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 and the "Risk and uncertainties" section in our semi-annual financial report for the six months ended July 3, 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 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. Management update
2. Group results Q3 2011
3. Accelerate! Change and performance
4. Portfolio strength
5. Path to value
6. Group and sector overview
Management update

• Sales increase of 6%;
  – Solid Healthcare sales growth of 7% and equipment order intake growth of 5%
  – Consumer Lifestyle growth businesses showed high-single-digit sales growth
  – Lighting grew by a strong 8%, driven by LED at 32%

• Adjusted EBITA decline from 11.7% Q3 2010 to 7.3% Q3 2011, marginally below Q2 2011;
  – Investments in R&D and selling expenses for new product launches negatively affected Healthcare margins
  – Consumer Lifestyle results affected by investments for growth and a strong decline at Lifestyle Entertainment
  – Investments in selling and R&D, higher raw material costs, and adverse Lumileds and Consumer Luminaires performance led to a decline in Lighting results

• Moving forward on Accelerate!: Philips’ change and performance program
  – Implementation of the Philips Business System has begun to improve granular performance insights, enhancing management accountability and prompting corrective actions.
  – EUR 800 million cost reduction program deployed to significantly decrease complexity and overhead costs

• TV : negotiations slowly progressing towards agreement in Q4, and closing thereafter subject to regulatory approvals; disentanglement on schedule

• 24% of EUR 2 billion share buy back program completed

• We reiterate our 2013 mid-term financial targets

Note - All figures exclude discontinued operations
Performance improvement update

Accelerate! Change and performance improvement
✓ Cost reduction program of EUR 800 million deployed, first gross savings expected Q4 ‘11
✓ Modified reward system for 2011 implemented
✓ Structural change in reward system to be prepared for 2012
✓ Operating model: implementation of design principles in progress
✓ New set of behaviors introduced. Training programs running to drive culture change
✓ Selling/ R&D expenses expected to remain stable in relation to sales for 2H over 1H 2011

Addressing operational issues
• Lighting:   - execute Consumer Luminaires turn-around plan
- optimize cost base
- improve margin management
✓ strengthen performance management
- resolve execution issues
- Lumileds: performance improvement
• Consumer Lifestyle: - execute turn-around plan Lifestyle Entertainment

Portfolio
• TV Joint Venture: - final negotiations with TPV delayed, but continue to progress
- agreement expected in Q4, and closing thereafter subject to regulatory approvals
- disentanglement progressing well
- deal result pending finalization

Disciplined Capital Use
✓ 24% of EUR 2 billion share buy back program completed
• Deliver on inventory reduction programs
• Focused value delivery plan for each past acquisition

Note - ✓ is equal to completed actions
1. Management update

2. Group results Q3 2011

3. Accelerate! Change and performance

4. Portfolio strength

5. Path to value

6. Group and sector overview
### Headlines: Q3 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Highlights</th>
</tr>
</thead>
</table>
| **Group**    | • Comp. sales up 6%, led by 8% growth at Lighting and 7% growth at Healthcare  
• Growth geographies sales increase 13% on a comparable basis  
• EBITA at EUR 368 million, or 6.8% of sales  
• Free cash outflow of EUR 172 million  
• Cost-reduction actions commence |
| **Healthcare**| • Comparable sales increased a solid 7%, with increases across all businesses  
• Currency-comparable equipment order intake grew 5% year-on-year  
• EBITA decreased by EUR 21 million y-on-y to EUR 261 million, or 12.6% of sales |
| **Consumer Lifestyle** | • Sales on a comparable basis increased 1% over Q3 2010; combined Personal Care, Health & Wellness and Domestic Appliances high single digit growth, partly offset by lower license revenue and a sales decline at Lifestyle Entertainment  
• EBITA was EUR 67 million lower compared to Q3 2010, which was attributable to lower profitability at Lifestyle Entertainment and to higher investments in advertising & promotion and in R&D across all businesses |
| **Lighting** | • Sales increased by 8% compared to Q3 2010, driven by double-digit sales growth at Lamps and Professional Luminaires, partly offset by a sales decrease at Lumileds and Consumer Luminaires  
• Year-on-year EBITA decreased mainly due to a decline in earnings at Lumileds and Consumer Luminaires, raw material price increases and step-ups in investments for growth |

Note - All figures exclude discontinued operations
# Key Financials Summary – Q3 2011

*EUR million*

<table>
<thead>
<tr>
<th></th>
<th>Q3 2010</th>
<th>Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5,460</td>
<td>5,394</td>
</tr>
<tr>
<td>EBITA</td>
<td>647&lt;sup&gt;1&lt;/sup&gt;</td>
<td>368&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td>Financial income and expenses</td>
<td>80&lt;sup&gt;2&lt;/sup&gt;</td>
<td>(93)&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>Income tax</td>
<td>(63)</td>
<td>(64)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>524</td>
<td>76</td>
</tr>
<tr>
<td>Net Operating Capital</td>
<td>14,322</td>
<td>11,624</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>168</td>
<td>53</td>
</tr>
<tr>
<td>Net capital expenditures</td>
<td>(199)</td>
<td>(225)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>(31)</td>
<td>(172)</td>
</tr>
</tbody>
</table>

<sup>1</sup> Q3 11 includes EUR (24)M of charges; 3Q10 includes on balance EUR (29)M of charges and a gain of EUR 36M related to a pension plan change

<sup>2</sup> Q3 11 included a negative impact of EUR 17M due to a fair-value adjustment of the option related to NXP; 3Q10 includes a EUR 154M gain on the sales of NXP shares

Note - All figures exclude discontinued operations
Sales by sector – Q3 2011

EUR million

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q3 2010</th>
<th>Q3 2011</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>2,070</td>
<td>2,077</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>1,395</td>
<td>1,377</td>
<td>(1)</td>
<td>1</td>
</tr>
<tr>
<td>Lighting</td>
<td>1,908</td>
<td>1,886</td>
<td>(1)</td>
<td>8</td>
</tr>
<tr>
<td>GM&amp;S</td>
<td>87</td>
<td>54</td>
<td>(38)</td>
<td>(6)</td>
</tr>
<tr>
<td>Philips Group</td>
<td>5,460</td>
<td>5,394</td>
<td>(1)</td>
<td>6</td>
</tr>
</tbody>
</table>

