MOODY'S RATINGS

CREDIT OPINION

28 May 2026

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.*

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Royal Philips N.V.

Regular update

Summary

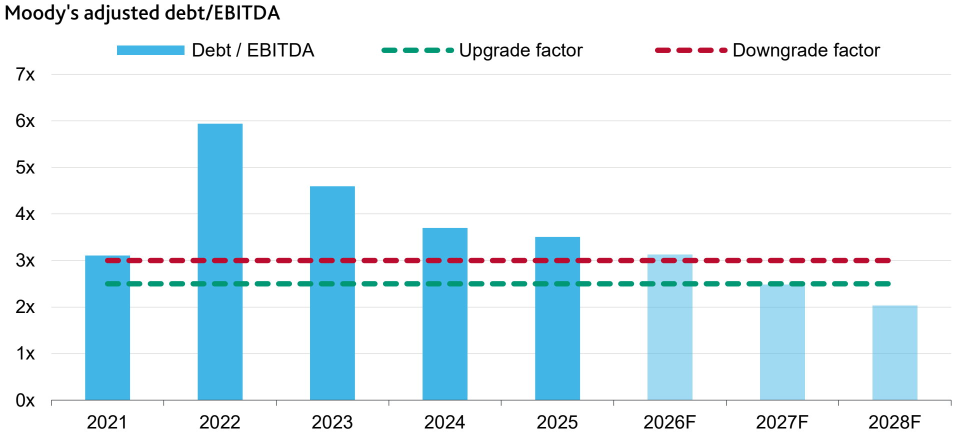
Royal Philips N.V.'s (Philips) Baa1 long-term issuer rating is supported by its large scale and market leading positions in most of the health care spaces in which it operates; its well-balanced geographic footprint, its diversified product portfolio and positive fundamental drivers supporting volume growth and stability of demand.

The rating also takes into account the company's mixed quality track record including past manufacturing issues in some of its facilities in the US and the recent quality issues in some of its sleep and respiratory devices which prompted the recall program; its lower profit margin than its industry peers; the competitive market environment, which led to industry-wide price pressure historically and need for innovation; the company's appetite for acquisitions historically, which represents an event risk even if M&A activity has not translated in recent years into material releveraging; and the capital allocation to dividends and share buybacks, which constrain credit metrics.

Exhibit 1

Philips' leverage is expected to reduce towards the guidance for the Baa1 rating over the next 12-18 months

Moody's adjusted debt/EBITDA



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Credit strengths

» Large scale and market-leading positions for a large part of its product portfolio

» Well-balanced geographic footprint and diversified product portfolio

» Positive sector fundamentals

» Solid order book and a high share of recurring revenue

Credit challenges

» Mixed quality track record, as illustrated by past manufacturing issues and the Respironics product recall

» History of lower profit margins than industry peers and currently weak credit metrics for the rating category

» Competitive market environment, which has historically led to industrywide pricing pressure

» Execution risk related to the ambitious restructuring programme

Rating outlook

The stable outlook reflects the expectation that credit metrics will continue to improve into the requirements for the current rating category. This includes Moody's adjusted EBITDA being maintained in the double-digit in percentage terms, a strong focus on free cash flow generation as well as an unchanged prudence in terms of financial policy.

Factors that could lead to an upgrade

» Moody's-adjusted debt/EBITDA remains below 2.5x on a sustained basis

» Moody's-adjusted FCF/debt approaches 20%

» Moody's-adjusted operating margin improves on a sustained basis

Factors that could lead to a downgrade

» Moody's-adjusted debt/EBITDA remaining above 3.0x for a prolonged period

» Moody's-adjusted FCF/debt staying below 10% on a sustained basis

Key indicators

Exhibit 2

Royal Philips N.V.

(in € billions)	2021	2022	2023	2024	2025	2026F	2027F	2028F
Revenue	17.2	17.8	18.2	18.0	17.8	18.2	18.6	19.2
EBIT Margin	8.6%	2.0%	4.2%	7.0%	8.5%	9.0%	10.6%	11.7%
Debt / EBITDA	3.1x	5.9x	4.6x	3.7x	3.5x	3.1x	2.5x	2.0x
Net Debt / EBITDA	2.2x	5.1x	3.6x	2.6x	2.4x	2.1x	1.6x	1.3x
RCF / Debt	17.3%	2.4%	7.8%	16.9%	19.8%	18.6%	23.9%	28.8%
FCF / Debt	3.0%	-19.3%	17.1%	8.5%	-0.1%	9.9%	13.1%	16.5%
EBITDA / Interest Expense	14.4x	5.6x	6.3x	7.4x	8.3x	7.9x	10.0x	12.2x
EBITDA Margin	14.3%	8.3%	9.9%	12.3%	13.8%	13.8%	15.5%	16.6%
EBITA / Interest Expense	10.7x	2.9x	4.1x	5.4x	6.2x	5.7x	7.5x	9.4x

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Profile

Headquartered in Amsterdam, the Netherlands, Royal Philips N.V. is one of the world's leading health technology companies. In LTM Q1 2026, it generated revenue of around €17.8 billion, operating in more than 100 countries worldwide with a work force of around 64,300 employee at the end of March 2026. Philips is a publicly listed company, with a well diversified shareholder base and a market capitalisation of around €25 billion as of 20 May 2026.

