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ASML reports Q3 results as guided and remains on track for record 2015 sales
Two new lithography scanners launched in the last quarter

VELDHOVEN, the Netherlands, October 14, 2015 - ASML Holding N.V. (ASML) today publishes its 2015 third-quarter results.

- Q3 net sales of EUR 1.55 billion, gross margin 45.4 percent, in line with guidance
- ASML guides Q4 2015 net sales at approximately € 1.4 billion and a gross margin of around 45%
- Both the TWINSCAN NXT immersion lithography platform and the NXE Extreme Ultraviolet (EUV) platform upgraded for next-generation chip production

(Figures in millions of euros unless otherwise indicated)	Q2 2015	Q3 2015
Net sales	1,654	1,549
...of which service and field option sales	520	574
Other income (Co-Investment Program)	21	21
New systems sold (units)	34	39
Used systems sold (units)	7	5
Average Selling Price (ASP) of net system sales	27.7	22.2
Net bookings*	1,523	904
Systems backlog*	3,015	2,880
Gross profit	754	703
Gross margin (%)	45.6	45.4
Net income	370	322
EPS (basic; in euros)	0.86	0.75
End-quarter cash and cash equivalents and short-term investments	2,520	2,681

*) For the adjusted definition of our net bookings and systems backlog see footnote 4 of our US GAAP Consolidated Financial Statements.
A complete summary of US GAAP Consolidated Statements of Operations is published on www.asml.com

CEO Statement

"We reported third-quarter sales and gross margin that were in line with our guidance, with a strong showing of the memory segment at more than 50 percent of system sales as well as record service and field option sales. ASML continues to support our customers' technology roadmaps through product innovations as evidenced by our new NXT:1980 immersion system which provides around 30 percent overlay and 10 percent throughput improvement. These systems started shipping in Q3 with the ramp starting this quarter," ASML President and Chief Executive Officer Peter Wennink said.

"In Extreme Ultraviolet (EUV) lithography, we continue to make progress towards our 2015 productivity and availability targets. We have proven the capability both to expose 1,000 wafers per day and, in a manufacturing readiness test, to expose 15,000 wafers in four weeks. We have also achieved a four-week average availability of more than 70 percent at multiple customer sites. The first shipment of our fourth-generation EUV lithography system, the NXE:3350B, is in progress, with two more expected to ship in Q4.

"Compared to our expectation of three months ago, foundry customers are slightly more cautious with their investment plans. As a result, we expect Q4 sales below the Q3 level, but we remain on track for a record year in terms of sales. Despite slightly lower deliveries to our logic customers in Q3 and Q4, this segment clearly remains committed to ramp the 10 nanometer node, which we expect to start in Q2 2016. Currently, our memory customers indicate that their system demand will continue at a healthy level throughout the first half of 2016, albeit somewhat below the Q3 level."

Q3 Product Highlights

- Shipment of the first two TWINSCAN NXT:1980 systems. Demonstrating a more than 30 percent improvement in overlay to 1.2 nanometer (nm) and a 40 percent improvement in focus uniformity to less than 10 nm, the NXT:1980 supports increasingly demanding multiple-patterning performance requirements while boosting throughput by 10 percent to 275 wafers per hour.
- In Holistic Lithography, leading customers are using our full suite of process window enhancement solutions to optimize both scanner settings and full-chip mask patterns in immersion multiple patterning for the best yield in 1x nm node production. They have also evaluated our NXE source-mask optimization software for EUV imaging of critical layers in development of the next generation devices. It has demonstrated

substantial improvement in process window, CD uniformity and pattern placement for both 7 and 5 nm node logic and 1x nm node memory.

- The first NXE:3350B EUV system is being shipped. The system achieves an overlay of 1.0 nanometers, a 50 percent improvement over the NXE:3300B, and also features a lens with a higher transmission, which means it generates higher throughput from a given EUV power source.

Outlook

For the fourth-quarter of 2015, ASML expects net sales at approximately € 1.4 billion, a gross margin of around 45%, R&D costs of about € 270 million, other income of about € 20 million -- which consists of contributions from participants of the Customer Co-Investment Program --, SG&A costs of about € 90 million and an effective annualized tax rate of around 11%.

