

Sensing is life

amul OSRAM

First quarter results 2022

Alexander Everke, CEO
Ingo Bank, CFO
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May 2022

Vision and mission for ams OSRAM

To create the uncontested leader in optical solutions

Sensing



Illumination



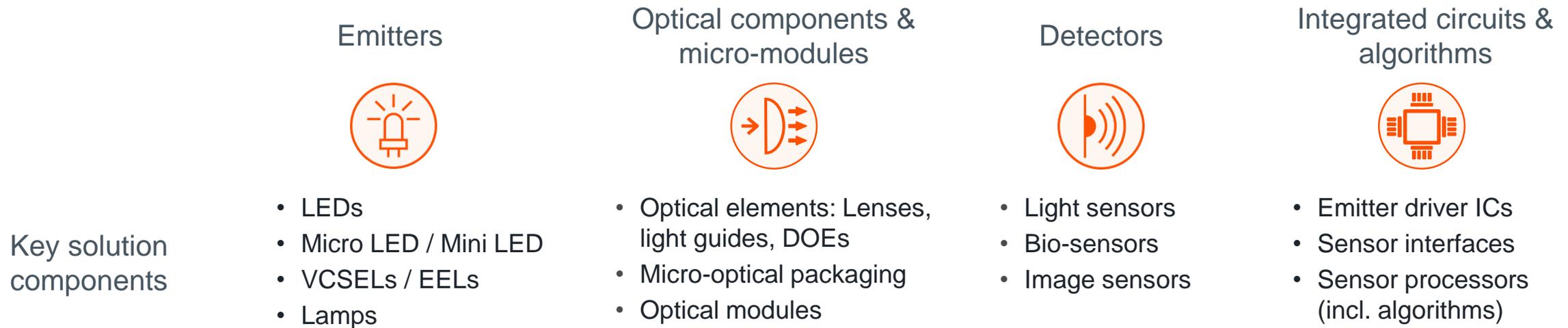
Visualization



Become the uncontested leader in optical solutions through bold investments in disruptive innovation and continuous transformation delivering best in class profitability and growth

Pursue market leadership in key optical segments

Building success from our focus technologies



Micro-optical solutions & lamps

Sensing



Illumination

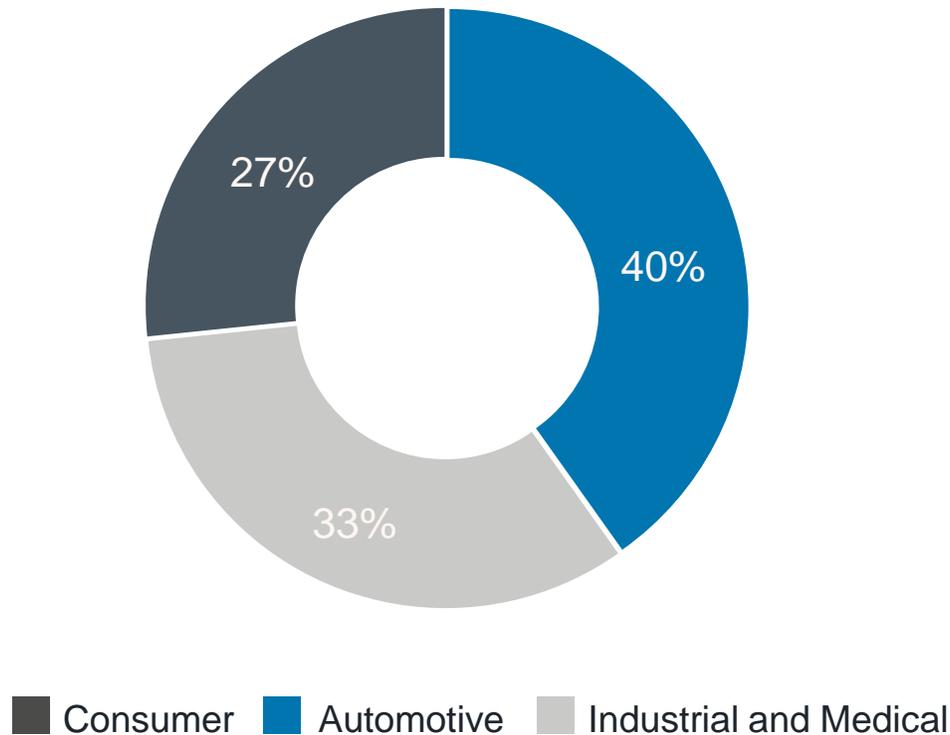


Visualization



Excellent position for leadership in optical solutions

Balanced revenue streams (FY 2021)



Industry-leading portfolio + application expertise

- Focus on leading technology position
- Leader in application expertise across end markets
- Agility to support short and long product life cycles
- Ability to drive innovation in different end markets, applications and customer bases
- Leveraging outstanding IP and manufacturing

Leading in key optical applications

- Advanced automotive exterior/interior LED lighting
- LED innovation (UV-C, Mini LED, IRED, high power specialty lighting)
- Micro LED next generation display technology
- 3D solutions (AR, authentication, consumer + industrial)
- Display management, optical sensing, near-to-eye AR/VR
- EEL + VCSEL LIDAR
- High performance imaging

Clear investor value proposition



Commitment to growth

Leader in optical solutions driven by secular growth trends in Automotive, Consumer and Industrial & Medical



Path to strong sustainable profitability

Doubling of EBIT margin driven by portfolio optimization, manufacturing footprint consolidation, synergy realization and revenue growth



Balanced and diversified business mix

Balanced application end-market exposure and diversified global customer base creates broadly supported earnings streams



Prudent financial policy

De-lever based on strong operational cash flows and proceeds from divestments, while maintaining investment for growth



Focus on long-term value generation

Re-invest in differentiating technology & innovation and related organic growth opportunities, in alignment with ESG focus

Clear long-term targets

- Revenue CAGR >10%, outgrowing our SAM
- Synergies / savings ~350M€
- Adj. EBIT margin 20%+
- Automotive 35-40%, Consumer 35-40%, I&M 25-30%
- Top 10 global customers 35-40%
- Divestment proceeds >500M€
- Targeting investment grade with net debt/adj. EBITDA <2x
- Carbon neutrality in 2030
- Gender diversity in leadership 25% in 2026

Key societal megatrends drive demand for our optical solutions

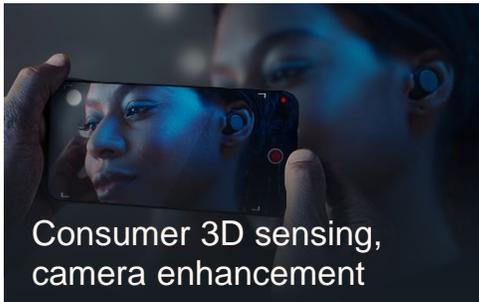
Consumer

Automotive

Industrial

Medical

Digitalization



Smart Living (IoT)



Energy efficiency & sustainability



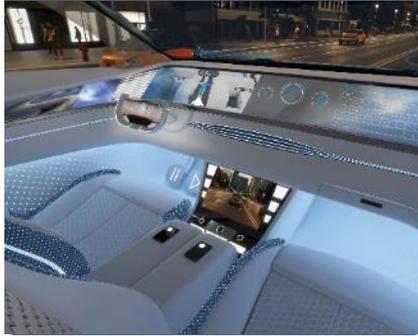
Enabling innovation in automotive mobility

