Ad hoc

announcement pursuant to Art. 53 LR

ams OSRAM

ams OSRAM reports first quarter results in line with guidance reflecting difficult market environment; sees continued subdued demand trends and seasonal effects in second quarter

- First quarter revenues of EUR 927 million and adj. EBIT margin of 5.4% in line with guidance range
- Continued difficult market environment with lower sequential and year-on-year volumes in major product areas
- Last remaining disposals closed for full completion of planned disposals and portfolio re-alignment following acquisition of OSRAM
- Meaningful sequential increase of capital expenditures driven by investment into industry-first 8" LED front-end fab, in line with plans for 2023 as expected peak level year
- Expected second quarter revenues of EUR 800-900 million incl. sequential deconsolidation effects (EUR 880-980 million on comparable portfolio basis) and expected adj. EBIT margin of 3-6% reflect subdued demand in important markets, seasonal effects, continued reduced production volumes, and meaningful deconsolidation effects

Premstaetten, Austria, and Munich, Germany (2 May 2023) -- ams OSRAM (SIX: AMS), a global leader in optical solutions, reports first quarter financial results in line with the company's expectation range.

Aldo Kamper, CEO of ams OSRAM, commented: "I am excited to return to the optical world and am impressed with the progress of our combined company over the last years. Our broad and deep technological competence combined with a highly motivated team is an excellent basis for further innovation and market penetration. We have now completed all communicated disposals of businesses outside of our strategic focus areas and our synergy creation remains on track. However, our markets continue to be demanding and unfavorable demand trends are impacting our business which is reflected in our first quarter results and our outlook. I will work closely with the management team in the upcoming months to define the way forward to address the currently unsatisfactory financial performance and unlock the potential that our business inherently has."

Key developments

- ams OSRAM delivered first quarter revenues and adj. operating margin in line with its guidance and reflecting the continued difficult market environment. The demand situation in important product areas remained unfavorable, particularly due to macro-economic trends, creating a negative impact on profitability. At the same time, ams OSRAM benefitted from seasonal strength in the automotive aftermarket and saw stabilizing trends in automotive inventory adjustments at the end of the quarter. The consumer business showed a very muted performance given both year-on-year and sequential volume weakness while several industrial markets saw the expected lower sequential demand.

- With the last closings in March and April, ams OSRAM has completed all communicated disposals of businesses outside of its strategic focus and concluded the planned portfolio re-alignment following the acquisition of OSRAM. Including proceeds received in the first and current quarter, ams OSRAM expects a cash inflow from disposal proceeds of high double-digit EUR million in 2023. For all disposal transactions since 2021, expected total proceeds amount to close to EUR 600 million. As a result of the last closing, second quarter revenues will reflect a final significant sequential deconsolidation effect of around EUR 80 million
- At the end of March, ams OSRAM had achieved EUR 305 million of synergies and savings from its integration programs, against one-time integration costs of around EUR 190 million so far. The synergy creation continues to progress as planned and ams OSRAM is confident to realize the remaining expected synergies towards its target of EUR 350 million by the second quarter 2024
- ams OSRAM recorded a strong sequential increase in capital expenditures in the quarter as it invests significantly into manufacturing capabilities for the long-term. These expenditures were in line with plans and particularly driven by its industry-first 8" LED front-end facility under construction in Malaysia. Construction of the facility continues to progress on schedule. The completion of the building, build-out of the support infrastructure and equipment deliveries over the course of the year will drive further substantial expenditures in 2023. ams OSRAM currently expects total capital expenditures for 2023 of slightly below EUR one billion, making 2023 a significant peak level year for capital expenditures compared to the last as well as next few years
- As communicated, Aldo Kamper became CEO of ams OSRAM on 1 April 2023 after Alexander Everke had stepped down as CEO as of 31 March 2023

Quarterly financial summary

EUR millions **(except per share data)**	**Q1 2023**	**Q4 2022**	**QoQ**	**Q1 2022**	**YoY**
Revenues	**927**	1,177	-21%	1,246	-26%
Gross margin adj.[1)]	**29.3%**	28.5%	+80 bps	33.1%	-380 bps
Operating income adj.[1)]	**50**	86	-42%	126	-60%
Operating margin adj.[1)]	**5.4%**	7.3%	-190 bps	10.1%	-470 bps
Net result adj.[1)]	**6**	29	-81%	102	-95%
Diluted EPS adj.[1)]	**0.02**	0.11		0.39	
Diluted EPS adj. (in CHF)[1)2)]	**0.02**	0.11		0.40	
Operating Cash Flow	**162**	201	-19%	147	11%
Net debt	**1,940**	1,717	13%	1,853	5%

