PHILIPS

Philips Q3 2026 Results

Tuesday, 3rd November 2026

Introduction

Charlotte Hanneman

CFO, Philips

Good morning, everyone, and thank you for joining us. Before we start, a quick update on our Investor Relations team. As you may have seen in our announcement earlier today, Dorin Danu is taking over as our Head of Investor Relations. Many of you will already know Dorin well, and his experience and strong relationships across our investor community will ensure continuity and an open, constructive dialogue.

Durga Doraisamy is leaving Philips, and we thank her for her contribution and wish her all the best for the future.

With that, Roy, over to you.

Overview

Roy Jakobs

CEO, Philips

Key takeaways

Good morning, everyone. Let me start with an overview of our Q3 performance. We delivered an excellent order intake growth of 8%, driven by sustained customer demand and further traction from our recently launched innovations, supporting near and mid-term sales delivery.

Comparable sales grew approximately 3%, driven by strength in Personal Health and Connected Care. Diagnosis and Treatment was broadly flat, reflecting the phasing of certain ultrasound shipments and lower sales in China, as communicated in our Q2 release.

Our innovations and productivity measures drove significant margin expansion across all business segments. Adjusted EBITA margin increased by 70 basis points to 13% ahead of our expectations. Free cash flow was a strong inflow of €384 million.

We continue to make progress on Respironics related legal proceedings. The Respironics agreement, in principle with the US Department of Justice, marks an important step in resolving the consequences of the Sleep & Respiratory Care recall. As a result, Philips recorded a provision of €288 million.

Our year-to-date performance keeps us well on track for the full year. Order intake is up 4%. Comparable sales growth is within our full year range at 3.5%, and underlying margins have expanded by 30 basis points despite inflation and tariffs. This reinforces our confidence in delivering the first year of our plan and in the medium term trajectory we outlined at Capital Markets Day. We reiterate our full year outlook for comparable sales growth, adjusted EBITA margin and free cash flow.

Commercial momentum and a strong order book support delivery of our 2026 outlook and beyond

Let me expand on our orders. Equipment order intake grew 8%, building on an 8% increase in the prior year quarter, driven by very strong performance in Diagnosis & Treatment, and growth across all regions.

Our equipment order book has increased both sequentially and year-on-year, providing good visibility in future sales, including the near-term.

Turning first to Diagnosis & Treatment. Order intake growth approached 20% with both Image-Guided Therapy and Precision Diagnosis delivering double-digit order growth supported by broad based growth across modalities and regions.

AI-enabled innovations and strategic partnership driving strong commercial momentum

In Image-Guided Therapy, this double digit growth came on top of an already solid comparable.

North America was particularly strong as health systems consolidate, purchasing decisions remain primarily driven by clinical differentiation, productivity gains, and long-term strategic value rather than price alone. This is where open integrated interventional platform, combining systems, devices, software, and AI across the clinical workflow gives us a distinct competitive advantage and sets the industry standard while helping customers to drive productivity and generate revenue reliably over the long term.

We secured vendor of choice positions at major US health systems, where competitors have established relationships for more than a decade, breaking through long-standing barriers to entry. This opens up significant new opportunities to capture market share by dislodging incumbents and expanding our installed base.

Within Precision Diagnosis, the innovation pipeline we presented at Capital Markets Day continues to gain commercial traction, contributing to a very strong double-digit order intake growth in the quarter. Importantly, we have reached a turning point in rebuilding the Precision Diagnosis order book, which has now expanded for three consecutive quarters.

Strong customer wins and sustained order momentum as we exited in Q3 reinforce our confidence in the growth trajectory of this business.

Looking at some of the key highlights from the quarter. We're particularly pleased with the strong increasing customer demand for CT portfolio. In the premium segment, we continue to scale our industry-leading Spectral CT portfolio, including CT 7500 and AI-enabled Verida, building on a foundation of over 1,250 clinical publications, providing strong clinical evidence for use of spectral technology.

The order book for the Spectral CT platforms grew double-digit year-on-year, with Verida becoming an increasingly meaningful contributor.

In the Performance segment, our AI-enabled productivity workhorse CT 5300 is also gaining traction with its order book nearly doubling year-on-year. We see opportunities to build on this momentum with existing customers, but also to reach new segments, including private and outpatient imaging centres.

In MR, our helium-free BlueSeal systems delivered strong order growth in the quarter. Philips continues to lead the industry in its transition to helium-free MR. Around 70% of our MR systems shipped year-to-date were helium-free. And subject to regulatory approvals, we expect BlueSeal Horizon, the industry's first 3D helium-free MR platform to begin contributing to taking order intake from 2027 onwards.

In Ultrasound, demand for EPIQ CVx remains strong in cardiovascular imaging, and we are extending our cardiovascular excellence into other clinical settings. Flash is gaining traction in Point-of-Care Ultrasound, and in general Imaging, Azurion recently received FDA clearance and began securing its first orders in Q3.

In Connected Care, order intake declined mid-single-digit in Q3, against a particularly high prior year comparison of more than 20% last year. Customer engagement remained very strong, as we continue to win major competitive deals by dislodging incumbents, reflected in our strong monitoring order book.

In Monitoring, the larger agreements that shifted from Q2 were booked as expected. Longer negotiation and contracting cycles for some major enterprise-wide standardisation agreements resulted in several other orders shifting into Q4 as well.

In the quarter, we signed several long-term Enterprise Monitoring-as-a-Service agreements, including one with Avera Health in US, supporting standardised patient monitoring across 24 hospitals.

In Enterprise Informatics, Ontario Health selected the Philips Enterprise Imaging Vendor Neutral Archive to modernise province-wide imaging infrastructure, supporting the sharing of more than 20 million imaging studies annually across more than 150 hospitals and 50 imaging clinics.

Turning to Personal Health. We delivered another quarter of broad-based growth across businesses and regions, resulting in a strong 8% comparable sales growth. We continue to scale our proven growth model across core platforms such as Sonicare, high-end Shaving, OneBlade, Lumea IPL and Avent.

Our category leadership combined with innovation, premiumisation and strong commercial execution is driving consumer demand, helping us to secure more shelf space with key retail partners and expanding distribution.

