

Full year and fourth quarter results 2021

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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

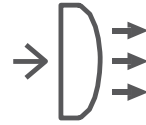
Key solution components

Emitters



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

Optical components & micro-modules



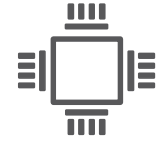
- Optical elements: Lenses, light guides, DOEs
- Micro-optical packaging
- Optical modules

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

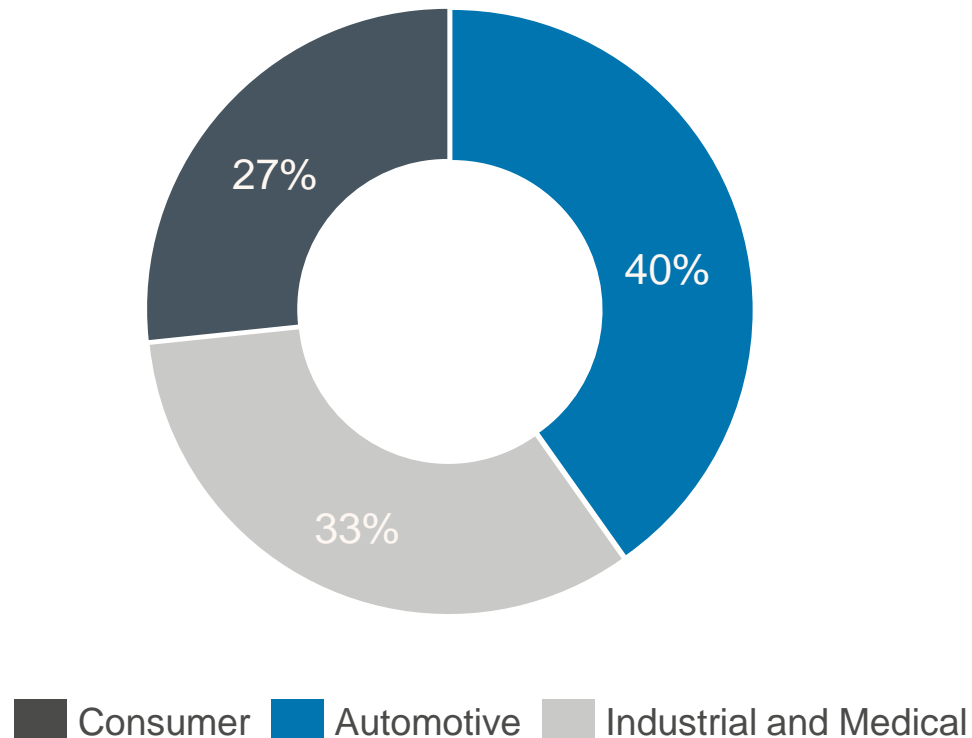


Visualization



Excellent position for leadership in optical solutions

Balanced revenue streams (FY 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

2021: Key business developments

ams OSRAM group business

Healthy full year results despite demanding industry environment

CY revenues USD 5,780m/EUR 5,038m, EBIT (adj.) USD 576m/EUR 502m (10% of revenues), driven by strong automotive business

Automotive: strong performance amid major supply chain imbalances

Persistent market imbalances + supply chain volatility; reduced OEM volume effects in H2; strong operational + production performance through 2021 despite tight supply chains

Consumer: H2 y-o-y revenue decrease due to market share loss

H2 revenues meaningfully lower y-o-y, cost mitigation steps implemented; well positioned for next opportunities in optical sensing + new display technologies

Industrial & Medical: robust results in most markets driven by H2

Ongoing strength in industrial business after weaker H1, slow recovery of lagging Covid-19 impacted areas; very solid medical business through 2021

Improved financial / balance sheet position, sound leverage situation

Leverage 1.9x at year-end 2021 (net debt/adj. EBITDA); EUR 77m convertible bond repurchase in 2021; solid long-term debt profile, focus on deleveraging

Integration fully on track, major steps achieved

Portfolio re-alignment to plan with 3 disposals and JV dissolution, successful delisting of OSRAM for 80.5% holding, integration programs in all group areas

2021: Strong progress in integration of OSRAM

Achievements in integration



Full control of OSRAM via DPLTA since March 2021, enabled 9 months of integration last year



Fast implementation of portfolio re-alignment, broad range of global integration programs on track



Achieved targeted 2021 milestones across integration streams (organization, IT, systems, etc.)



De-listing of OSRAM shares completed, corporate structure simplified (current ownership 80.5%)



Implemented new financial reporting and aligned fiscal year = calendar year for group

Milestones in portfolio re-alignment

- Three disposals announced/completed
 - Digital Systems North America
 - Connected building applications
 - Fluence (horticulture systems business)
- Approx. EUR 290m p.a. revenues (run-rate) sold at low to negative operating profitability
- OSRAM Continental joint venture dissolved as expected, important portfolio step
- Remaining disposal processes underway including former joint venture business
- Effects from disposals expected to phase in over next 12-24 months

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
- Augmented Reality + 3D
- Near-to-eye applications
- Sensor integration



Automotive

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

- High-res matrix headlights
- Exchangeable LED
- In-cabin sensing
- LIDAR applications
- Display applications



Industrial & Medical

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

- UV-C LED
- Horticulture
- Industry 5.0
- 3D applications
- Diagnostics

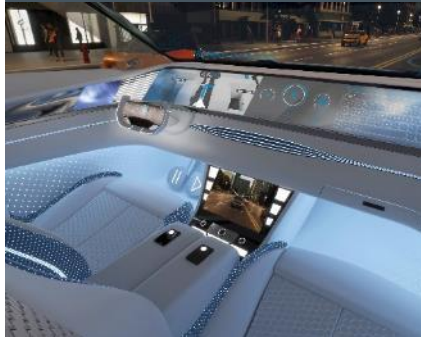
Enabling innovation in automotive mobility

