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Building global category leadership

In Male Grooming

Caroline Clarke
GM Personal Care

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Key takeaways

- We drive **global scale** and **category leadership** in Male Grooming through **global** and **local relevance**
- We will **attract new and younger users** into electrical grooming solutions
- We **have competitive ranges** and a **compelling innovation pipeline**
- We will bring **superior** technologies into **new spaces**



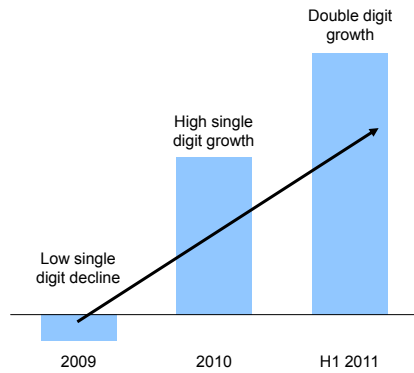
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We drive global scale and category leadership

Through global and local relevance

We will continue to grow with superior technology and proprietary know-how in rotary shaving

Growing global sales and market share leadership



Market share leader (#1 or #2) in the biggest markets



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We will attract new and younger users into electrical grooming solutions

Growing 6% pts. faster than blade in 2010; 15% of new users come from blade in the United States

We will recruit younger users into electrical solutions

We will generate dual users from exclusive blade users

We will grow the electrical category



- By engaging with our consumers using new/digital media, understanding their needs, lifestyles and preferred grooming solutions
- Electric is the modern way to groom



- Introduce skin friendly wet and dry shaving and precision styling solutions



- Introducing breakthrough technologies that deliver superior performance

We are continually launching competitive products
 And have a compelling innovation pipeline for Male Grooming solutions

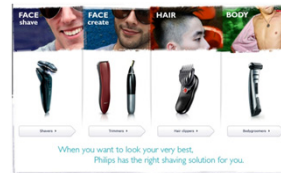
In the market: SensoTouch 3D New: AquaTouch wet & dry shave with skin protection Full Male Grooming range to delight customers and consumers



- Unique cutting and contour following technology
- NPS driver: early buyer study shows: 92% satisfied users
- Growing our share in the high-end segment



- Wet & dry shaving
- Supported by a strong claim on skin friendliness



- A full product range to 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

We will further strengthen existing leadership positions
 Male Grooming China expansion

We will further expand geographically We will drive brand equity further The BMC Male Grooming China is resourced to win



- 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



- Launch localized Male Grooming platform
- Increase overall advertising investment
 - Nation wide and regional TV campaigns to double share of voice
 - Focus on online marketing

- Local for Local innovation programmes
- Strengthen distribution with additional resources to
 - Increase presence in more cities
 - Increase counter presence
 - Increase promoters
- Further develop online
 - Additional retail partners
- Strong brand equity underpinned with increased investment

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We will develop future global leadership positions
 Male Grooming India

We will expand both geographically and channel



- Rapid expansion of our sales distribution points and in-store focus
- Availability and visibility of our range in all channels (MT, traditional, personal care channel, gadget channel, pharma)
- Leading in online sales channel as it emerges

We will recruit first time shavers and converting blade users



- Drive 'awareness' and 'consideration' of electric shavers through our A&P program and by developing local insight based propositions
- Build up Philips as THE preferred Male Grooming brand by leveraging growing trend of facial styling

The BMC Male Grooming India is resourced to win



- Celebrity Endorsement **John Abraham**, Bollywood movie star, Style Sutra Campaign
- Develop and launch new innovations based on local Indian insights, to suit Indian beards and styling habits

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We will expand our core into adjacencies and new businesses

Bringing superior technologies into new spaces such as "hi-tech skincare"

We will introduce effective skincare technologies



- With the launch of Lumea, Intense Pulsed Light for hair re-growth prevention
- Achieved #1 position in Europe and opened >500 new Beauty doors and continue to innovate on this technology platform

