Royal Philips
Third Quarter Results 2015
Information booklet

October 26th, 2015
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 the Annual Report 2014.

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 specialized 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’ 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 our Annual Report 2014. Further information on non-GAAP measures can be found in our Annual Report 2014.

Use of fair-value measurements
In presenting the Philips’ 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 or observable market data are not readily available, fair values are estimated using valuation models, which we believe are appropriate for their purpose. Such fair value estimates 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 Annual Report 2014. Independent valuations may have been obtained to support management’s determination of fair values.

All amounts are in millions of Euro’s unless otherwise stated. All reported data is unaudited. Financial reporting is in accordance with the accounting policies as stated in the Annual Report 2014, unless otherwise stated.
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Financial performance Q3 2015: Group

<table>
<thead>
<tr>
<th>Sales &amp; order intake</th>
<th>- Comparable sales amounted to EUR 5.8 billion, up 2% year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Comparable sales of Consumer Lifestyle grew by 6%; Lighting posted a 3% decline</td>
</tr>
<tr>
<td></td>
<td>- Healthcare comparable sales up 3%, comparable equipment order intake also up 2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBITA &amp; Adjusted EBITA(^1)</th>
<th>- EBITA amounted to EUR 429 million, which included EUR 51 million restructuring and acquisition-related charges, EUR 31 million charges related to a legal matter and EUR 59 million related to the separation of the Lighting business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Adjusted EBITA was EUR 570 million, or 9.8% of sales, versus EUR 474 million last year, or 9.1% of sales</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost savings &amp; Net Income</th>
<th>- Gross overhead cost savings of EUR 33 million. Annualized savings of EUR 322 million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Net income of EUR 324 million, compared to net loss of EUR 103 million in Q3 2014</td>
</tr>
<tr>
<td></td>
<td>- EPS was EUR 0.34 compared to EUR (0.11) in Q3 2014</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset management &amp; ROIC</th>
<th>- Inventories amounted to 16.8% of sales(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Free Cash inflow of EUR 58 million, compared to EUR 155 million inflow in Q3 2014</td>
</tr>
<tr>
<td></td>
<td>- ROIC, excluding charges related to the jury verdict in the Masimo litigation(^3) and the CRT antitrust litigation, was 9.7%, compared to 9.8% in Q3 2014</td>
</tr>
</tbody>
</table>

| Other                         | - By the end of Q3, 66% of the EUR 1.5 billion share buy-back program was completed |

Growing in a challenging market; Operational earnings improvement

\(^1\) Adjusted EBITA in Q3 2014 excludes EUR 78 million restructuring and acquisition-related charges and EUR 458 million other incidentals. \(^2\) Inventories as a % of sales excludes inventories and sales related to acquisitions, divestments and discontinued operations. \(^3\) Philips will pursue all relevant avenues of appeal. Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Financial performance Q3 2015: Healthcare

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
</table>
| Order intake¹             | • Currency-comparable order intake increased 2%  
• Imaging Systems achieved mid-single-digit growth and Patient Care & Monitoring Solutions posted low-single-digit growth. Healthcare Informatics, Solutions & Services recorded a double-digit decline |
| Sales                     | • Comparable sales increased 3% year-on-year  
• Imaging Systems, Healthcare Informatics, Solutions & Services and Customer Services recorded mid-single-digit growth. Patient Care & Monitoring Solutions remained in line with Q3 2014 |
| EBITA & Adjusted EBITA²   | • EBITA amounted to EUR 253 million and included EUR 40 million restructuring and acquisition-related charges, largely relating to the Volcano acquisition, and EUR 31 million charges related to a legal matter  
• Adjusted EBITA was EUR 324 million, or 12.3% of sales, compared to 12.0% last year. The increase was largely driven by cost productivity, partly offset by negative currency impacts and higher expenditure for growth initiatives and Quality & Regulatory |
| Net Operating Capital (NOC) | • Inventories as a % of sales³ increased by 40 basis points year-on-year, in preparation for additional sales volume in Q4 2015  
• NOC increased by EUR 1.0 billion to EUR 9.0 billion on a currency comparable basis, largely driven by the Volcano acquisition |

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¹ Order intake includes equipment and software orders. 
² Adjusted EBITA in Q3 2014 excludes EUR 3 million of restructuring charges and EUR 415 million of other incidentals. 
³ Inventories as a % of sales excludes inventories and sales related to acquisitions, divestments and discontinued operations.
Sales

- Comparable sales increased 6% year-on-year
- Health & Wellness and Personal Care achieved double-digit growth, while Domestic Appliances recorded a low-single-digit decline
- Comparable sales in growth geographies and mature geographies showed mid-single-digit growth

EBITA & Adjusted EBITA

- EBITA was EUR 156 million, or 12.5% of sales
- Adjusted EBITA was EUR 156 million, or 12.5% of sales, compared to 10.6% in Q3 2014
  The improvement was mainly driven by higher volumes, product mix and cost productivity

Net Operating Capital (NOC)

- Inventories as a % of sales decreased by 130 basis points year-on-year, driven by reductions in all businesses
- NOC increased by EUR 225 million to EUR 1.7 billion on a currency comparable basis, largely driven by higher working capital

Strong growth and continued margin improvement

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1 Adjusted EBITA in Q3 2014 excludes EUR 4 million restructuring and acquisition-related charges. 2 Inventories as a % of sales excludes inventories and sales related to acquisitions, divestments and discontinued operations.
Financial performance Q3 2015: Lighting

Sales

- Comparable sales were down 3% year-on-year
- Professional Lighting Solutions posted a low-single-digit decline. Light Sources & Electronics and Consumer Luminaires recorded a mid-single-digit decline.
- LED lighting sales grew 24% compared to Q3 2014 and now represent 44% of total Lighting sales. Conventional lighting sales declined 20% year-on-year

EBITA & Adjusted EBITA\(^1\)

- EBITA amounted to EUR 159 million, or 8.7% of sales, including EUR 15 million restructuring & acquisition-related charges
- Adjusted EBITA was EUR 174 million, or 9.5% of sales, compared to 9.1% last year, driven by improved cost productivity and gains on the sale of assets

Net Operating Capital (NOC)

- Inventories as a percentage of sales\(^2\) decreased by 80 basis points year-on-year
- NOC decreased by EUR 1.4 billion to EUR 4.0 billion on a currency comparable basis, mainly due to the reclassification of the combined businesses of Lumileds and Automotive as assets held for sale in Q4 2014

Operational earnings continue to improve on lower sales volume

\(^1\) Adjusted EBITA in Q3 2014 excludes EUR 30 million of restructuring and acquisition related charges. \(^2\) Inventories as a % of sales excludes inventories and sales related to acquisitions, divestments and discontinued operations.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Financial performance Q3 2015: by geography

Growth Geographies¹

- Comparable sales were in line with Q3 2014, with growth at Consumer Lifestyle offset by a decline at Healthcare and Lighting. Growth in Central & Eastern Europe and Asia Pacific was offset by a decline in China and the Middle East & Turkey.
- Healthcare comparable order intake decreased mid-single-digit, mainly due to a double-digit decline in China.

North America

- Comparable sales increased by low-single-digit year-on-year. High-single-digit sales growth in Consumer Lifestyle and low-single-digit growth in Healthcare were offset by a mid-single-digit decline in Lighting.
- Healthcare comparable order intake grew by mid-single-digit.

Western Europe

- Healthcare comparable order intake grew by high-single-digit.

