

## Philips delivers strong margin improvement; flat comparable sales due to further deteriorated demand in China; growth in rest of world

Amsterdam, October 28, 2024

### Third-quarter highlights

- Group sales amounted to EUR 4.4 billion, with flat comparable sales growth
- Income from operations was EUR 337 million
- Adjusted EBITA margin increased by 160 basis points from 10.2% to 11.8% of sales
- Operating cashflow of EUR 192 million, with a free cashflow of EUR 22 million
- Comparable order intake decreased by 2%, due to decline in China
- Outlook for full-year 2024 revised to reflect deteriorated demand in China: comparable sales growth within an updated range 0.5%-1.5%, Adjusted EBITA margin at around 11.5%, the upper end of current range; free cashflow at around EUR 0.9 billion, at lower end of current range

#### Roy Jakobs, CEO of Royal Philips:

"In the quarter, demand from hospitals and consumers in China further deteriorated, while we continue to see solid growth in other regions. We have adjusted our full-year sales outlook to reflect the continued impact from China.

Strong improvement in profitability was driven by progress on our execution priorities, productivity measures and the improved margins of our AI-driven, industry-leading innovations.

Within a challenging macro environment, we remain focused on successfully executing our three-year plan to fully capture growth and margin expansion opportunities. With patient safety as our number one priority, we are committed to delivering better care for more people."

#### Group and segment performance

Group comparable sales were flat on the back of 11% growth in Q3 2023 and deterioration in demand in China. We delivered growth in all other regions and from an increase in royalty income. China remains a fundamentally attractive growth market for Philips in the long term, with market conditions expected to remain uncertain.

Adjusted EBITA margin improved 160 basis points from 10.2% to 11.8%, driven by a strong step-up in gross margin from innovations, productivity actions and higher royalty income. Free cash flow was EUR 22 million in the quarter, driven by higher earnings, offset by working capital outflows.

Comparable order intake in the quarter declined 2% due to China, with solid order intake growth in Diagnosis & Treatment, particularly in the US. Year-to-date comparable order intake grew 1%, including China.

**Diagnosis & Treatment** comparable sales decreased 1%, on the back of 14% growth in Q3 2023, with solid growth outside of China. Adjusted EBITA margin was 12.6%.

**Connected Care** comparable sales were flat, with growth in Enterprise Informatics and Sleep & Respiratory Care offset by a low-single-digit decline in Monitoring, on the back of high-teens growth in Q3 2023. Adjusted EBITA margin improved from 3.7% to 7.3%.

**Personal Health** comparable sales decreased 5% due to a double-digit decline in China, more than offsetting a robust performance elsewhere. Adjusted EBITA margin was 16.5%.

## Productivity

Our productivity initiatives are on track and delivered savings of EUR 188 million in Q3: operating model savings of EUR 54 million, procurement savings of EUR 58 million, and other programs savings of EUR 76 million. Since 2023, productivity initiatives delivered savings of over EUR 1.5 billion.

## Outlook

The significant deterioration in China demand leads to an updated comparable sales growth outlook range of 0.5-1.5% for the full year 2024. Comparable sales growth outside of China remains within the 3-5% range. Adjusted EBITA margin is expected to be around 11.5%, the upper end of the range, with free cashflow around EUR 0.9 billion, at the lower end of the range.

Within an ongoing challenging macro environment, Philips remains focused on successfully executing its three-year plan to drive operational improvement and create value with sustainable impact. The uncertainties signaled in earlier quarters have intensified in China and are expected to continue.

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

## Customer, innovation and ESG highlights

- Philips expanded its next-generation cardiovascular ultrasound platform with FDA clearance of two additional AI algorithms to enhance structural heart disease examinations as part of the global rollout of this technology.
- Philips secured FDA approval for its new LumiGuide Navigation Wire, which uses fiber optic technology to reduce radiation for both patients and physicians during minimally invasive surgery.
- Carilion Clinic in the US will expand cardiac care access through 11 specialized Philips interventional suites that allow physicians to treat patients with complex cardiovascular conditions closer to home using platforms including the Azurion Image Guided Therapy System and EPIQ CVx cardiology ultrasound system with AI capabilities.
- NYU Langone Health in the US successfully implemented Philips' digital pathology solutions as part of an eight-year partnership, enabling patients to be diagnosed faster using real-time digital images instead of microscopes.
- Siloam Hospital Group, Indonesia's largest private hospital network serving close to 4 million patients a year, is partnering with Philips for digital health and AI transformation. The collaboration aims to improve healthcare access and enhance clinical outcomes, delivering better care for more people in one of the fastest-growing G20 nations.
- Supporting China in expanding access to care in a new private hospital in Zhangzhou serving half a million patients each year, Philips will be the sole provider of MR, image-guided therapy and ultrasound technologies, enabling high-quality care for patients.
- Philips launched the AI-powered Avent Premium Connected Baby Monitor, which offers cry translation and SenseIQ technology to track sleep, breathing, and movements, giving parents peace of mind.
- Philips is collaborating with customers worldwide to help them assess and mitigate their carbon footprints, including Jackson Health System in the US, Rennes University Hospital in France, and Champalimaud Foundation in Portugal.

## Conference call and audio webcast

Roy Jakobs, CEO, and Charlotte Hanneman, CFO, will host a conference call for investors and analysts at 10:00 am CET today to discuss the results. A live audio webcast of the conference call will be available on the Philips Investor Relations website and can be accessed [here](#).

