

OSRAM improves operating profitability – early COVID-19 response implemented

Q2 FY20 Earnings Release (preliminary, unaudited figures)

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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.

Good second quarter earnings – OSRAM braces for challenges ahead

Statement from the CEO



Q2 FY20 summary:

- Revenue of **€821m**
- Adjusted EBITDA margin of **11.7%**
- Positive free cash flow
- Decisive action taken to mitigate coronavirus impact

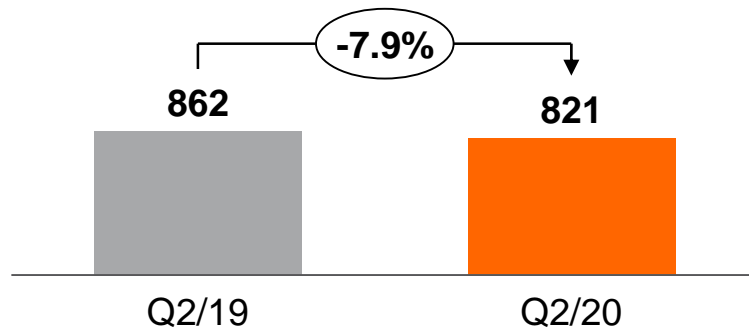
“After a robust start into the fiscal year, our second quarter results continued to show year-on-year improvements in operating profitability and free cash flow. Sales performance was impacted by COVID-19-related supply chain and demand disruptions especially towards the end of March.

OSRAM has reacted to the unfolding crisis with speed and determination. While we are confronted with low macroeconomic visibility and demanding day-to-day operations, the organization is pulling together to mitigate the financial impact.

At the same time, it is all the more important to continue on our strategic path towards long-term profitable growth. I am convinced that OSRAM will emerge strongly from this year’s challenges.”

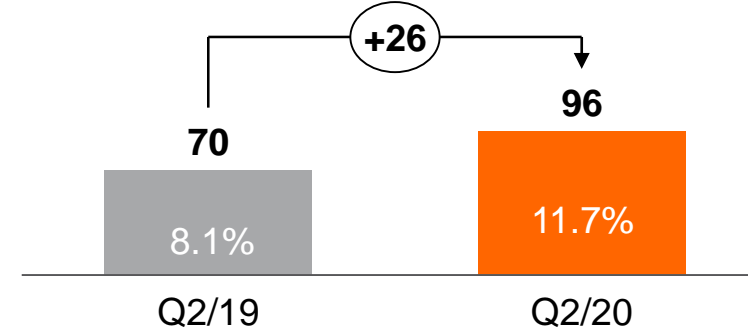
Good year-on-year improvement in profitability and cash flow despite COVID-19 impact on sales performance

Revenue (€m) / comp. growth



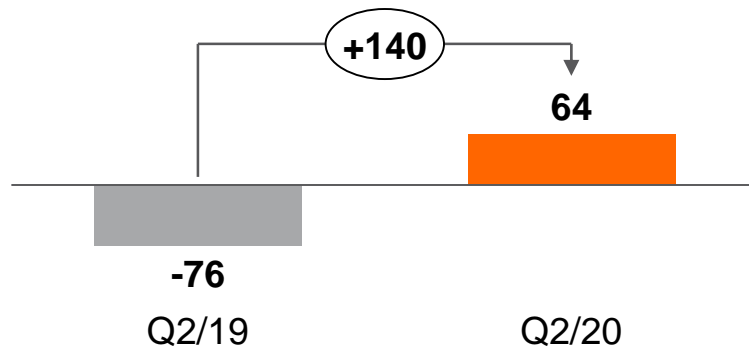
YoY decline due to supply chain disruptions in China and lower demand in the early stages of the pandemic

EBITDA adj. (€m) / margin



Profitability continued to benefit from performance measures

Free cash flow (€m)



Sharp swing in free cash flow driven by higher EBITDA and reduction of working capital

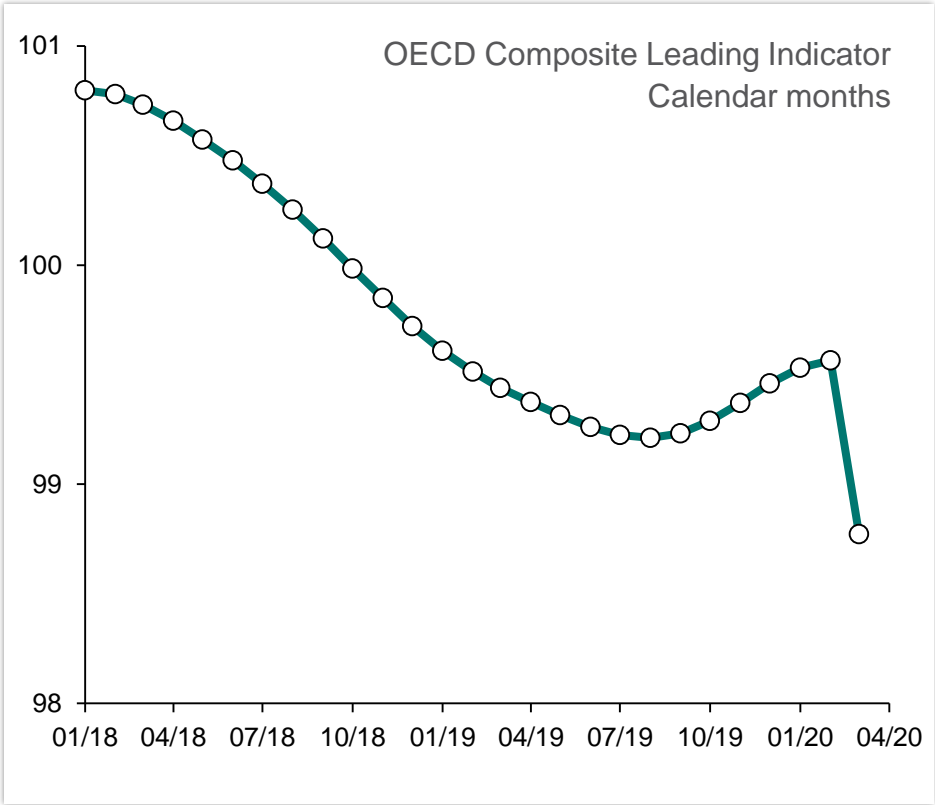
Comments:

