

First quarter results 2022

Alexander Everke, CEO
Ingo Bank, CFO
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May 2022

Vision and mission for ams OSRAM

To create the uncontested leader in optical solutions

Sensing



Illumination



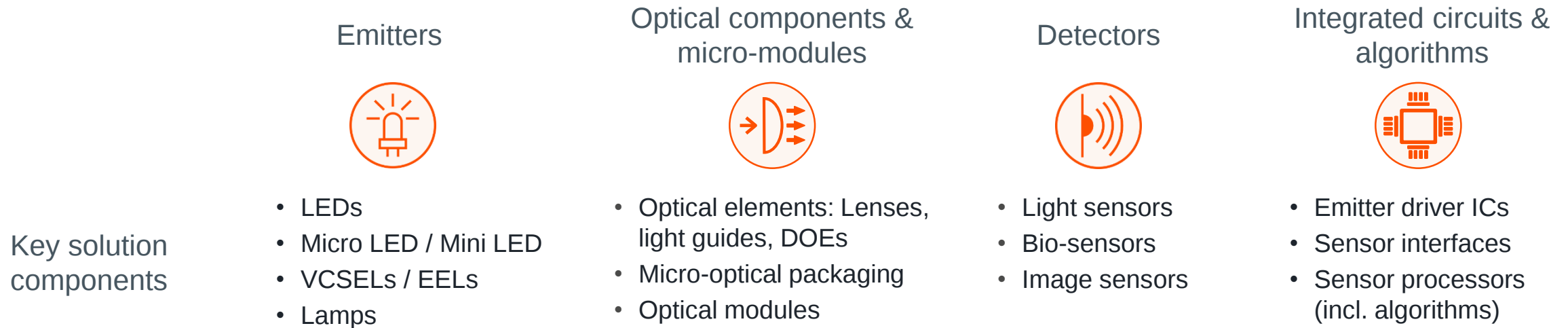
Visualization



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

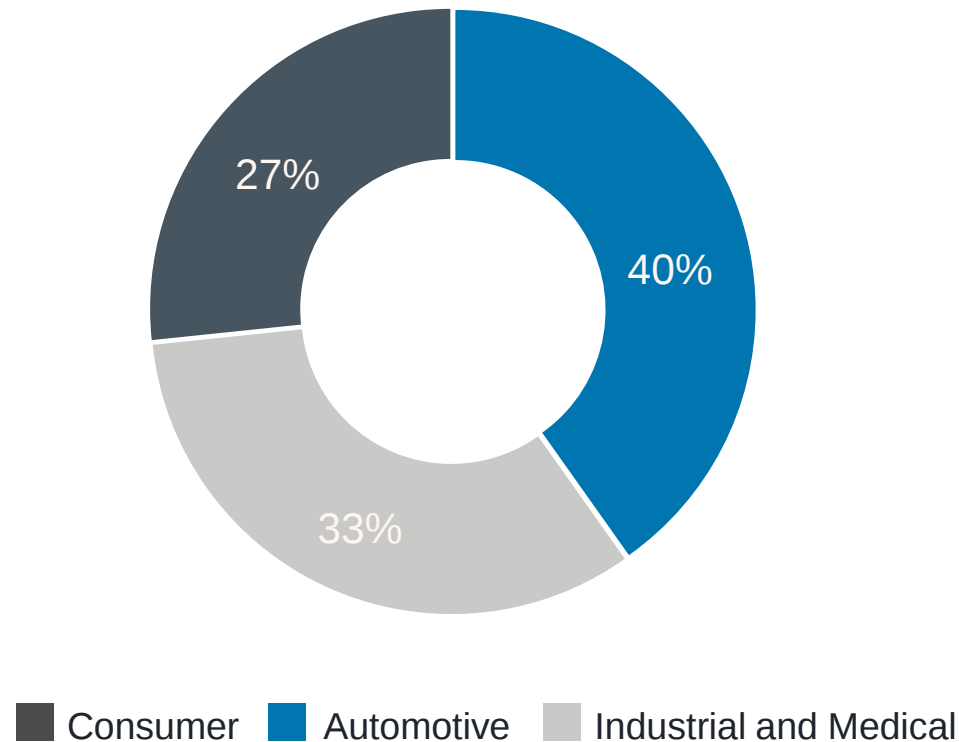


Visualization



Excellent position for leadership in optical solutions

Balanced revenue streams (FY 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
- 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

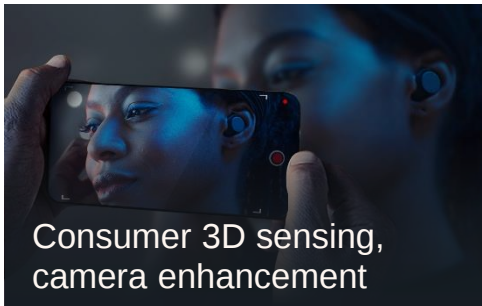
Clear long-term targets

- 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



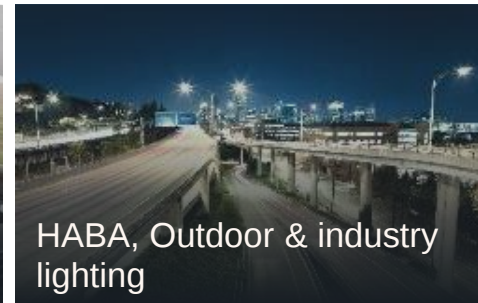
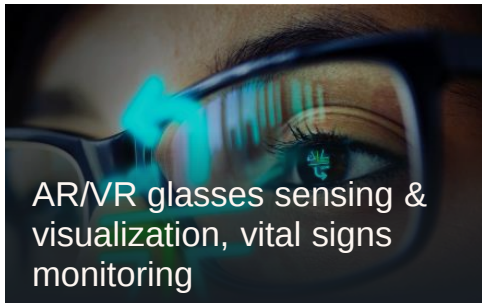
Industrial



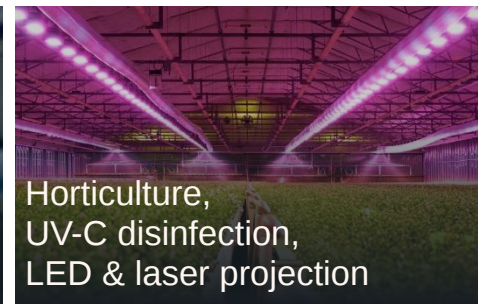
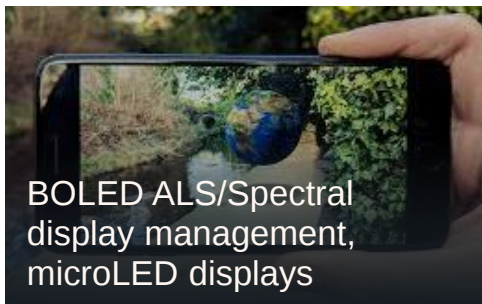
Medical



Smart Living (IoT)



Energy efficiency & sustainability



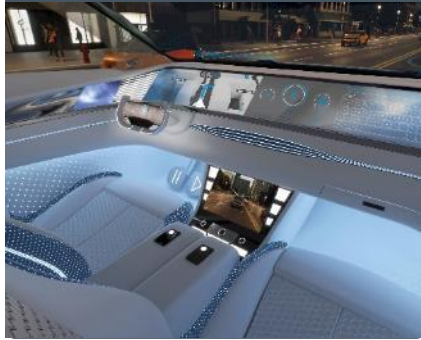
Enabling innovation in automotive mobility

