

Sensing is life

amul OSRAM

Third quarter results 2021

Alexander Everke, CEO
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November 2021

Vision and mission for ams OSRAM

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

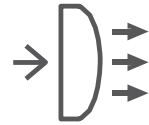
Key solution components

Emitters



- LEDs
- Micro LED / Mini LED
- VCSELs / EELs
- Lamps

Optical components & micro-modules



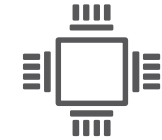
- Optical elements: Lenses, light guides, DOEs
- Micro-optical packaging
- Optical modules

Detectors



- Light sensors
- Bio-sensors
- Image sensors

Integrated circuits & algorithms



- Emitter driver ICs
- Sensor interfaces
- Sensor processors (incl. algorithms)

Micro-optical solutions & lamps

Sensing



Illumination

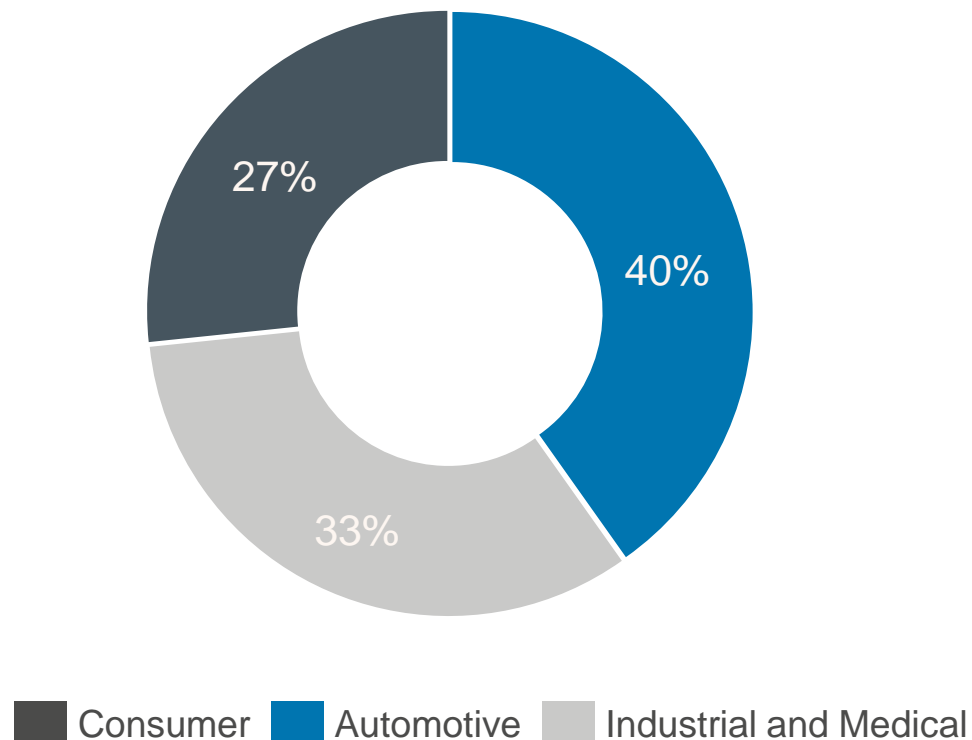


Visualization



Excellent position for leadership in optical solutions

Balanced revenue streams (H1 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
- EEL + VCSEL LIDAR
- 3D solutions (AR, authentication, consumer + industrial)
- Display management, optical sensing, near-to-eye
- High performance imaging

Strong value proposition

Commitment to drive growth

- Bold investments into disruptive technologies and innovation-led growth (R&D target level: 11-14% of revenues)
- Clear target of double-digit avg. annual revenue growth
- Solutions approach to address high differentiation opportunities + new markets
- Selective M&A to add technology to build leadership

Path to strong sustainable profitability

- Realizing significant synergies and savings (~EUR 350m until spring 2024)
- Committed to drive benchmark levels for operational and support function costs (SG&A target level: 7-9% of revenues)
- Clear target of >20% adj. EBIT margin

Strong focus on long-term value generation

- Leading technology provider
- Re-investing in organic growth opportunities
- Balanced end market exposure creates broadly supported earnings streams
- Diversified global customer base and sales channels
- Continuous active portfolio management to optimize technology position

Prudent financial policy

- Committed to de-leverage balance sheet
- Targeting investment grade rating and leverage <2x net debt/adj. EBITDA
- Diversified mix of financing instruments with balanced longer-term maturity profile
- Further increase in OSRAM ownership not a priority

Strong progress in integration



Connected building applications business divested, further larger-scale disposal in late stage



OSRAM Continental joint venture dissolved, important step in portfolio re-alignment



De-listing of OSRAM shares completed, simplifies corporate structure



Implementing fiscal year alignment across group (fiscal year = calendar year)



Further important milestones in IT, systems and organizational integration reached

Optical solutions for three global end markets

Light emission and sensing in perfect combination



Consumer

- Display management
- 3D systems
- Wearables
- Camera enhancement



Automotive

- Differentiated LED lighting (exterior/interior)
- Lighting systems
- Optical signaling
- Legacy lighting



Industrial & Medical

- Illumination solutions
- High performance imaging
- Industrial + building automation, security
- Medical imaging

Current strength

- Next generation displays/ Micro LED
- Mini LED
- Sensor integration
- Augmented Reality + 3D
- Near-to-eye applications

- LIDAR applications
- High-res matrix headlights
- Exchangeable LED
- Head-up displays
- In-cabin sensing

- UV-C LED
- Horticulture
- Industry 5.0
- 3D applications
- In-vitro diagnostics

