



Royal Philips

Fourth Quarter and
Annual Results 2014

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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 the strategy, estimates of sales growth, future EBITA, future developments in Philips' organic business and completion of the tender offer and merger of Volcano Corporation and its benefits. 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 Philips' strategy and the ability to realize the benefits of this strategy, the 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, the ability to identify and complete successful acquisitions, including Volcano, and to integrate those acquisitions into the business, the ability to successfully exit certain businesses or restructure the operations, the rate of technological changes, political, economic and other developments in countries where Philips operates, industry consolidation and competition. As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see the Risk management chapter included in the Annual Report 2013 and the "Risk and uncertainties" section in the semi-annual financial report for the six months ended June 29, 2014.

Third-party market share data Statements regarding market share, including those regarding Philips' competitive position, contained in this document are based on outside sources such as 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. Non-GAAP financial measures do not have standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. A reconciliation of these non-GAAP measures to the most directly comparable IFRS measures is contained in this document. Further information on non-GAAP measures can be found in the Annual Report 2013.

Important information

Use of fair-value measurements

In presenting the Philips Group financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When quoted prices or observable market data are not readily available, fair values are estimated using appropriate valuation models and unobservable inputs. Such fair value estimates require management to make significant assumptions with respect to future developments, which are inherently uncertain and may therefore deviate from actual developments. Critical assumptions used are disclosed in the Annual Report 2013. Independent valuations may have been obtained to support management's determination of fair values. All amounts are in millions of euros unless otherwise stated. All reported data is unaudited. Financial reporting is in accordance with the accounting policies as stated in the Annual Report 2013, unless otherwise stated. Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations and for two voluntary accounting policy changes applied as of January 1, 2014. The first voluntary accounting policy change relates to a reclassification of cost by function in the income statement. Company-wide overhead and indirect Business function costs will be brought more in line with the actual activities performed in the markets. This change has no net effect on Income from operations. The second voluntary accounting policy change relates to a change in the presentation in the cash flow statement. Up and until 2013 the cash flows related to interest, tax and pensions were presented in a table separate from the primary consolidated statement of cash flows. The presentation change results in the separate presentation of the interest and tax cash flows in cash flow from operating activities. The pension cash flows are separately presented as part of the pension disclosures. The presentation change has no impact on the net cash flows from operating activities nor the total net cash balance as these cash flows previously used to be part of other aggregated sub lines of the primary consolidated statement of cash flows. An overview of the revised 2014 and 2013 figures per quarter is available on the Philips website, in the Investor Relations section.

Additional Information

This communication is neither an offer to purchase nor a solicitation of an offer to sell any shares of common stock of Volcano or any other securities. Philips has filed a tender offer statement on Schedule TO with the SEC and a Solicitation/Recommendation Statement on Schedule 14D-9 has been filed with the SEC by Volcano. The offer to purchase shares of Volcano common stock will only be made pursuant to the offer to purchase, the letter of transmittal and related documents filed as a part of the Schedule TO. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ BOTH THE TENDER OFFER STATEMENT, AS FILED AND AS IT MAY BE AMENDED FROM TIME TO TIME, AND THE SOLICITATION/RECOMMENDATION STATEMENT, AS FILED AND AS MAY BE AMENDED FROM TIME TO TIME, BECAUSE THEY CONTAIN IMPORTANT INFORMATION REGARDING THE OFFER. Investors and security holders may obtain a free copy of these statements and other documents filed with the SEC at the website maintained by the SEC at www.sec.gov or by directing such requests to Georgeson Inc., the Information Agent for the offer, at (866) 856-2826.

