



AGM 2025 – Speech by Roy Jakobs, CEO Philips

Ladies and gentlemen, welcome to the 2025 Annual General Meeting of Royal Philips. Given the pace of change around the world today, I welcome this opportunity to share an update on our journey. While we continue to make good progress, we still have a way to go. We are committed to delivering our focused growth strategy and to improving people's lives.

I feel privileged to be leading Philips on this journey, together with the Philips Executive Committee and the Supervisory Board and Chair, Feike Sijbesma. I also feel the urgency to strengthen Philips while navigating an increasingly uncertain world. We are determined to continue delivering better care for more people. Healthcare is under pressure, and Philips is well positioned to help ease that burden and improve healthcare delivery.

Around the world today, the gap between demand and supply of care is widening. There is a global crisis in healthcare. I see the immense pressure healthcare professionals are under and feel a deep sense of responsibility to help address the challenges. Patients expect better care and a better experience. In parallel, we see that people everywhere want to be empowered to take care of their own health and well-being.

At Philips, we want to contribute to healthcare professionals feeling supported and energized, and to patients experiencing better care – while making it easier for people everywhere to lead healthier lives. We are committed to improving healthcare and driving impact with care for patients, people and the planet through deep technological insight and our meaningful innovations. We see this coming through in the demand for our technology.

At the same time, we have been building our business to respond to external challenges, including tariffs – making fundamental progress, ensuring our supply chain is agile and that our business is adaptable. This drives the resilience we need to continue to develop our industry leading innovations in these times of unrivalled economic uncertainty.

And this is recognized. As a leader in health technology, Philips was the leading applicant in medical technology at the European Patent Office in 2024, and Clarivate recognized Philips as the top-ranked medical technology company in the Top 100 Global Innovators 2025.

Strong partnerships and advances in AI-enabled innovation are helping to drive real change. In the hospital, our next-generation BlueSeal helium-free MRI system uses AI to scan three times faster. In the home, the Philips Baby Monitor gives parents peace of mind by allowing them to keep a closer eye on their children, supported by an AI coach. We continue to push the boundaries, not only with AI agents that can work automatically, but also in robotics. Philips Research is already developing robotic arms that help automate image-guided therapy procedures. We see a day where AI agents are embedded within robotically enhanced medical equipment to support doctors and their teams to deliver better care for more people. Philips is passionate about creating that future!

However, the current tariff discussions have the potential to impact affordability and limit the accessibility of care. We are engaging with governments all over the world to explain the importance of unrestricted flow of medical technology. After all, every dollar, euro or renminbi spent on tariffs is one not spent on patients and healthcare innovations. These developments make me even more determined to do what we can so people everywhere can access the care they need.

Looking back, in 2024 we made solid progress. We believe we are on the right path, executing our strategy to improve people's health and well-being through meaningful innovation, with patient safety and quality as our number one priority, and expanding our innovation platforms in monitoring, imaging, interventional, informatics and consumer health.

While we grew orders and sales, we were negatively impacted by significantly deteriorated demand in China, due to subdued consumer confidence and extended hospital procurement cycles. Given these factors, we had to adjust our growth expectations for the year. Driving profitable growth will be a priority in 2025.

Despite global uncertainties and slower growth, we delivered strong profitability improvement and cash flow and further strengthened our balance sheet. We also made important progress on resolving the Philips Respironics recall, including the settlement of both the economic loss and the personal injury and medical monitoring claims in the US. And some of our largest investors further expanded their investment in Philips, showing confidence in our future.

Our focus on patient safety is at the center of strengthening our fundamentals and fostering a culture that upholds quality. In our latest engagement survey, colleagues shared that they feel empowered to speak up and take action to support our commitment to patient safety and quality. While we acknowledge this progress, we remain diligent in continuing this work.

We are concentrating on accelerating momentum, building on our industry-leading innovations, and continuing to improve execution. In our supply chain, we have made significant progress. Recent developments on tariffs underline the need for this agility and for further regionalization.