Driving automotive application and technology trends

Exterior lighting



Interior lighting



Automated + autonomous driving



Display applications



Driver + interior monitoring



Gesture sensing + HMI

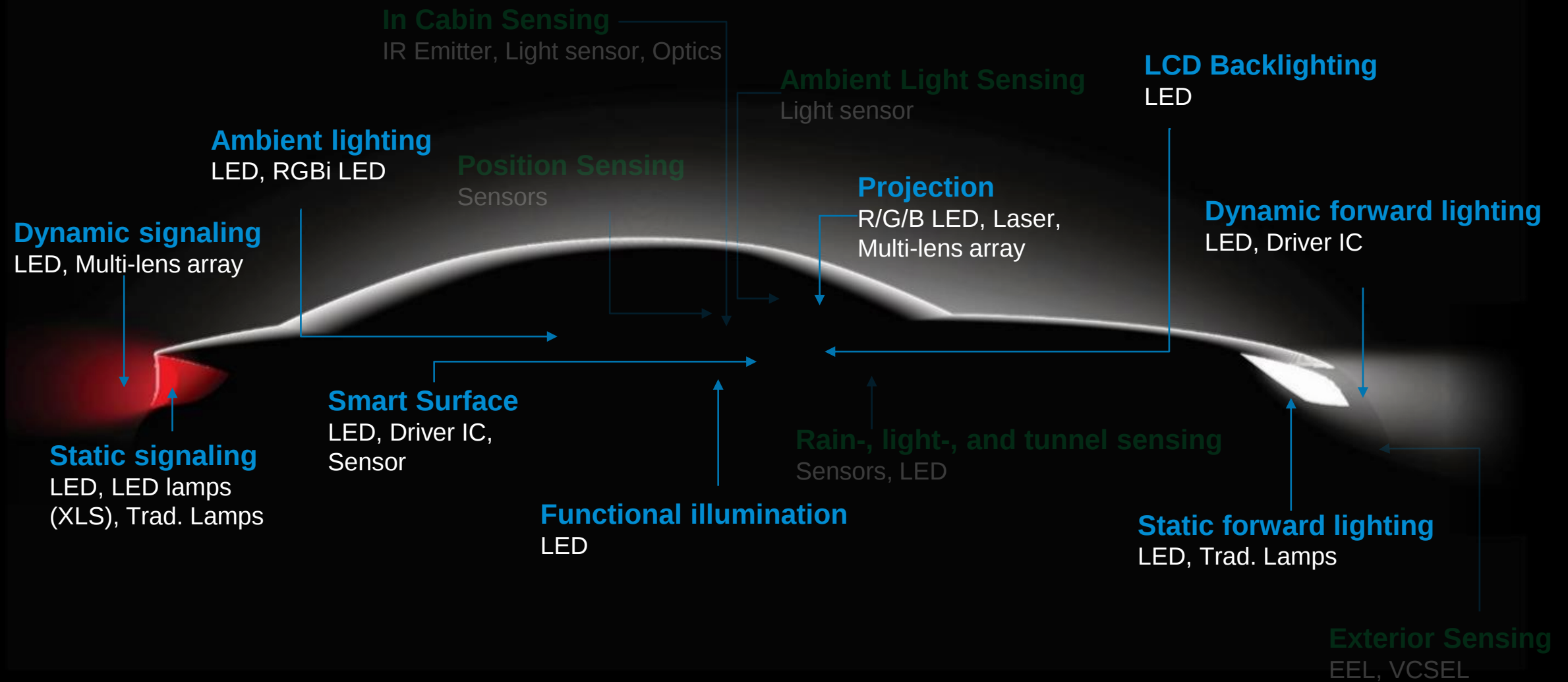


Automotive

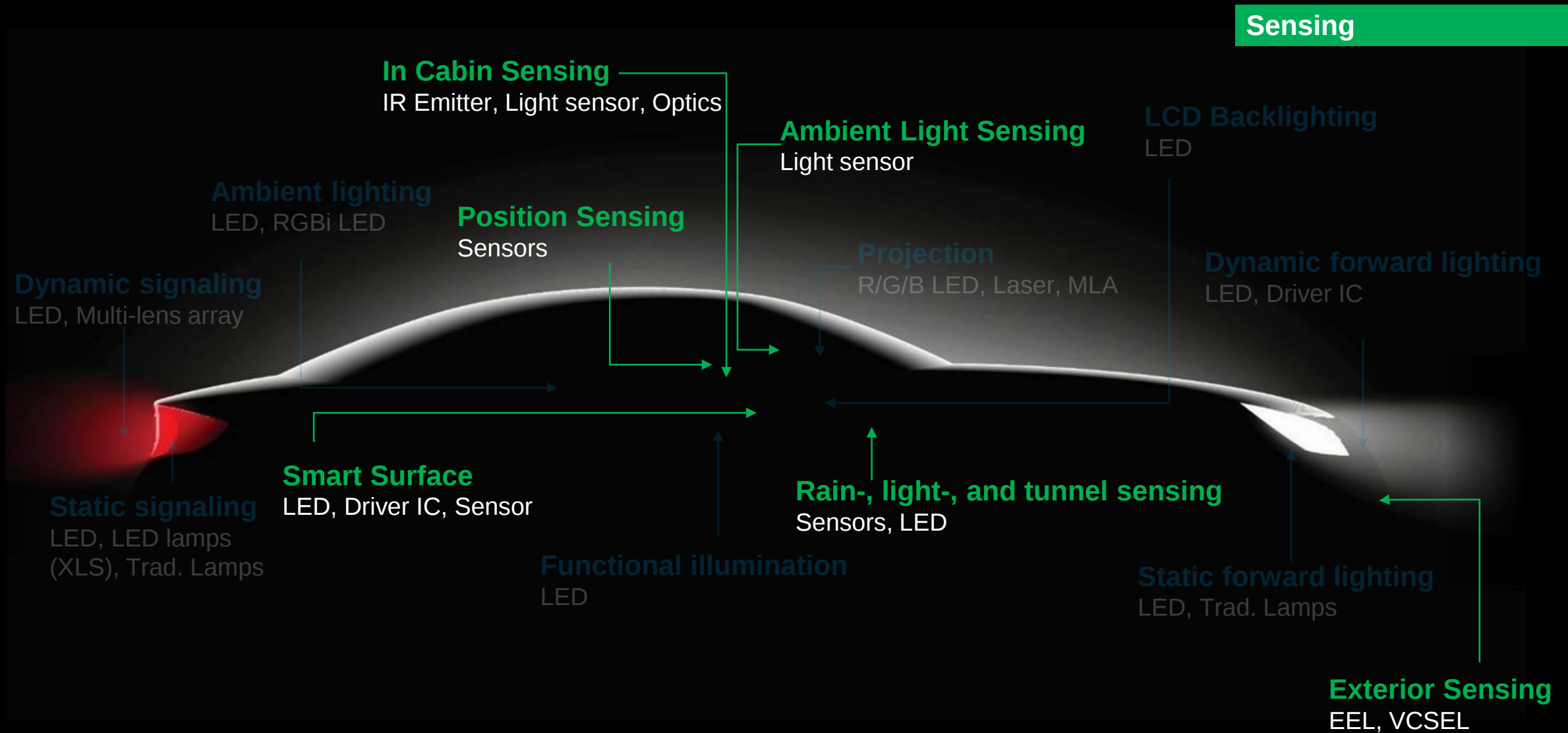
LED (low-mid-high power), matrix light, LIDAR (EEL/VCSEL), IRED, Micro LED, 2D/3D sensors, classic sources (Xenon, Halogen)