# Philips performance

## Key data in millions of EUR unless otherwise stated

|  | Q3<br>2023 | Q3<br>2024 |
|--|------------|------------|
| Sales  | 4,471      | 4,377      |
| Nominal sales growth   | 4%         | (2)%       |
| Comparable sales growth <sup>1)</sup>  | 11%        | 0%         |
| Comparable order intake <sup>2)</sup>  | (7)%       | (2)%       |
| Income from operations   | 224        | 337        |
| as a % of sales  | 5.0%       | 7.7%       |
| Financial income (expenses), net   | (75)       | (69)       |
| Investments in associates, net of income taxes   | (19)       | (21)       |
| Income tax (expense) benefit   | (32)       | (65)       |
| Income from continuing operations  | 97         | 182        |
| Discontinued operations, net of income taxes   | (7)        | -          |
| Net income   | 90         | 181        |
| Earnings per common share (EPS)  |            |            |
| Income from continuing operations attributable to shareholders <sup>3)</sup> (in EUR) - diluted                        | 0.10       | 0.19       |
| Adjusted income from continuing operations attributable to shareholders <sup>3)</sup> (in EUR) - diluted <sup>1)</sup> | 0.32       | 0.32       |
| Net income attributable to shareholders <sup>3)</sup> (in EUR) - diluted   | 0.09       | 0.19       |
| EBITA <sup>1)</sup>  | 294        | 404        |
| as a % of sales  | 6.6%       | 9.2%       |
| Adjusted EBITA <sup>1)</sup>   | 456        | 516        |
| as a % of sales  | 10.2%      | 11.8%      |
| Adjusted EBITDA <sup>1)</sup>  | 692        | 735        |
| as a % of sales  | 15.5%      | 16.8%      |

<sup>1)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

<sup>2)</sup> Effective Q1 2024, Philips has revised the order intake policy for the software businesses. Refer to [Forward-looking statements and other important information](#).

<sup>3)</sup> Shareholders refers to shareholders of Koninklijke Philips N.V. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.

## Sales per geographic area<sup>1)</sup> in millions of EUR unless otherwise stated

|                           | Q3 2023      | Q3 2024      | % change    |                          |
|---------------------------|--------------|--------------|-------------|--------------------------|
|                           |              |              | nominal     | comparable <sup>2)</sup> |
| Western Europe            | 942          | 965          | 2%          | 3%                       |
| North America             | 1,856        | 1,873        | 1%          | 1%                       |
| Other mature geographies  | 373          | 324          | (13)%       | (10)%                    |
| <b>Mature geographies</b> | <b>3,171</b> | <b>3,163</b> | <b>0%</b>   | <b>1%</b>                |
| Growth geographies        | 1,300        | 1,214        | (7)%        | (3)%                     |
| <b>Philips Group</b>      | <b>4,471</b> | <b>4,377</b> | <b>(2)%</b> | <b>0%</b>                |

<sup>1)</sup> Sales per geographic area is reported based on country of destination

<sup>2)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

Amounts may not add up due to rounding

- Comparable sales were flat on the back of double-digit growth in Q3 2023. A decline in China was offset by growth in the rest of the world and higher royalty income.
- Income from operations increased to EUR 337 million, mainly driven by higher gross margin and lower Respiroics field action running costs.
- Adjusted EBITA increased to EUR 516 million and the margin improved to 11.8%, mainly driven by operational improvement, productivity measures and higher royalty income.
- Restructuring, acquisition-related and other items amounted to EUR 113 million, compared with EUR 162 million in Q3 2023. Q3 2024 includes EUR 35 million Respiroics field action running costs, EUR 17 million Respiroics consent decree charges and EUR 56 million restructuring and acquisition-related charges.
- Income tax expense increased by EUR 33 million in Q3 2024, mainly due to lower tax benefits and higher income before tax.
- Net income increased compared with Q3 2023, mainly driven by higher gross margin in Q3 2024 and lower Respiroics field action running costs, partly offset by higher tax expenses.

- Comparable sales in Mature geographies increased by 1%. Growth geographies declined 3%, due to the decline in China, partly offset by an increase in other Growth geographies.

**Cash and cash equivalents balance** in millions of EUR

|   | Q3 2023      | Q3 2024      |
|---|--------------|--------------|
| <b>Beginning cash balance</b>                   | <b>960</b>   | <b>1,807</b> |
| Free cash flow <sup>1)</sup>                    | 333          | 22           |
| <i>Net cash flows from operating activities</i> | <i>489</i>   | <i>192</i>   |
| <i>Net capital expenditures</i>                 | <i>(156)</i> | <i>(170)</i> |
| Other cash flows from investing activities      | (3)          | 35           |
| Treasury share transactions                     | (165)        | (60)         |
| Changes in debt                                 | (48)         | (246)        |
| Dividend paid to shareholders                   | 0            | -            |
| Other cash flow items                           | (2)          | (45)         |
| Net cash flows from discontinued operations     | 80           | -            |
| <b>Ending cash balance</b>                      | <b>1,155</b> | <b>1,512</b> |

<sup>1)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

- Net cash flows from operating activities decreased, mainly due to higher working capital outflows, partly offset by higher earnings.
- Treasury share transactions in Q3 2024 include share repurchases as part of the EUR 125 million share repurchase program to cover obligations arising from long-term incentive plans that was announced on August 5, 2024.
- Changes in debt includes the redemption of a EUR 200 million loan in Q3 2024.
- Net cash flows from discontinued operations in Q3 2023 reflected a refund of a tax deposit related to a previously divested business.

