

Strong third quarter, Lamps sale signed

Q3 FY16 Earnings Release
(unaudited figures)

Safe Harbor Statement

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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.

Strategic progress and strong quarterly performance

Statement from the CEO



Quarterly highlights

- Revenue of €1.44bn, comp. growth at 10.5% supported by pull-forward effects
- Profitability up vs. prior year quarter, adjusted margin at 10.1%
- Extraordinary pension funding and continued share buyback

"The sale of Lamps sharpens our profile as a high-tech company whilst transferring LEDVANCE into the hands of a best owner. At the same time, we strengthen our second pillar, Specialty Lighting, by acquiring Novità Technologies, a US-based specialist for LED modules in car lighting.

Despite a very complex carve-out project, the organization has performed excellently, which is clearly reflected in the convincing third quarter financials."

OSRAM achieves important steps in implementing the three-pillar strategy

- 1 OSRAM has agreed to sell its Lamps business (LEDVANCE) to a Chinese consortium¹⁾**
 - Selling price: > €400m, paid in cash
 - Closing expected in next fiscal year
- 2 OS signed a strategic supply agreement with MLS for LEDs**
 - MLS intends to purchase LED chips and packages from the new Kulim plant as soon as it is ramped up, for a period of three years
- 3 Acquisition of Novità Technologies expands SP's expertise in automotive LED modules**

OSRAM's future setup is built on 3 strong pillars



¹⁾ Consisting of the strategic investor IDG Capital Partners (IDG), the Chinese lighting company MLS Co., Ltd. (MLS) and the financial investor Yiwu State-Owned Assets Operation Center

Acquisition of Novità Tech to strengthen SP's automotive LED module business in Americas



Novità Tech is a manufacturer and supplier of automotive LED modules for NAFTA automotive Tier 1s

Strategic Rationale

- ✓ Provides the basis to participate in rapid market growth
 - ✓ Strengthening NAFTA footprint
 - ✓ Complement capabilities in rear lights
 - ✓ Lean and efficient setup

Key applications



Automotive LED Modules for rear lights, daytime running and fog lights, flashers (aftermarket)

Key facts/figures

Headquarter: Nashville Area, USA

Employees: ~ 100

Manufacturing: 6 production lines

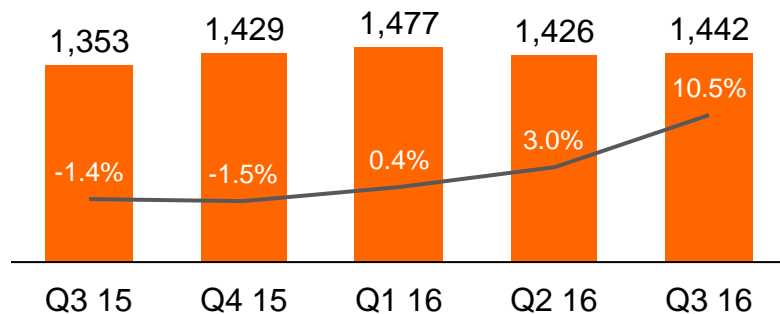
Financials: Sales: c.EUR40m (FY15)
Margin accretive

→ **Successful and highly innovative player**

Solid underlying growth, enhanced due to carve-out related pull-ins

Revenue (€m)