Driving automotive application and technology trends

Exterior lighting



Interior lighting



Automated + autonomous driving



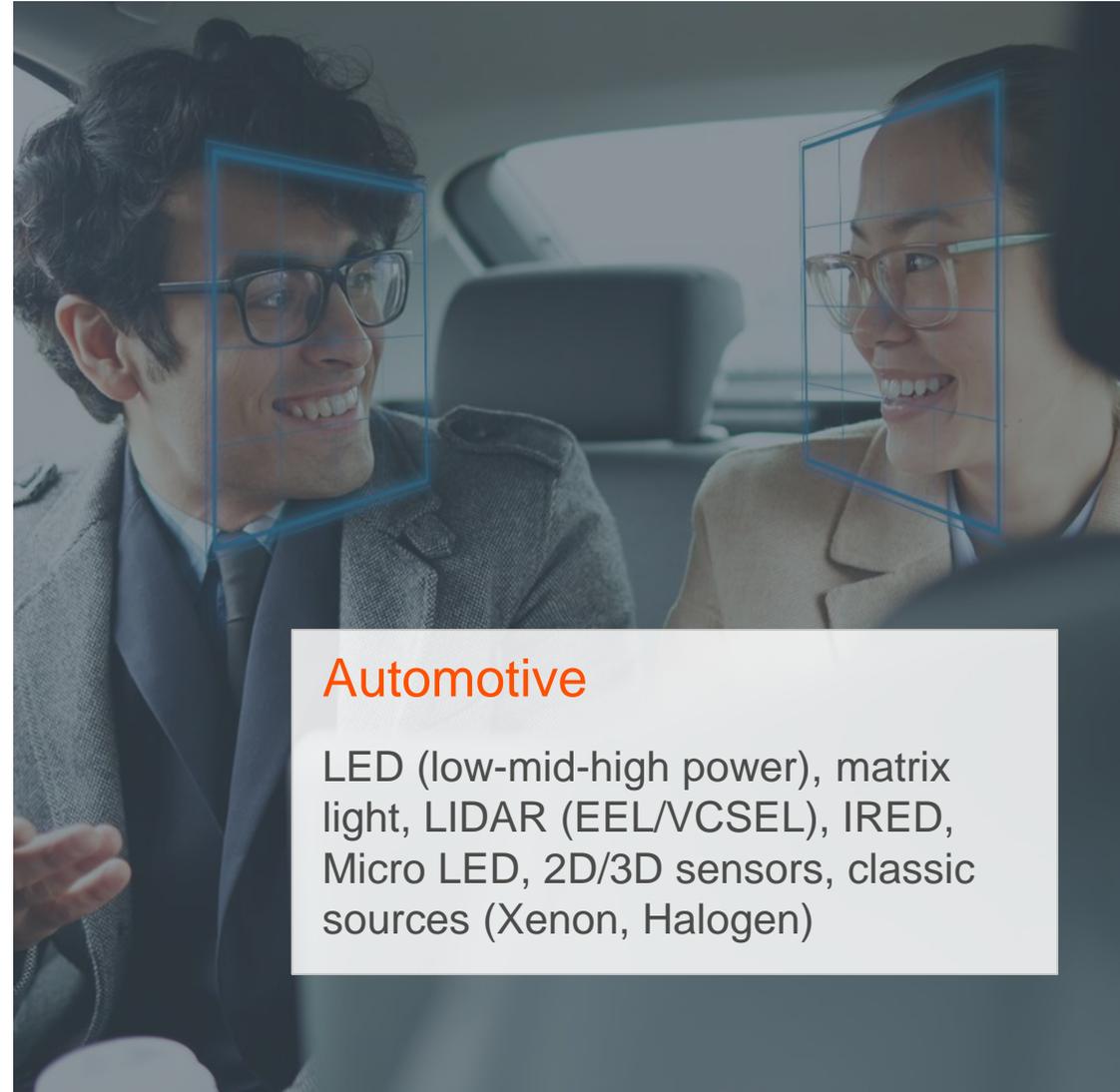
Display applications



Driver + interior monitoring



Gesture sensing + HMI

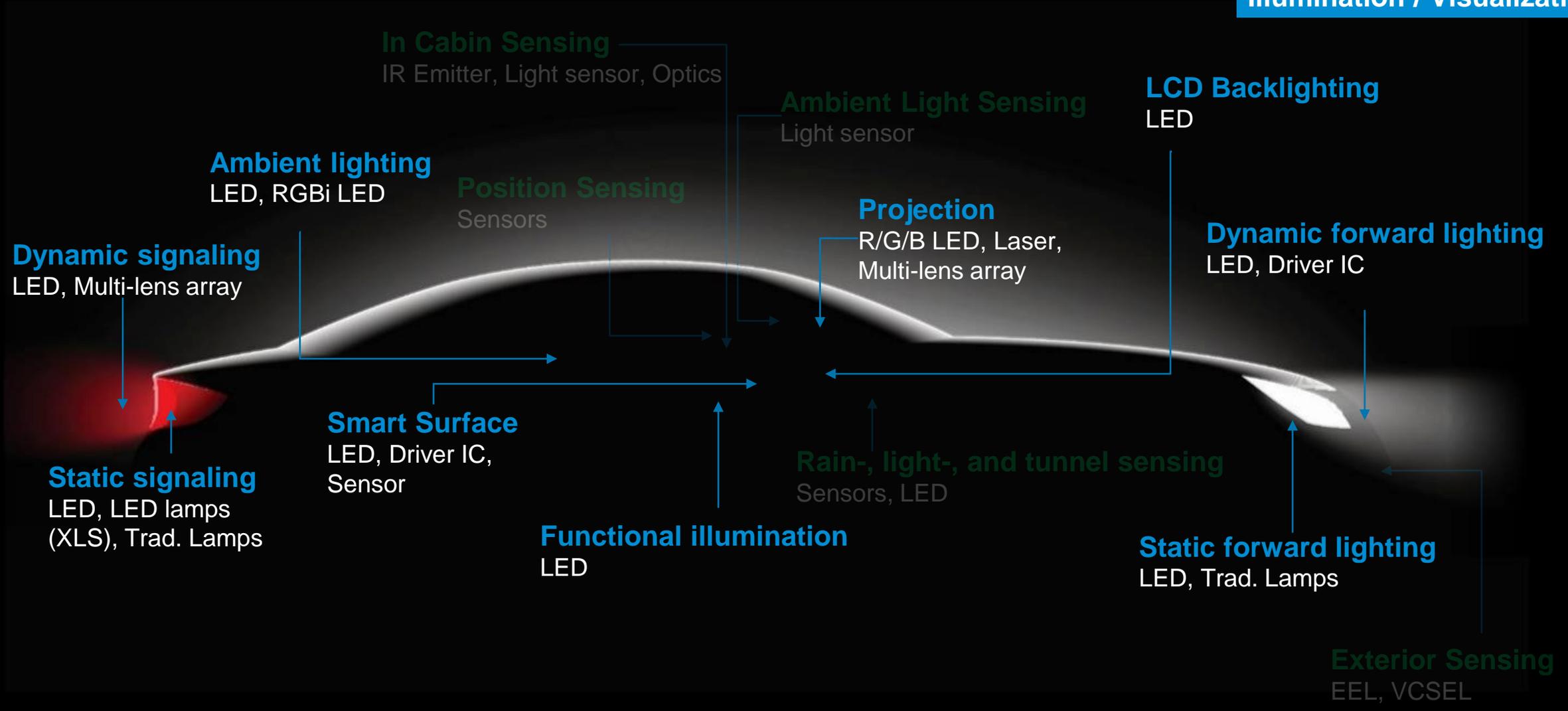


Automotive

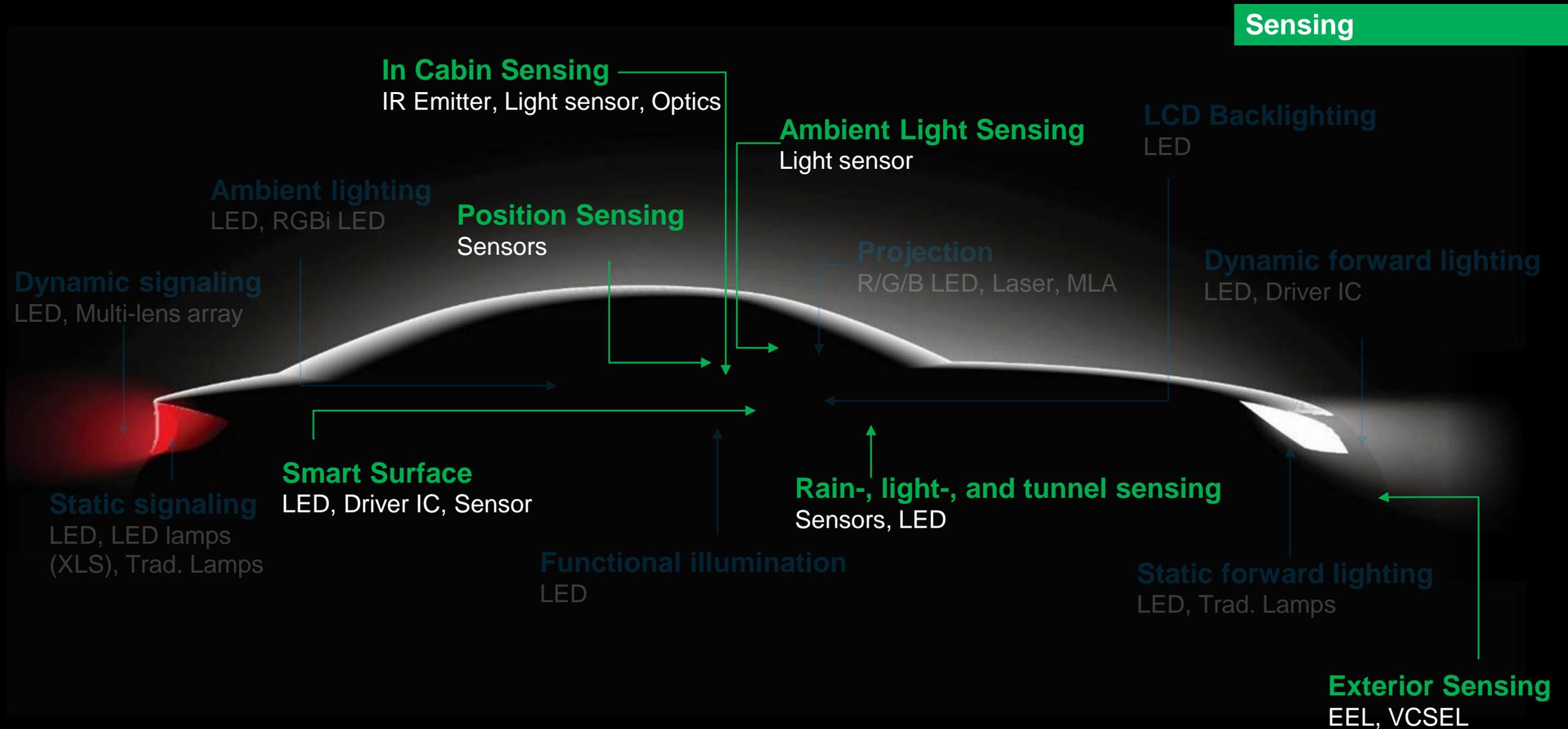
LED (low-mid-high power), matrix light, LIDAR (EEL/VCSEL), IRED, Micro LED, 2D/3D sensors, classic sources (Xenon, Halogen)

