Press Release

April 24, 2020

Signify reports first quarter sales of EUR 1.4 billion, operational profitability of 7.9% and a free cash flow of EUR 112 million

First quarter 2020[1]

- Signify's installed base of connected light points increased from 56 million in Q4 19 to 60 million in Q1 20
- CSG growing profit engines -14.5%; CSG total Signify -15.3%
- Adj. indirect costs down EUR 56 million, or -11.1%, excl. currency effects and changes in scope
- Adj. EBITA margin improved by 10 bps to 7.9%, with a neutral effect from currencies
- Adj. EBITA margin of the growing profit engines increased by 100 bps to 7.7%
- Net income of EUR 27 million (Q1 19: EUR 44 million)
- Free cash flow doubled to EUR 112 million (Q1 19: EUR 55 million)
- Acquisition of Cooper Lighting completed; integration is well underway and achievement of synergies on track

COVID-19 update Q1

- Health & safety of employees was our highest priority
- Supported local partners and communities: donations of UV-C lamps and (solar) luminaires
- Our global manufacturing capacity was restored to more than 80%
- Broad range of mitigating actions to preserve profitability and free cash flow in place from start of Q1
- Liquidity remains strong, with a cash position of EUR 924 million at the end of Q1 20

Eindhoven, the Netherlands – Signify (Euronext: LIGHT), the world leader in lighting, today announced the company's first quarter 2020 results. "We were early to mobilize our teams worldwide and implement a broad range of actions to face the unprecedented situation caused by the COVID-19 pandemic. I am particularly satisfied with the successful measures we took to protect the health and safety of our employees and the people around us. We largely restored the performance of our supply chain to minimize the impact on our customers. We rapidly implemented a set of dedicated actions that enabled us to improve our operating margin and double our free cash flow despite a decline in demand," said CEO Eric Rondolat. "We are building on these achievements to manage our performance in the second quarter as we expect demand to be further impacted. In addition, we are taking extra measures to protect our profitability and cash flow. We have also started to explore new business opportunities arising from the situation whilst remaining very close to our customers. I believe that all these measures will help us to strengthen our market positions."

[1] *This press release contains certain non-IFRS financial measures and ratios, such as comparable sales growth, EBITA, adjusted EBITA and free cash flow, and related ratios, which are not recognized measures of financial performance or liquidity under IFRS. For a reconciliation of these non-IFRS financial measures to the most directly comparable IFRS financial measures, see appendix B, Reconciliation of non-IFRS financial measures, of this press release.*

COVID-19 actions

From the start of the outbreak, we have been very agile and thorough in dealing with the challenges through global and local crisis response teams. We have implemented a variety of policies including a ban on domestic and international travel, access restrictions to our sites, homeworking and very stringent hygiene and health measures across our plants, logistic hubs and R&D centers. We provided protective equipment, such as hand sanitizers, masks and temperature measurement tools.

We also implemented a broad range of mitigating actions to preserve profitability. These measures include savings in, amongst others, selling expenses, travel costs and procurement costs. In addition, we have implemented a range of measures to safeguard cash flow, including rigorous working capital management, a curtailment of uncommitted and non-essential capital expenditure, and the withdrawal of the dividend proposal.

We are accelerating and extending mitigating measures, including:

- Supervisory Board and Leadership Team took a 20% salary reduction for Q2
- A significant part of our employees voluntarily supported a 20% worktime reduction and pro-rata pay adjustment for a period of 3 months
- A 6-month delay in merit increases, where possible
- An external hiring freeze

Outlook

Considering the uncertainty about the future course of the pandemic, and the length and depth of the impact on the global economy, Signify does not provide financial guidance at this point in time.

Successfully completed Cooper Lighting acquisition

On March 2, 2020, Signify completed the acquisition of Cooper Lighting Solutions from Eaton. Since the announcement of the transaction, Signify has worked intensively with the Cooper Lighting teams to finalize integration plans which enabled us to start the implementation from day one. As a result, key business systems have been successfully segregated from Eaton and Cooper Lighting is now operating as a business unit within Signify. The agents are committed to the go-to market approach and associated benefits of the acquisition. The integration teams are also well on track to achieve the anticipated cost savings in procurement, supply chain and sourcing optimization.

