

Delivering innovation
that **matters to you**



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1. A focused leader in health technology

Philips, a born innovator

For over 125 years, we have been improving people's lives with a steady flow of ground-breaking innovations

The founding fathers of Philips



2. Innovating for you

We turn possibilities into **great innovations**

EUR 1.76 billion invested in R&D in 2017

62,000 patents

~60% of R&D work in software

3. The Philips brand

There's always a way to **make life better**

innovation **+** you

4. Healthy people, sustainable planet

Sustainability is in our DNA – shifting focus



Since 2015: Social programs for employees

Since 2010: Environmental targets

Since 2010: Increasing sustainability

5. Philips Foundation



We're committed to bringing innovation to those most in need

Philips Foundation



6. Case studies

Achieving clinical operational excellence

“Working with Philips to help improve health / improve our quality / improve our energy, we are now equipped with the resources to develop innovative patient technologies.”

Key benefits:

- Improved patient safety
- Reduced operational costs
- Improved patient experience
- Reduced energy consumption
- Reduced waste

MARIN GENERAL HOSPITAL

Philips Aturon

Advanced energy efficient platform based on open architecture

- 1. Highest light output efficiency
- 2. Lowest energy consumption
- 3. Lowest CO2 footprint

Highly readily combined with other lighting

With Philips Aturon, you can achieve a 17% reduction in energy consumption, a 29% reduction in CO2 footprint, and a 25% reduction in total cost of ownership.

The ability to treat **one more patient per day**

7. Facts and figures

Royal Philips in 2017

2.2 billion lives improved¹

EUR 1.76 billion invested in R&D

62,000 patent rights

37,600 trademarks

USD 11.5 billion brand value²



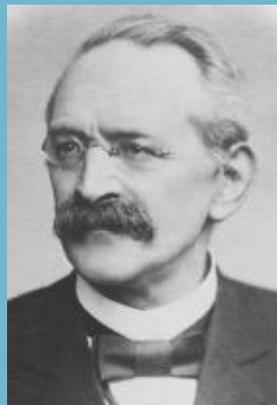
1. A focused leader in
health technology



Philips, a born innovator

For over 125 years,
we have been
improving people's
lives with a steady
flow of ground-
breaking innovations

The founding fathers of Philips



Frederik



Gerard



Anton



We strive to make the world
healthier and more sustainable
through innovation

We're aiming to **improve the lives** of

3 billion

people a year

by 2025



Economic realities are driving the need for new approaches in healthcare

Volume

Value

Response

Prevention

Episodic

Continuous

Limited

Accessible



Four profound trends are shaping the future of health technology



Global resource constraints



Aging populations and the rise of chronic illnesses



Increasing consumer engagement



Digitalization



We are on a journey to transform Philips into a **health technology leader**

Technology

Health technology

Product

Solution

Transaction

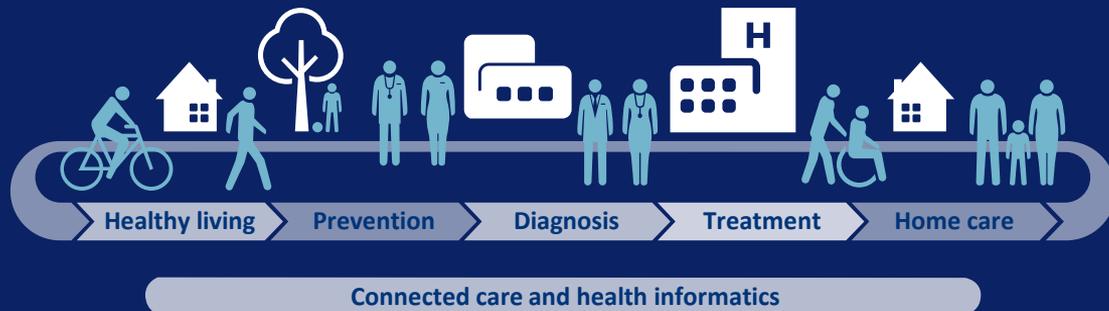
Relationship





Ready to take on the healthcare challenge

At Philips, we take a holistic view of people's health journeys, starting with healthy living and prevention, precision diagnosis and personalized treatment, through to care in the home – where the cycle to healthy living begins again.



