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CREDIT OPINION
20 August 2021

Update

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RATINGS

Royal Philips N.V.

Domicile	Amsterdam, Netherlands
Long Term Rating	Baa1
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Perrine Bajolle +49.69.70730.902
AVP-Analyst
perrine.bajolle@moodys.com

Christian Hendker, CFA +49.69.70730.735
Associate Managing Director
christian.hendker@moodys.com

Jing Gao +49.69.7073.0805
Associate Analyst
jing.gao@moodys.com

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Royal Philips N.V. (Philips)

Update to credit analysis

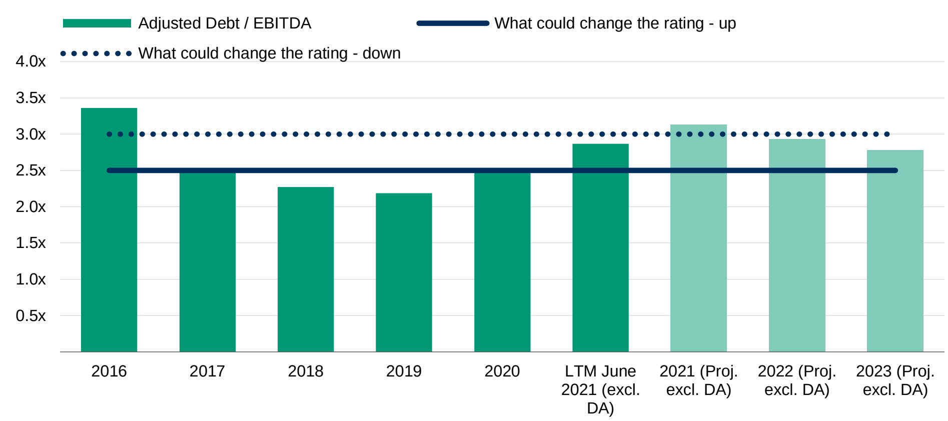
Summary

Royal Philips N.V.'s (Philips) Baa1 rating with a stable outlook is supported by (1) its large scale and market-leading positions in most of the health spaces in which it operates; (2) well balanced geographic footprint and diversified product portfolio; (3) low leverage for the rating category during 2017-20; and (4) positive fundamental drivers supporting volume growth and stability of the demand.

The rating also takes into account (1) the company's history of manufacturing issues in some of its facilities in the US and the recent product recall; (2) the company's lower profit margin than its industry peers (even though there are ongoing initiatives to improve profitability); (3) the competitive market environment, which leads to price pressure and need for innovation; (4) the company's appetite for acquisitions in the context of rising valuation; and (5) capital allocation for dividends and share buybacks, which constrain credit metrics.

Exhibit 1

Leverage likely to improve in the next 12-18 months within the 2.5x-3.0x range set for the current Baa1



LTM June 2021 and projections exclude Domestic Appliance (DA) business. Projections are Moody's projections, not the view of the issuer. The metrics incorporate Moody's standard adjustments.
Source: Moody's Investors Service

Credit strengths

» Large scale and market-leading positions in most of the health spaces in which it operates

» Well-balanced geographic footprint and diversified product portfolio

» Track record of low leverage during 2017-20

» Positive fundamental drivers supporting volume growth and stability of demand

Credit challenges

» Mixed track record in terms of quality as illustrated by manufacturing issues in some of the company's facilities in the US in the past and the recent product recall

» Lower profit margins than industry peers

» Competitive market environment, which leads to price pressure and need for innovation

» Appetite for acquisitions in the context of rising valuation

» Capital allocation for dividends and share buybacks, which constrain credit metrics

Rating outlook

The stable outlook assumes that despite potential future acquisitions and shareholder distributions, Philips is committed to financial discipline that will maintain the company's Moody's-adjusted credit metrics within the triggers set for the Baa1 rating, such as Moody's-adjusted debt/EBITDA within 2.5x-3.0x and Moody's-adjusted free cash flow (FCF)/debt improving towards 10%-20%.

Factors that could lead to an upgrade

» Debt/EBITDA below 2.5x on a sustained basis

» FCF/debt approaching 20%

» Ongoing improvements in the operating margin

Factors that could lead to a downgrade

» Debt/EBITDA above 3.0x

» FCF/debt below 10% on a sustained basis

Key indicators

Exhibit 2
Royal Philips N.V.

	2016	2017	2018	2019	2020	LTM June 2021 (excl. DA)	2021 (Proj. excl. DA)	2022 (Proj. excl. DA)	2023 (Proj. excl. DA)
Revenue (EUR million)	17.4	17.8	18.1	19.5	19.5	17.7	17.7	18.2	18.7
Return on Sales (NPATBUI / Sales)	5.7%	5.0%	7.3%	7.3%	7.9%	6.1%	6.1%	6.5%	8.3%
Debt / EBITDA	3.4x	2.5x	2.3x	2.2x	2.5x	2.9x	3.1x	2.9x	2.8x
CFO / Debt	29.3%	36.7%	28.2%	26.7%	31.0%	25.3%	18.1%	19.7%	24.1%
FCF / Debt	18.0%	19.6%	10.4%	6.4%	19.8%	11.6%	2.7%	3.5%	7.7%
EBITA / Interest	5.6x	7.8x	9.5x	11.4x	12.8x	12.0x	10.4x	11.3x	12.0x

