

## First quarter 2025 results

Roy Jakobs, Chief Executive Officer  
Charlotte Hanneman, Chief Financial Officer  
May 6, 2025

# Table of contents

---

First quarter 2025 performance	4
2025 outlook	15
Financial appendix	20

---

# Important information

## Forward-looking statements and other important information

This document and the related oral presentation, including responses to questions following the presentation, contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future Adjusted EBITA\*, future restructuring and acquisition-related charges and other costs, future developments in Philips' organic business and the completion of acquisitions and divestments. Forward-looking statements can be identified generally as those containing words such as "anticipates", "assumes", "believes", "estimates", "expects", "should", "will", "will likely result", "forecast", "outlook", "projects", "may" or similar expressions. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements.

These factors include, but are not limited to, macro-economic and geopolitical changes—including the war in Ukraine and ongoing conflicts in Israel and the Middle East—as well as measures such as announced and proposed tariffs and trade actions introduced in response to rising global tensions; Philips' ability to keep pace with the changing health technology environment; Philips' ability to gain leadership in health informatics and artificial intelligence in response to developments in the health technology industry; integration of acquisitions and their delivery on business plans and value creation expectations; ability to meet expectations with respect to ESG-related matters; securing and maintaining Philips' intellectual property rights, and unauthorized use of third-party intellectual property rights; failure of products and services to meet quality or security standards, adversely affecting patient safety and customer operations; the resilience of our supply chain; challenges in simplifying our organization and our ways of working; attracting and retaining personnel; breach of cybersecurity; challenges in driving operational excellence and speed in bringing innovations to market; treasury and financing risks; tax risks; reliability of internal controls; compliance with regulations and standards involving quality, product safety, (cyber) security and artificial intelligence; and compliance with business conduct rules and regulations including privacy, existing and upcoming ESG disclosure and due diligence requirements. As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see also the Risk management chapter included in the Annual Report 2024.

## Third-party market share data

Statements regarding market share contained in this document, including those regarding Philips' competitive position, are based on outside sources such as specialized research institutes, as well as industry and dealer panels, in combination with management estimates. Where information is not yet available to Philips, market share statements may also be based on estimates and projections prepared by management and/or based on outside sources of information. Management's estimates of rankings are based on order intake or sales, depending on the business.

## Market Abuse Regulation

This slide deck contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation

## Use of non-IFRS Information

In presenting and discussing the Philips Group's financial position, operating results and cash flows, management uses certain non-IFRS financial measures. These non-IFRS financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measure and should be used in conjunction with the most directly comparable IFRS measures. Non-IFRS financial measures do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. A reconciliation of these non-IFRS measures to the most directly comparable IFRS measures is contained in this document. Further information on non-IFRS measures can be found in the Annual Report 2024.

## Presentation

All amounts are in millions of euros unless otherwise stated. Due to rounding, amounts may not add up precisely to totals provided. All reported data is unaudited. Financial reporting is in accordance with the accounting policies as stated in the Annual Report 2024. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares in the second quarter of 2024 in connection with the 2023 share dividend.

# Key takeaways

## Q1 highlights

- Order growth increased, primarily driven by strength in North America, offsetting a double-digit decline in China
- Sales ahead of company outlook driven by growth in Personal Health and royalty phasing
- Improved gross margin driven by innovation value and productivity
- Adjusted EBITA margin declined 80 bps to 8.6%, driven by sales phasing
- Paid EUR 1billion Respironics settlement, funded by cash on hand while maintaining leverage ratio

