

Sensing is life

amul OSRAM

# Second quarter and half year results 2021

Alexander Everke, CEO  
Ingo Bank, CFO  
Moritz M. Gmeiner, Head of IR

July 2021

# Vision and mission for ams OSRAM

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

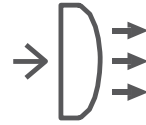
Key solution components

## Emitters



- LEDs
- Micro LED / Mini LED
- VCSELs / EELs
- Lamps

## Optical components & micro-modules



- Optical elements: Lenses, light guides, DOEs
- Micro-optical packaging
- Optical modules

## Detectors



- Light sensors
- Bio-sensors
- Image sensors

## Integrated circuits & algorithms



- Emitter driver ICs
- Sensor interfaces
- Sensor processors (incl. algorithms)

Micro-optical solutions & lamps

## Sensing



## Illumination



## Visualization





# Optical solutions for three global end markets

Light emission and sensing in perfect combination



## Consumer

### Current strength

- Display management
- 3D systems
- Wearables
- Camera enhancement

### Diversified growth areas

- Next generation displays/ Micro LED
- Mini LED
- Sensor integration
- Augmented Reality + 3D
- Near-to-eye applications



## Automotive

- Differentiated LED lighting (exterior/interior)
- Lighting systems
- Optical signaling
- Legacy lighting

- LIDAR applications
- High-res matrix headlights
- Exchangeable LED
- Head-up displays
- In-cabin sensing



## Industrial & Medical

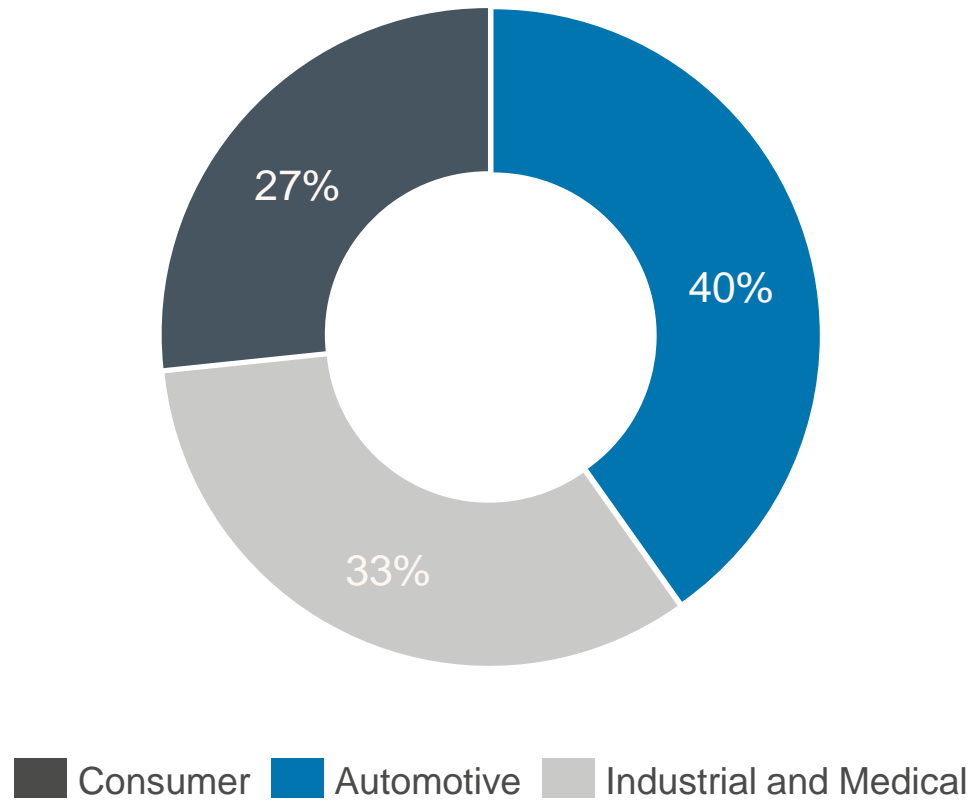
- Illumination solutions
- High performance imaging
- Industrial + building automation, security
- Medical imaging

- UV-C LED
- Horticulture
- Industry 5.0
- 3D applications
- In-vitro diagnostics

# Excellent position for leadership in optical solutions

## Balanced revenue streams (H1 2021)

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## Industry-leading portfolio + application expertise

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- 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

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- Advanced automotive exterior/interior LED lighting
- LED innovation (UV-C, Mini LED, IRED, high power specialty lighting)
- Micro LED next generation display technology
- EEL + VCSEL LIDAR
- 3D solutions (AR, authentication, consumer + industrial)
- Display management, optical sensing, near-to-eye
- High performance imaging

# Strong value proposition

## Commitment to drive growth

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- Bold investments into disruptive technologies and innovation-led growth (R&D target level: 11-14% of revenues)
- Clear target of double-digit avg. annual revenue growth
- Solutions approach to address high differentiation opportunities + new markets
- Selective M&A to add technology to build leadership

## Path to strong sustainable profitability

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- Realizing significant synergies and savings (~EUR 350m until spring 2024)
- Committed to drive benchmark levels for operational and support function costs (SG&A target level: 7-9% of revenues)
- Clear target of >20% adj. EBIT margin

## Strong focus on long-term value generation

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- Leading technology provider
- Re-investing in organic growth opportunities
- Balanced end market exposure creates broadly supported earnings streams
- Diversified global customer base and sales channels
- Continuous active portfolio management to optimize technology position