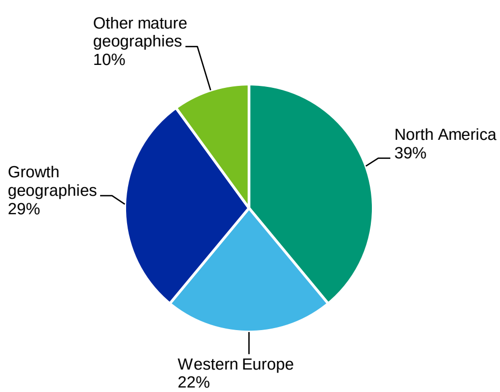
[1] All figures and ratios are calculated using Moody's estimates and standard adjustments. [2] Periods are financial year-end unless indicated. LTM = Last 12 months. [3] LTM June 2021 and projections are excluding Domestic Appliance (DA) business. LTM is Moody's estimate. [4] Moody's Forecasts (f) or Projections (proj.) are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Investors Service

Profile

Over the last years and following a series of divestments and acquisitions, Royal Philips N.V. (Philips) has refocused its activities toward health technologies. Currently, the group operates under three main segments: Diagnosis & Treatment (47% of FY 2020 sales excluding Domestic Appliances (DA), including ultrasound, image-guided therapy systems and therapy devices, diagnostic imaging, high-end radiology and cardiology informatics), Connected Care (32% of 2020 sales excluding DA, including patient monitoring, ICO Telemedicine, personal emergency response, respiratory care, and sleep care) and Personal Health (18% of 2020 sales excluding DA, including male grooming, oral care, mother and child care). In March 2021, the company announced that it has signed an agreement to sell its Domestic Appliances (DA) division (€2.2 billion sales in 2020) of the Personal Health segment.

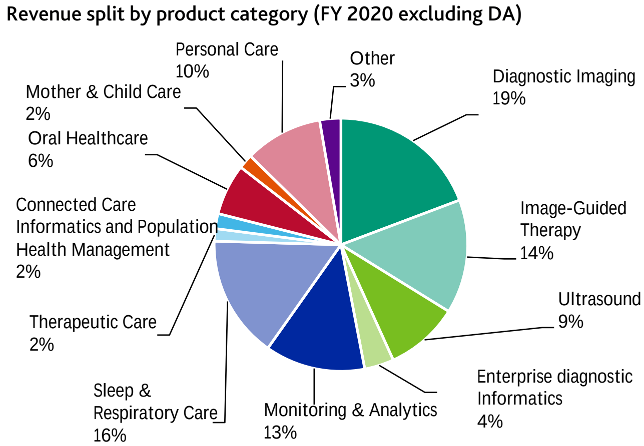
Headquartered in the Netherlands (Aaa stable), the group employs around 77,000 people, and its sales and services operations cover more than 100 countries worldwide.

Exhibit 3
Philip's well balanced geographic footprint
Revenue split by geography (Q2 2021 last twelve months excluding DA)



Growth geographies consist of all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.
Sources: Company

Exhibit 4
Philips' well-diversified portfolio of products
Revenue split by product category (FY 2020 excluding DA)



Green area represents Diagnosis & Treatment, blue area represents Connected Care and red/orange area represents Personal Health.
Sources: Company

Recent Events

Sale of Domestic Appliances division and recent acquisitions

In March 2021, the company announced that it has signed an agreement to sell its Domestic Appliances (DA) division, and that it expects to receive cash proceeds after tax and transaction-related costs of around €3 billion. Philips expects the transaction to complete in Q3 2021. This transaction concludes a series of major disposals — after the sale of the TV, LEDs and lighting business — as part of Philips' strategic refocus toward health technologies initiated a decade ago.

After 2018-20, when Philips reduced its M&A spending, the acquisitions of BioTelemetry, Inc. closed in February 2021 for an enterprise value of €2.3 billion and of Capsule Technologies announced in January 2021 for a cash consideration of around €0.5 billion, mark an acceleration in Philips' M&A strategy.

Product recall

In June 2021, Philips issued a recall notification to mitigate potential health risks related to the sound abatement foam component in certain sleep and respiratory care devices, that Philips announced on 26 April 2021. This product recall is credit negative. First, it comes in the context of a mixed track record of product quality for Philips as the company experienced manufacturing issues in some of its facilities in the US in the past. Second, it will trigger immediate remediation costs (repair, replacement and communication with customers) estimated by the company at €500 million to be cashed out in the next 12 months. Third, there is a risk that litigation resolution costs arise in the future since patients have already started to file legal actions especially in the US. Finally, there is a risk that this product recall could hurt Philips' reputation and result in loss of market share. The immediate cost of resolution, including more conservative assumptions than the €500 million the company currently plans, can be absorbed within the current rating because of the low starting leverage, good performance of the rest of the business and the €3 billion disposal proceeds due this year. Hence, while this product recall has weakened the rating position in the current Baa1 category, it does not trigger a rating or outlook change at this stage. However, a scenario where significant additional costs from the field remediation or litigation would arise, combined with weaker than currently expected operating performance and more aggressive debt-funded M&A, could lead to downward rating pressure.

Recent operating performance and forecast

Despite the difficulties related to the coronavirus pandemic, the 2020 operating performance has been relatively resilient as illustrated by stable revenue and margin and good free cash flow (FCF) generation since the additional demand for ventilators and other connected care solutions offset the difficulties in the hospital equipment and Personal Health segment. The comparable sales growth in the first half of 2021 reached 9% at the group level, explained by a relatively low level last year and good business momentum, especially a good recovery of the Diagnosis & Treatment and Personal Health segments.

