

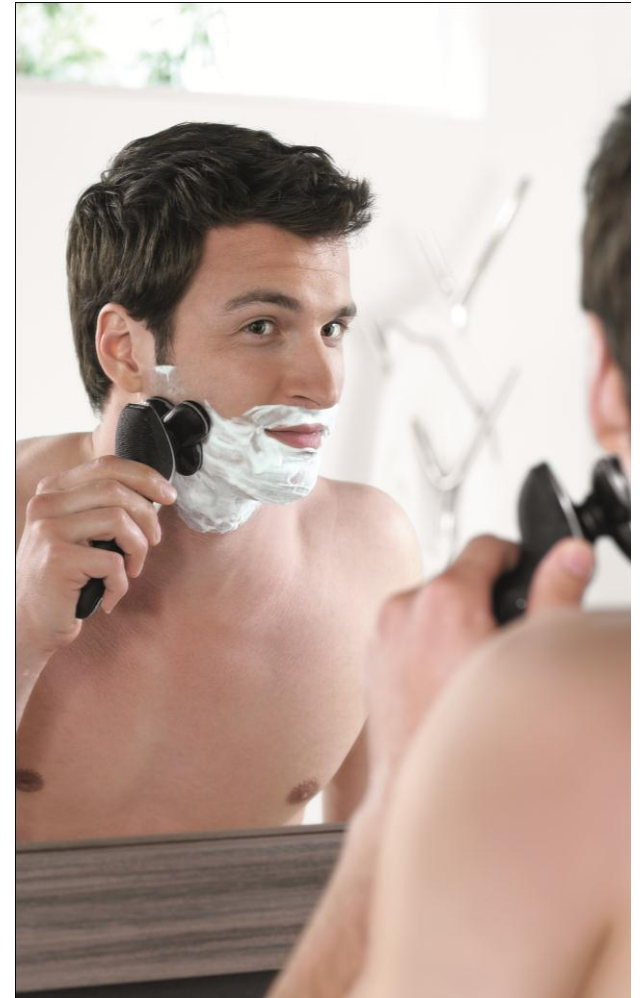
Driving global scale and category leadership in Male Grooming

Caroline Clarke, CEO Personal Care



Key takeaways

- Our **leadership** position in Male Grooming is based on global **scale** and **strong local relevance**
- Key **sources of growth**: recruiting new users and **upgrading existing users** with strong propositions and innovation
- Accelerate! drives **End2End** thinking to **deliver relevant products at the right price and with speed**
- Our ambitions for **profitable growth** are well underpinned by **granular BMC Plans**



Drive global scale and category leadership Through global and local product innovation

Driving growth leveraging our compelling innovation pipeline



- Deliver upon the global need of men to express themselves by wearing different facial hairstyles
- Fulfilling retail requirements through offering broad ranges, price points and late customization
- Market share growth +1.5% globally in 2011
- +3.6% pts. USA first half of 2012

Combining technologies



- New products to deliver the best tools for different looks
- StyleShaver: Combining styling and shaving in one appliance
- SensoTouch: Refreshing our best shaving range adding a styling attachment

Global platforms with local innovations



- China local propositions to penetrate tiers-3 & 4
- North American ethnic propositions
- New entry price propositions for emerging geographies

Drive global scale and category leadership Through global and local marketing activation

Global & local relevant communication



- Global category positioning of 'Freedom to Explore and Express all the various parts of Yourself'
- Local culturally relevant campaigns in Europe, China, USA, Brazil and India
- China, first half of 2012 market share growth +1% pts.

