ams OSRAM
Q2 2026 Results - Call Script
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Aldo Kamper (CEO), Rainer Irle (CFO), Dr. Juergen Rebel (Head of IR)

Juergen Rebel (Head of IR)

Good morning, Juergen speaking.
Welcome to our second quarter 2026 earnings call.
Aldo, our CEO, will comment on business performance and strategic progress.
Rainer, our CFO, will walk you through the financials.
Please refer to the Q2 earnings call presentation available on our website.
Aldo, please take us through the quarter!

Aldo Kamper (CEO)

[Slide 3 – Quarterly Achievements]

Thank you, Juergen, and good morning everyone.

We delivered another strong quarter, with revenue and adjusted EBITDA both landing at the high end of our guidance range while continuing to execute on our Digital Photonics strategy.

Let us turn to slide 3.

Our semiconductor core business grew 13% year-on-year on a like-for-like basis, driven by automotive strength and improving industrial demand. This is nearly twice the growth implied by our current mid-term semiconductor model and underscores share gains. We also delivered record first-half design-win performance, securing more than EUR 1.6 billion of future business during the quarter. Momentum is building across both our core semiconductor franchise and our Digital Photonics growth platforms, reinforcing confidence in our long-term growth trajectory.

In Digital Photonics, we achieved several important milestones during the quarter:

First, we strengthened our organizational set-up by creating dedicated Business Lines around key Digital Photonics themes, accelerating execution and enabling faster scaling of innovation. We also strengthened the team with external talent. Ashkan Seyedi from NVIDIA now leads our AI Photonics business, bringing deep industry expertise and application know-how.

Second, we reached key performance milestones in the development of micro-LED array based light engines for next-generation AI-enabled AR smart glasses – bringing the platform closer to mass-production readiness. This positions us to enable a new class of AI-powered user experiences.

Third, in AI Photonics, we expanded our roadmap by starting development of micro-photodiode arrays for the 'receive' channel of slow-and-wide optical interconnects. This broadens our target product portfolio, increases our bill-of-materials opportunity, and supports our long-term objective of providing the complete optical engine.

Fourth, on the sensing side of Digital Photonics, we secured initial design wins for our benchmark 3D multi-zone ToF platform in both robotics and smartphones.

Taken together, these milestones demonstrate that Digital Photonics is progressing from technology development toward productization and commercial scale. As part of our balance-sheet improvement plan - we successfully placed 1 billion Euro Senior Notes due 2032 with a 7 and a quarter % coupon. Replacing much more expensive 2029s, this reduces our annual interest cost by 40 million Euro. We also continued to sharpen our portfolio and capital allocation focus through the divestment of non-core businesses.

On July-1st, we completed the divestment of our non-optical sensor business to Infineon for 570 million Euro. In addition, we signed the divestment of our sub-scale CMOS imaging sensor business to Indie, further sharpening our strategic focus and doubling-down on the most promising Digital Photonics opportunities. In summary, the quarter reflects strong execution across our strategic priorities, with profitable growth in the core business, continued progress in Digital Photonics, and further balance-sheet strengthening.

Let me now ask Rainer to walk you through some financial details.

Rainer Irle (CFO)

[Slide 4 – Q2 Group Performance]

Thank you, Aldo and good Morning, from my side as well.

Turning to slide 4.

Q2 was another strong quarter.

Group revenues reached 805 million Euros, landing well in the upper half of our guidance range.

Adjusted EBITDA was close to 17%, at the high end of our guidance, supported by strong performance across all three divisions.

Revenue increased **4% year-on-year** and **9% on a like-for-like basis at constant currencies**.

Adjusted EBITDA was slightly lower year-on-year, primarily reflecting the deconsolidation of the Specialty Lamps business. Higher gold prices and foreign exchange headwinds also weighed on profitability.

[Slide 5 – Q2 Segment Performance]

Let's turn to segment performance on slide 5:

OS benefited from strong demand across the board. Revenues improved 11% sequentially and 6% year-on-year. In several product lines, supply remains constrained and we are effectively sold out. Adjusted EBITDA improved in line with operating leverage, partially offset by higher raw material costs, particularly gold. Year-on-year, adjusted EBITDA declined by 14 million Euro despite higher revenue, reflecting foreign exchange headwinds, a more than 25% increase in gold prices, and product mix effects.

