ams

Second quarter and half year results 2020

Alexander Everke, CEO
Ingo Bank, CFO
Moritz M. Gmeiner, Head of IR

July 2020
Vision for ams/OSRAM

Create the uncontested leader in optical solutions
Build the leading portfolio in optical solutions

Strength across the full range of key solution components

**Emitters**
- LEDs
- µLED
- VCSELs/EELs
- Lamps

**Optical components + micro-modules**
- Optical elements: Lenses, light guides, DOE
- Micro-optical packaging
- Optical modules

**Detectors**
- Light sensors
- Bio-sensors
- Image sensors

**Integrated circuits + algorithms**
- Emitter driver ICs
- Sensor interfaces
- Sensor processors (incl. algorithms)

**Micro-optical/optical solutions + lamps (modules)**

**Target applications**
- Sensing
- Illumination
- Visualization
Create the uncontested leader in optical solutions

Innovation + leadership
Pursue real innovation and market leadership in key optical components (emitters, optics, detectors, ICs, algorithms)

Micromodule + module solutions
Develop optical micromodule/module solutions for growth applications in sensing, illumination, visualization

Diversified business
Drive diversified business with balanced application mix and broad customer portfolio

Co-operation
Work with innovation leaders in each area, then roll out to broader customer base

In-house manufacturing
Focus in-house manufacturing on process steps driving product differentiation

M&A
Accelerate the implementation of our strategy through M&A

Leading financial performance
Deliver excellent financial performance in revenue growth and profitability
Strategic position to benefit from growth trends

Key technology trends driving the sensing market

Next generation displays
- \(\mu\)LED displays with full sensor-display integration
- Smart watches, mobile devices, smart home and building, in-car displays and HABA/Industrial

Autonomous driving
- LIDAR solutions with VCSEL- and EEL-based offering
- Leveraging front and rear lighting systems as LIDAR/sensor hubs

Digital automotive lighting
- Miniaturized light projectors for exterior and interior lighting solutions

Next generation imaging
- Ultra small wafer-level cameras for AR/VR glasses
- Heads-up displays in Automotive

Bio-sensing
- Bio-sensing using mid-IR tunable laser and detector
- Optical read-out for Lateral Flow Test (LFT)
- Take on the challenge of non-invasive glucose monitoring

Industrial IoT
- Presence detection and personalization
- Position detection
- Smart functions

In-cabin sensing (ICS) / HMI
- Driver monitoring including attention and health + comfort settings
- Gesture detection and authentication

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Diversified and balanced end market exposure

Well-diversified combined revenue mix
Revenue share %

<table>
<thead>
<tr>
<th>Segment</th>
<th>ams 2019</th>
<th>ams + OSRAM Target mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial and Medical</td>
<td>26%</td>
<td>20-30%</td>
</tr>
<tr>
<td>Automotive</td>
<td>74%</td>
<td>35-40%</td>
</tr>
<tr>
<td>Consumer</td>
<td>35-40%</td>
<td></td>
</tr>
</tbody>
</table>

Balanced exposure and business profile

- Extensive and accelerated diversification of revenues
- Meaningful but balanced size in Automotive, focus on growth areas
- Reduced exposure to Consumer
- Driving technology-based differentiation in targeted segments
Strong relationships power combined go-to-market

Complementary go-to-market access

- **ams**
  - Mobile
  - Wearable
  - Medical
  - Automotive
  - Select Industrial

- **OSRAM**
  - Automotive
  - Industrial
  - Consumer

Areas of relative strength

Extending customer reach across differentiated industries

- **ams**
  - All leading mobile and consumer OEMs
  - Major medical imaging vendors

- **OSRAM**
  - Automotive OEMs, Tier 1s and Industrial clients
  - Large Automotive sales force

Leverage high touch organization and serve combined customer base across markets
**Combined manufacturing/innovation footprint**

**Well-invested asset base following investment cycle: clear scale + potential for optimization**

<table>
<thead>
<tr>
<th>Europe</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regensburg</td>
<td>Penang</td>
</tr>
<tr>
<td>Graz</td>
<td>Wuxi</td>
</tr>
<tr>
<td>Singapore</td>
<td>Calamba</td>
</tr>
</tbody>
</table>

