

ams OSRAM delivers solid results in demanding supply chain and more volatile market environment with second quarter revenues and operating profitability (adj.) fully in line with expectations

- Second quarter revenues of EUR 1.18 billion and adjusted EBIT margin of 8.8% fully match with expectation range
- Nearing completion of portfolio re-alignment with disposals of Digital Systems Europe/Asia and architectural lighting business announced and closing of disposal of automotive lighting systems business, on track to complete remaining planned disposal
- Robust customer engagement for future capabilities from 8" advanced LED and microLED manufacturing investment
- Planned retirement of approx. EUR 350 million of gross debt in the third quarter
- Third quarter expected revenues of EUR 1,150-1,250 million (EUR 1,190-1,290 million on a comparable portfolio basis) and expected adjusted EBIT margin of 6-9% reflect an expected solid revenue development in an increasingly unfavorable end market and macro-economic environment impacting group production volumes and industry inventory levels

Premstaetten, Austria and Munich, Germany (29 July 2022) -- ams OSRAM (SIX: AMS), a global leader in optical solutions, reports second quarter and first half group financial results. "Our business showed a solid performance in the second quarter where we delivered results fully in line with our previous guidance. We see supply chain and end market imbalances being enhanced by increasingly unfavorable macro-economic trends. Nevertheless, our automotive and industrial & medical businesses offered solid results in the quarter while our consumer business contributed attractively to group results," said Alexander Everke, CEO of ams OSRAM, commenting on the second quarter.

"We see strong customer traction and support for innovation roadmaps we are implementing as a leader in optical technologies. I am particularly excited about our robust customer engagement around the cutting edge capabilities created by our investment in industry-leading 8" manufacturing capacity for applications in LED and microLED," Everke added.

"Our focus on the integration of ams OSRAM continues to be a priority with our initiatives for integration and synergy creation progressing as planned. In the quarter, we announced the disposals of the architectural lighting business Traxon as well as the Digital Systems Europe/Asia business for LED power supplies and related systems which is the last major planned disposal. In addition, we closed the disposal of the automotive lighting systems business AMLS at the beginning of July, which had been

established after the dissolution of the OSRAM Continental joint venture. I am glad to confirm that we are nearing the completion of our portfolio re-alignment with only one smaller-scale disposal outstanding,” Everke added.

“Ongoing imbalances in semiconductor and other supply chains have continued to impact volumes in several of our end markets, amplified by lockdown-related effects in Asia. In light of this situation we realized a solid operational performance in the quarter. These imbalances continue and we have started to see a softening of forward demand trends in the automotive sector leading to order push-outs for the second half. We believe these reflect increasingly unfavorable global macro-economic developments and related challenges including expected inventory adjustments in the global automotive value chain.

Our portfolio of optical technologies offers exciting opportunities for mid- and long-term profitable growth across our end markets. We are strongly engaged in comprehensively focusing and streamlining our portfolio in line with these goals. We will continue highly dedicated R&D investments into our portfolio and defined growth drivers to create long-term value in optical solutions,” Everke concluded.

Quarterly financial summary

EUR millions (except per share data)	Q2 2022	Q1 2022	QoQ	Q2 2021*	YoY
Revenues	1,183	1,246	-5%	1,239	-5%
Gross margin adj. ¹⁾	31.6%	33.1%	-150 bps	33.5%	-190 bps
Operating income adj. ¹⁾	104	126	-18%	109	-5%
Operating margin adj. ¹⁾	8.8%	10.1%	-130 bps	8.8%	+0 bps
Net result adj. ¹⁾	-54	102	-153%	70	-178%
Diluted EPS adj. ¹⁾	-0.21	0.39		0.26	
Diluted EPS adj. (in CHF) ¹⁾²⁾	-0.21	0.40		0.29	
Operating Cash Flow	100	147	-32%	190	-48%
Net debt	1,727	1,853	-7%	1,908	-9%

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

²⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods

* 2021 financials reflect reclassification within functional cost categories

Note: EPS denotes earnings per share

Second quarter group revenues were EUR 1,183 million, down 5% sequentially compared to the first quarter 2022 and down 5% compared to same quarter 2021, influenced by deconsolidation effects.