Mature geographies drive overall sales performance

¹ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
### Key financials summary – Q3 2015

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2014</th>
<th>Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5,194</td>
<td>5,836</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>474</td>
<td>570</td>
</tr>
<tr>
<td>EBITA</td>
<td>(62)(^1)</td>
<td>429(^2)</td>
</tr>
<tr>
<td>Financial income and expenses</td>
<td>(80)</td>
<td>(100)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>50</td>
<td>(8)</td>
</tr>
<tr>
<td>Net income</td>
<td>(103)</td>
<td>324</td>
</tr>
<tr>
<td>Net Operating Capital</td>
<td>10,841</td>
<td>11,427</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>325</td>
<td>281</td>
</tr>
<tr>
<td>Net capital expenditures</td>
<td>(170)</td>
<td>(223)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>155</td>
<td>58</td>
</tr>
</tbody>
</table>

\(^1\) Q3 2014 includes EUR (78)M of restructuring and acquisition-related charges and EUR (458)M other incidentals.  
\(^2\) Q3 2015 includes EUR (51)M of restructuring and acquisition-related charges and EUR (90)M other incidentals.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Sales by sector – Q3 2015

<table>
<thead>
<tr>
<th></th>
<th>Q3 2014</th>
<th>Q3 2015</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>2,234</td>
<td>2,627</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>1,114</td>
<td>1,246</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Lighting</td>
<td>1,705</td>
<td>1,830</td>
<td>7</td>
<td>(3)</td>
</tr>
<tr>
<td>Innovation, Group &amp; Services</td>
<td>141</td>
<td>133</td>
<td>(6)</td>
<td>15</td>
</tr>
<tr>
<td>Philips Group</td>
<td>5,194</td>
<td>5,836</td>
<td>12</td>
<td>2</td>
</tr>
</tbody>
</table>

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Sales by geography – Q3 2015

EUR million

<table>
<thead>
<tr>
<th>Region</th>
<th>Q3 2014</th>
<th>Q3 2015</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>1,326</td>
<td>1,435</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>North America</td>
<td>1,636</td>
<td>1,983</td>
<td>21</td>
<td>1</td>
</tr>
<tr>
<td>Other mature geographies</td>
<td>412</td>
<td>444</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Growth geographies(^1)</td>
<td>1,820</td>
<td>1,974</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Philips Group</td>
<td>5,194</td>
<td>5,836</td>
<td>12</td>
<td>2</td>
</tr>
</tbody>
</table>

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

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Sales growth development

Trend Q3 2013 – Q3 2015

Global comparable sales growth (% change)

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comparable sales growth in growth geographies¹ (% change)

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.
Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Sales in growth geographies

Last twelve months and Q3 2015

Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
### EBITA by sector – Q3 2015

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q3 2014</th>
<th>as % of sales</th>
<th>Q3 2015</th>
<th>as % of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare¹</td>
<td>(151)</td>
<td>(6.8%)</td>
<td>253</td>
<td>9.6%</td>
</tr>
<tr>
<td>Consumer Lifestyle²</td>
<td>114</td>
<td>10.2%</td>
<td>156</td>
<td>12.5%</td>
</tr>
<tr>
<td>Lighting³</td>
<td>126</td>
<td>7.4%</td>
<td>159</td>
<td>8.7%</td>
</tr>
<tr>
<td>Innovation, Group &amp; Services⁴</td>
<td>(151)</td>
<td>-</td>
<td>(139)</td>
<td>-</td>
</tr>
<tr>
<td>Philips Group</td>
<td>(62)</td>
<td>(1.2%)</td>
<td>429</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

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Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
### Adjusted EBITA by sector – Q3 2015

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q3 2014</th>
<th></th>
<th>Q3 2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>as % of sales</td>
<td></td>
<td>as % of sales</td>
</tr>
<tr>
<td>Healthcare&lt;sup&gt;1&lt;/sup&gt;</td>
<td>267</td>
<td>12.0%</td>
<td>324</td>
<td>12.3%</td>
</tr>
<tr>
<td>Consumer Lifestyle&lt;sup&gt;2&lt;/sup&gt;</td>
<td>118</td>
<td>10.6%</td>
<td>156</td>
<td>12.5%</td>
</tr>
<tr>
<td>Lighting&lt;sup&gt;3&lt;/sup&gt;</td>
<td>156</td>
<td>9.1%</td>
<td>174</td>
<td>9.5%</td>
</tr>
<tr>
<td>Innovation, Group &amp; Services&lt;sup&gt;4&lt;/sup&gt;</td>
<td>(67)</td>
<td>-</td>
<td>(84)</td>
<td>-</td>
</tr>
<tr>
<td>Philips Group</td>
<td>474</td>
<td>9.1%</td>
<td>570</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

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<sup>1</sup> Q3 2014 excludes EUR (3)M of restructuring related charges and EUR (415) million of other incidentals; Q3 2015 excludes EUR (40)M of restructuring and acquisition related charges and EUR (31) million of other incidentals.

<sup>2</sup> Q3 2014 excludes EUR (4)M of restructuring and acquisition related charges.


Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
**Accelerate! improved operational performance and offset headwinds in Q3 2015**

<table>
<thead>
<tr>
<th>Component</th>
<th>Q3 2014 Adjusted EBITA</th>
<th>Q3 2015 Adjusted EBITA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume, Mix</td>
<td>474</td>
<td>570</td>
</tr>
<tr>
<td>Price, Wage inflation</td>
<td>64</td>
<td>(199)</td>
</tr>
<tr>
<td>CoGS</td>
<td>181</td>
<td>90</td>
</tr>
<tr>
<td>Overhead, End2End productivity</td>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Currency</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Cleveland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.*
EBITA and Adjusted EBITA margin development
Trend Q3 2013 – Q3 2015

Adjusted EBITA%¹

¹ Adjusted EBITA is EBITA excluding restructuring, acquisition-related charges and other items (details on slide 85). Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
EBITA and Adjusted EBITA margin development

Rolling last 12 months

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA%: Rolling LTM to end of quarter shown</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3Q14</td>
<td>4Q14</td>
<td>1Q15</td>
<td>2Q15</td>
</tr>
<tr>
<td>8.4</td>
<td>6.7</td>
<td>5.6</td>
<td>5.7</td>
</tr>
<tr>
<td>6.9</td>
<td>4.3</td>
<td>4.5</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Adjusted EBITA\(^1\): Rolling LTM to end of quarter shown

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q14</td>
<td>4Q14</td>
<td>1Q15</td>
<td>2Q15</td>
</tr>
<tr>
<td>13.1</td>
<td>11.8</td>
<td>10.9</td>
<td>11.0</td>
</tr>
<tr>
<td>9.1</td>
<td>8.6</td>
<td>8.6</td>
<td>8.7</td>
</tr>
</tbody>
</table>

\(^1\) Adjusted EBITA is EBITA excluding restructuring, acquisition-related charges and other items (details on slide 85).

