PHILIPS

sense and simplicity

Royal Philips Electronics

Fourth Quarter and Annual Results 2011

Information booklet

January 30th, 2012

PHILIPS

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 Q4 2011 and annual results 2011

3. Accelerate! Change and performance

4. Portfolio strength and path to value

5. Group and sector overview

Management update Q4 2011

- Q4 sales of EUR 6.7 billion, comparable sales up 3%;
  - Healthcare sales growth of 3% and equipment order intake growth of 3%
  - Consumer Lifestyle growth businesses -- Personal Care, Health & Wellness, and Domestic Appliances -- achieved high-single-digit comparable sales increase, 1% growth for total sector
  - Lighting grew by 7%, driven by double-digit growth at Lamps and Automotive and LED sales growth of 37%

- Lower earnings in Healthcare and Lighting impacted results for the quarter;
  - Healthcare impacted by market weakness in Europe, leading to postponement of deliveries and affecting margin improvement plans for Imaging Systems. In addition, investments in innovation and sales channels, as well as one-time charges, resulted in lower earnings
  - Reported EBITA margin of 10% for Consumer Lifestyle in Q4 2011
  - Lighting impacted by pricing, inventory reduction measures, and operational issues
  - Commercial and brand-related assets for Consumer Luminaires were revalued, resulting in a charge of EUR 128 million

Note - All figures exclude discontinued operations

PHILIPS

Management update Q4 2011

- Moving forward on Accelerate!, Philips' change and performance program
  - Initial signs of the Accelerate! program positively impacting sales growth in Lighting and Consumer Lifestyle despite difficult market circumstances
  - Key talent attracted for critical positions to lead the transformation
  - Inventory as a % of sales decreased to 16.1% from 18.2% in Q3 2011 showing first signs of improvement in end-to-end processes
  - Actions to deliver on the overhead cost reduction program are on track
  - Annual incentive system changed to reflect line-of-sight accountability; KPI's aligned with 2013 targets
- Working capital reductions in the sectors amounted to more than EUR 500 million in the quarter, contributing to a free cash inflow of EUR 961 million
- TV deal proceeding according to plan
- 35% of EUR 2 billion share buy-back program completed. Program extended up to Q2 2013 due to volatility in financial markets
- While concerns about the economic environment remain, we are fully committed to improve our operational performance to achieve our 2013 mid-term financial targets

Note - All figures exclude discontinued operations

PHILIPS

FY 2011 highlights

- 2011 sales of EUR 22.6 billion, comparable sales up 4%;
  - Healthcare in 2011 exceeded the addressable market growth rate of 4 to 5%
  - Consumer Lifestyle growth businesses -- Personal Care, Health & Wellness, and Domestic Appliances -- achieved double-digit comparable sales increase
  - Lighting achieved sales growth in the targeted range of 6 to 8%, with LED product sales, excluding Lumileds, growing at around 70% for the year
- Progress on Net Promoter Score and market share;
  - Net Promoter Score, a leading indicator for market share growth, has improved for outright leadership positions
  - We have gained market share in Healthcare in the US
  - We expect[1] to have gained market share in the growth businesses of Consumer Lifestyle and more importantly in LED Lighting

[1] Final data for full year 2011 not yet available, statement based on internal estimates
Note - All figures exclude discontinued operations

Aligning the reward system with mid-term targets

Structural change in the reward system

Short-term incentive changes

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

Long-term incentive changes

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

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

1. Management update
2. Group results Q4 2011 and annual results 2011
3. Accelerate! Change and performance
4. Portfolio strength and path to value
5. Group and sector overview

Headlines: Q4 2011

Group	• Philips reports fourth-quarter sales of EUR 6.7 billion; EBITA of EUR 503 million • Comparable sales up 3%, led by 7% growth at Lighting • Growth geographies sales up 12% on a comparable basis • EBITA of 7.5% of sales • Net income from continuing operations at EUR 112 million • Free cash flow of EUR 961 million • Proposed dividend stable at EUR 0.75 per share
Healthcare	• Comparable sales were 3% higher year-on-year, strong in North America with 6% • EBITA for Q4 2011 was EUR 409 million, or 15.0% of sales, compared to EUR 522 million, or 19.8% of sales, in Q4 2010. Impacted by market weakness in Europe, leading to postponement of deliveries and affecting margin improvement plans for Imaging Systems. In addition, investments in innovation and sales channels, as well as one-time charges, resulted in lower earnings
Consumer Lifestyle	• Consumer Lifestyle growth businesses achieved high-single-digit comparable sales increase, 1% growth for total sector • EBITA was EUR 26 million lower vs. Q4 2010, attributable to an earnings decline at Lifestyle Entertainment, investments in innovation, advertising and promotion, one time charges and higher restructuring and acquisition related charges
Lighting	• Comparable sales were 7% higher year-on-year, mainly driven by double-digit sales growth at Lamps and Automotive, and mid-single-digit sales growth at Professional Luminaires, partly offset by a sales decrease at Lumileds • EBITA, excluding restructuring and acquisition-related charges was EUR 77 million, or 3.7% of sales (Q4 2010: EUR 232 million or 11.7% of sales). Results impacted mainly by pricing, inventory reduction measures, and operational issues

Note - All figures exclude discontinued operations

PHILIPS

Key Financials Summary – Q4 2011 and FY 2011

EUR million

	Q4 2010	Q4 2011	FY 2010	FY 2011
Sales	6,495	6,712	22,287	22,579
EBITA	913[1]	503[1]	2,562[2]	1,680[2]
Financial income and expenses	(62)	(71)	(121)	(240)
Income tax	(227)	(79)	(499)	(283)
Net income (loss)	465	(160)	1,452	(1,291)
Net Operating Capital	11,951	10,427	11,951	10,427
Net cash from operating activities	1,366	1,207	2,121	836
Net capital expenditures	(214)	(246)	(765)	(944)
Free cash flow	1,152	961	1,356	(108)

1 - 4Q11 includes on balance EUR (79)M of gains and charges while 4Q10 included in total EUR 45M gains and charges
2 - 2011 includes on balance EUR (142)M of gains and charges while 2010 included in total EUR (84)M gains and charges
Note - All figures exclude discontinued operations

PHILIPS

Sales by sector – Q4 2011

EUR million

	Q4 2010	Q4 2011	% nom	% comp
Healthcare	2,642	2,724	3	3
Consumer Lifestyle	1,791	1,849	3	1
Lighting	1,975	2,072	5	7
GM&S	87	67	(23)	7
Philips Group	6,495	6,712	3	3

Note - All figures exclude discontinued operations

Sales by sector – FY 2011

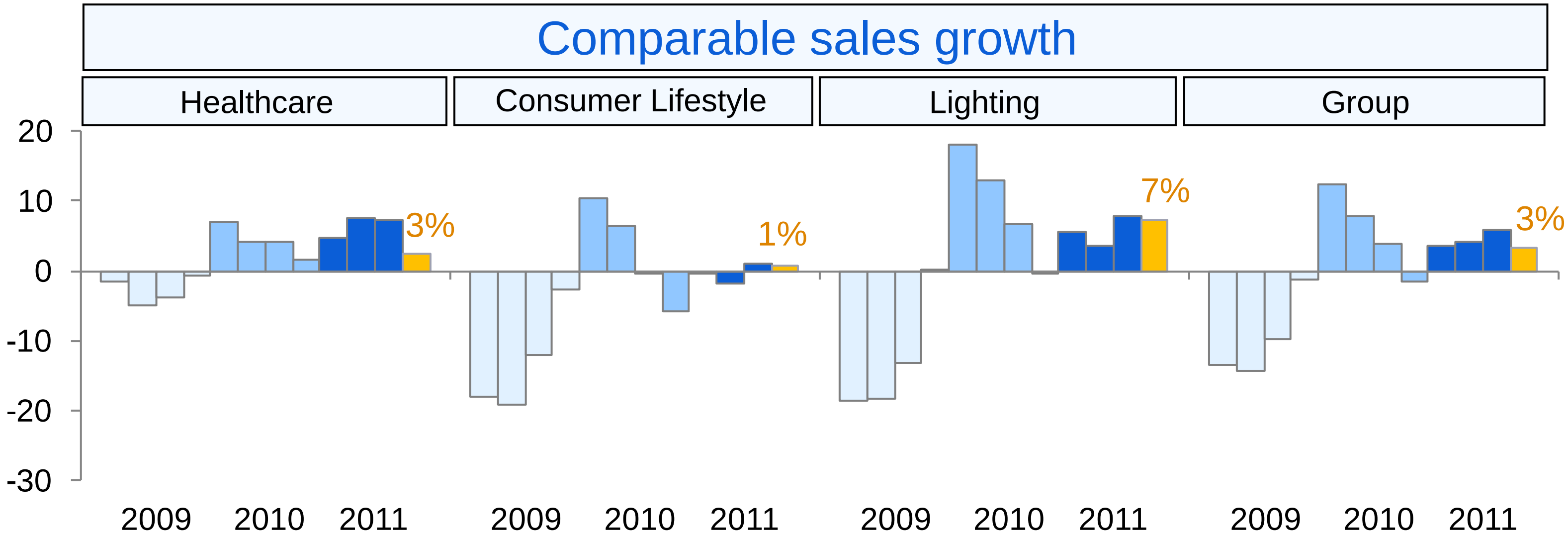
EUR million

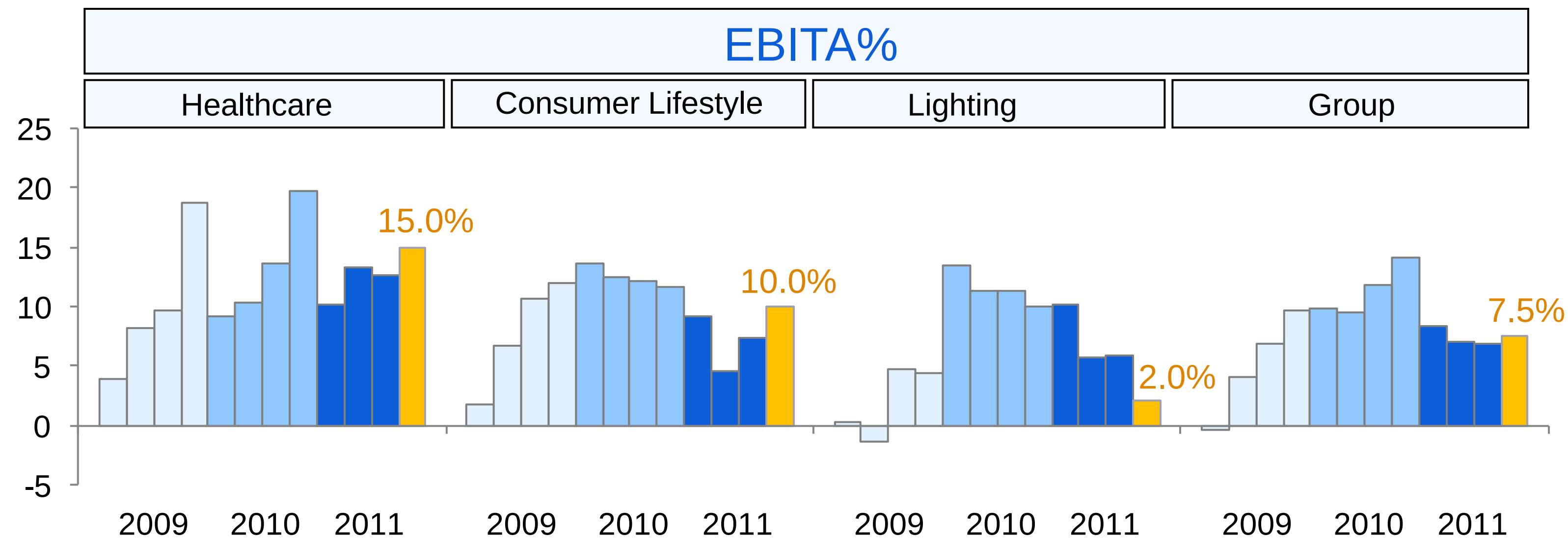
	2010	2011	% nom	% comp
Healthcare	8,601	8,852	3	5
Consumer Lifestyle	5,775	5,823	1	0
Lighting	7,552	7,638	1	6
GM&S	359	266	(26)	2
Philips Group	22,287	22,579	1	4

Note - All figures exclude discontinued operations

Sales Growth and EBITA Margin Development

Comparable sales growth and EBITA%





Note - All figures exclude discontinued operations

Sales by geography – Q4 2011

EUR million

	Q4 2010	Q4 2011	% nom	% comp
Western Europe	2,034	1,909	(6)	(5)
North America	1,978	2,049	4	3
Other mature geographies	454	514	13	9
Growth geographies [1]	2,029	2,240	10	12
Philips Group	6,495	6,712	3	3

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

PHILIPS

Sales by geography – FY 2011

EUR million

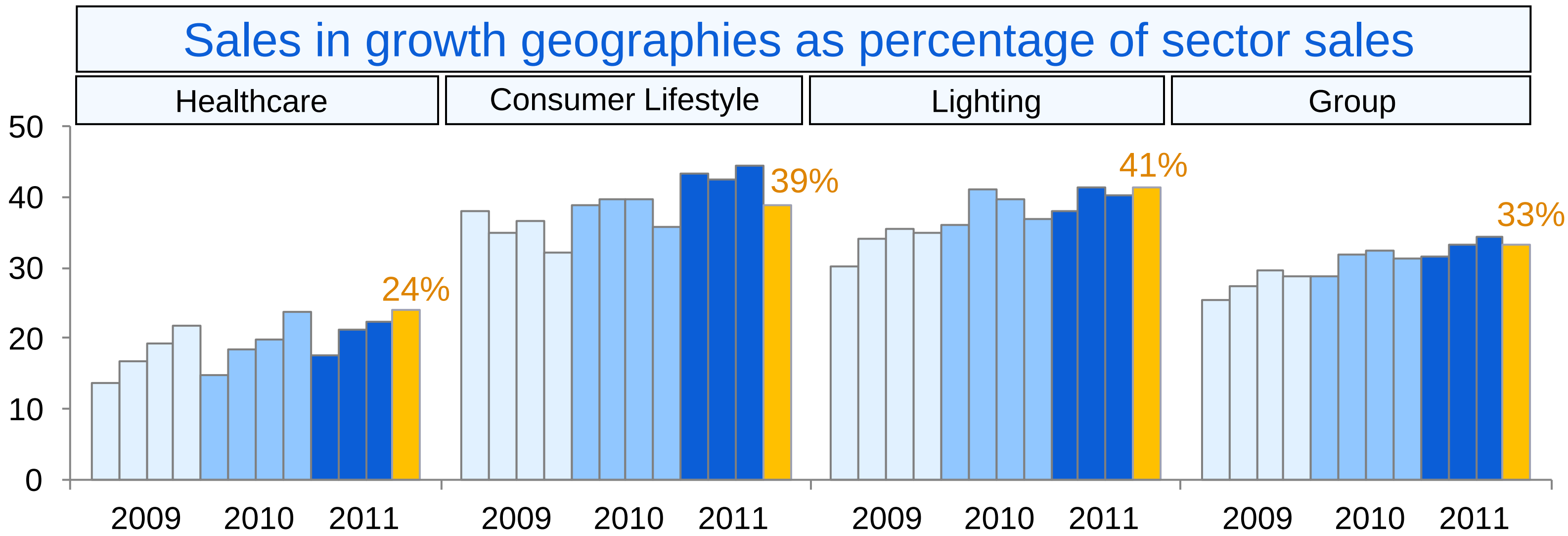
	2010	2011	% nom	% comp
Western Europe	6,630	6,368	(4)	(3)
North America	7,086	6,978	(2)	3
Other mature geographies	1,618	1,742	8	7
Growth geographies [1]	6,953	7,492	8	11
Philips Group	22,287	22,579	1	4

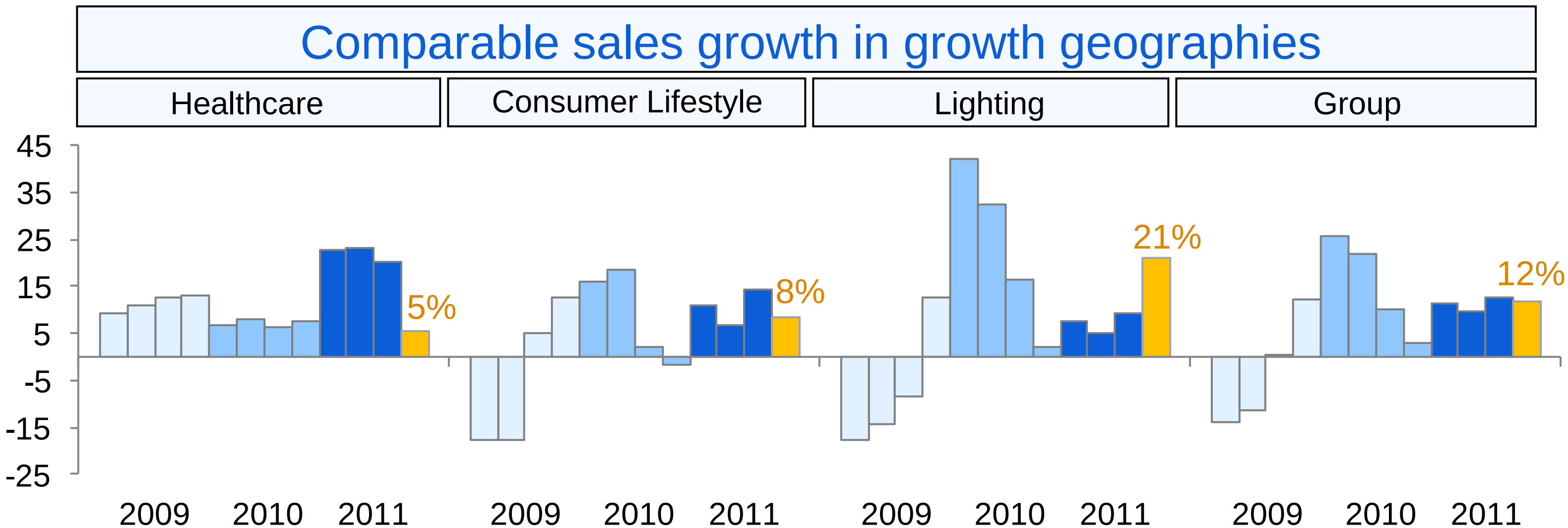
[1] Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New-Zealand, South Korea, Japan and Israel
Note - All figures exclude discontinued operations

