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VBF – Dag van de tips - ASML

Sam van der Zalm

Manager Investor Relations - Europe

28 September 2019 | Gent

Who is Sam van der Zalm

- 45 years old, married, 2 daughters and 1 son
- Studied Mechanical Engineering and Technical Business **Administrations**
- First job at Cap Gemini as BaaN ERP consultant capgemini
- Joined ASML on 15th March 2000 **ASML** ٠
- Started in a commercial Logistics role for Asian customers ٠
- Moved to internal sales role supporting US customers
- Then moved to Manufacturing project lead but
- Missed the business side and joined HQ Account Management for Japanese account
- Since December 2015, Manager Investor Relations Europe

Excuses voor mijn Denglish



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Insert Video

Our story begins in the Philips labs of the 1980s Humble beginnings make for a strong can-do culture

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Started as a joint venture by Philips and ASMI

Just 31 employees with a can-do attitude It took a decade of perseverance to break into the market

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Innovation and perseverance have brought us to here

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All major chipmakers use ASML's technology

Europe's 2nd biggest tech company by market cap (~90B€)

Annual R&D budget of 1.9B€ (estimated 2019)



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The IC industry broke records last year





1 trillion units shipped

The industry shipped 130 chips for every man, woman and child on this planet.

\$468.8B in sales

From 300B (2007) to a new record 468.8B in 2018

ASML operates in an industry value chain that has considerable means with strong incentives to compete and drive innovation

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Top technology companies in our ecosystem (EBIT CY2018, B\$)



Source: Bloomberg (GICS 45 classification)

New trends are propelling our industry

Immersive worlds Lightning-fast connectivity

Self-driving cars

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Big data & Al

We collaborate in a vast network of fundamental research and supplier partners



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Supplier and technology network: ~ 50,000 people



Technological progress all starts with the chip We make machines that make chips



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Our state-of-the-art 'EUV' machine





• Average sales price: ~€ 5 million – ~€ 270 million



Faster stages are crucial to deliver on the promise

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Acceleration of wafer stage ~2x

NXE:3400B reticle stage



High NA reticle stage prototype



EUV system transport to customer takes 3 Boeing 747s

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Our industry pushes on to create the world of tomorrow



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5G connectivity

Self-driving cars

Virtual Reality

Smart homes

Machine learning

Internet of Things

Augmented Reality Artificial Intelligence Robotics

New chip architectures Big Data

The 4th Industrial Revolution

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ASML total revenues grew at a CAGR of 12% since 2010

- **Systems revenue** grew at a 10% CAGR since 2010
- Installed base management
 - 20% CAGR since 2010 driven by holistic lithography, upgrades and growing installed base
 - Now approximately one quarter of our total revenue
- Gross Margin trend reflecting the strength of our DUV and Applications business and progress in EUV profitability



ASML's capital allocation policy

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Focused investment in our business through R&D, Capex and strategic M&A



Distribute excess cash to shareholders through a combination of share buybacks and growing dividends



Maintain a strong and flexible balance sheet

ASML updated Financial Model (Investor-day 2018)

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	2018 (Actual)	2020 (CMD 2016)	2020 (CMD 2018) (Moderate market)	2025 (Scenarios)
Total Sales	10.9B€	~11B€	~13B€	~15 - 24B€
Gross margin %	46.0%	>50%	>50%	>>50%
R&D % sales	14%	~13%	~14%	~13%
SG&A % sales	4%	~4%	~4%	~4%
Capex % sales	5%	~4%	~4%	~3%

Executive summary

- Healthy semiconductor end market growth driven by major innovation in semiconductor enabled computing provides long term growth opportunity
- Shrink is a key industry driver supporting innovation and providing long term industry growth
- Holistic Lithography enables affordable shrink and therefore delivers compelling value for our customers
- DUV, EUV and Application products are highly differentiated solutions that combined provide **unique value drivers** for our customers and ASML
- **EUV** will **enable** continuation of Moore's Law and will drive long term value for ASML well into the next decade
- ASML models an annual revenue opportunity of € 13 billion in 2020 and between € 15 24 billion through 2025
- ASML expects to continue to return significant amounts of cash to shareholders through a combination of share buybacks and growing dividends while holding on to its long-held conservative financial policy

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