

Third quarter results 2021

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November 2021

Vision and mission for ams OSRAM

Create the uncontested leader in optical solutions

Sensing



Illumination



Visualization



Become the uncontested leader in optical solutions through bold investments in disruptive innovation and continuous transformation delivering best in class profitability and growth

Pursue market leadership in key optical segments

Building success from our focus technologies

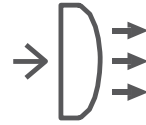
Key solution components

Emitters



- LEDs
- Micro LED / Mini LED
- VCSELs / EELs
- Lamps

Optical components & micro-modules



- Optical elements: Lenses, light guides, DOEs
- 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 solutions & lamps

Sensing



Illumination

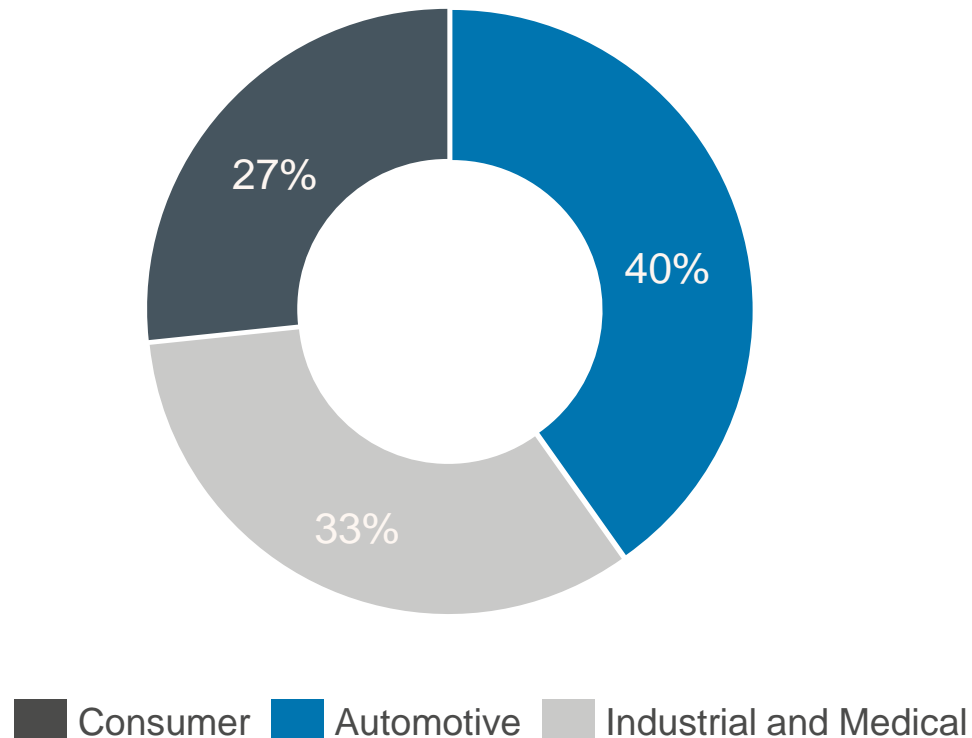


Visualization



Excellent position for leadership in optical solutions

Balanced revenue streams (H1 2021)



Industry-leading portfolio + application expertise

- Focus on leading technology position
- Leader in application expertise across end markets
- Agility to support short and long product life cycles
- Ability to drive innovation in different end markets, applications and customer bases
- Leveraging outstanding IP and manufacturing

Leading in key optical applications

- Advanced automotive exterior/interior LED lighting
- LED innovation (UV-C, Mini LED, IRED, high power specialty lighting)
- Micro LED next generation display technology
- EEL + VCSEL LIDAR
- 3D solutions (AR, authentication, consumer + industrial)
- Display management, optical sensing, near-to-eye
- High performance imaging

Strong value proposition

Commitment to drive growth

- Bold investments into disruptive technologies and innovation-led growth (R&D target level: 11-14% of revenues)
- Clear target of double-digit avg. annual revenue growth
- Solutions approach to address high differentiation opportunities + new markets
- Selective M&A to add technology to build leadership

Path to strong sustainable profitability

- Realizing significant synergies and savings (~EUR 350m until spring 2024)
- Committed to drive benchmark levels for operational and support function costs (SG&A target level: 7-9% of revenues)
- Clear target of >20% adj. EBIT margin

Strong focus on long-term value generation

- Leading technology provider
- Re-investing in organic growth opportunities
- Balanced end market exposure creates broadly supported earnings streams
- Diversified global customer base and sales channels
- Continuous active portfolio management to optimize technology position

Prudent financial policy

- Committed to de-leverage balance sheet
- Targeting investment grade rating and leverage <2x net debt/adj. EBITDA
- Diversified mix of financing instruments with balanced longer-term maturity profile
- Further increase in OSRAM ownership not a priority

Strong progress in integration



Connected building applications business divested, further larger-scale disposal in late stage



OSRAM Continental joint venture dissolved, important step in portfolio re-alignment



De-listing of OSRAM shares completed, simplifies corporate structure



Implementing fiscal year alignment across group (fiscal year = calendar year)



Further important milestones in IT, systems and organizational integration reached

Optical solutions for three global end markets

Light emission and sensing in perfect combination



Consumer

Current strength

- Display management
- 3D systems
- Wearables
- Camera enhancement

Diversified growth areas

- Next generation displays/ Micro LED
- Mini LED
- Sensor integration
- Augmented Reality + 3D
- Near-to-eye applications



Automotive

- Differentiated LED lighting (exterior/interior)
- Lighting systems
- Optical signaling
- Legacy lighting

- LIDAR applications
- High-res matrix headlights
- Exchangeable LED
- Head-up displays
- In-cabin sensing



Industrial & Medical

- Illumination solutions
- High performance imaging
- Industrial + building automation, security
- Medical imaging

- UV-C LED
- Horticulture
- Industry 5.0
- 3D applications
- In-vitro diagnostics

