

# Third quarter results 2022

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Ingo Bank, CFO  
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November 2022

# Vision and mission for ams OSRAM

To create the uncontested leader in optical solutions

## Sensing



## Illumination



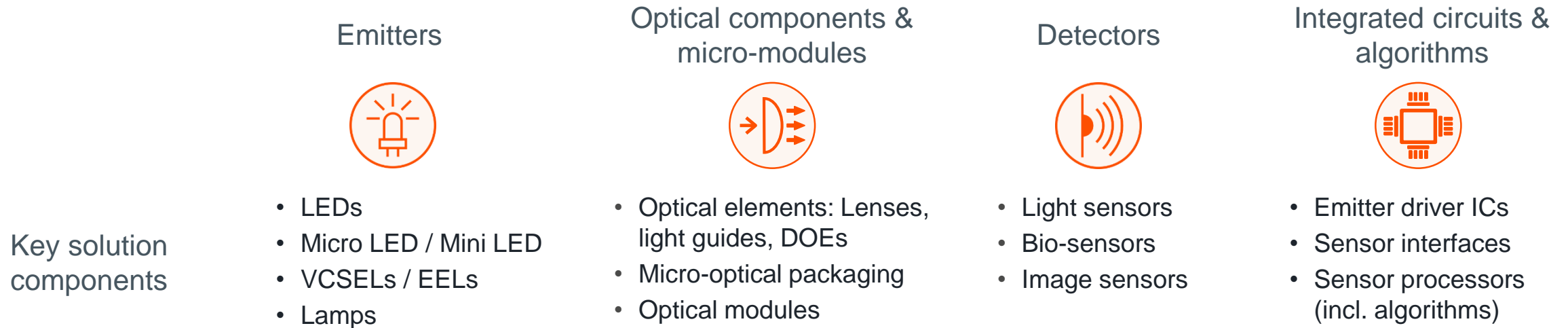
## Visualization



**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



## Micro-optical solutions & lamps

### Sensing



### Illumination

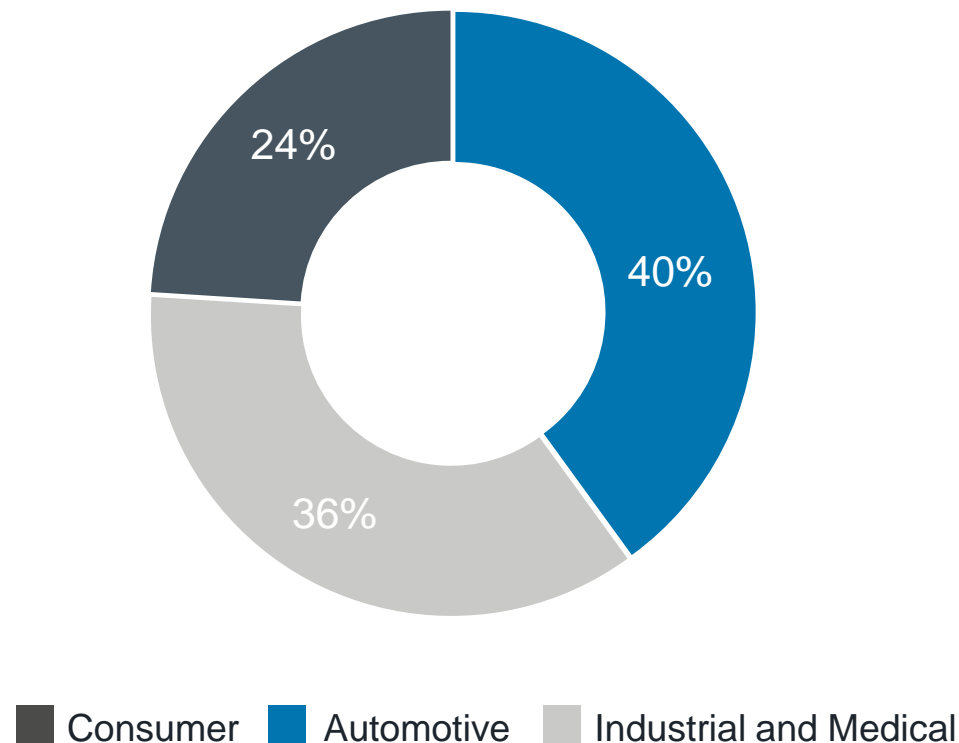


### Visualization



# Excellent position for leadership in optical solutions

Balanced revenue streams (9M 2022)



## 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, IRED, high power specialty lighting)
- Micro LED next generation display technology
- 3D solutions (AR, authentication, consumer + industrial)
- Display management, optical sensing, near-to-eye AR/VR
- EEL + VCSEL LIDAR
- High performance imaging



# Clear investor value proposition



## Commitment to growth

Leader in optical solutions driven by secular growth trends in Automotive, Consumer and Industrial & Medical



## Path to strong sustainable profitability

Doubling of EBIT margin driven by portfolio optimization, manufacturing footprint consolidation, synergy realization and revenue growth



## Balanced and diversified business mix

Balanced application end-market exposure and diversified global customer base creates broadly supported earnings streams



## Prudent financial policy

De-lever based on strong operational cash flows and proceeds from divestments, while maintaining investment for growth



## Focus on long-term value generation

Re-invest in differentiating technology & innovation and related organic growth opportunities, in alignment with ESG focus

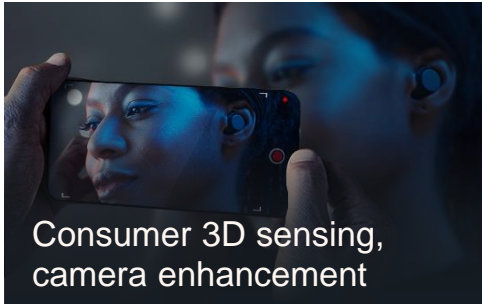
## Clear long-term targets

- Revenue CAGR >10%, outgrowing our SAM
- Synergies / savings ~350M€
- Adj. EBIT margin 20%+
- Automotive 35-40%, Consumer 35-40%, I&M 25-30%
- Top 10 global customers 35-40%
- Divestment proceeds >550M€
- Targeting investment grade with net debt/adj. EBITDA <2x
- Carbon neutrality in 2030
- Gender diversity in leadership 25% in 2026

# Key societal megatrends drive demand for our optical solutions

## Digitalization

### Consumer



### Automotive



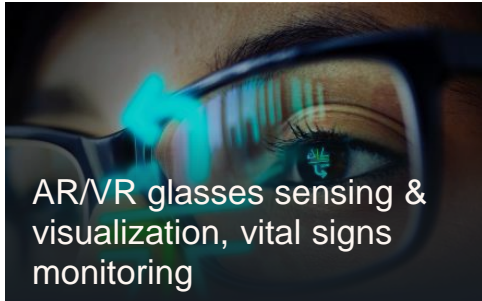
### Industrial



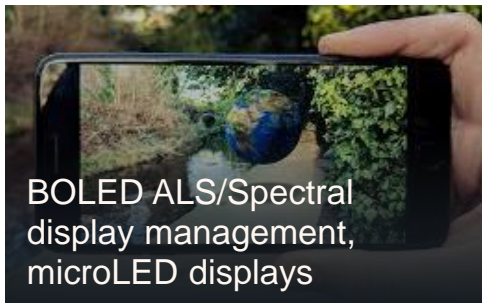
### Medical



## Smart Living (IoT)



## Energy efficiency & sustainability





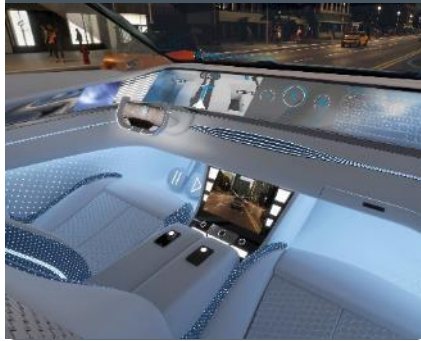
# Enabling innovation in automotive mobility

