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 the strategy; estimates of sales growth; future Adjusted EBITA; future restructuring, acquisition-related and other costs; future developments in Philips’ organic business; and the completion of acquisitions and divestments. 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; political instability, including developments within the European Union such as Brexit, with adverse impact on financial markets; 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; increased healthcare regulation; changes in currency exchange rates and interest rates; changes in foreign currency import or export controls; future changes in tax rates and regulations, including trade tariffs; pension costs and actuarial assumptions; changes in raw materials prices; changes in employee costs; the ability to identify and successfully complete 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 and industry consolidation and competition. 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 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 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 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, except for IFRS 16 lease accounting, which is implemented per January 1, 2019. As announced on January 10, 2019, Philips has realigned the composition of its reporting segments effective as of January 1, 2019. The most notable changes are the shifts of the Sleep & Respiratory Care business from the Personal Health segment to the renamed Connected Care segment and most of the Healthcare Informatics business from the renamed Connected Care segment to the Diagnosis & Treatment segment. Accordingly, the comparative figures have been restated. The restatement has been published on the Philips Investor Relations website and can be accessed here.

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
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019

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

Key acquisitions:
- 2011: Volcano
- 2012: Spectranetics
- 2013: Carestream

Key divestments:
- 2011: TV

Diagnosis & Treatment
- 2011: 23%
- 2012: 17%
- 2013: 12%
- 2014: 15%
- 2015: 30%
- 2016: 24%
- 2017: 43%
- 2018: 30%
- 2019: 3%

Connected Care
- 2011: EUR 25 billion
- 2012: 2%
- 2013: 4.7%
- 2014: 12%

Personal Health
- 2011: Sales
- 2012: CSG
- 2013: Adj. EBITA

Other
- 2011: 3%

Lighting
- 2011: 30%

TV/LE
- 2011: 17%

1 Carestream Health's Healthcare Information Systems business
Our strategy resonates with customers, addresses their needs
Uniquely positioned in the “last yard” to consumers and providers

Healthy living
Prevention
Diagnosis
Treatment
Home care

Connected products and services supporting the health and well-being of people
Integrated modalities and clinical informatics to deliver precision diagnosis
Real-time guidance, smart devices for minimally invasive interventions
Connected products and services for chronic 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**

- **Growing population**
- **Aging population**
- **Rising burden of chronic diseases**
- **Increasing spend in developing markets**

**Market evolution**

- **Digital**
  - Connecting consumers, patients and care providers
- **Consumer centric**
  - Increasing consumer engagement in their own health
- **Precision**
  - Importance of AI, informatics and personalization
- **Consolidation**
  - Increasing horizontal and vertical consolidation
- **Post Acute Care**
  - Shifting to lower-cost settings and the home
Royal Philips
EUR 19.1 billion sales and Adjusted EBITA of 12.9%  

Global footprint

- North America 35%
- Western Europe 21%
- Growth Geographies 33%
- Other Mature Geographies 11%

Committed to innovation

- EUR 1.8 billion for R&D, ~65,000 patents rights, ~39,000 trademarks
- ~1/2 R&D personnel in software and data science
- More than 50% of sales from new products
- ~35% of sales from solutions
- ~80,000 employees in over 100 countries

1 All figures are based on LTM Q3 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

43% of sales

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

24% of sales

Personal Health
Focuses on healthy living and preventative care

30% of sales

Performance trajectory 2019-2020

5-7% sales growth
14-16% margin

4-6% sales growth
13-15% margin

4-6% sales growth
16-18% margin

Note: Margin refers to Adjusted EBITA margin by 2020
# Businesses aligned with customer needs

