



AGM 2021 – May 18, 2021

Presentation by CEO Eric Rondolat

Good day ladies and gentlemen, I propose that we start by looking back on 2020 to see the progress we made in improving our business, developing new innovations, and in making our company even more sustainable.

Overall, 2020 was a year of improving and building a sustainable future in a year of unprecedented challenges.

We increased our LED-based sales to 80 percent and increased our installed base of connected light points to 77 million. Our topline declined by 12.7 percent on a comparable basis.

We lowered our indirect cost base by 166 million euros as a result of continued rigorous implementation of cost reduction initiatives, thus improving our operational profitability to 10.7 percent.

And we had a free cash flow of 817 million euros, the highest level since our IPO.

The integration of Cooper Lighting Solutions and Klite as well as the delivery of synergies are ahead of plan, positively impacting our performance.

We also scored very high on our 2020 sustainability targets.

Indeed, we overachieved the goals of our Brighter Lives, Better World 2020 program.

We achieved 84 percent of sustainable revenues. We also reached the milestone of having delivered 2.9 billion LED lamps and luminaires since 2015.

And perhaps the biggest highlight was in September 2020, when we achieved carbon neutrality for all our operations, and the use of 100 percent renewable electricity. And, by the end of the year, all our sites were sending zero waste to landfill.

We also had our best-ever safety performance, reducing incidents by 67 percent over 5 years and hit 99 percent sustainability performance in our supply chain.

Our 2020 sustainability results have also been recognized externally. Notably in the 'Electrical Components and Equipment' category of the Dow Jones Sustainability Index, where we've been in the top three for four consecutive years since our IPO, and even named Industry Leader in 2017, 2018 and 2019.

We have also been on the A list of the Carbon Disclosure Project ever since our IPO in 2016.

Now, let's have a deeper look at the execution of our Five Frontiers strategy.



We are committed to building a truly customer-centric organization. In 2020, our customer Net Promotor Score improved by nine points to 41. We also implemented a new operating model that is enhancing customer-centricity.

Customers are increasingly looking for brands and products that meet their needs and identity. That's why we're developing tiered offerings with multiple distinctive brands to cater to different customer segments.

In 2020, we saw our B-brand and Private Labels sales increase by over 20 percent. And we invested 4.4 percent of our sales in R&D, underlining our commitment to continuously develop new and differentiated offerings.

We are driving 5 new sustainable growth areas to help address the world's greatest challenges: (1) climate action, (2) circular economy, (3) food availability, (4) safety & security, and (5) health & wellbeing.

As we drive growth for sustainability, last year sales of our connected lighting products increased by 38 percent. And revenues from Agriculture, Solar, UV-C and 3D Printing (collectively, our Growth Platforms) increased by almost 15 percent to approximately 250 million euros.

We are creating a digital front and back-end, embedding artificial intelligence in products and systems and boosting our digital competencies.

Our efforts to digitalize and transform for the future are also bearing fruit, as direct online sales to consumers have doubled.

We are further investing in our people, creating a diverse and inclusive workplace, and reskilling and upskilling to enhance our digital and commercial competencies. In 2020, our Employee Net Promotor Score improved to 29, showing results of our efforts to be a great place to work.

Let me now describe our overall positioning at the end of 2020.

We are the world leader in conventional, LED and connected lighting. By providing light sources, luminaires, systems and services, we occupy a unique position on the value chain in the lighting industry. We achieved 6.5 billion euros of sales in 2020 and employ 37,000 people in 74 countries.

Last year, as part of our Brighter Lives Better World 2020 program, we achieved 100 percent carbon neutrality in our operations worldwide.

While we've successfully closed off our Brighter Lives Better World Program 2020, we embark on a new, five-year journey to double our positive impact on the environment and society.

Our Brighter Lives, Better World 2025 program sets even more ambitious commitments. We use the UN Sustainable Development Goals as our strategic compass and have identified four key metrics to measure our success.

As part of our commitment to climate action and affordable and clean energy, we will go beyond carbon neutrality and double the pace of the Paris Agreement's 1.5-degree scenario over our value



chain. We will reach the 2031 pathway in 2025 by increasing the energy efficiency of our portfolio to reduce the emissions of our customers and by driving carbon reductions at our suppliers.

We are committed to responsible consumption and production with products that can be reprinted, refurbished, reused or recycled. This will help us to achieve our goal of doubling our revenues from circular products, systems and services to 32 percent of our revenues.

