

# Company Report

FLASH NOTE  
July 27, 2018

Valuation & Research Specialists (VRS)  
Equity Research Team  
info@valueinvest.gr

Share Price (27/7/2018) € 38.14

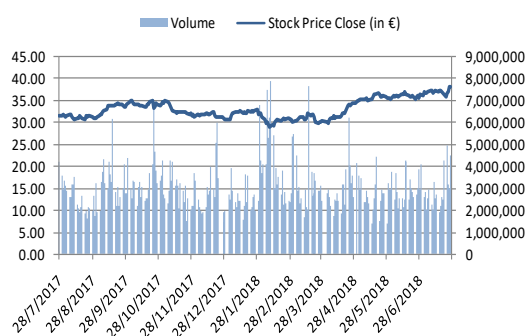
# of Shares (mn) 931.46  
Market Cap (in € mn) 35,521.07  
A.D. Volume (p) 3,027,212  
Beta Co-efficient 1.005

#### Statistical Data

Max 52 week, € 38.24  
Min 52 week, € 28.97  
1-M Rtn 5.36%  
6-M Rtn 23.81%  
12-M Rtn 20.75%

Source: VRS Calculations, Reuters.  
Period as day/month/year.

### Stock Price Performance & Transaction Volume (1 year, in € and in number of shares)



Note: Share price performance based on share price closes on Stock Exchange.  
Period as month/day/year.

## PHILIPS N.V.

Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

Business Sector / Industry: Health Care / Health Care Equipment & Supplies

### Corporate & Investment Highlights

- Koninklijke Philips N.V. is the Netherlands-based health technology company. The Company's segments include Personal Health businesses, Diagnosis & Treatment businesses, Connected Care & Health Informatics businesses, HealthTech Other and Legacy Items.
- The Personal Health businesses segment is engaged in the health continuum, delivering integrated, connected solutions that support healthier lifestyles and those living with chronic disease. The Diagnosis & Treatment businesses segment delivers precision medicine and treatment, and therapy. The Connected Care & Health Informatics businesses segment provides consumers, care givers and clinicians with digital solutions that facilitate care by enabling precision medicine and population health management. The HealthTech Other segment comprises such items, as innovation, emerging businesses, royalties, among others. The Legacy Items segment consists mainly of separation costs, legacy legal items, legacy pension costs, among others.

### Consolidated Interim Financial Results (H1 2018 versus H1 2017, € millions)

(in € mn)	Q1 2018	%	Q1 2017
Sales	8,229	-1.20%	8,329
Gross Profit	3,791	2.38%	3,703
Operating Income	499	0.81%	495
EBT	371	-6.31%	396
EATAM	126	-73.86%	482

Note: Period refers to January - June.

### Consolidated Annual Financial Results (2017 versus 2016, € millions)

(in € million)	2017	%	2016
Sales	17,780	2.05%	17,422
Gross Profit	8,180	3.05%	7,938
EBITA	2,153	12.08%	1,921
EBT	1,377	33.17%	1,034
EATAM	1,657	14.43%	1,448

Source: Company. Note: Fiscal Year ends on December 31<sup>st</sup>.

#### Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means. Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

## PHILIPS N.V.

Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

**Business Sector / Industry: Health Care / Health Care Equipment & Supplies**

### BASIC FINANCIAL INDICATORS

<i>in € million</i>	Sales	Gross Profit	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT/EQUITY (x)	ROE %
2011	22,579	8,647	-509	-1,295	-27.4	2.9	21.6	0.31	-10%
2012	24,788	9,409	784	226	157.2	3.2	24.1	0.41	2%
2013	23,329	9,688	1,661	1,169	30.4	3.2	15.1	0.35	10%
2014	21,391	8,206	185	415	85.6	3.3	46.0	0.38	4%
2015	24,244	9,856	623	645	55.1	3.0	28.8	0.49	6%
2016	17,422	7,938	1,034	1,448	24.5	2.8	20.2	0.45	12%
2017	17,780	8,180	1,377	1,657	21.4	3.0	17.8	0.39	14%
2018 E	18,136	8,344	1,365	1,595	22.3	2.8	17.3	0.32	13%
2019 E	18,498	8,510	1,392	1,627	21.8	2.6	16.7	0.26	12%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price and current outstanding number of shares. Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. n/c stands for non calculable.