- Consolidate front-end LED production
- Accelerate micro-LED manufacturing process development
- Meaningful expected job additions across manufacturing and engineering
- Significant capacity available for growth with limited additional capex

**Invest and innovate in European front-end**

**Optimize Asian manufacturing footprint**

- Established three large scale new sites in recent years
- Assess consolidation of LED back-end production in Asia
- Explore streamlining of combined Asian manufacturing footprint
- Significant capacity available for growth with limited additional capex
Tangible synergies leverage combination

**Expected annual run-rate pre-tax synergies 3 years after closing**

<table>
<thead>
<tr>
<th>COGS synergies</th>
<th>OPEX synergies</th>
<th>Revenue synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Optimize LED front-end production</td>
<td>▪ Align corporate functions incl. marketing</td>
<td>▪ Leverage complementary go-to-market strengths</td>
</tr>
<tr>
<td>▪ Assess consolidation of LED back-end production</td>
<td>▪ Integrate IT functions and systems across ams and OSRAM</td>
<td>▪ Accelerate roadmaps in new optical solution areas</td>
</tr>
<tr>
<td>▪ Optimize ams’ Asian manufacturing footprint</td>
<td>▪ Optimize combined R&amp;D programs</td>
<td></td>
</tr>
</tbody>
</table>

>EUR120m
>EUR120m
>EUR60m

**Longer term**

Note:
1. Synergies based on assessment of summer 2019; run-rate synergies expected to be achieved by year 3 post closing; one-off expected integration costs of up to EUR400m
Sensing is life: high performance sensor solutions for leading OEMs, focus on sensor-rich markets

### Key figures

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues H1 2020 USD m</td>
<td>961</td>
</tr>
<tr>
<td>Revenue growth year-on-year</td>
<td>22%</td>
</tr>
<tr>
<td>Customers</td>
<td>8,000</td>
</tr>
<tr>
<td>Employees</td>
<td>9,000</td>
</tr>
<tr>
<td>Engineers</td>
<td>1,100</td>
</tr>
<tr>
<td>Patents</td>
<td>&gt;3,000</td>
</tr>
</tbody>
</table>

### Our markets (H1 2020)

**Consumer** – 83% of revenues

**Automotive, Industrial, Medical** – 17% of revenues
Sensing enables life
Sensors – an integral part of the digital transformation

- Autonomous driving
- Smart home & building
- Infrastructure automation
- Industrial IoT
- Personal health
- Smart consumer devices
- Human/machine interface
- Augmented reality

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3D sensing: leading across technologies

Leading player across 3D sensing architectures

- Industry-leading portfolio of technologies, products and IP
  - Broad coverage of all 3D architectures
  - Highly differentiated VCSEL/VCSEL array illumination
  - Outstanding portfolio in hardware, software, algorithm IP
  - High QE near-infrared global shutter image sensing
- Positioned for customer needs in all architectures:
  Structured light (SL), time-of-flight (iToF/dToF), active stereo vision (ASV)

Industry-leading solution expertise

- Leader in system know-how for SL, iToF, dToF, ASV, front-facing/world-facing
- Strong in 3D illumination, VCSEL leadership, adding NIR sensing to drive solutions

Key 3D sensing supplier in Consumer, upcoming Automotive LIDAR, early Industrial

- High volume 3D for top consumer OEMs
- Leading position in Android world-facing iToF illumination, behind-OLED 3D development in ASV, ASV full solution demos, dToF development
- Automotive momentum: solid-state 3D and other LIDAR, in-cabin sensing
- Industrial early moves: household, growing interest in secure access
3D sensing: NIR sensing, ASV, BOLED 3D

High performance near-infrared (NIR) sensing
- Ultra-sensitive ams NIR image sensing with state-of-the-art quantum efficiency (QE) of up to 40%
- Incorporating ams illumination expertise and core IP in global shutter technology, partnership with SmartSens

ASV: leveraging 3D expertise for ams system solution
- Integrating NIR sensor expands 3D offering for solution development
- Full 3D system capability based on leading 3D portfolio and expertise
- Front-facing ASV system – VCSEL to biometrics: projector illumination (VCSEL, driver, optics, module), ams IP NIR sensor, software (depth mapping, biometrics)
- Accelerating implementation of ASV system solutions: Consumer 3D, Automotive 2D/3D in-cabin sensing (ICS), early industrial (household, access)