Update Share Buyback Program

As part of ASML's policy to return excess cash to shareholders through dividend and regularly timed share buybacks, ASML in January 2015 announced its intention to purchase up to 3.3 million shares in 2015-2016 to cover employee stock and stock option plans (ESOPs). In addition, ASML announced its intention to purchase up to EUR 750 million of shares in 2015-2016 under this program, which it intends to cancel upon repurchase.

On July 14, 2015, ASML completed the purchase of 3.3 million shares for ESOPs for a total amount of EUR 314.9 million. In addition, from July 16, 2015 to September 27, 2015, ASML has acquired 1.3 million shares which will be cancelled for a total consideration of EUR 111.2 million. In total ASML has acquired 4.6 million shares under the program for a total consideration of EUR 426.1 million.

The share buyback program may be suspended, modified or discontinued at any time. All transactions under this program will be published on ASML's website (www.asml.com/investors).

About ASML

ASML makes possible affordable microelectronics that improve the quality of life. ASML invents and develops advanced technology for high-tech lithography, metrology and software solutions for the semiconductor industry. ASML's guiding principle is continuing Moore's Law towards ever smaller, cheaper, more powerful and energy-efficient semiconductors. Our success is based on three pillars: technology leadership combined with customer and supplier intimacy, highly efficient processes and entrepreneurial people. We are a multinational company with over 70 locations in 16 countries, headquartered in Veldhoven, the Netherlands. We employ more than 14,000 people on payroll and flexible contracts (expressed in full time equivalents). Our company is an inspiring place where employees work, meet, learn and share. ASML is traded on Euronext Amsterdam and NASDAQ under the symbol ASML. More information about ASML, our products and technology, and career opportunities is available on: www.asml.com

Investor and Media Conference Call

A conference call for investors and media will be hosted by CEO Peter Wennink and CFO Wolfgang Nickl at 15:00 PM Central European Time / 09:00 AM U.S. Eastern time. To register for the call and receive dial-in information, go to www.asml.com/qresultscall. Listen-only access is also available via www.asml.com.

US GAAP and IFRS Financial Reporting

ASML's primary accounting standard for quarterly earnings releases and annual reports is US GAAP, the accounting principles generally accepted in the United States of America. Quarterly US GAAP consolidated statements of operations, consolidated statements of cash flows and consolidated balance sheets, and a reconciliation of net income and equity from US GAAP to IFRS as adopted by the EU ('IFRS') are available on www.asml.com

In addition to reporting financial figures in accordance with US GAAP, ASML also reports financial figures in accordance with IFRS for statutory purposes. The most significant differences between US GAAP and IFRS that affect ASML concern the capitalization of certain product development costs, the accounting of share-based payment plans and the accounting of income taxes. ASML's quarterly IFRS consolidated statement of profit or loss, consolidated statement of cash flows, consolidated statement of financial position and a reconciliation of net income and equity from US GAAP to IFRS are available on www.asml.com

The consolidated balance sheets of ASML Holding N.V. as of September 27, 2015, the related consolidated statements of operations and consolidated statements of cash flows for the quarter ended September 27, 2015 as presented in this press release are unaudited.

Regulated Information

This press release constitutes regulated information within the meaning of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Forward Looking Statements

This document contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to our outlook, including expectations for the fourth quarter, expected customer demand in specified market segments including memory, logic and foundry, expected trends, expected liquidity and capital structure, expected levels of service sales, systems backlog, expected financial results, including expected sales, other income, gross margin, earnings per share and R&D and SG&A expenses and effective tax rate, annual revenue opportunity for ASML, productivity of our tools and systems performance, TWINSCAN and EUV system performance (such as endurance tests), expected industry trends, roadmaps and growth of the semiconductor industry, statements with respect to expected system shipments, including the number of EUV systems expected to be shipped and timing of shipments and other EUV targets (including availability, productivity and shipments) and roadmaps, the expected continuation of Moore's law, expected annual revenue growth and goals for holistic lithography, intention to return excess cash to shareholders, and statements about our dividend policy and intention to repurchase shares. 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" 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, without limitation, economic conditions, product demand and semiconductor equipment industry capacity, worldwide demand and manufacturing capacity utilization for semiconductors (the principal product of our customer base), including the impact of general economic conditions on consumer confidence and demand for our customers' products, competitive products and pricing, the impact of 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 new products, the number and timing of EUV systems expected to be shipped and recognized in revenue, delays in EUV systems production and development, our ability to enforce patents and protect intellectual property rights, the risk of intellectual property litigation, availability of raw materials and critical manufacturing equipment, 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, 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.

