

Performance Programs gain speed - market environment remains challenging

Q3 FY19 Earnings Release (unaudited figures)

Disclaimer

This presentation as well as other reports, presentations, materials delivered to shareholders and press releases may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. In addition, our representatives may from time to time make oral forward-looking statements. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. OSRAM Licht AG has based these forward-looking statements on its current views and expectations and on certain assumptions of which many are beyond OSRAM Licht AG's control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the sub-chapter Risks in the Annual Report. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and OSRAM Licht AG does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.

This presentation includes references to non-IFRS financial measures, including, but not limited to: FCF, EBITDA, EBITDA margin, capital expenditure, capital expenditure as percentage of revenue, net financial debt and net working capital. We have provided these measures and other information in this presentation because we believe they provide investors with additional useful information to assess our performance. Our use of these supplemental financial measures may vary from others in our industry and should not be considered in isolation or as an alternative to our results as reported under IFRS.

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

Performance programs gain speed

Statement from the CEO



Third quarter summary

- Revenue of **€850m**
- Adjusted EBITDA margin of **6.8%**
- Performance measures taking effect

Overall, our third quarter developed in line with expectations.

We are still facing challenging environment in our core markets and as of today, we see no signs of recovery. Global economic indicators continue to slow down. The automotive sector in particular remains on a sharp decline.

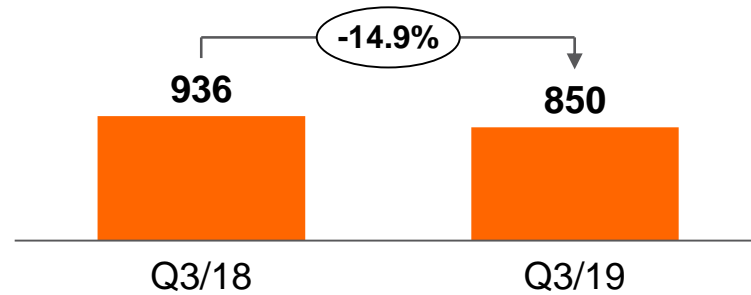
At the same time, the counter measures, that we put in place earlier in the year, are starting to take effect. Our performance programs gain speed and show first results – especially in our Opto segment.

This gives us some confidence for the rest of the year – despite the fact that we are not seeing any significant short-term recovery of the markets.

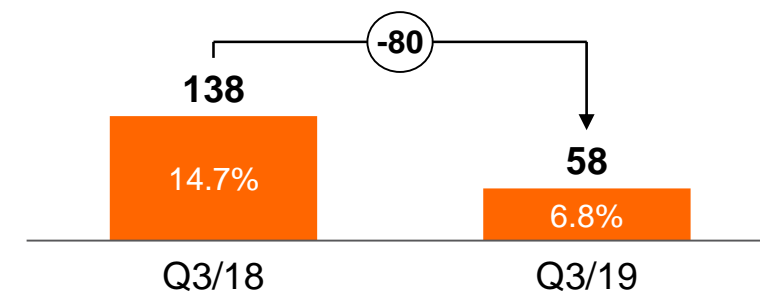
We therefore confirm our full year targets for fiscal year 2019 adjusted in March.

Initiated performance measures show results - Q3 FY19 remains impacted by continuously challenging market and economy conditions

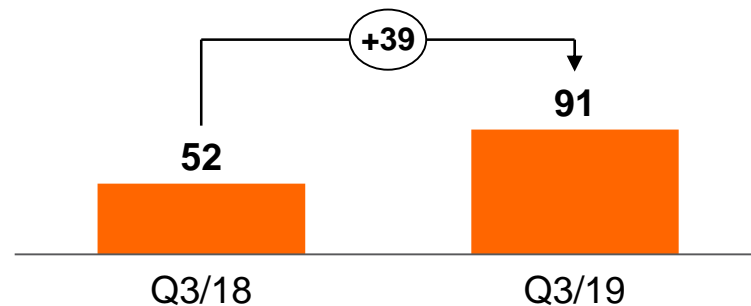
Revenue (€m) / comparable growth



Adj. EBITDA (€m) / margin



Free cash flow (€m)



Comments

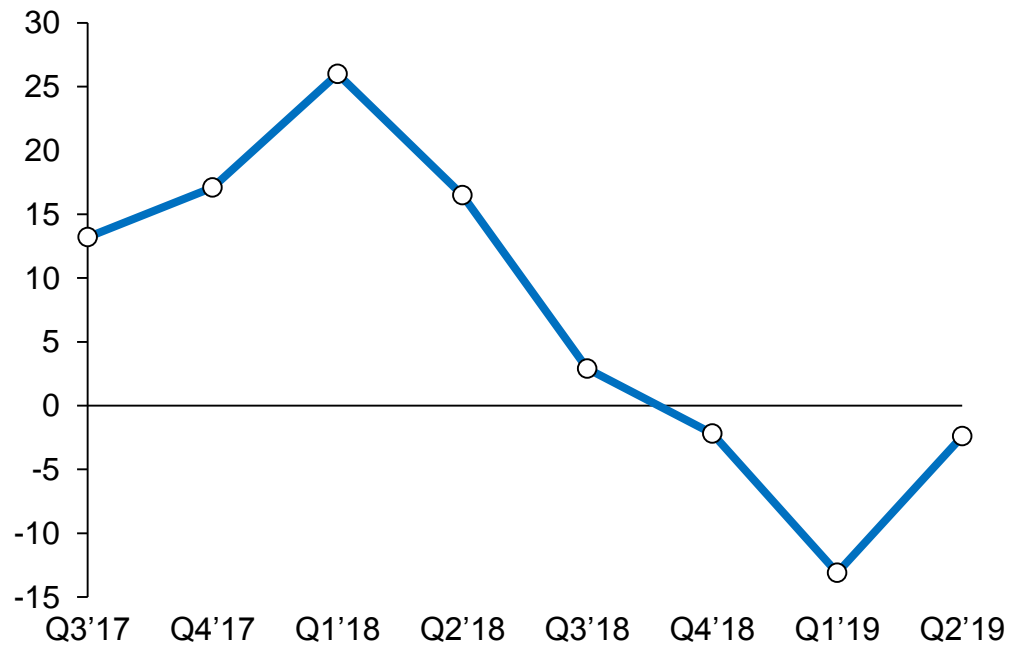
- Continuously weak market environment in China
- No solution in sight for global trade conflicts
- Initiated Performance measures take effect

