

A photograph of a middle-aged couple lying in bed. The man, on the left, is wearing a white head-mounted display (HMD) and looking towards the right. The woman, on the right, is holding a tablet computer and looking at the screen. They are both smiling. The background is a softly lit bedroom with a patterned blanket.

# Sustaining growth and margin expansion in Personal Health

**Egbert van Acht**  
Chief Business Leader Personal Health



## Key takeaways

- Our leading Personal Health businesses enable **healthier lifestyles and living with chronic disease**
- Continued strong growth and margin expansion are driven by:
  - **Share gains** in **growing markets**
  - **Geographical expansion** with proven propositions
  - Innovation at the forefront of **digital health**
  - High-impact **digital marketing** programs
  - **Leadership in online sales**
- We target to continue delivering **mid- to high-single-digit growth** while stepping up **profitability towards 17-19%** by 2020

# Our leading Personal Health businesses enable healthier lifestyles and living with chronic disease



## Health & Wellness

*21% of sales, EUR 1.5 billion*

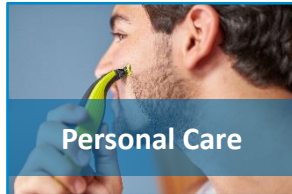
Global leader in Oral Healthcare and Mother & Child Care



## Sleep & Respiratory Care

*22% of sales, EUR 1.6 billion<sup>1</sup>*

Global leader in Sleep and Respiratory Health



## Personal Care

*25% of sales, EUR 1.8 billion*

Global leader in Grooming and Beauty



## Domestic Appliances

*32% of sales, EUR 2.4 billion*

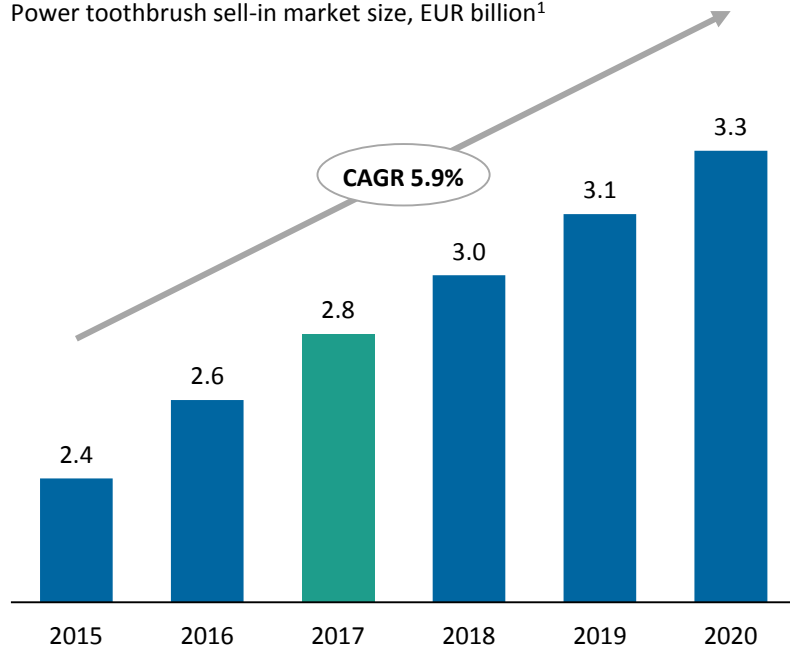
Global Leader in Healthy Breathing and Nutrition

# Philips gaining share in the growing Oral Healthcare market

~80% of the world's population still brushes manually<sup>1</sup>

## Attractive growing market

Power toothbrush sell-in market size, EUR billion<sup>1</sup>



Leveraging our strong portfolio with >75% of sales from #1 positions in key geographies<sup>2</sup>



### #1 position in the USA

Strongest clinical claims ever driving superiority



### #1 position in Japan

Reinforcing our dental-professional recommendation model increased brand preference



