



ASML reports €4.0 billion net sales at 47.5% gross margin in Q3
Strong second half supports expected 2020 revenue of at least €13.3 billion

ASML 2020 Third-Quarter

Veldhoven, the Netherlands

October 14, 2020

Agenda

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

Investor key messages

Investor key messages

- 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 this decade
- In November 2018 ASML modeled an annual revenue opportunity of €13 billion in 2020 under a moderate market scenario and an annual revenue opportunity 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

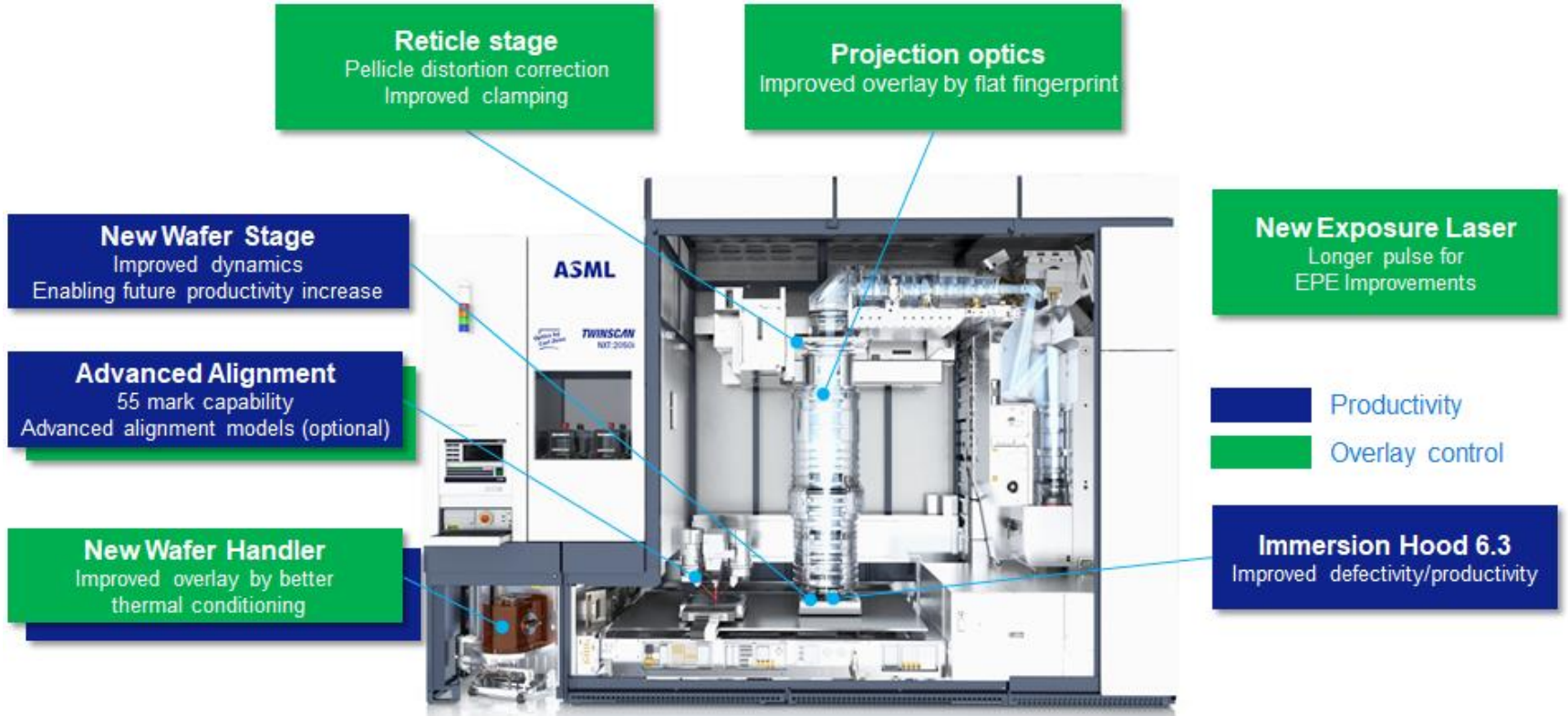
Q3 results summary

- Net sales of €3,958 million, net systems sales of €3,096 million, Installed Base Management* sales of €862 million
- Gross margin of 47.5%
- Operating margin of 30.7%
- Net income as a percentage of net sales of 26.8%
- Net bookings of €2,868 million, including €595 million of EUV systems (4)

