



## **ASML exceeds € 9 billion net sales and € 2 billion net income in 2017**

Continued solid growth of sales and profitability expected in 2018

2018-2019 share buyback program announced of € 2.5 billion, proposes 17% dividend increase

**ASML 2017 Fourth-Quarter Results**

Veldhoven, the Netherlands

**January 17, 2018**

## Agenda

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

# 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

# 2017 - highlights

- Net sales grew 33% to a record € 9.05 billion at 45.0% gross margin
- Net income grew 44% to a record € 2.12 billion resulting in an EPS of € 4.93
- Installed Base management sales grew more than 25% to a record € 2.68 billion
- EUV lithography: demonstrated our 125 wafers per hour specification and further improved availability performance. Crossed € 1.1 billion annual revenue mark for EUV and exited the year with a backlog of 28 systems with a value of more than € 3 billion
- DUV lithography: shipped 161 new systems in 2017, a 21% increase from 2016
- Holistic lithography: shipped the first ASML-HMI integrated product, ePfm5
- Closed strategic agreements, including a minority stake investment in Carl Zeiss SMT, enabling next generation EUV technology supporting customer roadmaps beyond the next decade
- Capital return: returned more than € 1 billion to shareholders through dividends and share buybacks

# Q4 results summary

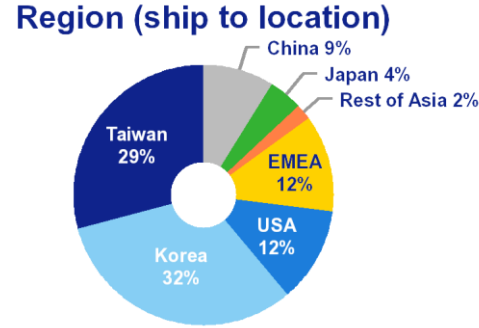
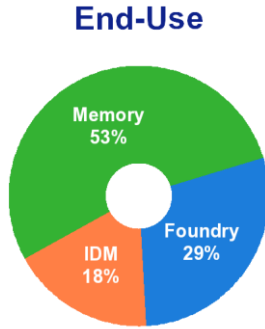
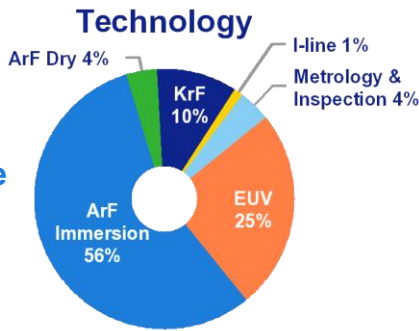
- Net sales of € 2,561 million, net systems sales valued at € 1,955 million, Installed Base Management sales at € 606 million
- Gross margin of 45.2%
- Operating margin of 29.3%
- Net bookings of € 2,935 million
- Backlog at € 6,685 million, including 28 EUV systems

Installed Base Management equals our service and field option sales.

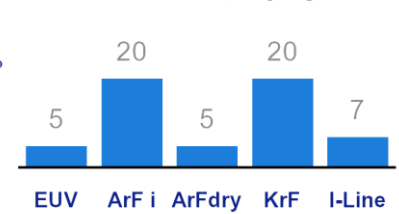
Net bookings and Systems backlog are calculated without giving effect to the impact of adopting the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842) which ASML will adopt as of January 1, 2018.

## Net system sales breakdown in value

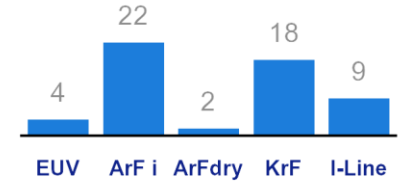
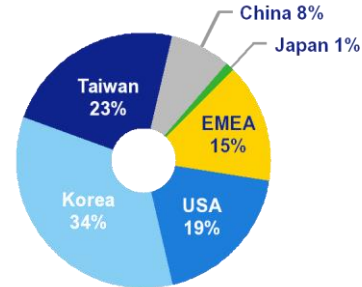
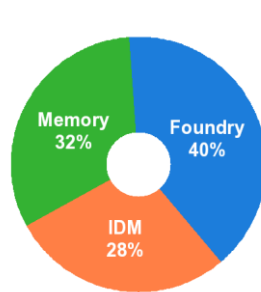
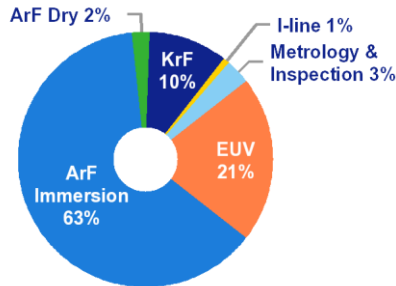
Q4'17  
total value  
€ 1,955  
million



