

A nighttime cityscape featuring several tall buildings with illuminated windows. The scene is dominated by blue and white lights from the buildings and streetlights. In the foreground, there's a large, brightly lit fountain or public square area. The overall atmosphere is vibrant and modern.

Signify

**Signify to acquire Cooper Lighting Solutions
Strengthening our position in the attractive
North American lighting market**

October 15th, 2019

Important information

Forward-Looking Statements and Risks & Uncertainties

This document and the related oral presentation contain, and responses to questions following the presentation may contain, forward-looking statements that reflect the intentions, beliefs or current expectations and projections of Signify N.V. (the “Company”, and together with its subsidiaries, the “Group”), 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, the impacts of 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, impact of the Group’s operation as a separate publicly listed company, pension liabilities and costs, establishment of corporate and brand identity, adverse tax consequences from the separation from Royal Philips and exposure to international tax laws. Please see “Risk Factors and Risk Management” in Chapter 12 of the Annual Report 2018 for discussion of material risks, uncertainties and other important factors which may have a material adverse effect on the business, results of operations, financial condition and prospects of the Group. Such risks, uncertainties and other important factors should be read in conjunction with the information included in the Company’s Annual Report 2018. 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 measures” in the Annual Report 2018.

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 2018 and the semi-annual report 2019.

Market Abuse Regulation

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

Transaction highlights

Key terms

- Acquisition of Cooper Lighting Solutions from Eaton for USD 1.4bn (EUR 1.3bn) in cash

Financing

- Transaction fully funded by debt, with committed bridge financing in place
- Intention to replace the bridge loan and the existing term loan debt obtained at IPO with a new financing structure before or shortly after the closing of this transaction
- Net leverage ratio expected to return from around 2x at closing to below 1x net debt/EBITDA within three years

Timing

- Closing of the transaction expected in Q1 2020
- Closing is subject to regulatory approvals and other customary conditions

A strategic and value creative transaction

1

Clear strategic fit

**Improved market positions,
with increased innovation
power and more
competitive offerings**

2

Significant value creation

**Disciplined acquisition with
substantial cost synergies**

3

Beneficial to all stakeholders

**Customers, agents,
employees and shareholders**

A strategic transaction to strengthen our position in the North American professional lighting market

Expand our position in the attractive North American lighting market



Increased innovation power and more competitive offerings

➤ Together, the two businesses will be better positioned to benefit from the growing USD 12bn professional lighting market in North America

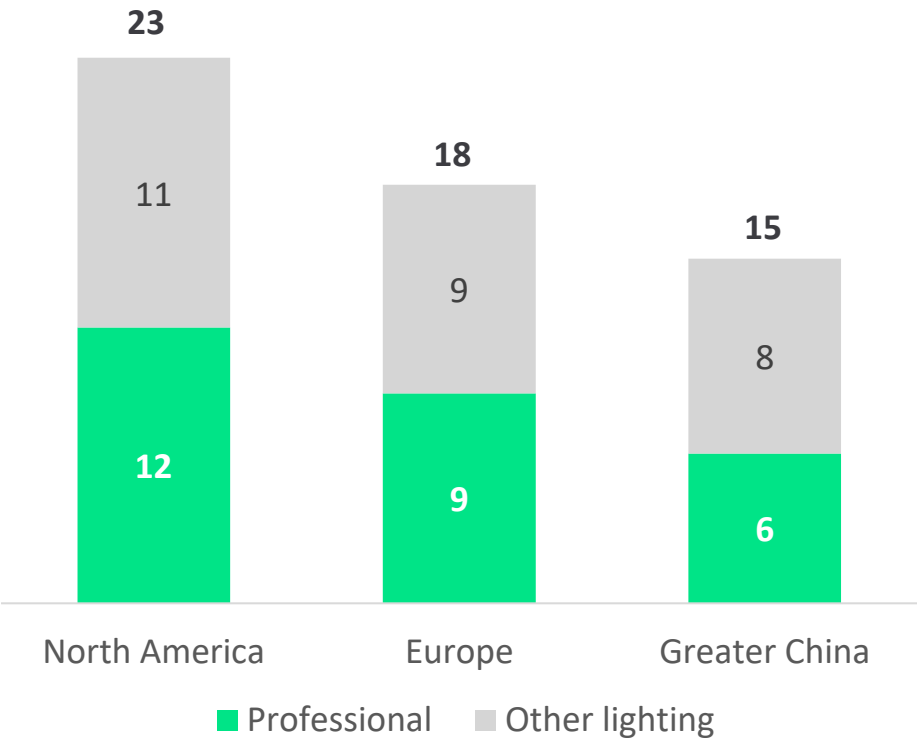
➤ Market growth is expected to be driven by the conversion to LED and the increased demand for connected lighting systems and controls

