Interim Report
of OSRAM Licht Group
for the First Half Year of Fiscal Year 2019

Contents

About this Report

This Interim Report contains the group interim management report and the condensed interim consolidated financial statements of OSRAM Licht AG and its subsidiaries ('OSRAM Licht Group', 'OSRAM' or 'we') for the six months ended March 31, 2018 as well as a responsibility statement. It complies with the half-year financial reporting requirements of section 115 of the *Wertpapierhandelsgesetz* (WpHG—German Securities Trading Act). The Interim Report should be read in conjunction with our » Annual Report for Fiscal Year 2018.

From the start of fiscal year 2019, 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*. The prior year segment information was adjusted according to the new structure > Note 9 l Segment Information in the interim consolidated financial statements.

OSRAM reports the luminaires service business in the U.S.A., which was sold in the second quarter of fiscal 2019, and the held for sale European luminaires business as a discontinued operation > Note 3 l Acquisitions, Disposals, and Discontinued Operations.

The group interim management report—especially the Report on Expected Developments—contains forward-looking statements that are based on current management estimates regarding future developments. These statements do not constitute a guarantee that these expectations will prove correct. The future performance of the OSRAM Licht Group and its affiliated companies depends on numerous risks and uncertainties, many aspects of which are outside OSRAM's sphere of influence. In particular, these include, but are not limited to, the circumstances described in the » 2018 Annual Report, A.4.2 Report on Risks and Opportunities, supplemented by the > Report on Opportunities and Risks in this group interim management report. As a result, material variances, both negative and positive, could arise between OSRAM's actual results, profits, and performance and those forecast in our forward-looking statements. OSRAM does not plan and does not assume any separate obligation to update the forward-looking statements over and above regulatory requirements.

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 2019 for the OSRAM Licht Group began on October 1, 2018 and will end on September 30, 2019.

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 key 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. A detailed description of these key performance indicators and their calculation can be found in the » 2018 Annual Report, A.1.2 Performance Management and, if applicable, a reconciliation to the most similar IFRS performance indicators in > Reconciliation of Key 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)

Group Interim Management Report

Business Performance in the First Half Year of Fiscal Year 2019

Results of Operations

Revenue by Segments

in € million

	Six months ended March 31,		Change			
	2019	2018	nominal	therein currency	therein portfolio	comparable
Opto Semiconductors[1)]	711	836	(15.0%)	2.3%	0.6%	(17.9%)
Automotive	889	973	(8.6%)	1.7%	0.5%	(10.9%)
Digital	424	437	(3.0%)	1.2%	8.5%	(12.7%)
Reconciliation to interim consolidated financial statements	(335)	(368)	(9.1%)	2.6%	0.0%	(11.7%)
OSRAM (continuing operations)	**1,689**	**1,878**	**(10.0%)**	**1.7%**	**2.5%**	**(14.3%)**

1) Including intersegment revenue of €373 million (previous year: €415 million).

- Modest positive currency translation effects in first half of the fiscal year; moderate positive portfolio effects over-all
- OS: Revenue decline in all business lines, due to weakness of automotive demand and weak overall demand in China; inventory restocking in distributor supply chains of products for industry and mobile applications and general lighting not yet visible
- AM: Weak automotive industry caused significant revenue decrease on a comparable basis in the LED products business as well as in the traditional products business
- DI: Significant revenue decrease on a comparable basis attributable to the business with control gears und light management systems (Digital Systems), mainly in North America and Europe, to the Specialty lighting business for entertainment and to the lighting solutions business for buildings (Traxon) that had less large-scale projects for City Beautification in China than in the previous year
- LED proportion of 67.5%, compared with 65.2% in first half of fiscal year 2018

Revenue by Regions

(by customer location)
in € million

	Six months ended March 31,		Change			
	2019	2018	nominal	therein currency	therein portfolio	comparable
EMEA	585	649	(9.8)%	(0.4)%	3.6%	(13.1)%
therein Germany	333	432	(22.8)%			
APAC	588	700	(15.9)%	2.3%	0.0%	(18.3)%
therein China (including Hong Kong) and Taiwan	394	500	(21.1)%			
Americas	516	529	(2.5)%	3.5%	4.5%	(10.4)%
therein U.S.A.	388	458	(15.1)%			
OSRAM (continuing operations)	**1,689**	**1,878**	**(10.0)%**	**1.7%**	**2.5%**	**(14.3)%**

- Significant negative growth in EMEA; decrease in revenue on a comparable basis, largely attributable to OS and AM
- Comparable growth in APAC also with significant decrease; driven by all segments and mainly due to the decrease in China
- Significant comparable revenue decrease in Americas as well; the negative growth is particularly attributable to the segments DI and OS; AM with modest decrease

Earnings

in € million

	Six months ended March 31,		Change
	2019	2018	nominal
EBITDA segments			
Opto Semiconductors	66	207	(68.0)%
Automotive	82	135	(39.2%)
Digital	(21)	16	n.a.
Reconciliation to interim consolidated financial statements	(47)	(51)	(7.2)%
EBITDA OSRAM (continuing operations)	**80**	**308**	**(73.9%)**
EBITDA margin	4.8%	16.4%	(1,160) bps
Special items[1]	(83)	(25)	>200%
therein transformation costs	(66)	(18)	>200%
therein acquisition related costs	(6)	(4)	55.3%
Adjusted EBITDA	163	333	(50.9)%
Adjusted EBITDA margin	9.7%	17.7%	(800) bps
Amortization, depreciation, and impairments	186	119	56.7%
Net financial income or expense[2]	(11)	(3)	>200%
Income (loss) before income taxes OSRAM (continuing operations)	**(117)**	**186**	**n.a.**
Income taxes	21	(53)	n.a.
Income (loss) OSRAM (continuing operations)	**(96)**	**133**	**n.a.**
Loss from discontinued operation, net of tax	(86)	(28)	>200%
Net income (loss)	**(181)**	**105**	**n.a.**

1) Of which €-56 million was attributable to OS, €-9 million was attributable to AM, €-8 million to DI, and €-11 million to corporate items (reconciliation to the interim consolidated financial statements.

2) Income (loss) from investments accounted for using the equity method, net; interest income; interest expenses; and other net financial income or expense.

EBITDA of OSRAM (continuing operations)

- EBITDA sharply below prior-year figure due to negative development in all segments
- The EBITDA margin at OS decreased year on year due to negative volume and degression effects as well as transformation costs in connection with cost saving programs
- The drop in profitability at AM was mainly the result of negative volume and degression effects as well as ramp-up costs at OSRAM CONTINENTAL
- Deterioration in EBITDA at DI due to negative volume and degression effects; prior year included a €15 million gain from the sale of the non-strategic electro hot air devices business
- Transformation costs with a sharp increase which was mainly attributable to personnel-related restructuring expenses; see > Note 4 l Personnel-related Restructuring Expenses in the interim consolidated financial statements

Net Income (loss)

- Income (loss) before income taxes OSRAM (continuing operations) impacted by a sharp increase of amortization, depreciation and impairments; to a large extent this is attributable to an impairment of €40 million for the cash-generating unit Digital Systems within the DI segment > Note 5 l Goodwill and Other Intangible Assets
- Loss from discontinued operation, net of tax in the first half of fiscal year 2019 amounting to €86 million includes the running operating results and especially the loss on sale of the luminaire service business in the U.S.A. of €6 million before income taxes and impairment losses related to the held for sale European luminaires business of €51 million after income taxes; see > Note 3 l Acquisitions, Disposals, and Discontinued Operations in the interim consolidated financial statements

Development of Cash Flows

in € million

	Six months ended March 31, 2019	2018	Change nominal
Free cash flow segments			
Opto Semiconductors	(36)	(230)	(84.4)%
Automotive	57	64	(11.2)%
Digital	(93)	(12)	>200%
Reconciliation to interim consolidated financial statements	(104)	(50)	106.5%
Free cash flow OSRAM (continuing operations)	**(177)**	**(229)**	**(22.9)%**
therein additions to intangible assets and property, plant, and equipment	(166)	(347)	(52.3)%
Net cash OSRAM (continuing operations) provided by (used in)			
Operating activities	(11)	118	n.a.
Investing activities	(154)	(331)	(53.4)%
Financing activities	104	(114)	n.a.