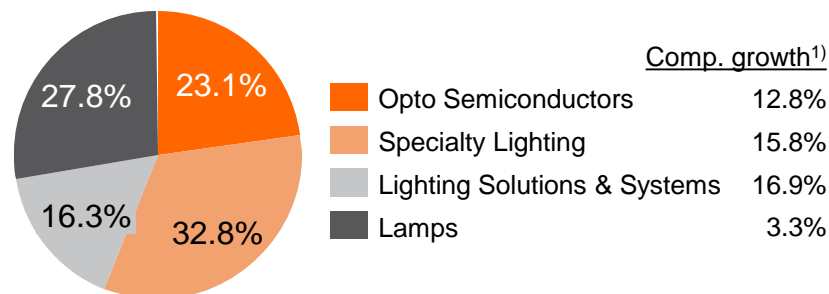
Quarterly development / comp. growth¹⁾



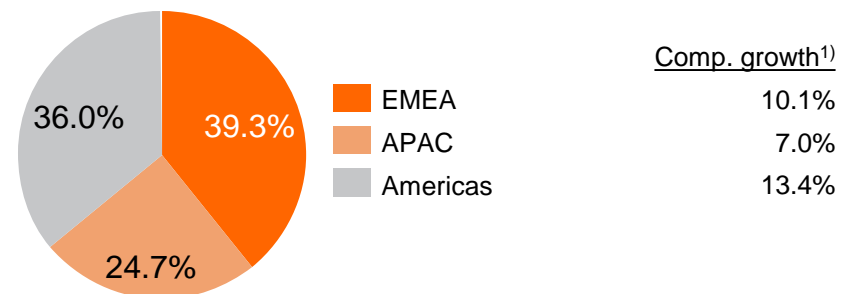
Comments Q3 FY16

- Nominal growth at 6.6%, negatively impacted by currency effects of -390bps
- Lamps carve-out and related IT measures led to ca. €70m of revenue pulled forward from Q4 into Q3
- On an underlying basis all segments and regions showed very solid sales performance
- LED share at 51% vs. 44% in prior year quarter, ongoing double-digit LED growth

Segment split Q3 FY16²⁾



Regional split Q3 FY16



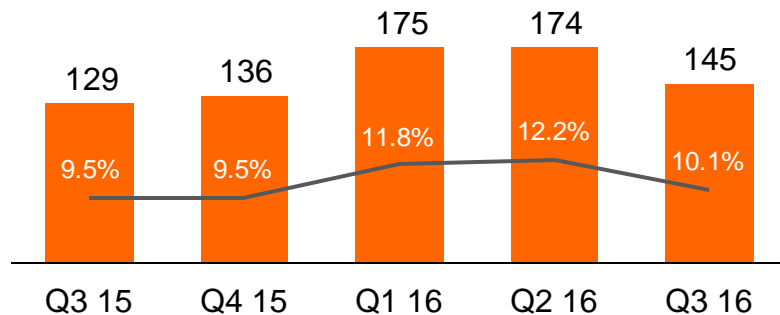
¹⁾ Comparable growth year-over-year, adjusted for currency and portfolio effects (in fiscal year 2016 currency effects only).

²⁾ Based on sum of segment revenue without corp. items & elimination.

Margin above good prior year level despite anticipated dilution from segment SP

Adjusted EBITA (€m)

Quarterly development / adjusted margin¹⁾



Special items¹⁾

	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
Total special items	-28	-26	-22	-55	-84
<i>therein:</i>					
OSRAM Push transformation costs incl. restructuring	-23	-6	4	-15	-32
Lamps carve-out related charges	-4	-21	-26	-41	-47
Reported EBITA	100	110	152	119	61

Comments Q3 FY16

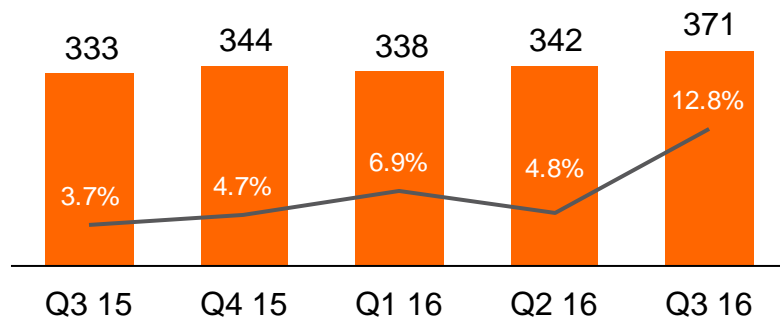
- Increased revenue from IT cut-over compensated seasonally weaker third quarter sales, leading to an overall positive scale impact on margin
- Strong year-over-year improvement at LSS as well as ongoing performance at OS were main earnings drivers
- As expected, SP margin declined due to LED growth and innovation topics
- OSRAM Push savings of €118m
- Special items in line with full year guidance
- Net income of €28m and earnings per share of €0.26

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

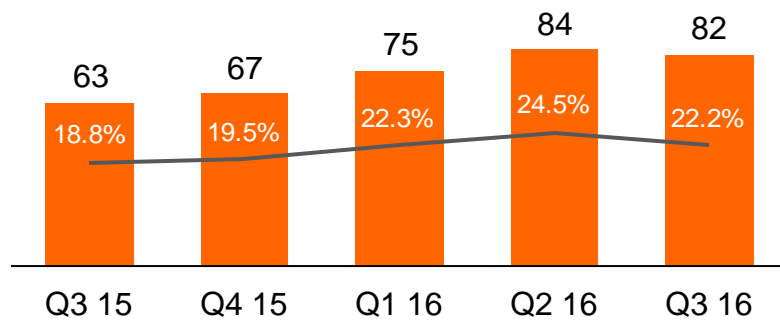
Step up in sales growth, profitability remains on high level

