Royal Philips
Fourth quarter and full year 2018 results

January 29, 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, including Spectranetics; 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, see the Risk management chapter included in the Annual Report 2017.

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-GAAP 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 this document. Further information on non-IFRS measures can be found in the Annual Report 2017. As the Philips Group is applying IFRS as its Generally Accepted Accounting Principles (GAAP) we have changed the term non-GAAP information into non-IFRS information.

Use of fair-value measurements

In presenting the Philips Group 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 2017 and Semi-Annual Report 2018. Independent valuations may have been 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 2017 and Semi-Annual Report 2018, unless otherwise stated. The presentation of certain prior-year information has been reclassified to confirm to the current-year presentation.

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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<td>Financial performance in the quarter</td>
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Company overview
EUR 18.1 billion sales and Adjusted EBITA of 13.1% ¹

1 All figures are based on 2018 unless stated otherwise. Effective Q1 2019, Philips’ reporting structure will change as per announcement of January 10, 2019; ² Growth geographies consist of all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

Diagnosis & Treatment
Enabling efficient, first-time-right diagnosis and precision therapies through digital imaging and clinical informatics solutions

Connected Care & Health Informatics
Empowering consumers and care professionals with predictive patient analytics and clinical informatics solutions

Personal Health
Enabling people to take care of their health by delivering connected products and services

- EUR 1.8 billion for R&D, ~65,000 patents rights, ~39,000 trademarks
- More than 30% of sales from solutions
- ~77,000 employees in over 100 countries
- Philips retains a 16.5% stake in Signify, presented as a financial asset measured at market value
We have transformed into a focused global HealthTech leader

Key acquisitions

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Volcano</td>
<td>- TV</td>
<td>- Lifestyle Entertainment</td>
<td>-</td>
<td></td>
<td></td>
<td>- Lighting (IPO)</td>
<td>- Lumileds/Automotive</td>
<td></td>
</tr>
</tbody>
</table>

Key divestments

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>- TV</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<td>- TV</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Diagnosis & Treatment

- Volcano

 Connected Care & Health Informatics

- Spectranetics

Personal Health

1 Personal Health in 2011 includes Sleep & Respiratory Care; 2 Effective Q1 2019, Philips’ reporting structure will change as per announcement of January 10, 2019
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

- 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
### Operating across the health continuum

#### Segments and businesses as per 2018\(^1\)

| Diagnosis & Treatment | Connected Care & Health Informatics | Personal Health |
|-----------------------|------------------------------------|-----------------
| Ultrasound            | Monitoring & Analytics              | Health & Wellness |
| Image-Guided Therapy  | Therapeutic Care                    | Sleep & Respiratory Care |
| Diagnostic Imaging    | Healthcare Informatics              | Personal Care |
|                       |                                     | Domestic Appliances |

<table>
<thead>
<tr>
<th>Key products and solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ultrasound</td>
</tr>
<tr>
<td>Interventional X-ray, smart devices for diagnosis and therapy</td>
</tr>
<tr>
<td>CT, MR, digital X-ray, intelligent software applications</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales (EUR B)</th>
<th>Adj. EBITA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2</td>
<td>11.6% CSG 7%</td>
</tr>
<tr>
<td></td>
<td>FY 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales (EUR B)</th>
<th>Adj. EBITA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.1% CSG 0%</td>
</tr>
<tr>
<td></td>
<td>FY 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales (EUR B)</th>
<th>Adj. EBITA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16.8% CSG 3%</td>
</tr>
<tr>
<td></td>
<td>FY 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales (EUR B)</th>
<th>Adj. EBITA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>FY 2018</td>
</tr>
</tbody>
</table>

\(^1\) Share of revenues, all figures based on the FY 2018. Effective Q1 2019, Philips' reporting structure will change as per announcement of January 10, 2019.
Over 60% of sales from leadership positions

