

PHILIPS

www.philips.com

Delivering innovation that **matters to you**

July 22, 2019

innovation  you



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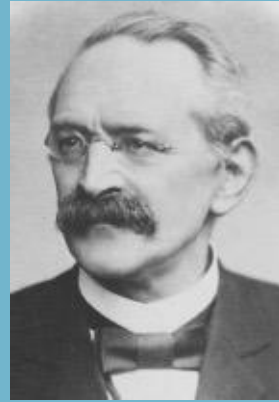
1. A focused leader in health technology



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 2030

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

Helping our customers address 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

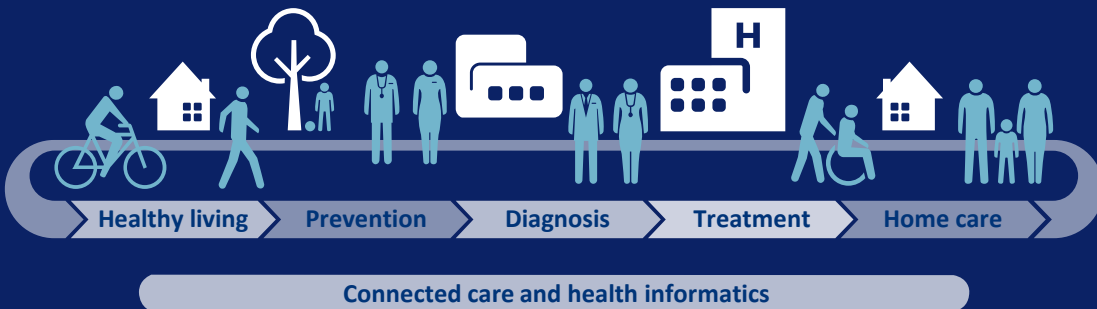


Lower cost of care

Reducing the per capita cost of healthcare

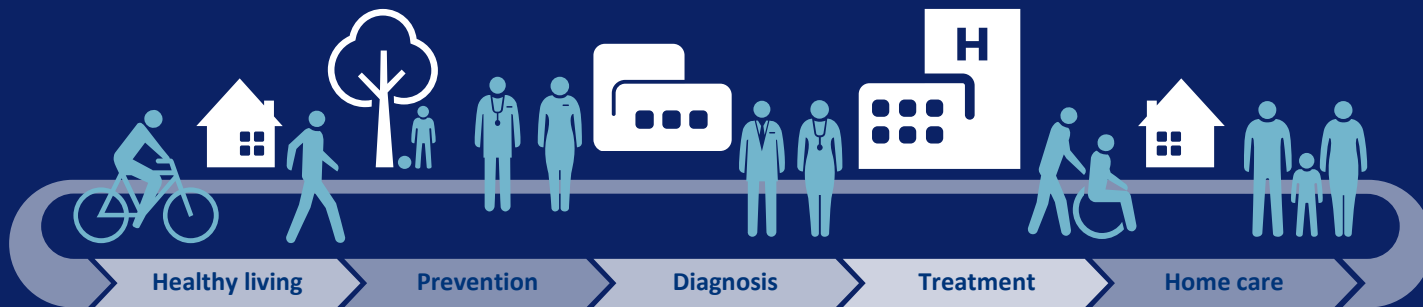
Ready to take on the healthcare challenge

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.



Focused on customer needs

The health continuum is at the center of our strategy

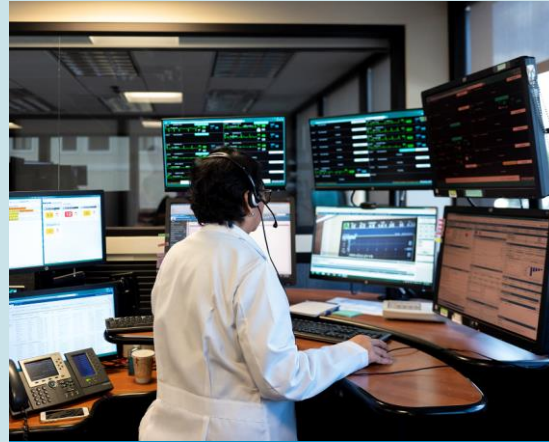


Operating across the health continuum



Diagnosis & Treatment

Focuses on solutions for precision diagnosis, disease pathway selection, and image-guided, minimally invasive treatments



