

First Quarter Report 2021

Key figures USD millions (except earnings per share)	Q1 2021	Q1 2020	Q4 2020
Revenues ¹⁾	1,549	549	1,706
Gross margin in % (adjusted - see footnote 2)	35%	39%	35%
Result from operations (adjusted - see footnote 2)	172	111	285
EBIT margin in % (adjusted - see footnote 2)	11%	20%	17%
Net result (adjusted - see footnote 2)	89	28	183
Basic / diluted earnings per share in CHF ³⁾ (adjusted - see footnote 2)	0.34 / 0.34	0.29 / 0.40	0.55 / 0.43
Basic / diluted earnings per share in USD (adjusted - see footnote 2)	0.38 / 0.38	0.33 / 0.46	0.62 / 0.48
Net debt	2,023	2,062	1,701

¹⁾ Including revenues from discontinued operations

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

³⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods

DPLTA in effect and full integration underway with increased expected total synergies and savings, group to be known as “ams OSRAM”; robust first quarter group results driven by healthy demand, historical ams business revenues in upper half and adj. operating margin near top end of expected range; second quarter expected group revenues of USD 1,430-1,530 million; delisting offer for OSRAM shares

Report to shareholders on the first quarter of 2021

Ladies and Gentlemen

Our first quarter group results show a robust performance in light of the ongoing significant recovery of automotive demand and despite the continued impact of Covid-19 on economies globally.

The domination and profit and loss transfer agreement (DPLTA) between ams and OSRAM became effective in early March giving us the expected operational control of OSRAM. The business integration of ams and OSRAM is now fully underway via multiple programs to implement the new group organization, drive the creation of synergies and execute on optimizing our business portfolio. We confirm an increased total of expected cost savings of EUR 350m which expands on the previously announced EUR 300m expected run-rate pre-tax synergies over a three year period. These expected run-rate pre-tax synergies will now be realized against a first quarter 2021 baseline of already achieved cost savings of EUR 50m which OSRAM has implemented since last summer. We are also engaged in several M&A processes as part of the announced portfolio alignment and will provide updates in due course.

Emphasizing our collective position as a worldwide leader in optical technologies, the combined company will be known as “ams OSRAM”. We have developed a visual corporate identity strategy featuring the ams and OSRAM logos and plan to change the legal name of ams AG in its upcoming Annual General Meeting. The combined group is referred to as ams OSRAM group. To reflect our business structure we have moved to a new presentation and financial reporting framework for the ams OSRAM group with the two segments Semiconductors and Lamps & Systems. This framework fully maps onto the taxonomy of our solution portfolio and will be used in the segment reporting for the group. The Semiconductors (Semis) segment comprises the historical ams business and the historical OSRAM Optical Semiconductor business while the Lamps & Systems (L&S) segment includes the historical OSRAM Automotive and Digital businesses.

Financial results

First quarter consolidated group revenues were USD 1,549 million, 9% lower sequentially compared to a very strong fourth quarter 2020. Comparable prior year financial figures are not available due to the acquisition of OSRAM. The revenue development reflects expected seasonal effects against the background of overall healthy demand. The Semis segment accounted for 65% of total revenues while

L&S accounted for 35%. Adjusted¹ group gross margin for the first quarter was 35%, unchanged from 35% for the fourth quarter 2020 with comparable prior year figures not available.

The adjusted¹ group result from operations (EBIT) was USD 172 million or 11% of revenues for the first quarter compared to USD 285 million or 17% for the fourth quarter 2020 (including adjustments: USD 81 million or 5% of revenues for the first quarter) with comparable prior year figures not available. Referring to the final published expectations for our historical ams business, first quarter revenues for this business were USD 525 million and adjusted operating profitability was 22% of revenues, in the upper half and near the top end of the expected range.

