

Second quarter and half year results 2022

Alexander Everke, CEO
Ingo Bank, CFO
Moritz M. Gmeiner, Head of IR

July 2022

Vision and mission for ams OSRAM

To create the uncontested leader in optical solutions

Sensing



Illumination



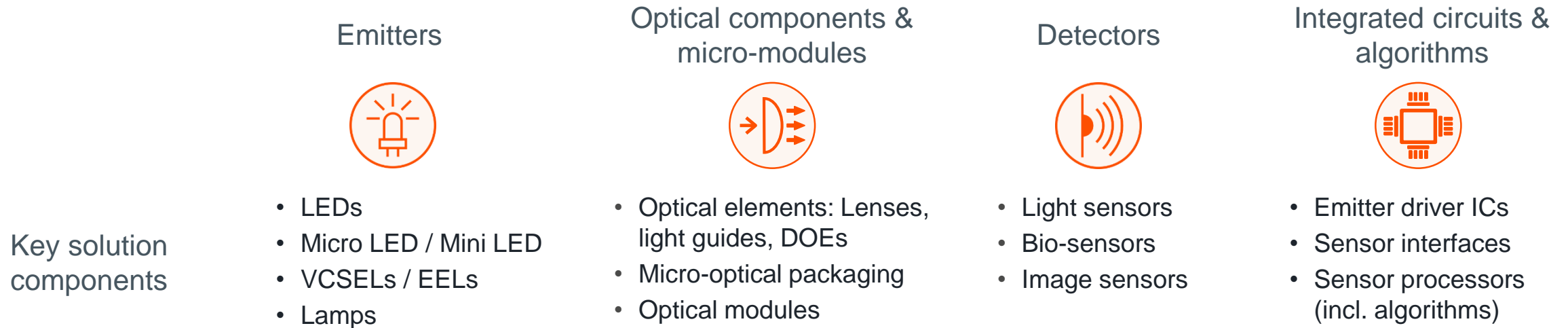
Visualization



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

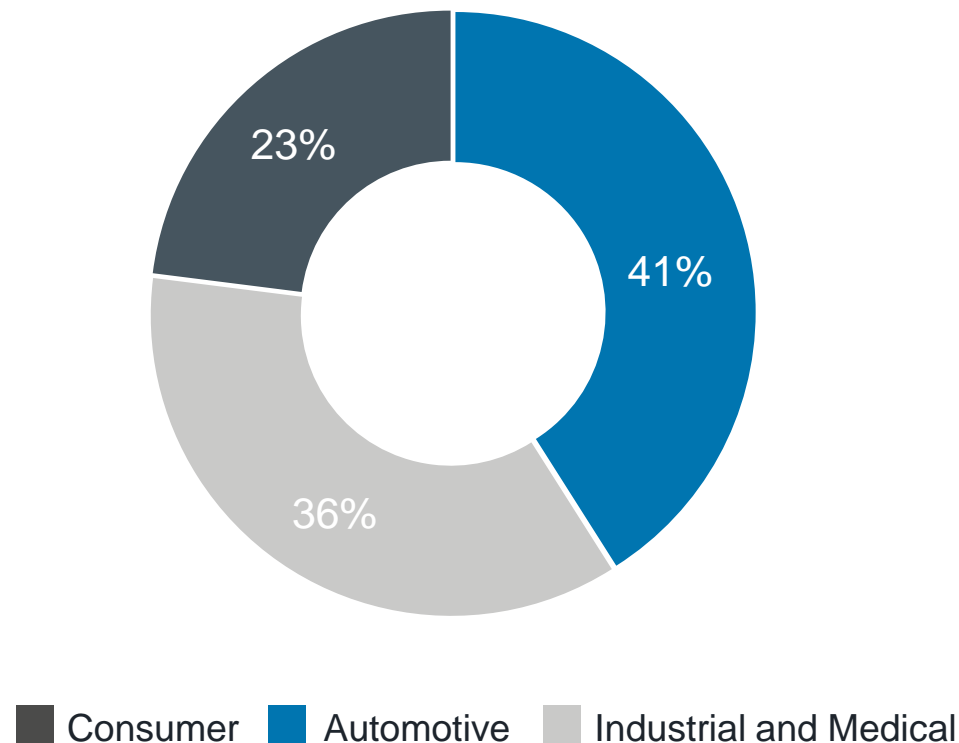


Visualization



Excellent position for leadership in optical solutions

Balanced revenue streams (H1 2022)



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, 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

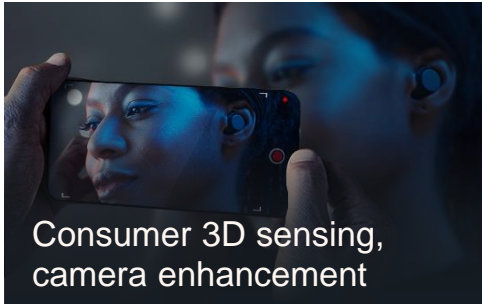
Clear long-term targets

- 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

Digitalization

Consumer



Automotive



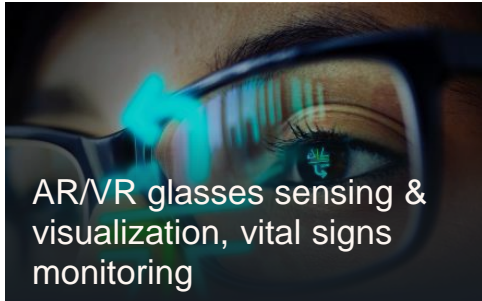
Industrial



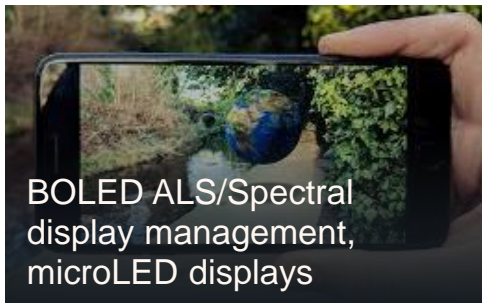
Medical



Smart Living (IoT)



