



ASML reports record 2016 net sales and net income
EUV orders show strong customer commitment to production insertion

ASML 2016 Fourth-Quarter Results

Veldhoven, the Netherlands

January 18, 2017

Agenda

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Investor key messages

Investor key messages

- Shrink is a 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 beyond the next decade
- DUV, Holistic Litho and EUV are highly differentiated products providing unique value drivers for our customers and ASML
- ASML models a 2020 annual revenue opportunity of €11 billion with an EPS > €9, with significant further growth potential into the next decade
- HMI provides market leading e-beam metrology capability which expands our integrated Holistic Lithography solutions to include a new class of pattern fidelity control
- We expect to continue to return excess cash to our shareholders through stable or growing dividends and regularly timed share buybacks in line with our policy

Business highlights

2016 - highlights

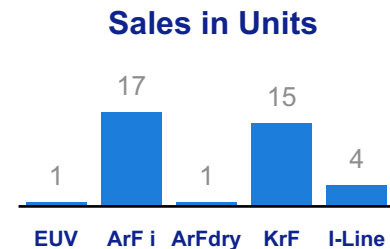
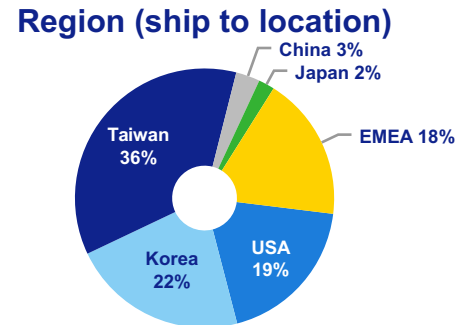
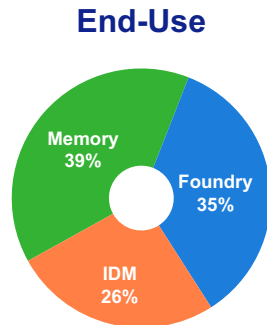
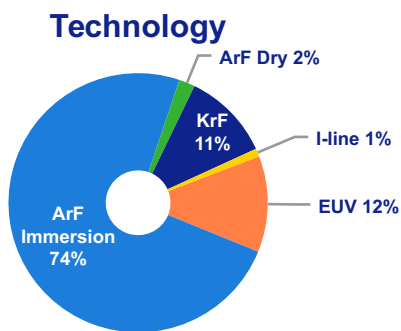
- Record net sales of € 6.79 billion, including record net service and options sales of € 2.22 billion, gross margin 44.8%, net income € 1.47 billion and EPS € 3.46
- EUV lithography: demonstrated our productivity and availability targets, exiting the year with a backlog of 18 systems with a value of around € 2 billion
- EUV lithography: announced proposed minority stake in Carl Zeiss SMT and funding for next generation EUV technology
- DUV lithography: successfully ramped our latest immersion system, shipped 46 TWINSCAN NXT:1980s
- Holistic lithography: growing existing product portfolio and adoption, completed HMI acquisition
- Capital return: returned € 846 million cash to shareholders through dividends and share buybacks

Q4 results summary

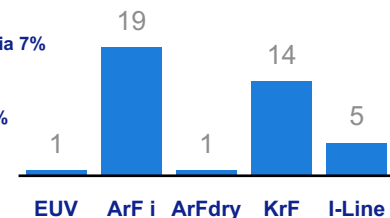
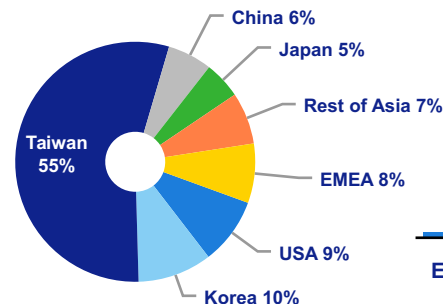
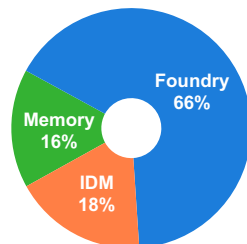
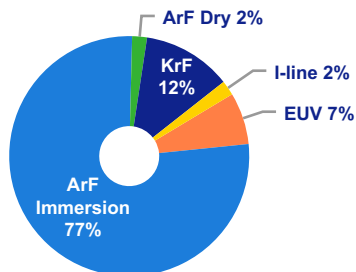
- Net sales of € 1,907 million, 38 litho systems sold valued at € 1,223 million, net service and field option sales at € 684 million, including HMI
- Average selling price of € 32.2 million per system
- Gross margin of 47.2%, including the effects of purchase price allocation for the HMI acquisition
- Operating margin of 27.8%
- Net bookings of € 1,580 million, including 6 new EUV systems
- Backlog at € 3,961 million, including 18 EUV systems

