

PHILIPS

Investor presentation

April 29, 2024

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 our strategy, estimates of sales growth, future Adjusted EBITA ^{*}), future restructuring and acquisition related charges and other costs, future developments in Philips' organic business and the completion of acquisitions and divestments. Forward-looking statements can be identified generally as those containing words such as "anticipates", "assumes", "believes", "estimates", "expects", "should", "will", "will likely result", "forecast", "outlook", "projects", "may" or similar expressions. 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: Philips' ability to gain leadership in health informatics in response to developments in the health technology industry; Philips' ability to keep pace with the changing health technology environment; macroeconomic and geopolitical changes; integration of acquisitions and their delivery on business plans and value creation expectations; securing and maintaining Philips' intellectual property rights, and unauthorized use of third-party intellectual property rights; Philips' ability to meet expectations with respect to ESG-related matters; failure of products and services to meet quality or security standards, adversely affecting patient safety and customer operations; breaches of cybersecurity; challenges in simplifying our organization and our ways of working; the resilience of our supply chain; attracting and retaining personnel; challenges in driving operational excellence and speed in bringing innovations to market; compliance with regulations and standards including quality, product safety and (cyber) security; compliance with business conduct rules and regulations including privacy and upcoming ESG disclosure and due diligence requirements; treasury and financing risks; tax risks; reliability of internal controls, financial reporting and management process; global inflation. 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 2023.

Third-party market share data

Statements regarding market share, contained in this document, including those regarding Philips' competitive position, 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, market share statements may also be based on estimates and projections prepared by management and/or based on outside sources of information. Management's estimates of rankings are based on order intake or sales, depending on the business.

Market Abuse Regulation

This slide deck contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

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 2022.

^{*} Non-IFRS financial measure. Refer to reconciliation of non-IFRS information



Company overview

Creating value with sustainable impact

Path to value creation



It is our purpose
to improve people's health
and well-being
through meaningful
innovation



Philips at a glance

EUR 18.2bn¹ in sales; ~70% from #1 or #2 positions

~40% of sales from recurring revenues

~9% of sales invested in R&D

Active in >100 countries, ~70k employees

100% carbon-neutral in operations since 2020

Global sales footprint¹

North America

42%

Western Europe

21%

Other mature geographies

9%

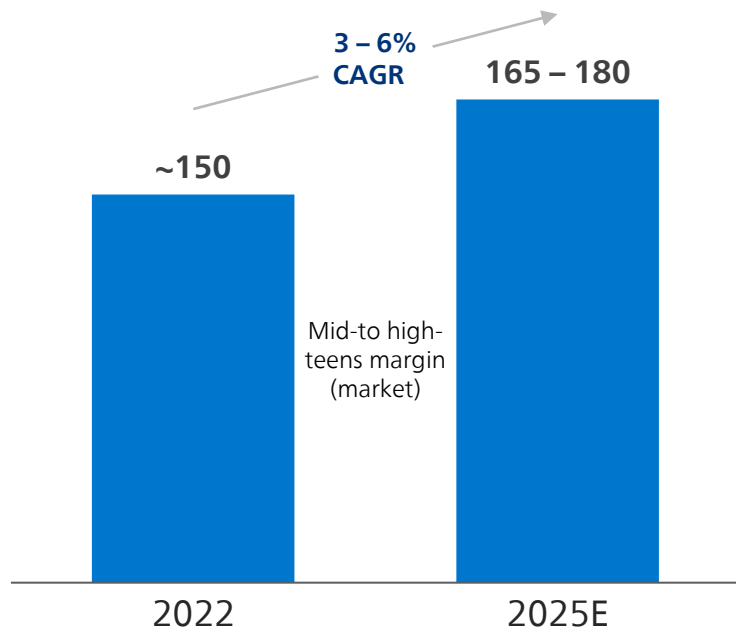
Growth geographies²

28%

1. 2023 full-year | 2. Growth geographies consist of all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
Note: Leadership in Philips-addressable markets

We see significant opportunities in the attractive HealthTech segments where we operate

Addressable market, EUR billion



Aging population, growing demand for care

Higher costs and labor shortages drive productivity need

Increasing need for insights from growing health data

Shift to ambulatory monitoring, imaging and treatment

Increasing spend on personal health and care

Strong position across our portfolio of businesses



Diagnosis & Treatment

~50% of sales (2023 full-year)



Diagnostic Imaging



Ultrasound



Image Guided Therapy

Systems, smart devices, software and services, powered by AI-enabled informatics

Supporting precision diagnosis and minimally invasive treatment in a growing number of therapeutic areas such as cardiology, peripheral vascular, neurology, surgery, and oncology

Connected Care

~30% of sales



Enterprise Informatics



Monitoring

Ambulatory, home-based and in-hospital monitoring and workflow solutions fueled by advanced interoperability and patient data insights

Connecting patients and caregivers across care settings, delivering clinical, operational and therapeutic solutions



