

OSRAM with a solid start into FY18

Q1 FY18 Earnings Release (unaudited figures)

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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.

Continuing growth momentum and good profitability

Statement from the CEO



First quarter highlights

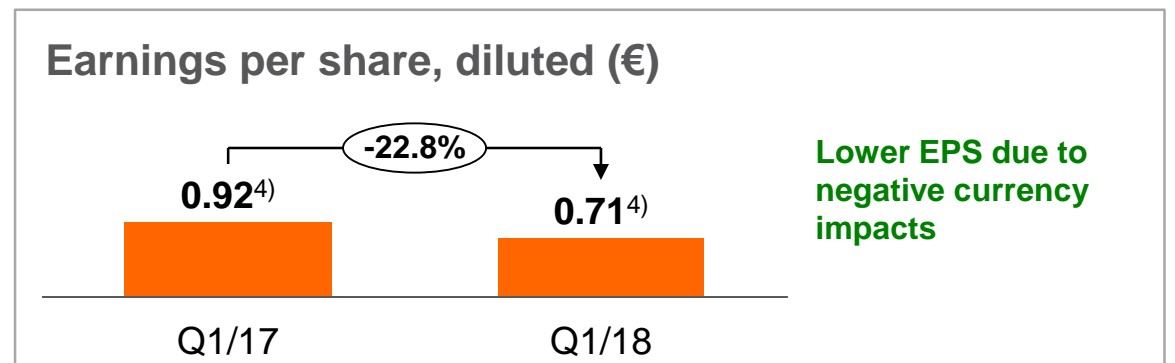
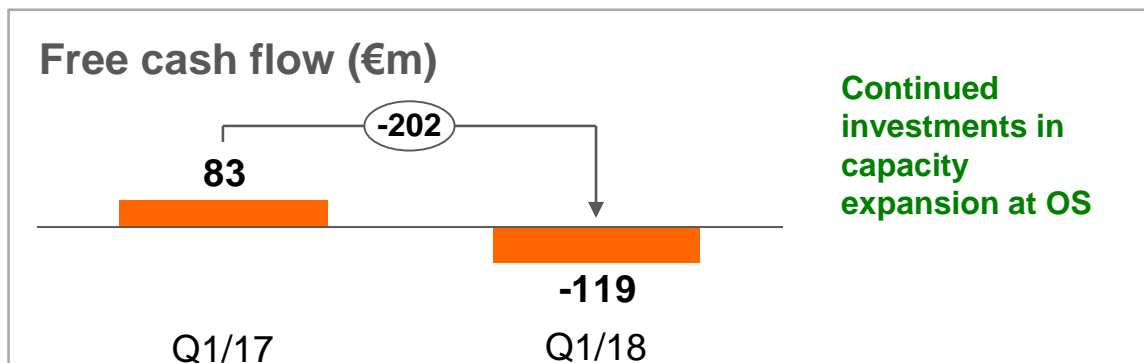
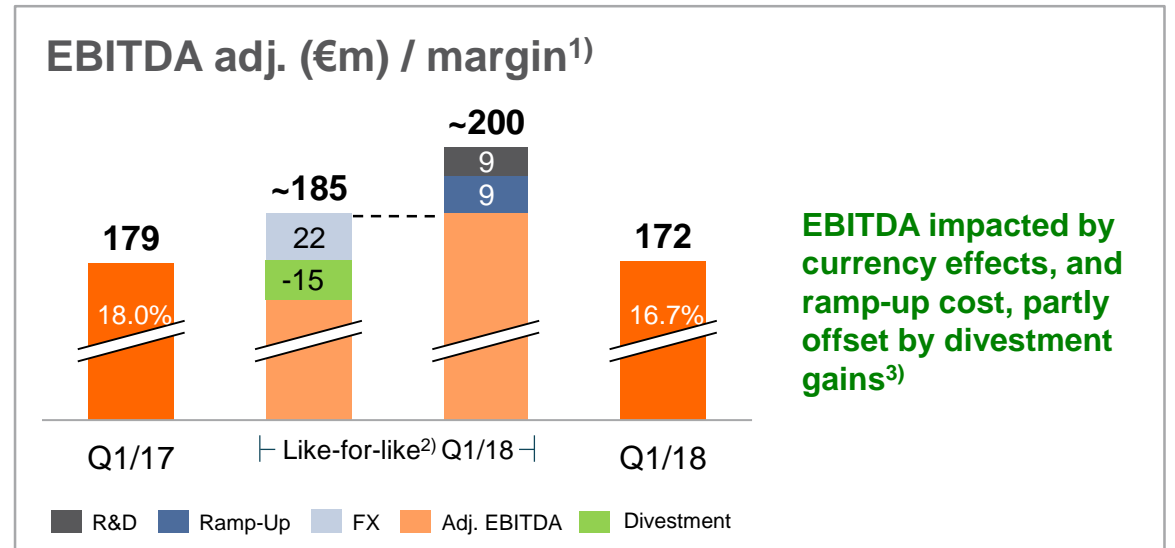
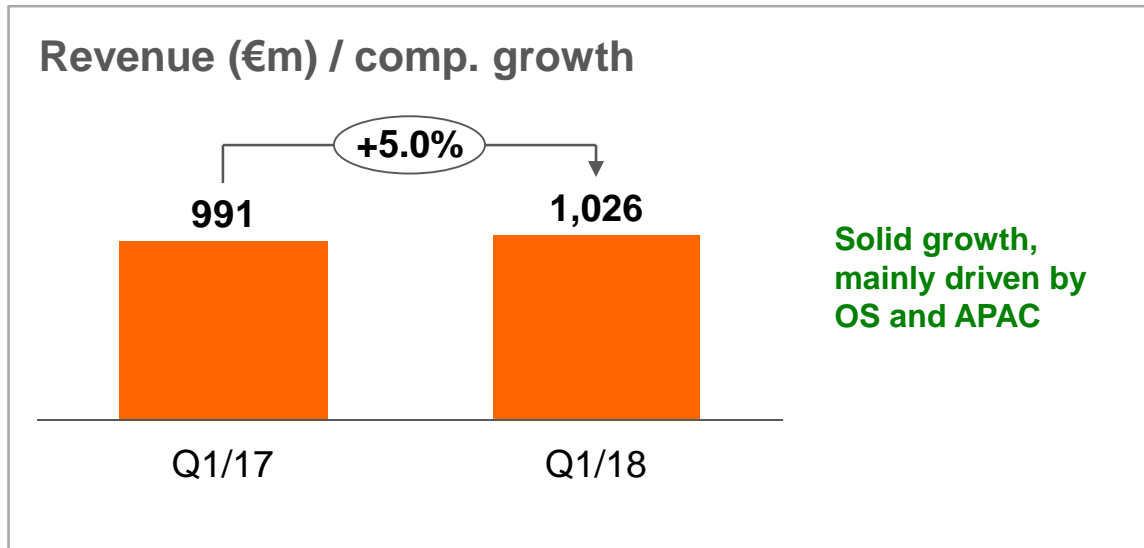
- Revenue of **€1,026m**; comp. growth of **5.0%**, driven by OS
- Adjusted EBITDA margin of **16.7%**
- Our Kulim ramp-up plan is well on track