### Working Capital Ratios

<i>in € million</i>	2014	2015	2016	2017	2018 E	2019 E
Revenues	21,391	24,244	17,422	17,780	18,136	18,498
Cost (net of depreciation)	13,185	14,388	9,484	9,600	9,792	9,988
Gross Profit Margin	% 38.36%	40.65%	45.56%	46.01%	46.01%	46.01%
Net Income / Profit	415	645	1,448	1,657	1,595	1,627
Net Profit Margin	% 1.9%	2.7%	8.3%	9.3%	8.8%	8.8%
Cash & Cash Equivalents	1,873	1,766	2,334	1,939	2,001	2,064

#### Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means. Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

### Stock Days

	Days	92	88	131	89	89	89
Stock Inventory		3,314	3,463	3,392	2,353	2,400	2,448
Debtors Days	Days	81	75	112	80	80	80
Debtors - Receivables		4,723	4,982	5,327	3,909	3,987	4,067
Creditors Days	Days	69	68	110	79	79	79
Creditors - Suppliers		2,499	2,673	2,848	2,090	2,132	2,174
Operating Cycle (Days)	Days	172	163	242	170	170	170
Cash Cycle (Days)	Days	103	95	133	90	90	90

Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

## PHILIPS N.V.

Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

**Business Sector / Industry: Health Care / Health Care Equipment & Supplies**

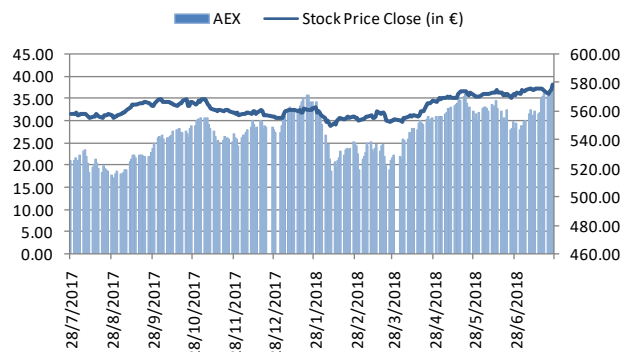
### Shareholders' Structure

The Vanguard Group, Inc.	3.11%
Dodge & Cox	2.67%
BlackRock Investment Management LLC	2.38%
Amundi Asset Management SA (Investment Management)	2.25%
Norges Bank Investment Management	1.93%
Franklin Mutual Advisers LLC	1.72%
BlackRock Fund Advisors	1.54%
Wellington Management Co. LLP	1.39%
Lyxor International Asset Management SAS	1.19%
Fidelity Management & Research Co.	1.15%
Others	80.67%
<b>Total</b>	<b>100.00%</b>

Source: 4-traders.

### Stock versus Index

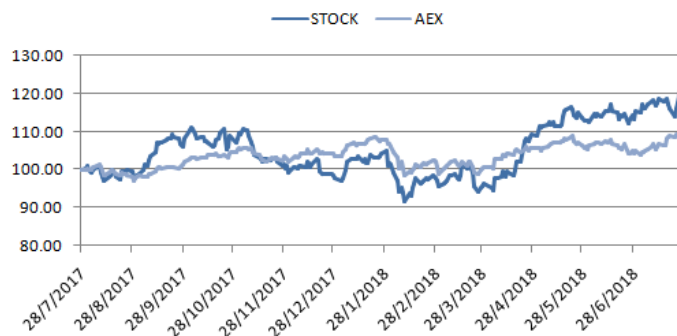
(Last 52 Weeks or since listing, Stock Price in €, Index in points)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange. Period as day/month/year.

### Stock versus Index

(Last 52 Weeks or since listing, Base = 100)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange. Period as day/month/year.

### Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means. Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

## PHILIPS N.V.

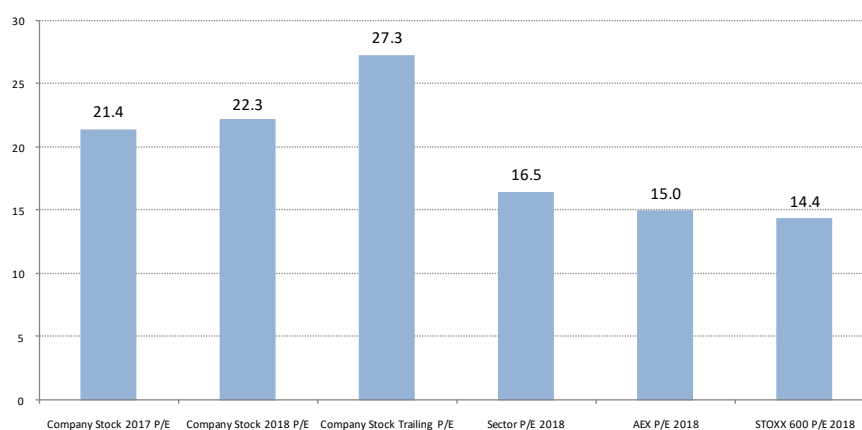
Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

**Business Sector / Industry:** Health Care / Health Care Equipment & Supplies

	P/E Multiple
Company Stock 2017 P/E	21.4
Company Stock 2018 P/E	22.3
Company Stock Trailing P/E	27.3
Sector P/E 2018	16.5
AEX P/E 2018	15.0
STOXX 600 P/E 2018	14.4

### Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated accounts, FACTSET.

### EPS Estimates

In €	EPS
2017	1.779
2018 E	1.712
2019 E	1.747

Source: VRS calculations & estimates.

#### Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means. Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

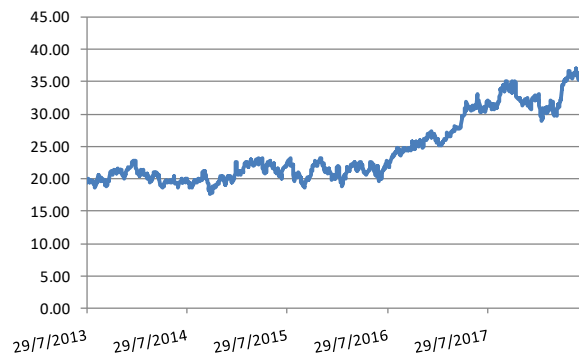
## PHILIPS N.V.

Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

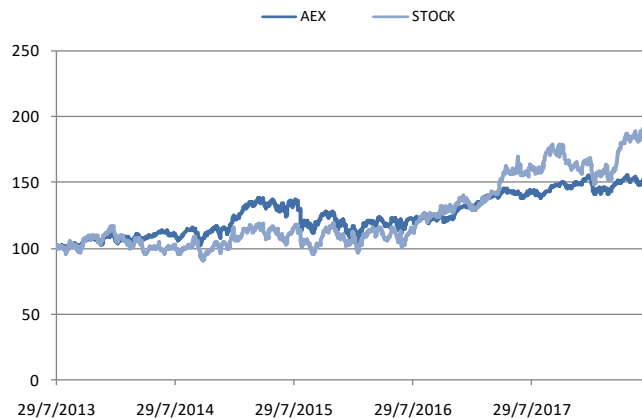
**Business Sector / Industry:** Health Care / Health Care Equipment & Supplies

**Stock Price Performance**  
(Last 5 Years or since listing, Stock Price in €)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange.  
Period as day/month/year.

**Stock versus Index**  
(Last 5 Years or since listing, Base = 100)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange.  
Period as day/month/year.

Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means. Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

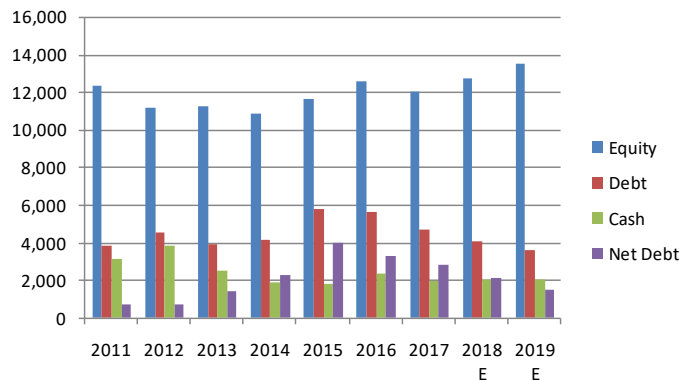
## PHILIPS N.V.

Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

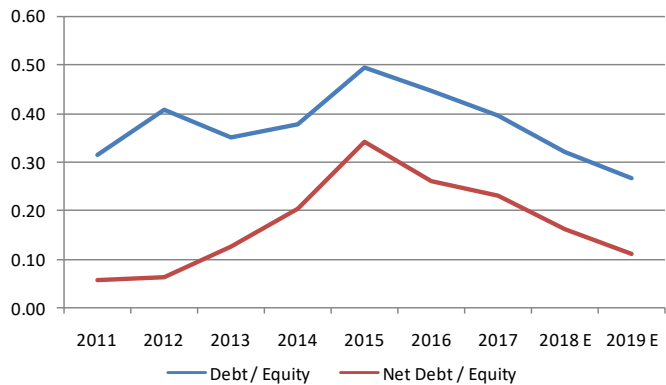
**Business Sector / Industry:** Health Care / Health Care Equipment & Supplies

**Equity, Debt, Cash & Net Debt**  
(in € millions)



Source: Company, VRS estimates

**"Debt/Equity" & "Net Debt/Equity" Ratios**  
(times)



Source: Company, VRS estimates

Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means. Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

## PHILIPS N.V.

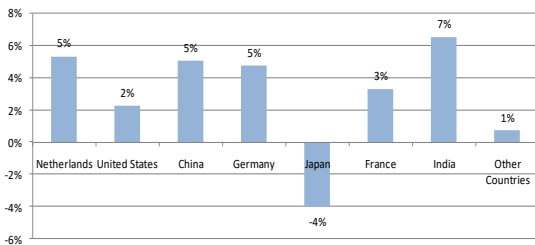
Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

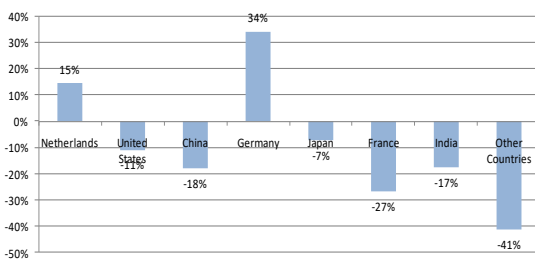
Business Sector / Industry: Health Care / Health Care Equipment & Supplies

### Sales & Tangible and Intangible Assets Change, FY 2017 vs FY 2016

Sales Change (%) 2017/2016



Tangible & Intangible Assets Change (%) 2017/2016



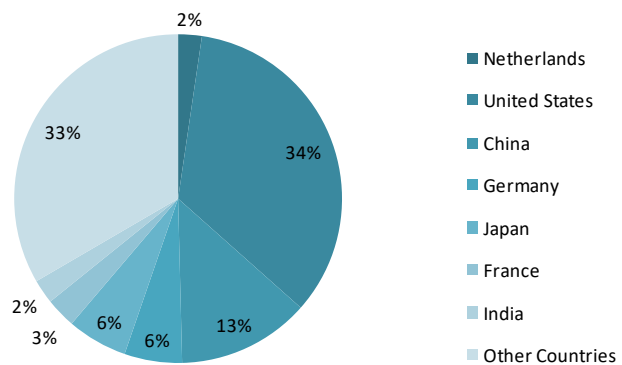
#### Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

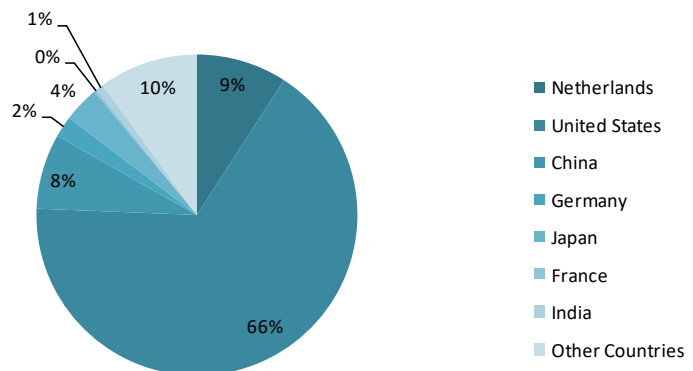
Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

