Royal Philips Electronics

First Quarter 2011

Information booklet

April 18th, 2011
Important information

Forward-looking statements
This document and the related oral presentation, including responses to questions following the presentation contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future EBITA and future developments in our organic business. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements. These factors include but are not limited to domestic and global economic and business conditions, the successful implementation of our strategy and our ability to realize the benefits of this strategy, our ability to develop and market new products, changes in legislation, legal claims, changes in exchange and interest rates, changes in tax rates, pension costs and actuarial assumptions, raw materials and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where Philips operates, industry consolidation and competition. As a result, Philips’ actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see the Risk management chapter included in our Annual Report 2010.

Third-party market share data
Statements regarding market share, including those regarding Philips’ competitive position, contained in this document are based on outside sources such as research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

Use of non-GAAP Information
In presenting and discussing the Philips Group’s financial position, operating results and cash flows, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. A reconciliation of such measures to the most directly comparable IFRS measures is contained in this document. Further information on non-GAAP measures can be found in our Annual Report 2010.

Use of fair-value measurements
In presenting the Philips Group’s financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When quoted prices do not exist, we estimated the fair values using appropriate valuation models, and when observable market data are not available, we used unobservable inputs. They require management to make significant assumptions with respect to future developments, which are inherently uncertain and may therefore deviate from actual developments. Critical assumptions used are disclosed in our 2010 financial statements. Independent valuations may have been obtained to support management’s determination of fair values.

All amounts in millions of euro’s unless otherwise stated; data included are unaudited. Financial reporting is in accordance with IFRS, unless otherwise stated. This document comprises regulated information within the meaning of the Dutch Financial Markets Supervision Act ‘Wet op het Financieel Toezicht’.
1. TV Announcement
2. Management introduction
3. Group results Q1 2011
4. Philips: A general overview
5. Healthcare, Consumer Lifestyle and Lighting
Creating a new future for TV with priority

- We agreed to create Television joint venture with TPV Technology
  - Global Television player with scale and focus, 70% owned by TPV and 30% by Philips
  - JV will enable a return to profitability of the TV business
  - Long term continuity and seamless transition for trade partners and consumers
  - Leverage Philips’ brand, market access and innovation with TPV’s manufacturing scale
  - Transfer of Philips TV Management, employees (3600), and global operations\(^1\) into the JV
  - The JV will have a brand license agreement with Philips

- Consideration: deferred payment, brand license agreement (details in press release)

- Definitive agreement is targeted Q3 2011 with closing expected in Q4 2011

- Philips will have improved portfolio focus on health & well-being
  - Report the results of the TV business as discontinued operations starting from Q1 2011
  - Restructuring to be expected in relation to the separation

- This deal does not affect the existing brand license deals with TPV (computer monitors and TV China), Videocon (TV India), and Funai (TV & AVM, USA, Canada, Mexico and certain countries in South America) which stay with Philips

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\(^1\) Global TV Marketing & Sales, and IP, Development Sites: Singapore, Bruges (Belgium), Eindhoven (Netherlands), Manufacturing Sites: Szekesfehervar (“Szekes”) (Hungary), Manaus (Brazil) and Tierra del Fuego (Argentina)
TV divestment increases focus on the profitable and growing health and well-being portfolio

The reported EBITA for Consumer Lifestyle was 6.4%

The reported EBITA for Consumer Lifestyle was 11.4%, excl. Television, which is treated as discontinued operations

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1 Consumer Lifestyle in 2007 includes the former DAP and Consumer Electronics divisions/ Consumer Lifestyle 2011 is excluding Television activities
2 2007 figures are based on US GAAP
3 All figures from the year 2010 onwards exclude Television as it is treated as discontinued operations
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We are positive about our opportunities

• **Strong Diversified Industrial Group in health & well-being:**
  – Our Healthcare, Lifestyle and Lighting markets have long term growth and profit potential.
    We have a very good starting base to build on.
  – We aim to achieve market leadership by delivering meaningful innovations to improve people’s lives, and value to our customers.
  – We leverage our core competencies and group synergies in innovation, the Philips brand, customer access in 100+ countries, our talent base, shared services, and a solid balance sheet.
  – We are committed to doing business in a manner that is sustainable and responsible to society, with financial discipline to drive shareholder value.

• **We will drive our strategic priorities with urgency:**
  – Drive our Healthcare businesses to leadership in a changing landscape.
  – Reshape our Consumer Lifestyle to leadership in consumer health and well-being.
  – Win the Lighting transformation to LED, with adjacent value creation through local lighting solutions.
  – Realize full potential in mature and high growth geographies.
Near term focus is on performance improvement

- **Accelerate the current “course & speed” (currently below Vision 2015):**
  - Flawlessly execute the TV plan which will impact short term earnings
  - Roll-out new Philips Business Management System to improve strategy execution
    - Clear granular plans and performance transparency across 400 business-market combinations
  - Increase value delivery from past acquisitions
  - Raise cost effectiveness at Group and Sector levels
  - Step up targeted investments in market penetration and accelerated innovation
  - Mitigate risks of Japan tragedy (revenue and supply chain impact)
  - Improve capital turns and ROIC

- **Further enabled by:**
  - Building the required performance culture
  - Strengthening customer focus and entrepreneurship
  - Higher empowerment and accountability
  - Reward-system adaptation
  - Improving speed and execution to market
Disciplined Capital Use