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Working capital & inventories

EUR million

Working capital as % of sales

- Working capital
- Working capital as % of LTM sales

1Q14: 10.8%
2Q14: 10.9%
3Q14: 11.6%
4Q14: 11.2%
1Q15: 11.1%
2Q15: 12.0%
3Q15: 12.5%

Inventories as % of sales

- Inventories
- Inventories as % of LTM sales

1Q14: 14.8%
2Q14: 15.9%
3Q14: 17.1%
4Q14: 15.3%
1Q15: 17.3%
2Q15: 17.0%
3Q15: 16.8%

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1 Working capital as % of sales of Healthcare, Consumer Lifestyle and Lighting; excluding IG&S.
2 Working capital as a % of sales and Inventories as a % of sales exclude acquisitions, divestments and discontinued operations.
Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Working capital per business sector

EUR million

**Healthcare**
- 1Q14: 13.7%
- 2Q14: 13.5%
- 3Q14: 13.9%
- 4Q14: 15.5%
- 1Q15: 14.6%
- 2Q15: 14.3%
- 3Q15: 14.7%

**Consumer Lifestyle**
- 1Q14: 0.3%
- 2Q14: -0.8%
- 3Q14: 1.1%
- 4Q14: -0.5%
- 1Q15: 1.9%
- 2Q15: 3.8%
- 3Q15: 5.1%

**Lighting**
- 1Q14: 13.9%
- 2Q14: 15.2%
- 3Q14: 15.5%
- 4Q14: 13.6%
- 1Q15: 13.0%
- 2Q15: 14.6%
- 3Q15: 14.6%

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1 Working capital as a % of sales excludes acquisitions, divestments and discontinued operations.
Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
# Free Cash Flow – Q3 2015

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2014</th>
<th>Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from continuing operations</td>
<td>(130)</td>
<td>236</td>
</tr>
<tr>
<td>Depreciation, amortization, and impairments of fixed assets</td>
<td>278</td>
<td>312</td>
</tr>
<tr>
<td>Interest income and expense/ Income tax expense</td>
<td>1</td>
<td>70</td>
</tr>
<tr>
<td>Net gain on sale of assets</td>
<td>(65)</td>
<td>(17)</td>
</tr>
<tr>
<td>Changes in working capital, of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- changes in receivables and other current assets</td>
<td>(301)</td>
<td>(152)</td>
</tr>
<tr>
<td>- changes in inventories</td>
<td>(113)</td>
<td>(205)</td>
</tr>
<tr>
<td>- changes in accounts payable, accrued and other liabilities</td>
<td>454</td>
<td>75</td>
</tr>
<tr>
<td>Decrease (increase) in non-current receivables, other assets and other liabilities</td>
<td>92</td>
<td>(57)</td>
</tr>
<tr>
<td>Decrease in provisions</td>
<td>476</td>
<td>(32)</td>
</tr>
<tr>
<td>Interest paid and received/ Income taxes paid</td>
<td>(170)</td>
<td>(147)</td>
</tr>
<tr>
<td>Others</td>
<td>(197)</td>
<td>198</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>325</td>
<td>281</td>
</tr>
<tr>
<td>Purchase of intangible assets/ Expenditures on development assets</td>
<td>(92)</td>
<td>(116)</td>
</tr>
<tr>
<td>Capital expenditures on property, plant and equipment</td>
<td>(95)</td>
<td>(135)</td>
</tr>
<tr>
<td>Proceeds from disposals of property, plant and equipment</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td><strong>Net capital expenditures</strong></td>
<td>(170)</td>
<td>(223)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>155</td>
<td>58</td>
</tr>
</tbody>
</table>

*Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.*
Development of Return on Invested Capital (ROIC)

- ROIC was at 9.7% in Q3 2015, excluding the charges related to the CRT antitrust litigation\(^1\)
- This compares to 8.1% in Q2 2015 and to 9.8% in Q3 2014, excluding the charges related to the jury verdict in the Masimo litigation\(^2\) and the CRT antitrust litigation
- The net operating capital prior to Q4 2014 still includes Lumileds and Automotive whereas the EBIAT of those businesses have been excluded from all periods shown

---

Notes:
Philips calculates ROIC % as: EBIAT/ NOC
Quarterly ROIC % is based on LTM EBIAT and average NOC over the last 5 quarters
EBIAT are earnings before interest after tax; reported tax used to calculate EBIAT

\(^{1}\) CRT = Cathode-Ray Tubes, a business divested by Philips in 2001.\(^2\) Philips will pursue all relevant avenues of appeal.
Philips' debt has a long maturity profile

Characteristics of long-term debt

- Total net debt position of EUR 4.5 billion
- Maturities up to 2042
- Average tenor of long-term debt is 11.5 years
- No financial covenants
- EUR 1.8 billion standby facility matures in February 2018

Debt maturity profile as of September 2015
Amounts in EUR millions

Note: Short term debt includes USD 1.3 billion loan related to Volcano acquisition and local credit facilities that are being rolled forward on a continuous basis.
A history of sustainable dividend growth

EUR per share

We are committed to dividend-stability and a 40% to 50% pay-out of continuing net income.
Update funded status pension plans (IFRS basis)

The total funded status decreased slightly due to negative equity markets performance.

The balance sheet was impacted in Q3 by the increase of the deficit in the US. The balance sheet surpluses in the UK and Brazil are not recognized (asset-ceiling test).

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Funded status (not reported)</th>
<th>Balance sheet position (not reported)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major plans</td>
<td>(1,125)</td>
<td>(1,176)</td>
</tr>
<tr>
<td>Minor plans</td>
<td>(227)</td>
<td>(227)</td>
</tr>
<tr>
<td>Total</td>
<td>(1,352)</td>
<td>(1,403)</td>
</tr>
</tbody>
</table>
Capital allocation

- Continue to invest in high ROIC organic growth opportunities to strengthen each business

- Disciplined but more active approach to M&A, with a focus on HealthTech, while continuing to adhere to strict return hurdles

- Committed to a strong investment grade credit rating

- Committed to dividend-stability and a 40% to 50% pay-out of continuing net income

- Complete the current EUR 1.5 billion share buyback program by October 2016
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   - Healthcare 53
   - Consumer Lifestyle 59
   - Lighting 65
Accelerate! driving further change and performance

| Customer Centricity | • Increase local relevance of product portfolio  
|                    | • Focused Business-to-Government sales channel; Develop digital and CRM capabilities  
|                    | • Enhance sales capabilities for Solutions, Systems and Services  
|                    | • Expansion into adjacent and new growth markets to drive growth |
| Resource to Win    | • Increase performance adherence to plan per BMC (Business Market Combination) > 90%  
|                    | • Targeted investments to drive value creation and extend market leadership  
|                    | • Strengthen BMC capabilities with global tools, training and ways of working |
| End2End Execution  | • Non-overhead productivity gains of 100 bps margin impact to be achieved by 2016  
|                    | - Transform customer chains to 4 Lean business models  
|                    | - Roll-out new integrated IT landscape  
|                    | - Reduce Cost of Non Quality by 30%, Inventory reduction by 20%  
|                    | • Accelerate innovation time to market by avg. 40%; Increase customer service to >95%  
|                    | • EUR 1 billion via Design for Excellence (DfX) over the period 2014-2016 |
| Growth and Performance Culture | • Focus on the 6 competencies that will accelerate our transformation  
|                                | • Run and measure monthly performance dialogues to take ownership for the transformation  
|                                | • Build Philips University to increase learning and competency development  
|                                | • Excellence practices to increase operational performance; Lean skills for all employees  
|                                | • Increase Employee Engagement in markets by 300 bps |
| Operating Model       | • Simplify and de-layer organization, reduce overhead costs by EUR 1.8 billion  
|                    | • Implement the Philips Business System in the organization  
|                    | • Continue to transform Finance, HR, and IT to increase productivity and effectiveness  
|                    | • Align all employees to common performance management objectives |

Supported by dedicated senior Transformation Leadership to ensure execution
Accelerate! is improving the way we do business

**Enhanced sales capabilities in Healthcare India**

In using Salesforce.com, we redesigned and simplified the sales process in Healthcare India. The new way of working and customer-centric sales planning approach led to improved data transparency, a 50% increase in sales funnel visibility and an increase of 4 pts in win rate.