BOLED 3D development
- Invisible BOLED 3D – moving 3D behind display: high security, high convenience, attractive design, ASV-based full system in development, potential to explore SL architecture
3D sensing: dToF development, VCSELs

**dToF 3D: leading know-how in upcoming 3D architecture**

- dToF offers outstanding 3D performance for difficult lighting conditions (high brightness) and longer distances
- Very attractive, technically complex architecture
- dToF roadmap for illumination and systems development - portfolio of VCSEL illumination, optics, SPAD, related IC - targeting high performance + long distance - strong ams IP, high value proposition
- Expecting dToF to emerge into important 3D area
- Market interest in dToF future WF applications increasing

**Superior VCSEL technology as basis: high differentiation, driving 3D strength + solutions**

- Leading portfolio for illumination in all 3D architectures: iToF/dToF/SL illumination, ASV/SL dot projection, 1D ToF distance + proximity
- Best-in-class high power VCSELs/high count VCSEL arrays: Smallest pitch (high resolution, lower system cost), leading power efficiency (up to >60% (lab) vs. typical 45-50% quantum efficiency), best beam quality (very narrow beam divergence), true high power (from mW to W to 100+W)
- External supply chain supports high volumes, ramp-up of internal line ongoing
3D LIDAR: leading illumination technology provider

- Major solid-state LIDAR illumination win with Tier 1 supplier ZF + leading technology provider IBEO
- High performance true solid-state scanning: combining advantages of non-scanning/flash + mechanical/MEMS scanning
- Line-by-line addressable high power high count VCSEL array: system-level advantages across scanning architectures
- VCSEL illumination systems for multiple LIDAR architectures (true solid-state, mechanical scan, flash), may include automotive eye-safety VCSEL driver
- Strong partnership with IBEO drives market traction, LIDAR illumination wins in different geographies

In-cabin optical sensing (ICS): sizeable emerging market, strong traction, first win/projects

- Identified applications: driver monitoring (drowsiness, distraction), driver interaction (gestures), occupant monitoring (airbag management, rear seat)
- Very good market traction given solution capability and automotive expertise
- Full ams 3D driver monitoring system demo for in-dashboard integration
- First 3D ToF illumination for Tier 1 supplier, product development for additional projects
Optical sensing

A worldwide leader in light sensing solutions
- Leading in optical sensing: sensors, illumination solutions, high performance optical systems
- High quality optical sensing at top consumer OEMs
- Driving innovation in optical technologies
- Upcoming growth markets in Automotive + Industrial

Broad portfolio: 3D sensing incl. VCSEL, display management/proximity, BOLED
- 3D sensing: leading portfolio + system expertise, all technologies, major consumer OEMs
- High performance VCSELs for 3D/optical sensing: strong in consumer, early automotive lead
- Innovative behind-OLED light/prox sensing: fast adoption, enabling BOLED 3D (development)
- Display management ALS/proximity, ultra-small proximity for wireless earbuds, camera AWB

Technology leadership for new markets: spectral sensing, bio-sensing
- Biosensing: high quality blood pressure + health data measurement
- Spectral sensing: bio/medical sample analysis innovation, highly accurate optical read-out for lateral flow test (LFT), first partnership for Covid-19 antibody fast point-of-care diagnostics
Optical sensing: BOLED sensing, spectral AWB

Behind-OLED (BOLED) light and proximity sensing
- Invisible high quality optical sensing behind OLED displays
- Complex industry-leading technology and sensor solution: very low light levels passing through OLED (approx. 4%), proximity lighting emitted through display
- Fast penetration of leading smartphone OEMs and major platforms at higher content
- Valuable feature for high end smartphone displays, enables industry trend for maximum screen-to-body ratio and bezel-less designs
- Multi-generation roadmap driving performance/sensitivity, basis for BOLED 3D: BOLED ASV system in development

High accuracy auto white balancing (AWB) for smartphone cameras
- Integrated spectral sensing solution for highly accurate AWB: 11-channel spectrum analysis of light environment and light source mix
- Correct white-point balancing: key photographic function to realize best picture quality, compensate image colors for distorting effects of ambient light environment
- Unparalleled image quality even in high color contrast scenes, vivid natural colors
- First major high-end smartphone platform, higher DXOMARK camera ranking
Optical sensing: spectral read-out for medical LFT

