



Interim Report
of OSRAM Licht Group
for the First Quarter of Fiscal Year 2020

OSRAM

Contents

About this Report	3
Condensed Interim Consolidated Financial Statements of OSRAM Licht AG for the Three Months Ended December 31, 2019, According to IFRS	4
Consolidated Statement of Income	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Cash Flows	8
Consolidated Statement of Changes in Equity	10
Notes to the Condensed Interim Consolidated Financial Statements	11
Segment Information	11
1 General Principles	12
2 Impact of First-time Adoption of New Accounting Pronouncements	12
3 Disposals and Discontinued Operations	14
4 Personnel-related Restructuring Expenses	15
5 Goodwill	15
6 Property, Plant, and Equipment	15
7 Legal Proceedings	16
8 Financial Instruments	16
9 Earnings per Share	17
10 Segment Information	18
11 Related Party Disclosures	19
12 Events After the Reporting Date	20
Acknowledgments	21

About this Report

This interim report for the first quarter of fiscal year 2020, prepared in accordance with IAS 34, contains the condensed interim consolidated financial statements of OSRAM Licht AG and its subsidiaries ('OSRAM Licht Group,' 'OSRAM,' or 'we') for the three months ended December 31, 2019. It should be read in conjunction with our [» Annual Report for Fiscal Year 2019](#).

OSRAM is publishing this interim report in addition to its quarterly financial information for the first quarter of 2020, because capital market law requires this interim report to be included in the prospectus of ams AG produced in connection with a capital increase.

OSRAM's condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).

Fiscal year 2020 for the OSRAM Licht Group began on October 1, 2019, and will end on September 30, 2020.

Due to rounding, numbers presented throughout this interim report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The Managing Board uses financial performance indicators to manage OSRAM, some of which are 'alternative performance measures' (APMs); these include, but are not limited to, revenue growth adjusted for currency translation and portfolio effects, adjusted EBITDA, the adjusted EBITDA margin, and free cash flow. In this interim report for the first quarter of the fiscal year, we report on free cash flow in the segment information. A detailed description of these APMs and their calculation can be found in the [» 2019 Annual Report, A.1.2 Performance Management](#). A reconciliation to the most similar IFRS performance indicators is provided in the [» 2019 Annual Report, A.2.6 Reconciliation of Performance Indicators](#).

This document is a convenience translation of the original German-language document.

Cross-references in the text

- > Internal cross-reference (within the document)
- » External cross-reference (to another document)

Condensed Interim Consolidated Financial Statements

for the Three Months Ended December 31, 2019, According to IFRS

Consolidated Statement of Income

OSRAM Licht Group – Consolidated Statement of Income (unaudited)

For the three months ended December 31, 2019 and 2018 (unaudited)

in € million, if not stated otherwise

	Note	Three month ended December 31,	
		2019	2018
Revenue		873	828
Cost of goods sold and services rendered		(617)	(601)
Gross profit		256	227
Research and development expenses		(88)	(94)
Marketing, selling and general administrative expenses		(163)	(142)
Other operating income		7	8
Other operating expenses		(1)	(2)
Income (loss) from investments accounted for using the equity method, net		(1)	0
Interest income		1	0
Interest expenses		(5)	(2)
Other financial income (expenses), net		(3)	(1)
Income (loss) before income taxes OSRAM (continuing operations)		1	(7)
Income taxes		0	2
Income (loss) OSRAM (continuing operations)		1	(5)
Income (loss) from discontinued operations, net of tax	Note 3	(4)	(80)
Net income (loss)		(2)	(84)
Attributable to:			
Non-controlling interests		(10)	(4)
Shareholders of OSRAM Licht AG		7	(81)
Basic earnings per share (in €)	Note 9	0.08	(0.83)
Diluted earnings per share (in €)	Note 9	0.08	(0.83)
Basic earnings per share (in €) OSRAM (continuing operations)	Note 9	0.12	(0.01)
Diluted earnings per share (in €) OSRAM (continuing operations)	Note 9	0.12	(0.01)

Minor differences may occur due to rounding.

Consolidated Statement of Comprehensive Income

OSRAM Licht Group – Consolidated Statement of Comprehensive Income (unaudited)

For the three months ended December 31, 2019 and 2018 (unaudited)

in € million

	Three month ended December 31,	
	2019	2018
Net income (loss)	(2)	(84)
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	24	(8)
<i>thereof: income tax</i>	(9)	3
fair value measurement of equity instruments	0	0
<i>thereof: income tax</i>	0	0
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(22)	14
Derivative financial instruments	5	3
<i>thereof: income tax</i>	(2)	(1)
	(18)	18
Other comprehensive income (loss), net of tax	6	9
Total comprehensive income (loss)	4	(75)
Attributable to:		
Non-controlling interests	(10)	(4)
Shareholders of OSRAM Licht AG	14	(72)

Minor differences may occur due to rounding.