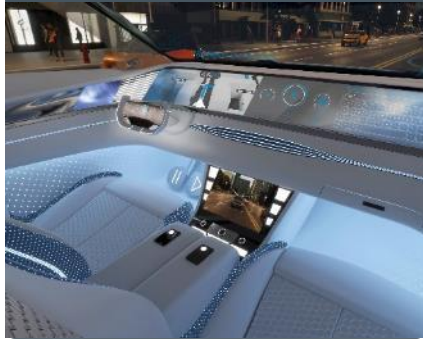
Enabling innovation in automotive mobility

Driving automotive application and technology trends

Exterior lighting



Interior lighting



Automated + autonomous driving



Head-up display



Driver + interior monitoring



Gesture sensing + HMI



Automotive

LED (low-mid-high power), matrix light, LIDAR (EEL/VCSEL), IRED, Micro LED, 2D/3D sensors, classic sources (Xenon, Halogen)

Enabling innovation in mobile + wearable devices

Creating solutions for consumer application and technology trends

3D AR/VR +
authentication



Next generation
Micro LED displays



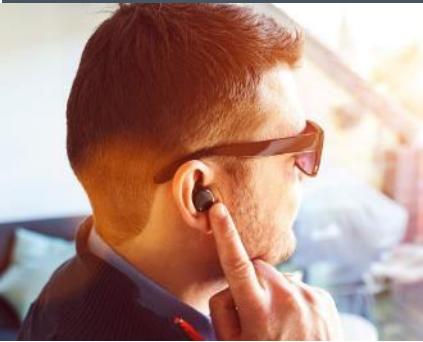
Camera
enhancement



Display
management



Presence detection



Mobile technology

3D sensing, BOLED, Micro LED, Mini LED, LED, IRED, color sensing, proximity sensing, VCSEL/EEL, near-to-eye, AWB, spectral sensing, ANC

Enabling new medical and health applications

Non-invasive and point of care technologies

Medical imaging



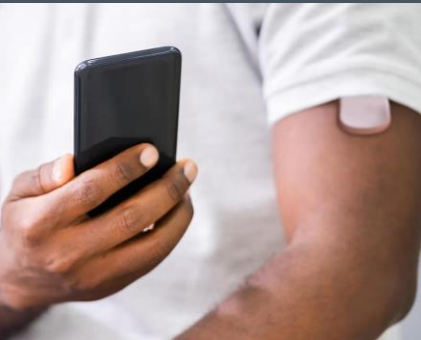
Point of care diagnostics



UV-C disinfection



Digital health



Micro camera endoscopy



Medical & Healthcare

CT sensing + photon counting, digital X-Ray sensing, spectral sensing, UV-C, NanEye, LED

Enhancing sensing + optical solutions for Industry

Technologies for Industry 5.0 applications

Industrial IoT + automation



Access control + security monitoring



Near-infrared spectroscopy



Industrial imaging + machine vision



Robotics



UV-C disinfection



Highlights Q3 / Outlook Q4 2021

Q3 2021

- Robust results reflect strong operational performance in a demanding industry environment
- Strong automotive business across product areas driven by available backlog, supply chain volatility starting to appear towards end of quarter
- Semiconductors: besides automotive strength, solid contribution from consumer and positive industrial and medical performance
- L&S: overall positive development incl. traditional automotive markets with solid demand in industrial and medical applications
- Strong operating profitability (adj.)
- Robust cash flow generation with healthy FCF

Q4 2021

- Expected revenues
USD 1,360-1,460 million
- Expected operating profitability
8-11% (adj. EBIT margin)
- Excludes disposed connected building applications business and deconsolidated revenues of dissolved joint venture
- On a like-for-like revenue basis to Q3 2021 without deconsolidation effects, expected revenues
USD 1,405-1,505 million

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Financial Results Q3 2021

Q3 2021 Key financials at a glance

Revenues

1,521m USD

+4.0% q-o-q

Gross margin (adj.)

33.8%

514m USD

EBIT margin (adj.)

10.3%

157m USD

Net result (adj.)

