Sense the power of light

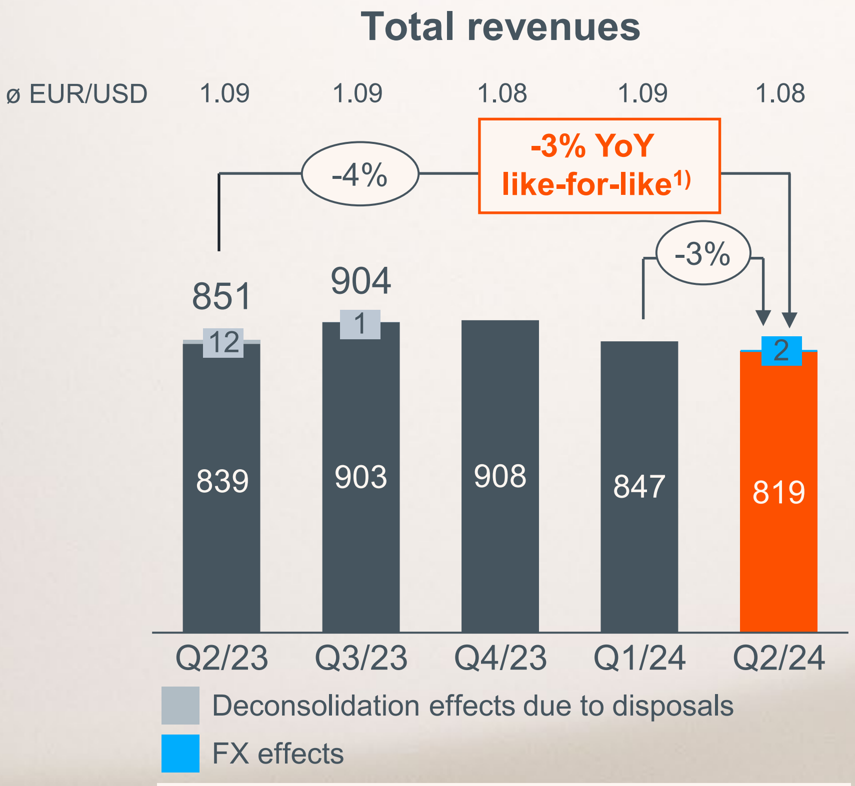
# Second Quarter 2024 Results Earnings Call

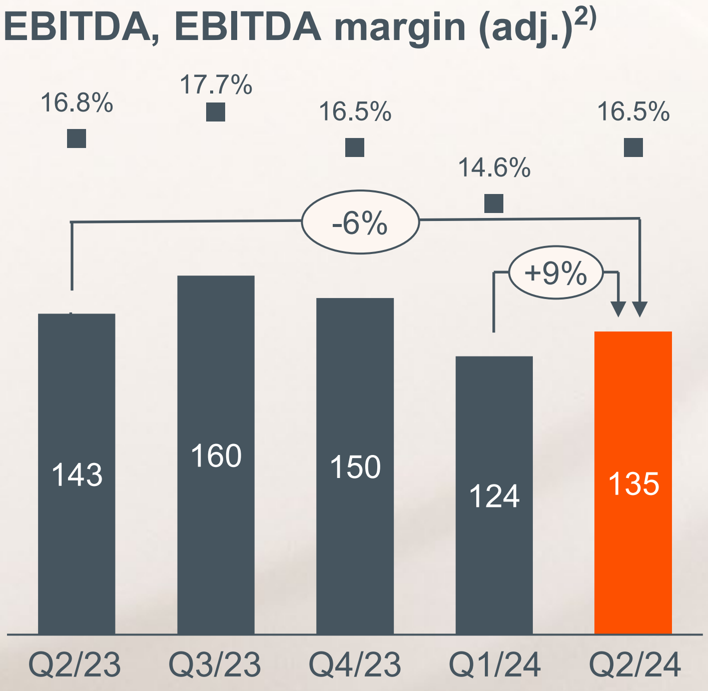
Aldo Kamper, CEO
Rainer Irle, CFO
Dr Juergen Rebel, SVP Investor Relations

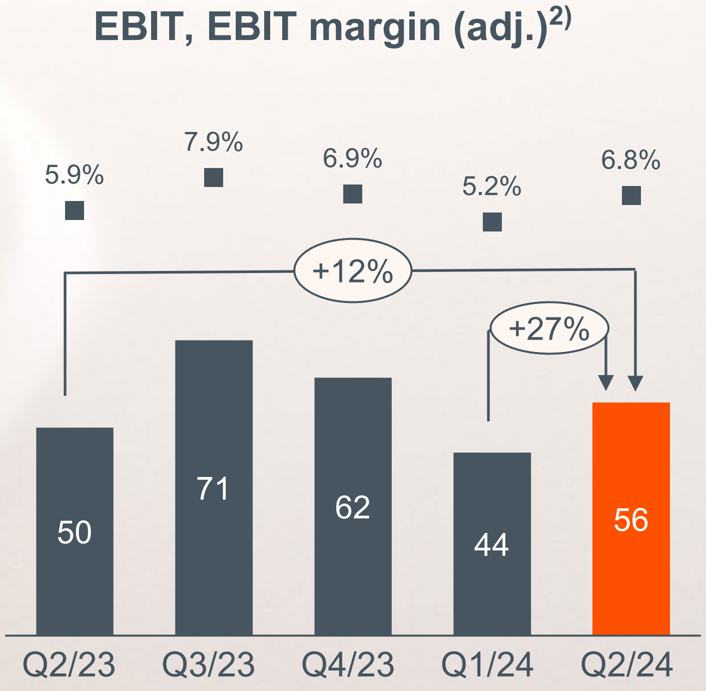
26 July 2024

# Solid group revenues in a difficult market

**All figures in EURm / % of revenues**




- Revenue at mid-point of guided range of EUR 770m to 870m
- YoY: -3% like-for-like growth (constant currencies, same portfolio)

- QoQ: adj. EBITDA margin well above mid-point of guided range of 14% to 17% driven by improved loading, RtB, funding catch-up

- QoQ and YoY adj. EBIT improvement due to improved loading, RtB and some funding catch-up.