Consolidated Statement of Financial Position

OSRAM Licht Group – Consolidated Statement of Financial Position

As of December 31, 2019 (unaudited) and September 30, 2019

in € million

	Note	December 31, 2019	September 30, 2019
ASSETS			
Current assets			
Cash and cash equivalents		198	310
Trade receivables		537	558
Other current financial assets		37	29
Contract assets		7	9
Inventories		715	692
Income tax receivables		21	21
Other current assets		102	113
Assets held for sale	Note 3	–	93
Total current assets		1,618	1,824
Goodwill	Note 5	182	186
Other intangible assets		261	273
Property, plant, and equipment	Note 6	1,444	1,493
Right-of-use assets	Note 2	224	–
Investments accounted for using the equity method		55	56
Other financial assets		34	25
Deferred tax assets		405	410
Other assets		58	70
Total assets		4,282	4,335

Minor differences may occur due to rounding.

OSRAM Licht Group – Consolidated Statement of Financial Position

As of December 31, 2019 (unaudited) and September 30, 2019

in € million

	Note	December 31, 2019	September 30, 2019
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt and current maturities of long-term debt		492	539
Trade payables		505	548
Other current financial liabilities		106	113
Current contract liabilities		22	14
Current provisions		69	69
Income tax payables		66	65
Other current liabilities		332	347
Liabilities associated with assets held for sale	Note 3	–	90
Total current liabilities		1,591	1,786
Long-term debt		291	120
Pension plans and similar commitments		143	167
Deferred tax liabilities		16	17
Provisions		32	33
Other financial liabilities		27	27
Contract liabilities		1	1
Other liabilities		92	102
Total liabilities		2,194	2,252
Equity			
Common stock, no par value		97	97
Additional paid-in capital		1,668	1,672
Retained earnings		288	255
Other components of equity		62	79
Treasury shares, at cost ¹⁾	Note 9	(94)	(99)
Total equity attributable to shareholders of OSRAM Licht AG		2,022	2,004
Non-controlling interests		66	79
Total equity		2,088	2,083
Total liabilities and equity		4,282	4,335

¹⁾ The Company held 2,664,388 treasury shares as of December 31, 2019 (September 30, 2019: 2,796,275).

Minor differences may occur due to rounding.

Consolidated Statement of Cash Flows

OSRAM Licht Group – Consolidated Statement of Cash Flows (unaudited)

For the three months ended December 31, 2019 and 2018 (unaudited)

in € million

	Note	Three month ended December 31,	
		2019	2018
Cash flows from operating activities			
Net income (loss)		(2)	(84)
Adjustments to reconcile net income (loss) to net cash provided			
Income (loss) from discontinued operation, net of tax	Note 3	4	80
Amortization, depreciation, and impairments		87	73
Income taxes		0	(2)
Interest (income) expenses, net		5	2
(Gains) losses on sales and disposals of businesses, intangible assets and property, plant, and equipment, net		0	0
(Income) loss from investments		3	0
Other non-cash (income) expenses		1	3
Change in current assets and liabilities			
(Increase) decrease in inventories		(32)	(81)
(Increase) decrease in trade receivables		14	82
(Increase) decrease in other current assets		8	(2)
Increase (decrease) in trade payables		(29)	(19)
Increase (decrease) in current provisions		1	0
Increase (decrease) in other current liabilities		(21)	(30)
Change in other assets and liabilities		3	0
Income taxes paid		(7)	(16)
Dividends received		0	–
Interest received		0	0
Net cash provided by (used in) operating activities OSRAM (continuing operations)		35	5
Net cash provided by (used in) operating activities discontinued operations		–	(12)
Net cash provided by (used in) operating activities OSRAM Licht Group (total)		35	(7)

Minor differences may occur due to rounding.

OSRAM Licht Group – Consolidated Statement of Cash Flows (unaudited)

For the three months ended December 31, 2019 and 2018 (unaudited)

in € million

		Three month ended December 31,	
	Note	2019	2018
Cash flows from investing activities			
Additions to intangible assets and property, plant, and equipment		(28)	(105)
Acquisitions, net of cash and cash equivalents acquired		(4)	–
Purchases of investments		(2)	(5)
Proceeds and payments from sales of investments, intangible assets and property, plant, and equipment		2	1
Proceeds and payments from the sale of business activities, net of cash and cash equivalents disposed of	Note 3	(10)	–
Net cash provided by (used in) investing activities OSRAM (continuing operations)		(42)	(109)
Net cash provided by (used in) investing activities discontinued operation		–	(4)
Net cash provided by (used in) investing activities OSRAM Licht Group (total)		(42)	(113)
Cash flows from financing activities			
Repayment of long-term debt		(8)	(8)
Change in short-term debt and other financing activities		(106)	38
Interest paid		(4)	(1)
Dividends paid to non-controlling interests		(3)	–
Net cash provided by (used in) financing activities OSRAM (continuing operations)		(121)	29
Net cash provided by (used in) financing activities discontinued operations		–	–
Net cash provided by (used in) financing activities OSRAM Licht Group (total)		(121)	29
Effect of exchange rates on cash and cash equivalents		(1)	2
Net increase (decrease) in cash and cash equivalents		(128)	(90)
Cash and cash equivalents at the beginning of period		327	333
Cash and cash equivalents at the end of the period (consolidated statement of financial position)		198	243

Minor differences may occur due to rounding.

