

## **ams OSRAM reports robust third quarter results delivering strong profitability and operating cash flow amid demanding supply chain environment and continuing market imbalances**

- Third quarter revenues of USD 1.52 billion and adjusted EBIT margin of 10.3%, well above the midpoint and near the upper end of the guidance range
- Portfolio re-alignment continues with smaller-scale disposal of building-related systems completed and larger-scale disposal at late stage of process
- Synergy creation and integration programs progressing to plan
- Delisting of OSRAM Licht AG (“OSRAM”) share completed
- Fourth quarter expected revenues of USD 1,360-1,460 million and expected adjusted EBIT margin of 8-11%, reflecting supply chain imbalances, deconsolidation effects and previous comments on the consumer business
- Capital markets day planned for around April 2022

**Premstaetten, Austria and Munich, Germany (2 November 2021) -- [ams](#) OSRAM (SIX: AMS), a global leader in optical solutions, reports third quarter group financial results. “Our business performed well in the third quarter and delivered results clearly above the midpoint or near the upper end of our guidance. Despite continuing supply chain imbalances, our automotive business was strong while our consumer business contributed attractively in line with previous expectations”, said Alexander Everke, CEO of ams OSRAM, commenting on the third quarter.**

“We continue to move ahead in re-aligning and shaping the future portfolio of ams OSRAM. We closed a smaller-scale disposal for building-related systems in October and are in the late stage of a larger-scale disposal. Moreover, the joint venture between OSRAM and Continental has been dissolved which is another important step to streamline our business profile. These successes demonstrate our full focus on implementing portfolio alignments timely and as communicated. We completed the delisting of the OSRAM share at the end of the quarter which further simplifies our corporate structure. I am also pleased with the development of our integration and synergy creation programs which are progressing in line with plans and towards our targets,” Everke added.

“We see ongoing tightness in chip supply and imbalances in supply chains, particularly in the automotive market. This is introducing revenue volatility into automotive supply chains as component shortages trigger lower production volumes at automotive OEMs. We expect that these imbalances will persist well into the coming year and continue to be accompanied by tighter

availability of certain materials and supplies. Where possible we aim to factor higher sourcing costs into future customer pricing. We continue to see revenue drivers in automotive and industrial lighting and consumer optical solutions in areas like display management and camera enhancement in the coming quarters. At the same time, we invest into our technology roadmaps for mid- and long-term growth markets in display and visualization, differentiated illumination and advanced sensing. This includes focused equipment investments to improve capacity and enable new products,” Everke concluded.

### Quarterly financial summary

USD millions (except per share data)	Q3 2021	Q2 2021	QoQ	Q3 2020	YoY
Revenues	1,521	1,463	4%	1,440	6%
Gross margin adj. <sup>1)</sup>	34%	33%	60 bps	27%	710 bps
Operating income adj. <sup>1)</sup>	157	128	22%	63	151%
Operating margin adj. <sup>1)</sup>	10%	9%	150 bps	4%	600 bps
Net result adj. <sup>1)</sup>	12	82	-85%	12	1%
Diluted EPS adj. <sup>1)</sup>	0.02	0.31		0.05	
Diluted EPS adj. (in CHF) <sup>1)2)</sup>	0.02	0.29		0.05	
Operating Cash Flow	255	224	14%	84	204%
Net debt	2,194	2,252	-3%	2,483	-12%

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

<sup>2)</sup> Earnings per share in CHF were converted using the average currency exchange rate for the respective periods  
Note: EPS denotes earnings per share

Third quarter group revenues were USD 1,521 million, up 4% sequentially compared to the second quarter 2021 and up 6% compared to same quarter 2020. Adjusted<sup>1)</sup> group gross margin for the third quarter 2021 was 34%, up from 33% for the second quarter 2021 and up from 27% for the same quarter 2020.

The adjusted<sup>1)</sup> group result from operations (EBIT) was USD 157 million or 10% of revenues for the third quarter compared up from USD 128 million or 9% for the second quarter and USD 63 million or 4% of revenues for the same period 2020 (unadjusted: USD 97 million or 6% of revenues for the third quarter). Adjusted<sup>1)</sup> group net income was USD 12 million for the third quarter compared to USD 82 million for the second quarter and unchanged compared to USD 12 million for the same

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

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quarter 2020 (unadjusted: USD -48 million for the third quarter). Adjusted<sup>1</sup> diluted earnings per share<sup>2</sup> for the third quarter were USD 0.02 or CHF 0.02 (USD -0.21 or CHF -0.19 unadjusted).

