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sense and simplicity

Royal Philips Electronics

First Quarter 2012

Information booklet

April 23rd, 2012

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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, developments within the euro zone, 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 2011.

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 2011.

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 2011 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.

1. Management update

2. Group results Q1 2012

3. Accelerate! Change and performance

4. Portfolio strength and path to value

5. Group and sector overview

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Management update Q1 2012: Group

Sales	• Comparable sales were 4% higher year-on-year • Sales increased by EUR 351 million to reach EUR 5.6 billion • Nominal sales increased by 7%
EBITA	• EBITA was EUR 552 million or 9.8% of sales • An increase of EUR 114 million compared to Q1 2011, driven by Healthcare, Consumer Lifestyle and one off's in IG&S[1]
Adj. EBITA	• Adjusted EBITA amounted to EUR 425 million, or 7.6% of sales • Adjustments include the Senseo transaction of EUR 160 million • Net gain on the sale of assets of EUR 12 million • Restructuring and acquisition related charges of EUR 45 million
Net income & ROIC	• Net income of EUR 249 million • An increase of EUR 111 million compared to Q1 2011 • ROIC excluding the impact of impairments improves from 7.3% to 8.1%
Cash Flow	• Free Cash Flow amounted to EUR 642 million including • EUR 170 million related to the Senseo transaction and • EUR 373 million cash impact from the sale of the High Tech Campus • 43% of EUR 2 billion share buy-back program completed by Q1 2012

Good Sales growth - Lighting margins show first signs of recovery

[1] As of Q1 2012 Group Management & Services (GM&S) is known as Innovation, Group & Services (IG&S)

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Management update Q1 2012: Healthcare

Sales	• Comparable sales were 9% higher year on year, 12% on a nominal basis • Double-digit growth at Patient Care and Clinical Informatics and Imaging Systems • Customer Services and Home Healthcare Solutions grew by mid-single-digit • Currency-comparable equipment order intake grew by 7%
EBITA	• EBITA amounted to EUR 225 million, or 10.2% of sales • Increase of EUR 26 million compared to Q1 2011 • Higher sales volume and operating leverage resulted in higher earnings at Imaging Systems and Patient Care and Clinical Informatics
Adj. EBITA	• Adjusted for restructuring and acquisition-related charges of EUR 9 million EBITA for the quarter was EUR 234 million or 10.6% of sales • Adjusted EBITA improved by 60 bps compared to Q1 2011
Management	• Deborah DiSanzo was appointed CEO of Healthcare and a member of the Executive Committee from the 1st of May 2012

Strong Sales and order intake growth - Good earnings improvement

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Management update Q1 2012: Consumer Lifestyle

Sales	• Comparable sales were 1% lower year on year, 3% higher nominally • Growth categories, i.e. Personal Care, Health & Wellness and Domestic Appliances grew at 7% • Lifestyle Entertainment registers a double-digit decline
EBITA	• EBITA amounted to EUR 259 million or 20.1% of sales • EUR 180 million higher compared to Q1 2011 • EBITA includes a EUR 160 million net gain from the Senseo transaction
Adj. EBITA	• Adjusted EBITA increased from 7.4% to 8.7% year-on-year • Excludes restructuring and acquisition-related charges of EUR 13 million • Excludes one-off gain on the Senseo transaction of EUR 160 million
Portfolio	• TV Joint Venture between Philips and TPV started as planned • Joint venture will be named TP Vision • Deal result in line with original estimate of a charge of EUR ~380 million

TV Joint Venture starts as planned - Earnings improve

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Management update Q1 2012: Lighting

Sales

- Comparable sales were 2% higher year on year, 6% higher nominally
- Mid-single-digit growth in all other businesses except Lumileds
- Comparable sales growth excluding Lumileds amounted to 4%
- LED-based sales grew 22% compared to Q1 2011

EBITA

- EBITA amounted to EUR 61 million, or 3.0% of sales
- Year on year decline mainly due to operational issues at Lumileds, and Consumer Luminaires
- Impact of increase in raw material prices negatively impacted earnings

Adj. EBITA

- Adjusted EBITA amounted to 110 million or 5.5% of sales
- Sequential improvement in earnings as operational improvements, and organizational changes make impact
- Adjusted for restructuring and acquisition-related charges of EUR 24 million and a EUR 25 million loss on the sale of assets

Management

- Eric Rondolat was appointed CEO of Lighting and a member of the Executive Committee from the 1st of April 2012

Operational and organizational changes positively impact earnings

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Management update Q1 2012: By Geography

North America

- North America remains healthy as Philips Group sales grew by 3%
- Healthcare sales grew by 4%. Equipment order intake grew by 5%
- Consumer Lifestyle sales showed mid-single-digit growth
- Lighting sales grew by low-single-digit. Excluding Lumileds Lighting sales increased by mid-single digit

Europe

- Economic pressures lead to Group sales decline of 4%
- Healthcare sales grew by a strong 5%, helped partly by push outs from Q4 2011. Healthcare equipment order intake declined by 1%
- Consumer Lifestyle sales showed a double-digit decline
- Lighting sales declined by mid-single digit

Growth Geographies

- China, India and Russia power sales increase of 9% for the Philips Group
- Healthcare sales grew strongly by 27%, robust equipment order intake increase of 22%
- Consumer Lifestyle sales showed a low-single digit growth, with double-digit growth in India and China
- Lighting sales grew by high single-digit led by India and China

Growth geographies strong - Macro economic concerns remain in Europe

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Management update Q1 2012

Moving forward on Accelerate!

- Monthly survey of 4,000 employees confirms that change is being embraced. Sense of urgency scored 4 out of 5 and change readiness scored 3.8 out of 5
- Actions to deliver on the overhead cost-reduction program are on track with cumulative savings of EUR 62 million. Gross cumulative savings of EUR 400 million targeted by the end of 2012
- End-to-End projects scaling up from 8 to 20 to improve speed, cost and effectiveness of the value chain
- More than a fifth of the leaders have been through an immersive behavior change program to drive a performance culture in the company

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Key Financials Summary – Q1 2012

EUR million

	Q1 2011	Q1 2012
Sales	5,257	5,608
EBITA	438[1]	552[1]
Financial income and expenses	(2)[2]	(54)[2]
Income tax	(93)	(96)
Net income (loss)	138	249
Net Operating Capital	12,654	10,678
Net cash from operating activities	(493)	336
Net capital expenditures	(224)	306
Free cash flow	(717)	642

[1] 1Q12 includes EUR (45)M of restructuring and acquisition-related charges, a EUR 160M profit on the sale of the Senseo trademark, a EUR 37M profit on the sale of the High Tech Campus and a EUR (25)M loss on the sale of assets; 1Q11 includes EUR (15)M of charges

[2] 1Q12 includes a favorable effect of EUR 19M due to a fair-value adjustment of the option related to NXP and a EUR 15M premium related to early redemption of debt executed in Q2 2012; 1Q11 includes a EUR 44M gain on the sales of TCL shares and a favorable effect of EUR 19M of the revaluation of the NXP option

Note - All figures exclude discontinued operations

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Sales by sector – Q1 2012

EUR million

	Q1 2011	Q1 2012	% nom	% comp
Healthcare	1,971	2,209	12	9
Consumer Lifestyle	1,249	1,286	3	(1)
Lighting	1,903	2,015	6	2
Innovation, Group & Services	134	98	(27)	(5)
Philips Group	5,257	5,608	7	4

Note - All figures exclude discontinued operations

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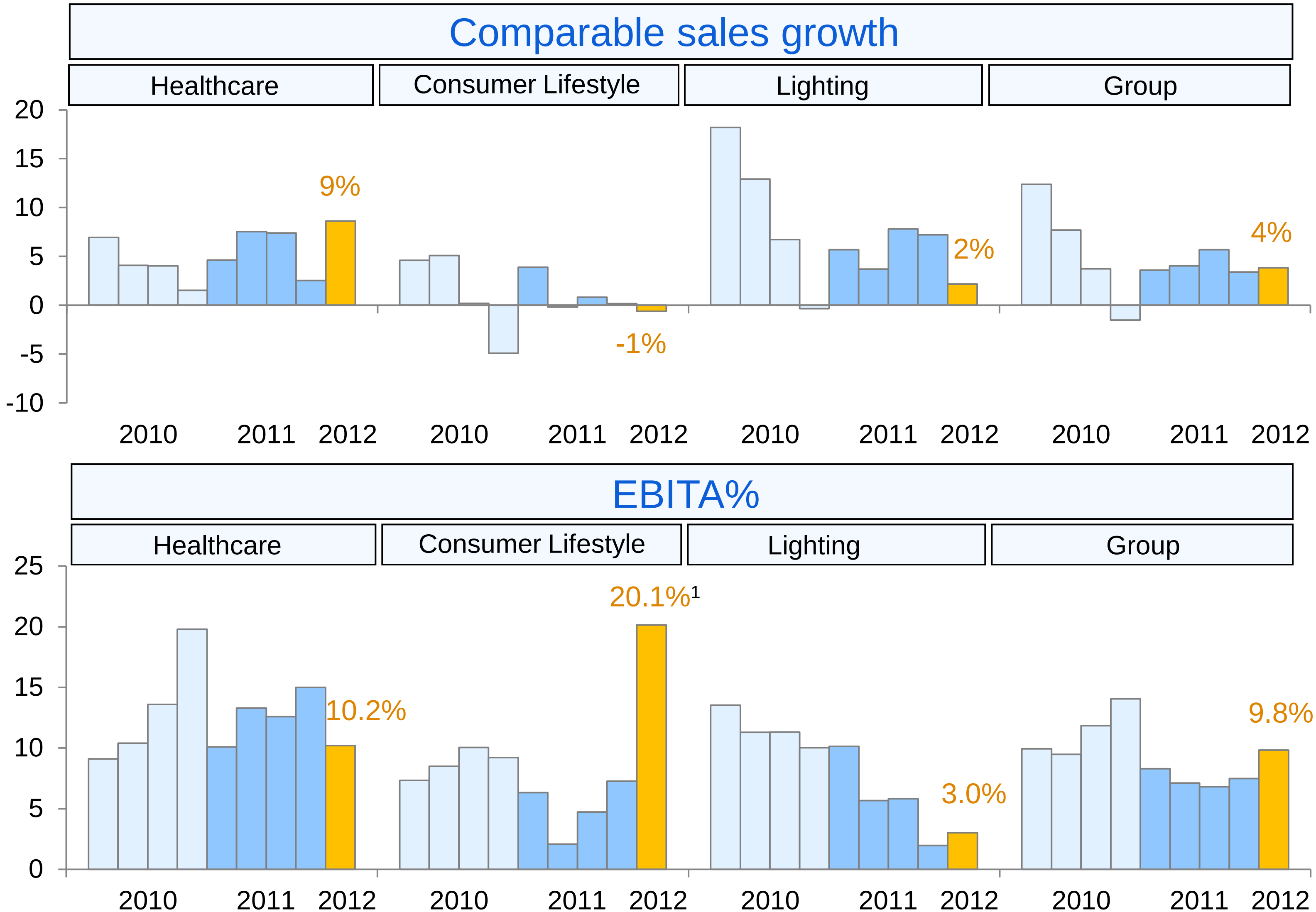
Sales Growth and EBITA Margin Development

Comparable sales growth and EBITA%



[1] Includes a EUR 160M profit on the sale of the Senseo trademark

Note - All figures exclude discontinued operations

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Sales by geography – Q1 2012

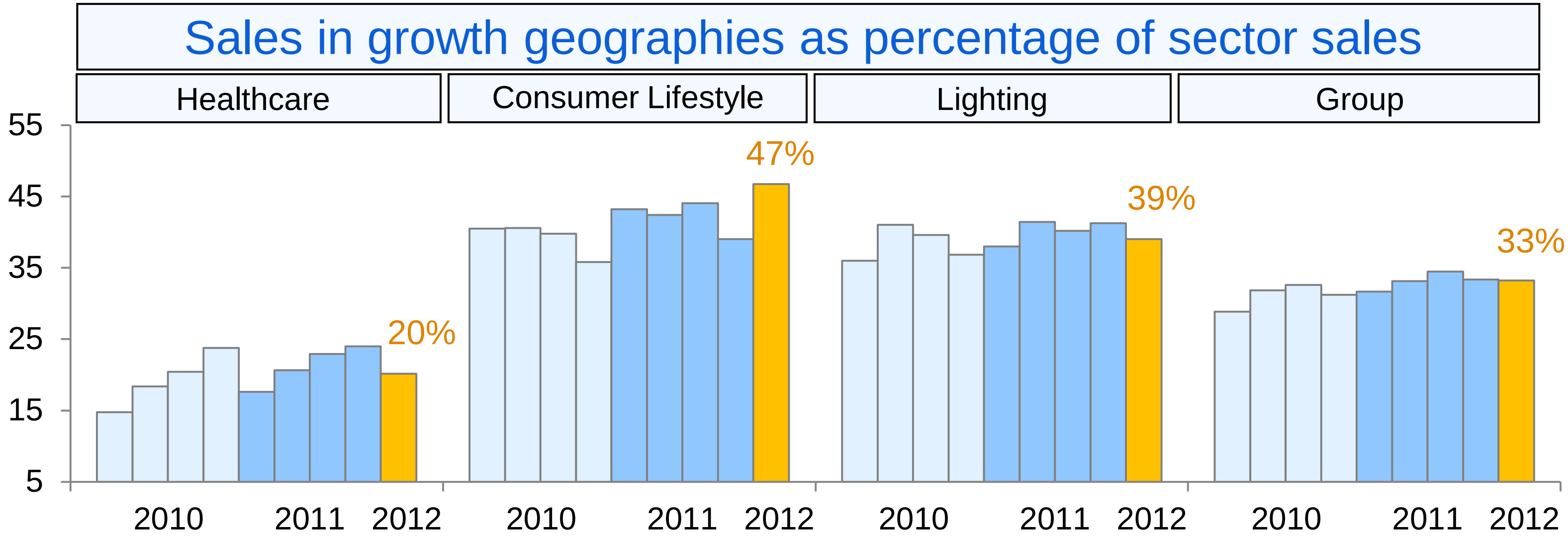
EUR million

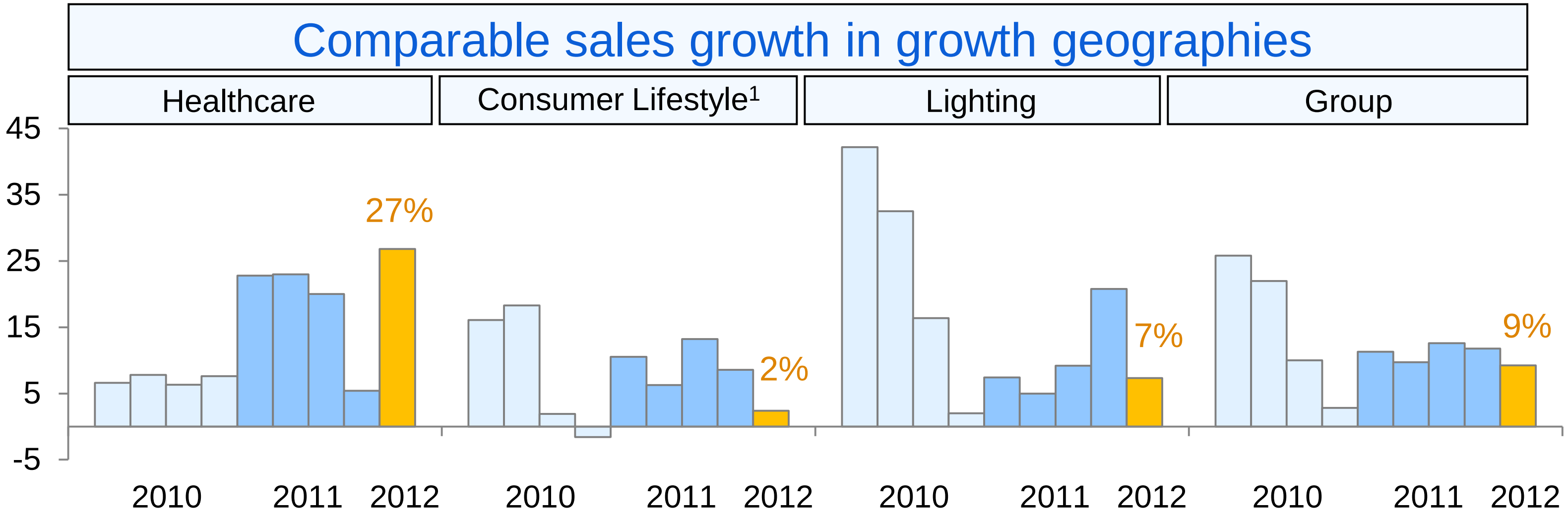
	Q1 2011	Q1 2012	% nom	% comp
Western Europe	1,522	1,494	(2)	(4)
North America	1,657	1,759	6	3
Other mature geographies	413	490	19	12
Growth geographies[1]	1,665	1,865	12	9
Philips Group	5,257	5,608	7	4

[1] Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New-Zealand, South Korea, Japan and Israel
Note - All figures exclude discontinued operations

Growth geographies: trend through Q1 2012

Sales development in growth geographies



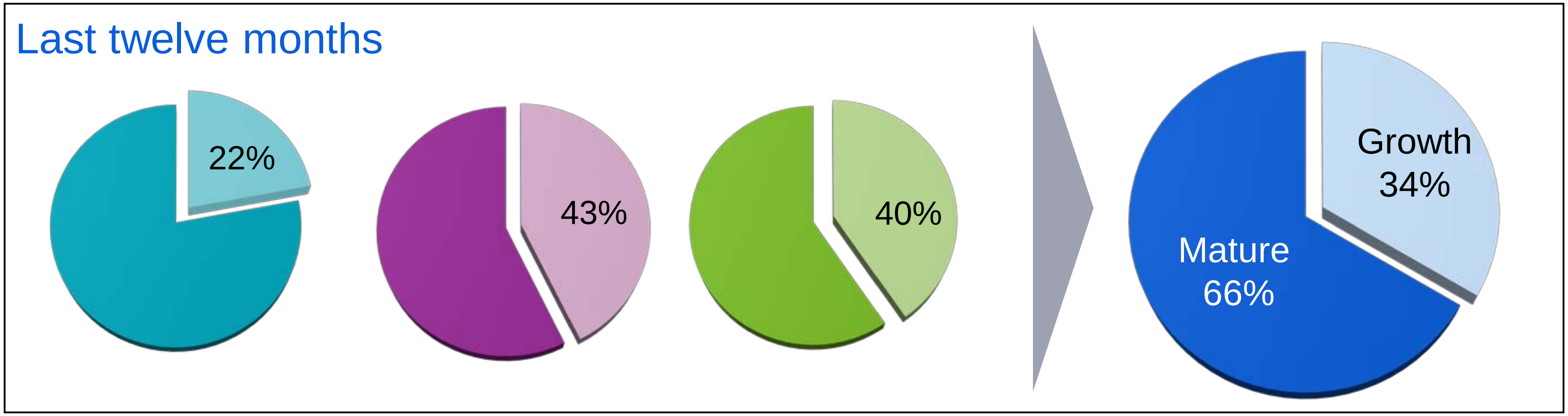


[1] For 2010, not restated for license income moved to IG&S from 2012 onwards

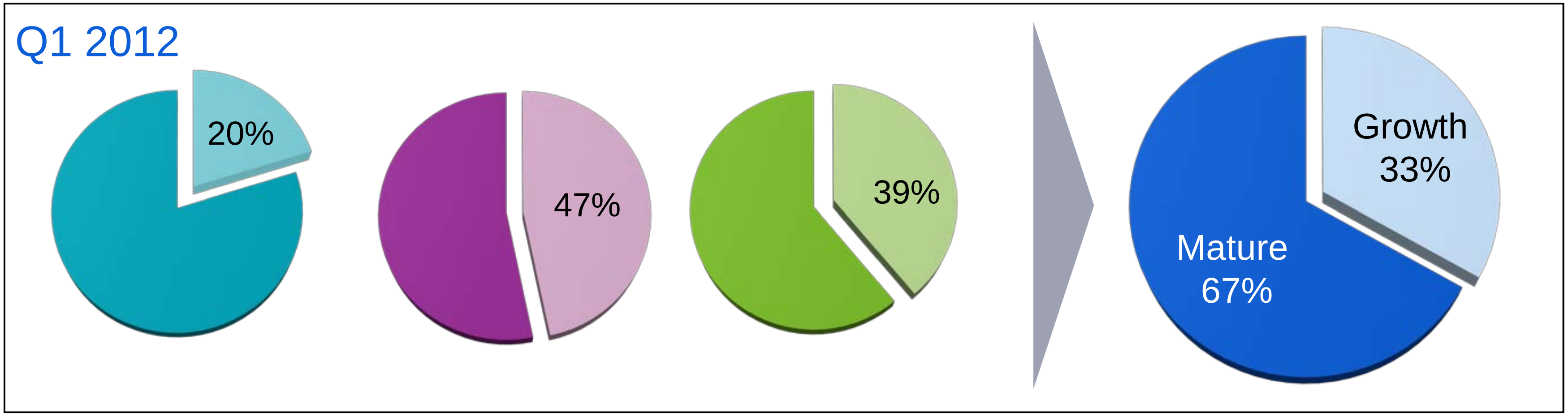
Note - All figures exclude discontinued operations