## 2025 Outlook

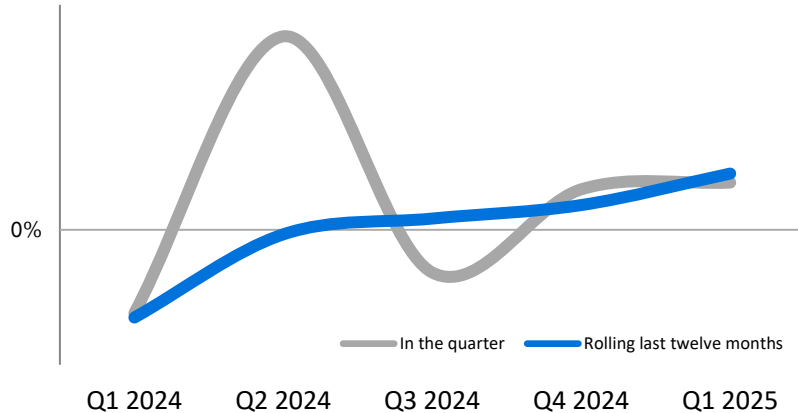
- Reflects Q1 performance and as announced tariffs<sup>1</sup> net of substantial mitigations
- Comparable sales growth: reiterated 1-3%
- Adjusted EBITA margin: 10.8 – 11.3%, 100 bps adjustment due to potential impact of tariffs (*previous: 11.8 – 12.3%*)
- Free cash flow: slightly positive, net of Respironics settlement (*previous: lower end of EUR 0.4 – 0.6 billion*)

1. Includes current bilateral US-China and rest of world tariffs, the resumption of the paused US tariffs on July 9 and excludes potential wider economic impact.



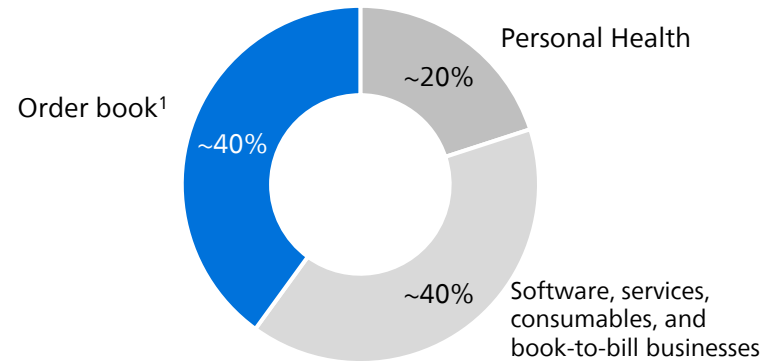
# Order intake growth continued in Q1, led by strong North America demand, fueled by innovation and solid fundamentals

## Comparable order intake growth<sup>1</sup>



- 2% growth and 4% ex-China, primarily driven by double-digit growth in North America
- Strength in Diagnosis & Treatment and Hospital Patient Monitoring

## Revenue split LTM Q1 2025<sup>2</sup>



- Order book grew, with an improved margin profile
- Revenue streams from software, services, devices and consumables growing at solid rates

# Recently launched AI innovations fuel 50% of sales



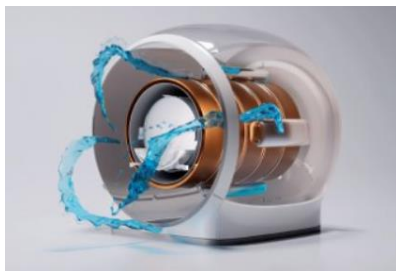
## Visual Patient Avatar

Activating peripheral vision in the operating room



## SmartSpeed Precise

Dual-AI MR reconstruction for 3x faster scans with 80% sharper images



## BlueSeal MR technology

Industry first 1.5T helium-free MR with AI-enabled Smart Workflow, installable everywhere



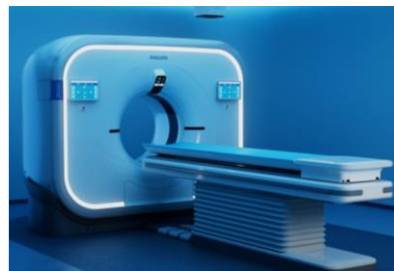
## HealthSuite Imaging

Cloud-based, AI-driven imaging for remote access to critical data



## Elevate Ultrasound

AI-solution for advanced imaging, intuitive workflows



## AI-enabled CT5300

Powerful AI reconstruction for lower dose, higher image quality, next-level confidence



## Azurion neuro biplane

Our most flexible biplane system, secure and fast parking, capturing from every angulation



## i9000 shaver

Intelligent personalization, premium technology

# Solid progress on execution priorities



Patient safety and quality  
embedded in businesses,  
innovation and culture

---

Strengthened patient safety and quality  
culture - built stronger medical, quality and  
regulatory expertise