• We re-iterate our objective of retaining an A3/A- rating

• We will drive higher capital efficiency and cash flow yields through improved working capital turns and CAPEX discipline

• We are committed to a stable dividend policy with a 40% to 50% pay-out of continuing net income

• Cash will be used to:
  - Invest in value creating growth (both organic and through acquisitions)
  - Mitigate risk
  - Return capital to shareholders over time

• We will exercise stringent discipline and return criteria (including ROIC hurdles) in our end-to-end acquisition process in line with the nature of the transaction
1. TV Announcement

2. Management introduction

3. Group results Q1 2011

4. Philips: A general overview

5. Healthcare, Consumer Lifestyle and Lighting
Headlines in Quarter 1 2011

- Philips reports first-quarter net income of EUR 138 million, EBITA of EUR 437 million and sales of EUR 5.3 billion
- Philips and TPV to create strong television company
- Television results reported as discontinued operations
- Nominal sales of EUR 5.3 billion, 6% higher year-on-year
- Comparable sales increased by 4%, with solid growth at Lighting and Healthcare
- Comparable Sales in our growth markets increased by 11%
- EBITA of EUR 437 million at 8% of sales in the quarter
- Net income of EUR 138 million, EUR 63 million below Q1 2010
- Free cash outflow of EUR 615 million

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
## Key Financials Summary – Q1 2011

**EUR million**

<table>
<thead>
<tr>
<th>Category</th>
<th>Q1 2010</th>
<th>Q1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>4,982</td>
<td>5,257</td>
</tr>
<tr>
<td>EBITA</td>
<td>495&lt;sup&gt;1&lt;/sup&gt;</td>
<td>437&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Financial income and expenses</td>
<td>(69)&lt;sup&gt;2&lt;/sup&gt;</td>
<td>(2)&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>Income tax</td>
<td>(125)</td>
<td>(97)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>201</td>
<td>138</td>
</tr>
<tr>
<td>Net Operating Capital</td>
<td>13,451</td>
<td>12,654</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>160</td>
<td>(391)</td>
</tr>
<tr>
<td>Net capital expenditures</td>
<td>(154)</td>
<td>(224)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>6</td>
<td>(615)</td>
</tr>
</tbody>
</table>

<sup>1</sup> 1Q11 includes on balance EUR (15)M of charges; 1Q10 includes on balance EUR (46)M of charges

<sup>2</sup> 1Q11 included a gain on the sale of TCL shares and a favorable effect of the revaluation of the NXP option

**Note** - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
## Sales by sector – Q1 2011

*EUR million*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q1 2010</th>
<th>Q1 2011</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>1,821</td>
<td>1,971</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>1,247</td>
<td>1,303</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Lighting</td>
<td>1,810</td>
<td>1,903</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>GM&amp;S</td>
<td>104</td>
<td>80</td>
<td>(23)</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>Group sales</strong></td>
<td><strong>4,982</strong></td>
<td><strong>5,257</strong></td>
<td><strong>6</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

**Note:** All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation.
# Sales by market cluster – Q1 2011

*EUR million*

<table>
<thead>
<tr>
<th>Market Cluster</th>
<th>Q1 2010</th>
<th>Q1 2011</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>1,524</td>
<td>1,521</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>North America</td>
<td>1,599</td>
<td>1,657</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Other mature markets</td>
<td>415</td>
<td>401</td>
<td>(3)</td>
<td>(6)</td>
</tr>
<tr>
<td>Growth markets(^1)</td>
<td>1,444</td>
<td>1,678</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Group sales</td>
<td>4,982</td>
<td>5,257</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

\(^1\) Growth markets are all markets excluding USA, Canada, Western Europe, and the Pacific countries Australia, New-Zealand, South Korea and Japan

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
Growth Markets – Q1 2011 and last twelve months

Sales in growth markets

Last twelve months

- Growth: 32%
- Mature: 68%

Healthcare
- Q1 2011: 18%

Consumer Lifestyle
- Q1 2011: 43%

Lighting
- Q1 2011: 38%

Philips Group
- Q1 2011: Growth 32%
- Mature 68%

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
## EBITA by sector – Q1 2011

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q1 2010</th>
<th>Q1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>166&lt;sup&gt;1&lt;/sup&gt;</td>
<td>199&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>170&lt;sup&gt;2&lt;/sup&gt;</td>
<td>119&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>Lighting</td>
<td>245&lt;sup&gt;3&lt;/sup&gt;</td>
<td>193&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td>GM&amp;S</td>
<td>(86)&lt;sup&gt;4&lt;/sup&gt;</td>
<td>(74)&lt;sup&gt;4&lt;/sup&gt;</td>
</tr>
<tr>
<td>Philips Group</td>
<td>495</td>
<td>437</td>
</tr>
<tr>
<td>as % of sales</td>
<td>9.9%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

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1. Q11 includes EUR 2M of restructuring and acquisition-related gains; 1Q10 included on balance EUR (29)M charges
2. Q11 includes EUR (13)M of restructuring and acquisition-related charges; 1Q10 included on balance EUR (9)M charges
3. Q11 includes EUR (5)M of restructuring and acquisition-related charges; 1Q10 included EUR (9)M charges
4. Q11 includes EUR 1M of gains; 1Q10 includes EUR 1M of gains