Seamless care – designed to meet our customers' pressing needs



Simplifying
data and insight gathering



Removing
excess costs



Driving
improved treatment
and outcomes



Giving
patients and staff a
better experience



Our solutions –
driving quality
of care and
productivity for
our customers



Long-term
strategic
partnerships
enable us to find
the answers to
the challenges
our customers
are facing –
together



Our businesses



Philips

Diagnosis & Treatment businesses	Connected Care & Health Informatics businesses	Personal Health businesses	Other
Diagnostic Imaging Image-Guided Therapy Ultrasound	Monitoring & Analytics Therapeutic Care Healthcare Informatics Population Health Management	Health & Wellness Personal Care Domestic Appliances Sleep & Respiratory Care	Innovation IP Royalties Central costs Legacy Items Other

Focus of external reporting



Winning propositions

>60% of sales from leadership positions¹

Diagnosis & Treatment	Diagnostic imaging Global top 3	Ultrasound Global leader	Image-guided therapy systems Global leader	Image-guided therapy devices Global leader		
Connected Care & Health Informatics	Patient monitoring Global leader	ICU telemedicine #1 in North America	Non-invasive ventilation² Global leader	Personal emergency response #1 in North America	High-end radiology and cardiology informatics #1 in North America	
Personal Health	Male grooming Global leader	Oral healthcare Global leader	Sleep care Global leader	Respiratory care Global leader	Mother and child care Global leader	Healthy breathing #1 in China

¹ Leadership position refers to #1 or #2 position in Philips addressable market

² Based on non-invasive ventilators for hospitals

Source: GfK, Nielsen, Euromonitor, Frost and Sullivan, Home Healthcare TBS, PCMS market insight



Helping people
take care of
their health





All around the world, we make a difference to people's lives by delivering locally relevant, connected solutions that support healthier lifestyles and those living with chronic disease.



2. Innovating for you



We turn
possibilities
into **great**
innovations

EUR 1.76 billion
invested in R&D in 2017

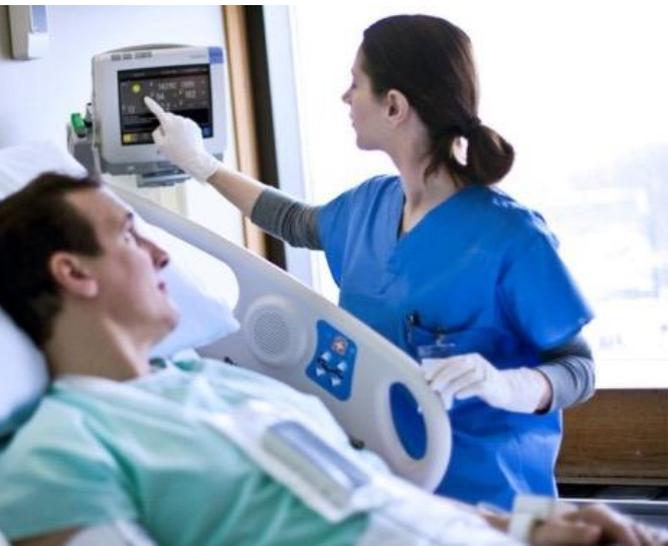
62,000 patents

~60%
of R&D personnel in
software and data science

2017 Top 100
Global Innovator

for the fifth year in a row
according to Clarivate Analytics

#1 ranking
for medical technology
patents filed at the European
Patent Office in 2017



We
innovate
with our
partners



Our unique approach to customer engagement

Co-creating solutions together



Understanding the entire experience



Giving stakeholders a voice



Leveraging the power of data



Co-creating the solutions



Implementing and transforming



We are a world leader in
people-centric design

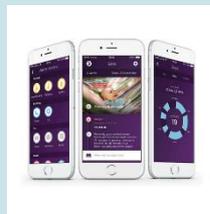
Philips consistently wins
more than **100 key design
awards** each year



reddot design award



A new record 165 design awards in 2017



Outlining the journey to value-based healthcare



The Future Health Index provides valuable insights for patients, healthcare professionals and policymakers – in both developed and emerging markets – on where attention needs to be focused if we are to succeed in delivering long-term value-based care.

www.futurehealthindex.com

2018 edition
Defines and
measures the
value delivered by
16 key national
health systems

Access

How universal and
affordable is healthcare?

