

OSRAM off to a successful start

Q1 FY16 Earnings Release
(unaudited figures)

OSRAM Licht AG | February 3, 2016
Light is OSRAM

OSRAM

Safe Harbor Statement

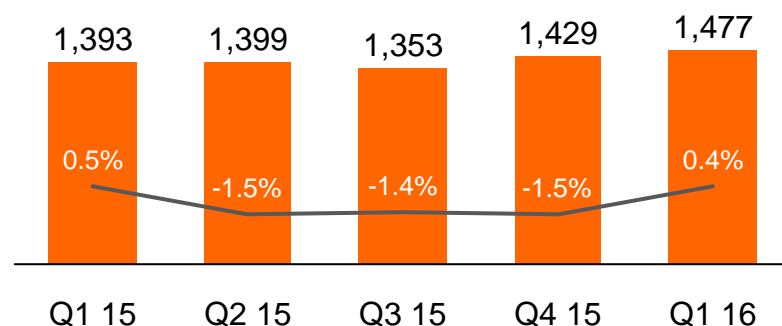
This presentation may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. OSRAM Licht AG has based these forward-looking Statements on its views and assumptions with respect to future events and financial performance. 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.

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.

Stable sales on a comparable basis

Revenue (€m)

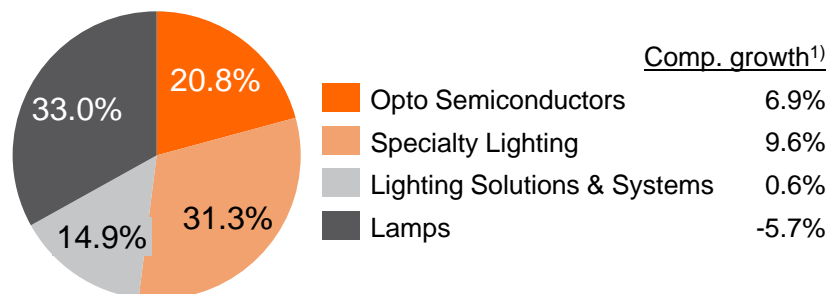
Quarterly development / comp. growth¹⁾



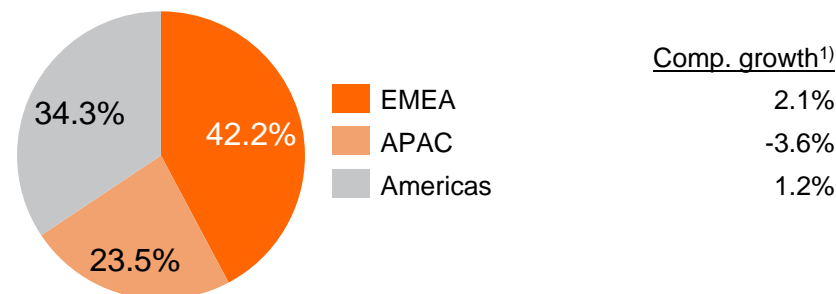
Comments Q1 FY16

- Nominal growth at 6.0%, supported by currency effects of +560bps
- SP and OS continue to be main growth drivers
- APAC still trending negatively despite recovery of Chinese automotive sector
- EMEA returns to solid growth
- LED share at 46% vs. 39% in prior year quarter, ongoing double-digit LED growth

Segment split Q1 FY16²⁾



Regional split Q1 FY16

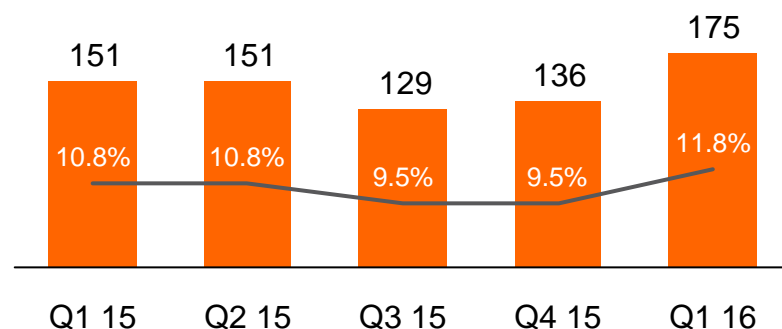


¹⁾ Comparable growth year-over-year, adjusted for currency and portfolio effects; ²⁾ Based on sum of segment revenue without corp. items & elimination.