1) Based on like-for-like portfolio comparison basis

2) Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses



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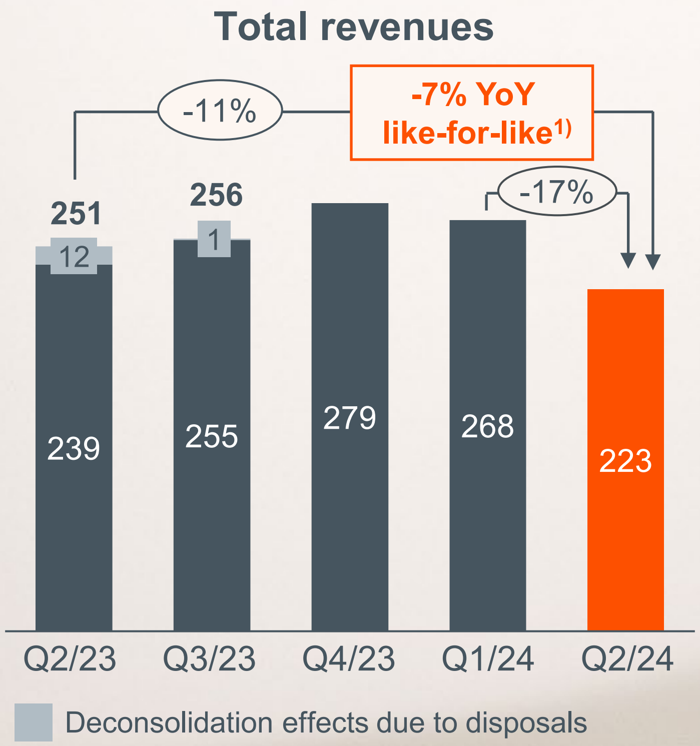
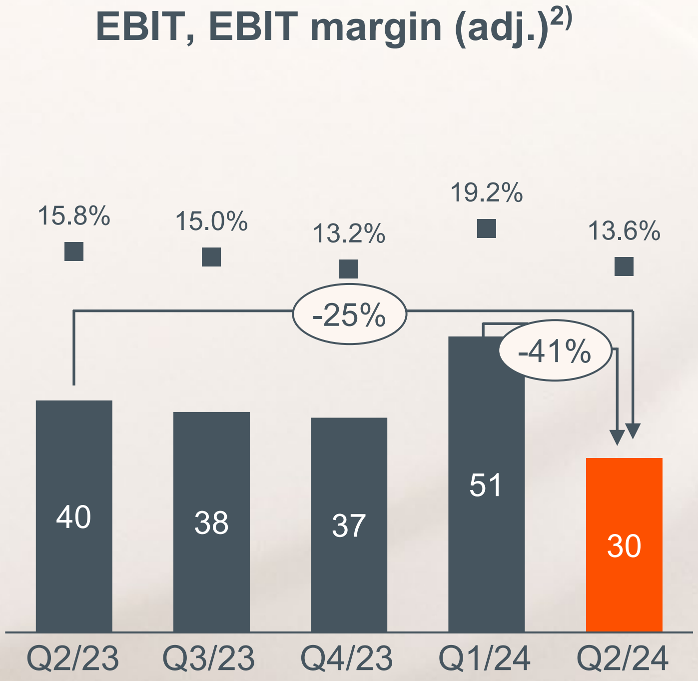
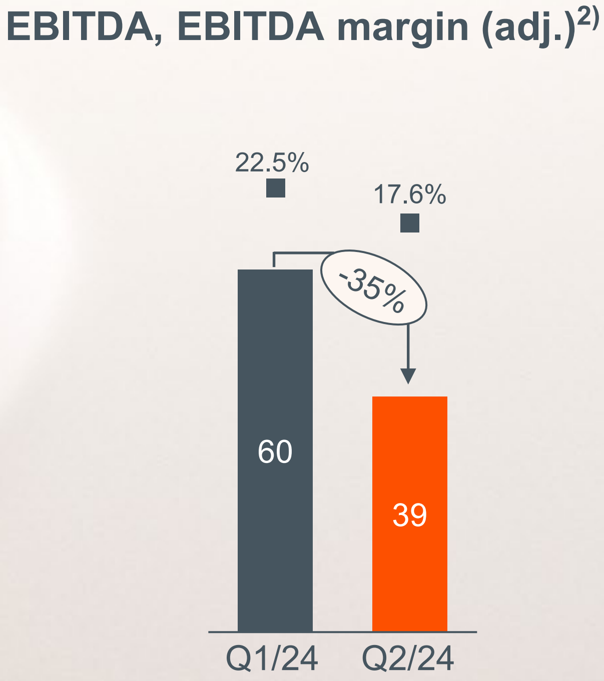
# Lamps & Systems: seasonally weak Q2, continued weakness in industrial

**All figures in EURm / % of revenues**




- Revenues: QoQ decline due to normal seasonality
- Revenues: YoY decline burdened by deconsolidation effects due to disposals
- QoQ: adj. EBIT/EBITDA reduced in line with fall-through (Q1 had a positive one-off)
- YoY: adj. EBIT/EBITDA reduced due to lower auto-lamps sales to OEMs (increasing LED penetration)