- Slight comparable revenue decline at OS due to temporary closure of production in Wuxi, China
- DI sales hit hardest and earliest especially given exposure to entertainment and cinema markets
- Sharp profit improvement at OS overcompensates volume-driven decline at AM

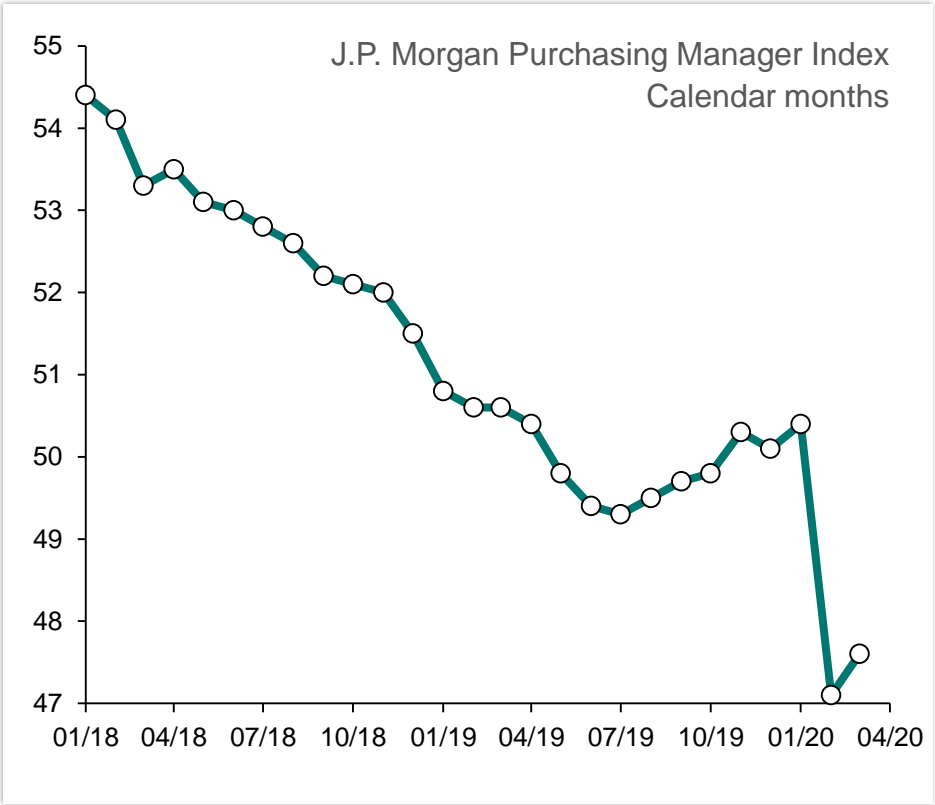
COVID-19 pandemic and resulting measures are leading to severe drop in economic climate – shape of recovery will be key



OECD Leading Indicator¹⁾




Global Manufacturing PMI²⁾



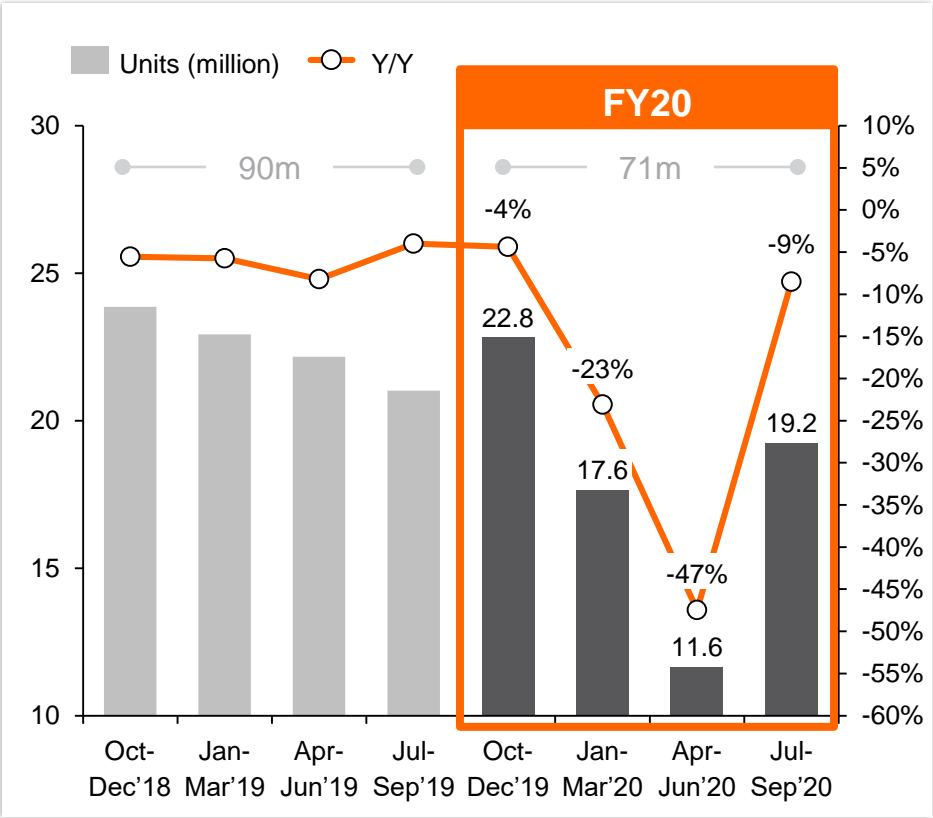
Sources: 1) OECD Composite Leading Indicator (CLI) as published on data.oecd.org
2) JP Morgan Purchasing Manager Index, J.P. Morgan and IHS Markit in cooperation with ISM und IFPSM

Car production disruptions and recession-induced demand drop will have a noticeable near-term impact

