



PHILIPS

Delivering innovation
that matters to you

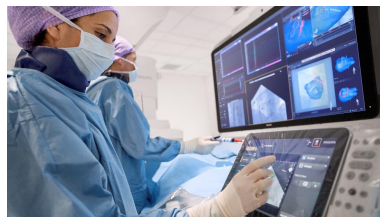
October 18, 2021

innovation  you

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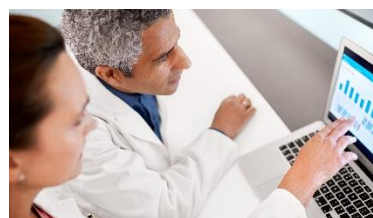
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1. A focused leader in health technology

Philips, a born innovator



For 130 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



It is our purpose to improve people's health and well-being through meaningful innovation.

We aim to improve the lives of 2.5 billion people per year by 2030*

* 2 billion by 2025



Our purpose — in full

As a leading health technology company, it is our purpose to improve people's health and well-being through meaningful innovation. We aim to improve 2.5 billion lives per year by 2030.

We will be the best place to work for people who share our passion, promoting personal development, inclusion and diversity.

Together we will deliver superior, long-term value to our customers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders.

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



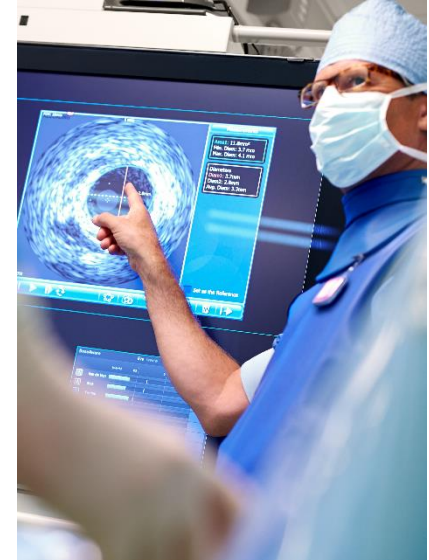
Global resource constraints



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**



**Improved
patient experience**



**Improved
staff experience**



**Lower
cost of care**



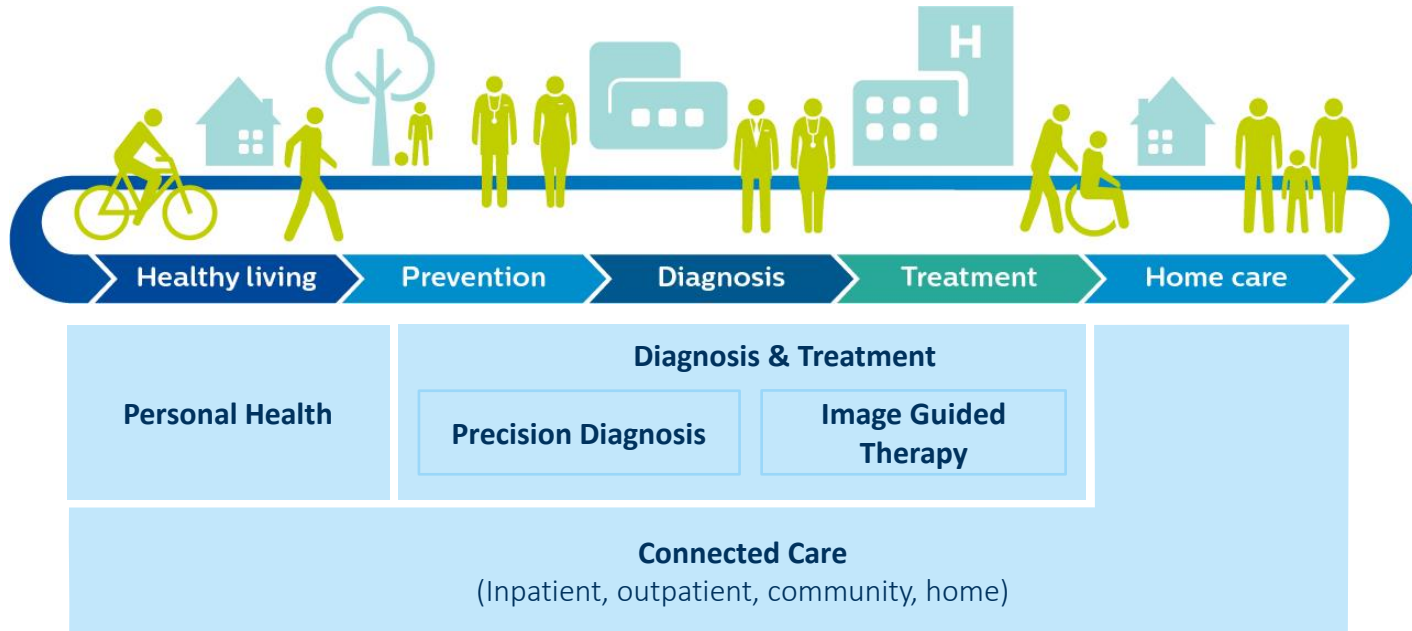
Taking on the healthcare challenge

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.



