

# OSRAM with a robust start into FY20

Q1 FY20 Earnings Release (unaudited figures)

# Disclaimer

---

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

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

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

# Solid first quarter performance amidst uncertain market development

## Statement from the CEO



### Q1 FY20 summary:

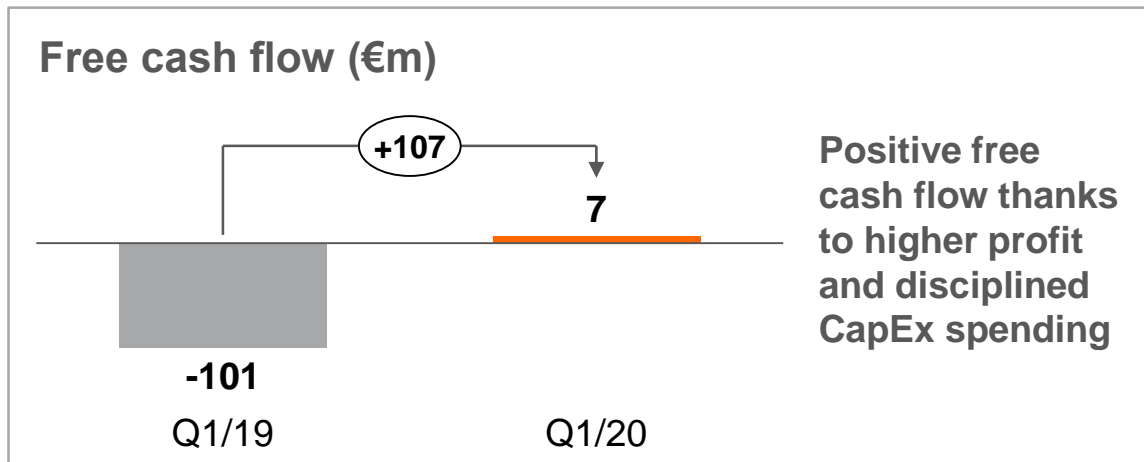
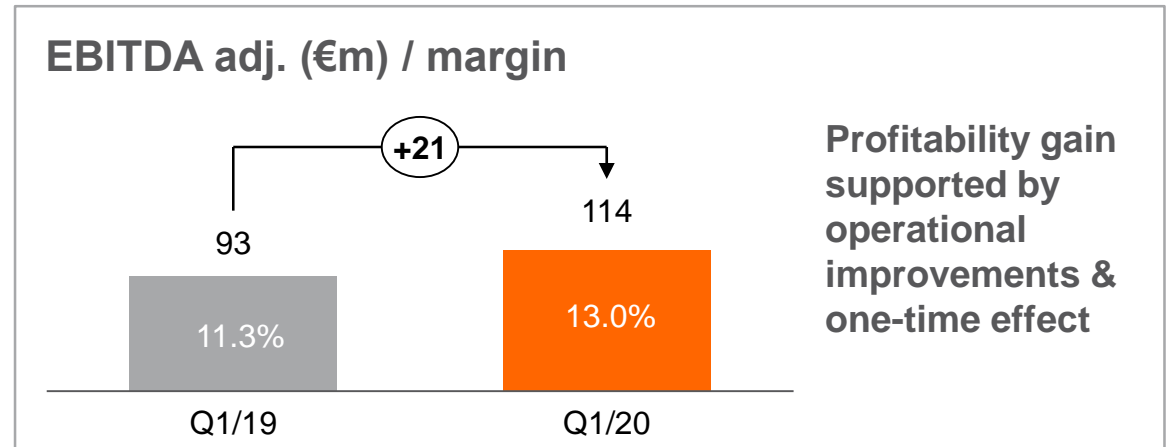
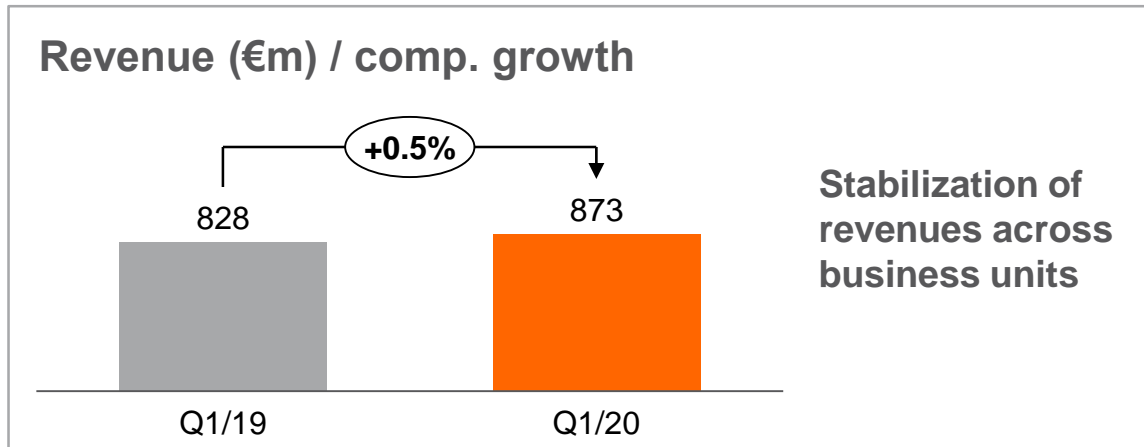
- Revenue of **€873m**
- Adjusted EBITDA margin of **13.0%**
- Positive FCF thanks to continued spending discipline

“I am pleased that OSRAM was off to a robust start in fiscal year 2020. While end markets continue to send mixed signals and visibility remains somewhat cloudy, first quarter revenues were in line with expectations.

Our businesses have adapted to a more challenging market environment. Next to favorable one-time effects, the significant year-on-year profitability and cash flow improvements are a direct result of the performance programs we set in motion at the earliest signs of economic slowdown.

Based on solid first quarter results and taking into account macroeconomic uncertainty, we confirm our guidance for fiscal year 2020.”