Diversified growth areas

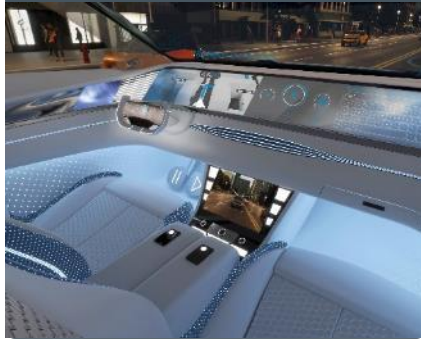
Enabling innovation in automotive mobility

Driving automotive application and technology trends

Exterior lighting



Interior lighting



Automated + autonomous driving



Head-up display



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)

Enabling innovation in mobile + wearable devices

Creating solutions for consumer application and technology trends

3D AR/VR +
authentication



Next generation
Micro LED displays



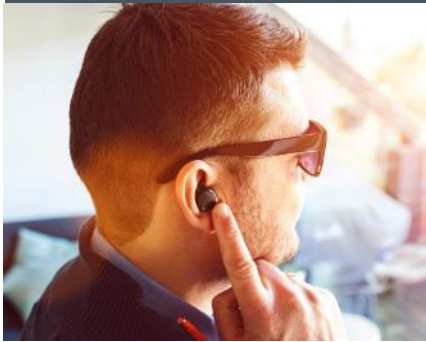
Camera
enhancement



Display
management



Presence detection



Mobile technology

3D sensing, BOLED, Micro LED, Mini LED, LED, IRED, color sensing, proximity sensing, VCSEL/EEL, near-to-eye, AWB, spectral sensing, ANC

Enabling new medical and health applications

Non-invasive and point of care technologies

Medical imaging



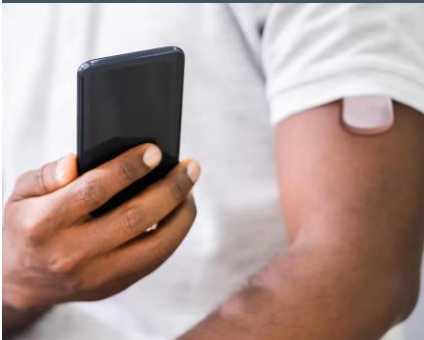
Point of care diagnostics



UV-C disinfection



Digital health



Micro camera endoscopy



Medical & Healthcare

CT sensing + photon counting, digital X-Ray sensing, spectral sensing, UV-C, NanEye, LED

Enhancing sensing + optical solutions for Industry

Technologies for Industry 5.0 applications

Industrial IoT + automation



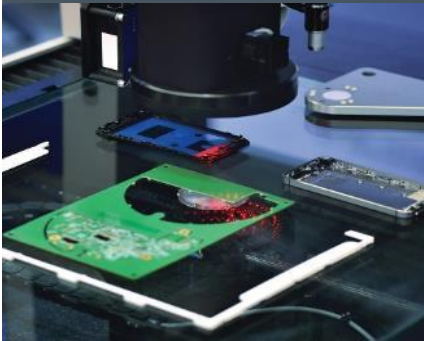
Access control + security monitoring



Near-infrared spectroscopy



Industrial imaging + machine vision



Robotics



UV-C disinfection



Industry

Near-infrared spectroscopy, IRED, LIDAR, EEL/VCSEL, UV-C

Highlights Q3 / Outlook Q4 2021

Q3 2021

- Robust results reflect strong operational performance in a demanding industry environment
- Strong automotive business across product areas driven by available backlog, supply chain volatility starting to appear towards end of quarter
- Semiconductors: besides automotive strength, solid contribution from consumer and positive industrial and medical performance
- L&S: overall positive development incl. traditional automotive markets with solid demand in industrial and medical applications
- Strong operating profitability (adj.)
- Robust cash flow generation with healthy FCF

Q4 2021

- Expected revenues
USD 1,360-1,460 million
- Expected operating profitability
8-11% (adj. EBIT margin)
- Excludes disposed connected building applications business and deconsolidated revenues of dissolved joint venture
- On a like-for-like revenue basis to Q3 2021 without deconsolidation effects, expected revenues
USD 1,405-1,505 million

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Financial Results Q3 2021

Q3 2021 Key financials at a glance

Revenues

1,521m USD
+4.0% q-o-q

Gross margin (adj.)

33.8%
514m USD

EBIT margin (adj.)

10.3%
157m USD

Net result (adj.)