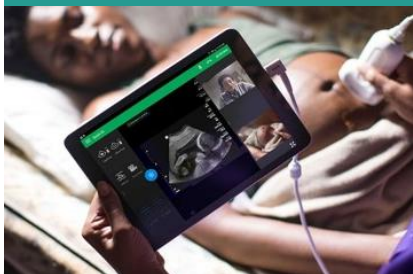
Focused on customer needs

The health continuum is at the center of our strategy



We have a strong and focused portfolio, driving innovative solutions that promote health and improve healthcare delivery

Diagnosis & Treatment



Precision Diagnosis

Provide smart, connected systems, optimized workflows, and integrated diagnostic insights, leading to clear care pathways and predictable outcomes



Image-Guided Therapy

Innovate minimally invasive procedures in a growing number of therapeutic areas with significantly better outcomes and productivity

Connected Care



Connected Care

Drive better care management by seamlessly connecting patients and caregivers from the hospital to the home

Personal Health

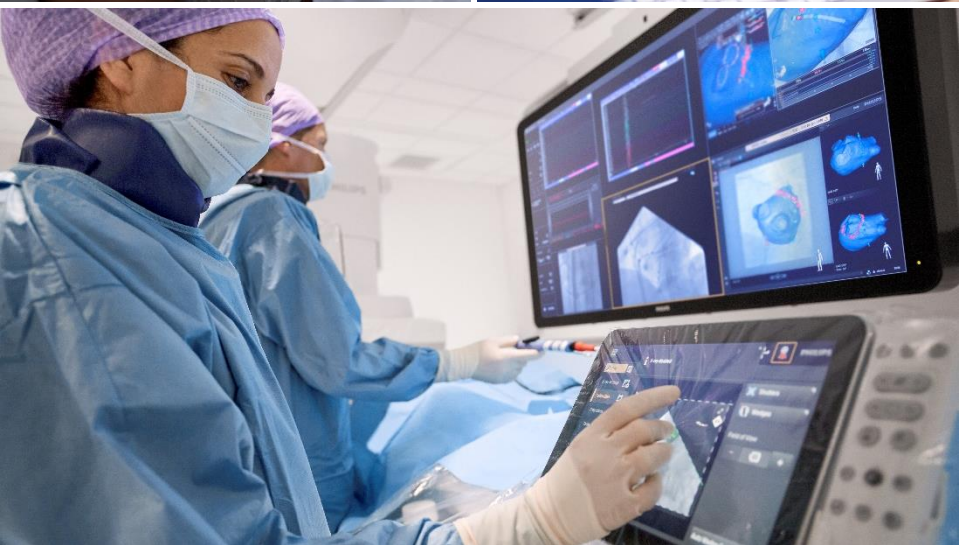
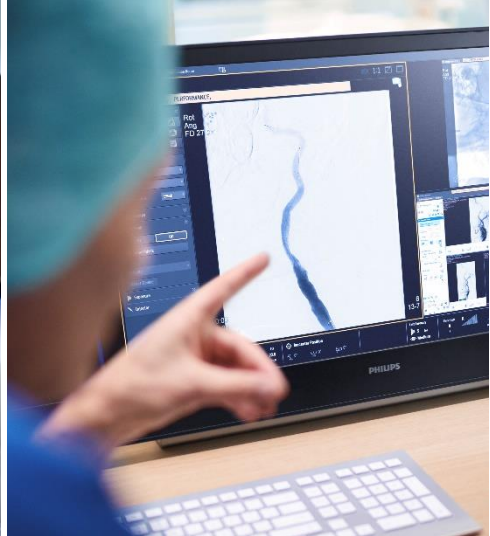


Personal Health

Deliver solutions that enable healthier lifestyles, personal hygiene and living with chronic disease

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 Managed services
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 Services (re-ordering, support, coaching, etc.)



