



ASML reports € 3.0 billion sales at 43.7% gross margin in Q3
23 EUV orders reiterate customers' manufacturing plans in Logic and Memory

ASML 2019 Third-Quarter Results

Veldhoven, the Netherlands

October 16, 2019

Agenda

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- Business summary
- Outlook
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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 each of them in different stages
- 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 modeled an annual revenue opportunity of € 13 billion in 2020 under a moderate market scenario 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 annualized dividends

Business summary

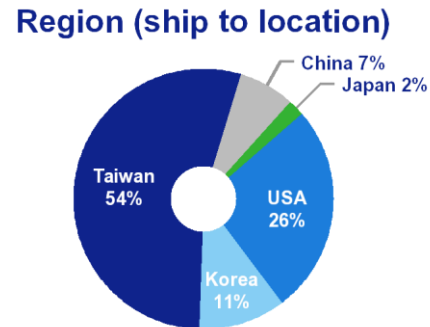
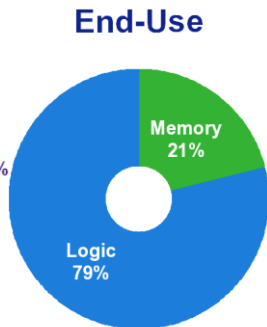
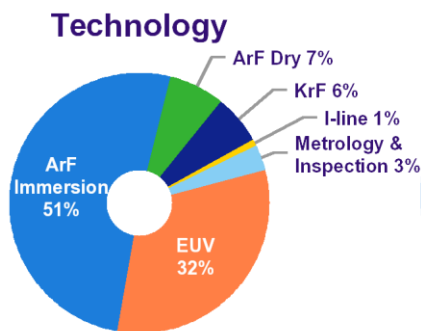
Q3 results summary

- Net sales of € 2,987 million, net systems sales of € 2,326 million, Installed Base Management* sales of € 661 million
- Gross margin of 43.7%
- Operating margin of 23.0%
- Net income as a percentage of net sales of 21.0%
- Net bookings of € 5,111 million, including 23 EUV systems

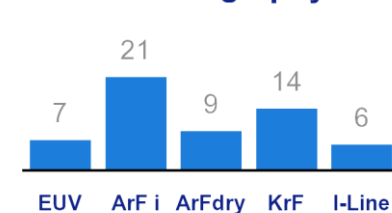
* Installed Base Management equals our service and field upgrades sales

Net system sales breakdown

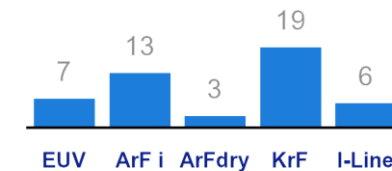
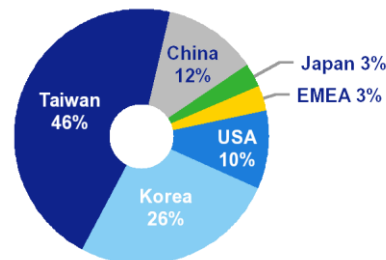
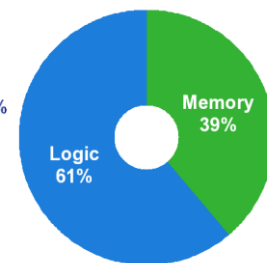
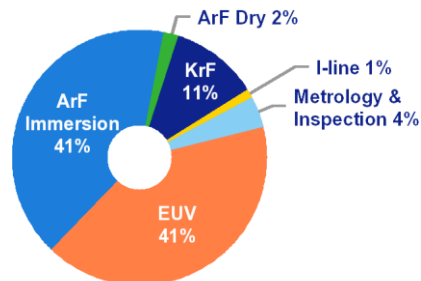
Q3'19
total sales
€ 2,326
million



