



©signify

Q1 2024 results

April 26, 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 energy crisis in Europe, the expected recovery trajectory of China post COVID, component shortages, 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.

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 - Željko Kosanović

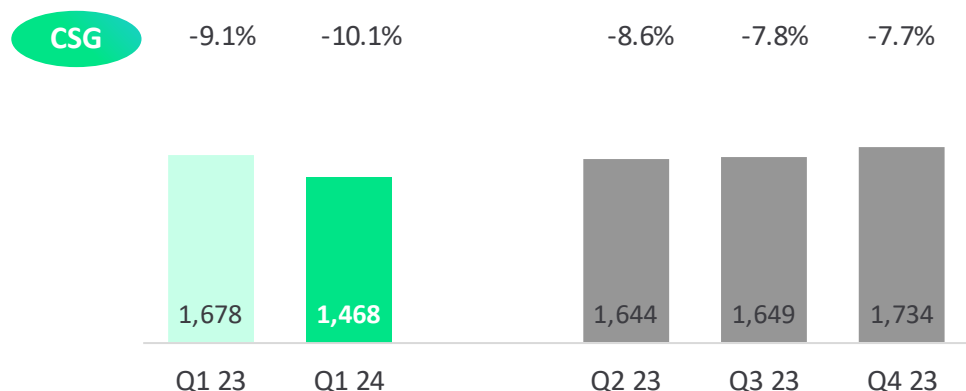
Outlook and closing remarks - Eric Rondolat

Q&A

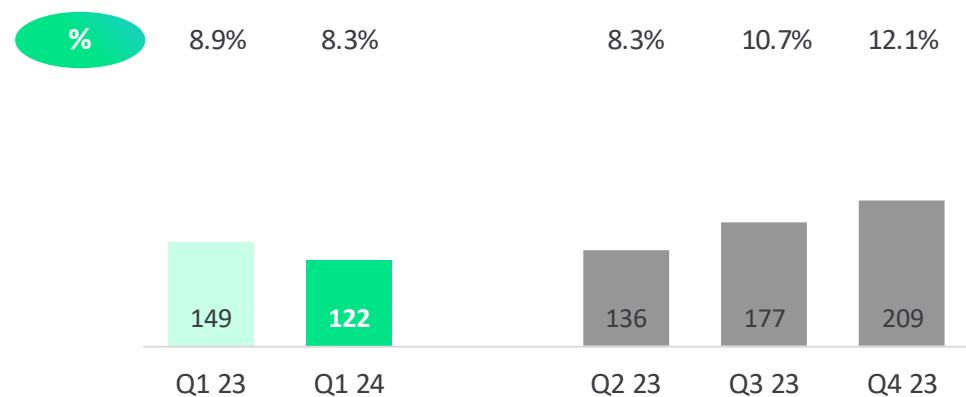


Signify reported Q1 24 sales of EUR 1.5 billion, CSG of -10.1% and an adj. EBITA margin of 8.3%

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



Adjusted EBITA (in EURm & as % of sales)

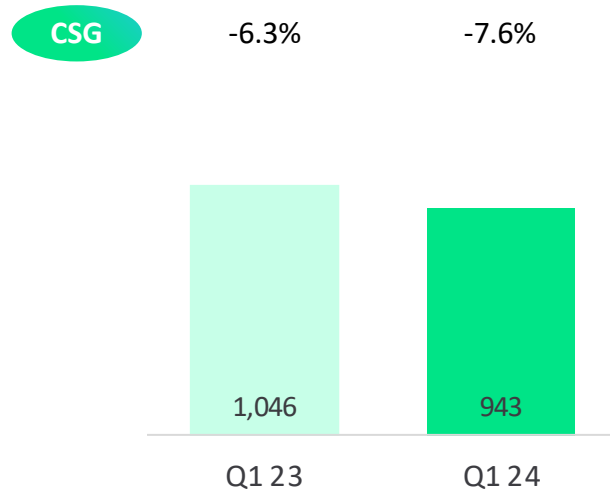


Key observations for Q1 24

- 126 million connected light points (Q4 23: 124 million)
- LED-based sales were 87% of total sales
- Nominal sales decline of 12.5% (including FX impact of -2.6%) to EUR 1,468m
- Comparable sales decline of 10.1%
- Adjusted EBITA margin decrease of 60 bps to 8.3%
 - Gross margin improvement
 - Under-absorption of fixed costs
- Net income of EUR 44m (Q1 23: EUR 28m)
- Free Cash Flow of EUR 80m (Q1 23: EUR 51m)

