

ASML reports €27.6 billion net sales and €7.8 billion net income in 2023

2024 expected to be a transition year with sales similar to 2023

ASML 2023 Fourth-Quarter and Full-Year results
Veldhoven, the Netherlands

January 24, 2024

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 continue to execute our ESG Sustainability strategy and will share the latest progress and actions to reach our targets in our integrated Annual Report 2023, to be published on February 14, 2024
- We expect to continue to return significant amounts of cash to our shareholders through a combination of growing dividends and share buybacks

Business summary

2023 - Business summary

ASML achieved a sales growth of 30%, reflecting the continued strong global demand for our products:

- Net sales grew to €27.6 billion at 51.3% gross margin
- Net income at €7.8 billion resulted in an EPS of €19.91

EUV lithography:

- EUV system sales grew 30% to €9.1 billion, recognized revenue on 53 systems and shipped 42 systems
- Shipped the first modules of the first High NA EUV EXE:5000 system

DUV lithography:

- DUV system sales grew 60% to €12.3 billion, recognized revenue on 396 systems of which 32% immersion systems
- Shipped the first NXT:1980Fi immersion systems as well as the XT:400M i-line systems

Applications:

- Our Metrology & Inspection systems sales declined 19% to €536 million due to lower YieldStar systems sales
- Shipped the first YieldStar 500 systems

Installed Base¹:

- Our Installed Base business declined 2% to €5.6 billion due to lower upgrade business

Capital return:

- Returned €3.3 billion to shareholders through dividends and share buybacks

Shipped 1st modules of 1st High NA EUV EXE:5000 system

Increased NA enables cost effective shrink with increased transistor density



Q4 results summary

- Net sales of €7.2 billion, net system sales of €5.7 billion, Installed Base Management¹ sales of €1.6 billion
- Gross margin of 51.4%
- Operating margin² of 33.1%
- Net income as a percentage of net sales of 28.3%
- Earnings per share (basic) of €5.21
- Net bookings³ of €9.2 billion
 - including EUV bookings of €5.6 billion

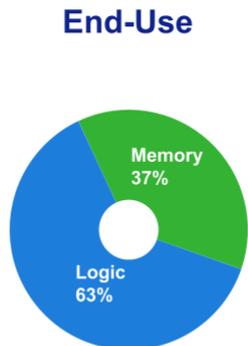
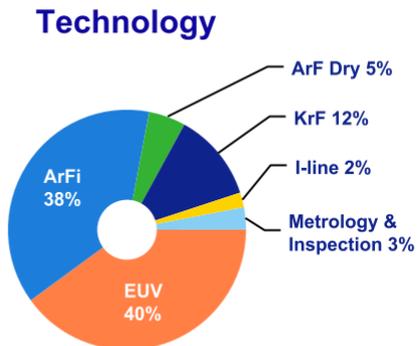
¹ Installed Base Management equals our net service and field option sales

² Income from operations as a percentage of Total net sales

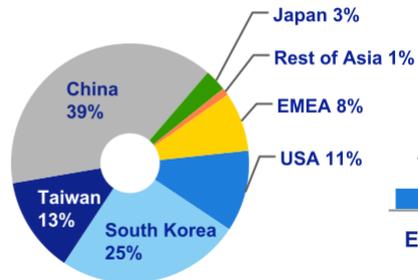
³ Net bookings include all system sales orders and inflation related adjustments, for which written authorizations have been accepted.

