

PHILIPS

www.philips.com

Delivering innovation that **matters to you**

July 20, 2020

innovation  you





COVID-19 and Philips



COVID-19 is a top priority for Philips and all its employees. The company has mobilized its global resources to fulfill Philips' triple duty of care: continuing to meet critical customer needs, safeguarding the health and safety of its employees, and ensuring business continuity.

The complete statement by Philips CEO Frans van Houten can be found on [Philips' global news center](#).

COVID-19: delivering against our triple duty of care



Central and regional task force teams

Safeguarding health & safety of our employees

- Personal hygiene measures and safety protocols
- Working from home protocol
- Safe environment for production, supply, field service and certain R&D activities
- Personal Protective Equipment (PPE)

Meeting critical customer needs

- Production volumes ramp-up
- Delivery and installation of critical equipment
- Fair and ethical allocation of scarce equipment and supplies
- Customer services
- Updated clinical guidance

Ensuring business continuity

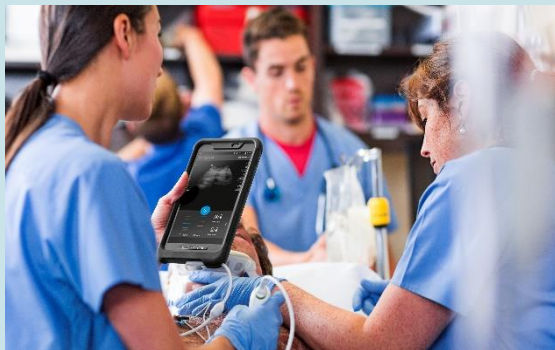
- Business Continuity Management System
- Functional operations and supply chain
- Commercial processes

Our products, services and solutions can support healthcare providers in the fight against COVID-19



- Vital signs patient monitors
- Invasive and non-invasive hospital ventilators

**New Philips
Respironics E30**



- Computed tomography (CT)
- Mobile diagnostic X-ray
- Point-of-care ultrasound
- Advanced informatics



- Central monitoring of ICU patients (Tele-ICU)
- Telehealth programs for remote screening and monitoring
- Tele-pathology
- Interoperability applications

See also www.philips.com/covid19

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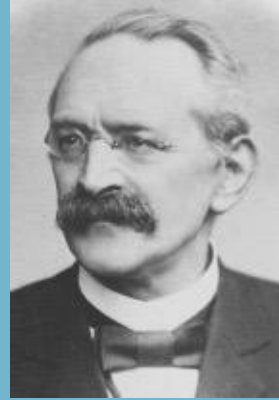


1. A focused leader in health technology

Philips, a born innovator

For over 128 years,
we have been
improving people's
lives with a steady
flow of ground-
breaking innovations

The founding fathers of Philips



Frederik



Gerard



Anton



Philips has reinvented itself many times

Founded on innovation
and entrepreneurship



Expanding
beyond lighting



Global expansion
post-WWII



Diversified industrial
conglomerate



Strategic portfolio
choices sharpening focus



Our journey
continues...



Products come and go...
Technologies change...

But Philips is still about one thing:
**Creating meaningful innovation
that improves people's lives**



