



@ignify

Q3 2024 results
October 25, 2024

Important information

Forward-looking statements

This release contains forward-looking statements that reflect the intentions, beliefs or current expectations and projections of Signify, 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, in particular the impacts of the Russia-Ukraine conflict, the conflict in the Middle East, the recovery trajectory of the Chinese economy, cost inflation, 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. Above-mentioned risks are also applicable to the second half of 2024. The Group will continue to monitor how these topics develop.

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 Statements

Certain parts of this document contain non-IFRS financial measures and ratios, such as comparable sales growth, adjusted gross margin, EBITA, adjusted EBITA, EBITDA, adjusted EBITDA 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 financial measures" in the Annual Report 2023.

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 2023.

Market Abuse Regulation

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

Content

Business and operational performance - Eric Rondolat

Financial performance and highlights - Željko Kosanović

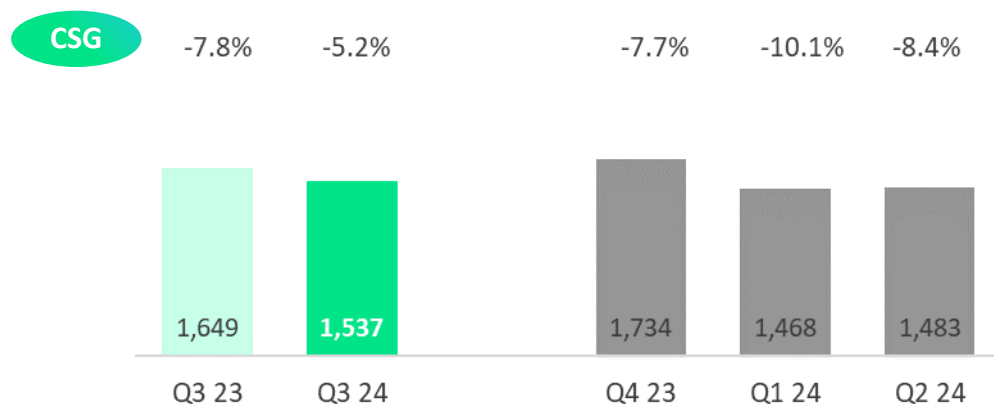
Outlook and closing remarks - Eric Rondolat

Q&A

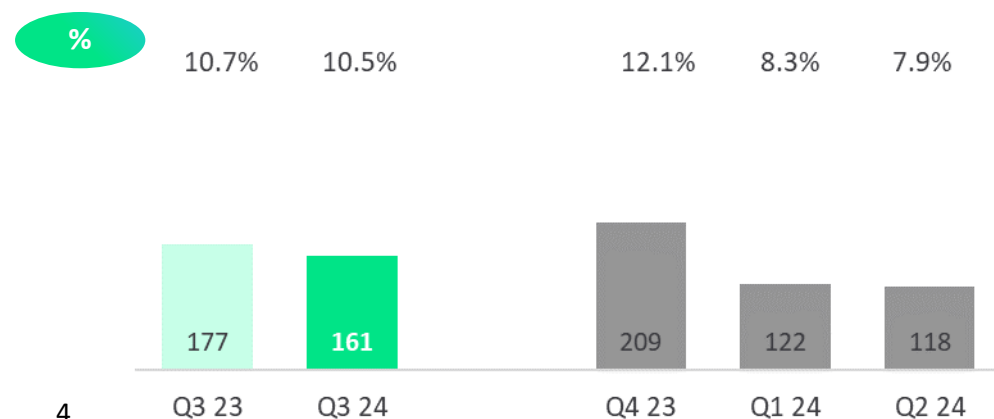


Signify reported Q3 24 sales of EUR 1.5 billion, sequentially improving CSG, and bottom-line resilience

Sales (in EURm) & comparable sales growth (in %)



Adjusted EBITA (in EURm & as % of sales)

