

# **OSRAM delivers on profitability targets, dividend proposed for the first time**

**Q4 FY14 Management Presentation**  
(preliminary, unaudited figures)

OSRAM Licht AG  
November 05, 2014



# Safe Harbor Statement

---

*This presentation may contain forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein. Forward-looking statements may include, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. OSRAM Licht AG has based these forward-looking statements on its views and assumptions with respect to future events and financial performance. Actual financial performance could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated. Given these uncertainties, readers should not put undue reliance on any forward-looking statements. The information contained in this presentation is subject to change without notice and OSRAM Licht AG does not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, except to the extent required by applicable laws and regulations.*

*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.*

# Group highlights FY14

---

## ■ OSRAM delivers on profitability targets

Successful finish of OSRAM Push Phase I  
Further increase of LED sales share  
Growth in more than half of the businesses

## ■ OSRAM strengthens technology leadership

Automotive business extends market leadership  
Successful shift from 4" to 6" wafer at OS  
Stable investments in R&D

## ■ OSRAM plans dividend for the first time

Board proposes dividend of €0.90 per share  
Dividend proposal corresponds to payout ratio of 50%<sup>1)</sup>  
OSRAM intends stable dividend for the fiscal year 2015

1) of net income post minorities

# Segment highlights FY14

## Transformation pays off – majority of businesses are growing

---

### ■ Specialty Lighting (SP)

Strengthened cost and technology leadership in Automotive  
Exceeds global car production growth since 19 quarters  
Clay Paky acquisition strengthens growth area Display / Optics

### ■ Opto Semiconductors (OS)

OS back to double digit growth rate in the fourth quarter  
New factory in Wuxi builds basis for future growth  
Productivity improvements overcompensated price decreases

### ■ LED Lamps and Systems (LLS)

Continued strong growth  
Very good development of drivers and light engines  
Break-even target LEDr lamps Q1 FY15 on track

### ■ Classic Lamps and Ballasts (CLB)

Successful management of market change challenges  
Focus on pricing discipline  
Strong growth of halogen in the US





### ■ Luminaires & Solutions (LS)

2015 break-even target confirmed  
Luminaires with strong growth in LED  
Leadership team strengthened

# OSRAM Push on track: Targets of Phase I accomplished – Phase II started

## Successful finish of OSRAM Push Phase I

### OSRAM Push Phase I execution track record

	As of FY 14	Target	Progress	
Transformation costs (€m) (FY12 – 14)	599	~600	 100%	✓
Plant reductions (FY12 – 14)	11	11	 100%	✓
Headcount reduction ('000) (FY12 – 14)	8.7	8.7	 100%	✓
OSRAM Push gross savings, cum. (€m) (FY13 – 15)	871	1,200	 ~400 €m in FY15	✓

**OSRAM Push Phase II started!**

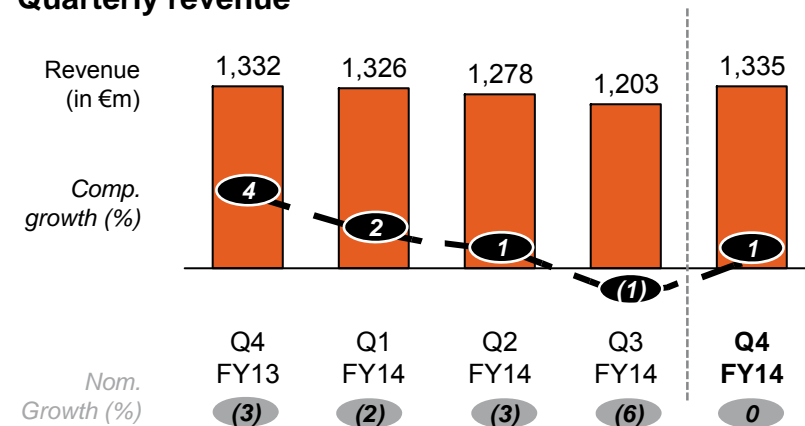
# Modest revenue growth (comp.)

## LED continues to gain ground

### Group (€m)

#### Revenue development<sup>1)</sup>

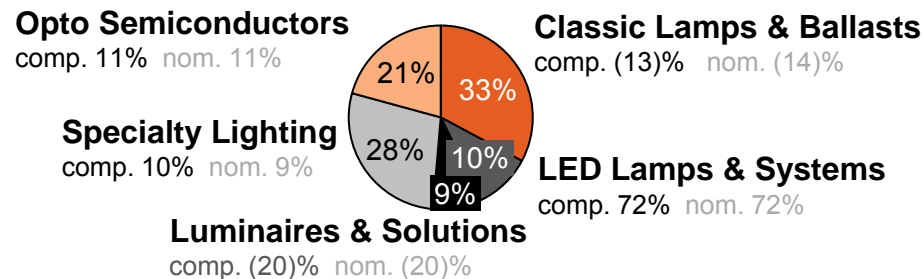
##### Quarterly revenue



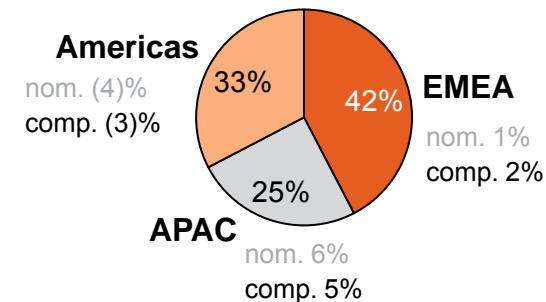
#### Comments Q4 y-o-y

- FY14 and Q4 FY14 revenue up by 1% comp.
- LED share at 39% (31% in prior year quarter)
- LLS boosts revenue (72% comp. y-o-y), decline of CLB at -13% comp. y-o-y
- OS and SP show continued strong performance, both on new quarterly revenue highs
- LS with industry-leading LED-share of 56%
- APAC with clear growth driven by SP; Americas only down due to exit of traditional maintenance business

