First quarter 2025 results

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May 6, 2025

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Important information

Forward-looking statements and other important information
This document and the related oral presentation, including responses to questions following the presentation, contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future Adjusted EBITA*), future restructuring and acquisition-related charges and other costs, future developments in Philips' organic business and the completion of acquisitions and divestments. Forward-looking statements can be identified generally as those containing words such as "anticipates", "assumes", "believes", "estimates", "expects", "should", "will", "will likely result", "forecast", "outlook", "projects", "may" or similar expressions. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements.

These factors include, but are not limited to, macro-economic and geopolitical changes—including the war in Ukraine and ongoing conflicts in Israel and the Middle East—as well as measures such as announced and proposed tariffs and trade actions introduced in response to rising global tensions; Philips' ability to keep pace with the changing health technology environment; Philips' ability to gain leadership in health informatics and artificial intelligence in response to developments in the health technology industry; integration of acquisitions and their delivery on business plans and value creation expectations; ability to meet expectations with respect to ESG-related matters; securing and maintaining Philips' intellectual property rights, and unauthorized use of third-party intellectual property rights; failure of products and services to meet quality or security standards, adversely affecting patient safety and customer operations; the resilience of our supply chain; challenges in simplifying our organization and our ways of working; attracting and retaining personnel; breach of cybersecurity; challenges in driving operational excellence and speed in bringing innovations to market; treasury and financing risks; tax risks; reliability of internal controls; compliance with regulations and standards involving quality, product safety, (cyber) security and artificial intelligence; and compliance with business conduct rules and regulations including privacy, existing and upcoming ESG disclosure and due diligence requirements. As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see also the Risk management chapter included in the Annual Report 2024.

Third-party market share data
Statements regarding market share contained in this document, including those regarding Philips' competitive position, are based on outside sources such as specialized research institutes, as well as industry and dealer panels, in combination with management estimates. Where information is not yet available to Philips, market share statements may also be based on estimates and projections prepared by management and/or based on outside sources of information. Management's estimates of rankings are based on order intake or sales, depending on the business.

Market Abuse Regulation
This slide deck contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation

Use of non-IFRS Information
In presenting and discussing the Philips Group's financial position, operating results and cash flows, management uses certain non-IFRS financial measures. These non-IFRS financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measure and should be used in conjunction with the most directly comparable IFRS measures. Non-IFRS financial measures do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. A reconciliation of these non-IFRS measures to the most directly comparable IFRS measures is contained in this document. Further information on non-IFRS measures can be found in the Annual Report 2024.

Presentation
All amounts are in millions of euros unless otherwise stated. Due to rounding, amounts may not add up precisely to totals provided. All reported data is unaudited. Financial reporting is in accordance with the accounting policies as stated in the Annual Report 2024. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares in the second quarter of 2024 in connection with the 2023 share dividend.

* Non-IFRS financial measure. Refer to reconciliation of non-IFRS information
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Key takeaways

Q1 highlights

- Order growth increased, primarily driven by strength in North America, offsetting a double-digit decline in China
- Sales ahead of company outlook driven by growth in Personal Health and royalty phasing
- Improved gross margin driven by innovation value and productivity
- Adjusted EBITA margin declined 80 bps to 8.6%, driven by sales phasing
- Paid EUR 1billion Respironics settlement, funded by cash on hand while maintaining leverage ratio

2025 Outlook

- Reflects Q1 performance and as announced tariffs[1] net of substantial mitigations
- Comparable sales growth: reiterated 1-3%
- Adjusted EBITA margin: 10.8 – 11.3%, 100 bps adjustment due to potential impact of tariffs *(previous: 11.8 – 12.3%)*
- Free cash flow: slightly positive, net of Respironics settlement *(previous: lower end of EUR 0.4 – 0.6 billion)*

1. Includes current bilateral US-China and rest of world tariffs, the resumption of the paused US tariffs on July 9 and excludes potential wider economic impact. .