Higher profitability due to favorable mix, operational improvements and license income

Adjusted EBITA (€m)

Quarterly development / adjusted margin¹⁾



Special items¹⁾

	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
Total special items	-192	-27	-28	-26	-22
<i>therein:</i>					
OSRAM Push transformation costs incl. restructuring	-184	-26	-23	-6	4
Lamps carve-out related charges	0	0	-4	-21	-26
Reported EBITA	-41	125	100	110	152

Comments Q1 FY16

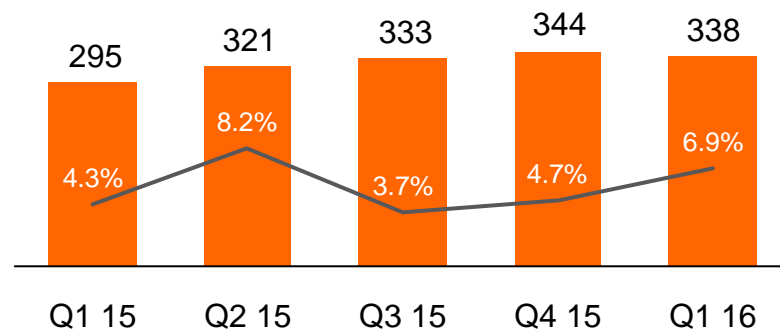
- All segments exceed first quarter expectations, in particular OS stands out due to high license income and favorable product mix
- OSRAM Push contributes €99m in savings
- Special items in reported EBITA mainly include carve-out related charges and transformation gains from the sale of real estate in the United States, partially compensated by restructuring expenses
- Net income of €338m, incl. €268m from the sale of FELCO; resulting basic EPS of €3.22

¹⁾ Adjustment for special items includes e.g. transformation costs, substantial legal and regulatory matters, and costs related to mergers and acquisitions activities.

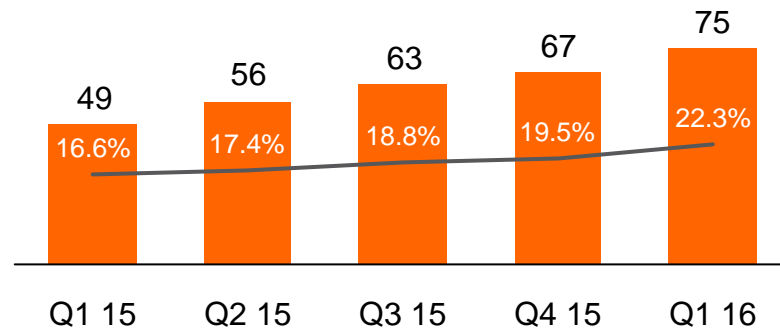
Opto's strong auto business leads to favorable mix – profitability also driven by license gains

Opto Semiconductors (OS) (€m)

Revenue development / comp. growth



EBITA development / margin



Comments Q1 FY16

- Growth especially driven by automotive and infrared
- APAC showing negative comparable growth, but outlook is improving
- EBITA benefits from strong sales in high-margin product areas and currency tailwinds
- License income of €15m
- FCF sharply above prior year following high EBITA

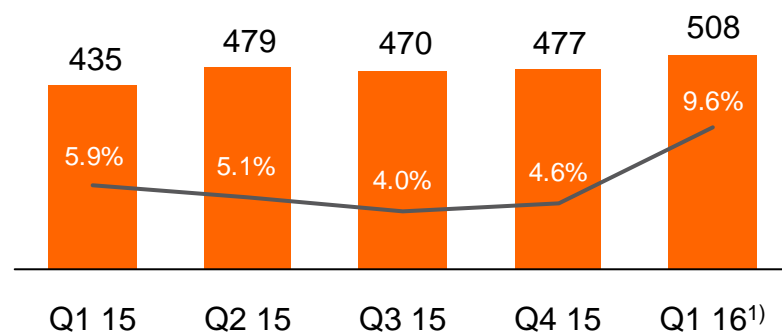
Free cash flow

	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
Free cash flow	36	58	90	59	68