#### Revenue by Segment<sup>2)</sup> Q4



#### Revenue by Region Q4



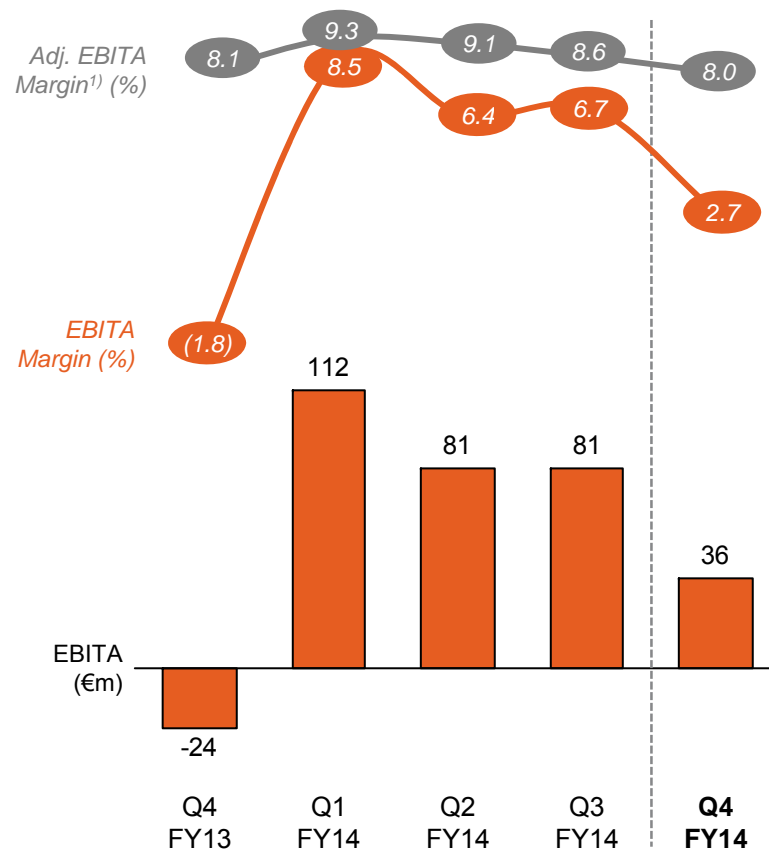
1) nom. (nominal growth) / comp. (comparable growth), adjusted for FX and portfolio effects

2) based on sum of Segments' revenue, w/o considering corp. items & consolidation

# Adjusted EBITA margin with 8% on prior year level

Group (€m)

## EBITA development



## Comments Q4 y-o-y

- Gross margin increased on lower transformation costs
- Push measures and functional cost control mostly compensated negative mix effects and price decline
- EBITA includes transformation costs of €66m, with €29m attributable to OSRAM Push Phase II
- FY14 net income €193m translates into basic EPS of €1.80; dividend of €0.90 proposed

