

PHILIPS

Royal Philips Electronics

First Quarter 2013

Information booklet

April 22nd, 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.

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's financial position, operating results and cash flows, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. A reconciliation of such measures to the most directly comparable IFRS measures is contained in 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 IFRS, unless otherwise stated.

Agenda

1. Management update
2. Group results Q1 2013
3. Accelerate! Change and performance
4. Philips Business System
5. Group and sector overview

Management update Q1 2013: Group

Sales

- Comparable sales increased by **1%** year-on-year to reach EUR **5.3 billion**
- Comparable sales growth was 10% in Consumer Lifestyle, flat in Lighting and declined 1% in Healthcare

EBITA & Adjusted EBITA

- EBITA amounted to EUR **402 million**, **7.6%** of sales, compared to 8.5% in Q1 2012
- EBITA of Q1 2012 includes a net gain of EUR 172 million mainly related to the Senseo transaction and the sale of the High Tech Campus real estate
- Adj. EBITA¹ improved to EUR **421 million**, **8.0%** of sales, from 6.1% in Q1 2012
- Improvement driven by gross margin improvements across all sectors

Cost savings & Net Income

- Cost savings on track with EUR 549 million cumulative savings by Q1 2013
- Net income improved by EUR 98 million compared to Q1 2012 and amounted to EUR **162 million** excluding the one-offs in Q1 2012

Asset management & ROIC

- Inventories as a % of sales improved by 1.4 percentage points
- ROIC excluding incidentals improved to 7.0% from 6.3% in Q1 2012
- Free Cash Flow was EUR **78 million** excluding the payment of the EUR 509 million European Commission fine²

Others

- **86%** of EUR 2 billion share buy-back program completed by Q1 2013

Improved earnings in all sectors; modest sales growth

¹ Adjusted EBITA excludes restructuring and acquisition-related charges of EUR 19 million

² Related to CRT (Cathode-Ray Tubes), a business divested by Philips in 2001. Philips has appealed the decision

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 Q1 2013: Healthcare

Sales

- **Comparable** sales declined by **1%** year-on-year and was EUR **2.1 billion**
- Customer Services and Home Healthcare Solutions had low-single-digit growth, Patient Care & Clinical Informatics sales were flat and Imaging Systems sales declined by high-single-digit

Order intake

- Currency-comparable equipment order intake declined by **5%**
- Both Imaging Systems and Patient Care and Clinical Informatics equipment orders declined in the quarter
- North America declined by 10%, Europe and growth geographies declined by 7% and 4% respectively. China recorded a double-digit order intake growth

EBITA

- EBITA increased to **10.4%** of sales, up from 9.1% in Q1 2012

Adjusted EBITA¹

- Adjusted EBITA increased from 9.6% to **10.5%** of sales in Q1 2013
- The improvement was driven by overhead cost reductions and gross margin improvements

Net Operating Capital

- Currency comparable, Net operating capital decreased by EUR 335 million to EUR **7.9 billion**
- Inventories as a % of sales improved by 2.0 percentage points, with improvements seen across all businesses

Adjusted EBITA improves by 90 bps, despite top line decline

¹ Adjusted EBITA excludes restructuring and acquisition-related charges of EUR 2 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 Q1 2013: Consumer Lifestyle

Sales	<ul style="list-style-type: none"> • Comparable sales grew strongly by 10% compared to Q1 2012 • Double-digit growth at Domestic Appliances, high-single-digit growth at Personal Care and mid-single-digit growth at Health & Wellness
EBITA	<ul style="list-style-type: none"> • EBITA amounted to EUR 98 million, or 9.8% of sales, from 22.9% in Q1 2012 • EBITA in Q1 2012 included a gain from the Senseo transaction of EUR 160 million which amounted to 17.3% of sales
Adjusted EBITA ¹	<ul style="list-style-type: none"> • Adjusted EBITA increased to 9.9%, from 6.7% in Q1 2012 • The improvement was driven by higher gross margins across all businesses • Stranded costs for TV and the Audio, Video, Multimedia and Accessories business decreased from EUR 22 million in Q1 2012 to EUR 7 million in Q1 2013
Net Operating Capital	<ul style="list-style-type: none"> • Currency comparable, Net operating capital decreased by EUR 137 million year-on-year largely driven by working capital improvements • Inventories as a % of sales improved by 1.4 percentage points on a comparable basis
Portfolio	<ul style="list-style-type: none"> • The Audio, Video, Multimedia and Accessories business is reported as discontinued operations from Q1 2013

Strong sales and profitability

¹ Adjusted EBITA excludes restructuring and acquisition-related charges of EUR 1 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 Q1 2013: Lighting

Sales

- **Comparable** sales were **in line** with last year
- Double-digit growth at Lumileds and mid-single-digit growth at Automotive were offset by declines in the other businesses
- LED-based sales grew **38%** compared to Q1 2012 and now represent **23%** of Lighting sales

EBITA

- EBITA amounted to EUR **147 million**, or **7.4%** of sales, from 2.3% in Q1 2012
- EBITA in Q1 2012 impacted by a loss on the sale of industrial assets of EUR 25 million

Adjusted EBITA¹

- Adjusted EBITA improved to **8.4%** of sales compared to 4.7% in Q1 2012
- The improvement was driven by a lower bill of materials, including lower phosphor prices as well as overhead cost savings

Net Operating Capital

- Inventories as a % of sales improved by 1.0 percentage point year-on-year
- Currency comparable, Net operating capital decreased by EUR 482 million to EUR **4.7 billion**, due to improved working capital and an increase in provisions for restructuring

Others

- Due to the rationalization of the industrial footprint and the overhead cost reduction program, the number of employees has decreased by 3,765 compared to Q1 2012

Accelerate! initiatives lead to 5th consecutive quarter of improved earnings

¹ Adjusted EBITA excludes restructuring and acquisition-related charges of EUR 19 million

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Management update Q1 2013: By Geography

North America

- Group comparable sales declined by **3%** as Healthcare comparable sales declined by mid-single-digit due to order intake declines in 2012
- Healthcare comparable equipment order intake declined by 10% reflecting ongoing market uncertainty
- Consumer Lifestyle comparable sales grew by mid-single-digit, driven by the Personal Care business
- Lighting comparable sales declined by low-single-digit in the quarter

Europe

- Group comparable sales declined by **2%** for the quarter
- Healthcare comparable sales declined by mid-single digit with a strong decline in Southern Europe and mid-single-digit growth in the UK
- Healthcare comparable equipment order intake declined by 7%
- In Consumer Lifestyle comparable sales grew by **low-single-digit**, driven by the Health & Wellness business
- Lighting comparable sales declined by **low-single-digit**

Growth Geographies

- Comparable sales increased by **4%**, driven by China, India, Russia and Latam
- Healthcare comparable sales declined by **2%**. Russia showed a double-digit decline, India declined by low-single-digit. China grew by high-single-digit
- Healthcare comparable equipment order intake declined by **4%** mainly due to India and Latam. China recorded double-digit comparable order intake growth
- Consumer Lifestyle comparable sales had **double-digit** growth. China, Russia and Latam grew by double-digits
- Lighting comparable sales grew by **mid-single-digit** driven by China and India

Slow start to the year in mature geographies as anticipated

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Key Financials Summary – Q1 2013

EUR million

	Q1 2012	Q1 2013
Sales	5,307	5,258
EBITA	451 ¹	402 ¹
Financial income and expenses	(75) ²	(83) ²
Income tax	(62)	(69)
Net income (loss)	183	162
Net Operating Capital	10,634	9,969
Net cash from operating activities	297	(228) ³
Net capital expenditures	329	(203)
Free cash flow	626	(431) ³

¹ 1Q13 includes EUR (19)M of restructuring and acquisition-related charges; 1Q12 includes EUR (43)M of restructuring and acquisition-related charges, a EUR 160M gain on the Senseo transaction, a EUR 37M gain on the sale of the High Tech Campus and a EUR (25)M loss on the sale of industrial assets

² 1Q13 includes a EUR 2M gain on value adjustment related to NXP option; 1Q12 includes a EUR 19M gain on value adjustment related to NXP option

³ 1Q13 includes the payment of the EUR 509M European Commission fine related to alleged violation of competition rules in the Cathode-Ray Tubes (CRT) industry

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 – Q1 2013

EUR million

	Q1 2012	Q1 2013	% nom	% comp
Healthcare	2,209	2,127	(4)	(1)
Consumer Lifestyle	923	1,003	9	10
Lighting	2,015	1,975	(2)	0
Innovation, Group & Services	160	153	(4)	(4)
Philips Group	5,307	5,258	(1)	1

Sales by geography – Q1 2013

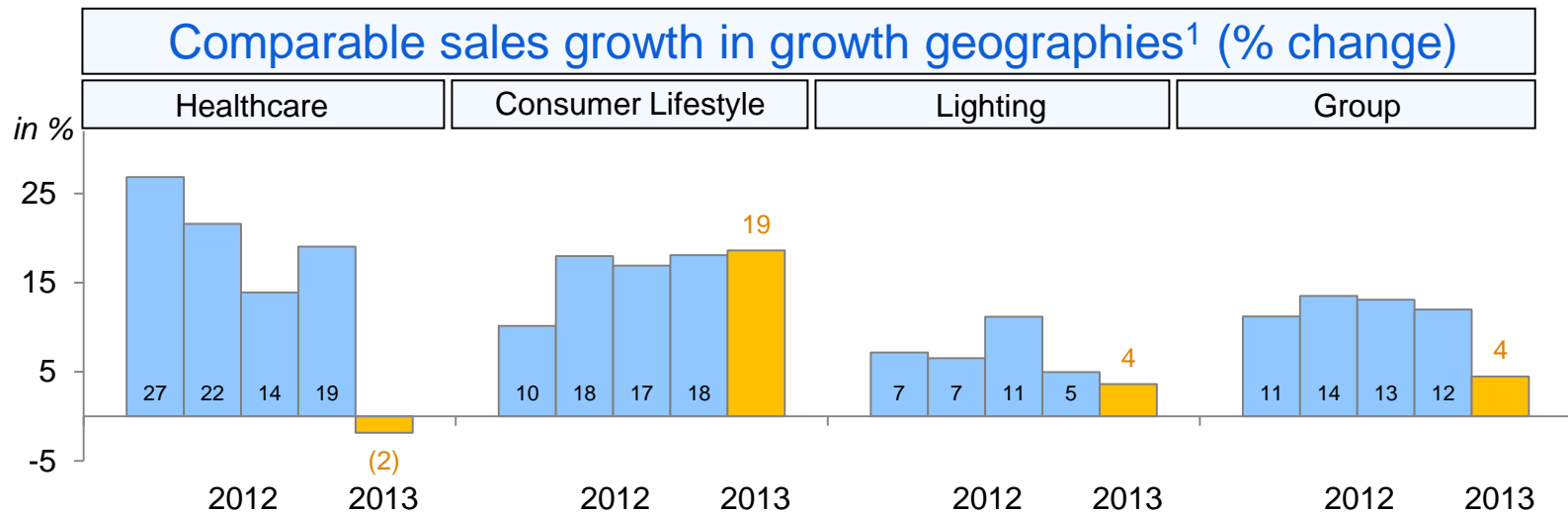
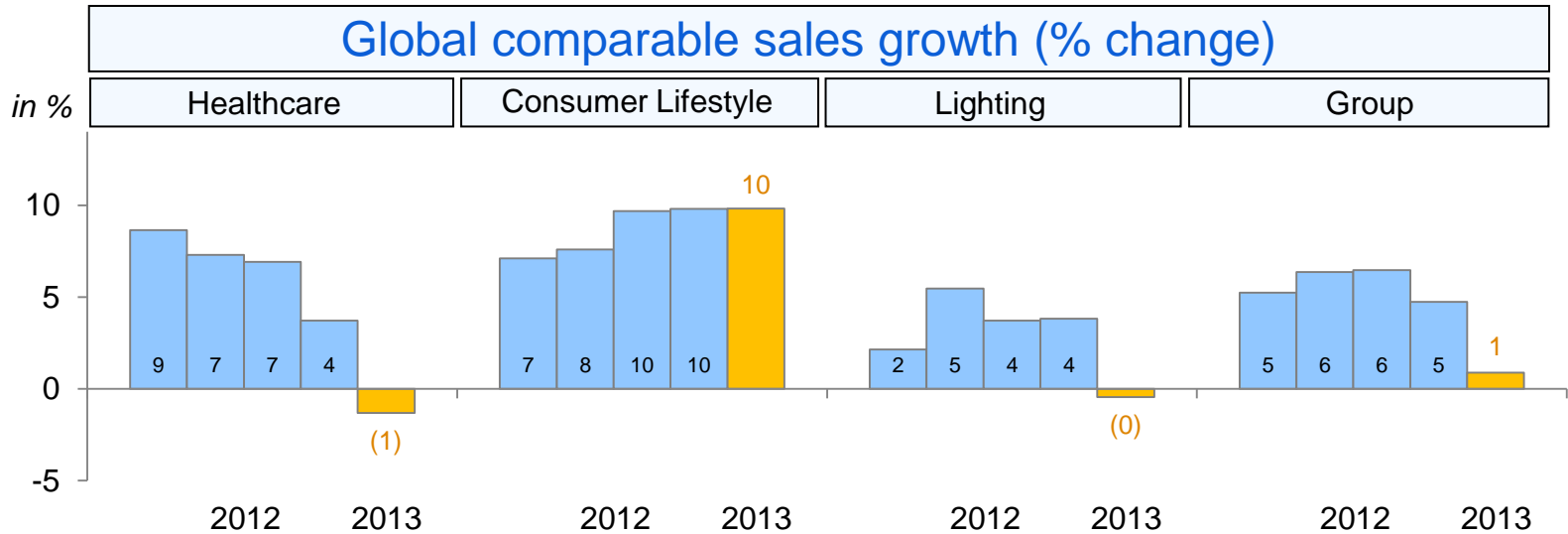
EUR million

	Q1 2012	Q1 2013	% nom	% comp
Western Europe	1,365	1,341	(2)	(2)
North America	1,722	1,650	(4)	(3)
Other mature geographies	483	493	2	10
Growth geographies ¹	1,737	1,774	2	4
Philips Group	5,307	5,258	(1)	1

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")

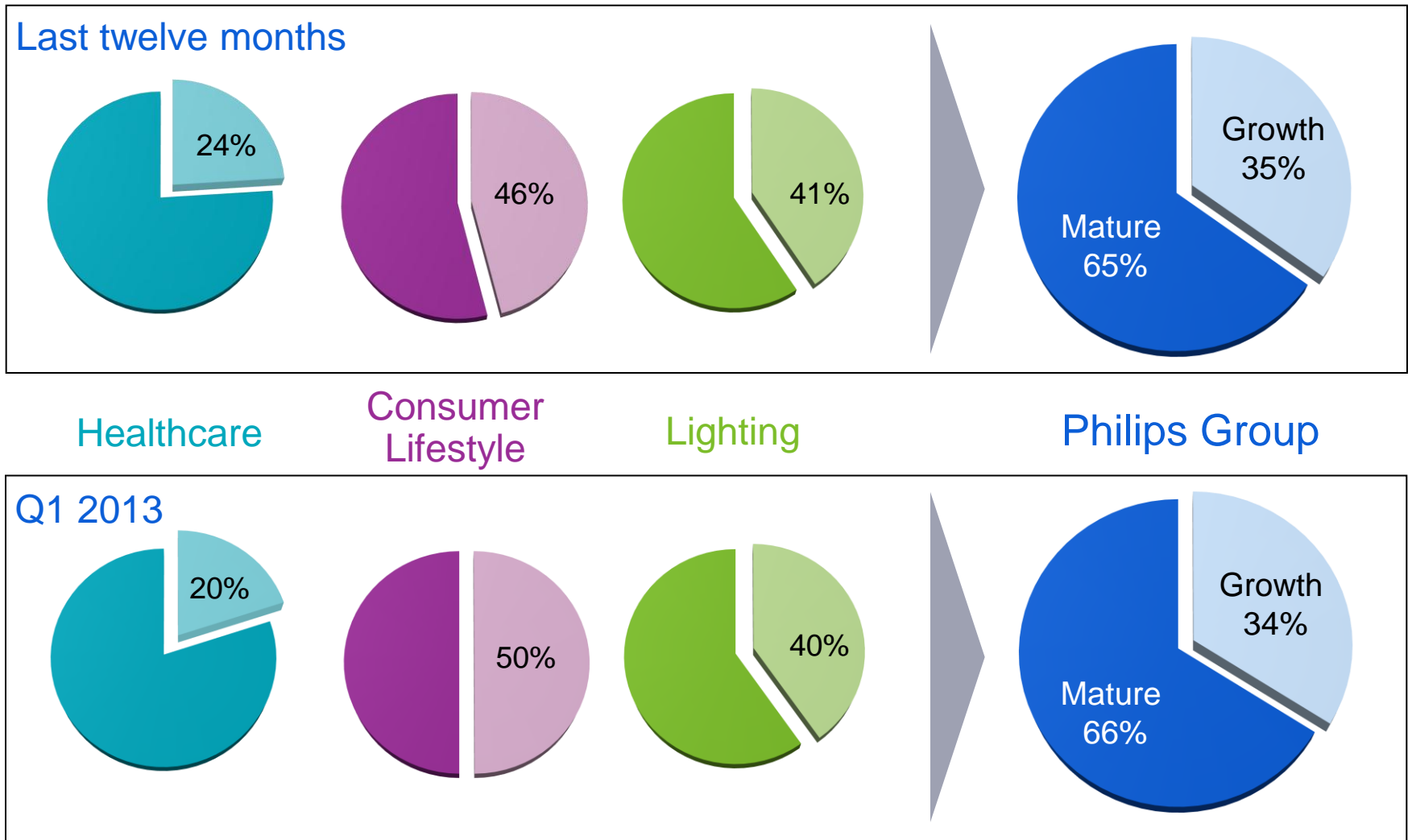
Sales growth: Trend through Q1 2013



¹ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
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Growth geographies – Q1 '13 and last twelve months

Sales in growth geographies¹



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 – Q1 2013

EUR million

	Q1 2012		Q1 2013	
Healthcare ¹	202	9.1%	222	10.4%
Consumer Lifestyle ²	211	22.9%	98	9.8%
Lighting ³	46	2.3%	147	7.4%
Innovation, Group & Services ⁴	(8)	-	(65)	-
Philips Group	451	8.5%	402	7.6%

¹ 1Q13 includes EUR (2)M of restructuring and acquisition-related charges; 1Q12 includes EUR (9)M of charges

² 1Q13 includes EUR (1)M of restructuring and acquisition-related charges; 1Q12 includes EUR (11)M of charges and a EUR 160M gain from the Senseo transaction

³ 1Q13 includes EUR (19)M of restructuring and acquisition-related charges; 1Q12 includes EUR (24)M of charges and a EUR (25)M loss on the sale of industrial assets

⁴ 1Q13 includes a release of EUR 3M of restructuring provisions; 1Q12 includes EUR 1M release of restructuring provisions and a EUR 37M gain on the sale of the High Tech Campus
 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")

Adjusted EBITA by sector – Q1 2013

EUR million

	Q1 2012		Q1 2013	
Healthcare ¹	211	9.6%	224	10.5%
Consumer Lifestyle ²	62	6.7%	99	9.9%
Lighting ³	95	4.7%	166	8.4%
Innovation, Group & Services ⁴	(46)	-	(68)	-
Philips Group	322	6.1%	421	8.0%

¹ 1Q13 excludes EUR (2)M of restructuring and acquisition-related charges; 1Q12 excludes EUR (9)M of charges