12m USD

0.8%

Operational Cash Flow

255m USD

16.7%

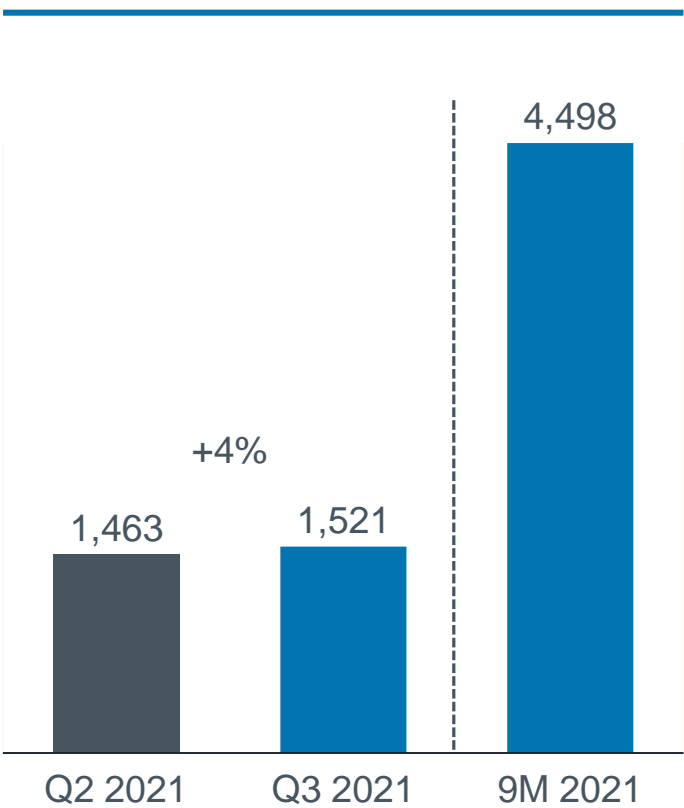
Net debt

2,194m USD

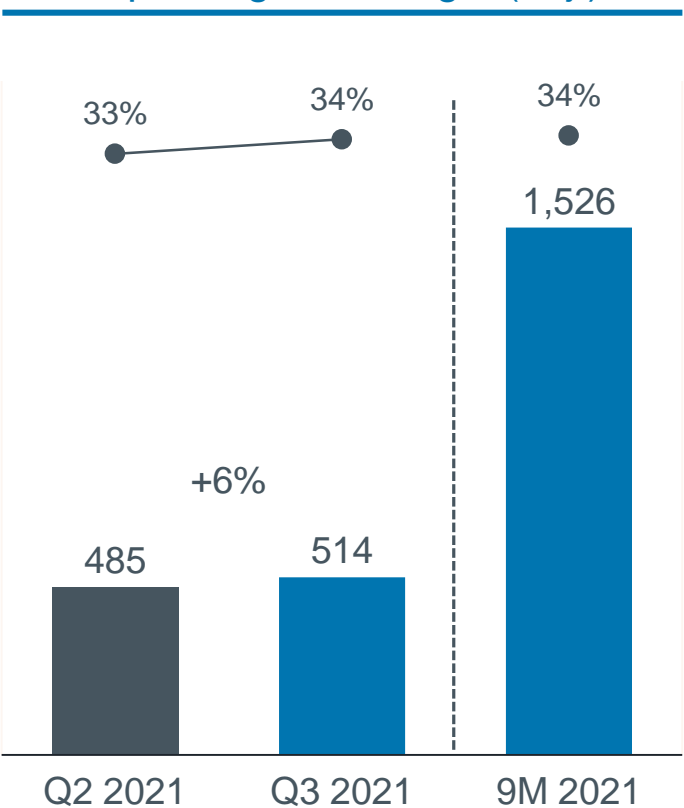
1.7x Leverage

Group financial performance – Q3 2021 with very solid profitability

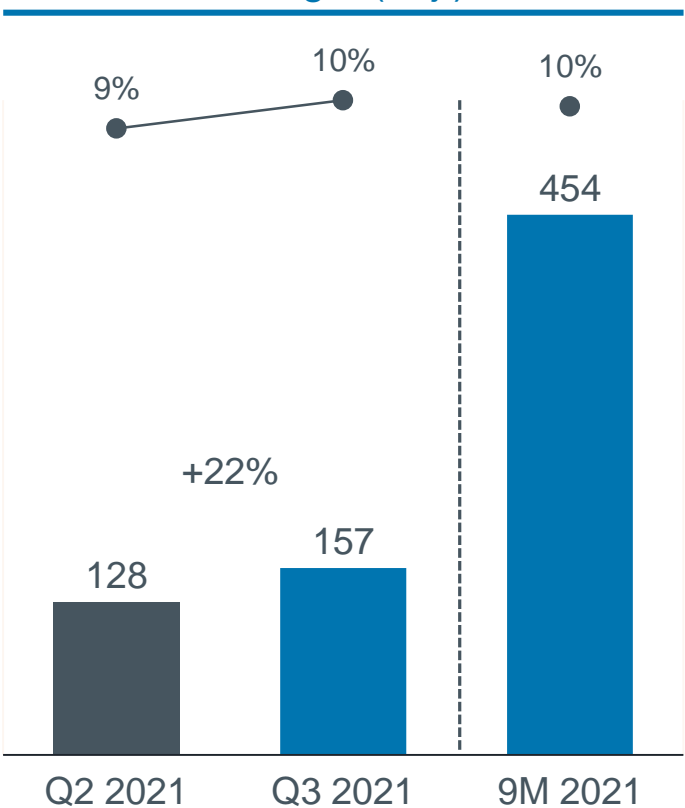
Total revenues



Gross profit, gross margin (adj.)¹⁾



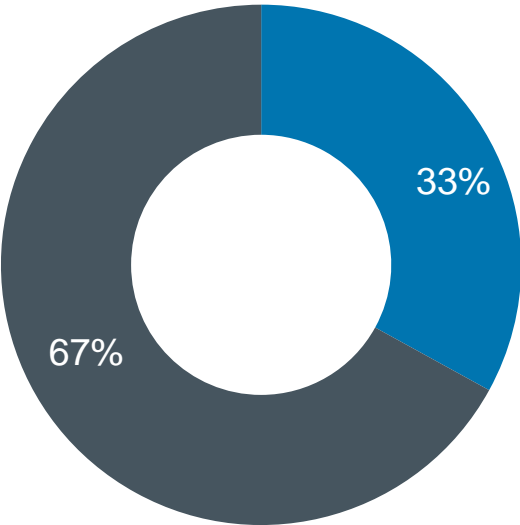
EBIT, EBIT margin (adj.)¹⁾



¹⁾ Excluding M&A-related, transformation and share-based compensation costs as well as results from sale of business and equity investments

