

Delivering innovation
that **matters to you**



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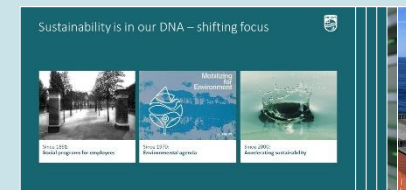
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1. A focused leader in health technology

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



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

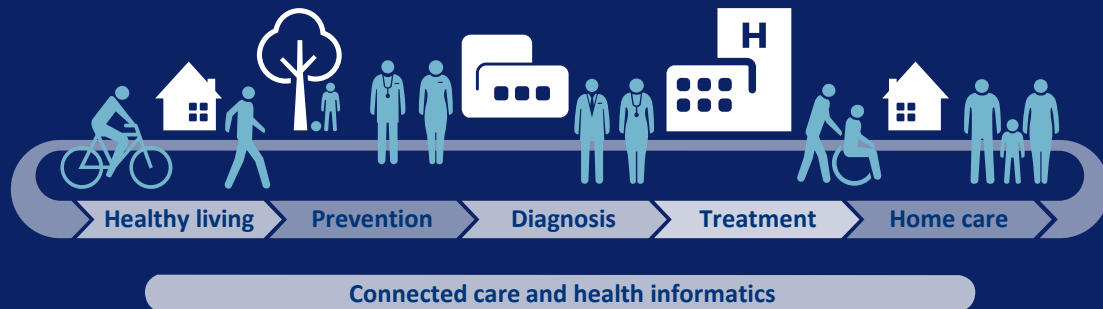
Solution

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



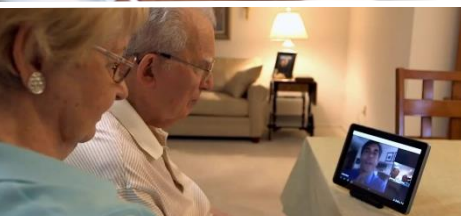
Removing
excess costs



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

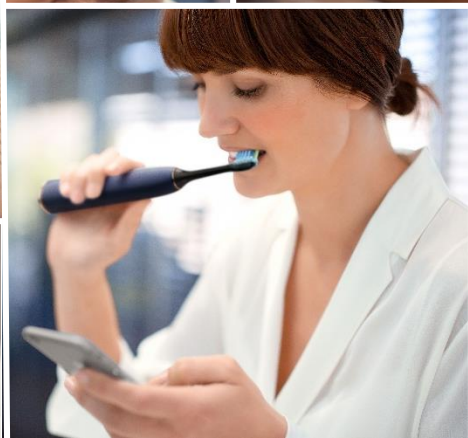
>60% of sales from leadership positions¹

Diagnosis & Treatment	Diagnostic imaging Global top 3	Ultrasound Global leader	Image-guided therapy systems Global leader	Image-guided therapy devices Global leader
	Patient monitoring Global leader	ICU telemedicine #1 in North America	Non-invasive ventilation ² Global leader	Personal emergency response #1 in North America
	High-end radiology and cardiology informatics #1 in North America			
	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		
Connected Care & Health Informatics				
Personal Health				

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

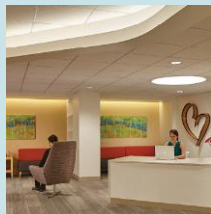
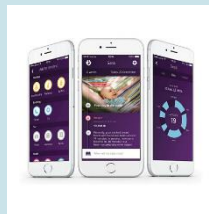
Philips consistently wins
more than **100 key design
awards** each year



