PHILIPS

Delivering innovation that matters to you

January 24, 2022

innovation you

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1. A focused leader in health technology

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Philips, a born innovator

For 130 years, we have been improving people’s lives with a steady flow of ground-breaking innovations

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…

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

But Philips is still
about one thing:

Creating meaningful
innovation that improves
people’s lives

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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 statement – 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.

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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

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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.

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Philips is addressing customers needs by delivering on the Quadruple Aim across the health continuum

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

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Focused on customer needs

The health continuum is at the center of our strategy

Personal Health

Diagnosis & Treatment

Precision Diagnosis

Image Guided Therapy

Connected Care
(Inpatient, outpatient, community, home)

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

Diagnosis & Treatment

Precision Diagnosis

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

Image-Guided Therapy

Innovating minimally invasive procedures in a growing number of therapeutic areas with significantly better outcomes and productivity, while patients have a better experience and can return home faster

Connected Care

Connected Care

Driving better care management by providing a wealth of actionable data about patients' condition and hospital operations, and seamlessly connecting patients and caregivers in any care setting from the hospital to the home

Personal Health

Personal Health

Delivering propositions that help people enjoy healthier lifestyles and enhance personal hygiene

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Businesses aligned with customer needs

	Focus areas	Products and solutions
Diagnosis & Treatment	• Precision diagnosis • Treatment selection and planning • Image-guided minimally invasive therapy	• 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	• Patient care and workflow management • Population health management • Chronic disease management	• Telehealth, patient monitoring and analytics • Hospital and clinical informatics platforms • Emergency care and resuscitation • Sleep, breathing and respiratory care • Managed services
Personal Health	• Healthy living and prevention • Personal care • Digital consumer engagement	• Oral care • Mother and child care • Male grooming and beauty • Services (re-ordering, support, coaching, etc.)

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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

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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 techno-logy 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.

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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 positions[1]

Diagnosis & Treatment	**Ultrasound** Global leader	**Image-guided therapy systems** Global leader	**Image-guided therapy devices[2]** Global leader	**Diagnostic imaging** Global top 3	**High-end radiology and cardiology informatics** #1 in North America
Connected Care	**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
Personal Health	**Male grooming** Global leader	**Oral healthcare** Global leader	**Mother and child care** Global leader	**Hair removal** Global leader	

1 Leadership position refers to #1 or #2 position in Philips-addressable market
2 In Image-Guided Therapy Devices markets where Philips plays

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Selected acquisitions*

Expanding our capabilities in health technology

2015

Volcano
Image-Guided Therapy

2016

Wellcentive
Population Health Management

2017

RespirTech
Sleep & Respiratory Care

Spectranetics Corporation
Image-Guided Therapy

Health & Parenting
Mother & Child Care

TomTec Imaging Systems
Ultrasound

Forcare
Health Informatics

VitalHealth
Population Health Management

2018

Remote Diagnostic Technologies
Therapeutic Care

EPD Solutions
Image-Guided Therapy

2019

Healthcare Information Systems business of Carestream Health
Radiology Informatics

2020

Intact Vascular
Image-Guided Therapy

IIT-Reacts
Ultrasound

2021

BioTelemetry
Connected Care

Capsule Technologies
Connected Care

Cardiologs
Connected Care

Vesper Medical**
Image-Guided Therapy

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

**Announced, subject to customary closing conditions

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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

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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
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

2020
Radiology Operations Command Center

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We turn possibilities into great innovations

EUR 1.8 billion
invested in R&D in 2021

860 new patents
filed in 2021

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

57,000
patents

#1 medtech company
in Boston Consulting Group's 2020 'Top 50 most innovative companies'

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24
60
95
30
120/80
(90)

PHILIPS
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

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We are a world leader in people-centric design

Philips consistently wins well over 100 key design awards each year

DESIGN AWARD 2019

reddot design award

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future health index

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.