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



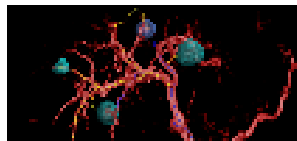
Image-guided therapy systems

+



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 to prevent issues but respond effectively should they occur"

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.

A photograph of three business professionals in an office setting. A woman in a light blue lab coat is shaking hands with a man in a dark blue shirt. A woman in a black and white patterned jacket stands between them, smiling. They are all wearing ID badges. The background shows a large window with a view of a city.

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

Winning propositions

>65% of sales from leadership positions¹

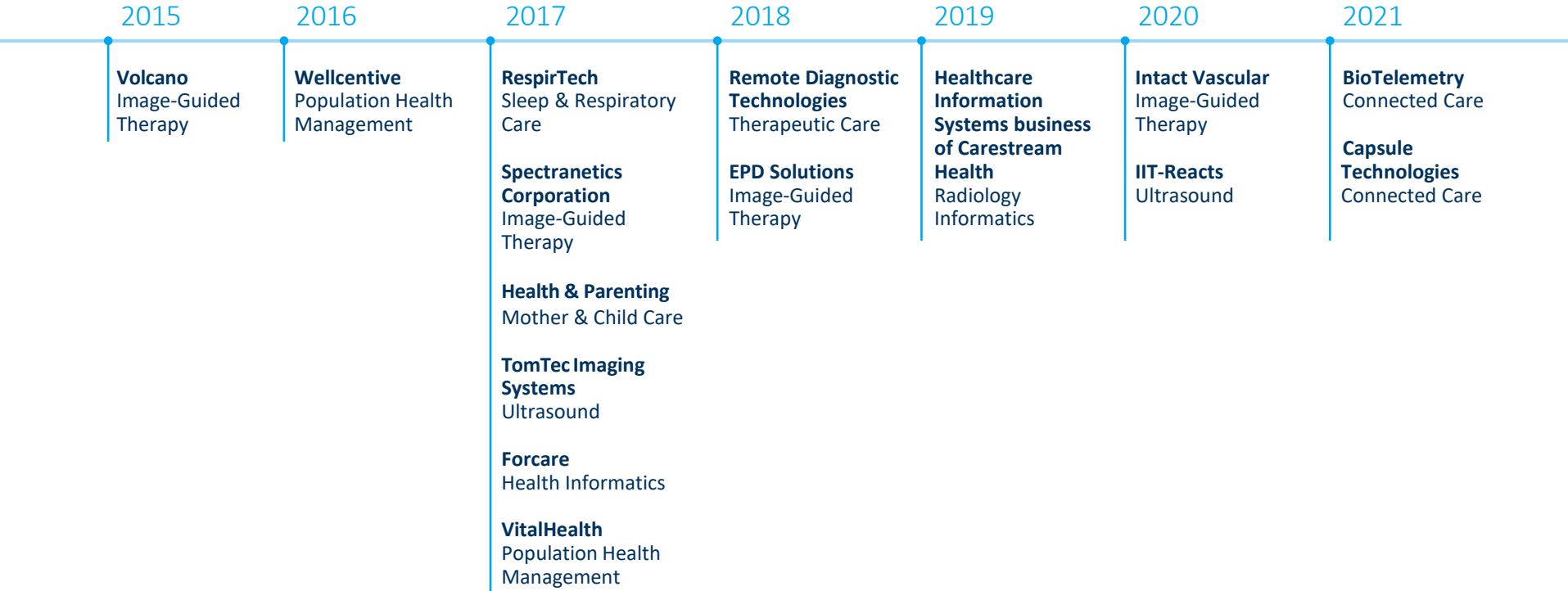
Diagnosis & Treatment	Ultrasound Global leader	Image-guided therapy systems Global leader	Image-guided therapy devices² Global leader	Diagnostic imaging Global top 3	High-end radiology and cardiology informatics #1 in North America
	Patient monitoring Global leader	ICU telehealth #1 in North America	Cardiac ambulatory home monitoring #1 in North America	Respiratory care Global leader	Sleep care Global leader
	Male grooming Global leader	Oral healthcare Global leader	Mother and child care Global leader	Hair removal Global leader	
Connected Care					
Personal Health					