### Consolidated Sales Breakdown & Tangible and Intangible Assets Breakdown, FY 2017

Sales Breakdown, FY 2017



Tangible & Intangible Assets Breakdown, FY 2017



Source: Company

## PHILIPS N.V.

Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

**Business Sector / Industry: Health Care / Health Care Equipment & Supplies**

### Consolidated Income Statement (In € millions)

in million €	2017	2016
<b>Sales</b>	<b>17,780</b>	<b>17,422</b>
Cost of sales	-9,600	-9,484
<b>Gross margin</b>	<b>8,181</b>	<b>7,939</b>
Selling expenses	-4,398	-4,142
General and administrative expenses	-577	-658
Research and development expenses	-1,764	-1,669
<b>Other business income</b>	<b>152</b>	<b>17</b>
Other business expenses	-76	-23
Income from operations	1,517	1,464
Financial income	126	65
Financial expenses	-263	-507
Investments in associates, net of income taxes	-4	11
<b>Income before taxes</b>	<b>1,377</b>	<b>1,034</b>
Income tax expense	-349	-203
<b>Income from continuing operations</b>	<b>1,028</b>	<b>831</b>
Discontinued operations, net of income taxes	843	660
<b>Net income</b>	<b>1,870</b>	<b>1,491</b>
Net income attributable to Koninklijke Philips N.V. shareholders	1,657	1,448
Net income attributable to non-controlling interests	214	43
<b>Basic earnings per common share in euros</b>		
Income (loss) from continuing operations attributable to shareholders	0.88	0.86
Net income (loss) attributable to shareholders	1.78	1.58
<b>Diluted earnings per common share in euros</b>		
Income (loss) from continuing operations attributable to shareholders	0.86	0.85
Net income (loss) attributable to shareholders	1.75	1.56

Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

Source: Company

## PHILIPS N.V.

Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

**Business Sector / Industry: Health Care / Health Care Equipment & Supplies**

### Consolidated Balance Sheet (In € millions)

in million €	2017	2016
<b>Non-current assets</b>		
Property, plant and equipment	1,591	2,155
Goodwill	7,731	8,898
Intangible assets excluding goodwill	3,322	3,552
Non-current receivables	130	155
Investments in associates	142	190
Other non-current financial assets	587	335
Non-current derivative financial assets	22	59
Deferred tax assets	1,598	2,759
Other non-current assets	75	92
<b>Total non-current assets</b>	<b>15,198</b>	<b>18,195</b>
<b>Current assets</b>		
Inventories	2,353	3,392
Current financial assets	2	101
Other current assets	392	486
Current derivative financial assets	57	101
Income tax receivable	109	154
Receivables	3,909	5,327
Assets classified as held for sale	1,356	2,180
Cash and cash equivalents	1,939	2,334
<b>Total current assets</b>	<b>10,117</b>	<b>14,075</b>
<b>Total assets</b>	<b>25,315</b>	<b>32,270</b>
<b>Equity</b>		
Equity	11,999	12,546
Common shares	188	186
Reserves	385	1,280
Other	11,426	11,080
Non-controlling interests	24	907
<b>Group equity</b>	<b>12,023</b>	<b>13,453</b>
<b>Non-current liabilities</b>		
Long-term debt	4,044	4,021
Non-current derivative financial liabilities	216	590
Long-term provisions	1,659	2,926
Deferred tax liabilities	33	66
Other non-current liabilities	474	741
<b>Total non-current liabilities</b>	<b>6,426</b>	<b>8,344</b>
<b>Current liabilities</b>		
Short-term debt	672	1,585
Current derivative financial liabilities	167	283
Income tax payable	83	146
Accounts payable	2,090	2,848
Accrued liabilities	2,319	3,034
Short-term provisions	400	680
Liabilities directly associated with assets held for sale	8	525
Other current liabilities	1,126	1,372
<b>Total current liabilities</b>	<b>6,866</b>	<b>10,473</b>
<b>Total liabilities and group equity</b>	<b>25,315</b>	<b>32,270</b>

Source: Company

#### Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

## PHILIPS N.V.

Listed on Euronext, Amsterdam, Netherlands

[Bloomberg Ticker: PHIA:NA] [Reuters Ticker: PHG.AS]