Indicators of the current economic environment continue to slow down

- industry climate shows signs of relief

IFO World economic climate

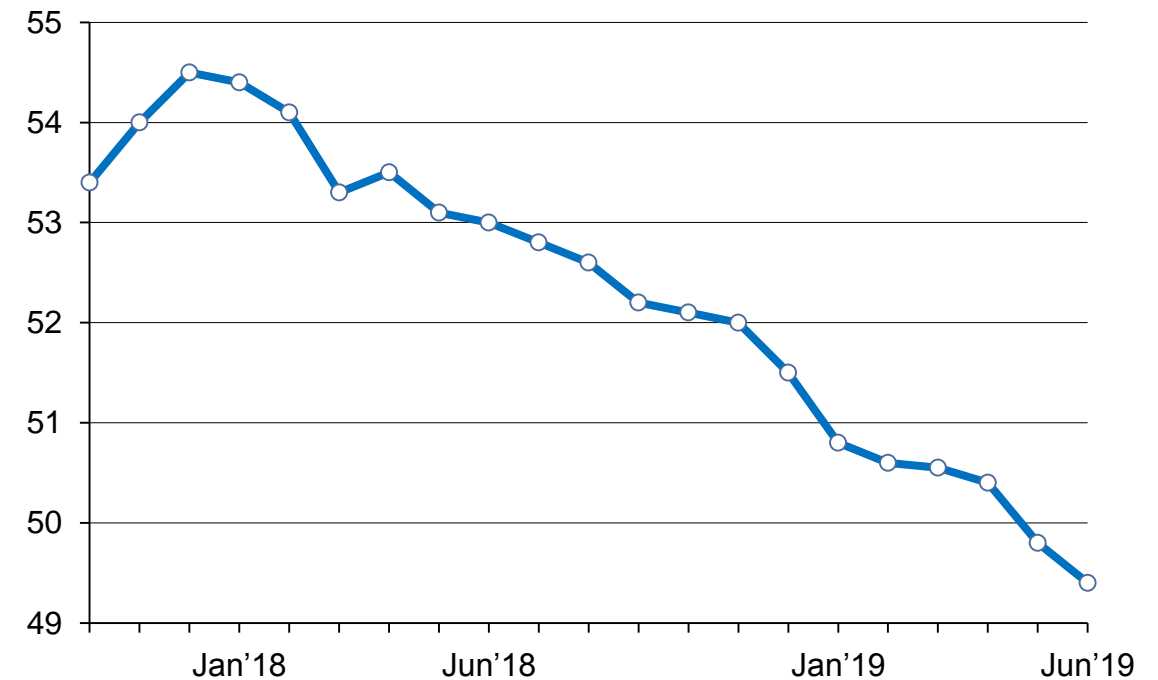
Ifo economic climate index, Calendar year based



Source: ifo World Economic Survey, May 2019

Global Manufacturing PMI

JP Morgan Purchasing Manager Index, Calendar year based



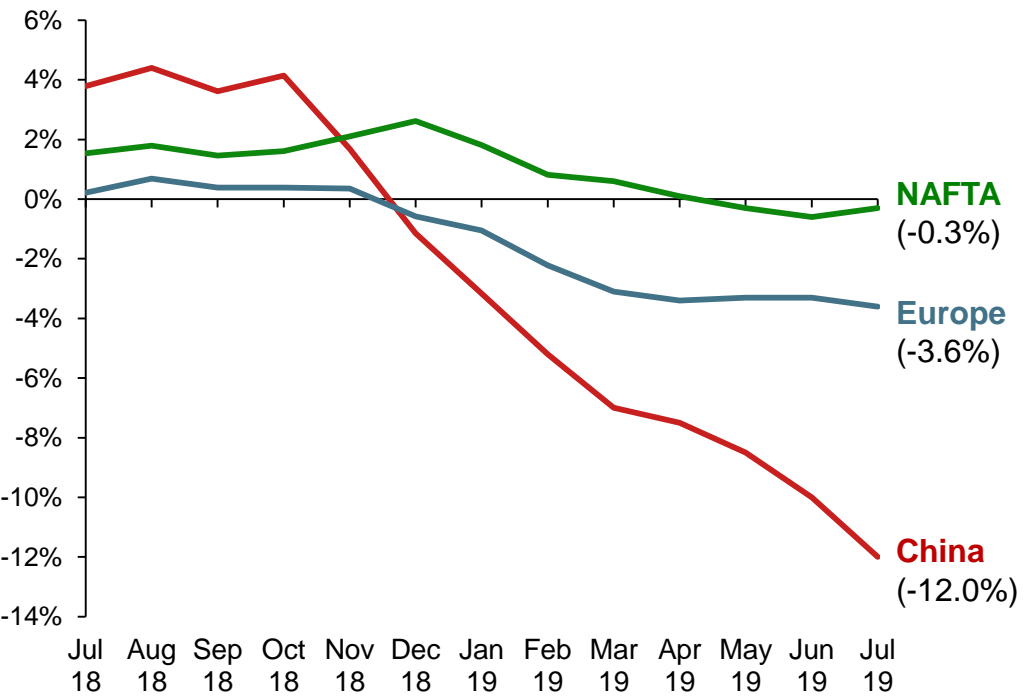
Source: J.P.Morgan and IHS Markit in association with ISM and IFPSM, July 2019

