

Interim Report March 31, 2016

of OSRAM Licht Group for the
First Half Year of Fiscal 2016

Light is OSRAM

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, 2016 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 2015.

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 2015, B.4.2 Report on Risks and Opportunities](#), complemented by the [» Report on Expected Developments](#) 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, 2015, and ends on September 30, 2016.

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 non-IFRS financial measures. This includes revenue growth adjusted for currency translation and portfolio effects, EBITA, adjusted EBITA margin, EBITDA, free cash flow as well as net liquidity and adjusted net liquidity. For a detailed description of these performance indicators, their calculation and, if applicable, a reconciliation to the most comparable IFRS performance indicators in each case see [» Annual Report 2015, B.1.3 Performance Management](#), [» Annual Report 2015, B.2.7 Reconciliation of Key Performance Indicators](#), as well as [» Annual Report 2015, D.3 Glossary](#).

Unless otherwise stated, the number of employees is given in thousands of full-time equivalents (FTE) as of the reporting date.

This interim report has been redesigned in comparison to prior year in order to focus even more strongly on significant information.

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)

OSRAM Figures

OSRAM Licht Group

in € million, if not stated otherwise		Six months ended March 31,		
		2016	2015	Change
Revenue		2,902	2,792	3.9%
Revenue growth (comparable) ¹⁾				1.7%
EBITA		271	83	>200%
EBITA margin (EBITA as % of revenue)		9.3%	3.0%	640 bps
Special items		(77)	(219)	(64.6)%
thereof: Transformation costs		(11)	(210)	(95.0)%
thereof: Costs associated with the separation of the lamps business ²⁾		(67)	–	n/a
Adjusted EBITA margin ³⁾		12.0%	10.8%	120 bps
EBITDA		385	203	90.0%
Income before income taxes		549	54	>200%
Net income		418	38	>200%
Basic earnings per share	in €	3.99	0.34	>200%
Diluted earnings per share	in €	3.98	0.34	>200%
Free cash flow		(65)	83	n/a
		March 31,	September 30,	
		2016	2015	Change
Cash and cash equivalents		904	727	24.3%
Total equity		2,703	2,482	8.9%
Total assets		4,974	4,765	4.4%
Equity ratio (total equity as % of total assets)		54.3%	52.1%	230 bps
Net liquidity		812	641	26.7%
in relation to EBITDA ⁴⁾		1.1	1.2	
Adjusted net liquidity		433	178	143.8%
in relation to EBITDA ⁴⁾		0.6	0.3	
Employees	in thousand FTE	33.9	33.1	2.6%
of which in Germany	in thousand FTE	8.6	8.9	(2.9)%
of which outside Germany	in thousand FTE	25.3	24.2	4.6%

¹⁾ Adjusted for currency translation and portfolio effects (in fiscal 2016, currency translation effects only).

²⁾ Therein transaction costs of €-11 million (prior year: €– million).

³⁾ Adjusted for special items.

⁴⁾ EBITDA for the six months ended March 31, 2016, was annualized for the purpose of calculating the key performance indicators and is not necessarily indicative of management's expectations regarding future performance.

OSRAM Half Year 2016

Successful business development in the first half of the fiscal year

Revenue growth on a comparable basis

and LED share close to 50%

Higher profitability

due to favorable product mix, productivity gains, currency effects and license income

Strong financial position

net liquidity of over €800 million despite pension funding, share buy back and dividend payments

SP: Good performance

due to positive end markets especially in the U.S.A.

OS: Strong automotive business

favorable product mix as well as tailwind from license income and currency effects drive profitability

LSS: Return to growth

and improvement in profitability

Lamps: Expectations exceeded

in revenue and profitability

Group Interim Management Report

Business Performance in the First Half Year of Fiscal 2016

Results of Operations

Revenue by Segments

in € million	Six months ended March 31,		Change	
	2016	2015	nom.	comp. ¹⁾
Specialty Lighting	1,017	914	11.3%	8.1%
Opto Semiconductors ²⁾	680	616	10.3%	5.8%
Lighting Solutions & Systems	486	454	7.1%	5.2%
Lamps	1,022	1,054	(3.0)%	(3.8)%
Reconciliation to interim consolidated financial statements	(302)	(245)	23.0%	18.4%
OSRAM	2,902	2,792	3.9%	1.7%

¹⁾ In fiscal 2016, currency translation effects only (prior year: currency translation effects and a portfolio effect resulting from acquisition of Clay Paky of 4.8% at Specialty Lighting and 1.4% at Group level, respectively).

²⁾ Including intersegment revenue of €303 million (prior year: €247 million).