Growth geographies – Q1 ‘12 and last twelve months

Sales in growth geographies



Healthcare | Consumer Lifestyle | Lighting | Philips Group



Note - All figures exclude discontinued operations

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EBITA by sector – Q1 2012

EUR million

	Q1 2011		Q1 2012	
Healthcare[1]	199	*10.1%*	225	*10.2%*
Consumer Lifestyle[2]	79	*6.3%*	259	*20.1%*
Lighting[3]	193	*10.1%*	61	*3.0%*
Innovation, Group & Services[4]	(33)	-	7	-
Philips Group	438	*8.3%*	552	*9.8%*

[1] 1Q12 includes EUR (9)M of restructuring and acquisition-related charges; 1Q11 includes EUR 2M of gains

[2] 1Q12 includes EUR (13)M of restructuring and acquisition-related charges and a EUR 160M profit on the sale of the Senseo trademark; 1Q11 includes EUR (13)M of charges

[3] 1Q12 includes EUR (24)M of restructuring and acquisition-related charges and a EUR (25)M loss on the sale of assets; 1Q11 includes EUR (5)M of charges

[4] 1Q12 includes EUR 1M of restructuring gains and a EUR 37M profit on the sale of the High Tech Campus; 1Q11 includes EUR 1M of gains

Note - All figures exclude discontinued operations

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Adjusted EBITA by sector – Q1 2012

EUR million

	Q1 2011		Q1 2012	
Healthcare[1]	197	*10.0%*	234	*10.6%*
Consumer Lifestyle[2]	92	*7.4%*	112	*8.7%*
Lighting[3]	198	*10.4%*	110	*5.5%*
Innovation, Group & Services[4]	(34)	-	(31)	-
Philips Group	453	*8.6%*	425	*7.6%*

[1] 1Q12 excludes EUR (9)M of restructuring and acquisition-related charges; 1Q11 excludes EUR 2M of gains

[2] 1Q12 excludes EUR (13)M of restructuring and acquisition-related charges and a EUR 160M profit on the sale of the Senseo trademark; 1Q11 excludes EUR (13)M of charges

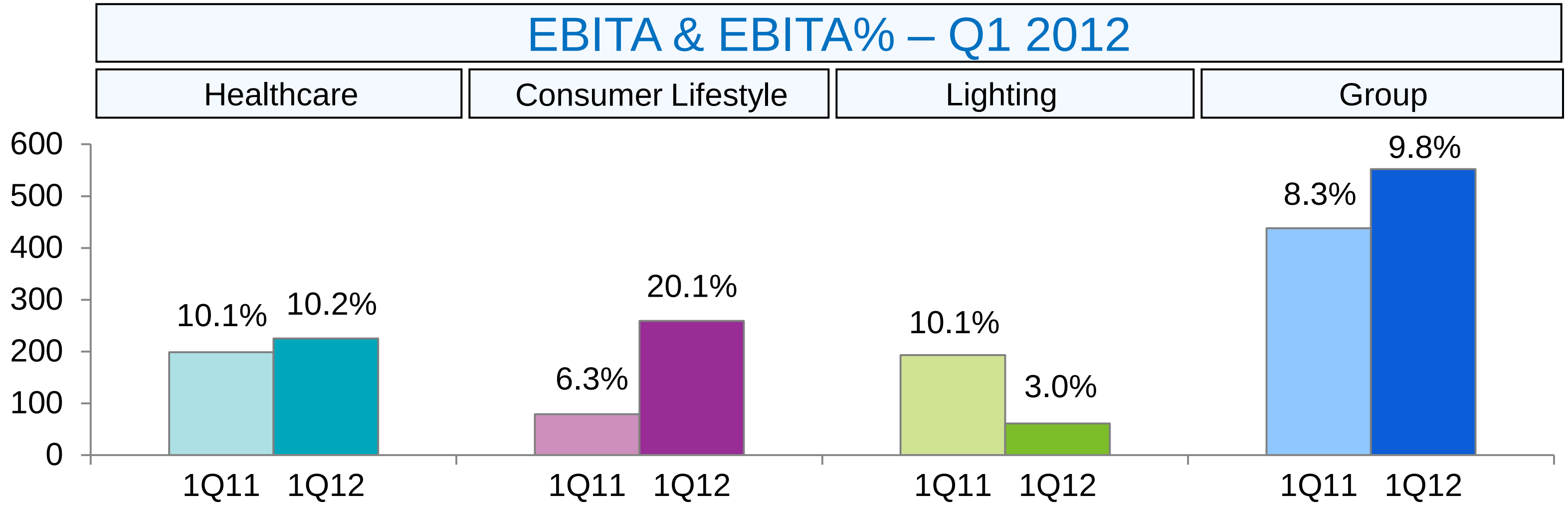
[3] 1Q12 excludes EUR (24)M of restructuring and acquisition-related charges and a EUR (25)M loss on the sale of assets; 1Q11 excludes EUR (5)M of charges

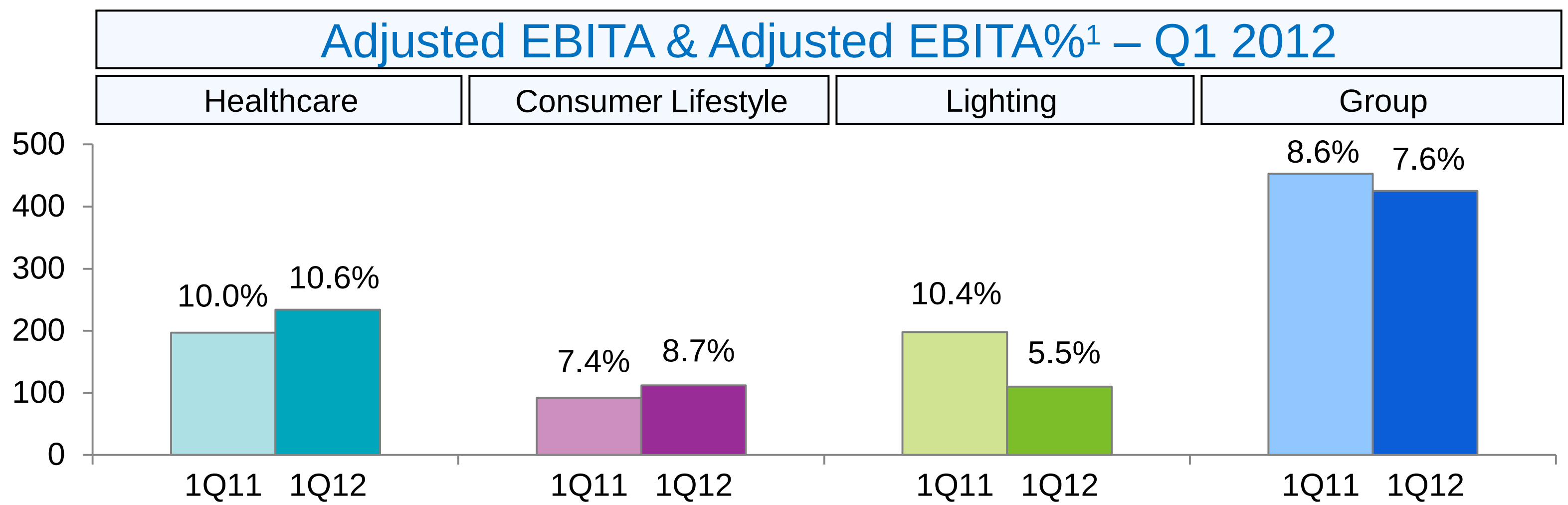
[4] 1Q12 excludes EUR 1M of restructuring gains and a EUR 37M profit on the sale of the High Tech Campus; 1Q11 excludes EUR 1M of gains

Note - All figures exclude discontinued operations

EBITA: Q1 2012

EUR million





[1] Adjusted EBITA is EBITA corrected for incidental charges (details on slide 85)

Note - All figures exclude discontinued operations

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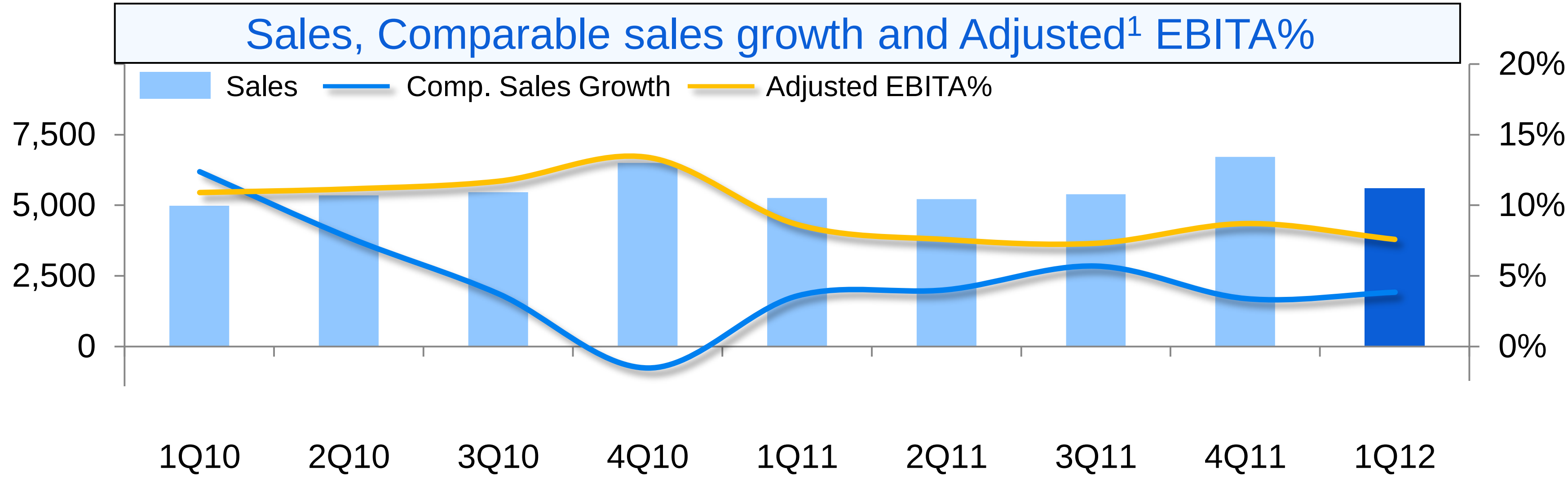
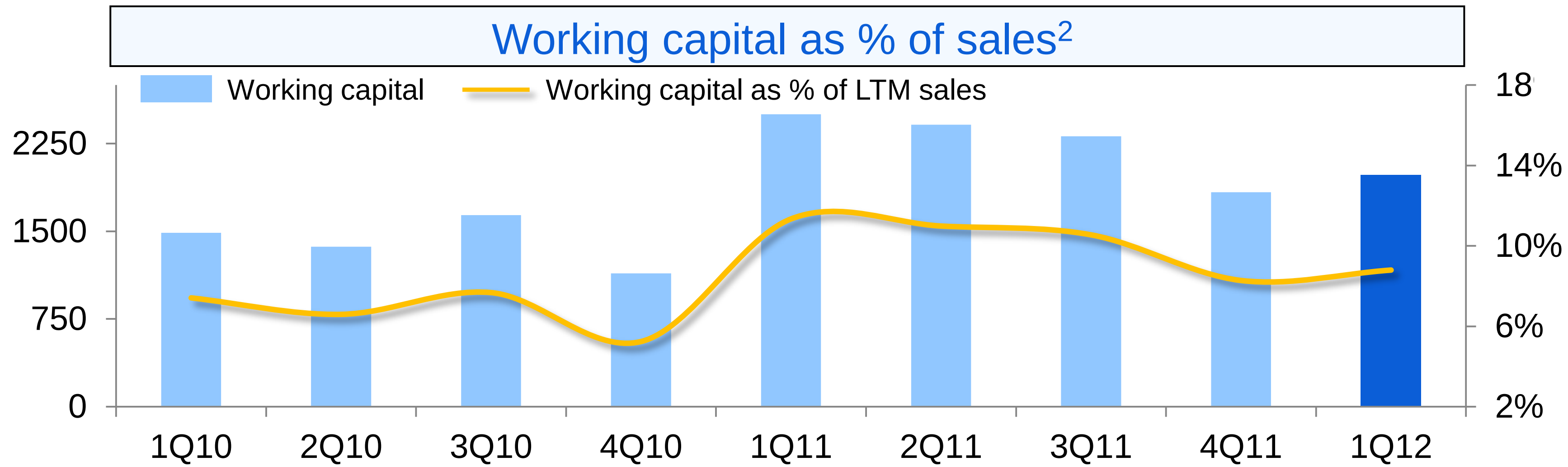
Philips: key financials over the last two years

EUR million





[1] Adjusted EBITA is EBITA corrected for incidental charges (details on slide 85)

[2] Working Capital as % of sales of Healthcare, Consumer Lifestyle and Lighting; excluding central sector IG&S

Note - All figures exclude discontinued operations

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Free Cash Flow – Q1 2012

EUR million

	Q1 2011	Q1 2012
Net income from continuing operations	230	282
Depreciation/ amortization/ impairments	320	344
Net gain on sale of assets	(55)	(183)
Changes in Working Capital, of which:	(850)	(50)
- changes in Net inventories	(198)	(220)
- changes in Accounts receivable	74	225
- changes in Accounts payable	(726)	(55)
Increase in non-current receivables, other assets/ liabilities	(130)	(151)
(Decrease) increase in provisions	(47)	23
Other	29	68
Cash flow from operations	(493)	336
Purchase & proceeds from sale of intangible assets/ Exp. on dev. assets	(98)	77
Capital expenditures on PP&E[1]	(161)	(159)
Proceeds from PP&E	35	388
Net capital expenditures	(224)	306
Free Cash Flow	(717)	642

[1] PP&E stands for Property, Plant and Equipment
Note - All figures exclude discontinued operations

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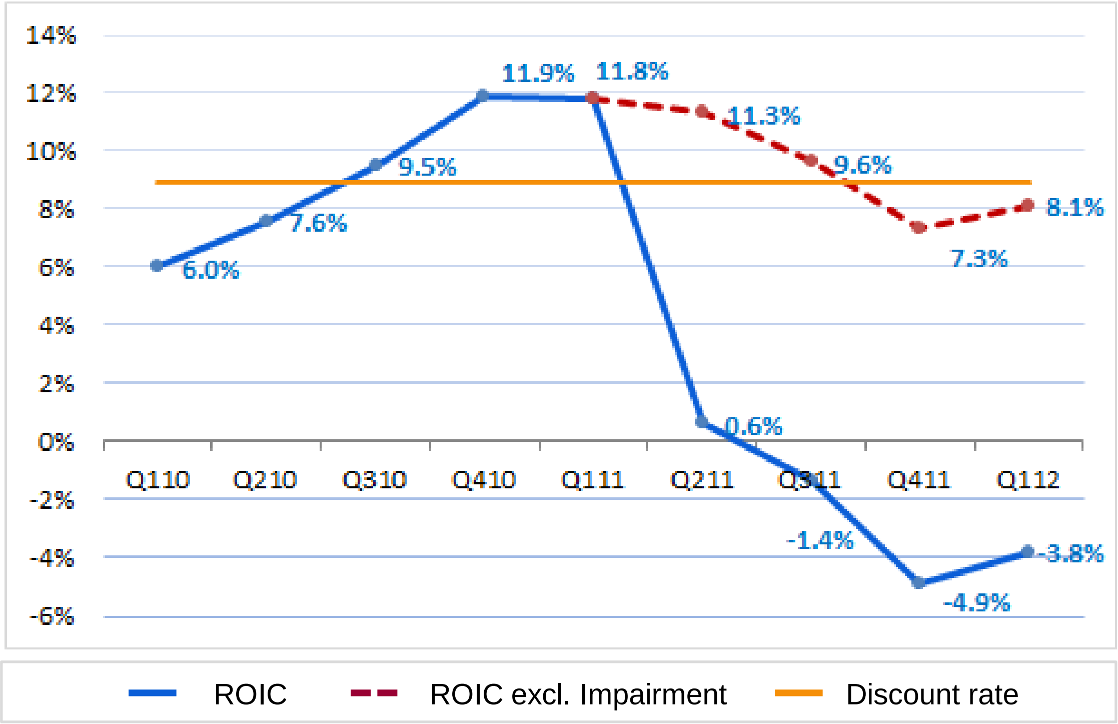
ROIC impacted by impairment charge Q2 2011

Development of Return on Invested Capital (ROIC)



- ROIC excluding impairment improved sequentially due to higher earnings as well as positive incidentals in Q1 2012
- Reported ROIC declines because of impairments in Q2 and Q4 2011, due to a change in discount rate and lower post-recession economic recovery
- Discount rate now at 8.9%

Notes:

EBIAT are earnings before interest after tax

Philips calculates ROIC % as: EBIAT/ NOC

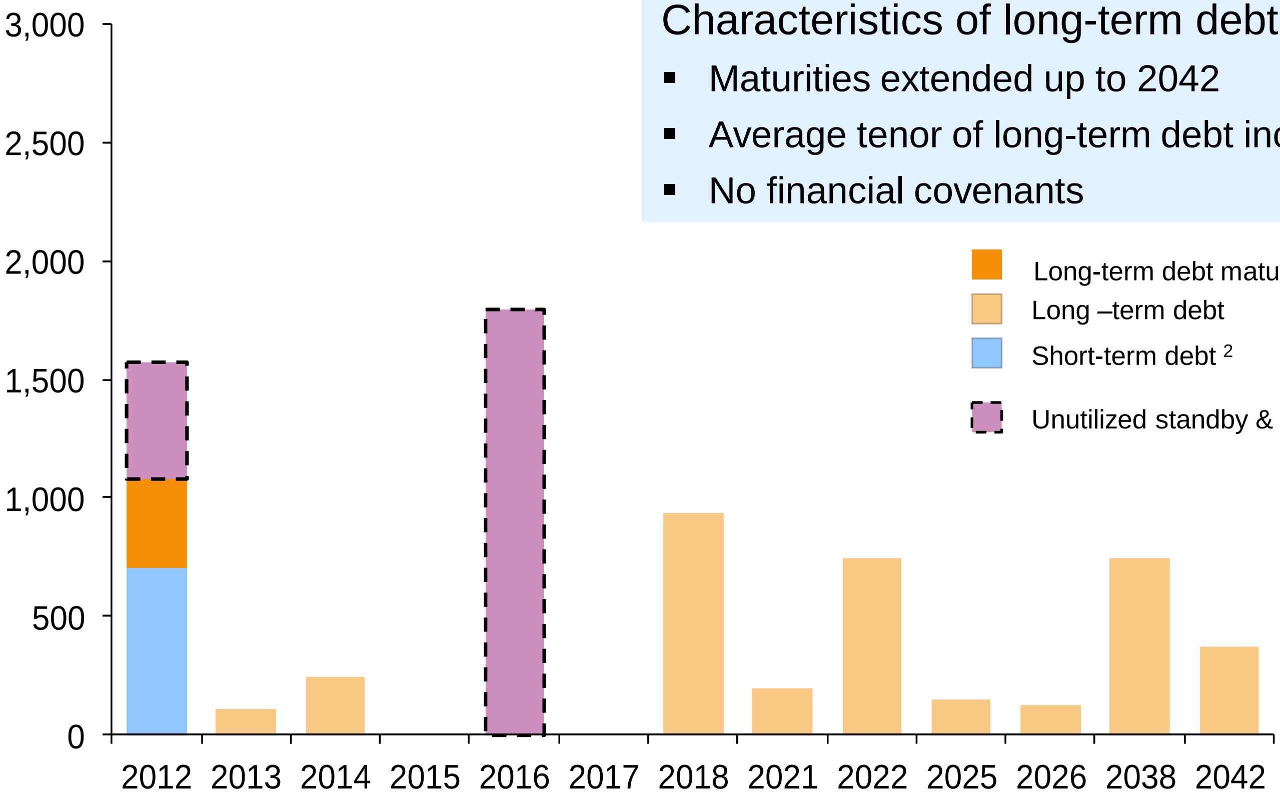
Quarterly ROIC % is based on LTM EBIAT and average NOC over the last 5 quarters

Reported tax used to calculate EBIAT

Philips' debt has a long maturity profile

Debt maturity profile as of March 2012

Amounts in EUR millions



Characteristics of long-term debt

- Maturities extended up to 2042
- Average tenor of long-term debt increased from 11.2 to 12.4 years
- No financial covenants

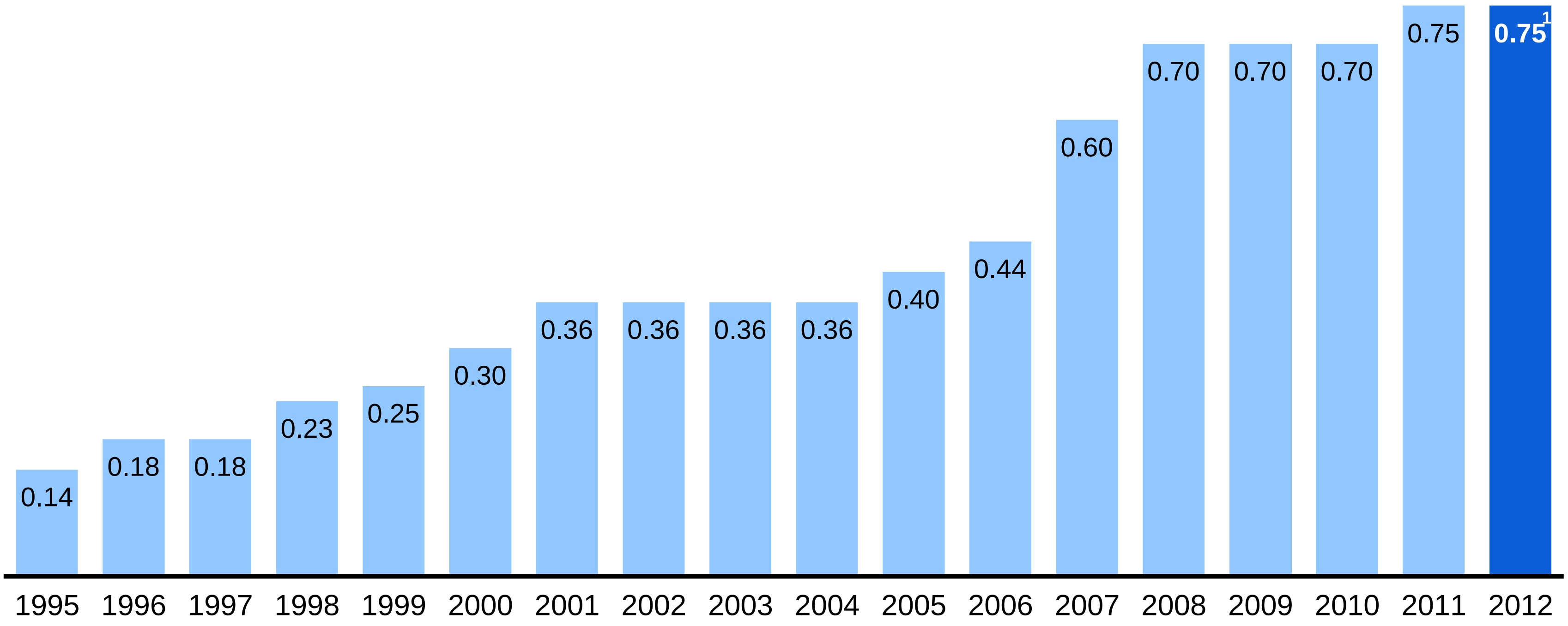
[1] On Apr 10th 2012, Philips early redeemed USD 500M originally maturing in March 2013

[2] Short term debt consists mainly of local credit facilities that are being rolled forward on a continuous basis

[3] In April 2011 Philips extended the maturity of its EUR1.8B standby facility to February 2016. A EUR 500M standby with maturity July 2012 has been arranged to provide an additional liquidity buffer along the execution of the share buy back program

A history of sustainable dividend growth

EUR cents per share



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

[1] Elective dividend, proposal subject to approval in the General Shareholders Meeting on April 26th, 2012

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Disciplined Capital Use

- Our objective is to have 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

2011 - 2012 acquisitions at a glance

No acquisitions during the last 3 quarters

Healthcare

Jun-2011	Sectra	Imaging Systems	Expand Women's Healthcare portfolio with a unique digital mammography solution in terms of radiation dose
Jun-2011	AllParts Medical	Customer Services	Expand capabilities in imaging equipment services, strengthening Philips' Multi-Vendor Services business
Mar-2011	Dameca	Patient Care and Clinical Informatics	Expand portfolio with integrated, advanced anesthesia care solutions
Jan-2011	medSage	Home Healthcare	Strengthen portfolio with by becoming a leading provider of patient interaction and management applications

Consumer Lifestyle

Jul-2011	Povos	Domestic Appliances	Expanding product portfolio in China and continue to build business creation capabilities in growth geographies
Jan-2011	Preethi	Domestic Appliances	Becoming a leading kitchen appliances company in India

Lighting

Jun-2011	Indal	Professional Luminaires	Strengthen leading position in professional lighting within Europe
Jan-2011	Optimum	Professional Luminaires	Expand portfolio with customized energy-efficient lighting solutions

Note - Dates refer to announcement date of acquisitions

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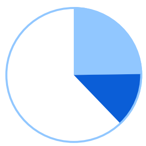
Accelerate! change and performance program to unlock full potential faster

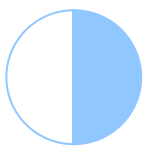
Dark blue indicates quarter over quarter improvement

Customer Centricity



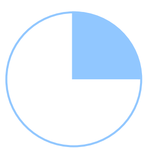
- Increased seniority of market teams; markets are now led by empowered entrepreneurs
- Increase local relevance of product portfolio to gain market share
- Focused Business-to-Government sales channel development to drive growth
- Increase Employee Engagement in markets by 300 bps

Resource to Win



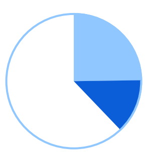
- Granular plans to increase number of BMC’s in which we are an outright leader
- Increase performance adherence to plan per BMC > 80%
- Execute on strategic workforce plan for growth markets
- Targeted investment step-ups made (EUR 200 million) to gain market leadership

End2End Execution



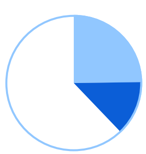
- Transform customer value chains to 7 LEAN business models, enabled by effective IT
- Reduce Cost of Non Quality by 30%
- Accelerate innovation time to market by av. 40%; Increase customer service >95%
- Inventory reduction target of 1% to 1.5% per year for 2012 and 2013

Growth and Performance Culture



- Introduced new behaviors to drive new ways of working
- Personal transformation workshops started to enable culture change
- Monthly pulse check to check for effectiveness of the above
- Incentive and appraisal system changed to align with new culture and mid-term targets

Operating Model



- Decrease number of layers to speed up decision making
- Reduce overhead and support costs by EUR 800 million
- Performance Management for BMC’s implemented
- Implement collaborative P&L between businesses & markets with clear accountability

Supported by strong change and program management office to ensure execution

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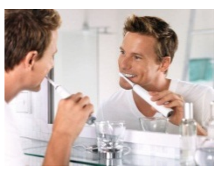
Improving on locally relevant solutions and time to market

Some proof points in Q1 2012

Healthcare

Accelerating our drive to co-leadership in Imaging Systems and Patient Care and Clinical Informatics (PCCI), we have launched 12 new solutions in these categories in Q1

Consumer Lifestyle



Intense BMC[1] collaboration makes Sonicare move ahead of competition in the US in powered toothbrush category, lead over competition to above 8.5%

Consumer Lifestyle

By making the Airfryer proposition locally relevant for additional Business Market combinations, sales have doubled from earlier plans

Lighting

Local partnerships with industry leaders yield new lighting solutions such as Soundlight Comfort, an innovative acoustic ceiling panel integrated with LED lighting

[1] BMC = Business Market Combination

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End2End proof points

Intermediate results: implementation ongoing

Male grooming - North America
Reignite category growth with Wal-Mart

- Collaboratively developed 3 new growth themes
- Redesigning value chain to reduce costs to serve
- *“We have reached a turning point in our relationship with Philips, with the End2End initiative we see and feel the true commitment of Philips behind us”* WAL*MART

Potential Improvement
- *35% Sales increase*
- *115% EBITA growth*
- *-25% Final product stock*

Mother & Child Care - China
Build winning position with local portfolio

- Rapidly expand local portfolio in high growth mid market
- Redefine product design process for local expansion
- Fast, flexible value chain for fragmented trade
- Redesign go to market

Potential Improvement
- *50% Sales increase*
- *-55% Time to market*
- *266% increase in market coverage*

LED Lamps - EMEA[1]
Secure leadership in LED consumer lamps

- Simplified portfolio with consumer centric design
- One look & feel to enable faster market introduction
- Reduced lead time with smart platform design/ planning
- Boost speed and flexibility across the value chain

Potential Improvement
- *-70% Final product stock*
- *-40% Time to market*
- *-44% E2E lead time*

Incandescent Lamps - EMEA[1]
Last man standing in conventional lamps

- Introduce processes for faster product portfolio pruning
- Step up value chain flexibility (pack-to-order)
- Create capacity to capture additional demand
- Rationalize inventory levels across the value chain

Potential Improvement
- *-40% Stock keeping units*
- *-66% Packaging lead time*
- *-30% Final product stock*

[1] EMEA = Europe Middle East & Africa

Change adoption of Accelerate!

- Monthly survey sent to representative sample of 4,000 employees at all levels in the company
- Results show a high level of urgency, and good scores on change readiness
- Disciplined follow up of issues, to maintain momentum of change

Survey measures		March score
Sense of Urgency	Measures vision, leadership commitment to Accelerate!	***4.0****/5.0*
Accelerate! Impact	Measures employee awareness of Accelerate! results	***3.5****/5.0*
Culture Impact	Measures personal, team & leadership adaption of high performance behaviors	***3.5****/5.0*
Change Readiness	Measures employee readiness to execute	***3.8****/5.0*

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Aligning the reward system with mid-term targets

Structural change in the reward system

Short-term incentive changes

- Incentives are now fully aligned with the 2013 mid-term financial parameters (comparable sales growth, EBITA, ROIC)
- New targets based on line-of-sight accountability
- Non-financial targets focused on strategic and operational improvement KPI's

Long-term incentive changes

- As a first step a special Accelerate! grant[1] introduced;
  - consisting of an equal balance of shares and options (1 to 1)
  - future performance vesting based on achieving the 2013 mid-term targets of;
    - 4 to 6% Sales growth CAGR
    - 10 to 12% reported EBITA
    - 12 to 14% ROIC
- Mandatory share ownership for all key Executives

[1] The Supervisory Board is considering to introduce similar awards for the members of the Board of Management. This will be further reviewed in the course of 2012 and where necessary will be submitted to the AGM for approval.

Cost reduction program targeting overhead & indirect costs will bring EUR 800 million in savings

Cost reduction scope

~35%

Company wide Overhead and Support functions

(IT, Finance, HR, Real Estate, management layers, etc)

Business functions indirect costs and overheads

(Purchasing, Supply Chain, R&D, Service, Marketing etc)

~65%

Core customer value chain

Global business leadership

Success in local markets

Sales, Marketing
Manufacturing & Supply Chain
R&D / Innovation, services

Clear design principles

- Taking out overhead and support cost
  - *All overheads, layers and support functions*: IT, Finance, HR, Real Estate, Management, etc
  - Indirect business functions not directly involved in the *customer value chain*
  - *Single added value layer* (no duplication) and *reduce complexity*
- All savings against H1 2011 baseline
- Focus on sustainable structural savings instead of “variable” costs

EUR 800 million cost reduction program - Plan

Program started in Q3 2011, expected to be completed by 2014

	Cumulative gross savings			
EUR million	2011	2012	2013	2014
TOTAL	**25**	**400**	**700**	**800**

	Annual restructuring costs			
EUR million	2011	2012	2013	2014
TOTAL	**(37)**	**(125)**	**(80)**	**(40)**

	Annual investments			
EUR million	2011	2012	2013	2014
TOTAL	**(37)**	**(150)**	**(90)**	**(80)**

Deployment

- Strong organizational engagement with 9 functional workstreams and 3 Sector teams
- Highest potential in IT, Finance, HR and Real Estate
- 2012 restructuring costs reduced from earlier estimate of EUR 200 million to EUR 125 million
- Investments are primarily in IT, Real Estate transformation and process reengineering (e.g. F&A and HR)

Note – All figures (except 2011) are estimated amounts

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EUR 800 million cost reduction program - Results

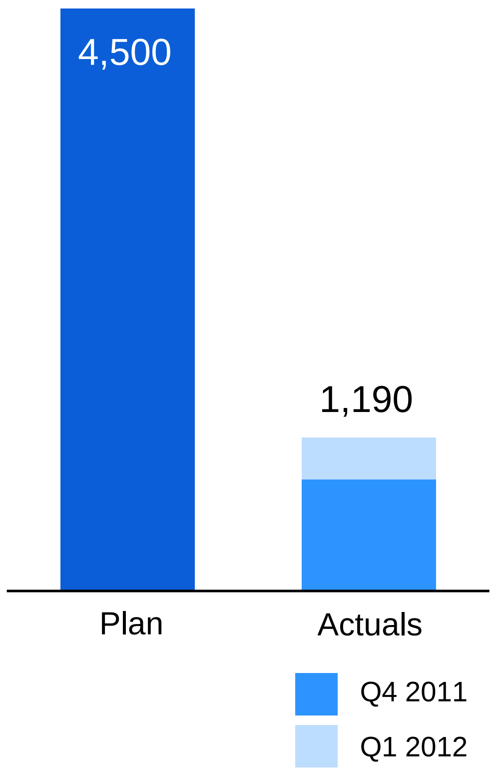
First savings achieved in Q4 2011

	Actuals	
	Cumulative gross savings	
EUR million	2011	Q1 2012
TOTAL	**25**	**62**

	Restructuring costs	
EUR million	2011	Q1 2012
TOTAL	**(37)**	**(9)**

	Investments	
EUR million	2011	Q1 2012
TOTAL	**(37)**	**(26)**

Approximately a quarter of the targeted 4,500 headcount reduction completed by Q1 2012



1. Management update
2. Group results Q1 2012
3. Accelerate! Change and performance
4. **Portfolio strength and path to value**
5. Group and sector overview

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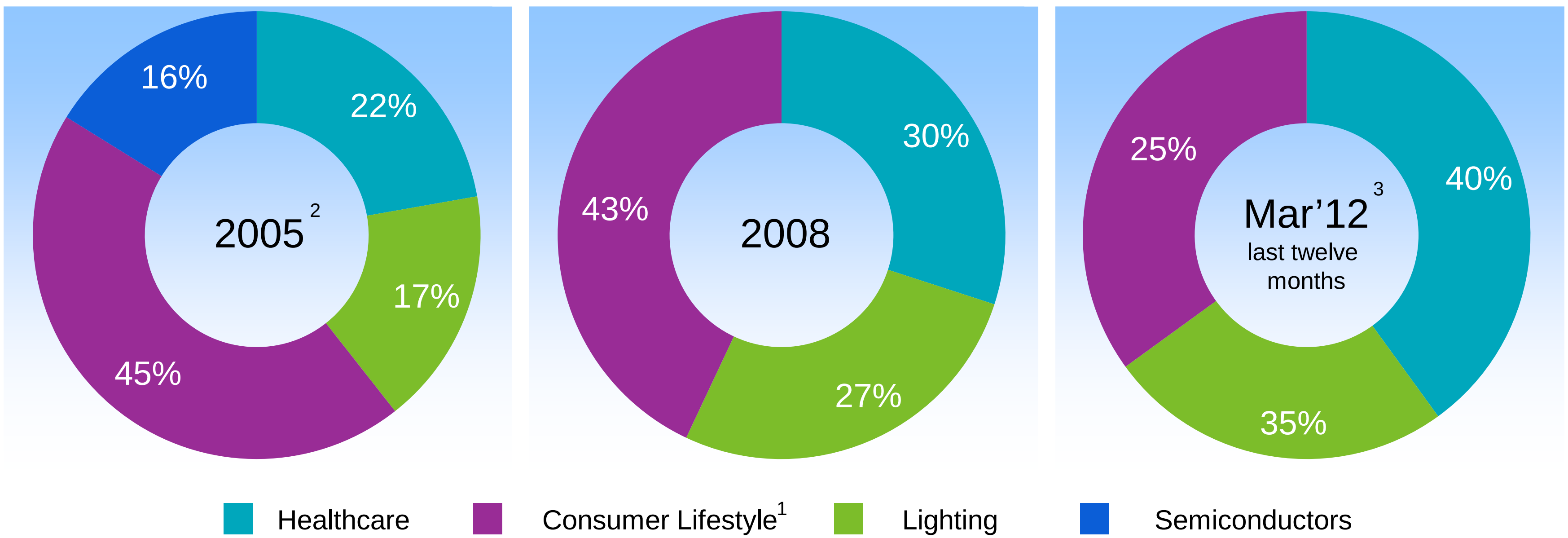
Improving our portfolio: Starting point of our journey

Portfolio now consists of ~65% B2B businesses

Healthcare Lighting Consumer Lifestyle Semiconductor	Healthcare Lighting Consumer Lifestyle	Healthcare Lighting Consumer Lifestyle excl. TV



Large majority of our businesses have the right fundamentals for profitable growth

[1] Consumer Lifestyle in 2005 includes the former DAP and Consumer Electronics divisions
[2] 2005 figures are based on US GAAP
[3] Figures exclude Television as it is treated as discontinued operation

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Strong assets underpin our portfolio