Note - All figures exclude discontinued operations
Sales Growth and EBITA Margin Development

Comparable sales growth and EBITA%

<table>
<thead>
<tr>
<th>Year</th>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comparable sales growth

- Healthcare: 7%
- Consumer Lifestyle: 1%
- Lighting: 8%
- Group: 6%

EBITA%

- Healthcare: 13%
- Consumer Lifestyle: 7%
- Lighting: 6%
- Group: 7%

Note - All figures exclude discontinued operations
## Sales by geography – Q3 2011

**EUR million**

<table>
<thead>
<tr>
<th>Region</th>
<th>Q3 2010</th>
<th>Q3 2011</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>1,550</td>
<td>1,480</td>
<td>(5)</td>
<td>(3)</td>
</tr>
<tr>
<td>North America</td>
<td>1,764</td>
<td>1,653</td>
<td>(6)</td>
<td>5</td>
</tr>
<tr>
<td>Other mature geographies</td>
<td>376</td>
<td>411</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Growth geographies(^1)</td>
<td>1,770</td>
<td>1,850</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Philips Group</td>
<td>5,460</td>
<td>5,394</td>
<td>(1)</td>
<td>6</td>
</tr>
</tbody>
</table>

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

Note - All figures exclude discontinued operations
Growth geographies: trend through Q3 2011

Sales development in growth geographies

Sales in growth geographies as percentage of sector sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comparable sales growth in growth geographies

<table>
<thead>
<tr>
<th>Year</th>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note - All figures exclude discontinued operations
Growth geographies – Q3 ‘11 and last twelve months

Sales in growth geographies

Last twelve months

- Healthcare: 21%
- Consumer Lifestyle: 41%
- Lighting: 39%

Philips Group

- Growth: 33%
- Mature: 67%

Note - All figures exclude discontinued operations
**EBITA by sector – Q3 2011**

*EUR million*

<table>
<thead>
<tr>
<th></th>
<th>Q3 2010</th>
<th>Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare¹</td>
<td>282</td>
<td>261</td>
</tr>
<tr>
<td>Consumer Lifestyle²</td>
<td>169</td>
<td>102</td>
</tr>
<tr>
<td>Lighting³</td>
<td>216</td>
<td>110</td>
</tr>
<tr>
<td>GM&amp;S⁴</td>
<td>(20)</td>
<td>(105)</td>
</tr>
<tr>
<td>Philips Group</td>
<td>647</td>
<td>368</td>
</tr>
<tr>
<td>as % of sales</td>
<td>11.8%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

¹ 3Q11 includes EUR (2)M of restructuring and acquisition-related charges; 3Q10 includes EUR (6)M of charges
² 3Q11 includes EUR (10)M of restructuring and acquisition-related charges; 3Q10 includes EUR (12)M of charges
³ 3Q11 includes EUR (11)M of restructuring and acquisition-related charges; 3Q10 includes EUR (17)M of charges
⁴ 3Q11 includes EUR (1)M of restructuring charges; 3Q10 positively impacted by a EUR 36M pension plan change and a EUR 6M provision release

Note - All figures exclude discontinued operations
## Adjusted EBITA by sector – Q3 2011

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2010</th>
<th>Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare¹</td>
<td>288</td>
<td>263</td>
</tr>
<tr>
<td>Consumer Lifestyle²</td>
<td>181</td>
<td>112</td>
</tr>
<tr>
<td>Lighting³</td>
<td>233</td>
<td>121</td>
</tr>
<tr>
<td>GM&amp;S⁴</td>
<td>(62)</td>
<td>(104)</td>
</tr>
<tr>
<td>Philips Group</td>
<td>640</td>
<td>392</td>
</tr>
<tr>
<td>as % of sales</td>
<td>11.7%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

¹ 3Q11 excludes EUR (2)M of restructuring and acquisition-related charges; 3Q10 excludes EUR (6)M of charges
² 3Q11 excludes EUR (10)M of restructuring and acquisition-related charges; 3Q10 excludes EUR (12)M of charges
³ 3Q11 excludes EUR (11)M of restructuring and acquisition-related charges; 3Q10 excludes EUR (17)M of charges
⁴ 3Q11 excludes EUR (1)M of restructuring charges; 3Q10 positively impacted by a EUR 36M pension plan change and a EUR 6M provision release

Note - All figures exclude discontinued operations
EBITA: Q3 2011

**EUR million**

### EBITA & EBITA% – Q3 2011

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q10</td>
<td>3Q11</td>
<td>3Q10</td>
<td>3Q11</td>
</tr>
<tr>
<td>13.6%</td>
<td>12.6%</td>
<td>12.1%</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

### Adjusted EBITA & Adjusted EBITA% - Q3 2011

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q10</td>
<td>3Q11</td>
<td>3Q10</td>
<td>3Q11</td>
</tr>
<tr>
<td>13.9%</td>
<td>12.7%</td>
<td>13.0%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

1 Adjusted EBITA is EBITA corrected for incidental charges (details on slide 81)

Note - All figures exclude discontinued operations
Philips: key financials over the last two years

**EUR million**

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

- **Sales**
- **Comp. Sales Growth**
- **Adjusted EBITA%**

**Working capital as % of sales**

1. Adjusted EBITA is EBITA corrected for incidental charges (details on slide 81)
2. Working Capital as % of sales of Healthcare, Consumer Lifestyle and Lighting; excluding central sector GM&S