---

~30% reduction in timely closure of C&Rs<sup>1</sup>

On track for >70% reduction in QMS<sup>2</sup> count

---

Significant progress in resolving the  
consequences of the Respironics recall

---



End-to-end supply chain  
delivering better  
lead times and service

---

Quality and velocity improved and enhanced  
the customer experience - lead times and  
service levels in-line with industry standards

---

Continued to drive regionalization and  
accelerate localization, also in view  
of geopolitical context

---

Platform and SKU simplification drives  
innovation, quality, supply chain reliability,  
and margins

---



Simplified operating  
model driving  
accountability and agility

---

Driving further simplification of  
operating model and productivity;  
EUR 42 million of savings in the quarter

---

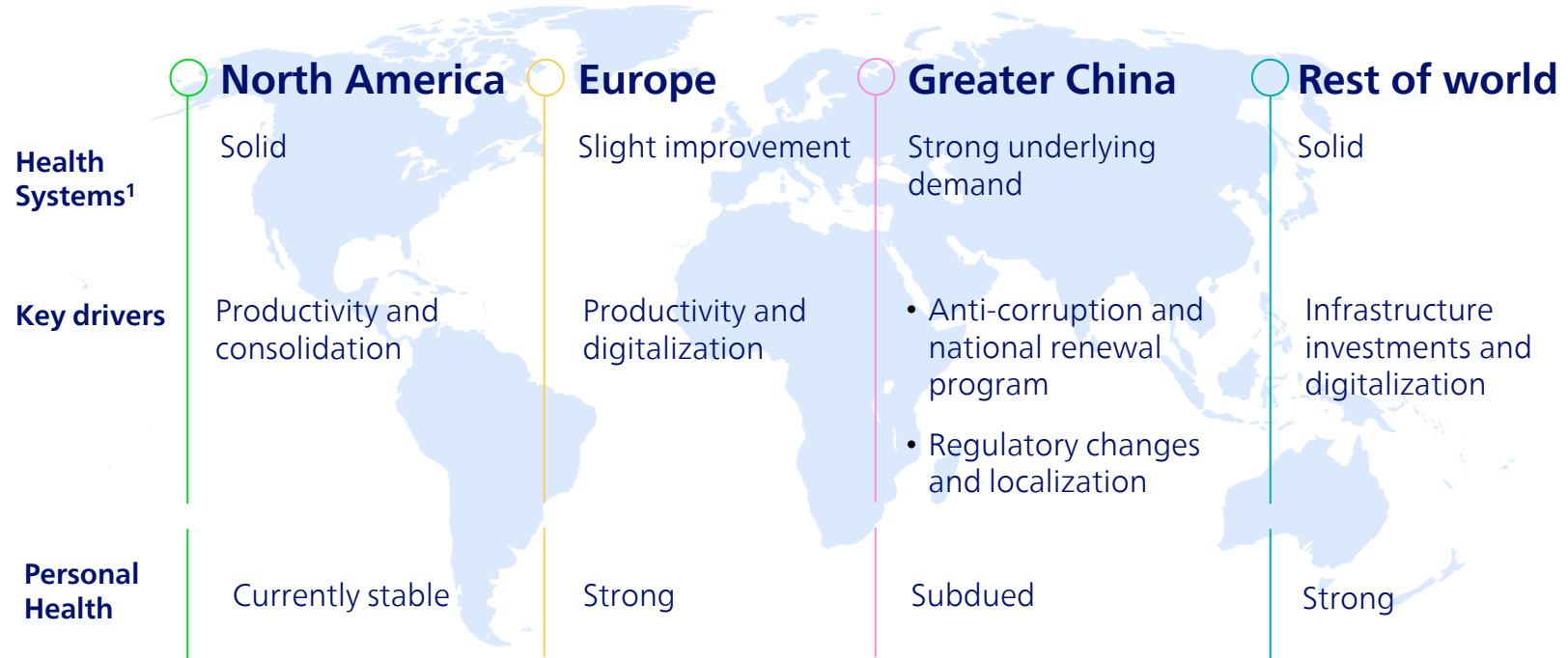
Deploying culture of impact with care  
to deliver stronger engagement  
and better care to more people