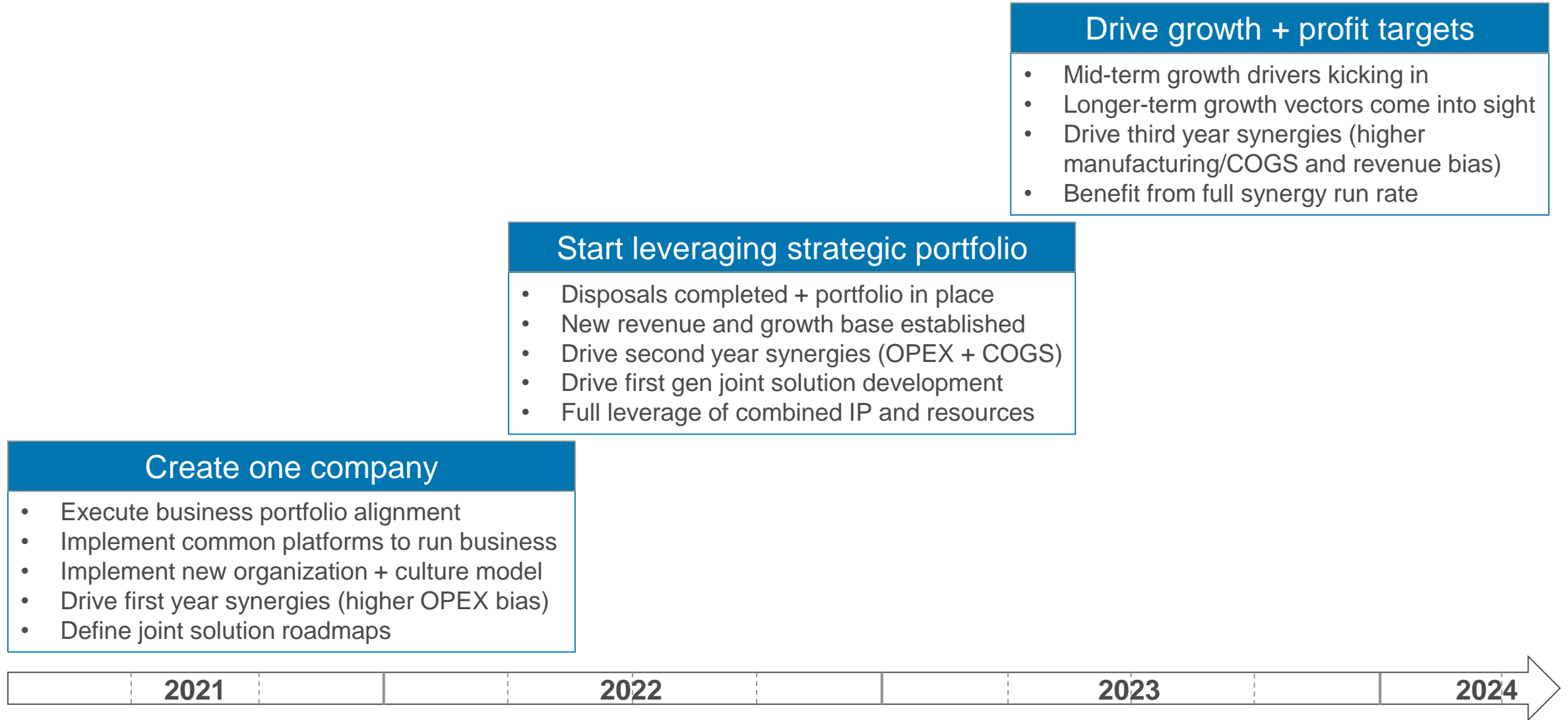
## Prudent financial policy

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- Committed to de-leverage balance sheet
- Targeting investment grade rating and leverage <2x net debt/adj. EBITDA
- Diversified mix of financing instruments with balanced longer-term maturity profile
- Further increase in OSRAM ownership not a priority

# Building leadership in optical solutions

Driving integration + synergies as foundation for future success



# Strong progress in integration



De-listing offer successfully completed; current OSRAM ownership 80.4%



First portfolio disposal successfully realized; portfolio re-alignment progressing as planned



Synergy realization fully on track; OPEX-related staff reductions in Germany agreed with labor representatives



New internal organization being implemented; IT integration underway



New corporate identity, purpose, values + leadership principles defined and rolling out



# Highlights Q2 / Outlook Q3 2021

## Q2 2021

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- Healthy demand drove positive group results, sequentially lower revenues reflect expected typical seasonal effects
- Ongoing strong automotive demand and order situation
- Semiconductors: besides automotive strength, healthy contribution from consumer and robust industrial & medical demand
- L&S: besides automotive strength, healthy recovery in industrial markets, otherwise mixed environment
- Very solid group adj. operating margin
- Robust cash flow generation with attractive FCF
- Moderate cash outflow from delisting offer for OSRAM

## Q3 2021

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- Expected revenues  
USD 1,450-1,550 million
- Expected operating profitability  
8-11% (adjusted EBIT margin)
- Revenue expectation excludes disposed  
DS North America revenues

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# Financial Results Q2 2021

## Q2 2021 Key financials at a glance

### Revenues

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1,491m USD

-3.4% q-o-q

### Gross margin (adj.)

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33.2%

494m USD

### EBIT margin (adj.)

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8.8%

131m USD

### Net result (adj.)

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84m USD

5.6%

### Operational Cash Flow

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229m USD

15.4%

### Net debt

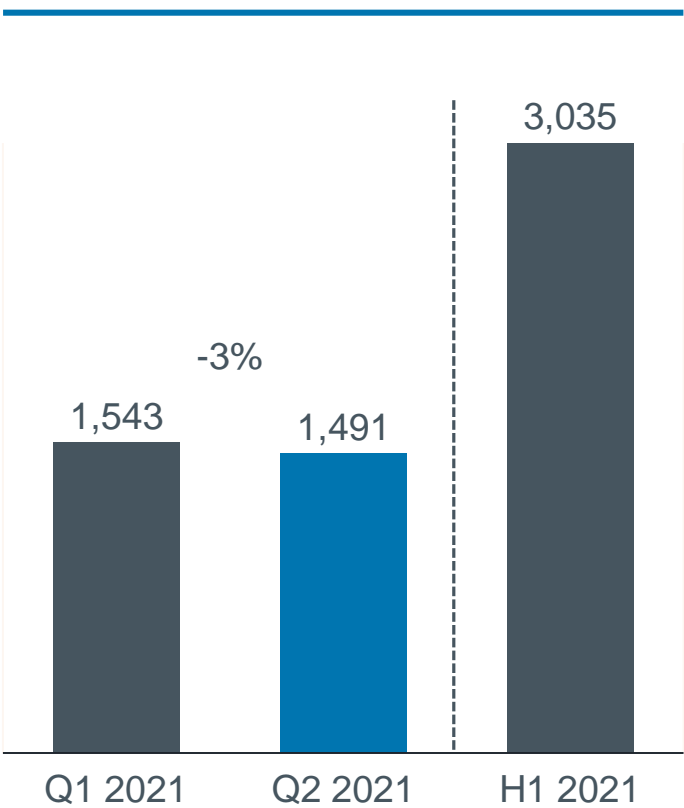
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2,296m USD