CSA benefited from a broad-based industrial recovery, including some inventory replenishment in the non-optical sensor business prior to its divestment to Infineon. Revenue increased **14% sequentially** and **7% year-on-year**. Profitability improved on higher volumes, strong factory utilization, and a favorable mix from industrial and medical applications. Year-on-year, adjusted EBITDA remained broadly stable.

Lamps & Systems requires a closer look. Sequentially, revenue declined as expected due to normal seasonality and the deconsolidation of the Specialty Lamps business. **Year-on-year**, the revenue declined a bit due to the deconsolidation effect. Importantly, our traditional automotive lamps business delivered structural growth, supported by market share gains following the bankruptcy of a key competitor. Profitability reflected the deconsolidation of Specialty Lamps and lower seasonal volumes quarter-on-quarter. **Year-on-year,** adjusted EBITDA increased 16%, driven by strong aftermarket demand and higher factory utilization.

Overall, we delivered a strong quarter across our core portfolio, with all three divisions contributing to revenue growth and profitability.

[slide 6 – Semiconductor Performance per End Market]

Turning to slide 6.

Adjusted for the weaker U.S. dollar and the exited non-core portfolio, our core semiconductor portfolio **grew a strong 13% year-on-year**. As a side note - the non-core portfolio is now largely wound down, contributing only around 10 million Euros of residual revenue.

Looking at our end markets:

- **Automotive** continued to perform well and increased sequentially, supported by strong order intake during the quarter. We continue to benefit from share and content gains, although we believe some restocking also contributed against a backdrop of macroeconomic uncertainty.

Importantly, our automotive LED business grew **5% year-on-year on a like-for-like basis**, demonstrating the impact of the design wins accumulated over recent years. Performance improved across all regions except China, where end-market demand remains softer and competitive intensity elevated.

- **Industrial & Medical** continued to recover strongly, with revenues increasing approximately **30% sequentially** and nearly **20% year-on-year**. We saw a strong upswing in horticulture and continued strength in professional lighting, where we are gaining share, particularly in mid-power applications. Order intake in non-optical sensors was also very strong, reflecting elevated customer demand ahead of the business transfer to Infineon. Overall, we continue to gain market share across multiple end markets.
- **Consumer** performed better than typical seasonal patterns would suggest. Revenue grew sequentially, supported by strong sell-through at selected customers despite a softer smartphone market overall. Our portfolio remains focused on premium smartphones and high-end wearables.
- Year-on-year, revenue increased slightly despite foreign exchange headwinds and the phase-out of non-core portfolio elements.

With that, let me ask Aldo to comment on Design-Wins and latest progress in Digital Photonics.

Aldo Kamper (CEO)

Thank you Rainer.

[slide 7 – Q2 – Design-Win Performance]

Turning to slide 7.

We have just seen how past design-wins are translating into growth, market share gains, and stronger business performance today. Our design-win momentum accelerated significantly in Q2. We secured more than **1.6 billion Euro** of new business, bringing the first half total to approximately **2.5 billion Euro** – a first half record.

The wins were broad-based, with more than **1,300 individual projects** awarded during the quarter.

- **Automotive** was strong once again, with demand across the entire portfolio and particular strength in advanced forward lighting.
- **Industrial** design wins were driven by professional lighting and horticulture applications.
- **Consumer** design wins included significant programs in display management and ambient light sensing for smartphones, despite ongoing memory-related constraints in parts of the ecosystem.

We also continued to make progress across our Digital Photonics portfolio.

- **EVIYOS** further strengthened its position as the leading advanced forward lighting technology, with design wins exceeding **50 millio**n Euros during the quarter. We are also seeing strong interest from new customers in China.
- **Advanced Optical Sensing:** our new multi-zone ToF platform secured its first design wins in robotics and smartphones.
- **Augmented Reality:** we achieved key development milestones, bringing our micro-LED light engine platform closer to volume production readiness.
- **AI Photonics:** we expanded our roadmap and moved micro-photodiode arrays into full product development, further increasing our opportunity to participate in the complete optical engine.

