ams OSRAM
Q4 and FY 2025 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 today's call on fourth quarter and full fiscal 2025 results.

Aldo, our CEO, will comment on business and strategy.

Rainer, our CFO, will focus on financials.

We are referring to the Q4 earnings call presentation that you can find on our website.

Aldo, please let us have your thoughts on FY25 and Q4!

Aldo Kamper (CEO)

[Slide 3 – FY25 Achievements]

Thank you Juergen and good morning, everyone from my side.

Let's start with slide 3.

2025 was another year of disciplined execution. We built a stable foundation for further expansion as the leader in Digital Photonics. Our core semiconductor portfolio grew 7% year on year, underlining the strength of our focused positioning.

And importantly: for the first time ever, ams OSRAM holds the No.1 position in the global LED market — a significant strategic milestone.

Design win traction remained excellent with more than 5 billion euros in new lifetime value added to the pipeline.

Profitability improved again — adj. EBITDA margin up 1.5 percentage points year on year — driven by accelerated execution of the 'Re-establish the Base' program despite significant cost headwinds, one year ahead of plan.

We also delivered 144 million Euro free cash flow including interest paid.

On top of that, our deleveraging plan progressed strongly: two portfolio transactions announced as of last week, with proceeds of 670 million euros and pro forma leverage at 2.5x.

[Slide 4 – Q4/25 Group Performance]

On to slide 4: Q4 was a strong quarter. Revenues and adjusted EBITDA came in in the upper band of our guidance – a clear beat thanks to a super strong aftermarket lamps business. Revenues stayed almost flat compared to last year at first glance – but bear in mind, the weaker dollar cost us around 55 million Euro topline versus last year.

Adjusted EBITDA increased 7% year-on-year, despite FX headwinds, driven by the continued cost savings of 'Re-establish the Base'.

Let's move to slide 5.

[Slide 5 – Q4/25 Segment Performance]

Looking at the segments:

OS held up ok in a seasonally weaker quarter. Revenues dipped a bit more than what you would normally expect. I will comment on auto on the next slide.

Margin dropped broadly in line with fall-through but is still 5 percentage points higher than a year ago.

CSA showed resilience after the typical peak in the third quarter driven by good demand for custom sensor products for consumer handhelds and better I&M revenues compared to a year ago. Revenues were broadly stable quarter on quarter and slightly up compared to a year ago.

However, adjusted EBITDA margins were down both sequentially and compared to a year ago – an unfortunate product-mix coupled with a strong impact from the weaker USD and some inventory clean-up effects were the reason for this.

Lamps & Systems saw an exceptionally strong seasonal upswing. Aftermarket demand went through the roof as customers flooded us with short notice orders after our closest competitor fell into financial troubles. We are trying to turn some of this into long term business for sure. Specialty lamps contributed for the last time for a full quarter before closing the transaction with Ushio later in this quarter.

In line with fall through, profitability was up more than 80% compared to Q3.

Overall, a good quarter across the portfolio.

Let's now take a closer look at the semiconductor business.

I am on slide 6.

[slide 6 – Q4/25 Semiconductor Performance per End Market]

If you look through the weaker dollar and the non-core portfolio contribution, the clean core-portfolio grew exactly in line with our semi target operating model – 8% year-on-year. The non-core portfolio was expected to be fully phased out latest by Q1 last year – however, customers kept ordering and ordering. For this, it still contributed a high double digit million Euro revenue last year.

This page highlights the underlying resilience of our semiconductor business.

- Automotive: Sequential decline – mostly seasonal. But the automotive supply chain continues to operate with extremely lean inventories and the competitive environment driven by the kind of 'war' amongst the OEMs is unchanged. Although difficult to quantify, the so called 'Nexperia-chip crisis' at the beginning of last quarter certainly had some negative impact on order intake as well. Year on year softness is basically due to FX, the order pattern I just mentioned, and that no real re-stocking in the supply chain happened.
- Industrial & Medical: This vertical is gradually improving. We are not out of the woods yet, but indicators are trending in the right direction. Orders in industrial automation and medical came in a bit stronger, balancing the seasonal decline in Horticulture for example.
- Consumer: Typical Q4 seasonal decline, plus USD effects and the exit of the non-core portfolio.

Let me hand over to Rainer for some comments about cash flow on slide 7.

Rainer Irle (CFO)

[Slide 7 – Free Cash Flow]

Thank you, Aldo. Hello to everyone, also from my side.

We delivered 144 million Euro Free Cash Flow – adjusted for the one-time-cash-in from changing the employee pension fund set-up.