Note - All figures exclude discontinued operations
# Free Cash Flow – Q3 2011

**EUR million**

<table>
<thead>
<tr>
<th>Description</th>
<th>Q3 2010</th>
<th>Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from continuing operations</td>
<td>539</td>
<td>130</td>
</tr>
<tr>
<td>Depreciation/ amortization/ impairments</td>
<td>340</td>
<td>326</td>
</tr>
<tr>
<td>Net gain on sale of assets</td>
<td>(167)</td>
<td>(20)</td>
</tr>
<tr>
<td>Changes in Working Capital, of which:</td>
<td>(303)</td>
<td>(292)</td>
</tr>
<tr>
<td>- changes in Net inventories</td>
<td>(321)</td>
<td>(198)</td>
</tr>
<tr>
<td>- changes in Accounts receivable</td>
<td>(114)</td>
<td>(189)</td>
</tr>
<tr>
<td>- changes in Accounts payable</td>
<td>132</td>
<td>95</td>
</tr>
<tr>
<td>(Decrease) increase in provisions</td>
<td>(91)</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>(150)</td>
<td>(92)</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>168</td>
<td>53</td>
</tr>
<tr>
<td>Purchase intangible assets/ Exp. on development assets</td>
<td>(63)</td>
<td>(72)</td>
</tr>
<tr>
<td>Capital expenditures on PP&amp;E&lt;sup&gt;1&lt;/sup&gt;</td>
<td>(166)</td>
<td>(177)</td>
</tr>
<tr>
<td>Proceeds from PP&amp;E</td>
<td>30</td>
<td>24</td>
</tr>
<tr>
<td>Net capital expenditures</td>
<td>(199)</td>
<td>(225)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>(31)</td>
<td>(172)</td>
</tr>
</tbody>
</table>

<sup>1</sup> PP&E stands for Property, Plant and Equipment

Note - All figures exclude discontinued operations
ROIC impacted by impairment charge in Q2 2011

Development of Return on Invested Capital (ROIC)

• Reported ROIC declines because of impairment in Q2 2011, due to a change in discount rate and lower post-recession economic recovery

• ROIC excluding impairment declined mainly due to lower earnings in Consumer Lifestyle and Lighting

• Discount rate now at 8.7%, from 8.1% in 2010 mainly due to an increase in certain risk free rates and adjustments in some peer groups

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 September 2011
Amounts in EUR millions

Characteristics of long-term debt
- Maturities up to 2038
- Average tenor of long-term debt is 11.5 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 its EUR1.8B standby facility to February 2016. In addition, 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*

“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
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
2011 acquisitions at a glance

**Healthcare**

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-2011</td>
<td>Sectra</td>
<td>Imaging Systems</td>
<td>Expand Women’s Healthcare portfolio with a unique digital mammography solution in terms of radiation dose</td>
</tr>
<tr>
<td>Jun-2011</td>
<td>AllParts Medical</td>
<td>Customer Services</td>
<td>Expand capabilities in imaging equipment services, strengthening Philips’ Multi-Vendor Services business</td>
</tr>
<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>
</tbody>
</table>

**Consumer Lifestyle**

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-2011</td>
<td>Povos</td>
<td>Domestic Appliances</td>
<td>Expanding product portfolio in China and continue to build business creation capabilities in growth geographies</td>
</tr>
<tr>
<td>Jan-2011</td>
<td>Preethi</td>
<td>Domestic Appliances</td>
<td>Becoming a leading kitchen appliances company in India</td>
</tr>
</tbody>
</table>

**Lighting**

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-2011</td>
<td>Indal</td>
<td>Professional Luminaires</td>
<td>Strengthen leading position in professional lighting within Europe</td>
</tr>
<tr>
<td>Jan-2011</td>
<td>Optimum</td>
<td>Professional Luminaires</td>
<td>Expand portfolio with customized energy-efficient lighting solutions</td>
</tr>
</tbody>
</table>

Note - Dates refer to announcement date of acquisitions
1. Management update
2. Group results Q3 2011

3. Accelerate! Change and performance

4. Portfolio strength

5. Path to value

6. Group and sector overview
## Accelerate! change and performance program to unlock full potential faster

| Customer Centricity                                                                 | - Markets led by empowered entrepreneurs  
|                                                                                      | - Locally relevant product portfolio to gain market share  
|                                                                                      | - Increase performance adherence to plan per BMC > 80%  
|                                                                                      | - Increase Employee Engagement in markets by 300 bps |
| Resource to Win                                                                      | - Increase number of BMC’s in which we are an outright leader  
|                                                                                      | - Granular plans and Performance Management for key BMC’s  
|                                                                                      | - Increase seniority of market teams  
|                                                                                      | - Targeted investment step-ups (EUR 200 million) to gain market leadership |
| End2End Execution Focus                                                              | - 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 average 40%; Increase customer service >95%  
|                                                                                      | - Inventory reduction plans and targets under preparation |
| Growth and Performance Culture                                                      | - Introduce new behaviors; Training programs to drive culture change  
|                                                                                      | - Strengthen executive teams  
|                                                                                      | - Overhaul reward system |
| Operating Model                                                                      | - Decrease number of layers to speed up decision making  
|                                                                                      | - Reduce overhead and support costs by EUR 800 million  
|                                                                                      | - Implement integral BMC reporting  
|                                                                                      | - Implement collaborative P&L between businesses & markets with clear accountability |

Supported by strong change and program management office to ensure execution
Improving growth and performance by leveraging granular performance management

Granular performance approach

Some valuable insights

- Second quarter of new performance management approach
- Our growth businesses in Consumer Lifestyle show early signs of success in the targeted BMC’s, which we can now replicate
- Granular performance management has given us insight based on which we have made management changes
- Sales underperformance in smaller BMC’s, calling for strengthening of management & tighter plans
Cost reduction program targeting overhead & indirect costs will bring EUR 800 million in savings

Cost reduction scope

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

*First savings expected in Q4 2011 and completion by 2014*

### Deployment
- Strong organizational engagement with 9 functional workstreams and 3 Sector teams
- Highest potential in IT, Finance, HR and Real Estate
- Deployment of savings plan to the organization commences October 17th 2011
- Most of GM&S savings will flow back to sectors
- Investments are primarily in IT, Real Estate transformation and process reengineering (e.g. F&A and HR)

### Cumulative gross savings

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>20</td>
<td>400</td>
<td>710</td>
<td>800</td>
</tr>
</tbody>
</table>