## Driving automotive application and technology trends

Exterior lighting



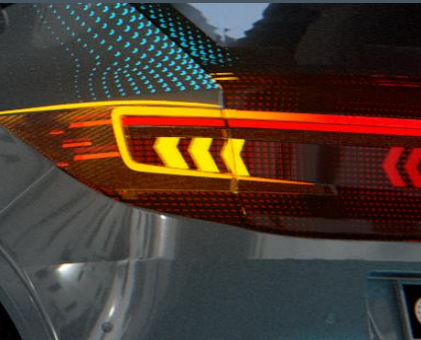
Interior lighting



Automated + autonomous driving



Dynamic signaling



Driver + interior monitoring



Gesture sensing + HMI



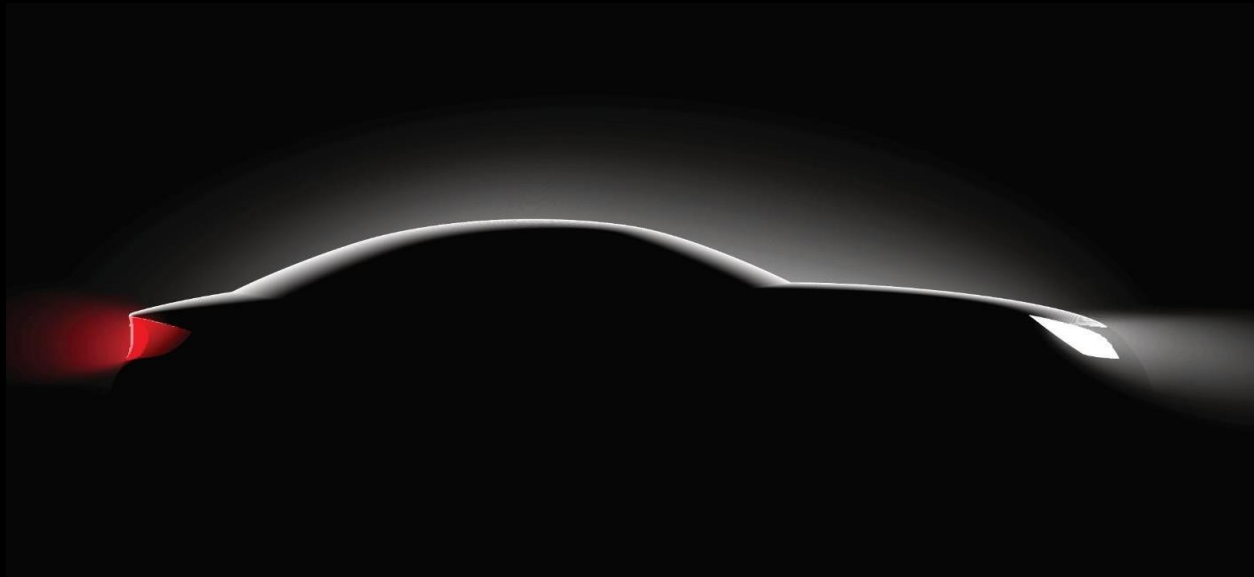
### Automotive

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

# Broad offering of illumination, visualization and sensing components

Illumination/ Visualization

Sensing



Dynamic forward lighting

Dynamic signaling

Static forward lighting

Functional illumination

Static signaling

Ambient lighting

Projection

Smart surface

LCD backlighting

In cabin sensing

Exterior sensing

Rain-, light-, and tunnel sensing

Smart surface

Ambient light sensing

Position sensing



# Enabling innovation in mobile + wearable devices

Creating solutions for consumer application and technology trends

Next generation  
microLED displays



Camera  
enhancement



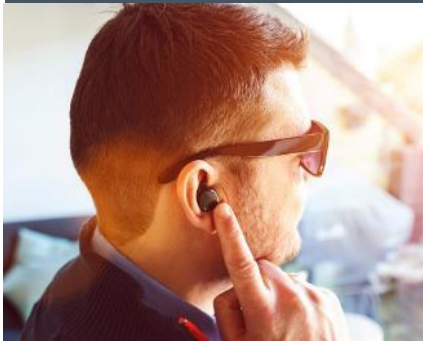
3D AR/VR +  
authentication



Display  
management



Presence detection



Near-to-Eye  
projection



## Mobile + wearable

BOLED, microLED, LED, proximity and 3D sensing, color sensing, VCSEL/EEL, Near-to-Eye, AWB, spectral sensing

# Innovative portfolio for phones, wearables, AR/VR and other devices



Illumination/ Visualization

Sensing

microLED

LED/laser projection (AR/VR glasses)

Camera enhancement

3D sensing for Augmented Reality

Display management / BOLED sensing

2D/3D sensing

Vital Signs Monitoring

Authentication

Eye/hand/body tracking

User interfacing



# Enabling innovation in industrial + medical applications

Technologies for Industry 5.0 applications + innovative medical technologies

Industrial IoT + automation



HABA + security monitoring



Horticulture



Medical imaging



Vital Signs Monitoring



UV-C disinfection

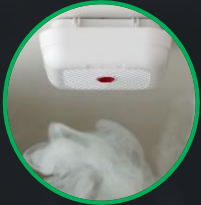


## Industrial + Medical

IRED, LED, 3D/LiDAR, EEL/VCSEL, UV-C, near-infrared spectroscopy, Digital X-Ray, spectral sensing, CT sensing + photon counting, NanEye



# Differentiated offering for industrial and medical applications



Illumination/ Visualization

Sensing

Outdoor/industry lighting

Horticulture & smart farming

UV-C LED disinfection

LED & laser projection

Industrial automation (IoT + robotics, imaging)

Home & Building Automation (HABA)

Vital Signs Monitoring

Medical imaging

# Highlights Q3 & Outlook Q4 2022

## Q3 2022

- Solid results around midpoint of guidance range in demanding market and supply chain environment
- Semiconductors: Solid automotive performance in light of inventory adjustments, good results in industrial, solid results in less favorable consumer market
- L&S: Good in-line performance overall, positive automotive results including aftermarket business and despite de-consolidation effects, other areas supportive
- Able to confirm substantial pre-payment agreement related to future deliveries, underpinning existing engagement
- Asset testing in light of increased applicable cost of capital results in IFRS non-cash impairment charge
- Strong operating cash flow
- Substantial reduction of gross debt as expected resulting in lower net debt
- Healthy cash balance and solid leverage situation

