

ASML reports €5.8 billion net sales and €1.7 billion net income in Q3

Expected sales for 2022 around €21 billion

ASML 2022 Third-Quarter
Veldhoven, the Netherlands

October 19, 2022

Agenda

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

Investor key messages

Investor key messages

- Global megatrends in the electronics industry, supported by a highly profitable and fiercely innovative ecosystem, are expected to continue to fuel growth across the semiconductor market
- Growth in semiconductor end markets and increasing lithography intensity are driving demand for our products and services
- We plan to ship a record number of systems in 2022 but supply chain constraints result in delayed starts and drive more fast shipments
- ASML's comprehensive product portfolio is aligned with our customers' roadmaps, delivering cost effective solutions in support of all applications from leading edge to mature nodes
- Based on different market scenarios as presented during our Investor Day in September 2021, we presented an opportunity to reach annual revenue in 2025 between approximately €24 billion and €30 billion, with a gross margin between approximately 54% and 56%
- As presented at our Investor Day in September 2021 we see significant growth opportunities beyond 2025 and we expect our systems and Installed Base Management¹ could provide an annual revenue growth rate of around 11% for the period 2020-2030²
- ASML and its supply chain partners are actively adding and improving capacity to meet current and future customer demand. Based on market developments we are looking at feasibility of further increasing our capacity beyond what we presented during our September 2021 Investor Day
- In light of the demand and our plans to increase capacity, we expect to revisit our scenarios for 2025 and growth opportunities beyond, which we plan to communicate during our Investor Day on 11 November 2022
- We are continuously striving to improve our performance on ESG Sustainability KPIs and are upgrading our ESG Sustainability strategy to accelerate progress
- We expect to continue to return significant amounts of cash to our shareholders through a combination of growing dividends and share buybacks

Business summary

Q3 results summary

- Net sales of €5.8 billion, net systems sales of €4.3 billion, Installed Base Management¹ sales of €1.5 billion
- Gross margin of 51.8%
- Operating margin² of 33.5%
- Net income as a percentage of net sales of 29.4%
- Earnings per share (basic) of €4.29
- Record quarterly net bookings³ of €8.9 billion, including €3.8 billion of EUV 0.33 NA systems and EUV 0.55 NA systems

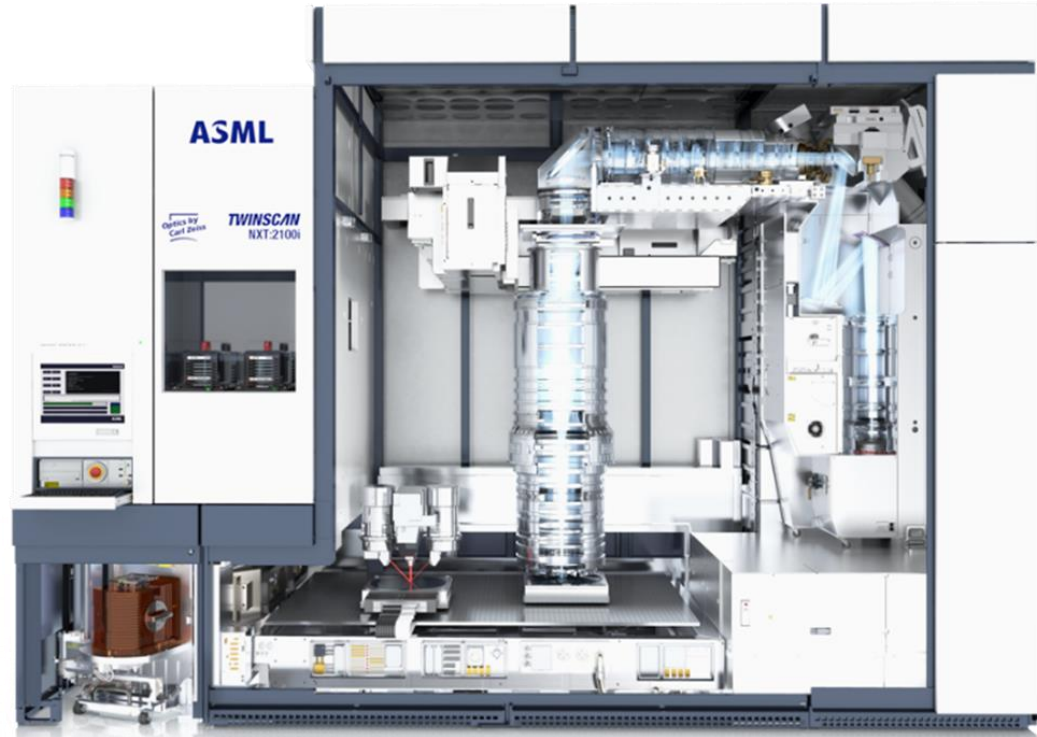
¹ Installed Base Management equals our net service and field option sales