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



Better health outcomes

Improving the health of
individuals and populations



Improved patient experience

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



Improved staff experience

Improving the work life
of health professionals

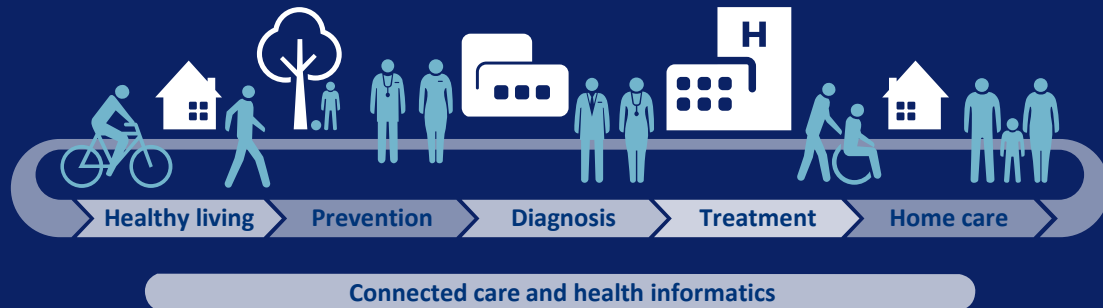


Lower cost of care

Reducing the per capita
cost of healthcare

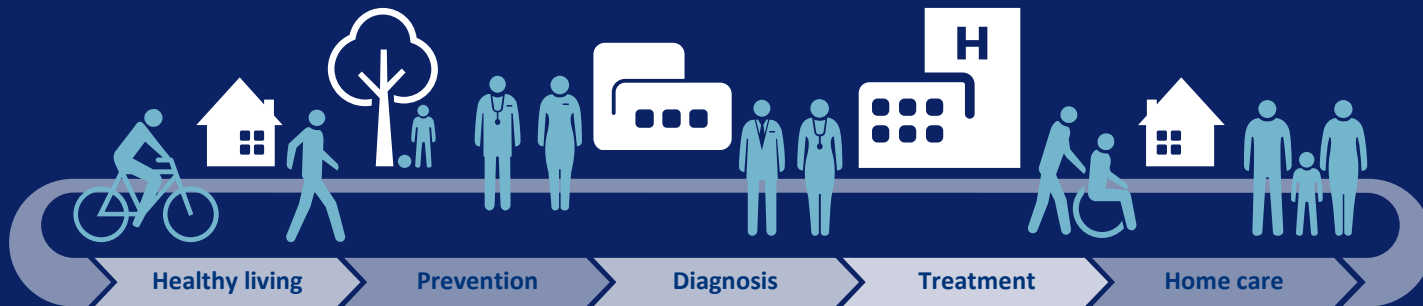
Taking on the healthcare challenge

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

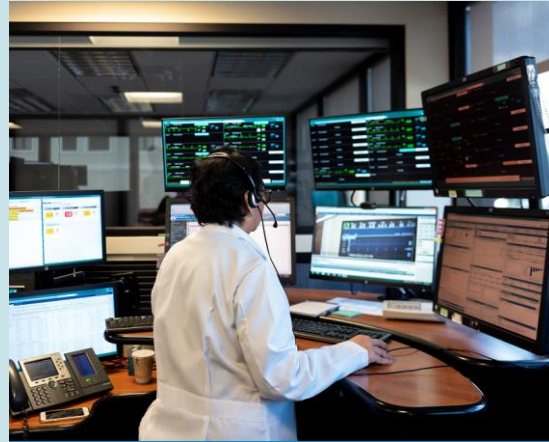


Operating across the health continuum



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



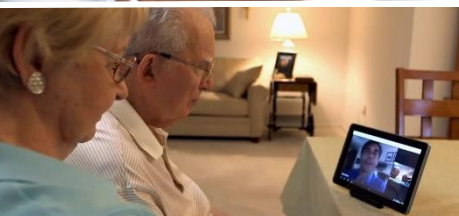
Personal Health

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 • Domestic appliances* • Services (re-ordering, support, coaching, etc.)

* As per announcement of January 28, 2020, Philips will review options for future ownership of its Domestic Appliances business.



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

Innovative integrated solutions

Developed to better meet customer needs and capture greater value

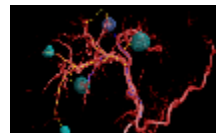
Image-guided therapy solutions



Image-guided therapy systems



Smart catheters



Disease-specific navigation software



Cath lab managed, services, consulting

Early warning of patient deterioration



Monitoring



Wireless measurement, biosensors



IntelliVue Guardian software



Integration, services, consulting

Total sleep management solutions



Dream Series therapy devices



Care Orchestrator Care Management Platform



Patient services



DreamMapper patient engagement

Our services for better outcomes at lower cost



Plan and design



“Help me understand what I need to do and why”

Our **planning services** help you achieve your strategic objectives and assist in making decisions that impact your department, hospital or facility.