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation.
# EBITA: Q1 2011

*EUR million*

## EBITA & EBITA% – Q1 2011

<table>
<thead>
<tr>
<th></th>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q10</td>
<td>9.1%</td>
<td>10.1%</td>
<td>13.6%</td>
<td>9.9%</td>
</tr>
<tr>
<td>1Q11</td>
<td>13.6%</td>
<td>9.1%</td>
<td>13.5%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

## Adjusted EBITA & Adjusted EBITA% – Q1 2011

<table>
<thead>
<tr>
<th></th>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q10</td>
<td>10.7%</td>
<td>14.3%</td>
<td>14.0%</td>
<td>10.9%</td>
</tr>
<tr>
<td>1Q11</td>
<td>10.0%</td>
<td>10.1%</td>
<td>10.4%</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

1 Adjusted EBITA is EBITA corrected for incidental charges (details in quarterly information booklet slide 65).

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation.
Philips: financials over the last five quarters

EUR million

Sales, Comparable sales growth and Adjusted\(^1\) EBITA%

1 Adjusted EBITA is EBITA corrected for incidental charges (details in quarterly information booklet slide 65)

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
# Free Cash Flow – Q1 2011

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2010</th>
<th>Q1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from continuing operations</td>
<td>194</td>
<td>225</td>
</tr>
<tr>
<td>Depreciation / amortization / impairments</td>
<td>321</td>
<td>319</td>
</tr>
<tr>
<td>Net gain on sale of assets</td>
<td>-6</td>
<td>-55</td>
</tr>
<tr>
<td>Changes in Working Capital, of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- changes in Net inventories</td>
<td>-221</td>
<td>-198</td>
</tr>
<tr>
<td>- changes in Accounts receivable</td>
<td>82</td>
<td>180</td>
</tr>
<tr>
<td>- changes in Accounts payable</td>
<td>-49</td>
<td>-726</td>
</tr>
<tr>
<td>Other</td>
<td>-161</td>
<td>-136</td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td><strong>160</strong></td>
<td><strong>(391)</strong></td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>-8</td>
<td>-48</td>
</tr>
<tr>
<td>Expenditures on development assets</td>
<td>-44</td>
<td>-50</td>
</tr>
<tr>
<td>Capital expenditures on PP&amp;E</td>
<td>-123</td>
<td>-161</td>
</tr>
<tr>
<td>Proceeds from PP&amp;E</td>
<td>21</td>
<td>35</td>
</tr>
<tr>
<td>Net capital expenditures</td>
<td>-154</td>
<td>-224</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td><strong>6</strong></td>
<td><strong>(615)</strong></td>
</tr>
</tbody>
</table>

1 PP&E stands for Property, Plant and Equipment

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
Adjusted Net Debt – Q1 2011 of EUR 2.1 billion

EUR million

<table>
<thead>
<tr>
<th>Cash as per Q1</th>
<th>Gross Debt as per Q1</th>
<th>Net Debt as per Q1</th>
<th>Pensions Net Balance Sheet Position¹</th>
<th>Operating Leases¹</th>
<th>Credit Related Guarantees¹</th>
<th>Adjusted Net Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,772</td>
<td>4,336</td>
<td>(437)</td>
<td>1,814</td>
<td>640</td>
<td>49</td>
<td>2,066</td>
</tr>
</tbody>
</table>

¹ Pensions Net Balance Sheet Position, Operating Leases and Credit related guarantees as per December 31, 2010
Pensions funded status EUR (86)M as per December 31, 2010
Net Balance Sheet Position: the netted funded position under IFRS of our Defined Benefit pension plans (recognized surpluses less the deficits)
Philips' debt has a long maturity profile

Debt maturity profile as of March 2011

Characteristics of long-term debt
- Maturities up to 2038
- Average tenor of long-term debt is 9 years
- No financial covenants

1 Short term debt consists mainly of local credit facilities that are being rolled forward on a continuous basis.
2 On April 13th, Philips extended the maturity of EUR1.8bn standby to 2016. Additional information is available in Press release of April 14th.
1. TV Announcement

2. Management introduction

3. Group results Q1 2011

4. Philips: A general overview

5. Healthcare, Consumer Lifestyle and Lighting
A strong diversified industrial group leading in health and well-being

Founded in 1891
Headquartered in Amsterdam, the Netherlands

Sales over EUR 22.2 billion in 2010

Growth Markets
32% of sales generated in Growth Markets

Globally recognized brand (world top 50)
Our brand value doubled to $8.7bn since 2004

117,000 employees
Sales and service outlets in over 100 countries

€1.5 billion investment in R&D, 7% of sales

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
Aim for leadership in health & well-being

**Our mission**
Deliver meaningful innovations to improve people’s lives

**Our promise**
“Sense and simplicity”

**Our group strengths**
- Common, end-user driven innovation process
- Strong global brand
- Market access in over 100 countries
- Engaged workforce
- Ability to attract the best talent
- Technology, know-how and strong IP positions
- Economies of scale e.g. Shared service centers, financing
TV divestment Increases focus on the profitable and growing health and well-being portfolio

The reported EBITA for Consumer Lifestyle was 6.4%

The reported EBITA for Consumer Lifestyle was 11.4%, excl. Television, which is treated as discontinued operations

---

1 Consumer Lifestyle in 2007 includes the former DAP and Consumer Electronics divisions/ Consumer Lifestyle 2011 is excluding Television activities