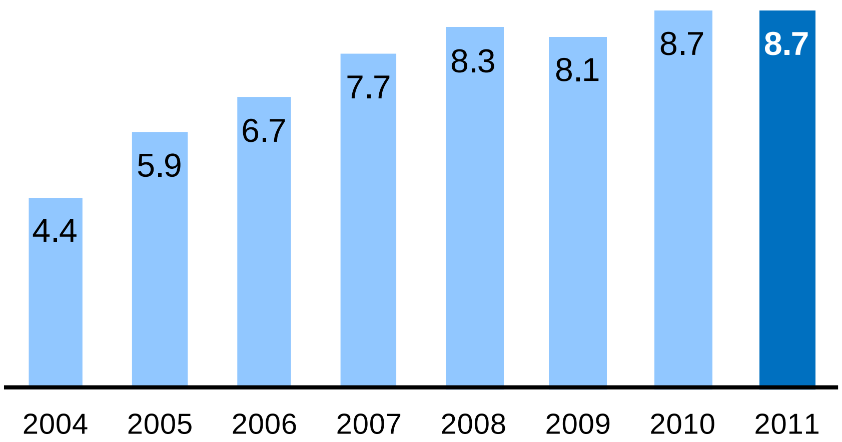
Our assets		Our track record
	Innovation capabilities	• Technology, know-how and strong IP positions (53,000 registered patents)
PHILIPS	Philips brand	• World's 41st most valuable brand 2011 compared to the 65th 2004
	Global footprint	• Loyal customer base in 100+ countries • 1/3 of group revenues from growth geographies
	People	• Employee Engagement Index[1] exceeds high performance benchmark value of 70% • Culturally diverse top-200 leadership team
	Domain leadership	• Global market leader in Lighting • Top 3 Healthcare player • Leading Consumer Lifestyle brands: E.g. Philips, Sonicare, Avent, Saeco
	Solid balance sheet	• A3 rating by Moody's and A- by Standard & Poor's

[1] Based on annual Philips' Employee Engagement Survey

The world's 41st most valuable brand in 2011

Philips increased brand value by 29% in the last five years

Value of the Philips brand[1]
USD billions



A strong brand drives sales

A significant amount of sales is attributable to the brand alone:

- Healthcare 42%
- Consumer Lifestyle 42%
- Lighting 16%

Brand ranking improves in 2011

Moving up one rank in top 100 global brands list, Philips has reached the highest position ever. Brand value doubled since 2004

Strong internal brand[2]

84% of employees are "proud to work for Philips"

[1] Source: Interbrand Brand Valuation 2011
[2] Employee Engagement Survey 2011

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Our market opportunity

Global trends and challenges

Healthcare

- Ageing population leading
- Increase in patients managing chronic conditions
- Growth geographies wealth creating demand
- Lifestyle changes, fueling cardiovascular illnesses and respiratory and sleeping disorders

Consumer Lifestyle

- Consumers focus on the health and well-being
- Rising middle class in growth geographies
- Back to basics: simple propositions
- Trusted brands combined with locally relevant portfolio

Lighting

- Ongoing urbanization and globalization
- Increasing need for energy efficient solutions
- Fast growing global illumination market
- Expanding renovation market
- Rapid adoption of LED-based lighting solutions

Healthcare: Examples unique leading positions

Global
Cardiovascular
X-ray

- Global #1 position
- Seen as most exciting and interesting Brand by Cardiologists

Global
Patient
Monitoring

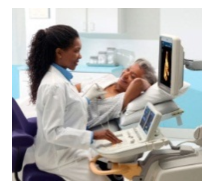
- Global #1 position
- Leader in Cardiology PACS and Critical Care Informatics in the United States and Germany

Global
Cardiac
Resuscitation

- Global #1 position
- Advanced Algorithms for enhanced gender-specific criteria to help recognize and interpret cardiac symptoms in women

Global
Sleep Therapy
Systems

- Global #1 position in sleep therapy systems for OSA[1]
- Full range of solutions with the quietest platform



Regional
Ultrasound

- #1 position in North America
- NPS leader in Ultrasound globally

Regional
Home
Monitoring

- #1 position in North America
- Leading innovation with AutoAlert automatic fall detection

[1] OSA = Obstructive Sleep Apnea

Consumer Lifestyle: Examples unique leading positions

Global
Male electric shaving

- Global #1 position
- Leading in most major markets, including #1 in the USA and China

Global
Garment Care

- Global #1 ironing brand
- #1 position in China, India and Russia

Global
Rechargeable Toothbrushes

- Global #2 position
- #1 position in the USA, Korea and Japan

Regional
Kitchen Appliances

- #1 positions in India, Brazil and Russia
- We strive to achieve global leadership through local relevance

Regional.
Electric Hair Care

- #1 position China and increasing our lead over the next best competitor
- #2 in Russia, closing gap with current market leader

Regional
Filter Coffee Machines

- #1 position in Europe, and leading position in Brazil
- Strong edge over the next competitor in most European markets

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Lighting: Examples unique leading positions

Global
Lamps

- Global #1 position
- Widest portfolio of lamps
- NPS 'Best partner' used & recommended by customers

Global
LED Lamps

- Global #1 position
- Won the L-Prize challenge (60W LED replacement); only company to meet the challenge

Global
Automotive Lighting

- Global #1 position
- 1 out of 3 cars globally equipped with Philips bulbs
- NPS 'Best partner' used & recommended by customers

Global
Professional Luminaires

- Global #1 position
- Largest LED luminaires company in the world

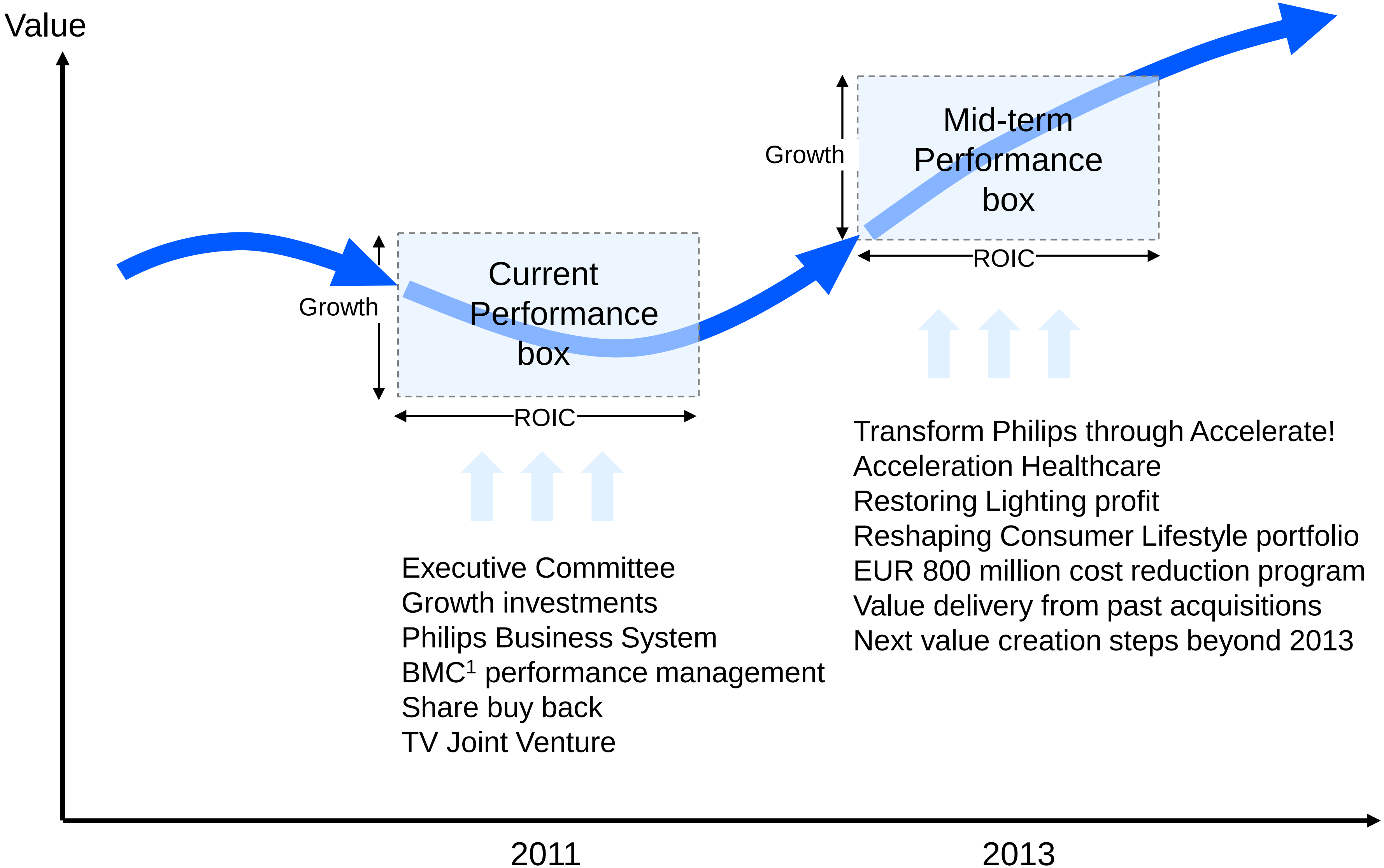
Global
High Power LEDs

- Global #2 position
- #1 in flash and #2 in general Illumination
- NPS 'Best partner' used & recommended by customers

Global
Lighting Electronics

- Global #1 position
- NPS 'Best partner' used & recommended by customers in Lamp Drivers

Our path to value



[1] BMC = Business Market Combination

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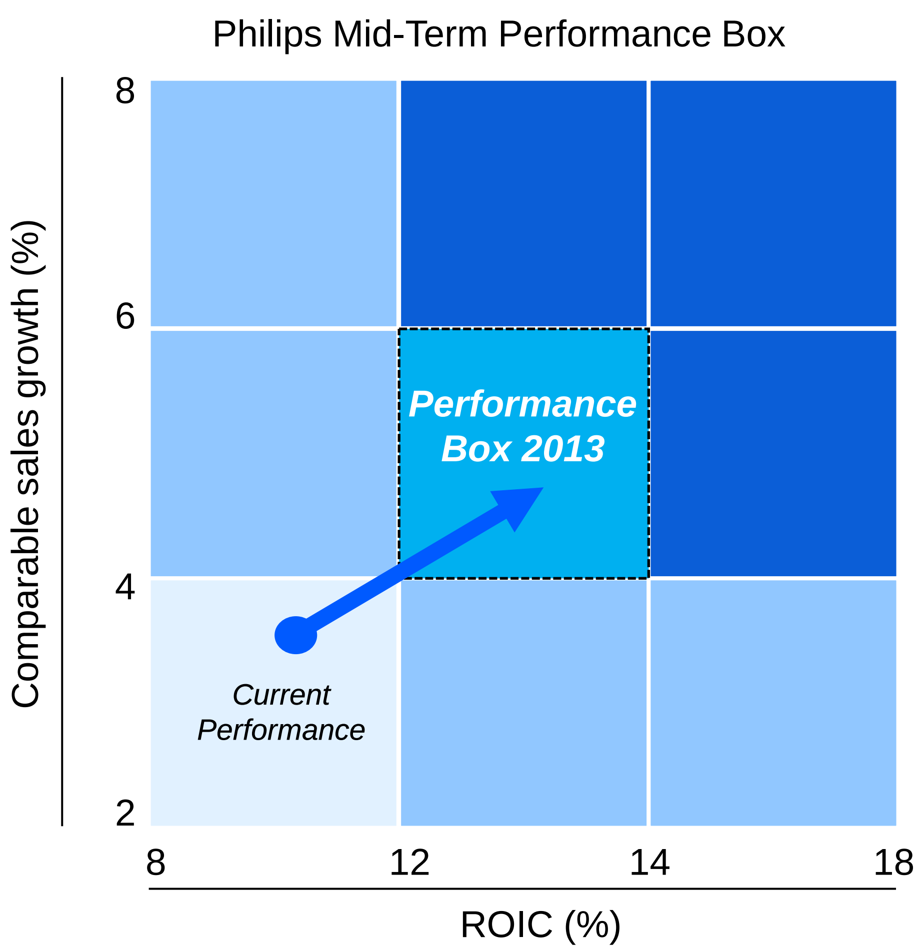
Mid-term Targets: Move into performance box of 12-14% ROIC and 4-6% comparable sales growth



Mid-Term financial objectives (2013)

Sales growth CAGR[1]	4 - 6%
Group Reported[2] EBITA	10 - 12%
- Healthcare	15 - 17%
- Consumer Lifestyle[3]	8 - 10%
- Lighting	8 - 10%
Group ROIC	12 - 14%

[1] Assuming real GDP growth of 3-4%
[2] Including restructuring and acquisition related charges
[3] Excluding unrelated licenses

1. Management update

2. Group results Q1 2012

3. Accelerate! Change and performance

4. Portfolio strength and path to value

5. Group and sector overview

A strong diversified industrial group leading in health and well-being

Founded in 1891
Headquartered in Amsterdam, the Netherlands

Sales of EUR 22.6 billion in 2011
Portfolio now 65% business-to-business

Growth geographies
34% of sales generated in growth geographies

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

122,000 employees
Sales and service outlets in over 100 countries

€1.6 billion investment in R&D, 7% of sales in 2011
53,000 patent rights – 39,000 trademark rights – 70,000 design rights

Note - All figures exclude discontinued operations

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Executive Committee

Frans van Houten
Group CEO

Ron Wirahadiraksa
Group CFO

Deborah DiSanzo
CEO Healthcare[1]

Patrick Kung
CEO Greater China

Pieter Nota
CEO Consumer Lifestyle

Carole Wainaina
Group HR

Eric Coutinho
General Counsel

Eric Rondolat
CEO Lighting

Jim Andrew
Group strategy
Chief Innovation Officer

Ronald de Jong
Chief Market Leader

[1]From the 1st of May, 2012

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Sustainability as a driver for growth

Success of EcoVision4

Green Products represented around 30% of sales in 2009, 3 years ahead of our 2012 target. We completed our 2012 goal of cumulative EUR 1 billion of Green Investment in 2010.

EcoVision5 targets for 2010 – 2015

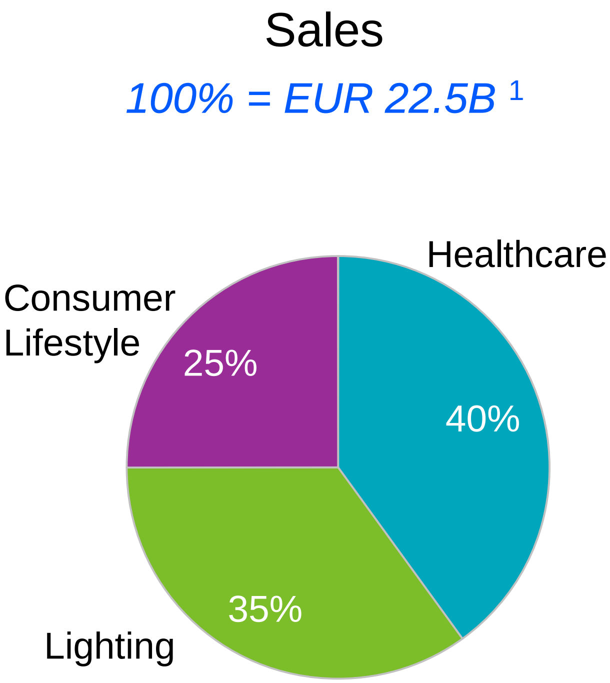
- To bring care to 500 million people
- To improve the energy efficiency of our overall portfolio by 50%
- To double the amount of recycled materials in our products as well as to double the collection and recycling of Philips products

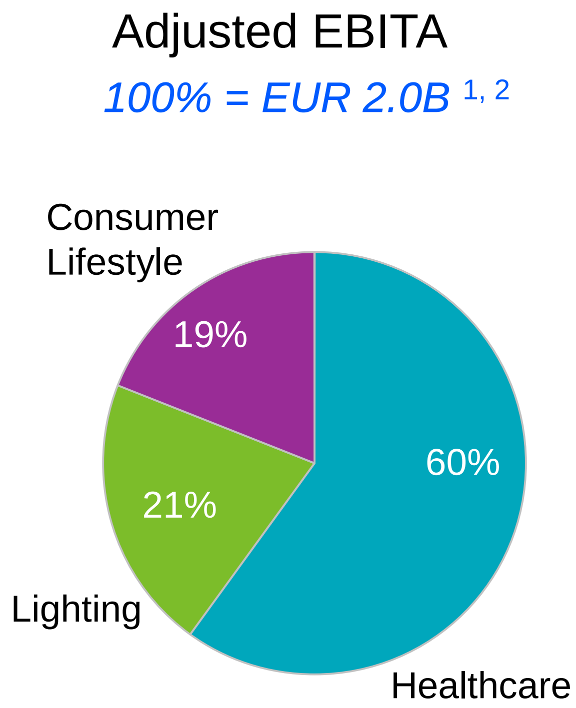
Recent accomplishments

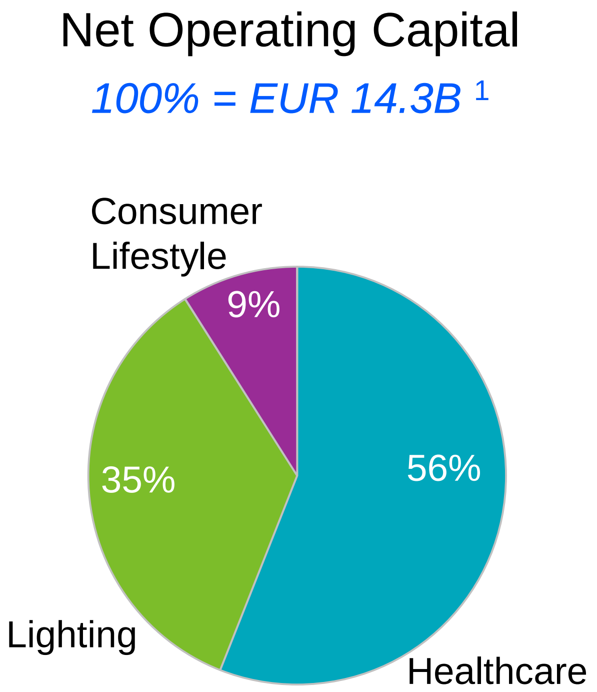
- Philips regained its sector and super sector leadership in the Dow Jones Sustainability Index
- Philips reaches a joint first place in the Global Carbon Disclosure Leadership Index
- Philips received the prestigious Giga Ton Award (known as the Green Oscar) for its long-standing business leadership to reduce carbon usage
- Philips received an overall global rating of 10.0 (“best in class”), the highest being assigned from GMI, an independent global company in Corporate Governance and ESG
- Top 10 position in Newsweek Green ranking 2011
- Top 50 position in Best Global Green Brands 2011

Our focused health and well-being portfolio: Healthcare, Consumer Lifestyle and Lighting

Last twelve months







[1] Excluding Central sector (IG&S)

[2] EBITA adjustments based on the following gains/ charges; for Healthcare EUR (31)M, Consumer Lifestyle EUR 106M and Lighting EUR (110)M

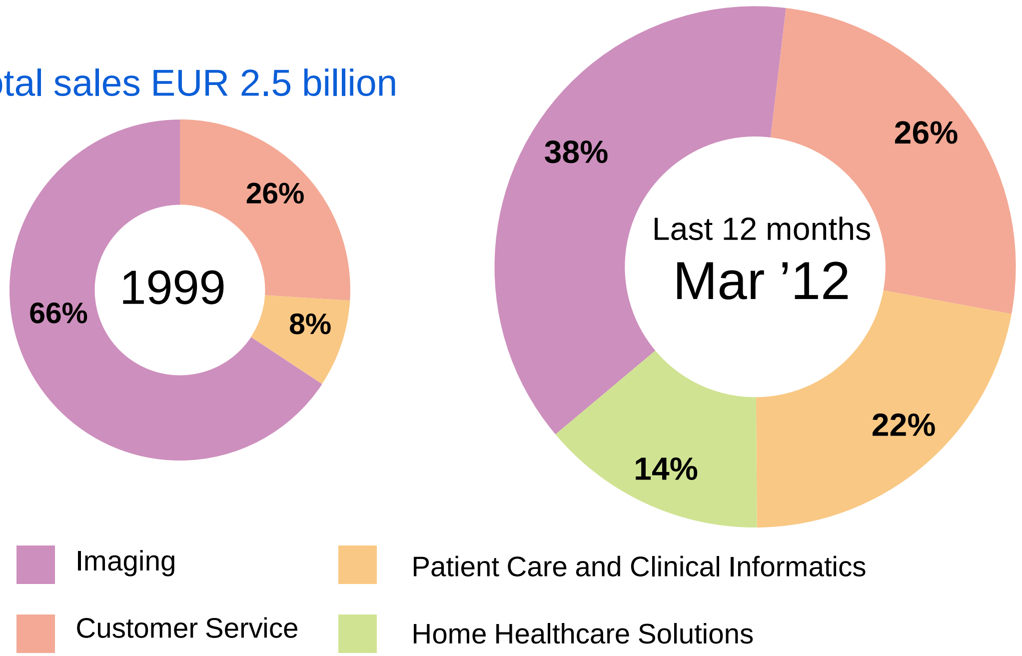
Note - All figures exclude discontinued operations

Healthcare: Continue to accelerate strategy and performance

- Driving to co-leadership in Imaging Systems and leadership in Patient Care and Clinical Informatics
- Invest for leadership in growth geographies
- International expansion of the home healthcare business
- Executing operational excellence initiatives to increase margin and time-to-market

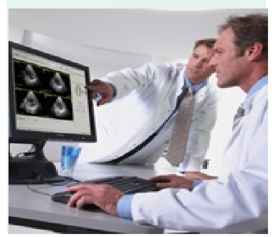
Total sales EUR 2.5 billion

Total sales EUR 9.1 billion



Depth and reach of Philips Healthcare

What we do. Where we are.