“We had a **solid** start into fiscal year 2018. As initially indicated back in November, investments in the future as well as headwind from currency trends are dominant factors in 2018. Nevertheless we managed to grow while remaining **highly profitable**. From today’s perspective we expect to gain more speed in the second half of the ongoing fiscal year.

Highlights of the first quarter were the successful opening and start of production in our plant in Kulim. In Las Vegas we showcased a number of innovative technologies at the Consumer Electronics Show in January.

We are **well on track** with our growth strategy.”

First quarter results reflect increase in innovation expenses and negative currency impacts

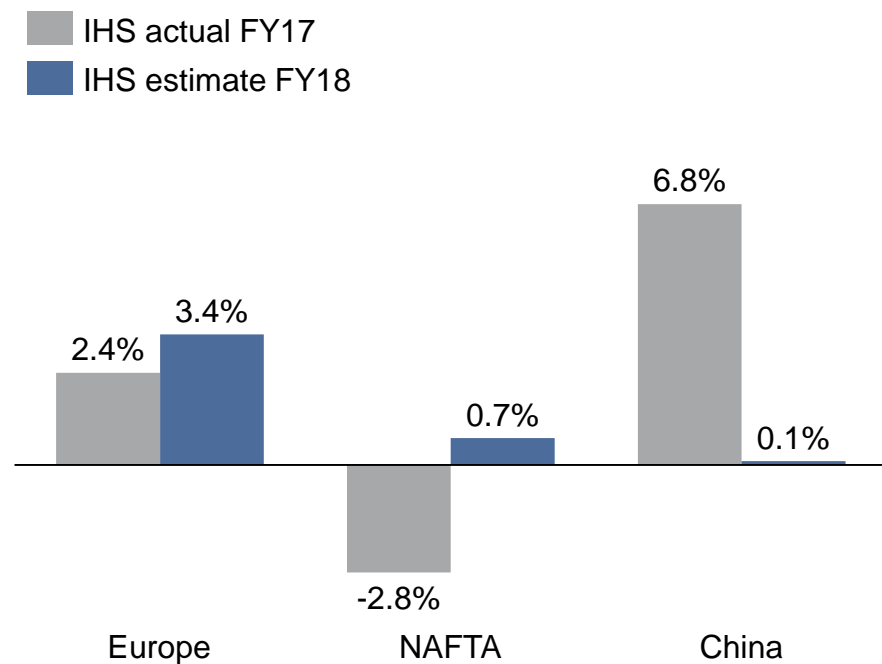


¹⁾ Adjustment for special items (S.I.) includes e.g. transformation costs, substantial legal and regulatory matters, and costs related to mergers and acquisitions activities.

