



Royal Philips

Fourth Quarter and Annual Results 2013

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, unless otherwise stated.

Agenda

Performance in the Fourth Quarter

2013 Financial Targets

Progress on Accelerate!

Focus on Innovation

Outlook for 2014

Key Financial Summary – Q4 and FY 2013

Our growth initiatives contributed to improved operational results

| EUR million | Q4 2012 | Q4 2013 | FY 2012 | FY 2013 |
|-------------------|-------------------|------------------|--------------------|--------------------|
| Sales | 6,759 | 6,799 | 23,457 | 23,329 |
| EBITA | (50) ¹ | 884 ¹ | 1,106 ² | 2,451 ² |
| Net income (loss) | (420) | 412 | (30) | 1,172 |
| Free cash flow | 753 | 608 | 1,627 | 172 |

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

² 2013 includes on balance EUR (49)M of gains and charges while 2012 includes in total 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")

Growth geographies

Comparable sales growth of 15%, representing 37% of Group sales



125.000 street lights
replaced with
CityTouch
in Buenos Aires



Record time to market
Philips Air Purifiers
meeting fast growing
demand in China



Strategic partnership
with AMREF Flying Doctors
to improve healthcare
in Africa

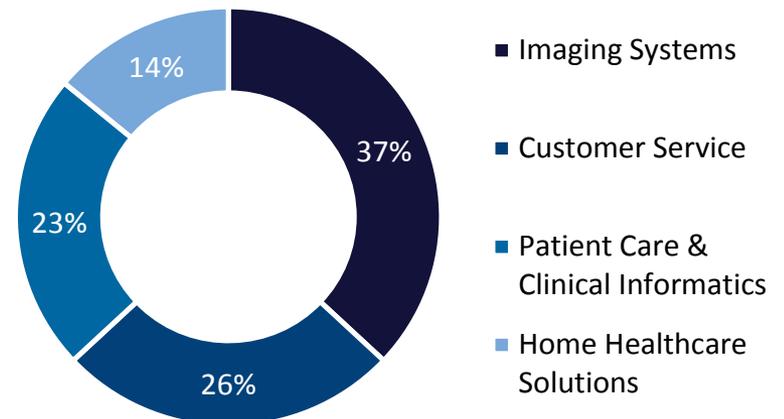


Healthcare

2013 Fourth Quarter

- Comparable sales growth of 4%
- Comparable sales increased double-digit in growth geographies
- Adjusted EBITA increased to 19%

2013 Total Sales EUR 9.6 billion



Healthcare

Improving healthcare through innovation



EPIQ 7 Ultrasound

A totally new way to form images, with optimal resolution down to the pixel level



Vereos Digital PET/CT system

Twofold increase in resolution for high image quality and increased accuracy

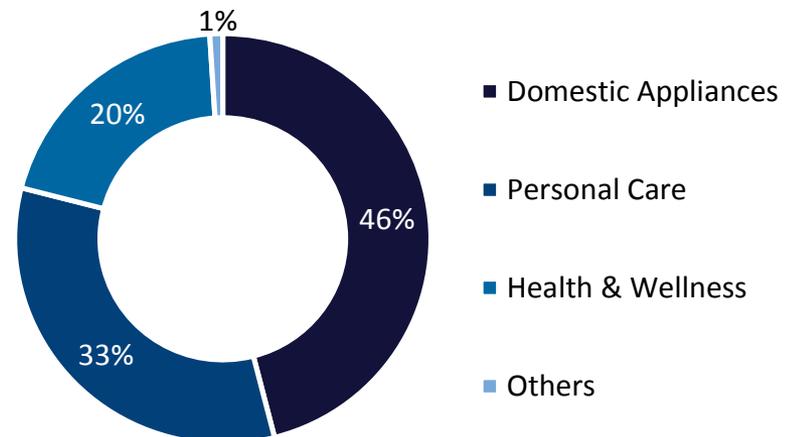


Consumer Lifestyle

2013 Fourth Quarter

- Comparable sales growth of 8%
- Comparable sales increased double-digit in growth geographies
- Adjusted EBITA increased to 13.4%

2013 Total Sales EUR 4.6 billion



Consumer Lifestyle

Helping people achieve healthier and better lives



Philips Noodle Maker

Significant sales in China demonstrates Philips' strength of local-for-local business creation capability