Opto Semiconductors (OS) (€m)

Revenue development / comp. growth



EBITA development / margin



Comments Q3 FY16

- Growth driven by strong premium business (automotive, industry, infrared) and SSL; all regions up vs. PYQ
- No financial effects from Lamps carve-out
- EBITA benefited from operational gearing of premium business, offsetting dilution from SSL ramp-up
- License income of €5m above prior year level
- FCF reflects strong profit as well as ramp-up of investments in Kulim, Malaysia

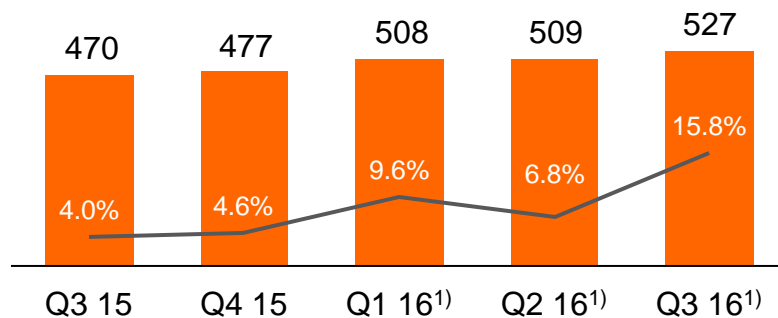
Free cash flow

	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
Free cash flow	90	59	68	41	51

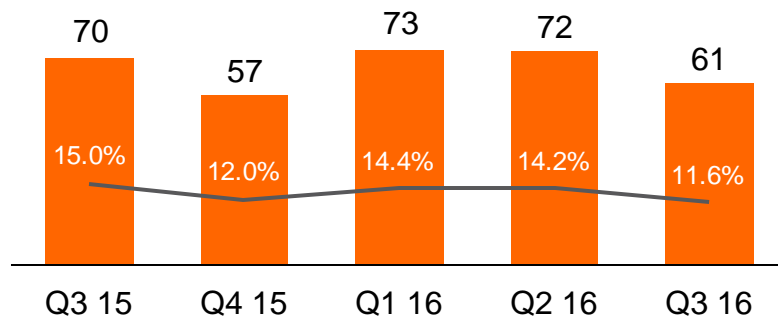
Solid operational performance – margin contraction due to LED growth and innovation topics

Specialty Lighting (SP) (€m)

Revenue development / comp. growth



Adj. EBITA development / adj. margin



Comments Q3 FY16

- Effects from carve-out boosted revenue by €35m
- Sales included modest positive impact from change in customer scope in the sell-through model with OS
- LED share of 41%, ongoing sharp growth at LED products, i.e. LED modules business
- Continued margin dilution from LED components
- Profitability also affected by ramp-up costs for innovation topics in car lighting

Special items / Free cash flow

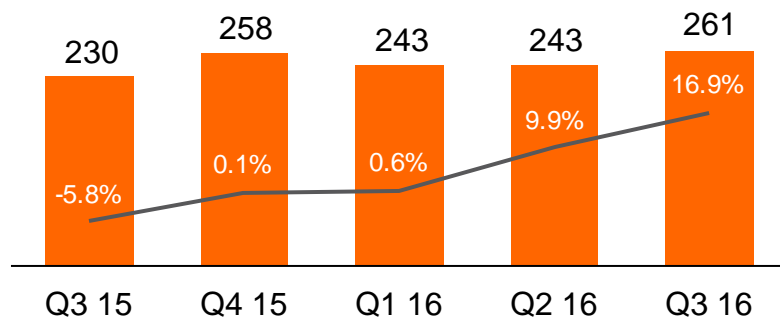
	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
Total special items	-4	-7	-4	-2	-4
Reported EBITA	66	51	69	70	57
Free cash flow	58	80	72	37	62

¹⁾ As of FY16, customers were allocated to SP for which the external revenue was so far reported at OS. Therefore, external revenue is now reported at SP, whereas OS reports internal revenue (eliminated at corporate level). Prior-year information for the revenue in Q1, Q2 and Q3 15 in a single-digit million euro range (each) was not adjusted.