We are well positioned to win



- Philips is the No.1 brand in consumer minds for trust and technology in skin care
- Consumers and retailers see Philips as the pioneers in this new category

We will develop new distribution channels and new propositions



- Introducing new to the world/new to Philips innovation bringing professional laser skin rejuvenation into the home
- Exclusive launch with Space NK (UK) and Douglas (NL)

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Building global leadership

In Oral Healthcare

Egbert van Acht
GM Health & Wellness

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Key takeaways

- We are building a **leading global Oral Healthcare business**
- We have a **proven track record** of growth built on **professional endorsement** and **innovation**, which delivers **clinically superior products**
- We are **expanding geographically** into new markets, covering more **price points** and **new channels**
- We are **expanding our portfolio** through acquisitions and innovation, addressing **more consumer needs**

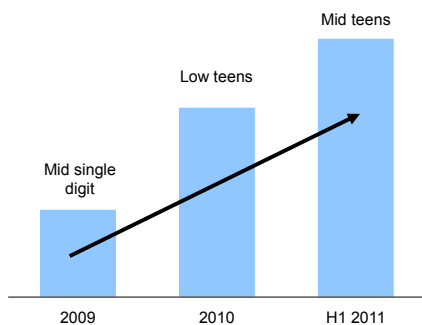


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We are building a leading global Oral Healthcare business

From a platform of strong sales growth, we are expanding our global presence, developing the power toothbrush market and winning share

Track record of strong sales growth



Growing global sales and market share leadership

Market share leader (#1 or #2) in the biggest markets



To globalize we will grow in three ways

Focus on driving the conversion from manual toothbrush to electric

Increase penetration



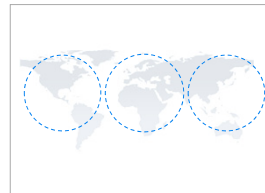
- Consumer marketing campaigns
- Dental professional endorsement
- Distribution of handles & brush heads

Broaden Innovation Portfolio



- Innovation to grow product range, targeting consumers at different price points
- Innovation in New value spaces, e.g. interdental cleaning
- Successful integration and value delivery Discus Dental

Geographic expansion



- Global roll-out of Oral Healthcare success model
- Enter new markets
- Increase power toothbrush adoption

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Increase penetration to grow sales

Combining dental professional endorsement, distribution and marketing excellence

Dental professional endorsement



- >50% Sonicare sales driven by dental professional endorsement
- Dental professionals prefer Sonicare (67%)*
- Recommend Sonicare most often to their patients (54%)*

Distribution



- Distribution increase in Germany in new channels and online
- Reaching 1,500 new stores in Netherlands
- Quadrupled online Amazon sales

Marketing Excellence



- Consumer Awards, e.g. FlexCare Stiwa award, Germany
- Best-in-class Online activation and Social Media (e.g. Facebook)
- Superiority of claims drive purchase
 - DiamondClean delivers up to 4x more plaque removal than manual toothbrushes

Note: * Based on research in the US

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Innovation delivers clinically proven superiority

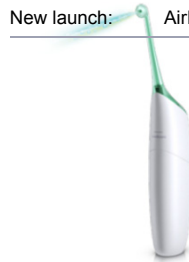
That beats competition and expands our portfolio into new spaces

In the market: DiamondClean



- Removes up to 4x more plaque*
- Twice as effective at whitening teeth*
- First in-market response very positive

New launch: AirFloss



- Removes up to 99% more plaque*
- 86% of people find it easier than flossing**
- Outstanding dental professional endorsement

Future: New Value Spaces



- Teeth whitening
- Oral hygiene & bad breath
- Interdental cleaning

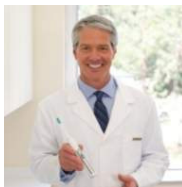
Note: All claims are supported by clinical trials (* compared to manual toothbrush alone; ** Compared to dental floss)

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We are rolling out our proven success model to large oral healthcare markets outside US and Japan

