Sensing is life

Third quarter 2023 results
Earnings Call

Aldo Kamper, CEO
Rainer Irle, CFO
Dr Juergen Rebel, SVP Investor Relations

31 October 2023

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Part 1

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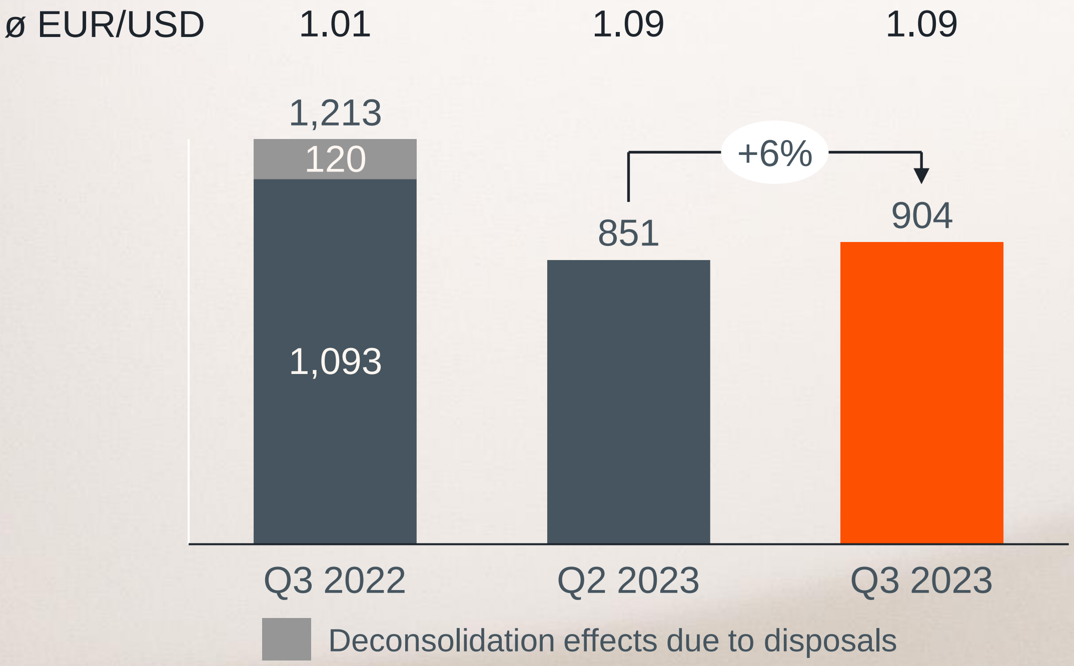
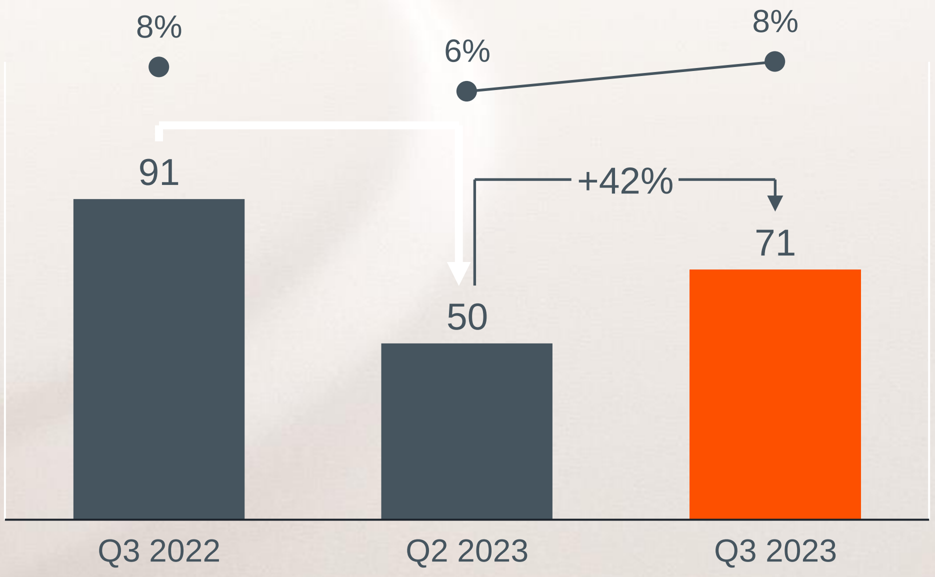
Group revenues and adjusted EBIT meaningfully up in Q3

All figures in EURm / % of revenues

Total revenues



EBIT, EBIT margin (adj.)[1)]