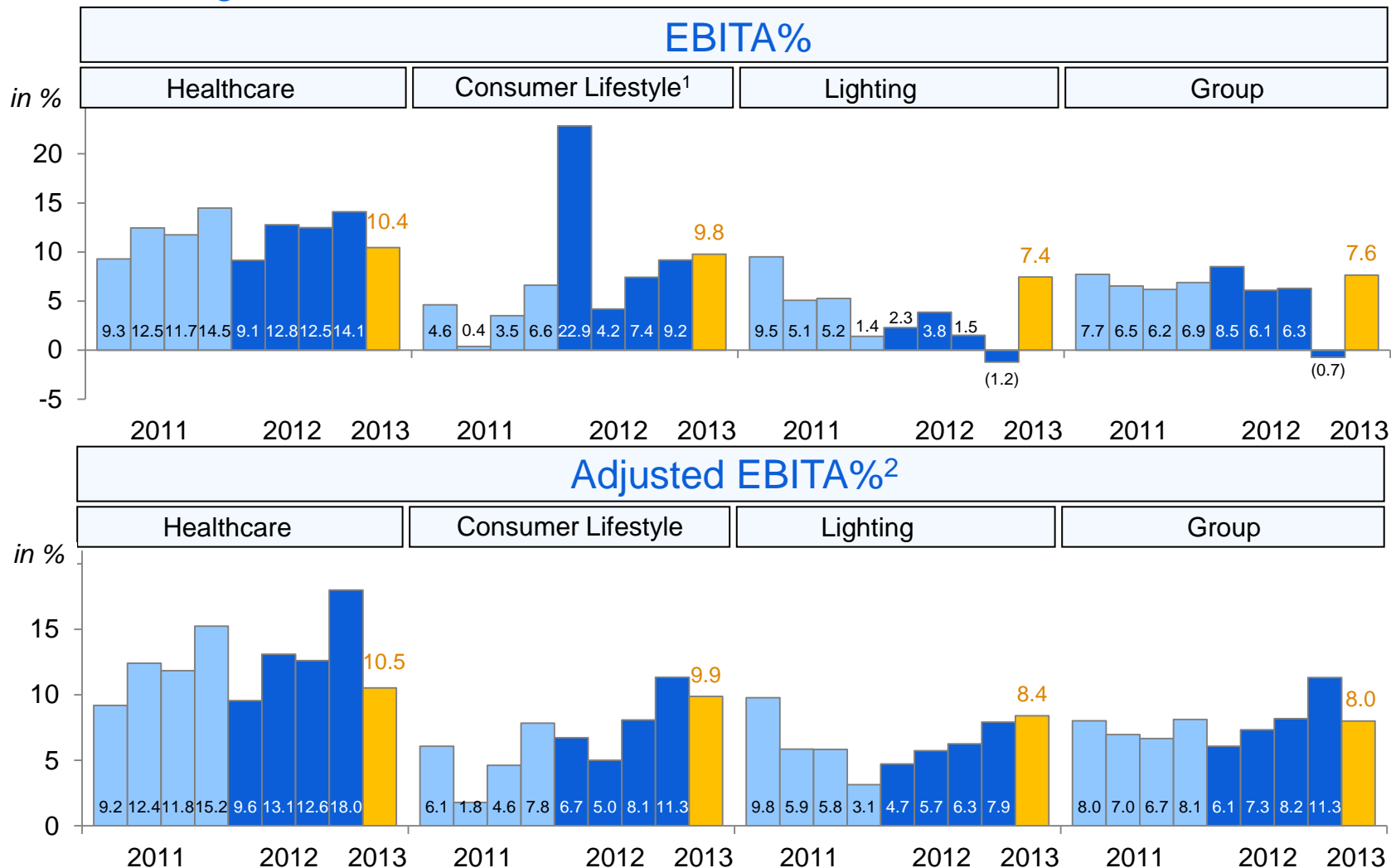
² 1Q13 excludes EUR (1)M of restructuring and acquisition-related charges; 1Q12 excludes EUR (11)M of charges and a EUR 160M gain from the Senseo transaction

³ 1Q13 excludes EUR (19)M of restructuring and acquisition-related charges; 1Q12 excludes EUR (24)M of charges and a EUR (25)M loss on the sale of industrial assets

⁴ 1Q13 excludes a release of EUR 3M of restructuring provisions; 1Q12 excludes EUR 1M release of restructuring provisions and a EUR 37M gain on the sale of the High Tech Campus
 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 and Adjusted EBITA Margin development

Trend through Q1 2013



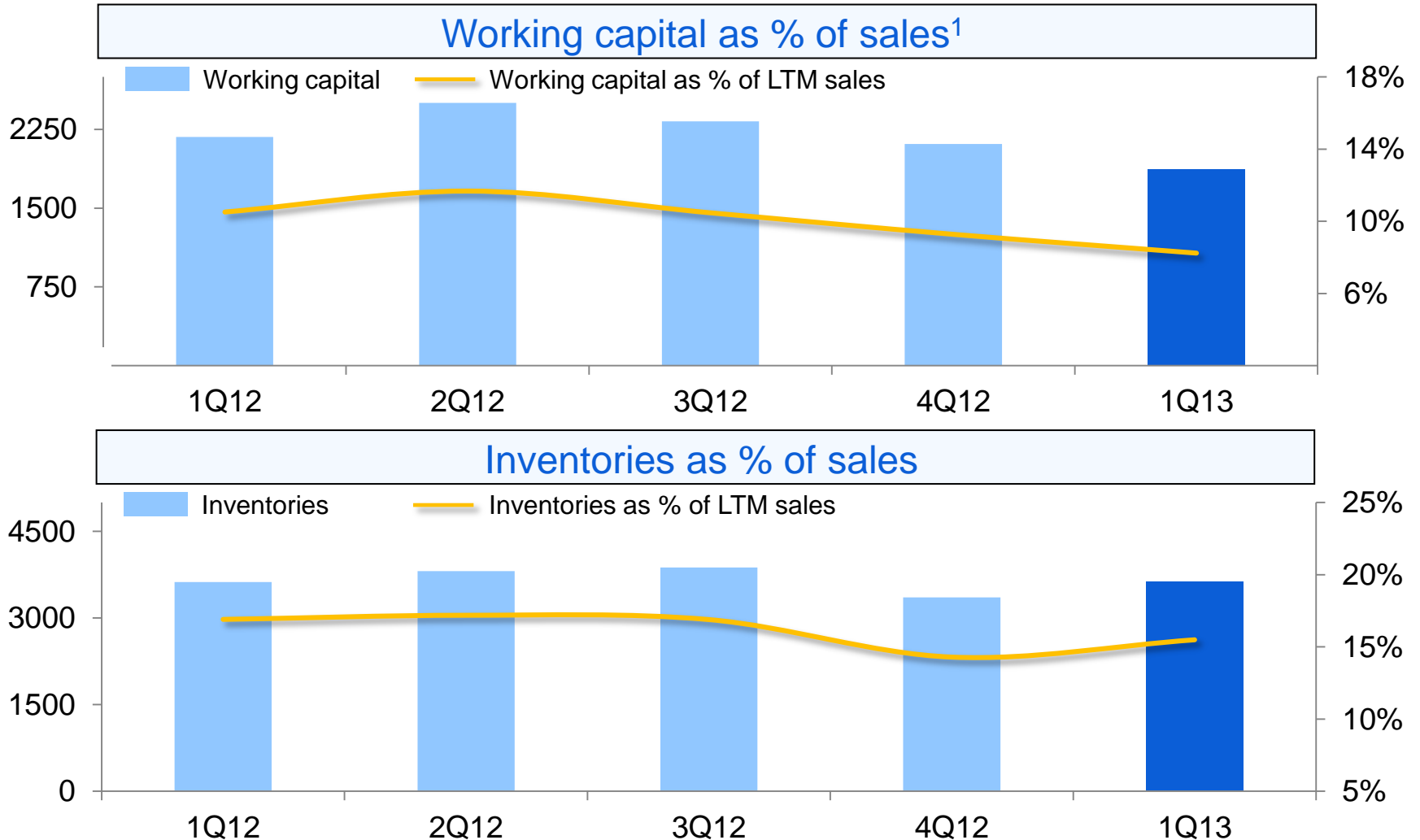
¹ Consumer Lifestyle EBITA Q1 2012 includes a EUR 160M gain from the Senseo transaction

² Adjusted EBITA is EBITA corrected for incidental charges (details on slide 89)

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 5 quarters

EUR million



¹ Working capital as % of sales of Healthcare, Consumer Lifestyle and Lighting; excluding central sector IG&S

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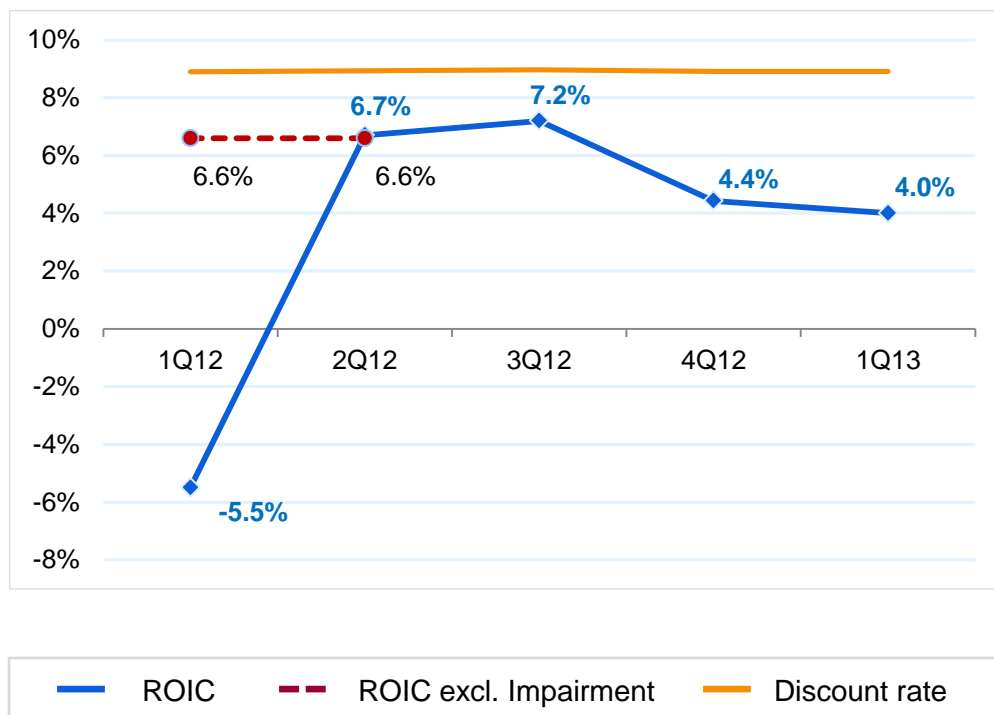
Free Cash Flow – Q1 2013

EUR million

	Q1 2012	Q1 2013
Net income from continuing operations	201	154
Depreciation and amortization	336	305
Net gain on sale of assets	(184)	(4)
Changes in working capital, of which:	(54)	(463) ¹
- changes in receivables and other current assets	250	135
- changes in inventories	(221)	(205)
- changes in accounts payable, accrued and other liabilities	(83)	(393) ¹
Increase in non-current receivables, other assets and other liabilities	(85)	(77)
Increase (decrease) in provisions	27	(98)
Others	56	(45)
Net cash flow from operating activities	297	(228)¹
Purchase & proceeds from sale of intangible assets/ Exp. on dev. assets	78	(82)
Capital expenditures on property, plant and equipment	(137)	(124)
Proceeds from disposals of property, plant and equipment	388	3
Net capital expenditures	329	(203)
Free Cash Flow	626	(431)¹

¹ 1Q13 includes the payment of the EUR 509M European Commission fine related to alleged violation of competition rules in the Cathode-Ray Tubes (CRT) industry
 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)



- Excluding impairment and exceptional net gains and losses including the European Commission fine on CRT¹ in Q4 2012 and Q1 2013, ROIC improved from 6.3% to 7.0%.
- Excluding impairment and exceptional net gains and losses including the European Commission fine on CRT¹ in Q1 2012 and Q1 2013, ROIC improved from 6.3% to 7.0%.
- Earnings in all sectors improved in Q1 2013
- Average NOC was positively impacted by improved working capital management
- **Discount rate** is 8.9%

Notes:

EBIAT are earnings before interest after tax

Philips calculates ROIC % as: EBIAT/ NOC

Quarterly ROIC % is based on LTM EBIAT and average NOC over the last 5 quarters

Reported tax used to calculate EBIAT

¹ CRT=Cathode-Ray Tubes, a business divested by Philips in 2001. Philips has appealed the decision

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

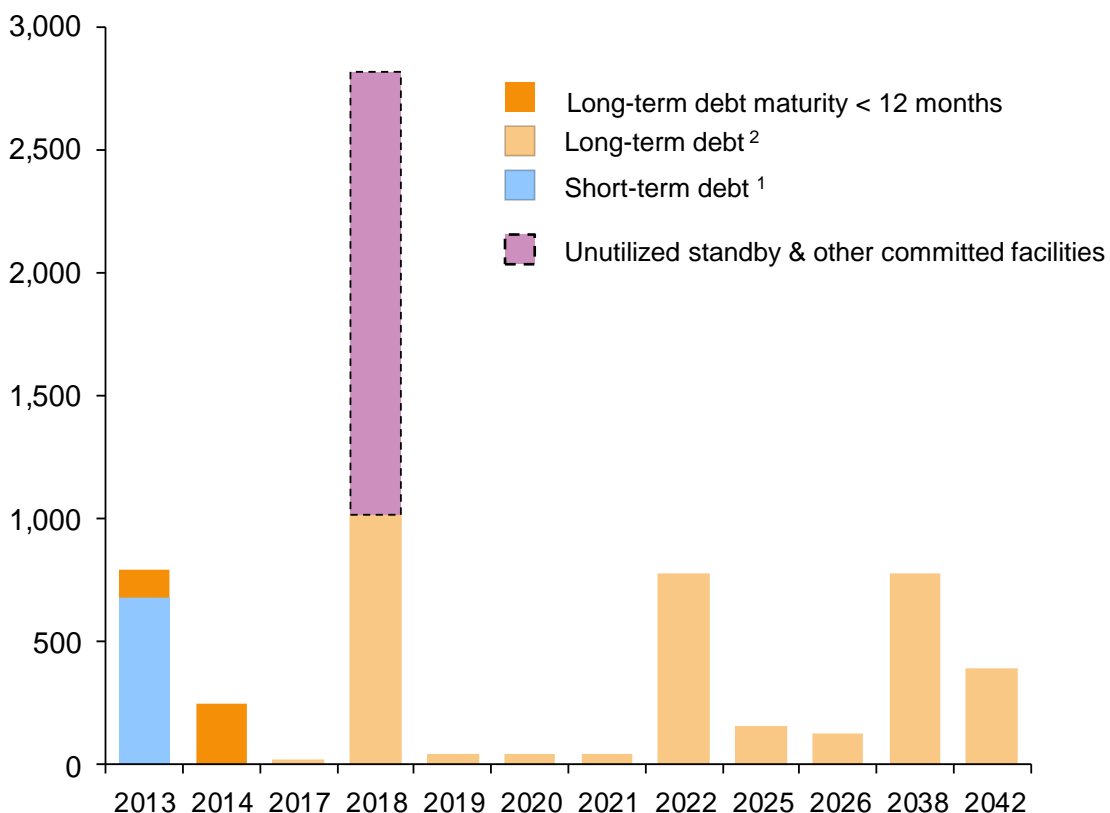
Debt maturity profile as of March 2013

Amounts in EUR millions

Characteristics of long-term debt

- Maturities up to 2042
- Average tenor of long-term debt is 12.7 years
- No financial covenants

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

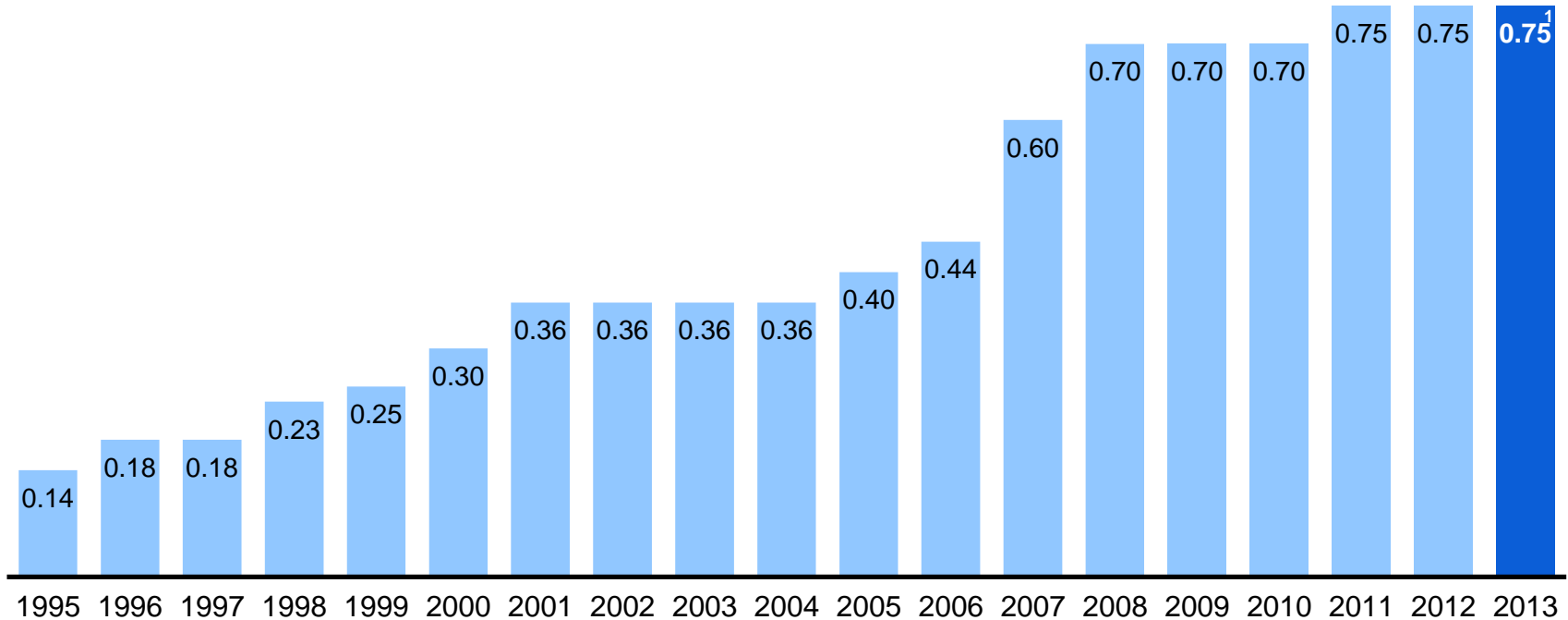


¹ Short term debt consists mainly of local credit facilities that are being rolled forward on a continuous basis

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 3rd, 2013

Update funded status pension plans (IFRS basis)

EUR million

	December 31, 2012 (re-stated for IAS19R)		March 31, 2013 (not reported)	
	Funded Status	Balance sheet position	Funded Status	Balance sheet position
Netherlands Pre-paid pension asset	777	0	1,142	0
Other major plans	(1,237)	<u>(1,823)</u>	(878)	<u>(1,716)</u>
Major plans	(460)	(1,823)	264	(1,716)
Minor plans	(202)	<u>(199)</u>	(199)	<u>(199)</u>
Total	(662)	<u>(2,022)</u>	65	<u>(1,915)</u>

- In Q1 2013, the funded status became positive due to discount rates of the main DB¹ plans going up by 15 bps and favorable equity markets, especially in the UK (NXP stake)
- 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 DB= Defined Benefit

² DBO= Defined Benefit Obligation

Disciplined Capital Use

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

Acquisitions at a glance

No acquisitions announced during the last 7 quarters

Healthcare

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

Consumer Lifestyle

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

Lighting

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

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Accelerate! change and performance program to unlock full potential faster

Dark blue indicates quarter over quarter improvement

<p>Customer Centricity</p>		<ul style="list-style-type: none"> • 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
<p>Resource to Win</p>		<ul style="list-style-type: none"> • Granular plans to increase number of BMC¹'s in which we are an outright leader • Increase performance adherence to plan per BMC > 80% • Execute on strategic workforce plan for growth markets • Targeted investment step-ups made (EUR 200 million) to gain market leadership
<p>End2End Execution</p>		<ul style="list-style-type: none"> • 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
<p>Growth and Performance Culture</p>		<ul style="list-style-type: none"> • Introduced new behaviors to drive new ways of working • Personal 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
<p>Operating Model</p>		<ul style="list-style-type: none"> • Simplify the organization and reduce overhead and support costs by EUR 1.1 billion • Implement the Philips Business System in the organization • Performance Management for BMC's implemented • Implement collaborative P&L between businesses & markets with clear accountability

Supported by strong change and program management office to ensure execution

¹ BMC = Business Market Combination



Accelerate!: Improvements in Q1 2013



- 800 leaders engaged globally in the 2013 Summit and embraced our 2017 Accelerate! roadmap and the Philips Business System
- Over 900 senior leaders have participated in change management programs to create a high-performance culture



- Functional transformations on track, cumulative savings of EUR 145 million collectively in IT, F&A and HR
- Overhead cost reduction program on track
 - EUR 549 million cumulative gross savings
 - EUR 78 million additional in Q1



- Customer service levels improved by around 25% on executed End2End projects
- First DfX¹ pilots demonstrate positive results



- Continued strong employee scoring on impact of Accelerate!
 - 86% on uptake of new behaviors
 - 85% of employees surveyed confirm that their local teams act to meet our Accelerate! team goals

¹ DfX stands for Design for X, where X can be cost, quality, manufacturing, etc.



Accelerate! is working deep in the organization

Market impact of improvement actions

Consumer LED Lighting : EMEA

By redesigning our End2End processes and combining the online go-to-market approach for both Consumer Lamps and Luminaires, we have realized strong growth in online sales and margins as seen from the initial results.