Broad offering of illumination, visualization and sensing components

Illumination / Visualization



Broad offering of illumination, visualization and sensing components



Enabling innovation in mobile + wearable devices

Creating solutions for consumer application and technology trends

3D AR/VR + authentication



Next generation Micro LED displays



Camera enhancement



Display management



Presence detection



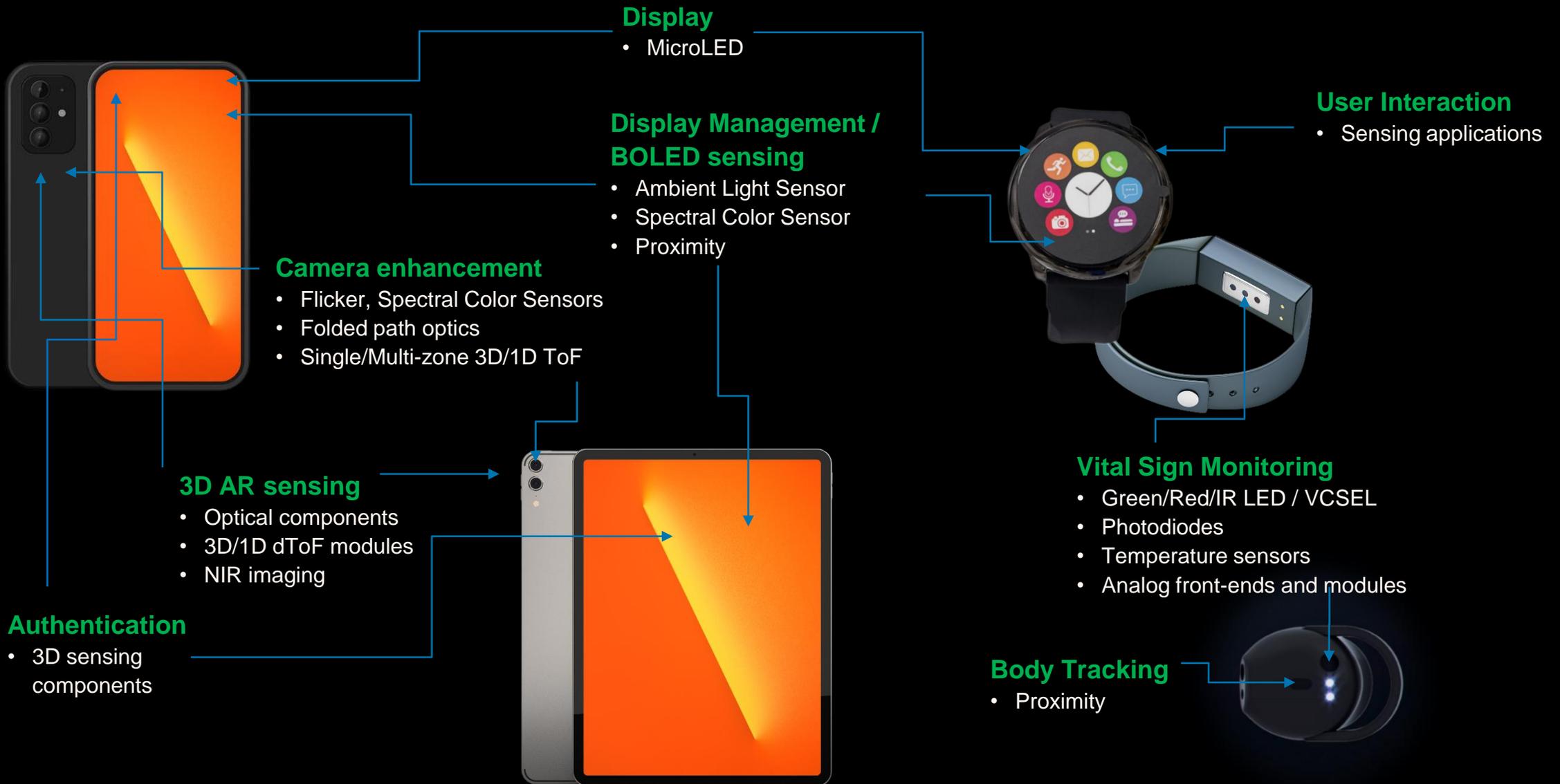
Near-to-Eye projection



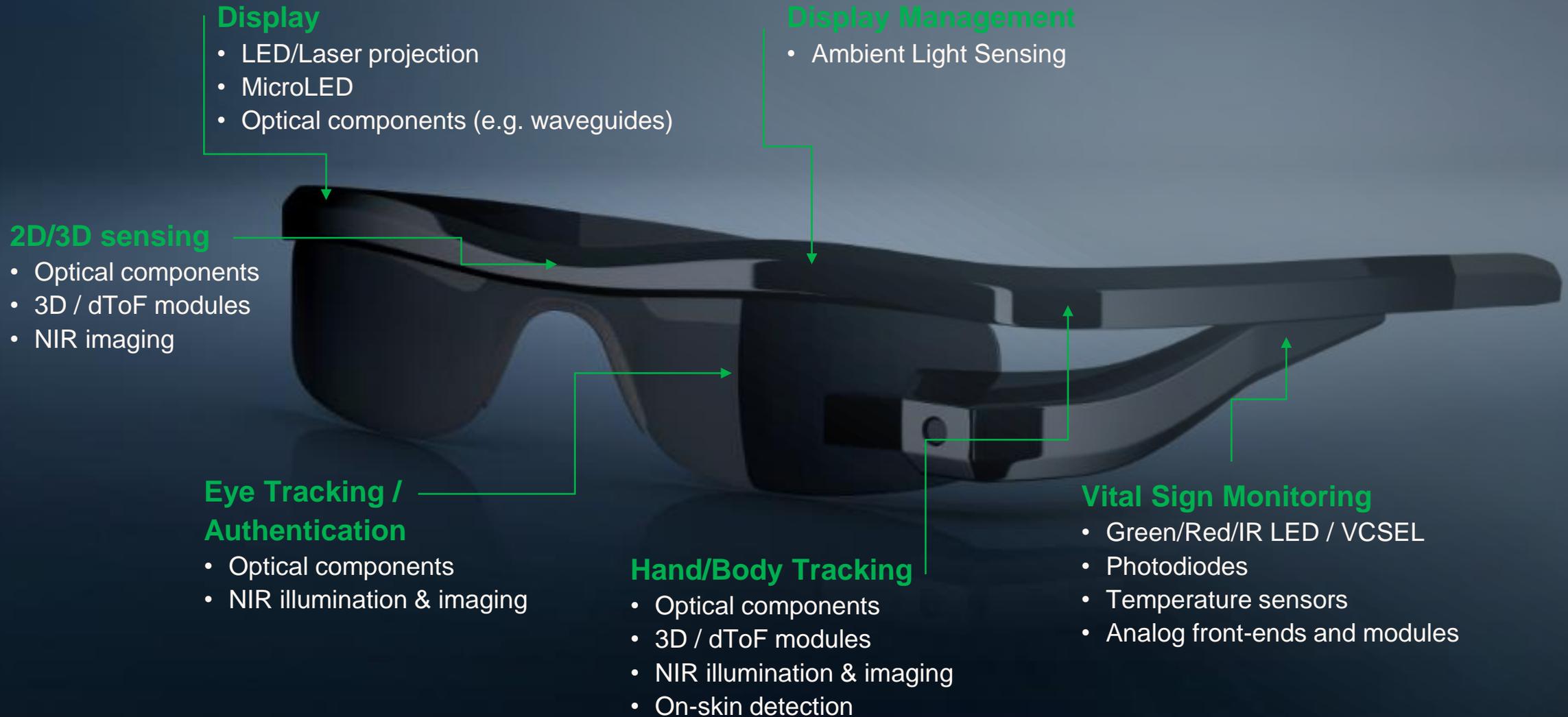
Mobile + wearable

3D sensing, BOLED, Micro LED, Mini LED, LED, IRED, color sensing, proximity sensing, VCSEL/EEL, Near-to-Eye, AWB, spectral sensing

