

Ad hoc announcement pursuant to Art. 53 Listing Rules of SIX Swiss Exchange

## **ams OSRAM announces Q3 profitability at upper end of the guidance, revenue above mid-point and re-confirms mid-term target financial model on the back of strong automotive design-wins**

- Q3: adj. EBIT margin of 7.9% at upper end of the guidance
- Q3: revenues of EUR 904 million above midpoint of the guidance
- Q4: expected fourth quarter revenues of EUR 850 to 950 million with adj. EBIT margin of 5-8%
- Mid-term target financial model reconfirmed with strong design-win base in automotive
- Rights issue and senior notes placement planned to be executed before year end, 2023 – subject to market conditions
- Revolving Credit Facility of EUR 800 million extended to Sep 2026
- Sale of company-held treasury shares ended

**Premstaetten, Austria, and Munich, Germany (31 October 2023) -- ams OSRAM (SIX: AMS)**

### **Q3 financial and business update**

ams OSRAM announces revenues of EUR 904 million above the midpoint of the guided range of EUR 840 – 940 million, a 6% increase compared to Q2. The adjusted EBIT margin came in at 7.9% at the upper end of the guided range of 5-8% due to a positive impact from tight cost control measures and some positive one-time effects with respect to funding. The company is seeing a strong design-win traction in structurally growing markets, especially in automotive.

“We delivered a very solid quarter in a difficult market environment especially driven by our strong core business in automotive. Our ‘Re-establish the Base’ strategy & efficiency program is on track. The execution of our financing plan is also progressing well, and we expect to be able to execute the new rights issue and the new bond placement before year end - of course subject to market conditions,” said Aldo Kamper, CEO of ams OSRAM.

### **Semiconductor segment update**

The Semiconductor segment represented 72% of Q3 revenues, or correspondingly EUR 648 million. End-markets showed a diverse pattern.

Automotive:

The automotive semiconductor business performed well during Q3, growing revenues 9% quarter-on-quarter and 2% year-on-year. The company saw healthy demand across all product groups. In particular, demand from China was strong, showing more and more a short-notice order pattern. Significant design-win momentum can also be reported. More than EUR 100 million of life-time value (LTV) of design-wins for the high-pixelated LED forward-lighting (EVIYOS™) were added and the total number now stands at more than EUR 250 million. ams OSRAM's recently launched intelligent RGB products for next generation dynamic interior lighting have also landed more than EUR 100 million LTV design-wins, already. Further, the recently announced new ALIYOS™ LED-on-foil technology, which enables unprecedented new automotive exterior display and lighting

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applications, has received excellent customer feedback with multiple customers seeking to collaborate with ams OSRAM.

### Industrial & Medical (I&M):

While semiconductor revenues from I&M end-markets grew by 8% quarter-on-quarter, they are still relatively weak compared to a year ago. Essentially, all I&M verticals have come under macro-economic pressure. Nevertheless, the company did achieve a significant design-win at one of its Computer Tomography (CT) equipment customers with a life-time value of more than EUR 50 million.

### Consumer:

Semiconductor revenues from the consumer end-market, primarily portable consumer device applications, mainly smartphones, improved quarter-on-quarter by around 6%, mainly in line with typical seasonality. Overall, the sales in this end market remain below previous years partially due to a weak macro-economic environment.

The adjusted EBIT of the semiconductor segment improved significantly, quarter-on-quarter, specifically from 2% in Q2 to 6% in Q3, or EUR 36 million. The sequential revenue increase contributed positively to the adjusted EBIT. In addition, the recently approved IPCEI funding for the company's development of disruptive LED technologies at its site in Regensburg, Germany, helped profitability meaningfully, particularly due to a catch-up effect in the recognition of these subsidies.

### Lamps & Systems segment update

The Lamps & Systems segment represented 28% of Q3 revenues, or correspondingly EUR 256 million. In both automotive and industrial & entertainment markets, business performed as expected.

The automotive lamps revenues came in as predicted with aftermarket sales contributing significantly. Quarter-on-quarter revenues grew by 6%.

The sales in industrial & entertainment applications performed in-line with weak end markets and declined by 15% compared to Q2.

The Lamps & Systems segment recorded an adjusted EBIT margin of 14%. This was driven by a healthy product, i.e. strong automotive aftermarket sales, with a further, low-single digit million EUR positive impact from one-time effects.

### Quarterly financial summary

Adjusted Gross and Operating margins both clearly improved, quarter-on-quarter, reflecting the first results from the announced efficiency program as well as certain positive one-time effects. The average EUR/USD exchange rate stood at 1.09.