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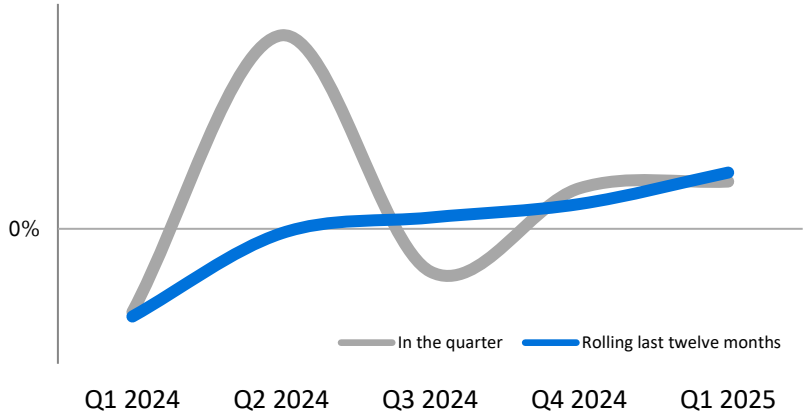
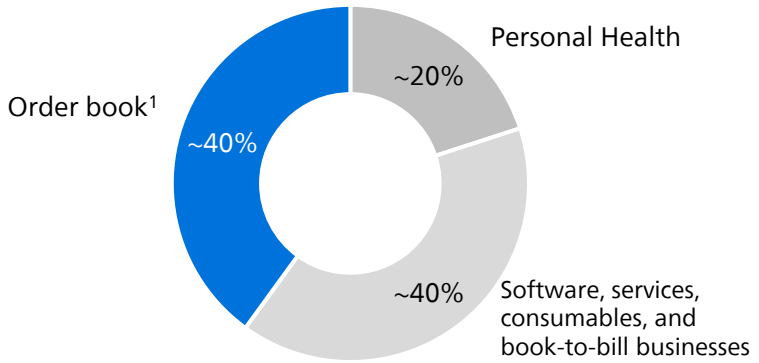
Order intake growth continued in Q1, led by strong North America demand, fueled by innovation and solid fundamentals

Comparable order intake growth[1]



- 2% growth and 4% ex-China, primarily driven by double-digit growth in North America
- Strength in Diagnosis & Treatment and Hospital Patient Monitoring

Revenue split LTM Q1 2025[2]



- Order book grew, with an improved margin profile
- Revenue streams from software, services, devices and consumables growing at solid rates

1. Mainly comprised of equipment orders in Diagnosis & Treatment and Connected Care businesses | 2. On a last twelve months basis

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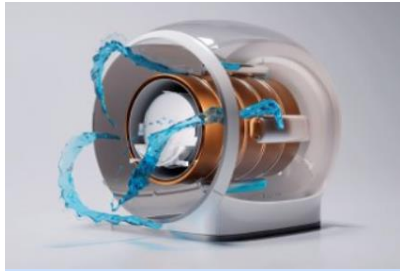
Recently launched AI innovations fuel 50% of sales

Visual Patient Avatar
Activating peripheral vision in the operating room

SmartSpeed Precise
Dual-AI MR reconstruction for 3x faster scans with 80% sharper images

Elevate Ultrasound
AI-solution for advanced imaging, intuitive workflows

Azurion neuro biplane
Our most flexible biplane system, secure and fast parking, capturing from every angulation



BlueSeal MR technology
Industry first 1.5T helium-free MR with AI-enabled Smart Workflow, installable everywhere

HealthSuite Imaging
Cloud-based, AI-driven imaging for remote access to critical data

AI-enabled CT5300
Powerful AI reconstruction for lower dose, higher image quality, next-level confidence

i9000 shaver
Intelligent personalization, premium technology

Note: ~50% of sales from new and upgraded products launched in last three years

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Solid progress on execution priorities

Patient safety and quality embedded in businesses, innovation and culture

Strengthened patient safety and quality culture - built stronger medical, quality and regulatory expertise

~30% reduction in timely closure of C&Rs[1]

On track for >70% reduction in QMS[2] count

Significant progress in resolving the consequences of the Respironics recall

End-to-end supply chain delivering better lead times and service

Quality and velocity improved and enhanced the customer experience - lead times and service levels in-line with industry standards