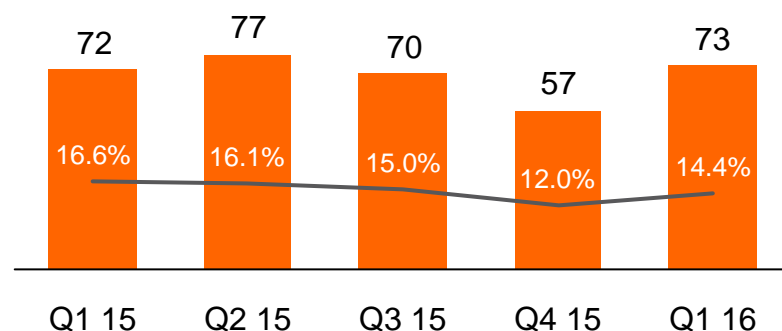
SP with clear growth driven by positive end markets – good profitability despite LED growth and higher R&D

Specialty Lighting (SP) (€m)

Revenue development / comp. growth



Adj. EBITA development / adj. margin



¹⁾ As of FY16, customers were allocated to SP for which the external revenue was so far reported at OS. Therefore, external revenue is now reported at SP, whereas OS reports internal revenue (eliminated at corporate level). Prior-year information for the revenue in Q1 15 in a single-digit million euro range was not adjusted.

Comments Q1 FY16

- Halogen growth offsets decline at HID
- LED share of 38%, ongoing sharp growth at LED products, i.e. LED modules business
- Sales include modest positive impact from change in customer scope in the sell-through model with OS
- Profitability down y-o-y due to LED margin dilution and innovation expenses
- FX impact on margin still positive, but trending down

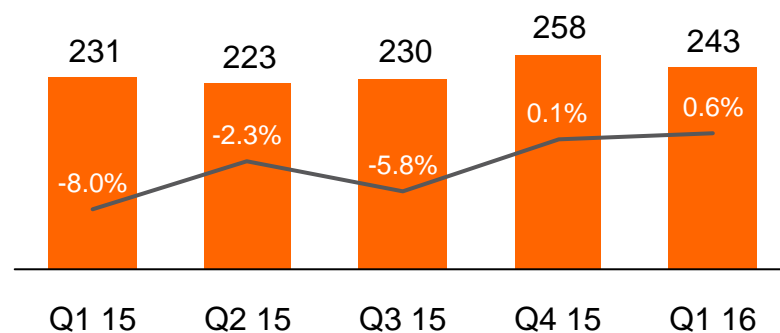
Special items / Free cash flow

	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
Total special items	-14	-4	-4	-7	-4
Reported EBITA	58	73	66	51	69
Free cash flow	64	36	58	80	72

LSS comes back into growth

Lighting Solutions & Systems (LSS) (€m)

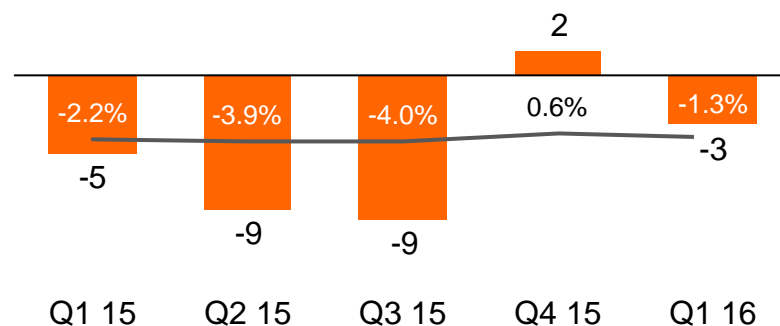
Revenue development / comp. growth



Comments Q1 FY16

- Comp. growth aided by good sales momentum in European luminaires as well as LED products
- LED share of 65% vs. 49% in prior year quarter
- Adjusted EBITA margin slightly improved vs. prior year quarter, main driver being digital systems

Adj. EBITA development / adj. margin



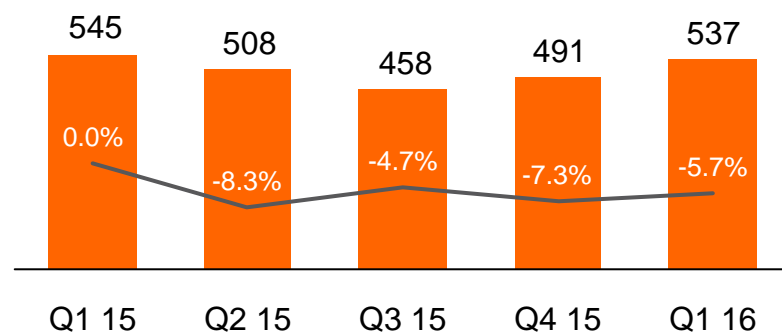
Special items / Free cash flow

	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
Total special items	-2	-2	-1	-4	-1
Reported EBITA	-7	-11	-10	-3	-4
Free cash flow	-26	-30	-1	14	-26