<table>
<thead>
<tr>
<th>Diagnosis &amp; Treatment</th>
<th>Connected Care &amp; Health Informatics</th>
<th>Personal Health</th>
</tr>
</thead>
<tbody>
<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 #1 in North America</td>
<td>Oral Healthcare</td>
</tr>
<tr>
<td><em>Global Leader</em></td>
<td>Non-invasive Ventilation*</td>
<td><em>Global Leader</em></td>
</tr>
<tr>
<td>Image-Guided Therapy Devices</td>
<td>Personal Emergency Response #1 in North America</td>
<td>Respiratory Care</td>
</tr>
<tr>
<td><em>Global Leader</em></td>
<td>High-end Radiology and Cardiology Informatics #1 in North America</td>
<td><em>Global Leader</em></td>
</tr>
<tr>
<td>Diagnostic Imaging</td>
<td></td>
<td>Mother &amp; Child Care</td>
</tr>
<tr>
<td><em>Global Top 3</em></td>
<td></td>
<td><em>Global Leader</em></td>
</tr>
</tbody>
</table>

1 Leadership position refers to #1 or #2 position in Philips addressable market. Effective Q1 2019, Philips’ reporting structure will change as per announcement of January 10, 2019; 2 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
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 revenues¹, growing double-digit

¹ FY 2018
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
Guardian Early Warning connected care solution
Addressing the Quadruple Aim

- **Health outcomes**
  - 86% reduction of Cardiopulmonary Arrests
  - 66% reduction in mortality of patients transferred to the ICU

- **Patient experience**
  - Patients feel safer in general care unit
  - Faster hospital discharge

- **Cost of care**
  - 24% reduction in ICU admission rate
  - Can reduce length of stay

- **Staff satisfaction**
  - 35% reduction of severe Adverse Events
  - 52% improvement in notifications to trigger interventions

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Innovation is core to our value creation

**Commitment to innovation**

- **EUR 1.8 billion in R&D**
  - 9.7% of sales

- **60%**
  - R&D professionals in software and data science

- **Deep clinical partnerships**
  - With academic institutions and with key opinion leaders

- **New businesses**
  - e.g. Digital Pathology, neurology, wearables, HealthSuite cloud applications

**Driving growth and margins**

- **>50%**
  - New product sales

- **>10%**
  - FY order intake growth

- **Expanding gross margins**
  - With higher-margin innovations

- **40-50 bps**
  - R&D productivity gain by 2020

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1 New product sales over three years based on FY 2018
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 2025\(^2\), including 300 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”; \(^2\) Including Signify (Philips Lighting)
## An experienced Leadership Team

<table>
<thead>
<tr>
<th><strong>CEO / CFO</strong></th>
<th><strong>Business Leaders</strong></th>
<th><strong>Market Leaders</strong></th>
<th><strong>Function Leaders</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CEO</strong></td>
<td>Diagnosis &amp; Treatment</td>
<td>Global Markets(^1)</td>
<td>Innovation &amp; Strategy</td>
</tr>
<tr>
<td>Frans van Houten</td>
<td>Robert Cascella</td>
<td>Henk de Jong</td>
<td>Jeroen Tas</td>
</tr>
<tr>
<td><strong>CFO</strong></td>
<td>Connected Care</td>
<td>North America</td>
<td>Operations</td>
</tr>
<tr>
<td>Abhijit Bhattacharya</td>
<td>Carla Kriwet</td>
<td>Vitor Rocha</td>
<td>Sophie Bechu</td>
</tr>
<tr>
<td></td>
<td>Personal Health</td>
<td>Greater China</td>
<td>Legal</td>
</tr>
<tr>
<td></td>
<td>Roy Jakobs</td>
<td>Andy Ho</td>
<td>Marnix van Ginneken</td>
</tr>
</tbody>
</table>

\(^1\) Excluding North America and Greater China
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Continued focus on value creation

2017-2020 targets

- **Revenue growth**
  - comparable sales growth
  - 4-6% annually

- **Margin expansion**
  - Adj. EBITA improvement
  - average annual 100 bps improvement
  - to ~15% in 2020

- **Cash generation**
  - Free Cash Flow in 2020
  - above EUR 1.5 billion

- **ROIC**
  - Organic ROIC in 2020
  - mid-to-high-teens

After 2020 we will drive further improvement
New reporting segment performance trajectory

