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ASML Q1 2014 sales in line with guidance, gross margin above guidance

VELDHOVEN, the Netherlands, 16 April 2014 - ASML Holding N.V. (ASML) today publishes 2014 first-quarter results.

- Q1 2014 net sales as guided at around EUR 1.4 billion, with higher gross margin
- H1 2014 net sales expected to be around EUR 3 billion (including EUV)

(Figures in millions of euros unless otherwise indicated)	Q1 2014	Q4 2013
Net sales	**1,397**	**1,848**
...of which service and field option sales	**367**	**407**
Other income (Co-Investment Program)	**20**	**17**
New systems sold (units)	**35**	**53**
Used systems sold (units)	**5**	**3**
Net bookings, excluding EUV	**1,070**	**1,449**
Net bookings, excluding EUV (units)	**30**	**52**
ASP of booked systems, excluding EUV	**35.7**	**27.9**
Systems backlog, excluding EUV	**1,939**	**1,953**
Systems backlog, excluding EUV (units)	**47**	**56**
Gross profit	**610**	**806**
Gross margin (%)	**43.6**	**43.6**
Net income	**249**	**481**
EPS (basic; in euro)	**0.57**	**1.09**
End-quarter cash and cash equivalents and short-term investments	**2,998**	**3,011**

CEO Statement

"We are pleased to report that our first-quarter sales came in as expected, largely driven by memory customers. Our gross margin was better than expected because of a favourable product mix compared with what we had forecasted and the contribution of our Holistic Lithography products. Sales in the second quarter are however expected to be affected by adjustments of system demand from some logic customers. This means first-half 2014 sales will be around EUR 3 billion including sales from Extreme Ultraviolet (EUV) systems, versus earlier guidance of around EUR 3 billion which excluded EUV. For the remainder of the year, we see logic customers installing capacity for their 20/16/14 nanometer nodes but at the same time encountering timing uncertainties in next-generation device designs. In NAND memory, customers are expanding capacity and continuing their evaluation of vertical NAND and future-node planar technologies, resulting in uncertainties for system demand. Based on these recent developments, we currently estimate second and third quarter 2014 sales at a total of around EUR 3 billion. Independent of near-term fluctuations, our customers are still very focused on executing their technology roadmaps to support their fast innovation cycles. In this context, multiple customers are qualifying EUV for insertion at the 10 nanometer logic node. For process development purposes, customers typically require 100 wafers per day initially, increasing to 500 wafers per day on average for production qualification. We have provided customers with that initial capability and in 2016 we will provide our customers with the productivity needed for volume production. Our target is to recognize a total of eight EUV systems in revenue this year," said ASML President and Chief Executive Officer Peter Wennink.

Q1 2014 Product Highlights

- Shipments of our most advanced immersion lithography system, the TWINSCAN NXT:1970Ci, continue to ramp, with 24 systems in the backlog at the end of Q1, underscoring rapid customer adoption.
- We have expanded our TWINSCAN NXT portfolio to include the NXT:1965Ci, which will provide the optimum cost of ownership on a common platform and which will be upgradeable to the performance of the NXT:1970Ci and its successor.
- Adoption of our YieldStar metrology system and the associated Holistic Lithography products is broadening at the 20 and 16/14 nanometer logic nodes, and is now also expanding to memory manufacturers.
- We shipped the fourth NXE:3300B EUV system, to the fourth customer, and recognized one system in Q1 sales.

Outlook

- For the second quarter of 2014, ASML expects net sales of around EUR 1.6 billion, including EUV sales, a gross margin of 44 to 45 percent, R&D costs of about EUR 270 million, other income of about EUR 20 million -- which consists of contributions from participants of the Customer Co-Investment Program -- and SG&A costs of about EUR 85 million.

Update Share Buy Back Program

As part of ASML's policy to return excess cash to shareholders through dividend and regularly timed share buy-backs, ASML has announced its intention to purchase up to EUR 1.0 billion of its shares in 2013-2014. Through 30 March 2014, ASML has acquired 6.9 million shares under this program for total consideration of EUR 447 million. The repurchased shares will be cancelled. All transactions under the buy-back programs are published on ASML's website (www.asml.com/investors). The share buy-back program may be suspended, modified or discontinued at any time.