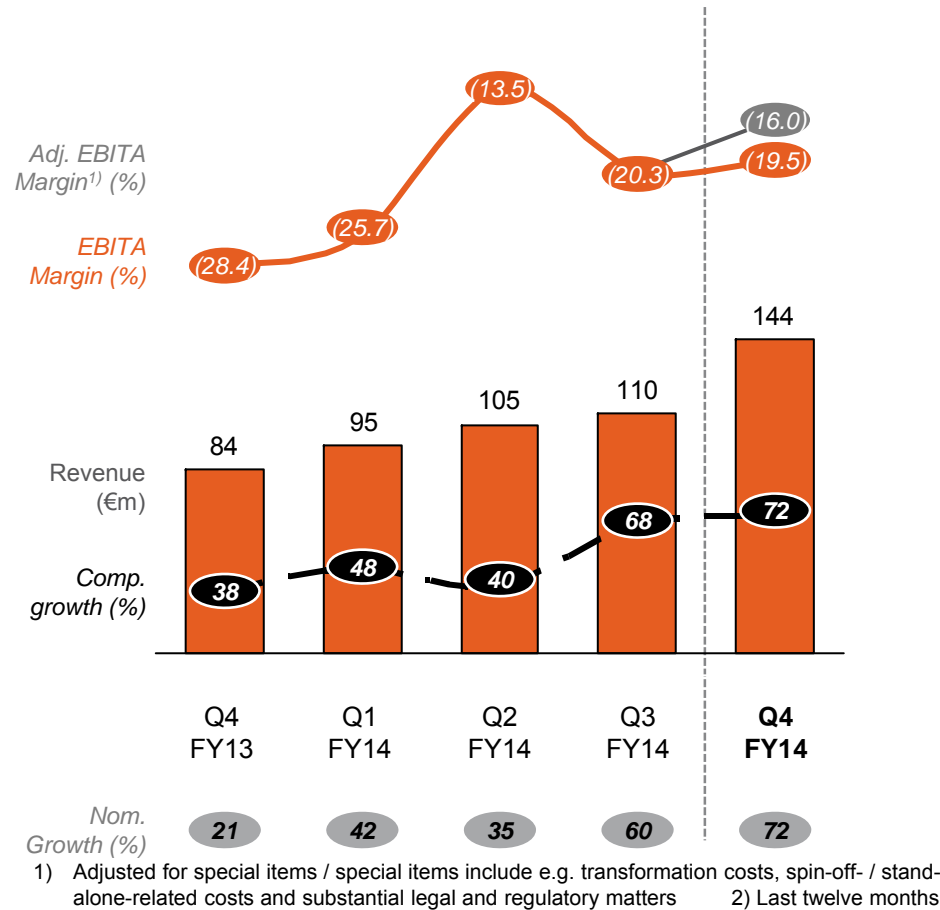
## Special items<sup>1)</sup>

	2013		2014				
	Q4	FY	Q1	Q2	Q3	Q4	FY
<b>EBITA reported</b>	(24)	99	112	81	81	36	310
<i>therein:</i>							
OSRAM Push transformation costs incl. personnel restructuring	(110)	(300)	(10)	(34)	(20)	(66)	(130)
<b>Total Special items</b>	<b>(133)</b>	<b>(310)</b>	<b>(11)</b>	<b>(35)</b>	<b>(23)</b>	<b>(70)</b>	<b>(139)</b>

1) Adjusted for special items / special items include e.g. transformation costs, spin-off- / stand-alone-related costs and substantial legal and regulatory matters

# LED Lamps & Systems (LLS): Continued y-o-y improvement

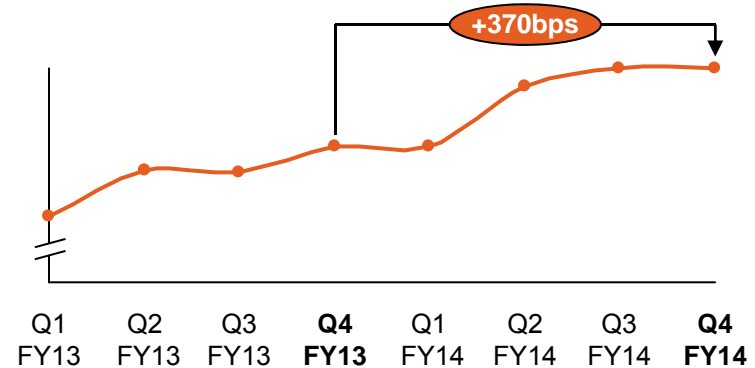
## Revenue and EBITA margin development



## Comments Q4 y-o-y

- Growth pace remains high (72% comp. y-o-y), driven by LED lamps and drivers
- Profitability improvements due to productivity and volume
- Margin held back by supply chain inefficiencies
- LED lamps spots reached break-even in Q4 FY14
- EBITA includes €5m special items

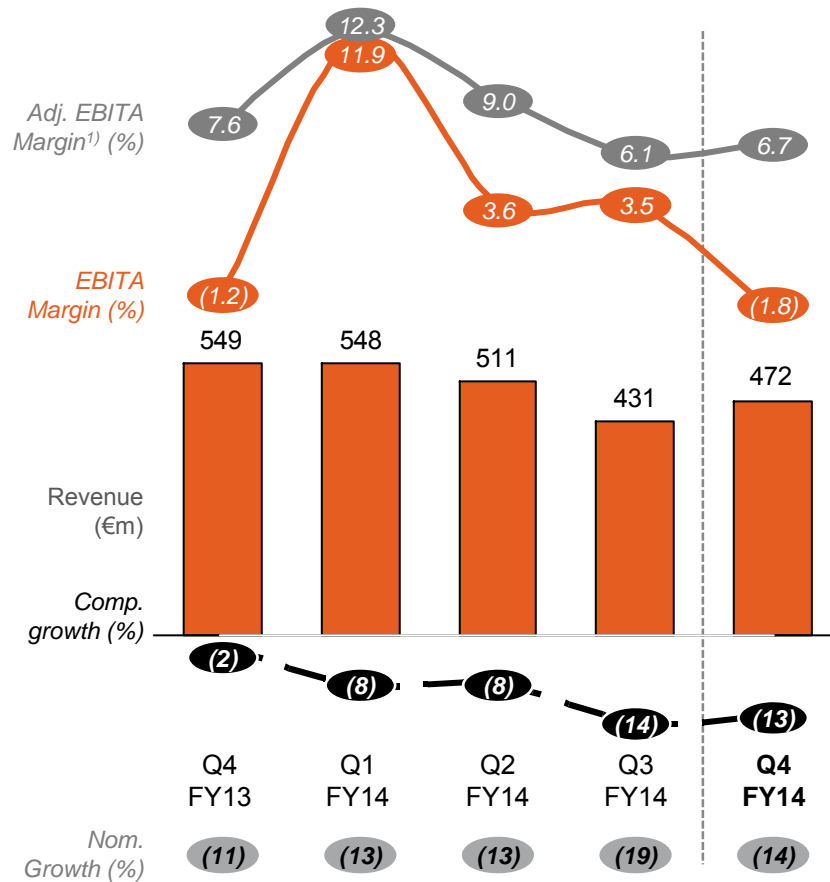
## LLS Gross Margin LTM<sup>2)</sup> (adj.)