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

² In Image-Guided Therapy Devices markets where Philips plays

Selected acquisitions*

Expanding our capabilities in health technology

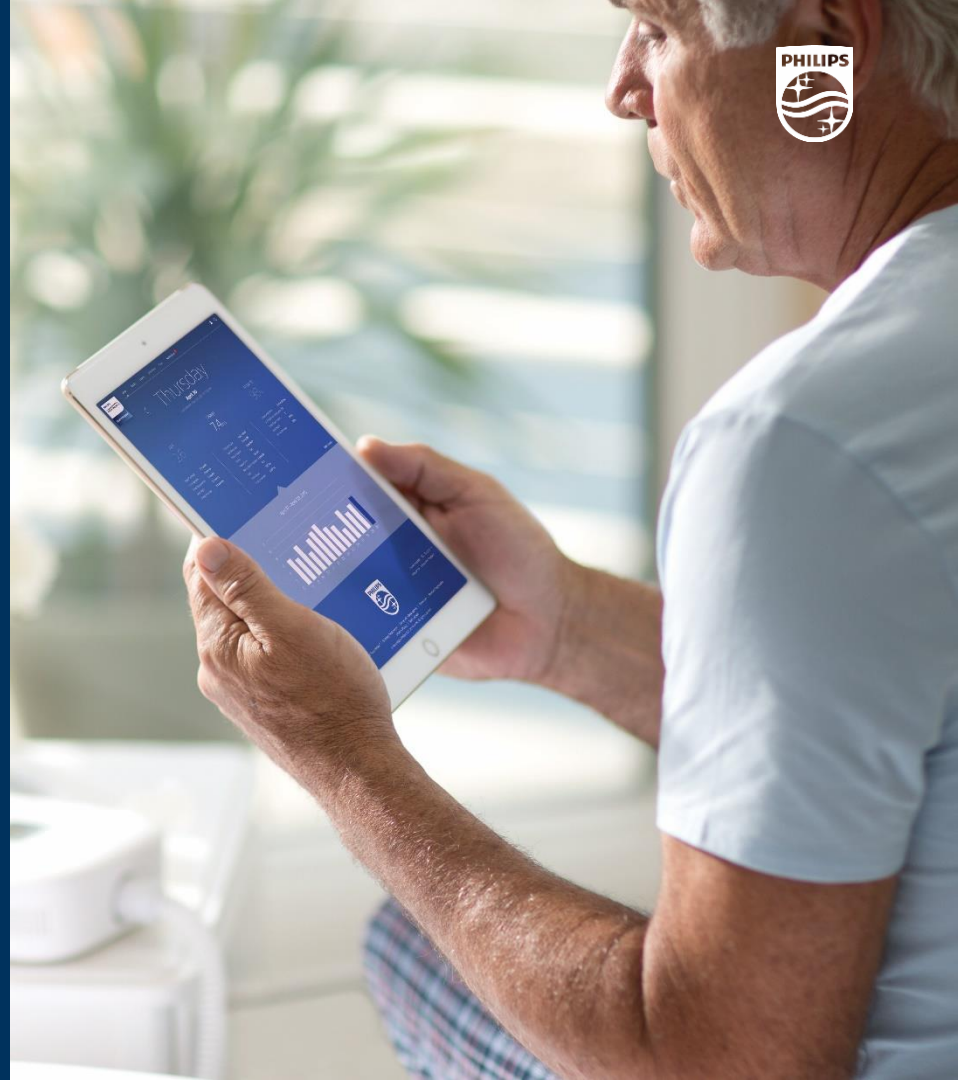


* This overview is not exhaustive; see Notes for details of these and other acquisitions



Helping people
take care of
their health
and well-being

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

130 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
Gyrosan Nuclear
Magnetic Resonance
system



1989
Integris, Philips' first
dedicated interventional
system



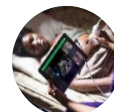
2003
Philips Ambient
Experience



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



2020
Radiology Operations
Command Center



We turn possibilities into great innovations

EUR 1.8 billion
invested in R&D in 2020

818 new
patents
filed in 2020

Philips named
Derwent Top 100
Global Innovator™
for 8th year in a row

Approximately
1 out of 2
R&D personnel in
software and data science

59,000
patents

#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 well over
100 key design awards each year



red**dot** design award



The Future Health Index (FHI) is a research-based platform designed to help determine the readiness of countries to address global health challenges and build sustainable, fit-for-purpose national health systems.

Since its launch in 2016, we have conducted ongoing, best-in-class research to better understand global nuances concerning access to healthcare, integration of healthcare systems, and the adoption of connected care technology.



3. Doing business responsibly and sustainably

Building on the advances we have made in sustainability over the years and on valuable input gathered talking with our stakeholders, we have – in line with our company purpose – formulated an enhanced and fully integrated approach to ***doing business responsibly and sustainably.***

This approach covers the Environment, Social and Governance (ESG) dimensions that guide our endeavors.

