

## ams OSRAM

### Q3 2025 Earnings Call Introduction 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 today's call on third quarter results of fiscal year 2025.

Aldo, our CEO, will comment on business and strategy. Rainer, our CFO, will focus on financials.

We are referring to the Q3 earnings call presentation that you can find on our website. There, you will also find further material, such as a full, comprehensive IR presentation.

Aldo, please let us have your thoughts on Q3!

#### *Aldo Kamper (CEO)*

Thank you Juergen and good morning.

A good quarter. Our strategic focus is paying off. We delivered strong cash flow and significant growth in the core portfolio on a like-for-like basis.

Profitability was better than in the previous quarter – also supported by a one-off. 'Re-establish-the-Base' savings continue to be ahead of plan.

I am now on page 3, looking at the financial performance of the group.

#### **[Slide 3 – Q3 group performance]**

Revenues came in at 853 million Euro, above the midpoint of the guidance.

We saw an almost double-digit percentage improvement in our semiconductor business. In the auto lamps aftermarket business, we had a double-digit seasonal upswing.

The weaker US dollar cost us 20 million Euro topline compared to the previous quarter.

Year-over-year revenues are down a bit with 3%. This is entirely due to the weaker US dollar. Note the 7 cents difference in the average EUR/USD exchange rate, which equates to approximately 35 million Euro topline.

If we look truly at a like-for-like comparison based on today's core portfolio at constant currencies, we have grown by about 6% year-over-year – this includes the traditional auto lamps business.

The semiconductor core business – against which we measure our growth - grew approximately 9 % on a comparable basis. A really good result in the current market conditions. It clearly shows that our portfolio choices are paying off.

Profitability. Adjusted EBITDA margin improved quarter-over-quarter and year-over-year by almost 1 percentage point to 19.5%.

In Euro terms, adj. EBITDA improved by 21 million Euro. Within that number, we have a profit of a bit more than 10 million Euro from the sale of some manufacturing assets in our Singapore

production facility.

Now quickly on the segments.

**[Slide 4 – Lamps and Systems]**

Page 4 – a look at the traditional halogen lamps business.

A classic seasonal upswing. We saw a steep 13% quarter-over-quarter increase in revenues driven by the after-market season. The darker months in the Northern hemisphere make drivers replace their broken lights in their cars more frequently.

Nothing particular to report on specialty lamps for industrial & entertainment applications, the business remained at a similar level as last quarter with approx. 40 million Euro of revenues. We sold this business segment to Ushio as part of our accelerated de-leveraging plan. Closing is expected around end of the first quarter 2026.

Adj. EBITDA stayed almost flat.

Why so, if revenues were up by almost 25 million Euro?

The Gross Profit fall-through from higher volume was eaten up by a meaningful reduction of inventories.

Now, on semis. I am on slide 5, Business Unit OS.

**[slide 5 - OS]**

A sequential increase in opto Semis with 6% revenue improvement. 365 million Euro compared to 344 million Euro in the previous quarter. The increase was mainly driven by automotive, but also by the seasonal peak of the horticulture business. The upswing could have been higher if it wasn't for the negative impact on the topline of the weaker US dollar.

Coming to profitability – adj. EBITDA improved by 3 million Euro to 82 million Euro. At first glance, you might have expected a higher fall-through from 20 million more top-line. However, the increase was balanced by inventory reduction and the absence of one-time effects that were supportive in Q2, such as an IPCEI funding catch-up.

In the end, adjusted EBITDA margin stayed almost flat at 22.6%.

**[Slide 6 - CSA]**

Now, sensors and ASICs on slide 6.

An encouraging seasonal jump in revenues by 13% to 271 million Euro. Consumer products were in high demand. Android business was ok. Products we basically discontinued still saw some further orders. The dead live longer – as often. Little changes in demand for industrial and medical products.

Year-over-year, business grew by 2% mainly driven by the new sensor products, which are more than compensating for the revenue loss from the phased-out non-core portfolio and the topline impact from the weaker USD.

Adjusted EBITDA jumped to 64 million Euro. However, I mentioned earlier that a more than 10 million Euro windfall profit from selling manufacturing equipment as mentioned before.

**[slide 7 – semiconductor end markets]**

Now, looking at the semi end-markets in summary – we are on slide 7.

Sequentially 9% up and year-over-year 2% down.

If we exclude the non-core portfolio that we discontinued last year – the semi core business grew year-on-year by approx. 9% at constant currencies - well in line with our semiconductor growth model and higher than last quarter.

***First, Automotive.***

LED inventory correction has ended but no significant re-stocking in sight. We even hear of some customers who want to reduce their inventory reach even further. Book-to-bill ratio hovered around one throughout the quarter. Nevertheless, we saw a slight sequential increase in revenues of 4%.

The uncertainties in the supply chain persist – we still see a lot of short-term ordering, which is now often below normal lead times.

Fulfillment channel inventories went further down – now we are between 7 and 8 weeks. In the old days, 8 to 10 weeks were considered healthy and normal.