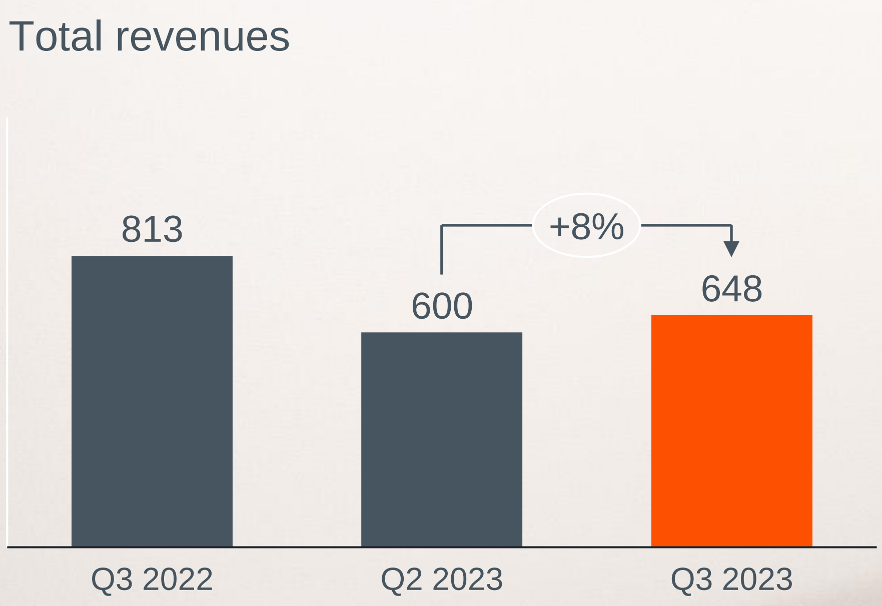
- Revenues above midpoint of guidance range
- EUR ~40m negative FX impact YoY
- Strong sequential growth, driven across end markets, particular strong Automotive business
- YoY comparison reflects de-consolidation effects

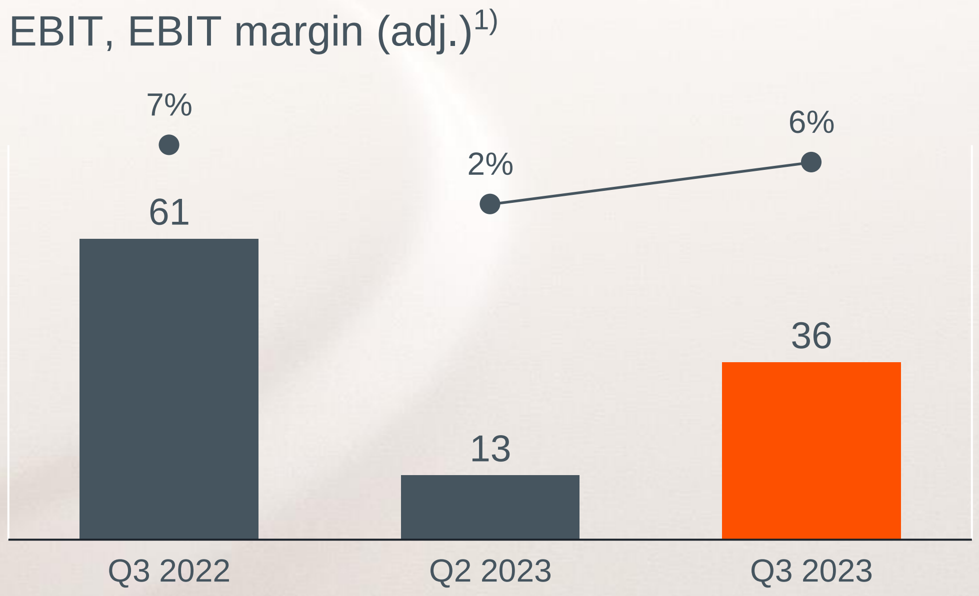
- Adj. EBIT margin at top end of guidance range
- Reduced adj. operating expenses and certain one-time effects (R&D funding support improved profitability)
- Clear target to improve long-term profitability

