

Public

ASML

Annual General Meeting of Shareholders 2019

Veldhoven, the Netherlands, April 24, 2019

Forward looking statements

This presentation and related discussion contains statements relating to certain projections, business trends and other matters that are forward-looking, including statements with respect to expected trends and outlook, bookings, expected financial results and trends, including expected sales, EUV revenue, gross margin, R&D and SG&A expenses, and estimated annualized effective tax rate for the second quarter of 2019, and expected financial results and trends for the full year 2019, including the expectation for continued growth in sales in 2019, annual revenue opportunity in 2020 and annual revenue through 2025, outlook for 2020 and beyond, expected trends in the business environment and industry trends, including the expected continuation of Moore's law, statements relating to the proposed dividend for 2018 and statements relating to share repurchases including the share repurchase plan for 2018-2019, statements relating to ASML's intentions and plans to protect its intellectual property, statements relating to the settlement with Nikon and the acquisition of Mapper and statements with respect to ASML's remuneration policy and other statements that do not relate to historical facts. 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", "targets", "commits to secure" 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 the 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 economic conditions, product demand and semiconductor equipment industry capacity, worldwide demand and manufacturing capacity utilization for semiconductors, including the impact of general economic conditions on consumer confidence and demand for our customers' products, competitive products and pricing, the impact of any manufacturing efficiencies and capacity constraints, performance of our systems, the continuing success of technology advances and the related pace of new product development and customer acceptance of and demand for new products including EUV and DUV, the number and timing of EUV and DUV systems shipped and recognized in revenue, timing of EUV orders and the risk of order cancellation or push out, EUV production capacity, delays in EUV systems production and development and volume production by customers, including meeting development requirements for volume production, demand for EUV systems being sufficient to result in utilization of EUV facilities in which ASML has made significant investments, potential inability to successfully integrate acquired businesses to create value for our customers, our ability to enforce patents and protect intellectual property rights, the outcome of intellectual property litigation, availability of raw materials, critical manufacturing equipment and qualified employees, trade environment, changes in exchange rates, changes in tax rates, available cash and liquidity, our ability to refinance our indebtedness, distributable reserves for dividend payments and share repurchases, results of the share repurchase plan and other risks indicated in the risk factors included in ASML's Annual Report on Form 20-F and other filings with 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.

Agenda

van de Jaarlijkse Algemene Vergadering van Aandeelhouders van ASML Holding N.V. (de “Vennootschap”), te houden op woensdag 24 april 2019, om 14.00 uur in het Auditorium, ASML Gebouw 7, De Run 6665, Veldhoven

1. Opening
2. Overzicht van de activiteiten, de financiële situatie en de activiteiten op het gebied van maatschappelijk verantwoord ondernemen van de Vennootschap (**Discussiepunt**)

