Royal Philips
Second quarter and semi-annual
2019 results

July 22, 2019
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 EBITA and future developments in our organic business. 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: global economic and business conditions; developments within the euro zone; the successful implementation of Philips’ strategy and the ability to realize the benefits of this strategy; the ability to develop and market new products; changes in legislation; legal claims; changes in currency exchange rates and interest rates; future changes in tax rates and regulations, including tax reform in the US; pension costs and actuarial assumptions; changes in raw materials prices; changes in employee costs; the ability to identify and complete successful acquisitions, and to integrate those acquisitions into the business; the ability to successfully exit certain businesses or restructure the operations; the rate of technological changes; cyber-attacks, breaches of cybersecurity, political, economic and other developments in countries where Philips operates; industry consolidation and competition; and the state of international capital markets as they may affect the timing and nature of the disposal by Philips of its remaining interests in Signify. 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 the Risk management chapter included in the Annual Report 2018.

Third-party market share data
Statements regarding market share, including those regarding Philips’ competitive position, contained in this document are based on outside sources such as specialized research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

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 measures 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 the underlying quarterly report. Further information on non-IFRS measures can be found in the Annual Report 2018.

Use of fair-value measurements
In presenting the Philips Group’s financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When quoted prices or observable market data are not readily available, fair values are estimated using appropriate valuation models and unobservable inputs. Such fair value estimates require management to make significant assumptions with respect to future developments, which are inherently uncertain and may therefore deviate from actual developments. Critical assumptions used are disclosed in the Annual Report 2018. In certain cases independent valuations are obtained to support management’s determination of fair values.

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 2018, unless otherwise stated.

Market Abuse Regulation
This presentation contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.
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At Philips, we strive to make the world healthier and more sustainable through innovation.
Addressing the Quadruple Aim.

- Improved health outcomes
- Improved patient experience
- Improved staff satisfaction
- Lower cost of care
We have transformed into a focused global HealthTech leader

Key acquisitions
- 2011: - TV
- 2012: - Lifestyle Entertainment
- 2013: - Lighting (IPO)
- 2014: - Lumileds/Automotive
- 2015: + Volcano
- 2016: + Spectranetics
- 2017: 
- 2018: 

Key divestments
- TV
- Lifestyle Entertainment
- Lighting (IPO)
- Lumileds/Automotive

Diagnosis & Treatment
- 2011: 17% TV/LE, 23% Lighting, 15% Other, 3% Other
- LTM Q2 2019: 30% Other, 43% Lighting, 24% TV/LE, 3% Other

Connected Care
- 2011: 30% Lighting, 2% Sales, 4.7% CSG, 12% Adj.EBITA
- LTM Q2 2019: 24% Sales, 5% CSG, 13.1% Adj.EBITA

Personal Health
- 2011: 30% Lighting, 15% Other, 12% Sales, 23% CSG
- LTM Q2 2019: 30% Other, 5% Sales, 24% CSG, 43% Adj.EBITA
Our strategy resonates with customers, addresses their needs

Uniquely positioned in the “last yard” to consumers and providers

- Healthy living: Connected products and services supporting the health and well-being of people
- Prevention: Integrated modalities and clinical informatics to deliver precision diagnosis
- Diagnosis: Real-time guidance, smart devices for minimally invasive interventions
- Treatment: Connected products and services for chronic care
- Home care: Connecting patients and healthcare providers for more effective, coordinated, personalized care

Managing population health, leveraging real-time patient data and clinical analytics
We operate in growing, evolving markets

### Strong growth fundamentals

<table>
<thead>
<tr>
<th>Growing population</th>
<th>Aging population</th>
<th>Rising burden of chronic diseases</th>
<th>Increasing spend in developing markets</th>
</tr>
</thead>
</table>

### Market evolution

<table>
<thead>
<tr>
<th>Digital</th>
<th>Consumer centric</th>
<th>Precision</th>
<th>Consolidation</th>
<th>Post Acute Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecting consumers, patients and care providers</td>
<td>Increasing consumer engagement in their own health</td>
<td>Importance of AI, informatics and personalization</td>
<td>Increasing horizontal and vertical consolidation</td>
<td>Shifting to lower-cost settings and the home</td>
</tr>
</tbody>
</table>
Royal Philips
EUR 18.7 billion sales and Adjusted EBITA of 13.1% ¹