Connected Care

Focuses on patient care solutions, advanced analytics and patient and workflow optimization inside and outside the hospital

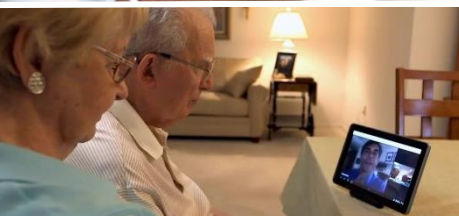


Personal Health

Focuses on healthy living and preventative care

Businesses aligned with customer needs

	Focus areas	Products and solutions
Diagnosis & Treatment	<ul style="list-style-type: none">• Precision diagnosis• Treatment selection and planning• Image-guided minimally invasive therapy	<ul style="list-style-type: none">• Diagnostic imaging and ultrasound• Digital and computational pathology• Informatics for Radiology, Oncology, Cardiology• Interventional imaging, navigation and devices• Services (managed services, consultancy, etc.)
Connected Care	<ul style="list-style-type: none">• Patient care and workflow management• Population health management• Chronic disease management	<ul style="list-style-type: none">• Telehealth, patient monitoring and analytics• Hospital and clinical informatics platforms• Emergency care and resuscitation• Sleep, breathing and respiratory care• Services (managed services, consultancy, etc.)
Personal Health	<ul style="list-style-type: none">• Healthy living and prevention• Personal care• Digital consumer engagement	<ul style="list-style-type: none">• Oral care• Mother and child care• Male grooming and beauty• Home appliances• Services (re-ordering, support, coaching, etc.)



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

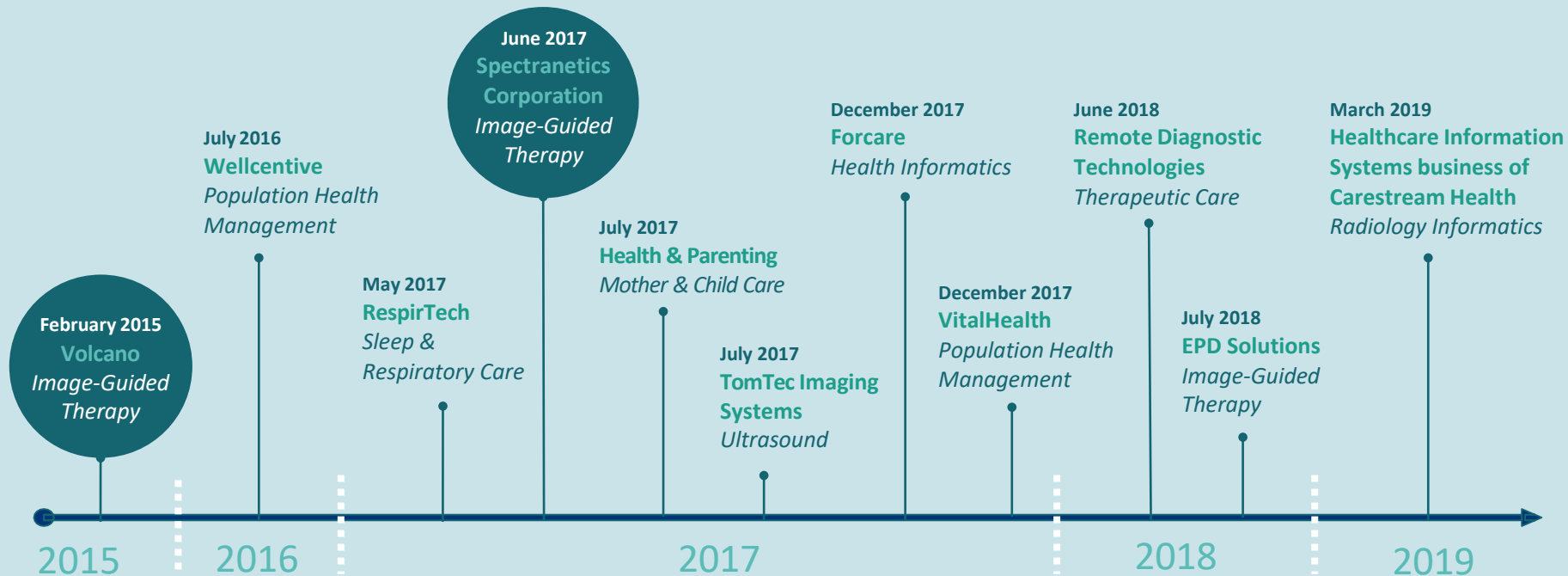


Long-term
strategic
partnerships
enable us to find
the answers to
the challenges
our customers
are facing –
together