Net system sales breakdown (Quarterly)

Q4'23
Net system sales
€5,683 million



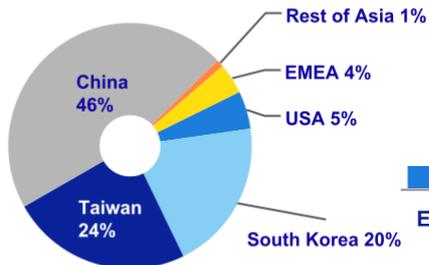
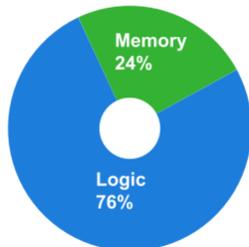
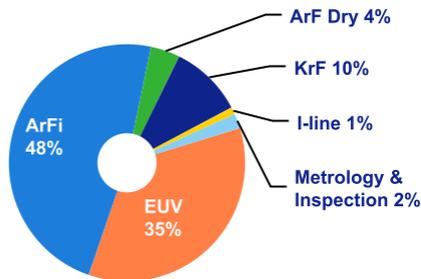
Region (ship to location)



Sales in lithography units



Q3'23
Net system sales
€5,308 million



Net system sales breakdown (Yearly)

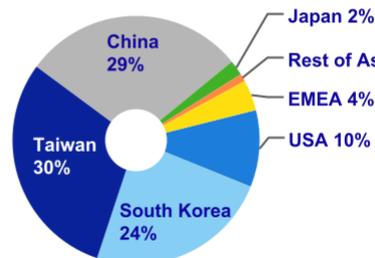
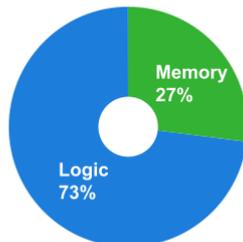
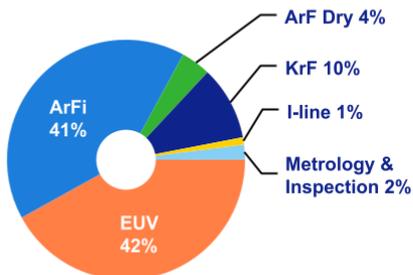
Technology

End-Use

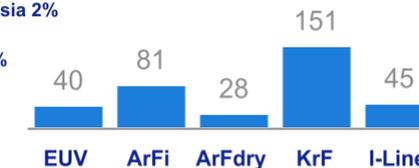
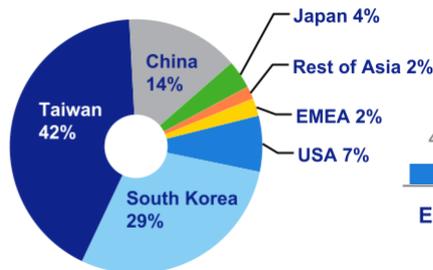
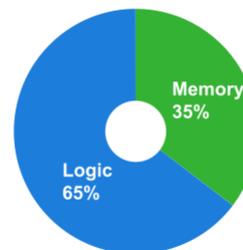
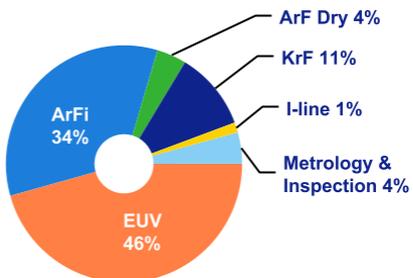
Region (ship to location)