**Composition of net debt to group equity<sup>1)</sup>** in millions of EUR unless otherwise stated

|   | June 30, 2024 | September 30, 2024 |
|---|---------------|--------------------|
| Long-term debt                                    | 7,137         | 7,110              |
| Short-term debt                                   | 1,129         | 923                |
| <b>Total debt</b>                                 | <b>8,265</b>  | <b>8,032</b>       |
| Cash and cash equivalents                         | 1,807         | 1,512              |
| <b>Net debt</b>                                   | <b>6,458</b>  | <b>6,520</b>       |
| Shareholders' equity                              | 11,884        | 11,437             |
| Non-controlling interests                         | 35            | 33                 |
| <b>Group equity</b>                               | <b>11,919</b> | <b>11,470</b>      |
| <b>Net debt : group equity ratio<sup>1)</sup></b> | <b>35:65</b>  | <b>36:64</b>       |

<sup>1)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

# Performance per segment

## Diagnosis & Treatment

Key data in millions of EUR unless otherwise stated

|                                       | Q3 2023 | Q3 2024 |
|---------------------------------------|---------|---------|
| Sales                                 | 2,202   | 2,150   |
| Sales growth                          |         |         |
| Nominal sales growth                  | 6%      | (2)%    |
| Comparable sales growth <sup>1)</sup> | 14%     | (1)%    |
| Income from operations                | 251     | 232     |
| as a % of sales                       | 11.4%   | 10.8%   |
| EBITA <sup>1)</sup>                   | 272     | 255     |
| as a % of sales                       | 12.4%   | 11.9%   |
| Adjusted EBITA <sup>1)</sup>          | 280     | 271     |
| as a % of sales                       | 12.7%   | 12.6%   |
| Adjusted EBITDA <sup>1)</sup>         | 341     | 321     |
| as a % of sales                       | 15.5%   | 14.9%   |

<sup>1)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

- Comparable sales decreased by 1%, mainly due to deterioration in China, on the back of 14% growth in Q3 2023. Growth in Image Guided Therapy was offset by a decline in Precision Diagnosis.
- Comparable sales grew in the majority of Growth geographies and North America.
- Adjusted EBITA was EUR 271 million, with a margin of 12.6%, despite lower sales, driven by improved operational performance, pricing and productivity measures.
- Restructuring, acquisition-related and other items amounted to EUR 16 million, compared with EUR 8 million in Q3 2023.

## Connected Care

Key data in millions of EUR unless otherwise stated

|                                       | Q3 2023 | Q3 2024 |
|---------------------------------------|---------|---------|
| Sales                                 | 1,232   | 1,211   |
| Sales growth                          |         |         |
| Nominal sales growth                  | 3%      | (2)%    |
| Comparable sales growth <sup>1)</sup> | 10%     | 0%      |
| Income from operations                | (111)   | (17)    |
| as a % of sales                       | (9.0)%  | (1.4)%  |
| EBITA <sup>1)</sup>                   | (67)    | 20      |
| as a % of sales                       | (5.4)%  | 1.7%    |
| Adjusted EBITA <sup>1)</sup>          | 45      | 89      |
| as a % of sales                       | 3.7%    | 7.3%    |
| Adjusted EBITDA <sup>1)</sup>         | 110     | 148     |
| as a % of sales                       | 8.9%    | 12.2%   |

<sup>1)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

- Comparable sales were flat, with growth in Enterprise Informatics and Sleep & Respiratory Care offset by a low-single-digit decline in Monitoring on the back of high-teens growth in Q3 2023.
- Growth geographies showed low-single-digit growth. Mature geographies were flat.
- Adjusted EBITA increased to EUR 89 million and the margin improved to 7.3%, mainly driven by productivity measures and pricing.
- Restructuring, acquisition-related and other items were EUR 69 million, compared with EUR 112 million in Q3 2023. Q3 2024 includes EUR 35 million Respiroics field-action running costs, EUR 17 million Respiroics consent decree charges and EUR 19 million restructuring and acquisition-related charges.

## Personal Health

Key data in millions of EUR unless otherwise stated

|                                       | Q3 2023 | Q3 2024 |
|---------------------------------------|---------|---------|
| Sales                                 | 898     | 835     |
| Sales growth                          |         |         |
| Nominal sales growth                  | 0%      | (7)%    |
| Comparable sales growth <sup>1)</sup> | 7%      | (5)%    |
| Income from operations                | 142     | 132     |
| as a % of sales                       | 15.8%   | 15.8%   |
| EBITA <sup>1)</sup>                   | 145     | 136     |
| as a % of sales                       | 16.1%   | 16.3%   |
| Adjusted EBITA <sup>1)</sup>          | 168     | 138     |
| as a % of sales                       | 18.7%   | 16.5%   |
| Adjusted EBITDA <sup>1)</sup>         | 192     | 160     |
| as a % of sales                       | 21.4%   | 19.2%   |

<sup>1)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

- Comparable sales decreased 5% due to a double-digit decline in China, more than offsetting growth in other geographies.
- Adjusted EBITA decreased to EUR 138 million and the margin decreased to 16.5%, mainly due to lower sales, partly offset by operational performance improvement.
- Restructuring, acquisition-related and other items were EUR 2 million, compared with EUR 23 million in Q3 2023. Q3 2023 included a EUR 23 million investment re-measurement loss.

## Other

Key data in millions of EUR

|                                  | Q3 2023 | Q3 2024 |
|----------------------------------|---------|---------|
| Sales                            | 140     | 181     |
| Income from operations           | (58)    | (10)    |
| EBITA <sup>1)</sup>              | (56)    | (8)     |
| Adjusted EBITA <sup>1)</sup> of: | (37)    | 18      |
| IP Royalties                     | 63      | 105     |
| Innovation                       | (28)    | (25)    |
| Central costs                    | (67)    | (61)    |
| Other                            | (4)     | (1)     |
| Adjusted EBITDA <sup>1)</sup>    | 50      | 106     |

<sup>1)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

- Sales increased by EUR 41 million, mainly driven by higher royalty income.
- Adjusted EBITA increased by EUR 55 million, mainly driven by higher royalty income and lower costs.
- Restructuring, acquisition-related and other items amounted to EUR 26 million, compared with EUR 20 million in Q3 2023.