➤ Combined innovation capabilities and investments in R&D will further strengthen our position in the North American professional lighting market, particularly in connected lighting

➤ Increased scale will enable substantial operational synergies resulting in more cost-efficient offerings

North America is a very attractive market for lighting

Top 3 lighting markets (USD bn)



Highlights

- World’s largest lighting market, including for Professional
- Leading market for Systems & Services
- Front runner in innovation

Cooper Lighting is a leading professional lighting player

Key facts & 2018 figures⁽¹⁾



Headquarters: Peachtree City, GA



10 manufacturing sites



~5,100 employees



Sales: USD 1.7bn
84% LED-based

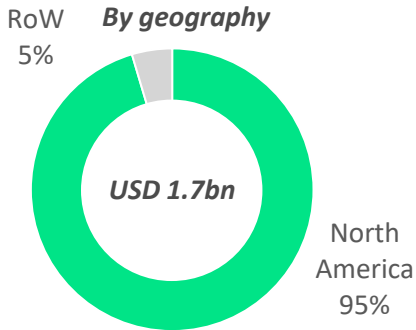


Reported EBITDA: USD 187m
11.3% margin



Free cash flow: USD 143m

Sales breakdown



Key brands



Cooper Lighting brings strong capabilities in LED and connected lighting

The breadth and depth of Cooper Lighting's product portfolio is among the best in the industry

Brands

Products

Recessed

HALO **Portfolio**
RSA **IRiS**

Downlight
 Surface
 Cylinders
 Track

Ambient

Metalux **Corelite**
neoray **FAILSAFE**

Utility
 Recessed
 Surface
 Suspended
 Linear

Industrial

Metalux
FAILSAFE

High Bay
 Round
 Vapor Tight

Outdoor

STREETWORKS **LUMARK**
McGraw-Edison **ephesus**
INVUE **Lumiere**

Site
 Street
 Wall
 Utility
 Flood
 Parking Garage

Connected & Controls

Greengate **TRELLIX**
fifthlight **iLUMIN**
HALOHOME **WaveLinX**

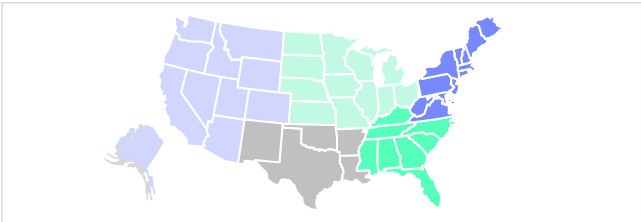
Sensors
 Hardware
 Software

A strong and diverse go-to-market model in North America

Cooper Lighting's go-to-market setup

Agents

- Strong agent network (125+ agents) strategically located
- Average tenure of >20 years



Distributors

- Solid position with major distributors carrying broad portfolio



Specifiers

- Dedicated team with direct relationships with large specifiers in North America



Direct Sales

- Direct relationships with key accounts in North America through Cooper Lighting's end-user sales teams



An attractive transaction with substantial cost synergy opportunity

Attractive transaction



- ✓ Enterprise Value of USD 1.3bn (approx. EUR 1.2bn) net of the present value of future tax benefits⁽¹⁾
- ✓ EV/2018 EBITDA of 7.0x pre-synergies, and 5.3x post-synergies
- ✓ Acquiring a leading Professional lighting player in the North American market at an attractive multiple