## Q4 2022

- Expected revenues EUR 1,150-1,250 million
- Expected operating profitability 6-9% (adj. EBIT margin)

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# Financial Results Q3 2022



## Q3 2022 Key financials at a glance

### Revenues

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1,213m EUR

+3% q-o-q

### Gross margin (adj.)

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28.7%

348m EUR

### EBIT margin (adj.)

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7.5%

91m EUR

### Net result (adj.)

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47m EUR

3.9%

### Operational Cash Flow

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151m EUR

12.4%

### Net debt

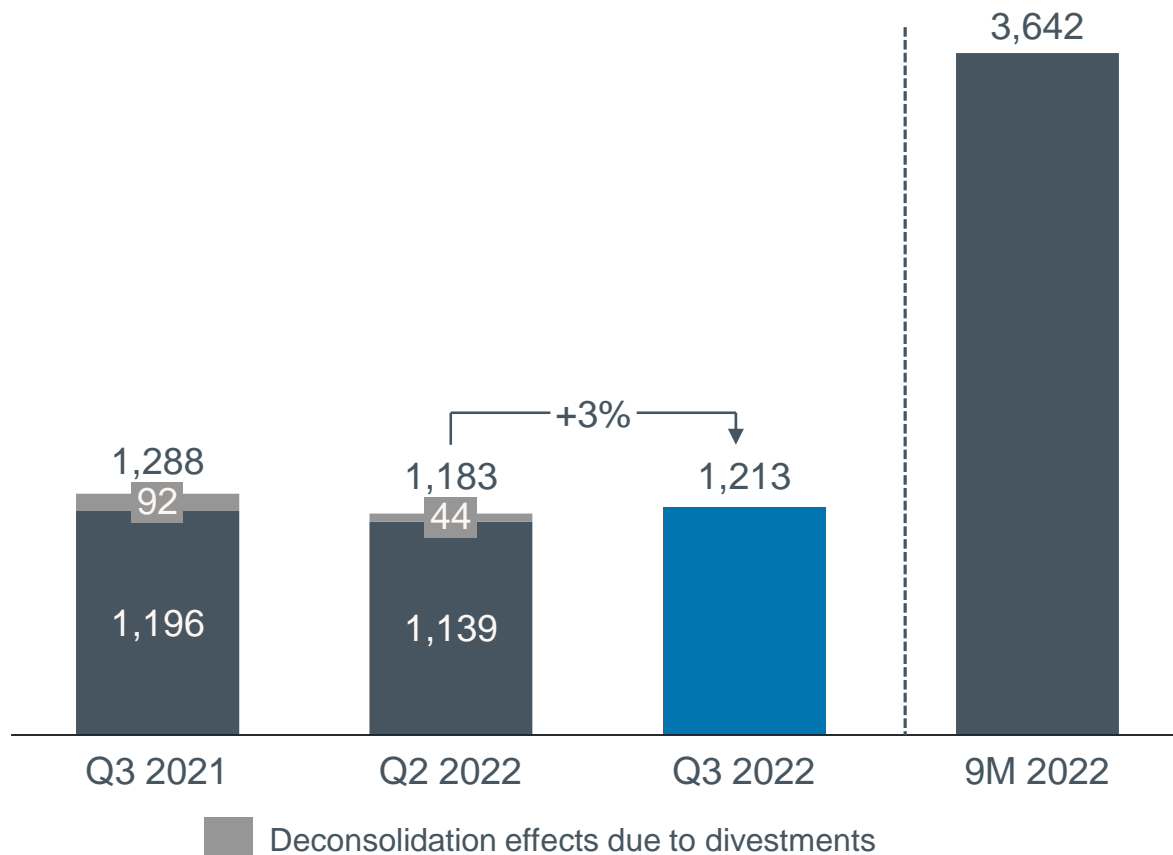
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1,595m EUR

1.75x Leverage

# Group revenues – Q3 2022

## Total revenues

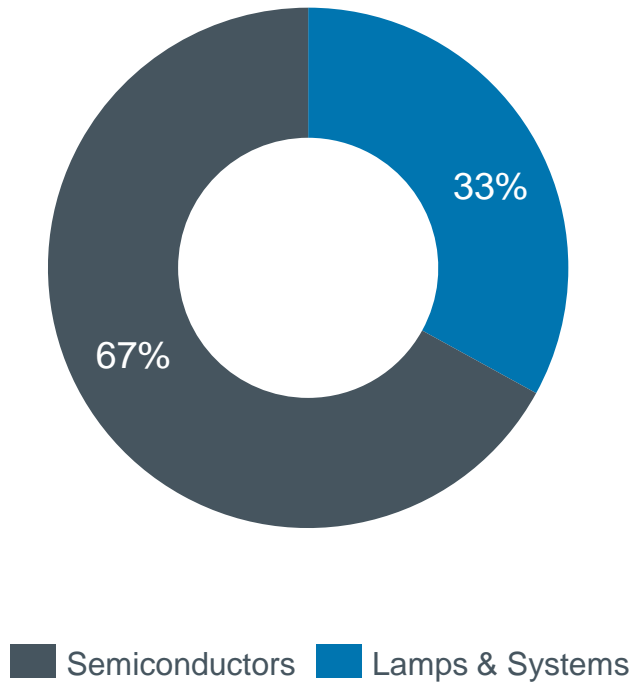


## Comments

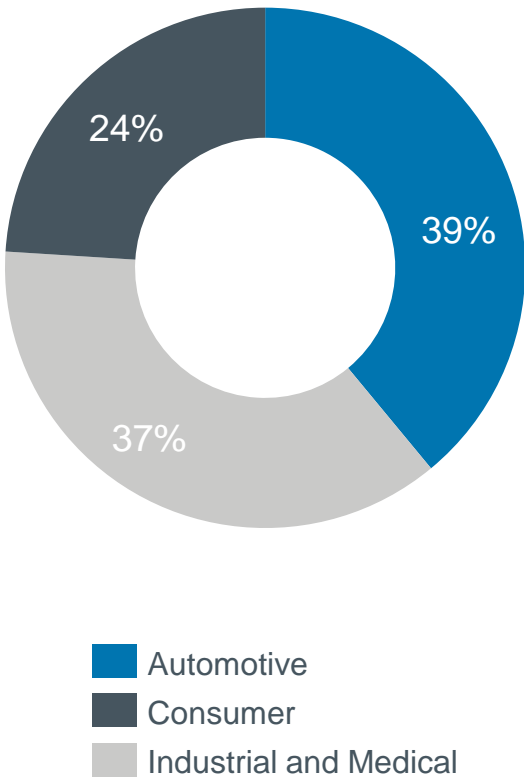
- 3% sequential growth despite de-consolidation effects (AMLS + Fluence)
- ~6% sequential growth on like-for-like portfolio comparison basis
- Year-on-year revenue comparison reflects de-consolidation effects of EUR 92m due to several meaningful disposals including disposal of former OSRAM Continental JV business AMLS
- Slight year-on-year growth on like-for-like portfolio comparison basis