# Forward-looking statements and other important information

## Forward-looking statements

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 strategy, estimates of sales growth, future Adjusted EBITA <sup>\*)</sup>, 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: Philips' ability to gain leadership in health informatics in response to developments in the health technology industry; Philips' ability to keep pace with the changing health technology environment; macro-economic and geopolitical changes; integration of acquisitions and their delivery on business plans and value creation expectations; securing and maintaining Philips' intellectual property rights, and unauthorized use of third-party intellectual property rights; Philips' ability to meet expectations with respect to ESG-related matters; failure of products and services to meet quality or security standards, adversely affecting patient safety and customer operations; breaches of cybersecurity; challenges in simplifying our organization and our ways of working; the resilience of our supply chain; attracting and retaining personnel; challenges in driving operational excellence and speed in bringing innovations to market; compliance with regulations and standards including quality, product safety and (cyber) security; compliance with business conduct rules and regulations including privacy and upcoming ESG disclosure and due diligence requirements; treasury and financing risks; tax risks; reliability of internal controls, financial reporting and management process; and global inflation. 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 2023](#). Reference is also made to section Risk management in the [Philips semi-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 press release 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 2023](#).

## 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 2023](#). Prior-period amounts have been reclassified to conform to the current-period presentation; this includes immaterial organizational changes.

Effective Q1 2024, Philips has revised the order intake policy to reflect the full contract value for software contracts that start generating revenue within an 18-month horizon, instead of only the next 18-months-to-revenue horizon. This change has been implemented to better align with the specific business model of our software businesses, simplify the order intake process, and better align with peers. Prior-period comparable order intake percentages have been restated accordingly. This revision has not resulted in any material changes to the order intake percentages for the periods presented.

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.

<sup>\*)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

# Condensed consolidated statements of income

In millions of EUR unless otherwise stated

|   | Q3           |              | January to September |               |
|---|--------------|--------------|----------------------|---------------|
|   | 2023         | 2024         | 2023                 | 2024          |
| <b>Sales</b>  | <b>4,471</b> | <b>4,377</b> | <b>13,107</b>        | <b>12,977</b> |
| Cost of sales   | (2,538)      | (2,371)      | (7,458)              | (7,167)       |
| <b>Gross margin</b>                                   | <b>1,933</b> | <b>2,006</b> | <b>5,650</b>         | <b>5,810</b>  |
| Selling expenses                                      | (1,114)      | (1,075)      | (3,304)              | (3,298)       |
| General and administrative expenses                   | (150)        | (151)        | (465)                | (445)         |
| Research and development expenses                     | (445)        | (433)        | (1,441)              | (1,275)       |
| Other business income                                 | 38           | 6            | 61                   | 554           |
| Other business expenses                               | (39)         | (15)         | (639)                | (1,016)       |
| <b>Income from operations</b>                         | <b>224</b>   | <b>337</b>   | <b>(139)</b>         | <b>329</b>    |
| Financial income                                      | 15           | 34           | 46                   | 74            |
| Financial expenses                                    | (91)         | (104)        | (268)                | (280)         |
| Investment in associates, net of income taxes         | (19)         | (21)         | (72)                 | (115)         |
| <b>Income before taxes</b>                            | <b>130</b>   | <b>247</b>   | <b>(432)</b>         | <b>8</b>      |
| Income tax (expense) benefit                          | (32)         | (65)         | (59)                 | (514)         |
| <b>Income from continuing operations</b>              | <b>97</b>    | <b>182</b>   | <b>(492)</b>         | <b>(507)</b>  |
| Discontinued operations, net of income taxes          | (7)          | -            | (9)                  | 142           |
| <b>Net income</b>                                     | <b>90</b>    | <b>181</b>   | <b>(501)</b>         | <b>(365)</b>  |
| <b>Attribution of net income</b>                      |              |              |                      |               |
| Net income attributable to shareholders <sup>1)</sup> | 88           | 181          | (505)                | (367)         |
| Net income attributable to non-controlling interests  | 2            | -            | 4                    | 2             |

<sup>1)</sup> Shareholders refers to shareholders of Koninklijke Philips N.V.

## Philips Group

### Earnings per common share attributable to shareholders of Koninklijke Philips N.V.

|  | Q3      |         | January to September |         |
|--|---------|---------|----------------------|---------|
|  | 2023    | 2024    | 2023                 | 2024    |
| Weighted average number of common shares outstanding (after deduction of treasury shares) during the period (in thousands) <sup>1)</sup> : |         |         |                      |         |
| Basic  | 948,890 | 933,268 | 950,533              | 934,713 |
| Diluted  | 971,223 | 944,281 | 950,533              | 934,713 |
| Basic earnings per common share attributable to shareholders of Koninklijke Philips N.V. (in EUR) <sup>1)</sup>                            |         |         |                      |         |
| Income from continuing operations  | 0.10    | 0.19    | (0.52)               | (0.54)  |
| Income from discontinued operations  | (0.01)  | 0.00    | (0.01)               | 0.15    |
| Net income   | 0.09    | 0.19    | (0.53)               | (0.39)  |
| Diluted earnings per common share attributable to shareholders of Koninklijke Philips N.V. (in EUR) <sup>1)</sup>                          |         |         |                      |         |
| Income from continuing operations  | 0.10    | 0.19    | (0.52)               | (0.54)  |
| Income from discontinued operations  | (0.01)  | 0.00    | (0.01)               | 0.15    |
| Net income   | 0.09    | 0.19    | (0.53)               | (0.39)  |

<sup>1)</sup> Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.



