



Press Information

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Philips intends to sell its Saeco Vending & Professional coffee business to N&W Group

Bologna, Italy

- *Philips to focus on building its leadership position in coffee appliances for use in the home, under the Philips, Saeco and Gaggia brands.*
- *Agreement creates strong future for the Saeco professional coffee business and continuity for its customers, within a company that is the world's leading provider of comprehensive systems and services for the global Vending, Horeca and Office Coffee Services industry.*
- *The transaction is subject to customary closing conditions and is expected to close in the first semester of 2017.*

Royal Philips (NYSE: PHG, AEX: PHI) today announced the intended sale of the Saeco Vending & Professional coffee business to N&W Global Vending and its affiliates (“N&W Group”). N&W Global Vending has the intention to make a strategic minority investment in the share capital of Saeco Vending S.p.A. (Saeco), while the remainder of the share capital would be acquired by the direct parent of N&W.

Philips will focus on building its leadership position in coffee appliances for use in the home, under the Philips, Saeco and Gaggia brands.

As part of the transaction, N&W Global Vending will acquire the license for the Saeco and the Gaggia brands, for professional use only.

By bringing the two companies together, Saeco Vending & Professional will become part of a more sizable business, with more opportunity to drive innovation, growth and to enhance its positioning.

Saeco Vending and Professional includes: Vending coffee systems for large numbers of people in settings like airports and company canteens; coffee systems for smaller numbers of people in offices; and professional coffee systems in the hotel and catering industry.

Philips is a market leader in coffee appliances for use in the home and will sharpen its focus on this growing market following the proposed transaction. In recent years, the company has



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strengthened its domestic coffee business by expanding its portioned-coffee partnerships with JDE (Jacobs Douwe Egberts) for example, and by driving innovation in full-automatic espresso machines under the Saeco brand. An example of a recently launched innovation is SENSEO® Switch, the first SENSEO® 2-in1 coffee maker that allows the consumer to brew a big pot of filter coffee to share, or one cup of pad coffee.

“Saeco is synonymous with excellence in coffee innovation” said Eef van Elsberg, Leader of the global Business Group Coffee at Philips: “With the agreement, Philips will fully focus its investments on the consumer business for the Philips and Saeco brands among others and deliver exciting propositions for consumers to use in the home across the globe, while N&W Global Vending builds on Saeco’s existing strong foundation in the professional space.”

“Over the last few years, Saeco made structural adjustments in its coffee activities for the home to set the business up for sustainable profitable growth” said Nicholas Lee, CEO Philips-Saeco : “We are convinced that Philips’ sharpened focus on consumer propositions announced today will contribute to that growth”.

“N&W Global Vending is the world's leading provider of comprehensive systems and services for the global Vending, Horeca and Office Coffee Services industry, and the coffee systems are at the core of our growth strategy,” said Chief Executive Officer, N&W Global Vending, Andrea Zocchi. “We intend to fully leverage the capabilities, industrial and commercial footprint of Saeco’s Vending & Professional business, along with its strong brands, to deliver the highest quality coffee experience out of home.”

The transaction is expected to close in the first semester of 2017, and is subject to customary closing conditions. Financial details will not be disclosed.