



## **Q3 sales strong across the full product portfolio**

Very strong demand for DUV systems

EUV shipments continue to ramp in support of customer plans

**ASML 2017 Third-Quarter Results**

Veldhoven, the Netherlands

**October 18, 2017**

## Agenda

- Investor key messages
- Business highlights
- Outlook
- Product / Market highlights
- Financial statements

# Investor key messages

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- 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

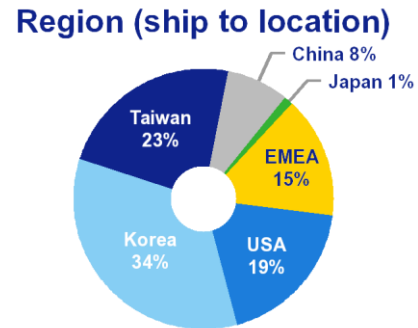
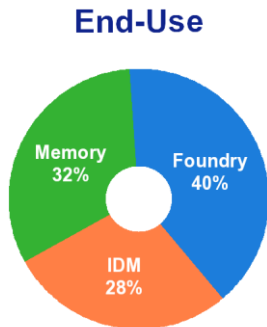
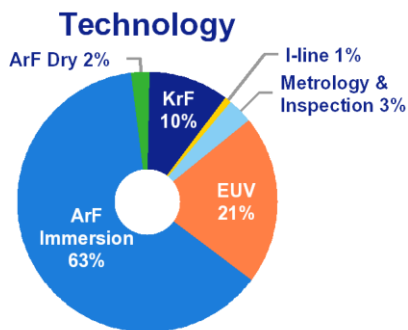
# Business highlights

## Q3 results summary

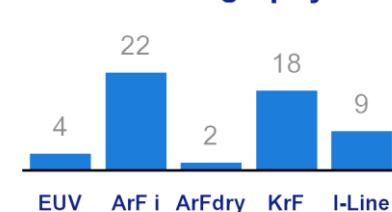
- Net sales of € 2,447 million, net systems sales valued at € 1,819 million, net Installed Base Management sales at € 628 million
- Gross margin of 42.9%
- Operating margin of 26.8%
- Net bookings of € 2,154 million
- Backlog at € 5,693 million, including 23 EUV systems

## Net system sales breakdown in value

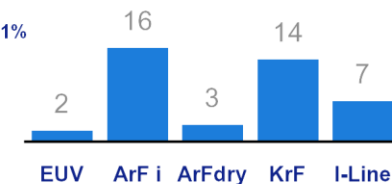
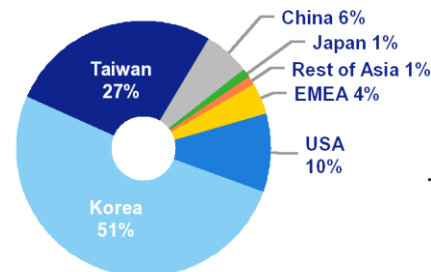
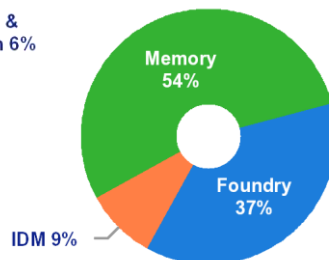
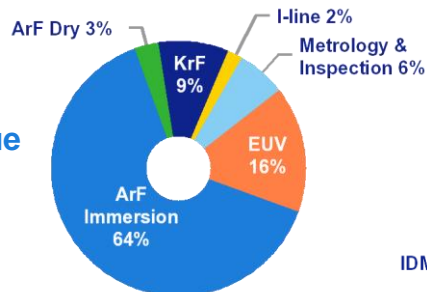
Q3'17  
total value  
€ 1,819  
million