## Reconciliation of non-IFRS information

Certain non-IFRS financial measures are presented when discussing the Philips Group's performance:

- Comparable sales growth
- Adjusted income from continuing operations attributable to shareholders
- Adjusted income from continuing operations attributable to shareholders per common share (in EUR) - diluted (Adjusted EPS)
- EBITA
- Adjusted EBITA
- Adjusted EBITDA
- Free cash flow
- Net debt : group equity ratio

For the definitions of the non-IFRS financial measures listed above, refer to chapter 13.5, Reconciliation of non-IFRS information, of the [Annual Report 2023](#) and to the [Forward-looking statements and other important information](#).

Comparable order intake is presented when discussing the Philips Group's performance. Effective Q1 2024, Philips has revised the order intake policy for the software business. Refer to [Forward-looking statements and other important information](#).

### Sales growth composition in %

|                         | Q3 2024        |                       |                  |                   | January to September |                       |                  |                   |
|-------------------------|----------------|-----------------------|------------------|-------------------|----------------------|-----------------------|------------------|-------------------|
|                         | nominal growth | consolidation changes | currency effects | comparable growth | nominal growth       | consolidation changes | currency effects | comparable growth |
| <b>2024 versus 2023</b> |                |                       |                  |                   |                      |                       |                  |                   |
| Diagnosis & Treatment   | (2.3)%         | 0.3%                  | 1.2%             | (0.9)%            | 0.4%                 | (0.1)%                | 1.9%             | 2.1%              |
| Connected Care          | (1.7)%         | 0.9%                  | 0.8%             | 0.0%              | (2.0)%               | 0.9%                  | 1.3%             | 0.2%              |
| Personal Health         | (7.0)%         | 0.0%                  | 1.8%             | (5.3)%            | (2.9)%               | 0.0%                  | 2.6%             | (0.3)%            |
| <b>Philips Group</b>    | <b>(2.1)%</b>  | <b>0.5%</b>           | <b>1.1%</b>      | <b>(0.5)%</b>     | <b>(1.0)%</b>        | <b>0.3%</b>           | <b>1.8%</b>      | <b>1.1%</b>       |

### Adjusted income from continuing operations attributable to shareholders<sup>1)</sup> in millions of EUR unless otherwise stated

|  | Q3         |            | January to September |              |
|--|------------|------------|----------------------|--------------|
|  | 2023       | 2024       | 2023                 | 2024         |
| Net income   | 90         | 181        | (501)                | (365)        |
| Discontinued operations, net of income taxes   | 7          | -          | 9                    | (142)        |
| <b>Income from continuing operations</b>   | <b>97</b>  | <b>182</b> | <b>(492)</b>         | <b>(507)</b> |
| Income from continuing operations attributable to non-controlling interests  | (2)        | -          | (4)                  | (2)          |
| <b>Income from continuing operations attributable to shareholders<sup>1)</sup></b>                                     | <b>95</b>  | <b>181</b> | <b>(495)</b>         | <b>(509)</b> |
| Adjustments for:   |            |            |                      |              |
| Amortization and impairment of acquired intangible assets  | 71         | 66         | 216                  | 199          |
| Restructuring and acquisition-related charges  | 42         | 56         | 331                  | 208          |
| Other items:   | 120        | 57         | 859                  | 662          |
| <i>Respironics litigation provision</i>  |            | 3          | 575                  | 985          |
| <i>Respironics insurance income</i>  |            |            |                      | (538)        |
| <i>Respironics field-action running costs</i>  | 66         | 35         | 172                  | 107          |
| <i>Respironics consent decree charges</i>  |            | 17         |                      | 64           |
| <i>Quality actions</i>   | 29         |            | 76                   | 31           |
| <i>Investment re-measurement loss</i>  | 23         |            | 23                   |              |
| <i>Remaining items</i>   | 2          | 1          | 14                   | 13           |
| Net finance expenses   | (1)        | (4)        | 14                   | 16           |
| Tax impact of adjusted items and tax-only adjusting items  | (15)       | (53)       | (157)                | 250          |
| <b>Adjusted income from continuing operations attributable to shareholders<sup>1)</sup></b>                            | <b>312</b> | <b>304</b> | <b>768</b>           | <b>826</b>   |
| <b>Earnings per common share:</b>  |            |            |                      |              |
| Income from continuing operations attributable to shareholders <sup>2)</sup> per common share (in EUR) - diluted       | 0.10       | 0.19       | (0.52)               | (0.54)       |
| Adjusted income from continuing operations attributable to shareholders <sup>2)</sup> per common share (EUR) - diluted | 0.32       | 0.32       | 0.81                 | 0.88         |

<sup>1)</sup> Shareholders refers to shareholders of Koninklijke Philips N.V.

<sup>2)</sup> Shareholders refers to shareholders of Koninklijke Philips N.V. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.

Reconciliation of Net income to Adjusted EBITA and Adjusted EBITDA in millions of EUR