Driving growth in Germany, Europe's largest Oral Healthcare market

Dental Professionals,
Marketing & Distribution



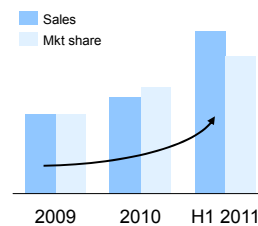
- Quadrupled number of dental professional sales reps
- 50% increase Advertising & Promotion to drive share
- >50% increase in online Amazon sales
- New listings in Pharmacy channels

Product Innovation



- Sonicare for Kids in 2010
- Lead market for DiamondClean and AirFloss
- Family value packs (parents and kids)
- Major success at International Dental show (Cologne)

Results



- 100% sales increase
- +6% pts market share increase
- 50% increase in dentist recommendations

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Key takeaways

- We are building a **leading global Oral Healthcare business**
- We have a **proven track record** of growth built on **professional endorsement** and **innovation** which delivers **clinically superior products**
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- We are **expanding our portfolio** through acquisitions and innovation, addressing **more consumer needs**



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Building global category leadership

In Kitchen Appliances

Murali Sivaraman
GM Domestic Appliances

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Key takeaways

- Kitchen Appliances market is big and growing, driven by demand in growth geographies
- We will build global leadership through local relevance
- Innovations will be driven by four regional product creation hubs, leveraging acquisitions
- Integrated supply chain to differentiate, improve quality and drive costs down

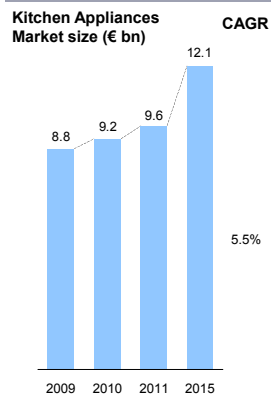


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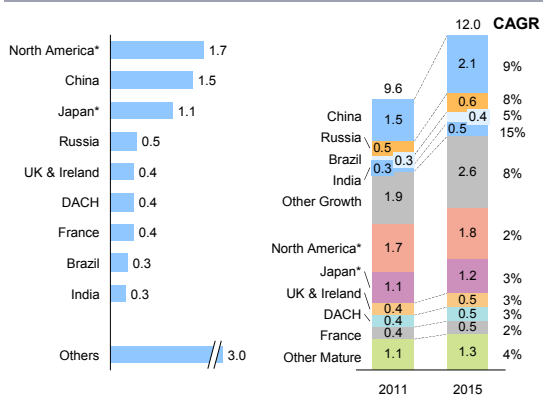
Global Kitchen Appliances market is big and growing

Driven by demand in growth geographies

Kitchen appliances is growth driver in Domestic Appliances



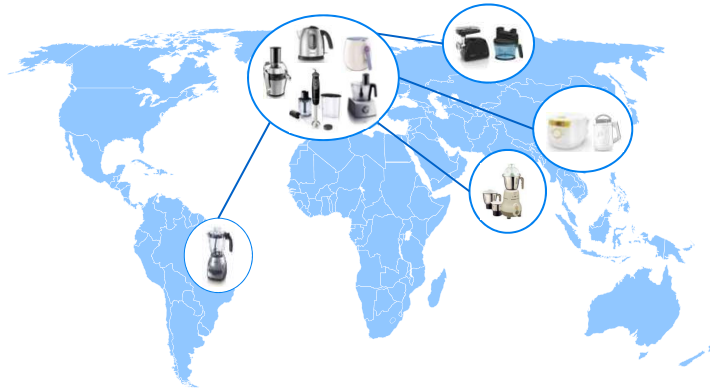
Growth geographies account for about 50% of the total market and grow more than three times the rate of mature geographies



* Philips Kitchen Appliances is not present in North America and Japan at this moment. Source : Internal estimate based on GFK and Euromonitor measure.