# Classic Lamps & Ballasts (CLB): Considerable cash generation

## Revenue and EBITA margin development



## Comments Q4 y-o-y

- LED transition leads to revenue reduction (-13% comp. y-o-y); CLB value initiative supported again stable prices
- Again strong growth of HAL Classic business in Americas
- OSRAM Push measures and value initiative can mostly offset negative margin effects from volume decline; profitability also benefitted from functional cost control
- Free Cash Flow of €67m vs. €31m in prior year quarter
- Comprehensive asset management program started with focus on inventories

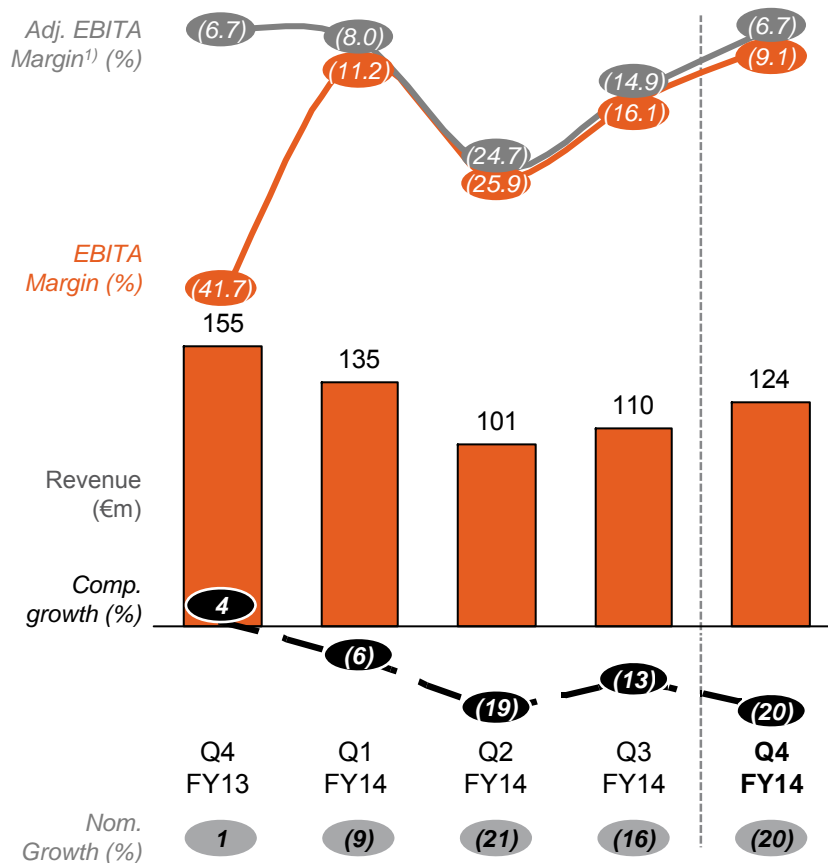
## Special items<sup>1)</sup>

	Q4 FY13	FY 13	Q4 FY14	FY 14
EBITA reported	(7)	42	(8)	90
therein:				
<b>Total Special items</b>	<b>(48)</b>	<b>(179)</b>	<b>(40)</b>	<b>(81)</b>

1) Adjusted for special items / special items include e.g. transformation costs, spin-off- / stand-alone-related costs and substantial legal and regulatory matters

# Luminaires & Solutions (LS): Restructuring well progressed

## Revenue and EBITA margin development



## Comments Q4 y-o-y

- Again sequential growth
- LED share at 56%, up from 34% in PYQ
- Significant revenue decline y-o-y (-20% comp.) mainly due to exit of traditional maintenance business and luminaire portfolio adjustments
- Continued profitability improvement with restructuring showing effect
- LS businesses under common management to drive further synergies, profitability and growth

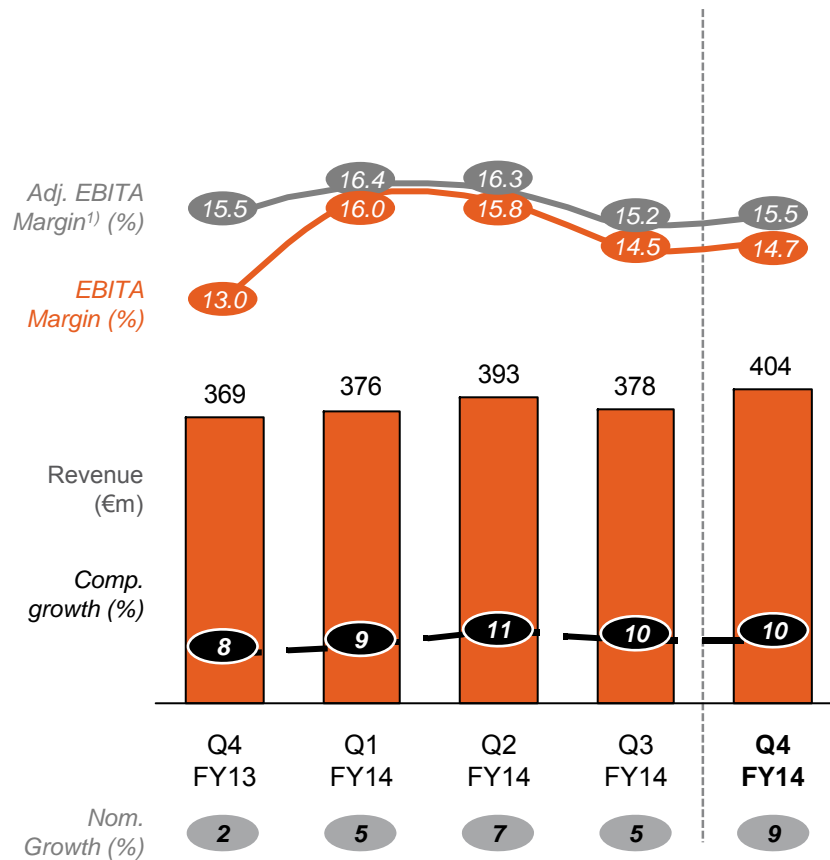
## Special items<sup>1)</sup>

	Q4 FY13	FY13	Q4 FY14	FY14
EBITA reported	(65)	(128)	(11)	(70)
therein:				
Total Special items	(54)	(64)	(3)	(10)

