



Amsterdam, March 30, 2016

Financial update to reflect the changes in segment reporting structure

Prior-period key figures under new reporting structure

- As previously announced, a new reporting structure will be implemented with effect from Q1 2016
- Going forward, results will be reported in six segments (as depicted below):
 1. Personal Health
 2. Diagnosis & Treatment
 3. Connected Care & Health Informatics
 4. HealthTech Other
 5. Lighting
 6. Legacy Items
- The change in segment reporting structure has no impact on total Philips financials
- In anticipation of the new external reporting from Q1 2016 onwards, prior-period financials on the following pages of this document have been restated to reflect the above changes
- All numbers in this report are unaudited

Philips					
HealthTech				Lighting	Legacy Items ²
Personal Health	Diagnosis & Treatment	Connected Care & Health Informatics	Other		
Sleep & Respiratory Care ¹	Image-Guided Therapy Ultrasound	Patient Care & Monitoring Solutions	IP Royalties	Professional	Legacy litigation Separation cost
Health & Wellness	Diagnostic Imaging	Healthcare Informatics, Solutions & Services	Innovation	LED	
Personal Care		Population Health Management	Emerging Businesses	Home	
Domestic Appliances			Central costs	Lamps	
			Other	Other	

Focus of external reporting

¹⁾ Previously part of the Healthcare sector

²⁾ Legacy items not related to Lighting

Key figures per segment

Sales per segment in millions of EUR

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Personal Health	1,298	1,371	1,410	1,869	5,948	1,522	1,603	1,585	2,041	6,751
Diagnosis & Treatment	1,083	1,224	1,288	1,689	5,284	1,304	1,649	1,556	1,975	6,484
Connected Care & Health Informatics	600	615	649	820	2,684	625	749	732	916	3,022
HealthTech Other	112	112	113	150	487	135	117	125	126	503
Lighting ⁹⁾	1,573	1,618	1,706	1,977	6,874	1,722	1,841	1,838	2,037	7,438
Legacy Items	26	29	28	31	114	31	15	-	-	46
Philips	4,692	4,969	5,194	6,536	21,391	5,339	5,974	5,836	7,095	24,244

Comparable sales growth in %

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Personal Health	7	6	5	6	6	9	3	4	4	5
Diagnosis & Treatment	(5)	(5)	(1)	(7)	(5)	5	11	4	5	6
Connected Care & Health Informatics	0	(5)	2	1	(0)	(7)	4	1	3	0
HealthTech Other	(7)	8	(13)	(26)	(12)	16	1	10	(16)	1
Lighting ⁹⁾	(3)	(2)	(3)	(3)	(3)	(3)	(3)	(2)	(2)	(3)
Philips	(1)	(1)	0	(2)	(1)	2	3	2	2	2

Adjusted EBITA in millions of EUR

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Personal Health	149	146	174	295	764	195	199	221	351	966
Diagnosis & Treatment	70	75	120	195	460	19	132	143	221	515
Connected Care & Health Informatics	38	60	73	116	287	5	49	75	165	294
HealthTech Other	2	32	30	27	91	20	14	4	(30)	8
Lighting ⁹⁾	84	117	115	141	457	113	138	139	162	552
Legacy Items	(39)	(36)	(38)	(31)	(144)	(25)	(31)	(12)	(27)	(95)
Philips	304	394	474	743	1,915	327	501	570	842	2,240

Adjusted EBITA is defined as Income from operations (EBIT) excluding amortization of acquired intangible assets, impairment of goodwill and other intangible assets, restructuring charges, acquisition-related costs and other significant items

