



**Earnings growth continues, driven by strong sales across full product portfolio**

Continued EUV progress enables ASML roadmap acceleration

ASML 2018 Second-Quarter Results

Veldhoven, the Netherlands

July 18, 2018

## Agenda

- Investor key messages
- Business highlights
- Outlook
- Product 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
- DUV, Holistic Litho and EUV are highly differentiated products providing unique value drivers for our customers and ASML
- EUV will enable continuations of Moore's Law and will drive long term value for ASML beyond 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
- ASML models a 2020 annual revenue opportunity of € 11 billion with an EPS > € 9\*, with significant further growth potential into the next decade
- 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
- We will host an Investor Day on November 8<sup>th</sup>, 2018 at our headquarters in The Netherlands

\* based on model details and assumptions as presented in our 2016 Investor Day (October 31, 2016)

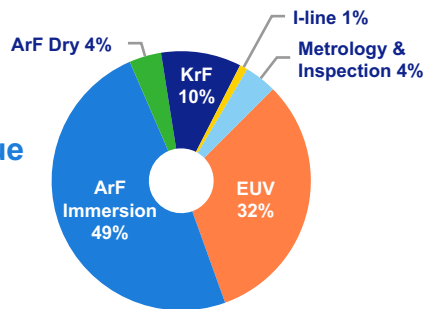
# Business highlights

## Q2 results summary

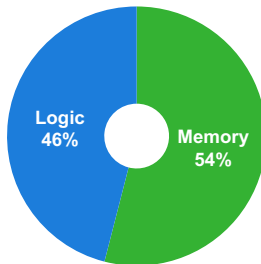
- Net sales of € 2,740 million, net systems sales valued at € 2,086 million, Installed Base Management sales at € 654 million
- Gross margin of 43.3%
- Operating margin of 25.2%
- Net income as a percentage of net sales of 21.3%
- Net bookings of € 1,952 million

## Net system sales breakdown in value

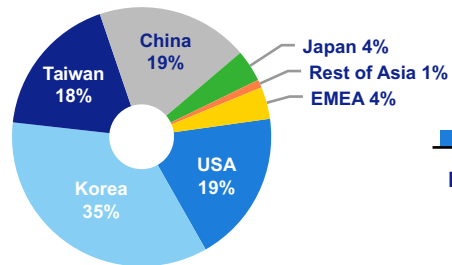
**Q2'18**  
total value  
€ 2,086  
million



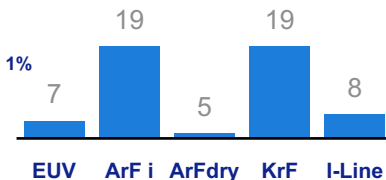
**End-Use**



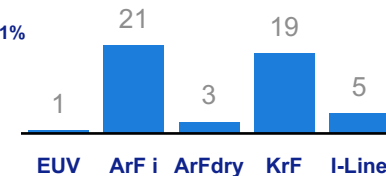
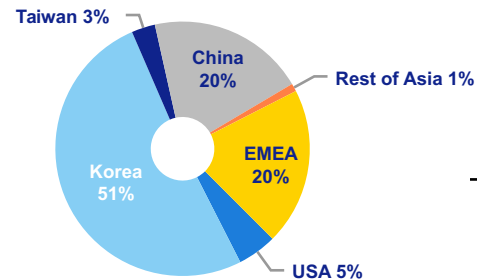
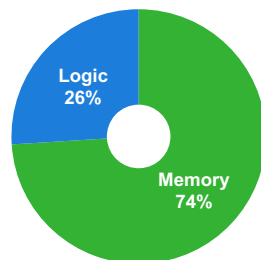
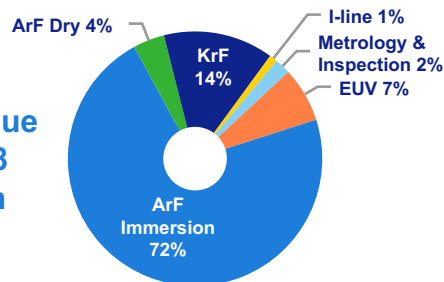
**Region (ship to location)**