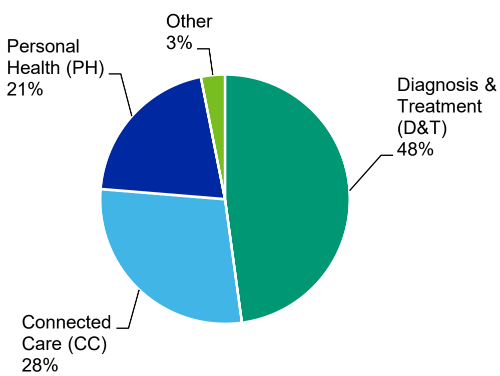
The company reports three key segments:

» **Diagnosis & Treatment** (D&T), which includes mainly precision diagnosis, such as diagnostic X-ray, magnetic resonance (MR), computed tomography (CT) and ultrasound; and image guided therapy systems and devices

» **Connected Care** (CC), including monitoring, sleep and respiratory care, and enterprise informatics

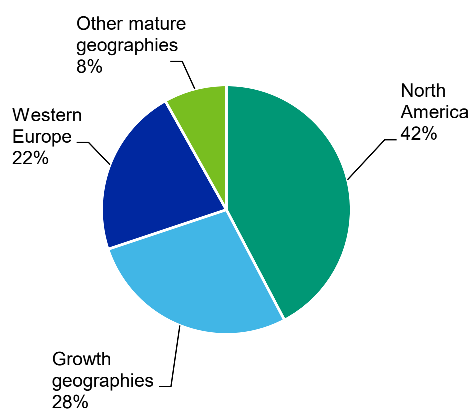
» **Personal Health** (PH), comprising consumer products, such as oral healthcare, grooming and beauty products, and mother and child care offering.

Exhibit 3
Revenue breakdown by segment (2025)



Segment "Other" includes Intellectual property royalties, among other items.
Source: Company filings

Exhibit 4
Revenue breakdown by geography (2025)



Growth geographies consists of the grouping 'Growth', which comprises the developing geographies Asia Pacific (excluding Japan, South Korea, Australia and New Zealand), Latin America, Central & Eastern Europe, Middle East & Turkey (excluding Israel) and Africa.
Source: Company filings

Detailed credit considerations

Large scale and market-leading positions in a sector with good underlying growth prospects

Over the past 10 years, Philips has undergone a major transformation from a diversified conglomerate into a company focused on health technologies. It has exited several businesses, including consumer electronics in 2014, lighting in 2016 and domestic appliances in 2021, while strengthening its offering in the healthcare sector through investments and bolt-on acquisitions, such as Spectranetics in 2017 and BioTelemetry in 2021. We expect the major portfolio pruning to have ended, with the company retaining its consumer-facing PH business. The PH business is more cyclical, with lower revenue visibility, but also somewhat more profitable and asset lighter; and provides some diversification to Philips, because it follows different demand patterns than CC and D&T businesses mainly serving healthcare providers.

Despite the more narrow focus, Philips has a large scale with a broad product offering across all key geographies. In its current setup, the company has developed several market-leading positions, with the first or the second positions in its addressable markets reportedly representing around 70% of its revenue. In a relatively consolidated sector, its two key competitors are GE HealthCare Technologies Inc. (Baa2 stable) and Siemens Healthineers AG (A3 stable). Philips also competes with several specialised medical device companies, such as Medtronic, Inc. (A3 stable) and Stryker Corporation (A3 stable) for some of its products.

The healthcare sector has good underlying growth prospects. Besides its natural growth drivers — ageing populations, an increase in chronic diseases and higher healthcare spending in emerging markets — digital transformation of healthcare and the increasing adoption of virtual care also support growth. Philips estimates its addressable markets to grow at a compound annual growth rate of 3%-5% per year.