About ASML

ASML makes possible affordable microelectronics that improve the quality of life. ASML invents and develops complex technology for high-tech lithography machines 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 13,400 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 Eastern U.S. time. Dial-in numbers are: in the Netherlands +31 20 794 8485 and the US +1 480 629 9822. Listen-only access is also available via www.asml.com.

A presentation about 2014 first quarter results is available on www.asml.com

A video statement of CEO Peter Wennink is available on 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 30 March 2014, the related consolidated statements of operations and consolidated statements of cash flows for the quarter ended 30 March 2014 as presented in this press release are unaudited.

Regulated Information

This press release, the US GAAP consolidated financial statements and the IFRS consolidated financial statements published on www.asml.com comprise regulated information within the meaning of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Forward Looking Statements

"Safe Harbor" Statement under the US Private Securities Litigation Reform Act of 1995: the matters discussed in this document may include forward-looking statements, including statements made about our outlook, expected sales levels, systems backlog, IC unit demand, expected financial results, gross margin and expenses, and intention to repurchase shares. These forward looking statements are subject to risks and uncertainties including: 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, 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, 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, available cash, distributable reserves for dividend payments and share repurchases, our ability to successfully integrate Cymer, 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.

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

(in millions EUR)	Three months ended, Mar 30, 2014	Mar 31, 2013
Net system sales	1,030.0	676.9
Net service and field option sales	366.5	215.2
Total net sales	1,396.5	892.1
Total cost of sales	(818.9)	(570.8)
Gross profit	577.6	321.3
Other income	20.2	14.2
Research and development costs	(212.8)	(101.7)
Selling, general and administrative costs	(86.4)	(62.7)
Operating income	298.6	171.1
Interest and other, net	(2.6)	(0.2)
Income before income taxes	296.0	170.9
Benefit from (provision for) income taxes	(12.7)	(15.2)
Net income	283.3	155.7

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

(in millions EUR)	Mar 30, 2014	Dec 31, 2013
ASSETS		
Property, plant and equipment	1,231.2	1,217.8
Goodwill	2,114.0	2,111.3
Other intangible assets	1,402.7	1,375.6
Deferred tax assets	295.8	302.7
Finance receivables	46.2	46.0
Derivative financial instruments	68.2	30.8
Other assets	257.8	263.4
Total non-current assets	5,415.9	5,347.6
Inventories	2,547.7	2,393.0
Current tax assets	92.1	32.3
Derivative financial instruments	37.1	40.8
Finance receivables	298.6	250.5
Accounts receivable	832.2	878.3
Other assets	268.3	250.3
Short-term investments	599.7	679.9
Cash and cash equivalents	2,398.1	2,330.7
Total current assets	7,073.8	6,855.8
Total assets	12,489.7	12,203.4
EQUITY AND LIABILITIES		
Equity	7,711.8	7,544.8
Long-term debt	1,093.0	1,065.8
Derivative financial instruments	2.8	2.6
Deferred and other tax liabilities	403.0	439.9
Provisions	4.4	4.6
Accrued and other liabilities	320.6	280.5
Total non-current liabilities	1,823.8	1,793.4
Provisions	2.1	2.2
Derivative financial instruments	5.9	9.0
Current portion of long-term debt	4.4	4.4
Current and other tax liabilities	96.7	15.9
Accrued and other liabilities	2,116.0	2,207.8
Accounts payable	729.0	625.9
Total current liabilities	2,954.1	2,865.2
Total equity and liabilities	12,489.7	12,203.4

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

(in millions EUR)	Three months ended, Mar 30, 2014	Mar 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	283.3	155.7
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	96.6	63.0
Impairment	3.9	0.1
Loss on disposal of property, plant and equipment	0.7	0.1
Share-based payments	23.1	5.7
Allowance for doubtful receivables	0.1	0.3
Allowance for obsolete inventory	41.5	30.4
Deferred income taxes	(30.7)	6.9
Changes in assets and liabilities	(146.6)	(230.3)
Net cash provided by (used in) operating activities	271.9	31.9
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(75.5)	(27.3)
Purchase of intangible assets	(68.5)	(92.2)
Purchase of available for sale securities	(194.8)	(350.0)
Maturity of available for sale securities	275.0	440.0
Acquisition of subsidiaries (net of cash acquired)	-	-
Net cash provided by (used in) investing activities	(63.8)	(29.5)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Purchase of shares	(145.0)	-
Net proceeds from issuance of shares	5.5	10.4
Net proceeds from issuance of notes	-	-
Repurchase of notes	-	-
Capital repayment	-	-
Repayment of debt	(1.1)	(0.8)
Net cash provided by (used in) financing activities	(140.6)	9.6
Net cash flows	67.5	12.0
Effect of changes in exchange rates on cash	(0.1)	0.5
Net increase (decrease) in cash and cash equivalents	67.4	12.5