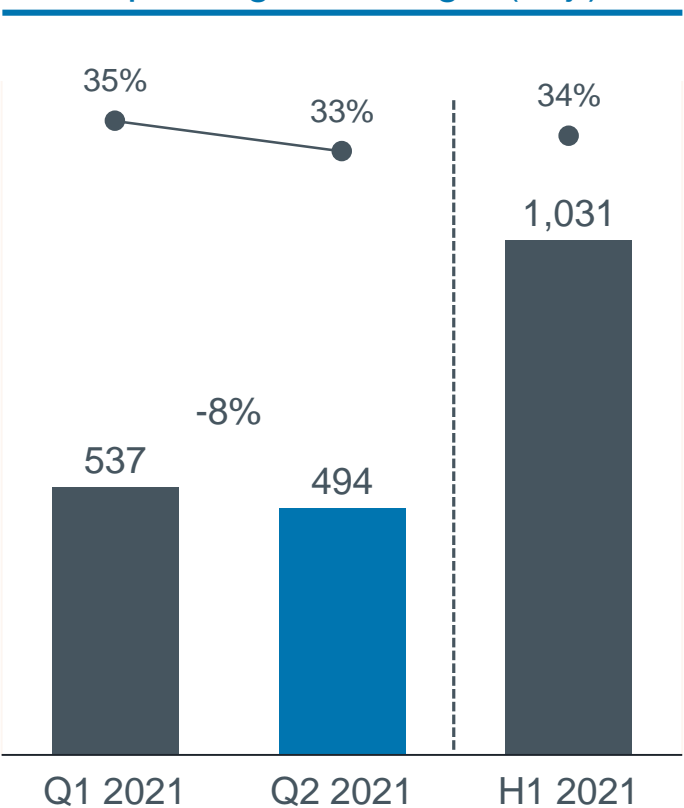
1.7x Leverage

# Group financial performance – Q2 2021 in line with expectations

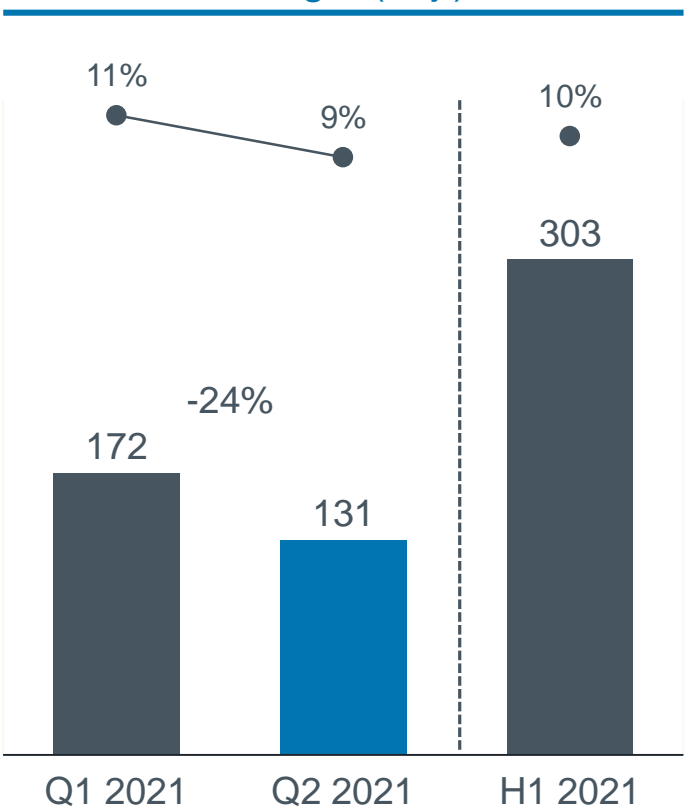
Total revenues



Gross profit, gross margin (adj.)<sup>1)</sup>

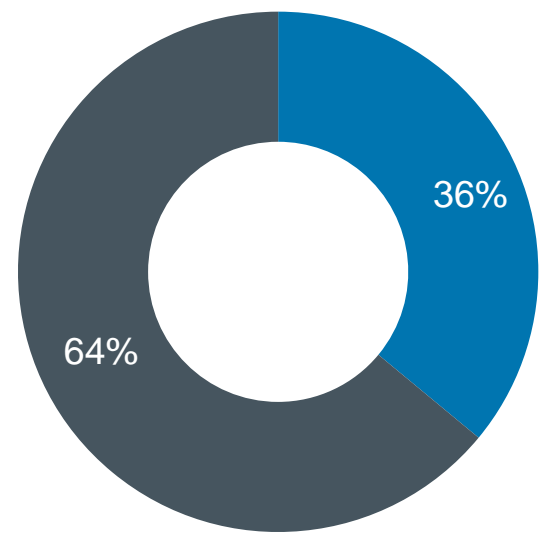


EBIT, EBIT margin (adj.)<sup>1)</sup>



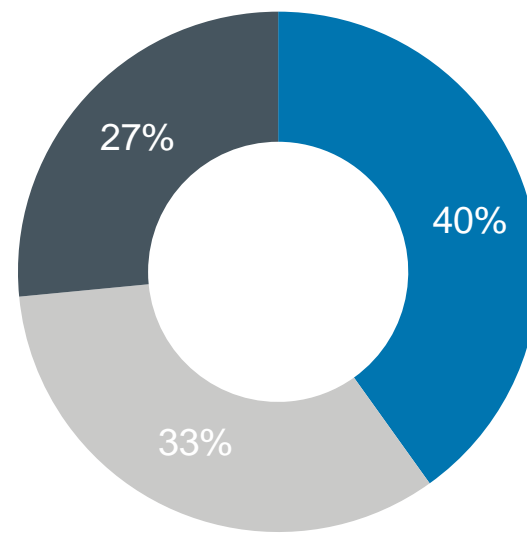
# Balanced revenue distribution

Revenues by segment H1 2021



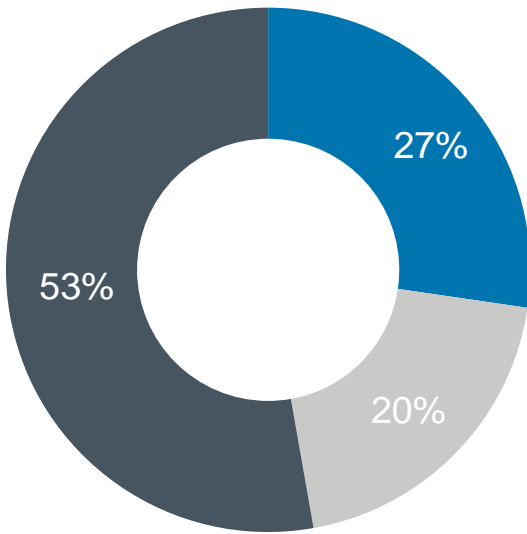
■ Semiconductors ■ Lamps & Systems

Revenues by end market H1 2021



■ Consumer  
■ Industrial and Medical  
■ Automotive

Revenues by region H1 2021