Frans van Houten
CEO Philips

To find out more, visit our [global news center](#)



Our key ESG commitments

Environment

We act responsibly towards our planet in line with UN SDGs 12 and 13

Social

Our purpose is to improve people's health and well being through meaningful innovation, in line with UN SDG 3

We act responsibly towards society and partner with our stakeholders

Governance

We aim to deliver superior long-term value for our customers and shareholders, and we live up to the highest standards of ethics and governance in our culture and practices

Frameworks/references



Continued

Doing business responsibly and sustainably

Our key ESG commitments

Environment

We will maintain carbon neutrality and use 75% renewable energy in our operations by 2025. We will reduce CO₂ emissions in our entire value chain in line with a 1.5 °C global warming scenario (based on Science Based Targets).

We will generate 25% of our revenue from circular products, services and solutions, offer a trade-in on all professional medical equipment, and take care of responsible repurposing, by 2025.

We will embed circular practices at our sites and put zero waste to landfill by 2025.

All new product introductions will fulfill our EcoDesign requirements by 2025, with 'Eco-Heroes' accounting for 25% of revenues.

We work with our suppliers to reduce the environmental footprint of our supply chain in line with a 1.5 °C global warming scenario (based on Science Based Targets).

We engage with our stakeholders and other companies to drive sustainability efforts addressing the United Nations Sustainable Development Goals.

Social

We aim to improve the health and well-being of 2 billion people per year by 2025, including 300 million people in underserved communities.

It is our strategy to lead with innovative solutions along the health continuum – helping our customers deliver on the Quadruple Aim (better health outcomes, a better experience for patients and staff, lower cost of care) and helping people take better care of their health.

We aim to be the best place to work for our employees, providing opportunities for learning and development, embracing diversity and inclusion, and assuring a safe and healthy work environment. We pay at least a living wage and aim for employee engagement above the high-performance norm.

Through our supplier development program we will improve the lives of 1,000,000 workers in our supply chain by 2025.

We actively engage with and support the communities in which we operate, e.g. through volunteering, internships, STEM (Science, Technology, Engineering, Mathematics) initiatives. We contribute to the Philips Foundation, which aims to provide access to quality healthcare for disadvantaged communities.

We consider our tax payments as a contribution to the communities in which we operate, as part of our social value creation.

Governance

Our management structure and governance combines responsible leadership and independent supervision.

The Philips Business System is our integrated operating model. It defines how we work together to delight our customers and achieve our company goals, leveraging our global scale and capabilities.

We are committed to delivering the highest-quality products, services and solutions compliant with all applicable laws and standards.

Our remuneration policy is designed to encourage employees to deliver on our purpose and strategy and create stakeholder value, and to motivate and retain them. Our executive long-term incentive plan includes environmental and social commitments.

We ensure ethical behavior through our General Business Principles, with a strong compliance and reporting framework.

Our risk management is designed to provide reasonable assurance that strategic and operational objectives are met, legal requirements complied with, and the integrity of the company's reporting and related disclosures safeguarded.

We are transparent about our plans, activities, results and contributions to society (e.g. tax reporting), and engage with shareholders, customers, business partners, governments and regulators through a variety of platforms.

“As a purpose-driven health technology company, we are very conscious of our responsibility towards society and of the need to continue to embed sustainability ever deeper in the way we do business – in our own operations and beyond, together with our partners.

Driving global change, with specific focus on access to care, circular economy and climate action. When it comes to making the world healthier and more sustainable, there is simply no time to lose.”

Frans van Houten
CEO Philips



Our action plan supports the UN's global goals

**Make the world
healthier and more
sustainable through
innovation**

**Improve the lives of
2.5 billion people a year
by 2030**



Improving people's health and well-being, and expanding access to care for underserved communities



Ensuring sustainable use of materials and driving the transition to a circular economy



Ensuring sustainable use of energy, reducing emissions, and operating carbon-neutral



- Teaming up with our suppliers to increase social and environmental impact throughout our supply chain
- Building strong coalitions to drive global change

ENABLERS

- Designing our products and services in line with EcoDesign requirements
- Embedding sustainable practices in our ways of working

Our ambitious targets for 2025



Health and well-being for all

- We improve the health and well-being of 2 billion people per year through meaningful innovation
- As part of this, we enable access to care for 300 million people in underserved communities



Circular economy

- We generate 25% of our revenue from circular products, services and solutions
- We offer a trade-in on all professional medical equipment, and take care of responsible repurposing**
- We embed circular practices at our sites* and put zero waste to landfill



