

ams OSRAM to re-assess its microLED strategy, to record non-cash impairment charges, to adjust its mid-term structural revenue growth target to 6% to 8%, and to improve cash flow profile

- A cornerstone project underpinning its microLED strategy got unexpectedly cancelled today, triggering the company to re-assess its microLED strategy.
- Non-cash impairment charges of EUR 600 to 900 million are expected based on a preliminary first estimate.
- FY/24: As a first estimate, the company expects around EUR 30 to 50 million lower adjusted EBIT for FY2024 due to lower capitalization of R&D expenses and lower subsidies from government funding schemes. The company will consider additional cost improvements on top of its known Re-Establish-the-Base program to lessen the impact.
- Q1/24: No change to first quarter 2024 revenue (EUR 800 to 900 million) guidance
- Q1/24: No change to the adj. EBIT margin range of 4% to 7% expected, but profitability will be impacted by lower capitalization of R&D expenses and lower subsidies within this range.
- The cash flow profile of the company is expected to be positively impacted in the next 24 months (lower CAPEX amongst other effects).
- Mid-term structural growth model slightly adjusted to 6% to 8% revenue CAGR from its new 2023 base excluding the non-core semiconductor portfolio and the Lamps & Systems related divestiture in Q1/2023.

Premstaetten, Austria, and Munich, Germany (28 February 2024) - ams OSRAM revises its microLED strategy with unexpected cancellation of cornerstone project. A non-cash impairment charge of EUR 600-900m, a slightly revised mid-term revenue CAGR of 6-8% on a like-for-like basis, and a positive impact to its cash-flow profile within the next 24 months is expected.

The Management Board of ams OSRAM AG has decided to re-assess the microLED strategy of the company after having been informed of the unexpected cancellation of a cornerstone project for its microLED program. Discussions with the related customer are ongoing.

Following the cancellation of the cornerstone microLED project, the company will revisit the future use of its assets related to its microLED strategy, particularly the new 8-inch LED facility in Kulim (Malaysia). Based on a first, preliminary estimation, ams OSRAM expects to record non-cash impairment charges on microLED related assets and goodwill of EUR 600 to 900 million in the first quarter of fiscal year 2024.

Changes to the capitalization of R&D investments into microLED and reduced subsidies from public funding schemes will impact the operational profitability (adjusted EBIT) for FY2024 by around EUR 30 to 50 million. The company considers additional cost improvements on top of its known 'Re-Establish-the-Base' program to further balance this negative impact on Fiscal Year profitability.

The underlying business performance is on track and the company continues to expect first quarter revenues to improve year-over-year on a comparable basis to a level of EUR 800 - 900 million. The adj. EBIT is expected to still come in between 4% to 7% of revenues but will be burdened by the aforementioned

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changes to capitalization of R&D and reduced subsidies within that range.

The cancellation of the cornerstone project is expected to improve the cash flow profile of the company in the next 24 months, among others due to reduced CAPEX.

Implications for mid-term target financial model

The company now assumes on a like-for-like basis (without the non-core portfolio in semiconductors of EUR 300 to 400 million in 2023 and the divestments in the L&S segment in Q1/2023), to grow revenues now with a 6% to 8% CAGR mid-term, as volume sales from its 8-inch LED facility in Kulim can no longer be assumed in that time frame. The company continues to expect that the largest growth contribution will be coming from the strong momentum in its target automotive semiconductor applications, where it is clear market leader, followed by mobile light sensors on the back of the large design-wins that the company secured earlier besides the other growth drivers in industrial, medical, and selected consumer applications.

The company sees unchanged momentum in design-wins in its core businesses of automotive, industrial and medical.

About ams OSRAM:

The ams OSRAM Group (SIX: AMS) is a global leader in intelligent sensors and emitters. By adding intelligence to light and passion to innovation, we enrich people's lives.

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 automotive, industrial, medical and consumer markets to 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 20,000 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 EUR 3.6 billion revenues in 2023 and is listed as ams-OSRAM AG on the SIX Swiss Exchange (ISIN: AT0000A18XM4).

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