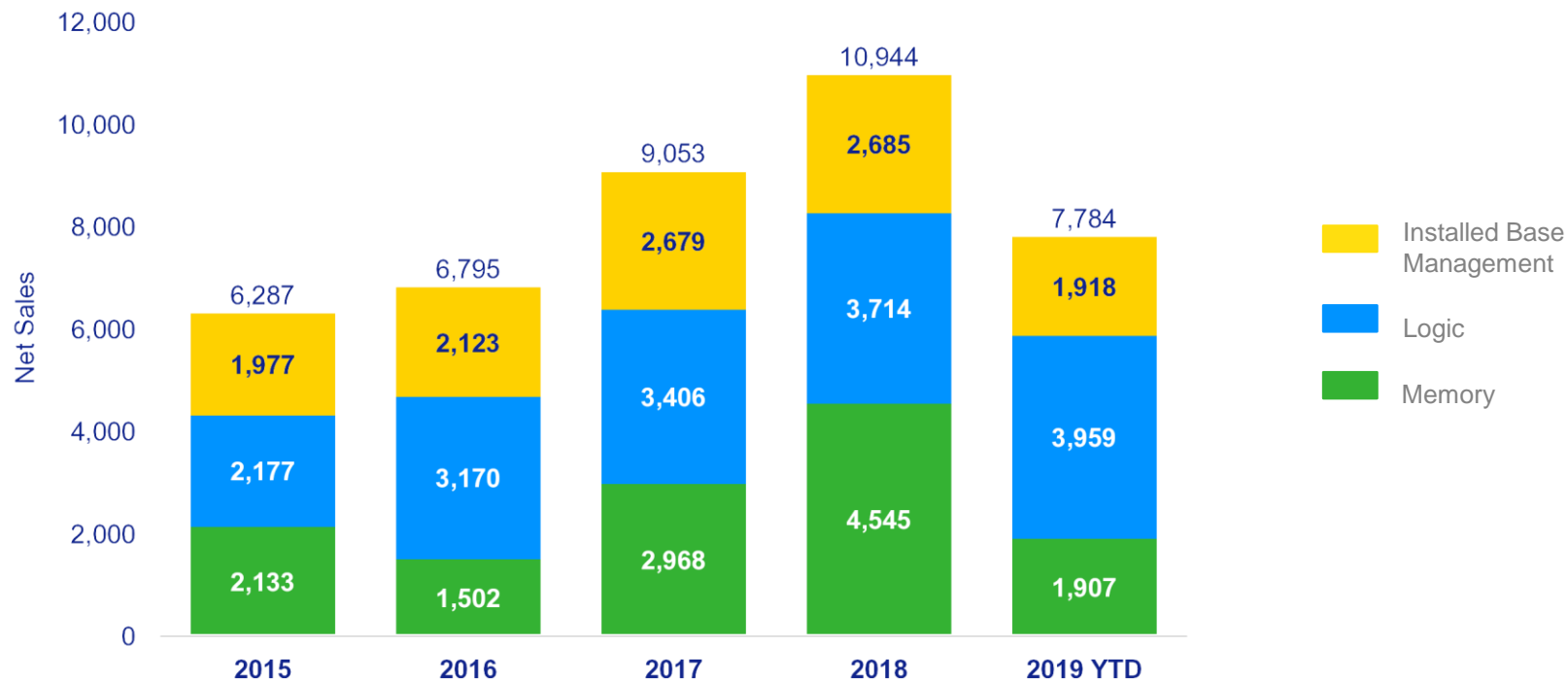
Sales in lithography units



Q2'19
total sales
€ 1,851
million



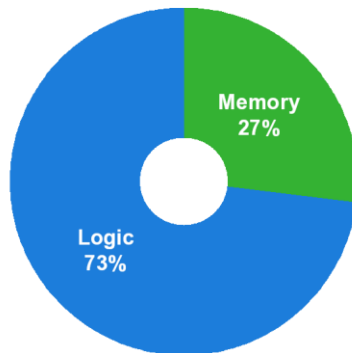
Total net sales € million by End-use



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

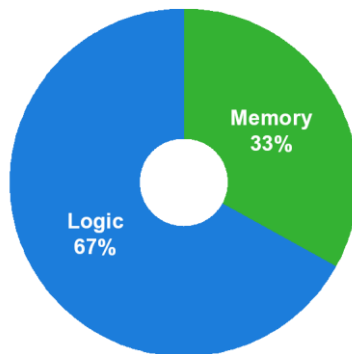
Q3'19 total value
€ 5,111 million



Lithography systems

	New	Used
Units	78	3

Q2'19 total value
€ 2,828 million



Lithography systems

	New	Used
Units	50	11

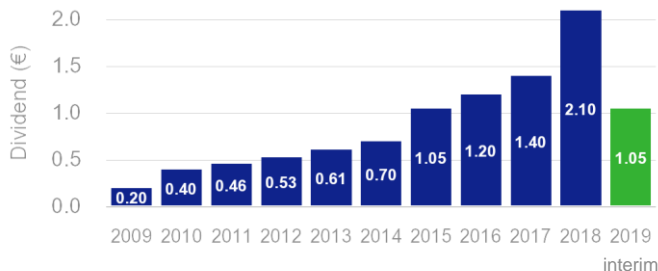
Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV excluding the High-NA systems).

Our Q3 2019 systems net bookings include 1 DUV system shipped in Q3 2019 to collaborative Research Center (Imec). This system is not recognized in revenue.

