

Market environments shape the first quarter of FY19

Q1 FY19 Earnings Release (unaudited figures)

Disclaimer

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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.

Pushing ahead in challenging market environments

Statement from the CEO



First quarter highlights

- Revenue of **€828m**
- Adjusted EBITDA margin of **11.3%**
- Growth, cost and structural measures put in place
- Strategic execution path on track

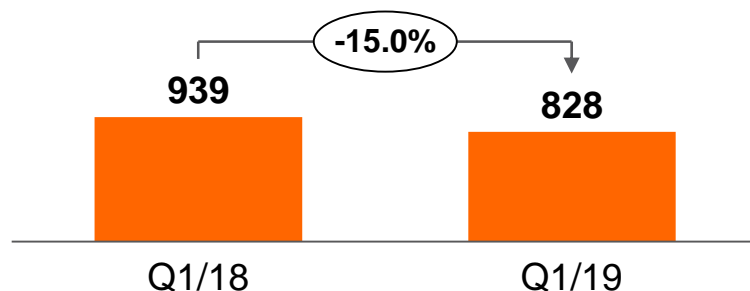
The market dynamics that we already indicated last quarter further amplified and caused a challenging Q1. All of our business units were impacted by a considerable slowdown of our core markets, especially weak growth in China, continued WLTP ramifications in Europe and ongoing trade conflicts. Visibility for the quarters ahead remains low. In addition to our ongoing performance programs, we implemented further structural measures.

We also progressed on our strategic path by streamlining our portfolio towards a high-tech photonics set-up, as we concluded the sale of our service business in the United States (SLS).

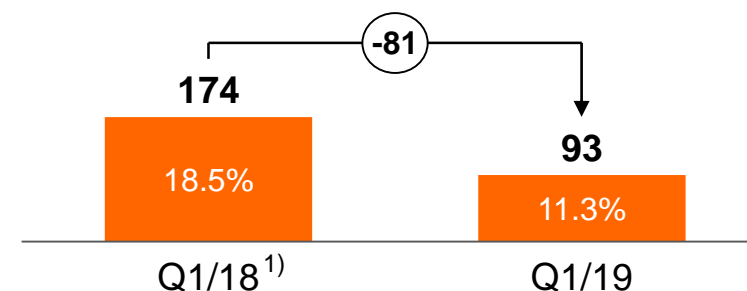
The Consumer Electronics Show in Las Vegas (CES) stood out as a highlight in the first quarter. The showcases of our latest photonic products received an overwhelmingly positive feedback from both prospective and existing customers.

Tough economic and market dynamics shape a challenging Q1 FY19

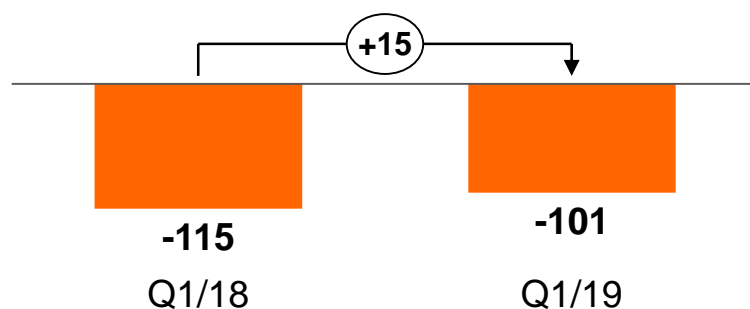
Revenue (€m) / comparable growth



Adj. EBITDA (€m) / margin



Free cash flow (€m)



Comments

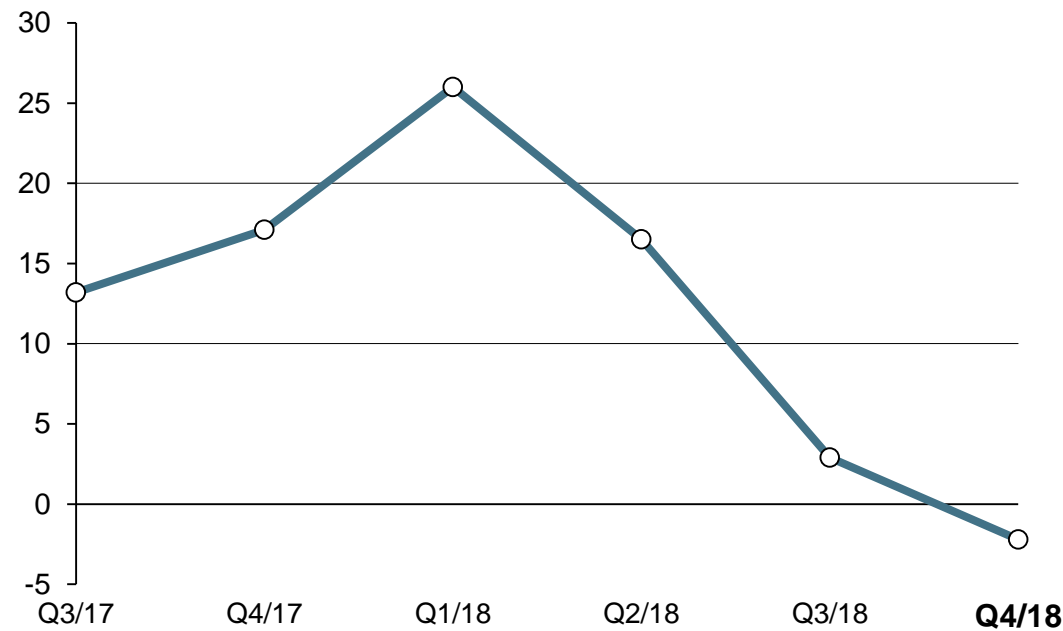
- Weakest quarter in Chinese car sales growth since 2005 (market)
- WLTP ramifications still noticeable in Europe
- Supply chain corrections across industries

¹⁾ Includes positive one-time effect from divestment of small non-strategic activity.