---

Building on the right team and Health tech  
capabilities with a growth mindset

---

# Global hospital demand and consumer sentiment



Closely monitoring hospital demand and consumer sentiment



# Diagnosis & Treatment

## Financial performance

<i>In millions of EUR unless otherwise stated</i>	<b>Q1 2024</b>	<b>Q1 2025</b>
Sales	2,026	1,965
Comparable sales growth	3%	-4%
Adj. EBITA margin	9.2%	9.5%
Income from operations	146	153

## Q1 2025 highlights

- Sales decreased due to a double-digit decline in China, as expected, and on the back of a high comparison base<sup>1</sup>
- Strong performance in Image Guided Therapy was more than offset by a decline in Precision Diagnosis due to China and a particularly high comparison base<sup>1</sup> in Magnetic Resonance
- Adj. EBITA improved, despite lower sales driven by productivity, mix and innovation

1. Driven by improvements in supply chain: Image Guided Therapy and Ultrasound in H1 2023 and Magnetic Resonance in Q1 2024



# Connected Care

## Financial performance

*In millions of EUR  
unless otherwise stated*

	Q1 2024	Q1 2025
Sales	1,164	1,182
Comparable sales growth	-1%	0%
Adj. EBITA margin	6.4%	3.5%
Income from operations <sup>1</sup>	-1,065	-81

## Q1 2025 highlights

- Sales were broadly flat across all our businesses
- Hospital Patient Monitoring sales grew, driven by higher installations in North America and Europe. Continue to see strong demand driven by large partnerships and as-a-service models
- Adj. EBITA decreased mainly due mix and cost phasing, partly offset by productivity measures and innovation



# Personal Health

## Financial performance

*In millions of EUR  
unless otherwise stated*

	Q1 2024	Q1 2025
Sales	790	811
Comparable sales growth	3%	1%
Adj. EBITA margin	15.2%	15.2%
Income from operations	116	116

## Q1 2025 highlights

- Double-digit growth in Europe and growth markets and slight growth in the US was largely offset by China as expected
- Strong consumer sentiment in Europe and growth markets, with robust sell-out trends; China remained subdued
- Adj. EBITA margin remained in line with last year



**PHILIPS**

# Performance slightly ahead of company outlook; step-up in gross margin from innovation and productivity

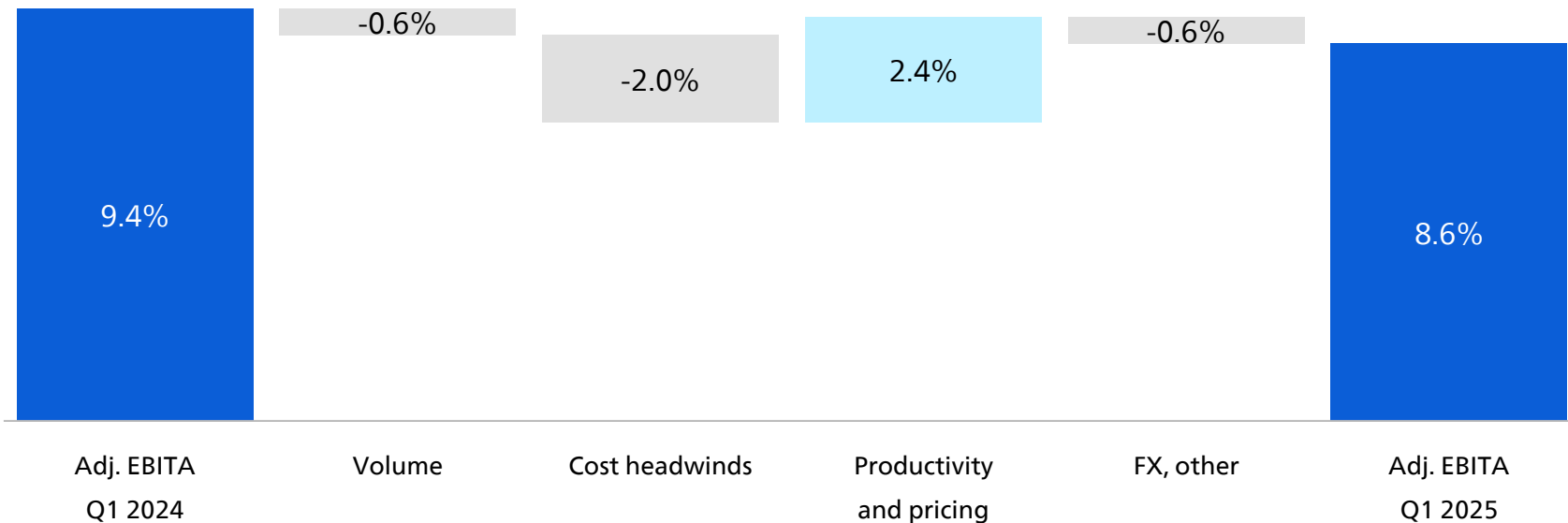
Q1 2025 vs Q1 2024  
In millions of EUR unless otherwise stated