Hospital equipment spend may vary through the cycle and the competitive pressure is high

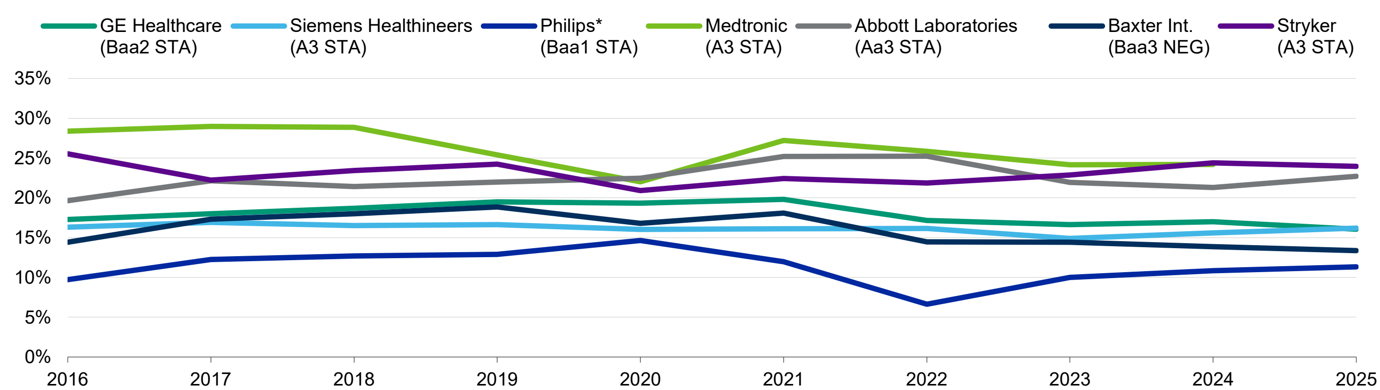
Although Philips is generally less sensitive to economic cycles than manufacturing companies serving industrial customers, it is exposed to volatility in the hospital equipment spending. Healthcare providers in many advanced economies face ongoing cost pressures, more recently accentuated by labour shortages and cost inflation. The company's solid order book of products that are mission critical for the healthcare system and a high share of recurring revenue at around 40% of its sales (including service revenue and sales of consumables) partly mitigate the risk of lower procedure volumes and hospital spending in the near term. While a hospital may defer a high-ticket equipment purchase such as an MRI from time to time, its service needs will remain steady and are largely contractual in nature.

Despite substantial barriers to entry in the company's key businesses, competition is high and constant product innovation — increasingly also requiring software capabilities — is needed to maintain market shares and pricing power. Although Philips seeks to increase efficiency of its R&D spending, recently having reduced its budget to around 10% of sales from 12% previously, the lower level is still above the sector average and should enable it to stay ahead on the innovation curve. Philips also has a strong intellectual property portfolio that regularly generates royalties, which is reported within other revenues (in total €554 million in 2025).

Profitability Recovery Plan to Close Gap Versus Medtech & HealthTech Peers

Philips' profitability has been structurally below that of key global medtech peers, reflecting both weaker underlying execution and a heavier burden of quality- and recall-related costs. Historically, Philips' margin profile has trailed peers such as Siemens Healthineers and GE Healthcare (both typically mid-to-high teens), Baxter (mid-teens), and higher-margin diversified/device peers such as Abbott, Medtronic and Stryker (generally around the low 20s to high 20s range, depending on the metric and period). While profitability has improved more recently (e.g., Philips delivered a 12.3% adjusted EBITA margin in FY2025 with a strong Q4 exit rate, and management guided to 12.5%–13.0% for 2026), the company still operates with a thinner cushion than higher margin peers, leaving less room to absorb shocks from pricing pressure, mix, and cost headwinds.

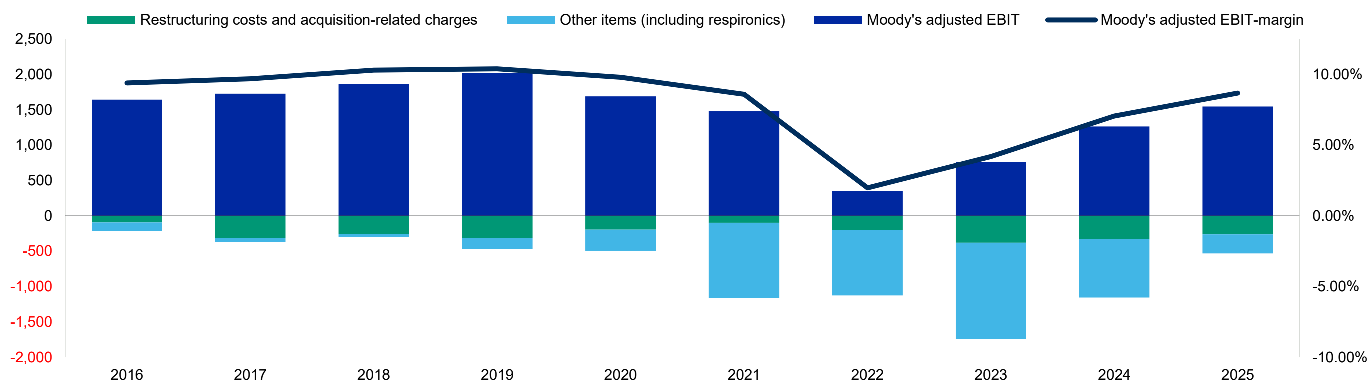
Exhibit 5
Philips' profitability lags behind the industry peers
Headline margin*