Economic environment showing signs of a slowdown

IFO World economic climate

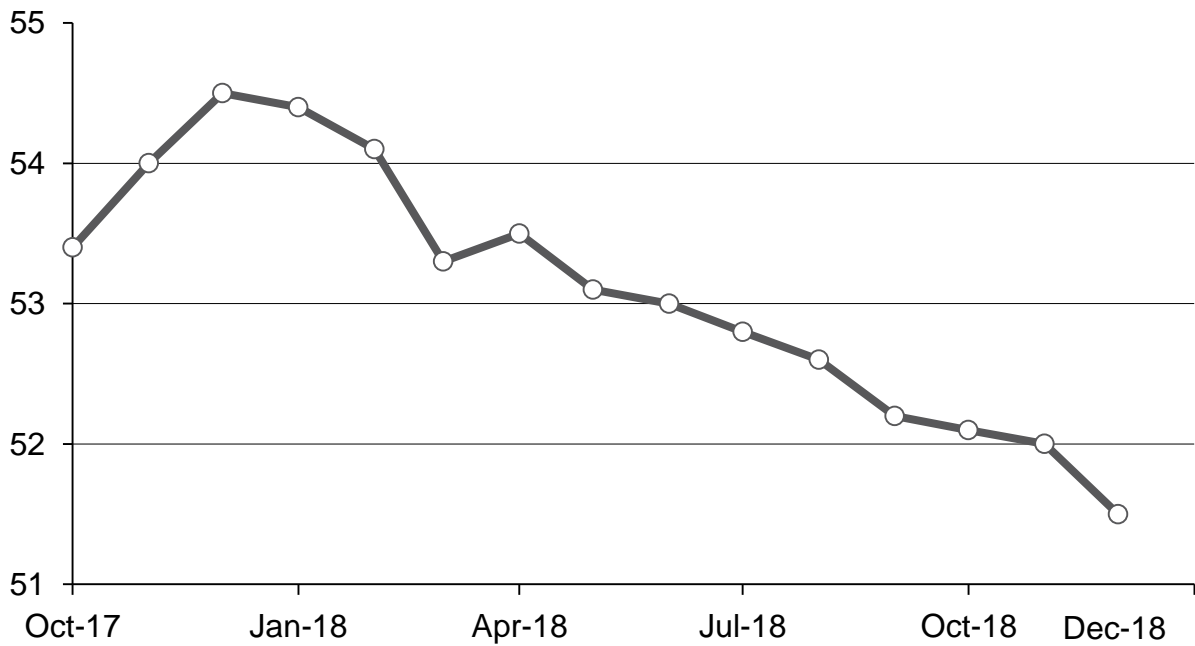
Ifo economic climate index, Calendar year based



Source: ifo World Economic Survey, Nov 2018

Global Manufacturing PMI

Purchasing Manager Index, Calendar year based

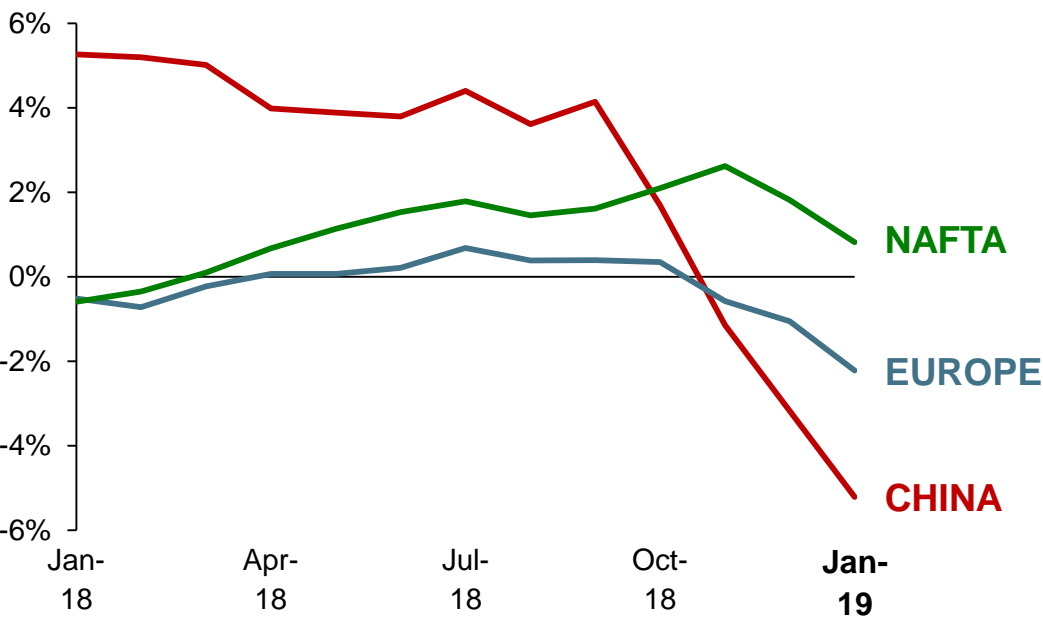


Source: J.P.Morgan and IHS Markit in association with ISM and IFPSM, Jan 2019

China car sales record weakest quarter since years

IHS – Light vehicle production

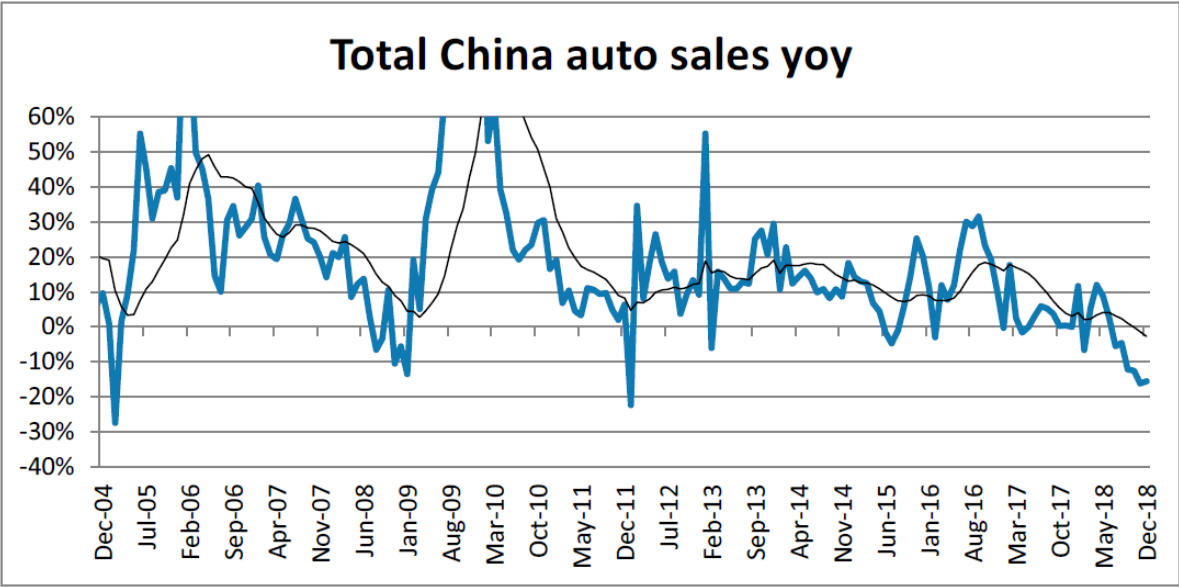
(YoY comparison)