Consolidated Statement of Changes in Equity

OSRAM Licht Group – Consolidated Statement of Changes in Equity (unaudited)

For the three months ended December 31, 2019 and 2018 (unaudited)

in € million

	Common stock	Additional paid-in capital	Retained earnings	Currency translation differences	Measure- ment of equity instru- ments at fair value	Derivative financial instru- ments	Treasury shares at cost	Total equity attributable to share- holders of OSRAM Licht AG	Non- controlling interests	Total equity
Balance as of October 1, 2018 (as reported)	105	2,034	780	9	0	(6)	(386)	2,536	140	2,676
Effects of the first-time application of IFRS 9 and IFRS 15	–	–	(1)	–	–	–	–	(1)	0	(1)
Balance as of October 1, 2018	105	2,034	779	9	0	(6)	(386)	2,535	140	2,676
Net income (loss)	–	–	(81)	–	–	–	–	(81)	(4)	(84)
Other comprehensive income (loss), net of tax	–	–	(8) ¹⁾	14	0	3	–	9	0	9
Total comprehensive income (loss), net of tax	–	–	(89)	14	0	3	–	(72)	(4)	(75)
Retirement of treasury shares	(8)	(363)	–	–	–	–	376	5	–	5
Other changes in equity	–	(1)	(3)	–	–	–	–	(4)	0	(4)
Balance as of December 31, 2018	97	1,669	687	23	0	(3)	(9)	2,465	137	2,602
Balance as of October 1, 2019	97	1,672	255	84	0	(5)	(99)	2,004	79	2,083
Net income (loss)	–	–	7	–	–	–	–	7	(10)	(2)
Other comprehensive income (loss), net of tax	–	–	24 ¹⁾	(22)	0	5	–	7	0	6
Total comprehensive income (loss), net of tax	–	–	31	(22)	0	5	–	14	(10)	4
Re-issuance of treasury shares	–	–	–	–	–	–	5	5	–	5
Dividends	–	–	–	–	–	–	–	–	(3)	(3)
Other changes in equity	–	(4)	2	–	–	–	–	(1)	0	(1)
Balance as of December 31, 2019	97	1,668	288	62	0	0	(94)	2,022	66	2,088

¹⁾ Other comprehensive income (loss), net of tax, attributable to shareholders of OSRAM Licht AG includes remeasurement gains on defined benefit pension plans for the three months ended December 31, 2019, of €24 million; for the three months ended December 31, 2018, it includes remeasurement losses of €8 million.

Minor differences may occur due to rounding.

Notes to the Condensed Interim Consolidated Financial Statements

Segment Information

OSRAM Licht Group – Notes to the Condensed Interim Consolidated Financial Statements – Segment Reporting

For the three months ended December 31, 2019 and 2018 (unaudited)
and of December 31, 2019 (unaudited) and September 30, 2019

in € million

	External revenue		Intersegment revenue		Total revenue		EBITDA ¹⁾	
	2019	2018	2019	2018	2019	2018	2019	2018
SEGMENTS								
Opto Semiconductors	169	166	189	186	359	352	87	58
Automotive	480	445	–	–	480	445	43	43
Digital	217	207	–	–	217	207	(5)	(13)
Total segments	866	818	189	186	1,055	1,004	125	88
Reconciliation to interim consolidated financial statements								
Corporate items and pensions	7	10	–	–	7	10	(26)	(18)
Eliminations, corporate treasury, and other reconciling items	–	–	(189)	(186)	(189)	(186)	0	0
OSRAM (continuing operations)	873	828	–	–	873	828	98	69

	Assets ²⁾		Free cash flow ³⁾		Capital expenditures ⁴⁾		Depreciation, Amortization, and Impairments ⁵⁾	
	December 31, 2019	September 30, 2019	2019	2018	2019	2018	2019	2018
SEGMENTS								
Opto Semiconductors	1,338	1,227	36	(24)	13	88	53	44
Automotive	728	647	(17)	(7)	11	11	19	16
Digital	403	394	(7)	(48)	4	6	11	11
Total segments	2,469	2,269	11	(79)	28	105	83	72
Reconciliation to interim consolidated financial statements								
Corporate items and pensions	(93)	(149)	(20)	(26)	0	0	4	1
Eliminations, corporate treasury, and other reconciling items	1,905	2,215	15	5	–	–	–	–
OSRAM (continuing operations)	4,282	4,335	7	(101)	28	105	87	73

On October 1, 2019, OSRAM made minor organizational changes involving reclassification between the reportable segments. The figures for the prior-year period have been restated accordingly > Note 10 | Segment Information.

¹⁾ EBITDA is earnings before net financial income or expense (income (loss) from investments accounted for using the equity method, net; interest income; interest expenses; and other financial income (expenses), net), income taxes, and depreciation, amortization, and impairments as defined in 5).