Satisfaction

To what extent do healthcare
professionals and the public
see the health system as
trustworthy and effective?

Efficiency

Does the health system
produce outcomes at
optimum cost?



3. The Philips brand



There's always
a way to **make**
life better

innovation  you



The Philips brand is a vital asset

Philips' health technology portfolio



Deep market
insights



Technology
innovation



Global
footprint



Philips
brand



Our
people

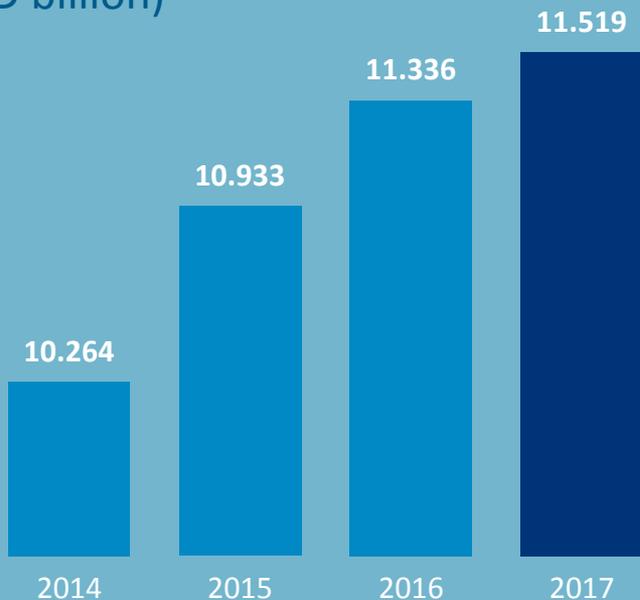
Balance sheet



In 2017, Philips' **brand value** continued to rise

Most valuable Dutch brand

Interbrand Best Global Brand valuation (USD billion)