Driving automotive application and technology trends

Exterior lighting



Interior lighting



Automated + autonomous driving



Display applications



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



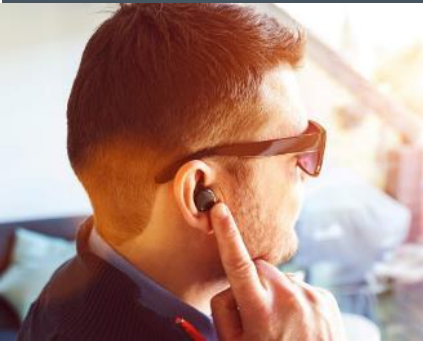
Camera
enhancement



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

Enhancing sensing + optical solutions for Industry

Technologies for Industry 5.0 applications

Industrial IoT + automation



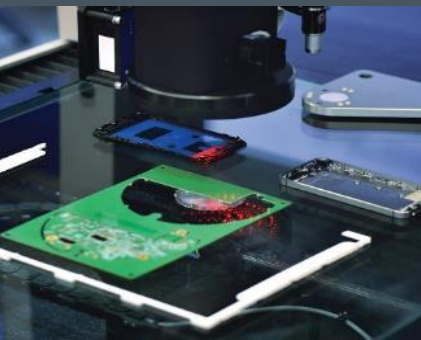
Access control + security monitoring



Horticulture



Industrial imaging + machine vision



Robotics



UV-C disinfection



Industry

IRED, LED, near-infrared spectroscopy, 3D, EEL/VCSEL, UV-C

Enabling new medical and health applications

Non-invasive and point of care technologies

Medical imaging



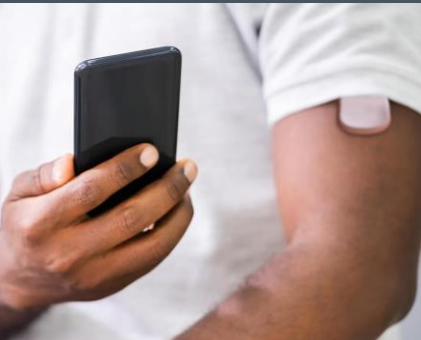
Vital signs monitoring



UV-C disinfection



Digital health



Micro camera endoscopy



Medical & Healthcare

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

Highlights Q4 2021 / Outlook Q1 2022

Q4 2021

- Very solid results with good operational performance as demanding industry situation continues in key markets
- Solid automotive business driven by existing backlog despite supply chain volatility and revenue delays due to reduced OEM production volumes
- Semiconductors: automotive performance complemented by consumer business in line with expectations and further strength in industrial and medical markets
- L&S: overall positive results incl. traditional automotive markets with improving demand in industrial applications
- Very solid operating profitability (adj.) at midpoint of guidance
- Robust cash flow generation with healthy FCF

Q1 2022

- Expected revenues
EUR 1,190-1,290 million / USD 1,365-1,465 million
- Expected operating profitability
8-11% (adj. EBIT margin)
- Excludes disposed businesses (DS North America, connected building applications) and deconsolidated revenues of dissolved joint venture, Fluence transaction not yet closed

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Financial Results FY and Q4 2021

Full year and Q4 2021 key financials at a glance

Revenues

FY 2021	Q4 2021
5,780m USD	1,410m USD
+43.8% y-o-y	-4.6% q-o-q

Gross margin (adj.)

FY 2021	Q4 2021
33.8%	33.5%
1,956m USD	473m USD

EBIT margin (adj.)

FY 2021	Q4 2021
10.0%	9.6%
576m USD	135m USD

Net result (adj.)

FY 2021	Q4 2021
313m USD	136m USD
5.4%	9.6%

Operational Cash Flow

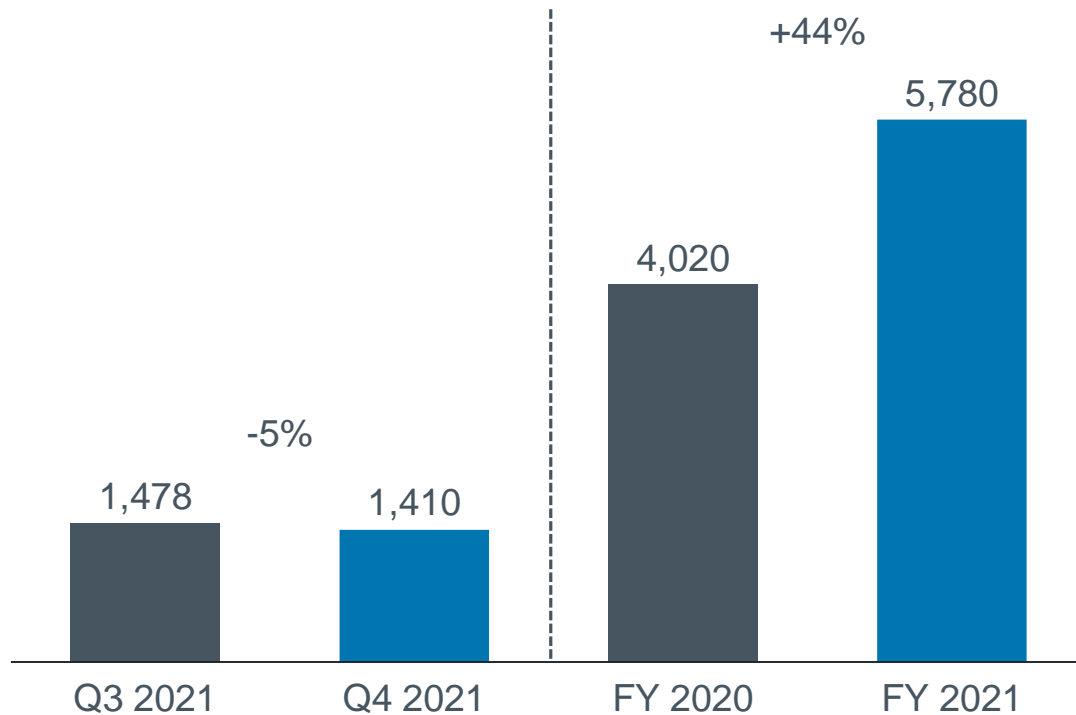
FY 2021	Q4 2021
908m USD	206m USD
15.7%	14.6%