12m USD
0.8%

Operational Cash Flow

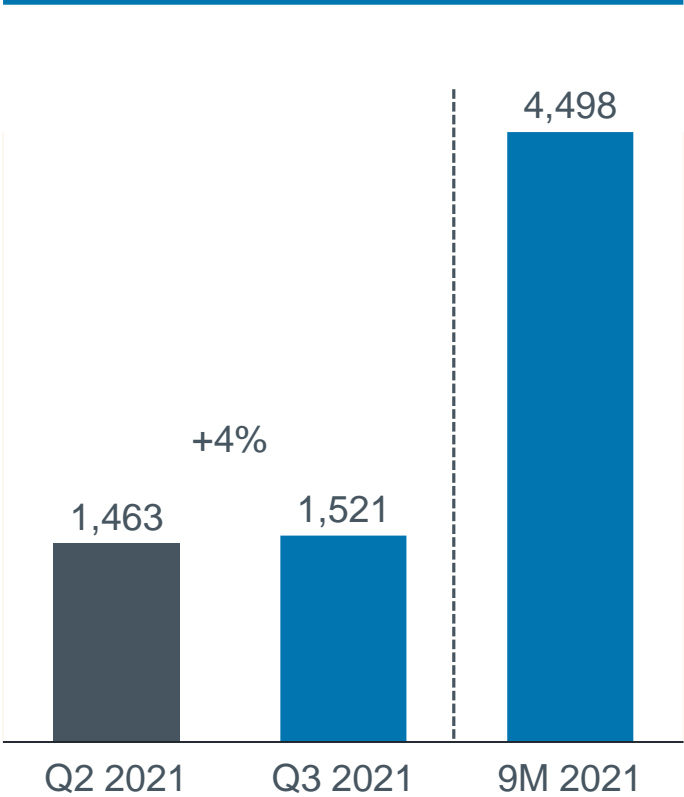
255m USD
16.7%

Net debt

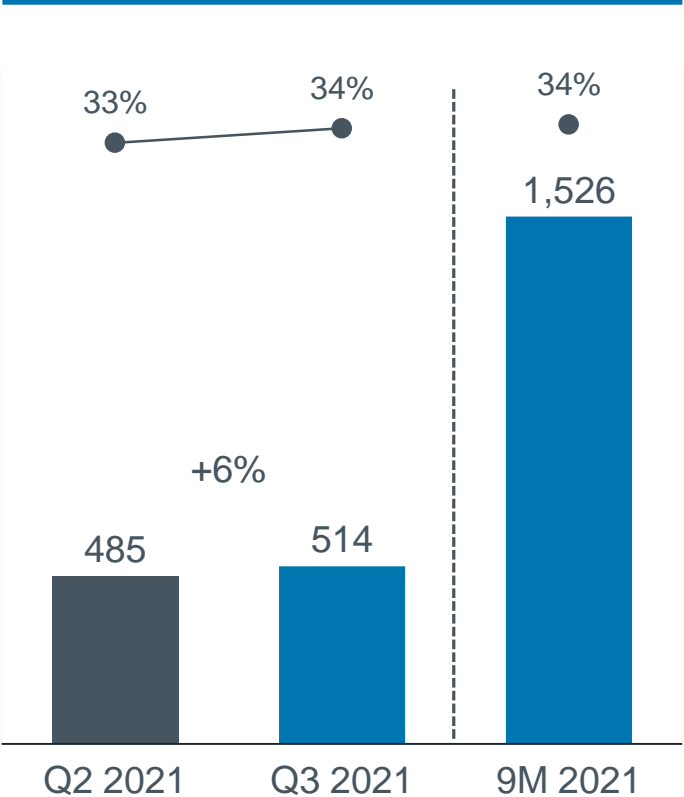
2,194m USD
1.7x Leverage

Group financial performance – Q3 2021 with very solid profitability

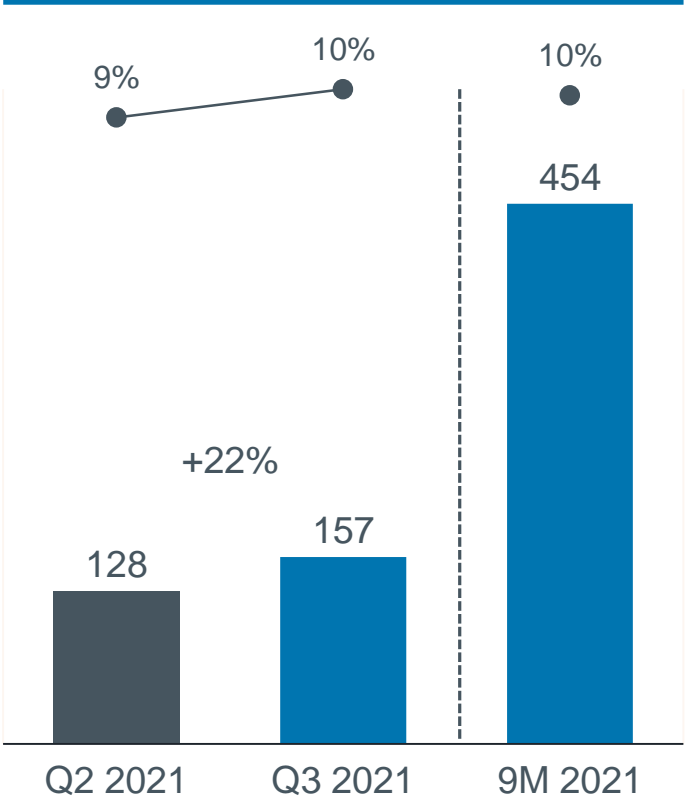
Total revenues



Gross profit, gross margin (adj.)¹⁾



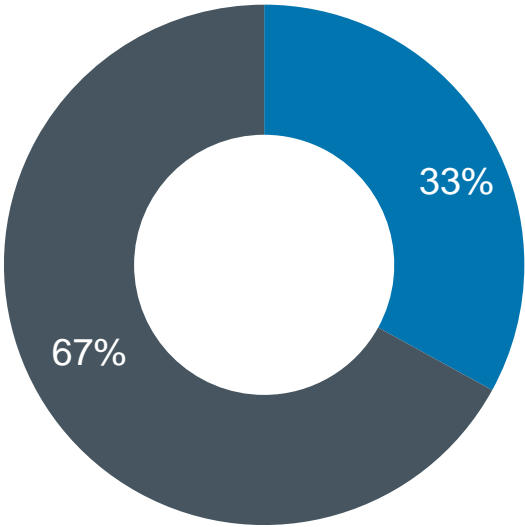
EBIT, EBIT margin (adj.)¹⁾



¹⁾ Excluding M&A-related, transformation and share-based compensation costs as well as results from sale of business and equity investments