2 2007 figures are based on US GAAP

3 All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
Portfolio leverages critical global trends

**Fundamental growth trends**

**Global trends**

- Population growth, aging, higher healthcare aspirations and lifestyle related diseases mean that **healthcare costs will become unsustainable**
- Increased welfare and changing lifestyles will drive **consumer focus on health and well-being**
- The fundamental need to reduce our eco-footprint drives demand for **energy efficiency and sustainability**
- The lighting industry will face a massive shift from conventional to **digital, dynamic lighting** and the entry of new, non-traditional players
- The relative importance of **growth markets** in the world economy continues to rise

**Our opportunities**

- Efficient health diagnostics and treatment
- Home healthcare
- Healthy lifestyle and preventive health
- Personal well-being
- Light for health and well-being
- Energy efficient lighting
- Growth markets
- Sustainability
The world’s 42nd most valuable brand in 2010

Brand value doubled since 2004

Value of the Philips brand¹
USD billions

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>4.4</td>
</tr>
<tr>
<td>2005</td>
<td>5.9</td>
</tr>
<tr>
<td>2006</td>
<td>6.7</td>
</tr>
<tr>
<td>2007</td>
<td>7.7</td>
</tr>
<tr>
<td>2008</td>
<td>8.3</td>
</tr>
<tr>
<td>2009</td>
<td>8.1</td>
</tr>
<tr>
<td>2010</td>
<td>8.7</td>
</tr>
</tbody>
</table>

A strong brand drives sales
A significant amount of sales is attributable to the brand alone:
- Healthcare 29%
- Consumer Lifestyle 24%
- Lighting 21%

High brand value¹ growth
With a 7% brand value increase in 2010, Philips outpaced the average increase of 4% shown by other brands

Strong internal brand
82% of employees are “proud to work for Philips”

Brand campaign 2010
Developing thought leadership in health and well-being and making our trusted brand promise of ‘sense and simplicity’ meaningful in this area

¹ Source: Interbrand Brand Valuation 2010
A strong position in growth markets
*Represents a significant and growing part of our global footprint*

Growth markets represent 32% of sales

Championing growth with dedicated strategies
Based on local market insights, supported by increased marketing investments.

Increasing our footprint
- Domestic Appliances management is located in Shanghai
- Imaging value segment management located in Suzhou
- Patient Care and Clinical Informatics value segment management located in Shenzhen
- LED Lighting competence centre located in Shanghai
- Manufacturing for value segment products located in India
- Four healthcare companies acquired in Brazil

Corporate brand equity index\(^1\), 2010

<table>
<thead>
<tr>
<th>BRIC Markets</th>
<th>2010</th>
<th>Position vs. Peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>111</td>
<td>Top 20%</td>
</tr>
<tr>
<td>India</td>
<td>146</td>
<td>Top 10%</td>
</tr>
<tr>
<td>China</td>
<td>122</td>
<td>Top 10%</td>
</tr>
<tr>
<td>Russia</td>
<td>104</td>
<td>Top 40%</td>
</tr>
<tr>
<td>Brazil</td>
<td>114</td>
<td>Top 10%</td>
</tr>
</tbody>
</table>

\(^1\) Source: Consumer Heart BEAT brand equity study 2010
Philips people

Employee engagement crosses high performance benchmark

Employee Engagement Index

A strong leadership team
60 culturally diverse top leaders focus on driving our global businesses to reach their short and long term goals.

A high performance workforce
The 2010 ‘employee engagement index’ polling over 90,000 of the Philips workforce showed we are amongst the world’s top-ranking companies.

Living the values
Philips has four simple values which ‘live’ within the company and drive the actions of our people.

An eye on the leaders of tomorrow
We structurally manage our talent, offering fast-track, stretch opportunities for top performers to ensure a quality succession pipeline for our leadership team.
Sustainability as a driver for growth

Success of EcoVision4
Our Green Product sales represented around 30% of sales in 2009, 3 years ahead of our 2012 target. And we have completed our 2012 goal of cumulative EUR 1 billion of Green Investment in 2010.

Launch of our EcoVision5 program
A clear example of how we continue to drive business growth through Sustainability is the launch of our EcoVision5 program in 2010.

Targets for the period 2010 – 2015
• To bring care to 500 million people
• To improve the energy efficiency of our overall portfolio by 50%
• To double the amount of recycled materials in our products as well as to double the collection and recycling of Philips products
A history of sustainable dividend growth

*EUR cents per share*

“Our aim is to sustainably grow our dividend over time. Philips’ present dividend policy is based on an annual pay-out ratio of 40 to 50% of continuing net income.”