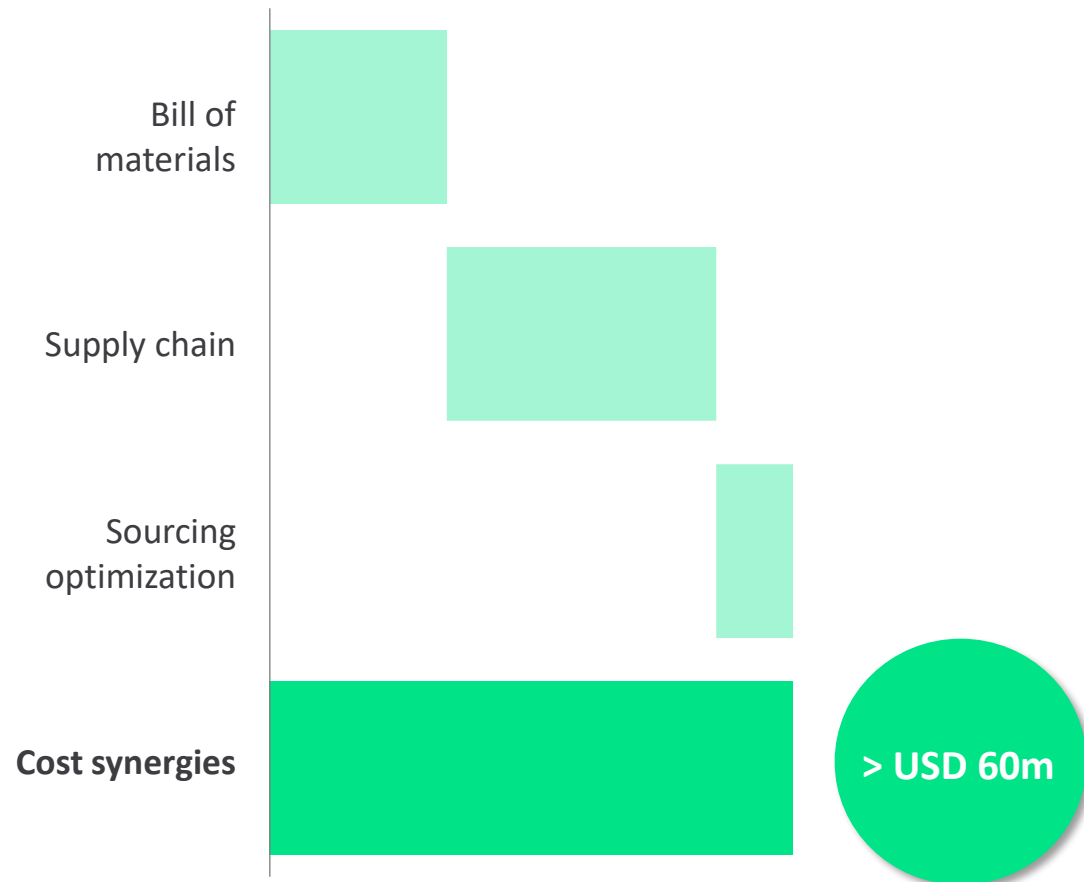
Significant value creation



- ✓ Substantial cost synergies of more than USD 60 million per year, largely to be achieved in the first three years
- ✓ Mid-teens EPS accretion⁽²⁾ in year 1
- ✓ Transaction ROIC to exceed WACC after year 1

Tangible and well-identified synergies, to be largely achieved in the first three years

Type of cost synergies



Significant value creation potential

- ✓ Negotiation, supplier consolidation and product re-engineering
- ✓ Collaborative implementation of manufacturing standards & operational excellence
- ✓ Signify to supply drivers and other electronic components
- ✓ Cost savings of more than USD 60m per year to be largely achieved in the first 3 years

Integration plan designed to ensure commercial success of both businesses while rapidly capturing synergies

Integration plan

Sales and marketing

- Maintain separate agent networks, brand portfolios, marketing teams
- Keep sales momentum intact and avoid disruption for customers, agents and distributors

Product development

- Maintain separate product portfolios and product development to sustain commercial success
- Leverage core innovation capabilities and intellectual property

Supply Chain

- Rapidly capture savings opportunities in the bill of materials as well as through supply chain and sourcing optimization
- Provide 2-way expertise to improve efficiency

Support functions

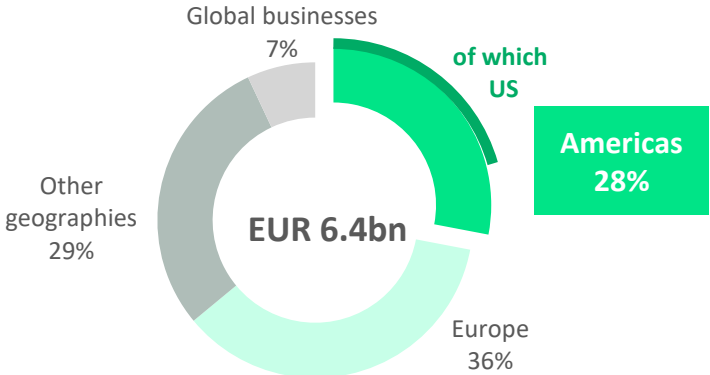
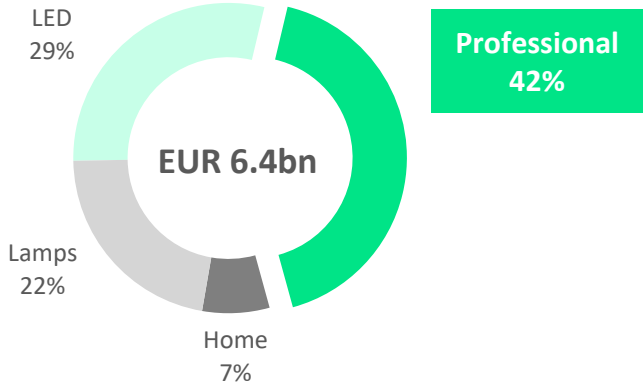
- Integrate and optimize all support functions