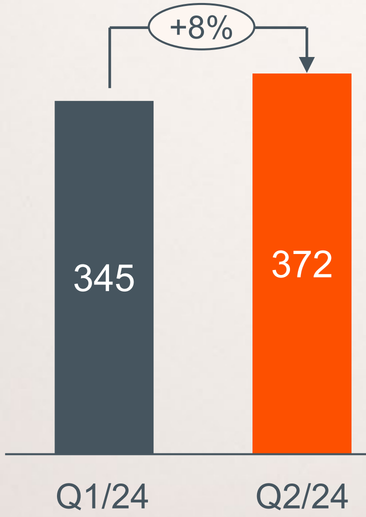
1) Based on like-for-like portfolio comparison basis
2) Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

# Semis – structural growth & progress of savings program outweigh difficult market

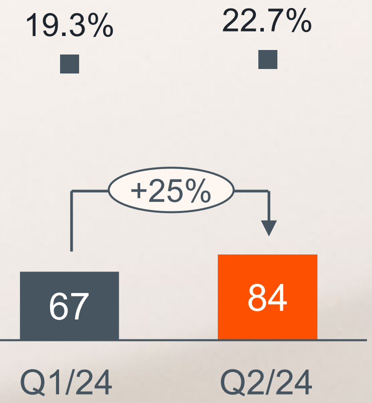
**All figures in EURm / % of revenues**

## Opto Semiconductors (OS) segment

### Revenues

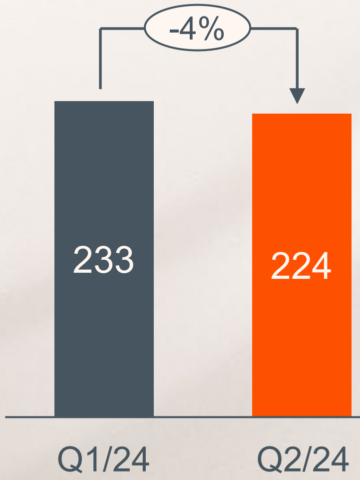



### EBITDA (adj.)[1)]

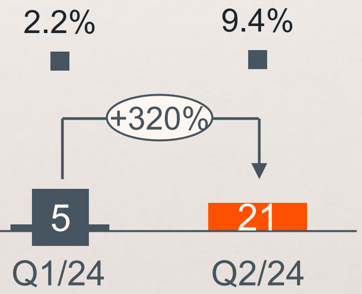



## CMOS Sensors and ASICs (CSA) segment

### Revenues




### EBITDA (adj.)[1)]




**Revenues:**

- Automotive, Professional lighting, horticulture drove revenue increase.

**EBITDA:**

- QoQ increase due to higher loading and IPCEI catch-up booking

**Revenues:**

- QoQ decline due to seasonal effects and phase-out of legacy Consumer business

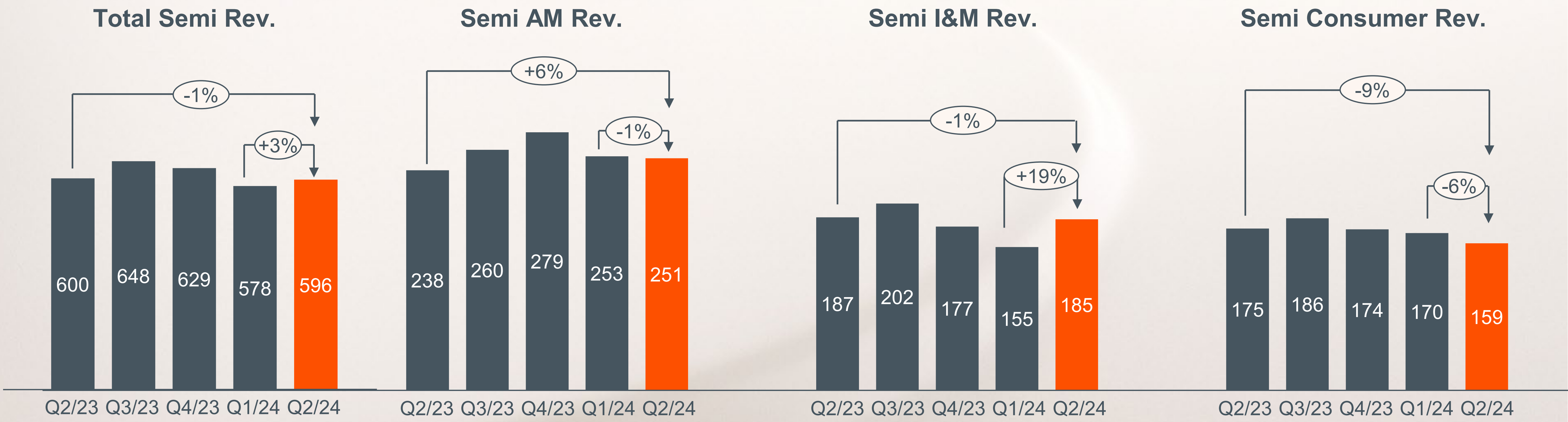
**EBITDA:**

- Strong QoQ increase due to higher loading and 'Re-establish-the-Base' savings

[1)] Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

# Semis: Structural growth in Auto compensates ramp-down of Consumer legacy

**Semiconductors, figures in EURm**




### Total

- QoQ increase driven by seasonal improvement in Horticulture, solid automotive and professional lighting demand
- YoY flat as structural growth in automotive compensates ramp down of legacy Consumer business

### Automotive

- QoQ flat as demand from China normalized
- YoY growth driven by content per vehicle expansion in highly digitized EV & ICE platforms

### I&M

- QoQ rebound driven by seasonal improvement in horticulture, solid professional lighting and individual product ramps
- YoY essentially flat reflecting inventory correction in some verticals and soft mass market as well as industrial sensors

### Consumer

- QoQ decrease mainly due to seasonality and ramp downs
- YoY decline due ramp down of legacy sockets, partially compensated by strong Android market