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

	Three months ended,				
(in millions EUR)	Mar 30, 2014	Dec 31, 2013	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013
Net system sales	1,030.0	1,441.2	959.5	915.5	676.9
Net service and field option sales	366.5	407.1	358.7	271.2	215.2
Total net sales	1,396.5	1,848.3	1,318.2	1,186.7	892.1
Total cost of sales	(818.9)	(1,073.1)	(808.3)	(707.1)	(570.8)
Gross profit	577.6	775.2	509.9	479.6	321.3
Other income	20.2	17.2	16.7	16.3	14.2
Research and development costs	(212.8)	(183.3)	(162.3)	(116.7)	(101.7)
Selling, general and administrative costs	(86.4)	(89.3)	(90.1)	(69.2)	(62.7)
Operating income	298.6	519.8	274.2	310.0	171.1
Interest and other, net	(2.6)	(2.1)	(9.8)	(6.7)	(0.2)
Income before income taxes	296.0	517.7	264.4	303.3	170.9
Benefit from (provision for) income taxes	(12.7)	(11.0)	(16.3)	(20.0)	(15.2)
Net income	283.3	506.7	248.1	283.3	155.7

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

(in millions EUR)	Mar 30, 2014	Dec 31, 2013	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013
ASSETS					
Property, plant and equipment	1,231.2	1,217.8	1,163.2	1,127.2	1,012.3
Goodwill	2,114.0	2,111.3	2,156.6	2,232.0	162.3
Other intangible assets	1,402.7	1,375.6	1,364.0	1,341.7	533.2
Deferred tax assets	295.8	302.7	282.5	237.5	189.5
Finance receivables	46.2	46.0	17.6	17.5	17.4
Derivative financial instruments	68.2	30.8	21.8	65.9	102.1
Other assets	257.8	263.4	261.6	223.6	207.8
Total non-current assets	5,415.9	5,347.6	5,267.3	5,245.4	2,224.6
Inventories	2,547.7	2,393.0	2,492.4	2,371.7	2,005.8
Current tax assets	92.1	32.3	33.3	55.9	64.8
Derivative financial instruments	37.1	40.8	56.2	35.0	32.6
Finance receivables	298.6	250.5	426.3	252.4	300.8
Accounts receivable	832.2	878.3	626.2	612.8	689.8
Other assets	268.3	250.3	278.0	232.5	215.2
Short-term investments	599.7	679.9	662.5	758.3	840.0
Cash and cash equivalents	2,398.1	2,330.7	2,061.2	1,592.3	1,780.1
Total current assets	7,073.8	6,855.8	6,636.1	5,910.9	5,929.1
Total assets	12,489.7	12,203.4	11,903.4	11,156.3	8,153.7
EQUITY AND LIABILITIES					
Equity	7,711.8	7,544.8	7,222.5	7,075.0	4,664.5
Long-term debt	1,093.0	1,065.8	1,075.8	732.9	743.8
Derivative financial instruments	2.8	2.6	2.7	2.9	11.8
Deferred and other tax liabilities	403.0	439.9	425.9	428.8	143.1
Provisions	4.4	4.6	6.2	6.9	6.6
Accrued and other liabilities	320.6	280.5	414.2	420.6	237.9
Total non-current liabilities	1,823.8	1,793.4	1,924.8	1,592.1	1,143.2
Provisions	2.1	2.2	2.3	2.4	3.3
Derivative financial instruments	5.9	9.0	8.5	9.1	3.4
Current portion of long-term debt	4.4	4.4	3.8	3.8	3.6
Current and other tax liabilities	96.7	15.9	17.7	1.8	18.2
Accrued and other liabilities	2,116.0	2,207.8	2,001.0	1,960.1	1,895.2
Accounts payable	729.0	625.9	722.8	512.0	422.3
Total current liabilities	2,954.1	2,865.2	2,756.1	2,489.2	2,346.0
Total equity and liabilities	12,489.7	12,203.4	11,903.4	11,156.3	8,153.7