Avent “Natural Bottle” : Canada

Avent achieved a #1 position in Canada through a new Market-to-Order strategy with retailer Babies-R-Us. A new “touch and learn” component for store displays was developed so consumers would have an interactive learning experience.



Automotive LED Lighting : EMEA

The new End2End approach involving our innovation teams with carmakers at the initial stages of the design enabled us to sign our largest LED Automotive deal ever for a wide range of both premium and non-premium cars increasing our LED share in Automotive Lighting to more than 40%.



Healthcare Ultrasound : China

Created 3 new value segment Ultrasound systems to meet the specific needs of the Chinese physicians in level 2 and level 1 hospitals. Time-to-market reduction of 20% including SFDA approval¹. Tender received for the first 100 ClearVue 580s.

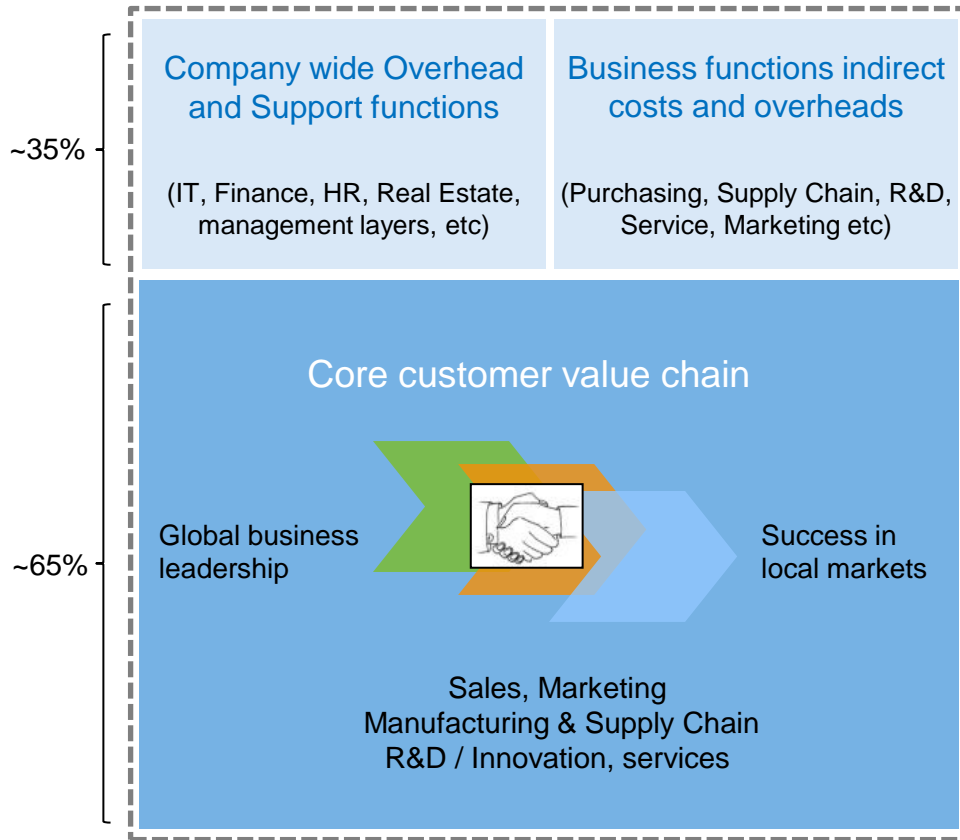


¹ Approved in February 2013



Cost reduction program targeting overhead & indirect costs will bring EUR 1.1 billion in savings

■ Cost reduction scope



Clear design principles

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



EUR 1.1 billion cost reduction program

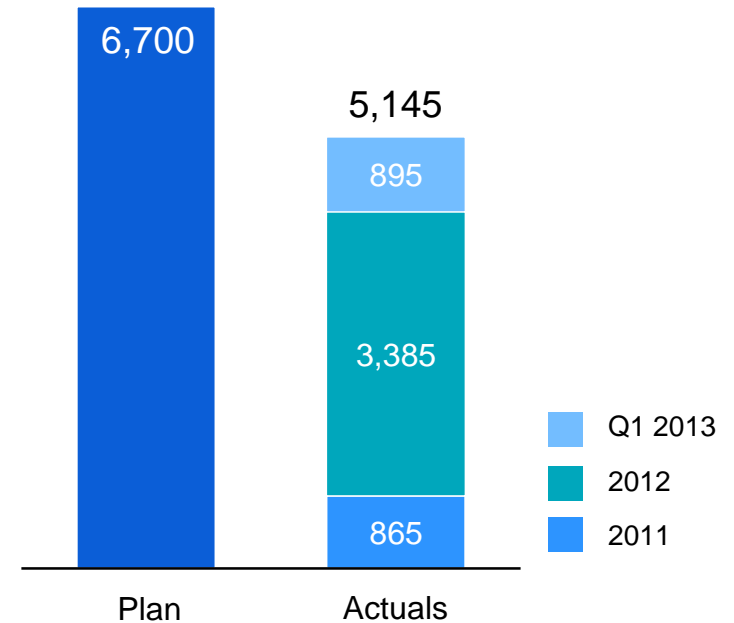
Program started in Q3 2011, expected to be completed by 2014

Cumulative gross savings					
EUR million	2011 Actual	2012 Actual	1Q13 Actual	2013 Plan	2014 Plan
TOTAL	25	471	549	900	1,100

Annual restructuring costs					
EUR million	2011 Actual	2012 Actual	1Q13 Actual	2013 Plan	2014 Plan
TOTAL	(37)	(249)	(13)	(125)	(60)

Annual investments					
EUR million	2011 Actual	2012 Actual	1Q13 Actual	2013 Plan	2014 Plan
TOTAL	(37)	(128)	(29)	(100)	(100)

Approximately 77% of the targeted 6,700 headcount reduction completed by Q4 2012



Note - The above figures include results related to the Audio, Video, Multimedia and Accessories business of : Cumulative gross savings up to Q1 2013 of EUR 43M, annual restructuring costs in 2012 of EUR 11M and EUR 3M in Q1 2013, investments of EUR 1M in Q1 2013 and a cumulative headcount reduction of 99 employees

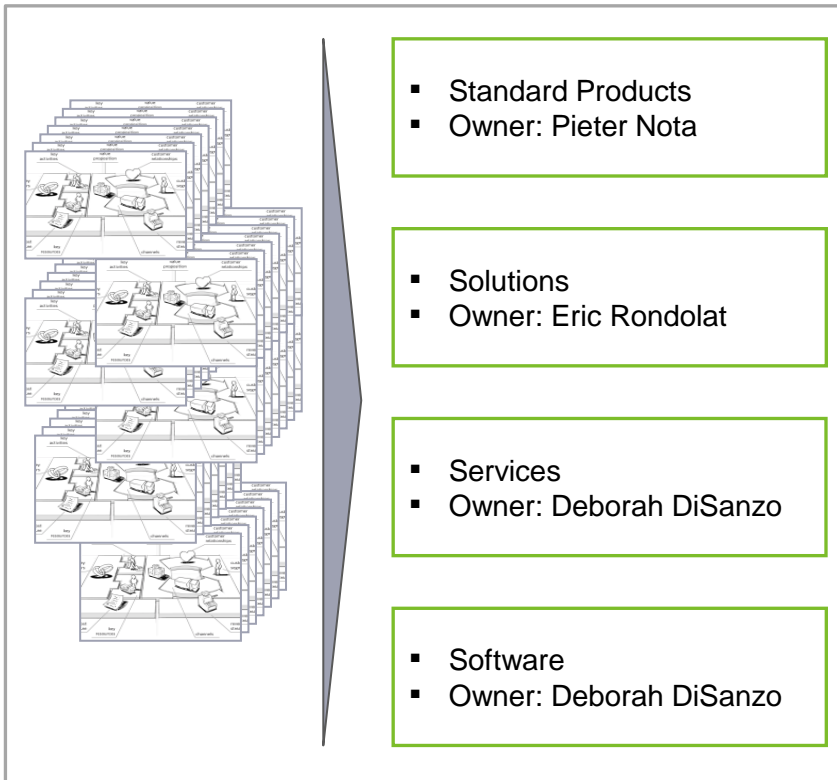
The plan for 2014 includes savings for the Audio, Video, Multimedia and Accessories business of EUR 57M and a headcount reduction of 99 employees



Overhauling our business model architecture

From 70+
business models

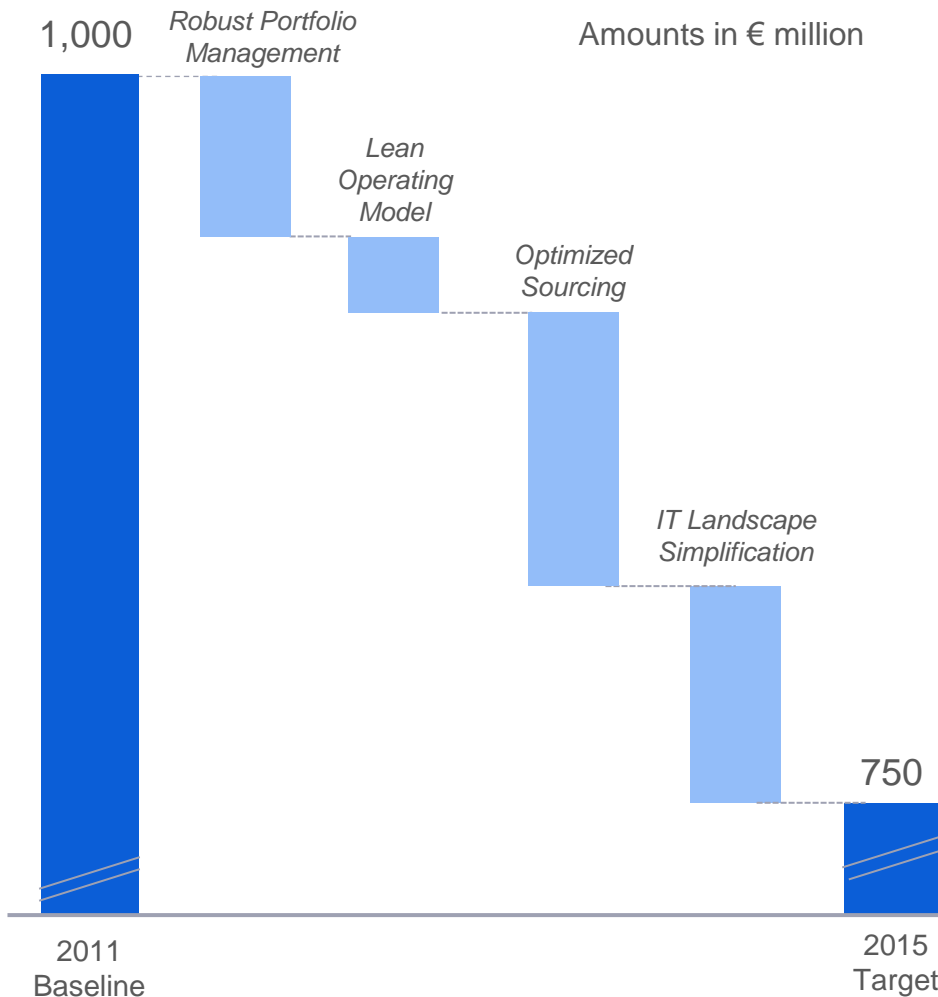
To 4 End2End
business models



- 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



Transforming IT: Reducing costs to < 3% of sales



- Drastic reduction in the number of systems
- Embedding IT fully in End2End business processes
- Running IT in a lean manner
- Moving to output-based solution delivery
- Deploying off-the-shelf IT solutions
- Ensuring all new IT investments have compelling business cases
- Cumulative savings EUR 94 million
- 25% reduction in cost by 2015

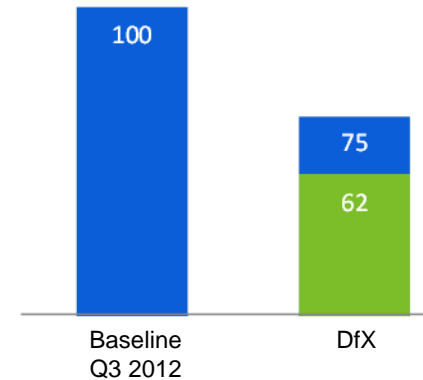


Applying DfX* in the product creation process

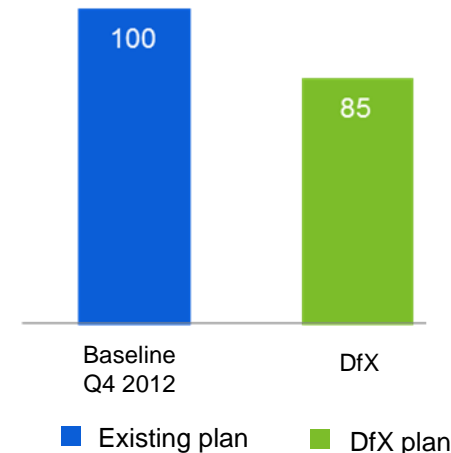
*Design for X; X = cost, quality, manufacturing etc.

- End2End approach to product creation, with one integrated team of procurement, 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 over 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



DfX effectiveness pilot for a mature product



Agenda

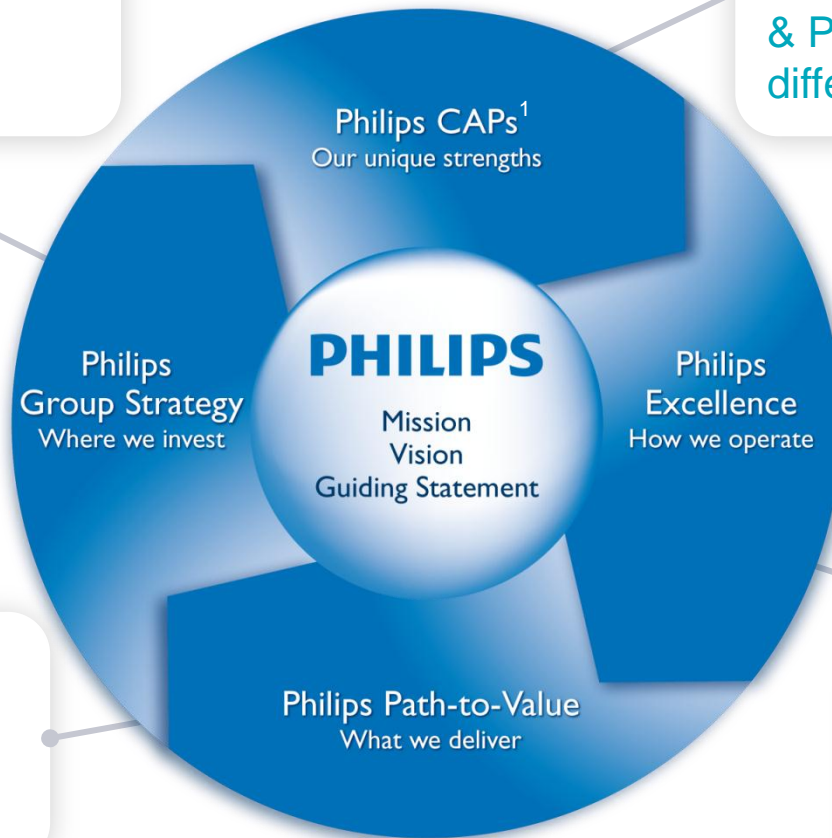
1. Management update
2. Group results Q1 2013
3. Accelerate! Change and performance
4. Philips Business System
5. Group and sector overview

Philips Business System

Our repeatable system to create value

We manage our portfolio with clearly defined strategies and allocate resources to maximize value creation

We strengthen and leverage our core Capabilities, Assets & Positions as they create differential value



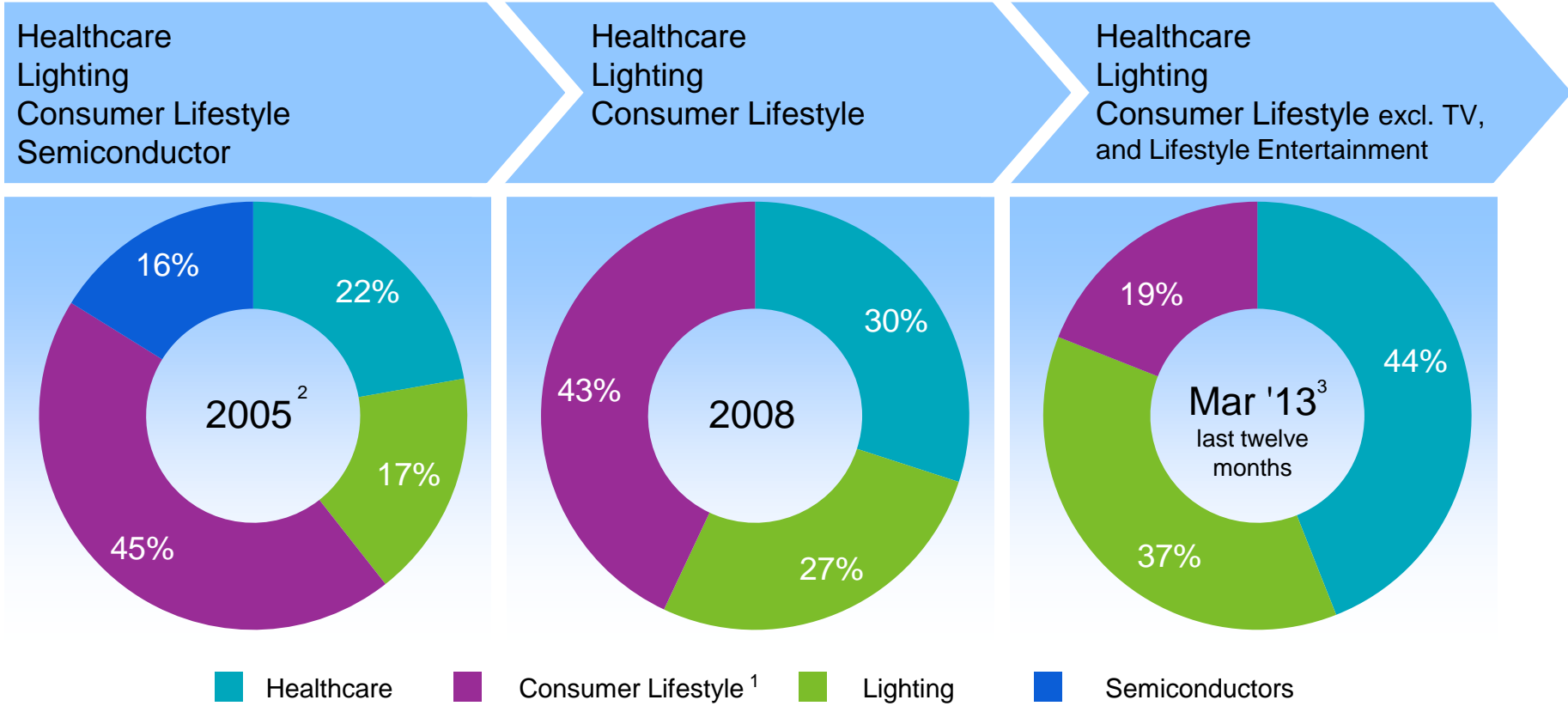
We execute business plans to deliver sustainable results on a credible Path-to-Value

We deliver excellence by applying our operating principles

¹ CAPs = Capabilities, Assets and Positions

Decisive portfolio management

Portfolio now consists of ~70% B2B businesses



Healthcare
Lighting
Consumer Lifestyle
Semiconductor

Healthcare
Lighting
Consumer Lifestyle

Healthcare
Lighting
Consumer Lifestyle excl. TV,
and Lifestyle Entertainment

Our portfolio has the right fundamentals for profitable growth

¹ Consumer Lifestyle in 2005 includes the former DAP and Consumer Electronics divisions
² 2005 figures are based on US GAAP
³ Last twelve months March 2013 figures are restated to exclude Lifestyle Entertainment

We are well positioned to benefit from societal trends

Global trends and challenges

Healthcare

- Ageing population leading
- Increase in patients managing chronic conditions
- Growth geographies¹ wealth creating demand
- Lifestyle changes, fueling cardiovascular illnesses and respiratory and sleeping disorders



Consumer Lifestyle

- Consumers focus on the health and well-being
- Rising middle class in growth geographies¹
- Back to basics: simple propositions
- Trusted brands combined with locally relevant portfolio



Lighting

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



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

Our Capabilities, Assets and Positions (CAPs)



Innovation capabilities

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



Global footprint

- Loyal customer base in 100+ countries
- 35% of group revenues from growth geographies¹



People

- Employee Engagement Index² exceeds high performance benchmark value of 70%
- Culturally diverse top-200 leadership team



