

Sensing is life

amul OSRAM

Third quarter 2023 results Earnings Call

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31 October 2023

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Part 1

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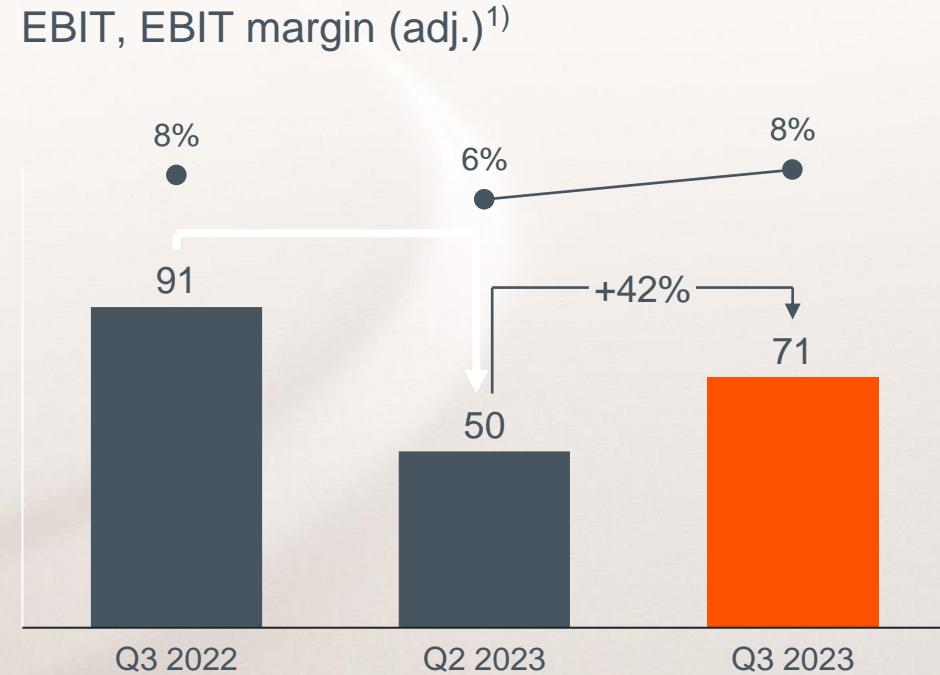
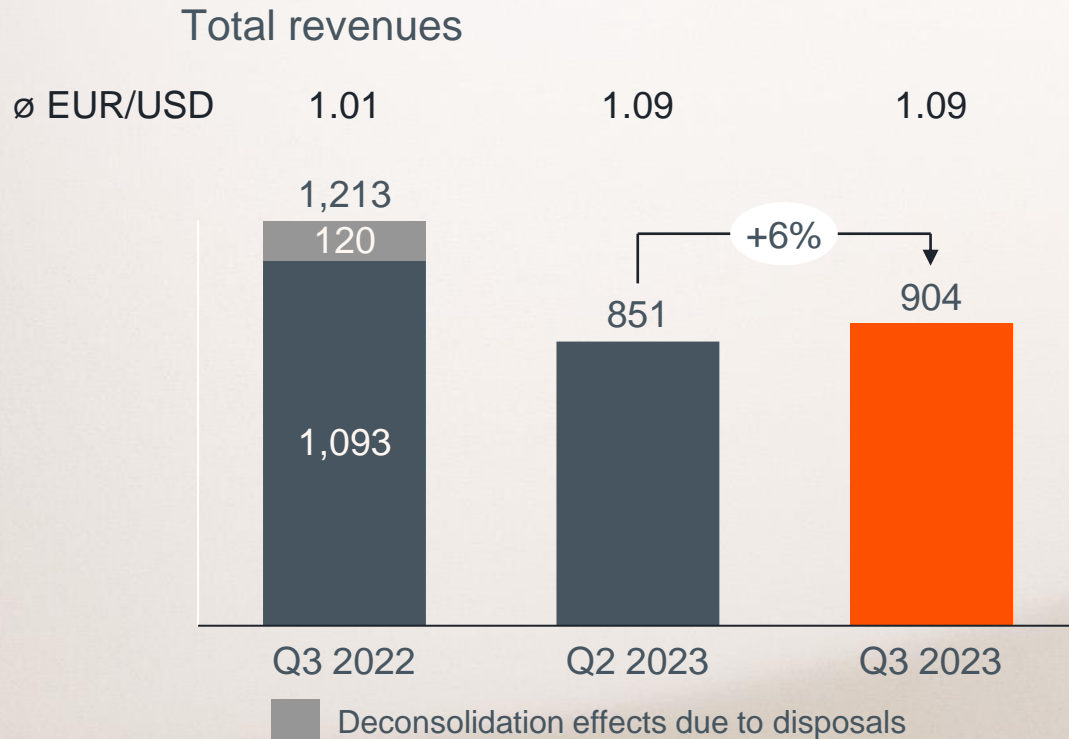
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Group revenues and adjusted EBIT meaningfully up in Q3