Periods represent respective financial years
Margin for Philips is average margin of its CC and D&T segments. *Headline margin refers to Moody's-adjusted EBITA margin; except for Philips, where it is Philips-reported adjusted EBITA margin; and GE Healthcare, for which we used segment profit margin of the former division of GE Aerospace (A2 positive) until FY2019.
Source: Moody's Financial Metrics™

One of the key reasons for Philips' weaker profitability versus peers include the prolonged impact of product quality issues—most notably the Respironics recall and related remediation/regulatory efforts—alongside prior supply-chain inefficiencies and softer market conditions (including subdued demand dynamics in China), all of which weighed on margins and slowed the pace of recovery. To close the gap, Philips is accelerating efficiency and simplification initiatives, including procurement and supply-chain efficiencies, a more focused and efficient R&D model (including shifting R&D decision-making closer to the businesses), and a substantial headcount reduction program (about 10,000 roles, largely implemented), aimed at structurally improving productivity and execution discipline. Profitability remains further depressed by elevated “other items” (including Respironics) and ongoing “restructuring and acquisition-related charges”; while these have already moderated meaningfully from peak levels (e.g., “other items (including respironics)” reduced materially from 2023/2024 to 2025, and restructuring/acquisition-related charges have also trended down), we still expect a gradual tapering rather than an immediate normalization, as Philips continues to resize and optimize its cost base in a competitive environment. Finally, recently introduced tariff schemes globally may slow Philips’ path to higher profitability, as the company may not be able to fully pass through higher costs to customers—although Philips demonstrated in 2025 that it can mitigate a substantial portion of tariff impacts through operational and commercial actions.

Exhibit 6
Profitability set to increase with lower extraordinary costs
Moody's adjusted EBIT versus Philips' reported extraordinary items



Source: Moody's Ratings, company filings

Product issues remain an inherent risk potentially leading to high litigation and remedy costs

Philips has a history of product quality related issues, including past manufacturing issues in some of its facilities, that resulted in manufacturing suspensions and costly remediations. Examples include the voluntary production suspension at its CT manufacturing facility in Cleveland, the US, in 2014, and the suspension of the manufacturing and distribution of most of its defibrillators to the US market from two facilities in the US between October 2017 and April 2020.

In June 2021, Philips Respironics, a subsidiary in the CC segment, issued a recall notification to mitigate health risks related to the sound abatement foam component in certain sleep and respiratory care devices. Philips launched a voluntary recall programme (field action), aiming to replace or repair around 5.6 million of these devices globally with the programme's total costs significantly exceeding €1.0 billion.

Philips finally reached an agreement with the plaintiff's leadership of the Respironics litigation, to pay $1.1 billion to resolve the personal injury litigation and the medical monitoring class action in the US. This addresses around 58,000 individuals who filed a claim or entered the census registry. This marks a close to final resolution but we do not rule out further costs in the future.

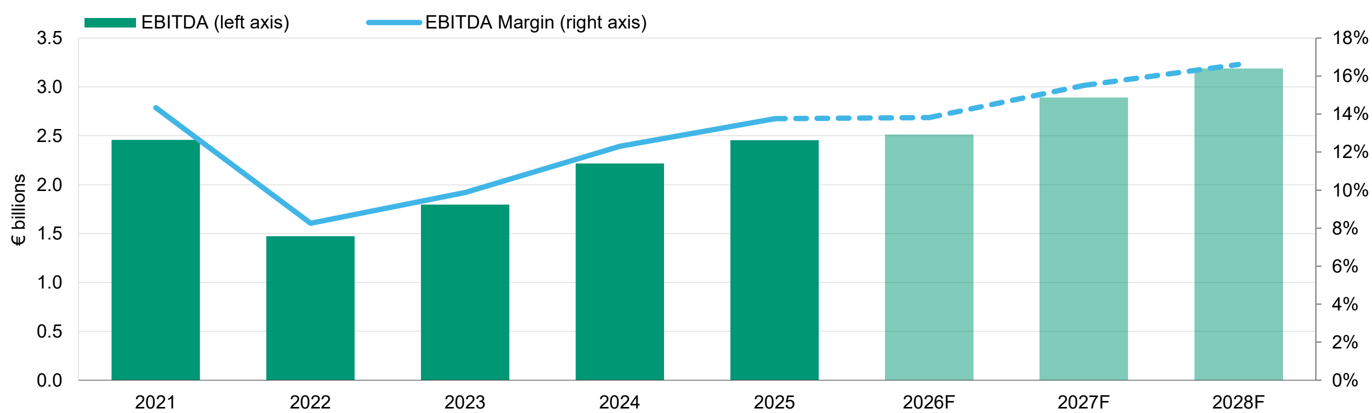
Furthermore, following the U.S. Food and Drug Administration's (FDA) inspection of some of Respironics' facilities in the country, the US Department of Justice, acting on behalf of the FDA, issued a consent decree for which Philips booked a provision of €0.4 billion in 2023. We model ongoing costs related to the product recall of around €200 million in 2026 as well as €200 million ongoing restructuring and acquisition related costs each year. The company has paid the litigation payment of $1.1 billion in Q1 2025, reducing its free cash flow generation. We do not expect a major sales resumption of sleep therapy systems in the US, which is also subject to a reputational risk. Philips is currently not taking new orders for these products in the US, which represented roughly €0.6 billion of revenue annually before the recall, but continues to sell other devices, masks and other consumables.