Broad offering of illumination, visualization and sensing components

Illumination / Visualization



Broad offering of illumination, visualization and sensing components



Enabling innovation in mobile + wearable devices

Creating solutions for consumer application and technology trends

3D AR/VR +
authentication



Next generation
Micro LED displays



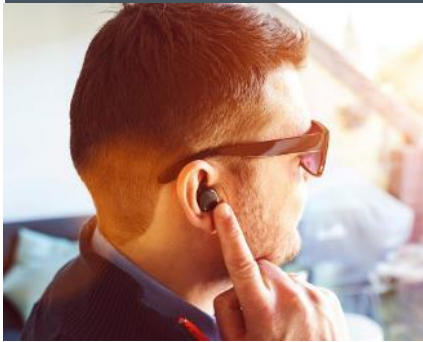
Camera
enhancement



Display
management



Presence detection



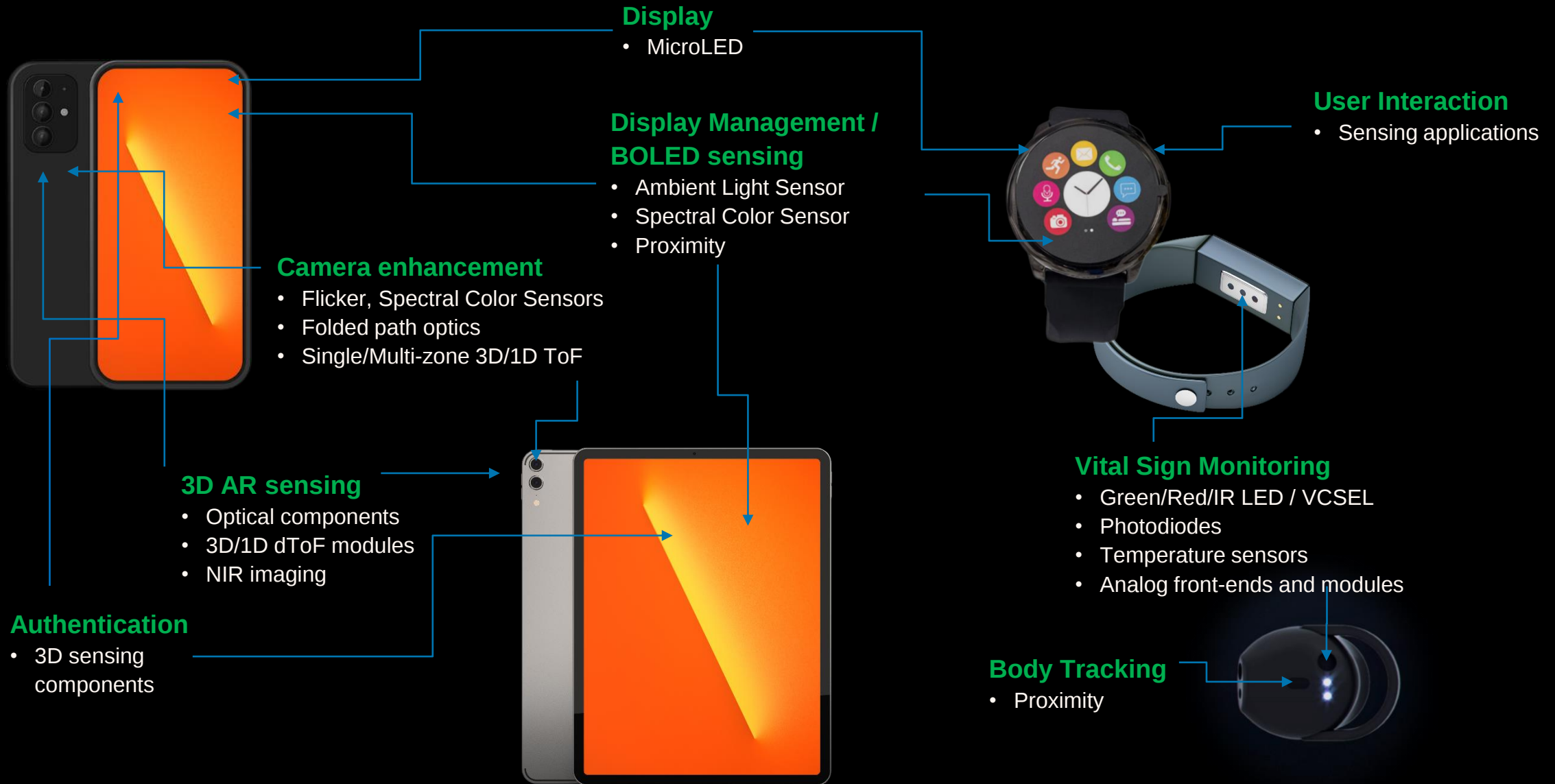
Near-to-Eye
projection



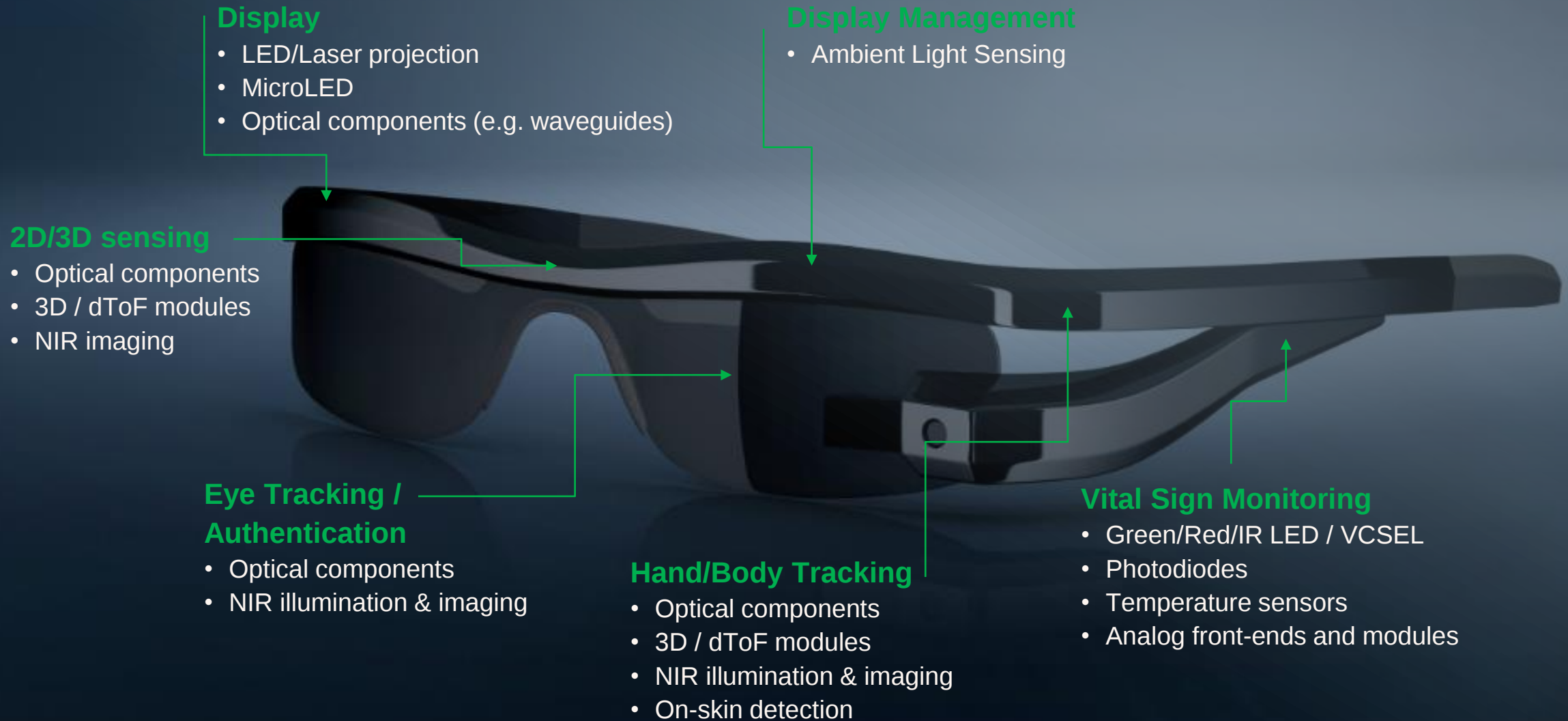
Mobile + wearable

3D sensing, BOLED, Micro LED, Mini LED, LED, IRED, color sensing, proximity sensing, VCSEL/EEL, Near-to-Eye, AWB, spectral sensing

Innovative portfolio for phones, wearables, other devices



Significant content opportunities in AR/VR glasses



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

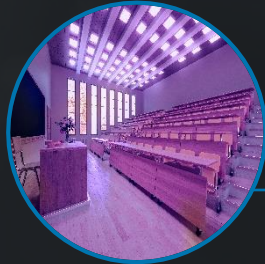
Key industrial and medical applications

Illumination & Visualization



Outdoor / Industry Lighting

→ LED, presence detection sensor



UV-C LED Disinfection

→ LED, spectral sensor



Horticulture & Smart Farming

→ LED, spectral sensor



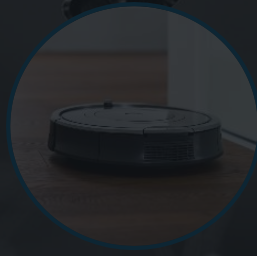
LED & Laser Projection

→ LED, laser



Home & Building Automation (HABA)