Continued to drive regionalization and accelerate localization, also in view of geopolitical context

Platform and SKU simplification drives innovation, quality, supply chain reliability, and margins

Simplified operating model driving accountability and agility

Driving further simplification of operating model and productivity; EUR 42 million of savings in the quarter

Deploying culture of impact with care to deliver stronger engagement and better care to more people

Building on the right team and Health tech capabilities with a growth mindset

1. Corrections and Removals; since the start of 2025 | 2. Quality Management Systems; by end of 2025

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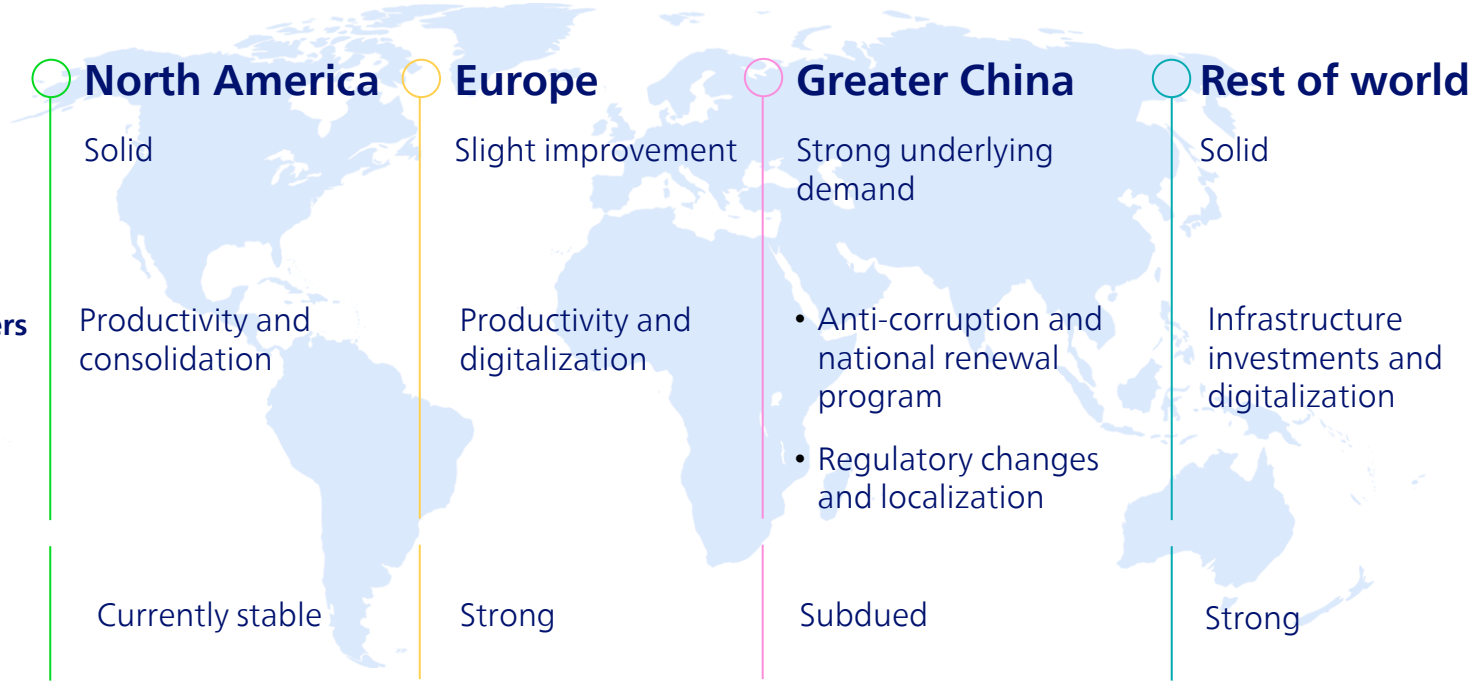
Global hospital demand and consumer sentiment



	North America	Europe	Greater China	Rest of world
Health Systems[1]	Solid	Slight improvement	Strong underlying demand	Solid
Key drivers	Productivity and consolidation	Productivity and digitalization	• Anti-corruption and national renewal program • Regulatory changes and localization	Infrastructure investments and digitalization
Personal Health	Currently stable	Strong	Subdued	Strong