Source: IHS Jan 2019

China auto sales










Y/Y-growth in percent, Calendar year based



“China auto sales (...) down 15% yoy - the worst quarter in (...) history back to 2005” ¹⁾

Source: CAAM; ¹⁾ Morgan Stanley research, Jan 29th, 2019

Volume purchase agreements of key OSRAM customers (automotive Tier 1) point towards growth in FY19

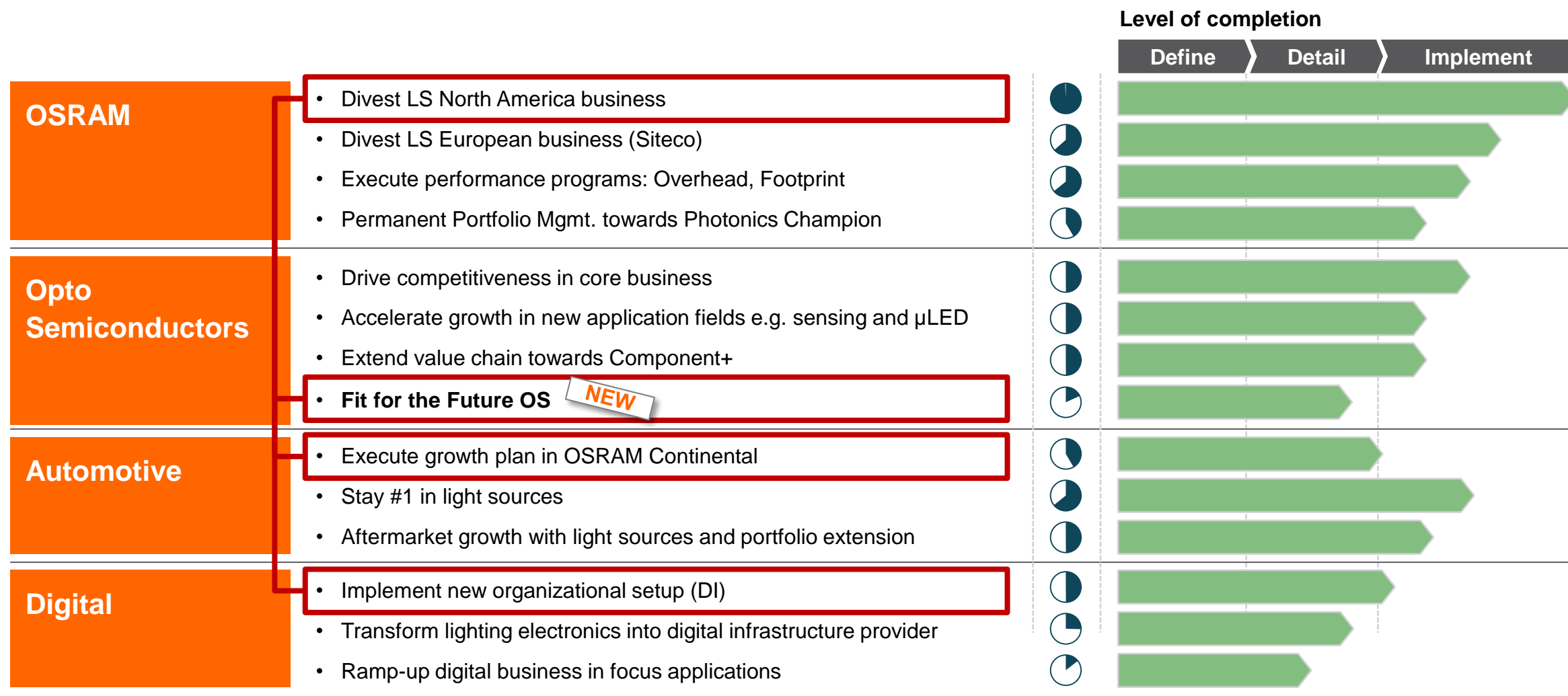
| 2018 | | | | 2019 | | | |
|---|------------|---|------|--|------|--|--|
| Deviation between agreed-on call value and actual billings 2018 (calendar year) LED Automotive | | | | % growth: Act 2018 vs contract 2019 (01.01.19-31.12.19) | | | |
|  | Customer 1 | ⇒ | +1% | ⇒ | +22% | | |
|  | Customer 2 | ⇒ | -12% | ⇒ | +9% | | |
|  | Customer 3 | ⇒ | -1% | ⇒ | -13% | | |
|  | Customer 4 | ⇒ | -26% | ⇒ | -2% | | |
|  | Customer 5 | ⇒ | -28% | ⇒ | -6% | | |
|  | Customer 6 | ⇒ | -12% | ⇒ | +16% | | |
|  | Customer 7 | ⇒ | -24% | ⇒ | +0% | | |
|  | Customer 8 | ⇒ | +9% | ⇒ | +6% | | |
|  | Customer 9 | ⇒ | -10% | ⇒ | +15% | | |



- 2018 many key customers fell short of their agreed-on purchasing volumes
- 2019 volume purchase agreements point towards an improved order situation