→ Image sensor, spectral sensor, illuminator, LED,



Robotics & Drones

→ Image sensor, spectral sensor, illuminator, laser, LED, full ToF module



Point-of-care diagnostics

→ Spectral sensor, LED



Medical Imaging

→ CT sensor modules, CMOS X-ray modules, ICs

Key industrial and medical applications

Sensing



Outdoor / Industry Lighting

LED, presence detection sensor



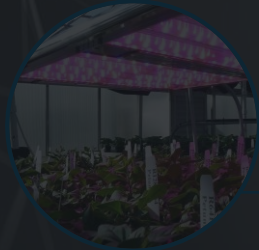
Home & Building Automation (HABA)

Image sensor, spectral sensor, illuminator, LED



UV-C LED Disinfection

LED, spectral sensor



Horticulture & Smart Farming

LED, spectral sensor



Robotics & Drones

Image sensor, spectral sensor, illuminator, laser, LED, full ToF module



Point-of-care Diagnostics

Spectral sensor, LED



LED & Laser projection

LED, laser



Medical Imaging

CT sensor modules, CMOS X-ray modules, Sensor Interface ICs

Highlights Q1 2022 / Outlook Q2 2022

Q1 2022

- Very solid results in demanding end market and supply chain environment, driven by strong operational performance
- Robust automotive business despite ongoing supply chain imbalances and reduced OEM production volumes
- Semiconductors: healthy automotive and industrial performance, consumer business in line with expectations
- L&S: overall positive results incl. traditional automotive markets and industrial applications
- Very solid operating profitability (adj.) above midpoint of guidance
- Good cash flow generation in line with expectations

Q2 2022

- Expected revenues EUR 1,150-1,250 million (EUR 1,180-1,280 million on a comparable portfolio basis)
- Expected operating profitability 8-11% (adj. EBIT margin)
- Fluence transaction closed 2 May
- Closing will result in deconsolidation effect for Q2 reducing Q2 revenues by approx. EUR 30 million on a comparable portfolio basis

Sensing is life

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Financial Results Q1 2022

Q1 2022 Key financials at a glance

Revenues

1,246m EUR

+1.4% q-o-q

Gross margin (adj.)

33.1%

412m EUR

EBIT margin (adj.)

10.1%

126m EUR

Net result (adj.)

102m EUR

8.2%

Operational Cash Flow

147m EUR

11.8%

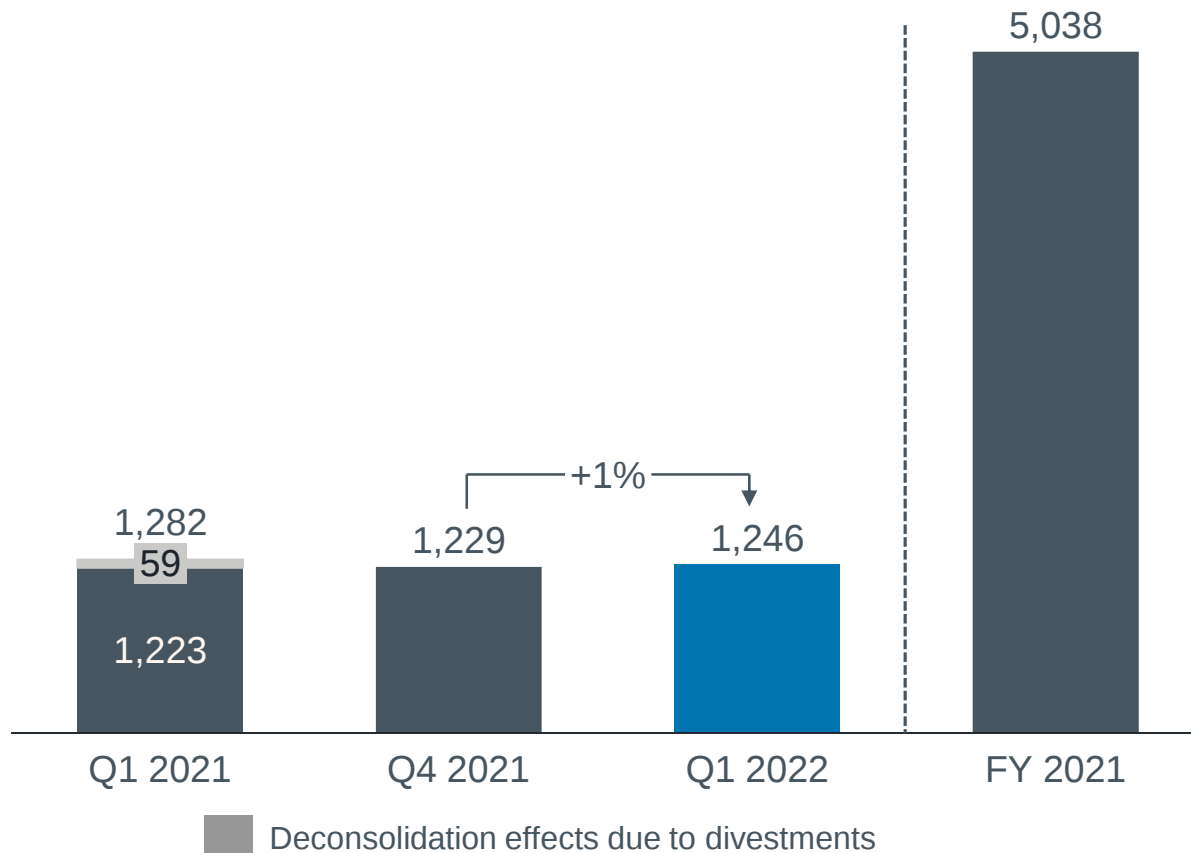
Net debt

1,853m EUR

2.0x Leverage

Group revenues – Q1 2022

Total revenues

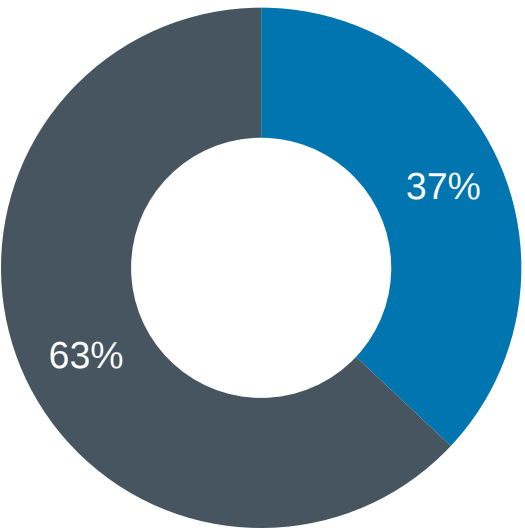


Comments

- Slight sequential improvement despite demanding market environment
- Q1 year-on-year revenue development reflects de-consolidation effect related to divestments including unwinding of former OSRAM Continental JV
- Like-for-like portfolio comparison shows ~2% growth year-on-year