Free Cash Flow of OSRAM (continuing operations)

- Negative Free Cash Flow, but improved compared to prior year level due to lower capital expenditures mainly at OS
- OS: Positive Free Cash Flow development year on year attributable to the scheduled decrease in capital expenditures
- AM continuously with a positive Free Cash Flow
- Sharp reduction in Free Cash Flow at DI mainly attributable to increasing funds tied up in net working capital, primarily caused by the increase of inventories

Other Investing Activities (continuing operations)

- Proceeds and payments from the sale of business units less outgoing cash and cash equivalents results from the sale of Sylvania Lighting Services Corp. (SLS), Wilmington/USA
- Investments in financial assets predominantly attributable with €3 million to LeddarTech Inc., Québec/Canada which is accounted for using the equity method, €3 million to Square Metrix GmbH, Berlin, which is also accounted for using the equity method as well as capital contributions in investment funds amounting to €1 million

For further information on the transactions mentioned, see > Note 3 I Acquisitions, Disposals, and Discontinued Operations in the interim consolidated financial statements.

Development of Net Debt

in € million

	Six months ended March 31, 2019
Net debt as of September 30, 2018	**(51)**
EBITDA OSRAM (continuing operations)	**80**
Change in net working capital[1)]	(65)
Change in other assets and liabilities	2
Income taxes paid	(32)
Other cash flows from operating activities[2)]	4
Additions to intangible assets and property, plant, and equipment	(166)
Free cash flow OSRAM (continuing operations)	**(177)**
Dividends paid to shareholders of OSRAM Licht AG	(107)
Proceeds and payments from the sale of business activities, net of cash disposed of	22
Purchases of investments	(10)
Purchase of treasury shares	(7)
Other investing and financing activities OSRAM (continuing operations)[3)]	4
Cash flows from operating, investing and financing activities discontinued operation	(23)
Net debt as of March 31, 2019	**(350)**

1) Includes changes in inventories, trade receivables, other current assets, trade payables, current provisions, and other current liabilities.
2) Includes dividends received, interest received, and other reconciling items to net cash provided by (used for) operating activities.
3) Includes non-cash effects, e.g., from currency translation, in addition to cash transactions.

Financing and Liquidity Analysis

- Drawdown under the revolving credit facility increased from €179 million as of September 30, 2018 to €400 million as of March 31, 2019
- €886 million of the total amount of the revolving loan facility of €950 million is available until February 2022; a balance of €64 million is available until February 2020
- The total amount of loans from the European Investment Bank decreased by €16 million due to scheduled repayments
- The other debt line item, relating to a loans from the non-controlling investor Continental to OSRAM CONTINENTAL companies, increased from €17 million as of September 30, 2018 to €30 million as of March 31, 2019
- Under a share repurchase program 195,000 shares were repurchased until March 31, 2019; €7 million were paid

Financing of Pension Plans and Similar Commitments

- The increase in the underfunding from €135 million as of September 30, 2018 to €154 million as of March 31, 2019 was driven primarily by benefit costs incurred by the plan, as well as by higher defined benefit obligations due to predominantly lower discount rates and a slightly lower offsetting increase in plan assets

Net Assets

Balance Sheet Structure

in € million

	March 31, 2019	September 30, 2018	Change nominal
Assets			
Current assets	1,882	1,984	(5.1)%
therein assets held for sale	72	49	46.8%
Non-current assets	2,706	2,746	(1.5)%
Total assets	**4,588**	**4,730**	**(3.0)%**

	March 31, 2019	September 30, 2018	Change nominal
Liabilities and equity			
Current liabilities	1,662	1,555	6.9%
therein liabilities associated with assets held for sale	74	12	>200%
Non-current liabilities	484	498	(3.0)%
Equity	2,442	2,676	(8.8)%
Total liabilities and equity	**4,588**	**4,730**	**(3.0)%**

Assets

- Decrease in current assets caused by reduction in cash and cash equivalents of €78 million; countervailing effect from reclassification of non-current assets to Assets held sale > Note 3 I Acquisitions, Disposals, and Discontinued Operations in the interim consolidated financial statements
- As a result of reclassifications in connection with the first time application of IFRS 15 current assets increased by €51 million > Note 2 I Effects from the first time application of new financial reporting standards in the interim consolidated financial statements
- Cash and cash equivalents primarily reduced by the negative free cash flow of continuing operations of €177 million and dividend payment of €107 million; countervailing effect from the drawdown under the revolving credit facility which increased by €221 million
- Decrease in non-current assets mainly attributable to reclassifications of non-current assets to Assets held sale > Note 3 I Acquisitions, Disposals, and Discontinued Operations in the interim consolidated financial statements

Liabilities and equity

- Increase in current liabilities primarily due to the increase of the drawdown under the revolving credit facility by €221 million and a reclassification in connection with the time application of IFRS 15 amounting to €51 million > Note 2 I Effects from the first time application of new financial reporting standards in the interim consolidated financial statements; countervailing effect from the decrease of trade payables and reclassification of non-current liabilities to Liabilities associated with assets held sale > Note 3 I Acquisitions, Disposals, and Discontinued Operations in the interim consolidated financial statements
- The total amount of non-current liabilities remained more or less steady
- Decrease of equity attributable to the dividend payment of €107 million and share repurchase of €7 million; due to the net loss of €181 million and the lower offsetting other comprehensive income (loss), net of tax, which amounted to a gain of €59 million, equity fell by around €234 million overall

Report on Expected Developments

On March 28, 2019, the Managing Board of OSRAM Licht AG decided to adjust the forecast for fiscal year 2019 (continuing operations) that was explained in detail in the ≫ 2018 Annual Report, A.4.1 Report on Expected Developments.

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.

The Managing Board now expects for continued operations in fiscal 2019 a revenue decline between 11 % and 14 % (prior: revenue growth between 0 % and 3 %), an adjusted EBITDA margin between 8 % and 10 % (prior: between 12 % and 14 %) and a negative free cash flow between €50 million and €150 million (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 until the end of fiscal year 2021 by more than €200 million compared to fiscal year 2017.

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 professional farming are showing positive developments.

Report on Risks and Opportunities

In our ≫ Annual Report for Fiscal Year 2018, we described material risks that could have adverse effects on our business, and on our net assets, financial position, and results of operations. In addition, we described our material opportunities and the structure of our risk management system.

