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## **EANS-Adhoc: ams AG / ams reports 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 ...**

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Selected financial information for the first quarter of 2021

Earnings/Financial Figures/Balance Sheet  
04.05.2021

Premstaetten - ams reports 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; full integration underway with increased expected total synergies and savings, group to be known as "ams OSRAM"; second quarter expected group revenues of USD 1,430-1,530 million; delisting offer for OSRAM shares

Premstaetten, Austria, and Munich, Germany (4 May 2021) -- ams (SIX: AMS), a leading worldwide supplier of high performance sensor solutions, reports robust first quarter 2021 group results with revenues of USD 1,549 million and an adjusted operating (EBIT) margin of 11%. This attractive performance was driven by healthy overall demand including strong demand in the automotive market, despite typical seasonality in the consumer market. Referring to the final published expectations for the historical ams business, this business recorded very good first quarter revenues in the upper half and a healthy adjusted operating margin near the top end of the expected range. For the second quarter 2021, ams OSRAM expects a further positive business development in light of certain seasonal effects with revenues of USD 1,430-1,530 million.

Emphasizing the group's collective position as a worldwide leader in optical technologies, the combined company will be known as "ams OSRAM". ams OSRAM has developed a visual corporate identity strategy featuring the ams and OSRAM logos and plans 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 its business structure, ams OSRAM has moved to a new presentation and financial reporting framework for the combined group with the two segments Semiconductors and Lamps & Systems. This framework fully maps onto the taxonomy of the group's 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.

First quarter 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%. Adjusted<sup>[1]</sup> group gross margin for the first quarter 2021 was 35%, unchanged from 35% for the fourth quarter 2020 with comparable prior year figures not available.

The adjusted<sup>[1]</sup> 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 the 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. Adjusted[1] 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). Adjusted[1] 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/adjusted<sup>1</sup> EBITDA which is ahead of expectations. Cash and cash equivalents were USD 1,929 million on 31 March 2021, unchanged from year-end 2020.

With the domination and profit and loss transfer agreement (DPLTA) between ams and OSRAM becoming effective in early March, ams achieved 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 the business portfolio of the group. ams confirms 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. The group is also engaged in several M&A processes as part of the announced portfolio alignment and will provide updates in due course.

Yesterday, ams has 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 the 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 the group's financial strategy, no additional financing is needed for the offer. The four week offer period is expected 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 after the end of the offer period. ams invites all remaining OSRAM shareholders to take advantage of this attractive cash offer when available.

The group's 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. ams OSRAM is leading in automotive lighting components and solutions addressing front, rear and interior applications for global customers. As an innovation leader, ams OSRAM focuses on next generation automotive lighting for the coming years while it benefits 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. The group's combined EEL and VCSEL portfolio enables high performance illumination for the future LIDAR market for ADAS and automated driving. Overall, ams OSRAM sees 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.

The Semis business in the consumer market saw a healthy performance driven by the group's range of optical sensing solutions. ams OSRAM is a leading player in display management, camera enhancement features and 3D sensing technology serving a variety of large OEMs. The 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, ams OSRAM sees strong momentum and drives the industrialization of this key innovation in light of scalable consumer applications. Given the group's leading position in Micro LED epitaxy and wafer processing and positive consumer market feedback, ams OSRAM expects significant Micro LED opportunities in the coming years with sensor-display integration to follow. ams OSRAM is also strong in Mini LED technology that significantly enhances the performance of current displays for multiple devices via backlighting and is already market available. The group benefits from a positive market dynamic and sees itself strongly positioned to expand opportunities based on its technological strength. Driving innovation, ams OSRAM sees 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 the group's leading position in global shutter imaging and spectral analysis. ams OSRAM also expects significant future growth for its innovative UVC LED technology for effective chemical-free disinfection. Medical imaging developed positively given the company's strong market position while the spectral sensing innovation for highly accurate Covid-19 LFT test analysis at the point-of-care showed sequential growth. ams OSRAM pursues further opportunities here and are developing new Digital Health applications in the in-vitro test market for the coming years.

The Lamps & Systems (L&S) business recorded a very solid overall performance in the first quarter. 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, the 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 the group's strong aftermarket position.

The 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 the group's portfolio alignment.

The ams OSRAM 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, ams OSRAM notes maximum capacity utilization in several areas as well as certain allocation situations towards existing customer demand. The company is 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 ams OSRAM may therefore experience indirect or direct revenue effects or swings related to product availability and customers' manufacturing plans in the future.

Starting this quarter, the financial outlook relates to the ams OSRAM group. The overall business is expected 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, ams OSRAM therefore expects 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, the group re-confirms its overall financial target model 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 the group's business.

Additional financial information for the first quarter 2021 is available on the company website at <https://ams.com/financial-reports> [<https://ams.com/financial-reports>].

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#### About ams Group

The ams Group, including the listed companies ams AG as parent company and OSRAM Licht AG, 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 consumer, automotive, healthcare and industrial 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 30,000 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-headquarter in Munich (Germany), the group achieved well over USD 5 billion combined revenues in 2020 (pro-forma). ams AG is a listed company on the SIX Swiss Exchange (ISIN: AT0000A18XM4). OSRAM Licht AG remains a listed company on the XETRA market in Germany (ISIN: DE000LED4000). More at <https://ams-osram.com>

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Please note: The ams brand is owned by ams AG, the OSRAM brand is owned by OSRAM GmbH. ams group and OSRAM group are in the process of integration. The combination of the ams and OSRAM brand is not representing a new brand. This is a visual symbol of the two companies coming together, representing the aspiration of our future joined group.

[1] Excluding acquisition-related, one-time restructuring and share-based compensation costs and results from investments in associates.

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