Global automotive markets now declining in all regions

– China is affected most severe

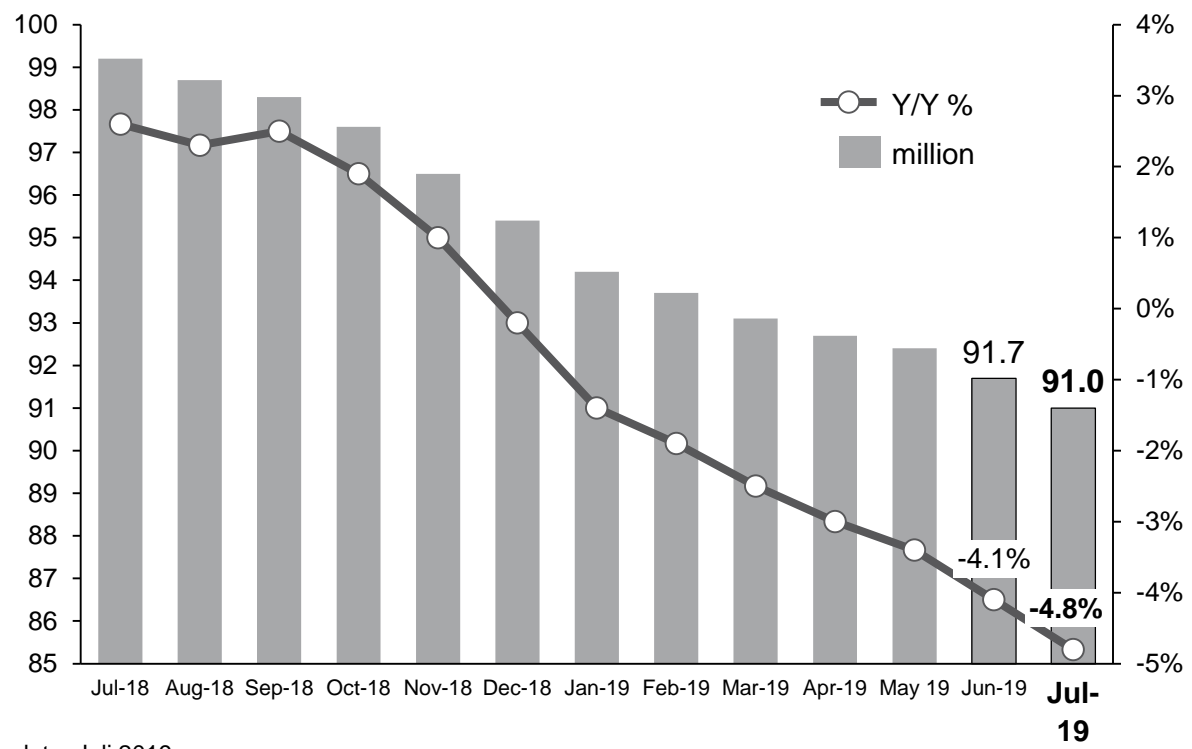
IHS – Light vehicle production

(YoY comparison)












IHS – Global light vehicle production

(forecast yearly production number worldwide, FY based)



Source: IHS monthly data, Juli 2019

Key OSRAM customers (automotive Tier 1) continue to fall short of their agreed-on purchasing volumes on a YTD view

2019						
% growth LED automotive: Act 2018 vs contract 2019 (01.01.19-31.12.19)				Deviation between VPA ¹⁾ to June vs. actual orders YTD (CY)		Change vs. March
	Customer 1	→	+22%	→	-40%	+1%
	Customer 2	→	+9%	→	-20%	-6%
	Customer 3	→	-13%	→	-7%	-10%
	Customer 4	→	-2%	→	-5%	-4%
	Customer 5	→	-6%	→	-45%	+1%
	Customer 6	→	+16%	→	+28%	-4%
	Customer 7	→	+0%	→	-32%	-4%
	Customer 8	→	+6%	→	-8%	-4%
	Customer 9	→	+15%	→	-24%	0%



• General weakness in the automotive industry continues

¹⁾ VPA: Volume Purchase Agreement

Status Q3/19



Management Board and Supervisory Board recommend the voluntary takeover offer from Bain & Carlyle



BainCapital

THE CARLYLE GROUP



Attractive offer price
of 35 euros per share
in cash



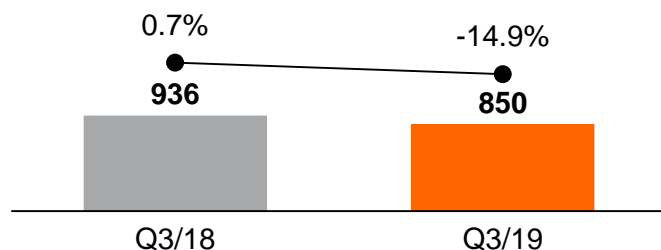
Investor agreement
with comprehensive
commitments to the
workforce and locations