Spectral sensing high accuracy read-out for medical LFT tests

- Innovative application for spectral sensing in medical lateral flow testing (LFT)
- Established medical testing method for bacteria, viruses and other medical samples
- Unmatched technology for optical LFT read-out and analysis with very high accuracy
- Fast diagnostics at point-of-care, avoids expensive lab equipment and shipping samples
- First partnership with European test provider Senova
  - LFT for Covid-19 antibody identification, integrated test kit with spectral sensor + Bluetooth
  - Moving toward first production in H2 2020E
- Strong market interest, exploring several additional industry partnerships for different medical LFT uses
Leading in advanced image sensing for Industrial + Medical

- **Industrial** – Leading vendor in global shutter technology for advanced industrial applications
- High value global shutter CMOS imaging for high speed machine vision, inspection, factory automation
- **Medical** – Global leader in medical imaging sensor solutions
- High performance cost-optimized systems for computed tomography (CT) and digital X-ray: clearer images at lower radiation doses for improved diagnostics
- CT for Covid-19 clinical diagnostics helping medical imaging demand
- NanEye micro cameras: versatile solutions (≤1mm²), leading for next gen medical endoscopy

High performance high QE NIR image sensing: driving 3D system offering, promising power savings in mobile 3D systems

- Ultra-sensitive NIR sensors, state-of-the art quantum efficiency (QE) of up to 40%
- ams global shutter IP + application expertise for faster time-to-market, SmartSens partnership
- Integrating NIR sensors into 3D offering creates full ams systems
- 3D ASV full system solution demos: Automotive (driver recognition), Industrial (access)
- Enabling ASV BOLED 3D development
Audio sensing

ANC (active noise cancellation)
- Best-in-class high performance noise reduction (>40dB)
- Leading vendor, broad portfolio for wired/wireless accessories
  - significantly better audio experience
  - very low power, very small form factor
- Augmented hearing: selective noise cancelling by-pass,
  e.g. for speech
- Innovation for high quality digital ANC in loose-fitting true wireless earbuds:
  - not requiring plug-in-type earpieces, more comfortable wear
  - consumer OEM design ongoing

Focus on ANC solutions, strong position in accessory market
Internal: Differentiated manufacturing
Outsourced/external: Standard process manufacturing

Internal front-end wafer manufacturing, Austria
• 8” CMOS/specialty analog to 180nm, 190+k wafers p.a.
• Optical filter production

Internal optical manufacturing/backend + VCSEL manufacturing, Singapore
• Leading in high-performance optical system technologies
• Advanced optical assembly/backend, optical component production
• Highly efficient manufacturing operations with volume/capacity/product flexibility
• Internal VCSEL capacity: 6” 2,000 wspm line, front-end ramp ongoing

External manufacturing partnerships for scalability and flexibility
• High volume wafer suppliers (TSMC, UMC), standard and semi-custom packaging
• Outsourced VCSEL supply chain: capacity partners, serving different VCSEL needs

In-house test, Philippines/Singapore/Austria
ams global network

- **19 Design and application centers**
  Austria, Belgium, China, Germany (2), Italy, India, Japan, Netherlands, Portugal, Singapore, Spain, Switzerland (3), UK, USA (3)

