January 28, 2020

innovation + you
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: changes in industry or market circumstances; economic and political developments; Philips’ increasing focus on health technology; the realization of Philips’ growth ambitions and results in growth geographies; lack of control over certain joint ventures; integration of acquisitions; securing and maintaining Philips’ intellectual property rights and unauthorized use of third-party intellectual property rights; compliance with quality standards, product safety laws and good manufacturing practices; exposure to IT security breaches, IT disruptions, system changes or failures; supply chain management; ability to create new products and solutions; attracting and retaining personnel; financial impacts from Brexit; compliance with regulatory regimes, including data privacy requirements; governmental investigations and legal proceedings with regard to possible anticompetitive market practices and other matters; business conduct rules and regulations; treasury risks and other financial risks; tax risks; costs of defined-benefit pension plans and other post-retirement plans; reliability of internal controls, financial reporting and management process. As a result, Philips’ actual future results may differ materially from the plans, goals and expectations set forth in such forward looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see also the Risk management chapter included in the Annual Report 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.
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</tbody>
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At Philips, we strive to make the world healthier and more sustainable through innovation.
We have transformed into a focused global HealthTech leader.

Transforming the company...
100% of sales split

...while creating value
Organic sales growth % and adjusted EBITA as % of sales

<table>
<thead>
<tr>
<th>Sector</th>
<th>2011</th>
<th>2019</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnosis &amp; Treatment</td>
<td>21%</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Connected Care</td>
<td>14%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Personal Health</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lighting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TV/LE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve by</td>
<td>4.7%</td>
<td>13.2%</td>
<td></td>
</tr>
<tr>
<td>~100bps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-6%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

IPO in 2016

TV/LE divested in 2012 and 2014
Our strategy resonates with customers, addresses their needs
Seamlessly connecting care across the health continuum, we will improve outcomes

- Improved health outcomes
- Improved patient experience
- Improved staff satisfaction
- Lower cost of care
We operate in growing, evolving markets

The demand for healthcare is growing

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

And technology will play a bigger role

- 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 19.5 billion sales and Adjusted EBITA of 13.2% \(^1\)

Global footprint

- North America 36%
- Western Europe 21%
- Growth Geographies\(^2\) 33%
- Other Mature Geographies 10%

Committed to innovation

- EUR 1.9 billion for R&D, ~64,500 patents rights, ~39,000 trademarks
- More than half of R&D personnel in software and data science
- ~35% of sales from solutions, growing double-digit
- ~80,000 employees in over 100 countries

\(^1\) All figures are based on full year 2019 unless stated otherwise; \(^2\) Growth geographies consist of all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.
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: 44% of sales, 5-7% sales growth, 14-16% margin
- Connected Care: 24% of sales, 4-6% sales growth, 13-15% margin
- Personal Health: 30% of sales, 4-6% sales growth, 16-18% margin

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

<table>
<thead>
<tr>
<th>Diagnosis &amp; Treatment</th>
<th>Focus areas</th>
<th>Products &amp; solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Precision diagnosis&lt;br&gt;• Treatment selection and planning&lt;br&gt;• Image-guided minimally invasive therapy</td>
<td>• Diagnostic imaging and ultrasound&lt;br&gt;• Digital and computational pathology&lt;br&gt;• Informatics for Radiology, Oncology, Cardiology&lt;br&gt;• Interventional imaging, navigation and devices&lt;br&gt;• Services (managed services, consultancy, etc.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Connected Care</th>
<th>Focus areas</th>
<th>Products &amp; solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Patient care and workflow management&lt;br&gt;• Population health management&lt;br&gt;• Chronic disease management</td>
<td>• Telehealth, patient monitoring and analytics&lt;br&gt;• Hospital and clinical informatics platforms&lt;br&gt;• Emergency care and resuscitation&lt;br&gt;• Sleep, breathing and respiratory care&lt;br&gt;• Services (managed services, consultancy, etc.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal Health</th>
<th>Focus areas</th>
<th>Products &amp; solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Healthy living and prevention&lt;br&gt;• Personal care&lt;br&gt;• Digital consumer engagement</td>
<td>• Oral care&lt;br&gt;• Mother and child care&lt;br&gt;• Male grooming and beauty&lt;br&gt;• Domestic appliances&lt;sup&gt;1&lt;/sup&gt;&lt;br&gt;• Services (re-ordering, support, coaching, etc.)</td>
</tr>
</tbody>
</table>

