

# Securing solid financial base for structural growth through a holistic financing solution

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# Holistic re-financing plan to strengthen balance sheet, reduce leverage and support structural growth in AIM and selected Consumer businesses

**New management team plans to set-up conservative balance sheet structure and long-term stable financing**

## Goals & motivation – financing needs

- **Strong support for revised strategy** including updated target financial model (announced with Q2 results)
- **'Re-establish the Base' program well received**, planned to deliver target of EUR 150mn cost savings by end-of-2025 & improving cash flow
- **Addressing existing debt maturities and financing needs until 2025/26**
  - **Senior Unsecured Notes and Convertible Bond**, in total EUR 1.7bn mature in 2025
  - **Bank facilities and promissory notes**, in total around EUR ~520mn are due in 2023 and 2024
  - **Cash flow needs to support growth strategy**, e.g. for completing pre-investments for highly differentiated structural growth technologies, such as micro-LED (new large-scale 8" facility in Malaysia) until ramp amongst other needs, to be funded with available cash
- **Retain flexibility and cover hypothetical exercise of OSRAM minority shares** (EUR 748m as of Q2 2023) with prolongation of EUR 800mn RCF with core banking group (currently maturing September 2025)
- **Improve credit rating profile** and outlook
  - Sub-optimal credit ratings in the range of BB- (S&P, Fitch) to B2 (Moody's)
- **Balance sheet needs to be strengthened as equity ratio** (equity / total assets) ~18%

**Holistic EUR 2.25bn\* financing plan**

**Laying the foundation for leverage net debt / (adj.) EBITDA <2x by 2026**

# Financing plan increases equity, reduces debt, enables balanced maturity profile

## Overview of holistic EUR 2.25bn\* financing plan

Fall/winter 2023/24: Financing around EUR ~1.9bn

### 'Combo deal' of around EUR 1.6bn

#### Equity

- Discounted subscription **rights offer of EUR 800mn\*\***
- EUR 800m volume underwriting from HSBC, Morgan Stanley and UBS
- EGM (Extraordinary General Shareholder Meeting) will be held on October 20<sup>th</sup>

#### Debt

- Placement of new **Senior Unsecured Notes** with total volume of the order of **EUR 800mn**
- Mix of EUR and USD
- Active liability management (e.g. concurrent tender offer to buy back existing senior notes)
- Potentially staggered maturity profile to reduce re-financing risk going forward

#### Equity & Debt combination deal (step-plan)

- Proceeds of Senior Notes placement will be collected to escrow account
- Settlement of Senior Notes is conditional to successful rights issue

**Pro-forma equity ratio of approx. 30%** (as of June-23, equity / total assets)

#### Asset transactions (e.g. Sale & Lease Backs)

- Transactions in advanced stage
- Estimated **around EUR 300mn**

## Additional measures

### Financing in 2024: remaining amount of around EUR 350mn

- Mix of Senior Unsecured Notes, Convertible Bond and/or bi-lateral credit lines
- Decision / mix subject to market conditions

### RCF

- Expects core relationship banks to extend maturity of the existing EUR 800mn RCF to September 2026
- Serves as a backstop for the outstanding Put Options of the minority shareholders of OSRAM Licht AG (EUR 748mn end of Q2 2023)

### State funding or grants

- Business plan is supported by various governmental funding & support schemes totalling a high triple-digit-million EUR amount over the next 10 years
- Incl. EUR 300mn funding under the European IPCEI scheme over next 5 years

### Proceeds of divestments

- Exit of non-core semiconductor businesses with an annual revenue of EUR 300 to 400mn
- First rounds of talks with potential buyers were promising
- With confidence in transactions increasing, potential proceeds from the intended divestitures are included in financial plan to optimize overall borrowing cost

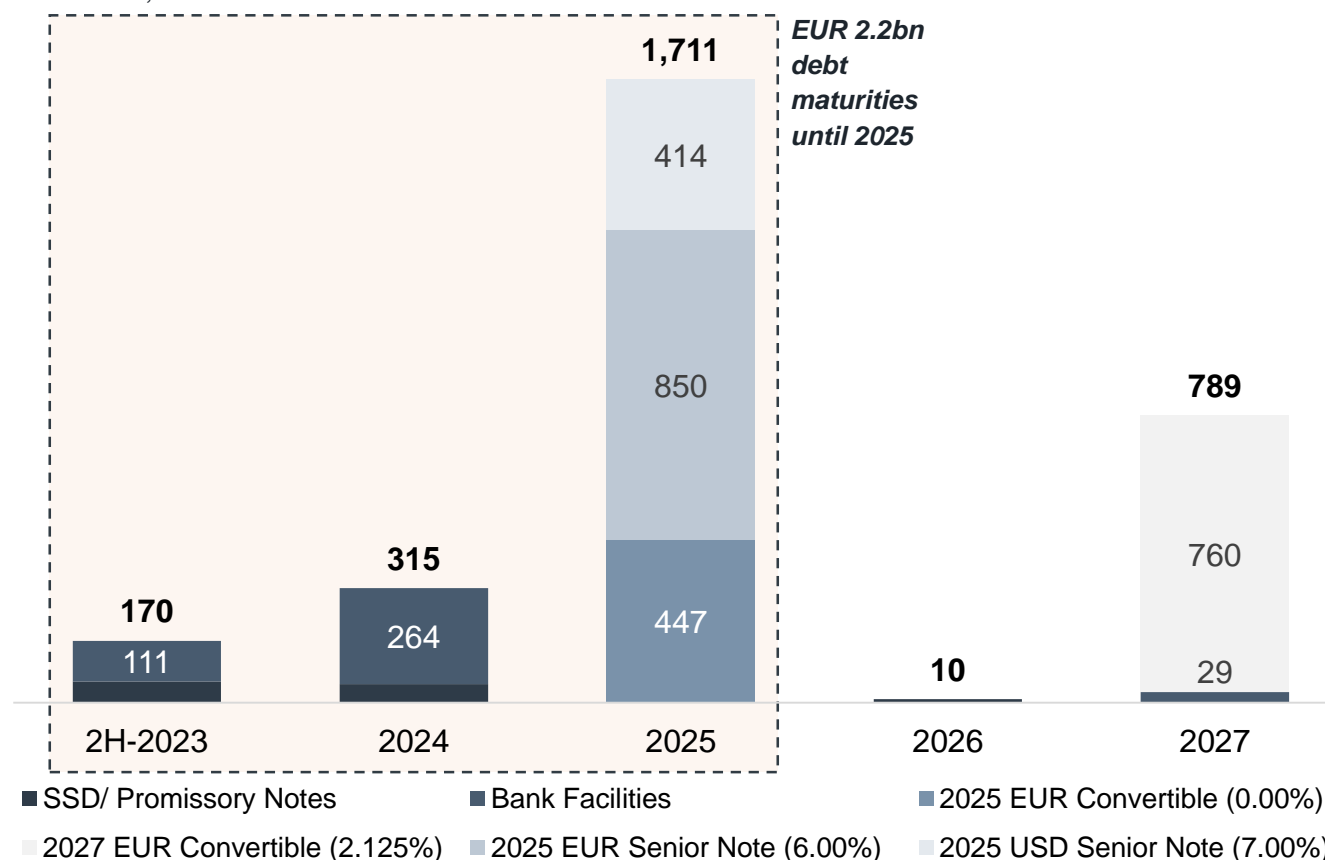
# Financing plan addresses existing debt maturities of EUR 2.2bn until 2025