Operating cash flow came in at EUR 199 million in Q3 2023 compared to EUR 232 million in Q2.

EUR millions (except per share data)	Q3 2023	Q2 2023	QoQ	Q3 2022	YoY
Revenues	904	851	6%	1,213	-25%
Gross margin adj. <sup>1)</sup>	29.0%	27.8%	+120 bps	28.7%	+30 bps
Operating income adj. <sup>1)</sup>	71	50	43%	91	-22%
Operating margin adj. <sup>1)</sup>	7.9%	5.9%	+200 bps	7.5%	+40 bps
Net result adj. <sup>1)</sup>	29	31	-8%	47	-40%
Diluted EPS adj. <sup>1)</sup>	0.11	0.12		0.18	
Diluted EPS adj. (in CHF) <sup>1)2)</sup>	0.10	0.12		0.18	
Net result (IFRS)	-55	-1,342*		-370	
Diluted EPS (IFRS)	-0.21	-5.14*		-1.42	
Operating Cash Flow	199	232	-14%	151	32%
Net debt	2,269	2,034	12%	1,595	42%

<sup>1)</sup> Excluding M&A-related, transformation and share-based compensation costs, results from investments in associates and sale of businesses

<sup>2)</sup> Earnings per share in CHF were converted using the average currency exchange rate for the respective periods

\* Q2 2023 included impairment charges of EUR ~1.3bn

### Status of outstanding OSRAM minority shares

On September 30<sup>th</sup>, 2023, the Group held around 86% of OSRAM Licht AG shares, compared to 83% on June 30<sup>th</sup>, 2023. The total liability for minority shareholders' put options stood at EUR 616 million at the end of Q3/2023 compared to EUR 748 million at the end of Q2/2023.

The company has an undrawn Revolving Credit Facility of EUR 800 million in place to cover any further significant exercises under the 'domination and profit and loss transfer agreement (DPLTA) put option. ams OSRAM's bank consortium prolonged the term for the Revolving Credit Facility by one year, to September 2026, subject to the successful execution of the rights issue approved by the Extraordinary General Meeting.

### Progress of Reestablish-the-Base Program

On July 27<sup>th</sup>, 2023, the company announced its 'Re-establish the Base' program, focusing on its profitable core as a new base for sustainable, profitable growth. In terms of portfolio measures aimed at exiting certain non-core businesses in the semiconductor portfolio, the company has prioritized the carve-out of the passive optical components business and continues to work towards exit or divestment of the other relevant non-core semiconductor businesses. In terms of 'monetizing innovation', the company has completed the consolidation in the semiconductor segment from 3 business units to 2 as of October 1<sup>st</sup>, 2023, strengthening the accountability of the business units for streamlined end-to-end business performance.

In addition, Thomas Stockmeier, formerly CTO, has stepped down from the Management Board, effective September 30<sup>th</sup>, 2023, reducing the Management Board from 4 to 3 members, which will be further reduced to 2 members beginning January 1<sup>st</sup>, 2024.

### **Fourth Quarter Outlook**

Whilst the company sees a strengthening demand for its automotive products, industrial markets remain very weak and Consumer markets remain modest. As a result, the Group expects fourth quarter revenues to stay relatively flat (at the midpoint) in a range of EUR 850 – 950 million. The adjusted EBIT is expected to come in at 5% to 8%. The EUR/USD exchange rate is assumed at 1.10.

### **Comments on 2024**

The company expects to divest or exit certain non-core semiconductor businesses with EUR 300 to 400 million of 2023 revenues during FY2024.

In terms of business dynamics, ams OSRAM expects sustained weakness in the industrial business including some inventory corrections in the industrial segment during the first half, on top of normal seasonality of its other businesses regularly observed in FQ1. Consequently, the second half of FY2024 is expected to come in stronger than the first half, driven by new business wins and an expected soft market recovery.

The company expects positive free cash flow (including divestment proceeds) in 2024.

The 'Re-establish the Base' program is expected to deliver approximately EUR 75 million run-rate improvements to adjusted EBIT at the end of FY2024.

### **Mid-term target financial model reconfirmed**

The Group reaffirms its medium-term target financial model announced in July 2023, targeting a revenue CAGR of 6-10% over the period 2023 to 2026 from the readjusted base (taking into account the announced portfolio adjustments) and an adjusted EBIT margin of around 15% by 2026. The mid-term target financial model assumes the largest growth contribution coming from the strong momentum in its target automotive semiconductor applications, where it is clear market leader, followed by mobile light sensors on the back of the large design-wins that the company secured earlier and, thirdly, volume sales from its 8" facility in Kulim, Malaysia, besides the other growth drivers in industrial, medical and selected consumer applications.