Positive momentum continues – quarterly break-even reached

Lighting Solutions & Systems (LSS) (€m)

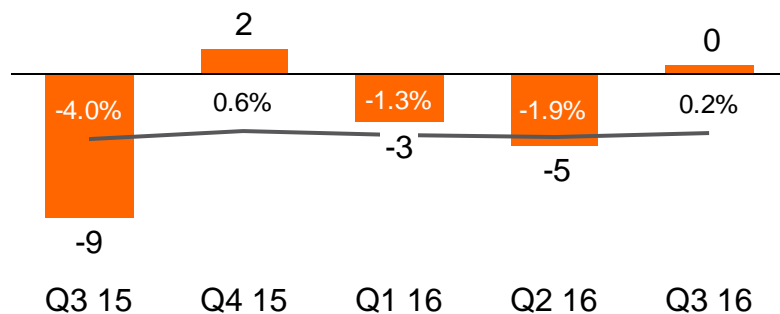
Revenue development / comp. growth



Comments Q3 FY16

- Pull-forward effects of €12m, only from drivers and modules
- Strong underlying growth especially driven by indoor luminaires, services and SSL drivers
- Outstanding LED share of 70% vs. 57% in PYQ
- High volume led to break-even – noticeable margin progress both in systems and luminaires

Adj. EBITA development / adj. margin



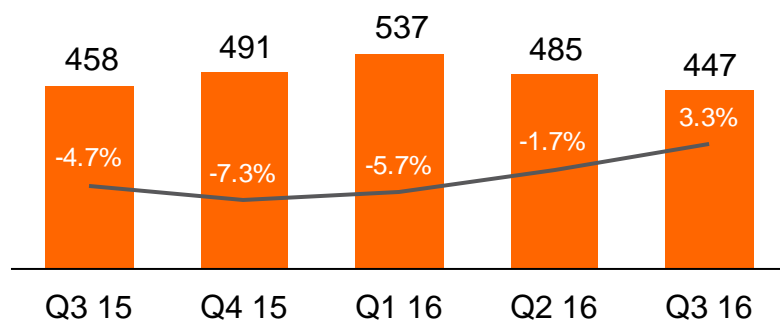
Special items / Free cash flow

	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
Total special items	-1	-4	-1	-2	-4
Reported EBITA	-10	-3	-4	-7	-3
Free cash flow	-1	14	-26	-34	-17

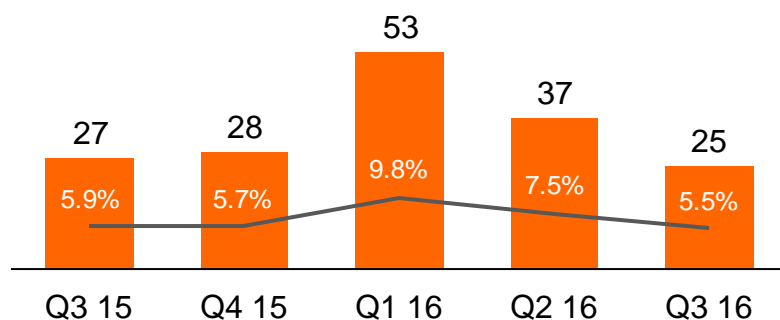
Successful carve-out achieved

Lamps (LP) (€m)

Revenue development / comp. growth



Adj. EBITA development / adj. margin



Comments Q3 FY16

- Successful legal and IT carve-out
- Effects from carve-out boosted revenue by €22m
- Continued growth at HAL Classic, but base effect is becoming more meaningful; LED Lamps grew 32%
- LED share of 28% vs. 22% in prior year quarter
- Adjusted EBITA stability despite LED dilution and costs for establishing LEDVANCE branding

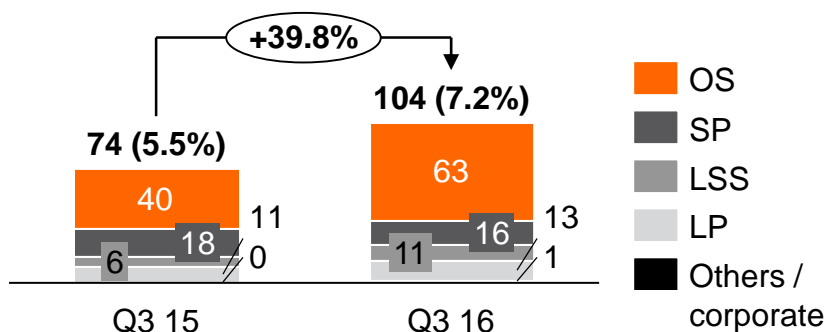
Special items / Free cash flow

	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
Total special items	-10	-41	9	-13	-18
Reported EBITA	16	-13	62	23	6
Free cash flow	56	65	22	3	25

Capex reflects Opto investment ramp-up

Assets and cash flow (€m)