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1 Elective dividend, proposal approved during the General Shareholders Meeting on March 31st, 2011
## Last twelve months acquisitions at a glance

### Healthcare

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Industry/Division</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-2011</td>
<td>Dameca</td>
<td>Patient Care and Clinical Informatics</td>
<td>Expand portfolio with integrated, advanced anesthesia care solutions</td>
</tr>
<tr>
<td>Jan-2011</td>
<td>medSage</td>
<td>Home Healthcare</td>
<td>Strengthen portfolio with by becoming a leading provider of patient interaction and management applications</td>
</tr>
<tr>
<td>Sep-2010</td>
<td>Wheb Sistemas</td>
<td>Patient Care and Clinical Informatics</td>
<td>Strengthen clinical informatics portfolio with a leading Brazilian provider of clinical information systems</td>
</tr>
<tr>
<td>Aug-2010</td>
<td>CDP Medical</td>
<td>Patient Care and Clinical Informatics</td>
<td>Expand clinical informatics portfolio in high-growth markets in the area of PACS</td>
</tr>
<tr>
<td>Jul-2010</td>
<td>Apex</td>
<td>Imaging Systems</td>
<td>Strengthen portfolio of high-quality transducers aimed at the value segment in emerging markets</td>
</tr>
</tbody>
</table>

### Consumer Lifestyle

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Industry/Division</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2011</td>
<td>Preethi</td>
<td>Domestic Appliances</td>
<td>Becoming a leading kitchen appliances company in India</td>
</tr>
<tr>
<td>Oct-2010</td>
<td>Discus</td>
<td>Health &amp; Wellness</td>
<td>Expand oral healthcare portfolio with leading manufacturer of professional tooth whitening products</td>
</tr>
</tbody>
</table>

### Lighting

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Industry/Division</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-2011</td>
<td>Optimum</td>
<td>Professional Luminaires</td>
<td>Expand portfolio with customized energy-efficient lighting solutions</td>
</tr>
<tr>
<td>Dec-2010</td>
<td>NCW Holdings</td>
<td>Professional Luminaires</td>
<td>Expand global leadership position of professional lighting entertainment solutions</td>
</tr>
<tr>
<td>Aug-2010</td>
<td>Burton</td>
<td>Professional Luminaires</td>
<td>Expand portfolio with leading provider of specialized lighting solutions for healthcare facilities</td>
</tr>
<tr>
<td>Jul-2010</td>
<td>Street light</td>
<td>Lighting Electronics</td>
<td>Strengthen outdoor lighting portfolio with acquisition street lighting controls activities of Amplex A/S</td>
</tr>
<tr>
<td></td>
<td>control portfolio</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Remark: dates refer to announcement date of acquisitions
Vision 2015 financial aspirations to be achieved over time

- Comparable sales growth on annual average basis equal to real GDP + a minimum of 2%

- Reported EBITA margin between 10% and 13% of sales of which:
  - Healthcare 16-18%
  - Consumer Lifestyle 9-11%
  - Lighting 12-14%

- Grow EPS at double the rate of comparable annual sales growth

- Generate a return on invested capital of at least 4% above Weighted Average Cost of Capital

Note - The separation of the Television business will require us to evaluate our financial aspirations on which we will revert during the second half of 2011
1. TV Announcement
2. Management introduction
3. Group results Q1 2011
4. Philips: A general overview
5. Healthcare, Consumer Lifestyle and Lighting
Our focused health & well-being portfolio: Healthcare, Consumer Lifestyle and Lighting

Last twelve months

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales 100% = EUR 22.2B</th>
<th>Adjusted EBITA 100% = EUR 2.9B</th>
<th>Net Operating Capital 100% = EUR 15.6B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>39%</td>
<td>44%</td>
<td>54%</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>35%</td>
<td>24%</td>
<td>36%</td>
</tr>
<tr>
<td>Lighting</td>
<td>26%</td>
<td>24%</td>
<td>10%</td>
</tr>
</tbody>
</table>

1 Excluding Central sector (GM&S)
2 EBITA adjustments based on the following charges: for Healthcare EUR 46M, Consumer Lifestyle EUR 35M and Lighting EUR 93M of charges are excluded.

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
Strong development of the Healthcare portfolio

Total sales EUR 2.5 billion

- Imaging: 66%
- Customer Service: 26%
- Patient Care and Clinical Informatics: 8%

1999

Total sales EUR 8.8 billion

- Imaging: 38%
- Customer Service: 26%
- Patient Care and Clinical Informatics: 14%
- Home Healthcare Solutions: 22%

Last 12 months
March ’11
Healthcare: Current NPS leadership positions

1 (Co)Leadership is defined as outperforming (>5%) or on par with best competitor, globally or regionally
### Depth and reach of Philips Healthcare

*What we do. Where we are.*

<table>
<thead>
<tr>
<th>Businesses¹</th>
<th>Sales &amp; services geographies¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imaging Systems</td>
<td>North America</td>
</tr>
<tr>
<td>Home Healthcare Solutions</td>
<td>International</td>
</tr>
<tr>
<td>Patient Care and Clinical Informatics</td>
<td>Growth Markets</td>
</tr>
<tr>
<td>Customer Services</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>38%</th>
<th>45%</th>
</tr>
</thead>
<tbody>
<tr>
<td>14%</td>
<td>35%</td>
</tr>
<tr>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>26%</td>
<td></td>
</tr>
</tbody>
</table>

- **€8.6 Billion sales in 2010**
- **35,000+ People employed worldwide in 100 countries**
- **8% of sales invested in R&D in 2010**
- **450+ Products & services offered in over 100 countries**

¹ Last twelve months March 2011
Healthcare: key financials over the last two years