For the next 12-18 months our forecast assumes a revenue growth of 2-3% annually, margin improvement of 35bp annually (based on company adjusted EBITA margin), restructuring and acquisitions related charges of 0.8-1% of revenue, additional M&A spent of €500 million for 2021 and €1 billion of 2022, dividend payment in line with historic and share buyback in line with the company's latest announcement of €1.5 billion to be executed over the next three years. We model that the €3 billion disposal proceeds will be enough to cover financing needs and that no additional debt will be required. We assume that the recent product recall for certain of the company's sleep and respiratory care devices will trigger immediate remediation costs (repair, replacement and communication with customers) of €700 million, a more conservative assumption than what the company's currently plans, to be cashed out in the next 12 months. Our model does not include, at this stage, any other costs linked to this product recall.

Detailed credit considerations

Large scale and market-leading positions in most of the therapeutic areas in which it operates

Philips' activities are well diversified across healthcare (Diagnosis & Treatment and Connected Care) and consumer products (Personal Health). In addition, more than 65% of its sales have leadership (number one or two position) in their addressable markets such as image guided therapy (in systems and smart devices), ultrasound, patient monitoring, respiratory care and automated external defibrillator, cardiology informatics and radiology (US business).

These positions are underpinned by Philips' strong R&D spending of around €1.6 billion per year (9% of sales) on average over the past four years. In addition, the Philips brand is globally well recognized, which is reflected in the company's market-leading positions in the male grooming, oral healthcare, sleep and respiratory care, and mother and child care segments.

Philips employs more than 11,000 people in R&D (out of which two-thirds of R&D personnel are in software and data science) and its total intellectual property portfolio consisted of around 59,000 patent rights and 31,000 trademarks. In 2020, Philips generated about €197 million in intellectual property revenue, which is a strong and recurring source of cash flow.

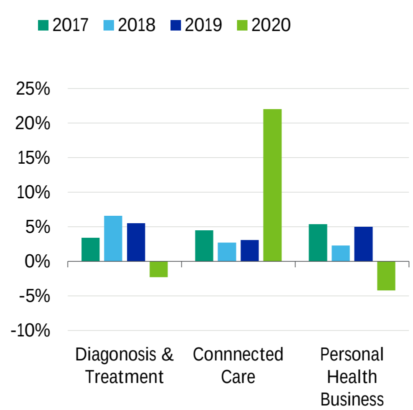
Well-balanced geographic footprint and diversified product portfolio

Philips' geographic footprint is well balanced across North America (39% of 2020 sales excluding DA), Western Europe (22%), growth geographies[1] (29%) and other mature geographies (10%). Over 2017-19, the mature geographies grew at an average 2.4% per year while developing geographies grew at an average 8.4% per year (growth rates are "comparable growth rates" as reported by company, excluding foreign-exchange effect).

Over the last ten years and following a period of divestments, investments and acquisitions, Philips has refocused its business around health technologies. In particular, the company refocused on the Diagnostic & Treatment and Connected Care segments, which represented around 80% of the sales in 2020 (excluding DA). Nonetheless, the company has maintained a significant share of activities in its Personal Health business, which provides diversification and stability and has higher operating margin than the group average (as defined by company's adjusted EBITA margin).

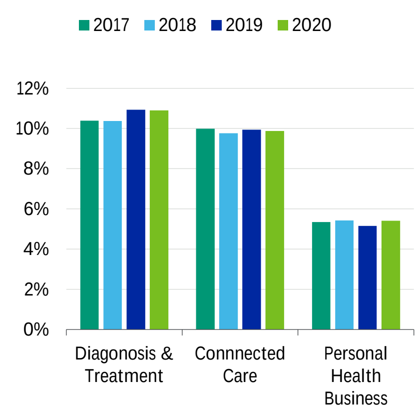
Philips is a global leader (number one or number two market positions) in oral healthcare, mother and child care, grooming, and beauty. The Personal Health business growth is underpinned by digitalization of products and the currently low (but increasing) penetration of these products, especially in emerging markets. Following the coronavirus pandemic, the share of online sales for the Personal Health business increased and reached around 45% as of Q2 2021. In March 2021, the company announced that it has signed an agreement to sell its DA division (€2.2 billion sales in 2020) and that it expects to receive cash proceeds after tax and transaction-related costs of around €3 billion. Philips expects the transaction to complete in Q3 2021. This transaction concludes a series of major disposals — after the sale of the TV, LEDs and lighting business — as part of Philips' strategic refocus on health technologies initiated a decade earlier.

Exhibit 5
Group's sales grew at around 4%-5% per year during 2017-19, but is down to 2.5% in 2020 because of the pandemic
Comparable sales growth by segment



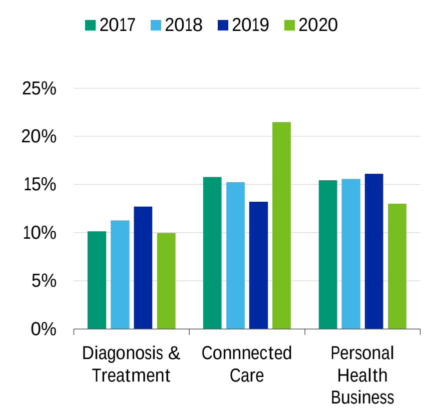
Comparable sales growth rate is cleaned for foreign-exchange effect.
Source: Company

Exhibit 6
The two health focused divisions record the highest R&D investment
Research and development expenses as a percentage of sales



Source: Company

Exhibit 7
Personal Health Division's profitability was above the group average during 2017-19
Company-adjusted EBITA margin



Source: Company

Increasing competitive pressure in the medical devices industry, and continuous price decline

Although barriers to entry into more complex healthcare solutions are high, the degree of competition remains intense, leading to the need for constant product innovation. More innovative and competitive products exert pricing pressure on existing products and require R&D spent to innovate. Pricing pressure is a feature of the medical devices industry since the last 20 years and we expect this trend to continue. The price pressure requires companies operating in the medical device industry to constantly optimize their cost base to protect margins.

