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Annual General Meeting of Shareholders

1. Presentation by CEO Eric Rondolat


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Greater China Townhall
PHILIPS
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Full year 2018

A year of key structural improvements

- Grew our LED-based sales by 2.5%; total CSG -4.4%
- Lowered indirect cost base by EUR 224 million
- Operational profitability increased to 10.1%
- Solid free cash flow of EUR 306 million
- 2018 dividend of EUR 1.30 per share proposed
- On track for carbon neutrality in 2020


Hamdan University, Dubai

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Sound progress made on our strategic priorities in 2018

Strategic priorities	Proof points in 2018
Innovate in LED products commercially and technologically to outgrow the market	• LED lighting share increased from 65% to 71% of total sales
Lead the shift to Systems, building the largest connected installed base Capture adjacent value through new Services business models	• Released our Interact IoT platform, a launchpad for data-enabled services • Total connected installed base reached 44 million light points globally
Be our customers' best business partner locally, leveraging our global scale	• Improved our average Delivery Reliability Metric by 240 basis points
Continue our operational excellence improvement journey	• Indirect costs reduced by EUR 224m (currency comparable basis) • Adjusted EBITA margin improved by 50 basis points to 10.1%
Optimize cash from conventional products to fund growth	• Free cash flow as % of sales for Lamps was 22%

Signify is the world leader in lighting

We provide high-quality energy-efficient lighting products, systems and services

Light sources	Luminaires	Systems and Services
		

No. 1 Connected , LED, Conventional	**€ 6.4bn** sales in 2018,	**4.5%** of sales reinvested in R&D	**No. 1** Industry leader Dow Jones Sustainability Index