# Balanced revenue distribution

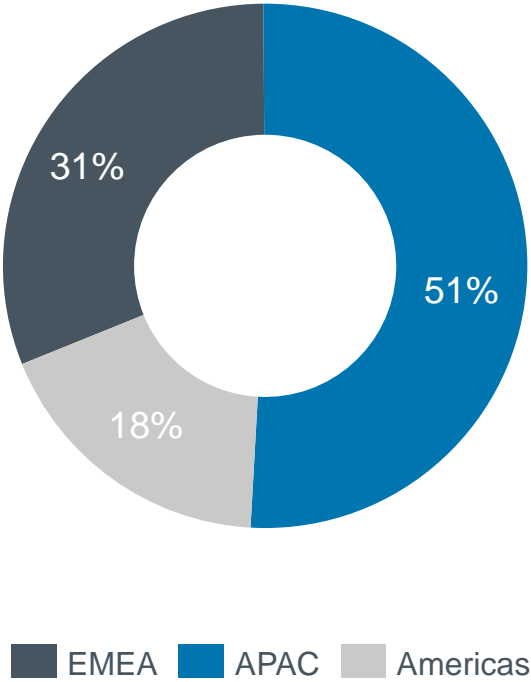
Revenues by segment (Q3 2022)



Revenues by end market (Q3 2022)



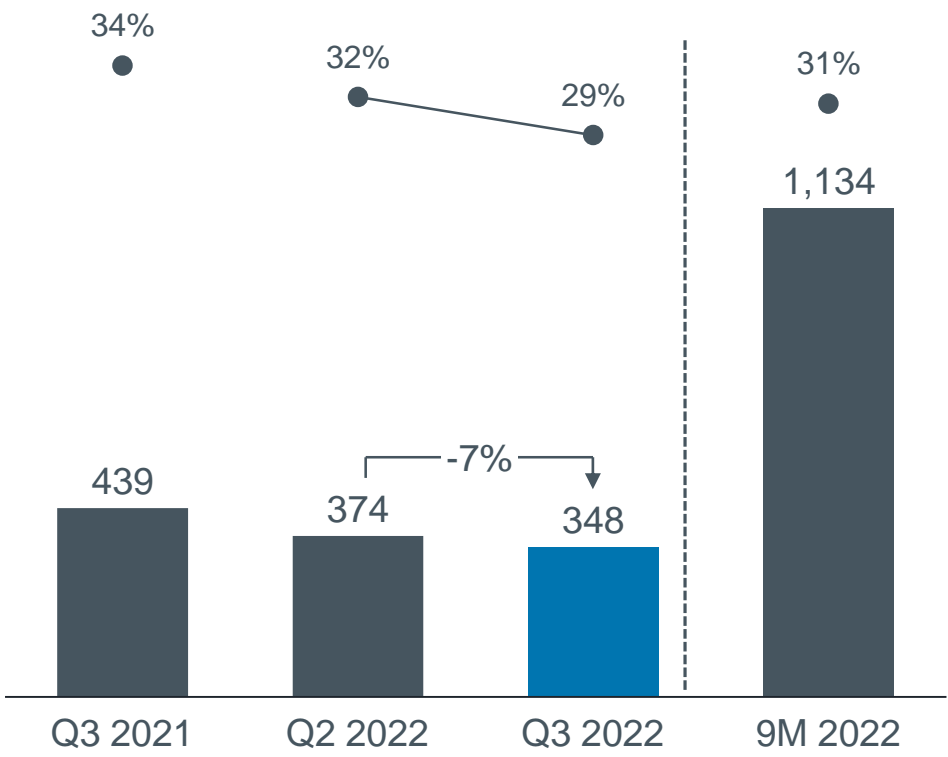
Revenues by region (H1 2022)