Financial review

in millions of EUR, except percentages	First quarter 2019	2020	change
Comparable sales growth			**-15.3%**
Effects of currency movements			*1.3%*
Consolidation and other changes			*10.6%*
Sales	**1,478**	**1,427**	**-3.5%**
Adjusted gross margin	557	545	-2.1%
Adj. gross margin (as % of sales)	**37.7%**	**38.2%**	
Adj. SG&A expenses	-395	-393	
Adj. R&D expenses	-69	-67	
Adj. indirect costs	-464	-460	1.0%
Adj. indirect costs (as % of sales)	**31.4%**	**32.2%**	
Adjusted EBITA	115	112	-2.3%
Adjusted EBITA margin	**7.8%**	**7.9%**	
Adjusted items	-22	-42	
EBITA	93	70	-25.0%
Income from operations (EBIT)	**69**	**43**	**-37.6%**
Net financial income/expense	-9	-10	
Income tax expense	-16	-6	
Net income	**44**	**27**	**-39.2%**
Free cash flow	55	112	
Basic EPS (€)	0.35	0.24	
Employees (FTE)	28,689	38,446	

First quarter

Sales amounted to EUR 1,427 million, a nominal decrease of 3.5%. Adjusted for 1.3% currency effects and 10.6% consolidation (mainly related to the acquisitions of Cooper Lighting and Klite) and other changes, comparable sales declined by 15.3%. LED-based sales represent 78% of total sales. The adjusted gross margin increased by 50 bps to 38.2%, including a negative currency effect of 10 bps. Adjusted indirect costs decreased by EUR 4 million. Excluding currency effects and changes in scope, indirect costs decreased by EUR 56 million, or 11.1%. Adjusted EBITA amounted to EUR 112 million compared with EUR 115 million in the same period last year. The Adjusted EBITA margin increased by 10 bps to 7.9%, with a neutral effect from currencies. Total restructuring costs were EUR 13 million, acquisition-related charges EUR 18 million and incidental items EUR 11 million. Net income decreased from EUR 44 million last year to EUR 27 million in Q1 20, mainly due to higher acquisition-related charges and other incidentals. Free cash flow doubled from EUR 55 million last year to EUR 112 million in Q1 20, mainly as a result of strong working capital management in the growing profit engines, and the consolidation of Cooper Lighting.

Growing profit engines

In percentages	CSG		Adj. EBITA margin	
	Q1 19	**Q1 20**	**Q1 19**	**Q1 20**
LED	-0.2%	-16.2%	11.9%	10.9%
Professional	-1.5%	-14.2%	5.3%	6.7%
Home	24.4%	-8.0%	-6.1%	0.9%
Growing profit engines	**1.1%**	**-14.5%**	**6.7%**	**7.7%**

Despite the decline in top-line, the growing profit engines have improved the Adjusted EBITA margin by 100 bps to 7.7%, driven by Professional and Home.

LED

	First quarter		
In millions of EUR, unless otherwise indicated	2019	2020	change
Comparable sales growth (%)			-16.2%
Sales	449	426	-5.2%
Adjusted EBITA	54	46	-13.8%
Adjusted EBITA margin (%)	11.9%	10.9%	
EBITA	52	39	
Income from operations (EBIT)	51	38	

First quarter
Sales amounted to EUR 426 million, a nominal decrease of 5.2% and a decrease of 16.2% on a comparable basis. Both LED lamps and LED electronics were impacted by the pandemic. Initially the impact was mainly on the supply side, which subsequently exacerbated due to a decline in demand as a result of the countermeasures taken by governments and customers across the world. The Adjusted EBITA margin declined by 100 bps to 10.9%, mainly due to lower sales volumes.