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

	Three months ended,				
(in millions EUR)	Mar 30, 2014	Dec 31, 2013	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	283.3	506.7	248.1	283.3	155.7
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	96.6	102.9	86.2	68.8	63.0
Impairment	3.9	9.9	0.5	2.6	0.1
Loss on disposal of property, plant and equipment	0.7	1.7	0.5	0.5	0.1
Share-based payments	23.1	15.1	17.2	9.4	5.7
Allowance for doubtful receivables	0.1	(0.1)	0.5	0.4	0.3
Allowance for obsolete inventory	41.5	52.4	48.2	33.9	30.4
Deferred income taxes	(30.7)	14.5	(27.6)	32.2	6.9
Changes in assets and liabilities	(146.6)	(109.8)	(182.1)	133.2	(230.3)
Net cash provided by (used in) operating activities	271.9	593.3	191.5	564.3	31.9
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(75.5)	(77.7)	(55.3)	(50.5)	(27.3)
Purchase of intangible assets	(68.5)	(70.2)	(82.2)	(83.0)	(92.2)
Purchase of available for sale securities	(194.8)	(255.0)	(174.9)	(125.0)	(350.0)
Maturity of available for sale securities	275.0	237.6	270.7	246.7	440.0
Acquisition of subsidiaries (net of cash acquired)	-	-	-	(443.7)	-
Net cash provided by (used in) investing activities	(63.8)	(165.3)	(41.7)	(455.5)	(29.5)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	-	-	-	(216.1)	-
Purchase of shares	(145.0)	(163.7)	(51.6)	(84.7)	-
Net proceeds from issuance of shares	5.5	10.2	4.0	7.2	10.4
Net proceeds from issuance of notes	-	-	740.4	-	-
Repurchase of notes	-	-	(368.3)	-	-
Capital repayment	-	-	-	-	-
Repayment of debt	(1.1)	(1.2)	(1.2)	(0.9)	(0.8)
Net cash provided by (used in) financing activities	(140.6)	(154.7)	323.3	(294.5)	9.6
Net cash flows	67.5	273.3	473.1	(185.7)	12.0
Effect of changes in exchange rates on cash	(0.1)	(3.8)	(4.2)	(2.1)	0.5
Net increase (decrease) in cash and cash equivalents	67.4	269.5	468.9	(187.8)	12.5

Notes to the Summary IFRS Consolidated Financial Statements

Basis of Presentation

The accompanying 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 (“IFRS”) as adopted by the EU – accounting principles generally accepted in the Netherlands for companies quoted on Euronext Amsterdam. On May 30, 2013, we acquired 100% of the issued share capital of Cymer Inc., financial information presented in the Consolidated Financial Statements include Cymer Inc. as of that date. 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 as adopted by the EU 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 dates of the statement of financial position and the reported amounts of revenue and expenses 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 its subsidiaries and the special purpose entities over which ASML has control (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 one-half 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 ASML’s 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.

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 dominated in euros, to a certain extent in US dollars and

Japanese yen and to a limited extent in other currencies. Therefore, we are exposed to foreign currency exchange risk.

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,	
	Mar 30, 2014	Mar 31, 2013
(in millions EUR)		
Net income based on U.S. GAAP	*249.1*	*96.2*
Development expenditures (see Note 1)	27.5	58.0
Share-based payments (see Note 2)	0.7	0.8
Income taxes (see Note 3)	6.0	0.7
Net income based on IFRS	*283.3*	*155.7*

Shareholders' equity	Mar 30, 2014	Dec 31, 2013	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013
(in millions EUR)					
Shareholders' equity based on U.S. GAAP	*7,056.9*	*6,922.4*	*6,620.9*	*6,522.3*	*4,172.1*
Development expenditures (see Note 1)	610.2	582.7	555.7	507.3	456.1
Share-based payments (see Note 2)	26.0	27.0	27.9	27.1	4.2
Income taxes (see Note 3)	18.7	12.7	18.0	18.3	32.1
Equity based on IFRS	*7,711.8*	*7,544.8*	*7,222.5*	*7,075.0*	*4,664.5*

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 three 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 stock granted to its employees after November 7, 2002. 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” beginning from January 1, 2005. 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.