Sales in lithography units

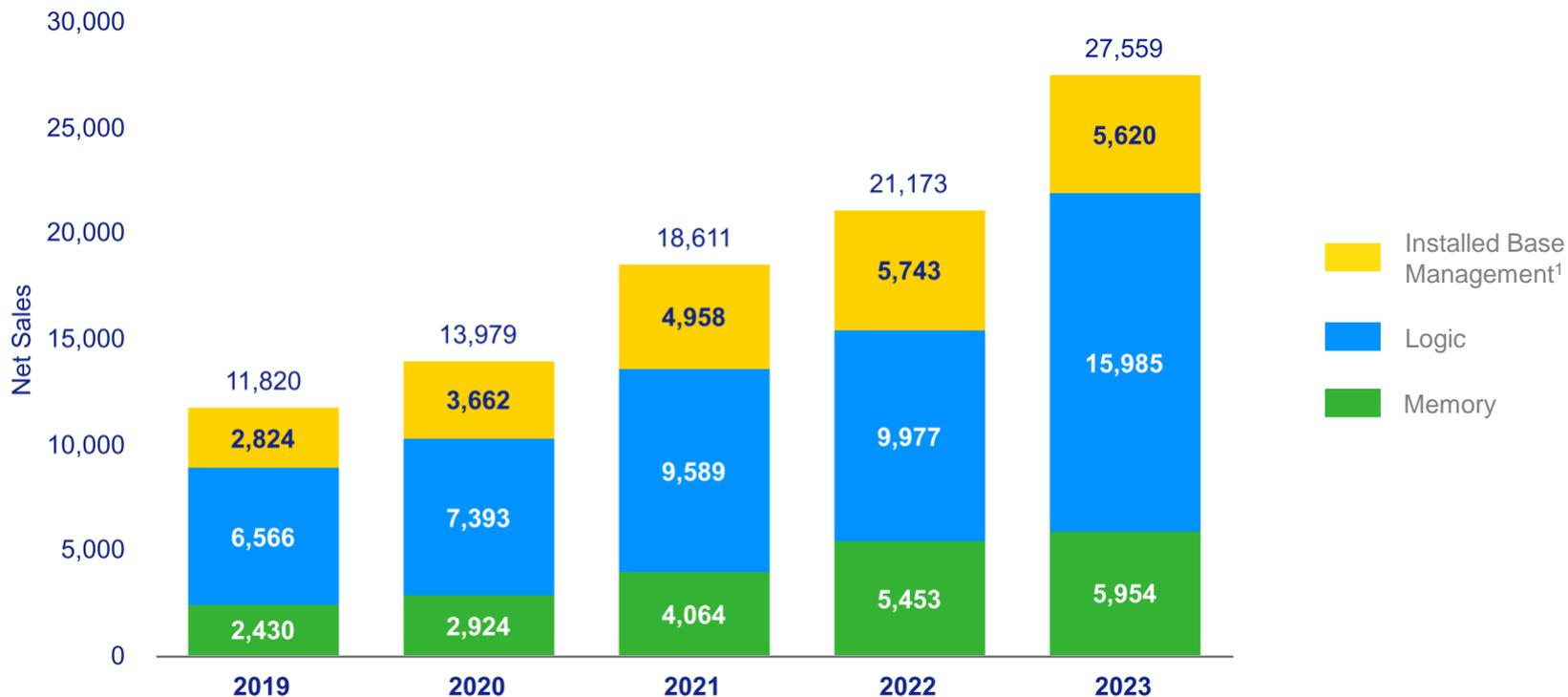
2023
Net system sales
€21,939 million



2022
Net system sales
€15,430 million



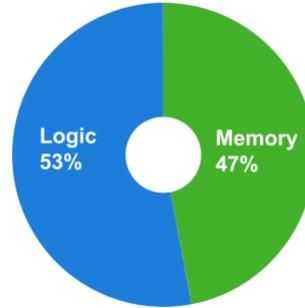
Total net sales € million by End-use



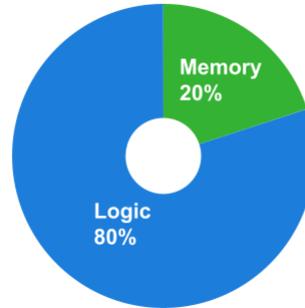
¹ Installed Base Management equals our net service and field option sales