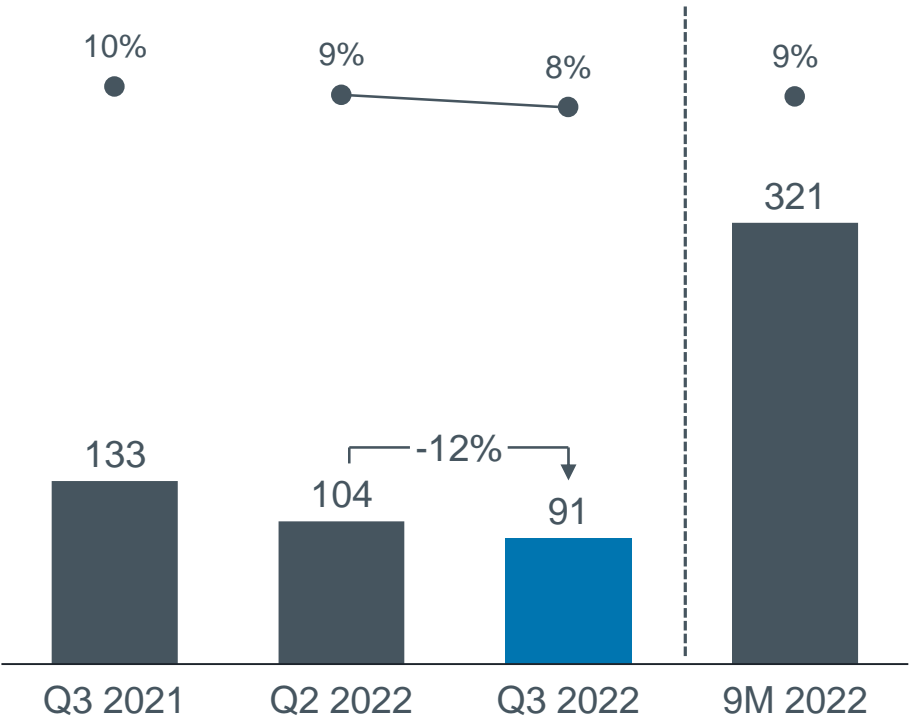


# Group profitability – Q3 2022

Gross profit, gross margin (adj.)<sup>1)</sup>

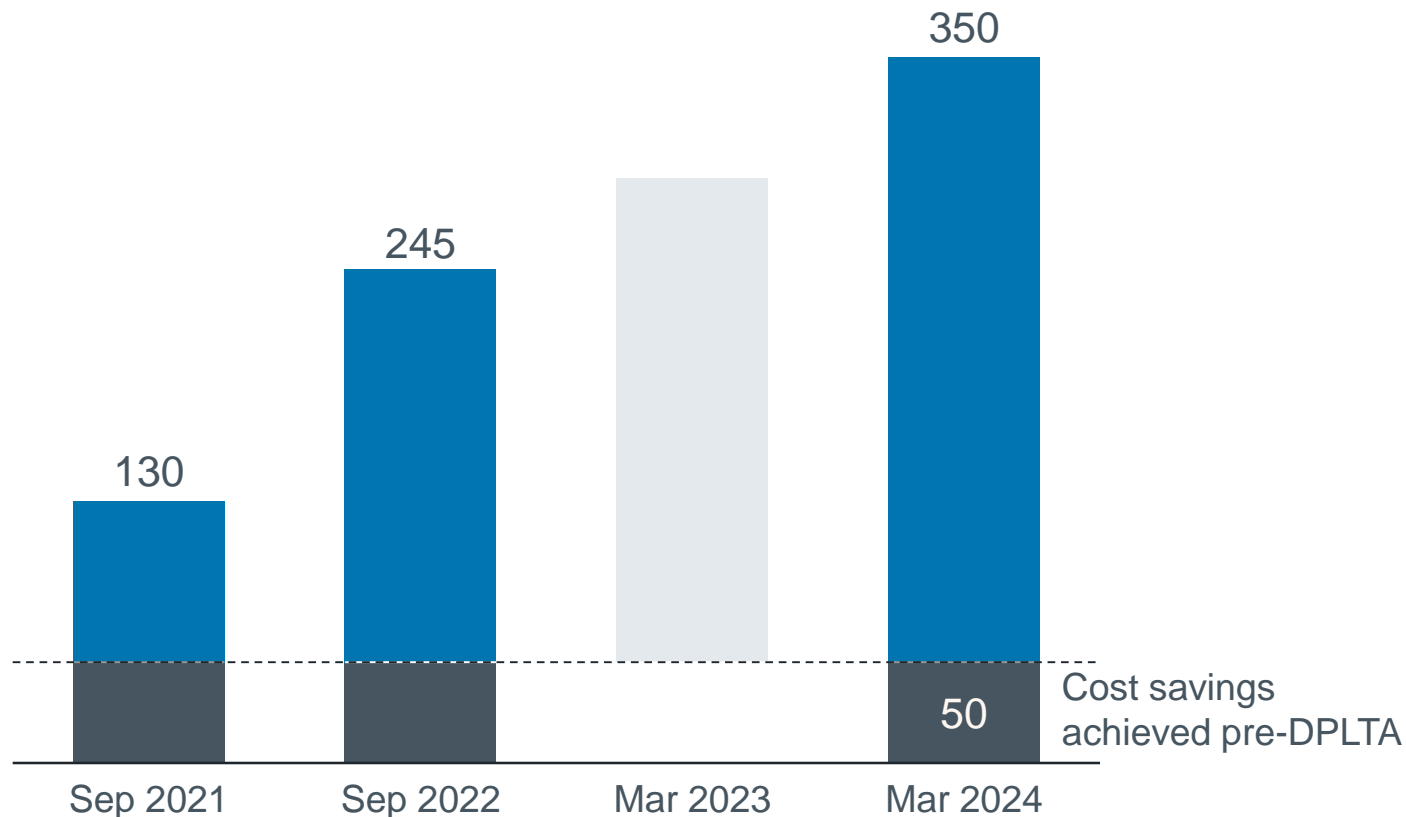


EBIT, EBIT margin (adj.)<sup>1)</sup>



# Synergy creation update – continued progress in line with plans

EUR ~350m total synergies and cost savings<sup>1</sup>

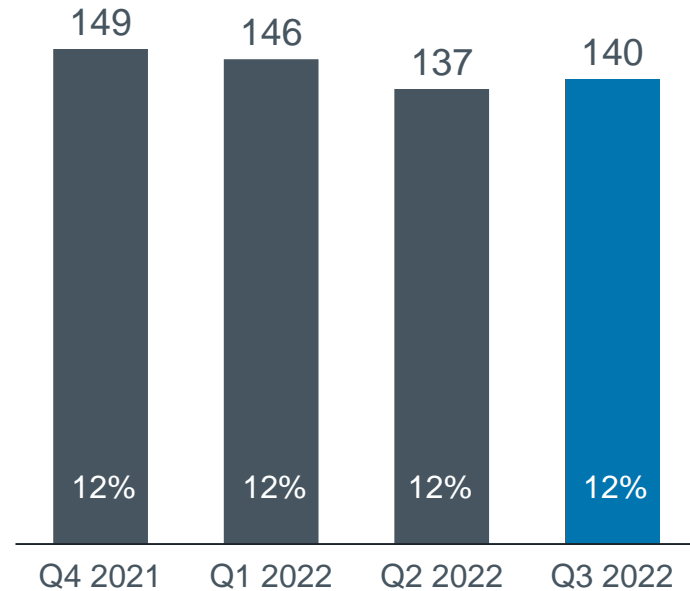


## Key aspects

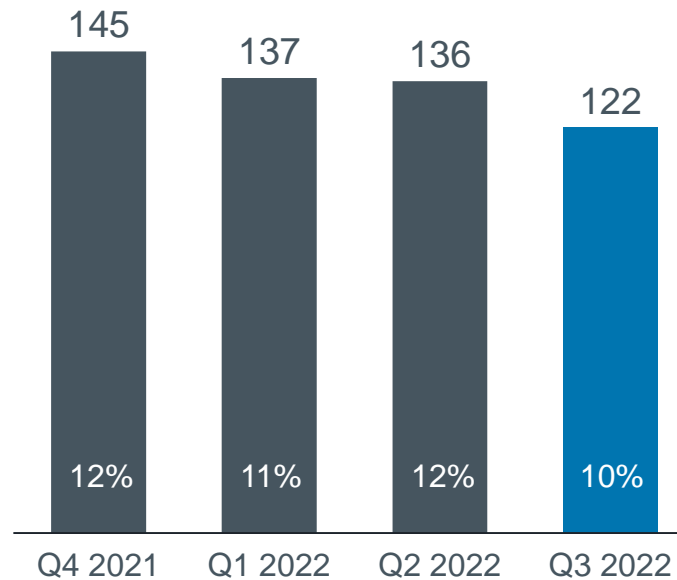
- Synergy and savings run-rate increased to EUR 245m (70% of total expected run-rate synergies and savings in line with plans)
- Initial synergies more OPEX, procurement and manufacturing overhead-related
  - Headcount measures
  - Joint procurement initiatives
  - Reduction of SG&A costs
- Remaining synergy creation period with focus on COGS next to SG&A
  - Manufacturing footprint consolidation
  - Related direct + indirect labor improvements
  - IT and ERP landscape streamlining completion
- Total one-time costs estimate to realize synergies EUR ~270m (~40% incurred to date)