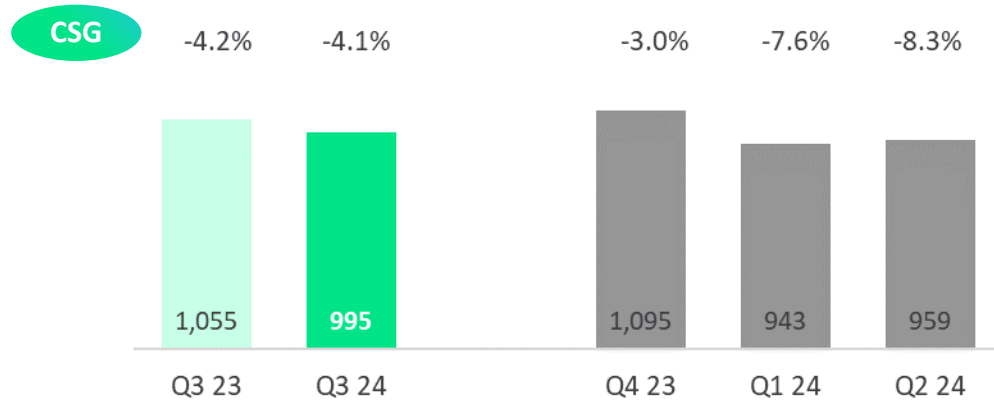


Q3 key developments

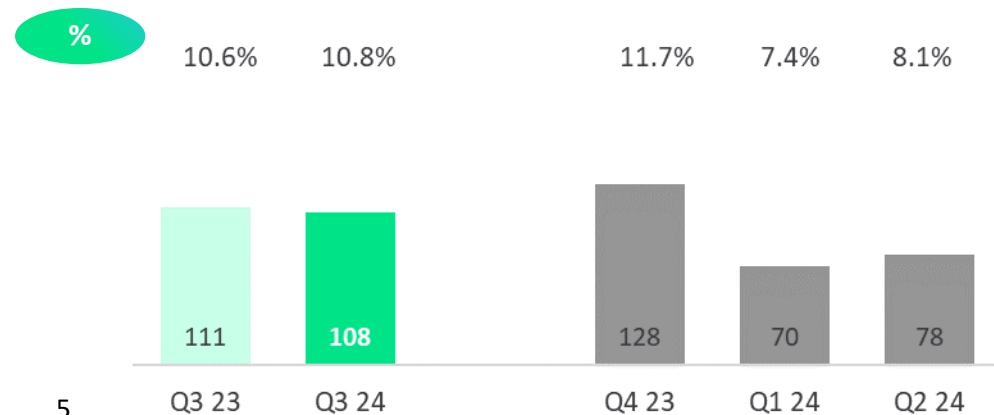
- 139 million connected light points
- LED-based sales were 90% of total sales
- Comparable sales decline of 5.2%
 - Continued sequential improvements
 - CSG excl. Conventional and China of -1.3%
- Adjusted EBITA margin decrease of 20 bps to 10.5%
 - Gross margin improvement driven by bill-of-material savings, positive sales mix and productivity gains
 - Net income of EUR 108m (Q3 23: EUR 83m)
- Free Cash Flow of EUR 119m (Q3 23: EUR 152m)

The Professional Business reported a CSG of -4.1% and an adj. EBITA margin improvement to 10.8%

Sales (in EURm) & comparable sales growth (in %)



Adjusted EBITA (in EURm & as % of sales)

