

Press conference

ASML 2022 Fourth-Quarter and Full-Year Results

Peter Wennink – President & CEO
Roger Dassen – CFO

January 25, 2023

Live from the TWINSCAN Auditorium on
ASML's Campus in Veldhoven, The Netherlands

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

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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.

Agenda

- | | | |
|----|------------------------|---------------|
| 01 | Key messages | Peter Wennink |
| 02 | Semiconductor Industry | Peter Wennink |
| 03 | Financials | Roger Dassen |
| 04 | Outlook | Roger Dassen |
| 05 | Q&A | |

Key messages

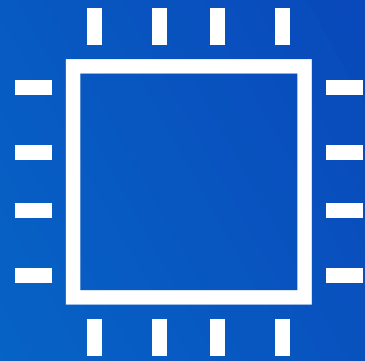


Investor key messages

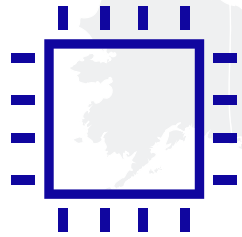
- Global megatrends in the electronics industry, supported by a highly profitable and fiercely innovative ecosystem, are expected to continue to fuel growth across the semiconductor market
- Growth in semiconductor end markets and increasing lithography intensity are driving demand for our products and 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



Semiconductor Industry



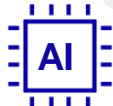
The world is changing fast and technology can help unlock the potential



Connected world



Cloud infrastructure



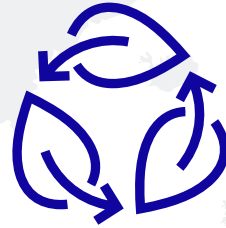
Artificial intelligence



Hyperconnectivity



Edge computing



Climate change and resource scarcity



Energy transition



Electrification, smart mobility



Agricultural innovation



Smarter use of limited resources



Social and economic shifts



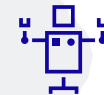
Working, learning remotely



Healthcare, medical tech



Technological sovereignty



Automation

Energy transition will be one of the market drivers over the coming decades

Semiconductors are crucial in generation, storage, distribution, consumption of electrical energy

Generation

Accelerated migration to different energy mix due to environmental, scarcity and geopolitical factors¹

Green energy generators have **high-power semiconductor content**²:

- Wind: ~3,000 €/MW
- Solar: ~4,000 €/MW

Sources

1: Shell-2021 The energy transition scenarios

2: Infineon-August 2022: Third quarter FY2022- quarterly update

3: Infineon-October 2022: Automotive Division Call

xEV: all types of electric vehicles, including mild hybrid electric vehicles

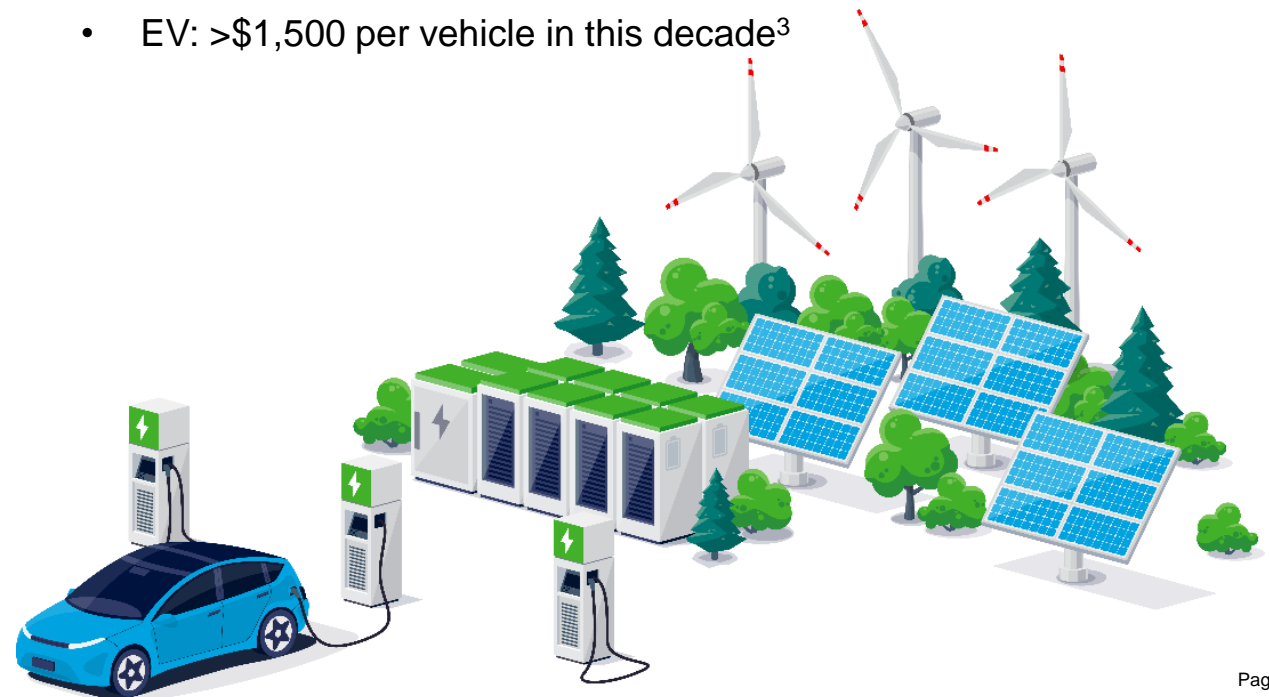
Consumption

Accelerated conversion from fossil to electrical in mobility

- ~70% of car sales in 2030 will be xEV (up from ~15% in 2021)³

Semi content ~2X from fossil cars to EV, and ADAS is an additional driver

- EV: >\$1,500 per vehicle in this decade³



More integrated systems require both advanced and mature nodes

An automotive integrated system has a spectrum of scalable, flexible computing solutions