## Current capitalisation

EUR mn, IFRS values as of June 2023	June-23
	EUR mn
Cash	(841)
Promissory notes	120
Bank facilities	404
2025 EUR Senior Unsecured Note (6.00%)	848
2025 USD Senior Unsecured Note (7.00%)	414
2025 EUR Convertible Bond (0.00%)	431
2027 EUR Convertible Bond (2.125%)	658
<b>Total debt</b>	<b>2,875</b>
<b>Total net debt</b>	<b>2,034</b>
<b>Net leverage (net debt/LTM adj. EBITDA)</b>	<b>2.9x</b>

## Current debt maturity profile

EUR mn, nominal values as of June 2023





# Debt maturities shall be addressed with a mix of rights issue and senior note issuances, along with other financing sources

## Commentary

**The plan is expected to cover financing needs until 2025/2026** addressing existing debt maturities of EUR 2.2bn, will comprise of two phases

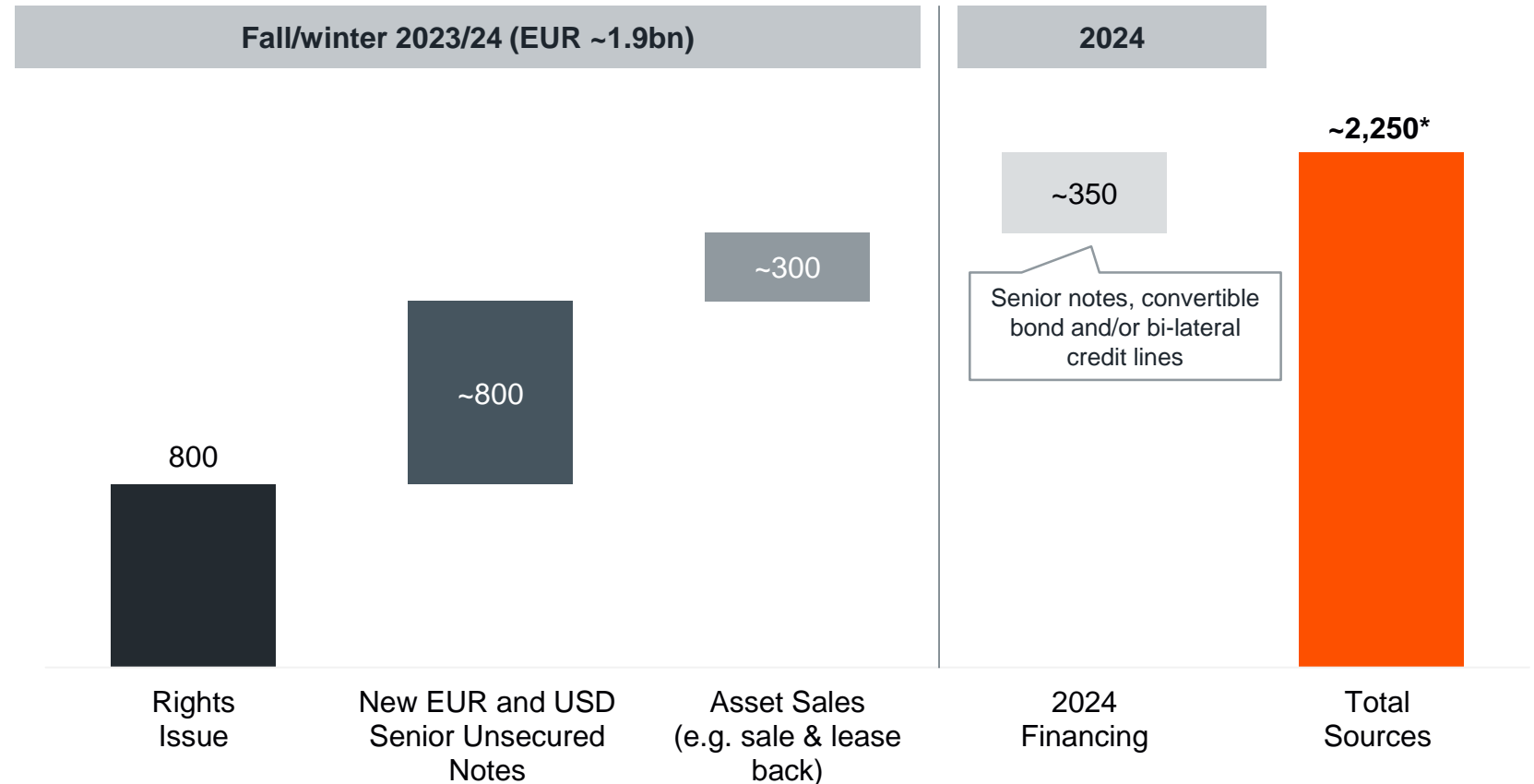
**Financing in fall/winter 2023/24 will comprise EUR ~1.9bn** and consist of a rights issue placement, new senior unsecured notes and asset disposals

**Financing in 2024 will include** a selection of financing instruments to be decided subject to market conditions

**Excess cash and existing liquidity sources to fund** operating cash needs through 2024

## Overview of sources

EUR mn



# Capital increase and additional financing measures support path to investment grade profile

Leverage <2.0x (net debt / adj. EBITDA) is prerequisite for investment grade profile