Operational execution programs in implementation

Status Q1/19



OSRAM continues its path to become a leading photonic player

Consumer Electronics Show 2019, Las Vegas

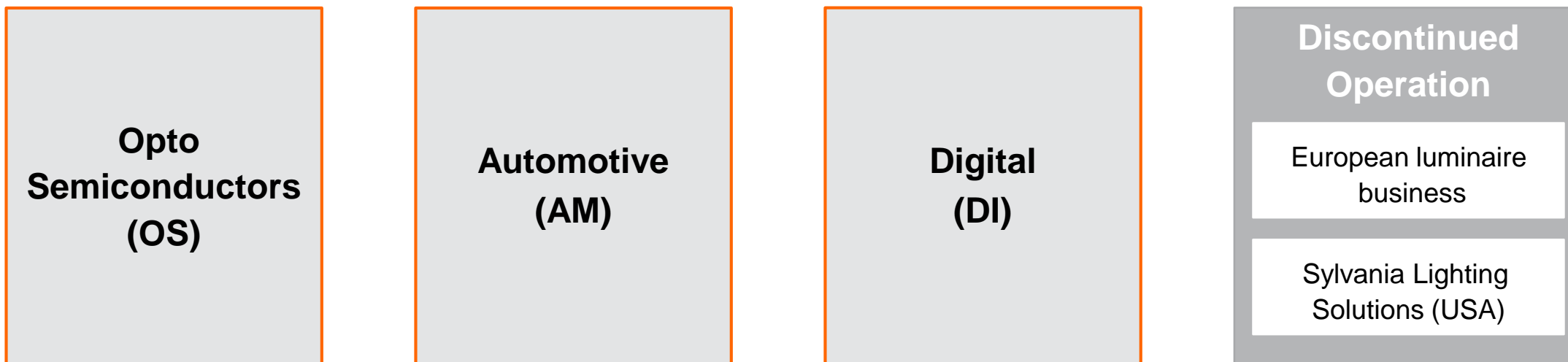


- 35 new product showcases
 - Incl. LIGHTELLIGENCE, Chronogy Eyewear and HCL Lounger
- 3,600 new customer leads
 - +75% vs. 2018
- Extensive social media coverage
 - Global engagement: ~4.8 Mio (2018: 36,600)



OSRAM's new segment reporting

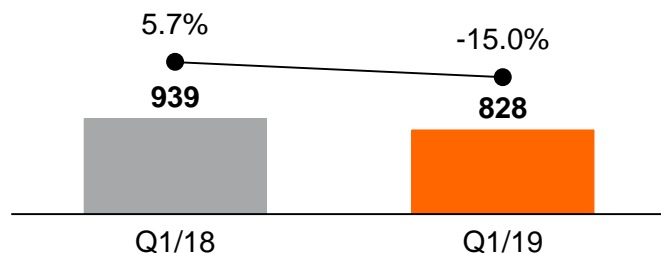
Segment reporting structure as of October 1, 2018¹⁾



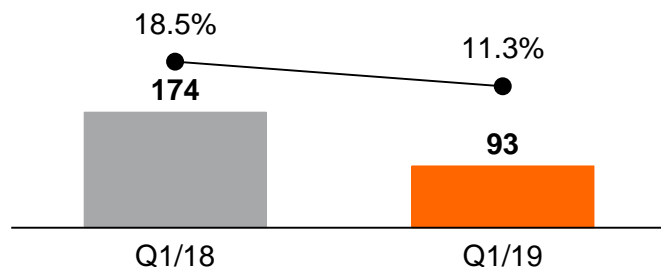
¹⁾ Asian luminaire business included in Corporate Items.

Summary Key Financial Performance Q1 FY19

Revenue (€m) / comp. growth



Adj. EBITDA (€ m) / margin



Free Cash Flow (€ m)¹⁾



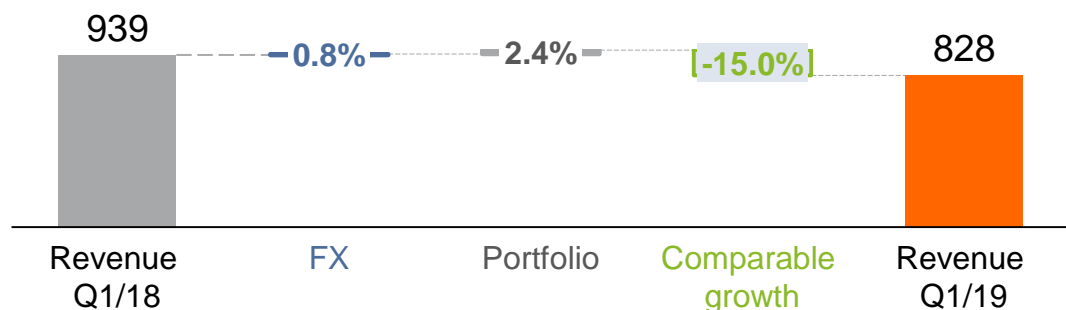
- Q1 FY19 **comparable revenue growth @ -15.0%**; IFRS15 impact approx. -1%; **revenue declined** in all segments
- Accelerated market decline, particularly in the core markets Automotive, General Lighting and Mobile Devices
- Weak growth in China, ongoing trade conflicts and supply chain corrections had a negative impact
- Q1 FY19 adjusted EBITDA @ **11.3%** compared to **18.5%** in Q1 FY18
- EBITDA **Special Items** in Q1 FY19 at €-24m
- **Free Cash Flow** negative with €-101m; Capex of €105m; Cash flow from operations slightly positive
- **Net income:** €-5m from continuing operations; €-80m from discontinued operation impacted by €-61m impairment in conjunction with the classification of the European luminaire business as discontinued operation

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

Revenue declined in all segments

Revenue (€m)

OSRAM Group: Revenue bridge Q1 FY19 YoY



Revenue growth Q1 FY19 YoY

| | Nom. growth | FX | Portfolio | Comp. growth |
|---------------------|-------------|------|-----------|--------------|
| Opto Semiconductors | -14.6% | 1.7% | 0.6% | -16.9% |
| Automotive | -9.8% | 0.9% | 0.4% | -11.0% |
| Digital | -8.8% | 0.0% | 7.9% | -16.7% |

Comments

- Small positive impact from foreign exchange¹⁾
- IFRS 15 effect in Q1/19 approx. -1%
- Portfolio effect related to M&A activities (Fluence, BAG, Vixar, OSRAM Continental)

Regional split Q1 FY19

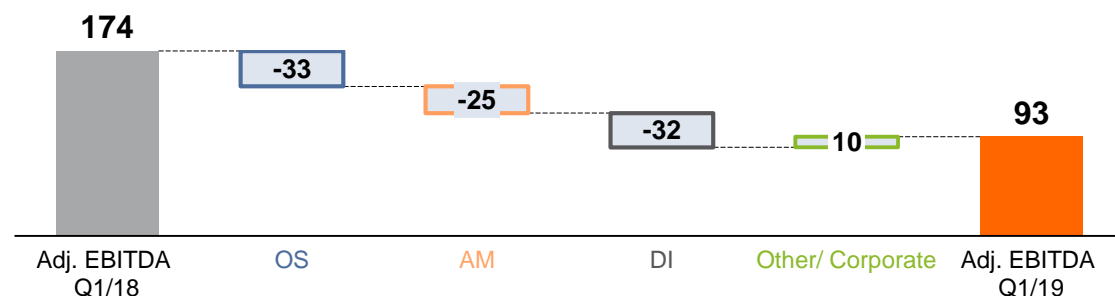


¹⁾ EUR/USD @ 1.15 in Q1/19 vs. 1.19 in Q1/18.