² Income from operations as a percentage of Total net sales

³ Net bookings include all system sales orders for which written authorizations have been accepted

First NXT:2100i shipped

Provides 1.3nm matched machine overlay and >20% on product¹ overlay improvement



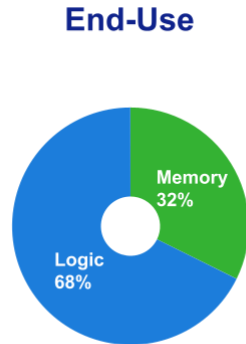
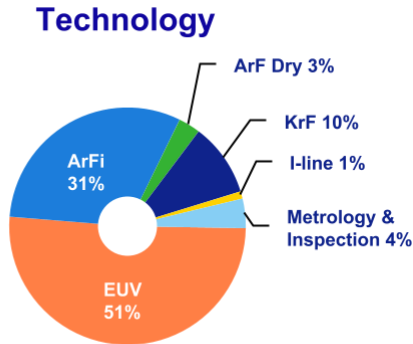
	NXT:2100i
Throughput	≥295 WPH
MMO ²	≤1.3 nm
On Product Overlay	≤1.4 nm (DRAM)
On Product Focus	≤65 nm

¹ for a typical logic application

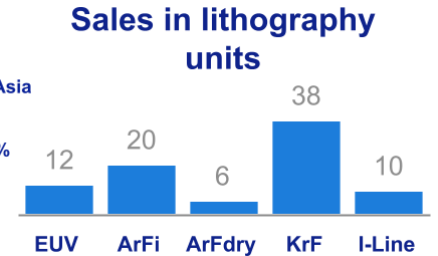
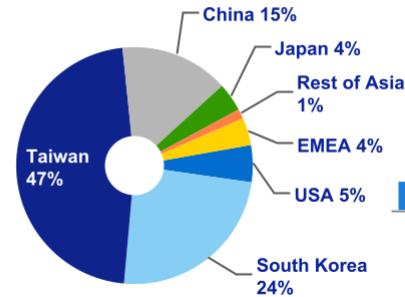
² MMO= matched machine (or machine to machine) overlay

Net system sales breakdown (Quarterly)

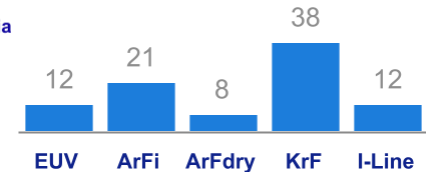
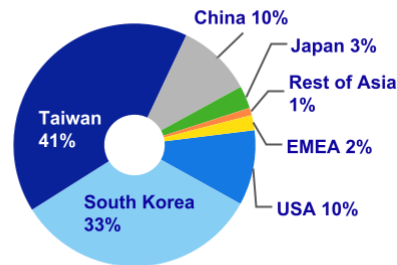
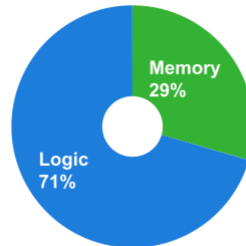
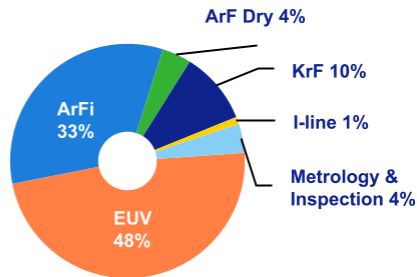
Q3'22
total system sales
€4,255 million