PHILIPS

Growth geographies: trend through Q4 2011

Sales development in growth geographies

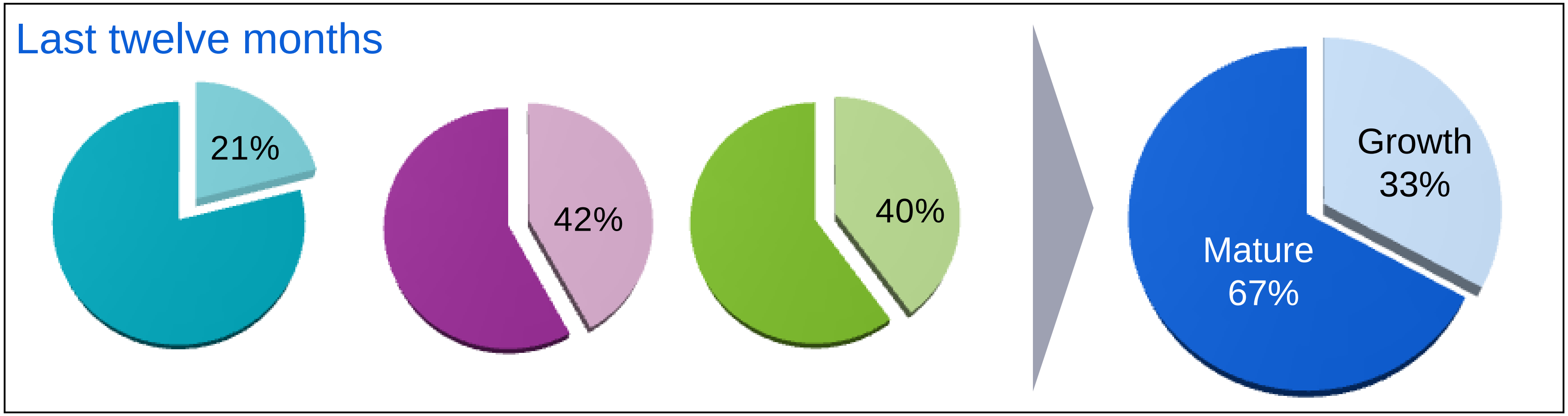




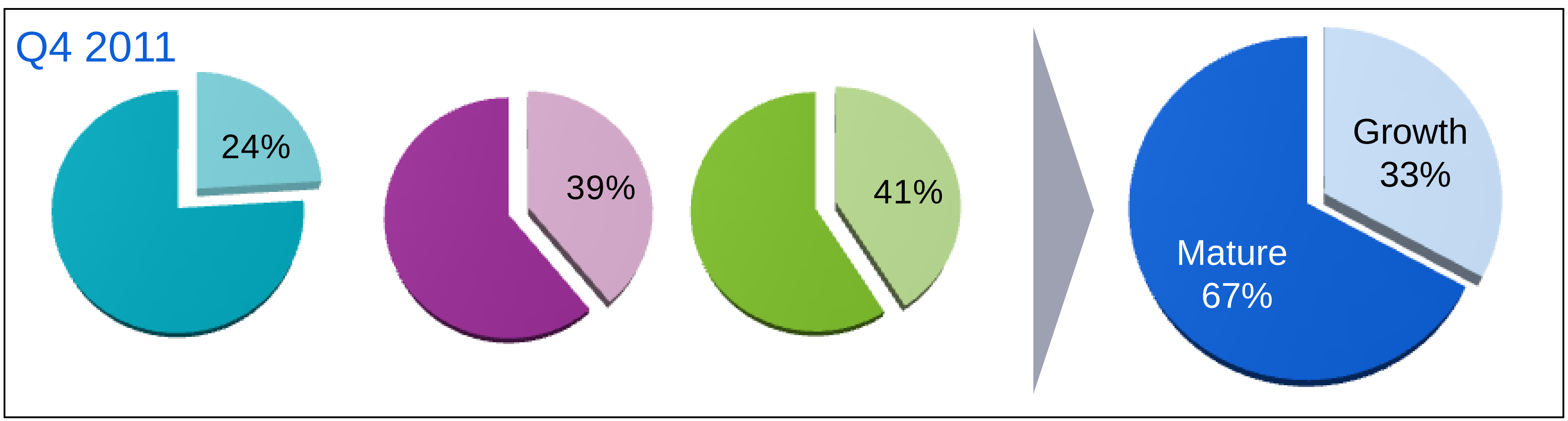
Note - All figures exclude discontinued operations

Growth geographies – Q4 ‘11 and last twelve months

Sales in growth geographies



Healthcare | Consumer Lifestyle | Lighting | Philips Group



Note - All figures exclude discontinued operations

PHILIPS

EBITA by sector – Q4 2011

EUR million

	Q4 2010		Q4 2011	
Healthcare[1]	522	*19.8%*	409	*15.0%*
Consumer Lifestyle[2]	210	*11.7%*	184	*10.0%*
Lighting[3]	198	*10.0%*	41	*2.0%*
GM&S[4]	(17)		(131)	
Philips Group	913	*14.1%*	503	*7.5%*

[1] 4Q11 includes EUR (21)M of restructuring and acquisition-related charges; 4Q10 includes EUR 4M of gains
[2] 4Q11 includes EUR (18)M of restructuring and acquisition-related charges; 4Q10 includes EUR (3)M of charges
[3] 4Q11 includes EUR (36)M of restructuring and acquisition-related charges; 4Q10 includes EUR (34)M of charges
[4] 4Q11 includes EUR (25)M of restructuring charges and a EUR 21M pension plan change; 4Q10 includes EUR (5)M of restructuring charges and a EUR 83M pension plan change

Note - All figures exclude discontinued operations

PHILIPS

Adjusted EBITA by sector – Q4 2011

EUR million

	Q4 2010		Q4 2011	
Healthcare[1]	518	*19.6%*	430	*15.8%*
Consumer Lifestyle[2]	213	*11.9%*	202	*10.9%*
Lighting[3]	232	*11.7%*	77	*3.7%*
GM&S[4]	(95)		(127)	
Philips Group	868	*13.4%*	582	*8.7%*

[1] 4Q11 excludes EUR (21)M of restructuring and acquisition-related charges; 4Q10 excludes EUR 4M of gains

[2] 4Q11 excludes EUR (18)M of restructuring and acquisition-related charges; 4Q10 excludes EUR (3)M of charges

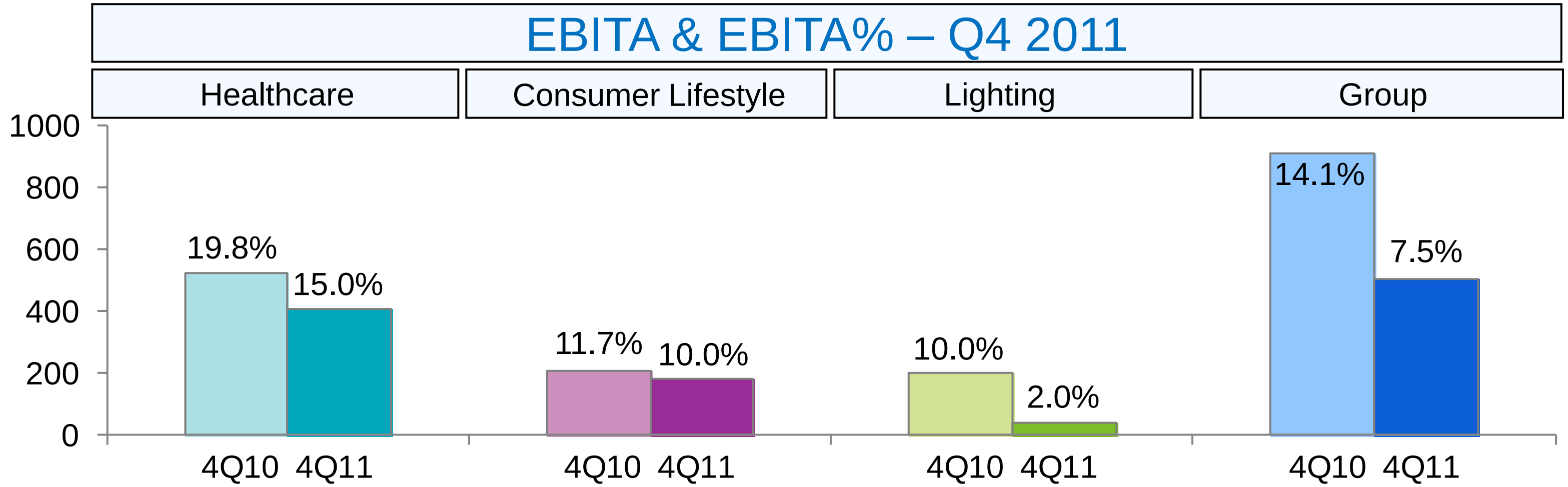
[3] 4Q11 excludes EUR (36)M of restructuring and acquisition-related charges; 4Q10 excludes EUR (34)M of charges

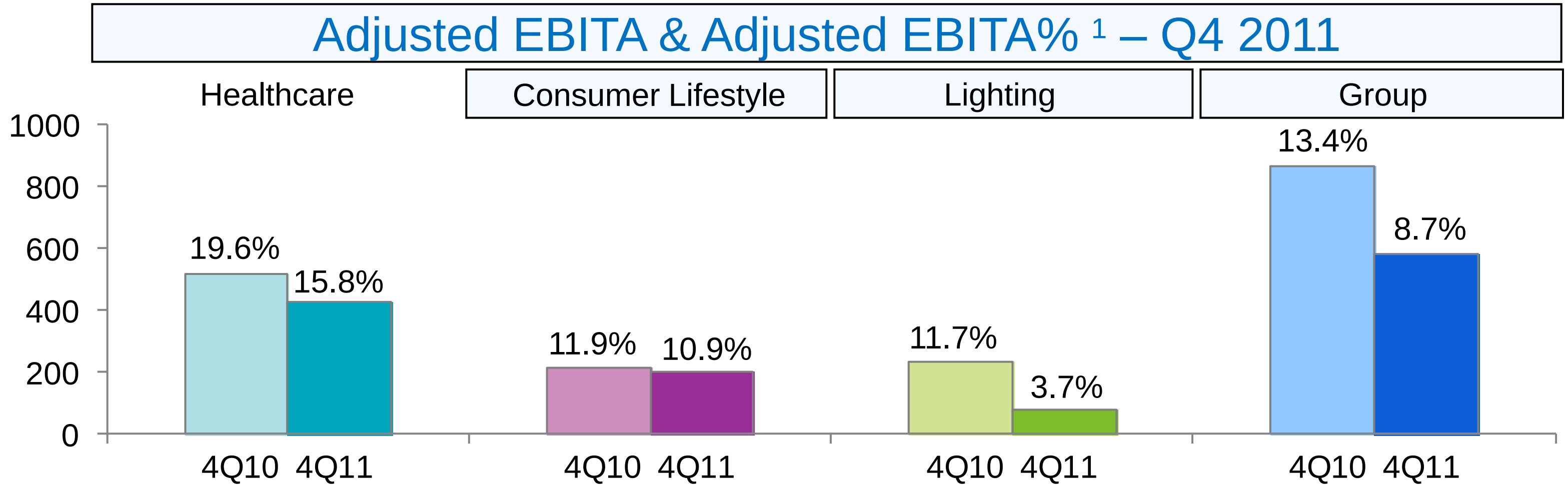
[4] 4Q11 excludes EUR (25)M of restructuring charges and a EUR 21M pension plan change; 4Q10 excludes EUR (5)M of restructuring charges and a EUR 83M pension plan change

Note - All figures exclude discontinued operations

EBITA: Q4 2011

EUR million

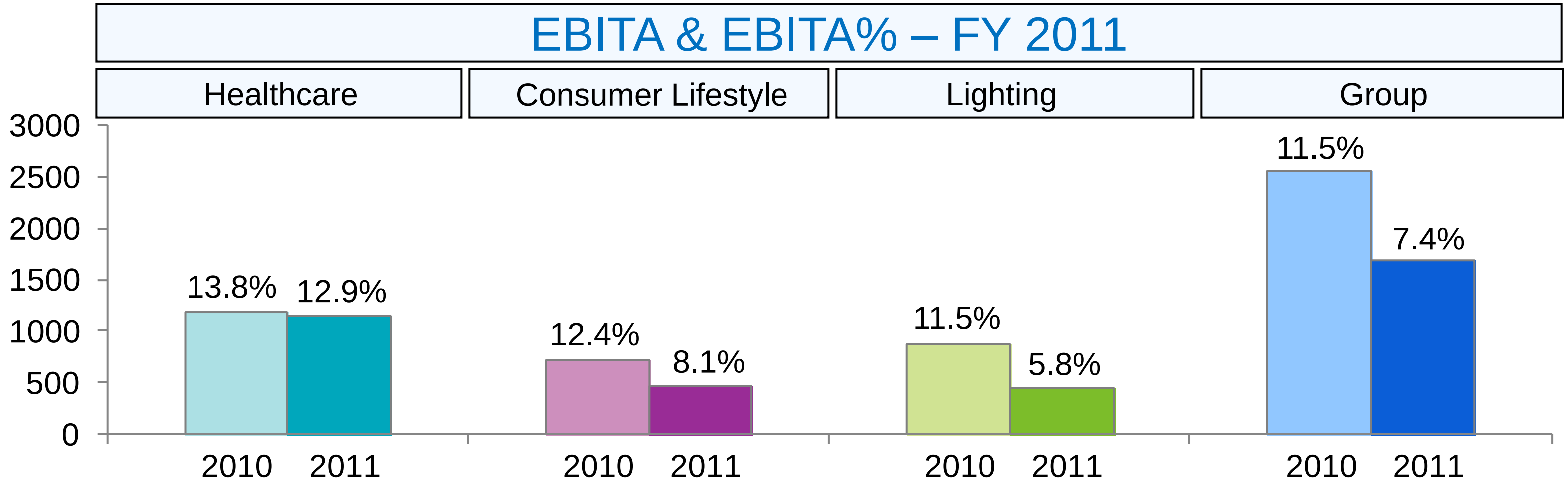


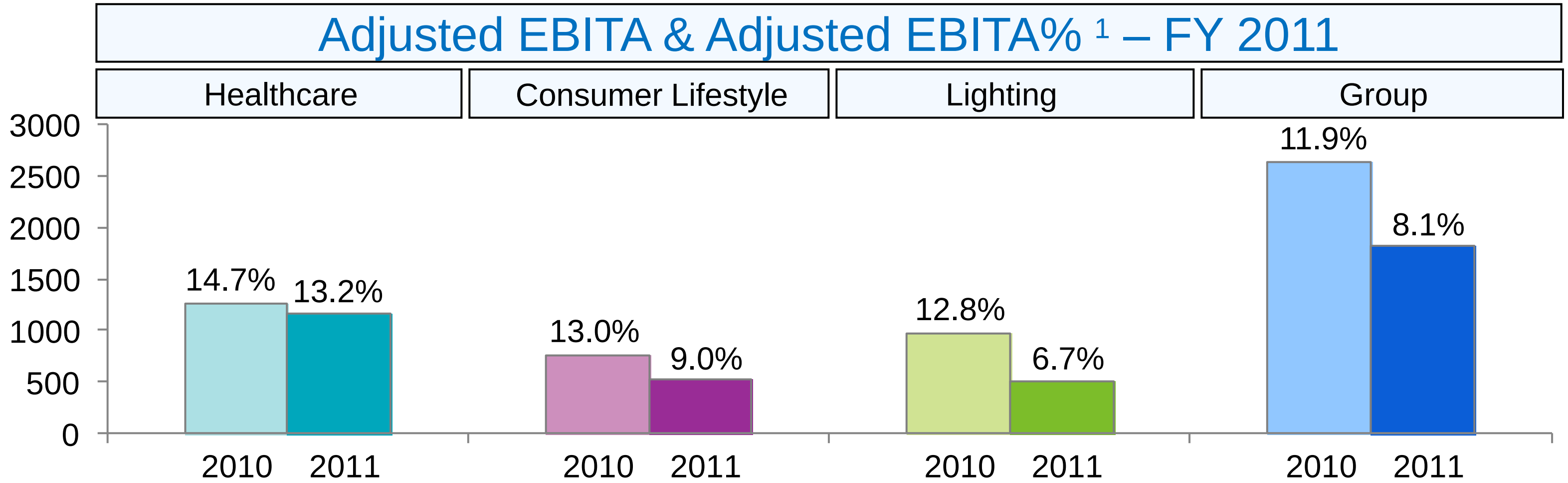


[1] Adjusted EBITA is EBITA corrected for incidental charges (details on slide 85)
Note - All figures exclude discontinued operations

