Second quarter 2025 results

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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 for all periods presented have been retrospectively adjusted to reflect the issuance of shares in 2025 with respect to the share dividend for 2024.

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

Q2 highlights

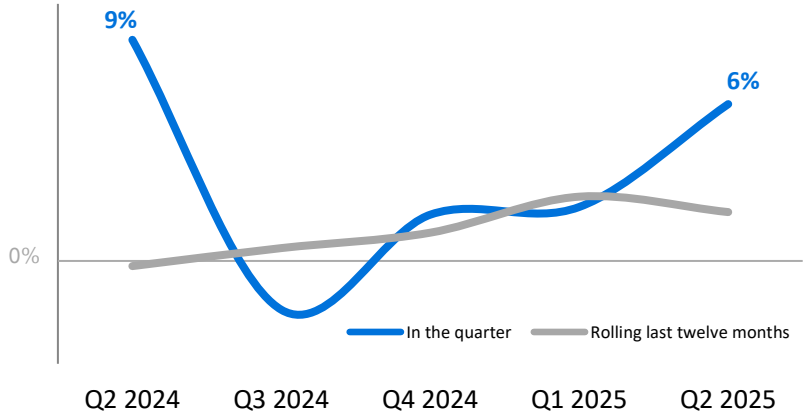
- Order intake increased 6%; order book increased 7% year-on-year
- Sales grew 1%, driven by growth in Personal Health, partially offset by performance in Diagnosis & Treatment and Connected Care
- Strong gross margin driven by innovation value and productivity
- Adjusted EBITA margin increased 130 bps to 12.4%

2025 Outlook

- Comparable sales growth range reiterated at 1%-3%
- Adjusted EBITA margin range increased by 50 bps to 11.3%-11.8%
- Free cash flow increased from slightly positive to EUR 0.2 billion-0.4 billion, net of Respironics settlement

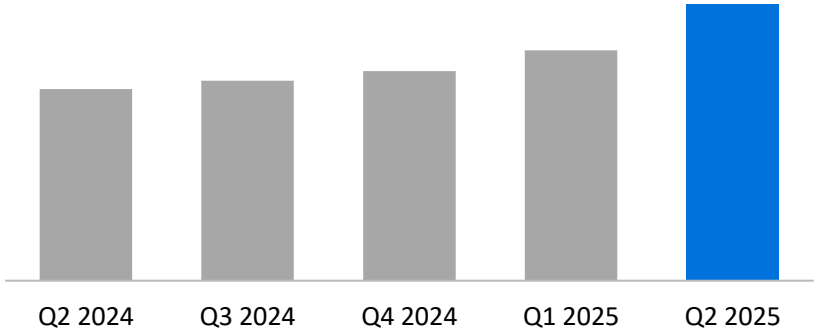
Order intake momentum, combined with robust order book, positions us well to deliver on the full-year sales outlook

Comparable order intake growth[1]



- Double-digit growth in Diagnosis & Treatment; Connected Care remained resilient, with a slight decline following exceptional double-digit growth in Q2 2024
- Sustained double-digit growth in North America and strong performance in Growth geographies

Indexed order book[1] development



- Order book up 7% year-on-year, with an improved margin profile driven by recently launched innovations
- Order book accounts for ~40% of revenue