# Favorable year-on-year development demonstrates stringent focus and adaptiveness



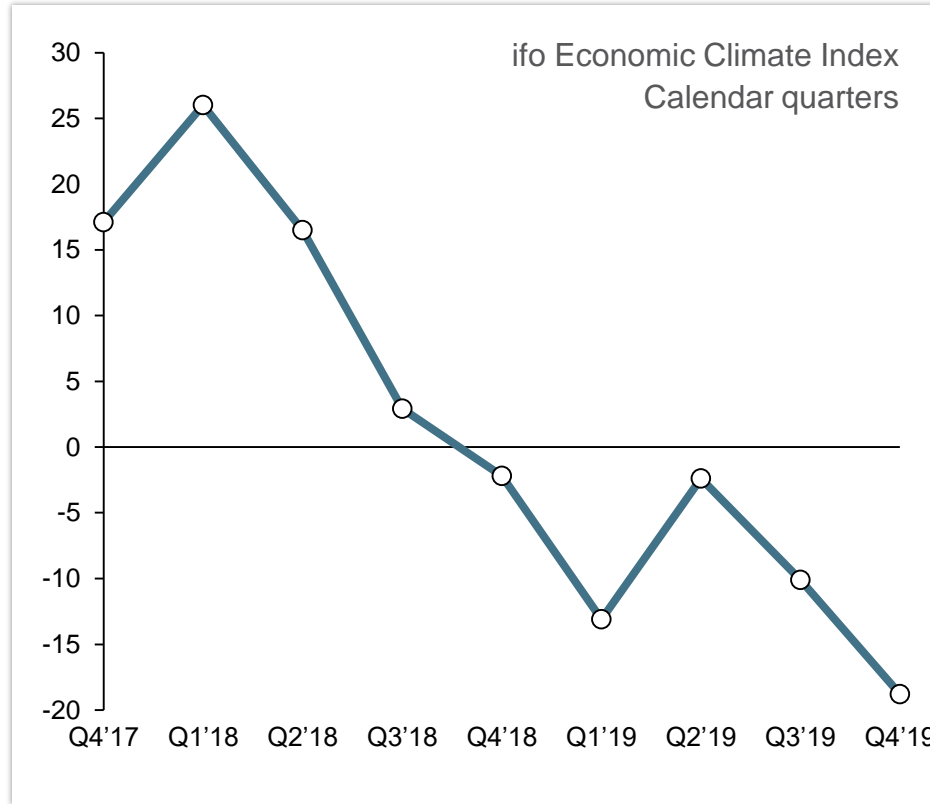
## Comments

- Revenue growth driven by DI and AM, slight comp. decline at OS
- Performance programs and overall volume increase lead to improved profitability – additional positive one-time effect (€14m) from first-time use of IFRS 16
- Sharp cash flow improvement – prudent investment approach

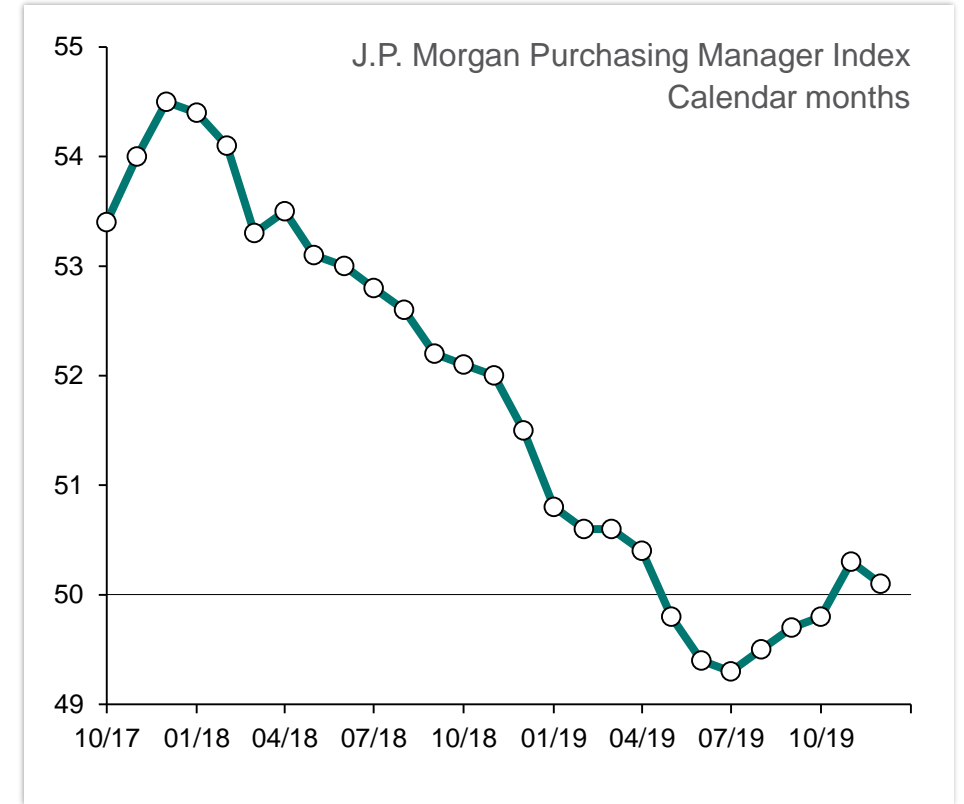
# Flat to negative signals from major macroeconomic indicators



ifo World Economic Climate<sup>1)</sup>




Global Manufacturing PMI<sup>2)</sup>




Sources: 1) ifo Business Climate Index based on ifo World Economic Survey  
2) JP Morgan Purchasing Manager Index, J.P. Morgan and IHS Markit in cooperation with ISM und IFPSM