* Installed Base Management equals our service and field upgrades sales

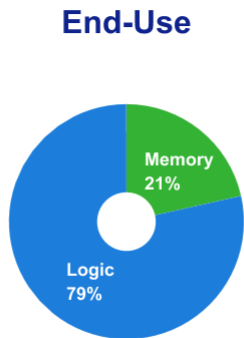
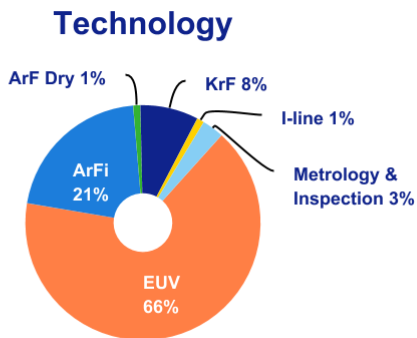
DUV: Qualified first NXT:2050i system

Providing increased customer value via improved overlay and productivity

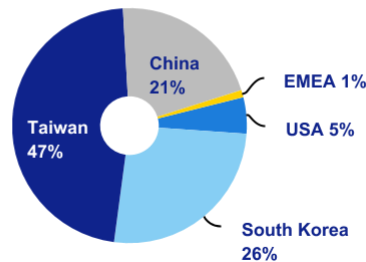


Net system sales breakdown (Quarterly)

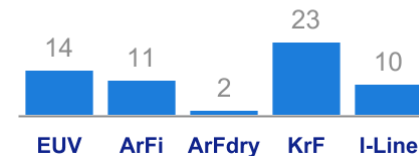
Q3'20
total sales
€3,096
million



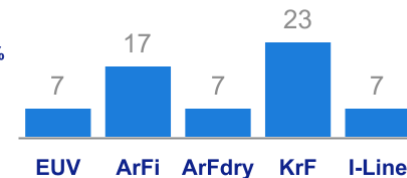
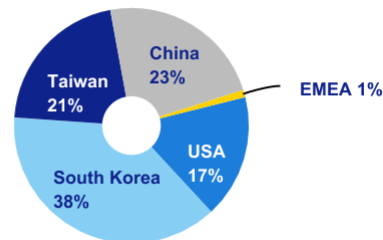
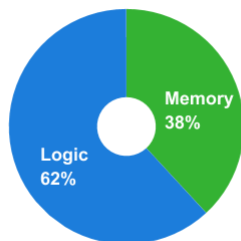
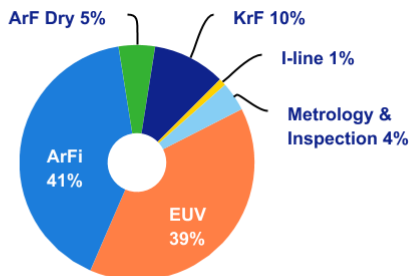
Region (ship to location)