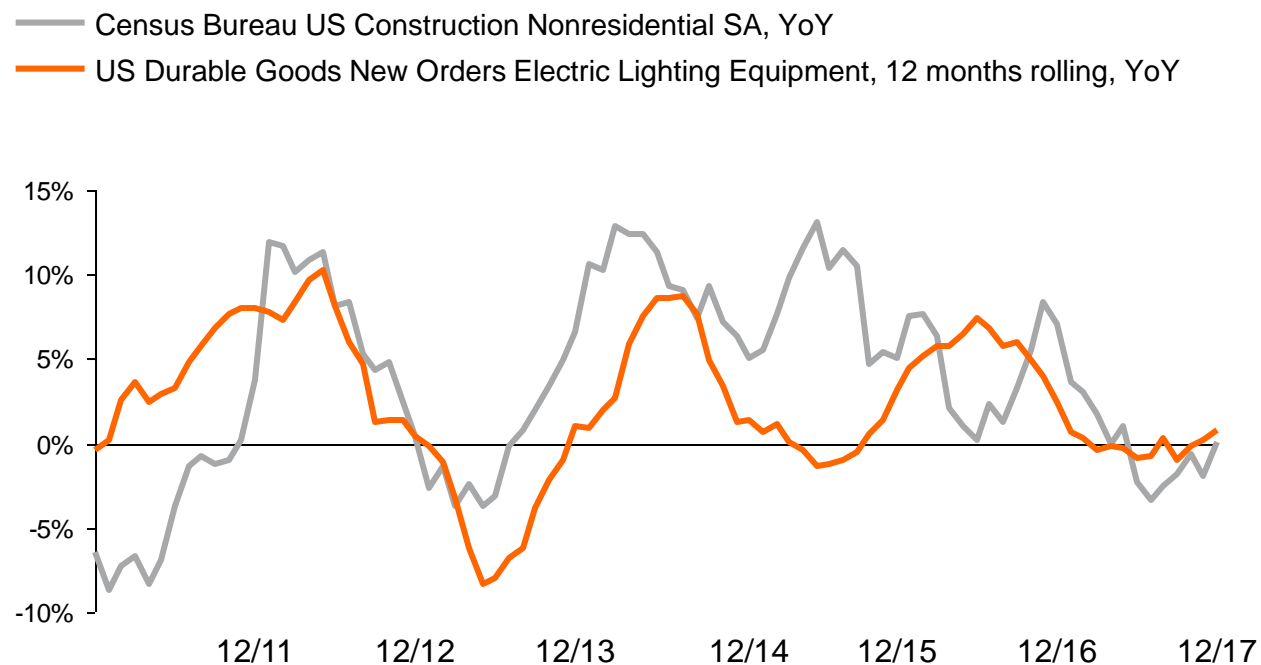
²⁾ Estimated adj. EBITDA based on ramp-up, FX effects and R&D (approx.). ³⁾ Divestment of Process Heat business (part of SP). ⁴⁾ Adjusted EPS, diluted in Q1/17 = €0.87; in Q1/18 = €0.84.

Current business environment

Growth of light vehicle production YoY



US nonresidential construction and electric lighting orders



Source: IHS report 01/2018 calendar year figures recalculated according to OSRAM fiscal year.

OSRAM presents innovative technologies at CES – Production in Kulim on track

Successful ramp-up in Kulim



Consumer Electronics Show, Las Vegas



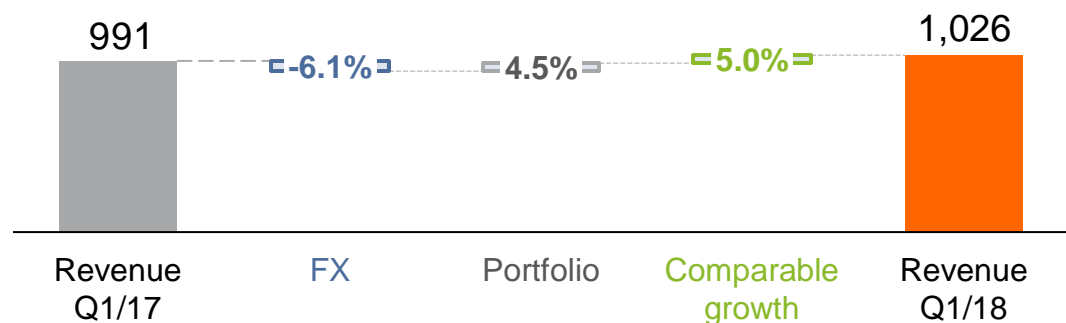
Summary financial performance: Growth continues, FX impacts financials

