Important information

Forward-looking statements
This document and the related oral presentation, including responses to questions following the presentation, contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future EBITA and future developments in our organic business. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements. These factors include, but are not limited to, domestic and global economic and business conditions, developments within the euro zone, the successful implementation of our strategy and our ability to realize the benefits of this strategy, our ability to develop and market new products, changes in legislation, legal claims, changes in exchange and interest rates, changes in tax rates, pension costs and actuarial assumptions, raw materials and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where Philips operates, industry consolidation and competition. As a result, Philips’ actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see the Risk management chapter included in our Annual Report 2012 and the “Risk and uncertainties” section in our semi-annual financial report for the six months ended July 1, 2013.

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 Group 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 2012. Further information on non-GAAP measures can be found in our Annual Report 2012.

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 2012 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 the accounting policies as stated in the Annual Report 2012 and semi-annual financial report for the six months ended July 1, 2013, unless otherwise stated.
Agenda

1. Management update
2. Group results Q4 2013 and annual results
3. Accelerate! Change and performance
4. Philips Business System and Path-to-Value
5. Group and sector overview
Management update Q4 2013: Group

Sales & order intake
- Comparable sales increased by 7% year-on-year to reach EUR 6.8 billion
- Comparable sales growth was 8% in Consumer Lifestyle and Lighting
- Healthcare comparable sales grew by 4%, equipment order intake declined by 1%
- Comparable sales in growth geographies up 15%

EBITA & Adjusted EBITA
- EBITA amounted to EUR 884 million, 13.0% of sales and included EUR 31 million of restructuring and acquisition-related charges. Q4 2012 EBITA was a loss of EUR 50 million and included EUR 348 million of restructuring and acquisition-related charges
- Adjusted EBITA improved by 20% to EUR 915 million, 13.5% of sales, from 11.3% in Q4 2012, driven by stronger operational results across all sectors

Cost savings & Net Income
- Total gross overhead cost savings ahead of plan, at EUR 1,066 million to date
- Net income was EUR 412 million, compared to a loss of EUR 420 million in Q4 2012

Asset management & ROIC
- Inventories as a % of sales improved by 40 basis points to 13.9%
- Free Cash Flow was an inflow of EUR 608 million compared to an inflow of EUR 753 million in Q4 2012
- ROIC improved to 15.3%, compared to 7.3% excluding the CRT fine2 in Q4 2012

Others
- By Q4 2013 completed 7% of the EUR 1.5 billion share buy-back program started in October 2013

Improved earnings in all sectors; growth geographies drive sales increase

---

1 Adjusted EBITA in Q4 2013 excludes restructuring and acquisition-related charges of EUR 31 million
2 European Commission fine related to Cathode-Ray Tubes, a business divested by Philips in 2011. Philips has appealed the decision. Charges were taken in Q4 2012

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Management update Q4 2013: Healthcare

### Order intake (OIT)
- Currency-comparable equipment order intake declined by 1%
- Excluding multi-year deals in Q4 2012 equipment order intake increased by 1%
- Patient Care & Clinical Informatics grew by low-single-digit and Imaging Systems showed a low-single-digit decline

### Sales
- **Comparable** sales up 4% driven by increases in all businesses
- Customer Services grew by high-single-digit. Home Healthcare Solutions increased by mid-single-digit. Patient Care & Clinical Informatics and Imaging Systems showed a low-single-digit growth

### EBITA & Adjusted EBITA\(^1\)
- EBITA was EUR 541 million, or 19.1% of sales, up from 14.1% in Q4 2012
- Adjusted EBITA increased to 19.0% of sales, compared to 18.0% in Q4 2012. The 100 bps improvement was due to overhead cost reductions

### Net Operating Capital (NOC)
- NOC decreased by EUR 67 million to EUR 7.4 billion on a currency comparable basis
- Inventories as a % of sales improved by 30 basis points

### Others
- The number of employees decreased by 452 compared to Q4 2012. This includes 705 employees from divestments, partially offset by a sales force increase in Asia Pacific

---

\(^1\) Adjusted EBITA in Q4 2013 excludes a net release of EUR 3 million of restructuring provisions

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

---

Mid-single-digit growth; Operational earnings improve by 100 bps
Management update Q4 2013: Consumer Lifestyle

Sales
- Comparable sales grew by 8% compared to Q4 2012
- Double-digit growth was seen at Domestic Appliances. Health and Wellness recorded high-single-digit growth and Personal Care grew by mid-single-digit

EBITA & Adjusted EBITA¹
- EBITA was EUR 187 million, or 13.1% of sales, up from 9.2% in Q4 2012
- Adjusted EBITA increased to 13.4% of sales, from 11.3% in Q4 2012. The improvement of 210 bps was driven by higher gross margins across all businesses
- Stranded costs from discontinued operations decreased from EUR 14 million last year to EUR 6 million in Q4 2013

Net Operating Capital (NOC)
- NOC increased by EUR 117 million to EUR 1.3 billion on a currency comparable basis, largely driven by higher working capital and a reduction in provisions
- Inventories as a % of sales improved by 90 basis points

Other
- The number of employees increased by 1,312 year-on-year, due to insourcing of production and expansion of our sales-related activities in the Domestic Appliances and Health & Wellness businesses, mainly in the Asian region

1 Adjusted EBITA in Q4 2013 excludes restructuring and acquisition-related charges of EUR 5 million
Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
**Management update Q4 2013: Lighting**

**Sales**
- **Comparable** sales increased by 8% year-on-year
- Lumileds and Automotive grew double-digits while Light Sources & Electronics and Professional Lighting Solutions achieved mid-single-digit growth. Consumer Luminaires sales declined by low-single-digit
- LED-based sales grew 48% compared to Q4 2012 and represent 34% of Lighting sales

**EBITA & Adjusted EBITA\(^1\)**
- EBITA amounted to EUR 218 million, or 9.5% of sales, compared to a loss of EUR 28 million in Q4 2012
- Adjusted EBITA increased to 10.4% of sales compared to 7.9% in Q4 2012, driven by higher gross margins and overhead cost reductions

**Net Operating Capital (NOC)**
- Inventories as a % of sales improved by 30 basis points year-on-year
- NOC increased by EUR 28 million to EUR 4.5 billion on a currency comparable basis, mainly driven by a reduction in provisions

**Others**
- The number of employees has decreased by 3,334 compared to Q4 2012 mainly due to the rationalization of the industrial footprint

---

\(^1\) Adjusted EBITA in Q4 2013 excludes restructuring and acquisition-related charges of EUR 22 million

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Management update Q4 2013: by Geography

Growth Geographies¹

- Group comparable sales grew by 15%, driven by double-digit growth in all sectors
- China, Latam, Africa and Middle East & Turkey grew by double-digits
- Healthcare comparable equipment order intake grew by low-single-digit, mainly due to strong performances in China, Latam and Asean

North America

- Group comparable sales were in line with Q4 2012. Low-single-digit growth in Consumer Lifestyle was offset by a low-single-digit decrease in Healthcare. Lighting sales were flat compared to Q4 2012
- Healthcare comparable equipment order intake increased by 1%, driven by low-single-digit growth in Patient Care & Clinical Informatics. Imaging Systems order intake declined by low-single-digit

Western Europe

- Group comparable sales grew by 3%. Lighting recorded mid-single-digit growth while Healthcare and Consumer Lifestyle grew by low-single-digit.
- Healthcare comparable equipment order intake declined by 12%. Excluding multi-year deals in Q4 2012 equipment order intake declined by 5%

³rd consecutive quarter of double-digit sales increase in growth geographies

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

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Agenda

1. Management update

2. Group results Q4 2013 and annual results

3. Accelerate! Change and performance

4. Philips Business System and Path-to-Value

5. Group and sector overview
### Key Financials Summary – Q4 2013 and FY 2013

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2012</th>
<th>Q4 2013</th>
<th>FY 2012</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6,759</td>
<td>6,799</td>
<td>23,457</td>
<td>23,329</td>
</tr>
<tr>
<td>EBITA</td>
<td>(50)(^1)</td>
<td>884(^1)</td>
<td>1,106(^2)</td>
<td>2,451(^2)</td>
</tr>
<tr>
<td>Financial income and expenses</td>
<td>(39)</td>
<td>(77)</td>
<td>(329)</td>
<td>(330)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(27)</td>
<td>(168)</td>
<td>(185)</td>
<td>(466)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>(420)</td>
<td>412</td>
<td>(30)</td>
<td>1,172</td>
</tr>
<tr>
<td>Net Operating Capital</td>
<td>9,316</td>
<td>10,238</td>
<td>9,316</td>
<td>10,238</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>1,056</td>
<td>905</td>
<td>2,082</td>
<td>1,138</td>
</tr>
<tr>
<td>Net capital expenditures</td>
<td>(303)</td>
<td>(297)</td>
<td>(455)</td>
<td>(966)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>753</td>
<td>608</td>
<td>1,627</td>
<td>172</td>
</tr>
</tbody>
</table>

\(^1\) Q13 includes on balance EUR (31)M of gains and charges while 4Q12 includes on balance EUR (815)M gains and charges

\(^2\) 2013 includes on balance EUR (49)M of gains and charges while 2012 includes on balance EUR (865)M gains and charges

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

PHILIPS
## Sales by sector – Q4 2013

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q4 2012</th>
<th>Q4 2013</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>2,918</td>
<td>2,828</td>
<td>(3)</td>
<td>4</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>1,385</td>
<td>1,428</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Lighting</td>
<td>2,262</td>
<td>2,306</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Innovation, Group &amp; Services</td>
<td>194</td>
<td>237</td>
<td>22</td>
<td>15</td>
</tr>
<tr>
<td>Philips Group</td>
<td>6,759</td>
<td>6,799</td>
<td>1</td>
<td>7</td>
</tr>
</tbody>
</table>

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 "Significant Accounting Policies")
Sales by sector – FY 2013

EUR million

<table>
<thead>
<tr>
<th>Sector</th>
<th>2012</th>
<th>2013</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>9,983</td>
<td>9,575</td>
<td>(4)</td>
<td>1</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>4,319</td>
<td>4,605</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Lighting</td>
<td>8,442</td>
<td>8,413</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Innovation, Group &amp; Services</td>
<td>713</td>
<td>736</td>
<td>3</td>
<td>(2)</td>
</tr>
<tr>
<td>Philips Group</td>
<td>23,457</td>
<td>23,329</td>
<td>(1)</td>
<td>3</td>
</tr>
</tbody>
</table>

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

PHILIPS
**Sales by geography – Q4 2013**

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2012</th>
<th>Q4 2013</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>1,769</td>
<td>1,820</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>North America</td>
<td>2,015</td>
<td>1,899</td>
<td>(6)</td>
<td>0</td>
</tr>
<tr>
<td>Other mature geographies</td>
<td>609</td>
<td>546</td>
<td>(10)</td>
<td>5</td>
</tr>
<tr>
<td>Growth geographies(^1)</td>
<td>2,366</td>
<td>2,534</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>Philips Group</td>
<td>6,759</td>
<td>6,799</td>
<td>1</td>
<td>7</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 revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”).
Sales by geography – FY 2013

EUR million

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>% nom</th>
<th>% comp</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>5,872</td>
<td>5,871</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>North America</td>
<td>7,470</td>
<td>7,041</td>
<td>(6)</td>
<td>(2)</td>
</tr>
<tr>
<td>Other mature geographies</td>
<td>2,065</td>
<td>1,914</td>
<td>(7)</td>
<td>5</td>
</tr>
<tr>
<td>Growth geographies(^1)</td>
<td>8,050</td>
<td>8,503</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Philips Group</td>
<td>23,457</td>
<td>23,329</td>
<td>(1)</td>
<td>3</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 revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Sales growth development
Trend Q3 2011 – Q4 2013