²⁾ Assets attributable to the segments and to Corporate items and pensions are defined as total assets less financing receivables, tax assets, non-interest-bearing provisions and liabilities, and liabilities other than tax liabilities (e.g., trade payables).

³⁾ Free cash flow is net cash provided by (used in) operating activities less additions to intangible assets and property, plant, and equipment. For the segments, it primarily excludes income tax-related and financing interest payments and proceeds.

⁴⁾ Capital expenditures are defined as additions to intangible assets and property, plant, and equipment.

⁵⁾ Depreciation, amortization, and impairments comprises impairment losses on goodwill and amortization of, and impairment losses on, other intangible assets, net of reversals of impairment losses as well as depreciation of, and impairment losses on, property, plant, and equipment, net of reversals of impairment losses. Due to IFRS 16 Leases being applied for the first time, Depreciation, amortization, and impairments also includes depreciation of, and impairment losses on, right-of-use assets in fiscal year 2020; these are not included in the figures for the prior-year period.

Minor differences may occur due to rounding.

1 I General Principles

These condensed interim consolidated financial statements prepared in accordance with IAS 34 ('interim consolidated financial statements') are for OSRAM Licht AG, Munich, Germany, and its subsidiaries ('OSRAM Licht Group' or 'OSRAM'). OSRAM's main development, manufacturing, and sales activities are related to opto semiconductors for lighting, visualization, and sensors (OS Segment), automotive lighting (AM Segment), and lighting solutions and light management systems for a range of applications (DI Segment).

The OSRAM Licht Group prepared these interim consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*; they should be read in conjunction with the [» consolidated financial statements of OSRAM Licht AG for fiscal year 2019](#), which were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The interim consolidated financial statements apply the same accounting policies as those used for the preparation of the [» consolidated financial statements of OSRAM Licht AG for fiscal year 2019](#) apart from the changes arising due to first-time adoption of IFRS 16 and IFRIC 23 > [Note 2 I Impact of First-time Adoption of New Accounting Pronouncements](#).

When preparing the interim consolidated financial statements, the Managing Board was required to make estimates and assumptions that influenced the application of the accounting principles and the reported amounts of income, expenses, assets, and liabilities, for example in connection with evaluating obligations relating to restructuring measures. Actual results may differ from these estimates.

There was a change in presentation affecting the consolidated statement of income at the start of fiscal year 2020, because the application engineering function in the OS Segment has been assigned to sales since that date, having previously been classified as research and development. The corresponding functional costs in the consolidated statement of income have been restated for fiscal year 2019 to create comparability regarding the new organizational structure.

The condensed interim consolidated financial statements have been prepared in millions of euros (€ m). Due to rounding, differences may arise when individual amounts or percentages are added together.

Income Taxes

In interim reporting periods, the income tax expense is calculated on the basis of the currently estimated effective tax rate for the full fiscal year. Income taxes in other comprehensive income (loss) in interim reporting periods are calculated on the basis of the relevant figures as of the interim reporting date. Deferred tax assets are one of the items that could be affected by the possible takeover of OSRAM by ams [» 2019 Annual Report, B.6 Notes to the Consolidated Financial Statements; Note 9 I Income Taxes](#).

2 I Impact of First-time Adoption of New Accounting Pronouncements

IFRS 16 Leases

On January 13, 2016, the IASB published the final version of IFRS 16 Leases, its standard addressing the accounting treatment of leases. IFRS 16 specifies a single accounting model for lessees in which a lessee is required to recognize a right-of-use asset and a lease liability in its statement of financial position on the commencement date. In an exemption, a lessee may elect not to apply the requirement to recognize a right-of-use asset and a lease liability for short-term leases with a term of no more than twelve months or leases in which the underlying asset is of low value. Instead, the lessee must then recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The rules for lessors are largely unchanged from those specified in IAS 17. The new standard for leases also includes stipulations governing reporting, disclosures, and sale-and-leaseback transactions. IFRS 16 supersedes IAS 17 and the related interpretations (IFRIC 4, SIC-15, and SIC-27); application is mandatory in annual periods beginning on or after January 1, 2019. The standard was adopted into European law in November 2017.

OSRAM adopted IFRS 16 at the start of fiscal year 2020. When applying the new rules of IFRS 16 for the first time, companies can choose between full retrospective adoption and modified retrospective adoption. OSRAM decided on modified retrospective adoption, which means that in 2020, the year of first-time adoption of the new rules, it is not restating the comparative figures for fiscal year 2019.

OSRAM mainly acts as a lessee of land and buildings, plant and equipment and vehicles. Upon first-time adoption of

Minor differences may occur due to rounding.