Significant changes on the assessment of following risks occurred:

Because of the revised revenue forecast and the continued uncertain situation on our core markets we assess the risk of negative degression effects higher than at the end of the fiscal year 2018. Due to lower volumes and lower utilization of our production facilities the overhead and production cost structure can deteriorate and negatively impact our net assets, financial position, and results of operations.

In contrast, despite of the ongoing sale of our European luminaires business (Siteco) as well as the integration of acquisitions made in fiscal 2018, risks related to M&A activities are decreasing because of the declining investment activity compared to prior year.

The other risks and opportunities described in the ≫ Annual Report for Fiscal Year 2018 did not change significantly in the six months ended March 31, 2019. Additional risks of which we are not currently aware or which we currently consider to be insignificant could also adversely affect our business activities. The Managing Board remains confident that the Group’s profitability forms a solid basis for our future business performance and provides the resources needed to pursue the opportunities available to the OSRAM Licht Group. From the current perspective, the Managing Board considers that the risks described above are manageable and do not, either individually or together, appear to endanger the OSRAM Licht Group’s continued existence as a going concern.

Reconciliation of Key Performance Indicators

This section shows the calculation of performance indicators that are described in more detail in the » 2018 Annual Report, A.1.2 Performance Management. There is also a reconciliation of alternative performance measures (APMs) to the most similar IFRS measures. Definitions of the key performance measures that can be directly derived from line items or subtotals in the IFRS consolidated financial statements can be found in the » 2018 Annual Report, A.1.2 Performance Management and the » 2018 Annual Report, A.2.6 Reconciliation of Key Performance Indicators.

Comparable Revenue Growth

Six months ended March 31,

Comparable Change in Revenue[1)]

Nominal revenue growth - currency translation effects - portfolio effects = comparable revenue growth

OSRAM (continuing operations)	**2019:**	(10.0)%	-	1.7%	-	2.5%	=	(14.3)%	**2018:**	0.3%	-	(7.6)%	-	3.7%	=	4.1%			

Currency Translation Effects

$$\frac{\text{Revenue in reporting period at exchange rate in reporting period - revenue in reporting period at prior period exchange rate}}{\text{Prior period revenue at prior period exchange rate}}$$

OSRAM (continuing operations)	**2019:**	$\frac{1{,}689 - 1{,}657}{1{,}878}$ = 1.7%	**2018:**	$\frac{1{,}878 - 2{,}020}{1{,}873}$ = (7.6)%	

Portfolio Effects

$$\frac{\text{Revenue from acquisitions in reporting period and desinvestments prior period as well as changes in the allocation of business activities}}{\text{Prior period revenue}}$$

OSRAM (continuing operations)	**2019:**	$\frac{47}{1{,}878}$ = 2.5%	**2018:**	$\frac{70}{1{,}873}$ = 3.7%	

1) Portfolio changes during the fiscal year have a pro rata effect in the period following the acquisition/divestment, since there are only portfolio effects in the period of the portfolio change during those reporting months when the acquired company belongs to OSRAM, or the company disposed of no longer belongs to OSRAM. Thus, in the subsequent period, there are portfolio effects relating to the months in the period of the portfolio change during which the acquired company was not yet part of OSRAM or the company disposed of was still part of OSRAM.

EBITDA and EBITDA Margin

EBITDA

in € million

	OSRAM (continuing operations)	
	Six months ended March 31,	
	2019	2018
Income (loss)	(96)	133
Income taxes	(21)	53
Net financial income or expense[1)]	11	3
Amortization, depreciation, and impairments[2)]	186	119
EBITDA[3)]	**80**	**308**

1) Income (loss) from investments accounted for using the equity method, net; interest income; interest expenses; and other net financial income or expense.
2) Net of reversals of impairment losses.
3) EBITDA (earnings before interest, taxes, depreciation, and amortization) is earnings before net financial income or expense, income taxes, amortization and impairment of intangible assets (goodwill and other assets) and depreciation and impairment of property, plant, and equipment, net of reversals of impairment losses.

EBITDA Margin and EBITDA Margin, Adjusted

in € million

	OSRAM (continuing operations) Six months ended March 31,	
	2019	2018
Revenue	1,689	1,878
EBITDA	80	308
EBITDA margin	**4.8%**	**16.4%**
Special items [1)]	(83)	(25)
Transformation costs	(66)	(18)
Acquisition related costs	(6)	(4)
Others	(10)	(2)
Adjusted EBITDA	163	333
Adjusted EBITDA margin	**9.7%**	**17.7%**

1) Special items comprise transformation costs and acquisition related costs as well as costs incurred for significant legal and regulatroy matters. EBITDA impacting transformation costs result mainly from the measures needed to strengthen our competitiveness (changes to manufacturing capacity, improvement of the cost position, etc.). Acquisition related costs, which also impact EBITDA, comprise costs incurred in connection with the acquisition and disposal of companies, equity investments, and other businesses. In particular, these include the cost of legal and other advice as well as costs of integration/disposal.

Events After the Reporting Date

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 March 31, 2019.

Condensed Interim Consolidated Financial Statements

for the Six Months Ended March 31, 2019

According to IFRS

Consolidated Statement of Income

OSRAM Licht Group – Consolidated Statement of Income (unaudited)

For the six months ended March 31, 2019 and 2018

in € million, if not stated otherwise

	Note	Six months ended March 31, 2019	2018
Revenue		1,689	1,878
Cost of goods sold and services rendered		(1,258)	(1,225)
Gross profit		**432**	**652**
Research and development expenses		(220)	(189)
Marketing, selling and general administrative expenses		(290)	(285)
Other operating income		17	20
Other operating expenses		(44)	(10)
Income (loss) from investments accounted for using the equity method, net		(3)	(2)
Interest income		1	2
Interest expenses		(6)	(5)
Other financial income (expenses), net		(2)	1
Income (loss) before income taxes OSRAM (continuing operations)		**(117)**	**186**
Income taxes		21	(53)
Income (loss) OSRAM (continuing operations)		**(96)**	**133**
Income (loss) from discontinued operation, net of tax	Note 3	(86)	(28)
Net income (loss)		**(181)**	**105**
Attributable to:			
Non-controlling interests		(11)	1
Shareholders of OSRAM Licht AG		(170)	103
Basic earnings per share (in €)	Note 7	(1.76)	1.07
Diluted earnings per share (in €)	Note 7	(1.76)	1.07
Basic earnings per share (in €) OSRAM (continuing operations)	Note 7	(0.87)	1.37
Diluted earnings per share (in €) OSRAM (continuing operations)	Note 7	(0.87)	1.36

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Comprehensive Income

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

For the six months ended March 31, 2019 and 2018

in € million

	Six months ended March 31,	
	2019	2018
Net income (loss)	(181)	105
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(5)	(33)
thereof: income tax	*3*	*(19)*
fair value measurement of equity instruments	0	–
thereof: income tax	*0*	–
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	62	(16)
Available-for-sale financial assets	–	0
thereof: income tax	–	*0*
Derivative financial instruments	2	0
thereof: income tax	*(1)*	*0*
	64	**(16)**
Other comprehensive income (loss), net of tax	**59**	**(49)**
Total comprehensive income (loss)	**(123)**	**56**
Attributable to:		
Non-controlling interests	(10)	2
Shareholders of OSRAM Licht AG	(113)	54