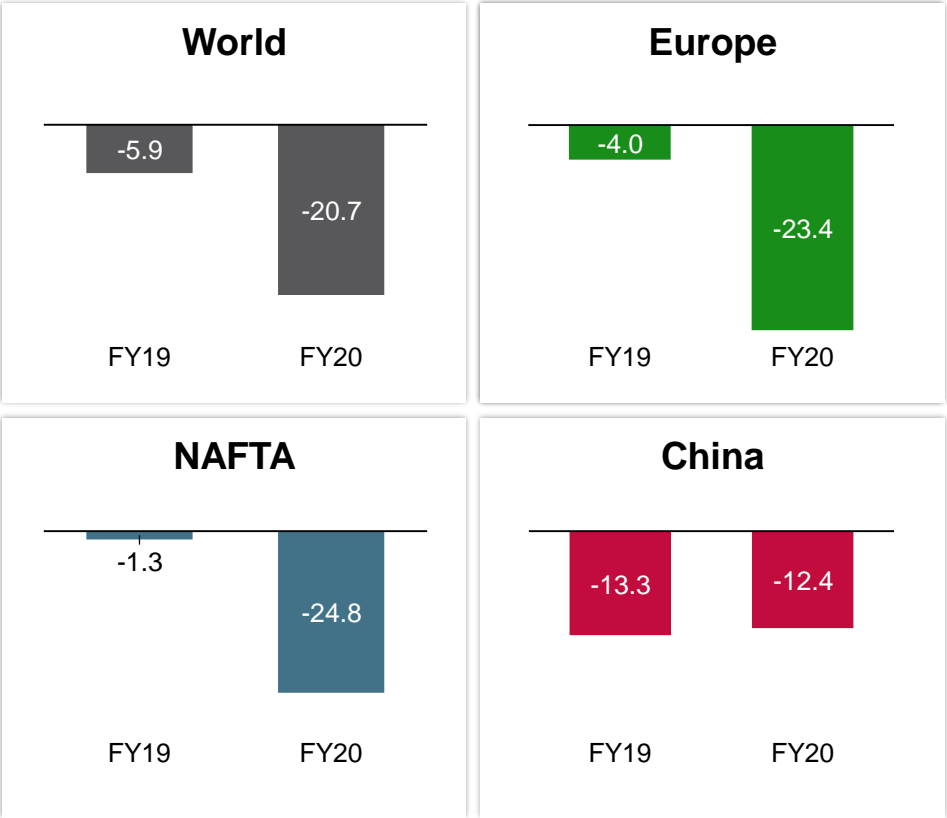
Automotive Market



Global light vehicle production by quarter



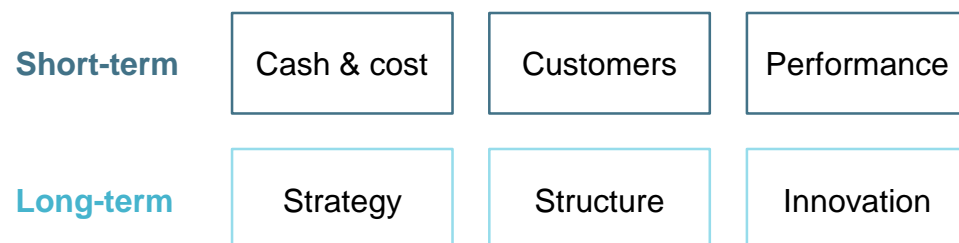
Light vehicle production by region (YoY, %)



Source: Light vehicle production forecast based on monthly IHS Data, fiscal year based. As of: April 27, 2020