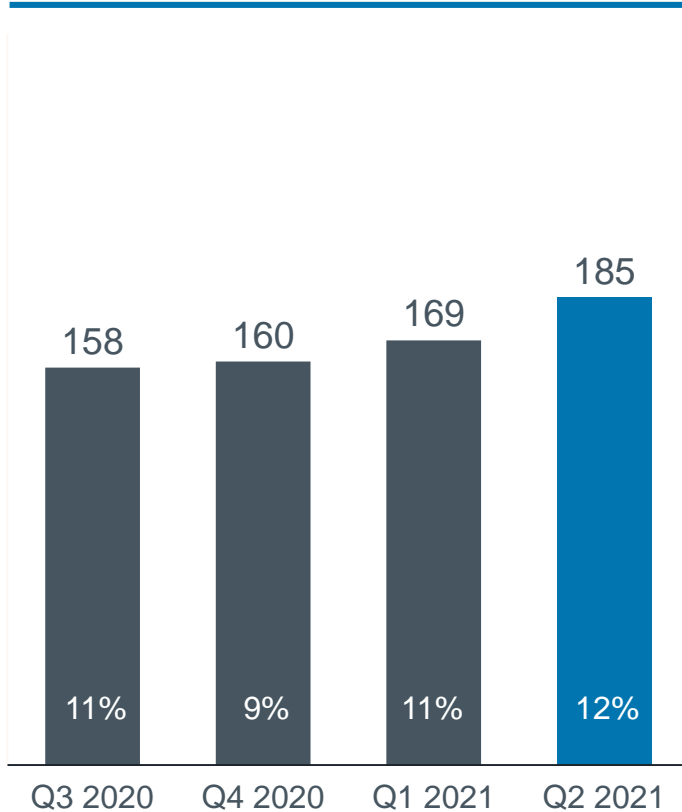


■ APAC ■ Americas ■ EMEA

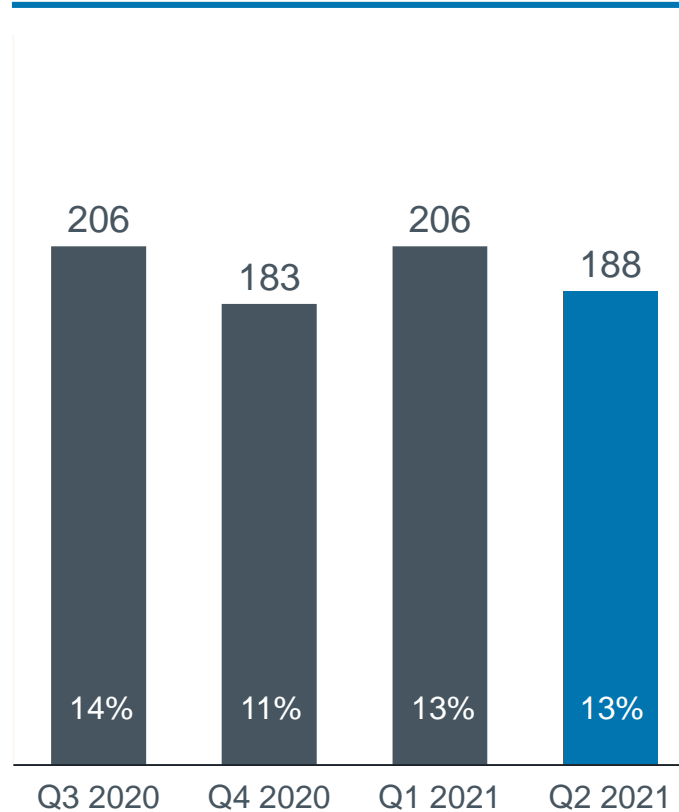


# Operating expenses

## R&D expenses (adj.)<sup>1)</sup>



## SG&A expenses (adj.)<sup>1)</sup>

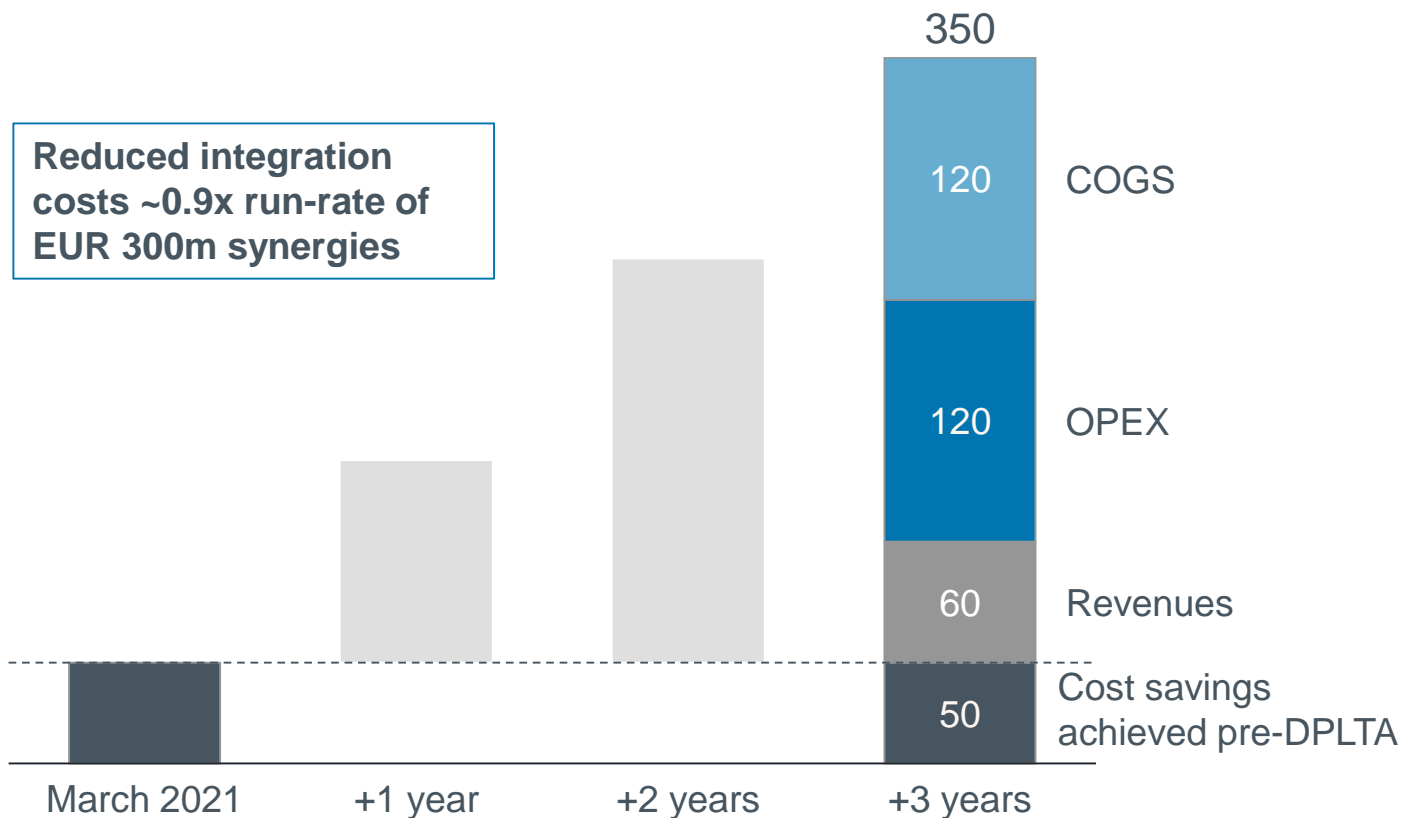


## Comments

- Total OPEX level in Q2 2021 unchanged to Q1 2021
- R&D levels reflect portfolio- and roadmap-driven investments with lower capitalization in Q2 2021
- Target levels for operating expenses (% of revenues):
  - Adj. R&D 11-14%
  - Adj. SG&A 7-9%