EBITA: FY 2011

EUR million



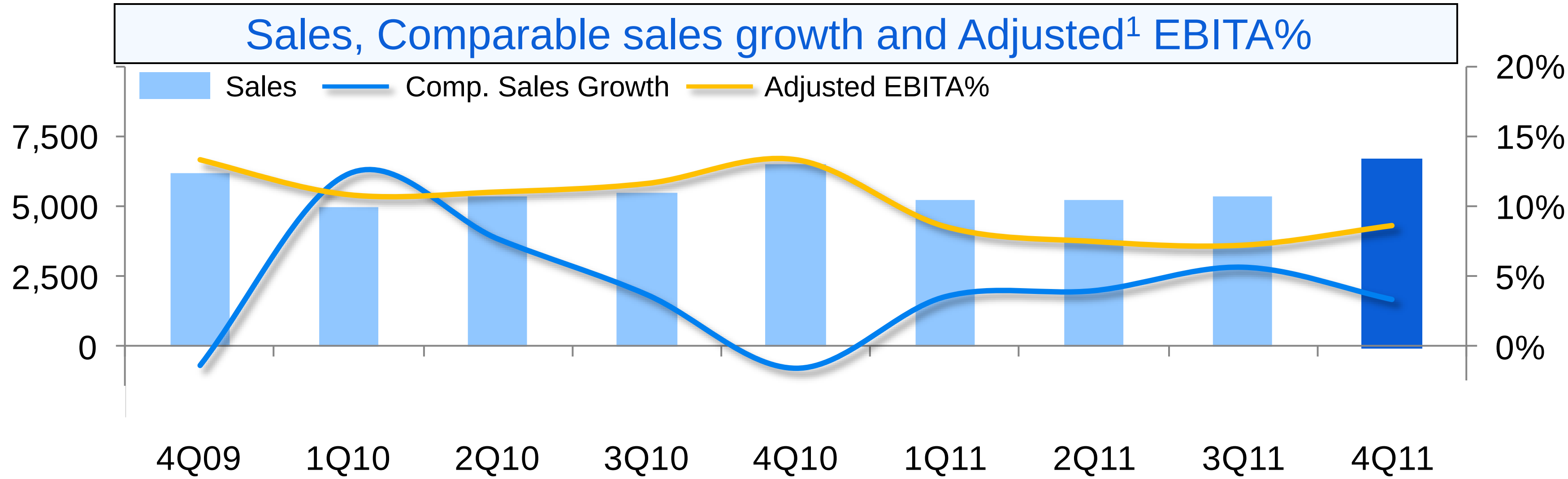


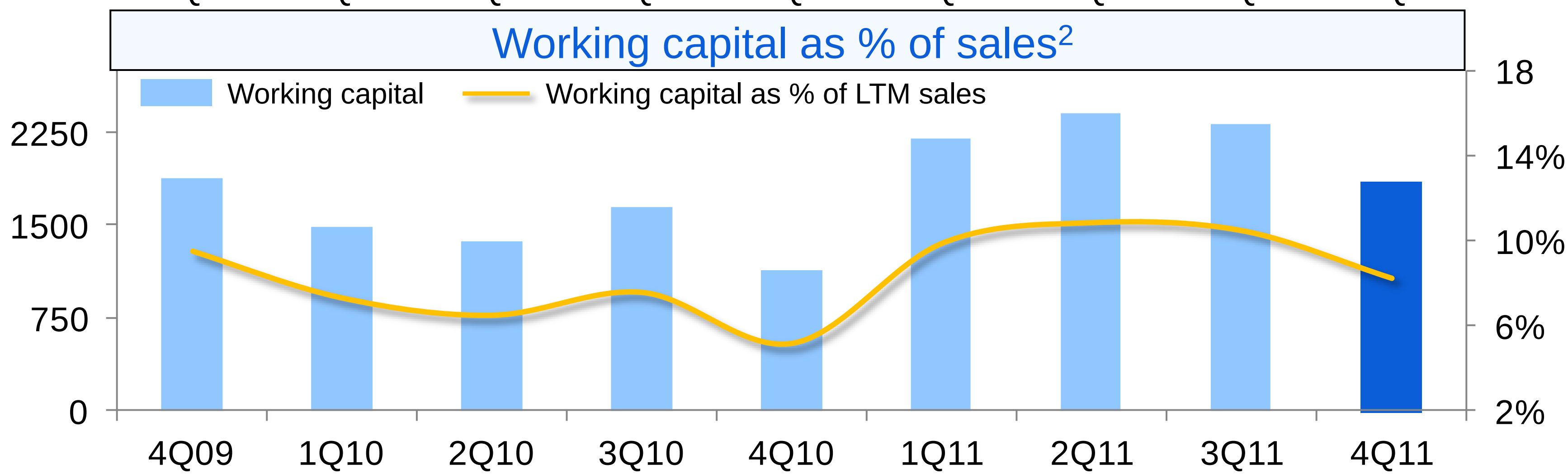
[1] Adjusted EBITA is EBITA corrected for incidental charges (details on slide 85)
Note - All figures exclude discontinued operations

PHILIPS

Philips: key financials over the last two years

EUR million





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

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

Note - All figures exclude discontinued operations

PHILIPS

Free Cash Flow – Q4 2011

EUR million

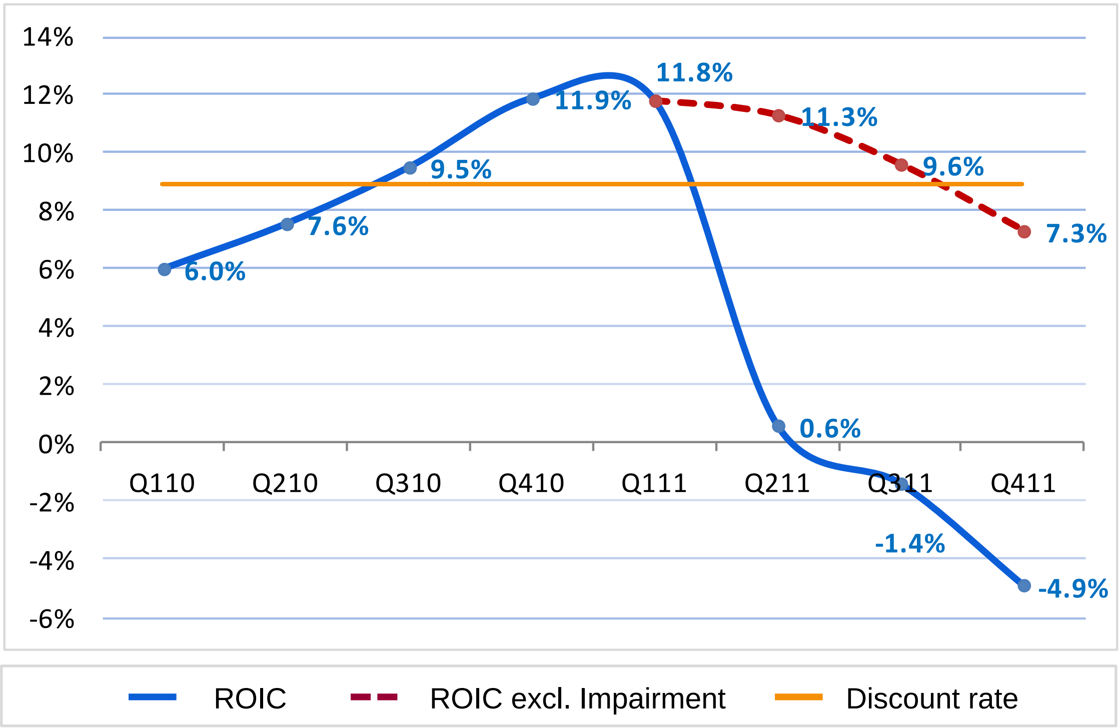
	Q4 2010	Q4 2011
Net income from continuing operations	503	112
Depreciation/ amortization/ impairments	360	480
Net gain on sale of assets	(23)	(4)
Changes in Working Capital, of which:	485	676
- changes in Net inventories	256	569
- changes in Accounts receivable	(132)	(184)
- changes in Accounts payable	361	291
Increase in non-current receivables, other assets/ liabilities	24	(186)
(Decrease) increase in provisions	(65)	86
Other	82	43
Cash flow from operations	1,366	1,207
Purchase intangible assets/ Exp. on development assets	(92)	(91)
Capital expenditures on PP&E[1]	(174)	(203)
Proceeds from PP&E	52	48
Net capital expenditures	(214)	(246)
Free Cash Flow	1,152	961

[1] 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 8.9%

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

PHILIPS

Philips' equity interests have a book value of EUR 336 million[1/2] as per Q4 2011. Significant interests are:

Equity interest	Ownership (% of total)	Book value (in EUR million)	Valuation	Accounting basis	Source of equity stakes
Intertrust Technologies Corporation	49.5%	43	Not listed	Equity accounted	Acquired in 2002 together with Sony
Innolux Display Corp.	1.3%	27	Listed, Taiwanese Stock Exchange	Fair value	Acquired in 2010 after TPO Displays Corp. merged with Innolux Display Corp. Share in TPO Displays Corp. following merger of Philips Mobile Display Systems with Toppoly Optoelectronics Corporation of Taiwan in 2006
Prime Ventures	26%	32	Not listed	Fair value	Acquired in 2008 in exchange of the transfer of certain incubator activities
Philips Medical Capital	40%	28	Not listed	Equity accounted	Finance company for medical equipment, established in 2005
Shenyang Neusoft Corp. Ltd.	2.0%	25	Listed, Shanghai Stock Exchange	Fair value	Acquired in 2008 following the swap of shares in Neusoft Group Ltd. held by Philips

[1] The equity interests are included in the balance sheet captions *Investments in Associates* and *Other non-current financial assets,* which represent an aggregated book value of EUR 549 million as per December 31, 2011 (EUR 660 million as per December 31, 2010).

[2] The value of Philips' equity interests as per December 31, 2010 was EUR 473 million. The EUR 137 million decline compared to December 31, 2011 is mainly due to the sale of TCL shares (EUR 63 million) and the decline in stock prices of Innolux Display Corp. (EUR 62 million) and Shenyang Neusoft Corp. Ltd. (EUR 20 million).

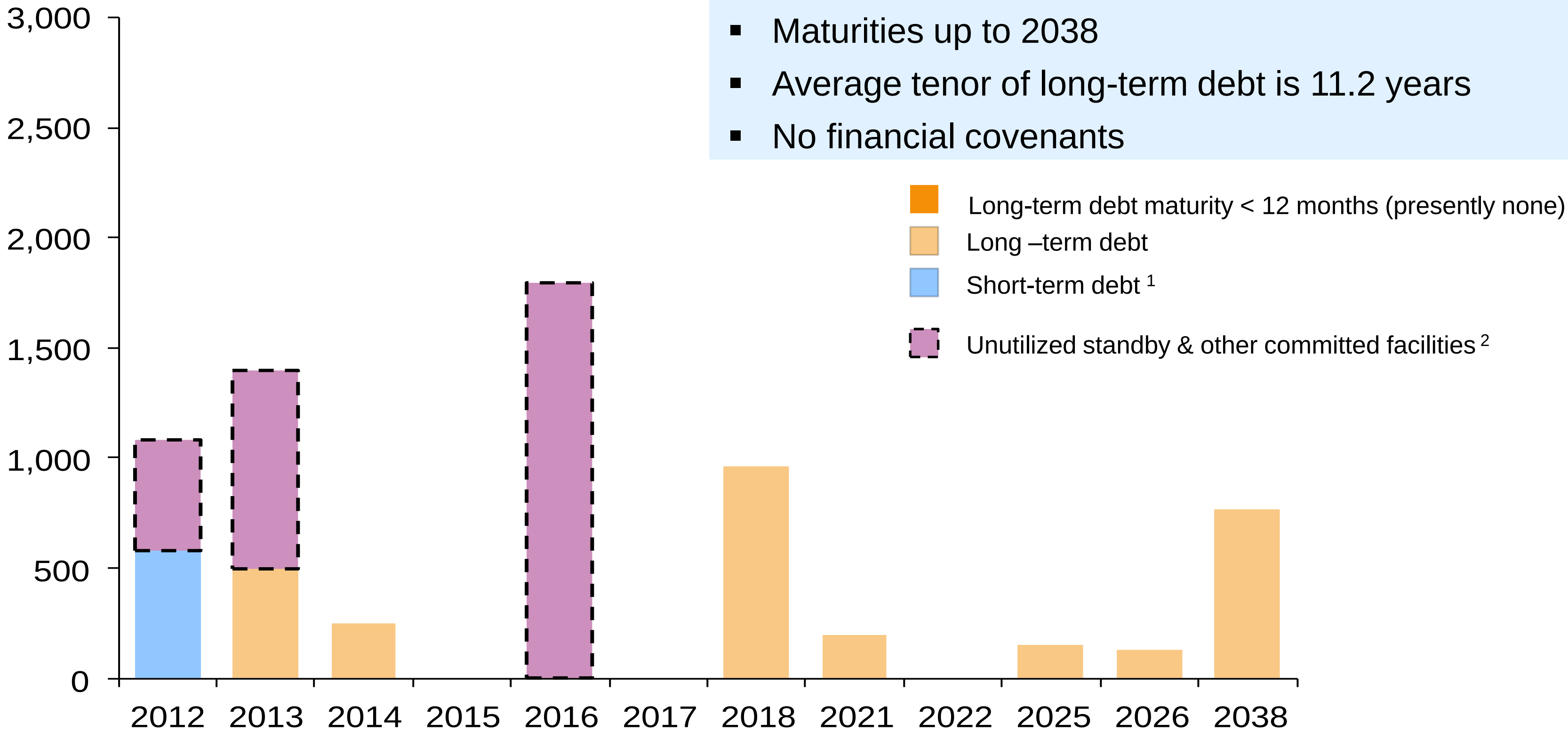
Philips' debt has a long maturity profile

Debt maturity profile as of December 2011

Amounts in EUR millions

Characteristics of long-term debt

- Maturities up to 2038
- Average tenor of long-term debt is 11.2 years
- No financial covenants



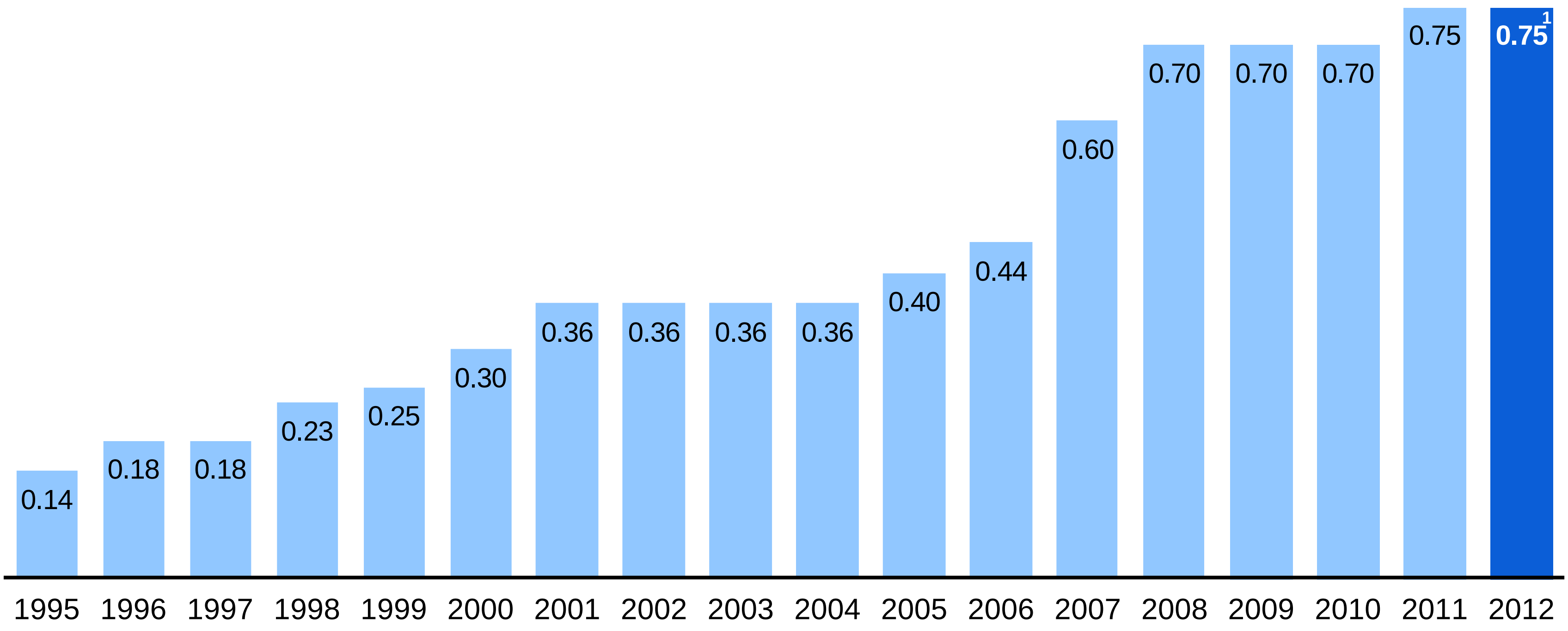
[1] Short term debt consists mainly of local credit facilities that are being rolled forward on a continuous basis

[2] In April 2011 Philips extended the maturity of its EUR1.8B standby facility to February 2016. A EUR 500M standby with maturity July 2012 has been arranged to provide an additional liquidity buffer along the execution of the share buy back program. In Dec 2011 another committed EUR 900M 18 month stand-by facility has been arranged which matures in July 2013.