- Positive currency translation effects in first half year revenue, but trend reversal in the second quarter – main driver is U.S. dollar
- SP: Clear comparable growth especially due to positive end markets in the U.S.A. as well as LED components
- OS: Ongoing strength in automotive and infrared products
- LSS: Clear comparable growth in the second quarter after stable sales in the first quarter, for control gears and lighting systems as well as luminaires and solutions business
- Lamps: Double-digit percentage growth at LED lamps and slower decline in traditional products, especially supported by continuously high demand for Halogen Classic
- LED share of 47.1% versus 40.0% in the first half year 2015

Revenue by Regions

(by customer location)	Six months ended March 31,		Change	
	2016	2015	nom.	comp.
in € million				
EMEA	1,209	1,203	0.5%	1.5%
thereof: Germany	423	413	2.3%	2.3%
APAC	678	664	2.1%	(2.1)%
thereof: China (including Hong Kong) and Taiwan	365	374	(2.5)%	(7.6)%
Americas	1,016	926	9.7%	4.8%
thereof: U.S.A.	781	671	16.3%	7.3%
OSRAM	2,902	2,792	3.9%	1.7%

- EMEA shows modest growth with strong demand in the OS segment and a mid single-digit decline at Lamps
- Slight decline in APAC, however second quarter stabilization in the important Chinese market
- Americas as growth driver, especially due to significant growth at SP and stabilization at Lamps
- Emerging markets show increasing dynamics mainly driven by Russia, India and Argentina

Earnings Development

in € million	Six months ended March 31,		Change nom.
	2016	2015	
EBITA segments			
Specialty Lighting	139	132	6.0%
Opto Semiconductors	159	105	51.4%
Lighting Solutions & Systems	(11)	(18)	(37.9)%
Lamps	85	(24)	n/a
Reconciliation to interim consolidated financial statements	(101)	(111)	(8.6)%
EBITA OSRAM	271	83	>200%
EBITA margin	9.3%	3.0%	640 bps
Special items	(77)	(219)	(64.6)%
thereof: Transformation costs	(11)	(210)	(95.0)%
thereof: Costs associated with the separation of the lamps business ¹⁾	(67)	–	n/a
Adjusted EBITA margin	12.0%	10.8%	120 bps
Financial result²⁾	295	(13)	n/a
Amortization	18	16	9.9%
Income before income taxes	549	54	>200%
Income taxes	(131)	(16)	>200%
Net income	418	38	>200%

¹⁾ Therein transaction costs of €-11 million (prior year: €– million).

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

- EBITA less impacted by transformation cost in a year-over-year comparison, especially at Lamps
- Adverse effect on transformation costs due to gain from sale of real estate in the U.S.A. at Lamps
- Adjusted EBITA margin above previous year level based on good performance in all segments
- With an EBITA margin of 13.7% (prior year: 14.4%) SP shows good profitability considering growing LED share as well as innovation expenses
- OS benefits strongly from favorable product mix, currency effects as well as €20 million license income
- Improvement of LSS EBITA in line with expectations, supported by mix and cost degression effects from increasing revenues with LED-based products
- Lamps with higher capacity utilization compared to previous year period
- Financial result includes a gain from the sale of the interest in Foshan Electrical and Lighting Co. Ltd., Foshan/China (FELCO), of €306 million (before income taxes)
- Tax rate of 23.8% (prior year: 29.2%) influenced by FELCO transaction

Project Progress OSRAM Push¹⁾

	Status 3/31/2016	Progress	Target cumulated until 9/30/2017
Transformation costs ²⁾	€279 million	62%	€450 million
Job reduction	3.1 thousand jobs	40%	7.8 thousand jobs
Cost reduction by OSRAM Push measures	€693 million	53%	€1,300 million

¹⁾ The information shown here reflects the project's cumulative progress.

²⁾ Including €29 million already recognized in fiscal 2014.

- OSRAM Push continues on track
- Transformation costs include the gain from real estate sale mentioned above as well as expected costs amounting to €5 million in connection with the plant closure in Brazil concluded in February
- 0.7 thousand jobs terminated in the first half year 2016
- €225 million (prior year: €181 million) cost savings in the first half year

Financial Position

Development of Cash Flows

in € million	Six months ended March 31,		Change nom.
	2016	2015	
Free cash flow segments			
Specialty Lighting	109	100	8.3%
Opto Semiconductors	109	94	15.9%
Lighting Solutions & Systems	(60)	(55)	8.4%
Lamps	24	81	(69.7)%
Reconciliation to interim consolidated financial statements	(247)	(136)	81.3%
Free cash flow OSRAM	(65)	83	n/a
thereof: Additions to intangible assets and property, plant and equipment	138	106	30.1%
Cash flows from			
Operating activities	73	189	(61.5)%
Investing activities	258	(176)	n/a
Financing activities	(148)	(169)	(12.9)%