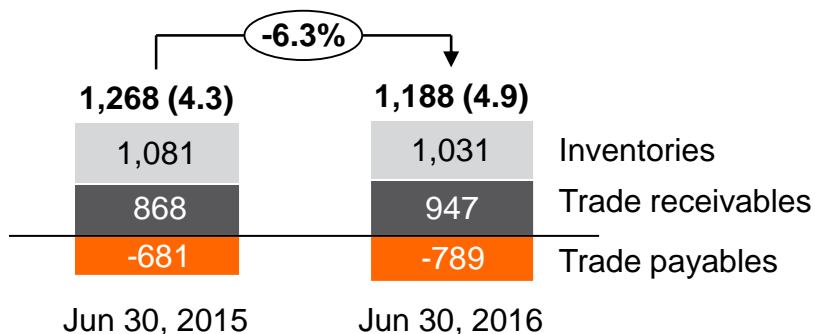
Capital expenditure (percent of revenue)



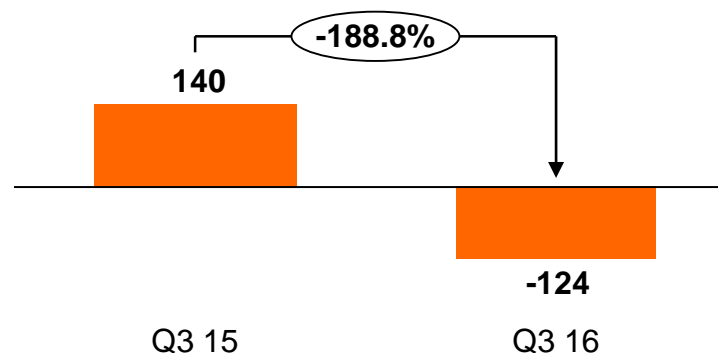
Comments Q3 FY16

- Capex as expected sharply above prior run rate, since OS investments in Kulim have begun to ramp up
- Working capital turn rate improved year over year
- Reported free cash flow continues to be impacted by transformation and carve-out related payments, as well as a one-time pension contribution of €158m

Working capital (turn rate¹⁾)