### Annual restructuring costs

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sectors</td>
<td>35</td>
<td>110</td>
<td>40</td>
<td>30</td>
</tr>
<tr>
<td>GM&amp;S</td>
<td>15</td>
<td>90</td>
<td>70</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>200</td>
<td>110</td>
<td>40</td>
</tr>
</tbody>
</table>

### Annual investments

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>150</td>
<td>90</td>
<td>80</td>
</tr>
</tbody>
</table>

---

1Gross savings do not include one-off investments
Note – All figures are estimated amounts
Note – Exact timing between 2011 and 2012 subject to various approvals
1. Management update

2. Group results Q3 2011

3. Accelerate! Change and performance

4. Portfolio strength

5. Path to value

6. Group and sector overview
Improving our portfolio: Starting point of our journey

Portfolio now consists of ~65% B2B businesses

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
### Our assets

<table>
<thead>
<tr>
<th>Innovation capabilities</th>
<th>Philips brand</th>
<th>Global footprint</th>
<th>People</th>
<th>Domain leadership</th>
<th>Solid balance sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New product sales increased from 48% of total sales ‘09 to 52% ‘10&lt;br&gt;• Technology, know-how and strong IP positions (54,000 registered patents)</td>
<td>• World’s 41st most valuable brand 2011 compared to the 65th 2004&lt;br&gt;• Consistently among top-ranked players, top 10% in India, China and Brazil, top 20% globally in the Corporate brand equity index¹</td>
<td>• Loyal customer base in 100+ countries&lt;br&gt;• 1/3 of group revenues from growth geographies</td>
<td>• Employee Engagement Index² exceeds high performance benchmark value of 70%&lt;br&gt;• Culturally diverse top-200 leadership team</td>
<td>• Global market leader in Lighting&lt;br&gt;• Top 3 Healthcare player&lt;br&gt;• Leading Consumer Lifestyle brands: E.g. Philips, Sonicare, Avent, Saeco</td>
<td>• A3 rating by Moody’s and A- by Standard &amp; Poor’s</td>
</tr>
</tbody>
</table>

¹ Consumer Heart BEAT brand equity study 2010
² Based on annual Philips’ Employee Engagement Survey
Healthcare: Unique leadership positions

Examples of current NPS leadership positions

- #1 market share Cardiovascular X-ray
- Seen as most exciting and interesting Brand by Cardiologists

- #1 NPS leader China and UK
- Advanced Algorithms for enhanced gender-specific criteria to help recognize and interpret cardiac symptoms in women

- #1 NPS leader in United States
- Leading innovation with AutoAlert automatic fall detection

- #1 NPS leader in Patient Monitoring
- Leader in Cardiology PACS and Critical Care Informatics in US and Germany

- #1 NPS leader in Ultrasound
- #1 NPS leader in Echo Cardiography globally

- #1 NPS leader in China
- Brilliance iCT provides; balanced image quality and dose utility in the most diverse and challenging patients

---

1 Leadership is made up of outright leadership (outperforming the best competitor by >5%) and co-leadership (on par with best competitor, within 5%), globally or regionally.
Consumer Lifestyle: Unique leadership positions

Examples of current NPS leadership positions

- Leader in 80% of the markets we play in
- Early buyer study shows 92% satisfied users

- Leading in US, DACH and Japan, which is 60% of the global market
- Dental professionals prefer Sonicare (67%)²

- Leader in Brazil, Argentina & China
- 1 out of 4 consumers in Brazil uses a Philips blender

- Preferred brand by mums in six major markets
- 70% of Philips users in Germany are promoters

- Philips has highest satisfaction for Haircare in the China market
- Philips is the most used hairdryer Brand in China

- Leader in China in Audio Video & Multimedia
- Fidelio won 7 awards at the Hong Kong Awards for Industries 2011

¹ Leadership is made up of outright leadership (outperforming the best competitor by >5%) and co-leadership (on par with best competitor, within 5%), globally or regionally
² Based on research in the US
Lighting: Unique leadership positions

Examples of current NPS leadership positions

1 Leadership is made up of outright leadership (outperforming the best competitor by >5%) and co-leadership (on par with best competitor, within 5%), globally or regionally.

- #1 market share in professional lamps
- Widest portfolio of professional lamps
- #1 market share in LED lamps
- Won the L-Prize challenge (60W LED replacement); only company to meet the challenge
- #1 market share in automotive lighting
- 1 out of 3 cars globally equipped with Philips bulbs
- #1 market share in professional luminaires
- Largest LED luminaires company in the world
- #1 market share in flash and automotive lighting
- #2 market share in LEDs for general illumination
- #1 market share in Lamp Drivers and LED Systems
1. Management update
2. Group results Q3 2011
3. Accelerate! Change and performance
4. Portfolio strength
5. Path to value
6. Group and sector overview
## Sector acceleration trajectories

### 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

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

### 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

### Mid-term targets - 2013

<table>
<thead>
<tr>
<th>Sector</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reported EBITA</strong></td>
<td><strong>Sales Growth CAGR</strong></td>
</tr>
<tr>
<td><strong>15-17%</strong></td>
<td><strong>4-6%</strong></td>
</tr>
<tr>
<td><strong>8-10%</strong></td>
<td><strong>10-12%</strong></td>
</tr>
</tbody>
</table>

*Assuming real GDP growth of 3-4%*
Our path to value

- Mid-term Performance box
- Acceleration Healthcare
- Restoring Lighting profit
- Reshaping Consumer Lifestyle portfolio
- EUR 800 million cost reduction program
- Accelerate! program
- Value delivery from past acquisitions

Executive team
Growth investments
BMC\(^1\) performance management
Share buy back
TV Joint Venture

\(^1\) BMC = Business Market Combination

2011 - 2013
Mid-term Targets: Move into performance box of 12-14% ROIC and 4-6% comparable sales growth