The model is also underpinned by the company's expectation of a return to a CAPEX to sales ratio of around 10% by 2025, following completion of the recent above average investment cycle tied to the investments into the new 8" capabilities, thereby further improving its free cash flow and full implementation of the 'Re-establish the Base' program, which is expected to deliver approximately EUR 150 million run-rate improvements of adjusted EBIT by the end of FY2025.

### **Next steps financing plan**

On September 27<sup>th</sup>, 2023 the company announced its holistic financing plan of EUR 2.25 billion to address debt maturities in 2024 and 2025 and increase its pro-forma equity ratio to approximately 30% by reducing debt (as per June 2023, calculated as equity / total assets). The plan consists of a capital raise with discounted rights issue of EUR 800 million, combined with the issuance of new senior unsecured notes (EUR and USD) of around EUR 800 million, and infrastructure related asset level transactions with proceeds of EUR 300 million in this fall/winter 2023/4. The financing is to be completed in 2024 with additional transactions in 2024 for an aggregate of approximately EUR 350 million through a combination of other financial instruments or other transactions, e.g. unsecured

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notes, convertible bonds or bilateral credit lines (the mix of which is to be determined based on market conditions).

On October 20<sup>th</sup>, 2023, the Extraordinary General Meeting approved the volume underwritten rights issue of EUR 800 million without any contestation. The company now plans to execute the rights issue and senior notes placement before year end, subject to market conditions.

On October 30<sup>th</sup>, the company also announced signing close to EUR 450 million in infrastructure related asset transactions including the sale and leaseback of its new Kulim facility with expected proceeds of around EUR 400 million. The other transaction related to divesting an already phased-out manufacturing facility located in Asia.

In view of the more than EUR 150 million higher proceeds from those infrastructure related asset-level transactions than initially assumed, the final financing amount in 2024 reduces to 200 million EUR, assuming a successful issuance of new senior notes of EUR 800 million.

The company has decided to terminate its program to sell its treasury shares.

### Additional Information

Additional financial information for the third quarter as well 2023 is available on the company [website](#). The third quarter 2023 investor presentation incl. detailed information is also available on the company [website](#). ams OSRAM will host a press call as well as a conference call for analysts and investors on the third quarter results on Tuesday, 31 October 2023. The conference call for analysts and investors will start at 9.30am CET and can be joined via [webcast](#). The press call will take place at 10.30am CET. Journalists who would like to join the press call can reach out to [press@ams-osram.com](mailto:press@ams-osram.com) or [investor@ams-osram.com](mailto:investor@ams-osram.com) for further information.

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# Ad hoc



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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 to 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 20,000 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).

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**Consolidated Statement of Income** (unaudited)

in EUR million (except earnings per share)	Q3 2023	Nine Months until September 30, 2023	Q3 2022	Nine Months until September 30, 2022
Revenues	904	2,682	1,213	3,642
Cost of sales	-699	-2,067	-945	-2,641
<b>Gross profit</b>	<b>205</b>	<b>615</b>	<b>268</b>	<b>1,001</b>
Research and development expenses	-108	-373	-171	-484
Selling, general and administrative expenses	-113	-363	-144	-456
Other operating income	13	55	15	178
Other operating expenses	-4	-1,345	-294	-308
Results from investments accounted for using the equity method, net	-6	-15	-1	-1
<b>Result from operations</b>	<b>-12</b>	<b>-1,426</b>	<b>-327</b>	<b>-71</b>
Financial income	30	83	123	125
Financial expenses	-64	-175	-181	-283
<b>Net financial result</b>	<b>-34</b>	<b>-91</b>	<b>-58</b>	<b>-158</b>
<b>Result before income taxes</b>	<b>-46</b>	<b>-1,517</b>	<b>-385</b>	<b>-229</b>
Income taxes	-9	-14	14	-68
<b>Net result</b>	<b>-55</b>	<b>-1,531</b>	<b>-370</b>	<b>-297</b>
<b>Attributable to:</b>				
Non-controlling interests	0	1	0	1
Shareholders of ams-OSRAM AG	-55	-1,531	-370	-297
Basic earnings per share (in EUR)	-0.21	-5.87	-1.42	-1.14
Diluted earnings per share (in EUR)	-0.21	-5.87	-1.42	-1.14