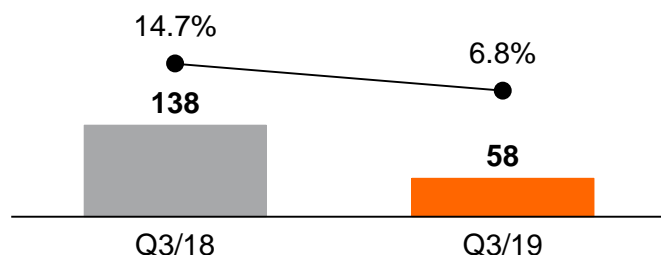
Full strategy support
and investment in
growth

Summary Key Financial Performance Q3 FY19

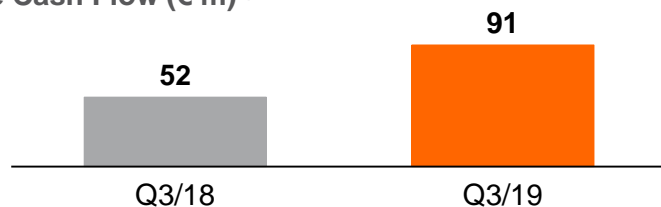
Revenue (€m) / comp. growth



Adj. EBITDA (€ m) / margin



Free Cash Flow (€ m)¹⁾



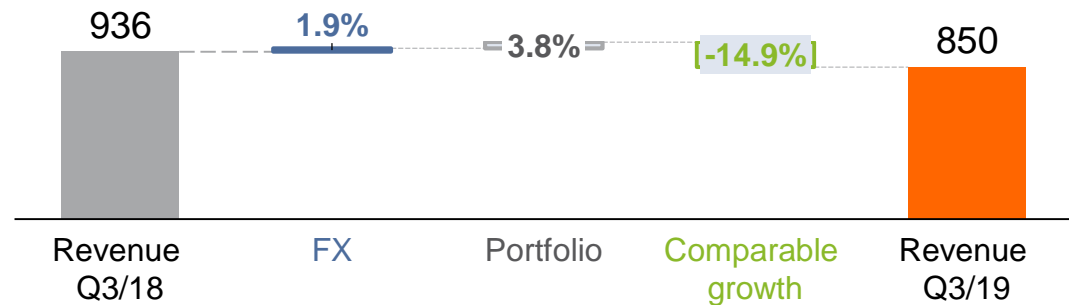
- Market weakness in Automotive and General Lighting continued to drive revenue decline in all segments
- Overall Osram business in China declined -24% y-o-y; yet improved sequentially by 12% (vs. Q2 FY19)
- Q3 FY19 adjusted EBITDA margin @ **6.8%**; sharp decline vs. PY mainly due to negative volume effects and lower fix cost absorption
- EBITDA **Special Items** in Q3 FY19 at €-16m; **CIE** Adj. EBITDA -18m
- Gross savings generation from **strategic performance programs** gaining traction: €32m in the quarter; expect to exceed full year savings targets
- Positive **Free Cash Flow** of €91m driven by improved Working Capital and lower CapEx spend
- **Net income:** €-35m from continuing operations; €-17m from discontinued operations

¹⁾ Defined as net cash provided by (used in) operating activities less capital expenditures.

Revenue declines in all segments y-o-y; Sequential stabilization in OS and DI; AM sequentially lower in line with seasonality

Revenue (€m) / Comp. growth (%)

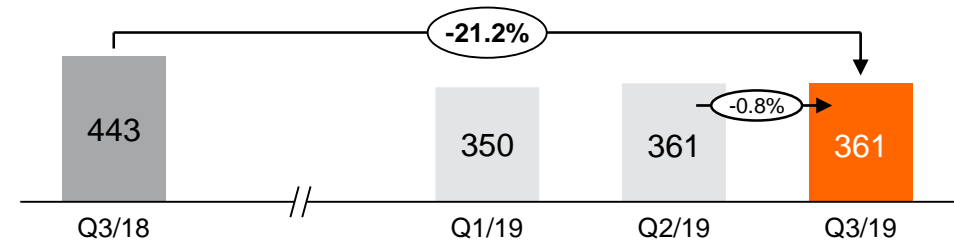
OSRAM Group: Revenue bridge Q3 FY19 YoY



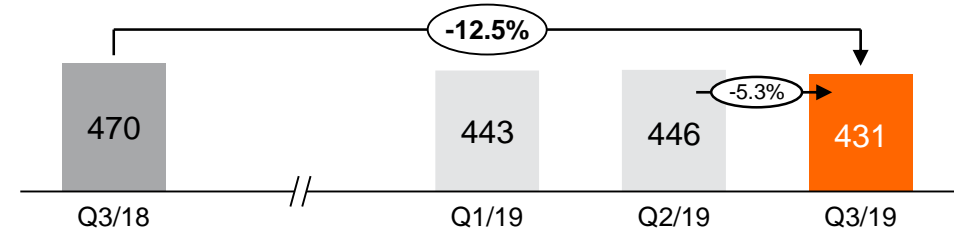
APAC decline largely impacted by China (-24%)