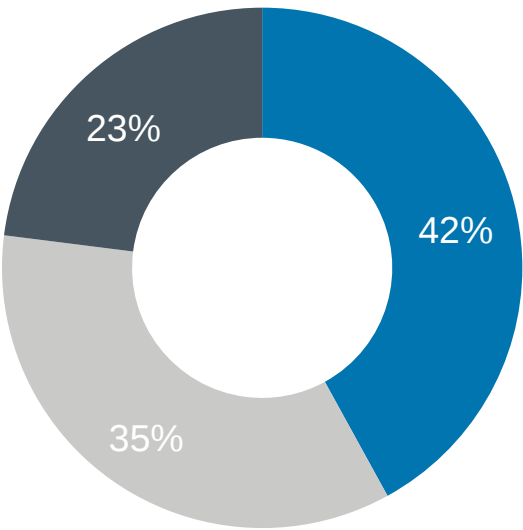
Balanced revenue distribution – Q1 2022

Revenues by segment



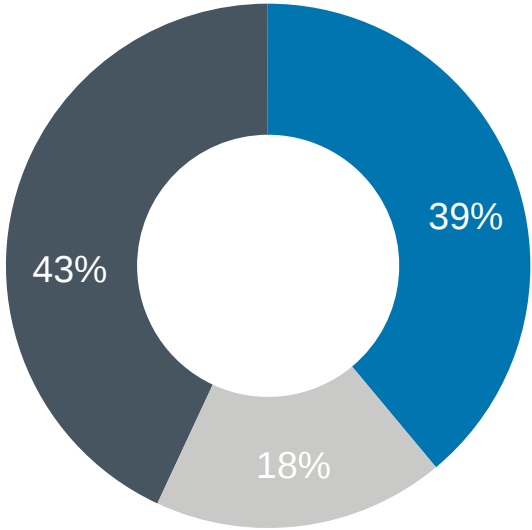
■ Semiconductors ■ Lamps & Systems

Revenues by end market



■ Automotive
■ Consumer
■ Industrial and Medical

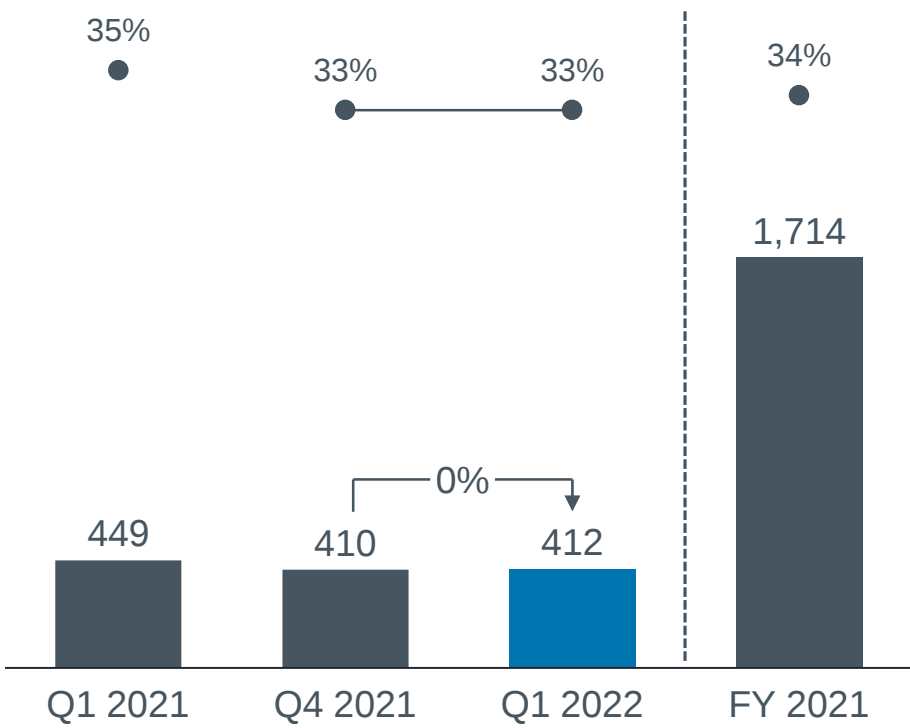
Revenues by region



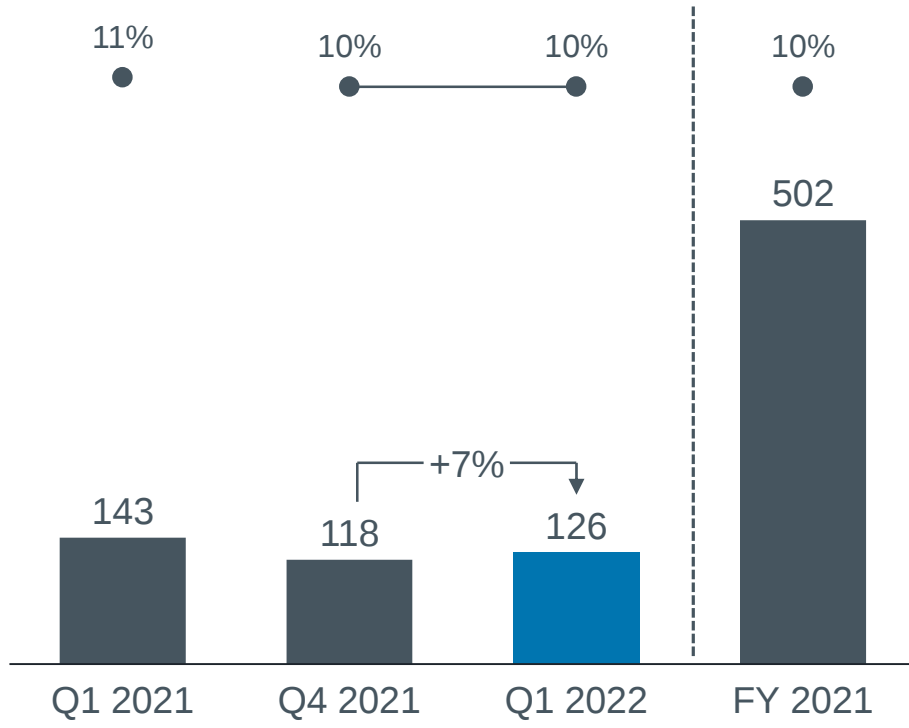
■ EMEA ■ APAC ■ Americas

Group profitability – Q1 2022

Gross profit, gross margin (adj.)¹⁾

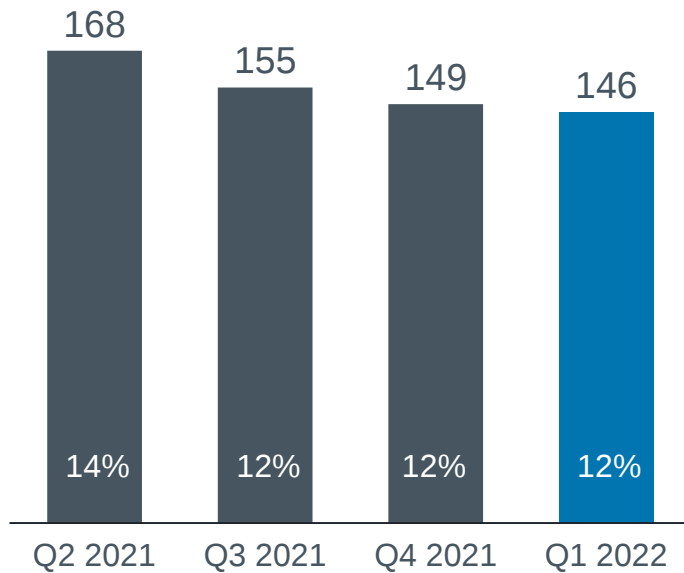


EBIT, EBIT margin (adj.)¹⁾

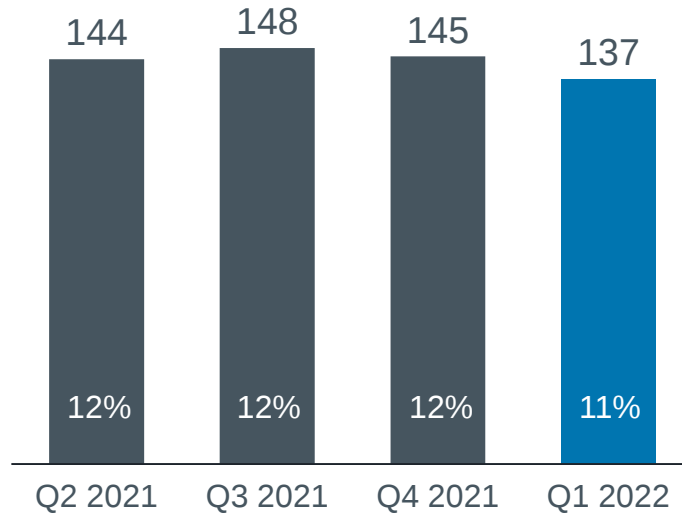


Operating expenses

R&D expenses (adj.)¹⁾



SG&A expenses (adj.)¹⁾