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Financial Position

OSRAM Licht Group – Consolidated Statement of Financial Position

As of March 31, 2019 (unaudited) and September 30, 2018

in € million

	Note	March 31, 2019	September 30, 2018
ASSETS			
Current assets			
Cash and cash equivalents		255	333
Available-for-sale financial assets		–	0
Trade receivables		551	614
Other current financial assets		38	45
Contract assets		8	–
Inventories		778	743
Income tax receivables		35	49
Other current assets		145	151
Assets held for sale	Note 3	72	49
Total current assets		**1,882**	**1,984**
Goodwill	Note 5	341	369
Other intangible assets		268	296
Property, plant, and equipment		1,565	1,621
Investments accounted for using the equity method		63	66
Other financial assets		21	19
Deferred tax assets		385	309
Other assets		63	65
Total assets		**4,588**	**4,730**

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

OSRAM Licht Group – Consolidated Statement of Financial Position

As of March 31, 2019 (unaudited) and September 30, 2018

in € million

		March 31, 2019	September 30, 2018
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt and current maturities of long-term debt		469	233
Trade payables		540	714
Other current financial liabilities		82	40
Contract liabilities		19	–
Current provisions		66	74
Income tax payables		76	110
Other current liabilities		336	373
Liabilities associated with assets held for sale	Note 3	74	12
Total current liabilities		**1,662**	**1,555**
Long-term debt		136	152
Pension plans and similar commitments		174	162
Deferred tax liabilities		14	14
Provisions		32	26
Other financial liabilities		23	24
Other liabilities		104	121
Total liabilities		**2,146**	**2,053**
Equity			
Common stock, no par value		97	105
Additional paid-in capital		1,669	2,034
Retained earnings		494	780
Other components of equity		66	3
Treasury shares, at cost	Note 8	(13)	(386)
Total equity attributable to shareholders of OSRAM Licht AG		**2,312**	**2,536**
Non-controlling interests		130	140
Total equity		**2,442**	**2,676**
Total liabilities and equity		**4,588**	**4,730**

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Cash Flows

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

For the six months ended March 31, 2019 and 2018

in € million

		Six months ended March 31,	
	Note	2019	2018
Cash flows from operating activities			
Net income (loss)		(181)	105
Adjustments to reconcile net income (loss) to cash provided			
Income (loss) from discontinued operation, net of tax	Note 3	86	28
Amortization, depreciation, and impairments		186	119
Income taxes		(21)	53
Interest (income) expenses, net		6	3
(Gains) losses on sales and disposals of businesses, intangible assets and property, plant, and equipment, net		1	(15)
(Income) loss from investments		3	2
Other non-cash (income) expenses		5	5
Change in current assets and liabilities			
(Increase) decrease in inventories		(52)	(70)
(Increase) decrease in trade receivables		94	(29)
(Increase) decrease in other current assets		11	(29)
Increase (decrease) in trade payables		(76)	(7)
Increase (decrease) in current provisions		(3)	(5)
Increase (decrease) in other current liabilities		(39)	(4)
Change in other assets and liabilities		2	(6)
Income taxes paid		(32)	(33)
Interest received		1	2
Net cash provided by (used in) operating activities OSRAM (continuing operations)		**(11)**	**118**
Net cash provided by (used in) operating activities discontinued operation		(18)	(21)
Net cash provided by (used in) operating activities OSRAM Licht Group (total)		**(29)**	**97**

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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

For the six months ended March 31, 2019 and 2018

in € million

	Note	Six months ended March 31, 2019	2018
Cash flows from investing activities			
Additions to intangible assets and property, plant, and equipment		(166)	(347)
Acquisitions, net of cash and cash equivalents acquired		(2)	(7)
Purchases of investments		(10)	(3)
Proceeds and payments from sales of investments, intangible assets and property, plant, and equipment		1	5
Proceeds and payments from the sale of business activities, net of cash and cash equivalents disposed of	Note 3	22	22
Net cash provided by (used in) investing activities OSRAM (continuing operations)		**(154)**	**(331)**
Net cash provided by (used in) investing activities discontinued operation		(5)	(3)
Net cash provided by (used in) investing activities OSRAM Licht Group (total)		**(159)**	**(334)**
Cash flows from financing activities			
Purchase of treasury stocks		(7)	–
Payments from capital increases in subsidaries with minority interests		3	–
Repayment of long-term debt		(16)	(4)
Change in short-term debt and other financing activities		236	(1)
Interest paid		(4)	(2)
Dividends paid to shareholders of OSRAM Licht AG		(107)	(107)
Net cash provided by (used in) financing activities OSRAM (continuing operations)		**104**	**(114)**
Net cash provided by (used in) financing activities discontinued operation		–	–
Net cash provided by (used in) financing activities OSRAM Licht Group (total)		**104**	**(114)**
Effect of exchange rates on cash and cash equivalents		6	(3)
Net increase (decrease) in cash and cash equivalents		(78)	(354)
Cash and cash equivalents at beginning of period		333	609
Cash and cash equivalents at end of period		255	255
Less: Cash and cash equivalents of discontinued operation at end of the reporting period		0	0
Cash and cash equivalents at end of period (consolidated statement of financial position)		**255**	**255**

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Consolidated Statement of Changes in Equity

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

For the six months ended March 31, 2019 and 2018

in € million

	Common stock	Additional paid-in capital	Retained earnings	Currency translation differences	Measurement of equity instruments at fair value	Derivative financial instruments	Treasury shares at cost	Total equity attributable to shareholders of OSRAM Licht AG	Non-controlling interests	Total equity
Balance as of October 1, 2017	**105**	**2,035**	**699**	**5**	**1**	**0**	**(392)**	**2,452**	**8**	**2,460**
Net income (loss)	–	–	103	–	–	–	–	103	1	105
Other comprehensive income (loss), net of tax	–	–	(33) [1]	(17)	0	0	–	(49)	0 [2]	(49)
Total comprehensive income (loss), net of tax	**–**	**–**	**71**	**(17)**	**0**	**0**	**–**	**54**	**2**	**56**
Dividends	–	–	(107)	–	–	–	–	(107)	–	(107)
Other changes in equity	–	(3)	(4)	–	–	–	7	0	–	0
Balance as of March 31, 2018	**105**	**2,032**	**659**	**(12)**	**1**	**0**	**(386)**	**2,399**	**10**	**2,409**
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 apllication 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)	–	–	(170)	–	–	–	–	(170)	(11)	(181)
Other comprehensive income (loss), net of tax	–	–	(5) [1]	60	–	2	–	57	1 [2]	59
Total comprehensive income (loss), net of tax	**–**	**–**	**(175)**	**60**	**–**	**2**	**–**	**(113)**	**(10)**	**(123)**
Withdrawal of treasury stocks	**(8)**	**(363)**	**–**	**–**	**–**	**–**	**379**	8	**–**	8
Purchase of treasury stocks	–	–	–	–	–	–	(7)	(7)	–	**(7)**
Dividends	–	–	(107)	–	–	–	–	(107)	–	(107)
Other changes in equity	–	(2)	(3)	–	–	–	–	(4)	0	(4)
Balance as of March 31, 2019	**97**	**1,669**	**494**	**70**	**0**	**(4)**	**(13)**	**2,312**	**130**	**2,442**

[1] Other comprehensive income (loss), net of tax, attributable to shareholders of OSRAM Licht AG includes remeasurement losses on defined benefit plans for the six months ended March 31, 2019 of €5 million; for the six months ended March 31, 2018, it includes remeasurement losses of €33 million.