Actuators

Smart control

Domain/zone control

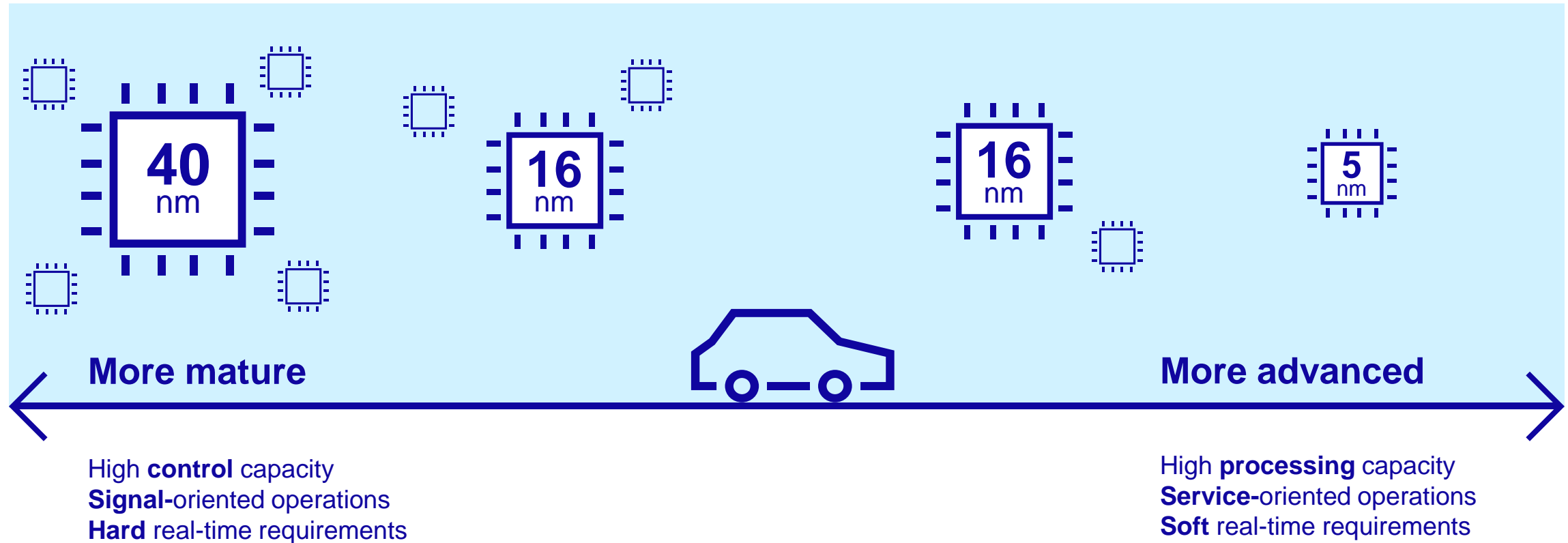
Compute intensive real-time actions

Comms gateway

Low latency communications

Central core

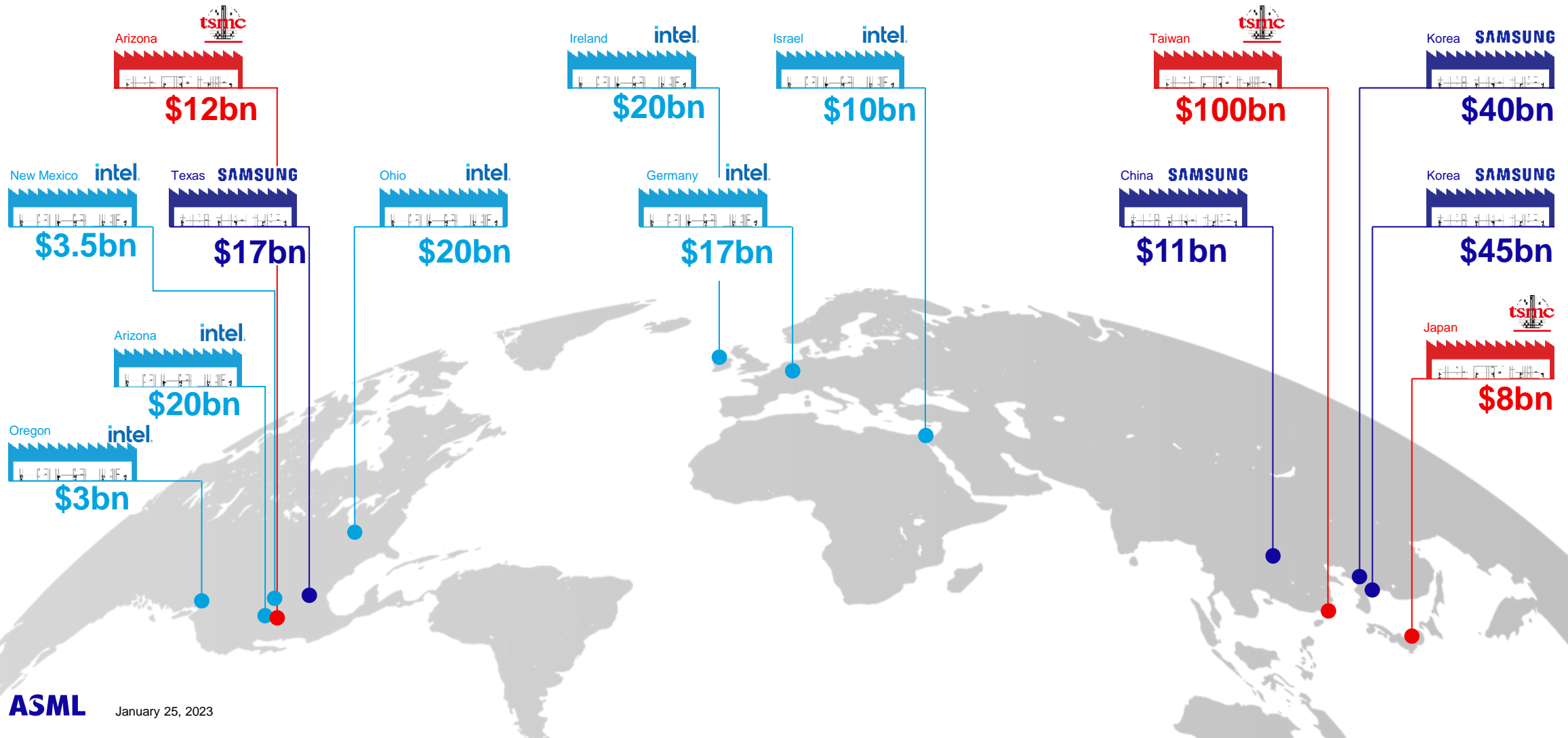
System's main computer



Source: Based on Lars Reger, NXP, "Changing the world with rolling robots – requirements for collaboration, innovation and supply", IMEC Future summit, May 2022