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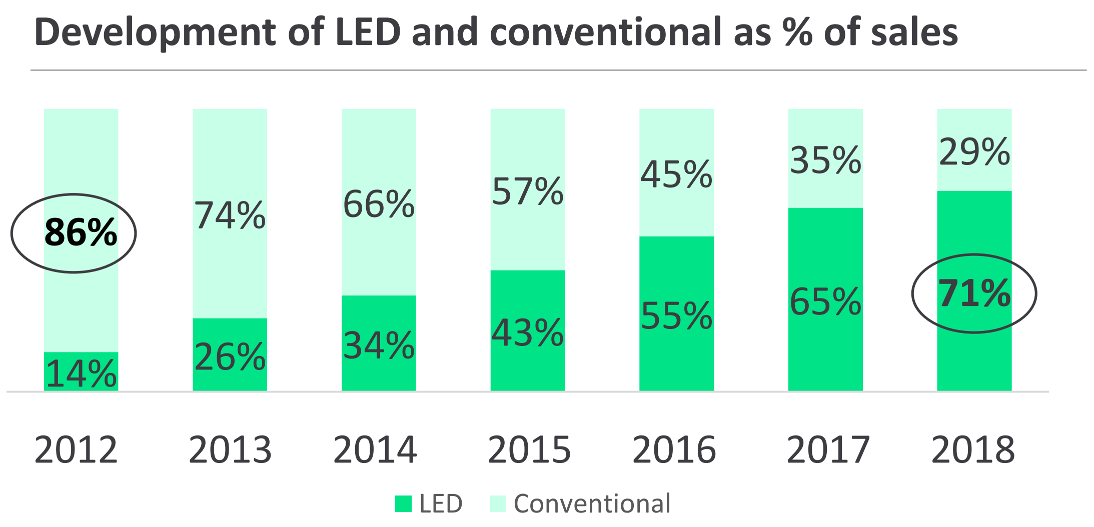
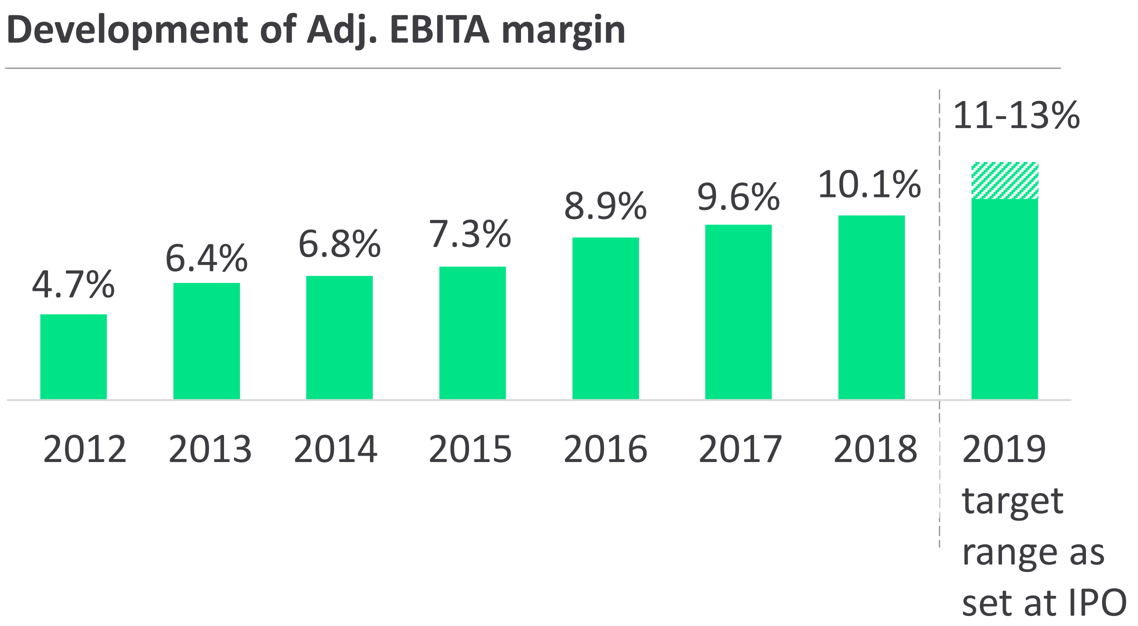
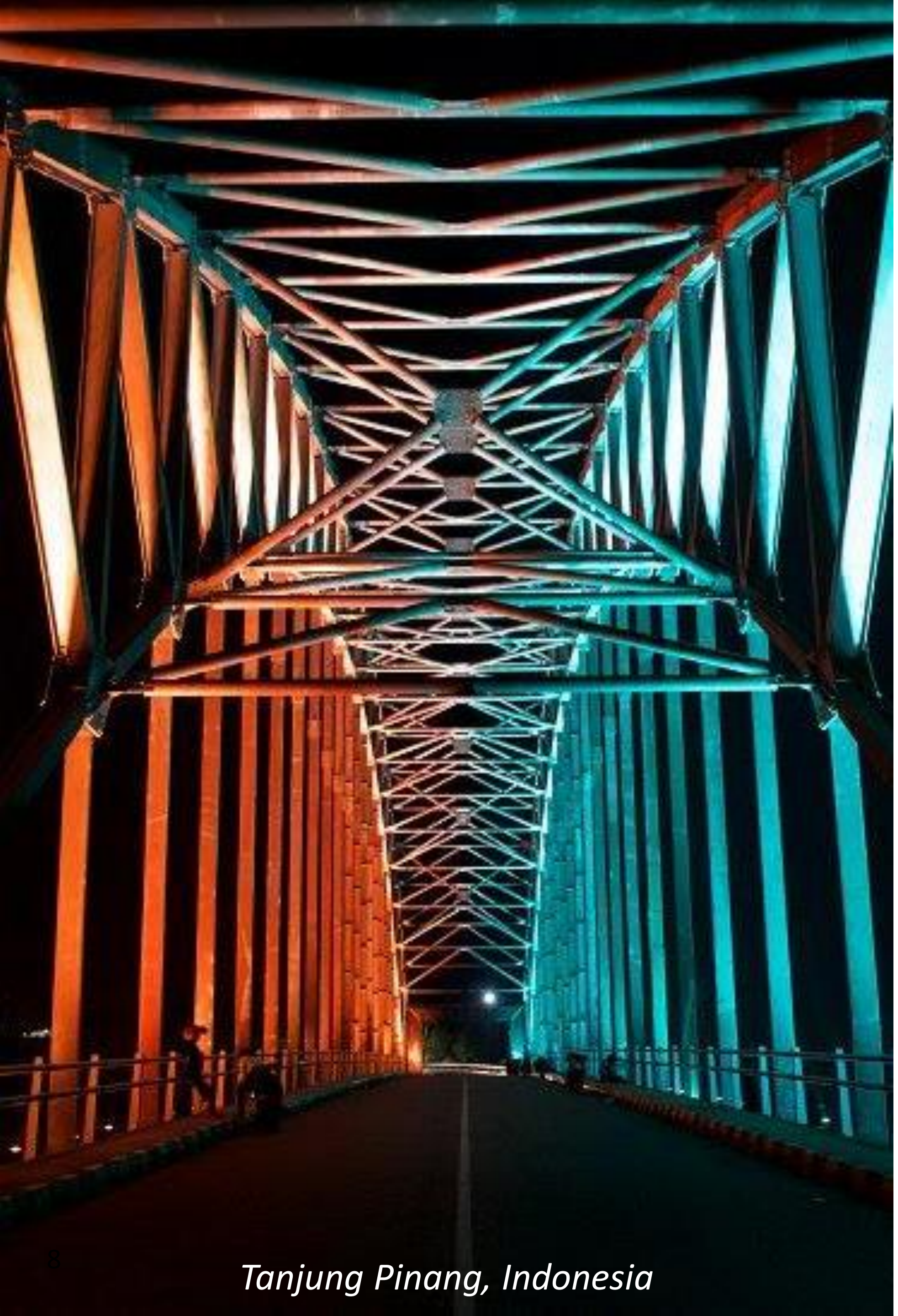
We're successfully managing the transition from conventional to LED