Sleep & Respiratory Care



Personal Health

Broad range of consumer solutions to support people in proactively managing their health and wellbeing

Market-leading capabilities integrating platforms, informatics, and services

Diagnosis & Treatment



Total

EUR 8.8bn¹
sales

11.6%¹
adjusted EBITA margin

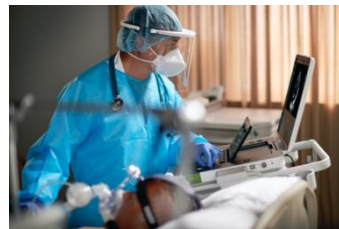
~28k
employees



Diagnostic Imaging

~39% of sales

Top 3 player



Ultrasound

~22% of sales

#1 Cardiac



Image Guided
Therapy

~39% of sales

#1 Systems
and Devices

Connected Care



Total

EUR 5.1bn¹
sales

7.2%¹
adjusted EBITA margin

~18k
employees



Enterprise Informatics

~22% of sales

#1 Imaging leader in PACS and interoperability



Monitoring

~60% of sales

#1 in Hospital
#1 in Ambulatory



Sleep & Respiratory Care

~17% of sales

#2 Globally

Scaling largest multi-vendor Enterprise Informatics business

Philips Image Management

70+ AI-powered clinical apps **50%** productivity improvement¹

Interoperability and surveillance

1000+ unique medical devices connected

Tele care solution

20+ years experience in eICU remote care management

Expanding leadership in radiology, cardiology, and pathology

End-to-end business set up to scale

Growing **~2x** faster than Philips **EUR 1.5bn** revenues by 2025

1. Results following implementation of a unified radiology workspace with enterprise disaster recovery back-up system at Campus Biomedico University Hospital, Rome, Lazio, Italy.

Note: "Largest Enterprise Informatics business" in Philips addressable markets



Personal Health



Total

EUR 3.6bn¹
sales

16.6%¹
adjusted EBITA margin

~9k
employees



Oral Healthcare

~35% of sales

#2 in Oral Healthcare



Personal Care

~54% of sales

#1 in Male Grooming








Mother & Child Care

~11% of sales

#2 in Infant Feeding

Examples of innovation to empower clinicians across imaging



MR SmartSpeed	CT 5100 Incisive	Next gen EPIQ	HealthSuite Imaging	ROCC3 ² & PerformanceBridge5
				
<p>Award-winning, deep-learning AI reconstruction</p> <p>AI acceleration; scan 3x faster</p> <p>Boost clinical confidence with 65% higher resolution</p>	<p>Industry-leading CT Smart Workflow</p> <p>Enhanced confidence, fastest AI reconstruction on the market</p> <p>Low total cost of ownership</p>	<p>AI-guided ultrasound capabilities</p> <p>Expanded tele-ultrasound capability</p> <p>3D-like vascular flow advanced imaging</p>	<p>PACS¹ over the cloud with Advanced AI-enabled tools</p> <p>Web-enabled diagnostic workspace from anywhere</p> <p>Expansion of collaboration with AWS on generative AI</p>	<p>Industry's first multi-vendor, multimodality ROCC</p> <p>Connects imaging experts with technologists at scan location</p> <p>Real-time data analytics</p>
Data acquisition			Data liquidation in the cloud	Clinical operational workflow solution

Responsible and sustainable business for Philips and customers

ESG focus

- Carbon-neutral in our operations since 2020
- Partnering with customers/suppliers on 1.5 °C target
- Leading in sustainable innovation (Helium-free MR, etc.)
- Circular revenues from 16% to 25% of sales by 2025
- 2 billion lives improved by 2025¹ of which 300 million in underserved communities

