



PHILIPS

Capital Markets Day



Building growth momentum through personal health solutions

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Chief Business Leader Personal Health

innovation  you

Key takeaways

- Our leading Personal Health innovations enable **healthier lifestyles and support living with chronic disease**
- We are **executing on key levers** to drive **profitable growth**:
 - **Growing the core**, through geographical expansion and increased penetration
 - **Unlocking value** through **direct digital consumer engagement**, leading to higher brand preference and recurring revenues
 - **Extending the core** with **innovative solutions** and **new business models** to address **unmet consumer needs**
- We target **5-7% organic growth** while delivering **17-19% Adj. EBITA margin** by 2020



Building on unique strengths

Unique strengths create sustainable value



Trusted brand



Innovation and IP portfolio



Leading in online, local presence

Personalized experience economy



Consumer behavior

Increasing engagement
in own health



Consumption patterns

Personalization will become
the new mass market



Industry dynamics

Shifting retail landscape
and new business models

>70% of sales from leadership positions
>30% of sales¹ online, doubled over last three years

| Health & Wellness EUR 1.5 billion sales | | Sleep & Respiratory Care EUR 2.0 billion sales ² | | Personal Care EUR 1.9 billion sales | | Domestic Appliances EUR 2.3 billion sales | |
|---|---|---|---|--|---|---|---|
| Oral Healthcare | Mother & Child Care | Healthy Sleeping | Respiratory Care | Male Grooming | Beauty Appliances | Food Preparation | Home Care |
| Global leader | Global leader | Global leader | Global leader | Global leader | Global leader | Global leader | Global leader |
|  |  |  |  |  |  |  |  |

Our roadmap drives superior consumer value

Addressing rapidly changing consumer behaviors through innovation and high-impact marketing



Growing the core

Product innovation



Geographical expansion



Unlocking value through
Direct2Consumer engagement

Professional recommendation



Digital engagement platforms

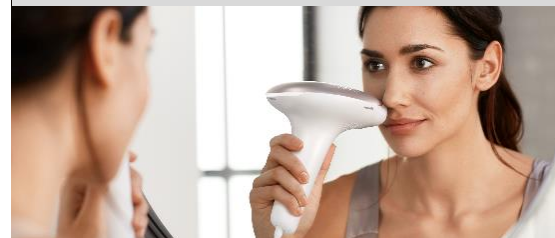


Extending the core with solutions
and business models

Personalized health solutions



New business models



Customer and operational excellence enables investment in strategic growth initiatives and innovation



Philips S9000 Prestige

Shave with uncompromised closeness and skin comfort

Innovation

- Our best shaver yet, superior skin comfort driving our global share in the growing premium segment



We are driving growth and recurring revenues, gaining scale

Through geographical expansion with proven propositions

Philips OneBlade



Addressing unmet consumer needs and geographies via new channels

- Global roll-out to 33 countries in the last two years
- ~45% of sales from new distribution channels with recurring revenues

OneBlade established a new consumable category, towards EUR 200M sales in 2018

Philips Sonicare



Leveraging strong portfolio with >75% of sales from #1 positions in key geographies

- Central & Eastern Europe: Reinforcing our dental-professional recommendation
- Mexico: Driving penetration, unlocking new channels

>80% of the world's population still brushes manually

Philips Sleep & Respiratory Care



Delivering high-double-digit growth in underpenetrated markets, leveraging our scalable global expansion model

- Brazil >35%
- India >25%
- China >20%

>80% of patients suffering from Obstructive Sleep Apnea are not aware today



Philips Sonicare

Capturing full potential of the oral care domain

Innovation

- Multiple propositions seamlessly integrate into consumers' daily life and routines through suite of product offerings

High-impact marketing

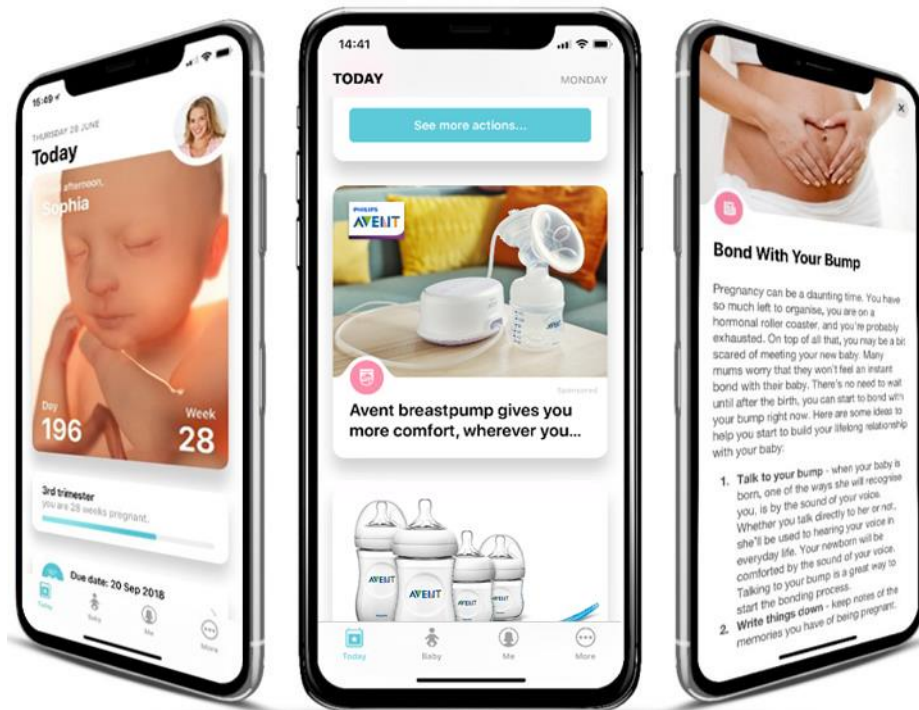
Leveraging professional endorsement as our competitive advantage:

- Philips Sonicare Most Often Recommendation grew +3% pts. globally in 2017
- We launched Sonicare Teledentistry Service in the US, providing a remote dental consultation by licensed dentists



Digital engagement platforms drive consumer loyalty

Building brand trust and consumer intimacy whilst increasing lifetime value



Pregnancy+ by Philips AVENT

Bridging consumers directly into our Mother & Infant franchise

Innovation

- Delivering the best-in-market pregnancy solution
- Direct advertising within Pregnancy+
- Real-time interactive 3D foetus feature

High-impact marketing

The world's largest digital parenting platform

- >20 million downloads
- >3 million monthly active users
- >45% of all pregnant women in the UK, Germany and Brazil use the app
- Daily engagement with highly relevant content



Philips Care Orchestrator

Optimizing care management in the home to improve outcomes

Innovation

- Connects homecare providers, physicians, payers and patients living with chronic sleep and respiratory conditions
- Enabling the care of >8.5M connected patients worldwide
- Philips cloud-based management systems convert data into actionable insights so care teams can make better, faster, more informed decisions



Philips Lumea Prestige – Try & Buy

Access over ownership, turning consumers into users

Innovation

- Expert Intense Pulse Light hair removal technology at home, developed with dermatologists
- Proven safe and effective treatment
- The Lumea App helps create a personalized treatment schedule per body area

High-impact marketing

- Flexible subscription allowing consumers to switch from access to ownership, pilots unlock up to 25% additional users
- Try & Buy resolved key barriers to purchase via lease options, increasing earnings per user by >30%

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