***Second, Industrial & Medical.***

In line with the slow recovery of the overall market, we saw a sequential improvement of 2%. However, we are still below last year's level. When ignoring the weaker US-dollar, maybe roughly on the same level.

As always, we have to look at the verticals individually. Horticulture revenues at its seasonal peak. Professional lighting unchanged. The demand for industrial automation is improving only gradually. Same is true for medical.

When we look at the channel – same picture as last quarter - Europe and US relatively stronger than China.

***Third, Consumer.***

A steep seasonal increase of 22% compared to Q2. Our main business is sensors for smartphones and wearables.

Year-over-year, we see the impact of the weaker USD. The slight decline is entirely due to FX. Businesswise, our new sensor products more than compensate for the phased-out non-core products.

**[slide 8 – business traction – design-wins on track]**

Now, let's talk about future business. I am on slide 8.

Design-wins are underpinning our mid-term growth model in semis. Traction in the market continued unabated in the third quarter. We are well on track reaching again a cumulated life-time-value of 5 billion Euro of new business for the full calendar year.

We landed about 800 projects in the September quarter across all verticals. This pushes the total to already 4 billion Euro for the first nine months. A few wins that we are very proud of, are sticking out.

***First, automotive.***

With our industry leading intelligent RGBi interior lighting solution we secured another design-win at a leading Chinese OEM.

And on top a large design-win for a prestigious car platform at a European premium OEM.

***Second, consumer.***

Our spectral and proximity sensors are the best that you can get. This once again convinced leading customers – the design-wins are worth a couple of hundred million Euro.

With that, let us look at some of our recent advances when it comes to differentiating technology platforms.

**[slide 9 – infrared emitter technology platform]**

I am on slide 9.

We do spend a lot of R&D money as we continue to believe in exciting growth opportunities.

One part of our R&D is dedicated to mastering the cost pressure in more established technologies by creating cost-performance optimized platforms. The other part of R&D is focused on differentiating technologies – especially for new applications that might see a growth inflection in the future.

We are also making sure that our customers benefit from an appropriate IP safety for those innovations. For this, we signed a comprehensive cross-license agreement with Nichia, covering thousands of patent-protected innovations in LED and laser technologies. The new agreement also covers sophisticated LED packages and also includes matrix headlamps, as an example. As such, we are the right partner for our customers holding a unique IP position.

On slide 9, you get an impression of our leadership in infrared emitter technologies that are used in a multitude of applications.

We are speaking of the AlGaAs material system that provides LED and laser light between 808 nm and 1103 nm, just beyond what the human eye can see – the so-called near infrared.

Our LEDs boast industry leading wall-plug efficiency and red-glow suppression.

Our laser diodes boast industry leading efficiency and optical output power.

Together with high-quality, cost-effective standard packages, these components are ideally suited for a multitude of applications that deliver already today a revenue contribution in triple-digit million territory.

We see the infrared LEDs in the car for in-cabin sensing, in consumer applications, or in drones amongst many others.

Our lasers are very established in material treatment and lidar. But its properties also make them ideally suited for future defense applications, such as drone defense or even more visionary applications like nuclear laser fusion. A technology that would harness the energy generation process of our sun.

We think there is much more to come from this technology platform.

#### **[slide 10 – 2d time-of-flight sensing]**

Now, let's switch to the sensor side of things on slide 10.

We recently introduced the industry-leading 2-dimensional direct Time-of-Flight sensor platform. Why 'direct'? The sensor measures the time a photon travels from the object and back and calculates the distance – pretty fancy.

I am very proud of our engineers who delivered the industry leading sensors that feature twice the framerate at the same resolution as competitor devices. Or twice the resolution at the same framerate, whatever you need in your application. You can use this performance for gesture and object recognition, but also for 3d distance measurement.

It also enables edge AI sensing applications, e.g. in smartphones. You see the principle in the lower left corner. When an image is enhanced with the 3- dimensional depth information from the sensor you can place objects, such as furniture in an environment – completely virtually. Just to give you an example.

We see applications for this sensor technology not only in smartphones, but also in building automation, home appliances, robots, drones, consumer electronics – you name it!

#### **[Slide 11 – spectral sensing]**

Completing our technology and product tour this quarter – I am on slide 11. We have the leading spectral sensing sensor platform in the industry.

Here you see Honor's latest flagship model – the Magic 8. A high end premium smart phone with 4 cameras on the world-facing side.

Our sensors allow for eye-fatigue protection and professional-grade color accuracy for an enhanced user experience.

**[slide 12 – progress in Re-Establish-the-base]**

With this, let us move to bottom-line topics.

'Re-establish-the-Base' continues to be a great success as it has been so instrumental in mastering many of the headwinds to our bottom line – especially when it comes to the gold price this year.

We are on slide 12.

By end-of-September, we have pocketed approximately 185 million Euro of implemented run-rate savings. Another 25 million Euro during the last quarter.

Now it is time for more details on the financials.