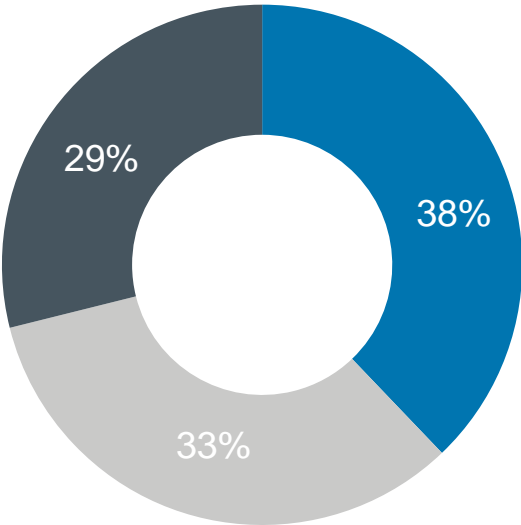
Balanced revenue distribution

Revenues by segment Q3 2021



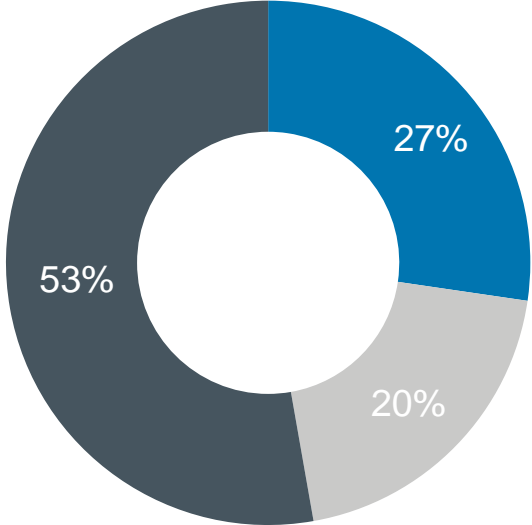
■ Semiconductors ■ Lamps & Systems

Revenues by end market Q3 2021



■ Consumer
■ Industrial and Medical
■ Automotive

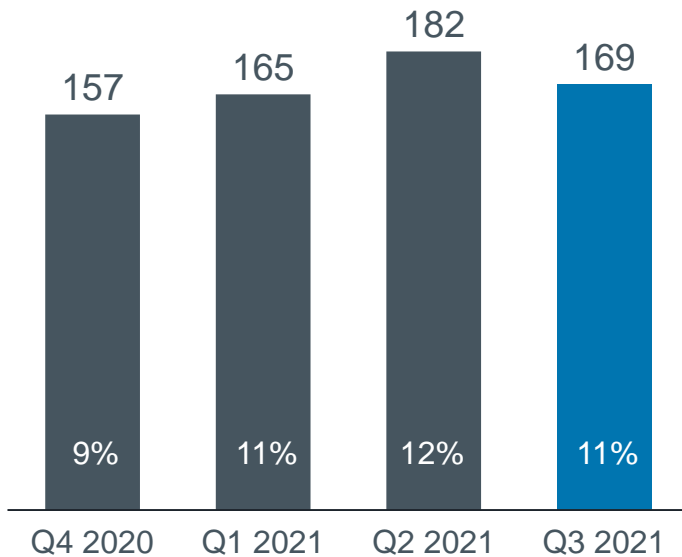
Revenues by region H1 2021



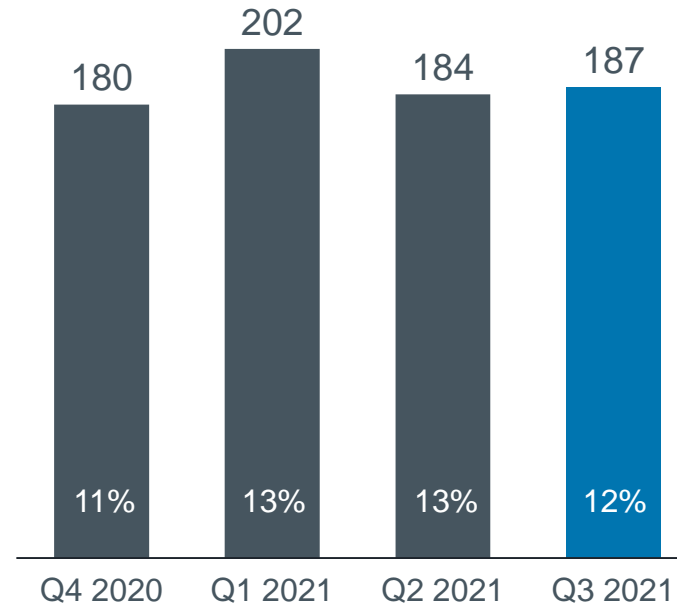
■ APAC ■ Americas ■ EMEA

Operating expenses

R&D expenses (adj.)¹⁾



SG&A expenses (adj.)¹⁾

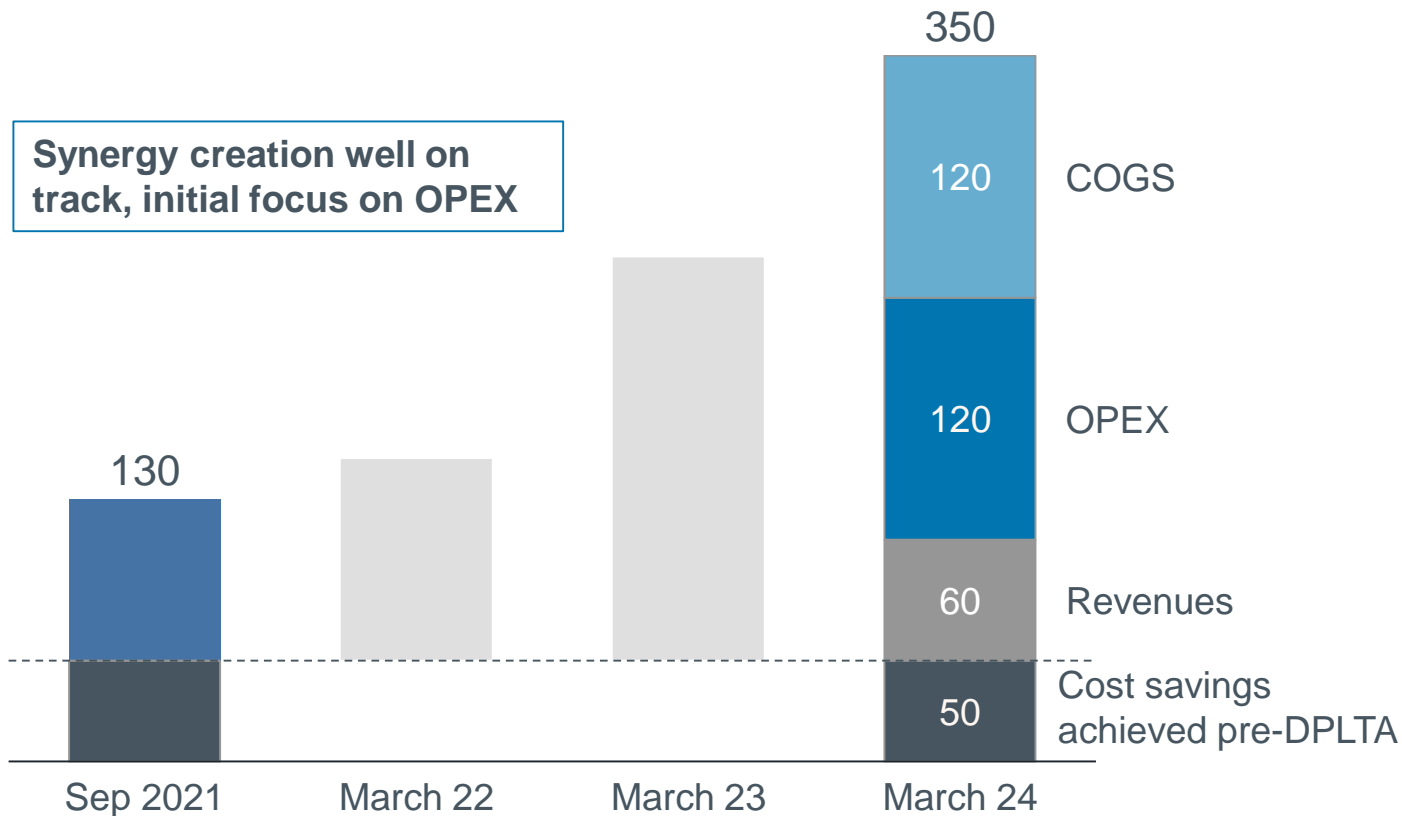


Comments

- Total OPEX level stable
- R&D levels reflect portfolio- and roadmap-driven investments in Q3 2021
- Target levels for operating expenses (% of revenues):