### #1 position in China

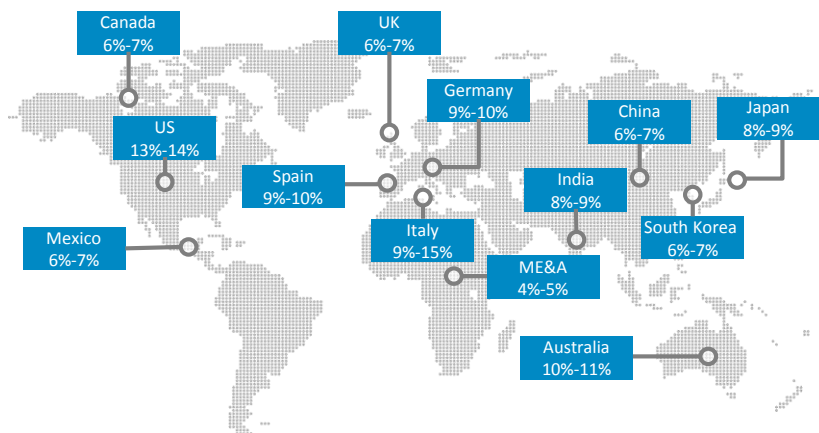
DiamondClean Smart driving category growth

# Leveraging leading positions in Sleep Apnea

>85% of patients suffering from Obstructive Sleep Apnea are not aware today<sup>1</sup>

Unlocking potential of rising incidence rates of Obstructive Sleep Apnea globally ...

Current market prevalence<sup>2</sup>



- High incidence rates globally
- Low awareness amongst the impacted population
- Large value creation potential for Philips

... leveraging our strong portfolio with leadership positions in key geographies<sup>3</sup>



**#2 in China, double-digit growth**  
Expanding our multichannel go-to-market



**#1 in Middle East & Turkey**  
Reinforcing our clinical strength and thought leadership via physician and clinician education



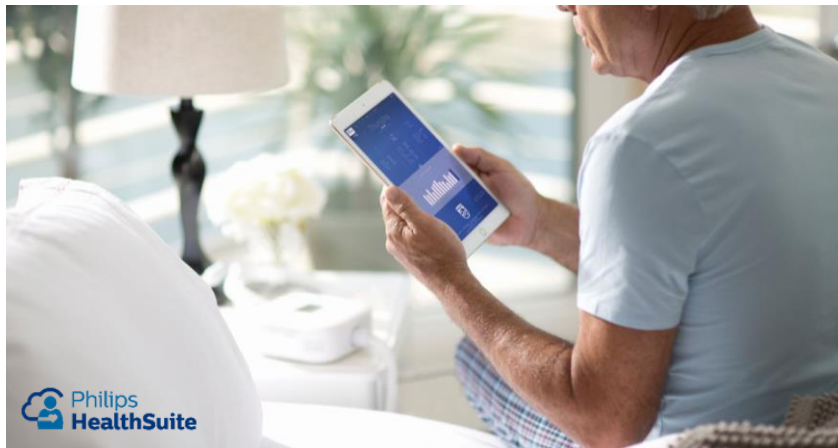
**#1 in masks in India**  
Leveraging celebrity endorsement and digital activation to drive patient pull

# Innovation at the forefront of digital health

Consumer engagement platforms based on deep consumer insights and clinical validation

## Sleep:

*CareOrchestrator*



Clinical management solution for physicians, payers and providers to help patients living with chronic sleep and respiratory conditions

## Pregnancy & Parenting:

*uGrow Parenting Platform*



First medical platform with connected products giving personal advice that matters to support baby's healthy development

Reinforcing insights, loyalty, trading-up and unlocking recurring revenue through cross-selling



# High-impact digital marketing programs yielding strong results

## Philips OneBlade: Revolutionary hybrid styler that established a new consumable category



### Philips OneBlade

- Recruited >3.3 million young users, mostly from blade competition
- Unlocked recurring revenue streams doubling blade replacement in the first twelve months

### In-market activation

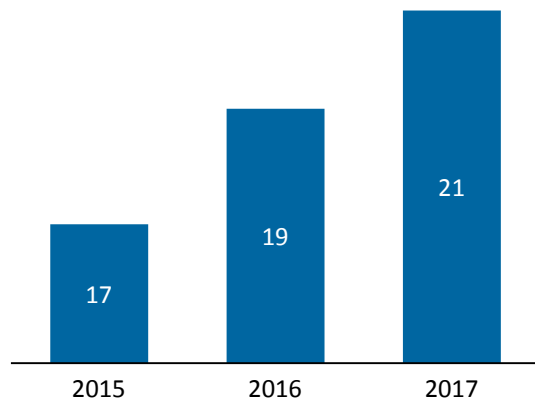
- Continued strong growth in launch countries US, Germany, France and UK
- Global roll-out to 18 markets in the last twelve months
- Award-winning Digital Advocacy program
- High consumer satisfaction (>4.3 out of 5 stars)<sup>2</sup>