# Updated car production forecast cautiously optimistic for a bottoming-out in the course of FY20

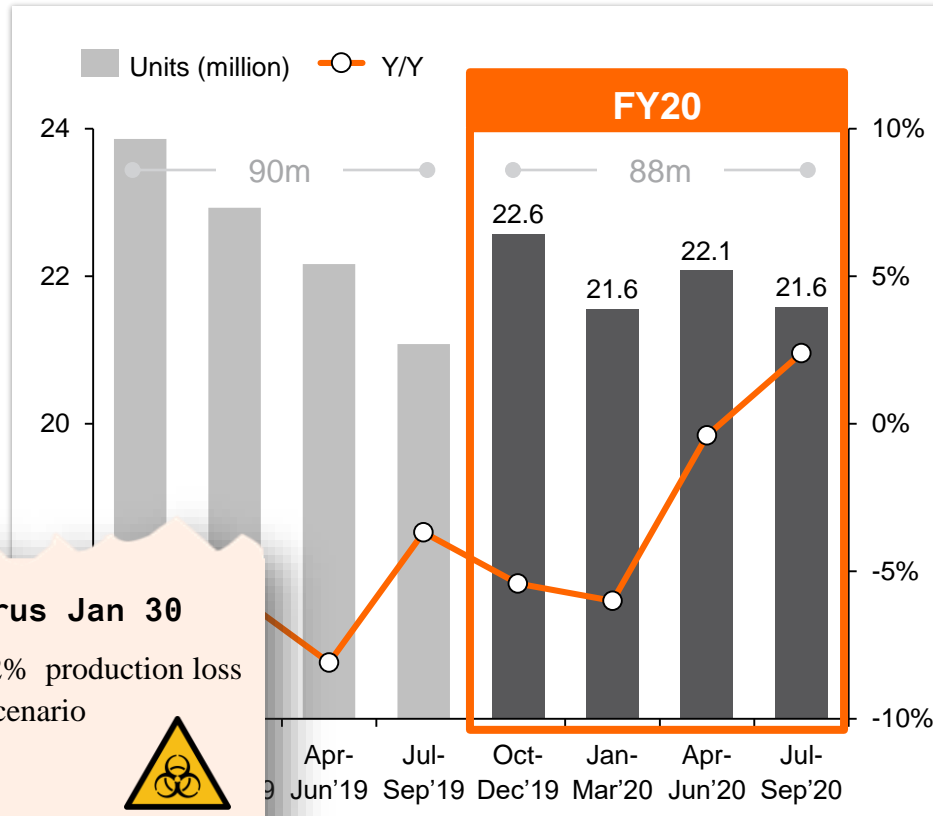
**Automotive Market**



**Update Corona virus Jan 30**  
 Jan-Mar from -5% to -32% production loss in China depending on scenario  
 (Source: IHS)



Global light vehicle production by quarter



Light vehicle production by region (YoY, %)



Source: Light vehicle production forecast based on monthly IHS Data, fiscal year based. As of: January 23, 2020

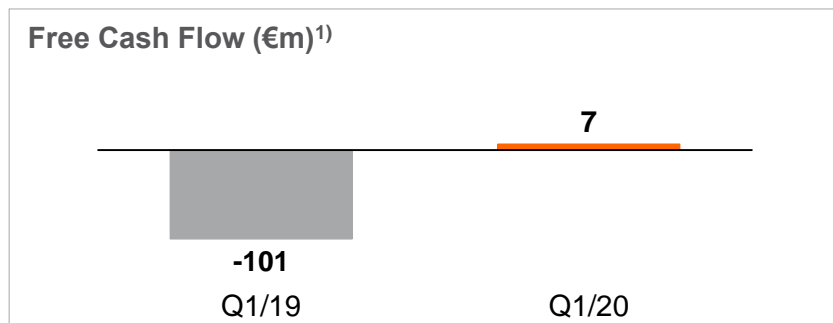
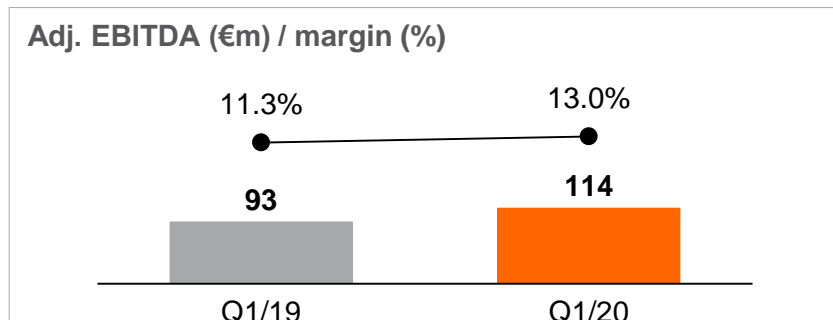
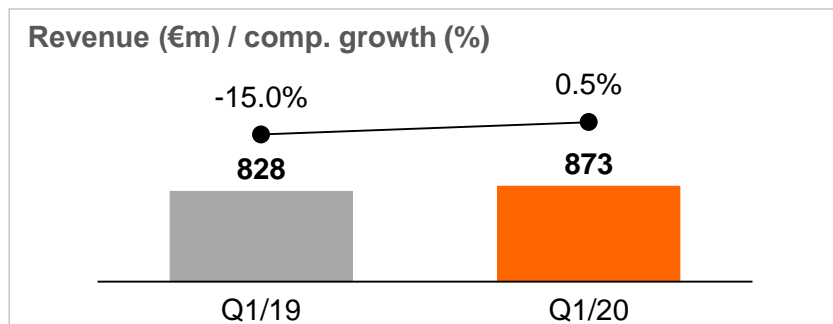
# OSRAM showcases Photonics competencies in mobility applications



Consumer Electronics Show 2020, Las Vegas



# Summary Key Financial Performance Q1 FY20



- Modest **revenue growth** driven by Digital and Automotive, modest decline at Opto Semiconductors vs. PY
- APAC declining by -1% while China grows with 6%, AMERICAS growing by 3% while EMEA is declining by -1%
- Q1 FY20 **adjusted EBITDA margin** of **13.0%**; positive volume effects and higher fix cost absorption drive y-o-y margin improvement vs Q1 FY19
- First time application of **IFRS16 with positive EBITDA effect** of €+14m
- EBITDA **Special Items**: €-16m
- Adj. EBITDA in **Corporate Items**: €-20m
- **€31m** Gross savings from **strategic performance programs**
- Positive **Free Cash Flow** of **€7m** driven by lower CapEx and improved profitability
- **Net income**: €1m from continuing operations