## Commentary

Major step towards **strengthening the balance sheet**

**Significant net debt reduction, including debt repayment,** post capital increase

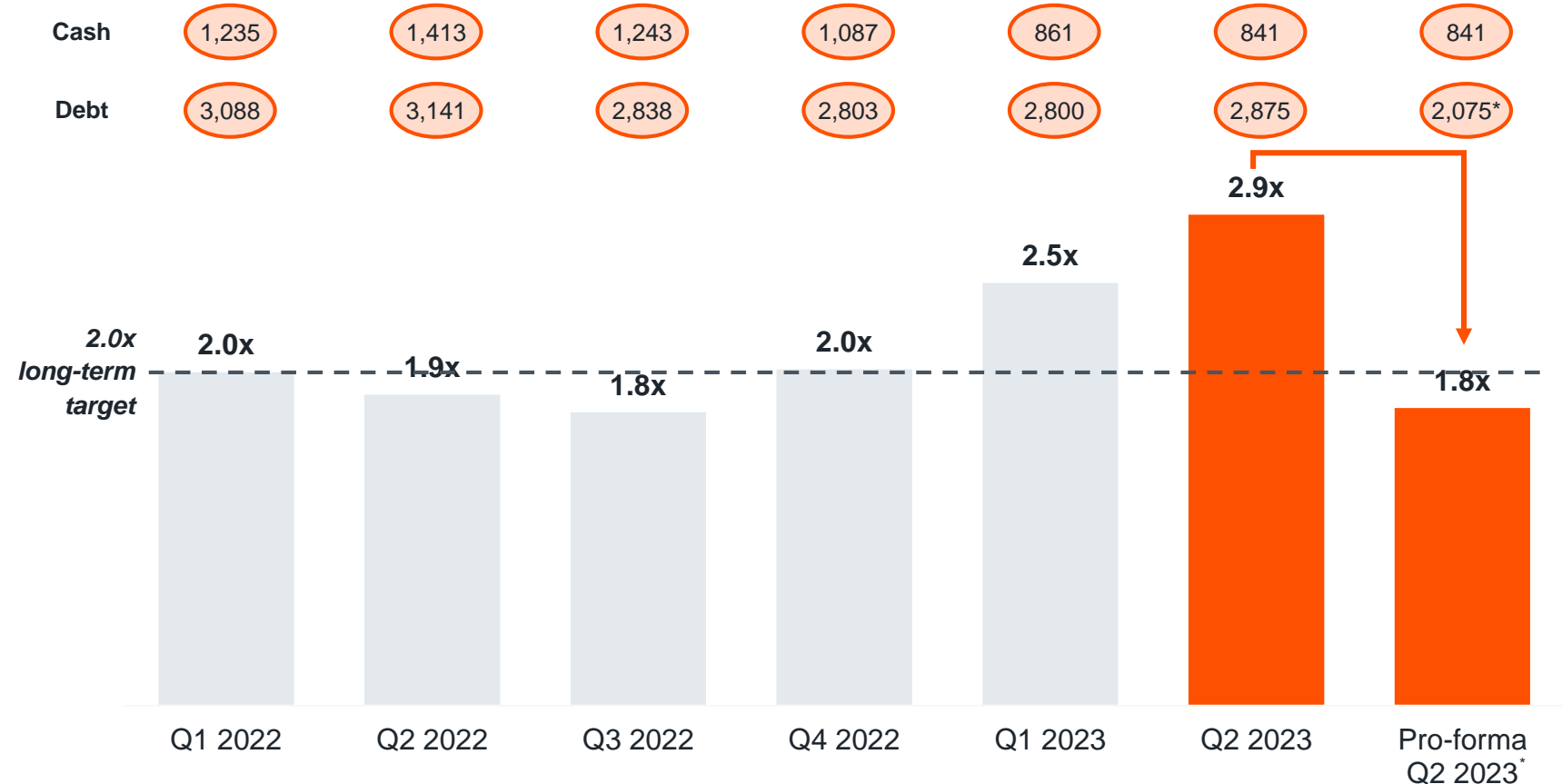
Supporting long-term **target leverage <2.0x net debt/adj. EBITDA** on a pro-forma basis

**Solid financial base** to execute recently announced strategy

**'Re-stablish-the-Base'** program to add EUR ~150m adj. EBIT by end of 2025

## Overview of net leverage

EUR mn



# Rights issue overview

All options are value neutral for existing shareholders

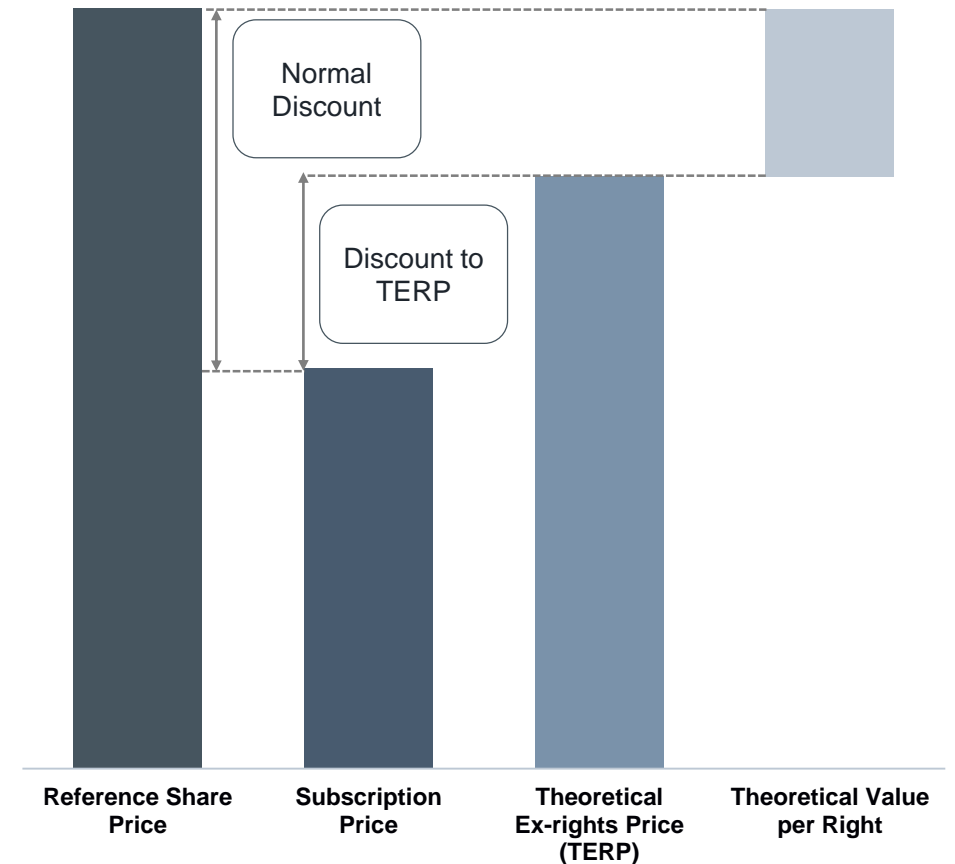
- Shares are **issued at a discount** to the prevailing market price
- At issuance, shares will trade at the **TERP** defined as the weighted average price of the shares outstanding prior to the discounted rights issue and the new shares issued at the subscription price
- Shares are offered to existing shareholders by way of **subscription rights on a pro-rata basis**
- Rights issues with subscription rights offer **three options for existing shareholders**:

Exercise all rights	Sell all rights	Partially sell and exercise
		
No economic or voting dilution	No economic but voting dilution	Cash neutral strategy if proceeds from sale of right are used to subscribe shares for free No economic but voting dilution

All options are value neutral for existing shareholders

<b>TERP*</b>	$\frac{(\text{Shares Outstanding Pre-Rights Issue} \times \text{Share Price Pre Rights Issue}) + (\text{Number Of New Shares Issued} \times \text{Subscription price})}{(\text{Shares Outstanding Pre-Rights Issue} + \text{Number Of New Shares Issued})}$

## Illustrative Example





# EGM convocation overview

<b>EGM details</b>	<ul style="list-style-type: none"><li>▪ <b>EGM to be held on October 20, 2023 at 10.00am Vienna time</b> at the company's premises at A-8141 Premstaetten, Tobelbader Strasse 30</li></ul>
<b>Resolutions</b>	<ul style="list-style-type: none"><li>▪ <b>1) Resolution on the ordinary increase of the share capital of the company</b> by way of a rights issue pursuant to sec. 149 et seq AktG against cash contribution and protecting the shareholders' statutory subscription rights</li><li>▪ <b>2) Resolution on election of member to the Supervisory Board</b></li></ul>
<b>Documents for the general meeting</b>	<ul style="list-style-type: none"><li>▪ <b>The following documents will be accessible on the company's website <a href="https://ams-osram.com/general-meeting">ams-osram.com/general-meeting</a> as of September 29, 2023 at the latest:</b><ul style="list-style-type: none"><li>– Proposal of Resolution to agenda items 1</li><li>– Forms for granting a power of attorney</li><li>– Form for revoking a power of attorney</li><li>– Complete text of this convocation</li></ul></li></ul>
<b>Record date and attendance of general meeting</b>	<ul style="list-style-type: none"><li>▪ <b>The right to attend the general meeting and to exercise the voting right and the other shareholder rights</b>, which are to be exercised in the general meeting depend on the shareholding as of October 10, 2023, 12:00 midnight, Vienna time (record date)</li></ul>
<b>Representation by proxy</b>	<ul style="list-style-type: none"><li>▪ <b>Each shareholder entitled to attend the general meeting has the right to appoint a proxy</b> who attends the general meeting on behalf of the shareholder and has the same rights as the shareholder whom he represents.</li><li>▪ <b>A power of attorney must be granted to a certain person</b> (a natural or legal person) in text form within the meaning of sec. 13 para 2 AktG, whereas several persons may be granted power of attorney</li></ul>
<b>Total shares and voting rights</b>	<ul style="list-style-type: none"><li>▪ <b>Share capital of the company amounts to EUR 274,289,280.00 divided into 274,289,280 no-par value bearer shares.</b> One vote each share</li><li>▪ <b>As of September 15, 2023, the company holds 12,858,231 own shares</b>, whereby the company is not entitled to any rights arising from these own shares. Therefore, total number of voting rights amounts to <b>261,431,049</b> voting rights as of September 15, 2023</li></ul>

# Strong liquidity position of EUR ~1.8bn, incl. EUR 926mn undrawn credit facilities at the end of Q2 2023

## Commentary

<p><b>Healthy cash balance of EUR 841mn</b> supporting operational business needs through 2024</p>	<p>EUR mn, as of June 2023</p>	<p>Amount</p>
<p><b>Undrawn credit facilities of EUR 926mn</b> provides strong liquidity position and further flexibility</p>	<p>Cash and cash equivalents</p>	<p>EUR 841mn</p>
<p><b>EUR 800mn RCF</b> maturity expected to be extended to September 2026</p>	<p>Revolving credit facility</p>	<p><b>EUR 800mn</b></p>
<p><b>Governmental grants expected</b> to provide high triple digit million EUR financial support until 2033*</p>	<p>Other undrawn credit facilities</p>	<p>EUR 126mn</p>
<p>Capital raise to provide <b>solid foundation supporting ams OSRAM's future growth plan</b></p>	<p><b>Total available liquidity</b></p>	<p><b>EUR 1,767mn</b></p>
	<p><b>Long-term target operating cash balance</b></p>	<p><b>EUR ~500mn</b></p>

\* ams OSRAM's business plan is supported by various governmental funding & support schemes, such as IPCEI (Important Project of Common European Interest) with above EUR 300mn over the next 5 years alone and MIDA (Malaysia Investment & Development Authority) over the next 10 years amongst. Further funding opportunities are being actively pursued, globally.

# OSRAM minority shareholding put options

## Undrawn RCF of EUR 800mn covering the potential execution of put options

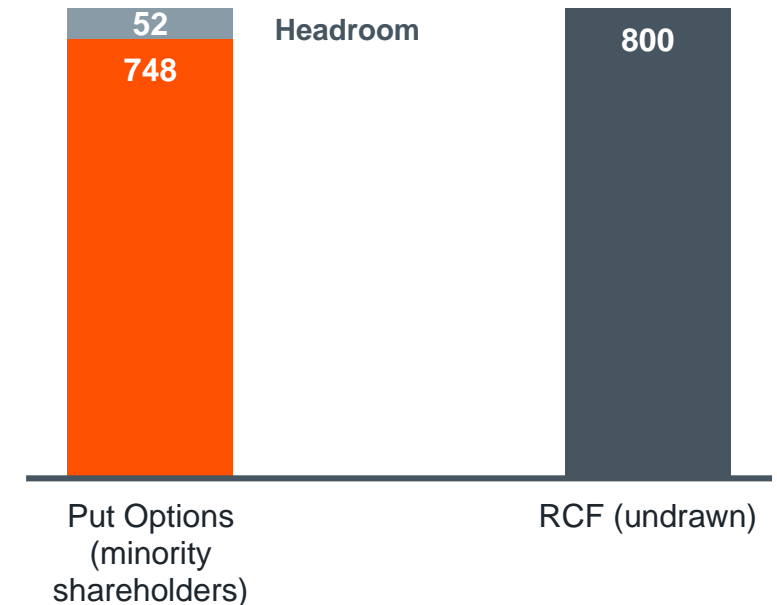
### Revolving Credit Facility of EUR 800mn