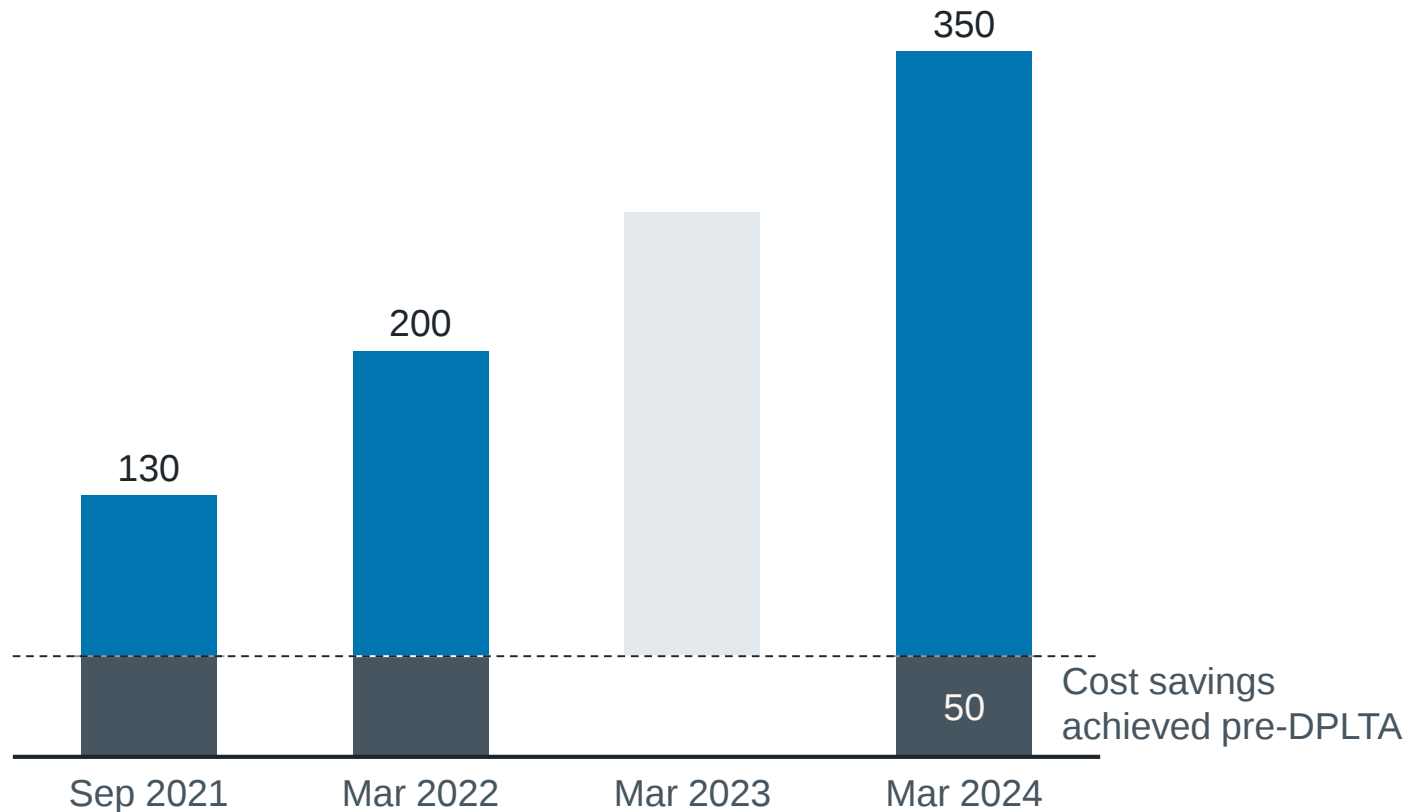


Comments

- 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%

Synergy realization at lower cost

EUR ~350m total synergies and cost savings

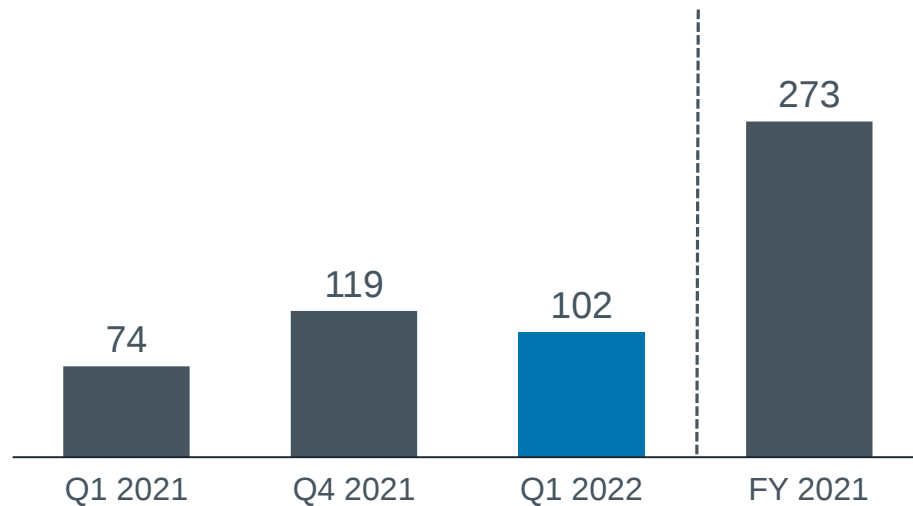


Key Aspects

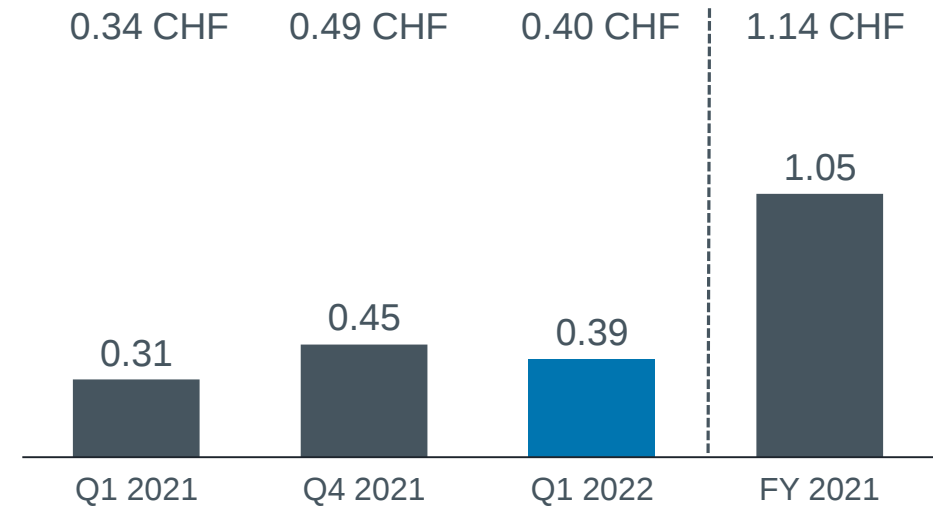
- Synergy + savings run-rate in 1Q22 increased to EUR 200m (gross)
- Initial synergies more OPEX, procurement and manufacturing overhead-related
- Key drivers
 - Headcount measures
 - Joint procurement initiatives
 - Reduction of SG&A costs
- >70% of total integration synergies expected within first two years of control
- Latest view estimate of cost to realize synergies is EUR ~270m