## 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: 12.5%</td>
<td>CSG: 3%</td>
</tr>
<tr>
<td>Ultrasound</td>
<td>Patient Monitoring</td>
<td>Male Grooming</td>
</tr>
<tr>
<td>Global Leader</td>
<td>Global Leader</td>
<td>Global Leader</td>
</tr>
<tr>
<td>Image-Guided Therapy Systems</td>
<td>ICU Telemedicine</td>
<td>Oral Care</td>
</tr>
<tr>
<td>Global Leader</td>
<td>#1 in North America</td>
<td>Global Leader</td>
</tr>
<tr>
<td>Diagnostic Imaging</td>
<td>Personal Emergency Response</td>
<td>Mother &amp; Child Care</td>
</tr>
<tr>
<td>Global Top 3</td>
<td>#1 in North America</td>
<td>Global Leader</td>
</tr>
<tr>
<td>High-end Radiology and Cardiology Informatics</td>
<td>Respiratory Care</td>
<td>Home Appliances</td>
</tr>
<tr>
<td>#1 in North America</td>
<td>Global Leader</td>
<td>#1 in Air, China</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 margin based on LTM Q3 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
Drive innovative, value-added integrated solutions
We are uniquely positioned to deliver integrated solutions

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 approx. 35% of revenues\(^1\), growing double-digit

\(^1\) YTD 2019
Azurion: Innovating the procedure through workflow improvements and radiation reduction

The following results were achieved using Azurion:

**Health outcomes**
- 25% Reduction in planned cases finished late

**Cost of care**
- 17% Reduction in procedure time
- 28% Reduction in post-procedure time

**Staff satisfaction**
- 27% Reduction in staff movement

**Patient experience**
- 29% Reduction in staff traffic between exam and control room
- 12% Reduction in patient preparation time

The ability to treat 20% more patients per day

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

Banner Health

NSW Government

Illawarra Shoalhaven Local Health District

Klinikum München

Children’s Medical Center

Kliniken Köln
Our sustainability programs address pressing societal issues
Focus on United Nations Sustainable Development Goals, in particular #3, #12 and #13

**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

---

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>Business Leaders</th>
<th>Market Leaders</th>
<th>Function Leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diagnosis &amp; Treatment</strong></td>
<td><strong>International Markets</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td><strong>Innovation &amp; Strategy</strong></td>
</tr>
<tr>
<td><strong>Robert Cascella</strong></td>
<td><strong>Henk de Jong</strong></td>
<td><strong>Jeroen Tas</strong></td>
</tr>
<tr>
<td><strong>Bert van Meurs</strong></td>
<td><strong>North America</strong></td>
<td><strong>Operations</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Vitor Rocha</strong></td>
<td><strong>Sophie Bechu</strong></td>
</tr>
<tr>
<td><strong>Connected Care</strong></td>
<td><strong>Legal</strong></td>
<td><strong>Marnix van Ginneken</strong></td>
</tr>
<tr>
<td><strong>Carla Kriwet</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personal Health</strong></td>
<td><strong>Greater China</strong></td>
<td><strong>Human Resources</strong></td>
</tr>
<tr>
<td><strong>Roy Jakobs</strong></td>
<td><strong>Andy Ho</strong></td>
<td><strong>Ronald de Jong</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

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<sup>1</sup>Excluding North America and Greater China; <sup>2</sup>Following announcement on August 26th 2019 Daniela Seabrook will succeed Ronald de Jong as Chief Human Resources Officer, effective January 1st, 2020.
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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>
</tbody>
</table>

After 2020 we will drive further improvement

---

2 As per announcement of October 10th 2019, we expect the full year 2019 Adjusted EBITA margin to improve around 10 to 20 basis points for the Group. For 2020, we target an Adjusted EBITA margin improvement of around 100 basis points for the Group.
Productivity program of > EUR 1.8 billion by 2020

2017 – 2020 cumulated net productivity savings

- **Manufacturing footprint**
  - Consolidating regional manufacturing footprint from 50 to ~30 production locations\(^1\); 13 locations completed by 2018

- **Cost reduction**
  - 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 annual Adjusted EBITA margin step-up bridge

• Geographic expansion
• New product introduction
• Operating leverage

0.6%

1.6%

(1.1%)

(1.1%)