IFRS 16, payment obligations under existing operating leases were discounted at the relevant incremental borrowing rate of interest and recognized as a lease liability. The incremental borrowing rates of interest used are based on the risk-free interest rates for the currency area in question and term of the relevant lease, adjusted for an OSRAM-specific funding interest-rate premium. The right-of-use assets are carried in the amount of the discounted lease liabilities, adjusted for the advance lease payments that had been made before October 1, 2019, and were previously deferred. Upon transition to IFRS 16, right-of-use assets amounting to €236 million were recognized for the rights to use the underlying leased assets, while lease liabilities were recognized in an amount of €236 million. Right-of-use assets and lease liabilities under new leases entered into after October 1, 2019, will be recognized at the time of provision of the underlying assets. Right-of-use assets are shown separately in the statement of financial position. Lease liabilities are recognized under short-term and long-term debt in the statement of financial position. As of December 31, 2019, lease liabilities amounted to €224 million.

Based on the other financial obligations under non-cancelable operating leases as of September 30, 2019, the reconciliation to the opening balance for lease liabilities as of October 1, 2019, is shown in the following table:

Reconciliation to the lease liabilities in accordance with IFRS 16

in € million

Minimum lease payments IAS 17 (without non-lease-components) and including short term / low value leases	234
Service components (non-lease components during minimum lease term)	25
Short term leases	(2)
Low value leases	(4)
Payments for extension option periods (lease and non-lease components) which have been assessed to be reasonably certain exercised	30
Miscellaneous ¹⁾	(13)
non-discounted lease obligations	270
Discounting effect	(34)
Lease liabilities as of October 1, 2019	236

¹⁾ Primarily changes to the basis of consolidation as a result of the disposal of the European luminaires business.

OSRAM exercises the option to recognize payments for non-lease components as lease payments. This means that contracts containing both lease and non-lease components are not separated for the purpose of calculating the discounted lease liability and the right-of-use asset. The right-of-use asset is initially measured at cost on the basis of the present value of all future lease payments and non-lease payments plus any lease payments made before the start of the lease term, the costs of obtaining the lease and, if applicable, the estimated costs for dismantling and removing or restoring the underlying leased asset. Any lease incentives received are deducted. The recognized right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The introduction of IFRS 16 also changes the nature of the expenses associated with these leases, because IFRS 16 replaces the expenses recognized for operating leases using the straight-line method with depreciation charges for the right-of-use asset and interest expenses for the lease liability. Lease payments and the interest portion are shown as net cash provided by (used in) financing activities in the statement of cash flows.

In accordance with the exemption, lease payments for short-term leases with a term of no more than twelve months and for leases in which the underlying asset is of low value continue to be recognized as an expense.

Particularly in the case of contracts with extension options and cancellation options, assessments of whether these options will be exercised have to be made in order to determine the term of the lease. At the inception of the lease, a judgment has to be made on whether it is sufficiently certain that the individual options will be exercised. Adjustments are made over the course of the lease if new information about the exercise of options emerges that results in remeasurement of the right-of-use asset and lease liability.

IFRIC 23 Uncertainty over Income Tax Treatments

OSRAM has applied IFRIC 23 Uncertainty over Income Tax Treatments since October 1, 2019. There has been no significant impact on the Group's tax positions.

3 I Disposals and Discontinued Operations

As part of the strategic transformation into a high-tech photonics company, the strategy for the Lighting Solutions Business Unit (LS) was revised in fiscal year 2018. Consequently, OSRAM decided to dissolve the LS Business Unit and to dispose of both the luminaire service business in North America—predominantly operated by Sylvania Lighting Service Corp. (SLS), Wilmington, U.S.A.—and the luminaires business, which, in Europe, is predominantly operated by Siteco Beleuchtungstechnik GmbH (Siteco), Traunreut, Germany. In fiscal year 2019, the business of SLS, that of Siteco, and the rest of the European luminaires business were therefore presented as a discontinued operation in accordance with IFRS 5.

The sale of SLS was completed in fiscal year 2019.

On June 21, 2019, OSRAM signed an agreement with Stern Stewart Capital Sustainability GmbH, Munich, Germany, for the sale of the entire European luminaires business. The transaction was completed on October 1, 2019. As a result, all assets and liabilities of the European luminaires business were still classified in accordance with IFRS 5 in the consolidated financial statements as of September 30, 2019.

Assets and Liabilities of Discontinued Operation

in € million

	September 30, 2019
Cash and cash equivalents	17
Trade receivables and other current assets	30
Inventories	30
Non-current assets	12
Assets held for sale	90
Current provisions	37
Current liabilities	40
Pension plans and similar commitments	5
Non-current liabilities	8
Liabilities associated with assets held for sale	90
Net assets and liabilities	0

When the transaction was completed on October 1, 2019, the assets and liabilities of the discontinued operation were derecognized. Because of the measurement at fair value less costs to sell in fiscal year 2019, the loss on the sale of the European luminaires business had already largely been recognized as of October 1, 2019. As a result of the derecognition, a further loss of €4 million had to be recognized as of December 31, 2019. This was due in large part to the derecognition of further assets of €2 million and further expenses relating to disposal of the business of €2 million.