PHILIPS

A history of sustainable dividend growth

EUR cents per share



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

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

PHILIPS

Update funded status pension plans (IFRS basis)

EUR million

	December 31, 2010		June 30, 2011 (not reported)		December 31, 2011	
	Funded Status	Balance sheet position	Funded Status	Balance sheet position	Funded Status	Balance sheet position
Netherlands Pre-paid pension asset	1,380	0	1,333	0	461	0
Other major plans	(1,268)	(1,611)	(738)	(1,382)	(1,413)	(1,812)
Net balance sheet position major plans		(1,611)		(1,382)		(1,812)
Funded status minor plans		(203)		(193)		(206)
Net balance sheet position		(1,814)		(1,575)		(2,018)

- Funded status; the pension plan in The Netherlands and other majors plans were negatively impacted in the second half of 2011 mainly due to lower interest rates and lower returns on equity investments
- Balance Sheet; surplus The Netherlands is not recognized (asset-ceiling test) and the deviation of approx. EUR 200 million with last year is mainly due to higher German unfunded pension liabilities (lower discount rates) and an increase of the US deficit (lower interest rates and higher USD translation rate)

Disciplined Capital Use

- Our objective is to have an A3/A- rating
- We will drive higher capital efficiency and cash flow yields through improved working capital turns and CAPEX discipline
- We are committed to a stable dividend policy with a 40% to 50% pay-out of continuing net income
- Cash will be used to:
  - Invest in value creating growth (both organic and through acquisitions)
  - Mitigate risk
  - Return capital to shareholders over time
- We will exercise stringent discipline and return criteria (including ROIC hurdles) in our end-to-end acquisition process in line with the nature of the transaction

PHILIPS

2011 acquisitions at a glance

No acquisitions during 2nd half of 2011

Healthcare

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

Consumer Lifestyle

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

Lighting

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

Note - Dates refer to announcement date of acquisitions

1. Management update

2. Group results Q4 2011 and annual results 2011

3. Accelerate! Change and performance

4. Portfolio strength and path to value

5. Group and sector overview

PHILIPS

Accelerate! change and performance program to unlock full potential faster

Customer Centricity

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

Resource to Win

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

End2End Execution

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

Growth and Performance Culture

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

Operating Model

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

Supported by strong change and program management office to ensure execution

Improving growth and performance by leveraging granular performance management

Example improvement actions in 2011

- Around 2/3 of BMC[1]'s in Consumer Lifestyle have grown market share in the last year
- All market leaders now appointed with > 50% uplift in seniority
- 5 pilot projects started to improve the End to End efficacy
- More than a third of top 200 managers have been replaced or reassigned
- Organization structure in Lighting streamlined:
  - From 6 to 5 Business Groups
  - Regional structure simplified
  - End to end value chain re-established

Some proof points in 2011

Improving on locally relevant portfolio and time to market

<u>Ultrasound ClearVue</u>
30% faster time to market compared to the past

<u>LED Lighting</u>
More than 200 LED based product launches in 2011

<u>Airfloss</u>
Launch advanced by 6 months

<u>Rice Cooker</u>
Developed in 4 months by leveraging the Povos acquisition

[1] BMC = Business Market Combination

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

Cost reduction scope

~35%

Company wide Overhead and Support functions

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

Business functions indirect costs and overheads

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

~65%

Core customer value chain

Global business leadership

Success in local markets

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

Clear design principles

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

EUR 800 million cost reduction program

First savings achieved in Q4 2011 and completion by 2014

	Cumulative gross savings[1]			
EUR million	2011	2012	2013	2014
TOTAL	**25**	**400**	**700**	**800**

	Annual restructuring costs			
EUR million	2011	2012	2013	2014
Sectors	14	110	40	30
GM&S	23	90	60	10
TOTAL	**37**	**200**	**100**	**40**

	Annual investments			
EUR million	2011	2012	2013	2014
TOTAL	**27**	**150**	**90**	**80**

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 commenced on 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)

[1]Gross savings do not include one-off investments
Note – All figures are estimated amounts

1. Management update

2. Group results Q4 2011 and annual results 2011

3. Accelerate! Change and performance

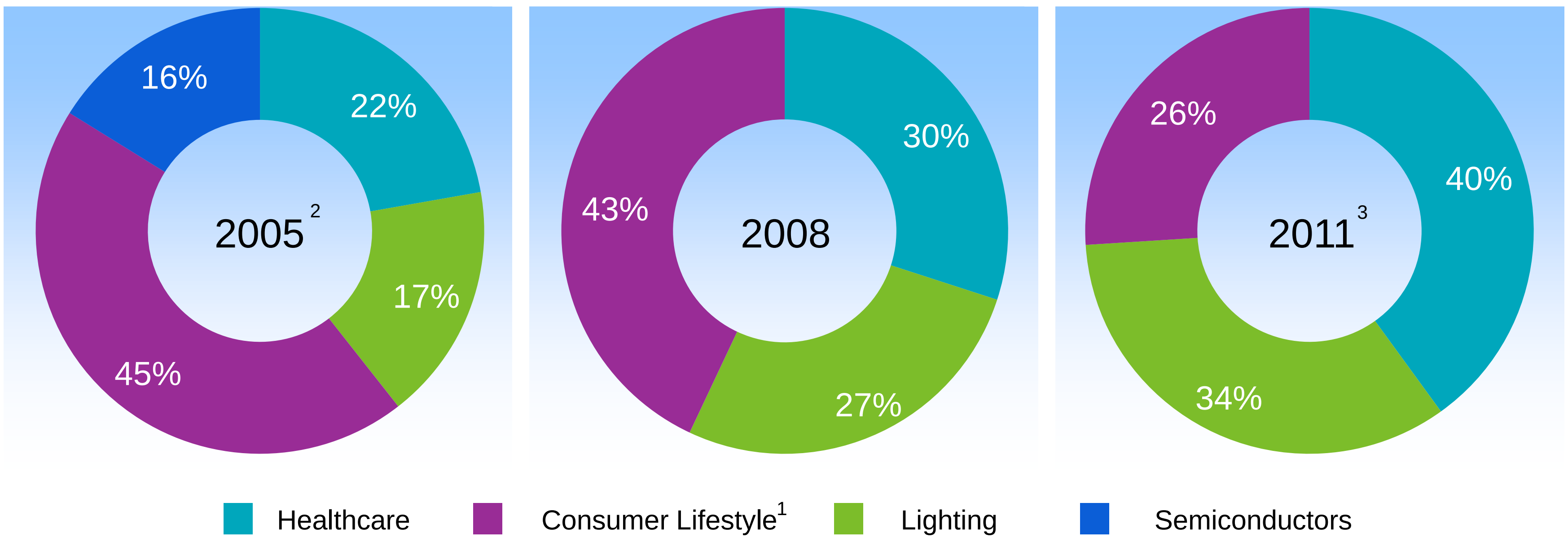
4. Portfolio strength and path to value

5. Group and sector overview

Improving our portfolio: Starting point of our journey

Portfolio now consists of ~65% B2B businesses

2005	2008	2011
Healthcare Lighting Consumer Lifestyle Semiconductor	Healthcare Lighting Consumer Lifestyle	Healthcare Lighting Consumer Lifestyle excl. TV



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

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

Strong assets underpin our portfolio

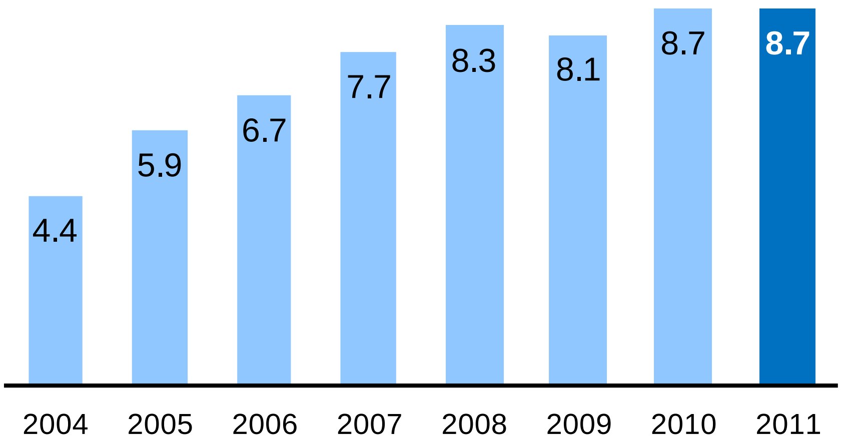
Our assets		Our track record
	Innovation capabilities	• Technology, know-how and strong IP positions (53,000 registered patents)
PHILIPS	Philips brand	• World’s 41^{st} most valuable brand 2011 compared to the 65^{th} 2004
	Global footprint	• Loyal customer base in 100+ countries • 1/3 of group revenues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

[1] Based on annual Philips’ Employee Engagement Survey

The world's 41st most valuable brand in 2011

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

Value of the Philips brand[1]
USD billions



A strong brand drives sales

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

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

Brand ranking improves in 2011

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

Strong internal brand[2]

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

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 2011

PHILIPS

Our market opportunity

Global trends and challenges

Healthcare

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

Consumer Lifestyle

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

Lighting

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

PHILIPS

Healthcare: Examples unique leading positions

Global
Cardiovascular X-ray

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

Global
Patient Monitoring

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

Global
Cardiac Resuscitation

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

Global
Sleep Therapy Systems

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

Regional
Ultrasound

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

Regional
Home Monitoring

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

[1] OSA = Obstructive Sleep Apnea

PHILIPS

Consumer Lifestyle: Examples unique leading positions

Global
Male electric shaving

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

Global
Garment Care

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

Global
Rechargeable Toothbrushes

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

Regional
Kitchen Appliances

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

Regional.
Electric Hair Care

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

Regional
Filter Coffee Machines

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

PHILIPS

Lighting: Examples unique leading positions

Global
Lamps

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

Global
LED Lamps

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

Global
Automotive Lighting

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

Global
Professional Luminaires

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

Global
High Power LEDs

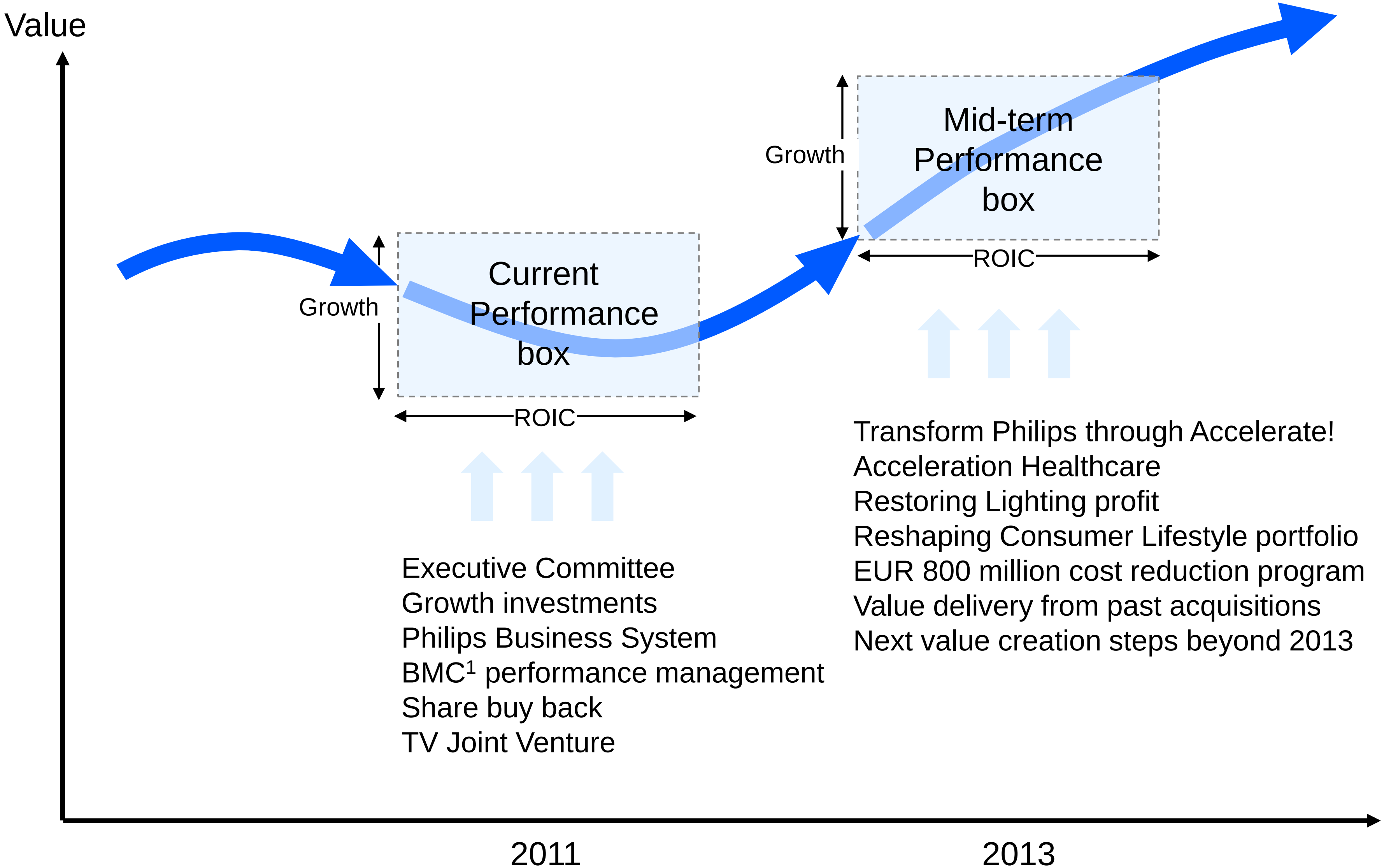
- Global #2 position
- #1 in flash and #2 in general Illumination
- NPS 'Best partner' used & recommended by customers

Global
Lighting Systems & Controls

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

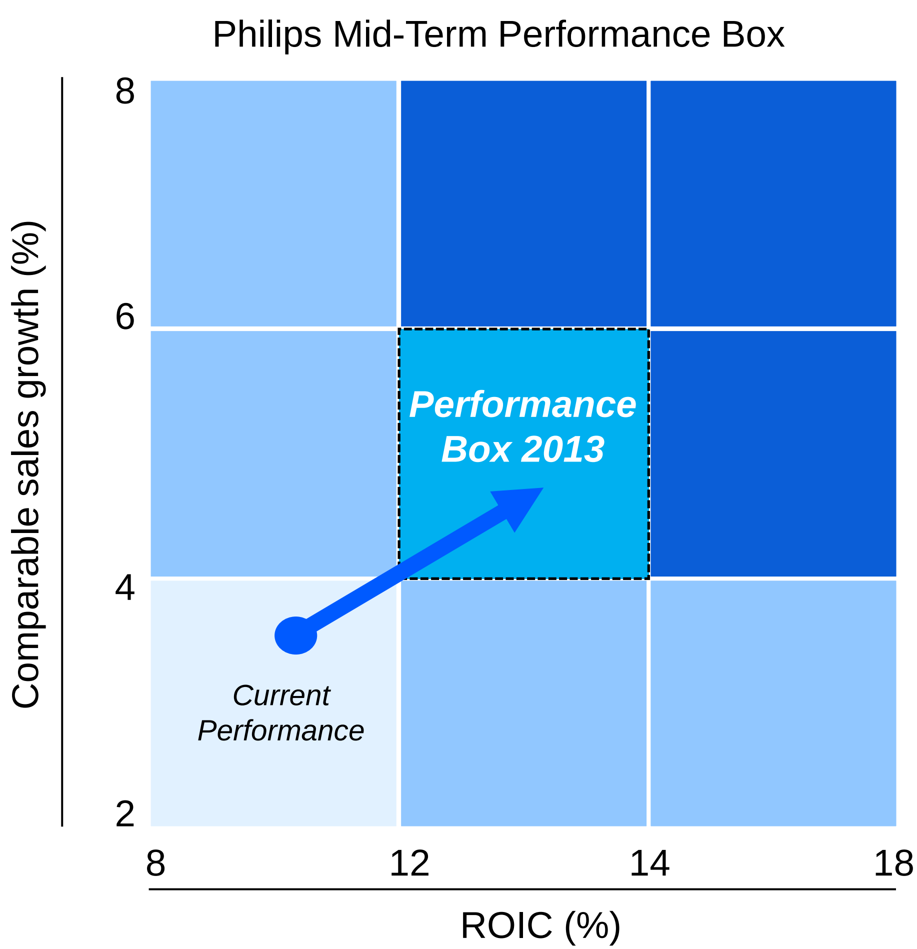
PHILIPS

Our path to value



[1] BMC = Business Market Combination

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



Mid-Term financial objectives (2013)

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

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

1. Management update
2. Group results Q4 2011 and annual results 2011
3. Accelerate! Change and performance
4. Portfolio strength and path to value
5. Group and sector overview

PHILIPS

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

Founded in 1891
Headquartered in Amsterdam, the Netherlands

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

Growth geographies
33% of sales generated in growth geographies

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

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

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

Note - All figures exclude discontinued operations

PHILIPS

Executive Committee

Frans van Houten
Group CEO
Acting CEO Lighting

Ron Wirahadiraksa
Group CFO

Steve Rusckowski
CEO Healthcare

Patrick Kung
CEO Greater China

Pieter Nota
CEO Consumer Lifestyle

Carole Wainaina
Group HR

Jim Andrew
Group strategy
Chief Innovation Officer

Eric Coutinho
General Counsel

Ronald de Jong
Chief Market Leader

PHILIPS

Sustainability as a driver for growth

Success of EcoVision4

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

EcoVision5 targets for 2010 – 2015

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

Recent accomplishments

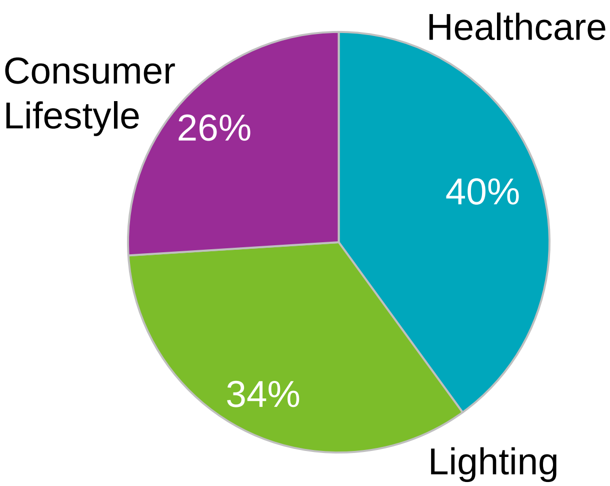
- Philips regained its sector and super sector leadership in the Dow Jones Sustainability Index
- Philips reaches a joint first place in the Global Carbon Disclosure Leadership Index
- Philips received the prestigious Giga Ton Award (known as the Green Oscar) for its long-standing business leadership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

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

Last twelve months

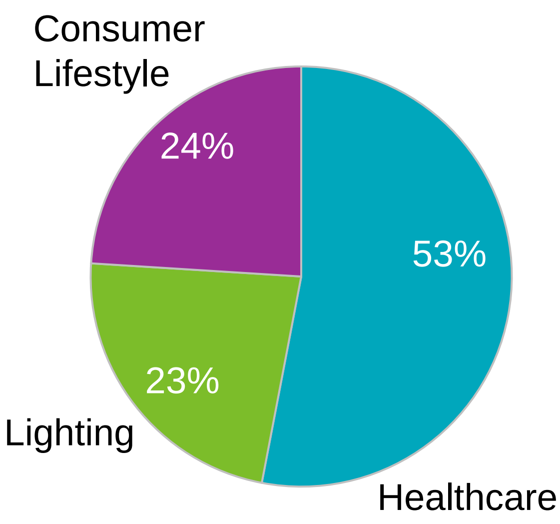
Sales

100% = EUR 22.3B [1]