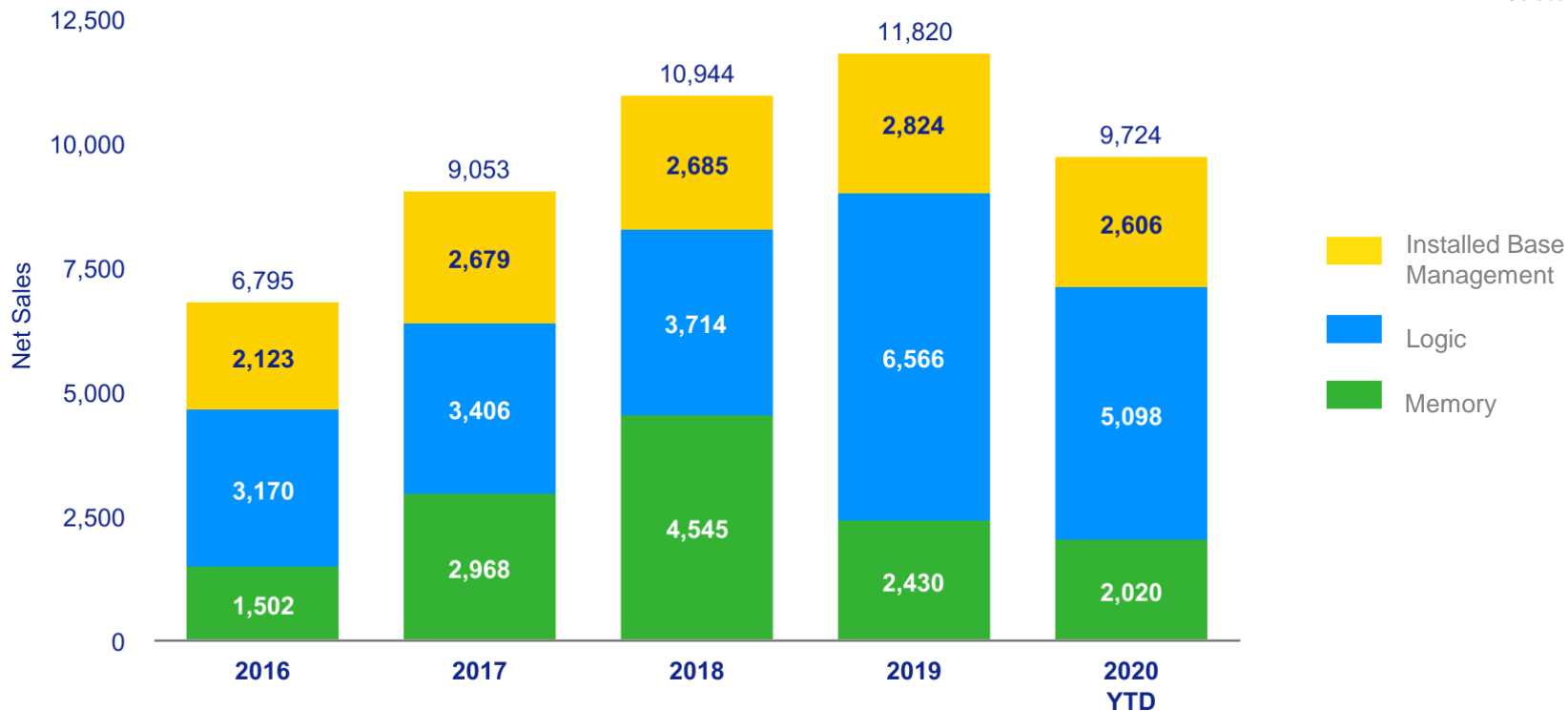
Sales in lithography units



Q2'20
total sales
€2,439
million



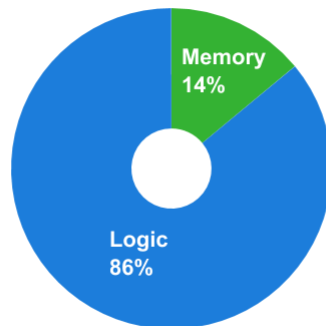
Total net sales € million by End-use



As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers 2016 - 2017 presented above have not been adjusted to reflect these changes in accounting policy.

Litho systems bookings activity by End-use

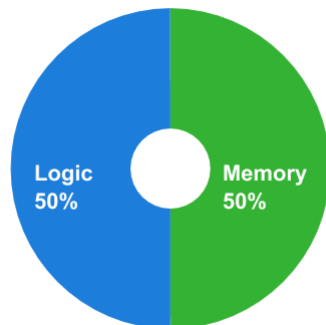
Q3'20 total value
€2,868 million



Lithography systems

	New	Used
Units	67	6

Q2'20 total value
€1,101 million



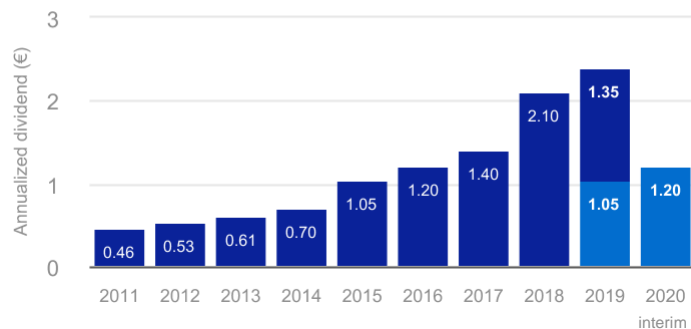
Lithography systems

	New	Used
Units	28	6

Capital return to shareholders

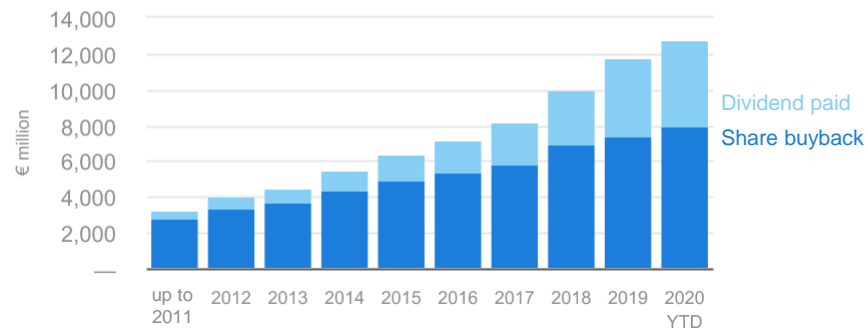
- Interim dividend over 2020 is €1.20 per ordinary share and will be made payable on November 13, 2020
- No shares have been repurchased in Q3 2020
- Will resume executing share buybacks this week