Professional

	First quarter		
In millions of EUR, unless otherwise indicated	2019	2020	change
Comparable sales growth (%)			-14.2%
Sales	599	639	6.7%
Adjusted EBITA	32	43	33.9%
Adjusted EBITA margin (%)	5.3%	6.7%	
EBITA	23	18	
Income from operations (EBIT)	1	-7	

First quarter
Sales amounted to EUR 639 million, a nominal increase of 6.7% due to the consolidation of Cooper Lighting. Comparable sales declined by 14.2%, largely as a consequence of the COVID-19 outbreak. Adjusted EBITA amounted to EUR 43 million, resulting in an improvement in the Adjusted EBITA margin of 140 bps to 6.7%, mainly driven by an improvement in gross margin and indirect cost savings.

Home

	First quarter		
In millions of EUR, unless otherwise indicated	2019	2020	change
Comparable sales growth (%)			-8.0%
Sales	115	103	-10.5%
Adjusted EBITA	-7	1	
Adjusted EBITA margin (%)	-6.1%	0.9%	
EBITA	-7	-1	
Income from operations (EBIT)	-8	-2	

First quarter

Sales amounted to EUR 103 million, a decrease of 8.0% on a comparable basis. Supported by gross margin improvements and the cost measures taken in 2019, Home increased Adjusted EBITA by EUR 8 million to EUR 1 million, improving the Adjusted EBITA margin from -6.1% last year to 0.9% in Q1 20.

Cash engine - Lamps

	First quarter		
In millions of EUR, unless otherwise indicated	2019	2020	change
Comparable sales growth (%)			-17.8%
Sales	309	257	-16.6%
Adjusted EBITA	63	45	-28.3%
Adjusted EBITA margin (%)	20.5%	17.6%	
EBITA	61	39	
Income from operations (EBIT)	60	39	

First quarter

Sales amounted to EUR 257 million, a comparable decrease of 17.8%. Our cash engine continues to deliver on its ‘last company standing’ strategy, which resulted in further market share gains and solid free cash flow generation. The Adjusted EBITA margin remained robust at 17.6%.

Other

First quarter

Other represents amounts not allocated to the operating segments and includes certain costs related to central R&D activities to drive innovation as well as group enabling functions. Adjusted EBITA amounted to EUR -23 million (Q1 19: EUR -27 million). EBITA amounted to EUR -25 million (Q1 19: EUR -35 million), including restructuring costs of EUR 2 million (Q1 19: EUR 7 million).

Sales by market

In millions of EUR, unless otherwise indicated	First quarter 2019	2020*	change	CSG
Europe	533	502	-5.8%	-6.1%
Americas	430	484	12.6%	-15.2%
Rest of the World	432	325	-24.8%	-26.1%
Global businesses	84	117	38.3%	-16.3%
Total	**1,478**	**1,427**	**-3.5%**	**-15.3%**

Americas include Cooper Lighting and Global businesses include Klite

First quarter

Overall, sales in Q1 20 were impacted by the COVID-19 pandemic. Comparable sales in Europe decreased by 6.1%, with a particularly soft performance in Italy, Spain, France, and the UK. Comparable sales in the Americas decreased by 15.2%, due to the ongoing decline in conventional and more challenging market conditions in the US, Canada and Latin America. In the Rest of the World, comparable sales declined by 26.1%, mainly due to weak market activity in China, India and Southeast Asia.

Working capital

In millions of EUR, unless otherwise indicated	31 Mar '19*	31 Dec '19	31 Mar '20
Inventories	943	874	1,019
Trade and other receivables	1,231	1,223	1,173
Trade and other payables	-1,522	-1,684	-1,673
Other working capital items	-65	-25	-49
Working capital	**587**	**388**	**470**
As a % of last-twelve-months sales	9.3%	6.2%	7.6%

** Trade and other payables include accrued liabilities which was previously on a separate line, other working capital items include deferred income which was previously in trade and other payables.*

First quarter

Working capital improved by EUR 117 million to EUR 470 million year-on-year, mainly driven by lower receivables and higher payables, notwithstanding the addition of Cooper Lighting's working capital. Working capital represents 7.6% of sales, compared with 9.3% at the end of March 2019. Working capital improved by 320 bps to 6.1% of sales when including pro-forma last-twelve-months sales for both Cooper Lighting and Klite.