Adjusted¹ group net income was USD 89 million for the first quarter compared to USD 183 million for the fourth quarter 2020 with comparable prior year figures not available (including adjustments: USD -2 million for the first quarter). Adjusted¹ basic/diluted earnings per share for the first quarter were USD 0.38/0.38 or CHF 0.34/0.34 based on 260,986,741/262,009,178 shares and USD 0.03/0.03 or CHF 0.03/0.03 including adjustments (fourth quarter 2020: USD 0.62/0.48 or CHF 0.55/0.43 based on 260,696,784/294,130,349 shares; all weighted average).

For the first quarter 2021, the group operating cash flow was positive at USD 249 million while group free cash flow reached USD 151 million. Net debt for the group stood at USD 2,023 million on 31 March 2021, this corresponds to a group leverage of 1.7x net debt/adjusted¹ EBITDA which is ahead of expectations. Cash and cash equivalents were USD 1,929 million on 31 March 2021, unchanged from year-end 2020.

Business development

With reference to the final published expectations for our historical ams business, we recorded very good first quarter revenues and adjusted operating profitability in the upper half and near the top end of the expected range.

Our Semiconductors (Semis) business showed a very healthy development supported across business lines. The Semis business in the automotive market achieved strong results with very attractive revenue growth and higher profitability year-on-year. Excellent customer demand across regions continues to be driven by the ongoing recovery of automotive demand compared to last year. We are leading in automotive lighting components and solutions addressing front, rear and interior applications for global customers. As an innovation leader, we focus on next generation automotive lighting for the coming years while we benefit from the ongoing LED-ification of vehicles. This includes highly pixelated front lighting enabling completely new applications to assist the driver and increase road safety as well as evolving head-up display technology with a roadmap for AR integration. Our combined EEL and VCSEL portfolio enables high performance illumination for the future LIDAR market for ADAS and automated driving. Overall, we see a very strong order situation continuing into the current quarter, enhanced by demand/supply imbalances in the sector. Despite an increase in production efficiency compared to 2020, capacity utilization is at a maximum with volumes in several areas short of customer demand.

¹ Excluding M&A-related, transformation and share-based compensation costs and results from equity investments.

Our Semis business in the consumer market saw a healthy performance driven by our range of optical sensing solutions. We are a leading player in display management, camera enhancement features and 3D sensing technology serving a variety of large OEMs. Our broad portfolio helps drive features such as BOLED display management, light analysis and ranging for camera enhancing applications, ultra-small scale optical sensing, and 3D functions across architectures as well as novel visualization. For the emerging highly disruptive Micro LED display technology we are seeing strong momentum and are driving the industrialization of this key innovation in light of scalable consumer applications. Given our leading position in Micro LED epitaxy and wafer processing and positive consumer market feedback, we expect significant Micro LED opportunities in the coming years with sensor-display integration to follow. We are also strong in Mini LED technology that significantly enhances the performance of current displays for multiple devices via backlighting and is already market available. We benefit from a positive market dynamic and see ourselves strongly positioned to expand opportunities based on our technological strength. Driving innovation, we see possibilities to create novel Mini LED technology for exciting new use cases beyond display backlighting. Development activities continue for next gen light sensing and 3D technology, including system-level solutions for 3D ToF for world-facing AR and BOLED 3D authentication, together with innovative near-to-eye visualization and sensing for AR.

The Semis business in the industrial and medical market showed a robust development. The regionally-driven recovery in illumination, industrial automation and HABA as well as imaging is gaining further traction while demand for horticultural lighting components is increasing strongly. Sensor-rich Industry 5.0 creates numerous opportunities in the future, helped by our leading position in global shutter imaging and spectral analysis. We also expect significant future growth for our innovative UVC LED technology for effective chemical-free disinfection. Medical imaging developed positively given our strong market position while our spectral sensing innovation for highly accurate Covid-19 LFT test analysis at the point-of-care showed sequential growth. We pursue further opportunities here and are developing new Digital Health applications in the in-vitro test market for the coming years.