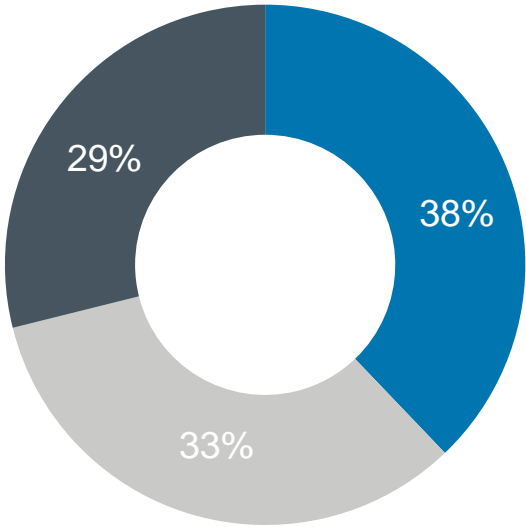
Balanced revenue distribution

Revenues by segment Q3 2021



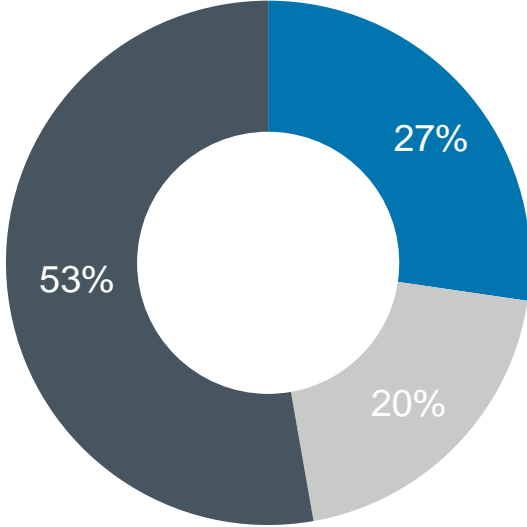
■ Semiconductors ■ Lamps & Systems

Revenues by end market Q3 2021



■ Consumer
■ Industrial and Medical
■ Automotive

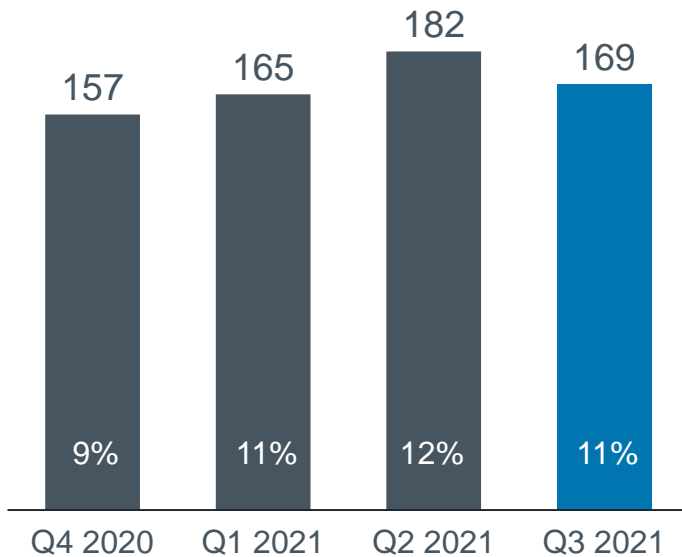
Revenues by region H1 2021



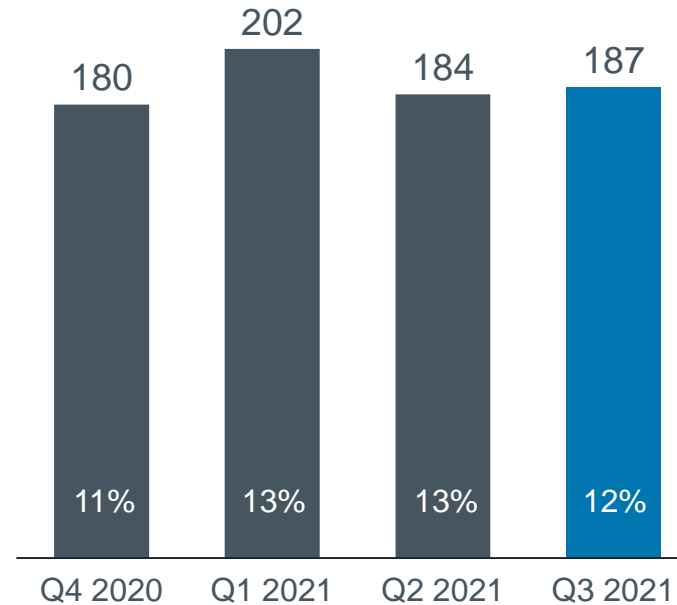
■ APAC ■ Americas ■ EMEA

Operating expenses

R&D expenses (adj.)¹⁾



SG&A expenses (adj.)¹⁾

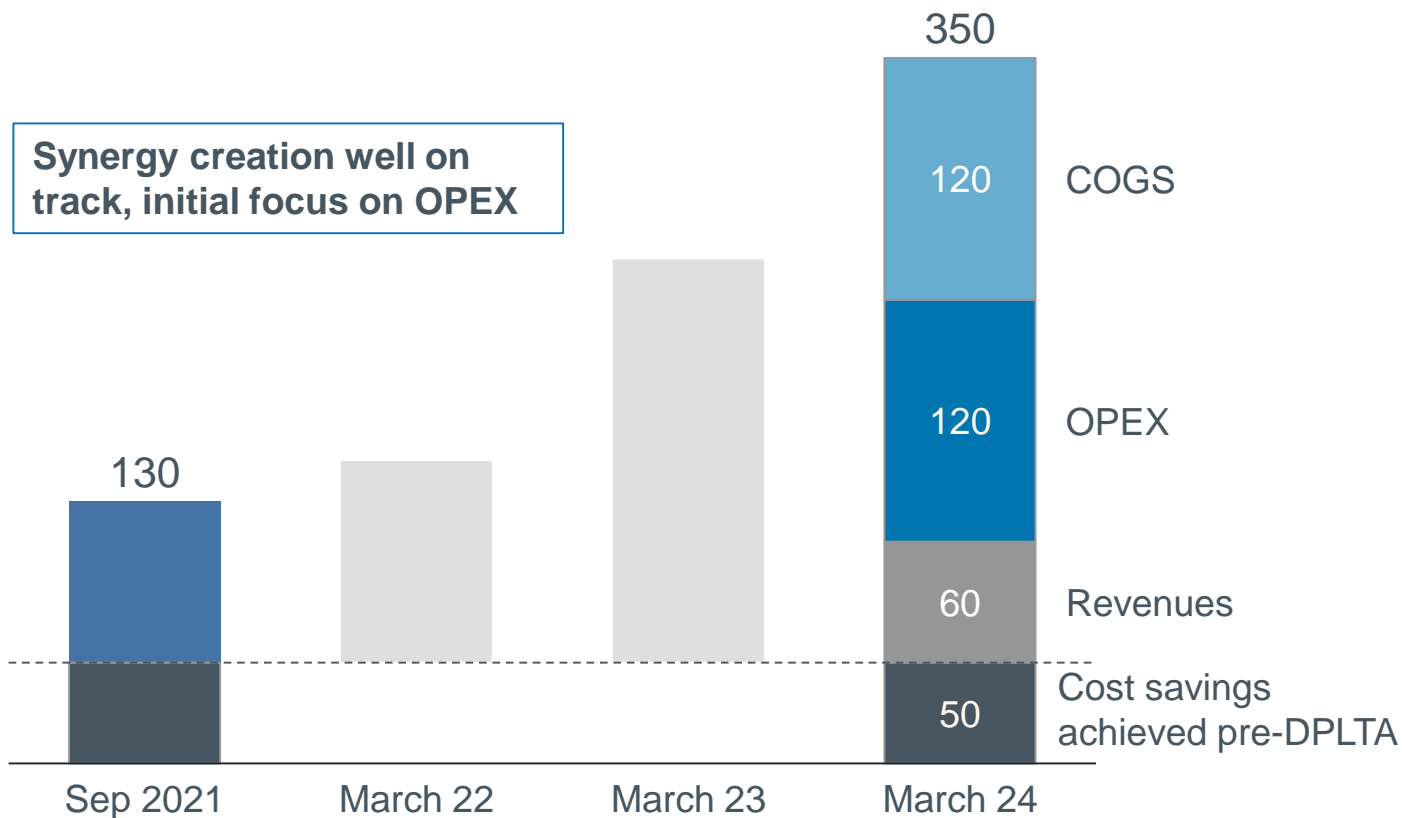


Comments

- Total OPEX level stable
- R&D levels reflect portfolio- and roadmap-driven investments in Q3 2021
- Target levels for operating expenses (% of revenues):