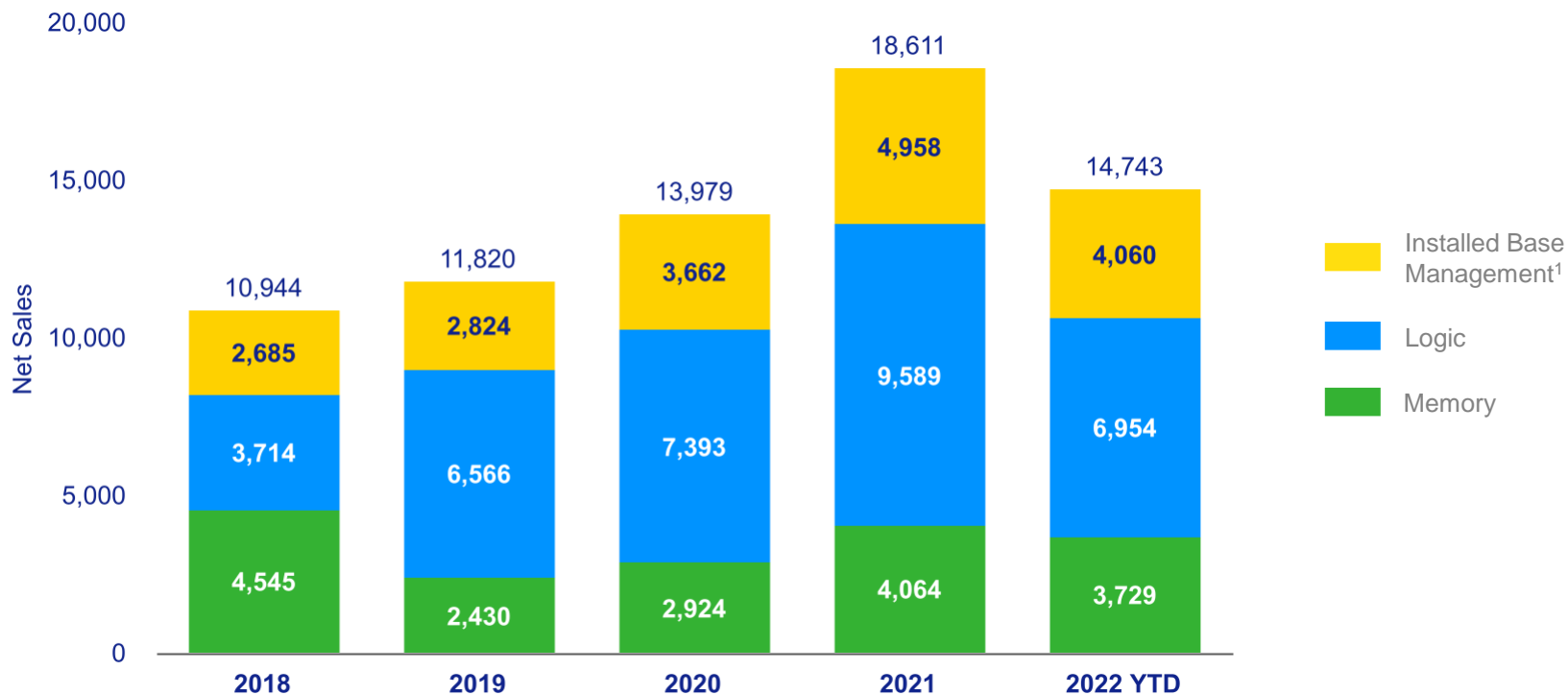
Region (ship to location)



Q2'22
total system sales
€4,141 million



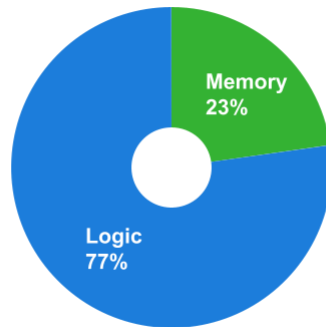
Total net sales € million by End-use



¹ Installed Base Management equals our net service and field option sales

Net systems bookings activity by End-use

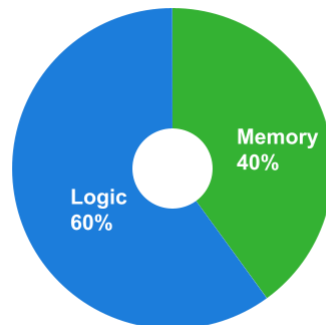
**Q3'22 total system value
€8,920 million**