1) Adjusted for special items / special items include e.g. transformation costs, spin-off- / stand-alone-related costs and substantial legal and regulatory matters

# Specialty Lighting (SP): Top line growth and profitability remain on high level

## Revenue and EBITA margin development



## Comments Q4 y-o-y

- Automotive business once more driver of revenue growth (10% nom. y-o-y) with growth in LED as well as traditional business
- Volume holds adjusted EBITA margin on prior year level despite mix effects including significantly increasing LED components sourced from OS
- Clay Paky to strengthen Display / Optics business in FY15 (with ~€60m revenue and operational margin on SP level)
- OLED technology expected to enter automotive market; OLED reported within SP starting Q1 FY15

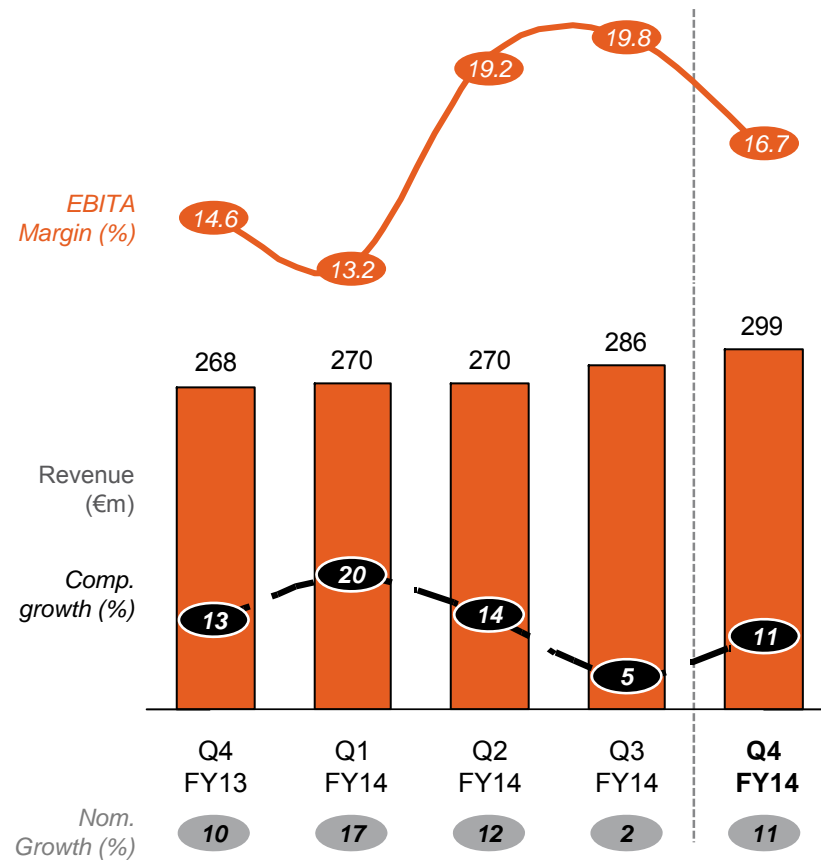
## Special items<sup>1)</sup>

	Q4 FY13	FY13	Q4 FY14	FY14
<b>EBITA reported</b>	48	219	60	237
<i>therein:</i>				
<b>Total Special items</b>	(9)	(27)	(3)	(10)

1) Adjusted for special items / special items include e.g. transformation costs, spin-off- / stand-alone-related costs and substantial legal and regulatory matters