ASML - Summary IFRS Consolidated Statement of Profit or Loss [1,2]

	Three months ended,		Nine months ended,	
	Sep 28, 2014	Sep 27, 2015	Sep 28, 2014	Sep 27, 2015
(in millions EUR)				
Net system sales	884.5	975.3	3,157.5	3,356.3
Net service and field option sales	437.7	573.9	1,204.8	1,496.9
Total net sales	1,322.2	1,549.2	4,362.3	4,853.2
Total cost of sales	(762.0)	(860.0)	(2,504.0)	(2,662.1)
Gross profit	560.2	689.2	1,858.3	2,191.1
Other income	20.3	20.8	60.8	62.4
Research and development costs	(184.6)	(179.5)	(586.1)	(520.4)
Selling, general and administrative costs	(75.1)	(85.2)	(239.8)	(255.8)
Operating income	320.8	445.3	1,093.2	1,477.3
Interest and other, net	2.1	(4.3)	0.7	(6.3)
Income before income taxes	322.9	441.0	1,093.9	1,471.0
Benefit from (provision for) income taxes	(24.7)	(57.1)	(60.6)	(195.8)
Net income	298.2	383.9	1,033.3	1,275.2

ASML - Summary IFRS Consolidated Statement of Financial Position [1,2]

(in millions EUR)	Dec 31, 2014	Sep 27, 2015
ASSETS		
Property, plant and equipment	1,447.5	1,532.6
Goodwill	2,378.4	2,596.8
Other intangible assets	1,670.1	1,942.7
Deferred tax assets	142.7	147.2
Finance receivables	55.3	49.8
Derivative financial instruments	115.5	82.9
Other assets	329.3	346.5
Total non-current assets	6,138.8	6,698.5
Inventories	2,549.8	2,537.0
Current tax assets	43.9	42.8
Derivative financial instruments	38.3	52.1
Finance receivables	196.1	453.7
Accounts receivable	1,052.5	1,089.4
Other assets	293.6	302.7
Short-term investments	334.9	—
Cash and cash equivalents	2,419.5	2,680.9
Total current assets	6,928.6	7,158.6
Total assets	13,067.4	13,857.1
EQUITY AND LIABILITIES		
Equity	8,365.9	9,191.8
Long-term debt	1,149.9	1,125.3
Derivative financial instruments	2.8	2.1
Deferred and other tax liabilities	249.3	363.9
Provisions	3.6	2.8
Accrued and other liabilities	408.9	460.0
Total non-current liabilities	1,814.5	1,954.1
Provisions	2.4	2.4
Derivative financial instruments	64.9	18.4
Current portion of long-term debt	4.3	4.2
Current and other tax liabilities	36.3	1.6
Accrued and other liabilities	2,282.9	2,180.8
Accounts payable	496.2	503.8
Total current liabilities	2,887.0	2,711.2
Total equity and liabilities	13,067.4	13,857.1

ASML - Summary IFRS Consolidated Statement of Cash Flows [1,2]

