

PHILIPS

www.philips.com

Delivering innovation that **matters to you**

January 29, 2019

innovation  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



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

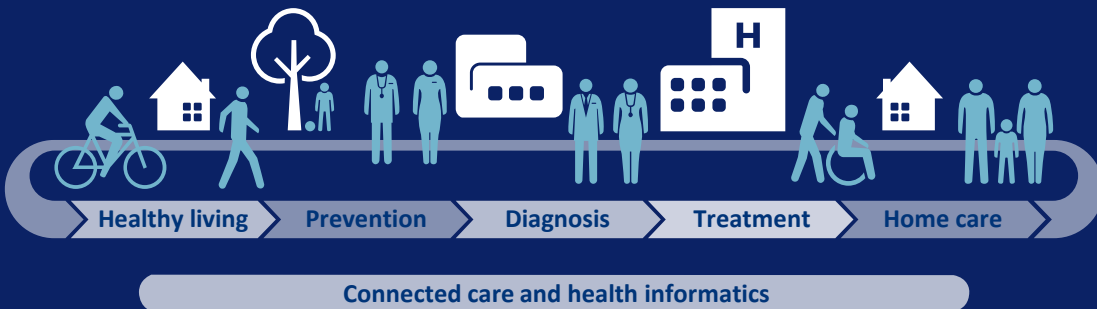
Solution

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.



Addressing the Quadruple Aim



Improved patient experience

Improving the patient
experience of care (including
quality and satisfaction)



Better health outcomes

Improving the health of
individuals and populations



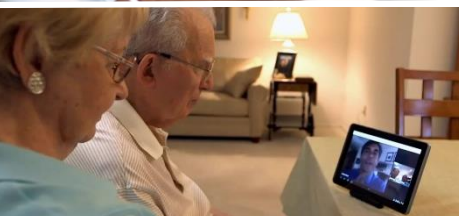
Improved staff experience

Improving the work life
of health professionals



Lower cost of care

Reducing the per capita
cost of healthcare



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





Winning propositions (2018)

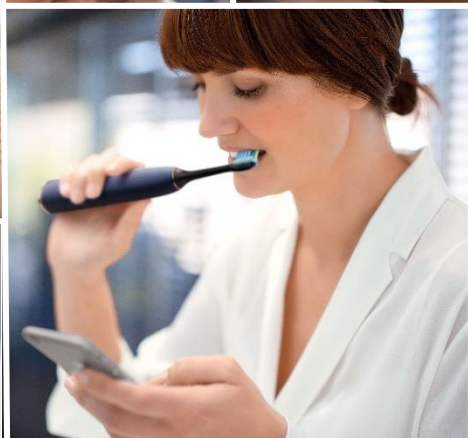
>60% of sales from leadership positions¹

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 ventilation² 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

¹ Leadership position refers to #1 or #2 position in Philips addressable market, as per Capital Markets Day 2018. Effective Q1 2019, Philips' reporting structure will change as per [announcement](#) of January 10, 2019.

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 1.8 billion
invested in R&D in 2018

65,000 patents

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

**2018 Top 100
Global Innovator**

for the sixth 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

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



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

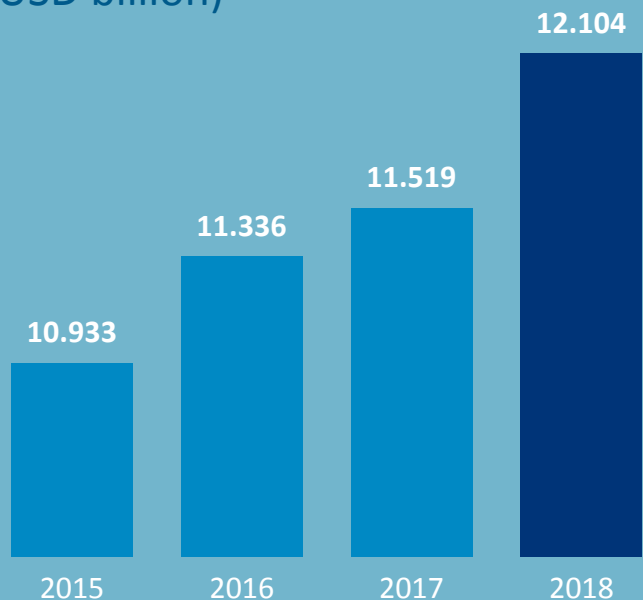
Balance sheet



In 2018, Philips' **brand value** continued to rise

Most valuable Dutch brand

Interbrand Best Global Brands valuation
(USD billion)



