

ASML reports €21.2 billion net sales and €5.6 billion net income in 2022

Despite challenging environment, continued strong sales growth expected in 2023

ASML 2022 Fourth-Quarter and Full-Year results
Veldhoven, the Netherlands

January 25, 2023

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
- 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 scenarios¹ as presented during our Investor Day in November 2022, we modeled an opportunity to reach annual revenue in 2025 between approximately €30 billion and €40 billion, with a gross margin between approximately 54% and 56% and in 2030 an annual revenue between approximately €44 billion and €60 billion, with a gross margin between approximately 56% and 60%
- ASML and its supply chain partners are actively adding and improving capacity to meet current and future customer demand
- We are continuously striving to improve our performance on ESG Sustainability 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

2022 - Highlights

ASML achieved a sales growth of 14%, reflecting the continued strong global demand for our products:

- Net sales grew to €21.2 billion at 50.5% gross margin
- Net income at €5.6 billion resulted in an EPS of €14.14

EUV lithography:

- EUV system sales grew 12% to €7.0 billion, recognized 40 systems and shipped 54
- All five EUV customers have placed High-NA orders

DUV lithography:

- DUV system sales grew 13% to €7.7 billion, as part of our continued capacity ramp
- Shipped new models on both ArF immersion (NXT:2100i) and dry (NXT:870) systems

Applications:

- Our Metrology & Inspection systems sales grew 28% to €660 million
- Shipped our new eScan 460, eP5 XLE and eP6 e-beam systems

Installed Base¹:

- Our Installed Base business grew 16% to €5.7 billion providing our customers services and upgrade capabilities

Capital return:

- Returned €7.2 billion to shareholders through dividends and share buybacks

Q4 results summary

- Net sales of €6.4 billion, net system sales of €4.7 billion, Installed Base Management¹ sales of €1.7 billion
- Gross margin of 51.5%
- Operating margin² of 33.0%
- Net income as a percentage of net sales of 28.2%
- Earnings per share (basic) of €4.60
- Net bookings³ of €6.3 billion
 - including EUV bookings of €3.4 billion

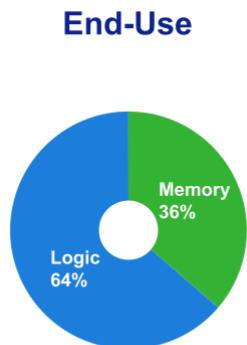
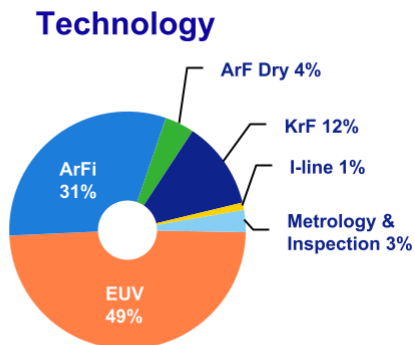
¹ Installed Base Management equals our net service and field option sales

² Income from operations as a percentage of Total net sales

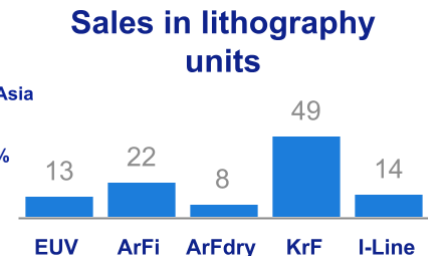
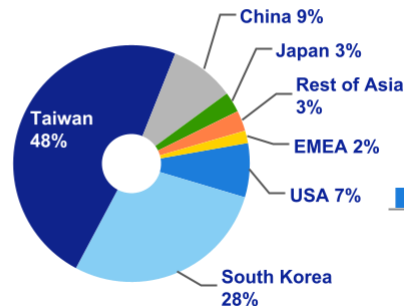
³ Net bookings include all system sales orders and inflation related adjustments, for which written authorizations have been accepted.