“Safe Harbor” Statement under the US Private Securities Litigation Reform Act of 1995: the matters discussed in this document may include forward-looking statements, including statements made about our outlook, expected sales levels, systems backlog, IC unit demand, expected financial results, gross margin and expenses, and intention to repurchase shares. These forward looking statements are subject to risks and uncertainties including: 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, 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, 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, available cash, distributable reserves for dividend payments and share repurchases, our ability to successfully integrate Cymer, 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.

1. These financial statements are unaudited.
2. Numbers have been rounded.

ASML - Summary U.S. GAAP Consolidated Statements of Operations [1,2]

(in millions EUR, except per share data)	Three months ended, Mar 30, 2014	Mar 31, 2013
Net system sales	1,030.0	676.9
Net service and field option sales	366.5	215.2
Total net sales	1,396.5	892.1
Total cost of sales	(787.0)	(551.4)
Gross profit	609.5	340.7
Other income	20.2	14.2
Research and development costs	(279.1)	(184.8)
Selling, general and administrative costs	(84.9)	(62.6)
Income from operations	265.7	107.5
Interest and other, net	(2.6)	(3.3)
Income before income taxes	263.1	104.2
Benefit from (provision for) income taxes	(14.0)	(8.0)
Net income	249.1	96.2
Basic net income per ordinary share	0.57	0.24
Diluted net income per ordinary share [3]	0.56	0.23
Weighted average number of ordinary shares used in computing per share amounts (in millions):		
Basic	440.0	407.5
Diluted [3]	443.5	410.6

ASML - Ratios and Other Data [1,2]

(in millions EUR, except otherwise indicated)	Three months ended, Mar 30, 2014	Mar 31, 2013
Gross profit as a percentage of net sales	43.6	38.2
Income from operations as a percentage of net sales	19.0	12.1
Net income as a percentage of net sales	17.8	10.8
Income taxes as a percentage of income before income taxes	5.3	7.6
Shareholders’ equity as a percentage of total assets	60.0	54.8
Sales of systems (in units)	40	29
Average selling price of system sales (EUR millions)	25.8	23.3
Value of systems backlog excluding EUV (EUR millions)	1,939	1,266
Systems backlog excluding EUV (in units)	47	42
Average selling price of systems backlog excluding EUV (EUR millions)	41.3	30.1
Value of booked systems excluding EUV (EUR millions)	1,070	715
Net bookings excluding EUV (in units)	30	25
Average selling price of booked systems excluding EUV (EUR millions)	35.7	28.6
Number of payroll employees in FTEs	10,582	8,625
Number of temporary employees in FTEs	2,867	2,249

ASML - Summary U.S. GAAP Consolidated Balance Sheets [1,2]

(in millions EUR)	Mar 30, 2014	Dec 31, 2013
ASSETS		
Cash and cash equivalents	2,398.1	2,330.7
Short-term investments	599.7	679.9
Accounts receivable, net	832.2	878.3
Finance receivables, net	298.6	250.5
Current tax assets	92.1	32.3
Inventories, net	2,547.7	2,393.0
Deferred tax assets	118.5	124.4
Other assets	353.9	336.5
Total current assets	7,240.8	7,025.6
Finance receivables, net	46.2	46.0
Deferred tax assets	129.1	139.5
Other assets	330.2	298.6
Goodwill	2,092.7	2,088.6
Other intangible assets, net	688.1	697.6
Property, plant and equipment, net	1,231.2	1,217.8
Total non-current assets	4,517.5	4,488.1
Total assets	11,758.3	11,513.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Total current liabilities	2,957.5	2,868.7
Long-term debt	1,097.3	1,070.2
Deferred and other tax liabilities	318.8	364.7
Provisions	4.4	4.6
Accrued and other liabilities	323.4	283.1
Total non-current liabilities	1,743.9	1,722.6
Total liabilities	4,701.4	4,591.3
Total shareholders' equity	7,056.9	6,922.4
Total liabilities and shareholders' equity	11,758.3	11,513.7

ASML - Summary U.S. GAAP Consolidated Statements of Cash Flows [1,2]