**End2End transformation: Lighting Indonesia**

The Lighting team successfully implemented a new business model for Systems in Indonesia. The new go-to-market and customized offerings resulted in enhanced business-to-government sales capabilities and important customer wins, including a CityTouch order in Jakarta for more than 1.4 thousand light points.

**Customer value chain: Consumer Lifestyle Iberia**

By redesigning and simplifying End2End processes across the customer value chain, we improved the order fulfillment process in Consumer Lifestyle in Iberia. This resulted in a 15% increase in customer service levels and a 4% positive impact on sales to El Corte Ingles, one of our main customers in the region. We are working with other top customers to replicate this success.

**Lean manufacturing: Image-Guided Therapy**

To optimize manufacturing processes at our Image-Guided Therapy facility in the Netherlands, we ran continuous improvement Kaizen events that led to a more than 45% reduction in manufacturing cycle-time and a 35% reduction in work-in-progress inventory for systems in the cabinets line.
Cost reduction program targeting overhead costs will bring EUR 1.8 billion in savings by 2016

Clear design principles

- Structural reduction of costs in the Single value added layer
  - Reduction of layers and optimization of span of control
  - Leverage shared services and centers of excellence
  - Simplified organization design and harmonized job descriptions

- Continued drive to optimize cost structure through operational excellence (Continuous Improvement, Lean)

Cost reduction scope

Single value added layer

(IT, Finance, HR, Real Estate, Procurement, General Management, Business Transformation, IP&S, Sustainability, Brand, Communication, Legal, Strategy, Public Affairs, Q&R)

Core customer value chain organized in Business Market Combinations (BMC’s)

Global business leadership

R&D, Manufacturing & Supply Chain, Services, Sales, Marketing

Success in local markets

~35% ~65%

1 I2M = Idea to Market, M2O = Market to Order and O2C = Order to Cash.
New operating model enables additional overhead savings by 2016

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Cumulative gross savings</th>
<th>Incremental savings in the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>Plan</td>
<td>Plan</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,335</td>
<td>1,600</td>
</tr>
</tbody>
</table>

* Represents incremental savings generated in the period. Equivalent to annualized gross savings of EUR 322 million in 2015

- New operating model enables additional cost savings across the enabling functions and faster decision-making
- Annualized overhead gross savings through the end of Q3 2015 amount to EUR 322 million. However, we expect overhead cost savings for the full year to be close to the target of EUR 265 million as the anticipated savings for Q4 are likely to be more than offset by an increase in IT costs due to phasing

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Annual restructuring costs and investments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(456)</td>
</tr>
<tr>
<td>Investments*</td>
<td>(433)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>(889)</td>
</tr>
</tbody>
</table>

* Includes investments to enable overhead cost savings as well as investments on the overall execution of the Accelerate! transformation (see page 28 for a comprehensive review of the program)
Overhauling our business model architecture

From 70+ business models

To 4 end to end business models

- Products
- Systems
- Services
- Software

- All Philips businesses to adopt one of four standardized business models
- Investments being made to standardize processes, data, and new IT backbone
- A single planning, performance and reward cycle across Philips
- Investing to create a culture for such a major change
On track to achieve procurement transformation targets

Design for X; X = cost, quality, manufacturing etc.

- End2End approach to product creation, with one integrated procurement team, supply chain, R&D, marketing, finance and the supplier upfront to drive breakthrough cost savings through:
  - Value engineering
  - Re-design the purchasing value chain
  - Leveraging global spend

- Significant cost savings can be achieved in mature products, i.e. products being manufactured 5+ years, as well as new product introductions

- Funnel of opportunities targeting additional cumulative savings of EUR 1 billion over the period 2014 to 2016

Cumulative procurement gross savings

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>284</td>
</tr>
<tr>
<td>2015</td>
<td>600</td>
</tr>
<tr>
<td>2016</td>
<td>1,000</td>
</tr>
</tbody>
</table>

DfX challenges the value chain of products, drives decisions and follow-through
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The Philips Business System, our repeatable system to drive value

- Active portfolio management
- Improving customer centricity
- Relentless focus on operational excellence
  - Ensure Quality and Compliance
  - Drive operational excellence and speed
  - Reduce costs and eliminate waste
- Building our growth and performance culture

1 Capabilities, Assets and Positions.
We leverage our unique strengths across businesses and markets

Philips Portfolio

Deep Market Insights
- Global market leader in Lighting
- Top 3 Healthcare player
- Leadership positions\(^1\) in over half of Group revenues

Technology Innovation
- Technology and know-how
- Strong IP positions (~71,000 patent rights)
- Regional R&D centers

Global Footprint
- Loyal customer base in 100+ countries
- 35% of group revenues from growth geographies\(^2\)

The Philips Brand
- World’s 47\(^{th}\) most valuable brand in 2015 compared to the 65\(^{th}\) in 2004
- Brand value of USD 9.4 billion

Our People
- Employee Engagement Index\(^3\) exceeds high performance benchmark value of 70%
- Culturally diverse leadership team

Supported by a strong balance sheet

---

\(^1\) Global #1 or #2 position in the market.
\(^2\) Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.
\(^3\) Based on bi-annual Philips’ Employee Engagement Survey.
Continuing our multi-year Accelerate! journey to drive value creation

- **Initiate new growth engines**
  - Invest in adjacencies
  - Seed emerging business areas

- **Expand global leadership positions**
  - Invest to strengthen our core businesses
  - Resource allocation to right businesses & geographies

- **Transform to address underperformance**
  - Turnaround or exit underperforming businesses
  - Productivity & margin improvements
  - Rebuild culture, processes, systems & capabilities
  - Implement the Philips Business System

2011 - 2016
We are well on our way to creating two winning standalone companies

- **2014**
  - Establishing Royal Philips (HealthTech) operating model
  - Establishing stand-alone Philips Lighting structure

- **2015**
  - Assess strategic options for Philips Lighting

- **2016**
  - Ongoing productivity measures across both organizations

- **Today**
  - Approval by Annual General Meeting of Shareholders
  - Pro-forma financials
  - Complete separation
  - Employees allocated
  - New external reporting
Creating two focused companies to capture highly attractive market opportunities

**Strategic benefits of the separation**
- Establishing two focused winning companies
- Immediate opportunities to capture growth in attractive end-markets in transition
- Unique portfolio, insights and capabilities

**Royal Philips**
- Focused on the EUR 140+ billion HealthTech opportunity
- Serving the Health Continuum
- Leveraging strengths of Healthcare and Consumer Lifestyle

**Philips Lighting**
- Focused on the EUR 65+ billion Lighting opportunity
- Establishing stand-alone Lighting structure
- LED Components & Automotive

**Operational benefits of the separation**
- Higher growth and profitability
- Improved customer focus in attractive markets
- Faster decision making
- Lean overhead structure, less management layers
- Focused management
- Focused balance sheets and capital allocation policies
- Enable investments in growth

**EUR 14.4 billion sales 2014**
**EUR 7.0 billion sales 2014**

---

1Excluding Lifestyle Entertainment; including IG&S revenue allocation. 2Excluding LED Components & Automotive; including IG&S revenue allocation.
Lighting: attractive and growing EUR 65+ billion market

Key macro trends drive lighting market growth

Overall market expected to grow 2–4%, with significant underlying shifts

Global lighting market forecast

The world needs more light

The world needs more energy efficient light

The world needs more digital light

Note:
1. Source: BCG. Excluding LED components and Automotive market.
2. Only professional market and lifecycle data-enabled services.
We are the clear global leader in lighting