Philips Healthcare						
Businesses[1]				Sales & services geographies[1]		
Imaging Systems	Home Healthcare Solutions	Patient Care and Clinical Informatics	Customer Services	North America	International	Growth Geographies
						
38%	14%	22%	26%	44%	34%	22%

€8.9
Billion sales in 2011

37,000+
People employed worldwide in 100 countries

8%
of sales invested in R&D in 2011

450+
Products & services offered in over 100 countries

[1] Last twelve months March 2012

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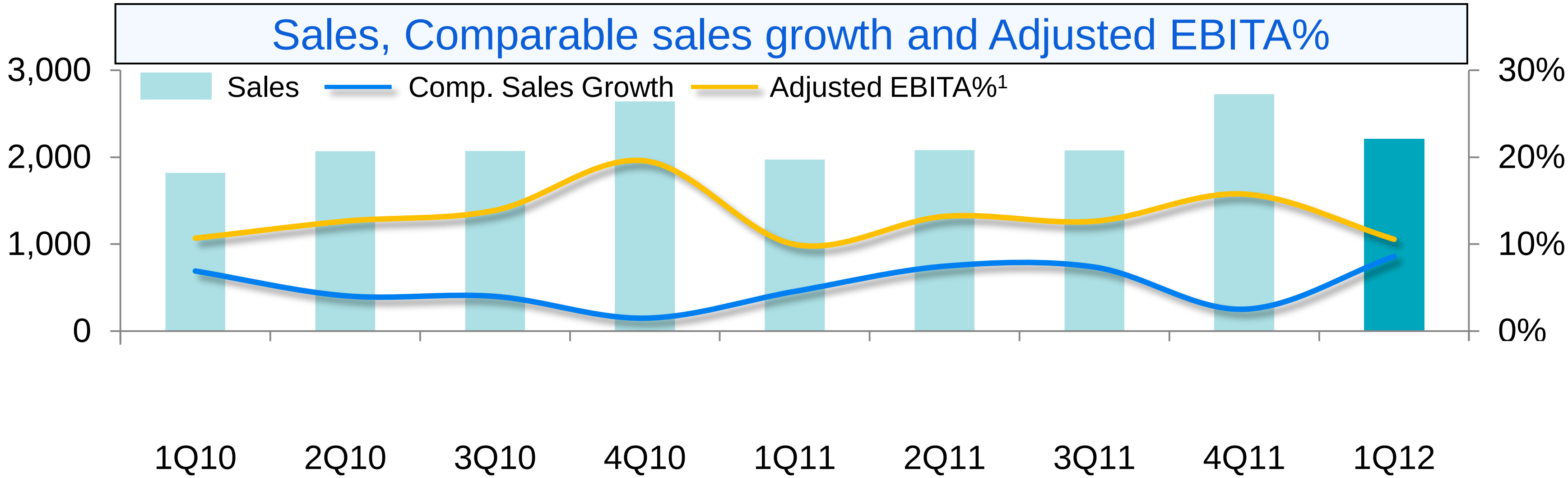
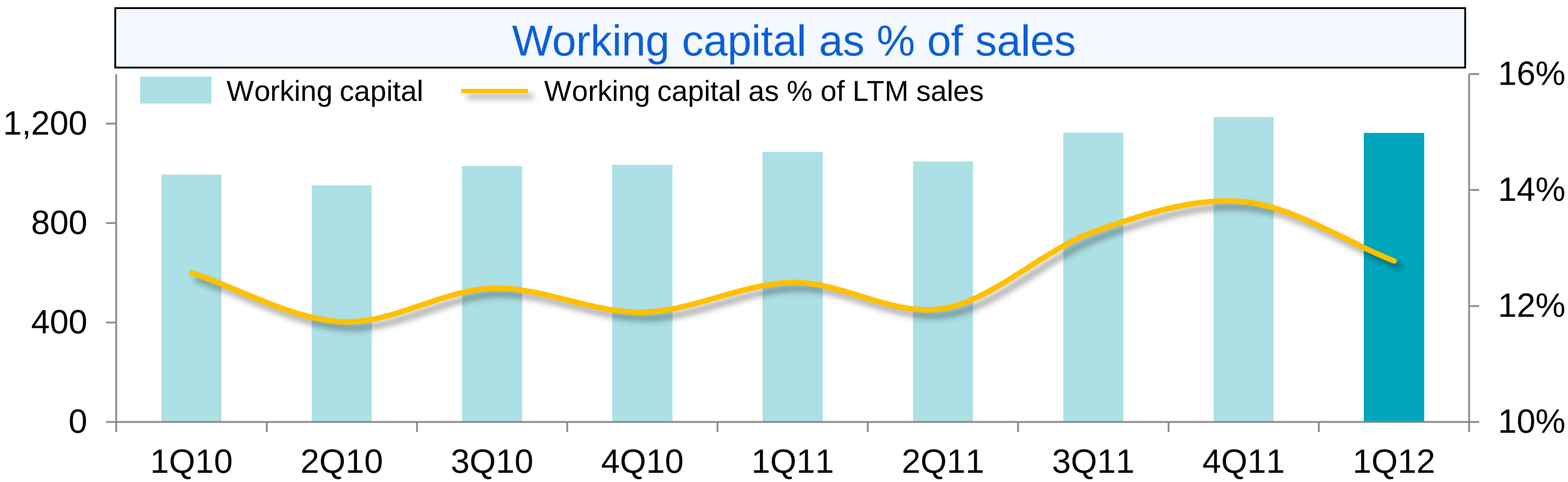
Healthcare: key financials over the last two years

EUR million





[1] Adjusted EBITA is EBITA corrected for incidental charges (details on slide 85)

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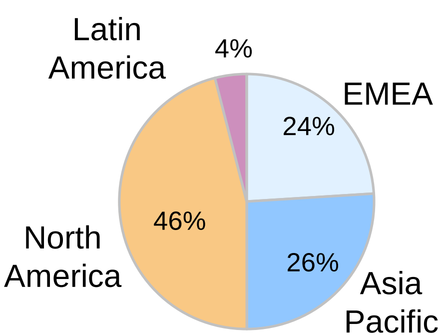
Healthcare: Q1 2012 Sector analysis

EUR million

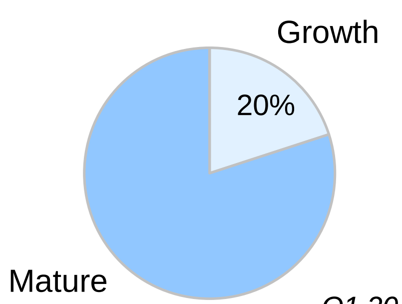
Key figures

	1Q11	4Q11	1Q12
Sales	1,971	2,724	2,209
% sales growth comp.	*5*	*3*	*9*
EBITA	199	409	225
EBITA as % of sales	*10.1*	*15.0*	*10.2*
EBIT	138	359	175
EBIT as % of sales	*7.0*	*13.2*	*7.9*
NOC	8,534	8,418	8,039
Employees (FTEs)	36,692	37,955	37,951

Sales per region



Growth Geographies



Q1 2012

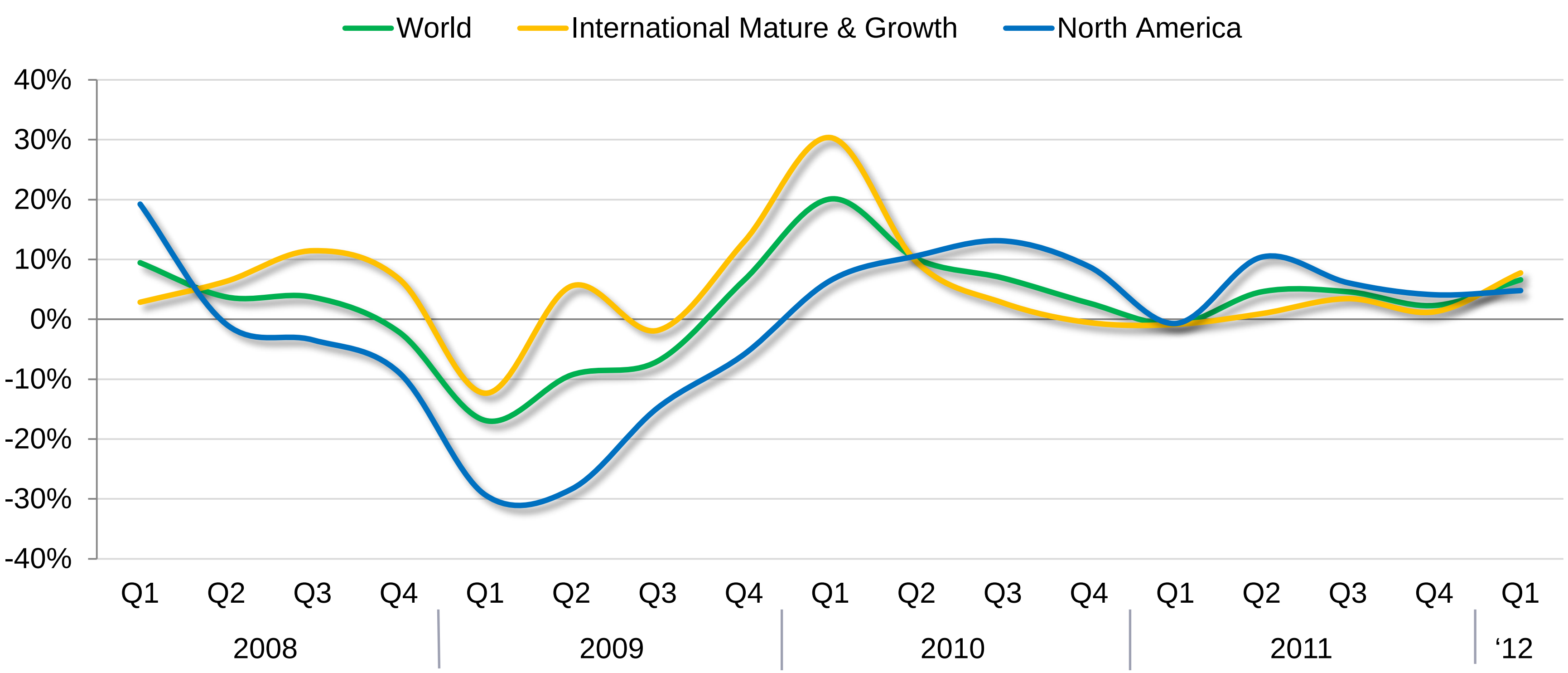
Financial performance

- Currency-comparable equipment order intake grew 7% year-on-year. Double-digit growth was seen at Patient Care & Clinical Informatics, while order intake at Imaging Systems was at the same level as in Q1 2011. Equipment orders in North America grew by 5%, while orders in Europe declined by 1%. Equipment orders in growth geographies were strong, with an increase of 22%.
- Comparable sales were 9% higher year-on-year, driven by double-digit growth at Patient Care & Clinical Informatics and Imaging Systems. Mid-single-digit growth was seen at Customer Services and Home Healthcare Solutions. On a comparable basis, sales in growth geographies increased by 27%, while sales in mature geographies grew by 5%, with North America growing at 4% and Europe growing at 5%. The growth in Europe was partly driven by sales that did not materialize in Q4 2011.
- EBITA was EUR 225 million, or 10.2% of sales, compared to EUR 199 million, or 10.1% of sales, in Q1 2011. Higher sales volume in Q1 2012 resulted in higher earnings at Imaging Systems and Patient Care & Clinical Informatics. Excluding restructuring and acquisition related charges, EBITA grew by 19% to EUR 234 million, or 10.6% of sales, compared to EUR 197 million, or 10.0% of sales, in Q1 2011.

Healthcare: Equipment order intake

Healthcare: Equipment order intake

Quarterly currency adjusted equipment order intake



Currency adjusted order intake only relates to the Imaging Systems and Patient Care & Clinical Informatics businesses

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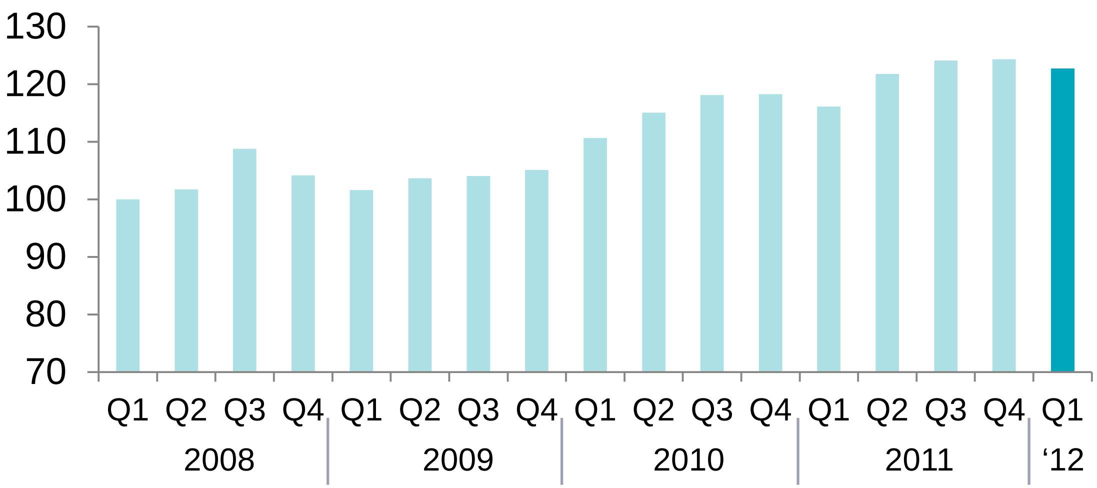
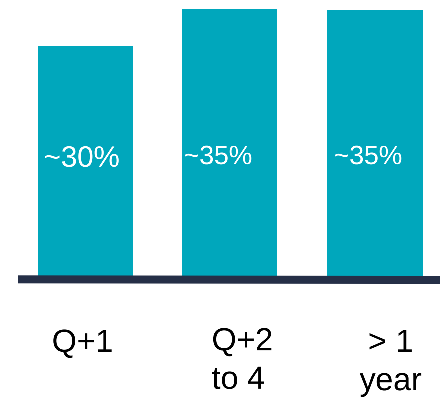
Healthcare: Equipment order book

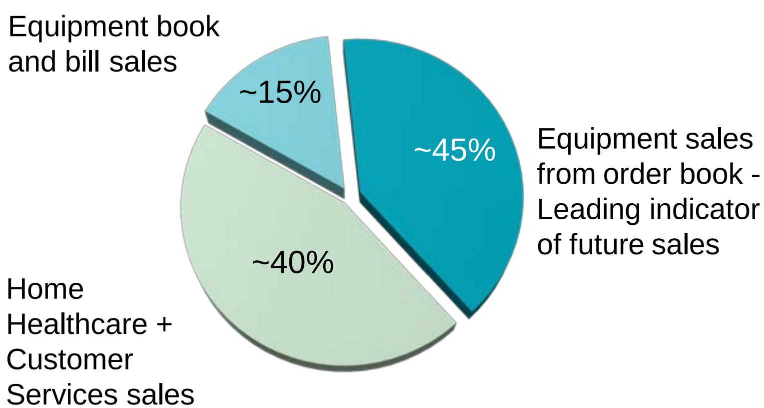
Indexed Equipment Order Book Development



Typical profile of equipment order book conversion to sales



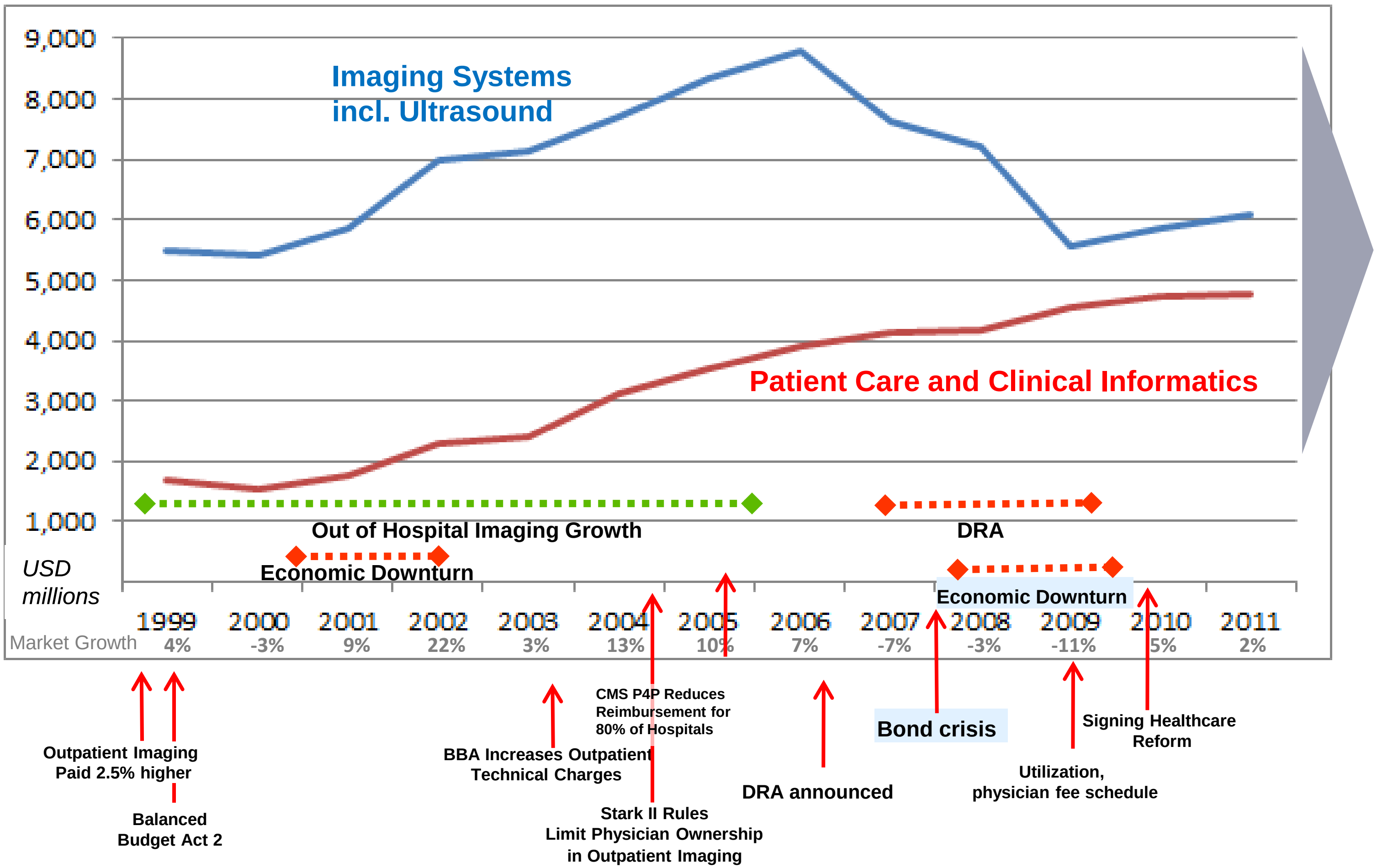
Quarter end equipment order book is a leading indicator for ~45% of sales the following quarters