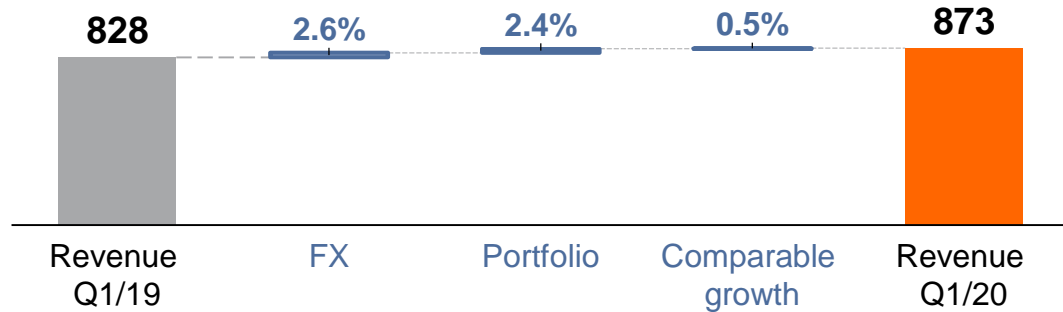
<sup>1)</sup> Defined as net cash provided by (used in) operating activities less capital expenditures.



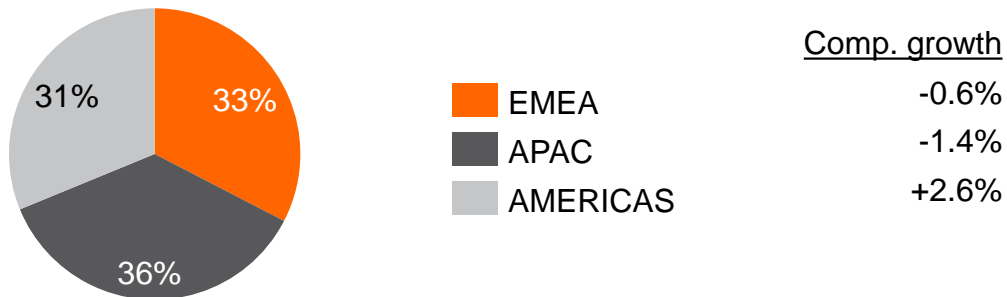
# Revenue growth in Q1 FY20 driven by Digital and Automotive<sup>1)</sup>

## Revenue (€m) / Comp. growth (%)

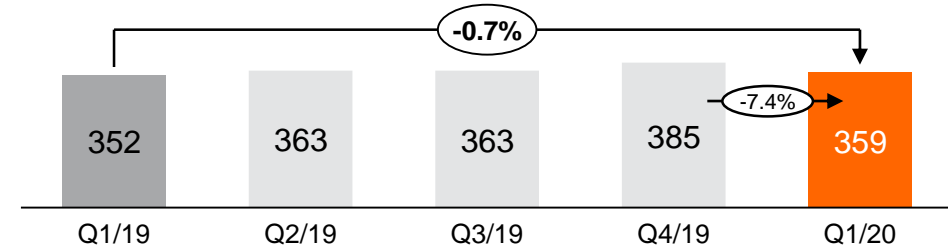
### OSRAM Group: Revenue bridge Q1 FY20 YoY



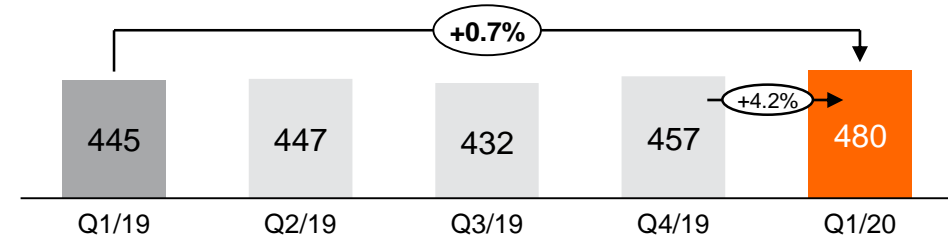
### OSRAM Group: Revenue by Region Q1 FY20



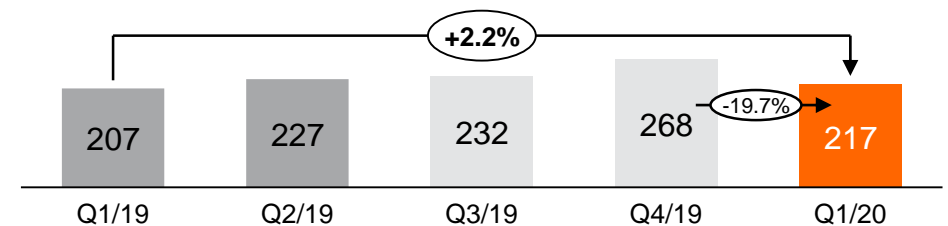
### OS Revenue Development (comp. growth)



### AM Revenue Development (comp. growth)



### DI Revenue Development (comp. growth)

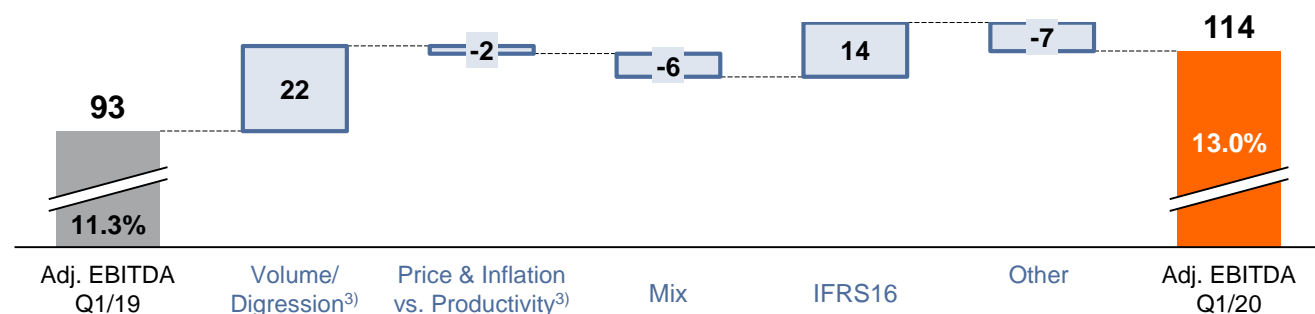


<sup>1)</sup> On October 1, 2019, OSRAM made minor organizational changes involving reclassification between the reportable segments (OS, AM, DI, CIE)