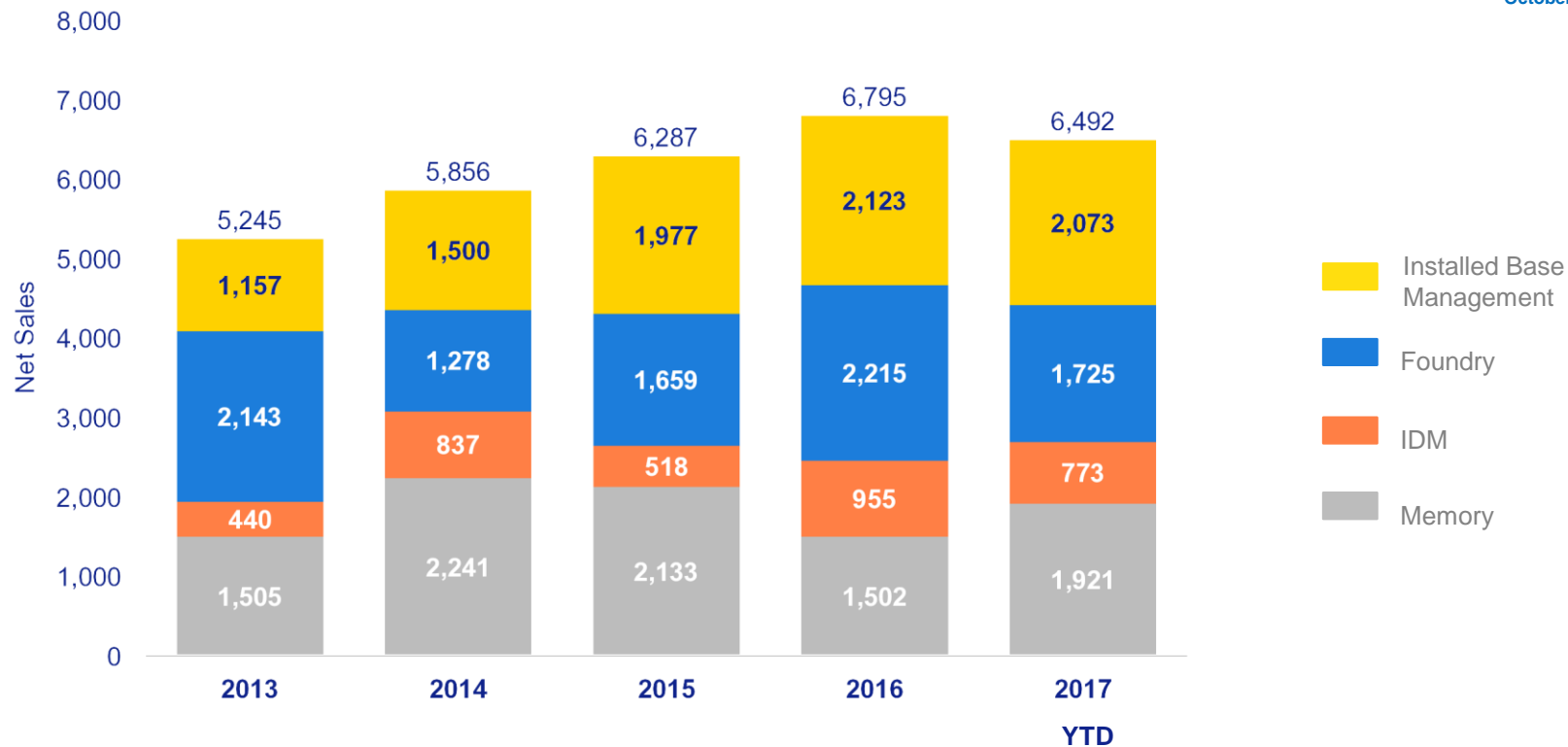
### Sales in lithography units



Q2'17  
total value  
€ 1,384  
million



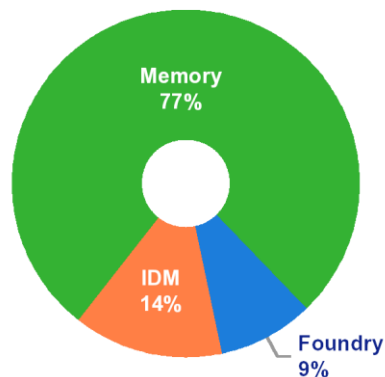
# Total net sales million € by End-use



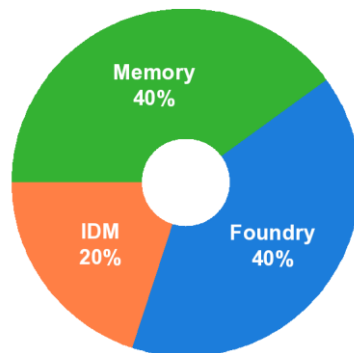


# Bookings activity by sector

Q3'17 total value  
€ 2,154 million



Q2'17 total value  
€ 2,375 million



## Lithography systems

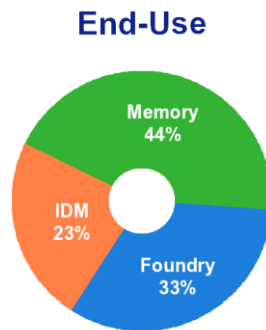
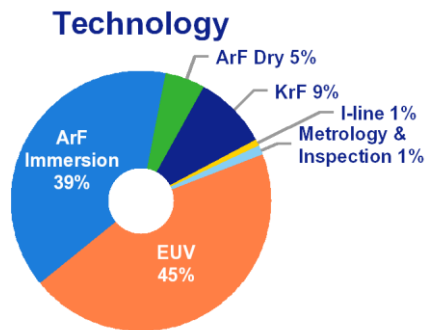
	New	Used
Units	65	5

