

**EANS-Adhoc: ams AG / ams reports positive full year group results and strong full year group cash flow; record full year revenues and earnings for ams business; fourth quarter ams revenues towards top end**

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Selected financial information for the fourth quarter and full year 2020

Quarterly Report  
09.02.2021

Premstaetten - (PR title cont'd) ... of guidance on consumer strength, ams adj. operating profitability at top end of guidance; improved OSRAM outlook, preparing to implement DPLTA; first quarter ams expected revenues up year-on-year at midpoint despite seasonality

Premstaetten, Austria (9 February 2021) -- ams (SIX: AMS), a leading worldwide supplier of high performance sensor solutions, reports positive full year 2020 group results with strong group cash flow and record full year 2020 revenues and earnings for its ams business. In spite of Covid-19, 2020 was the best year in the history of the ams business as revenues of USD 2,291 million showed year-on-year growth together with an increase in full year adjusted operating result. This robust performance was driven by the ams consumer business. For the fourth quarter, the ams business saw strong revenues and adjusted operating margin towards and at the top end of the guidance range, recording revenues of USD 681 million and an adjusted result from operations (EBIT) of 27% of revenues or USD 182 million. Firm consumer demand and a strong operational performance drove these fourth quarter results. For the first quarter 2021, ams expects its ams business to grow year-on-year at the midpoint of expectations despite typical seasonal effects with expected revenues of USD 500-540 million.

The financial results below refer to the ams group and include the financial results of OSRAM Licht AG (OSRAM) which ams has been consolidating as the majority shareholder since 1 July 2020. Full year 2020 group revenues were USD 4,169 million, up 86% compared to 2019 given consolidation effects. Fourth quarter group revenues were USD 1,679 million, up 16% sequentially from the third quarter and up 138% compared to the same quarter 2019 given consolidation

effects. Adjusted[1] group gross margin for 2020 was 33% while adjusted1 group gross margin for the fourth quarter was 35% compared to 41% and 45% respectively in 2019. IFRS reported group gross margin for 2020 was 30% and 32% for the fourth quarter compared to 38% and 42% respectively in 2019.

The adjusted[1] group result from operations (EBIT) was USD 550 million or 13% of revenues for 2020 compared to USD 468 million or 21% for 2019 and USD 280 million or 17% of revenues for the fourth quarter and USD 200 million or 28% for the fourth quarter 2019 (including adjustments: USD 164 million or 4% of revenues for 2020 and USD 155 million or 9% of revenues for the fourth quarter). Adjusted[1] group net income was USD 282 million for 2020 compared to USD 434 million for 2019 and USD 180 million for the fourth quarter and USD 155 million for the fourth quarter 2019 (including adjustments: USD -104 million for 2020 and USD 52 million for the fourth quarter).

Adjusted[1] basic/diluted earnings per share for 2020 were CHF 1.13/0.98 or USD 1.26/1.09 based on 215,189,478/226,963,78 shares or CHF -0.45/-0.52 or USD -0.50/-0.57 including adjustments (2019: CHF 5.02/4.90 or USD 5.38/5.24 based on 80,261,853/81,864,338 shares; all weighted average). Adjusted[1] basic/diluted earnings per share for the fourth quarter were CHF 0.59/0.46 or USD 0.66/0.51 based on 260,696,784/294,130,349 shares or CHF 0.18/0.10 or USD 0.20/0.11 including adjustments (fourth quarter 2019: CHF 1.74/1.57 or USD 1.89/1.71 based on 81,104,760/86,007,105 shares; all weighted average).

Group operating cash flow was very strong at USD 835 million for 2020 and USD 384 million for the fourth quarter. Group free cash flow was USD 624 million for 2020 and USD 319 million for the fourth quarter. Net debt for the group stood at USD 2,030 million on 31 December 2020, this corresponds to a group leverage of 1.7 net debt/adjusted1 EBITDA, ahead of ams' expectations. Cash and cash equivalents were USD 1,900 million on 31 December 2020 reflecting ams' recent convertible bond issue and cash flow generation in the group compared to USD 595 million at year-end 2019.

ams recorded robust overall group results in 2020 despite the global impact of Covid-19 concluding the year with a very positive fourth quarter. The group's ams business achieved historic records for revenues and adjusted operating result in spite of the pandemic, showing full year growth driven by its consumer business. In the fourth quarter, the ams business saw the expected strong sequential growth as firm consumer demand drove revenues towards the top end of the guidance range. Adjusted operating profitability for the ams business was strong at the top end of the guidance range in the fourth quarter despite some currency headwinds.