Implement and integrate



“Help me and my organization get up and running with something new”

Our portfolio of **implementation services** helps you deploy new technology in a sustainable fashion, with minimum impact.

Monitor and optimize



“Help me perform over time and continuously improve”

With our **optimization services**, we can help you increase process efficiency and achieve continuous operational improvement.

Prevent and maintain



“Help me prevent and react when something goes wrong”

Our portfolio of **maintenance services** is dedicated to maximizing your technology uptime.

Upgrade and secure



“Help me stay current and secure”

Our portfolio of **upgrading services** assures that your technology is always current, secure and up-to-date for your specific situation.

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



Winning propositions

>60% of sales from leadership positions¹

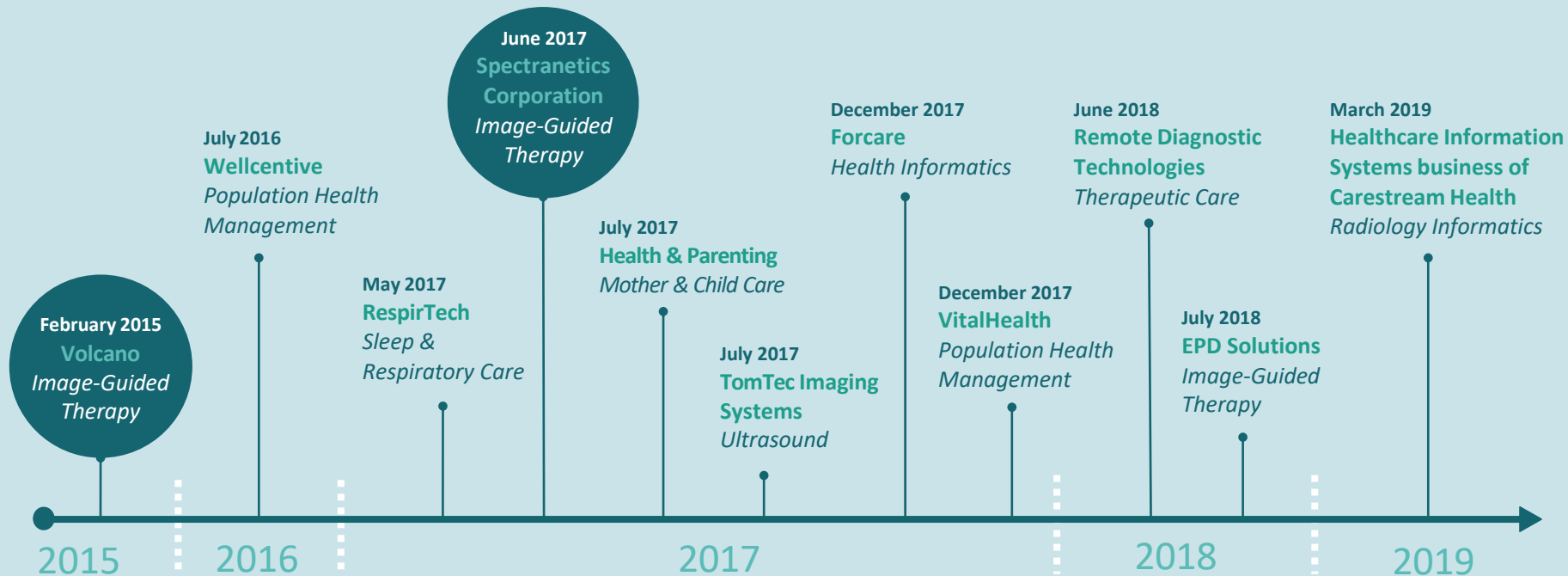
Diagnosis & Treatment	Ultrasound Global leader	Image-guided therapy systems Global leader	Image-guided therapy devices Global leader	Diagnostic imaging Global top 3	High-end radiology and cardiology informatics #1 in North America
	Patient monitoring Global leader	ICU telemedicine #1 in North America	Personal emergency response #1 in North America	Respiratory care ² Global leader	Sleep care Global leader
Connected Care					
Personal Health	Male grooming Global leader	Oral healthcare Global leader	Mother and child care Global leader	Domestic appliances Air, #1 in China	