Share of Lighting sales¹

<table>
<thead>
<tr>
<th>Components</th>
<th>Light Sources</th>
<th>Luminaires</th>
<th>Systems</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>LED Components</td>
<td>Lamps 40%</td>
<td>LED 17%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Global leader with #1 market share in every region</td>
<td>Global leader, with #1 market share in Europe and Americas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
<td>Luminaires, Systems and Services for professional and home</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>43% Global leader with #1 market share in professional in Europe, Latin America and Asia-Pacific²</td>
</tr>
</tbody>
</table>

- Leading positions in conventional and key growth businesses
- Global reach with unmatched channel strength, brand value 3x higher than the next competitor
- Recognized track record of innovation and strong patent portfolio
- Leading the transformation to LED, Systems & Services

¹ Sales last 12 months September 2015; excluding LED components and Automotive. ² Excluding Japan.
Source: 2014 Interbrand valuation study, TNS HeartBeat customer, consumer survey, customer panels, industry associations and internal analysis.
HealthTech: a EUR 140+ billion market opportunity

Philips indicative addressable market 2014\(^1\) and approximate CAGR 2014–18

- Healthy living: EUR 35+ billion, CAGR ~4%
- Prevention: EUR 15+ billion, CAGR >10%
- Diagnosis: EUR 35+ billion, CAGR ~6%
- Treatment: EUR 15+ billion, CAGR ~7%
- Home care: EUR 15+ billion, CAGR >10%
- Monitoring, informatics and connected care: EUR 25+ billion, CAGR ~4%

Mid to high-single-digit market growth

---

\(^1\) Source: Philips Internal Study based on external sources such as COCIR, NEMA, Soreon, IBIS World.
Profound market trends are driving the HealthTech opportunity

Consumers increasingly engaged in their health
Shift to value-based healthcare will reduce waste, increase access and improve outcomes
Care shifting to lower cost settings and homes

We see two major opportunities for Philips:
• “Industrialization of care”: enabling providers to deliver lower-cost care and better outcomes
• “Personalization of care”: driving convergence of professional healthcare and consumer health
We target healthcare customer and consumer needs along the Health Continuum

- Healthy living: Help people to live a healthy life in a healthy home environment
- Prevention: Enable people to manage their own health
- Diagnosis: Ensure first time right diagnosis with personalized and adaptive care pathways
- Treatment: Enable more effective therapies, faster recovery and better outcomes
- Home care: Support recovery and chronic care at home

Monitoring, informatics and connected care

Improve population health outcomes and efficiency through integrated care, real-time analytics and value-added services
We have a unique position to tap into the HealthTech opportunity

We deliver **leading solutions** that improve **personalized health outcomes** and drive **better productivity** along the Health Continuum, building on our strengths:

- **Deep consumer and customer insights**
- **Advanced technology** and world class design capabilities
- **Deep clinical know-how** and rich data sets
- **Broad channel access** in home and clinical environment
- **Digital analytics** and **clinical decision support** expertise
- **Trusted solutions partner** with **strong Philips brand**

*HealthSuite digital platform enabling solutions along the Health Continuum*
We build off strong leadership positions

Global leader¹
Male electric shaving

Global leader
Power toothbrush

Global top 3 Diagnostic imaging

Global leader Image-guided interventions

Global leader Sleep & Respiratory Care

#1 in China Air

Global leader
Mother & Childcare

Global leader Ultrasound

#1 in North America Home Monitoring

Global leader
Patient Monitoring

#1 in North America Cardiology Informatics

Healthy living

Prevention

Diagnosis

Treatment

Home care

¹ Global leader: #1 or #2 position in the global market.
Performance trajectory update

Our operational improvements support 2016 outlook; however macro risks and headwinds are increasing.

We expect modest comparable sales growth and are focused on driving further operational EBITA improvement in 2016, while also investing in growth.

Note: Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Productivity programs continue to improve operational performance

<table>
<thead>
<tr>
<th>(EUR million)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental gross overhead cost savings in the period</td>
<td>284</td>
<td>265</td>
<td>200</td>
</tr>
<tr>
<td>Procurement</td>
<td>284</td>
<td>~300</td>
<td>~400</td>
</tr>
<tr>
<td>End2End productivity gains</td>
<td>79</td>
<td>~80</td>
<td>~90</td>
</tr>
<tr>
<td>Restructuring and investments(^1)</td>
<td>(240)</td>
<td>(260)</td>
<td>(190)</td>
</tr>
</tbody>
</table>

All savings numbers are gross numbers

\(^1\) Investments to enable overhead cost savings as well as on the overall execution of the Accelerate! transformation.
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Philips: A strong industrial company leading in health and well-being

Since **1891**

- **€21.4 billion** sales in 2014, **70%** B2B
- **~106,000** employees in over 100 countries

**50%** of the portfolio has global leadership positions

- **€1.6 billion** R&D spend in 2014 and **~71,000** patent rights
- More than **1/4** of revenues from recurring revenue streams

---

Footnotes:

1. Based on sales last 12 months September 2015.
2. Excluding Central sector (IG&S).
3. Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Strong leadership\textsuperscript{1} positions in many markets across the globe

### Healthcare
- **Global** Cardiovascular X-ray
- **Global** Patient Monitoring
- **Global** Image-Guided interventions
- **Global** Sleep and Respiratory Care
- **Global** Ultrasound

### Consumer Lifestyle
- **Global** Rechargeable Toothbrushes
- **Global** Male Electric Shaving
- **Global** Mother & Child Care
- **Regional** Kitchen Appliances
- **Regional** Air Purification

### Lighting
- **Global** Conventional Lamps
- **Global** LED Electronics
- **Global** LED Lamps
- **Global** Connected lighting
- **Global** Professional Luminaires

\textsuperscript{1} Global or Regional #1 or #2 position in the market.
Sustainability as a driver for growth

Success of EcoVision
Green Products represented around 52%\(^1\) of sales in 2014, up from 39%\(^1\) of sales in 2011, driven by investments in Green Innovation.

EcoVision targets for 2015
- 55% of sales from Green Products
- EUR 2 billion Green Innovation investments
- To improve the lives of 2 billion 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
- Received the 2015 “Champion for Change” award from Practice GreenHealth, the North American leading sustainable healthcare community
- Have been recognized 2015 Energy Star partner of the year by the US Environmental Protection Agency for outstanding contribution to environmental protection through energy efficiency
- Received the VBDO Responsible Supply Chain Management Award for the 7\(^{th}\) time, ranking 1\(^{st}\) among the 40 largest publicly listed Dutch companies
- Recognized, for the 3\(^{rd}\) consecutive year, as a leader in the Carbon Disclosure Project on both disclosure and performance
- Cited top riser in Interbrand’s annual ranking of the top 50 Best Global Green Brands, moving up nine places to the 14\(^{th}\) position
- In the 2015 Dow Jones Sustainability Index, Philips became leader in the Industrial Conglomerates category, with top scores for Best in Class performance on Climate Strategy, Product Stewardship and Supply Chain Management

\(^1\) Excluding the Audio, Video, Multimedia and Accessories business and the combined businesses of Lumileds and Automotive.
# Healthcare

**What we do. Where we are.**

## Philips Healthcare

<table>
<thead>
<tr>
<th>Businesses</th>
<th>Geographies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imaging Systems</td>
<td>Western Europe</td>
</tr>
<tr>
<td>Healthcare Informatics, Solutions &amp; Services</td>
<td>North America</td>
</tr>
<tr>
<td>Patient Care &amp; Monitoring Solutions</td>
<td>Other Mature Geographies</td>
</tr>
<tr>
<td>Customer Services</td>
<td>Growth Geographies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>36%</td>
<td>20%</td>
</tr>
<tr>
<td>6%</td>
<td>44%</td>
</tr>
<tr>
<td>31%</td>
<td>11%</td>
</tr>
<tr>
<td>27%</td>
<td>25%</td>
</tr>
</tbody>
</table>