1. Mainly composed of equipment orders in Diagnosis & Treatment and Connected Care businesses

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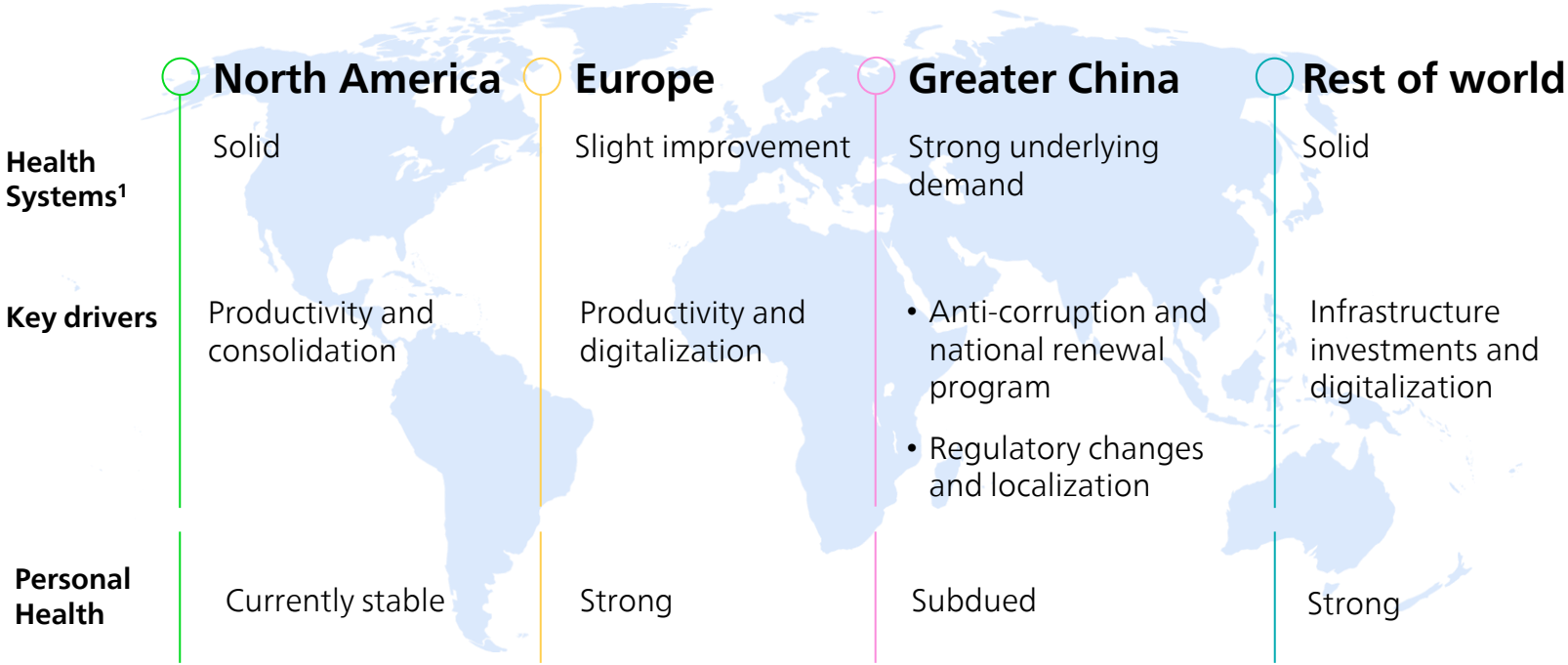
Global hospital demand and consumer sentiment



Closely monitoring hospital demand and consumer sentiment

1. Diagnosis & Treatment and Connected Care businesses

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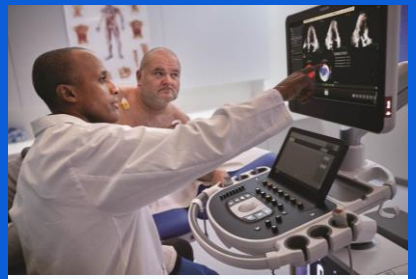
Diagnosis & Treatment: strong customer pull for our industry-leading innovations

Azurion

Industry leader cardiac care, extending to brain. With 5 million procedures a year on Azurion system



EPIQ and Affinity Ultrasound

>20 AI tools to advance performance and confidence

82% reduction in time for image acquisition and analysis

AI-enabled CT 5300

80% lower radiation dose and 85% lower image noise

Tube for Life guarantee: USD 400K lower operating costs

BlueSeal MR

Industry first and only commercially available wide-bore 1.5T helium-free MR

Long-term partnership with the Indonesian Ministry of Health

Nationwide coverage of the advanced Azurion image-guided therapy systems

Expanding access to cardiac, stroke and cancer care to the 279 million people across all 38 provinces

Includes services, such as training, scalable digital solutions, and service hubs to support nationwide, long-term care

