



ASML reports EUR 2.6 billion sales at 43.0% gross margin in Q2

Stronger Logic compensates for Memory weakness; 2019 total sales view unchanged

ASML 2019 Second-Quarter Results

Veldhoven, the Netherlands

July 17, 2019

Agenda

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

Investor key messages

Investor key messages

- Current macroeconomic environment creates end market volatility resulting in industry uncertainty. Memory customers continue to digest capacity additions in a weaker demand environment while logic customers accelerate ramp of 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

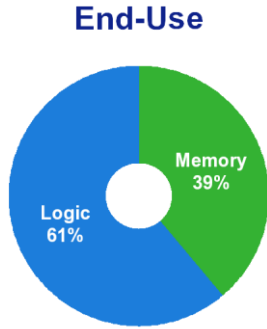
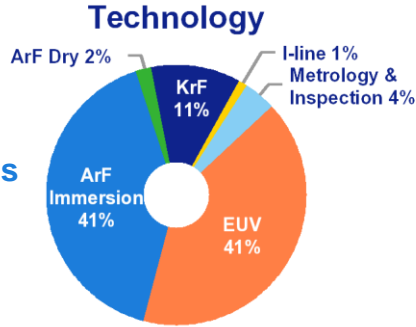
Q2 results summary

- Net sales of € 2,568 million, net systems sales of € 1,851 million, Installed Base Management* sales of € 717 million
- Gross margin of 43.0%
- Operating margin of 19.2%
- Net income as a percentage of net sales of 18.5%
- Net bookings of € 2,828 million, including 10 EUV systems

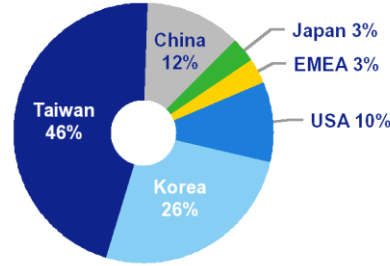
* Installed Base Management equals our service and field option sales

Net system sales breakdown

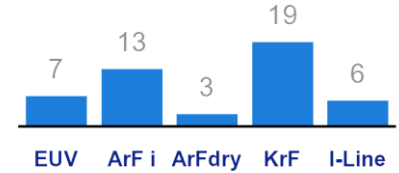
Q2'19
total sales
€ 1,851
million



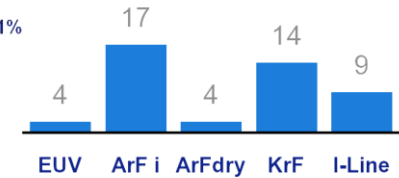
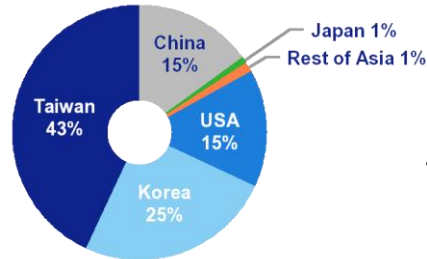
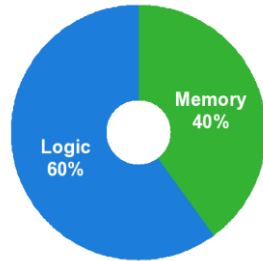
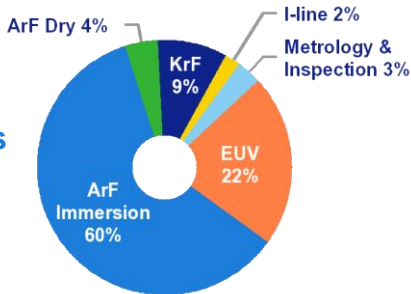
Region (ship to location)