(in millions EUR)	Three months ended, Mar 30, 2014	Mar 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	249.1	96.2
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	64.7	44.5
Impairment	3.9	0.1
Loss on disposal of property, plant and equipment	0.7	0.1
Share-based payments	23.1	5.7
Allowance for doubtful receivables	0.1	0.3
Allowance for obsolete inventory	41.5	30.4
Deferred income taxes	(29.9)	0.3
Changes in assets and liabilities	(149.8)	(233.9)
Net cash provided by (used in) operating activities	203.4	(56.3)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(75.5)	(27.3)
Purchase of intangible assets	-	(4.0)
Purchase of available for sale securities	(194.8)	(350.0)
Maturity of available for sale securities	275.0	440.0
Acquisition of subsidiaries (net of cash acquired)	-	-
Net cash provided by (used in) investing activities	4.7	58.7
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Purchase of shares	(145.0)	-
Net proceeds from issuance of shares	5.5	10.4
Net proceeds from issuance of notes	-	-
Repurchase of notes	-	-
Repayment of debt	(1.1)	(0.8)
Tax benefit from share-based payments	-	-
Net cash provided by (used in) financing activities	(140.6)	9.6
Net cash flows	67.5	12.0
Effect of changes in exchange rates on cash	(0.1)	0.5
Net increase (decrease) in cash and cash equivalents	67.4	12.5

ASML - Quarterly Summary U.S. GAAP Consolidated Statements of Operations [1,2]

(in millions EUR, except per share data)	Three months ended, March 30, 2014	Dec 31, 2013	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013
Net system sales	1,030.0	1,441.2	959.5	915.5	676.9
Net service and field option sales	366.5	407.1	358.7	271.2	215.2
Total net sales	1,396.5	1,848.3	1,318.2	1,186.7	892.1
Total cost of sales	(787.0)	(1,042.6)	(787.4)	(686.7)	(551.4)
Gross profit	609.5	805.7	530.8	500.0	340.7
Other income	20.2	17.2	16.7	16.3	14.2
Research and development costs	(279.1)	(253.1)	(244.1)	(200.0)	(184.8)
Selling, general and administrative costs	(84.9)	(90.0)	(91.2)	(67.9)	(62.6)
Income from operations	265.7	479.8	212.2	248.4	107.5
Interest and other, net	(2.6)	(3.5)	(11.6)	(6.0)	(3.3)
Income before income taxes	263.1	476.3	200.6	242.4	104.2
Benefit from (provision for) income taxes	(14.0)	4.8	(7.5)	2.7	(8.0)
Net income	249.1	481.1	193.1	245.1	96.2
Basic net income per ordinary share	0.57	1.09	0.44	0.58	0.24
Diluted net income per ordinary share [3]	0.56	1.08	0.43	0.57	0.23
Weighted average number of ordinary shares used in computing per share amounts (in millions):					
Basic	440.0	442.0	443.0	426.1	407.5
Diluted [3]	443.5	445.7	447.1	430.4	410.6

ASML - Quarterly Summary Ratios and other data [1,2]

(in millions EUR, except otherwise indicated)	Three months ended, March 30, 2014	Dec 31, 2013	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013
Gross profit as a percentage of net sales	43.6	43.6	40.3	42.1	38.2
Income from operations as a percentage of net sales	19.0	26.0	16.1	20.9	12.1
Net income as a percentage of net sales	17.8	26.0	14.7	20.7	10.8
Income taxes as a percentage of income before income taxes	5.3	(1.0)	3.7	(1.1)	7.6
Shareholders' equity as a percentage of total assets	60.0	60.1	58.9	61.8	54.8
Sales of systems (in units)	40	56	34	38	29
Average selling price of system sales (EUR millions)	25.8	25.7	28.2	24.1	23.3
Value of systems backlog excluding EUV (EUR millions)	1,939	1,953	1,838	1,395	1,266
Systems backlog excluding EUV (in units)	47	56	59	42	42
Average selling price of systems backlog excluding EUV (EUR millions)	41.3	34.9	31.1	33.2	30.1
Value of booked systems excluding EUV (EUR millions)	1,070	1,449	1,415	1,065	715
Net bookings excluding EUV (in units)	30	52	51	38	25
Average selling price of booked systems excluding EUV (EUR millions)	35.7	27.9	27.7	28.0	28.6
Number of payroll employees in FTEs	10,582	10,360	10,187	10,001	8,625
Number of temporary employees in FTEs	2,867	2,865	2,825	2,482	2,249

ASML - Quarterly Summary U.S. GAAP Consolidated Balance Sheets [1,2]