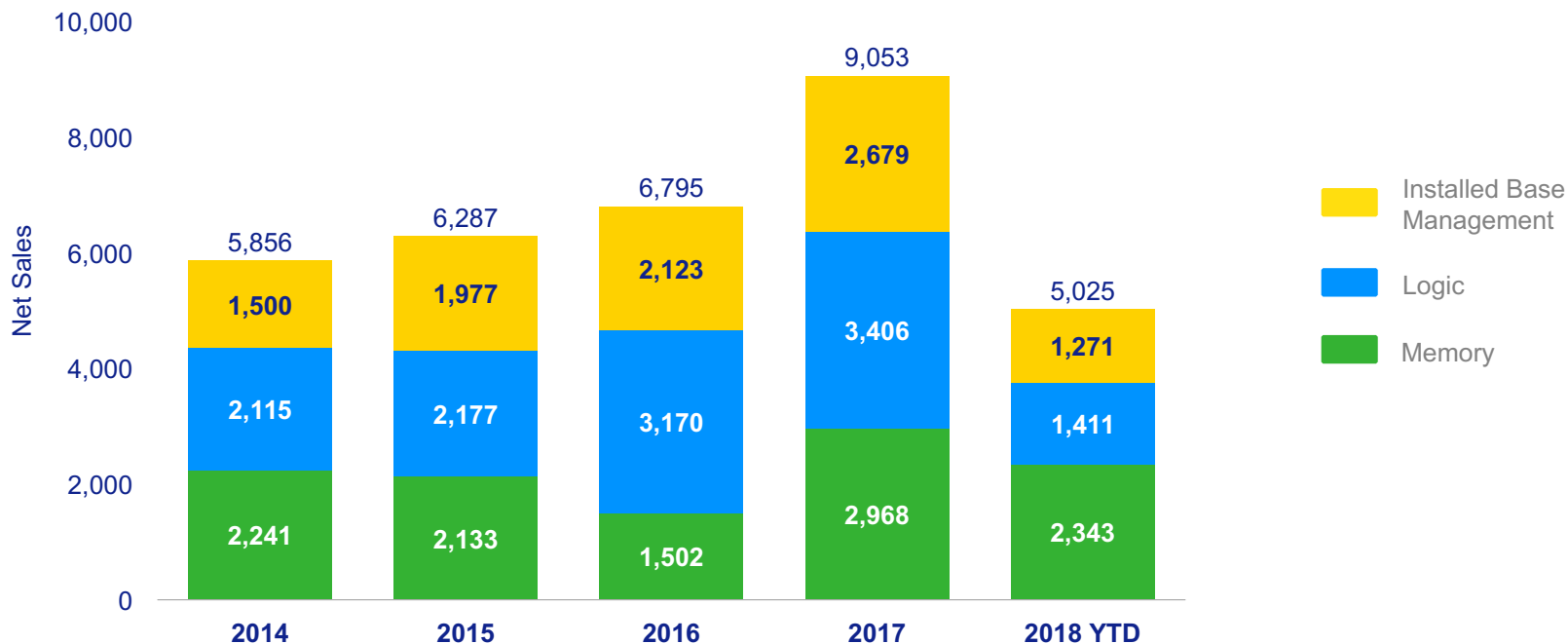
**Sales in lithography units**



**Q1'18**  
total value  
€ 1,668  
million



# Total net sales million € by End-use

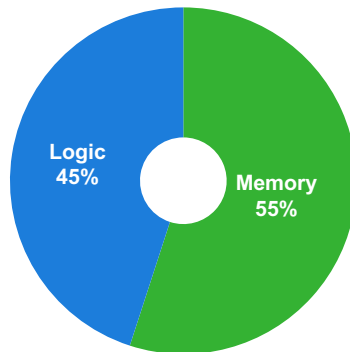


As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers have not been adjusted to reflect these changes in accounting policy