EUR million

Sales, Comparable sales growth and Adjusted EBITA%

Working capital as % of sales

1 Adjusted EBITA is EBITA corrected for incidental charges (details on slide 65)
Healthcare: Q1 2011 Sector analysis

EUR million

Key figures

<table>
<thead>
<tr>
<th></th>
<th>1Q10</th>
<th>4Q10</th>
<th>1Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,821</td>
<td>2,642</td>
<td>1,971</td>
</tr>
<tr>
<td>% sales growth comp.</td>
<td>7</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>EBITA</td>
<td>166</td>
<td>522</td>
<td>199</td>
</tr>
<tr>
<td>EBITA as % of sales</td>
<td>9.1</td>
<td>19.8</td>
<td>10.1</td>
</tr>
<tr>
<td>EBIT</td>
<td>103</td>
<td>459</td>
<td>138</td>
</tr>
<tr>
<td>EBIT as % of sales</td>
<td>5.7</td>
<td>17.4</td>
<td>7.0</td>
</tr>
<tr>
<td>NOC</td>
<td>8,831</td>
<td>8,908</td>
<td>8,534</td>
</tr>
<tr>
<td>Employees (FTEs)</td>
<td>34,381</td>
<td>35,479</td>
<td>35,756</td>
</tr>
</tbody>
</table>

Financial performance

- Currency-comparable equipment order intake was in line with Q1 2010. Solid equipment orders were seen at Patient Care & Clinical Informatics, while Imaging Systems equipment order intake was lower than in Q1 2010. Excluding the impact of large multi-year orders in Q1 2010, mostly related to Imaging Systems, equipment order intake grew by 5%. Equipment orders in markets outside of NA were flat year-on-year, with growth-market equipment orders growing by 28%. Equipment orders in North American markets were in line with Q1 2010.
- Nominal sales grew 8% compared to Q1 2010. Comparable sales were 5% higher year-on-year, with solid increases in all businesses. Notably higher growth was seen at Patient Care & Clinical Informatics and Home Healthcare solutions. From a regional perspective, comparable sales in North America were 6% higher than in Q1 2010, while in mature markets outside North America sales grew by 3%. Growth market sales growth was 22%, with notably better sales in India and China, particularly at Imaging Systems.
- EBITA increased by EUR 33 million year-on-year to EUR 199 million, or 10.1% of sales. The EBITA improvement was driven by higher sales across all businesses, particularly Patient Care & Clinical Informatics, partly offset by higher selling and R&D costs to support our growth initiatives. Excluding restructuring and acquisition-related charges, EBITA amounted to EUR 197 million, or 10.0% of sales, compared to EUR 195 million, or 10.7% of sales, in Q1 2010.
- Net operating capital decreased by EUR 297 million to EUR 8.5 billion, largely attributable to currency effects.
Currency adjusted order intake only relates to the Imaging Systems and Patient Care & Clinical Informatics businesses.
Healthcare: Equipment order intake impact

Indexed Equipment Order Book Development

Quarter end equipment order book is a leading indicator for ~45% of sales the following quarters

Equipment book and bill sales

~15%

~45%

~40%

Home
Healthcare + Customer Services sales

Equipment sales from order book - Leading indicator of future sales

- Order book level back to pre-crisis levels
- Approximately 65% of the current order book results in sales within a year
Healthcare historical market development

North America Market Size/Growth and Impacts

Philips current expectation for the US Imaging Systems market for 2011 and thereafter is 2-4% growth
Transforming Lifestyle beyond the Consumer Electronics legacy

Total sales EUR 11.3 billion

- Domestic appliances: 51%
- Personal Care: 1%
- Health & wellness: 10%
- Audio & video multimedia: 8%
- Accessories: 27%
- Other incl. Licenses: 1%
- Television: 2%

Total sales EUR 5.8 billion

- Last 12 months March ‘11
  - Domestic appliances: 27%
  - Personal Care: 21%
  - Health & wellness: 11%
  - Audio & video multimedia: 21%
  - Accessories: 14%
  - Other incl. Licenses: 6%
Consumer Lifestyle: Current NPS leadership positions

1 (Co)Leadership is defined as outperforming (>5%) or on par with best competitor, globally or regionally
# Consumer Lifestyle

*What we do. Where we are.*

### Philips Consumer Lifestyle

<table>
<thead>
<tr>
<th>Businesses</th>
<th>Geographies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Care</td>
<td>Mature Markets</td>
</tr>
<tr>
<td>Health &amp; Wellness</td>
<td>Growth Markets</td>
</tr>
<tr>
<td>Domestic Appliances</td>
<td></td>
</tr>
<tr>
<td>Audio Video Multimedia</td>
<td></td>
</tr>
<tr>
<td>Accessories</td>
<td></td>
</tr>
</tbody>
</table>

### Businesses Breakdown

- **Personal Care**: 21%
- **Health & Wellness**: 11%
- **Domestic Appliances**: 27%
- **Audio Video Multimedia**: 21%
- **Accessories**: 14%

### Geographies Breakdown

- **Mature Markets**: 61%
- **Growth Markets**: 39%

### Key Figures

- **€5.8 Billion sales** in 2010
- **14,000+ People employed worldwide**
- **5% of sales invested in R&D in 2010**

---

1. Last twelve months March 2011
2. Other category (6%) is mainly license income and is omitted from this overview

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
Consumer Lifestyle: financials over the last five quarters

EUR million

Sales, Comparable sales growth and Adjusted\(^1\) EBITA\(%\)

1 Adjusted EBITA is EBITA corrected for incidental charges (details in quarterly information booklet slide 65)

Note - All figures from the year 2010 onwards exclude Television as it is treated as discontinued operation
Sales grew 4% nominally. On a comparable basis, they were broadly in line with Q1 2010. Double-digit comparable growth was achieved at Health & Wellness, Personal Care and Domestic Appliances, offset by significantly lower license revenue and declines at Accessories and AVM.