**Business Sector / Industry: Health Care / Health Care Equipment & Supplies**

### Consolidated Cash Flow Statement (In € millions)

in million €	2017	2016
<b>Cash flows from operating activities</b>		
<b>Net income</b>	<b>1,870</b>	<b>1,491</b>
<i>Discontinued operations, net of income taxes</i>	-843	-660
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, amortization, and impairment of fixed assets	1,025	976
Impairment of goodwill and other non-current financial assets	15	24
Net gain on sale of assets	-107	-3
Interest income	-40	-43
Interest expense on debt, borrowings, and other liabilities	186	294
Income taxes	349	203
Investments in associates, net of income taxes	0	-11
Decrease (increase) in working capital	101	131
Decrease (increase) in receivables and other current assets	64	-89
Decrease (Increase) in inventories	-144	-63
Increase (decrease) in accounts payable, accrued and other current liabilities	181	283
Decrease (increase) in non-current receivables, other assets and other liabilities	-358	-160
Increase (decrease) in provisions	-252	-647
Other items	377	76
Interest paid	-215	-296
Interest received	40	42
Dividends received from investments in associates	6	48
Income taxes paid	-284	-295
<b>Net cash provided by (used for) operating activities</b>	<b>1,870</b>	<b>1,170</b>
<b>Cash flows from investing activities</b>		
Net capital expenditures	-685	-741
Purchase of intangible assets	-106	-95
Expenditures on development assets	-333	-301
Capital expenditures on property, plant and equipment	-420	-360
Proceeds from sales of property, plant and equipment	175	15
Net proceeds from (cash used for) derivatives and current financial assets	-198	-117
Purchase of other non-current financial assets	-42	-53
Proceeds from other non-current financial assets	6	14
Purchase of businesses, net of cash acquired	-2,344	-197
Proceeds from sale of interests in businesses, net of cash disposed of	64	0
<b>Net cash used for investing activities</b>	<b>-3,199</b>	<b>-1,092</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance (payments) of short-term debt	12	-1,377
Principal payments on short-term portion of long-term debt	-1,332	-357
Proceeds from issuance of long-term debt	1,115	123
Re-issuance of treasury shares	227	80
Purchase of treasury shares	-642	-606
Proceeds from sales of Philips Lighting shares	1,065	863
Transaction costs paid for sales of Philips Lighting shares	-5	-38
Dividends paid to shareholders of Koninklijke Philips N.V.	-384	-330
Dividends paid to non-controlling interests	-2	-2
<b>Net cash provided by (used for) financing activities</b>	<b>55</b>	<b>-1,643</b>
<b>Net cash provided by (used for) continuing operations</b>	<b>-1,274</b>	<b>-1,566</b>
<b>Net cash (used for) provided by discontinued operations</b>	<b>1,063</b>	<b>2,151</b>
<b>Net cash used for continuing and discontinued operations</b>	<b>-211</b>	<b>585</b>
Effect of changes in exchange rates on cash and cash equivalents	-184	-17
Cash and cash equivalents at the beginning of the year	2,334	1,766
<b>Cash and cash equivalents at the end of the period</b>	<b>1,939</b>	<b>2,334</b>

Source: Company

#### Important Note:

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

Valuation & Research Specialists (VRS) are the sole creators and distributors of this report.

---

# VALUATION & RESEARCH SPECIALISTS (VRS)

VRS - vrs.gr Value Invest - www.valueinvest.gr Investment Research & Analysis Journal – www.iraj.gr

---

---

## DISCLOSURE STATEMENT (1)

VALUATION & RESEARCH SPECIALISTS (VRS) is an independent firm providing advanced equity research, quality valuations and value-related advisory services to local and international business entities and / or communities. VRS services include valuations of intangible assets, business enterprises, and fixed assets. VRS's focus business is in providing independent equity research to its institutional and retail clients / subscribers.

**VRS is not a brokerage firm and does not trade in securities of any kind. VRS is not an investment bank and does not act as an underwriter for any type of securities.**

VRS accepts fees from the companies it covers and researches (the "covered companies"), and from major financial institutions. The sole purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little research coverage. In this manner VRS can minimize fees to its clients / subscribers and thus broaden investor's attention to the "covered companies."

VRS analysts are compensated on a per-company basis and not on the basis of their recommendations. Analysts are not allowed to solicit prospective "covered companies" for research coverage by VRS and are not allowed to accept any fees or other consideration from the companies they cover for VRS. Analysts are also not allowed to trade in the shares, warrants, convertible securities, or options of companies they cover for VRS.

