

# PHILIPS

sense and simplicity

Royal Philips Electronics

Fourth Quarter and Annual Results 2012

Tuesday, January 29<sup>th</sup> 2013

# PHILIPS

sense **and** simplicity

Frans van Houten

CEO Royal Philips Electronics

# 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 2011 and the "Risk and uncertainties" section in our semi-annual financial report for the six months ended July 1, 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 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*

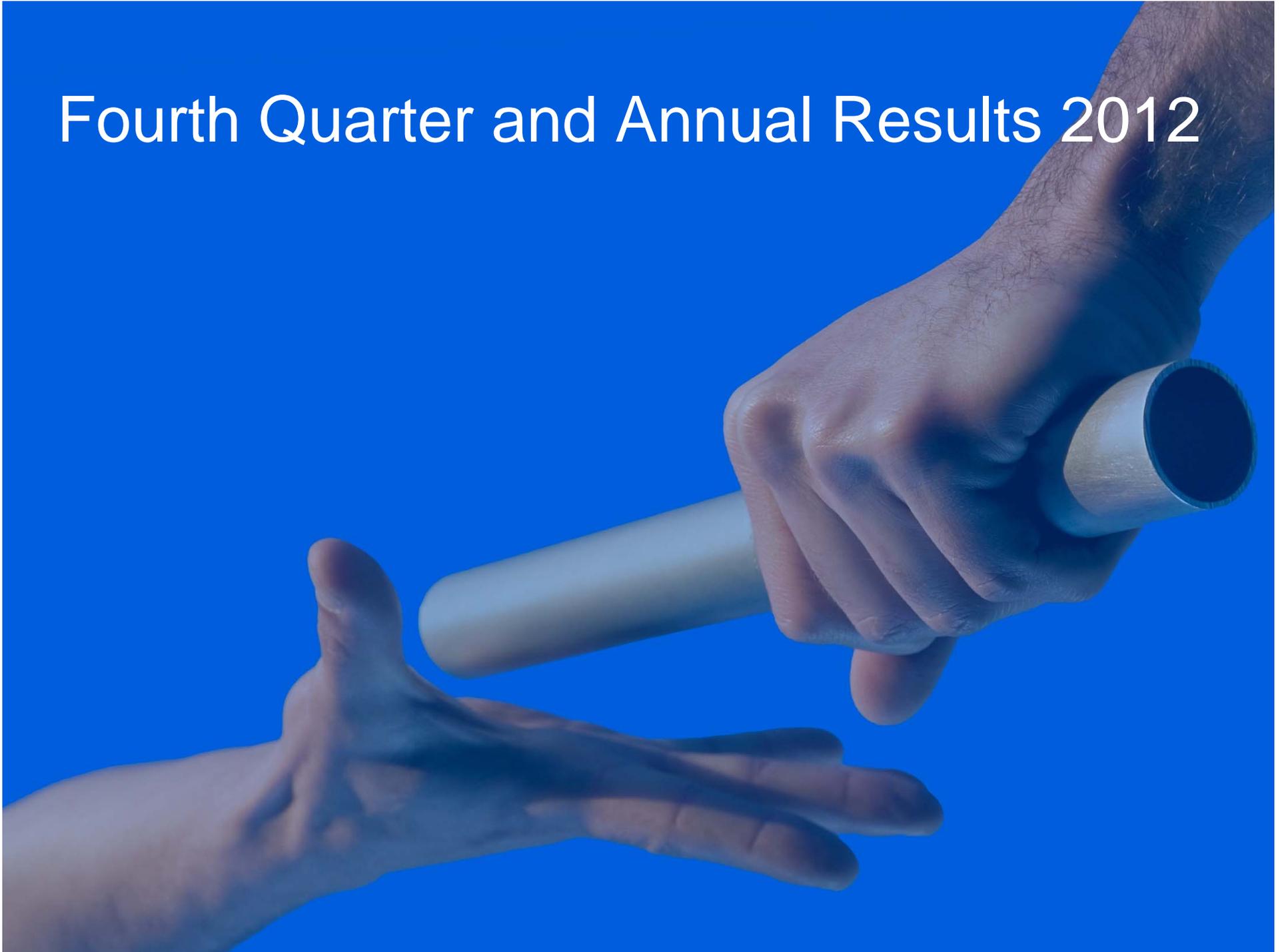
In presenting and discussing the Philips Group's financial position, operating results and cash flows, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction 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 2011. Further information on non-GAAP measures can be found in our Annual Report 2011.