# OS and DI with improved profitability; AM slightly below prior year level<sup>1)</sup>

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

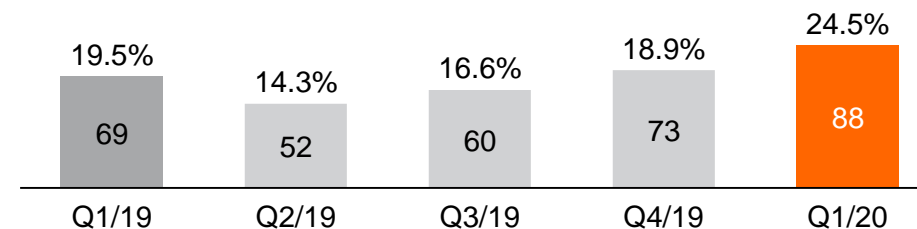
### Adjusted EBITDA<sup>2)</sup> Q1 FY20 YoY



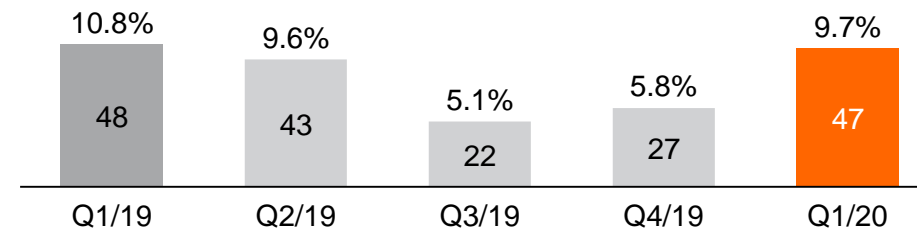
### Comments

- Positive volume effects; Productivity & performance programs savings compensate price erosion and inflation; first time application of IFRS16 with positive effect of €+14m
- OS:** Positive volume / digression effects increased profitability vs. PY, price changes and inflation offset by productivity savings
- AM:** Price erosion and cost inflation offset by productivity; negative mix effects impact adj. EBITDA margin vs. PY
- DI:** Volume/Digression effects, productivity savings and positive mix effects leading to adj. EBITDA improvement

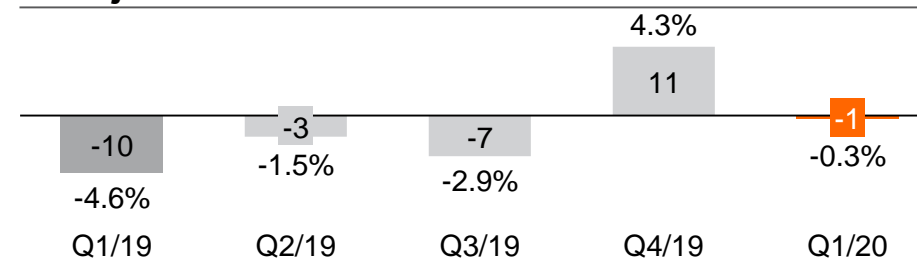
### OS adjusted EBITDA



### AM adjusted EBITDA



### DI adjusted EBITDA

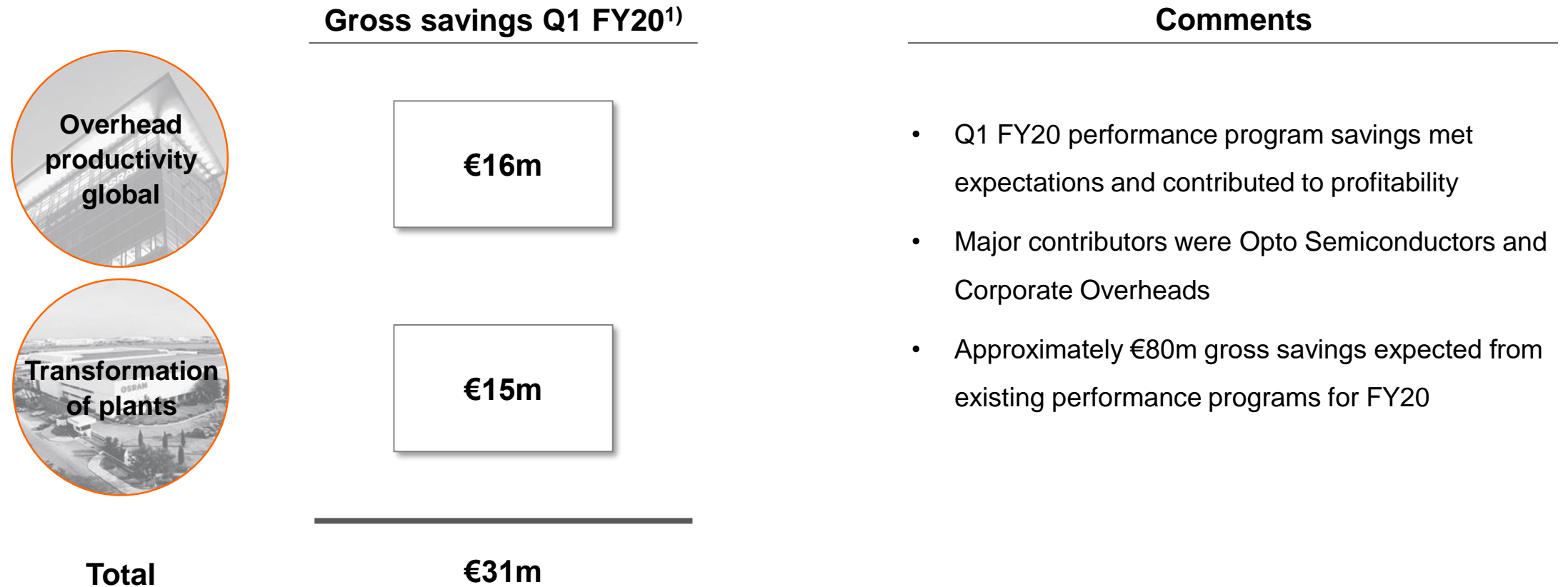


<sup>1)</sup> On October 1, 2019, OSRAM made minor organizational changes involving reclassification between the reportable segments (OS, AM, DI, CIE)

<sup>2)</sup> 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.