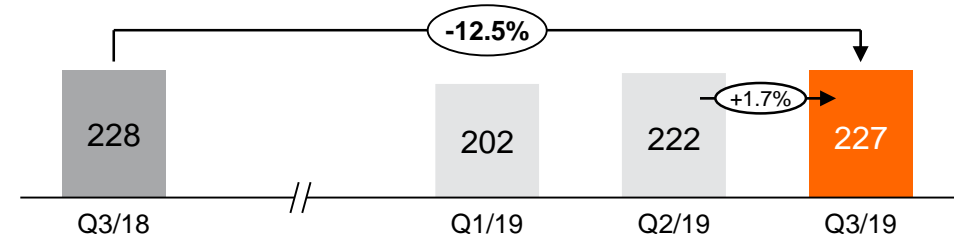
OS Revenue Development



AM Revenue Development



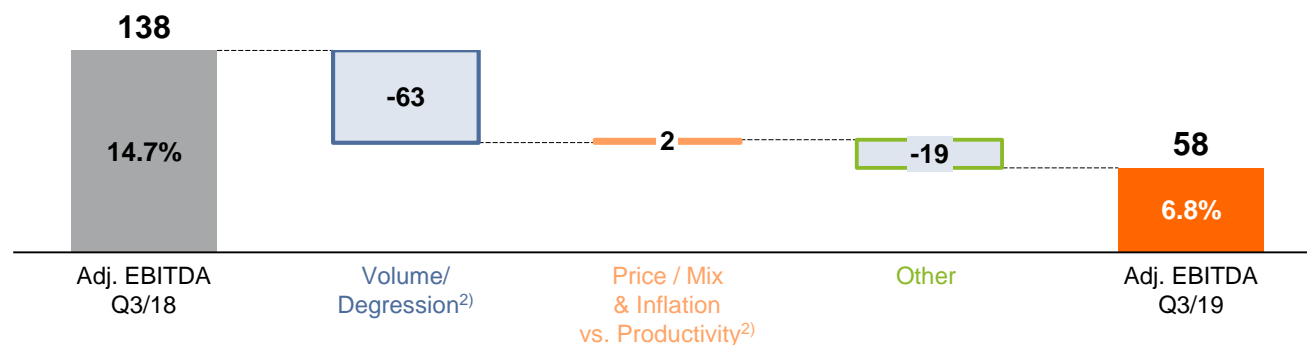
DI Revenue Development



Profitability impacted by lower volumes across all segments

Adjusted EBITDA (€m) / Adjusted EBITDA Margin (%)

Adjusted EBITDA¹⁾ Q3 FY19 YoY



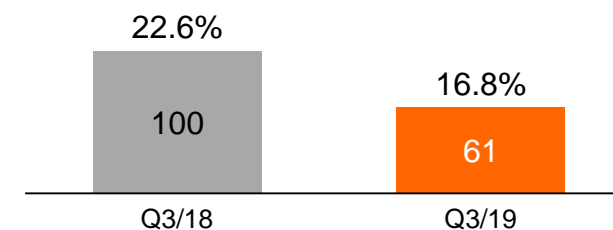
Comments

- Lower volumes limiting fixed cost absorption of underutilized factories; Price erosion and inflation offset by savings of operational & performance programs
- Reduced volumes and low double-digit negative one-off charges (a. o. litigation) weighing on **OS** profitability; sequential improvement in profitability through saving measures
- AM** profitability impacted lower volumes in traditional OEM light sources, factory underutilization and higher OPEX due to the consolidation of Osram Continental
- DI** impacted by lower volumes and unfavorable mix

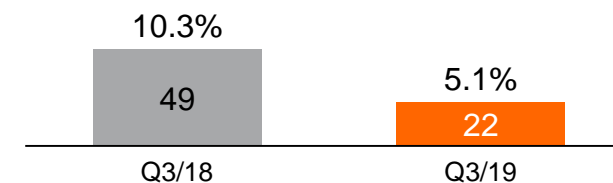
¹⁾ Adjustment for special items (S.I.) includes a.o. transformation costs, substantial legal and regulatory matters, and costs related to mergers and acquisitions activities including the sale of subsidiaries, investments and other businesses.

²⁾ Related to COGS.