Results from Discontinued Operations

in € million

	Three month ended December 31,	
	2019	2018
Revenue	–	76
Expenses	0	(97)
Income (loss) from operating activities	0	(20)
Related income taxes	0	5
Income (loss) from operating activities, net of tax	0	(15)
Income (loss) from the measurement to fair value less costs to sell	–	(71)
Related income taxes	–	10
Income (loss) from the measurement to fair value less costs to sell	–	(61)
Measurement adjustment of obligations from share purchase agreements	0	(3)
Gain (loss) on sale of discontinued operations	(4)	–
Related income taxes	–	–
Gain (loss) on sale of discontinued operations, net of tax	(4)	–
Income (loss) from discontinued operations, net of tax	(4)	(80)

Net Cash Outflows of Discontinued Operation

in € million

	Three month ended December 31, 2019
Consideration received in cash	8
Cash and cash equivalents disposed of	(17)
Additional cash outflows due to contractual obligations	(5)
Net cash outflows	(14)

The sale of another business in Asia during the first quarter of fiscal year 2020 resulted in an inflow of funds of €4 million.

4 I Personnel-related Restructuring Expenses

On November 12, 2019, OSRAM announced that it would make further Company-wide process improvements and structural adjustments in the Automotive and Digital Business Units and in the central administrative functions so that it can react to the change in market conditions. These measures will give rise to personnel-related restructuring expenses in fiscal year 2020 that, as a minimum, are expected to be in the high-double-digit millions of euros. No provisions had been recognized as of December 31, 2019, because the criteria in IAS 37 (detailed formal plan) had not yet been met.

5 I Goodwill

Detailed information on goodwill and other intangible assets can be found in the [» 2019 Annual Report, B.6 Notes to the Consolidated Financial Statements; 15 I Goodwill and Other Intangible Assets](#). The goodwill of the OSRAM CONTINENTAL cash-generating unit, amounting to €171 million, was written off as of September 30, 2019. If the current prediction for future business performance does not materialize, there is a risk that non-current assets will be written down.

6 I Property, Plant, and Equipment

Due to a change of use with effect from October 1, 2019, OSRAM recognizes a plot of land and a building with a carrying amount in the low-double-digit millions of euros as an investment property in accordance with IAS 40 *Investment Property*. This change of use came about because OSRAM stopped using the property itself and entered into an operating lease with another party.

Investment property is measured at cost less accumulated depreciation and impairment losses. The fair value is roughly the same as the carrying amount. The rental income and the direct operating costs in the first three months of fiscal year 2020 were insignificant.

7 I Legal Proceedings

Information regarding investigations and other legal proceedings, as well as the possible related risks and financial implications for OSRAM, are contained in the [» consolidated financial statements of OSRAM Licht AG for fiscal year 2019](#).

On January 20, 2016, OSRAM Opto Semiconductors GmbH (OS) was joined in the case pending before the commercial court in Nanterre, France, between EBV Elektronik SAS (EBV) and Société Provence D'Electronique et Cabelage (SPEC) by means of an action in warranty. SPEC is suing EBV for damages relating to the supply of allegedly faulty OS LEDs in SPEC passenger information boards. EBV brought OS into the action in order to seek recourse from OS as the supplier of the allegedly defective products. Following the clarification of preliminary procedural issues, the commercial court in Nanterre was declared competent as the court of last instance. At the hearing on November 26, 2019, the date for pronouncement of the judgment/ruling was set for February 26, 2020.

There have been no other significant developments since the consolidated financial statements of OSRAM Licht AG for fiscal year 2019 were prepared.

8 I Financial Instruments

Carrying Amounts and Fair Values of Financial Assets and Liabilities

in € million

	Category according to IFRS 9 ¹⁾	December 31, 2019		September 30, 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents ²⁾	FAaC	198	198	310	310
Trade receivables	FAaC	440	440	523	523
Trade receivables that are to be sold under a factoring agreement	FVPL	97	97	34	34
Other financial assets					
Derivatives not designated in a hedge accounting relationship	FVPL	5	5	4	4
Derivatives in connection with cash flow hedges	n.a.	1	1	–	–
Equity instruments	FVOCI	3	3	5	5
Shares in investment funds	FVPL	4	4	4	4
Other financial assets	FAaC	57	57	39	39
Assets held for sale	FAaC	–	–	63	63
Financial liabilities					
Debt ³⁾					
Loans from banks	FLaC	508	510	617	619
Other debt	FLaC	50	50	42	42
Trade payables	FLaC	505	505	548	548
Other financial liabilities					
Derivatives not designated in a hedge accounting relationship	FVPL	5	5	16	16
Derivatives in connection with cash flow hedges	n.a.	1	1	7	7
Contingent consideration due from acquisitions	FVPL	35	35	36	36
Other financial liabilities	FLaC	91	91	82	82
Liabilities associated with assets held for sale	FLaC	–	–	15	15

¹⁾ FAaC - Financial assets measured at amortized cost

FVOCI - Financial assets measured at fair value through other comprehensive income without recycling to profit or loss

FVPL - Financial assets or financial liabilities measured at fair value through profit or loss

FLaC - Financial liabilities measured at amortized cost

²⁾ *Cash and cash equivalents* consists primarily of deposits at banks with an investment grade rating and includes cash (predominantly denominated in euros or U.S. dollars) in checking accounts and fixed-term deposits with an original term of between one day (overnight deposits) and three months. To a small extent, it also includes checks and cash on hand.