Brand value

USD 12.1
billion

Interbrand ranking

#43

4. Healthy people, Sustainable planet

Sustainability is in our DNA – shifting focus



Since 1891:
Social programs for employees

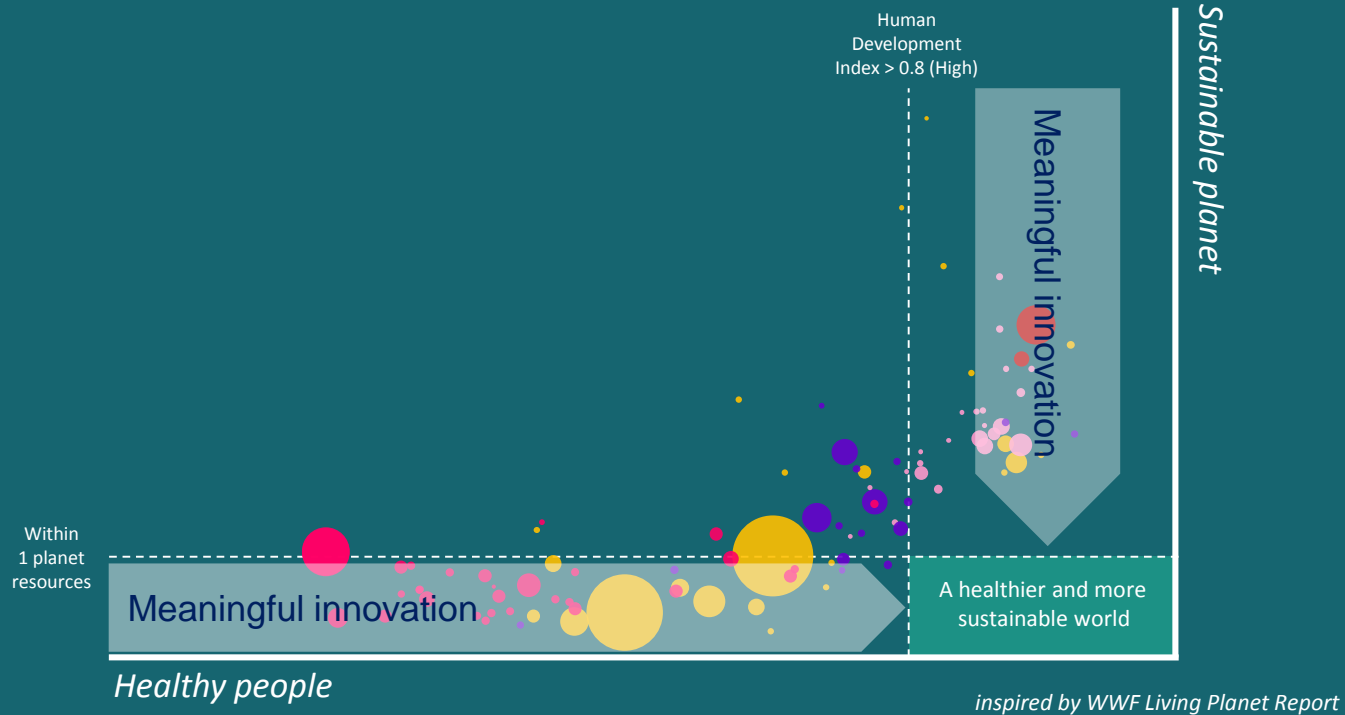


Since 1970:
Environmental agenda



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 include:



Access to care for the underserved

- Improve the lives of 300 million people a year in underserved healthcare communities by 2025



Sustainable use of materials

- Generate 15% of sales from circular products and services
- Increase Green Revenues to 70% of sales
- Recycle 90% of operational waste and send zero waste to landfill
- Close the loop on all large medical systems equipment that becomes available to us, and extend circular practices to all medical equipment by 2025



Sustainable use of energy

- Become carbon-neutral in our operations, using 100% renewable electricity



Other targets

- 95% of Philips' sales linked to the Sustainable Development Goals
- Strive for a zero-injury, zero-illness work environment
- Collaborative approach to drive structural improvements across our extended supply chain

A technician in a blue shirt is working on a large, circular medical device, likely an MRI scanner. The device has a complex, multi-layered structure with many small components. The technician is looking at the device with a focused expression.

