



**ReInventing Light for 110 Years**

—  
Interim Report  
of OSRAM Licht Group  
for the First Half Year of Fiscal Year 2017

**OSRAM**

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# About this Report

This Interim Report contains the group interim management report and the condensed interim financial statements of OSRAM Licht AG and its subsidiaries ("OSRAM Licht Group", "OSRAM", the "Company" or "we") as of March 31, 2017 as well as a responsibility statement. It conforms to the requirements for half year financial reports of section 37w of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). The Interim Report should be read in conjunction with our [» Annual Report for Fiscal Year 2016](#). OSRAM reports the LEDVANCE business, which is included in the consolidated financial statements until deconsolidation as of March 3, 2017, as a discontinued operation. Prior-year figures were adjusted accordingly.

The group interim management report – especially the Report on Expected Developments – contains forward-looking statements that are based on current management estimates regarding future developments. These statements do not constitute a guarantee that these expectations will prove correct. The future performance of the OSRAM Licht Group and its affiliated companies depends on numerous risks and uncertainties, many aspects of which are outside of OSRAM's sphere of influence. In particular, these include, but are not limited to, the circumstances described in [» Annual Report 2016, A.4.2 Report on Risks and Opportunities](#), complemented by the [» Report on Risks and Opportunities](#) in this group interim management report. As a result, OSRAM's actual results, profits, and performance could differ materially negative as well as positive from our forward-looking statements. OSRAM does not plan and does not assume any separate obligation to update the forward-looking statements over and above regulatory requirements.

OSRAM's condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (IFRSs).

The OSRAM Licht Group's fiscal year began on October 1, 2016, and ends on September 30, 2017.

Due to rounding, numbers presented throughout this Interim Report may not precisely add up to the totals provided and percentages may not precisely reflect the absolute figures.

OSRAM's Managing Board uses financial performance indicators to manage OSRAM, a number of which are known as alternative performance measures (APM). This includes, but is not limited to, revenue growth adjusted for currency translation and portfolio effects, EBITDA, adjusted EBITDA margin as well as free cash flow. Beginning fiscal year 2017, EBITDA replaced EBITA as key performance indicator at OSRAM. For a detailed description of these performance indicators and their calculation see [» Annual Report 2016, A.1.2 Performance Management](#), and, if applicable, a reconciliation to the most comparable IFRS performance indicators in each case under [» Reconciliation of Key Performance Indicators](#).

This document is a convenience translation of the original German-language document.

## References in the Text

- [» Internal reference](#) (within the document)
- [» External reference](#) (into another document)

# Group Interim Management Report

## Business Performance in the First Half Year of Fiscal Year 2017

### Results of Operations

#### Revenue by Segments

in € million

	Six months ended March 31,		Change	
	2017	2016	nominal	comparable
Opto Semiconductors <sup>1)</sup>	817	676	20.8%	19.5%
Specialty Lighting	1,198	1,079	11.0%	8.3%
Lighting Solutions & Systems	494	486	1.8%	1.0%
Reconciliation to interim consolidated financial statements	(467)	(360)	29.6%	17.7%
<b>OSRAM (continuing operations)</b>	<b>2,042</b>	<b>1,881</b>	<b>8.6%</b>	<b>8.6%</b>

1) Including intersegment revenue of €433 million (previous year: €361 million).

- First half year revenue with modest positive currency translations effects; offset by negative portfolio effects in the same amount (in total (0.9)% at Group level, therein 1.7% at SP and 0.4% at LSS; offset by the adjustment of revenue from cross-selling agreements as well as contract manufacturing agreements with LEDVANCE)
- OS: High demand in the automotive sector and for infrared products; also rise in growth in the area of LED chips for the general lighting sector
- SP: Clear positive comparable growth mainly driven by LED components and LED modules in the automotive sector
- LSS: Moderate growth in the control gear business; decline in the luminaires and solutions business
- LED share of 64.0%, in comparison to 57.9% in the first half year 2016

#### Revenue by Regions

(by customer location)

in € million

	Six months ended March 31,		Change	
	2017	2016	nominal	comparable
EMEA	756	734	3.0%	5.4%
thereof Germany	312	292	7.1%	
APAC	715	588	21.8%	20.4%
thereof China (including Hong Kong) and Taiwan	416	342	21.5%	
Americas	571	559	2.1%	0.5%
thereof U.S.A.	444	443	0.2%	
<b>OSRAM (continuing operations)</b>	<b>2,042</b>	<b>1,881</b>	<b>8.6%</b>	<b>8.6%</b>

- EMEA with positive mid-single-digit growth rates in all segments
- APAC as growth driver, especially due to double-digit growth at OS and SP
- Americas after strong previous year with modest growth, clear decline at luminaires and systems offset by growth at OS

## Earnings Development

in € million

	Six months ended March 31,		Change
	2017	2016	nominal
<b>EBITDA segments</b>			
Opto Semiconductors	226	207	8.9%
Specialty Lighting	187	166	12.3%
Lighting Solutions & Systems	(16)	0	n.a.
Reconciliation to interim consolidated financial statements	(40)	(32)	26.5%
<b>EBITDA OSRAM (continuing operations)</b>	<b>357</b>	<b>342</b>	<b>4.3%</b>
EBITDA margin	17.5%	18.2%	(70) bps
Special items <sup>1)</sup>	(5)	(10)	(51.7)%
therein transformation costs	0	(10)	(97.9)%
EBITDA margin, adjusted	17.7%	18.7%	(100) bps
Amortization, depreciation, and impairments	108	100	7.5%
<b>Financial result<sup>2)</sup></b>	<b>(5)</b>	<b>299</b>	<b>n.a.</b>
<b>Income before income taxes OSRAM (continuing operations)</b>	<b>245</b>	<b>541</b>	<b>(54.8)%</b>
Income taxes	(73)	(131)	(44.4)%
<b>Income OSRAM (continuing operations)</b>	<b>172</b>	<b>410</b>	<b>(58.1)%</b>
Income (loss) from discontinued operation, net of tax	(49)	8	n.a.
<b>Net income (OSRAM Licht Group)</b>	<b>122</b>	<b>418</b>	<b>(70.8)%</b>

1) Thereof SP with €(8) million and LSS with €(6) million; corporate items (within reconciliation to interim consolidated financial statements) include positive €9 million.

2) Income (loss) from investments accounted for using the equity method, net, interest income, interest expenses, and other financial income (expenses), net.

