

# DGAP-Adhoc: OSRAM Licht AG: OSRAM adjusts its annual forecast due to a weak market

Released : 28 Mar 2019

DGAP-Ad-hoc: OSRAM Licht AG / Key word(s): Change in Forecast  
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28-March-2019 / 16:05 CET/CEST

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Munich, March 28, 2019

## **OSRAM adjusts its annual forecast due to a weak market**

The Managing Board of OSRAM Licht AG has decided today to lower its forecast for fiscal year 2019 (continued operations). Amongst the reasons are the continued market weakness in the automotive industry, in general lighting and in mobile devices. This has led to significant inventory build ups, particularly in China. In addition, business development is facing an ongoing impact by the general economic slowdown. Geopolitical uncertainties continue to negatively impact demand. OSRAM previously had put its guidance under the condition that order intake would need to revive meaningfully in support of the second half of the fiscal year 2019. At this point in time such a development has not occurred, nor is it expected for the rest of the fiscal year.

According to figures available so far, the second quarter of fiscal 2019 is expected to see a revenue decline of roughly 15 percent on a comparable basis when compared to previous year, combined with an adjusted EBITDA margin in the mid to higher single digit range. Similar to the first fiscal quarter of 2019, the Opto Semiconductors business unit has been particularly affected by this business development, impacted by the underutilization of its production capacities.

In view of these developments, the Managing Board now expects for continued operations in fiscal 2019 a revenue decline between 11 and 14 percent (prior: revenue growth between 0 and 3 percent), an adjusted EBITDA margin between 8 and 10 percent (prior: between 12 and 14 percent) and a negative free cash flow between 50 million and 150 million Euro (prior: positive free cash flow in the mid double-digit million range).

The Managing Board has already pro-actively responded to the growing economic challenges in the past months. Through various initiatives the annual cost base is expected to be structurally reduced by more than 200 million Euro by fiscal year 2021.

OSRAM's strategy with its focus on optical semiconductors, the automotive sector and digital applications remains intact irrespective of the current market weakness and will provide for a sustainable and attractive return profile over the longer term. The transformation of the portfolio is progressing well with the initiated sale of the European luminaires business and the sale of the US service business. New business areas such as facial recognition and professional farming are showing positive developments.

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28-March-2019 CET/CEST The DGAP Distribution Services include Regulatory Announcements, Financial/Corporate News and Press Releases.

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Language: English

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ISIN: DE000LED4000

WKN: LED400

Indices: MDAX

Listed: Regulated Market in Frankfurt (Prime Standard), Munich; Regulated Unofficial Market in Berlin, Dusseldorf, Hamburg, Hanover, Stuttgart, Tradegate Exchange

EQS News 793159

ID:

End of Announcement DGAP News Service

793159 28-March-2019 CET/CEST

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