|  | Philips Group | Diagnosis & Treatment | Connected Care | Personal Health | Other        |
|--|---------------|-----------------------|----------------|-----------------|--------------|
| <b>Q3 2024</b>   |               |                       |                |                 |              |
| Net income   | 181           |                       |                |                 |              |
| Discontinued operations, net of income taxes   | -             |                       |                |                 |              |
| Income tax   | 65            |                       |                |                 |              |
| Investments in associates, net of income taxes   | 21            |                       |                |                 |              |
| Financial expenses   | 104           |                       |                |                 |              |
| Financial income   | (34)          |                       |                |                 |              |
| <b>Income from operations</b>  | <b>337</b>    | <b>232</b>            | <b>(17)</b>    | <b>132</b>      | <b>(10)</b>  |
| Amortization and impairment of acquired intangible assets  | 66            | 23                    | 37             | 4               | 2            |
| <b>EBITA</b>   | <b>404</b>    | <b>255</b>            | <b>20</b>      | <b>136</b>      | <b>(8)</b>   |
| Restructuring and acquisition-related charges  | 56            | 16                    | 19             | 2               | 19           |
| Other items:   | 57            |                       | 50             |                 | 7            |
| <i>Respironics field-action running costs</i>  | 35            |                       | 35             |                 |              |
| <i>Respironics consent decree charges</i>  | 17            |                       | 17             |                 |              |
| <i>Respironics litigation provision</i>  | 3             |                       | 3              |                 |              |
| <i>Remaining items</i>   | 1             |                       | (6)            |                 | 7            |
| <b>Adjusted EBITA</b>  | <b>516</b>    | <b>271</b>            | <b>89</b>      | <b>138</b>      | <b>18</b>    |
| Depreciation, amortization and impairment of fixed assets and other intangible assets                            | 225           | 50                    | 59             | 24              | 92           |
| Adding back impairment of fixed assets included in Restructuring and acquisition-related charges and Other items | (6)           | -                     | -              | (2)             | (4)          |
| <b>Adjusted EBITDA</b>   | <b>735</b>    | <b>321</b>            | <b>148</b>     | <b>160</b>      | <b>106</b>   |
| <b>January to September 2024</b>   |               |                       |                |                 |              |
| Net income   | (365)         |                       |                |                 |              |
| Discontinued operations, net of income taxes   | (142)         |                       |                |                 |              |
| Income tax   | 514           |                       |                |                 |              |
| Investments in associates, net of income taxes   | 115           |                       |                |                 |              |
| Financial expenses   | 280           |                       |                |                 |              |
| Financial income   | (74)          |                       |                |                 |              |
| <b>Income from operations</b>  | <b>329</b>    | <b>589</b>            | <b>(524)</b>   | <b>368</b>      | <b>(104)</b> |
| Amortization and impairment of acquired intangible assets  | 199           | 68                    | 111            | 11              | 8            |
| <b>EBITA</b>   | <b>528</b>    | <b>657</b>            | <b>(413)</b>   | <b>379</b>      | <b>(95)</b>  |
| Restructuring and acquisition-related charges  | 208           | 60                    | 54             | 20              | 74           |
| Other items:   | 662           | 6                     | 638            |                 | 18           |
| <i>Respironics litigation provision</i>  | 985           |                       | 985            |                 |              |
| <i>Respironics insurance income</i>  | (538)         |                       | (538)          |                 |              |
| <i>Respironics field-action running costs</i>  | 107           |                       | 107            |                 |              |
| <i>Respironics consent decree charges</i>  | 64            |                       | 64             |                 |              |
| <i>Quality actions</i>   | 31            | 6                     | 25             |                 |              |
| <i>Remaining items</i>   | 13            |                       | (5)            |                 | 18           |
| <b>Adjusted EBITA</b>  | <b>1,399</b>  | <b>723</b>            | <b>280</b>     | <b>399</b>      | <b>(3)</b>   |
| Depreciation, amortization and impairment of fixed assets and other intangible assets                            | 729           | 150                   | 192            | 74              | 313          |
| Adding back impairment of fixed assets included in Restructuring and acquisition-related charges and Other items | (51)          | (3)                   | -              | (5)             | (42)         |
| <b>Adjusted EBITDA</b>   | <b>2,077</b>  | <b>870</b>            | <b>471</b>     | <b>468</b>      | <b>268</b>   |

|  | Philips Group | Diagnosis & Treatment | Connected Care | Personal Health | Other        |
|--|---------------|-----------------------|----------------|-----------------|--------------|
| <b>Q3 2023</b>   |               |                       |                |                 |              |
| Net income   | 90            |                       |                |                 |              |
| Discontinued operations, net of income taxes   | 7             |                       |                |                 |              |
| Income tax   | 32            |                       |                |                 |              |
| Investments in associates, net of income taxes   | 19            |                       |                |                 |              |
| Financial expenses   | 91            |                       |                |                 |              |
| Financial income   | (15)          |                       |                |                 |              |
| <b>Income from operations</b>  | <b>224</b>    | <b>251</b>            | <b>(111)</b>   | <b>142</b>      | <b>(58)</b>  |
| Amortization and impairment of acquired intangible assets  | 71            | 21                    | 44             | 4               | 2            |
| <b>EBITA</b>   | <b>294</b>    | <b>272</b>            | <b>(67)</b>    | <b>145</b>      | <b>(56)</b>  |
| Restructuring and acquisition-related charges  | 42            | 8                     | 20             | -               | 15           |
| Other items:   | 120           | -                     | 92             | 23              | 5            |
| <i>Respironics field-action running costs</i>  | 66            |                       | 66             |                 |              |
| <i>Quality actions</i>   | 29            |                       | 29             |                 |              |
| <i>Investment re-measurement loss</i>  | 23            |                       |                | 23              |              |
| <i>Remaining items</i>   | 2             | -                     | (3)            |                 | 5            |
| <b>Adjusted EBITA</b>  | <b>456</b>    | <b>280</b>            | <b>45</b>      | <b>168</b>      | <b>(37)</b>  |
| Depreciation, amortization and impairment of fixed assets and other intangible assets                            | 248           | 62                    | 65             | 24              | 97           |
| Adding back impairment of fixed assets included in Restructuring and acquisition-related charges and Other items | (12)          | (1)                   | (1)            |                 | (10)         |
| <b>Adjusted EBITDA</b>   | <b>692</b>    | <b>341</b>            | <b>110</b>     | <b>192</b>      | <b>50</b>    |
| <b>January to September 2023</b>   |               |                       |                |                 |              |
| Net income   | (501)         |                       |                |                 |              |
| Discontinued operations, net of income taxes   | 9             |                       |                |                 |              |
| Income tax   | 59            |                       |                |                 |              |
| Investments in associates, net of income taxes   | 72            |                       |                |                 |              |
| Financial expenses   | 268           |                       |                |                 |              |
| Financial income   | (46)          |                       |                |                 |              |
| <b>Income from operations</b>  | <b>(139)</b>  | <b>587</b>            | <b>(867)</b>   | <b>344</b>      | <b>(203)</b> |
| Amortization and impairment of acquired intangible assets  | 216           | 65                    | 133            | 11              | 7            |
| <b>EBITA</b>   | <b>77</b>     | <b>652</b>            | <b>(734)</b>   | <b>355</b>      | <b>(196)</b> |
| Restructuring and acquisition-related charges  | 331           | 102                   | 78             | 7               | 144          |
| Other items:   | 859           | 11                    | 822            | 22              | 4            |
| <i>Respironics litigation provision</i>  | 575           |                       | 575            |                 |              |
| <i>Respironics field-action running costs</i>  | 172           |                       | 172            |                 |              |
| <i>Quality actions</i>   | 76            |                       | 76             |                 |              |
| <i>Investment re-measurement loss</i>  | 23            |                       |                | 23              |              |
| <i>Remaining items</i>   | 14            | 11                    | (1)            | (1)             | 4            |
| <b>Adjusted EBITA</b>  | <b>1,268</b>  | <b>766</b>            | <b>166</b>     | <b>384</b>      | <b>(48)</b>  |
| Depreciation, amortization and impairment of fixed assets and other intangible assets                            | 717           | 168                   | 186            | 71              | 293          |
| Adding back impairment of fixed assets included in Restructuring and acquisition-related charges and Other items | (37)          | (4)                   | (4)            |                 | (29)         |
| <b>Adjusted EBITDA</b>   | <b>1,949</b>  | <b>930</b>            | <b>348</b>     | <b>455</b>      | <b>216</b>   |