### EBITDA OSRAM (continuing operations)

- EBITDA moderately above prior-year level; adjusted EBITDA margin slightly down year-over-year due to declines at OS and LSS
- EBITDA at OS increases compared with previous year due to higher volume growth and cost degression effects; the declining margin results primarily from lower license income and startup expenses for growth and innovation activities
- SP with volume growth and improved profitability of innovative products, which more than offsets negative mix effects from increasing LED share
- Decrease of EBITDA at LSS due to less favorable product mix and higher transformation costs
- Transformation costs include gains from the sale of real estate in Korea

### Income OSRAM (continuing operations)

- Prior-year amount of financial result included the positive one-time effect from the sale of the stake in Foshan Electrical and Lighting Co. Ltd., Foshan, China (FELCO), which positively influenced previous years' tax rate

### Net income (OSRAM Licht Group)

- Income (loss) from discontinued operation is €(49) million, which included the disposal loss of €(39) million; see [Note 2 | Acquisitions, Disposals, and Discontinued Operations](#) in the interim consolidated financial statements

## Development of Cash Flows

in € million

	Six months ended March 31,		Change
	2017	2016	nominal
<b>Free cash flow segments</b>			
Opto Semiconductors	63	106	(41.1)%
Specialty Lighting	135	111	21.0%
Lighting Solutions & Systems	(56)	(60)	(7.5)%
Reconciliation to interim consolidated financial statements	(54)	(143)	(62.4)%
<b>Free cash flow OSRAM (continuing operations)</b>	<b>88</b>	<b>14</b>	<b>&gt;200%</b>
therein additions to intangible assets and property, plant, and equipment	195	129	51.7%
<b>Net cash OSRAM (continuing operations) provided by (used in)</b>			
Operating activities	283	143	98.3%
Investing activities	151	228	(33.9)%
Financing activities	(111)	(148)	(25.4)%

### Free Cash Flow OSRAM (continuing operations)

- Free cash flow sharply above previous year, especially due to the additional funding contribution to pension plan assets and the settlement of pension obligations amounting to a total of €91 million in the previous year
- OS: Decreasing free cash flow related to higher capital expenditures, especially due to the construction of the new LED chip factory in Kulim, Malaysia, and expanding production capacities in Regensburg, Germany, and Penang, Malaysia
- SP with continuing strong cash flow development
- LSS: nearly level with previous year; working capital reduction measures initiated

### Other Investing Activities (continuing operations)

- Proceeds from the sale of LEDVANCE of €388 million, net of cash disposed
- Cash outflows for acquisitions of a total of €62 million, related to the purchase of the shares of Novità Technologies and the operative business of Maneri-Agraz
- Purchase of investments of €8 million mainly relate to the purchase of shares of TVILIGHT B.V.
- See > [Note 2 | Acquisitions, Disposals, and Discontinued Operations](#) in the interim consolidated financial statements

## Development of Net Liquidity

Fiscal year 2017  
in € million

<b>Net liquidity as of September 30, 2016</b>	<b>396</b>
<b>EBITDA OSRAM (continuing operations)</b>	<b>357</b>
Change in net working capital <sup>1)</sup>	(61)
Change in other assets and liabilities	2
Income taxes paid	1
Other cash flows from operating activities <sup>2)</sup>	(16)
Additions to intangible assets and property, plant, and equipment	(195)
<b>Free cash flow OSRAM (continuing operations)</b>	<b>88</b>
LEDVANCE sale <sup>3)</sup>	486
Acquisitions, net of cash acquired	(62)
Purchases of investments	(8)
Purchase of treasury shares	(158)
Dividends paid to shareholders of OSRAM Licht AG	(97)
Other investing and financing activities OSRAM (continuing operations) <sup>4)</sup>	25
Cash flows from operating, investing and financing activities discontinued operation and cash flows between OSRAM (continuing operations) and LEDVANCE	(100)
<b>Net liquidity as of March 31, 2017</b>	<b>570</b>

1) Includes changes in inventories, trade receivables, other current assets, trade payables, current provisions, and other current liabilities.

2) Includes dividends received, interest received, and other reconciling items to net cash provided by (used in) operating activities.

3) The presentation of net liquidity development includes the purchase price of LEDVANCE including cash disposed. In the consolidated statement of cash flows, proceeds from the sale of LEDVANCE are presented net of cash disposed, in accordance with IAS 7.

4) Includes non-cash effects, e.g., from currency translation, in addition to cash effects (in particular payments from the sale of land and buildings).

### Financing and Liquidity Analysis

- In the first half year 2017, cash of €158 million was used for the purchase of treasury shares
- Final tranche of the loan facility from the European Investment Bank of €150 million was drawn down; loan balance increased to €196 million, including first redemption payments of €4 million
- Other investing and financing activities includes proceeds from the sale of real estate in Korea
- Total revolving credit line of €950 million still remain available until February 2020; for an amount of €886 million maturity has been extended until February 2022

### Financing of Pension Plans and Similar Commitments (continuing operations)

- Decrease of underfunding from €202 million as of September 30, 2016 to €128 million as of March 31, 2017; mainly as a result from reduced pension obligations due to higher discount rates, in part offset by only moderate decline of pension assets

## Net Assets

### Balance Sheet Structure

in € million

	March 31, 2017	September 30, 2016	Change nominal
<b>Assets</b>			
Current assets	2,303	3,124	(26.3)%
thereof assets held for sale	–	1,136	(100.0)%
Non-current assets	1,833	1,676	9.4%
<b>Total assets</b>	<b>4,136</b>	<b>4,801</b>	<b>(13.8)%</b>
	March 31, 2017	September 30, 2016	Change nominal
<b>Liabilities and equity</b>			
Current liabilities	1,155	1,948	(40.7)%
thereof liabilities associated with assets held for sale	–	785	(100.0)%
Non-current liabilities	513	367	39.6%
Equity	2,468	2,486	(0.7)%
<b>Total liabilities and equity</b>	<b>4,136</b>	<b>4,801</b>	<b>(13.8)%</b>

- Major changes due to the deconsolidation of LEDVANCE:
  - Derecognition of assets held for sale of €1,158 million and associated liabilities of €657 million, as of March 3, 2017, resulted in a decline of total assets
  - Purchase price payment contributed €486 million to the increase of cash and cash equivalents
- Also, the complete drawing down of the loan facility from the European Investment Bank contributed to the increase of cash and cash equivalents; this was partly offset by the share repurchase and the dividend payment
- Increase of non-current liabilities due to the complete drawing down of the loan facility from the European Investment Bank
- Dividend payment of €97 million and repurchase of treasury shares of €160 million reduced equity; in total, equity was nearly unchanged due to net income of €122 million and other comprehensive income, net of tax of €115 million
- Equity ratio lifted to 60%



## Report on Expected Developments

Due to strong financial results and based on the expectation of ongoing positive prospects for the second half of fiscal year 2017, the management board of OSRAM Licht AG decided on May 2, 2017 to raise the forecast for fiscal year 2017 as follows: For OSRAM (continuing operations), comparable growth is now expected in the 7-9% range (previously: 5-7%) and adjusted (for special items) EBITDA-margin is now expected in the 16.5-17.5% range (previously: at least 16%). In addition, OSRAM expects earnings per share (diluted, continuing operations) in a range of €2.70-2.90 (previously: €2.35-2.65) and confirms the guidance for free cash flow at break-even level.

The original forecast for fiscal year 2017 is discussed in detail under [» Annual Report 2016, A.4.1 Report on Expected Developments](#).

## Report on Risks and Opportunities

We presented specific risks that could have adverse effects on our business, and on our net assets, financial position, and results of operations in our [» Annual Report for the Fiscal Year 2016](#). There, we also described our key opportunities and the design of our risk management system.

Significant changes on the assessment of following risks occurred:

Our lamps business, which we separated in fiscal year 2016, was successfully sold in the first half year 2017. At the time of the preparation of this report, risks associated with the former lamps business are therefore no longer part of our enterprise risks. As a result of this, one reported risk (Sale of the Lamps Business) is eliminated completely. The risk resulting from adjustments to the organization related to announced transformation activities (amongst others, due to the separation of the lamps business) is qualified as to be lower.

Risks related to a possible shortage of qualified employees and managers as a result of the expected growth, we estimate to be higher compared to the end of fiscal year 2016. Especially in strongly growing or new business fields, there is a high demand for qualified employees and in part highly skilled employees required for operation, transition, and expansion of our business.

Significant changes on the assessment of following opportunities occurred:

As a result of the sale of our lamps business in the first half year 2017, opportunities associated with the former lamps business are no longer part of our enterprise opportunities, at the time of the preparation of this report.