Climate action

- We reduce our CO₂ emissions in line with a 1.5 °C global warming scenario, for example by further improving the energy efficiency of our products during the customer use phase
- We source 100% of our electricity and over 75% of our total energy consumption from renewable sources



Partnerships

- We team up with our partners to deliver sustainable value and drive global change
- We improve the lives of 1 million workers in our supply chain and reduce its environmental footprint



Enablers

- We design 100% of our products and services in line with EcoDesign requirements, with 'Eco-Heroes' accounting for 25% of revenues
- We embed sustainable practices in our ways of working, as defined by the Philips Business System

* including non-manufacturing sites, such as large offices, warehouses and R&D facilities

**either refurbished at Philips, or locally recycled in line with Philips policies

Philips is a recognized leader in environmental sustainability



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



Recognized leader – Carbon Disclosure Project
2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020



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



Thought leader on **circular economy**

Frans van Houten
co-chair of PACE

2018 Circular Award



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

In 2019, Philips topped the inaugural **Fortune Sustainability All Stars** list in recognition of our environmental innovation, resource use, and efforts to limit emissions.

We are building on a strong reputation across the ESG dimensions



Philips became the first Dutch company to be ranked among the world's top 15 in the 2021 list of companies with the best reputation



In 2021, Philips scored 90 out of 100 in the ESG assessment by S&P Global ratings, the highest score awarded to date



Philips recognized **Industry Leader** in the DJSI 2015, 2016, 2017; #2 in new industry in 2018, 2019, 2020



In 2020, Philips came in at #2 in The Wall Street Journal's new global sustainability ranking



In 2020, Philips received EcoVadis' highest sustainability rating, the Platinum award



Philips #1 in 'Health Care Equipment & Services' sector on Forbes 'World's Best Employers 2020' list



4. The Philips brand

There's always
a way to make
life better



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
four years in a row
Most valuable Dutch brand

Interbrand

2020 Interbrand Best Global Brands valuation

Brand value

USD 11.7 billion*

Interbrand ranking

#53

* Includes Domestic Appliances

5. Philips Foundation



Philips
Foundation

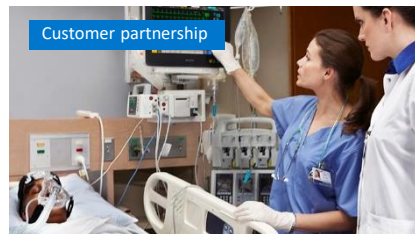
We're committed
to bringing
innovation to those
most in need



6. Case studies

Case studies

Showing our true impact



Customer partnership

Reducing alarm fatigue in the ICU

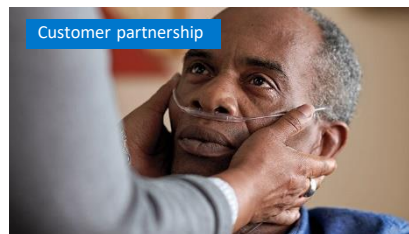
Tourcoing General Hospital,
France



Customer partnership

Pioneering digital pathology with a 21% productivity gain

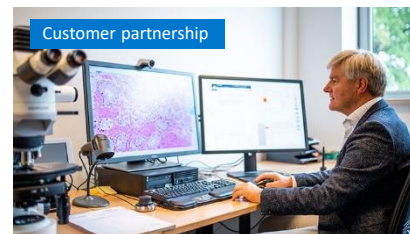
Hospital Campus de la Salud,
Granada, Spain



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

Since the completion of the sale of the Domestic Appliances business, it is no longer consolidated by Philips as from September 1, 2021.