The Future Health Index is commissioned by Philips

3. Digital transformation of healthcare

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The COVID-19 pandemic has radically accelerated adoption of digital health technology

Telehealth has skyrocketed, changing patient expectations of how care is delivered

Virtual collaboration has extended the reach of specialist care

Data sharing and collaboration across locations has proven to be more vital than ever before

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The future of digital health

Personalized
Care pathways and digital health solutions tailored to the individual

Connected
Healthcare delivered “anytime, anywhere” through a distributed, highly accessible network

Integrated
Care teams can make better informed decisions through 360-degree, longitudinal patient views

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Driving digital transformation at scale: four enabling areas

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People and experiences

Need-driven innovation supporting the human care experience

Human-centered design

Addressing the unmet needs of patients, health consumers and healthcare professionals

Frictionless experiences

Intuitive solutions integrated into clinical workflows and people's daily health routines

Virtual training and education

Remote training and guidance supporting digital upskilling and continuous learning

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Combining the power of smart connected devices and systems, cloud-based digital platforms, and AI

Smart connected devices and systems

Enhanced with sensors, software apps, AI, and remote services – for connected care anytime, anywhere

Philips HealthSuite cloud-based digital platform

Unlocking data from different systems and devices in and outside the hospital

Turning data into actionable insights with AI

Augmenting the expertise of healthcare providers and improving operational efficiency

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Safe, secure, and responsible use of data and AI

Our Data Principles

- Security
- Privacy
- Benefit customers, patients, and society

Our AI Principles

- Health and well-being
- Fairness to avoid bias and discrimination
- Human oversight
- Transparency
- Robustness

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Partnerships and new business models

Driving transformation through collaborative ecosystems

Long-term strategic partnerships

We innovate with leading medical centers to advance digital health around the globe

Open platform approach integrating third-party offerings

Through Philips HealthSuite, we make digital health innovations available at scale

Ecosystem partnerships for value-based care

We connect providers, patients and payors to promote prevention and better outcomes

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4. Doing business responsibly and sustainably

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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 purpose – in full

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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.

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Our key ESG commitments

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

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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 CO_2 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.

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"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

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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

3 GOOD HEALTH AND WELL-BEING

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

13 CLIMATE ACTION

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

17 PARTNERSHIPS FOR THE GOALS

- 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

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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 CO_2 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

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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, 2021

Philips was the world's first health technology company to have its CO_2 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.

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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, 2021

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

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5. The Philips brand

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There’s always
a way to make
life better
PHILIPS

The Philips brand is a vital asset

Philips' health technology portfolio

- Deep market insights
- Technology innovation
- Global footprint
- Philips brand
- Our people

Balance sheet

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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

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6. Philips Foundation

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Philips Foundation

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

7. Case studies

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Case studies

Showing our true impact

Reducing alarm fatigue in the ICU

Tourcoing General Hospital, France

Pioneering digital pathology with a 21% productivity gain

Hospital Campus de la Salud, Granada, Spain

Reducing hospital readmissions with integrated COPD care

Integrated COPD Care Initiative, Alabama, United States

How digital pathology can save 19 working hours per day

LabPON, Hengelo, The Netherlands

Visit Philips News Center for all our case studies

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8. 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.

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Philips in Q4 2021

EUR 4.9
billion sales

-10%
comparable sales growth

4%
increase in comparable order intake

~78,000
employees in over 100 countries

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Philips sales in Q4 2021

-10%
comparable
sales growth

Diagnosis & Treatment businesses

0% at EUR 2.5 billion

Connected Care businesses

-32% to EUR 1.2 billion

Personal Health businesses

-3% to EUR 1.0 billion

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Philips Q4 2021 sales per geographic cluster

North America

EUR 1,903 million
CSG -9%

Western Europe

EUR 1,111 million
CSG -10%

Growth geographies

EUR 1,481 million
CSG -12%

Other mature geographies

EUR 449 million
CSG -5%

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Lives improved around the world in Q4 2021

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Philips in 2021

EUR 17.2
billion sales

~ 45%
of sales from solutions

-1%
comparable sales growth

4%
increase in comparable order intake

~78,000
employees in over 100 countries

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Philips in 2021

1.67 billion
lives improved

EUR 1.8 billion
invested in R&D

57,000
patent rights

33,000
trademarks

USD 11.7 billion
brand value[1]

1 As measured by Interbrand; includes Domestic Appliances

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Our businesses in 2021[1]

Diagnosis & Treatment		50% of Group sales	12.4% Adjusted EBITA margin
Connected Care		27% of Group sales	10.6% Adjusted EBITA margin
Personal Health		20% of Group sales	17.6% Adjusted EBITA margin

Sales of EUR 17.2 billion and Adjusted EBITA margin of 12.0%

1 Segment Other accounts for 3% of sales

Amounts may not add up due to rounding

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