[1)] Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

Semiconductors segment: Significant sequential growth and improved profitability

All figures in EURm / % of revenues



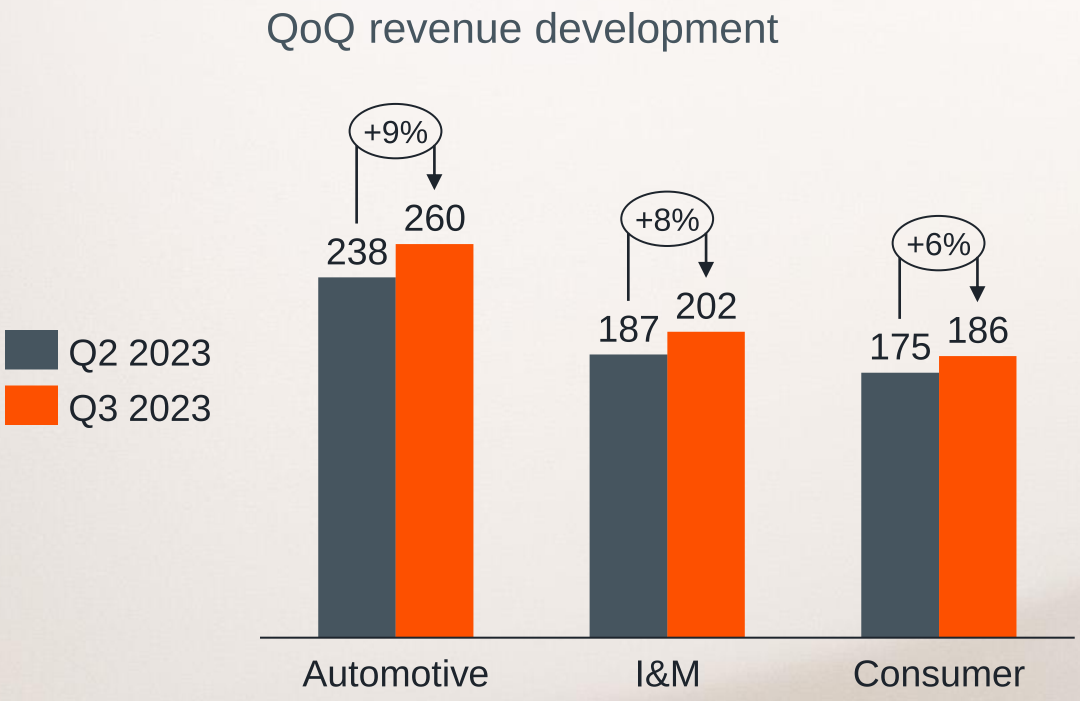


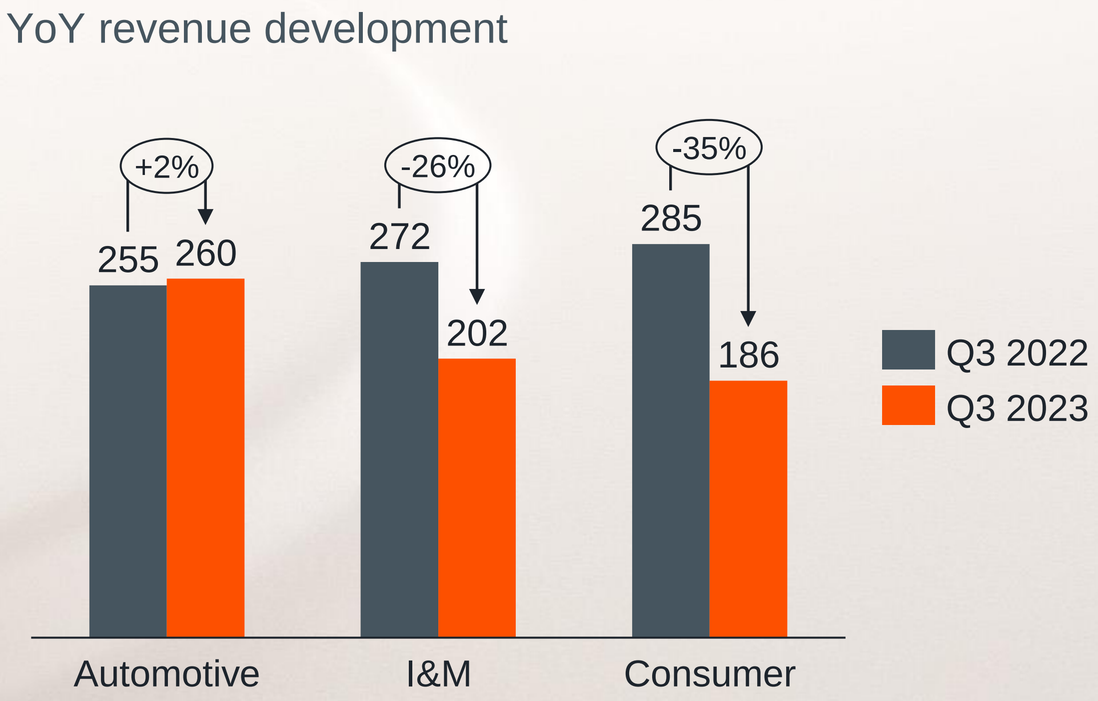
- Strong sequential growth driven by several end-markets, in particular strong Automotive business
- Automotive business reflects end of inventory correction, normalized order patterns, strong demand from China
- Weak industrial markets y-o-y due to macro pressure, medical also subdued, positive seasonality 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

[1] Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

Semiconductors: Positive sequential development across markets

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





- 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

I&M denotes Industrial & Medical

Very strong design-win traction – Q3 update

Selected examples of design-wins

5-year design-win volume to date

Colored ambient lighting – iRGB
(Automotive)