(in millions EUR)	Three months ended, Sep 28, 2014	Three months ended, Sep 27, 2015	Nine months ended, Sep 28, 2014	Nine months ended, Sep 27, 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	298.2	383.9	1,033.3	1,275.2
Adjustments to reconcile net income to net cash flows from operating activities:				
Depreciation and amortization	77.6	91.9	273.0	261.5
Impairment	3.6	0.2	10.0	0.8
Loss on disposal of property, plant and equipment	0.9	0.3	2.1	1.6
Share-based payments	12.9	9.9	43.4	37.5
Allowance for doubtful receivables	0.1	0.6	0.3	2.7
Allowance for obsolete inventory	35.8	56.3	122.5	153.6
Deferred income taxes	(20.9)	59.4	(63.4)	114.3
Changes in assets and liabilities	(115.4)	(95.8)	(578.1)	(522.2)
Net cash provided by (used in) operating activities	292.8	506.7	843.1	1,325.0
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(84.2)	(86.5)	(230.4)	(251.3)
Purchase of intangible assets	(77.7)	(86.4)	(227.3)	(282.4)
Purchase of available for sale securities	(110.0)	—	(479.7)	—
Maturity of available for sale securities	169.9	25.0	619.9	334.9
Cash from (used for) derivative financial instruments	—	(37.8)	—	(164.8)
Net cash provided by (used in) investing activities	(102.0)	(185.7)	(317.5)	(363.6)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	—	—	(268.0)	(302.3)
Purchase of shares	(171.1)	(141.5)	(471.0)	(424.2)
Net proceeds from issuance of shares	10.6	9.0	24.2	23.5
Repayment of debt	(1.2)	(1.0)	(3.3)	(2.5)
Net cash provided by (used in) financing activities	(161.7)	(133.5)	(718.1)	(705.5)
Net cash flows	29.1	187.5	(192.5)	255.9
Effect of changes in exchange rates on cash	4.7	(1.6)	6.6	5.5
Net increase (decrease) in cash and cash equivalents	33.8	185.9	(185.9)	261.4

ASML - Quarterly Summary IFRS Consolidated Statement of Profit or Loss [1,2]

	Three months ended,				
	Sep 28, 2014	Dec 31, 2014	Mar 29, 2015	Jun 28, 2015	Sep 27, 2015
(in millions EUR)					
Net system sales	884.5	1,085.3	1,246.5	1,134.5	975.3
Net service and field option sales	437.7	408.7	403.4	519.6	573.9
Total net sales	1,322.2	1,494.0	1,649.9	1,654.1	1,549.2
Total cost of sales	(762.0)	(854.9)	(885.4)	(916.7)	(860.0)
Gross profit	560.2	639.1	764.5	737.4	689.2
Other income	20.3	20.2	20.8	20.8	20.8
Research and development costs	(184.6)	(149.8)	(164.1)	(176.8)	(179.5)
Selling, general and administrative costs	(75.1)	(78.9)	(82.7)	(87.9)	(85.2)
Operating income	320.8	430.6	538.5	493.5	445.3
Interest and other, net	2.1	1.9	(0.9)	(1.1)	(4.3)
Income before income taxes	322.9	432.5	537.6	492.4	441.0
Benefit from (provision for) income taxes	(24.7)	(47.5)	(67.6)	(71.1)	(57.1)
Net income	298.2	385.0	470.0	421.3	383.9

ASML - Quarterly Summary IFRS Consolidated Statement of Financial Position [1,2]