Philips in Q3 2021

EUR 4.2
billion sales

In the quarter

-8%

comparable
sales growth

Year to date

3%

comparable
sales growth

~78,000

employees in over 100 countries



Philips sales in Q3 2021

In the quarter

-8%

comparable sales growth

Year to date

3%

comparable
sales growth

Diagnosis & Treatment businesses

10% to EUR 2.2 billion

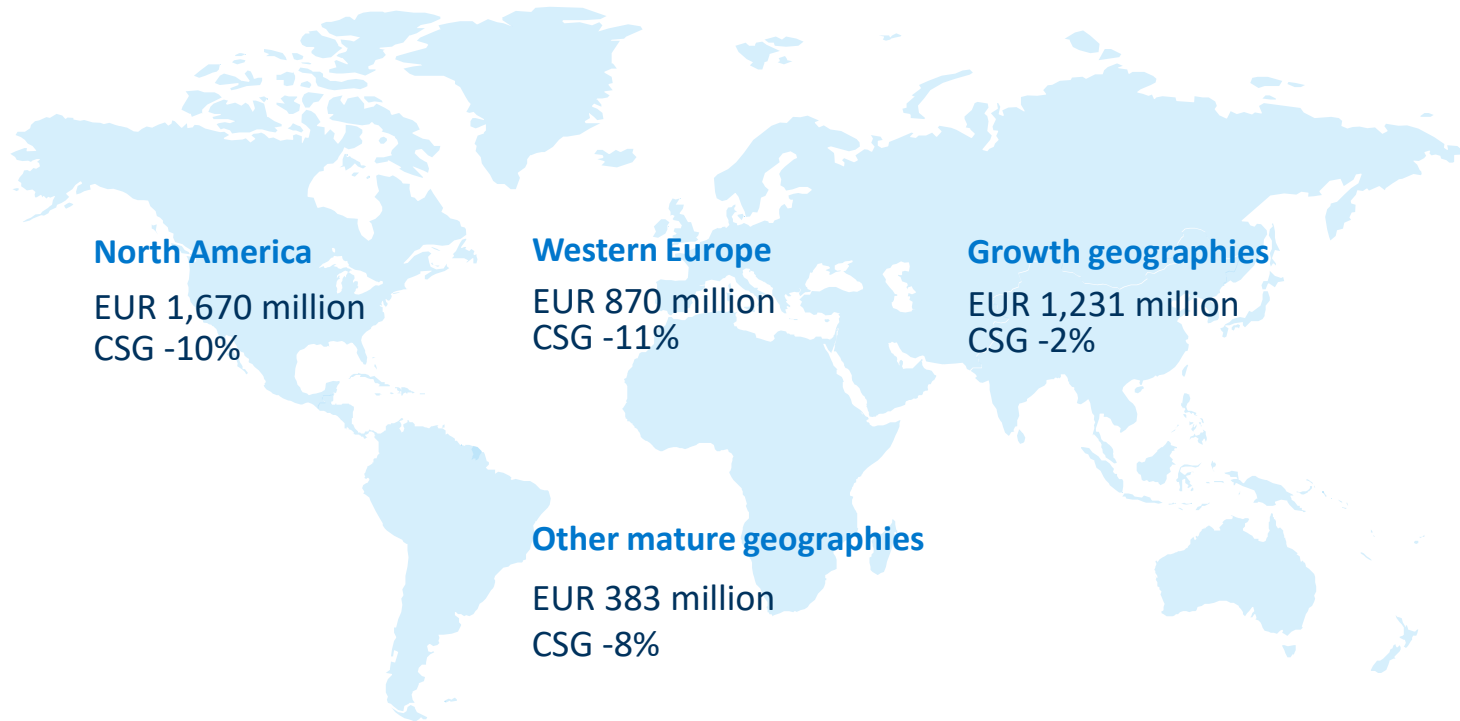
Connected Care businesses

-39% to EUR 1.0 billion

Personal Health businesses

0% at EUR 0.8 billion

Philips Q3 2021 sales per geographic cluster



Our businesses over the last 12 months¹

Diagnosis & Treatment



49%
of Group sales

12.7%
Adjusted EBITA margin

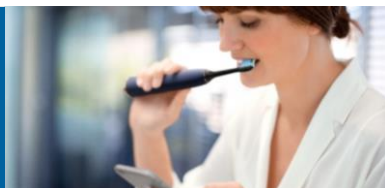
Connected Care



28%
of Group sales

15.6%
Adjusted EBITA margin

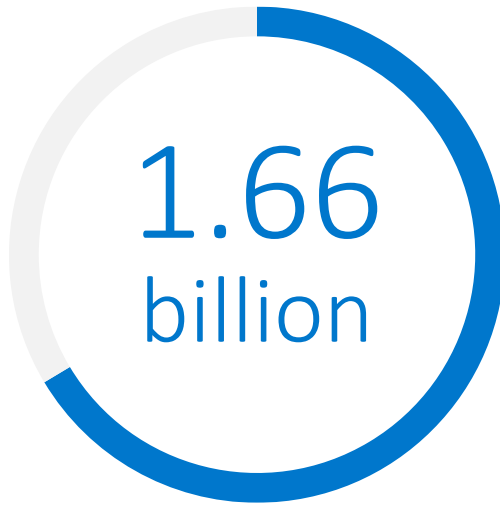
Personal Health



20%
of Group sales

17.4%
Adjusted EBITA margin