~100bps

Volume

Gross margin

Cost reduction

Price erosion

Inflation

Average annual improvement

• Procurement
• Manufacturing productivity
• Mix improvement

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

1 As per announcement of October 10th 2019, we expect the full year 2019 Adjusted EBITA margin to improve around 10 to 20 basis points for the Group. For 2020, we target an Adjusted EBITA margin improvement of around 100 basis points for the Group.
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 2016\(^1,2\)

<table>
<thead>
<tr>
<th></th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Philips</td>
<td>+87%</td>
</tr>
<tr>
<td>TSR peer group</td>
<td>+52%</td>
</tr>
<tr>
<td>EURO STOXX 50</td>
<td>+21%</td>
</tr>
</tbody>
</table>

\(^1\) As per October 25, 2019; \(^2\) TSR peer index includes companies as described in the Philips Annual Report 2018
Balanced capital allocation policy

### Organic Return on Invested Capital

<table>
<thead>
<tr>
<th>Year</th>
<th>ROIC %</th>
<th>WACC 7.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>15.9%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>17.5%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>17.6%</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>18.1%</td>
<td></td>
</tr>
<tr>
<td>Q3 2019</td>
<td>15.2%</td>
<td></td>
</tr>
</tbody>
</table>

### Mergers & Acquisitions

<table>
<thead>
<tr>
<th>Period</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>
<tr>
<td>YTD 2019</td>
<td>~0.2</td>
</tr>
</tbody>
</table>

### Dividends

<table>
<thead>
<tr>
<th>Year</th>
<th>EUR per share</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

<table>
<thead>
<tr>
<th>Period</th>
<th>EUR billion</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</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; 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.
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Q3 2019 financial performance highlights

• Comparable sales up 6% compared to Q3 2018
• Comparable order intake was in line with Q3 2018
• Adj. EBITA margin of 12.4%, compared to 13.2% of sales in Q3 2018
• Free cash inflow of EUR 126 million, compared to an inflow of EUR 52 million in Q3 2018
• Adjusted diluted EPS of EUR 0.46 per share, compared to EUR 0.42 in Q3 2018

<table>
<thead>
<tr>
<th>Segment</th>
<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>2,117</td>
<td>+9%</td>
<td>14.0%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Connected Care</td>
<td>1,145</td>
<td>+5%</td>
<td>11.3%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Personal Health</td>
<td>1,358</td>
<td>+6%</td>
<td>14.7%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Other</td>
<td>82</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philips</td>
<td>4,702</td>
<td>+6%</td>
<td>12.4%</td>
<td>17.4%</td>
</tr>
</tbody>
</table>

EUR million

| Capital expenditures on property, plant and equipment | 106 | 116 | 422 |
| Capitalization of development costs               | 96  | 115 | 385 |
| Depreciation                                     | 110 | 159 | 438 |
| Amortization of acquired intangible assets         | 61  | 71  | 347 |
| Amortization of software                          | 15  | 19  | 64  |
| Amortization of development costs                  | 57  | 83  | 240 |
| **Depreciation and amortization**¹                | **244** | **331** | **1,089** |

¹ Includes impairments
Order intake and book\textsuperscript{1}

**Comparable order intake growth**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q117</th>
<th>Q217</th>
<th>Q317</th>
<th>Q417</th>
<th>Q118</th>
<th>Q218</th>
<th>Q318</th>
<th>Q418</th>
<th>Q119</th>
<th>Q219</th>
<th>Q319</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>-20%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Europe</td>
<td>-20%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rest of the World</td>
<td>-20%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Philips Rolling LTM</td>
<td>-20%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Indexed order book development**

- Q118
- Q218
- Q318
- Q418
- Q119
- Q219
- Q319

**Typical profile of order book conversion to sales**

- Approximately 60% of the current order book results in sales within the next 12 months
- Quarter end order book is a leading indicator for approximately 30% of sales the following quarters