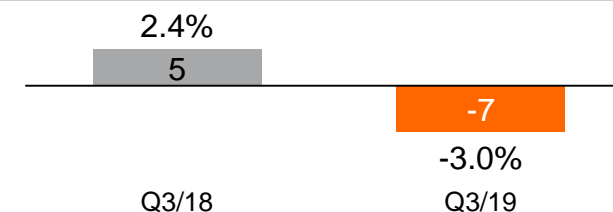
OS adjusted EBITDA





AM adjusted EBITDA



DI adjusted EBITDA



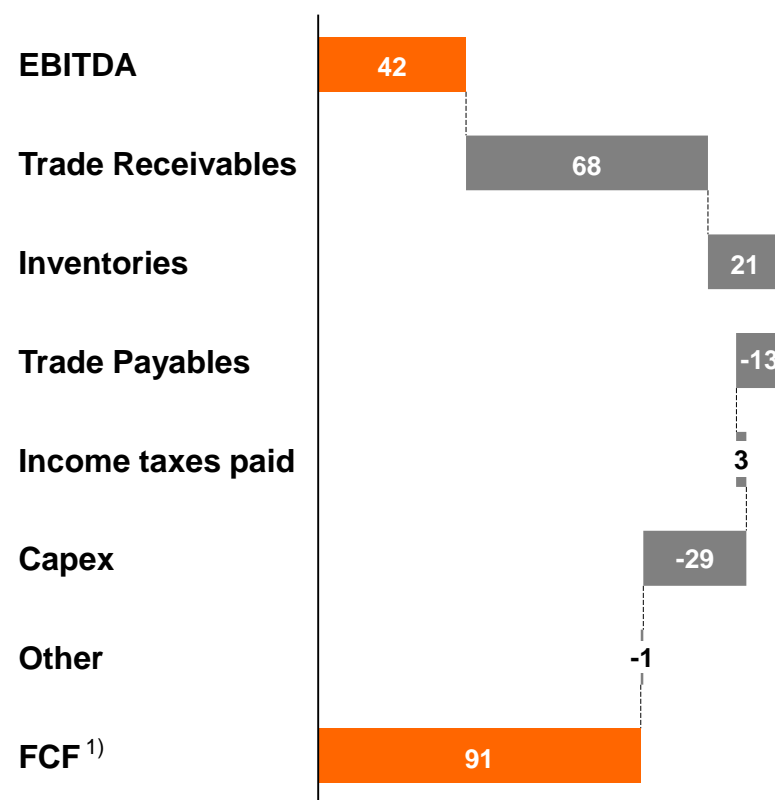
Savings from Performance Programs gain further momentum in Q3 FY19

	Savings YTD FY19	Savings Target FY19	Comments
 Overhead productivity global	€ 36m	€ 45m - 50m	<ul style="list-style-type: none">Gross savings started to gain improved momentum in Q3 FY19: ~45% of total YTD savings generated in Q3 FY19Full year gross savings are expected to slightly exceed upper end of the targeted range
 Transformation of plants	€ 32m	€ 40m - 45m	
Total	€ 68m	€ 85 - 95m	

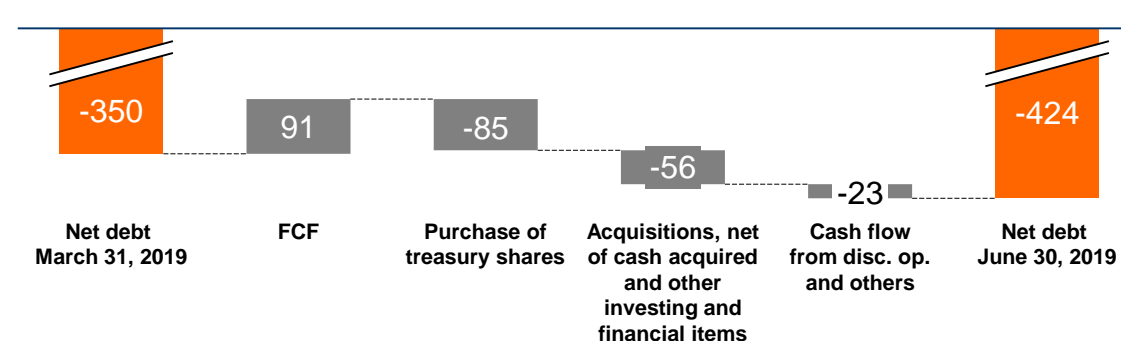
Lower Net Working Capital and Capex driving positive Free Cash Flow

Free Cash Flow / Net Debt (€m)

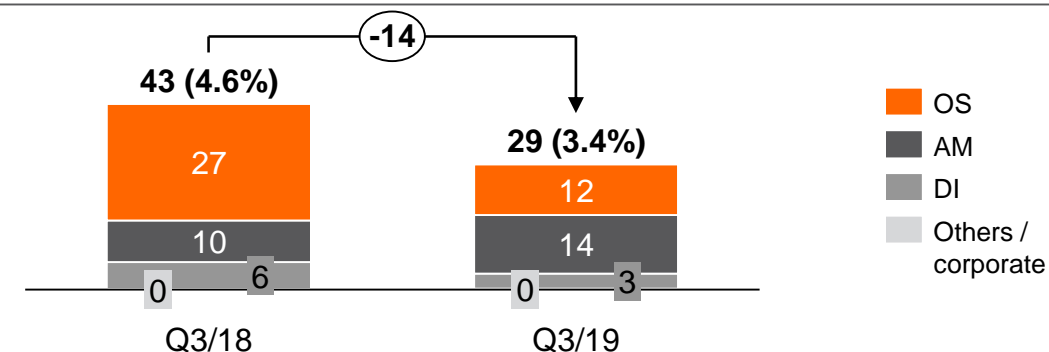
Free Cash Flow¹⁾ bridge Q3 FY19



Net debt bridge Q3 FY19



Capital expenditure (percent of revenue) Q3 FY19 YoY



¹⁾ Defined as net cash provided by (used in) operating activities less capital expenditures.

Outlook for FY19 unchanged ¹⁾²⁾

Revenue

Decline of comparable
revenue between
11% and 14%

Adj. EBITDA margin

Adjusted EBITDA
margin
of 8% to 10%

Free Cash Flow

Negative Free Cash Flow
between
€-50m and €-150m³⁾

¹⁾ based on an exchange rate EUR/USD of 1.15; based on cont. operations, excl. European luminaire business and Sylvania Lighting Solutions (USA). ²⁾ Outlook as communicated on March 28, 2019. ³⁾ Excl. proceeds from possible divestments.