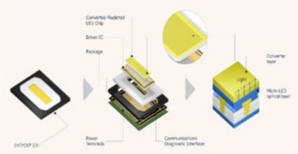
I&M denotes Industrial & Medical

# Q2/24 design-win examples

**Continuous strong traction with key products across all core verticals**

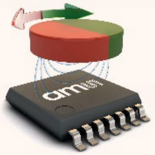

*Automotive:*
**EVIYOS high-pixelated forward lighting**

**+ 100m€ LTV* design wins**



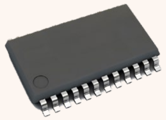
*Automotive:*
**Temp & Position Sensors**

**~50m€ LTV* design wins**



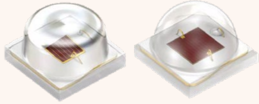
*Industrial:*
**Sensor I/F ASICs**

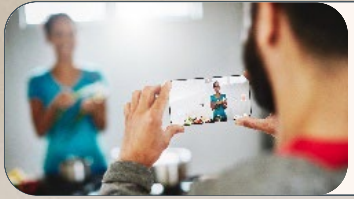
**~100m€ LTV* design wins**



*Industrial:*
**Professional lighting**

**>100m€ LTV* design wins**





*Consumer:*
**ALS/PROX sensing**

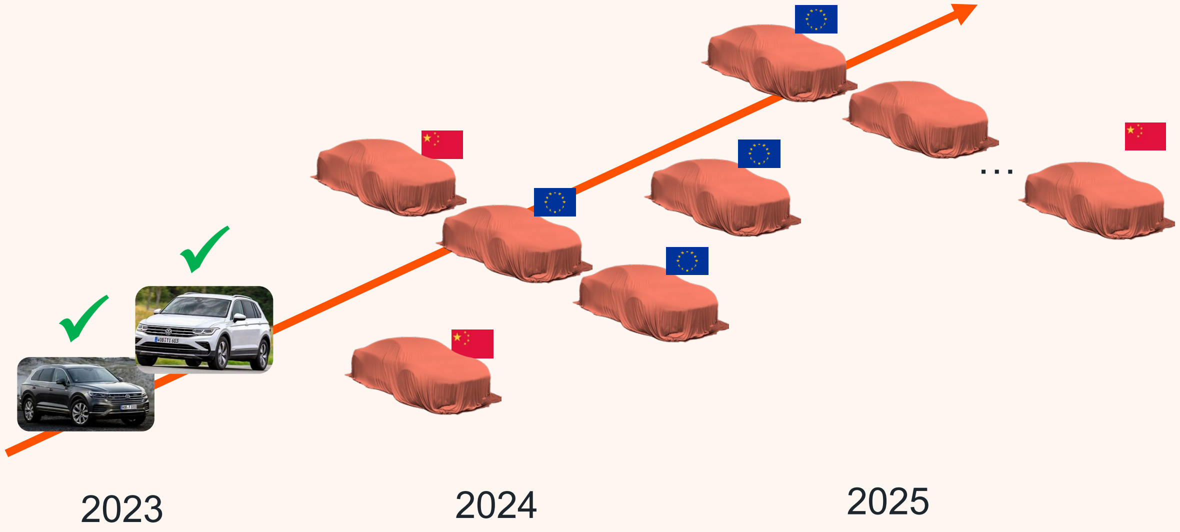
**~100m€ LTV* design wins**

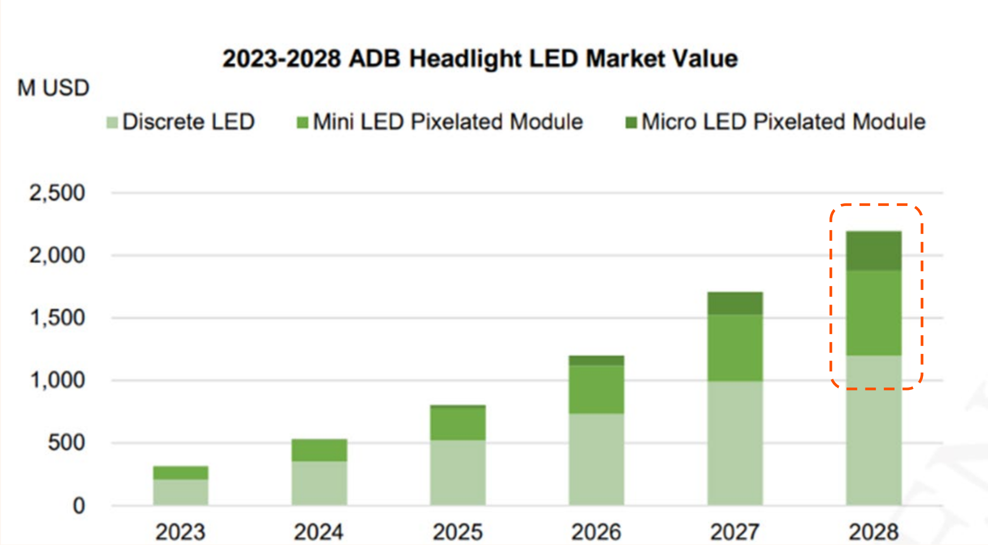
*cumulated, estimated project life-time values