Innovative portfolio for phones, wearables, other devices



Significant content opportunities in AR/VR glasses



Enabling innovation in industrial + medical applications

Technologies for Industry 5.0 applications + innovative medical technologies

Industrial IoT + automation



HABA + security monitoring



Horticulture



Medical imaging



Vital signs monitoring



UV-C disinfection



Industrial + Medical

IRED, LED, 3D, EEL/VCSEL, UV-C, near-infrared spectroscopy, Digital X-Ray sensing, spectral sensing, CT sensing + photon counting, NanEye

Key industrial and medical applications

Illumination & Visualization



Outdoor / Industry Lighting

LED, presence detection sensor



UV-C LED Disinfection

LED, spectral sensor



Horticulture & Smart Farming

LED, spectral sensor



LED & Laser Projection

LED, laser



Home & Building Automation (HABA)

Image sensor, spectral sensor, illuminator, LED,



Robotics & Drones

Image sensor, spectral sensor, illuminator, laser, LED, full ToF module



Point-of-care diagnostics

Spectral sensor, LED



Medical Imaging

CT sensor modules, CMOS X-ray modules, ICs

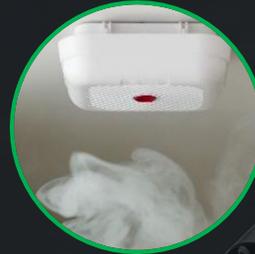
Key industrial and medical applications

Sensing



Outdoor / Industry Lighting

LED, presence detection sensor



Home & Building Automation (HABA)

Image sensor, spectral sensor, illuminator, LED



UV-C LED Disinfection

LED, spectral sensor



Horticulture & Smart Farming

LED, spectral sensor



Robotics & Drones

Image sensor, spectral sensor, illuminator, laser, LED, full ToF module



Point-of-care Diagnostics

Spectral sensor, LED



LED & Laser projection

LED, laser



Medical Imaging

CT sensor modules, CMOS X-ray modules, Sensor Interface ICs

Highlights Q1 2022 / Outlook Q2 2022

Q1 2022

- Very solid results in demanding end market and supply chain environment, driven by strong operational performance
- Robust automotive business despite ongoing supply chain imbalances and reduced OEM production volumes
- Semiconductors: healthy automotive and industrial performance, consumer business in line with expectations
- L&S: overall positive results incl. traditional automotive markets and industrial applications
- Very solid operating profitability (adj.) above midpoint of guidance
- Good cash flow generation in line with expectations

Q2 2022

- Expected revenues EUR 1,150-1,250 million (EUR 1,180-1,280 million on a comparable portfolio basis)
- Expected operating profitability 8-11% (adj. EBIT margin)
- Fluence transaction closed 2 May
- Closing will result in deconsolidation effect for Q2 reducing Q2 revenues by approx. EUR 30 million on a comparable portfolio basis

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Financial Results Q1 2022

Q1 2022 Key financials at a glance

Revenues

1,246m EUR

+1.4% q-o-q

Gross margin (adj.)

33.1%

412m EUR

EBIT margin (adj.)

10.1%

126m EUR

Net result (adj.)

102m EUR

8.2%

Operational Cash Flow

147m EUR

11.8%

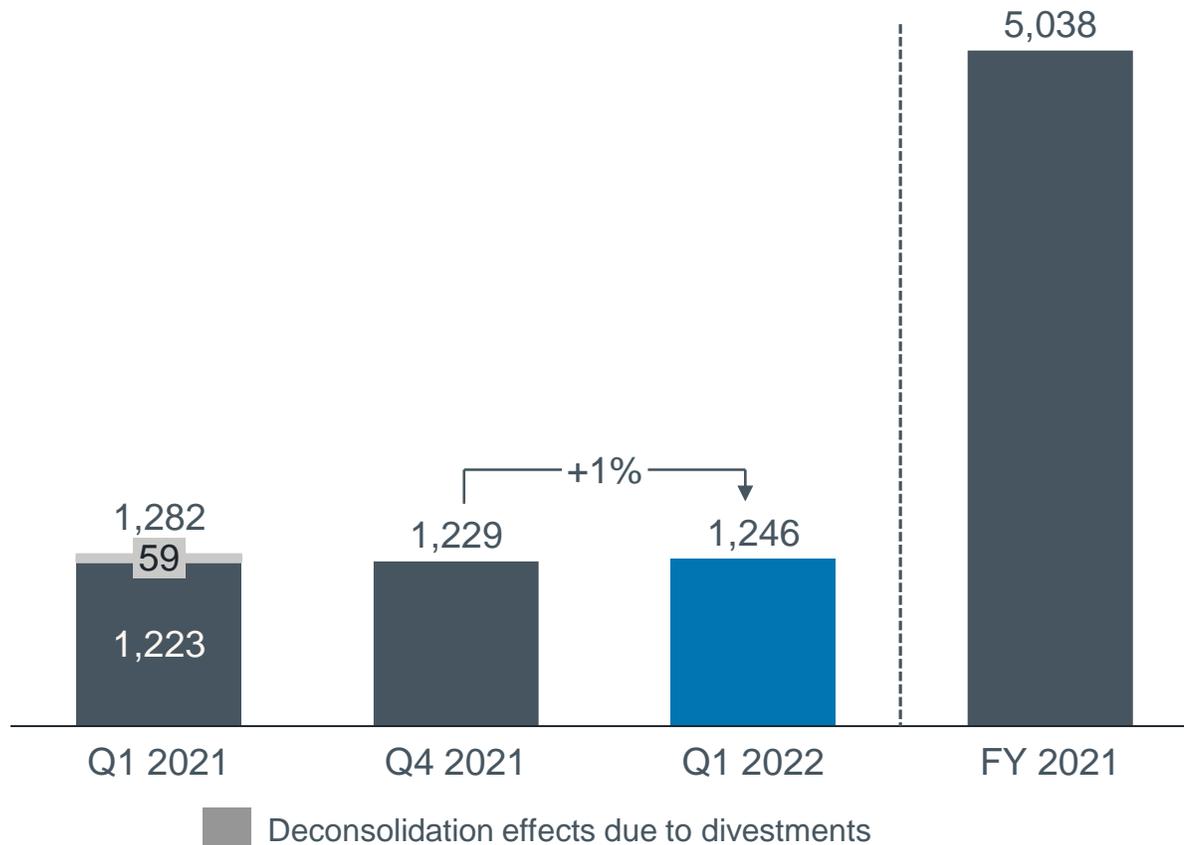
Net debt

1,853m EUR

2.0x Leverage

Group revenues – Q1 2022

Total revenues

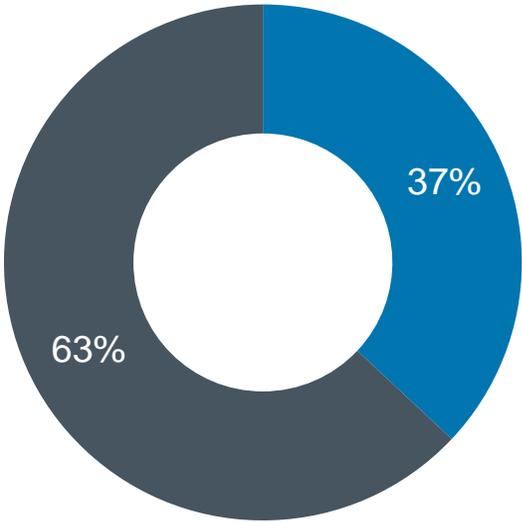


Comments

- Slight sequential improvement despite demanding market environment
- Q1 year-on-year revenue development reflects de-consolidation effect related to divestments including unwinding of former OSRAM Continental JV
- Like-for-like portfolio comparison shows ~2% growth year-on-year