<sup>3)</sup> Related to COGS.

# Savings from Performance Programs on track

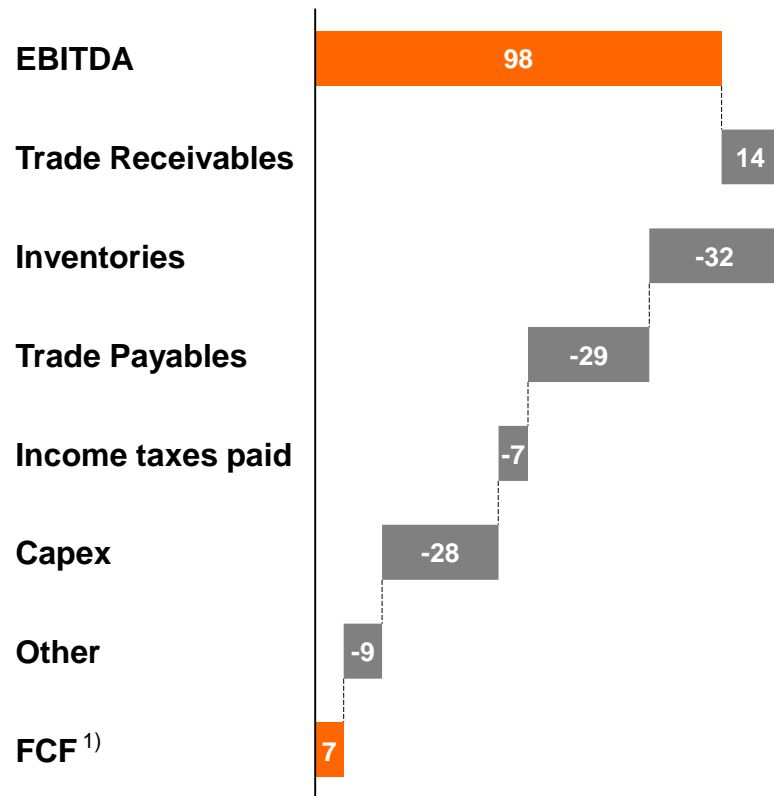


<sup>1)</sup> Gross savings compared to FY19

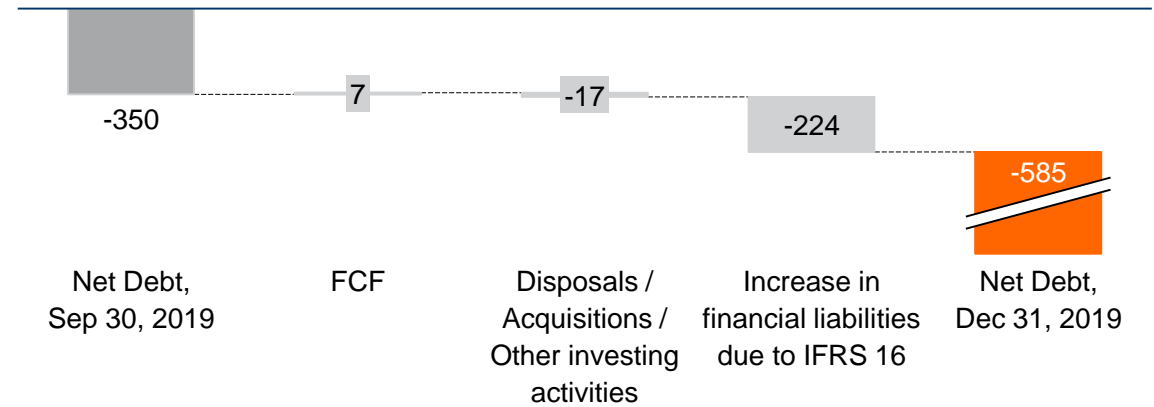
# Positive Free Cash Flow driven by improved EBITDA and lower CAPEX

## Free Cash Flow / Net Debt (€m)

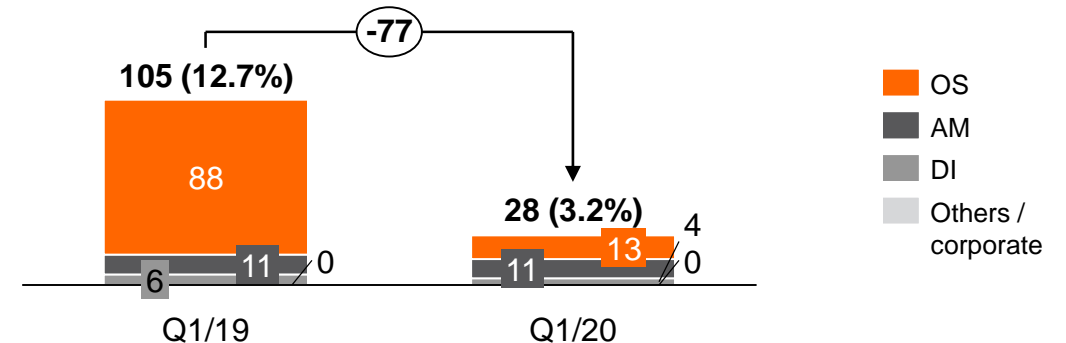
### Free Cash Flow<sup>1)</sup> bridge Q1 FY20



### Net debt bridge Q1 FY20



### Capital expenditure (percent of revenue) Q1 FY20 YoY



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

## Outlook for FY20<sup>1)</sup>

---

### Revenue

Comparable revenue  
growth between  
-3% and 3%

### Adj. EBITDA margin

Adjusted EBITDA  
margin  
of 9% to 11%

### Free Cash Flow

Positive Free Cash Flow,  
possibly at mid-double  
digit levels<sup>2)</sup>

<sup>1)</sup> Assumptions: No recession or financial crisis; Outlook does not assume possible increases or scope extensions with respect to tariffs pertaining to international goods flows, nor possible effects from the takeover by ams AG. Outlook is based on currently prevailing FX rates (esp. €, US\$, CN¥, M\$).