- **Manufacturing locations**
  Austria, Singapore

- **Test centers**
  Philippines, Singapore, Austria
## Overview key financials

**USDm**

<table>
<thead>
<tr>
<th></th>
<th>H1 2020</th>
<th>H1 2019</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenues</strong></td>
<td>960.9</td>
<td>785.8</td>
<td>460.3</td>
<td>407.3</td>
</tr>
<tr>
<td></td>
<td>+22%</td>
<td></td>
<td>+13%</td>
<td></td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>40%</td>
<td>35%</td>
<td>40%</td>
<td>37%</td>
</tr>
<tr>
<td>(adjusted)1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(IFRS reported)</td>
<td>37%</td>
<td>32%</td>
<td>37%</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Result from operations</strong></td>
<td>191.0</td>
<td>71.8</td>
<td>90.1</td>
<td>49.0</td>
</tr>
<tr>
<td>(adjusted)1)</td>
<td>98.9</td>
<td>17.1</td>
<td>39.2</td>
<td>21.5</td>
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<tr>
<td>(IFRS reported)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>EBIT margin</strong></td>
<td>20%</td>
<td>9%</td>
<td>20%</td>
<td>12%</td>
</tr>
<tr>
<td>(adjusted)1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(IFRS reported)</td>
<td>10%</td>
<td>2%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>82.2</td>
<td>70.2</td>
<td>56.8</td>
<td>52.2</td>
</tr>
<tr>
<td>(adjusted)1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(IFRS reported)</td>
<td>-9.8</td>
<td>15.5</td>
<td>5.9</td>
<td>24.7</td>
</tr>
<tr>
<td><strong>EPS (basic/diluted)</strong></td>
<td>0.47 / 0.50</td>
<td>0.89 / 0.88</td>
<td>0.21 / 0.20</td>
<td>0.66 / 0.61</td>
</tr>
<tr>
<td>(adjusted)1)</td>
<td>0.48 / 0.52</td>
<td>0.87 / 0.86</td>
<td>0.22 / 0.20</td>
<td>0.65 / 0.60</td>
</tr>
<tr>
<td>(CHF2) USD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPS (basic/diluted)</strong></td>
<td>-0.06 / 0.00</td>
<td>0.19 / 0.19</td>
<td>0.02 / 0.01</td>
<td>0.31 / 0.28</td>
</tr>
<tr>
<td>(IFRS reported)</td>
<td>-0.06 / 0.00</td>
<td>0.19 / 0.19</td>
<td>0.02 / 0.01</td>
<td>0.31 / 0.28</td>
</tr>
<tr>
<td>(CHF2) USD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Excl. acquisition-related and share-based compensation costs

2) Earnings per share in CHF were converted using the average currency exchange rate for the respective periods
Revenues

USDm

Total revenues

H1 2019: 785.8 USDm, +13.0%
H1 2020: 960.9 USDm, +22.3%
Q2 2019: 407.3 USDm
Q2 2020: 460.3 USDm

Total revenues by market H1 2020

- Consumer: 83%
- Automotive, Industrial, Medical: 17%
Regional revenue distribution and backlog

USDm

Total revenues by region

<table>
<thead>
<tr>
<th>Region</th>
<th>H1 2019</th>
<th>H1 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe (EMEA)</td>
<td>24%</td>
<td>3%</td>
</tr>
<tr>
<td>Americas</td>
<td>24%</td>
<td>3%</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>73%</td>
<td>82%</td>
</tr>
</tbody>
</table>

Total backlog

<table>
<thead>
<tr>
<th>Date</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar 31 2020</td>
<td>255.1</td>
</tr>
<tr>
<td>Jun 30 2020</td>
<td>249.6</td>
</tr>
</tbody>
</table>
Gross profit and gross margin
USDm, % of revenues

<table>
<thead>
<tr>
<th>Period</th>
<th>Gross Profit (adj.)</th>
<th>Gross Margin (adj.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2019</td>
<td>274.9 USDm</td>
<td>35.0%</td>
</tr>
<tr>
<td>H1 2020</td>
<td>380.1 USDm</td>
<td>39.6%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>152.5 USDm</td>
<td>37.4%</td>
</tr>
<tr>
<td>Q2 2020</td>
<td>183.3 USDm</td>
<td>39.8%</td>
</tr>
</tbody>
</table>

1) Excl. acquisition-related and share-based compensation costs
Operating expenses
USDm, % of revenues

R&D
- H1 2019: 152.1 USDm, 19.4%
- H1 2020: 133.7 USDm, 13.9%
- Q2 2019: 75.4 USDm, 18.5%
- Q2 2020: 68.3 USDm, 15.0%

SG&A
- H1 2019: 89.5 USDm, 11.4%
- H1 2020: 129.6 USDm, 13.5%
- Q2 2019: 46.5 USDm, 11.4%
- Q2 2020: 65.2 USDm, 14.2%
Adjusted result from operations (EBIT)
USDm, % of revenues

EBIT (adj.)
- H1 2019: 71.8
- H1 2020: 191.0 (+168.3%)
- Q2 2019: 49.0
- Q2 2020: 90.1 (+83.8%)

EBIT margin (adj.)
- H1 2019: 9.1%
- H1 2020: 19.9%
- Q2 2019: 12.0%
- Q2 2020: 19.6%

1) Excl. acquisition-related and share-based compensation costs
Net result and EPS
USDm, USD per share

Net result (adj.)