ESG ratings and recognition

ecovadis

Top 3% of the companies assessed



Top health technology company in the 2023 DJSI

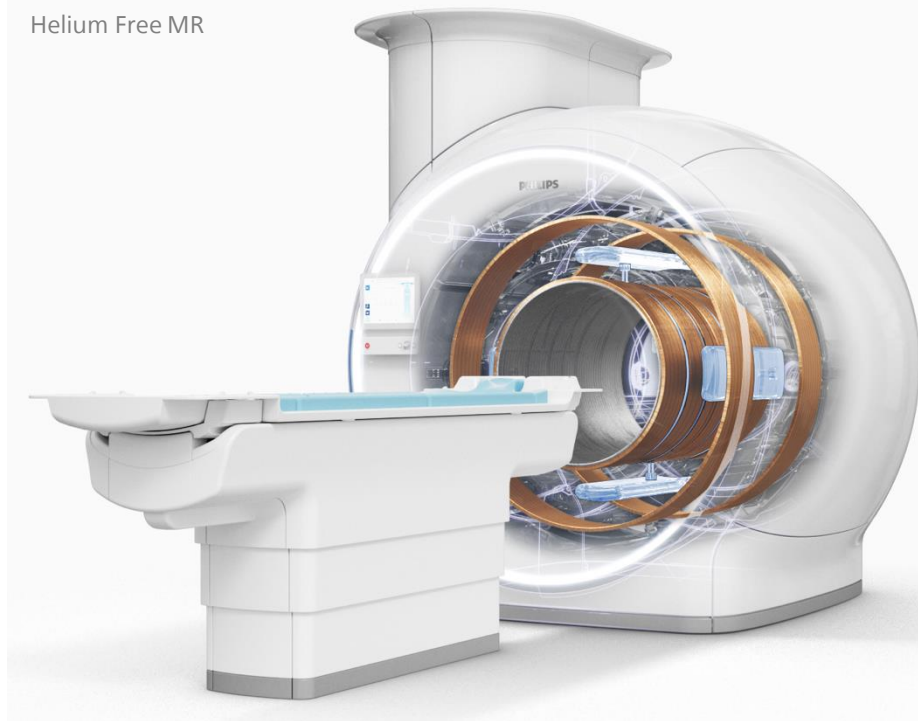


First Dutch company among world's 15 best reputed companies



CDP's 'A List' for the 11th year in a row

Helium Free MR



ESG highlights

Selected achievements highlighting progress towards our goals



Environment

First HealthTech company to have entire value-chain CO₂ emissions targets approved by SBTi

100% carbon-neutral in operations since 2020



Social

1.9 billion lives improved, >220 million in underserved communities

39% gender diversity in workforce with ~30% in senior management positions help by women



Governance

Patient safety and quality leadership elevated to Executive Committee

Extension of supplier risk management to deeper tiers, and diversified sourcing of high-risk components

Reinvigorating patient and people-centric culture

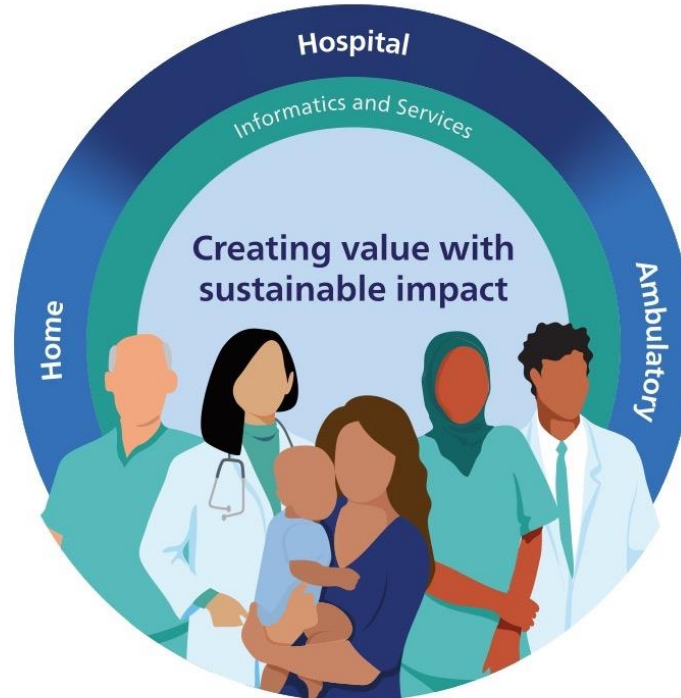


Accountability & empowerment

Patients and people at the heart of everything we do

Execution focus and simplicity

Transparency, growth mindset



Driving impact with care

Injecting HealthTech expertise

78%

Executive hires with Health Tech and healthcare background

50%

of non-executive hires in 2023 came from Health Tech

Experienced and passionate executive team



CEO
Roy Jakobs
Dutch/German



Personal Health
Deeptha Khanna
Singaporean



North America
Jeff DiLullo
American



Innovation & Strategy
Shez Partovi
Canadian



CFO
Abhijit Bhattacharya
Indian



Connected Care
Julia Strandberg
American



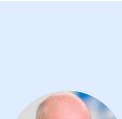
Greater China
Andy Ho
Chinese/Canadian



Patient Safety & Quality
Steve C de Baca
American



From Oct 1, 2024
Charlotte Hanneman
Dutch



Diagnosis & Treatment
Bert van Meurs
Image-Guided-Therapy
Dutch



Greater China
Andy Ho
Chinese/Canadian



Human Resources
Heidi Sichien
Belgian



ESG & CLO
Marnix van Ginneken
Dutch



Diagnosis & Treatment
Bert van Meurs
Image-Guided-Therapy
Dutch



International Markets³
Edwin Paalvast
Dutch



Operations
Wim Appelo
Dutch



Precision Diagnosis a.i.^{1,2}
Bert van Meurs
Dutch



Company overview

Creating value with sustainable impact

Path to value creation

Our four key strengths to build on

1

Leading positions

- ~70% of sales from #1 or #2 positions
- Leading innovation; hardware, software and services
- Strong professional and personal health (home) positions

2

High customer intimacy

- Preferred strategic and innovation partner
- 300+ partnerships, ~EUR 1.5Bn orders/year
- ~40% recurring revenue