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>7</td>
<td>3</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>(1)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2012</td>
<td>2013</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>19</td>
<td>5</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>14</td>
<td>19</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td><strong>(2)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2012</td>
<td>2013</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 revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

PHILIPS
Sales in growth geographies\(^1\)

Last twelve months and Q4 2013

---

**Last twelve months**

- **Healthcare**: 25%
- **Consumer Lifestyle**: 47%
- **Lighting**: 43%
- **Philips Group**:
  - Mature: 64%
  - Growth: 36%

**Q4 2013**

- **Healthcare**: 30%
- **Consumer Lifestyle**: 43%
- **Lighting**: 44%
- **Philips Group**:
  - Mature: 63%
  - Growth: 37%

---

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

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
## EBITA by sector – Q4 2013

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2012</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>as % of sales</td>
<td>as % of sales</td>
</tr>
<tr>
<td>Healthcare¹</td>
<td>411</td>
<td>541</td>
</tr>
<tr>
<td></td>
<td>14.1%</td>
<td>19.1%</td>
</tr>
<tr>
<td>Consumer Lifestyle²</td>
<td>127</td>
<td>187</td>
</tr>
<tr>
<td></td>
<td>9.2%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Lighting³</td>
<td>(28)</td>
<td>218</td>
</tr>
<tr>
<td></td>
<td>(1.2)%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Innovation, Group &amp; Services⁴</td>
<td>(560)</td>
<td>(62)</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Philips Group</td>
<td>(50)</td>
<td>884</td>
</tr>
<tr>
<td></td>
<td>(0.7)%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

¹ 4Q13 includes a net release of EUR 3M of restructuring provisions; 4Q12 includes EUR (114)M of charges
² 4Q13 includes EUR (5)M of restructuring and acquisition-related charges; 4Q12 includes EUR (30)M of charges
³ 4Q13 includes EUR (22)M of restructuring and acquisition-related charges; 4Q12 includes EUR (185)M of charges and a EUR (22)M loss on the sale of industrial assets
⁴ 4Q13 includes EUR (7)M restructuring charges; 4Q12 includes EUR (19)M restructuring charges and a EUR (313)M impact of the European Commission fine related to alleged violation of competition rules in the Cathode-Ray Tubes (CRT) industry and EUR (132)M of provisions related to various legal matters

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>as % of sales</th>
<th>2013</th>
<th>as % of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare¹</td>
<td>1,226</td>
<td>12.3%</td>
<td>1,512</td>
<td>15.8%</td>
</tr>
<tr>
<td>Consumer Lifestyle²</td>
<td>456</td>
<td>10.6%</td>
<td>483</td>
<td>10.5%</td>
</tr>
<tr>
<td>Lighting³</td>
<td>128</td>
<td>1.5%</td>
<td>695</td>
<td>8.3%</td>
</tr>
<tr>
<td>Innovation, Group &amp; Services⁴</td>
<td>(704)</td>
<td>-</td>
<td>(239)</td>
<td>-</td>
</tr>
<tr>
<td>Philips Group</td>
<td>1,106</td>
<td>4.7%</td>
<td>2,451</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

¹ 2013 includes on balance EUR 82M of gains and charges; 2012 includes on balance EUR (134)M of gains and charges
² 2013 includes on balance EUR (13)M of gains and charges; 2012 includes on balance EUR 104M of gains and charges
³ 2013 includes on balance EUR (90)M of gains and charges; 2012 includes on balance EUR (396)M of gains and charges
⁴ 2013 includes on balance EUR (28)M of gains and charges; 2012 includes on balance EUR (439)M of gains and charges

Please refer to slide 100 for details.

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

2012 2013
Healthcare 1 1,226 12.3% 1,512 15.8%
Consumer Lifestyle 2 456 10.6% 483 10.5%
Lighting 3 128 1.5% 695 8.3%
Innovation, Group & Services 4 (704) - (239) -
Philips Group 1,106 4.7% 2,451 10.5%
### Adjusted EBITA by sector – Q4 2013

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q4 2012</th>
<th></th>
<th>Q4 2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Healthcare</strong></td>
<td>525</td>
<td>18.0%</td>
<td>538</td>
<td>19.0%</td>
</tr>
<tr>
<td><strong>Consumer Lifestyle</strong></td>
<td>157</td>
<td>11.3%</td>
<td>192</td>
<td>13.4%</td>
</tr>
<tr>
<td><strong>Lighting</strong></td>
<td>179</td>
<td>7.9%</td>
<td>240</td>
<td>10.4%</td>
</tr>
<tr>
<td><strong>Innovation, Group &amp; Services</strong></td>
<td>(96)</td>
<td>-</td>
<td>(55)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Philips Group</strong></td>
<td>765</td>
<td>11.3%</td>
<td>915</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

---

1. 4Q13 excludes a net release of EUR 3M of restructuring provisions; 4Q12 excludes EUR (114)M of charges.
2. 4Q13 excludes EUR (5)M of restructuring and acquisition-related charges; 4Q12 excludes EUR (30)M of charges.
3. 4Q13 excludes EUR (22)M of restructuring and acquisition-related charges; 4Q12 excludes EUR (185)M of charges and a EUR (22)M loss on the sale of industrial assets.
4. 4Q13 excludes EUR (7)M restructuring charges; 4Q12 excludes EUR (19)M restructuring charges and a EUR (313)M impact of the European Commission fine related to alleged violation of competition rules in the Cathode-Ray Tubes (CRT) industry and EUR (132)M of provisions related to various legal matters.

---

Note: Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

---

19
Adjusted EBITA by sector – FY 2013

EUR million

<table>
<thead>
<tr>
<th>Sector</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare (^1)</td>
<td>1,360</td>
<td>1,430</td>
</tr>
<tr>
<td>Consumer Lifestyle (^2)</td>
<td>352</td>
<td>496</td>
</tr>
<tr>
<td>Lighting (^3)</td>
<td>524</td>
<td>785</td>
</tr>
<tr>
<td>Innovation, Group &amp; Services (^4)</td>
<td>(265)</td>
<td>(211)</td>
</tr>
<tr>
<td>Philips Group</td>
<td>1,971</td>
<td>2,500</td>
</tr>
</tbody>
</table>

\(^1\) 2013 excludes on balance EUR 82M of gains and charges; 2012 excludes on balance EUR (134)M of gains and charges
\(^2\) 2013 excludes on balance EUR (13)M of gains and charges; 2012 excludes on balance EUR 104M of gains and charges
\(^3\) 2013 excludes on balance EUR (90)M of gains and charges; 2012 excludes on balance EUR (396)M of gains and charges
\(^4\) 2013 excludes on balance EUR (28)M of gains and charges; 2012 excludes on balance EUR (439)M of gains and charges

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

Please refer to slide 100 for details.
EBITA and Adjusted EBITA Margin development

Trend Q3 2011 – Q4 2013

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

1 Healthcare EBITA Q2 2013 includes a EUR 82 million gain from past-service pension costs in the US and the sale of a business; Consumer Lifestyle EBITA Q1 2012 includes a EUR 160M gain from the Senseo transaction

2 Adjusted EBITA is EBITA corrected for incidental charges (details on slide 100)
EBITA and Adjusted EBITA Margin development
Rolling last 12 months

EBITA%: Rolling LTM to end of quarter shown

<table>
<thead>
<tr>
<th></th>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q12</td>
<td>12.3</td>
<td>10.6</td>
<td>1.5</td>
<td>4.7</td>
</tr>
<tr>
<td>1Q13</td>
<td>12.6</td>
<td>7.8</td>
<td>2.7</td>
<td>4.5</td>
</tr>
<tr>
<td>2Q13</td>
<td>13.8</td>
<td>8.5</td>
<td>3.6</td>
<td>5.4</td>
</tr>
<tr>
<td>3Q13</td>
<td>14.3</td>
<td>9.3</td>
<td>5.4</td>
<td>8.3</td>
</tr>
<tr>
<td>4Q13</td>
<td>15.8</td>
<td>10.5</td>
<td>8.3</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Adjusted EBITA%¹: Rolling LTM to end of quarter shown

<table>
<thead>
<tr>
<th></th>
<th>Healthcare</th>
<th>Consumer Lifestyle</th>
<th>Lighting</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q12</td>
<td>13.6</td>
<td>8.2</td>
<td>6.2</td>
<td>8.4</td>
</tr>
<tr>
<td>1Q13</td>
<td>13.9</td>
<td>8.8</td>
<td>7.1</td>
<td>8.8</td>
</tr>
<tr>
<td>2Q13</td>
<td>14.2</td>
<td>9.4</td>
<td>7.7</td>
<td>9.3</td>
</tr>
<tr>
<td>3Q13</td>
<td>14.7</td>
<td>10.1</td>
<td>8.7</td>
<td>10.1</td>
</tr>
<tr>
<td>4Q13</td>
<td>14.9</td>
<td>10.8</td>
<td>9.3</td>
<td>10.7</td>
</tr>
</tbody>
</table>

¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 100)
Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Working capital & Inventories over the last two years

EUR million

Working capital as % of sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Working Capital (% of LTM Sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q11</td>
<td>9.0%</td>
</tr>
<tr>
<td>1Q12</td>
<td>9.6%</td>
</tr>
<tr>
<td>2Q12</td>
<td>11.3%</td>
</tr>
<tr>
<td>3Q12</td>
<td>10.2%</td>
</tr>
<tr>
<td>4Q12</td>
<td>8.6%</td>
</tr>
<tr>
<td>1Q13</td>
<td>7.1%</td>
</tr>
<tr>
<td>2Q13</td>
<td>8.3%</td>
</tr>
<tr>
<td>3Q13</td>
<td>9.0%</td>
</tr>
<tr>
<td>4Q13</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

Inventory as % of sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Inventories as % of LTM Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q11</td>
<td>16.5%</td>
</tr>
<tr>
<td>1Q12</td>
<td>16.9%</td>
</tr>
<tr>
<td>2Q12</td>
<td>17.2%</td>
</tr>
<tr>
<td>3Q12</td>
<td>16.9%</td>
</tr>
<tr>
<td>4Q12</td>
<td>14.3%</td>
</tr>
<tr>
<td>1Q13</td>
<td>15.5%</td>
</tr>
<tr>
<td>2Q13</td>
<td>15.7%</td>
</tr>
<tr>
<td>3Q13</td>
<td>16.5%</td>
</tr>
<tr>
<td>4Q13</td>
<td>13.9%</td>
</tr>
</tbody>
</table>

Note: Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
## Free Cash Flow – Q4 2013

### EUR million

<table>
<thead>
<tr>
<th>Description</th>
<th>Q4 2012</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from continuing operations</td>
<td>(435)</td>
<td>422</td>
</tr>
<tr>
<td>Fixed assets depreciation, amortization, and impairments</td>
<td>382</td>
<td>403</td>
</tr>
<tr>
<td>Impairment of goodwill and other non-current financial assets</td>
<td>2</td>
<td>32</td>
</tr>
<tr>
<td>(Income) loss from investments in associates</td>
<td>(4)</td>
<td>47</td>
</tr>
<tr>
<td>Changes in working capital, of which:</td>
<td>780</td>
<td>(170)</td>
</tr>
<tr>
<td>- changes in receivables and other current assets</td>
<td>(82)</td>
<td>(109)</td>
</tr>
<tr>
<td>- changes in inventories</td>
<td>411</td>
<td>497</td>
</tr>
<tr>
<td>- changes in accounts payable, accrued and other liabilities</td>
<td>451</td>
<td>(558)</td>
</tr>
<tr>
<td>Changes in non-current receivables, other assets and other liabilities</td>
<td>(136)</td>
<td>3</td>
</tr>
<tr>
<td>Increase in provisions</td>
<td>322</td>
<td>49</td>
</tr>
<tr>
<td>Others</td>
<td>145</td>
<td>119</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>1,056</td>
<td>905</td>
</tr>
<tr>
<td>Purchase of intangible assets/ Expenditures on development assets</td>
<td>(104)</td>
<td>(121)</td>
</tr>
<tr>
<td>Capital expenditures on property, plant and equipment</td>
<td>(212)</td>
<td>(181)</td>
</tr>
<tr>
<td>Proceeds from disposals of property, plant and equipment</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Net capital expenditures</td>
<td>(303)</td>
<td>(297)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>753</td>
<td>608</td>
</tr>
</tbody>
</table>