Domain leadership

- Global market leader in Lighting
- Top 3 Healthcare player
- Leading Consumer Lifestyle brands: E.g. Philips, Sonicare, Avent, Saeco



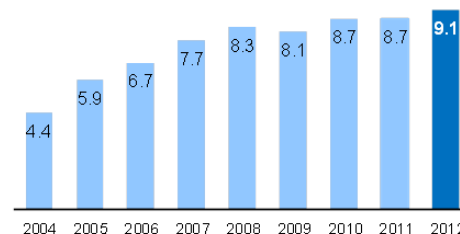
Solid balance sheet

- A3 rating by Moody's and A- by Standard & Poor's



Philips Brand

- World's 41st most valuable brand 2012 compared to the 65th in 2004. For the first time in history, our brand value reached a level of more than 9 billion USD



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

² Based on annual Philips' Employee Engagement Survey

We have strong leadership¹ 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

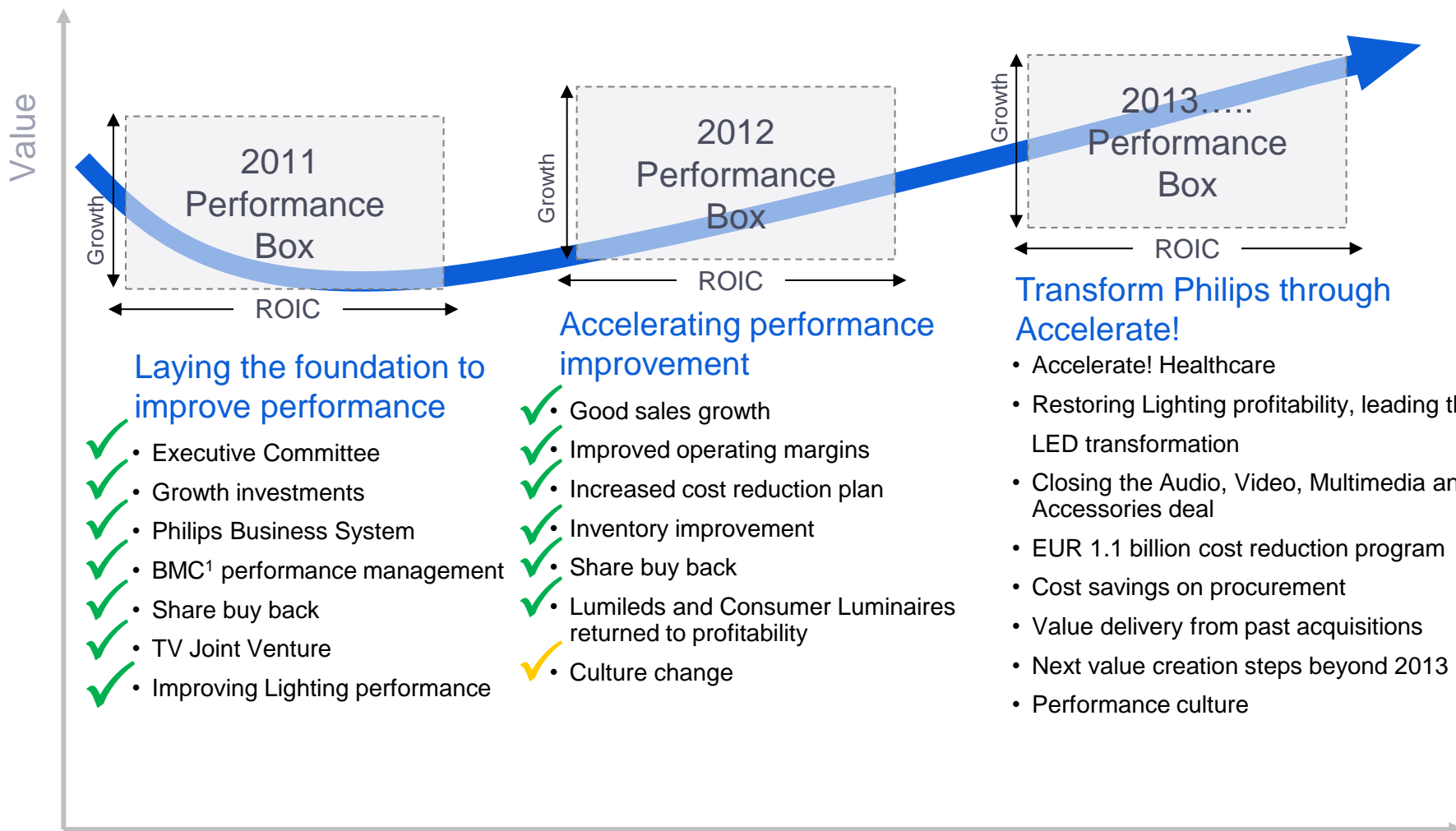


Global
Professional
Luminaires



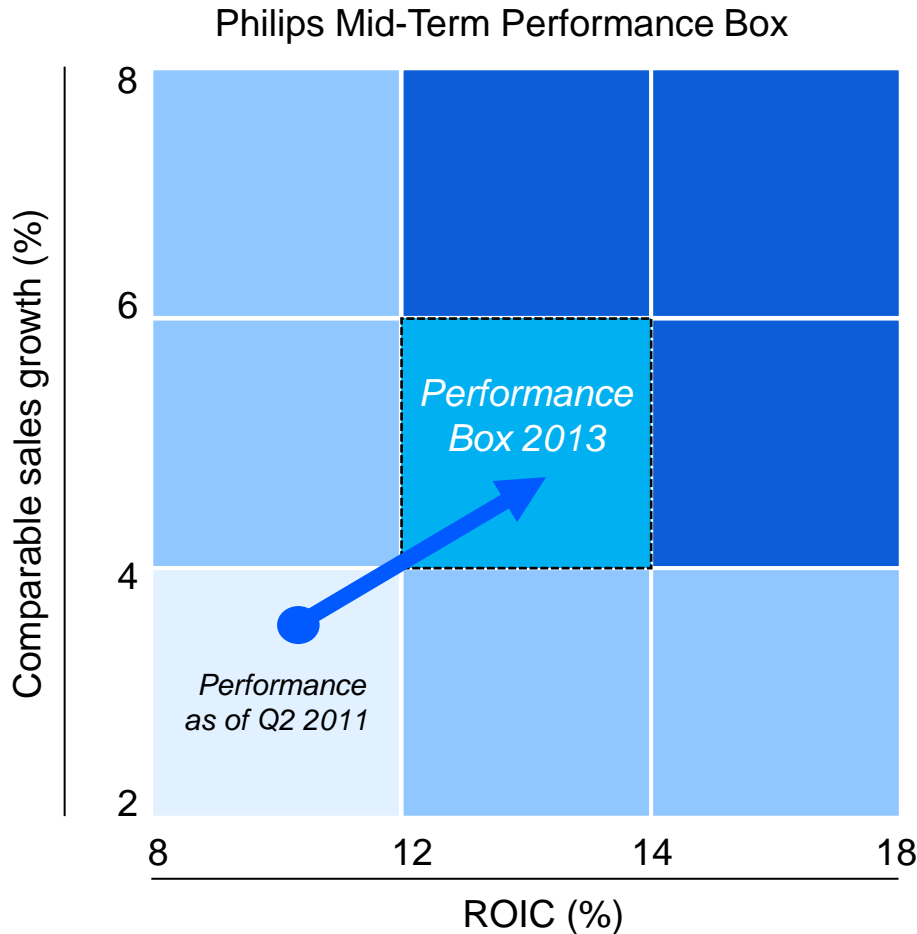
Global
High Power LEDs

Progressing on our Path-to-Value



✓ = Areas of ongoing focus in 2013
¹ BMC = Business Market Combination

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

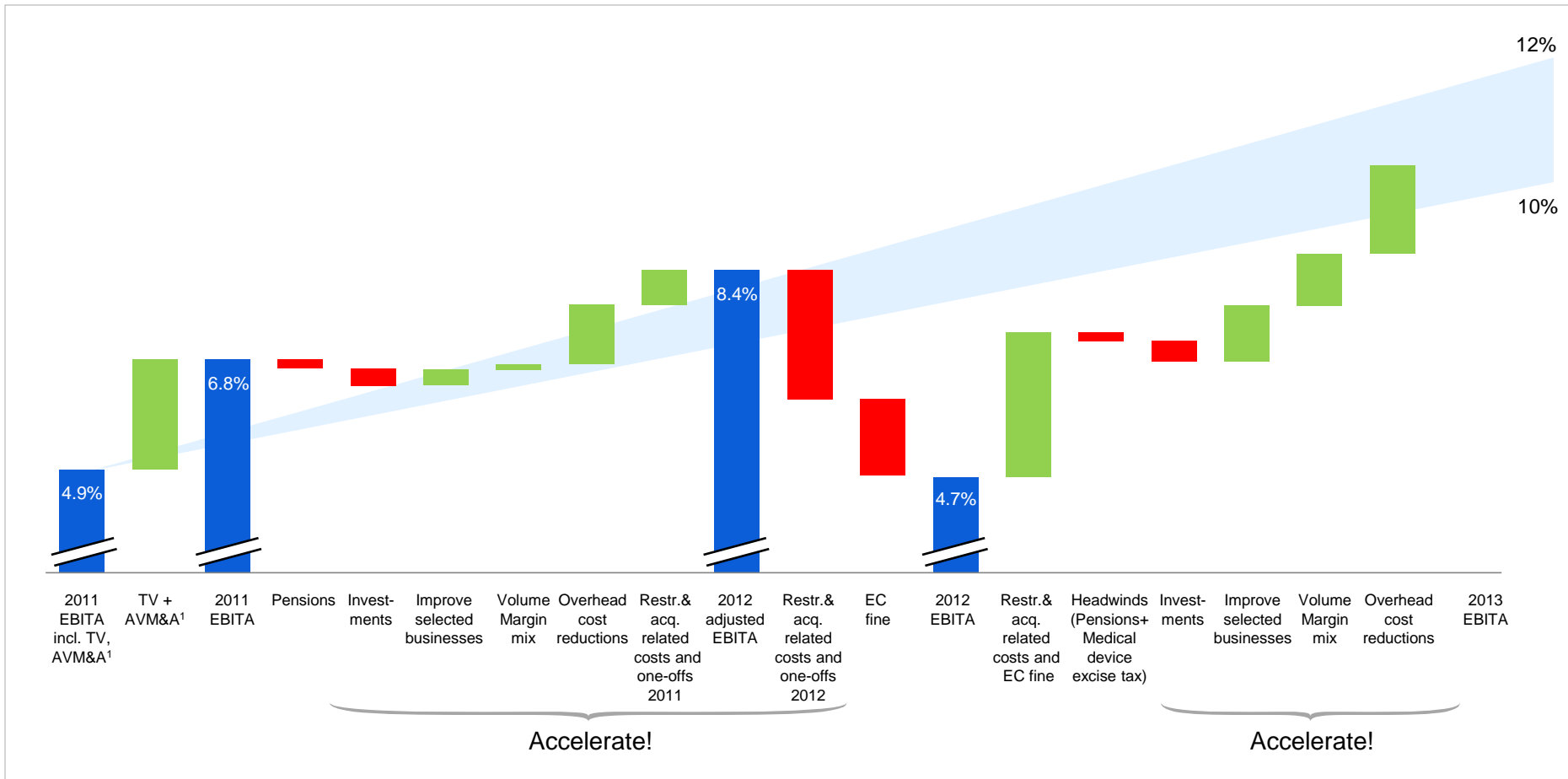


Mid-Term financial objectives (2013)

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

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

Our Path-to-Value 2011.....2013



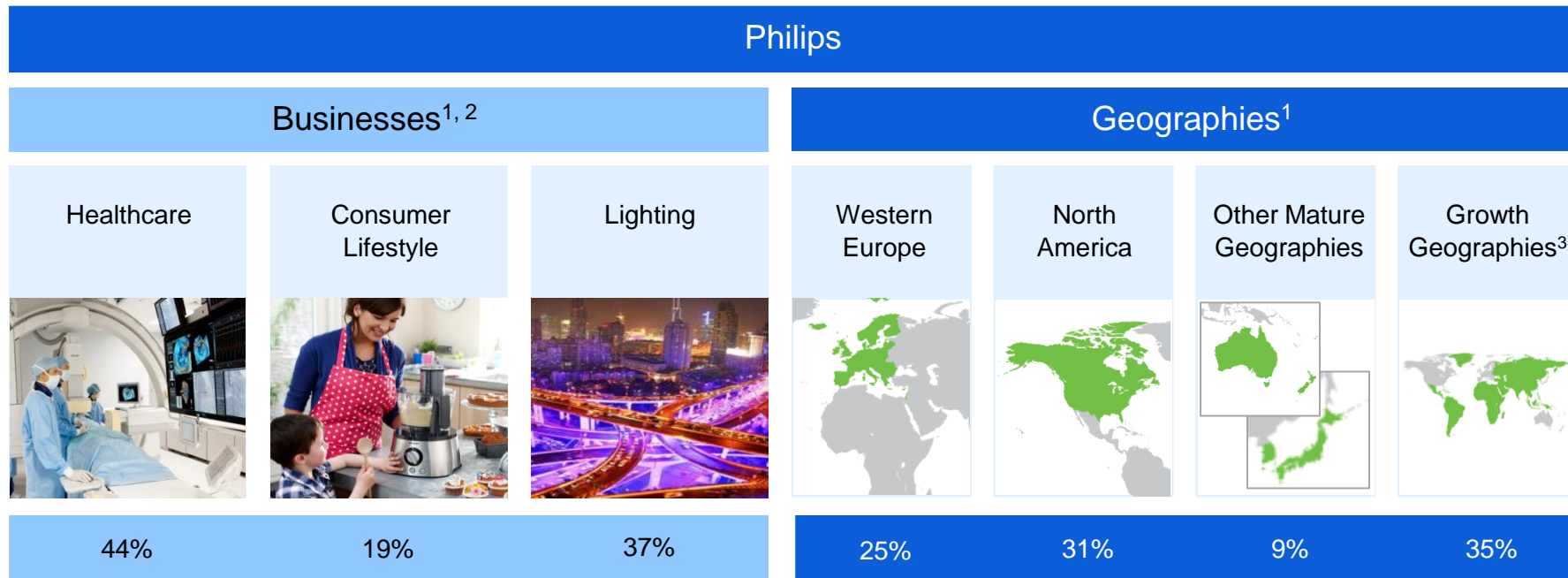
¹ AVM&A = Audio, Video, Multimedia and Accessories business

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 Q1 2013
3. Accelerate! Change and performance
4. Philips Business System
5. Group and sector overview

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



Since 1891

Headquarters in Amsterdam, the Netherlands

€23.5 Billion

Sales in 2012. Portfolio consists of ~70% B2B businesses

115,000+

People employed worldwide in over 100 countries

\$9.1 Billion

Brand value in 2012

8% of sales invested

in R&D in 2012
59,000 patent rights,
35,000 trademark rights,
81,000 design rights

¹ Last twelve months March 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")

Executive Committee



Frans van Houten
CEO



Deborah DiSanzo
CEO Healthcare



Ron H. Wirahadiraksa
CFO



Pieter Nota
CEO Consumer Lifestyle



Carole Wainaina
Chief HR Officer



Eric Rondolat
CEO Lighting



Ronald de Jong
Chief Market Leader



Jim Andrew
Chief Strategy & Innovation
Officer



Patrick Kung
CEO Greater China



Eric Coutinho
Chief Legal Officer

Sustainability as a driver for growth

Success of EcoVision

Green Products represented around 47%¹ of sales in 2012, up from 40%¹ 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 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
- Philips has been ranked number 7 on the annual list of 'Global 100 Most Sustainable Corporations in the World' issued by Corporate Knights – up 6 places from last year
- Philips was awarded sector and super sector leader in the Dow Jones Sustainability Index for the second consecutive year with highest scores ever
- Philips was ranked first for the fifth time in six years for Responsible Supply Chain Management by the Dutch Association of Investors for Sustainable Development (VBDO)
- Philips again achieved top scores in the Carbon Disclosure Project
- Top 50 position in Best Global Green Brands 2012

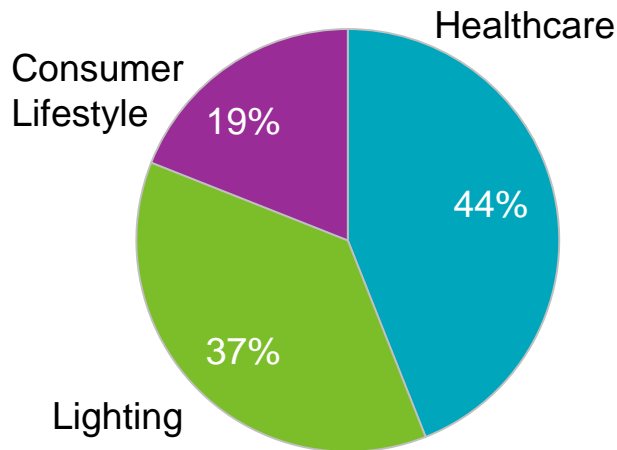
¹ Excluding the Audio, Video, Multimedia and Accessories business

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

Last twelve months

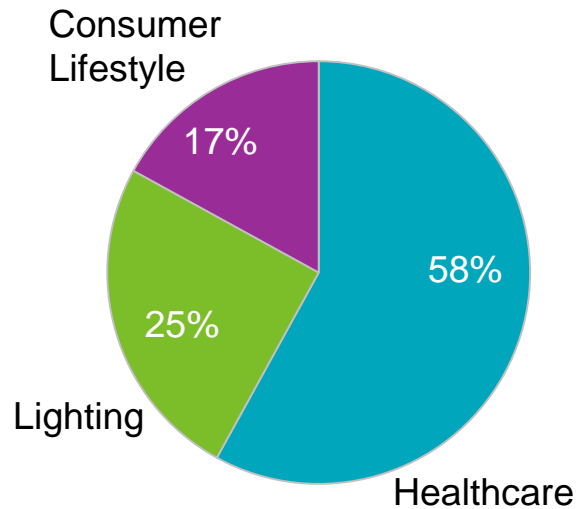
Sales

100% = EUR 22.7B¹



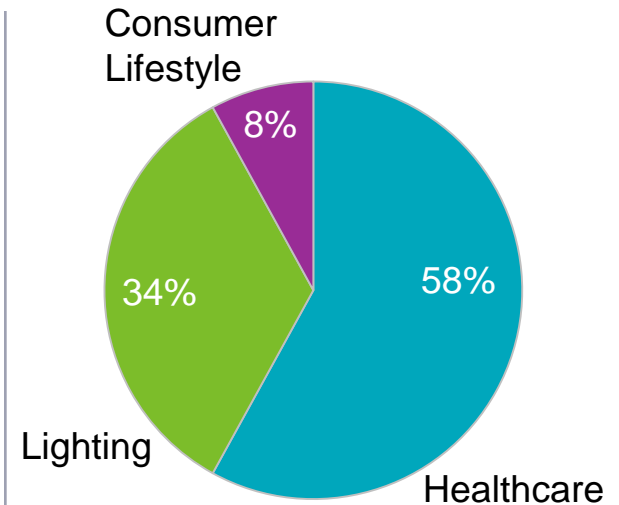
Adjusted EBITA

100% = EUR 2.4B^{1, 2}



Net Operating Capital

100% = EUR 13.6B¹



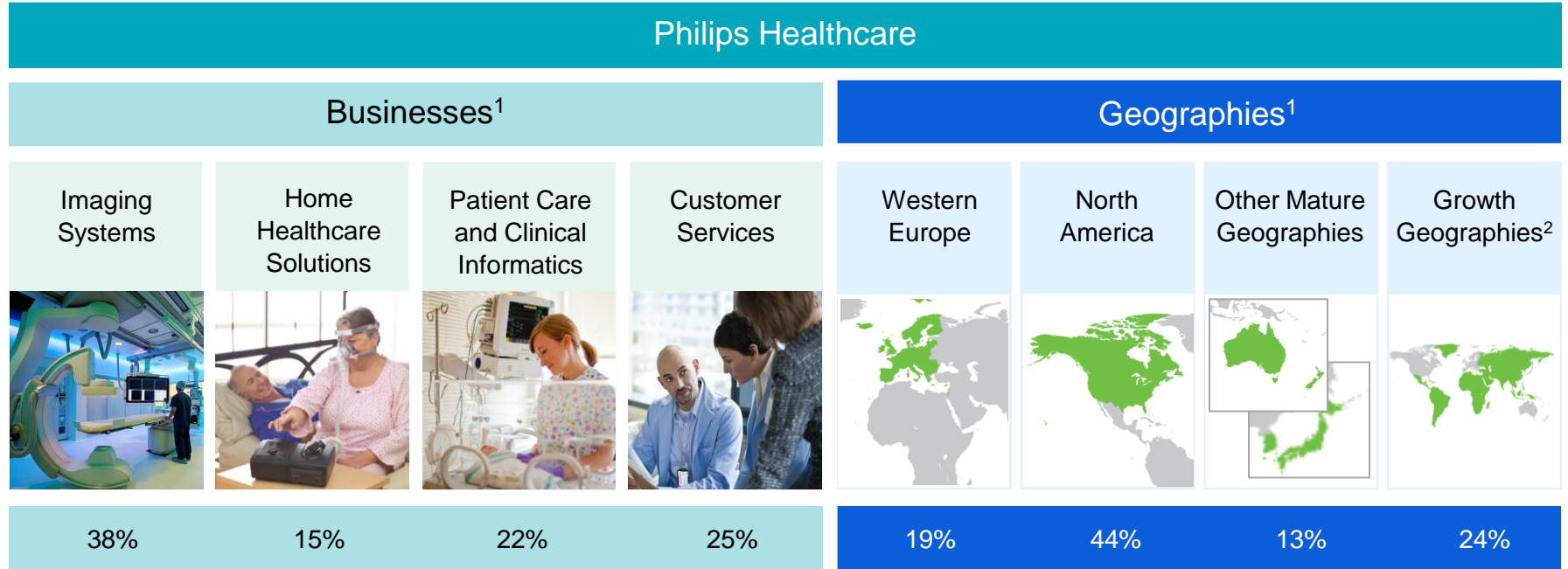
¹ Excluding Central sector (IG&S)

² EBITA adjustments based on the following gains/ charges: for Healthcare EUR (127)M, Consumer Lifestyle EUR (46)M and Lighting EUR (366)M

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

What we do. Where we are.