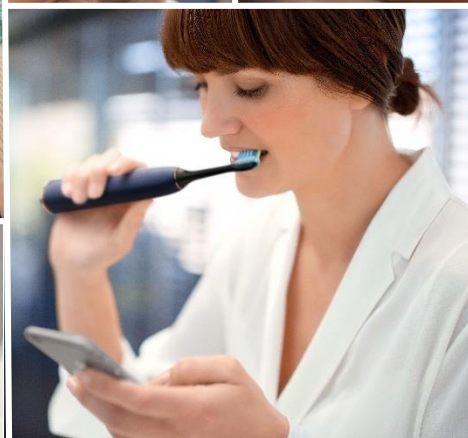
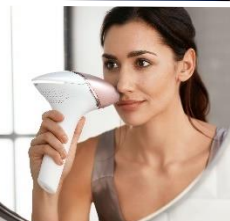


Selected acquisitions*

Expanding our capabilities in health technology



* This overview is not exhaustive; see Notes for details of these and other acquisitions



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

Approximately
1 out of 2
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



The Future Health Index helps to determine the **readiness of countries** to address global health challenges and build sustainable, fit for purpose, national health systems.

2019 research focuses on **patient and healthcare experiences**.

www.philips.com/futurehealthindex-2019

The Future Health Index is commissioned by Philips





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

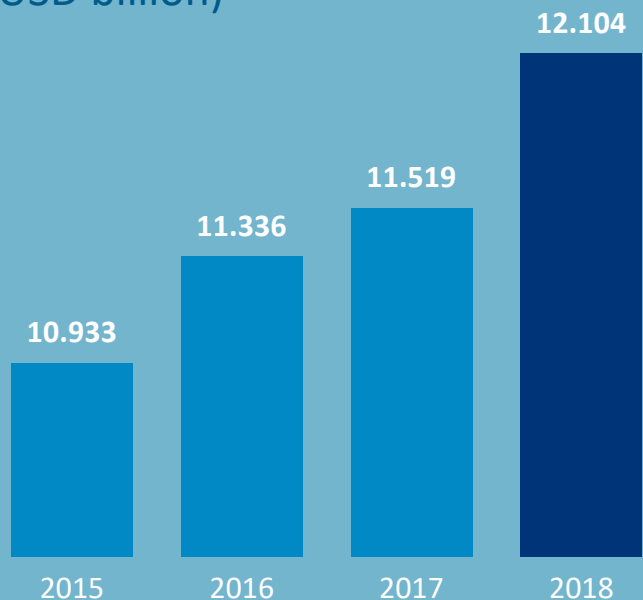
Balance sheet



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

Sustainable development has always been a priority for Philips



Since 1891:
Social programs for employees



Since 1970:
Environmental agenda

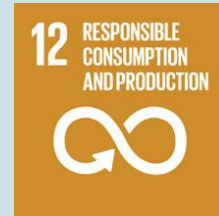


Since 2000:
Accelerating sustainability

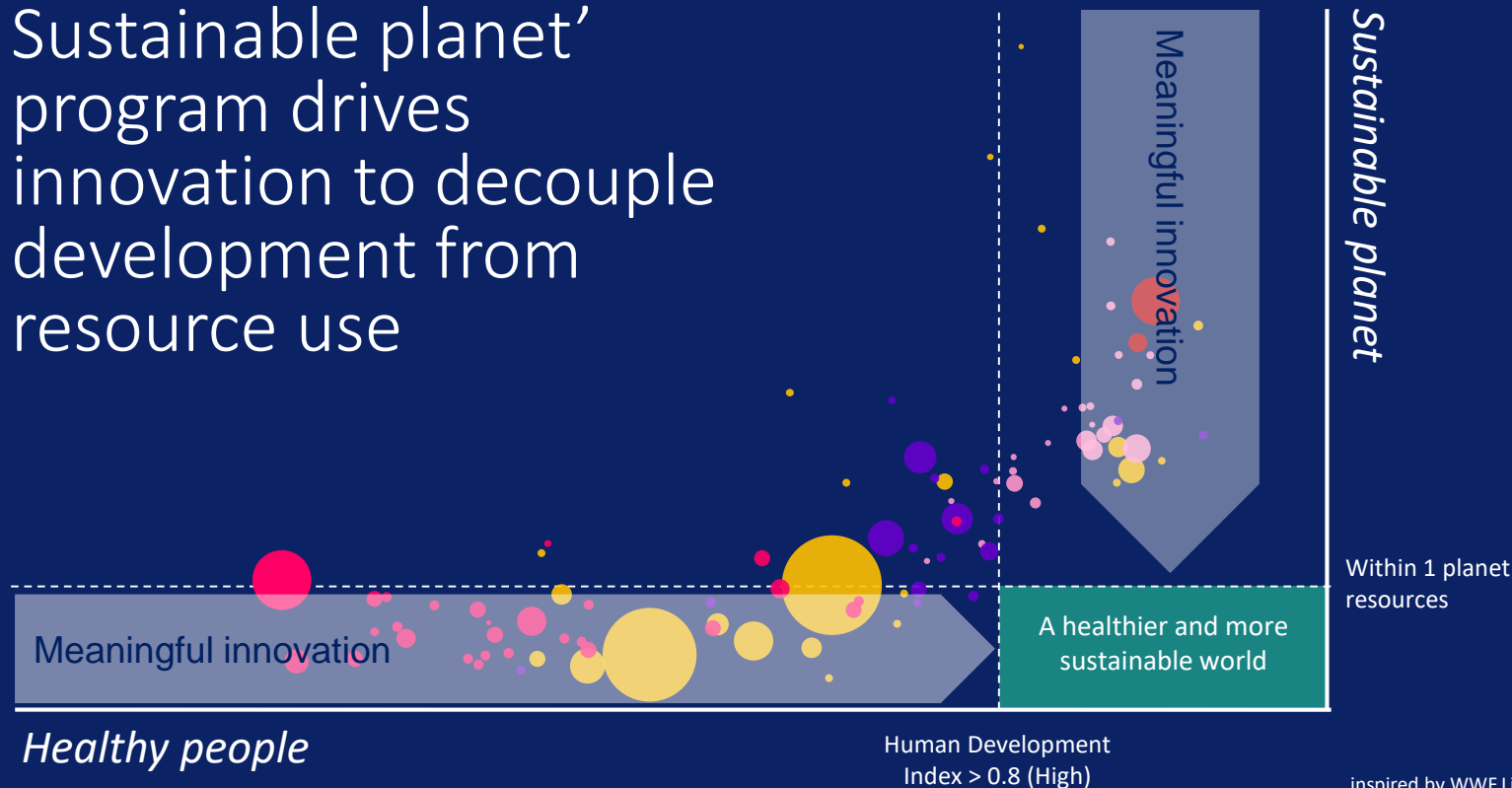
“At Philips, we fully embrace sustainability, because of its benefits for society, and because we believe that it is a driver for economic growth. That’s why sustainability is an integral part of our company strategy.

Our ‘Healthy people, Sustainable planet’ program reflects our commitment to the universally agreed United Nations’ Sustainable Development Goals.”

Frans van Houten, CEO Philips



Our 'Healthy people,
Sustainable planet'
program drives
innovation to decouple
development from
resource use



Our action plan **supports the UN's global goals**

**Make the world healthier and more sustainable through innovation
Improve the lives of 3 billion people a year by 2030**

Healthy people, Sustainable planet

Health and well-being for all (SDG 3)

Financially sustainable care

- Value-based care
- Prevention
- Move to digital
- From products to solutions

Access to care for the underserved

- Locally relevant innovations
- CLC roll-out
- Prove impact to local governments

Sustainable consumption and production (SDG 12) Climate action (SDG 13)

Sustainable use of materials

- Circular product and service design
- Green portfolio
- Close loops
- No landfill

Sustainable use of energy

- Reduce emissions (logistics and travel)
- Energy efficiency
- Green electricity
- Carbon offsetting

Our ambitious objectives

Improve 3 billion lives per year by 2030, and...