1) Excluding M&A-related, transformation and share-based compensation costs, results from investments in associates and sale of businesses
2) Earnings per share in CHF were converted using the average currency exchange rate for the respective periods

First quarter group revenues were EUR 927 million (EUR 940 million excluding quarter-on-quarter disposal-related deconsolidation effects), 21% lower compared to the previous quarter and 26% lower compared to same quarter 2022, influenced by deconsolidation effects. Adjusted[1] group gross margin for the first quarter was 29%, unchanged from the fourth quarter and down from 33% for the same quarter 2022.

The first quarter adjusted[1] group result from operations (EBIT) was EUR 50 million or 5% of revenues compared to EUR 86 million or 7% for the fourth quarter 2022 and EUR 126 million or 10% of revenues for the same period 2022 (unadjusted: EUR -90 million or -10% of revenues for the first quarter). First quarter adjusted[1] group net result was EUR 6 million compared to EUR 29 million for the fourth quarter and EUR 102 million for the same quarter 2022 (unadjusted: EUR -134 million for the first quarter). First quarter adjusted[1] diluted earnings per share[2] were EUR 0.02 or CHF 0.02 (EUR -0.51 or CHF -0.51 unadjusted).

First quarter group operating cash flow amounted to EUR 162 million while group free cash flow was EUR -139 million given sequentially higher capital expenditures of EUR 302 million. Group net debt was EUR 1,940 million on 31 March 2023, translating into a group leverage of 2.5x net debt/adjusted[1] EBITDA. Cash and cash equivalents reflected the mentioned capital expenditures and stood at EUR 861 million on 31 March 2023.

Business overview

The Semiconductors segment provided 59% of group revenues and showed an overall subdued performance in the first quarter. The semiconductor business saw sequential and year-on-year reductions in volumes across different markets which resulted in underutilization in manufacturing. Together with product mix effects, these were the main drivers of a meaningful impact on segment profitability. Mitigation and cost reduction measures were able to partly compensate for this impact.

The semiconductor automotive business declined moderately on a sequential basis in line with company expectations. Expected inventory adjustments in the downstream automotive supply chain continued during the quarter but stabilized at the end of the quarter. The segment's consumer business saw very muted results as shipment volumes for different consumer lines showed a strongly negative sequential and year-on-year development. This reflected lower year-on-year volume demand in the global smartphone and mobile device markets, largely due to macro-economic trends and their impact on consumer spending habits. The smartphone business across regions saw sequential seasonal and

[1] Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses
[2] Based on 261,353,874 basic / 261,353,874 diluted shares in Q1 2023

product mix effects, the China and Android markets remained subdued in the first quarter and the company's wearables business saw meaningfully weaker quarter-on-quarter volumes. The segment's industrial and medical business showed a mixed performance in the quarter. This reflected sequentially reduced demand in certain industrial markets including LED industrial and outdoor lighting and horticulture solutions while other industrial and medical lines offered more supportive contributions.

Significant development and industrialization efforts continue for ams OSRAM's leading smallest structure size microLED technology as planned. These activities will remain a key area of R&D spending and investment as ams OSRAM moves along its path to realize high volume manufacturing of this next generation display technology in its new 8" LED front-end facility.

The Lamps & Systems (L&S) segment contributed 41% of group revenues in the quarter and showed a robust overall performance. Pro-forma first quarter L&S segment revenues for the remaining business after completion of all communicated disposals, i.e. deconsolidation of all disposals including the last disposal closed in April, were 35% of same basis group revenues or EUR 292 million. Segment profitability in the quarter benefitted significantly from high shipment volumes and seasonal demand strength in important product lines as well as from positive disposal-related margin effects.

The L&S automotive business including legacy traditional lighting recorded strong results which were particularly driven by the automotive aftermarket business. The aftermarket business benefitted from seasonal strength in the latter half of the winter semester, which spans the fourth and first quarter of each year, despite macro-economic trends affecting certain regions. The other businesses of the L&S segment offered supportive contributions in light of mixed demand trends in certain markets.