Net systems bookings¹ activity by End-use

**Q4'23 net system bookings
€9,186 million**



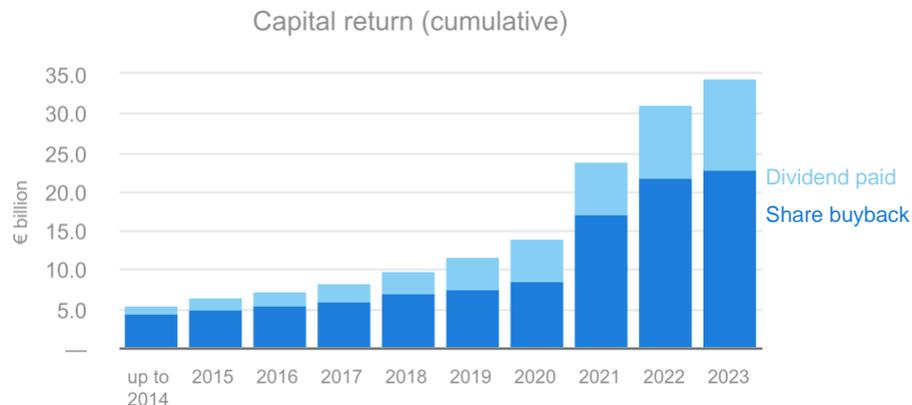
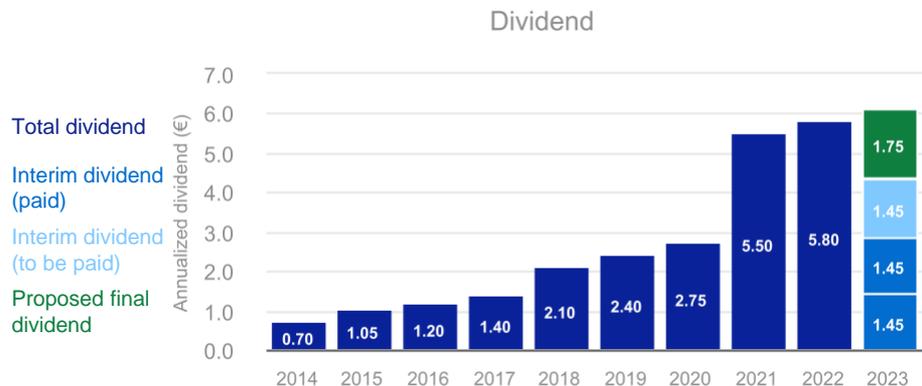
**Q3'23 net system bookings
€2,602 million**



¹ 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 2023 of €6.10 per ordinary share. An interim dividend of €1.45 per ordinary share will be made payable on February 14, 2024
- Recognizing this (third) interim dividend and the two interim dividends of €1.45 per ordinary share paid in 2023, this leads to a final dividend proposal to the General Meeting of €1.75 per ordinary share
- In Q4 2023 no shares were purchased



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

Outlook

Outlook

Q1

- Net sales between €5.0 billion and €5.5 billion, including
 - Installed Base Management¹ sales of around €1.3 billion
- Gross margin between 48% and 49%
- R&D costs of around €1,070 million
- SG&A costs of around €300 million

2024

- Similar net sales with a slightly lower gross margin, relative to 2023
- Estimated annualized effective tax rate between 16% and 17%

Financial Statements

Consolidated statements of operations € million

Year on Year

	2019	2020	2021	2022	2023
Net sales	11,820	13,979	18,611	21,173	27,559
Gross profit	5,280	6,798	9,809	10,700	14,136
Gross margin %	44.7	48.6	52.7	50.5	51.3
Other income ¹	—	—	214	—	—
R&D costs	(1,968)	(2,201)	(2,547)	(3,254)	(3,981)
SG&A costs	(521)	(545)	(726)	(946)	(1,113)
Income from operations	2,791	4,051	6,750	6,501	9,042
Operating income as a % of net sales	23.6	29.0	36.3	30.7	32.8
Net income	2,592	3,554	5,883	5,624	7,839
Net income as a % of net sales	21.9	25.4	31.6	26.6	28.4
Earnings per share (basic) €	6.16	8.49	14.36	14.14	19.91
Earnings per share (diluted) €	6.15	8.48	14.34	14.13	19.89
Lithography systems sold (units) ²	229	258	309	345	449
Net bookings ³	11,740	11,292	26,240	30,674	20,040