Philips SensoTouch shaver

Philips celebrated the sale of the 10 millionth Philips SensoTouch, reaffirming its global leadership in Male Grooming

PHILIPS

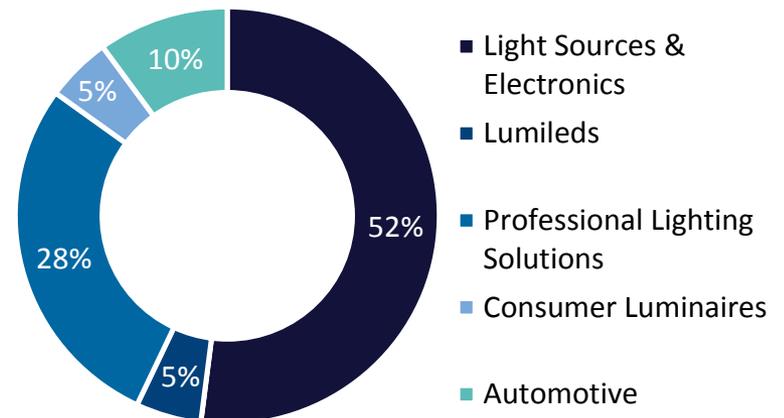


Lighting

2013 Fourth Quarter

- Comparable sales growth of 8%
- LED-based sales grew by 48%
- Adjusted EBITA increased to 10.4%

2013 Total Sales EUR 8.4 billion



Lighting

Leading the digital lighting revolution



13.000 connected lighting fixtures

10-year performance contract to install and maintain lighting for 25 parking garages in Washington DC



SlimStyle flat LED bulb

A revolutionary 60 Watt equivalent flat LED bulb introduced in the US

2013 Financial targets achieved

| Financial performance 2013 | | | |
|---|---------------------|--------|---|
| | Target ¹ | Actual | |
| Sales growth CAGR | 4 - 6% | 4.5% | ✓ |
| Group Reported ² EBITA as % of sales | 10 - 12% | 10.5% | ✓ |
| - Healthcare businesses | 15 - 17% | 15.8% | ✓ |
| - Consumer Lifestyle businesses | 8 - 10% | 10.5% | ✓ |
| - Lighting businesses | 8 - 10% | 8.3% | ✓ |
| Group ROIC ³ | 12 - 14% | 15.3% | ✓ |

¹ Mid-term financial targets set in 2011

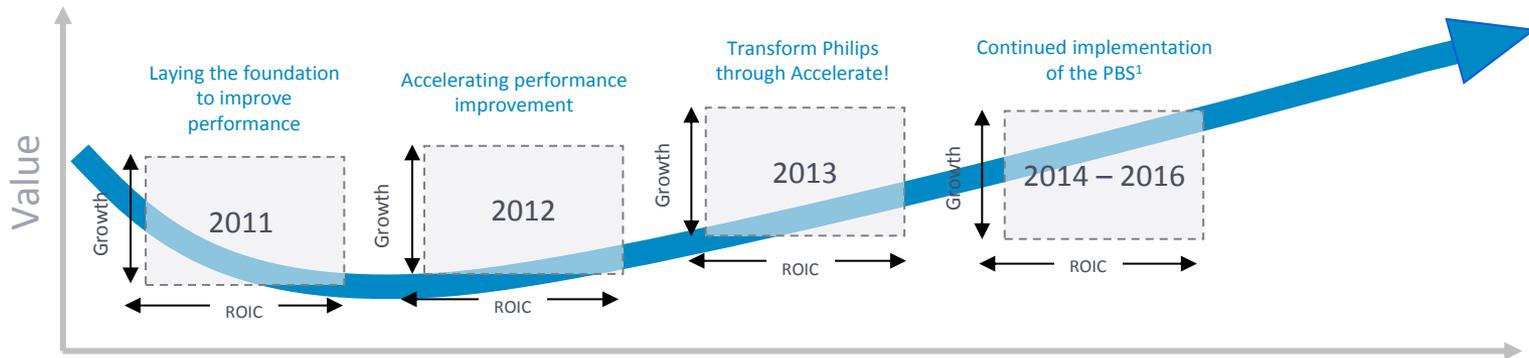
² Including restructuring and acquisition-related charges

³ Excluding M&A impact

Accelerate!