- Q1 FY18 **comparable revenue growth** at **5%**
- **Revenue growth continues** for OS and SP; Market environment for LSS remains challenging
- Q1 FY18 adjusted EBITDA @ **16.7%**; **FX** with negative impact of **110bps** YoY
- **Free Cash Flow** negative with €119m: high capital expenditures at OS as capacity ramp-up continues
- **Special Items** in Q1 FY18 EBITDA at €-15m; Special Items in FY18 EBITDA still expected between €-70m - €-80m in line with guidance
- Q1 FY18 **reported EPS** at 71 Eurocents; **adjusted EPS** at 84 Eurocents

Strong EUR impacts nominal growth rates of all segments

Revenue (€m)

OSRAM Group: Revenue bridge Q1 FY18 YoY



Comments

- Foreign exchange (FX) impacts largely driven by appreciation of EUR against USD – EUR/USD @ 1.19 vs. 1.08 in Q1/17
- Portfolio effect related to M&A activities (Digital Lumens, Maneri-Agraz, LED Engin) plus business with LEDVANCE
- All regions growing; double-digit growth in APAC for OS and LSS

Revenue growth Q1 FY18

	Nom. growth	FX	Portfolio	Comp. growth
Opto Semiconductors	5.9%	-6.6%	1.4%	11.1%
Specialty Lighting	-4.2%	-5.8%	0.1%	1.5%
Lighting Solutions & Systems	-2.6%	-5.2%	5.0%	-2.4%

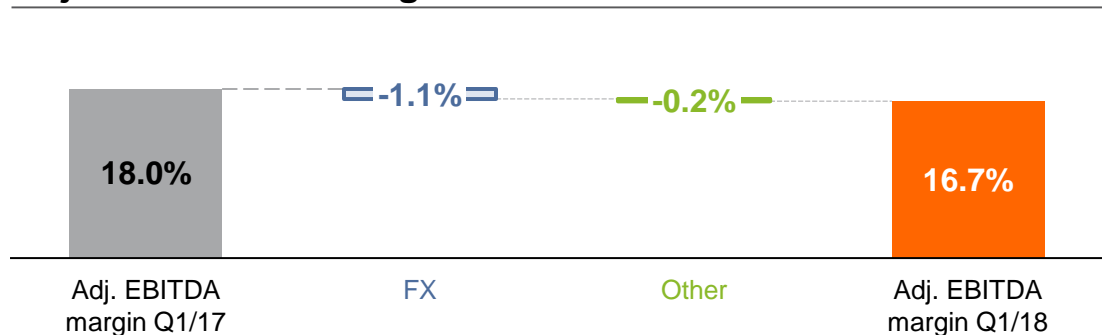
Regional split Q1 FY18



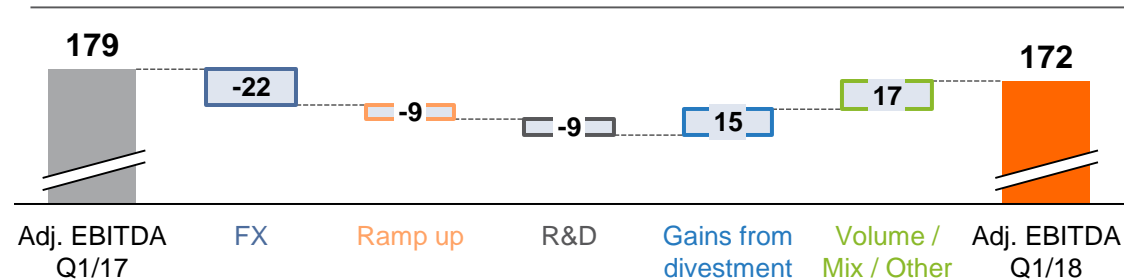
Margin development impacted by FX, ramp-up costs and R&D expenses

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

Adjusted EBITDA margin¹⁾ Q1 FY18 YoY



Adjusted EBITDA Q1 FY18 YoY



Adjusted EBITDA margin Q1 FY18

	Adj. EBITDA margin	FX impact YoY
Opto Semiconductors	25.0%	-1.5%
Specialty Lighting	17.0%	-1.5%
Lighting Solutions & Systems	-1.6%	-0.2%