 - Adj. R&D 11-14%
 - Adj. SG&A 7-9%

Synergy creation well on track

EUR 350m total synergies and cost savings

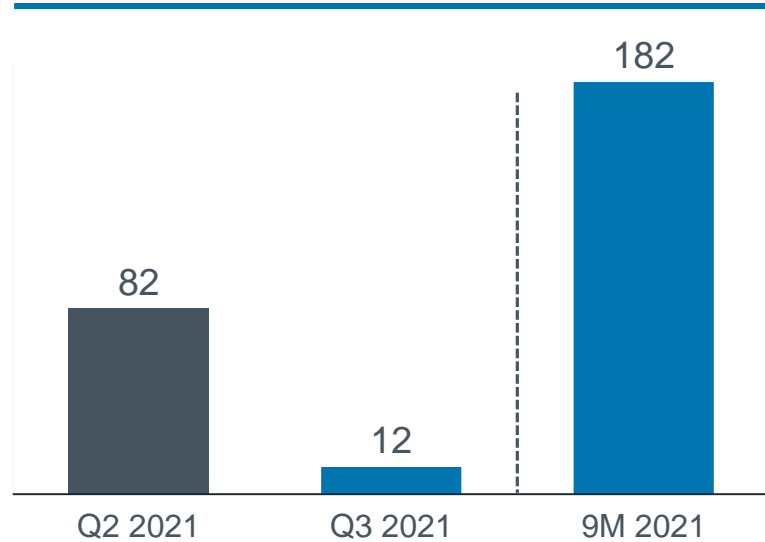


Key aspects

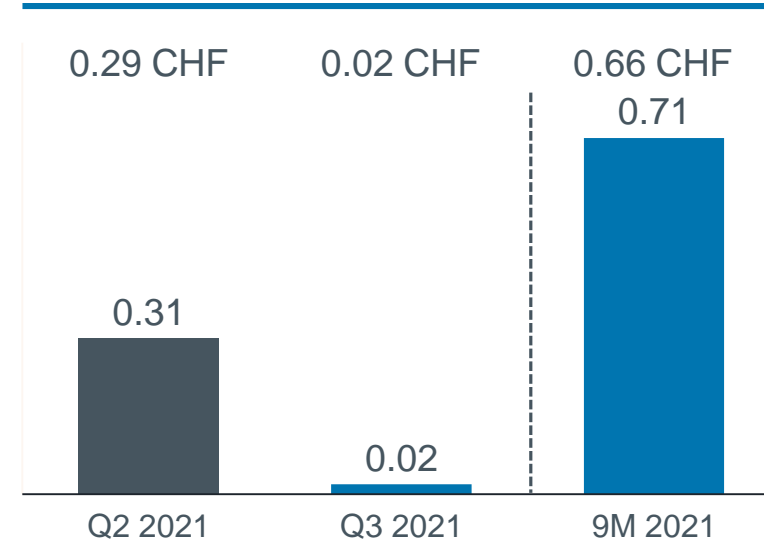
- Synergy creation first 6 months EUR 80m + EUR 50m (pre-DPLTA cost savings) = EUR 130m
- Initial synergies predominately OPEX-related
- Key drivers
 - Headcount measures
 - Joint procurement initiatives
 - Reduction of external SG&A costs
- Expected integration costs: ~0.9x run-rate of EUR 300m integration synergies (~EUR 270m); one-offs over time
- Around 2/3 of total integration synergies expected within first two years