Lithography systems

	New	Used
Units	135	15

**Q2'22 total system value
€8,461 million**



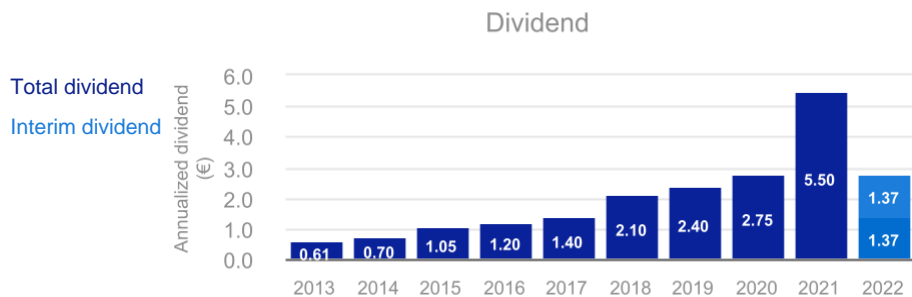
Lithography systems

	New	Used
Units	137	2

Net bookings include all system sales orders for which written authorizations have been accepted

Capital return to shareholders

- In Q3, ASML paid the first quarterly interim dividend of €1.37 per ordinary share. The second quarterly interim dividend will be €1.37 per ordinary share and will be made payable on November 14, 2022
- In Q3 2022 we repurchased around 2.1 million shares for a total amount of around €1.0 billion
- We completed our current share buyback program. On November 11, 2022 we will hold our Investor Day where we will provide an update on our long-term business plan, including any new share buyback program



The final dividend for a year is paid in the subsequent year



Outlook

Outlook

Q4

- Net sales between €6.1 billion and €6.6 billion, including
 - Installed Base Management¹ sales of around €1.6 billion
- Net delayed revenue recognition of around €0.1 billion into subsequent quarters due to fast shipments²
- Gross margin around 49%
- R&D costs of around €880 million
- SG&A costs of around €265 million

2022

- Expected sales for full year €21.1 billion at the midpoint of the Q4 guidance with a gross margin approaching 50%
- Estimated annualized effective tax rate around 15%

¹ Installed Base Management equals our net service and field option sales

² A fast shipment process skips some of the testing in our factory. Final testing and formal acceptance then takes place at the customer site. This leads to a deferral of revenue recognition for those shipments until formal customer acceptance, but does provide our customers with earlier access to wafer output capacity

Financial Statements

Consolidated statements of operations € million

Quarter on Quarter

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net sales	5,241	4,986	3,534	5,431	5,778
Gross profit	2,711	2,701	1,731	2,665	2,994
Gross margin %	51.7	54.2	49.0	49.1	51.8
Other income ¹	—	214	—	—	—
R&D costs	(609)	(681)	(739)	(789)	(819)
SG&A costs	(183)	(203)	(208)	(222)	(236)
Income from operations	1,919	2,031	784	1,653	1,939
Operating income as a % of net sales	36.6	40.7	22.2	30.4	33.5
Net income	1,740	1,774	695	1,411	1,701
Net income as a % of net sales	33.2	35.6	19.7	26.0	29.4
Earnings per share (basic) €	4.27	4.39	1.73	3.54	4.29
Earnings per share (diluted) €	4.26	4.38	1.73	3.54	4.29
Lithography systems sold (units) ²	79	82	62	91	86
Net bookings ³	6,179	7,050	6,977	8,461	8,920

¹ Other income includes the gain on the sale of Berliner Glas subsidiaries.

² Lithography systems do not include metrology and inspection systems.

³ Net bookings include all system sales orders for which written authorizations have been accepted

Consolidated statements of cash flows € million

Quarter on Quarter

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Cash and cash equivalents, beginning of period	5,187	4,319	6,952	4,324	4,097
Net cash provided by (used in) operating activities	1,802	6,417	(586)	2,553	1,170
Net cash provided by (used in) investing activities	(280)	(476)	(12)	(144)	(509)
Net cash provided by (used in) financing activities	(2,392)	(3,327)	(2,030)	(2,638)	(1,613)
Effect of changes in exchange rates on cash	2	19	—	1	8
Net increase (decrease) in cash and cash equivalents	(868)	2,633	(2,628)	(228)	(944)
Cash and cash equivalents, end of period	4,319	6,952	4,324	4,097	3,153
Short-term investments	137	638	399	305	210
Cash and cash equivalents and short-term investments	4,456	7,590	4,723	4,402	3,363
Purchases of property, plant and equipment and intangible assets	(205)	(291)	(252)	(238)	(364)
Free cash flow ¹	1,597	6,126	(838)	2,315	805