€10.0
Billion sales
in 2012

37,000+
People employed
worldwide in 100 countries

8%
of sales invested in R&D
in 2012

450+
Products & services
offered in over 100 countries

¹ Last twelve months March 2013

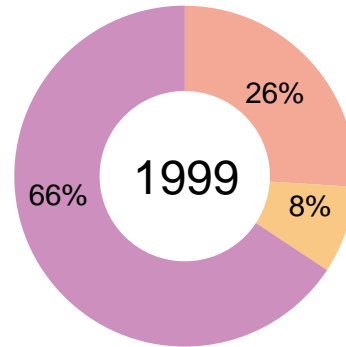
² Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

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")

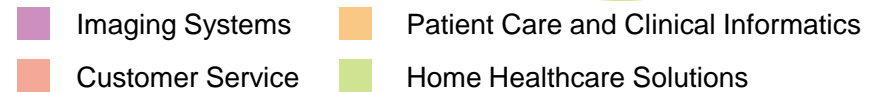
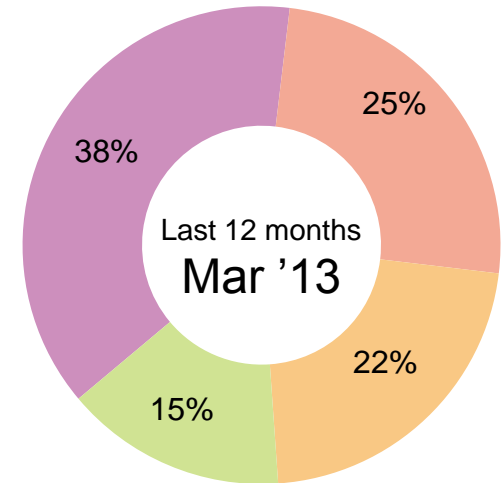
Healthcare: Accelerate performance

- Driving to co-leadership in Imaging Systems and leadership in Patient Care and Clinical Informatics
- Invest for leadership in growth geographies¹
- International expansion of the home healthcare business
- Drive operational excellence through Accelerate! to increase margins and reduce time-to-market

Total sales
EUR 2.5 billion



Total sales EUR 9.9 billion



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

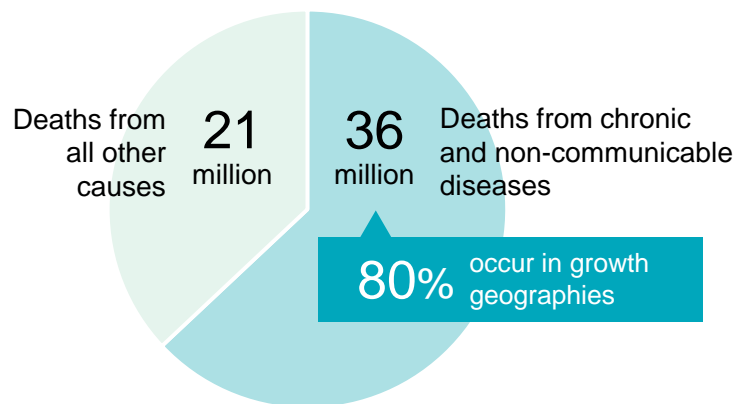
An aging population

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

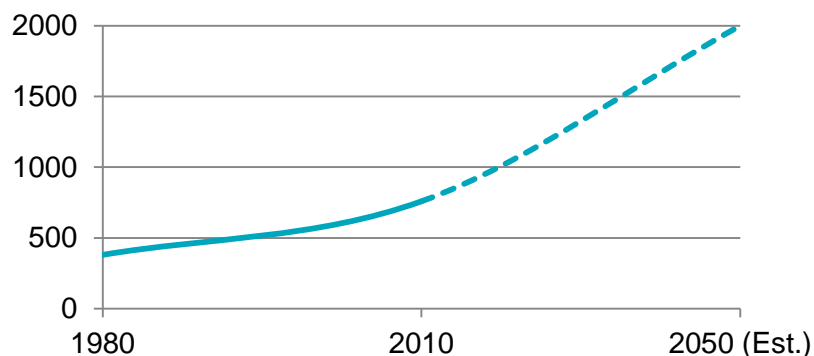
Access to care and clinician shortage

Recognized as one of the main obstacles to delivery of effective health services

Causes of death globally (2008)



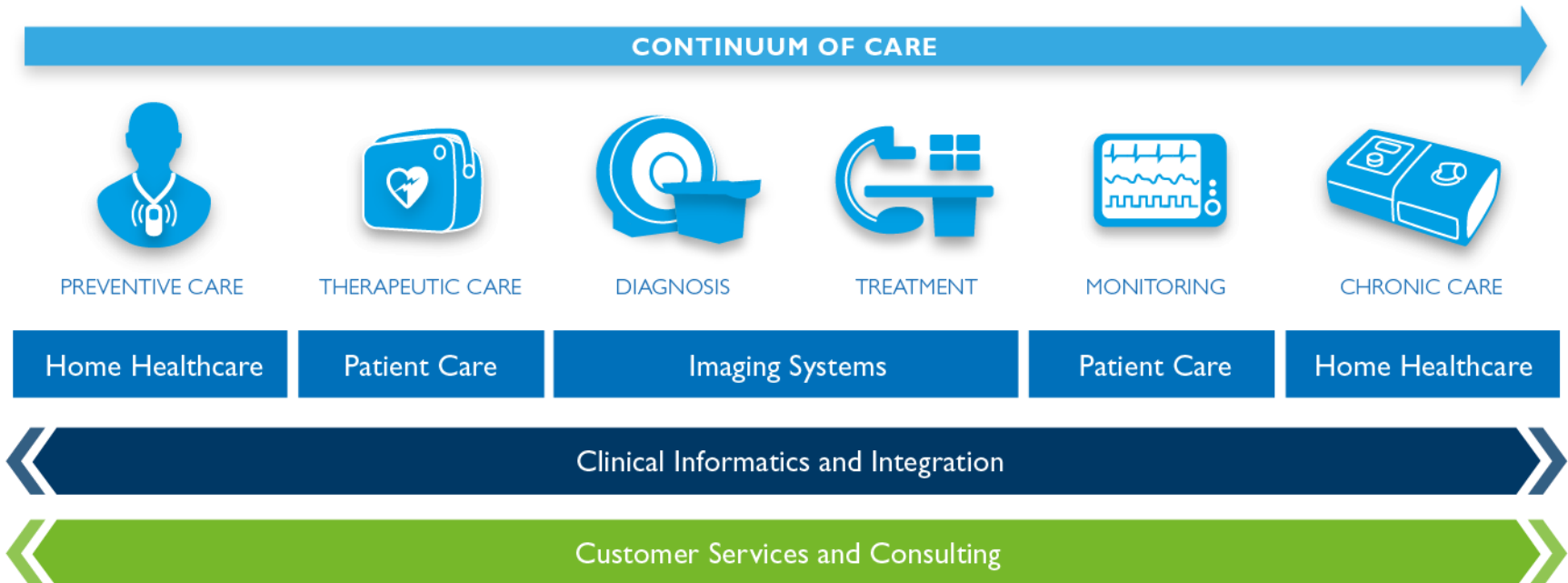
World population age 60+ (Millions)



Philips Healthcare Guiding Statement

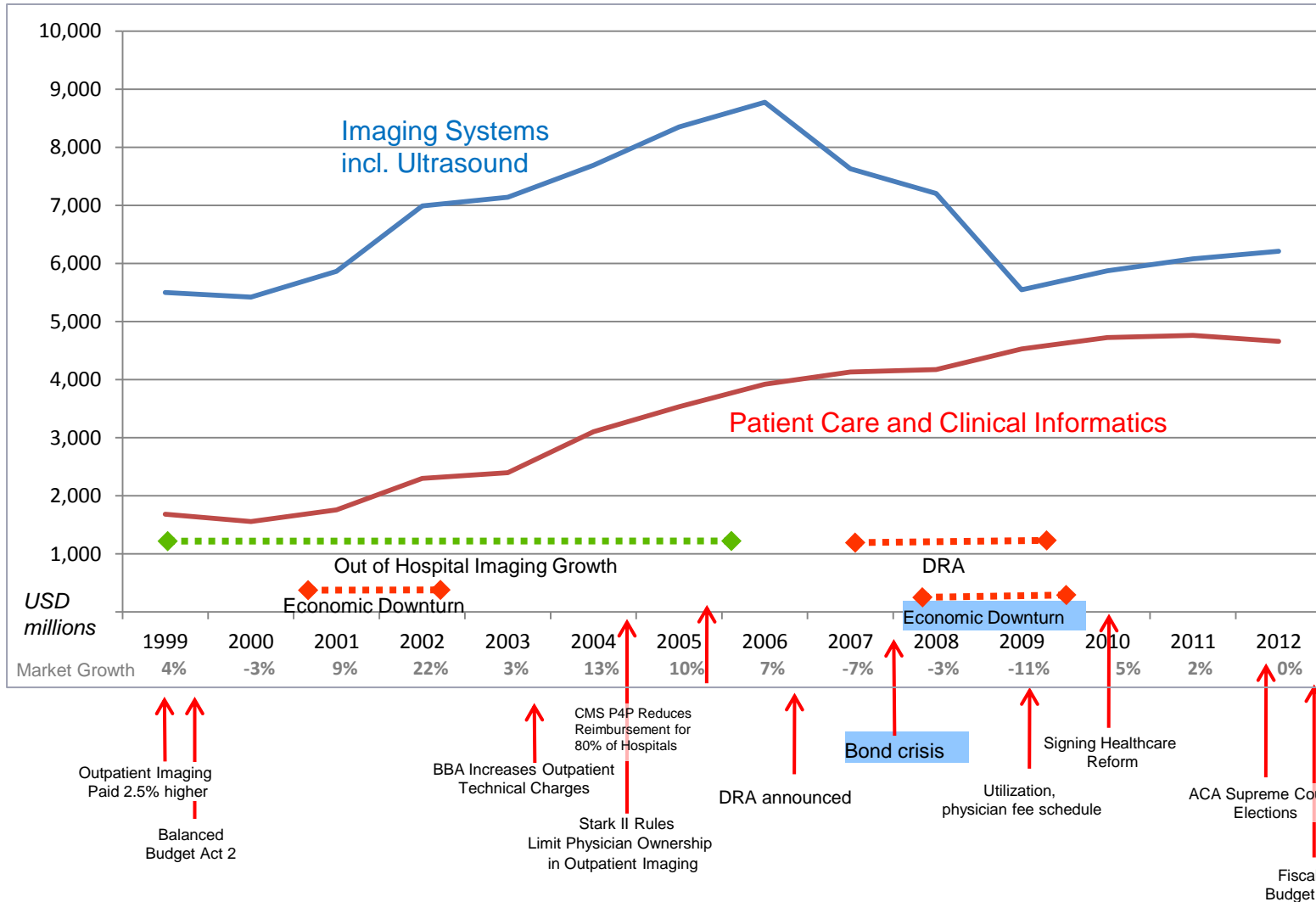
We are dedicated to creating the future of health care and saving lives.

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 historical market development

North America Market Size/ Growth and Impacts



Philips current expectation for the US Imaging Systems market for 2013-2015 is low- to mid-single-digit growth

Health care market developments in the US

Short Term

	Imaging Systems	Patient Care & Clinical Informatics	Home Healthcare Solutions
• Economic uncertainties	unfavorable	unfavorable	unfavorable
• Medical Device Excise Tax	unfavorable	unfavorable	N.A.
• CB2 ¹ in HHS	N.A.	N.A.	neutral
• Capital spending hospitals	unfavorable	positive	N.A.
• Sequestration	neutral	neutral	neutral
• Fiscal Cliff (utilization)	neutral	neutral	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	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	Includes 2% reduction in Medicare payments; Medicaid exempt; maximum impact on growth very minor with around ~3bps
Fiscal Cliff (utilization)	Increased utilization assumption for advanced imaging in non-hospital settings; impact negligible

¹ Competitive Bidding Round 2 in Home Healthcare Solutions

Health care market developments in the US

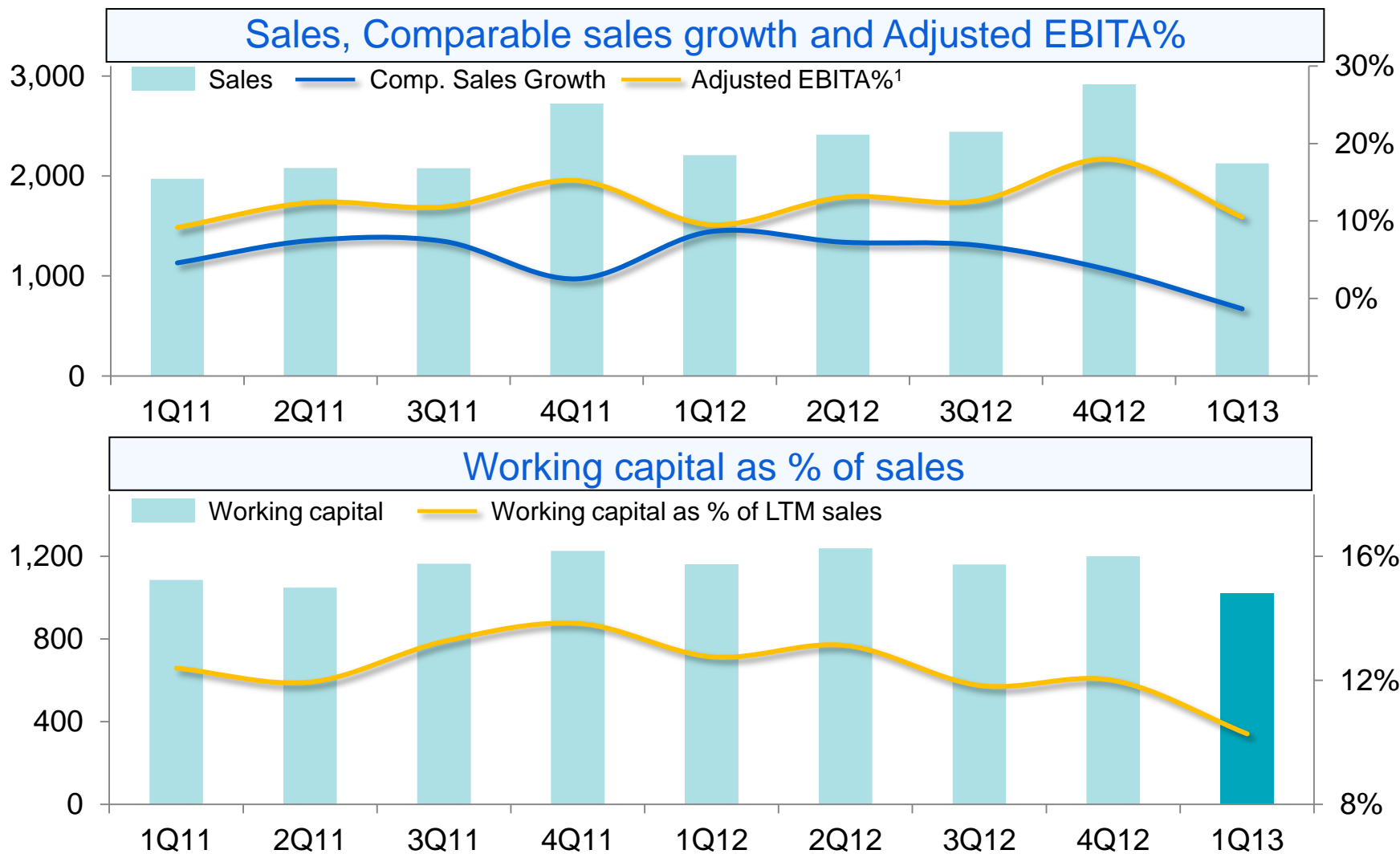
Mid- to Long Term

	Imaging Systems	Patient Care & Clinical Informatics	Home Healthcare Solutions
• Health care demographics	positive	positive	positive
• Aging of equipment base	positive	positive	positive
• Health care reform	neutral	positive	positive
• Meaningful use	neutral	positive	N.A.
• Improved care at lower cost	neutral	positive	positive

Health care reform (Affordable Care Act)	<ul style="list-style-type: none"> • 30 million additional patients into the health care system • Payments linked to quality improvements and lower integral patient cost vs current 'Fee for Service' model • Incentivizes more cost efficient care settings: 'Hospital-to-Home' • Overall, beneficial to Philips Healthcare
Meaningful use	Favorable to our PCCI business
Improved quality of care at lower cost	Reimbursement changes will increase need for solutions and consulting services; positive impact for our PCCI and HHS business; increased need for value offerings in Imaging Systems

Healthcare: Financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 89)

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")

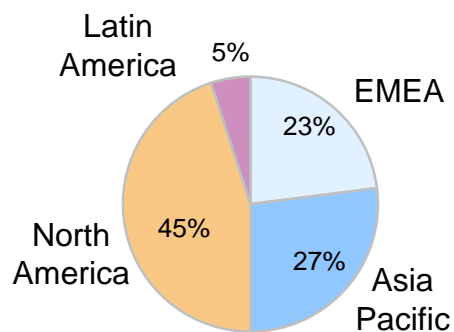
Healthcare: Q1 2013 Sector analysis

EUR million

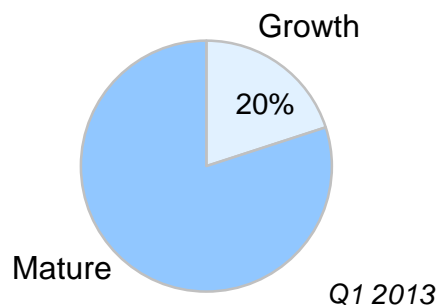
Key figures

	1Q12	4Q12	1Q13
Sales	2,209	2,918	2,127
<i>% sales growth comp.</i>	9	4	(1)
EBITA	202	411	222
<i>EBITA as % of sales</i>	9.1	14.1	10.4
EBIT	151	361	176
<i>EBIT as % of sales</i>	6.8	12.4	8.3
NOC	8,039	7,976	7,888
Employees (FTEs)	37,951	37,460	37,270