### Sales in lithography units

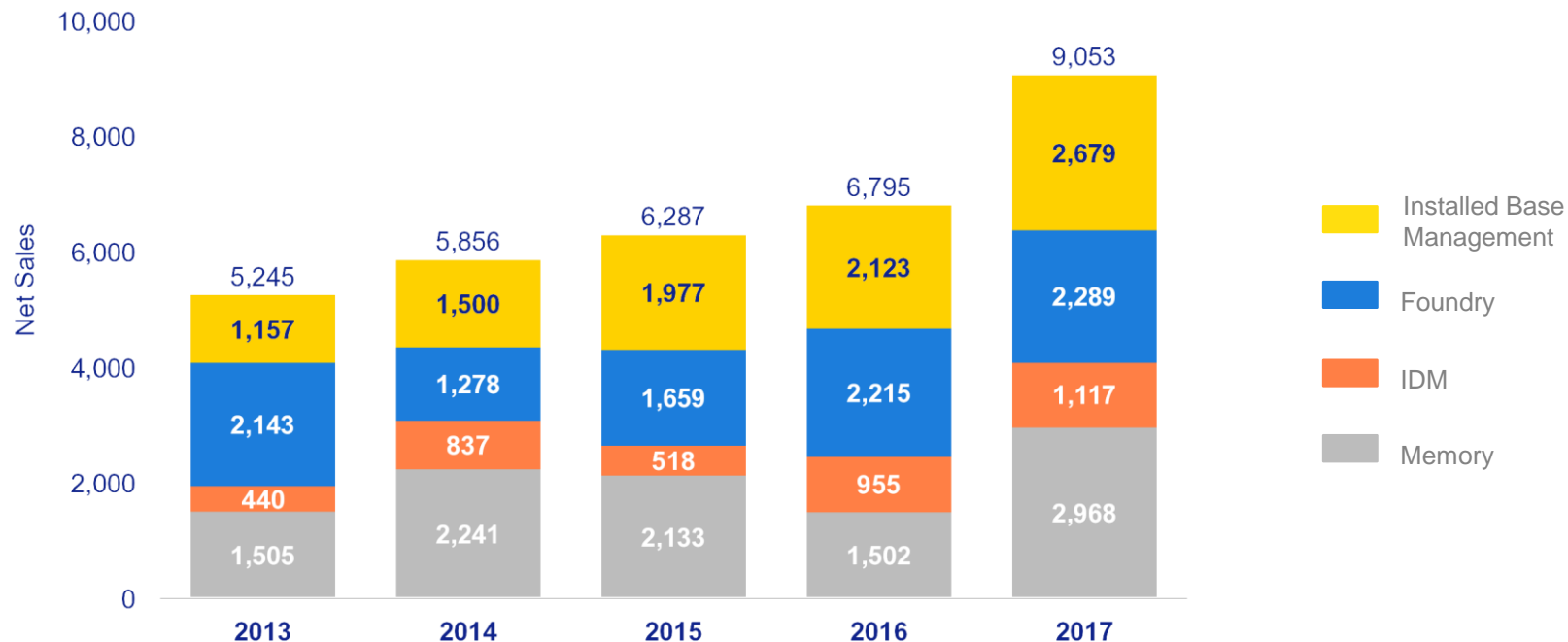


Q3'17  
total value  
€ 1,819  
million



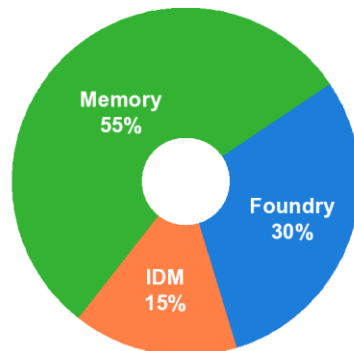


# Total net sales million € by End-use

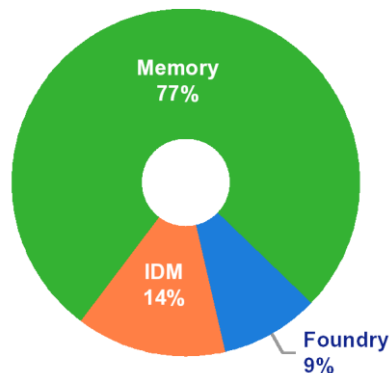


# Bookings activity by sector

Q4'17 total value  
€ 2,935 million



Q3'17 total value  
€ 2,154 million



## Lithography systems

	New	Used
Units	68	7

## Lithography systems

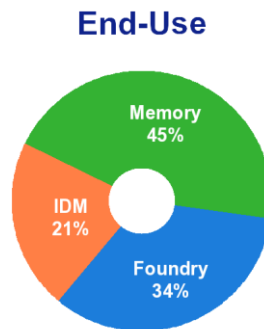
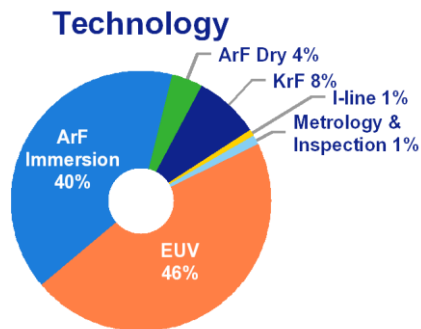
	New	Used
Units	65	5

Lithography systems do not include metrology and inspection systems

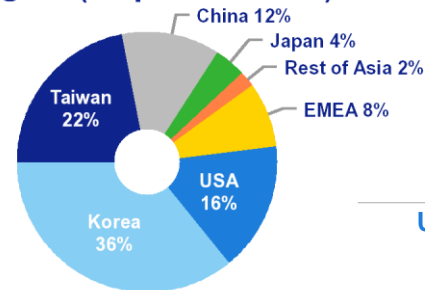
Net bookings is calculated without giving effect to the impact of adopting the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842) which ASML will adopt as of January 1, 2018