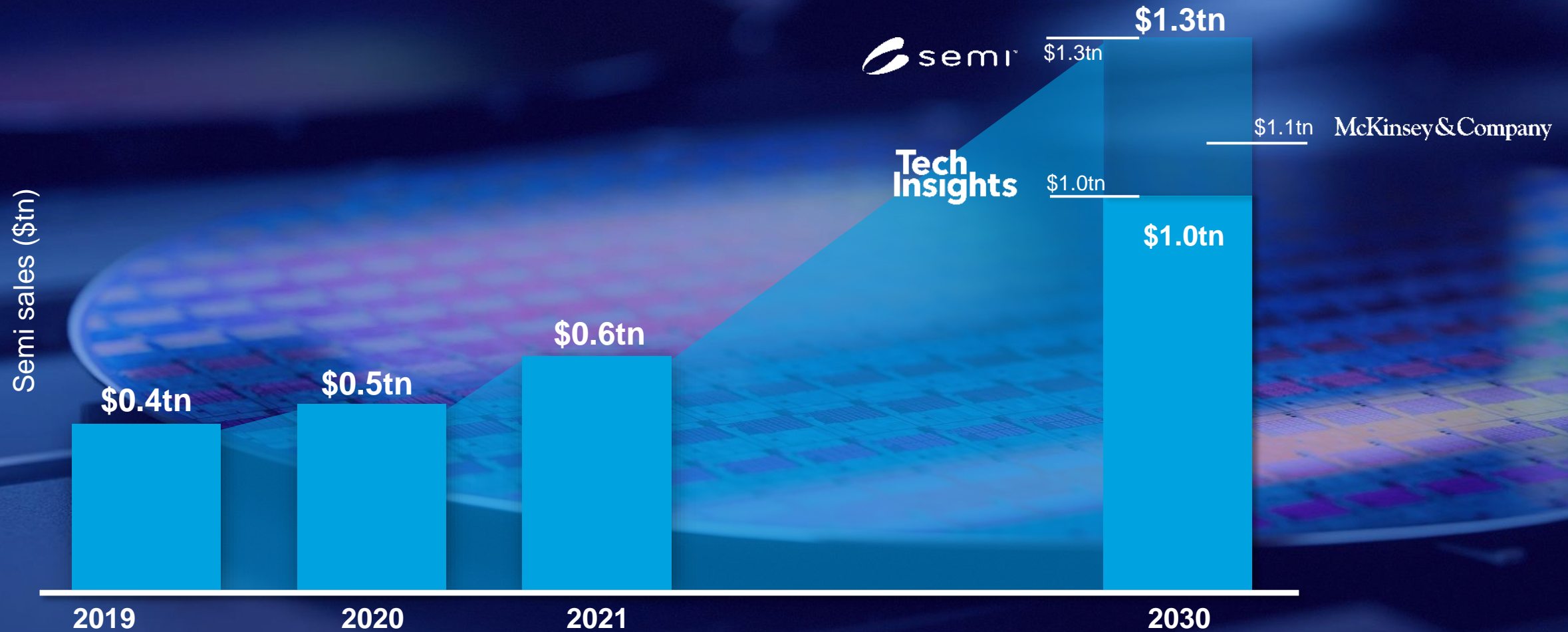
Customers are investing to support these demand drivers

Top three semiconductor manufacturers announced plans to invest >\$300 billion in global capacity



The total semiconductor market is expected to double in 10 years

Analysts' views on 2030 market are ranging from \$1.0tn to \$1.3tn



Sources: TechInsights, McKinsey, SEMI.org

Scaling up means building capacity and finding talent around the world

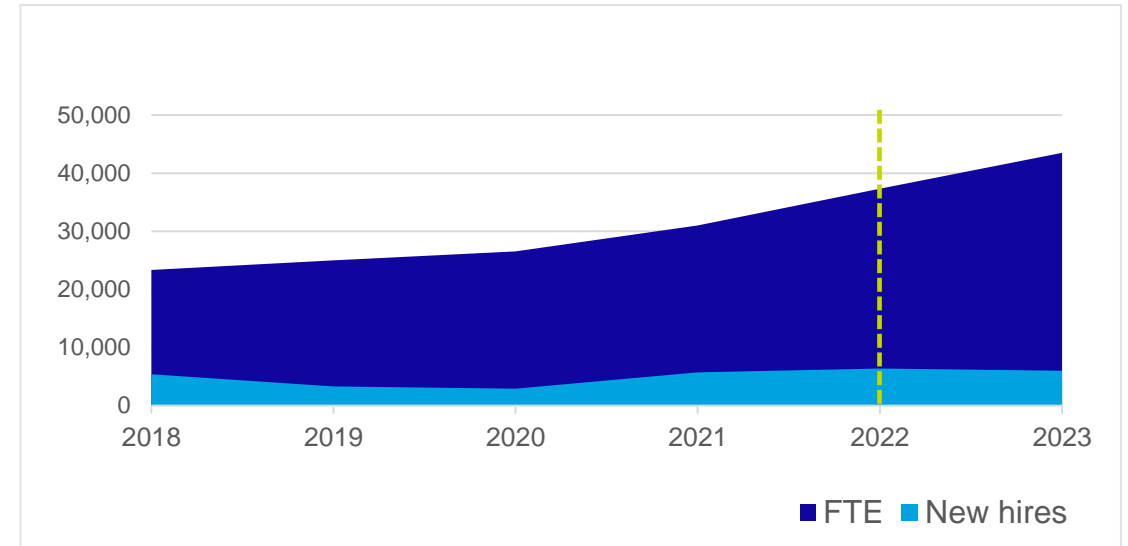
Investing in our production capability

Continue ramp in extended and new factories beyond 2023
ASML global factory network