(in millions EUR)	Sep 28, 2014	Dec 31, 2014	Mar 29, 2015	Jun 28, 2015	Sep 27, 2015
ASSETS					
Property, plant and equipment	1,372.4	1,447.5	1,523.4	1,518.9	1,532.6
Goodwill	2,285.0	2,378.4	2,633.9	2,592.2	2,596.8
Other intangible assets	1,547.4	1,670.1	1,831.4	1,881.9	1,942.7
Deferred tax assets	344.1	142.7	151.5	146.8	147.2
Finance receivables	119.3	55.3	55.3	55.7	49.8
Derivative financial instruments	88.7	115.5	130.3	87.0	82.9
Other assets	257.2	329.3	342.0	348.0	346.5
Total non-current assets	6,014.1	6,138.8	6,667.8	6,630.5	6,698.5
Inventories	2,676.8	2,549.8	2,607.5	2,592.1	2,537.0
Current tax assets	76.7	43.9	94.3	52.3	42.8
Derivative financial instruments	38.1	38.3	41.1	51.0	52.1
Finance receivables	255.9	196.1	184.0	251.2	453.7
Accounts receivable	961.2	1,052.5	1,270.6	1,282.3	1,089.4
Other assets	258.1	293.6	353.8	320.4	302.7
Short-term investments	539.8	334.9	60.0	25.0	—
Cash and cash equivalents	2,144.8	2,419.5	2,778.5	2,495.0	2,680.9
Total current assets	6,951.4	6,928.6	7,389.8	7,069.3	7,158.6
Total assets	12,965.5	13,067.4	14,057.6	13,699.8	13,857.1
EQUITY AND LIABILITIES					
Equity	8,090.9	8,365.9	9,019.4	8,951.6	9,191.8
Long-term debt	1,133.4	1,149.9	1,155.5	1,115.8	1,125.3
Derivative financial instruments	3.0	2.8	2.6	2.3	2.1
Deferred and other tax liabilities	413.8	249.3	295.3	305.2	363.9
Provisions	4.0	3.6	3.7	3.2	2.8
Accrued and other liabilities	397.4	408.9	388.9	468.0	460.0
Total non-current liabilities	1,951.6	1,814.5	1,846.0	1,894.5	1,954.1
Provisions	2.3	2.4	2.4	2.4	2.4
Derivative financial instruments	63.5	64.9	118.4	38.1	18.4
Current portion of long-term debt	4.3	4.3	4.3	4.2	4.2
Current and other tax liabilities	71.1	36.3	32.4	18.1	1.6
Accrued and other liabilities	2,065.0	2,282.9	2,299.4	2,069.2	2,180.8
Accounts payable	716.8	496.2	735.3	721.7	503.8
Total current liabilities	2,923.0	2,887.0	3,192.2	2,853.7	2,711.2
Total equity and liabilities	12,965.5	13,067.4	14,057.6	13,699.8	13,857.1

ASML - Quarterly Summary IFRS Consolidated Statement of Cash Flows [1,2]

(in millions EUR)	Three months ended, Sep 28, 2014	Dec 31, 2014	Mar 29, 2015	Jun 28, 2015	Sep 27, 2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	298.2	385.0	470.0	421.3	383.9
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	77.6	80.1	80.3	89.3	91.9
Impairment	3.6	0.5	—	0.6	0.2
Loss on disposal of property, plant and equipment	0.9	1.4	0.9	0.4	0.3
Share-based payments	12.9	12.3	13.4	14.2	9.9
Allowance for doubtful receivables	0.1	(0.2)	0.4	1.7	0.6
Allowance for obsolete inventory	35.8	40.3	37.0	60.3	56.3
Deferred income taxes	(20.9)	33.3	40.1	14.8	59.4
Changes in assets and liabilities	(115.4)	(21.5)	(202.6)	(223.8)	(95.8)
Net cash provided by (used in) operating activities	292.8	531.2	439.5	378.8	506.7
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(84.2)	(127.9)	(85.6)	(79.2)	(86.5)
Purchase of intangible assets	(77.7)	(120.8)	(101.6)	(94.4)	(86.4)
Purchase of available for sale securities	(110.0)	(25.0)	—	—	—
Maturity of available for sale securities	169.9	229.9	274.9	35.0	25.0
Cash from (used for) derivative financial instruments	—	—	(64.0)	(63.0)	(37.8)
Net cash provided by (used in) investing activities	(102.0)	(43.8)	23.7	(201.6)	(185.7)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	—	—	—	(302.3)	—
Purchase of shares	(171.1)	(229.0)	(117.1)	(165.6)	(141.5)
Net proceeds from issuance of shares	10.6	15.5	4.4	10.1	9.0
Repayment of debt	(1.2)	(0.8)	(0.8)	(0.7)	(1.0)
Net cash provided by (used in) financing activities	(161.7)	(214.3)	(113.5)	(458.5)	(133.5)
Net cash flows	29.1	273.1	349.7	(281.3)	187.5
Effect of changes in exchange rates on cash	4.7	1.6	9.3	(2.2)	(1.6)
Net increase (decrease) in cash and cash equivalents	33.8	274.7	359.0	(283.5)	185.9

Notes to the Summary IFRS Consolidated Financial Statements

Basis of Presentation

The accompanying summary consolidated financial statements are stated in millions of euros (“EUR”) unless otherwise indicated.
ASML has prepared the accompanying summary consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”) accounting principles generally accepted in the Netherlands for companies quoted on Euronext Amsterdam. Further disclosures, as required under IFRS in annual reports and interim reporting (IAS 34), are not included in the summary consolidated financial statements.