[2] Other comprehensive income (loss), net of tax, attributable to non-controlling interests includes currency translation differences for the six months ended March 31, 2019, and March 31, 2018, of €1 million and €0 respectively.

Minor differences may occur due to rounding.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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 six months ended March 31, 2019 und 2018 (unaudited) and as of March 31, 2019 (unaudited) and September 30, 2018

in € million

	External revenue		Intersegment revenue		Total revenue		EBITDA[1)]	
	2019	2018	2019	2018	2019	2018	2019	2018
SEGMENTS								
Opto Semiconductors	339	421	373	415	711	836	66	207
Automotive	889	973	–	–	889	973	82	135
Digital	424	437	–	–	424	437	(21)	16
Total segments	**1,652**	**1,831**	**373**	**415**	**2,024**	**2,246**	**127**	**359**
Reconciliation to interim consolidated financial statements								
Corporate items and pensions	38	47	–	–	38	47	(46)	(50)
Eliminations, corporate treasury, and other reconciling items	–	–	(373)	(415)	(373)	(415)	0	0
OSRAM (continuing operations)	1,689	**1,878**	**–**	**–**	**1,689**	**1,878**	**80**	**308**

	Assets[2)]		Free cash flow[3)]		Additions to intangible assets and property, plant, and equipment[4)]		Amortization, depreciation, and impairments[5)]	
	March 31, 2019	Sep. 30, 2018	2019	2018	2019	2018	2019	2018
SEGMENTS								
Opto Semiconductors	1,390	1,329	(36)	(230)	133	317	92	77
Automotive	818	814	57	64	21	18	32	25
Digital	444	431	(93)	(12)	11	11	60	14
Total segments	2,653	**2,574**	**(72)**	**(179)**	**165**	**346**	**184**	**116**
Reconciliation to interim consolidated financial statements	–		–		–		–	
Corporate items and pensions	(150)	(127)	(74)	(104)	1	1	2	2
Eliminations, corporate treasury, and other reconciling items	2,085	2,283	(31)	53	–	–	–	–
OSRAM (continuing operations)	**4,588**	**4,730**	**(177)**	**(229)**	**166**	**347**	**186**	**119**

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 net financial income or expense), income taxes, and depreciation and amortization as defined below.

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 for) 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) Additions to intangible assets and property, plant, and equipment are defined as capital expenditures.

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.

Minor differences may occur due to rounding.

1 l Basis of Preparation

These condensed interim consolidated financial statements ('interim consolidated financial statements') are for OSRAM Licht AG, Munich, and its subsidiaries ('OSRAM Licht Group' or 'OSRAM'). OSRAM's main development, production and sales activities are related to opto semiconductors for lighting, visualization, and sensor technology (Segment OS), automotive lighting (Segment AM) as well as lighting solutions and light management systems for various applications (Segment DI).

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 2018, 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 for fiscal year 2018 except for changes due to the first time application of IFRS 9 and IFRS 15 > Note 2 l Effects from the first time application of new financial reporting standards. 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.

The 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. The interim consolidated financial statements were authorized for issue by the Managing Board of OSRAM Licht AG, Marcel-Breuer-Strasse 6, 80807 Munich, Germany, on May 6, 2019.

In addition to these interim consolidated financial statements, the Interim Report includes the > group interim management report, which presents the business performance in the first half of fiscal year 2019 and its effects on the net assets, financial position, and results of operations.

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.

Recent Accounting Pronouncements, not yet Adopted

A description and impact assessment on OSRAM resulting from the recent accounting pronouncements, not yet adopted IFRS 16 *Leases* und IFRIC 23 *Uncertainty over Income Tax Treatments* are included in » 2018 Annual Report, B.6.2 Basis of Preparation.

2 l Effects from the first time application of new financial reporting standards

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for fiscal years beginning on or after January 1, 2018. The new standard includes all three aspects of financial instruments accounting: classification and measurement, impairment and hedge accounting.

OSRAM applied IFRS 9 prospectively for the first time at the beginning of fiscal year 2019. According to the transition provisions of IFRS 9 prior year figures for 2018 were not restated but presented according to IAS 39. The effects from the initial application were recognized in retained earnings. The material changes of IFRS 9 on the accounting principles are as follows:

- The accounting treatment has changed for trade receivables from customers that are sold to a factoring company in connection with customers' supply-chain financing programs. They now need to be measured at fair value through profit or loss under IFRS 9, whereas they were previously measured at amortized cost under IAS 39. The effect that this topic had on retained earnings after recognition of deferred taxes was a negative of €2 million as of October 1, 2018.
- In case of equity instruments, held as strategic investments, OSRAM has opted to continue to recognize changes in their fair value through other comprehensive income. In contrast to IAS 39 fair value gains and losses are not reclassified from equity to the income statement, even if the equity instruments are subsequently sold.

— The shares in investment funds held by OSRAM are measured at fair value through profit or loss according to IFRS 9. Under IAS 39 changes in their fair value were recognized through other comprehensive income.

IFRS 9 contains a new expected loss impairment model. For the bulk of the receivables, the valuation allowances are calculated on the basis of the customer's individual credit rating as already under IAS 39. Thus no significant impact on the level of accumulated valuation allowances at the time of initial application of IFRS 9 had to be recognized.

The rules on hedge accounting are also changing as a result of IFRS 9. OSRAM uses derivative financial instruments, especially forward exchange contracts, to hedge against exchange rate fluctuations. Certain derivative financial instruments that are used to hedge forecast transactions and executory contracts and that meet the requirements for hedge accounting are accounted for as cash flow hedges. OSRAM uses the IASB option to continue the application of IAS 39 hedge accounting rules as long as the rules for macro hedge accounting under IFRS 9 are not finalized.

IFRS 9 takes a new approach to the classification and measurement of financial assets that reflects the business model under which the assets are held and the characteristics of their cash flows. The following table shows the carrying amount of financial instruments according to their classification under IAS 39 as of September 30, 2018 and their classification under IFRS 9 as of October 1, 2018.

Reconciliation of the Carrying Amounts of Financial Instruments from IAS 39 to IFRS 9 categories

in € million

	Category according to IAS 39	Category according to IFRS 9	Carrying amount according to IAS 39 as of September 30, 2018	Reclassification	Remeasurement	Carrying amount according to IFRS 9 as of Oktober 1, 2018
Financial assets						
Cash and cash equivalents[1)]	n.a.	FAaC	333			333
Available-for-sale financial assets (non-current)	AfS	FVPL / FVOCI	5	(5)		–
Trade receivables	LaR	FAaC	614	(65)		549
Trade receivables that are to be sold under supply-chain financing programs	LaR	FVPL	–	65	(3)	62
Other financial assets						
Derivatives not designated in a hedge accounting relationship	FAHfT	FVPL	4			4
Equity instruments	AfS	FVOCI	–	3		3
Shares in investment funds	AfS	FVPL	–	2		2
Other financial assets	LaR	FAaC	60			60
Assets held for sale	LaR	FAaC	34			34
Financial liabilities						
Debt						
Loans from banks	FlaC	FlaC	368			368
Other debt	FlaC	FlaC	17			17
Trade payables	FlaC	FlaC	714			714
Other financial liabilities						
Derivatives not designated in a hedge accounting relationship	FLHfT	FVPL	7			7
Derivatives in connection with cash flow hedges	n.a.	n.a.	9			9
Other financial liabilities	FlaC	FlaC	49			49
Liabilities associated with assets held for sale	FlaC	FlaC	8			8

The aggregated carrying amounts by IFRS 9 category are as follows:

Aggregated Carrying Amounts according to IFRS 9 categories

in € million

	Category according to IFRS 9	Carrying amount October 1, 2018
Financial assets measured at amortized cost	FAaC	976
Financial assets measured at fair value through other comprehensive income without recycling to profit or loss	FVOCI	3
Financial assets measured at fair value through profit or loss	FVPL	69
Financial liabilities measured at amortized cost	FLaC	1.156
Financial liabilities measured at fair value through profit or loss	FVPL	7

IFRS 15 Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations. The standard contains a five-step model for revenue recognition that has to be applied to all contracts with customers and that stipulates when, and in what amount, revenue has to be recognized for the performance obligations in a contract.