>100 m€

ALIYOS™ LED-on-foil technology
(Automotive)

2025+

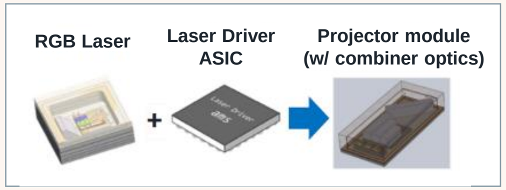
First OEM SOPs with applications based on ALIYOS™

High Pixelated Forward Lighting (Eviyos)
(Automotive)

>250 m€

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

>50 m€



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

Initial sales 2024

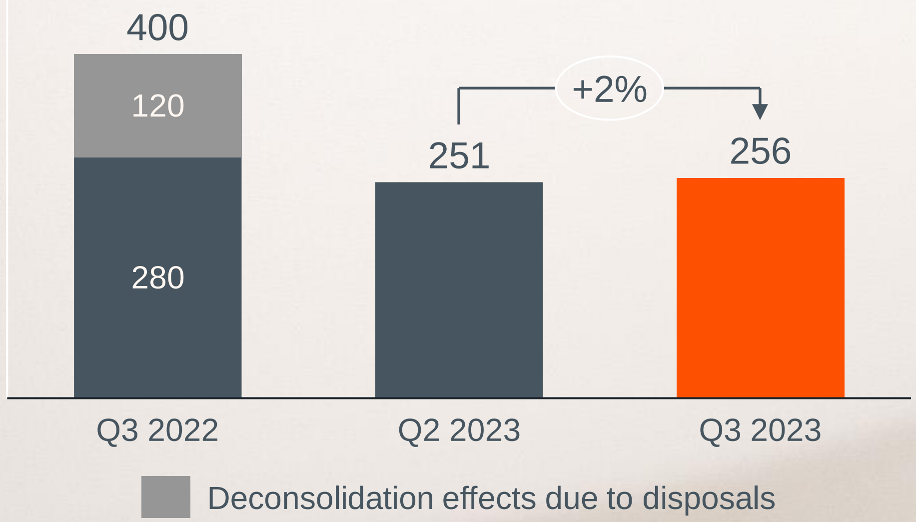
First design wins

ams OSRAM

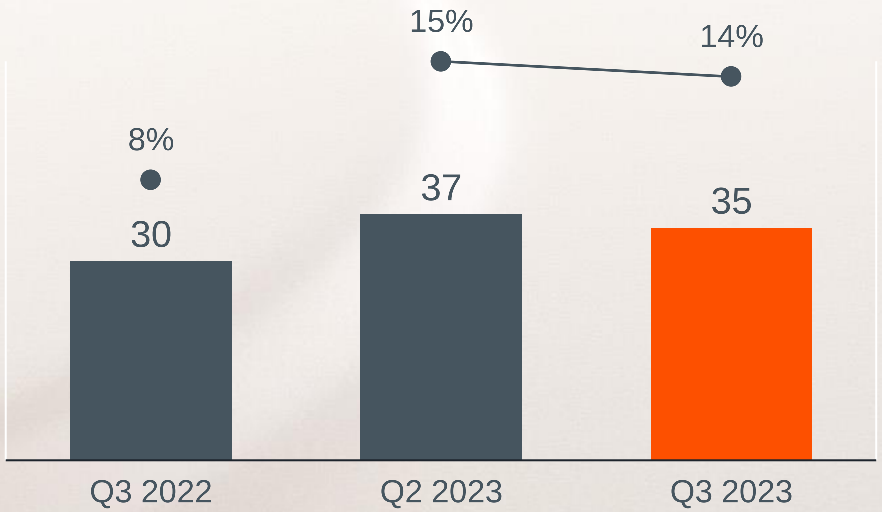
Lamps & Systems: Solid profitability in spite of seasonality

All figures in EURm / % of revenues

Total revenues



EBIT, EBIT margin (adj.)[1)]