Outlook

For the second quarter, ams OSRAM sees a continued demanding situation in major markets as global macro-economic trends are impacting market dynamics on a broader basis.

In the company's automotive markets, demand is expected to stabilize further while meaningful positive momentum will need to solidify. Order momentum still appears inconsistent whereas the aftermarket business will be influenced by summer seasonality. The company's consumer business continues to be impacted by reduced levels of customer demand. This is due to ongoing weaker year-on-year volumes for smartphones and certain consumer devices given macro-economic impacts on consumer spending. Historically, the smartphone market has also shown seasonal effects in the second quarter which typically result in a seasonally stronger second half compared to the first half of each year. The company's industrial and medical business is seeing a trend towards stabilization of order momentum when compared to the beginning of the year. However, current quarter demand for industrial and medical lines remains mixed. Given these dynamics, ams OSRAM expects continued reduced production volumes in the second quarter which continue to result in reduced utilization levels in the company's manufacturing and a negative impact on profitability.

ams OSRAM therefore expects second quarter group revenues of EUR 800-900 million including quarter-on-quarter disposal-related deconsolidation effects (i.e. sequentially flat at the midpoint of EUR 880-980 million revenues excluding deconsolidation effects) and an adj. operating (EBIT) margin of 3-6%. These expectations are based on currently available information and exchange rates and reflect revenue deconsolidation effects for the second quarter, including from closing the Digital Systems Europe/Asia disposal, which reduce expected second quarter revenues by around EUR 80 million on a comparable portfolio basis. Furthermore, the expectations include disposal-related deconsolidation effects on a year-on-year basis with a second quarter revenue effect of around EUR 150 million.

Taking into account current macro-economic and market trends, ams OSRAM remains cautiously optimistic to benefit from an improving demand environment in the second half of the year, based on current information and exchange rates.

Additional selected financial information for the first quarter 2023 is available on the company website. The first quarter 2023 investor presentation is also available on the company website. ams OSRAM will hold a conference call on the first quarter results on Tuesday, 2 May 2023 at 9.30am CEST. The conference call will be available via webcast.

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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 automotive, consumer, industrial and healthcare 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 22,000 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 4.8 billion revenues in 2022 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

Consolidated Income Statement

(unaudited)

EUR millions (except earnings per share)	**Q1 2023**	**Q1 2022**
Revenues	927	1,246
Cost of sales	-717	-861
Gross profit	**209**	**385**
Research and development expenses	-147	-162
Selling, general and administrative expenses	-143	-156
Other operating income	15	3
Other operating expense	-17	-31
Result from investments accounted for using the equity method, net	-8	0
Result from operations	**-90**	**40**
Financial income	11	22
Financial expenses	-43	-72
Net financial result	**-32**	**-50**
Result before income taxes	**-122**	**-10**
Income taxes	-12	26
Net result	**-134**	**15**
Attributable to:		
Non-controlling interests	0	0
Shareholders of ams-OSRAM AG	-134	15
Basic earnings per share (in EUR)	-0.51	0.06
Diluted earnings per share (in EUR)	-0.51	0.06

Consolidated Balance Sheet

(unaudited)

EUR millions	March 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	861	1,087
Current financial investments	21	21
Trade receivables	529	533
Inventories	880	864
Other current receivables and assets	211	223
Assets held for sale	158	157
Total current assets	**2,661**	**2,884**
Property, plant and equipment	1,973	1,856
Intangible assets	3,605	3,645
Right-of-use assets	230	230
Investments in associates	23	35
Deferred tax assets	65	69
Other non-current assets	53	54
Non-current financial investments	36	59
Total non-current assets	**5,985**	**5,948**
Total assets	**8,646**	**8,832**
Liabilities and Equity		
Liabilities		
Current interest-bearing loans and borrowings	164	169
Trade payables	737	811
Income tax payables	79	87
Current provisions	267	256
Other current liabilities	1,412	1,345
Liabilities associated with assets held for sale	59	50
Total current liabilities	**2,717**	**2,717**
Non-current interest-bearing loans and borrowings	2,636	2,635
Employee benefits	173	179
Deferred tax liabilities	109	105
Non-current provisions	45	45
Other non-current liabilities	321	318
Total non-current liabilities	**3,285**	**3,281**
Equity		
Issued capital	274	274
Additional paid-in capital	2,055	2,036
Treasury shares	-121	-121
Other components of equity	232	280
Retained earnings	198	358
Total equity attributable to shareholders of ams-OSRAM AG	**2,638**	**2,826**
Non-controlling interests	7	7
Total equity	**2,644**	**2,833**
Total liabilities and equity	**8,646**	**8,832**