<sup>1</sup> As per announcement of January 28, 2020, Philips will review options for future ownership of its Domestic Appliances business.
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: 12.7%</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>Image-Guided Therapy Devices</td>
<td>Personal Emergency Response</td>
<td>Mother &amp; Child 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>Respiratory Care</td>
<td>Garment Care</td>
</tr>
<tr>
<td>Global Top 3</td>
<td>Global Leader(^3)</td>
<td>Global Leader</td>
</tr>
<tr>
<td>High-end Radiology and Cardiology Informatics</td>
<td>Sleep Care</td>
<td></td>
</tr>
<tr>
<td>#1 in North America</td>
<td>Global Leader</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 margin based on full year 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 approx. 35% of revenues\(^1\), growing double-digit

\(^1\) FY 2019
Extracting actionable insights from streaming vital signs data and medical records for better patient outcomes

Philips eICU program
Empowering acute care teams by linking remote patient monitoring technology with evidence-based care transformation

Health outcomes
26% Reduction in mortality\(^1\)

Cost of care
USD 5,000 Saved per ICU patient\(^2\)

Staff satisfaction
15% Discharged to home faster\(^3\)

Patient experience
30% Reduction in length of stay\(^3\)

1 in 8 adult ICU patients in the US are monitored by eICU program

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2 TeleICU project with University of Massachusetts Memorial Medical Center. NEHI Research Update. November 17, 2008.
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)

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

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

4. **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><strong>CEO</strong> Frans van Houten</td>
<td><strong>Diagnosis &amp; Treatment</strong> Robert Cascella</td>
<td><strong>International Markets</strong>¹ Henk de Jong</td>
<td><strong>Innovation &amp; Strategy</strong> Jeroen Tas</td>
</tr>
<tr>
<td><strong>CFO</strong> Abhijit Bhattacharya</td>
<td><strong>Bert van Meurs</strong></td>
<td><strong>Operations</strong> Sophie Bechu</td>
<td><strong>Operations</strong> Sophie Bechu</td>
</tr>
<tr>
<td><strong>CFO</strong> Abhijit Bhattacharya</td>
<td><strong>Connected Care</strong> Roy Jakobs</td>
<td><strong>North America</strong> Vitor Rocha</td>
<td><strong>Legal</strong> Marnix van Ginneken</td>
</tr>
<tr>
<td><strong>CFO</strong> Abhijit Bhattacharya</td>
<td><strong>Personal Health</strong> Frans van Houten (ad interim)</td>
<td><strong>Greater China</strong> Andy Ho</td>
<td><strong>Human Resources</strong> Daniela Seabrook</td>
</tr>
</tbody>
</table>

¹ Excluding North America and Greater China
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Appendix
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
Productivity program of > EUR 1.8 billion by 2020

2017 – 2020 cumulated net productivity savings

- Manufacturing productivity
- Cost reduction
- Procurement savings

Manufacturing footprint
- Consolidating regional manufacturing footprint from 50 to ~30 production locations; 18 locations completed by 2019

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

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

2017 – 2020 cumulated net productivity savings

- 2017: EUR 0.3 billion
- 2018: EUR 0.5 billion
- 2019: EUR 0.3 billion
- 2020E: EUR 0.5 billion

- EUR 1.4 billion
- ~650
- ~300
- ~850

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

- Volume
  - Geographic expansion
  - New product introduction
  - Operating leverage

- Gross margin
  - 1.6%

- Cost reduction
  - 0.6%

- Price erosion
  - (1.1)%

- Inflation
  - (1.1)%

- Average annual improvement
  - ~100bps

- Procurement
- Manufacturing productivity
- Mix improvement

- Standardization of back offices with Global Business Services
- IT landscape simplification
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: +115%
- TSR peer group: +67%
- EURO STOXX 50: +29%