#### Composition of free cash flow in millions of EUR

|   | Q3         |           |
|---|------------|-----------|
|   | 2023       | 2024      |
| Net cash flows from operating activities                        | 489        | 192       |
| Net capital expenditures  | (156)      | (170)     |
| <i>Purchase of intangible assets</i>                            | (24)       | (29)      |
| <i>Expenditures on development assets</i>                       | (55)       | (69)      |
| <i>Capital expenditures on property, plant and equipment</i>    | (79)       | (75)      |
| <i>Proceeds from disposals of property, plant and equipment</i> | 2          | 4         |
| <b>Free cash flow</b>   | <b>333</b> | <b>22</b> |

# Philips statistics

In millions of EUR unless otherwise stated

|   | 2023    |         |         |         | 2024    |         |         |    |
|---|---------|---------|---------|---------|---------|---------|---------|----|
|   | Q1      | Q2      | Q3      | Q4      | Q1      | Q2      | Q3      | Q4 |
| Sales   | 4,167   | 4,470   | 4,471   | 5,062   | 4,138   | 4,462   | 4,377   |    |
| Nominal sales growth  | 6%      | 7%      | 4%      | (7)%    | (1)%    | 0%      | (2)%    |    |
| Comparable sales growth <sup>1)</sup>   | 6%      | 9%      | 11%     | (1)%    | 2%      | 2%      | 0%      |    |
| Comparable order intake <sup>2)</sup>   | (5)%    | (8)%    | (7)%    | (4)%    | (4)%    | 9%      | (2)%    |    |
| Gross margin  | 1,755   | 1,961   | 1,933   | 1,798   | 1,815   | 1,989   | 2,006   |    |
| as a % of sales   | 42.1%   | 43.9%   | 43.2%   | 35.5%   | 43.9%   | 44.6%   | 45.8%   |    |
| Selling expenses  | (1,079) | (1,112) | (1,114) | (1,220) | (1,096) | (1,127) | (1,075) |    |
| as a % of sales   | (25.9)% | (24.9)% | (24.9)% | (24.1)% | (26.5)% | (25.3)% | (24.6)% |    |
| G&A expenses  | (158)   | (157)   | (150)   | (143)   | (136)   | (158)   | (151)   |    |
| as a % of sales   | (3.8)%  | (3.5)%  | (3.4)%  | (2.8)%  | (3.3)%  | (3.5)%  | (3.4)%  |    |
| R&D expenses  | (528)   | (468)   | (445)   | (449)   | (419)   | (424)   | (433)   |    |
| as a % of sales   | (12.7)% | (10.5)% | (10.0)% | (8.9)%  | (10.1)% | (9.5)%  | (9.9)%  |    |
| Income from operations  | (583)   | 221     | 224     | 24      | (824)   | 816     | 337     |    |
| as a % of sales   | (14.0)% | 4.9%    | 5.0%    | 0.5%    | (19.9)% | 18.3%   | 7.7%    |    |
| Net income  | (665)   | 74      | 90      | 38      | (998)   | 452     | 181     |    |
| Income from continuing operations attributable to shareholders <sup>3)</sup> per common share (in EUR) - diluted                        | (0.70)  | 0.07    | 0.10    | 0.04    | (1.07)  | 0.33    | 0.19    |    |
| Adjusted income from continuing operations attributable to shareholders <sup>3)</sup> per common share (in EUR) - diluted <sup>1)</sup> | 0.20    | 0.27    | 0.32    | 0.40    | 0.25    | 0.30    | 0.32    |    |
| EBITA <sup>1)</sup>   | (510)   | 292     | 294     | 106     | (751)   | 876     | 404     |    |
| as a % of sales   | (12.2)% | 6.5%    | 6.6%    | 2.1%    | (18.1)% | 19.6%   | 9.2%    |    |
| Adjusted EBITA <sup>1)</sup>  | 359     | 453     | 456     | 653     | 388     | 495     | 516     |    |
| as a % of sales   | 8.6%    | 10.1%   | 10.2%   | 12.9%   | 9.4%    | 11.1%   | 11.8%   |    |
| Adjusted EBITDA <sup>1)</sup>   | 575     | 681     | 692     | 896     | 609     | 733     | 735     |    |
| as a % of sales   | 13.8%   | 15.2%   | 15.5%   | 17.7%   | 14.7%   | 16.4%   | 16.8%   |    |

<sup>1)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

<sup>2)</sup> Effective Q1 2024, Philips has revised the order intake policy for the software businesses. Refer to [Forward-looking statements and other important information](#).