# Synergy creation started, expected integration costs significantly lower

## EUR 350m total synergies and cost savings

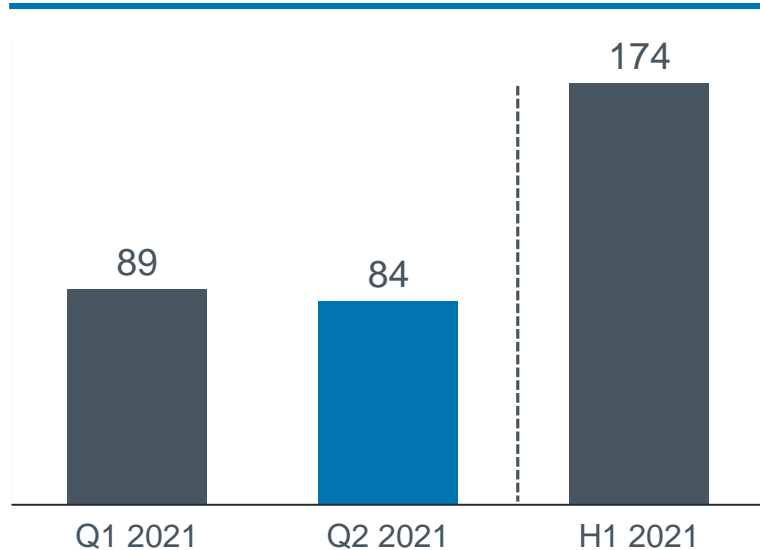


## Key aspects

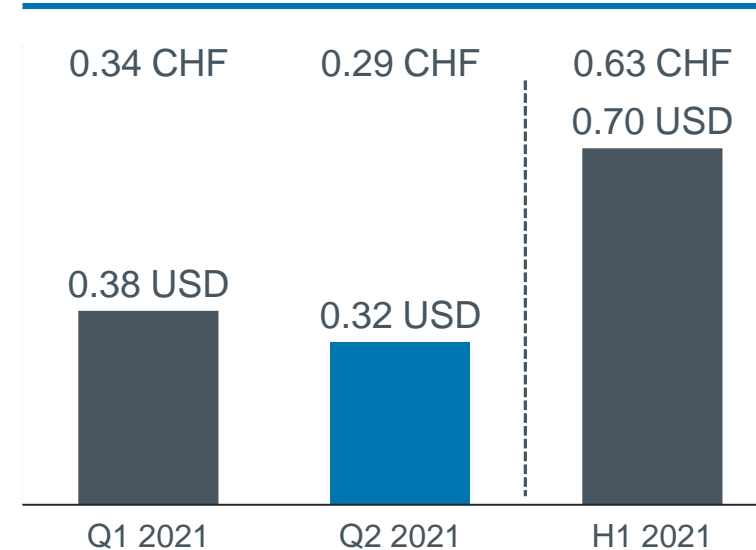
- Significantly lower expected integration costs: ~0.9x run-rate of EUR 300m integration synergies (prior expectation ~1.3x); one-offs over time
- Total synergies + pre-DPLTA cost savings EUR 350m
- Synergy creation and execution path only started in March 2021 following operational control (DPLTA effective date): on track
- Around 2/3 of total integration synergies expected within first two years
- Half-yearly updates on synergy progress: update Q3 2021