Double-digit growth was achieved in growth markets, led by strong growth in Brazil. Comparable sales declined in mature markets.

EBITA in Q1 2011 includes an amount of EUR 18 million (EUR 15 million in Q1 2010) of costs formerly reported as part of the Television business in Consumer Lifestyle.

EBITA in Q1 2011 includes an amount of EUR 18 million (EUR 15 million in Q1 2010) of costs formerly reported as part of the Television business in Consumer Lifestyle.

EBITA was EUR 51 million lower year-on-year, which was almost fully attributable to lower license income. Excluding restructuring and acquisition-related charges of EUR 9 million in Q1 2010 and EUR 13 million in Q1 2011, EBITA declined from 14.4% to 10.1%.

Net operating capital increased by EUR 564 million, mainly due to Discus and higher inventory to support future growth.
Transitioning Lighting from light source to solutions

Total sales EUR 4.9 billion\(^1\)

- Lamps/ lighting systems & controls: 73%
- Professional luminaires: 8%
- Consumer luminaires: 19%
- Automotive: 6%
- Packaged LEDs: 27%

Last 12 months: March ’11

Total sales EUR 7.6 billion

- Lamps/ lighting systems & controls: 52%
- Professional luminaires: 8%
- Consumer luminaires: 7%
- Automotive: 27%

\(^1\) Excluding batteries EUR 0.2 billion
Lighting: Current NPS leadership positions

- **Regional Consumer Luminaires**
- **Global Professional Luminaires**
- **Global Lamps**
- **Regional Automotive Lighting**
- **Global High Power LEDs**
- **Global Lighting Electronics**

1. (Co)Leadership is defined as outperforming (>5%) or on par with best competitor, globally or regionally
We increase our focus towards the people we serve
Further strengthening our global leadership in Lighting

<table>
<thead>
<tr>
<th>Philips Lighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Segments¹</td>
</tr>
<tr>
<td>Homes</td>
</tr>
<tr>
<td>24%</td>
</tr>
</tbody>
</table>

- **€7.6 Billion sales in 2010**
- **53,000+ People employed worldwide in 60 countries**
- **5% of sales invested in R&D in 2010**
- **80,000+ Products & services offered in 2010**

¹ Indicative split
Lighting: Key financials over the last two years

EUR million

**Sales, Comparable sales growth and Adjusted EBITA%**

**Working capital as % of sales**

1 Adjusted EBITA is EBITA corrected for incidental charges (details on slide 65)
Lighting: Q1 2011 Sector analysis

EUR million

Key figures

<table>
<thead>
<tr>
<th></th>
<th>1Q10</th>
<th>4Q10</th>
<th>1Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,810</td>
<td>1,975</td>
<td>1,903</td>
</tr>
<tr>
<td>% sales growth comp.</td>
<td>18</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>EBITA</td>
<td>245</td>
<td>198</td>
<td>193</td>
</tr>
<tr>
<td>EBITA as % of sales</td>
<td>13.5</td>
<td>10.0</td>
<td>10.1</td>
</tr>
<tr>
<td>EBIT</td>
<td>204</td>
<td>156</td>
<td>152</td>
</tr>
<tr>
<td>EBIT as % of sales</td>
<td>11.3</td>
<td>7.9</td>
<td>8.0</td>
</tr>
<tr>
<td>NOC</td>
<td>5,528</td>
<td>5,561</td>
<td>5,580</td>
</tr>
<tr>
<td>Employees (FTEs)</td>
<td>51,527</td>
<td>53,888</td>
<td>54,856</td>
</tr>
</tbody>
</table>

Financial performance

• Lighting comparable sales increased by 6%, with high single-digit sales growth in growth markets and mid single-digit growth in mature markets. Whereas Automotive and Lamps delivered low single-digit growth, Lighting Systems & Controls recorded double-digit sales growth. Professional Luminaires delivered high single-digit growth, while Consumer Luminaires showed a decline.

• LED-based sales grew 27% compared to Q1 2010, representing 14% of total Lighting sales.

• EBITA, excluding restructuring and acquisition-related charges of EUR 5 million (Q1 2010: EUR 9 million), amounted to EUR 198 million, or 10.4% of sales. The year-on-year EBITA decrease was largely due to additional investments in selling and R&D. Q1 2010 EBITA was also favorably impacted by a legal settlement.