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Diagnosis & Treatment

Financial performance

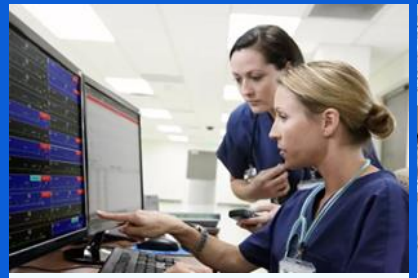
In millions of EUR unless otherwise stated	Q2 2024	Q2 2025
Sales	2,174	2,084
Comparable sales growth	4%	-1%
Adj. EBITA margin	12.2%	13.5%
Income from operations	211	226

Q2 2025 highlights

- Sales decreased 1% following a high two-year comparison base[1]
- Growth in Image Guided Therapy was offset by a low single digit decline in Precision Diagnosis, mainly due to a particularly high comparison base in MR[1]
- Adj. EBITA increased, driven by improved gross margin from innovations, productivity measures and mix effects, partly offset by cost inflation

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

Connected Care: secured six major partnerships in Hospital Patient Monitoring with leading health systems in the US



Patient Information Center iX

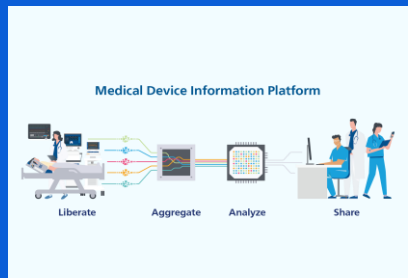
Seamlessly connecting data across care settings to streamline workflows and support scalable operations

IntelliVue Patient Monitors

Modular, scalable monitoring across the entire patient care journey with unmatched cybersecurity

Visual Patient Avatar

Vital signs translated into an avatar using color, shape and animation to help improve clinical decision support



Capsule MDIP Software platform

Medical Device Integration and Clinical Surveillance to help caregivers prioritize and coordinate interventions

Secured six partnerships with leading health systems in the US

Large partnerships with integrated delivery networks and health systems, including with customers such as the Rush University System for Health

Partnering to boost clinical outcomes and productivity through automation and seamless interoperability with PIC iX and IntelliVue patient monitors

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Connected Care

Financial performance

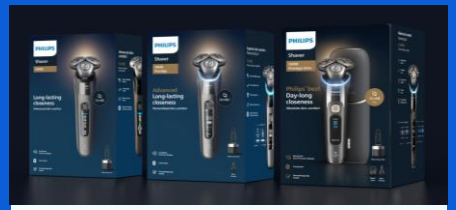
In millions of EUR unless otherwise stated	Q2 2024	Q2 2025
Sales	1,332	1,272
Comparable sales growth	2%	-1%
Adj. EBITA margin	8.8%	10.4%
Income from operations[1]	558	67

Q2 2025 highlights

- Low-single-digit growth in Enterprise Informatics offset by low-single-digit decline in Monitoring[2] and Sleep & Respiratory Care
- Continued solid demand in Hospital Patient Monitoring, driven by large new customer partnerships in the US
- Adj. EBITA increased, driven by innovation, productivity measures and improved operational efficiency, partly offset by cost inflation

1. Q2 2024 includes EUR 538 million insurance income related to Respironics product liability claims
2. High two-year comparison base driven by improvements in supply chain in H1 2023

Personal Health: innovation-led traction, supported by targeted investments



i9000 Shaver

Intelligent personalization, premium technology

OneBlade 360[1] and intimate[2]

[1]New hybrid shaving category; 100+ million blades & 50+ million handles sold. [2]Designed for everyone, to protect the most sensitive skin

IPL Lumea

Leading IPL brand with SenseIQ technology

AI-powered Avent baby monitor

Captures and analyzes every breath and movement, without the need for wearables. With cry translation technology.