Net system sales breakdown (Quarterly)

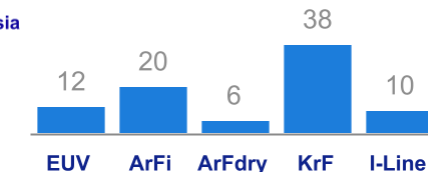
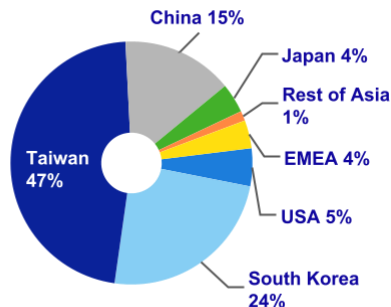
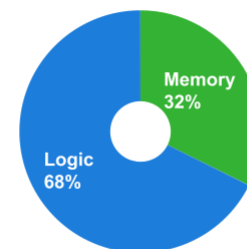
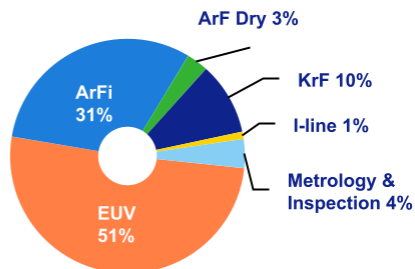
Q4'22
Net system sales
€4,748 million



Region (ship to location)



Q3'22
Net system sales
€4,255 million



Net system sales breakdown (Yearly)

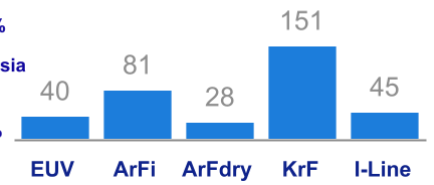
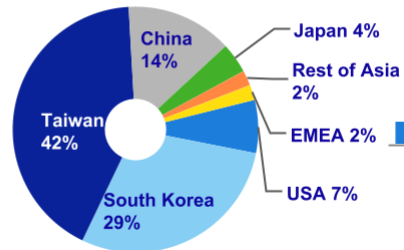
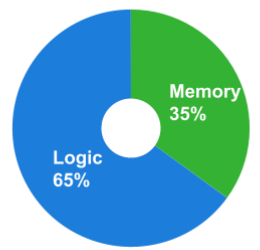
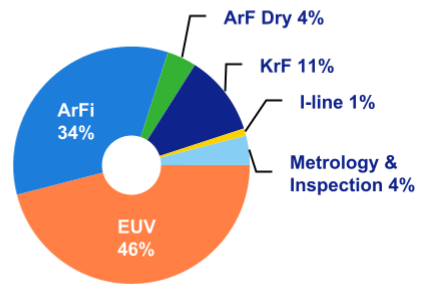
Technology

End-Use

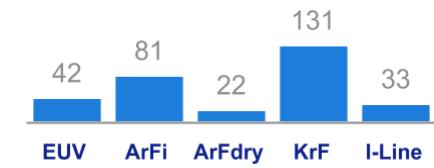
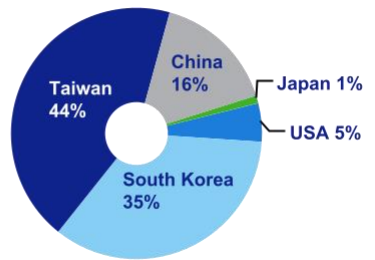
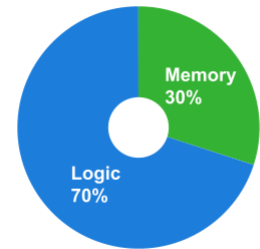
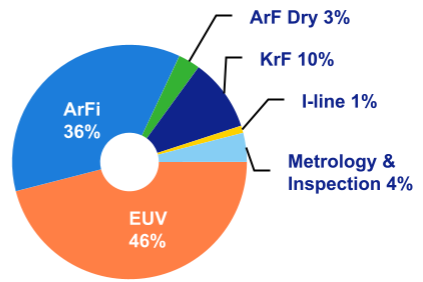
Region gross (ship to location)