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Agenda

Performance in the Fourth Quarter and FY2014

Strategic update

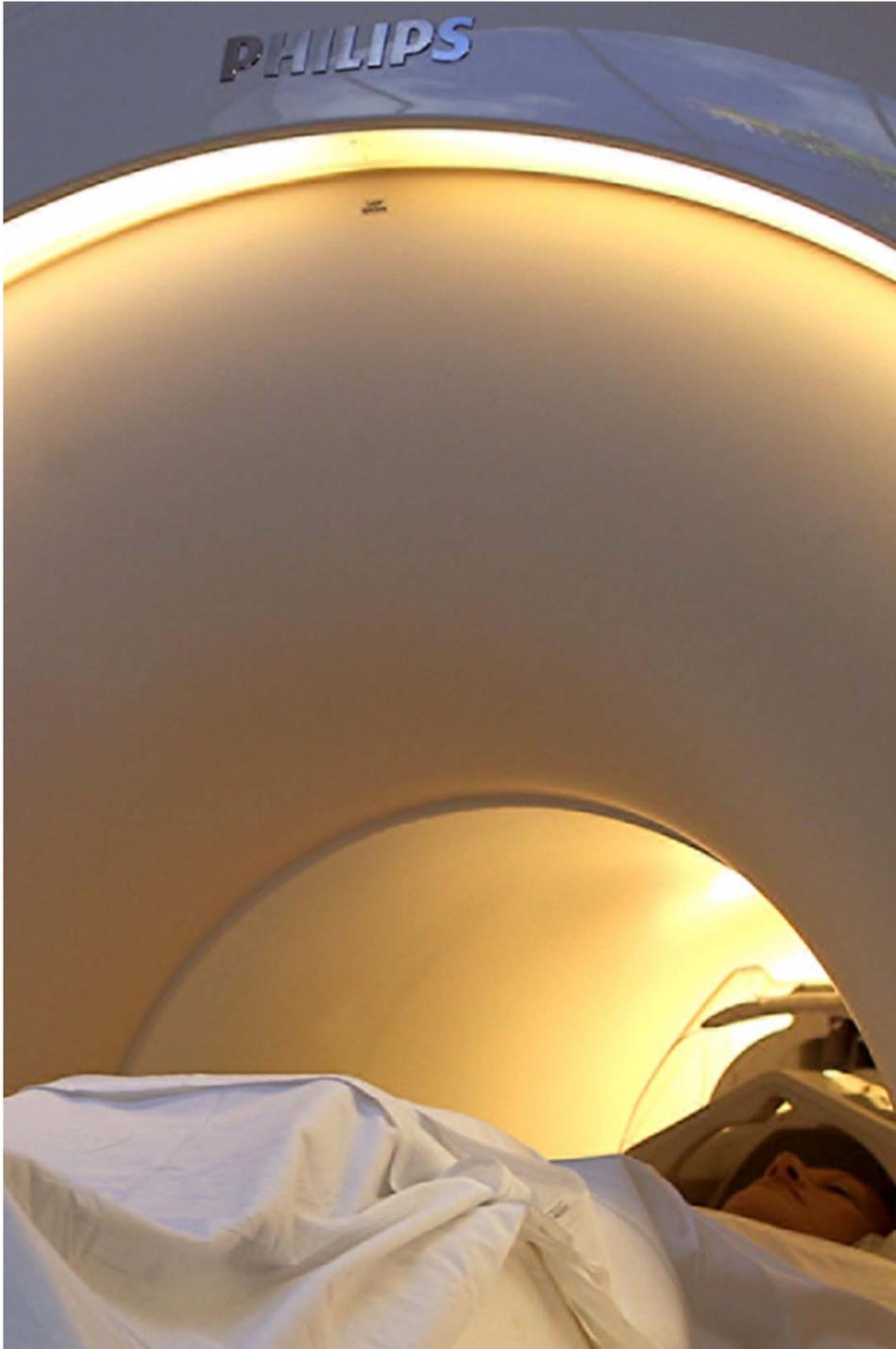
- Outlook
- Progress on Accelerate!
- HealthTech and Lighting Solutions

Key Financial Summary – Q4 and FY 2014

EUR million	Q4 2013	Q4 2014	FY 2013	FY 2014
Sales	6,401	6,536	21,990	21,391
Adjusted EBITA	827	743	2,308	1,915
Net income	412	134	1,172	411
Free cash flow	481	559	82	497