Net debt

FY 2021
2,059m USD
1.9x Leverage

Group revenues – Full year and Q4 2021

Total revenues

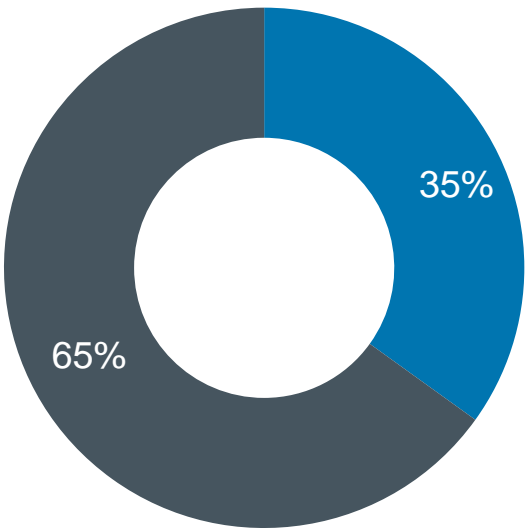


Comments

- Q4 2021 sequential revenue development impacted by de-consolidation effects of close to USD 40m related to divestment of connected building applications business and unwinding of former OSRAM Continental JV
- Full year revenue increase driven by consolidation effects related to OSRAM acquisition (closing mid 2020)
- Strong performance of automotive and industrial portfolio despite continuing supply chain imbalances; consumer portfolio contribution lower due to decreased market share

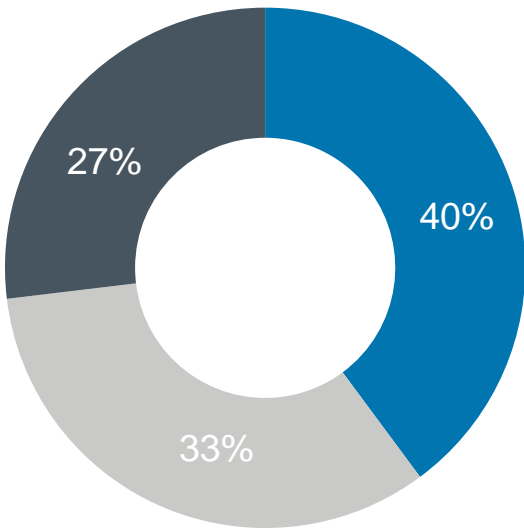
Balanced revenue distribution – Full year 2021