Operating Performance Expected to Improve, but Recovery Remains Execution-Dependent

In 2022 and 2023, Philips' operating performance was generally below our expectations for a Baa1 rating, as the industry-wide shortage of electronic components affected Philips disproportionately, leading to delivery delays and slower conversion of its elevated backlog into revenue. Lower operating leverage and incremental costs related to the Respironics recall further weighed on EBITDA and profitability, particularly in 2022 amid a more challenging macroeconomic environment. Since then, profitability has been improving, but it remains subdued relative to the company's historical levels and to what we typically associate with the current rating category. In our base case, we forecast Moody's-adjusted EBITDA of around €2.5 billion in 2026 (adjusted for costs associated with litigation and remediation related to the recall), increasing to around €2.9 billion in 2027 and €3.2 billion in 2028. The pace of EBITDA recovery is contingent on (i) sustained realization of benefits from the ongoing operating model and restructuring measures, and (ii) continued mid-single-digit revenue growth, supported by improved supply-chain execution and normalization of deliveries. Risks to the forecast remain, including greater pressure on hospital capital equipment spending, procurement/tender dynamics, and a still-challenging macro backdrop that could constrain volume growth and price/mix, while also limiting Philips' ability to fully pass through cost inflation (including from tariffs).

Exhibit 7

We expect a progressive improvement of the company's EBITDA and EBITDA margin towards historical levels

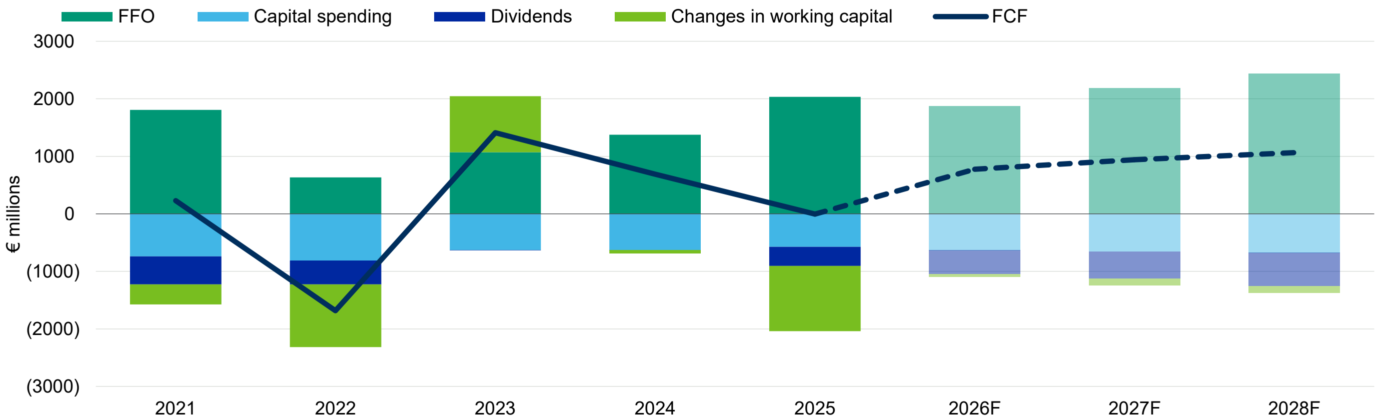


All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. With regards to the Respironics product recall, provisions for field action and consent decree were adjusted as unusual.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics™ and Moody's Ratings forecasts

Philips also improved working capital after the component shortages that strained cash flow generation in 2022, when Moody's-adjusted free cash flow (FCF) was substantially negative (around €1.6 billion). While management continues to prioritize working capital discipline, we do not expect further material cash benefits following the sharp reversal in 2023. Accordingly, Philips' ability to sustain positive FCF—supported by improved profitability, stable working capital, and disciplined capital allocation—remains an important prerequisite for maintaining the Baa1 rating.