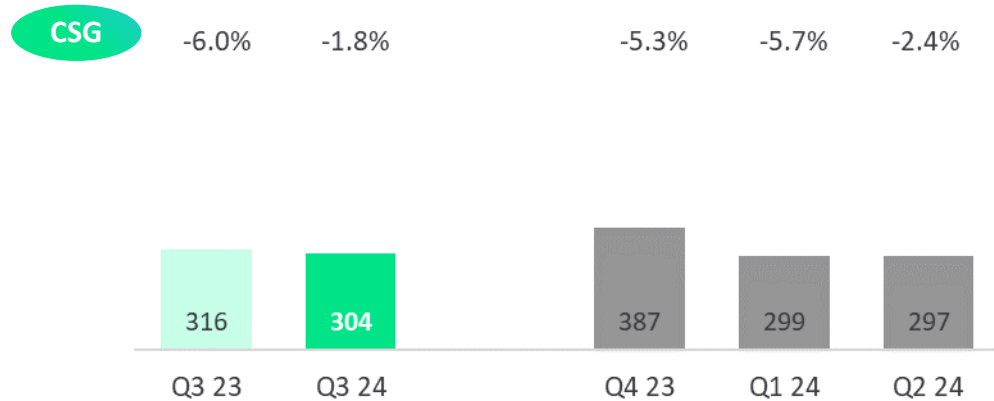


Q3 key developments

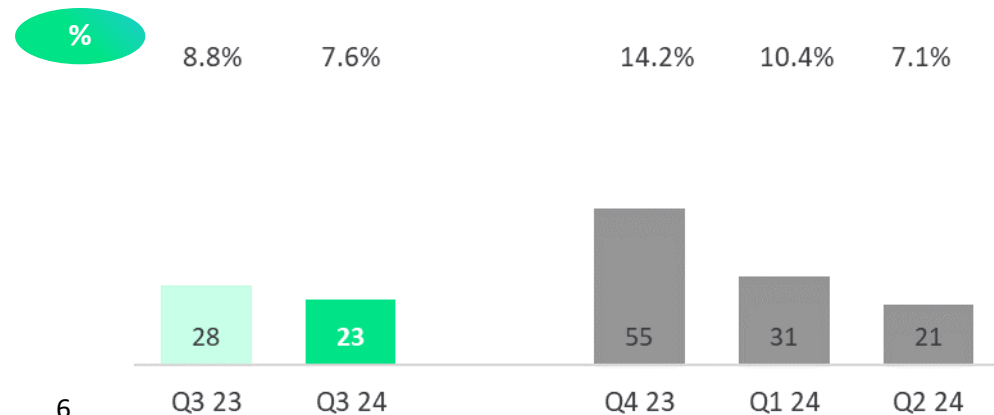
- Comparable sales decline of 4.1%
 - Strong agriculture lighting and connected system sales
 - Continued weakness in China, Southern and Eastern Europe; growth in the Nordics
- Adjusted EBITA margin increase of 20 bps to 10.8%
 - Gross margin expansion and cost savings compensated volume decline
 - Contribution from cost reduction program

The Consumer Business reported a CSG of -1.8%, while growing in all regions except China

Sales (in EURm) & comparable sales growth (in %)



Adjusted EBITA (in EURm & as % of sales)