All figures in EURm / % of revenues



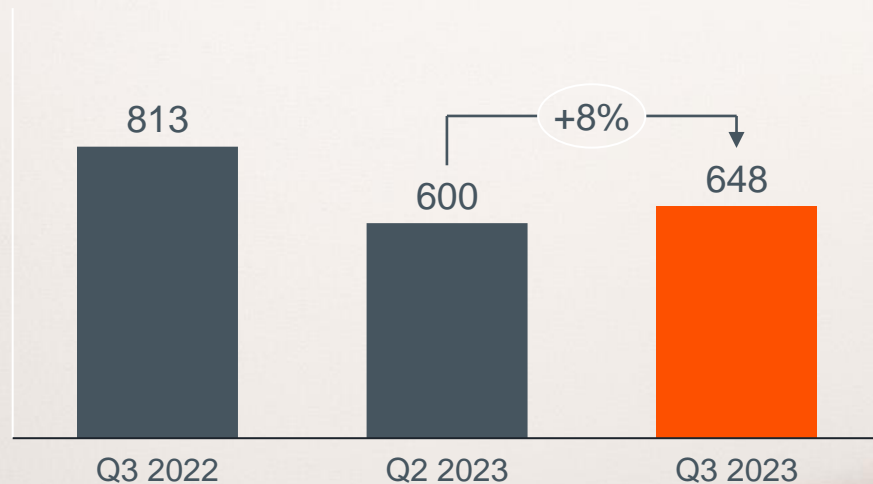
- Revenues above midpoint of guidance range
- EUR ~40m negative FX impact YoY
- Strong sequential growth, driven across end markets, particular strong Automotive business
- YoY comparison reflects de-consolidation effects

- Adj. EBIT margin at top end of guidance range
- Reduced adj. operating expenses and certain one-time effects (R&D funding support improved profitability)
- Clear target to improve long-term profitability

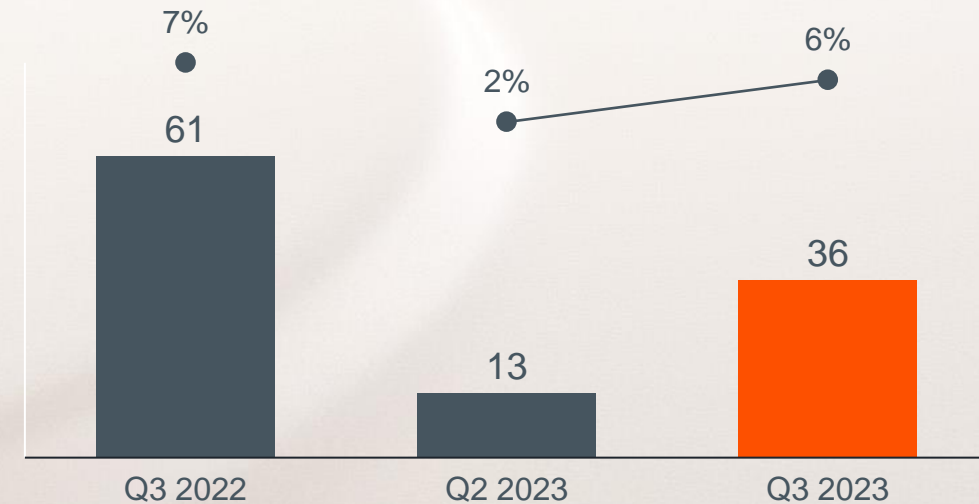
Semiconductors segment: Significant sequential growth and improved profitability

