

Presse Press

Munich, May 3, 2017

Osram delivers strong growth in the second quarter

- Revenue up by about 10 percent¹ in the second quarter on a comparable basis
- Adjusted EBITDA margin at 17.4 percent
- Expansion of global LED production capacities well on track

“We nearly doubled our growth rate in the second quarter. We saw the strongest growth materialize in our high-tech businesses Opto Semiconductors and Specialty Lighting, which are currently benefiting from the momentum in attractive growth markets. Our strategy is working and Osram is on track to achieve its ambitious targets for 2020, successfully addressing an ever-changing market,” said Olaf Berlien, Chief Executive Officer of OSRAM Licht AG.

In the second quarter of fiscal 2017, Osram saw a significant lift in its growth rate. On a comparable basis, i.e. adjusted for portfolio and currency effects, revenue generated in the period January to March rose by around 10 percent year on year to reach €1.05 billion. Comparable growth in the prior-year quarter was approximately 6 percent. This growth was driven by sustained levels of high demand for opto semiconductors and continued strong demand from the automotive sector. In nominal terms, revenue grew by nearly 12 percent. Even with ongoing investments into new products and growth initiatives, EBITDA² adjusted for special items remained solid at €183 (prior year: 182) million, translating into a strong profit margin of 17.4 (prior year: 19.3) percent. Profit after tax from continuing operations was €79 million in the second quarter, compared with €95 million in the same period a year ago, when the company benefited from one-time effects. In view of the performance of the business in the first half of the current fiscal year and its current market outlook, Osram raised the business outlook for the fiscal year 2017 as a whole.

¹ Unless indicated otherwise, all figures refer to continuing operations (i.e. excluding the general lighting lamps business Ledvance).

² Earnings before interest, taxes, depreciation, amortization, and impairment.

Osram reporting segments in the second quarter

The LED business (Opto Semiconductors, OS) reported strong growth in all its business segments in the second quarter and posted substantial year-on-year revenue growth of 24 percent on a comparable basis. Revenue grew exceptionally strong in the business with infrared products. These products are used for iris scans or in fitness wristbands and smart watches. At 29.0 (prior year: 31.7) percent, the EBITDA margin was again at a very high level. In response to strong market demand across various market segments, the expansion of production capacities is on its way. In Regensburg, construction started in March to increase existing production square footage. Work on expanding the back-end capacity in Wuxi, China, will begin in August and the new LED chip factory in Kulim, Malaysia, will start commissioning equipment in May as planned, with production scheduled to start in November of this year.

In the second quarter, the Specialty Lighting (SP) reporting segment, which includes the Automotive Lighting and Professional & Industrial Applications (PIA) units, benefited from continued strong demand from the automotive sector and delivered revenue growth of more than 8 percent on a comparable basis. Adjusted for special items, the EBITDA margin increased year on year to reach 16.2 (prior year: 15.8) percent. In May, products from the PIA unit will once again be showcased for the stage lighting at the Eurovision Song Contest (ESC). As in previous years, Osram is the event's official lighting partner.

In the Lighting Solutions & Systems (LSS) reporting segment, revenue growth was negatively impacted by a weaker US market, resulting in a flat revenue level on a comparable basis year over year. The adjusted EBITDA margin of LSS was negative at minus 4.4 (prior year: plus 0.4) percent. Improving the cost position in the luminaires business is still a key focus. Numerous cost reduction measures are already ongoing to bring this business to competitive profitability levels, in combination with growing the revenue base.

Discontinued operations in the second quarter

With the sale of Ledvance now completed, the general lighting lamps business is no longer being consolidated within the financial statements of Osram effective March 3, 2017. In line with our communication back at the signing of the sale agreement in July

2016, the final part of the resulting book loss amounting to nearly €40 million was accounted for in discontinued operations as a consequence of the change of control. Combined with the operational results of Ledvance, taxes, and other disposal effects this resulted in a net loss of €56 million in discontinued operations.

Compared to the Q1 2017, Osram's net liquidity in Q2 increased by approximately €300 million to about €570 million, mainly due to the cash proceeds from the sale of Ledvance.

Outlook for fiscal 2017

As announced the previous day, the managing board now expects comparable revenue growth to be between 7 to 9 percent for fiscal 2017, compared to earlier guidance of between 5 to 7 percent. The company's adjusted EBITDA margin is expected to be in the range of 16.5 to 17.5 percent, compared to earlier guidance of delivering at least 16 percent. Diluted earnings per share is now expected to be in the range of €2.70 to €2.90, up compared to the initial guidance of €2.35 to €2.65. Free cash flow still continues to be targeted at break-even.