Exhibit 8

We expect Philips to maintain positive FCF in 2026, 2027 and 2028



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Sources: Moody's Financial Metrics[TM] and Moody's Ratings forecasts

Reducing high leverage is a priority

Between 2017 and 2020, Philips managed its capital allocation priorities, having achieved Moody's-adjusted gross debt/EBITDA between 2.2x and 2.8x, which positioned the company well in line with its Baa1 rating. The Moody's adjusted leverage increased to 3.1x in 2021 and further to 5.9x in 2022, mainly because of earnings deterioration. The company has shown progress in deleveraging towards 3.5x in 2025 on the back of its restructuring program and we forecast further leverage reduction towards 3.0x in the next 12-18 months predominantly from EBITDA growth, but also partially driven by reduction of gross debt including around €740 million mainly from an early refinancing exercise in 2025.

We tolerate the weaker-for-longer credit metrics, because the company remains committed to conservative financial policies, prioritising cash generation and leverage reduction, including repayment of debt. For instance, although dividend stability, with a payout ratio of 40%-50% of adjusted income (typically offered in cash or shares at investors' discretion), is a key element of the company's financial policies, Philips distributed its dividends since 2023 in shares only and returned to cash pay option, capped at 50%, in 2025 as expected. It also committed to reducing its adjusted net leverage into a range between 1.5-2.0x from the peak level of 5.9x in 2022. Moreover, Philips reiterated that it will aim to manage its balance sheet such that it retains its current rating.

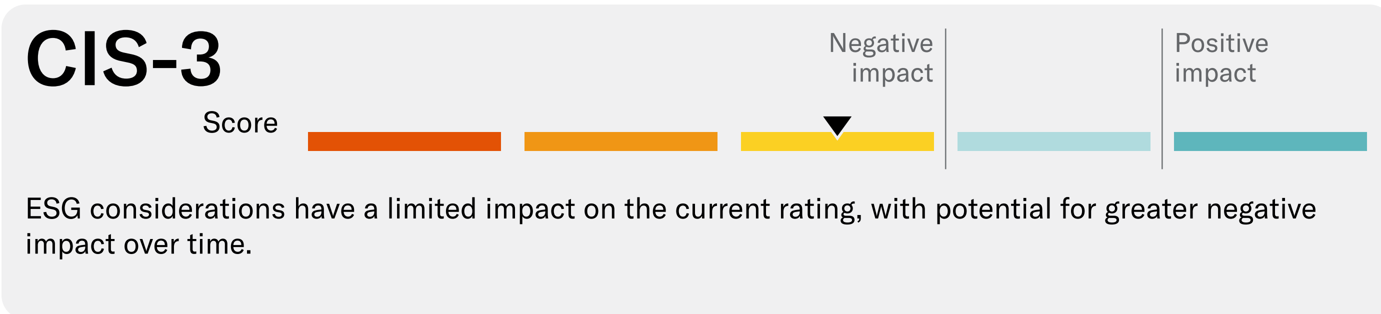
The Baa1 rating also incorporates our assumption that the company will not engage in any new share buybacks. In 2024, Philips executed its most recent €1.5 billion buyback programme launched in July 2021 through open market purchases and forward contracts that are included in its reported debt. Going forward only long-term incentives will be covered by share repurchases.

Philips regularly engages in M&A activity, and between 2018 and 2022, it spent on average around €1.0 billion annually on acquisitions (net of cash acquired). Although M&A is a risk factor, we currently do not expect the company to undertake sizeable transactions until the restructuring is successfully executed. We furthermore see the possibility that the company may divest certain non-core assets.

ESG considerations

Royal Philips N.V.'s ESG credit impact score is CIS-3

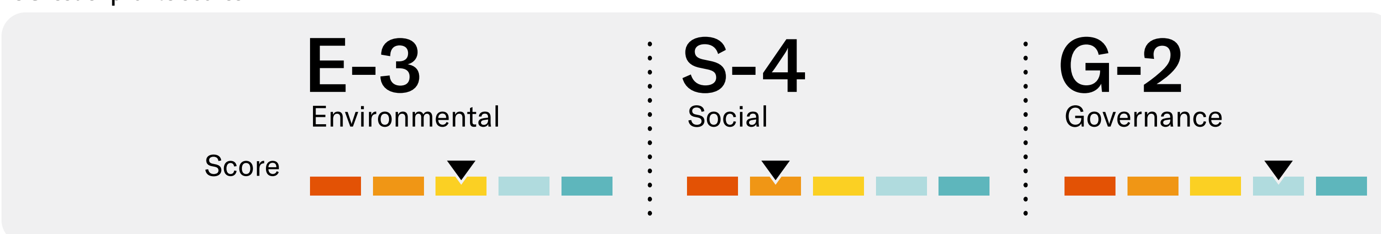
Exhibit 9
ESG credit impact score



Source: Moody's Ratings

Philips' ESG Credit Impact Score reflects the company's exposure to high social risks in particular its history of product quality related issues including past manufacturing issues in some of its facilities in the US that resulted in manufacture suspension and costly remediation and the recent quality issues in some of its sleep and respiratory devices which prompted a recall program.