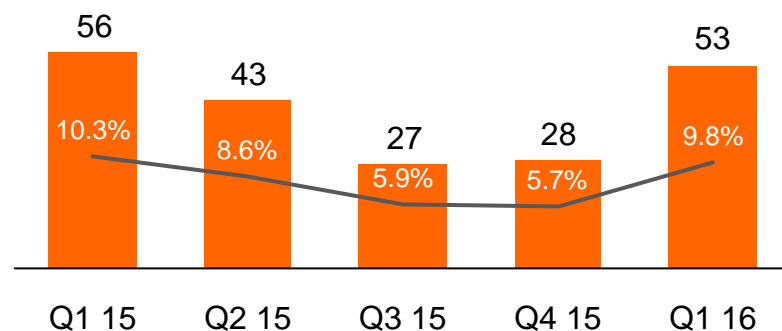
Lamps with good performance versus tough comps

Lamps (LP) (€m)

Revenue development / comp. growth



Adj. EBITA development / adj. margin



Comments Q1 FY16

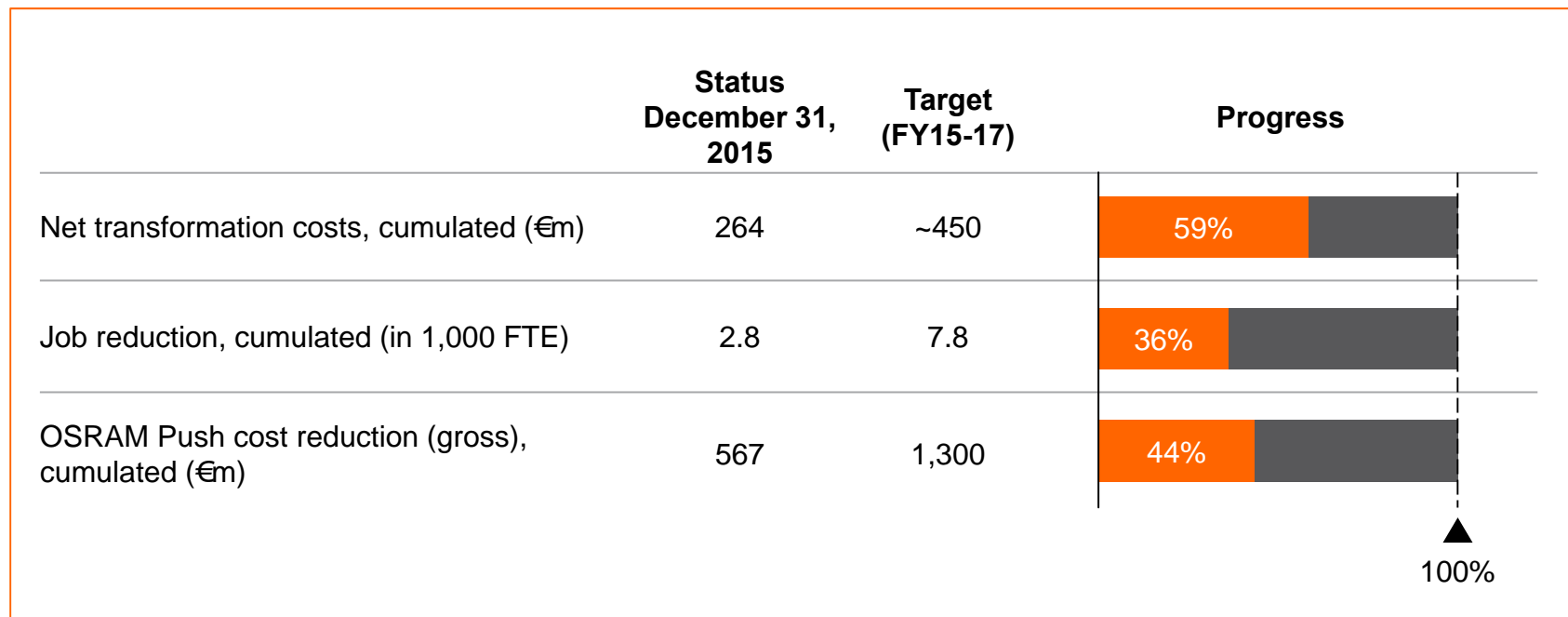
- Comparable decline improved sequentially especially due to double-digit growth in LED lamps
- LED share of 27% vs. 21% in prior year quarter
- Halogen Classic sales stable with continued growth in Americas
- Adjusted EBITA benefits from high factory load
- Special items include aforementioned real estate sale of a logistics center in the United States