2019-2020

Diagnosis & Treatment
- 5-7% sales growth
- 14-16% margin

Connected Care
- 4-6% sales growth
- 16-18% margin

Personal Health
- 4-6% sales growth
- 16-18% margin

Note: Margin refers to Adjusted EBITA margin by 2020
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\(^1\); 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

Volume
- Geographic expansion
- New product introduction
- Operating leverage

Gross margin

Overhead reduction
- Standardization of back offices with Global Business Services
- IT landscape simplification

Price erosion
- Procurement
- Manufacturing productivity
- Mix improvement

Inflation

Average annual improvement

1.0%
1.6%
0.6%
(1.1%)
(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 2016**

- Royal Philips: +50%
- TSR peer group: +31%
- EURO STOXX 50: +5%

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1 As per January 25, 2019; 2 TSR peer index includes companies as described in the Philips Annual Report 2017
Balanced capital allocation policy

**Organic Return on Invested Capital**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return (%)</td>
<td>15.6%</td>
<td>17.5%</td>
<td>17.3%</td>
<td>17.1%</td>
</tr>
<tr>
<td>WACC (%)</td>
<td></td>
<td></td>
<td></td>
<td>7.3%</td>
</tr>
</tbody>
</table>

**Dividends**

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

**Mergers & Acquisitions**

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

**Share repurchase**

<table>
<thead>
<tr>
<th>Year</th>
<th>2011 - 2013</th>
<th>2013 - 2016</th>
<th>2017 - 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR billion</td>
<td>2.0</td>
<td>1.5</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 EBIAT/ average NOC over the last 5 quarters; 2 Elective dividend, proposal subject to approval in the General Shareholders Meeting on May 9, 2019; 3 Consisting of two programs: EUR 1.5 billion for the period 2017-2019 and EUR 1.5 billion for the period 2019-2020.
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Q4 2018 performance highlights

- Comparable sales up 5% compared to Q4 2017
- Comparable order intake up 10% compared to Q4 2017
- Adj. EBITA margin of 17.4%, up 70 bps compared to Q4 2017
- Free cash inflow of EUR 1,019 million, compared to an inflow of EUR 948 million in Q4 2017
- Adjusted EPS of EUR 0.76 per share, compared to EUR 0.66 in Q4 2017

### Sales EUR million

<table>
<thead>
<tr>
<th></th>
<th>Sales EUR million</th>
<th>Comparable sales growth</th>
<th>Adj. EBITA margin</th>
<th>vs. LY (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diagnosis &amp; Treatment</strong></td>
<td>2,201</td>
<td>+5%</td>
<td>15.9%</td>
<td>+100</td>
</tr>
<tr>
<td><strong>Connected Care &amp; Health Informatics</strong></td>
<td>936</td>
<td>0%</td>
<td>16.1%</td>
<td>-430</td>
</tr>
<tr>
<td><strong>Personal Health</strong></td>
<td>2,216</td>
<td>+3%</td>
<td>18.6%</td>
<td>-30</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>233</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Philips</strong></td>
<td>5,586</td>
<td>+5%</td>
<td>17.4%</td>
<td>+70</td>
</tr>
</tbody>
</table>

### Capital expenditures EUR million

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4 2018</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures on property, plant and equipment</td>
<td>134</td>
<td>164</td>
<td>422</td>
</tr>
<tr>
<td>Capitalization of development costs</td>
<td>102</td>
<td>105</td>
<td>385</td>
</tr>
<tr>
<td>Depreciation</td>
<td>126</td>
<td>119</td>
<td>438</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>66</td>
<td>92</td>
<td>347</td>
</tr>
<tr>
<td>Amortization of software</td>
<td>13</td>
<td>19</td>
<td>64</td>
</tr>
<tr>
<td>Amortization of development costs</td>
<td>71</td>
<td>69</td>
<td>240</td>
</tr>
</tbody>
</table>
Order intake and order book\textsuperscript{1}