Net system sales breakdown in value

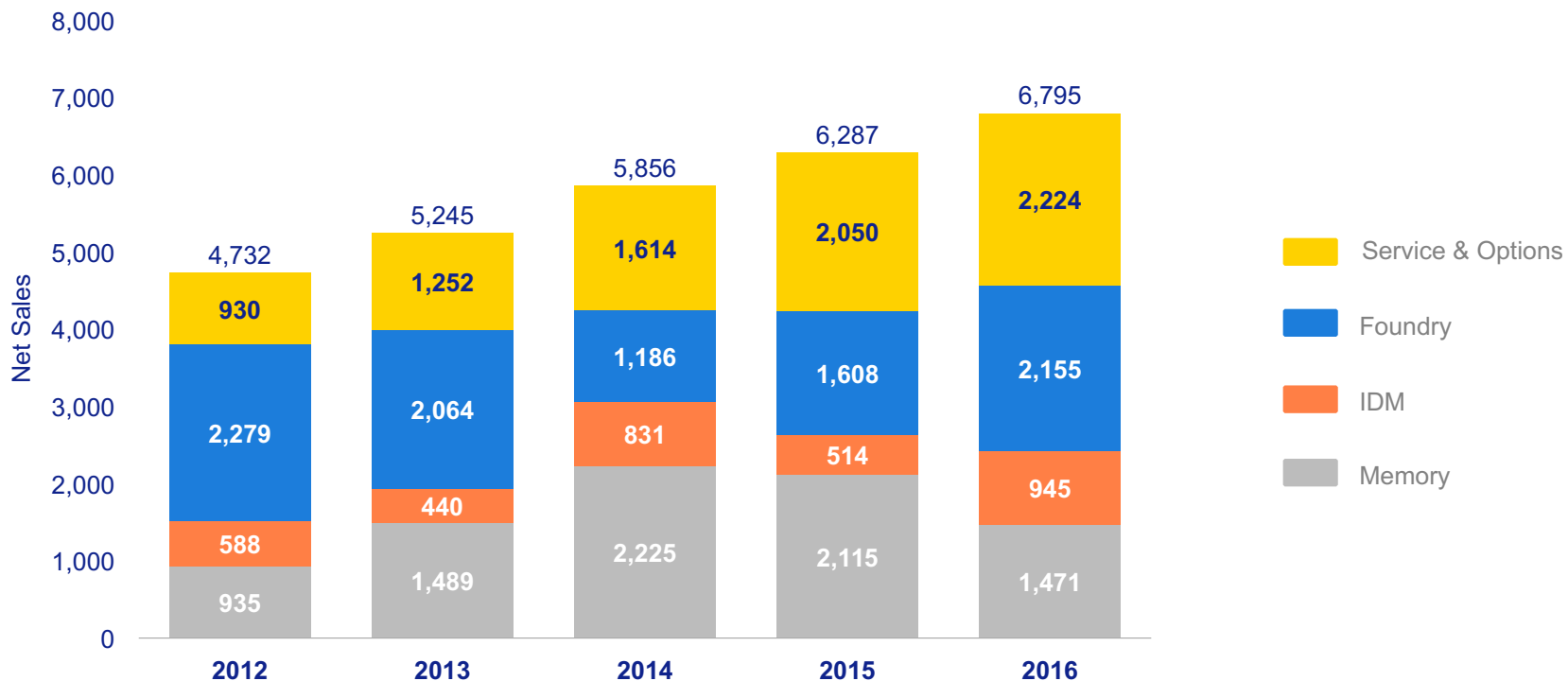
Q4'16
total value
€ 1,223
million



Q3'16
total value
€ 1,238
million

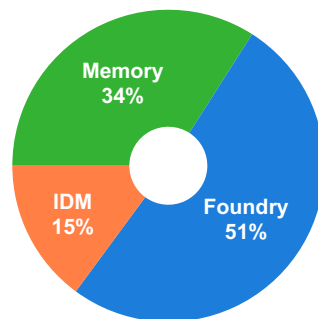


Total net sales million € by End-use

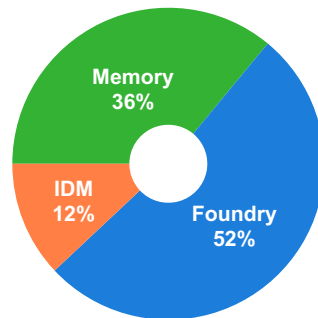


Bookings activity by sector

Q4'16 total value
€ 1,580 million



Q3'16 total value
€ 1,415 million

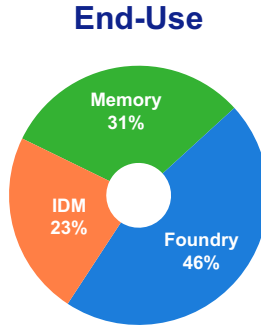
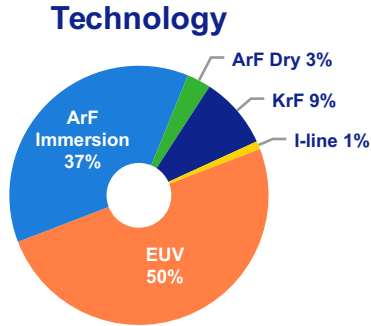


	New systems	Used systems
Units	39	5
Value M€	1,549	31

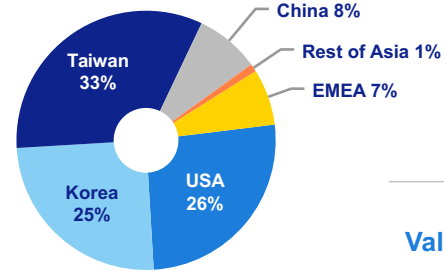
	New systems	Used systems
Units	37	6
Value M€	1,396	19

System backlog in value

Q4'16
total value
€ 3,961
million