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

	Assets	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Cash & cash equivalents and short-term investments		4,456	7,590	4,723	4,402	3,363
Net accounts receivable and finance receivables		4,708	4,597	4,954	6,610	7,414
Contract assets		272	165	371	270	277
Inventories, net		4,944	5,179	6,074	6,367	6,884
Loan receivable ¹		124	124	124	124	364
Other assets and Held for sale assets		2,144	1,886	2,278	2,282	2,403
Tax assets		1,276	1,141	1,953	1,899	1,905
Equity method investments		963	893	940	961	999
Goodwill		4,556	4,556	4,556	4,556	4,556
Other intangible assets		964	952	923	896	870
Property, plant and equipment		2,730	2,983	3,159	3,358	3,562
Right-of-use assets		161	165	177	188	207
Total assets		27,298	30,231	30,232	31,913	32,804
Liabilities and shareholders' equity						
Current liabilities		9,163	12,298	13,613	14,637	15,669
Non-current liabilities		6,633	7,792	7,809	9,627	9,180
Shareholders' equity		11,502	10,141	8,810	7,649	7,955
Total liabilities and shareholders' equity		27,298	30,231	30,232	31,913	32,804

Forward looking statements

This document and related discussions contain statements that are forward-looking within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements with respect to expected trends, including trends in end markets and technology industry and business environment trends, supply chain constraints and plan to add capacity and capacity goals, outlook and expected financial results, including bookings and orders, expected net sales, gross margin, R&D costs, SG&A costs and estimated annualized effective tax rate and full year 2022 expectations for net sales and gross margin and expected shipments in 2023, statements with respect to fast shipments and impact on expected results, gross margin ambition, statements made at our 2021 Investor Day including revenue and gross margin opportunity for 2025 and growth opportunities beyond 2025, expected annual revenue growth rate for the period of 2020-2030, and our plan to revisit the expectations presented at the 2021 Investor Day, estimates of amounts of deferred revenue not yet recognized and timing of recognition of such deferred revenue for fast shipments, including value of fast shipments in 2022 leading to deferred revenue recognition, expected shipments, plans and strategies, impact of gas shortage on us and suppliers, customer demand trends, statements about the market and macroeconomic trends and concerns regarding inflation and consumer confidence, statements with respect to dividends including the Q3 dividend and share buybacks and financial policy including statements with respect to share buyback programs, aim to improve ESG sustainability KPI's and other non-historical statements. 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", "future", "progress", "goal" 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 a number of substantial known and unknown 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 including the impact of the current macroeconomic uncertainty in the market, inflation and consumer confidence which could potentially lead to a recession, demand for our customers' products, performance of our systems, the impact of the COVID-19 outbreak and measures taken to contain it on us, our suppliers, the global economy and financial markets, the impact of the Russian military actions in the Ukraine and measures taken in response on the global economy and global financial markets and other factors that may impact ASML's financial results, including customer demand and ASML's ability to obtain parts and components for its products and otherwise meet demand, the success of technology advances and the pace of new product development and customer acceptance of and demand for new products, production capacity and our ability to increase capacity to meet demand, the impact of inflation, the number and timing of systems ordered, shipped and recognized in revenue, and the risk of order cancellation or push out, supply chain capacity and constraints and logistics and constraints on our ability to produce systems to meet demand, the timing of recognition of deferred revenue from fast shipments and impact on our results, the impact of the gas shortage on us and our suppliers, trends in the semiconductor industry, 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 including the impact of the new US export regulations which we are continuing to assess, 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 for the year ended December 31, 2021 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 undertake no obligation to update any forward-looking statements after the date of this report or to conform such statements to actual results or revised expectations, except as required by law.

Appendix

Reconciliation Normalized Revenue (as included in the Interview with Roger Dassen and related Video Transcript)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Normalized Revenue ¹	€4.9 billion	€5.7 billion	€6.0 billion	€6.4 billion ⁴
Total Net Sales	€3.5 billion	€5.4 billion	€5.8 billion	€6.3 billion ⁴
Net Deferred Revenue ² from Fast Shipment ³	€1.4 billion	€0.3 billion	€0.2 billion	€0.1 billion

¹ Normalized Revenue, which is a non-GAAP measure, is defined as Total Net Sales plus Net Deferred Revenue from Fast Shipments, see US GAAP Consolidated Financial Statements (as published on www.asml.com)

² Net Deferred Revenue: Net delayed revenue recognition into subsequent quarters due to Fast Shipments shipped in the relevant quarter

³ Fast Shipment: A fast shipment process skips some of the testing in our factory. Final testing and formal acceptance then takes place at the customer site. This leads to a deferral of revenue recognition for those shipments until formal customer acceptance but does provide our customers with earlier access to wafer output capacity

⁴ Based on expected Total Net Sales for the quarter