Closely monitoring hospital demand and consumer sentiment

1. Diagnosis & Treatment and Connected Care businesses

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Diagnosis & Treatment

Financial performance

In millions of EUR unless otherwise stated	Q1 2024	Q1 2025
Sales	2,026	1,965
Comparable sales growth	3%	-4%
Adj. EBITA margin	9.2%	9.5%
Income from operations	146	153

Q1 2025 highlights

- Sales decreased due to a double-digit decline in China, as expected, and on the back of a high comparison base[1]
- Strong performance in Image Guided Therapy was more than offset by a decline in Precision Diagnosis due to China and a particularly high comparison base[1] in Magnetic Resonance
- Adj. EBITA improved, despite lower sales driven by productivity, mix and innovation

1. Driven by improvements in supply chain: Image Guided Therapy and Ultrasound in H1 2023 and Magnetic Resonance in Q1 2024

Connected Care

Financial performance

In millions of EUR unless otherwise stated	Q1 2024	Q1 2025
Sales	1,164	1,182
Comparable sales growth	-1%	0%
Adj. EBITA margin	6.4%	3.5%
Income from operations[1]	-1,065	-81

Q1 2025 highlights

- Sales were broadly flat across all our businesses
- Hospital Patient Monitoring sales grew, driven by higher installations in North America and Europe. Continue to see strong demand driven by large partnerships and as-a-service models
- Adj. EBITA decreased mainly due mix and cost phasing, partly offset by productivity measures and innovation

1. Q1 2024 included EUR 982 million for the Respironics litigation provision.

Personal Health

Financial performance

In millions of EUR unless otherwise stated	Q1 2024	Q1 2025
Sales	790	811
Comparable sales growth	3%	1%
Adj. EBITA margin	15.2%	15.2%
Income from operations	116	116

Q1 2025 highlights

- Double-digit growth in Europe and growth markets and slight growth in the US was largely offset by China as expected
- Strong consumer sentiment in Europe and growth markets, with robust sell-out trends; China remained subdued
- Adj. EBITA margin remained in line with last year

Performance slightly ahead of company outlook; step-up in gross margin from innovation and productivity

Q1 2025 vs Q1 2024
In millions of EUR unless otherwise stated

Sales	Adjusted EBITA	Free Cash Flow
4,097	354	-1,091
Comparable Sales Growth -2%	Adjusted EBITA margin 8.6%, -80 bps	Year on year excluding US Respironics recall-related settlement +270

- Reflects double-digit decline in China, as expected, and a high comparison base in Diagnosis & Treatment
- Slight increase ex-China, driven by positive Personal Health growth in most other markets

- Margin remained resilient despite lower sales
- Higher gross margin from innovation and productivity

- Included EUR 1,025 million outflow related to US Respironics settlement
- Funded by cash on hand while maintaining leverage ratio[1] of 2.2x