All figures in EURm / % of revenues

Total revenues



EBIT, EBIT margin (adj.)¹⁾

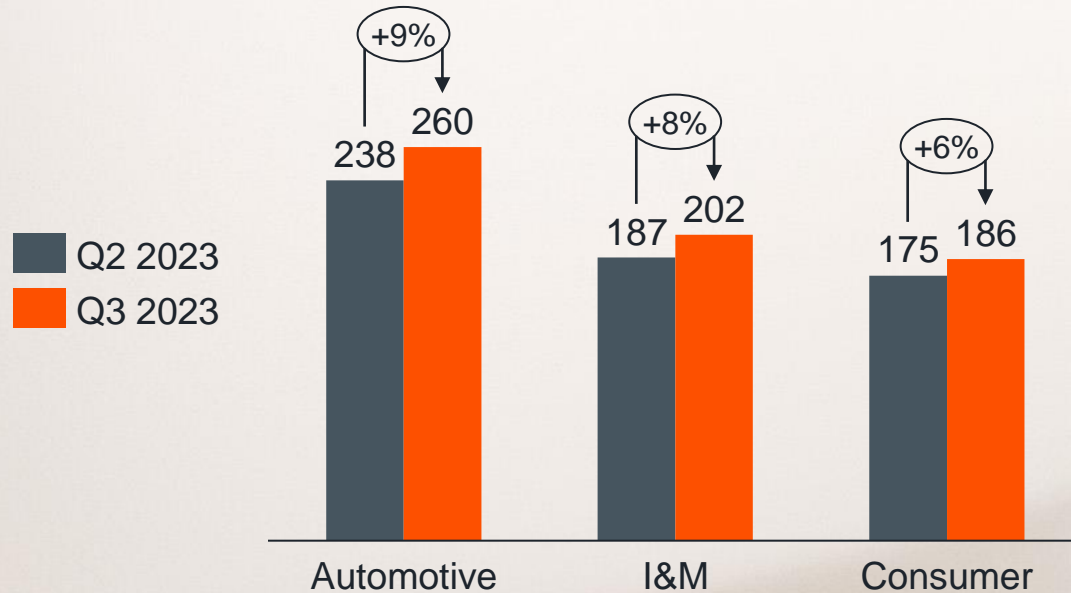


- Strong sequential growth driven by several end-markets, in particular strong Automotive business
- Automotive business reflects end of inventory correction, normalized order patterns, strong demand from China
- Weak industrial markets y-o-y due to macro pressure, medical also subdued, positive seasonality in Consumer
- Profitability improved, partially by higher volume, partially by one-time effect (catch-up of subsidies recognition), while still impacted by low production volumes and underutilization

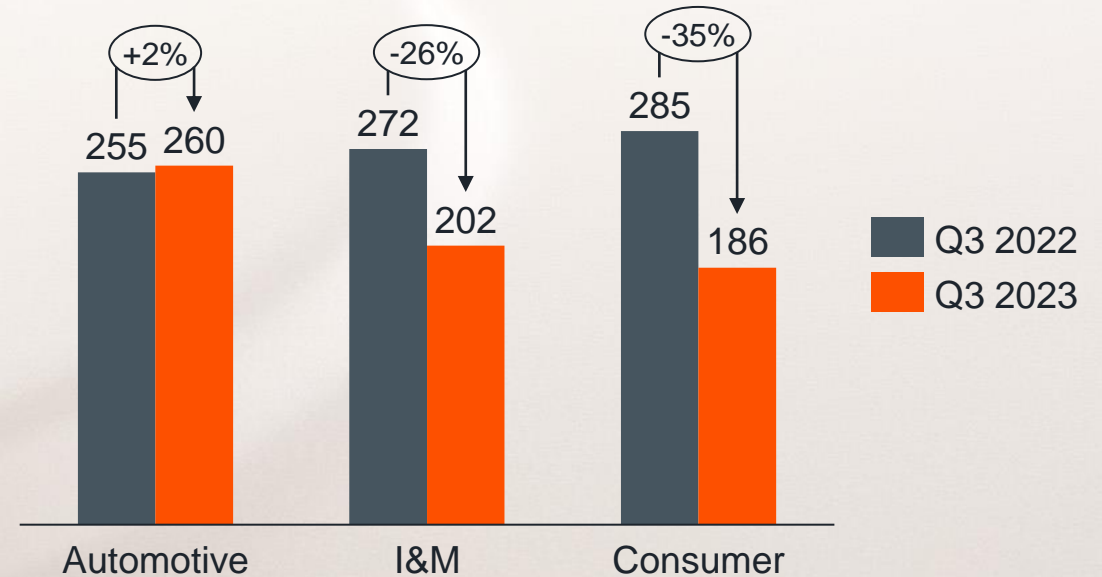
Semiconductors: Positive sequential development across markets

Semiconductors segment, like-for-like Q3 development QoQ & YoY (excl. disposal effects), figures in EURm

QoQ revenue development



YoY revenue development



- Automotive: Strong sequential development, strong demand from China, with increasingly short notice orders
- I&M: Sequential increase on a relatively low basis, macro economic pressure in all verticals
- Consumer: Typical seasonal upswing