## System backlog in value

Q4'17  
total value  
€ 6,685  
million



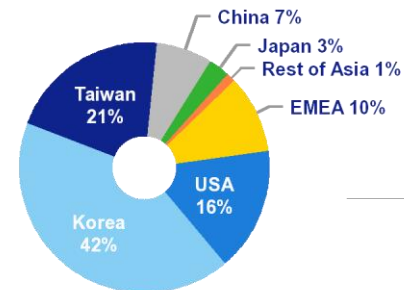
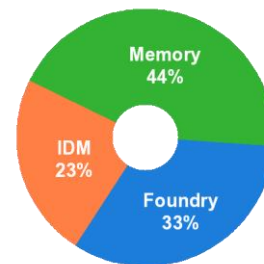
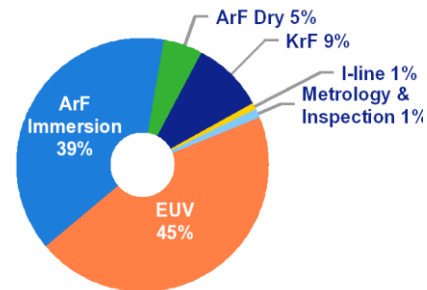
### Region (ship to location)



### Lithography systems

	New	Used
Units	129	11

Q3'17  
total value  
€ 5,693  
million



### Lithography systems

	New	Used
Units	110	12

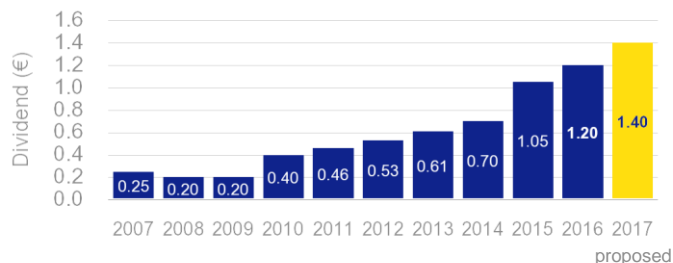
Lithography systems do not include metrology and inspection systems

Systems backlog is calculated without giving effect to the impact of adopting the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842) which ASML will adopt as of January 1, 2018