Rainer, please tell us about the latest progress.

***Rainer Irle (CFO)***

Thank you, Aldo, hello everyone from my side as well.

**[Slide 13 – maturities / cash balance]**

Let us look at the balance sheet, first.

With the private placement of an additional 500 million Euro of US-Dollar and Euro senior notes, we increased our cash-on-hand position to 979 million Euro end of September.

End of October, we are even above a billion.

After the tap in July, we have approx. 651 million Euro equivalent in the USD bond and 1 billion 30 million in the Euro bond. Both are due in March 2029.

Last quarter, we got some questions about why we tapped at that particular moment. If you look at the leveraged finance market the last couple of weeks, it turns out that our timing was perfect. Momentarily, conditions are less favorable.

No news on the Malaysia Sale and Lease Back transaction, yet. We continue to talk to interested parties but we are not yet on the final approach. The value stood almost unchanged at 422 million Euro end of September.

This brings us to an almost unchanged net-debt position of 2 billion Euro compared to end of June.

Having just mentioned the SLB, we certainly continue full steam in negotiating the indicated asset disposals on top of the sale of Entertainment and Specialty Lamps that we announced in July, to eventually realize proceeds well above 500 million Euro. We are fully on track.

Minority shares with a value of only 11 million Euro were tendered during the summer months.

Consequently, the outstanding minority put options amount stood at 517 million Euro or 12% outstanding at the end of Q3.

Taking cash, RCF and bilateral lines into account, our available liquidity significantly increased to approximately 1.6 billion Euro. We are prepared for all eventualities – any liquidity concerns in the market should be a thing of the past.

**[Slide 14 – cash flows]**

Switch to slide 14, cash flows.

Strong improvement in third quarter operating cash flow – we recorded 88 million Euro.

Despite us paying the coupon on the High-Yield-Bond which is always due in Q1 and Q3. But we managed inventories well and made sure we are collecting money from litigation and subsidies. Last year in Q3, we had a customer prepayment of approx. 220 million Euro that came as a windfall at the time.

CAPEX stayed in check. 48 million Euro in the third quarter. For the full year, we will land between 6% and 7% of revenues. Well below our long-term average ratio of 8%.

In total, we finished the quarter with 43 million Euro positive Free-cash-flow. This brings us to year-to-date break-even in FCF.

If you exclude the customer prepayment last year, Q3 was the best quarter in a long time. Though Q4 is expected to be even better, with lower interest and counting on the promised money from the Austrian government under the European Chips Act.

**[slide 15 – net earnings and EPS]**

We switch to slide 15 – net earnings and earnings per share.

On the left, you find adjusted figures. The adjusted net result improved in line with EBITDA to 27 million Euro in the third quarter. adjusted EPS developed accordingly.

The net financing result came in with 59 million EUR. Income tax stood at just 5 million Euro.

Now, following the rule of thumb, that we always have 50 to 60 million Euro adjustments per quarter due to transformation cost, depreciation of PPA and share-based compensation, we ended up with minus 28 million net result according to IFRS.

Consequently, IFRS earnings per share also came in negative with 28 cents.

With that, let me hand back to Aldo for the summary and outlook.

**Aldo Kamper (CEO)**

**[Slide 16 – summary]**

I am on slide 16.

Let me summarize key developments of the third quarter FY25.

Looking at the business:

We delivered revenues above the midpoint and profitability at the mid-point of the guidance.

9% growth in the core semi-business year-over-year on a comparable basis – well in line with our mid-term target model.

Execution of the RtB program is ahead of plan – now with 185 million Euro run-rate savings implemented.

Securing future semiconductor business continues unabated – we are on track to reach again the 5 bn mark for this year with passing the 4 bn Euro mark end of September.

Looking at the deleveraging plan:

Everything well on track without being able to go into further detail right now.

R&D investments:

I have presented you examples of our relentless effort to find future growth opportunities by investing in differentiating technology with great potential. Today, we talked about infrared emitters and 2-dimensional Time-of-Flight sensors.

With that, let us look at the right hand side of the slide – the outlook for the fourth quarter:

We expect revenues to come in between 790 to 890 million Euro.

This assumes a USD exchange rate of 1.16. Compared to the beginning of the year, the weaker dollar costs us a mid-double digit million figure in the top-line.

Automotive lamps will see its peak in the annual lighting season.

For semis altogether we expect a small seasonal decline -

Industrial & medical might be kind of stable, but we sense a lot of uncertainty in the automotive market, maybe flattish at best, whereas in consumer, the 'smartphone-season' is cooling off a bit.

We expect adjusted EBITDA margin to come in 17.5% plus or minus 1.5 percentage points.

In essence, stable compared to Q3, if you back out the wind-fall profit from selling the manufacturing assets in Singapore.

Looking at cash flow.

With year-to-date zero and keeping up our promise for the full year, we expect FCF of more than 100 million in the fourth quarter – certainly, driven by the expected inflow from the Chips Act.

We are now ready for your questions.