- Automotive: YoY growth, driven by improved inventory situation, normalized order pattern, content growth (e.g. EVs)
- I&M: YoY decline reflects overall weak macro economics in many areas, such as industrial lighting and horticulture
- Consumer: YoY reflects some big sockets approaching End-of-Life, before new designs will kick-in and weak macro economy

Very strong design-win traction – Q3 update

Selected examples of design-wins



Colored ambient lighting – iRGB
(Automotive)



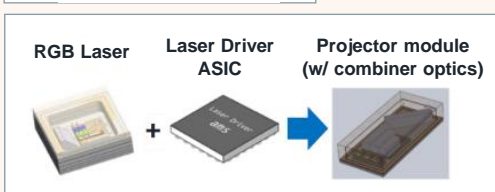
ALIYOS™ LED-on-foil technology
(Automotive)



High Pixelated Forward Lighting (Eviyos)
(Automotive)



4-side tileable Sensor IC for Computed Tomography (Medical)



Near to Eye Projection through a tailored light source portfolio
Emitter solutions with integrated intelligence for optimization of system performance and form factor

2025+

Initial sales 2024

5-year design-win volume to date

>100 m€

First OEM SOPs with applications based on ALIYOS™

>250 m€

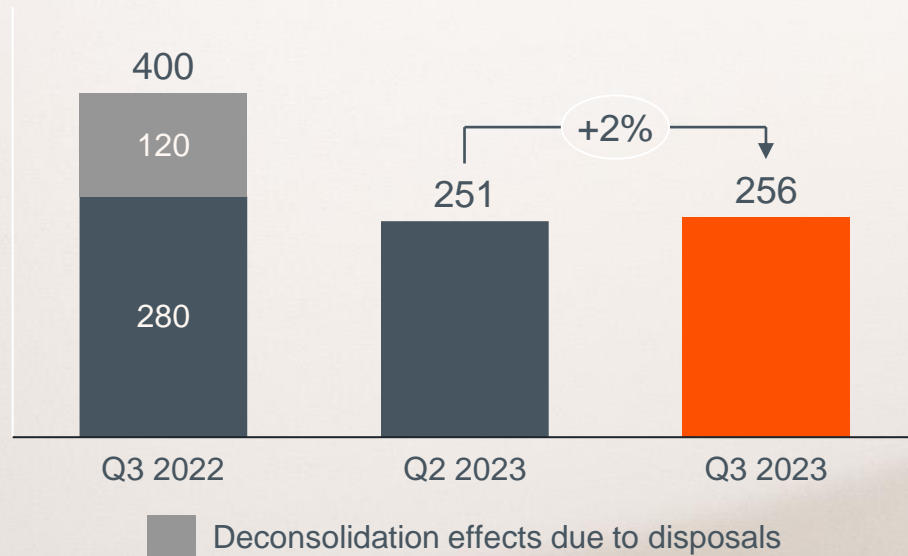
>50 m€

First design wins

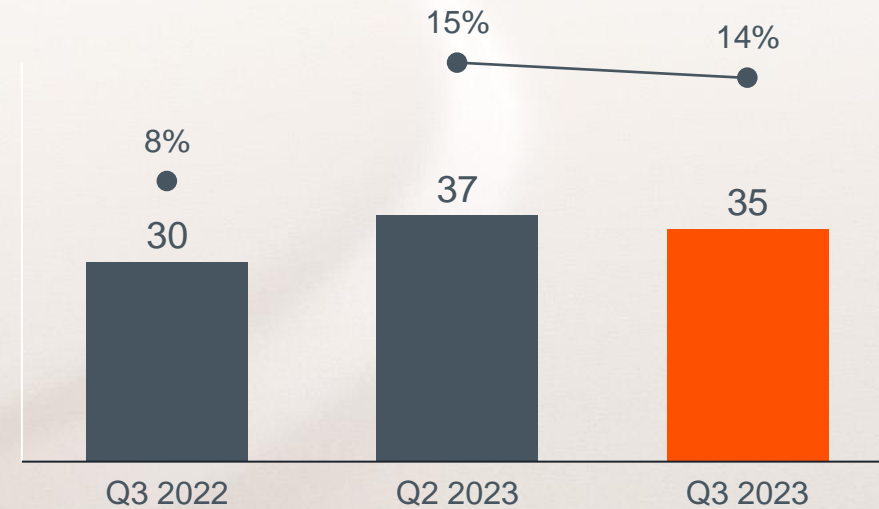
Lamps & Systems: Solid profitability in spite of seasonality