Adjusted EBITA as a % of sales

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Personal Health	11.5%	10.6%	12.3%	15.8%	12.8%	12.8%	12.4%	13.9%	17.2%	14.3%
Diagnosis & Treatment	6.5%	6.1%	9.3%	11.5%	8.7%	1.5%	8.0%	9.2%	11.2%	7.9%
Connected Care & Health Informatics	6.3%	9.8%	11.2%	14.1%	10.7%	0.8%	6.5%	10.2%	18.0%	9.7%
HealthTech Other	-	-	-	-	-	-	-	-	-	-
Lighting ⁹⁾	5.3%	7.2%	6.7%	7.1%	6.6%	6.6%	7.5%	7.6%	8.0%	7.4%
Legacy Items	-	-	-	-	-	-	-	-	-	-
Philips	6.5%	7.9%	9.1%	11.4%	9.0%	6.1%	8.4%	9.8%	11.9%	9.2%

EBITA in millions of EUR

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Personal Health	149	145	168	296	758	194	199	189	303	885
Diagnosis & Treatment	61	73	65	175	374	(13)	112	105	173	377
Connected Care & Health Informatics	28	60	(292)	98	(106)	(24)	49	75	127	227
HealthTech Other	1	31	4	15	51	24	20	8	12	64
Lighting ¹⁾	54	95	71	(87)	133	85	127	124	105	441
Legacy Items	(40)	(36)	(78)	(235)	(389)	(36)	(57)	(72)	(457)	(622)
Philips	253	368	(62)	262	821	230	450	429	263	1,372

EBITA as a % of sales

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Personal Health	11.5%	10.6%	11.9%	15.8%	12.7%	12.7%	12.4%	11.9%	14.8%	13.1%
Diagnosis & Treatment	5.6%	6.0%	5.0%	10.4%	7.1%	(1.0)%	6.8%	6.7%	8.8%	5.8%
Connected Care & Health Informatics	4.7%	9.8%	(45.0)%	12.0%	(3.9)%	(3.8)%	6.5%	10.2%	13.9%	7.5%
HealthTech Other	-	-	-	-	-	-	-	-	-	-
Lighting ¹⁾	3.4%	5.9%	4.2%	(4.4)%	1.9%	4.9%	6.9%	6.7%	5.2%	5.9%
Legacy Items	-	-	-	-	-	-	-	-	-	-
Philips	5.4%	7.4%	(1.2)%	4.0%	3.8%	4.3%	7.5%	7.4%	3.7%	5.7%

EBIT in millions of EUR

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Personal Health	114	111	135	260	620	157	162	151	266	736
Diagnosis & Treatment	54	67	58	170	349	(24)	93	98	155	322
Connected Care & Health Informatics	14	49	(305)	85	(157)	(37)	36	62	112	173
HealthTech Other	(2)	27	2	10	37	21	16	5	7	49
Lighting ¹⁾	30	75	50	(130)	25	59	99	98	78	334
Legacy Items	(38)	(38)	(79)	(233)	(388)	(37)	(57)	(72)	(456)	(622)
Philips	172	291	(139)	162	486	139	349	342	162	992

¹⁾ The unaudited financial information contained in this report with respect to the Royal Philips Lighting segment may differ from financial information that may be published in the future by the stand-alone entity conducting the Lighting business within the Royal Philips Group from February 1, 2016.

Comments

Sales in Legacy Items

Sales from the OEM remote control business, which were previously reported in IG&S, have been allocated to Legacy Items. This business was divested in Q2 2015.

Lighting sales and CSG%

A small part of the sales previously reported in IG&S related to Lighting (i.e. Horticulture LED Solutions) and has therefore now been allocated to Lighting. This has caused small changes in the historical sales and CSG numbers for Lighting in the new segment reporting structure.

Allocation of IG&S

All costs previously reported in IG&S that have a direct link to the business segments have been allocated to the respective segments. The remaining costs will be part of HealthTech Other, in addition to Innovation, Emerging Businesses and IP Royalties (please refer to page 5 for an overview of HealthTech Other).

Of the Adjusted EBITA of EUR (448) million for IG&S in 2015, EUR (199) million, or 1.2% of HealthTech sales, has been allocated to HealthTech, EUR (156) million, or 2.1% of Lighting sales, to Lighting and EUR (93) million to Legacy Items. Of the reported EBITA of EUR (919) million for IG&S in 2015, EUR (145) million, or 0.9% of HealthTech sales, has been allocated to HealthTech, EUR (152) million, or 2.1% of Lighting sales, to Lighting and EUR (622) million to Legacy Items. This compares to the company's guidance at Capital Markets Day of a negative reported EBITA margin impact of ~1.3% for HealthTech and ~2.4% for Lighting.