Cash flow analysis

In millions of EUR	First quarter 2019	2020
Income from operations (EBIT)	69	43
Depreciation and amortization	70	78
Additions to (releases of) provisions	41	33
Utilizations of provisions	-57	-52
Change in working capital	-29	52
Net interest and financing costs paid	-4	-10
Income taxes paid	-19	-28
Net capex	-10	-17
Other	-5	12
Free cash flow	**55**	**112**

First quarter
Free cash flow doubled from EUR 55 million last year to EUR 112 million in Q1 20, mainly as a result of strong working capital management in our growing profit engines, and the consolidation of Cooper Lighting. Free cash flow included a restructuring payout of EUR 18 million (Q1 19: EUR 25 million).

Net debt and total equity

In millions of EUR	31 Mar '19	31 Dec '19	31 Mar '20
Short-term debt	151	96	95
Long-term debt	1,370	1,369	2,639
Gross debt	1,521	1,465	2,734
Cash and cash equivalents	733	847	924
Net debt	**789**	**618**	**1,810**
Total equity	**2,208**	**2,324**	**2,334**

First quarter
Signify's cash position has increased by EUR 77 million to EUR 924 million compared with the end of 2019. Net debt amounted to EUR 1,810 million, an increase of EUR 1,192 million compared with the end of 2019. The increase in long-term debt can be explained by the USD 1.4 billion bridge loan facility to finance the acquisition of Cooper Lighting.

Total equity increased to EUR 2,334 million at the end of Q1 (Q4 19: EUR 2,324 million), primarily due to net income and unrealized gains on cash flow hedges, offset by currency translation.

Despite the challenges the COVID-19 pandemic is causing, Signify is confident in the underlying resilience of its businesses and operating model, and that its liquidity needs are well covered by the financial framework it has in place.

Signify's focus remains on maintaining a robust capital structure and on its policy to prioritize future deleveraging to support its commitment to an investment grade credit rating.

Other information

Appendix A – Financial statements information
Appendix B – Reconciliation of non-IFRS financial measures
Appendix C – Financial Glossary

Conference call and audio webcast
Eric Rondolat (CEO) and René van Schooten (CFO) will host a conference call for analysts and institutional investors at 9:00 a.m. CET to discuss first quarter 2020 results. A live and on-demand audio webcast of the conference call will be available via the Investor Relations website.

Financial calendar 2020

May 19	Annual General Meeting of Shareholders
July 24	Second quarter and half year results 2020
October 23	Third quarter results 2020

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About Signify
Signify (Euronext: LIGHT) is the world leader in lighting for professionals and consumers and lighting for the Internet of Things. Our Philips products, Interact connected lighting systems and data-enabled services, deliver business value and transform life in homes, buildings and public spaces. With 2019 sales of EUR 6.2 billion, we have approximately 38,000 employees and are present in over 70 countries. We unlock the extraordinary potential of light for brighter lives and a better world. We have been named Industry Leader in the Dow Jones Sustainability Index for three years in a row. News from Signify is located at the Newsroom, Twitter, LinkedIn and Instagram. Information for investors can be found on the Investor Relations page.

Important Information

Forward-Looking Statements and Risks & Uncertainties

This document and the related oral presentation contain, and responses to questions following the presentation may contain, forward-looking statements that reflect the intentions, beliefs or current expectations and projections of Signify N.V. (the "**Company**", and together with its subsidiaries, the "**Group**"), including statements regarding strategy, estimates of sales growth and future operational results.