Related to innovation projects, the expansion of production capacities in Germany and abroad, and as a consequence of further employment initiatives, there are new opportunities to receive grants and subsidies from public authorities.

The further risks and opportunities described in the [» Annual Report for the Fiscal Year 2016](#) did not materially change in the six months ended March 31, 2017. Additional risks of which we are not currently aware or risks that we currently consider to be insignificant could also adversely affect our business activities. The Managing Board remains confident that the Group's earnings strength forms a solid basis for our future business development and provides the resources needed to pursue the opportunities available to the OSRAM Licht Group. The Managing Board considers the risks described above to be manageable from today's perspective, and does not expect to incur any risks that either individually or in the aggregate would appear to endanger the continuity of our business.

## Reconciliation of Key Performance Indicators

This section shows the calculation of some performance indicators described in detail in [» Annual Report 2016, A.1.2 Performance Management](#). There is also a reconciliation of alternative performance measures (APM) to the most similar IFRS measures. For measures, which are directly deducible from items or subtotals of the IFRS consolidated financial statements, see definitions in [» Annual Report 2016, A.1.2 Performance Management](#) and [» Annual Report 2016, A.2.7 Reconciliation of Key Performance Indicators](#).

### Comparable Revenue Growth

Six months ended March 31,

#### Comparable Change in Revenue<sup>1)</sup>

Nominal revenue growth - currency translation effects - portfolio effects = comparable revenue growth

**OSRAM**  
(continuing operations)      **2017:** 8.6% - 0.9% - (0.9)% = 8.6%      **2016:** 8.2% - 3.1% - 0.0% = 5.1%

#### Currency Translation Effects

Revenue in reporting period at exchange rate in reporting period - revenue in reporting period at prior period exchange rate  
Prior period revenue at prior period exchange rate

**OSRAM**  
(continuing operations)      **2017:**  $\frac{2,042 - 2,026}{1,881} = 0.9\%$       **2016:**  $\frac{1,881 - 1,827}{1,739} = 3.1\%$

#### Portfolio Effects

Revenue from cross-selling and contract-manufacturing agreements with LEDVANCE and acquisitions in reporting period, as well as changes in the allocation of business activities  
Prior period revenue (OSRAM/segment/region/technology)

**OSRAM**  
(continuing operations)      **2017:**  $\frac{(17)}{1,881} = (0.9)\%$

1) Portfolio changes during the fiscal year have a pro rate effect in the period following the acquisition/divestment, since there are only portfolio effects in the period of the portfolio change during those reporting months when the acquired company belongs to OSRAM, or the company disposed of no longer belongs to OSRAM. Thus, in the subsequent period, there are portfolio effects relating to the months in the period of the portfolio change during which the acquired company was not yet part of OSRAM or the company disposed of was still part of OSRAM. The item is also adjusted for revenue from cross-selling agreements as well as contract manufacturing agreements with LEDVANCE.

## EBITDA and EBITDA Margin

### EBITDA

in € million

	OSRAM (continuing operations) Six months ended March 31,	
	2017	2016
Income OSRAM (continuing operations)	172	410
Income taxes	73	131
Financial result <sup>1)</sup>	5	(299)
Amortization <sup>2)</sup>	12	13
EBITA <sup>3)</sup>	261	256
Depreciation	96	87
<b>EBITDA<sup>4)</sup></b>	<b>357</b>	<b>342</b>

1) Income (loss) from investments accounted for using the equity method, net, interest income, interest expenses, and other financial income (expenses), net.

2) Net of reversals of impairment losses.

3) OSRAM defines EBITA (earnings before interest, taxes, and amortization) as income (loss) before financial result, income taxes, and amortization and impairment of intangible assets (goodwill and other assets), net of reversals of impairment losses.

4) EBITDA is earnings before financial result (Income (loss) from investments accounted for using the equity method, net; interest income; interest expenses; and other financial income (expenses), net), income taxes, and depreciation, amortization, and impairment losses on intangible assets (goodwill and other assets), and property, plant, and equipment, net of reversals of impairment losses.

## EBITDA Margin and EBITDA Margin, Adjusted

in € million

	OSRAM (continuing operations)	
	Six months ended March 31,	
	2017	2016
Revenue	2,042	1,881
EBITA	261	256
EBITA margin	12.8%	13.6%
EBITDA	357	342
<b>EBITDA margin</b>	<b>17.5%</b>	<b>18.2%</b>
Special items	(6)	(10)
Transformation costs	(1)	(10)
Costs associated with the separation of the lamps business	–	0
Acquisition related costs	(5)	0
EBITA, adjusted	267	266
EBITA margin, adjusted	13.1%	14.1%
Depreciation <sup>1)</sup>	94	87
EBITDA, adjusted	362	353
<b>EBITDA margin, adjusted</b>	<b>17.7%</b>	<b>18.7%</b>

1) Excluding depreciation and impairment losses recognized as special items within transformation costs.

## Events After the Reporting Date

On April 4, 2017, we decided the implementation of targeted investment and structural measures in the luminaires and solutions business. We aim to sustainably ensure the profitability and competitiveness of the business. To address actual process inefficiencies and personnel surplus, we plan a reduction of 250 to 290 jobs at Siteco Beleuchtungstechnik GmbH, Traunreut, Germany. At the moment, a reliable estimate of the financial impact is not possible.

Other than above, no transactions of particular significance and with material effects on the net assets, financial position, and results of operations have been occurred since the end of the reporting period, March 31, 2017.

# Condensed Interim Consolidated Financial Statements

for the Six Months Ended March 31, 2017

According to IFRS

## Consolidated Statement of Income

### OSRAM Licht Group – Consolidated Statement of Income (unaudited)

For the six months ended March 31, 2017 and 2016

in € million, if not stated otherwise

	Note	Six months ended March 31,	
		2017	2016
Revenue		2,042	1,881
Cost of goods sold and services rendered		(1,296)	(1,194)
Gross profit		746	686
Research and development expenses		(177)	(160)
Marketing, selling and general administrative expenses		(339)	(282)
Other operating income		20	1
Other operating expenses		0	(3)
Income (loss) from investments accounted for using the equity method, net		(1)	306
Interest income		3	1
Interest expenses		(6)	(7)
Other financial income (expenses), net		(2)	(1)
<b>Income before income taxes OSRAM (continuing operations)</b>		<b>245</b>	<b>541</b>
Income taxes		(73)	(131)
<b>Income OSRAM (continuing operations)</b>		<b>172</b>	<b>410</b>
Income (loss) from discontinued operation, net of tax	Note 2	(49)	8
<b>Net income</b>		<b>122</b>	<b>418</b>
Attributable to:			
Non-controlling interests		2	1
Shareholders of OSRAM Licht AG		120	417
Basic earnings per share (in €)	Note 7	1.23	3.99
Diluted earnings per share (in €)	Note 7	1.22	3.98
Basic earnings per share (in €) OSRAM (continuing operations)	Note 7	1.73	3.91
Diluted earnings per share (in €) OSRAM (continuing operations)	Note 7	1.73	3.90

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Consolidated Statement of Comprehensive Income