Brand value

USD 11.5
billion

Interbrand ranking

#41



4. Healthy people, sustainable planet

Sustainability is in our DNA – shifting focus



Since 1891:
Social programs for employees

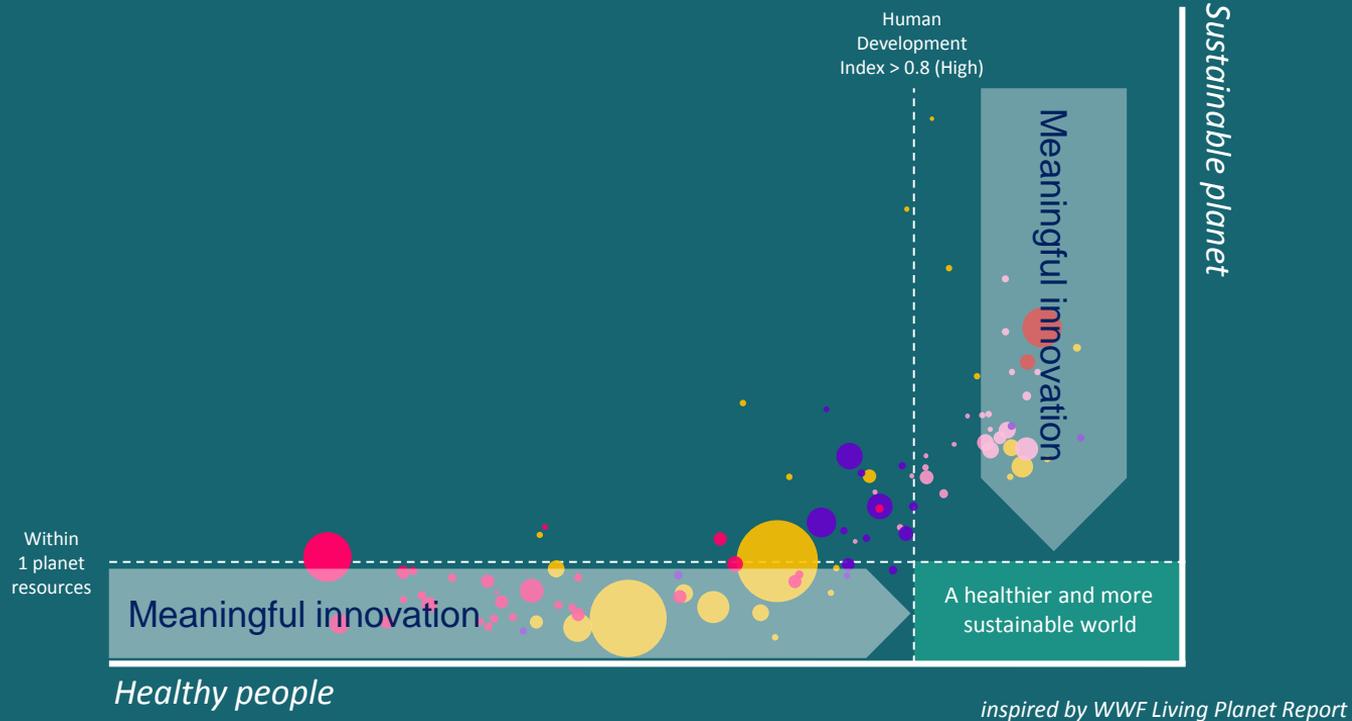


Since 1970:
Environmental agenda



Since 2000:
Accelerating sustainability

Healthy people, sustainable planet





Healthy people,
sustainable
planet
Three pillars



Sustainable solutions

Create value for our customers

Sustainable operations

Lead by example

Sustainable supply chain

Multiply our impact



Our ambitious objectives for 2020

70%
of turnover coming from Green solutions

90%
of operational waste recycled

100%
renewable electricity

Strive for a
zero-
injury and illness work environment

95%
of revenue linked to the UN Sustainable Development Goals

15%
of turnover coming from circular economy solutions

Sustainable solutions

- Inclusive health solutions
- Circular solutions
- Green solutions

Sustainable operations

- Carbon neutrality
- Health & safety
- Operational waste



Sustainable supply chain

- Supplier sustainability performance
- Supplier sustainability compliance
- Circular procurement
- Environmental footprint China
- Responsible sourcing

We were named Industry Leader in the 2017 Dow Jones Sustainability Index and we achieved the highest result in the 2017 Carbon Disclosure Project



Dow Jones
Sustainability Indexes



DRIVING SUSTAINABLE ECONOMIES



5. Philips Foundation



We're
committed
to bringing
innovation
to those
most in need



Philips
Foundation

Together with our partners we are delivering on our commitments to the **United Nations' Sustainable Development Goals**

SDG 3



Ensure healthy lives and promote well-being for all at all ages

SDG 12



Ensure sustainable consumption and production patterns



6. Case studies



Case studies

Showing our true impact



Unlocking the full potential of digital pathology for primary diagnostics

AZ Sint-Jan, Bruges, Belgium



Delivering predictive care for at-risk patients in their homes

Philips CareSage



Partnering to provide care for underserved populations

IMEC, Andover, Massachusetts, USA



Early Warning Score reduces incidence of serious events in general ward

Ysbyty Gwynedd, the General Hospital, Wales

Visit [Philips News Center](#) for all our case studies*
Click [here](#) for slides you can add to your presentation*



