

Public



ASML reports EUR 2.2 billion sales at 41.6% gross margin in Q1

2019 view unchanged

ASML 2019 First-Quarter Results

Veldhoven, the Netherlands

April 17, 2019

Agenda

- Investor key messages
- Business summary
- Outlook
- Financial statements

Investor key messages

Investor key messages

- End market volatility due to macroeconomic environment is creating short term industry uncertainty while memory customers digest capacity additions and logic customers ramp their new leading edge nodes
- Long term growth opportunity remains driven by end markets growth enabled by major innovation in semiconductors
- Shrink is a key industry driver supporting innovation and providing long term industry growth
- Holistic Lithography enables affordable shrink and therefore delivers compelling value for our customers
- DUV, EUV and Application products are highly differentiated solutions that provide unique value drivers for our customers and ASML
- EUV will enable continuation of Moore's Law and will drive long term value for ASML well into the next decade
- ASML models an annual revenue opportunity of € 13 billion in 2020 and an annual revenue between € 15 – 24 billion through 2025
- We expect to continue to return significant amounts of cash to our shareholders through a combination of share buybacks and growing dividends

Business summary

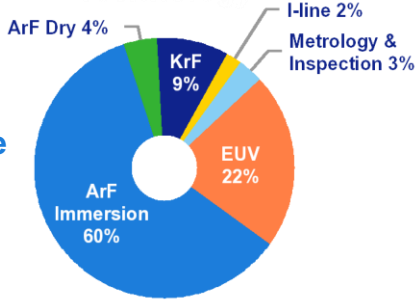
Q1 results summary

- Net sales of € 2,229 million, net systems sales valued at € 1,689 million, Installed Base Management* sales of € 540 million
- Gross margin of 41.6%
- Operating margin of 15.0%
- Net income as a percentage of net sales of 15.9%
- Net bookings of € 1,399 million, including 3 EUV systems

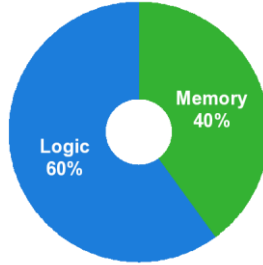
* Installed Base Management equals our service and field option sales

Net system sales breakdown in value

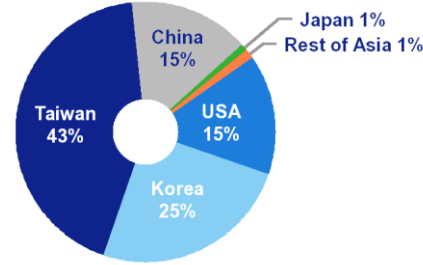
Q1'19
total value
€ 1,689
million



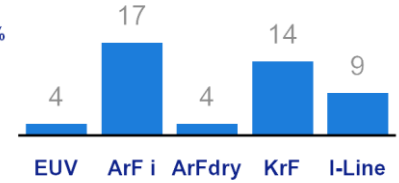
End-Use



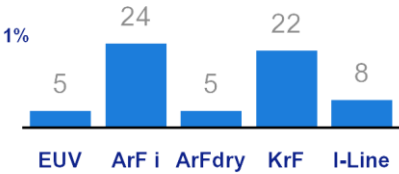
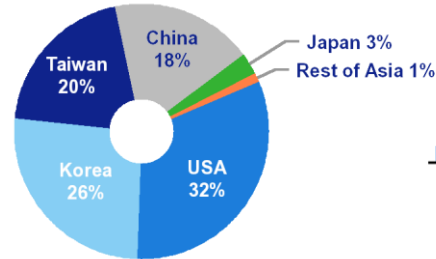
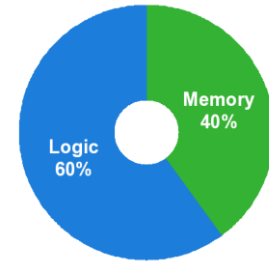
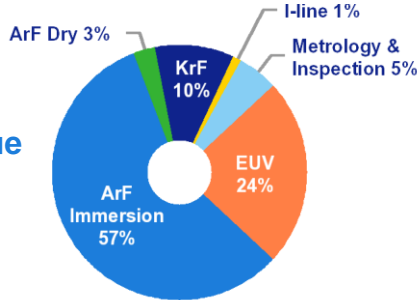
Region (ship to location)