The Professional Business reported a CSG of -7.6%

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

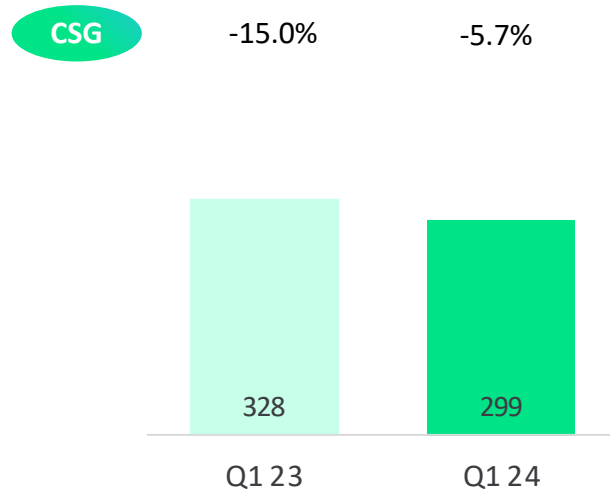


Key observations for Q1 24

- Comparable sales decline of 7.6%
 - Weak professional sales in Europe
 - Good traction in the Americas
 - Moderate growth in India and emerging markets

The Consumer Business reported a CSG of -5.7%

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

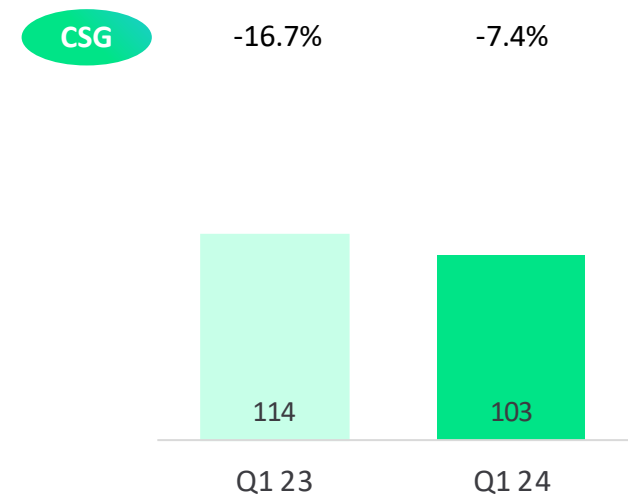


Key observations for Q1 24

- Comparable sales decline of 5.7%
 - Lower LED lamps and luminaires sales
 - Sales of Hue and Klite stabilized
 - Inventory levels of retailers have returned to normal levels

The OEM Business reported a CSG of -7.4%

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

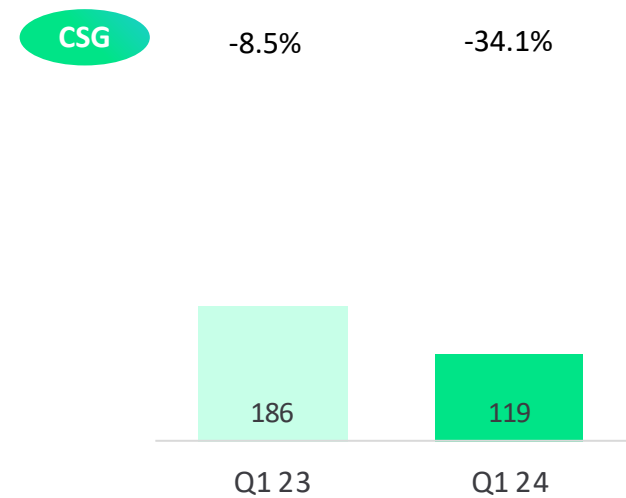


Key observations for Q1 24

- Comparable sales decline of 7.4%
- Inventory levels of the OEM distributors have returned to normal levels in the majority of the business