## Key Figures

- **€9.2 Billion** sales in 2014
- **39,000+** people employed worldwide in 100 countries
- **9%** of sales invested in R&D in 2014
- **450+** products & services offered in over 100 countries

1. Based on sales last 12 months September 2015.
2. Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.
Healthcare: Delivering integral, innovative solutions along the Health Continuum

- Collaborate with customers and across our businesses to provide better care at lower cost to more patients
- Redefine the delivery of care as a technology solutions partner
- Deliver all elements from diagnosis to treatment to patient recovery and care, from hospital to home, supported by informatics and consultancy

Excluding MedQuist sales of EUR 0.3 billion in 2006. Philips sold its ~70% interest in MedQuist in 2007.
Our Healthcare businesses are well positioned on the Health Continuum

- World-class innovation
- Deep clinical expertise and relationships
- Global access to healthcare providers
- Integrated solutions portfolio
- Trusted brand

Global top 3 Diagnostic imaging

Global leader Image-guided interventions

Global leader Sleep & Respiratory Care

#1 in North America Home Monitoring

Global leader Patient Monitoring

#1 in North America Cardiology Informatics

1 Global leader: #1 or #2 position in the global market. Source: Frost and Sullivan, Home Healthcare TBS, PCMS market insight.
Healthcare: order intake

Quarterly currency adjusted order intake growth

Currency adjusted order intake only relates to the Imaging Systems, Patient Care & Monitoring Solutions and the Healthcare Informatics, Solutions & Services businesses

---

1 Order intake includes equipment and software orders. Prior-period information has been restated for a voluntary order intake policy change.
Healthcare: order book

Indexed order book\(^1\) development

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td>80</td>
<td>90</td>
<td>100</td>
<td>110</td>
<td>120</td>
<td>110</td>
<td>100</td>
<td>90</td>
<td>80</td>
<td>70</td>
</tr>
</tbody>
</table>

Quarter end order book is a leading indicator for \(~45\%\) of sales the following quarters:

- Equipment and software book and bill sales: \(~15\%\)
- ~45\%
- ~40\%

Equipment and software sales from order book - Leading indicator of future sales

Typical profile of order book conversion to sales:

<table>
<thead>
<tr>
<th></th>
<th>Q+1</th>
<th>Q+2 to 4</th>
<th>&gt; 1 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversion</td>
<td>(~30%)</td>
<td>(~40%)</td>
<td>(~30%)</td>
</tr>
</tbody>
</table>

Approximately 70\% of the current order book results in sales within the next 12 months.

\(^1\) Prior-period information has been restated for a voluntary order intake policy change.
Healthcare historical market development

North America market size, growth and impacts

The US market is expected to grow by low-single-digit for 2015-2016
## Consumer Lifestyle

**What we do. Where we are.**

<table>
<thead>
<tr>
<th>Philips Consumer Lifestyle</th>
<th>Businesses¹, ²</th>
<th>Geographies¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Personal Care</td>
<td>Western Europe</td>
</tr>
<tr>
<td></td>
<td>Health &amp; Wellness</td>
<td>North America</td>
</tr>
<tr>
<td></td>
<td>Domestic Appliances</td>
<td>Other Mature Geographies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Growth Geographies³</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>33%</th>
<th>23%</th>
<th>43%</th>
</tr>
</thead>
</table>

| €4.7 Billion sales in 2014 | 16,000+ People employed worldwide | 6% of sales invested in R&D in 2014 | 55% of green product sales in 2014 |

¹ Based on sales last 12 months September 2015. ² Other category (1%) is omitted from this overview. ³ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.
Consumer Lifestyle: Focusing on Personal Health and Well-being appliances and services

- Streamlined portfolio focused on Personal Health and Well-being
- Expand core businesses through locally relevant innovations, global platforms and geographical expansion of proven propositions
- Explore new business adjacencies in the domain of Personal Health and Well-being

![Chart showing sales distribution]

- Total sales EUR 8.7 billion: 2010
  - Domestic Appliances: 36%
  - Health & Wellness: 4%
  - Personal Care: 17%
  - Lifestyle Entertainment: 7%
  - Others: 13%

- Total sales EUR 5.2 billion: Sep ’15
  - Television: 33%
  - Personal Care: 23%
  - Lifestyle Entertainment: 23%
  - Others: 43%

![Image of a family in a kitchen setting]
Our Consumer Lifestyle businesses have strong positions on the Health Continuum

- Actively addressing Healthy Living and Prevention
- Leveraging global scale and local relevance
- Market access in 100+ countries
- Leading consumer brand
- 250 million appliances sold into homes every year
- Strong capabilities can be leveraged into Home Care

1 Global leader: #1 or #2 position in the global market. Source: GfK, Nielsen, Euromonitor.
We see significant opportunity for further growth, driven by two growth thrusts

<table>
<thead>
<tr>
<th>Strengthening the core</th>
<th>New business adjacencies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Locally relevant innovations and global platforms</strong></td>
<td><strong>Addressing opportunities along the Health Continuum</strong></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Our BMC(^1) approach addresses consumer needs through locally relevant innovation and global scale</td>
<td>We see significant opportunities to innovate for consumers along the Health Continuum</td>
</tr>
<tr>
<td>We continue our geographical expansion, addressing white spots with proven propositions</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Business Market Combination.
We are further building our leadership positions in these categories

**Personal Care**

**Male Grooming**
- Maintaining #1 position in electric Male Grooming
- Further strengthening leadership in China; expanding into lower tier cities
- Strengthening relationship with large and loyal base of users through trading-up and recurring revenue activities

**Beauty**
- Strengthening #1 position in Intense Pulsed Light hair removal in 25 markets in Europe, Latin America, Asia and the Middle East
- VisaPure cleansing brush successfully launched in 21 markets. Philips skincare now available in more than 1,500 Health & Beauty stores
- Market leader in China and volume market leader in Europe for Hair Dryers

**Health & Wellness**

**Oral Healthcare**
- Further strengthening leadership position in the US, Japan and China
- Enhancing geographic growth with strong market share increase outside the US (e.g. DACH1, Japan, UK, China, Russia)
- Sonicare DiamondClean continues to be successful with different editions delivering strong results

**Mother & Child Care**
- Strengthening geographic footprint with strong growth in key markets such as China, North America & Latin America
- #1 market position in many markets & sub-categories (e.g. bottles and soothers in the US, breast pumps in China, overall #1 in Russia)

---

1 Germany, Austria, Switzerland.
Source: GfK, Nielsen, YTD and MAT September 2015, Euromonitor International.
We are further building our leadership positions in these categories

**Kitchen Appliances**
- Acquisitions and local product creation drive a significant increase of new product offers
- Global #1 brand in categories such as low fat fryer, juice extractor, food processor and overall home cooking & food preparation
- Leadership in key markets strengthened through local relevance: reached #1 position in blenders in Asia-Pacific and hand blenders in Asia-Pacific and Eastern Europe

**Garment Care**
- Optimal Temp innovation (non-thermostat iron) confirms global leadership in steam generators
- Locally relevant innovations like steamers drive leadership in China and expand portfolio globally

**Coffee**
- After the introduction of Saeco Incanto Executive, further successful expansion to mid/high end range with Saeco Incanto
- Growing Senseo as the #1 European brand in Coffee machines in 2014
- Continued expansion of the alliance with Tchibo

Source: GfK, Nielsen, YTD and MAT September 2015, Euromonitor International.
## Lighting

What we do. Where we are.