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We will build global leadership through local relevance

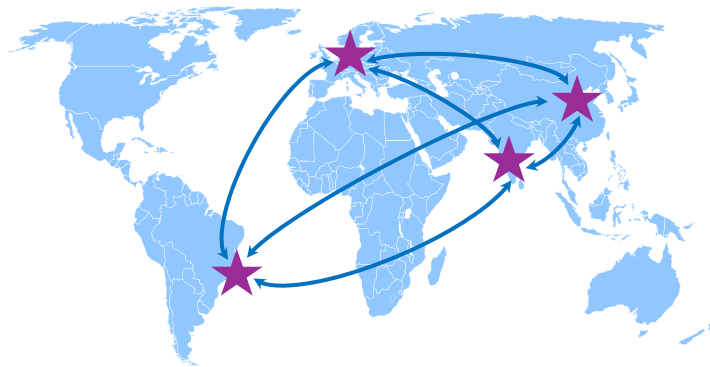


- Kitchen appliances market is driven by different eating habits across the world
- Generic habits addressed through global propositions like kettles, hand blenders and juicers
- Specific habits drive significant market opportunities locally like rice cookers, meat mincers and mixer grinders

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Innovations will be driven by four regional product creation hubs, leveraging acquisitions



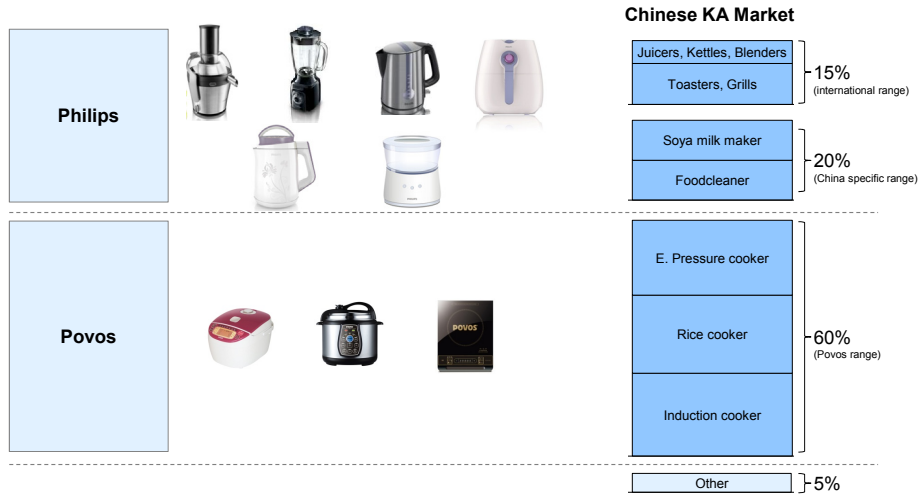
- Global portfolio driven from Europe
- Product creation hubs set-up in China, India and Brazil, creating global innovation network
- Innovation capabilities in China and India augmented by acquisitions

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In China, Povos and local product creation hub complement our global ranges

Addressable market moves from 15% to 95%



* Povos acquisition closure subject to confirmatory due diligence and government approval

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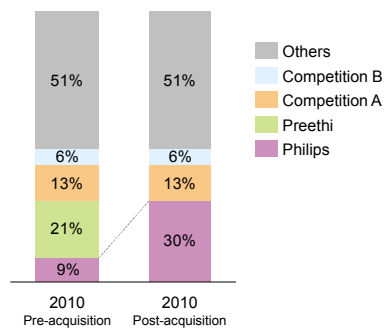
In India, we continue to drive our Kitchen Appliances leadership

Leveraging Preethi portfolio and innovation

Preethi acquisition gives Philips clear market leadership

Strong portfolio in food processing which is biggest category

India Kitchen Appliances Market Share Index



Source: Francis Kanoi - market research agency



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Key takeaways

- Kitchen Appliances market is big and growing, driven by **demand in growth geographies**
- We will build **global leadership through local relevance**
- Innovations will be driven by **four regional product creation hubs, leveraging acquisitions**
- **Integrated supply chain to differentiate, improve quality and drive costs down**