Sales per region



Growth Geographies¹



Financial performance

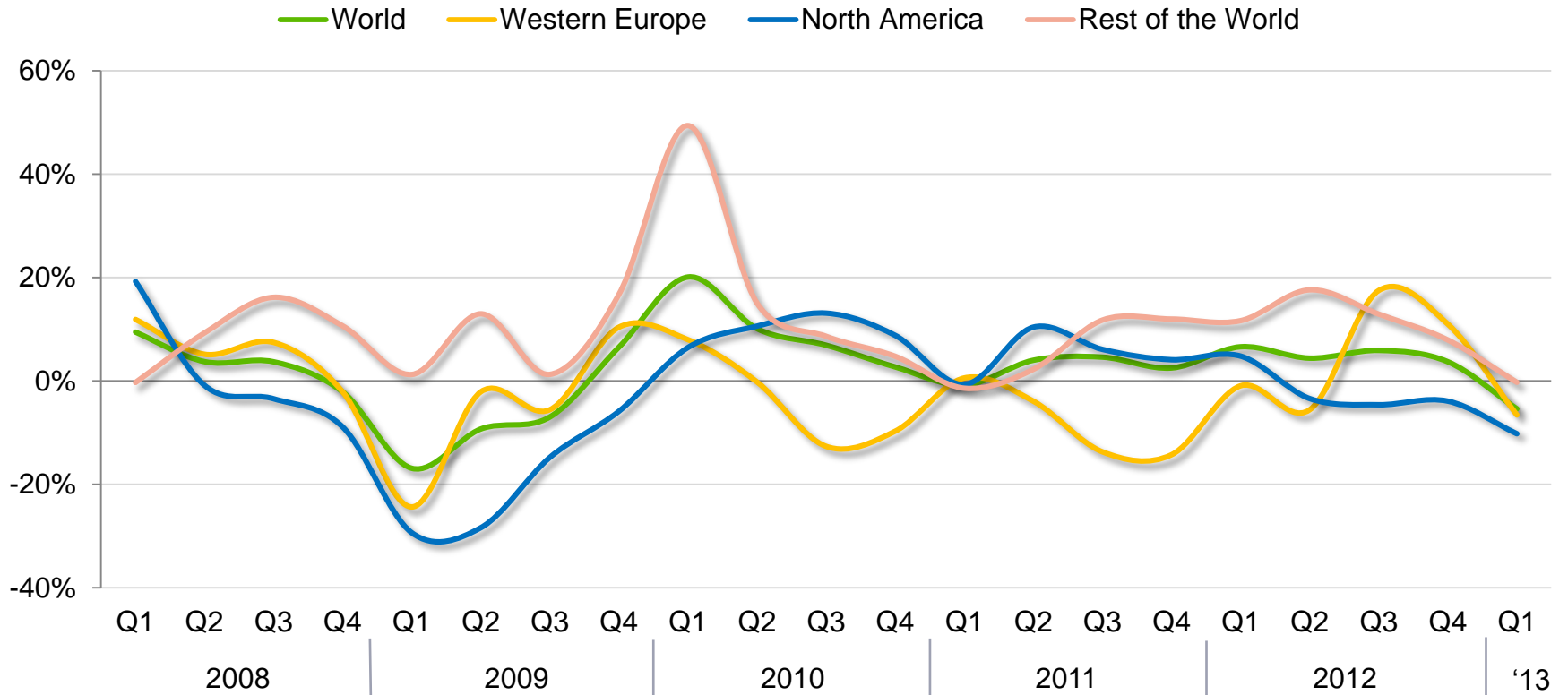
- Currency-comparable equipment order intake declined 5% year-on-year. Order intake at Patient Care & Clinical Informatics and Imaging Systems declined in the quarter. Equipment orders in Europe showed a high-single-digit decline due to weak markets in Western Europe. Orders in North America showed a double-digit decline, reflecting the continued market uncertainties. Equipment orders in growth geographies declined by 4%.
- Healthcare comparable sales declined by 1% year-on-year. Customer Services and Home Healthcare Solutions had low-single-digit growth, Patient Care & Clinical Informatics sales were flat and Imaging Systems sales had a high-single-digit decline. From a regional perspective, comparable sales in growth geographies decreased by 2%, with high-single-digit sales growth in China and low-single-digit growth in Latin America offset by double-digit declines in Russia, the Middle East and Central and Eastern Europe. Comparable sales in mature geographies decreased by 1%, with mid-single-digit declines in NA and Europe. Comp. sales in other mature geographies showed strong double-digit growth.
- EBITA was EUR 222 million, or 10.4% of sales, compared to EUR 202 million, or 9.1% of sales, in Q1 2012. The year-on-year improvement was driven by overhead cost reductions and gross margin improvements. Excluding restructuring and acquisition-related charges, EBITA grew to EUR 224 million, or 10.5% of sales, compared to EUR 211 million, or 9.6% of sales, in Q1 2012.
- Net operating capital, excluding a currency translation increase of EUR 184 million, decreased by EUR 335 million. The decrease was largely driven by improved working capital. Inventories as a percentage of sales improved by 2.0 percentage points year-on-year, with improvements seen across all businesses.

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")

Healthcare: Equipment order intake

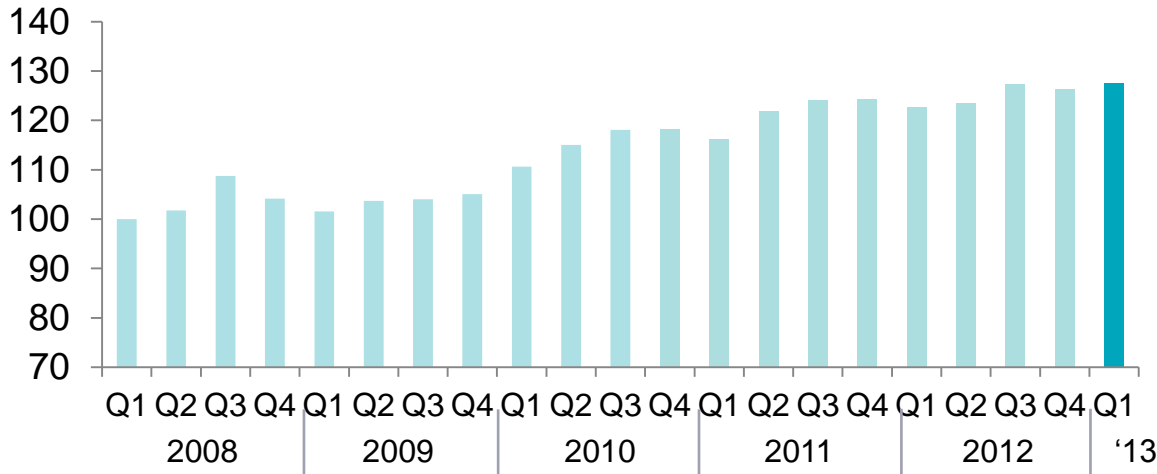
Quarterly currency adjusted equipment order intake



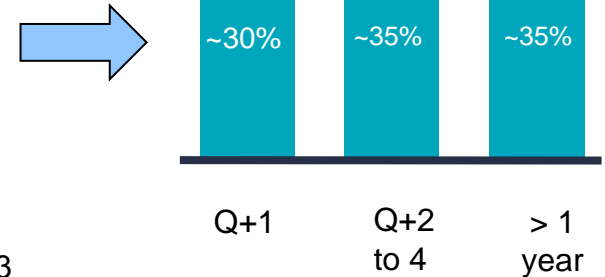
Currency adjusted order intake only relates to the Imaging Systems and Patient Care & Clinical Informatics businesses

Healthcare: Equipment order book

Indexed Equipment Order Book Development

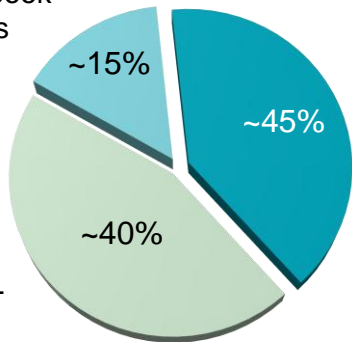


Typical profile of equipment order book conversion to sales



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

Equipment book and bill sales



Equipment sales from order book - Leading indicator of future sales

- Approximately 60-65% of the current order book results in sales within next 12 months

Consumer Lifestyle

What we do. Where we are.

Philips Consumer Lifestyle

Businesses^{1, 2}

Personal Care



34%

Health & Wellness



20%

Domestic Appliances



45%

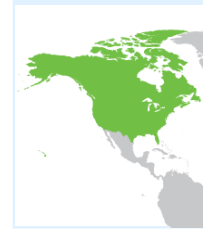
Geographies¹

Western Europe



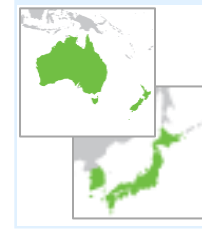
30%

North America



18%

Other Mature Geographies



6%

Growth Geographies³



46%

€4.3

Billion sales
in 2012

16,000+

People employed
worldwide

6%

of sales invested
in R&D in 2012

36%

of green product
sales in 2012

¹ Last twelve months March 2013

² Other category (1%) is omitted from this overview

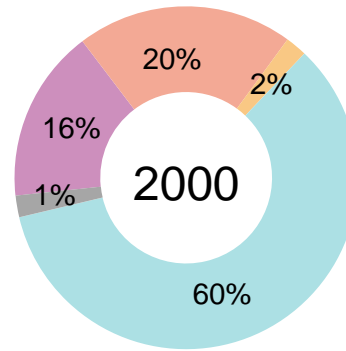
³ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

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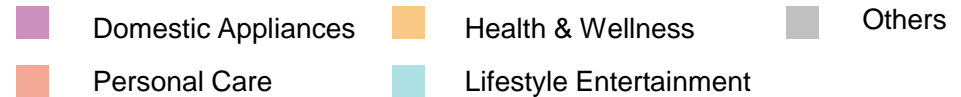
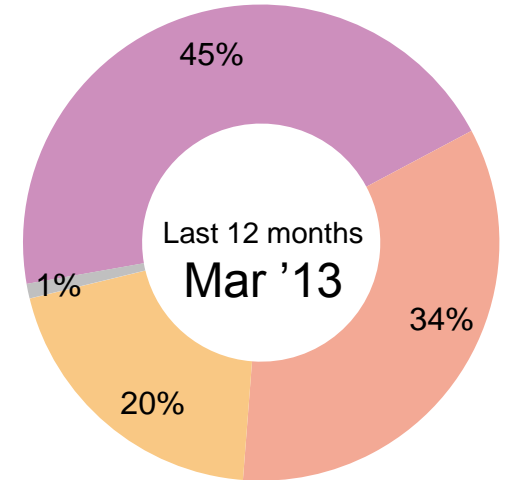
Consumer Lifestyle: Reshaping the portfolio towards growth

- Right-size the organization post TV JV and sale of the Audio, Video, Multimedia and Accessories business
- Continued growth in core businesses towards global category leadership
- Regional business creation; leverage acquisitions in China and India

Total sales
EUR 5.5 billion

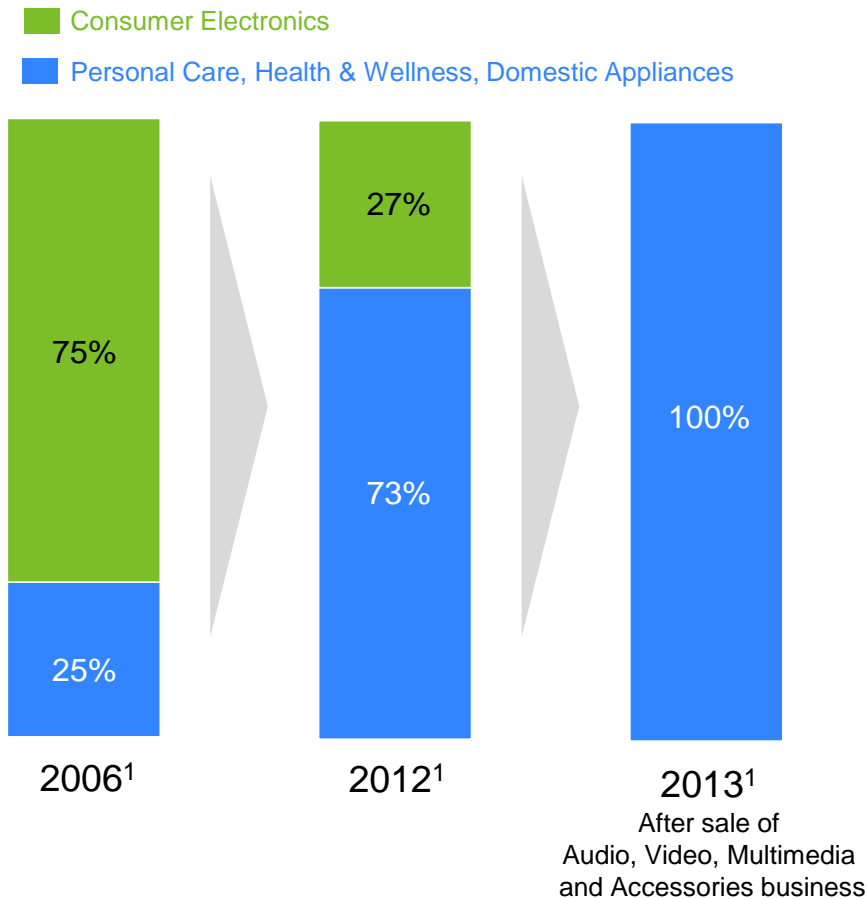


Total sales EUR 4.4 billion

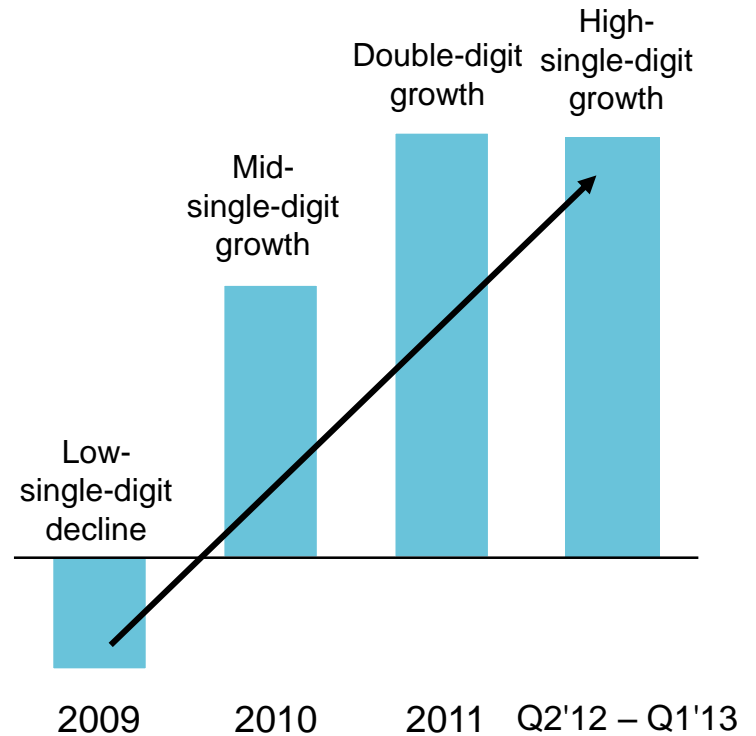


Focused portfolio in the Health and Well-being domain

We have exited Consumer Electronics



We see strong growth in the Consumer Lifestyle portfolio







¹ Excluding others

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")

Strong progress in driving scale and category leadership

Through innovation and customer intimacy, tapping into attractive profit pool
 Focusing on the following businesses:

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Personal Care</p>		<p><i>Male Grooming</i></p>	<ul style="list-style-type: none"> • 40% of SensoTouch and AquaTouch users recruited from blade • Increasing our leading position in the total Male Grooming market in key geographies • Further strengthening leadership in China by introducing new value propositions and expanding to lower tier cities
		<p><i>Beauty</i></p>	<ul style="list-style-type: none"> • Philips has #1 positions in hair care in growth geographies¹ • Philips is #1 in Intense Pulse Light hair removal, since Lumea launch • Active Care dryer strengthens #1 position of dryers in Europe
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Health & Wellness</p>		<p><i>Oral Healthcare</i></p>	<ul style="list-style-type: none"> • Increasing number of leadership positions² globally • Entering new channels, launching PowerUp in drugstores this quarter • Successful expansion into interdental cleaning with Airfloss
		<p><i>Mother & Childcare</i></p>	<ul style="list-style-type: none"> • Natural range launched, first consumer reviews are very positive • Significant value growth and an increase of premium sales share • Awards won in several countries from leading baby magazines

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

² #1 or #2 position

Source: GfK, Nielsen, ZYK

Strong progress in driving scale and category leadership

Through innovation and customer intimacy, tapping into attractive profit pool

Focusing on the following businesses:

Domestic Appliances



Kitchen Appliances

- Double-digit growth in 2012 driven by strong innovation impetus
- Acquisitions and local product creation drive a strong increase of new product offers
- Leadership in key markets strengthened through local relevance



Garment Care

- Optimal Temp Innovation confirms global leadership in steam generators
- Locally relevant innovations like steamers drive leadership in China and expand portfolio globally

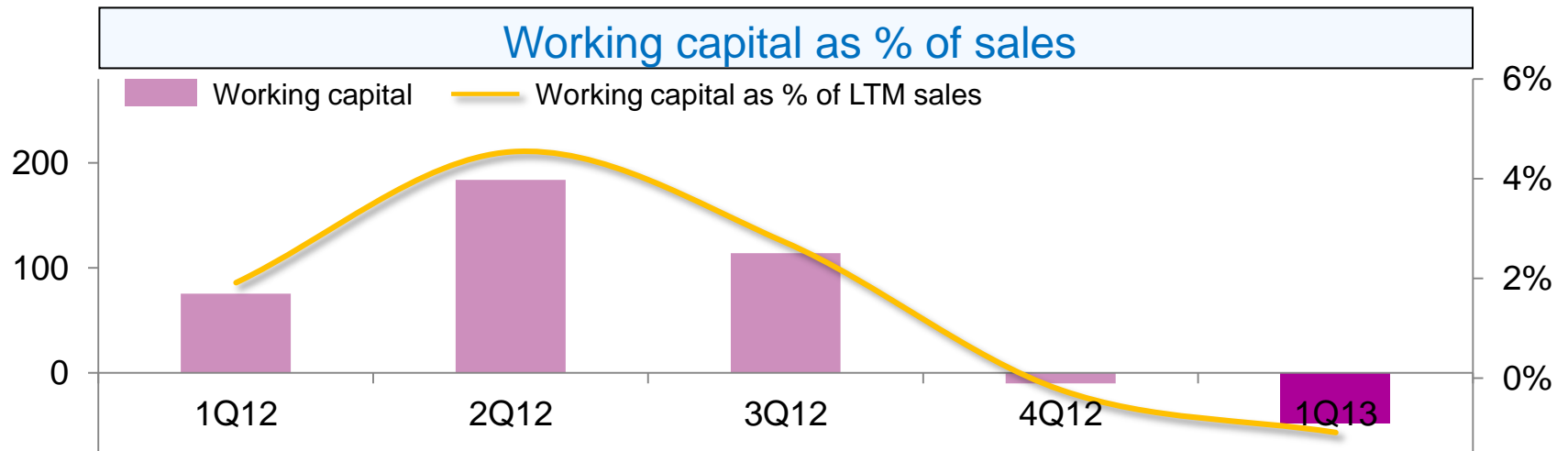
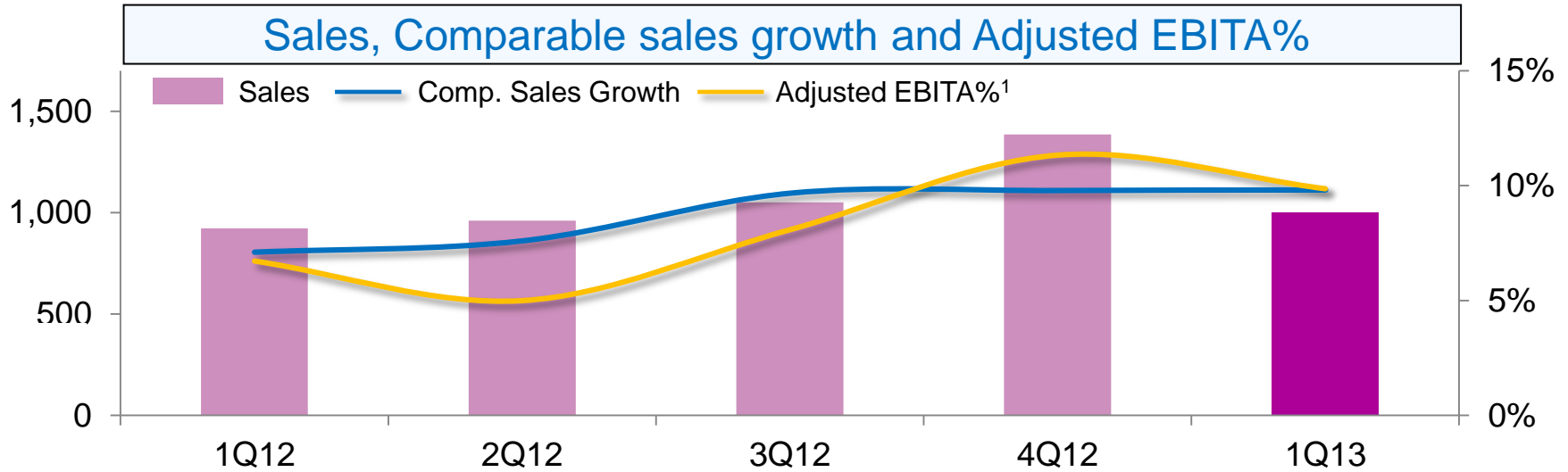