## OSRAM Licht Group – Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended March 31, 2017 and 2016

in € million

	Six months ended March 31,	
	2017	2016
Net income	122	418
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plans	56	(13)
<i>thereof: income tax</i>	(30)	6
<b>Items that may be reclassified subsequently to profit or loss</b>		
Currency translation differences	58	(20)
Available-for-sale financial assets	0	(23)
<i>thereof: income tax</i>	0	4
Derivative financial instruments	0	6
<i>thereof: income tax</i>	0	(2)
	58	(37)
<b>Other comprehensive income (loss), net of tax</b>	<b>115</b>	<b>(50)</b>
<b>Total comprehensive income (loss)</b>	<b>237</b>	<b>368</b>
Attributable to:		
Non-controlling interests	2	1
Shareholders of OSRAM Licht AG	235	367

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Consolidated Statement of Financial Position

## OSRAM Licht Group – Consolidated Statement of Financial Position

As of March 31, 2017 (unaudited) and September 30, 2016

in € million

	Note	March 31, 2017	September 30, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		781	457
Available-for-sale financial assets		2	1
Trade receivables		626	580
Other current financial assets		49	53
Inventories		703	655
Income tax receivables		20	52
Other current assets		122	192
Assets held for sale	Note 2	–	1,136
<b>Total current assets</b>		<b>2,303</b>	<b>3,124</b>
Goodwill		121	77
Other intangible assets		149	113
Property, plant, and equipment	Note 3	1,176	1,060
Investments accounted for using the equity method		7	–
Other financial assets		14	4
Deferred tax assets		303	384
Other assets		64	38
<b>Total assets</b>		<b>4,136</b>	<b>4,801</b>

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

## OSRAM Licht Group – Consolidated Statement of Financial Position

As of March 31, 2017 (unaudited) and September 30, 2016

in € million

	Note	March 31, 2017	September 30, 2016
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term debt and current maturities of long-term debt	Note 6	24	20
Trade payables		663	601
Other current financial liabilities		33	50
Current provisions		90	98
Income tax payables		79	89
Other current liabilities		266	305
Liabilities associated with assets held for sale	Note 2	–	785
<b>Total current liabilities</b>		<b>1,155</b>	<b>1,948</b>
Long-term debt	Note 6	188	42
Pension plans and similar commitments		155	206
Deferred tax liabilities		25	2
Provisions		33	18
Other financial liabilities		15	2
Other liabilities		97	97
<b>Total liabilities</b>		<b>1,668</b>	<b>2,315</b>
<b>Equity</b>			
Common stock, no par value		105	105
Additional paid-in capital		2,037	2,035
Retained earnings		591	512
Other components of equity		118	60
Treasury shares, at cost <sup>1)</sup>		(394)	(237)
<b>Total equity attributable to shareholders of OSRAM Licht AG</b>		<b>2,456</b>	<b>2,473</b>
Non-controlling interests		12	13
<b>Total equity</b>		<b>2,468</b>	<b>2,486</b>
<b>Total liabilities and equity</b>		<b>4,136</b>	<b>4,801</b>

1) As of March 31, 2017 OSRAM held 8,353,046 treasury shares (September 30, 2016: 5,324,735 shares).

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Consolidated Statement of Cash Flows

## OSRAM Licht Group – Consolidated Statement of Cash Flows (unaudited)

For the six months ended March 31, 2017 and 2016

in € million

	Note	Six months ended March 31,	
		2017	2016
<b>Cash flows from operating activities</b>			
Net income		122	418
Income (loss) from discontinued operation, net of tax	Note 2	49	(8)
Adjustments to reconcile net income to cash provided (used in) operating activities			
Amortization, depreciation, and impairments		108	100
Income taxes		73	131
Interest (income) expenses, net		2	6
(Gains) losses on sales and disposals of businesses, intangible assets and property, plant, and equipment, net		(17)	1
(Gains) losses on sales of investments, net		0	(306)
Other (income) loss from investments		1	–
Other non-cash (income) expenses		(1)	5
Change in current assets and liabilities			
(Increase) decrease in inventories		(36)	(69)
(Increase) decrease in trade receivables		(24)	(17)
(Increase) decrease in other current assets		4	(79)
Increase (decrease) in trade payables		62	11
Increase (decrease) in current provisions		(13)	5
Increase (decrease) in other current liabilities		(53)	47
Change in other assets and liabilities		2	16
Special contribution to pension plans and settlement of a pension plan		–	(91)
Income taxes paid		1	(27)
Dividends received		0	0
Interest received		4	1
<b>Net cash provided by (used in) operating activities OSRAM (continuing operations)</b>		<b>283</b>	<b>143</b>
Net cash provided by (used in) operating activities discontinued operation		(83)	(70)
<b>Net cash provided by (used in) operating activities OSRAM Licht Group (total)</b>		<b>200</b>	<b>73</b>

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



## OSRAM Licht Group – Consolidated Statement of Cash Flows (unaudited)

For the six months ended March 31, 2017 and 2016

in € million

	Note	Six months ended March 31,	
		2017	2016
<b>Cash flows from investing activities</b>			
Additions to intangible assets and property, plant, and equipment	Note 3	(195)	(129)
Acquisitions, net of cash acquired		(62)	–
Purchases of investments		(8)	0
Proceeds and payments from disposal of investments, intangible assets and property, plant, and equipment		27	357
Proceeds and payments from the sale of business activities, net of cash disposed of	Note 2	388	–
<b>Net cash provided by (used in) investing activities OSRAM (continuing operations)</b>		<b>151</b>	<b>228</b>
Net cash provided by (used in) investing activities discontinued operation		(14)	30
<b>Net cash provided by (used in) investing activities OSRAM Licht Group (total)</b>		<b>137</b>	<b>258</b>
<b>Cash flows from financing activities</b>			
Purchase of treasury shares	Note 7	(158)	(56)
Proceeds from issuance of long-term debt	Note 6	150	–
Repayment of long-term debt		(4)	–
Change in short-term debt and other financing activities		7	3
Interest paid		(6)	(1)
Dividends paid to shareholders of OSRAM Licht AG		(97)	(94)
Dividends paid to non-controlling interest shareholders		(3)	–
<b>Net cash provided by (used in) financing activities OSRAM (continuing operations)</b>		<b>(111)</b>	<b>(148)</b>
Net cash provided by (used in) financing activities discontinued operation		(16)	0
<b>Net cash provided by (used in) financing activities OSRAM Licht Group (total)</b>		<b>(126)</b>	<b>(148)</b>
Effect of exchange rates on cash and cash equivalents		11	(6)
Net increase (decrease) in cash and cash equivalents		222	177
Cash and cash equivalents at beginning of period		559	727
Cash and cash equivalents at end of period		781	904
Less: Cash and cash equivalents of discontinued operation at end of the reporting period		–	49
<b>Cash and cash equivalents at end of period (consolidated statement of financial position)</b>		<b>781</b>	<b>855</b>

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Consolidated Statement of Changes in Equity