- Undrawn (Maturity Sep 2025) – beyond maturity of senior unsecured notes in July 2025
- First extension option successfully granted in July 2022
- Second and last extension option +1 year can be requested to bank syndicate until Dec 2023 in order to shift maturity from 09/2025 to 09/2026

### Put option of OSRAM minority shareholder

- Based on the Domination and Profit and Loss Transfer Agreement (DPLTA), remaining shareholders have a put option at EUR 45.54 per share
- Holdings: 83% (Q2 2023) of OSRAM shares (incl. treasury shares held by OSRAM)
- Total liability for DPLTA put option recognised in balance sheet as Other Liability at EUR 748mn per Jun-2023\*, RCF earmarked as a back-stop for hypothetical execution
- Court / first ruling has confirmed the DPLTA price in the first instance, minority shareholders have appealed this decision, final verdict will likely take until 2025/26 (very common procedure in German public M&A situations)
- Typically large portion of specialised M&A funds wait for final verdict or potential squeeze-out procedure

As of 30 June 2023  
(in EUR mn)



# Planned sale and repurchase of treasury shares to avoid automatic dilution

<b>Background</b>	<ul style="list-style-type: none"><li>– <b>Under Austrian law, treasury shares do not receive subscription rights in a rights issue</b></li></ul>
<b>Considerations</b>	<ul style="list-style-type: none"><li>– As the company does not receive any rights for the treasury shares, the company's holdings automatically would become diluted in the context of a rights issue</li><li>– Subscription rights for the around <b>12.86 million treasury shares</b> (end of Q2 2023) could amount to a double-digit million EUR value, subject to final conditions of the right issue</li></ul>
<b>Approach</b>	<ul style="list-style-type: none"><li>– To <b>avoid the automatic dilution</b> the company plans to sell all treasury shares to the market before the expected rights issue</li><li>– In order to <b>cover respective long-term incentive obligations</b> ams OSRAM intends, after the successful completion of the right issue, to launch a public share buy back program to repurchase shares at market price to meet its outstanding obligations under long-term incentive programs</li><li>– Legal requirements with regards to maximal trading volume etc. will be strictly observed</li><li>– Decisions on the intended public share buy back program will be taken in due time</li></ul>
<b>Step plan</b>	<ol style="list-style-type: none"><li>1. Sale of treasury shares: Before rights issue</li><li>2. Rights trading period</li><li>3. Settlement of rights issues</li><li>4. Planned start of public share buy back program after completion of rights issue, subject to separate decision</li></ol>

# Summary: Securing a stable financial base for structural growth

**Comprehensive financial plan of EUR 2.25 billion to reduce debt and increase equity ratio to ~30% on a pro-forma basis for achieving investment grade profile by 2026**

- Staged combination of rights issue, senior unsecured notes and other financial instruments, in total EUR 2.25bn, covering all expected financing needs until 2025/26
- Financing around EUR 1.9bn in fall/winter 2023/24\*:
  - a rights issue of EUR 800mn (for approval at Extraordinary General Meeting on 20-Oct-2023)
  - combined with new issuance of senior unsecured notes of around EUR 800m
  - and asset transactions of around EUR 300mn, e.g. sale & lease backs to optimize overall borrowing cost in a high interest environment
- Additional debt instruments of around EUR 350mn in 2024, mix subject to market conditions
- Core relationship banks are expected to extend maturity of the existing EUR 800mn Revolving Credit Facility (“RCF”) to September 2026
- ams OSRAM’s business plan is supported by various governmental funding & support schemes totaling a high triple-digit-million EUR amount over the next 10 years

# Glossary



# Glossary / definitions

Term	Explanation
Net Debt	Financial debt excluding lease liabilities minus cash and cash equivalents
FCF	Free Cashflow defined as cash flow from operations minus capex
Leverage	Defined as Net Debt / Adj. EBITDA (excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of a business)
Adj. EBITDA	Earnings before interest, taxes, depreciation and amortization excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

# Global leader in intelligent sensing and emitting

Selected slides of Q2 2023 investor presentation

# Intelligent sensing and emitting

Intelligence to light and passion to innovation for Automotive, Industrial, Medical and select Consumer application areas

## Sensing



## Illumination



## Visualization



We continuously advance our technologies in sensing, illumination and visualization to make the world safer, simpler and more efficient.

# Focus on profitability and on monetizing innovation, benefitting from structural growth and our strong position in our key markets

## Strategy & business outlook reassessed by new management team

### Key challenges of previous business model

- Strong focus on disruptive, custom technologies for high volume opportunities in the Consumer device arena is risky when it comes to industrialization, execution and market adoption
- ‘Home-made’ execution issues, partly due to unclear ownership in current matrix organization
- Uptake of new markets or adoption of new, disruptive technologies have not always happened as quickly as planned
- De-prioritization of some structural growth opportunities in sticky core markets such as Automotive, Industrial and Medical
- High sensitivity to macro-economic shocks such as pandemic and geopolitical crises

### Adjusted business model

- Focus semiconductor portfolio on differentiated, intelligent sensors and emitter components
- Expand leading positions in relevant Automotive, Industrial, Medical markets with strengthened investments into structural growth opportunities
- Exit non-core semiconductor businesses with revenue run-rate of EUR 300 – 400 million
- Continue to pursue specific opportunities in Consumer markets where we sustainably differentiate
- Invest selectively in disruptive innovation such as microLED technology
- ‘Re-establish the Base’ program adjusting semiconductor portfolio, company over-head, infrastructure and organization to new adjusted business model
- Streamline organizational set-up within Semiconductor segment by going from 3 to 2 Business Units with full end-to-end ownership & responsibility
- Portfolio streamlining and efficiency measures target savings of EUR 150 million by end-of-2025 and improving Cash Flow of the Group

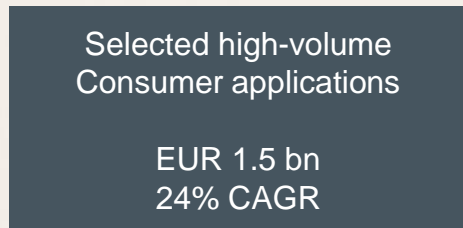
Laying the foundation for 6 – 10% revenue CAGR from new base and ~15% adj. EBIT by 2026