# Adj. Net result and Adj. EPS stable

Net result (adj.)<sup>1)</sup>



EPS basic (adj.)<sup>1)</sup>

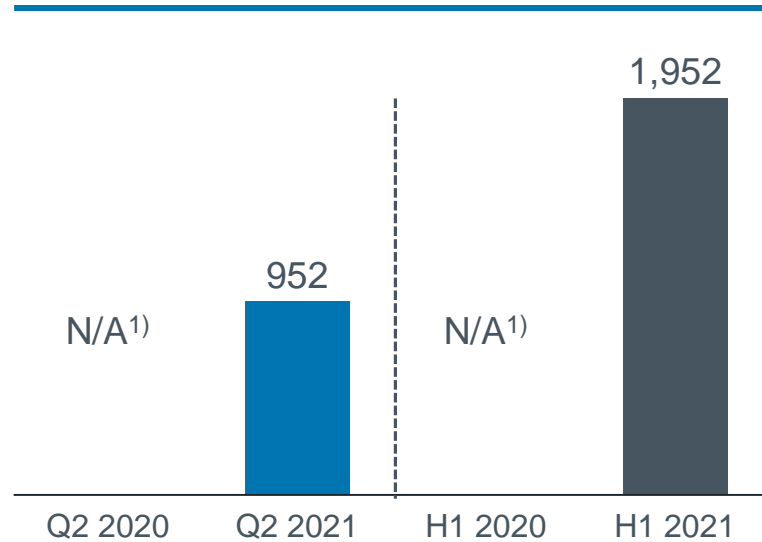


## Comments

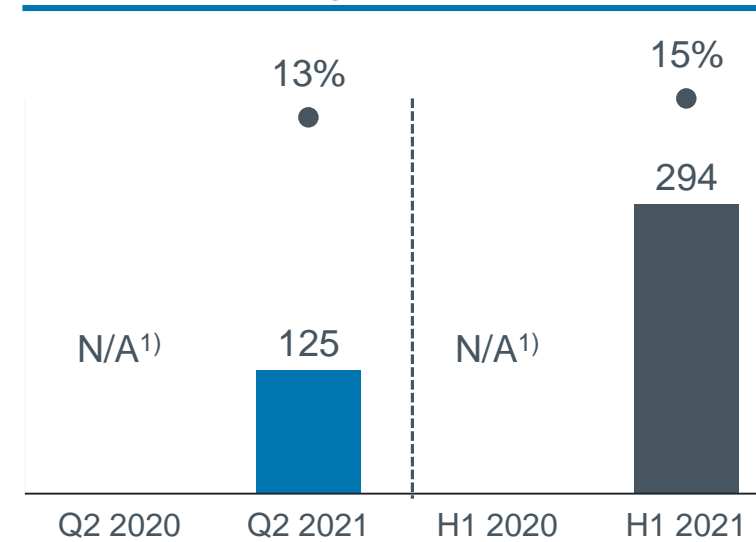
- IFRS reported net result USD -190m reflecting one-time, non-cash charge of USD 182m related to tangible fixed assets following review of useful life; related to Asia manufacturing base for Semiconductors consumer business
- Financing result of USD -40m, in line with expectations

# Semiconductors performance

## Total revenues



## EBIT, EBIT margin (adj.)<sup>2)</sup>



## Comments

- Revenue and profitability in line with expectations; tight supply chains continuing
- Demand in automotive resilient, backlog increasing
- Healthy performance in consumer business in line with seasonal effects
- Industrial and medical benefitting from macroeconomic recovery

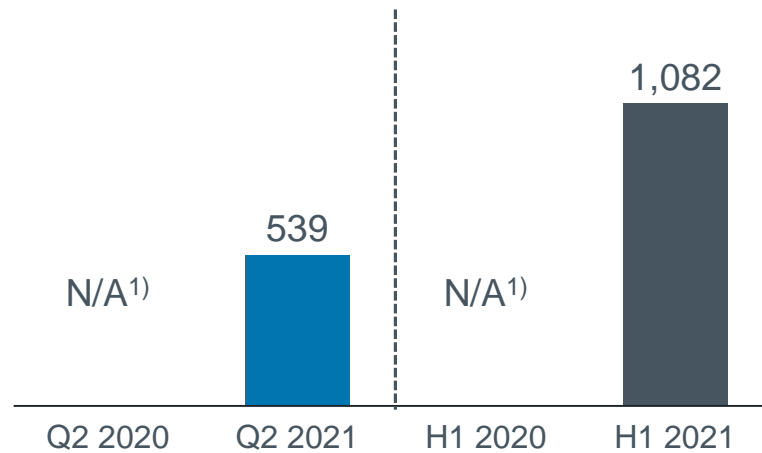
All figures in USDm / % of revenue

<sup>1)</sup> Historical figures for the combined group are not available as consolidation started in Q3 2020

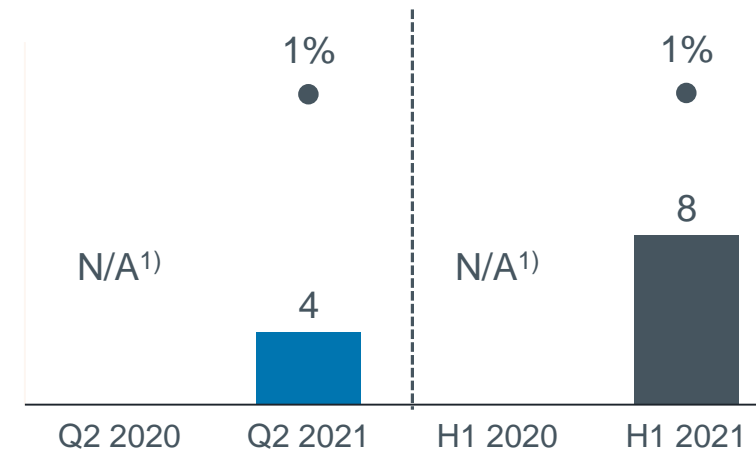
<sup>2)</sup> Excluding M&A-related, transformation and share-based compensation costs and results from sale of business and equity investments

# Lamps & Systems performance

## Total revenues



## EBIT, EBIT margin (adj.)<sup>2)</sup>



## Comments

- Solid overall performance, portfolio divestment plan on track, DS North America sold
- Traditional automotive business driven by sustained demand recovery
- Mixed demand environment: automotive and industrial recovering, entertainment flat