Energy efficiency & sustainability



Enabling innovation in automotive mobility

Driving automotive application and technology trends

Exterior lighting



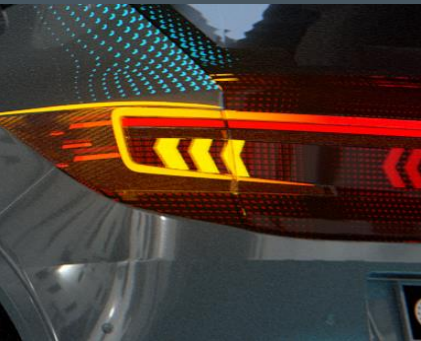
Interior lighting



Automated + autonomous driving



Dynamic signaling



Driver + interior monitoring



Gesture sensing + HMI



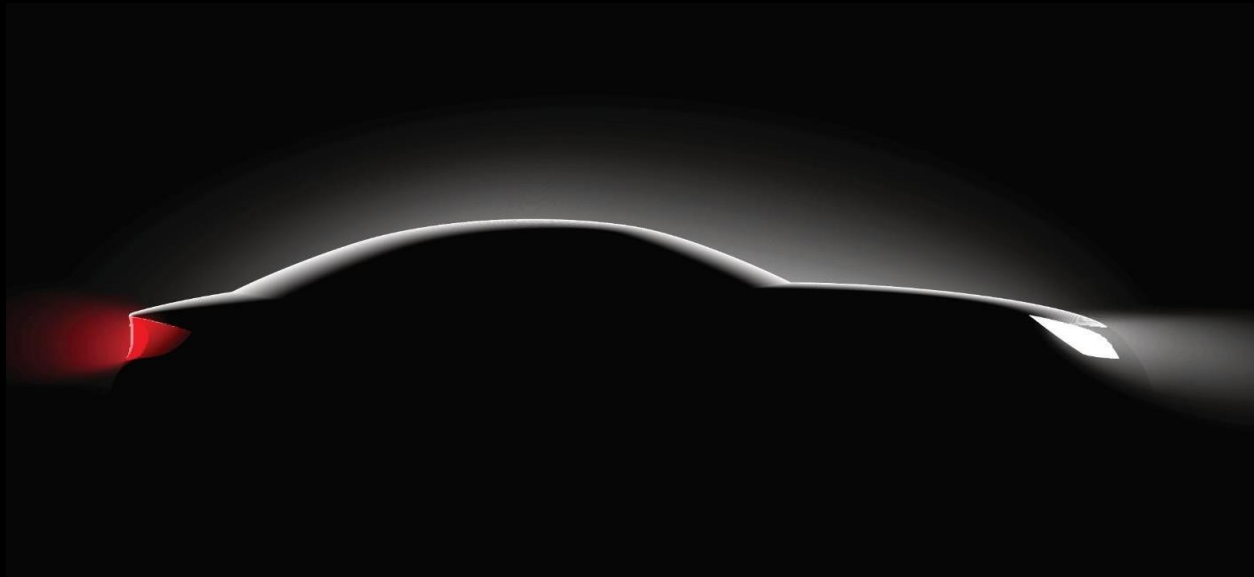
Automotive

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

Sensing



Dynamic forward lighting

Dynamic signaling

Static forward lighting

Functional illumination

Static signaling

Ambient lighting

Projection

Smart surface

LCD backlighting

In cabin sensing

Exterior sensing

Rain-, light-, and tunnel sensing

Smart surface

Ambient light sensing

Position sensing

Enabling innovation in mobile + wearable devices

Creating solutions for consumer application and technology trends

Next generation
microLED displays



Camera
enhancement



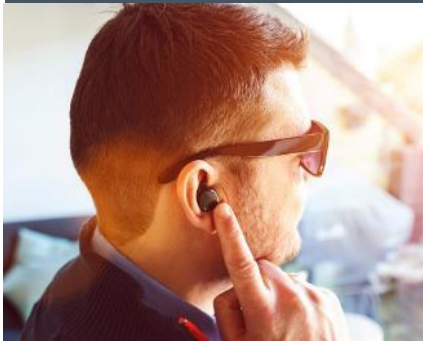
3D AR/VR +
authentication



Display
management



Presence detection



Near-to-Eye
projection



Mobile + wearable

BOLED, microLED, LED, proximity and 3D sensing, color sensing, VCSEL/EEL, Near-to-Eye, AWB, spectral sensing

Innovative portfolio for phones, wearables, AR/VR and other devices



Illumination/ Visualization

Sensing

microLED

LED/laser projection (AR/VR glasses)

Camera enhancement

3D sensing for Augmented Reality

Display management / BOLED sensing

2D/3D sensing

Vital Signs Monitoring

Authentication

Eye/hand/body tracking

User interfacing

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



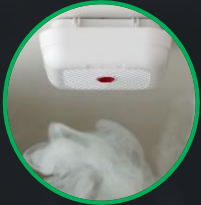
UV-C disinfection



Industrial + Medical

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

Differentiated offering for industrial and medical applications



Illumination/ Visualization

Sensing

Outdoor/industry lighting

Horticulture & smart farming

UV-C LED disinfection

LED & laser projection

Industrial automation (IoT + robotics, imaging)

Home & Building Automation (HABA)

Vital Signs Monitoring

Medical imaging

Highlights Q2 & Outlook Q3 2022

Q2 2022

- Solid overall performance fully in line with guidance in a demanding market and supply chain environment
- Semiconductors: Good automotive and robust industrial performance, less favorable demand/supply chain situation with seasonal effects in consumer market
- L&S: In-line performance in light of automotive supply chain imbalances, seasonal and de-consolidation effects
- Substantial cash inflow and book gain from closing of Fluence transaction in May
- Healthy cash balance and solid leverage situation

Q3 2022

- Expected revenues EUR 1,150-1,250 million (EUR 1,190-1,290 million on a comparable portfolio basis)
- Expected operating profitability 6-9% (adj. EBIT margin)
- AMLS transaction closed 1 July
- Closing will result in deconsolidation effect for Q3 reducing Q3 revenues by approx. EUR 40 million on a comparable portfolio basis

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Financial Results Q2 and H1 2022

Q2 2022 Key financials at a glance

Revenues

1,183m EUR

-5% q-o-q

Gross margin (adj.)

