

The Philips logo, consisting of the word "PHILIPS" in a bold, blue, sans-serif font, is positioned in the top left corner of the slide. The background of the entire slide is a blurred photograph of a surgical team in an operating room, with a focus on a pair of hands in white gloves holding a thin, blue surgical instrument.

PHILIPS

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Fourth Quarter and Annual Results 2019

innovation  you

Important information

Forward-looking statements

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 the strategy; estimates of sales growth; future Adjusted EBITA; future restructuring, acquisition-related and other costs; future developments in Philips' organic business; and the completion of acquisitions and divestments. 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: changes in industry or market circumstances; economic and political developments; Philips' increasing focus on health technology; the realization of Philips' growth ambitions and results in growth geographies; lack of control over certain joint ventures; integration of acquisitions; securing and maintaining Philips' intellectual property rights and unauthorized use of third-party intellectual property rights; compliance with quality standards, product safety laws and good manufacturing practices; exposure to IT security breaches, IT disruptions, system changes or failures; supply chain management; ability to create new products and solutions; attracting and retaining personnel; financial impacts from Brexit; compliance with regulatory regimes, including data privacy requirements; governmental investigations and legal proceedings with regard to possible anticompetitive market practices and other matters; business conduct rules and regulations; treasury risks and other financial risks; tax risks; costs of defined-benefit pension plans and other postretirement plans; reliability of internal controls, financial reporting and management process. 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 2018.

Third-party market share data

Statements regarding market share, including those regarding Philips' competitive position, contained in this document are based on outside sources such as research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

Use of non-GAAP 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 2018.

Use of fair-value measurements

In presenting the Philips Group's financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When quoted prices or observable market data are not readily available, fair values are estimated using appropriate valuation models and unobservable inputs. Such fair value estimates require management to make significant assumptions with respect to future developments, which are inherently uncertain and may therefore deviate from actual developments. Critical assumptions used are disclosed in the Annual Report 2018. In certain cases independent valuations are obtained to support management's determination of fair values.

Presentation

All amounts are in millions of euros unless otherwise stated. Due to rounding, amounts may not add up precisely to totals provided. All reported data is unaudited. Financial reporting is in accordance with the accounting policies as stated in the Annual Report 2018, except for IFRS 16 lease accounting, which is implemented per January 1, 2019 and the adoption of IFRIC 23 Uncertainty over Income Tax Treatments effective January 1, 2019, resulting in a balance sheet reclassification. In addition, certain prior-year amounts have been reclassified to conform to the current year presentation. As announced on January 10, 2019, Philips has realigned the composition of its reporting segments effective as of January 1, 2019. The most notable changes are the shifts of the Sleep & Respiratory Care business from the Personal Health segment to the renamed Connected Care segment and most of the Healthcare Informatics business from the renamed Connected Care segment to the Diagnosis & Treatment segment. Accordingly, the comparative figures have been restated. The restatement has been published on the Philips Investor Relations website and can be accessed [here](#).



2019: Continued our transformation

- **Our focus on innovation is driving growth**
- **We strengthened our informatics portfolio with targeted bolt-on acquisitions**
- **Our strategy resonates well with customers**
- **Improved the lives of 1.64 billion people**
- **Revenues from Green Products and Solutions advanced to 67%**



Personal Health businesses and Domestic Appliances

Process to create a separate legal structure for DA will take 12 – 18 months

Personal Health businesses EUR 3.5 billion sales				Domestic Appliances EUR 2.3 billion sales			
Oral Healthcare	Mother & Child Care	Male Grooming	Beauty	Kitchen Appliances	Home Care	Garment Care	Coffee
							

Roy Jakobs appointed Chief Business Leader Connected Care



**Monitoring &
Analytics**



**Therapeutic
Care**



**Sleep &
Respiratory Care**



**Population Health
Management**



Q4 2019

Comparable Sales Growth **+3%** to
EUR 6.0 billion

Comparable order intake **+3%**

Adjusted EBITA Margin **17.9%**

Free cashflow of **EUR 0.96 billion**

Full Year 2019

Comparable Sales Growth **+4.5%** to
EUR 19.5 billion

Comparable order intake **+3%**

Adjusted EBITA Margin **13.2%**

Free cashflow of **EUR 1.05 billion**

Our businesses



Diagnosis & Treatment



- Launch of EPIQ Elite ultrasound solution for women's health
- Extension highly successful Azurion image-guide therapy platform with FlexArm

Connected Care



- Launch of new IntelliVue MX750 and MX850 platforms
- Cooperation with Humana to improve care for at-risk, high-cost populations

Personal Health

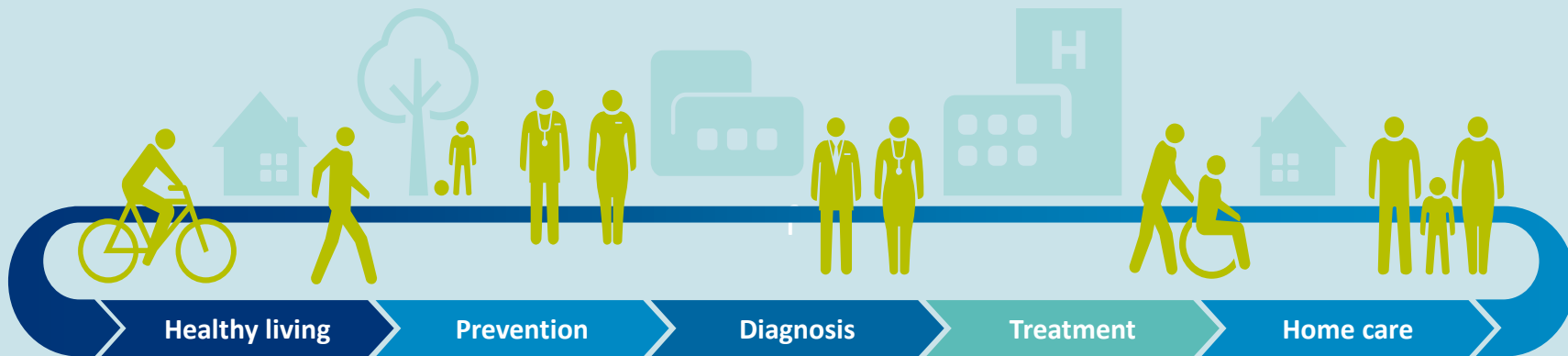


- Launch of Sonicare DailyClean and Sonicare ExpertClean
- Global roll-out of new smart S7000 Shaver and S9000 Shaver Prestige



Philips is a leader in the transformation of healthcare

Solutions deliver approx. 35% of revenues, growing double-digits



Improved health outcomes



Improved patient experience



Improved staff satisfaction



Lower cost of care