This momentum is reflected in sustained market share gains and strong sell out trends across all businesses, alongside category growth that we are driving for key retail partners.

As we continue to innovate, we support our launches with investment in customer activation and consumer awareness to sustain this momentum and build long-term demand.

Our platforms, clinical differentiation and AI capabilities extend leadership and create new growth opportunities across the portfolio

Innovation continues to strengthen our differentiation across the portfolio.

In Image-Guided Therapy, we're investing €50 million in AI, robotics and advanced imaging in the Netherlands alongside over €100 million from the Dutch government and a further €150 million in private financing. In the US, an ARPA-H award up to $34 million will support AI-enabled robotic stroke care on the Azurion platform.

In MR, together with Imricor, we introduced the first commercially available cardiac interventional MR lab solution, enabling radiation-free, MR-guided cardiac interventions.

And in Personal Health, we launched the Lumea 9900 Pro, the first-at-home IPL device with real-time audio feedback and motion guidance, which received special mention on TIME's 2026 Best Inventions list.

These examples demonstrate how we are combining AI, clinical leadership and differentiated technologies to extend our leadership positions and create new growth opportunities across the portfolio.

Execution capability underpins growth acceleration in 2026 and beyond

Disciplined execution starts with patient safety and quality, our highest priority. Strengthening our quality systems and embedding a patient safety-first culture is a multiyear journey and we continue to make progress. We continue to improve the timelines in Corrective and Preventive Actions and on-time Medical Device Reporting. Our focus remains on taking appropriate actions to further strengthen end-to-end quality and regulatory discipline.

On supply chain, we continue to strengthen the reliability, resilience and efficiency of our end-to-end supply chain. Despite continued geopolitical uncertainty and increasing demand for electronic components including from AI infrastructure, service levels improved further year-on-year, helping us to deliver more reliably for our customers.

We continue to strengthen supply chain resilience through dual sourcing and by expanding our supplier network.

We are also advancing our service excellence agenda while continuing to regionalise and selectively localise our supply chain and service footprint, bringing parts and capabilities closer to our customers.

In Indonesia, for example, we opened a new parts distribution centre in Jakarta, strengthening local service capability while leveraging our global network.

Global hospital demand and consumer sentiment

Looking at our regions, consumer sentiment remained resilient in North America, was positive in Europe and also positive in selected international regions. In China, it was subdued and broadly unchanged. Hospital demand in Q3 was strong across North America and International regions.

Let me share more colour on the regional dynamics. In North America, we delivered order growth following strong double-digit growth in the prior year quarter. We expect this growth to continue. Healthy patient volumes, procedural growth and sustained capital investment by large health systems continue to support demand.

Customers increasingly want to standardise care through fewer, deeper strategic partnerships. As market leaders in patient monitoring and Image-Guided Therapy in North America, our platform based portfolio, differentiated innovation and deep, long-standing customer relationships position us well to capture this demand.

Our sustained order momentum and healthy pipeline reinforce our confidence in North America's role as a core growth engine for Philips in '26 and over the mid-term.

Turning to Europe. Order intake was robust for another quarter. European health systems are investing in productivity, digitisation and modernising care delivery. Our differentiated portfolio and commercial execution continue to resonate well with customers. This gives us the confidence that Europe will remain an increasingly important contributor to our growth.

In China, order intake grew, supported by the timing of the renewal programme and a weaker prior year comparison. We remain prudent in assessing the sustainability of this momentum as centralised procurement continues to expand. Our cautious view on the market in the near-term therefore remains unchanged. For the full year, we continue to expect China sales to be broadly stable, with growth in Personal Health offsetting a decline in Health Systems businesses.

In remaining Growth regions, we continue to see healthy demand supported by investments in healthcare infrastructure and digitisation. In Q3, demand was particularly strong across Latin America, India and Asia Pacific.

I will now hand over back to Charlotte.

Financials

Charlotte Hanneman

CFO, Philips

Diagnosis & Treatment

Thank you, Roy. I will start with segment level performance.

In Diagnosis and Treatment, comparable sales were broadly flat in the third quarter as mid-single-digit growth in Image-Guided Therapy offset a mid-single-digit decline in Precision Diagnosis.

Within Precision Diagnosis, the decline primarily reflected the two factors we highlighted during Q2 results: the phasing of Ultrasound sales and lower China sales. Ultrasound was a larger headwind to D&T growth in Q3, as shipment delays related to manufacturing process improvement weighed on sales. Production has been ramping up since late Q3 and we expect the affected sales to come through in Q4 and early 2027. This extended timing is reflected in our updated full year segment outlook, which I will cover shortly.

Image-Guided Therapy continued to perform strongly, led by North America. This reflected conversion of the strong order book, particularly in Azurion, including the ongoing deployment of the SIHREN project in Indonesia, as well as higher revenues from coronary intravascular Ultrasound devices and services.

Year-to-date order intake in D&T was strong across all modalities, further building our order book. Together with the expected phasing of Ultrasound sales into Q4, this supports the expected acceleration in sales in the final quarter and mid-term.

Adjusted EBITA margin in Diagnosis & Treatment increased by 50 basis points year-on-year to 12.3%, driven by higher gross margins and productivity measures more than offsetting cost inflation. Execution was strong across both businesses, with continued sales growth and gross

margin improvement in Image-Guided Therapy supporting operating leverage, while Precision Diagnosis expanded gross margin, benefiting from the growing contribution of margin-accretive innovations including Spectral CT and helium-free MR.

Connected Care

Moving to Connected Care. Comparable sales growth was 5%.

Monitoring delivered mid-single-digit comparable sales growth, led by North America and Europe. Growth was supported by conversion of the strong order book, with particular strength in IntelliVue hospital monitors and consumables.

Our Enterprise Monitoring-as-a-Service business model also continued to scale, with revenues nearly doubling year-on-year, demonstrating steady progress in building more recurring and predictable revenue.

Sleep and Respiratory Care sales growth accelerated to mid-single digits, driven by strong demand for sleep therapy devices in Japan and Europe.