IFRS 15 was applied for the first time as of October 1, 2019 under the modified retrospective method. According to this method prior year figures for 2018 were not restated and IFRS 15 was only applied to contracts that were not completed at the date of initial application. The cumulative effect from the initial application was recognized in retained earnings of the opening balance sheets as of October 1, 2018.

The material changes of IFRS 15 on the accounting principles are as follows:
- Transportation: Depending on the contractual provisions and delivery terms, the concept of the passing of control pursuant to IFRS 15 causes revenue to be recognized later than under the previous accounting treatment.
- Consignment warehouse: Where a consignment warehouse is located at the customer's premises, revenue is recognized earlier than under the previous accounting treatment if as contractually agreed control passes before the customer has withdrawn goods from the warehouse.
- Customer-specific manufacturing: In the case of products whose specifications mean that they can only be sold to one particular customer, revenue is recognized earlier than under the previous accounting treatment.

The effect that these topics had on retained earnings after recognition of deferred taxes was a positive of €1 million as of October 1, 2018.

Impacts on the Consolidated Statement of Income (unaudited)

The negative revenue effect in the first half of fiscal year 2019 due to a shift in the timing of revenue recognition amounted to €14 million. Considering the opposite decrease in cost of goods sold and services rendered of €12 million, loss before income taxes OSRAM (continuing operations) under IFRS 15 is €2 million lower than under the previous revenue recognition. Considering a positive deferred income tax effect of €1 million, the negative impact on net income (loss) was €1 million.

Impacts on the Consolidated Statement of Financial Position (unaudited)

The application of IFRS 15 had the following impacts on the Consolidated Statement of Financial Position as of March 31, 2019:
- A change in presentation was made for payment obligations arising from rebate and bonus agreements. Previously they were presented as deduction from trade receivables. Under IFRS 15 they are shown as refund liabilities within Other current financial liabilities at an amount of €48 million as of March 31, 2019.
- Advance payments received from customers for future deliveries and services were previously deducted from inventories. Now they are separately reported as Contract liabilities. The amount of this reclassification was €3 million as of March 31, 2019.
- Moreover, for the topics described above, Contract assets (Consignment warehouse and Customer-specific manufacturing) and Contract liabilities (Transportation) were recognized and separately presented in the Consolidated Statement of Financial Position.

Effects from first-time application of IFRS 15 on the Consolidated Statement of Financial Position (unaudited)

in € million

	March 31, as reported	impact IFRS 15	March 31, without application IFRS 15
Total assets	**4,588**	**(67)**	**4,521**
therein trade receivables	551	(48)	503
therein contract assets	8	(8)	–
therein inventories	778	(11)	767
Total liabilities	**2,146**	**(67)**	**2,079**
therein other current financial liabilities	82	(48)	34
therein contract liabilities	19	(19)	–
Total equity	**2,442**	**0**	**2,442**

3 I Acquisitions, Disposals, and Discontinued Operations

Acquisition of Ring

On December 13, 2018, OSRAM contractually agreed to buy all the shares in RGI Light (Holdings) Limited, Leeds/Great Britain, and its subsidiaries RGI Light Limited, Leeds/Great Britain, und RING Automotive Limited, Leeds/Great Britain. Ring Automotive is a leading European supplier for the automotive tuning and replacement parts market. Its portfolio includes high-performance automotive lighting, maintenance products, workshop equipment as well as corporate and commercial vehicle components. Its offering goes far beyond classic automotive lighting and complements OSRAM's product range. The transaction was completed on May 1, 2019. The preliminary purchase price amounts to approximately GBP 43 million (around €50 million). The company achieved in the two previous fiscal years 2017 and 2018 revenues in a mid double-digit million euro range and an income before income taxes in a low one-digit million euro range.

Discontinued Operation

Due to the strategic realignment towards a photonics champion a strategic review of the Business Unit Lighting Solutions (LS) was performed. As a result, OSRAM decided to dissolve the the Business Unit LS and to sell both the service business in North America, mainly operated by Sylvania Lighting Service Corp. (SLS), Wilmington/USA, and the luminaires business which is in Europe mainly operated by Siteco Beleuchtungstechnik GmbH (Siteco), Traunreut/Germany. The activities comprise almost all business activities of the operating segment Lighting Solutions (LS) of the former Lighting Solution & Systems (LSS) reporting segment.

In accordance with the respective progress of negotiations, the assets and liabilities of SLS, Siteco and the rest of the European luminaire business were reported as assets held for sale and liabilities associated with assets held for sale in the consolidated statement of financial position as of March 31, 2019 in accordance with IFRS 5 and classified as discontinued operations in the consolidated statement of income and consolidated statement of cash flows in accordance with IFRS 5.

Assets and Liabilities of Discontinued Operation

in € million

	March 31, 2019
Cash and cash equivalents	0
Trade receivables and other current assets	30
Inventories	34
Non-current assets	7
Assets held for sale	**72**
Current provisions	5
Current liabilities	50
Pension plans and similar commitments	7
Non-current liabilities	13
Liabilities associated with assets held for sale	**74**
Net assets and liabilities	**(2)**

The measurement of Siteco at the lower of carrying amount and fair value less costs to sell resulted in pre-tax impairment losses of €72 million, which was recognized in the result of the discontinued operation and reduced the carrying amount of Siteco's property, plant and equipment and intangible assets. This was offset by a tax income of €22 million from the impairment also reported in the result of the discontinued operation. The fair value was determined on the basis of initial indicative offers, taking into account the expected costs of disposal.

Results from Discontinued Operation

For the six months ended March 31, 2019 and 2018

in € million

	Six months ended March 31, 2019	2018
Revenue	139	160
Expenses	(172)	(187)
Income (loss) from operating activities	**(33)**	**(26)**
Related income taxes	7	8
Income (loss) from operating activities, net of tax	**(26)**	**(19)**
Income (loss) from the measurement to fair value less costs to sell	(72)	–
Related income taxes	22	–
Income (loss) from the measurement to fair value less costs to sell	**(51)**	–
Measurement adjustment of obligations from share purchase agreements	**(3)**	–
Gain (loss) on sale of discontinued operation [1)]	(6)	(11)
Related income taxes [1)]	0	1
Gain (loss) on sale of discontinued operation, net of tax [1)]	**(6)**	**(10)**
Income (loss) from discontinued operation, net of tax	**(86)**	**(28)**

1) Relates to the sale of the service business in North America in the first six month of fiscal 2019. In the first six month of fiscal 2018, it relates to expenses that were directly connected with the sale of LEDVANCE in fiscal 2017 but incurred in fiscal year 2018.