Revenues by segment



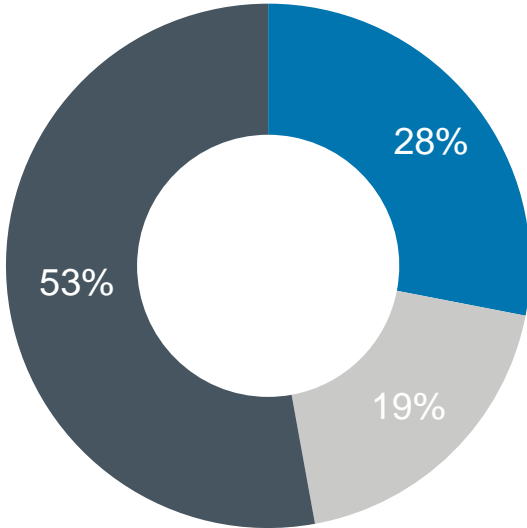
■ Semiconductors ■ Lamps & Systems

Revenues by end market



■ Consumer
■ Industrial and Medical
■ Automotive

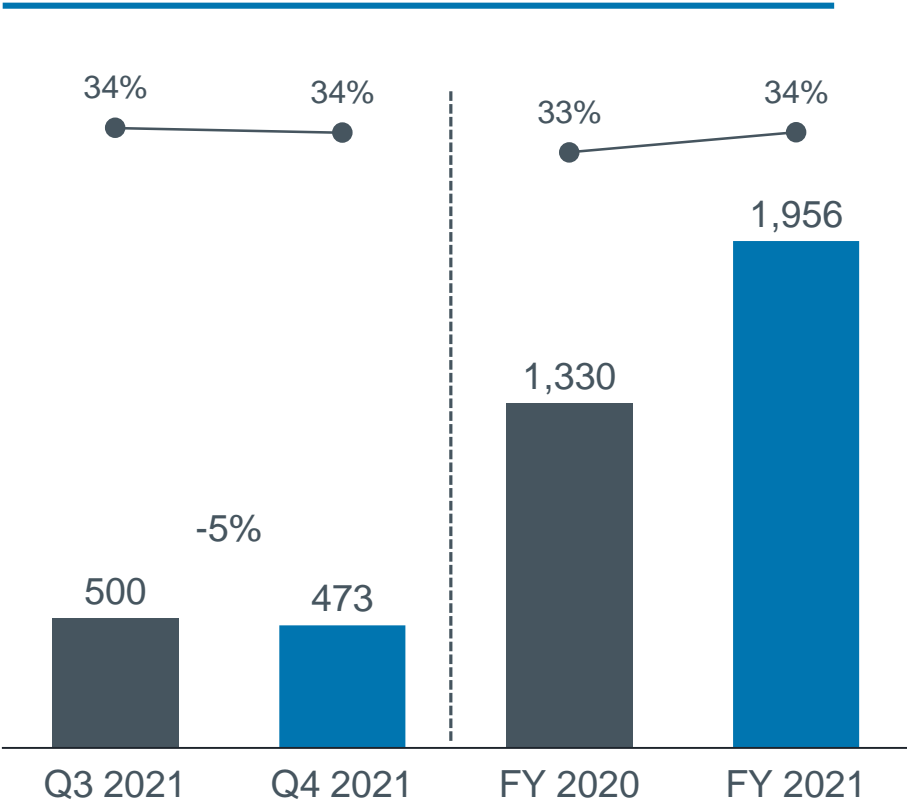
Revenues by region



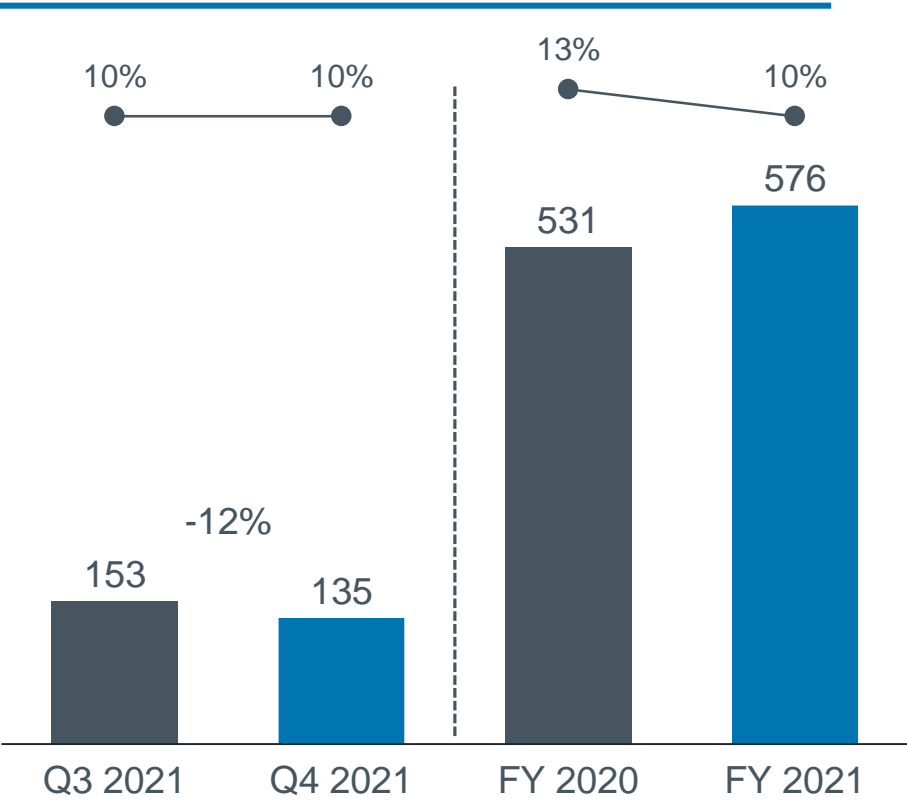
■ APAC ■ Americas ■ EMEA

Group profitability – Full year and Q4 2021

Gross profit, gross margin (adj.)¹⁾

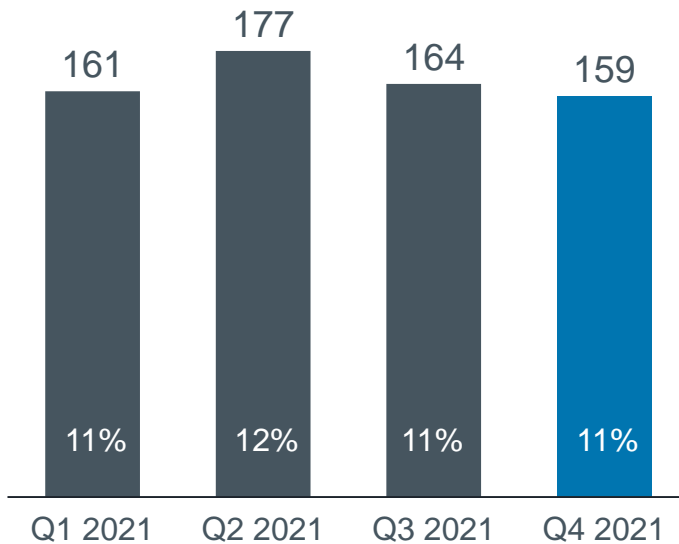


EBIT, EBIT margin (adj.)¹⁾

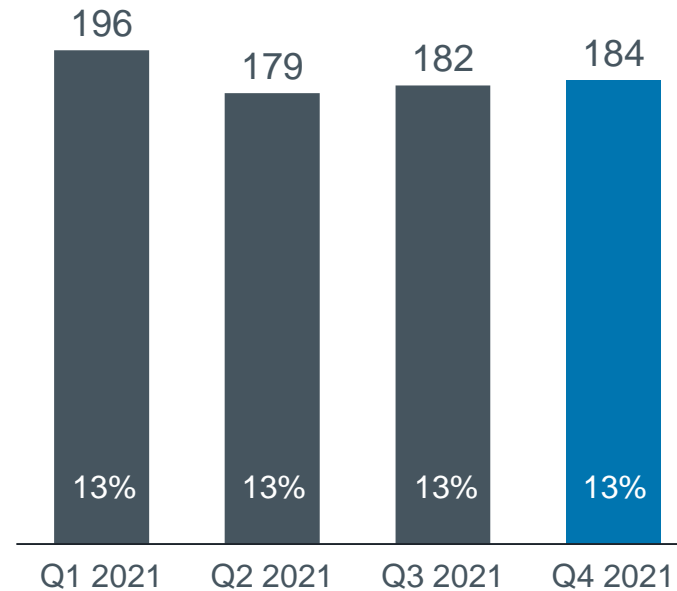


Operating expenses