Special items / Free cash flow

	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
Total special items	-116	-8	-10	-41	9
Reported EBITA	-60	36	16	-13	62
Free cash flow	26	54	56	65	22

OSRAM Push well on track

Project progress OSRAM Push

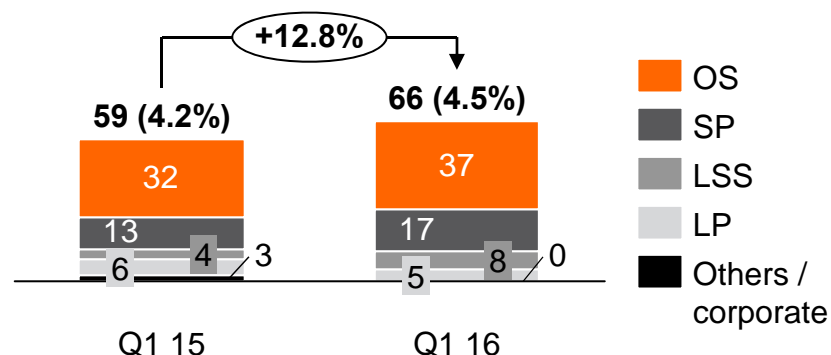


- Net transformation costs on same level as prior quarter due to real estate sale offsetting restructuring payments
- Total savings in Q1 FY16 amounted to €99m compared to €93m in the prior year period
- Run rate of savings confirms full year guidance of roughly €400m

Cash flow benefits from clear asset improvements

Assets and cash flow (€m)

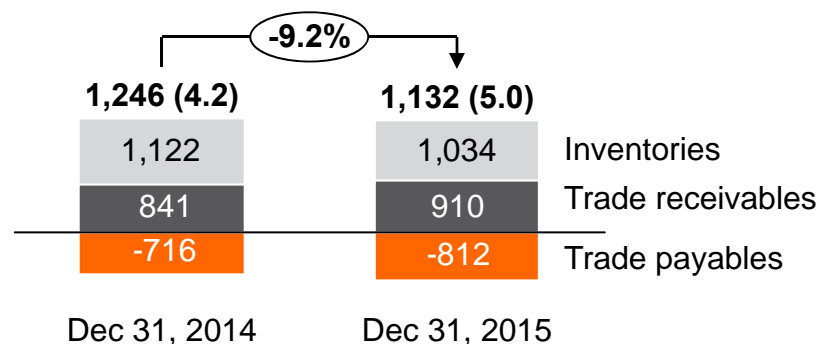
Capital expenditure (percent of revenue)



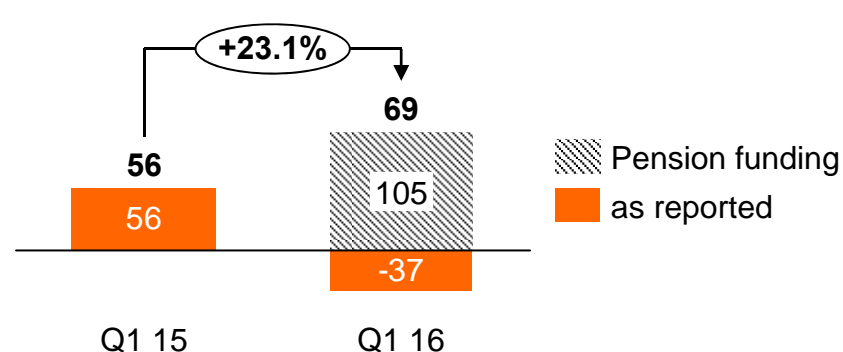
Comments Q1 FY16

- CAPEX largely unchanged – Kulim investments to begin in the following quarter
- Clear working capital improvements lift turn rate
- Reported free cash flow impacted by pension funding, adjusted figure well above prior year quarter despite ongoing transformation cash-out

Working capital (turn rate¹⁾)