Improving business mix and increasing presence in North America

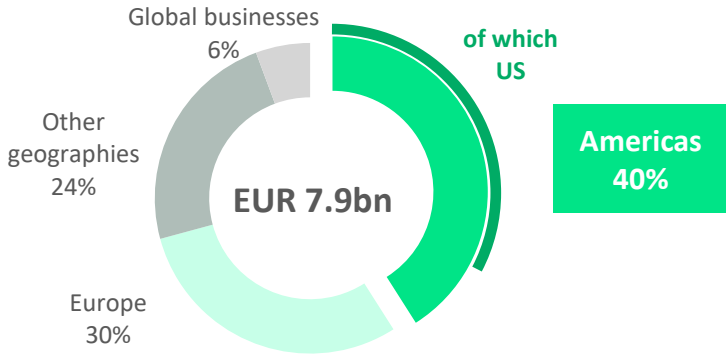
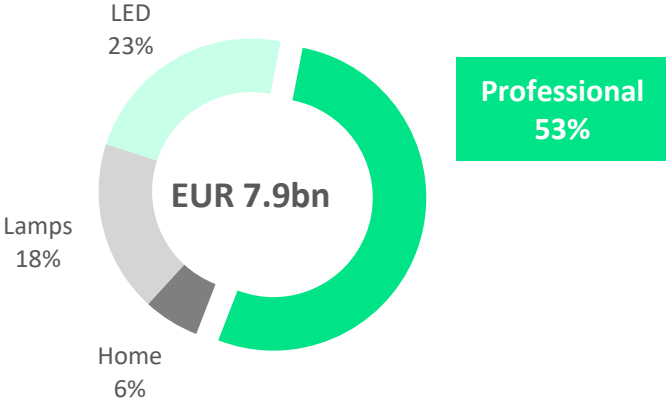
Improving business mix

Increasing presence in North America

Signify⁽¹⁾



Signify + Cooper Lighting Solutions⁽¹⁾



Intend to maintain a robust capital structure and continue to aim towards a financing structure that is compatible with an investment grade profile

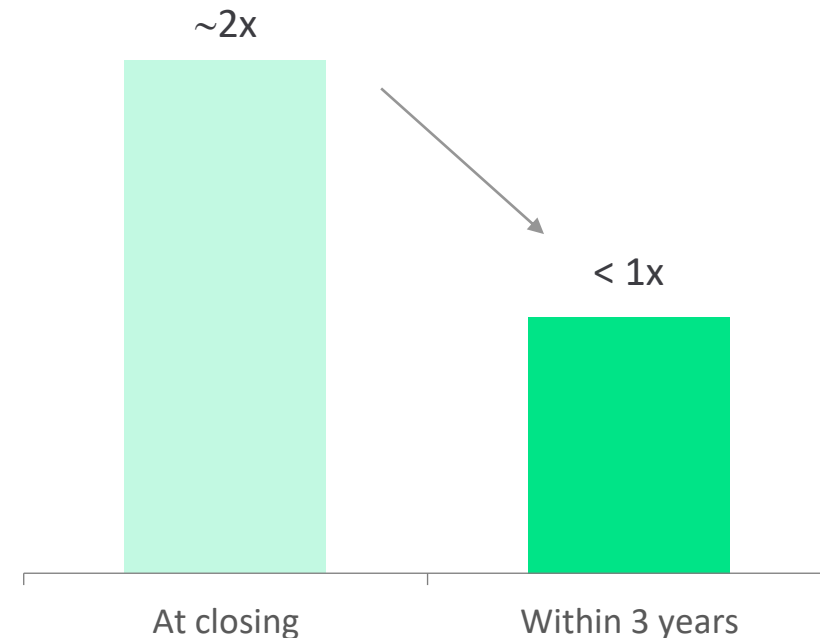
✓ Following the transaction, Signify will prioritize deleveraging with strong FCF expected to drive down net leverage ratio from around 2x at closing to below 1x net debt/EBITDA within 3 years

✓ Plan to continue to pay a stable or increased dividend per share

✓ While we will focus on deleveraging, we continue to invest in R&D and other organic growth opportunities

✓ As the focus will be on integrating Cooper Lighting and delivering synergies, M&A will have a lower priority

Net debt / Adj. EBITDA trajectory



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