 - Adj. R&D 11-14%
 - Adj. SG&A 7-9%

Synergy creation well on track

EUR 350m total synergies and cost savings

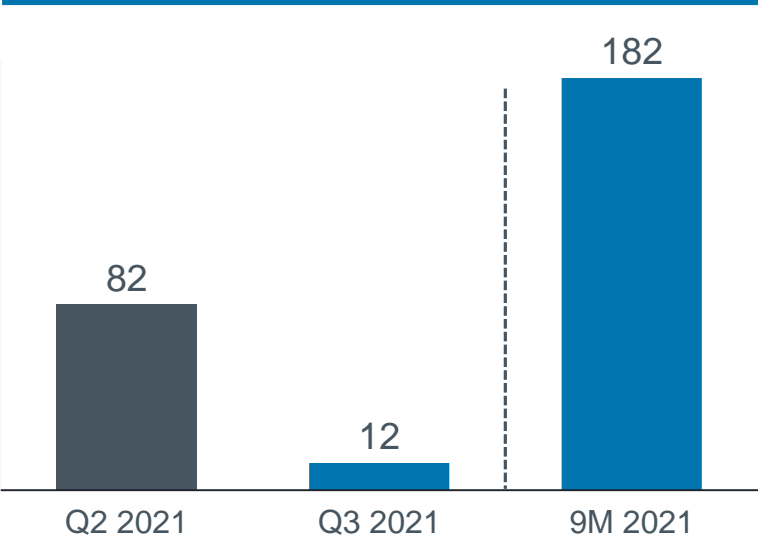


Key aspects

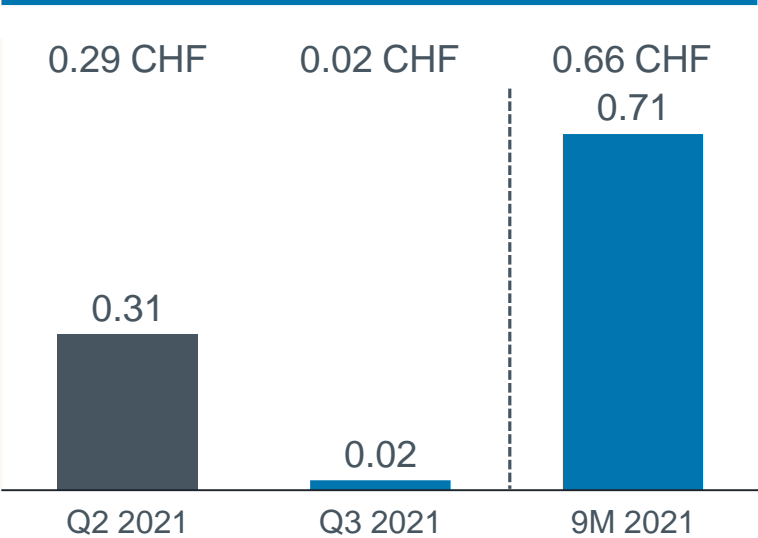
- Synergy creation first 6 months EUR 80m + EUR 50m (pre-DPLTA cost savings) = EUR 130m
- Initial synergies predominately OPEX-related
- Key drivers
 - Headcount measures
 - Joint procurement initiatives
 - Reduction of external SG&A costs
- Expected integration costs: ~0.9x run-rate of EUR 300m integration synergies (~EUR 270m); one-offs over time
- Around 2/3 of total integration synergies expected within first two years

