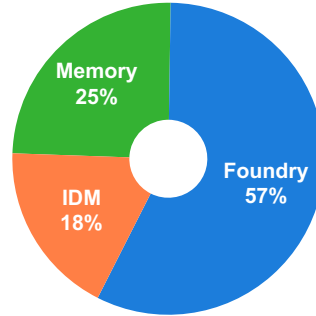


Total net sales million € by End-use

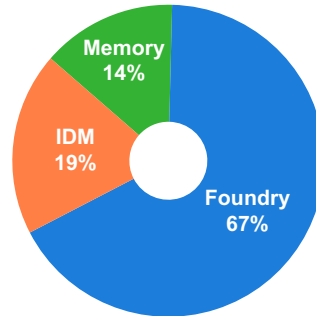


Bookings activity by sector

Q2'16 total value
€ 1,566 million



Q1'16 total value
€ 835 million

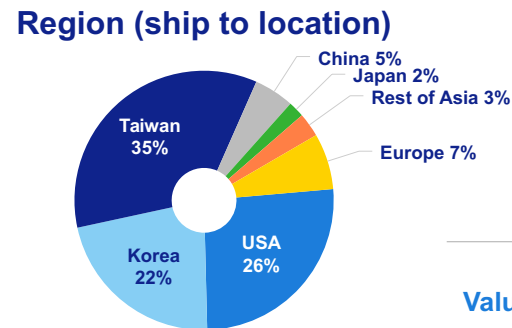
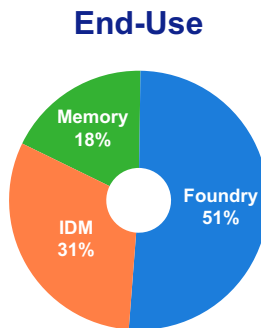
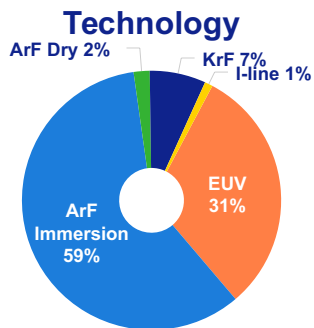


	New systems	Used systems
Units	40	3
Value M€	1,555	11

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

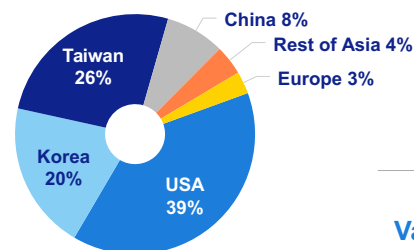
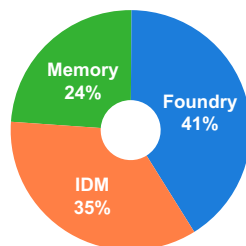
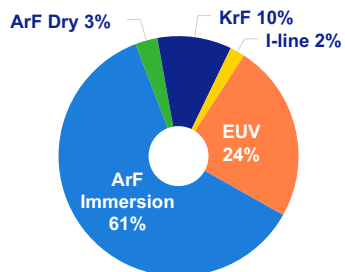
System backlog in value

Q2'16
total value
€ 3,371
million



	New systems	Used systems
Units	65	8
Value M€	3,335	36

Q1'16
total value
€ 3,018
million

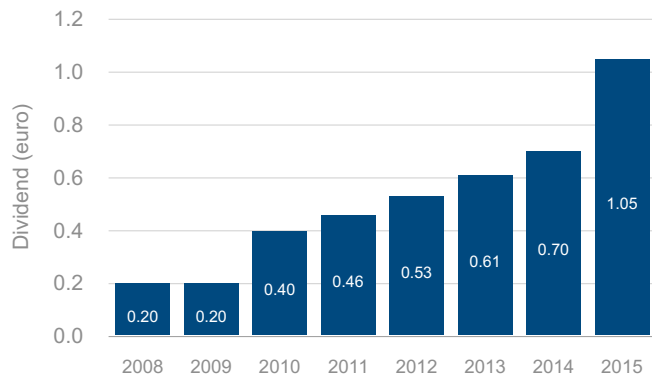


	New systems	Used systems
Units	64	12
Value M€	2,975	43

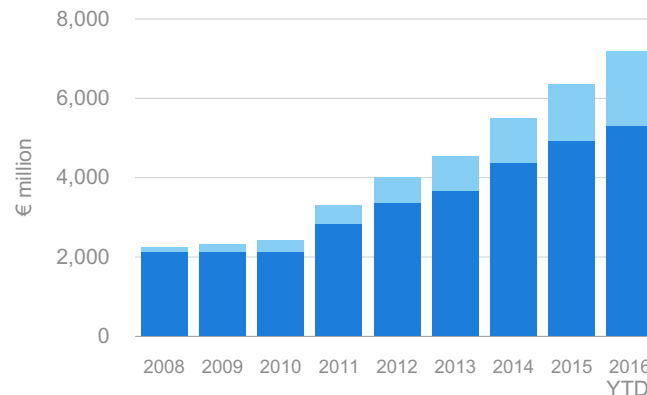
Capital return to shareholders

- ASML paid € 446 million in dividend or € 1.05 per ordinary share in Q2
- Purchased € 387 million worth of shares in Q1 and Q2 as part of our 2016/2017 share buyback program for up to € 1.5 billion
 - Share buyback program will be paused for a few quarters while we are in the midst of the HMI acquisition process