<sup>2)</sup> incl. cash outflow from transformation and M&A-related costs; excl. proceeds from possible divestments.

# Appendix

# Financial calendar and IR contact information

## Upcoming events

- **February 7, 2020**  
Roadshow London, UK
- **February 18, 2020**  
Annual General Meeting, Munich, Germany
- **May 7, 2020**  
Earnings release for the 2<sup>nd</sup> quarter of fiscal year 2020, Munich, Germany
- **May 11, 2020**  
Interim Report for the first half of fiscal year 2020, Munich, Germany

## Investor Relations contact

Telephone	+ 49 89 6213 4259
-----------	-------------------

Internet	<a href="http://www.osram-group.de/en/investors">http://www.osram-group.de/en/investors</a>
----------	---

Email	<a href="mailto:ir@osram.com">ir@osram.com</a>
-------	--

# Key financial metrics (continuing operations)<sup>1)</sup> (unaudited)

Group (€m)	Q1 FY20	Q1 FY19	Change (y-o-y)	
			nom.	
<b>Revenue</b>	<b>873</b>	<b>828</b>	5.5 %	
Gross margin	29.3%	27.4%	0.5 %	190 bps
R&D	-88	-94	-6.3 %	
SG&A	-163	-142	15.1 %	
EBITDA	98	69	41.5 %	
EBITDA margin	11.3%	8.4%	290 bps	
<b>Adj. EBITDA</b>	<b>114</b>	<b>93</b>	<b>22.2 %</b>	
<b>Adj. EBITDA margin</b>	<b>13.0%</b>	<b>11.3%</b>	<b>180 bps</b>	
Financial result, including at-equity result (continuing operations)	-10	-4	171.5 %	
Income (loss) before income taxes (continuing operations)	1	-7	n.a.	
Taxes	0	2	n.a.	
Net income (loss) (continuing operations)	1	-5	n.a.	
<b>Diluted EPS in € (continuing operations)</b>	<b>0.12</b>	<b>-0.01</b>	<b>n.a.</b>	
<b>Free cash flow (continuing operations)</b>	<b>7</b>	<b>-101</b>	<b>-106.8 %</b>	
Capex	-28	-105	-73.3 %	
Net debt <sup>2)</sup>	-585	-172	239.9 %	
Equity ratio	48.8%	56.0%	-720 bps	
Employees (in thousands)	22.8	26.0	-12.1 %	

1) There was a change in presentation affecting the consolidated statement of income at the start of fiscal year 2020, because the application engineering function in the OS Segment has been assigned to sales since that date, having previously been classified as research and development. FY19 was restated accordingly

2) Net debt Q1 FY20 includes increased debt related to first time application of IFRS 16 (€ 224m as of December 31 2019)



# Segment overview (continuing operations)<sup>1)</sup> (unaudited)

Q1 FY20 (€m)	OS	AM	DI	CIE	OSRAM Licht Group
<b>Revenue</b>	<b>359</b>	<b>480</b>	<b>217</b>	<b>-182</b>	<b>873</b>
Change % vs. PY reported	1,8%	7,9%	4,5%		5,5%
<b>Change % vs. PY comparable</b>	<b>-0,7%</b>	<b>0,7%</b>	<b>2,2%</b>		<b>0,5%</b>
EBITDA	87	43	-5	-27	98
EBITDA margin	24,4%	8,9%	-2,3%		11,3%
Special items EBITDA	0	-4	-4	-6	-16
therein transformations costs	0	-3	-4	-5	-12
<b>EBITDA before special items</b>	<b>88</b>	<b>47</b>	<b>-1</b>	<b>-20</b>	<b>114</b>
<b>EBITDA margin before special items</b>	<b>24,5%</b>	<b>9,7%</b>	<b>-0,3%</b>		<b>13,0%</b>
Assets <sup>2)</sup>	1.338	728	403	1.813	4.282
<b>Free cash flow</b>	<b>36</b>	<b>-17</b>	<b>-7</b>	<b>-4</b>	<b>7</b>
Additions to intangible assets and property, plant and equipment	13	11	4	0	28
Amortization	2	6	3	1	11
Depreciation PP&E	47	10	6	1	64
Depreciation right of use assets	4	3	2	3	12

1) On October 1, 2019, OSRAM made minor organizational changes involving reclassification between the reportable segments (OS, AM, DI, CIE)

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

# Consolidated statement of income (continuing operations)<sup>1)</sup> (unaudited)

	Three months ended Dec 31	Three months ended Dec 31
in (€m)	<b>2019</b>	<b>2018</b>
<b>Revenue</b>	<b>873</b>	<b>828</b>
Cost of goods sold and services rendered	-617	-601
Gross profit	256	227
Research and development expenses	-88	-94
Marketing, selling and general administrative expenses	-163	-142
Other operating income	7	8
Other operating expense	-1	-2
Income (loss) from investments accounted for using the equity method, net	-1	0
Interest income	1	0
Interest expense	-5	-2
Other financial income (expense), net	-3	-1
<b>Income (loss) before income taxes OSRAM (continuing operations)</b>	<b>1</b>	<b>-7</b>
Income taxes	0	2
<b>Income (loss) OSRAM (continuing operations)</b>	<b>1</b>	<b>-5</b>
Income (loss) from discontinued operation, net of tax	-4	-80
<b>Net income (loss)</b>	<b>-2</b>	<b>-84</b>
Attributable to:		
Non-controlling interests	-10	-4
Shareholders of OSRAM Licht AG	7	-81
Basic earnings per share (in €)	0.08	-0.83
Diluted earning per share (in €)	0.08	-0.83
Basic earnings per share (in €) OSRAM (continuing operations)	0.12	-0.01
<b>Diluted earning per share (in €) OSRAM (continuing operations)</b>	<b>0.12</b>	<b>-0.01</b>

1) There was a change in presentation affecting the consolidated statement of income at the start of fiscal year 2020, because the application engineering function in the OS Segment has been assigned to sales since that date, having previously been classified as research and development. FY19 was restated accordingly.