# Opto Semiconductors (OS): Back to double digit growth

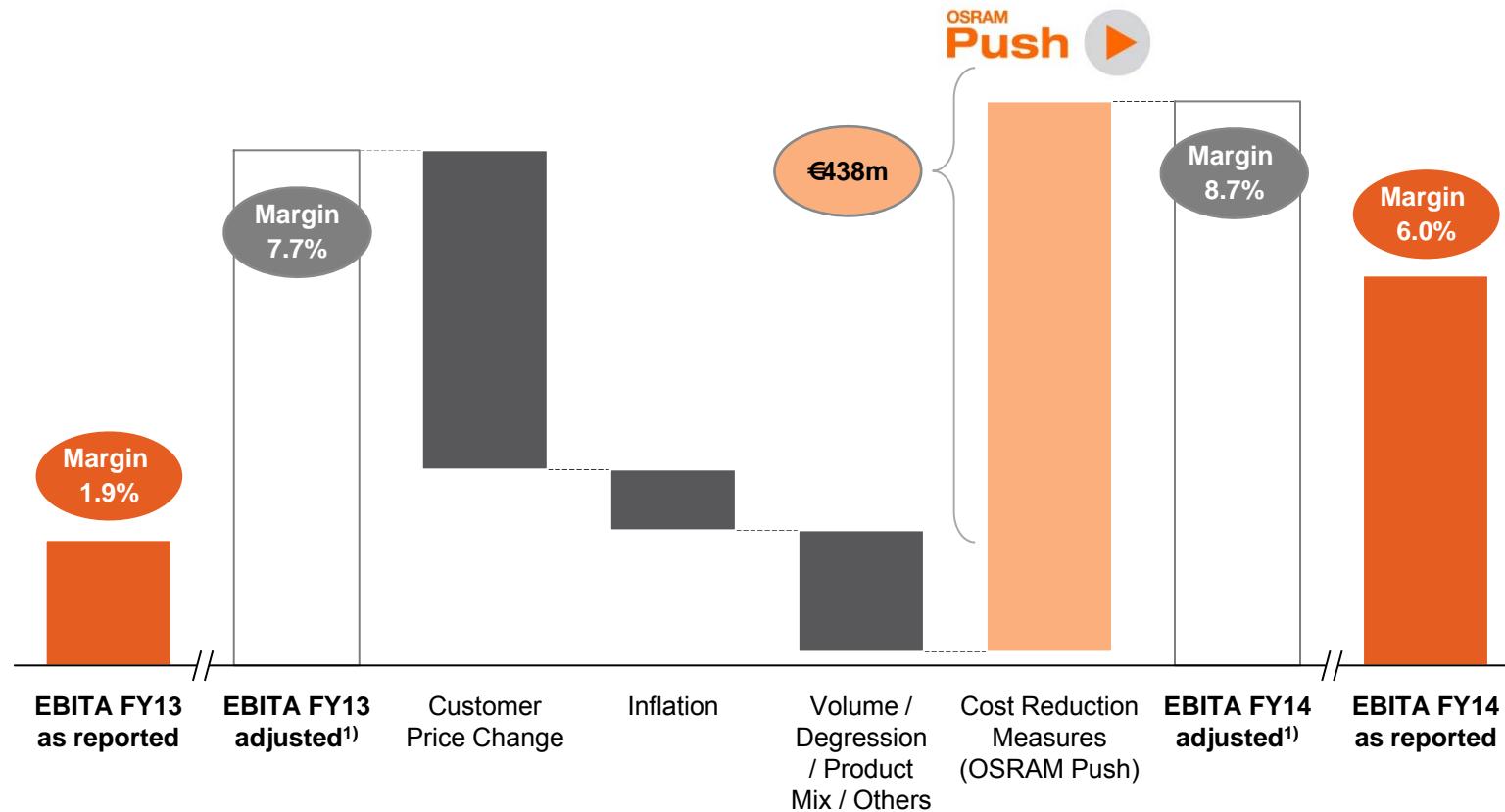
## Revenue and EBITA margin development



## Comments Q4 y-o-y

- Quarterly revenues reach new peak level with €299m benefitting from seasonality; again new revenue high
- Growth across all regions
- EBITA margin y-o-y on high level based on improved product mix and operational performance

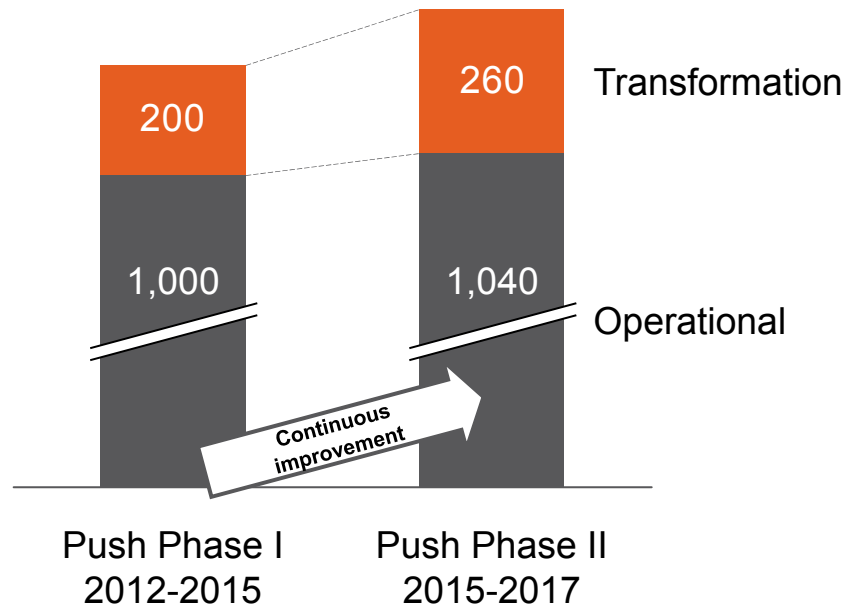
# Reported EBITA burdened by transformation costs, Push more than compensates pricing pressure and mix



1) Adjusted for special items / special items include e.g. transformation costs, spin-off- / stand-alone-related costs and substantial legal and regulatory matters

# OSRAM Push Phase II ambition: Cumulative gross savings of €1.3bn (2015-2017)

Gross savings  
in €m



## Key characteristics Phase II

### Key data until FY17:



Total gross savings:	€1.3bn
Headcount <sup>1)</sup> reduction:	~7,800
Exp. transformation costs <sup>2)</sup> :	~€0.45bn