1. On a net debt to adjusted EBITDA basis

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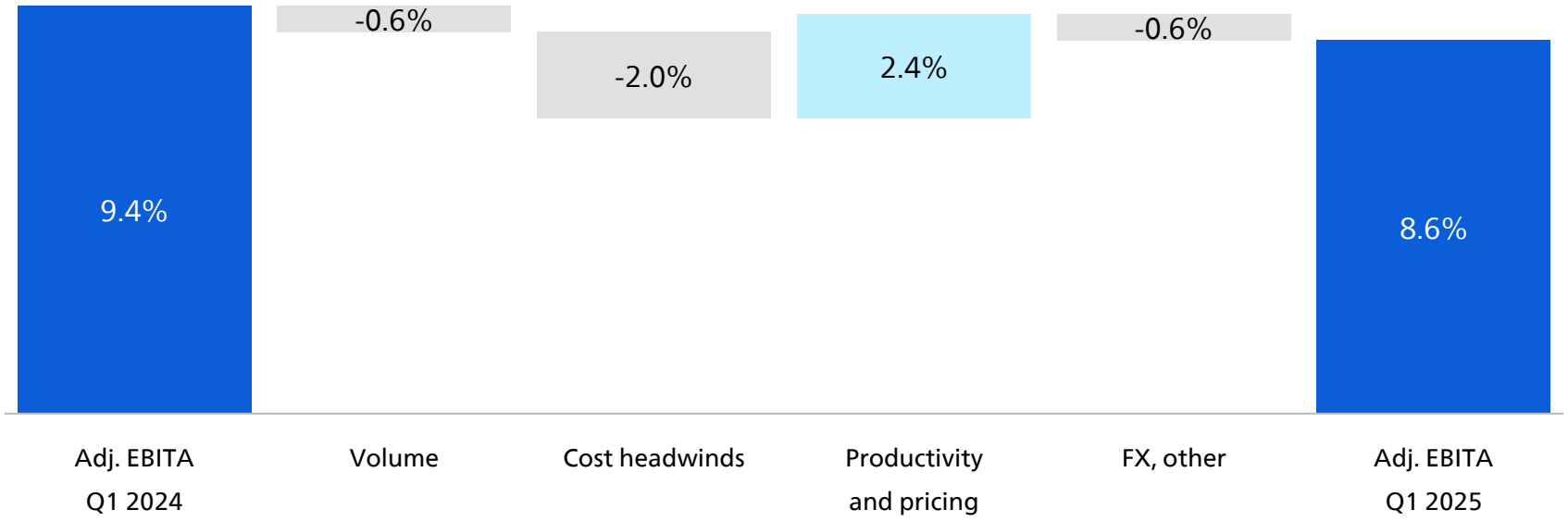
Adj. EBITA margin decreased slightly mainly due to sales decline, partly offset by higher gross margin from innovation and productivity

Group Adj. EBITA margin[1] in Q1 2025



1. Excluding restructuring costs, acquisition-related charges and other items

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Productivity initiatives delivered EUR 147 million in the quarter; on track to deliver EUR 800 million in 2025

Productivity initiatives savings[1]

In millions of EUR unless otherwise stated		Q1 2025	Q1 2023 – Q1 2025
Operating model	• Simplified operating model • R&D prioritization, reduction of Corporate Research projects • End-to-end supply chain, simplifying planning, eliminating duplications	42	808
Procurement	• Bill-of-material savings via redesign, value analysis, engineering • Reductions in warehousing, transportation and consulting	46	489
Other productivity	• Manufacturing footprint optimization and service productivity • R&D platform simplification and footprint optimization • GBS and hyper-automation • Sleep & Respiratory Care rightsizing	59	557
		EUR 147 million	**EUR 1,854 million**

1. Gross productivity initiatives and re-investments, before inflation

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2025 outlook

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Mitigations to sustain operational momentum and manage tariff impact

Estimated 2025

EUR 250 - 300 million

Net tariff[1] impact
after substantial mitigations

Short- and long-term mitigations

- Supplier management and network optimisation
- Inventory management
- Accelerate regionalization and localization
- Pursuing exemptions and leveraging specialty programs to reclaim duties
- Disciplined in cost management and productivity program
- Select pricing actions
- Advocating for free flow of medical products and manufacturing components

1. Outlook includes current bilateral US-China and rest of world tariffs, the resumption of the paused US tariffs on July 9 and excludes potential wider economic impact.

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Reiterating sales outlook while reflecting net tariff impact after substantial mitigations in adjusted margin (-100bps) and free cash flow outlook

	Previous 2025 outlook	Updated 2025 outlook
Comparable sales growth	1 – 3% All business segments growing within the range	Reiterated: 1 – 3% All business segments growing within the range
Adjusted EBITA margin	11.8 – 12.3%	Revised: 10.8% – 11.3%
Free cash flow[1]	Lower end of EUR 0.4 – 0.6 billion range[1]	Revised: slightly positive[1]

Note: The outlook includes current bilateral US-China and rest of world tariffs, the resumption of the paused US tariffs on July 9 and excludes potential wider economic impact. The outlook excludes the potential impact of the ongoing Philips Respironics-related legal proceedings, including the investigation by the US Department of Justice
1. After payment EUR 1,025 million cash-out relating to the US medical monitoring and personal injury settlements in Q1 2025