Sales in lithography units

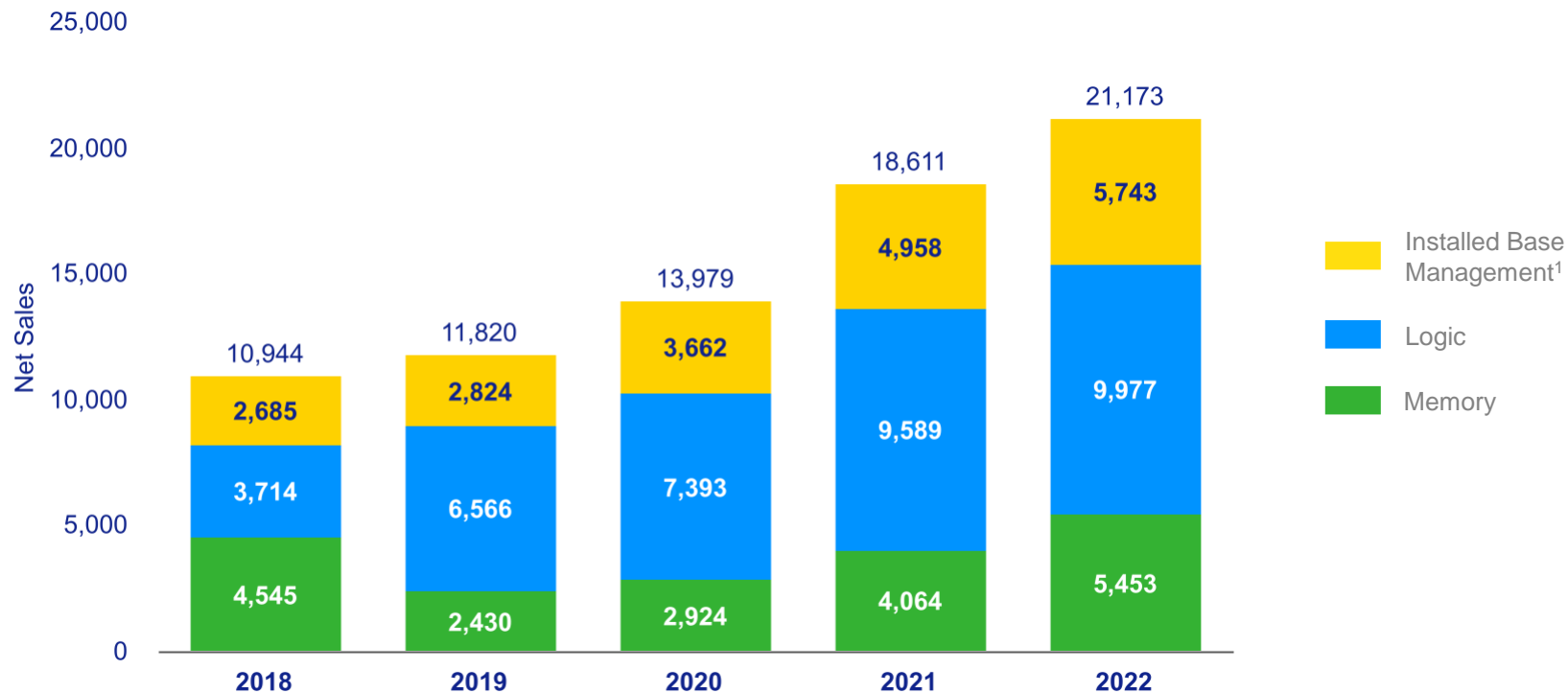
2022
Net system sales
€15,430 million



2021
Net system sales
€13,653 million



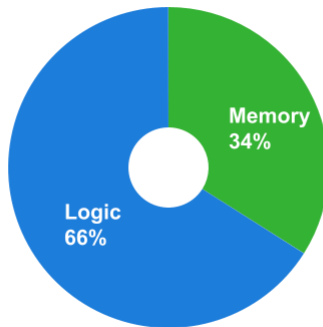
Total net sales € million by End-use



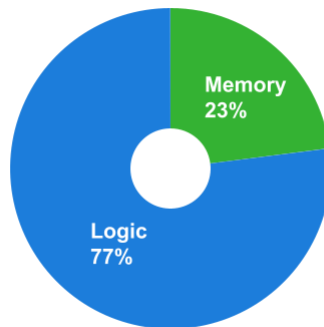
¹ Installed Base Management equals our net service and field option sales