We are also committed to supporting good health and wellbeing and sustainable cities and communities. We will double the percentage of our revenues for brighter lives, which includes revenues from lighting innovations which increase food availability, safety & security or health & wellbeing to 32 percent of our total revenues.

We are committed to decent work & economic growth. We will strengthen our commitment to diversity & inclusion and aim to double the percentage of women in leadership in our business to 34 percent.

In 2012, we generated just 22 percent of our sales through LED-based activities, and by the end of 2020 we had increased this to 80 percent, with a growing number of those being connected light points.

This shows the major transition of our company.

At the same time, we improved our Adjusted EBITA margin by 600 basis points to 10.7 percent in 2020, showing consistent year-on-year improvements while transforming Signify.

Let me now take you through our performance in the first three months of this year.

Our Q1 results demonstrate the execution of our strategy, as we report growth driven by our connected businesses and growth platforms.

We increased the installed base of connected light points by another 6 million to 83 million.

The adaptive measures we took in 2020, combined with continued pricing discipline, cost and working capital management, resulted in an improvement in the adjusted EBITA margin of 290 basis points to 10.8 percent, and an increase in free cash flow to 168 million euros.

And in the first quarter, we also started to make our first progress towards doubling our positive impact on the environment and society.

Now moving to the 2021 outlook for the year.

Following the operational performance in the first quarter and based on current visibility, we now anticipate a Comparable Sales Growth of 3 to 6 percent and an adjusted EBITA margin of 11.5 to 12.5 percent. We continue to expect free cash flow to exceed 8 percent of sales for the full year of 2021.

We refinanced 350 million euros of our long-term debt with short-term loans with a maturity of December 2021. This shows that we are fully committed to reducing our debt by at least 350 million euros by year end.



I would like now to show that Signify growth is linked to sustainability and to some of the world's greatest challenges: climate action, circular economy, food availability, safety & security and health & wellbeing.

Looking at professional Lighting systems, we now have more than 2,500 Interact City projects in more than 58 countries since 2012.

When it comes to consumer Lighting systems, we introduced 29 new Hue products and more than 100 WiZ products in 2020, further strengthening our position in smart home lighting.

In Agriculture, we have now sold our horticulture lighting solutions to more than 1000 growers around the globe, and to an increasing number of vertical farmers.

So far, we have sold more than 2 million solar products around the globe. We believe that this business will only grow in relevance in the years to come.

Addressing the needs of a circular economy, we have 3D printed more than three-quarters of a million luminaires and we are increasing our geographical footprint in five new production locations.

Leveraging more than 35 years of expertise in UV-C lighting, we launched in 2020 a broad range of UV-C disinfection products for professionals and consumers, addressing the growing need for the disinfection of air, surfaces, and objects. This in addition to increasing our production capacity of UV-C light sources tenfold.

This is how Signify has and will continue to making our planet more sustainable, while also thriving as a company.

Before I close, I want to draw your attention to the great work done by the Signify Foundation, which exists to enable access to the benefits of sustainable lighting solutions to underserved communities. The Foundation is an independent NGO funded by Signify.

In 2020, it celebrated a fulfilled commitment to enable access to sustainable lighting technology for six million people globally. I'm enormously proud of the work done by everyone involved to reach this milestone.

The foundation also develops the competencies of local lighting entrepreneurs to enable community development. Since its inception, the foundation has supported more than 9200 entrepreneurs.

Finally, the foundation provides humanitarian lighting to increase safety and security for vulnerable communities. In support of global COVID-19 relief efforts, the Signify Foundation responded quickly by providing lighting and UV-C disinfection solutions to more than 590 health centers worldwide.

This again underscores our commitment to unlocking the extraordinary potential of light for brighter lives and a better world.

In closing, I extend my thanks, on behalf of the Board of Management and the Leadership Team, to all our employees, for their commitment and dedication, especially in these extraordinary times. We also want to thank our customers for their continued trust.



And finally, we thank our shareholders for the confidence and support they've demonstrated in the execution of our strategy, especially as we navigate this unprecedented pandemic.

As we move on, our Five Frontiers Strategy will help accelerate the next technological leap toward greater connectivity. And, by keeping sustainability at the heart of what we do, we're well-placed to achieve multidimensional growth and strengthen our position as the world leader in the lighting industry.

Thank you.