- EUR 1.8 billion for R&D, ~65,000 patents rights, ~39,000 trademarks³
- ~1/2 R&D personnel in software and data science
- More than 50% of sales from new products⁴
- More than 30% of sales from solutions³
- ~78,000 employees in over 100 countries

Global footprint

Committed to innovation

¹ All figures are based on LTM Q2 2019 unless stated otherwise; ² Growth geographies consist of all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel; ³ FY 2018; ⁴ New product sales over three years based on FY 2018.
Operating across the health continuum

**Diagnosis & Treatment**
Focuses on solutions for precision diagnosis, disease pathway selection, and image-guided, minimally invasive treatments

**Connected Care**
Focuses on patient care solutions, advanced analytics and patient and workflow optimization inside and outside the hospital

**Personal Health**
Focuses on healthy living and preventative care

Performance trajectory 2019-2020

- **Diagnosis & Treatment**: 43% of sales, 5-7% sales growth, 14-16% margin
- **Connected Care**: 24% of sales, 4-6% sales growth, 16-18% margin
- **Personal Health**: 30% of sales, 4-6% sales growth, 16-18% margin

Note: Margin refers to Adjusted EBITA margin by 2020
## Diagnosis & Treatment

### Focus areas
- Precision diagnosis
- Treatment selection and planning
- Image-guided minimally invasive therapy

### Products & solutions
- Diagnostic imaging and ultrasound
- Digital and computational pathology
- Informatics for Radiology, Oncology, Cardiology
- Interventional imaging, navigation and devices
- Services (managed services, consultancy, etc.)

## Connected Care

### Focus areas
- Patient care and workflow management
- Population health management
- Chronic disease management

### Products & solutions
- Telehealth, patient monitoring and analytics
- Hospital and clinical informatics platforms
- Emergency care and resuscitation
- Sleep, breathing and respiratory care
- Services (managed services, consultancy, etc.)

## Personal Health

### Focus areas
- Healthy living and prevention
- Personal care
- Digital consumer engagement

### Products & solutions
- Oral care
- Mother and child care
- Male grooming and beauty
- Home appliances
- Services (re-ordering, support, coaching, etc.)
Over 60% of sales from leadership positions\(^1,\ 2\)

<table>
<thead>
<tr>
<th>Diagnosis &amp; Treatment</th>
<th>Connected Care</th>
<th>Personal Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSG: 5%</td>
<td>Adj. EBITA: 12.0%</td>
<td>CSG: 2%</td>
</tr>
<tr>
<td>Ultrasound</td>
<td>Patient Monitoring</td>
<td>Male Grooming</td>
</tr>
<tr>
<td><em>Global Leader</em></td>
<td><em>Global Leader</em></td>
<td><em>Global Leader</em></td>
</tr>
<tr>
<td>Image-Guided Therapy Systems</td>
<td>ICU Telemedicine</td>
<td>Oral Care</td>
</tr>
<tr>
<td><em>Global Leader</em></td>
<td><em>#1 in North America</em></td>
<td><em>Global Leader</em></td>
</tr>
<tr>
<td>Image-Guided Therapy Devices</td>
<td>Personal Emergency Response</td>
<td>Mother &amp; Child Care</td>
</tr>
<tr>
<td><em>Global Leader</em></td>
<td><em>#1 in North America</em></td>
<td><em>Global Leader</em></td>
</tr>
<tr>
<td>Diagnostic Imaging</td>
<td>Respiratory Care</td>
<td>Home Appliances</td>
</tr>
<tr>
<td><em>Global Top 3</em></td>
<td><em>Global Leader</em></td>
<td><em>#1 in Air, China</em></td>
</tr>
<tr>
<td>High-end Radiology and Cardiology Informatics</td>
<td>Sleep Care</td>
<td></td>
</tr>
<tr>
<td><em>#1 in North America</em></td>
<td><em>Global Leader</em></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Leadership position refers to #1 or #2 position in Philips addressable market; \(^2\) Comparable Sales Growth (CSG) and Adjusted EBITA based on LTM Q2 2019; \(^3\) Based on non-invasive ventilators for the hospital setting
Drivers for continued growth and improved profitability