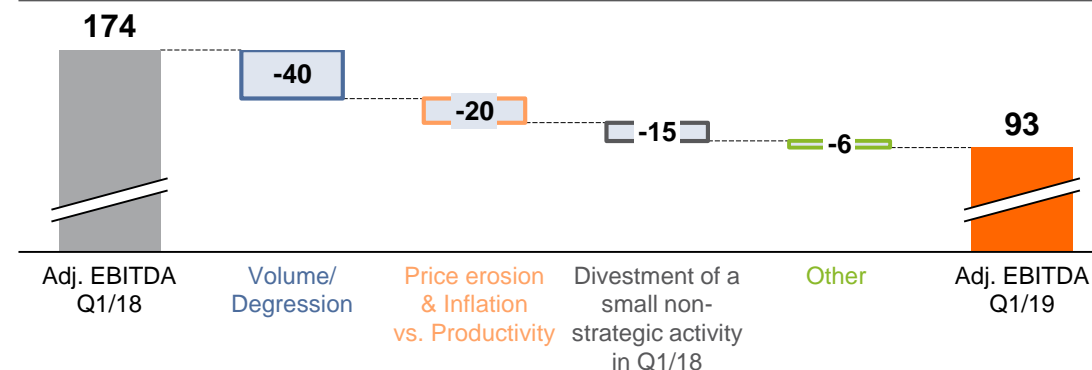
Operating Leverage impacts profitability as volume declined

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

Adjusted EBITDA¹⁾ Q1 FY19 YoY



Adjusted EBITDA¹⁾ Q1 FY19 YoY



Adjusted EBITDA margin Q1 FY19

| | Adj. EBITDA margin | FX impact YoY |
|---------------------|--------------------|---------------|
| Opto Semiconductors | 19.8% | -0.1% |
| Automotive | 10.8% | -0.6% |
| Digital | -4.9% | -0.6% |

Comments

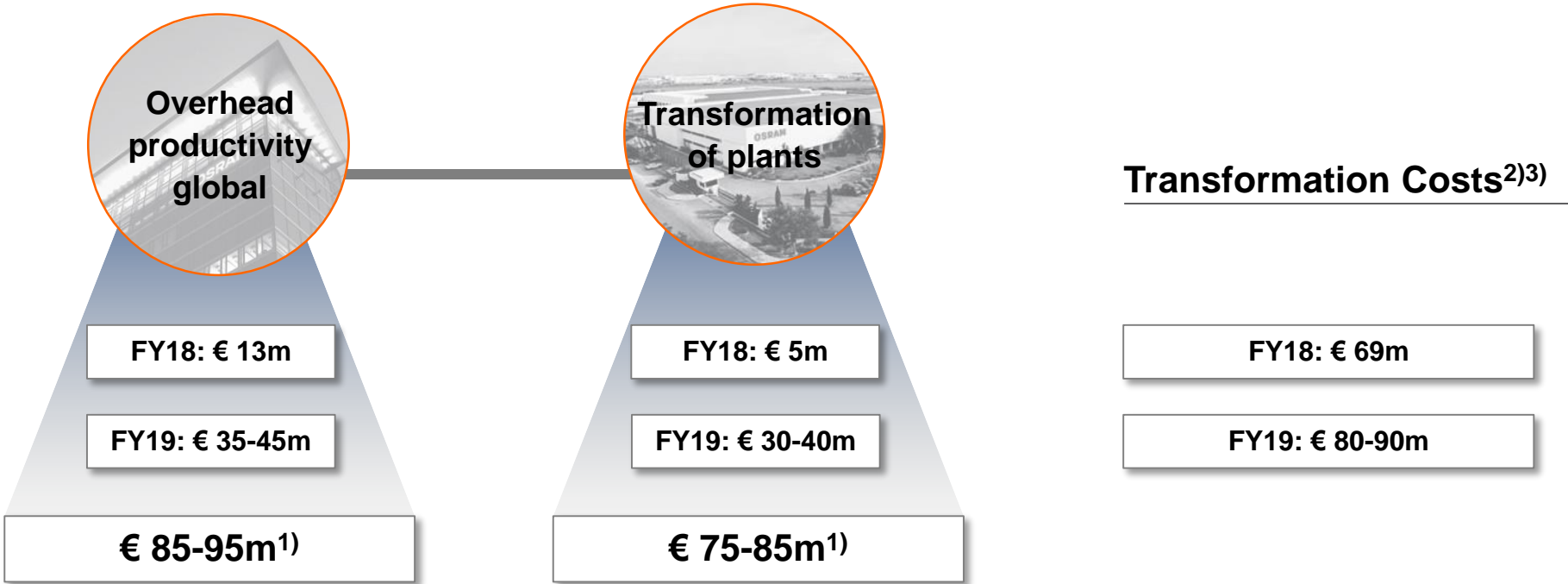
- Negative volume/depression effects particularly for OS and AM substantially impact profitability; negative profitability of DI driven by strong decline in electronic ballasts/controls business
- Adj. EBITDA in corporate items of €-14m

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.