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

in (€m)	Three months ended Dec 31 <b>2019</b>	Three months ended Dec 31 <b>2018</b>
<b>Net income (loss)</b>	<b>-2</b>	<b>-84</b>
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plans	24	-8
<i>thereof: income tax</i>	-9	3
Measurements of equity instruments at fair value	0	0
<i>thereof: income tax</i>	0	0
<b>Items that may be reclassified subsequently to profit or loss</b>		
Currency translation differences	-22	14
Derivative financial instruments	5	3
<i>thereof: income tax</i>	-2	-1
	<b>-18</b>	<b>18</b>
<b>Other comprehensive income (loss), net of tax</b>	<b>6</b>	<b>9</b>
<b>Total comprehensive income (loss)</b>	<b>4</b>	<b>-75</b>
Attributable to:		
Non-controlling interests	-10	-4
Shareholders of OSRAM Licht AG	14	-72

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

	As of Dec 31	As of Sep 30		As of Dec 31	As of Sep 30
in (€m)	2019	2019	in (€m)	2019	2019
<b>Assets</b>			<b>Liabilities and equity</b>		
<b>Current Assets</b>			<b>Current liabilities</b>		
Cash and cash equivalents	198	310	Short-term debt and current maturities of long-term debt	492	539
Trade receivables	537	558	Trade payables	505	548
Other current financial assets	37	29	Other current financial liabilities	106	113
Contract assets	7	9	Current contract liabilities	22	14
Inventories	715	692	Current provisions	69	69
Income tax receivables	21	21	Income tax payables	66	65
Other current assets	102	113	Other current liabilities	332	347
Assets held for sale	-	93	Liabilities associated with assets held for sale	-	90
<b>Total current assets</b>	<b>1,618</b>	<b>1,824</b>	<b>Total current liabilities</b>	<b>1,591</b>	<b>1,786</b>
Goodwill	182	186	Long-term debt	291	120
Other intangible assets	261	273	Pension plans and similar commitments	143	167
Property, plant and equipment	1,444	1,493	Deferred tax liabilities	16	17
Right of use assets	224	-	Provisions	32	33
Investments accounted for using the equity method	55	56	Other financial liabilities	27	27
Other financial assets	34	25	Contract liabilities	1	1
Deferred tax assets	405	410	Other liabilities	92	102
Other assets	58	70	<b>Total liabilities</b>	<b>2,194</b>	<b>2,252</b>
<b>Total assets</b>	<b>4,282</b>	<b>4,335</b>	<b>Equity</b>		
			Common stock, no par value	97	97
			Additional paid-in capital	1,668	1,672
			Retained earnings	288	255
			Other components of equity	62	79
			Treasury shares, at cost <sup>1)</sup>	-94	-99
			<b>Total equity attributable to shareholders of OSRAM Licht AG</b>	<b>2,022</b>	<b>2,004</b>
			Non-controlling interests	66	79
			<b>Total equity</b>	<b>2,088</b>	<b>2,083</b>
			<b>Total liabilities and equity</b>	<b>4,282</b>	<b>4,335</b>

1) As of December 31, 2019 OSRAM held 2,664,388 treasury shares (September 30, 2019: 2,796,275 shares).

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

in (€m)	Three months ended Dec 31 2019	Three months ended Dec 31 2018	in (€m)	Three months ended Dec 31 2019	Three months ended Dec 31 2018
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Net income (loss)	-2	-84	Additions to intangible assets and property, plant and equipment	-28	-105
Adjustments to reconcile net income (loss) to cash provided			Acquisitions, net of cash and cash equivalents acquired	-4	-
Income (loss) from discontinued operation, net of tax	4	80	Purchases of investments	-2	-5
Amortization, depreciation, and impairments	87	73	Proceeds and payments from sales of investments, intangible assets, and property, plant and equipment	2	1
Income taxes	0	-2	Proceeds and payments from the sale of business activities, net cash disposed of	-10	-
Interest (income) expense, net	5	2	<b>Net cash provided by (used in) investing activities - OSRAM (continuing operations)</b>	<b>-42</b>	<b>-109</b>
(Gains) losses on sales and disposals of businesses, intangible assets, and property, plant and equipment, net	0	0	Net cash provided by (used in) investing activities discontinued operation	-	-4
(Income) loss from investments	3	0	<b>Net cash provided by (used in) investing activities - OSRAM Licht Group (total)</b>	<b>-42</b>	<b>-113</b>
Other non-cash (income) expenses	1	3	<b>Cash flows from financing activities</b>		
Change in current assets and liabilities			Repayment of long-term debt	-8	-8
(Increase) decrease in inventories	-32	-81	Change in short-term debt and other financing activities	-106	38
(Increase) decrease in trade receivables	14	82	Interest paid	-4	-1
(Increase) decrease in other current assets	8	-2	Dividends paid to non-controlling interests	-3	-
Increase (decrease) in trade payables	-29	-19	<b>Net cash provided by (used in) financing activities - OSRAM (continuing operations)</b>	<b>-121</b>	<b>29</b>
Increase (decrease) in current provisions	1	0	Net cash provided by (used in) financing activities discontinued operation	-	-
Increase (decrease) in other current liabilities	-21	-30	<b>Net cash provided by (used in) financing activities - OSRAM Licht Group (total)</b>	<b>-121</b>	<b>29</b>
Change in other assets and liabilities	3	0	Effect of exchange rates on cash and cash equivalents	-1	2
Income taxes paid	-7	-16	Net increase (decrease) in cash and cash equivalents	-128	-90
Dividends received	0	-	Cash and cash equivalents at beginning of period	327	333
Interest received	0	0	<b>Cash and cash equivalents at end of period (consolidated statement of financial position)</b>	<b>198</b>	<b>243</b>
<b>Net cash provided by (used in) operating activities - OSRAM (continuing operations)</b>	<b>35</b>	<b>5</b>			
Net cash provided by (used in) operating activities discontinued operation	-	-12			
<b>Net cash provided by (used in) - OSRAM Licht Group (total)</b>	<b>35</b>	<b>-7</b>			