- **Better serve customers and improve quality**
  - Improve customer experience, quality systems, operational excellence and productivity
  - Continue to lead the digital transformation

- **Boost growth in core business**
  - Capture geographic growth opportunities
  - Pivot to consultative customer partnerships and services business models

- **Win with solutions along the health continuum**
  - Drive innovative, value-added integrated solutions
  - Reinforce with M&A, organic investments and partnerships

- Customer satisfaction
- Revenue growth
- Margin expansion
- Increased cash generation
- Value creation
We bring together:

- A holistic view on the needs of consumers, patients and providers
- Deep consumers insights
- Leading clinical and operational expertise
- Broad portfolio of technologies

Example solution areas:

- Precision diagnostics
- Minimally invasive therapies
- Sleep and respiratory care
- Connected care

Solutions deliver 31% of revenues\(^1\), growing double-digit\(^2\)

\(^1\) FY 2018
Azurion: Innovating the procedure through workflow improvements and radiation reduction\(^1\)

The following results were achieved using Azurion:

- **Health outcomes**: 25% Reduction in planned cases finished late
- **Cost of care**: 17% Reduction in procedure time
- **Staff satisfaction**: 27% Reduction in staff movement
- **Patient experience**: 29% Reduction in staff traffic between exam and control room
- **28% Reduction in post-procedure time
- **12% Reduction in patient preparation time

The ability to treat 20% more patients per day

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\(^1\) Independent 3rd Party Verification. Results are specific to the institution where they were obtained and may not reflect the results achievable at other institutions.
Pivot to consultative customer partnerships and services business models

Long-term strategic partnerships unlock value for our customers and us

Built on:
- Common goals
- Joint commitment
- Outcome-focused business models
- Continuous improvement
- Collaborative innovation

Leading to:
- Deeper C-suite relationships
- Delivering success to customers
- Increasing share of wallet
- Multi-year, recurring revenues
- Excellent references

Recent deals
Our sustainability programs address pressing societal issues
Focus on United Nations Sustainable Development Goals, in particular #3, #12 and #13 \(^1\)

**Climate change**  
Carbon-neutral in our operations, 100% renewable electricity (2020)

**Circular economy**  
15% circular revenues, zero waste to landfill (2020)  
100% closed loops for all medical systems (2025)

**Access to care**  
3 billion lives improved per year by 2030, including 400 million in underserved healthcare communities

**The Compact**  
Committed to the WEF Compact for Responsive and Responsible Leadership

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\(^1\) #3 “Ensure healthy lives and promote well-being for all at all ages”, #12 “Ensure sustainable consumption and production patterns”, #13 “Climate Action”
An experienced leadership team

<table>
<thead>
<tr>
<th>CEO / CFO</th>
<th>Business Leaders</th>
<th>Market Leaders</th>
<th>Function Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Diagnosis &amp; Treatment</td>
<td>Global Markets</td>
<td>Innovation &amp;</td>
</tr>
<tr>
<td></td>
<td>Robert Cascella</td>
<td></td>
<td>Strategy</td>
</tr>
<tr>
<td>CFO</td>
<td>Bert van Meurs</td>
<td>North America</td>
<td>Operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vitor Rocha</td>
<td>Sophie Bechu</td>
</tr>
<tr>
<td>CFO</td>
<td>Connected Care</td>
<td></td>
<td>Legal</td>
</tr>
<tr>
<td></td>
<td>Carla Kriwet</td>
<td></td>
<td>Marnix van Ginneken</td>
</tr>
<tr>
<td></td>
<td>Personal Health</td>
<td></td>
<td>Human Resources</td>
</tr>
<tr>
<td></td>
<td>Roy Jakobs</td>
<td></td>
<td>Ronald de Jong</td>
</tr>
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</table>

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Appendix 29
# Continued focus on value creation