Sales	Adjusted EBITA	Free Cash Flow
4,097	354	-1,091
Comparable Sales Growth -2%	Adjusted EBITA margin 8.6%, -80 bps	Year on year excluding US Respiration recall-related settlement +270

- Reflects double-digit decline in China, as expected, and a high comparison base in Diagnosis & Treatment
- Slight increase ex-China, driven by positive Personal Health growth in most other markets
- Margin remained resilient despite lower sales
- Higher gross margin from innovation and productivity
- Included EUR 1,025 million outflow related to US Respiration settlement
- Funded by cash on hand while maintaining leverage ratio<sup>1</sup> of 2.2x

# Adj. EBITA margin decreased slightly mainly due to sales decline, partly offset by higher gross margin from innovation and productivity

## Group Adj. EBITA margin<sup>1</sup> in Q1 2025



# Productivity initiatives delivered EUR 147 million in the quarter; on track to deliver EUR 800 million in 2025

## Productivity initiatives savings<sup>1</sup>

*In millions of EUR unless otherwise stated*

		Q1 2025	Q1 2023 – Q1 2025
Operating model	<ul style="list-style-type: none"> <li>• Simplified operating model</li> <li>• R&amp;D prioritization, reduction of Corporate Research projects</li> <li>• End-to-end supply chain, simplifying planning, eliminating duplications</li> </ul>	42	808
Procurement	<ul style="list-style-type: none"> <li>• Bill-of-material savings via redesign, value analysis, engineering</li> <li>• Reductions in warehousing, transportation and consulting</li> </ul>	46	489
Other productivity	<ul style="list-style-type: none"> <li>• Manufacturing footprint optimization and service productivity</li> <li>• R&amp;D platform simplification and footprint optimization</li> <li>• GBS and hyper-automation</li> <li>• Sleep &amp; Respiratory Care rightsizing</li> </ul>	59	557
		<b>EUR 147 million</b>	<b>EUR 1,854 million</b>

# 2025 outlook

# Mitigations to sustain operational momentum and manage tariff impact

Estimated 2025  
**EUR 250 - 300 million**  
Net tariff<sup>1</sup> impact  
after substantial mitigations

## Short- and long-term mitigations

- Supplier management and network optimisation
- Inventory management
- Accelerate regionalization and localization
- Pursuing exemptions and leveraging specialty programs to reclaim duties
- Disciplined in cost management and productivity program
- Select pricing actions
- Advocating for free flow of medical products and manufacturing components



# Reiterating sales outlook while reflecting net tariff impact after substantial mitigations in adjusted margin (-100bps) and free cash flow outlook

	Previous 2025 outlook	Updated 2025 outlook
Comparable sales growth	<p>1 – 3%</p> <p>All business segments growing within the range</p>	<p>Reiterated: 1 – 3%</p> <p>All business segments growing within the range</p>
Adjusted EBITA margin	<p>11.8 – 12.3%</p>	<p>Revised: 10.8% – 11.3%</p>
Free cash flow <sup>1</sup>	<p>Lower end of EUR 0.4 – 0.6 billion range<sup>1</sup></p>	<p>Revised: slightly positive<sup>1</sup></p>

Note: The outlook includes current bilateral US-China and rest of world tariffs, the resumption of the paused US tariffs on July 9 and excludes potential wider economic impact.