## OSRAM Licht Group – Consolidated Statement of Changes in Equity (unaudited)

For the six months ended March 31, 2017 and 2016

in € million

	Common stock	Additional paid-in capital	Retained earnings	Currency translation differences	Available-for-sale financial assets	Derivative financial instruments	Treasury shares at cost	Total equity attributable to shareholders of OSRAM Licht AG	Non-controlling interests	Total equity
<b>Balance as of October 1, 2015</b>	<b>105</b>	<b>2,033</b>	<b>234</b>	<b>81</b>	<b>24</b>	<b>(5)</b>	<b>(1)</b>	<b>2,470</b>	<b>12</b>	<b>2,482</b>
Net income	–	–	417	–	–	–	–	417	1	418
Other comprehensive income (loss), net of tax	–	–	(13) <sup>1)</sup>	(20)	(23)	6	–	(50)	0 <sup>2)</sup>	(50)
<b>Total comprehensive income (loss), net of tax</b>	<b>–</b>	<b>–</b>	<b>404</b>	<b>(20)</b>	<b>(23)</b>	<b>6</b>	<b>–</b>	<b>367</b>	<b>1</b>	<b>368</b>
Purchase of treasury shares	–	–	–	–	–	–	(59)	(59)	–	(59)
Re-issuance of treasury shares	–	–	–	–	–	–	3	3	–	3
Dividends	–	–	(94)	–	–	–	–	(94)	–	(94)
Other changes in equity	–	3	–	–	–	–	–	3	–	3
<b>Balance as of March 31, 2016</b>	<b>105</b>	<b>2,035</b>	<b>545</b>	<b>61</b>	<b>1</b>	<b>1</b>	<b>(58)</b>	<b>2,690</b>	<b>13</b>	<b>2,703</b>
<b>Balance as of October 1, 2016</b>	<b>105</b>	<b>2,035</b>	<b>512</b>	<b>59</b>	<b>1</b>	<b>0</b>	<b>(237)</b>	<b>2,473</b>	<b>13</b>	<b>2,486</b>
Net income	–	–	120	–	–	–	–	120	2	122
Other comprehensive income (loss), net of tax	–	–	56 <sup>1)</sup>	58	0	0	–	115	0 <sup>2)</sup>	115
<b>Total comprehensive income (loss), net of tax</b>	<b>–</b>	<b>–</b>	<b>177</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>–</b>	<b>235</b>	<b>2</b>	<b>237</b>
Purchase of treasury shares	–	–	–	–	–	–	(160)	(160)	–	(160)
Re-issuance of treasury shares	–	–	–	–	–	–	3	3	–	3
Dividends	–	–	(97)	–	–	–	–	(97)	(3)	(100)
Other changes in equity	–	2	0	–	–	–	–	2	1	3
<b>Balance as of March 31, 2017</b>	<b>105</b>	<b>2,037</b>	<b>591</b>	<b>117</b>	<b>1</b>	<b>0</b>	<b>(394)</b>	<b>2,456</b>	<b>12</b>	<b>2,468</b>

1) Other comprehensive income (loss), net of tax, attributable to shareholders of OSRAM Licht AG includes remeasurements on defined benefit pension plans for the six months ended March 31, 2017, and 2016, of €56 million and €(13) million respectively.

2) Other comprehensive income (loss), net of tax, attributable to non-controlling interests includes currency translation differences for the six months ended March 31, 2017, and 2016, of €0 million and €0 million respectively.

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# Notes to the Condensed Interim Consolidated Financial Statements

## Segment Information

### OSRAM Licht Group – Notes to the Condensed Interim Consolidated Financial Statements – Segment Reporting

For the six months ended March 31, 2017 und 2016 (unaudited) and as of March 31, 2017 (unaudited) and September 30, 2016

in € million

	External revenue		Intersegment revenue		Total revenue		EBITDA <sup>1)</sup>	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>SEGMENTS</b>								
Opto Semiconductors <sup>6)</sup>	384	315	433	361	817	676	226	207
Specialty Lighting <sup>6)</sup>	1,196	1,079	2	–	1,198	1,079	187	166
Lighting Solutions & Systems	454	486	41	–	494	486	(16)	0
<b>Total segments</b>	<b>2,033</b>	<b>1,879</b>	<b>475</b>	<b>361</b>	<b>2,509</b>	<b>2,241</b>	<b>397</b>	<b>374</b>
<b>Reconciliation to interim consolidated financial statements</b>								
Corporate items and pensions	9	1	39	–	47	1	(40)	(31)
Eliminations, corporate treasury, and other reconciling items	–	–	(514)	(361)	(514)	(361)	–	0
<b>OSRAM (continuing operations)</b>	<b>2,042</b>	<b>1,881</b>	<b>–</b>	<b>–</b>	<b>2,042</b>	<b>1,881</b>	<b>357</b>	<b>342</b>

	Assets <sup>2)</sup>		Free cash flow <sup>3)</sup>		Additions to intangible assets and property, plant, and equipment <sup>4)</sup>		Amortization, depreciation, and impairments <sup>5)</sup>	
	March 31, 2017	Sep. 30, 2016	2017	2016	2017	2016	2017	2016
<b>SEGMENTS</b>								
Opto Semiconductors <sup>6)</sup>	707	607	63	106	150	82	60	53
Specialty Lighting <sup>6)</sup>	699	576	135	111	25	32	32	30
Lighting Solutions & Systems	385	334	(56)	(60)	19	14	14	17
<b>Total segments</b>	<b>1,792</b>	<b>1,518</b>	<b>142</b>	<b>158</b>	<b>195</b>	<b>128</b>	<b>106</b>	<b>99</b>
<b>Reconciliation to interim consolidated financial statements</b>								
Corporate items and pensions	(120)	(129)	(51)	(142)	0	0	2	1
Eliminations, corporate treasury, and other reconciling items	2,464	3,412	(3)	(2)	–	–	–	–
<b>OSRAM (continuing operations)</b>	<b>4,136</b>	<b>4,801</b>	<b>88</b>	<b>14</b>	<b>195</b>	<b>129</b>	<b>108</b>	<b>100</b>

1) EBITDA is earnings before financial result (Income (loss) from investments accounted for using the equity method, net; interest income; interest expenses; and other financial income (expenses), net), income taxes, and depreciation, amortization, and impairment losses on intangible assets, and property, plant, and equipment as defined below.

2) Assets attributable to the segments and to corporate items and pensions are defined as total assets less financing receivables, tax assets, non-interest-bearing provisions and liabilities, and liabilities other than tax liabilities (e.g., trade payables).

3) Free cash flow is net cash provided by (used in) operating activities less additions to intangible assets and property, plant, and equipment. For the segments, it primarily excludes income tax-related and financing interest payments and proceeds.

4) Additions to intangible assets and property, plant, and equipment are all such capital expenditures.

5) Amortization, depreciation, and impairments comprises impairment losses on goodwill and amortization of, and impairment losses on, other intangible assets, net of reversals of impairment losses, as well as depreciation of, and impairment losses on, property, plant, and equipment, net of reversals of impairment losses.

6) Beginning with fiscal year 2017, certain external revenue in the automotive sector, yet reported in the OS segment, are reported at SP. Instead, OS now reports intersegment revenue (eliminated within the corporate consolidation). Prior-year figures were adjusted accordingly.

Minor differences may occur due to rounding.

## 11 Basis of Preparation

These condensed interim consolidated financial statements ("interim consolidated financial statements") include OSRAM Licht AG, Munich, and its subsidiaries ("OSRAM Licht Group" or "OSRAM"). OSRAM is a leading global provider of lighting technology and operates worldwide via a number of legal entities.

The OSRAM Licht Group prepared these interim consolidated financial statements in accordance with IAS 34, *Interim Financial Reporting*; they should be read in connection with [» consolidated financial statements of OSRAM Licht AG for fiscal year 2016](#), which were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRSs).

The interim consolidated financial statements apply the same accounting policies as those used for the preparation of the [» consolidated financial statements for fiscal year 2016](#). The preparation of the interim consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amount of income, expenses, assets, and liabilities, such as for evaluating obligations related to restructuring measures. Actual results may differ from management's estimates. The presentation of certain prior-year information has been adjusted to conform to the current presentation [» Note 8 | Segment information](#).

The interim consolidated financial statements have been prepared in millions of euros (€ million). Due to rounding, differences may arise when individual amounts or percentages are added together. The interim consolidated financial statements were authorized for issue by the Managing Board of OSRAM Licht AG, Marcel-Breuer-Str. 6, 80807 Munich, Germany, on May 10, 2017.