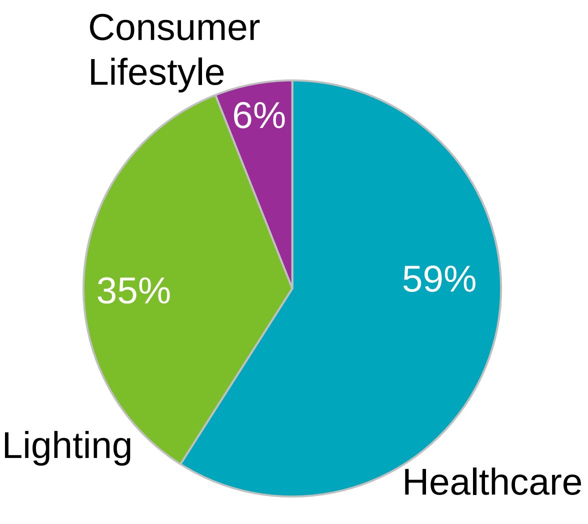
Adjusted EBITA

100% = EUR 2.2B [1, 2]



Net Operating Capital

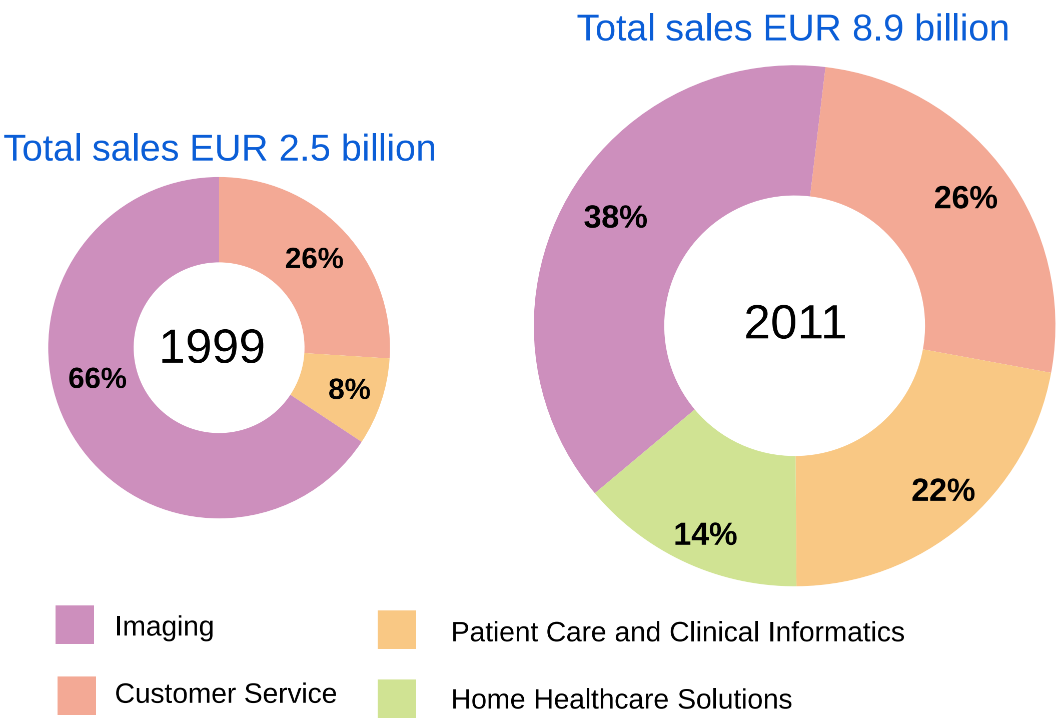
100% = EUR 14.3B [1]



[1] Excluding Central sector (GM&S)
[2] EBITA adjustments based on the following gains/ charges; for Healthcare EUR (20)M, Consumer Lifestyle EUR (54)M and Lighting EUR (66)M
Note - All figures exclude discontinued operations

Healthcare: Continue to accelerate strategy and performance

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

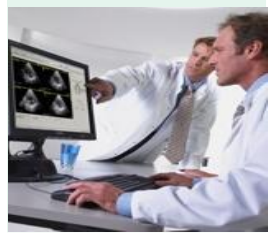


PHILIPS

Depth and reach of Philips Healthcare

What we do. Where we are.

Philips Healthcare

Businesses[1]				Sales & services geographies[1]		
Imaging Systems	Home Healthcare Solutions	Patient Care and Clinical Informatics	Customer Services	North America	International	Growth Geographies
						
38%	14%	22%	26%	45%	34%	21%

€8.9
Billion sales in 2011

37,000+
People employed worldwide in 100 countries

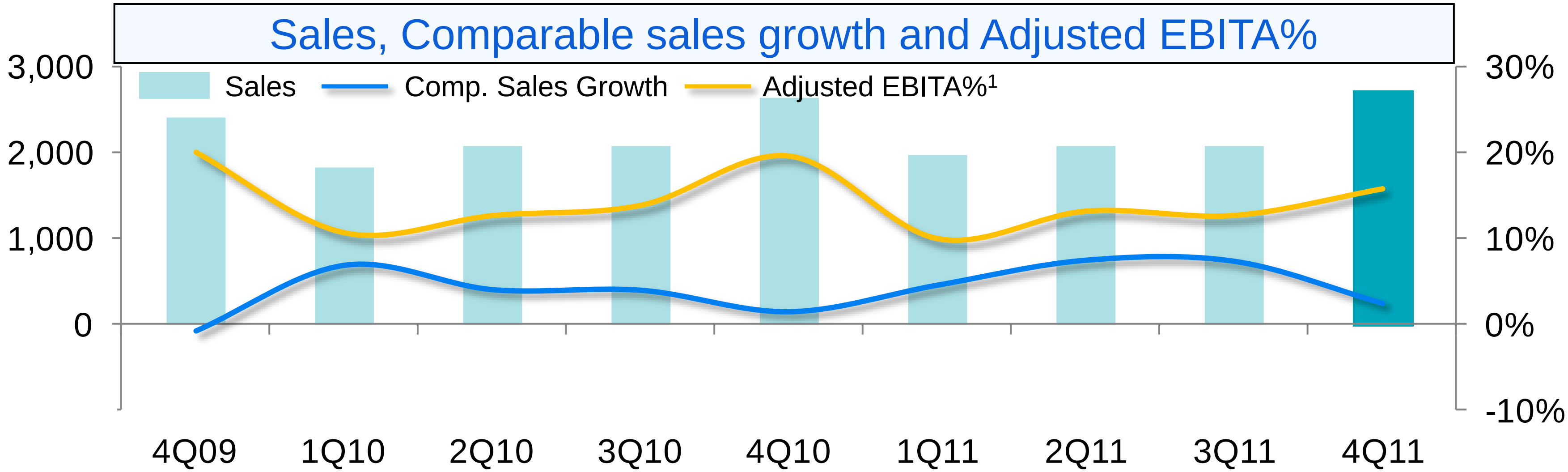
8%
of sales invested in R&D in 2011

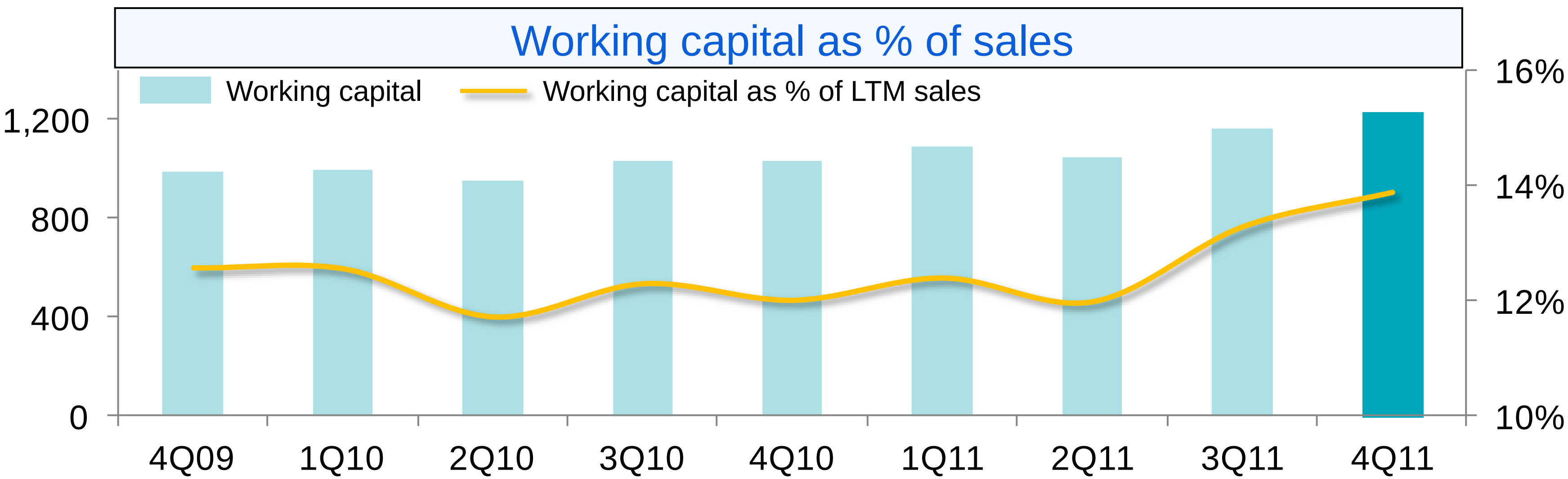
450+
Products & services offered in over 100 countries

[1] Full year 2011

Healthcare: key financials over the last two years

EUR million





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

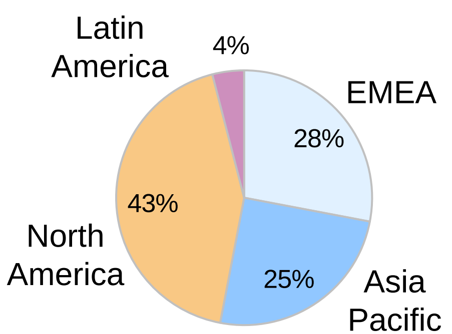
Healthcare: Q4 2011 Sector analysis

EUR million

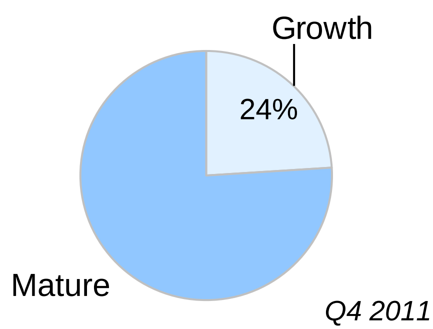
Key figures

	4Q10	4Q11	FY2011
Sales	2,642	2,724	8,852
% sales growth comp.	*2*	*3*	*5*
EBITA	522	409	1,145
EBITA as % of sales	*19.8*	*15.0*	*12.9*
EBIT	459	359	93
EBIT as % of sales	*17.4*	*13.2*	*1.0*
NOC	8,908	8,418	8,418
Employees (FTEs)	36,253	37,955	37,955

Sales per region



Growth Geographies



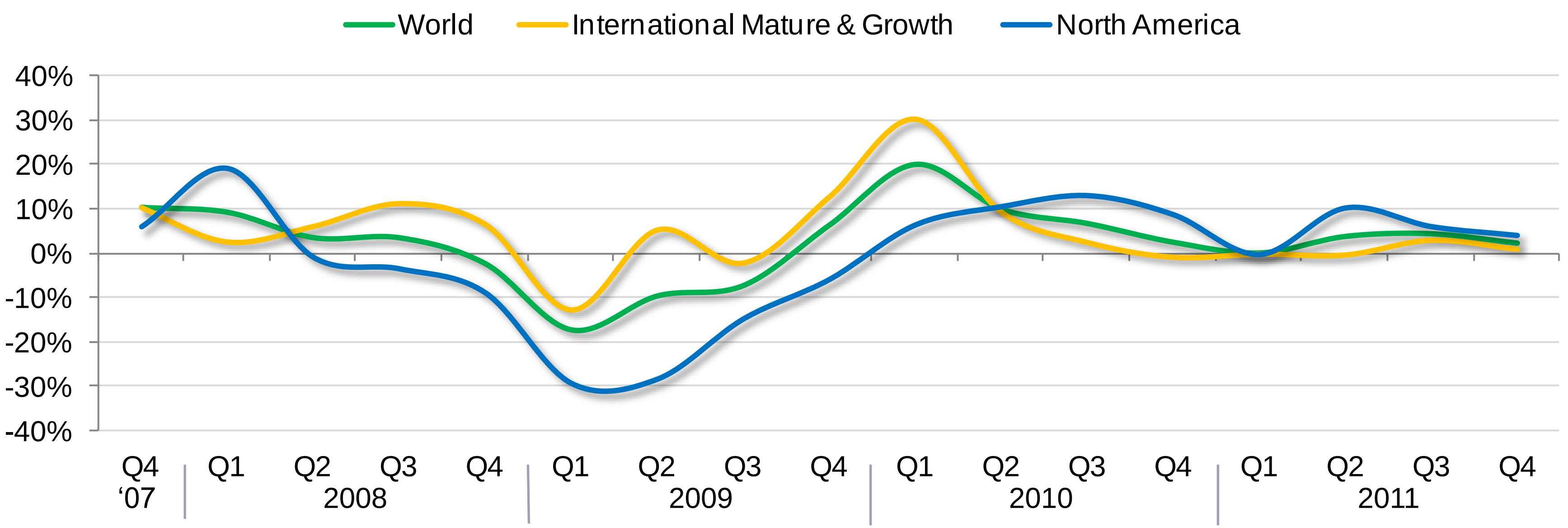
Financial performance

- Currency-comparable equipment order intake grew 3% year-on-year. Equipment order growth was seen at Imaging Systems, while PCCI orders were flat compared to Q4 2010. Equipment orders in total mature markets decreased by 3% compared to Q4 2010, with orders in Europe down 14%, while orders in NA grew at 4%. Equipment orders in growth geographies grew by 17%.
- Comparable sales were 3% higher year-on-year, with mid-single-digit growth at Customer Services, Home Healthcare Solutions and PCCI tempered by flat sales growth at Imaging Systems. From a regional perspective, comparable sales in NA grew 6%. Sales in growth geographies grew 5%, while sales growth in mature geographies was 2%.
- EBITA for Q4 2011 was EUR 409 million, or 15.0% of sales, compared to EUR 522 million, or 19.8% of sales, in Q4 2010. Market weakness in Europe led to postponement of deliveries and affected margin improvement plans for Imaging Systems. In addition, investments in innovation and sales channels to drive growth, as well as one-time charges, resulted in lower earnings at Imaging Systems, PCCI and Home Healthcare Solutions. Excluding restructuring and acquisition-related charges, EBITA was EUR 430 million, or 15.8% of sales, compared to EUR 518 million, or 19.6% of sales, in Q4 ’10.

PHILIPS

Healthcare: Equipment order intake

Quarterly currency adjusted equipment order intake

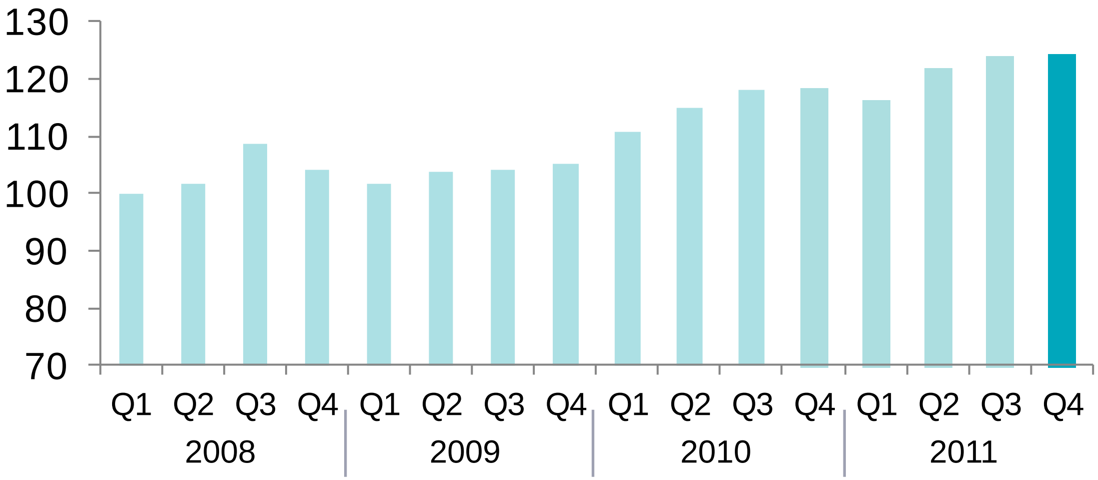


Currency adjusted order intake only relates to the Imaging Systems and Patient Care & Clinical Informatics businesses

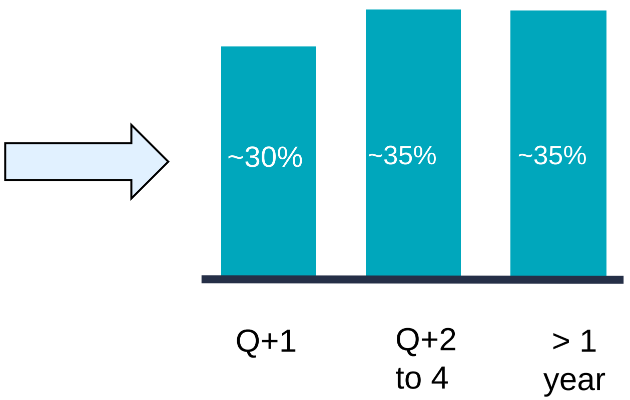
PHILIPS

Healthcare: Equipment order intake impact

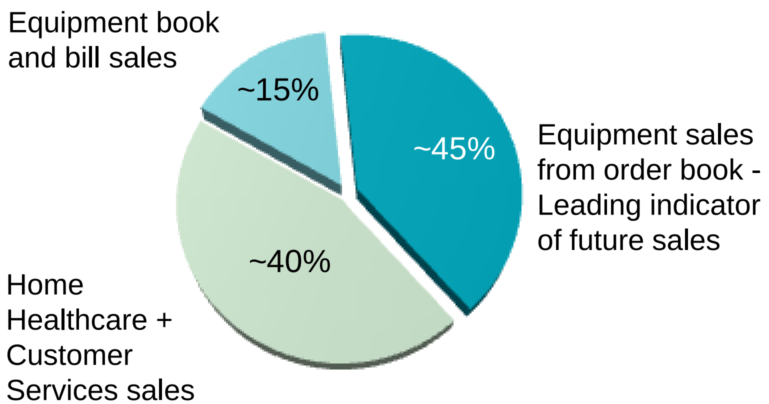
Indexed Equipment Order Book Development