Taken together, these wins reinforce two important trends: continued share gains in our core semiconductor business and growing customer traction in Digital Photonics.

Let's take a closer look on slide 8.

[Slide 8 – EVIYOS – Nio ET9]

EVIYOS is our flagship Digital Photonics product and the market leader in advanced forward lighting.

Revenue continues to grow, and we continue to secure new design wins. Beyond its contribution to our ongoing share and content gains, EVIYOS is enabling a new generation of intelligent automotive lighting applications. The recently launched **NIO ET9** showcases the platform's advanced projection capabilities. The system enables visual communication with pedestrians and other road users, enhances situational awareness, and contributes to improved road safety. It also supports the driver in complex traffic situations through dynamic, projected guidance information. Importantly, as OEMs gain experience with EVIYOS and software-defined lighting architectures, we continue to see new use cases emerging and the addressable opportunity expanding.

[Slide 9 – Smart Glass Market Outlook]

Turning to slide 9.

Augmented Reality smart glasses represent one of our most important long-term Digital Photonics growth opportunities.

While the market is still at an early stage, adoption is accelerating and the first AI-enabled smart glasses with integrated displays are now entering the market. Last quarter, we outlined our potential bill-of-materials opportunity per device. Depending on the customer architecture and component content, we estimate a potential contribution of **50 to 100 Euro per smart glass**, spanning sensing, illumination and light-engine solutions.

On this slide, you see an **Omdia** projection for AI smart glasses and VR headsets. In their view, by 2030, combined unit shipments could reach approximately **60 million devices**. Importantly, the study suggests that around half of these devices could incorporate advanced display technologies, implying a market of roughly **20 million AI smart glasses with displays**. We believe we are uniquely positioned to lead this opportunity. Our objective is to become the leading supplier of microLED-array based light engines for the emerging AR smart-glasses ecosystem. We are confident in that ambition because our microLED array technology combines superior performance, scalability and system integration capabilities.

And with that, let us move to the next slide.

[Slide 10 – Technology Leadership in Light Engines]

Our leadership in AR light engines builds on more than a decade of innovation. The journey started with our vision to revolutionize automotive lighting through highly pixelated, intelligent headlamp systems. That vision led to the development of **EVIYOS**, which today is the market-leading microLED solution for advanced forward lighting. By extending the technology to red, green and blue emitters and combining it with our unique 8-inch microLED manufacturing platform, we are now applying the same core capabilities to the next generation of AR smart glasses. Our solution integrates red, green and blue microLED arrays with ultra-small pixel sizes and a CMOS backplane into a highly advanced light engine platform.

This architecture delivers several key performance advantages:

- **Up to 3x higher power efficiency**, enabling lighter and more attractive wearable devices.
- **Significantly higher brightness**, supporting outdoor use while maintaining low power consumption.
- **Up to 2x higher angular resolution**, enabling sharper images and a more natural viewing experience.

These capabilities are highly relevant for consumer adoption and represent key requirements for scalable AR smart-glasses platforms.

Importantly, our differentiation goes beyond device performance. It combines proprietary microLED technology, system expertise, manufacturing know-how and a clear product roadmap. Taken together, we believe this positions us strongly to lead the emerging AR smart-glasses market.

[Slide 11 – AI Photonics – Development of uPD-array started]

Turning to slide 11.

Let me now move to another important Digital Photonics opportunity.

We are expanding our development activities into the **receive side of slow-and-wide optical interconnects for AI infrastructure**. Our long-term ambition is clear: to participate in the **complete Optical Engine**, covering both the transmit and receive functions. **This vision is illustrated on the left side.** Over the last quarters, we have systematically expanded our development roadmap. We have initiated programs in **micro-emitters, micro-optics and now micro-photodiode arrays**, while continuing to evaluate the remaining building blocks, including CMOS ASICs, advanced packaging and testing. Step by step, we are broadening our technology footprint and increasing our opportunity to participate in a larger share of the optical engine value chain.

With that, let us move to the next slide.