## *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 2011 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.

# Fourth Quarter and Annual Results 2012



## Reshaping Consumer Lifestyle portfolio

### Next step in transforming Philips

- Consumer Lifestyle to further focus on Health and Well-being
- Transaction leverages Philips' strong brand and innovation power with Funai supply and manufacturing capability
- Agreement ensures that Philips-branded audio and video innovations continue to be available to consumers globally



Male Grooming



Oral Healthcare



Kitchen Appliances



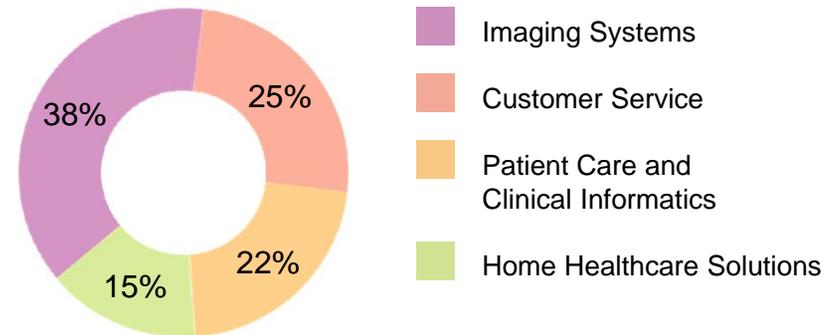
Coffee

## Healthcare

### 2012 Fourth Quarter

- Strong sales increase in growth geographies 19%
- Comparable sales growth of 4% to EUR 2.9 billion
- Adjusted EBITA EUR 548 million

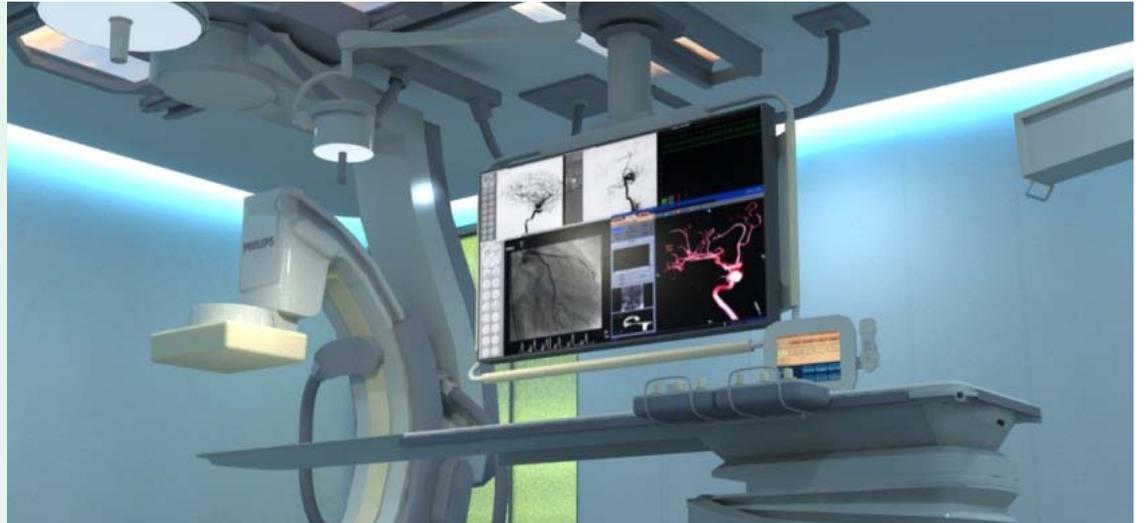
### 2012 Total Sales EUR 10 billion



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## Healthcare: Driving better outcomes in care

Customized imaging solutions  
systems for the Farah Medical  
Complex in the Middle East