**Consolidated Balance Sheet** (unaudited)

in EUR million	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Cash and cash equivalents	691	1,087
Current financial investments	8	21
Trade receivables	421	533
Inventories	784	864
Other current receivables and assets	282	223
Assets held for sale	27	157
<b>Total current assets</b>	<b>2,212</b>	<b>2,884</b>
Property, plant, and equipment	2,082	1,856
Intangible assets	2,256	3,645
Right-of-use assets	208	230
Investment in associates	21	35
Deferred tax assets	82	69
Other non-current assets	50	54
Non-current financial investments	53	59
<b>Total non-current assets</b>	<b>4,752</b>	<b>5,948</b>
<b>Total assets</b>	<b>6,964</b>	<b>8,832</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Current interest-bearing loans and borrowings	399	169
Trade payables	649	811
Income tax payables	75	87
Current provisions	243	256
Other current liabilities	1,229	1,345
Liabilities associated with assets held for sale	0	50
<b>Total current liabilities</b>	<b>2,595</b>	<b>2,717</b>
Non-current interest-bearing loans and borrowings	2,561	2,635
Employee benefits	147	179
Deferred tax liabilities	75	105
Non-current provisions	45	45
Other non-current liabilities	271	318
<b>Total non-current liabilities</b>	<b>3,100</b>	<b>3,281</b>
<b>Equity</b>		
Issued capital	274	274
Additional paid-in capital	2,060	2,036
Treasury shares	-120	-121
Other components of equity	228	280
Retained earnings	-1,180	358
<b>Total equity attributable to shareholders of ams-OSRAM AG</b>	<b>1,262</b>	<b>2,826</b>
Non-controlling interests	7	7
<b>Total equity</b>	<b>1,269</b>	<b>2,833</b>
<b>Total liabilities and equity</b>	<b>6,964</b>	<b>8,832</b>

**Consolidated Statement of Cash Flows** (unaudited)

in EUR million	Q3 2023	Nine Months until September 30, 2023	Q3 2022	Nine Months until September 30, 2022
<b>Operating activities</b>				
Net result	-55	-1,531	-370	-297
Reconciliation between net result and cash flows from operating activities				
Amortization, depreciation, and impairment <sup>1)</sup>	154	1,772	486	784
Expenses from stock option plans (acc. to IFRS 2)	4	25	9	33
Income taxes	9	14	-14	68
Net financial result	34	91	58	158
Result from sales of businesses, intangible assets, and property, plant, and equipment	0	-8	-9	-161
Result from sale of financial investments	-	-	-	0
Result from fair value measurement and sale of financial assets	0	0	0	-11
Result from investments in associates	6	15	1	1
Other adjustments for non-cash items	-	0	15	13
Change in current assets and current liabilities				
Inventories	31	42	-26	-134
Trade receivables	21	89	32	47
Other current assets	3	15	-17	-57
Trade payables	13	-4	-27	-46
Current provisions	33	-20	19	-53
Other current liabilities	-40	155	38	108
Change in other assets and liabilities	12	-10	-12	-3
Income taxes paid	-35	-72	-35	-63
Dividends received	-	0	-	1
Interest received	10	19	5	8
<b>Cash flows from operating activities</b>	<b>199</b>	<b>594</b>	<b>151</b>	<b>397</b>

<sup>1)</sup> Nine months 2023 EUR 314 (2022: EUR 376 million) for property, plant and equipment; Nine months 2023 EUR 1,458 (2022: EUR 408 million) for intangible assets