• Net operating capital increased by EUR 52 million to EUR 5,580 million, mainly driven by higher working capital.
We are the leading global lighting company

Market leadership across most categories
Market share per Business Group by Region, as at Jun ‘10

<table>
<thead>
<tr>
<th>Business Group</th>
<th>Europe</th>
<th>North America</th>
<th>Latin America</th>
<th>Asia/ Pacific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lamps</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Luminaires</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Luminaires</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lighting Electronics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packaged LEDs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall Lighting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Increased customer loyalty
Net Promoter Score (NPS) in 2008, 2009

- 2008: 29% Leader, 30% Number 1, 41% Not leader
- 2009: 6% Co-leader, 21% Not leader, 73% Leader

Source: Customer panels and Industry associations

1 Excluding Japan
Sales recovery despite current weakness in the construction market in mature economies

Around 25% of Philips Lighting sales driven by New Build in Western Europe & North America (WE&NA)

<table>
<thead>
<tr>
<th>Philips Lighting</th>
<th>New Build</th>
<th>Replacement</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>12%</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Commercial</td>
<td>30%</td>
<td>22%</td>
<td>52%</td>
</tr>
<tr>
<td>Other</td>
<td>17%</td>
<td>6%</td>
<td>23%</td>
</tr>
<tr>
<td>Total</td>
<td>59%</td>
<td>41%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Not yet firing on all cylinders: sales recovery despite soft luminaires market in mature economies

<table>
<thead>
<tr>
<th>New Build</th>
<th>WE&amp;NA</th>
<th>ROW</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>7%</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>Commercial</td>
<td>18%</td>
<td>12%</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>25%</td>
<td>17%</td>
<td>42%</td>
</tr>
</tbody>
</table>
The move to LED will increasingly drive growth in the general lighting market in the years ahead, notably in luminaires. LED also offers an opportunity to create additional value across the innovation chain.

Philips is the broadest player in both light sources and solutions offering LED lamps, LED luminaire solutions as well as a LED licensing program. Philips is currently the world’s largest high power LED company. Leading company in illumination segments, leader in consumer mobile phone camera flash and automotive LED signaling.

LED sales as a percentage of Lighting sales were 14% over the last twelve months.

1 Indexed Growth, base Q1 2009 = 100
The general illumination market offers major growth opportunities

**Market overview**

- The global lighting market is expected to grow at a CAGR of around 7-9% during 2010-15, to around EUR 80 Billion.
- Growth in global illumination market is driven by the LED revolution with rapid adoption of LED-based lighting solutions.
- Conventional lighting continues to be a large part of the market.

**Global illumination market**

<table>
<thead>
<tr>
<th>Year</th>
<th>Conventional Lighting</th>
<th>LED Lighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>€ 70 Bln</td>
<td>€ 10 Bln</td>
</tr>
<tr>
<td>2015</td>
<td>€ 80 Bln</td>
<td>€ 20 Bln</td>
</tr>
</tbody>
</table>

CAGR of 7-9%, assuming nominal GDP growth of ~4%

Source: Philips Lighting global market study 2009, updated for 2010
Home, Office, and Outdoor are the biggest segments. Professional is the largest channel.

Total market size in 2010: 50-55 B€

Biggest segments:
- Home
- Office
- Outdoor

Source: Philips Lighting global market study 2009, updated for 2010

1 General illumination (excludes Automotive)
Group Management & Services

Adding value to the businesses

Corporate Technologies
Philips Corporate Technologies encompasses Corporate Research and Intellectual Property & Standards (IP&S)

Corporate & Regional Costs
Corporate center and country & regional overheads

Pensions
Pension and other postretirement benefit costs mostly related to former Philips’ employees

Service Units and Other
Global service units; Shared service centers; Corporate Investments, New venture integration and Philips Design
### Sector analysis Q1 – Group Management & Services

**EUR million**

#### Key figures

<table>
<thead>
<tr>
<th></th>
<th>1Q10</th>
<th>4Q10</th>
<th>1Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>104</td>
<td>88</td>
<td>80</td>
</tr>
<tr>
<td>% sales growth comp.</td>
<td>49</td>
<td>(20)</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Technologies</td>
<td>(11)</td>
<td>(25)</td>
<td>(13)</td>
</tr>
<tr>
<td>Corporate &amp; Regional Costs</td>
<td>(33)</td>
<td>(47)</td>
<td>(32)</td>
</tr>
<tr>
<td>Pensions</td>
<td>(4)</td>
<td>94</td>
<td>(13)</td>
</tr>
<tr>
<td>Service Units and Other</td>
<td>(38)</td>
<td>(37)</td>
<td>(16)</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>(86)</td>
<td>(15)</td>
<td>(74)</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>(88)</td>
<td>(14)</td>
<td>(76)</td>
</tr>
<tr>
<td><strong>NOC</strong></td>
<td>(1,867)</td>
<td>(3,309)</td>
<td>(2,982)</td>
</tr>
<tr>
<td>Employees (FTEs)</td>
<td>11,715</td>
<td>11,928</td>
<td>12,213</td>
</tr>
</tbody>
</table>

#### Financial performance

- Sales declined from EUR 104 million in Q1 2010 to EUR 80 million in Q1 2011, with lower revenues from licenses and services.
- EBITA amounted to a net cost of EUR 74 million, a EUR 12 million improvement year-on-year, largely attributable to real estate transactions.
- EBITA in Q1 2011 includes an amount of EUR 15 million (EUR 13 million in Q1 2010) of costs formerly reported as part of Consumer Lifestyle.
- Net operating capital declined by EUR 1.1 billion year-on-year, mainly due to lower prepaid pension costs.
PHILIPS
sense and simplicity
Appendix
## Development cost capitalization & amortization by sector

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Capitalization Q1 2010</th>
<th>Capitalization Q1 2011</th>
<th>Amortization Q1 2010</th>
<th>Amortization Q1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>24</td>
<td>40</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>9</td>
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Fixed assets expenditures & Depreciation by sector\(^1\)

*EUR million*

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\(^1\) Excluding software related capital expenditures and depreciation
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