Adjusted¹ group gross margin for the second quarter 2022 was 32%, down from 33% for the first quarter as well as for the same quarter 2021. First half group revenues were EUR 2,429 million, compared to EUR 2,521 for the same period 2021. Adjusted¹ group gross margin for the first half 2022 was 32% compared to 34% for the same period 2021.

The second quarter adjusted¹ group result from operations (EBIT) was EUR 104 million or 9% of revenues compared to EUR 126 million or 10% for the first quarter and EUR 109 million or 9% of revenues for the same period 2021 (unadjusted: EUR 216 million or 18% of revenues for the second quarter reflecting a substantial one-time effect from a disposal). The adjusted¹ group result from operations (EBIT) for the first half was EUR 230 million or 9% of revenues compared to EUR 251 million or 10% for the same period 2021.

Second quarter adjusted¹ group net result was EUR -54 million due to one-time effects compared to EUR 102 million for the first quarter and compared to EUR 70 million for the same quarter 2021 (unadjusted: EUR 58 million for the second quarter). Second quarter adjusted¹ diluted earnings per share² were EUR -0.21 or CHF -0.21 (EUR 0.22 or CHF 0.22 unadjusted). First half adjusted¹ group net result was EUR 48 million compared to EUR 144 million for the same period 2021. First half adjusted¹ diluted earnings per share³ were EUR 0.18 or CHF 0.18 (EUR 0.28 or CHF 0.29 unadjusted).

Second quarter group operating cash flow was EUR 100 million while group free cash flow was positive with EUR 3 million. First half group operating cash flow was EUR 247 million with a free cash flow of EUR 37 million. Group net debt was EUR 1,727 million on 30 June 2022, translating into a group leverage of 1.9x net debt/adjusted¹ EBITDA. Through the scheduled repayment of the September 2022 USD convertible bond and a promissory note (Schuldscheindarlehen) in the third quarter ams OSRAM expects its gross debt position to be approx. EUR 350 million lower by the end of the third quarter. Cash and cash equivalents stood at EUR 1,413 million on 30 June 2022.

The group's Semiconductors segment again offered the largest contribution to group results providing 68% of revenues in the second quarter. The segment's automotive business delivered good results in a demanding market environment where end-to-end supply imbalances continued to result in reduced production volumes. This constrained industry situation was additionally impacted by lockdown-related

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

² Based on 261,253,566 basic / 262,689,017 diluted shares

³ Based on 261,250,065 basic / 262,076,070 diluted shares

repercussions in Asia during the second quarter. The consumer market area performed solidly and in line with expectations in the second quarter. Lockdown-related impacts in Asia added to seasonal effects and created a less favorable demand situation with lower global smartphone shipments. Against this backdrop ams OSRAM benefitted from the broad presence of its optical sensing solutions across consumer market segments and device classes. The industrial and medical market area continued its attractive contribution to group results in the second quarter. Demand for advanced LED solutions in established and emerging applications as well as for imaging solutions remained robust in important markets. Optical innovation is a cornerstone of ams OSRAM's strategy for profitable growth. The group's R&D investments and product roadmaps remain clearly focused on growth opportunities that will drive innovative optical applications for automotive, consumer, industrial and medical markets.

The Lamps & Systems (L&S) segment delivered an in-line performance in the second quarter contributing 32% of revenues. The L&S automotive business including legacy traditional lighting tracked expectations in the second quarter taking into account automotive supply chain volatility and imbalances next to stronger seasonal slowdowns in the aftermarket. The other L&S businesses offered solid contributions from their range of industrial, building-related and medical applications in line with respective end demand trends.

For the third quarter 2022, ams OSRAM expects group revenues of EUR 1,150-1,250 million (EUR 1,190-1,290 million on a comparable portfolio basis) and an expected adjusted operating (EBIT) margin of 6-9%, based on currently available information and exchange rates. These expectations include a revenue deconsolidation effect for the third quarter from the closing of the disposal of the AMLS automotive lighting systems business which reduces expected third quarter revenues by around EUR 40 million on a comparable portfolio basis.