## Lithography systems

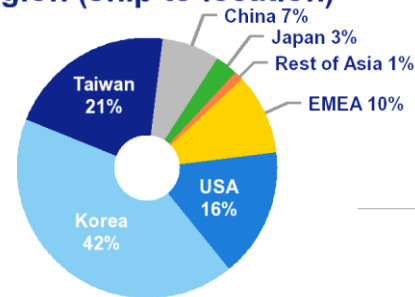
	New	Used
Units	49	6

## System backlog in value

Q3'17  
total value  
€ 5,693  
million

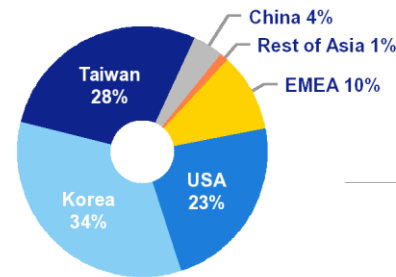
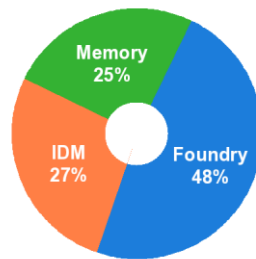
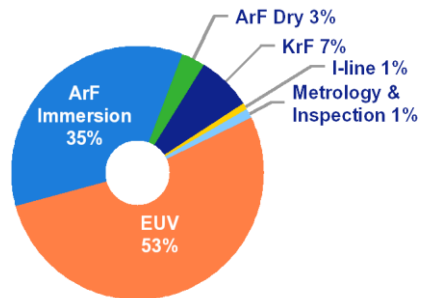


### Region (ship to location)



Units	Lithography systems	
	New	Used
	110	12

Q2'17  
total value  
€ 5,351  
million



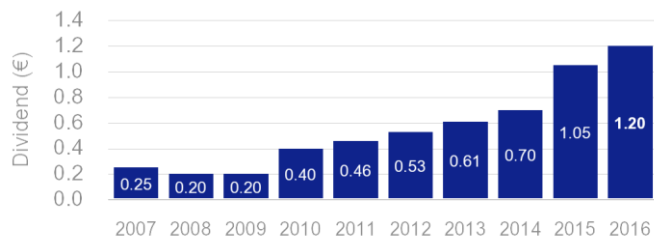
Units	Lithography systems	
	New	Used
	93	14