3

Innovation aligned to customer needs

- Solutions across imaging, therapy and monitoring
- Enhanced clinical and operational productivity
- Largest Enterprise Informatics – multi-vendor

4

Strong purpose, brand and ESG

- Improved 1.9Bn lives '23 and 11Bn brand value
- Carbon-neutral, circularity, sustainable innovation
- 85% of products Ratings & Reviews > 4.3 (out of 5)

Creating value with sustainable impact

Enabled by culture of accountability and strong HealthTech talent and capabilities



Strategy of focused organic growth



Patient-, people-centric and scalable innovations



Execution as value driver

- Patient safety & quality as highest priority
- Reliable supply chain
- Simplified operating model



Focused organic growth

Accelerate growth in attractive leadership segments

Image-Guided-Therapy

Ultrasound

Monitoring

Personal Health

Scale to unlock insights

Enterprise Informatics

Improve operational excellence & services

Diagnostic Imaging

Address recall and restore business position

Sleep & Respiratory Care

Leveraging attractive leadership positions to drive growth



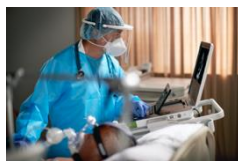
Image Guided Therapy

#1 in systems and devices



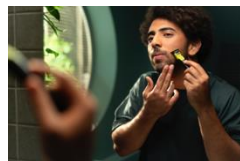
Monitoring

#1 in hospital
#1 in ambulatory



Ultrasound

#1 in cardiac



Personal Health

#1 male grooming
#2 oral health care
#2 infant feeding

~70% of Philips revenue

Drivers

Leading Cardiac workflow support

Software, Hardware and Services pull-through

Leading growth platforms (Azurion, IntelliVue, etc.)

Unique informatics capabilities

Integrated acquisitions



Scale enterprise informatics, unlocking access and insights from combined data pools of imaging and monitoring

Integrates with systems & devices

Vendor-agnostic

Unlocks data to generate AI-insights

Supports hospital & remote workflows

Improves staff productivity

Scale informatics

3k+

Sites with Philips Radiology PACS

20M+

Patients with device to EMR connectivity per year

15k+

ICU beds with remote population health management

Driving operational excellence and services in Diagnostic Imaging



Smart diagnostic systems



Optimized workflows



Integrated diagnostics

Supported by Enterprise Informatics image management platform

Impactful, sustainable innovation

+

Supply chain improvement

+

Services pull through

+

Conversion of strong order book

Higher margins



Innovation model for focused scalable innovation

Patient and people centric innovation with focus on segments with right to win

- Tailor innovation to segments we serve
- Focused, fewer projects, scaling faster
- People, patient-centric design & experience
- Integral design approach
- Business model and service innovation (Emaas/Saas)

>EUR1.7 billion¹,
~9% R&D of sales
(vs. ~7.5% industry average)

90% business-led
10% corporate

Execution with decisive action as key value driver



Patient safety and quality as highest priority

Culture, accountability, competencies

Patient safety and quality at heart of innovation

Expanded patient safety and quality program

Finalize Respironics recall



Reliable end-to-end supply chain

End-to-end value chain by business

Leadership and competencies

Product pruning and (re)design

Strategic supplier management



Simplified operating model

End-to-end, P&L-accountable business

Simplification, de-layering, less KPIs

Reduction of 10k roles

Leadership and talent

Execution with decisive action as key value driver

Examples of progress in 2023



Patient safety and quality as highest priority

- Elevated PS&Q to the ExCo
- Boosted regulatory competencies (incl. AI)
- PS&Q time out day for 70K employees
- Strengthened talent, design controls
- Future fit assessments of platforms
- ~50% reduction in # of QMS
- Progress on Respironics Field action (see next page)



Reliable end-to-end supply chain

- Completed move to End-to-End value chain by business
- New supply chain leaders with business expertise in all businesses
- ~75% PCBAs redesigns completed
- ~20% increase in service level
- De-risked all high-risk components



Simplified operating model

- New operating model live 1 April
- Completed re-alignment of workforce
- New performance management cadence (innovation, quality, results)
- Reduced roles by ~8K (vs 7K planned)



Philips Respironics Field Action

Progress to date

Remediation of sleep therapy devices almost complete; ventilation ongoing

FDA feedback received on testing and analysis for sleep therapy devices¹

Reached agreement to resolve economic loss, personal injury, and medical monitoring litigation in the US

Reached agreement with US government on a consent decree

Back to market outside the US; servicing US market under agreed conditions part of the consent decree

Priorities ahead

Finalize recall and testing

DoJ investigation, other legal proceedings

Demonstrate compliance with the regulatory requirements and restore Respironics business

Gradually restore position

1. Following ongoing communications with the FDA, Philips Respironics has agreed to implement additional testing to supplement current test data on PE-PUR foam. The FDA stated that current testing is extensive and conducted with independent parties and expressed no concerns with its validity or objectivity. Philips Respironics is in discussions with the FDA on the details of further testing. Note: More information on the Respironics recall can be found [here](#);