Natural feeding bottles

Leading trusted bottle brand, with advanced natural feeding technology that mimics breast function

Oral Healthcare Sonicare series

No.1 dental professional recommended with upgraded plaque removal technology

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Personal Health

Financial performance

In millions of EUR unless otherwise stated	Q2 2024	Q2 2025
Sales	834	862
Comparable sales growth	2%	6%
Adj. EBITA margin	16.9%	15.2%
Income from operations	120	122

Q2 2025 highlights

- Strong underlying growth across most geographies, partly offset by a decline in China, as expected, reflecting the impact of inventory destocking, which concluded in the quarter
- Adj. EBITA margin declined with higher sales and productivity measures more than offset by investment in advertising & promotions, unfavorable mix and cost inflation

Delivered sales growth, a strong step-up in Adjusted EBITA and solid free cash flow generation

Q2 2025 vs. Q2 2024

In millions of EUR unless otherwise stated

Sales	Adjusted EBITA	Free Cash Flow
4,338	540	230
Comparable Sales Growth 1%	Adjusted EBITA margin 12.4%, +130 bps	Year-on-year improvement +294

- Strong growth in Personal Health
- Reflects a high two-year comparison base due to supply chain improvements in Diagnosis & Treatment and Connected Care
- Higher gross margin from innovation, productivity measures and product mix
- Partly offset by cost inflation, including the initial impact of increased tariffs and currency headwinds
- Year-on-year improvement reflects the net Respironics-related payments in Q2 2024, and disciplined working capital management

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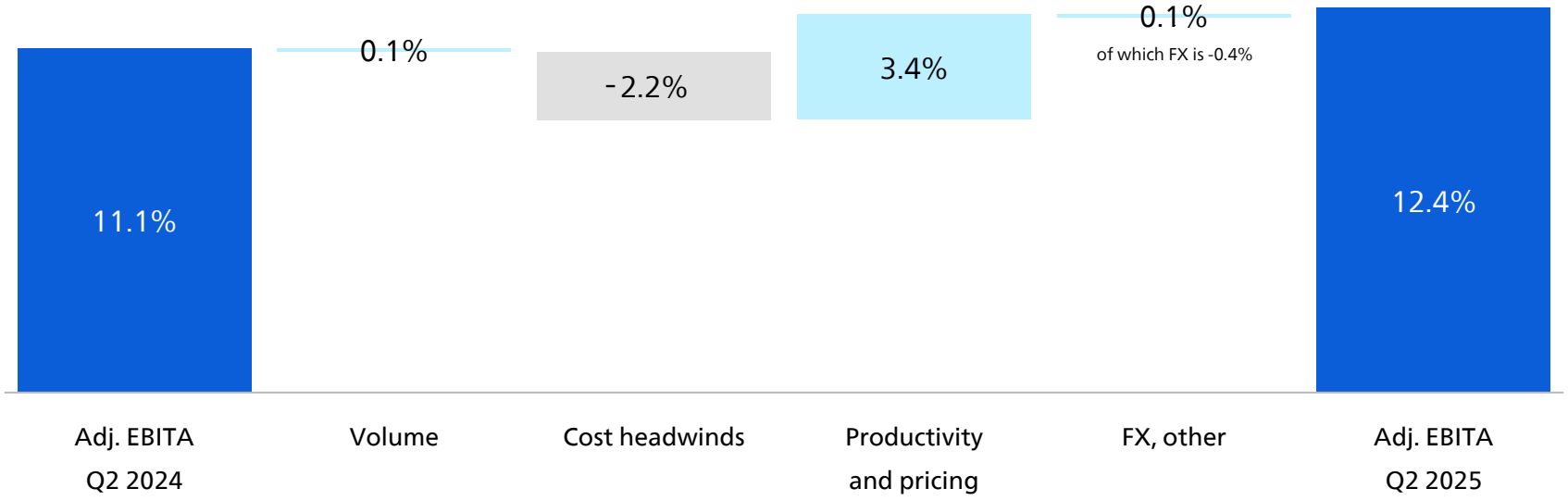
Adjusted EBITA margin increased as higher gross margin and productivity measures more than offset cost headwinds

Group Adj. EBITA margin[1]



1. Excluding restructuring costs, acquisition-related charges and other items
Note: Amounts may not add up due to rounding

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Productivity initiatives delivered EUR 344 million year-to-date; on track to deliver EUR 800 million in 2025

Productivity initiatives savings[1] *In millions of EUR*		**Q2 2025**	**To date Q1 2023-Q2 2025**
Operating model	• Simplified operating model • R&D prioritization, reduction of corporate research projects • End-to-end supply chain, simplifying planning, eliminating duplications	40	848
Procurement	• Bill-of-material savings via redesign, value analysis, engineering • Reductions in warehousing, transportation and consulting	53	541
Other productivity	• Manufacturing footprint optimization and service productivity • R&D platform simplification and footprint optimization • GBS and hyper-automation • Sleep & Respiratory Care rightsizing	104	663
		EUR 197 million	**EUR 2,052 million**