Adj. Net result and Adj. EPS

Net result (adj.)¹⁾



EPS basic (adj.)¹⁾



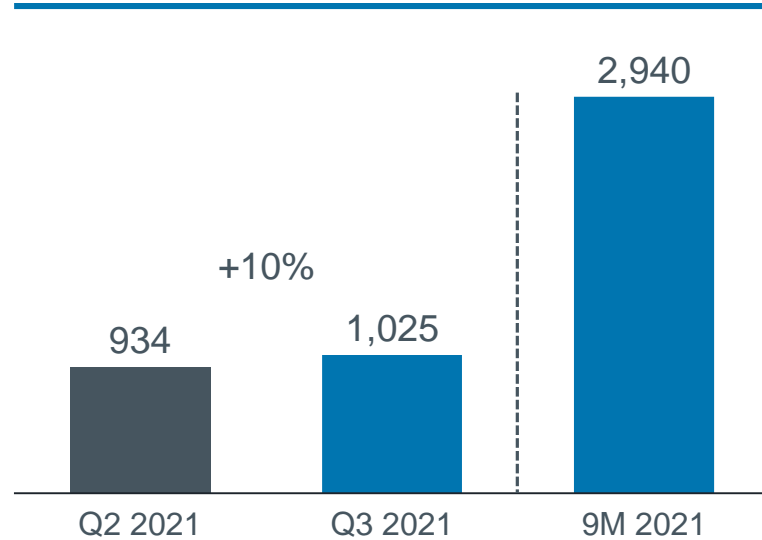
Comments

- IFRS reported net result USD -48m
- Financing result of USD -69m, in line with expectations

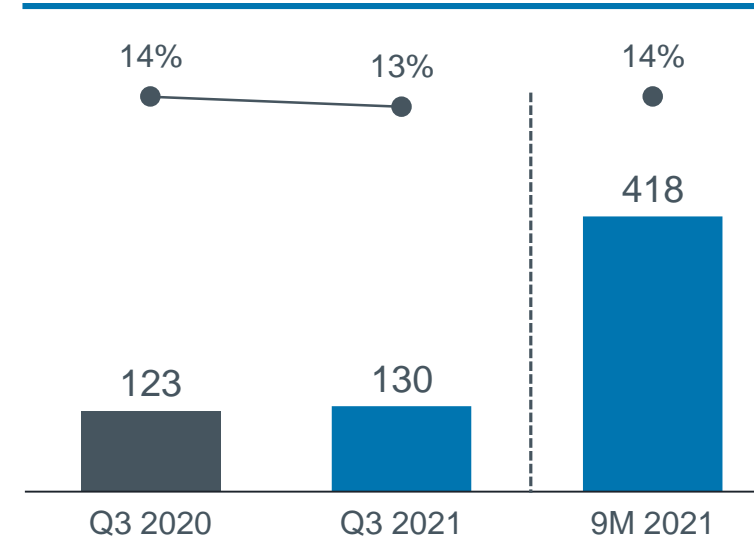
¹⁾ Excluding M&A-related, transformation and share-based compensation costs as well as results from sale of business and equity investments

Semiconductors performance

Total revenues



EBIT, EBIT margin (adj.)²⁾



Comments

- Revenue and profitability in line with expectations
- Strong performance of automotive product areas, Industrial and Consumer markets contributed attractively
- Challenging supply chain environment continues

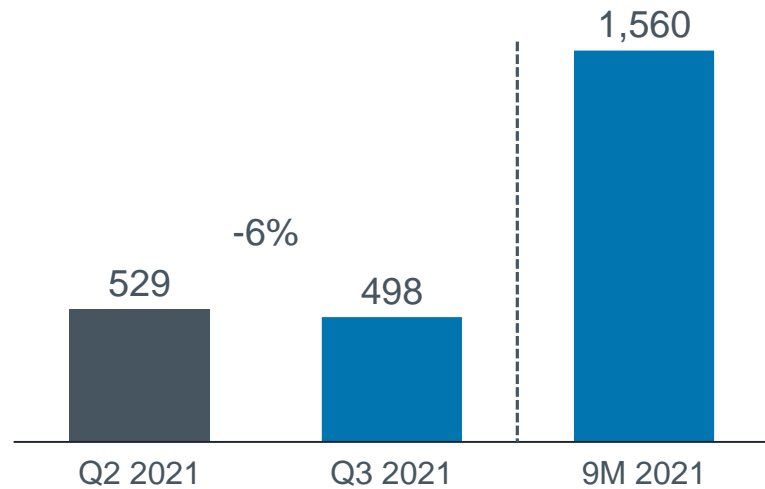
All figures in USDm / % of revenue

¹⁾ Historical figures for the combined group are not available as consolidation started in Q3 2020

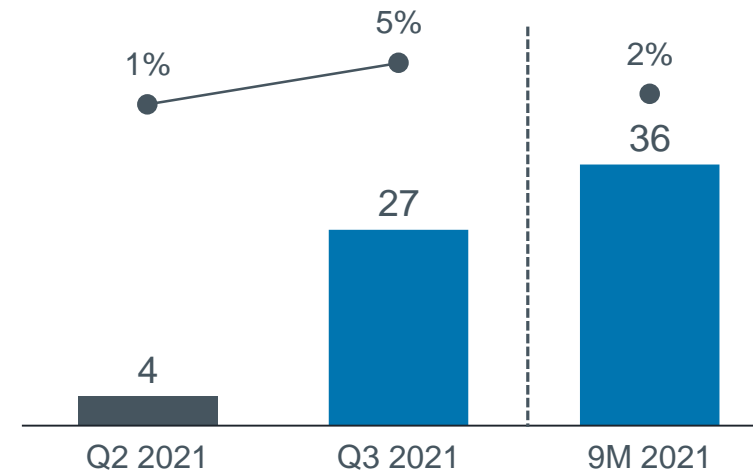
²⁾ Excluding M&A-related, transformation and share-based compensation costs as well as results from sale of business and equity investments