Tanjung Pinang, Indonesia

First quarter 2019

- Growing profit engines (LED, Professional and Home combined) achieved comparable sales growth of 1.1%
- Improved Adjusted EBITA for growing profit engines by 210 basis points to 6.7%
- Reduced adjusted indirect costs by EUR 34 million
- Generated free cash flow of EUR 55 million

Outlook 2019

- Our growing profit engines expected to deliver a comparable sales growth in the range of 2 to 5%
- Our cash engine, Lamps, expected to decline at a slower pace than the market, in the range of -21 to -24% on a comparable basis
- Aim to improve our Adjusted EBITA margin within the range of 11 to 13%
- Expect free cash flow, excluding the positive impact from IFRS 16, to be above 5% of sales

Imperial City of Huế, Vietnam

Growth platform: Horticulture

Projected to grow by more than 20% a year over next five years

Growth platform: Solar

Market expected to grow by more than 20% per year until 2024

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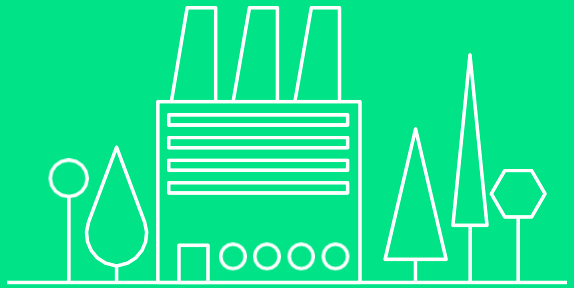
Growth platform: LiFi

More than 30 pilots across the world

Passion for Sustainability

Committed to be 100% carbon neutral in 2020



2018

#1 Industry leader, ‘Electrical Components and Equipment’ category, Dow Jones Sustainability Index

“A” Rating by Carbon Disclosure Project for ‘Climate’ and ‘Supply Chain’

79% sustainable revenues (2020 target 80%)

89% electricity from renewables; carbon neutral in 9 markets

82% of industrial waste recycled

93% sustainable supply chain (2020 target 90%)

Thank you!

2. Implementation of the remuneration policy in 2018

Remuneration 2018

	Base Salary 2018 [1]	Annual (Cash) Incentive (% of Base Salary)			Long Term Equity-based Incentive at target (% of Base Salary) [2]
		Min.	Target	Max.	
Rondolat	€ 850,000	0	80	160	100
Rougeot	€ 556,000	0	60	120	80
Van Schooten	€ 555,000	0	60	120	80

1) Base Salaries BoM members increased with 2.5% for 2019
2) Shares are granted conditionally and governed by the Signify Long-term Incentive Plan for the Board of Management

Annual Incentive Plan 2018 Components

The Annual Incentive Plan 2018 consists of two major components:

1 **Financial Component Three performance measures (80%)**

- **CSG% - Comparable Sales Growth (ext. reported)**
- **Adj. EBITA% - Adjusted Earnings Before Interest & Tax (ext. reported)**
- **FCF - Free Cash Flow (ext. reported)**

2 **Personal Component (20%)**

- **As agreed with and approved by the Supervisory Board**

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Annual Incentive Realization 2018