# Litho systems bookings activity by End-use

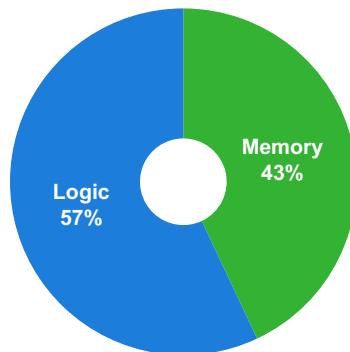
Q2'18 total value  
€ 1,952 million



## Lithography systems

	New	Used
Units	52	7

Q1'18 total value  
€ 2,442 million



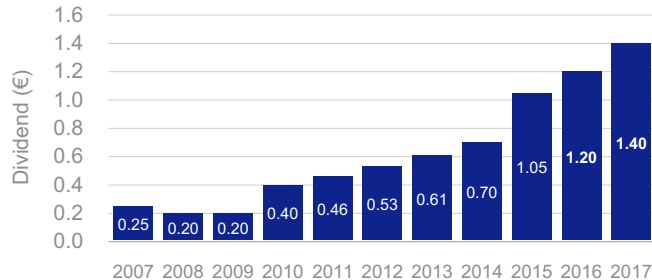
## Lithography systems

	New	Used
Units	55	7

# Capital return to shareholders

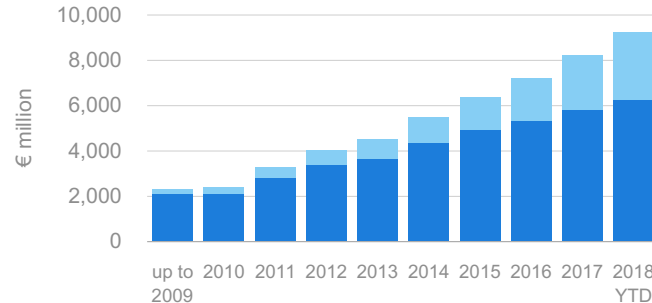
- ASML paid € 597 million in dividend or € 1.40 per ordinary share in Q2
- € 269 million worth of shares has been repurchased in Q2
- Around € 2 billion of the 2018/2019 share buyback program remaining

## Dividend history



The dividend for a year is paid in the subsequent year

## Capital return



Capital return is cumulative share buyback + dividend

Dividend  
Share buyback

# Outlook

## Q3 Outlook

- Q3 2018 net sales between € 2.7 billion and € 2.8 billion
  - Including EUV system revenue around € 500 million
- Gross margin between 47% and 48%
- R&D costs of about € 395 million
- SG&A costs of about € 120 million
- Effective annualized tax rate around 14%

# Product highlights

# EUV commitment to volume manufacturing continues

## Customers

commitment to insert EUV  
in volume manufacturing by  
ordering systems

- 4 EUV systems shipped in Q2, 7 revenue recognized
- Received 1 EUV order in Q2
- Progress enables ASML roadmap acceleration
- Planned shipments of 20 systems in 2018, production capacity of at least 30 systems in 2019