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

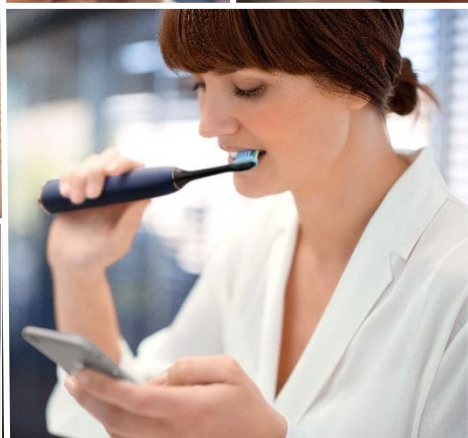
² Based on non-invasive ventilators for the hospital setting

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

More than 128 years of innovation

1905
First patent granted



1924
Introduction Metalix X-ray tube



1927
Acquisition of X-ray firm C.H.F. Müller



1927
First Philips radio with Miniwatt valve



1939
Introduction of rotary electric shaver



1947
First 100kV electron microscope



1950
First Philips TV



1956
First Philips image intensifier with TV



1976
Sono Diagnost B ultrasound



1979
Tomoscan whole-body CT scanner



1983
Gyroscan Nuclear Magnetic Resonance system



1989
Integris, Philips' first dedicated interventional system



2003
Philips Ambient Experience



2010
Lifeline AutoAlert automatic fall detection and alert system



2013
IQon Spectral CT computed tomography imaging system



2015
Philips Lumify portable ultrasound



2017
Azurion, Philips' next-generation image-guided therapy platform



2018
Philips IntelliSpace Portal



2019
Philips IntelliSite Pathology Solution





We turn
possibilities
into **great
innovations**

EUR 1.9 billion

invested in R&D in 2019

Approximately

1 out of 2

R&D personnel in software
and data science

64,500 patents

1,015 new patents

filed in 2019

Philips named

Derwent Top 100

Global Innovator™

for 7th year in a row

#1 medtech company

in Boston Consulting Group's 2020
'Top 50 most innovative companies'



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 the **impact of digital health technology** on the way healthcare professionals and patients experience healthcare.