Financial calendar and IR contact information

Upcoming events

- **November 12, 2019**
Earnings Release for the 4th quarter FY19 (preliminary, unaudited)
- **December 6, 2019**
Annual Report 2019

Investor Relations contact

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Appendix

Impact of Foreign Exchange on comparable growth and adjusted EBITDA margin

Revenue growth Q3 FY19 YoY

	Nom. growth	FX	Portfolio	Comp. growth
Opto Semiconductors	-18.6%	2.1%	0.4%	-21.2%
Automotive	-8.3%	2.0%	2.2%	-12.5%
Digital	-0.5%	1.6%	10.5%	-12.5%

Adjusted EBITDA margin Q3 FY19

	Adj. EBITDA margin	FX impact YoY
Opto Semiconductors	16.8%	0.2%
Automotive	5.1%	-0.4%
Digital	-3.0%	-1.2%

Key financial metrics (continuing operations) (unaudited)

Group (€m)	Q3 FY19	Q3 FY18	Change (y-o-y)	
			nom.	-9.2 %
Revenue	850	936	comp.	-14.9 %
Gross margin	23.3%	31.2%		-780 bps
R&D	-98	-99		-1.2 %
SG&A	-142	-137		3.8 %
EBITDA	42	123		-66.2 %
EBITDA margin	4.9%	13.1%		-820 bps
Adj. EBITDA	58	138		-58,1 %
Adj. EBITDA margin	6.8%	14.7%		-790 bps
Financial result, including at-equity result (continuing operations)	-9	-2		-
Income (loss) before income taxes (continuing operations)	-43	59		-173.2 %
Taxes	8	-17		146.4 %
Net income (loss) (continuing operations)	-35	42		-183.9 %
Diluted EPS in € (continuing operations)	-0.27	0.43		-162.6 %
Free cash flow (continuing operations)	91	52		76.0 %
CAPEX	29	43		-32.6 %
Net debt	-424	88		-
Equity ratio	50.6%	58.3%		-770 bps
Employees (in thousands)	24.3	25.7		-2.0% %

Segment overview (continuing operations) (unaudited)

Q3 FY19 (€m)	OS	AM	DI	CIE	OSRAM Licht Group
Revenue	361	431	227	-168	850
Change % vs. PY reported	-18.6%	-8.3%	-0.5%		-9.2%
Change % vs. PY comparable	-21.2%	-12.5%	-12.5%		-14.9%
EBITDA	56	16	-10	-22	42
EBITDA margin	15.6%	3.8%	-4.2%		4.9%
Special items EBITDA	-4	-6	-3	-4	-16
therein transformations costs	-4	-3	-2	-4	-12
EBITDA before special items	61	22	-7	-18	58
EBITDA margin before special items	16.8%	5.1%	-3.0%		6.8%
Assets ¹⁾	1,296	832	431	1,938	4,498
Free cash flow	82	31	-3	-19	91
Additions to intangible assets and property, plant and equipment	12	14	3	0	29
Amortization	2	6	3	1	12
Depreciation	46	11	6	0	63

¹⁾ Net assets on segment level; total assets on group level; CIE includes reconciling items.

Consolidated statement of income (continuing operations) (unaudited)

	Three months ended June 30	Three months ended June 30	Nine months ended June 30	Nine months ended June 30
in (€m)	2019	2018	2019	2018
Revenue	850	936	2,540	2,814
Cost of goods sold and services rendered	-652	-644	-1,909	-1,869
Gross profit	199	292	630	944
Research and development expenses	-98	-99	-318	-288
Marketing, selling and general administrative expenses	-142	-137	-432	-422
Other operating income	9	7	26	28
Other operating expense	-2	-3	-45	-13
Income (loss) from investments accounted for using the equity method, net	-2	-1	-5	-2
Interest income	1	0	1	3
Interest expense	-3	-3	-10	-8
Other financial income (expense), net	-4	1	-7	2
Income (loss) before income taxes OSRAM (continuing operations)	-43	59	-160	245
Income taxes	8	-17	29	-69
Income (loss) OSRAM (continuing operations)	-35	42	-131	175
Income (loss) from discontinued operation, net of tax	-17	-7	-103	-35
Net income (loss)	-53	35	-234	140
Attributable to:				
Non-controlling interests	-10	1	-21	2
Shareholders of OSRAM Licht AG	-43	35	-213	138
Basic earnings per share (in €)	-0.45	0.36	-2.21	1.43
Diluted earning per share (in €)	-0.45	0.36	-2.21	1.43
Basic earnings per share (in €) OSRAM (continuing operations)	-0.27	0.43	-1.14	1.80
Diluted earning per share (in €) OSRAM (continuing operations)	-0.27	0.43	-1.14	1.79

Consolidated Statement of Comprehensive Income (continuing operations) (unaudited)

	Three months ended June 30	Three months ended June 30	Nine months ended June 30	Nine months ended June 30
in (€m)	2019	2018	2019	2018
Net income (loss)	-53	35	-234	140
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	-1	-2	-6	-35
<i>thereof: income tax</i>	3	1	6	-18
Measurements of equity instruments at fair value	0	-	0	-
<i>thereof: income tax</i>	0	-	0	-
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	-31	41	31	24
Available-for-sale financial assets	-	0	-	0
<i>thereof: income tax</i>	-	0	-	0
Derivative financial instruments	3	-9	6	-9
<i>thereof: income tax</i>	-1	4	-2	4
	-27	32	36	16
Other comprehensive income (loss), net of tax	-29	30	30	-19
Total comprehensive income (loss)	-81	66	-204	122
Attributable to:				
Non-controlling interests	-10	1	-21	2
Shareholders of OSRAM Licht AG	-71	65	-184	119

Consolidated statement of financial position (continuing operations) (unaudited)