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 ranked #2 in the Health Care Equipment & Services industry group in the 2018 Dow Jones Sustainability Index and were placed on the 2018 CDP Climate Change A List – the sixth year in a row



Dow Jones
Sustainability Indexes



5. Philips Foundation



Philips
Foundation

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

6. Case studies

Case studies

Showing our true impact



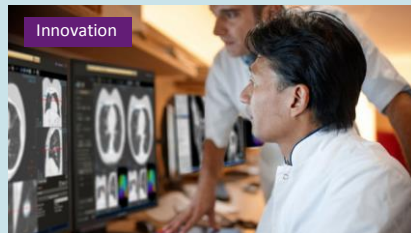
Collaborating to address heart disease in Finland

Tays Heart Hospital,
Finland



15-year partnership provides Reinier de Graaf with latest innovations in imaging

Reinier de Graaf,
The Netherlands



One patient, one overview

IntelliSpace Portal



Helping tired people get the sleep they need

Philips SmartSleep

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 2018



EUR 18.1
billion sales

More than 1/4
of sales from solutions

5%
comparable
sales growth

~77,000
employees in over 100 countries

Royal Philips in 2018



2.24
billion

lives improved¹

EUR
1.8 billion
invested in R&D

65,000
patent rights
39,400
trademarks

USD 12.1 billion
brand value²

¹ Includes contribution of Signify

² As measured by Interbrand

Our businesses in 2018¹



Diagnosis & Treatment businesses



40% of Group sales

11.6% Adjusted
EBITA margin

Connected Care & Health Informatics businesses



17% of Group sales

11.1% Adjusted
EBITA margin

Personal Health businesses



40% of Group sales

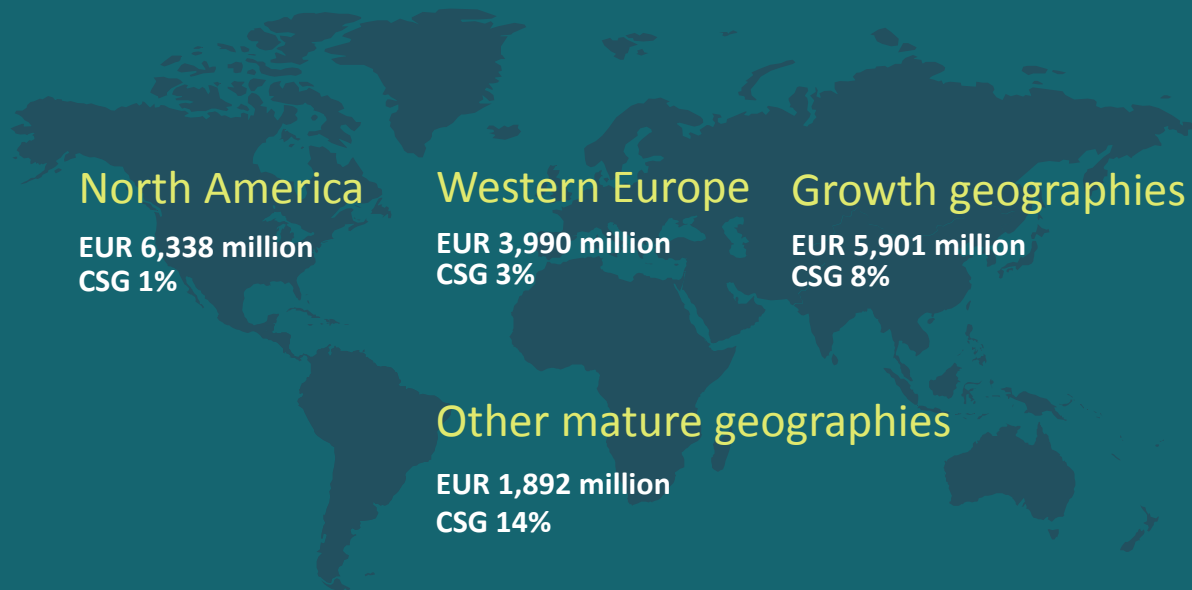
16.8% Adjusted
EBITA margin

Sales of EUR 18.1 billion and Adjusted EBITA margin of 13.1%

¹ Segment Other accounts for 3% of sales

Royal Philips

2018 sales per geographic cluster



Lives improved
around the world
2.24 billion lives
improved in Q4 2018¹