By their nature, these statements involve risks and uncertainties facing the Company and its Group Companies and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties. Such risks, uncertainties and other important factors include but are not limited to: adverse economic and political developments, the impacts of COVID-19, rapid technological change, competition in the general lighting market, development of lighting systems and services, successful implementation of business transformation programs, impact of acquisitions and other transactions, reputational and adverse effects on business due to activities in Environment, Health & Safety, compliance risks, ability to attract and retain talented personnel, adverse currency effects, pension liabilities, and exposure to international tax laws. Please see "Risk Factors and Risk Management" in Chapter 12 of the Annual Report 2019 for discussion of material risks, uncertainties and other important factors which may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group. Such risks, uncertainties and other important factors should be read in conjunction with the information included in the Company's Annual Report 2019.

Additional risks currently not known to the Group or that the Group has not considered material as of the date of this document could also prove to be important and may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group or could cause the forward-looking events discussed in this document not to occur. The Group undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law.

Market and Industry Information

All references to market share, market data, industry statistics and industry forecasts in this document consist of estimates compiled by industry professionals, competitors, organizations or analysts, of publicly available information or of the Group's own assessment of its sales and markets. Rankings are based on sales unless otherwise stated.

Non-IFRS Financial Measures

Certain parts of this document contain non-IFRS financial measures and ratios, such as comparable sales growth, adjusted gross margin, EBITA, Adjusted EBITA, and free cash flow, and other related ratios, which are not recognized measures of financial performance or liquidity under IFRS. The non-IFRS financial measures presented are measures used by management to monitor the underlying performance of the Group's business and operations and, accordingly, they have not been audited or reviewed. Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis and these measures and ratios may not be comparable to measures used by other companies under the same or similar names. A reconciliation of these non-IFRS financial measures to the most directly comparable IFRS financial measures is contained in this document. For further information on non-IFRS financial measures, see "Chapter 18 Reconciliation of non-IFRS measures" in the Annual Report 2019.

Presentation

All amounts are in millions of euros unless otherwise stated. Due to rounding, amounts may not add up to totals provided. All reported data are unaudited. Unless otherwise indicated, financial information has been prepared in accordance with the accounting policies as stated in the annual report 2019 but does not represent a formal IAS 34 interim financial reporting report.

Changes to financial reporting following announced organizational changes

On January 20, 2020, Signify announced its intent to adapt its business structure to enable a stronger customer focus and enhanced specialization to further increase execution speed. To this end, the company intends to move from its current four business groups (BG) to three divisions: Digital Solutions, formerly known as BG Professional, Digital Products, which combines BG LED and BG Home, and Conventional Products, which is the current BG Lamps. As a consequence, Signify intends to adapt its segment reporting accordingly.

Market Abuse Regulation

This press release contains information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Appendix A – Financial statements information

A. CONSOLIDATED STATEMENTS OF INCOME

In millions of EUR unless otherwise stated

	First quarter	
	2019	**2020**
Sales	1,478	1,427
Cost of sales	(927)	(895)
Gross margin	**552**	**533**
Selling, general and administrative expenses	(409)	(422)
Research and development expenses	(72)	(68)
Impairment of goodwill	-	-
Other business income	2	2
Other business expenses	(4)	(1)
Income from operations	**69**	**43**
Financial income	5	5
Financial expenses	(14)	(15)
Results relating to investments in associates	1	(0)
Income before taxes	**61**	**33**
Income tax expense	(16)	(6)
Net income	**44**	**27**
Attribution of net income for the period:		
Net income (loss) attributable to shareholders of Signify N.V.	44	30
Net income (loss) attributable to non-controlling interests	(0)	(3)

Amounts may not add up due to rounding

B. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

in millions of EUR

	First quarter	
	2019	**2020**
Net income (loss)	**44**	**27**
Pensions and other post-employment plans:		
Remeasurements	(2)	0
Income tax effect on remeasurements	-	-
Total of items that will not be reclassified to profit or loss	**(2)**	**0**
Currency translation differences:		
Net current period change, before tax	45	(31)
Income tax effect	(2)	-
Cash flow hedges:		
Net current period change, before tax	17	14
Income tax effect	(3)	(3)
Total of items that are or may be reclassified to profit or loss	**57**	**(20)**
Other comprehensive income (loss)	**55**	**(20)**
Total comprehensive income (loss)	**99**	**6**
Total comprehensive income (loss) attributable to:		
Shareholders of Signify N.V.	97	9
Non-controlling interests	1	(3)