in EUR million	Q3 2023	Nine Months until September 30, 2023	Q3 2022	Nine Months until September 30, 2022
<b>Investing activities</b>				
Additions to intangible assets and property, plant, and equipment	-262	-827	-95	-304
Acquisitions of subsidiaries, net of cash and cash equivalents acquired <sup>2)</sup>	-132	-227	0	-7
Acquisition of financial investments	-	-1	0	-1
Proceeds from sales of investments, intangibles and property, plant, and equipment	5	26	24	29
Proceeds and payments from sales of businesses, net of cash and cash equivalents disposed	46	135	85	336
<b>Cash flows from investing activities</b>	<b>-343</b>	<b>-894</b>	<b>14</b>	<b>53</b>
<b>Financing activities</b>				
Payments from transactions with former non-controlling shareholders	-	-	-	-3
Acquisition of treasury shares	-	0	0	-1
Sale of treasury shares	0	0	0	1
Proceeds from loans	226	377	31	32
Repayment of loans	-160	-245	-63	-130
Repayment/repurchase of convertible bonds	-	-	-334	-334
Repayment of lease liabilities	-14	-43	-33	-89
Interest paid	-58	-134	-48	-110
Dividends paid to shareholders of OSRAM Licht AG	-	-37	-	-53
Dividends paid to non-controlling interests	-	-	-2	-2
<b>Cash flows from financing activities</b>	<b>-6</b>	<b>-82</b>	<b>-449</b>	<b>-688</b>
Change in cash and cash equivalents	-152	-407	-202	-91
Effects of changes in foreign exchange rates on cash and cash equivalents	-2	-25	82	147
Cash and cash equivalents at the beginning of the period	844	1,098	1,450	1,339
<b>Cash and cash equivalents at the end of the period</b>	<b>691</b>	<b>691</b>	<b>1,248</b>	<b>1,248</b>
Less: Cash and cash equivalent of assets held for sale at end of period	0	0	5	5
<b>Cash and cash equivalents at the end of the period</b>	<b>691</b>	<b>691</b>	<b>1,243</b>	<b>1,243</b>

<sup>2)</sup> Contained therein EUR -227 million (2022: EUR 0 million) for additional purchases of OSRAM Licht AG shares

## Reconciliation from adjusted figures to reported figures in accordance with IFRS

in EUR million	Q3 2023	Nine Months until September 30, 2023	Q3 2022	Nine Months until September 30, 2022
<b>Gross profit – adjusted</b>	<b>263</b>	<b>771</b>	<b>348</b>	<b>1,134</b>
Acquisition-related expense <sup>1)</sup>	-19	-62	-23	-63
Asset restructuring	-31	-65	-51	-51
Share-based compensation	0	-1	-1	-2
Transformation costs	-8	-28	-6	-17
<b>Gross profit – IFRS reported</b>	<b>205</b>	<b>615</b>	<b>268</b>	<b>1,001</b>
Gross margin in % – adjusted	29%	29%	29%	31%
Gross margin in % – IFRS reported	23%	23%	22%	27%
<b>Operating expenses – adjusted</b>	<b>-191</b>	<b>-600</b>	<b>-257</b>	<b>-813</b>
Goodwill impairment	-	-1,313	-277	-277
Acquisition-related expense <sup>1)</sup>	-15	-57	-30	-72
Share-based compensation	-4	-24	-9	-31
Transformation costs	-4	-35	-29	-39
Result from the sale of businesses	3	4	8	163
Result from at-equity investments	-6	-15	-1	-1
<b>Operating expenses – IFRS reported</b>	<b>-217</b>	<b>-2,041</b>	<b>-594</b>	<b>-1,072</b>
<b>Result from operations (EBIT) – adjusted</b>	<b>71</b>	<b>171</b>	<b>91</b>	<b>321</b>
Goodwill impairment	-	-1,313	-277	-277
Acquisition-related expense <sup>1)</sup>	-33	-119	-53	-135
Asset restructuring	-31	-65	-51	-51
Share-based compensation	-4	-25	-9	-33
Transformation costs	-12	-63	-35	-56
Result from the sale of businesses	3	4	8	163
Result from at-equity investments	-6	-15	-1	-1
<b>Result from operations (EBIT) – IFRS reported</b>	<b>-12</b>	<b>-1,426</b>	<b>-327</b>	<b>-71</b>
EBIT margin in % – adjusted	8%	6%	8%	9%
EBIT margin in % – IFRS reported	-1%	-53%	-27%	-2%
<b>Result from operations (EBIT) – adjusted</b>	<b>71</b>	<b>171</b>	<b>91</b>	<b>321</b>
Amortization, depreciation, and impairment (excluding acquisition-related expense) <sup>1)</sup>	89	283	115	339
<b>EBITDA – adjusted</b>	<b>160</b>	<b>454</b>	<b>206</b>	<b>660</b>
<b>Result from operations (EBIT) – adjusted</b>	<b>71</b>	<b>171</b>	<b>91</b>	<b>321</b>
Net financing result	-34	-91	-58	-158
Income tax result	-9	-14	14	-68
<b>Net result - adjusted</b>	<b>29</b>	<b>66</b>	<b>47</b>	<b>95</b>
<b>Basic adjusted earnings per share (in EUR)</b>	<b>0.11</b>	<b>0.25</b>	<b>0.18</b>	<b>0.36</b>

<sup>1)</sup> Acquisition-related expense include amortization, depreciation and impairment of purchase price allocated assets, integration, carve-out and acquisition related costs