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Building global category leadership

In Coffee

Federico de Angelis
GM Coffee

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Key takeaways

- We build our coffee business market by market through **innovation, quality, speed** and **marketing effectiveness**
- We will **focus** on the two **big and fast growing market segments**:
 - **Full Automatic espresso** – Re-gaining market share with Philips-Saeco
 - **Portioned solutions** – Developing our partnerships and alliances
- We are **expanding geographically**



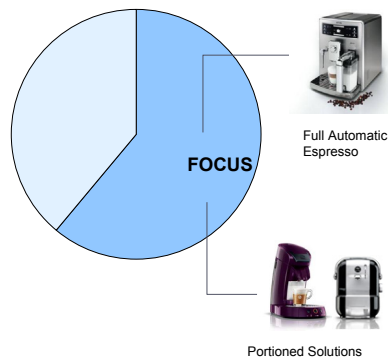
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We drive coffee category leadership market by market

Focusing on the two biggest and fastest growing segments

Coffee to focus on Full Automatic espresso and portioned solutions

(> 60% of market value; > 95% of market growth)



1. We are developing a wide range of product propositions to provide the best solutions to the consumer needs, market by market
2. With SAECO we strengthen our position in espresso and we are delivering double digit growth since the acquisition
3. We will grow coffee regaining market share from competitors

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We are re-gaining full automatic espresso leadership positions

Through new to the world innovations, marketing execution, and customer service

Developing in-home coffee variety



- We enable consumers to create their own variety of (milk based) coffee experiences at home, while always delivering best in cup coffee quality

Developing and distinguishing Philips-Saeco brand



- Introducing a new brand campaign, supported by endorsed superiority claims in coffee taste

Establishing quality leadership and excel in consumer care



- Full quality process integration, introduction of fast quality feedback loops; post purchase engagement enhancing satisfaction and accessory sales

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We drive our Senseo® business and develop new portioned initiatives

Through venturing into new solutions, and into new geographies

Developing Senseo® Leadership



- We will grow in portioned long coffee through continuous product innovation.

Venturing into new geographies



- We are launching Senseo® outside Europe (e.g. Argentina, Brazil)

Leveraging growth of portioned espresso



- We are increasing our focus on the fast growing portioned espresso segment

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We relentlessly launch new competitive products And are setting the industry standards for innovation

In the market:
Xelsis ID



- Xelsis ID enables up to 6 users to access personalized coffee- and milk specialties at the touch of a finger
- Xelsis range establishes Philips – Saeco and gains share in the high-end full automatic espresso segment

New:
Senseo® Cappuccino Select



- Best cappuccino made by Senseo®, using fresh milk, easy to use
- Accessible, Senseo® is to grab share of the milk based coffee preparation segment

Future innovation:
New-to-the world solutions



- We will bring new to the world coffee machine solutions, improving the coffee experience at home

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We are strengthening our position market by market Winning market share in Coffee Germany

Major product launches and innovations



- New **competitive Intelia range** Saeco's full automatic (499 Euro*) and automatic milk solutions (699 Euro*)
- New **SENSEO Cappuccino Select** (139 Euro*) using fresh milk and special edition New **SENSEO Viva Café Eco**

In-store impact & shop staff recommendation



- Introduction of **full in-store solutions** driving consumer orientation and purchase value
- Double digit **increase of demonstrations**, demonstrating products for both Senseo and Philips Saeco
- Dedicated **coffee trainers**
- **Interactive training modules** to drive shopstaff recommendation

Accelerated communication



- **Professional endorsement** programs leverage the competitive edge of our products
- **Full year 360 campaigns** offer continuous waves of communication throughout all media channels
- **Best in class digital content** and online (social) recommendation programs expand product experience online

* Recommended retail price

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