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

² Lithography systems do not include metrology and inspection systems

³ The sum of quarterly net bookings over the full year. Our 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 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Net sales	6,430	6,746	6,902	6,673	7,237
Gross profit	3,311	3,413	3,544	3,462	3,717
Gross margin %	51.5	50.6	51.3	51.9	51.4
R&D costs	(906)	(948)	(1,000)	(992)	(1,041)
SG&A costs	(280)	(260)	(281)	(288)	(284)
Income from operations	2,125	2,205	2,263	2,182	2,392
Operating income as a % of net sales	33.0	32.7	32.8	32.7	33.1
Net income	1,817	1,956	1,942	1,893	2,048
Net income as a % of net sales	28.2	29.0	28.1	28.4	28.3
Earnings per share (basic) €	4.60	4.96	4.93	4.81	5.21
Earnings per share (diluted) €	4.60	4.95	4.93	4.81	5.20
Lithography systems sold (units) ¹	106	100	113	112	124
Net bookings ²	6,316	3,752	4,500	2,602	9,186

¹ Lithography systems do not include metrology and inspection systems.

² 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

	2019	2020	2021	2022	2023
Cash and cash equivalents, beginning of period	3,121	3,532	6,049	6,952	7,268
Net cash provided by (used in) operating activities	3,276	4,628	10,847	8,487	5,443
Net cash provided by (used in) investing activities	(1,158)	(1,352)	(72)	(1,029)	(2,689)
Net cash provided by (used in) financing activities	(1,712)	(753)	(9,892)	(7,138)	(3,003)
Effect of changes in exchange rates on cash	5	(5)	20	(4)	(14)
Net increase (decrease) in cash and cash equivalents	411	2,517	903	316	(263)
Cash and cash equivalents, end of period	3,532	6,049	6,952	7,268	7,005
Short-term investments	1,186	1,302	638	108	5
Cash and cash equivalents and short-term investments	4,718	7,351	7,590	7,376	7,010
Purchases of property, plant and equipment and intangible assets	(885)	(1,001)	(940)	(1,319)	(2,196)
Free cash flow ¹	2,391	3,627	9,906	7,168	3,247

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 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Cash and cash equivalents, beginning of period	3,153	7,268	6,648	6,341	4,976
Net cash provided by (used in) operating activities	5,351	734	385	1,128	3,197
Net cash provided by (used in) investing activities	(364)	(436)	(545)	(1,090)	(617)
Net cash provided by (used in) financing activities	(859)	(916)	(137)	(1,406)	(545)
Effect of changes in exchange rates on cash	(13)	(2)	(10)	3	(6)
Net increase (decrease) in cash and cash equivalents	4,115	(620)	(307)	(1,365)	2,029
Cash and cash equivalents, end of period	7,268	6,648	6,341	4,976	7,005
Short-term investments	108	5	5	5	5
Cash and cash equivalents and short-term investments	7,376	6,653	6,346	4,981	7,010
Purchases of property, plant and equipment and intangible assets	(466)	(539)	(544)	(510)	(602)
Free cash flow ¹	4,885	194	(161)	618	2,595

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	2019	2020	2021	2022	2023
Cash & cash equivalents and short-term investments		4,718	7,352	7,590	7,376	7,010
Net accounts receivable and finance receivables		2,773	3,421	4,597	6,680	5,774
Contract assets		231	119	165	132	240
Inventories, net		3,809	4,569	5,179	7,200	8,851
Loan receivable		—	—	124	364	929
Other assets		1,673	1,753	1,886	2,383	2,230
Tax assets		624	739	1,141	1,706	2,873
Equity method investments		833	821	893	924	920
Goodwill		4,541	4,629	4,556	4,556	4,589
Other intangible assets		1,105	1,049	952	842	742
Property, plant and equipment		1,999	2,470	2,983	3,944	5,493
Right-of-use assets		324	345	165	193	307
Total assets		22,630	27,267	30,231	36,300	39,958
Liabilities and shareholders' equity						
Current liabilities		4,694	6,604	12,298	17,983	16,275
Non-current liabilities		5,344	6,798	7,792	9,506	10,231
Shareholders' equity		12,592	13,865	10,141	8,811	13,452
Total liabilities and shareholders' equity		22,630	27,267	30,231	36,300	39,958