31.6%

374m EUR

EBIT margin (adj.)

8.8%

104m EUR

Net result (adj.)

-54m EUR

-4.6%

Operational Cash Flow

100m EUR

8.4%

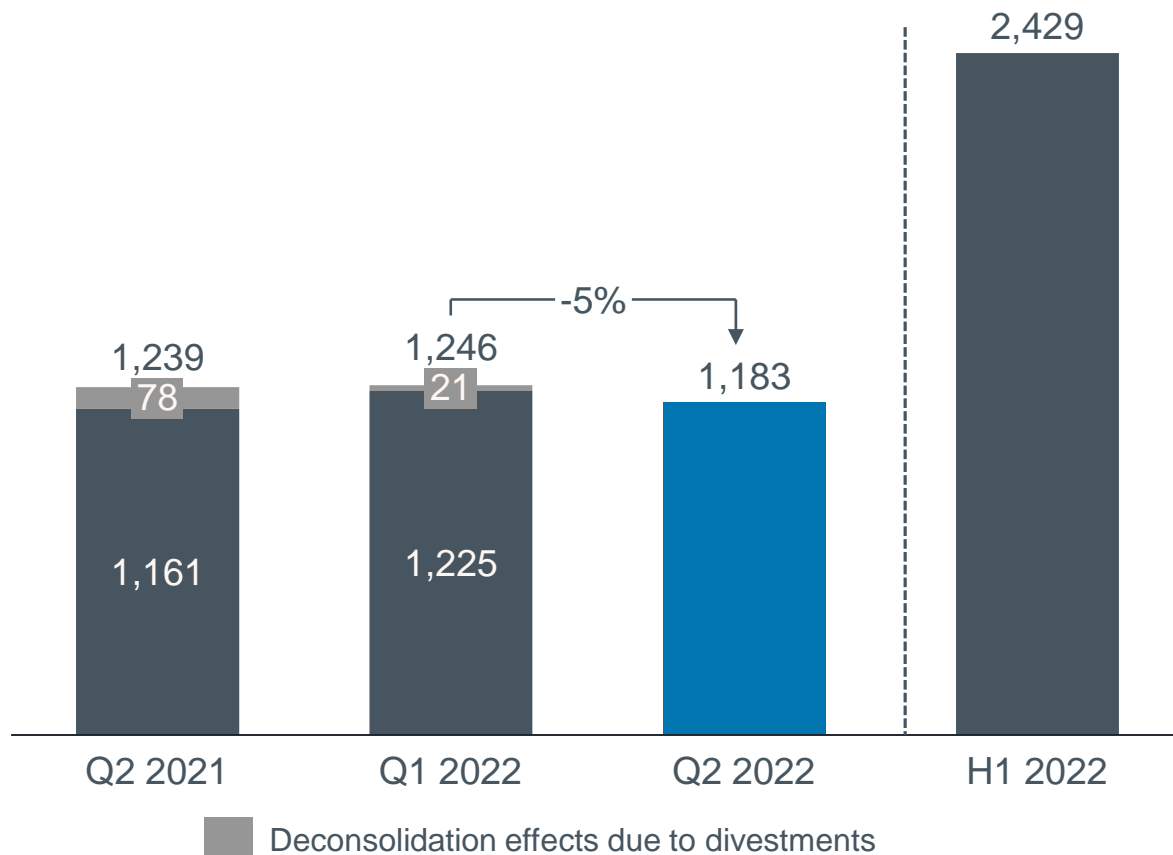
Net debt

1,727m EUR

1.9x Leverage

Group revenues – Q2 2022

Total revenues

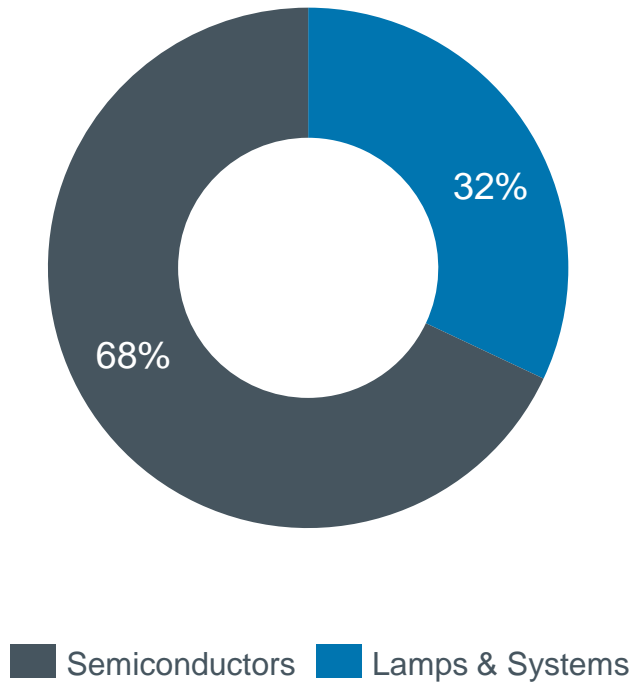


Comments

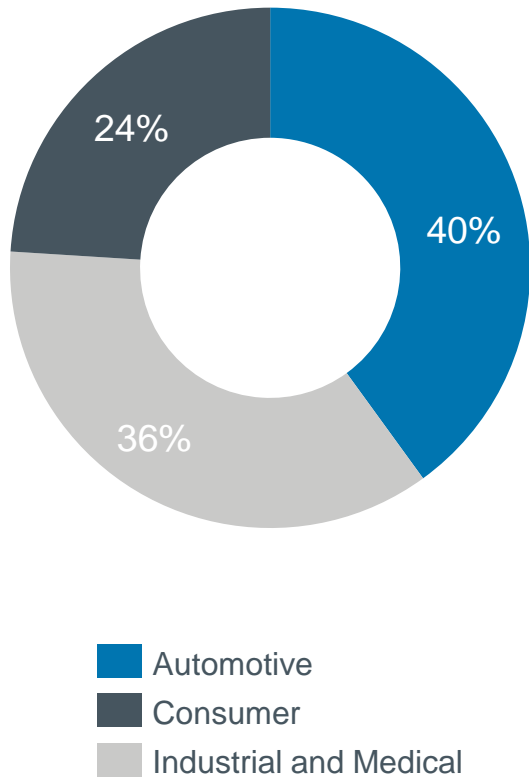
- Sequential decrease influenced by de-consolidation effect (Fluence)
- Q2 year-on-year revenue development reflects de-consolidation effects related to several disposals including unwinding of former OSRAM Continental JV
- Like-for-like portfolio comparison shows ~2% growth year-on-year