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 "Significant Accounting Policies")
Development of Return on Invested Capital (ROIC)

- ROIC improved to 15.3% in Q4 2013, from 10.7% in Q3 2013 and 7.3% in Q4 2012 excluding the European Commission fine on CRT\(^1\)
- We exceeded our mid-term ROIC target of 12-14%, mainly due to:
  - Improved earnings in all sectors
  - Lower fixed assets and lower average Net Operating Capital
- ROIC in Q1 2012 was impacted by impairment charges of 2011. Excluding these charges, ROIC was 6.6%
- Discount rate is 9.0%

---

**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. Philips has appealed the decision. Charges were taken in Q4 2012.
Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Philips' debt has a long maturity profile

Characteristics of long-term debt

- Maturities up to 2042
- Average tenor of long-term debt is 12.2 years
- No financial covenants

In January 2013 Philips extended the maturity of its EUR 1.8 billion standby facility to February 2018

---

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

2 In March 2012 Philips issued USD 1,000M 10 years at 3.75% and USD 500M 30 years at 5%. On Apr 10th 2012, Philips early redeemed USD 500M originally maturing in March 2013
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 May 1st, 2014
Update funded status pension plans (IFRS basis)

<table>
<thead>
<tr>
<th>EUR million</th>
<th>December 31, 2012 (re-stated for IAS19R)</th>
<th>December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Funded Status</td>
<td>Balance sheet position</td>
</tr>
<tr>
<td>Netherlands Prepaid pension asset¹</td>
<td>777</td>
<td>0</td>
</tr>
<tr>
<td>Other major plans</td>
<td>(1,237)</td>
<td>(1,823)</td>
</tr>
<tr>
<td>Major plans</td>
<td>(460)</td>
<td>(1,823)</td>
</tr>
<tr>
<td>Minor plans</td>
<td>(202)</td>
<td>(199)</td>
</tr>
<tr>
<td>Total</td>
<td>(662)</td>
<td>(2,022)</td>
</tr>
</tbody>
</table>

- In 2013, the total funded status improved due to favorable discount rates for the main Defined Benefit (DB) plans. This improvement was partially offset by a EUR 200 million longevity adjustment in the Netherlands in Q4 2013. The Balance sheet position improved as higher interest rates lowered the net present value of the liabilities and, to a lesser extent, negatively affected the market value of the plan assets.
- Funded status 2012 has been restated to reflect the exclusion of accrued pension administration costs from the DBO² as required by IAS19R (positive impact of EUR 224 million).
- Balance Sheet: surplus in the Netherlands, UK and Brazil are not recognized (asset-ceiling test).

¹ With the objective to mitigate the company’s financial exposure to its pension plans, a new funding agreement for the Netherlands pension plan has become effective per January 1, 2014.
² DBO= Defined Benefit Obligation
Disciplined Capital Use

• Invest in high ROIC organic growth opportunities and selected value creating bolt-on acquisitions

• Maintain our A3/A- rating

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

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

• 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

• Additionally, capital will be used to mitigate risk and return capital to shareholders over time
Agenda

1. Management update

2. Group results Q4 2013 and annual results

3. Accelerate! Change and performance

4. Philips Business System and Path-to-Value

5. Group and sector overview
# Accelerate! change and performance program

Objectives achieved between 2011-2013

| **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\(^1\)'s in which we are an outright leader  
- • Increase performance adherence to plan per BMC\(^1\) > 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 4 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% of sales per year for 2012 and 2013 |
| **Growth and Performance Culture** | ✓ • Introduced new behaviors to drive new ways of working  
- • Team transformation workshops started to enable culture change  
- • Quarterly 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**     | ✓ • Simplify the organization and reduce overhead and support costs by EUR 1 billion  
- • Implement the Philips Business System in the organization  
✓ • Performance Management for BMC\(^1\)'s implemented  
- • Implement collaborative P&L between businesses & markets with clear accountability |

Supported by strong change and program management office to ensure execution

\(^1\) BMC = Business Market Combination
Accelerate! change and performance program

2014-2016 unlock full potential faster

**Customer Centricity**
- 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
- Expansion into adjacent and new growth markets to drive growth

**Resource to Win**
- Increase performance adherence to plan per BMC\(^1\) > 80%
- Targeted investment step-ups to gain market leadership
- Build BMC\(^1\) capabilities with global tools, training, and ways of working deployment

**End2End Execution\(^2\)**
- 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 which will fundamentally simplify the way of working
  - Reduce Cost of Non Quality by 30%, Inventory reduction by 20%
- Accelerate innovation time to market by av. 40%; Increase customer service >95%
- EUR 1 billion via Design for Excellence (DfX) over the period 2014-2016

**Growth and Performance Culture**
- Team transformation workshops to enable culture change
- Quarterly pulse check to check for effectiveness of the above
- Build a University to increase learning and competency development across Philips
- Excellence practices to increase operational performance; Lean skills for all employees

**Operating Model\(^2\)**
- Simplify the organization and reduce overhead and support costs by EUR 1.5 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 and measures

Supported by dedicated senior Transformation Leadership to ensure execution

---

1. BMC = Business Market Combination
2. Achievement reset to reflect 2016 targets; Please refer to slide 50 for the reconciliation of the related gross savings and investments
Accelerate! is improving the way we do business

**Innovation: Air purification China**

Through our entrepreneurial and customer centric innovation approach, a new Air Purifier range was successfully launched in China. Its locally relevant value proposition and innovative technologies drove strong customer preference, resulting in a 7-point market share increase. We were also able to reduce time to market by 50% through a simplified production methodology.

**End2End transformation: Lighting Brazil**

Through our End2End transformation program, we improved the product introduction process and worked closely with customers to renew our Lighting portfolio in Brazil. This resulted in a 19% reduction in the number of SKUs¹, 45% reduction in time to market and 20% sales volume increase, as well as improved customer service levels.

**Customer value chain: Imaging Systems North America**

To enable us to tailor propositions to different decision makers in the healthcare customer landscape, we improved the entire customer value chain of our Interventional X-ray business in North America. This resulted in new ways of doing business including full product-service solutions that maximize customer value, thereby increasing our win rate by 6% in selected North American accounts.

**Lean market-to-order: France**

By applying Lean, Philips Healthcare redesigned and simplified its way of working and operating procedures in France. An agile and effective Market-to-Order process was implemented, reducing the time for developing quotations and technical proposals by 85%, with 92% of commercial offers being delivered within 5 days.

¹ SKUs = Stock Keeping Units
Cost reduction program targeting overhead & indirect costs will bring EUR 1.5 billion in savings by 2015

Cost reduction scope

- 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*

- Increased savings based on 2013 baseline
- Focus on sustainable structural savings instead of “variable” costs
EUR 1.5 billion cost reduction program

Program started in Q3 2011, expected to be completed by 2015

Approximately 74% of the targeted headcount reduction completed by 2013

<table>
<thead>
<tr>
<th>EUR million</th>
<th>2011 Actual (A)</th>
<th>2012 Actual (B)</th>
<th>FY 2013 Actual (C)</th>
<th>Total Actual (A+B+C)</th>
<th>Total 2013 Plan</th>
<th>Total 2014 Plan</th>
<th>Total 2015 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>400</td>
<td>641</td>
<td>1,066</td>
<td>1,000</td>
<td>1,250</td>
<td>1,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring</td>
<td>(37)</td>
<td>(238)</td>
<td>(43)</td>
<td>(29)</td>
<td>(72)</td>
<td>(65)</td>
<td>(100)</td>
<td>(100)</td>
</tr>
<tr>
<td>Investments</td>
<td>(37)</td>
<td>(128)</td>
<td>(98)</td>
<td>(39)</td>
<td>(137)</td>
<td>(140)</td>
<td>(160)</td>
<td>(185)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>(74)</td>
<td>(366)</td>
<td>(141)</td>
<td>(68)</td>
<td>(209)</td>
<td>(205)</td>
<td>(260)</td>
<td>(285)</td>
</tr>
</tbody>
</table>

1 “Cumulative gross savings” has been changed to “Gross savings” as of Q2 2013 and historical figures have been restated where necessary

Note - The above figures have been adapted to exclude results related to the Audio, Video, Multimedia and Accessories business of:

Total savings of EUR 46M, annual restructuring costs in 2012 of EUR 11M and EUR 3M in 2013, investments of EUR 1M in 2013 and a headcount reduction of 99 employees
Overhauling our business model architecture

- 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
Applying DfX in the product creation process

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

- Early successes show that significant cost savings can be achieved in mature products, i.e. products being manufactured 5+ years, as well as new product introductions

- Currently building a funnel of opportunities targeting additional cumulative savings of EUR 1 billion over the period 2014 to 2016

DfX effectiveness pilot for a new product

<table>
<thead>
<tr>
<th>Baseline Q3 2012</th>
<th>DfX</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>75</td>
</tr>
<tr>
<td>62</td>
<td></td>
</tr>
</tbody>
</table>

DfX effectiveness pilot for a mature product

<table>
<thead>
<tr>
<th>Baseline Q4 2012</th>
<th>DfX</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>85</td>
</tr>
<tr>
<td>67</td>
<td></td>
</tr>
</tbody>
</table>

DfX challenges the value chain of products, drives decisions & follow-through
Agenda

1. Management update
2. Group results Q4 2013 and annual results
3. Accelerate! Change and performance
4. Philips Business System and Path-to-Value
5. Group and sector overview
We are implementing the Philips Business System

Our repeatable system to unlock and deliver value

The Philips Business System enables us to:

• Manage our portfolio with granular value creation plans for every business

• Leverage our differentiating Capabilities, Assets and Positions to drive global scale and local relevance

• Be a learning organization that delivers with speed and excellence to our customers

• Live a growth and performance culture

• Deliver increasing value in a repeatable manner
Mega trends create great opportunities for profitable growth

Mega Trends

- Growing and aging population with more chronic diseases
- Growing demand for integral value-based healthcare solutions
- Growth geographies with growing middle class
- Rising health & well-being consciousness
- The world needs more light and energy efficient lighting
- Digitalization driving demand for integrated lighting solutions

Sizeable Opportunities

- Around 65% of deaths globally are due to chronic and non-communicable diseases
- World’s population of people 60 years+ doubled since 1980; forecast to reach 2 billion by 2050
- The global middle class is expected to increase from 1.8 billion in 2009 to 4.9 billion by 2030
- Aging population, high obesity rates, and a raised awareness of un-healthy foods
- Urbanization leading to 3 billion more people in cities by 2050
- LED to be 45-50% of the market by 2016, as inefficient technologies are being phased out

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

Sources: World health organization, Agriculture and Agri-food Canada, OECD observer, and Philips Lighting global market study
Our business domains play right into these megatrends

**Mega Trends**

- Growing and aging population with more chronic diseases
- Growing demand for integral value-based healthcare solutions
- Growth geographies\(^1\) with growing middle class
- Rising health & well-being consciousness
- The world needs more light and energy efficient lighting
- Digitalization driving demand for integrated lighting solutions