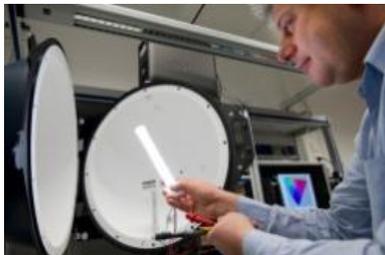
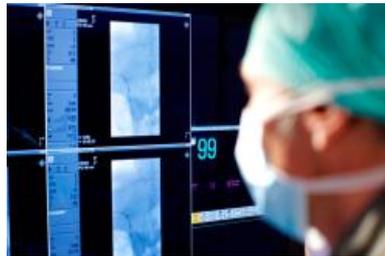
Continues creating significant value

- Continued relentless focus on programs and initiatives that drive operational excellence
- Delivering innovation faster at lower costs with more predictability
- Higher local market relevance, growth and profitability



¹ Philips Business System

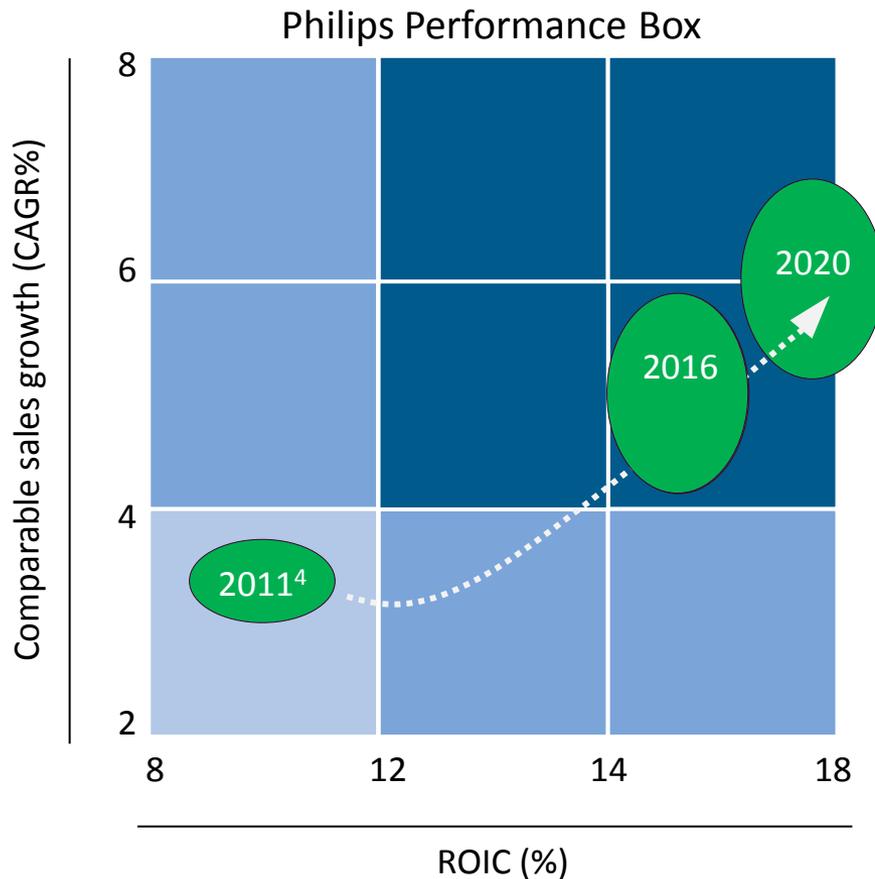
Innovation is our lifeblood



- Continue to invest in R&D
- New business groups:
 - “Healthcare Informatics Solutions and Services” in Healthcare
 - “Personal Health Solutions” in Consumer Lifestyle
- Start ups in new business areas:
 - Digital pathology
 - Point of care diagnostics
 - Horticulture/ cityfarming



Business outlook



Financial targets 2016

| | |
|---|----------|
| Sales growth CAGR ¹ | 4 - 6% |
| Group Reported ² EBITA as % of sales | 11 - 12% |
| - 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.

innovation ✨ you



Q & A