Typical profile of equipment order book conversion to sales



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

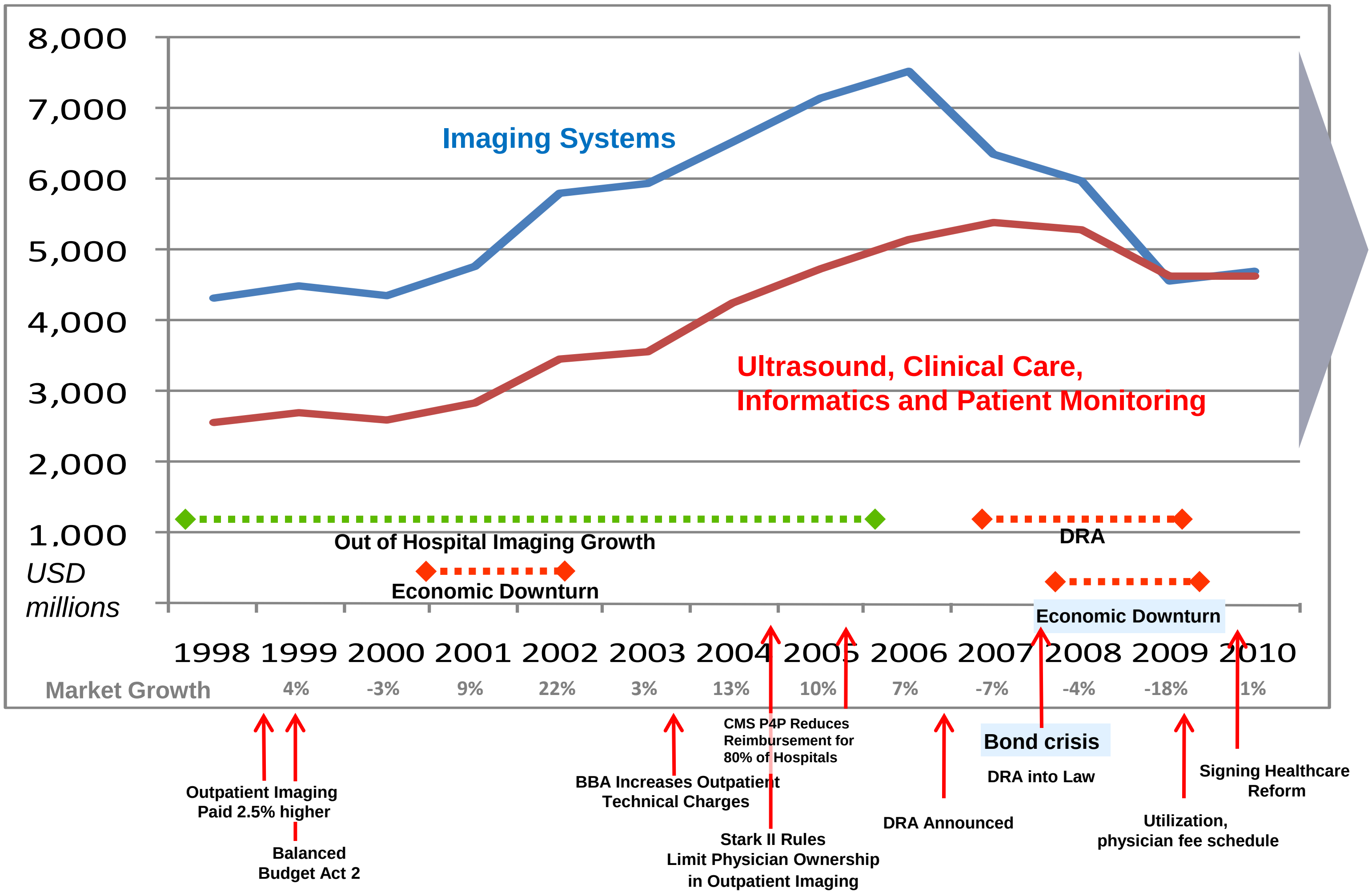


- Order book level back to pre-crisis levels
- Approximately 60-65% of the current order book results in sales within a year

PHILIPS

Healthcare historical market development

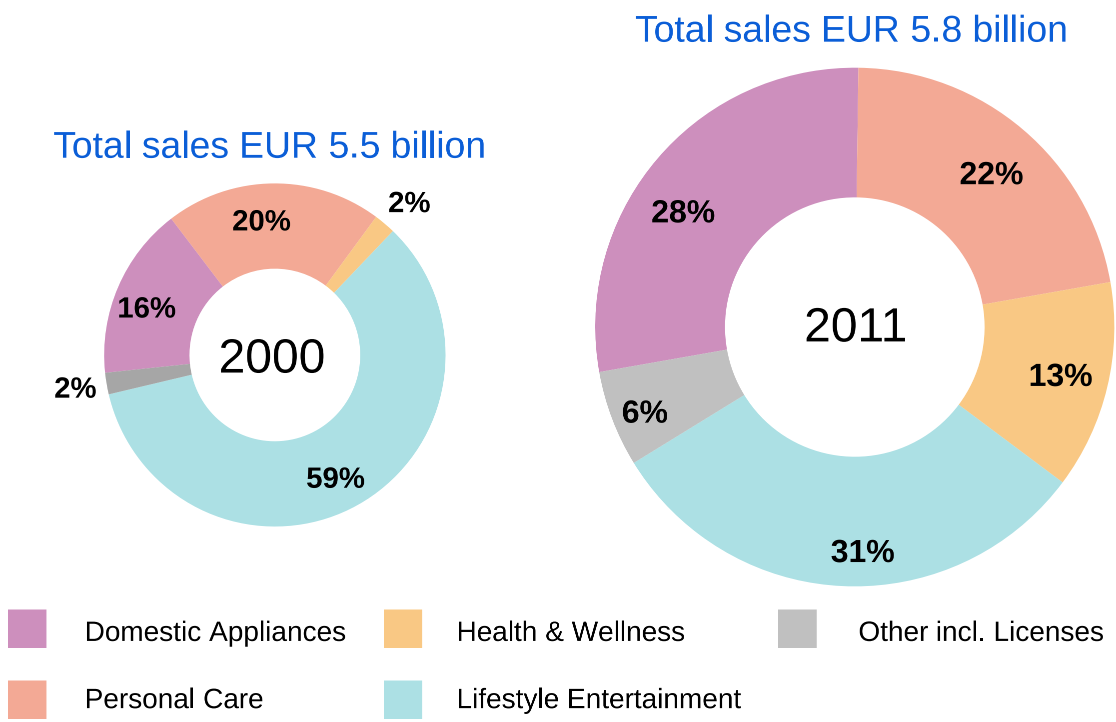
North America Market Size/ Growth and Impacts



Philips current expectation for the US Imaging Systems market for 2011 is low single-digit growth

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 acquisitions in China and India

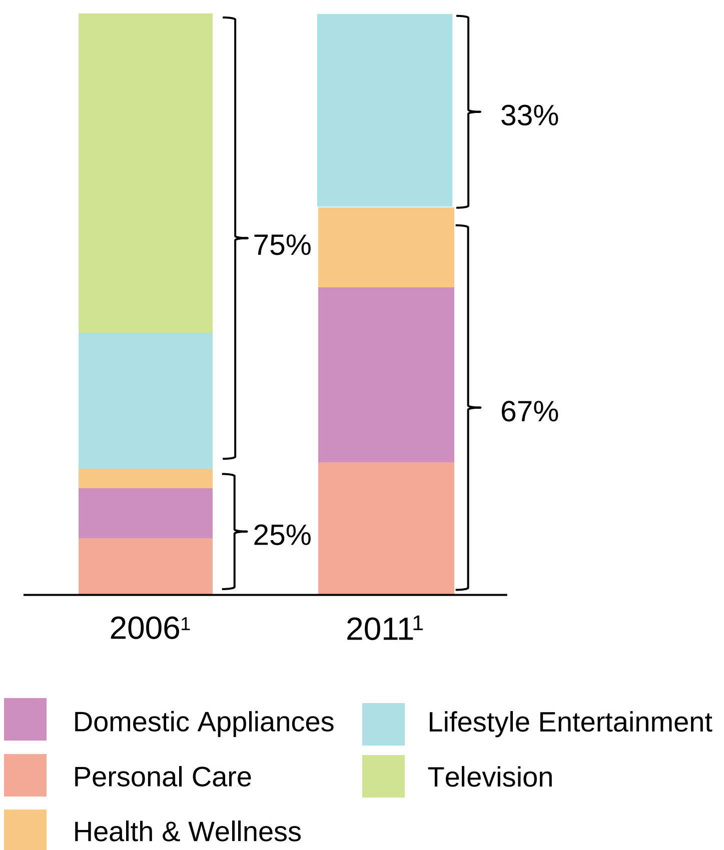


PHILIPS

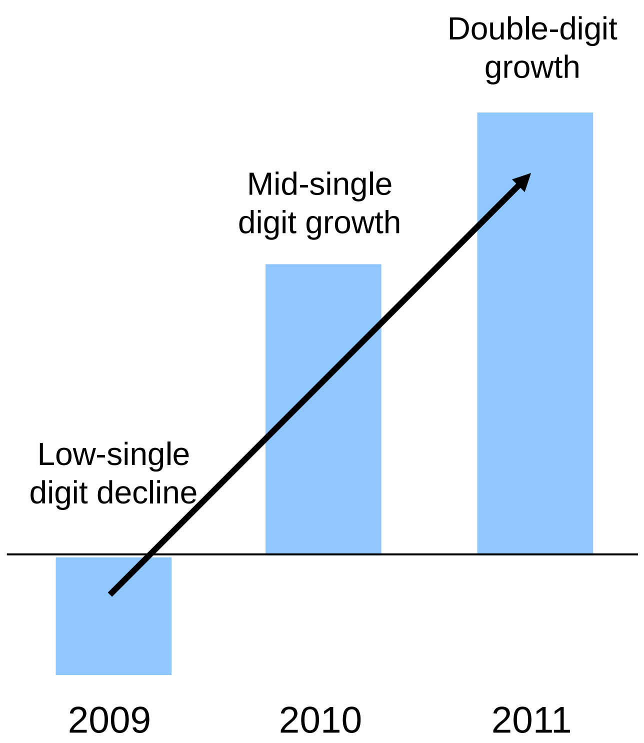
We increase focus

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]

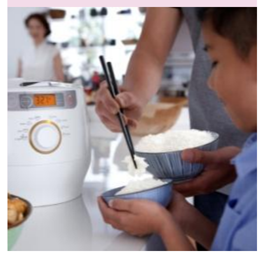


[1] Excluding others (e.g. Licenses)

PHILIPS

Consumer Lifestyle

What we do. Where we are.

Philips Consumer Lifestyle					
Businesses[1,2]				Geographies[1]	
Personal Care	Health & Wellness	Domestic Appliances	Lifestyle Entertainment	Mature Geographies	Growth Geographies
					
22%	13%	28%	31%	58%	42%

€5.8
Billion sales in 2011

18,000+
People employed worldwide

5%
of sales invested in R&D in 2011

27%
of green product sales in 2011

[1] Full year 2011
[2] Other category (6%) is mainly license income and is omitted from this overview
Note - All figures exclude discontinued operations

PHILIPS

We will drive global scale and category leadership

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

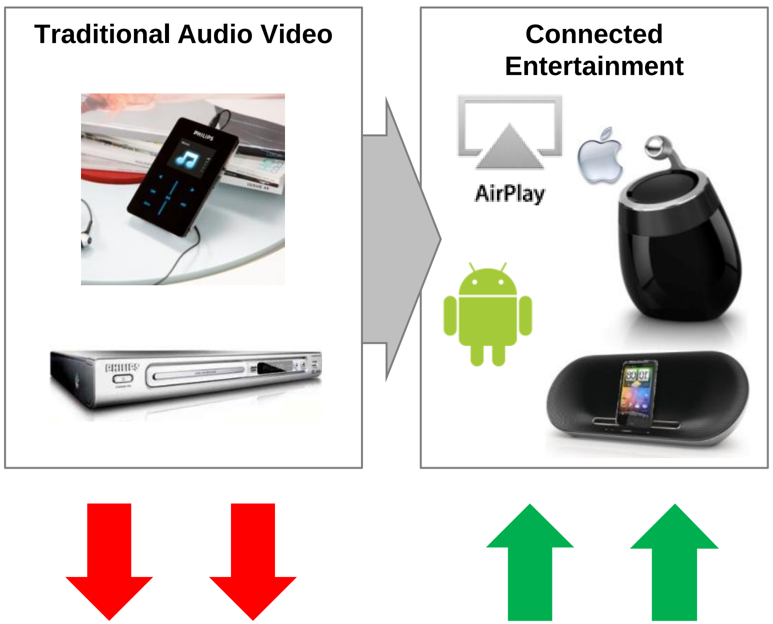
		Ambitions
Male Grooming		• Grow the #1 leadership position through launching new propositions • Recruiting young new users and upgrading existing users • Accelerate the leadership in China through geographical expansion
Oral Healthcare		• Strengthen global #2 position in rechargeable toothbrushes and brush heads • Expand geographically, addressing more price points and entering new channels • Expand into adjacencies; e.g. interdental cleaning
Kitchen Appliances		• Global leadership through local relevance • Establish four regional product creation hubs (leveraging acquisitions) • Integrated supply chain to differentiate, improve quality and drive costs down
Coffee		• Gaining leadership positions in full automatic espresso • Launching new portioned initiatives

PHILIPS

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

Lifestyle Entertainment was profitable over the full year 2011

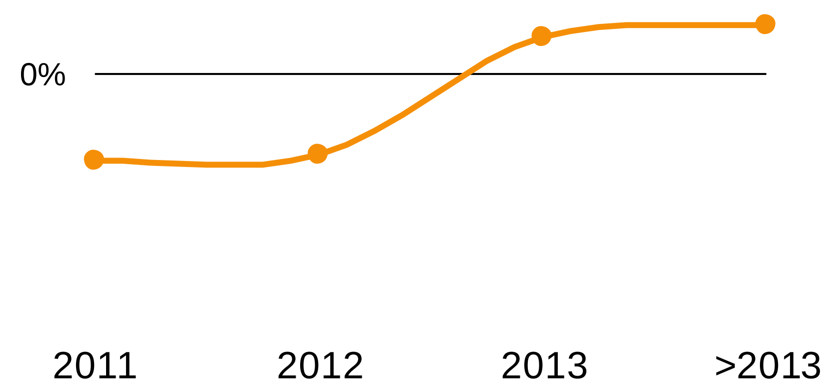
We will transition the Lifestyle Entertainment portfolio towards growing and profitable categories



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

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

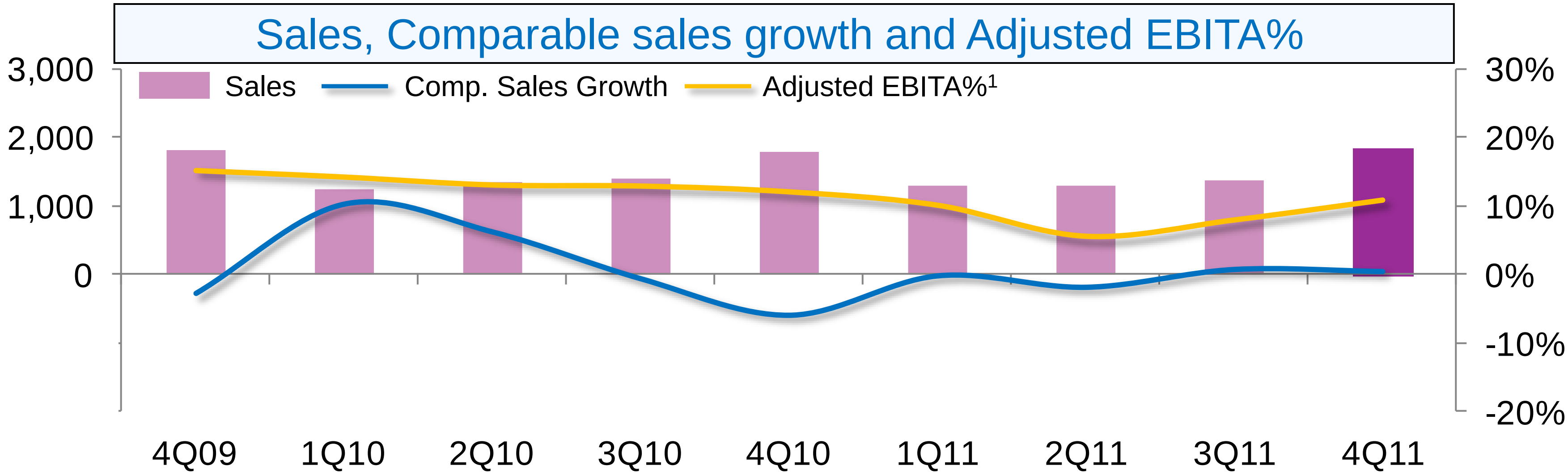
Sales growth development (%)
2011 - 2013