Our Lamps & Systems (L&S) business recorded a very solid overall performance in the first quarter. The L&S business in the automotive market performed strongly with good revenue growth and higher profitability year-on-year. Sustained very robust demand across regions reflects the ongoing recovery of automotive demand compared to last year. A strong order situation is continuing into the current quarter which also echoes demand/supply imbalances in the market. With production fully utilized despite year-on-year efficiency improvements, customer demand exceeds available volumes in several areas. As a global market leader and driver of innovation, our focus for the coming years is on next generation lighting, including highly pixelated headlamp systems offering very innovative driver assistance and higher safety, supported by our strong aftermarket position.

Our L&S business in the industrial and medical market saw a mixed picture given different effects from Covid-19 and market developments. Reduced end market demand continues to impact the majority of the construction- and building-related L&S business in major regions while certain areas of the Digital Systems business show a recovery of demand. The entertainment-related market remains strongly challenged across geographies. The disposal process for the Digital Systems business, which had been initiated by OSRAM earlier, continues to progress as part of our portfolio alignment.

Our business is seeing a strong order situation, particularly in the automotive and, to a lesser extent, industrial market, which is continuing into the current quarter. At the same time, we note maximum capacity utilization in several areas as well as certain allocation situations towards existing customer

demand. We are also aware of tight supply chain conditions in certain segments of the semiconductor industry. Given the complex nature of supply chains and currently constrained forecasting of supply chain participants we may therefore experience indirect or direct revenue effects or swings related to product availability and customers' manufacturing plans in the future.

Yesterday we have announced a delisting offer for all remaining OSRAM shares with a cash consideration of EUR 52.30 for each OSRAM share. This offer is an important step on our path to the full business and legal integration of OSRAM into the ams OSRAM group and will also serve to streamline resources and optimize costs. In line with our financial strategy, no additional financing is needed for the offer. We expect the four week offer period to commence on or around 21 May, following the expected regulatory approval of the offer document. The delisting of the OSRAM shares from the regulated market is anticipated to happen shortly after the end of the offer period. We invite all remaining OSRAM shareholders to take advantage of this attractive cash offer when available.

Outlook

Starting this quarter, our financial outlook relates to the ams OSRAM group. We expect our overall business to continue to develop positively across segments in the second quarter. This expectation is particularly driven by the ongoing dynamic recovery of global automotive demand despite a generally tight supply chain. Solid demand trends in other business areas support this development in light of seasonal effects in the consumer market. At the same time, pandemic-related effects continue to influence regional economies and end markets with different intensity. For the second quarter 2021, we therefore expect group revenues of USD 1,430-1,530 million, 5% lower sequentially at the midpoint, with an expected adjusted operating (EBIT) margin of 7-10%, all based on currently available information.

We currently expect a more limited seasonality for this year with group revenues for the second half presently expected to be slightly higher compared to the first half. This is due to the expected automotive production situation in light of continued strong automotive demand as well as an expected lower market share in the consumer market, the latter with a net revenue effect of below 5% of currently expected full year group revenues. At the same time and based on our strong relationships, we have multiple ongoing development and program activities for all of our largest customers in the consumer and automotive market.

In addition, we re-confirm our overall financial target model for the integrated group which looks for double digit average yearly revenue growth in % and an adjusted operating profitability of 20-25%. The expectations above assume no unforeseen negative effects from the Covid-19 pandemic that would result in a meaningful negative impact on our business.