red**dot** 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

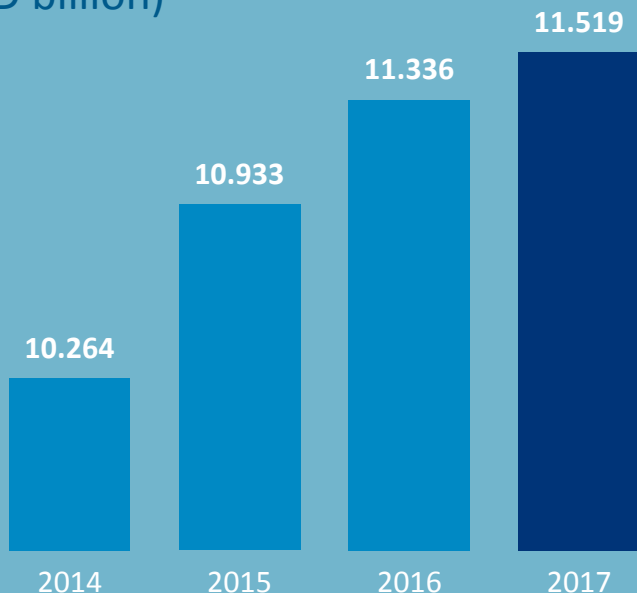
Balance sheet



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

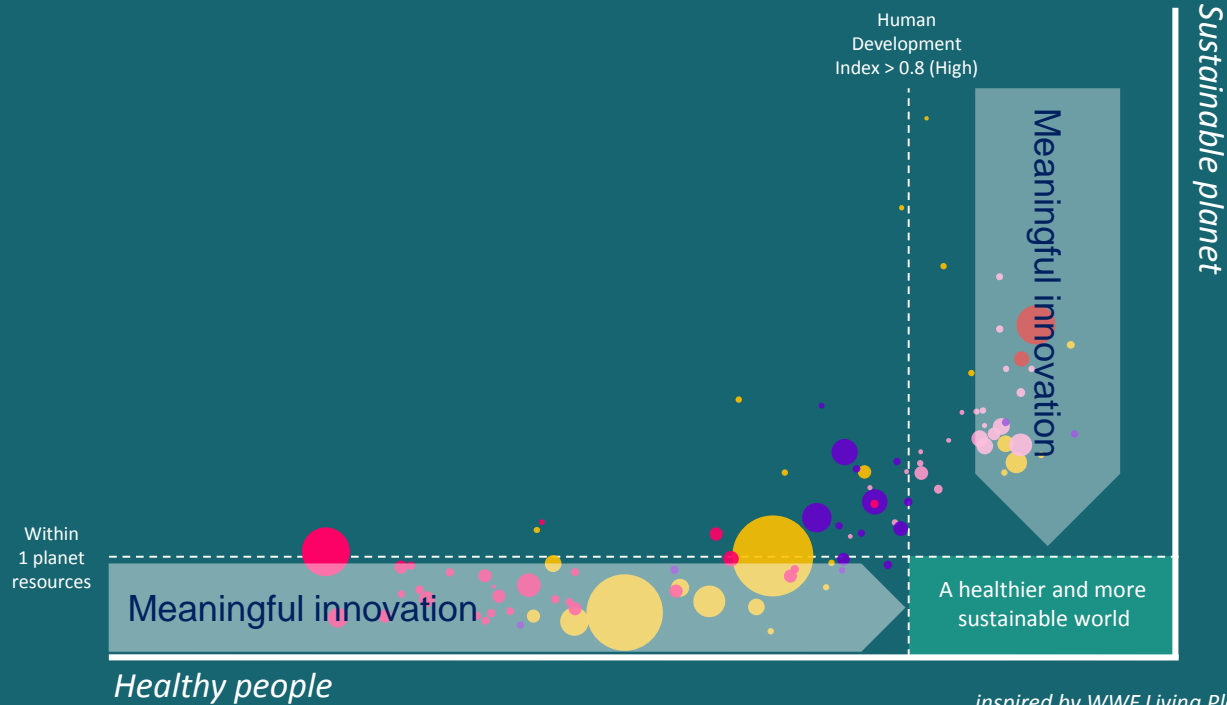


Since 1970:
Environmental agenda



Since 2000:
Accelerating sustainability

Healthy people, sustainable planet



inspired by WWF Living Planet Report

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



5. Philips Foundation



Philips
Foundation

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