- Order book level back to pre-crisis levels
- Approximately 60-65% of the current order book results in sales within the next 12 months

Healthcare historical market development

North America Market Size/ Growth and Impacts



Philips current expectation for the US Imaging Systems market for 2012-2015 is low - to mid single-digit growth

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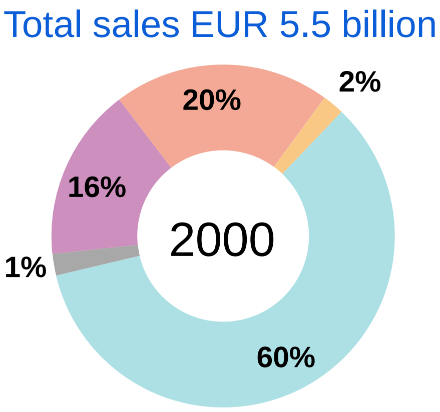
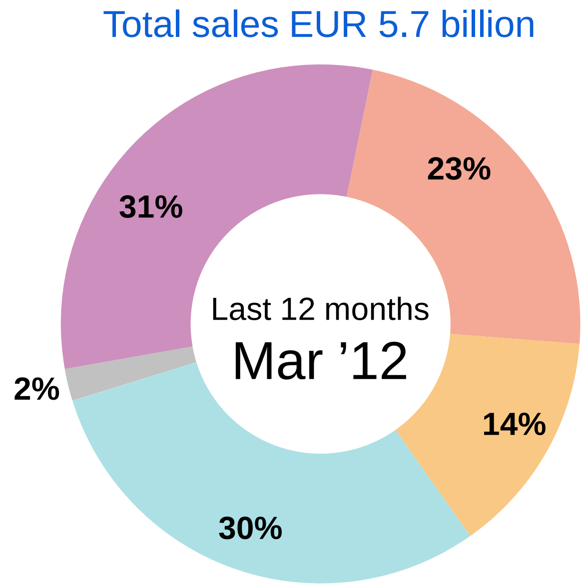
Consumer Lifestyle: Reshaping the portfolio towards growth

- Right-size the organization post TV JV
- Address Lifestyle Entertainment portfolio and execute turn-around plan
- Continued growth investment in core businesses towards global category leadership
- Regional business creation; leverage acquisitions in China and India





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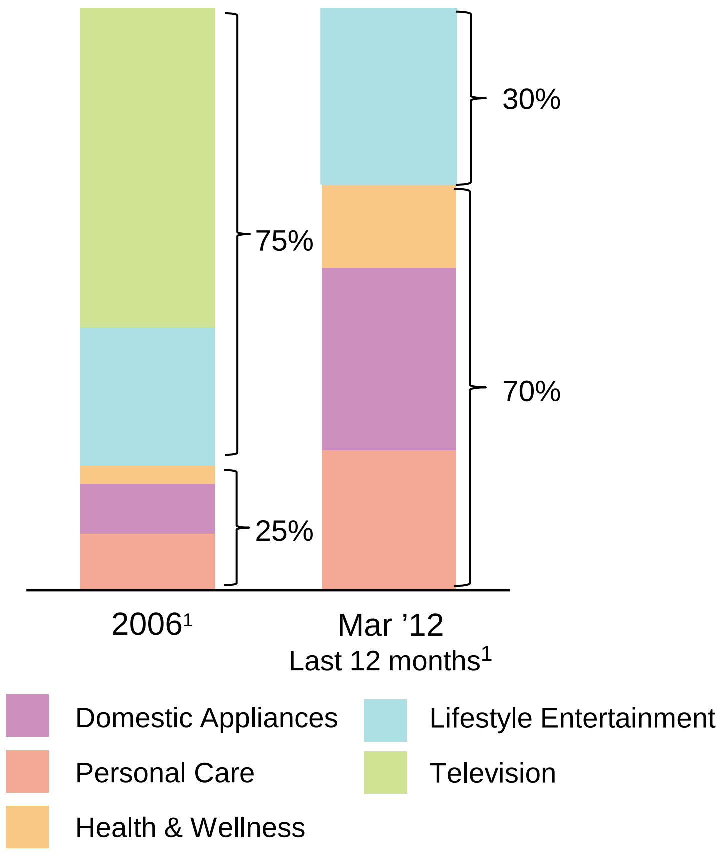
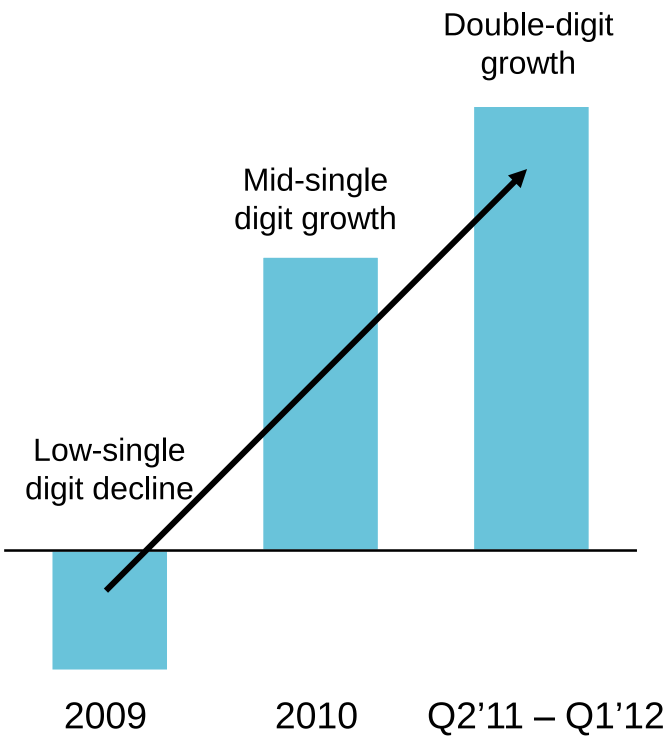
We increase focus

We have reduced our exposure to Consumer Electronics from ~75% towards ~30%

We have reduced our exposure to Consumer Electronics from ~75% towards ~30%



We see strong growth in the combined Personal Care, Health & Wellness and Domestic Appliances businesses[1]



[1] Excluding others

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Consumer Lifestyle

What we do. Where we are.

Philips Consumer Lifestyle					
Businesses[1 2]				Geographies[1]	
Personal Care	Health & Wellness	Domestic Appliances	Lifestyle Entertainment	Mature Geographies	Growth Geographies
					
23%	14%	31%	30%	57%	43%

€5.6
Billion sales in 2011

18,000+
People employed worldwide

5%
of sales invested in R&D in 2011

27%
of green product sales in 2011

[1] Last twelve months March 2012
[2] Other category (2%) is omitted from this overview
Note - All figures exclude discontinued operations

We will drive global scale and category leadership

In Male Grooming, Oral Healthcare, Kitchen Appliances and Coffee. All of these categories show healthy growth and profit potential

Ambitions

Male Grooming

- Grow the #1 leadership position through launching new propositions
- Recruiting young new users and upgrading existing users
- Accelerate the leadership in China through geographical expansion

Oral Healthcare

- Strengthen global #2 position in rechargeable toothbrushes and brush heads
- Expand geographically, addressing more price points and entering new channels
- Expand into adjacencies; e.g. interdental cleaning

Kitchen Appliances

- Global leadership through local relevance
- Establish four regional product creation hubs (leveraging acquisitions)
- Integrated supply chain to differentiate, improve quality and drive costs down

Coffee

- Gaining leadership positions in full automatic espresso
- Launching new portioned initiatives

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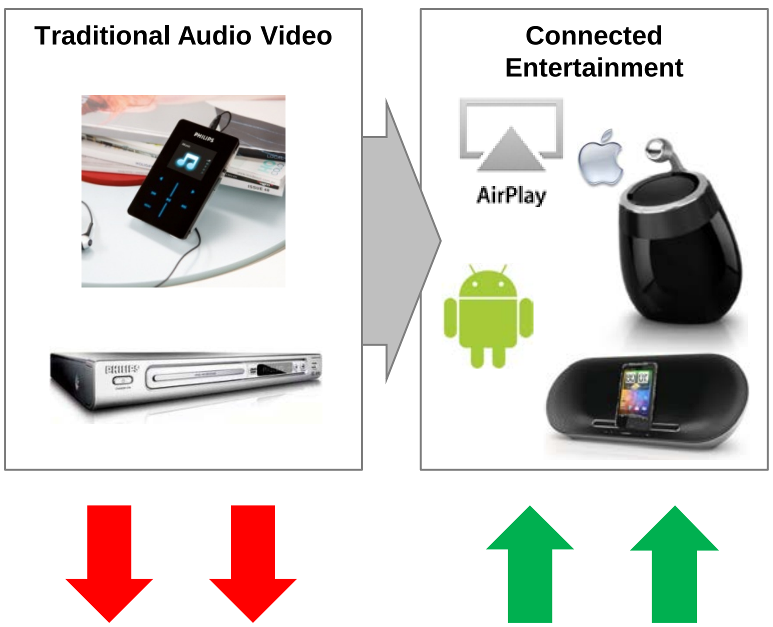
We are turning around Lifestyle Entertainment focusing the portfolio on growing categories

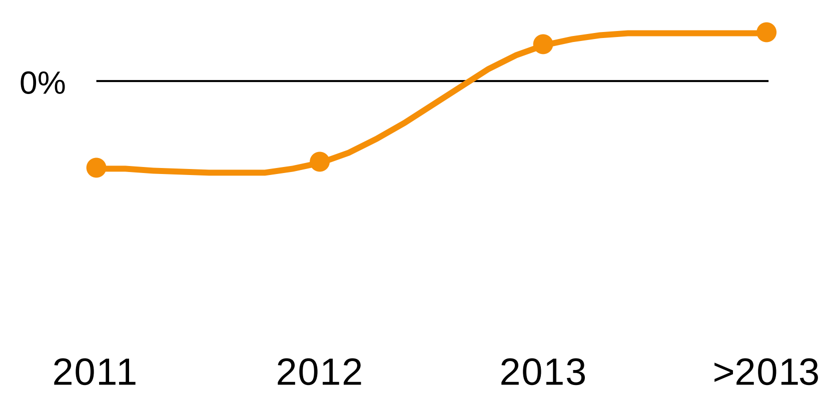
We will transition the Lifestyle Entertainment portfolio towards growing and profitable categories



- Launch Airplay & Android docking
- Grow Connected Entertainment
- Remain close to leading eco-systems (e.g. Apple & Android)

The transition of the portfolio will result in modest sales growth from 2013 onwards

Sales growth development (%)
2011 - 2013



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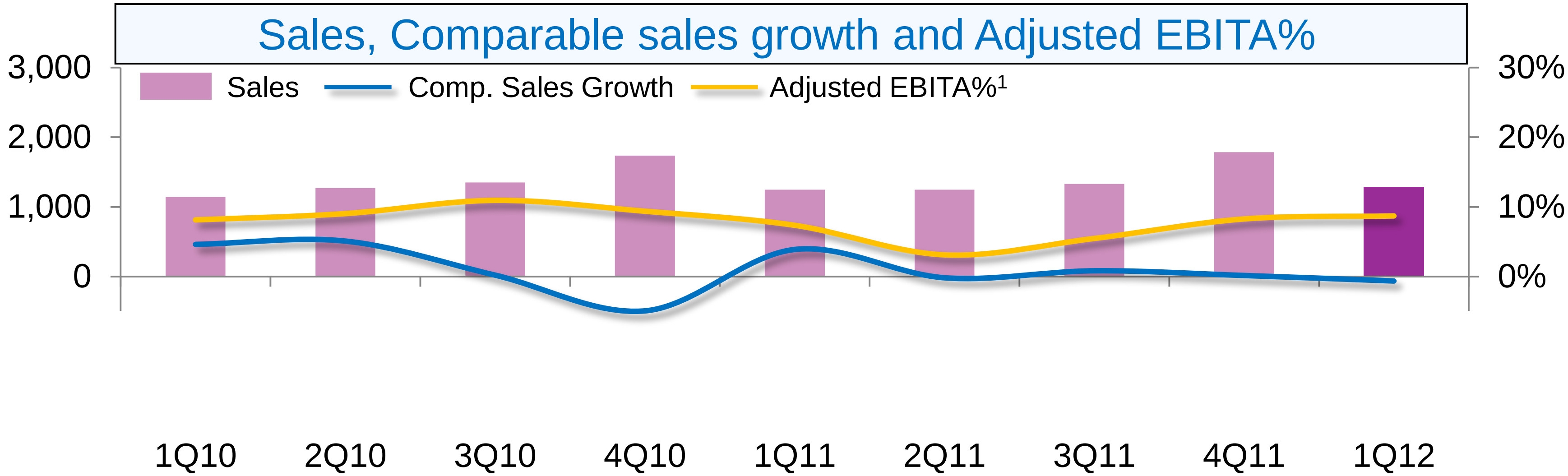
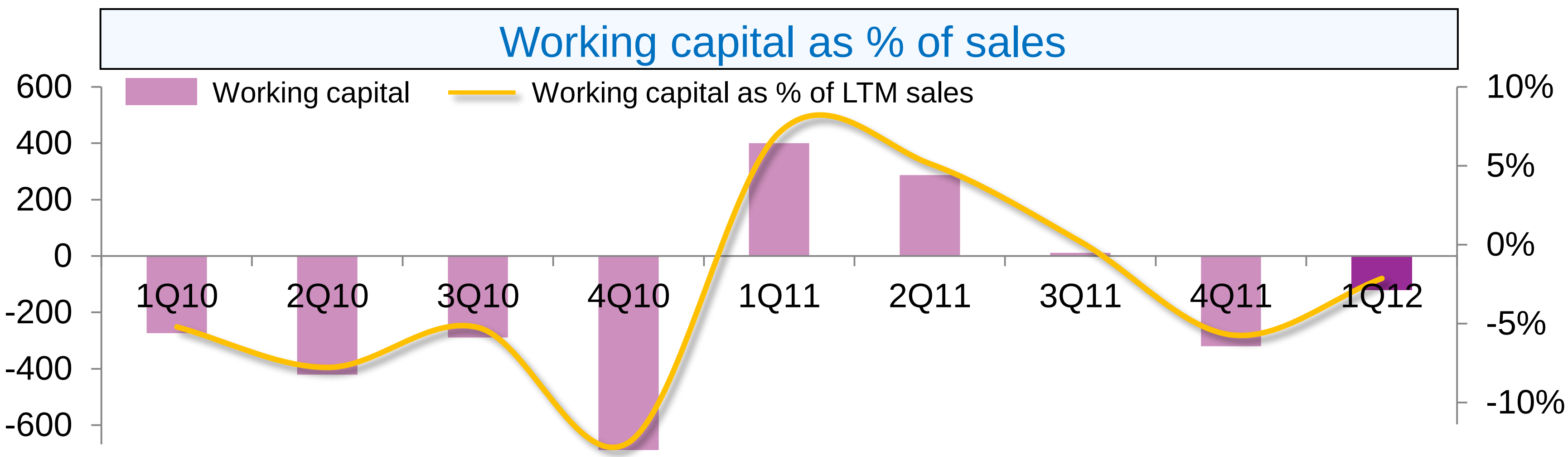
Consumer Lifestyle: financials over the last two years

EUR million





[1] Adjusted EBITA is EBITA corrected for incidental charges (details on slide 85)
Note - All figures exclude discontinued operations

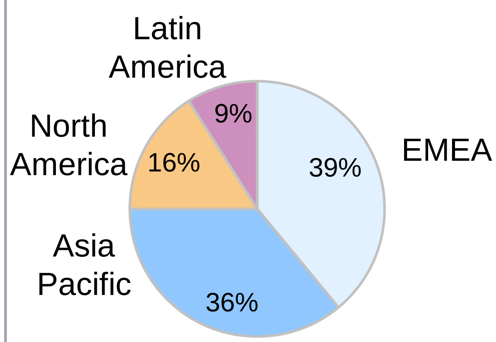
Consumer Lifestyle: Q1 2012 Sector analysis

EUR million

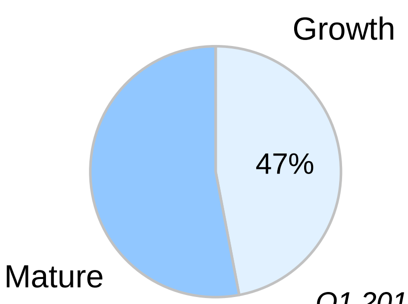
Key figures

	1Q11	4Q11	1Q12
Sales	1,249	1,787	1,286
% sales growth comp.	*4*	*0*	*(1)*
EBITA	79	130	259
EBITA as % of sales	*6.3*	*7.3*	*20.1*
EBIT	64	113	241
EBIT as % of sales	*5.1*	*6.3*	*18.7*
NOC	1,476	887	1,203
Employees (FTEs)	14,423	18,291	18,742

Sales per region



Growth Geographies



Q1 2012

Financial performance

- Sales increased 3% nominally year-on-year. On a comparable basis, sales decreased 1% as strong double-digit growth at Health & Wellness and mid-single-digit growth at Domestic Appliances and Personal Care were largely offset by declines at Lifestyle Entertainment. On aggregate, the above-mentioned growth businesses' comparable sales increased by 7% year-on-year.
- Regionally, double-digit growth in China and India and mid-single-digit growth in North America were more than offset by a decline in Western Europe.
- EBITA included EUR 14 million of net costs formerly reported as part of the Television business in Consumer Lifestyle (EUR 20 million in Q1 2011).
- EBITA was EUR 180 million higher compared to Q1 2011, reflecting the EUR 160 million gain from the Senseo transaction, higher earnings at Health & Wellness, and lower stranded costs from the Television business. Excluding restructuring and acquisition related charges of EUR 13 million in both Q1 2011 and Q1 2012 and the gain on the Senseo transaction, EBITA increased from 7.4% to 8.7%.
- Net operating capital decreased by EUR 273 million, impacted mainly by the Television business deal.