Balanced revenue distribution

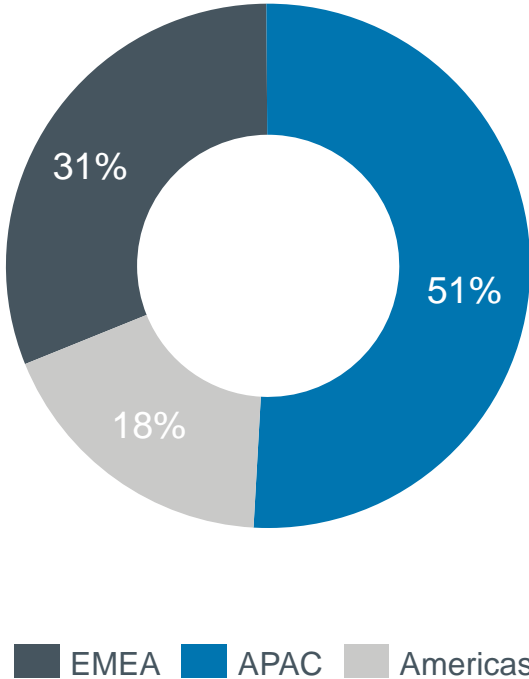
Revenues by segment (Q2 2022)



Revenues by end market (Q2 2022)

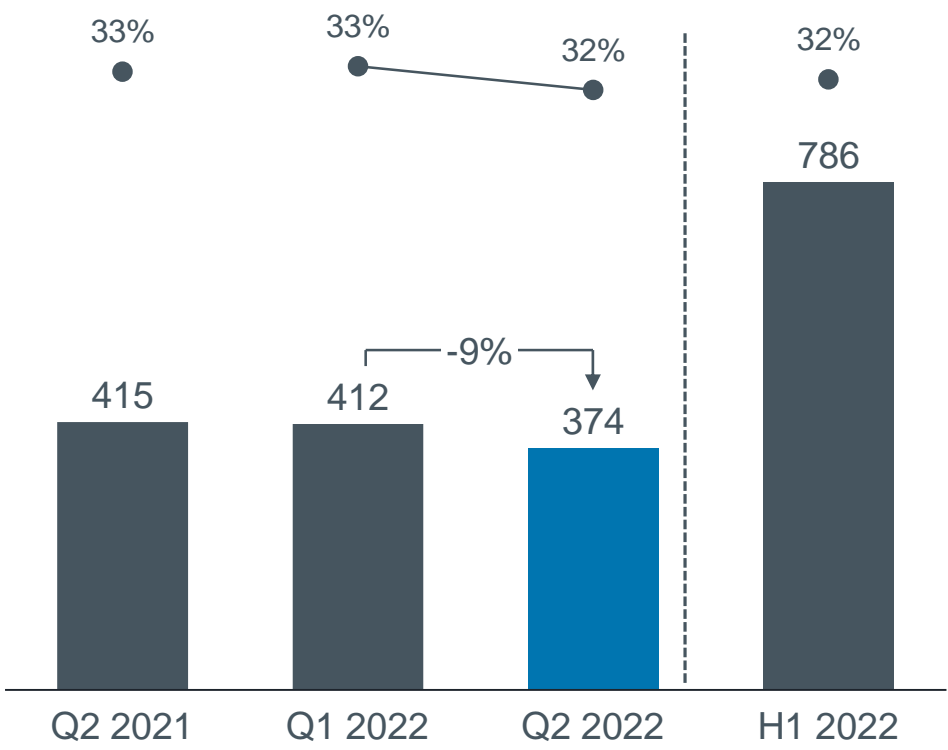


Revenues by region (H1 2022)