R&D expenses (adj.)¹⁾



SG&A expenses (adj.)¹⁾

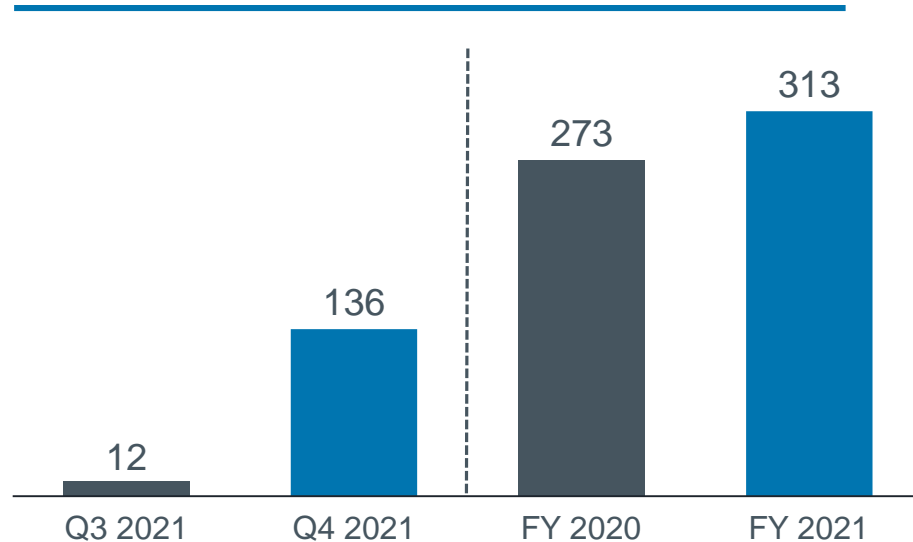


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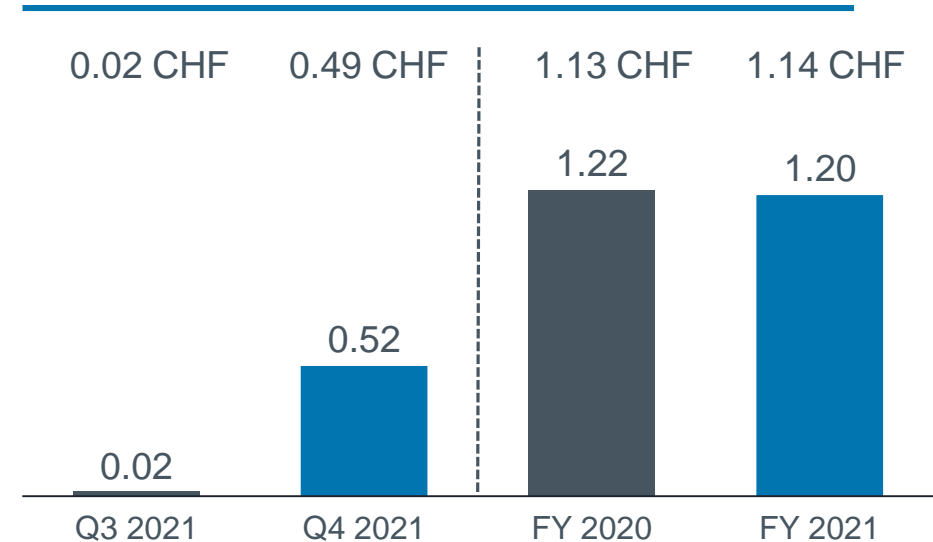
- Total OPEX level stable; further absolute reduction expected in 2022 following completion of several important integration projects
- R&D levels reflect portfolio- and roadmap-driven investments in 2021; vast majority of R&D invest is within Semiconductors segment
- Target levels for operating expenses (% of revenues):
 - Adj. R&D 11-14%
 - Adj. SG&A 7-9%