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
- 3D NAND technology ramping
- X-Point initial production expected to start this year



Logic

- Tool shipments continue across multiple nodes
- 10 nm foundry and MPU volume ramping



Service &
field options

- Growing service and field options business 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 third-quarter:
 - Q3 net sales approximately € 1.7 billion
 - Gross margin around 47%
 - R&D costs of about € 275 million
 - SG&A costs of about € 90 million
 - Other income (Customer Co-Investment Program) of about € 23 million
 - Effective annualized tax rate around 12%
- Full-year 2016 sales:
 - Expected to exceed our 2015 record sales, ultimate level depends on timing of EUV revenue recognition and size of the combined 10/7 nm node ramp

EUV highlights

EUV 2016 targets and achievements

Productivity - Target: 1500 wafers per day

- More than 1,200 wafers per day (wpd) exposed on NXE:3350B at a customer site
- Peak performance near target (1,488 wpd achieved at ASML)

Availability - Target: 80%

- Five customer systems have achieved a four-week average availability of more than 80%, however consistency still needs to be improved

NXE shipments: 6-7

- On track for target: one NXE:3350B system shipped in Q1, one NXE:3350B system shipped in Q2

Financial statements

Consolidated statements of operations M€

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Net sales	1,654	1,549	1,434	1,333	1,740
Gross profit	754	703	660	568	741
Gross margin %	45.6%	45.4%	46.0%	42.6%	42.6%
Other income*	21	21	21	23	23
R&D costs	(267)	(267)	(273)	(275)	(270)
SG&A costs	(88)	(86)	(90)	(89)	(90)
Income from operations	419	372	318	228	404
Operating income %	25.3%	24.0%	22.2%	17.1%	23.2%
Net income	370	322	292	198	354
Net income as a % of net sales	22.4%	20.8%	20.4%	14.9%	20.3%
Earnings per share (basic) €	0.86	0.75	0.68	0.46	0.83
Earnings per share (diluted) €	0.85	0.75	0.68	0.46	0.83
Litho units sold	41	44	37	33	46
ASP new litho systems	32.5	24.2	26.9	29.5	31.6
Net booking value	1,523	904	1,184	835	1,566

* Customer Co-Investment Program (CCIP)

Cash flows M€

	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Net income	370	322	292	198	354
Net cash provided by (used in) operating activities	284	420	985	(6)	481
Net cash provided by (used in) investing activities	(107)	(99)	(1,078)	(183)	(24)
Net cash provided by (used in) financing activities	(458)	(133)	(131)	(204)	(607)
Net increase (decrease) in cash & cash equivalents	(284)	186	(222)	(395)	(137)
Free cash flow*	205	333	864	(65)	381

* 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	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Cash & cash equivalents and short-term investments	2,520	2,681	3,409	3,138	2,926
Net accounts receivable and finance receivables	1,589	1,593	1,208	1,302	1,362
Inventories, net	2,592	2,537	2,574	2,750	2,715
Other assets	871	846	940	987	1,146
Tax assets	264	203	181	143	228
Goodwill	2,569	2,574	2,624	2,538	2,603
Other intangible assets	751	739	738	706	714
Property, plant and equipment	1,519	1,533	1,621	1,580	1,609
Total assets	12,675	12,706	13,295	13,144	13,303
Liabilities and shareholders' equity					
Current liabilities	2,854	2,711	3,107	3,248	3,720
Non-current liabilities	1,859	1,850	1,799	1,593	1,434
Shareholders' equity	7,962	8,145	8,389	8,303	8,149
Total liabilities and shareholders' equity	12,675	12,706	13,295	13,144	13,303

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.

Numbers have been rounded for readers' convenience

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, expected trends and outlook, including expected levels of service sales, systems backlog, expected financial results for the third quarter and full year 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, including EUV system performance (such as endurance tests), expected industry trends and expected trends in the business environment, statements with respect to the acquisition of HMI by ASML, the expected benefits of the acquisition of HMI by ASML, including expected earnings accretion, enhancement of ASML's existing product portfolio, the creation of a new class of products which improves yield and time to market, the accelerated introduction of reticle defect detection to support future EUV ramp and related opportunity in 2020, improvement in ASML and HMI's metrology technologies and support of EUV technologies, the benefits of the acquisition to ASML's holistic lithography strategy, the growth opportunity represented by patterning control and expansion of market opportunity by 2020 and expected timing of completion of HMI acquisition, statements with respect to EUV targets, including availability, productivity and shipments, including the number of EUV systems expected to be shipped and timing of shipments, and roadmaps, shrink being key driver to industry growth, expected industry adoption of EUV and statements with respect to the intent of customers to insert EUV into production, 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.

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 resemble waves or stylized letters. On the right side, there are numerous thin, white, curved lines that create a sense of motion and depth, extending from the center towards the right edge.