**Our Business Domains**

- **Healthcare**
  - Imaging systems for diagnostics and therapy
  - Patient care for hospital and home
  - Clinical Informatics & consulting services

- **Consumer Lifestyle**
  - Personal health & well-being appliances and services

- **Lighting**
  - Light sources
  - Lighting applications, systems and services

---

\(^1\) Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
Each of our ~40 businesses has a granular value creation roadmap towards 2016 targets and beyond

### Our Business domains

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Our Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imaging Systems for diagnostics and therapy</td>
<td>• Radiology modalities &amp; applications</td>
</tr>
<tr>
<td></td>
<td>• Ultrasound Imaging</td>
</tr>
<tr>
<td></td>
<td>• Image guided interventional therapy</td>
</tr>
<tr>
<td>Patient care for hospital and home</td>
<td>• Acute and therapeutic care products</td>
</tr>
<tr>
<td></td>
<td>• Sleep &amp; respiratory care</td>
</tr>
<tr>
<td>Clinical Informatics &amp; consulting services</td>
<td>• Hospital and home patient monitoring</td>
</tr>
<tr>
<td></td>
<td>• Clinical informatics applications</td>
</tr>
<tr>
<td></td>
<td>• Healthcare consulting services</td>
</tr>
<tr>
<td>Personal health &amp; well-being appliances and services</td>
<td>• Male Grooming, Beauty</td>
</tr>
<tr>
<td></td>
<td>• Oral Healthcare, Mother &amp; Childcare</td>
</tr>
<tr>
<td></td>
<td>• Kitchen Appliances, Garment Care, Coffee</td>
</tr>
<tr>
<td>Light sources</td>
<td>• Conventional lamps and drivers</td>
</tr>
<tr>
<td></td>
<td>• LED lamps, drivers and modules</td>
</tr>
<tr>
<td></td>
<td>• Lumileds, Automotive, OLED</td>
</tr>
<tr>
<td>Lighting applications, systems and services</td>
<td>• Professional Lighting Systems and Controls</td>
</tr>
<tr>
<td></td>
<td>• Consumer Luminaires</td>
</tr>
<tr>
<td>Other</td>
<td>• IP and Brand licensing</td>
</tr>
<tr>
<td></td>
<td>• Various</td>
</tr>
</tbody>
</table>

**Our value creation levers**

- Lean out & address under-performance issues
- Speed up innovation
- End2End business model redesign
- Exploit Philips’ global footprint for geographical adjacencies (spottiness)
- Strong focus on growth geographies\(^1\)
- Fill out logical product adjacencies
- Emerging businesses fitting our CAPs\(^2\)

---

1. Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
2. Capabilities, Assets and Positions
### Example value creation approach: Ultrasound

<table>
<thead>
<tr>
<th>Domain</th>
<th>Business</th>
<th>Value creation roadmap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imaging Systems for diagnostics and therapy</td>
<td>Ultrasound Imaging</td>
<td>Treat Ultrasound as a growth business and re-invest to expand:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Leverage India R&amp;D and China operations to expand value segment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Develop channels in growth geographies to capture opportunities from mega trends</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Strengthen solutions approach by adding clinical decision support through anatomical intelligence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Develop adjacency into services and new business models allowing remote diagnostics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Grow partnerships in interventional applications and therapies</td>
</tr>
</tbody>
</table>

#### Business Assessment
- Healthy and profitable business, leadership in the premium segment

#### Market Insights
- Ultrasound will have wider clinical applications in healthcare
- Profitable value segment will be key to further value creation

The new era in advanced Ultrasound Philips EPIQ with anatomical intelligence
We made significant portfolio changes

Resulting in a better growth platform with higher profit potential

Group Sales Mix

1st Jan 2011

- 36% Television
- 30% Audio, Video, Multimedia and Accessories
- 34% Speech processing

Dec '13 last twelve months

- 20% Television
- 37% Audio, Video, Multimedia and Accessories
- 43% Speech processing

- 30% Lighting manufacturing sites
- 20% Indal
- 34% Raytel
- 36% Profile Pharma
- 25% Assembléon

- Group Acquisition - Divestment

Healthcare Lighting Consumer Lifestyle
We have strong leadership\(^1\) positions in many markets across the globe

### Healthcare
- **Global** Cardiovascular X-ray
- **Global** Patient Monitoring
- **Global** Image-Guided interventions
- **Global** Sleep Therapy Systems
- **Global** Ultrasound

### Consumer Lifestyle
- **Global** Male Electric Shaving
- **Global** Garment Care
- **Global** Rechargeable Toothbrushes
- **Regional** Kitchen Appliances
- **Regional** Electric Hair Care

### Lighting
- **Global** Lamps
- **Global** LED Lamps
- **Global** Automotive Lighting
- **Global** Professional Luminaires
- **Global** High Power LEDs

\(^1\) Global or Regional #1 or #2 position in the market
Our differentiating Capabilities, Assets and Positions

Philips Group 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, know-how and strong IP positions (59,000 registered patents)

Global Footprint
- Loyal customer base in 100+ countries
- 36% of group revenues from growth geographies\(^2\)

The Philips Brand
- World’s 40\(^{th}\) most valuable brand 2013 compared to the 65\(^{th}\) in 2004
- Brand value reached a record level to close to USD 10 billion

Our People
- Employee Engagement Index\(^3\) exceeds high performance benchmark value of 70%
- Culturally diverse top-200 leadership team

Supported by a strong balance sheet

---

1 Global #1 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 annual Philips’ Employee Engagement Survey
Our Path-to-Value is clearly mapped out

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

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

- **Close performance gaps**
  - Productivity & margin improvements
  - Turnaround underperforming units
  - Portfolio correction
  - Lean processes, real time IT

2011                                    2016
## 2013 Financial targets achieved

### Financial performance 2013

<table>
<thead>
<tr>
<th></th>
<th>Target(^1)</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth CAGR</td>
<td>4 - 6%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Group Reported(^2) EBITA as % of sales</td>
<td>10 - 12%</td>
<td>10.5%</td>
</tr>
<tr>
<td>- Healthcare businesses</td>
<td>15 - 17%</td>
<td>15.8%</td>
</tr>
<tr>
<td>- Consumer Lifestyle businesses</td>
<td>8 - 10%</td>
<td>10.5%</td>
</tr>
<tr>
<td>- Lighting businesses</td>
<td>8 - 10%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Group ROIC(^3)</td>
<td>12 - 14%</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

1. Mid-term financial targets set in 2011
2. Including restructuring and acquisition-related charges
3. Excluding M&A impact
Next steps on our Path-to-Value

Financial targets 2016

- Sales growth CAGR\(^1\): 4 - 6%
- Group Reported\(^2\) EBITA as % of sales:
  - Healthcare businesses: 16 - 17%
  - Consumer Lifestyle businesses: 11 - 13%
  - Lighting businesses: 9 - 11%
- Group ROIC\(^3\): >14%

---

\(^1\) Assuming real GDP growth of 3-4%
\(^2\) Including restructuring and acquisition-related charges
\(^3\) Excluding M&A impact
\(^4\) 2011 is Comparable Sales Growth % instead of CAGR%. 2011 according to portfolio at that time
Accelerate! delivers growth and profitability improvements supporting 2016 targets and beyond

<table>
<thead>
<tr>
<th>Categories</th>
<th>Measures</th>
<th>Margin Impact 2016¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity</td>
<td>• Overhead cost reduction program increased from EUR 1.1 billion to EUR 1.5 billion by 2015&lt;br&gt;• EUR 1 billion through Design for Excellence (DfX) between 2014-2016 contributing to gross margin expansion&lt;br&gt;• End2End productivity gains to be achieved by 2016</td>
<td>&gt;100 bps&lt;br&gt;100-200 bps&lt;br&gt;›100 bps</td>
</tr>
<tr>
<td></td>
<td><strong>Additional Productivity Improvements</strong></td>
<td>300-400 bps</td>
</tr>
<tr>
<td>Investments in productivity</td>
<td>• Incremental one-time restructuring costs, investments to upgrade IT systems, and re-engineer end to end processes between 2014-2016</td>
<td>- 50 bps</td>
</tr>
<tr>
<td>Investments in growth</td>
<td>• Incremental investments in new (organic) growth in adjacencies with returns after 2016</td>
<td>- 100 bps</td>
</tr>
<tr>
<td>Contingency</td>
<td>• Contingencies to cater for moderate fluctuations in market growth and price erosion compared to our assumptions</td>
<td>- 50 bps</td>
</tr>
</tbody>
</table>

Net Improvement in 2016 Reported EBITA

¹ Approximate margin impact in 2016 compared to 2013 baseline
The Accelerate! journey will continue...

2011 – 2013
Accelerating performance improvement

- Executive Committee and leadership strengthened
- Investments in growth stepped-up
- BMC\(^1\) performance management implemented
- EUR 1.1 billion cost reduction program on track
- Operating margins & Inventory management improved
- Television and Audio, Video, Multimedia & Accessories addressed
- EUR 2 billion share buy-back completed
- Culture change gaining strong traction
- Philips Business System being implemented

Focus 2014 – 2016
Continued implementation of the PBS\(^2\)
- Complete Culture change
- Deliver on business & market strategies
- Improve performance to drive higher growth and improved returns
- Initiate new growth (organic/bolt-on M&A)
- Increased overhead cost reduction program to EUR 1.5 billion
- Realize End2End productivity gains and apply Lean to all end to end processes supported by new IT systems
- Deliver EUR 1 billion savings in CoGS\(^3\) through DfX\(^4\)
- New share buy-back program of EUR 1.5 billion

---

\(^1\) Business Market Combination  \(^2\) Philips Business System  \(^3\) Cost of Goods Sold  \(^4\) Design for X; X = cost, quality, manufacturing, etc.
Agenda

1. Management update
2. Group results Q4 2013 and annual results
3. Accelerate! Change and performance
4. Philips Business System and Path-to-Value
5. Group and sector overview
We are a global diversified technology company

We manage a dynamic portfolio of ~40 businesses serving attractive markets of Healthcare, Personal health & well-being and Lighting

- **€23.3 billion sales** in 2013 enabled by the ~115,000 people employed
- **€1.7 billion** annual investments in innovation and ~59,000 patents
- **Market reach in over 100 countries** across the world
- **Over 50%** of the portfolio has global leadership positions
- **More than 1/4** of revenues from recurring revenue streams
- **More than 1/3** of the revenue from growth geographies

---

1 Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
We have created a clear direction for the company

<table>
<thead>
<tr>
<th>Mission</th>
<th>• Improving people’s lives through meaningful innovation</th>
</tr>
</thead>
</table>
| Vision | • To make the world healthier and more sustainable through innovation  
• To improve the lives of 3 billion people a year by 2025  
• To offer the best place to work for people who share our passion  
• To deliver superior value for our customers and shareholders |
| Guiding Statement | • Manage a dynamic portfolio of technology businesses which we build to global leadership performance  
• We create value through our ability to innovate with local relevance and global scale, leveraging our capabilities and deep customer insights  
• The Philips Business System enables us to deliver superior results as an agile, Lean, and learning organization |
| Brand Promise | • We deliver innovation that matters to you |
Philips: A strong diversified industrial group leading in health and well-being

<table>
<thead>
<tr>
<th>Philips</th>
<th>Businesses(^1, 2)</th>
<th>Geographies(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>Consumer Lifestyle</td>
<td>Lighting</td>
</tr>
<tr>
<td>Western Europe</td>
<td>North America</td>
<td>Other Mature Geographies</td>
</tr>
<tr>
<td>43%</td>
<td>20%</td>
<td>37%</td>
</tr>
<tr>
<td>25%</td>
<td>30%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Since 1891
Headquarters in Amsterdam, the Netherlands

- **€23.3 Billion** Sales in 2013.
- **~115,000** People employed worldwide in over 100 countries
- **$9.8 Billion** Brand value in 2013
- **7%** of sales invested in R&D in 2013
- 59,000 patent rights, 35,000 trademark rights, 81,000 design rights

\(^1\) Based on sales full year 2013
\(^2\) 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 revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

PHILIPS
Executive Committee

Frans van Houten
CEO

Ron H. Wirahadiraksa
CFO

Carole Wainaina
Chief HR Officer

Ronald de Jong
Chief Market Leader

Patrick Kung
CEO Greater China

Deborah DiSanzo
CEO Healthcare

Pieter Nota
CEO Consumer Lifestyle

Eric Rondolat
CEO Lighting

Jim Andrew
Chief Strategy & Innovation Officer

Eric Coutinho
Chief Legal Officer
Sustainability as a driver for growth

Success of EcoVision
Green Products represented around 51% of sales in 2013, up from 40%\textsuperscript{1} of sales in 2011, driven by investments in Green Innovation.