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1 As per January 24, 2020; 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>Return (%)</th>
<th>Year</th>
<th>Return (%)</th>
<th>Year</th>
<th>Return (%)</th>
<th>Year</th>
<th>Return (%)</th>
<th>Year</th>
<th>Return (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>15.9%</td>
<td>2016</td>
<td>17.5%</td>
<td>2017</td>
<td>17.6%</td>
<td>2018</td>
<td>18.1%</td>
<td>2019²</td>
<td>14.8%</td>
</tr>
<tr>
<td>WACC</td>
<td>7.3%</td>
<td>WACC</td>
<td>7.3%</td>
<td>WACC</td>
<td>7.3%</td>
<td>WACC</td>
<td>7.3%</td>
<td>WACC</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

**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>
<tr>
<td>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>
<tr>
<td>2019³</td>
<td>0.85</td>
</tr>
</tbody>
</table>

**Share repurchase**

<table>
<thead>
<tr>
<th>Year</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 - 2020⁴</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; ² Organic ROIC in 2019 includes value adjustments of capitalized development costs and the impact of IFRS 16 lease accounting standard; ³ Elective dividend, proposal subject to approval in the General Shareholders Meeting on April 30, 2020; ⁴ 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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Q4 2019 financial performance highlights

- Comparable sales up 3% compared to Q4 2018, business segments comparable sales up 4%
- Comparable order intake up 3% compared to Q4 2018
- Adj. EBITA margin improved 50 basis points to 17.9% of sales, compared to 17.4% of sales in Q4 2018. Business segments Adj. EBITA margin improved 120 basis points
- Free cash inflow of EUR 959 million, compared to an inflow of EUR 1,019 million in Q4 2018
- Adjusted diluted EPS of EUR 0.83 per share, compared to EUR 0.76 in Q4 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>2,582</td>
<td>+5%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Connected Care</td>
<td>1,354</td>
<td>+2%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Personal Health</td>
<td>1,850</td>
<td>+4%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Other</td>
<td>172</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philips</td>
<td>5,958</td>
<td>+3%</td>
<td>17.9%</td>
</tr>
</tbody>
</table>
Full year 2019 financial performance highlights

- Sales increased to EUR 19.5 billion, with 4.5% comparable sales growth
- Comparable order intake increased 3%
- Adjusted EBITA margin increased to 13.2% of sales, compared to 13.1% of sales in 2018
- Free cash flow increased to EUR 1,053 million, compared to EUR 984 million in 2018
- Adjusted EPS from continuing operations (diluted) increased 15% compared to 2018 to EUR 2.02
Order intake and book

Comparable order intake growth

Indexed order book development

Typical profile of order book conversion to sales

1 Includes equipment and software orders in Diagnosis & Treatment, Connected Care and Innovation businesses adjusted for acquisitions and divestments, and currency

• Approximately 60% of the current order book converted into sales within the next 12 months
• Order book is a leading indicator for approximately 30% of Group sales
Adjusted EBITA margin¹ bridge Q4 2019

As a % of sales

<table>
<thead>
<tr>
<th>Adj. EBITA Q4 2018</th>
<th>Volume</th>
<th>Gross margin</th>
<th>Cost reduction</th>
<th>Price erosion</th>
<th>Inflation</th>
<th>Other ²</th>
<th>Adj. EBITA Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.4%</td>
<td>0.9%</td>
<td>1.1%</td>
<td>1.0%</td>
<td>(1.2%)</td>
<td>(0.8%)</td>
<td>(0.5%)</td>
<td>17.9%</td>
</tr>
</tbody>
</table>

¹ Excluding restructuring costs, acquisition-related charges and other one-time charges and gains; ² Includes tariffs and other
Adjusted EBITA margin\(^1\) bridge full year 2019

as a % of sales

<table>
<thead>
<tr>
<th></th>
<th>Adj. EBITA 2018</th>
<th>Volume</th>
<th>Gross margin</th>
<th>Cost reduction</th>
<th>Price erosion</th>
<th>Inflation</th>
<th>Other (^2)</th>
<th>Adj. EBITA 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guidance</td>
<td></td>
<td>1.0%</td>
<td>1.6%</td>
<td>0.6%</td>
<td>(1.1)%</td>
<td>(1.1)%</td>
<td>~100 bps</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