Enterprise Informatics delivered high single-digit sales growth, led by North America and Europe, partially benefiting from the timing of larger implementations, reflecting the phased deployment of Enterprise Informatics agreements.

Adjusted EBITA margin in Connected Care increased by 190 basis points year-on-year to 13.3%. The prior year margin included a 150 basis point gain from the remeasurement of a minority investment. Excluding this gain, margin expanded by 340 basis points year-on-year, driven by higher sales, higher gross margin, favourable mix effect and productivity measures, partially offset by cost inflation.

Personal Health

In Personal Health, comparable sales grew 8%, building on double-digit growth in the prior year. Growth was broad-based across all three businesses and all regions. Europe and Growth geographies, including China, led the increase, while North America delivered further growth on top of a double-digit increase in the prior year quarter.

Performance was driven by premium shavers, the OneBlade platform, as well as Sonicare power toothbrushes and Philips Avent infant feeding solutions. Adjusted EBITA margin expanded by 60 basis points year-over-year to 17.7%, mainly driven by higher sales and productivity measures.

Advertising and promotion spend increased year-on-year to support sustained demand and recent launches. These investments are delivering as intended, contributing to higher sales growth.

Finally, sales in segment Other were €179 million, up €39 million year-on-year, mainly reflecting divestment-related activities that are excluded from comparable sales growth. Adjusted EBITA was a loss of €12 million compared with a loss of €3 million last year.

Continued momentum and disciplined execution despite an uncertain macro-environment

Now turning to the Group results. Comparable sales growth was 3% with growth across all regions. We are pleased with our stronger-than-expected margin performance. Group adjusted EBITA margin increased by 70 basis points year-on-year to 13%, with margin expansion across all three segments.

Strong margin expansion driven by sales growth, higher gross margin and productivity measures, more than offsetting inflation

This margin expansion was driven by higher sales, improved gross margin including a growing contribution from higher margin innovations, and strong delivery on our productivity programme, with a modest benefit from more favourable tariff rates versus last year. Together these factors more than offset higher cost inflation.

Year-to-date, underlying adjusted EBITA margin, excluding the US tariff refund received in full in Q2, expanded by 30 basis points to 11.5% despite the annualization of tariffs and continued cost inflation. Cost inflation remained a headwind in Q3 as expected. While input cost pressures have slightly increased, we continue to expect a full year impact in the high double-digit million euros at Group level, consistent with our previous communication.

Against this backdrop, we remain focused on what we can control and are responding with disciplined cost management, inflation mitigation and productivity measures, while continuing to pursue profitable growth and strengthen our underlying margin.

Productivity initiatives delivered €427 million year-to-date; on track to deliver €1.5 billion programme 2026-2028

Our productivity programme delivered €170 million in savings in Q3, bringing year-to-date savings to €427 million, despite pressure from higher cost inflation. We remain on track to achieve our €1.5 billion target by the end of 2028.

We are extending these efforts by embedding AI in operational workflows, customer service and R&D, reducing manual work and shortening cycle times.

Net income and other financial items

Adjusting items were €353 million compared with €122 million in the third quarter of last year. This includes a €288 million provision related to a Respironics DOJ settlement. Excluding this provision, adjusting items declined to €65 million, mainly due to phasing in the year. For the full year, our outlook for adjusting items remains in line with previous expectations, excluding the DOJ provision.

Net financial expenses were €42 million in the quarter compared with €57 million a year ago, reflecting higher interest income and fair value gains. We now expect full year net financial expenses of approximately €230 million, down from €240 million to €260 million previously.

Adjusted EPS increased more than 10% year-on-year to €0.40 in the quarter, reflecting higher earnings.

Continued momentum and disciplined execution despite an uncertain macro-environment

Free cash flow was an inflow of €384 million, a significant increase from €172 million in the third quarter of last year, mainly driven by higher cash earnings and lower working capital outflows.

Moving to the balance sheet, we closed Q3 with €2.8 billion in cash and net debt of €5.4 billion. Driven by higher earnings, our net debt-to-adjusted EBITDA ratio declined further to 1.7 times from 2.2 times a year ago, giving us resilience to navigate an uncertain environment and flexibility to invest in long-term value creation.

In August, we also issued a €650 million EU green bond on competitive terms. It was the healthcare industry's first bond under the new European Green Bond Standard. The bond was 2.7 times oversubscribed, reflecting robust investor demand.

2026 Outlook

Turning to the outlook, with three quarters behind us and continued solid execution, we have good visibility for the remainder of the year. We remain firmly on track to deliver the full year guidance that we set in February. As a reminder, we received a full US tariff refund in Q2 and reflected the benefit in our updated outlook in our Q2 release.

For the full year, we reiterate our comparable sales growth outlook of 3% to 4.5%. By segment, we expect Diagnosis & Treatment to deliver comparable sales growth at the upper end of the low single-digit range, Connected Care within the 3% to 4.5% range, and Personal Health at the lower end of the high single-digit growth rate.

Our full year adjusted EBITA margin outlook remains unchanged at 13.5% to 14%, including a US tariff refund benefit of approximately 1%.

Our Free Cash Flow outlook also remains unchanged at €1.5 to €1.7 billion, including a net US tariff refund benefit of approximately €200 million.

Our outlook includes currently known tariffs and assumes payment of the US DOJ settlement in the first quarter of 2027, which is subject to finalisation of the relevant documentation.

The outlook excludes other ongoing Philips Respironics related proceedings, including the investigation by the US State Attorneys General.

With that, I would like to hand it back to Roy for his closing remarks.

Conclusion

Roy Jakobs

CEO, Philips

Thank you, Charlotte. Before we open the line for questions, let me leave you with two key messages.

First, our year-to-date performance demonstrates continued progress in executing our plan, with strong order momentum, sales growth and margin expansion within our outlook range despite a challenging environment. This reflects the commitment and disciplined execution of

our teams across Philips and reinforces our confidence in delivering our full year 2026 commitments. We also made important progress this quarter on Respironics related legal proceedings, with Respironics reaching an agreement in principle with the US Department of Justice.