## 2017-2020 targets

<table>
<thead>
<tr>
<th>Revenue growth</th>
<th>Margin expansion</th>
<th>Cash generation</th>
<th>ROIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>comparable sales growth</td>
<td>Adj. EBITA improvement</td>
<td>Free Cash Flow in 2020</td>
<td>Organic ROIC in 2020</td>
</tr>
<tr>
<td>4-6% annually</td>
<td>average annual 100 bps improvement</td>
<td>above EUR 1.5 billion</td>
<td>mid-to-high-teens</td>
</tr>
<tr>
<td>to ~15% in 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

After 2020 we will drive further improvement
Productivity program of > EUR 1.8 billion by 2020

2017 – 2020 cumulated net productivity savings

- Manufacturing productivity
- Overhead cost reduction
- Procurement savings

Manufacturing footprint
- Consolidating regional manufacturing footprint from 50 to ~30 production locations; 13 locations completed by 2018

Overhead costs
- Significant increase in scope and traction in Global Business Services
- Marketing transformation to fund more advertising firepower
- IT landscape simplification on track
- R&D to deliver 40-50 bps productivity by 2020

Procurement
- Expanding proven DfX approach to the full value chain
- Tougher market conditions mainly from trade tariffs

Restructuring
- Due to additional productivity, restructuring charges expected to be 90-100 bps till 2020, thereafter ~40 bps

1 Excluding the acquisitions post 2016
Indicative Adjusted EBITA margin step-up bridge 2019-2020

2019-2020

Volume

• Geographic expansion
• New product introduction
• Operating leverage

Gross margin

• Procurement
• Manufacturing productivity
• Mix improvement

Overhead reduction

• Standardization of back offices with Global Business Services
• IT landscape simplification

Price erosion

Inflation

Average annual improvement

0.6%

(1.1)%

~100bps
Balanced capital allocation policy

- **Reinvest** in high-return growth opportunities
- **M&A** disciplined but more active approach
- **Dividend** aimed at dividend stability
- **Share buyback** for capital reduction purposes

Total shareholder return since 2016¹,²

<table>
<thead>
<tr>
<th></th>
<th>Royal Philips</th>
<th>TSR peer group</th>
<th>EURO STOXX 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>+84%</td>
<td>+50%</td>
<td>+18%</td>
</tr>
</tbody>
</table>

¹ As per July 19, 2019; ² TSR peer index includes companies as described in the Philips Annual Report 2018
Balanced capital allocation policy

Organic Return on Invested Capital\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>ROIC %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>15.9%</td>
</tr>
<tr>
<td>2016</td>
<td>17.5%</td>
</tr>
<tr>
<td>2017</td>
<td>17.6%</td>
</tr>
<tr>
<td>2018</td>
<td>18.1%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

WACC: 7.5%

Mergers & Acquisitions

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 - 2014</td>
<td>~0.5</td>
</tr>
<tr>
<td>2015</td>
<td>~1.0</td>
</tr>
<tr>
<td>2016</td>
<td>~0.2</td>
</tr>
<tr>
<td>2017</td>
<td>~2.4</td>
</tr>
<tr>
<td>2018</td>
<td>~0.6</td>
</tr>
</tbody>
</table>

Dividends

EUR per share

<table>
<thead>
<tr>
<th>Year - Period</th>
<th>Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 - 2010</td>
<td>0.70</td>
</tr>
<tr>
<td>2011 - 2013</td>
<td>0.75</td>
</tr>
<tr>
<td>2014 - 2017</td>
<td>0.80</td>
</tr>
<tr>
<td>2018</td>
<td>0.85</td>
</tr>
</tbody>
</table>

Share repurchase

EUR billion

<table>
<thead>
<tr>
<th>Year - Period</th>
<th>Share repurchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 - 2013</td>
<td>2.0</td>
</tr>
<tr>
<td>2013 - 2016</td>
<td>1.5</td>
</tr>
<tr>
<td>2017 - 2020(^2)</td>
<td>3.0</td>
</tr>
</tbody>
</table>