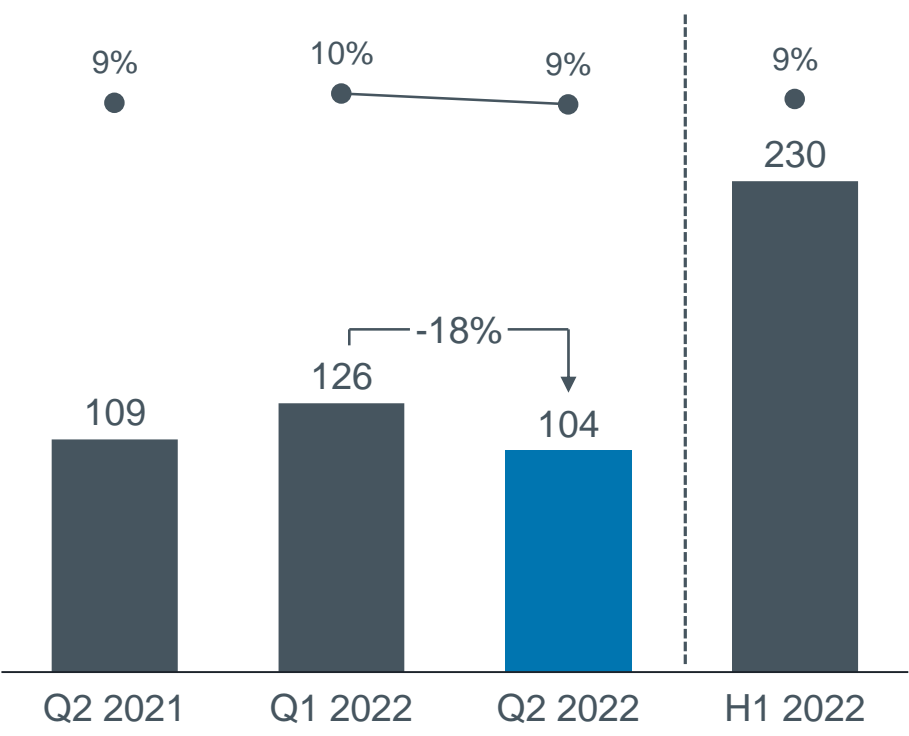


Group profitability – Q2 2022

Gross profit, gross margin (adj.)¹⁾

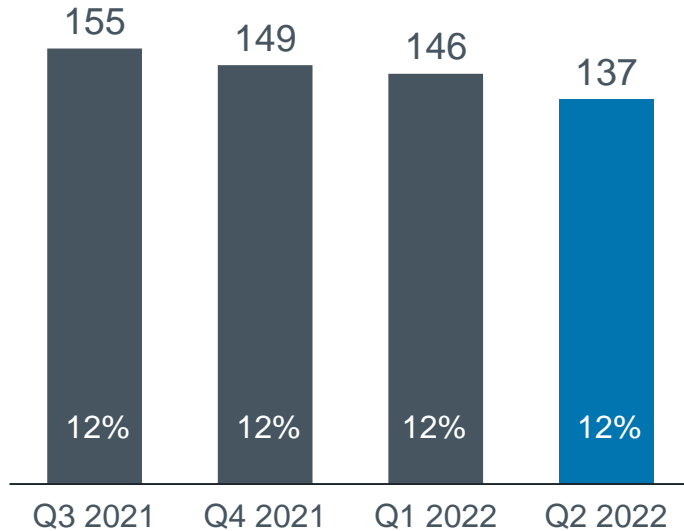


EBIT, EBIT margin (adj.)¹⁾

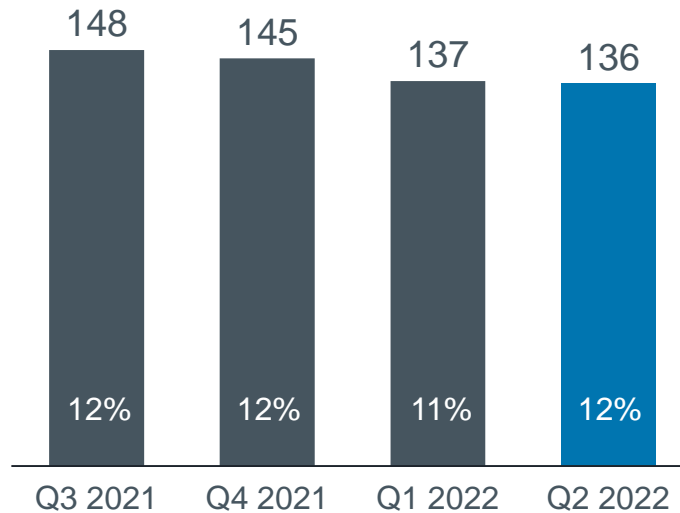


Operating expenses

R&D expenses (adj.)¹⁾



SG&A expenses (adj.)¹⁾

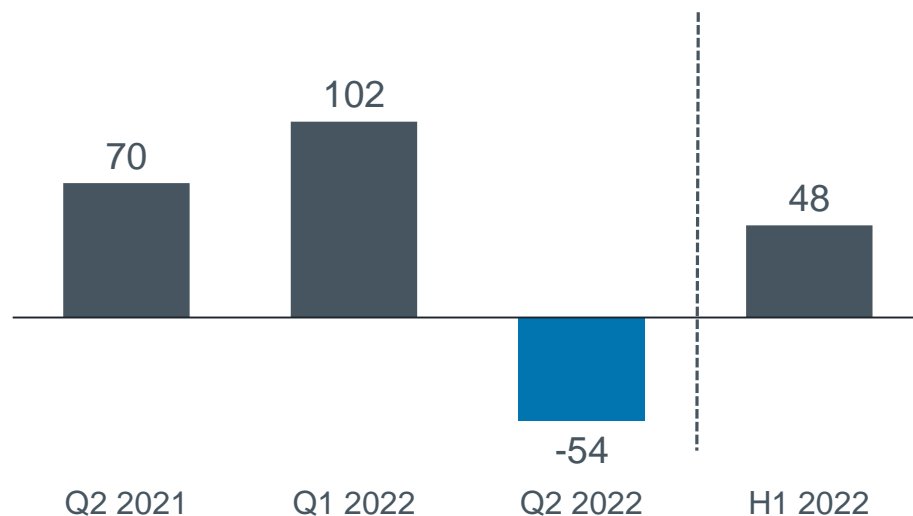


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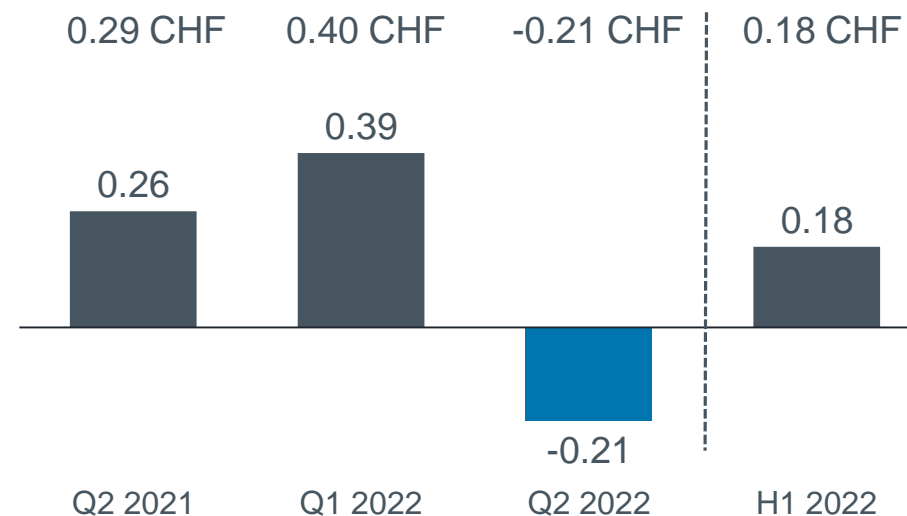
- SG&A base-line reduction progressing over last quarters
- R&D levels reflect portfolio- and roadmap-driven investments for new technologies (e.g. microLED); vast majority of R&D invest is within Semiconductors segment
- Target levels for operating expenses (% of revenues):
 - Adj. R&D 11-14%
 - Adj.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