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

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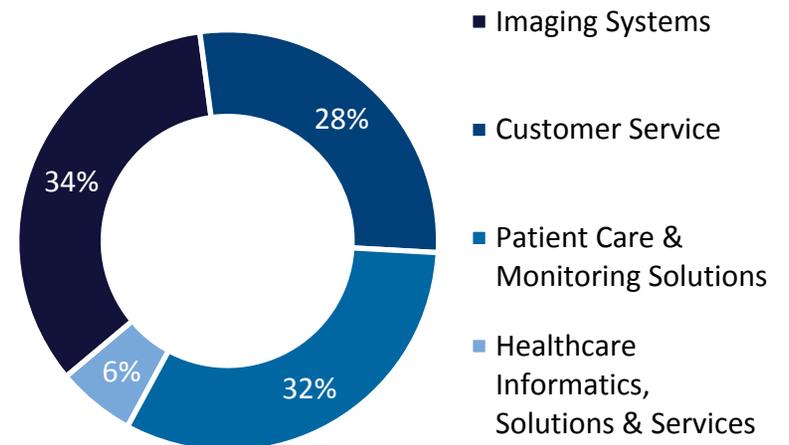


Healthcare

2014 Fourth Quarter

- Comparable sales declined 3%
- Strong orders in Europe and Middle East
- Adjusted EBITA 14.8%

2014 Total Sales EUR 9.2 billion



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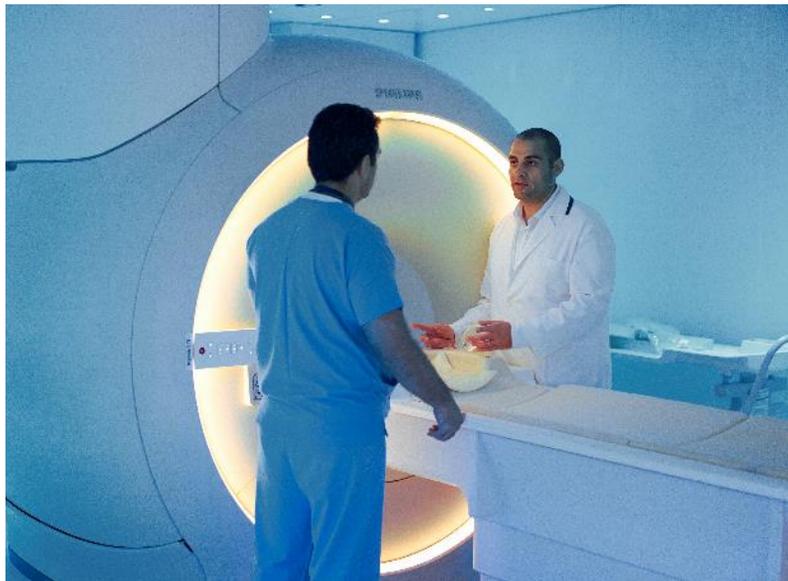
Cleveland update

- Quality Management System passed third-party audit
- Resumed iCT shipments in January
- Ramp-up of CT production and shipments in Haifa and Suzhou facilities, initially for customers outside the U.S.
- Remediation and production ramp-up in Cleveland will continue throughout 2015
- This will result in a EUR 100 million EBITA improvement in 2015 compared to 2014

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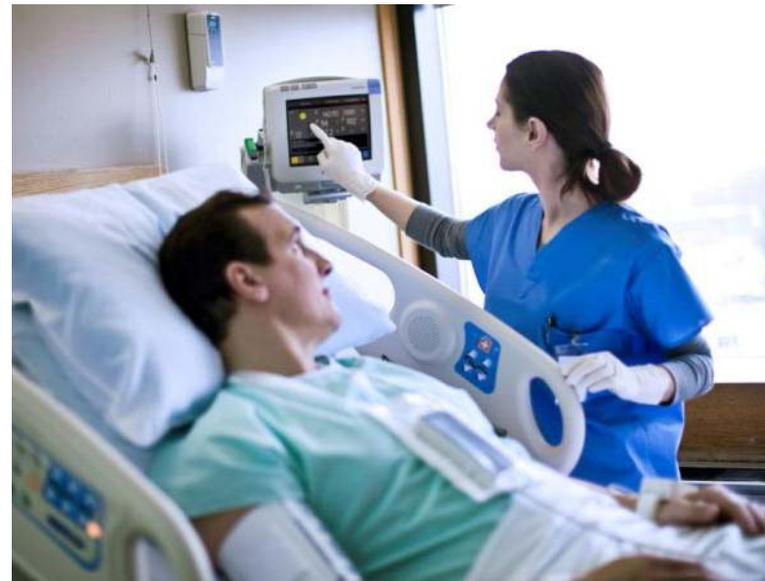
Healthcare | Business Highlights