Of the expected Adjusted EBITA of EUR (450) million for IG&S in 2016, approximately EUR (290) million is expected to be allocated to HealthTech, EUR (140) million to Lighting and EUR (20) million to Legacy Items. Of the expected reported EBITA of EUR (750) million for IG&S in 2016, approximately EUR (330) million is expected to be allocated to HealthTech, EUR (150) million to Lighting and EUR (270) million to Legacy Items.

HealthTech Other

The decrease in the Adjusted EBITA of HealthTech Other in 2015 compared to 2014 was mainly due to lower licensing revenue and IP royalties, negative currency impacts and higher investments in emerging business areas such as digital pathology and handheld diagnostics. The reported EBITA for HealthTech Other in 2015 included a gain of around EUR 40 million from the sale of real estate assets and a EUR 20 million release of restructuring provisions.

For HealthTech Other, the company expects royalty income to decrease by approximately EUR 60 million compared to 2015 due to the expiration of licenses, and to incur approximately EUR 50 million of restructuring costs and other incidental items, which will be slightly offset by cost savings in 2016. As a result, the company expects a net cost of EUR 30-50 million at the Adjusted EBITA level and a net cost of EUR 80-100 million at the EBITA level in 2016. This expectation is in line with the 2016 guidance for the former sector IG&S as per the publication of the Q4 2015 results.

Legacy Items

In 2014, Legacy Items included EUR 244 million of legal charges related to the Cathode Ray Tube (CRT) litigation and EUR 106 million of stranded costs related to the combined Lumileds/Automotive businesses. In 2015, Legacy Items included EUR 183 million of separation costs, EUR 345 million of costs related to pension de-risking and around EUR 80 million of stranded costs related to the combined Lumileds/Automotive businesses.

For Legacy Items, the company expects to incur EUR 200-300 million of net costs at the EBITA level in 2016, mainly due to separation costs. This expectation is in line with the 2016 guidance for the former sector IG&S as per the publication of the Q4 2015 results.

Restructuring and other items - Q1 2016

In Q1 2016, the company expects to incur restructuring, acquisition- and separation-related charges of approximately EUR 15 million at Diagnosis & Treatment, EUR 5 million at Connected Care & Health Informatics, EUR 30 million at Lighting, EUR 90 million at Legacy Items and nil at Personal Health. This expectation is in line with the Q1 2016 guidance as per the publication of the Q4 2015 results.

Supporting information

Breakdown - HealthTech Other

Adjusted EBITA in millions of EUR

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Innovation	(22)	(23)	(14)	(24)	(83)	(32)	(40)	(21)	(30)	(123)
IP Royalties	69	62	73	94	298	87	70	72	55	284
Emerging Businesses	(9)	(10)	(10)	(9)	(38)	(12)	(14)	(19)	(18)	(63)
Central costs	(27)	(4)	(12)	(28)	(71)	(18)	(5)	(23)	(37)	(83)
Other	(9)	7	(7)	(6)	(15)	(5)	3	(5)	-	(7)
HealthTech Other	2	32	30	27	91	20	14	4	(30)	8

Restructuring and other items in millions of EUR

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Innovation	-	-	-	(9)	(9)	1	3	1	-	5
IP Royalties	-	-	-	1	1	-	-	-	-	-
Emerging Businesses	-	-	-	-	-	-	-	-	-	-
Central costs	-	(2)	(26)	(6)	(34)	3	3	4	42	52
Other	(1)	1	-	2	2	-	-	(1)	-	(1)
HealthTech Other	(1)	(1)	(26)	(12)	(40)	4	6	4	42	56