Philips' direct competitors are the healthcare divisions of General Electric Company (General Electric, Baa1 negative) and Siemens Aktiengesellschaft (Siemens AG, A1 stable). Philips also competes with a number of specialized medical device companies, for example, Medtronic, Inc. (A3 stable) and Stryker Corporation (Baa1 stable).

Philips is now focused on securing a larger proportion of recurring solutions revenue. It has signed long-term contracts or partnership agreements with hospitals and universities, with solutions and recurring revenue now accounting for more than 40% of group sales.

Lower profitability than industry peers, along with a history of operational and legal issues are credit constraints

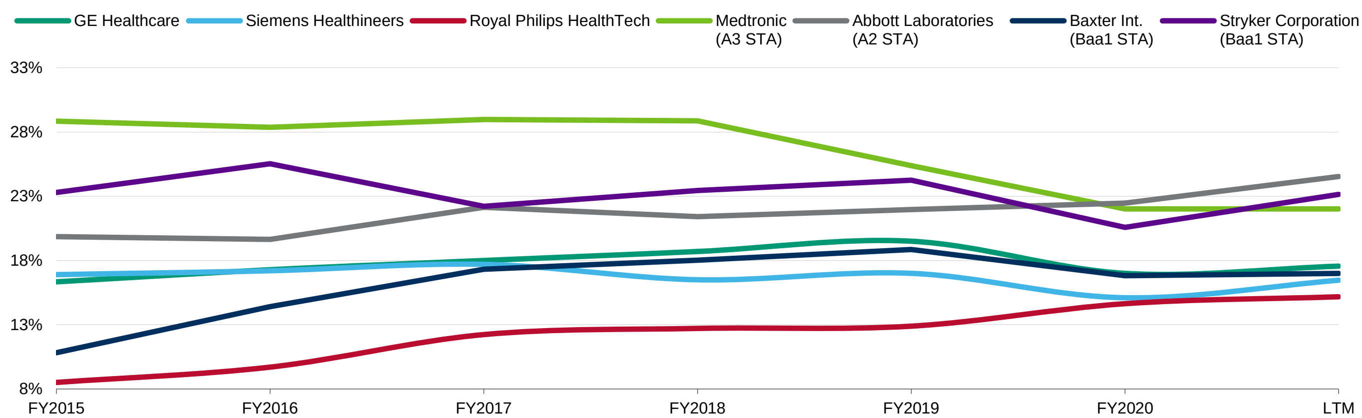
Philips' core medical device products are well positioned, with most of them being among the top two in their addressable markets. However, profitability margins are below industry averages. Philips has ongoing initiatives aiming at improving its margin level by 60 bps-80 bps annually (margin defined as company-adjusted EBITA margin) over 2021-25. These initiatives include a reorganization of its manufacturing footprint, procurement, back office and IT. These initiatives have contributed to improvement margins from 8.5% (Moody's-adjusted EBITA margin) in 2015 to 11.9% in 2020. A sustained improvement in operating profitability levels is one of the drivers, which could lead to upward rating pressure.

Philips has a history of operational issues, which have also weighed on its margin level in the past. In 2014 following a FDA inspection, Philips voluntarily and temporarily suspended the production at its CT manufacturing facility in Cleveland, US. This resulted in costly remediation, and has hurt Philips' reputation and resulted in market share losses, predominantly in the US. The cumulative impact on EBITA over 2014-16 was over €0.5 billion. The Cleveland manufacturing facility has been closed in 2019, while the CT manufacturing has been moved to other locations. In the period between October 2017 and April 2020, Philips suspended the manufacture and distribution of its defibrillators from its facilities in Andover (Massachusetts, US) and Bothell (Washington, US) while this business was operating under a consent decree with the FDA. Since April 2020 and following notification from the FDA that the injunction prohibiting those activities has been lifted, manufacturing and shipping of external defibrillators for the US has resumed[2]. In June 2021, Philips issued a recall notification to mitigate potential health risks related to the sound abatement foam component in certain sleep and respiratory care devices.

Exhibit 8

Profitability Philips HealthTech lagged behind industry peers historically, Philips' profitability was boosted by extra demand for ventilators since the beginning of the pandemic

Adjusted EBITA margin as of latest LTM



Medtronic as of the 12 months that ended April 2021, Abbott Laboratories as of the 12 months that ended March 2021, and all others as of the 12 months that ended June 2021. For rated issuers, profitability refers to the Moody's-adjusted EBITA margin; profitability refers to the company-adjusted EBITA margin for Siemens Healthineers — a division of Siemens AG; GE Healthcare — a division of General Electric; and Royal Philips HealthTech, which only includes adjusted margins of Diagnosis & Treatment and Connected Care.