Second, we remain fully focused on delivering what we said we would do. We are seeing a positive response from customers and consumers to our focus segment strategies and AI-enabled platform innovation. Together with our disciplined execution, this keeps us on track to achieve our capital markets ambitions: mid-single-digit comparable sales growth CAGR over '26 to '28 and a mid-teen adjusted EBITA margin by 2028.

We look forward to seeing many of you at RSNA in December, where we will showcase the next wave of AI-enabled innovation, further supporting our growth ambitions.

Q&A

Operator: Thank you, sir. If any participant would like to ask a question now, please press star followed by two times one on your telephone. Due to the time, please limit yourselves to one question and one follow-up. This will give more people the opportunity to ask questions. There will be a short pause while participants register for a question. We will now move to our first question. And your first question comes from Hassan Al-Wakeel, Barclays. Please state your question.

Hassan Al-Wakeel (Barclays): Good morning. Thank you for taking my questions, and congrats on the strong update this morning. So firstly, on margins. Great to see improving gross margins, as you've laid out in the past, Charlotte. And whilst this reduces the ramp needed in Q4, it is still a ramp. It'd be great if you can talk to some of the building blocks for this. And particularly as you look into next year, should we expect 2027 to be an improvement in profitability towards your 2028 targets, given some of the headwinds in '27 around higher inflation and China pricing headwinds?

And then secondly on order intake and the strength here. If you could help us unpack that, specifically within Precision Diagnosis and D&T, and where you see share gains? And to what extent should this and the rest of the order book underpin good D&T growth next year? And I guess, I ask because 2026 is turning out to be a softer year on the revenue front in D&T. So do you see any reason why 2027 growth in D&T shouldn't be in the medium-term target range for D&T? Thank you.

Charlotte Hanneman: Thank you, Hassan. Let me take the first question on margin, and let me start by saying that we are very pleased with the Q3 delivery. We reached adjusted EBITA margin of 13%, so up 70 basis points, and that exceeded our expectations. So where does that leave us year-to-date? Year-to-date, we've expanded our margins by 30 basis points. And if you think about our guide that we started the year with, excluding the US tariff refund, it's an expansion of 20 basis points to 70 basis points. So already squarely within that guide.

And then if you think about Q4 and what it gives us confidence that we are reiterating that guide, it's essentially the same building blocks that we've seen throughout the year. First of all, Q4 is always a very strong quarter from a volume perspective, so that gives us strong operating leverage. You already highlighted the strength that we see from gross margin from innovation, so we expect that to continue as well. That's sustainable.

Then the third component I would call out is productivity. You've seen us do really well in productivity, and we continue doing that. Somewhat offsetting that will be cost inflation, as we've seen, of course, throughout the year. And then lastly, we will see a modest impact from tariffs year-over-year, as they're easing a bit from a year-over-year perspective.

So overall, still firmly on track to deliver the margin outlook for the year.

Roy Jakobs: Now let me maybe take the second one on orders, Hassan. So, as you imagine, we were very pleased with a very strong 8% on top of 8% last year. And particularly also because it's coming into D&T, where we have the explicit aim to accelerate in order momentum, and particularly, as you know, in PD. So let me maybe unpack a bit.

So IGT, by now, has many, many quarters of very sustained order intake delivery, a strong absolute order book, and therefore also strong conversion into sales. And we are, as we also mentioned, winning significant landmark deals, continuing to expand, and therefore kind of are on a very good trajectory.

The one that we signalled at Capital Markets Day that we are rebuilding is PD. And actually, therefore, we were very happy to see that in this year, as you know, we started Q1 with mid-single-digit order intake in PD, excluding China. Then in second quarter, we had mid-single-digit, including China. And in Q3, we have now double-digit growth across the globe. And that's really on the back of, as we signalled, very strong new momentum in CT, where we have very good momentum with Verida and Rembra. Also, continued strength in MR, and therefore, if you take that into also then future sales, that is actually where you can expect that this, of course, will start to turn into sales.

Because what I also marked is actually that in Q3, we reached the turning point where the refilling of the absolute order book comes to a level that conversion starts to hit normalised levels. Because before, we still had to absorb decline and then actually add it in the new. Now, actually, we are at a point that the new starts to really convert directly into sales, and you will see that coming back.

The other point, of course, that will weigh into also '27, is that the ramp that we kind of currently are doing within Ultrasound, of course, slowed our total Ultrasound in the year. We will pick it up in Q4, and you will see that, of course, supporting Q4, but that will also further support 2027. So if you take that combination of continued strong order intake growth in IGT, the acceleration that we don't see to foresee to stop, because also, as you mentioned, RSNA will be another very strong launch of both in MR as well as CT. We will share the latest there that we bring to market. We're just coming out of the San Diego IGT conference, where we also showcased what the new innovations can do for cardiac in particular. So there's a lot of momentum that we see that we will carry into underpinning next year.

Now, of course, we will come up with specific guidance around that later, not now, but you can see from the trend lines, that we keep building that accelerated momentum that we also have to underpin our mid-single-digit growth ambition in sales.

Hassan Al-Wakeel: Very helpful. If I could just follow up on orders, Charlotte. I mean, you expected last quarter the slipped Monitoring orders to come through this quarter, and obviously, Connected Care orders are down mid-single-digit this quarter. Appreciate you have highlighted some Monitoring deals. Is this purely timing, or is there any change in underlying demand?

Charlotte Hanneman: Yeah. Thank you, Hassan. So I think, first of all, it's important to call out that the orders that slipped from Q2 into Q3, we actually saw them come through in the beginning of Q3. So that is the first point. And also, good to know that actually the CC segment had an OIT decline, but on the back of very strong comparable of over 20% growth last year. So what we're seeing now is actually the deals that we see within monitoring are getting bigger and bigger, and as a result, it takes more time to actually close those deals.

What I can tell you is that we don't see us losing any deals. We're actually seeing us dislodging competition in some very big accounts, also in North America. So no, I have no concerns whatsoever when it comes to our Connected Care, and particularly our monitoring business.

Operator: Thank you. We will now take our next question from the line of Richard Felton of Goldman Sachs. Please state your question.