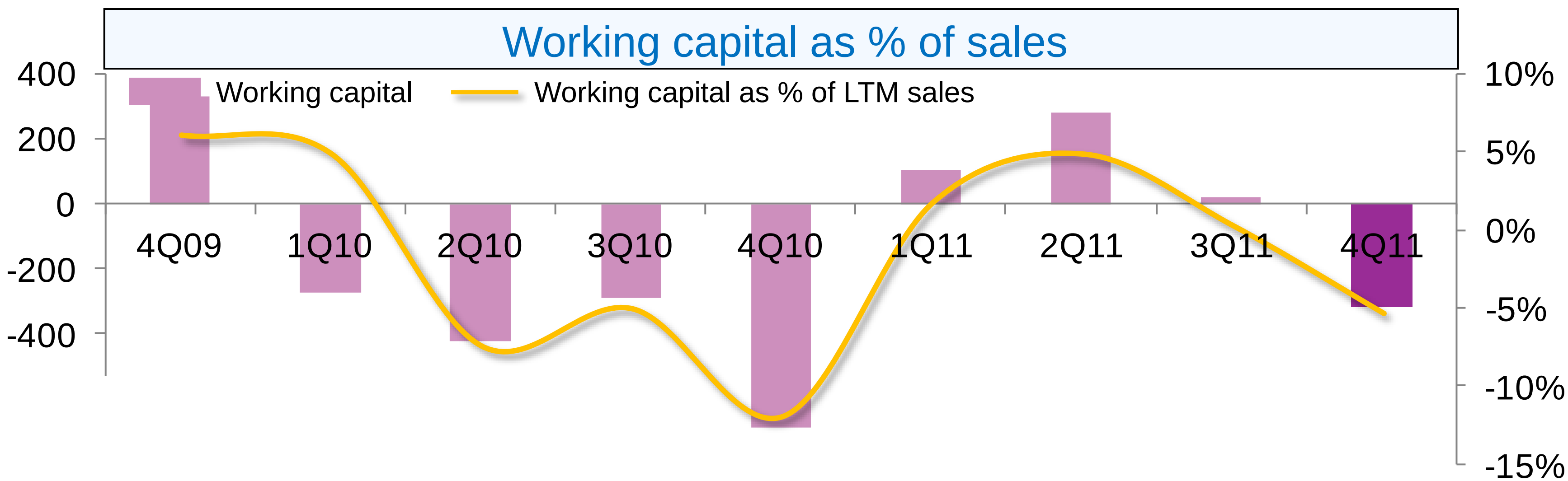


PHILIPS

Consumer Lifestyle: financials over the last two years

EUR million





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

Note - All figures exclude discontinued operations

PHILIPS

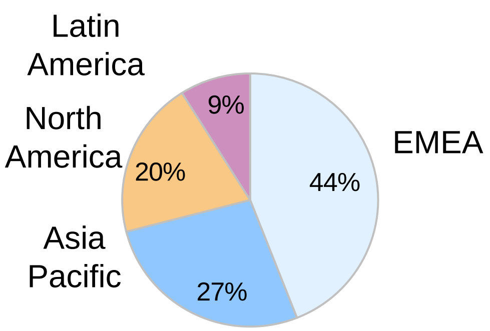
Consumer Lifestyle: Q4 2011 Sector analysis

EUR million

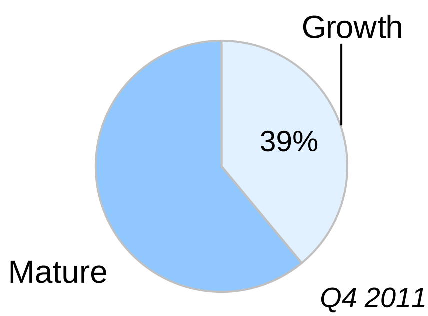
Key figures

	4Q10	4Q11	FY2011
Sales	1,791	1,849	5,823
% sales growth comp.	*(6)*	*1*	*(0)*
EBITA	210	184	472
EBITA as % of sales	*11.7*	*10.0*	*8.1*
EBIT	198	167	392
EBIT as % of sales	*11.1*	*9.0*	*6.7*
NOC	911	887	887
Employees (FTEs)	14,095	18,291	18,291

Sales per region



Growth Geographies



Financial performance

- Sales increased 3% nominally year-on-year and 1% on a comparable basis. Strong double-digit comparable growth at Health & Wellness and mid-single-digit growth at Domestic Appliances and Personal Care were largely offset by a double-digit decline at Lifestyle Entertainment. License revenue was broadly in line with Q4 2010.
- Regionally, double-digit growth in China, India and Latin America was tempered by a mid-single-digit decline in Europe.
- EBITA includes EUR 6 million (EUR 9 million in Q4 2010) of net costs formerly reported as part of the Television business in Consumer Lifestyle.
- EBITA was EUR 26 million lower compared to Q4 2010, which was attributable to a decline in operating results at Lifestyle Entertainment, investments in innovation, advertising and promotion, as well as one-time charges and higher restructuring and acquisition related charges. Growth businesses in aggregate registered double-digit profitability and Lifestyle Entertainment mid-single-digit profitability. Excluding restructuring and acquisition-related charges of EUR 3 million in Q4 2010 and EUR 18 million in Q4 2011, EBITA declined from 11.9% to 10.9%.

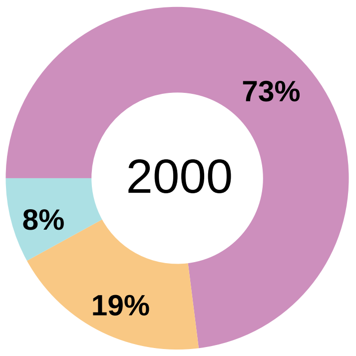
Note - All figures exclude discontinued operations

PHILIPS

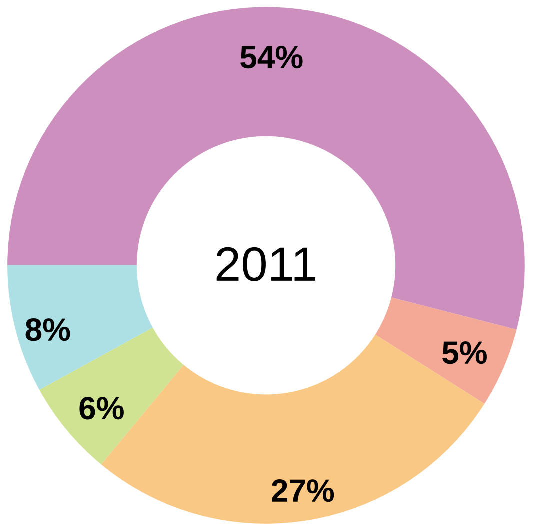
Lighting: Improve profitability on the path to LED and solutions

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

Total sales EUR 4.9 billion[1]



Total sales EUR 7.6 billion



- Lamps/ lighting systems & controls
- Professional luminaires
- Consumer luminaires
- Automotive
- Packaged LEDs

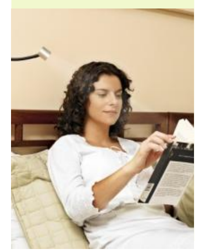
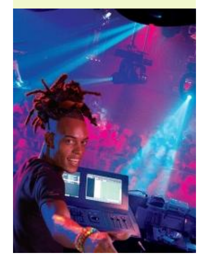
[1] Excluding batteries EUR 0.2 billion

We increase our focus towards the people we serve

Further strengthening our global leadership in Lighting

Philips Lighting

Customer Segments[1]

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

€7.6
Billion sales in 2011

53,000+
People employed worldwide in 60 countries

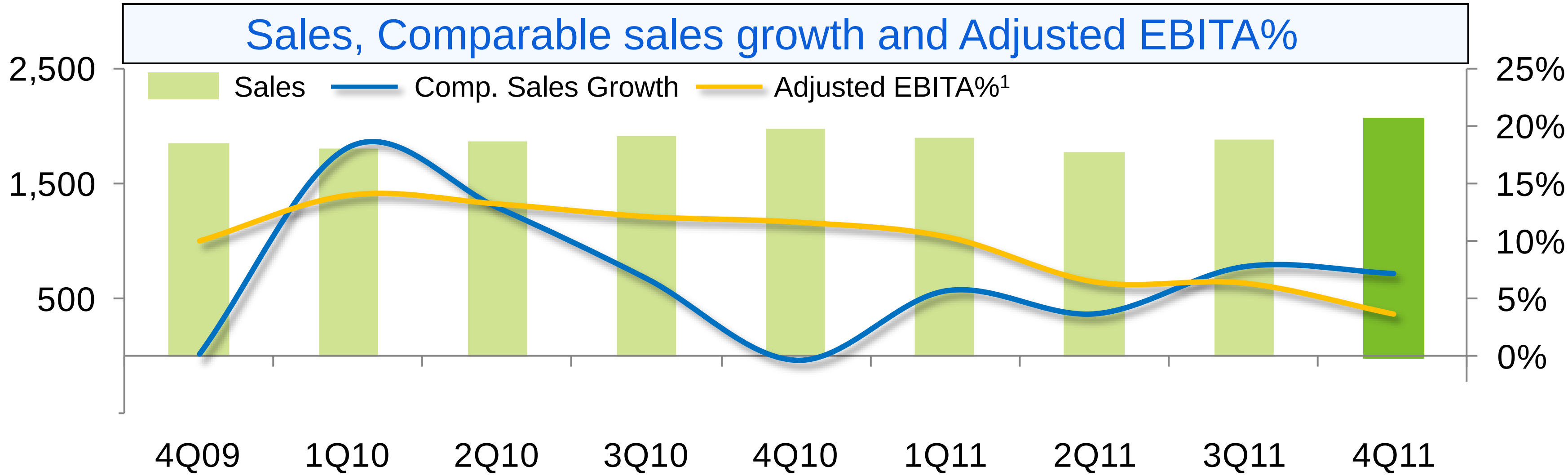
5%
of sales invested in R&D in 2011

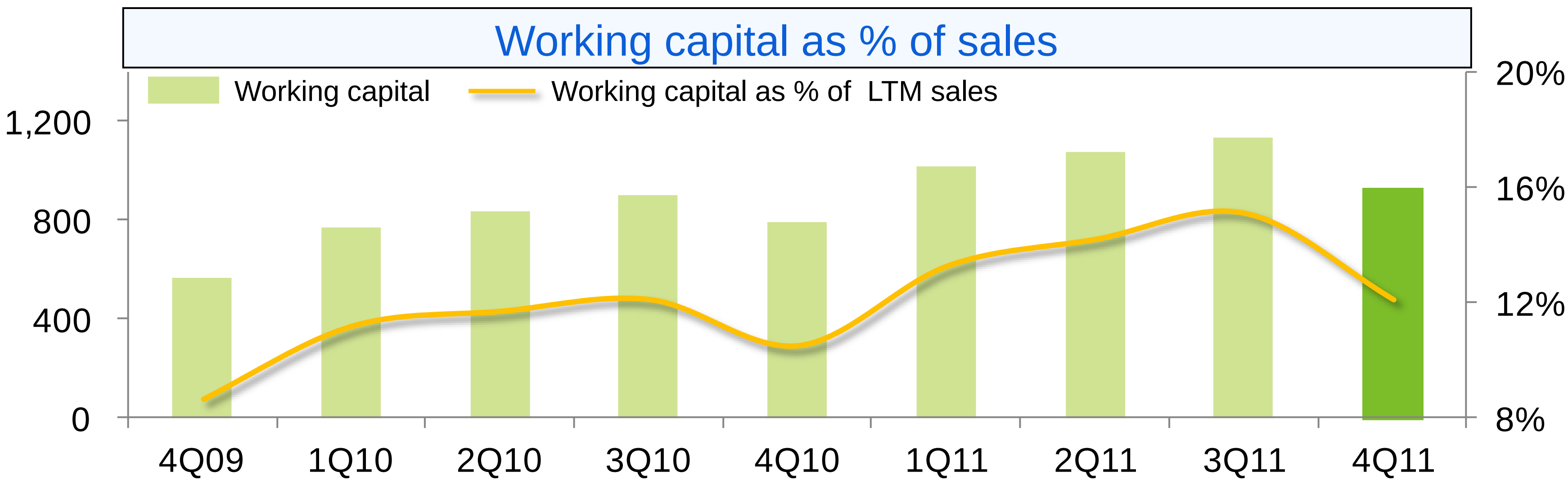
80,000+
Products & services offered in 2011

[1] Indicative split

Lighting: financials over the last two years

EUR million





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

PHILIPS

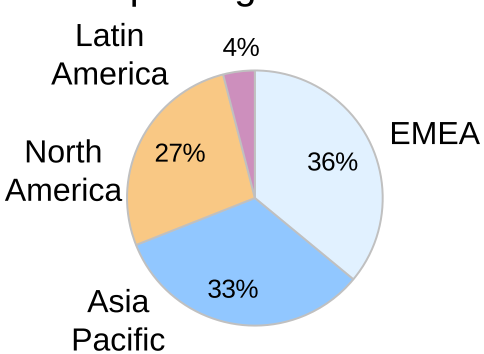
Lighting: Q4 2011 Sector analysis

EUR million

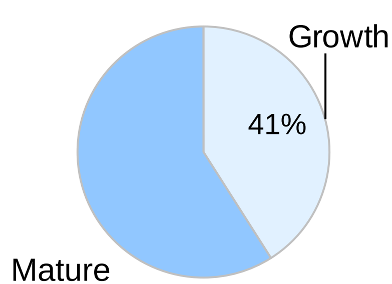
Key figures

	4Q10	4Q11	FY2011
Sales	1,975	2,072	7,638
% sales growth comp.	*(0)*	*7*	*6*
EBITA	198	41	445
EBITA as % of sales	*10.0*	*2.0*	*5.8*
EBIT	156	(130)	(362)
EBIT as % of sales	*7.9*	*(6.3)*	*(4.7)*
NOC	5,561	5,020	5,020
Employees (FTEs)	53,888	53,168	53,168

Sales per region



Growth Geographies



Q4 2011

Financial performance

- Comparable sales were 7% higher year-on-year, mainly driven by double-digit sales growth at Lamps and Automotive, and mid-single-digit sales growth at Professional Luminaires, partly offset by a sales decrease at Lumileds. Sales growth of 21% was delivered in growth geographies.
- LED-based sales grew 37% compared to Q4 2010, and now represent 18% of total Lighting sales.
- EBITA, excluding restructuring and acquisition-related charges of EUR 36 million (Q4 2010: EUR 34 million), was EUR 77 million, or 3.7% of sales (Q4 2010: EUR 232 million, or 11.7% of sales).
- The year-on-year EBITA decrease was mainly due to continued operational issues at Consumer Luminaires and Lumileds as well as macroeconomic factors which impacted pricing in our consumer lighting businesses. In addition, incidental charges, primarily relating to the disposal of slow-moving inventories, as well as adjustments in production volumes, further affected profitability.
- EBIT decreased by EUR 286 million compared to Q4 2010 and was impacted by a EUR 128 million charge as a result of a value adjustment of commercial and brand-related assets at Consumer Luminaires.

The leading global lighting company

Market leadership[1] across most categories

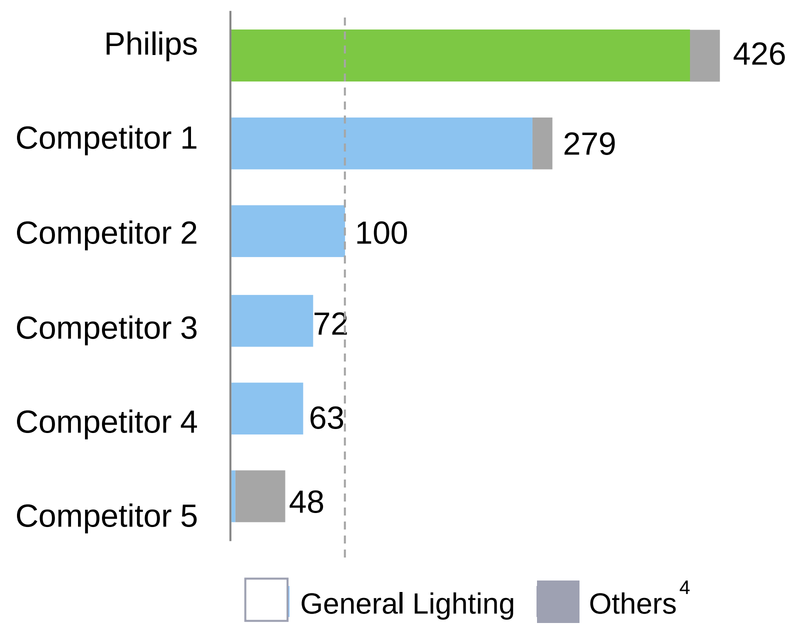
Market share per Business Group by Region,
as per Q3 2011

	Europe	North America	Latin America	Asia/ Pacific[2]	**Total**
Lamps	Number 1	Number 2 or 3	Number 2 or 3	Number 1	Number 1
Consumer Luminaires	Number 1	Not in top 3	Not in top 3	Number 2 or 3	Number 1
Professional Luminaires	Number 1	Number 2 or 3	Number 1	Number 1	Number 1
Systems & controls	Number 1	Number 1	Number 1	Number 1	Number 1
Automotive	Number 1	Number 2 or 3	Number 1	Number 1	Number 1
High Power LEDs	Number 2 or 3	Number 2 or 3	Number 2 or 3	Number 2 or 3	Number 2 or 3
Overall Lighting	Number 1	Number 1	Number 1	Number 1	Number 1

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]