All figures in EURm / % of revenues

Total revenues



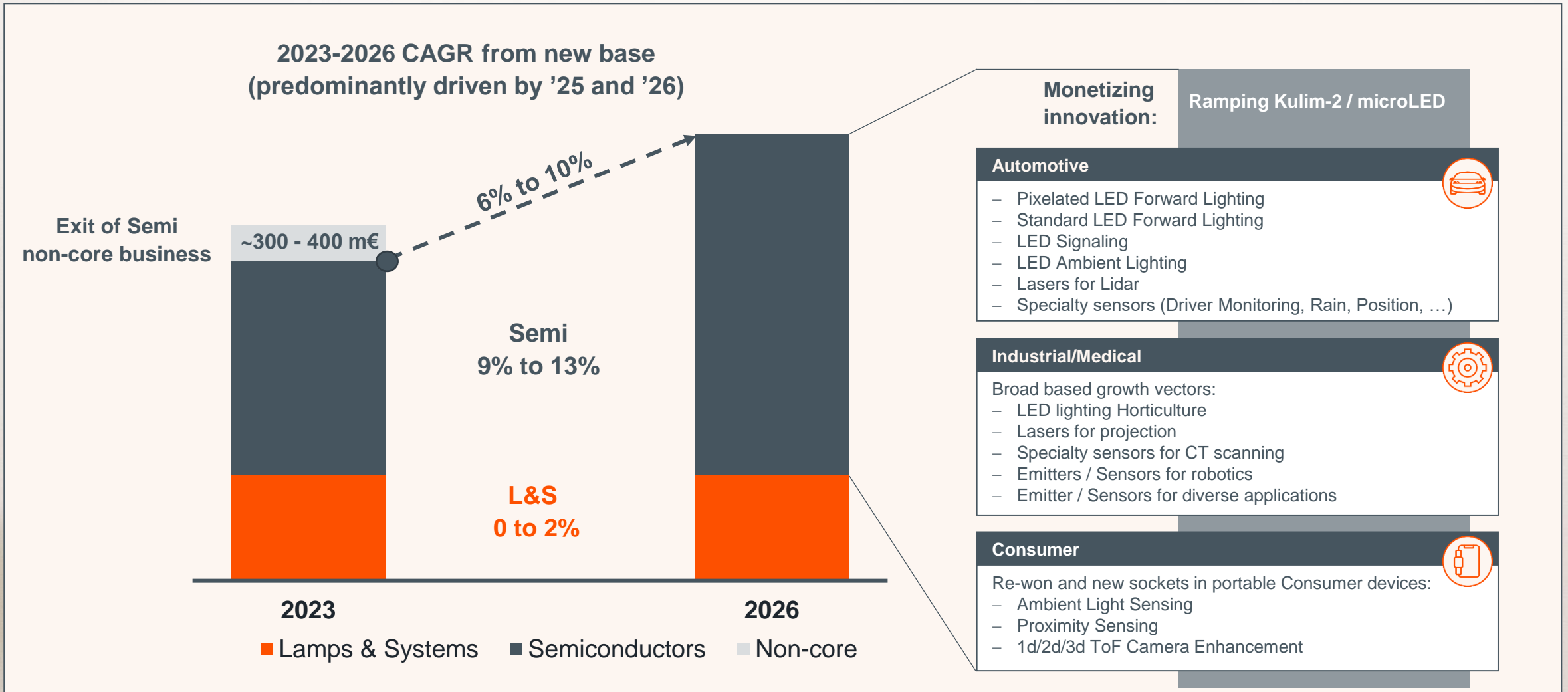
EBIT, EBIT margin (adj.)¹⁾



- Development in line with expectations
- Typical seasonal effects in L&S automotive business (~80% of remaining L&S business)
- Substantially and structurally improved profitability reflecting positive disposal-related and portfolio streamlining effects

Mid-term target growth model re-confirmed: largest growth contribution from automotive, followed by mobile light sensors, then 8-inch sales & other contributors

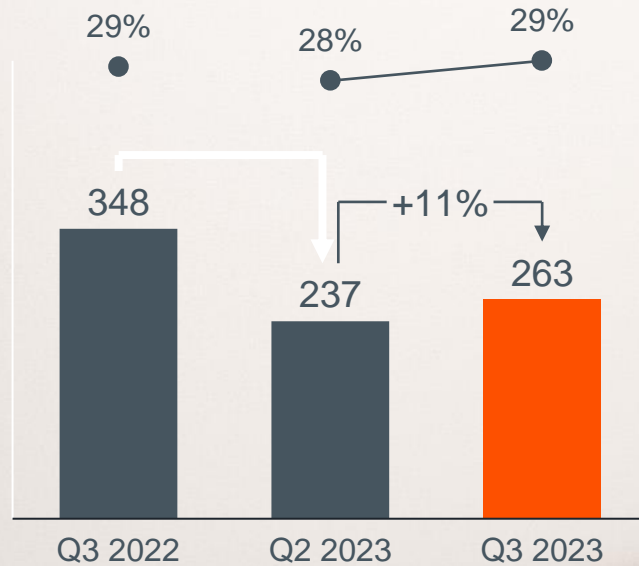
Strong design win base enables meaningful growth from new core portfolio in Semiconductors