# Operating expenses

R&D expenses (adj.)<sup>1)</sup>



SG&A expenses (adj.)<sup>1)</sup>

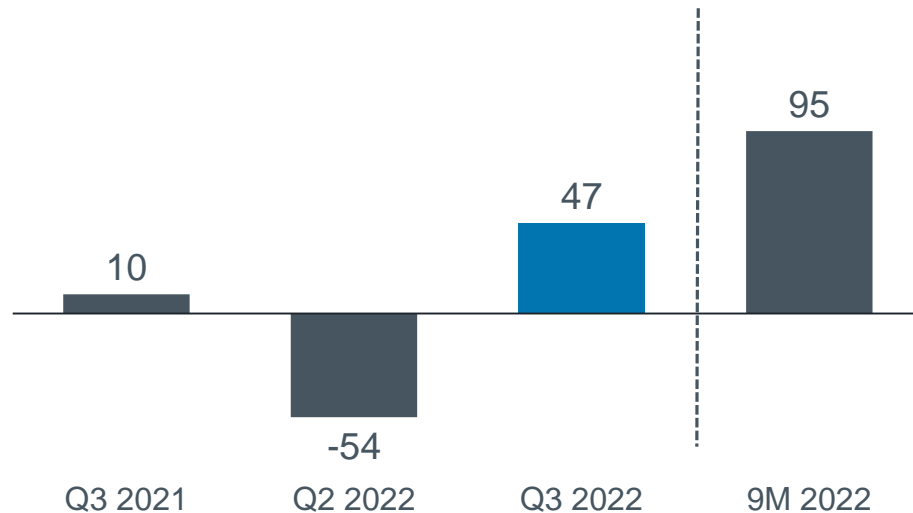


## Comments

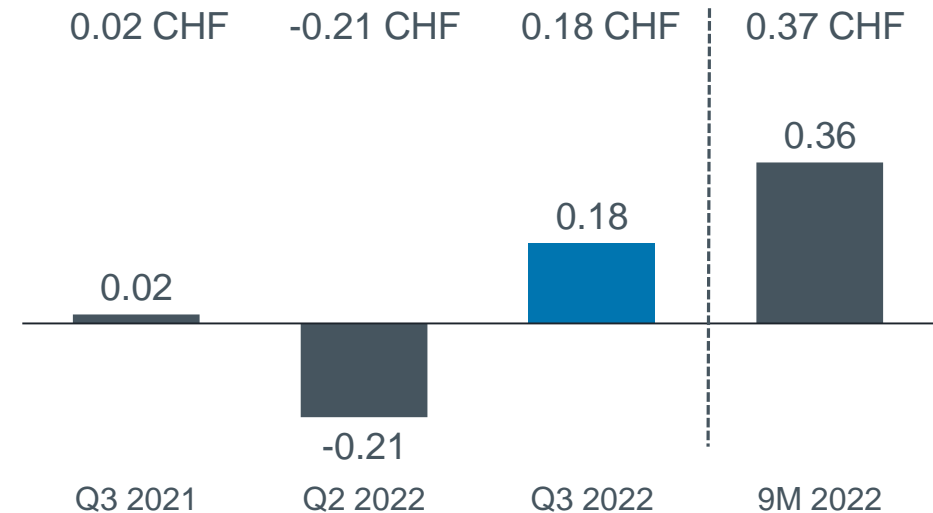
- Substantial SG&A base-line reduction over last quarters, progressing towards target corridor
- R&D levels reflect portfolio- and roadmap-driven investments for new technologies, by far largest portion of R&D spending in Semiconductors segment
- Target levels for operating expenses
  - Adj. R&D 11-14% of revenues
  - Adj. SG&A 7-9% of revenues

# Adj. Net result and Adj. EPS

Net result (adj.)<sup>1)</sup>



EPS basic (adj.)<sup>1)</sup>

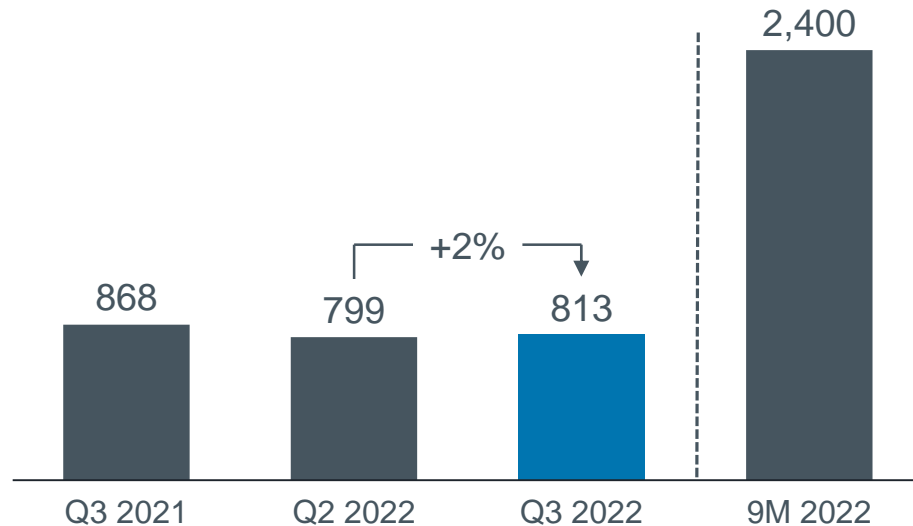


- Q3 2022: Financing result EUR -58m, in line with expectations (Q3 2021: EUR -59m)
- IFRS reported net result: Q3 2022 EUR -370m, due to one-time non-cash impairment charge