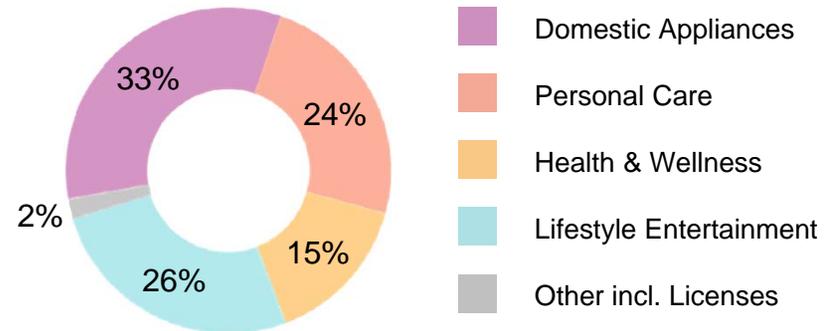
15 new healthcare products and  
features introduced at RSNA

# Consumer Lifestyle

## 2012 Fourth Quarter

- All businesses improved underlying profitability
- Comparable sales growth of 2% to EUR 1.9 billion
- Adjusted EBITA EUR 217 million

## 2012 Total Sales EUR 6 billion



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## Consumer Lifestyle: Making life healthier

Number of launches of region-specific innovations in kitchen appliances quadrupled since 2010



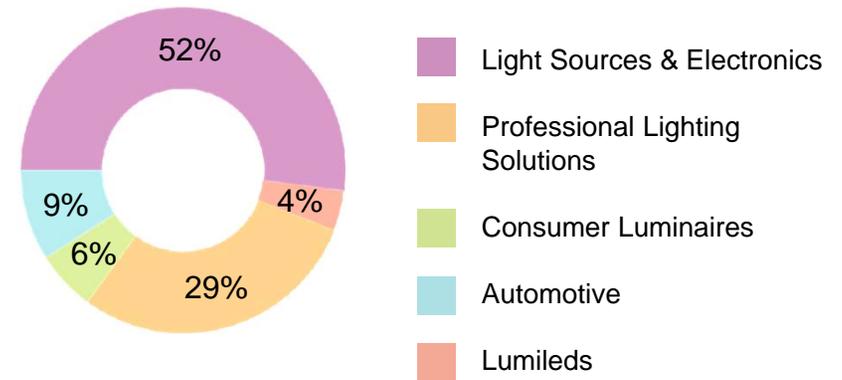
Red dot Design Award “Best of the Best” for DiamondClean electric toothbrush

## Lighting

### 2012 Fourth Quarter

- LED-based sales grew by 43%
- Comparable sales growth of 4% to EUR 2.3 billion
- Adjusted EBITA EUR 194 million

### 2012 Total Sales EUR 8.4 billion



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## Lighting: LED enabling new digital applications

Philips hue,  
LED home lighting system,  
enables controlling and  
personalizing light with a  
smart device



Unique LED lighting for Empire  
State Building, superior light  
and vibrancy levels in real-time



# Q4 and Full Year 2012 Summary

Significantly improved sales and operational results in 2012

EUR million	Q4 2011	Q4 2012	FY 2011	FY 2012
Sales	6,712	7,161	22,579	24,788
Reported EBITA	503 <sup>1</sup>	50 <sup>1</sup>	1,680 <sup>2</sup>	1,502 <sup>2</sup>
Adjusted EBITA	582	875	1,822	2,366
Net income (loss)	(160)	(355)	(1,291)	231
Free cash flow	966	899	(104)	1,723

1 – 4Q12 includes on balance EUR (825)M of gains and charges while 4Q11 includes in total EUR (79)M gains and charges

2 – 2012 includes on balance EUR (864)M of gains and charges while 2011 includes in total EUR (142)M gains and charges

Note - All figures exclude discontinued operations

# Total group revenues in growth geographies 35%



10 million shavers sold in less than a year in China



New healthcare development and manufacturing site opened in India

100 "Light centers" to be installed across rural Africa



30% energy reduction with LED for San Sebastian Cathedral in Brazil



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At Philips we strive to make the world healthier and more sustainable through innovation



We will be the best place to work for people who share our passion

Together we will deliver superior value for our customers and shareholders

Improving people's lives through meaningful innovation