Adj. Net result and Adj. EPS

Net result (adj.)¹⁾



EPS basic (adj.)¹⁾

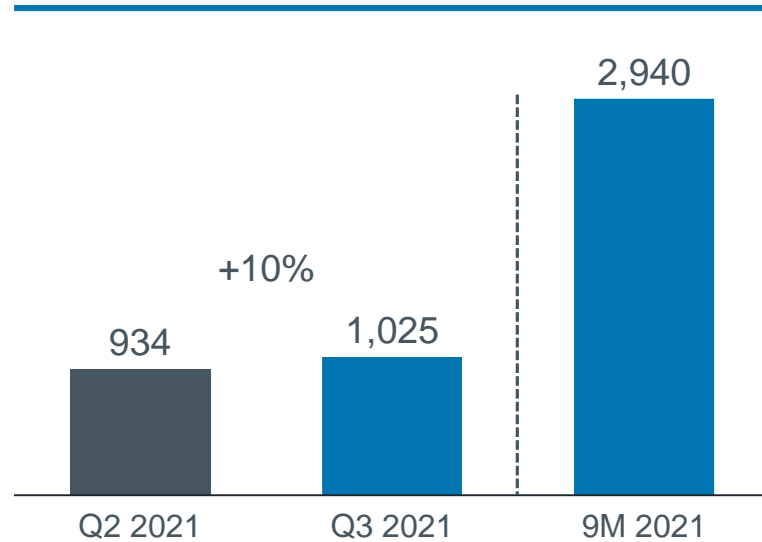


Comments

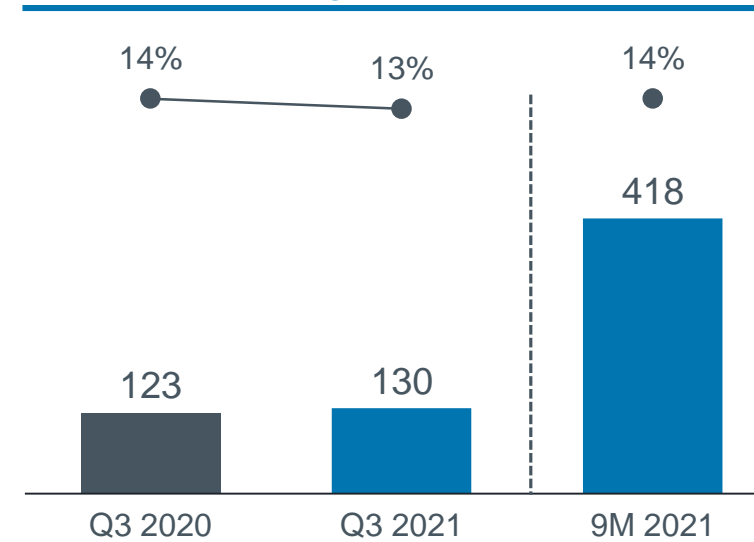
- IFRS reported net result USD -48m
- Financing result of USD -69m, in line with expectations

Semiconductors performance

Total revenues



EBIT, EBIT margin (adj.)²⁾



Comments

- Revenue and profitability in line with expectations
- Strong performance of automotive product areas, Industrial and Consumer markets contributed attractively
- Challenging supply chain environment continues

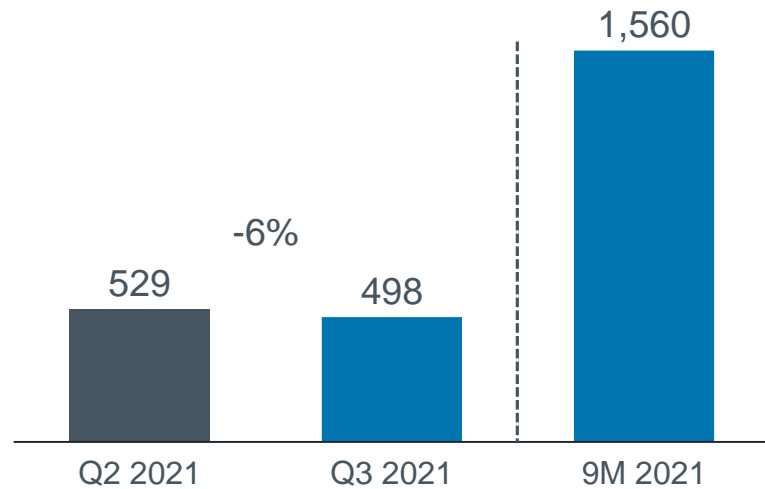
All figures in USDm / % of revenue

¹⁾ Historical figures for the combined group are not available as consolidation started in Q3 2020

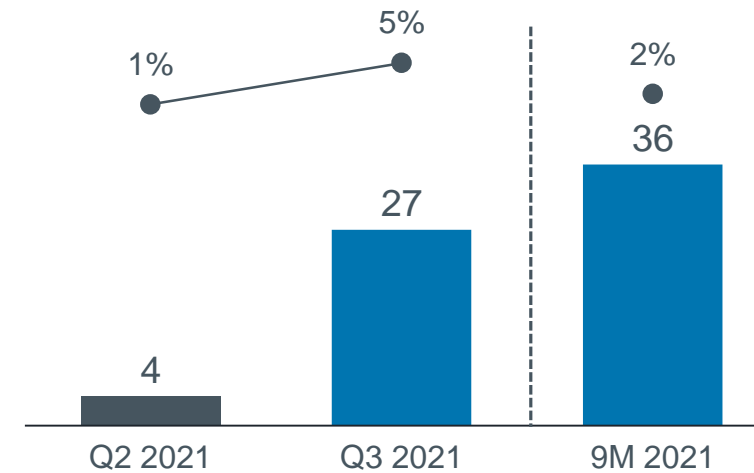
²⁾ Excluding M&A-related, transformation and share-based compensation costs as well as results from sale of business and equity investments

Lamps & Systems performance

Total revenues



EBIT, EBIT margin (adj.)²⁾



Comments

- Solid overall performance, portfolio divestment plan on track, connected building applications business sold
- Good demand in automotive business incl. traditional markets
- Improved demand environment in other end markets, supply chain challenges in certain areas