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



Customer partnership

Unlocking the full potential of digital pathology for primary diagnostics

AZ Sint-Jan, Bruges, Belgium



Innovation

Delivering predictive care for at-risk patients in their homes

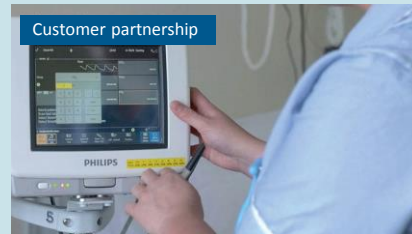
Philips CareSage



Sustainability

Partnering to provide care for underserved populations

IMEC, Andover, Massachusetts, USA



Customer partnership

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

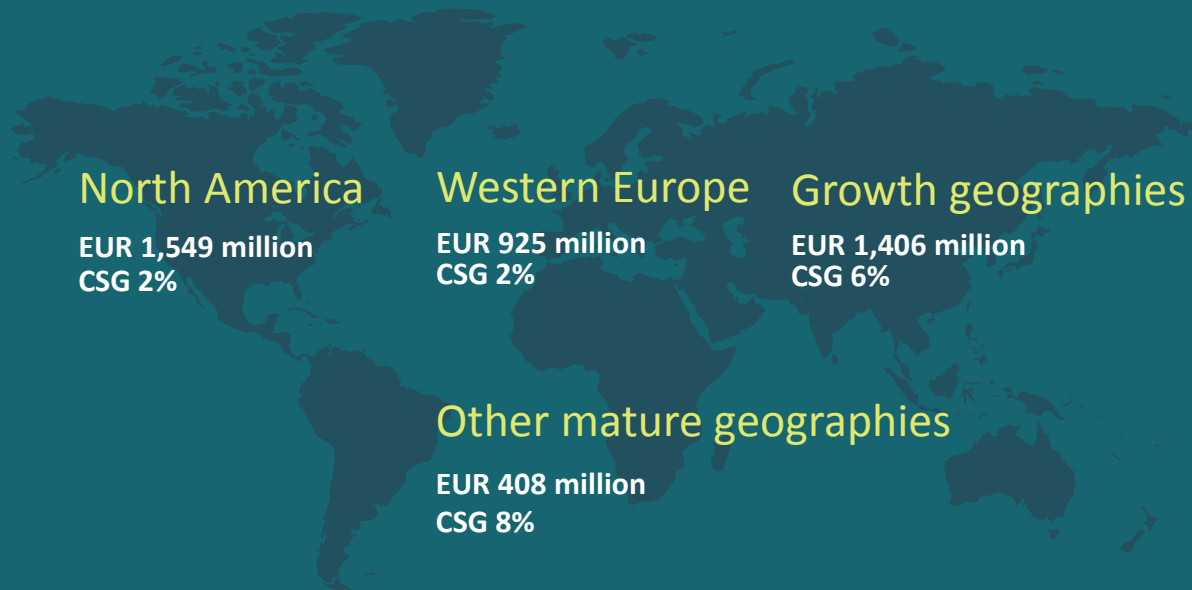
17.0% Adjusted EBITA margin

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

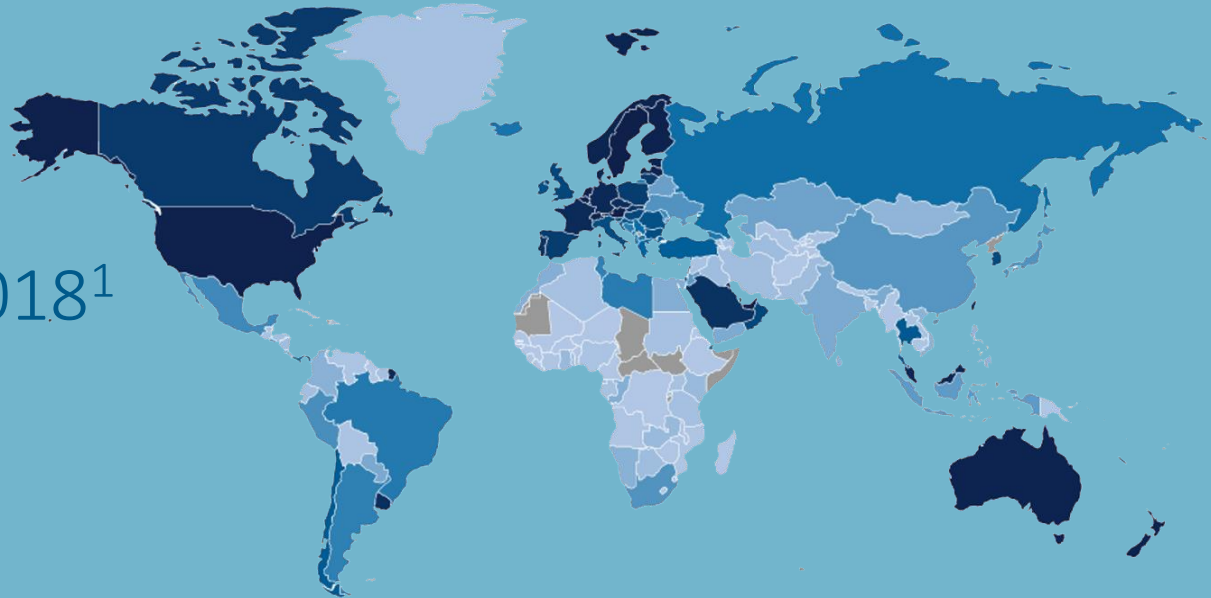
¹ The segment Other accounts for 2% of sales

Royal Philips

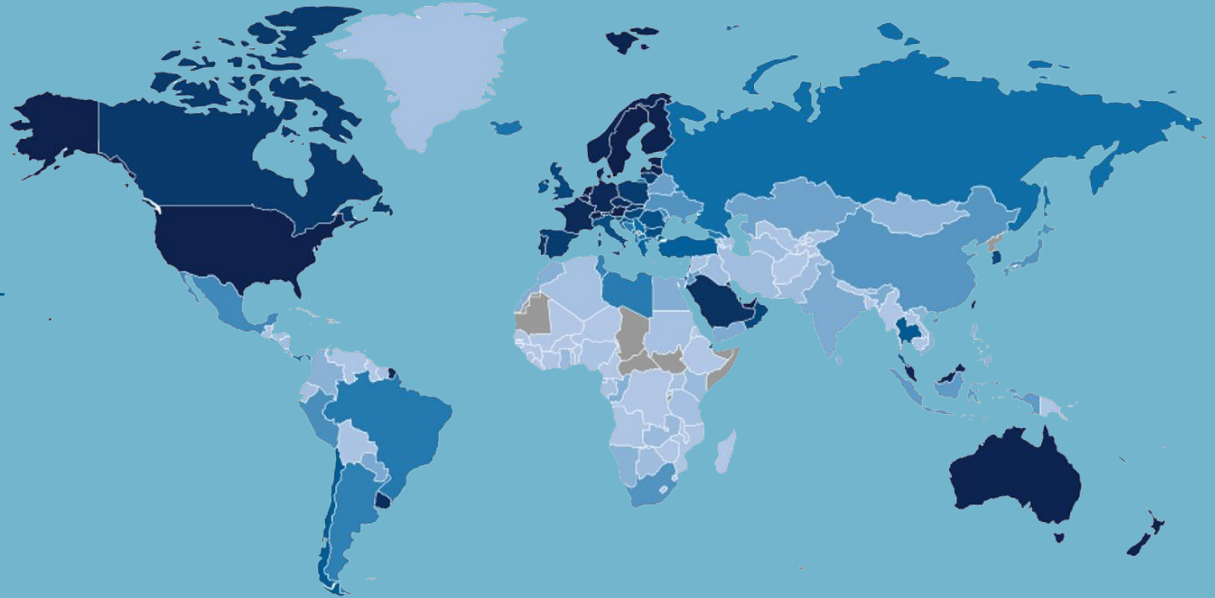
Q2 2018 sales per geographic cluster



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



Lives improved
around the world
2.2 billion lives
improved in 2017¹



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

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