FCF above 100 million Euro, as we had promised.

That includes a high double digit million euro inflow from the Austrian Chips Act.

The same is true for the full year number, 144 million EUR FCF when adjusting for the pension financing as just described.

Capex remained disciplined, well below the 8% target.

With that, let us take a look at liquidity and the maturity profile on the next slide.

[slide 8 – Liquidity and Capital Structure]

With the strong FCF in Q4 and the inflow from the change in the pension fund set-up, our cash on hand was close to 1.5 bn EUR and the available liquidity position rose to around 2.2 billion Euro, backed by a diversified mix of instruments — cash, RCF, bilateral lines.

In December, we also rolled a 100 million Euro bank loan to 2027.

In January, we completed a 200 million Euro buy back of the outstanding 2027 Convertible.

Including the expected proceeds from the two announced transactions, we have already today sufficient funds to repay the Convertible Bond due in 27 and the OSRAM minorities.

This sets the stage for refinancing our high yield maturities at improved terms.

Back to Aldo for a more detailed look at the full Fiscal Year 2025.

Aldo Kamper (CEO)

[slide 9 – FY25: Group & Segment Performance]

Thank you, Rainer.

Slide 9 shows how the company has been progressing despite major head- winds from currency, automotive supply chain pattern changes, precious metal & raw material price increases etc.

Our IFRS topline decline by 3 % year-on-year. But it's worth looking deeper.

A 100 million FX impact and a more than a 100 million non-core portfolio needs to be considered.

With that in mind, the underlying core portfolio would have been up 4 %.

That is especially true, when we look at our semiconductor segment.

The core portfolio grew about 7% year on year at constant currencies — in line with our mid-term growth ambition.

The year-on-year decline in Lamps & systems stems mostly from two topics: the decline in the OEM business in line with the lower number of factory-new cars with traditional lamps and the Q2 supply chain adjustment after liberation day. On top, the weaker USD also weighed a bit on top-line.

Adjusted EBITDA margin improved meaningfully thanks to the implementation of the 'Re-Establish-the-Base' run-rate savings one year ahead of plan. Cost headwinds had been heavy, gold, silver, rare earths – and the topline impact from the weaker dollar.

Let's move to slide 10.

[slide 10 – ams OSRAM - #1 global packaged LED player]

A key highlight - one that has also been a personal ambition for more than a decade: ams OSRAM is now ranked the No.1 packaged LED supplier globally – by value. We now clearly surpassed our long-term rival to the crown – Nichia. Helped by a weaker yen, but primarily by better relative performance in the marketplace last year.

This further strengthens our position with automotive OEMs, professional lighting customers, and in emerging markets such as micro-emitters.

On to slide 11 – design win performance

[slide 11 – FY25 – Design Win Performance]

Last year was again a great year for winning new business underpinning our semiconductor growth model. The tally reached more than 5 billion Euro – again, the third year in a row with 5 billion. After a strong Q3, we also booked more than 1 billion Euro of design wins in the last quarter.

On the slide we show outstanding Design-wins with triple-digit-million Euro life-time-value.

In Consumer, projects in Display management and Camera Enhancement accumulated hundreds of millions.

In Automotive, EVIYOS and intelligent RGB ambient lighting projects stood out.

And, professional lighting and medical imaging design-wins contributed exceptionally.

The examples shown demonstrates the strong structural momentum in our business.

Design wins today are the revenues of tomorrow — and our pipeline is very healthy, underpinning our growth ambitions in the semiconductor core business and along the avenues of our key emerging Digital Photonics applications.

[Slide 12 – RtB & 'Simplify' Transformation Program]

Slide 12 shows the next wave of structural improvements.

Thanks to great execution of our teams, RtB delivered its savings one year early – 220 million euros.

That is a huge success, but we have to get more ambitious in view of the persisting headwinds. With sharpening our profile towards the clear leader in Digital Photonics, we also want to transform the way we work and thereby saving additional 200 million Euro of annual cost.

- 'Cost – Speed – Agility' are our guiding principle as we reshape our operating model.
- We want to further reduce overhead, which includes addressing stranded cost of the divestments.
- We want to improve our manufacturing cost by transferring production of established products to Asia & a productivity push through automation
- We are developing cost-optimized product platforms
- Also, product development shall become cheaper and more efficient by developing maturing product families in Asia.
- The expensive European resources are focusing on advanced 'Digital Photonics' topics
- In total, around 2000 colleagues will be affected, half of them in Europe
- Certainly, we also want to get our share of productivity improvement by rolling out AI.