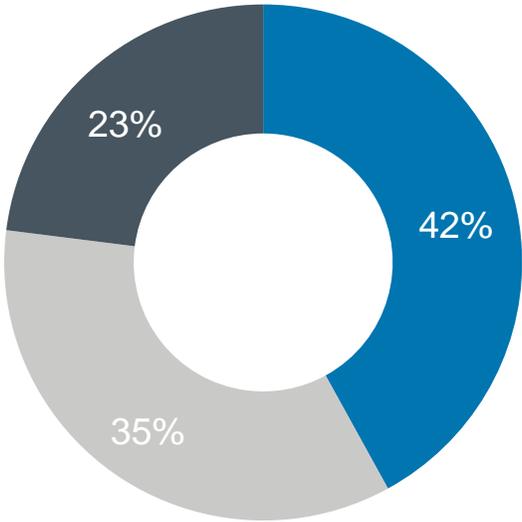
Balanced revenue distribution – Q1 2022

Revenues by segment



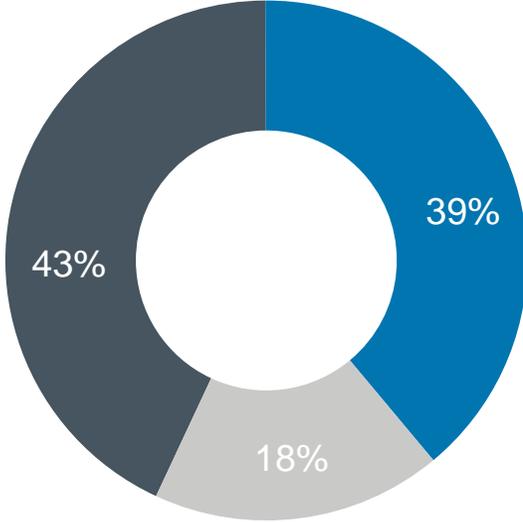
■ Semiconductors ■ Lamps & Systems

Revenues by end market



■ Automotive
 ■ Consumer
 ■ Industrial and Medical

Revenues by region

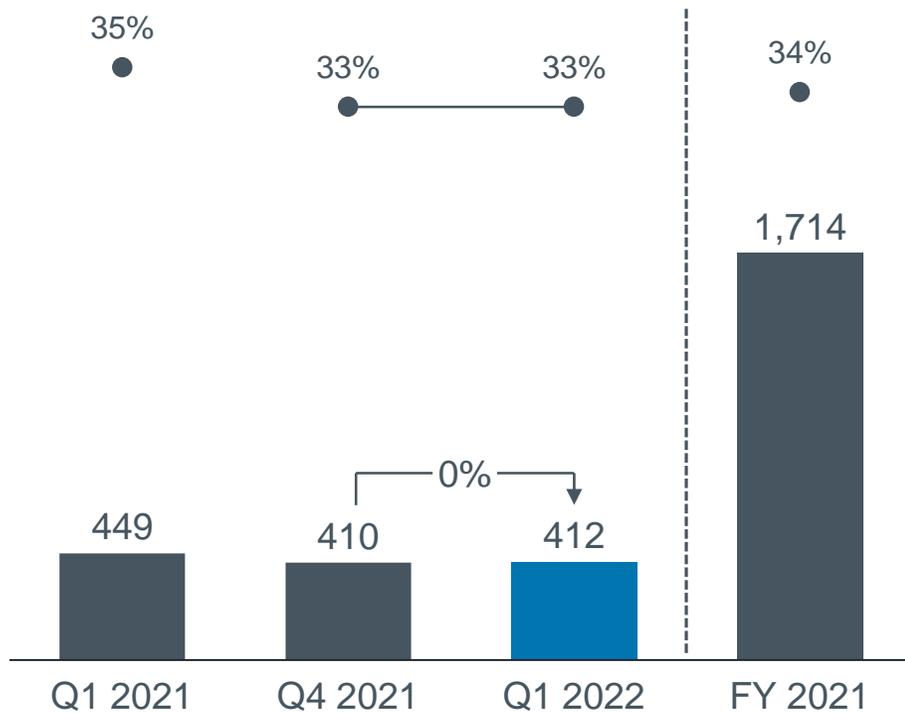


■ EMEA ■ APAC ■ Americas

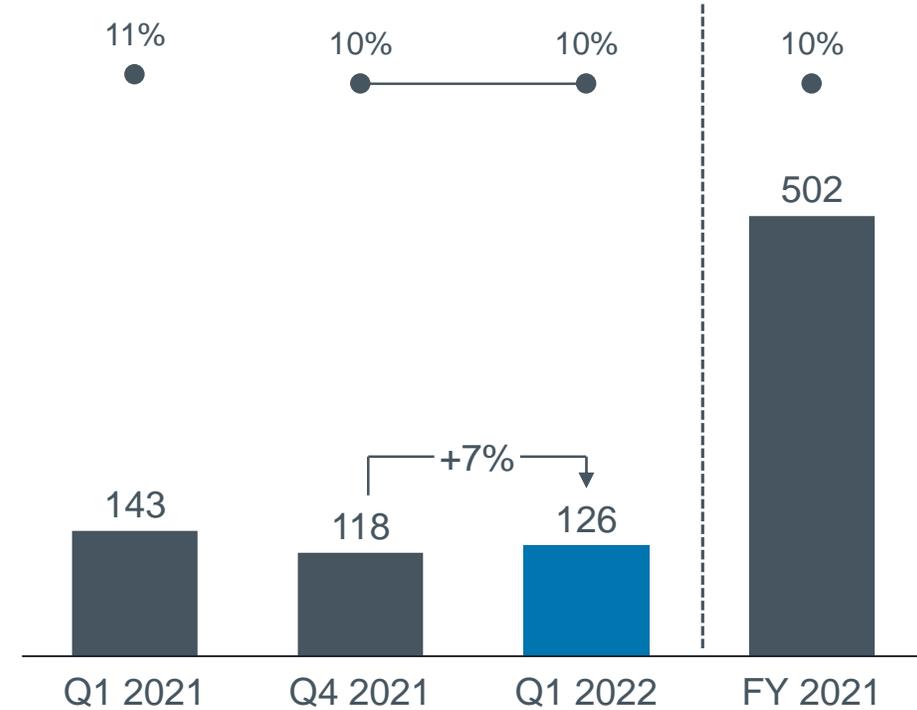
Note: Revenues by region reflect billing entity (from Q1 2022)