	Remuneration Policy % of Base Salary	Implementation of Policy	
		Pay-out % of Base Salary	Realization % of Target
Rondolat	0 – 80 – 160	48.32	60.4
Rougeot	0 – 60 – 120	36.24	60.4
Van Schooten	0 – 60 – 120	36.24	60.4

3. Explanation of the policy on additions to reserves and dividends

Signify continues to exercise strict financial discipline in the generation and use of cash

Cash available

- Free cash flow generation
- Financial ratios to maintain a financing structure compatible with an investment-grade profile

Cash usage

- Annual regular cash dividend pay-out ratio of 40-50% of continuing net income*
- Non-organic opportunities primarily through small- to medium-sized acquisitions
- Additional capital return to shareholders
- Disciplined management of the balance sheet

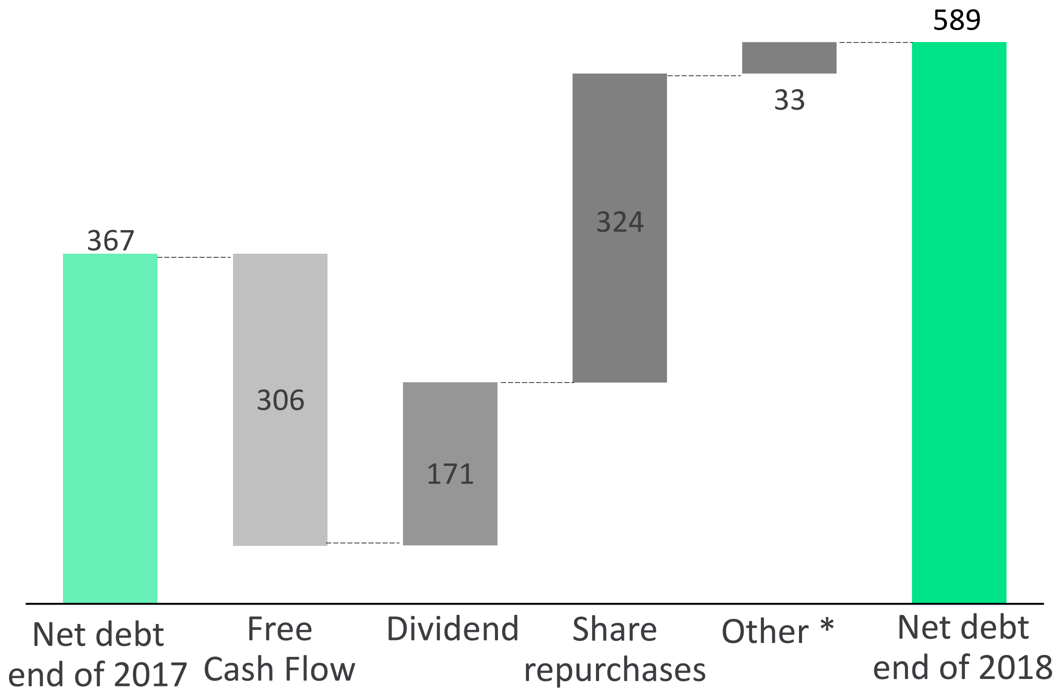
*Continuing net income: recurring net income from continuing operations, or net income excluding discontinued operations and excluding material non-recurring items such as restructuring, acquisition-related and separation charges

Signify's Net Debt increased as the shareholder return was above the solid Free Cash Flow generation

Characteristics at the end of 2018

- Total cash of EUR 676 million
- Debt of EUR 740 million and USD 500 million as per IPO financing with 5 year maturity
- Total net debt position of EUR 589 million
- Net leverage of 0.9x Net Debt to EBITDA
- Unutilized revolving credit facility of EUR 500 million

Net debt development in 2018 (in EUR million)



* Other includes cash used for derivatives and acquisition of business, cash received for sale of business, FX effect on cash, cash equivalents and debt

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Signify provides an attractive shareholder return

2018 dividend EUR 1.30 to be paid in 2019

Dividend 2018 (in EUR million)

	FY 2018
Net income attributable to shareholders	**263**
Restructuring costs	118
Incidentals*	10
Tax impact	-34
Continuing net income	**357**
Total dividend	**164**
Total number of outstanding shares (million)**	126