Global category positioning; local campaigns



Driving digital presence



- Strong social media/ digital platforms
- Germany: Strong engagement in media campaign around Euro 2012
- 23K participants in beard growth competition in 3 weeks
- 4 million YouTube views in 3 weeks
- Now #1 Male Grooming Germany

We continue to execute against our sources of growth With new propositions to expand geography and recruit new users

Attracting new and younger users into electrical grooming



- We will grow the electrical grooming category:
 - Recruiting 2.5M younger users into electrical solutions
 - Generating dual users from exclusive blade users: 40% of our wet shave users used blade previously
 - First half of 2012 electrical grooming outgrew blade by 1.6%

Designed for younger guys



- Fresh new designs & finishes
- Versatile modular platforms
- Recurring revenue streams
- Dual placement in retail

Global platforms with local innovations



- Extend deeper into new geographies with wet+dry value propositions

Driving momentum in our BMC China

Through local for local innovations, city expansion and End2End team setup

Local for Local innovation



- Locally relevant innovation to penetrate tier-2 China. Now Philips has almost 50% in volume share
- New introduction in mid end to upgrade local current Philips users

Further expanding geographically in China



- Increase the number of counters in Metro, tier-1 & tier-2 from 4,300 to 5,000
- Develop 420 tier 3 & below cities with local dealers by establishing 1,000 counters
- Increase number of promoters to sustain counter expansion from 7,500 to 8,500 promoters

End2End team setup



Idea-to-Market



Market-to-Order

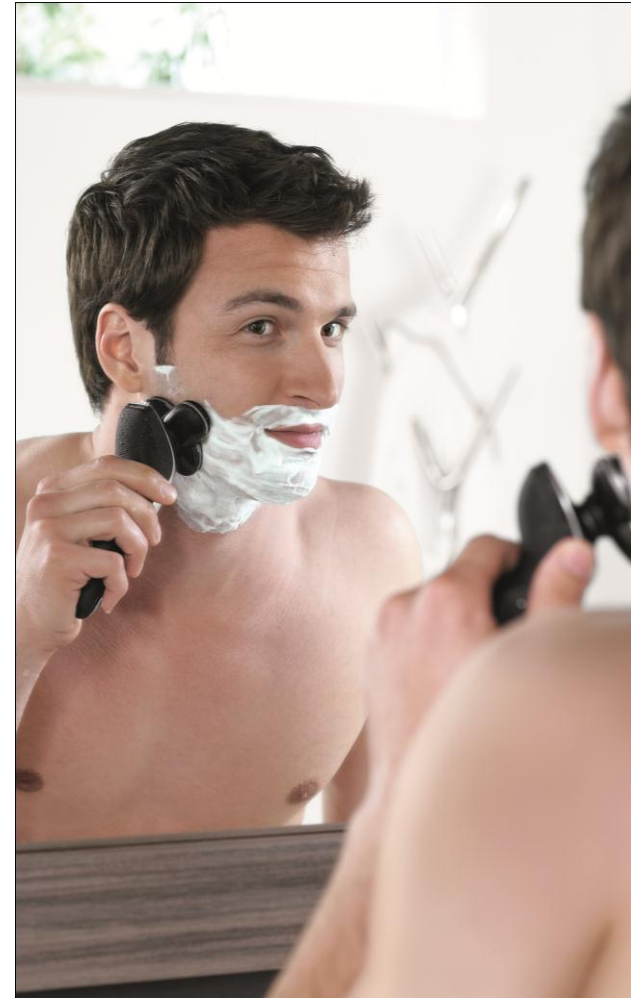


Order-to-Cash

- End2End team in Shanghai covering:
 - R&D and proposition development
 - Marketing communication and activation
 - Customer activation
 - Supply chain

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Driving global scale and category leadership in Oral Healthcare