COVID-19 countermeasures: Early and decisive with top-down leadership

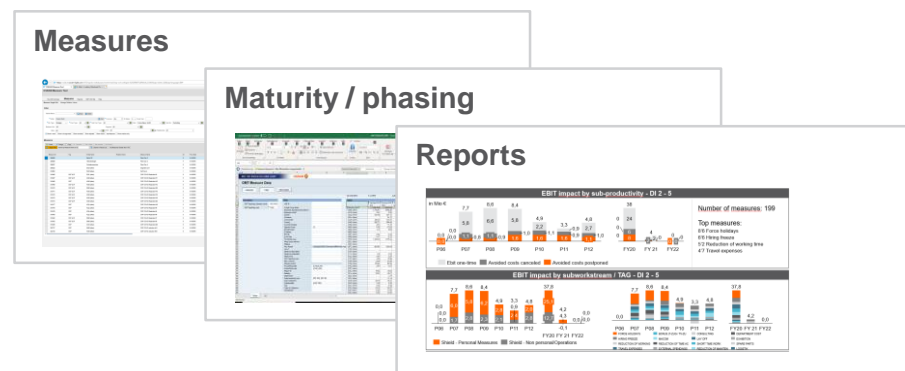
Clear action fields



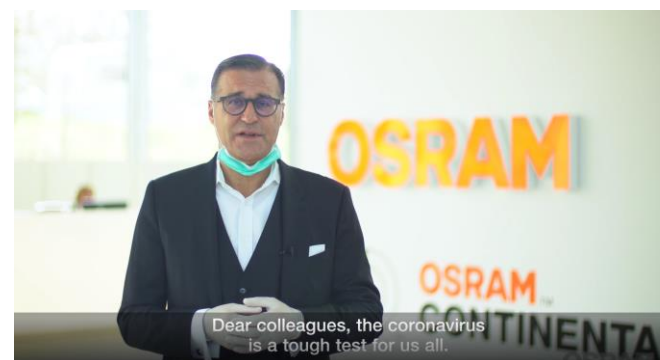
Detailed work packages

WORKFORCE: Cost Measures <ul style="list-style-type: none">1. Continue with hiring freeze (incl. replacements)2. Terminate temps, interns, externals3. Eliminate overtime & drive to zero/negative4. Require to take remaining FY19 & 1H vacation of FY205. Apply for „worker protection“ government program6. Accelerate restructuring where cost benefit is immediate	CUSTOMERS: Revenue & Receivables Measures <ul style="list-style-type: none">1. Decline any payment term extension request2. Collect all receivables & overdues (task force with KAM)3. Customer with overdues = no new shipments4. Customization: only "Make-to-Order" with pre-payment4a. Re-evaluate customer ratings on credit worthiness=ABC (e.g. overdues, payment extensions, bankruptcy risks)4b. For increased customer risk profile (outcome of 4a), require upfront payment (50-100%)5. Monitor distributor sell-through data to avoid stock-piling6. Work out a sell-off plan of existing inventory/products
OPERATIONS: BoM & Inventory Measures <ul style="list-style-type: none">1a. Evaluate Inventory (incl. transit) on Revenue potential1b. Track & review development of order-book / demand1c. If applicable: cancel pre-materials, ODM and EMS orders2. Re-assess supplier ratings, insolvency risks regarding payments; increase payment terms if possible3. CAPEX cut to absolute minimum	EXPENSES: Other Measures <ul style="list-style-type: none">1. Continue with travel ban (exception for customers)2. Cut Marketing expenses (fairs, samples, ads, ...)3. Cut variable expenses (e.g. car, subscriptions, ...)4. Stop / delay running contracts with consultants5. Cancel SLAs with partners where possible

Web-based performance measurement tool

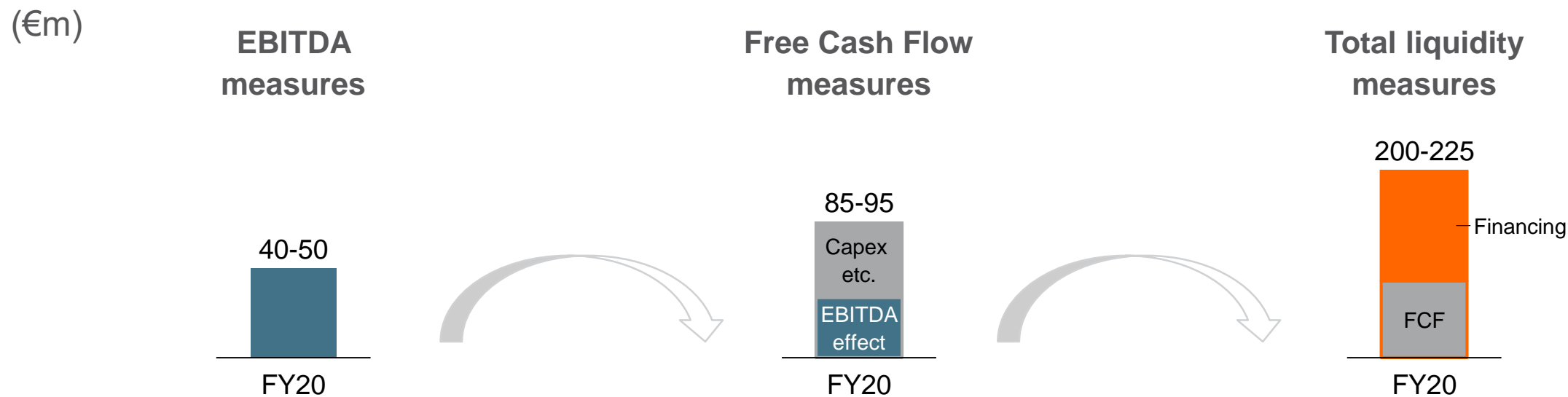
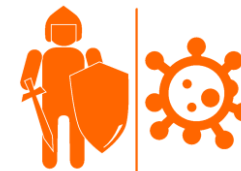


Communication & motivation



The OSRAM team is responding to this crisis with professionalism and resilience

Within weeks, SHIELD has led to gross savings and financing activities worth more than €200m until end of FY20



- Personnel-related measures (vacation and flex time reduction, short-time work, furlough, shifted/cancelled hiring)
- Operations-related measures
- Discretionary spending

Includes majority of EBITDA measures and further working capital & capex related activities:

- Investment reduction or postponement
- Accounts receivable management / factoring
- Inventory optimization

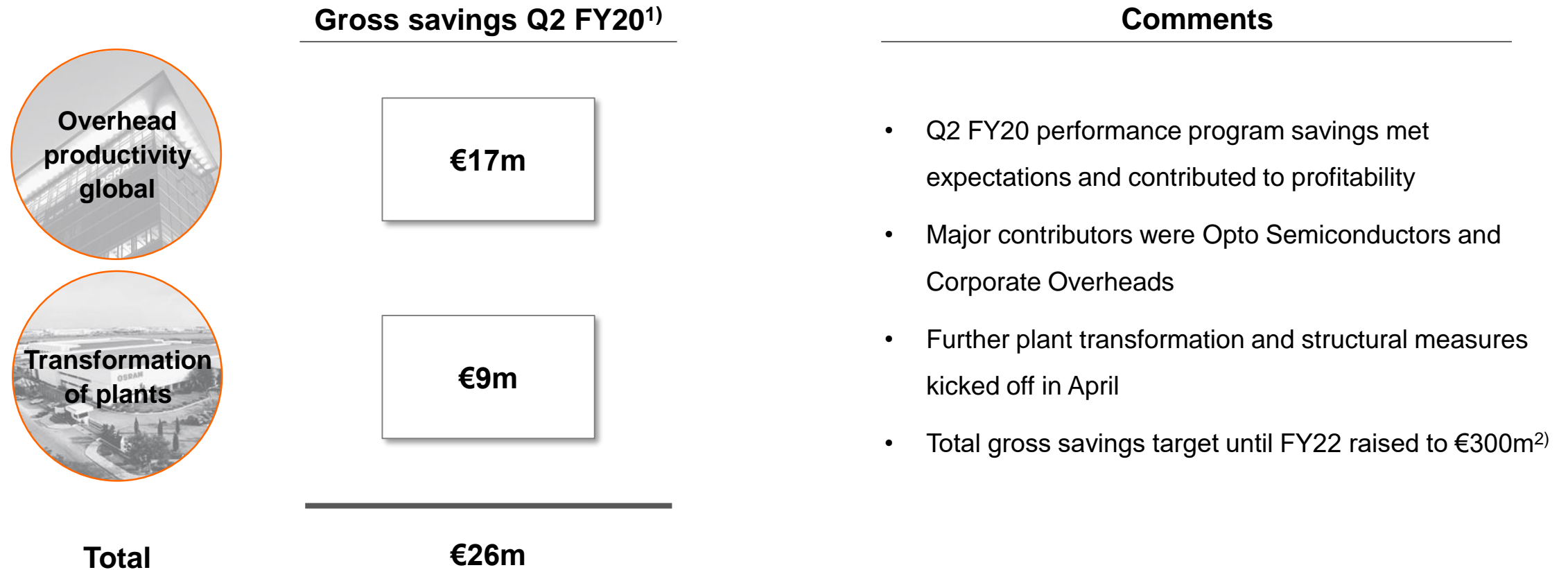
Includes FCF measures and further financing activities:

- Close communication with banks
- Optimized use and extension of credit facilities
- Weekly liquidity steering
- Further measures ready if needed

Impact measured against pre-crisis baseline/planning. EBITDA effect includes ~30m vs. prior year.

Total liquidity impact includes both permanent and one-off savings, as well as postponed cash-out (subject to re-assessment at the end of deferral period), and financing activities.

Existing performance programs are moving ahead with €300m total gross savings until FY22



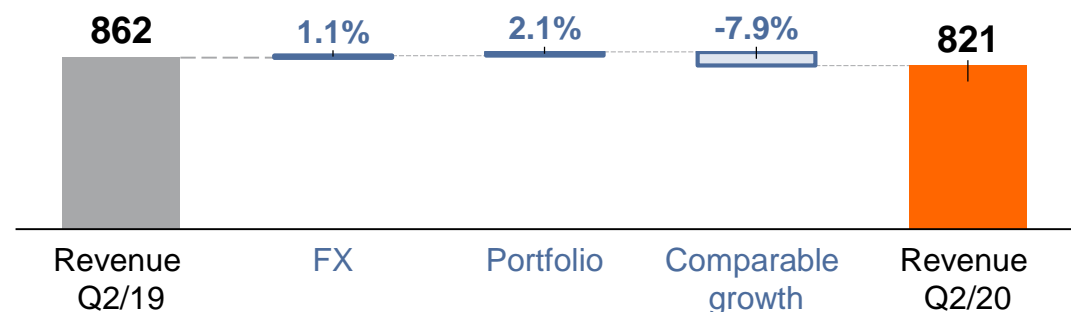
¹⁾ Gross savings compared to FY19 baseline

²⁾ For period between Q1 FY18 and Q4 FY22

Q2 FY20 revenue initially on track but COVID-19 starts to show effects

Revenue (€m) / Comp. growth (%)¹⁾

OSRAM Group: Revenue bridge Q2 FY20 YoY

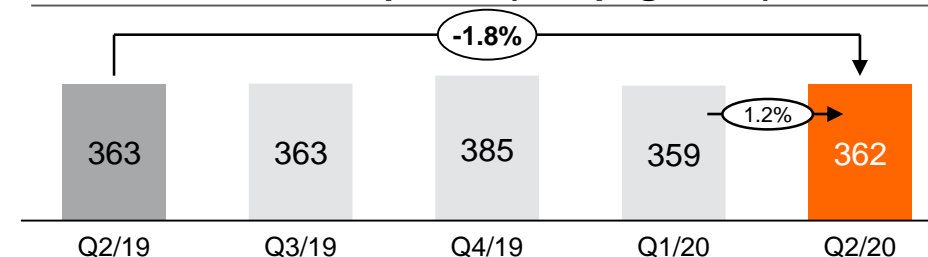


OSRAM Group: Revenue by Region Q2 FY20



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

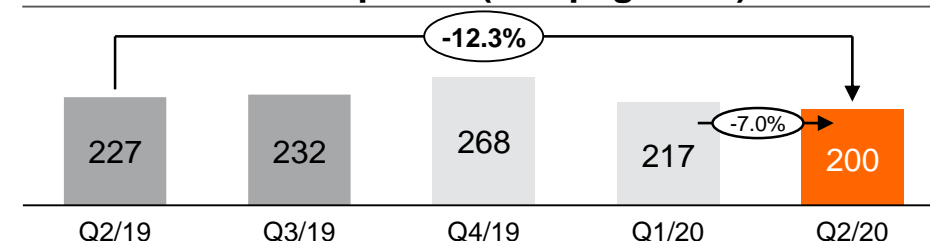
OS Revenue Development (comp. growth)



AM Revenue Development (comp. growth)



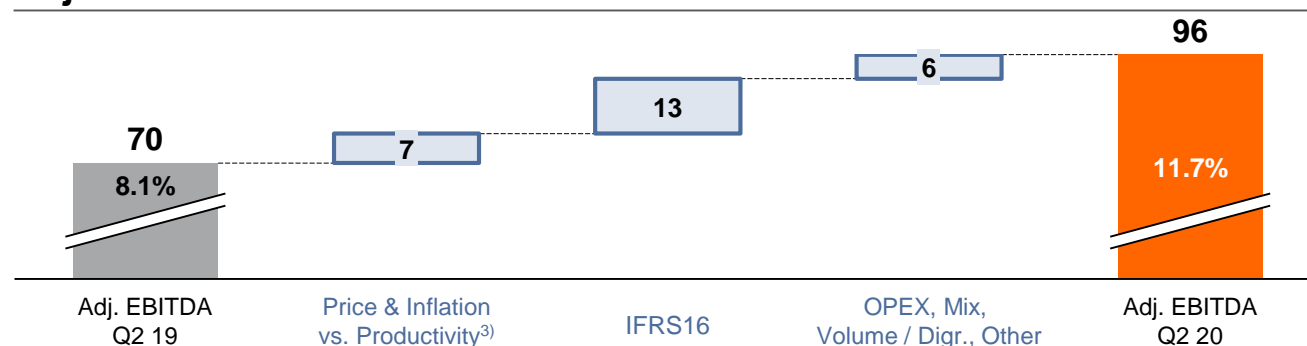
DI Revenue Development (comp. growth)