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

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2025 outlook

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Increasing Adjusted EBITA margin and FCF outlook, including currently announced tariff levels; reiterating comparable sales growth outlook

	Previous 2025 outlook	Updated 2025 outlook
Comparable sales growth	1%-3% All business segments growing within the range	Reiterated: 1%-3% Diagnosis & Treatment and Connected Care growing within the range; Personal Health growing above the range
Adjusted EBITA margin	10.8%-11.3% EUR 250-300 million tariff impact net of substantial mitigations	Revised: 11.3%-11.8% +50 bps vs. previous outlook EUR 150-200 million tariff impact net of substantial mitigations
Free cash flow[1]	Slightly positive[1]	Revised: EUR 0.2 billion-0.4 billion[1]

Note: This outlook reflects currently-announced tariff levels; excludes ongoing Philips Respironics-related 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 outlook

Full-year 2025

Restructuring costs ~100 bps	• Further operating model simplification • Manufacturing, 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

Q3 2025

Restructuring costs, other items	• EUR 165 million: Diagnosis & Treatment EUR 10 million, Connected Care EUR 85 million, Personal Health EUR 5 million, segment Other EUR 65 million

Note: This outlook excludes ongoing Philips Respironics-related proceedings, including the investigation by the US Department of Justice

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Latest FX, below the line items and segment Other outlook

	Q3 2025	Full year 2025
FX translation[1]		
Group and business segments	~(5.5)%	~(3.5)-(4.0)%
Effective tax rate		24-26%
Financial income and expense (EUR million)		~(260)
Segment Other (EUR million)		
Sales	130-140	540-570
Adj. EBITA	Flat	~(20)
EBITA	~(65)	~(150)

Note: This outlook excludes ongoing Philips Respironics-related proceedings, including the investigation by the US Department of Justice
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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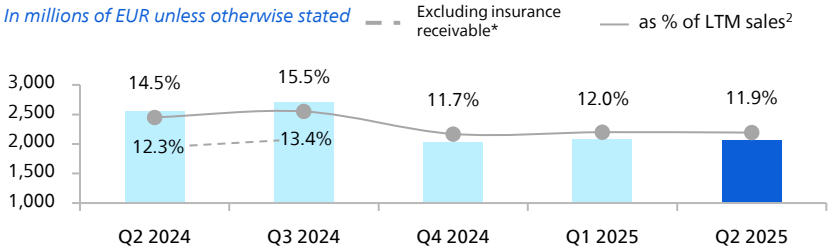
Working capital and inventories

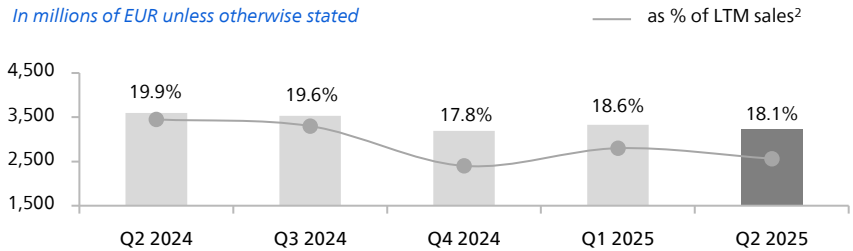
Group working capital[1]

In millions of EUR unless otherwise stated

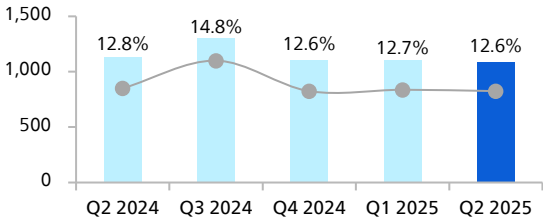


Group inventories

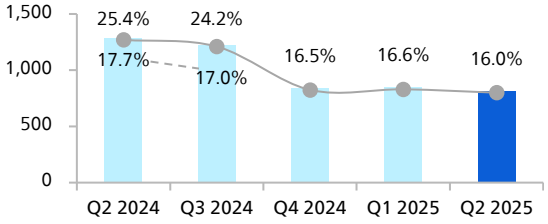
In millions of EUR unless otherwise stated