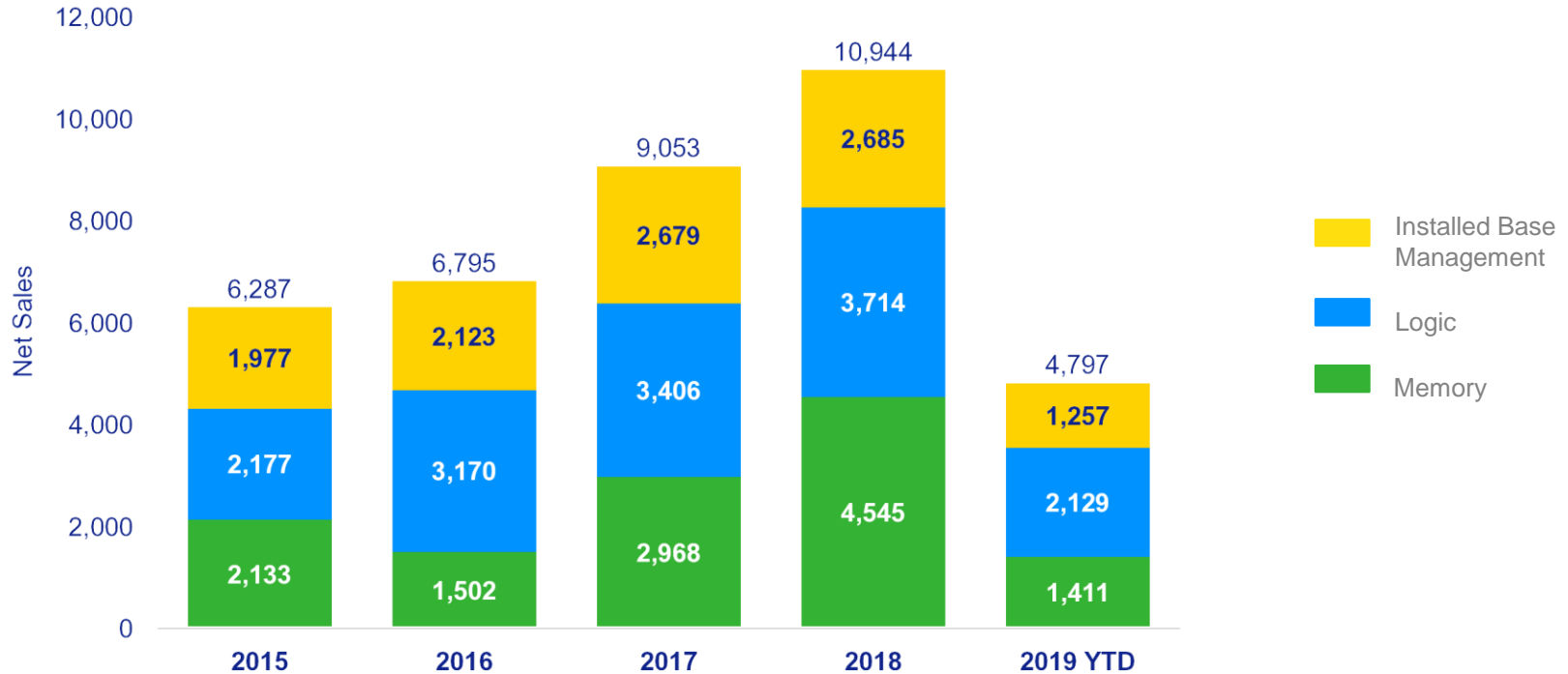
Sales in lithography units



Q1'19
total sales
€ 1,689
million



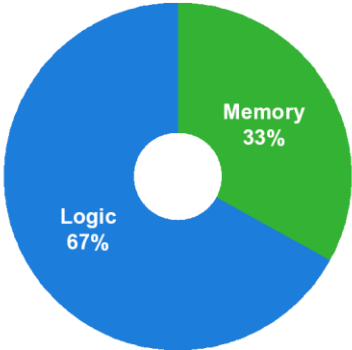
Total net sales € million by End-use



As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers 2015 - 2017 presented above have not been adjusted to reflect these changes in accounting policy.

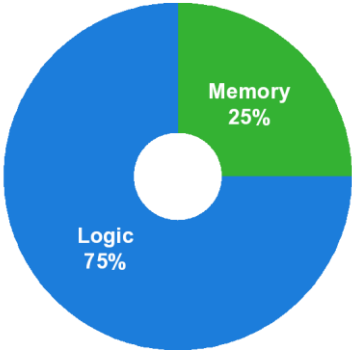
Litho systems bookings activity by End-use

**Q2'19 total value
€ 2,828 million**



Lithography systems		
	New	Used
Units	50	11

**Q1'19 total value
€ 1,399 million**

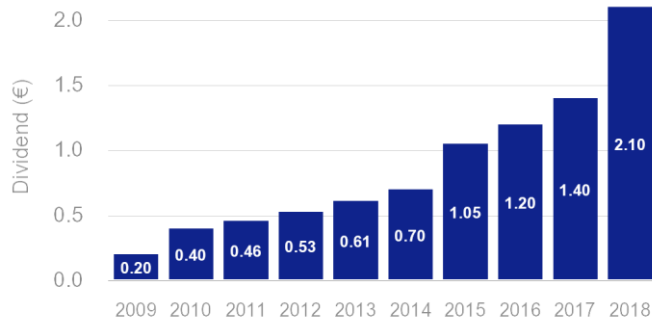


Lithography systems		
	New	Used
Units	32	2

Capital return to shareholders

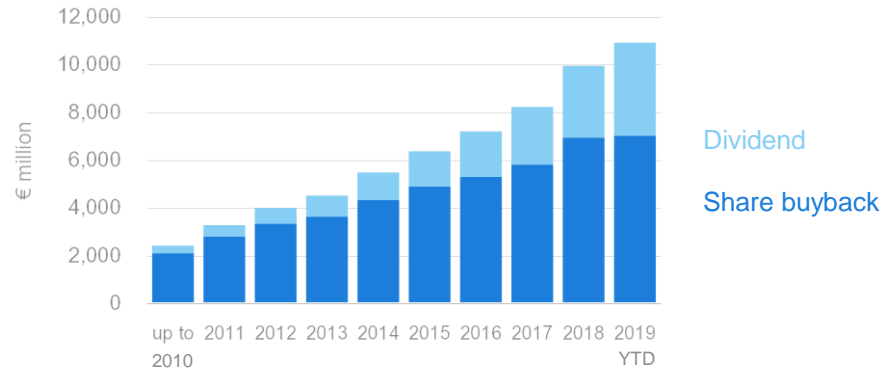
- ASML paid € 884 million in dividend or € 2.10 per ordinary share in Q2
- € 15 million worth of shares has been repurchased in Q2
- Around € 1.3 billion of the 2018/2019 share buyback program remaining