[Slide 12 – Digital Photonics – multi-zone ToF]

Let me highlight another interesting Digital Photonics opportunity: **multi-zone Time-of-Flight sensing.**

Our multi-zone ToF platform is setting a new benchmark for high-resolution depth sensing, with up to **48 by 32 pixels**. Its performance makes it particularly well suited for robotics applications. We have already secured design wins in household robotics, including autonomous lawn-mowing systems, as well as in advanced four-legged robots. The higher depth resolution enables safer and more reliable autonomous navigation. The same performance advantages are relevant in smartphones, where more accurate depth sensing supports enhanced imaging capabilities. Importantly, we have now secured our first design wins in both robotics and smartphones, demonstrating the versatility of the platform and validating our technology leadership.

With that, let me hand over to Rainer for some financial details.

Rainer Irle (CFO)

[Slide 13 – Free Cash Flow]

Turning to slide 13.

Free Cash Flow was minus 119 million Euro in Q2.

Operating Cash Flow amounted to minus 77 million Euro, a seasonal build-up of working capital ahead of the smartphone and lighting seasons, 40 million reduction of factoring, annual bonus payouts, as well as net interest payments of close to 40 million Euro.

Capex remained fully in line with our full-year guidance of approximately 8% of revenue. Let us now take a brief look at our 'Simplify' program.

[Slide 14 –status update 'Simplify']

Turning to slide 14.

Simplify is designed to reshape our operating model and deliver **200 million Euro of additional annual savings by 2028**. **'Cost – Speed – Agility'** are our guiding principle. Implementation is progressing as planned, and we have already realized approximately **10 million Euro** of annualized savings. An important milestone in the continued execution of the program was reaching an agreement with the German workers' councils. By year-end 2026, we target around **30 million Euro** of realized savings. By year-end 2027, we expect to have delivered approximately **half of the total program target**, or around 100 million Euro of annual savings. The program remains an important lever for improving competitiveness, increasing agility and supporting future margin expansion.

Now, let's look at liquidity and capital structure on slide 15.

[slide 15 – Liquidity and capital structure]

We made significant progress on our balance sheet optimization in the second quarter. We successfully placed **1 billion Euro** of Senior Notes due 2032 at a coupon of **7.25%**.

The transaction was very well received by investors. Demand exceeded the initial offering by six times, allowing us to increase the issue size to 1 billion Euro.

We used the proceeds to fully redeem the **12.25% USD Senior Notes due 2029** and partially redeem the **10.5% EUR Senior Notes due 2029**. Following these transactions, **725 million Euro** of the 2029 EUR Senior Notes remain outstanding. **And we** repurchased **127 million Euro** of our 2027 Convertible Notes through bilateral transactions at a price well below par.

After these transactions, we maintained a strong liquidity position.

At quarter-end, cash amounted to approximately **1.0 billion Euro.** Including the revolving credit facility, total liquidity stood at approximately **1.5 billion Euro**. Following the closing of the non-optical sensor business divestment to Infineon on July 1, cash increased to approximately **1.6 billion Euro** and total liquidity to approximately **2.1 billion Euro** including our recently extended RCF. The outstanding balance of the Convertible Notes has been reduced to approximately **430 million Euro**. We have also updated the maturity profile to reflect our current expectation that any potential tendering of the remaining OSRAM shares is more likely to occur in **2027**, potentially during the first half of the year.

The liability associated with the **Kulim 2 sale-and-lease-back** remains largely unchanged, with quarterly accruals broadly offset by movements in the underlying currency basket.

Overall, we have meaningfully strengthened our capital structure, reduced financing costs and increased financial flexibility. With that, let us take a closer look at the coverage of our upcoming maturities on slide 16.

[slide 16 – Near term maturities & next steps capital structure]

On July 1, we received 570 million Euros from Infineon upon closing the divestment of our non-optical sensor business. As a result, we currently hold approximately **1.6 billion Euro of cash on hand.** This fully covers all foreseeable near-term funding requirements:

First, the remaining **433 million Euro of outstanding 2027 Convertible Notes**. Following the closing of the divestment, we have 120 days to make a mandatory par offer relating to the guarantor assets – the offer will be in a range between 120 and 150 million Euro.