Net systems bookings activity by End-use

Q4'22 net system sales value
€6,316 million



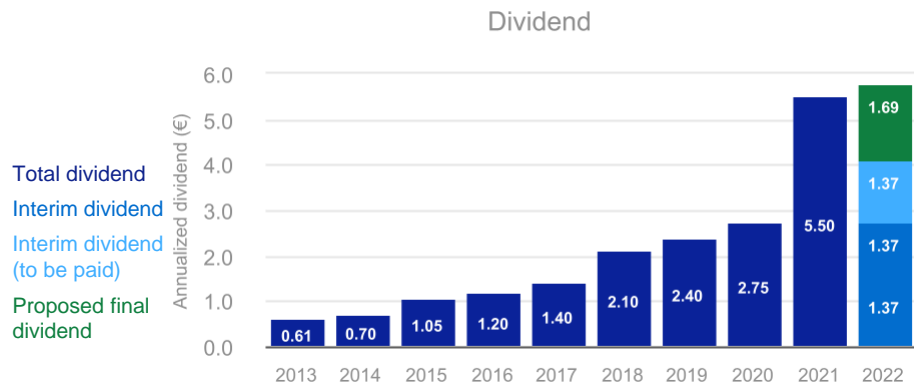
Q3'22 net system sales value
€8,920 million



Net bookings include all system sales orders and inflation related adjustments, for which written authorizations have been accepted.

Capital return to shareholders

- ASML intends to declare a total dividend for the year 2022 of €5.80 per ordinary share. An interim dividend of €1.37 per ordinary share will be made payable on February 15, 2023
- Recognizing this (third) interim dividend and the two interim dividends of €1.37 per ordinary share paid in 2022, this leads to a final dividend proposal to the General Meeting of €1.69 per ordinary share
- In Q4 2022 we purchased around 0.6 million shares for a total amount of around €300 million



Third interim and final dividend for a year are paid in the subsequent year

Outlook

Outlook

Q1

- Net sales between €6.1 billion and €6.5 billion, including
 - Installed Base Management¹ sales of around €1.5 billion
- Gross margin between 49% and 50%
- R&D costs of around €965 million
- SG&A costs of around €285 million

2023

- Expected net sales growth of more than 25% with a slight improvement in gross margin, relative to 2022
- Estimated annualized effective tax rate between 15% and 16%

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

Financial Statements

Consolidated statements of operations € million

Year on Year

	2018	2019	2020	2021	2022
Net sales	10,944	11,820	13,979	18,611	21,173
Gross profit	5,029	5,280	6,798	9,809	10,700
Gross margin %	46.0	44.7	48.6	52.7	50.5
Other income ¹	—	—	—	214	—
R&D costs	(1,576)	(1,968)	(2,201)	(2,547)	(3,254)
SG&A costs	(488)	(521)	(545)	(726)	(946)
Income from operations	2,965	2,791	4,051	6,750	6,501
Operating income as a % of net sales	27.1	23.6	29.0	36.3	30.7
Net income	2,592	2,592	3,554	5,883	5,624
Net income as a % of net sales	23.7	21.9	25.4	31.6	26.6
Earnings per share (basic) €	6.10	6.16	8.49	14.36	14.14
Earnings per share (diluted) €	6.08	6.15	8.48	14.34	14.13
Lithography systems sold (units) ²	224	229	258	309	345
Net bookings ³	8,181	11,740	11,292	26,240	30,674

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 and inflation related adjustments, for which written authorizations have been accepted.. Our 2018 and 2019 systems net bookings include 1 EUV and 1 DUV order shipped to our collaborative Research Center (Imec). These systems were not recognized in revenue.