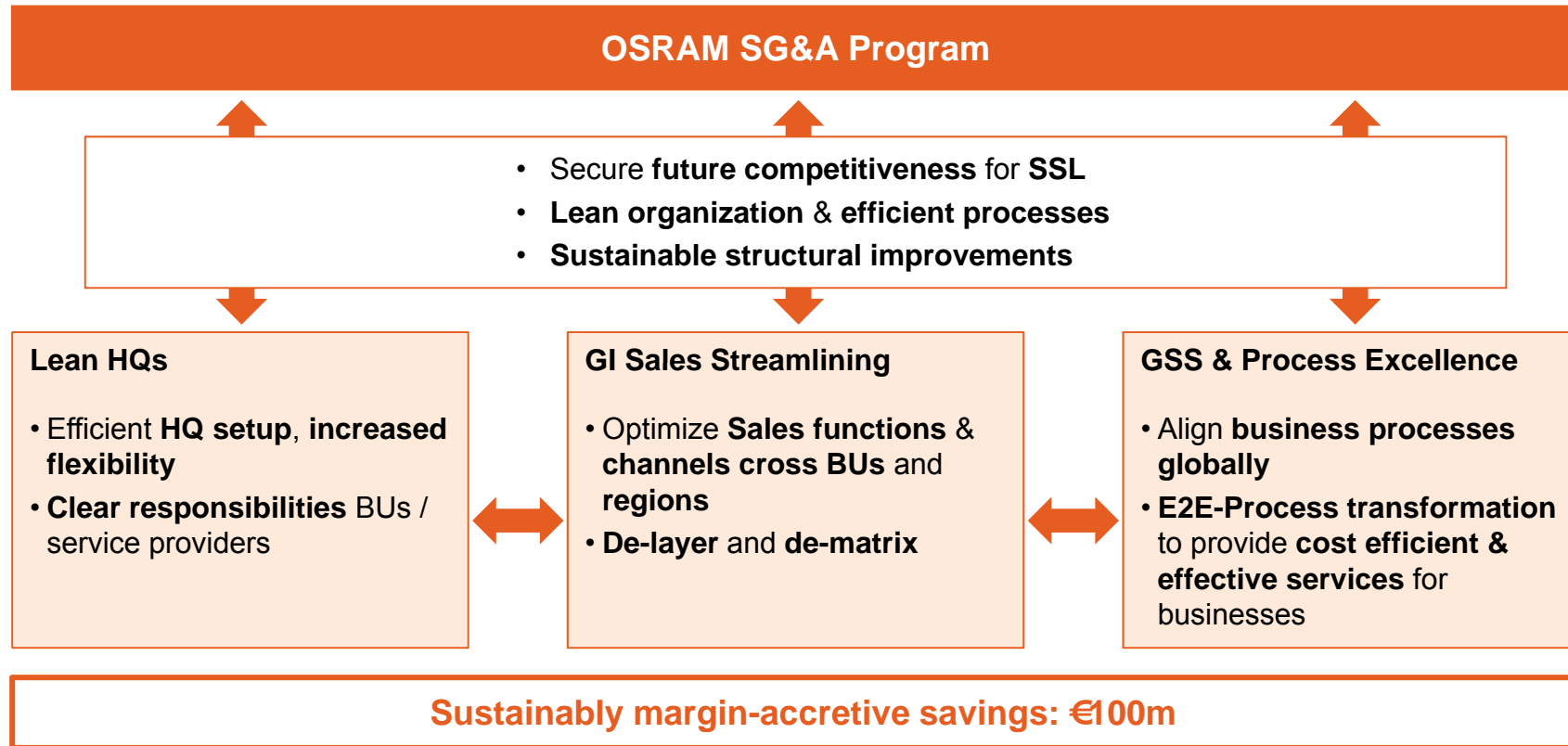
Transformation part includes...

- increased restructuring in Germany
- higher share of indirect functions
- aspiration to delayer and de-matrix

1) Full-time equivalent

2) Including €29m already booked in FY14

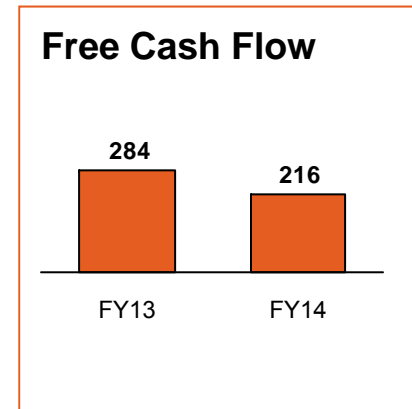
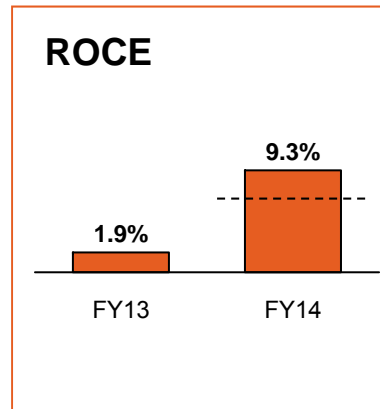
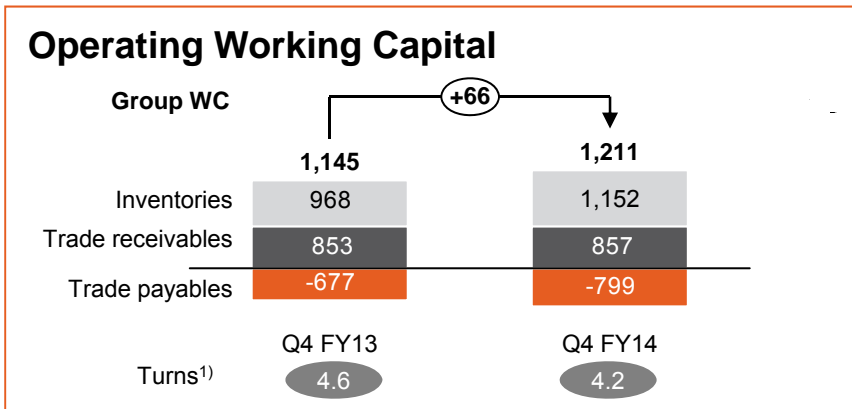
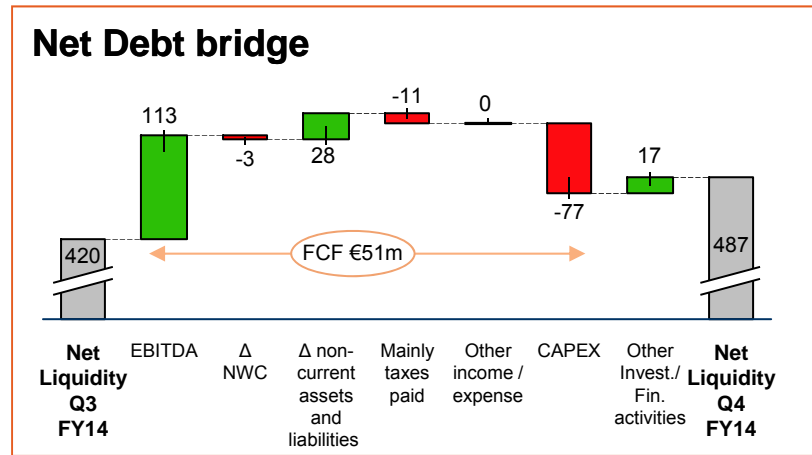
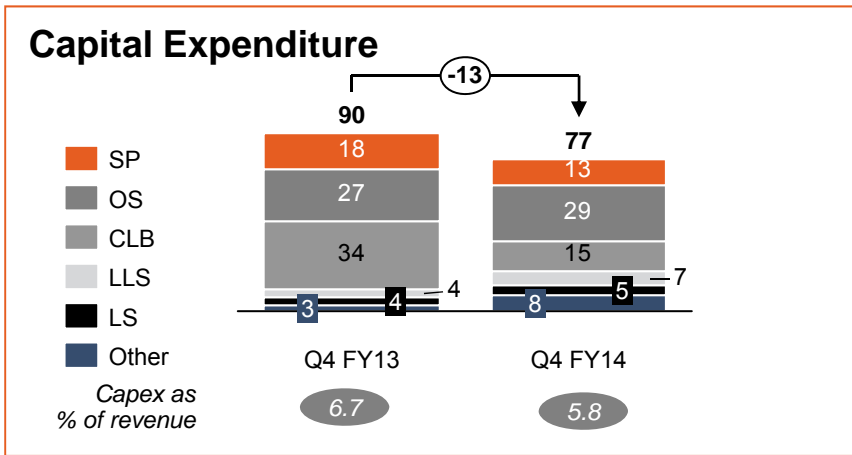
# Our global SG&A program drives competitiveness through lean structures