Egbert van Acht, CEO Health & Wellness



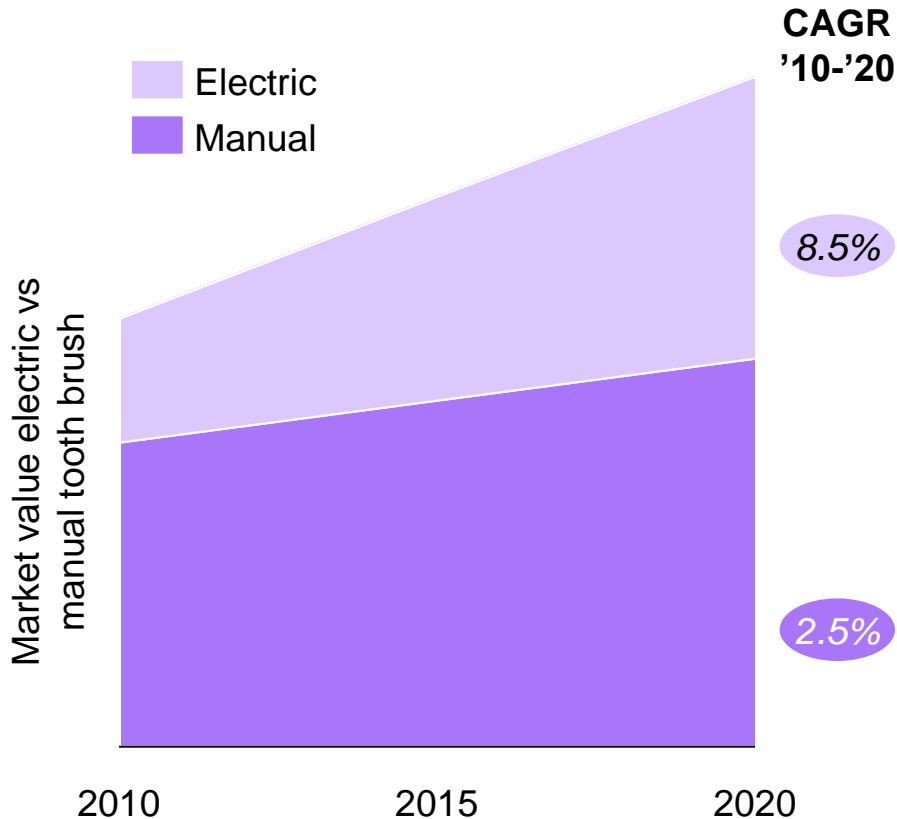
Key takeaways

- We have substantial value creation potential in converting from manual to electric
- We have increased penetration, through an effective granular approach for each Business Market Combination
- We continue to leverage our innovative leadership with new product introductions
- We are expanding our geographical presence successfully, strengthening our global market share



**We have substantial value creation potential
Through conversion from manual to electric**

The value of the electric toothbrush market will increase from 30% in 2010 to 40% by 2020



Changing market trends will drive conversion

- Increasing consumer need for oral healthcare solutions and a “beautiful smile”
- Oral healthcare links to overall health
- Manufacturers stimulate trading-up to more value-adding products such as whitening and interdental cleaning
- Dental professionals increasingly recommend to use electric toothbrushes instead of manual

85% of the world’s population still brushes manually

We are driving conversion

From manual to electric toothbrushes in three ways

Increase penetration



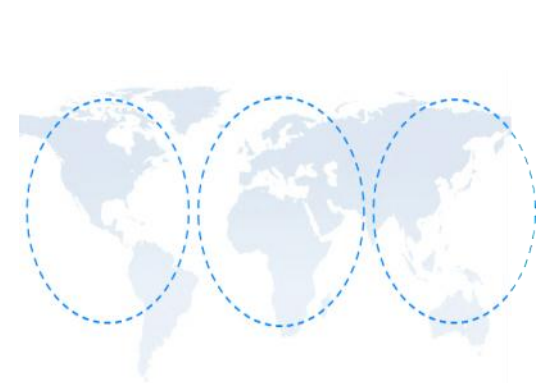
- Locally relevant campaigns pull in new consumers
- In Japan share gain +6% pts.
- Expand distribution in drugstores and pharmacies
- Significant online share increase

Broaden innovation portfolio



- Targeting consumers at different price points and segments
- New and broadening brush heads portfolio and marketing activation
- Launching Philips Zoom! In the adjacent whitening market