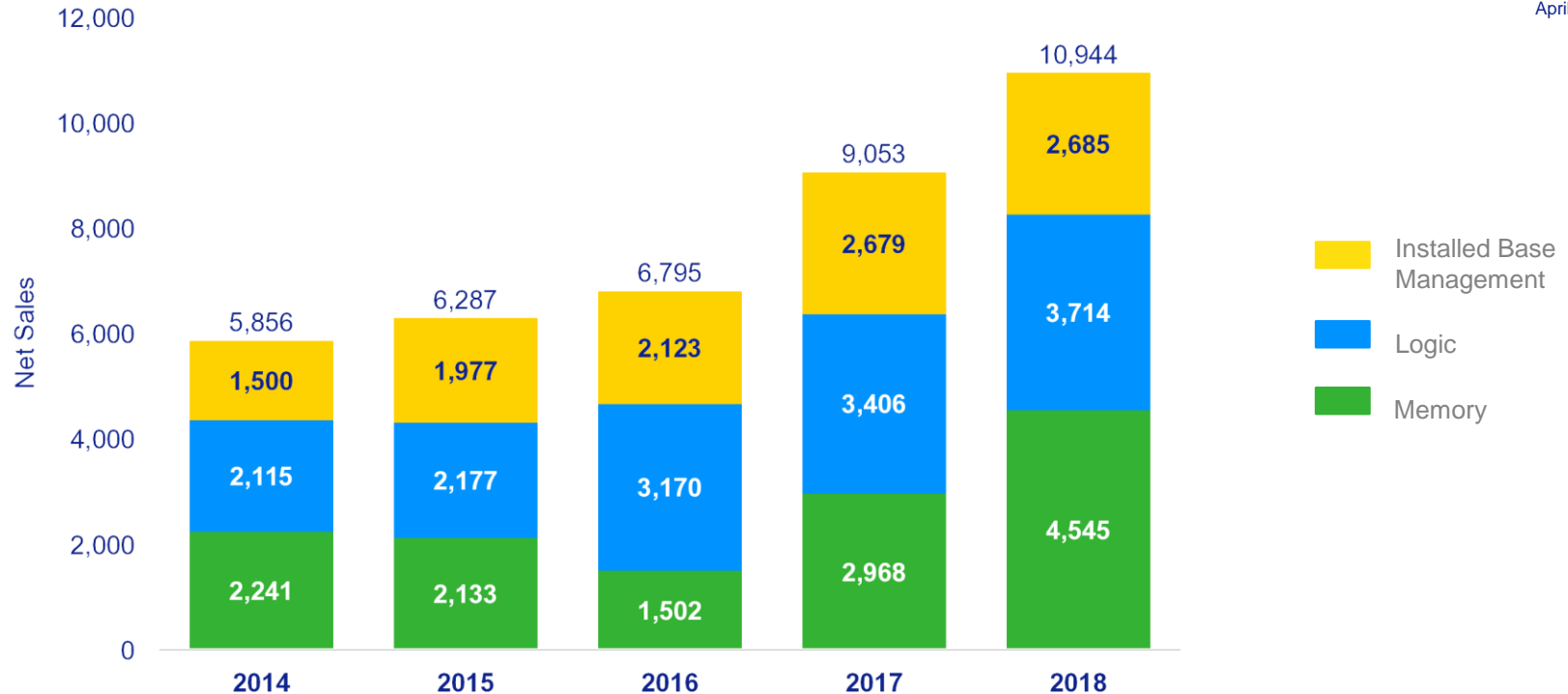
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Financials

2018 in review: the highlights

- Net sales grew to a record € 10.9 billion at 46.0% gross margin
- Net income grew to a record € 2.6 billion resulting in an EPS of € 6.10
- EUV lithography:
 - Shipped 18 systems
 - Accelerated our NXE:3400C product roadmap with a >35% productivity improvement expected to start delivery in the second half of 2019
 - Closed High NA commercial agreements with multiple customers of approx. € 1.5 billion
- DUV lithography: sold 189 new systems in 2018, a 17% increase from 2017
- Applications: demonstrated proof of concept with first multi-beam (3x3) image and shipped multiple ASML-HMI integrated systems
- Capital return: returned more than € 1.7 billion to shareholders through dividends and share buybacks

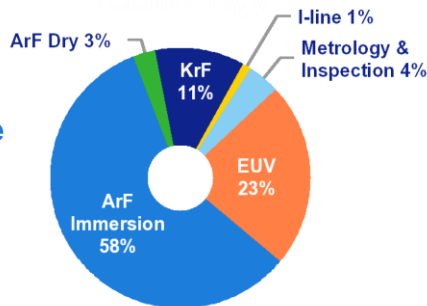
Total net sales million € by End-use



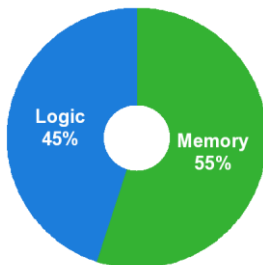
As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers presented above have not been adjusted to reflect these changes in accounting policy.