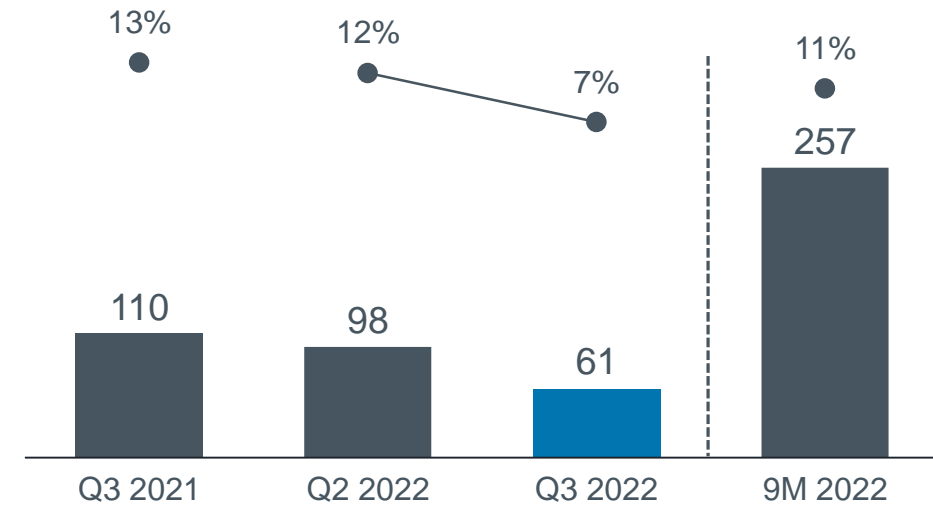


# Semiconductors performance

Total revenues



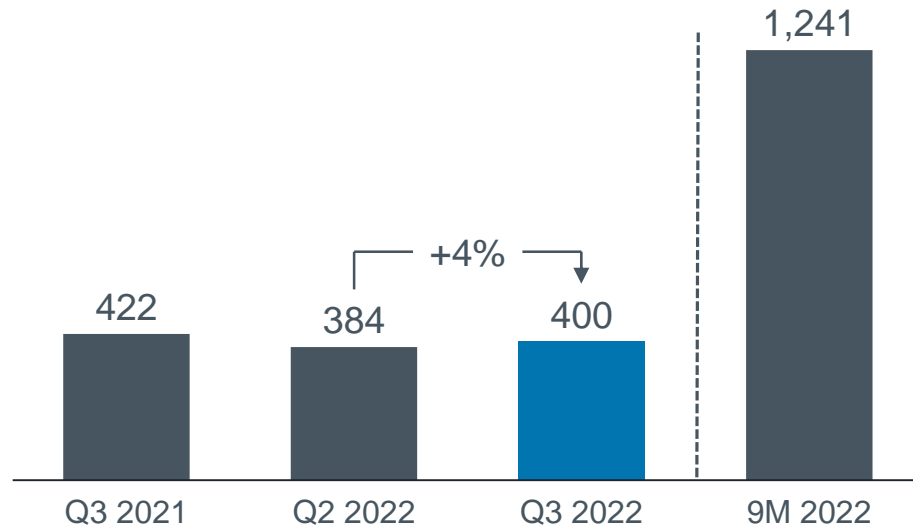
EBIT, EBIT margin (adj.)<sup>1)</sup>



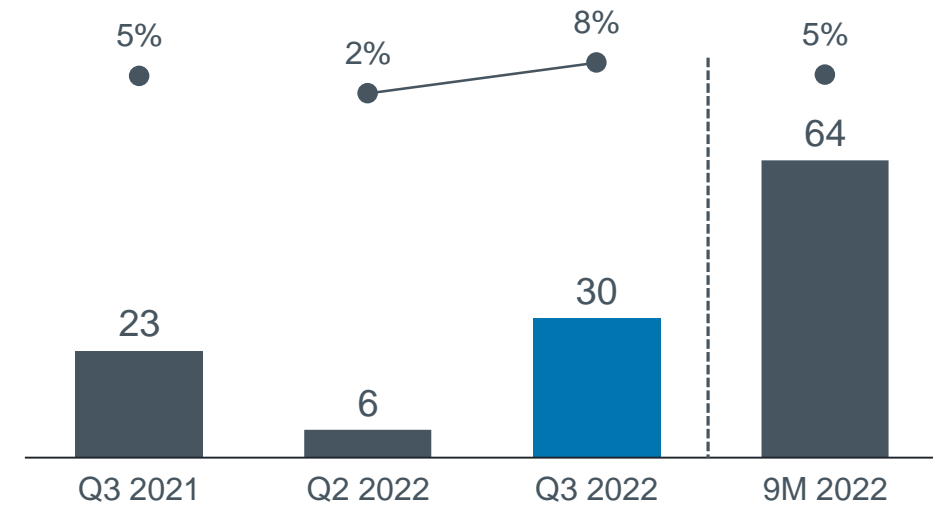
- Sequential increase in a demanding market environment
- Solid results in automotive business despite supply chain imbalances, good industrial demand
- Less favorable demand trends in consumer market given lower smartphone volumes year-on-year
- Profitability impacted by lower production volumes as expected and communicated previously

# Lamps & Systems performance

Total revenues



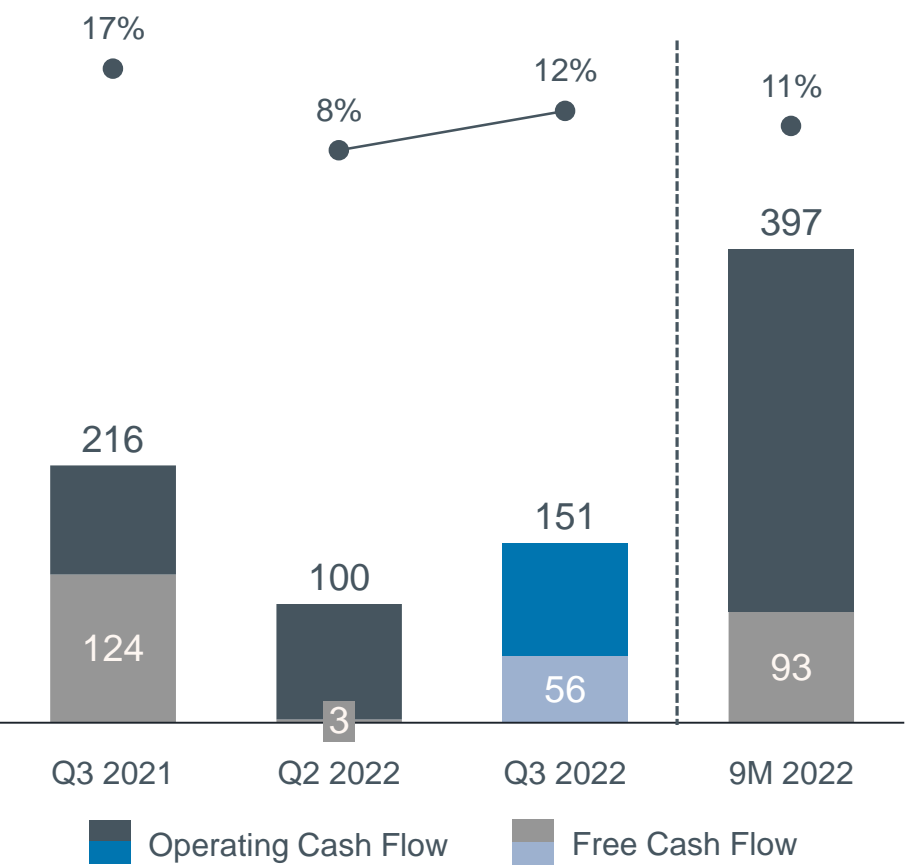
EBIT, EBIT margin (adj.)<sup>1)</sup>



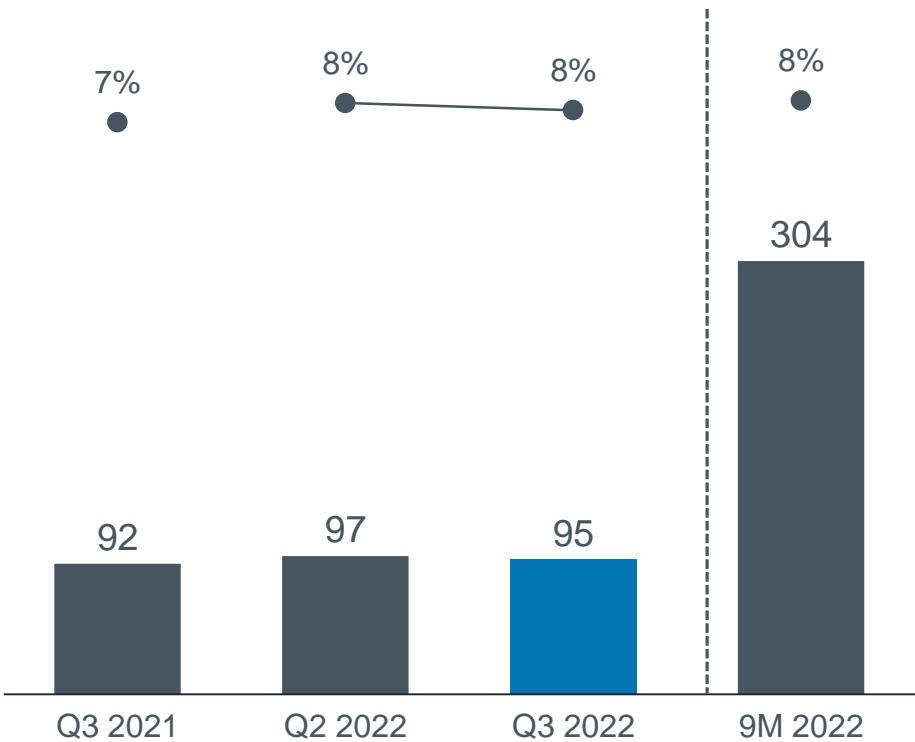
- Sequential growth despite substantial de-consolidation effect from AMLS closing at beginning of Q3 2022
- Overall solid performance of L&S automotive business including aftermarket, L&S industrial markets supportive
- Attractive profitability includes positive effects of portfolio streamlining