(in millions EUR)	March 30, 2014	Dec 31, 2013	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013
ASSETS					
Cash and cash equivalents	2,398.1	2,330.7	2,061.2	1,592.3	1,780.1
Short-term investments	599.7	679.9	662.5	758.3	840.0
Accounts receivable, net	832.2	878.3	626.2	612.8	689.8
Finance receivables, net	298.6	250.5	426.3	252.4	300.8
Current tax assets	92.1	32.3	33.3	55.9	64.8
Inventories, net	2,547.7	2,393.0	2,492.4	2,371.7	2,005.8
Deferred tax assets	118.5	124.4	153.9	157.7	105.1
Other assets	353.9	336.5	387.3	292.3	278.6
Total current assets	7,240.8	7,025.6	6,843.1	6,093.4	6,065.0
Finance receivables, net	46.2	46.0	17.6	17.5	17.4
Deferred tax assets	129.1	139.5	65.7	52.5	40.3
Other assets	330.2	298.6	287.3	292.1	312.7
Goodwill	2,092.7	2,088.6	2,133.6	2,208.0	153.2
Other intangible assets, net	688.1	697.6	722.6	759.5	12.6
Property, plant and equipment, net	1,231.2	1,217.8	1,163.2	1,127.2	1,012.3
Total non-current assets	4,517.5	4,488.1	4,390.0	4,456.8	1,548.5
Total assets	11,758.3	11,513.7	11,233.1	10,550.2	7,613.5
LIABILITIES AND SHAREHOLDERS' EQUITY					
Total current liabilities	2,957.5	2,868.7	2,758.3	2,489.4	2,346.4
Long-term debt	1,097.3	1,070.2	1,079.6	735.6	746.6
Deferred and other tax liabilities	318.8	364.7	351.2	372.5	92.1
Provisions	4.4	4.6	6.2	6.9	6.6
Accrued and other liabilities	323.4	283.1	416.9	423.5	249.7
Total non-current liabilities	1,743.9	1,722.6	1,853.9	1,538.5	1,095.0
Total liabilities	4,701.4	4,591.3	4,612.2	4,027.9	3,441.4
Total shareholders' equity	7,056.9	6,922.4	6,620.9	6,522.3	4,172.1
Total liabilities and shareholders' equity	11,758.3	11,513.7	11,233.1	10,550.2	7,613.5

ASML - Quarterly Summary U.S. GAAP Consolidated Statements of Cash Flows [1,2]

(in millions EUR)	Three months ended, March 30, 2014	Dec 31, 2013	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income	249.1	481.1	193.1	245.1	96.2
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	64.7	67.5	67.9	48.8	44.5
Impairment	3.9	9.9	0.5	2.6	0.1
Loss on disposal of property, plant and equipment	0.7	1.7	0.5	0.5	0.1
Share-based payments	23.1	17.9	19.4	9.4	5.7
Allowance for doubtful receivables	0.1	(0.1)	0.5	0.4	0.3
Allowance for obsolete inventory	41.5	52.4	48.2	33.9	30.4
Deferred income taxes	(29.9)	(17.3)	(12.8)	7.1	0.3
Changes in assets and liabilities	(149.8)	(91.3)	(209.9)	133.5	(233.9)
Net cash provided by (used in) operating activities	203.4	521.8	107.4	481.3	(56.3)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(75.5)	(77.7)	(55.3)	(50.5)	(27.3)
Purchase of intangible assets	-	-	-	-	(4.0)
Purchase of available for sale securities	(194.8)	(255.0)	(174.9)	(125.0)	(350.0)
Maturity of available for sale securities	275.0	237.6	270.7	246.7	440.0
Acquisition of subsidiaries (net of cash acquired)	-	-	-	(443.7)	-
Net cash provided by (used in) investing activities	4.7	(95.1)	40.5	(372.5)	58.7
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	-	-	-	(216.1)	-
Purchase of shares	(145.0)	(163.7)	(51.6)	(84.7)	-
Net proceeds from issuance of shares	5.5	10.2	4.0	7.2	10.4
Net proceeds from issuance of notes	-	-	740.4	-	-
Repurchase of notes	-	-	(368.3)	-	-
Repayment of debt	(1.1)	(1.2)	(1.2)	(0.9)	(0.8)
Tax benefit from share-based payments	-	1.3	1.9	-	-
Net cash provided by (used in) financing activities	(140.6)	(153.4)	325.2	(294.5)	9.6
Net cash flows	67.5	273.3	473.1	(185.7)	12.0
Effect of changes in exchange rates on cash	(0.1)	(3.8)	(4.2)	(2.1)	0.5
Net increase (decrease) in cash and cash equivalents	67.4	269.5	468.9	(187.8)	12.5