Consolidated Statement of Cash Flows

(unaudited)

EUR millions	Q1 2023	Q1 2022
Operating activities		
Net result	-134	15
Reconciliation between net result and cash flows from operating activities		
Amortization, depreciation, and impairment [3]	173	157
Expenses from stock option plans (acc. to IFRS 2)	20	11
Income taxes	12	-26
Net financial result	32	50
Result from sales of businesses, intangible assets, and property, plant, and equipment	3	0
Result from investments in associates	8	0
Other adjustments for non-cash items	0	-1
Change in current assets and current liabilities		
Inventories	-28	-35
Trade receivables	-20	40
Other current assets	10	-29
Trade payables	-35	-49
Current provisions	17	-15
Other current liabilities	121	44
Change in other assets and other liabilities	-9	-3
Income taxes paid	-14	-13
Interest received	7	0
Cash flows from operating activities	**162**	**147**
Investing activities		
Additions to intangible assets and property, plant, and equipment	-302	-113
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-31	0
Acquisition of financial investments	0	0
Proceeds from sales of investments, intangibles, and property, plant, and equipment	16	4
Proceeds and payments from sales of businesses, net of cash and cash equivalents disposed	11	0
Cash flows from investing activities	**-306**	**-109**

[3] Q1 2023: EUR 111m related to property, plant and equipment; EUR 62m related to intangible assets

EUR millions	Q1 2023	Q1 2022
Financing activities		
Payments from transactions with former non-controlling shareholders	0	-3
Acquisition of treasury shares	0	0
Sale of treasury shares	0	0
Proceeds from loans	0	0
Repayment of loans	-2	-62
Repayment of lease liabilities	-15	-18
Interest paid	-46	-46
Cash flows from financing activities	**-63**	**-127**
Effects of changes in foreign exchange rates on cash and cash equivalents	-18	0
Net change in cash & cash equivalents	-224	-89
Cash and cash equivalents at beginning of period	1,098	1,339
Cash and cash equivalents at end of period	**874**	**1,250**
Less: cash and cash equivalents for assets held for sale at end of period	13	15
Cash and cash equivalents at end of period	**861**	**1,235**

Reconciliation from adjusted figures to reported figures

EUR millions	Q1 2023	Q1 2022
Gross profit – adjusted	**272**	**412**
M&A related costs[1] / tangible asset restructuring	-46	-19
Share-based compensation	-1	-1
Transformation costs	-15	-7
Gross profit – IFRS reported	**209**	**385**
Gross margin in % – adjusted	29%	33%
Gross margin in % – IFRS reported	23%	31%
Operating expenses – adjusted	**-222**	**-286**
M&A related costs[1] / tangible asset restructuring	-21	-16
Share-based compensation	-19	-11
Result from the sale of businesses	-6	-25
Transformation costs	-24	-8
Result from investments in associates	-8	0
Operating expenses – reported	**-299**	**-345**
Result from operations – adjusted	**50**	**126**
M&A related costs[1] / tangible asset restructuring	-67	-34
Share-based compensation	-20	-12
Transformation costs	-39	-16
Result from the sale of businesses	-6	-25
Result from investments in associates	-8	0
Result from operations – IFRS reported	**-90**	**40**
Operating margin in % – adjusted	5%	10%
Operating margin in % – reported	-10%	3%
Result from operations – adjusted	**50**	**126**
Amortization, depreciation and impairment (excluding acquisition-related expense)[1]	101	110
EBITDA – adjusted	**150**	**236**
Result from operations – adjusted	**50**	**126**
Net financing result	-32	-50
Income tax result	-12	26
Net result – adjusted	**6**	**102**
Basic adjusted earnings per share (in EUR)	**0.02**	**0.39**

[1] Acquisition-related expense includes amortization, depreciation and impairment of purchase price allocated assets, goodwill impairment, integration, carve-out and acquisition related costs