Second, the expected transition effects in 2026, including lower adjusted EBITDA from divested businesses, stranded costs, transformation expenses related to the Simplify program, the repayment of approximately 100 million USD of customer prepayments, and a planned reduction in factoring. Excluding disposal proceeds, **we currently expect free cash flow to remain more than 300 million Euro negative in 2026**. However, we continue to expect a substantial improvement in free cash flow in 2027 and, assuming business trends remain broadly consistent, **we see a clear path positive free cash flow** — excluding any future disposal proceeds.

Third, the expected settlement of the remaining OSRAM minority shares following a final court decision. For planning purposes, we currently assume this will occur in the first half of 2027. Even after covering these items, we expect to retain a meaningful cash buffer.

Let me reiterate the key point:

All foreseeable near-term funding requirements are fully covered by existing liquidity. This allows us to remain focused on further optimizing the cost and maturity profile of the remaining 2029 Euro Senior Notes. We will keep you updated on our progress.

[Slide 17 – Outlook to Q3]

Now, on to the outlook for the Third Quarter – turning to slide 17.

We expect revenues **of 770 to 870 million Euros** and an **adjusted EBITDA around 16% ± 1.5 percentage points**, based on EUR/USD exchange rate of 1.15. In Semiconductors, we expect the underlying business to continue growing both seasonally and structurally. However, following the divestment of the non-optical sensor business, reported revenue will be lower as we will now record only a manufacturing service margin from Infineon rather than the full revenue contribution. This will reduce quarterly revenue by approximately **EUR 40 million** and EBITDA by approximately 1.5% This is illustrated in the diagram on the right. Order intake remains healthy, and our book-to-bill ratio supports a solid third quarter. In Lamps & Systems, we expect the traditional automotive aftermarket business to show its usual seasonal recovery.

Full-Year 2026 Outlook

Our full-year outlook remains broadly unchanged:

- **Revenue:** modestly lower due to portfolio divestments and foreign exchange effects.
- **Adjusted EBITDA:** somewhat lower than last year, reflecting divestments, stranded costs, precious metal prices and other transition-related effects.

- **Net result:** expected to be positive in the high double digit million Euro territory, supported by a high gain from the sale of the non-optical sensor business.

Looking ahead to 2027

We continue to see a clear path to **positive Free Cash Flow**, excluding any future divestment proceeds. **Our core semiconductor business is growing, our Digital Photonics opportunities are gaining traction, and our capital structure is significantly stronger than it was a year ago.**

With that, let me hand back to Aldo for some final remarks.

Aldo Kamper (CEO)

[Slide 18 – Q2 summary]

Let me now summarize the key messages from today's call - I am on slide 18:

In Q2

- We delivered revenue and profitability at the high end of our guidance range.
- Our core semiconductor portfolio grew 13% year-on-year on a like-for-like basis.
- We secured more than 1.6 billion Euro of new semiconductor business, reflecting continued market share and content gain.

In Digital Photonics:

- We aligned our organization around our key growth themes through dedicated Business Lines, accelerating execution and scalability.
- We achieved important development milestones for our microLED-based light engines for AI-enabled smart glasses, bringing the platform closer to mass-production readiness.
- We expanded our AI Photonics roadmap by adding micro-photodiode arrays to our optical engine development activities.
- We secured the first design wins for our high-resolution multi-zone ToF platform in robotics and smartphones.

Together, these milestones demonstrate continued progress in building the next generation of Digital Photonics growth opportunities.

And we executed our balance-sheet improvement plan as intended:

- We completed the divestment of the non-optical sensor business to Infineon and received the proceeds.
- We signed the divestment of our CMOS imaging sensor business to indie Semiconductor.
- We successfully placed **EUR 1 billion** of new Senior Notes at a coupon of **7.25%.**

We redeemed the expensive USD Senior Notes and part of the EUR Senior Notes due 2029, reducing annual interest expense by approximately **EUR 40 million**.

Before we continue, I would like to briefly note that, as announced last week, the Supervisory Board has extended my contract through 2031.

I appreciate the trust placed in me and the continued support from our investors and stakeholders. Together, we have built a strong foundation, and I look forward to executing the next phase of our strategy and capturing the opportunities ahead.

With that, we are happy to take your questions.