³⁾ *Debt* included lease liabilities of €224 million as of December 31, 2019, that were accounted for in accordance with IFRS 16.

Determination of Fair Values of Financial Instruments Carried at Fair Value in the Statement of Financial Position

The financial instruments recognized at fair value in the statement of financial position include trade receivables that are to be sold under factoring programs, derivatives, equity instruments, interests in investment entities, and contingent consideration obligations in the context of acquisitions.

Trade receivables that are to be sold under factoring programs are measured on the basis of discounted cash flows using current market interest rates, corresponding to hierarchy level 2 of IFRS 13 for determining fair value.

The fair values of derivative financial instruments are determined on the basis of inputs that are observable either directly or indirectly. The exact determination depends on the nature of the derivative. The fair value of forward exchange contracts is based on forward exchange rates. The fair value of commodity derivatives (swaps, forwards) is based on forward commodity prices. This approach corresponds to hierarchy level 2 of IFRS 13 for determining fair value.

Equity instruments are measured on the basis of the best information available as of the reporting date, in particular information about transactions involving interests in the affected entities. If, after analyzing an entity's operating performance, OSRAM concludes that the previous carrying amount is close to the current fair value, the carrying amount is left unchanged. This measurement approach corresponds to hierarchy level 3 of IFRS 13 for determining fair value. The €2 million decrease in the carrying amount in the first three months of fiscal year 2020 resulted from the write-off of an equity investment, which is included in other financial income (expenses), net, in the consolidated statement of income.

Interests in investment entities are measured using the annual, half-year, or quarterly reports of the asset management companies; the fair value is determined on the basis of the share of net assets attributable to OSRAM. The measurement of the equity investments held by the investment entities can be based on all three hierarchy levels of IFRS 13 for determining fair value. Overall, the interests in investment entities are assigned to the lowest hierarchy level, i.e., level 3.

Contingent consideration obligations in the context of acquisitions are recognized as a liability at the expected amount. Subsequent adjustments to contingent consideration are recognized in profit or loss. The fair value of the liability is calculated on the basis of the current estimate of the affected business entities' performance indicators that are used to determine the contingent consideration. This measurement approach corresponds to hierarchy level 3 of IFRS 13 for determining fair value.

9 | Earnings per Share

Earnings per Share

in € million, if not stated otherwise

		Three month ended December 31,	
		2019	2018
Net income		(2)	(84)
Plus: portion attributable to non-controlling interests		10	4
Net income attributable to shareholders of OSRAM Licht AG		7	(81)
Weighted average shares outstanding – basic	in thousands	94,118	96,597
Effect of dilutive potential equity instruments	in thousands	324	268
Weighted average shares outstanding – diluted	in thousands	94,441	96,865
Basic earnings per share	in €	0.08	(0.83)
Diluted earnings per share	in €	0.08	(0.83)
Basic earnings per share OSRAM (continuing operations)	in €	0.12	(0.01)
Diluted earnings per share OSRAM (continuing operations)	in €	0.12	(0.01)
Basic earnings per share OSRAM (discontinued operation)	in €	(0.04)	(0.82)
Diluted earnings per share OSRAM (discontinued operation)	in €	(0.04)	(0.82)

New tranches were issued under the existing programs for granting performance-based stock awards to senior managers in the OSRAM Licht Group (OSRAM Stock Awards) in the first three months of fiscal year 2020 and fiscal year 2019. As of December 31, 2019, there was an average of 27,855 outstanding awards (previous year: 194,611) whose inclusion would not have a dilutive effect.

The number of treasury shares decreased from 2,796,275 as of September 30, 2019, to 2,664,388 as of December 31, 2019. This change resulted from the transfer of 131,887 shares in November 2019 under the stock award and bonus award programs.

10 | Segment Information

The segment reporting of the OSRAM Licht Group is split into three reportable segments—Opto Semiconductors (OS), Automotive (AM), and Digital (DI)—plus *Reconciliation to consolidated financial statements*.

On October 1, 2019, OSRAM made minor organizational changes involving reclassification between the reportable segments. LedEngine, Inc. (San Jose, California, U.S.A.), which was previously assigned to the Digital Business Unit, now belongs to the Opto Semiconductors Business Unit. The machinery organizational unit, which was previously assigned to *Corporate items*, has been moved to the Automotive Business Unit. The machinery unit is responsible for producing

spare parts for existing machinery and for designing and constructing production equipment. Furthermore, business activities in Asia, which were previously assigned to *Corporate items*, has been integrated into the Digital Business Unit.

The figures in the segment information for the prior-year period have been restated to reflect the new structure.