Consolidated Income Statement

(unaudited)

USD millions (except earnings per share)	Q1 2021	Q1 2020 ¹⁾
Revenues	1,549	549
Cost of sales	-1,049	-345
Gross profit	500	204
Gross margin in %	32%	37%
Research and development	-187	-72
Selling, general and administrative	-236	-71
Other operating income	23	4
Other operating expense	-13	0
Result from equity investments	-5	0
Result from operations	81	65
Net financing result	-69	-80
Result before tax (continuing operations)	12	-14
Income tax result	-12	-3
Results after tax (continuing operations)	0	-17
Results from discontinued operations	-3	0
Net result	-2	-17
Thereof non-controlling interests	-8	0
Thereof ams shareholders	5	-17
Basic earnings per share in CHF ²⁾	0.02	-0.19
Diluted earnings per share in CHF ²⁾	0.02	-0.04
Basic earnings per share in USD	0.02	-0.22
Diluted earnings per share in USD	0.02	-0.05
Basic earnings per share in CHF ²⁾ (continuing operations)	0.03	-0.19
Diluted earnings per share in CHF ²⁾ (continuing operations)	0.03	-0.04
Basic earnings per share in USD (continuing operations)	0.03	-0.22
Diluted earnings per share in USD (continuing operations)	0.03	-0.05

¹⁾ Historical numbers for ams only, excl. OSRAM

²⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective period

Consolidated Balance Sheet

(unaudited)

USD millions	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	1,929	1,929
Financial investments	10	23
Trade receivables	811	750
Inventories	1,076	1,037
Other receivables and assets	178	205
Assets held for sale	106	58
Total current assets	4,110	4,001
Property, plant and equipment	2,304	2,342
Intangible assets	4,905	4,895
Rights of use	345	349
Investments in associates	121	100
Deferred tax assets	196	200
Other long term assets	115	106
Financial assets	32	45
Total non-current assets	8,019	8,037
Total assets	12,129	12,039
Liabilities and shareholders' equity		
Liabilities		
Interest-bearing loans and borrowings	248	286
Trade liabilities	686	659
Income tax liabilities	102	16
Provisions	389	524
Other liabilities	2,027	2,049
Liabilities in regard to assets held for sale	175	154
Total current liabilities	3,628	3,688
Interest-bearing loans and borrowings	3,704	3,705
Employee benefits	248	263
Deferred tax liabilities	269	274
Long-term provisions	54	54
Other long-term liabilities	392	396
Total non-current liabilities	4,667	4,693
Shareholders' equity		
Issued capital	331	331
Additional paid-in capital	2,643	2,629
Treasury shares	-151	-153
Other reserves	-50	-195
Retained earnings	1,130	1,118
Total equity attributable to shareholders of ams AG	3,904	3,731
Equity minority interest	-70	-73
Total shareholder's equity and reserves	3,834	3,658
Total liabilities and shareholders' equity	12,129	12,039

Consolidated Statement of Cash Flows

(unaudited)

USD millions	Q1 2021	Q1 2020 ¹⁾
Operating activities		
Result before tax	12	-14
Depreciation (net of government grants)	191	92
Expense from stock option plan	14	13
Result from discontinued operation	3	0
Changes in other long-term liabilities	-3	0
Result from sale of plant and equipment	2	0
Result from investments in associates	6	0
Net financing result	69	80
Change in provisions and employee benefits	-5	10
Changes in inventories	-29	-14
Changes in trade and other receivables	28	54
Changes in trade and other payables	-1	38
Tax payments	-38	-2
Cash flows from operating activities	249	257
Cash flows from operating activities discontinued operations	0	0
Cash flows from operating activities continued operations	249	257
Investing activities		
Acquisition of intangibles, property, plant and equipment	-97	-40
Acquisition of subsidiary, net of cash acquired	-16	0
Acquisition/disposal of other financial investments	-10	-189
Proceeds from sale of plant and equipment	4	0
Disposal of discontinued operations, net of cash disposed of	4	50
Interest received	1	2
Cash flows from investing activities	-114	-177
Financing activities		
Proceeds from borrowings	115	110
Repayment of borrowings	-200	-37
Repayment of finance lease liabilities	-17	-5
Acquisition of treasury shares	-1	0
Sale of treasury shares	3	169
Interest paid	-67	-12
Transaction costs from loans and borrowing	0	-13
Cash flows from financing activities	-166	212
Change in cash and cash equivalents	-32	292
Effects of changes in foreign exchange rates on cash and cash equivalents	40	9
Cash and cash equivalents at begin of period	1,944	605
Cash and cash equivalents at end of period	1,951	906
Deducted by cash and cash equivalent for discontinued operations	-22	0
Cash and cash equivalents at end of period continued operations	1,929	906