ams welcomes the improving performance of the OSRAM business in the fourth quarter 2020, which contributed positively to group results, and the improved full fiscal year financial outlook for the OSRAM business. ams appreciates the underlying expected positive development of end market demand for OSRAM which confirms OSRAM's leadership position in the global light emitter market and the strength of its technologies. ams looks forward to fully harnessing these advantages in the coming years through the planned full integration of ams and OSRAM. As a majority-owned independent listed subsidiary of ams OSRAM is included as a separate reporting segment in the group financial information.

ams is pleased to see that the expected balanced revenue profile for the group is already evident, particularly in light of robust consumer demand. Non-consumer markets accounted for 63% and the consumer market for 37% of group revenues in the second half of 2020 compared to 13% and 87% in the second half 2019, respectively. Even in the full year group results which exclude the OSRAM business for the first half of 2020, non-consumer markets made up 52% and the consumer market 48% of group revenues compared to 18% and 82% in 2019, respectively.

ams is preparing to implement the domination and profit and loss transfer agreement (DPLTA) for OSRAM which OSRAM shareholders approved in the fourth quarter. In December, an action was brought against OSRAM's shareholders' resolution approving the DPLTA upholding its registration. OSRAM has in the meantime filed a court motion to remove the blocking as part of a specific legal procedure. ams therefore expects to be able to implement the DPLTA in the foreseeable future. Based on the DPLTA ams will be able to drive the integration of both companies in the most efficient manner. ams plans to create a strongly profitable combined company within the next years given the complementary strengths of ams and OSRAM. Through several successful financing transactions in 2020 ams has secured comprehensive long-term funding to implement the DPLTA as well as subsequent steps to realize the full integration of OSRAM. ams' financial flexibility going forward is further supported by the expected ongoing cash flow generation for the group. OSRAM has announced the intention to appoint Ingo Bank as CEO of OSRAM in the current quarter while Thomas Stockmeier has been appointed Chairman of the OSRAM Supervisory Board (SB). Four seats on the OSRAM SB have changed since the closing and ams expects a fifth seat to change in the current quarter.

The group's ams business is a worldwide leader in optical sensing based on its broad portfolio of high performance solutions. The ams consumer business is a major supplier of sensing solutions serving global consumer OEMs. The ams consumer business performed strongly in 2020 and was an important driver for the group despite the negative impact of Covid-19. This positive development

reflected ongoing robust consumer demand which continued in the fourth quarter. Focused on innovation, the ams business addresses 3D sensing including VCSEL illumination and NIR image sensing, display management and behind-OLED (BOLED) sensing, ultra-small scale proximity sensing, spectral and bio-sensing, and further optical applications. The ams business continued extensive R&D last year and brought numerous new solutions to the market.

The ams business is a major player in 3D sensing combining extensive IP and system expertise. The industry-leading platform serves all 3D architectures, structured light (SL), time-of-flight (iToF and dToF), and active stereo vision (ASV). ams shipped substantial 3D sensing volumes to leading consumer OEMs in 2020 and continues to build its position in the Android market. ams is a leader in illumination for mobile device 3D sensing, based on its optics and VCSEL technologies, and drives the evolution of 3D sensing for more differentiated use. As a strategic focus, the ams business is creating 3D system solutions based on its expanded portfolio including NIR image and SPAD sensing, algorithms, and system and application software.

In world-facing 3D, the ams business continued to be successful in iToF systems illumination for camera enhancement last year. Taking 3D sensing forward for complex applications, the ams business focuses on development of 3D dToF, an advanced architecture for AR-oriented and world-facing functions. 3D dToF and AR scanning functions will create an attractive new 3D market based on customer feedback. ams' broad 3D portfolio and industry-leading system capabilities offer an unmatched platform to drive innovation in 3D dToF systems and address attractive opportunities in this market. The ams business is seeing good progress in developing its full 3D dToF solution for high performance which integrates VCSEL illumination, optics, high resolution SPAD sensing, algorithms and software. In other dToF, ams' 1D dToF solutions are successful in camera-enhancing functions at several OEMs and the ams business sees further market penetration for its 1D dToF technology.

The ams consumer business is also focused on BOLED 3D technology which will offer a major innovation in front-facing 3D for face authentication. BOLED 3D will allow to move 3D sensing behind the display making it invisible and eliminate bezel-placed components. Its strong capabilities in BOLED light sensing and its deep 3D system expertise drive the ams business' leading position in this emerging area. The ams business is progressing in its development of BOLED 3D ASV along a technical path to realize a system solution for the highly challenging technology. The system comprises VCSEL illumination, NIR image sensing, algorithms and related software. The ams business is starting to engage with leading OLED vendors to address key technology aspects in order to commercialize the technology for the next years. As a following step, ams

also plans to explore BOLED 3D architectures that support SL.