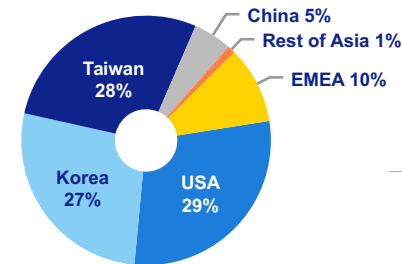
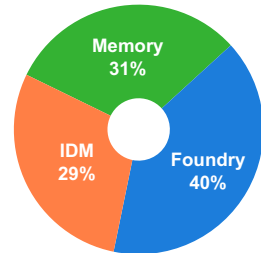
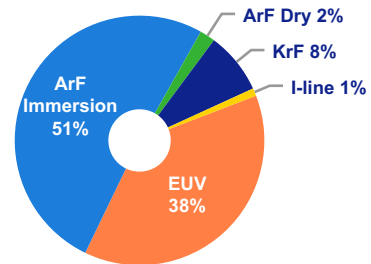


Region (ship to location)



	New systems	Used systems
Units	70	13
Value M€	3,908	53

Q3'16
total value
€ 3,462
million

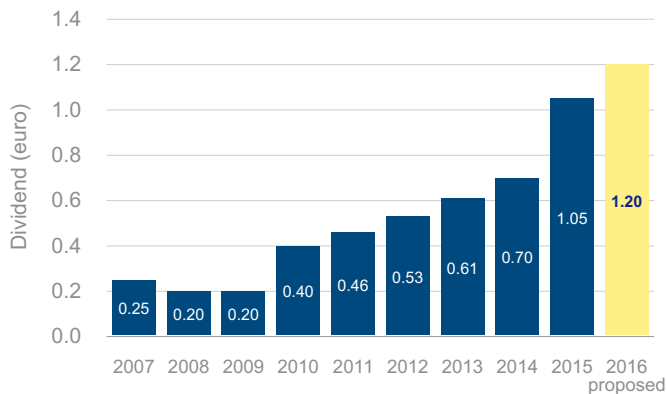


	New systems	Used systems
Units	64	12
Value M€	3,426	36

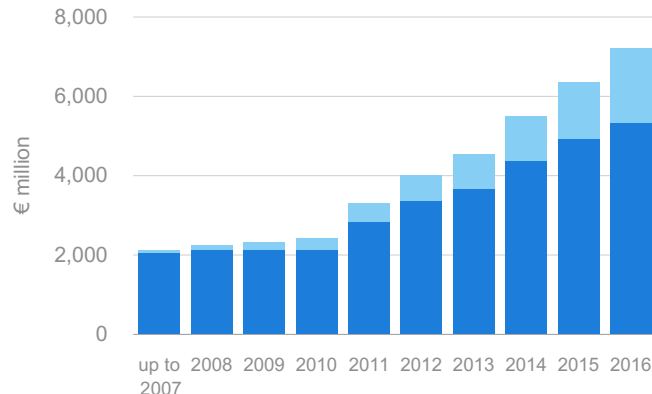
Capital return to shareholders

- Paid € 446 million of dividend and purchased € 400 million worth of our own shares in 2016
- Propose to 2017 Annual General Meeting of Shareholders to declare a dividend of € 1.20 per ordinary share
- Share buyback program is currently paused