Strategic focus on multi-year partnerships



Continued expansion in Middle East

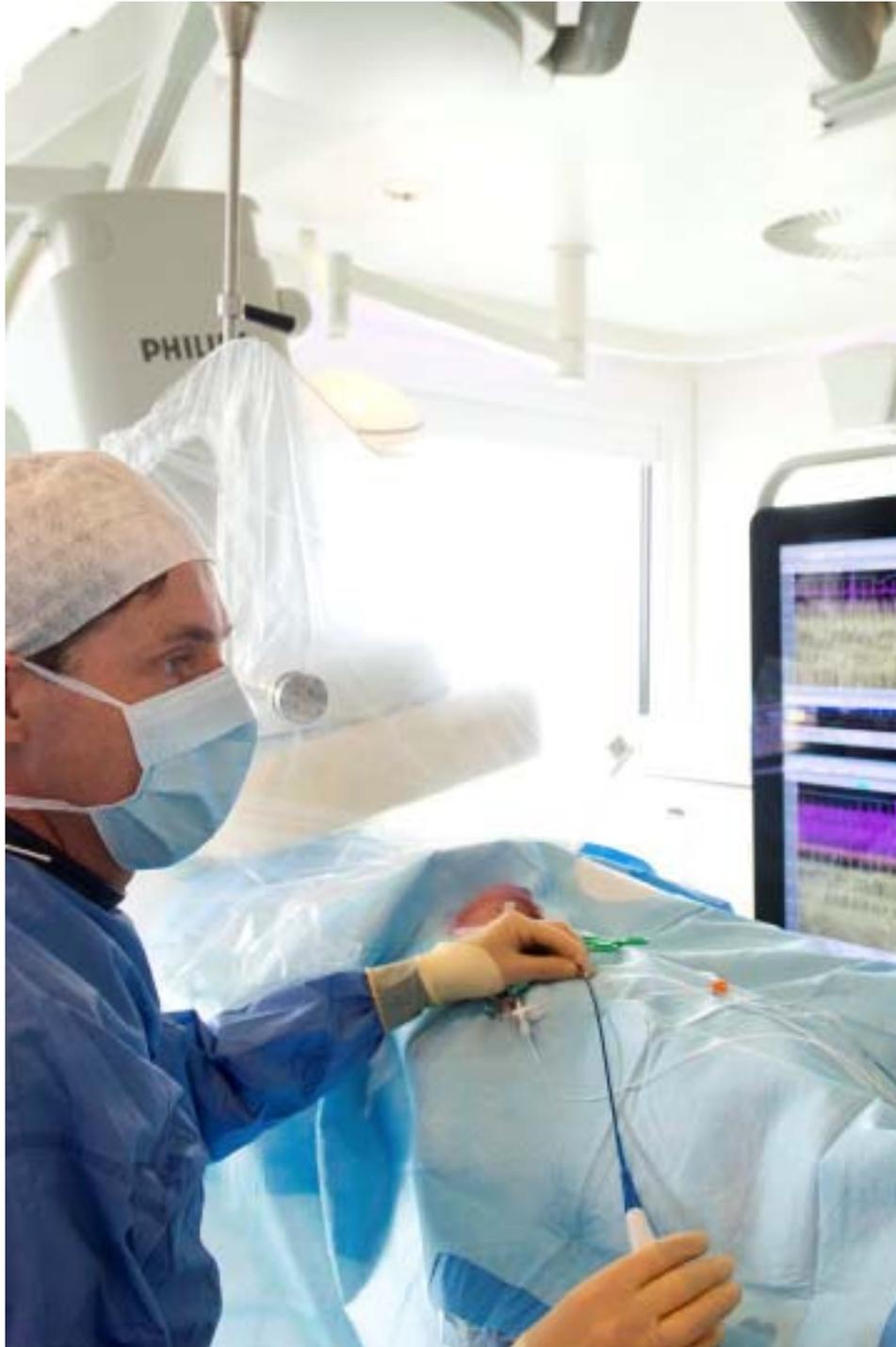
6-year agreement for multiple hospitals of the AMECO Group in the Kingdom of Saudi Arabia