OS and DI with improved profitability; AM below prior year level

Adjusted EBITDA (€m) / Adjusted EBITDA Margin (%)¹⁾

Adjusted EBITDA²⁾ Q2 FY20 YoY



Comments

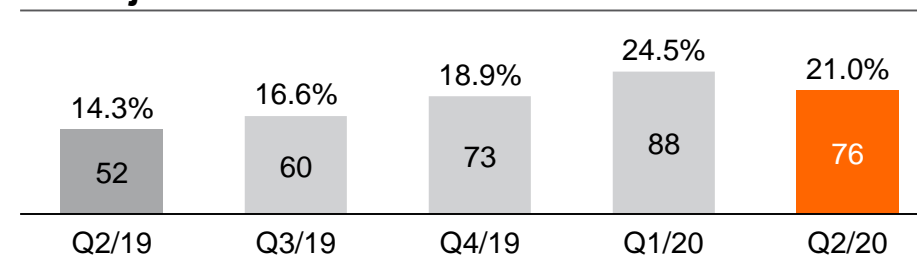
- Adj. EBITDA above prior year driven by OS as well as by savings from performance programs; application of IFRS16 with positive EBITDA effect of €+13m
- Adj. EBITDA in Corporate Items: €-12m
- EBITDA Special Items: €-46m (incl. €-45m personnel restructuring)
- Net Income: €-39m from continuing operations
- OS:** Increased EBITDA vs. PY driven by functional cost savings and product portfolio measures to improve profitability
- AM:** Profitability impacted by lower volume and higher OPEX vs. PY; productivity savings overcompensate negative price and inflation effects
- DI:** adj. EBITDA improvement despite lower volume driven by higher gross margin (mainly productivity savings) and reduced functional costs at DS

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

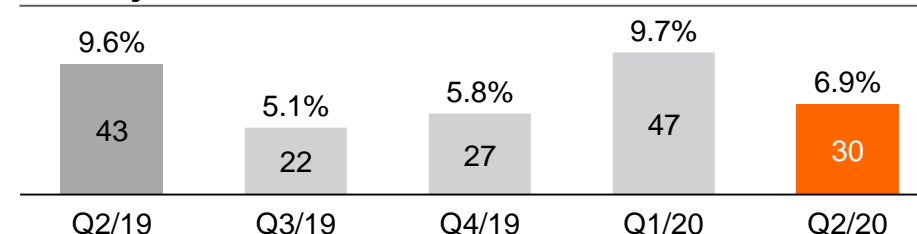
²⁾ Adjustment for special items (S.I.) includes a.o. transformation costs, substantial legal and regulatory matters, and costs related to mergers and acquisitions activities including the sale of subsidiaries, investments and other businesses.

³⁾ Related to COGS.