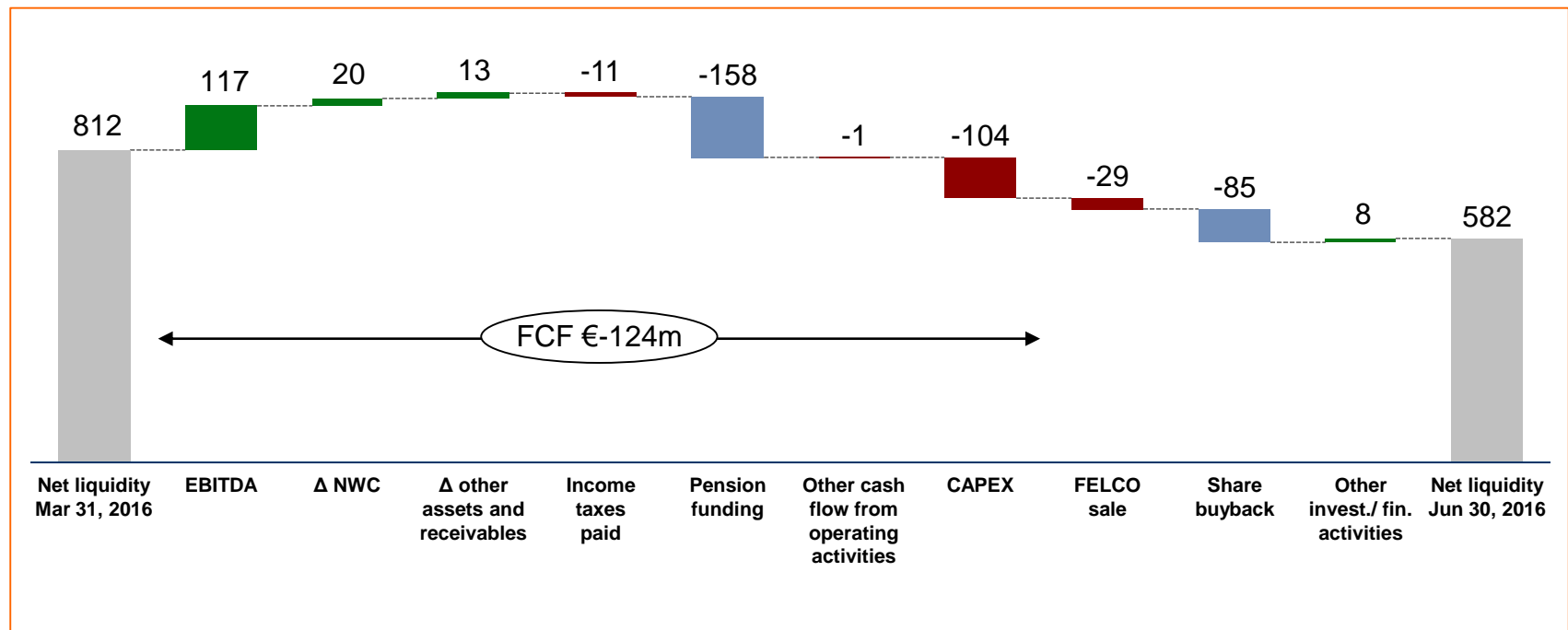
Free cash flow



¹⁾ Defined as revenue (last twelve months) divided by working capital.

Share buyback continues; announced special pension contribution now fully paid in

Net liquidity bridge (€m)



- Last tranche of announced extraordinary pension funding has been completed – effect was €158m in Q3
- Share buyback continues as planned, more than 3.4m shares already repurchased as of June 30
- The OS investment and ongoing share buyback will result in further reduction of excess liquidity in future quarters

Key financial metrics

Group (€m)	Q3 FY15	Q3 FY16	Change (y-o-y)	
			nom.	comp.
Revenue	1,353	1,442	6.6%	10.5%
Gross margin	31.5%	32.3%		80 bps
R&D	-86	-93	9.0%	
SG&A	-247	-320	29.8%	
EBITA	100	61	-39.1%	
EBITA margin	7.4%	4.2%	-320 bps	
Adj. EBITA	129	145	12.7%	
Adj. EBITA margin	9.5%	10.1%	50 bps	
EBITDA	164	117	-28.8%	
Adj. EBITDA margin	13.9%	13.9%	0 bps	
Financial result (including at-equity result)	-4	-5	n/a	
Income before income taxes	89	48	-46.6%	
Taxes	-26	-20	-21.3%	
Net income	64	28	-56.8%	
Basic EPS in €	0.60	0.26	-56.7%	
Free cash flow	140	-124	-188.8%	
CAPEX	-74	-104	39.8%	
Net liquidity	812	582	-28.4%	
Adj. net liquidity / EBITDA ¹⁾	0.6	0.8	n/a	
Equity ratio	52.6%	54.3%	170 bps	
Employees (in thousands)	32.4	33.9	4.6%	

Comments Q3 FY16

- Quarterly tax rate of 42.3% influenced by one-time effects, full year tax rate will be influenced by tax-privileged FELCO sale and is currently expected to be around 25%
- Adjusted EBITA in corporate items of €-24m slightly above full year run rate

¹⁾ EBITDA for the 3 months ended June 30 was annualized for calculation purposes

Outlook unchanged

- Comparable revenue expected to be above FY15 level
- Adjusted EBITA margin expected to be above 10%
- OSRAM Push Phase II with gross savings of roughly €400m
- Free cash flow is expected to come in with a low to medium negative triple-digit €m amount, impacted by the intended special funding of pension plans and strong increase of capex
- The sale of FELCO will lead to a sharp increase in net income and ROCE
- Based on the FY16 outlook and OSRAM's midterm prospects we intend to keep the dividend at least stable with €0.90 per share

Financial calendar and IR contact information

Upcoming events

- **July 28-29, 2016**
Roadshow, London & Frankfurt
- **August 9, 2016**
Roadshow, Chicago
- **August 10, 2016**
Canaccord Growth Conference, Boston
- **August 11, 2016**
Jefferies Industrial Conference, New York