The outlook excludes the potential impact of the ongoing Philips Respironics-related legal proceedings, including the investigation by the US Department of Justice

1. After payment EUR 1,025 million cash-out relating to the US medical monitoring and personal injury settlements in Q1 2025

# Restructuring, acquisition-related charges and other items

Full-year 2025

**Restructuring costs**  
~100 bps

- Further operating model simplification
- Manufacturing and R&D footprint and platform optimization

**Other items**  
~200 bps

- Mainly related to the Consent Decree, other quality action-related charges, and acquisition-related charges

Q2 2025

**Restructuring costs,  
other items**

- EUR 150 million: Diagnosis & Treatment 35 million, Connected Care 95 million, Personal Health 5 million, segment Other 15 million

# Latest FX, below the line items and segment Other outlook

	Q2 2025	Full year 2025
FX translation <sup>1</sup>		
Group and business segments	~(3.0)%	(2.0) – (2.5)%
Effective tax rate		24-26%
Financial income and expense (EUR million)		~(260)
Segment Other (EUR million)		
Sales	110 – 120	540 – 570
Adj. EBITA	~(30)	~(20)
EBITA	~(45)	~(150)

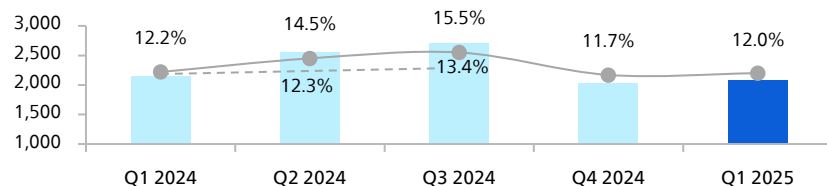
1. Including consolidation and deconsolidation impact on sales. Based on latest available balance sheet FX rate. Final impact subject to change based on FX movements and geographic sales mix

# Financial appendix

# Working capital and inventories

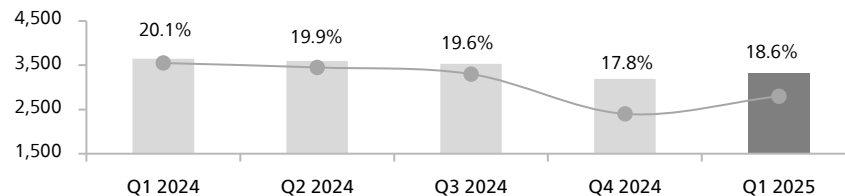
## Group working capital<sup>1</sup>

In millions of EUR unless otherwise stated — Excluding insurance receivable\* — as % of LTM sales<sup>2</sup>

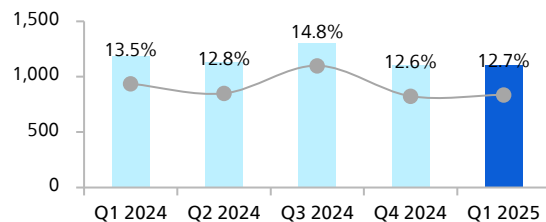


## Group inventories

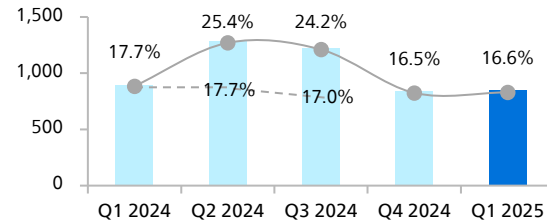
In millions of EUR unless otherwise stated — as % of LTM sales<sup>2</sup>



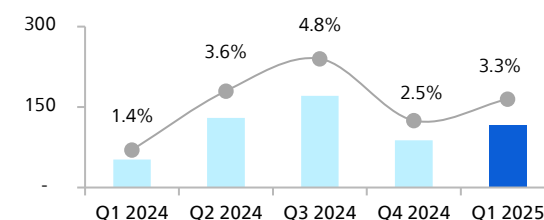
## Diagnosis & Treatment



## Connected Care



## Personal Health



\* Excluding increase in receivables related to insurance income from Respireonics product liability claims