Amounts may not add up due to rounding signify

C. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of EUR	December 31, 2019	March 31, 2020
Non-current assets		
Property, plant and equipment	644	796
Goodwill	1,943	2,445
Intangible assets, other than goodwill	443	916
Investments in associates	14	14
Financial assets	49	43
Deferred tax assets	384	374
Other assets	64	59
Total non-current assets	**3,541**	**4,646**
Current assets		
Inventories	874	1,019
Financial assets	0	-
Other assets	161	173
Derivative financial assets	16	24
Income tax receivable	48	54
Trade and other receivables	1,223	1,173
Cash and cash equivalents	847	924
Assets classified as held for sale	4	10
Total current assets	**3,174**	**3,377**
Total assets	**6,715**	**8,023**

	December 31, 2019	March 31, 2020
Equity		
Shareholders' equity	2,181	2,193
Non-controlling interests	142	141
Total equity	**2,324**	**2,334**
Non-current liabilities		
Debt	1,369	2,639
Post-employment benefits	437	430
Provisions	216	237
Deferred tax liabilities	28	23
Income tax payable	52	49
Other liabilities	135	135
Total non-current liabilities	**2,236**	**3,513**
Current liabilities		
Debt, including bank overdrafts	96	95
Derivative financial liabilities	20	32
Income tax payable	22	14
Trade and other payables	1,684	1,673
Provisions	149	146
Other liabilities	183	215
Liabilities from assets classified as held for sale	2	2
Total current liabilities	**2,155**	**2,177**
Total liabilities and total equity	**6,715**	**8,023**

The accompanying notes are an integral part of these consolidated financial statements.

D. CONSOLIDATED STATEMENTS OF CASH FLOWS

In millions of EUR	First quarter	
	2019 [1]	2020
Cash flows from operating activities		
Net income (loss)	44	27
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	131	133
• Depreciation, amortization and impairment of non-financial assets	70	78
• Impairment (reversal) of goodwill, other non-current financial assets and inv. in associates	(0)	-
• Net gain on sale of assets	(0)	0
• Net interest expense on debt, borrowings and other liabilities	4	7
• Income tax expense	16	6
• Additions to (releases of) provisions	35	28
• Additions to (releases of) post-employment benefits	6	5
• Other items	1	8
Decrease (increase) in working capital:	(29)	52
• Decrease (increase) in trade and other receivables	21	220
• Decrease (increase) in inventories	(52)	(9)
• Increase (decrease) in trade and other payables	(10)	(185)
• Increase (decrease) in other current assets and liabilities	12	26
Increase (decrease) in other non-current assets and liabilities	(1)	7
Utilizations of provisions	(49)	(43)
Utilizations of post-employment benefits	(8)	(9)
Net interest and financing costs paid	(4)	(10)
Income taxes paid	(19)	(28)
Net cash provided by (used for) operating activities	**65**	**129**
Cash flows from investing activities		
Net capital expenditures:	(10)	(17)
• Additions of intangible assets	(4)	(5)
• Capital expenditures on property, plant and equipment	(7)	(12)
• Proceeds from disposal of property, plant and equipment	1	0
Net proceeds from (cash used for) derivatives and other financial assets	5	10
Purchases of businesses, net of cash acquired	(0)	(1,270)
Proceeds from sale of businesses, net of cash disposed of	-	0
Net cash provided by (used for) investing activities	**(5)**	**(1,277)**
Cash flows from financing activities		
Dividend paid	-	-
Proceeds from issuance of debt	1	2,455
Repayment of debt	(27)	(1,218)
Purchase of treasury shares	-	(6)
Net cash provided by (used for) financing activities	**(27)**	**1,231**
Net cash flows	**33**	**84**
Effect of changes in exchange rates on cash and cash equivalents and bank overdrafts	15	(5)
Cash and cash equivalents and bank overdrafts at the beginning of the period [2)]	664	840
Cash and cash equivalents and bank overdrafts at the end of the period [3)]	**712**	**919**