**+ additional €160m from footprint measures  
with an incremental profit upside in case of improved market outlook**

# ROCE and FCF FY14 targets achieved

Group (€m)



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



# Key financial metrics

Group (€m)	Q4 FY13			Q4 FY14			Change (y-o-y)		
	Q4 FY13	Q4 FY14	Change (y-o-y)	FY13	FY14	Change (y-o-y)			
Revenue	1,332	1,335	Nom: 0% Comp: 1%	5,289	5,142	Nom: (3)% Comp: 1%			
Gross Margin	27.2%	28.9 %	170bps	28.2%	31.4%	320bps			
R&D	(86)	(85)	1	(341)	(331)	10			
SG&A	(315)	(265)	50	(1,103)	(985)	118			
EBITDA	55	113	58	414	556	142			
EBITA	(24)	36	60	99	310	211			
EBITA Margin	(1.8)%	2.7%	450bps	1.9%	6.0%	410bps			
Adj. EBITA	108	106	(2)	410	449	39			
Adj. EBITA Margin	8.1%	8.0%	(10)bps	7.7%	8.7%	100bps			
Financial result (incl. at-equity results)	(10)	(13)	(3)	(22)	(5)	17			
Income before Taxes	(44)	17	61	50	279	229			
Taxes	16	(5)	(21)	(17)	(86)	(69)			
Net Income	(29)	12	41	34	193	159			
Basic EPS (in €)	(0.28) <sup>1)</sup>	0.10	0.38	0.26	1.80	1.54			
Free Cash Flow	85	51	(34)	284	216	(68)			
CAPEX	(90)	(77)	13	(207)	(243)	(36)			
Employees (in thousands)	35	34	(1)	35	34	(1)			
Net Debt (Liquidity)	(172)	(487)	(315)	(172)	(487)	(315)			
Adj. Net Debt (Liquidity) / EBITDA	0.5	(0.1)		0.5	(0.1)				
Equity Ratio	49%	51%	200bps	49%	51%	200bps			

1) Pro forma

# Outlook 2015

---

- 1 For FY15 we expect revenue on FY14 level on a comparable basis
- 2 We expect the adjusted<sup>1)</sup> EBITA margin to be at FY14 level
- 3 OSRAM Push Phase II in FY15 with gross savings of roughly €400m
- 4 Biggest yearly share of transformation costs in FY15 will lead to a sharp decrease in net income and ROCE
- 5 Free Cash Flow for FY15 expected to come in with a positive triple-digit €m amount, but below FY14 level

⇒ Based on 2015 outlook and OSRAM's midterm prospects we intend dividend continuity with €0.90 per share also for FY15

1) Adjusted for special items / special items include e.g. transformation costs, spin-off- / stand-alone-related costs and substantial legal and regulatory matters

# Financial Calendar and Investor contacts

---

## Upcoming events

- **November 10, 2014**  
Q4 Roadshow Frankfurt
- **November 11-12, 2014**  
UBS European Conference London
- **November 13-14, 2014**  
Roadshow New York & Boston
- **December 3, 2014**  
GS European Industrials Conference, London
- **December 4, 2014**  
Disclosure of annual report  
Berenberg European Conference London
- **December 10-11, 2014**  
Roadshow Hong Kong & Singapore

## Investor Relations contact

Mr. Boris Tramm + 49 89 6213 4686

---

Munich Office + 49 89 6213 4875

---

Internet <http://www.osram.com/ir>

---

Email: [ir@osram.com](mailto:ir@osram.com)

---