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ams OSRAM to secure long-term stable financial base for structural growth

- Combination of a rights issue, senior unsecured notes and other financial instruments, in total EUR 2.25bn, covering all expected financing needs until 2025/26.
- Financing of around EUR 1.9bn (out of total EUR 2.25bn) in fall/winter 2023/24:
 - a rights issue of EUR 800m, for approval at Extraordinary General Meeting (EGM) on 20-Oct-2023,
 - a new issuance of senior unsecured notes of around EUR 800m, and
 - asset-level financings of around EUR 300m.
- Additional debt instruments of around EUR 350m will complete the package in 2024 in a mix subject to market conditions.
- Comprehensive financing plan to increase equity ratio to approx. 30% and to reduce debt, with the aim of achieving investment grade profile by 2026.
- Q3 profitability expected to reach the upper end of the guided range of 5% - 8% adjusted EBIT, Q3 guidance for revenues of EUR 840m to 940m reconfirmed.

Premstaetten, Austria, and Munich, Germany (27 September 2023) -- ams OSRAM (SIX: AMS) plans to strengthen its balance sheet for structural growth targeting investment grade profile.

The company plans to secure a total of EUR 2.25 billion through the combination of a capital increase, new corporate bonds, and other financing instruments.

“Step by step we deliver what we have outlined. Firstly, we have sharpened our strategy towards structural growth. Secondly, we are cleaning-up our semiconductor portfolio by exiting non-performing businesses. Thirdly, we are making our organization efficient and accountable. The foundation for ‘re-establishing the base’ of ams OSRAM is having a solid and sustainable capital structure. With the holistic financing plan we present today, we aim to put our balance sheet on a solid footing, such that we can fully concentrate on executing our strategy for growth, higher profitability and monetizing innovation”, says Aldo Kamper, CEO of ams OSRAM.

The comprehensive financing follows a multi-stage plan: A proposed rights issue in the amount of EUR 800 million will be combined with an issuance of senior unsecured notes in EUR and USD, which are expected to raise a total of around EUR 800 million. The volume of the capital increase, which is scheduled for approval at an Extraordinary Shareholders meeting on October 20th, 2023, is underwritten by the banks HSBC, Morgan Stanley and UBS. In addition, ams OSRAM expects to

execute certain asset transactions, such as sale and lease backs of corporate assets to keep overall borrowing cost lower in a high interest environment, in winter 2023/24. The total financing package is expected to be completed next year with an additional EUR 350 million in a mix of debt instruments, such as unsecured notes, bi-lateral debt facilities, or other instruments – the mix will be subject to market conditions.

“The multi-element financing plan is designed to strengthen the balance sheet of ams OSRAM. Our comprehensive plan consists of new equity to reduce gross and net debt as well as new senior notes to refinance additional outstanding debt with a well-balanced maturity profile. We will also use additional financing instruments, such as sale & lease back transactions, with the aim of bringing the company on track to reach a healthy investment grade leverage.”, said Rainer Irle, CFO of ams OSRAM.

The financing plan creates a solid base for the strategic realignment of ams OSRAM. The company is focusing its semiconductor portfolio on its profitable core business with intelligent sensor and emitter components. In doing so, the company aims to expand its leading position in the relevant automotive, industrial, and medical sectors. This will be complemented by selected, highly innovative offerings for the consumer electronics markets, such as micro-LED. The Automotive & Specialty Lamps segment continues to be an important part of the Group after its portfolio was cleaned up and is delivering sustainable double-digit adj. EBIT margins.

The new strategy and the associated efficiency program ‘Re-establish the Base’ aim to align the Group with the focused semi-conductor portfolio and to strengthen profitability with expected run-rate savings of around EUR 150 million by end of 2025. ams OSRAM is well on the track for achieving this. The organizational adjustments to strengthen accountability and to make the set-up leaner (e.g. reducing from 4 to 3 business units) are close to being fully implemented. Preparations are progressing for the exit of the passive optical components business, which is no longer part of the core business. Initial talks with interested parties are promising. Potential proceeds from a sale of the non-core semiconductor portfolio could also be used to reduce leverage.

Details of the financing plan fall/winter 2023/24 - Extraordinary General Meeting for Rights Issue

ams OSRAM invites its shareholders to an **Extraordinary General Meeting in Premstaetten, Austria, on October 20, 2023**, to ask its shareholders for approval to increase the capital ([link](#) to EGM details). By issuing subscription rights, shareholders will have the opportunity to buy additional shares at a discount, preserving their value share in ams OSRAM, or sell their respective rights. The proceeds from the Rights Issue are designated primarily for reduction of gross debt.