Comments

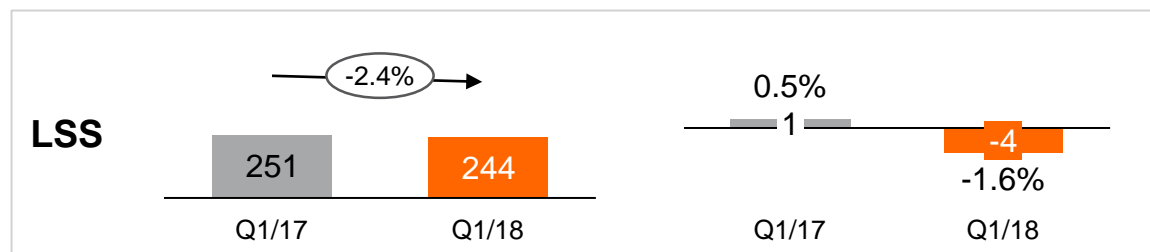
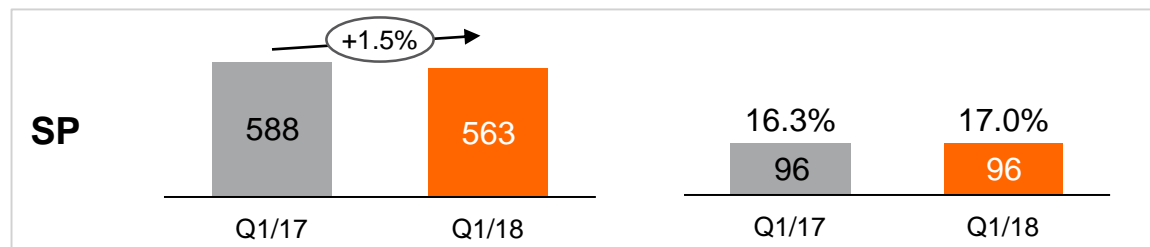
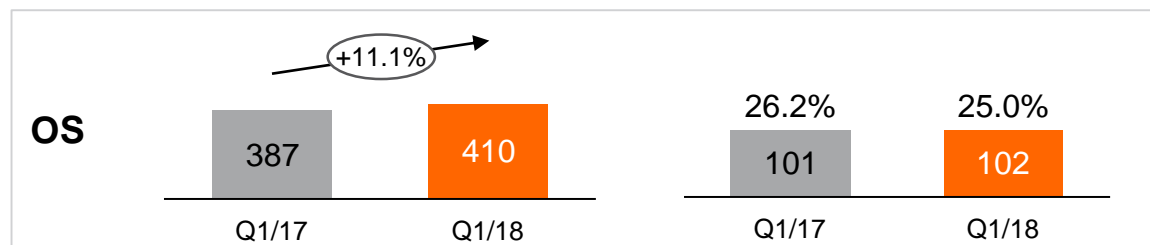
- Adjusted EBITDA margin below previous year quarter: FX, ramp-up costs and R&D expenses
- EUR/USD @ 1.19 in Q1/18 vs. 1.08 in Q1/17
- Volume / Mix and gains from the sale of a small business partly compensate the negative effects
- Adjusted EBITDA in corporate items of €-23m
- Special Items of €-15m

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

Segments: Key financials Q1 FY18

Revenue (€m) / Comp. growth (%)

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



Comments

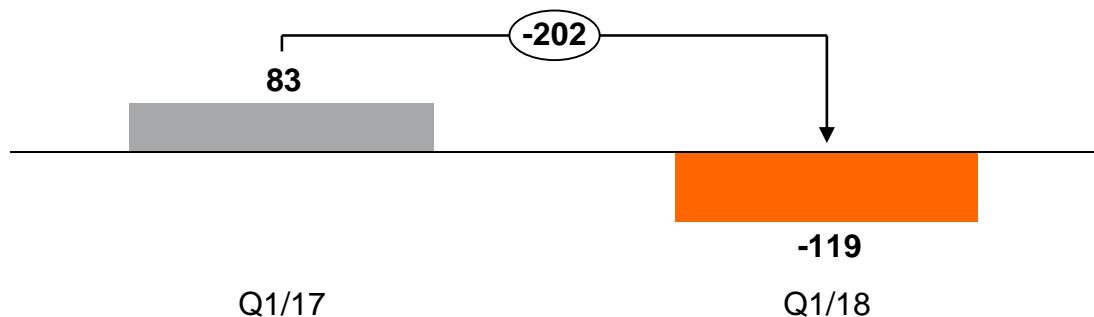
- **OS**
 - Double-digit growth continues, strong quarter for General Lighting (GL)
 - High profitability despite negative impacts from FX and ramp-up costs; innovation spend higher to support GL and Infrared growth plans
 - Production ramp-up in Kulim on track
- **SP**
 - SP growth driven by solid aftermarket performance; traditional light sources with low double-digit decline, offset by growth in LED (Components & Modules)
 - Profitability above PYQ; positive one-time effect from divestment of small non-strategic activity compensates negative FX impacts
- **LSS**
 - Challenging business development continues (US, EMEA)
 - Adj. EBITDA influenced by lack of growth and elevated price competition in traditional ballast business
 - Structural cost measures in progress

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

Free cash flow reflects ongoing capacity investment at OS

Free Cash Flow / Asset Management / Net Liquidity (€m)