Richard Felton (Goldman Sachs): Thanks. Good morning. First one is on China, and in context of the increased focus and, I guess, breadth of centralised procurement. The question is, at this stage, do you have any visibility on the timing or the potential impact on pricing of more centralised procurement being rolled out?

And then the second one is on Personal Health and the upgraded outlook. I suppose, what's driving the change in your outlook? What's sort of running ahead of expectations? Are there any particular markets or segments that you would call out? Thank you.

Roy Jakobs: Thank you, Richard. Let me take the first one on China. So if you look at centralised procurement and pricing impact, and that also, of course, weighs into our total outlook on China, we have said that we remain cautious on China because we see centralised procurement further expanding, and we also know that with that further expansion, pricing impact of that will grow, because that is one of the consequence of centralised procurement. So that actually underpins the strategy that we have for China.

It actually doesn't differ a lot from what we had earlier. Actually, China is planning out as we forecast at the beginning of the year. Therefore, it's also so important that we see that ramp in order intake and growth outside of China, so we're very pleased with that. Whilst even in China Q3, we did actually see growth and also, we did see good momentum with also there, for example, CT, that's really gaining a good order intake in China. So we are playing our focused strategy, where we play selectively in areas that we really have differentiation and superiority, whether it's in MR, whether it's in CT, whether it's in IGT and Ultrasound. But we are remaining realistic that the market growth to be expected of China is slower, including the effect of both volume and value. But we are nicely compensating that in the impact of North America that was already gaining momentum.

But now also, we are really happy to see that International regions is really picking up. We had some great news from Latin America, even we shared kind of winning imaging deals in Venezuela, picking up in Brazil, really good traction in India, Europe really picking up strongly too. So actually, we see the growth diversifying also in the rest of the world, and that's of course supporting this compensation, whilst China remains our focus and we remain kind of in that market too for innovation and for components. But just for contribution into the total sales number, we are moderated in terms of what it will do for the coming time.

Charlotte Hanneman: Yeah. Thanks, Richard. I'll take your question on PH. And if we look at PH, of course, we delivered already 8% CSG growth year-to-date, Q3, so we really see broad-based growth in all businesses. And, of course, that is also quite a demanding comparable. So if you think about what we said in Q2, we expected full year growth at the upper end of the 3% to 4.5% range, because we said, well, the comparables are demanding, and also consumer sentiment can change quite quickly. So those two were factors we took into account.

What is now exceeding our expectation is really the continued strength and breadth of performance across the board. We – our growth model is really working in platforms like Sonicare, Shaving, OneBlade, Lumea IPL, and also Avent. So we're really driving growth across businesses and regions. And then on top of that, we see our category leadership combined with the innovation I just mentioned, as well as the increased drive for premiumisation and the strong commercial execution by the teams is driving consumer demand.

So we see market share gains across the board. We see really strong sellout trends as well, which really gives us confidence to now increase our guidance for the year for Personal Health to the lower end of the high single-digit range.

Richard Felton: Great. Thanks very much.

Operator: Thank you. And your next question comes from the line of Graham Doyle from UBS. Please state your question.

Graham Doyle (UBS): Yes, morning. Thanks for taking my questions. Could you just answer a couple? Firstly, just on the balance sheet and cash flow. So post the DOJ agreement, and obviously there's quite strong deleveraging, what are we thinking now about buybacks, given that it was something that Philips was quite committed to historically before the recall?

And then just a second question. In terms of the quarter-to-quarter guidance, there seems to be quite a few things moving around, whether it's Patient Monitor orders or Ultrasound orders, and then the margin for this quarter was obviously quite different to how you'd expect it to turn out. I mean, when you look at the visibility of the business, do you think it's worse or better than like a year ago? And is it things like inflation that are moving things around? It's just because when we look into 2026, there is quite a bit of margin expansion and consensus, and there are lots of things moving around. So it'd be quite helpful to get your view on where you think the visibility is in the business today and how comfortable you are with expansion? Thank you.

Charlotte Hanneman: Yeah. Thanks, Graham. Let me take your question first on the balance sheet. And, indeed, we're happy with the deleveraging journey we're on. Just to put it into

context, what we said at Capital Markets Day is we expect a leverage ratio of between 1.5 and 2. We're squarely in that range right now, so that is great.

And then maybe a reminder of our capital allocation priorities. So we said first, we go after organic growth, because there's still a lot of growth to be had, and you can see that today also based on our 8% order intake growth. The second priority is dividends, where, as a reminder, we're also still giving scrip dividends. The third one is M&A. And we have become a little bit more active in M&A, as you've seen with our SpectraWAVE acquisition at the very beginning of this year, and also as we laid out at Capital Markets Day, we're increasingly looking at interventional and monitoring, because those are the two priority areas we also highlighted at Capital Markets Day. And then our fourth priority is share buybacks, which we are evaluating periodically as well. But it is our fourth priority.

Then your second question around visibility. Let me start with just simply laying out, we started our guidance in February, and we have stick to that guidance. We have not made any changes to that guidance from the beginning of the year, except, of course, adjusting for the tariff refund. So I would argue that our visibility has been very good throughout the year.

So quarter-after-quarter, we're delivering on our promises. And in a world, of course, as you know, that is increasingly unstable. So we had to deal with the inflation as it came through, as you also have seen, of course, at our peers. We didn't change our guide. We continued to deliver. As I say every single quarter, we guide for what we see, and then we work really hard to do better. And that's what we've done this year again, and this quarter again. And at this point in time, year-to-date, very pleased with the margin expansion of 30 basis points, which sets us up really well for delivery of our margin guide, again, unchanged since the beginning of the year for the full year.

Graham Doyle: Okay. No, I appreciate that. I suppose it's just as we – there's so many moving parts. You have obviously had to pull a lot on the – well, from the outside looking in, it feels like a lot on the cost lever, and that's presumably a finite resource. So just kind of thinking about next year, how much more have you got left to go on that front versus just the ability to actually just generate better operating leverage to the business?