Amounts may not add up due to rounding

[1] Certain reclassifications have been made to prior year figures to conform with current year presentation. Refer to our Annual Report 2019 for further details of the reclassifications. These reclassifications did not impact net cash flows, or total cash flows from operating, investing and financing activities; [2] For Q1 2020 and 2019, included bank overdrafts of EUR 7 million and EUR 12 million, respectively; [3] Included bank overdrafts of EUR 5 million and EUR 20 million as at March 31, 2020 and 2019, respectively.

Appendix B – Reconciliation of non-IFRS Financial Measures

Sales growth composition in %

	First quarter			
	comparable growth	currency effects	consolidation and other changes	nominal growth
2020 vs 2019				
LED	-16.2	1.1	9.9	-5.2
Professional	-14.2	1.5	19.4	6.7
Home	-8.0	0.8	-3.4	-10.5
Lamps	-17.8	1.3	-0.1	-16.6
Total	**-15.3**	**1.3**	**10.6**	**-3.5**

Sales growth composition in %

	First quarter			
	comparable growth	currency effects	consolidation and other changes	nominal growth
2020 vs 2019				
Europe	-6.1	0.3	0.0	-5.8
Americas	-15.2	2.1	25.8	12.6
Rest of the World	-26.1	1.5	-0.2	-24.8
Global businesses	-16.3	0.2	54.4	38.3
Total	**-15.3**	**1.3**	**10.6**	**-3.5**

Adjusted EBITA to Income from operations (or EBIT) (in millions of EUR)

	Signify	LED	Professional	Home	Lamps	Other
First quarter 2020						
Adjusted EBITA	112	46	43	1	45	(23)
Restructuring	(13)	(2)	(4)	(1)	(3)	(2)
Acquisition-related charges	(18)	(2)	(16)	-	-	-
Incidental items	(11)	(3)	(4)	(1)	(3)	(0)
EBITA	**70**	**39**	**18**	**(1)**	**39**	**(25)**
Amortization [1)]	(27)	(1)	(25)	(1)	(0)	(0)
Income from operations (or EBIT)	**43**	**38**	**(7)**	**(2)**	**39**	**(25)**
First quarter 2019						
Adjusted EBITA	115	54	32	(7)	63	(27)
Restructuring	(20)	(2)	(8)	(0)	(3)	(7)
Acquisition-related charges	(0)	-	(0)	-	-	-
Incidental items	(2)	-	-	-	-	(2)
EBITA	**93**	**52**	**23**	**(7)**	**61**	**(35)**
Amortization [1)]	(24)	(1)	(22)	(0)	(0)	(1)
Income from operations (or EBIT)	**69**	**51**	**1**	**(8)**	**60**	**(36)**

Amounts may not add up due to rounding

[1] Amortization and impairments of acquisition related intangibles and goodwill

Income from operations to Adjusted EBITA (in millions of EUR)

In millions of EUR

First quarter 2020	Reported	Restructuring	Acquisition related charges	Incidental items [2]	Adjusted
Sales	1,427	-	-	-	1,427
Cost of sales	(895)	4	7	2	(882)
Gross margin	**533**	**4**	**7**	**2**	**545**
Selling, general and administrative expenses	(422)	8	12	10	(393)
Research and development expenses	(68)	1	0	-	(67)
Indirect costs [1]	**(490)**	**9**	**12**	**10**	**(460)**
Impairment of goodwill	-	-	-	-	-
Other business income	2	-	-	(0)	2
Other business expenses	(1)	-	-	0	(1)
Income from operations	**43**	**13**	**18**	**11**	**85**
Amortization	(27)	-	-	-	(27)
Income from operations excl. amortization (EBITA)	**70**	**13**	**18**	**11**	**112**
First quarter 2019					
Sales	1,478	-	-	-	1,478
Cost of sales	(927)	5	-	-	(922)
Gross margin	**552**	**5**	**-**	**-**	**557**
Selling, general and administrative expenses	(409)	12	0	2	(395)
Research and development expenses	(72)	3	-	-	(69)
Indirect costs	**(481)**	**15**	**0**	**2**	**(464)**
Impairment of goodwill	-	-	-	-	-
Other business income	2	-	-	-	2
Other business expenses	(4)	-	-	-	(4)
Income from operations	**69**	**20**	**0**	**2**	**91**
Amortization	(24)	-	-	-	(24)
Income from operations excl. amortization (EBITA)	**93**	**20**	**0**	**2**	**115**