Expectations for the third quarter reflect a more demanding situation in key end markets and a more unfavorable macro-economic environment including expected inventory adjustments in the industry, amongst others driving overall reduced automotive production volumes and lower total smartphone volumes year-on-year. While expected revenues show a solid development, these end market trends cause decreased production volumes in ams OSRAM's manufacturing operations in the third quarter, negatively impacting group margins. In light of these macro-economic trends, ams OSRAM is proactively implementing a range of cost mitigation measures while the group manages through the evolving market environment.

Ad hoc

Financial information second quarter/first half 2022



The expectations for the third quarter also incorporate disposal-related deconsolidation effects compared to the previous year.

The Half Year Report 2022 and additional selected financial information for the second quarter and first half 2022 is available on the company [website](#). The second quarter 2022 investor presentation is also available on the company [website](#). ams OSRAM will hold a conference call on the second quarter and first half results on Friday, 29 July 2022 at 10.30am CEST. The conference call will be available via webcast at: <https://bit.ly/3nQHLYf>.

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About ams OSRAM

The ams OSRAM Group (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.

Our around 24,000 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 over EUR 5 billion revenues in 2021 and is listed as ams-OSRAM AG on the SIX Swiss Exchange (ISIN: AT0000A18XM4).

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

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for further information

Investor Relations

ams-OSRAM AG
Moritz M. Gmeiner
Head of Investor Relations
T +43 3136 500 31211
investor@ams-osram.com
ams-osram.com

Media Relations

ams-OSRAM AG
Amy Flécher
Vice President Marketing Communications
T +43 664 8816 2121
press@ams-osram.com
ams-osram.com

Group Consolidated Statement of Income according to IFRS

(unaudited)

EUR million (except earnings per share)	Q2 2022	1st Half 2022	Q2 2021 *reclassified	1st Half 2021 *reclassified
Revenues	1,183	2,429	1,239	2,521
Cost of sales	-834	-1,695	-1,002	-1,867
Gross profit	348	733	237	654
Research and development expenses	-151	-313	-193	-360
Selling, general and administrative expenses	-157	-313	-187	-372
Other operating income	160	163	32	41
Other operating expense	17	-14	-6	-7
Result from investments in associates	-1	-1	-3	-7
Result from operations	216	256	-119	-52
Net financial result	-50	-100	-33	-90
Result before tax (contin. operations)	166	156	-152	-142
Income taxes	-108	-82	-8	-17
Net result (continuing operations)	58	74	-160	-160
Results from discontinued operations	0	0	2	0
Net result	58	74	-158	-160
Attributable to:				
Non-controlling interests	-	0	-1	-8
Shareholders of ams-OSRAM AG	58	73	-157	-153
Basic earnings per share in EUR	0.22	0.28	-0.60	-0.58
Diluted earnings per share in EUR	0.22	0.28	-0.60	-0.58
Basic earnings per share in EUR (continuing operations)	0.22	0.28	-0.61	-0.58
Diluted earnings per share in EUR (continuing operations)	0.22	0.28	-0.61	-0.58
Basic earnings per share (in CHF) ¹⁾	0.23	0.29	-0.67	-0.64
Diluted earnings per share (in CHF) ¹⁾	0.22	0.29	-0.67	-0.64

¹⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

Earnings per share: Q2 2022 based on 261,253,566 basic / 262,689,017 diluted shares; HY 2022: based on 261,250,065 basic / 262,076,070 diluted shares; Q2 2021 based on 261,165,151 basic / 261,469,132 diluted shares; HY 2021 based on 261,075,946 basic / 261,739,155 diluted shares

* Commencing with fiscal year 2022, changes in presentation were made to the Consolidated Income Statement with the primary objective of standardising the presentation of functional costs throughout the ams OSRAM Group. The former ams and OSRAM companies had previously allocated costs to different functional cost categories. The presentation of the corresponding functional costs in the Consolidated Income Statement has been adjusted for fiscal year 2021 to ensure comparability. The reclassifications for the previous year are as follows:

EUR million	Q2 2021 after reclassification	Q2 2021 before reclassification	1st Half 2021 after reclassification	1st Half 2021 before reclassification
Cost of sales	-1,002	-1,005	-1.867	-1,873
Gross profit	237	234	654	647
Research and development expenses	-193	-179	-360	-334
Selling, general and administrative expenses	-187	-199	-372	-395
Other operating income	32	25	41	43
Other operating expense	-6	3	-7	-7

Group Consolidated Balance Sheet according to IFRS

(unaudited)

EUR million	June 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	1,413	1,331
Financial investments short-term	29	6
Trade receivables	669	688
Inventories	985	938
Other receivables and assets	218	185
Assets held for sale	273	134
Total current assets	3,588	3,282
Property, plant and equipment	1,648	1,606
Intangible assets	3,965	3,989
Right-of-Use assets	263	260
Investments in associates	33	34
Deferred tax assets	110	182
Other non-current assets	176	143
Financial assets	157	147
Total non-current assets	6,353	6,362
Total assets	9,941	9,644
Liabilities and Equity		
Current liabilities		
Short-term interest-bearing loans and borrowings	411	480
Trade payables	683	710
Income tax payables	78	85
Current Provisions	249	328
Other current liabilities	1,370	1,359
Liabilities associated with assets held for sale	77	40
Total current liabilities	2,868	3,001
Interest-bearing loans and borrowings	2,730	2,646
Employee benefits	154	181
Deferred tax liabilities	196	205
Provisions	48	48
Other liabilities	391	413
Total non-current liabilities	3,519	3,493
Equity		
Issued capital	274	274
Additional paid-in capital	2,021	1,997
Treasury shares	-122	-122
Other components of equity	343	115
Retained earnings	1,028	877
Total equity attributable to shareholders of ams-OSRAM AG	3,545	3,142
Non-controlling interests	9	8
Total equity	3,554	3,150
Total liabilities and equity	9,941	9,644

Group Consolidated Statement of Cash Flows according to IFRS

(unaudited)

EUR million	Q2 2022	1st Half 2022	Q2 2021	1st Half 2021
Operating activities				
Net result	58	74	-158	-160
Reconciliation between net result and cash flows from operating activities				
Result from discontinued operations, net of tax	-	-	-2	0
Amortization, depreciation, and impairment ¹⁾	141	298	304	462
Expenses from stock option plans (acc. to IFRS 2)	13	24	11	22
Income taxes	108	82	8	17
Net financial result	50	100	33	90
Result from sales of businesses, intangible assets, and property, plant, and equipment, net	-152	-152	-24	-24
Result from sale of financial investments	-	0	-	0
Gains/losses from fair value measurement and sale of financial assets	-10	-10	-	-
(Gains) losses on investments accounted for using the equity method	1	1	0	5
Other adjustments for non-cash items	-1	-1	2	2
Change in current assets and liabilities				
Inventories	-72	-107	-25	-49
Trade receivables	-24	16	-11	-43
Other current assets	-11	-40	-31	-3
Trade payables	30	-19	98	120
Current provisions	-57	-72	-3	-16
Other current liabilities	26	70	5	17
Change in other assets and liabilities	13	9	3	8
Income taxes paid	-15	-28	-20	-52
Dividends received	1	1	-	-
Interest received	2	3	1	2
Cash flows from operating activities (continuing operations)	100	247	190	397
Cash flows from operating activities discontinued operations	-	-	-	-
Cash flows operating activities	100	247	190	397

¹⁾ Q2 2022 / H1 2022: EUR 93 million / EUR 209 million for property, plant and equipment; EUR 48 million / EUR 89 million for intangible assets