EBITA in millions of EUR

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Innovation	(22)	(23)	(14)	(33)	(92)	(31)	(37)	(20)	(30)	(118)
IP Royalties	69	62	73	95	299	87	70	72	55	284
Emerging Businesses	(9)	(10)	(10)	(9)	(38)	(12)	(14)	(19)	(18)	(63)
Central costs	(27)	(6)	(38)	(34)	(105)	(15)	(2)	(19)	5	(31)
Other	(10)	8	(7)	(4)	(13)	(5)	3	(6)	-	(8)
HealthTech Other	1	31	4	15	51	24	20	8	12	64

Restructuring, acquisition-related charges and other items

Restructuring, acquisition-related charges and other items in millions of EUR

	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015
Restructuring	-	-	(7)	(9)	(16)	(1)	(1)	(1)	(35)	(38)
Acquisition-related charges	-	(1)	1	(1)	(1)	-	1	-	-	1
Other items	-	-	-	11	11	-	-	(31)	(13)	(44)
Personal Health	-	(1)	(6)	1	(6)	(1)	-	(32)	(48)	(81)
Restructuring	(9)	(2)	(4)	(32)	(47)	(8)	3	-	(19)	(24)
Acquisition-related charges	-	-	(1)	(1)	(2)	(24)	(23)	(38)	(22)	(107) ¹⁾
Other items	-	-	(50)	13	(37)	-	-	-	(7)	(7)
Diagnosis & Treatment	(9)	(2)	(55)	(20)	(86)	(32)	(20)	(38)	(48)	(138)
Restructuring	(10)	-	1	(21)	(30)	(1)	-	-	(36)	(37)
Acquisition-related charges	-	-	-	-	-	-	-	-	(1)	(1)
Other items	-	-	(366) ²⁾	3	(363)	(28)	-	-	(1)	(29)
Connected Care & Health Informatics	(10)	-	(365)	(18)	(393)	(29)	-	-	(38)	(67)
Restructuring	(1)	(1)	(26)	(30)	(58)	4	6	4	5	19
Acquisition-related charges	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	18	18	-	-	-	37	37
HealthTech Other	(1)	(1)	(26)	(12)	(40)	4	6	4	42	56
Restructuring	(27)	(21)	(35)	(178)	(261)	(27)	(9)	(14)	(42)	(92)
Acquisition-related charges	(3)	(1)	(9)	(7)	(20)	(1)	(2)	(1)	(1)	(5)
Other items	-	-	-	(43) ³⁾	(43)	-	-	-	(14)	(14)
Lighting	(30)	(22)	(44)	(228)	(324)	(28)	(11)	(15)	(57)	(111)
Restructuring	(2)	1	2	-	1	-	2	(2)	1	(1)
Acquisition-related charges	1	(1)	-	-	-	-	(1)	1	-	-
Other items	-	-	(42)	(204)	(246) ⁴⁾	(11)	(27)	(59)	(431)	(528) ⁵⁾
Legacy Items	(1)	-	(40)	(204)	(245)	(11)	(26)	(60)	(430)	(527)
Restructuring	(49)	(23)	(69)	(270)	(411)	(33)	1	(13)	(126)	(171)
Acquisition-related charges	(2)	(3)	(9)	(9)	(23)	(25)	(25)	(38)	(24)	(112)
Other items	-	-	(458)	(202)	(660)	(39)	(27)	(90)	(429)	(585)
Philips	(51)	(26)	(536)	(481)	(1,094)	(97)	(51)	(141)	(579)	(868)

¹⁾ Includes charges related to the Volcano acquisition

²⁾ Represents charges related to the jury verdict in the Masimo litigation

³⁾ Includes EUR 68 million of impairment and other charges related to industrial assets and a EUR 13 million past-service pension cost gain in the Netherlands

⁴⁾ Includes EUR 244 million of charges related to CRT litigation

⁵⁾ Represents separation costs of EUR 183 million and charges of EUR 345 million related to pension de-risking.

Forward-looking statements

This document contains 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. 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. For a discussion of factors that could cause future results to differ from such forward-looking statements, see the Risk management chapter included in the Annual Report 2015.