# Capital return to shareholders

Progress of 2016/2017 share buyback program for up to € 1.5 billion

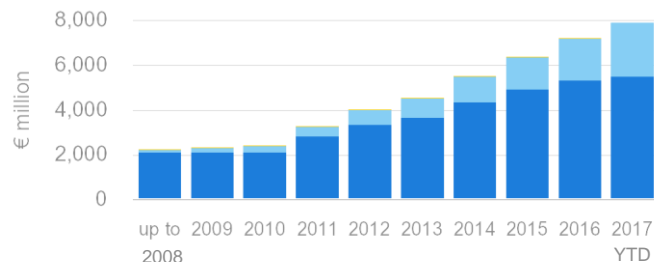
- € 569 million worth of shares (6.0 million) have been repurchased so far
  - repurchased shares worth € 169 million in Q3
- As a result of the pause in the program from July 20, 2016 until July 19, 2017, this program will not be completed for the full amount

## Dividend history



The dividend for a year is paid in the subsequent year

## Capital return



Dividend  
Share buyback

Capital return is cumulative share buyback + dividend

# Outlook

## Q4 Outlook

- Q4 2017 net sales around € 2.1 billion
  - EUV revenue approximately € 300 million
- Gross margin around 44%
- R&D costs of about € 315 million
- SG&A costs of about € 110 million
- Other income (Customer Co-Investment Program) of about € 24 million
- Effective annualized tax rate around 14%

# Product / Market highlights

# EUV shipments ramp in support of customers production plans

## Customers

show commitment to insert EUV in volume manufacturing by ordering systems

- 3 NXE:3400B systems shipped in Q3, 4 recognized in revenue
- Shipped 6 EUV systems YTD, targeting 6 to be shipped in Q4
- 23 EUV systems in backlog
- Planned shipments of 20 systems in 2018 and at least 30 systems in 2019

## 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 growing installed base

# Pattern Fidelity Metrology: high capture rate of defects at a throughput supporting volume production

- We shipped the first product that was jointly developed with the engineering team of HMI, which ASML acquired last year. The product, ePfm5, is a pattern fidelity metrology tool that offers our customers enhanced capabilities for detecting patterning defects
- E-beam is the preferred solution for sub-10nm defect detection providing data for process control, as optical inspection is challenged by sensitivity and nuisance defects
- Guiding the e-beam system to areas of interest increases the effective throughput to a level required for volume production



ePfm5



# E-Beam inspection for EUV mask defects

- E-beam enables improved defect detection as optical inspection has resolution challenges on EUV reticles
- Multi-column technology enables faster throughput to inspect full reticle in < 24 hours
- First eXplore 6000 system shipped to a logic foundry customer



eXplore 6000

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# Financial statements

# Consolidated statements of operations M€

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Net sales	1,815	1,907	1,944	2,101	2,447
Gross profit	834	901	925	946	1,050
Gross margin %	46.0%	47.2%	47.6%	45.0%	42.9%
Other income <sup>1</sup>	23	23	24	24	24
R&D costs	(273)	(287)	(315)	(313)	(315)
SG&A costs	(89)	(107)	(99)	(102)	(103)
Income from operations	496	530	535	555	656
Operating income as a % of net sales	27.3%	27.8%	27.5%	26.4%	26.8%
Net income	396	524	452	466	557
Net income as a % of net sales	21.8%	27.5%	23.3%	22.2%	22.8%
Earnings per share (basic) €	0.93	1.23	1.05	1.08	1.30
Earnings per share (diluted) €	0.93	1.22	1.05	1.08	1.29
Lithography systems sold (units) <sup>2</sup>	40	38	44	42	55
Net booking value	1,415	1,580	1,894	2,375	2,154

<sup>1</sup> Customer Co-Investment Program (CCIP).