Lamps & Systems performance

Total revenues



EBIT, EBIT margin (adj.)²⁾



Comments

- Solid overall performance, portfolio divestment plan on track, connected building applications business sold
- Good demand in automotive business incl. traditional markets
- Improved demand environment in other end markets, supply chain challenges in certain areas

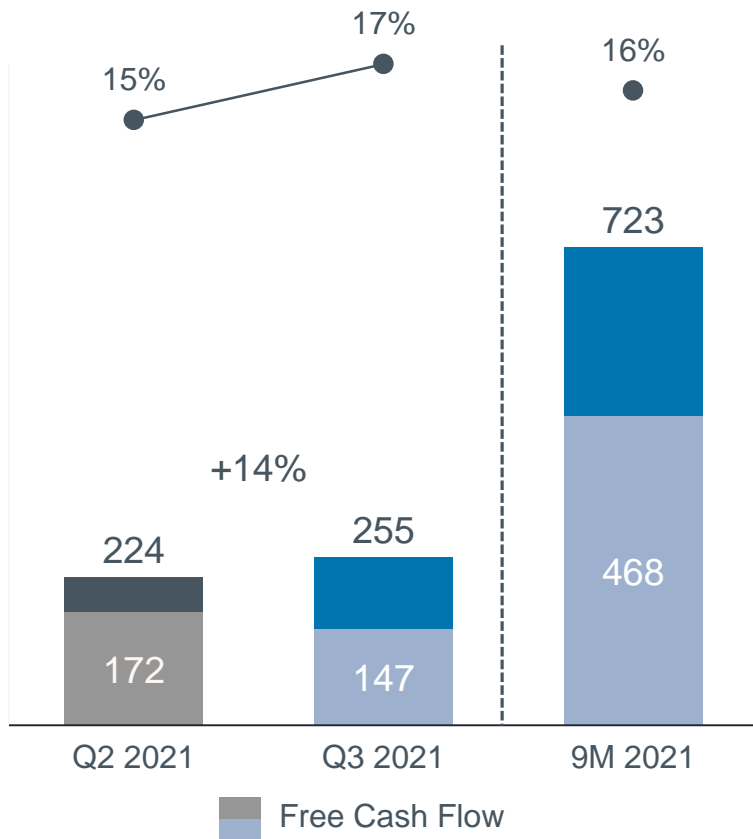
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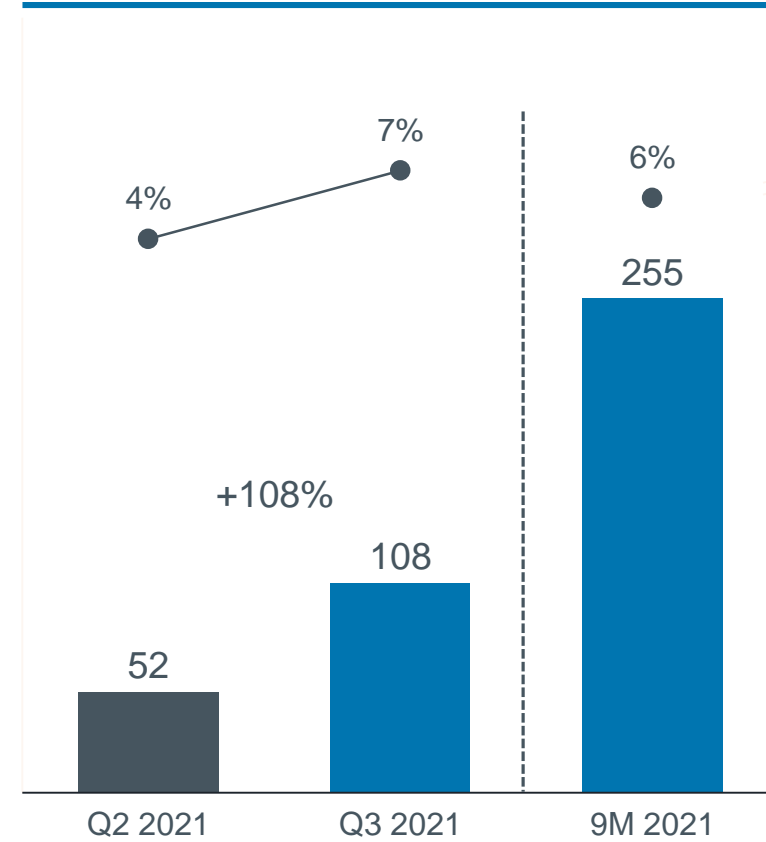
²⁾ Excluding M&A-related, transformation and share-based compensation costs as well as results from sale of business and equity investments