Charlotte Hanneman: Yeah. I appreciate that question. So what I would say there is, we laid out, of course, our 2026 guide, but also our mid-term guide in the beginning of the year of mid-teens adjusted EBITA margin, and we're very much on track on delivering on that margin. And the building blocks have stayed the same. We see volume. We also see, and we spoke about it today as well, IGM, our gross margin line, as a result of increased margin of our innovations and our new product introductions that are coming up.

The other component is our productivity programme, and we've delivered €427 million year-to-date in 2026, and we're on track to deliver on the €1.5 billion over the three years. So that's another lever. And, of course, there's also cost inflation, but we're also taking that into account as well as tariff mitigation. So no change to our mid-term guide that we laid out at the beginning of the year.

Operator: Thank you. We will now take our next question from David Adlington of JP Morgan. Please state your question.

David Adlington (JP Morgan): Morning, guys. Thanks for the questions. Maybe just firstly on Connected Care. The margins came in there against a tough comp, much better than we were thinking at least. Just wondering if there is any one-offs in there we should be thinking about and how we should be thinking about margins for the fourth quarter?

And then just to follow up on D&T orders. We've had a good trend in D&T orders for a while, but it's not really pulling through into sales. Just wondered if there was any particular reason for that, and obviously very good – very strong order growth for this quarter. Should we expect to see that transition into better sales growth going forward? Thanks.

Charlotte Hanneman: Thanks, David. Let me start with your Connected Care margin question first. So we are very pleased with the Connected Care margin step-up of 190 basis points. So, indeed, as you said, there was a prior year gain for the remeasurement of a minority interest. So excluding that, margin expanded by 340 basis points. There were no one-offs in there. A few elements that were driving that expansion.

First of all, higher sales, particularly in Monitoring, and Monitoring is a business that is very sensitive to operating leverage, and we've seen that come through and really support the margin. Higher gross margin as well. That was continued productivity, which we see across all of our businesses, and then, of course, part of that is offset by cost inflation.

You might remember as well that, of course, at the end of 2025, we did a divestment of our emergency care business. We disclosed at the time as well that it was slightly not accretive to our margins, so that has slightly helped as well.

Roy Jakobs: And let me take the question on D&T order to sales. David, as also outlined, I think we have had, if you look through this year, a nice increasing trajectory of order momentum, and that was needed because you know that we had an absolute order book that still was actually hit by China sales that was actually going out. Then you had to compensate with new orders, and then in addition, we had also the Ultrasound phasing.

So if I look at where we are to-date, year-to-date, and that's also what we signalled, we are at the point now that the absolute order book actually has been refilled so we can actually get into conversion. China sales is weighing less on the D&T sales going forward, and the Ultrasound phasing, we are ramping up in Q4, and we will see part of that coming back in '27 as well. So that's where we see kind of that sequential momentum building and then also turning into sales. That's kind of we forecast when we had the CMD, when we said, okay, we need to really accelerate innovations.

And I think the really encouraging part, of course, is we really see that customer engagement. I must say, I'm on the road a lot. I'm engaging with customers a lot, and we have really great renewed discussions around how we can actually move forward with our imaging platform, our interventional platform. So D&T is really on a very positive momentum in the market, and that will come through in sales.

Operator: We will now take our next question from the line of Veronika Dubajova of Citi. Please state your question.

Veronika Dubajova (Citi): Good morning, and thank you for taking my questions. I will keep it to two, please. I just want to circle back to the Connected Care margin, and especially just

curious if you can give us a little bit of flavour for how much progress you have made across the various subdivisional targets in terms of Enterprise Informatics versus Monitoring, and maybe also just an update on where the Respironics profitability is so we can kind of level set as we think about 2027 and what the progress there might look like.

And then my second question, sort of a bigger picture when I'm thinking about 2027. Obviously, we're starting to hear a little bit of noise around supply chain and maybe lack of resilience for some of the components. Some of your peers are talking about inflationary pressures. You have obviously done a phenomenal job managing those headwinds this year. But just curious as you look at 2027, what are some of the risks that you're thinking about on those fronts, and what mitigation strategies you have in place, and any preliminary thoughts you have on how those might impact your financial performance next year? Thank you so much.

Charlotte Hanneman: Hi, Veronika. Thank you for your questions. Let me start with your questions on the CC margin. And as I just said earlier, we are very, very pleased with the margin expansion. As I said as well, no one-offs in that margin expansion.

But if you think about the building blocks between Monitoring, S&RC, and EI, a lot of the margin expansion was driven by the Monitoring businesses. And as I explained earlier, that is also a function of operating leverage. So we've seen strong conversion of the orders into sales, and that really helps drive margin as you've seen as well. So the Monitoring business delivering in high teens plus margins.

Enterprise Informatics was okay. And then specifically on your S&RC question, we continue to see double-digit margin in S&RC as well, so feel good about that as well.

And maybe following up to your 2027 question, and I'll let Roy also chime in later. So if you think about the building blocks of our margin in 2027, they're no different than in 2026. So we're not going to sit here and guide for 2027 today, but ultimately, our mid-term guide of mid-teens margins by the end of 2028 still stands firmly. And the building blocks to get there between volume and sales growth and commercial execution, and then productivity offset by cost inflation still stand as well.

We know we have to fight a little harder given there is more cost inflation, but we have been very successful in offsetting those in 2026. And again, without wanting to guide on 2027, I'm confident on us landing at mid-teens by the end of 2028.

Maybe you want to talk about product availability?

Roy Jakobs: Yeah, so good question. I think we have seen that over the years, of course, we have been investing a lot in strengthening the resilience of our supply chain, and actually that is bearing fruit. So, also this year, if you look to our service KPIs, actually they have gone up for us last year, so we actually can fulfil. The only one that we called out was Ultrasound, but beyond that, actually we have really held our service levels at great levels.

Now that is on the back of we have been diversifying our footprint. We've made good progress on strengthening footprint in the US, but also we've made good progress in further dual sourcing. There is a cost as well to make sure that you are resilient and that you have the right service levels. So actually we also are doing pre-buys on components that in our planning we see, for example, becoming short. But we also have the offset opportunity because we see the

higher margin innovations that actually are paying for that in combination with the continued productivity.