Group profitability – Q1 2022

Gross profit, gross margin (adj.)¹⁾

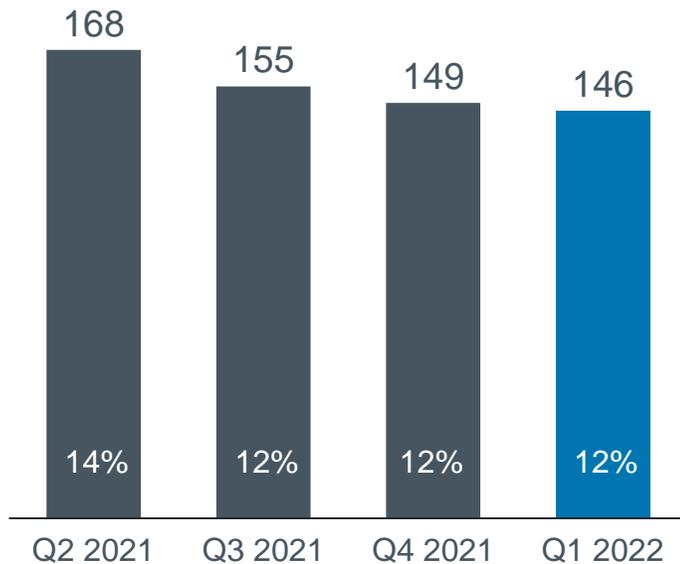


EBIT, EBIT margin (adj.)¹⁾

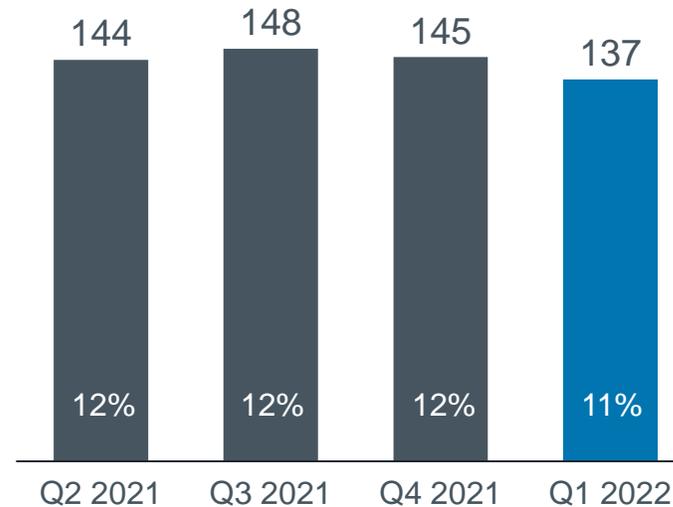


Operating expenses

R&D expenses (adj.)¹⁾



SG&A expenses (adj.)¹⁾

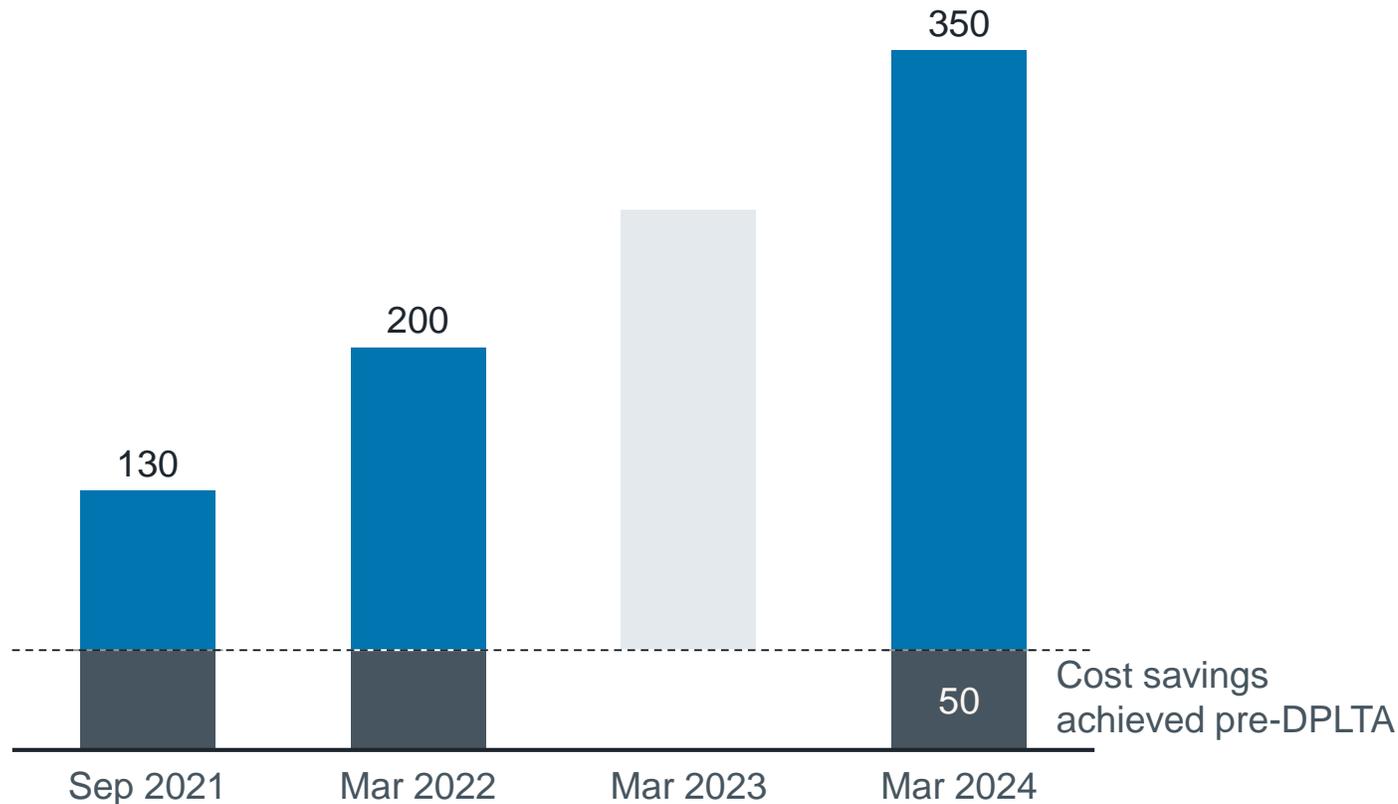


Comments

- SG&A base-line reduction progressing over last quarters
- R&D levels reflect portfolio- and roadmap-driven investments for new technologies (e.g. microLED); vast majority of R&D invest is within Semiconductors segment
- Target levels for operating expenses (% of revenues):
 - Adj. R&D 11-14%
 - Adj. SG&A 7-9%

Synergy realization at lower cost

EUR ~350m total synergies and cost savings



Key Aspects

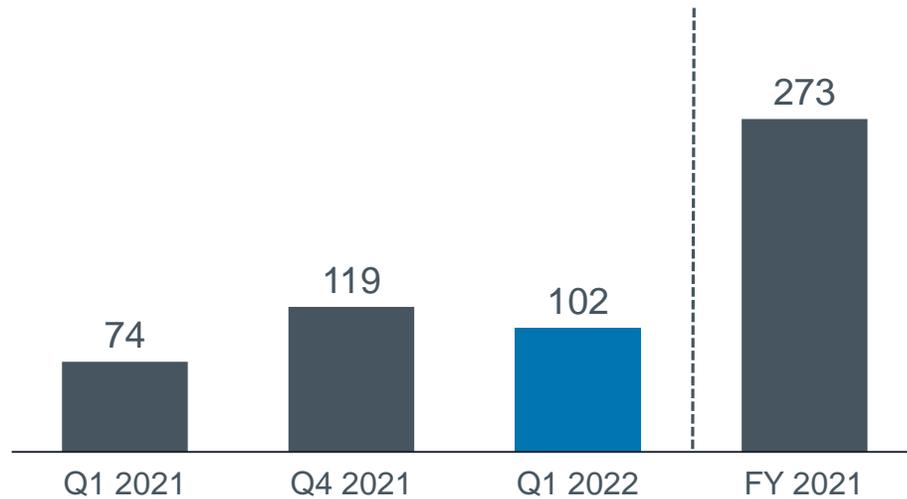
- Synergy + savings run-rate in 1Q22 increased to EUR 200m (gross)
- Initial synergies more OPEX, procurement and manufacturing overhead-related
- Key drivers
 - Headcount measures
 - Joint procurement initiatives
 - Reduction of SG&A costs
- >70% of total integration synergies expected within first two years of control
- Latest view estimate of cost to realize synergies is EUR ~270m

²³ All figures in EURm; synergy values approximate figures

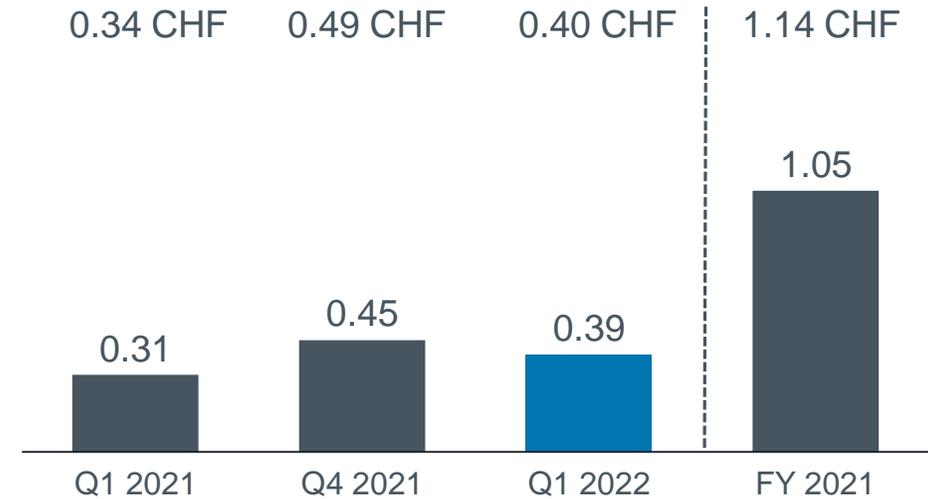
Graphic representation of expected annual pre-tax run-rate gross synergies of 300M€ p.a. against original baseline gradually ramping up over approx. 3 years after DPLTA effective date