Source: Moody's Investors Service

Track record of low leverage; appetite for M&A in the context of rising valuation is an event risk

Since a trough in 2014, Philips' credit metrics have improved, such as Moody's-adjusted debt/EBITDA improving every year since 3.4x in 2016 and remaining below the 2.5x-3.0x range set for the current Baa1 rating since 2017. The company's financial policy, including the use of its disposal proceeds and future M&A activity, will be key drivers of the rating.

Acquisition multiples in the medical device market tend to be higher than those in the manufacturing or capital goods sectors, which makes inorganic expansion costly for Philips. In 2017, the company spent a total of €2.3 billion on acquisitions, including the large acquisition of Spectranetics, a US-based company active in image-guided therapy, for €1.9 billion. During the 2018-20 period, the company completed more bolt-on acquisitions, spending €0.6 billion in 2018, €0.3 billion in 2019 and €0.3 billion in 2020. The acquisition of BioTelemetry closed in February 2021 for an enterprise value of €2.3 billion and the acquisition of Capsule Technologies was announced in January 2021 for a cash consideration of around €0.5 billion. These mark an acceleration in Philips' M&A strategy. BioTelemetry and Capsule Technologies will both reinforce Philips' Connected Care segment, in line with its strategy of strengthening its position in health technologies. These two recent acquisitions have been mainly financed by the solid €3.2 billion of cash on balance available as of year-end 2020. To bridge potential financing needs until the proceeds from the DA transaction come through, in February 2021 Philips drew two new bilateral loans amounting to €0.5 billion in total with a tenor of up to one year.

The company does not have an official guidance on how much funds it wishes to allocate per year for acquisitions. If the company is contemplating a transformative acquisition, the effect on the rating would need to be determined on a case-by-case basis depending on strategic fit, price and financing.

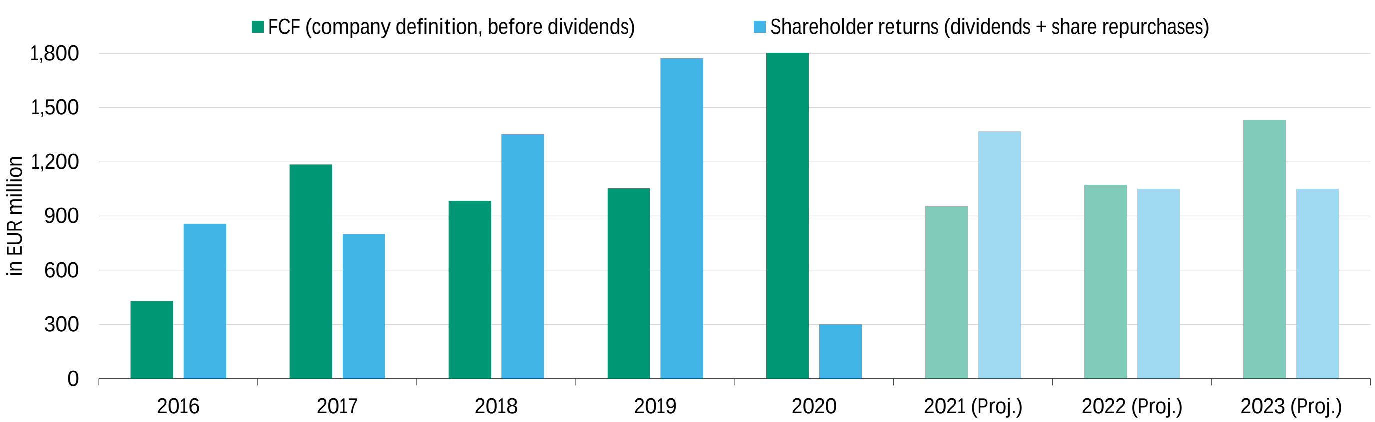
Capital allocation for dividends and share buybacks constrain the rating

Philips has a history of significant shareholder distributions, mostly through share repurchases, which are not included in our adjusted FCF definition but limit the company's ability to de-lever. Over the 2017-20 period, the company generated on average €1.3 billion of FCF (company definition, before dividends) annually in comparison with an average €1.1 billion of shareholder returns per year (including cash dividends and share buybacks) over the same period. We note that the capital allocation to shareholders was also partially financed in the past by disposal proceeds from Lumileds and Signify. We expect that part of the disposal proceeds from the DA business will be allocated to shareholders.

In July 2021, the company announced a new €1.5 billion share buyback program to be completed over the next three years. The new share buyback program will be executed through a combination of forward contracts that are included in Philips' reported debt and/or open market purchases.

Exhibit 9

Capital allocation for dividends and share buybacks will continue



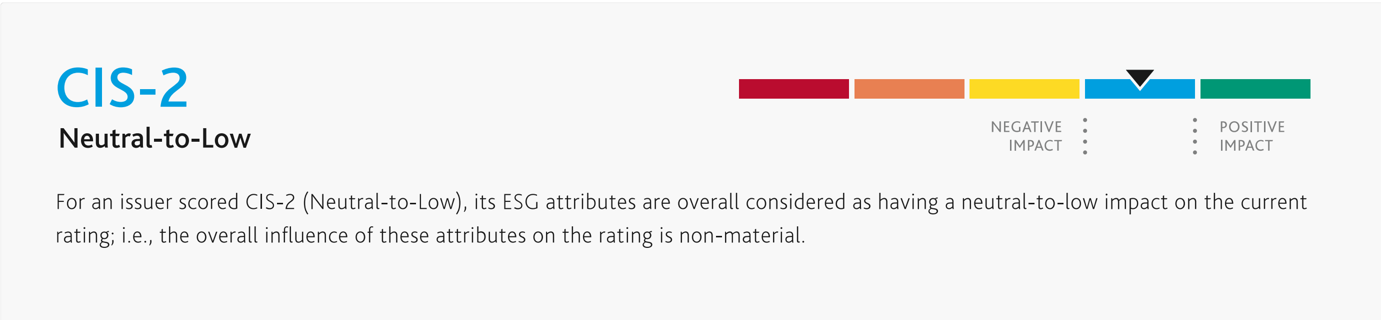
The projections represent Moody's forward view, not the view of the issuer.