Geographical expansion

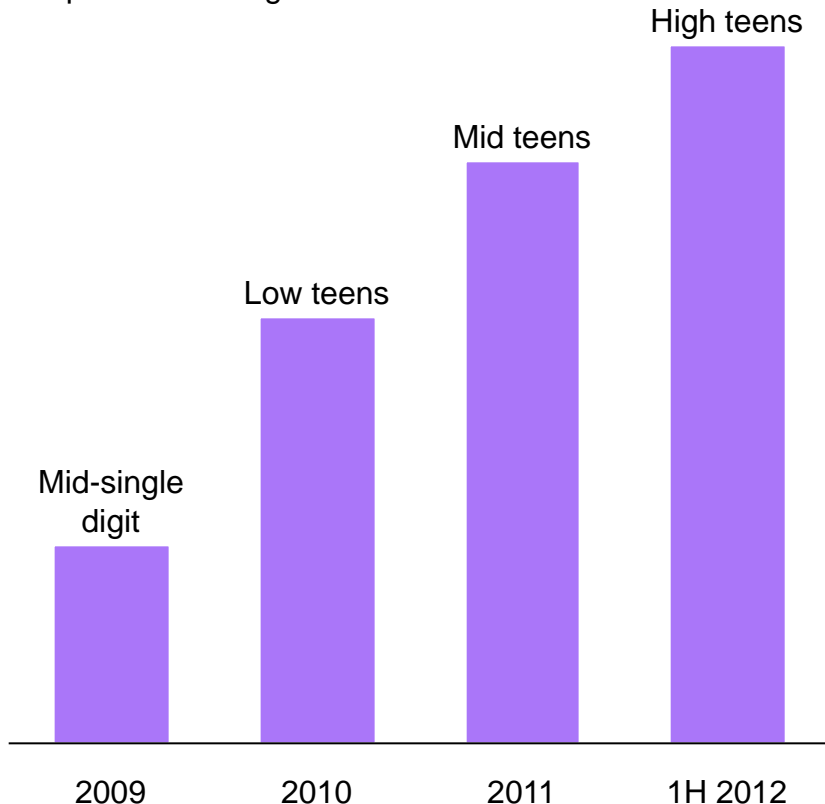


- Global roll-out of dental professional recommendation model to 13 key markets
- Significantly increasing presence in new markets (e.g. China, Russia)

Our accelerated sales growth is driven by penetration

Comparable sales growth in Oral Healthcare is led by increased penetration

Comparable sales growth %



We focus on dental professionals, new channels and consumer marketing



- **Dental professionals:** Increased coverage of dental clinics (e.g. China +50%). Increased “most often recommend” (e.g. Germany +5 pts.)
- **New channels:** Sonicare PowerUp drives expansion into drugstores and pharmacies, opening up opportunities for distribution of handles and brush heads (e.g. Germany +1200 outlets)
- **Consumer Marketing:** Locally relevant consumer marketing campaigns increase global share by +1% pt.

We continue to leverage our innovation leadership
AirFloss and DiamondClean are a success in the marketplace

AirFloss:
3 units sold every minute

2011



- Leadership positions in first year in 8 markets
- Tripled production capacity in first year

DiamondClean:
Award winning in-market success



- Market share growth in high-end segment (UK +5% pts)
- Won 2012 **reddot** 'Best of the Best' design-award

PowerUp:
Best solution for current manual users

2012



- 15,000 brush strokes - 1 month of manual brushing in two minutes
- First entry in the largest segment of electric to convert from manual

Brush heads:
High margin recurring revenues



- Provides 6x more plaque removal than manual
- Our brush head business grows double digit

Our granular approach to growth is showing strong results

We are successfully expanding our Oral Healthcare business

Plan, resource and measure performance by BMC

	2010	2011	H1 2012
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			

+2pt share increase
 share increase

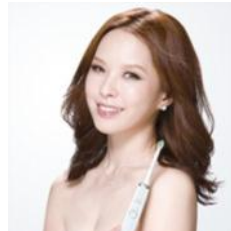
e.g.