Adj. Net result and Adj. EPS

Net result (adj.)¹⁾



EPS basic (adj.)¹⁾

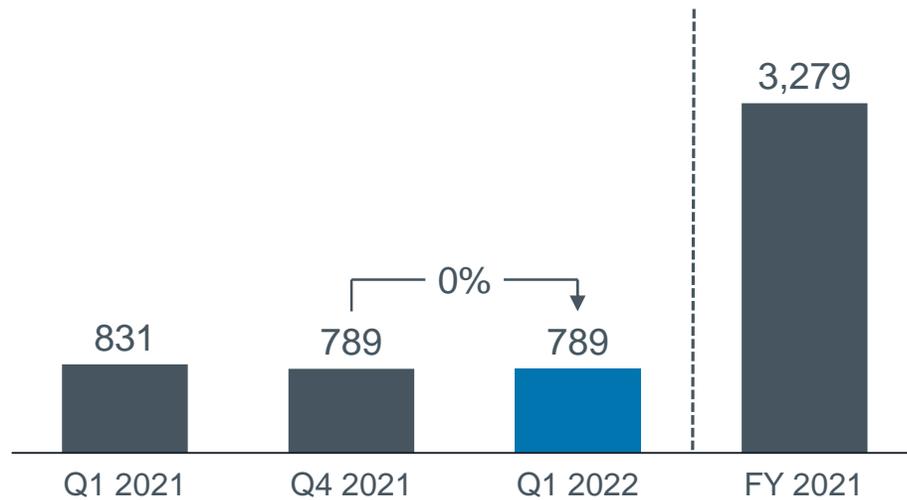


Comments

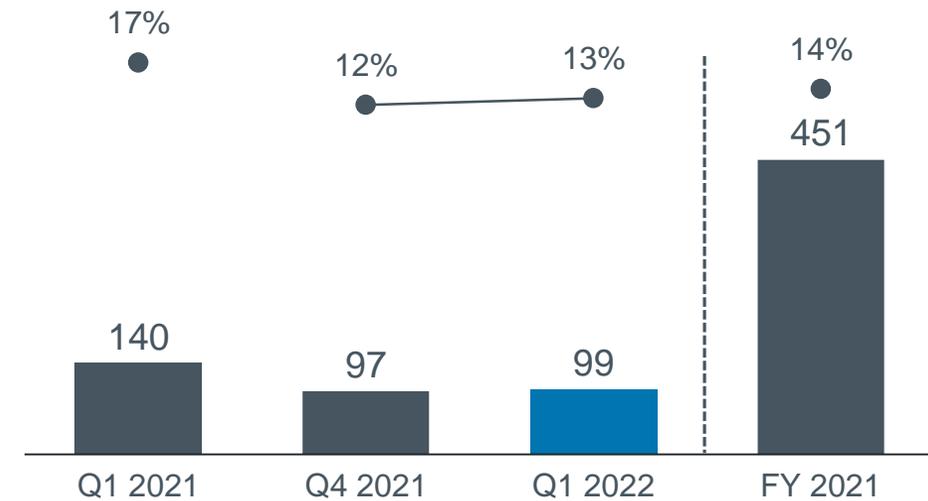
- Q1 2022: Financing result EUR -50m, in line with expectations (Q1 2021: EUR -57m)
- IFRS reported net result: Q1 2022 EUR 15m
- IFRS fair value adjustment for net assets held for sale related to the announced AMLS divestment (EUR -25m) included in IFRS reported figures

Semiconductors performance

Total revenues



EBIT, EBIT margin (adj.)¹⁾

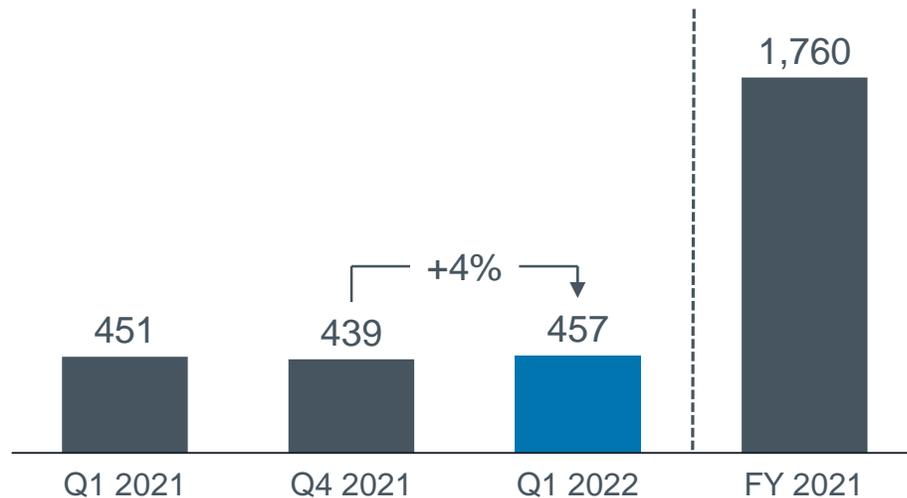


Comments

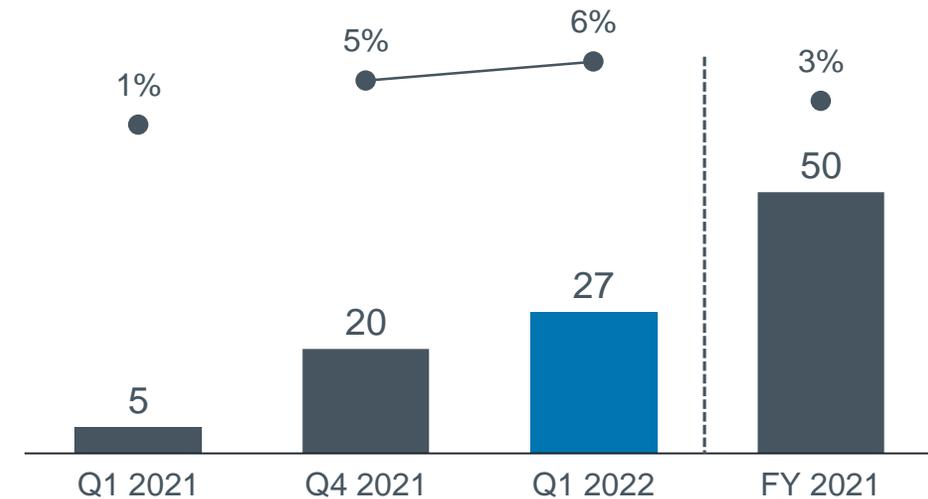
- Robust performance across automotive product areas, solid industrial demand
- Good consumer contribution in line with expectations
- Continued challenging supply chain environment; further exacerbated by Ukraine and China lockdown situations