<table>
<thead>
<tr>
<th>Philips Lighting</th>
<th>Businesses&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Geographies&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light Sources &amp; Electronics</td>
<td>Professional Lighting Solutions</td>
<td>Consumer Luminaires</td>
</tr>
<tr>
<td>56%</td>
<td>37%</td>
<td>7%</td>
</tr>
</tbody>
</table>

**€6.9 Billion sales in 2014**

**35,000+ People employed worldwide in 60 countries**

**5% of sales invested in R&D in 2014**

**72% of green product sales in 2014**

---

<sup>1</sup> Based on sales last 12 months September 2015.

<sup>2</sup> Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
Lighting: Lead the way on the path to LED, systems & services

- Serve a large and attractive market driven by the need for more light and energy-efficiency
- Shape the future of digital lighting through game-changing innovation, and unique systems and services
- Accelerate the adoption of LED and help customers to realize the benefits of intelligent and connected lighting systems
We increase our focus towards the people we serve
Further strengthening global leadership in Lighting

<table>
<thead>
<tr>
<th>Philips Lighting</th>
<th>Customer segments¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Homes</td>
</tr>
<tr>
<td></td>
<td>Offices</td>
</tr>
<tr>
<td></td>
<td>Outdoor</td>
</tr>
<tr>
<td></td>
<td>Industry</td>
</tr>
<tr>
<td></td>
<td>Retail</td>
</tr>
<tr>
<td></td>
<td>Hospitality</td>
</tr>
<tr>
<td></td>
<td>Entertainment</td>
</tr>
</tbody>
</table>

|   | 26% | 6%  | 33% | 7%  | 22% | 4%  | 2%  |

• ~ 75%¹ of Lighting sales is B2B
• ~ 44%² of Lighting sales is LED lighting

¹ Indicative split based on last 12 months September 2015. ² Based on Q3 2015.
Our strategy of connected lighting captures the attractive value of lighting

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Global leader in the lighting industry</td>
</tr>
<tr>
<td></td>
<td>We are a global leader in this attractive market &amp; consistently improve operational performance</td>
</tr>
<tr>
<td>2</td>
<td>Conventional lighting pro-actively managed</td>
</tr>
<tr>
<td></td>
<td>Our industrial setup is flexible to cater for the conventional market decline dynamics</td>
</tr>
<tr>
<td>3</td>
<td>LED lamps optimized for value creation</td>
</tr>
<tr>
<td></td>
<td>We continuously take cost out and differentiate in LED lamps</td>
</tr>
<tr>
<td>4</td>
<td>LED offers are designed for connectivity</td>
</tr>
<tr>
<td></td>
<td>We shape the connected lighting market</td>
</tr>
<tr>
<td>5</td>
<td>Systems &amp; services as additional profit pool</td>
</tr>
<tr>
<td></td>
<td>Unique position to win in the fast-growing systems &amp; services market</td>
</tr>
<tr>
<td>6</td>
<td>Path-to-Value on track</td>
</tr>
<tr>
<td></td>
<td>Clear Path-to-Value for 2016 and beyond</td>
</tr>
</tbody>
</table>
We are the global leader in lighting

We focus on three business groups

1. **Light Sources & Electronics**

2. **Consumer Luminaires**

3. **Professional Lighting Solutions**, including:
   - **Systems**: interconnected lighting products (light sources, luminaires, controls), software and system integration
   - **Services**: advise, operate and/or maintain an installed lighting system through its lifecycle

Have leadership positions across all regions

*Market share per Business Group and region – 2014*¹

<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>Light Sources &amp; Electronics</td>
<td>#1</td>
<td>#2 or 3</td>
<td>Not in top 3</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td>Consumer Luminaires³</td>
<td>#2 or 3</td>
<td>Not in top 3</td>
<td>#2 or 3</td>
<td>#2 or 3</td>
<td>#2 or 3</td>
</tr>
<tr>
<td>Professional Lighting Solutions</td>
<td>#1</td>
<td>Not in top 3</td>
<td>#1 or 2 or 3</td>
<td>#2 or 3</td>
<td>#2 or 3</td>
</tr>
<tr>
<td>Overall Lighting</td>
<td>#1</td>
<td>#2 or 3</td>
<td>#1 or 2 or 3</td>
<td>#2 or 3</td>
<td>#1</td>
</tr>
</tbody>
</table>

- Largest lighting company in the world
- #1 in sold LED lighting
- #1 in connected lighting⁴
- Market share in LED is higher than in conventional

¹ Source: customer panels, industry associations and internal analysis. ² Excluding Japan. ³ #1 position globally as nearest competitors play only on specific regions; Excluding private labels. ⁴ Source: Markets and Markets, Global smart lighting market (2013–18).
The overall lighting market is attractive with high-margin businesses driving value

Overall market expected to grow 2-4%, with significant underlying shifts

Global lighting market forecast

<table>
<thead>
<tr>
<th>Year</th>
<th>Systems &amp; Services</th>
<th>LED</th>
<th>Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CAGR EUR 75-85 billion

2015 - 2019 CAGR

1. Conventional products
   - Low-to-mid-teens decline

2. LED products
   - Mid-teens growth

3. Systems & Services
   - Systems: 20% to 25%
   - Services: 40% to 45%

1 Source: BCG. Excluding LED components and Automotive market. 2 Only professional market and lifecycle data-enabled services. 3 Data-enabled services only.
Non-residential construction market in mature geographies is a key growth driver

Around 30% of Philips Lighting sales driven by construction in Western Europe & North America (WE&NA)

<table>
<thead>
<tr>
<th>Philips Lighting</th>
<th>Construction</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>6%</td>
<td>20%</td>
<td>26%</td>
</tr>
<tr>
<td>Commercial</td>
<td>45%</td>
<td>24%</td>
<td>69%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>51%</td>
<td>49%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Construction</th>
<th>WE&amp;NA</th>
<th>ROW</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>2%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Commercial</td>
<td>28%</td>
<td>17%</td>
<td>45%</td>
</tr>
<tr>
<td>Total</td>
<td>30%</td>
<td>21%</td>
<td>51%</td>
</tr>
</tbody>
</table>
Performance remains strong in conventional and our industrial setup is flexible to cater to the market decline

**#1 in conventional lamps and drivers**

*Market share*¹

- Philips
- Competitor 1
- Competitor 2

- Capture value by leveraging our:
  - Global market presence
  - Leading technology, trusted brand
  - Extensive customer channels

**We adapt capacity in response to market demand**

*# of manufacturing sites, LS&E²*

- 2009: 1.6x
- 2014: -85%
- 2019: 1

**Measures deliver positive results**

*Free Cash Flow to sales ratio, conventional lamps and drivers*

*Fixed asset turnover ratio, conventional lamps and drivers*

- Ability to adjust capacity with a 3-month lead time
- Closure of sites accelerated in line with market demand

¹ Source: Philips Lighting, global market study, competitor reports. ² Light Sources & Electronics.
We are the leading LED lighting company

**Increased R&D investment in LED leading to improved results**

- **R&D spend LED-Indexed**
  - LTM Q3 2013
  - LTM Q3 2015
  - Increase by +54%

**LED sales increase (in EUR billion)**

- **LED as a % of Lighting sales**
  - LTM Q3 2013: 1.6%
  - LTM Q3 2015: 22%
  - CAGR +34%
  - LTM Q3 2013: 2.9
  - LTM Q3 2015: 40%

**Increased focus on LED products & portfolio developments**

- We lead the technological revolution by investing significantly in LED R&D
- Total LED sales ~ EUR 2.9 billion last 12 months September 2015
- LED revenue growth and cost productivity gains will improve profitability

**Leveraging Intellectual Property**

- **Scope:** LED Controls and Basic Optics
- Philips Lighting Patent Portfolio:
  - 90% LED and digital related
  - 10% Conventional related
- 1400 Rights licensed
- Licensing Program has more than 575 licensees

---

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
We are shaping the future of digital lighting

We have a unique competitive position in LED lighting

Market presence in the digital value chain¹:

![Diagram showing market presence in LED components, LED Lamps / Modules, LED Luminaires, Lighting Systems, and Lighting Services with arrows indicating strong presence and developing presence.]