Adj. Net result and Adj. EPS

Net result (adj.)¹⁾



EPS basic (adj.)¹⁾

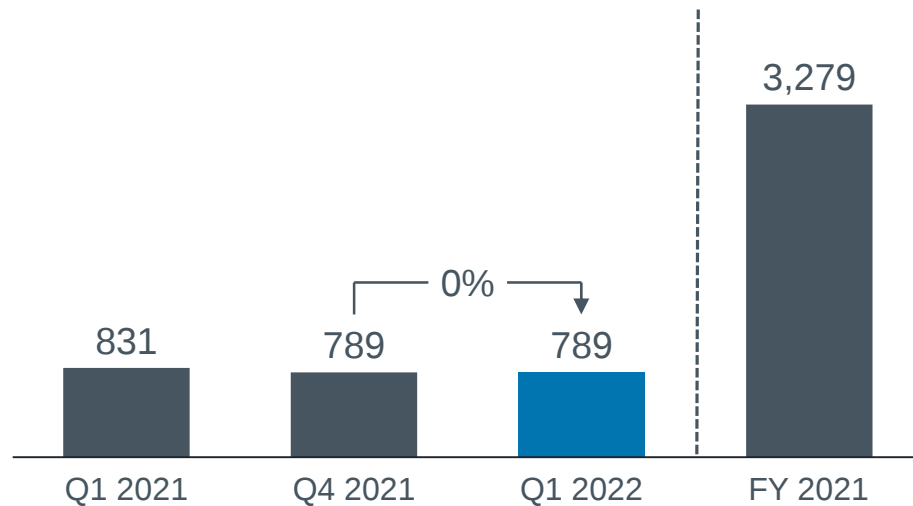


Comments

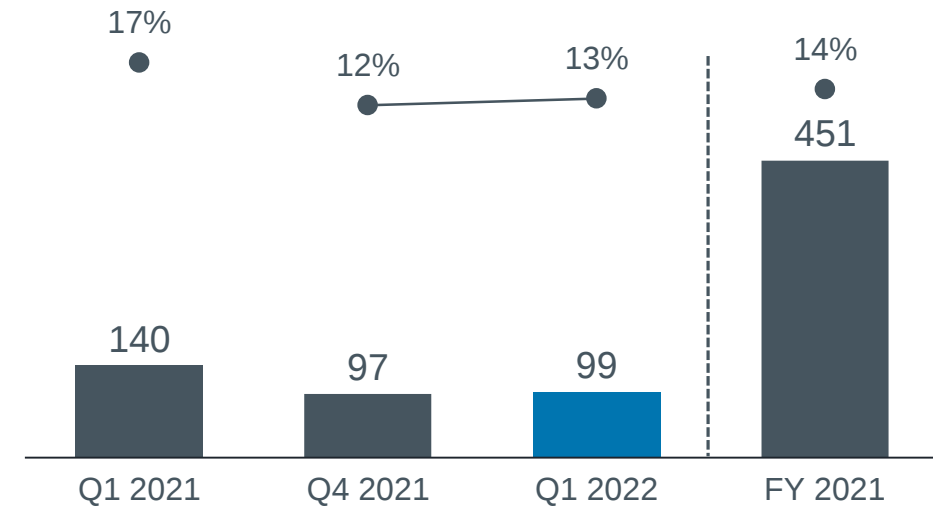
- Q1 2022: Financing result EUR -50m, in line with expectations (Q1 2021: EUR -57m)
- IFRS reported net result: Q1 2022 EUR 15m
- IFRS fair value adjustment for net assets held for sale related to the announced AMLS divestment (EUR -25m) included in IFRS reported figures

Semiconductors performance

Total revenues



EBIT, EBIT margin (adj.)¹⁾

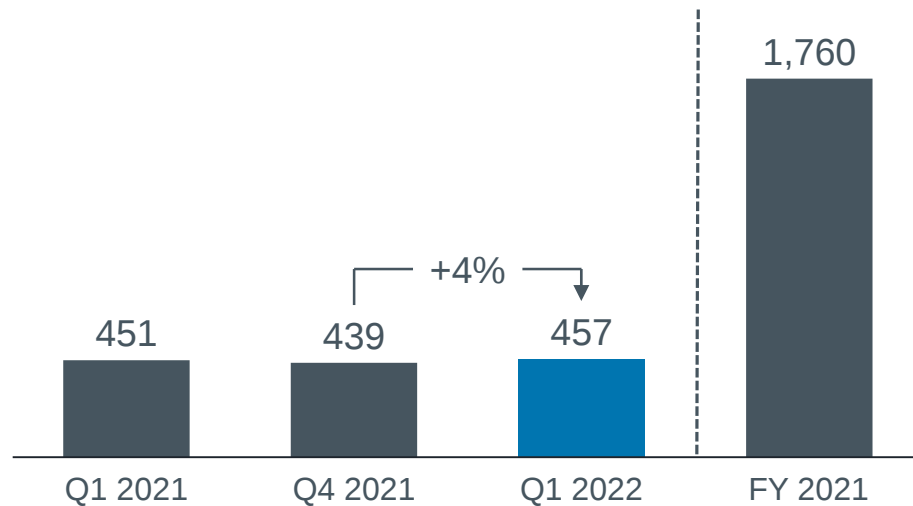


Comments

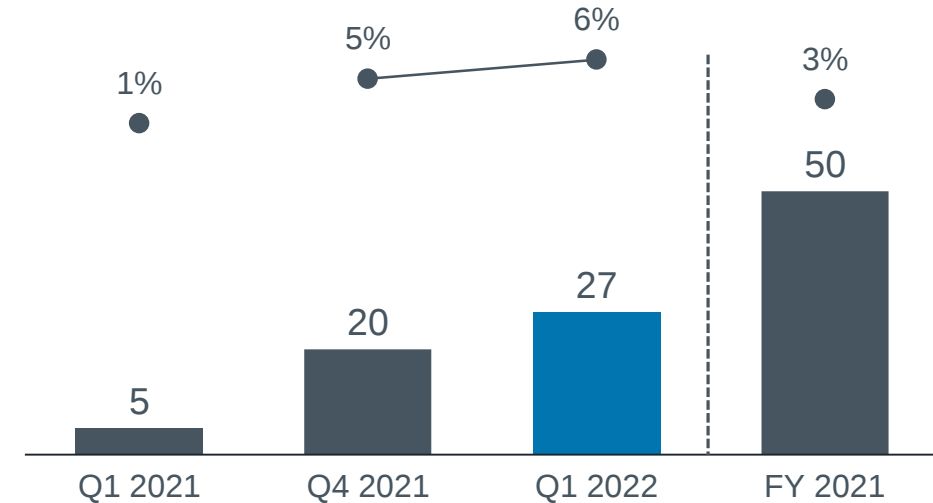
- Robust performance across automotive product areas, solid industrial demand
- Good consumer contribution in line with expectations
- Continued challenging supply chain environment; further exacerbated by Ukraine and China lockdown situations