Net system sales breakdown in value (Yearly)

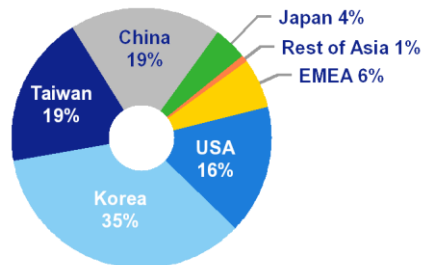
2018
total value
€ 8,259
million



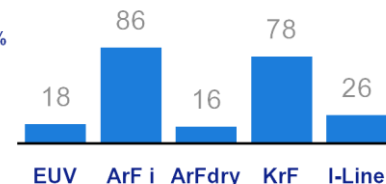
End-Use



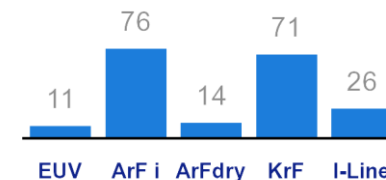
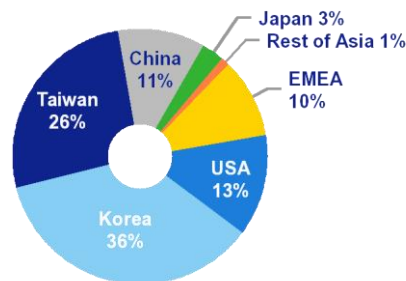
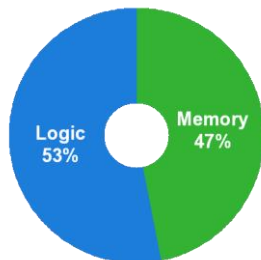
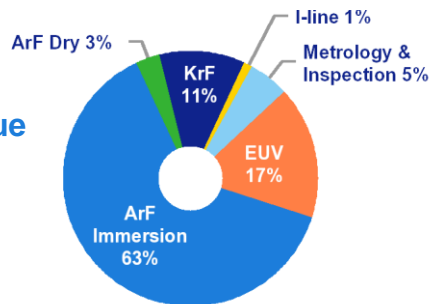
Region (ship to location)



Sales in lithography units



2017
total value
€ 6,424
million



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

These numbers have been prepared in accordance with US GAAP. Numbers have been rounded for readers' convenience.

Consolidated statements of operations M€

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Slide 8
April 24, 2019

	2014	2015	2016 ¹	2017 ¹	2018
Net sales	5,856	6,287	6,875	8,963	10,944
Gross profit	2,596	2,896	3,145	4,020	5,029
Gross margin %	44.3	46.1	45.7	44.9	46.0
Other income ²	81	83	94	96	—
R&D costs	(1,074)	(1,068)	(1,106)	(1,260)	(1,576)
SG&A costs	(321)	(346)	(375)	(417)	(488)
Income from operations	1,282	1,565	1,758	2,440	2,965
Operating income as a % of net sales	21.9	24.9	25.6	27.2	27.1
Net income	1,197	1,387	1,558	2,067	2,592
Net income as a % of net sales	20.4	22.1	22.7	23.1	23.7
Earnings per share (basic) €	2.74	3.22	3.66	4.81	6.10
Earnings per share (diluted) €	2.72	3.21	3.64	4.79	6.08
Lithography systems sold (units) ³	136	169	154	197	224
Net booking value ⁴	4,902	4,639	5,396	9,358	8,181

¹ As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers have been adjusted to reflect these changes in accounting policy, except for our systems net booking values. The comparative numbers for our systems net booking values have not been adjusted.

² Customer Co-Investment Program (CCIP).

³ Lithography systems do not include metrology and inspection systems.

⁴ Our systems net bookings include all system sales orders for which written authorizations have been accepted (for EUV starting with the NXE:3350B and excluding the High NA systems). Our 2018 systems net bookings include 1 EUV system shipped in Q4 to collaborative Research Center (imec). This system is not recognized in revenue.

These numbers have been prepared in accordance with US GAAP. Numbers have been rounded for readers' convenience.

Consolidated statements of Cash flows M€

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Slide 9
April 24, 2019

	2014	2015	2016 ¹	2017 ¹	2018
Net income	1,197	1,387	1,558	2,067	2,592
Net cash provided by (used in) operating activities	1,025	2,026	1,666	1,818	3,073
Net cash provided by (used in) investing activities	(16)	(1,160)	(3,188)	(1,229)	(492)
Net cash provided by (used in) financing activities	(928)	(834)	1,964	(1,209)	(1,724)
Net increase (decrease) in cash & cash equivalents	89	39	448	(648)	862
Free cash flow ²	664	1,653	1,341	1,460	2,463
Cash and cash equivalents and short-term investments	2,754	3,409	4,057	3,288	4,034

1 As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers have been adjusted to reflect these changes in accounting policy.