We continue to invest on differentiation through innovation

Total Lighting R&D Spending Index (Philips = 100)²

- Large majority of our R&D spend is focused on digital lighting

¹ Source: Latest competitors’ annual reports, LEDs magazine, LEDinside.com.
² Source: Latest competitors’ quarterly reports, internal estimates, excluding General Electric and Japanese lighting companies for lack of data.
LED lamps margins improve as we focus on cost down and differentiating innovations

**Manufacturing model is optimized to reduce costs**

*Manufacturing model metrics (indicative)*

- **Out-sourced**
  - Technology 2 (JDM\(^2\))
  - Technology 4 (ODM\(^1\))
- **In-house**
  - Technology 1 (in house)
  - No control points, Commodity

**Differentiation through innovation at all price points**

- Replicates the effect of a dimmed halogen or incandescent lamp
- Produced and launched in Europe at <EUR 5
- Frosted incandescent look and feel through the use of glass bulb
- Ultra efficiency for Office applications
- Direct retrofit, no installation hassle

**Measures are paying off both in Consumer and Professional**

*Adjusted gross margin LED Lamps*

- **Warm glow**
  - +120bps
  - LTM Q3’14
  - LTM Q3’15

- **The classic LED bulb**
  - +560bps

**Gross margin difference of LED vs. Conventional lamps is narrowing**

*Adjusted gross margin*

- LTM Q3’14
- LTM Q3’15

---

\(^1\) Original Design Manufacturing. \(^2\) Joint Development Manufacturing. \(^3\) After rebates in selected states.
Double-digit growth in systems & services improves overall lighting market attractiveness

**Systems will expand the addressable market by EUR 3 - 4 billion**

*Professional lighting solutions market forecast*

**Data-enabled services will further expand the market by EUR 1 billion**

*Data-enabled services market forecast*

**Expected to represent 40% of the professional lighting solutions market by 2018**

- Leverage lighting assets in new ways
- Value beyond illumination and improved customer business performance

**Data transmitted through digital light points enables asset-light service offers**

- Data can be analyzed to provide actionable insights
- Optimized management and monitoring of performance

**Uniquely positioned to capture the high growth and accretive market opportunities of systems and services**

Note: Systems installation market excluded in addressable market, where we mainly leverage our partner network. Source: Philips internal study, market reports, expert interviews.
Innovation, Group & Services

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

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

Group and Regional Costs
Group headquarters and country & regional overheads, as well as costs related to the separation of the Lighting business

Accelerate! Investments
Investments to support the transformation program

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, stranded costs of the Audio, Video, Multimedia and Accessories as well as the Lumileds and Automotive businesses, and other incidentals related to the legal liabilities of the Group
Appendix
## Financial calendar 2016

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 26</td>
<td>Fourth quarter and annual results 2015</td>
</tr>
<tr>
<td>February 23</td>
<td>Annual Report 2015</td>
</tr>
<tr>
<td>April 25</td>
<td>First quarter results 2016</td>
</tr>
<tr>
<td>May 12</td>
<td>Annual General Meeting of Shareholders</td>
</tr>
<tr>
<td>July 25</td>
<td>Second quarter results 2016</td>
</tr>
<tr>
<td>September 13</td>
<td>Capital Markets Day</td>
</tr>
<tr>
<td>October 24</td>
<td>Third quarter results 2016</td>
</tr>
</tbody>
</table>
Depreciation and amortization

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2014</th>
<th>Q3 2015</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>137</td>
<td>151</td>
<td>521</td>
<td>592</td>
</tr>
<tr>
<td>Amortization of software</td>
<td>7</td>
<td>11</td>
<td>39</td>
<td>32</td>
</tr>
<tr>
<td>Amortization of other intangible assets</td>
<td>77</td>
<td>87</td>
<td>393</td>
<td>332</td>
</tr>
<tr>
<td>Amortization of development costs</td>
<td>57</td>
<td>63</td>
<td>224</td>
<td>231</td>
</tr>
<tr>
<td>Philips Group</td>
<td>278</td>
<td>312</td>
<td>1,177</td>
<td>1,187</td>
</tr>
</tbody>
</table>

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
# Gross capital expenditures & Depreciation by sector

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Gross CapEx¹</th>
<th>Depreciation¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3 2014</td>
<td>Q3 2015</td>
</tr>
<tr>
<td>Healthcare</td>
<td>28</td>
<td>37</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Lighting</td>
<td>14</td>
<td>22</td>
</tr>
<tr>
<td>IG&amp;S</td>
<td>29</td>
<td>53</td>
</tr>
<tr>
<td>Group</td>
<td>94</td>
<td>135</td>
</tr>
</tbody>
</table>

¹ Capital expenditures and depreciations on property, plant and equipment only.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
## Gross capital expenditures & Depreciation by sector

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Gross CapEx¹</th>
<th>Depreciation¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Healthcare</td>
<td>131</td>
<td>127</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>135</td>
<td>109</td>
</tr>
<tr>
<td>Lighting</td>
<td>117</td>
<td>84</td>
</tr>
<tr>
<td>IG&amp;S</td>
<td>99</td>
<td>117</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>482</td>
<td>437</td>
</tr>
</tbody>
</table>

¹ Capital expenditures and depreciations on property, plant and equipment only.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
## 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 2014</td>
<td>Q3 2015</td>
</tr>
<tr>
<td>Healthcare</td>
<td>41</td>
<td>56</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Lighting</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>IG&amp;S</td>
<td>41</td>
<td>13</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>94</td>
<td>87</td>
</tr>
</tbody>
</table>

*Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.*
## Development cost capitalization & amortization by sector

### EUR million

<table>
<thead>
<tr>
<th>Sector</th>
<th>Capitalization 2013</th>
<th>Capitalization 2014</th>
<th>Amortization 2013</th>
<th>Amortization 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>252</td>
<td>221</td>
<td>154</td>
<td>166</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>43</td>
<td>57</td>
<td>37</td>
<td>32</td>
</tr>
<tr>
<td>Lighting</td>
<td>31</td>
<td>23</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>IG&amp;S</td>
<td>24</td>
<td>96</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>350</td>
<td>397</td>
<td>224</td>
<td>231</td>
</tr>
</tbody>
</table>

**Note:** Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.
## Restructuring, acquisition-related charges and other items

<table>
<thead>
<tr>
<th>EUR million</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
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1 Q3 2014 includes EUR (366)M charges related to the jury verdict in the Masimo litigation and EUR (49)M of mainly inventory write-downs related to the Cleveland facility. 2 Q3 2014 includes EUR (43)M provisions related to CRT. 3 Q4 2014 includes EUR (201)M of charges related to CRT, a EUR 67M post-service pension cost gain in the Netherlands and EUR (68)M of impairment and other charges related to industrial assets at Lighting. 4 Q3 2015 includes EUR (38)M mainly related to the Volcano acquisition. 5 Q3 2015 includes EUR (31)M related to a legal matter. 6 Q3 2015 includes EUR (59)M related to the separation of the Lighting business.