Consolidated statements of operations € million

Quarter on Quarter

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Net sales	4,986	3,534	5,431	5,778	6,430
Gross profit	2,701	1,731	2,665	2,994	3,311
Gross margin %	54.2	49.0	49.1	51.8	51.5
Other income ¹	214	—	—	—	—
R&D costs	(681)	(739)	(789)	(819)	(906)
SG&A costs	(203)	(208)	(222)	(236)	(280)
Income from operations	2,031	784	1,653	1,939	2,125
Operating income as a % of net sales	40.7	22.2	30.4	33.5	33.0
Net income	1,774	695	1,411	1,701	1,817
Net income as a % of net sales	35.6	19.7	26.0	29.4	28.2
Earnings per share (basic) €	4.39	1.73	3.54	4.29	4.60
Earnings per share (diluted) €	4.38	1.73	3.54	4.29	4.60
Lithography systems sold (units) ²	82	62	91	86	106
Net bookings ³	7,050	6,977	8,461	8,920	6,316

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 and inflation related adjustments, for which written authorizations have been accepted.

Consolidated statements of cash flows € million

Year on Year

	2018	2019	2020	2021	2022
Cash and cash equivalents, beginning of period	2,259	3,121	3,532	6,049	6,952
Net cash provided by (used in) operating activities	3,073	3,276	4,628	10,847	8,487
Net cash provided by (used in) investing activities	(492)	(1,158)	(1,352)	(72)	(1,029)
Net cash provided by (used in) financing activities	(1,724)	(1,712)	(753)	(9,892)	(7,138)
Effect of changes in exchange rates on cash	5	5	(5)	20	(4)
Net increase (decrease) in cash and cash equivalents	862	411	2,517	903	316
Cash and cash equivalents, end of period	3,121	3,532	6,049	6,952	7,268
Short-term investments	913	1,186	1,302	638	108
Cash and cash equivalents and short-term investments	4,034	4,718	7,351	7,590	7,376
Purchases of property, plant and equipment and intangible assets	(610)	(885)	(1,001)	(940)	(1,319)
Free cash flow ¹	2,463	2,391	3,627	9,906	7,168

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 statements of cash flows € million

Quarter on Quarter

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Cash and cash equivalents, beginning of period	4,319	6,952	4,324	4,097	3,153
Net cash provided by (used in) operating activities	6,417	(586)	2,553	1,170	5,351
Net cash provided by (used in) investing activities	(476)	(12)	(144)	(509)	(364)
Net cash provided by (used in) financing activities	(3,327)	(2,030)	(2,638)	(1,613)	(859)
Effect of changes in exchange rates on cash	19	—	1	8	(13)
Net increase (decrease) in cash and cash equivalents	2,633	(2,628)	(228)	(944)	4,115
Cash and cash equivalents, end of period	6,952	4,324	4,097	3,153	7,268
Short-term investments	638	399	305	210	108
Cash and cash equivalents and short-term investments	7,590	4,723	4,402	3,363	7,376
Purchases of property, plant and equipment and intangible assets	(291)	(252)	(238)	(364)	(466)
Free cash flow ¹	6,126	(838)	2,315	805	4,885

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

Year on Year

	Assets	2018	2019	2020	2021	2022
Cash & cash equivalents and short-term investments		4,034	4,718	7,352	7,590	7,376
Net accounts receivable and finance receivables		2,384	2,773	3,421	4,597	6,680
Contract assets		96	231	119	165	132
Inventories, net		3,440	3,809	4,569	5,179	7,200
Loan receivable ¹		—	—	—	124	364
Other assets		1,579	1,673	1,753	1,886	2,383
Tax assets		316	624	739	1,141	1,706
Equity method investments		916	833	821	893	924
Goodwill		4,541	4,541	4,629	4,556	4,556
Other intangible assets		1,104	1,105	1,049	952	842
Property, plant and equipment		1,589	1,999	2,470	2,983	3,944
Right-of-use assets		138	324	345	165	193
Total assets		20,137	22,630	27,267	30,231	36,300
Liabilities and shareholders' equity						
Current liabilities		3,792	4,694	6,604	12,298	17,983
Non-current liabilities		4,704	5,344	6,798	7,792	9,506
Shareholders' equity		11,641	12,592	13,865	10,141	8,811
Total liabilities and shareholders' equity		20,137	22,630	27,267	30,231	36,300