<table>
<thead>
<tr>
<th></th>
<th>H1 2019</th>
<th>H1 2020</th>
<th>Q2 2019</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF</td>
<td>0.89</td>
<td>0.66</td>
<td>0.48</td>
<td>0.65</td>
</tr>
<tr>
<td>USD</td>
<td>52.2</td>
<td>82.2</td>
<td>56.8</td>
<td>70.2</td>
</tr>
</tbody>
</table>

EPS basic (adj.)

1) Excl. acquisition-related and share-based compensation costs; EPS diluted (adjusted) H1 2020: USD 0.52 / CHF 0.50, Q2 2020: USD 0.20 / CHF 0.20
2) Reflecting new share count for 2020 figures after capital increase in Q2 2020
Cash and net debt, operating cash flow

USDm, % of revenues

<table>
<thead>
<tr>
<th></th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>825</td>
<td>2,315</td>
<td>1,551</td>
<td>-56</td>
</tr>
<tr>
<td>Net debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>142.9</td>
<td>340.6</td>
<td>18.2%</td>
<td>35.4%</td>
</tr>
</tbody>
</table>

H1 2019: 142.9 USDm, 12.2%
H1 2020: 340.6 USDm, 23.1%
Q2 2019: 49.7 USDm
Q2 2020: 106.2 USDm
Capital expenditures
USDm, % of revenues

H1 2019
H1 2020
Q2 2019
Q2 2020

132.3
56.7
47.0
19.9

16.8%
5.9%
11.5%
4.3%
ams
Shaping the world with sensor solutions
## Profit and loss statement

**USDm**

<table>
<thead>
<tr>
<th>(IFRS)</th>
<th>H1 2020</th>
<th>H1 2019</th>
<th>Q2 2020</th>
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</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>960.9</td>
<td>785.8</td>
<td>460.3</td>
<td>407.3</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Gross margin (adjusted&lt;sup&gt;1&lt;/sup&gt;)</td>
<td>356.4</td>
<td>252.7</td>
<td>170.7</td>
<td>141.3</td>
</tr>
<tr>
<td>• Gross margin (IFRS reported)</td>
<td>39.6%</td>
<td>35.0%</td>
<td>39.8%</td>
<td>37.4%</td>
</tr>
<tr>
<td>• Gross margin (adjusted&lt;sup&gt;1&lt;/sup&gt;)</td>
<td>37.1%</td>
<td>32.2%</td>
<td>37.1%</td>
<td>34.7%</td>
</tr>
<tr>
<td>Research and development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>-133.7</td>
<td>-152.1</td>
<td>-68.3</td>
<td>-75.4</td>
</tr>
<tr>
<td>Other operating income/expenses</td>
<td>-129.6</td>
<td>-89.5</td>
<td>-65.2</td>
<td>-46.5</td>
</tr>
<tr>
<td></td>
<td>6.6</td>
<td>6.0</td>
<td>2.5</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Result from operations (EBIT)</strong></td>
<td>98.9</td>
<td>17.1</td>
<td>39.2</td>
<td>21.5</td>
</tr>
<tr>
<td>• EBIT margin (adjusted&lt;sup&gt;1&lt;/sup&gt;)</td>
<td>19.9%</td>
<td>9.1%</td>
<td>19.6%</td>
<td>12.0%</td>
</tr>
<tr>
<td>• EBIT margin (IFRS reported)</td>
<td>10.3%</td>
<td>2.2%</td>
<td>8.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Net financing costs</td>
<td>-104.9</td>
<td>2.2</td>
<td>-32.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Result before tax</td>
<td>-6.0</td>
<td>19.4</td>
<td>7.1</td>
<td>26.4</td>
</tr>
<tr>
<td>Income tax result</td>
<td>-3.8</td>
<td>-3.9</td>
<td>-1.1</td>
<td>-1.8</td>
</tr>
<tr>
<td><strong>Net result</strong> (adjusted&lt;sup&gt;1&lt;/sup&gt;)</td>
<td>82.2</td>
<td>70.2</td>
<td>56.8</td>
<td>52.2</td>
</tr>
<tr>
<td><strong>Net result</strong> (IFRS reported)</td>
<td>-9.8</td>
<td>15.5</td>
<td>5.9</td>
<td>24.7</td>
</tr>
</tbody>
</table>