Access to care for the underserved

- Improve the lives of 400 million people a year in underserved healthcare communities by 2030



Sustainable use of materials

- Generate 15% of sales from circular products and services by 2020
- Recycle 90% of operational waste and send zero waste to landfill by 2020
- Close the loop on all large medical systems equipment that becomes available to us by 2020, and extend circular practices to all medical equipment by 2025
- Increase Green Revenues to 70% of sales by 2020



Sustainable use of energy

- Become carbon-neutral in our operations, using 100% renewable electricity, by 2020



Supplier sustainability

- Collaborative approach to drive structural improvements across our extended supply chain



We are a **recognized leader** in sustainability

Philips is building on a strong reputation for environmental sustainability



Philips commits to become **carbon-neutral** in its operations by 2020



Philips recognized **Industry Leader** in the DJSI 2015, 2016, 2017; #2 in new industry in 2018



Recognized leader – Carbon Disclosure Project 2013, 2014, 2015, 2016, 2017, 2018



Award- winning transaction – Revolving Credit Facility with sustainability link



Philips is the world's first health technology company to have its CO₂ targets approved by the Science Based Targets initiative



Frans van Houten co-chairs PACE with heads of GEF and UNEP; won the Circular Award 2018 for circular economy leadership



Philips has **top scores** in **supplier rating platforms** (used by customers); **2018 Crystal Prize winner** for leading change in supply chain sustainability