Company overview

Creating value with sustainable impact

Path to value creation

Strong full-year 2023 results driven by solid execution of the plan to create value with sustainable impact

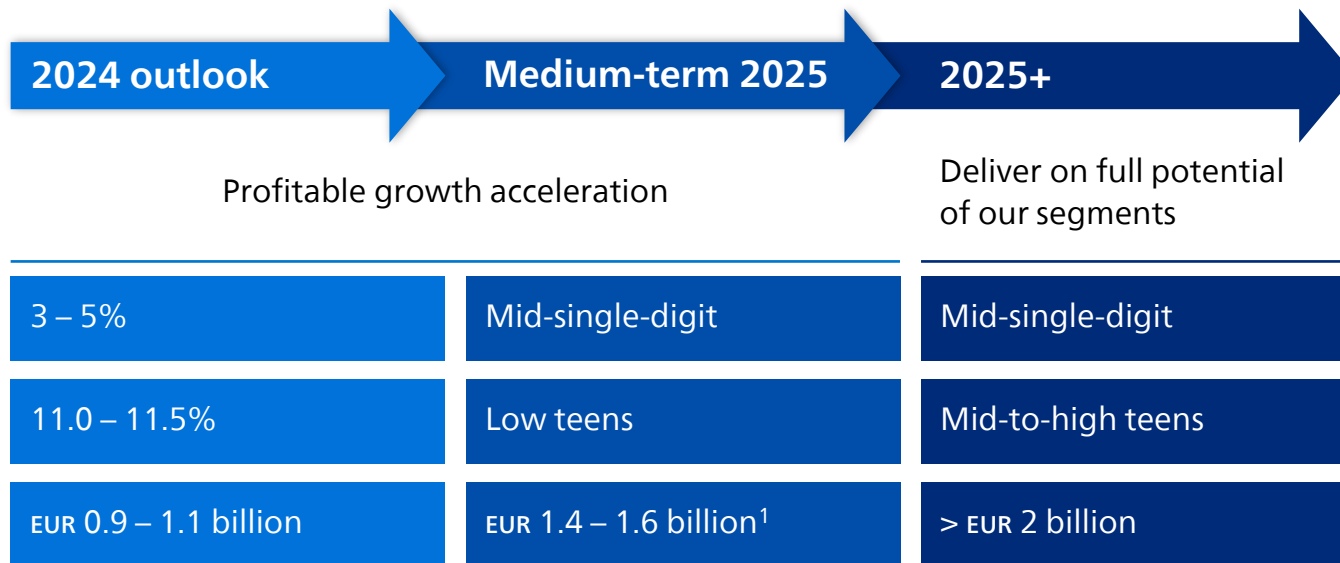
	2023 outlook <i>as of January 30, 2023</i>	2023 Actuals	
Comparable Sales Growth	Low-single-digit	7%* 	<ul style="list-style-type: none"> • Solid execution and supply chain improvements • Strong sales from equipment, as well as software, services, and consumables
Adjusted EBITA margin ¹	High-single-digit	10.5%* 	<ul style="list-style-type: none"> • Increased sales, pricing and productivity measures, partly offset by cost inflation
Free Cash Flow	EUR 0.7 – 0.9 billion	EUR 1.6 billion 	<ul style="list-style-type: none"> • Higher cash earnings and improved working capital management • Includes ~150m cash outflow related to resolution of the economic loss class action

1. Excluding restructuring costs, acquisition-related charges and other one-time charges and gains

*) Excluding provisions charged to sales of EUR 174 million in Q4 2023 mainly in connection with the Respiration consent decree