USA: We have strengthened #1 position



- Successfully entered interdental cleaning, grown total segment market by +45%
- Premium leadership further strengthened +12.6% pts, for +100 USD segment.
- Philips Zoom! – new market activation

China: Successful pilot now rolling out



- Shanghai pilot doubled our sales
- Roll-out in 15 cities is well on the way
- Strengthened #2 position

DACH: We have gained +5% pts share in the past 12 months



- AirFloss campaign drove segment share growth by +22% pts in Q2
- Celebrity endorsement: Sylvie van der Vaart
- Distribution expansion to drug and pharmacy channel

Key takeaways

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Driving global scale and category leadership in Kitchen Appliances

Murali Sivaraman, CEO Domestic Appliances



Key takeaways

- We are building profitable **global leadership** positions in **Kitchen Appliances**, through new, **locally relevant**, product introductions
- **Acquisitions** have been **successfully** integrated
 - **POVOS** contributes to growth in **China** and beyond
 - **Preethi** contributes to further drive our kitchen appliances **leadership** in **India**
- We are forming new **partnerships** and **alliances**, offering **new cooking experiences** for easy preparation of **fresh, healthy food**



We now have a network of product creation hubs Driving global scale through local relevance

Global network of regional product creation hubs



Innovations with global and local relevance driving strong growth and market share



In the past 12 months we quadrupled the number of introductions with locally relevant innovations

Leveraging global and local innovations

Driving profitable growth across markets

Localized activation of global propositions based on local relevance



- Global innovation platform Airfryer adapted to local food habits
- Profitable growth driver in China, Brazil, Asean, MEA and Europe with more than 1 million pieces sold globally
- Activated with partnerships with local food companies, health organizations and celebrities

Local innovation platforms adapted to global opportunities



From soy milk in China to
soup in Europe



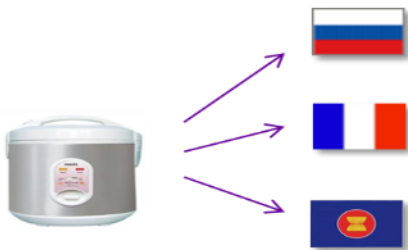
Acquisitions have been successfully integrated POVOS contributes to growth in China and beyond

Product creation capability of POVOS ignited new growth for Philips in Kitchen Appliances China



- POVOS expands the Philips brand offer in Chinese cuisine – driving an additional 30% growth
- Time to market halved
- Dual brands enable play in all price segments and lower tier cities

Products based on POVOS capability are being launched globally



- Russia: Multicooker, with local Russian recipes
- Europe: Rice cookers introduced in key retail chains
- APMEA: Portfolio of cookers adapted to local requirements

Acquisitions have been successfully integrated Preethi strengthens our Kitchen Appliances leadership in India

Preethi brand gives Philips market leadership in India, driven by local product creation facilities



- We are the clear market leader with a share of >30% of the mixer grinder category
- Preethi's leadership in the south of India complements Philips position
- Philips-branded mixer grinder range enhanced through Preethi innovations

We are further leveraging the Preethi equity in India and beyond



- Preethi-branded steam irons launched in the south of India
- Preethi range launched in Middle East and ASEAN – leveraging its equity with south Indian diaspora

We are forming new partnerships and alliances

We are teaming up with Jamie Oliver, offering new cooking experiences

- Philips and Jamie Oliver help people prepare and eat fresh, home made food, every day
- The partnership involves **co-development of kitchen appliances** that offer a fresh approach to home cooking
 - **Home Cooker:** multi-functional appliance with Jamie's recipes for healthy and easy cooking
 - **Jamie's Tools:** range of kitchen essentials



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