EcoVision targets for 2015
- 50% 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
- Philips received the VBDO Responsible Supply Chain Management Award for the sixth consecutive time and the “Crystal” Award for the most transparent Annual Report (incl. Sustainability) by the Dutch Ministry of Economic Affairs (both times ranked first among the forty largest publicly listed Dutch companies)
- Philips was recognized as a leader in the Carbon Disclosure Project for the third consecutive year on both performance and disclosure
- Philips signed a partnership agreement with the Ellen MacArthur Foundation to leverage the benefits of the Circular Economy
- Philips has been recognized in Interbrand’s annual ranking of the top 50 Best Global Green Brands, moving up eight places to the 23rd position
- Philips has been recognized Energy Star partner of the year by the US Environmental Protection Agency for our outstanding contribution to environmental protection through energy efficiency

\textsuperscript{1} Excluding the Audio, Video, Multimedia and Accessories business
Our focused health and well-being portfolio: Healthcare, Consumer Lifestyle and Lighting

Last twelve months

Sales
100% = EUR 22.6B

Adjusted EBITA
100% = EUR 2.7B

Net Operating Capital
100% = EUR 13.2B

1 Excluding Central sector (IG&S)

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

---

1: 22.6B
2: 2.7B
3: 13.2B
Philips Healthcare Guiding Statement

We are dedicated to creating the future of health care and saving lives.

We develop innovative solutions across the continuum of care in partnership with clinicians and our customers to improve patient outcomes, provide better value and expand access to care.
## Healthcare

What we do. Where we are.

### Philips Healthcare

<table>
<thead>
<tr>
<th>Businesses¹</th>
<th>Geographies¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imaging Systems</td>
<td>Western Europe</td>
</tr>
<tr>
<td>Home Healthcare Solutions</td>
<td>North America</td>
</tr>
<tr>
<td>Patient Care &amp; Clinical Informatics</td>
<td>Other Mature Geographies</td>
</tr>
<tr>
<td>Customer Services</td>
<td>Growth Geographies²</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>37%</th>
<th>43%</th>
<th>12%</th>
<th>25%</th>
</tr>
</thead>
</table>

| €9.6 Billion sales in 2013 | 37,000+ People employed worldwide in 100 countries | 8% of sales invested in R&D in 2013 | 450+ Products & services offered in over 100 countries |

¹ Based on sales full year 2013
² Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

---

60
Healthcare: Accelerate performance

- Driving to co-leadership in Imaging Systems and leadership in Patient Care & Clinical Informatics
- Invest for leadership in growth geographies
- International expansion of the home healthcare business
- Drive operational excellence through Accelerate! to increase margins and reduce time-to-market

1 Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
Health care industry dynamics will drive demand

Sharp rise in incidence of chronic disease and non-communicable lifestyle diseases
Globally, 36 million of the 57 million deaths are due to chronic and non-communicable disease
Approximately 80% of non-communicable disease deaths—29 million—occur in growth geographies

An aging population
World’s population of people 60 years+ has doubled since 1980 and is forecast to reach 2 billion by 2050

Access to care and clinician shortage
Recognized as one of the main obstacles to delivery of effective health services

Causes of death globally (2008)
80% occur in growth geographies

- 36 million deaths from chronic and non-communicable diseases
- 21 million deaths from all other causes

World population age 60+ (Millions)

1 Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
Health care historical market development

North America Market Size / Growth and Impacts

The US market is expected to grow by low-single-digit for 2014-2016

- **Imaging Systems incl. Ultrasound**
- **Patient Care and Clinical Informatics**

USD millions

- **Economic Downturn**
- **Out of Hospital Imaging Growth**
- **DRA**

Events:
- Balanced Budget Act 2
- BBA Increases Outpatient Technical Charges
- Stark II Rules Limit Physician Ownership in Outpatient Imaging
- CMS P4P Reduces Reimbursement for 80% of Hospitals
- DRA announced
- Bond crisis
- Utilization, physician fee schedule
- Signing Healthcare Reform
- ACA Supreme Court; Elections
- Fiscal cliff, Budget ceiling
- ACA Incentives/ penalties take effect
# Health care market developments in the US

## Short Term

- **Economy**
  - Imaging Systems: neutral
  - Patient Care & Clinical Informatics: neutral
  - Home Healthcare Solutions: neutral

- **Medical Device Excise Tax**
  - Imaging Systems: unfavorable
  - Patient Care & Clinical Informatics: unfavorable
  - Home Healthcare Solutions: N.A.

- **CB2 in HHS\(^1\)**
  - Imaging Systems: N.A.
  - Patient Care & Clinical Informatics: N.A.
  - Home Healthcare Solutions: unfavorable

- **Capital spending hospitals**
  - Imaging Systems: neutral
  - Patient Care & Clinical Informatics: positive
  - Home Healthcare Solutions: N.A.

- **Sequestration**
  - Imaging Systems: neutral
  - Patient Care & Clinical Informatics: neutral
  - Home Healthcare Solutions: neutral

## Medical Device Excise Tax

- Applies to ~55% of our US sales; impact largely mitigated through cost and value chain measures.

## CB2 in HHS\(^1\)

- Competitive Bidding impacts ~ 7% of our global HHS business, ~1% of the total global Healthcare revenue.

## Capital spending

- Expected to be flat to low-single-digit growth; continued focus on IT upgrades; beneficial to PCCI.

## Sequestration

- Included a 2% reduction in Medicare payments that remains in place with the budget agreement. Minor overall impact on growth.

---

\(^1\) Competitive Bidding Round 2 in Home Healthcare Solutions
Health care market developments in the US

Mid to Long-Term

- Health care demographics
  - Imaging Systems: positive
  - Patient Care & Clinical Informatics: positive
  - Home Healthcare Solutions: positive

- Aging of equipment base
  - Imaging Systems: positive
  - Patient Care & Clinical Informatics: positive
  - Home Healthcare Solutions: positive

- Affordable Care Act (ACA)
  - Imaging Systems: unfavorable
  - Patient Care & Clinical Informatics: neutral
  - Home Healthcare Solutions: neutral

- Meaningful use
  - Imaging Systems: neutral
  - Patient Care & Clinical Informatics: positive
  - Home Healthcare Solutions: N.A.

- Improved care at lower cost
  - Imaging Systems: neutral
  - Patient Care & Clinical Informatics: positive
  - Home Healthcare Solutions: positive

ACAs Implementation (Affordable Care Act)

- 25-30 million additional patients into the health care system
- Payments linked to quality improvements and lower integral patient cost vs. ‘Fee for Service’ model
- Drive for more cost efficient care settings: “Hospital-to-Home”
- Reimbursement and other cuts will have an overall negative impact on Imaging Systems, relatively neutral impact on other businesses

Meaningful use
- Favorable to PCCI business

Improved quality of care at lower cost
- Reimbursement changes will increase need for solutions and consulting services; positive impact for PCCI and HHS businesses; increased need for value offerings in Imaging Systems
Healthcare: Financials over the last two years

EUR million

Sales, Comparable sales growth and Adjusted EBITA%

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales</th>
<th>Comp. Sales Growth</th>
<th>Adjusted EBITA%</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q11</td>
<td>15.2%</td>
<td>3%</td>
<td>18.0%</td>
</tr>
<tr>
<td>1Q12</td>
<td>9.6%</td>
<td>9%</td>
<td>10.5%</td>
</tr>
<tr>
<td>2Q12</td>
<td>13.1%</td>
<td>7%</td>
<td>14.3%</td>
</tr>
<tr>
<td>3Q12</td>
<td>12.6%</td>
<td>7%</td>
<td>14.6%</td>
</tr>
<tr>
<td>4Q12</td>
<td>18.0%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>1Q13</td>
<td>10.5%</td>
<td>-1%</td>
<td>0%</td>
</tr>
<tr>
<td>2Q13</td>
<td>14.3%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>3Q13</td>
<td>14.6%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>4Q13</td>
<td>19.0%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Working capital as % of sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Working capital</th>
<th>Working capital as % of LTM sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q11</td>
<td>13.8%</td>
<td>13.8%</td>
</tr>
<tr>
<td>1Q12</td>
<td>12.8%</td>
<td>12.8%</td>
</tr>
<tr>
<td>2Q12</td>
<td>13.1%</td>
<td>13.1%</td>
</tr>
<tr>
<td>3Q12</td>
<td>11.8%</td>
<td>11.8%</td>
</tr>
<tr>
<td>4Q12</td>
<td>12.0%</td>
<td>12.0%</td>
</tr>
<tr>
<td>1Q13</td>
<td>10.3%</td>
<td>10.3%</td>
</tr>
<tr>
<td>2Q13</td>
<td>10.7%</td>
<td>10.7%</td>
</tr>
<tr>
<td>3Q13</td>
<td>11.6%</td>
<td>11.6%</td>
</tr>
<tr>
<td>4Q13</td>
<td>13.0%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

1 Adjusted EBITA is EBITA corrected for incidental charges (details on slide 100)

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Healthcare: Q4 2013 Sector analysis

Key figures (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>4Q12</th>
<th>4Q13</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,918</td>
<td>2,828</td>
<td>9,575</td>
</tr>
<tr>
<td>% sales growth comp.</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>EBITA</td>
<td>411</td>
<td>541</td>
<td>1,512</td>
</tr>
<tr>
<td>EBITA as % of sales</td>
<td>14.1</td>
<td>19.1</td>
<td>15.8</td>
</tr>
<tr>
<td>EBIT</td>
<td>361</td>
<td>477</td>
<td>1,315</td>
</tr>
<tr>
<td>EBIT as % of sales</td>
<td>12.4</td>
<td>16.9</td>
<td>13.7</td>
</tr>
<tr>
<td>NOC</td>
<td>7,976</td>
<td>7,437</td>
<td>7,437</td>
</tr>
<tr>
<td>Employees (FTEs)</td>
<td>37,460</td>
<td>37,008</td>
<td>37,008</td>
</tr>
</tbody>
</table>

Sales per region

- Latin America: 27%
- EMEA: 27%
- North America: 29%
- Asia Pacific: 39%

Growth Geographies

- Growth: 30%
- Mature: 70%

Financial performance

• Currency-comparable equipment orders declined 1% year-on-year. Patient Care & Clinical Informatics recorded low-single-digit growth, while Imaging Systems posted a low-single-digit decline. Equipment order intake in growth geographies showed low-single-digit growth, mainly due to strong growth in China and Latin America, which was partially offset by a double-digit decline in Russia & Central Asia. North America showed low-single-digit growth, while Western Europe recorded a double-digit decline and other mature geographies achieved high-single-digit growth.