\textsuperscript{1} Includes equipment and software orders in Diagnosis & Treatment, Connected Care and Innovation businesses adjusted for acquisitions and divestments, and currency
Adjusted EBITA margin bridge Q3 2019

as a % of sales

<table>
<thead>
<tr>
<th>Component</th>
<th>Q3 2018</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>13.2%</td>
<td></td>
</tr>
<tr>
<td>Gross margin</td>
<td>0.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Cost reduction</td>
<td></td>
<td>0.3%</td>
</tr>
<tr>
<td>Price erosion</td>
<td></td>
<td>(1.3)%</td>
</tr>
<tr>
<td>Inflation</td>
<td></td>
<td>(1.0)%</td>
</tr>
<tr>
<td>Other (^2)</td>
<td></td>
<td>(1.0)%</td>
</tr>
<tr>
<td><strong>Adj. EBITA Q3 2018</strong></td>
<td></td>
<td>12.4%</td>
</tr>
<tr>
<td><strong>Adj. EBITA Q3 2019</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Excluding restructuring costs, acquisition-related charges and other one-time charges and gains; \(^2\) Includes tariffs and other.
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>
<th>Q3 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>
<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>
<td>(47)</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3)</td>
<td>(4)</td>
<td>(27)</td>
</tr>
<tr>
<td><strong>Connected Care</strong></td>
<td></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>(7)²</td>
<td>(10)²</td>
<td>(13)²</td>
<td>(11)²</td>
<td>(67)²</td>
<td>(19)²</td>
<td>(15)²</td>
<td>(12)²</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(10)²</td>
<td>(16)²</td>
<td>(15)²</td>
</tr>
<tr>
<td><strong>Personal Health</strong></td>
<td></td>
<td></td>
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<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>(6)</td>
<td>(5)</td>
<td>(15)</td>
<td>(16)</td>
<td>(7)</td>
<td>(3)</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(20)²</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></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>(12)</td>
<td>(7)</td>
<td>(3)</td>
<td>(10)</td>
<td>(32)</td>
<td>(9)</td>
<td>(22)</td>
<td>(12)</td>
</tr>
<tr>
<td>Other items</td>
<td>(1)</td>
<td>34³</td>
<td>-</td>
<td>(1)</td>
<td>33</td>
<td>35³</td>
<td>(7)³</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Philips</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(41)</td>
<td>(31)</td>
<td>(22)</td>
<td>(66)</td>
<td>(159)</td>
<td>(39)</td>
<td>(66)</td>
<td>(35)</td>
</tr>
<tr>
<td>Acquisition related charges</td>
<td>(23)</td>
<td>(21)</td>
<td>(22)</td>
<td>(34)</td>
<td>(99)</td>
<td>(32)</td>
<td>(16)</td>
<td>(12)</td>
</tr>
<tr>
<td>Other items</td>
<td>(18)</td>
<td>-</td>
<td>(13)</td>
<td>(11)</td>
<td>(41)</td>
<td>21</td>
<td>(28)</td>
<td>(67)</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. 5. Includes a value adjustment of capitalized development costs. 6. Provision related to legal matters.
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 10.1 years
- No financial covenants
- Operating leases (approximately EUR 800 million) have been reclassified as debt per 1 January 2019 under IFRS 16.

Debt maturity profile as per September 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 |
| Long-term debt | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 | 800 |
| Short-term debt | | | | | | | | | | | | | | | | | | | | | | | | |
| Unutilized standby & other committed facilities | | | | | | | | | | | | | | | | | | | | | | | | |
| Forward share repurchases | | | | | | | | | | | | | | | | | | | | | | | | |

3 Short-term debt includes local credit facilities that are being rolled forward on a continuous basis; Debt includes forward transactions entered into as part of share repurchase programs for LTI purposes; Based on long-term debt only (including short-term portion of long-term debt), excludes short-term debt and forward share repurchases for LTI purposes.
Calendar for the upcoming quarter

November 11  HSBC European Healthcare Day, Frankfurt
November 14  Societe Generale The European ESG/SRI Conference, Paris
December 5   Berenberg European Conference, Surrey
December 5   Evercore ISI 2nd Annual HealthCONx Conference, Boston
 December 13  Kepler Cheuvreux One-Stop-Shop, Brussels
January 13   JP Morgan Healthcare Conference, San Francisco
January 28   Fourth quarter and full year 2019 results

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