On January 11, 2019, the sale of the business operations of SLS in North America to WESCO Services, LLC and WESCO Distribution Canada LP, was contractually agreed for a purchase price of USD 28 million (approximately €24 million). The transaction was completed on March 5, 2019.

Gain on Sale of Discontinued Operation

in € million

	Six months ended March 31, 2019	2018
Consideration received	24	–
Net assets and liabilities	(25)	–
Reclassification of currency translation differences	(6)	–
Expenses related to the sale of LEDVANCE in fiscal year 2017	–	(11)
Gain (loss) on sale of discontinued operation	**(6)**	**(11)**

Net Cash Inflows [1)]

in € million

	Six months ended March 31, 2019
Consideration received in cash	22
Cash and cash equivalents disposed of	–
Net cash inflows	**22**

1) Relates to the sale of the service business in North America.

4 I Personnel-related Restructuring Expenses

In the first six months of the fiscal year, OSRAM undertook measures throughout the Company to improve processes and make structural adjustments in production, sales, administration, and other indirect functions.

Personnel-related restructuring expenses in connection with these measures were incurred in the amount of €56 million in the six months ended March 31, 2019 (six months ended March 31, 2018: €9 million). In fiscal year 2019, these expenses were mainly incurred in Germany, primarily in connection with individual personnel-related restructuring measures on voluntary basis at OSRAM Opto Semiconductors GmbH and OSRAM OLED GmbH. Further expenses are related to personnel measures at OSRAM GmbH, including pre-retirement part-time employment agreements, and to a lesser extent incurred outside Germany linked to primarily individual personnel-related measures.

In the six months ended March 31, 2019, and March 31, 2018, personnel-related restructuring expenses primarily affected cost of goods sold and services rendered, marketing, selling, and general administrative expenses, but also research and development expenses.

5 I Goodwill and Other Intangible Assets

A presentation of the allocation of the carrying amounts of goodwill to the operating segments as of March 31, 2019 can be found under > Note 9 I Segment information.

On 28 March 2019, the Executive Board of OSRAM Licht AG decided to adjust its forecast for the 2019 financial year (continued operations). Amongst the reasons are the continued market weakness in the automotive industry, in general lighting and in mobile devices. For details please see > Report on Expected Developments in the Group Interim Management Report.

Since it cannot be ruled out that the market weakness will continue to have an impact beyond the end of the fiscal year, OSRAM carried out a goodwill impairment test as of March 31, 2019.

The impairment test was based on a multi-year plan based on the adjusted report on expected developments. The recoverable amount of the cash-generating units was determined on the basis of their fair value less costs to sell (hierarchy level 3). The key assumptions used for the long-term growth rate (2.4%) and discount rates (after tax) between 7.9% and 8.5% as of September 30, 2018 remained unchanged.

As of March 31, 2019, an impairment need of € 40 million was calculated for the cash-generating Digital Systems unit within the DI segment on the basis of an extended detailed plan, which resulted in a complete write-down of the goodwill of this unit. The detailed planning period was extended beyond the five-year period generally applied by OSRAM to fully reflect expected structural market shifts as well as necessary transformation activities.

All other impairment tests performed confirm the recoverability of goodwill as of March 31, 2019.

For the cash-generating unit Digital Lumens within the DI segment, an increase in discount rates (after tax) of 0.5 percentage points and more together with a fall in the EBITDA margin of at least 1.0 percentage points would result in impairment of its goodwill.

6 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 2018.

On November 2, 2018, Bench Walk Lighting LLC filed a complaint against the OSRAM entities OSRAM Licht AG, OSRAM GmbH, OSRAM SYLVANIA, Inc., OSRAM Opto Semiconductors GmbH & Co. (sic.) and OSRAM Opto Semiconductors, Inc., as well as against LEDVANCE GmbH and LEDVANCE LLC with the United States District Court for the District of Delaware. In the complaint, Bench Walk Lighting LLC alleges infringement of 14 US patents related to LED technology and requests inter alia injunctive relief and an award of damages. OSRAM expects to successfully defend its positions in the litigation and will respond to the complaint.

In accordance with IAS 37.92 no further information will be disclosed in respect of the above matter as OSRAM believes that such disclosure could seriously prejudice the outcome of the respective litigation.

Other than aforementioned there have been no significant developments since the consolidated financial statements of OSRAM Licht AG for fiscal year 2018 were prepared.

OSRAM was named as a defendant in various legal disputes and proceedings in connection with its business activities, including fire damage investigations. Some of the legal actions include claims for indeterminate amounts of damages and/or punitive damages claims. In light of the number of legal disputes and other proceedings in which OSRAM is involved, there is a possibility that some of these proceedings could result in rulings against OSRAM that may have a considerable effect on OSRAM's net assets, financial position, and results of operations.

7 I Financial Instruments

Carrying Amounts and Fair Values of Financial Assets and Liabilities

in € million

	Category according to IFRS 9	March 31, 2019		October 1, 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash and cash equivalents[1)]	FAaC	255	255	333	333
Trade receivables	FAaC	506	506	549	549
Trade receivables that are to be sold under supply-chain financing programs	FVPL	45	45	62	62
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.	–	–	–	–
Equity instruments	FVOCI	3	3	3	3
Shares in investment funds	FVPL	3	3	2	2
Other financial assets	FAaC	49	49	60	60
Assets held for sale	FAaC	30	30	34	34
Financial liabilities					
Debt					
Loans from banks	FLaC	575	576	368	368
Other debt	FLaC	30	30	17	17
Trade payables	FLaC	540	540	714	714
Other financial liabilities					
Derivatives not designated in a hedge accounting relationship	FVPL	9	9	7	7
Derivatives in connection with cash flow hedges	n.a.	5	5	9	9
Other financial liabilities	FLaC	90	90	49	49
Liabilities associated with assets held for sale	FLaC	24	24	8	8

1) 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.

Determination of Fair Values of Financial Instruments Carried at Cost and Amortized Cost in the Statement of Financial Position

Financial instruments measured at fair value include trade receivables that are to be sold under supply-chain financing programs, derivatives, equity instruments and shares in investment funds.

The measurement of trade receivables that are to be sold under supply-chain financing programs is based on cash flows discounted using current market interest rates and represents level 2 of the fair value hierarchy according to IFRS 13.

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 represents level 2 of the fair value hierarchy according to IFRS 13.

Equity instruments are measured using the best information available at the reporting date. In particular this can be executed transactions involving shares in those companies. If OSRAM after an analysis of a company's operational development comes to the conclusion that the previous carrying amount corresponds approximately to the fair value, then it is retained. This represents level 3 of the fair value hierarchy according to IFRS 13.

The measurement of shares in investment funds is derived from the annual, half-year or quarterly financial reports provided by the investment companies. The fair value is calculated as OSRAM's share of the net asset value. Generally, the fair value determination of the investments held by the investment companies might be categorized within all three levels according to IFRS 13. In their entirety investment funds shares are then categorized in the lowest level which is level 3. The increase of the carrying amount for investment funds shares in the first six month of fiscal 2019 amounting to €1 million was attributable to capital contributions.