So we are very clear that most important is that we can deliver to customers, so that actually we prioritise that, and that is what we prioritise in the components, that is what we prioritise in inventory, but we manage it well. And that's what you see in both in terms of the cost mitigations, but also the balance sheet, where kind of we still keep strict control, but we also know that, for example, PH is doing really well and has certain longer supply chains, for example, for the US. Then we need to stock up more, which we are doing. So that actually we can really fulfil the customers, and that's also really appreciated because nowadays, reliability of supply is really valued a lot. That also weighs into new orders that you get because people want to have trusted partners, and that's something that we have been strengthening in.

Operator: Thank you. Your next question comes from the line of Hugo Solvet of BNP Paribas. Please state your question.

Hugo Solvet (Exane BNP Paribas): Hi. Hello. Thanks for taking my questions. First on margin, quick clarification, please, Charlotte. With most of the efficiencies offset, somewhat offset by inflation, and inflation keep increasing, what's the level of confidence in the full range of the margin guide for this year that remains at play?

And second, congrats on the DOJ settlement. If we take a step back, in September, you finalised the recall. Now you settled with the DOJ. I'm curious to hear from you guys, all these two milestone increase your level of confidence in getting back in the US CPAP market, or does it change anything in your discussions with the FDA relative to the consent decree? Thank you.

Charlotte Hanneman: Yeah. Let me take the first question, Hugo. Thanks for that question. So maybe I start again with our year-to-date margin expansion of 30 basis points, which we feel really good about. So if you think about our full year guide excluding the tariff refund, it's between 20 basis points and 70 basis points. So I would say the full range is still in play. That's why we guide for the full range, actually quite a narrow range of 50 basis points.

And maybe just to call out the drivers in Q4 that we see. So it's operating leverage, on the back of what is always a very big sales quarter, continued gross margin expansion as a result of innovation and mix, and then, of course, continued productivity that is also typically very strong in Q4, and a modest impact from year-over-year tariff benefit, which will more than offset the incremental inflation that we're seeing.

Roy Jakobs: So then the second question in terms of confidence getting back to the US market, and also relation to the DOJ. So in essence, these are two separate transactions. We are very happy actually that we can make progress in SRC. We have seen actually growth outside of US really picking up with good growth of sleep devices. So we see that actually it's resonating.

But we also said before that we are not in control of any timing around the return to market. We keep working towards that so that actually we are ready, but ultimately needs to be granted by the FDA, and we keep working with them.

What we have said as well is that our delivery of our targets is not dependent on this, right? So if it comes, it's a bonus, but it's hard to predict, so we stay away from that. We keep focusing on driving our orders, driving our sales, driving our margin across all businesses,

including SRC, where we can drive it, and you heard that actually nice profitability growth again back in it.

Now, of course, if we can get the US, will be appreciated, but that's kind of, if and when that happens, of course, we will inform you. So we remain laser-focused on driving the innovation momentum across, and that's where we really see that kind of we have great engagements with customers and in the market.

Operator: Thank you. We will now take our next question from the line of Julien Dormois of Jefferies. Please state your question.

Julien Dormois (Jefferies): Hi. Good morning, Roy. Good morning, Charlotte. Thanks for taking my questions. I have two. One relates to the 232 investigation that's still going on in the US. We have seen, for example, Becton Dickinson announcing a deal with the US administration, and this has led some investors to question whether more MedTech companies could actually come up with deals. And I was just curious to hear your thoughts on that front, because Becton Dickinson made it clear that they expect a new round of tariffs on the MedTech sector to happen by the end of the year. So curious to hear your thoughts on that one.

And second, I just noticed that there has been a pretty significant increase in inventory levels between the end of last year and end of Q3 of this year. So just curious where that's coming from. Does that reflect the Ultrasound disruption, the preparation for Q4 shipments, or whatever would be useful on this side? Thank you.

Roy Jakobs: Yeah. Thank you, Julien. Let me take the 232. So this, of course, is not yet known what this exactly will mean and when this will be announced. But as you know, we have been pre-empting kind of good practice in doing business in the US by already announcing earlier that we are stepping up investments in Reedsville, in Latham, and we're really well on track to execute against that.

We also know that's very well appreciated by the US government. So we are diversifying across the world, but we're definitely investing in the US. It's known also to the US government, so that is a way of how we are mitigating it. It's too early to further comment on 232 as kind of we haven't seen that in the market. But we feel well-positioned to deal with consequences as we have been able to deal with it earlier as well when they came out with their first tariffs.

Charlotte Hanneman: Yeah. Thanks, Roy. Julien, let me take your second question on inventory. Indeed, inventory has gone up a little bit year-over-year. A couple of factors to call out there. First of all, of course, we're gearing up for a big quarter of growth, also in Personal Health, and as a result, of course, that comes with increased inventory.

The other smaller impact is, of course, we're doing some pre-buys in face of this inflation impact that we're seeing, which is also impacting our inventory. At the same time, you will have also seen that actually our working capital, if you look at our working capital year-over-year, we've actually improved the cash position from our working capital year-over-year, also thanks to a better accounts payable position.

Operator: Thank you. And our next question comes from the line of Aisyah Noor of Morgan Stanley. Please state your question.

Aisyah Noor (Morgan Stanley): Hi. Good morning. Thanks for taking my question. Just one left from my side, and it's on the order development in Connected Care. What do you think is driving the longer conversion times here? And are there any common themes coming up in your customer conversations, whether it is CAPEX uncertainty, AI? And I guess what is giving you confidence that you're not losing share or winning your fair share in the market? Thank you.

Roy Jakobs: Yeah, thank you for the question, and let me take that. So what we're seeing in monitoring? Actually, there is a lot of kind of engagement around monitoring. Monitoring is a big theme for hospital systems as we experience, because they see and have learned that actually earlier measurement and measurement throughout the cycle is securing revenue for them, because patient safety is better monitored. Also, they can lower their costs. So actually, we see them stepping up investments, and that's also building the momentum.