### Mid-Term financial objectives (2013)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth CAGR(^1)</td>
<td>4 - 6%</td>
</tr>
<tr>
<td>Group Reported EBITA</td>
<td>10 - 12%</td>
</tr>
<tr>
<td>- Healthcare</td>
<td>15 - 17%</td>
</tr>
<tr>
<td>- Consumer Lifestyle(^3)</td>
<td>8 - 10%</td>
</tr>
<tr>
<td>- Lighting</td>
<td>8 - 10%</td>
</tr>
<tr>
<td>Group ROIC</td>
<td>12 - 14%</td>
</tr>
</tbody>
</table>

---

\(^1\) Assuming real GDP growth of 3-4%  
\(^2\) Including restructuring and acquisition related charges  
\(^3\) Excluding licenses
1. Management update

2. Group results Q3 2011

3. Accelerate! Change and performance

4. Portfolio strength

5. Path to value

6. Group and sector overview
A strong diversified industrial group leading in health and well-being

Founded in 1891
Headquartered in Amsterdam, the Netherlands

Sales over EUR 22.3 billion in 2010
Portfolio now 65% business-to-business

Growth geographies
33% of sales generated in growth geographies

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

120,000 employees
Sales and service outlets in over 100 countries

€1.5 billion investment in R&D, 7% of sales
54,000 patent rights – 39,000 trademark rights – 70,000 design rights

Note - All figures exclude discontinued operations
Executive Committee

Frans van Houten
Group CEO
Acting CEO Lighting

Ron Wirahadiraksa
Group CFO
Acting CFO Lighting

Steve Rusckowski
CEO Healthcare

Pieter Nota
CEO Consumer Lifestyle

Jim Andrew **
Group strategy

Gottfried Dutiné *
Chief Innovation Officer

Patrick Kung
CEO Greater China

Ronald de Jong
Chief Market Leader

Carole Wainaina
Group HR

Eric Coutinho
General Counsel

* Gottfried Dutiné will retire from Philips as of December 31, 2011.
** In the course of 2011, Jim Andrew will also take over the innovation portfolio from Gottfried Dutiné.
**Our market opportunity**

<table>
<thead>
<tr>
<th>Global trends and challenges</th>
<th>Examples market positions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Healthcare</strong></td>
<td></td>
</tr>
<tr>
<td>- Ageing population leading</td>
<td>- #1 cardiovascular X-ray</td>
</tr>
<tr>
<td>- Increase in patients managing chronic conditions</td>
<td>- #1 home healthcare</td>
</tr>
<tr>
<td>- Growth geographies wealth creating demand</td>
<td>- #1 patient monitoring</td>
</tr>
<tr>
<td>- Lifestyle changes, fueling cardiovascular illnesses and respiratory and sleeping disorders</td>
<td>- Close #3 imaging</td>
</tr>
<tr>
<td><strong>Consumer Lifestyle</strong></td>
<td></td>
</tr>
<tr>
<td>- Consumers focus on the health and well-being</td>
<td>- #1 male electric shaving &amp; grooming</td>
</tr>
<tr>
<td>- Rising middle class in growth geographies</td>
<td>- #1 garment care</td>
</tr>
<tr>
<td>- Back to basics: simple propositions, trusted brands</td>
<td>- #1 food preparation</td>
</tr>
<tr>
<td>- Back to basics: simple propositions, trusted brands</td>
<td>- #2 oral healthcare</td>
</tr>
<tr>
<td><strong>Lighting</strong></td>
<td></td>
</tr>
<tr>
<td>- Ongoing urbanisation and globalisation</td>
<td>- #1 lamps</td>
</tr>
<tr>
<td>- Increasing need for energy efficient solutions</td>
<td>- #1 luminaires</td>
</tr>
<tr>
<td>- Fast growing global illumination market</td>
<td>- #1 automotive</td>
</tr>
<tr>
<td>- Expanding renovation market</td>
<td>- #2 high power LEDs</td>
</tr>
<tr>
<td>- Rapid adoption of LED-based lighting solutions</td>
<td>- #1 in overall LED illumination</td>
</tr>
</tbody>
</table>
A strong position in growth geographies

*Represents a significant and growing part of our global footprint*

Growth geographies represent 33% 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
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
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>
<tr>
<td>2011</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 42%
- Consumer Lifestyle 42%
- Lighting 16%

Brand value remains stable 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
82% of employees are “proud to work for Philips”

Brand campaign 2011
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 2011
2 Employee Engagement Survey 2010
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

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 Lighting was selected as a 2011 Leader of Change Award winner by the Foundation for Social Change and the UN Office for Partnerships for its longstanding commitment to sustainability
- 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
Our focused health and well-being portfolio: Healthcare, Consumer Lifestyle and Lighting

*Last twelve months*

**Sales**

\[100\% = \text{EUR 22.1B} \, ^1\]

**Adjusted EBITA**

\[100\% = \text{EUR 2.5B} \, ^1, ^2\]

**Net Operating Capital**

\[100\% = \text{EUR 14.5B} \, ^1\]

---

1. Excluding Central sector (GM&S)
2. EBITA adjustments based on the following gains/charges: for Healthcare EUR 5M, Consumer Lifestyle EUR (39)M and Lighting EUR (64)M

Note - All figures exclude discontinued operations
Strong development of the Healthcare portfolio

Total sales EUR 2.5 billion

- Imaging: 66%
- Customer Service: 8%
- Patient Care and Clinical Informatics: 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, Sept ’11
Depth and reach of Philips Healthcare

What we do. Where we are.