In addition to these interim consolidated financial statements, the interim report includes the [» group interim management report](#), which presents the business performance of the first half year of fiscal year 2017 and its effects on the net assets, financial position, and results of operations.

### Income Taxes

In interim periods, tax expense is based on the current estimated average annual effective income tax rate. Income taxes in other comprehensive income in interim periods are recognized on an actual basis at the reporting date.

### Recent Accounting Pronouncements, not yet Adopted

#### IFRS 9 Financial Instruments

In November 2016, the EU endorsed IFRS 9 *Financial Instruments*.

OSRAM intends to initially apply IFRS 9 on October 1, 2018. The adoption of IFRS 9 results in additional disclosures in accordance with IFRS 7 *Financial Instruments: Disclosures*, besides accounting changes as described in the following.

IFRS 9 includes a new approach for the classification and measurement of financial assets driven by the business model in which an asset is held, and by cash flow characteristics. IFRS 9 includes three categories of financial assets: measured at amortized cost, at fair value through profit or loss (FVTPL), as well as, at fair value through other comprehensive income (FVOCI). Based on a preliminary assessment, OSRAM considers the new categories not having any material accounting impact on financial assets held as of March 31, 2017. As of March 31, 2017, the Group had equity securities with a fair value of €1 million, classified as available-for-sale. Yet, OSRAM has no decision taken, regarding the option under IFRS 9 to designate these equity securities as FVOCI or FVTPL.

Regarding the new impairment model (expected loss model), after a preliminary assessment, OSRAM considers IFRS 9 not having any material impact on cumulated impairment losses at its initial adoption. In specific cases, impairment losses possibly have to be recognized earlier than under IAS 39.

OSRAM uses derivative financial instruments, especially forward exchange contracts, to hedge against exchange rate fluctuations. Certain derivative financial instruments that are used to hedge forecast transactions and executory contracts and that meet the requirements for hedge accounting are accounted for as cash flow hedges. Currently, entities have a one-time option given by the IASB until further notice, to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9. Since it is not certain, that the option still exists, when OSRAM first applies IFRS 9, yet, OSRAM did not decide about making use of the option. OSRAM's preliminary assessment suggests that hedging relationships which OSRAM currently applies meet the hedge accounting requirements of IFRS 9, too. This does not necessarily imply that OSRAM will apply hedge accounting when adopting IFRS 9.

#### IFRS 15 Revenue from Contracts with Customers

OSRAM intends to initially apply IFRS 15 *Revenue from Contracts with Customers* on October 1, 2018. When first applying IFRS

15, options regarding a retrospective application in full or a modified retrospective application exist. Yet, OSRAM did not decide about the conversion method. IFRS 15 includes a five-step model framework of revenue recognition, which is required to be applied to all customer contracts. Revenue is recognized either over time or at a point of time.

OSRAM is currently assessing possible impacts of adopting IFRS 15 on the consolidated financial statements by examining all standard business models of the Business Units. In terms of the current business model, which is primarily based on the sale of standardized products, we do not anticipate any significant changes in the timing of revenue recognition. However, this could change in the future as our business shifts away from standardized products towards customized solutions (involving production-related modification processes) and complete lighting solutions. The group-wide assessment of impacts on the consolidated financial statements is not yet finished.

Actual impacts of the adoption of IFRS 15 on the consolidated financial statements in fiscal year 2019 have not been identified and yet cannot be reliably estimated, since they depend on, amongst others, then effective contractual arrangements and future judgements.

## **2.1 Acquisitions, Disposals, and Discontinued Operations**

### **Novità**

On July 19, 2016, OSRAM contractually agreed to buy all the shares in Novità Technologies, Hendersonville, USA. Novità is a U.S. manufacturer of LED lighting modules for the automotive industry; the modules are used mainly in tail lamps, fog lamps, and daytime running lights. This acquisition strengthens OSRAM's position in the market for automotive LED lighting modules and enhances its project and system business portfolio in the Specialty Lighting (SP) Segment. The transaction was closed on October 4, 2016. The purchase price amounted to USD 78 million (approximately €70 million), including cash acquired of approximately USD 6 million (approximately €5 million), of which approximately USD 15 million (approximately €14 million) relate to liabilities incurred to the vendor. The remaining purchase price of approximately USD 63 million (approximately €56 million) was paid in cash.

The preliminary purchase price allocation as of the acquisition date resulted in major groups of assets acquired and liabilities assumed, as follows: Intangible assets €35 million, inventories €4 million, property, plant, and equipment €3 million, receivables €11 million (the nominal value of receivables amounted to €11 million), liabilities and provisions €7 million, and deferred tax liabilities €15 million. Intangible assets mainly relate to technology of €32 million, with useful lives of up to ten years. Preliminary goodwill amounts to €41 million and is based on non-separable intangible assets such as knowhow of employees and expected synergies, and is not tax-deductible. The purchase price allocation is not finally closed, due to the ongoing measurement of assets. Including earnings effects from amortization of intangible assets acquired in the business combination, the acquired business contributed revenue of €25 million and income before taxes of €4 million to OSRAM since the acquisition date.

The purchase price allocation led to the accrual of provisions with regard to uncertain tax positions in a mid-single-digit million-€-amount; a compensation claim against the vendor was recognized in the same amount, due to a basically unlimited right of recourse.

### Other Acquisitions

On November 3, 2016, OSRAM acquired 47.5% of shares in TVILIGHT B.V., Groningen, Netherlands, in an amount of €8 million. With the investment, OSRAM strengthens its competence in the smart city sector within the Lighting Solutions (LS) Business Unit. OSRAM jointly controls Tvilight together with another investor. The joint venture is accounted for using the equity method.

On February 3, 2017, OSRAM acquired the business operations of Maneri-Agraz Enterprises, Houston, USA. With the acquisition, OSRAM's service business within the LS Business Unit increases its reach in the South and Southwest region of U.S. in the commercial and industrial business sector. The purchase price amounted to approximately USD 10 million (approximately €9 million). The acquisition resulted in goodwill of €3 million.

### Discontinued Operation

On June 12, 2015, OSRAM resolved to separate its general lighting lamps business (LEDVANCE). On July 26, 2016, the Supervisory Board of OSRAM Licht AG consented to the sale of LEDVANCE. The sale was completed on March 3, 2017, after obtaining all necessary consents from competent authorities. The buyer of the business is a Chinese consortium comprising strategic investor IDG Capital Partners (IDG), Chinese lighting company MLS Co., Ltd. (MLS), and financial investor Yiwu State-Owned Assets Operation Center (Yiwu).

After the Supervisory Board of OSRAM Licht AG consented to the sale of LEDVANCE, the assets and liabilities of LEDVANCE, which largely consisted of the former Lamps Business Unit, were classified as Assets held for Sale or Liabilities associated with assets held for sale in the consolidated financial statements 2016 in accordance with IFRS 5. LEDVANCE was reported as a discontinued operation in accordance with IFRS 5 in the consolidated statement of income and the consolidated statement of cash flows.

LEDVANCE's obligations against third parties result in contingencies of OSRAM of approximately €17 million. Additional contingencies result from contractual obligations with regard to the sale of LEDVANCE, in a maximum amount which is limited by the purchase price.