Philips Male Grooming share increased 5% points in launch countries<sup>1</sup>

# We continue capturing growth from leadership in online sales

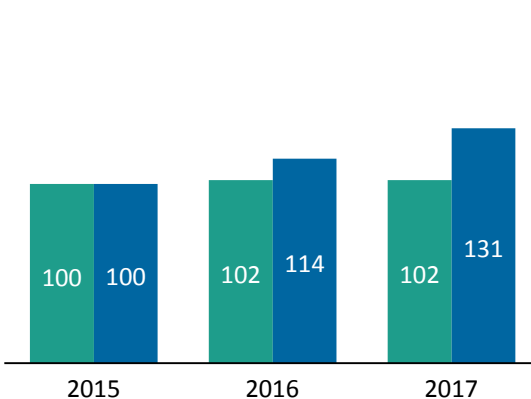
## Personal Health addressable market transitioning to eCommerce<sup>1</sup>

Market value proportion, %



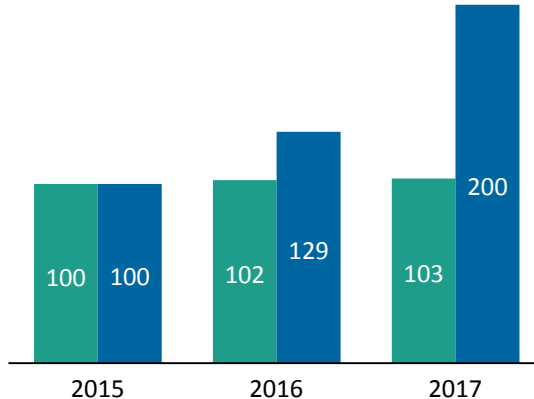
## Personal Health enjoys a higher market share in eCommerce<sup>1</sup>

Philips value share, index



## High-end propositions increasingly sold online<sup>2</sup>

Market proportion premium propositions, index



Brick-and-Mortar eCommerce

Personal Health captured 27% of its revenue online<sup>3</sup>, doubled over the last three years

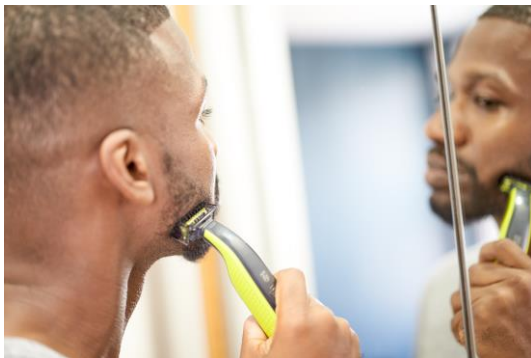


# We build direct-to-consumer engagement communities

## Recruiting young consumers into our franchises, driving high margin recurring revenues

### Philips OneBlade:

>3 million millennial guys



### Philips AVENT uGrow:

>15 million expecting parents<sup>1</sup>






### Philips Sonicare for Kids:

>4 million young users<sup>2</sup>



# Growth and performance drivers in Personal Health

Focus on	Driven by	2020 targets
 <b>Growth in core businesses</b>	<ul style="list-style-type: none"><li>• Category leadership through innovation and customer intimacy</li><li>• Gain scale through geographical expansion with proven propositions</li><li>• Mix and pricing power, enabled by strong consumer ratings &amp; reviews</li></ul>	<b>Comparable sales growth</b>  Mid- to high-single-digit  <b>Adj. EBITA</b>  17-19%
 <b>Growth in adjacencies</b>	<ul style="list-style-type: none"><li>• Direct-to-consumer engagement communities unlock recurring revenue streams</li></ul>	
 <b>Customer and operational excellence</b>	<ul style="list-style-type: none"><li>• Procurement savings</li><li>• Manufacturing productivity</li><li>• Overhead cost reduction</li></ul>	



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