Adj. Net result and Adj. EPS

Net result (adj.)¹⁾



EPS basic (adj.)¹⁾

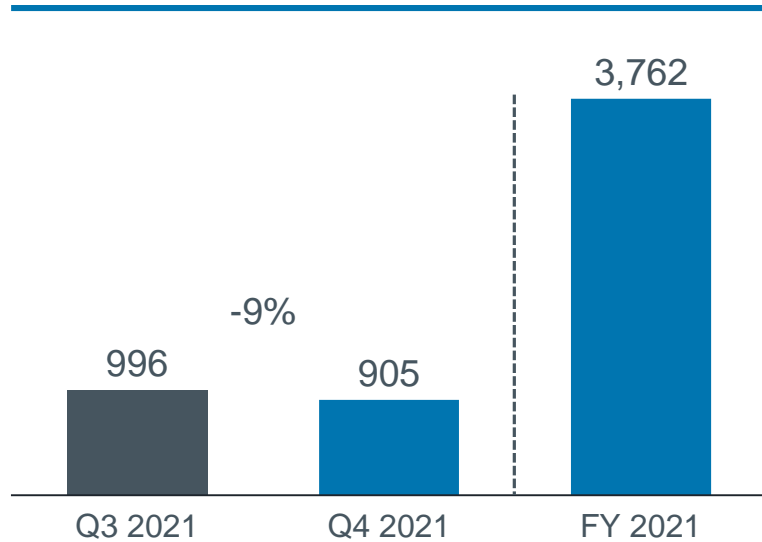


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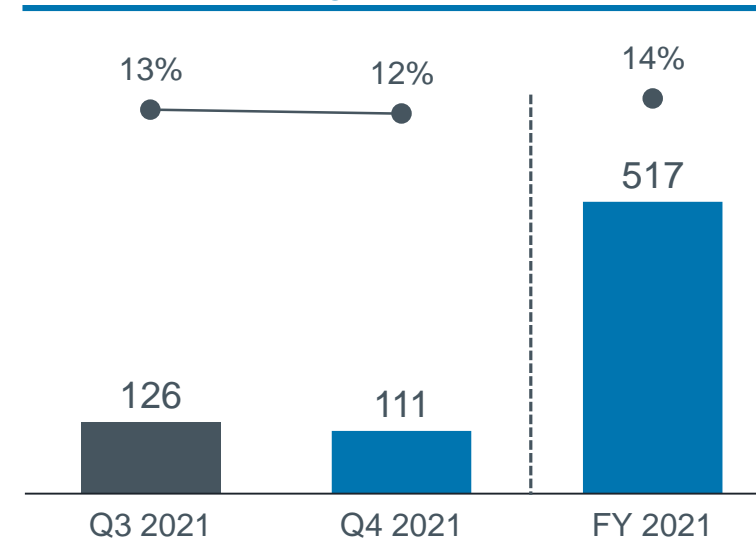
- IFRS reported net result: FY 2021 USD -37m / Q4 USD 193m, including two one-time non-cash accounting gains recorded in Q4 2021 (LeddarTech, OSRAM Continental JV)
- Financing result: FY 2021 USD -227m / Q4 USD -56m, in line with expectations

Semiconductors performance

Total revenues



EBIT, EBIT margin (adj.)¹⁾

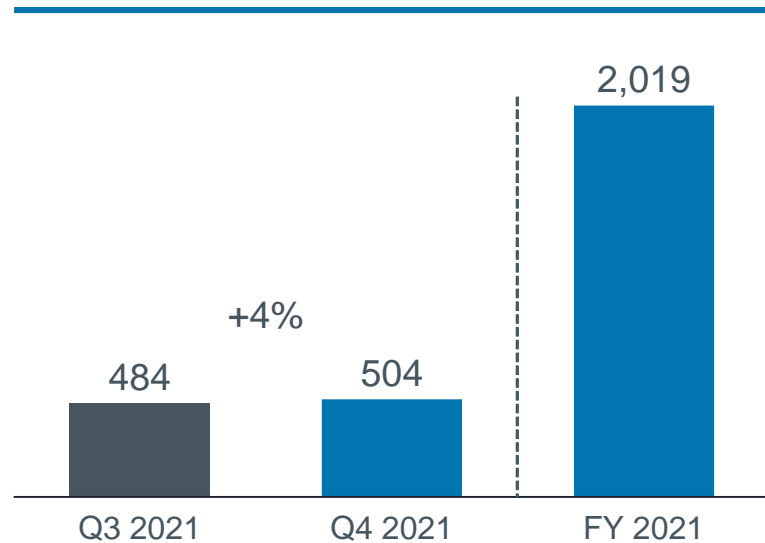


Comments Q4 2021

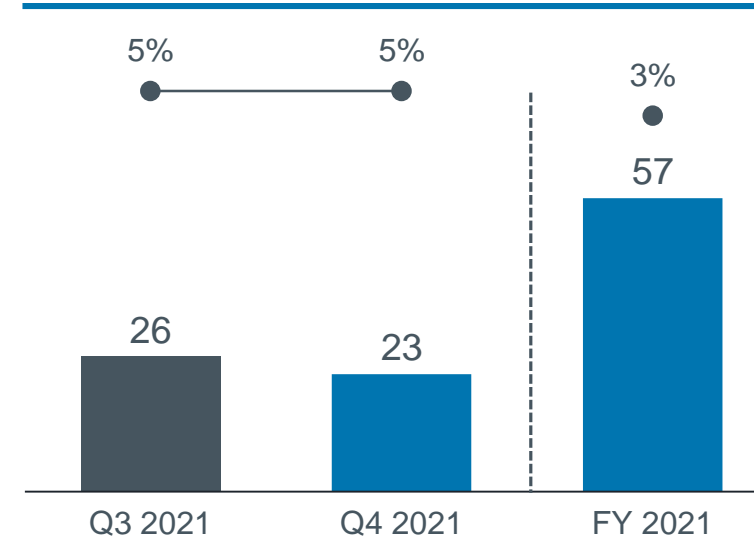
- Very solid performance of automotive product areas, healthy industrial demand, consumer contribution as expected
- Challenging supply chain environment continues
- Revenue and profitability fully in line with expectations