Consolidated balance sheets € million

Quarter on Quarter

	Assets	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Cash & cash equivalents and short-term investments		7,590	4,723	4,402	3,363	7,376
Net accounts receivable and finance receivables		4,597	4,954	6,610	7,414	6,680
Contract assets		165	371	270	277	132
Inventories, net		5,179	6,074	6,367	6,884	7,200
Loan receivable		124	124	124	364	364
Other assets		1,886	2,278	2,282	2,403	2,383
Tax assets		1,141	1,953	1,899	1,905	1,706
Equity method investments		893	940	961	999	924
Goodwill		4,556	4,556	4,556	4,556	4,556
Other intangible assets		952	923	896	870	842
Property, plant and equipment		2,983	3,159	3,358	3,562	3,944
Right-of-use assets		165	177	188	207	193
Total assets		30,231	30,232	31,913	32,804	36,300
Liabilities and shareholders' equity						
Current liabilities		12,298	13,613	14,637	15,669	17,983
Non-current liabilities		7,792	7,809	9,627	9,180	9,506
Shareholders' equity		10,141	8,810	7,649	7,955	8,811
Total liabilities and shareholders' equity		30,231	30,232	31,913	32,804	36,300

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 plans, strategies, expected trends, including trends in semiconductor end markets and technology industry and business environment trends, statements with respect to demand and capacity, plans to increase capacity and capacity goals, outlook, backlog, bookings and orders, expected financial results, including expected net sales, gross margin, R&D costs, SG&A costs and estimated annualized effective tax rate for Q1 and full year 2023, expected shipments in 2023 including expected shipments of EUV and DUV systems, expected growth in EUV, non-EUV and IBM sales in 2023, statements made at our 2022 Investor Day including revenue and gross margin opportunity for 2025 and 2030, statements with respect to fast shipments including estimates of amounts of deferred revenue not yet recognized and expected timing of recognition of such deferred revenue for fast shipments, including deferred revenue from fast shipments in 2022 expected to be recognized in 2023, expected customer demand trends including expected rebound in second half of the year, statements about the market and macroeconomic trends including global megatrends, long-term growth opportunity, statements with respect to the geopolitical situation and export control policy and restrictions, statements with respect to capital allocation policy including plans to return significant amounts of cash through growing dividends and buybacks and statements with respect to the Q4 interim and final 2022 dividend and statements with respect to share buyback programs, aim to improve ESG sustainability KPIs and upgrade ESG sustainability strategy 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, trends in the semi-conductor industry, the impact of general economic conditions including the impact of the current macroeconomic uncertainty in the market and in consumer confidence, inflation, rising interest rates, geopolitical developments, the risk of 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, 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 recently updated US export regulations, 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, our ability to meet ESG goals and improve ESG KPIs and upgrade ESG strategy 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 Peter Wennink and related Video Transcript)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Total Net Sales	€3.5 billion	€5.4 billion	€5.8 billion	€6.4 billion	€21.2 billion
Net Deferred Revenue ¹ from Fast Shipment ²	€1.4 billion	€0.3 billion	€0.2 billion	€1.0 billion	€2.8 billion
Normalized Revenue ³	€4.9 billion	€5.7 billion	€6.0 billion	€7.4 billion	€24.0 billion

¹ Net Deferred Revenue: Net delayed revenue recognition into subsequent quarters due to Fast Shipments shipped in the relevant quarter or year

² 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

³ 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)