Adj. Net result and Adj. EPS

Net result (adj.)¹⁾



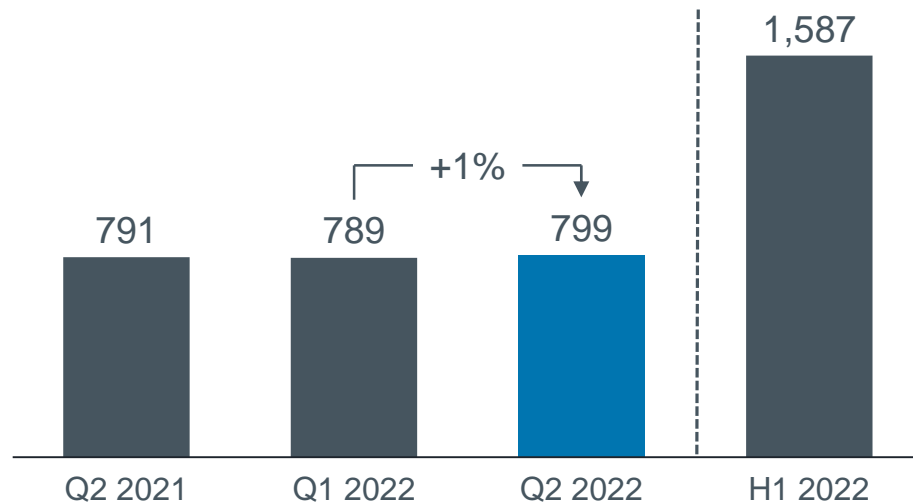
EPS basic (adj.)¹⁾



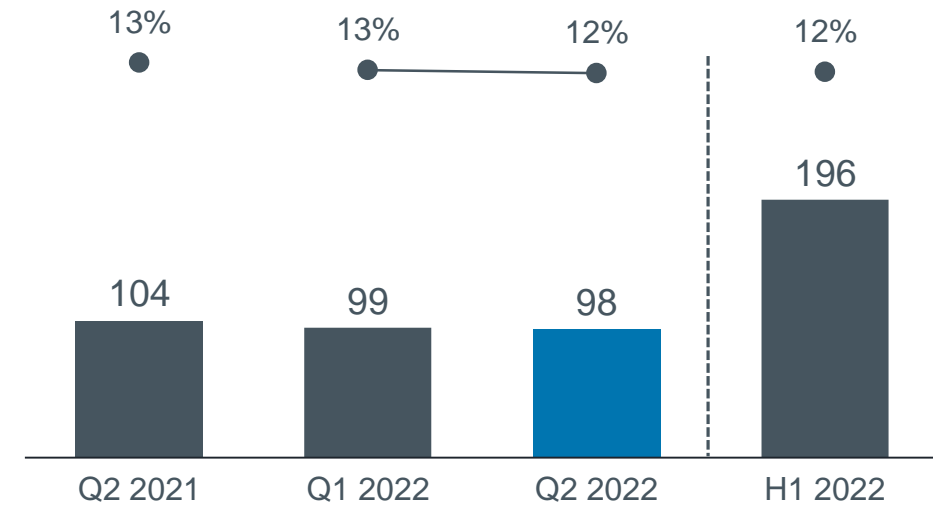
- Q2 2022: Significant one-time tax expense with effect from Fluence disposal and respective substantial book gain
- Q2 2022: Financing result EUR -50m, in line with expectations (Q1 2022: EUR -50m)
- IFRS reported net result: Q2 2022 EUR 58m (includes positive effect from Fluence disposal, excluded in adj. figures)

Semiconductors performance

Total revenues



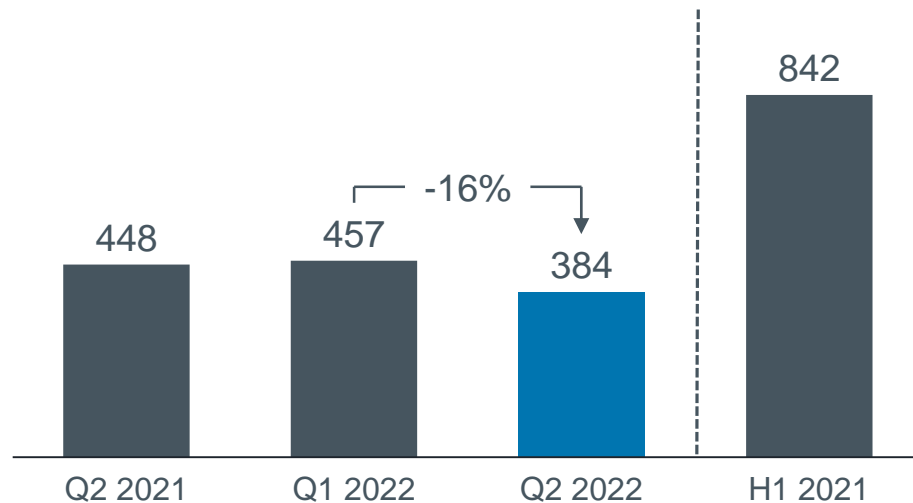
EBIT, EBIT margin (adj.)¹⁾



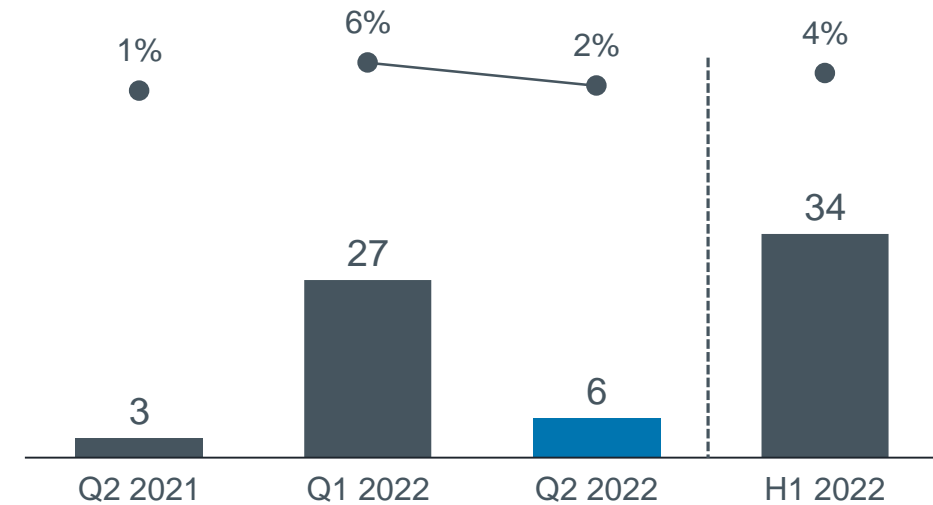
- Slight sequential increase despite continued demanding supply chain and market environment
- Solid performance in automotive business despite supply chain imbalances, robust industrial demand
- Less favorable demand and supply chain situation with lower smartphone volumes in consumer market