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Restructuring, acquisition-related charges and other items

Full-year 2025

Restructuring costs ~100 bps	• Further operating model simplification • Manufacturing and R&D footprint and platform optimization
Other items ~200 bps	• Mainly related to the Consent Decree, other quality action-related charges, and acquisition-related charges

Q2 2025

Restructuring costs, other items	• EUR 150 million: Diagnosis & Treatment 35 million, Connected Care 95 million, Personal Health 5 million, segment Other 15 million

Note: The outlook excludes the potential impact of the ongoing Philips Respironics-related legal proceedings, including the investigation by the US Department of Justice

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Latest FX, below the line items and segment Other outlook

	Q2 2025	Full year 2025
FX translation[1]		
Group and business segments	~(3.0)%	(2.0) – (2.5)%
Effective tax rate		24-26%
Financial income and expense (EUR million)		~(260)
Segment Other (EUR million)		
Sales	110 – 120	540 – 570
Adj. EBITA	~(30)	~(20)
EBITA	~(45)	~(150)

1. Including consolidation and deconsolidation impact on sales. Based on latest available balance sheet FX rate. Final impact subject to change based on FX movements and geographic sales mix

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Financial appendix

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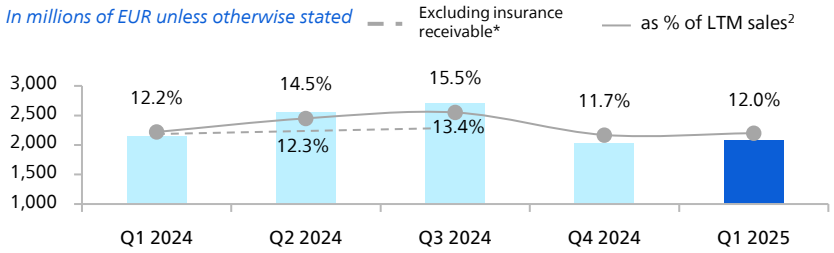
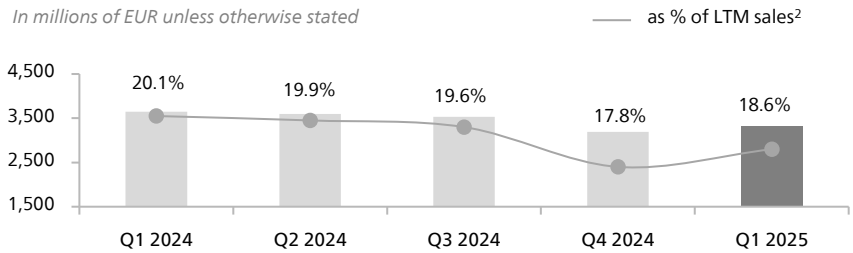
Working capital and inventories

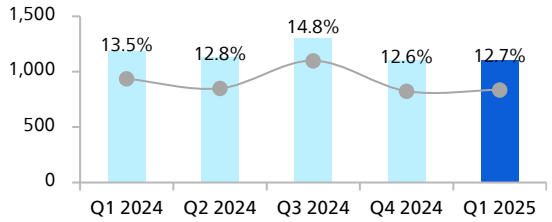
Group working capital[1]



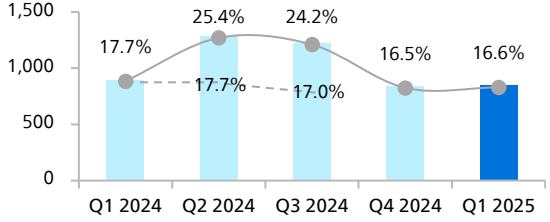
Group inventories



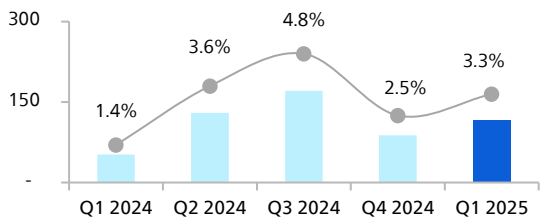
Diagnosis & Treatment



Connected Care



Personal Health



* Excluding increase in receivables related to insurance income from Respironics product liability claims