# Q2/24 design-win update: EVIYOS ramping and traction continuing

## Ams OSRAM ideally position for emerging pixelated headlight market


**EVIYOS high-pixelated forward lighting**



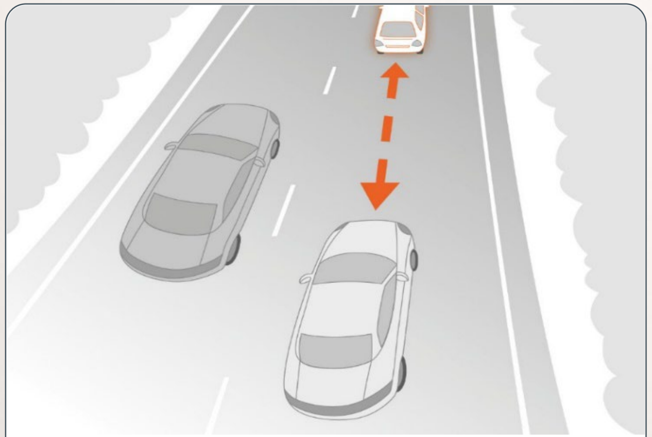

Source: Trendforce, July 2024

- **>450 m€ LTV* design wins to date**
- **Continued ramp ensures ams OSRAM average BOM growth**

*cumulated, estimated project life-time values

# ams OSRAM is at the forefront of developing the LiDAR automotive market

## ams OSRAM is a key partner of Robosense – a Chinese leader in automotive LIDAR modules



**Key Trends:**

- Autonomous driving
- Safety
- Traffic jam assistant
- Highway pilot emerging
- Mobility as a service


Deep, collaborative industry partnerships

ams OSRAM
AMD XILINX
黑芝麻智能 BLACK SESAME
NVIDIA
SGS
Texas Instruments
GRGTEST 广电计量
HAMAMATSU
LUXSHARE ICT
TÜVRheinland
Webasto
地平线

65 Design-win vehicle models

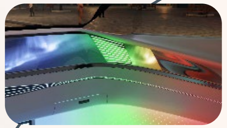
25 SOP vehicle models

# 1H FY 2024 – strong design-win traction continuing

**Structural growth from the profitable core underpinned by unabated design-win momentum**

**Industrial Sensor ICs**

**Colored ambient lighting – iRGB** (Automotive)



**Industrial dToF Sensors**

**High Pixelated Forward Lighting (EVIYOS®)** (Automotive)

**Professional lighting**

**Automotive LIDAR**

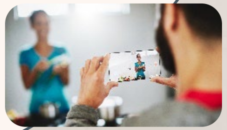
~2.5 bn € LTV*

**Tileable CT scanning sensors** (Medical)

**Classic automotive LED forward lighting**


**Display Management** (Consumer)

**Classic automotive signaling**



**Camera Enhancement** (Consumer)

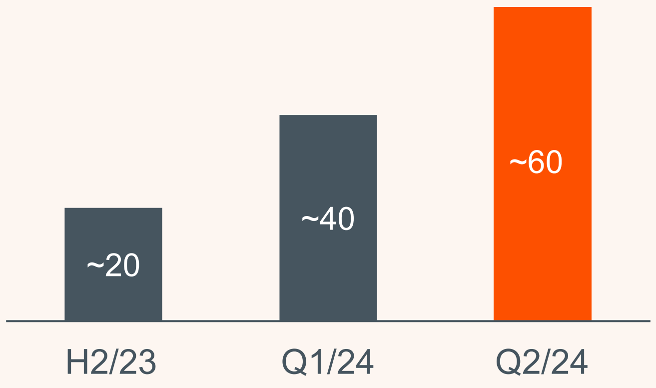
**Augmented reality** (Consumer)

*Design- wins in 1H 2024: estimated project life-time value

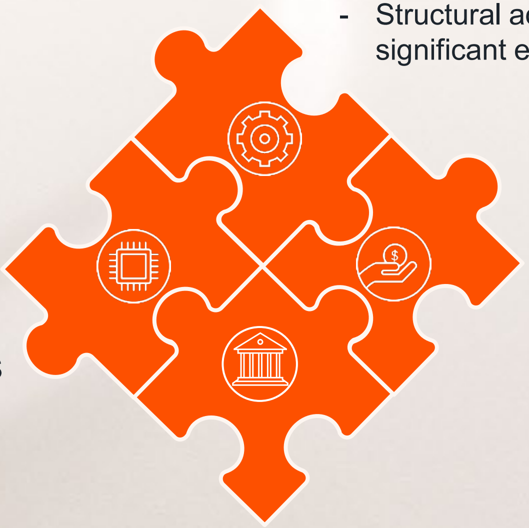
# Re-establish-the-base implementation progress

**Cost savings on track to reach End-FY24 implementation target of EUR ~75m run-rate savings**

**Realized savings to date:**




**Note:**
No 100% fall-through to bottom line (2023 reference) due to price decline & general cost increases (inflation, factor price changes, etc..)



**Set-up & Infrastructure**

- BU end-to-end responsibility established
- Structural adjustments implemented to a significant extent

**Portfolio**

- Passive Optical Components & CMOS IS addressed
- Remaining non-core portfolio in work

**Monetizing Innovation**

**Refinancing**

- Issuance of new HYBs in Oct 2023
- Rights Issue Dec 2023



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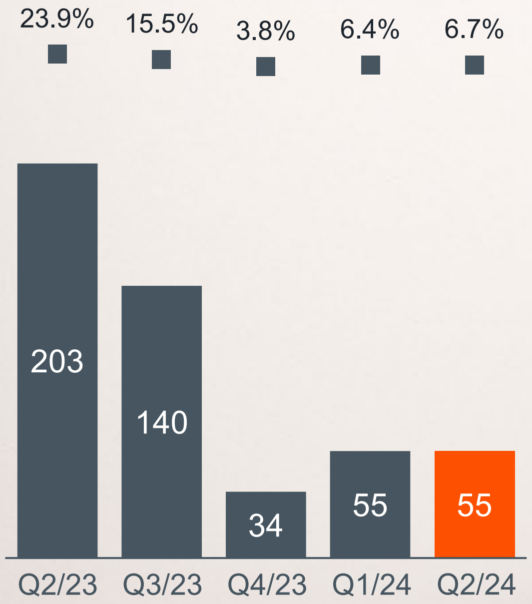
# Operating cash flow and FCF now includes net interest paid; CAPEX reduced