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



**A new standard of care in
image-guided therapy**

Philips Azurion



**Detecting early signs of
patient deterioration in
general care settings**

Philips IntelliVue
GuardianSoftware



**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

Visit [Philips News Center](#) for all our case studies

7. Facts and figures

Philips in Q2 2019



6%

comparable
sales growth

EUR 4.7 billion sales

~78,000

employees in over 100 countries

Philips Sales in Q2 2019

6%

comparable sales
growth

Diagnosis & Treatment businesses

6%

 to EUR 2.1 billion

Connected Care businesses

6%

 to EUR 1.2 billion

Personal Health businesses

5%

 to EUR 1.4 billion

Philips

Q2 2019 sales per geographic cluster

North America

EUR 1,742 million
CSG 5%

Western Europe

EUR 964 million
CSG 4%

Growth geographies

EUR 1,509 million
CSG 9%

Other mature geographies

EUR 456 million
CSG 9%

Our businesses over the last 12 months¹

Diagnosis & Treatment businesses



43% of Group sales

12.0% Adjusted
EBITA margin

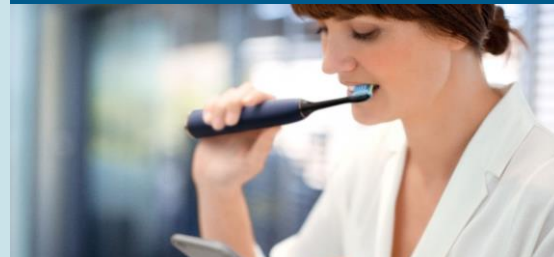
Connected Care businesses



24% of Group sales

13.7% Adjusted
EBITA margin

Personal Health businesses



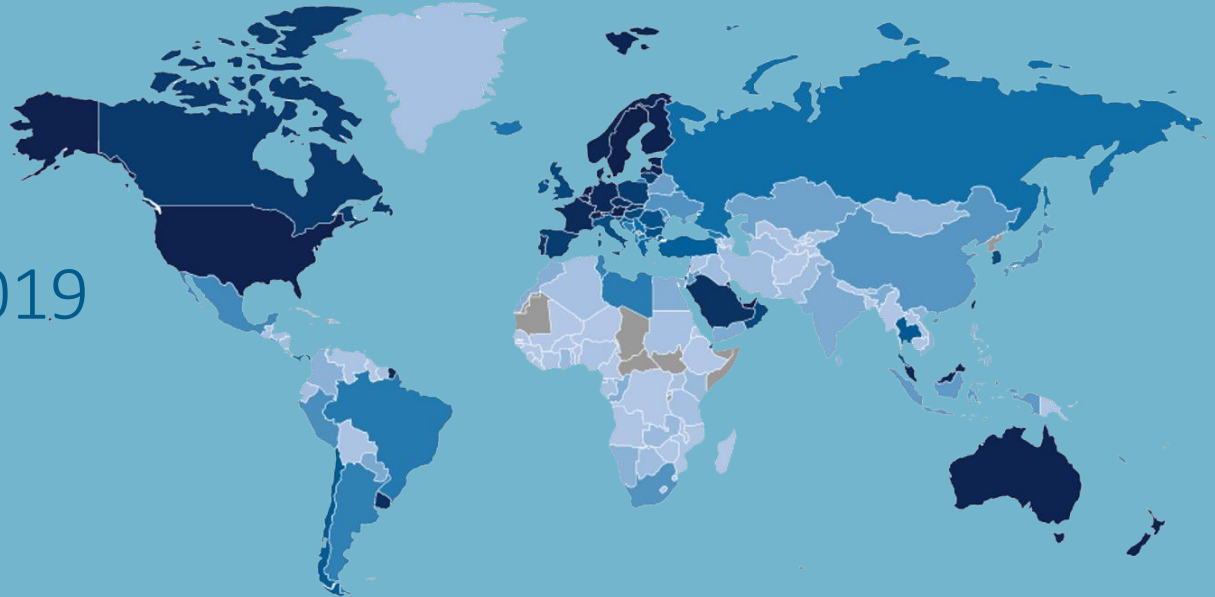
30% of Group sales

15.4% Adjusted
EBITA margin

Sales of EUR 18.7 billion and Adjusted EBITA margin of 13.1%

¹ The segment Other accounts for 3% of sales

Lives improved
around the world
1.54 billion lives
improved in Q2 2019



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

Philips in 2018



1.54
billion

lives improved

EUR
1.8 billion
invested in R&D

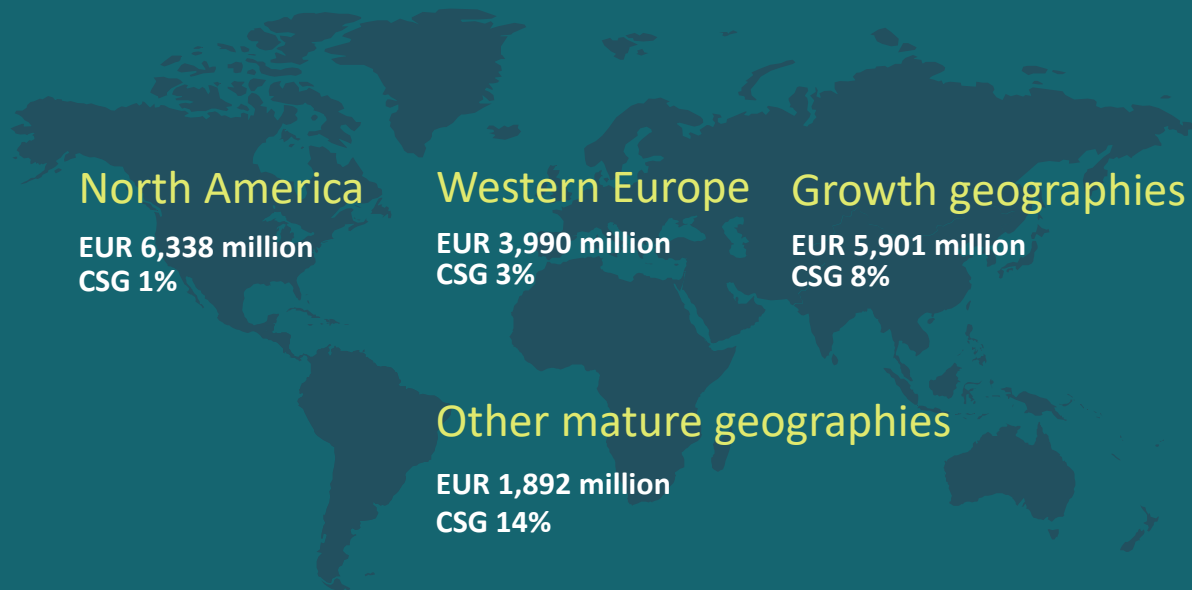
65,000
patent rights
39,400
trademarks

USD 12.1 billion
brand value¹

¹ As measured by Interbrand

Philips

2018 sales per geographic cluster



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