Let me ask Rainer to comment on the progress when it comes to deleveraging our balance sheet.

Rainer Irle (CFO)

[Slide 13 – Deleveraging Strategy Update]

Thank you Aldo. Turning to slide 13.

Last April, we communicated our accelerated deleveraging plan. Since then, we have made strong progress.

First - improving the structural profitability. As Aldo just explained - we implemented RtB savings one year ahead of plan and are launching the new program 'Simplify'.

Second – generating proceeds well above 500 million Euro from divestitures.

We delivered. We will get 670 million Euro in cash from the two transactions that we have announced. The sale of the Specialty lamps business to Ushio and the sale of the non-optical sensor business to Infineon.

The transactions will also result in a one-time profit of about 450 to 500 m Euro.

Third – Solution for the Kulim-II SLB. We continue working hard on it. There has always been interest, discussions intensified recently, but it is really too early to call when exactly we will see a deal. But, we are fully convinced that there will be a solution – we have always delivered so far and have no intention to change that.

On a pro-forma basis, the leverage has significantly improved as will show you in a minute. But a solution for the SLB and fixing some of the stranded cost of that factory might be needed to really get to below 2.

Nevertheless, I am convinced that we will be able to refinance the senior notes much cheaper to bring interest cost down - the key impediment for strong FCF performance.

After refinancing the HYB, it is now likely that we land at below 150 million Euro annual interest cost.

Slide 14.

[slide 14 – Pro-forma Balance Sheet]

Here you see the impact of the transactions on our leverage. We discussed the update of our balance sheet as of 31 December 2025 earlier in the presentation.

With that, on a pro-forma basis, including the divestiture proceeds, leverage drops from 3.3x to 2.5x.

Excluding the OSRAM put options, net debt would stand at around 850 million euro, implying ~1.6x leverage.

This is a major step forward — and a prerequisite to refinancing our 2029 maturities at lower cost.

[Slide 15 –The Strategic Path to Digital Photonics Leadership]

Slide 15 summarizes our transformation journey as Aldo outlined last week in detail when we announced the sale of our non-optical sensor business to Infineon.

The path consists of three phases:

From 2023 to 25, we stabilized and refocused the company — divestments, portfolio sharpening, 'Re-establish the Base', refinancing.

2026 will be a transition year, reflecting the deconsolidation of sold businesses and temporary stranded costs. We will have to bear a temporary drop in adjusted EBITDA due to several one-off effects. For this and for making the company overall more efficient and more agile, we launch the new program 'Simplify'.

Also financing costs remain high in 2026 - approximately 250 to 300 million Euro - until the refinancing of the senior notes, which we have on the radar for 2027.

From 2027 onwards, we enter the growth and value creation phase:

- We want to see growth in the core business and growth along the lines of the existing and new Digital Photonics applications: highly pixelated forward lighting, micro-emitter projection arrays, and spectral-, bio- and distance-sensing.
- Based on the 'Simplify' program and growth, we will see margin expansion.
- With growing profitability and a solution for the Kulim-II SLB, we will have a fully healthy balance sheet with leverage below 2.
- And we want to see our financing cost below 150 million Euro. And, a low run-rate of restructuring cost is the basis to deliver strong free cash flow well above 200 million Euro.

[slide 16 – COGS Impact of Gold Price]

Before we move on to the exciting growth avenues of some of our Digital Photonics projects, we have to look a bit deeper in one aspect of the transition phase – precious metal prices, namely gold.

I am on slide 16.

Gold is an important material in the production of LEDs. You need it for corrosion free mirrors to get the light of the epi-layers, to put it simply.

In normal years, that added to the COGS bill a high double-digit million Euro figure.

The unprecedented gold rally that accelerated in 2025, cost us an additional 35 million Euro – that's 2% margin of the OS division …

The price curve has taken an exponential shape as you can see on the left. The peak has come down the last ten days, but when assuming an average price of about 5 thousand USD per ounce, we have another 60 million cost adder on compared to 2025 – that would be a 4% margin impact for OS and around 2% for the group.

We are mitigating as best as we can.

- We are hedging
- We are reducing precious metal usage by redesigning our products
- And we are launching the 'Simplify' program.

I hate to say it, but on top of the divestitures and the stranded cost, the gold price and precious metal prices overall will weigh further on margins and adjusted EBITDA in 2026.

With that, back to Aldo for some words on Digital Photonics growth vectors that will kick-in step by step and that we presented in detail last week.