¹⁾ Historical numbers for ams only, excl. OSRAM

Reconciliation from adjusted figures to reported figures

USD millions	Q1 2021	Q1 2020 ¹⁾
Gross profit – adjusted	539	216
M&A related costs	-25	-12
Share-based compensation	-1	-1
Transformation costs	-13	0
Gross profit – IFRS reported	500	204
Gross margin in % – adjusted	35%	39%
Gross margin in % – IFRS reported	32%	37%
Operating expenses – adjusted	-367	-105
M&A related costs	-25	-20
Share-based compensation	-13	-13
Transformation costs	-9	0
Result from equity investments	-5	0
Operating expenses – reported	-419	-138
Result from operations – adjusted	172	111
M&A related costs	-49	-32
Share-based compensation	-15	-13
Transformation costs	-22	0
Result from equity investments	-5	0
Result from operations – reported	81	65
Operating margin in % – adjusted	11%	20%
Operating margin in % – reported	5%	12%
Result from operations – adjusted	172	111
Net financing result	-69	-80
Income tax result	-12	-3
Net result – adjusted (continuing operations)	92	28
Results from sale of business unit	-3	0
Net result – adjusted	89	28
Basic adjusted earnings per share (in USD)	0.38	0.33

¹⁾ Historical numbers for ams only, excl. OSRAM

Financial information in EUR

Consolidated Income Statement

(unaudited)

EUR millions (except earnings per share)	Q1 2021	Q1 2020 ¹⁾
Revenues	1,282	454
Cost of sales	-868	-286
Gross profit	414	169
Gross margin in %	32%	42%
Research and development	-155	-59
Selling, general and administrative	-196	-59
Other operating income	19	4
Other operating expense	-11	0
Result from equity investments	-4	0
Result from operations	67	54
Net financing result	-57	-66
Result before tax (continuing operations)	10	-12
Income tax result	-10	-2
Results after tax (continuing operations)	0	-14
Results from discontinued operations	-2	0
Net result	-2	-14
Thereof non-controlling interests	-6	0
Thereof ams shareholders	4	-14
Basic earnings per share in CHF ²⁾	0.02	-0.19
Diluted earnings per share in CHF ²⁾	0.02	-0.04
Basic earnings per share in EUR	0.02	-0.18
Diluted earnings per share in EUR	0.02	-0.04
Basic earnings per share in CHF ²⁾ (continuing operations)	0.03	-0.19
Diluted earnings per share in CHF ²⁾ (continuing operations)	0.03	-0.04
Basic earnings per share in EUR (continuing operations)	0.03	-0.18
Diluted earnings per share in EUR (continuing operations)	0.03	-0.04

¹⁾ Historical numbers for ams only, excl. OSRAM

²⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective period

Consolidated Balance Sheet

(unaudited)

EUR millions	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	1,597	1,597
Financial investments	8	19
Trade receivables	671	621
Inventories	890	858
Other receivables and assets	147	169
Assets held for sale	88	48
Total current assets	3,401	3,312
Property, plant and equipment	1,907	1,938
Intangible assets	4,060	4,051
Rights of use	285	289
Investments in associates	100	83
Deferred tax assets	162	165
Other long term assets	96	88
Financial assets	27	37
Total non-current assets	6,636	6,652
Total assets	10,037	9,963
Liabilities and shareholders' equity		
Liabilities		
Interest-bearing loans and borrowings	205	237
Trade liabilities	568	545
Income tax liabilities	85	14
Provisions	322	433
Other liabilities	1,678	1,696
Liabilities in regard to assets held for sale	145	127
Total current liabilities	3,002	3,052
Interest-bearing loans and borrowings	3,066	3,066
Employee benefits	205	218
Deferred tax liabilities	222	227
Long-term provisions	44	44
Other long-term liabilities	325	328
Total non-current liabilities	3,862	3,884
Shareholders' equity		
Issued capital	274	274
Additional paid-in capital	2,188	2,176
Treasury shares	-125	-127
Other reserves	-41	-161
Retained earnings	936	925
Total equity attributable to shareholders of ams AG	3,231	3,088
Equity minority interest	-58	-61
Total shareholders' equity and reserves	3,173	3,027
Total liabilities and shareholders' equity	10,037	9,963