Coffee

- New, long-term agreement with D.E. Master Blenders 1753 to further strengthen the Senseo business
- Successful launch of new product innovations in Senseo, Dripfilter and Espresso

Consumer Lifestyle: Financials over the last 5 quarters

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 89)

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")

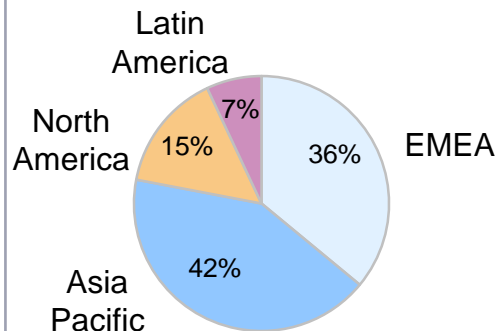
Consumer Lifestyle: Q1 2013 Sector analysis

EUR million

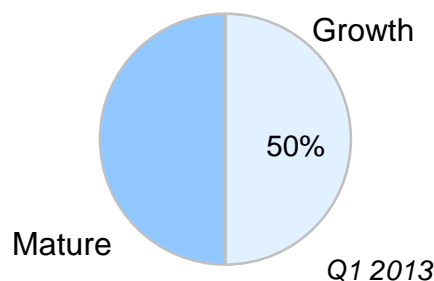
Key figures

	1Q12	4Q12	1Q13
Sales	923	1,385	1,003
<i>% sales growth comp.</i>	7	10	10
EBITA	211	127	98
<i>EBITA as % of sales</i>	22.9	9.2	9.8
EBIT	197	113	84
<i>EBIT as % of sales</i>	21.3	8.2	8.4
NOC	1,215	1,205	1,092
Employees (FTEs)	15,949	16,542	16,891

Sales per region



Growth Geographies¹



Financial performance

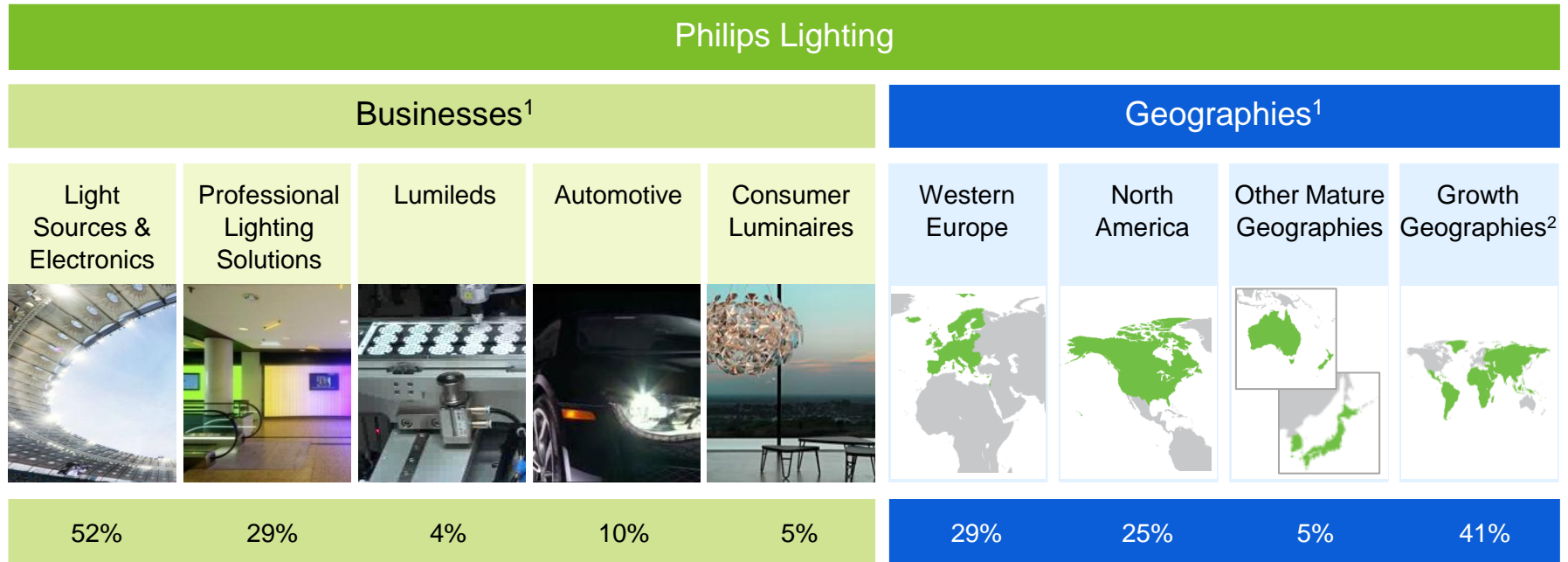
- Comparable sales were 10% higher year-on-year, driven by double-digit growth at Domestic Appliances, high-single-digit growth at Personal Care, and mid-single-digit growth at Health & Wellness. From a regional perspective, Consumer Lifestyle achieved a strong double-digit comparable sales increase in growth geographies, mid-single-digit growth in NA, and low-single-digit growth in Western Europe and other mature markets.
- EBITA amounted to EUR 98 million, compared to EUR 211 million in Q1 2012, which included a EUR 160 million gain on the Senseo transaction. EBITA in Q1 2013 included restructuring and acquisition-related charges of EUR 1 million (Q1 2012: EUR 11 million) and EUR 7 million of net costs formerly reported as part of the Audio, Video, Multimedia and Accessories business in Consumer Lifestyle (Q1 2012 included EUR 8 million related to the Audio, Video, Multimedia and Accessories business and EUR 14 million related to the Television business).
- Excl. restructuring and acquisition-related charges and the Q1 2012 gain on the Senseo transaction, EBITA increased by EUR 37 million to EUR 99 million, or 9.9% of sales, compared to EUR 62 million, or 6.7% of sales, in Q1 2012. The EBITA improvement was driven by higher gross margin across all businesses and the elimination of stranded costs related to the Television business.
- Net operating capital decreased by EUR 123 million year-on-year, largely driven by lower working capital requirements. Inventories as a percentage of sales on a comparable basis (excluding the Audio, Video, Multimedia and Accessories business reported in Q1 2012) improved from 12.8% to 11.4%.
- Compared to Q1 2012, the number of employees increased by 942, due to increased production requirements at Domestic Appliances and Personal Care, mainly 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")

Lighting

What we do. Where we are.



€8.4

Billion sales
in 2012

49,000+

People employed
worldwide in 60 countries

5%

of sales invested
in R&D in 2012

80,000+

Products & services
offered in 2012

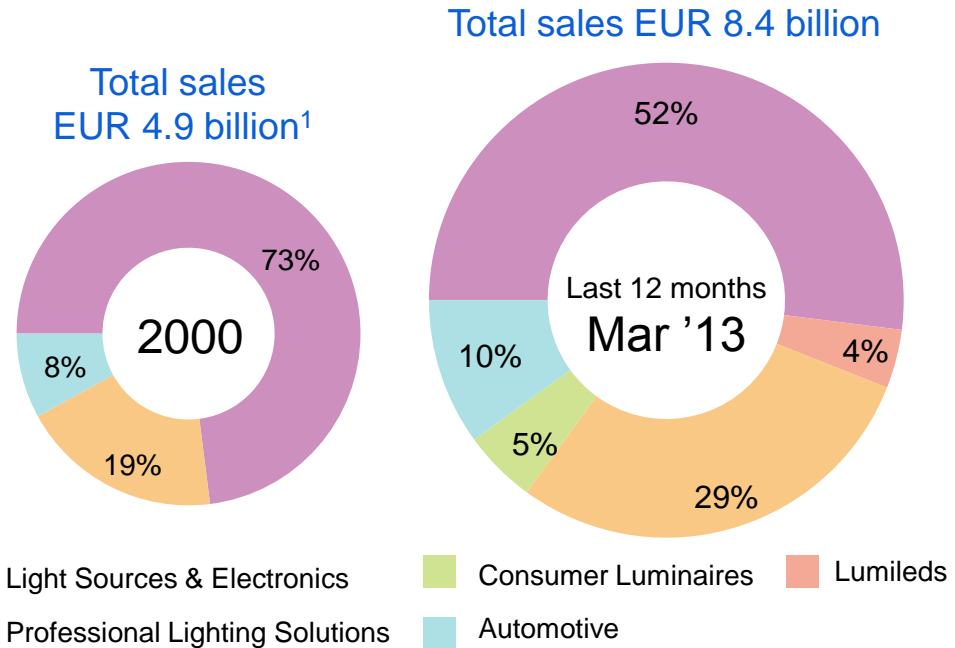
¹ Last twelve months March 2013

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")

Lighting: Improve profitability on the path to LED and solutions

- Accelerate transformation to LED, applications and solutions
- Strengthen performance management and execution
- Address cost base and margin management
- Consumer Luminaires and Lumileds to be profitable in 2013



¹ Excluding batteries EUR 0.2 billion



We increase our focus towards the people we serve

Further strengthening our global leadership in Lighting



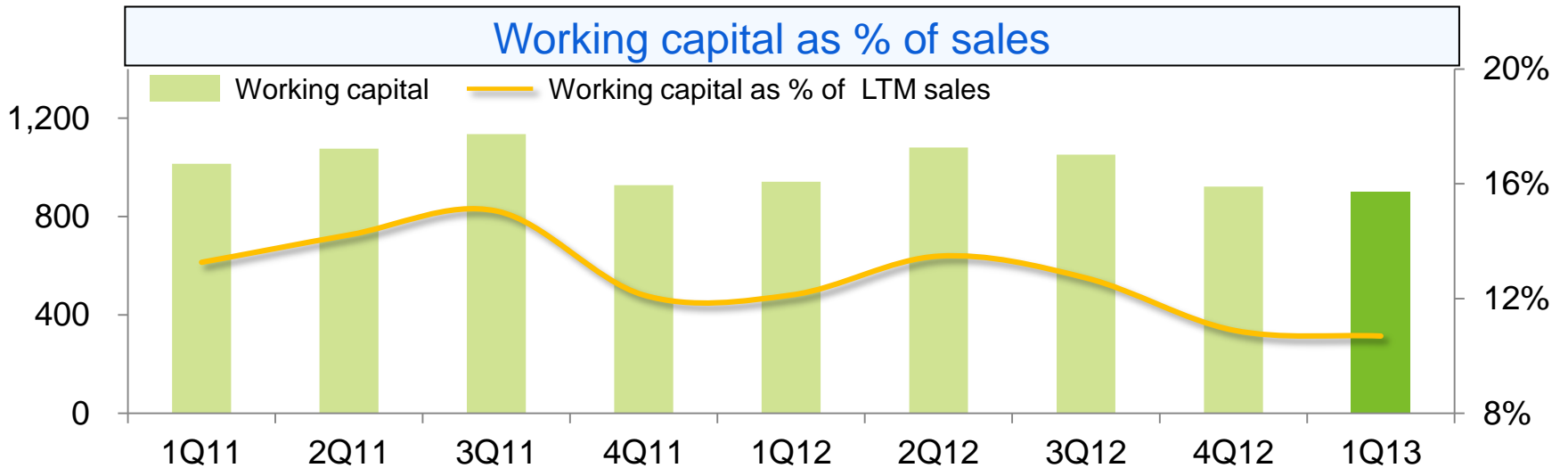
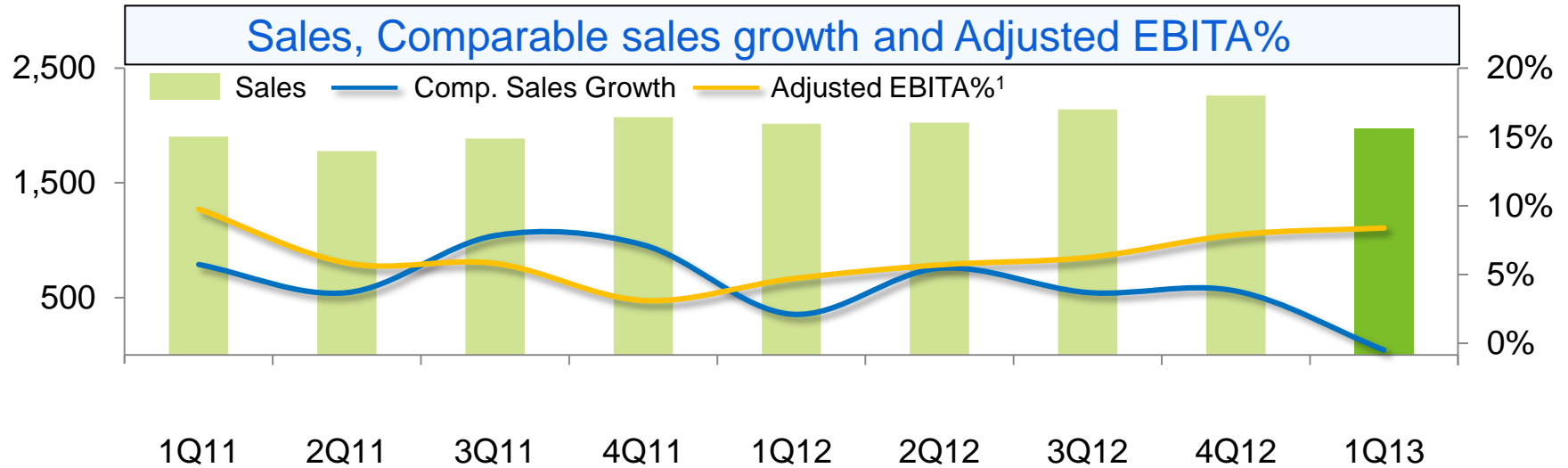
- ~ 75% of Lighting sales is B2B
- ~ 25% of the Lighting portfolio is LED lighting

¹ Indicative split based on last twelve months March 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



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 89)

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")

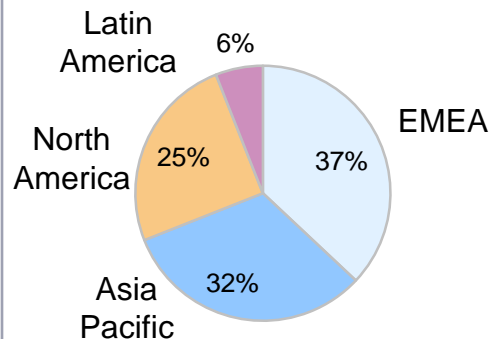
Lighting: Q1 2013 Sector analysis

EUR million

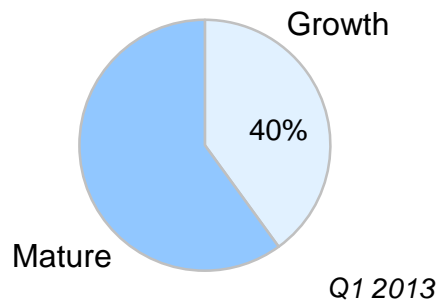
Key figures

	1Q12	4Q12	1Q13
Sales	2,015	2,262	1,975
<i>% sales growth comp.</i>	2	4	0
EBITA	46	(28)	147
<i>EBITA as % of sales</i>	2.3	(1.2)	7.4
EBIT	2	(88)	110
<i>EBIT as % of sales</i>	0.1	(3.9)	5.6
NOC	5,004	4,635	4,664
Employees (FTEs)	53,169	50,224	49,404

Sales per region



Growth Geographies¹



Financial performance

- Lighting comparable sales were in line with Q1 2012 as double-digit growth at Lumileds and mid-single-digit growth at Automotive were offset by declines in the other businesses. From a regional perspective, a 2% increase in comparable sales (excluding the OEM Lumileds sales) in growth geographies was offset by a decrease in mature geographies. Comparable LED-based sales grew 38% compared to Q1 2012 and now represent 23% of Lighting sales.
- EBITA amounted to EUR 147 million, compared to EUR 46 million in 2012, and included restructuring and acquisition-related charges of EUR 19 million (Q1 2012: EUR 24 million). In Q1 2012, EBITA was also impacted by a EUR 25 million loss on the sale of industrial assets. Excluding restructuring and acquisition-related charges and the loss on the sale of industrial assets in Q1 2012, EBITA was EUR 166 million, or 8.4% of sales, compared to EUR 95 million, or 4.7% of sales, in Q1 2012. The improvement was driven by a lower bill of materials, including lower phosphor prices as well as overhead cost savings.
- Net operating capital, excluding a currency translation increase of EUR 142 million, decreased by EUR 482 million year-on-year. The decrease was largely driven by improved working capital and an increase in provisions related to restructuring. Inventories as a percentage of sales improved by 1.0 percentage point year-on-year.
- Compared to Q1 2012, the total number of employees decreased by 3,765, mainly driven by the rationalization of the industrial footprint and overhead cost reductions.

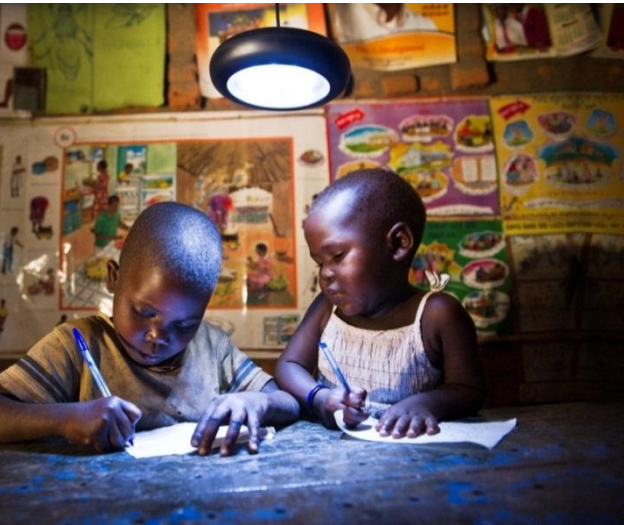
¹ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

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")

Three mega trends provide a huge opportunity

The world needs....

more light



more energy-efficient light



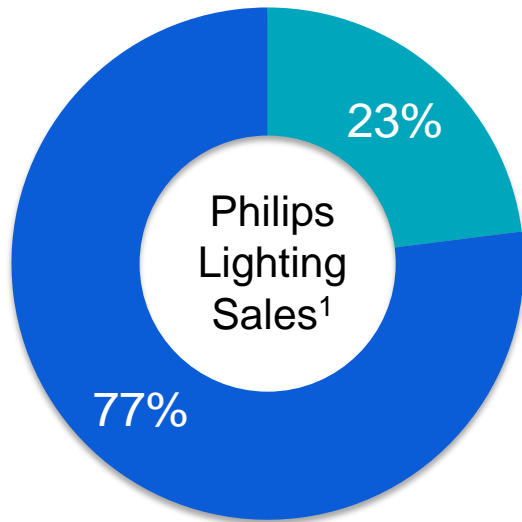
digital light



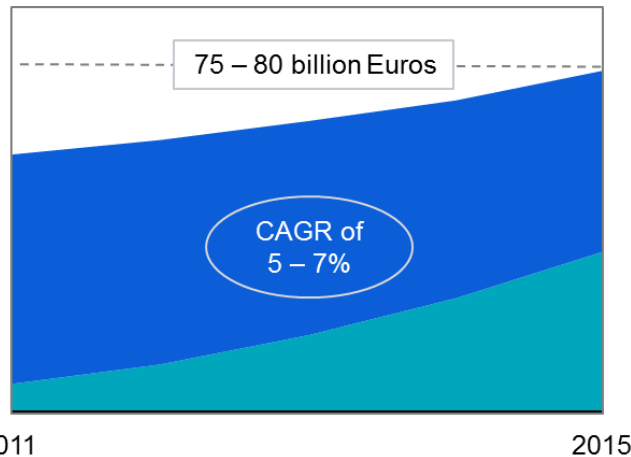
...and we are changing the game

The LED revolution

Digital lighting is transforming the entire landscape



LED lighting expected to be around 45% of the market by 2015²



- Conventional lighting
- LED lighting

¹ Last twelve months March 2013

² Excluding Automotive Lighting and LED components market

Source: Philips Lighting global market study 2010, updated for 2011



The leading global lighting company

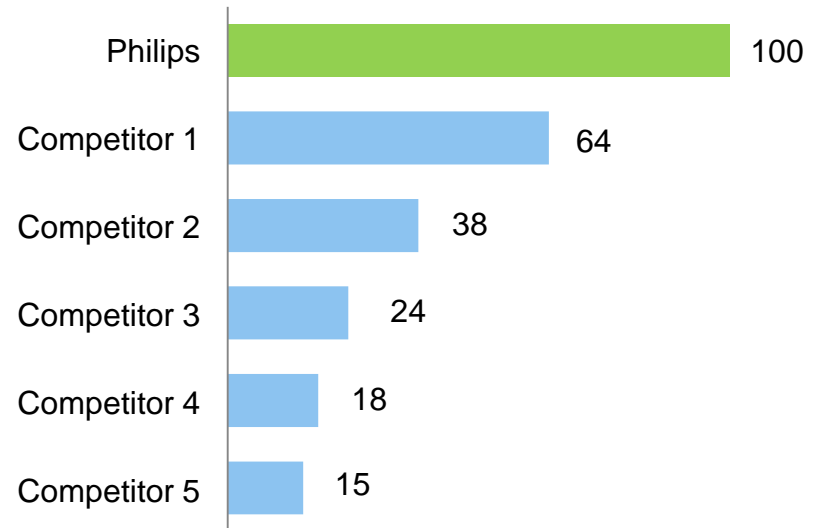
Market leadership¹ across most categories
 Market share per Business Group by Region,
 as per Q4 2012

	Europe	North America	Latin America	Asia/ Pacific ²	Total
Light Sources & Electronics	Green	Yellow	Yellow	Green	Green
Consumer Luminaires	Yellow	Red	Red	Yellow	Green
Professional Lighting Solutions	Green	Yellow	Green	Green	Green
Lumileds (High Power LEDs)	OEM Businesses				Yellow
Automotive ³					Green
Overall Lighting	Green	Green	Green	Green	Green

■ Number 1
 ■ Number 2 or 3
 ■ Not in top 3

We are the largest lighting company...