Network of factories extension plans for capacity beyond 2023

- New factory: Location and high-level plan to be decided soon
- EF EUV extension: High level plan part 1 decided; detailed plan in progress
- EF EUV extension: High level plan part 2 in progress
- TF DUV extension: High level plan in progress
- BF Berlin extension: Part 1 put into use; plan in progress for part 2
- WF Wilton extension: High level plan decided; detailed plan in progress
- LF Linkou extension: High level plan decided; detailed plan in progress

Recruitment, onboarding and training

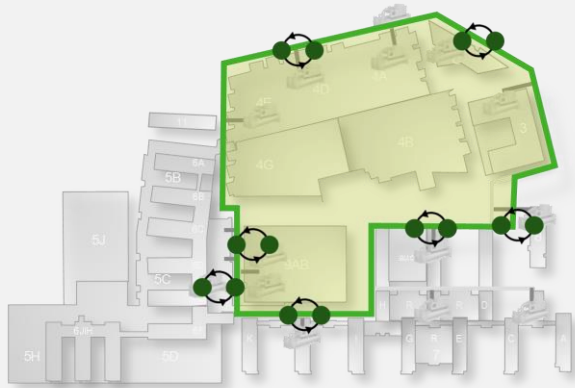


We continue to expand our factories around the world, while also expanding our training facilities and support centers in Korea and Taiwan

In 2022, we onboarded a record **10,000 new employees**, bringing ASML's total FTE for 2022 to just over 39,000 worldwide

We remain committed to our ambitious ESG Sustainability goals and have taken important steps forward in 2022

Environment *(example)*



- Connecting all buildings on headquarters campus in one energy grid
- This grid makes it possible to transfer waste heat from one building to another so that energy can be re-used where it's needed
- Grid and equipment upgrades are expected to reduce Veldhoven gas use by 70%

Social *(example)*

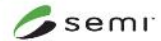


- Significantly scaling up investments in our communities to contribute to:
 1. Attractive Communities: Mitigate impacts of our growth, help improve our communities
 2. Inclusive communities: Create equal opportunities for all community members
 3. STEM Education: Increase the talent pool that is needed to solve key societal challenges
 4. ESG Innovation: Support innovative ideas to solve key ESG Sustainability challenges

Governance *(example)*

Semiconductor Climate Consortium

Join your colleagues to collaborate on sustainability strategies, tools, and innovation for the semiconductor value chain.



- ASML is one of founding members of the Semiconductor Climate Consortium (SCC)
- The Consortium was launched during COP27 (November 2022) by AI Gore
- The Consortium's objective is to accelerate industry value chain efforts to reduce greenhouse gas emissions

Geopolitics in the semiconductor industry

TSMC CEO Says Export Controls Weaken Trust Among Countries

Bloomberg, December 2022

Impact of Geopolitical Tumult on Businesses to Continue in 2023, Say Risk Experts

Wall Street Journal, January 2023

Top European chip companies seek stability amid US-China dispute

Financial Times (November 2022)

Why the U.S. needs Japan's help on China chips restrictions

Reuters, January 2023

Biden's tech war with China is dividing US and Europe

South China Morning Post, January 2023

Semiconductor industry is based on global collaboration

Customers

- Commit early to innovation path
- Test, qualify, scale lithography
- Drive ecosystem for innovation

Peers

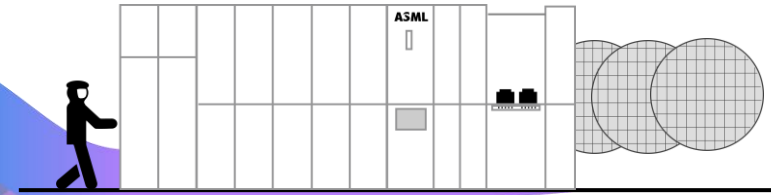
- Deliver critical infrastructure
- Innovate manufacturing process steps

Academic partners

- Long-term academic tracks yield advances across fields (physics, chemistry, material sciences, etc)