[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

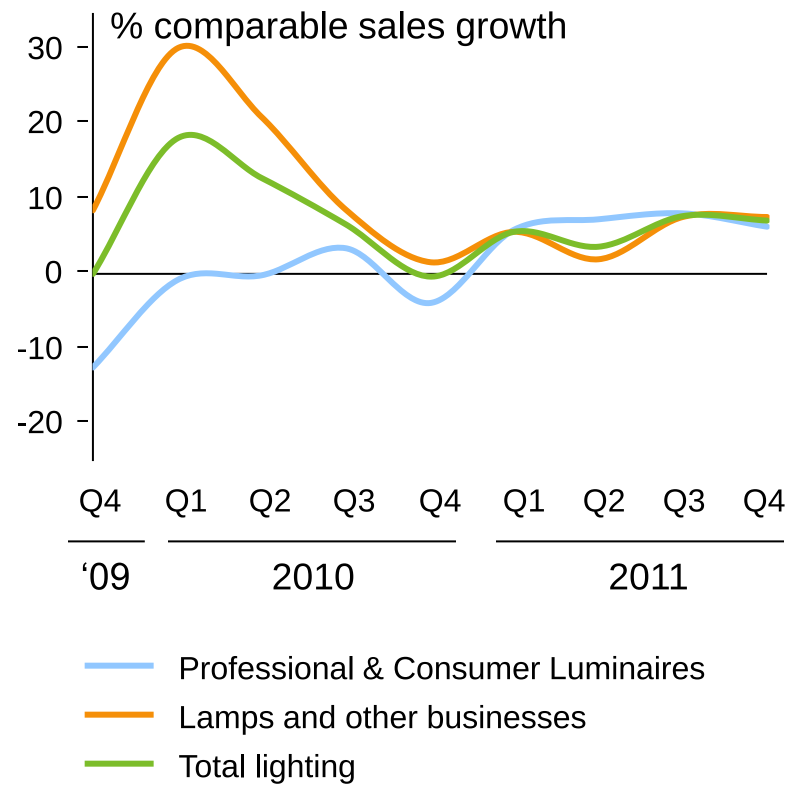
Sales recovery despite current weakness in the construction market in mature economies

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

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

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

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



PHILIPS

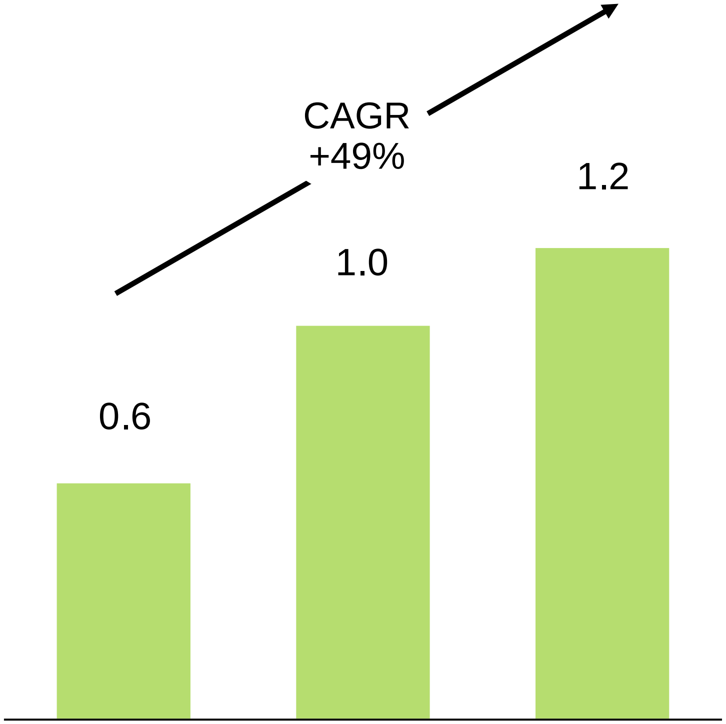
We are the leading LED lighting company

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

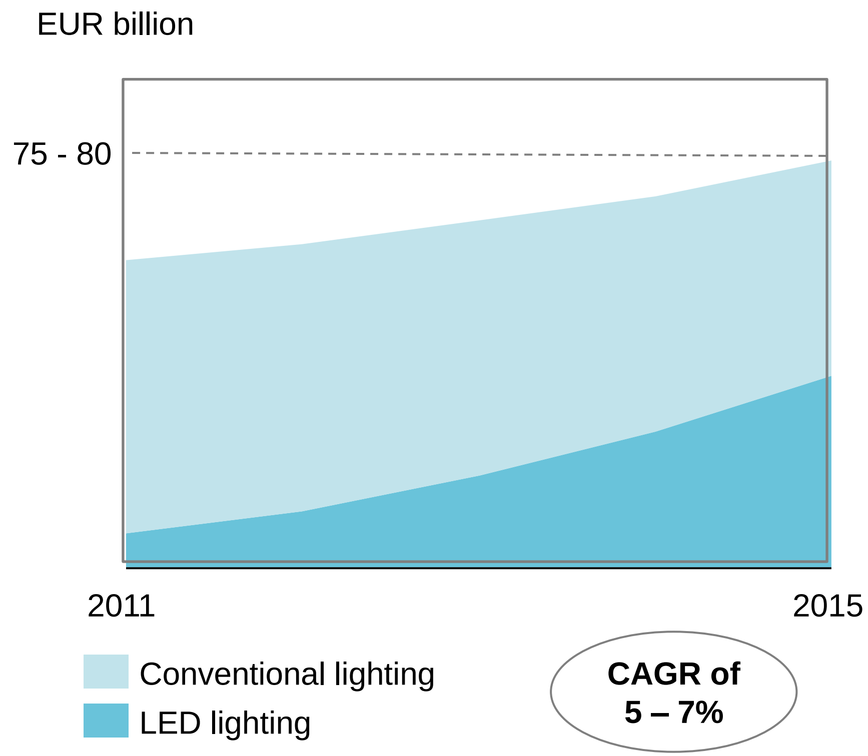
Last 12 months sales, EUR billion



PHILIPS

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

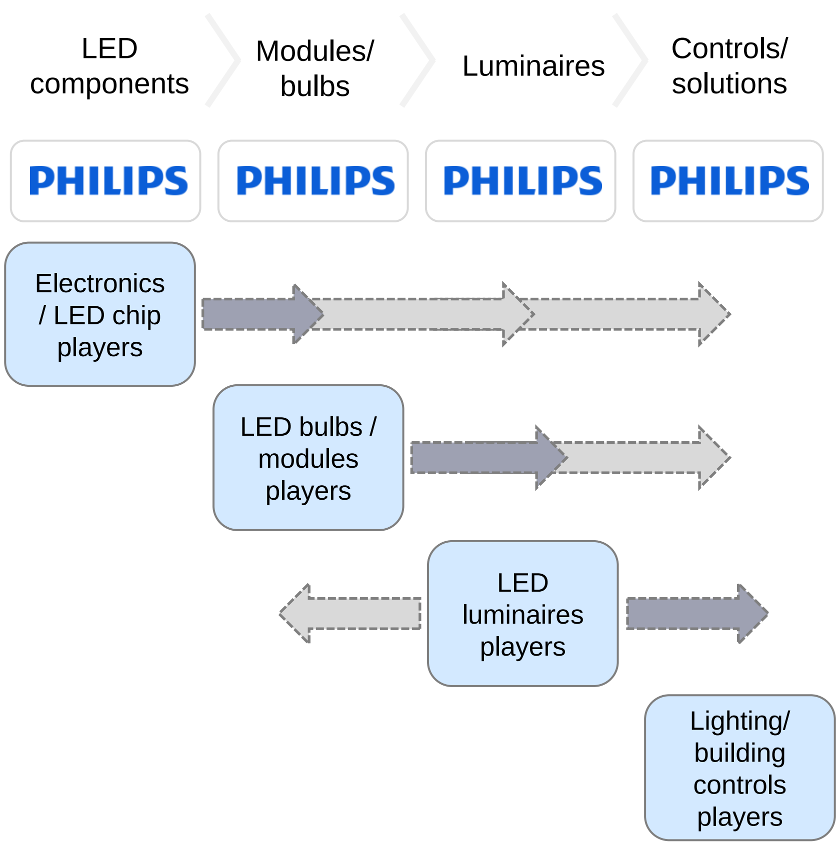
- Lighting market will grow faster than GDP, driven by:
  - **LED**: LED penetration forecasted to grow to ~45% by 2015
  - **Energy efficiency**: Many governments are phasing out inefficient lighting technologies
  - **Growth in light points**: Increased electrification leading to strong growth in light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

Philips has a unique position in a changing lighting competitive landscape

Digital Lighting value chain



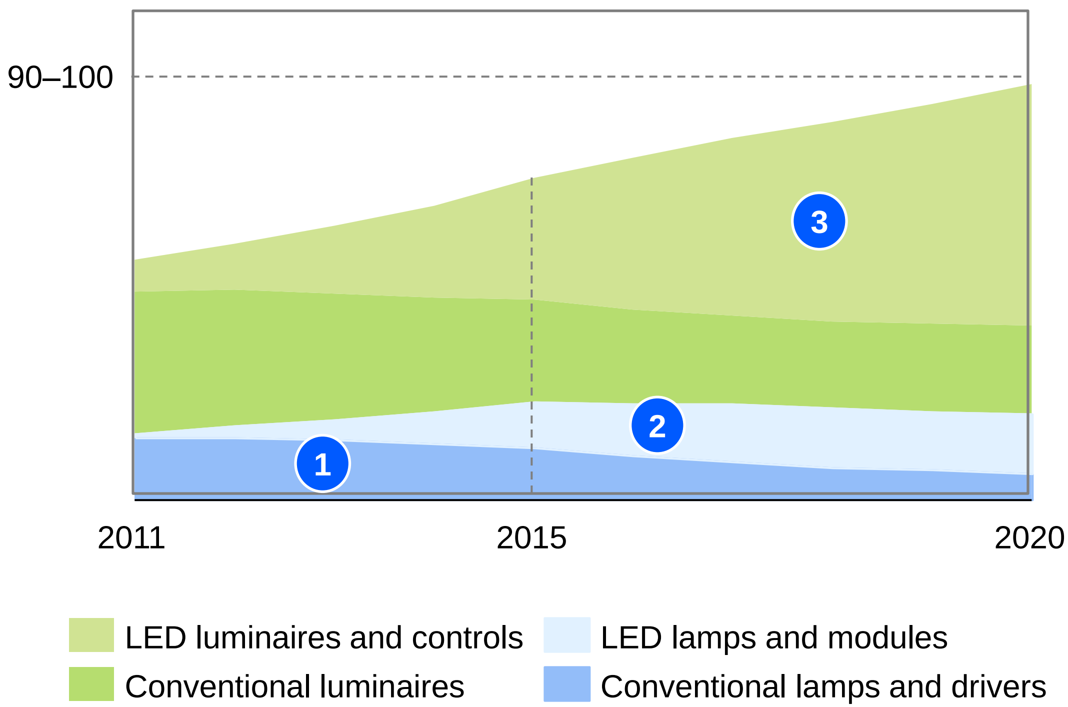
The changing industry landscape

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

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

Global General Illumination[1] market

EUR billion



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

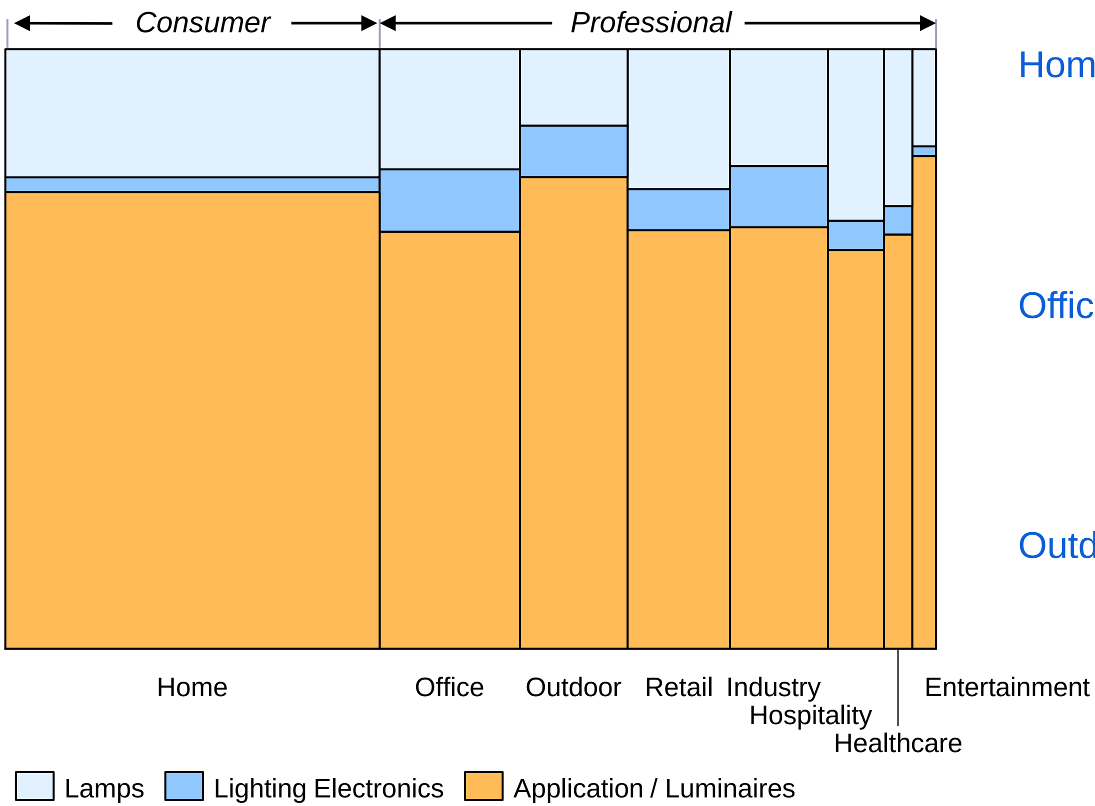
2 Leverage growth opportunity in LED lamps and modules

3 Invest in LED luminaires and controls to secure future leadership

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

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

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



Biggest segments

Home

Office

Outdoor

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

Building on necessary strengths for sustainable value creation

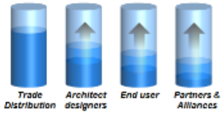
Strengths

Philips brand

- World's 41st most valuable brand in 2011

Cost-efficiency and responsiveness

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



Go-to-market strength

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

Innovation leader

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

Global footprint

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

PHILIPS

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

Accelerate! related investments

Costs for improvement projects under the Accelerate! program accounted for centrally from 2012 and expected to stop by the end of the program in 2014

Pensions

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

Service Units and Other

Global service units; Shared service centers; Corporate Investments, New venture integration and Philips Design

Sector analysis Q4 – Group Management & Services

EUR million

Key figures

	4Q10	4Q11	FY2011
Sales	87	67	266
% sales growth comp.	*(20)*	*7*	*2*
EBITA:			
Corporate Technologies	(25)	(18)	(40)
Corporate & Regional Costs	(44)	(62)	(157)
Pensions	91	16	(23)
Service Units and Other	(39)	(67)	(162)
EBITA	(17)	(131)	(382)
EBIT	(17)	(134)	(392)
NOC	(3,429)	(3,898)	(3,898)
Employees (FTEs)	11,929	12,474	12,474

Financial performance

- Sales decreased from EUR 87 million in Q4 2010 to EUR 67 million in Q4 2011, mainly due to the divestment of Assembléon.
- EBITA showed a net cost of EUR 131 million, a cost increase of EUR 114 million year-on-year.
- Corporate & Regional Costs were EUR 18 million higher than in Q4 2010, attributable to EUR 8 million in restructuring charges and investments related to the Accelerate! program.
- In Pensions, EBITA was positively impacted by a EUR 21 million pension plan change gain in the current quarter, and a EUR 83 million pension plan change gain in Q4 2010.
- Service Units and Other EBITA included EUR 17 million of additional restructuring charges compared to Q4 2010.
- EBITA included EUR 25 million (EUR 19 million in Q4 2010) of net costs formerly reported as part of the Television business in Consumer Lifestyle.
- Net operating capital decreased EUR 469 million, mainly due to pensions, financial hedging instruments held at corporate level, and lower tangible fixed assets.

PHILIPS

sense and simplicity

Appendix

PHILIPS

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

PHILIPS

Development cost capitalization & amortization by sector

EUR million

	Capitalization		Amortization	
	Q4 2010	Q4 2011	Q4 2010	Q4 2011
Healthcare	35	42	18	22
Consumer Lifestyle	8	13	10	8
Lighting	17	15	7	9
GM&S	2	-	-	-
Group	62	70	35	39

PHILIPS

Fixed assets expenditures & Depreciation by sector[1]

EUR million

	Gross CapEx		Depreciation	
	Q4 2010	Q4 2011	Q4 2010	Q4 2011
Healthcare	41	65	47	53
Consumer Lifestyle	32	47	34	27
Lighting	83	67	69	71
GM&S	18	24	32	21
Group	174	203	182	172

[1] Excluding software related capital expenditures and depreciation

PHILIPS

Fixed assets expenditures & Depreciation by sector[1]

EUR million

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

[1] Excluding software related capital expenditures and depreciation

PHILIPS

Restructuring, acquisition-related and other incidentals

EUR million

	1Q10	2Q10	3Q10	4Q10	**2010**	1Q11	2Q11	3Q11	4Q11	**2011**
Acq.-related charges	(9)	(8)	(9)	(3)	**(29)**	(2)	(3)	(3)	(9)	**(17)**
Restructuring	(20)	(38)	3	7	**(48)**	4	4	1	(12)	**(3)**
Healthcare	(29)	(46)	(6)	4	**(77)**	2	1	(2)	(21)	**(20)**
Acq.-related charges	(3)	(3)	(7)	(6)	**(19)**	(10)	(12)	(9)	(14)	**(45)**
Restructuring	(6)	(4)	(5)	3	**(12)**	(3)	(1)	(1)	(4)	**(9)**
Consumer Lifestyle	(9)	(7)	(12)	(3)	**(31)**	(13)	(13)	(10)	(18)	**(54)**
Acq.-related charges	(4)	(5)	(6)	(8)	**(23)**	(2)	(3)	(7)	-	**(12)**
Restructuring	(5)	(32)	(11)	(26)	**(74)**	(3)	(11)	(4)	(36)	**(54)**
Lighting	(9)	(37)	(17)	(34)	**(97)**	(5)	(14)	(11)	(36)	**(66)**
Restructuring	1	-	6	(5)	**2**	1	2	(1)	(25)	**(23)**
Other Incidentals	-	-	36	83	**119**	-	-		21	**21**
GM&S	1	-	42	78	**121**	1	2	(1)	(4)	**(2)**
Grand Total	(46)	(90)	7	45	**(84)**	(15)	(24)	(24)	(79)	**(142)**

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

PHILIPS