Capital return to shareholders

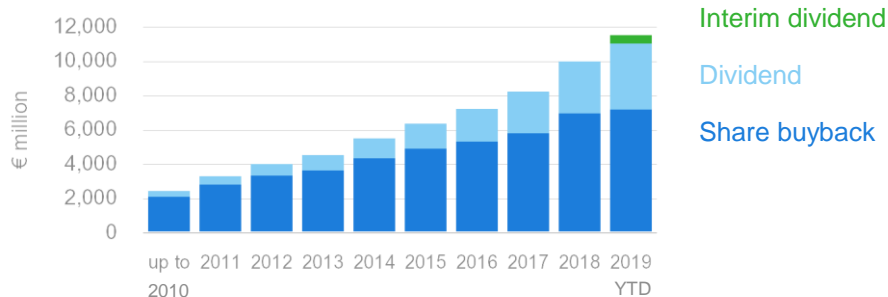
- ASML will start to provide for dividend payments on a semi-annual basis
- The interim dividend over 2019 will be € 1.05 per ordinary share and paid in November 2019
- € 154 million worth of shares has been repurchased in Q3 2019
- Through September 29, 2019, ASML has acquired 8.2 million shares for a total consideration of € 1.4 billion. ASML does not expect to purchase the full € 2.5 billion of shares within the 2018-2019 time frame
- ASML will decide on a new share buyback program next year

Dividend history



The dividend for a year is paid in the subsequent year, except interim

Capital return



Capital return is cumulative share buyback + dividend

Outlook

Q4 Outlook

- Q4 2019 net sales of around € 3.9 billion, including
 - 8 EUV systems with net system sales of around € 950 million
 - Installed Base Management sales of around € 850 million
- Gross margin between 48% and 49%
- R&D costs of around € 500 million
- SG&A costs of around € 135 million
- Estimated annualized effective tax rate of around 7% for 2019

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Financial statements

Consolidated statements of operations € million

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Net sales	2,776	3,143	2,229	2,568	2,987
Gross profit	1,336	1,393	928	1,105	1,307
Gross margin %	48.1	44.3	41.6	43.0	43.7
R&D costs	(397)	(442)	(473)	(487)	(493)
SG&A costs	(122)	(135)	(121)	(123)	(129)
Income from operations	817	816	334	495	685
Operating income as a % of net sales	29.5	26.0	15.0	19.2	23.0
Net income	680	788	355	476	627
Net income as a % of net sales	24.5	25.1	15.9	18.5	21.0
Earnings per share (basic) €	1.60	1.87	0.84	1.13	1.49
Earnings per share (diluted) €	1.60	1.86	0.84	1.13	1.49
Lithography systems sold (units) ¹	53	64	48	48	57
Net booking value ²	2,200	1,587	1,399	2,828	5,111

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).

Consolidated statements of cash flows € million

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Cash and cash equivalents, beginning of period	2,326	2,203	3,121	2,253	1,661
Net cash provided by (used in) operating activities	487	1,646	(481)	100	69
Net cash provided by (used in) investing activities	(239)	(383)	(342)	208	(7)
Net cash provided by (used in) financing activities	(366)	(353)	(48)	(896)	(142)
Effect of changes in exchange rates on cash	(4)	8	3	(4)	5
Net increase (decrease) in cash and cash equivalents	(123)	918	(868)	(592)	(75)
Cash and cash equivalents, end of period	2,203	3,121	2,253	1,661	1,586
Short-term investments	744	913	1,022	673	484
Cash and cash equivalents and short-term investments	2,948	4,034	3,275	2,335	2,070
Purchases of property, plant and equipment and intangible assets	(134)	(205)	(234)	(140)	(197)
Free cash flow ¹	352	1,442	(714)	(41)	(128)

¹ Free cash flow is defined as net cash provided by (used in) operating activities minus purchases of Property, plant and equipment and intangible assets, see US GAAP Consolidated Financial Statements.

Consolidated balance sheets € million

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Assets					
Cash & cash equivalents and short-term investments	2,948	4,034	3,275	2,335	2,070
Net accounts receivable and finance receivables	2,794	2,384	2,523	2,664	3,274
Contract assets	117	96	104	190	288
Inventories, net	3,403	3,440	3,765	3,914	3,895
Other assets	1,557	1,579	1,637	1,771	1,767
Tax assets	303	316	654	647	649
Equity method investments	985	916	934	950	969
Goodwill	4,541	4,541	4,541	4,541	4,541
Other intangible assets	1,109	1,104	1,158	1,141	1,123
Property, plant and equipment	1,572	1,589	1,622	1,670	1,818
Right-of-use assets	129	138	148	211	305
Total assets	19,458	20,137	20,361	20,034	20,699
Liabilities and shareholders' equity					
Current liabilities	3,546	3,792	3,721	3,693	3,712
Non-current liabilities	4,758	4,704	4,674	4,796	4,916
Shareholders' equity	11,154	11,641	11,966	11,545	12,071
Total liabilities and shareholders' equity	19,458	20,137	20,361	20,034	20,699

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 and statements with respect to plans regarding dividends and share buybacks, including the intention to continue to return excess cash to shareholders through a combination of share buybacks and growing annualized dividends and the expected interim dividend and plan to pay any dividend on a semi-annual basis and intention to decide on a new share buyback program in 2020. 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, available cash and distributable reserves for, and other factors impacting, dividend payments and share repurchases, results of the share repurchase programs 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.

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ASML