# Cash flow overview

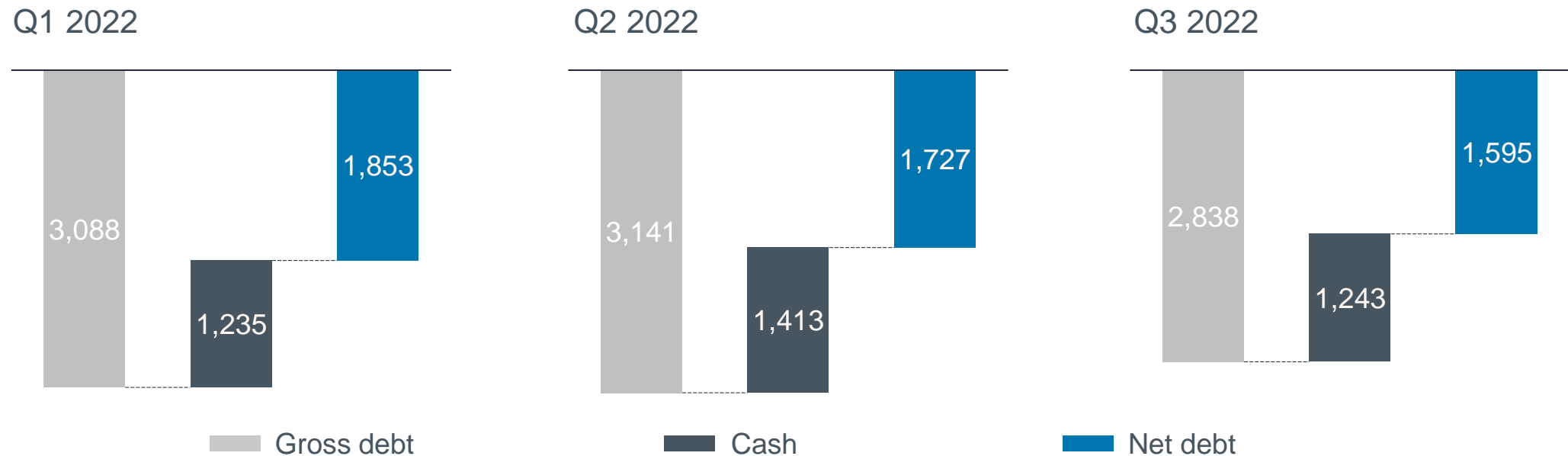
Operating / Free cash flow (FCF)



Capital expenditures



# Cash and debt overview



- Substantial reduction of gross debt due to repayment of USD convertible bond and promissory note in Q3
- EUR 132m reduction of net debt in Q3, group leverage unchanged at 1.75x net debt/adjusted<sup>1)</sup> EBITDA (end of Q3)
- Well-layered debt and maturity structure, augmented by undrawn multi-year EUR 800m revolving facility
- 95% of outstanding debt on fixed rate basis
- Adj. EBITDA<sup>1)</sup> LTM EUR 909m (based on adj. EBIT + D&A not related to adjustments)



# Outlook Q4 2022 + updated mid-term financial targets

## Outlook Q4 2022

Revenues: EUR 1,150-1,250 million

Profitability: 6-9% adj. EBIT margin

## Updated mid-term targets

Revenues: EUR 4,700 million  
(+/- EUR 300 million) for FY 2024

Profitability: 13% adj. EBIT margin  
(+/- 100 basis points) for FY 2024

## Comments

- Q4 year-on-year revenue development reflects de-consolidation effects of approx. EUR 70m
- Footprint consolidation measures to result in expected restructuring charge of up to EUR 60m in Q4 IFRS results
- Updated mid-term targets based on more cautious view given macro-economic environment with ongoing cost inflation and less favorable outlook for end markets likely impacting certain mid-term adoption and volume developments

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# Profit and loss statement

## IFRS reported figures

	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenues	1,213	1,288	3,642	3,809
Gross profit	268	413	1,001	1,067
• Gross margin (IFRS reported)	22%	32%	27%	28%
• Gross margin (adjusted <sup>1)</sup> )	29%	34%	31%	34%
Research and development	-171	-168	-484	-528
Selling, general and administrative	-144	-161	-456	-533
Other operating income	15	10	178	50
Other operating expenses	-294	-7	-308	-15
Results from investments in associates	-1	-5	-1	-12
Result from operations (EBIT)	-327	83	-71	30
• EBIT margin (IFRS reported)	-27%	6%	-2%	1%
• EBIT margin (adjusted <sup>1)</sup> )	8%	10%	9%	10%
Net financing result	-58	-59	-158	-149
Result before tax	-385	24	-229	-119
Income tax result	14	-64	-68	-81
Net result (IFRS reported)	-370	-40	-297	-200
Net result (adjusted <sup>1)</sup> )	47	10	95	154

# Balance sheet

<b>Assets</b>	Sep 30, 2022	Dec 31, 2021	<b>Liabilities and equity</b>	Sep 30, 2022	Dec 31, 2021
Cash and cash equivalents	1,243	1,331	Short-term interest-bearing loans	130	480
Short-term investments	40	6	Trade payables	691	710
Trade receivables	657	688	Income tax payables	87	85
Inventories	1,020	938	Current provisions	273	328
Other receivables and assets	215	185	Other current liabilities	1,411	1,359
Assets held for sale	138	134	Liabilities held for sale	53	40
<b>Total current assets</b>	<b>3,313</b>	<b>3,282</b>	<b>Total current liabilities</b>	<b>2,646</b>	<b>3,001</b>
Property, plant and equipment	1,639	1,606	Interest-bearing loans	2,708	2,646
Intangible assets	3,707	3,989	Employee benefits	162	181
Right of use	267	260	Deferred tax liabilities	188	205
Investments in associates	33	34	Provisions	46	48
Deferred tax assets	179	182	Other liabilities	336	413
Other long-term assets	98	143			
Financial assets	153	147			
<b>Total non-current assets</b>	<b>6,075</b>	<b>6,362</b>	<b>Total non-current liabilities</b>	<b>3,441</b>	<b>3,493</b>
			Shareholders' equity ams-OSRAM AG	3,294	3,142
			Non-controlling interests	7	8
<b>Total assets</b>	<b>9,388</b>	<b>9,644</b>	<b>Total liabilities and equity</b>	<b>9,388</b>	<b>9,644</b>



# Cash flow statement

## Selected cash flow items

	Q3 2022	Q3 2021	9M 2022	9M 2021
Net result	-370	-40	-297	-200
Amortization, depreciation and impairment	486	126	784	587
Cash flows from operations	151	216	397	612
Capital expenditures	-95	-92	-304	-216
Acquisition, net of cash acquired	0	-9	-7	-451
Proceeds and payments from disposals of businesses	85	38	336	115
Cash flows from investing activities	14	-62	53	-552
Proceeds from loans	31	1	32	97
Repayment of loans	-63	-116	-130	-285
Repayment / buyback of convertible bonds	-334	0	-334	-17
Repayment of lease liabilities	-33	-20	-89	-53
Interest paid	-48	-50	-110	-123
Cash flows from financing activities	-449	-184	-688	-366
Net change in cash and cash equivalents	-202	-23	-91	-279
Cash and cash equivalents at end of period	1,243	1,298	1,243	1,298