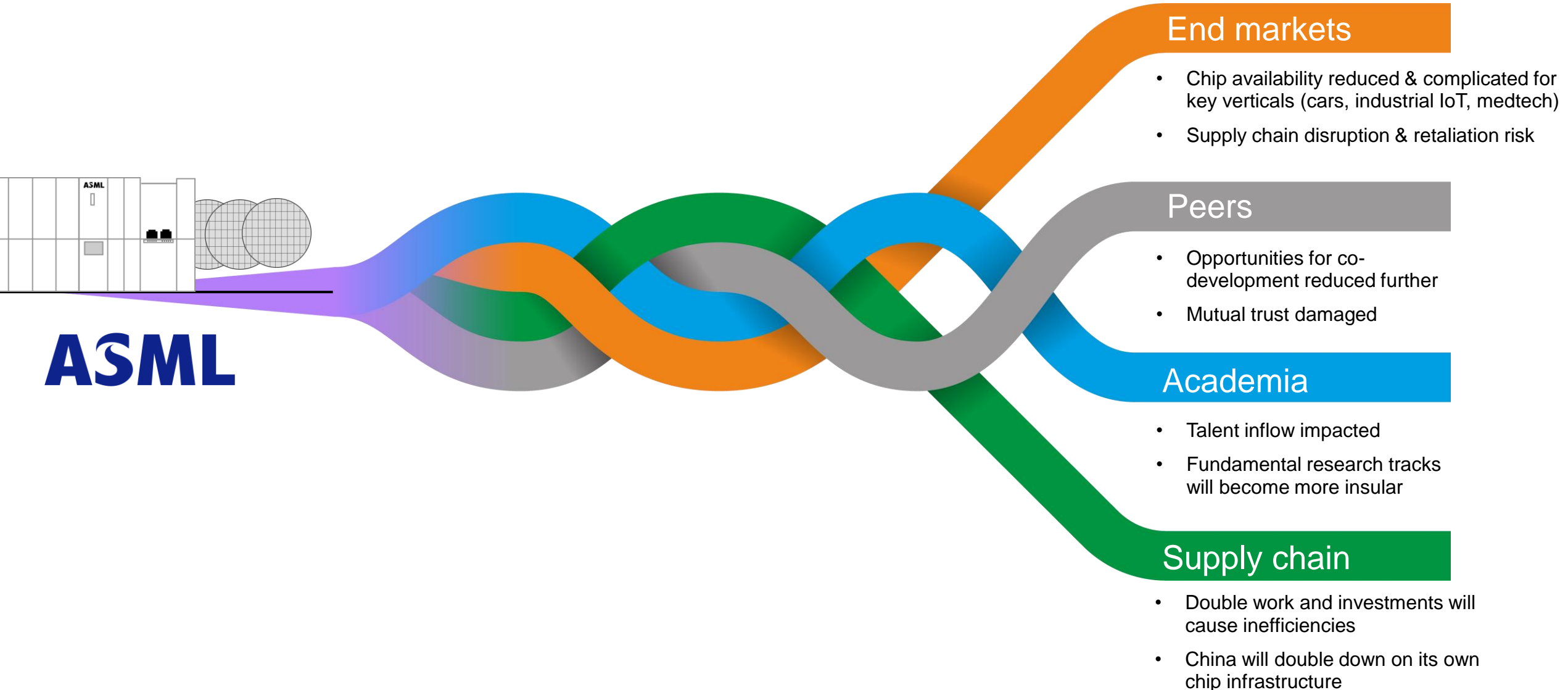
Suppliers

- Drive innovation and cost roadmap
- Share risk and reward



ASML

Risks and potential disruption



Financials



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.

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:

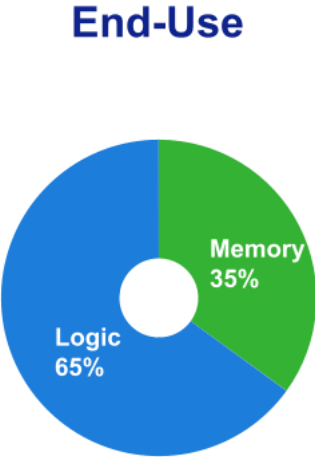
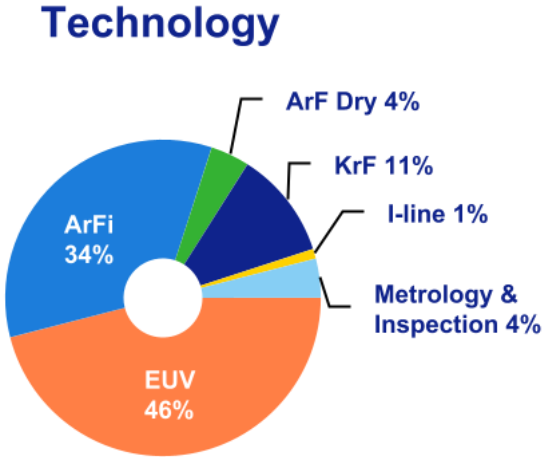
- Our Installed Base business grew 16% to €5.7 billion providing our customers services and upgrade capabilities

Capital return:

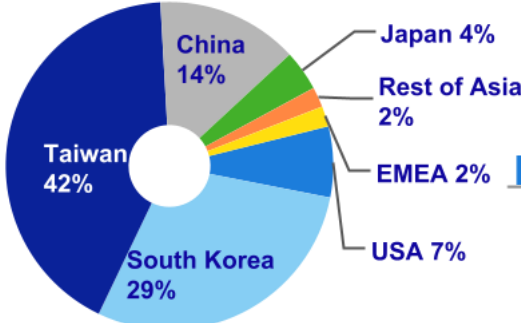
- Returned €7.2 billion to shareholders through dividends and share buybacks