Free Cash Flow

- Lower free cash flow mainly due to special contributions to pension plans and settlement of a pension plan of €105 million as well as carve-out cost for Lamps of €53 million, both included in the group reconciliation line item
- SP: Free cash flow on strong previous year level
- OS: Profitability increases free cash flow despite first capacity increasing capital expenditures; capital expenditures are expected to rise in the following quarters
- LSS: Capacity increase at drivers and modules leads to cash outflow through capital expenditures and build-up of inventories
- Lamps: Main driver of free cash flow decline is capital tied up in net working capital versus a release in previous year period

Other Investing Activities

- In first half year net cash provided by investing activities (prior year: net cash used in) due to proceeds from the sale of the interest in FELCO

Development of Net Liquidity

in € million	
Net liquidity as of September 30, 2015	641
EBITA	271
Depreciation	114
EBITDA	385
Change in net working capital ¹⁾	(159)
Change in other assets and liabilities	3
Income taxes paid	(37)
Special contribution to pension plans and settlement of a pension plan	(105)
Other cash flows from operating activities ²⁾	(13)
Additions to intangible assets and property, plant, and equipment	(138)
Free cash flow	(65)
FELCO sale	355
Purchase of treasury stock	(56)
Dividends paid to shareholders of OSRAM Licht AG	(94)
Other investing and financing activities ³⁾	31
Net liquidity as of March 31, 2016	812

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⁾ Also includes noncash 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

- Share repurchase program started in January 2016; until March 31, 2016 1,445,820 shares were repurchased
- Other investing and financing activities includes proceeds from the sale of real estate in the U.S.A.
- Revolving credit line of €950 million unchanged accessible until February 2020; for an amount of €886 million maturity increased to February 2021

Financing of Pension Plans and Similar Commitments

- Underfunding as of March 31, 2016: €377 million (September 30, 2015: €461 million)
- Decrease in underfunding due to special contribution to pension plans mentioned above; additional funding of pension assets of more than €150 million planned to be executed in the third quarter of fiscal 2016

Net Assets

Balance Sheet Structure

in € million	March 31, 2016	September 30, 2015	Change nom.
Assets			
Current assets	3,177	2,929	8.4%
Non-current assets	1,797	1,836	(2.1)%
Total assets	4,974	4,765	4.4%
Liabilities and equity			
Current liabilities	1,603	1,546	3.7%
Non-current liabilities	667	737	(9.5)%
Equity	2,703	2,482	8.9%
Total liabilities and equity	4,974	4,765	4.4%

- Major changes in assets reflect primarily FELCO transaction:
 - increase of cash and cash equivalents to approximately €900 million
 - derecognition of noncurrent assets held for sale
- Decline of pension plans and similar commitments by more than 18% due to the special contribution mentioned before
- Increase of equity despite dividend distribution of €94 million and repurchase of stock of €59 million; main factor is the improved results of operations with total comprehensive income of €368 million
- Equity ratio lifted to 54.3%

Report on Expected Developments

The Managing Board's forecast for fiscal 2016, which was discussed in detail in [» Annual Report 2015, B.4.1 Report on Expected Developments](#), was last adjusted on April 18, 2016 with respect to comparable revenue growth and to the EBITA margin adjusted for special items. Due to a positive business development in all segments, the Managing Board now expects comparable revenue to be above the prior year level and an adjusted EBITA margin of above 10% for fiscal 2016.

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 fiscal 2015. We also described our key opportunities and the design of our risk management system in that document.

Changes on the assessment of following risks occurred: we assess the risk relating to our strategic investments slightly higher compared to year end of fiscal 2015 as short term business objectives in the field of semiconductors for the general lighting business appear to get increasingly challenging. Hence this risk is on second place behind the risk of market developments within the order of risks presented in the Annual Report for fiscal 2015 in the category of strategic risks as of the preparation date of this interim report.

Further, we see a slight increase of risks from adjustments to the organization in connection with the announced transformational activities (carve out of the lamps business) as negative impacts on our daily business could arise with regard to IT environment and market access. This risk is part of the risks from adjustments to the organization and the industrial footprint as described in the Annual Report for fiscal 2015. The aforementioned change in risk assessment leads to a move to the fourth position behind the risk of market dynamics and competitive environment within the category of strategic risks as of the preparation date of this interim report.

Moreover, we see a slight increase in the risk exposure to the risks associated with bringing innovations, such as laser and OLED, to market. Therefore, this risk takes first place within the category of operational risks as of the preparation date of this interim report.

After settlement of a significant lawsuit we do no longer consider this risk among our key business risks. The risk is being replaced in the register of key risks by the operational risk that, because of delays on necessary adjustments of our IT landscape due to activities in connection with the preparation of the carve out of the lamps business, main business processes of our future strategic realignment are not yet sufficiently supported.

Further, we assess the operational risks in relation to the launch of new products slightly lower compared to year end of fiscal 2015 due to further process improvements.