Dividend history



The dividend for a year is paid in the subsequent year

Capital return



Capital return is cumulative share buyback + dividend

Outlook

Q3 Outlook

- Q3 2019 net sales of around € 3.0 billion, including
 - 7 EUV systems with a net system sales of around € 750 million
 - Installed Base Management sales of around € 700 million
- Gross margin between 43% and 44%
- R&D costs of around € 495 million
- SG&A costs of around € 125 million
- Estimated annualized effective tax rate of around 9% for 2019

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Financial statements

Consolidated statements of operations € million

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Net sales	2,740	2,776	3,143	2,229	2,568
Gross profit	1,187	1,336	1,393	928	1,105
Gross margin %	43.3	48.1	44.3	41.6	43.0
R&D costs	(380)	(397)	(442)	(473)	(487)
SG&A costs	(117)	(122)	(135)	(121)	(123)
Income from operations	690	817	816	334	495
Operating income as a % of net sales	25.2	29.5	26.0	15.0	19.2
Net income	584	680	788	355	476
Net income as a % of net sales	21.3	24.5	25.1	15.9	18.5
Earnings per share (basic) €	1.37	1.60	1.87	0.84	1.13
Earnings per share (diluted) €	1.37	1.60	1.86	0.84	1.13
Lithography systems sold (units) ¹	58	53	64	48	48
Net booking value ²	1,952	2,200	1,587	1,399	2,828

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

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Net income	584	680	788	355	476
Net cash provided by (used in) operating activities	754	487	1,646	(481)	100
Net cash provided by (used in) investing activities	(57)	(239)	(383)	(342)	208
Net cash provided by (used in) financing activities	(845)	(366)	(353)	(48)	(896)
Net increase (decrease) in cash & cash equivalents	(139)	(123)	918	(868)	(592)
Free cash flow ¹	619	352	1,442	(714)	(41)
Cash and cash equivalents and short-term investments	2,980	2,948	4,034	3,275	2,335

- 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	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Cash & cash equivalents and short-term investments		2,980	2,948	4,034	3,275	2,335
Net accounts receivable and finance receivables		1,932	2,794	2,384	2,523	2,664
Contract assets		285	117	96	104	190
Inventories, net		3,217	3,403	3,440	3,765	3,914
Other assets		1,572	1,557	1,579	1,637	1,771
Tax assets		390	303	316	654	647
Equity method investments		979	985	916	934	950
Goodwill		4,542	4,541	4,541	4,541	4,541
Other intangible assets		1,130	1,109	1,104	1,158	1,141
Property, plant and equipment		1,585	1,572	1,589	1,622	1,670
Right-of-use assets		127	129	138	148	211
	Total assets	18,739	19,458	20,137	20,361	20,034
	Liabilities and shareholders' equity					
Current liabilities		3,381	3,546	3,792	3,721	3,693
Non-current liabilities		4,536	4,758	4,704	4,674	4,796
Shareholders' equity		10,822	11,154	11,641	11,966	11,545
	Total liabilities and shareholders' equity	18,739	19,458	20,137	20,361	20,034

Forward looking statements

This document contains statements that are forward-looking, including statements with respect to expected trends, outlook, bookings, financial results and effective tax rate, annual revenue opportunity in 2020 and through 2025 and growth opportunity, expected trends in end markets, products and segments, including memory and logic, expected industry and business environment trends, the expected continuation of Moore's law and the expectation that EUV will continue to enable Moore's law and drive long term value for ASML, the expected trends in the technologies ASML uses and is developing and their expected benefits, and the intention to continue to return excess cash to shareholders through a combination of share buybacks and growing dividends. 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", "target", 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 our 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 impact of general economic conditions on consumer confidence and demand for our customers' products; performance of our systems, the success of technology advances and the pace of new product development and customer acceptance of and demand for new products; the number and timing of systems ordered, shipped and recognized in revenue, and the risk of order cancellation or push out, production capacity for our systems including delays in system production; our ability to enforce patents and protect intellectual property rights and the outcome of intellectual property disputes and litigation; availability of raw materials, critical manufacturing equipment and qualified employees; trade environment; changes in exchange and tax rates; available liquidity, our ability to refinance our indebtedness, distributable reserves for dividend payments and share repurchases, results of the share repurchase progress and other risks indicated in the risk factors included in ASML's Annual Report on Form 20-F and other filings with and submissions to 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 arc in the upper left; a series of thin, white, wavy lines that originate from the right side of the ASML text and extend towards the right edge of the frame; and a large, semi-transparent light blue shape in the lower left corner. The overall aesthetic is clean and modern, typical of a corporate branding background.

ASML