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

Brand value > USD 11.5 billion 3 years in a row
Most valuable Dutch brand



2019 Interbrand Best Global Brands valuation

Brand value

**USD 11.7
billion**

Interbrand ranking

#49

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

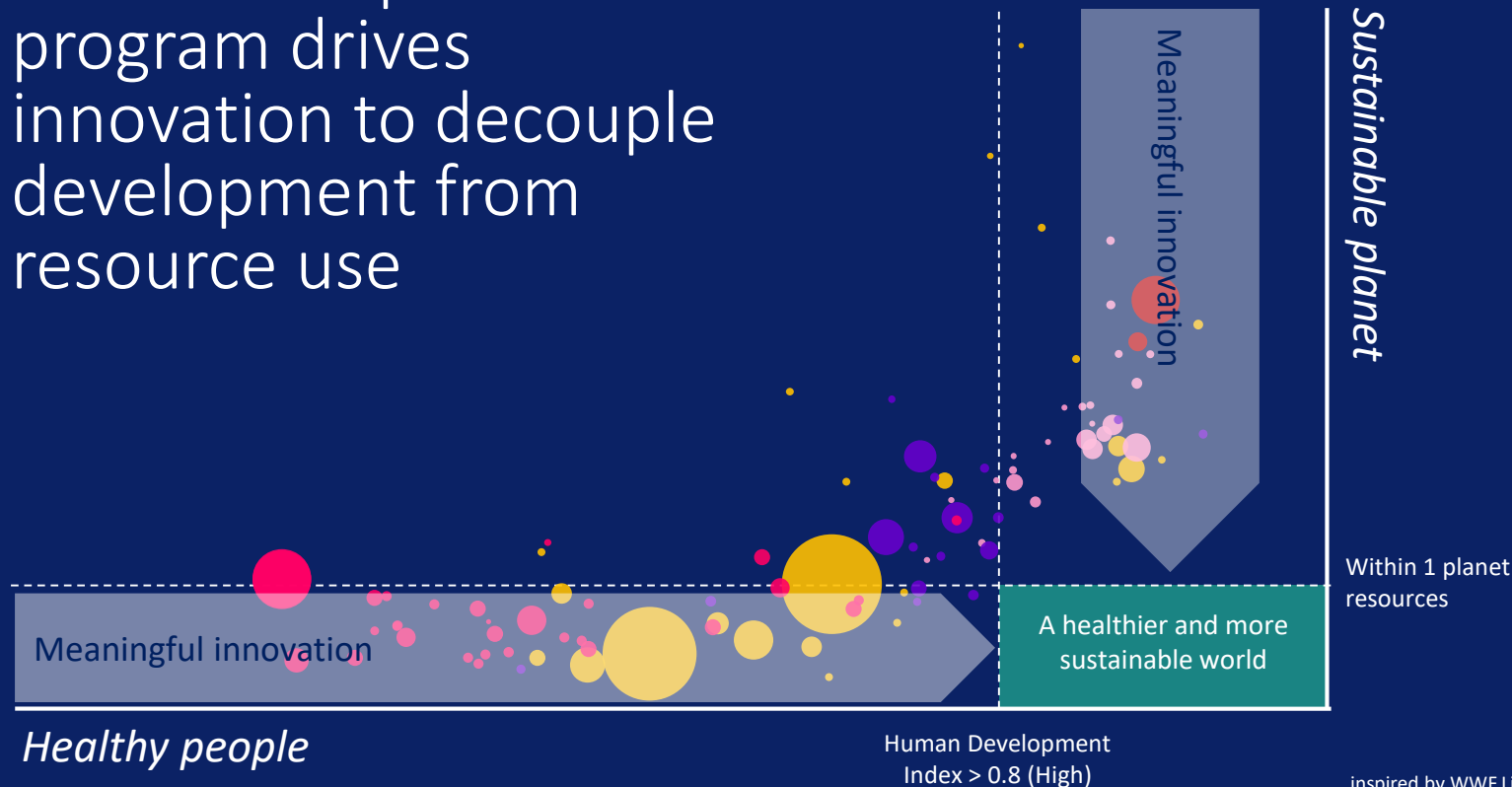
“Reflecting our commitment to the universally agreed United Nations’ Sustainable Development Goals, we continue to embed sustainability deeper into the way we do business.

We do this because of its benefits for society, and because we believe that it is a driver for economic growth.”

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)

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

**Value-based care /
Quadruple Aim**

**Access to care for
the underserved**

**Circular economy /
EcoDesign**

**Sustainable use of
energy and reduced
emissions**

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 and 2019



Recognized leader – Carbon Disclosure Project 2013, 2014, 2015, 2016, 2017, 2018, 2019



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



Customer partnership

Reducing alarm fatigue in the ICU

Tourcoing General Hospital,
France



Customer partnership

Pioneering digital pathology with a 21% productivity gain

Hospital Campus de la Salud, Granada, Spain



Customer partnership

Reducing hospital readmissions with integrated COPD care

Integrated COPD Care Initiative, Alabama, United States



Customer partnership

How digital pathology can save 19 working hours per day

LabPON, Hengelo, The Netherlands

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

7. Facts and figures

Philips in Q2 2020



**EUR
4.4 billion
sales**

-6%
comparable sales growth

~81,000
employees in over
100 countries



Philips
Sales
in Q2 2020

**EUR
4.4 billion**

Diagnosis & Treatment businesses

EUR 1.9 billion (-9%)