Saving targets of performance programs now increased to €160-180m by 2020¹⁾²⁾

Cross-functional & BU-specific performance programs

Targeted Gross Savings

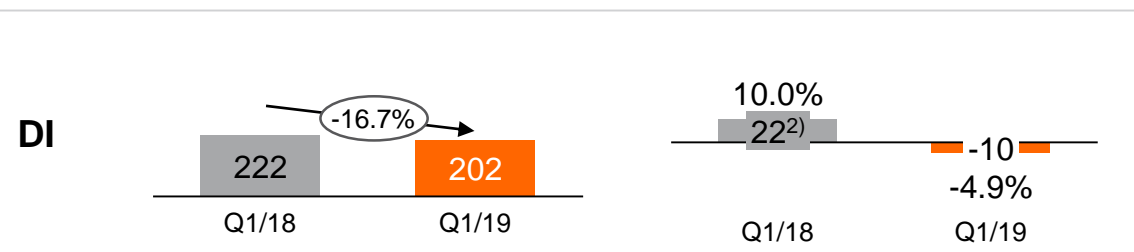
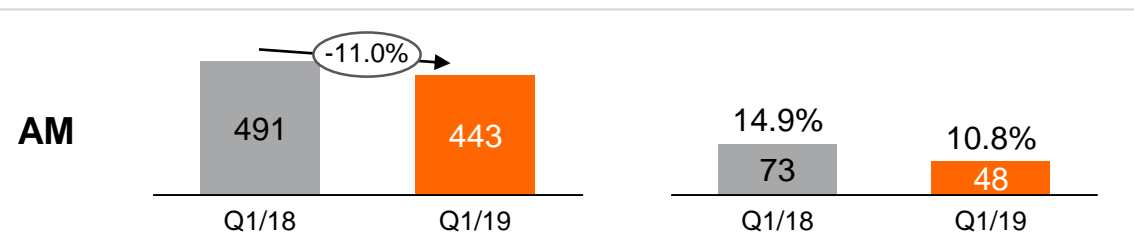
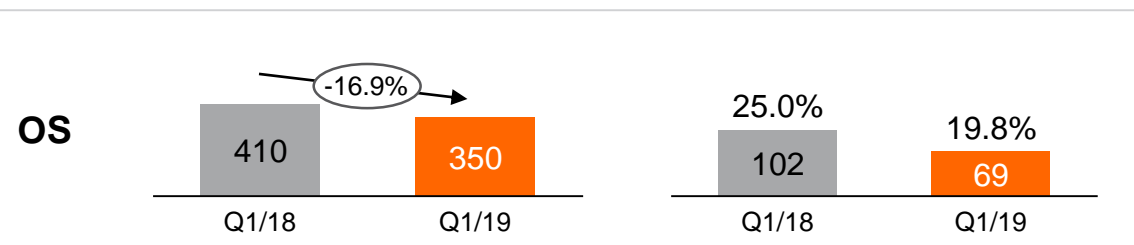


¹⁾ Estimated annualized savings by end of FY2020 compared to FY17 baseline. ²⁾ Excl. European luminaire business and Sylvania Lighting Solutions (USA). ³⁾ Recorded as Special Items.

Segments: Key financials Q1 FY19

Revenue (€m) / Comp. growth (%)

Adj. EBITDA¹⁾ (€m) / Adj. EBITDA margin (%)



Comments

OS

- Revenue decline in all business lines, due to weakening auto demand and a slowdown in China. Inventory destocking in the supply chains of the General Lighting market as well as with distributors for multimarket applications
- High operating leverage and lower volumes drove profitability down
- New structural cost measures initiated; restructuring costs of approx. mid-double-digit million € expected (Special Items)

AM

- Weak demand in China and Europa leading to a decline in both traditional and LED volumes
- Profitability impacted by lower volume

DI

- Most segments with moderate to significant revenue decline; business environment weakened further (US, EMEA); particularly for the General Lighting DS business
- Adj. EBITDA decreased: negative volume, lower utilization as well as cost inflation in electronic components continued to be a headwind

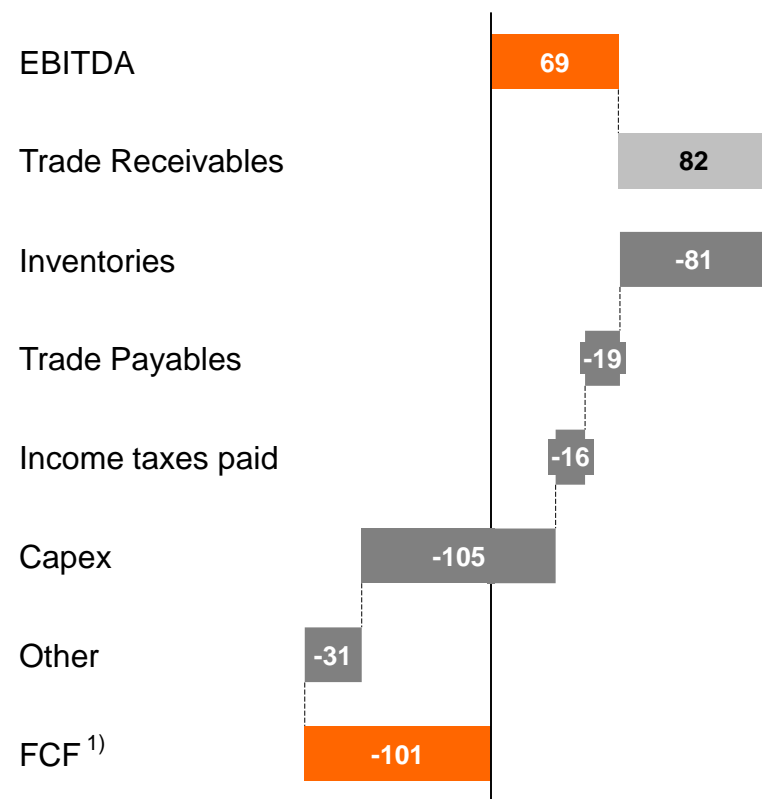
¹⁾ Adjustment for special items (S.I.) includes a.o. transformation costs, substantial legal and regulatory matters, and costs related to mergers and acquisitions activities including the sale of subsidiaries, investments and other businesses.

²⁾ EBITDA in Q1/18 includes positive one-time effect from divestment of small non-strategic activity.

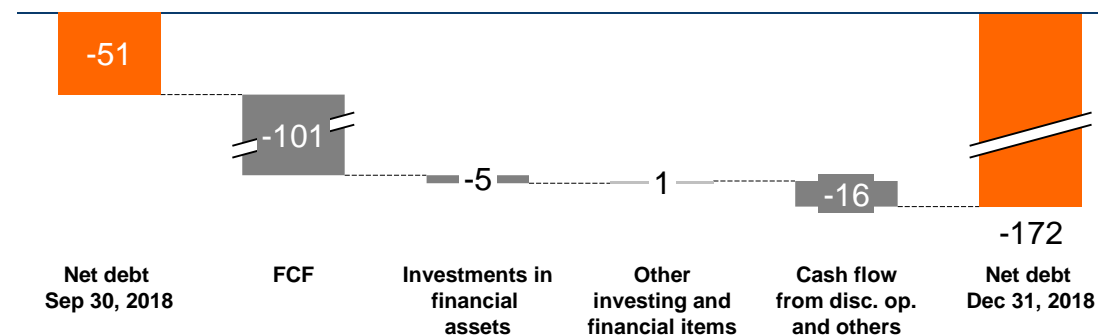
Negative FCF due to Capex peak in Q1 FY19

Free Cash Flow / Net Debt (€m)