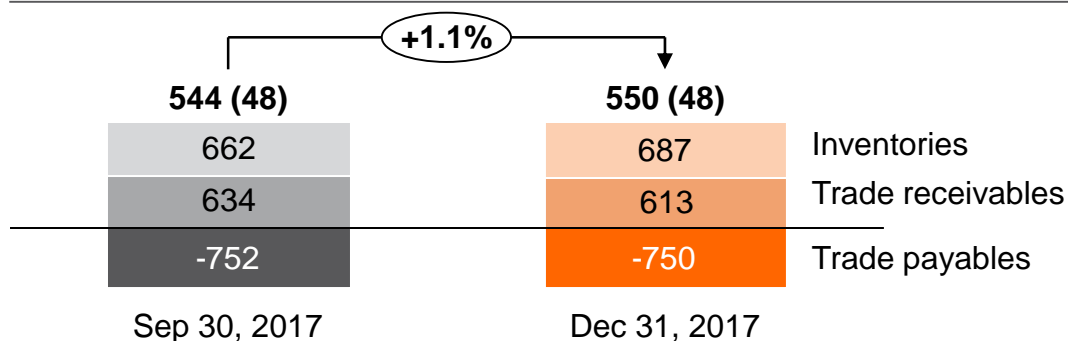
Free cash flow¹⁾ Q1 FY18 YoY



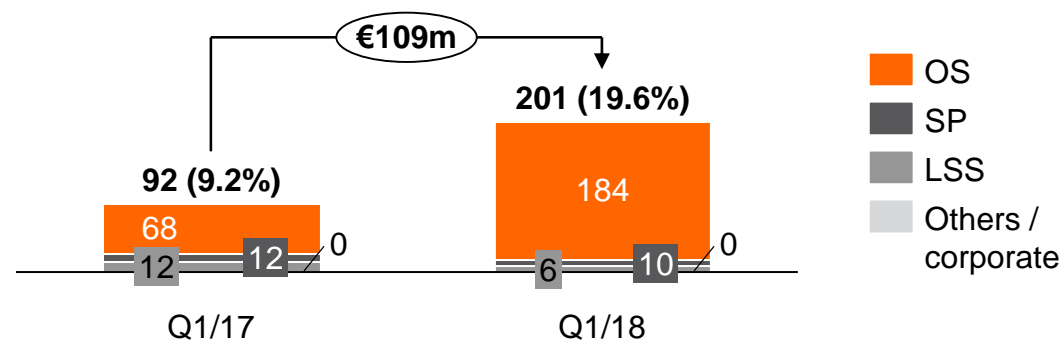
Comments

- First quarter cash flow negative as expected, resulting from higher capital expenditures, mainly Kulim and Regensburg
- Net working capital days outstanding stable

Net working capital (days outstanding²⁾) Q1 FY18



Capital expenditure (percent of revenue) Q1 FY18 YoY



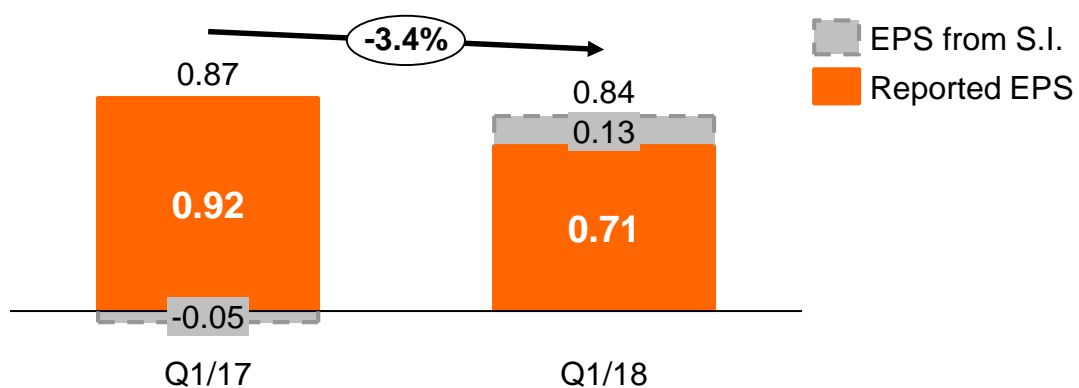
¹⁾ Defined as net cash provided by (used in) operating activities less capital expenditure.

²⁾ Defined as operating net working capital divided by revenue (last twelve months) times 365 days.

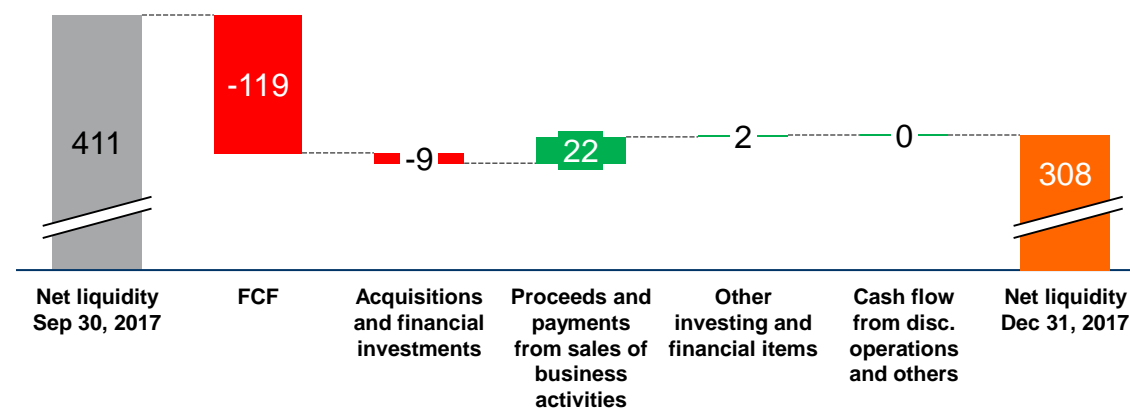
Reported EPS impacted by FX and Special Items