Comparative 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

\textsuperscript{1} Includes equipment and software orders in Diagnosis & Treatment, Connected Care & Health Informatics and innovation businesses adjusted for acquisitions and divestments, and currency
Driving ~100 basis points annual improvement up to 2020

Adjusted EBITA bridge for Q4 2018¹ as a % of sales

<table>
<thead>
<tr>
<th>Component</th>
<th>Adj. EBITA Q4 2017</th>
<th>Volume</th>
<th>Gross margin</th>
<th>Overhead reduction</th>
<th>Price erosion</th>
<th>Inflation</th>
<th>FX/other</th>
<th>Adj. EBITA Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>1.7%</td>
<td>1.0%</td>
<td>0.2%</td>
<td>(1.0)%</td>
<td>(0.8)%</td>
<td>(0.4)%</td>
<td>17.4%</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted EBITA bridge for FY 2018¹ as a % of sales

<table>
<thead>
<tr>
<th>Component</th>
<th>Adj. EBITA FY 2017</th>
<th>Volume</th>
<th>Gross margin</th>
<th>Overhead reduction</th>
<th>Price erosion</th>
<th>Inflation</th>
<th>FX/other</th>
<th>Adj. EBITA FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>1.2%</td>
<td>1.6%</td>
<td>0.4%</td>
<td>(1.0)%</td>
<td>(1.0)%</td>
<td>(0.2)%</td>
<td>13.1%</td>
<td></td>
</tr>
</tbody>
</table>

Productivity initiatives contributing to the targets

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2017-2020 plan</th>
<th>Q4 2018</th>
<th>2017-2018 actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>850</td>
<td>79</td>
<td>528</td>
</tr>
<tr>
<td>Other productivity (net)¹</td>
<td>950</td>
<td>56</td>
<td>421</td>
</tr>
<tr>
<td>Total (net)</td>
<td>1,800</td>
<td>135</td>
<td>949</td>
</tr>
</tbody>
</table>

¹ Excluding restructuring costs, acquisition-related charges and other one-time charges and gains
Adjusted EBITA¹ margin development
Rolling last twelve months

Diagnosis & Treatment

Connected Care & Health Informatics

Personal Health

¹ Adjusted EBITA is EBITA excluding restructuring, acquisition-related charges and other items (details on slide 31) on the last twelve months basis; Personal Health Q2 and Q3 2018 numbers have been restated from previously published 17.0%
Working capital and inventories

1 Working capital excluding segment Other; 2 Working capital as a % of LTM sales and Inventories as a % of LTM sales excluding acquisitions, divestments and discontinued operations
### Restructuring, acquisition-related charges and other items