Consolidated balance sheets € million

Quarter on Quarter

	Assets	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Cash & cash equivalents and short-term investments		7,376	6,653	6,346	4,981	7,010
Net accounts receivable and finance receivables		6,680	4,862	5,686	5,682	5,774
Contract assets		132	236	193	267	240
Inventories, net		7,200	7,392	7,734	8,379	8,851
Loan receivable		364	364	364	921	929
Other assets		2,383	2,735	2,912	2,776	2,230
Tax assets		1,706	1,921	2,275	2,681	2,873
Equity method investments		924	970	1,040	1,094	920
Goodwill		4,556	4,556	4,556	4,583	4,589
Other intangible assets		842	814	789	757	742
Property, plant and equipment		3,944	4,355	4,728	5,093	5,493
Right-of-use assets		193	290	306	300	307
Total assets		36,300	35,148	36,929	37,514	39,958
Liabilities and shareholders' equity						
Current liabilities		17,983	16,948	16,755	16,310	16,275
Non-current liabilities		9,506	8,413	9,569	9,209	10,231
Shareholders' equity		8,811	9,787	10,605	11,995	13,452
Total liabilities and shareholders' equity		36,300	35,148	36,929	37,514	39,958

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 the semiconductor industry and end markets and business environment trends, including expected demand, utilization, inventory levels, backlog, bookings, expected recovery in the semiconductor industry and expected timing thereof, assumptions and expectations with respect to fast shipments, plans to increase capacity, outlook and expected financial results, including expected results for Q1 2024, including net sales, gross margin, R&D costs, SG&A costs, expected results for full year 2024, including expectations with respect to revenue and gross margin and estimated annualized effective tax rate, expectations with respect to sales by market segment and EUV, non-EUV and IBM sales and expected drivers thereof, and other full year 2024 expectations, expectations with respect to revenue growth in 2025 and expected drivers thereof, statements made at our 2022 Investor Day, including revenue and gross margin opportunity for 2025 and 2030, statements with respect to export control policy and regulations and expected impact on us, expectation to return significant amounts of cash to shareholders through growing dividends and share buybacks, including the amount of shares intended to be repurchased under the program and statements with respect to dividends, statements with respect to our ESG goals and 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”, “opportunity”, “potential” 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, customer demand and semiconductor equipment industry capacity, worldwide demand for semiconductors and semiconductor manufacturing capacity, utilization and inventory levels, general trends and consumer confidence in the semiconductor industry, the impact of general economic conditions, including the impact of the current macroeconomic uncertainty on the semiconductor industry, the impact of inflation, interest rates, geopolitical developments, the impact of pandemics, 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, our production capacity and ability to adjust capacity to meet demand, supply chain capacity, constraints and logistics, timely availability of parts and components, raw materials, critical manufacturing equipment and qualified employees, and constraints on our ability to produce systems to meet demand, the number and timing of systems ordered, shipped and recognized in revenue, and the risk of order cancellation or push outs and restrictions on shipment of ordered systems under export controls, risks relating to the trade environment, import/export and national security regulations and orders and their impact on us, including the impact of changes in export regulations and the impact of such regulations on our ability to obtain necessary licenses and to sell our systems to certain customers, 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, the number of shares repurchased under our share repurchase programs, our ability to enforce patents and protect intellectual property rights and the outcome of intellectual property disputes and litigation, our ability to meet ESG goals and execute our ESG strategy, other factors that may impact ASML’s business or financial results, and other risks indicated in the risk factors included in ASML’s Annual Report on Form 20-F for the year ended December 31, 2022 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.