Philips Healthcare

Businesses¹

Imaging Systems
Home Healthcare Solutions
Patient Care and Clinical Informatics
Customer Services

Sales & services geographies¹

North America
International
Growth Geographies

38% 14% 22% 26%

45% 34% 21%

€8.6 Billion sales in 2010
37,000+ 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 September 2011
Healthcare: key financials over the last two years

**EUR million**

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

- **Sales**
- **Comp. Sales Growth**
- **Adjusted EBITA%**

### Working capital as % of sales

- **Working capital**
- **Working capital as % of LTM sales**

---

1 Adjusted EBITA is EBITA corrected for incidental charges (details on slide 81)
Healthcare: Q3 2011 Sector analysis

EUR million

Key figures

<table>
<thead>
<tr>
<th></th>
<th>3Q10</th>
<th>2Q11</th>
<th>3Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,070</td>
<td>2,080</td>
<td>2,077</td>
</tr>
<tr>
<td>% sales growth comp.</td>
<td>4</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>EBITA</td>
<td>282</td>
<td>276</td>
<td>261</td>
</tr>
<tr>
<td>EBITA as % of sales</td>
<td>13.6</td>
<td>13.3</td>
<td>12.6</td>
</tr>
<tr>
<td>EBIT</td>
<td>212</td>
<td>(611)</td>
<td>207</td>
</tr>
<tr>
<td>EBIT as % of sales</td>
<td>10.2</td>
<td>(29.4)</td>
<td>10.0</td>
</tr>
<tr>
<td>NOC</td>
<td>8,771</td>
<td>7,534</td>
<td>8,081</td>
</tr>
<tr>
<td>Employees (FTEs)</td>
<td>34,816</td>
<td>36,469</td>
<td>37,215</td>
</tr>
</tbody>
</table>

Sales per region

- Latin America: 5%
- North America: 44%
- EMEA: 27%
- Asia Pacific: 24%

Growth Geographies

- Growth: 23%
- Mature: 77%

Financial performance

- Currency-comparable equipment order intake grew 5% year-on-year. Equipment order growth was seen in all businesses. Equipment orders in North America were 6% higher than in Q3 2010. Equipment orders in markets outside of North America were 3% higher, with equipment orders growing by 15% in growth geographies. This was offset by decline of order intake in Europe.

- Comparable sales were 7% higher year-on-year, with solid sales increases in all businesses, notably double-digit growth at Patient Care & Clinical Informatics. From a regional perspective, comparable sales in North America grew 8%. Sales in growth geographies grew 20%, while sales growth in mature geographies was 4%.

- EBITA decreased by EUR 21 million year-on-year to EUR 261 million, or 12.6% of sales. EBITA growth was mainly seen at Patient Care & Clinical Informatics. The EBITA decline was mainly due to higher selling and R&D costs at Imaging Systems, from operational investments in new product roll-outs. Excl. restructuring and acquisition-related charges, EBITA was EUR 263 million, or 12.7% of sales, compared to EUR 288 million, or 13.9% of sales, in Q3 2010.

- Net operating capital decreased by EUR 690 million to EUR 8.1 billion, mainly due to a goodwill impairment in Q2 2011.
Currency adjusted order intake only relates to the Imaging Systems and Patient Care & Clinical Informatics businesses.
Healthcare: Equipment order book 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%
~45%
~40%

Home Healthcare + Customer Services sales

Order book level above pre-crisis levels

Approximately 60-65% 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 is low single-digit growth

Philips current expectation for the US Imaging Systems market for 2011 is low single-digit growth
Transforming Lifestyle beyond the Consumer Electronics legacy

Total sales EUR 11.3 billion

- Domestic Appliances: 51%
- Personal Care: 10%
- Health & Wellness: 8%
- Lifestyle Entertainment: 1%
- Other incl. Licenses: 2%
- Television: 1%

Total sales EUR 5.8 billion

- Last 12 months Sept ’11:
  - Domestic Appliances: 28%
  - Personal Care: 12%
  - Health & Wellness: 6%
  - Lifestyle Entertainment: 33%
  - Other incl. Licenses: 21%
We increase focus
We have reduced our exposure to Consumer Electronics from ~75% towards ~33%

We have reduced our exposure to Consumer Electronics from ~75% towards ~33%

We see strong growth in the combined Personal Care, Health & Wellness and Domestic Appliances businesses\(^1\)

\(^1\) Excluding others (e.g. Licenses)
# Consumer Lifestyle

*What we do. Where we are.*

| Philips Consumer Lifestyle |  
|----------------------------|---|---|---|---|
| **Businesses**             | **Geographies** |
| Personal Care              | Mature Geographies |
| Health & Wellness          | Growth Geographies |
| Domestic Appliances        |                 |
| Lifestyle Entertainment    |                 |

<table>
<thead>
<tr>
<th></th>
<th>21%</th>
<th>12%</th>
<th>28%</th>
<th>33%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>59%</th>
<th>41%</th>
</tr>
</thead>
</table>

**€5.8 Billion sales in 2010**

**16,000+ People employed worldwide**

**5% of sales invested in R&D in 2010**

**34% of green product sales in 2010**

---

1 Last twelve months September 2011

2 Other category (6%) is mainly license income and 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**
- Attract new and younger users (combined wet and dry)
- Local product range in China to expand our value segment offerings

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

Lifestyle Entertainment will be profitable over the full year 2011

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

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

Sales growth development (%)
2011 - 2013

0%

2011 2012 2013 >2013

• Launch Airplay & Android docking
• Grow Connected Entertainment
• Remain close to leading ecosystems (e.g. Apple & Android)
Consumer Lifestyle: financials over the last two years

*EUR million*

---

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

- **Sales**
- **Comp. Sales Growth**
- **Adjusted EBITA%**

---

**Working capital as % of sales**

- **Working capital**
- **Working capital as % of LTM sales**

---

1 Adjusted EBITA is EBITA corrected for incidental charges (details on slide 81)

Note - All figures exclude discontinued operations
Financial performance

• Sales increased 1% on a comp. basis and declined 1% nominally year-on-year. Double-digit comparable growth at Health & Wellness and mid-single-digit growth at Domestic Appliances and Personal Care were partly offset by lower license revenue and a sales decline at Lifestyle Entertainment. Comparable sales growth excluding Licenses was 2%.

• Regionally, double-digit growth in China, India and Latin America was tempered by a slight decline in North America and other mature geographies.

• EBITA includes EUR 7 million (EUR 11 million in Q3 2010) of net costs formerly reported as part of the Television business in Consumer Lifestyle.

• EBITA was EUR 67 million lower compared to Q3 2010, which was attributable to lower profitability at Lifestyle Entertainment and to higher investments in advertising & promotion and in R&D across all businesses. Excluding restructuring and acquisition related charges of EUR 12 million in Q3 2010 and EUR 10 million in Q3 2011, EBITA declined from 13.0% to 8.1%.