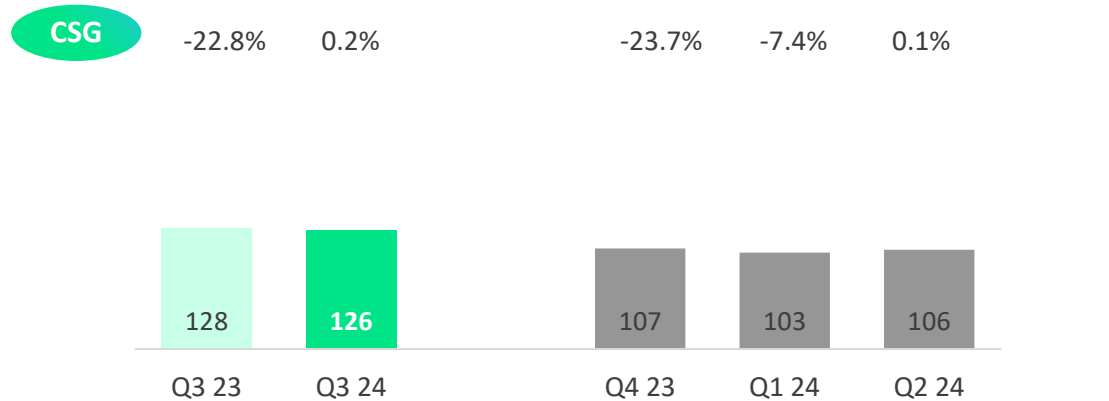


Q3 key developments

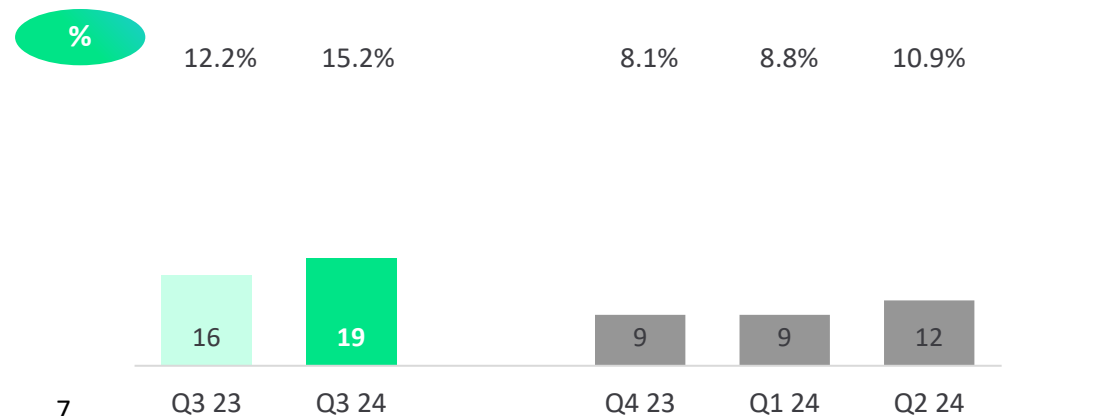
- Comparable sales decline of 1.8%
 - Consumer business growing in all regions except China
 - Strong performance of Klite
- Adjusted EBITA margin decrease of 120 bps to 7.6%
 - Negative pricing and higher transportation costs partly compensated by positive sales mix and bill-of-material savings

The OEM Business reported a second consecutive quarter of growth at a high profit level

Sales (in EURm) & comparable sales growth (in %)



Adjusted EBITA (in EURm & as % of sales)

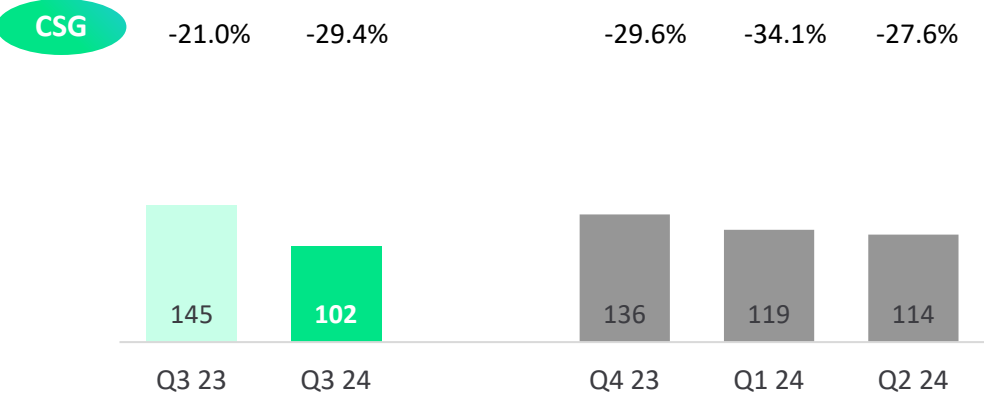


Q3 key developments

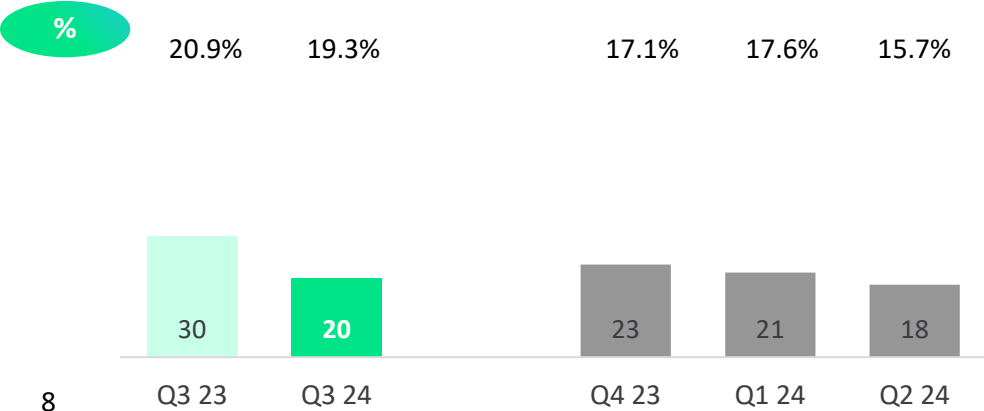
- Comparable sales of 0.2%
 - Continued stabilization of distributor inventory levels; particularly strong performance in Europe
- Adjusted EBITA margin increase of 300 bps to 15.2%
 - Includes one-off benefits of 200 bps
 - Gross margin expansion driven by bill-of-material savings and productivity gains
 - Contribution from cost reduction program

The Conventional Business declined substantially while maintaining strong profitability

Sales (in EURm) & comparable sales growth (in %)