Amounts may not add up due to rounding

[1] Adj. indirect costs included a negative currency impact of EUR 5 million and changes in scope of EUR 46 million in Q1 20. Adjusting for the currency and changes in scope, indirect costs reduced by EUR 56 million on a comparable basis; [2] Incidental items are non-recurring by nature and relate to the separation, company name change, transformation and real estate gains

Appendix C – Financial glossary

Acquisition-related charges	Costs that are directly triggered by the acquisition of a company, such as transaction costs, purchase accounting related costs and integration-related expenses
Adjusted EBITA	EBITA excluding restructuring costs, acquisition-related charges and other incidental charges
Adjusted EBITA margin	Adjusted EBITA divided by sales to third parties (excluding intersegment)
Adjusted gross margin	Gross margin, excluding restructuring costs, acquisition-related charges and other incidental items attributable to cost of sales
Adjusted indirect costs	Indirect costs, excluding restructuring costs, acquisition-related charges and other incidental items attributable to indirect costs
Adjusted R&D expenses	Research and development expenses, excluding restructuring costs, acquisition-related charges and other incidental items attributable to research and development expenses
Adjusted SG&A expenses	Selling, general and administrative expenses, excluding restructuring costs, acquisition-related charges and other incidental items attributable to selling, general and administrative expenses
Changes in scope	Consolidation effects related to acquisitions (Cooper Lighting and Klite)
Comparable sales growth (CSG)	The period-on-period growth in sales excluding the effects of currency movements and changes in consolidation and other changes
EBIT	Income from operations
EBITA	Income from operations excluding amortization and impairment of acquisition related intangible assets and goodwill
EBITDA	Income from operations excluding depreciation, amortization and impairment of non-financial assets
Effects of changes in consolidation and other changes	In the event a business is acquired (or divested), the impact of the consolidation (or de-consolidation) on the Group's figures is included (or excluded) in the calculation of the comparable sales growth figures. Other changes include regulatory changes and changes originating from new accounting standards
Effects of currency movements	Calculated by translating the foreign currency financials of the previous period and the current period into euros at the same average exchange rates.
Employees	Employees of Signify at period end expressed on a full-time equivalent (FTE) basis
Free cash flow	Net cash provided by operating activities minus net capital expenditures. Free cash flow includes interest paid and income taxes paid
Gross margin	Sales minus cost of sales
Incidental charges	Any item with an income statement impact (loss or gain) that is deemed to be both significant and not part of normal business activity. Other incidental items may extend over several quarters within the same financial year

Indirect costs	The sum of selling, general and administrative expenses and R&D expenses
Net capital expenditures	Additions of intangible assets, capital expenditures on property, plant and equipment and proceeds from disposal of property, plant and equipment
Net debt	Short-term debt, long-term debt minus cash and cash equivalents
Net leverage ratio	The ratio of consolidated reported net debt to consolidated reported EBITDA for the purpose of calculating the financial covenant
R&D expenses	Research and development expenses
Restructuring costs	The estimated costs of initiated reorganizations, the most significant of which have been approved by the group, and which generally involve the realignment of certain parts of the industrial and commercial organization
SG&A expenses	Selling, general and administrative expenses
Working capital	The sum of inventories, trade and other receivables, other current assets, derivative financial assets minus the sum of trade and other payables, derivative financial liabilities and other current liabilities.