Net system sales breakdown (Yearly)

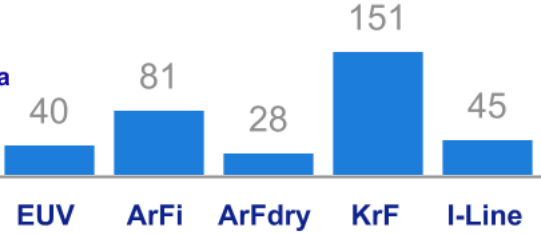
2022
Net system sales
€15,430 million



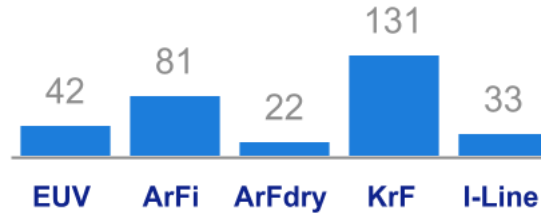
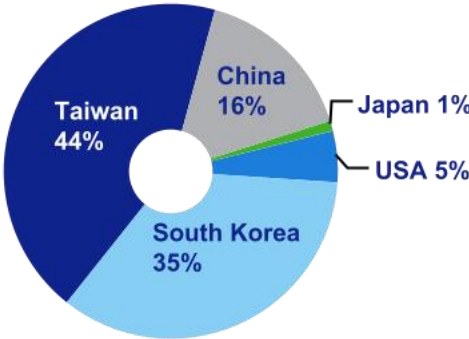
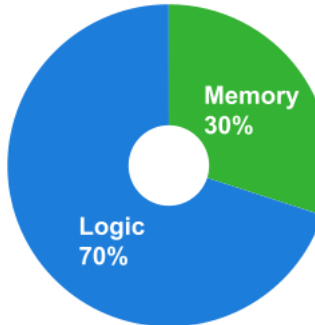
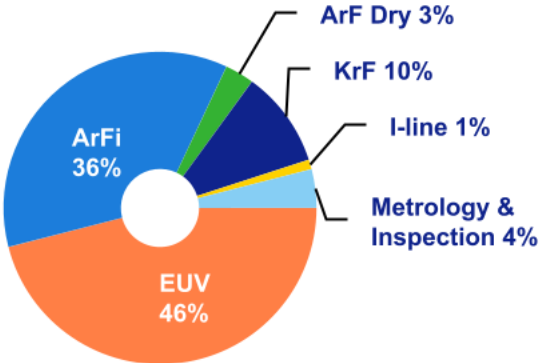
Region gross (ship to location)