Lamps & Systems performance

Total revenues



EBIT, EBIT margin (adj.)¹⁾

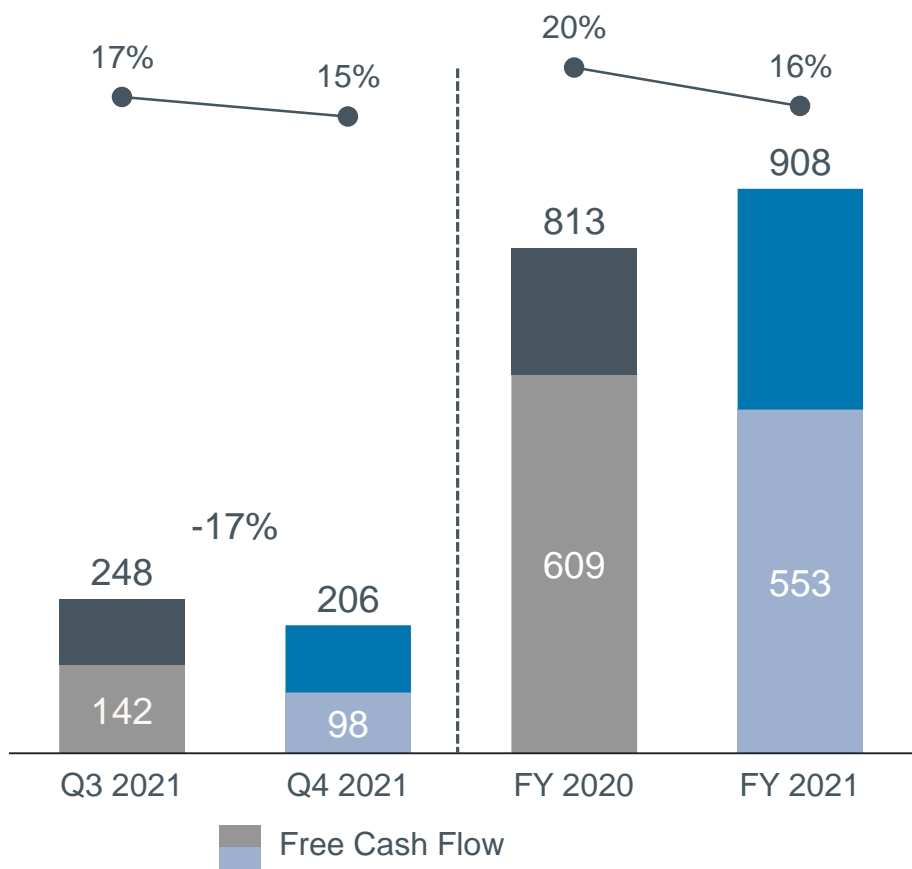


Comments Q4 2021

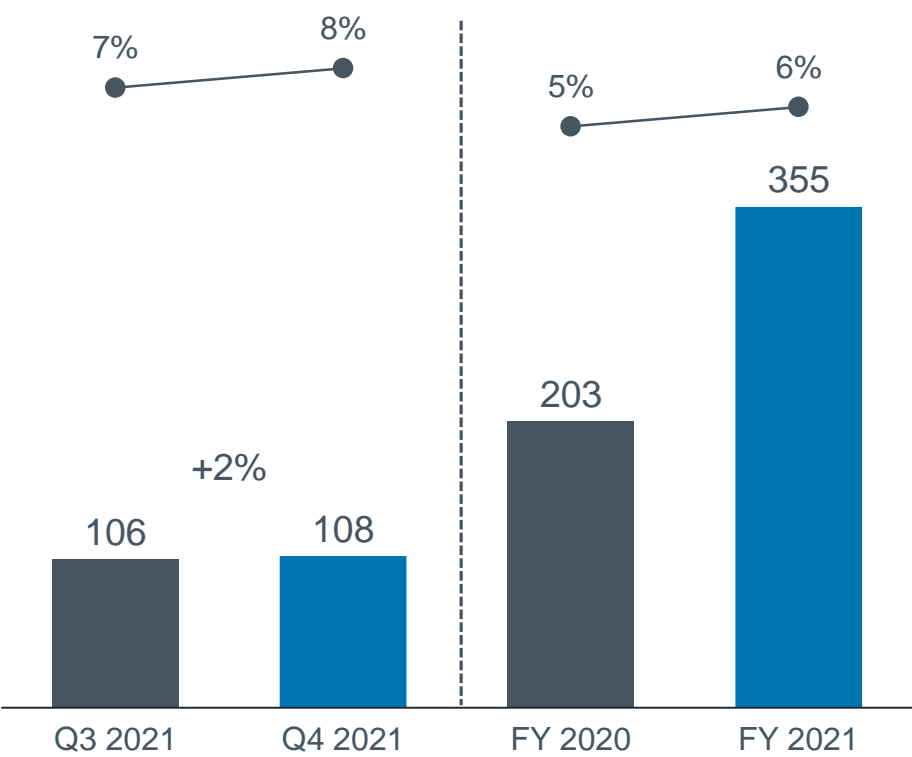
- Portfolio divestment plan on track, Fluence sale announced (USD 272m) + automotive JV with Continental dissolved
- Good overall performance, solid demand in traditional automotive and industrial business
- Improved demand environment in other end markets, incl. building-related and medical applications