1. Working capital excluding segment Other | 2. As a % of last 12 months sales excluding acquisitions, divestments, and discontinued operations

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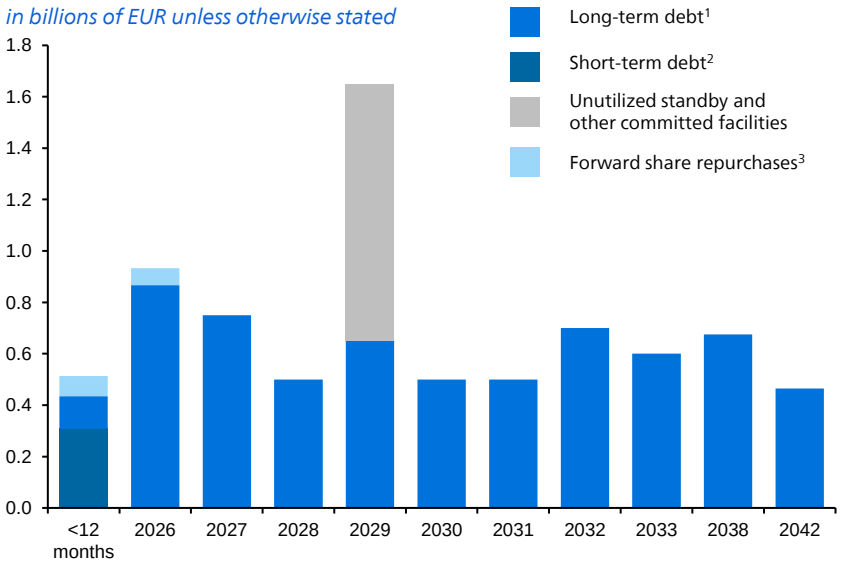
Debt maturity profile and liability management

Long-term debt profile and liability management

- Total net debt position of EUR 6.4 billion
- Average tenor of long-term debt is 6.2 years
- No financial covenants
- EUR 1 billion of committed credit facilities

Debt maturity profile as per March 31, 2025



1. Excluding long-term operating leases | 2. Short-term debt includes local credit facilities that are being rolled forward on a continuous basis | 3. Includes forward transactions for LTI purposes

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Net capital expenditures, depreciation and amortization

In millions of EUR unless otherwise stated	Q1 2024	Q1 2025
Net capital expenditures	**-165**	**-158**
Depreciation	**-159**	**-151**
Amortization and impairment:	**-136**	**-125**
of acquired intangible assets	-72	-57
of other intangible assets	-63	-68

Note: Amounts may not add up due to rounding.

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Restructuring, acquisition-related charges and other items

In millions of EUR unless otherwise stated

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
Restructuring and acquisition-related charges						
Diagnosis & Treatment	19	25	16	97	157	14
Connected Care	17	18	19	-1	53	15
Personal Health	-	17	2	5	25	3
Segment Other	14	41	19	17	92	34
Philips Group	**51**	**101**	**56**	**118**	**326**	**67**
Other items						
Diagnosis & Treatment	-	6[1)]	-	39[1)]	45	-
Connected Care	1,078[1)2)3)4)]	-489[1)2)4)5)]	50[2)3)4)]	127[1)2)4)]	765	76[1)2)4)]
Personal Health	-	-	-	-	-	-
Segment Other	10	1	7	2	20	-
Philips Group	**1,088**	**-483**	**57**	**168**	**830**	76
Restructuring, acquisition- related charges & other items						
Restructuring	32	83	50	103	268	61
Acquisition-related charges	19	19	6	15	58	6
Other items	1,088	-483	57	168	830	76
Philips Group	**1,139**	**-381**	**113**	**286**	**1,156**	**143**

1. Quality actions | 2. Respironics running costs | 3. Provision in connection with Respironics litigation | 4. Respironics consent decree charges | 5. Respironics insurance income

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