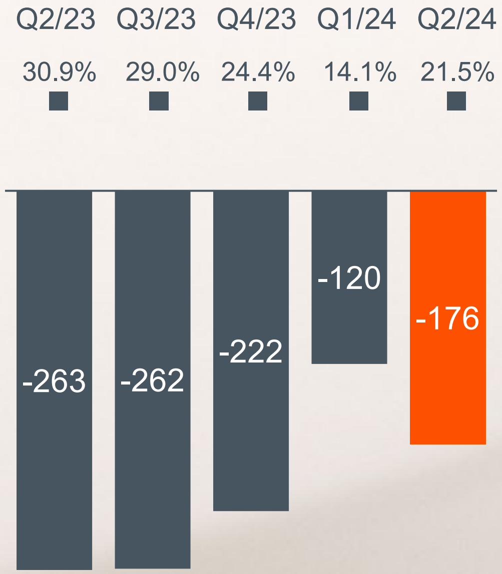
**All figures in EURm / % of revenues**

## Operating Cash Flow

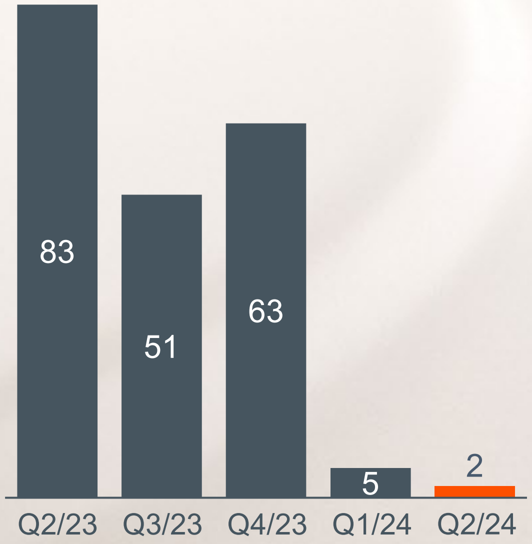
(including net interest paid)




## Cash Flow related to Capex

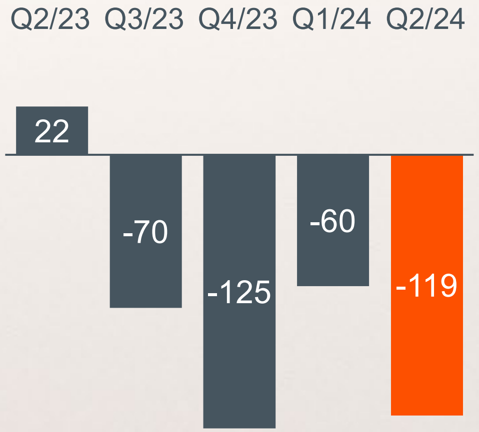



## Inflows from Divestments




## Free Cash Flow (FCF)[1)]

incl. divestments, **incl.** net interest paid




- Operating CF: on same level as Q1 due to interest payment of senior notes in Q2; OP CF includes EUR 64m net interest paid in Q2
- CAPEX: still meaningfully burdened by microLED equipment that could not be cancelled and equipment for ramp of new automotive products

[1)] **Free Cashflow (FCF) defined as Operating CF (incl. net interest paid) – Capex + proceeds from divestments**