8 I Earnings per Share

Earnings per Share

in € million, if not stated otherwise

		Six months ended March 31,	
		2019	2018
Net income		(181)	105
Less: portion attributable to non-controlling interests		(11)	1
Net income attributable to shareholders of OSRAM Licht AG		**(170)**	**103**
Weighted average shares outstanding – basic	in thousands	96,607	96,507
Effect of dilutive potential equity instruments	in thousands	276	404
Weighted average shares outstanding – diluted	in thousands	**96,883**	**96,911**
Basic earnings per share	in €	(1.76)	1.07
Diluted earnings per share	in €	(1.76)	1.07
Basic earnings per share OSRAM (continuing operations)	in €	(0.87)	1.37
Diluted earnings per share OSRAM (continuing operations)	in €	(0.87)	1.36
Basic earnings per share OSRAM (discontinued operation)	in €	(0.89)	(0.30)
Diluted earnings per share OSRAM (discontinued operation)	in €	(0.89)	(0.29)

New tranches were issued under the existing programs for granting performance-based stock awards to the Managing Board of OSRAM Licht AG and senior managers in the OSRAM Licht Group (OSRAM Stock Awards) in the first six months of fiscal years 2019 and 2018. As of March 31, 2019, there was an average of 86,553 outstanding awards whose inclusion would not have a dilutive effect on earnings per share.

In November 2018, 7,841,326 of the treasury shares were redeemed which reduced OSRAM Licht AG's registered share capital by €7,841,326, from €104,689,400 to €96,848,074.

The number of treasury shares decreased from 8,145,509 as of September 30, 2018 to 328,150 as of March 31, 2019. This change resulted from the transfer of 107,205 shares in November 2018 under the stock award and bonus award programs, the redemption of own shares in November 2018, the issue of 63,828 shares under the employee share program (Base Share Program) and the repurchase of 195,000 shares in the second quarter of fiscal year 2018.

In the second quarter of fiscal year 2019, a dividend of €107 million was distributed from the unappropriated profit of OSRAM Licht AG for fiscal year 2018 in accordance with the resolution adopted at the Annual General Meeting in February 2019. This corresponds to a dividend of €1.11 per dividend-bearing share.

9 I Segment Information

From the start of fiscal year 2019, the segment reporting of the OSRAM Licht Group will be split into three reportable segments—Opto Semiconductors (OS), Automotive (AM), and Digital (DI)—plus Reconciliation to consolidated financial statements; the former LSS reporting segment has been dissolved.

The changes in segment reporting primarily were the following:

- The SP Business Unit was renamed in Automotive (AM) and consists of the original equipment manufacturer business for traditional light sources, the complete aftermarket business and OSRAM CONTINENTAL with the automotive system (or module) original equipment manufacturer business; the specialty lighting business was allocated to the new Business Unit DI.
- The LS Business Unit was dissolved; the business involving lighting solutions for buildings (Traxon) was transferred to the new DI Business Unit.
- The DS Business Unit was renamed Digital (DI) and encompasses the following activities in addition to its existing areas of business:
  - The Specialty Lighting business of the former SP Business Unit, including stage, cinema, and studio lighting, and further areas such as smart LED-based plant cultivation systems (smart farming)
  - The business involving lighting solutions for buildings (Traxon), previously part of the LS Business Unit
  - Digital Lumens, previously a self-contained operating segment within the LSS reporting segment

- The APAC luminaires business, that does not represent a separate reportable segment according to the definition in IFRS 8 *Operating Segments*, is included in *Reconciliation to consolidated financial statements* of the segment reporting
- The luminaires service business in the U.S.A., which was sold in the second quarter of fiscal 2019, and the held for sale European luminaires business are not part of the segment reporting anymore. This is because the segment reporting only includes continued operations whereas these both businesses are reported as discontinued operation > Note 3 I Acquisitions, Disposals, and Discontinued Operations.
- The respective Goodwill, generally based on relative fair values, was allocated according to the reorganized reporting structure and as of March, 31 2019 amounted to:

Goodwill

in € million

	March, 31
	2019
Automotive	207
Opto Semiconductors	59
Digital	75
Goodwill	**341**

The prior year information of the segment reporting was adjusted to represent the new structure.

Reconciliation to the Consolidated Financial Statements

Reconciliation EBITDA to Income before Income Taxes

in € million

	Six months ended March 31,	
	2019	2018
EBITDA	**80**	**308**
Depreciation	(123)	(106)
Amortization	(63)	(13)
Income (loss) from investments accounted for using the equity method, net	(3)	(2)
Interest income	1	2
Interest expenses	(6)	(5)
Other financial income (expense), net	(2)	1
Income before income taxes OSRAM (continuing operations)	**(117)**	**186**

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

	March 31, 2019	September 30, 2018
Total segment net capital employed	**2,653**	**2,574**
Reconciliation to interim consolidated financial statements		
Net capital employed corporate items and pensions	(150)	(127)
Net capital employed Treasury[1)]	220	276
Other reconciling items		
Tax related assets	420	358
Liabilities and provisions	1,445	1,649
Total assets	**4,588**	**4,730**

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.

10 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 2018.

Arunjai Mittal, who had been determined successor to Prof. Dr. Lothar Frey, who deceased on June 24, 2018, as shareholders' representative within the Supervisory Board by ruling of the local court in Munich as of August 17, 2018, was confirmed by election in the Annual General Meeting on February 28, 2019. Arunjai Mittal joined the strategy and technology panel of the Supervisory Board on October 1, 2018.

Details of the Supervisory Board committees and their composition are published on OSRAM's website at » http://www.osram-group.de/en/our-company/our-management/supervisory-board.

11 I Events After the Reporting Date

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 March 31, 2019.

Munich, May 6, 2019

OSRAM Licht AG
The Managing Board

Dr. Olaf Berlien	Ingo Bank	Dr. Stefan Kampmann
Chairman of the Managing Board (CEO)	Chief Financial Officer (CFO)	Chief Technology Officer (CTO)

Statements and Further Information

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable interim reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group in the remaining months of the fiscal year.

Munich, May 6, 2019

OSRAM Licht AG
The Managing Board

Dr. Olaf Berlien	Ingo Bank	Dr. Stefan Kampmann
Chairman of the Managing Board (CEO)	Chief Financial Officer (CFO)	Chief Technology Officer (CTO)

Review Report

Translation of the German Review Report concerning the review of the condensed interim consolidated financial statements and interim group management report prepared in German.

To OSRAM Licht AG, Munich

We have reviewed the condensed interim consolidated financial statements, comprising the consolidated statement of income (Konzern-Gewinn- und Verlustrechnung), consolidated statement of comprehensive income (Konzern-Gesamtergebnisrechnung), consolidated statement of financial position (Konzernbilanz), consolidated statement of cash flows (Konzern-Kapitalflussrechnung), consolidated statement of changes in equity (Konzern-Eigenkapitalveränderungsrechnung) and notes to the condensed interim consolidated financial statements (Anhang zum verkürzten Konzernzwischenabschluss), and the interim group management report (Konzernzwischenlagebericht), of OSRAM Licht AG, Munich, for the period from 1 October 2018 to 31 March 2019 which are part of the half-year financial report pursuant to Sec. 115 (7) in conjunction with (2) No. 1 and No. 2 and (3) and 4 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) and in supplementary compliance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, May 6, 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Keller
Wirtschaftsprüfer
(German Public Auditor)

Hinderer
Wirtschaftsprüfer
(German Public Auditor)

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This interim report is also available in German. Additionally, both 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.

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