GP strongly improved sequentially, adjusted OPEX slightly reduced

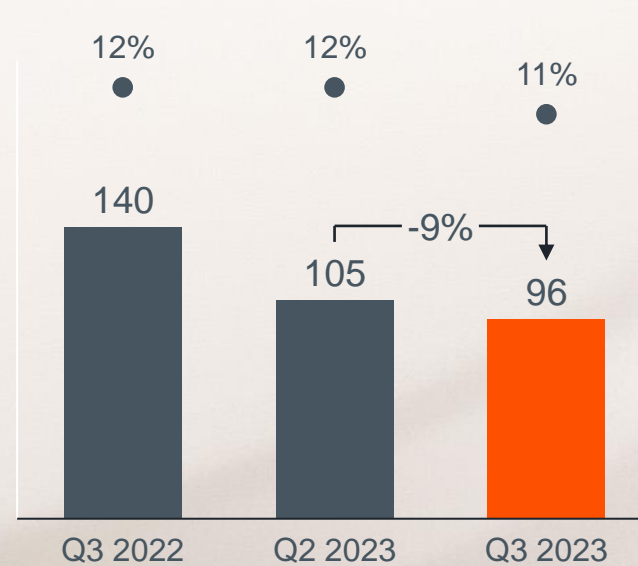
All figures in EURm / % of revenues

Gross profit, gross margin (adj.)¹⁾



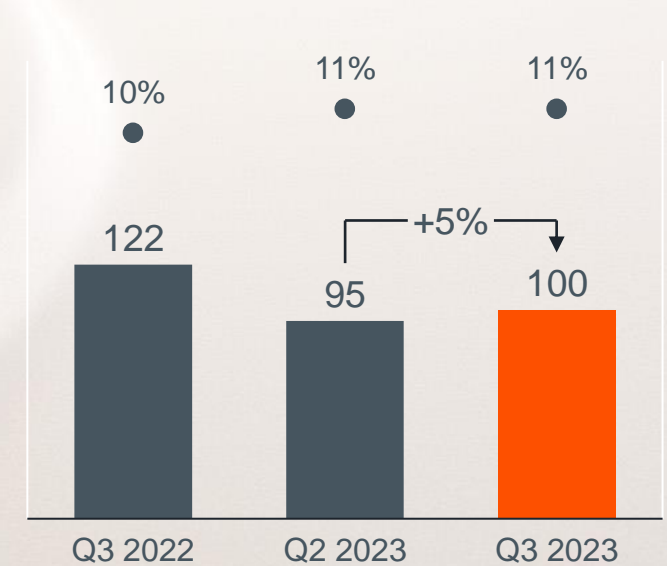
- Strong sequential improvement driven by favorable product mix and improved loading q-o-q
- Continued to be impacted by meaningful underutilization effects in manufacturing

R&D expenses (adj.)¹⁾



- Decrease in adj. operating expenses on absolute basis over last quarters
- R&D development reflects ongoing stream-lining and efficiency programs; vast majority of R&D in semi segment; Q3 R&D expenses in semi segment reduced by first tranche of IPCEI funding, partially a one time catch-up effect
- SG&A shows clear year-on-year base-line reduction; Q2 had favorable one-time effects; efforts to improve will continue