Dividend history



Cumulative capital return



Dividend
Share buyback

The dividend for a year is paid in the subsequent year

Outlook

Outlook

- Our guidance for first-quarter:
 - Q1 2017 net sales approximately € 1.8 billion
 - Gross margin around 47%
 - R&D costs of about € 320 million
 - SG&A costs of about € 95 million
 - Other income (Customer Co-Investment Program) of about € 23 million
 - Effective annualized tax rate between 13 and 14%

EUUV highlights

EUV 2016 achievements

Productivity - Target: 1500 wafers per day

- More than 1,500 wafers per day (wpd) exposed on NXE:3350B at a customer site on average over a three days period

Availability - Target: 80%

- Best performance is four-week average above 90% on two NXE:3300B systems
- A four-week average availability of more than 80% has been achieved regularly across the installed base
- Consistency between tools and across sites still needs to be improved

NXE shipments - Target: 6-7

- Four systems shipped in 2016, as stated during October earnings call

Commitments to EUV production insertion

Initial customer manufacturing targeted for 7 nm logic and mid-10 nm DRAM node

Customers

show commitment to insert EUV in volume manufacturing by ordering systems

- Six NXE:3400s orders received in Q4
- Backlog now 18 EUV systems, value around € 2 billion
- Further volume orders expected in Q1 2017

ASML

commits to securing system performance, shipments and support required for volume manufacturing

For volume manufacturing of logic and memory, ASML remains committed to deliver:

- Throughput of >125 wafers per hour
- Availability of >90% on average
- Shipments on time in sufficient volume
- Ability to support a larger installed base

Financial statements

Consolidated statements of operations M€

	2012	2013	2014	2015	2016
Net sales	4,732	5,245	5,856	6,287	6,795
Gross profit	2,005	2,177	2,596	2,896	3,044
Gross margin %	42.4%	41.5%	44.3%	46.1%	44.8%
Other income*	—	64	81	83	94
R&D costs	(589)	(882)	(1,074)	(1,068)	(1,106)
SG&A costs	(259)	(312)	(321)	(346)	(375)
Income from operations	1,157	1,048	1,282	1,565	1,658
Operating income %	24.4%	20.0%	21.9%	24.9%	24.4%
Net income	1,146	1,016	1,197	1,387	1,472
Net income as a % of net sales	24.2%	19.4%	20.4%	22.1%	21.7%
Earnings per share (basic) €	2.70	2.36	2.74	3.22	3.46
Earnings per share (diluted) €	2.68	2.34	2.72	3.21	3.44
Litho units sold	170	157	136	169	157
ASP new litho systems	24.8	27.4	35.6	28.5	32.4
Net booking value	3,312	4,644	4,902	4,639	5,396

* Customer Co-Investment Program (CCIP)

These numbers have been prepared in conformity with accounting policies generally accepted in the United States of America ("US GAAP")

Consolidated statements of operations M€

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Net sales	1,434	1,333	1,740	1,815	1,907
Gross profit	660	568	741	834	901
Gross margin %	46.0%	42.6%	42.6%	46.0%	47.2%
Other income*	21	23	23	23	23
R&D costs	(273)	(275)	(270)	(273)	(287)
SG&A costs	(90)	(89)	(90)	(89)	(107)
Income from operations	318	228	404	496	530
Operating income %	22.2%	17.1%	23.2%	27.3%	27.8%
Net income	292	198	354	396	524
Net income as a % of net sales	20.4%	14.9%	20.3%	21.8%	27.5%
Earnings per share (basic) €	0.68	0.46	0.83	0.93	1.23
Earnings per share (diluted) €	0.68	0.46	0.83	0.93	1.22
Litho units sold	37	33	46	40	38
ASP new litho systems	26.9	29.5	31.6	32.4	35.6
Net booking value	1,184	835	1,566	1,415	1,580

* Customer Co-Investment Program (CCIP)