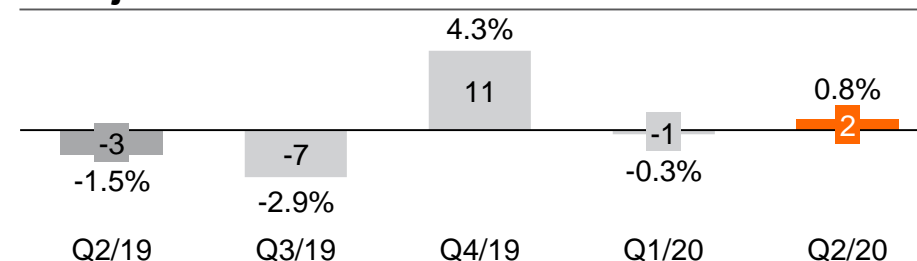
OS adjusted EBITDA



AM adjusted EBITDA



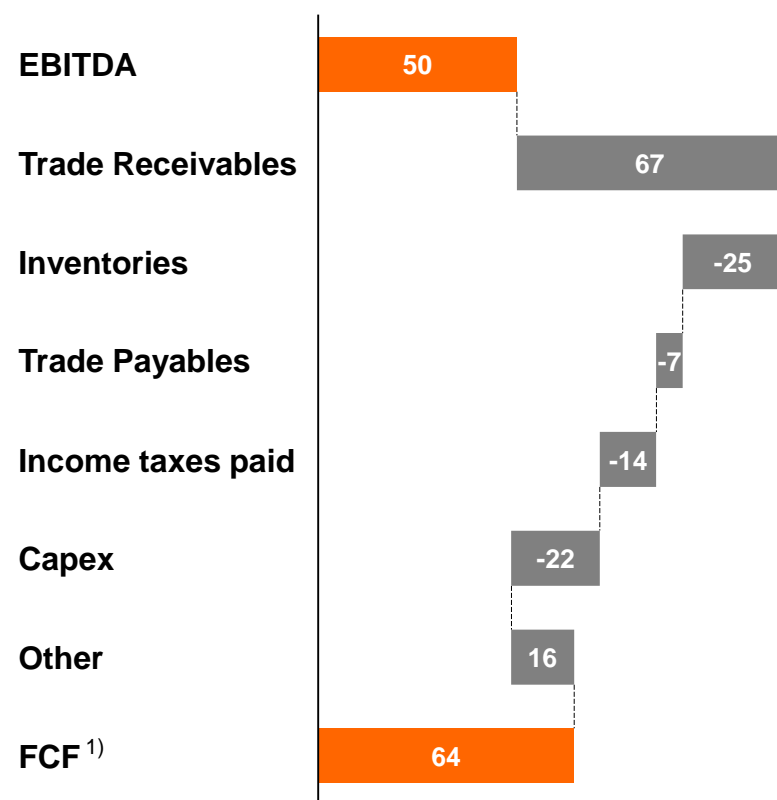
DI adjusted EBITDA



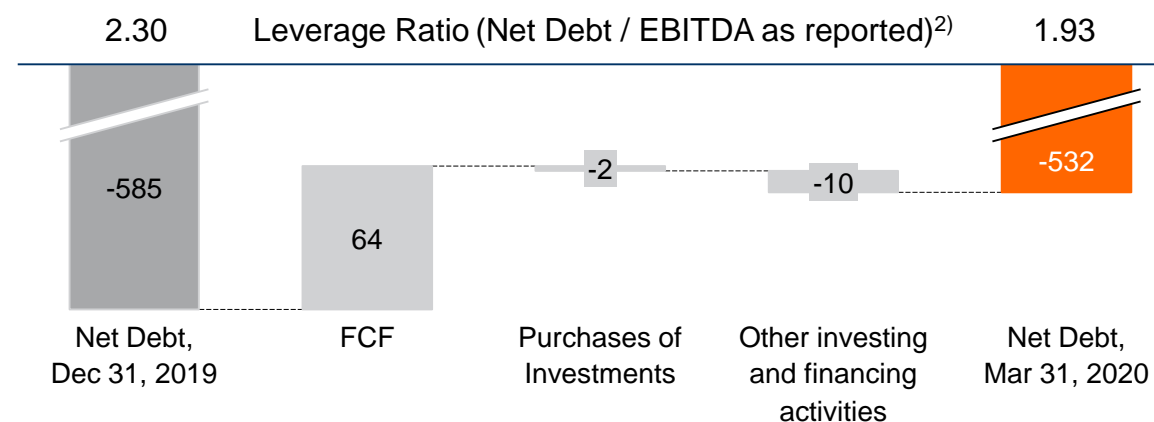
Positive Free Cash Flow

Free Cash Flow / Net Debt / Liquidity (€m)

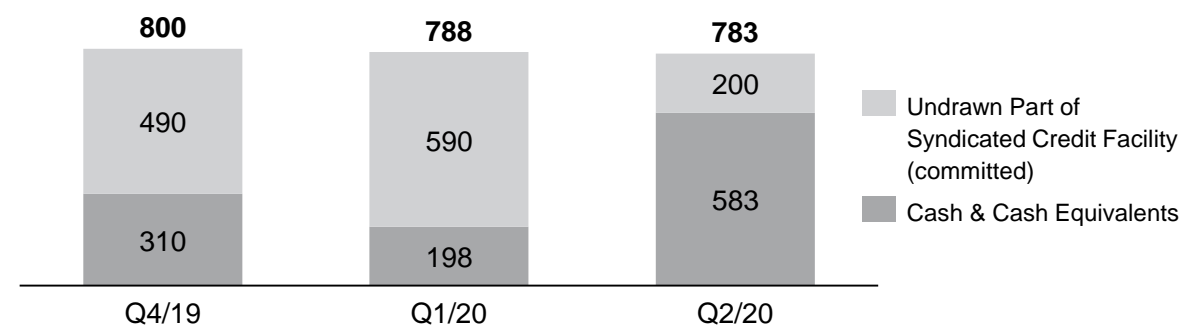
Free Cash Flow¹⁾ bridge Q2 FY20



Net debt bridge Q2 FY20



Cash and cash equivalents plus unused lines of credit



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

²⁾ PY EBITDA adjusted by IFRS16 lease effect

Appendix

Financial calendar and IR contact information

Upcoming events

- **May 11, 2020**
Interim Report for the first half of fiscal year 2020, Munich, Germany
- **May 13, 2020**
Virtual Roadshow
- **July 29, 2020**
Earnings release for the 3rd quarter of fiscal year 2020, Munich, Germany

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Key financial metrics (continuing operations)¹⁾ (preliminary, unaudited)

Group (€m)	Q2 FY20	Q2 FY19	Change (y-o-y)	
			nom.	-4.7 %
Revenue	821	862	comp.	-7.9 %
Gross margin	25.3%	23.8%		150 bps
R&D	-104	-119		-12.0 %
SG&A	-159	-156		1.8 %
EBITDA	50	11		350.1 %
EBITDA margin	6.1%	1.3%		480 bps
Adj. EBITDA	96	70		36.8 %
Adj. EBITDA margin	11.7%	8.1%		350 bps
Financial result, including at-equity result (continuing operations)	-6	-7		-12.6 %
Income (loss) before income taxes (continuing operations)	-42	-110		-62.0 %
Taxes	3	19		87.0 %
Net income (loss) (continuing operations)	-39	-91		-56.7 %
Diluted EPS in € (continuing operations)	-0.32	-0.86		-62.8 %
Free cash flow (continuing operations)	64	-76		n.a.
CAPEX	-22	-61		-63.3 %
Net debt	-532	-350		52.1 %
Equity ratio	44.9%	53.2%		-830 bps
Employees (in thousands)	22.3	25.0		-11.1 %

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

Segment overview (continuing operations)¹⁾ (preliminary, unaudited)

Q2 FY20 (€m)	OS	AM	DI	CIE	OSRAM Licht Group
Revenue	362	431	200	-173	821
Change % vs. PY reported	-0.3%	-3.6%	-11.5%		-4.7%
Change % vs. PY comparable	-1.8%	-8.7%	-12.3%		-7.9%
EBITDA	76	10	-1	-35	50
EBITDA margin	21.0%	2.4%	-0.6%		6.1%
Special items EBITDA	0	-20	-3	-23	-46
therein transformations costs	-3	-18	-8	-20	-48
EBITDA before special items	76	30	2	-12	96
EBITDA margin before special items	21.0%	6.9%	0.8%		11.7%
Assets ²⁾	1,294	684	407	2,154	4,540
Free cash flow	60	37	-18	-15	64
Additions to intangible assets and property, plant and equipment	9	12	1	0	22
Amortization	2	6	3	1	12
Depreciation PP&E	47	9	5	1	62
Depreciation right of use assets	4	3	2	2	11

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)¹⁾ (preliminary, unaudited)

	Three months ended Mar 31	Three months ended Mar 31
in (€m)	2020	2019
Revenue	821	862
Cost of goods sold and services rendered	-614	-657
Gross profit	207	205
Research and development expenses	-104	-119
Marketing, selling and general administrative expenses	-159	-156
Other operating income	21	8
Other operating expense	-1	-41
Income (loss) from investments accounted for using the equity method, net	-3	-2
Interest income	1	0
Interest expense	-6	-4
Other financial income (expense), net	1	-1
Income (loss) before income taxes OSRAM (continuing operations)	-42	-110
Income taxes	3	19
Income (loss) OSRAM (continuing operations)	-39	-91
Income (loss) from discontinued operation, net of tax	-2	-6
Net income (loss)	-42	-97
Attributable to:		
Non-controlling interests	-9	-7
Shareholders of OSRAM Licht AG	-32	-90
Basic earnings per share (in €)	-0.34	-0.93
Diluted earning per share (in €)	-0.34	-0.92
Basic earnings per share (in €) OSRAM (continuing operations)	-0.32	-0.86
Diluted earning per share (in €) OSRAM (continuing operations)	-0.32	-0.86