Note - All figures exclude discontinued operations

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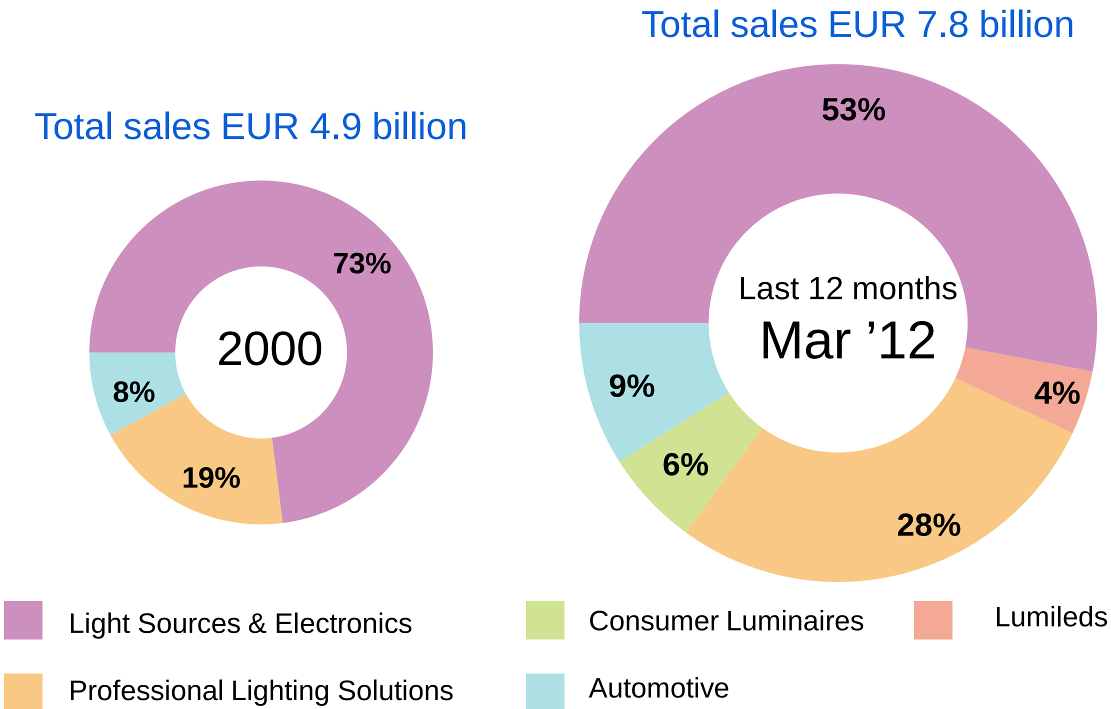
Lighting: Improve profitability on the path to LED and solutions

- Accelerate transformation to LED, applications and solutions
- Strengthen performance management and execution
- Address cost base and margin management
- Deliver on turnaround of Consumer Luminaires and Lumileds



[1] Excluding batteries EUR 0.2 billion

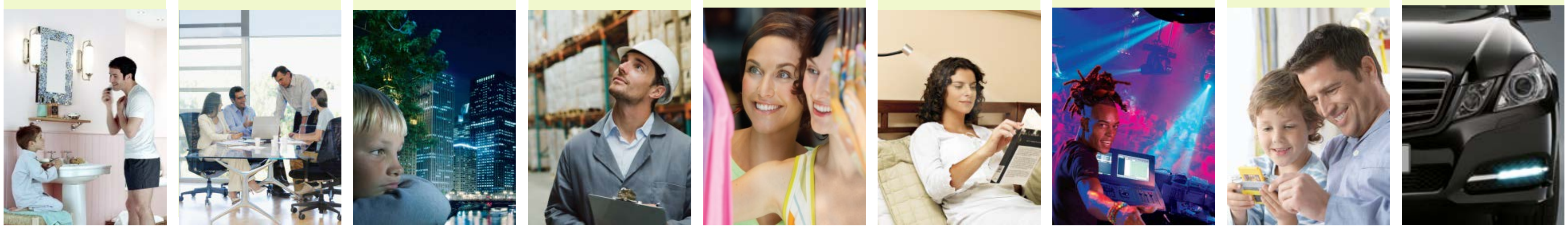
We increase our focus towards the people we serve

Further strengthening our global leadership in Lighting

Philips Lighting

Customer Segments[1]

Homes	Offices	Outdoor	Industry	Retail	Hospitality	Entertainment	Healthcare	Automotive
23%	17%	15%	9%	15%	5%	3%	4%	9%



€7.6
Billion sales in 2011

53,000+
People employed worldwide in 60 countries

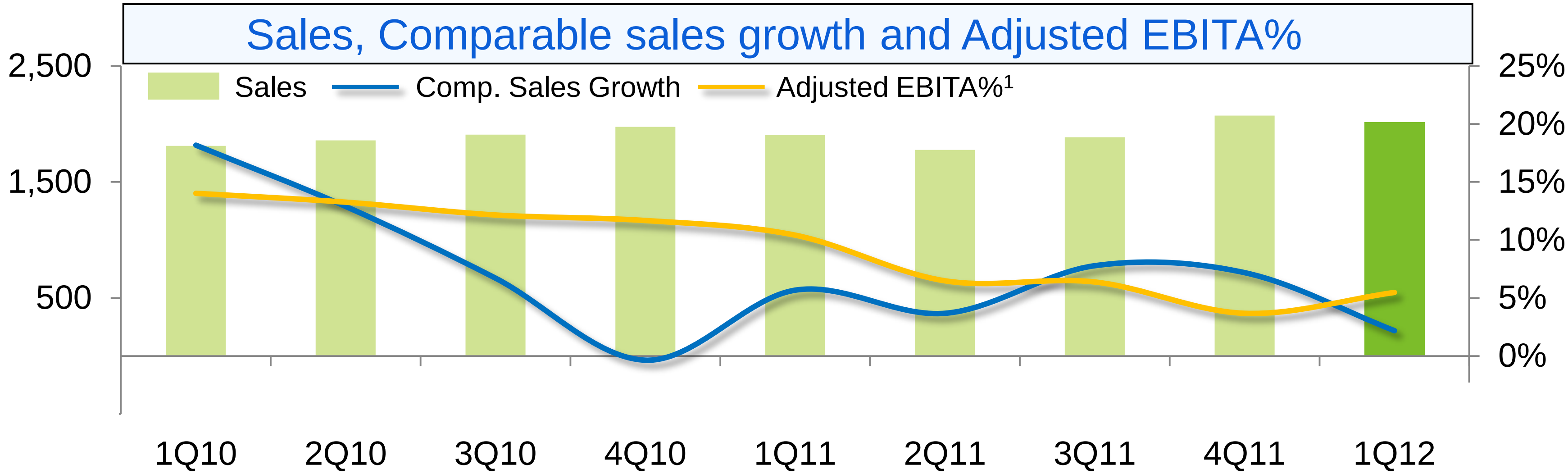
5%
of sales invested in R&D in 2011

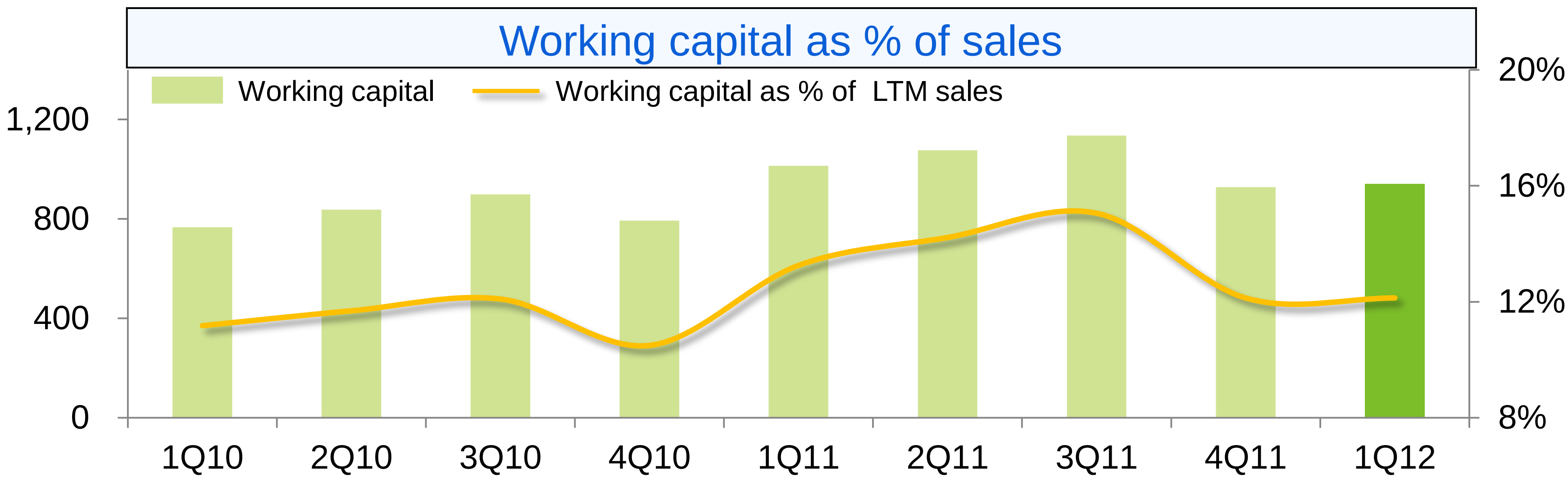
80,000+
Products & services offered in 2011

[1] Indicative split

Lighting: financials over the last two years

EUR million





[1] Adjusted EBITA is EBITA corrected for incidental charges (details on slide 85)

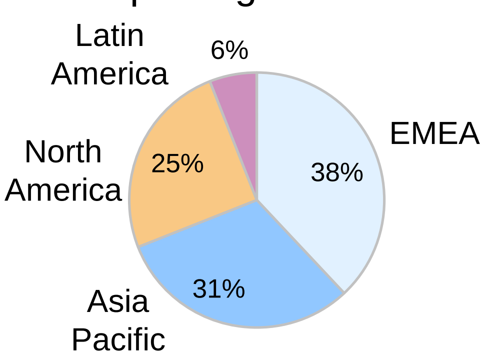
Lighting: Q1 2012 Sector analysis

EUR million

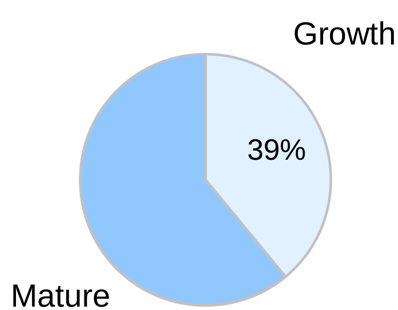
Key figures

	1Q11	4Q11	1Q12
Sales	1,903	2,072	2,015
% sales growth comp.	*6*	*7*	*2*
EBITA	193	41	61
EBITA as % of sales	*10.1*	*2.0*	*3.0*
EBIT	152	(130)	17
EBIT as % of sales	*8.0*	*(6.3)*	*0.8*
NOC	5,580	5,020	5,060
Employees (FTEs)	54,856	53,168	53,169

Sales per region



Growth Geographies



Q1 2012

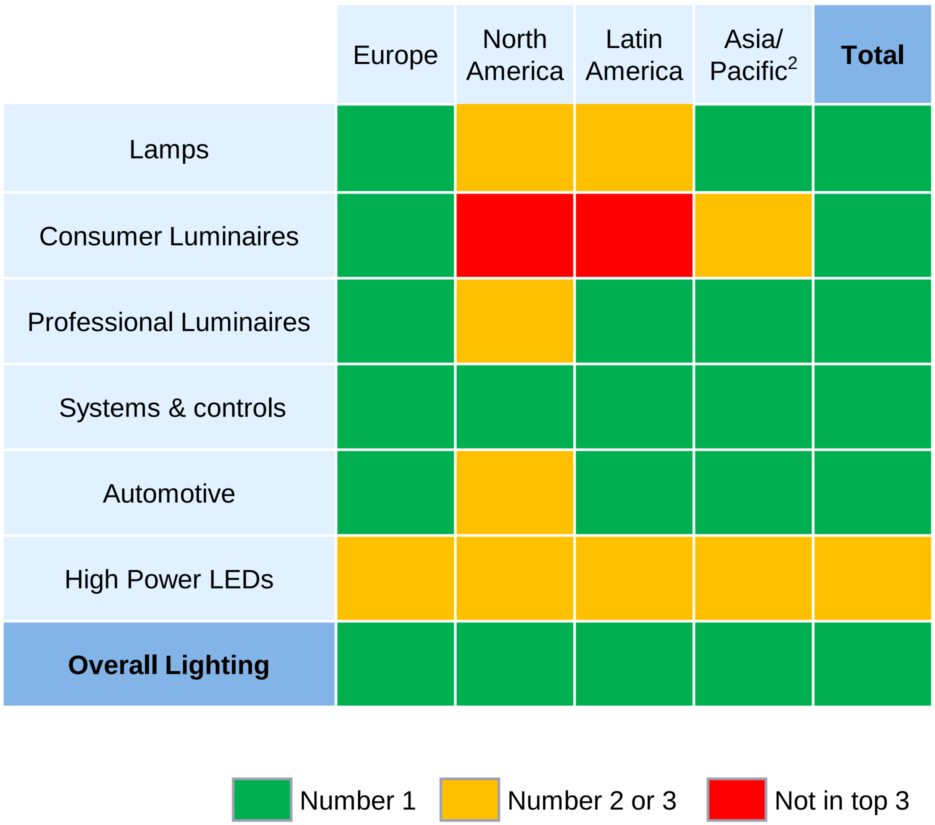
Financial performance

- Comparable sales were 2% higher year-on-year, as mid-single-digit sales growth in all other businesses was partly offset by a sales decrease at Lumileds. High-single-digit sales growth was delivered in growth geographies.
- LED-based sales grew 22% compared to Q1 2011, and now represent 16% of total Lighting sales.
- EBITA, excluding restructuring and acquisition-related charges and a loss on the sale of assets of EUR 49 million in total (Q1 2011: EUR 5 million), was EUR 110 million, or 5.5% of sales (Q1 2011: EUR 198 million, or 10.4% of sales).
- The year-on-year EBITA decrease was mainly attributable to an increase in raw material prices during 2011 and operational performance issues at Lumileds and Consumer Luminaires. In addition, increased restructuring and acquisition-related charges of EUR 24 million (Q1 2011: EUR 5 million) and a EUR 25 million loss on the sale of assets impacted EBITA.
- Net operating capital decreased by EUR 520 million to EUR 5,060 million, driven by a combination of goodwill and intangible asset write-downs in 2011 totaling EUR 660 million, currency impact, the consolidation of Indal in Q1 2012, and improved working capital management.

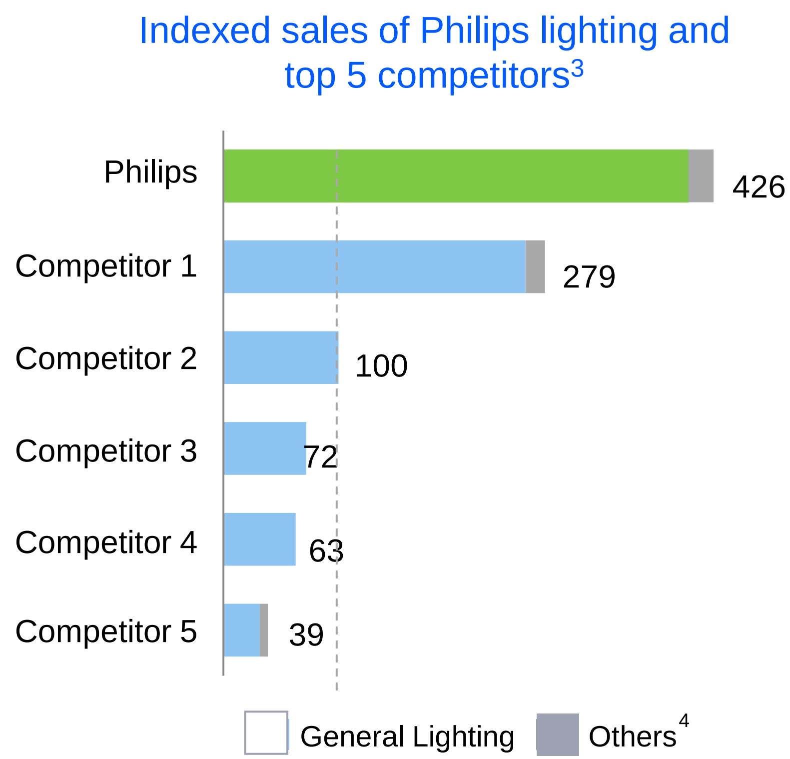
The leading global lighting company

Market leadership[1] across most categories

Market share per Business Group by Region,
as per Q3 2011



We are the largest lighting company…



[1] Source: customer panels and Industry associations
[2] Excluding Japan
[3] Sales for competitors based on latest fiscal year (2011)
[4] Includes backlighting, display/ flash, projector lighting and other non-general illumination categories

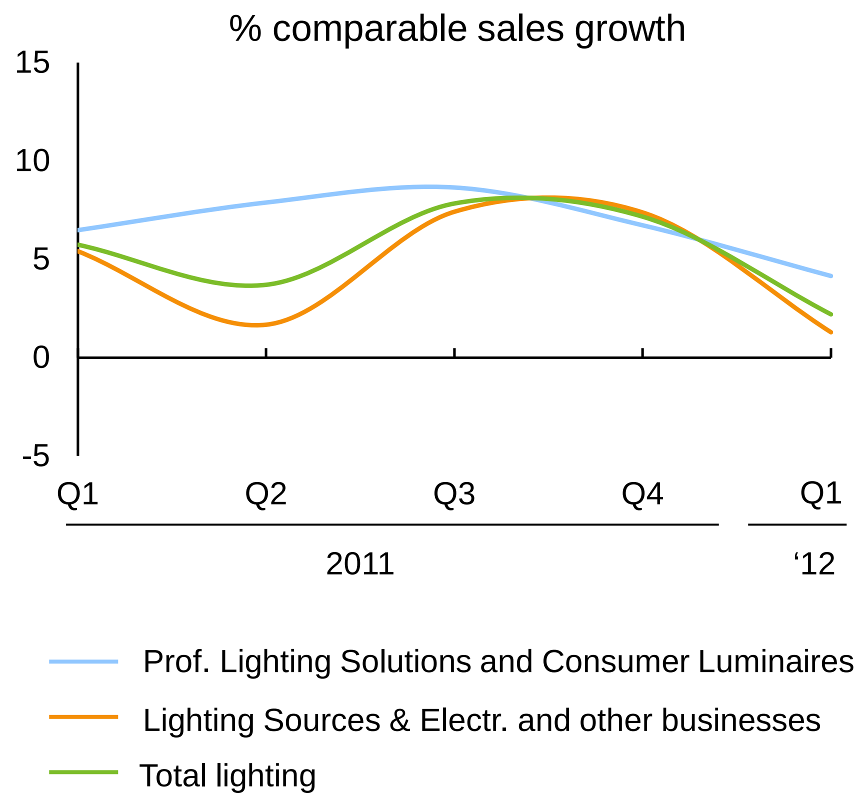
Sales recovery despite current weakness in the construction market in mature economies

Around 20% of Philips Lighting sales driven by New Build in Western Europe & North America (WE&NA)

Philips Lighting	New Build	Replace-ment	Total
Residential	**10%**	13%	23%
Commercial	**30%**	23%	53%
Other	17%	7%	24%
Total	57%	43%	100%

New Build	WE&NA	ROW	Total
Residential	5%	5%	10%
Commercial	15%	15%	30%
Total	20%	20%	40%

Not yet firing on all cylinders: soft construction activity impacts Luminaires market in mature economies



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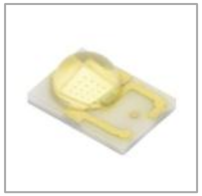
We are the leading LED lighting company