Adjusted EBITA (in EURm & as % of sales)



Q3 key developments

- Comparable sales decline of 29.4%
 - Continued impact from fluorescent bans in Europe
 - Fluorescent sales bans announced in four US States
- Adjusted EBITA margin decrease of 160 bps to 19.3%
 - Negative volume effect partly offset by positive impact from indirect costs savings and sales mix

Business highlights

Professional

Illuminating the prestigious Atlantis Royal resort, Dubai



- Partnered with BCL Dutcotennant and Techtronics
- Installed 452 connected systems within the 43-story high resort
- Allowing for seamless control of lighting and other BMS systems
- Enhancing guest well-being by adapting the lighting to the circadian rhythm.

Enhancing cucumber production at Great Lakes Greenhouses



- Expanded our partnership with Great Lakes Greenhouses by installing Philips GreenPower LED solutions integrated with GrowWise Control Systems
- This integration maximizes production and energy efficiency up to 40%, enhancing crop quality while simplifying greenhouse management.

Consumer

Launching the improved second-generation Philips Hue Sync Box



- This upgraded version brings even more impressive music, movie, and gaming entertainment immersion
- Allowing users to sync and stream the highest quality content with no latency, at ultra-fast refresh rates and in high resolution, enabling a better experience for gamers.

OEM







Powering Secto's design luminaires with Signify LEDs



- Partnered with Secto Design to integrate a light source into their iconic wooden luminaires
- Enabling users to adjust the color temperature from five different options, from 2,700 to 6,500 kelvin through a switch on the body lamp

Signify's Brighter Lives, Better World 2025 performance remains on track

Doubling our positive impact on the environment and society

		2019 Baseline	Q3 2024 Result	2025 Target
Better World	Climate action  	0	On track	324 MT
	Circular economy 	16%	36.7%	32%
Brighter Lives	Food availability Safety & security Health & well-being  	16%	31.1%	32%
	Great place to work 	17%	29.3%	34%



A list for climate and supply chain leader

Member of
Dow Jones Sustainability Indices
 Powered by the S&P Global CSA

DJSI World Index



EcoVadis Platinum Medal and top 1%

 On track
 Off track

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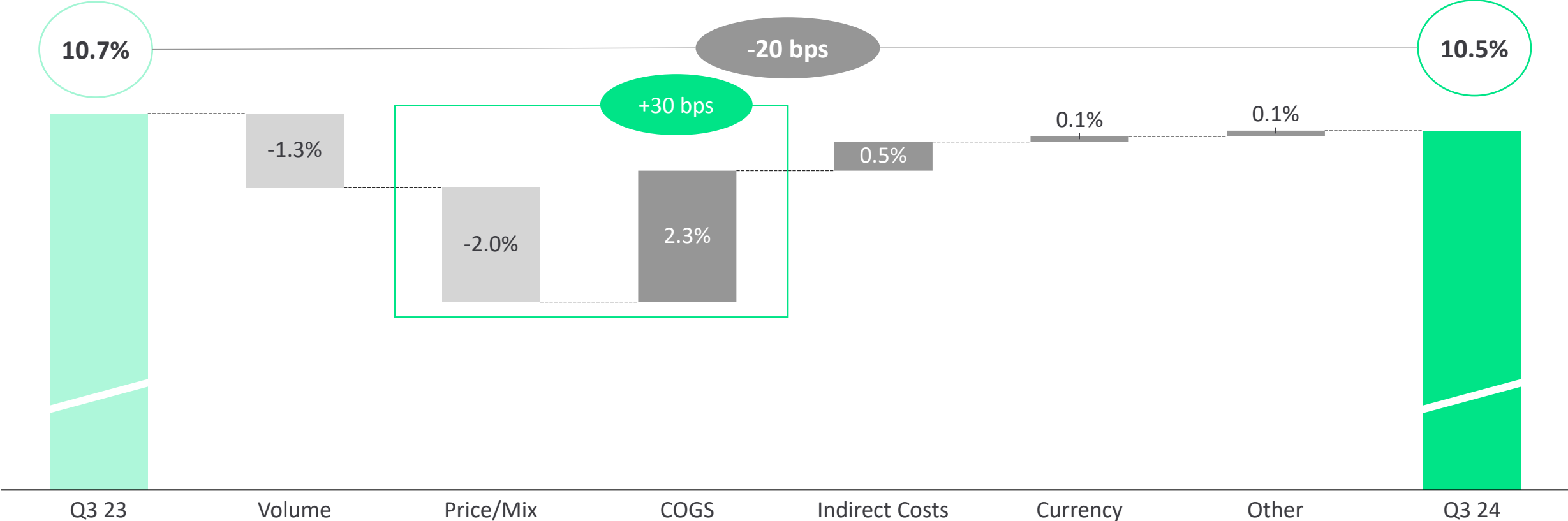
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Double digit profitability supported by gross margin management and acceleration of costs savings