Exhibit 10
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Philips' is exposed to environmental risks from waste and pollution - mainly remediation costs relating to pollution issues such as leaks, spills, accidents and clean-up sites. Environmental provisions are small in comparison with the company's scale and 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

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 a history of product quality related issues including past manufacturing issues in some of its facilities in the US that resulted in manufacture suspension and costly remediation and the recent quality issues in some of its sleep and respiratory devices which prompted a recall program. To a lesser extent, the Issuer Profile Score also reflects ongoing legal proceedings related to anti-trust issues and government investigations.

Governance

Philips' governance score reflects the company's financial policy including leverage and the capital allocation to dividends and share buyback. M&A constitutes an event risk but has not translated in recent years into material re-leveraging.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity analysis

Philips' liquidity is good, supported by €2.6 billion of cash and cash equivalents as of end-March 2026 and a fully undrawn €1.0 billion revolving credit facility maturing in 2029. Moody's forecasts Philips' free cash flow (according to Moody's definition that is after dividends and leases repayment) of around €0.9 billion in 2026 and €1.1 billion in 2027. Moody's projected cash outflow also include debt repayments of around €0.7 billion per year while we expect major debt facilities being rolled over.

Methodology and scorecard

The principal methodology used in these ratings was Medical Products and Devices.

The scorecard-indicated outcome is one notch below the assigned rating with the difference being explained by our assessment that the weakness in Philips' performance is temporary.

Exhibit 11

Royal Philips N.V.

Medical Products and Devices Industry Scorecard [1][2]	Current Dec 2025		Moody's 12-18 Month Forward View [3]	
	Measure	Score	Measure	Score
Factor 1: Scale (20%)				
a) Revenue (USD Billion)	20.2	Aa	20.6 - 21.1	Aa
Factor 2: Business Profile (20%)				
a) Market Position and Diversification	A	A	A	A
b) Market Characteristics	Baa	Baa	Baa	Baa
Factor 3: Profitability And Efficiency (7.5%)				
a) EBIT Margin	8.5%	B	9.0% - 10.6%	B
Factor 4: Leverage And Coverage (32.5%)				
a) Debt / EBITDA	3.5x	Ba	2.5x - 3.1x	Baa
b) RCF / Debt	19.8%	Ba	18.6% - 23.9%	Ba
c) FCF / Debt	-0.1%	Caa	9.9% - 13.1%	Baa
d) EBITDA / Interest Expense	8.3x	Baa	7.9x - 10.0x	Baa
Factor 5: Financial Policy (20%)				
a) Financial Policy	Baa	Baa	Baa	Baa
Ratings				
a) Scorecard-Indicated Outcome		Baa2		Baa1
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 December 31, 2025
[3] This represents Moody's Forward View; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures
Source: Moody's Financial Metrics™; Moody's Projections

Appendix

Exhibit 12

Peer comparison

Royal Philips N.V.

	Royal Philips N.V.			Stryker Corporation			GE HealthCare Technologies Inc.			Baxter International Inc.		
	Baa1 Stable			A3 Stable			Baa2 Stable			Baa3 Negative		
(in $ millions)	FY Dec-23	FY Dec-24	FY Dec-25	FY Dec-23	FY Dec-24	FY Dec-25	FY Dec-23	FY Dec-24	FY Dec-25	FY Dec-23	FY Dec-24	FY Dec-25
Revenue	19,648	19,499	20,159	20,498	22,595	25,116	19,552	19,672	20,625	10,360	10,636	11,244
EBITDA	1,941	2,399	2,774	5,229	6,107	6,666	3,603	3,725	3,716	1,971	1,924	1,963
Total Debt	9,110	8,490	10,106	14,210	14,654	16,701	14,105	13,573	14,656	14,710	14,236	10,317
Cash & Cash Equivalents	2,065	2,486	3,281	2,971	3,652	4,011	2,494	2,874	4,492	3,078	2,412	1,966
ROS (NPATBUI / Sales)	1.6%	-1.2%	5.2%	15.4%	17.0%	13.4%	7.2%	8.9%	8.5%	2.5%	2.8%	-0.5%
EBITA / Interest Expense	4.1x	5.4x	6.2x	12.0x	12.7x	9.8x	4.4x	4.5x	5.0x	2.7x	3.3x	4.4x
Debt / EBITDA	4.6x	3.7x	3.5x	2.7x	2.4x	2.5x	3.9x	3.6x	3.9x	7.5x	7.4x	5.3x
CFO / Debt	24.8%	16.1%	10.5%	28.0%	31.2%	32.5%	16.8%	16.3%	15.7%	12.4%	8.0%	9.2%
FCF / Debt	17.1%	8.4%	-0.1%	14.8%	16.6%	19.1%	13.1%	12.1%	11.1%	4.9%	0.1%	0.3%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Exhibit 13