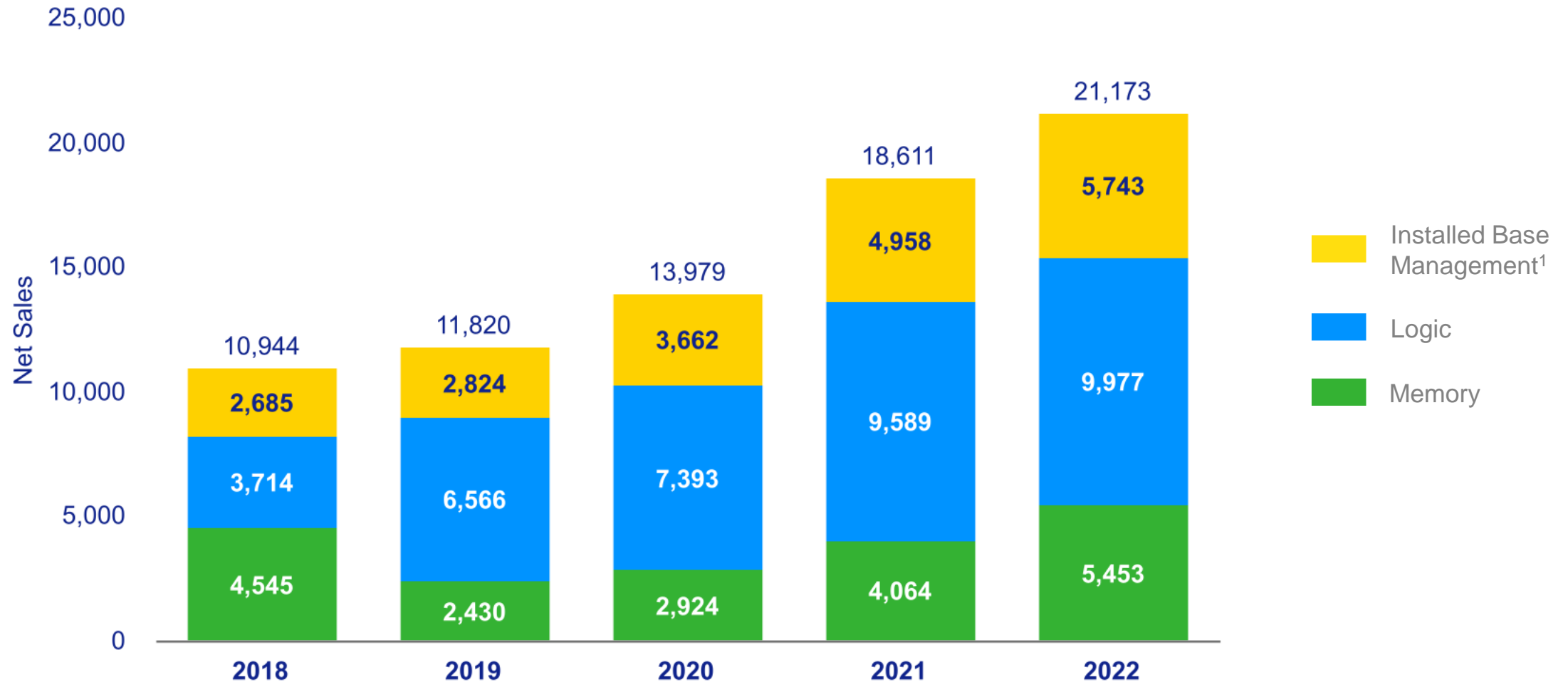
Sales in lithography units



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

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

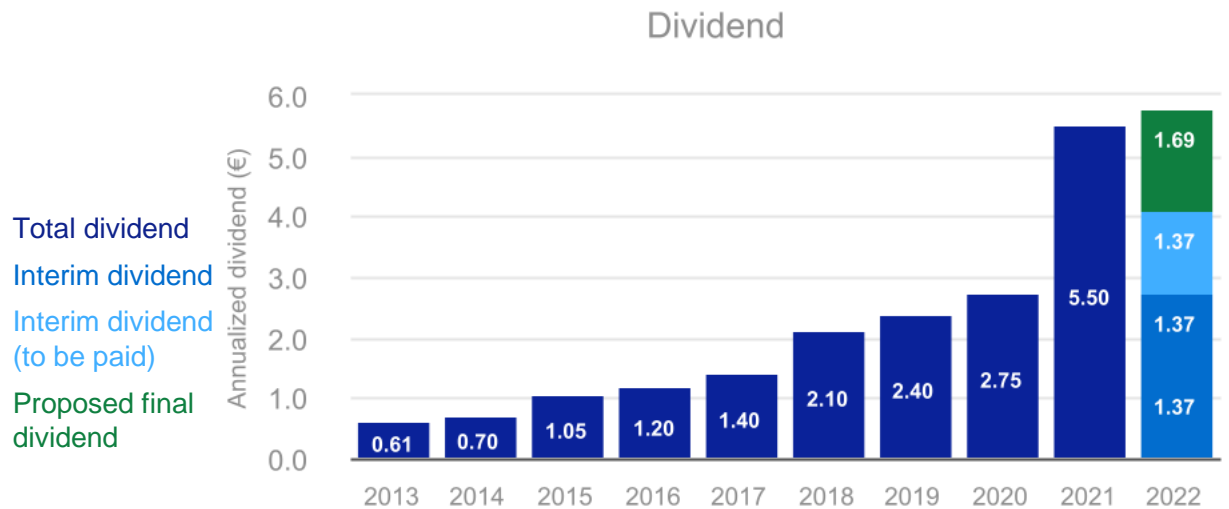
¹ Other income includes the gain on the sale of Berliner Glas subsidiaries

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.

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

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

View on 2023 – continued strong sales growth expected

- In 2023, we expect net sales growth of more than 25% with a slight improvement in gross margin relative to 2022
- Consumer driven end markets (PCs, smartphones) are still showing demand weakness, with some indications of softening in data centers, while demand strength continues in other end markets (auto, industrial)
- Customers are saying they expect a rebalancing of semiconductor supply chain inventories over 1H of 2023, with business rebounding in 2H of 2023
- Also for this year, demand exceeds our capacity, and we enter the year with a backlog of €40.4 billion. Our focus will be on maximizing system output
- We are planning to ship around 60 EUV systems and around 375 DUV systems in 2023
- Looking at the growth of the different business sectors, we expect:
 - EUV business YoY growth of around 40%
 - Non-EUV business YoY growth of around 30%
 - Installed Base business YoY growth of around 5%

Questions & answers