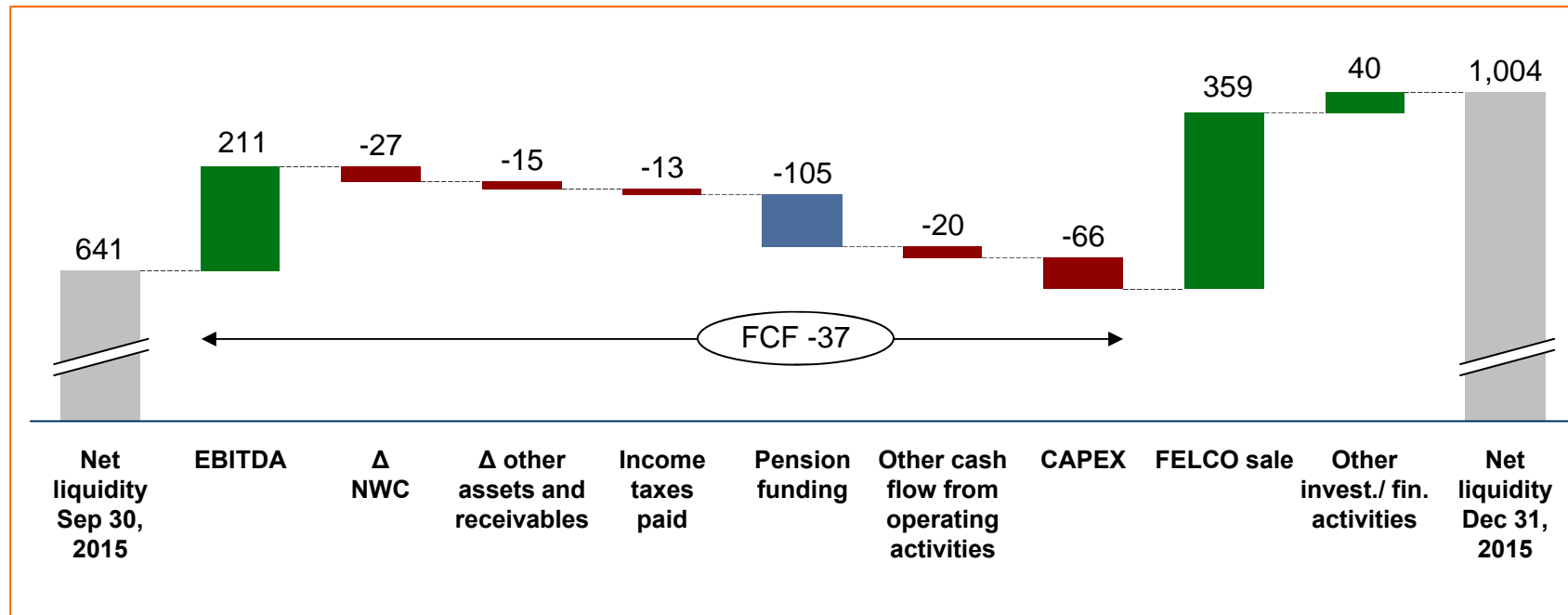
Free cash flow (bef. Pension funding)



¹⁾ Defined as revenue (last twelve months) divided by working capital.

FELCO cash-in lifts net liquidity above one billion – payout from share buyback and dividend to follow

Net liquidity bridge (€m)



- Cash effect from FELCO in Q1 amounts to €359m with the main corresponding tax charge expected in Q2
- Pension funding of €105m (€58m already funded in Q4 FY15); roughly €150m still to be funded in FY16
- Present liquidity level will be sharply reduced by upcoming topics, especially share buyback and pension funding
- At current capital market conditions a pension funding ratio of 95% is achievable

Key financial metrics

Group (€m)	Q1 FY15	Q1 FY16	Change (y-o-y)
			nom. 6.0%
Revenue	1,393	1,477	comp. 0.4%
Gross margin	23.5%	32.4%	890 bps
R&D	-91	-88	-3.6%
SG&A	-286	-270	-5.7%
EBITA	-41	152	n/a
EBITA margin	-3.0%	10.3%	1330 bps
Adj. EBITA	151	175	15.6%
Adj. EBITA margin	10.8%	11.8%	100 bps
EBITDA	16	211	>200%
Adj. EBITDA margin	14.9%	15.7%	80 bps
Financial result (including at-equity result)	-7	301	n/a
Income before income taxes	-56	445	n/a
Taxes	17	-107	<200%
Net income	-39	338	n/a
Basic EPS in €	-0.40	3.22	n/a
Free cash flow	56	-37	-165.3%
CAPEX	-59	-66	12.8%
Net liquidity	464	1,004	116,4%
Adj. net liquidity / EBITDA ¹⁾	-0.1	0.8	n/a
Equity ratio	49.5%	55.5%	600 bps
Employees (in thousands)	33.7	34.0	0.9%