• Net operating capital decreased by EUR 117 million, largely driven by the discontinued operations of the Television business.
Transitioning Lighting from light source to solutions

Total sales EUR 4.9 billion

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

Total sales EUR 7.5 billion

- Lamps/ lighting systems & controls: 54%
- Professional luminaires: 27%
- Consumer luminaires: 6%
- Automotive: 5%

1 Excluding batteries EUR 0.2 billion

Last 12 months Sept ’11
We increase our focus towards the people we serve

*Further strengthening our global leadership in Lighting*

<table>
<thead>
<tr>
<th>Customer Segments¹</th>
<th>Homes</th>
<th>Offices</th>
<th>Outdoor</th>
<th>Industry</th>
<th>Retail</th>
<th>Hospitality</th>
<th>Entertainment</th>
<th>Healthcare</th>
<th>Automotive</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>23%</td>
<td>17%</td>
<td>15%</td>
<td>10%</td>
<td>15%</td>
<td>5%</td>
<td>3%</td>
<td>4%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Philips Lighting**

<table>
<thead>
<tr>
<th>Sales Statistics</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>€7.6 Billion</td>
<td>in 2010</td>
</tr>
<tr>
<td>54,000+ People</td>
<td>employed worldwide in 60 countries</td>
</tr>
<tr>
<td>5%</td>
<td>of sales invested in R&amp;D in 2010</td>
</tr>
<tr>
<td>80,000+ Products &amp; services</td>
<td>offered in 2010</td>
</tr>
</tbody>
</table>

¹ Indicative split
Lighting: 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 81)
Lighting: Q3 2011 Sector analysis

**EUR million**

### Key figures

<table>
<thead>
<tr>
<th></th>
<th>3Q10</th>
<th>2Q11</th>
<th>3Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,908</td>
<td>1,777</td>
<td>1,886</td>
</tr>
<tr>
<td>% sales growth comp.</td>
<td>7</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>EBITA</td>
<td>216</td>
<td>101</td>
<td>110</td>
</tr>
<tr>
<td>EBITA as % of sales</td>
<td>11.3</td>
<td>5.7</td>
<td>5.8</td>
</tr>
<tr>
<td>EBIT</td>
<td>169</td>
<td>(470)</td>
<td>86</td>
</tr>
<tr>
<td>EBIT as % of sales</td>
<td>8.9</td>
<td>(26.4)</td>
<td>4.6</td>
</tr>
<tr>
<td>NOC</td>
<td>5,610</td>
<td>5,021</td>
<td>5,238</td>
</tr>
<tr>
<td>Employees (FTEs)</td>
<td>52,057</td>
<td>54,728</td>
<td>54,140</td>
</tr>
</tbody>
</table>

### Sales per region

- **Latin America**: 7%
- **North America**: 25%
- **Asia Pacific**: 31%
- **EMEA**: 37%

### Growth Geographies

- **Growth**: 40%
- **Mature**: 60%

### Financial performance

- Comparable sales were 8% higher year-on-year, driven by double-digit sales growth at Lamps and Professional Luminaires, partly offset by a sales decrease at Lumileds and Consumer Luminaires. Strong double-digit growth was delivered in growth geographies.

- LED-based sales grew 32% compared to Q3 2010, now representing 16% of total Lighting sales.

- EBITA, excluding restructuring and acquisition related charges of EUR 11 million (Q3 2010: EUR 17 million), was EUR 121 million, or 6.4% of sales (Q3 2010: EUR 233 million). The year-on-year EBITA decrease was mainly due to a decline in earnings at Lumileds and Consumer Luminaires, raw-material price increases and step-ups in investments for growth. Q3 2011 EBITA included a EUR 9 million gain on the sale of assets.

- Net operating capital decreased by EUR 372 million to EUR 5,238 million, driven by the Q2 2011 goodwill impairment charge, partly offset by higher working capital.
The leading global lighting company

Market leadership\(^1\) across most categories
Market share per Business Group by Region, as at September’11

<table>
<thead>
<tr>
<th></th>
<th>Europe</th>
<th>North America</th>
<th>Latin America</th>
<th>Asia/ Pacific(^2)</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>Systems &amp; controls</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>High Power 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>

Number 1  Number 2 or 3  Not in top 3

We are the largest lighting company…

Indexed sales of Philips lighting and top 5 competitors\(^3\)

- **Philips**: 424
- **Competitor 1**: 261
- **Competitor 2**: 100
- **Competitor 3**: 66
- **Competitor 4**: 63
- **Competitor 5**: 48

\(^1\) Source: customer panels and Industry associations
\(^2\) Excluding Japan
\(^3\) Sales for competitors based on the latest fiscal year information
\(^4\) 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 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>

![Graph showing % comparable sales growth over Q1 to Q4 for 2009 and 2010]
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

<table>
<thead>
<tr>
<th></th>
<th>Q3 ‘09</th>
<th>Q3 ‘10</th>
<th>Q3 ‘11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>0.5</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>CAGR</td>
<td></td>
<td>+51%</td>
<td></td>
</tr>
</tbody>
</table>
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

- LED components
- Modules/bulbs
- Luminaires
- Controls/solutions

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

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.

Global General Illumination\(^1\) market

Excluding Automotive Lighting and LED components market

Source: Philips Lighting global market study 2010, updated for 2011
Home, Office, and Outdoor are the biggest segments. Professional is the largest channel.