Mayo Clinic

Patient monitoring and software maintenance agreements across all Mayo Clinic-owned hospitals

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Acquisition of Volcano

Expanding global leadership position in image-guided therapy market through the acquisition of Volcano – a global leader in catheter-based imaging and measurement solutions for cardiovascular applications



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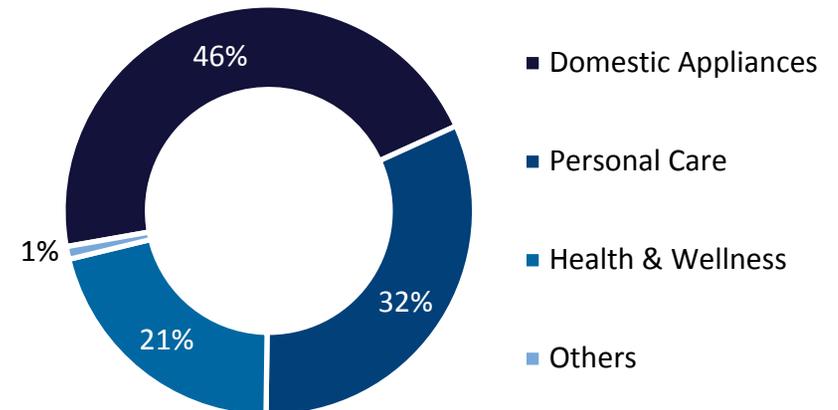


Consumer Lifestyle

2014 Fourth Quarter

- Comparable sales increased 6%
- Strong sales in Health & Wellness
- Adjusted EBITA 16%

2014 Total Sales EUR 4.7 billion



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Consumer Lifestyle | Business Highlights

Innovative solutions strengthened our leadership positions



Strong sales on China's "Double 11"

40% sales growth on China's biggest online shopping day, driven by digital campaigns and partnerships with web sales platforms



Global growth in Oral Healthcare

Philips Sonicare delivers record market share growth, driven by advanced propositions

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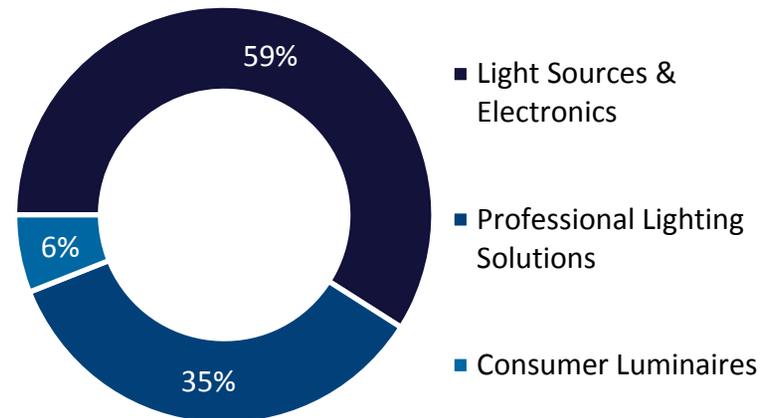


Lighting

2014 Fourth Quarter

- Comparable sales declined 3%
- LED-based sales growth 20%
- Adjusted EBITA improved to 9%

2014 Total Sales EUR 6.9 billion



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Lighting | Business Highlights