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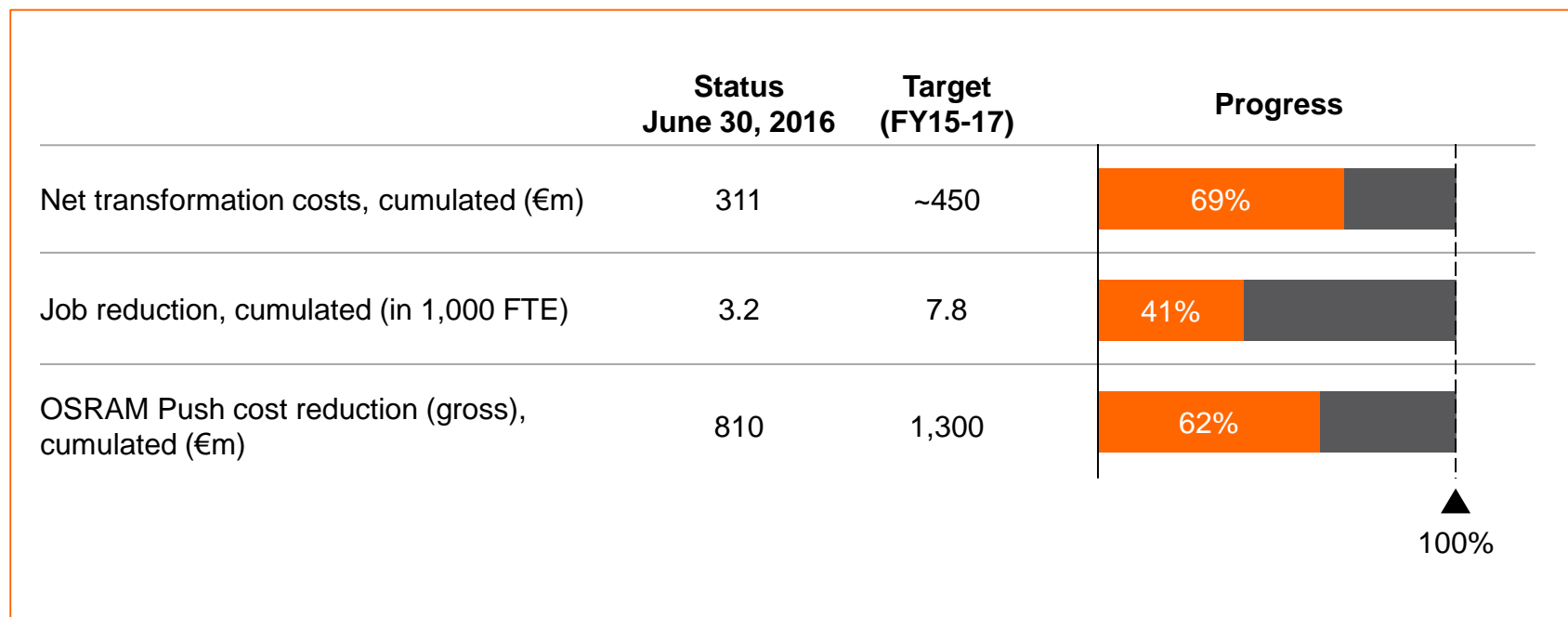
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Certain numerical data, financial information and market data (including percentages) in this presentation have been rounded according to established commercial standards. As a result, the aggregate amounts (sum totals or interim totals or differences or if numbers are put in relation) in this presentation may not correspond in all cases to the amounts contained in the underlying (unrounded) figures appearing in the consolidated financial statements. Furthermore, in tables and charts, these rounded figures may not add up exactly to the totals contained in the respective tables and charts.

Appendix

Good run rate of quarterly savings

Project progress OSRAM Push



- Net transformation costs of €-32m for the quarter mainly for rationalization measures in France and Germany
- Total savings in Q3 FY16 amounted to €118m, driven primarily by operational purchasing and productivity efforts
- Run rate of savings gives confidence for full year guidance of roughly €400m as well as three-year target

Segment overview (unaudited)

Q3 FY16	OS	SP	LSS	LP	CIE	OSRAM Licht Group
Revenue	371	527 ²⁾	261	447	-165	1,442
Change % vs. PY reported	11.5%	12.1% ²⁾	13.7%	-2.3%		6.6%
Change % vs. PY comparable	12.8%	15.8%²⁾	16.9%	3.3%		10.5%
EBITA	82	57	-3	6	-81	61
EBITA margin	22.2%	10.8%	-1.2%	1.4%		4.2%
Special items EBITA	-	-4	-4	-18	-58	-84
therein transformations costs	-	-4	-3	-18	-6	-32
EBITA before special items	82	61	0	25	-24	145
EBITA margin before special items	22.2%	11.6%	0.2%	5.5%		10.1%
EBITDA margin before special items	29.2%	13.9%	2.4%	8.1%		13.9%
Assets ¹⁾	586	574	378	456	2,835	4,829
Free cash flow	51	62	-17	25	-244	-124
Additions to intangible assets and property, plant and equipment	63	16	11	13	1	104
Amortization	0	3	2	1	1	8
Depreciation	26	12	6	12	0	56

The definition of financial line items follows the rules laid out in the annual report for fiscal year 2015. Above figures reflect changes in cost allocation and segment structure conducted at the beginning of fiscal year 2016. For further information please refer to the annual report 2015.

Minor differences may occur due to rounding.

- 1) Net assets on segment level; total assets on group level; CIE includes reconciling items.
- 2) As of FY16, customers were allocated to SP for which the external revenue was so far reported at OS. Therefore, external revenue is now reported at SP, whereas OS reports internal revenue (eliminated at corporate level). Prior-year information for the revenue in Q1, Q2 and Q3 15 in a single-digit million euro range (each) was not adjusted.