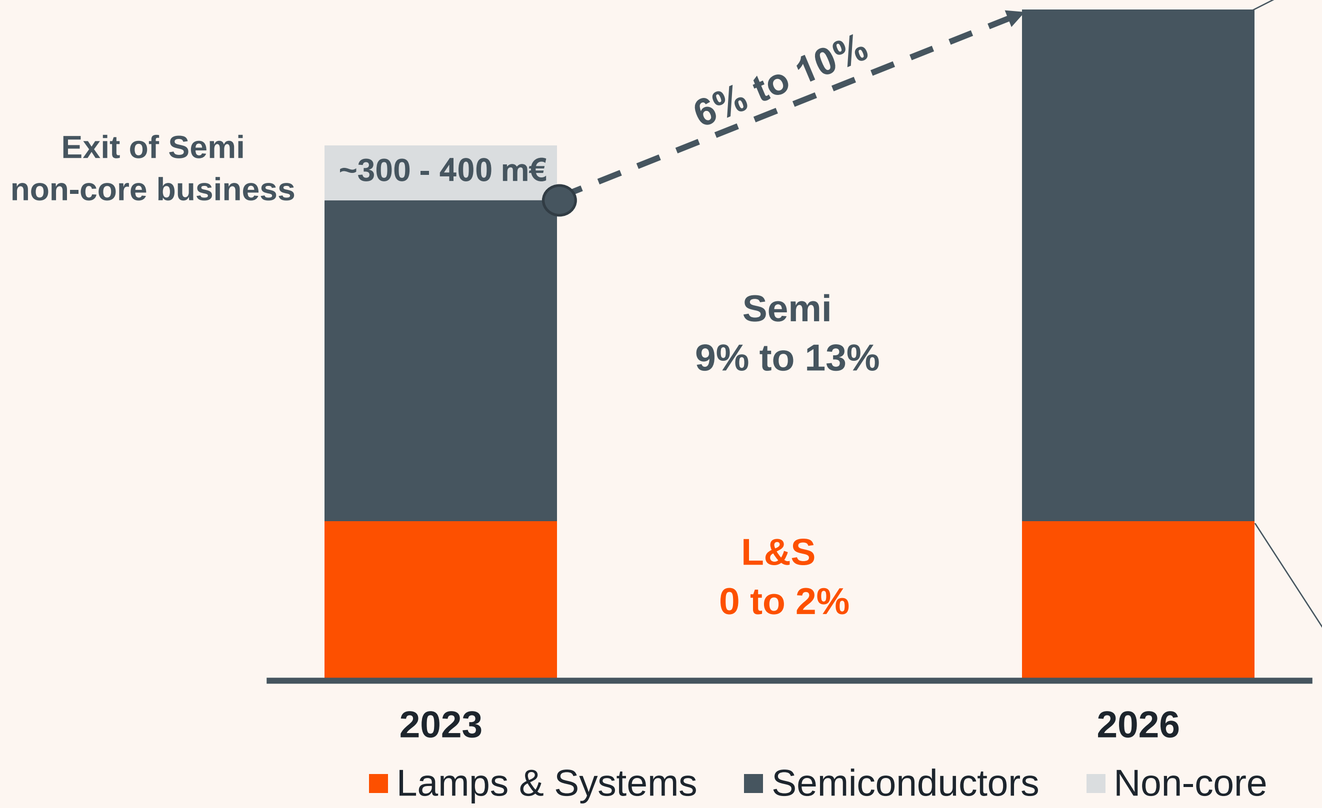
- Development in line with expectations
- Typical seasonal effects in L&S automotive business (~80% of remaining L&S business)
- Substantially and structurally improved profitability reflecting positive disposal-related and portfolio streamlining effects

[1)] Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

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

2023-2026 CAGR from new base (predominantly driven by ’25 and ’26)



Monetizing innovation: Ramping Kulim-2 / microLED

Automotive

- Pixelated LED Forward Lighting
- Standard LED Forward Lighting
- LED Signaling
- LED Ambient Lighting
- Lasers for Lidar
- Specialty sensors (Driver Monitoring, Rain, Position, …)

Industrial/Medical

Broad based growth vectors:

- LED lighting Horticulture
- Lasers for projection
- Specialty sensors for CT scanning
- Emitters / Sensors for robotics
- Emitter / Sensors for diverse applications

Consumer

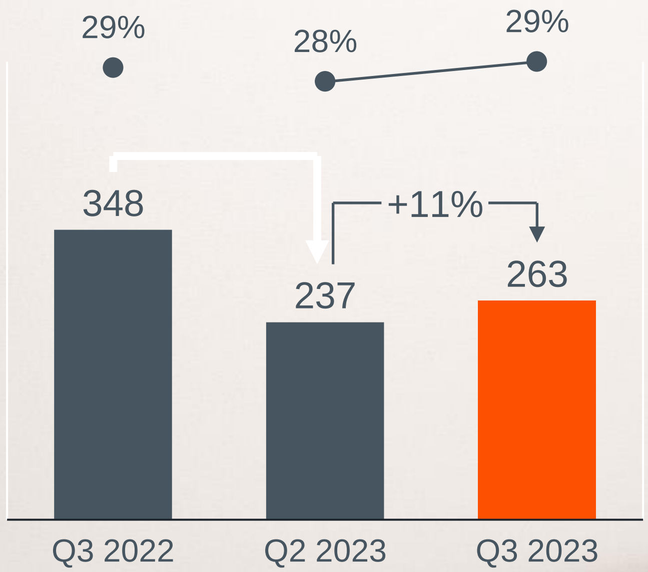
Re-won and new sockets in portable Consumer devices:

- Ambient Light Sensing
- Proximity Sensing
- 1d/2d/3d ToF Camera Enhancement

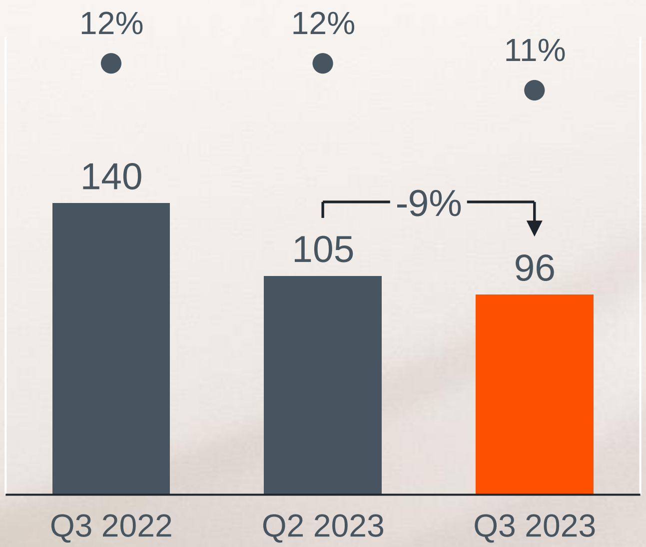
GP strongly improved sequentially, adjusted OPEX slightly reduced

All figures in EURm / % of revenues

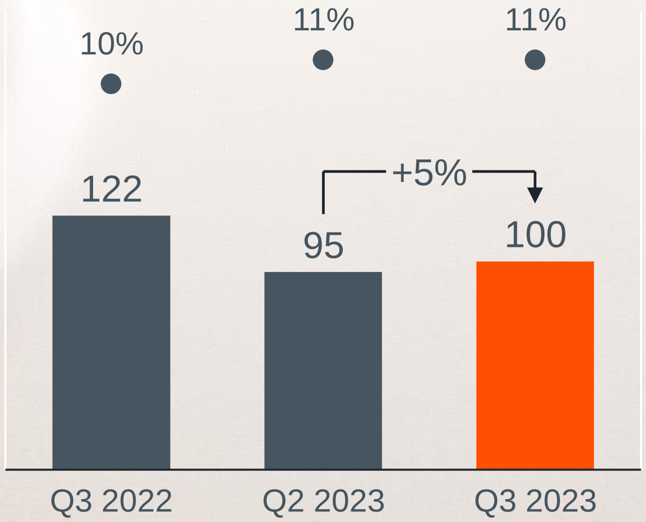
Gross profit, gross margin (adj.)[1)]



R&D expenses (adj.)[1)]



SG&A expenses (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

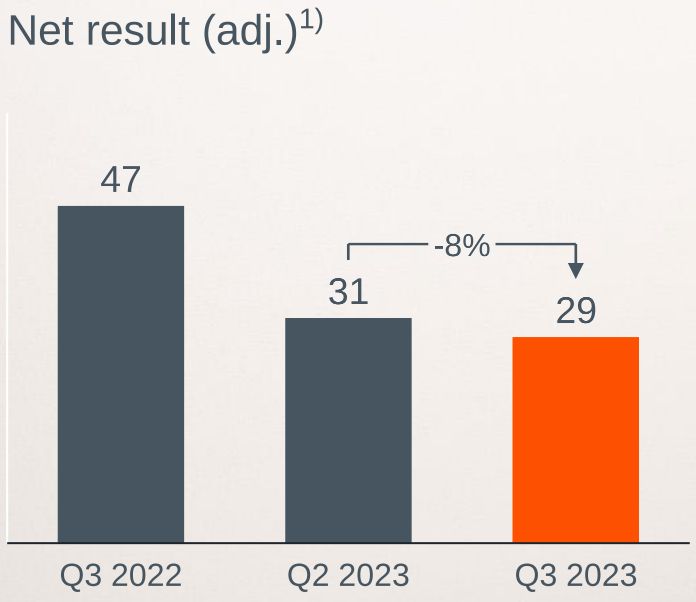
- Decrease in adj. operating expenses on absolute basis over last quarters
- R&D development reflects ongoing stream-lining and efficiency programs; vast majority of R&D in semi segment; Q3 R&D expenses in semi segment reduced by first tranche of IPCEI funding, partially a one time catch-up effect
-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