## Results from Discontinued Operation

For the six months ended March 31, 2017 and 2016

in € million

	Six months ended March 31,	
	2017	2016
Revenue	856	1,022
Expenses	(856)	(1,015)
<b>Income (loss) from operating activities</b>	<b>(1)</b>	<b>7</b>
Related income taxes	(2)	1
<b>Income (loss) from operating activities, net of tax</b>	<b>(3)</b>	<b>8</b>
Gain (loss) on sale of discontinued operation	(39)	–
Related income taxes	(8)	–
<b>Gain (loss) on sale of discontinued operation, net of tax</b>	<b>(46)</b>	<b>–</b>
<b>Income (loss) from discontinued operation, net of tax</b>	<b>(49)</b>	<b>8</b>

## Assets and Liabilities of Discontinued Operation

in € million

	March 31, 2017	September 30, 2016
Cash and cash equivalents	98	102
Trade receivables and other current assets	423	382
Inventories	406	418
Non-current assets	231	234
<b>Assets held for sale</b>	<b>1,158</b>	<b>1,136</b>
Current liabilities	490	623
Pension plans and similar commitments	47	53
Non-current provisions	24	12
Non-current liabilities	96	97
<b>Liabilities associated with assets held for sale</b>	<b>657</b>	<b>785</b>
<b>Net assets and liabilities</b>	<b>501</b>	<b>351</b>

## Net Cash Inflows

in € million

	March 31, 2017
Consideration received in cash	486
Cash and cash equivalents disposed of	(98)
<b>Net cash inflows</b>	<b>388</b>

## Gain on Sale of Discontinued Operation

in € million

	March 31, 2017
Preliminary consideration received	496
Net assets and liabilities	(501)
Reclassification of currency translation differences	(33)
<b>Gain (loss) on sale of discontinued operation</b>	<b>(39)</b>

### 3 | Property, Plant, and Equipment

In the six months ended March 31, 2017, the book value of property, plant, and equipment increased by €116 million to €1,176 million (six months ended March 31, 2016: increase by €25 million to €1,140 million). In the six months ended March 31, 2017, the increase included additions of €222 million (six months ended March 31, 2016: €139 million), especially to advances to suppliers and construction in progress, as well as technical machinery and equipment.

As of March 31, 2017, contractual obligations to purchase property, plant, and equipment amounted to €347 million (March 31, 2016: €104 million). In the reporting period, these contractual obligations especially relate to capital expenditures related to the construction of the new LED chip factory in Kulim, Malaysia, and expanding production capacities in Regensburg, Germany, and Penang, Malaysia.

### 4 | Personnel-related Restructuring Expenses

Within OSRAM Push, further process improvements and structural adjustments were implemented. The measures taken affect not only production capacity for traditional products for general lighting, but also sales, administration, and other indirect functions throughout the Group.

In the six months ended March 31, 2017, personnel-related restructuring expenses related to the measures described amounted to €5 million (six months ended March 31, 2016: €16 million). These relate mainly to "Altersteilzeit" (Old-Age Part-

Time Work) arrangements in Germany.

In the six months ended March 31, 2017 and 2016, personnel-related restructuring expenses primarily affected cost of goods sold and services rendered, as well as marketing, selling, and general administrative expenses, but also research and development expenses.

## 5 | Legal Proceedings

Information regarding investigations and other legal proceedings as well as possible risks and possible financial implications for OSRAM associated with such are contained in the [» consolidated financial statements of OSRAM Licht AG for the fiscal year 2016](#).

Material developments regarding the following investigations and other legal proceedings have occurred since the consolidated financial statements of OSRAM Licht AG for the fiscal year 2016 have been authorized for issue.

### Product Liability Cases

EBV Elektronik SAS v. OSRAM Opto Semiconductors GmbH

On January 20, 2016, OSRAM Opto Semiconductors GmbH (OS) was joined in the case pending before the commercial court in Nanterre, France, between EBV Elektronik SAS (EBV) and Société Provence D'Electronique et Cabelage (SPEC) by means of an action in warranty. SPEC is suing EBV for damages relating to the supply of allegedly faulty OS LEDs in SPEC passenger information boards. EBV has brought OS into the action in order to seek recourse from OS as the supplier of the allegedly defective products. In pretrial hearings the commercial court in Nanterre has declared itself competent to hear the case. OS has appealed this decision before the appeal court in Versailles. On March 30, 2017, the appeal court in Versailles has dismissed the appeal. Currently, OS is considering further proceedings against the appeal court's decision.

### Other Legal Disputes

Professor E. Fred Schubert v. OSRAM GmbH et al

In July 2012, Professor E. Fred Schubert filed suit against OSRAM GmbH, OSRAM Opto Semiconductors GmbH, OSRAM Opto Semiconductors, Inc., and OSRAM SYLVANIA Inc. in the United States District Court for the District of Delaware for infringement of a U.S. patent. The lawsuit claims that the manufacture and distribution of certain OSRAM LEDs infringe the patent in question. Following various procedural stages before the U.S. patent and trademark office and an appeal court, in March 2017, the parties entered into a settlement agreement. The dispute is resolved. The settlement agreement did not result in further charges.

Unless otherwise stated, in accordance with IAS 37.92 no further information will be disclosed in respect to the above matters as OSRAM believes that such disclosure could seriously prejudice the outcome of the respective litigation.



## Carrying Amounts and Fair Values of Financial Assets and Liabilities

in € million

	Fair value hierarchy <sup>1)</sup>	March 31, 2017		September 30, 2016	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
Cash and cash equivalents <sup>2)</sup>	n.a.	781	781	457	457
Available-for-sale financial assets (non-current) <sup>3)</sup>	Level 3	1	1	0	–
Available-for-sale financial assets <sup>4)</sup>	Level 1	2	2	1	1
Trade receivables	n.a.	626	626	580	580
Other financial assets					
Derivatives not designated in a hedge accounting relationship	Level 2	1	1	2	2
Derivatives in connection with cash flow hedges	Level 2	0	0	0	0
Other financial assets	n.a.	62	62	54	54
Assets held for sale	n.a.	–	–	334	334
<b>Financial liabilities</b>					
Debt					
Loans from banks	n.a.	212	212	62	62
Trade payables	n.a.	663	663	601	601
Other financial liabilities					
Derivatives not designated in a hedge accounting relationship	Level 2	4	4	2	2
Derivatives in connection with cash flow hedges	Level 2	0	0	–	–
Other financial liabilities	n.a.	44	44	50	50
Liabilities associated with assets held for sale	n.a.	–	–	298	298
Liabilities associated with assets held for sale	Level 2	–	–	1	1

1) Only relevant for financial instruments carried at fair value. All other financial instruments are carried at cost or amortized cost. Methods for determining fair values of financial instruments carried at fair value in the statement of financial position are described in [consolidated financial statements of OSRAM Licht AG for the fiscal year 2016](#).

2) Cash and cash equivalents consists primarily of deposits at banks with an investment grade rating. The item includes money market instruments of €115 million (previous year: €35 million). To a small extent, it also includes checks and cash on hand.

3) As of March 31, 2017 and September 30, 2016, this line item contains to a minor extent equity instruments classified as available for sale for which a fair value could not be reliably determined. For this reason, the equity instruments were recognized at cost. The level 3 equity instruments were acquired in the second quarter of fiscal year 2017.

4) The current portion of the OSRAM Licht Group's available-for-sale financial assets mainly comprises fund shares.

The increase of loans from banks mainly resulted from drawing down of the final tranche of the loan facility of €150 million from the European Investment Bank; the loan balance increased to €196 million, including first redemption payments of €4 million.