# Capital return to shareholders

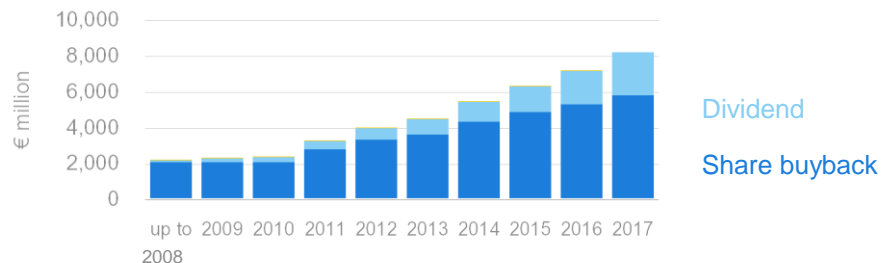
- Paid € 517 million dividend and purchased € 500 million worth of shares in 2017
- Propose to 2018 Annual General Meeting of Shareholders to declare a dividend of € 1.40 per ordinary share
- Announce new share buyback program for 2018-2019 of up to € 2.5 billion, of which 2.4 million shares for employee share plans and the remainder for cancellation

## Dividend history



The dividend for a year is paid in the subsequent year

## Capital return



Capital return is cumulative share buyback + dividend

# Outlook

# Q1 Outlook

- Q1 2018 net sales around € 2.2 billion
  - EUV revenue approximately € 150 million
- Gross margin between 47 and 48%
- R&D costs of about € 350 million
- SG&A costs of about € 115 million
- Effective annualized tax rate around 14%

# Product highlights

# EUV shipments ramp in support of customers' production plans

## Customers

show commitment to insert EUV in volume manufacturing by ordering systems

- 4 EUV systems shipped in Q4, 5 recognized in revenue
- Of the 12 EUV shipments planned in 2017, we shipped 10 during the year, 1 shipment is in progress, 1 shipment planned in January 2018
- 10 orders received, EUV backlog increased to 28
- Planned shipments of 22 systems in 2018, back-end loaded, and plan 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



# Financial statements

# Consolidated statements of operations M€

	2013	2014	2015	2016	2017
Net sales	5,245	5,856	6,287	6,795	9,053
Gross profit	2,177	2,596	2,896	3,044	4,077
Gross margin %	41.5	44.3	46.1	44.8	45.0
Other income <sup>1</sup>	64	81	83	94	96
R&D costs	(882)	(1,074)	(1,068)	(1,106)	(1,260)
SG&A costs	(312)	(321)	(346)	(375)	(417)
Income from operations	1,048	1,282	1,565	1,658	2,496
Operating income as a % of net sales	20.0	21.9	24.9	24.4	27.6
Net income	1,016	1,197	1,387	1,472	2,119
Net income as a % of net sales	19.4	20.4	22.1	21.7	23.4
Earnings per share (basic) €	2.36	2.74	3.22	3.46	4.93
Earnings per share (diluted) €	2.34	2.72	3.21	3.44	4.91
Lithography systems sold (units) <sup>2</sup>	157	136	169	157	198
Net booking value <sup>3,4</sup>	4,644	4,902	4,639	5,396	9,358

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

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

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

<sup>4</sup> Net bookings is calculated without giving effect to the impact of adopting the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842) which ASML will adopt as of January 1, 2018.

# Consolidated statements of operations M€

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Net sales	1,907	1,944	2,101	2,447	2,561
Gross profit	901	925	946	1,050	1,156
Gross margin %	47.2	47.6	45.0	42.9	45.2
Other income <sup>1</sup>	23	24	24	24	24
R&D costs	(287)	(315)	(313)	(315)	(317)
SG&A costs	(107)	(99)	(102)	(103)	(113)
Income from operations	530	535	555	656	750
Operating income as a % of net sales	27.8	27.5	26.4	26.8	29.3
Net income	524	452	466	557	644
Net income as a % of net sales	27.5	23.3	22.2	22.8	25.1
Earnings per share (basic) €	1.23	1.05	1.08	1.30	1.50
Earnings per share (diluted) €	1.22	1.05	1.08	1.29	1.49
Lithography systems sold (units) <sup>2</sup>	38	44	42	55	57
Net booking value <sup>3,4</sup>	1,580	1,894	2,375	2,154	2,935

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

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# Consolidated statements of Cash flows M€

	2013	2014	2015	2016	2017
Net income	1,016	1,197	1,387	1,472	2,119
Net cash provided by (used in) operating activities	1,054	1,025	2,026	1,666	1,799
Net cash provided by (used in) investing activities	(368)	(16)	(1,160)	(3,188)	(1,209)
Net cash provided by (used in) financing activities	(113)	(928)	(834)	1,964	(1,209)
Net increase (decrease) in cash & cash equivalents	563	89	39	448	(648)
Free cash flow*	839	664	1,653	1,341	1,441
Cash and cash equivalents and short-term investments	3,011	2,754	3,409	4,057	3,288