## ASML

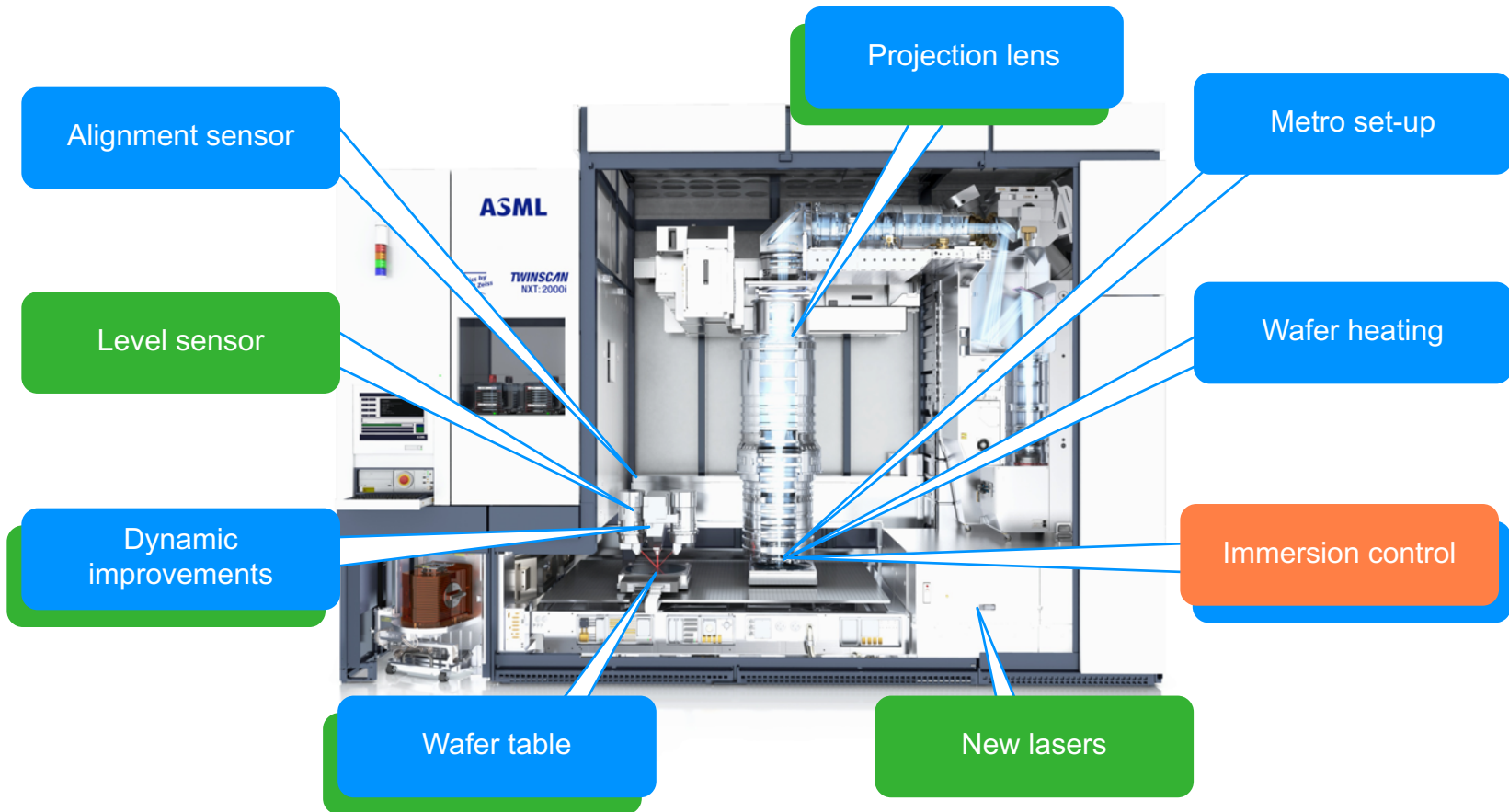
commitment to securing system  
performance, shipments and support  
required for volume manufacturing

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

# NXT:2000i starting volume shipments

Increased performance further improves customer value



Legend:

Imaging

Overlay

Defectivity

# Financial statements



# Consolidated statements of operations M€

	Q2 2017 <sup>1</sup>	Q3 2017 <sup>1</sup>	Q4 2017 <sup>1</sup>	Q1 2018	Q2 2018
Net sales	2,101	2,447	2,561	2,285	2,740
Gross profit	946	1,050	1,156	1,113	1,187
Gross margin %	45.0	42.9	45.2	48.7	43.3
Other income <sup>2</sup>	24	24	24	—	—
R&D costs	(313)	(315)	(317)	(357)	(380)
SG&A costs	(102)	(103)	(113)	(114)	(117)
Income from operations	555	656	750	642	690
Operating income as a % of net sales	26.4	26.8	29.3	28.1	25.2
Net income	466	557	644	540	584
Net income as a % of net sales	22.2	22.8	25.1	23.6	21.3
Earnings per share (basic) €	1.08	1.30	1.50	1.26	1.37
Earnings per share (diluted) €	1.08	1.29	1.49	1.26	1.37
Lithography systems sold (units) <sup>3</sup>	42	55	57	49	58
Net booking value <sup>4</sup>	2,375	2,154	2,935	2,442	1,952

<sup>1</sup> As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The quarterly comparative numbers have not been adjusted to reflect these changes in accounting policy.

<sup>2</sup> Customer Co-Investment Program (CCIP).

<sup>3</sup> Lithography systems do not include metrology and inspection systems.

<sup>4</sup> Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV starting with the NXE:3350B and excluding the High-NA systems).