Earnings per share¹⁾ (€) / Net liquidity bridge (€m)

Adjusted EPS²⁾ Q1 FY18 YoY



Net liquidity bridge Q1 FY18



Comments

- Reported EPS of €0.71 below previous year quarter due to FX and Special Items
- Adjusted EPS only with moderate decline
- Tax rate at approx. 28%

Comments

- Net liquidity affected by capex driven negative free cash flow, but still on a high positive level
- Positive contribution to net liquidity from divestment of small non-strategic activity in our Specialty Lighting portfolio

¹⁾ Diluted.

²⁾ Adjustment for special items (S.I.) includes e.g. transformation costs, substantial legal and regulatory matters, and costs related to mergers and acquisitions activities.

Outlook for FY18: FX challenging adjusted EBITDA and EPS



Financial calendar and IR contact information

Upcoming events

- **March 7, 2018**
UBS Tech Conference, London, UK
- **March 20, 2018**
Light & Building, Frankfurt, Germany
- **March 26-28, 2018**
Roadshow Melbourne, Sydney & Singapore, Australia & Singapore

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Appendix

Key financial metrics (unaudited)

Group (€m)	Q1 FY17	Q1 FY18	Change (y-o-y)	
			nom.	comp.
Revenue	991	1,026	3.5%	5.0%
Gross margin	36.9%	34.2%	-270 bps	
R&D	-87	-97	11.4%	
SG&A	-163	-165	1.1%	
EBITA	141	104	-26.1%	
EBITA margin	14.3%	10.2%	-410 bps	
Adj. EBITA	132	120	-9.2%	
Adj. EBITA margin	13.4%	11.7%	-160 bps	
EBITDA	188	157	-16.7%	
EBITDA margin	18.9%	15.3%	-370 bps	
Adj. EBITDA	179	172	-4.0%	
Adj. EBITDA margin	18.0%	16.7%	-130 bps	
Financial result (including at-equity result)	-3	-0	-87.2%	
Income before income taxes	132	97	-26.2%	
Taxes	-39	-28	-29.7%	
Net income	92	70	-24.7%	
Diluted EPS in €	0.92	0.71	-22.8%	
Free cash flow	83	-119	-243.7%	
CAPEX	92	201	119.3%	
Net liquidity	259	308	18.9%	
Equity ratio	51.6%	58.2%	660 bps	
Employees (in thousands)	25.7	26.6	3.5%	

Segment overview (unaudited)

Q1 FY18 (€m)	OS	SP	LSS	CIE	OSRAM Licht Group
Revenue	410	563	244	-192	1,026
Change % vs. PY reported	5.9%	-4.2%	-2.6%		3.5%
Change % vs. PY comparable	11.1%	1.5%	-2.4%		5.0%
EBITA	68	81	-19	-27	104
EBITA margin	16.7%	14.5%	-7.7%		10.2%
EBITA before special items	68	84	-9	-23	120
EBITA margin before special items	16.7%	14.9%	-3.7%		11.7%
EBITDA	102	93	-13	-26	157
EBITDA margin	25.0%	16.6%	-5.4%		15.3%
Special items EBITDA	0	-3	-9	-3	-15
therein transformations costs	0	-2	-8	-3	-13
EBITDA before special items	102	96	-4	-23	172
EBITDA margin before special items	25.0%	17.0%	-1.6%		16.7%
Assets ¹⁾	1,073	724	320	2,142	4,260
Free cash flow	-129	41	-3	-28	-119
Additions to intangible assets and property, plant and equipment	184	10	6	0	201
Amortization	1	4	1	1	7
Depreciation	34	12	6	0	52

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	Three months ended December 31
	2017	2016
Revenue	1,026	991
Cost of goods sold and services rendered	-675	-626
Gross profit	350	365
Research and development expenses	-97	-87
Marketing, selling and general administrative expenses	-165	-163
Other operating income	20	20
Other operating expense	-10	0
Income (loss) from investments accounted for using the equity method, net	-1	0
Interest income	1	1
Interest expense	-2	-3
Other financial income (expense), net	2	0
Income before income taxes OSRAM (continuing operations)	97	132
Income taxes	-28	-39
Income OSRAM (continuing operations)	70	92
Income (loss) from discontinued operation, net of tax	-9	6
Net income	60	99
Attributable to:		
Non-controlling interests	1	1
Shareholders of OSRAM Licht AG	60	98
Basic earnings per share (in €)	0.62	0.99
Diluted earning per share (in €)	0.61	0.98
Basic earnings per share (in €) OSRAM (continuing operations)	0.71	0.92
Diluted earning per share (in €) OSRAM (continuing operations)	0.71	0.92