EUR million	Q2 2022	1st Half 2022	Q2 2021	1st Half 2021
Investing activities				
Additions to intangible assets and property, plant, and equipment	-97	-210	-44	-124
Acquisitions, net of cash and cash equivalents acquired	-7	-7	-429	-442
Purchases of investments	0	-1	-1	-9
Proceeds from sales of investments, intangible assets, and property, plant, and equipment	1	5	6	9
Proceeds from sales of businesses, net of cash and cash equivalents disposed	251	251	73	77
Cash flows from investing activities (continuing operations)	148	39	-395	-490
Cash flows from investing activities discontinued operations	-	-	-	-
Cash flows from investing activities	148	39	-395	-490
Financing activities				
Payments from capital increases in subsidiaries with non-controlling interests	-	-	13	13
Payments from transactions with former non-controlling shareholders	-	-3	-	-
Acquisition of treasury shares	0	0	0	-1
Sale of treasury shares	0	1	2	4
Proceeds from loans	-	0	1	96
Repayment of loans	-5	-67	-4	-169
Buyback of convertible bonds	-	-	-17	-17
Repayment of lease liabilities	-39	-56	-20	-33
Interest paid	-16	-62	-18	-73
Guaranteed dividends paid to shareholders of OSRAM Licht AG	-53	-53	-	-
Dividends paid to other non-controlling interests	-	-	-1	-1
Cash flows from financing activities (continuing operations)	-112	-239	-44	-182
Cash flows from financing activities (discontinued operations)	-	-	-	-
Cash flows from financing activities	-112	-239	-44	-182
Effects of changes in foreign exchange rates on cash and cash equivalents	65	65	-14	19
Net change in cash and cash equivalents	200	111	-263	-256
Cash and cash equivalents at the beginning of the period	1,250	1,339	1,615	1,609
Cash and cash equivalents at the end of the period	1,450	1,450	1,352	1,352
Less: Cash and cash equivalent of assets held for sale at the end of reporting period	37	37	12	12
Cash and cash equivalents at the end of the period (continuing operations)	1,413	1,413	1,340	1,340

Reconciliation from adjusted figures to reported figures according to IFRS

EUR million	Q2 2022	1st Half 2022	Q2 2021*	1st Half 2021*
Gross profit – adjusted	374	786	414	863
Acquisition-related expense ¹⁾	-21	-40	-20	-40
Share-based compensation	0	-1	0	-1
Transformation costs	-4	-11	-6	-17
Asset restructuring	-	-	-151	-151
Gross profit – IFRS reported	348	733	237	654
Gross margin in % – adjusted	32%	32%	33%	34%
Gross margin in % – IFRS reported	30%	30%	19%	26%
Operating expenses – adjusted	-270	-556	-305	-612
Acquisition-related expense ¹⁾	-27	-42	-27	-47
Share-based compensation	-13	-23	-11	-22
Result from the sale of businesses	180	155	20	20
Transformation costs	-2	-10	-30	-38
Result from investments in associates	-1	-1	-3	-7
Operating expenses – reported	-132	-478	-357	-706
Result from operations – adjusted	104	230	109	251
Acquisition-related expense ¹⁾	-48	-82	-47	-88
Share-based compensation	-13	-25	-11	-23
Transformation costs	-6	-21	-36	-54
Result from the sale of businesses	180	155	20	20
Asset restructuring	0	0	-151	-151
Result from investments in associates	-1	-1	-3	-7
Result from operations – IFRS reported	216	256	-119	-52
Operating margin in % – adjusted	9%	10%	9%	10%
Operating margin in % – reported	18%	11%	-10%	-2%
Result from operations – adjusted	104	230	109	251
Amortization, depreciation and impairment (excluding acquisition-related expense) ¹⁾	114	224	109	232
EBITDA – adjusted	217	453	218	483
Result from operations – adjusted	104	230	109	251
Net financing result	-50	-100	-33	-90
Income tax result	-108	-82	-8	-17
Net result adjusted (continuing operations)	-54	48	68	144
Result from discontinued operations	0	0	2	0
Net result – adjusted	-54	48	70	144
Basic adjusted earnings per share (in EUR)	-0.21	0.18	0.26	0.58

* 2021 financials reflect reclassification within functional cost categories

¹⁾ Acquisition-related expense include amortization, depreciation and impairment of purchase price allocated assets, integration, carve-out and acquisition related