Comments Q1 FY16

- Tax rate of 24.0% influenced by FELCO sale
- Financial result of €301.0m, including pre-tax FELCO gain of more than €300m
- Adjusted EBITA in corporate items of €23m

¹⁾ EBITDA for the 3 months ended December 31 was annualized for calculation purposes

Outlook revised following strong Q1 profitability

- Comparable revenue expected to be slightly below FY15 level
- **Adjusted EBITA margin expected to be above 8%**
- OSRAM Push Phase II with gross savings of roughly €400m
- Free cash flow is expected to come in with a low to medium negative triple-digit €m amount, impacted by the intended special funding of pension plans and strong increase of capex
- The sale of FELCO will lead to a sharp increase in net income and ROCE
- Based on the FY16 outlook and OSRAM's midterm prospects we intend to keep the dividend at least stable with €0.90 per share

Financial calendar and IR contact information

Upcoming events

- **February 4, 2016**
Bankhaus Lampe - Best of Germany Conference, London
- **February 5, 2016**
Roadshow, Paris
- **February 9, 2016**
Roadshow, Frankfurt
- **February 16, 2016**
General Meeting, Munich

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Disclaimer

This presentation contains certain non-IFRS measures. FCF, EBITDA, EBITA, EBIT, EBITA margin, capital expenditure, capital expenditure as percentage of revenue and other operating income, net financial debt, net working capital and certain other items included herein are not recognized measures in accordance with IFRS and should not be considered as an alternative to the applicable IFRS measures. We have provided these measures and other information in this presentation because we believe they provide investors with additional information to measure our performance. Our use of the terms FCF, EBITDA, EBITA, EBIT, EBITA margin, capital expenditure, capital expenditure as percentage of revenue and other operating income, net financial debt, net working capital varies from others in our industry and should not be considered as an alternative to net income (loss), cash flows from operating activities, revenue or any other performance measures derived in accordance with IFRS as measures of operating performance or to cash flows as measures of liquidity. FCF, EBITDA, EBITA, EBIT, EBITA margin, capital expenditure, capital expenditure as percentage of revenue and other operating income, net financial debt and net working capital have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under IFRS.

Certain numerical data, financial information and market data (including percentages) in this presentation have been rounded according to established commercial standards. As a result, the aggregate amounts (sum totals or interim totals or differences or if numbers are put in relation) in this presentation may not correspond in all cases to the amounts contained in the underlying (unrounded) figures appearing in the consolidated financial statements. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts.

Appendix

OSRAM

Segment overview (unaudited)

Q1 FY16	OS	SP	LSS	LP	CIE	OSRAM Licht Group
Revenue	338	508 ²⁾	243	537	-149	1,477
Change % vs. PY reported	14.5%	16.8% ²⁾	5.2%	-1.6%		6.0%
Change % vs. PY comparable	6.9%	9.6%²⁾	0.6%	-5.7%		0.4%
EBITA	75	69	-4	62	-50	152
EBITA margin	22.3%	13.6%	-1.8%	11.5%		10.3%
Special items EBITA	-	-4	-1	9	-26	-22
therein transformations costs	-	-4	-1	9	0	4
EBITA before special items	75	73	-3	53	-23	175
EBITA margin before special items	22.3%	14.4%	-1.3%	9.8%		11.8%
EBITDA margin before special items	30.0%	16.6%	1.1%	12.4%		15.7%
Assets ¹⁾	504	548	341	486	3,211	5,089
Free cash flow	68	72	-26	22	-172	-37
Additions to intangible assets and property, plant and equipment	-37	-17	-8	-5	0	-66
Amortization	0	3	2	2	1	8
Depreciation	26	11	6	14	1	58

The definition of financial line items follows the rules laid out in the annual report for fiscal year 2015. Above figures reflect changes in cost allocation and segment structure conducted at the beginning of fiscal year 2016. For further information please refer to the annual report 2015.

Minor differences may occur due to rounding.

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

2) As of FY16, customers were allocated to SP for which the external revenue was so far reported at OS. Therefore, external revenue is now reported at SP, whereas OS reports internal revenue (eliminated at corporate level). Prior-year information for the revenue in Q1 15 in a single-digit million euro range was not adjusted.