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) (preliminary, unaudited)

in (€m)	Three months ended Mar 31 2020	Three months ended Mar 31 2019
Net income (loss)	-42	-97
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	7	3
<i>thereof: income tax</i>	-3	0
Measurements of equity instruments at fair value	0	0
<i>thereof: income tax</i>	0	0
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	-12	47
Derivative financial instruments	-2	-1
<i>thereof: income tax</i>	1	0
	-15	46
Other comprehensive income (loss), net of tax	-8	49
Total comprehensive income (loss)	-49	-48
Attributable to:		
Non-controlling interests	-11	-7
Shareholders of OSRAM Licht AG	-39	-41

Consolidated statement of financial position (continuing operations) (preliminary, unaudited)

	As of Mar 31	As of Sep 30		As of Mar 31 2020	As of Sep 30 2019
in (€m)	2020	2019	in (€m)		
Assets			Liabilities and equity		
Current Assets			Current liabilities		
Cash and cash equivalents	583	310	Short-term debt and current maturities of long-term debt	841	539
Trade receivables	470	558	Trade payables	495	548
Other current financial assets	39	29	Other current financial liabilities	109	113
Contract assets	9	9	Current contract liabilities	15	14
Inventories	737	692	Current provisions	67	69
Income tax receivables	20	21	Income tax payables	59	65
Other current assets	95	113	Other current liabilities	350	347
Assets held for sale	-	93	Liabilities associated with assets held for sale	-	90
Total current assets	1,951	1,824	Total current liabilities	1,937	1,786
Goodwill	185	186	Long-term debt	274	120
Other intangible assets	252	273	Pension plans and similar commitments	140	167
Property, plant and equipment	1,387	1,493	Deferred tax liabilities	15	17
Right of use assets	213	-	Provisions	32	33
Investments accounted for using the equity method	55	56	Other financial liabilities	16	27
Other financial assets	35	25	Contract liabilities	1	1
Deferred tax assets	412	410	Other liabilities	84	102
Other assets	49	70	Total liabilities	2,500	2,252
Total assets	4,540	4,335	Equity		
			Common stock, no par value	97	97
			Additional paid-in capital	1,669	1,672
			Retained earnings	263	255
			Other components of equity	49	79
			Treasury shares, at cost ¹⁾	-94	-99
			Total equity attributable to shareholders of OSRAM Licht AG	1,984	2,004
			Non-controlling interests	56	79
			Total equity	2,039	2,083
			Total liabilities and equity	4,540	4,335

1) As of March 31, 2020 OSRAM held 2,664,388 treasury shares (September 30, 2019: 2,796,275 shares).

Consolidated statement of cash flows (continuing operations) (preliminary, unaudited)

in (€m)	Three months ended Mar 31 2020	Three months ended Mar 31 2019	in (€m)	Three months ended Mar 31 2020	Three months ended Mar 31 2019
Cash flows from operating activities			Cash flows from investing activities		
Net income (loss)	-42	-97	Additions to intangible assets and property, plant and equipment	-22	-61
Adjustments to reconcile net income (loss) to cash provided			Acquisitions, net of cash and cash equivalents acquired	-	-2
Income (loss) from discontinued operation, net of tax	2	6	Purchases of investments	-2	-5
Amortization, depreciation, and impairments	85	114	Proceeds and payments from sales of investments, intangible assets, and property, plant and equipment	2	0
Income taxes	-3	-19	Proceeds and payments from the sale of business activities, net cash disposed of	-	22
Interest (income) expense, net	5	4	Net cash provided by (used in) investing activities - OSRAM (continuing operations)	-23	-45
(Gains) losses on sales and disposals of businesses, intangible assets, and property, plant and equipment, net	0	1	Net cash provided by (used in) investing activities discontinued operation	-	-1
(Income) loss from investments	3	2	Net cash provided by (used in) investing activities - OSRAM Licht Group (total)	-23	-46
Other non-cash (income) expenses	1	2	Cash flows from financing activities		
Change in current assets and liabilities			Purchase of treasury stocks	-	-7
(Increase) decrease in inventories	-25	28	Proceeds from capital increases at subsidiaries with minority interests	-	3
(Increase) decrease in trade receivables	67	13	Repayment of long-term debt	-8	-8
(Increase) decrease in other current assets	-3	13	Change in short-term debt and other financing activities	337	198
Increase (decrease) in trade payables	-7	-57	Interest paid	-7	-2
Increase (decrease) in current provisions	-4	-3	Dividends paid to shareholders of OSRAM Licht AG	-	-107
Increase (decrease) in other current liabilities	28	-8	Net cash provided by (used in) financing activities - OSRAM (continuing operations)	322	76
Change in other assets and liabilities	-7	2	Net cash provided by (used in) financing activities discontinued operation	-	-
Income taxes paid	-14	-16	Net cash provided by (used in) financing activities - OSRAM Licht Group (total)	322	76
Interest received	1	0	Effect of exchange rates on cash and cash equivalents	-1	4
Net cash provided by (used in) operating activities - OSRAM (continuing operations)	86	-16	Net increase (decrease) in cash and cash equivalents	384	12
Net cash provided by (used in) operating activities discontinued operation	-	-7	Cash and cash equivalents at beginning of period	198	243
Net cash provided by (used in) - OSRAM Licht Group (total)	86	-22	Cash and cash equivalents at the end of period	583	255
			Less: Cash and cash equivalents of discontinued operation at end of the reporting period	-	0
			Cash and cash equivalents at end of period (consolidated statement of financial position)	583	255