• Comparable sales showed 4% growth year-on-year. Customer Services achieved high-single-digit growth, while Home Healthcare Solutions posted mid-single-digit growth. Imaging Systems and Patient Care & Clinical Informatics recorded low-single-digit growth. Comparable sales in growth geographies showed double-digit growth, with strong growth in China and Latin America, partly offset by a decline in Russia & Central Asia. Western Europe recorded low-single-digit growth, while other mature geographies achieved mid-single-digit growth and North America recorded a 1% decline.

• EBITA amounted to EUR 541 million, or 19.1% of sales, compared to EUR 411 million, or 14.1% of sales, in Q4 2012. Excluding restructuring and acquisition-related charges, EBITA amounted to EUR 538 million, or 19.0% of sales, compared to EUR 525 million, or 18.0% of sales, in Q4 2012. The increase was mainly due to overhead cost reductions.

• Inventories as a percentage of sales improved by 0.3 percentage points year-on-year. Net operating capital, excluding a negative currency translation effect of EUR 472 million, decreased by EUR 67 million to EUR 7.4 billion. This decrease was largely driven by lower fixed assets.

• Compared to Q4 2012, the number of employees decreased by 452. This decrease includes 705 employees from divestments, partially offset by an increase in the sales force in Asia Pacific.

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

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

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

1 For comparability purposes, prior-period equipment order intake has been restated where necessary
Healthcare: Equipment order book

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

Indexed Equipment Order Book Development

Typical profile of equipment order book conversion to sales

- ~30% for Q+1
- ~40% for Q+2 to 4
- ~30% for > 1 year

- Approximately 70% of the current order book results in sales within next 12 months.
Philips Consumer Lifestyle Guiding Statement

We deliver innovative Personal Health and Well-being appliances and services.

We leverage deep consumer insights and smart technology.

We are committed to deliver the best customer experience and be the preferred brand where we compete.

In combination with our global scale, local market relevance and superior execution, this enables us to create long term value.
## Consumer Lifestyle

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

### Philips Consumer Lifestyle

<table>
<thead>
<tr>
<th>Businesses¹, ²</th>
<th>Geographies¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Care</td>
<td>29%</td>
</tr>
<tr>
<td>Health &amp; Wellness</td>
<td>17%</td>
</tr>
<tr>
<td>Domestic Appliances</td>
<td>7%</td>
</tr>
<tr>
<td>33%</td>
<td>17%</td>
</tr>
<tr>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>46%</td>
<td>47%</td>
</tr>
</tbody>
</table>

### Businesses

<table>
<thead>
<tr>
<th>Health &amp; Wellness</th>
<th>Domestic Appliances</th>
</tr>
</thead>
<tbody>
<tr>
<td>17,000+ People employed worldwide</td>
<td>€4.6 Billion sales in 2013</td>
</tr>
</tbody>
</table>

### Geographies

1. **Western Europe**
2. **North America**
3. **Other Mature Geographies**
4. **Growth Geographies³**

<table>
<thead>
<tr>
<th>Growth Geographies³</th>
<th>Other Mature Geographies</th>
<th>North America</th>
<th>Western Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>7%</td>
<td>7%</td>
<td>17%</td>
<td>29%</td>
</tr>
</tbody>
</table>

### Financials

- 6% of sales invested in R&D in 2013
- 49% of green product sales in 2013

---

¹ Based on sales full year 2013
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

*Note - Prior period financials revised for discontinued operations, the adoption of IAS 19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)*
Consumer Lifestyle: delivering strong growth and improving profitability

- Renewed portfolio further focusing on Personal Health and Well-being
- Strengthening core businesses through locally relevant innovations, global platforms and addressing geographical white spots
- Expanding to new business adjacencies in the domain of Personal Health and Well-being

---

1 DAP and Mainstream part of Consumer Electronics in 2000 only
After significant portfolio rationalization we are further focusing on Personal Health and Well-being.

### Consumer Lifestyle Sales Mix

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Care</td>
<td>13%</td>
<td>33%</td>
</tr>
<tr>
<td>Health &amp; Wellness</td>
<td>7%</td>
<td>20%</td>
</tr>
<tr>
<td>Domestic Appliances</td>
<td>17%</td>
<td>46%</td>
</tr>
<tr>
<td>Television</td>
<td>23%</td>
<td>1%</td>
</tr>
<tr>
<td>Lifestyle Entertainment</td>
<td>36%</td>
<td>4%</td>
</tr>
<tr>
<td>Others</td>
<td>4%</td>
<td>1%</td>
</tr>
</tbody>
</table>

We see strong growth in the Consumer Lifestyle portfolio.

- Low-single-digit decline
- Mid-single-digit growth
- High single-digit growth
- Double-digit growth

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Consumer Lifestyle: Financials over the last two years

EUR million

1 Adjusted EBITA is EBITA corrected for incidental charges (details on slide 100)
2 Working capital includes residual balance of discontinued operations

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

- 8.7% 2.4% 1.1% -4.0% -7.1% -4.6% -4.9% -2.0%
-200 0 200
4Q11 1Q12 2Q12 3Q12 4Q12 1Q13 2Q13 3Q13 4Q13

-10% -5% 0% 5% 10% 15%
0 500 1,000 1,500
4Q11 1Q12 2Q12 3Q12 4Q12 1Q13 2Q13 3Q13 4Q13

Sales, Comparable sales growth and Adjusted EBITA%

-10% -5% 0% 5% 10% 15%
0 500 1,000 1,500
4Q11 1Q12 2Q12 3Q12 4Q12 1Q13 2Q13 3Q13 4Q13

Working capital as % of sales
We are further building our leadership positions in these categories

**Male Grooming**
- 40% of SensoTouch and AquaTouch users recruited from blade, in total recruited 5% new shaving users this year\(^1\)
- Increasing our share in the total Male Grooming market (including blade), strengthening our leading position
- Further strengthening leadership in China; expanding into lower tier cities

**Beauty**
- Leadership positions\(^2\) in Hair Care in growth geographies\(^3\)
- Continuing to strengthen #1 position in Intense Pulsed Light (IPL) hair removal in Europe
- VisaPure cleansing brush successfully launched in 20 markets

**Oral Healthcare**
- Enhancing geographic growth with strong market share increase outside US
- Converting more manual users to electric, entering manual aisle with PowerUp battery in the US
- Launching new FlexCare Platinum, high consumer ratings

**Mother & Child Care**
- Natural range launched globally, with significant profitability improvement
- Strengthening geographic footprint with strong growth in key markets such as China
- #1 Market position in many markets

---

1 Based on top 10 BMC’s (Business Market Combination) sell-in volumes corrected for average shaver lifetime.
2 Global or Regional #1 or #2 position.
3 Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.
Source: GfK, Nielsen, YTD and MAT June 2013.
We are further building our leadership positions in these categories

**Kitchen Appliances**
- Double-digit growth in 2013 driven by strong innovation
- Acquisitions and local product creation drive a significant increase of new product offers
- Leadership in key markets strengthened through local relevance

**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**
- Revamped full automatic Espresso portfolio and strong product pipeline enables us to win in the espresso domain
- Regaining espresso market share in the #1 espresso market, DACH¹
- Ready to work with new owners of D.E. Master Blenders 1753, further building the Senseo business
- Created an alliance with Tchibo for our Saeco brand in espresso capsules

¹ Germany, Austria, Switzerland
Source: GfK, Nielsen, YTD and MAT June 2013
Consumer Lifestyle: Q4 2013 Sector analysis

Key figures (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>4Q12</th>
<th>4Q13</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,385</td>
<td>1,428</td>
<td>4,605</td>
</tr>
<tr>
<td>% sales growth comp.</td>
<td>10</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>EBITA</td>
<td>127</td>
<td>187</td>
<td>483</td>
</tr>
<tr>
<td>EBITA as % of sales</td>
<td>9.2</td>
<td>13.1</td>
<td>10.5</td>
</tr>
<tr>
<td>EBIT</td>
<td>113</td>
<td>174</td>
<td>429</td>
</tr>
<tr>
<td>EBIT as % of sales</td>
<td>8.2</td>
<td>12.2</td>
<td>9.3</td>
</tr>
<tr>
<td>NOC</td>
<td>1,205</td>
<td>1,261</td>
<td>1,261</td>
</tr>
<tr>
<td>Employees (FTEs)</td>
<td>16,542</td>
<td>17,854</td>
<td>17,854</td>
</tr>
</tbody>
</table>

Sales per region

- Latin America: 6%
- North America: 18%
- Asia Pacific: 34%
- EMEA: 42%

Growth Geographies

- Q4 2013: 43%
- Mature: 34%
- Growth: 42%
- Latin America: 6%
- North America: 18%
- Asia Pacific: 34%
- EMEA: 42%

Financial performance

- Comparable sales increased by 8%. Double-digit comparable sales growth was seen at Domestic Appliances, Health & Wellness showed high-single-digit growth, and Personal Care recorded mid-single-digit growth. Consumer Lifestyle achieved a double-digit comparable sales increase in growth geographies and low-single-digit growth in mature geographies. Western Europe and North America showed low-single-digit growth.

- EBITA amounted to EUR 187 million, or 13.1% of sales, compared to EUR 127 million, or 9.2% of sales, in Q4 2012. Excluding restructuring and acquisition-related charges, EBITA was EUR 192 million, or 13.4% of sales, compared to EUR 157 million, or 11.3% of sales, in Q4 2012. The improvement of 2.1 percentage points was largely attributable to improved gross margins across all businesses.

- EBITA included EUR 6 million of net costs formerly reported in the Audio, Video, Multimedia and Accessories business (Q4 2012 included EUR 9 million related to the Audio, Video, Multimedia and Accessories business and EUR 5 million related to the Television business).

- Net operating capital, excluding a negative currency translation effect of EUR 61 million, increased by EUR 117 million year-on-year. The increase was largely driven by higher working capital and a reduction in provisions. Inventories as a percentage of sales improved by 0.9 percentage points year-on-year, driven by reductions at Personal Care and Domestic Appliances.

- The number of employees increased by 1,312 year-on-year, as a result of insourcing of production and expansion of sales-related activities in the Domestic Appliances and Health & Wellness businesses, mainly in the Asian region.

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

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

We are improving people’s lives with light by delivering unique value and energy efficient solutions to consumers and professional customers, every day, everywhere.

We are using deep customer insights and technological innovations, coupled with our trusted brand and global leadership positions, to lead the digital lighting revolution.