\(^1\) Organic ROIC excludes acquisitions over a five years period, pension settlements in Q4 2015 and significant one-time tax charges and benefits; ROIC % = LTM EBITA/ average NOC over the last 5 quarters; 2015-2018 data has been restated in Q2 2019 to reflect a correction in adjusting items; the implementation of IFRS 16 lease accounting as of January 1, 2019 resulted in an increase in NOC as of 2019; \(^2\) Consisting of two programs: EUR 1.5 billion for the period 2017-2019 that was completed in June 2019, and EUR 1.5 billion for the period 2019-2020.
# Content

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Q2 2019 financial performance highlights

• Comparable sales up 6% compared to Q2 2018
• Comparable order intake up 8% compared to Q2 2018
• Adj. EBITA margin of 11.8%, up 60 bps compared to Q2 2018
• Free cash inflow of EUR 174 million, compared to an outflow of EUR 41 million in Q2 2018
• Adjusted diluted EPS of EUR 0.43 per share, compared to EUR 0.35 in Q2 2018

<table>
<thead>
<tr>
<th>Sales EUR million</th>
<th>Comparable sales growth</th>
<th>Adj. EBITA margin</th>
<th>Adj. EBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnosis &amp; Treatment</td>
<td>2,063</td>
<td>+6%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Connected Care</td>
<td>1,161</td>
<td>+6%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Personal Health</td>
<td>1,351</td>
<td>+5%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Other</td>
<td>96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philips</td>
<td>4,671</td>
<td>+6%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

EUR million

<table>
<thead>
<tr>
<th>Capital expenditures on property, plant and equipment</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalization of development costs</td>
<td>108</td>
<td>123</td>
<td>385</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Depreciation</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>133</td>
<td>91</td>
<td>347</td>
</tr>
<tr>
<td>Amortization of software</td>
<td>16</td>
<td>18</td>
<td>64</td>
</tr>
<tr>
<td>Amortization of development costs</td>
<td>58</td>
<td>59</td>
<td>240</td>
</tr>
<tr>
<td>Depreciation and amortization¹</td>
<td>316</td>
<td>319</td>
<td>1,089</td>
</tr>
</tbody>
</table>

¹ Includes impairments
Order intake and order book

Comparable order intake growth

Indexed order book development

Typical profile of order book conversion to sales

- Approximately 70% of the current order book results in sales within the next 12 months
- Quarter end order book is a leading indicator for ~30% of sales the following quarters

1 Includes equipment and software orders in Diagnosis & Treatment, Connected Care and Innovation businesses adjusted for acquisitions and divestments, and currency
Driving ~100 basis points annual improvement up to 2020

Adjusted EBITA\(^1\) bridge for Q2 2019 as a % of sales

<table>
<thead>
<tr>
<th></th>
<th>Adj. EBITA Q2 2018</th>
<th>Volume</th>
<th>Gross margin</th>
<th>Overhead reduction</th>
<th>Price erosion</th>
<th>Inflation</th>
<th>FX/Tariffs</th>
<th>Adj. EBITA Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>11.2%</td>
<td>1.5%</td>
<td>1.2%</td>
<td>0.8%</td>
<td>(1.3)%</td>
<td>(1.0)%</td>
<td>(0.6)%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Other productivity (net)(^1)</td>
<td>1.5%</td>
<td>1.2%</td>
<td>0.8%</td>
<td>0.8%</td>
<td>(1.3)%</td>
<td>(1.0)%</td>
<td>(0.6)%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Total (net)</td>
<td>11.2%</td>
<td>1.5%</td>
<td>1.2%</td>
<td>0.8%</td>
<td>(1.3)%</td>
<td>(1.0)%</td>
<td>(0.6)%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

Productivity initiatives contributing to the targets

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2017-2020 plan</th>
<th>Q2 2019</th>
<th>2017-2019 actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>850</td>
<td>48</td>
<td>614</td>
</tr>
<tr>
<td>Other productivity (net)(^1)</td>
<td>950</td>
<td>98</td>
<td>594</td>
</tr>
<tr>
<td>Total (net)</td>
<td>1,800</td>
<td>146</td>
<td>1,208</td>
</tr>
</tbody>
</table>

\(^1\) Excluding restructuring costs, acquisition-related charges and other one-time charges and gains
Working capital and inventories