Reconciliation to the Consolidated Financial Statements

Reconciliation EBITDA to Income before Income Taxes

in € million

	Three month ended December 31,	
	2019	2018
EBITDA	98	69
Depreciation on property, plant, and equipment	(64)	(59)
Depreciation on right-of-use assets	(12)	–
Amortization	(11)	(13)
Income (loss) from investments accounted for using the equity method, net	(1)	0
Interest income	1	0
Interest expenses	(5)	(2)
Other financial income (expense), net	(3)	(1)
Income before income taxes OSRAM (continuing operations)	1	(7)

The following table reconciles the total net capital employed of the segments to the total assets reported in the consolidated statement of financial position:

Reconciliation Total Segment Net Capital Employed to Total Assets

in € million

	December 31,	September 30,
	2019	2019
Total segment net capital employed	2,469	2,269
Reconciliation to interim consolidated financial statements		
Net capital employed corporate items and pensions	(93)	(149)
Net capital employed Treasury ¹⁾	152	287
Other reconciling items		
Tax related assets	426	432
Liabilities and provisions	1,328	1,497
Total assets	4,282	4,335

¹⁾ OSRAM Treasury does not have net capital employed in the same way as an operating segment, but it is determined here in the same way as for the operating segments; the assets consist primarily of cash and cash equivalents.

Revenue by Regions

in € million

(by location of customer)

	Three month ended December 31,	
	2019	2018
EMEA	285	268
APAC	316	305
Americas	272	254
OSRAM (continuing operations)	873	828
thereof Germany	94	92
thereof foreign countries	779	736
therein U.S.A.	232	243
therein China (including Hong Kong) and Taiwan	191	169

The EMEA region comprises Europe, Russia, the Middle East, and Africa. The Americas region includes the U.S.A., Canada, and South America. The APAC region comprises Asia, Australia, and the Pacific.

11 I Related Party Disclosures

Individuals classified as related parties comprise the members of the Managing Board and the members of the Supervisory Board of OSRAM Licht AG.

Details of the remuneration of the members of the Supervisory Board and Managing Board can be found in the remuneration report, which is part of the combined management report in the [» Annual Report of the OSRAM Licht Group for Fiscal Year 2019](#).

Ms. Olga Redda joined the Supervisory Board as an employee representative on October 1, 2019. She is the elected replacement for Ms. Irene Schulz, who stepped down from the Supervisory Board at the end of September 30, 2019.

Ms. Redda has also been a member of the Audit Committee since November 11, 2019. Details of the Supervisory Board committees and their composition are published on OSRAM's website at [» www.osram-group.com/our-company/our-management/supervisory-board](http://www.osram-group.com/our-company/our-management/supervisory-board).

12 I Events After the Reporting Date

Events Relating to the Public Takeover Offer Made by ams Offer GmbH to the Shareholders of OSRAM Licht AG

On January 2, 2020, ams AG (Premstätten, Austria) announced that the final rate of acceptance of its cash takeover offer was 59.9%. Through its wholly owned subsidiary ams Offer GmbH, ams AG had already exceeded the minimum acceptance threshold of 55% needed for the planned takeover on the first acceptance deadline of December 5, 2019. The acceptance deadline was extended because the acceptance threshold had been reached by December 5, 2019. During this extension, the rate of acceptance rose to the aforementioned 59.9%.

According to the offer document from ams Offer GmbH for the shareholders of OSRAM Licht AG, which was published on November 7, 2019, ams AG held 19,359,929 OSRAM shares at the time of publication of this offer document. This equates to 19.99% of the voting rights in OSRAM Licht AG. Ams AG expects to obtain the regulatory approvals required to execute the offer during the second quarter of calendar year 2020.

Other than the above, no transactions of particular significance or with material effects on the net assets, financial position, or results of operations have occurred since the reporting date of December 31, 2019.


Munich, February 3, 2020

OSRAM Licht AG

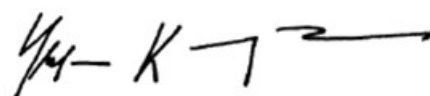
The Managing Board



Dr. Olaf Berlien
Chairman of the Managing Board
(CEO)



Ingo Bank
Chief Financial Officer
(CFO)



Dr. Stefan Kampmann
Chief Technology Officer
(CTO)

Date of Publication

February 7, 2020

Publisher

OSRAM Licht AG
represented by
Dr. Olaf Berlien,
Ingo Bank, and
Dr. Stefan Kampmann

Headquarters

Marcel-Breuer-Strasse 6
80807 Munich
Germany
Tel. +49 89 6213-0
Email: webmaster@osram.com
Website www.osram-group.com

Chairman of the Supervisory Board

Peter Bauer

Chairman of the Managing Board

Dr. Olaf Berlien

Investor Relations

OSRAM Licht AG
Juliana Baron
Marcel-Breuer-Strasse 6
80807 Munich
Germany
Tel. +49 89 6213-4259
Fax +49 89 6213-3629
Email ir@osram.com
Website www.osram-group.com/investors

This interim report is also available in German. Both language versions can be accessed at

www.osram-group.de and

www.osram-group.com.

If there are any discrepancies between the two language versions, the German text is the authoritative version.

OSRAM Licht AG

Headquarters
Marcel-Breuer-Str. 6
80807 Munich
Germany
Phone +49 89 6213-0

OSRAM