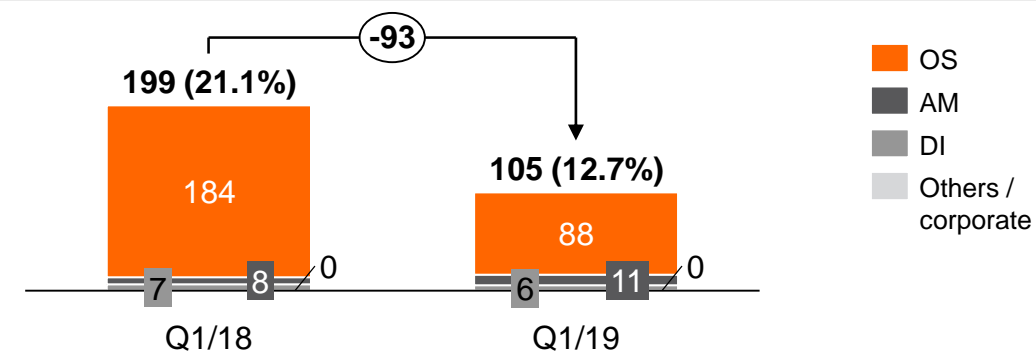
Free cash flow¹⁾ bridge Q1 FY19 YoY



Net debt bridge Q1 FY19



Capital expenditure (percent of revenue) Q1 FY19 YoY



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

Outlook for FY19¹⁾

Revenue

Flat to moderate²⁾
comparable revenue growth

Adj. EBITDA margin

Adjusted EBITDA margin
of 12% to 14%

Free Cash Flow

Positive Free Cash Flow,
targeted mid double-digit³⁾

- The company has initiated a number of countermeasures.
- Considerable structural measures have been initiated in the segment Opto Semiconductors.
- The achievement of the guidance is subject to:
 - the successful implementation of these measures
 - and to a revival of order intake in the months ahead.

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⁾ Flat to moderate represents a growth rate in the range of 0-3%. ³⁾ Excl. proceeds from possible divestments.

Financial calendar and IR contact information

Upcoming events

- **February 19, 2019**
Annual General Meeting, Munich, Germany
- **May 8, 2019**
Earnings release for the 2nd quarter of fiscal year 2019, Munich, Germany
- **May 10, 2019**
Interim Report for the first half of fiscal year 2019, Munich, Germany

Investor Relations contact

| | |
|-----------|---|
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Appendix

Key financial metrics continuing operations (unaudited)

| Group (€m) | Q1 FY18 | Q1 FY19 | Change (y-o-y) | |
|--|--------------|--------------|----------------|-----------------|
| | | | nom. | -11.9% |
| Revenue | 939 | 828 | comp. | -15.0% |
| Gross margin | 34.8% | 27.4% | | -740 bps |
| R&D | -92 | -98 | | 6.3% |
| SG&A | -138 | -138 | | -0.3% |
| EBITDA | 162 | 69 | | -57.3% |
| EBITDA margin | 17.3% | 8.4% | | -890 bps |
| Adj. EBITDA | 174 | 93 | | -46.4% |
| Adj. EBITDA margin | 18.5% | 11.3% | | -720 bps |
| Financial result, including at-equity result (continuing operations) | 0 | -4 | | - |
| Income (loss) before income taxes (continuing operations) | 107 | -7 | | -106.2% |
| Taxes | -30 | 2 | | -105.8% |
| Net income (loss) (continuing operations) | 77 | -5 | | -106.4% |
| Diluted EPS in € (continuing operations) | 0.78 | -0.01 | | -101.3% |
| Free cash flow (continuing operations) | -115 | -101 | | 12.9% |
| CAPEX | 199 | 105 | | -47.0% |
| Net debt | -51 | -172 | | -236.6% |
| Equity ratio | 58.2% | 56.0% | | -220 bps |
| Employees (in thousands) | 25.1 | 26.0 | | 3.3% |

Segment overview (unaudited)

| Q1 FY19 (€m) | OS | AM | DI | CIE | OSRAM Licht Group |
|--|---------------|---------------|---------------|-------------|----------------------|
| Revenue | 350 | 443 | 202 | -168 | 828 |
| Change % vs. PY reported | -14.6% | -9.8% | -8.8% | | -11.9% |
| Change % vs. PY comparable | -16.9% | -11.0% | -16.7% | | -15.0% |
| EBITDA | 58 | 43 | -14 | -18 | 69 |
| EBITDA margin | 16.7% | 9.7% | -6.7% | | 8.4% |
| Special items EBITDA | -11 | -5 | -4 | -4 | -24 |
| therein transformations costs | -1 | -3 | -3 | -4 | -11 |
| EBITDA before special items | 69 | 48 | -10 | -14 | 93 |
| EBITDA margin before special items | 19.8% | 10.8% | -4.9% | | 11.3% |
| Assets ¹⁾ | 1,392 | 844 | 456 | 1,957 | 4,649 |
| Free cash flow | -23 | -10 | -53 | -14 | -101 |
| Additions to intangible assets and property, plant and equipment | 88 | 11 | 6 | 0 | 105 |
| Amortization | 1 | 6 | 6 | 1 | 13 |
| Depreciation | 43 | 11 | 5 | 0 | 59 |

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

Consolidated statement of income (unaudited)

| | Three months ended December 31 2018 | Three months ended December 31 2017 |
|--|---|---|
| Revenue | 828 | 939 |
| Cost of goods sold and services rendered | -601 | -612 |
| Gross profit | 227 | 327 |
| Research and development expenses | -98 | -92 |
| Marketing, selling and general administrative expenses | -138 | -138 |
| Other operating income | 8 | 18 |
| Other operating expense | -2 | -8 |
| Income (loss) from investments accounted for using the equity method, net | 0 | 0 |
| Interest income | 0 | 1 |
| Interest expense | -2 | -3 |
| Other financial income (expense), net | -1 | 2 |
| Income (loss) before income taxes OSRAM (continuing operations) | -7 | 107 |
| Income taxes | 2 | -30 |
| Income (loss) OSRAM (continuing operations) | -5 | 77 |
| Income (loss) from discontinued operation, net of tax | -80 | -16 |
| Net income (loss) | -84 | 60 |
| Attributable to: | | |
| Non-controlling interests | -4 | 1 |
| Shareholders of OSRAM Licht AG | -81 | 60 |
| Basic earnings per share (in €) | -0.83 | 0.62 |
| Diluted earning per share (in €) | -0.83 | 0.61 |
| Basic earnings per share (in €) OSRAM (continuing operations) | -0.01 | 0.79 |
| Diluted earning per share (in €) OSRAM (continuing operations) | -0.01 | 0.78 |

Net Income OSRAM (continuing operations) (unaudited)

| | Three months ended December 31 2018 | Three months ended December 31 2017 |
|---|---|---|
| Net Income (loss) OSRAM (continuing operations) | -5 | 77 |
| Special Items (Profit) | 33 | 13 |
| Tax attributable to Special Items (Profit) | -9 | -4 |
| Net Income OSRAM (continuing operations) adjusted ¹⁾ | 19 | 86 |
| Non-controlling interests | -4 | 1 |
| Net Income OSRAM (continuing operations) adjusted, attributable to Shareholders of OSRAM Licht AG | 23 | 85 |
| Diluted earning per share (in €) OSRAM (continuing operations) adjusted | 0.24 | 0.88 |
| Diluted earning per share (in €) OSRAM (continuing operations) | -0.01 | 0.78 |
| | | |
| Diluted number of shares | 96.9 | 96.9 |
| Tax rate | 26% | 28% |

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.