The Conventional Business reported a CSG of -34.1%

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



Key observations for Q1 24

- Comparable sales decline of 34.1%
 - Impact of the fluorescent bans in Europe
 - Q1 23 benefited from a pre-buying effect prior to the bans

Business highlights

Professional

Equipping Vienna City Hall in Austria with connected Color Kinetics LED lighting



- Together with Ing. Emmerich Csernohorszky GmbH and podpod Design, Signify completely renovated the festive lighting
- More than 1,100 Color Kinetics luminaires were installed
- Lower operating and maintenance costs
- Energy savings of up to 50%

Introducing LumXpert, an industry-first application for professional installers



- The app simplifies and accelerates lighting projects for professional installers
- In-app design tool enables project management and professional lighting calculations
- Buy all Signify brands directly from our distributors with competitive delivery times

Consumer

Expanding the collaboration between Philips Hue and Samsung



- Expanded the collaboration with Samsung SmartThings to optimize the interaction between the Philips Hue Sync TV app, Samsung TVs, and the SmartThings ecosystem
- The Philips Hue Sync TV app will be made available as a monthly subscription plan in addition to the one-time purchase option







Achieving two test victories for Philips Hue and WiZ in the Stiftung Warentest



- Ten smart lamps with and without a base station were tested by Stiftung Warentest in Germany
- The Philips Hue White & Color Ambiance lamp with Hue Bridge was the overall test winner
- The WiZ Tunable White & Color E27 (60W) lamp won in the category without a base station

Brighter Lives, Better World 2025 – Q1 2024 results

Doubling our positive impact on the environment and society

Doubling our positive impact on the environment and society			2019 Baseline	Q1 2024 Result	2025 Target	
Better World	Climate action	 	Carbon reduction over value chain against Paris Agreement	0	On track	324 MT
	Circular economy		Circular revenues	16%	34%	32%
Brighter Lives	Food availability Safety & security Health & well-being	 	Brighter lives revenues	16%	31%	32%
	Great place to work		Women in leadership positions	17%	28%	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