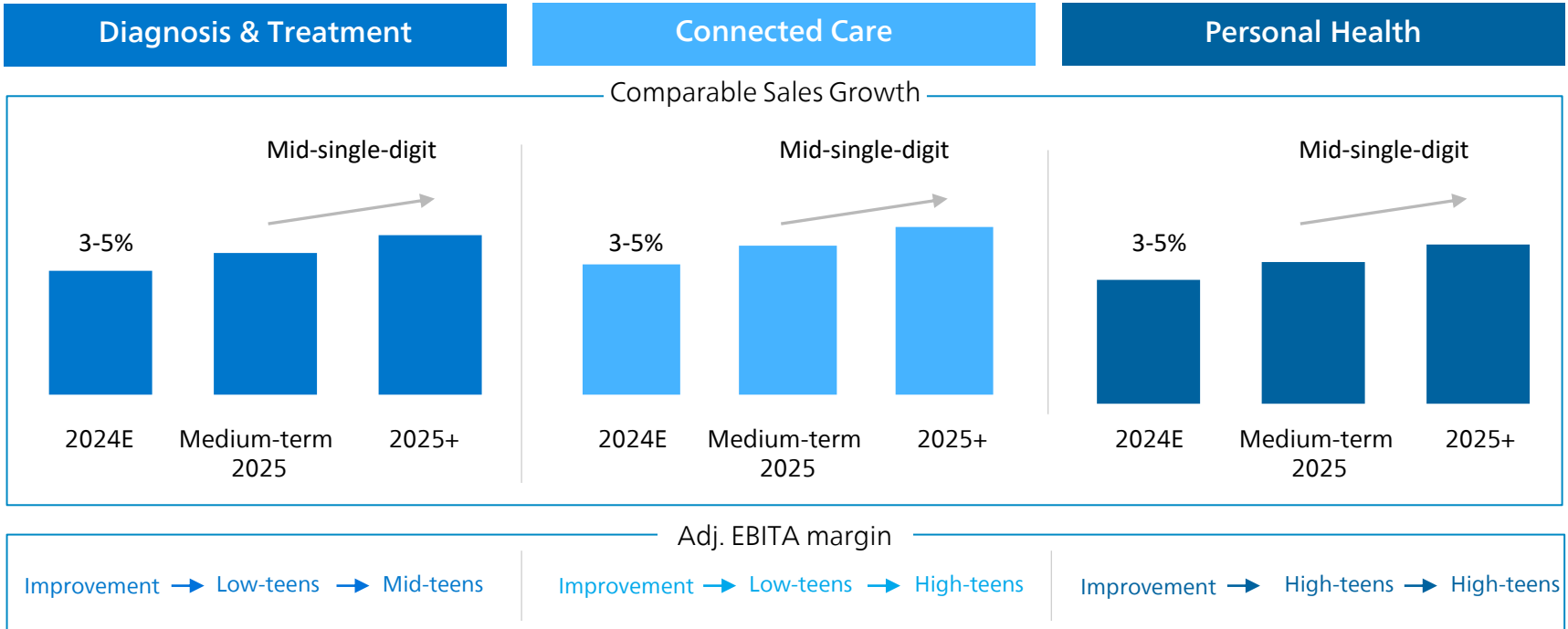


Confident in delivering the plan for 2023-2025, with further performance improvement in 2024



Note: The outlook excludes the potential impact of other, previously disclosed, Philips Respironics related legal proceedings, including the investigation by the US DoJ
1. Excluding payment of settlement related to the Respironics litigation for which a provision was booked in Q1 2024, as announced on April 29, 2024