Osram's medium-term planning (5-1-5) for fiscal 2020 targets revenue of between €5 billion and €5.5 billion, with EBITDA of €0.9 billion to €1 billion and earnings per share of approximately €5.

Starting at 9.00 a.m. CEST today, the company will hold a conference call for journalists with the managing board of OSRAM Licht AG. The conference will be broadcast via the internet at www.osram-group.de/en/media/media-calendar. A recording will be made available there afterwards.

Starting at 1.00 p.m. CEST, you can follow the conference call for analysts at www.osram-group.de/en/investors/publications/2017.

PRESS CONTACTS

Stefan Schmidt
 Phone +49 89 6213-4680
 E-mail: stefan.schmidt@osram.com

Torsten Wolf
 Phone +49 89 6213-2506
 E-mail: torsten.wolf@osram.com

Key financial data of OSRAM Licht Group (continuing operations) in the second quarter

	2nd quarter 2017	2nd quarter 2016	Change (nominal)
Revenue	1,051	940	11.7%
EBITDA	169	177	(4.6%)
...margin	16.1%	18.8%	(270 bps)
EBITDA, adjusted	183	182	0.9%
...margin	17.4%	19.3%	(190 bps)
EBITA	120	134	(10.5%)
...margin	11.4%	14.2%	(280 bps)
EBITA, adjusted	135	139	(2.6%)
...margin	12.8%	14.7%	(190 bps)
Net income	79	95	(16.4%)
Free cash flow	5	6	(5.3%)
Employees ('000)	25.9	24.8	4.6%

(Unaudited figures. Figures in millions of euros, margins in percent, employees as of March 31. Negative values are shown in brackets.)

Reporting segment performance in the second quarter³

	2nd quarter 2017	2nd quarter 2016	Change (nominal)
Opto Semiconductors			
...Total revenue	430	340	26.5%
...EBITDA	124	108	
...EBITDA, adjusted	124	108	
Specialty Lighting			
...Total revenue	610	543	12.3%
...EBITDA	94	84	
...EBITDA, adjusted	99	86	
Lighting Solutions & Systems			
...Total revenue	243	243	0%
...EBITDA	(15)	(1)	
...EBITDA, adjusted	(11)	1	

(Unaudited figures in millions of euros. Negative values are shown in brackets.)

ABOUT OSRAM

OSRAM, based in Munich, is a globally leading lighting manufacturer with a history dating back about 100 years. The product portfolio includes high-tech applications based on semiconductor technology such as infrared or laser lighting. The products are used in highly diverse applications ranging from virtual reality, autonomous driving or mobile phones to smart and connected lighting solutions in buildings and cities. In automotive lighting, the company is the global market and technology leader. Based on continuing operations (excluding Ledvance), OSRAM had around 24,600 employees worldwide at the end of fiscal 2016 (September 30) and generated revenue of almost €3.8 billion in that fiscal year. The company is listed on the stock exchanges in Frankfurt and Munich (ISIN: DE000LED4000; WKN: LED400; trading symbol: OSR). Additional information can be found at www.osram.com.

Disclaimer

This document contains statements and information pertaining to our future business and financial performance and future developments that may constitute forward-looking statements – i.e. statements about processes that take place in the future, not in the past. These statements pertaining to the future can be identified by expressions such as "anticipate", "expect", "want", "intend", "plan", "believe", "aspire", "estimate", "will", "predict" or words of similar meaning. Such statements are based on current expectations and certain assumptions of OSRAM's management. They are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond OSRAM's control, affect OSRAM's operations, performance, business strategy and results and could cause the actual results, performance or achievements of OSRAM to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historic trends. These factors include in particular, but are not limited to, the matters described in the chapter "Report on Risks and Opportunities" in the Annual Report of OSRAM Licht Group. Should one or more of these risks or

³ Fiscal year 2016 figures are reconciled to reflect that beginning with fiscal 2017, further revenue generated with LED components for automotive customers is shown within the Specialty Lighting reporting segment.

OSRAM Licht AG

Marcel-Breuer-Strasse 6, 80807 Munich, Germany
Corporate Communications & Brand Strategy



uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of OSRAM may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. OSRAM neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated. 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 they reference.