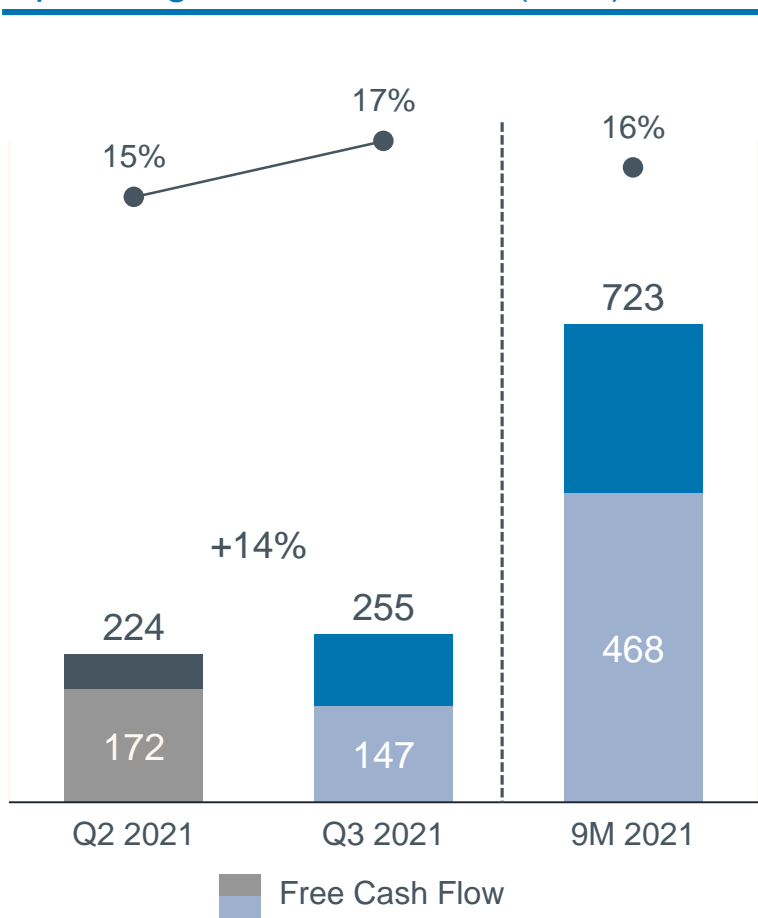
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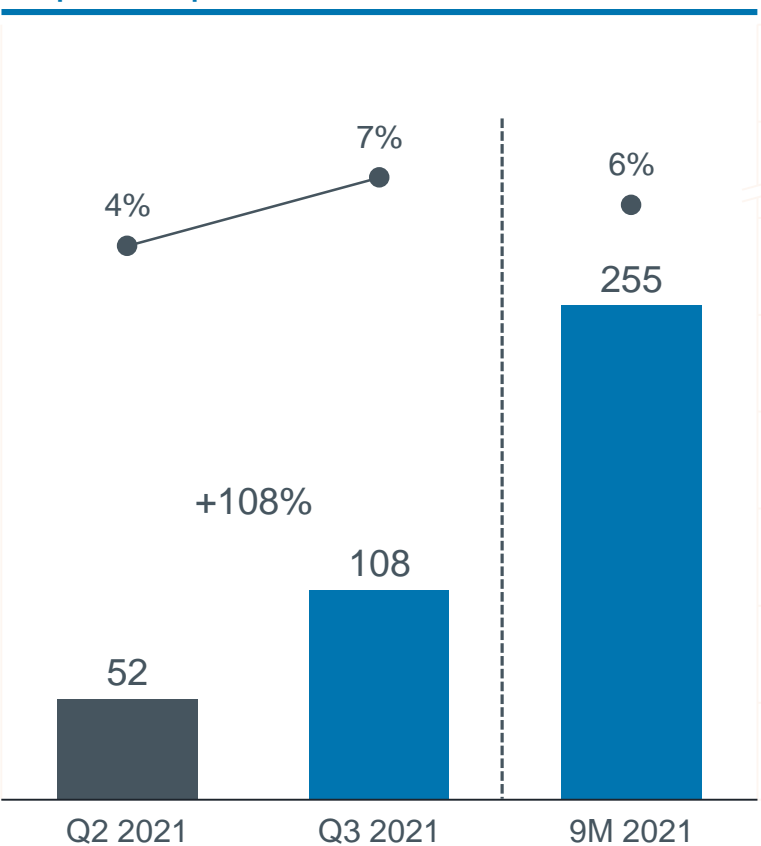
²⁾ Excluding M&A-related, transformation and share-based compensation costs as well as results from sale of business and equity investments

Cash flow stays strong

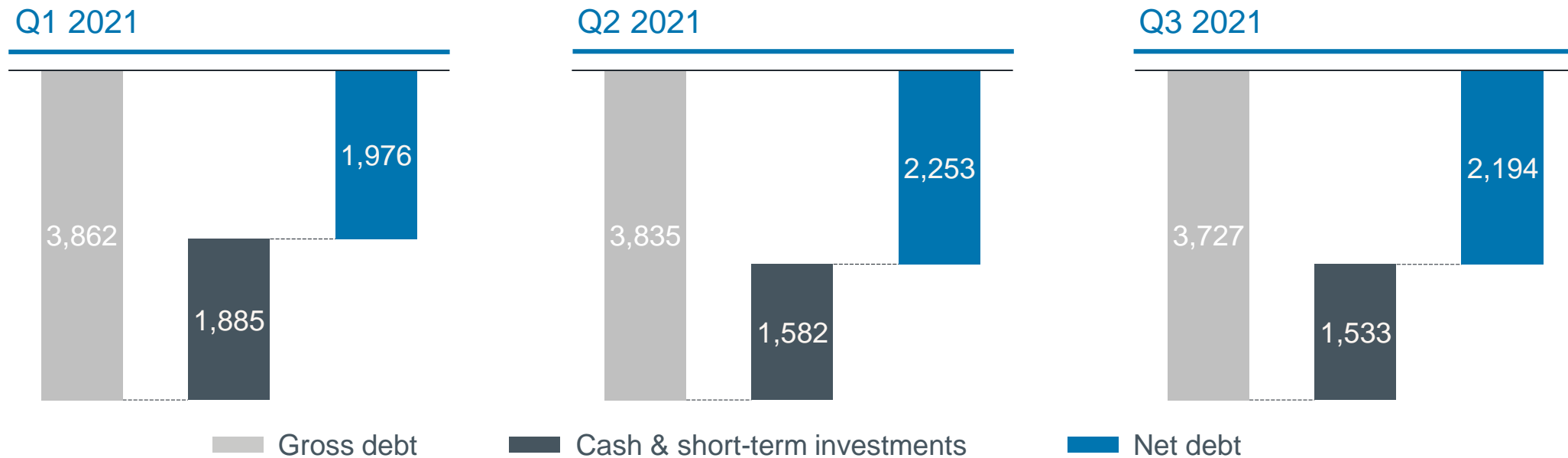
Operating / Free cash flow (FCF)



