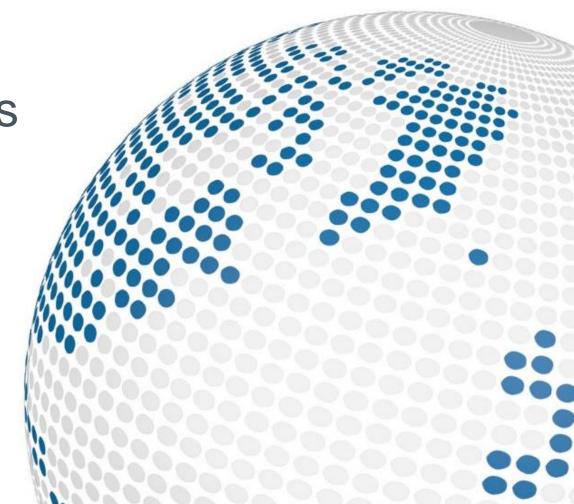


Creating a global leader in sensor solutions and photonics

Proposed acquisition of OSRAM Licht AG



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# Transaction highlights



- Voluntary public tender offer for OSRAM at a price of €41.00 per share
- Creating a global leader in sensor solutions and photonics
- Significant value creation from cost and revenue synergies with expected pre-tax run-rate >€300m p.a.
- Largest shareholder in OSRAM at 19.99%; minimum acceptance threshold lowered to 55%
- Committed €4.4bn bridge facility and €1.6bn fully underwritten equity issue
  - On course to update Cooperation Agreement confirming all protective covenants for OSRAM employees

### Transaction fulfils ams' M&A criteria



**Strategically compelling** 

Creating a global leader in sensor solutions and photonics for both mobile and consumer, as well as automotive, industrial and medical applications



Value enhancing

Expected cost and revenue synergies with an expected annual pre-tax run-rate in excess of €300m



Financially accretive

Expected to be accretive to earnings per share from first year post closing; ROIC exceeds WACC from second year post closing



**Sustainable capital structure** 

Pro-forma leverage of 4.5x 2019E EBITDA (excl. synergies) and 3.4x 2019E EBITDA (incl. synergies), target to delever to ~2x by 2021



Fit with ams' financial model

Combined business targeted to achieve double-digit revenue growth supporting the ams medium term adjusted EBIT margin target in excess of 25%



# Strategic rationale and industrial logic unchanged



- Creating a global leader in sensor solutions and photonics
- 2 Accelerates ams to win in new breakthrough optical solutions
- 3 Expedites diversification of revenue mix
- Enhances manufacturing footprint with clear scale and cost advantages
- 5 Leverages complementary go-to-market strengths
- 6 Delivers significant synergies

### Our new offer is structurally superior





Largest shareholder in OSRAM with direct shareholding of 19.99%

Offer is best available option for OSRAM shareholders; no intent to increase stake outside of offer further given regulatory limitations



Significantly lowered minimum acceptance threshold to 55%

Reflective of pre-eminent shareholder position; enables success to be achieved sooner



New BidCo making takeover offer for OSRAM

Accelerated implementation of offer; maintains momentum to deliver highly attractive opportunity for all stakeholders

### Attractive to all of OSRAM's stakeholders



#### Attractive for shareholders

- €41.00 per share offer price:
  - 42% premium to the day prior to Private Equity offer (€28.92)
  - 8.1x Sep-19 LTM EBITDA postsynergies (€565m)¹
  - Supported by two fairness opinions commissioned by OSRAM<sup>2</sup>
- Fully committed financing

#### Attractive for the workforce

- Commitments to protect the workforce and production plants in Germany
- Expansion of Regensburg manufacturing facility
- Location safeguarding agreements (Standortsicherungsvereinbarung) for German manufacturing sites
- Commitment to continue existing shop arrangements and collective bargaining agreements as well the "Future Concept Germany" agreement
- No change to existing OSRAM pension plans

#### **Attractive for OSRAM**

- Acceleration of the standalone photonics solutions strategy
- Continued investments in priority OS and AM growth areas
- Identify best owner for Digital who will invest in the business to drive growth
- Maintain Munich as a co-headquarter alongside Premstaetten
- Commitment to retaining the OSRAM brand name