The further risks and opportunities described in the Annual Report for fiscal 2015 did not materially change in the six months ended March 31, 2016. 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.

Report on Events After the Balance Sheet Date

The supervisory board of OSRAM Licht AG appointed Dr. Stefan Kampmann as member of the managing board and Chief Technology Officer with effect from July 1, 2016 at an extraordinary meeting on April 19, 2016. In his future role as Chief Technology Officer, Dr. Kampmann will be in charge of research and development as well as technology and innovation. He will also be responsible for cross-divisional functions such as quality management. The supervisory board has also decided, for reasons of differing views regarding the strategic direction of the company and in best mutual agreement with Dr. Klaus Patzak, to launch a structured process to find a successor for the position of Chief Financial Officer. Until the supervisory board has decided on a successor and a mutual agreement has been reached on the termination of his contract, Dr. Patzak will continue to serve as Chief Financial Officer.

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, 2016.

Condensed Interim Consolidated Financial Statements

for the Six Months Ended March 31, 2016

According to IFRS

Consolidated Statement of Income

OSRAM Licht Group

Consolidated Statement of Income (unaudited)

For the six months ended March 31, 2016 and 2015

in € million, if not stated otherwise	Note	Six months ended March 31,	
		2016	2015
Revenue		2,902	2,792
Cost of goods sold and services rendered		(1,928)	(2,013)
Gross profit		974	779
Research and development expenses		(180)	(174)
Marketing, selling and general administrative expenses		(563)	(542)
Other operating income		27	10
Other operating expense		(4)	(6)
Income (loss) from investments accounted for using the equity method, net	>Note 2	307	2
Interest income		1	1
Interest expense		(12)	(16)
Other financial income (expense), net		(1)	(1)
Income before income taxes		549	54
Income taxes		(131)	(16)
Net income		418	38
Attributable to:			
Non-controlling interests		1	3
Shareholders of OSRAM Licht AG		417	35
Basic earnings per share (in €)	>Note 6	3.99	0.34
Diluted earnings per share (in €)	>Note 6	3.98	0.34

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, 2016 and 2015

in € million	Six months ended March 31,	
	2016	2015
Net income	418	38
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(13)	(45)
thereof: income tax	6	25
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(20)	139
Available-for-sale financial assets	(23)	0
thereof: income tax	4	0
Derivative financial instruments	6	1
thereof: income tax	(2)	0
	(37)	140
Other comprehensive income (loss), net of tax¹⁾	(50)	95
Total comprehensive income (loss)	368	133
Attributable to:		
Non-controlling interests	1	5
Shareholders of OSRAM Licht AG	367	128

¹⁾ Other comprehensive income (loss), net of tax includes no income (loss) from investments accounted for using the equity method in the six months ended March 31, 2016 (six months ended March 31, 2015: €1 million, all of which may be reclassified subsequently to profit or loss).

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, 2016 (unaudited) and September 30, 2015

in € million	Note	March 31, 2016	September 30, 2015
Assets			
Current assets			
Cash and cash equivalents		904	727
Available-for-sale financial assets		1	1
Trade receivables		904	898
Other current financial assets		65	70
Inventories		1,053	987
Income tax receivables		54	58
Other current assets		195	93
Noncurrent assets held for sale	>Note 2	–	95
Total current assets		3,177	2,929
Goodwill		76	77
Other intangible assets		121	133
Property, plant, and equipment		1,140	1,115
Investments accounted for using the equity method		1	1
Other financial assets		2	5
Deferred tax assets		387	452
Other assets		69	54
Total assets		4,974	4,765
Liabilities and equity			
Current liabilities			
Short-term debt and current maturities of long-term debt	>Note 5	43	37
Trade payables		785	749
Other current financial liabilities		48	51
Current provisions		106	105
Income tax payables		101	78
Other current liabilities		519	526
Liabilities associated with assets classified as held for sale		–	0
Total current liabilities		1,603	1,546
Long-term debt	>Note 5	50	50
Pension plans and similar commitments		379	464
Deferred tax liabilities		11	11
Provisions		24	19
Other financial liabilities		5	2
Other liabilities		198	192
Total liabilities		2,271	2,283
Equity			
Common stock, no par value		105	105
Additional paid-in capital		2,035	2,033
Retained earnings		545	234
Other components of equity		63	100
Treasury shares, at cost ¹⁾		(58)	(1)
Total equity attributable to shareholders of OSRAM Licht AG		2,690	2,470
Non-controlling interests		13	12
Total equity		2,703	2,482
Total liabilities and equity		4,974	4,765