Source: Moody's Investors Service

ESG considerations

Royal Philips N.V.'s ESG Credit Impact Score is neutral-to-low CIS-2.

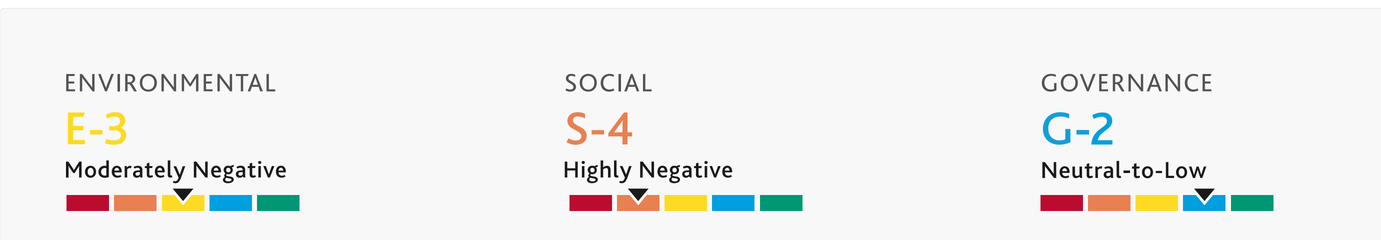
Exhibit 10
ESG Credit Impact Score



Source: Moody's Investors Service

CIS-2: Philips' ESG Credit Impact Score is Neutral to Low. The company's exposure to social risks is high because of its history of operational and legal issues in some of its manufacturing sites and the recent recall for certain of its sleep and respiratory care devices. However, the **CIS-2** reflects the fact that these high social risks are mitigated by governance considerations notably the company's conservative financial policy as illustrated by its track record of low leverage for the rating category.

Exhibit 11
ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

E-3: Philips' exposure to environmental risks is Moderately Negative, which mostly reflects its exposure to waste and pollution risks - mainly remediation costs relating to pollution issues such as leaks, spills, accidents and clean-up sites. These environmental provisions, amounting to around €130 million at end of June 2021, mainly relate to legacy cases from activities which have been divested. In the last few years, Philips has not incurred any new material fine or booked a provision related to this topic.

Social

S-4: Philips's Social Issuer Profile Score is Highly Negative. Philips is exposed to potential product safety litigation and product recalls when patients experience unanticipated adverse effects and risks linked to the fact that its manufacturing processes are subject to regulatory oversight. Philips has an history of operational and legal issues in some of its manufacturing sites in the US, that resulted in manufacture suspension and costly remediation. Moreover, the company's recent recall for certain of its sleep and respiratory care devices is also an important driver of the Social Issuer Profile Score. To a lesser extent, the Issuer Profile Score also reflects ongoing legal proceedings related to anti-trust issues and government investigations.

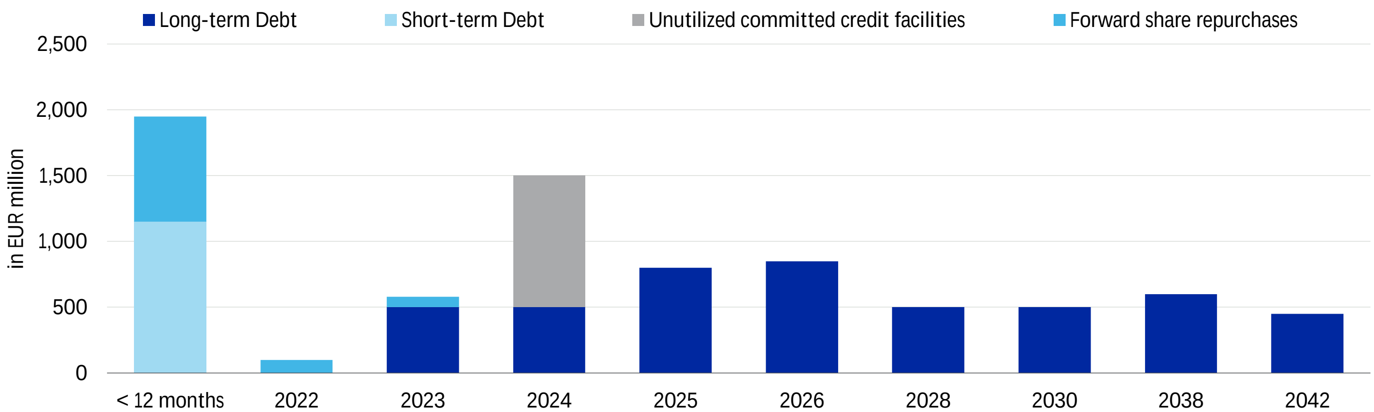
Governance

G-2: Philips' Governance Issuer Profile Score is Neutral-to-Low, reflecting its track record of conservative financial policy notably its low leverage for the rating category despite the substantial capital allocation to dividends and share buyback. M&A constitutes an event risk but has not translated in recent years into material re-leveraging.