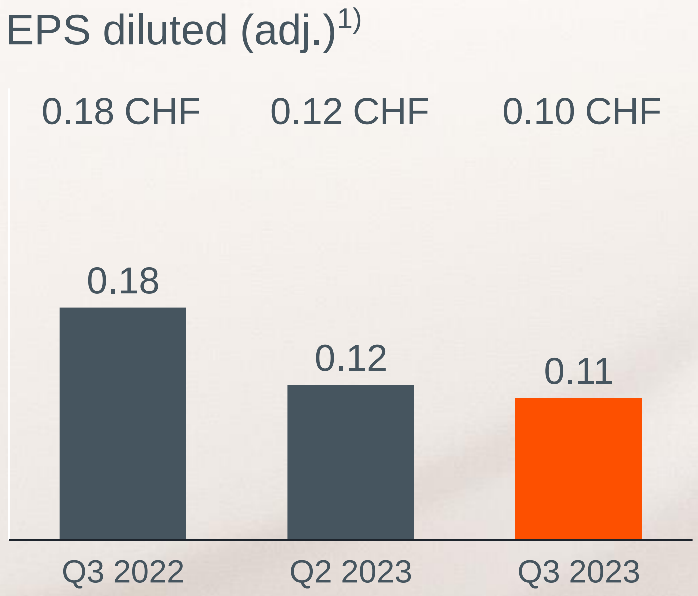
[1)] Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

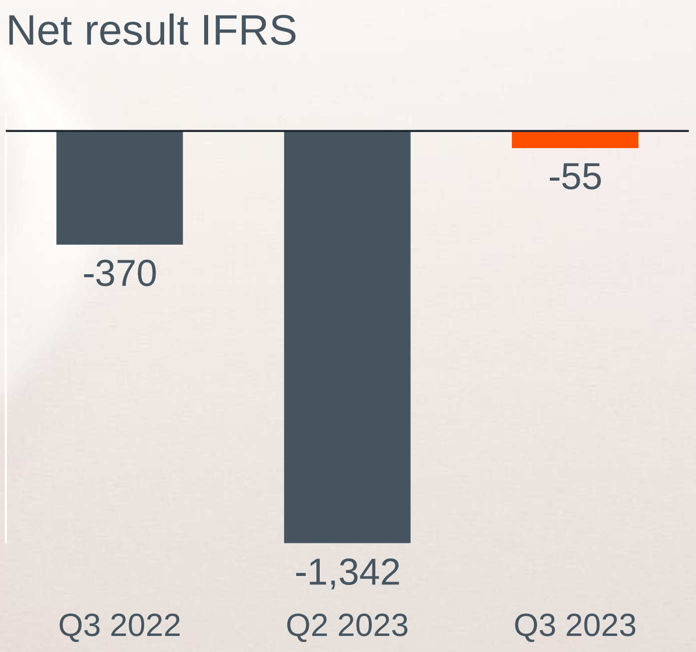
Adj. net result / Adj. EPS – Relatively stable development

All figures in EURm / EUR / CHF per share

Q3 2023: 260.9m basic / 260.9m diluted shares







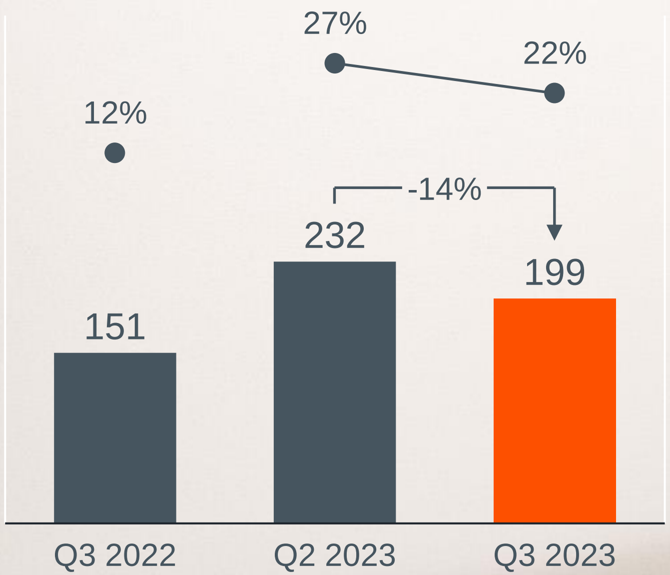
- Financial result and tax result drive sequential development, despite higher operating profit (Q2 included positive one-time effects in tax and financial result)
- Q2 with impairment charges of EUR ~1.3bn
- Financial result Q3 EUR -34m (Q2 EUR -25m)
- Q3 IFRS reported net result EUR -55m / IFRS EPS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

[1] Excluding M&A-related, transformation and share-based compensation costs as well as results from investments in associates and sale of businesses