¹⁾ As of March 31, 2016, OSRAM held 1,416,252 treasury shares (September 30, 2015: 41,262 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, 2016 and 2015

in € million	Note	Six months ended March 31,	
		2016	2015
Cash flows from operating activities			
Net income		418	38
Adjustments to reconcile net income to cash provided (used in) operating activities			
Amortization, depreciation and impairments		132	135
Income taxes		131	16
Interest (income) expense, net		11	15
(Gains) losses on sales and disposals of businesses, intangibles and property, plant and equipment, net		(22)	(1)
(Gains) losses on sales of investments, net	>Note 2	(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		7	3
Change in current assets and liabilities			
(Increase) decrease in inventories		(68)	94
(Increase) decrease in trade receivables		(15)	23
(Increase) decrease in other current assets		(92)	(12)
Increase (decrease) in trade payables		25	(158)
Increase (decrease) in current provisions		(2)	(14)
Increase (decrease) in other current liabilities		(8)	20
Change in other assets and liabilities		3	54
Special contribution to pension plans and settlement of a pension plan		(105)	–
Income taxes paid		(37)	(24)
Dividends received		0	0
Interest received		1	1
Net cash provided by (used in) operating activities		73	189
Cash flows from investing activities			
Additions to intangible assets and property, plant and equipment		(138)	(106)
Acquisitions, net of cash acquired		–	(79)
Purchases of investments		0	–
Proceeds and (payments) from sales of investments, intangible assets and property, plant and equipment	>Note 2	395	9
Proceeds from sales of current available-for-sale financial assets		–	0
Net cash provided by (used in) investing activities		258	(176)
Cash flows from financing activities			
Purchase of treasury stock		(56)	–
Payments for acquisition of non-controlling interests		–	(20)
Proceeds from issuance of long-term debt		–	50
Transaction costs for long-term debt		–	(2)
Repayment of long-term debt		–	(140)
Change in short-term debt and other financing activities		6	43
Interest paid		(4)	(5)
Dividends paid to the shareholders of OSRAM Licht AG		(94)	(94)
Other transactions/financing with Siemens Group		–	(1)
Net cash provided by (used in) financing activities		(148)	(169)
Effect of exchange rates on cash and cash equivalents		(6)	25
Net increase (decrease) in cash and cash equivalents		177	(131)
Cash and cash equivalents at beginning of period		727	668
Cash and cash equivalents at end of period (consolidated statement of financial position)		904	536

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, 2016 and 2015

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
Balance at October 1, 2014	105	2,026	190	58	0	(2)	(3)	2,376	25	2,401
Net income	–	–	35	–	–	–	–	35	3	38
Other comprehensive income (loss), net of tax	–	–	(45) ¹⁾	136	0	1	–	92	2 ²⁾	95
Total comprehensive income (loss), net of tax	–	–	(10)	136	0	1	–	128	5	133
Dividends	–	–	(94)	–	–	–	–	(94)	–	(94)
Acquisition of non-controlling interests (without change of control)	–	–	(6)	–	–	–	–	(6)	(16)	(22)
Other changes in equity	–	3 ³⁾	–	–	–	–	–	3	–	3
Balance at March 31, 2015	105	2,029	81	195	1	(1)	(3)	2,406	14	2,420
Balance at October 1, 2015	105	2,033	234	81	24	(5)	(1)	2,470	12	2,482
Net income	–	–	417	–	–	–	–	417	1	418
Other comprehensive income (loss), net of tax	–	–	(13) ¹⁾	(20)	(23)	6	–	(50)	0 ²⁾	(50)
Total comprehensive income (loss), net of tax	–	–	404	(20)	(23)	6	–	367	1	368
Purchase of treasury stock	–	–	–	–	–	–	(59)	(59)	–	(59)
Re-issuance of treasury stock	–	–	–	–	–	–	3	3	–	3
Dividends	–	–	(94)	–	–	–	–	(94)	–	(94)
Other changes in equity	–	3	–	–	–	–	–	3	–	3
Balance at March 31, 2016	105	2,035	545	61	1	1	(58)	2,690	13	2,703

¹⁾ Other comprehensive income (loss), net of tax attributable to shareholders of OSRAM Licht AG includes remeasurement gains (losses) on defined benefit plans of €-13 million and €-45 million, respectively, for the six months ended March 31, 2016 and 2015.

²⁾ Other comprehensive income (loss), net of tax attributable to non-controlling interests includes currency translation differences of €0 million and €2 million, respectively, for the six months ended March 31, 2016 and 2015.

³⁾ In the first six months of fiscal 2015, other changes in equity include a capital withdrawal of €1 million for compensation claims by the former shareholder Siemens AG in connection with the spin-off of the OSRAM Licht Group.