Lamps & Systems performance

Total revenues



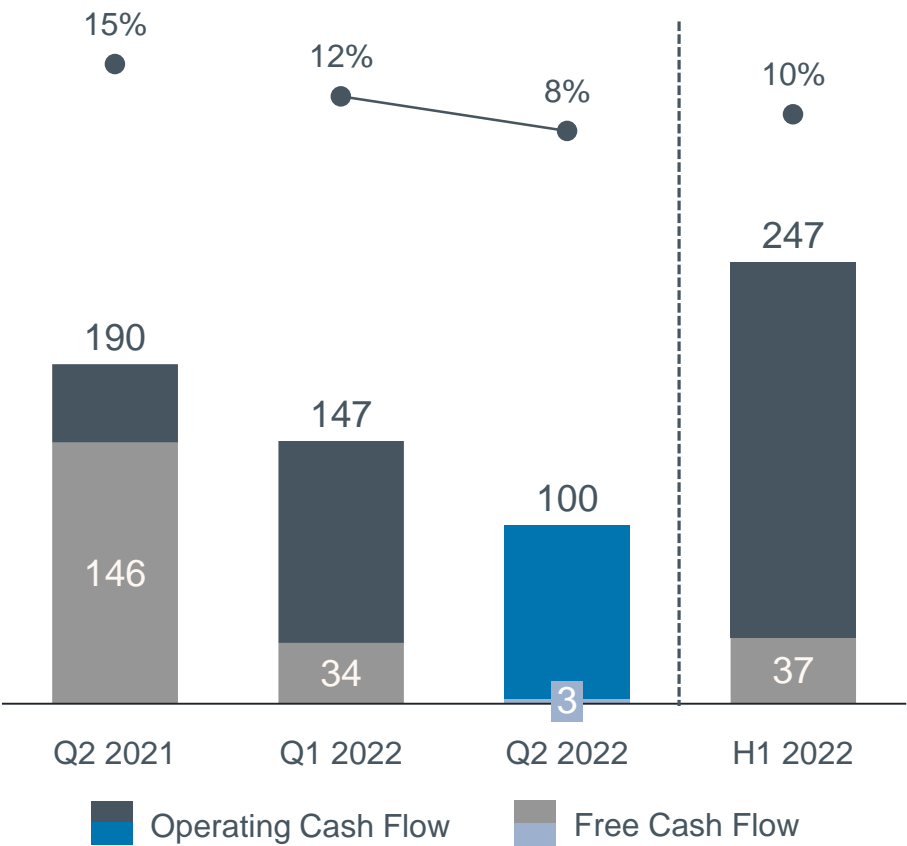
EBIT, EBIT margin (adj.)¹⁾



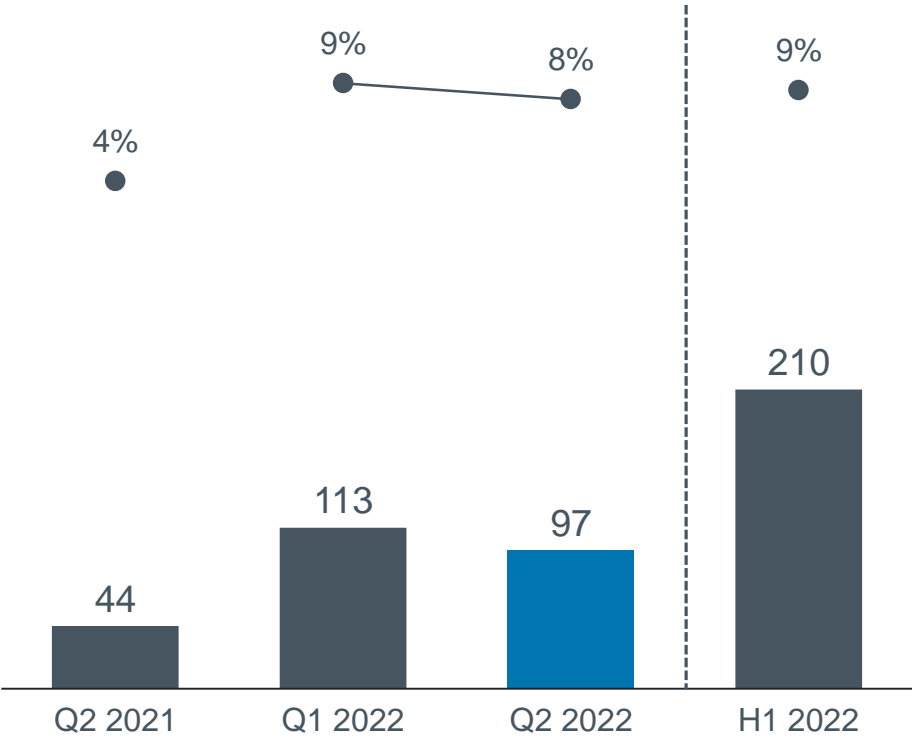
- De-consolidation effect from Fluence closing beginning of May
- In-line results in light of automotive supply chain imbalances next to more pronounced seasonal effects
- AMLS disposal closed early July; disposals of DS Europe/Asia and Traxon businesses announced in Q2