Steps forward in creating energy-efficient public and private spaces



World's largest street lighting upgrade

City of Madrid provided with 225,000 energy-efficient lights



Thinnest luminaire on the market

Expanded portfolio with the SlimSurface LED downlight

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Outlook on 2016

Financial targets 2016

Group comparable sales growth **4 - 6%**

Group reported EBITA margin **11 - 12%**

- *Healthcare* *16 - 17%*¹

- *Consumer Lifestyle* *11 - 13%*¹

• HealthTech 14 - 15.5%¹

• Lighting Solutions 9 - 11%¹

Group ROIC² **>14%**

Current outlook

3 - 4%

10 - 11%

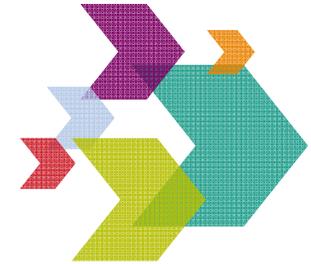
>13%

¹ Excluding IG&S cost allocation; these targets will be updated as the separation process progresses

² Excluding M&A impact

Accelerate!

Continues to drive improvements



Initiate new growth engines

- Invest in adjacencies
- Seed emerging business areas

Expand global leadership positions

- Invest to strengthen our core businesses
- Resource allocation to right businesses & geographies

Transform to address underperformance

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

2011

2016

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Establishing two focused companies

Capturing highly attractive market opportunities

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HealthTech

Focused on the **EUR 100+**
billion HealthTech opportunity

Separation process will take approx. 12-18 months

Philips Lighting

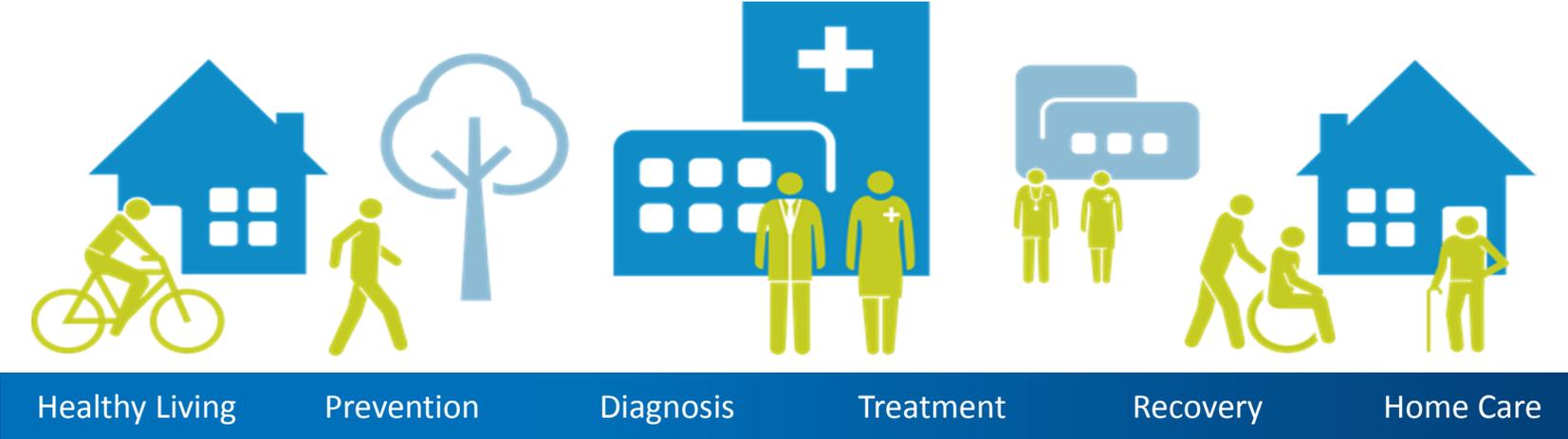


Lighting solutions

Focused on the **EUR 60+**
billion Lighting solutions opportunity

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Opportunities across the health continuum



Providing propositions for healthy living



Connecting care in the hospital for better patient outcomes



Connecting care in the home to improve quality of life

Philips Lighting is well positioned to capture growth opportunities



Helping businesses work differently and provide new experiences with connected lighting



Helping retailers drive sales and build customer loyalty with connected lighting for retail



Redefining the space we live in with connected lighting in the home

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Two market-leading companies positioned to leverage innovation heritage

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HealthTech

Philips Lighting



Lighting solutions

Q & A

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