These numbers have been prepared in accordance with US GAAP

# Consolidated statements of Cash flows M€

	Q2 2017 <sup>1</sup>	Q3 2017 <sup>1</sup>	Q4 2017 <sup>1</sup>	Q1 2018	Q2 2018
Net income	466	557	644	540	584
Net cash provided by (used in) operating activities	530	400	1,037	191	759
Net cash provided by (used in) investing activities	(754)	(72)	(533)	182	(62)
Net cash provided by (used in) financing activities	(744)	(154)	(323)	(160)	(845)
Net increase (decrease) in cash & cash equivalents	(996)	163	181	206	(139)
Free cash flow*	469	302	882	56	624
Cash and cash equivalents and short-term investments	2,514	2,678	3,288	3,194	2,980

\* 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.

<sup>1</sup> As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative figures for the quarter and year ended have not been adjusted to reflect these changes in accounting policies.

These numbers have been prepared in accordance with US GAAP

# Consolidated Balance sheets M€

Assets	Q2 2017 <sup>1</sup>	Q3 2017 <sup>1</sup>	Q4 2017 <sup>1</sup>	Q1 2018	Q2 2018
Cash & cash equivalents and short-term investments	2,514	2,678	3,288	3,194	2,980
Net accounts receivable and finance receivables	1,758	2,066	2,096	2,025	1,932
Contract assets	—	—	—	12	285
Inventories, net	3,137	2,998	2,958	3,231	3,217
Other assets	1,354	1,339	1,470	1,437	1,572
Tax assets	63	99	94	403	390
Equity method investments	1,002	1,008	982	971	979
Goodwill	4,646	4,565	4,541	4,541	4,542
Other intangible assets	1,231	1,191	1,166	1,146	1,130
Property, plant and equipment	1,567	1,552	1,601	1,560	1,585
Right-of-use assets	—	—	—	124	127
<b>Total assets</b>	<b>17,272</b>	<b>17,496</b>	<b>18,196</b>	<b>18,644</b>	<b>18,739</b>
<b>Liabilities and shareholders' equity</b>					
Current liabilities	3,125	2,974	3,342	3,132	3,381
Non-current liabilities	4,114	4,175	4,178	4,450	4,536
Shareholders' equity	10,033	10,347	10,676	11,062	10,822
<b>Total liabilities and shareholders' equity</b>	<b>17,272</b>	<b>17,496</b>	<b>18,196</b>	<b>18,644</b>	<b>18,739</b>

<sup>1</sup> As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative figures for the quarter and year ended have not been adjusted to reflect these changes in accounting policies.

# 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, bookings, expected financial results and trends, including expected sales, EUV revenue, gross margin, R&D and SG&A expenses, and target annualized effective tax rate for the third quarter of 2018, and expected financial results and trends for the rest of 2018, including expected capital expenditures for 2018 and the expected financing of such expenditures, the expectation for the second half of 2018 to be stronger, with improved profitability and continued growth in sales from the third to the fourth quarter of 2018, expected revenue growth and growth in logic and memory, trends in DUV systems revenue and Holistic Lithography and installed based management revenues, 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, including our expectation that trends exhibited in 2017 will continue into 2018, statements with respect to the commitment of customers to insert EUV into volume manufacturing, statements with respect to roadmap acceleration as a result of continued EUV progress, including the accelerated introduction of higher productivity systems in 2019 (including configurations of more than 155 and 170 wafers per hour) and the expected benefits, ASML's commitment to volume manufacturing and secure system performance, shipments, and support for volume manufacturing, including availability, productivity, throughput, shipments and the ability to support a growing installed base, including timing of shipments (including expected EUV shipments in 2018 and planned EUV shipments in 2019), expected volume ramp in the second half of 2018 in support of high customer demand, statements with respect to the benefits of the new DUV system shipment, expected demand for DUV system by memory customers, the continued integration efforts with respect to ASML's acquired companies and expected benefits, including fast beam metrology that enables the reduction of cycle time and improvement of accuracy, the benefits of HMI's e-beam metrology capabilities, including the introduction of a new class of pattern fidelity control, and the acquisition of Carl Zeiss SMT and its expected benefits, 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, intention to return excess cash to shareholders through stable or growing dividends and regularly timed share buybacks in line with our policy, statements with respect to the share repurchase plan for 2018-2019, including the intention to use certain shares to cover employee share plans and cancel the rest of the shares upon repurchase, and statements with respect to the expected impact of accounting standards. 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 shipped and recognized in revenue, timing of EUV orders and the risk of order cancellation or push out, EUV production capacity, 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 successfully integrate acquired businesses to create value for our customers, 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 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 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.