

DGAP-News: Increased savings through Osram performance programs in Q3 - Managing Board and Supervisory Board recommend offer from Bain and Carlyle

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Increased savings through Osram performance programs in Q3 - Managing Board and Supervisory Board recommend offer from Bain and Carlyle

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- Cost reductions have evident impact in LED segment
- No market recovery in seasonally weak third quarter
- Osram confirms annual forecast
- Governing bodies recommend takeover offer in reasoned response

The third quarter showed no signs of business revival for Osram. The automobile markets in particular continued to exhibit weak development. As a result, revenue on a comparable basis fell by 14.9 percent year-on-year to 850 million euros. The adjusted EBITDA margin was impacted by reduced profitability in automotive business and reached 6.8 percent. The performance programs that Osram initiated in the Opto Semiconductor business segment have had a positive effect. "We are not seeing any significant short-term recovery of the markets," said Olaf Berlien, CEO of OSRAM Licht AG. "However, we took countermeasures early and are now seeing the first positive results of our actions."

EBITDA adjusted for special items was 58 million euros, 58 percent below previous year's figure; net income amounted to minus 35 million euros and also was impacted by transformation costs. The Managing Board reaffirmed [the adjusted annual forecast announced in March](#).

Due to the continuing economic turbulences and the accelerated transformation of the lighting industry, medium- to long-term visibility remains limited. Therefore, economic developments for our markets beyond the current year cannot be predicted with any certainty at present.

In the Opto Semiconductors business segment, comparable revenue within the year fell by around 21 percent to 361 million euros. Compared to the second quarter, revenue was stable, while the adjusted EBITDA margin reached 16.8 percent due to the performance programs, and therefore recovered from the previous quarter. Investments declined significantly in the quarter just ended, compared both to the previous year and to the previous quarter.

In the Automotive business segment, revenue fell by 12.5 percent to 431 million euros. The adjusted EBITDA margin decreased to 5.1 percent and was marked by very weak vehicle production in China, as well as declining sales volumes in traditional automotive lamps. In addition, start-up costs for the OSRAM Continental joint venture were booked.

Due to the weakness of the market for traditional control gear, business with digital applications recorded a 12.5 percent decline in revenue to 227 million euros. The adjusted EBITDA margin was minus 3 percent.

Managing Board and Supervisory Board recommend takeover offer from Bain and Carlyle

In the joint reasoned response, which was submitted today, the Supervisory Board and the Managing Board recommend that Osram shareholders should accept the takeover offer from the U.S. investors. In the opinion of the governing bodies, the offer price of 35 euros per share in cash represents an appropriate and fair valuation of the company. "The offer is attractive for the company, its employees and its shareholders. With their financial strength, Bain and Carlyle will support the ongoing transformation and enable strategically important decisions to be made," Berlien said. Osram shareholders have until September 5, 2019, to accept the offer. The reasoned response can be found at: <https://www.osram-group.de/de-DE/investors/takeover-offer>

From 2 pm CEST on July 31, you can follow the analyst conference with the Managing Board at <https://services.choruscall.eu/links/osram190731ir.html>.

PRESS CONTACTS

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

Jens Hack
Phone +49 89 6213-2129

Selected key figures for the OSRAM Light Group in the third quarter

	3rd quarter	3rd quarter	Nominal change in %
	2019	2018	
Revenue	850	936	(9.2)
EBITDA	42	123	(66.2)
...Margin	4.9%	13.1%	(820bps)
Adjusted EBITDA ¹	58	138	(58)
...Margin	6.8%	14.7%	(790bps)
Profit after taxes	(35)	42	n.a.
Free Cash Flow	91	52 75	
'000 Employees	24.2	25.6	(5.5)

(Unaudited figures from continuing operations. Figures in millions of euros, margins in percent, employees as on June 30. Negative values in parentheses.)

(¹Adjusted for special items, including transformation costs, significant legal and regulatory issues, as well as M&A-related costs.)

Development of the reporting segments in the third quarter

	3rd quarter	3rd quarter	Nominal
	2019	2018	change in %
Opto Semiconductors			
...Revenue	361	443	(18.6)
...EBITDA	56	100	(44)
...adjusted EBITDA	61	100	(39)
Automotive			
...Revenue	431	470	(8.3)
...EBITDA	16	39	(58.9)
...adjusted EBITDA	22	49	(55.1)
Digital			
...Revenue	227	228	(0.5)
...EBITDA	(10)	3	n.a.
...adjusted EBITDA	(7)	5	n.a.

(Unaudited figures. Figures in millions of euros. Negative values in parentheses.)

ABOUT OSRAM

OSRAM, based in Munich, is a leading global high-tech company with a history dating back more than 110 years. Primarily focused on semiconductor-based technologies, our products are used in highly diverse applications ranging from virtual reality to autonomous driving and from smartphones to smart and connected lighting solutions in buildings and cities. OSRAM uses the endless possibilities of light to improve the quality of life for individuals and communities. OSRAM's innovations enable people all over the world not only to see better, but also to communicate, travel, work and live better. OSRAM has approximately 26,200 employees worldwide as of end of fiscal 2018 (September 30) and generated revenue of more than 3.8 billion euros from continuing activities. The company is listed on the stock exchanges in Frankfurt and Munich (ISIN: DE000LED4000; WKN: LED 400; trading symbol: OSR). Additional information can be found at www.osram.com.

Disclaimer

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Language: English
Company: OSRAM Licht AG
Marcel-Breuer-Straße 6
80807 München
Germany
Phone: +49 89 6213-0
Fax: +49 89 6213-3629
E-mail: ir@osram.com
Internet: www.osram-group.com
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