# Benefitting from structural growth and strong position

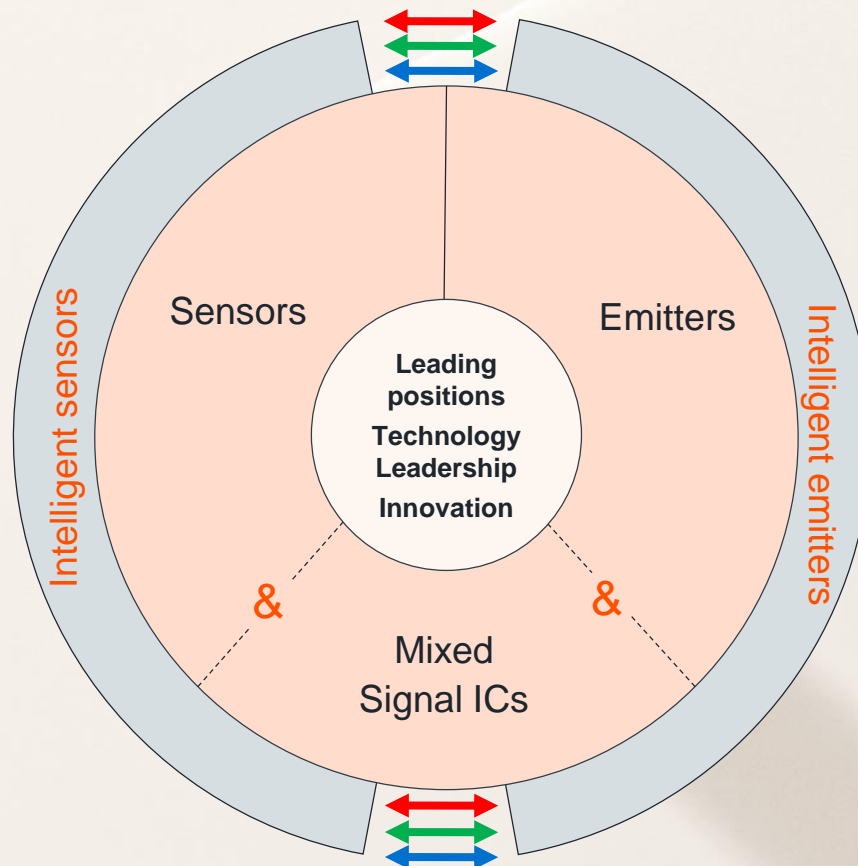
Growing from the core of sensor & emitter components by increasingly adding intelligence to drive system performance

## Semiconductor Addressable Markets\*

- application view -  
2022 / CAGR\*\*

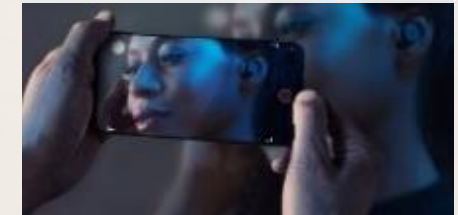


## Core Semiconductor Portfolio



## Functional Applications

Sensing



Illumination



Visualization



ams OSRAM market model due to lack of suitable external market models

\*\* 2022 – 2026 CAGR due to 2022 was last full year actuals, and cyclical dip in 2023

=> No dedicated market reports for ams OSRAM addressed application segments available



# ams OSRAM holds leading positions in its core Semiconductor & Lamps markets

Leverage strong positions with focused core portfolio and commitment to Automotive, Industrial, Medical markets

## #2 in LED

LED Suppliers by 2022 market share  
(Total market USD ~12bn; TrendForce)

1.	Nichia	15%
2.	ams OSRAM	13%
3.	Seoul Semiconductors	7%
4.	Samsung LED	7%
5.	Lumileds	6%



## #2 in Light Sensors

Light Sensor Suppliers by 2021 market share  
(Total market USD ~1.3bn; OMDIA)

1.	STMicroelectronics	30%
2.	ams OSRAM	25%
3.	Maxim	8%
4.	Sensortek (Sitronix)	8%
5.	Lite-On	4%



## #1 in traditional Auto lamps/bulbs

Bulb Suppliers by 2022 market shares  
(Total market USD ~1.5bn; own market model due to lack of external research)

1.	ams OSRAM
2.	Lumileds
3.	Others (incl. Asian suppliers)



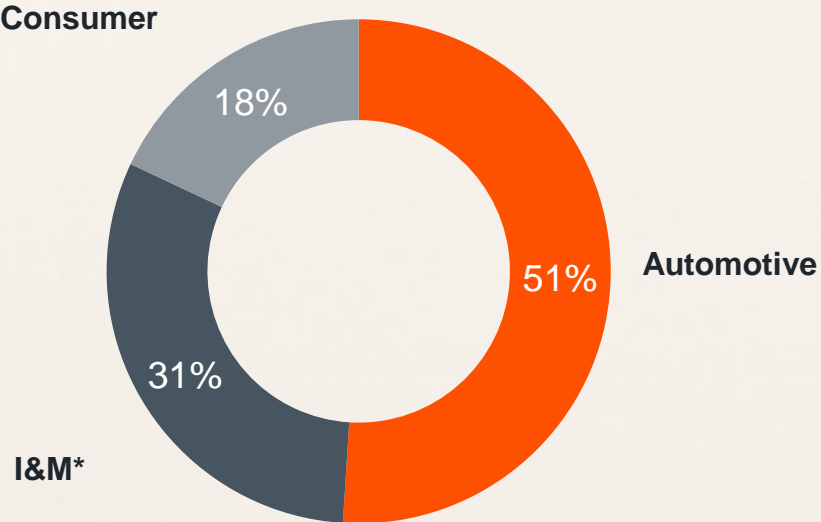
Sources: TrendForce 2023 LED Player Revenue and Capacity 2Q23, OMDIA Light Sensor Report – 2022



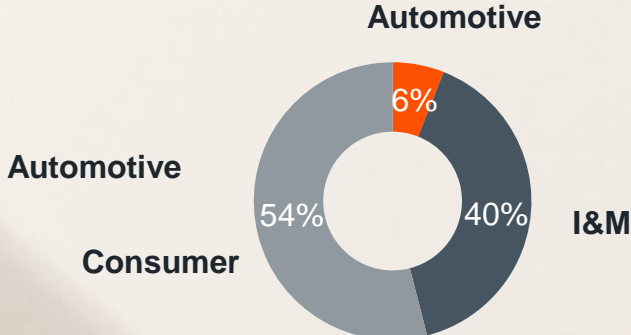
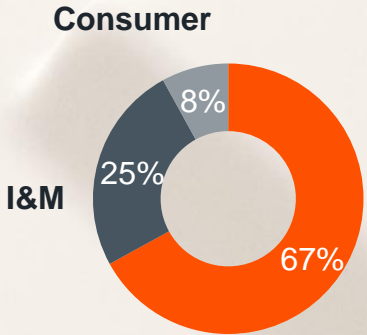
# Automotive & Industrial/Medical contribute already today ~80% of revenues