Sales of EUR 17.4 billion and Adjusted EBITA margin of 13.8%



Lives improved
around the world
in Q3 2021

Philips in 2020



EUR 17.3
billion sales

More than 1/3
of sales from solutions

3%
comparable
sales growth

~75,000
employees in over 100 countries

Philips in 2020



1.53
billion

lives improved

EUR
1.8 billion
invested in R&D

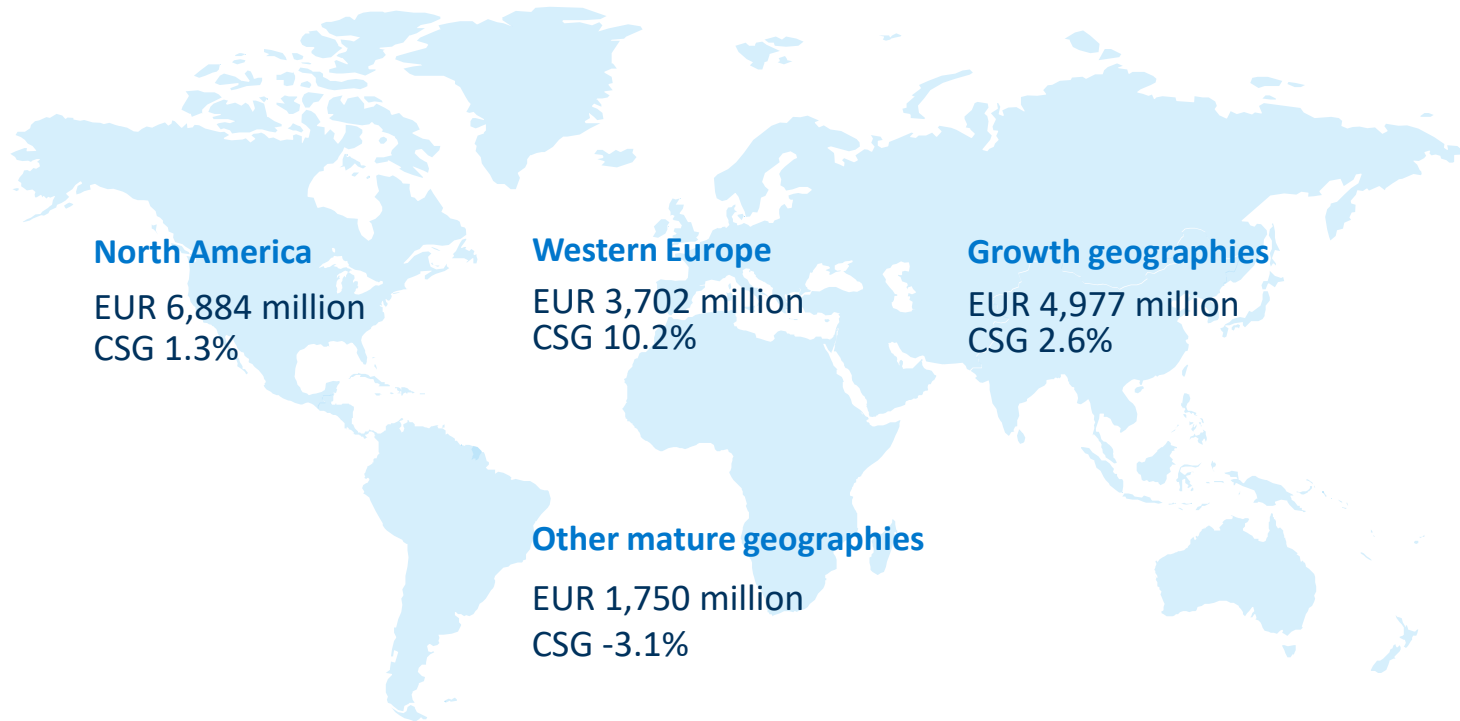
59,000
patent rights

31,000
trademarks

USD 11.7 billion
brand value¹

¹ As measured by Interbrand; includes Domestic Appliances

Philips 2020 sales per geographic cluster



Our businesses in 2020¹

Diagnosis & Treatment



47%
of Group sales

10.0%
Adjusted EBITA margin

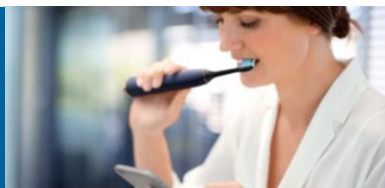
Connected Care



32%
of Group sales

21.5%
Adjusted EBITA margin

Personal Health



18%
of Group sales

13.4%
Adjusted EBITA margin

Sales of EUR 17.3 billion and Adjusted EBITA margin of 13.2%