Strong cash flow generation

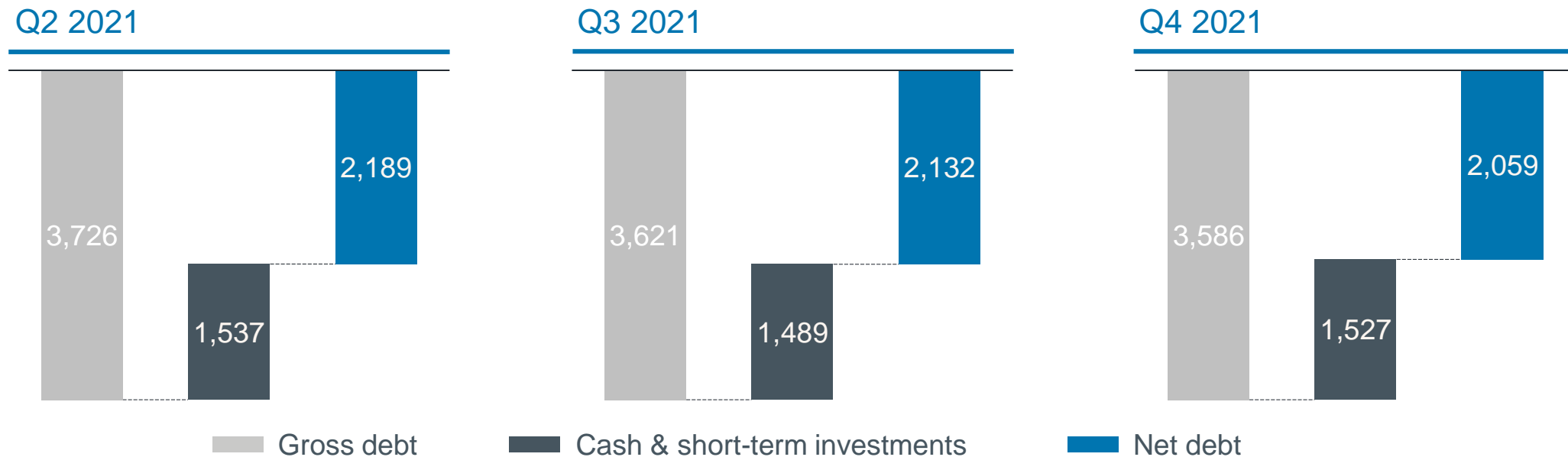
Operating / Free cash flow (FCF)



Capital expenditures



Cash and debt overview



Comments

- Group leverage of ~1.9x net debt/adjusted¹⁾ EBITDA at end of 2021
- Well-layered debt and maturity structure, augmented by undrawn multi-year EUR 800m revolving credit facility
- Gross debt further reduced, including payback of promissory note (EUR 115m) + convertible bond buyback program (EUR 77m)

Outlook Q1 2022

Revenues

EUR 1,190-1,290 million
USD 1,365-1,465 million

Operating profitability

8-11% (adjusted EBIT margin)

Comments

- Excludes disposals (DS North America, connected building applications) and deconsolidated revenues of dissolved joint venture, Fluence transaction not yet closed
- Outlook given in USD and EUR to facilitate change to focus of financial presentation in EUR (starting this quarter)

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Profit and loss statement

IFRS reported figures

	Q4 2021	FY 2021	Q4 2020	FY 2020
Revenues	1,410	5,780	1,620	4,020
Gross profit	439	1,652	519	1,188
• Gross margin (IFRS reported)	31%	29%	32%	30%
• Gross margin (adjusted ¹⁾)	34%	34%	35%	33%
Research and development	-174	-737	-173	-485
Selling, general and administrative	-205	-854	-223	-605
Other operating income/expenses	157	203	27	66
Results from investments in associates	-25	-38	-3	-6
Result from operations (EBIT)	192	226	147	158
• EBIT margin (IFRS reported)	14%	4%	9%	4%
• EBIT margin (adjusted ¹⁾)	10%	10%	17%	13%
Net financing result	-56	-227	-65	-250
Result before tax	135	-1	83	-92
Income tax result	57	-36	-32	-11
Net result (IFRS reported)	193	-37	50	-100
Net result (adjusted ¹⁾)	136	313	173	273

Balance sheet

Assets	Dec 31, 2021	Dec 31, 2020	Liabilities and equity	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents	1,527	1,832	Short-term interest-bearing loans	551	272
Short-term investments	7	22	Trade payables	814	625
Trade receivables	789	712	Income tax payables	97	119
Inventories	1,076	984	Current provisions	376	392
Other receivables and assets	212	194	Other current liabilities	1,559	1,946
Assets held for sale	154	55	Liabilities held for sale	46	146
Total current assets	3,765	3,799	Total current liabilities	3,443	3,501
Property, plant and equipment	1,843	2,223	Interest-bearing loans	3,035	3,517
Intangible assets	4,577	4,647	Employee benefits	207	250
Right of use	298	332	Deferred tax liabilities	236	260
Investments in associates	39	86	Provisions	55	50
Deferred tax assets	209	189	Other liabilities	474	376
Other long term assets	165	124			
Financial assets	168	29			
Total non-current assets	7,299	7,631	Total non-current liabilities	4,007	4,456
			Shareholders' equity ams OSRAM	3,604	3,543
			Non-controlling interests	9	-70
Total assets	11,064	11,430	Total liabilities and equity	11,064	11,430

Cash flow statement

	Q4 2021	FY 2021	Q4 2020	FY 2020
Net result	193	-37	50	-100
Amortization, depreciation and impairment	198	872	223	665
Cash flow from operations	206	908	371	811
Capital expenditures	-108	-355	-62	-203
Acquisition, net of cash acquired	-84	-601	-5	-1,055
Proceeds and payments from disposals of businesses	186	318	0	48
Cash flow from investing activities	-9	-642	-68	-1,715
Proceeds from issuance of long-term debt	0	0	862	2,285
Repayment of loans	-2	-329	-816	-2,029
Repayment of convertible notes	-58	-77	0	0
Repayment of lease liabilities	-25	-86	-15	-44
Interest paid	-15	-157	-13	-48
Changes resulting from capital increase	0	0	-182	1,709
Cash flow from financing activities	-193	-613	150	2,238
Net change in cash and cash equivalents	11	-309	437	1,271
Cash and cash equivalents at end of period	1,527	1,527	1,832	1,832