Our 4 pillar strategy: a clear Path-to-Value

1. Lead the technological revolution
2. Win in the consumer market
3. Drive innovation in professional lighting systems and services
4. Accelerate!
**Lighting**

*What we do. Where we are.*

| Philips Lighting | 
|------------------|---|
| **Businesses**¹ | **Geographies**¹ |
| Light Sources & Electronics | Western Europe |
| Professional Lighting Solutions | North America |
| Lumileds | Other Mature Geographies |
| Automotive | Growth Geographies² |
| Consumer Luminaires | |
| 52% | 29% |
| 28% | 24% |
| 5% | 4% |
| 10% | 43% |

| €8.4 | 46,000+ | 5% | 80,000 |
| Billion sales in 2013 | People employed worldwide in 60 countries | of sales invested in R&D in 2013 | Products & services offered in 2013 |

¹ Based on sales full year 2013
² Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

---

79
Lighting: Improve profitability on the path to LED, systems & services

- Shape the future of Digital lighting through game-changing innovation, systems and services
- Margin management, structural cost savings and rationalize industrial footprint
- Continue improving performance and execution to extract long term value

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

<table>
<thead>
<tr>
<th>Homes</th>
<th>Offices</th>
<th>Outdoor</th>
<th>Industry</th>
<th>Retail</th>
<th>Hospitality</th>
<th>Entertainment</th>
<th>Healthcare</th>
<th>Automotive</th>
</tr>
</thead>
<tbody>
<tr>
<td>27%</td>
<td>13%</td>
<td>20%</td>
<td>8%</td>
<td>13%</td>
<td>2%</td>
<td>4%</td>
<td>3%</td>
<td>10%</td>
</tr>
</tbody>
</table>

- ~75%\(^1\) of Lighting sales is B2B
- ~34%\(^2\) of Lighting sales is LED lighting

\(^1\) Indicative split based on full year 2013
\(^2\) Based on Q4 2013

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Lighting: Financials over the last two years

EUR million

Sales, Comparable sales growth and Adjusted EBITA%

Sales  Comp. Sales Growth  Adjusted EBITA%¹

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales</th>
<th>Comp. Sales Growth</th>
<th>Adjusted EBITA%</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q11</td>
<td>7%</td>
<td>3.1%</td>
<td>10.9%</td>
</tr>
<tr>
<td>1Q12</td>
<td>4.7%</td>
<td>2%</td>
<td>12.7%</td>
</tr>
<tr>
<td>2Q12</td>
<td>5.7%</td>
<td>5%</td>
<td>13.4%</td>
</tr>
<tr>
<td>3Q12</td>
<td>6.3%</td>
<td>4%</td>
<td>12.5%</td>
</tr>
<tr>
<td>4Q12</td>
<td>7.9%</td>
<td>4%</td>
<td>8.1%</td>
</tr>
<tr>
<td>1Q13</td>
<td>8.4%</td>
<td>0%</td>
<td>8%</td>
</tr>
<tr>
<td>2Q13</td>
<td>8.1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>3Q13</td>
<td>10.2%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>4Q13</td>
<td>10.4%</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Working capital as % of sales

Working capital  Working capital as % of LTM sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Working capital</th>
<th>Working capital as % of LTM sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q11</td>
<td>12.1%</td>
<td>12%</td>
</tr>
<tr>
<td>1Q12</td>
<td>12.1%</td>
<td>12%</td>
</tr>
<tr>
<td>2Q12</td>
<td>13.5%</td>
<td>16%</td>
</tr>
<tr>
<td>3Q12</td>
<td>12.7%</td>
<td>10%</td>
</tr>
<tr>
<td>4Q12</td>
<td>10.9%</td>
<td>10%</td>
</tr>
<tr>
<td>1Q13</td>
<td>10.7%</td>
<td>10%</td>
</tr>
<tr>
<td>2Q13</td>
<td>12.5%</td>
<td>12%</td>
</tr>
<tr>
<td>3Q13</td>
<td>13.4%</td>
<td>16%</td>
</tr>
<tr>
<td>4Q13</td>
<td>12.5%</td>
<td>12%</td>
</tr>
</tbody>
</table>

¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 100)
Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Lighting: Q4 2013 Sector analysis

Key figures (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>4Q12</th>
<th>4Q13</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,262</td>
<td>2,306</td>
<td>8,413</td>
</tr>
<tr>
<td>% sales growth comp.</td>
<td>4</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>EBITA</td>
<td>(28)</td>
<td>218</td>
<td>695</td>
</tr>
<tr>
<td>EBITA as % of sales</td>
<td>(1.2)</td>
<td>9.5</td>
<td>8.3</td>
</tr>
<tr>
<td>EBIT</td>
<td>(88)</td>
<td>124</td>
<td>489</td>
</tr>
<tr>
<td>EBIT as % of sales</td>
<td>(3.9)</td>
<td>5.4</td>
<td>5.8</td>
</tr>
<tr>
<td>NOC</td>
<td>4,635</td>
<td>4,462</td>
<td>4,462</td>
</tr>
<tr>
<td>Employees (FTEs)</td>
<td>50,224</td>
<td>46,890</td>
<td>46,890</td>
</tr>
</tbody>
</table>

Financial performance

- Comparable sales were 8% higher year-on-year. Light Sources & Electronics and Professional Lighting Solutions achieved mid-single-digit growth while Lumileds and Automotive showed double-digit growth. Consumer Luminaires recorded a low-single-digit decline. Excluding OEM Lumileds sales, comparable sales showed a double-digit increase in growth geographies and a low-single-digit increase in mature geographies. LED-based sales grew 48% compared to Q4 2012, and now represent 34% of total Lighting sales, compared to 25% in Q4 2012.

- EBITA amounted to EUR 218 million, or 9.5% of sales, compared to a loss of EUR 28 million in Q4 2012. Earnings in Q4 2013 were impacted by restructuring and acquisition-related charges of EUR 22 million (Q4 2012: EUR 207 million, including a EUR 22 million loss on the sale of industrial assets). EBITA, excluding restructuring and acquisition-related charges and other losses, was EUR 240 million, or 10.4% of sales, compared to EUR 179 million, or 7.9% of sales, in Q4 2012. The year-on-year EBITA increase was driven by higher gross margins and overhead cost reductions.

- EBIT amounted to EUR 124 million, which includes an impairment charge of EUR 58 million related to customer relationships and goodwill at Consumer Luminaires.

- Net operating capital, excluding a negative currency translation effect of EUR 201 million, increased by EUR 28 million year-on-year. The increase was mainly due to a reduction in provisions. Inventories as a percentage of sales improved by 0.3 percentage points year-on-year.

- Compared to Q4 2012, the number of employees decreased by 3,334, mainly due to the rationalization of the industrial footprint.

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

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

83
The lighting market is fundamentally attractive with expected growth of 4-6% CAGR until 2016

The lighting market is growing steadily - attractive profit pool will drive value creation

Global lighting product-related market forecast¹:

2012 - 2016 CAGR

4-6%

EUR 70-80 billion

45-50%

2012

2016

We are pushing the boundaries of lighting by driving innovative systems and services

• Overall global product-related lighting market offers sustainable long-term growth, driven by 3 major trends:
  – The world needs more light
  – The world needs more energy-efficient light
  – The world needs more digital light

• Conventional lighting is contracting by mid-single-digit CAGR (2012-2016)

• LED penetration progressing fast at +34% CAGR (2012-2016)

• Added value of systems and services delivering significantly higher margin profile and additional opportunity to current product-related market

¹ Source: Philips Lighting global market study 2013. Excluding Automotive Lighting and LED components market
We are the global leader in lighting

We are the largest lighting company in the world ...

Indexed sales of Philips Lighting and Top 5 competitors¹

<table>
<thead>
<tr>
<th>Competitor</th>
<th>Sales Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philips</td>
<td>100</td>
</tr>
<tr>
<td>Competitor 1</td>
<td>63</td>
</tr>
<tr>
<td>Competitor 2</td>
<td>31</td>
</tr>
<tr>
<td>Competitor 3</td>
<td>24</td>
</tr>
<tr>
<td>Competitor 4</td>
<td>19</td>
</tr>
<tr>
<td>Competitor 5</td>
<td>15</td>
</tr>
</tbody>
</table>

... with market leadership positions across all categories and regions

Market share per Business Group by Region as per Q3 2013²

<table>
<thead>
<tr>
<th>Business Group</th>
<th>Europe</th>
<th>North America</th>
<th>Latin America</th>
<th>Asia/Pacific³</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light Sources &amp; Electronics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Luminaires⁴</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Lighting Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lumileds (High Power LEDs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive⁵</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall Lighting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We are #1 in sold LED lighting globally

Our market share in LED is higher than in conventional

---

¹ Sales for competitors based on latest fiscal year ² Source: customer panels, industry associations and internal analysis ³ Excluding Japan ⁴ #1 position globally as nearest competitors play only on specific regions ⁵ Excluding Interior Lighting
Continue to be in the best position to capture value in the conventional market...

Conventional market will remain sizeable for many years...

- Conventional market has a significant installed base and growing demand from growth geographies
- Conventional market will represent around 50% of total lighting market revenue by 2016

Global Conventional Light sources installed base¹
In units x Bn

Rationalizing our product portfolio by reducing number of SKUs in our conventional business

# of conventional SKUs² in portfolio
Indexed

Pro-actively rationalizing our industrial footprint faster than sales reduction

---

¹ Source: Philips Lighting global market study 2013
² SKUs = Stock Keeping Units
³ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
We are the leading LED lighting company

Increased R&D investment in LED leading to improved results

- **R&D spend LED Indexed**
  - 2011: 1.2
  - 2013: 2.4

- **LED sales increase (in EUR billion)**
  - 2011: 1.2, CAGR +40%
  - 2013: 2.4

- **LED as a % of Lighting sales**
  - 2011: 16%
  - 2013: 29%

Increased focus on LED products & portfolio developments

- We lead the technological revolution by investing significantly in LED R&D
- Total LED sales ~ EUR 2.4 billion FY 2013
- LED revenue growth and cost productivity gains will improve profitability

Leveraging Intellectual Property

- **Scope**: LED Controls and Basic Optics
- **Philips Lighting Patent Portfolio**:
  - 85% LED and digital related
  - 15% Conventional related
- 1400 Rights licensed
- Licensing Program has already 380 licensees
... and we are shaping the future of Digital lighting

We have a unique competitive position in LED lighting

*Market presence in the digital value chain*:  

- **LED components**
- **LED Lamps / Modules**
- **LED Luminaires**
- **Lighting Systems**
- **Lighting Services**

- **Strong presence**  
- **Developing presence**

We spend 36% more on R&D than our closest competitor

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

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

---

1. Source: 2012 Competitors’ annual reports, LEDs magazine, LEDinside.com
2. Source: 2012 Competitors’ annual reports, Digitimes Research, March 2013, internal estimates, excluding General Electric and Japanese lighting companies for lack of data
Weakness in non-residential construction markets in mature geographies impacts growth

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

<table>
<thead>
<tr>
<th>Philips Lighting</th>
<th>New Build</th>
<th>Replacement</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>12%</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Commercial</td>
<td>26%</td>
<td>22%</td>
<td>48%</td>
</tr>
<tr>
<td>Other(^1)</td>
<td>19%</td>
<td>8%</td>
<td>27%</td>
</tr>
<tr>
<td>Total</td>
<td>57%</td>
<td>43%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Build</th>
<th>WE&amp;NA</th>
<th>ROW</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>6%</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>Commercial</td>
<td>13%</td>
<td>13%</td>
<td>26%</td>
</tr>
<tr>
<td>Total</td>
<td>19%</td>
<td>19%</td>
<td>38%</td>
</tr>
</tbody>
</table>

\(^1\) Others = Automotive and Outdoor

Comparative sales growth % 2011-2013

- Blue: Prof. Lighting Solutions and Consumer Luminaires
- Orange: Light Sources & Electronics and other businesses
- Green: Total Lighting
Home, Office, and Outdoor are the biggest segments
Professional is the largest channel

Total market size in 2013\(^1\): EUR 60-65 billion

Biggest segments
- Home
- Office
- Outdoor

\(^1\) General illumination (excludes Automotive)
Source: Philips Lighting global market study 2012
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

**Accelerate! investments**
- Investments to support the transformation of Philips

**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 business, and other incidentals related to the legal liabilities of the Group
Innovation, Group & Services: Q4 2013 Sector analysis

Key figures (in EUR million)