SG&A expenses (adj.)¹⁾

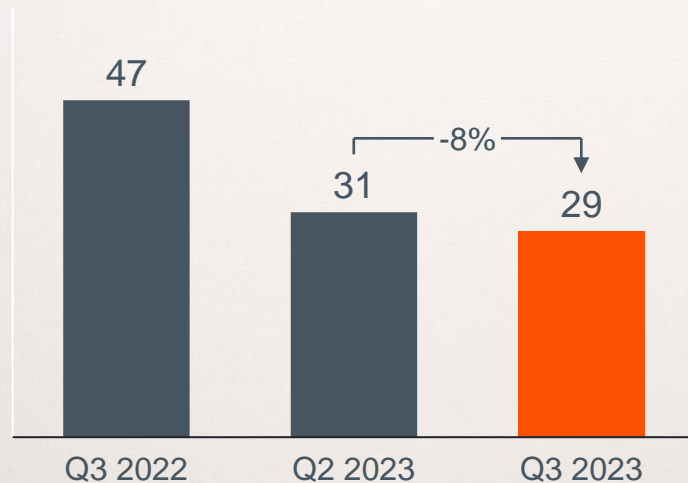


Adj. net result / Adj. EPS – Relatively stable development

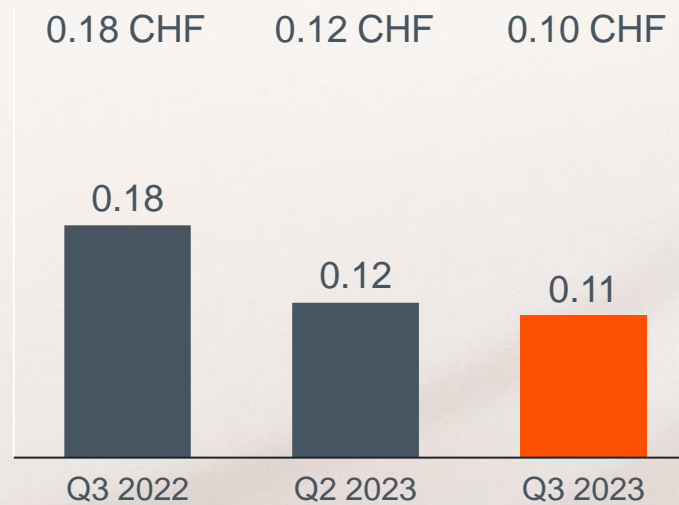
All figures in EURm / EUR / CHF per share