\(\ldots\)
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>
<th>Q3 19</th>
<th>Q4 19</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diagnosis &amp; Treatment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<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>(27)</td>
<td>(41)</td>
<td>(47)</td>
<td>(106)</td>
<td>(222)</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)^5</td>
<td>(40)^5</td>
<td>(73)</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>
<td></td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>(17)^1</td>
<td>(15)^1</td>
<td>(13)^1</td>
<td>(11)^1</td>
<td>(56)</td>
<td>(10)^1</td>
<td>(16)^1</td>
<td>(15)^1</td>
<td>(26)^1</td>
<td>(67)</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>(20)</td>
<td>(6)</td>
<td>(5)</td>
<td>(33)</td>
<td>(16)</td>
<td>(8)</td>
<td>(23)</td>
<td>(27)</td>
<td>(73)</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>(18)^2</td>
<td>-</td>
<td>-</td>
<td>(18)</td>
<td>-</td>
<td>-</td>
<td>(20)^6</td>
<td>(3)</td>
<td>(23)</td>
</tr>
<tr>
<td><strong>Other</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>(13)</td>
<td>27</td>
<td>(3)</td>
<td>(11)</td>
<td>1</td>
<td>(9)</td>
<td>(29)</td>
<td>(17)</td>
<td>(22)</td>
<td>(43)</td>
</tr>
<tr>
<td>Other items</td>
<td>(12)</td>
<td>(7)</td>
<td>(3)</td>
<td>(10)</td>
<td>(32)</td>
<td>(35)^3</td>
<td>(7)^4</td>
<td>(5)^4</td>
<td>(12)^4</td>
<td>(11)</td>
</tr>
<tr>
<td><strong>Philips</strong></td>
<td></td>
<td></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>(82)</td>
<td>(52)</td>
<td>(56)</td>
<td>(111)</td>
<td>(300)</td>
<td>(50)</td>
<td>(109)</td>
<td>(114)</td>
<td>(198)</td>
<td>(471)</td>
</tr>
<tr>
<td>Acquisition related charges</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>
<td>(109)</td>
<td>(249)</td>
</tr>
<tr>
<td>Other items</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>
<td>(9)</td>
<td>(69)</td>
</tr>
<tr>
<td></td>
<td>(18)</td>
<td>-</td>
<td>(13)</td>
<td>(11)</td>
<td>(41)</td>
<td>(21)</td>
<td>(28)</td>
<td>(67)</td>
<td>(80)</td>
<td>(153)</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.
## Capital expenditures, Depreciation and Amortization

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q4 2018</th>
<th>Q4 2019</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures on property, plant and equipment</td>
<td>164</td>
<td>184</td>
<td>518</td>
</tr>
<tr>
<td>Capitalization of development costs</td>
<td>105</td>
<td>118</td>
<td>460</td>
</tr>
<tr>
<td>Depreciation</td>
<td>119</td>
<td>194</td>
<td>645</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>92</td>
<td>119</td>
<td>350</td>
</tr>
<tr>
<td>Amortization of software</td>
<td>19</td>
<td>21</td>
<td>75</td>
</tr>
<tr>
<td>Amortization of development costs</td>
<td>69</td>
<td>136</td>
<td>332</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td><strong>299</strong></td>
<td><strong>469</strong></td>
<td><strong>1,402</strong></td>
</tr>
</tbody>
</table>

<sup>1</sup> Includes impairments
Philips' debt has a long maturity profile

Characteristics of long-term debt

- Total net debt position of EUR 4.0 billion
- Maturities up to 2042
- Average tenor of long-term debt is 9.8 years
- No financial covenants
- Total debt at 31 December 2019 includes additional lease liabilities of approximately EUR 1.1 billion which have been recorded following the adoption of IFRS 16.

Debt maturity profile as per December 2019

Year
< 12 months
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
2041
2042

EUR million
0
200
400
600
800
1000
1200
1400
1600

- Long-term debt
- Short-term debt
- Unutilized standby & other committed facilities
- Forward share repurchases

1 Short-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, excludes short-term debt and forward share repurchases for LTI purposes
Calendar for the upcoming events

February 25  Annual report 2019
March 4  Credit Suisse Healthcare Conference, London
March 24  Citi MedTech Symposium, Paris
April 20  First quarter results 2020
April 30  Annual General Meeting of Shareholders
July 20  Second quarter and semi-annual results 2020
October 19  Third quarter results 2020

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