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q1 17</th>
<th>Q2 17</th>
<th>Q3 17</th>
<th>Q4 17</th>
<th>2017</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>Q3 18</th>
<th>Q4 18</th>
<th>2018</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>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring &amp; Acq.-related charges</td>
<td>(11)</td>
<td>(31)</td>
<td>(85)</td>
<td>(45)</td>
<td>(173)</td>
<td>(42)</td>
<td>(23)</td>
<td>(20)</td>
<td>(56)</td>
<td>(142)</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Connected Care &amp; Health Informatics</strong></td>
<td></td>
<td></td>
<td></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>(12)</td>
<td>(18)</td>
<td>(16)</td>
<td>(31)</td>
<td>(17)</td>
<td>(15)</td>
<td>(13)</td>
<td>(11)</td>
<td>(56)</td>
</tr>
<tr>
<td><strong>Personal Health</strong></td>
<td></td>
<td></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>(2)</td>
<td>(1)</td>
<td>-</td>
<td>(8)</td>
<td>(11)</td>
<td>(3)</td>
<td>(4)</td>
<td>(13)</td>
<td>(7)</td>
<td>(26)</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>45</td>
<td>41</td>
<td>39</td>
<td>25</td>
<td>60</td>
<td>14</td>
<td>28</td>
<td>2</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Restructuring &amp; Acq.-related charges</td>
<td>(3)</td>
<td>(7)</td>
<td>(32)</td>
<td>(21)</td>
<td>(64)</td>
<td>(13)</td>
<td>(6)</td>
<td>(2)</td>
<td>(10)</td>
<td>(31)</td>
</tr>
<tr>
<td>Other items</td>
<td>48</td>
<td>34</td>
<td>(7)</td>
<td>(4)</td>
<td>4</td>
<td>1</td>
<td>34</td>
<td>-</td>
<td>(1)</td>
<td>33</td>
</tr>
<tr>
<td><strong>Philips</strong></td>
<td>6</td>
<td>111</td>
<td>167</td>
<td>95</td>
<td>366</td>
<td>41</td>
<td>31</td>
<td>22</td>
<td>66</td>
<td>159</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(16)</td>
<td>(48)</td>
<td>(73)</td>
<td>(75)</td>
<td>(211)</td>
<td>(41)</td>
<td>(31)</td>
<td>(22)</td>
<td>(66)</td>
<td>(159)</td>
</tr>
<tr>
<td>Acquisition related charges</td>
<td>(9)</td>
<td>(17)</td>
<td>(47)</td>
<td>(32)</td>
<td>(105)</td>
<td>(23)</td>
<td>(21)</td>
<td>(22)</td>
<td>(34)</td>
<td>(99)</td>
</tr>
<tr>
<td>Other items</td>
<td>31</td>
<td>46</td>
<td>47</td>
<td>12</td>
<td>50</td>
<td>18</td>
<td>-</td>
<td>(13)</td>
<td>(11)</td>
<td>(41)</td>
</tr>
</tbody>
</table>

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

1. Charges related to quality and regulatory actions. 2. EUR 59 million gain on the sale of real estate assets. 3. Relates to the separation of the Lighting business. 4. EUR 26 million of provisions related to the CRT litigation in the US, EUR 7 million of charges related to the separation of the Lighting business and EUR 5 million of stranded costs related to the combined Lumileds and Automotive businesses. 5. The amount includes the charges related to acquisition of Spectranetics. 6. Charges related to portfolio rationalization measures. 7. Mainly related to the consent decree focused on the defibrillator manufacturing in the U.S. 8. Includes EUR 36 million release of provision related to the Masimo litigation. 9. Provision related to the anticipated conclusion of the European Commission investigation into online price setting. 10. Included a gain of EUR 43 million related to a divestment.
Philips' debt has a long maturity profile

Characteristics of long-term debt

- Total net debt position of EUR 3.1 billion
- Maturities up to 2042
- Average tenor of long-term debt is 10.0 years
- No financial covenants

Debt maturity profile as per December 2018

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2020</th>
<th>2021</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2028</th>
<th>2030</th>
<th>2032</th>
<th>2034</th>
<th>2036</th>
<th>2038</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unutilized standby &amp; other committed facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Forward share repurchases for share cancellation and LTI purposes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Long term debt reclassified as short term debt</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

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 share cancellation and LTI purposes; 3 Based on long-term debt only (including short-term portion of long-term debt), excludes short-term debt and forward share repurchases for share cancellation and LTI purposes
## 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 2017</th>
<th>December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension plans</td>
<td>(874)</td>
<td>(747)</td>
<td></td>
</tr>
<tr>
<td>Retiree medical plans</td>
<td>(98)</td>
<td>(87)</td>
<td></td>
</tr>
<tr>
<td>Philips</td>
<td>(972)</td>
<td>(834)</td>
<td></td>
</tr>
</tbody>
</table>

The funded status and balance sheet position improved in 2018, mainly driven by the US plan deficit funding in Q3 2018.
Calendar for the upcoming quarter

February 6  HSBC ESG Conference, Frankfurt
February 26  Annual Report 2018
March 5      Morgan Stanley MedTech Conference, London
March 6      Credit Suisse One on One Healthcare Conference, London
March 12     Barclays Global Healthcare Conference, Miami
March 25     Citi MedTech Day, Paris
April 29     First quarter results 2019
May 9        Annual General Meeting of Shareholders, Amsterdam

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