Moody's-adjusted debt reconciliation

Royal Philips N.V.

(in € millions)	2021	2022	2023	2024	2025
As reported debt	**6,980.0**	**8,200.0**	**7,689.0**	**7,639.0**	**8,085.0**
Pensions	659.0	546.0	558.0	560.0	520.0
Moody's-adjusted debt	**7,639.0**	**8,746.0**	**8,247.0**	**8,199.0**	**8,605.0**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Exhibit 14

Moody's-adjusted EBITDA reconciliation

Royal Philips N.V.

(in € millions)	2021	2022	2023	2024	2025
As reported EBITDA	**2,011.0**	**1,472.0**	**1,049.0**	**1,850.0**	**2,601.0**
Pensions	(8.0)	7.0	(7.0)	(6.0)	23.0
Capital Development Costs	(480.0)	(464.0)	(214.0)	(240.0)	(261.0)
Interest Expense - Discounting	-	-	(29.0)	(49.0)	(6.0)
Unusual Items	719.0	250.0	928.0	662.0	97.0
Moody's-adjusted EBITDA	**2,460.0**	**1,472.0**	**1,795.0**	**2,217.0**	**2,454.0**

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Source: Moody's Financial Metrics™

Exhibit 15

Overview on selected historical and forecasted Moody's-adjusted financial data

Royal Philips N.V.

(in € millions)	2021	2022	2023	2024	2025	2026F	2027F	2028F
INCOME STATEMENT								
Revenue	17,156	17,827	18,169	18,021	17,834	18,191	18,645	19,205
EBITDA	2,460	1,472	1,795	2,217	2,454	2,515	2,893	3,189
EBIT	1,481	353	763	1,266	1,507	1,629	1,978	2,238
Interest Expense	171	264	285	298	297	318	290	262
BALANCE SHEET								
Cash & Cash Equivalents	2,303	1,172	1,869	2,401	2,794	2,498	2,408	2,440
Total Debt	7,639	8,746	8,247	8,199	8,605	7,865	7,165	6,465
Net Debt	5,336	7,574	6,378	5,798	5,811	5,367	4,757	4,025
CASH FLOW								
Funds from Operations (FFO)	1,805	631	648	1,376	2,033	1,872	2,184	2,440
Cash Flow From Operations (CFO)	1,452	-457	2,045	1,317	901	1,822	2,064	2,320
Capital Expenditures	-740	-809	-630	-628	-576	-636	-654	-676
Dividends	-484	-418	-5	-3	-330	-411	-469	-580
Retained Cash Flow (RCF)	1,321	213	643	1,373	1,703	1,461	1,715	1,860
RCF / Debt	17.3%	2.4%	7.8%	16.7%	19.8%	18.6%	23.9%	28.8%
Free Cash Flow (FCF)	228	-1,684	1,410	686	-5	775	941	1,064
FCF / Debt	3.0%	-19.3%	17.1%	8.4%	-0.1%	9.9%	13.1%	16.5%
PROFITABILITY								
EBIT Margin	8.6%	2.0%	4.2%	7.0%	8.5%	9.0%	10.6%	11.7%
EBITDA Margin	14.3%	8.3%	9.9%	12.3%	13.8%	13.8%	15.5%	16.6%
INTEREST COVERAGE								
(FFO + Interest Expense) / Interest Expens	11.5x	3.4x	3.3x	5.6x	7.8x	6.9x	8.5x	10.3x
EBIT / Interest Expense	8.6x	1.3x	2.7x	4.2x	5.1x	5.1x	6.8x	8.5x
EBITDA / Interest Expense	14.4x	5.6x	6.3x	7.4x	8.3x	7.9x	10.0x	12.2x
LEVERAGE								
Debt / EBITDA	3.1x	5.9x	4.6x	3.7x	3.5x	3.1x	2.5x	2.0x
Net Debt / EBITDA	2.2x	5.1x	3.6x	2.6x	2.4x	2.1x	1.6x	1.3x

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.
Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Ratings

Exhibit 16

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

Source: Moody's Ratings

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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