Capital expenditures



Cash and debt overview



Comments

- Group leverage of 1.7x net debt/adjusted¹⁾ EBITDA at end of Q3 2021
- New multi-year EUR 800m RCF with core banking group (undrawn), existing bridge facility cancelled

Outlook Q4 2021

Revenues

USD 1,360-1,460 million

(USD 1,405-1,505 million
on like-for-like revenue
basis to Q3 2021 without
deconsolidation effects)

Operating profitability

8-11% (adjusted EBIT margin)

Comments

Excludes disposed connected
building applications business
and deconsolidated revenues
of dissolved joint venture

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Profit and loss statement

IFRS reported figures

| | Q3 2021 | 9M 2021 | Q3 2020 | 9M 2020 |
|--|---------|---------|---------|---------|
| Revenues | 1,521 | 4,498 | 1,440 | 2,471 |
| Gross profit | 484 | 1,249 | 307 | 688 |
| • Gross margin (IFRS reported) | 32% | 28% | 21% | 28% |
| • Gross margin (adjusted ¹⁾) | 34% | 34% | 27% | 32% |
| Research and development | -184 | -578 | -178 | -321 |
| Selling, general and administrative | -202 | -668 | -255 | -393 |
| Other operating income/expenses | 5 | 47 | 33 | 40 |
| Results from investments in associates | -5 | -14 | -2 | -2 |
| Result from operations (EBIT) | 97 | 36 | -94 | 12 |
| • EBIT margin (IFRS reported) | 6% | 1% | -7% | 0% |
| • EBIT margin (adjusted ¹⁾) | 10% | 10% | 4% | 11% |
| Net financing result | -69 | -176 | -78 | -190 |
| Result before tax | 28 | -140 | -172 | -179 |
| Income tax result | -76 | -96 | 25 | 21 |
| Net result (IFRS reported) | -48 | -237 | -144 | -155 |
| Net result (adjusted ¹⁾) | 12 | 182 | 12 | 102 |

Balance sheet

| Assets | Sep 30, 2021 | Dec 31, 2020 | Liabilities and equity | Sep 30, 2021 | Dec 31, 2020 |
|-------------------------------|-----------------|-----------------|-----------------------------------|-----------------|-----------------|
| Cash and cash equivalents | 1,533 | 1,886 | Short-term interest-bearing loans | 565 | 280 |
| Trade receivables | 826 | 733 | Trade payables | 791 | 643 |
| Inventories | 978 | 1,013 | Income tax payables | 136 | 123 |
| Other receivables and assets | 271 | 200 | Current provisions | 424 | 404 |
| Short-term investments | 19 | 22 | Other current liabilities | 1,538 | 2,002 |
| Assets held for sale | 232 | 57 | Liabilities assets held for sale | 182 | 150 |
| Total current assets | 3,860 | 3,911 | Total current liabilities | 3,635 | 3,603 |
| Property, plant and equipment | 1,881 | 2,288 | Interest-bearing loans | 3,162 | 3,620 |
| Intangible assets | 4,733 | 4,783 | Employee benefits | 217 | 257 |
| Right of use | 298 | 341 | Deferred tax liabilities | 243 | 268 |
| Investments in associates | 81 | 89 | Provisions | 52 | 52 |
| Deferred tax asset | 157 | 195 | Other liabilities | 531 | 387 |
| Other long term assets | 147 | 128 | | | |
| Financial assets | 37 | 30 | | | |
| Total non-current assets | 7,333 | 7,854 | Total non-current liabilities | 4,205 | 4,586 |
| | | | Shareholders' equity ams | 3,410 | 3,646 |
| | | | Non-controlling interests | -59 | -72 |
| Total assets | 11,192 | 11,763 | Total liabilities and equity | 11,192 | 11,763 |

Cash flow statement

| | Q3 2021 | 9M 2021 | Q3 2020 | 9M 2020 |
|---|---------|---------|---------|---------|
| Result after tax | -48 | -237 | -144 | -155 |
| Amortization, depreciation, and impairment | 148 | 693 | 277 | 455 |
| Cash flow from operations | 255 | 723 | 84 | 452 |
| Capital expenditures | -108 | -255 | -84 | -145 |
| Acquisition of subsidiaries, net of cash acquired | -10 | -532 | -1,386 | -1,386 |
| Proceeds and payments from sales of business activities | 45 | 136 | 0 | 49 |
| Cash flow from investing activities | -73 | -652 | -1,469 | -1,694 |
| Proceeds from issuance of long-term debt | 1 | 114 | 103 | 213 |
| Repayment of loans | -137 | -337 | -1,085 | -1,248 |
| Repayment of lease liabilities | -23 | -63 | -17 | -29 |
| Sale of treasury shares | 1 | 6 | 1 | 167 |
| Interest paid | -59 | -146 | -14 | -36 |
| Changes resulting from capital increase | 0 | 0 | 0 | 1,947 |
| Cash flow from financing activities | -218 | -432 | 401 | 2,149 |
| Change in cash and cash equivalents | -27 | -330 | -1,032 | 859 |
| Cash and cash equivalents at end of period | 1,533 | 1,533 | 1,439 | 1,439 |