Q3 2023: 260.9m basic / 260.9m diluted shares

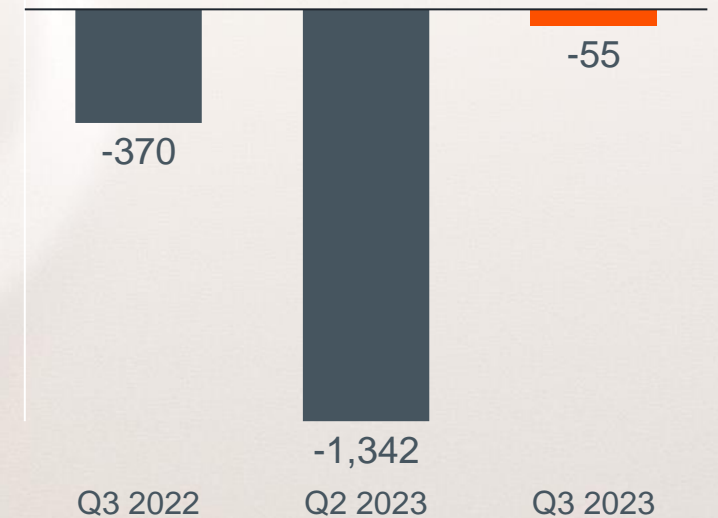
Net result (adj.)¹⁾



EPS diluted (adj.)¹⁾



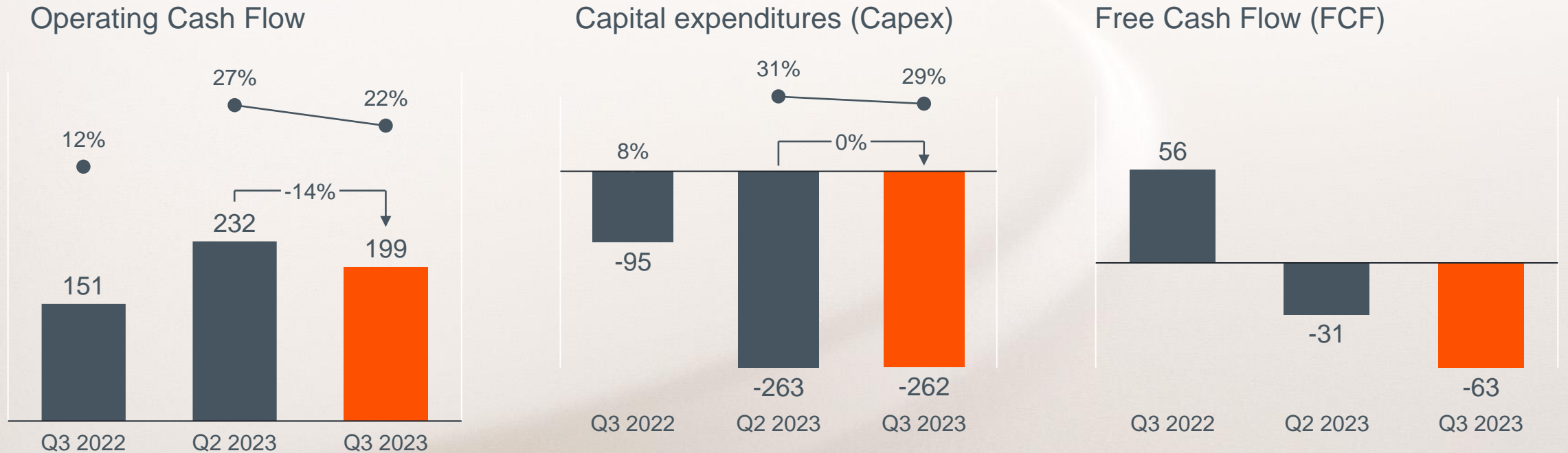
Net result IFRS



- Financial result and tax result drive sequential development, despite higher operating profit (Q2 included positive one-time effects in tax and financial result)
- Q2 with impairment charges of EUR ~1.3bn
- Financial result Q3 EUR -34m (Q2 EUR -25m)
- Q3 IFRS reported net result EUR -55m / IFRS EPS diluted EUR -0.21/ CHF -0.20

Continued strong Operating CF, but high Capex results in negative FCF

All figures in EURm / % of revenues







- Continued strong operating cash flow generation (22% of revenues)
- Continued meaningful Capex driven by industry-first 8" LED front-end fab, in line with plans
- Focused investments in European manufacturing footprint (Austria and Germany)
- Free cash flow (FCF) development as expected given substantial capital expenditures

Free Cashflow (FCF) defined as Operating CF – Capex

Status update of EUR 2.25bn financing plan

Implementation well on track

Overview of holistic EUR 2.25bn financing plan	Status
Equity <ul style="list-style-type: none">Discounted subscription rights offer of EUR 800mn, volume underwritten	 EGM approved EUR 800mn rights offer <ul style="list-style-type: none">On 20 October 2023, ams OSRAM's shareholders approved the management's proposal for a discounted rights offer of EUR 800mn, Execution within six months following EGM approval
Debt <ul style="list-style-type: none">Placement of new Senior Unsecured Notes with total volume of the order of EUR 800mn, EUR and USD notes mixed	<ul style="list-style-type: none">USD and EURWill be collected on segregated account, proceeds released subject to rights issue
Asset transactions <ul style="list-style-type: none">Including Sale and Leasebacks, around EUR 300mn	 Close to EUR 450mn in asset transactions signed <ul style="list-style-type: none">On 30 October 2023 ams OSRAM announced:<ul style="list-style-type: none">Signing of a sale and lease back of its new Kulim facility of c. 400m€, conditional to successful rights issueDivestment closing of a phased-out manufacturing facility located in Asia
Rolling Credit Facility (RCF) <ul style="list-style-type: none">Expects core relationship banks to extend maturity of the existing EUR 800mn RCF	 Extended to 2026, subject to rights issue
Financing in 2024 <ul style="list-style-type: none">Remaining amount of up to EUR 350mn	<ul style="list-style-type: none">Mix of Senior Unsecured Notes, Convertible Bond and/or bi-lateral credit lines, or other transactions, subject to market conditions
State funding or grants	 <ul style="list-style-type: none">Subsidies in Germany (300m EUR IPCEI) and Malaysia approvedApplied for additional grants under European Chips Act

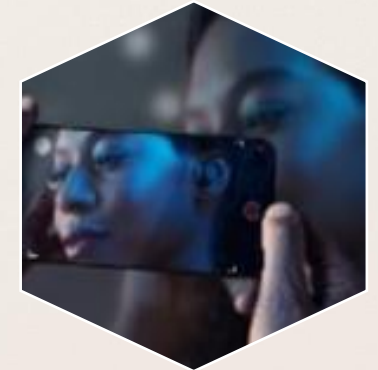
Business Outlook



Summary Q3 / 2023

Summary

- Solid Q3 revenue and adj. EBIT performance
- Strong Design-Win traction supporting structural growth model
- Solid Outlook for Q4 in a difficult market
- Mid-term target financial model re-confirmed with automotive largest growth driver, followed by mobile light sensors and 8-inch sales & other contributors
- Implementation of Re-establish-the-Base program well on track
- Re-financing plan on track
 - Right issue approved
 - Asset-level transactions with EUR 450m signed
 - Senior Notes + rights issue to be executed by end-of 2023



Q&A



**Aldo
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CEO



**Rainer
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CFO



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Head of IR