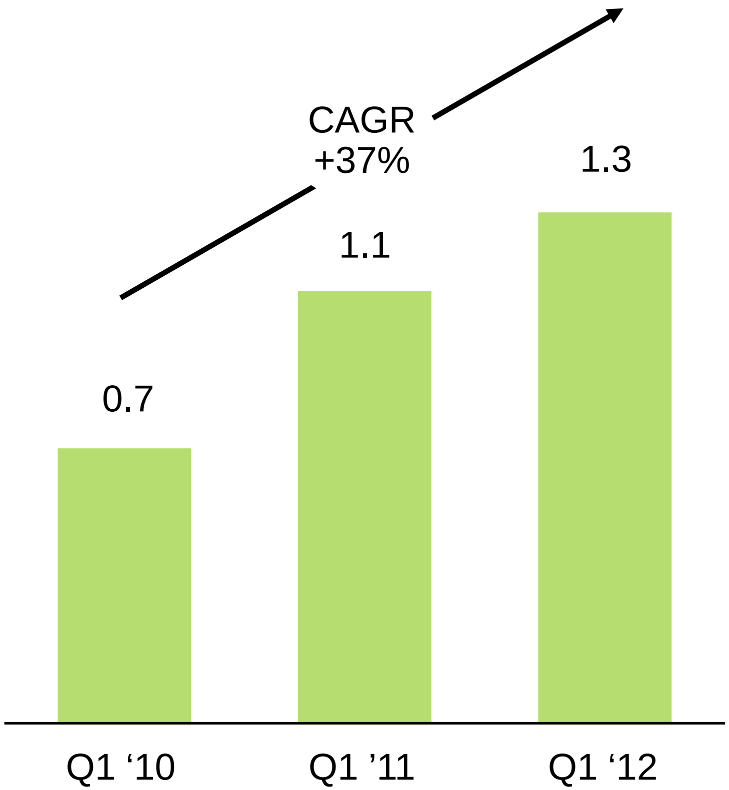
Strong positions in LED lighting

- LED licensing program with over 140 licensees is clear testimony of our LED innovation leadership
- One of the leading lighting packaged LEDs players worldwide
- LED lamps market share exceeds our share in conventional lamps
- Largest LED luminaires company




Robust growth across our LED portfolio

Last 12 months sales, EUR billion



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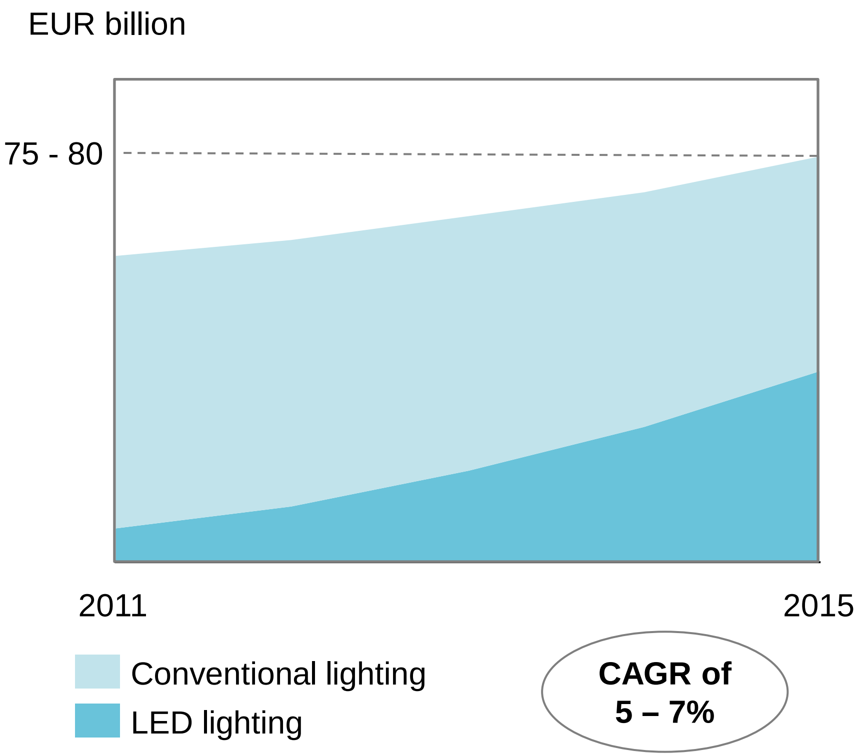
The lighting industry is transforming and offers significant growth opportunities

Global General Illumination[1] market forecasted to grow to around EUR 80 billion by 2015…



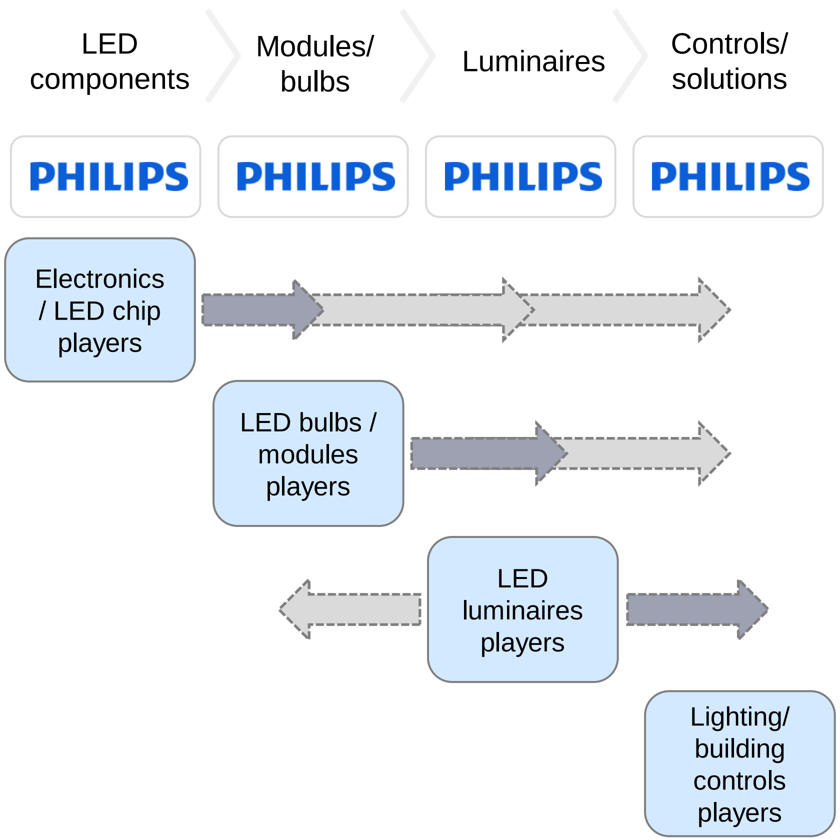
…driven by LED, legislation and increasing light points in growth geographies

- Lighting market will grow faster than GDP, driven by:
  - **LED**: LED penetration forecasted to grow to ~45% by 2015
  - **Energy efficiency**: Many governments are phasing out inefficient lighting technologies
  - **Growth in light points**: Increased electrification leading to strong growth in light points in growth geographies
- Conventional lighting continues to be a large part of the market

[1] Excluding Automotive Lighting and LED components market
Source: Philips Lighting global market study 2010, updated for 2011

Philips has a unique position in a changing lighting competitive landscape

Digital Lighting value chain



The changing industry landscape

- Traditional value chain had:
  - 3 to 4 global and few local lamps players
  - 6 to 8 regional and thousands of local luminaires players
- Lower barriers to entry in LEDs will initially mean more players across the value chain – not all positioned to win
- Building systems and lighting controls players collaborating on turnkey projects for energy savings
- Philips has an unique advantage, leveraging strong position across the value chain

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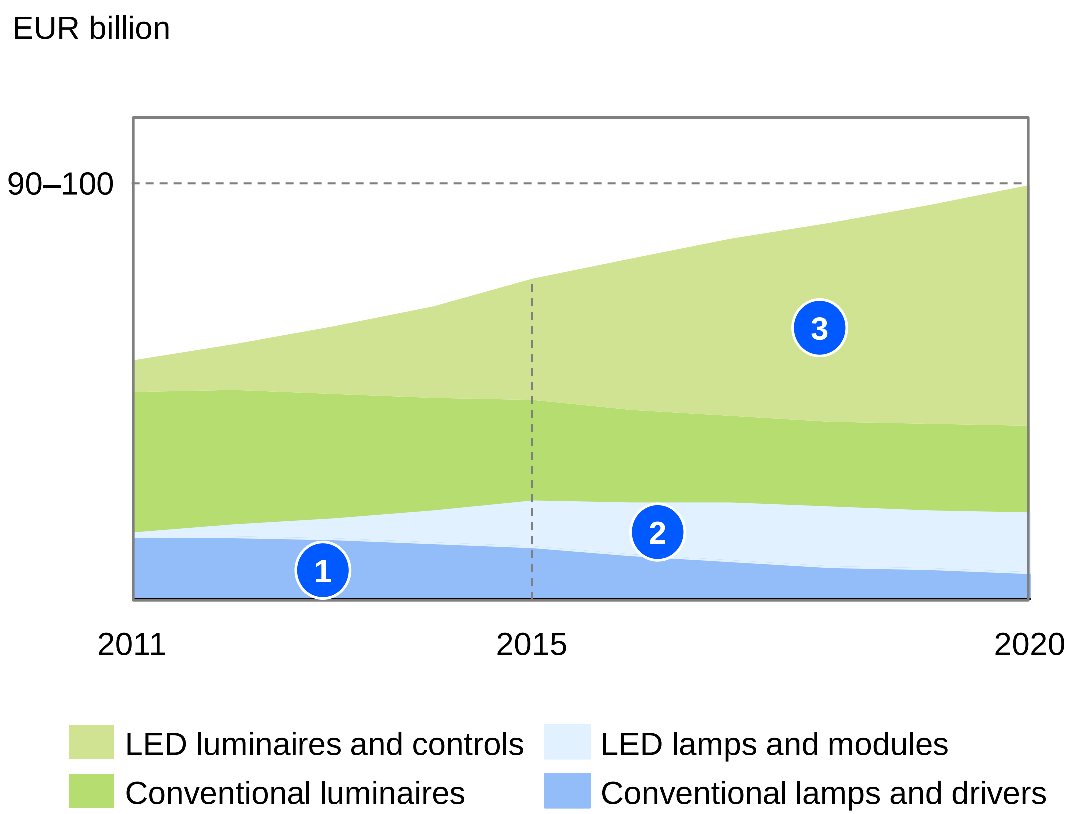
We have a strategy to maintain leadership in conventional lighting and win in LEDs/ applications

Global General Illumination[1] market



1
Win "golden tail" in conventional lamp and drivers.
Create flexibility to anticipate slower or faster phase out

2
Leverage growth opportunity in LED lamps and modules

3
Invest in LED luminaires and controls to secure future leadership

[1] Excluding Automotive Lighting and LED components market
Source: Philips Lighting global market study 2010, updated for 2011

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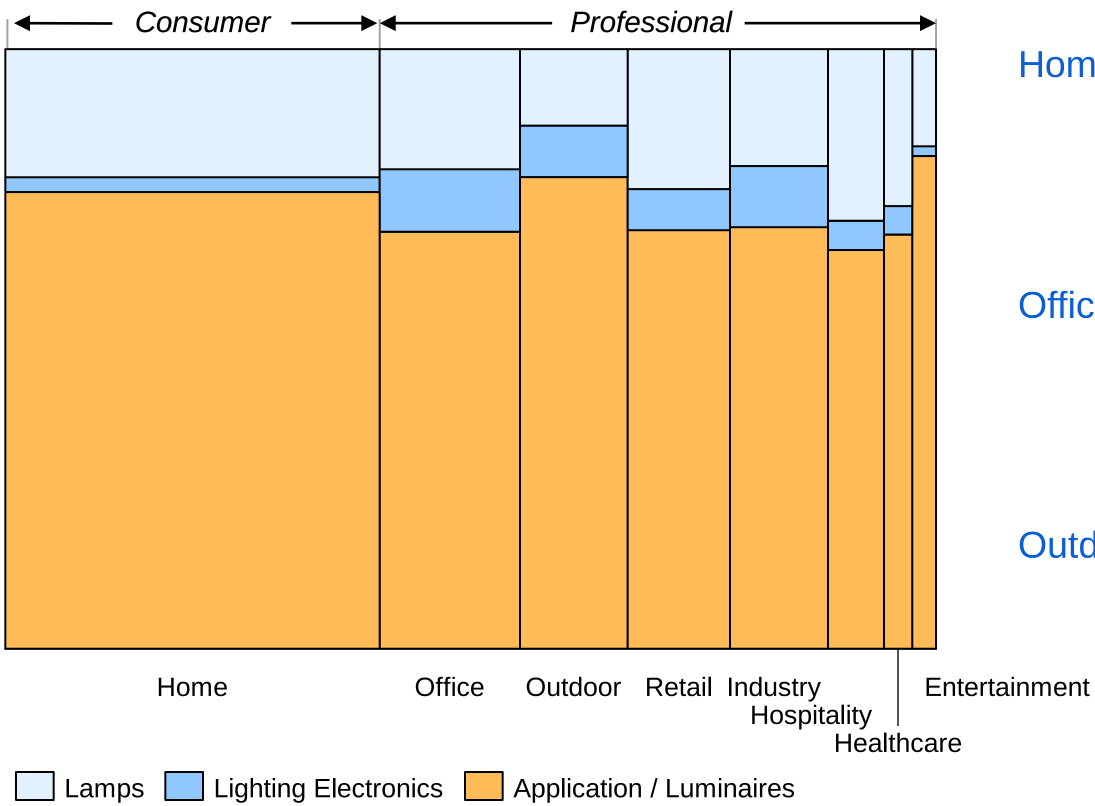
Home, Office, and Outdoor are the biggest segments Professional is the largest channel

Total market size in 2011[1]: EUR 55-60 billion



Biggest segments

Home

Office

Outdoor

[1] General illumination (excludes Automotive)
Source: Philips Lighting global market study 2010, updated for 2011

Building on necessary strengths for sustainable value creation

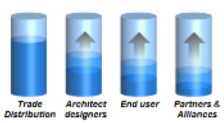
Strengths

PHILIPS Philips brand

- World's 41st most valuable brand in 2011

Cost-efficiency and responsiveness

- Integrated value chain and end-to-end processes for fastest time-to-market
- Low-cost and highly efficient manufacturing and supply base



Go-to-market strength

- Strong Key Account Management and specifier relations
- Strong coverage in 4 metropolitan cities and 32 main cities in China
- Over 1 million selling points through wholesale in India

Innovation leader

- Leader in LED lighting innovation (e.g. L-prize), with an established technology roadmap, ahead of competition
- Leading IP position acknowledged across the industry

Global footprint

- Serving customers in over 180 countries
- Growth geographies contributing around 40% of our total revenue
- Global presence driving scale

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Innovation, Group & Services

Formerly known as Group Management & Services

Group Innovation

Philips Group Innovation encompasses Group Funded Research and Innovation, Design and Emerging Businesses

IP Royalty

Royalty/licensing activities related to the IP on products no longer sold by the sectors

Group Management and Regional Costs

Corporate center and country & regional overheads

Accelerate! related investments

Costs related to consultancy, investments in IT, and internal departments dedicated to Accelerate! programs and expected to stop by the end of the program in 2014

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, TV stranded costs and other incidentals related to the legal liabilities of the Group

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Sector analysis Q1 – Innovation, Group & Services

EUR million

Key figures

	1Q11	4Q11	1Q12
Sales	134	67	98
% sales growth comp.	*(29)*	*7*	*(5)*
EBITA:			
Group Innovation	(20)	(14)	(29)
IP Royalty	50	53	45
Group & Regional Costs	(30)	(44)	(31)
Accelerate! investments	-	(21)	(26)
Pensions	(14)	16	6
Services Units & Other	(19)	(66)	42
EBITA	(33)	(76)	7
EBIT	(35)	(79)	5
NOC	(2,936)	(3,898)	(3,624)
Employees (FTEs)	12,213	12,474	12,146

Financial performance

- Sales decreased from EUR 134 million in Q1 2011 to EUR 98 million in Q1 2012, mainly due to the divestment of Assembléon.
- EBITA showed a net profit of EUR 7 million, an increase of EUR 40 million year-on-year.
- Group Innovation EBITA was EUR 9 million lower than in Q1 2011, attributable to new innovation initiatives.
- In Service Units and Other, EBITA included a gain of EUR 37 million related to the sale of the High Tech Campus in Q1 2012, and was impacted by lower service unit costs attributable to the seasonality of IT spend. In Q1 2011, EBITA was negatively impacted by EUR 11 million of costs related to the disposal of Assembléon.
- Net operating capital decreased EUR 688 million, mainly due to pensions, financial hedging instruments held at corporate level, and lower tangible fixed assets.

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sense and simplicity

Appendix

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Publication and AGM dates 2012

January 30	Fourth quarterly and annual results 2011
February 23	Annual Report 2011
April 23	First quarterly results 2012
April 26	Annual General Meeting of Shareholders
July 23	Second quarterly and semi-annual results 2012
October 22	Third quarterly results 2012

Development cost capitalization & amortization by sector

EUR million

	Capitalization		Amortization	
	Q1 2011	Q1 2012	Q1 2011	Q1 2012
Healthcare	40	51	16	20
Consumer Lifestyle	8	10	8	7
Lighting	14	14	7	11
IG&S	3	-	-	-
Group	65	75	31	38

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Fixed assets expenditures & Depreciation by sector[1]

EUR million

	Gross CapEx		Depreciation	
	Q1 2011	Q1 2012	Q1 2011	Q1 2012
Healthcare	46	53	45	51
Consumer Lifestyle	35	27	27	30
Lighting	71	58	60	66
IG&S	9	21	16	15
Group	161	159	148	162

[1] Excluding software related capital expenditures and depreciation

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Fixed assets expenditures & Depreciation by sector[1]

EUR million

	Gross CapEx		Depreciation	
	2010	2011	2010	2011
Healthcare	179	224	183	189
Consumer Lifestyle	116	148	112	108
Lighting	273	279	256	262
IG&S	53	74	93	75
Group	621	725	644	634

[1] Excluding software related capital expenditures and depreciation

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Restructuring, acquisition-related and other incidentals

EUR million

	1Q11	2Q11	3Q11	4Q11	**2011**	**1Q12**
Acq.-related charges	(2)	(3)	(3)	(9)	**(17)**	**(5)**
Restructuring	4	4	1	(12)	**(3)**	**(4)**
Healthcare	2	1	(2)	(21)	**(20)**	**(9)**
Acq.-related charges	(10)	(12)	(9)	(14)	**(45)**	**(6)**
Restructuring	(3)	(1)	(1)	(4)	**(9)**	**(7)**
Sale of Senseo trademark	-	-	-	-	**-**	**160**
Consumer Lifestyle	(13)	(13)	(10)	(18)	**(54)**	**147**
Acq.-related charges	(2)	(3)	(7)	-	**(12)**	**(3)**
Restructuring	(3)	(11)	(4)	(36)	**(54)**	**(21)**
Other Incidentals	-	-	-	-	**-**	**(25)**
Lighting	(5)	(14)	(11)	(36)	**(66)**	**(49)**
Restructuring	1	2	(1)	(25)	**(23)**	**1**
Other Incidentals	-	-	-	21	**21**	**37**
IG&S	1	2	(1)	(4)	**(2)**	**38**
Total Acq.-related charges	(14)	(18)	(19)	(23)	**(74)**	**(14)**
Total Restructuring	(1)	(6)	(5)	(77)	**(89)**	**(31)**
Total Others	-	-	-	21	**21**	**172**
Grand Total	(15)	(24)	(24)	(79)	**(142)**	**127**

Note – Figures can be used to make the bridge between reported and adjusted EBITA numbers

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