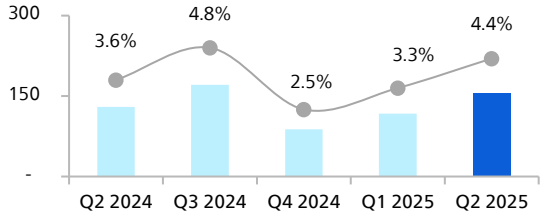
Diagnosis & Treatment



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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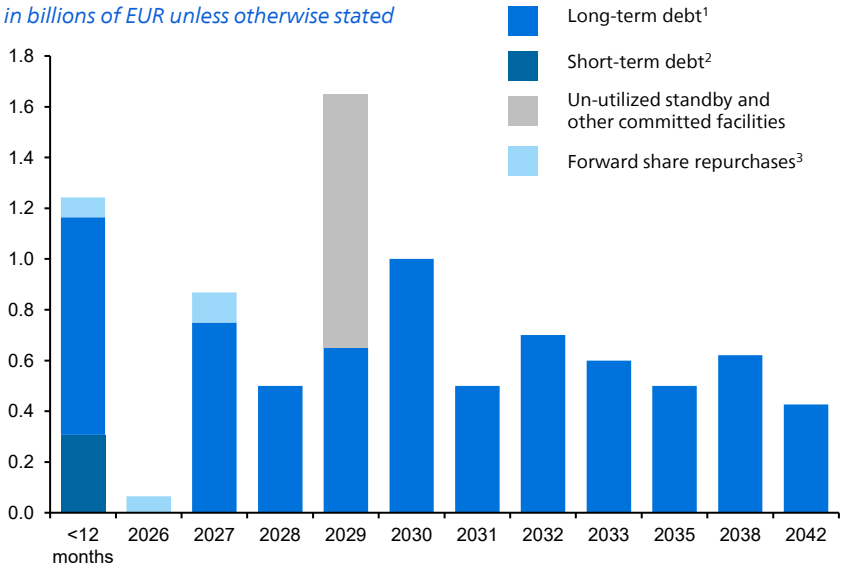
Debt maturity profile and liability management

Long-term debt profile and liability management

- Total net debt position of EUR 6.6 billion
- Issued EUR 1 billion of bonds for repayment of existing debt and to finance eligible green projects
- Maturities up to 2042
- Average tenor of long-term debt is 6.2 years[3]
- No financial covenants

Debt maturity profile as per June 30, 2025



1. Excluding long-term operating leases | 2. Short-term debt includes local credit facilities that are being rolled forward on a continuous basis as well as Commercial Paper| 3. Based on long-term debt only

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Net capital expenditures, depreciation and amortization

In millions of EUR unless otherwise stated	Q2 2024	Q2 2025
Net capital expenditures	-153	-156
Depreciation	-211	-149
Amortization and impairment:	-132	-118
of acquired intangible assets	-60	-53
of other intangible assets	-71	-64

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	Q2 2025
Restructuring and acquisition-related charges							
Diagnosis & Treatment	19	25	16	97	157	14	15
Connected Care	17	18	19	-1	53	15	17
Personal Health	-	17	2	5	25	3	5
Segment Other	14	41	19	17	92	34	*8*
Philips Group	**51**	**101**	**56**	**118**	**326**	**67**	**46**
Other items							
Diagnosis & Treatment	-	6[1)]	-	39[1)]	45	-	21[1)]
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)]	20[1)2)4)6)]
Personal Health	-	-	-	-	-	-	-
Segment Other	10	1	7	2	20	-	-
Philips Group	**1,088**	**-483**	**57**	**168**	**830**	**76**	**41**
Restructuring, acquisition- related charges & other items							
Restructuring	32	83	50	103	268	61	43
Acquisition-related charges	19	19	6	15	58	6	3
Other items	1,088	-483	57	168	830	76	41
Philips Group	**1,139**	**-381**	**113**	**286**	**1,156**	**143**	**86**

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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