As % of sales



Substantial working capital improvement driven by lower inventories

In EURm / as % of sales



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Outlook



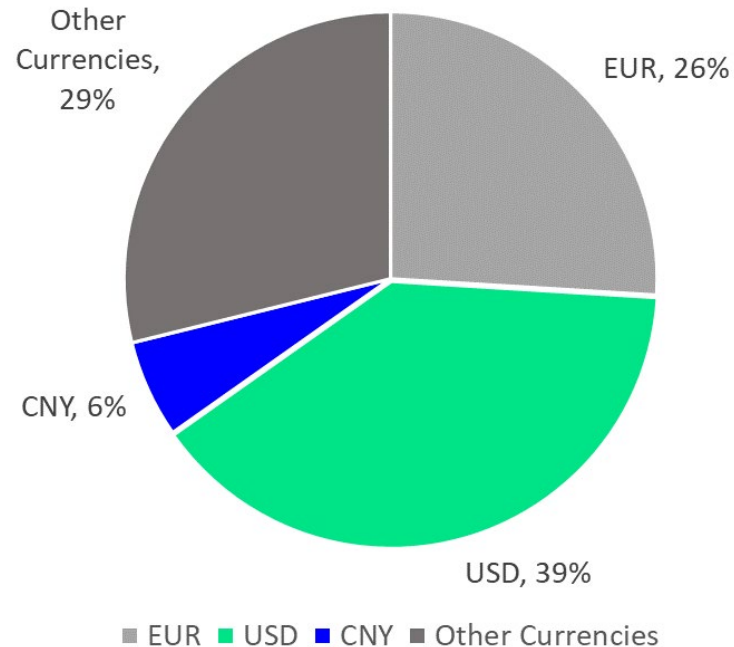
Signify continues to expect an Adjusted EBITA margin at the lower end of the 10.0-10.5% range and free cash flow generation of 6-7% of sales.

Q&A



Currency movements had a negative impact on sales and a positive impact on the Adjusted EBITA margin

Q3 24 Sales FX Footprint (% of total)



Q3 key developments

- Overall currency impact of -1.5% on sales, spread over a number of currencies.
- Impact of +0.1% on the Adjusted EBITA margin.

Net income increased to EUR 108m, mainly driven by lower adjusted items, and lower income tax expense

From Adjusted EBITA to net income (in EURm)

	Q3 23	Q3 24
Adjusted EBITA	177	161
① - Restructuring	-27	-13
- Acquisition-related charges	-3	4
- Other incidental items	4	1
EBITA	151	153
Amortization	-19	-16
EBIT	131	137
Net financial income / expenses	-22	-22
② Income tax expense	-26	-6
Results from investments in associates	0	0
Net income	83	108

Q3 key developments

- ① Restructuring charges decreased to EUR 13m
- ② Includes a one-off benefit related to the resolution of tax uncertainties

Free cash flow decreased to EUR 119m, mainly due to a higher restructuring payout and a higher cash outflow from working capital

Free cash flow (in EURm)

	Q3 23	Q3 24
Income from operations	131	137
Depreciation and amortization	66	60
Additions to (releases of) provisions	46	31
Utilizations of provisions	-53	-61
Change in working capital	28	-15
Net interest and financing costs received (paid)	-5	-9
Income taxes paid	-21	-5
Net capex	-31	-17
Other	-9	-4
Free cash flow	152	119
<i>As % of sales</i>	<i>9.2%</i>	<i>7.7%</i>

Q3 key developments

- Free cash flow of EUR 119m
 - Higher restructuring payout
 - Higher cash outflow from working capital
 - Partly offset by a lower income tax paid
- Restructuring payout of EUR 32m (Q3 23: EUR 21m)

Signify