# Strong available liquidity and balanced maturity profile with diversified funding mix

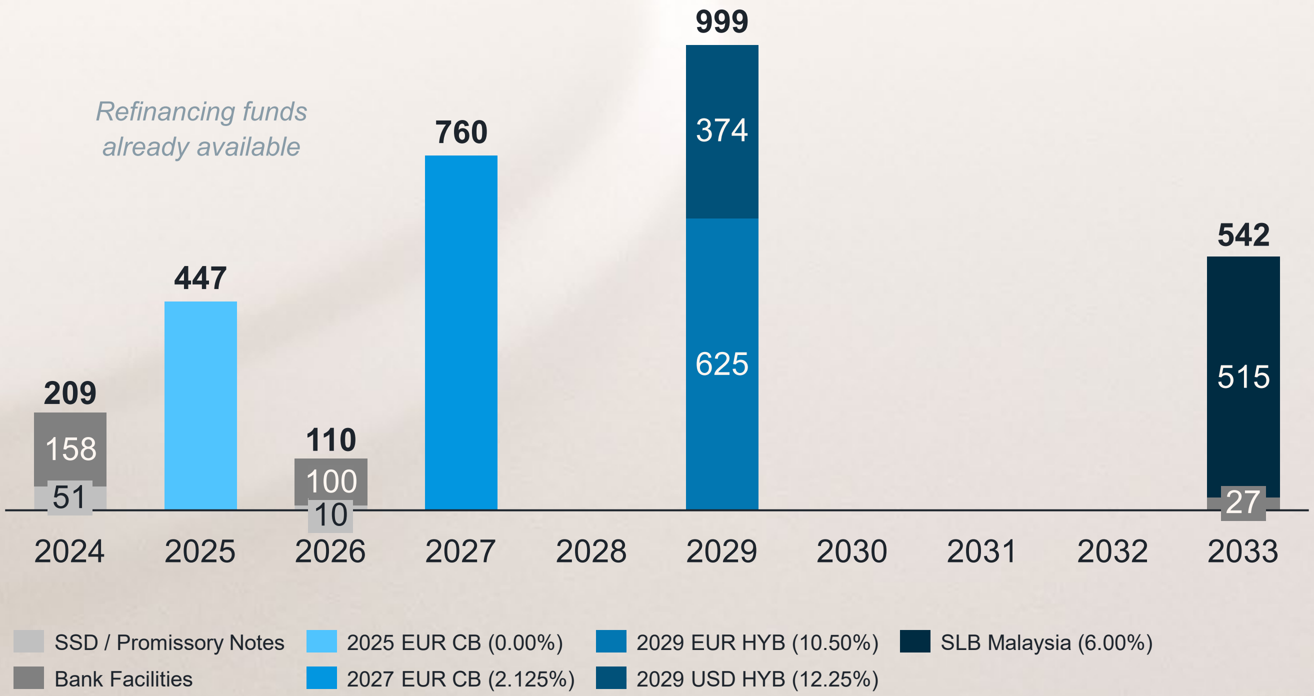
## Current capitalization

*€m, IFRS values as of June 2024*

| IFRS book values | June 2024 |
|---|---|
| | **EUR million** |
| Cash | (900) |
| Other Financial Debt [1), 2)] | 346 |
| 2025 EUR Convertible Bond (0.00%) [1)] | 440 |
| 2027 EUR Convertible Bond (2.125%) [1)] | 680 |
| 2029 EUR Senior Unsecured Note (10.50%) [1)] | 630 |
| 2029 USD Senior Unsecured Note (12.25%) [1)] | 379 |
| Revolving Credit Facility (EUR 800m undrawn) | 0 |
| SLB Malaysia transaction [1)] | 401 |
| **Total debt** | **2,876** |
| **Total net debt** | **1,977** |
| Outstanding OSRAM Licht AG – Put Options | 605 |
| **Available Liquidity [3)]** | **1,806** |

## Current debt maturity profile

*€m, repayment amounts as of June 2024*

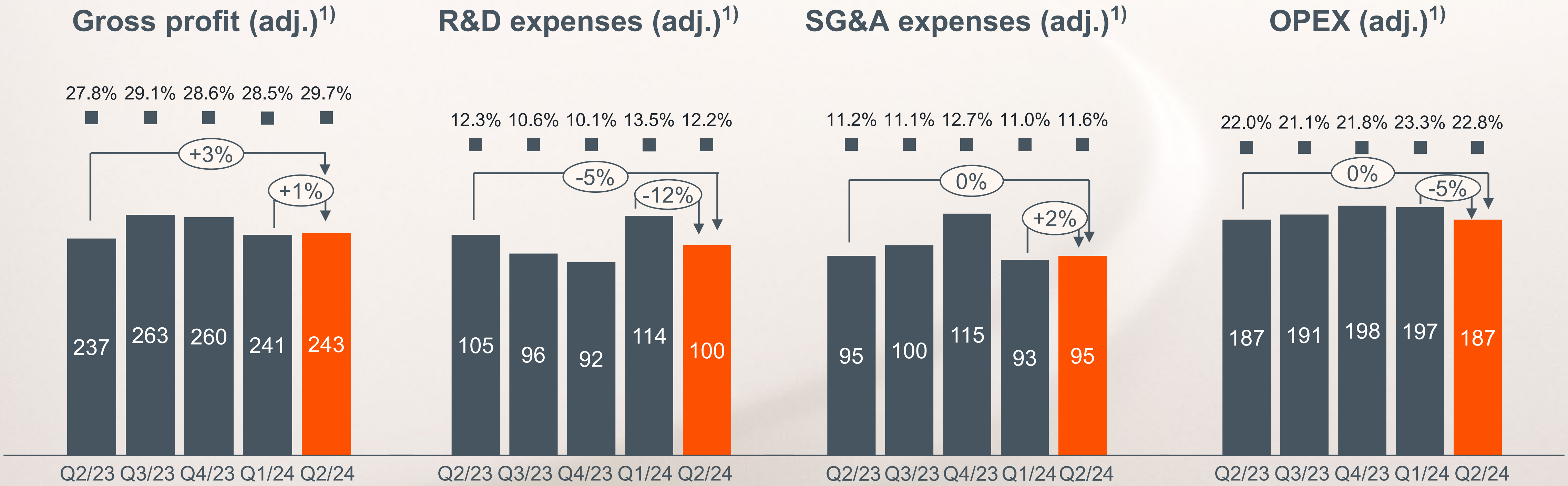



**Notes:**

1. Amounts reflect carrying amounts / book values. For 2025CB - Nominal Amount: EUR 447.4m (formerly EUR 600m; reduced by 2 buybacks in the meantime) / Book Value under Debt (IFRS per June 2024): EUR440m. For 2027CB - Nominal Amount: EUR 760m / Book Value under Debt (IFRS per June 2024): EUR 680m
2. Includes R&D loans, Bank Facilities and Promissory Notes
3. Includes EUR 900m Cash, EUR 800m RCF (undrawn) and EUR 106m bilateral bank facilities (undrawn)

# Group: microLED cancellation still elevating adj. R&D

**All figures in EURm / % of revenues**



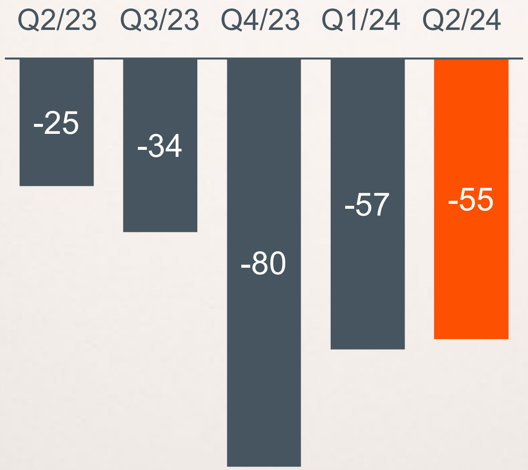

- Adj. Gross Profit: QoQ and YoY increases in line with improved loading in CSA and reduction of manufacturing footprint from 'Re-establish-the-Base';
- Adj. R&D expenses: IPCEI funding contributes to QoQ reduction; still elevated due to capitalization of previous microLED related development no-longer applicable
- Adj. SG&A expenses: slight reduction year-over-year; continuous contributions from 'Re-establish-the-Base'