Revenue split H1 2023 for group and by segments

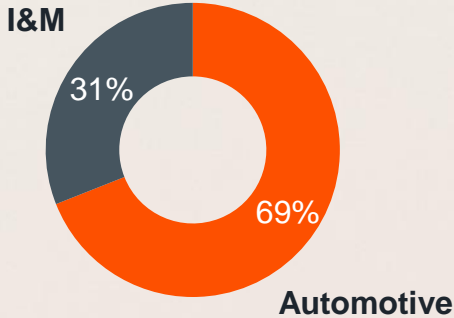
## ams OSRAM Group



## Semiconductors



## Lamps & Systems

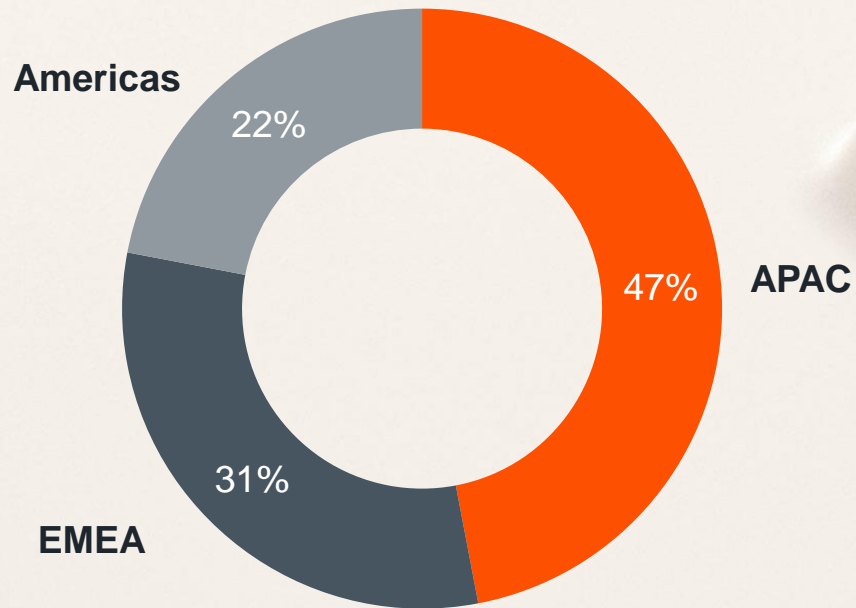


\* I&M denotes Industrial & Medical

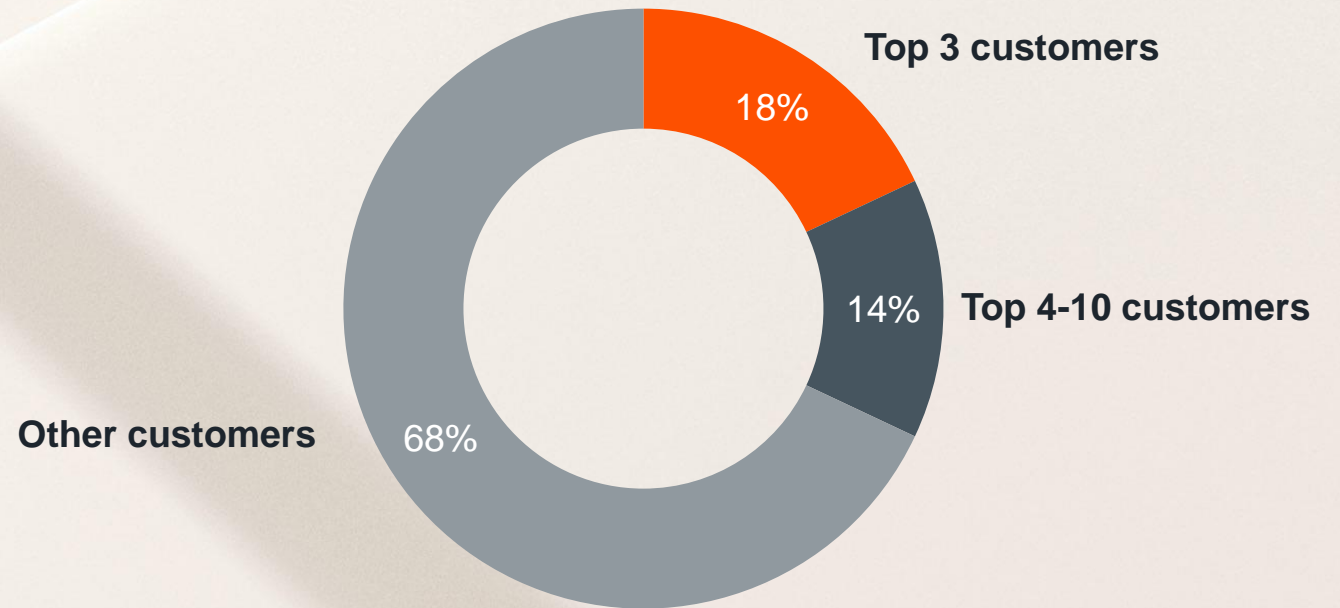
# Benefitting from balanced regional set-up and healthy customer split