Consolidated statement of income (unaudited)

	Three months ended December 31	
	2015	2014
Revenue	1,477	1,393
Cost of goods sold and services rendered	-999	-1,065
Gross profit	478	328
Research and development expenses	-88	-91
Marketing, selling and general administrative expenses	-270	-286
Other operating income	24	5
Other operating expense	0	-4
Income (loss) from investments accounted for using the equity method, net	307	2
Interest income	1	1
Interest expense	-6	-9
Other financial income (expense), net	0	-1
Income (loss) before income taxes	445	-56
Income taxes	-107	17
Net income (loss)	338	-39
Attributable to:		
Non-controlling interests	1	2
Shareholders of OSRAM Licht AG	337	-42
Basic earnings per share (in €)	3.22	-0.40
Diluted earning per share (in €)	3.21	-0.40

Consolidated statement of financial position (unaudited)

	As of December 31 2015	As of September 30 2015
Assets		
Current Assets		
Cash and cash equivalents	1,088	727
Available-for-sale financial assets	1	1
Trade receivables	910	898
Other current financial assets	74	70
Inventories	1,034	987
Income tax receivables	57	58
Other current assets	142	93
Noncurrent assets held for sale	-	95
Total current assets	3,306	2,929
Goodwill	78	77
Other intangible assets	128	133
Property, plant and equipment	1,121	1,115
Investments accounted for using the equity method	1	1
Other financial assets	2	5
Deferred tax assets	387	452
Other assets	67	54
Total assets	5,089	4,765

	As of December 31 2015	As of September 30 2015
Liabilities and equity		
Current liabilities		
Short-term debt and current maturities of long-term debt	35	37
Trade payables	812	749
Other current financial liabilities	46	51
Current provisions	124	105
Income tax payables	109	78
Other current liabilities	517	526
Total current liabilities	1,643	1,546
Long-term debt	50	50
Pension plans and similar commitments	354	464
Deferred tax liabilities	6	11
Provisions	16	19
Other financial liabilities	2	2
Other liabilities	193	192
Total liabilities	2,264	2,283
Equity		
Common stock, no par value	105	105
Additional paid-in capital	2,036	2,033
Retained earnings	583	234
Other components of equity	90	100
Treasury shares, at cost	-1	-1
Total equity attributable to shareholders of OSRAM Licht AG	2,812	2,470
Non-controlling interests	13	12
Total equity	2,825	2,482
Total liabilities and equity	5,089	4,765

Consolidated statement of cash flows (unaudited)

	Three months ended December 31	
	2015	2014
Cash flows from operating activities		
Net income (loss)	338	-39
Adjustments to reconcile net income (loss) to cash provided (used in) operating activities		
Amortization, depreciation and impairments	67	65
Income taxes	107	-17
Interest (income) expense, net	5	8
(Gains) losses on sales and disposals of businesses, intangibles and property, plant and equipment, net	-24	3
(Gains) losses on sales of investments, net	-306	0
(Gains) losses on sales and impairments of current available-for-sale financial assets, net	-	0
(Income) loss from investments	0	-2
Other non-cash (income) expenses	3	2
Change in current assets and liabilities		
(Increase) decrease in inventories	-36	55
(Increase) decrease in trade receivables	-1	34
(Increase) decrease in other current assets	-46	-7
Increase (decrease) in trade payables	51	-102
Increase (decrease) in current provisions	18	10
Increase (decrease) in other current liabilities	-13	48
Change in other assets and liabilities	-15	75
Special contribution to pension plans and settlement of a pension plan	-105	-
Income taxes paid	-13	-19
Dividends received	0	0
Interest received	1	1
Net cash provided by (used in) operating activities	30	115

	Three months ended December 31	
	2015	2014
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	-66	-59
Acquisitions, net of cash acquired	-	-79
Purchases of investments	0	-
Proceeds and (payments) from sales of investments, intangible assets and property, plant and equipment	398	4
Proceeds from sales of current available-for-sale financial assets	-	0
Net cash provided by (used in) investing activities	332	-134
Cash flows from financing activities		
Proceeds from issuance of long-term debt	-	50
Repayment of long-term debt	-	-140
Change in short-term debt and other financing activities	-2	66
Interest paid	-2	-2
Net cash provided by (used in) financing activities	-4	-27
Effect of exchange rates on cash and cash equivalents	3	4
Net increase (decrease) in cash and cash equivalents	361	-42
Cash and cash equivalents at beginning of period	727	668
Cash and cash equivalents at end of period	1,088	626
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)	1,088	626