## 7 | Earnings per Share

### Earnings per Share

in € million, if not stated otherwise

		Six months ended March 31,	
		2017	2016
Net income		122	418
Less: portion attributable to non-controlling interests		2	1
<b>Income attributable to shareholders of OSRAM Licht AG</b>		<b>120</b>	<b>417</b>
Weighted average shares outstanding – basic	in thousands	98,050	104,436
Effect of dilutive potential equity instruments	in thousands	339	344
<b>Weighted average shares outstanding – diluted</b>	<b>in thousands</b>	<b>98,389</b>	<b>104,781</b>
Basic earnings per share	in €	1.23	3.99
Diluted earnings per share	in €	1.22	3.98
Basic earnings per share OSRAM (continuing operations)	in €	1.73	3.91
Diluted earnings per share OSRAM (continuing operations)	in €	1.73	3.90
Basic earnings per share OSRAM (discontinued operation)	in €	(0.50)	0.08
Diluted earnings per share OSRAM (discontinued operation)	in €	(0.50)	0.07

In the six months ended March 31, 2017 and 2016, using its existing performance-based stock awards program to grant stock awards to members of the Managing Board of OSRAM Licht AG, and to senior managers of the OSRAM Licht Group (OSRAM Stock Awards), new tranches were granted. As of March 31, 2017, there were no outstanding antidilutive awards.

As of March 31, 2017, the number of treasury shares increased to 8,353,046, compared to 5,324,735 as of September 30, 2016. The change resulted from the repurchase of 3,089,436 shares, in part offset by 61,125 shares transferred to employees within the base share program in the second quarter of fiscal year 2017.

In the second quarter of fiscal year 2017, a dividend of €97 million was distributed from the unappropriated profit of OSRAM Licht AG for fiscal year 2016 in accordance with the resolution adopted at the General Meeting in February 2017. This corresponds to a dividend of €1.00 per dividend-bearing share.

## 8 | Segment Information

### Adjustment of Revenue Allocation from October 1, 2016

Beginning with fiscal year 2017, certain external revenue with LED components for automotive applications in the automotive sector, yet reported in the OS segment, are reported at SP, accordingly to its end use or trade channel. Instead, OS now reports intersegment revenue (eliminated within the corporate consolidation). Prior-year figures were adjusted accordingly. As a result, corresponding trade receivables and payables were reclassified, too.

### Reconciliation EBITDA to Income before Income Taxes

in € million

		Six months ended March 31,	
		2017	2016
<b>EBITDA</b>		<b>357</b>	<b>342</b>
Amortization, depreciation, and impairments		(108)	(100)
Interest income		3	1
Interest expense		(6)	(7)
Other financial income (expense), net		(2)	(1)
Income (loss) from investments accounted for using the equity method, net		(1)	306
<b>Income before income taxes OSRAM (continuing operations)</b>		<b>245</b>	<b>541</b>

The following table reconciles total net capital employed of the segments to total assets reported in the consolidated statement of financial position:

## Reconciliation Total Segment Net Capital Employed to Total Assets

in € million

	March 31, 2017	September 30, 2016
<b>Total segment net capital employed</b>	<b>1,792</b>	<b>1,518</b>
<b>Reconciliation to interim consolidated financial statements</b>		
Net capital employed corporate items and pensions	(120)	(129)
Net capital employed Treasury <sup>1)</sup>	790	466
Other reconciling items		
Tax related assets	322	436
Liabilities and provisions	1,196	1,168
Pension plans and similar commitments	155	206
Assets held for sale	–	1,136
<b>Total assets</b>	<b>4,136</b>	<b>4,801</b>

1) OSRAM treasury does not have net capital employed in the same way as an operating segment, but it is determined here in the same way as for operating segments; the assets consist primarily of cash and cash equivalents.

### 9 | Related Party Disclosures

Individuals classified as related parties comprise the members of the Managing Board and the Members of the Supervisory Board of OSRAM Licht AG.

Details of the remuneration of individual members of the Supervisory Board and Managing Board are provided in the remuneration report, which is a component of the combined management report in the [» Annual Report of OSRAM Licht Group for the fiscal year ended September 30, 2016.](#)

Hubert Roßkopf and Willi Sattler have retired from the Supervisory Board with effect from the end of March 2, 2017. By way of an order of the Munich local court, Alexander Müller, with effect from March 31, 2017, and Irene Weininger, with effect from April 1, 2017, were appointed as members of the Supervisory Board of OSRAM Licht AG.

Due to the retirement of Willi Sattler and Hubert Roßkopf from the Supervisory Board, the composition of the committees of the Supervisory Board had changed. The actual composition of the Committees of the Supervisory Board is published on OSRAM's website [» http://www.osram-group.de/en/our-company/our-management/supervisory-board](http://www.osram-group.de/en/our-company/our-management/supervisory-board).

### 10 | Events After the Reporting Date

On April 4, 2017, we decided the implementation of targeted investment and structural measures in the luminaires and solutions business. We aim to sustainably ensure the profitability and competitiveness of the business. To address actual process inefficiencies and personnel surplus, we plan a reduction of 250 to 290 jobs at Siteco Beleuchtungstechnik GmbH, Traunreut, Germany. At the moment, a reliable estimate of the financial impact is not possible.

Other than above, no transactions of particular significance and with material effects on the net assets, financial position, and results of operations have been occurred since the end of the reporting period, March 31, 2017.

Munich, May 10, 2017

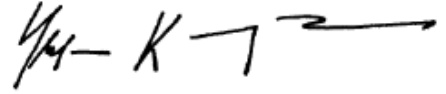
OSRAM Licht AG  
The Managing Board



Dr. Olaf Berlien  
Chairman of the Managing Board  
(CEO)



Ingo Bank  
Chief Financial Officer  
(CFO)



Dr. Stefan Kampmann  
Chief Technology Officer  
(CTO)

# Statements and Further Information

## Responsibility Statement

To the best of our knowledge, and in accordance with the applicable interim reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group in the remaining months of the fiscal year.

Munich, May 10, 2017

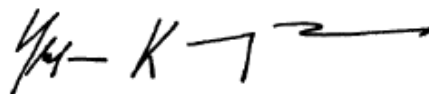
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Chief Technology Officer  
(CTO)

# Review Report

*Translation of the German Review Report concerning the review of the condensed interim consolidated financial statements and interim group management report prepared in German.*

## To OSRAM Licht AG, Munich

We have reviewed the condensed interim consolidated financial statements, comprising the consolidated statement of income (Konzern-Gewinn- und Verlustrechnung), consolidated statement of comprehensive income (Konzern-Gesamtergebnisrechnung), consolidated statement of financial position (Konzernbilanz), consolidated statement of cash flows (Konzern-Kapitalflussrechnung), consolidated statement of changes in equity (Konzern-Eigenkapitalveränderungsrechnung) and notes to the condensed interim consolidated financial statements (Anhang zum verkürzten Konzernzwischenabschluss), and the interim group management report (Konzernzwischenlagebericht), of OSRAM Licht AG, Munich, for the period from 1 October 2016 to 31 March 2017 which are part of the half-year financial report pursuant to Sec. 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) and in supplementary compliance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, May 10, 2017

### Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft



Keller  
Wirtschaftsprüfer  
(German Public Auditor)



Hinderer  
Wirtschaftsprüfer  
(German Public Auditor)

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This interim report is also available in German. Additionally, both can be accessed at [www.osram-group.de](http://www.osram-group.de) and [www.osram-group.com](http://www.osram-group.com).

If there are any discrepancies between the two language versions, the German text is the authoritative version.

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**OSRAM**