Consolidated statement of income (unaudited)

	Three months ended June 30	
	2016	2015
Revenue	1,442	1,353
Cost of goods sold and services rendered	-976	-927
Gross profit	466	426
Research and development expenses	-93	-86
Marketing, selling and general administrative expenses	-320	-247
Other operating income	6	1
Other operating expense	-5	-1
Income (loss) from investments accounted for using the equity method, net	0	4
Interest income	1	1
Interest expense	-6	-7
Other financial income (expense), net	0	-2
Income (loss) before income taxes	48	89
Income taxes	-20	-26
Net income (loss)	28	64
Attributable to:		
Non-controlling interests	1	1
Shareholders of OSRAM Licht AG	27	63
Basic earnings per share (in €)	0.26	0.60
Diluted earning per share (in €)	0.26	0.60

Consolidated statement of financial position (unaudited)

	As of June 30 2016	As of September 30 2015
Assets		
Current Assets		
Cash and cash equivalents	672	727
Available-for-sale financial assets	1	1
Trade receivables	947	898
Other current financial assets	61	70
Inventories	1,031	987
Income tax receivables	51	58
Other current assets	209	93
Noncurrent assets held for sale	-	95
Total current assets	2,971	2,929
Goodwill	77	77
Other intangible assets	119	133
Property, plant and equipment	1,175	1,115
Investments accounted for using the equity method	1	1
Other financial assets	3	5
Deferred tax assets	420	452
Other assets	61	54
Total assets	4,829	4,765

	As of June 30 2016	As of September 30 2015
Liabilities and equity		
Current liabilities		
Short-term debt and current maturities of long-term debt	42	37
Trade payables	789	749
Other current financial liabilities	48	51
Current provisions	116	105
Income tax payables	91	78
Other current liabilities	547	526
Total current liabilities	1,632	1,546
Long-term debt	50	50
Pension plans and similar commitments	291	464
Deferred tax liabilities	3	11
Provisions	24	19
Other financial liabilities	6	2
Other liabilities	201	192
Total liabilities	2,207	2,283
Equity		
Common stock, no par value	105	105
Additional paid-in capital	2,035	2,033
Retained earnings	539	234
Other components of equity	76	100
Treasury shares, at cost	-146	-1
Total equity attributable to shareholders of OSRAM Licht AG	2,608	2,470
Non-controlling interests	14	12
Total equity	2,622	2,482
Total liabilities and equity	4,829	4,765

Consolidated statement of cash flows (unaudited)

	Three months ended June 30	
	2016	2015
Cash flows from operating activities		
Net income	28	64
Adjustments to reconcile net income (loss) to cash provided (used in) operating activities		
Amortization, depreciation and impairments	64	71
Income taxes	20	26
Interest (income) expense, net	6	6
(Gains) losses on sales and disposals of businesses, intangibles and property, plant and equipment, net	0	1
(Gains) losses on sales of investments, net	0	-2
(Income) loss from investments	0	-1
Other non-cash (income) expenses	-1	5
Change in current assets and liabilities		
(Increase) decrease in inventories	33	44
(Increase) decrease in trade receivables	-31	20
(Increase) decrease in other current assets	-10	11
Increase (decrease) in trade payables	1	-3
Increase (decrease) in current provisions	9	-8
Increase (decrease) in other current liabilities	17	13
Change in other assets and liabilities	13	-11
Special contribution to pension plans and settlement of a pension plan	-158	-
Income taxes paid	-11	-25
Dividends received	0	4
Interest received	1	1
Net cash provided by (used in) operating activities	-20	214

	Three months ended June 30	
	2016	2015
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	-104	-74
Purchases of investments	0	0
Proceeds and (payments) from sales of investments, intangible assets and property, plant and equipment	-23	0
Proceeds and (payments) from the sale of business activities	0	-
Proceeds from sales of current available-for-sale financial assets	-	0
Net cash provided by (used in) investing activities	-128	-75
Cash flows from financing activities		
Purchase of common stock	-85	-
Change in short-term debt and other financing activities	-3	-47
Interest paid	-2	-2
Net cash provided by (used in) financing activities	-90	-49
Effect of exchange rates on cash and cash equivalents	5	-12
Net increase (decrease) in cash and cash equivalents	-232	79
Cash and cash equivalents at beginning of period	904	536
Cash and cash equivalents at end of period (Consolidated Statement of Financial Position)	672	615