## Sustainable capital structure

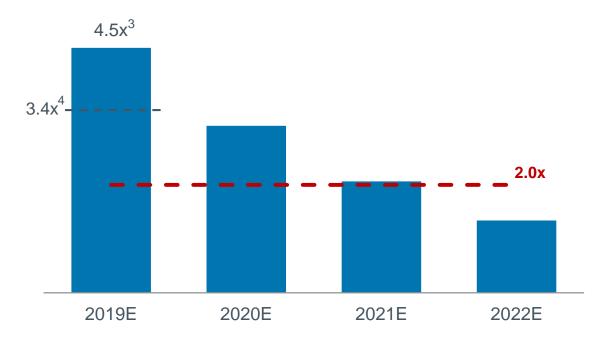


#### **Fully committed financing**

Sources	€bn	%
Debt issuance / excess cash	2.9	64
Equity issuance	1.6	36
Total sources	4.5	100

Uses	€bn	%
OSRAM offer value <sup>1</sup>	4.0	87
Refinance OSRAM net debt <sup>2</sup>	0.4	9
Estimated transaction costs	0.2	3
Total uses	4.5	100

#### **Pro-forma net debt / EBITDA deleveraging profile**



- Synergy run-rate achieved by year 3 post closing
- Includes €400m of one-off integration costs
- Further deleveraging potential from disposal proceeds

#### Notes:

- 1 Offer price of €41.00 per share multiplied by 96.8m outstanding shares of OSRAM (100% basis)
- 2 OSRAM net financial debt as of 30 June 2019: short term debt: €578m; long term debt: €128m; and cash: €282m
- 3 Refer to page 12 for details
- 4 Pro-forma net debt / EBITDA including synergies; refer to page 12 for details

### Transaction timeline



- 18 October Announce intention to launch takeover offer for OSRAM
- End of October Expected BaFin approval and start of main offer period
- End of November Expected end of main offer period
  - Q4 2019 Expected extraordinary general meeting to approve rights issue
  - H1 2020 Expected transaction closing (subject to regulatory approvals)

### New ams – global leader in sensor solutions and photonics



Addressing disruptive megatrends

~€5bn revenue

Delivering value to customers

Balanced end market exposure

Profitable growth

Sustainable capital structure



# Appendix

# Supporting materials



### **Pro-forma combined leverage calculation (€bn)**

Net debt
Acquisition debt <sup>1</sup>
Refinancing OSRAM net debt <sup>2</sup>
ams net debt <sup>2</sup>
ams pensions (post-tax) <sup>3</sup>
OSRAM pensions (post-tax) <sup>3</sup>
Pro-forma net debt (Dec-19)

Pro-forma combined EBITDA (excl. synergies) (€m) <sup>4</sup>	850-900
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Pro-forma net debt / EBITDA (excl. synergies)	4.5x
Expected run-rate synergies (€m)	>300
Pro-forma combined EBITDA (incl. synergies) (€m)	>1,175

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Pro-forma net debt / EBIT	



#### **OSRAM** acquisition multiple calculation (€m)

Offer price (€)	€41.00
Number of shares outstanding (m)	97
Offer value	3,971
Adj. net debt <sup>5</sup>	
Net debt	424
Minorities	120
Associates	(61)
Pensions (post-tax)	122
Adj. net debt	605
Transaction Value	4,576
Sep-19E EBITDA (pre-synergies) <sup>6</sup>	265
Expected run-rate synergies	>300
Sep-19E EBITDA (post-synergies)	>565
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Sep-19E EBITDA (pre-synergies)	17.3x
Sep-19E EBITDA (post-synergies)	( 8.1)

#### Notes:

- 1 Debt issuance net of quantum required to refinance OSRAM net debt
- 2 ams management estimate as of 31 December 2019, includes additional balance sheet cash used to finance transaction
- 3 Statutory tax rate used for Austria and Germany
- 4 €850-900m pro-forma combined EBITDA based on analyst consensus and management estimates
- Reported as of 30 June 2019
- 6 FactSet as of 18 October 2019





# Thank you!

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