Cash flow overview

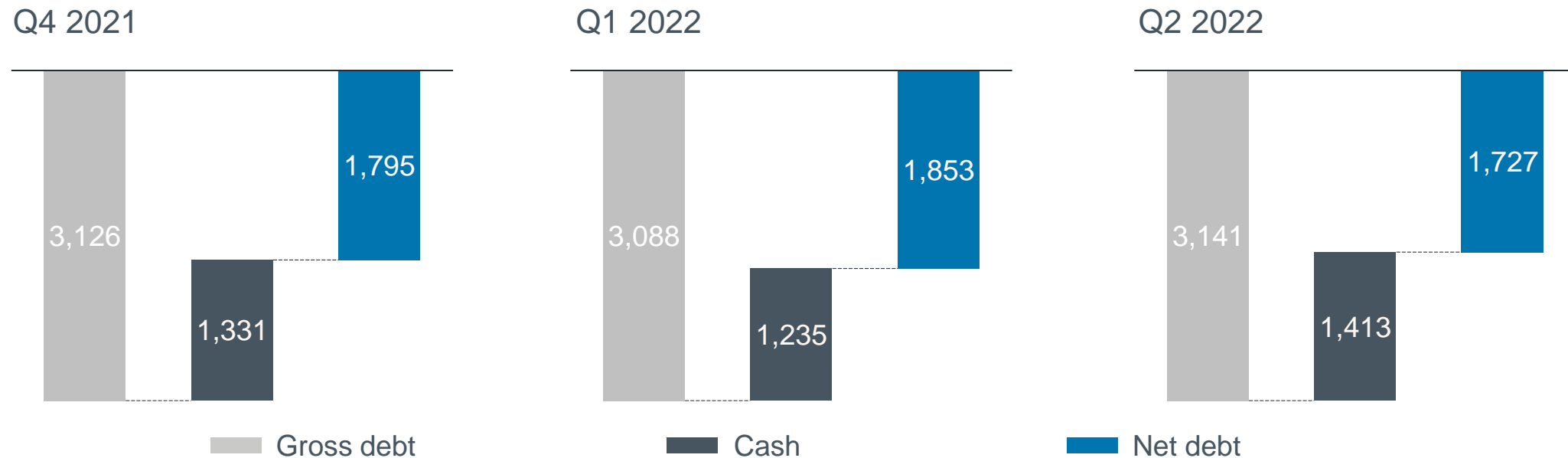
Operating / Free cash flow (FCF)



Capital expenditures



Cash and debt overview



- Solid group leverage of ~1.9x net debt/adjusted¹⁾ EBITDA at end of Q2 2022
- Substantial cash inflow in Q2 from closing of Fluence disposal
- Well-layered debt and maturity structure, augmented by undrawn multi-year EUR 800m revolving facility
- Approx. 95% of outstanding debt on fixed rate basis
- Adj. EBITDA¹⁾ LTM EUR 928m (based on adj. EBIT + D&A not related to adjustments)

Outlook Q3 2022

Revenues

EUR 1,150-1,250 million
(EUR 1,190-1,290 million on a
comparable portfolio basis)

Operating profitability

6-9% (adjusted EBIT margin)

Comments

- AMLS transaction closed 1 July
- Closing will result in deconsolidation effect for Q3 reducing Q3 revenues by approx. EUR 40 million on a comparable portfolio basis

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Profit and loss statement

IFRS reported figures

	Q2 2022	Q2 2021	HY 2022	HY 2021
Revenues	1,183	1,239	2,429	2,521
Gross profit	348	237	733	654
• Gross margin (IFRS reported)	29%	19%	30%	26%
• Gross margin (adjusted ¹⁾)	32%	33%	32%	34%
Research and development	-151	-193	-313	-360
Selling, general and administrative	-157	-187	-313	-372
Other operating income/expenses	177	26	149	33
Results from investments in associates	-1	-3	-1	-7
Result from operations (EBIT)	216	-119	256	-52
• EBIT margin (IFRS reported)	18%	-10%	11%	-2%
• EBIT margin (adjusted ¹⁾)	9%	9%	9%	10%
Net financing result	-50	-33	-100	-90
Result before tax	166	-152	156	-142
Income tax result	-108	-8	-82	-17
Net result (IFRS reported)	58	-158	74	-160
Net result (adjusted ¹⁾)	-54	70	48	144

Balance sheet

Assets	Jun 30, 2022	Dec 31, 2021	Liabilities and equity	Jun 30, 2022	Dec 31, 2021
Cash and cash equivalents	1,413	1,331	Short-term interest-bearing loans	411	480
Short-term investments	29	6	Trade payables	683	710
Trade receivables	669	688	Income tax payables	78	85
Inventories	985	938	Current provisions	249	328
Other receivables and assets	218	185	Other current liabilities	1,370	1,359
Assets held for sale	273	134	Liabilities held for sale	77	40
Total current assets	3,588	3,282	Total current liabilities	2,868	3,001
Property, plant and equipment	1,648	1,606	Interest-bearing loans	2,730	2,646
Intangible assets	3,965	3,989	Employee benefits	154	181
Right of use	263	260	Deferred tax liabilities	196	205
Investments in associates	33	34	Provisions	48	48
Deferred tax assets	110	182	Other liabilities	391	413
Other long term assets	176	143			
Financial assets	157	147			
Total non-current assets	6,353	6,362	Total non-current liabilities	3,519	3,493
			Shareholders' equity ams-OSRAM AG	3,545	3,142
			Non-controlling interests	9	8
Total assets	9,941	9,644	Total liabilities and equity	9,941	9,644

Cash flow statement

Selected cash flow items

	Q2 2022	Q2 2021	HY 2022	HY 2021
Net result	58	-158	74	-160
Amortization, depreciation and impairment	141	304	298	462
Cash flows from operations	100	190	247	397
Capital expenditures	-97	-44	-210	-124
Acquisition, net of cash acquired	-7	-429	-7	-442
Proceeds and payments from disposals of businesses	251	73	251	77
Cash flows from investing activities	148	-395	39	-490
Proceeds from loans	0	1	0	96
Repayment of loans	-5	-4	-67	-169
Repayment of lease liabilities	-39	-20	-56	-33
Interest paid	-16	-18	-62	-73
Cash flows from financing activities	-112	-44	-239	-182
Net change in cash and cash equivalents	200	-263	111	-256
Cash and cash equivalents at end of period	1,413	1,340	1,413	1,340