<sup>3)</sup> Shareholders refers to shareholders of Koninklijke Philips N.V. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.

|   | 2023          |              |                   |                  | 2024          |              |                   |                  |
|---|---------------|--------------|-------------------|------------------|---------------|--------------|-------------------|------------------|
|   | January-March | January-June | January-September | January-December | January-March | January-June | January-September | January-December |
| Sales   | 4,167         | 8,636        | 13,107            | 18,169           | 4,138         | 8,600        | 12,977            |                  |
| Nominal sales growth  | 6%            | 7%           | 6%                | 2%               | (1)%          | 0%           | (1)%              |                  |
| Comparable sales growth <sup>1)</sup>   | 6%            | 8%           | 9%                | 6%               | 2%            | 2%           | 1%                |                  |
| Comparable order intake <sup>2)</sup>   | (5)%          | (7)%         | (7)%              | (6)%             | (4)%          | 3%           | 1%                |                  |
| Gross margin  | 1,755         | 3,717        | 5,650             | 7,448            | 1,815         | 3,804        | 5,810             |                  |
| as a % of sales   | 42.1%         | 43.0%        | 43.1%             | 41.0%            | 43.9%         | 44.2%        | 44.8%             |                  |
| Selling expenses  | (1,079)       | (2,191)      | (3,304)           | (4,524)          | (1,096)       | (2,223)      | (3,298)           |                  |
| as a % of sales   | (25.9)%       | (25.4)%      | (25.2)%           | (24.9)%          | (26.5)%       | (25.8)%      | (25.4)%           |                  |
| G&A expenses  | (158)         | (315)        | (465)             | (608)            | (136)         | (294)        | (445)             |                  |
| as a % of sales   | (3.8)%        | (3.6)%       | (3.5)%            | (3.3)%           | (3.3)%        | (3.4)%       | (3.4)%            |                  |
| R&D expenses  | (528)         | (996)        | (1,441)           | (1,890)          | (419)         | (843)        | (1,275)           |                  |
| as a % of sales   | (12.7)%       | (11.5)%      | (11.0)%           | (10.4)%          | (10.1)%       | (9.8)%       | (9.8)%            |                  |
| Income from operations  | (583)         | (362)        | (139)             | (115)            | (824)         | (8)          | 329               |                  |
| as a % of sales   | (14.0)%       | (4.2)%       | (1.1)%            | (0.6)%           | (19.9)%       | (0.1)%       | 2.5%              |                  |
| Net income  | (665)         | (591)        | (501)             | (463)            | (998)         | (546)        | (365)             |                  |
| Income from continuing operations attributable to shareholders <sup>3)</sup> per common share (in EUR) - diluted                        | (0.70)        | (0.62)       | (0.52)            | (0.48)           | (1.07)        | (0.74)       | (0.54)            |                  |
| Adjusted income from continuing operations attributable to shareholders <sup>3)</sup> per common share (in EUR) - diluted <sup>1)</sup> | 0.20          | 0.48         | 0.81              | 1.21             | 0.25          | 0.56         | 0.88              |                  |
| EBITA <sup>1)</sup>   | (510)         | (217)        | 77                | 183              | (751)         | 125          | 528               |                  |
| as a % of sales   | (12.2)%       | (2.5)%       | 0.6%              | 1.0%             | (18.1)%       | 1.5%         | 4.1%              |                  |
| Adjusted EBITA <sup>1)</sup>  | 359           | 812          | 1,268             | 1,921            | 388           | 882          | 1,399             |                  |
| as a % of sales   | 8.6%          | 9.4%         | 9.7%              | 10.6%            | 9.4%          | 10.3%        | 10.8%             |                  |
| Adjusted EBITDA <sup>1)</sup>   | 575           | 1,256        | 1,949             | 2,845            | 609           | 1,342        | 2,077             |                  |
| as a % of sales   | 13.8%         | 14.5%        | 14.9%             | 15.7%            | 14.7%         | 15.6%        | 16.0%             |                  |
| Number of common shares outstanding (after deduction of treasury shares) at the end of period (in thousands)                            | 881,539       | 920,085      | 915,987           | 906,403          | 904,257       | 934,117      | 931,986           |                  |
| Shareholders' equity per common share in EUR  | 13.99         | 13.18        | 13.84             | 13.27            | 12.56         | 12.72        | 12.27             |                  |
| Net debt : group equity ratio <sup>1)</sup>   | 36:64         | 37:63        | 36:64             | 33:67            | 36:64         | 35:65        | 36:64             |                  |
| Total employees   | 73,712        | 71,519       | 70,741            | 69,656           | 69,062        | 68,701       | 69,282            |                  |

<sup>1)</sup> Non-IFRS financial measure. Refer to [Reconciliation of non-IFRS information](#).

<sup>2)</sup> Effective Q1 2024, Philips has revised the order intake policy for the software businesses. Refer to [Forward-looking statements and other important information](#).

<sup>3)</sup> Shareholders refers to shareholders of Koninklijke Philips N.V. Per share calculations have been adjusted retrospectively for all periods presented to reflect the issuance of shares for the share dividend in respect of 2023.

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