1. Working capital excluding segment Other | 2. As a % of last 12 months sales excluding acquisitions, divestments, and discontinued operations

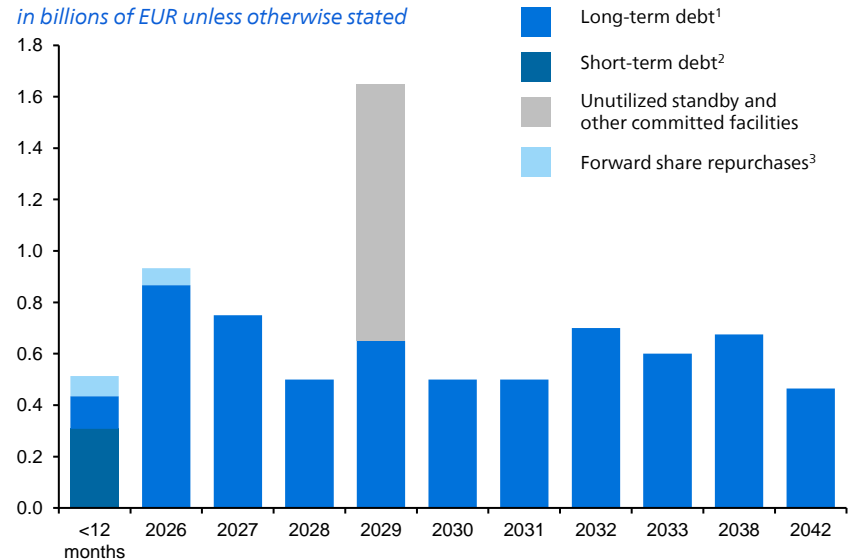
# Debt maturity profile and liability management

## Long-term debt profile and liability management

- Total net debt position of EUR 6.4 billion
- Average tenor of long-term debt is 6.2 years
- No financial covenants
- EUR 1 billion of committed credit facilities

## Debt maturity profile as per March 31, 2025

*in billions of EUR unless otherwise stated*



1. Excluding long-term operating leases | 2. Short-term debt includes local credit facilities that are being rolled forward on a continuous basis | 3. Includes forward transactions for LTI purposes

# Net capital expenditures, depreciation and amortization

<i>In millions of EUR unless otherwise stated</i>	Q1 2024	Q1 2025
<b>Net capital expenditures</b>	-165	-158
<b>Depreciation</b>	-159	-151
<b>Amortization and impairment:</b>	-136	-125
of acquired intangible assets	-72	-57
of other intangible assets	-63	-68

# Restructuring, acquisition-related charges and other items

*In millions of EUR unless otherwise stated*

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024	Q1 2025
<b>Restructuring and acquisition-related charges</b>						
Diagnosis & Treatment	19	25	16	97	157	14
Connected Care	17	18	19	-1	53	15
Personal Health	-	17	2	5	25	3
Segment Other	14	41	19	17	92	34
<b>Philips Group</b>	<b>51</b>	<b>101</b>	<b>56</b>	<b>118</b>	<b>326</b>	<b>67</b>
<b>Other items</b>						
Diagnosis & Treatment	-	6 <sup>1)</sup>	-	39 <sup>1)</sup>	45	-
Connected Care	1,078 <sup>1)2)3)4)</sup>	-489 <sup>1)2)4)5)</sup>	50 <sup>2)3)4)</sup>	127 <sup>1)2)4)</sup>	765	76 <sup>1)2)4)</sup>
Personal Health	-	-	-	-	-	-
Segment Other	10	1	7	2	20	-
<b>Philips Group</b>	<b>1,088</b>	<b>-483</b>	<b>57</b>	<b>168</b>	<b>830</b>	<b>76</b>
<b>Restructuring, acquisition- related charges &amp; other items</b>						
Restructuring	32	83	50	103	268	61
Acquisition-related charges	19	19	6	15	58	6
Other items	1,088	-483	57	168	830	76
<b>Philips Group</b>	<b>1,139</b>	<b>-381</b>	<b>113</b>	<b>286</b>	<b>1,156</b>	<b>143</b>



**PHILIPS**