Consolidated statement of financial position (unaudited)

	As of December 31 2017	As of September 30 2017		As of December 31 2017	As of September 30 2017
Assets			Liabilities and equity		
Current Assets			Current liabilities		
Cash and cash equivalents	504	609	Short-term debt and current maturities of long-term debt	16	16
Available-for-sale financial assets	2	2	Trade payables	750	752
Trade receivables	613	634	Other current financial liabilities	40	29
Other current financial assets	55	44	Current provisions	73	75
Inventories	687	662	Income tax payables	97	99
Income tax receivables	35	35	Other current liabilities	319	309
Other current assets	137	112	Liabilities associated with assets classified as held for sale	-	0
Assets held for sale	-	2	Total current liabilities	1,295	1,280
Total current assets	2,032	2,100	Long-term debt	182	184
Goodwill	150	148	Pension plans and similar commitments	149	150
Other intangible assets	143	142	Deferred tax liabilities	4	10
Property, plant and equipment	1,532	1,396	Provisions	32	32
Investments accounted for using the equity method	66	66	Other financial liabilities	9	10
Other financial assets	13	13	Other liabilities	109	111
Deferred tax assets	274	314	Total liabilities	1,779	1,778
Other assets	50	59	Equity		
Total assets	4,260	4,238	Common stock, no par value	105	105
			Additional paid-in capital	2,031	2,035
			Retained earnings	725	699
			Other components of equity	-2	5
			Treasury shares, at cost	-387	-392
			Total equity attributable to shareholders of OSRAM Licht AG	2,472	2,452
			Non-controlling interests	9	8
			Total equity	2,481	2,460
			Total liabilities and equity	4,260	4,238

Consolidated statement of cash flows (unaudited)

	Three months ended December 31	Three months ended December 31		Three months ended December 31	Three months ended December 31
	2017	2016		2017	2016
Cash flows from operating activities			Cash flows from investing activities		
Net income	60	99	Additions to intangible assets and property, plant and equipment	-201	-92
Adjustments to reconcile net income (loss) to cash provided			Acquisitions, net of cash and cash equivalents acquired	-7	-52
Income (loss) from discontinued operation, net of tax	9	-6	Purchases of investments	-2	-8
Amortization, depreciation, and impairments	59	53	Proceeds and payments from sales of investments, intangible assets, and property, plant and equipment	5	27
Income taxes	28	39	Proceeds and payments from the sale of business activities	22	-
Interest (income) expense, net	1	2	Net cash provided by (used in) investing activities from continuing operations	-183	-124
(Gains) losses on sales and disposals of businesses, intangible assets, and property, plant and equipment, net	-15	-19	Net cash provided by (used in) investing activities from discontinued operation	-	-6
(Gains) losses on sales of investments, net	-	0	Net cash provided by (used in) investing activities - OSRAM (continuing operations)	-183	-130
(Income) loss from investments	1	0	Cash flows from financing activities		
Other non-cash (income) expenses	4	0	Purchase of treasury stock	-	-91
Change in current assets and liabilities			Proceeds from issuance of long-term debt	-	150
(Increase) decrease in inventories	-25	-12	Repayment of long-term debt	-2	-2
(Increase) decrease in trade receivables	15	21	Change in debt and other financing activities	1	13
(Increase) decrease in other current assets	-40	11	Interest paid	-1	-4
Increase (decrease) in trade payables	7	16	Net cash provided by (used in) financing activities - OSRAM (continuing operations)	-2	66
Increase (decrease) in current provisions	-5	-15	Net cash provided by (used in) financing activities from discontinued operation	-	-13
Increase (decrease) in other current liabilities	2	-7	Net cash provided by (used in) financing activities - OSRAM Licht Group (total)	-2	53
Change in other assets and liabilities	-4	0	Effect of exchange rates on cash and cash equivalents	-2	9
Income taxes paid	-16	-9	Net increase (decrease) in cash and cash equivalents	-105	35
Interest received	1	1	Cash and cash equivalents at beginning of period	609	559
Net cash provided by (used in) operating activities - OSRAM (continuing operations)	82	174	Cash and cash equivalents at the end of period	504	593
Net cash provided by (used in) operating activities from discontinued operation	0	-71	Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operation at end of period	-	115
Net cash provided by (used in) - OSRAM Licht Group (total)	82	103	Cash and cash equivalents at end of period (consolidated statement of financial position)	504	478