For internal and external reporting purposes, we apply accounting principles generally accepted in the United States of America (“US GAAP”). US GAAP is our primary accounting standard for the setting of financial and operational performance targets.

Use of estimates

The preparation of our consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet dates, and the reported amounts of net sales and costs during the reported periods. Actual results could differ from those estimates.

Basis of consolidation

The consolidated financial statements include the financial statements of ASML Holding N.V. and all of its subsidiaries and the special purpose entity of which ASML is the primary beneficiary (referred to as “ASML”). All intercompany profits, balances and transactions have been eliminated in the consolidation. Subsidiaries are all entities over which ASML has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50 percent of the voting rights.

Revenue recognition

In general, we recognize the revenue from the sale of a system upon shipment and the revenue from the installation of a system upon completion of that installation at the customer site. Each system undergoes, prior to shipment, a "Factory Acceptance Test" in our cleanroom facilities, effectively replicating the operating conditions that will be present on the customer's site, in order to verify whether the system will meet its standard specifications and any additional technical and performance criteria agreed with the customer, if any. A system is shipped, and revenue is recognized, only after all specifications are met and customer sign-off is received or waived. In case not all specifications are met and the remaining performance obligation is not essential to the functionality of the system but is substantive rather than inconsequential or perfunctory, a portion of the sales price is deferred. Although each system's performance is re-tested upon installation at the customer's site, we have never failed to successfully complete installation of a system at a customer’s premises.

In connection with the introduction of new technology, such as NXE:3300B, we initially defer revenue recognition until acceptance of the new technology based system and completion of installation at the customer's premises. As our systems are based largely on two product platforms that permit incremental, modular upgrades, the introduction of genuinely “new” technology occurs infrequently, and in the past 15 years, has occurred on only two occasions: 2000 (TWINSCAN) and 2010 (EUV).

The main portion of our revenue is derived from contractual arrangements with our customers that have multiple deliverables, which mainly include the sale of our systems, installation and training services and prepaid extended and enhanced (optic) warranty contracts. The revenue relating to the undelivered elements of the arrangements is deferred until delivery of these elements. Revenue from installation and training services is recognized when the services are completed. Revenue from prepaid extended and enhanced (optic) warranty contracts is recognized over the term of the contract.

Foreign currency risk management

Our sales are predominately denominated in euros. Exceptions may occur on a customer by customer basis. Our cost of sales and other expenses are mainly denominated in euros, to a certain extent in U.S. dollars, Taiwanese dollars and Japanese yen and to a limited extent in other currencies. Therefore, we are exposed to foreign currency exchange risks.

It is our policy to hedge material transaction exposures, such as forecasted sales and purchase transactions, and material net remeasurement exposures, such as accounts receivable and payable. We hedge these exposures through the use of foreign exchange contracts.

ASML – Reconciliation US GAAP – IFRS [1,2]

Net income	Three months ended,		Nine months ended,	
	Sep 28, 2014	Sep 27, 2015	Sep 28, 2014	Sep 27, 2015
(in millions EUR)				
Net income based on US GAAP	*244.0*	*322.4*	*891.8*	*1,094.8*
Development expenditures (see Note 1)	47.6	57.3	110.7	189.7
Share-based payments (see Note 2)	(0.1)	0.4	4.1	2.4
Income taxes (see Note 3)	6.7	3.8	26.7	(11.7)
Net income based on IFRS	*298.2*	*383.9*	*1,033.3*	*1,275.2*

Shareholders' equity	Sep 28, 2014	Dec 31, 2014	Mar 29, 2015	Jun 28, 2015	Sep 27, 2015
(in millions EUR)					
Shareholders' equity based on US GAAP	*7,324.1*	*7,512.6*	*8,076.8*	*7,962.6*	*8,144.9*
Development expenditures (see Note 1)	702.3	792.1	878.1	937.9	995.7
Share-based payments (see Note 2)	20.7	21.0	22.4	22.0	18.3
Income taxes (see Note 3)	43.8	40.2	42.1	29.1	32.9
Equity based on IFRS	*8,090.9*	*8,365.9*	*9,019.4*	*8,951.6*	*9,191.8*

Notes to the reconciliation from US GAAP to IFRS

Note 1 Development expenditures

Under US GAAP, ASML applies ASC 730, “Research and Development”. In accordance with ASC 730, ASML charges costs relating to research and development to operating expense as incurred.