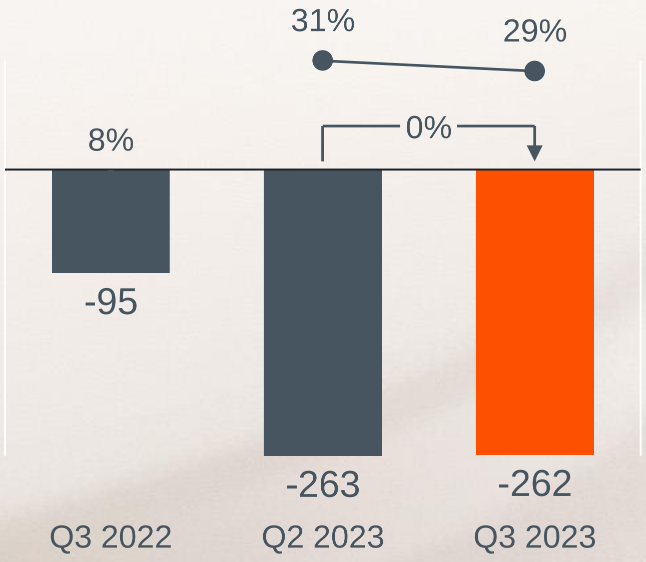
Continued strong Operating CF, but high Capex results in negative FCF

All figures in EURm / % of revenues

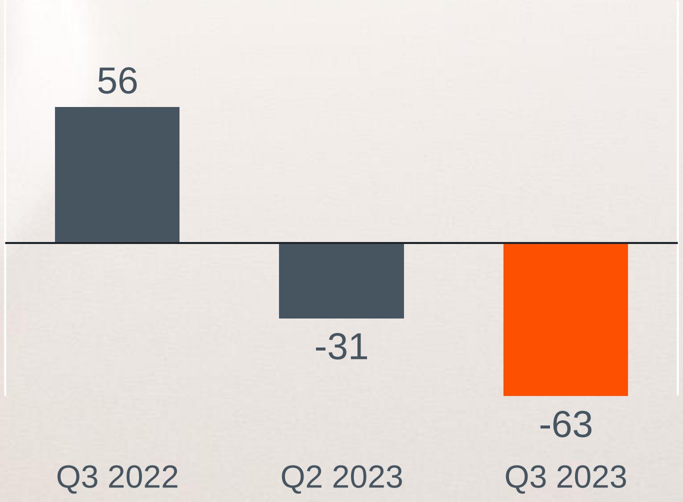
Operating Cash Flow



Capital expenditures (Capex)



Free Cash Flow (FCF)



- 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

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Status update of EUR 2.25bn financing plan

Implementation well on track

Overview of holistic EUR 2.25bn financing plan		Status
Equity – Discounted subscription **rights offer of EUR 800mn**, volume underwritten	✓	**EGM approved EUR 800mn rights offer** – 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 – Placement of new **Senior Unsecured Notes** with total volume of the order of **EUR 800mn,** EUR and USD notes mixed		– USD and EUR – Will be collected on segregated account, proceeds released subject to rights issue

Asset transactions
– Including Sale and Leasebacks, **around EUR 300mn**
	✓	**Close to EUR 450mn in asset transactions signed**
		– On 30 October 2023 ams OSRAM announced:
		  – Signing of a sale and lease back of its new Kulim facility of c. 400m€, conditional to successful rights issue
		  – Divestment closing of a phased-out manufacturing facility located in Asia

Rolling Credit Facility (RCF) – Expects core relationship banks to extend maturity of the existing EUR 800mn RCF	✓	**Extended to 2026, subject to rights issue**
Financing in 2024 – Remaining amount of up to EUR 350mn		– Mix of Senior Unsecured Notes, Convertible Bond and/or bi-lateral credit lines, or other transactions, subject to market conditions
State funding or grants	✓	– Subsidies in Germany (300m EUR IPCEI) and Malaysia approved – Applied for additional grants under European Chips Act

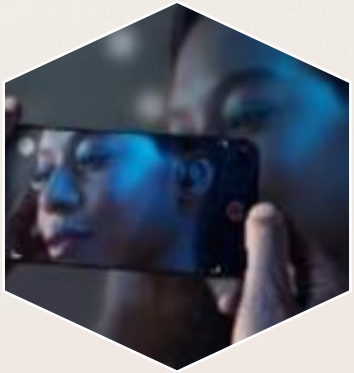
Business Outlook

Q4 2023 Guidance	2024 comments	…	2026 target model
– Revenue 850-950 m€ – Adj. EBIT 5-8%	– Divesting/exiting 300-400 m€ revenues		– 6-10% revenue CAGR – ~15% adj. EBIT
– Based on assumption EUR/USD 1.10	– H1 with continued macro weakness, H2 improving (design-wins backed and expected market recovery)		– Further market recovery and design-win backed growth (largest automotive, then mobile sensors, then 8-inch sales, amongst other)
	– ~75m€ savings run-rate at year-end from 'Re-establish-the-Base' program		– ~150m€ EBIT improvement from 'Re-establish-the-Base' program
	– FCF positive (including divestments proceeds)		– CAPEX at ~10% (targeted by 2025) and further improving FCF

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

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