Consolidated Statement of Cash Flows

(unaudited)

EUR millions	Q1 2021	Q1 2020 ¹⁾
Operating activities		
Result before tax	10	-12
Depreciation (net of government grants)	158	76
Expense from stock option plan (acc. to IFRS 2)	12	11
Result from discontinued operation	2	0
Changes in other long-term liabilities	-3	0
Result from sale of plant and equipment	2	0
Result from investments in associates	5	0
Net financing result	57	66
Change in provisions and employee benefits	-4	9
Changes in inventories	-24	-11
Changes in trade and other receivables	24	44
Changes in trade and other payables	-1	31
Tax payments	-32	-1
Cash flows from operating activities	206	213
Cash flows from operating activities discontinued operations	0	0
Cash flows from operating activities continued operations	206	213
Investing activities		
Acquisition of intangibles, property, plant and equipment	-80	-33
Acquisition of subsidiary, net of cash acquired	-13	0
Acquisition/disposal of other financial investments	-9	-156
Proceeds from sale of plant and equipment	3	0
Disposal of discontinued operations, net of cash disposed of	4	41
Interest received	1	2
Cash flows from investing activities	-95	-146
Financing activities		
Proceeds from borrowings	95	91
Repayment of borrowings	-166	-30
Repayment of finance lease liabilities	-14	-4
Acquisition of treasury shares	-1	0
Sale of treasury shares	2	140
Interest paid	-55	-10
Transaction costs from loans and borrowing	0	-11
Cash flows from financing activities	-137	175
Change in cash and cash equivalents	-26	242
Effects of changes in foreign exchange rates on cash and cash equivalents	33	8
Cash and cash equivalents at begin of period	1,609	500
Cash and cash equivalents at end of period	1,615	750
Deducted by cash and cash equivalent for discontinued operations	-18	0
Cash and cash equivalents at end of period continued operations	1,597	750

¹⁾ Historical numbers for ams only, excl. OSRAM

Reconciliation from adjusted figures to reported figures

EUR millions	Q1 2021	Q1 2020 ¹⁾
Gross profit – adjusted	446	179
M&A related costs	-20	-10
Share-based compensation	-1	-1
Transformation costs	-11	0
Gross profit – IFRS reported	414	169
Gross margin in % – adjusted	35%	39%
Gross margin in % – IFRS reported	32%	37%
Operating expenses – adjusted	-304	-87
M&A related costs	-20	-17
Share-based compensation	-11	-11
Transformation costs	-7	0
Result from equity investments	-4	0
Operating expenses – reported	-347	-114
Result from operations – adjusted	143	92
M&A related costs	-41	-26
Share-based compensation	-12	-11
Transformation costs	-18	0
Result from equity investments	-4	0
Result from operations – reported	67	54
Operating margin in % – adjusted	11%	20%
Operating margin in % – reported	5%	12%
Result from operations – adjusted	143	92
Net financing result	-57	-66
Income tax result	-10	-2
Net result – adjusted (continuing operations)	76	23
Results from sale of business unit	-2	0
Net result – adjusted	74	23
Basic adjusted earnings per share (in EUR)	0.31	0.27

¹⁾ Historical numbers for ams only, excl. OSRAM

First Quarter Report

2021



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This report is also available in German. All figures are unaudited.