Liquidity analysis

Philips' liquidity is solid, supported by €1.0 billion of cash and cash equivalents as of 30 June 2021 and a fully undrawn €1.0 billion revolving credit facility (RCF) maturing in 2024. The cash balance was below the historical level as of June 2021, which is temporary, as the company expects to receive €3 billion in Q3 2021 from the disposal of the DA business. In 2021-22, we expect the company to generate around €250 million-€300 million of Moody's-adjusted FCF annually, post interest paid and post dividends estimated at around €500 million-€550 million annually and post costs required for the remediation of the product recall (which we estimate will reach €700 million — a more conservative assumption than the €500 million communicated by the company). In our forecast, we assume that the company will pursue M&A by spending an additional €500 million in 2021 and €1 billion in 2021 on acquisitions. Our cash flow forecast also includes cash outflow linked to the new share buyback program (€1.5 billion to be executed over the next three years).

Exhibit 12
Philips' debt maturity is balanced with an average tenor of 7.7 years



Short-term debt includes local credit facilities that are being rolled forward on a continuous basis.
Sources: Company and Moody's Investors Service

Methodology and scorecard

Philips' scorecard-indicated outcome is based on the Medical Product and Device Industry rating methodology (published in June 2017), with data as of June 30, 2021, and on a forward-looking basis. The assigned rating is one notch above the scorecard-indicated outcome reflecting the impact of the pandemic and the remediation costs linked to the product recall. The gap is also explained by the fact that the ratios included in the grid do not consider the significant cash inflow from the DA disposal expected for Q3 2021.

Exhibit 13

Rating factors

Royal Philips N.V.

Medical Product & Device Industry Scorecard [1][2]	Current LTM 6-30-2021 [3]		Moody's 12-18 Month Forward View As of 8/8/2021 [4]	
Factor 1 : Scale and Diversification (20%)	**Measure**	**Score**	**Measure**	**Score**
a) Revenue (USD Billion)	$21.1	A	$21.7	A
Factor 2 : Business Profile (20%)				
a) Diversity and Market Presence	A	A	A	A
b) Product and Market Characteristics	Baa	Baa	Baa	Baa
Factor 3 : Profitability (7.5%)				
a) Return on Sales (NPATBUI / Sales)	6.1%	Ba	6.5%	Ba
Factor 4 : Leverage and Coverage (32.5%)				
a) Debt / EBITDA	2.9x	Baa	2.9x	Baa
b) CFO / Debt	25.3%	Baa	19.7%	Ba
c) FCF / Debt	11.6%	Ba	3.5%	B
d) EBITA / Interest	12.0x	A	11.3x	A
Factor 5 : Financial Policy (20%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Rating:				
a) Scorecard-Indicated Outcome		Baa2		Baa2
b) Actual Rating Assigned				Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 6/30/2021(L). [3] This represents Moody's forward view, not the view of the issuer.
Source: Moody's Financial Metrics™

Appendix

Exhibit 14

Select historical Moody's-adjusted financial data

Royal Philips N.V.

EUR Millions	FYE Dec-17	FYE Dec-18	FYE Dec-19	FYE Dec-20	LTM Jun-21
INCOME STATEMENT					
Revenue/Sales	17,780	18,121	19,482	19,535	19,925
EBITDA	2,507	2,751	2,878	3,044	3,273
EBITA	1,947	2,179	2,275	2,318	2,586
EBIT	1,729	1,869	2,021	2,087	2,396
Interest Expense	250	229	199	181	170
BALANCE SHEET					
Cash & Cash Equivalents	1,939	1,688	1,425	3,226	1,003
Total Debt	6,293	6,252	6,292	7,684	8,581
CASH FLOW					
Funds from Operations (FFO)	2,250	1,934	2,538	2,376	2,500
Cash Flow from Operations (CFO)	2,309	1,766	1,682	2,384	2,415
Capital Expenditures (CAPEX)	(688)	(712)	(827)	(860)	(878)
Dividends	386	404	455	3	412
Retained Cash Flow (RCF)	1,864	1,530	2,083	2,373	2,088
RCF / Debt	29.6%	24.5%	33.1%	30.9%	24.3%
Free Cash Flow (FCF)	1,235	650	400	1,521	1,126
FCF / Debt	19.6%	10.4%	6.4%	19.8%	13.1%
PROFITABILITY					
% Change in Sales (YoY)	2.1%	1.9%	7.5%	0.3%	8.7%
EBIT Margin %	9.7%	10.3%	10.4%	10.7%	12.0%
EBITA Margin %	10.9%	12.0%	11.7%	11.9%	13.0%
EBITDA Margin %	14.1%	15.2%	14.8%	15.6%	16.4%
INTEREST COVERAGE					
EBIT / Interest Expense	6.9x	8.2x	10.1x	11.6x	14.1x
EBITA / Interest Expense	7.8x	9.5x	11.4x	12.8x	15.2x
EBITDA / Interest Expense	10.0x	12.0x	14.4x	16.9x	19.3x
LEVERAGE					
Debt / EBITDA	2.5x	2.3x	2.2x	2.5x	2.6x
Net Debt / EBITDA	1.7x	1.7x	1.7x	1.5x	2.3x