The group's ams business has a leading position in display management for consumer devices shipping high performance ambient light and proximity sensing in high volume last year. ams' innovative BOLED solutions for invisible sensing behind the OLED display continued their success with growing adoption at leading Android OEMs. A leader in ultra-small scale proximity sensors, the business is successful in the wireless earbud market. Camera-enhancing functions automatic white balancing and wide-range flicker detection for higher picture quality saw growing adoption at smartphone OEMs last year. As a leading supplier of active noise cancellation in the growing ear- and headphone market ams added new customers last year.

The ams non-consumer business was significantly impacted by the effects of Covid-19 last year. This meaningfully weaker development compared to 2019 began to improve in the second half amid signs of a market recovery. The ams automotive business showed an overall subdued performance for 2020 given the strong impact of the pandemic on global automotive demand. The ams business continued to improve in the fourth quarter after a very weak first half as order trends and production volumes developed positively. The ams business focuses on safety, driver assistance/autonomous driving, position sensing, and chassis control for Tier 1 suppliers and OEMs globally. The ams business has a strong position in 3D LIDAR, a core automotive and 3D sensing technology enabling the evolution to automated and autonomous driving. ams' automotive-qualified high power VCSEL arrays drive illumination in advanced LIDAR architectures. Continuing significant R&D, the ams business has LIDAR engagements at several system vendors, including in North America, and is successful in its partnership with leading LIDAR integrator IBEO. The business is also building a strong position in optical in-cabin sensing where comfort and safety functions such as driver or seat monitoring are seeing significant traction. The ams industrial business performed in line with muted expectations in 2020 as the effects of Covid-19 reduced industrial investment globally. Benefitting from its leading position in industrial automation, HABA, industrial imaging, and related markets, the ams business improved in the second half compared to a weak first half as demand trends indicate a recovery on a regional basis. An industry leader in global shutter image sensing, ams' imaging expertise drives ams' 3D system capabilities including 3D ASV.

The ams medical business recorded an overall positive performance in 2020 against the backdrop of Covid-19. ams confirmed its leading position in medical imaging including computed tomography (CT), digital X-ray, and microcamera endoscopy last year. The ams business benefitted from CT demand related to Covid-19 and continued its success in the growing Asian CT market. Driven by

Covid-19, ams introduced a very innovative spectral sensing solution for medical lateral flow tests (LFT), an established in vitro diagnostics method for viruses and bacteria. In an integrated test kit, the solution analyzes LFT results with high accuracy for fast robust diagnostics at the point-of-care. European partner Senova has started early production of a Covid-19 antibody LFT in the quarter and a North American partner is in late stage development of a very sensitive Covid-19 antigen test solution. The ams business is pursuing further opportunities in Europe and North America and expects digital LFT solutions to offer growth opportunities in the large in vitro test market. In operations for its ams business, ams safeguarded volume production across locations last year despite significant challenges resulting from Covid-19. In spite of the pandemic the ams business was able to fulfil customer demand throughout the year and achieved high production efficiency and yields in its operations.

ams' financial outlook for the first quarter 2021 only comprises the ams business given the financial guidance horizon of OSRAM, as previously mentioned. ams expects its ams business to grow year-on-year in the first quarter at the midpoint of expectations in spite of typical seasonality. Based on available information and the definition above, ams expects first quarter ams business revenues of USD 500-540 million, up 4% year-on-year at the midpoint. ams expects an adjusted operating (EBIT) margin for the ams business of 20-22% in the first quarter. The ams consumer business is expected to reflect seasonal volume effects while the ams non-consumer business is expected to align with respective end market dynamics. The expectations above assume no further unforeseen negative effects from the Covid-19 pandemic that would result in a meaningful negative impact on ams' business.

Additional financial information for full year 2020 and the fourth quarter 2020 is available on the company website at <https://ams.com/financial-reports> [<https://ams.com/financial-reports>].

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About ams

ams is a global leader in the design and manufacture of advanced sensor solutions. Our mission is to shape the world with sensor solutions by providing a seamless interface between humans and technology.

ams' high-performance sensor solutions drive applications requiring small form factor, low power, highest sensitivity and multi-sensor integration. Products include sensor solutions, sensor ICs, interfaces and related software for consumer, communications, industrial, medical, and automotive markets.

With headquarters in Austria, ams employs about 8,500 people globally and serves more than 8,000 customers worldwide. ams is listed on the SIX Swiss stock exchange (ticker symbol: AMS). More information about ams can be found at <https://ams.com>

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

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