<sup>1</sup> Excl. acquisition-related and share-based compensation costs
## Balance sheet

**USDm**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short term invest.</td>
<td>2,315.4</td>
<td>551.3</td>
<td>Interest-bearing debt</td>
<td>1,027.9</td>
<td>861.0</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>121.4</td>
<td>222.4</td>
<td>Trade liabilities</td>
<td>156.3</td>
<td>149.2</td>
</tr>
<tr>
<td>Inventories</td>
<td>246.3</td>
<td>231.5</td>
<td>Tax liabilities</td>
<td>26.1</td>
<td>21.6</td>
</tr>
<tr>
<td>Other current assets</td>
<td>150.3</td>
<td>142.9</td>
<td>Provisions</td>
<td>109.6</td>
<td>124.2</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>0.0</td>
<td>94.8</td>
<td>Other liabilities</td>
<td>134.8</td>
<td>170.5</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,833.4</td>
<td>1,242.9</td>
<td><strong>Total current liabilities</strong></td>
<td>1,454.6</td>
<td>1,326.5</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>1,179.7</td>
<td>1,244.9</td>
<td>Interest-bearing debt</td>
<td>1,231.8</td>
<td>1,432.7</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,221.4</td>
<td>1,242.6</td>
<td>Employee benefits</td>
<td>53.7</td>
<td>54.0</td>
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<tr>
<td>Right of use assets</td>
<td>130.7</td>
<td>135.3</td>
<td>Deferred tax liabilities</td>
<td>66.3</td>
<td>69.0</td>
</tr>
<tr>
<td>Investments in associates</td>
<td>52.6</td>
<td>30.7</td>
<td>Other liabilities</td>
<td>130.6</td>
<td>140.4</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>8.0</td>
<td>9.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>2.8</td>
<td>2.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term financial assets</td>
<td>1,113.0</td>
<td>976.0</td>
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</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>3,708.1</td>
<td>3,640.9</td>
<td><strong>Total non-current liabilities</strong></td>
<td>1,482.5</td>
<td>1,696.0</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>6,541.5</td>
<td>4,883.8</td>
<td><strong>Shareholders’ equity</strong></td>
<td>3,604.5</td>
<td>1,861.3</td>
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<tr>
<td><strong>Total liabil. and equity</strong></td>
<td></td>
<td></td>
<td></td>
<td>6,541.5</td>
<td>4,883.8</td>
</tr>
</tbody>
</table>
## Cash flow statement

**USDm**

<table>
<thead>
<tr>
<th>(IFRS)</th>
<th>H1 2020</th>
<th>H1 2019</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result before tax</td>
<td>-6.0</td>
<td>19.4</td>
<td>7.1</td>
<td>26.4</td>
</tr>
<tr>
<td>Depreciation</td>
<td>166.4</td>
<td>149.7</td>
<td>82.8</td>
<td>75.4</td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td>340.6</td>
<td>142.9</td>
<td>106.2</td>
<td>49.7</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>-56.7</td>
<td>-132.3</td>
<td>-19.9</td>
<td>-47.0</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>-207.2</td>
<td>-137.9</td>
<td>-46.2</td>
<td>-45.3</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>101.9</td>
<td>13.9</td>
<td>2.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Repayment of debt</td>
<td>-152.0</td>
<td>-106.7</td>
<td>-118.5</td>
<td>-67.6</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Changes resulting from capital increase</td>
<td>1,816.5</td>
<td>0.0</td>
<td>1,816.5</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td>1,631.0</td>
<td>-218.2</td>
<td>1,438.1</td>
<td>-153.4</td>
</tr>
<tr>
<td>Change in cash and cash equivalents (incl. effects of changes in foreign exchange rates)</td>
<td>1,764.1</td>
<td>-217.4</td>
<td>1,489.5</td>
<td>-155.9</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>2,315.4</td>
<td>471.3</td>
<td>2,315.4</td>
<td>471.3</td>
</tr>
</tbody>
</table>