The group operating cash flow for the third quarter was robust at USD 255 million while group free cash flow reached USD 147 million. Group net debt was USD 2,194 million on 30 September 2021, translating into a group leverage of 1.7x net debt/adjusted<sup>1</sup> EBITDA. Cash and cash equivalents stood at USD 1,533 million on 30 September 2021.

The group's Semiconductors segment contributed strongly to group performance generating 67% of revenues in the third quarter of 2021, combined with a healthy adjusted operating margin of 13%. In this segment, the automotive market area recorded very positive results driven by available backlog. The consumer market area showed a solid development in line with expectations driven by optical sensing solutions for multiple applications. The industrial and medical market areas performed well as the attractive demand momentum in industrial lighting continues across established and emerging markets. Medical and other imaging product lines developed positively in the quarter. ams OSRAM pursues development activities for future optical solutions including light sensing, new LED technologies and 3D technologies such as camera enhancement, display management, AR and 3D applications, LED-based visualization, UV-C LED and advanced LED front lighting.

The Lamps & Systems (L&S) segment showed an overall positive development in the third quarter contributing 33% of revenues. The L&S automotive business including traditional markets performed well, reflecting typical seasonality and robust demand across channels. Market traction for LED retrofit solutions continues to increase. The other areas of the L&S business recorded good demand for industrial, building-related and medical applications while demand in lagging industrial markets is showing first signs of improvement.

ams OSRAM has discontinued using the advisory services of former ams CFO Michael Wachsler as ams OSRAM has very recently been informed of an ongoing investigation of Mr. Wachsler conducted by Austrian authorities. This is related to private securities transactions allegedly assigned to Mr. Wachsler and two former employees of ams. The Supervisory Board of ams AG has acknowledged Mr. Wachsler's decision not to stand as a candidate for this Supervisory Board. Mr. Wachsler stepped down as CFO of ams effective May 2020. The company itself is not a subject

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<sup>2</sup> Based on 261,215,988 basic / 261,489,566 diluted shares

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of this investigation or related allegations. ams OSRAM is fully cooperating with the relevant authorities and has initiated an internal investigation into the matter. ams OSRAM is not able to comment further on ongoing investigations.

For the fourth quarter 2021, ams OSRAM expects group revenues of USD 1,360-1,460 million - which exclude the disposed revenues of the DS North America and connected building applications businesses and deconsolidated revenues from the dissolved joint venture - and an expected adjusted operating (EBIT) margin of 8-11%, based on currently available information and exchange rates. The outlook reflects the above-mentioned disposal and deconsolidation effects as well as near term supply chain volatilities in the automotive market due to constrained end-to-end supply situations and lower production volumes at multiple OEMs, irrespective of an overall positive backlog situation. The outlook also reflects an unfavorable exchange rate development and a decreased year-on-year contribution from the consumer market in line with previous comments and expectations. On a like-for-like revenue basis to the third quarter without deconsolidation effects, expected fourth quarter group revenues would be USD 1,405-1,505 million. ams OSRAM is planning a Capital Markets Day around April 2022 to update investors on its strategy, its new aligned business portfolio and strong technology position.

Additional financial information is available on the company website at <https://ams.com/financial-reports>. The third quarter 2021 investor presentation is available on the company website at <https://ams.com/presentations-and-audio>. ams OSRAM will hold a conference call on the third quarter results on Tuesday, 2 November 2021 at 10am CET. The conference call will be available via webcast at: <https://bit.ly/3ARzVZB>

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**About ams OSRAM**

The ams OSRAM Group, with its parent company ams AG (SIX: AMS), is a global leader in optical solutions. By adding intelligence to light and passion to innovation, we enrich people's lives. This is what we mean by Sensing is Life.

With over 110 years of combined history, our core is defined by imagination, deep engineering expertise and the ability to provide global industrial capacity in sensor and light technologies. We create exciting innovations that enable our customers in the consumer, automotive, healthcare and industrial sectors maintain their competitive edge and drive innovation that meaningfully improves the quality of life in terms of health, safety and convenience, while reducing impact on the environment.

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Our around 26,000 employees worldwide focus on innovation across sensing, illumination and visualization to make journeys safer, medical diagnosis more accurate and daily moments in communication a richer experience. Our work creates technology for breakthrough applications, which is reflected in over 15,000 patents granted and applied. Headquartered in Premstaetten/Graz (Austria) with a co-headquarters in Munich (Germany), the group achieved well over USD 5 billion combined revenues in 2020 (pro-forma) and is listed as ams AG on the SIX Swiss Exchange (ISIN: AT0000A18XM4).

Find out more about us on <https://ams-osram.com>

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