Indexed sales of Philips lighting and top 5 competitors⁴



¹ Source: customer panels, Industry associations and internal analysis

² Excluding Japan

³ Excluding Interior Lighting

⁴ Sales for competitors based on latest fiscal year

Weakness in construction markets in mature geographies dampens growth

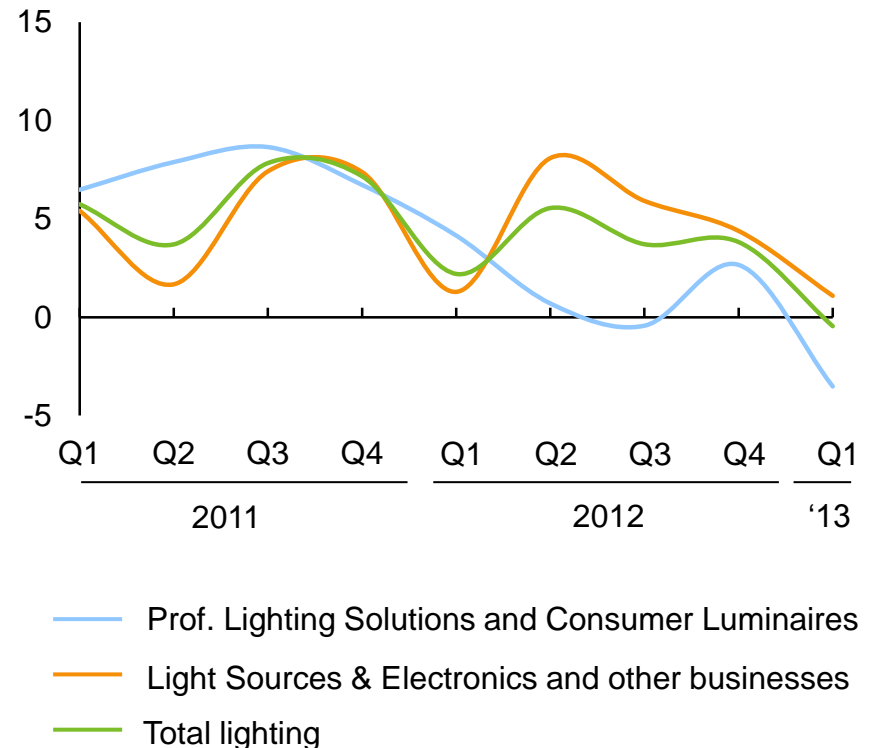
Around 20% of Philips Lighting sales driven by New Build in Western Europe & North America (WE&NA)

Philips Lighting	New Build	Replacement	Total
Residential	12%	13%	25%
Commercial	26%	22%	48%
Other ¹	19%	8%	27%
Total	57%	43%	100%

New Build	WE&NA	ROW	Total
Residential	6%	6%	12%
Commercial	13%	13%	26%
Total	19%	19%	38%

¹ Others = Automotive and Outdoor

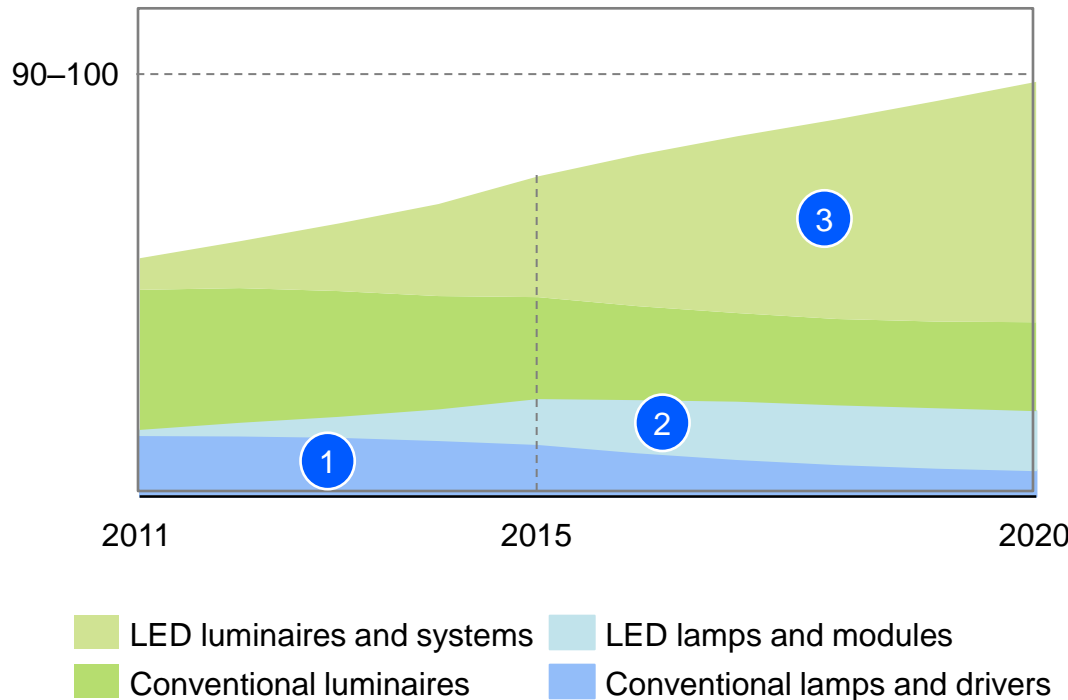
Comparable sales growth % 2011-2013



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

Global General Illumination¹ market

EUR billion



1

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

2

Leverage growth opportunity in LED lamps and modules

3

Invest in LED luminaires and systems to secure future leadership

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

We are the leading LED lighting company

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 287 licensees



Packaged LED's



Lamps and Modules



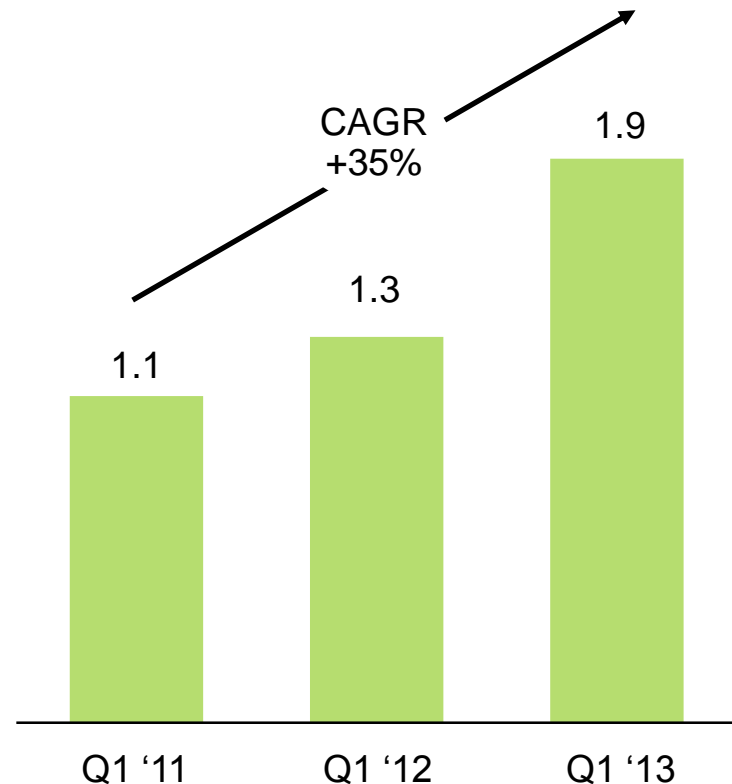
Luminaires



Solutions

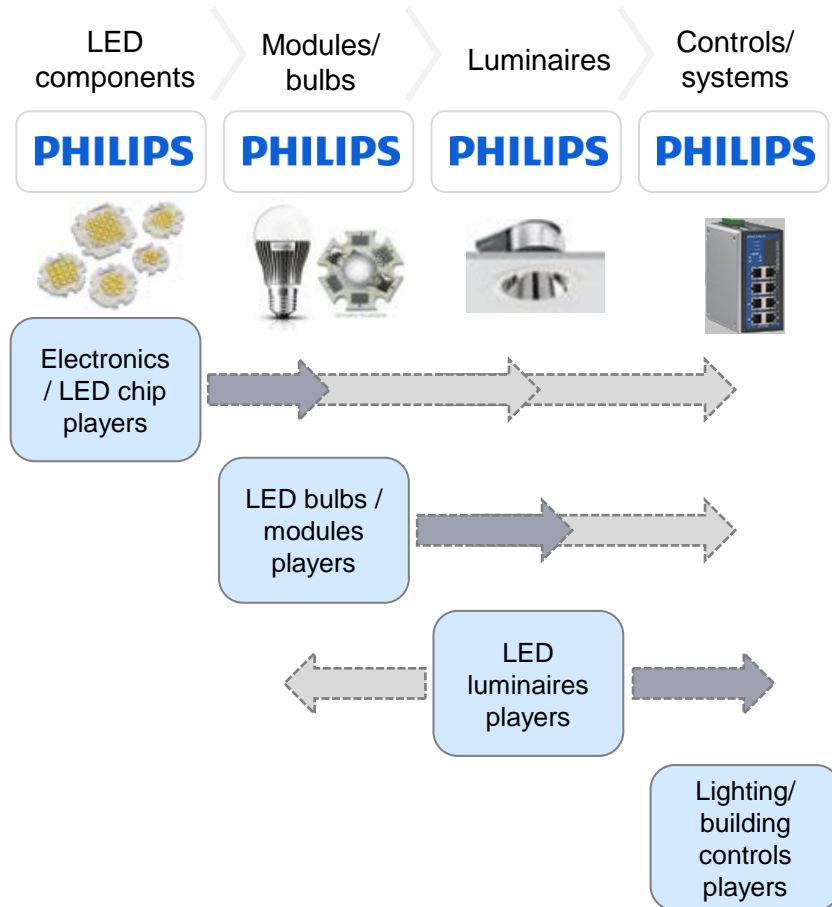
Robust growth across our LED portfolio

Last 12 months sales, EUR billion



Vertical integration gives Philips a competitive advantage in the changing Lighting landscape

We cover the entire value chain



Vertical integration and superior LEDs are our key differentiators

- Philips uses its application know-how to specify and design superior lighting solutions and luminaires ...



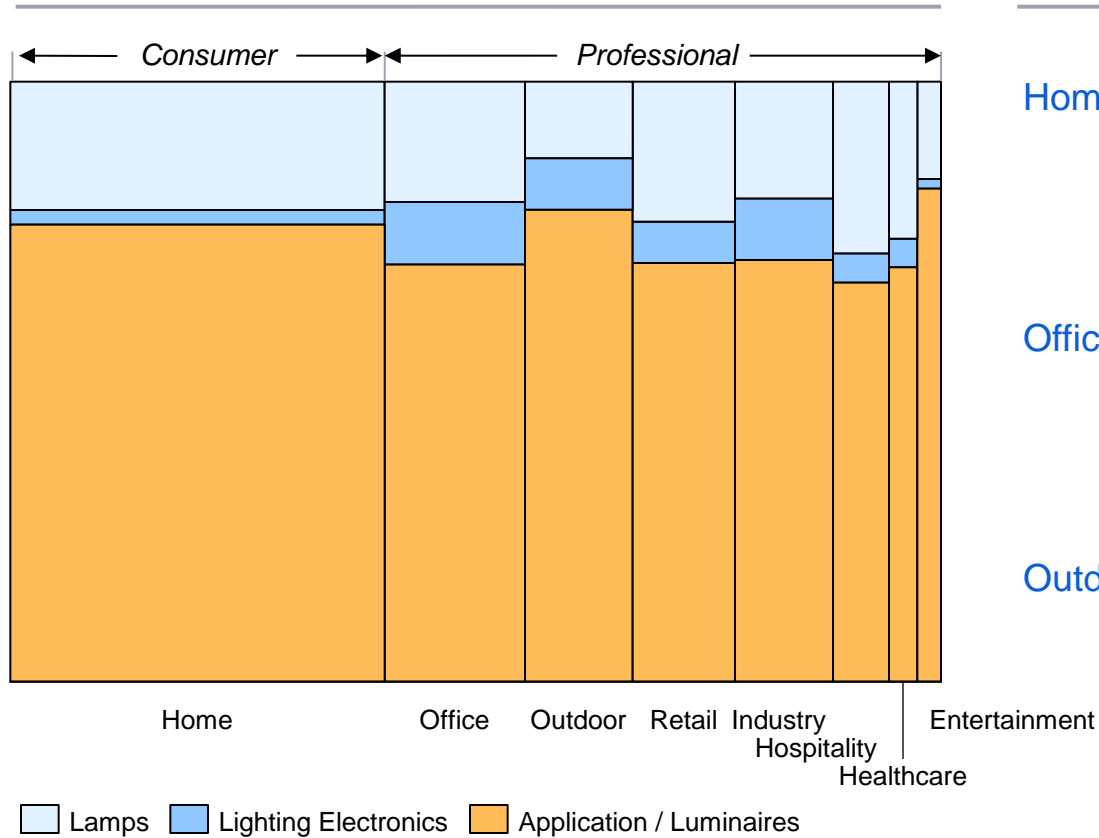
- ... its luminaire know-how for superior LED modules ...



- ... its module know-how for superior LEDs
- Superior LEDs are key for leading lighting solutions
 - Leading lighting designs
 - First to market
 - Better cost performance
 - Deliver customer value and drive margin

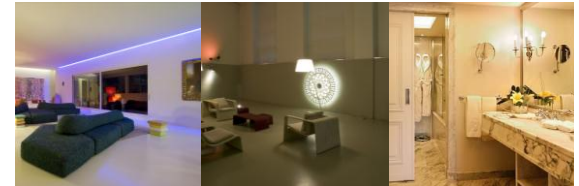
Home, Office, and Outdoor are the biggest segments Professional is the largest channel

Total market size in 2012¹: EUR 60-65 billion



Biggest segments

Home



Office



Outdoor



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

Innovation, Group & Services

Formerly known as Group Management & Services

Group Innovation

Philips Group Innovation encompasses Group Funded Research and Innovation, Design and Emerging Businesses

IP Royalty

Royalty/licensing activities related to the IP on products no longer sold by the sectors

Group Management and Regional Costs

Group headquarters and country & regional overheads

Accelerate! related 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 TV and the Audio, Video, Multimedia and Accessories business, and other incidentals related to the legal liabilities of the Group

Innovation, Group & Services: Q1 2013 Sector analysis

EUR million

Key figures

	1Q12	4Q12	1Q13
Sales	160	194	153
<i>% sales growth comp.</i>	(9)	(3)	(4)
EBITA:			
Group Innovation	(36)	(39)	(30)
IP Royalty	59	80	52
Group & Regional Costs	(33)	(61)	(36)
Accelerate! investments	(26)	(35)	(29)
Pensions	(2)	0	(4)
Services Units & Other	30	(505)	(18)
<hr/>			
EBITA	(8)	(560)	(65)
EBIT	(9)	(562)	(65)
NOC	(3,624)	(4,500)	(3,675)
Employees (FTEs)	12,654	11,856	12,346

Financial performance

- Sales decreased from EUR 160 million in Q1 2012 to EUR 153 million in Q1 2013.
- EBITA amounted to a net cost of EUR 65 million, compared to a net cost of EUR 8 million in Q1 2012.
- EBITA, excluding a net release of restructuring provisions of EUR 3 million (Q1 2012: EUR 1 million release) and a gain of EUR 37 million on the sale of the High Tech Campus real estate in Q1 2012, was a EUR 22 million higher net cost than in Q1 2012. This was mainly due to lower IP royalties and seasonality.
- Service Units and Other EBITA was negatively impacted by EUR 18 million of net costs formerly reported as part of the Audio, Video, Multimedia and Accessories (AVM&A) business in Consumer Lifestyle (Q1 2012 included EUR 10 million related to the AVM&A business and EUR 8 million related to the Television business).
- Compared to Q1 2012, the number of employees decreased by 308, primarily due to restructuring activities in the Service Units, particularly in IT and Financial Operations.
- Compared to Q4 2012, the number of employees increased by 490, mainly due to changes in the structure of overhead functions, a shift of reporting of venture activities, as well as a small increase in innovation personnel.

Appendix

Publication and AGM dates 2013

January 29	Fourth quarterly and annual results 2012
February 25	Annual Report 2012
April 22	First quarterly results 2013
May 3	Annual General Meeting of Shareholders
July 22	Second quarterly and semi-annual results 2013
October 21	Third quarterly results 2013

Depreciation and amortization

EUR million

	Q1 2012	Q1 2013	FY 2011	FY 2012
Depreciation of property, plant and equipment	158	145	617	677
Amortization of software	12	10	55	45
Amortization of other intangible assets	110	97	559	458
Amortization of development costs	56	53	169	218
Philips Group	336	305	1,400	1,398

Gross capital expenditures & Depreciation by sector

EUR million

	Gross CapEx ¹		Depreciation ¹	
	Q1 2012	Q1 2013	Q1 2012	Q1 2013
Healthcare	33	23	51	41
Consumer Lifestyle	24	27	26	23
Lighting	58	52	66	59
IG&S	22	22	15	22
Group	137	124	158	145

¹ 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")

Gross capital expenditures & Depreciation by sector

EUR million

	Gross CapEx ¹		Depreciation ¹	
	2011	2012	2011	2012
Healthcare	153	135	186	200
Consumer Lifestyle	130	126	91	104
Lighting	279	290	262	298
IG&S	78	110	78	75
Group	640	661	617	677

¹ 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")

Development cost capitalization & amortization by sector

EUR million

	Capitalization		Amortization	
	Q1 2012	Q1 2013	Q1 2012	Q1 2013
Healthcare	54	56	28	33
Consumer Lifestyle	10	11	16	8
Lighting	14	12	12	12
IG&S	-	1	-	-
Group	78	80	56	53

Development cost capitalization & amortization by sector

EUR million

	Capitalization		Amortization	
	2011	2012	2011	2012
Healthcare	183	246	105	128
Consumer Lifestyle	37	37	32	39
Lighting	59	66	32	51
IG&S	3	14	-	-
Group	282	363	169	218

Restructuring, acquisition-related and other incidentals

EUR million

	1Q12	2Q12	3Q12	4Q12	2012	1Q13
Acq.-related charges	(5)	(4)	(4)	(5)	(18)	(3)
Restructuring	(4)	(4)	1	(109)	(116)	1
Healthcare	(9)	(8)	(3)	(114)	(134)	(2)
Acq.-related charges	(6)	(5)	(2)	(5)	(18)	(1)
Restructuring	(5)	(3)	(5)	(25)	(38)	-
Other Incidentals	160 ¹	-	-	-	160	-
Consumer Lifestyle	149	(8)	(7)	(30)	104	(1)
Acq.-related charges	(3)	(3)	(3)	(5)	(14)	(1)
Restructuring	(21)	(35)	(65)	(180)	(301)	(18)
Other Incidentals	(25)	-	(34)	(22)	(81)	-
Lighting	(49)	(38)	(102)	(207)	(396)	(19)
Restructuring	1	(40)	2	(19)	(56)	3
Other Incidentals	37	25	-	(445) ²	(383)	-
IG&S	38	(15)	2	(464)	(439)	3
Total Acq.-related charges	(14)	(12)	(9)	(15)	(50)	(5)
Total Restructuring	(29)	(82)	(67)	(333)	(511)	(14)
Total Others	172	25	(34)	(467)	(304)	-
Grand Total	129	(69)	(110)	(815)	(865)	(19)

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

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")