Aldo Kamper (CEO)

[slide 17 – Six Growth Vectors]

Thank you, Rainer. We are on slide 17.

Digital Photonics is opening multiple, highly attractive growth avenues across both emitters and sensors for us.

On the emitter side, micro emitter arrays are transforming three key markets: advanced automotive lighting with EVIYOS™, where we already ship in volume and hold the clear design win lead; ultra compact RGB micro emitter arrays enabling bright, power efficient AR displays for next generation smart glasses; and multi-channel micro-emitter based optical links for AI data center "wide & slow" interconnects that offer superior energy efficiency and unlock future chip to chip optical architectures. For each of these, we see additional revenue potential in triple-digit million EUR territory over a staggered period of time.

On the sensor side, we are equally well positioned. Spectral sensing is already today a triple-digit-million business, and we see it growing further.

Anchored in premium smartphones and expanding further with new product generations and the rise of foldables. Bio sensing continues to scale as wearables add more optically measurable biomarkers, creating incremental double digit million opportunities. Finally, multizone direct Time of Flight sensors brings high precision 3D awareness to smart devices, robotics, and emerging humanoid platforms, with adoption curves that could drive significant revenues by 2030 and beyond. Also, on the sensor side we see additional revenue potential of double-digit million Euros, in some cases triple digit long-term.

Together, these six vectors demonstrate how our unique portfolio of emitter and sensor technologies positions us at the center of major global megatrends—automotive safety, AR, AI compute, personal health, and intelligent robotics—each offering meaningful, scalable, and compounding growth potential.

[slide 18 – 2030 Financial Targets]

Now, let's quickly re-visit our financial targets for 2030 that we published last week. I am on slide 18.

This slide sets out our over-the-cycle 2030 Target Operating Model once divestitures – incl Kulim-2, deleveraging, corporate simplification, and debt refinancing are complete, and with new applications contributing to growth.

For Semiconductors, we target mid- to high-single-digit revenue growth starting in 2027 based on a variety of growth vectors that I just talked about and an adjusted EBITDA margin ≥ 25%.

Traditional Auto Lamps – contributing to the Group as illustrated on the right-hand side - are expected to be flat, acting as a reliable cash source that helps fund the semiconductor transition and growth. We target consistently an adjusted EBITDA margin between 13 and 15 %.

With that, we target for the Group a CAPEX ratio of up to ~8% of sales, which should end up typically lower than that.

A group Free-Cash-Flow of well above 200 million Euro post refinancing, and a net-debt-to-adjusted-EBITDA ratio below 2.

These are over-the-cycle targets—they reflect our operating model once the portfolio transition is complete.

[Slide 19 – Q4 summary and outlook to Q1]

Let me summarize the key take-aways for Q4 and thereafter on slide 19.

Q4:

- We beat revenue and profitability guidance.
- The core semiconductor business grew 8% year on year on a like for like basis.
- Free cash flow was strong at 144 million euros.
- RtB run rate savings were achieved one year ahead of plan.

We also progressed well in deleveraging our balance sheet:

- Last week, we announced the sale of our non-optical sensor business to Infineon
- Together with the sale of the specialty lamps, we will get 670 million Euro in cash – exactly the more than 500 million Euro that we announced last year.
- We have ample liquidity of 2.2 billion Euro available
- We bought back 200 million Euro of Convertible notes in January

and, most importantly, we have clearly defined the future direction of the company:

- We have laid out the strategic direction by creating the leader in Digital Photonics, where we want to benefit from upcoming inflection points in this field
- and, we launched the new transformation and savings program 'Simplify' for saving further cost and transforming the way we work

Now, on to the outlook for the First Quarter:

We expect revenues to come in between 710 and 810 million Euro, with adjusted EBITDA around 15% ± 1.5 percentage points, based on EUR/USD around 1.19.

Lamps & Systems will show the usual seasonal reduction, minus one month of deconsolidation of Specialty Lamps.

Semiconductors will experience the typical seasonal decline.

Given the upcoming changes in our portfolio and the associated challenges for you in building a financial model, we want to give some hints on the full year 2026:

- Group revenues might end up slightly softer than in 2025 given the divestments and a weaker USD. Please remember that 1 USD cent equals roughly 20 million Euro more or less revenue per year. A move from 1.13 to 1.19 would cost us 120 million Euro revenue.
- adjusted EBITDA will be negatively impacted by several one-offs:

the divestments, where we effectively sell EBITDA to the buyer, stranded costs from overhead we are not transferring to the buyers, higher precious metal prices and other factors.

We are now ready for your questions.