Lamps & Systems performance

Total revenues



EBIT, EBIT margin (adj.)¹⁾

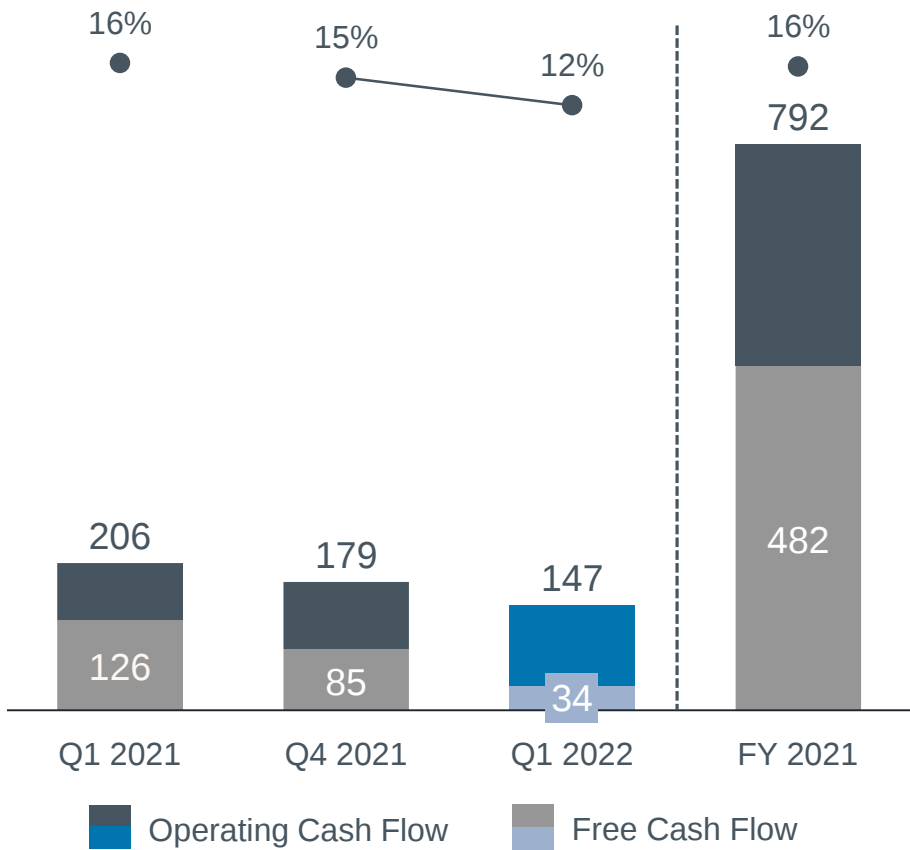


Comments

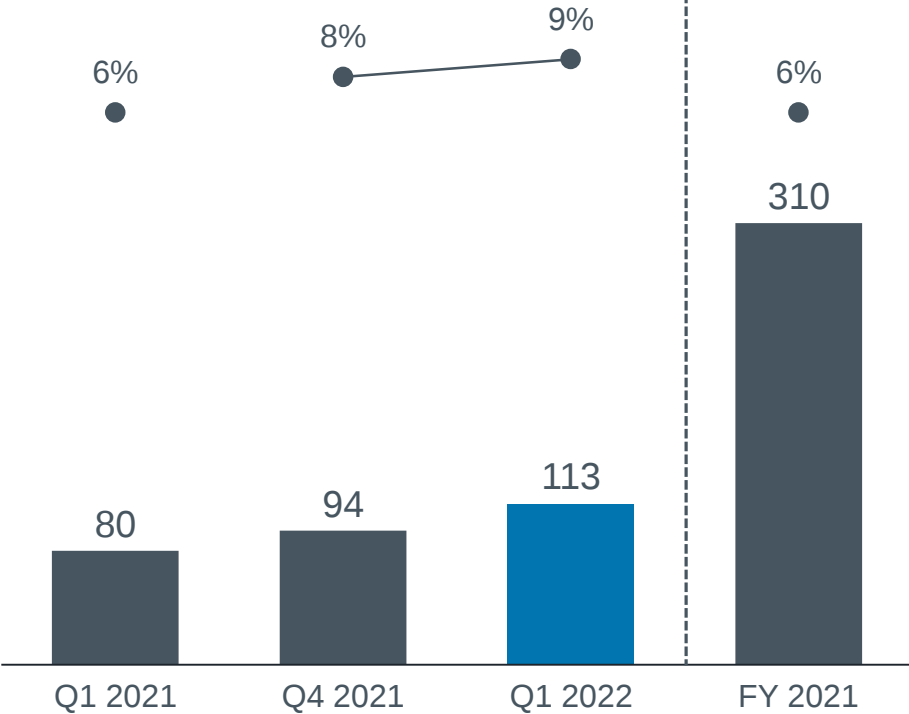
- AMLS sale announced to complete dissolution of former automotive JV; remaining portfolio divestment plan on track
- Good overall results driven by traditional automotive and industrial business, in a seasonally stronger quarter
- Ongoing supply chain challenges through imbalances in various industrial supply chains, further exacerbated by Ukraine and China lockdown situations

Cash flow overview

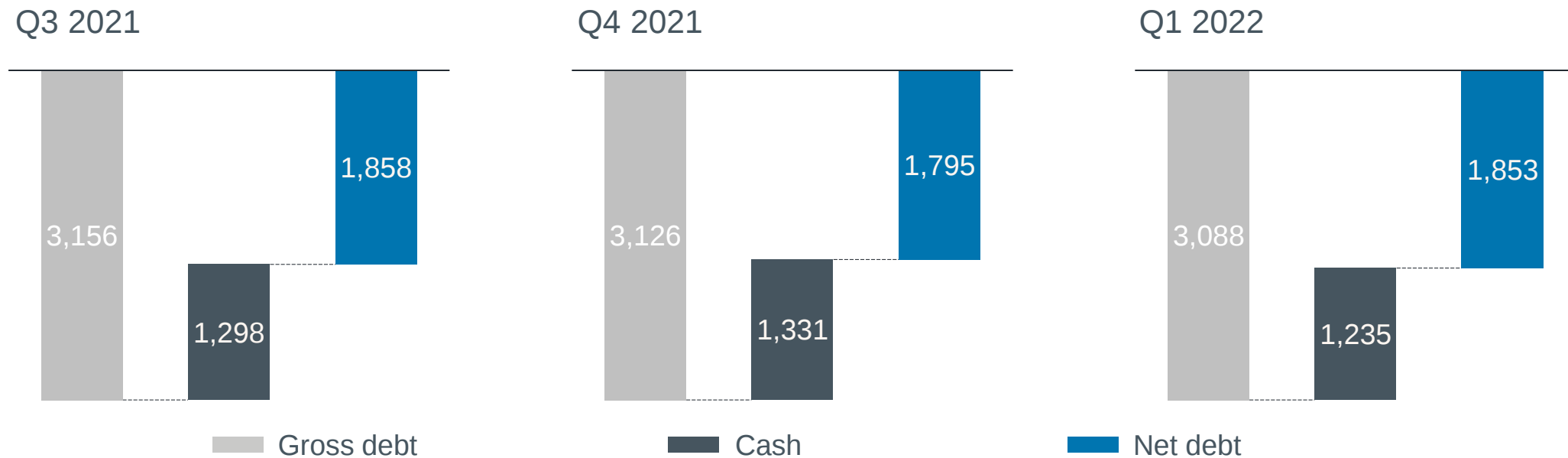
Operating / Free cash flow (FCF)



Capital expenditures



Cash and debt overview



Comments

- Group leverage of ~2.0x net debt/adjusted¹⁾ EBITDA at end of Q1 2022
- Well-layered debt and maturity structure, augmented by undrawn multi-year EUR 800m revolving credit facility
- Adj. EBITDA¹⁾ LTM EUR 929m (based on adj. EBIT + D&A not related to adjustments)

Outlook Q2 2022

Revenues

EUR 1,150-1,250 million
(EUR 1,180-1,280 million on a
comparable portfolio basis)

Operating profitability

8-11% (adjusted EBIT margin)

Comments

- Fluence transaction closed 2 May
- Closing will result in deconsolidation effect for Q2 reducing Q2 revenues by approx. EUR 30 million on a comparable portfolio basis

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Profit and loss statement

IFRS reported figures

	Q1 2022	Q1 2021	FY 2021
Revenues	1,246	1,282	5,038
Gross profit	385	417	1,449
• Gross margin (IFRS reported)	31%	33%	29%
• Gross margin (adjusted ¹⁾)	33%	35%	34%
Research and development	-162	-168	-692
Selling, general and administrative	-156	-185	-697
Other operating income/expenses	-28	7	170
Results from investments in associates	0	-4	-33
Result from operations (EBIT)	40	67	197
• EBIT margin (IFRS reported)	3%	5%	4%
• EBIT margin (adjusted ¹⁾)	10%	11%	10%
Net financing result	-50	-57	-198
Result before tax	-10	10	-1
Income tax result	26	-10	-31
Net result (IFRS reported)	15	-2	-32
Net result (adjusted ¹⁾)	102	74	273

Balance sheet

Assets	Mar 31, 2022	Dec 31, 2021	Liabilities and equity	Mar 31, 2022	Dec 31, 2021
Cash and cash equivalents	1,235	1,331	Short-term interest-bearing loans	419	480
Short-term investments	10	6	Trade payables	642	710
Trade receivables	622	688	Income tax payables	78	85
Inventories	947	938	Current provisions	300	328
Other receivables and assets	215	185	Other current liabilities	1,367	1,359
Assets held for sale	240	134	Liabilities held for sale	81	40
Total current assets	3,268	3,282	Total current liabilities	2,888	3,001
Property, plant and equipment	1,606	1,606	Interest-bearing loans	2,668	2,646
Intangible assets	3,973	3,989	Employee benefits	160	181
Right of use	247	260	Deferred tax liabilities	201	205
Investments in associates	34	34	Provisions	48	48
Deferred tax assets	207	182	Other liabilities	402	413
Other long term assets	132	143			
Financial assets	147	147			
Total non-current assets	6,346	6,362	Total non-current liabilities	3,480	3,493
			Shareholders' equity ams-OSRAM AG	3,238	3,142
			Non-controlling interests	9	8
Total assets	9,615	9,644	Total liabilities and equity	9,615	9,644

Cash flow statement

	Q1 2022	Q1 2021	FY 2021
Net result	15	-2	-32
Amortization, depreciation and impairment	157	158	760
Cash flow from operations	147	206	792
Capital expenditures	-113	-80	-310
Acquisition, net of cash acquired	0	-13	-524
Proceeds and payments from disposals of businesses	0	4	277
Cash flow from investing activities	-109	-95	-560
Proceeds from issuance of long-term debt and loans	0	95	97
Repayment of loans	-62	-166	-287
Repayment of convertible notes	0	0	-67
Repayment of lease liabilities	-18	-14	-75
Interest paid	-46	-55	-137
Cash flow from financing activities	-127	-137	-534
Net change in cash and cash equivalents	-89	6	-269
Cash and cash equivalents at end of period	1,235	1,598	1,331