All figures in USDm / % of revenue

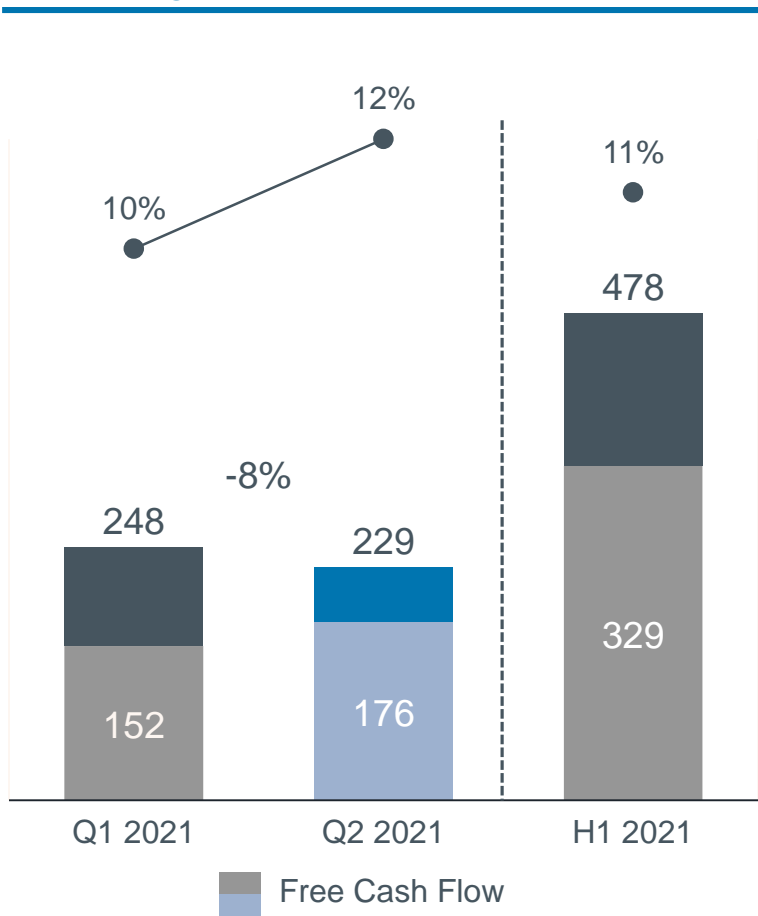
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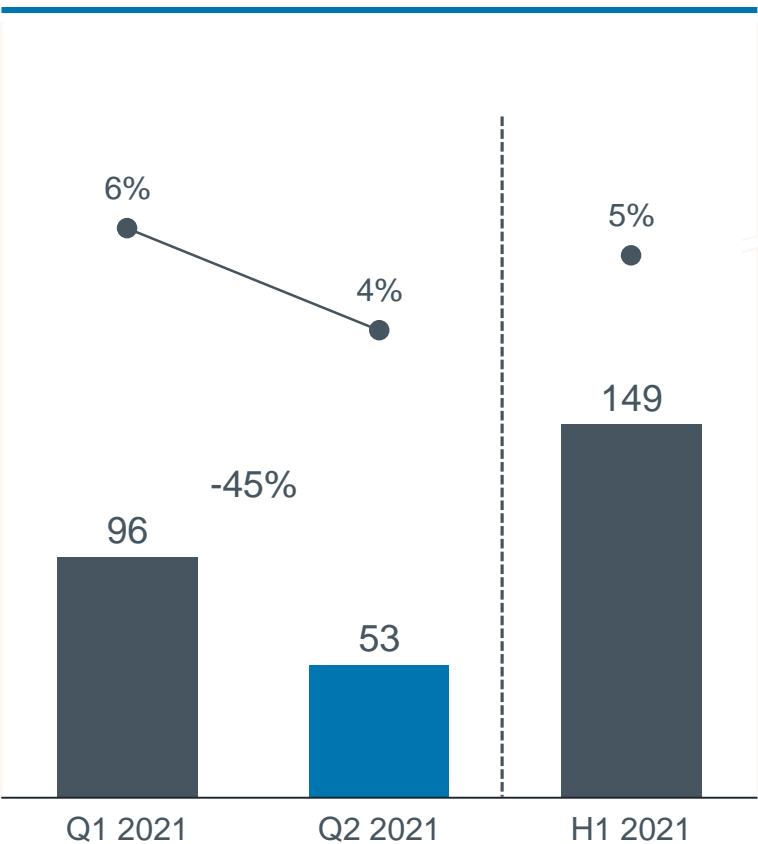


# Cash flow stays strong

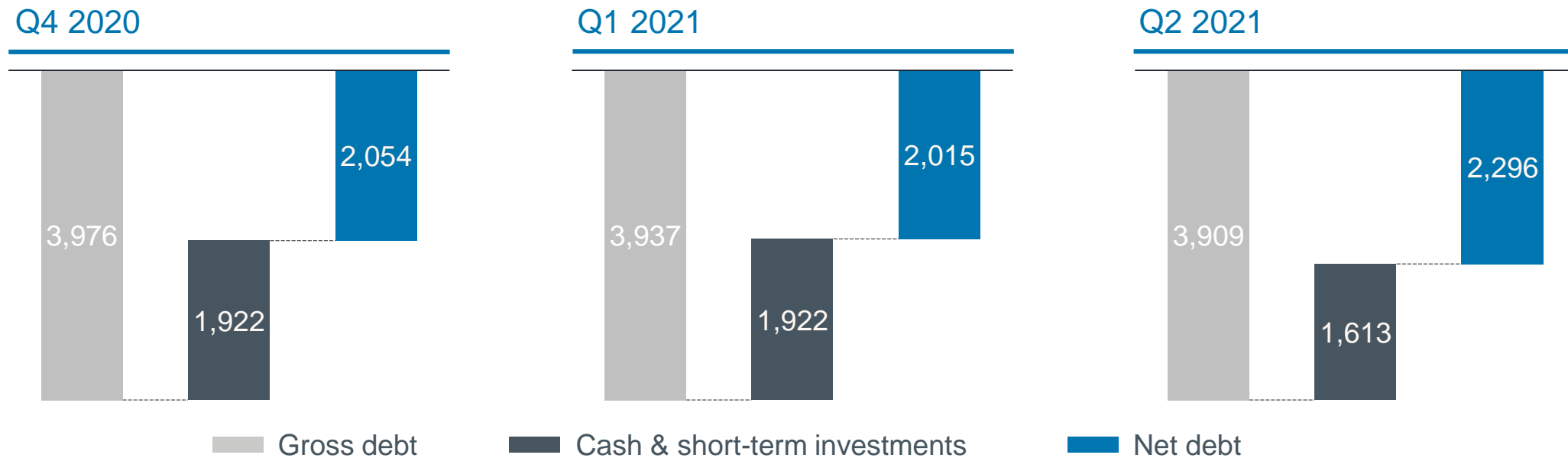
Operating / Free cash flow (FCF)



Capital expenditures



# Cash and debt overview



## Comments

- Group leverage of 1.7x net debt/adjusted<sup>1)</sup> EBITDA at end of Q2 2021
- Delisting offer and further open market purchases of OSRAM shares in the quarter totaling approx. USD 520m
- Bridge facility remained undrawn, delisting offer settled from existing cash

# Outlook Q3 2021

## Revenues

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USD 1,450-1,550 million

## Operating profitability

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8-11% (adjusted EBIT margin)

## Comments

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- Excludes disposed DS North America revenues