[1] Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

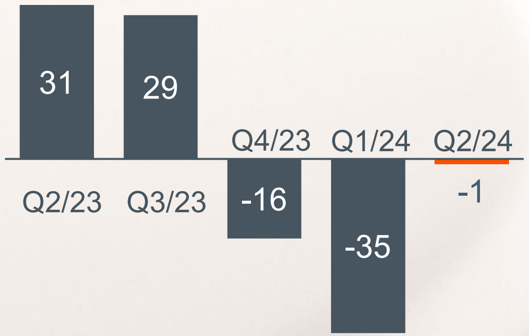
# Adj. net result / Adj. EPS improving quarter over quarter, reaching break-even

**All figures in EURm / EUR per share**

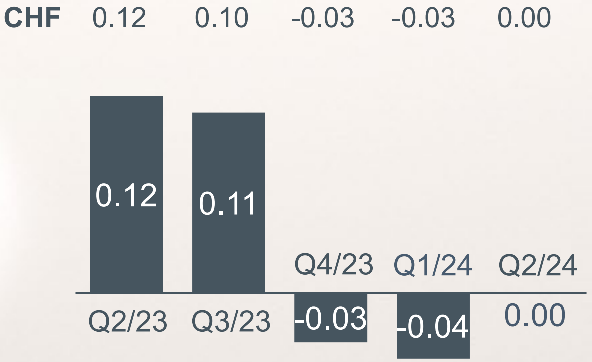
## Net financing result (adj.)[1]



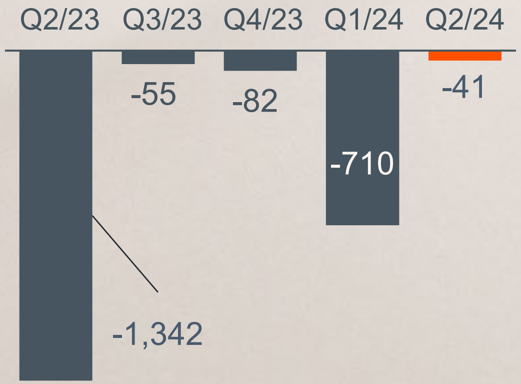

## Net results (adj.)[1]



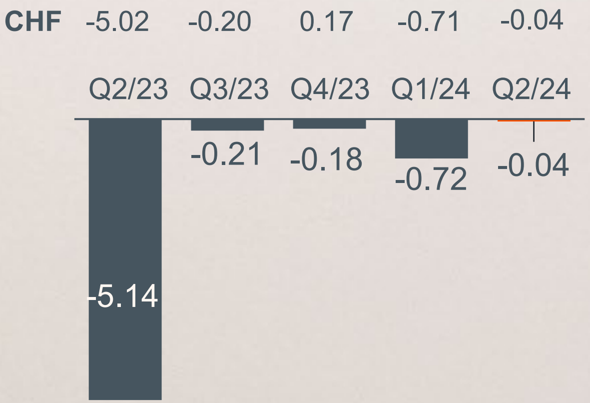

## EPS diluted (adj.)[1]




## Net results IFRS




## EPS diluted IFRS




- Adjusted net financing essentially driven by net interest expenses (interest expenses plus interest received) after re-financing in Q4/23
- Weighted average number of shares outstanding during Q2/24: 990,695,369



[1] Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

# Business outlook

| Q3 2024 Guidance | H2 / 2024 comments |
| --- | --- |
| – Revenue EUR 830m - 930m<br>– Adj. EBITDA 17% - 20%<br>– Based on assumption EUR/USD 1.10 | – ~75 m€ run-rate savings at year-end from ‘Re-establish-the-Base’ program on track<br>– Some cost headwinds e.g. personnel cost, less capitalization<br>– CAPEX might land between EUR 500m to 550m as certain expected capital grants could slip into 2025<br>– FCF significantly improving in 2H due to lower CAPEX and higher profitability<br>– Full FY24 FCF before net interest payments positive (including divestments proceeds) |

# Summary Q2

## Summary

**Q2/24:**

- Solid Q2 revenue and above mid-point profitability
- Continued year-over-year structural growth in automotive semis
- Strong design-win momentum in core business with EUR 2.5bn year-to-date

**‘Re-establish-the-Base’ progress update**

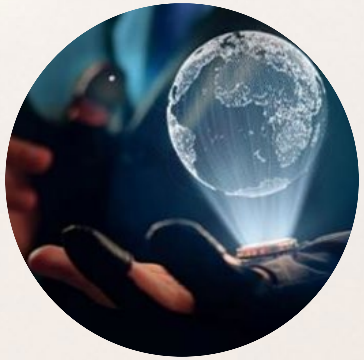
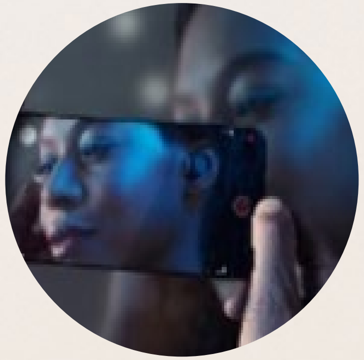
- EUR ~60m savings realized to date – on track for ~75m run-rate savings E/24
- Most critical non-core portfolio parts already addressed

**MicroLED strategy update:**

- Restructuring of microLED related organizations initiated
- Relevant development resources transferred to automotive high-pixelated FWL development
- Process for finding new lessee for Kulim-2 factory on track

**Outlook Q3/24:**

- Increase of revenues and adj. EBITDA

# Q&A

**Aldo Kamper**

CEO

**Rainer Irle**

CFO

**Dr. Jürgen Rebel**

Head of IR



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