Connected Care businesses

EUR 1.3 billion (14%)

Personal Health businesses

EUR 1.1 billion (-19%)

Philips

Q2 2020 sales per geographic cluster

North America

EUR 1,604 million
CSG -10%

Western Europe

EUR 991 million
CSG 1%

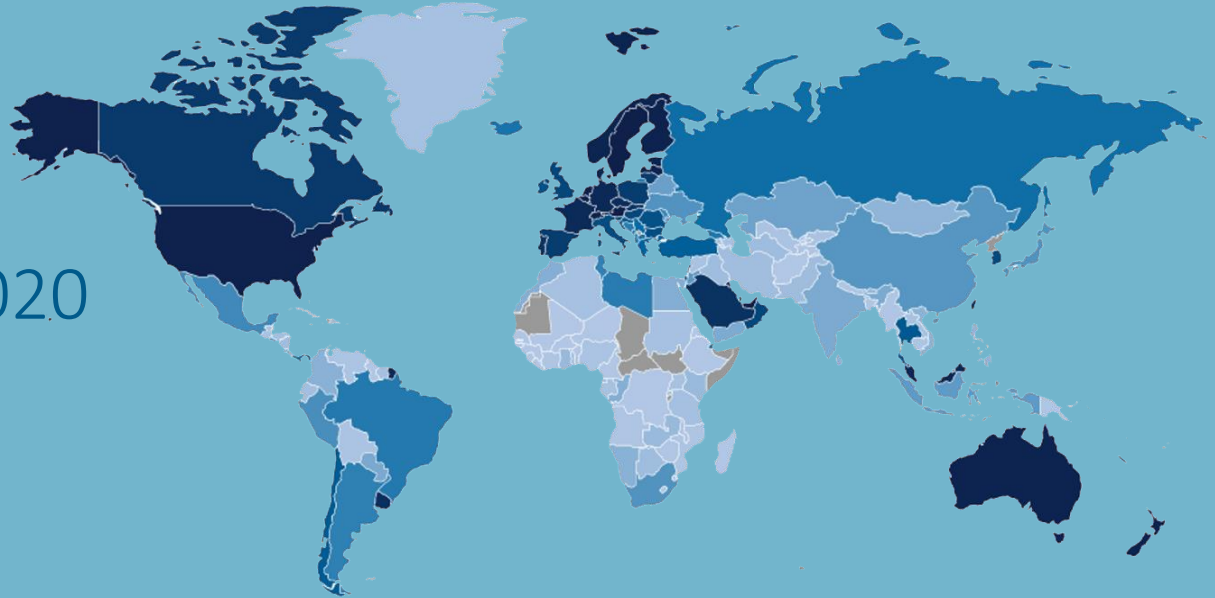
Growth geographies

EUR 1,362 million
CSG -6%

Other mature geographies

EUR 439 million
CSG -6%

Lives improved
around the world
1.65 billion lives
improved in Q2 2020



Our businesses over the last 12 months¹

Diagnosis & Treatment businesses



44% of Group sales

11.8% Adjusted EBITA margin

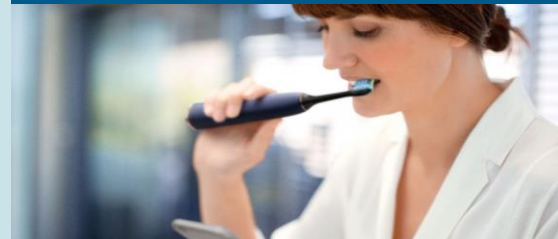
Connected Care businesses



26% of Group sales

14.9% Adjusted EBITA margin

Personal Health businesses



28% of Group sales

13.2% Adjusted EBITA margin

Sales of EUR 19.2 billion and Adjusted EBITA margin of 12.0%