Consolidated statement of financial position (unaudited)

| | As of December 31 2018 | As of September 30 2018 |
|---|------------------------------|-------------------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 243 | 333 |
| Available-for-sale financial assets | - | 0 |
| Trade receivables | 555 | 614 |
| Other current financial assets | 42 | 45 |
| Contract assets | 7 | - |
| Inventories | 791 | 743 |
| Income tax receivables | 58 | 49 |
| Other current assets | 157 | 151 |
| Assets held for sale | 136 | 49 |
| Total current assets | 1,988 | 1,984 |
| Goodwill | 373 | 369 |
| Other intangible assets | 274 | 296 |
| Property, plant and equipment | 1,555 | 1,621 |
| Investments accounted for using the equity method | 61 | 66 |
| Other financial assets | 19 | 19 |
| Deferred tax assets | 325 | 309 |
| Other assets | 55 | 65 |
| Total assets | 4,649 | 4,730 |

| | As of December 31 2018 | As of September 30 2018 |
|--|------------------------------|-------------------------------|
| Liabilities and equity | | |
| Current liabilities | | |
| Short-term debt and current maturities of long-term debt | 271 | 233 |
| Trade payables | 618 | 714 |
| Other current financial liabilities | 69 | 40 |
| Contract liabilities | 14 | - |
| Current provisions | 70 | 74 |
| Income tax payables | 97 | 110 |
| Other current liabilities | 328 | 373 |
| Liabilities associated with assets classified as held for sale | 104 | 12 |
| Total current liabilities | 1,572 | 1,555 |
| Long-term debt | 144 | 152 |
| Pension plans and similar commitments | 161 | 162 |
| Deferred tax liabilities | 16 | 14 |
| Provisions | 33 | 26 |
| Other financial liabilities | 21 | 24 |
| Other liabilities | 100 | 121 |
| Total liabilities | 2,048 | 2,053 |
| Equity | | |
| Common stock, no par value | 97 | 105 |
| Additional paid-in capital | 1,669 | 2,034 |
| Retained earnings | 687 | 780 |
| Other components of equity | 21 | 3 |
| Treasury shares, at cost | -9 | -386 |
| Total equity attributable to shareholders of OSRAM Licht AG | 2,465 | 2,536 |
| Non-controlling interests | 137 | 140 |
| Total equity | 2,602 | 2,676 |
| Total liabilities and equity | 4,649 | 4,730 |

Consolidated statement of cash flows (unaudited)

| | Three months ended December 31 2018 | Three months ended December 31 2017 |
|--|--|--|
| Cash flows from operating activities | | |
| Net income (loss) | -84 | 60 |
| Adjustments to reconcile net income (loss) to cash provided | | |
| Income (loss) from discontinued operation, net of tax | 80 | 16 |
| Amortization, depreciation, and impairments | 73 | 56 |
| Income taxes | -2 | 30 |
| Interest (income) expense, net | 2 | 1 |
| (Gains) losses on sales and disposals of businesses, intangible assets, and property, plant and equipment, net | 0 | -15 |
| (Income) loss from investments | 0 | 0 |
| Other non-cash (income) expenses | 3 | 4 |
| Change in current assets and liabilities | | |
| (Increase) decrease in inventories | -81 | -34 |
| (Increase) decrease in trade receivables | 82 | 7 |
| (Increase) decrease in other current assets | -2 | -40 |
| Increase (decrease) in trade payables | -19 | 10 |
| Increase (decrease) in current provisions | 0 | -4 |
| Increase (decrease) in other current liabilities | -30 | 7 |
| Change in other assets and liabilities | 0 | -1 |
| Income taxes paid | -16 | -16 |
| Interest received | 0 | 1 |
| Net cash provided by (used in) operating activities - OSRAM (continuing operations) | 5 | 83 |
| Net cash provided by (used in) operating activities from discontinued operation | -12 | -1 |
| Net cash provided by (used in) - OSRAM Licht Group (total) | -7 | 82 |

| | Three months ended December 31 2018 | Three months ended December 31 2017 |
|---|--|--|
| Cash flows from investing activities | | |
| Additions to intangible assets and property, plant and equipment | -105 | -199 |
| Acquisitions, net of cash and cash equivalents acquired | - | -7 |
| Purchases of investments | -5 | -2 |
| Proceeds and payments from sales of investments, intangible assets, and property, plant and equipment | 1 | 5 |
| Proceeds and payments from the sale of business activities | - | 22 |
| Net cash provided by (used in) investing activities from continuing operations | -109 | -181 |
| Net cash provided by (used in) investing activities from discontinued operation | -4 | -2 |
| Net cash provided by (used in) investing activities - OSRAM (continuing operations) | -113 | -183 |
| Cash flows from financing activities | | |
| Repayment of long-term debt | -8 | -2 |
| Change in debt and other financing activities | 38 | 1 |
| Interest paid | -1 | -1 |
| Net cash provided by (used in) financing activities - OSRAM (continuing operations) | 29 | -2 |
| Net cash provided by (used in) financing activities from discontinued operation | - | - |
| Net cash provided by (used in) financing activities - OSRAM Licht Group (total) | 29 | -2 |
| Effect of exchange rates on cash and cash equivalents | 2 | -2 |
| Net increase (decrease) in cash and cash equivalents | -90 | -105 |
| Cash and cash equivalents at beginning of period | 333 | 609 |
| Cash and cash equivalents at the end of period | 243 | 504 |
| Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operation at end of period | 0 | 0 |
| Cash and cash equivalents at end of period (consolidated statement of financial position) | 243 | 504 |