In making sure we become a leaner, more agile and simpler organization we have also made important strides with our move to an end-to-end Business-led model which is faster and leaner. We reduced approximately 10,000 roles from 2022 through the end of 2024, doing so with care and respect.

We focused on enhancing our team with deep medtech expertise and new leadership. This included the strengthening of our experienced and diverse Executive Committee and the addition of proven leaders across Philips. We welcomed our new Chief Financial Officer and member of the Board of Management, Charlotte Hanneman, with her strong medtech background; as well as the other new Executive Committee members, Ling Liu, Chief Region Leader, Philips Greater China; Jie Xue, Chief Business Leader Precision Diagnosis; and Özlem Fidanci, Chief of International Region. Charlotte, Ling, Jie and Özlem bring a wealth of experience to the Executive Committee, which is now an even split between men and women.

Further to this, we welcome proposals to appoint Bob White as a new member of the Supervisory Board, to re-appoint Indra Nooyi and Chua Sock Koong as members of the Supervisory Board; and to re-appoint Marnix van Ginneken as a member of the Philips Board of Management. I also want to take this opportunity to thank David Pyott, member of the Supervisory Board since 2015, and Chairman of the Quality & Regulatory Committee, who is completing his third and final term. David, thank you for your guidance and leadership.

Let me now shift to another topic that is close to my heart – our incredibly talented team of Philips colleagues around the world, a team that reflects the patients, consumers and customers we serve. We continue the work to create an environment where all employees can thrive to drive business impact. Reflecting the success of these efforts, in 2024, engagement across the company increased further with 5 percentage points.

We are reinvigorating our culture of impact with care and we believe we drive greater impact when we work together. Our new headquarters in Amsterdam reflects this. It's a space that promotes collaboration, innovation and engagement.

The progress we are making builds on our strong heritage in social and environmental responsibility. In 2024, we improved the lives of nearly 2 billion people and contributed to more sustainable healthcare, while ensuring a more sustainable consumer experience. This included, among other things, partnering with hospitals to support them with their own sustainability plans and expanding access to care in and outside the hospital. We have an enhanced and fully integrated approach to doing business responsibly and sustainably, for Philips and for our customers, which is seen. For example, Forbes recognized Philips as one of the world's best employers. Our ESG commitments help drive our business results and our global impact, creating long-term value for our stakeholders.

We remain committed to delivering our focused growth strategy, further building on our industry-leading innovations, improving our fundamentals, and simplifying how we work to make us more competitive and agile, while moving with speed. We are stronger and better prepared to deal with the current turmoil in the world, remaining laser focused on what we can control so we can continue to serve patients, customers and consumers.

We want to win and provide better care for more people in a fast-moving, competitive world, where care provision is under pressure. By doing so, we aim to deliver profitable growth, expand our margins, and fulfill our cash and ESG commitments.

I would like to thank all our stakeholders for their ongoing trust, support, collaboration, and confidence. I also want to share special thanks to our employees, who show their passion and commitment every day, and to their families who support them. A special thanks as well to the Supervisory Board for their trusted guidance, and Chair, Feike Sijbesma, for his strong collaboration. And to you, our shareholders, for your trust.

I am more determined than ever to ensure that Philips gets back to where it belongs – delivering value for all stakeholders through meaningful innovation!

Reflecting the progress we have made, reducing risk and strengthening our balance sheet, along with the importance we attach to dividend stability, we propose to maintain the dividend at 85 euro cents per share, to be in shares or cash at the option of the shareholder. To balance our commitment to dividend with prudent cash management, up to 50% of the total dividend will be available in cash.

As I look ahead, I am realistic about the challenges and uncertainty we see in the world. But I am also optimistic about building on the momentum we have created – and deeply excited about delivering on our vision of better care for more people.

Thank you.

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