2 Free cash flow is defined as net cash provided by (used in) operating activities minus investments in Capex (Purchase of Property, plant and equipment and intangibles), see US GAAP Consolidated Financial Statements.

Consolidated Balance sheets M€

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April 24, 2019

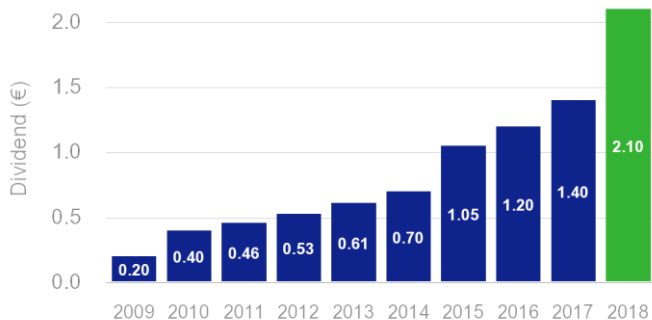
Assets	2014	2015	2016 ¹	2017 ¹	2018
Cash & cash equivalents and short-term investments	2,754	3,409	4,057	3,288	4,034
Net accounts receivable and finance receivables	1,304	1,208	1,145	1,958	2,384
Contract assets			149	270	96
Inventories, net	2,550	2,574	2,732	2,956	3,440
Other assets	835	940	1,141	1,219	1,579
Tax assets	232	181	47	94	316
Equity method investments	—	—	—	982	916
Goodwill	2,358	2,624	4,874	4,541	4,541
Other intangible assets	724	738	1,323	1,166	1,104
Property, plant and equipment	1,447	1,621	1,687	1,601	1,589
Right-of-use assets			—	114	138
Total assets	12,204	13,295	17,155	18,189	20,137
Liabilities and shareholders' equity					
Current liabilities	2,889	3,107	3,076	3,170	3,792
Non-current liabilities	1,802	1,799	4,107	4,243	4,704
Shareholders' equity	7,513	8,389	9,972	10,776	11,641
Total liabilities and shareholders' equity	12,204	13,295	17,155	18,189	20,137

¹ As of January 1, 2018, ASML has adopted the new Revenue Recognition Standard (ASC 606) and Lease Standard (ASC 842). The comparative numbers have been adjusted to reflect these changes in accounting policy.

Capital return to shareholders

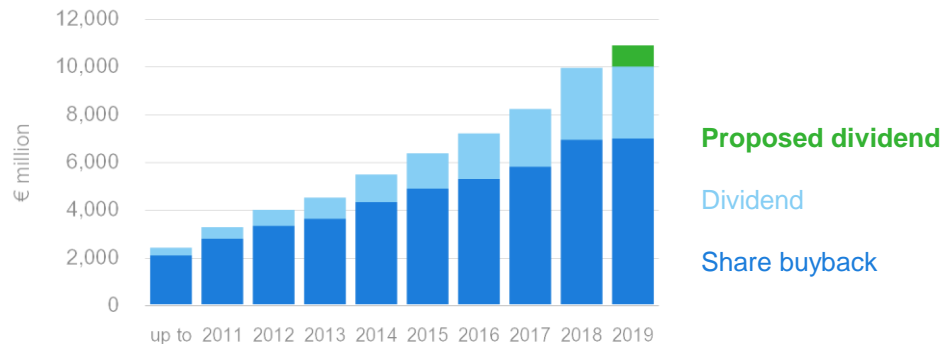
- Proposal submitted to the 2019 AGM to declare a dividend in respect of 2018 of EUR 2.10 per ordinary share. This is a 50% increase versus last year (for a total amount of approximately EUR 0.9 billion).
- € 55 million worth of shares has been repurchased in Q1.
- Around € 1.3 billion of the 2018/2019 share buyback program remaining.