Content

Business and operational performance - Eric Rondolat

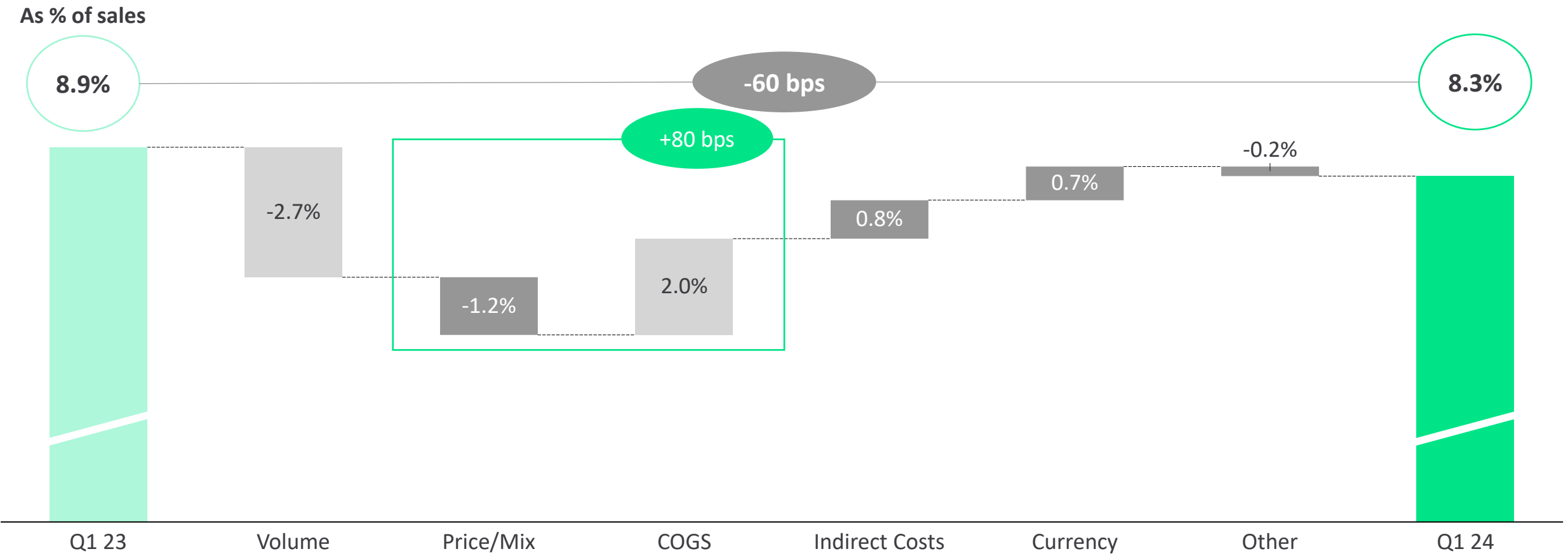
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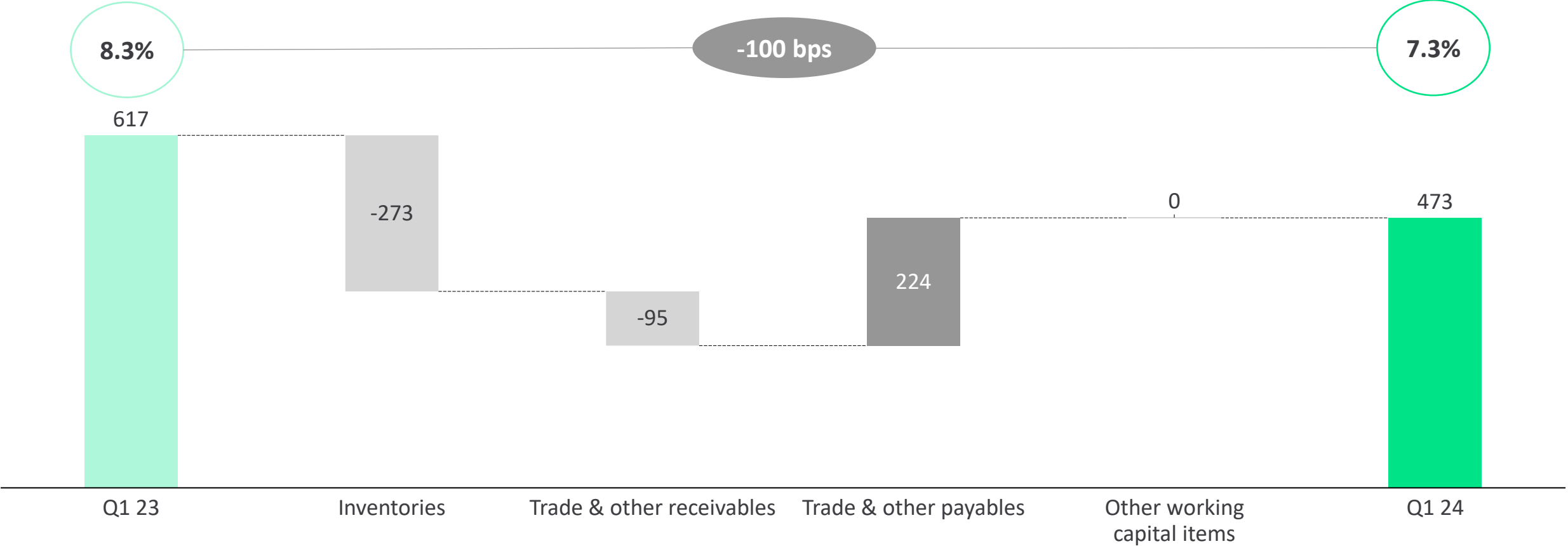