EUR 1.30 per share

Key observations

- Proposed dividend increase of 4% at EUR 1.30 per share; pay-out ratio of 46%
- Continue to look for non-organic growth opportunities primarily through small- to medium-sized acquisitions
- Disciplined management of balance sheet
- If in the course of the year, the funds needed for non-organic growth opportunities are substantially less than the capital available, we will consider other use of our capital, which includes returning excess cash to shareholders

* Other incidentals consists of acquisition-related charges, separation costs and other incidentals

** Excluding treasury shares

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Signify has returned EUR 1.1bn to shareholders since IPO, including proposed 2018 dividend

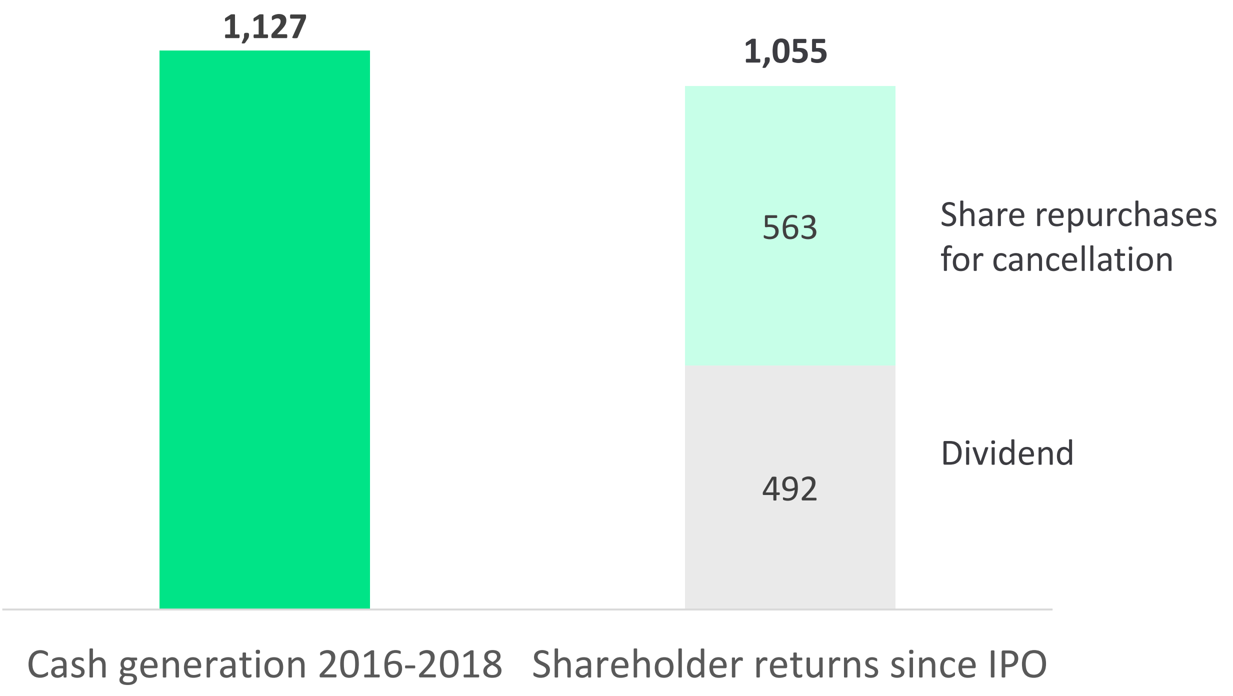
Cash available

- Continued free cash flow generation
- Managing our financial ratios to maintain a financing structure compatible with an investment-grade profile

Cash uses since IPO

- Dividend of EUR 492m since the IPO, including proposed dividend of 2018
- Seized non-organic growth opportunities, e.g. LiteMagic, Firefly and recently WiZ Connected
- Contributed EUR 114m to US Pension Fund since the IPO
- Repurchased shares for EUR 68m to cover long-term incentive share plans
- Repurchased shares for EUR 563m for cancellation

Return to shareholders since IPO (in EUR million)



4. Financial statements 2018

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Annual General Meeting of Shareholders

May 14, 2019

5. Dividend

6. Discharge members of the Board of Management and the Supervisory Board

7. Authorization of the Board of Management to (a) issue shares or grant rights to acquire shares, and (b) restrict or exclude pre-emption rights

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8. Authorization of the Board of Management to acquire shares in the company

9. Cancellation of shares

10. Any other business

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