Dividend history



The dividend for a year is paid in the subsequent year

Capital return



Capital return is cumulative share buyback + dividend

Q1 results summary

- Net sales of € 2,229 million, net systems sales valued at € 1,689 million, Installed Base Management* sales of € 540 million
- Gross margin of 41.6%
- Operating margin of 15.0%
- Net income as a percentage of net sales of 15.9%
- Net bookings of € 1,399 million, including 3 EUV systems

* Installed Base Management equals our service and field option sales

Q2 Outlook

- Q2 2019 net sales between € 2.5 billion and € 2.6 billion
 - including EUV system revenue of around € 600 million
- Gross margin between 41% and 42%
- R&D costs of around € 485 million
- SG&A costs of around € 125 million
- Estimated annualized effective tax rate around 11% for 2019

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People and legal matters

Growth in numbers of employees worldwide

US

2017: 4,348

2018: 5,155

Growth 19%

Europe

2017: 10,537

2018: 12,702

Growth 21%

Asia

2017: 4,331

2018: 5,390

Growth 24%

Total Worldwide

2017: 19,216

2018: 23,247 FTE

Growth 21%

XTAL court case – the facts

- In November 2018, a jury in the Santa Clara Superior Court in found a US based company called XTAL guilty of misappropriation of trade secrets and inducing, aiding and abetting former employees of ASML to breach their contracts with and their fiduciary duties and loyalty to ASML.
- These former employees, with Chinese and US nationalities, misappropriated certain source code and Intellectual Property (IP) in 2015 from Brion, a US subsidiary of ASML.
- The source code and IP relate to Process Window Enhancement (PWE). This business, which is separate and distinct from ASML's main systems business, represents less than 1% of ASML's annual revenue. ASML's core technology was not affected
- XTAL is a Silicon Valley based company, with funding from entities from South-Korea and China.
- XTAL's aim was to create a competing product and sell it to an existing ASML customer in South Korea, who had also invested in XTAL.
- Based on the facts and on third party investigative work, ASML reached the conclusion that the objective of XTAL and the former employees was to enrich themselves by using the misappropriated trade secrets and IP.
- No evidence was found of any direct Chinese government involvement in this matter.

XTAL court case – no grounds for disclosure

- There is no sustained actual damage to speak of. The business concerned is small and not our core business, XTAL's business deal with the South-Korean customer was thwarted hence ASML did not lose any business, and the stolen information was not lost and is still at our disposal.
- The basis for the monetary award to ASML is *not* actual damages suffered by ASML. Rather, the primary driver for the award was the R&D costs that XTAL had avoided by stealing our IP and trade secrets. ASML is actively working with the relevant customers to enable continued access to the technology.
- The preliminarily awarded amount of USD 223 million was and still is not a receivable in view of XTAL's financial situation and ultimate bankruptcy and, moreover, is still to be finally determined by the judge.
- In light of the above, the matter was insufficiently material to otherwise merit or require mentioning in ASML's financial accounts or management reports, let alone to require prompt disclosure as inside information/price sensitive information.

IP Protection at ASML

- ASML's Board of Management is deeply committed to protecting ASML's IP. Therefore, the company has taken and continues to take significant measures in this regard.
- These measures are not just of a technical nature, but also include continued efforts to maintain a culture of awareness and compliance amongst its employees and other stakeholders.
- Part of this is the relentless pursuit of individuals or entities that violate or threaten to violate our IP in any way.
- ASML's immediate legal action against XTAL and several former employees is in line with our policy in this regard.

January 2019: Nikon, ASML and Carl Zeiss to settle all litigation

- A binding agreement that concerns all pending disputes between Nikon, ASML and Zeiss in Europe, Japan and the United States, including at the U. S. International Trade Commission
- A definitive settlement and cross-license agreement, dismissing all legal proceedings between the parties in February 2019.
- A payment to Nikon by ASML and Zeiss of a total of EUR 150 million (approximately 19.0 billion Japanese Yen).
- Mutual royalty payments of 0.8% over the sales of immersion lithography systems for 10 years from the signature date of the parties' definitive agreement.

Mapper

- In January, ASML announced the acquisition of the intellectual property assets of Mapper, a Delft-based high-tech company.
- In Q1 2019, approximately 100 former Mapper employees joined ASML
- They are now working in projects for our Applications business:
 - 80 employees in multi-beam
 - 20 employees in YieldStar
- The R&D employees who joined ASML will initially remain in Delft.