1 Historical working capital data was restated to reflect new segment structure as per announcement of January 10, 2019; 2 Working capital excluding segment Other; 3 Working capital as a % of LTM sales and Inventories as a % of LTM sales excluding acquisitions, divestments and discontinued operations.
Appendix
## Restructuring, acquisition-related charges and other items

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>2018</th>
<th>Q1 19</th>
<th>Q2 19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diagnosis &amp; Treatment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring &amp; Acq.-related charges</td>
<td>(43)</td>
<td>(24)</td>
<td>(20)</td>
<td>(59)</td>
<td>(146)</td>
<td>(30)</td>
<td>(41)</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Connected Care</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Restructuring &amp; Acq.-related charges</td>
<td>(43)</td>
<td>(24)</td>
<td>(20)</td>
<td>(59)</td>
<td>(146)</td>
<td>(27)</td>
<td>(37)</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Personal Health</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>(17)</td>
<td>(15)</td>
<td>(13)</td>
<td>(11)</td>
<td>(56)</td>
<td>(10)</td>
<td>(16)</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring &amp; Acq.-related charges</td>
<td>(2)</td>
<td>(2)</td>
<td>(2)</td>
<td>(6)</td>
<td>(5)</td>
<td>(16)</td>
<td>(7)</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(18)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Philips</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(12)</td>
<td>(7)</td>
<td>(3)</td>
<td>(10)</td>
<td>(32)</td>
<td>(9)</td>
<td>(22)</td>
</tr>
<tr>
<td>Acquisition related charges</td>
<td>(1)</td>
<td>34</td>
<td>-</td>
<td>(1)</td>
<td>33</td>
<td>35</td>
<td>7</td>
</tr>
<tr>
<td>Other items</td>
<td>(13)</td>
<td>(52)</td>
<td>(56)</td>
<td>(111)</td>
<td>(300)</td>
<td>(50)</td>
<td>(109)</td>
</tr>
</tbody>
</table>

Due to rounding, amounts may not add up precisely to totals provided.

1. Mainly related to the consent decree focused on the defibrillator manufacturing in the US. 2. Provision related to the anticipated conclusion of the European Commission investigation into online price setting. 3. Gains related to divestments and asset disposals. 4. Charges related to litigation provisions.
Philips' debt has a long maturity profile

Characteristics of long-term debt

- Total net debt position of EUR 4.7 billion
- Maturities up to 2042
- Average tenor of long-term debt is 9.1 years
- No financial covenants
- Operating leases (approximately EUR 800 million) have been reclassified as debt per 1 January 2019 under IFRS 16
- On May 15, 2019 Philips announced the successful pricing of its issue of EUR 750 million 0.500% Green Innovation Bond due 2026

Debt maturity profile as per June 2019

| EUR million | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 |
|------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Short-term | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  | 310  |
| Debt       | 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000| 1,000|
| Unutilized | 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000| 2,000|
| Forward    | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  |
| Repurchases| 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  | 500  |
| Total      | 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210| 1,210|

1Short-term debt includes local credit facilities that are being rolled forward on a continuous basis; 2 Debt includes forward transactions entered into as part of share repurchase programs for LTI purposes; 3 Based on long-term debt only (including short-term portion of long-term debt), excludes short-term debt and forward share buyback transactions.
Funded status for post-employment defined-benefit plans

IFRS basis

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Funded status and balance sheet position</th>
<th>December 2018</th>
<th>June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension plans</td>
<td>(747)</td>
<td>(769)</td>
<td></td>
</tr>
<tr>
<td>Retiree medical plans</td>
<td>(87)</td>
<td>(87)</td>
<td></td>
</tr>
<tr>
<td>Philips</td>
<td>(834)</td>
<td>(856)</td>
<td></td>
</tr>
</tbody>
</table>

The funded status deteriorated in Q2 2019, mainly driven by the significant decrease of the discount rates, which was partly offset by positive returns on plan assets in the funded pension plans.
Calendar for the upcoming quarter

September 5  Goldman Sachs 16th Annual European Medtech and Healthcare Services Conference, London
September 18 Bank of America Merrill Lynch Global Healthcare Conference, London
September 26 Bernstein Annual Strategic Decisions Conference, London
October 28 Third quarter results 2019

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