Driving organic growth and margin improvement



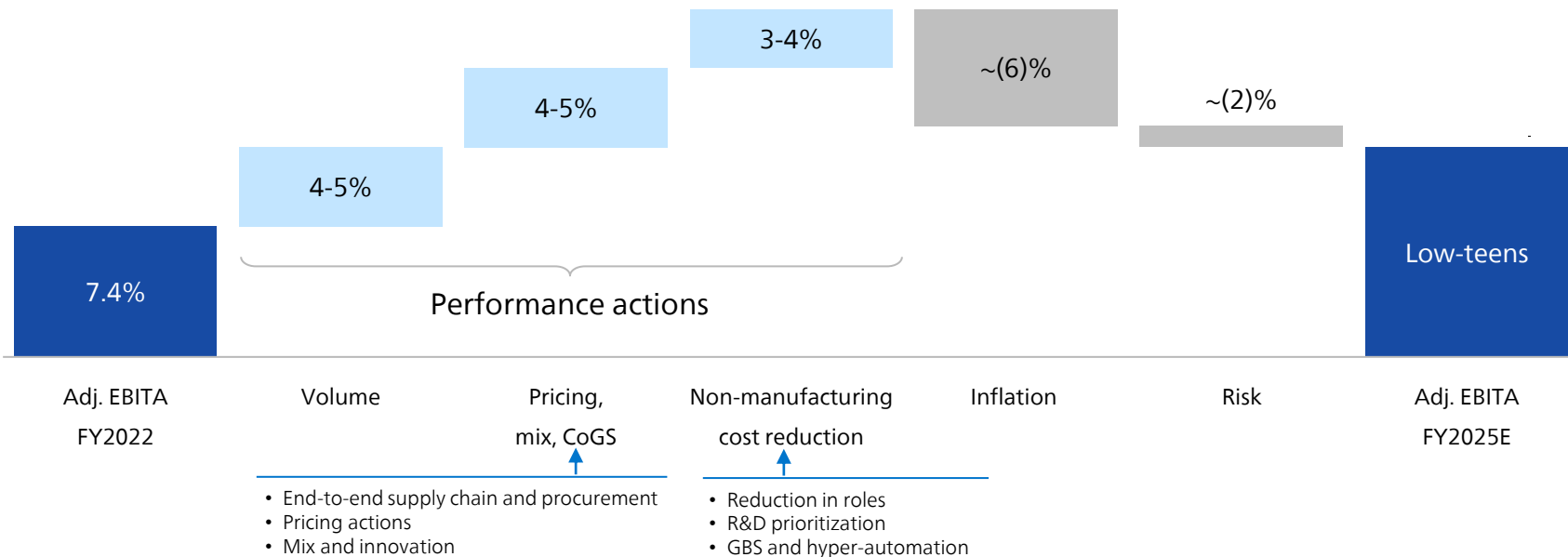


Productivity initiatives¹ to deliver EUR 2.0 billion in the 2023-2025 period

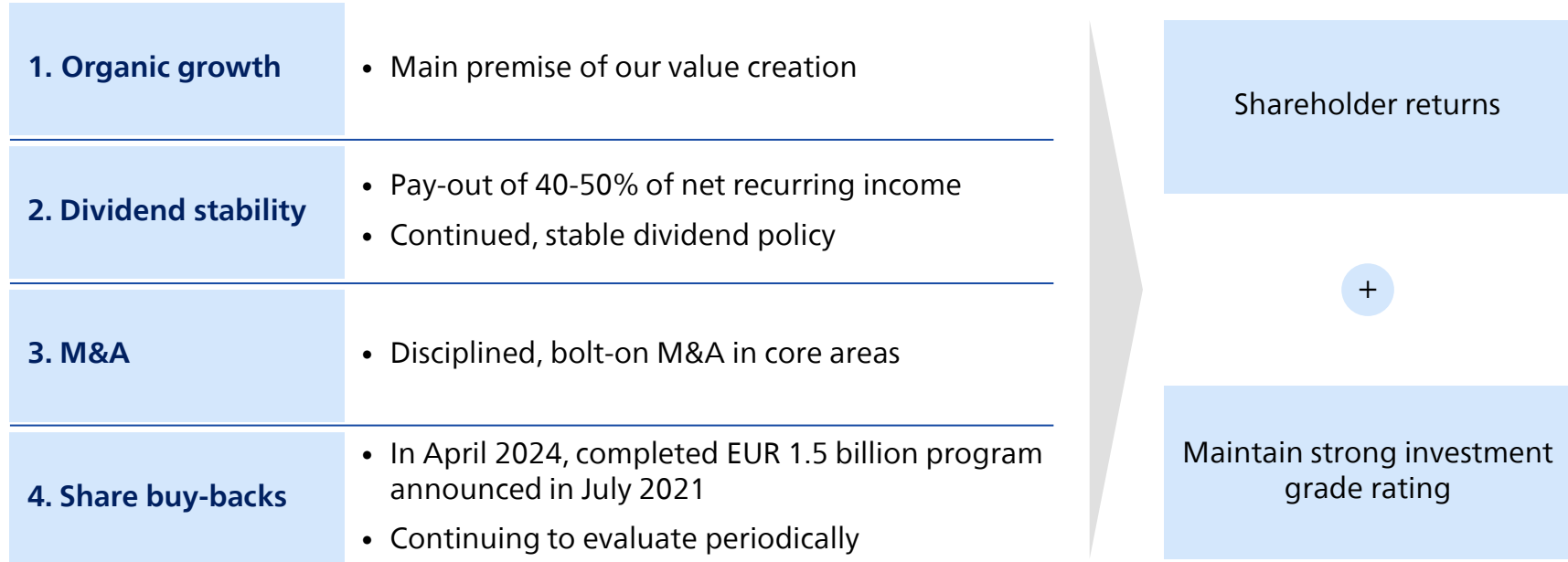
Productivity initiatives ¹ <i>(in millions of EUR unless otherwise stated)</i>		FY 2023 Actuals	2023 – 2025 target
Operating Model	<ul style="list-style-type: none"> • Simplified operating model with reduction of 10k roles • R&D prioritization, reduction of Corporate Research • End-to-end supply chain, simplifying planning, and eliminating duplications 	496	920 – 1,050
Procurement	<ul style="list-style-type: none"> • Bill-of-material savings via redesign, value analysis, engineering • Reductions in warehousing, transportation and consulting 	219	550 - 600
Other productivity	<ul style="list-style-type: none"> • Manufacturing footprint optimization and service productivity • R&D platform simplification and footprint optimization • GBS and hyper-automation • S&RC rightsizing 	241	400 - 450
		EUR 956 million	EUR 2.0 billion

Margin increase from productivity, pricing & supply chain improvements – cumulative drivers 2023-2025

Adj. EBITA margin¹



Balanced capital allocation focusing on organic growth, margin improvement and cash



Our context...