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

OSRAM Licht Group

Notes to the Condensed Interim Consolidated Financial Statements – Segment Reporting

For the six months ended March 31, 2016 und 2015 (unaudited) and as of March 31, 2016 (unaudited) and September 30, 2015

	External revenue		Intersegment revenue		Total revenue		EBITA ¹⁾		Assets ²⁾		Free cash flow ³⁾		Additions to intangible assets and property, plant, and equipment		Amortization ⁴⁾		Depreciation ⁵⁾	
									March 31, Sep. 30,									
in € million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Segments																		
Specialty Lighting ⁶⁾	1,017	914	–	–	1,017	914	139	132	567	550	109	100	32	29	7	7	23	21
Opto Semiconductors ⁶⁾	377	370	303	247	680	616	159	105	552	488	109	94	82	57	0	0	52	55
Lighting Solutions & Systems	486	454	–	–	486	454	(11)	(18)	360	313	(60)	(55)	14	8	5	5	11	10
Lamps	1,022	1,054	–	–	1,022	1,054	85	(24)	486	467	24	81	9	9	4	2	26	32
Total segments	2,901	2,791	303	247	3,204	3,038	372	194	1,964	1,819	182	219	137	103	16	14	113	119
Reconciliation to interim consolidated financial statements																		
Corporate items and pensions	1	1	–	–	1	1	(101)	(110)	(415)	(408)	(243)	(97)	1	3	2	2	1	1
Eliminations, corporate treasury, and other reconciling items	–	–	(303)	(247)	(303)	(247)	0	0	3,424	3,354	(4)	(39)	–	–	–	–	–	–
OSRAM Licht Group	2,902	2,792	–	–	2,902	2,792	271	83	4,974	4,765	(65)	83	138	106	18	16	114	119

¹⁾ EBITA is earnings before financial results (Income (loss) from investments accounted for using the equity method, net; Interest income; Interest expense and Other financial income (expense), net), Income Taxes, and Amortization as defined below.

²⁾ Assets of the segments and Corporate items and pensions are defined as Total assets, less financing receivables and tax assets as well as noninterest-bearing provisions and liabilities, and liabilities other than tax liabilities (e.g. trade payables).

³⁾ Free cash flow constitutes 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⁾ Amortization represents amortization and impairments of goodwill and intangible assets, net of reversals of impairments.

⁵⁾ Depreciation represents depreciation and impairments of property, plant, and equipment, net of reversals of impairments.

⁶⁾ At the beginning of fiscal 2016, customers were reallocated to SP whose external revenue was previously reported at OS. Beginning with fiscal 2016 external revenue is reported at SP, whilst OS reports intersegment revenue (eliminated at corporate level). Prior-year comparables in a low double-digit € million range were not adjusted.

1 | Basis of Preparation

These condensed interim consolidated financial statements ("interim consolidated financial statements") include OSRAM Licht AG and its subsidiaries ("OSRAM Licht Group" or "OSRAM"). OSRAM is a leading global provider of lighting products and solutions and operates worldwide via a number of legal entities > [Note 7 | Segment Information](#).

The OSRAM Licht Group prepared these interim consolidated financial statements in compliance with IAS 34, Interim Financial Reporting; they should be read in connection with OSRAM Licht AG's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") for the fiscal year ended September 30, 2015.

The interim consolidated financial statements apply the same accounting policies as those used in the consolidated financial statements for the fiscal year ended September 30, 2015. 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.

The interim consolidated financial statements have been prepared in millions of euros (€ million). 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-Straße 6, 80807 Munich, Germany, on May 6, 2016.

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.

2 | Acquisitions and Disposals

On September 9, 2015, OSRAM contractually agreed to sell its 13.47% interest in Foshan Electrical and Lighting Co. Ltd., Foshan/China (FELCO), to a subsidiary of Guangdong Rising Assets Management Co., China. The interest was transferred on December 4, 2015.

As of September 30, 2015, the interest in the company, previously accounted for using the equity method, was reported under "Noncurrent assets held for sale" in accordance with IFRS 5. To manage the currency risk inherent from the purchase price denominated in Chinese renminbi, OSRAM used derivatives. The hedged purchase price amounts to €360 million. The disposal resulted in a gain (before income taxes) of €306 million, which is reported under income (loss) from investments accounted for using the equity method, net. The amount includes €23 million, which were reclassified from other components of equity to profit or loss.

3 | Personnel-related Restructuring Expenses

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

Personnel-related restructuring expenses related to the measures described amounted to €16 million for the six months ended March 31, 2016 (six months ended March 31, 2015: €188 million). These relate mainly to collective and individual agreements in Korea, Germany and Brazil. In the six months ended March 31, 2016, no additional effects on net income from pension commitments to employees occurred in this context (six months ended March 31, 2015: positive effects on net income of €2 million). Total personnel-related restructuring expenses associated with the transformation program therefore amounted to €16 million (six months ended March 31, 2015: €186 million).

Personnel-related restructuring expenses in the six months ended March 31, 2016 and 2015, primarily affected cost of goods sold and services rendered as well as marketing, selling and general administrative expenses, but also research and development expenses.