Cash flow stays strong

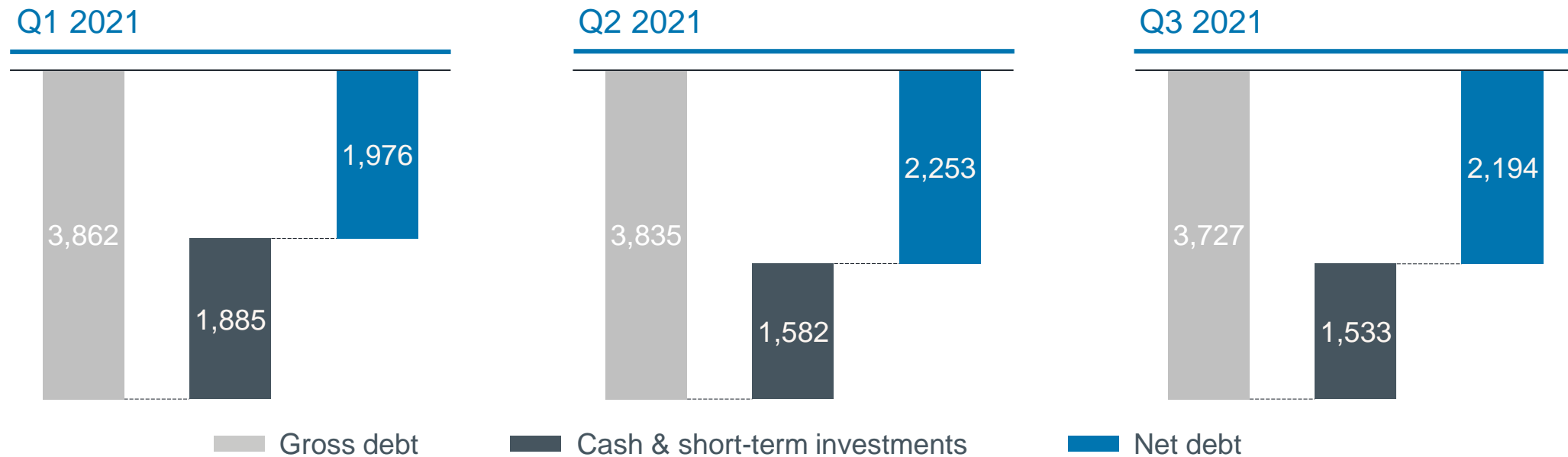
Operating / Free cash flow (FCF)



Capital expenditures



Cash and debt overview



Comments

- Group leverage of 1.7x net debt/adjusted¹⁾ EBITDA at end of Q3 2021
- New multi-year EUR 800m RCF with core banking group (undrawn), existing bridge facility cancelled

Outlook Q4 2021

Revenues

USD 1,360-1,460 million

(USD 1,405-1,505 million on like-for-like revenue basis to Q3 2021 without deconsolidation effects)

Operating profitability

8-11% (adjusted EBIT margin)

Comments

Excludes disposed connected building applications business and deconsolidated revenues of dissolved joint venture

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Profit and loss statement

IFRS reported figures

	Q3 2021	9M 2021	Q3 2020	9M 2020
Revenues	1,521	4,498	1,440	2,471
Gross profit	484	1,249	307	688
• Gross margin (IFRS reported)	32%	28%	21%	28%
• Gross margin (adjusted ¹⁾)	34%	34%	27%	32%
Research and development	-184	-578	-178	-321
Selling, general and administrative	-202	-668	-255	-393
Other operating income/expenses	5	47	33	40
Results from investments in associates	-5	-14	-2	-2
Result from operations (EBIT)	97	36	-94	12
• EBIT margin (IFRS reported)	6%	1%	-7%	0%
• EBIT margin (adjusted ¹⁾)	10%	10%	4%	11%
Net financing result	-69	-176	-78	-190
Result before tax	28	-140	-172	-179
Income tax result	-76	-96	25	21
Net result (IFRS reported)	-48	-237	-144	-155
Net result (adjusted ¹⁾)	12	182	12	102

Balance sheet

Assets	Sep 30, 2021	Dec 31, 2020	Liabilities and equity	Sep 30, 2021	Dec 31, 2020
Cash and cash equivalents	1,533	1,886	Short-term interest-bearing loans	565	280
Trade receivables	826	733	Trade payables	791	643
Inventories	978	1,013	Income tax payables	136	123
Other receivables and assets	271	200	Current provisions	424	404
Short-term investments	19	22	Other current liabilities	1,538	2,002
Assets held for sale	232	57	Liabilities assets held for sale	182	150
Total current assets	3,860	3,911	Total current liabilities	3,635	3,603
Property, plant and equipment	1,881	2,288	Interest-bearing loans	3,162	3,620
Intangible assets	4,733	4,783	Employee benefits	217	257
Right of use	298	341	Deferred tax liabilities	243	268
Investments in associates	81	89	Provisions	52	52
Deferred tax asset	157	195	Other liabilities	531	387
Other long term assets	147	128			
Financial assets	37	30			
Total non-current assets	7,333	7,854	Total non-current liabilities	4,205	4,586
			Shareholders' equity	3,410	3,646
			Non-controlling interests	-59	-72
Total assets	11,192	11,763	Total liabilities and equity	11,192	11,763

Cash flow statement

	Q3 2021	9M 2021	Q3 2020	9M 2020
Result after tax	-48	-237	-144	-155
Amortization, depreciation, and impairment	148	693	277	455
Cash flow from operations	255	723	84	452
Capital expenditures	-108	-255	-84	-145
Acquisition of subsidiaries, net of cash acquired	-10	-532	-1,386	-1,386
Proceeds and payments from sales of business activities	45	136	0	49
Cash flow from investing activities	-73	-652	-1,469	-1,694
Proceeds from issuance of long-term debt	1	114	103	213
Repayment of loans	-137	-337	-1,085	-1,248
Repayment of lease liabilities	-23	-63	-17	-29
Sale of treasury shares	1	6	1	167
Interest paid	-59	-146	-14	-36
Changes resulting from capital increase	0	0	0	1,947
Cash flow from financing activities	-218	-432	401	2,149
Change in cash and cash equivalents	-27	-330	-1,032	859
Cash and cash equivalents at end of period	1,533	1,533	1,439	1,439