Dividend history



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

Capital return



Capital return is cumulative dividend + share buyback

Outlook

Q4 Outlook

- Q4 2020 net sales between €3.6 billion and €3.8 billion, including
 - Installed Base Management sales of around €900 million
- Gross margin of around 50%
- R&D costs of €550 million
- SG&A costs of €140 million
- Estimated annualized effective tax rate of around 14% for 2020

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Financial statements

Consolidated statements of operations € million

Quarter on Quarter

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Net sales	2,987	4,036	2,441	3,326	3,958
Gross profit	1,306	1,940	1,101	1,603	1,881
Gross margin %	43.7	48.1	45.1	48.2	47.5
R&D costs	(492)	(516)	(544)	(567)	(534)
SG&A costs	(128)	(148)	(130)	(131)	(132)
Income from operations	686	1,277	427	905	1,216
Operating income as a % of net sales	23.0	31.6	17.5	27.2	30.7
Net income	627	1,134	391	751	1,062
Net income as a % of net sales	21.0	28.1	16.0	22.6	26.8
Earnings per share (basic) €	1.49	2.70	0.93	1.79	2.54
Earnings per share (diluted) €	1.49	2.69	0.93	1.79	2.53
Lithography systems sold (units) ¹	57	76	57	61	60
Net booking value ²	5,111	2,402	3,085	1,101	2,868

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

Consolidated statements of cash flows € million

Quarter on Quarter

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Cash and cash equivalents, beginning of period	1,661	1,586	3,532	2,724	3,499
Net cash provided by (used in) operating activities	69	3,588	(606)	372	191
Net cash provided by (used in) investing activities	(7)	(1,017)	(444)	215	(166)
Net cash provided by (used in) financing activities	(142)	(626)	240	192	9
Effect of changes in exchange rates on cash	5	1	2	(3)	(2)
Net increase (decrease) in cash and cash equivalents	(75)	1,946	(809)	776	33
Cash and cash equivalents, end of period	1,586	3,532	2,724	3,499	3,532
Short-term investments	484	1,186	1,388	941	876
Cash and cash equivalents and short-term investments	2,070	4,718	4,112	4,440	4,408
Purchases of property, plant and equipment and intangible assets	(197)	(315)	(242)	(232)	(222)
Free cash flow ¹	(128)	3,273	(848)	140	(31)

¹ Free cash flow, which is a non-GAAP measure, 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

Quarter on Quarter

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Assets					
Cash & cash equivalents and short-term investments	2,070	4,718	4,112	4,440	4,408
Net accounts receivable and finance receivables	3,274	2,773	2,857	3,286	4,664
Contract assets	288	231	292	261	177
Inventories, net	3,895	3,809	4,345	4,686	4,614
Other assets	1,767	1,673	1,808	1,833	1,734
Tax assets	649	624	1,011	846	876
Equity method investments	969	833	865	892	918
Goodwill	4,541	4,541	4,541	4,541	4,541
Other intangible assets	1,123	1,105	1,083	1,059	1,035
Property, plant and equipment	1,818	1,999	2,047	2,110	2,198
Right-of-use assets	305	324	317	354	298
Total assets	20,699	22,630	23,278	24,306	25,463
Liabilities and shareholders' equity					
Current liabilities	3,712	4,694	4,677	4,631	4,991
Non-current liabilities	4,916	5,344	6,076	6,976	6,730
Shareholders' equity	12,071	12,592	12,525	12,700	13,742
Total liabilities and shareholders' equity	20,699	22,630	23,278	24,306	25,463

Forward looking statements

This document contains statements that are forward-looking, including statements with respect to expected trends, including trends in end markets and technology industry and business environment trends, outlook and expected financial results for Q4 2020, including expected revenues, gross margin, R&D costs, SG&A costs and estimated annualized effective tax rate for 2020, expected revenue for full year 2020 and expected growth in 2021, long term growth opportunity, revenue opportunity through 2025, expected benefits and performance of new systems and applications, the expectation that EUV will continue to enable Moore's law and drive long term value for ASML, statements with respect to plans regarding dividends, including the intention to continue to return excess cash to shareholders through a combination of share buybacks and growing dividends and statements with respect to the 2020-2022 share buyback program including the statement that we will resume buybacks. 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 duration and continued or increased severity of the COVID-19 outbreak and measures taken to contain it and other risks related to the impact of COVID-19 on the global economy and financial markets, as well as on ASML and its customers and suppliers, including their operations, and other risks relating to COVID-19 and other factors that may impact ASML's sales and gross margin, including customer demand and ASML's ability to obtain supplies for its products, 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; import/export and national security regulations and orders and their impact on us, changes in exchange and tax rates; available liquidity and liquidity requirements, 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