These numbers have been prepared in conformity with US GAAP

Consolidated statements of Cash flows M€

	2012	2013	2014	2015	2016
Net income	1,146	1,016	1,197	1,387	1,472
Net cash provided by (used in) operating activities	704	1,054	1,025	2,026	1,666
Net cash provided by (used in) investing activities	(1,120)	(368)	(16)	(1,160)	(3,188)
Net cash provided by (used in) financing activities	(546)	(113)	(928)	(834)	1,964
Net increase (decrease) in cash & cash equivalents	(964)	563	89	39	448
Free cash flow*	524	839	664	1,653	1,341
Cash and cash equivalents and short-term investments	2,698	3,011	2,754	3,409	4,057

* 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

Consolidated statements of Cash flows M€

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Net income	292	198	354	396	524
Net cash provided by (used in) operating activities	985	(6)	481	(3)	1,193
Net cash provided by (used in) investing activities	(1,078)	(183)	(24)	(484)	(2,498)
Net cash provided by (used in) financing activities	(131)	(204)	(607)	1,481	1,293
Net increase (decrease) in cash & cash equivalents	(222)	(395)	(137)	987	(6)
Free cash flow*	864	(65)	381	(72)	1,097
Cash and cash equivalents and short-term investments	3,409	3,138	2,926	4,313	4,057

* 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

These numbers have been prepared in conformity with US GAAP

Consolidated Balance sheets M€

Assets	2012	2013	2014	2015	2016
Cash & cash equivalents and short-term investments	2,698	3,011	2,754	3,409	4,057
Net accounts receivable and finance receivables	909	1,175	1,304	1,208	1,264
Inventories, net	1,857	2,393	2,550	2,574	2,781
Other assets	558	635	835	940	1,173
Tax assets	200	296	232	181	47
Goodwill	149	2,089	2,358	2,624	4,874
Other intangible assets	10	697	724	738	1,323
Property, plant and equipment	1,030	1,218	1,447	1,621	1,687
Total assets	7,411	11,514	12,204	13,295	17,206
Liabilities and shareholders' equity					
Current liabilities	2,087	2,869	2,889	3,107	3,281
Non-current liabilities	1,257	1,723	1,802	1,799	4,105
Shareholders' equity	4,067	6,922	7,513	8,389	9,820
Total liabilities and shareholders' equity	7,411	11,514	12,204	13,295	17,206

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.

These numbers have been prepared in conformity with US GAAP

Consolidated Balance sheets M€

Assets	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Cash & cash equivalents and short-term investments	3,409	3,138	2,926	4,313	4,057
Net accounts receivable and finance receivables	1,208	1,302	1,362	1,593	1,264
Inventories, net	2,574	2,750	2,715	2,697	2,781
Other assets	940	987	1,146	1,164	1,173
Tax assets	181	143	228	183	47
Goodwill	2,624	2,538	2,603	2,571	4,874
Other intangible assets	738	706	714	694	1,323
Property, plant and equipment	1,621	1,580	1,609	1,587	1,687
Total assets	13,295	13,144	13,303	14,802	17,206
Liabilities and shareholders' equity					
Current liabilities	3,107	3,248	3,720	3,272	3,281
Non-current liabilities	1,799	1,593	1,434	3,017	4,105
Shareholders' equity	8,389	8,303	8,149	8,513	9,820
Total liabilities and shareholders' equity	13,295	13,144	13,303	14,802	17,206

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Forward looking statements

This document contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to expected trends and outlook, including expected customer insertion of EUV in volume manufacturing, including expected volume orders, systems backlog, expected financial results and trends for the first quarter of 2017, 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 2020, including further growth potential into the next decade, expected industry trends and expected trends in the business environment, statements with respect to the proposed minority stake in Carl Zeiss SMT, including statements that such investment will secure the extension of EUV beyond the next decade and funding for next generation EUV technology, statements with respect to EUV targets, manufacturing, supply chain and service capabilities, and ASML's commitment to secure system performance, shipments and support for volume manufacturing, including availability, productivity, throughput and shipments, including timing of shipments and the ability to support a larger installed base, shrink being a key driver supporting innovation and providing long-term industry growth, lithography enabling affordable shrink and delivering value to customers, expected industry adoption of EUV and statements with respect to the intent of customers to insert EUV into production, the extension of EUV beyond the next decade, the expected continuation of Moore's law and that EUV will continue to enable Moore's law and drive long term value, intention to return excess cash to shareholders, and statements about our proposed dividend, dividend policy and intention to repurchase shares and statements with respect to the share repurchase plan. 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", "targets", "commits to secure" 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 and volume production by customers, including meeting development requirements for volume production, 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 timing of resumption of the share repurchase plan, 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 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.