Under IFRS, ASML applies IAS 38, “Intangible Assets”. In accordance with IAS 38, ASML capitalizes certain development expenditures that are amortized over the expected useful life of the related product generally ranging between one and five years. Amortization starts when the developed product is ready for volume production.

Note 2 Share-based Payments

Under US GAAP, ASML applies ASC 718 “Compensation - Stock Compensation” which requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant-date fair value of those instruments. ASC 718’s general principle is that a deferred tax asset is established as we recognize compensation costs for commercial purposes for awards that are expected to result in a tax deduction under existing tax law. Under US GAAP, the deferred tax recorded on share-based compensation is computed on the basis of the expense recognized in the financial statements. Therefore, changes in ASML’s share price do not affect the deferred tax asset recorded in our financial statements.

Under IFRS, ASML applies IFRS 2, “Share-based Payments”. In accordance with IFRS 2, ASML records as an expense the fair value of its share-based payments with respect to stock options and shares granted to its employees. Under IFRS, at period end a deferred tax asset is computed on the basis of the tax deduction for the share-based payments under the applicable tax law and is recognized to the extent it is probable that future taxable profit will be available against which these deductible temporary differences will be utilized. Therefore, changes in ASML’s share price do affect the deferred tax asset at period-end and result in adjustments to the deferred tax asset.

Note 3 Income taxes

Under US GAAP, the elimination of unrealized net income from intercompany transactions that are eliminated from the carrying amount of assets in consolidation give rise to a temporary difference for which prepaid taxes must be recognized in consolidation. Contrary to IFRS, the prepaid taxes under US GAAP are calculated based on the tax rate applicable in the seller’s rather than the purchaser’s tax jurisdiction.

Under IFRS, ASML applies IAS 12, “Income Taxes”.In accordance with IAS 12 unrealized net income resulting from intercompany transactions that are eliminated from the carrying amount of assets in consolidation give rise to a temporary difference for which deferred taxes must be recognized in consolidation. The deferred taxes are calculated based on the tax rate applicable in the purchaser’s tax jurisdiction.

This document contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to our outlook, including expectations for the third quarter and second half of 2015, backlog, expected customer demand in specified market segments including memory, logic and foundry, expected trends, expected levels of service sales, systems backlog, expected financial results, including expected sales, other income, gross margin, earnings per share and R&D and SG&A expenses and effective tax rate, annual revenue opportunity for ASML, productivity of our tools and systems performance, TWINSCAN and EUV system performance (such as endurance tests), expected industry trends, statements with respect to expected system shipments, including the number of EUV systems expected to be shipped and timing of shipments and other EUV targets (including availability, productivity and shipments), the expected continuation of Moore's law, expected annual revenue growth and goals for holistic lithography, intention to return excess cash to shareholders, and statements about our dividend policy and intention to repurchase shares. 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" 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, without limitation, economic conditions, product demand and semiconductor equipment industry capacity, worldwide demand and manufacturing capacity utilization for semiconductors (the principal product of our customer base), including the impact of general economic conditions on consumer confidence and demand for our customers' products, competitive products and pricing, the impact of 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 new products, the number and timing of EUV systems expected to be shipped and recognized in revenue, our ability to enforce patents and protect intellectual property rights, the risk of intellectual property litigation, availability of raw materials and critical manufacturing equipment, trade environment, changes in exchange rates, changes in tax rates, available cash, distributable reserves for dividend payments and share repurchases, 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.

[1] These financial statements are unaudited.

[2] Numbers have been rounded.