Strong regional presence and very balanced customer portfolio

### Revenues by region (H1 2023)

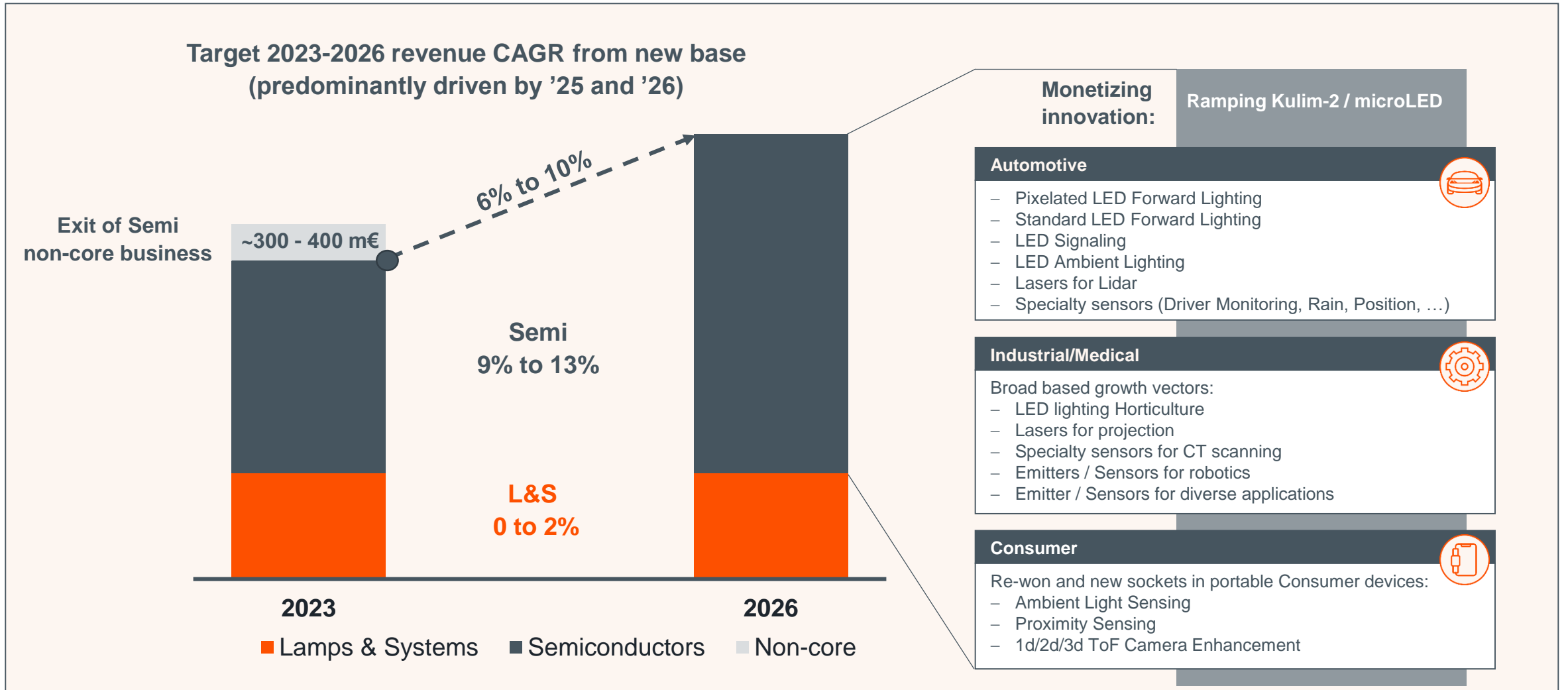


### Top customers split (H1 2023)



# Semiconductors core portfolio in Automotive, Industrial, Medical drives significant future growth




Strong design win base enables meaningful growth from new core portfolio in Semiconductors



# Re-assessment of portfolio and market outlook leads to an updated mid-term target financial model


## Focus on profitability and structural growth from the new core portfolio in Semiconductors

### Over-the-cycle mid-term target financial model

 Revenue growth CAGR	<b>6% - 10%*</b>
 Adjusted EBIT	<b>~15% (2026+)</b>
 CAPEX	<b>10%</b>

\*>2x WSTS opto-electronics F99 & sensors H99 = 3.1% CAGR '22 to '26 due to addressed segments

### Long-term target leverage

 Long-term leverage	<b>Net Debt / (adj.) EBITDA &lt; 2</b>
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### Assumptions:

- Starting base is CY 2023 revenues, less EUR ~300m to 400m of non-core semiconductor portfolio to be exited
- Target Financial Model is valid for new Semiconductor Segment + Lamps & Systems Segment combined

# In Summary: sharpening the profile & the set up for maximum result

**Focus on profitability and monetizing innovation, benefitting from structural growth in Automotive, Industrial, Medical**

-  New management with holistic value creation mindset and proven track record
-  Focusing the Semiconductor portfolio on its profitable core in differentiated, intelligent sensor and emitter components
-  Strong commitment to structural growth opportunities in AIM backed by secular mega-trends
-  Continue selected investments into high-volume Consumer opportunities where ams OSRAM can provide sustainable differentiation with cutting-edge technology
-  Exit non-core business with revenue run-rate of EUR 300 – 400m, e.g. passive Optical Components
-  Automotive & specialty lamps (Lamps & Systems Segment) will continue to contribute meaningfully to Group results
-  “Re-establish the Base” efficiency program & portfolio focus target together EUR 150m savings by end of 2025
-  Centering our organizational set-up on “Monetizing Innovation” with clear end-to-end ownership
-  Pursuing selected, disruptive innovation such as microLED

**Mid-term Target Financial Model: 6 – 10% revenue CAGR from new base, ~15% adj. EBIT 2026+**

# Sustainability commitments

Selected slides of Q2 2023 investor presentation



# Creating sustainable value and improving lives with optical solutions

## ESG update: Sustainability Strategy, Carbon Neutrality Goal, ESG Committee

### ESG ACHIEVEMENTS

- Second group sustainability report published, demonstrating our commitment to transparency and accountability (GRI compliant)
- Development and implementation of a comprehensive group sustainability strategy including climate strategy, aligned with the Paris Climate Agreement' 1.5° C target
- Comprehensive reporting of CO<sub>2</sub> emissions, including our own activities (Scope 1 + 2) and significant progress in reporting emissions along the value chain (Scope 3)
- Establishment of the ESG Committee, driving our sustainability efforts and ensuring focused decision-making
- Release of our Sustainability Policy and internal Sustainability Guideline, guiding our actions towards a more sustainable future

### ESG GOAL

#### Carbon neutrality by 2030

- Group to be carbon neutral (Scope 1 & 2) by 2030, endeavor towards net zero ambition
- Near and long-term targets for science-based reductions of Scope 3 emissions (purchased goods/services)
- Strategy based on principle “avoid, reduce, compensate”, reduction path developed
- 100% green electricity at production sites in Germany and Austria
- Reducing emissions via energy efficiency measures at several locations, plan established to compensate for inevitable CO<sub>2</sub> emissions
- CO<sub>2</sub> saving of 9% compared to basis year 2021



# At ams OSRAM, we are highly committed to sustainability

External recognitions confirm our engagement within ESG (actual status per rating)

Institution	Rating	Comment
  <b>CDP</b> 	<b>C B-</b>	Climate Change Water Security
  <b>ecovadis</b>	<b>Silver</b>	within best 5% of sector
  <b>SUSTAINALYTICS</b> 	<b>Score 21</b>	low medium risk, improvement +30%
  <b>ISS</b> 	<b>Score C</b>	improvement from C-
  <b>MSCI</b> 	<b>BBB</b>	
  <b>S&amp;P Global CSA</b> 	<b>Score 72</b>	improvement +18%, scored #13 within sector, Yearbook listed

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## Upcoming events

- **October 9-13, 2023**  
Roadshow North America
- **October 10-11, 2023**  
Erste CEE Conference, Vienna
- **October 31, 2023**  
Q3 Earnings Release
- **November 2-3, 2023**  
Roadshow, London and Frankfurt
- **November 2, 2023**  
ZKB Conference, Zurich
- **November 9, 2023**  
Deutsche Bank Autotech Conference, Virtual