4 | 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 for the fiscal year 2015 of OSRAM Licht AG.

Material developments regarding the following investigations and other legal proceedings have occurred since the consolidated financial statements for the fiscal year 2015 of OSRAM Licht AG have been authorized for issue.

Product Liability Procedures

EBV Elektronik SAS vs. OSRAM Opto Semiconductors GmbH

As of January 20, 2016, OSRAM Opto Semiconductors GmbH (OS) has been involved by means of a guarantee suit (Garantieklage) in the legal proceedings between EBV Elektronik SAS (EBV) and Société Provence D'Electronique et Câblage (SPEC) pending at the commercial court of Nanterre, France. SPEC claims from EBV compensation for damages with regard to the delivery of allegedly defective OS LEDs installed in dynamic passenger information displays of SPEC. EBV has involved OS in the proceedings in order to claim for regress from OS as supplier of the allegedly defective products. The first formal trial date of the proceedings has taken place mid of April 2016.

Other Legal Disputes

Osasco Labor Prosecutor's Office et al. vs. OSRAM do Brasil

On March 15, 2016, OSRAM do Brasil signed a settlement agreement with the plaintiffs in the lawsuits brought by the Osasco Labor Prosecutor's Office and an association of its current and former workers alleging mercury toxicity of such workers in the Osasco plant of OSRAM do Brasil. The settlement entails a fixed payment by OSRAM of a mid single-digit € million amount and further expected payments, primarily for lifelong insurance premiums, for which provisions of a mid single-digit € million range have been accrued.

Professor E. Fred Schubert vs. OSRAM GmbH et al.

In July 2012 Professor E. Fred Schubert filed a complaint for infringement of a US patent against OSRAM GmbH, OSRAM Opto Semiconductors GmbH, OSRAM Opto Semiconductors, Inc. und OSRAM SYLVANIA Inc. in the United States District Court for the District of Delaware. The complaint alleges that certain LEDs manufactured and sold by OSRAM infringe a patent of the plaintiff. After various proceedings before the US Patent Office and a Court of Appeals, the litigation in the District Court is expected to resume in due course. OSRAM denies the infringement of the patent and will defend its positions in the litigation. Provisions were recognized for litigation costs in the low single-digit € million range.

On the abovementioned ongoing cases further information according to IAS 37.92 is not disclosed unless further specified since OSRAM concludes that such disclosure can be expected to seriously prejudice the outcome of the respective litigation.

5 | Financial Instruments

Carrying Amounts and Fair Values of Financial Assets and Liabilities

Carrying Amounts and Fair Values of Financial Assets and Liabilities		March 31, 2016		September 30, 2015	
in € million	Fair value hierarchy ¹⁾	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents ²⁾	n/a	904	904	727	727
Available-for-sale financial assets (noncurrent) ³⁾	n/a	1	–	1	–
Available-for-sale financial assets ⁴⁾	Level 1	1	1	1	1
Trade receivables	n/a	904	904	898	898
Other financial assets					
Derivatives not designated in a hedge accounting relationship	Level 2	6	6	13	13
Derivatives in connection with cash flow hedges	Level 2	0	0	0	0
Other financial assets	n/a	60	60	61	61
Financial liabilities					
Debt					
Loans from banks	n/a	93	93	87	87
Trade payables	n/a	785	785	749	749
Other financial liabilities					
Derivatives not designated in a hedge accounting relationship	Level 2	7	7	13	13
Derivatives in connection with cash flow hedges	Level 2	–	–	7	7
Other financial liabilities	n/a	47	47	32	32

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 OSRAM Licht AG's consolidated financial statements for fiscal 2015.

²⁾ Cash and cash equivalents consist primarily of deposits with prime-rated banks with an investment grade rating. The item includes money market instruments of €115 million (prior year: €117 million). To a small extent, it also includes checks and cash on hand.

³⁾ This line item contains equity instruments classified as available-for-sale for which fair value could not be reliably determined. For this reason, the equity instruments were recognized at cost.

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

6 | Earnings per Share

Earnings per Share

in € million, if not stated otherwise		Six months ended March 31,	
		2016	2015
Net income		418	38
Less: portion attributable to non-controlling interests		1	3
Income attributable to shareholders of OSRAM Licht AG		417	35
Weighted average shares outstanding – basic	in thousands	104,436	104,669
Effect of dilutive potential equity instruments	in thousands	344	169
Weighted average shares outstanding – diluted	in thousands	104,781	104,838
Basic earnings per share	in €	3.99	0.34
Diluted earnings per share	in €	3.98	0.34

Share-based payment programs for employees and members of the Managing Board were launched in the first six months of fiscal 2016 and 2015. As of March 31, 2016, there were no outstanding antidilutive awards.