<table>
<thead>
<tr>
<th></th>
<th>4Q12</th>
<th>4Q13</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>194</td>
<td>237</td>
<td>736</td>
</tr>
<tr>
<td><strong>% sales growth comp.</strong></td>
<td>(3)</td>
<td>15</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>EBITA:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Innovation</td>
<td>(39)</td>
<td>(42)</td>
<td>(134)</td>
</tr>
<tr>
<td>IP Royalties</td>
<td>80</td>
<td>122</td>
<td>312</td>
</tr>
<tr>
<td>Group &amp; Regional Costs</td>
<td>(61)</td>
<td>(72)</td>
<td>(175)</td>
</tr>
<tr>
<td>Accelerate! investments</td>
<td>(35)</td>
<td>(34)</td>
<td>(137)</td>
</tr>
<tr>
<td>Pensions</td>
<td>0</td>
<td>(4)</td>
<td>(41)</td>
</tr>
<tr>
<td>Services Units &amp; Other</td>
<td>(505)</td>
<td>(32)</td>
<td>(64)</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>(560)</td>
<td>(62)</td>
<td>(239)</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>(562)</td>
<td>(62)</td>
<td>(242)</td>
</tr>
<tr>
<td><strong>NOC</strong></td>
<td>(4,500)</td>
<td>(2,922)</td>
<td>(2,922)</td>
</tr>
<tr>
<td>Employees (FTEs)</td>
<td>11,856</td>
<td>12,937</td>
<td>12,937</td>
</tr>
</tbody>
</table>

Financial performance

- Sales increased from EUR 194 million in Q4 2012 to EUR 237 million in Q4 2013, due to higher IP royalties related to one-time patent settlements in our Blu-ray and TV licensing programs.
- EBITA amounted to a net cost of EUR 62 million, including EUR 7 million of net restructuring charges (Q4 2012: EUR 19 million). The EBITA net cost of EUR 560 million in Q4 2012 included a EUR 313 million impact of the European Commission fine and EUR 132 million of provisions related to various legal matters. EBITA, excluding restructuring charges, the European Commission fine and the provisions related to various legal matters, improved by EUR 41 million compared to Q4 2012, mainly due to higher IP royalty income.
- EBITA of Service Units and Other included EUR 21 million of net costs formerly reported in discontinued businesses (Q4 2012 included EUR 13 million related to the Audio, Video, Multimedia, and Accessories business and EUR 3 million related to the Television business).
- Net operating capital, excluding a positive currency translation effect of EUR 110 million and the European Commission fine of EUR 509 million, increased by EUR 959 million year-on-year, mainly due to an increase in working capital, a decrease in pension liabilities, an increase in the value of currency hedges as well as a reclassification of real estate assets from the sectors to the Service Units.
- Compared to Q4 2012, the number of employees increased by 1,081, primarily driven by a shift of employees to central Human Resource and Research activities as well as an increase in temporary workers in the IT Service Units.

1 Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)
Appendix
Financial calendar 2014

February 25  Annual Report 2013
April 22  First quarter results 2014
May 1  Annual General Meeting of Shareholders 2014
July 21  Second quarter and semi-annual results 2014
September 23-24  Capital Markets Days on all 3 business sectors
October 20  Third quarter results 2014

1 Subject to final confirmation
# Depreciation and amortization

**EUR million**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2012</th>
<th>Q4 2013</th>
<th>FY 2012</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>185</td>
<td>176</td>
<td>677</td>
<td>632</td>
</tr>
<tr>
<td>Amortization of software</td>
<td>12</td>
<td>11</td>
<td>45</td>
<td>39</td>
</tr>
<tr>
<td>Amortization of other intangible assets</td>
<td>126</td>
<td>143</td>
<td>458</td>
<td>432</td>
</tr>
<tr>
<td>Amortization of development costs</td>
<td>59</td>
<td>73</td>
<td>218</td>
<td>246</td>
</tr>
<tr>
<td>Philips Group</td>
<td>382</td>
<td>403</td>
<td>1,398</td>
<td>1,349</td>
</tr>
</tbody>
</table>

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

PHILIPS
## Gross capital expenditures & Depreciation by sector

### EUR million

<table>
<thead>
<tr>
<th></th>
<th>Gross CapEx&lt;sup&gt;1&lt;/sup&gt;</th>
<th></th>
<th>Depreciation&lt;sup&gt;1&lt;/sup&gt;</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q4 2012</td>
<td>Q4 2013</td>
<td>Q4 2012</td>
<td>Q4 2013</td>
</tr>
<tr>
<td>Healthcare</td>
<td>41</td>
<td>47</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>41</td>
<td>49</td>
<td>29</td>
<td>34</td>
</tr>
<tr>
<td>Lighting</td>
<td>96</td>
<td>59</td>
<td>85</td>
<td>73</td>
</tr>
<tr>
<td>IG&amp;S</td>
<td>34</td>
<td>26</td>
<td>21</td>
<td>29</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>212</td>
<td>181</td>
<td>185</td>
<td>176</td>
</tr>
</tbody>
</table>

<sup>1</sup> Capital expenditures and deprecations on property, plant and equipment only

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

---

PHILIPS
### Gross capital expenditures & Depreciation by sector

**EUR million**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Gross CapEx&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Depreciation&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>Healthcare</td>
<td>135</td>
<td>131</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>128</td>
<td>135</td>
</tr>
<tr>
<td>Lighting</td>
<td>290</td>
<td>223</td>
</tr>
<tr>
<td>IG&amp;S</td>
<td>108</td>
<td>98</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>661</strong></td>
<td><strong>587</strong></td>
</tr>
</tbody>
</table>

<sup>1</sup> Capital expenditures and depreciations on property, plant and equipment only

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

---

97
Development cost capitalization & amortization by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Capitalization Q4 2012</th>
<th>Capitalization Q4 2013</th>
<th>Amortization Q4 2012</th>
<th>Amortization Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>66</td>
<td>64</td>
<td>37</td>
<td>46</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>9</td>
<td>11</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Lighting</td>
<td>18</td>
<td>15</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>IG&amp;S</td>
<td>14</td>
<td>12</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Group</td>
<td>107</td>
<td>102</td>
<td>59</td>
<td>73</td>
</tr>
</tbody>
</table>

Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

EUR million
# 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>2012</td>
<td>2013</td>
</tr>
<tr>
<td>Healthcare</td>
<td>246</td>
<td>252</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>37</td>
<td>43</td>
</tr>
<tr>
<td>Lighting</td>
<td>66</td>
<td>62</td>
</tr>
<tr>
<td>IG&amp;S</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>Group</td>
<td>363</td>
<td>381</td>
</tr>
</tbody>
</table>

---

**Note** - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

---

99
Restructuring, acquisition-related and other incidentals

<table>
<thead>
<tr>
<th>EUR million</th>
<th>1Q12</th>
<th>2Q12</th>
<th>3Q12</th>
<th>4Q12</th>
<th>2012</th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acq.-related charges</td>
<td>(5)</td>
<td>(4)</td>
<td>(4)</td>
<td>(5)</td>
<td>(18)</td>
<td>(3)</td>
<td>(2)</td>
<td>-</td>
<td>-</td>
<td>(6)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(4)</td>
<td>(4)</td>
<td>1</td>
<td>(109)</td>
<td>(116)</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Other Incidentals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>82</td>
<td>-</td>
<td>-</td>
<td>82</td>
</tr>
<tr>
<td>Healthcare</td>
<td>(9)</td>
<td>(8)</td>
<td>(3)</td>
<td>(114)</td>
<td>(134)</td>
<td>(2)</td>
<td>82</td>
<td>(1)</td>
<td>3</td>
<td>82</td>
</tr>
<tr>
<td>Acq.-related charges</td>
<td>(6)</td>
<td>(5)</td>
<td>(2)</td>
<td>(5)</td>
<td>(18)</td>
<td>(1)</td>
<td>-</td>
<td>(1)</td>
<td>(1)</td>
<td>(3)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(5)</td>
<td>(3)</td>
<td>(5)</td>
<td>(25)</td>
<td>(38)</td>
<td>-</td>
<td>(3)</td>
<td>(4)</td>
<td>(4)</td>
<td>(11)</td>
</tr>
<tr>
<td>Other Incidentals</td>
<td>160</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>160</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Consumer Lifestyle</td>
<td>149</td>
<td>(8)</td>
<td>(7)</td>
<td>(30)</td>
<td>(104)</td>
<td>(1)</td>
<td>(2)</td>
<td>(5)</td>
<td>(5)</td>
<td>(13)</td>
</tr>
<tr>
<td>Acq.-related charges</td>
<td>(3)</td>
<td>(3)</td>
<td>(3)</td>
<td>(5)</td>
<td>(14)</td>
<td>(1)</td>
<td>(1)</td>
<td>(2)</td>
<td>-</td>
<td>(4)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(21)</td>
<td>(35)</td>
<td>(65)</td>
<td>(180)</td>
<td>(301)</td>
<td>(18)</td>
<td>(22)</td>
<td>(34)</td>
<td>(22)</td>
<td>(96)</td>
</tr>
<tr>
<td>Other Incidentals</td>
<td>(25)</td>
<td>-</td>
<td>(34)</td>
<td>(22)</td>
<td>(81)</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Lighting</td>
<td>(49)</td>
<td>(38)</td>
<td>(102)</td>
<td>(207)</td>
<td>(396)</td>
<td>(19)</td>
<td>(13)</td>
<td>(36)</td>
<td>(22)</td>
<td>(90)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>1</td>
<td>(40)</td>
<td>2</td>
<td>(19)</td>
<td>(56)</td>
<td>3</td>
<td>-</td>
<td>1</td>
<td>(7)</td>
<td>(3)</td>
</tr>
<tr>
<td>Other Incidentals</td>
<td>37</td>
<td>25</td>
<td>-</td>
<td>(445)</td>
<td>(383)</td>
<td>-</td>
<td>6</td>
<td>(31)</td>
<td>-</td>
<td>(25)</td>
</tr>
<tr>
<td>IG&amp;S</td>
<td>38</td>
<td>(15)</td>
<td>2</td>
<td>(464)</td>
<td>(439)</td>
<td>3</td>
<td>6</td>
<td>(30)</td>
<td>(7)</td>
<td>(28)</td>
</tr>
<tr>
<td>Total Acq.-related charges</td>
<td>(14)</td>
<td>(12)</td>
<td>(9)</td>
<td>(15)</td>
<td>(50)</td>
<td>(5)</td>
<td>(3)</td>
<td>(4)</td>
<td>(1)</td>
<td>(13)</td>
</tr>
<tr>
<td>Total Restructuring</td>
<td>(29)</td>
<td>(82)</td>
<td>(67)</td>
<td>(333)</td>
<td>(511)</td>
<td>(14)</td>
<td>(23)</td>
<td>(37)</td>
<td>(30)</td>
<td>(104)</td>
</tr>
<tr>
<td>Total Other Incidentals</td>
<td>172</td>
<td>25</td>
<td>(34)</td>
<td>(467)</td>
<td>(304)</td>
<td>-</td>
<td>99</td>
<td>(31)</td>
<td>-</td>
<td>68</td>
</tr>
<tr>
<td>Grand Total</td>
<td>129</td>
<td>(69)</td>
<td>(110)</td>
<td>(815)</td>
<td>(865)</td>
<td>(19)</td>
<td>73</td>
<td>(72)</td>
<td>(31)</td>
<td>(49)</td>
</tr>
</tbody>
</table>

1 Sale of the Senseo trademark  2 Includes a EUR (313)M impact of the European Commission fine related to alleged violation of competition rules in the Cathode-Ray Tubes (CRT) industry and EUR (132)M of provisions related to various legal matters  3 Includes a EUR 78M past-service pension cost gain in the US (EUR 61M in Healthcare, EUR 1M in Consumer Lifestyle, EUR 10M in Lighting and EUR 6M in IG&S) and a EUR 21M gain on the sale of a business in Healthcare  Note - Figures can be used to make the bridge between reported and adjusted EBITA numbers; prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 “Significant Accounting Policies”)

PHILIPS
## Acquisitions at a glance

### Healthcare

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

### Consumer Lifestyle

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

### Lighting

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