At the same time, Monitoring is a quite complex, especially IT-related play. So if you go into these big – bigger deals, you see that actually the complexity enlarges. We have been and are still also in discussion with really landmark hospitals that actually are turning to us. We are dislodging competition. We have actually been expanding our footprint in US, for example, 15,000 more beds that we are servicing.

The other trend that we see in Monitoring is also that the combination of CAPEX and OPEX is growing. So we have doubled the EMaaS, which is Monitoring-as-a-Service revenue this year, and actually we see that trend continuing. So they are populating deals that are a combination of CAPEX investments in hardware, is a combination in software solutions, because, for example, they want a capsule solution that integrates data, surveillance solutions that watch over the patient, and therefore this combination makes it a bit longer cycle to conclude on.

But also then there is a longer runway, because actually these are long-term deals that actually secure revenue, recurring revenue, as well as secure CAPEX. So that's the trend that we are seeing. We have very good momentum. Hopefully also we see some further news on that coming forward in the coming weeks and months.

So, on Monitoring, we feel very strong, and also customer feedback is really well on this platform play, because that's exactly what they want.

Maybe the last comment, of course, cybersecurity is the topic of the day, and we are the most secure Monitoring platform in the market. The US Army is our number one customer in the US. We have defence-grade cybersecurity. That is actually also playing in our favour. So that's maybe a last point, but really important point, because, of course, our healthcare customer unfortunately are under attack, so we need to help to keep them secure. That's what our Monitoring platform does.

Operator: Thank you. Our next question comes from the line of Julien Ouaddour from Bank of America. Please state your question.

Julien Ouaddour (Bank of America): Hi. Good morning. Thanks a lot for squeezing me in. The first one is just on D&T, so a follow-up about everything you just said. You just seem

pretty confident about the momentum you see in these segments, with, let's say, accelerating momentum, better order intake, and probably now boosting the sales. Should I understand that D&T organic growth to accelerate next year, if I understand correctly?

And the second question is on PH. I think that's a business we haven't really discussed much. Strong growth, 8%. Can you just, I mean, explain us, I think you mentioned consumer confidence in China being subdued, but according to my math, you probably grew in the double-digit there. So how, and looking into next year, is there still fuel in the tank to sustain the high single-digit growth as the two-year comparison become increasingly demanding? Thank you.

Roy Jakobs: So thank you for your question. Let me start with D&T. So, indeed, what we see is this acceleration, and it's really a building story, right? We saw that kind of how we entered the year, very strong innovations that we launched, started to get the order momentum, then we will turn that into sales growth. So that indeed will drive acceleration into Q4 and then further into '27.

And also, we see good order growth and order momentum in Q4, also for the full year. And as I said, we're kind of having a really exciting slate that we're going to also talk about at RSNA that will further support us in '27. So we see the build-up of that momentum, and that will also turn into sales as we have the turning point in Q3, as I mentioned, where we now really start to compensate the losses and therefore generate net sales, and that builds up what you will see. And it's across the board because in MR, of course, we have the 1.5T and the 3T coming in '27. We have the Spectral really adding in, and then we have also an IGT, really good momentum.

And Ultrasound, despite that sales kind of phased towards Q4 and '27, actually, we had good order growth in Q3, so also there momentum is strong.

Now, if you then look at PH, so two parts. One, the overall growth. We see also the innovation kind of pipeline that we have with a kind of Personal Health sustaining the growth momentum. It's both sides. One, for example, oral care, we had the platform that we are kind of relaunching in the market that still has to be completed. But we also see the customer expansion, so we're getting more shelf space, and the commercial momentum with customers is really gaining traction because we're also margin and category drivers.

And if you look into the China part, China is a positive contributor, so that's also good, and that's also for PH, but it's not the biggest contributor. So it's similar to Health Systems. The biggest momentum of PH actually is North America, it's Europe, and International region, but China is not kind of a decline. China is still positive, and we also see that continue.

We have very good Grooming & Beauty share in China. We are consistently beating FLYCO, the competition. So actually, we are showing that kind of we can, in an attractive manner, also win there. But we're just, of course, in a market environment that is less fast-growing than, for example, the neighbouring kind of country of India, which is extremely fast-growing, and we are double-digit and hitting it out of the park. But that's also market momentum that is different, and we capture the momentum that we see in the different markets.

But concluding, PH has very good momentum, will continue with good momentum. Now, specific guidance, we will not give today, but that will follow. But you can rest assured that this engine is continued to deliver, and also we have good prospects for '27.

Operator: Thank you. Due to the time, we have the last question coming from the line of Susannah Ludwig of Bernstein. Please state your question.

Susannah Ludwig (Bernstein): Great. Thanks. Good morning, and thanks for taking my question. I just had one more follow-up on Personal Health, which obviously has been a strong spot. Can you talk about how growth compares versus the market, and to what extent your growth has been supported by pricing via premiumisation versus to what extent you have been seeing unit share gains?

Roy Jakobs: Yeah. If you look to the market, we are consistently outgrowing the market. Now that also ties to where we play. So actually the segment that we appeal to is actually the more premium segment, and there we are beating competition, so we're taking share. And actually that's a very resilient market piece. So if you look to the pricing contribution, it's more or less flattish in terms of the growth. It's really what we can get from deeper penetration into the different segments with great innovation.

And we have pricing ability with PH, so of course, we price also with inflation that we can compensate, but that's not the driver of growth. The real driver of growth is that we see our innovations reaching more consumers, so in essence, volume-based, and actually we are beating competition across various segments, actually. And that's also where we see that we have the line of sight to continue to do so as we have strong innovations in the pipeline also in the Personal Health franchise.

Susannah Ludwig: Okay. Thank you.

Operator: Thank you all. That was the last question. Mr Jakobs, please continue.

Roy Jakobs: Yeah. Thank you all for a very engaged call, to your questions. We remain very focused on delivering our commitments, on closing the year very strong and in line with what we guided for. We look forward to speaking to you again soon, either this week, later, and for sure at RSNA. Please visit our booth and come and have a look at our exciting innovations because, of course, they will spur the next wave of growth that we are all after. Thank you, and talk to you soon.

Operator: This concludes the Royal Philips' third quarter 2026 results conference call on Tuesday, 3rd November 2026. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]