Notes to the Summary U.S. GAAP Consolidated Financial Statements

Basis of Presentation
The accompanying consolidated financial statements are stated in millions of euros (‘EUR’) unless otherwise indicated. ASML follows accounting principles generally accepted in the United States of America (“US GAAP”). On May 30, 2013, we acquired 100% of the issued share capital of Cymer Inc., financial information presented in the Consolidated Financial Statements include Cymer Inc. as of that date. Further disclosures, as required under US GAAP in annual reports, are not included in the summary consolidated financial statements.

Use of estimates
The preparation of our consolidated financial statements in conformity with US GAAP 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 revenue and expenses during the reported periods. Actual results could differ from those estimates.

Principles of consolidation
The consolidated financial statements include the financial statements of ASML Holding N.V. and all of its subsidiaries and the variable interest entities in 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 one-half of the voting rights.

Revenue recognition
In general, ASML recognizes revenue when all four revenue recognition criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; seller’s price to buyer is fixed or determinable; and collectability is reasonably assured. At ASML this policy generally results in revenue recognition from the sale of a system upon shipment. The revenue from the installation of a system is generally recognized upon completion of that installation at the customer site. Each system undergoes, prior to shipment, a "Factory Acceptance Test" in ASML’s 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, ASML has never failed to successfully complete installation of a system at a customer’s premises.

The main portion of ASML’s 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. For each of the specified deliverables ASML determines the selling price by using either vendor specific objective evidence (‘VSOE’), third party evidence (‘TPE’) or by best estimate of the selling price (‘BESP’). When we are unable to establish relative selling price using VSOE or TPE, ASML uses BESP in its allocation of arrangement consideration. The total arrangement consideration is allocated at inception of the arrangement to all deliverables on the basis of their relative selling price. The revenue relating to the undelivered elements of the arrangements is deferred at their relative selling prices 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 dominated in euros, to a certain extent in US dollars and Japanese yen and to a limited extent in other currencies. Therefore, we are exposed to foreign currency exchange risk.

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,	
	Mar 30, 2014	Mar 31, 2013
(in millions EUR)		
Net income based on U.S. GAAP	*249.1*	*96.2*
Development expenditures (see Note 1)	27.5	58.0
Share-based payments (see Note 2)	0.7	0.8
Income taxes (see Note 3)	6.0	0.7
Net income based on IFRS	*283.3*	*155.7*

Shareholders' equity	Mar 30, 2014	Dec 31, 2013	Sep 29, 2013	Jun 30, 2013	Mar 31, 2013
(in millions EUR)					
Shareholders' equity based on U.S. GAAP	*7,056.9*	*6,922.4*	*6,620.9*	*6,522.3*	*4,172.1*
Development expenditures (see Note 1)	610.2	582.7	555.7	507.3	456.1
Share-based payments (see Note 2)	26.0	27.0	27.9	27.1	4.2
Income taxes (see Note 3)	18.7	12.7	18.0	18.3	32.1
Equity based on IFRS	*7,711.8*	*7,544.8*	*7,222.5*	*7,075.0*	*4,664.5*

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 three 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 stock granted to its employees after November 7, 2002. 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” beginning from January 1, 2005. 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.

“Safe Harbor” Statement under the US Private Securities Litigation Reform Act of 1995: the matters discussed in this document may include forward-looking statements, including statements made about our outlook, expected sales levels, systems backlog, IC unit demand, expected financial results, gross margin and expenses, and intention to repurchase shares. These forward looking statements are subject to risks and uncertainties including: 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, 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, 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, available cash, distributable reserves for dividend payments and share repurchases, our ability to successfully integrate Cymer, 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.

[1] These financial statements are unaudited.

[2] Numbers have been rounded.

[3] The calculation of diluted net income per ordinary share assumes the exercise of options issued under ASML stock option plans and the issuance of shares under ASML share plans for periods in which exercises or issuances would have a dilutive effect. The calculation of diluted net income per ordinary share does not assume exercise of such options or issuance of shares when such exercises or issuance would be anti-dilutive.