Adjusted EBITA margin decreased to 8.3%, as gross margin expansion was offset by under-absorption of fixed costs



Working capital decreased to 7.3%, driven by lower inventories and receivables, partly offset by lower payables

In EURm / as % of sales



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Outlook



For 2024, Signify continues to expect:

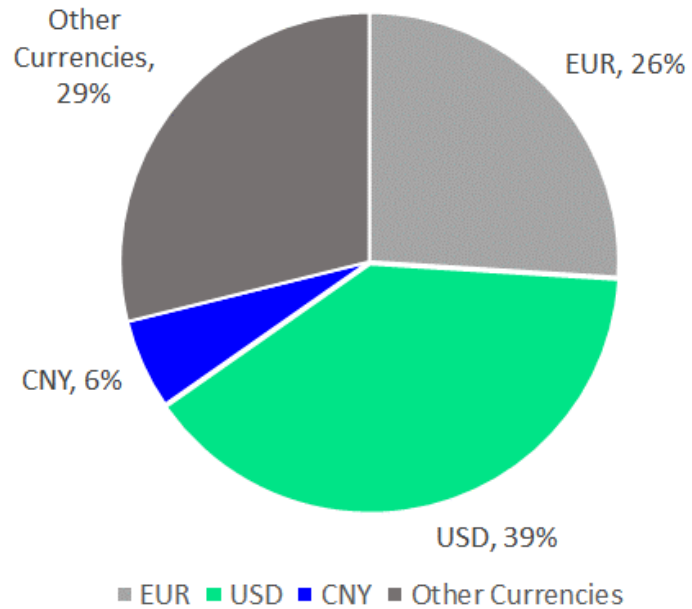
- An Adjusted EBITA margin improvement of up to 50 bps, including first benefits from the announced restructuring program
- Free cash flow generation of 6-7% of sales, including an incremental and non-recurring negative impact around EUR 150m related to the restructuring program and a reduction of US pension liabilities

Q&A



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

Q1 24 Sales FX Footprint (% of total)



Key observations

- Overall currency impact of -2.6% on sales, mainly from USD and CNY depreciation.
- Impact of +0.7% on the Adjusted EBITA margin.

Net income increased to EUR 44m, mainly due to lower financial expenses and higher EBIT

From Adjusted EBITA to net income (in EURm)

	Q1 23	Q1 24
Adjusted EBITA	149	122
- Restructuring	-47	-22
- Acquisition-related charges	-3	-3
1 - Other incidental items	-16	-15
EBITA	83	82
Amortization	-22	-17
EBIT	61	64
Net financial income / expenses	-30	-16
Income tax expense	-3	-4
Results from investments in associates	0	0
Net income	28	44

Key observations

- Non-recurring items by nature and relate to:
 - A one-day FX loss from the devaluation of the Egyptian pound by the Egyptian government (EUR 10m)
 - Environmental provisions for inactive sites and the discounting effect of long-term provisions (EUR 4m)
 - Other items with an effect of EUR 1 million loss

Free cash flow increased to EUR 80m, mainly due to a stabilization of working capital following last year's improvements

Free cash flow (in EURm)

	Q1 23	Q1 24
Income from operations	61	64
Depreciation and amortization	71	68
Additions to (releases of) provisions	77	39
Utilizations of provisions	-52	-66
Change in working capital	-53	1
Net interest and financing costs received (paid)	-4	-3
Income taxes paid	-23	-18
Net capex	-30	-22
Other	4	17
Free cash flow	51	80
<i>As % of sales</i>	<i>3.1%</i>	<i>5.5%</i>

Key observations

- Free cash flow of EUR 80m
 - Stabilization of working capital following last year's improvements
- Restructuring payout of EUR 34m (Q1 23: EUR 21m)

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