\* 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 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Net income	524	452	466	557	644
Net cash provided by (used in) operating activities	1,193	(168)	530	400	1,037
Net cash provided by (used in) investing activities	(2,498)	150	(754)	(72)	(533)
Net cash provided by (used in) financing activities	1,293	12	(744)	(154)	(323)
Net increase (decrease) in cash & cash equivalents	(6)	4	(996)	163	181
Free cash flow*	1,097	(212)	469	302	882
Cash and cash equivalents and short-term investments	4,057	3,836	2,514	2,678	3,288

\* 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€

<b>Assets</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Cash & cash equivalents and short-term investments	3,011	2,754	3,409	4,057	3,288
Net accounts receivable and finance receivables	1,175	1,304	1,208	1,264	2,096
Inventories, net	2,393	2,550	2,574	2,781	2,958
Other assets	635	835	940	1,173	1,470
Tax assets	296	232	181	47	94
Equity method investments	—	—	—	—	982
Goodwill	2,089	2,358	2,624	4,874	4,541
Other intangible assets	697	724	738	1,323	1,166
Property, plant and equipment	1,218	1,447	1,621	1,687	1,601
<b>Total assets</b>	<b>11,514</b>	<b>12,204</b>	<b>13,295</b>	<b>17,206</b>	<b>18,196</b>
<b>Liabilities and shareholders' equity</b>					
Current liabilities	2,869	2,889	3,107	3,281	3,342
Non-current liabilities	1,723	1,802	1,799	4,105	4,178
Shareholders' equity	6,922	7,513	8,389	9,820	10,676
<b>Total liabilities and shareholders' equity</b>	<b>11,514</b>	<b>12,204</b>	<b>13,295</b>	<b>17,206</b>	<b>18,196</b>

These numbers have been prepared in accordance with US GAAP

# Consolidated Balance sheets M€

Assets	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Cash & cash equivalents and short-term investments	4,057	3,836	2,514	2,678	3,288
Net accounts receivable and finance receivables	1,264	1,426	1,758	2,066	2,096
Inventories, net	2,781	2,996	3,137	2,998	2,958
Other assets	1,173	1,211	1,354	1,339	1,470
Tax assets	47	171	63	99	94
Equity method investments	—	—	1,002	1,008	982
Goodwill	4,874	4,784	4,646	4,565	4,541
Other intangible assets	1,323	1,279	1,231	1,191	1,166
Property, plant and equipment	1,687	1,622	1,567	1,552	1,601
<b>Total assets</b>	<b>17,206</b>	<b>17,325</b>	<b>17,272</b>	<b>17,496</b>	<b>18,196</b>
<b>Liabilities and shareholders' equity</b>					
Current liabilities	3,281	2,876	3,125	2,974	3,342
Non-current liabilities	4,105	4,206	4,114	4,175	4,178
Shareholders' equity	9,820	10,243	10,033	10,347	10,676
<b>Total liabilities and shareholders' equity</b>	<b>17,206</b>	<b>17,325</b>	<b>17,272</b>	<b>17,496</b>	<b>18,196</b>

These numbers have been prepared in accordance with US GAAP

# Forward looking statements

This document contains statements relating to certain projections, business trends and other matters that are forward-looking, including statements with respect to expected trends and outlook, systems backlog, expected financial results and trends, including expected sales, EUV revenue, gross margin, R&D and SG&A expenses, other income, and annualized effective tax rate for the first quarter of 2018, and expected financial results and trends for the full year 2018, including the expectation for continued solid growth in sales and profitability in 2018, 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 volume manufacturing, supply chain and service capabilities, ASML's commitment to secure system performance, shipments, and the planned shipment of advance products to domestic Chinese customers in 2018, and support for volume manufacturing, including availability, productivity, throughput, shipments and the ability to support a larger installed base, including timing of shipments (including planned EUV shipments in 2018 and 2019), 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, statements about our proposed dividend, dividend policy and intention to repurchase shares and statements with respect to the new share repurchase plan for 2018-2019. 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, our ability to enforce patents and protect intellectual property rights, the outcome of 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, results of the new 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.



The image features the ASML logo in a bold, dark blue font on the left side. The background is a light blue gradient with several decorative elements: a large, semi-transparent light blue shape in the upper left corner, and a series of thin, white, wavy lines that originate from the right side of the ASML text and extend across the bottom of the frame. The overall aesthetic is clean and modern, typical of a corporate branding background.

**ASML**