Total market size in 2011: EUR 55-60 billion

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 brand**
- World’s 41st most valuable brand in 2011
- Consistently among top-ranked players, top 10% in India, China and Brazil, top 20% globally in the Corporate brand equity index

**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

---

1 Consumer brand equity study 2010
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 Q3 – Group Management & Services

EUR million

Key figures

<table>
<thead>
<tr>
<th></th>
<th>3Q10</th>
<th>2Q11</th>
<th>3Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>87</td>
<td>63</td>
<td>54</td>
</tr>
<tr>
<td>% sales growth comp.</td>
<td>2</td>
<td>27</td>
<td>(6)</td>
</tr>
<tr>
<td>EBITA:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Technologies</td>
<td>(5)</td>
<td>2</td>
<td>(11)</td>
</tr>
<tr>
<td>Corporate &amp; Regional Costs</td>
<td>(32)</td>
<td>(28)</td>
<td>(37)</td>
</tr>
<tr>
<td>Pensions</td>
<td>24</td>
<td>(13)</td>
<td>(12)</td>
</tr>
<tr>
<td>Service Units and Other</td>
<td>(7)</td>
<td>(28)</td>
<td>(45)</td>
</tr>
</tbody>
</table>

Financial performance

- Sales decreased from EUR 87 million in Q3 2010 to EUR 54 million in Q3 2011, mainly due to the divestment of Assembléon.
- On a comparable basis, sales were 6% below the level of Q3 2010, due to lower license revenue.
- EBITA was a net cost of EUR 105 million, a cost increase of EUR 85 million year-on-year.
- EBITA was negatively impacted by EUR 38 million of legal and environmental provisions related to a discount rate change. In Q3 2010, EBITA was favorably impacted by a EUR 36 million pension plan change and a EUR 6 million provision release.
- EBITA included EUR 17 million (EUR 21 million in Q3 2010) of net costs formerly reported as part of the Television business in Consumer Lifestyle.
- Compared to Q3 2010, the number of employees increased by 436, primarily due to internal transfers from sectors to group activities, partially offset by the divestment of Assembléon.
PHILIPS

sense and simplicity
Appendix
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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Capitalization</th>
<th>Amortization</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3 2010</td>
<td>Q3 2011</td>
</tr>
<tr>
<td>Healthcare</td>
<td>25</td>
<td>33</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Lighting</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>GM&amp;S</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>41</td>
<td>58</td>
</tr>
</tbody>
</table>
## Fixed assets expenditures & Depreciation by sector

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Gross CapEx Q3 2010</th>
<th>Gross CapEx Q3 2011</th>
<th>Depreciation Q3 2010</th>
<th>Depreciation Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>43</td>
<td>53</td>
<td>44</td>
<td>48</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>30</td>
<td>33</td>
<td>28</td>
<td>30</td>
</tr>
<tr>
<td>Lighting</td>
<td>74</td>
<td>68</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>GM&amp;S</td>
<td>19</td>
<td>22</td>
<td>20</td>
<td>14</td>
</tr>
<tr>
<td>Group</td>
<td>166</td>
<td>177</td>
<td>154</td>
<td>154</td>
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</table>

1 Excluding software related capital expenditures and depreciation
## Fixed assets expenditures & Depreciation by sector

*EUR million*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Gross CapEx</th>
<th>2009</th>
<th>2010</th>
<th>Depreciation</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td>Healthcare</td>
<td></td>
<td>164</td>
<td>179</td>
<td></td>
<td>187</td>
<td>183</td>
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<tr>
<td>Consumer Lifestyle</td>
<td></td>
<td>107</td>
<td>116</td>
<td></td>
<td>101</td>
<td>112</td>
</tr>
<tr>
<td>Lighting</td>
<td></td>
<td>165</td>
<td>273</td>
<td></td>
<td>311</td>
<td>256</td>
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<td>GM&amp;S</td>
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<td>53</td>
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<td>103</td>
<td>93</td>
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<td>495</td>
<td>621</td>
<td></td>
<td>702</td>
<td>644</td>
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1 Excluding software related capital expenditures and depreciation
### Restructuring, acquisition-related and other incidentals

**EUR million**

<table>
<thead>
<tr>
<th>Category</th>
<th>1Q10</th>
<th>2Q10</th>
<th>3Q10</th>
<th>4Q10</th>
<th>2010</th>
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<tbody>
<tr>
<td>Acq.-related charges</td>
<td>(9)</td>
<td>(8)</td>
<td>(9)</td>
<td>(3)</td>
<td>(29)</td>
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<tr>
<td>Restructuring</td>
<td>(20)</td>
<td>(38)</td>
<td>3</td>
<td>7</td>
<td>(48)</td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Acq.-related charges</td>
<td>(3)</td>
<td>(3)</td>
<td>(7)</td>
<td>(6)</td>
<td>(19)</td>
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<tr>
<td>Restructuring</td>
<td>(6)</td>
<td>(4)</td>
<td>(5)</td>
<td>3</td>
<td>(12)</td>
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<tr>
<td><strong>Consumer Lifestyle</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Acq.-related charges</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>()</td>
<td>(23)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(5)</td>
<td>(32)</td>
<td>(11)</td>
<td>(26)</td>
<td>(74)</td>
</tr>
<tr>
<td><strong>Lighting</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Restructuring</td>
<td>1</td>
<td>6</td>
<td>(5)</td>
<td>2</td>
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<td>Other Incidentals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(119)</td>
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<tr>
<td>GM&amp;S</td>
<td>1</td>
<td>-</td>
<td>42</td>
<td>78</td>
<td>121</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td>(46)</td>
<td>(90)</td>
<td>7</td>
<td>45</td>
<td>(84)</td>
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<table>
<thead>
<tr>
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<th>1Q11</th>
<th>2Q11</th>
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<tr>
<td>Acq.-related charges</td>
<td>(2)</td>
<td>(3)</td>
<td>(3)</td>
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<td>Restructuring</td>
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<td>4</td>
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<tr>
<td><strong>Healthcare</strong></td>
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<tr>
<td>Acq.-related charges</td>
<td>(10)</td>
<td>(12)</td>
<td>(9)</td>
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<tr>
<td>Restructuring</td>
<td>(3)</td>
<td>(1)</td>
<td>(1)</td>
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<tr>
<td><strong>Consumer Lifestyle</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Acq.-related charges</td>
<td>(13)</td>
<td>(13)</td>
<td>(10)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Lighting</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring</td>
<td>(3)</td>
<td>(11)</td>
<td>(7)</td>
</tr>
<tr>
<td>Other Incidentals</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>GM&amp;S</td>
<td>1</td>
<td>2</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>(15)</td>
<td>(24)</td>
<td>(24)</td>
</tr>
</tbody>
</table>

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