7. Facts and figures

Royal Philips in Q2 2018



4%

comparable
sales growth

EUR 4.3 billion sales

~75,000

employees in over 100 countries



Royal Philips Sales in Q2 2018

4%

comparable sales
growth

Diagnosis & Treatment businesses

+8% to EUR 1.8 billion

Connected Care & Health Informatics businesses

+2% to EUR 0.7 billion

Personal Health businesses

+2% to EUR 1.7 billion

Our businesses over the last 12 months¹

Diagnosis & Treatment businesses



40% of Group sales

11.1% Adjusted
EBITA margin

Connected Care & Health Informatics businesses



17% of Group sales

12.5% Adjusted
EBITA margin

Personal Health businesses



41% of Group sales

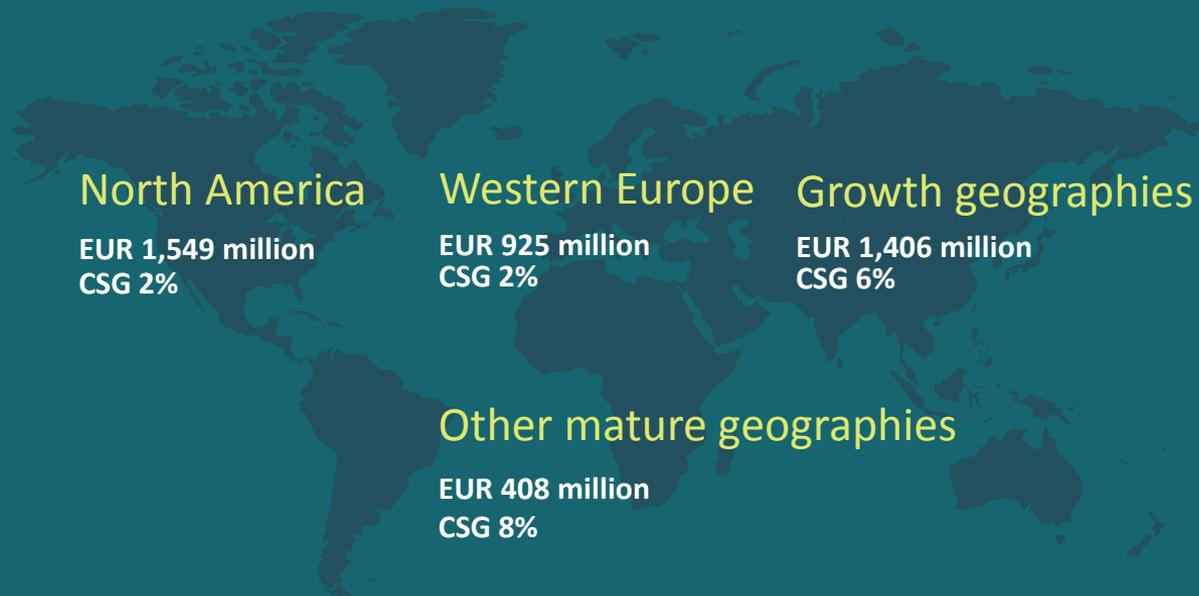
17.0% Adjusted
EBITA margin

Sales of EUR 17.7 billion and Adjusted EBITA margin of 12.7%

¹ The segment Other accounts for 2% of sales

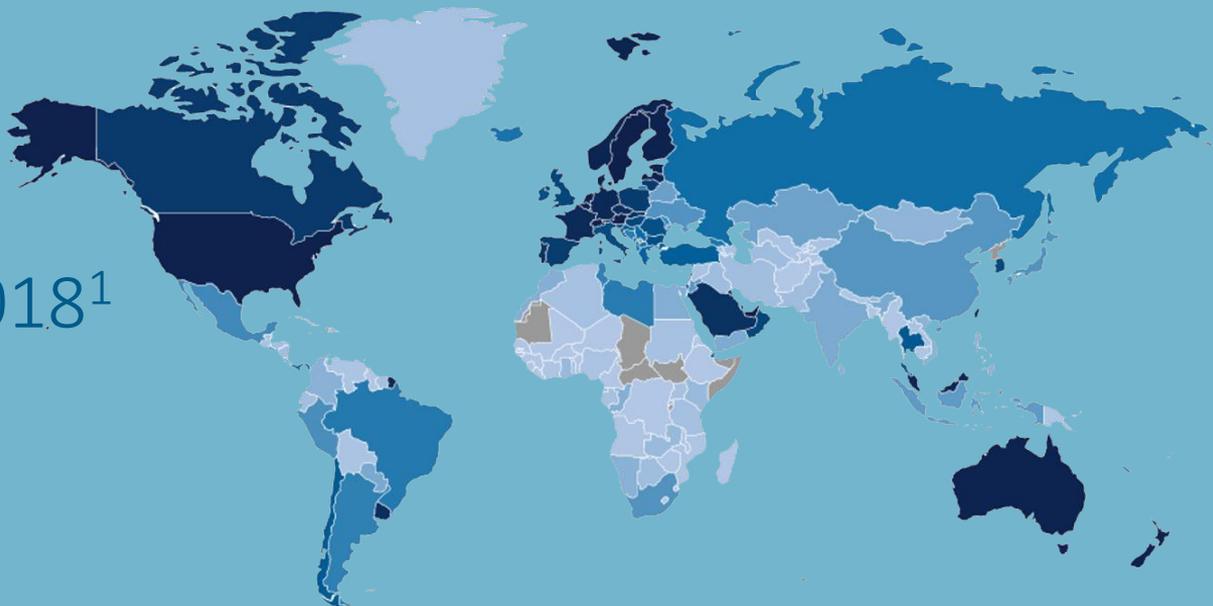
Royal Philips

Q2 2018 sales per geographic cluster



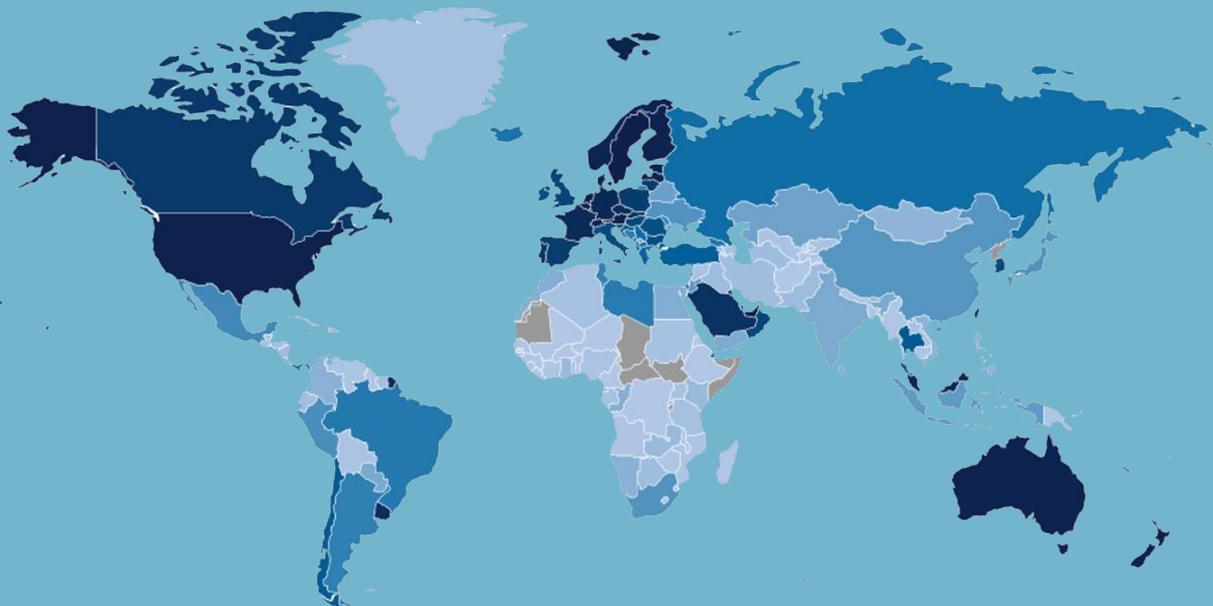


Lives improved
around the world
2.214 billion lives
improved in Q2 2018¹



Source: Philips Annual Report 2017 – global distribution of Philips ‘Lives Improved’ metric
1 Color coded by percentage of country population

Lives improved
around the world
2.2 billion lives
improved in 2017¹



Royal Philips in 2017



2.2
billion
lives improved¹

EUR
1.76 billion
invested in R&D

62,000
patent rights
37,600
trademarks

USD 11.5 billion
brand value²

¹ Includes contribution of Philips Lighting
² As measured by Interbrand

Royal Philips in 2017



EUR 17.8
billion sales

More than 1/4
of sales from solutions

4%
comparable
sales growth

~74,000
employees in over 100 countries

Our businesses in 2017¹



Personal Health businesses



41% of Group sales

16.7% Adjusted
EBITA margin

Diagnosis & Treatment businesses



39% of Group sales

10.4% Adjusted
EBITA margin

Connected Care & Health Informatics businesses



18% of Group sales

11.8% Adjusted
EBITA margin

Sales of EUR 17.8 billion and Adjusted EBITA margin of 12.1%

¹ Other accounts for 2% of sales and includes HealthTech Other

Royal Philips

2017 sales per geographic cluster