Attractive HealthTech Market

- 3-6% revenue CAGR
- Mid-to-high-teens margins
- Megatrends, sustainable healthcare

Strengths

- Leading positions, innovation
- Innovation, design, sustainability
- High customer intimacy
- Strong purpose, brand, ESG

Challenges

- Strategy implementation
- Execution
 - Patient safety and quality
 - Supply
 - Complex organisation & culture

Creating
value with
sustainable
impact

...our future



Focused organic growth and scalable innovation

- Expand leadership positions in Image-Guided-Therapy, Ultrasound, Monitoring, and Personal Health
- Scale Enterprise Informatics
- Improve Diagnostic Imaging, restore S&RC Patient-,
- People-centric, scalable innovation

Execution as main value driver

1. Patient safety & quality highest priority
2. Reliable supply chain
3. Simplified operating model

Culture of accountability and HealthTech capabilities

Value creation

- Profitable growth acceleration
- Sustainable value creation



Historical financial performance summary



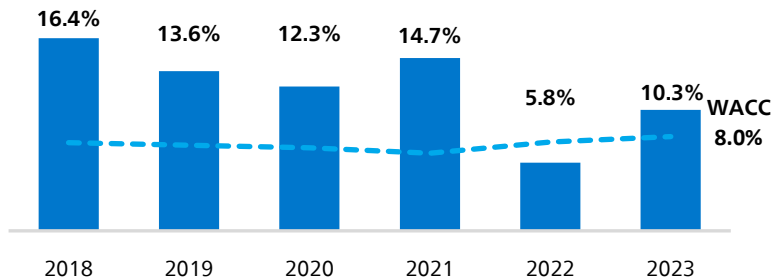
Key data (in millions of EUR unless otherwise stated)	2021	2022	2023
Sales	17,156	17,827	18,169
<i>Comparable sales growth</i>	(1)%	(3)%	6%*
Income from operations	553	(1,529)	(115)
Financial expenses, net	(39)	(200)	(314)
Investments in associates, net of income taxes	(4)	(2)	(98)
Income tax expense	103	113	73
Income from continuing operations	612	(1,618)	(454)
Discontinued operations, net of income taxes	2,711	13	(10)
Net income	3,323	(1,605)	(463)
Adjusted EBITA ¹	2,054	1,318	1,921
<i>as a % of sales</i>	12.0%	7.4%	10.6%*
Adjusted income from continuing operations attributable to shareholders ² per common share (in EUR) - diluted	1.65	0.92	1.25

1. Excluding restructuring costs, acquisition-related charges and other one-time charges and gains; 2. Shareholders in this table refers to shareholders of Koninklijke Philips N.V.

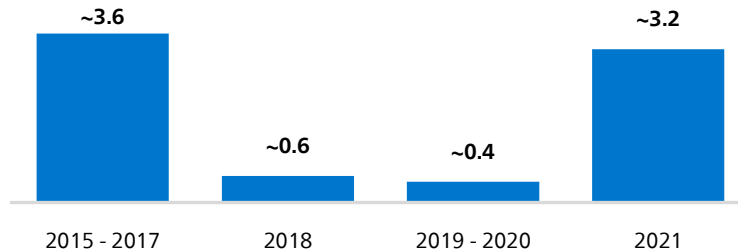
*Excluding provisions charged to sales of EUR 174 million in Q4 2023 mainly in connection with the Respiration consent decree comparable sales growth was 7% and Adjusted EBITA as a % of sales was 10.5%

Balanced capital allocation policy

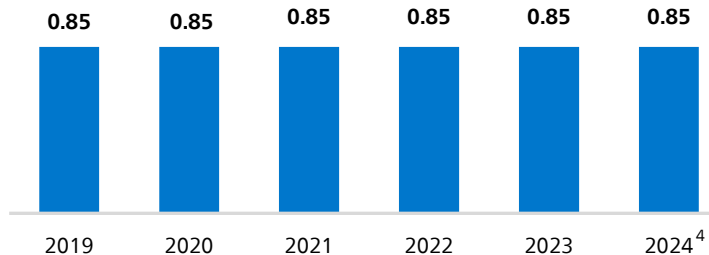
Organic Return on Invested Capital^{1,2}



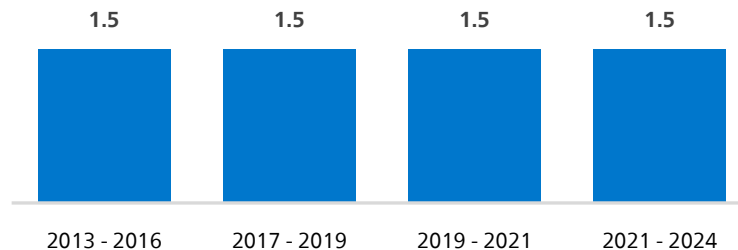
Mergers & acquisitions *(in billions of EUR unless otherwise stated)*



Dividends



Share repurchase *(in billions of EUR unless otherwise stated)*



1. Organic ROIC excludes acquisitions over a five years period and other items defined as material and of the same nature as the items excluded from Adjusted EBITA such as pension settlements, significant tax charges and benefits, and one-time legal and other provisions; ROIC % = LTM EBIAT / average NOC over the last 5 quarters; 2. Organic ROIC 2019 and 2021 restated to reflect discontinued operations; 3. Organic ROIC in 2019 includes value adjustments of capitalized development costs and the impact of IFRS 16 lease accounting standard | 4. Proposed dividend submitted to the Annual General Meeting of Shareholders, to be held on May 7, 2024 © Koninklijke Philips N.V.