<sup>2</sup> Lithography systems do not include metrology and inspection systems.

<sup>3</sup> Our system backlog and net bookings include all system sales orders for which written authorizations have been accepted (for EUV starting with the NXE:3350B).

# Consolidated statements of Cash flows M€

	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Net income	396	524	452	466	557
Net cash provided by (used in) operating activities	(3)	1,193	(168)	530	400
Net cash provided by (used in) investing activities	(485)	(2,498)	150	(754)	(72)
Net cash provided by (used in) financing activities	1,481	1,293	12	(744)	(154)
Net increase (decrease) in cash & cash equivalents	987	(6)	4	(996)	163
Free cash flow*	(72)	1,097	(212)	469	302
Cash and cash equivalents and short-term investments	4,313	4,057	3,836	2,514	2,678

\* 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 Balance sheets M€

Assets	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Cash & cash equivalents and short-term investments	4,313	4,057	3,836	2,514	2,678
Net accounts receivable and finance receivables	1,593	1,264	1,426	1,758	2,066
Inventories, net	2,697	2,781	2,996	3,137	2,998
Other assets	1,164	1,173	1,211	1,354	1,339
Tax assets	183	47	171	63	99
Equity method investments	—	—	—	1,002	1,008
Goodwill	2,571	4,874	4,784	4,646	4,565
Other intangible assets	694	1,323	1,279	1,231	1,191
Property, plant and equipment	1,587	1,687	1,622	1,567	1,552
<b>Total assets</b>	<b>14,802</b>	<b>17,206</b>	<b>17,325</b>	<b>17,272</b>	<b>17,496</b>
<b>Liabilities and shareholders' equity</b>					
Current liabilities	3,272	3,281	2,876	3,125	2,974
Non-current liabilities	3,017	4,105	4,206	4,114	4,175
Shareholders' equity	8,513	9,820	10,243	10,033	10,347
<b>Total liabilities and shareholders' equity</b>	<b>14,802</b>	<b>17,206</b>	<b>17,325</b>	<b>17,272</b>	<b>17,496</b>

These numbers have been prepared in accordance with US GAAP

# 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, systems backlog, expected financial results and trends for the fourth quarter of 2017, including expected sales, EUV revenue, gross margin, R&D and SG&A expenses, other income, and annualized effective tax rate, expected financial results and trends for the full year 2017, annual revenue opportunity for ASML and EPS potential by 2020 with significant further growth potential into the next decade, expected industry trends and expected trends in the business environment, statements with respect to the intent of customers to insert EUV into production, supply chain and service capabilities, ASML's commitment to secure system performance, shipments and support for volume manufacturing, including availability, productivity, throughput and shipments, the ability to support a larger installed base, including timing of shipments (including planned EUV shipments in Q4 2017 and in 2018 and 2019 and recognition in revenue of such shipments), statements with respect to HMI, including expected expansion of the integrated Holistic Lithography roadmap, introduction of a new class of pattern fidelity control for memory and logic production in 2018 and expected multi-e-beam innovation, shrink being a key driver supporting innovation and providing long-term industry growth, lithography enabling affordable shrink and delivering value to customers, the expected continuation of Moore's law and that EUV will continue to enable Moore's law and drive long term value for ASML beyond the next decade, the expected impact of the new revenue recognition standard on revenue and net income, intention to return excess cash to shareholders, and statements about our 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, 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, demand for EUV systems being sufficient to result in utilization of EUV facilities in which ASML has made significant investments, potential inability to integrate HMI's systems into our Holistic Lithography portfolio, our ability to enforce patents and protect intellectual property rights, intellectual property litigation, availability of raw materials, critical manufacturing equipment and qualified employees, 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.

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**ASML**