Good morning everybody.

Earlier today, we announced that we have signed an agreement to sell the Domestic Appliances business - a global leader with EUR 2.2 billion sales in 2020 in kitchen, coffee, garment care and home care appliances - to Hillhouse Capital, a global investment firm focused on helping companies achieve long-term sustainable growth through digital innovation and enablement.

The transaction values the Domestic Appliances business at an enterprise value of approximately EUR 3.7 billion. We expect to receive cash proceeds after tax and transaction-related costs of approximately EUR 3 billion upon completion of the transaction.

Additionally, Philips and Domestic Appliances will enter into an exclusive brand license agreement to use the Philips brand, as well as the Saeco, Gaggia and Walita brands, for manufacturing, sales, and marketing of Domestic Appliances products globally for a period of 15 years. The annual payments over this period represent an estimated net present value of approximately EUR 0.7 billion. As a result, the total deal value amounts to EUR 4.4 billion.

I am pleased that in Hillhouse Capital we have found a good home for the Domestic Appliances business to further expand on its market leadership, strong brand and pipeline of new innovations.

The Domestic Appliances business is led by a seasoned business leader, Henk de Jong, and will remain headquartered in the Netherlands. The business is active in more than 100 countries, and has a global innovation, manufacturing, and commercial footprint. I am pleased that the Domestic Appliances business is performing very strongly. Currently growing even above 30%, as the innovative portfolio of the business is in high demand from consumers around the world that are coping with the impact of COVID-19 on their daily lives.
It is important to note that this transaction concludes our major divestments. Going forward, our focus is on extending our leadership in health technology and continuing our transformation into a solutions company supporting consumers with their personal health and professional healthcare customers achieve the Quadruple Aim, which is the simultaneous improvement of the patient and care provider experience, clinical outcomes and care provider productivity.

Our EUR 3.2 billion Personal Health businesses will continue to play an important role in our health continuum approach through innovation in areas such as oral healthcare, personal care, and mother & child care.

Now let me conclude. I would like to wish the Domestic Appliances business, the management team and employees success as they are about to enter this next chapter. We will work with Hillhouse Capital to complete the transaction in the third quarter of 2021, which is subject to customary closing conditions, including the relevant regulatory approvals. And with that, we are ready for your questions.

For further information, please contact:

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About Royal Philips
Royal Philips (NYSE: PHG, AEX: PHIA) is a leading health technology company focused on improving people's health and well-being, and enabling better outcomes across the health continuum – from healthy living and prevention, to diagnosis, treatment and home care. Philips leverages advanced technology and deep clinical and consumer insights to deliver integrated solutions. Headquartered in the Netherlands, the company is a leader in diagnostic imaging, image-guided therapy, patient monitoring and health informatics, as well as in consumer health and home care. Philips generated 2020 sales of EUR 19.5 billion and employs approximately 82,000 employees with sales and services in more than 100 countries. News about Philips can be found at www.philips.com/newscenter.

Forward-looking statements
This text 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. Examples of forward-looking statements include statements made about the strategy, estimates of sales growth, future EBITA, 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.