	As of June 30 2019	As of September 30 2018		As of June 30 2019	As of September 30 2018
in (€m)			in (€m)		
Assets			Liabilities and equity		
Current Assets			Current liabilities		
Cash and cash equivalents	282	333	Short-term debt and current maturities of long-term debt	578	233
Available-for-sale financial assets	-	0	Trade payables	515	714
Trade receivables	497	614	Other current financial liabilities	75	40
Other current financial assets	29	45	Current contract liabilities	22	-
Contract assets	9	-	Current provisions	71	74
Inventories	761	743	Income tax payables	66	110
Income tax receivables	21	49	Other current liabilities	333	373
Other current assets	144	151	Liabilities associated with assets held for sale	91	12
Assets held for sale	72	49	Total current liabilities	1,751	1,555
Total current assets	1,814	1,984	Long-term debt	128	152
Goodwill	347	369	Pension plans and similar commitments	175	162
Other intangible assets	285	296	Deferred tax liabilities	6	14
Property, plant and equipment	1,516	1,621	Provisions	36	26
Investments accounted for using the equity method	61	66	Other financial liabilities	23	24
Other financial assets	25	19	Contract liabilities	1	-
Deferred tax assets	385	309	Other liabilities	100	121
Other assets	64	65	Total liabilities	2,220	2,053
Total assets	4,498	4,730	Equity		
			Common stock, no par value	97	105
			Additional paid-in capital	1,671	2,034
			Retained earnings	450	780
			Other components of equity	39	3
			Treasury shares, at cost	-99	-386
			Total equity attributable to shareholders of OSRAM Licht AG	2,158	2,536
			Non-controlling interests	120	140
			Total equity	2,278	2,676
			Total liabilities and equity	4,498	4,730

Consolidated statement of cash flows (continuing operations) (unaudited)

in (€m)	Three months ended June 30 2019	Three months ended June 30 2018	Nine months ended June 30 2019	Nine months ended June 30 2018
Cash flows from operating activities				
Net income (loss)	-53	35	-234	140
Adjustments to reconcile net income (loss) to cash provided				
Income (loss) from discontinued operation, net of tax	17	7	103	35
Amortization, depreciation, and impairments	75	62	261	181
Income taxes	-8	17	-29	69
Interest (income) expense, net	3	2	9	5
(Gains) losses on sales and disposals of businesses, intangible assets, and property, plant and equipment, net	0	-2	1	-17
(Gains) losses on sales of investments, net	0	-	0	-
(Income) loss from investments	2	2	5	4
Other non-cash (income) expenses	1	3	6	8
Change in current assets and liabilities				
(Increase) decrease in inventories	21	-29	-31	-99
(Increase) decrease in trade receivables	68	46	162	17
(Increase) decrease in other current assets	12	-26	23	-55
Increase (decrease) in trade payables	-13	-44	-89	-51
Increase (decrease) in current provisions	3	-9	-1	-14
Increase (decrease) in other current liabilities	-9	44	-48	40
Change in other assets and liabilities	-4	2	-2	-3
Income taxes paid	3	-17	-30	-50
Dividends received	-	-	0	-
Interest received	1	0	1	3
Net cash provided by (used in) operating activities - OSRAM (continuing operations)	120	95	109	213
Net cash provided by (used in) operating activities discontinued operation	-14	-22	-32	-43
Net cash provided by (used in) - OSRAM Licht Group (total)	106	73	76	170

in (€m)	Three months ended June 30 2019	Three months ended June 30 2018	Nine months ended June 30 2019	Nine months ended June 30 2018
Cash flows from investing activities				
Additions to intangible assets and property, plant and equipment	-29	-43	-195	-390
Acquisitions, net of cash and cash equivalents acquired	-48	-4	-50	-11
Purchases of investments	-4	-4	-14	-7
Proceeds and payments from sales of investments, intangible assets, and property, plant and equipment	0	3	2	8
Proceeds and payments from the sale of business activities, net cash disposed of	-	-	22	22
Proceeds and payments from sales of business activities, net of cash and cash equivalents disposed of	-	1	-	1
Net cash provided by (used in) investing activities - OSRAM (continuing operations)	-80	-47	-235	-378
Net cash provided by (used in) investing activities discontinued operation	-3	-2	-8	-5
Net cash provided by (used in) investing activities - OSRAM Licht Group (total)	-84	-49	-243	-383
Cash flows from financing activities				
Purchase of treasury stocks	-85	-	-92	-
Proceeds from capital increases at subsidiaries with minority interests	-	1	3	1
Repayment of long-term debt	-8	-2	-24	-6
Change in short-term debt and other financing activities	110	1	345	0
Interest paid	-1	-1	-5	-3
Dividends paid to shareholders of OSRAM Licht AG	-	-	-107	-107
Net cash provided by (used in) financing activities - OSRAM (continuing operations)	15	-2	119	-116
Net cash provided by (used in) financing activities discontinued operation	-	-	-	-
Net cash provided by (used in) financing activities - OSRAM Licht Group (total)	15	-2	119	-116
Effect of exchange rates on cash and cash equivalents	-4	2	2	0
Net increase (decrease) in cash and cash equivalents	33	24	-45	-329
Cash and cash equivalents at beginning of period	255	255	333	609
Cash and cash equivalents at the end of period	288	279	288	279
Less: Cash and cash equivalents of discontinued operation at end of the reporting period	6	0	6	0
Cash and cash equivalents at end of period (consolidated statement of financial position)	282	279	282	279