

Ad hoc: Osram finds best owner for lamps business

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- Chinese consortium consisting of the strategic investor IDG, the Chinese lighting company MLS and the financial investor Yiwu acquire Osram's business unit Lamps for more than €400 million
- OSRAM Licht AG CEO Olaf Berlien: "Milestone in Osram's alignment towards a high-tech company."
- MLS Chairman Sun Qinghuan: "We are looking forward to working together with Ledvance, whose employees and management command extensive expertise."
- Michael Knuth, IG Metall trade union / deputy Supervisory Board Chairman: "The combination is good news for Ledvance's employees."
- Transaction closing expected in the course of fiscal 2017 and is subject to certain closing conditions and regulatory approvals by the relevant authorities
- Strategic supply agreement strengthens new Osram LED plant in Malaysia

In its meeting today, the Supervisory Board of OSRAM Licht AG (Osram) approved the sale of the general lighting lamps business. The buyer of the business known as Ledvance is a Chinese consortium consisting of the strategic investor IDG Capital Partners (IDG), the Chinese lighting company MLS Co., Ltd. (MLS) and the financial investor Yiwu State-Owned Assets Operation Center (Yiwu). The purchase price amounts to more than €400 million. Osram will additionally receive payments for license agreements of trademark rights. The consortium and Ledvance are a very good fit due to their complementary structure both geographically as well as respective product portfolios and they have solid financial resources. Through the transaction, both would respectively benefit from a significantly larger sales and distribution network, as well as sourcing synergies, which would lay the foundation for co-operative future growth. The transaction is subject to certain closing conditions, regulatory approval by the relevant authorities. The transaction is expected to close in the course of fiscal 2017.

Osram has found a new owner for its lamps business, the Chinese consortium, with IDG as a long-established strategic investor with substantial expertise in operation outside China and experience in industrial technology, and MLS as one of the leading companies in the area of LED-based products for consumers in China. Benefitting from Ledvance's decades of experience, MLS will be able to significantly expand its position in the global lighting market through the transaction. Ledvance in return will gain improved access to the Chinese growth market as a result of this transaction. Based on an agreement with Osram, Ledvance will continue to use the Osram and Sylvania brand names at the product level. Intellectual property rights are clearly allocated so that the consortium and Ledvance can continue to drive global innovations and product development.

"The transaction is a milestone in Osram's alignment towards a high-tech player in the lighting industry," said Olaf Berlien, Chief Executive Officer of OSRAM Licht AG. "We sought and have found the best owner for Ledvance. Within the consortium, MLS is a growth-oriented lighting company with unique expertise and a strong position in the important Chinese market."

Through the transaction, Ledvance is able to develop a co-operative worldwide footprint with MLS. Ledvance's products and those of MLS target different users in different territories in emerging and developed markets. "We are looking forward to working together. The qualifications and wealth of experience of the management team and employees of Ledvance represent two key factors for Ledvance's success in the cooperation with MLS in the future," said Sun Qinghuan, Chairman of MLS. "Backed by strong financial resources, we are committed to sustainable development and the goal of further strengthening the market position of the cooperative network as one of the leaders in the global lighting market," adds Antony Yu, Partner at IDG.

"The new ownership strongly supports the Ledvance strategy and will lead to a number of advantages for Ledvance and our customers. We will gain access to a more cost efficient supply chain for LED Lamps and luminaires and can continue to uphold our quality standards. Furthermore, we will strengthen our sales opportunities in Asia and especially in China," said Jes Munk Hansen, CEO of Ledvance. Jes Munk Hansen and the management team of Ledvance will remain in place following the closing of the transaction.

Works agreements and social plans remain in place

The transaction is focused on growth and will not induce additional personnel measures due to a limited overlap in organizational structures between the involved companies. The agreements and principles safeguarding the future that Osram and the employee representatives agreed upon remain in place. Consequently, works agreements and social plans will not be changed until the end of 2018. The entire collective agreement and dismissal protection for the German workforce are preserved.

"The transaction is good news for Ledvance's employees," said Michael Knuth, Vice Chairman of the Supervisory Board of OSRAM Licht AG and Speaker of the IG Metall trade union in the German state of Bavaria. "The consortium will uphold the existing agreements with the works council and IG Metall. Ledvance's global headquarters will remain in Garching, Germany. The company will therefore remain an entity under the principles of German codetermination. The consortium consists of reliable and conscientious entrepreneurs. During our negotiations, the involved companies have furthermore shown great respect for the accomplishments and experience of the Ledvance team."

Financing

Fully guaranteed financing for this transaction is in place. The consortium will finance the purchase price on an all equity-financed basis. After closing of the transaction, the consortium is contractually bound to certain financial restrictions concerning debt, liquidity and dividend payments at Ledvance for a period of three years.

Strategic supply agreement strengthens LED chip plant in Malaysia

With its three-pillar strategy announced last November, Osram will strive for sustainable growth in technologically sophisticated markets. Based on the company's extensive product and patent portfolio, excellent global growth opportunities emerge in particular for Osram's business with opto-semiconductors (LED). This growth will be strengthened with the new production plant in Malaysia. In connection with the transaction, Osram and MLS entered into a strategic supply agreement, by which MLS intends to purchase an annual order of LED chips from the new plant in Kulim, Malaysia, once production has started.

Please find further material regarding this topic [here](#).

ABOUT OSRAM

OSRAM, based in Munich, is a globally leading lighting manufacturer with a history dating back more than 100 years. The portfolio ranges from high-tech applications based on semiconductor technology, such as infrared or laser lighting, to smart and connected lighting solutions in buildings and cities. OSRAM had around 33,000 employees worldwide at the end of fiscal 2015 (September 30) and generated revenue of almost €5.6 billion in that fiscal year. The company is listed on the stock exchanges in Frankfurt and Munich (ISIN: DE000LED4000; WKN: LED400; trading symbol: OSR). Additional information can be found at www.osram.com.

ABOUT Ledvance

Ledvance GmbH is a fully-owned subsidiary of Osram GmbH and is one of the world's leading providers of lamps for professional users and retail customers. The company offers advanced LED lamps as well as a wide range of traditional light sources, standardized luminaires and connected lighting solutions. Ledvance is active in more than 120 countries and had approximately 8,800 employees as of 1 July 2016. In the 2015 fiscal year general lighting amounted to around 40 percent of Osram turnover or approximately €2 billion.

ABOUT IDG

Founded in 1993, IDG Capital Partners (IDG) was one of the first foreign venture capital firms to enter the Chinese market and focus on Chinese companies. IDG currently has \$8 billion total assets under management.

ABOUT MLS

MLS is the leading producer of packaged LEDs and components in China with a monthly production capacity of 45 billion units. The company, with headquarters in Zhongshan, China and founded in 1997, has approximately 12,500 employees and an annual revenue of about €525 million. MLS is listed on the Shenzhen stock exchange. The Chairman Sun Qinghuan owns the majority stake in MLS with 67.3%. MLS has a market capitalization of approximately €2.6 billion.

ABOUT Yiwu

Yiwu manages companies and provides financial and investment management resources for equity investments. Yiwu manages a volume of more than €11 billion in gross assets and €4 billion in net assets.

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