The number of treasury shares held by the Company increased from 41,262 as of September 30, 2015 to 1,416,252 as of March 31, 2016. The change resulted from the repurchase of 1,445,820 shares and was partly offset by the issue of 70,830 shares under the employee share purchase program (Base Share Program) in the second quarter of fiscal 2016.

In the second quarter of fiscal 2016 a dividend of €94 million was distributed from the net retained earnings of OSRAM

Licht AG for fiscal 2015 in accordance with the resolution adopted at the Annual General Meeting in February 2016. This corresponds to a dividend of €0.90 per eligible ordinary share.

7 | Segment Information

Adjustments to the Reporting Structure from October 1, 2015

The OSRAM Licht Group's organizational structure and the allocation of corporate costs were changed at the start of fiscal 2016 as described below. The previous year's figures were adjusted in line with the updated presentation of the segment information.

- The activities in connection with specific pre-materials (e.g., the production of fluorescent materials), which were previously reported in the Lamps segment, were allocated to the SP segment.
- The "Lightify" product portfolio for private end users was allocated to the Lamps segment (previously part of LSS).
- Now, the costs of Group headquarters will basically be charged in line with the principle of origination-based allocation. Costs for the governance functions, i.e. for functions that are clearly of a management nature, are no longer allocated to the operating segments. Consequently, these will bear costs incurred centrally in proportion to their use of the corresponding services provided by Group headquarters.

Reconciliation EBITA to Income before Income Taxes

in € million	Six months ended March 31,	
	2016	2015
EBITA	271	83
Amortization	(18)	(16)
Interest income	1	1
Interest expense	(12)	(16)
Other financial income (expense), net	(1)	(1)
Income (loss) from investments accounted for using the equity method, net	307	2
Income before income taxes	549	54

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

Reconciliation Total Segment Net Capital Employed to Total Assets

in € million	March 31,	September 30,
	2016	2015
Total segment net capital employed	1,964	1,819
Reconciliation to interim consolidated financial statements		
Net capital employed corporate items and pensions	(415)	(408)
Net capital employed Treasury ¹⁾	918	738
Other reconciling items		
Tax related assets	441	510
Liabilities and provisions	1,686	1,643
Pension plans and similar commitments	379	464
Total assets	4,974	4,765

¹⁾ OSRAM Treasury does not have net capital employed in the same way as an operating segment, but this has been calculated here in the same way as for operating segments; the assets consist primarily of cash and cash equivalents.

8 | Related Party Disclosures

Related Parties

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

A presentation of Supervisory and Management Board's members' compensation can be found 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, 2015.

Mr. Alfred Haas, the representative of the Executive Employees in the Supervisory Board of OSRAM Licht AG resigned from his duties effective February 29, 2016 due to retirement. To succeed him, the Local Court of Munich has appointed Ms. Ulrike Salb as a member of the Supervisory Board of OSRAM Licht AG with effect from March 4, 2016.

9 | Events After the Balance Sheet Date

The supervisory board of OSRAM Licht AG appointed Dr. Stefan Kampmann as member of the managing board and Chief Technology Officer with effect from July 1, 2016 at an extraordinary meeting on April 19, 2016. In his future role as Chief Technology Officer, Dr. Kampmann will be in charge of research and development as well as technology and innovation. He will also be responsible for cross-divisional functions such as quality management. The supervisory board has also decided, for reasons of differing views regarding the strategic direction of the company and in best mutual agreement with Dr. Klaus Patzak, to launch a structured process to find a successor for the position of Chief Financial Officer. Until the supervisory board has decided on a successor and a mutual agreement has been reached on the termination of his contract, Dr. Patzak will continue to serve as Chief Financial Officer.

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, 2016.

Munich, May 6, 2016

OSRAM Licht AG
The Managing Board

signed

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

signed

Dr. Klaus Patzak
Chief Financial Officer (CFO)

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 6, 2016

OSRAM Licht AG
The Managing Board

signed

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

signed

Dr. Klaus Patzak
Chief Financial Officer (CFO)

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 flow (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 2015 to 31 March 2016 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 6, 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

German review report signed

Keller
Wirtschaftsprüfer
German Public Auditor

Esche
Wirtschaftsprüfer
German Public Auditor

Financial Calendar

Fiscal 2016

2nd quarter

Preliminary figures for the second quarter 2016	April 27, 2016
Interim Report for the first half year 2016	May 6, 2016

3rd quarter

Earnings Release for the third quarter 2016	July 27, 2016
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4th quarter

Preliminary figures for the fourth quarter 2016	November 9, 2016
Annual Report for fiscal 2016	December 5, 2016

As of April 25, 2016.

Date of Publication

May 6, 2016

Publisher

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Corporate Finance

OSRAM Licht AG
Accounting & Controlling
Dr. Jürgen Spanheimer

This interim report is also available in German.
Both language versions are available on the Internet at www.osram-group.com. The German version is legally binding.