Philips in 2019



EUR 19.5
billion sales

More than 1/3
of sales from solutions

4%
comparable
sales growth

~80,000
employees in over 100 countries

Philips in 2019



**1.64
billion**

lives improved

**EUR
1.9 billion**
invested in R&D

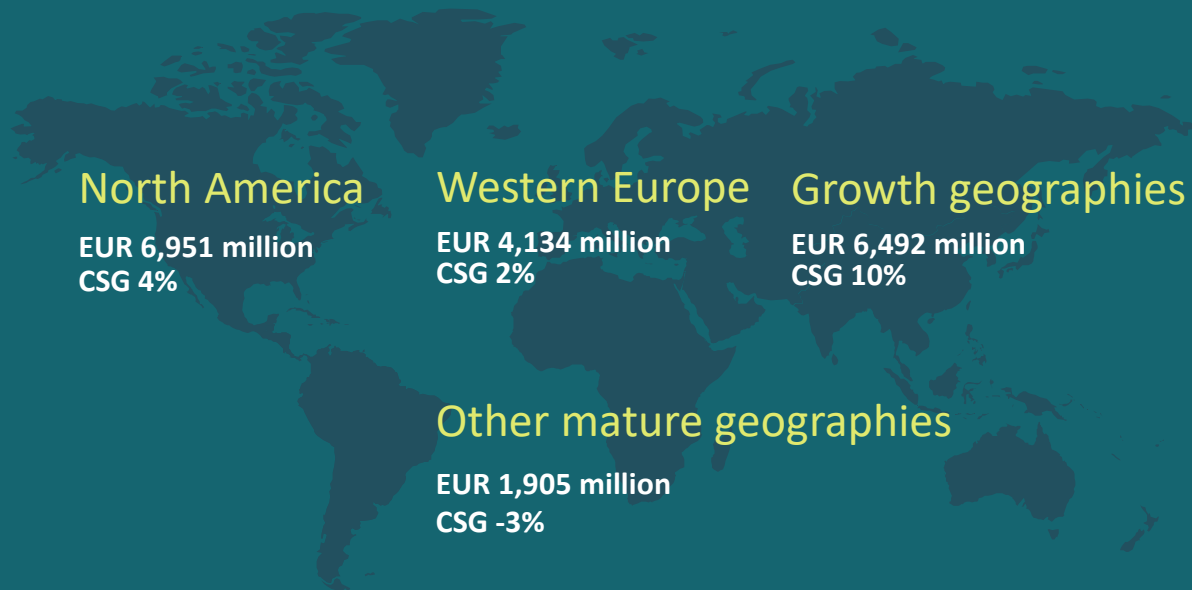
64,500
patent rights
39,000
trademarks

USD 11.7 billion
brand value¹

1 As measured by Interbrand

Philips

2019 sales per geographic cluster



Our businesses in 2019¹



Diagnosis & Treatment businesses



44% of Group sales

12.7% Adjusted EBITA margin

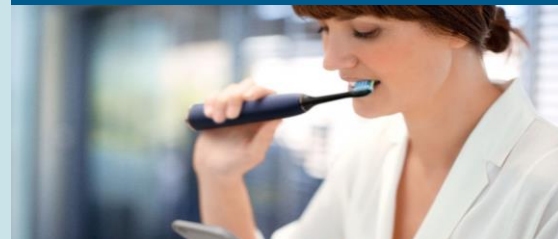
Connected Care businesses



24% of Group sales

13.2% Adjusted EBITA margin

Personal Health businesses



30% of Group sales

16.1% Adjusted EBITA margin

Sales of EUR 19.5 billion and Adjusted EBITA margin of 13.2%

¹ Segment Other accounts for 2% of sales