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# Profit and loss statement

	Q2 2021	H1 2021	Q2 2020 <sup>2)</sup>	H1 2020 <sup>2)</sup>
Revenues	1,491	3,035	503	1,050
Gross profit	282	779	187	390
• Gross margin (IFRS reported)	19%	26%	37%	37%
• Gross margin (adjusted <sup>1)</sup> )	33%	34%	40%	40%
Research and development	-215	-402	-75	-146
Selling, general and administrative	-240	-475	-71	-142
Other operating income/expenses	34	43	2	7
Results from equity investments	-4	-8	-1	-1
Result from operations (EBIT)	-143	-63	43	108
• EBIT margin (IFRS reported)	-10%	-2%	9%	10%
• EBIT margin (adjusted <sup>1)</sup> )	9%	10%	20%	20%
Net financing costs	-40	-108	-35	-114
Result before tax	-183	-171	7	-6
Income tax result	-10	-20	-1	-4
Net result (adjusted <sup>1)</sup> )	84	174	63	91
Net result (IFRS reported)	-190	-191	6	-11

All figures in USDm / % of revenues

23 <sup>1)</sup> Excluding M&A-related, transformation and share-based compensation costs and results from sale of business and equity investments

<sup>2)</sup> Q2 & H1 2020 figures reflect pre OSRAM consolidation, which commenced Q3 2020



# Balance sheet

Assets	Jun 30, 2021	Dec 31, 2020	Liabilities and equity	Jun 30, 2021	Dec 31, 2020
Cash and short term investments	1,613	1,922	Interest-bearing debt	363	285
Financial investments	8	23	Trade payables	809	656
Trade receivables	815	747	Tax payables	95	125
Inventories	1,058	1,033	Provisions	406	412
Other current assets	196	203	Other liabilities	1,634	2,041
Assets held for sale	131	58	Liabilities held for sale	160	153
Total current assets	3,822	3,987	Total current liabilities	3,465	3,674
Fixed assets	1,899	2,333	Interest-bearing debt	3,546	3,691
Intangible assets	4,923	4,876	Employee benefits	242	262
Right of use assets	341	348	Deferred tax liabilities	262	273
Investments in associates	88	90	Long term provisions	51	53
Deferred tax asset	225	199	Other liabilities	571	395
Other non-current assets	136	130			
Long-term financial assets	41	30			
Total non-current assets	7,654	8,007	Total non-current liabilities	4,672	4,675
			Shareholders' equity ams	3,405	3,717
			Equity minority interest	-66	-73
Total assets	11,476	11,992	Total liabilities and equity	11,476	11,992

# Cash flow statement

	Q2 2021	H1 2021	Q2 2020 <sup>1)</sup>	H1 2020 <sup>1)</sup>
Result after tax	-190	-193	6	-11
Depreciation	366	556	90	182
Cash flow from operations	229	478	117	376
Capital expenditures	-53	-149	-22	-61
Acquisition of subsidiaries, net of cash acquired	-516	-532	0	0
Acquisition/disposal financial investments	-1	-11	-30	-218
Proceeds and payments from sales of business activities	88	93	0	49
Cash flow from investing activities	-475	-590	-52	-230
Proceeds from loans	1	116	2	111
Repayment of loans	-5	-203	-130	-166
Sale of treasury shares	2	5	0	169
Interest paid	-22	-88	-10	-22
Changes resulting from capital increase	0	0	1,985	1,985
Cash flow from financing activities	-53	-219	1,571	1,783
Change in cash and cash equivalents (incl. effects of changes in foreign exchange rates)	-332	-285	1,618	1,927
Cash and cash equivalents at end of period	1,613	1,613	2,530	2,530

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# Appendix



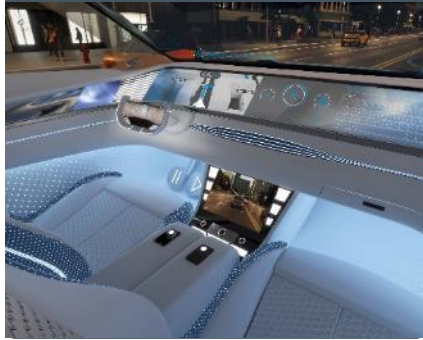
# Enabling innovation in automotive mobility

## Driving automotive application and technology trends

Exterior lighting



Interior lighting



Automated + autonomous driving



Head-up display



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)

# Enabling innovation in mobile + wearable devices

Creating solutions for consumer application and technology trends

3D authentication



3D AR/VR



Next generation  
Micro LED displays



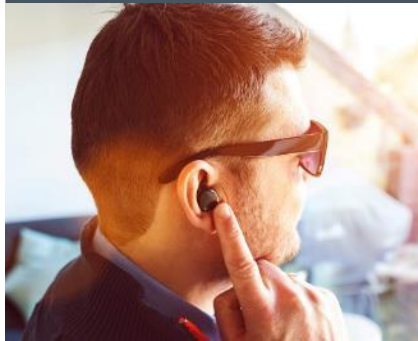
Display  
management



Camera  
enhancement



Presence detection



## Mobile technology

3D sensing, BOLED, Micro LED, Mini LED, LED, IRED, color sensing, proximity sensing, VCSEL/EEL, near-to-eye, AWB, spectral sensing, ANC



# Enabling new medical and health applications

## Non-invasive and point of care technologies

Medical imaging



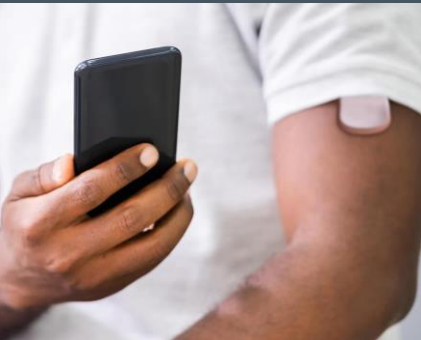
Point of care diagnostics



UV-C disinfection



Digital health



Micro camera endoscopy



## Medical & Healthcare

CT sensing + photon counting, digital X-Ray sensing, spectral sensing, UV-C, NanEye, LED

# Enhancing sensing + optical solutions for Industry

## Technologies for Industry 5.0 applications

Industrial IoT + automation



Access control + security monitoring



Near-infrared spectroscopy



Industrial imaging + machine vision



Robotics



UV-C disinfection



### Industry

Near-infrared spectroscopy, IRED, LIDAR, EEL/VCSEL, UV-C



# ams OSRAM company purpose