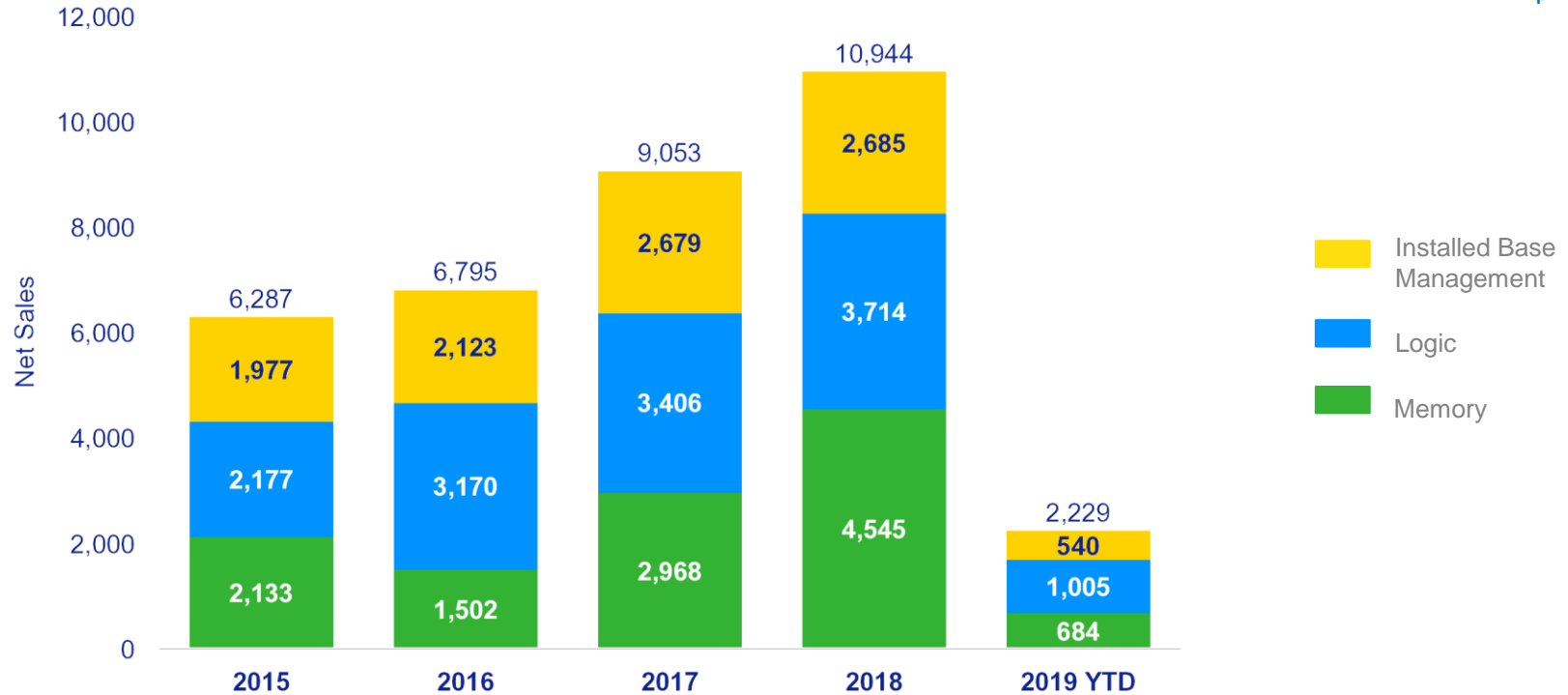
Sales in lithography units



Q4'18
total value
€ 2,424
million



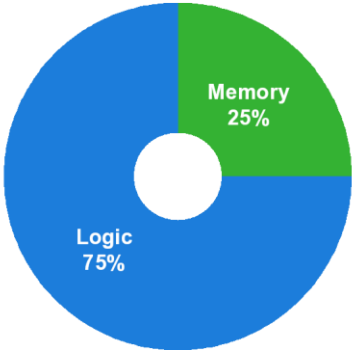
Total net sales € million by End-use



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

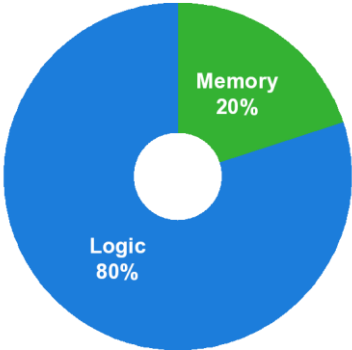
Litho systems bookings activity by End-use