The image features the ASML logo in a bold, dark blue font on the left side. The background is a gradient of light blue, with several large, overlapping, curved shapes that resemble waves or stylized letters. On the right side, there are several thin, white, wavy lines that flow from the center towards the right edge, creating a sense of motion and depth. The overall aesthetic is clean, modern, and professional.

ASML

Agenda

- 3a. Bespreking van de implementatie van het Beloningsbeleid voor de Directie (**Discussiepunt**)

Implementation Remuneration Policy in 2018 (1/2)

Main elements of the execution of the Remuneration Policy in 2018 are:

1. Base salaries of the BoM have not been increased
2. Short-Term Incentive (STI) payout over 2018 has been 78.3% of max (117.5% of target (65%), i.e. 76.4% of base salary)
 - Non-financial performance criteria (Technology Leadership Index and Market Position): both achieved between target and maximum performance level
 - Financial performance criteria:
 - EBIT margin: 107% payout of target
 - EUV shipments: 100% payout of target
 - Free Cash Flow: 150% payout of target

Implementation Remuneration Policy in 2018 (2/2)

3. Long-Term Incentive (LTI) payout over performance period 2016-2017-2018 has been 75% of max

- ASML ranked 5th in the ROAIC Peer Group (leading to a payout of 50% of max)
- The qualitative target was evaluated at 100% of max
- Total is 65% of max, however, the Supervisory Board decided to use its discretion and increase payout to 75% of max, to better reflect company achievements during 3-year performance period.

The concept of ROAIC peer group ranking can lead to undesired effects, e.g. related to the strategic investments / acquisitions that ASML did during the last years (Cymer, HMI, Zeiss) which leads to a drop in ROAIC, despite positive traction of these investments and shareholder value already created.

As from 2017 absolute ROAIC (instead of peer group rank) and TSR is used in ASML LTI. The current vested series is the last series using ROAIC compared to peer group.

Agenda

- 3b. Voorstel tot vaststelling van de overeenkomstig de Nederlandse wet opgestelde jaarrekening van de Venootschap over het boekjaar 2018 (**Stempunt**)

Agenda



Stemming gesloten

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Slide 26

April 24, 2019

Proefstemming

“De shuttle service naar de ingang van gebouw 7 is een goed initiatief.”



- 3b. Voorstel tot vaststelling van de overeenkomstig de Nederlandse wet opgestelde jaarrekening van de Venootschap over het boekjaar 2018 (**Stempunt**)

Agenda

- 3c. Toelichting op het reserverings- en dividendbeleid van de Vennootschap (**Discussiepunt**)



- 3d. Voorstel tot vaststelling van een dividend van EUR 2,10 per gewoon aandeel (**Stempunt**)



- 4a. Voorstel tot verlening van decharge aan de leden van de Directie voor de uitoefening van hun functie in het boekjaar 2018
(Stempunt)



- 4b. Voorstel tot verlening van decharge aan de leden van de Raad van Commissarissen voor de uitoefening van hun functie in het boekjaar 2018 (**Stempunt**)

5. Voorstel tot goedkeuring van een aantal wijzigingen in het Beloningsbeleid van de Directie (**Stempunt**)

Adjustments Remuneration Policy BoM (1/2)

Current Remuneration Policy for the Board of Management was adopted by the Annual General Meeting of Shareholders of April 26, 2017 and became effective per January 1, 2017

Changes effective Jan 1, 2019:

- **Reference Group:** removed two smallest companies (UCB and Gemalto) and added a larger company (SAP), to ensure ASML continues to position around the middle in terms of size (enterprise value, revenue and number of employees). The adjustment was necessary after the growth of the company since the last review. Impact of changing reference group is small: median TDC ('total direct compensation') is 0.6% higher for CEO positions and 1.5% higher for other Board of Management positions (review done in 2018 based on 2017 data)

Adjustments Remuneration Policy BoM (2/2)

Changes effective Jan 1, 2019:

- **STI and LTI:** proposal to increase short-term incentive (STI) and long-term incentive (LTI) target percentages as follows:

	Presidents	Other BoM members
STI	80% (was 65%)	80% (was 65%)
LTI	110% (was 100%)	100% (was 85)

The current variable pay levels (STI & LTI) and total compensation are below market. Together with the base salary increase, the increase in STI and LTI target percentages will bring the pay mix and the total compensation (at target) closer to the (median) market levels of the reference group (benchmark 2018, based on 2017 market data). Works Council of ASML Netherlands B.V. has been timely provided with opportunity to determine its position on these adjustments, and is in favor thereof.