Placement and later repurchase of treasury shares

ams OSRAM intends to sell its entire self-held 12.86 million of treasury shares prior to the start of the rights issue. Under Austrian corporate law, the company's treasury shares are not entitled to subscription rights in the event of a capital increase. Essentially, the sale is a technical measure to avoid automatic dilution. Consequently, ams OSRAM intends to repurchase treasury shares in the market after successful execution of the rights issue to cover outstanding obligations under its long-term incentive programs. Details of this public share buyback program will be determined by the Management and the Supervisory Board and communicated in due time.

Senior unsecured notes

The company plans to issue senior unsecured notes (mix of EUR, USD and potentially staggered maturities) with a total volume of around EUR 800 million in 2023. The new issuance is interlinked with the Rights Issue. Any new bond issuance could also be combined with a tender offer for the outstanding senior notes to optimize the debt structure and interest costs and allow existing bondholders to roll over their risk exposure.

Assets transactions to optimize borrowing cost

In view of the increased interest rate level compared to 2020, the company plans asset transactions, including, for example selling certain company assets and subsequently leasing them back. The implicit borrowing costs of such transactions are typically lower compared to straight debt financing and thus be designed to optimize overall borrowing costs under the planned financing package. These transactions are planned to be of the order of EUR 300 million and further details will be published once contracts have been signed.

Extension of the Revolving Credit Facility (RCF) and OSRAM Licht AG minority share holdings

ams OSRAM's core relationship banks are expected to extend the currently undrawn EUR 800 million RCF by one year to September 2026. The RCF mainly serves as a backstop for the outstanding put options of the OSRAM Licht AG minority shareholders. The put options (including compounded interest) stood at EUR 748 million as of 30 June 2023, representing around 17% of total shares outstanding.

State funding or grants

The company has received confirmation for grants and support by state entities showing confidence in its innovation and industrialization power (e.g. IPCEI [link](#) and MIDA [link](#)) and will continue to apply under eligible schemes globally. All governmental grants combined, the company expects a high triple digit million EUR amount of support until 2033. Such support is typically tied to certain milestones that need to be achieved per scheme. These fundings allow the company to accelerate the related technology developments as they typically support research & development expenditures or partially

cover investments in property, plant & equipment and are reflected in the company's business plans.

Pro-forma Equity Ratio at approx. 30% after implementing complete financing plan

Upon completion of all financing measures, ams OSRAM will have strengthened the balance sheet, with an expected pro-forma equity ratio of approximately 30% (compared to 18 percent in June 2023) and a smoother debt maturity profile. The equity ratio is defined as equity to total assets ratio. The financing would result in a pro-forma group leverage as of Q2 2023 ratio below 2x, defined as net debt / adjusted EBITDA. The company will work towards fulfilling all requirements for achieving investment grade over time.

Change in Supervisory Board

The EGM will also be asked to elect Arunjai Mittal to the Supervisory Board of the company in a by-election after Dr Wolfgang Leitner resigned from the board in early September 2023 due to personal reasons. Arunjai has over 30 years of experience in the industry ([link](#) to CV). He will further strengthen the technology and industry expertise of the Supervisory Board.

Conference calls for Investors, Analysts and Press

ams OSRAM will host a conference call for analysts and investors as well as a press call on the announced holistic financing plan on Thursday, 28 September 2023. The conference call for analysts and investors will start at 9.00am CEST and can be joined via [webcast](#). The press call will take place at 10.15am CEST, journalists who would like to join the press call can register [here](#).

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About ams OSRAM

The ams OSRAM Group (SIX: AMS) is a global leader in intelligent sensors and emitters. By adding intelligence to light and passion to innovation, we enrich people’s lives.

With over 110 years of combined history, our core is defined by imagination, deep engineering expertise and the ability to provide global industrial capacity in sensor and light technologies. We create exciting innovations that enable our customers in the automotive, industrial, medical and consumer markets maintain their competitive edge and drive innovation that meaningfully improves the quality of life in terms of health, safety and convenience, while reducing impact on the environment.

Our around 21,000 employees worldwide focus on innovation across sensing, illumination and visualization to make journeys safer, medical diagnosis more accurate and daily moments in communication a richer experience. Our work creates technology for breakthrough applications, which is reflected in over 15,000 patents granted and applied. Headquartered in Premstaetten/Graz (Austria) with a co-headquarters in Munich (Germany), the group achieved over EUR 4.8 billion revenues in 2022 and is listed as ams-OSRAM AG on the SIX Swiss Exchange (ISIN: AT0000A18XM4).

Ad hoc

Holistic financing plan



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