Q1'19 total value
€ 1,399 million



Lithography systems		
	New	Used
Units	32	2

Q4'18 total value
€ 1,587 million

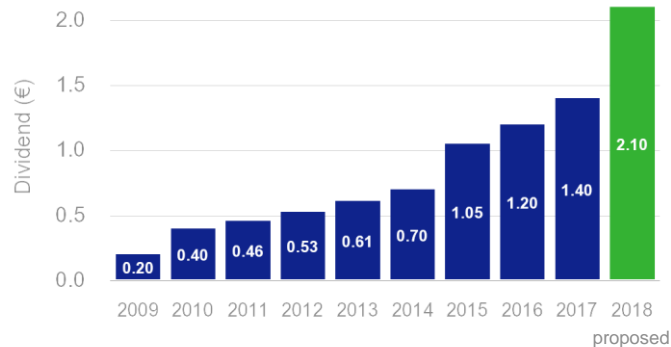


Lithography systems		
	New	Used
Units	43	10

Capital return to shareholders

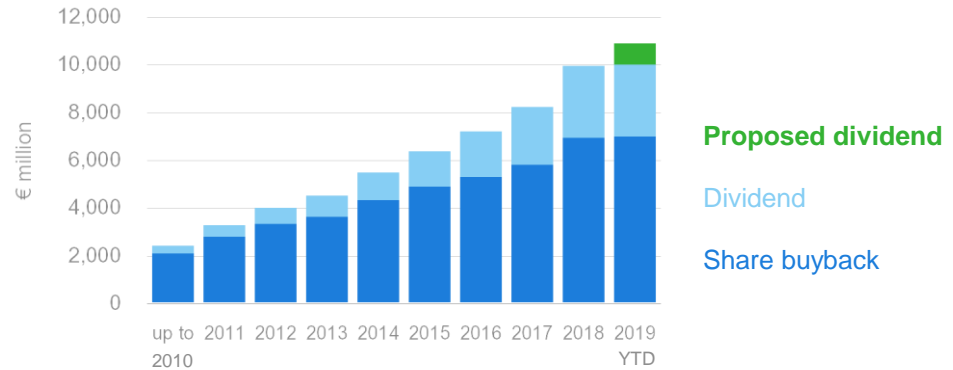
- Proposal submitted to the 2019 AGM to declare a dividend in respect of 2018 of EUR 2.10 per ordinary share. This is a 50% increase versus last year (for a total amount of approximately EUR 0.9 billion)
- € 55 million worth of shares has been repurchased in Q1
- Around € 1.3 billion of the 2018/2019 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

Outlook

Q2 Outlook

- Q2 2019 net sales between € 2.5 billion and € 2.6 billion
 - including EUV system revenue of around € 600 million
- Gross margin between 41% and 42%
- R&D costs of around € 485 million
- SG&A costs of around € 125 million
- Estimated annualized effective tax rate around 11% for 2019

The background of the slide features a series of light blue, wavy lines that originate from the left side and curve towards the right, creating a sense of motion and depth. The lines are thin and closely spaced, fading out as they move towards the right.

Financial statements

Consolidated statements of operations € million

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Net sales	2,285	2,740	2,776	3,143	2,229
Gross profit	1,113	1,187	1,336	1,393	928
Gross margin %	48.7	43.3	48.1	44.3	41.6
R&D costs	(357)	(380)	(397)	(442)	(473)
SG&A costs	(114)	(117)	(122)	(135)	(121)
Income from operations	642	690	817	816	334
Operating income as a % of net sales	28.1	25.2	29.5	26.0	15.0
Net income	540	584	680	788	355
Net income as a % of net sales	23.6	21.3	24.5	25.1	15.9
Earnings per share (basic) €	1.26	1.37	1.60	1.87	0.84
Earnings per share (diluted) €	1.26	1.37	1.60	1.86	0.84
Lithography systems sold (units) ¹	49	58	53	64	48
Net booking value ²	2,442	1,952	2,200	1,587	1,399

¹ Lithography systems do not include metrology and inspection systems.

² Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV excluding the High NA systems). Our Q3 2018 systems net bookings include 1 EUV system shipped in Q4 to collaborative Research Center (imec). This system was not recognized in revenue.

Consolidated statements of cash flows € million

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Net income	540	584	680	788	355
Net cash provided by (used in) operating activities	185	754	487	1,646	(481)
Net cash provided by (used in) investing activities	188	(57)	(239)	(383)	(342)
Net cash provided by (used in) financing activities	(160)	(845)	(366)	(353)	(48)
Net increase (decrease) in cash & cash equivalents	206	(139)	(123)	918	(868)
Free cash flow ¹	50	619	352	1,442	(714)
Cash and cash equivalents and short-term investments	3,194	2,980	2,948	4,034	3,275

- 1 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 € million

	Assets	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Cash & cash equivalents and short-term investments		3,194	2,980	2,948	4,034	3,275
Net accounts receivable and finance receivables		2,025	1,932	2,794	2,384	2,523
Contract assets		12	285	117	96	104
Inventories, net		3,231	3,217	3,403	3,440	3,765
Other assets		1,437	1,572	1,557	1,579	1,637
Tax assets		403	390	303	316	654
Equity method investments		971	979	985	916	934
Goodwill		4,541	4,542	4,541	4,541	4,541
Other intangible assets		1,146	1,130	1,109	1,104	1,158
Property, plant and equipment		1,560	1,585	1,572	1,589	1,622
Right-of-use assets		124	127	129	138	148
	Total assets	18,644	18,739	19,458	20,137	20,361
Liabilities and shareholders' equity						
	Current liabilities	3,132	3,381	3,546	3,792	3,721
	Non-current liabilities	4,450	4,536	4,758	4,704	4,674
	Shareholders' equity	11,062	10,822	11,154	11,641	11,966
	Total liabilities and shareholders' equity	18,644	18,739	19,458	20,137	20,361

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 estimated annualized effective tax rate for the second quarter of 2019, and expected financial results and trends for the full year 2019, including the expectation for continued growth in sales in 2019, annual revenue opportunity in 2020 and annual revenue through 2025, outlook for 2020 and beyond, including ASML's positive view on technology drivers such as 5G communications, automotive, artificial intelligence and data centers, trends in DUV systems revenue and Holistic Lithography and installed based management and Applications revenues, expected industry trends and expected trends in the business environment, including expected short term volatility in the market due to macroeconomics, including added capacity in memory and new leading edge nodes in logic, drivers of long-term growth opportunity, statements with respect to the expected benefits of the introduction of the new DUV system and expected demand for such system, statements with respect to film head manufacturing, where ASML is expected to enable the shrink roadmap with a special version of the XT:1460K scanner, expected support of technology transitions through the higher productivity NXE:3400C, including its expected availability date and the expectation that such scanner will drive adoption in the DRAM memory segment, expected throughput of higher transmission optics and the expectation that this will deliver cost effective shrink for both Logic and DRAM, statements with respect to the continued DUV innovation, to support future nodes and new applications, including the expectation that DUV Dry products will be brought to the NTX platform and the expected timing of delivery of NXT:1470, the expected deliver of a multi-beam system in 2019 for R&D and expected timing of commercial product shipment of e-beam products, shrink being a key industry driver supporting innovation and providing long-term industry growth, Holistic Lithography enabling affordable shrink and delivering value to customers, DUV, EUV and Application products providing unique value drivers for ASML and its 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 well into the next decade, the intention to continue to return excess cash to shareholders through a combination of share buybacks and growing dividends in line with ASML's policy, and statements with respect to the proposed dividend for the 2019 Annual General Meeting of Shareholders and 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. 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 and demand for new products including EUV and DUV, the number and timing of EUV and DUV 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.

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, curved, semi-transparent shapes in various shades of blue. On the right side, there are several thin, white, wavy lines that curve across the frame, creating a sense of motion and depth. The overall aesthetic is clean, modern, and professional.

ASML