Lamps & Systems performance

Total revenues



EBIT, EBIT margin (adj.)¹⁾

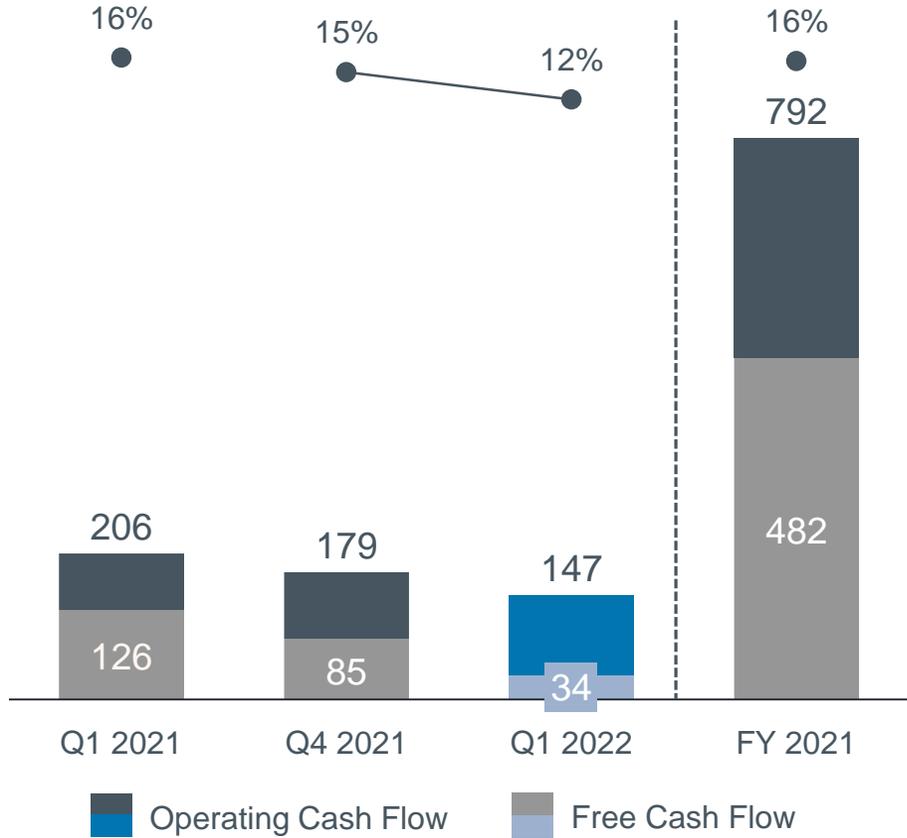


Comments

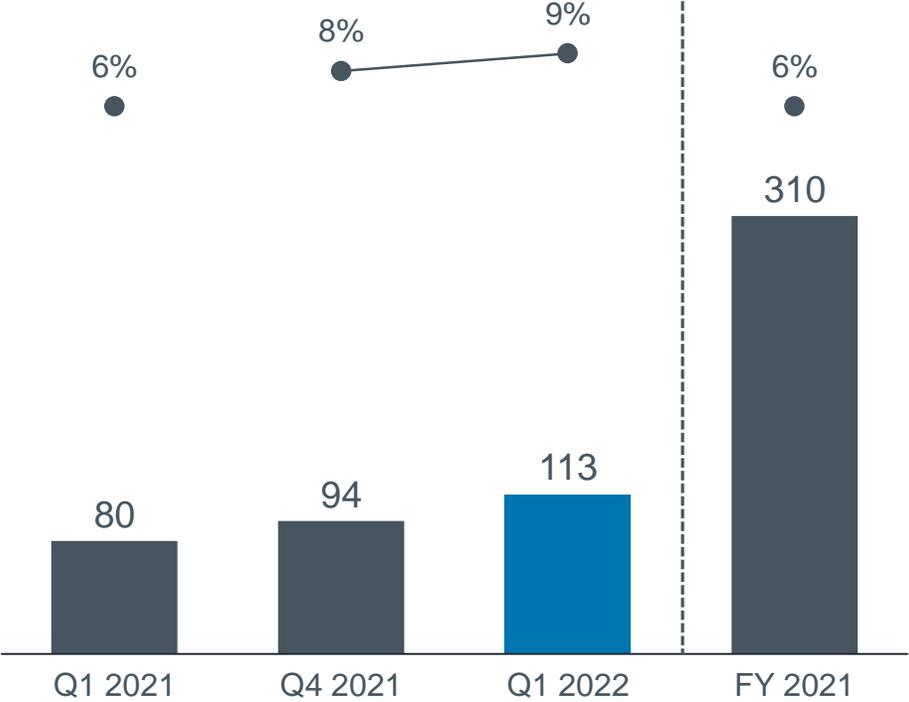
- AMLS sale announced to complete dissolution of former automotive JV; remaining portfolio divestment plan on track
- Good overall results driven by traditional automotive and industrial business, in a seasonally stronger quarter
- Ongoing supply chain challenges through imbalances in various industrial supply chains, further exacerbated by Ukraine and China lockdown situations

Cash flow overview

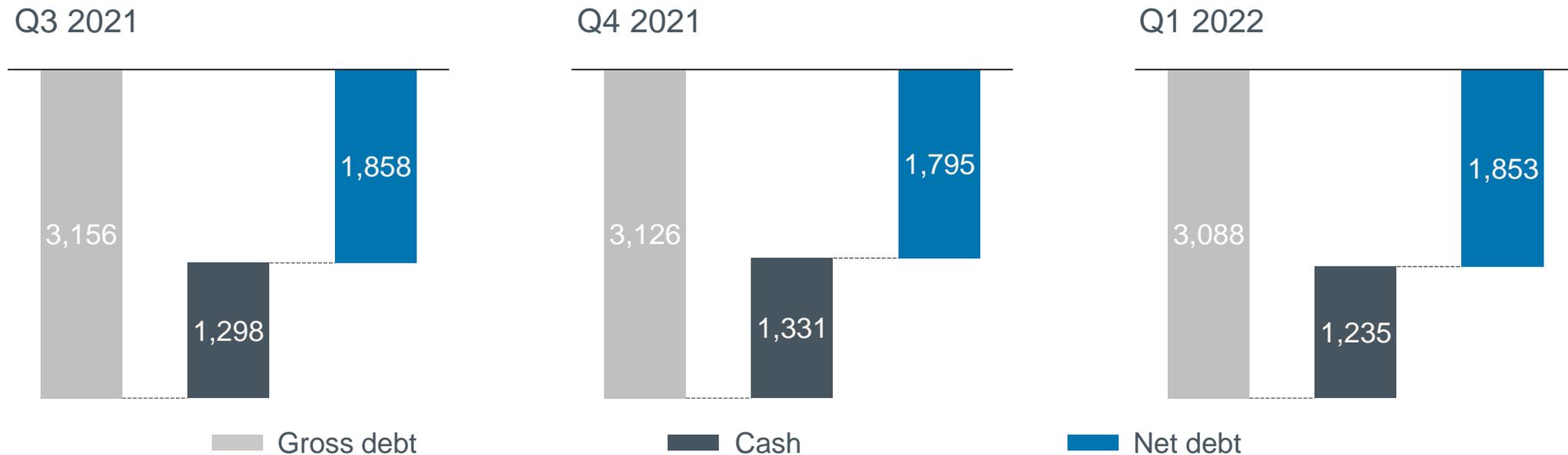
Operating / Free cash flow (FCF)



Capital expenditures



Cash and debt overview



Comments

- Group leverage of ~2.0x net debt/adjusted¹⁾ EBITDA at end of Q1 2022
- Well-layered debt and maturity structure, augmented by undrawn multi-year EUR 800m revolving credit facility
- Adj. EBITDA¹⁾ LTM EUR 929m (based on adj. EBIT + D&A not related to adjustments)

Outlook Q2 2022

Revenues

EUR 1,150-1,250 million
(EUR 1,180-1,280 million on a
comparable portfolio basis)

Operating profitability

8-11% (adjusted EBIT margin)

Comments

- Fluence transaction closed 2 May
- Closing will result in deconsolidation effect for Q2 reducing Q2 revenues by approx. EUR 30 million on a comparable portfolio basis

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Profit and loss statement

IFRS reported figures

| | Q1 2022 | Q1 2021 | FY 2021 |
|------------------------------------------|---------|---------|---------|
| Revenues | 1,246 | 1,282 | 5,038 |
| Gross profit | 385 | 417 | 1,449 |
| • Gross margin (IFRS reported) | 31% | 33% | 29% |
| • Gross margin (adjusted ¹⁾) | 33% | 35% | 34% |
| Research and development | -162 | -168 | -692 |
| Selling, general and administrative | -156 | -185 | -697 |
| Other operating income/expenses | -28 | 7 | 170 |
| Results from investments in associates | 0 | -4 | -33 |
| Result from operations (EBIT) | 40 | 67 | 197 |
| • EBIT margin (IFRS reported) | 3% | 5% | 4% |
| • EBIT margin (adjusted ¹⁾) | 10% | 11% | 10% |
| Net financing result | -50 | -57 | -198 |
| Result before tax | -10 | 10 | -1 |
| Income tax result | 26 | -10 | -31 |
| Net result (IFRS reported) | 15 | -2 | -32 |
| Net result (adjusted ¹⁾) | 102 | 74 | 273 |

Balance sheet

| Assets | Mar 31, 2022 | Dec 31, 2021 | Liabilities and equity | Mar 31, 2022 | Dec 31, 2021 |
|---------------------------------|-----------------|-----------------|--------------------------------------|-----------------|-----------------|
| Cash and cash equivalents | 1,235 | 1,331 | Short-term interest-bearing loans | 419 | 480 |
| Short-term investments | 10 | 6 | Trade payables | 642 | 710 |
| Trade receivables | 622 | 688 | Income tax payables | 78 | 85 |
| Inventories | 947 | 938 | Current provisions | 300 | 328 |
| Other receivables and assets | 215 | 185 | Other current liabilities | 1,367 | 1,359 |
| Assets held for sale | 240 | 134 | Liabilities held for sale | 81 | 40 |
| Total current assets | 3,268 | 3,282 | Total current liabilities | 2,888 | 3,001 |
| Property, plant and equipment | 1,606 | 1,606 | Interest-bearing loans | 2,668 | 2,646 |
| Intangible assets | 3,973 | 3,989 | Employee benefits | 160 | 181 |
| Right of use | 247 | 260 | Deferred tax liabilities | 201 | 205 |
| Investments in associates | 34 | 34 | Provisions | 48 | 48 |
| Deferred tax assets | 207 | 182 | Other liabilities | 402 | 413 |
| Other long term assets | 132 | 143 | | | |
| Financial assets | 147 | 147 | | | |
| Total non-current assets | 6,346 | 6,362 | Total non-current liabilities | 3,480 | 3,493 |
| | | | Shareholders' equity ams-OSRAM AG | 3,238 | 3,142 |
| | | | Non-controlling interests | 9 | 8 |
| Total assets | 9,615 | 9,644 | Total liabilities and equity | 9,615 | 9,644 |

Cash flow statement

| | Q1 2022 | Q1 2021 | FY 2021 |
|----------------------------------------------------|---------|---------|---------|
| Net result | 15 | -2 | -32 |
| Amortization, depreciation and impairment | 157 | 158 | 760 |
| Cash flow from operations | 147 | 206 | 792 |
| Capital expenditures | -113 | -80 | -310 |
| Acquisition, net of cash acquired | 0 | -13 | -524 |
| Proceeds and payments from disposals of businesses | 0 | 4 | 277 |
| Cash flow from investing activities | -109 | -95 | -560 |
| Proceeds from issuance of long-term debt and loans | 0 | 95 | 97 |
| Repayment of loans | -62 | -166 | -287 |
| Repayment of convertible notes | 0 | 0 | -67 |
| Repayment of lease liabilities | -18 | -14 | -75 |
| Interest paid | -46 | -55 | -137 |
| Cash flow from financing activities | -127 | -137 | -534 |
| Net change in cash and cash equivalents | -89 | 6 | -269 |
| Cash and cash equivalents at end of period | 1,235 | 1,598 | 1,331 |