Furthermore, VRS, its officers, and directors cannot trade in shares, warrants, convertible securities or options of any of the "covered companies." VRS accepts payment for research only in cash and will not accept payment in shares, warrants, convertible securities or options of "covered companies" by no means.

To ensure complete independence and editorial control over its research, VRS follows certain business practices and compliance procedures, which are also applied internationally. Among other things, fees from "covered companies" are due and payable prior to the commencement of research and, as a contractual right, VRS retains complete editorial control over the research process and the final equity analysis report.

Information contained herein is based on data obtained from recognized statistical services, issue reports or communications, or other sources, believed to be reliable. However, such information has not been verified by VRS, and VRS does not make any representation as to its accuracy and completeness. Opinions, estimates, and statements nonfactual in nature expressed in its research represent VRS's judgment as of the date of its reports, are subject to change without notice and are provided in good faith and without legal responsibility. In addition, there may be instances when fundamental, technical and quantitative opinions, estimates, and statements may not be in concert. Neither the information nor any opinion expressed shall constitute an offer to sell or a solicitation of an offer to buy any shares, warrants, convertible securities or options of "covered companies" by no means.

## DISCLOSURE CHECKLIST

Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
PHILIPS N.V.	PHIA:NA	PHG.AS	€ 38.14	July 27, 2018	----

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
7. VRS has produced a research report for this company within the past 12 months.

---

Please contact <b>VALUATION &amp; RESEARCH SPECIALISTS</b> for further information on Equity Research Related Fees.
---

---

# VALUATION & RESEARCH SPECIALISTS (VRS)

VRS - vrs.gr Value Invest - www.valueinvest.gr Investment Research & Analysis Journal – www.iraj.gr

---

---

## DISCLOSURE STATEMENT (2)

The current research report as well as other statements that VRS may proceed with may include future statements, regarding the future financial performance of a company or another entity or product, as well as strategies and expectations. Statements about the future may typically include expressions such as “trend”, “prospect”, “opportunity”, “course”, “believe”, “possibly”, “expect”, “current”, “intention”, “estimate”, “forecast”, continuation”, “remain”, “maintain”, “target” and other similar expressions or future or hypothetical verbs such as “will”, “must”, “could”, “may be” and other expressions.

VALUATION & RESEARCH SPECIALISTS (VRS) caution that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and VRS assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in VRS reports and those identified elsewhere in this communication, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management; (3) the impact of increased competition; (4) the impact of capital improvement projects; (5) the impact of future acquisitions or divestitures; (6) the unfavorable resolution of legal proceedings; (7) the extent and timing of any share repurchases; (8) the impact, extent and timing of technological changes and the adequacy of intellectual property protection; (9) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies; (10) terrorist activities and international hostilities, which may adversely affect the general economy, domestic and local financial and capital markets, as well as specific industries; (11) the ability to attract and retain highly talented professionals; (12) fluctuations in foreign currency exchange rates; (13) the impact of changes to tax legislation and, generally, the tax position of the covered company.

## COMPLIANCE WITH EU DIRECTIVES and GREEK LAWS

VRS prepares its equity research reports in a best effort to comply with the provisions of the EU Directive 2003/6/EK of the European Commission (L 339/73/24.12.2003, L 096/16/2003), the Guidelines 2003/125/EK and the Decision 4/347/12.7.2005 of the Hellenic Capital Markets Committee, as well as with the provisions of article 14, Greek Law 3340/2005, and the relevant clarifications with regard to the legal obligations of equity analysts. VRS analysts are certified by the Hellenic Capital Markets Committee. The latter may request from VRS analysts to justify their views and conclusions with regard to this research report.

## ANALYST CERTIFICATION

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this research report.

---

### VRS Equity Research Contributors

Dr. Nicholas Georgiadis, ngeorgiadis@valueinvest.gr  
Dr. Georgios A. Savvakis, gsavvakis@valueinvest.gr  
Zoe Vassiliou, zvasiliou@valueinvest.gr  
Maria Papadopoulou, mpapadopoulou@valueinvest.gr

### Investment Research & Analysis Journal

Dr. Efstratios Livanis  
Assistant Editor

**Researcher:** Georgios Karageorgiou

---

---

Please contact **VALUATION & RESEARCH SPECIALISTS** for further information on Equity Research Related Fees.