Source: Moody's Financial Metrics™

Exhibit 15

Moody's-adjusted debt reconciliation

in EUR millions	FYE Dec-2016	FYE Dec-2017	FYE Dec-2018	FYE Dec-2019	FYE Dec-2020	LTM Jun-2021
As Reported Debt	**5,606.0**	**4,716.0**	**4,821.0**	**5,447.0**	**6,934.0**	**7,831.0**
Non-Standard Public Adjustments	28.0	44.0	40.0	21.0	0.0	0.0
Pensions	1,764.0	874.0	747.0	824.0	750.0	750.0
Leases	834.7	659.2	643.7	0.0	0.0	0.0
Moody's-Adjusted Debt	**8,232.7**	**6,293.2**	**6,251.7**	**6,292.0**	**7,684.0**	**8,581.0**

All figures are calculated using Moody's estimates and standard adjustments. Periods are financial year-end unless indicated. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Exhibit 16

Moody's-adjusted EBITDA reconciliation

in EUR millions	FYE Dec-2016	FYE Dec-2017	FYE Dec-2018	FYE Dec-2019	FYE Dec-2020	LTM Jun-2021
As Reported EBITDA	**2,308.0**	**2,645.0**	**2,795.0**	**3,149.0**	**3,205.0**	**2,934.0**
Non-Standard Public Adjustments	-11.0	4.0	2.0	-1.0	0.0	0.0
Interest Expense - Discounting	0.0	-22.0	-15.0	-22.0	-22.0	-22.0
Unusual Items - Income Stmt	341.0	31.0	75.0	92.0	144.0	644.0
Pensions	-63.0	-2.0	-4.0	-2.0	22.0	22.0
Leases	193.0	189.0	193.0	0.0	0.0	0.0
Cap. Development Costs	-318.0	-338.0	-295.0	-338.0	-305.0	-305.0
Moody's-Adjusted EBITDA	**2,450.0**	**2,507.0**	**2,751.0**	**2,878.0**	**3,044.0**	**3,273.0**

All figures are calculated using Moody's estimates and standard adjustments. Periods are financial year-end unless indicated. LTM = Last 12 months.
Source: Moody's Financial Metrics™

Exhibit 17

Peer comparison

	Royal Philips N.V.			Medtronic, Inc.			Stryker Corporation			Baxter International Inc.			Abbott Laboratories		
	Baa1 Stable			A3 Stable			Baa1 Stable			Baa1 Stable			A2 Stable		
(in US millions)	FYE Dec-19	FYE Dec-20	LTM Jun-21	FYE Apr-19	FYE Apr-20	FYE Apr-21	FYE Dec-19	FYE Dec-20	LTM Jun-21	FYE Dec-19	FYE Dec-20	LTM Jun-21	FYE Dec-19	FYE Dec-20	LTM Mar-21
Revenue	$21,810	$22,296	$23,762	$30,557	$28,913	$30,117	$14,884	$14,351	$16,246	$11,362	$11,673	$12,197	$31,904	$34,608	$37,338
EBITDA	$3,222	$3,474	$3,903	$9,984	$8,442	$7,741	$4,043	$3,412	$4,244	$2,852	$2,665	$2,789	$8,362	$9,260	$10,758
Total Debt	$7,063	$9,402	$10,176	$29,468	$29,077	$29,946	$12,635	$16,009	$14,283	$7,038	$7,838	$7,813	$22,167	$22,630	$22,327
Cash & Cash Equiv.	$1,600	$3,947	$1,189	$4,393	$4,140	$3,593	$4,337	$2,943	$2,241	$3,335	$3,730	$3,136	$3,860	$6,838	$8,054
ROS (NPATBUI / Sales)	7.3%	7.9%	8.8%	17.5%	18.2%	12.7%	15.5%	12.2%	14.8%	14.5%	11.2%	11.0%	12.2%	13.0%	15.4%
EBITA / Int. Exp.	11.4x	12.8x	15.2x	8.3x	9.9x	9.9x	11.5x	8.7x	11.1x	12.7x	9.6x	10.2x	9.4x	12.4x	14.6x
Debt / EBITDA	2.2x	2.5x	2.6x	3.0x	3.4x	3.9x	3.1x	4.7x	3.4x	2.5x	2.9x	2.8x	2.7x	2.4x	2.1x
CFO / Debt	26.7%	31.0%	28.1%	24.7%	27.3%	22.3%	19.0%	21.6%	25.1%	31.2%	25.0%	27.7%	29.5%	36.5%	45.6%
FCF / Debt	6.4%	19.8%	13.1%	10.8%	12.5%	6.7%	6.8%	12.4%	14.9%	13.9%	8.7%	10.9%	10.6%	14.3%	22.2%

All figures and ratios calculated using Moody's estimates and standard adjustments. FYE = Financial year-end. LTM = Last 12 months. RUR* = Ratings under Review, where UPG = for upgrade and DNG = for downgrade.
Source: Moody's Financial Metrics™

Ratings

Exhibit 18

Category	Moody's Rating
ROYAL PHILIPS N.V.	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2

Source: Moody's Investors Service

Endnotes

1 Growth geographies consist of all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

2 Under the terms of the consent decree, Philips was required to suspend manufacture and distribution of its defibrillators from specific Philips facilities in the U.S., pending FDA certification via inspection of the facilities' compliance with Quality System Regulation. However, in order to ensure uninterrupted availability of these life-saving devices in the US, the consent decree included exemptions for specific Philips Automated External Defribrillator (AED) models to continue to be manufactured and shipped, in addition to providing necessary device servicing, accessories and consumables.

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454