5. Voorstel tot goedkeuring van een aantal wijzigingen in het Beloningsbeleid van de Directie (**Stempunt**)



6. Voorstel tot goedkeuring van het aantal aandelen toe te kennen aan de Directie (**Stempunt**)

7. Bespreking van het aangepaste profiel van de Raad van Commissarissen (**Discussiepunt**)

Agenda

8. Samenstelling van de Raad van Commissarissen
(4 stempunten; 1 discussiepunt)



- 8a. Voorstel tot herbenoeming van de heer G.J. (Gerard) Kleisterlee als lid van de Raad van Commissarissen (**Stempunt**)



- 8b. Voorstel tot herbenoeming van mevrouw A.P. (Annet) Aris als lid van de Raad van Commissarissen **(Stempunt)**



- 8c. Voorstel tot herbenoeming van de heer R.D. (Rolf-Dieter) Schwalb als lid van de Raad van Commissarissen (**Stempunt**)



- 8d. Voorstel tot herbenoeming van de heer W.H. (Wolfgang) Ziebart als lid van de Raad van Commissarissen (**Stempunt**)

- 8e. Samenstelling van de Raad van Commissarissen in 2020
(Discussiepunt)

9. Voorstel tot wijziging van de beloning van de Raad van Commissarissen (**Stempunt**)

Adjustments Remuneration SB

Last increase of SB remuneration took place in 2017 (for SB Member in 2014)

Proposed remuneration effective 24 April 2019:

Annual amounts in EUR	New (proposed)	Current
Chair	110,000	100,000
Vice-chair	80,000	70,000
Member	70,000	60,000
Audit Committee Chair	23,000	20,000
Audit Committee member	15,000	13,000
Chair other committees	18,000	15,000
Member other committees	12,000	10,000
Extra allowance for intercontinental meetings	5,000 per meeting	20,000 additional annual fee for SB members outside Europe

Increase is to reflect developments since 2017, growth of the Company, increase of responsibilities, workload and liabilities for SB members

Advised by independent external expert and based on compensation benchmark AEX companies (two-tier board)



9. Voorstel tot wijziging van de beloning van de Raad van Commissarissen (**Stempunt**)



10. Voorstel tot benoeming van KPMG Accountants N.V. als externe accountant voor het rapportagejaar 2020 (**Stempunt**)

11. Voorstellen om de Directie aan te wijzen als het orgaan dat bevoegd is tot uitgifte van gewone aandelen of tot toekenning van rechten tot het verwerven van gewone aandelen, alsmede tot het beperken of uitsluiten van het aan de aandeelhouders toekomende voorkeursrecht **(4 Stempunten)**



- 11a. Aanwijzing tot uitgifte van gewone aandelen of tot toekenning van rechten tot het verwerven van gewone aandelen tot 5% voor algemene doeleinden **(Stempunt)**



- 11b. Aanwijzing tot het beperken of uitsluiten van voorkeursrechten met betrekking tot agendapunt 11a) **(Stempunt)**



- 11c. Aanwijzing tot uitgifte van aandelen of tot toekenning van rechten tot het verwerven van gewone aandelen tot 5% in verband met of ter gelegenheid van fusies, acquisities en/of (strategische) allianties **(Stempunt)**



- 11d. Aanwijzing tot het beperken of uitsluiten van voorkeursrechten met betrekking tot agendapunt 11 c) **(Stempunt)**

Agenda

12. Voorstellen om de Directie te machtigen om gewone aandelen te verwerven tot 20% van het geplaatst aandelenkapitaal
(2 Stempunten)



- 12a. Machtiging om gewone aandelen in te kopen tot een maximum van 10% van het geplaatste kapitaal (**Stempunt**)



- 12b. Machtiging om additioneel gewone aandelen in te kopen tot een maximum van 10% van het geplaatste kapitaal (**Stempunt**)



13. Voorstel tot intrekking van gewone aandelen (**Stempunt**)

Agenda

14. Rondvraag

15. Sluiting

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ASML