

A young child is smiling broadly, holding a glowing light stick high in the air. The background is a dark night scene with many colorful, out-of-focus lights in shades of blue, green, and yellow, suggesting a festival or fair. The child is wearing a light-colored t-shirt with a graphic design.

Royal Philips

Fourth Quarter and Annual Results 2013
Information booklet

January 28th, 2014

PHILIPS

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 and the "Risk and uncertainties" section in our semi-annual financial report for the six months ended July 1, 2013.

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 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 the accounting policies as stated in the Annual Report 2012 and semi-annual financial report for the six months ended July 1, 2013, unless otherwise stated.

Agenda

1. Management update
2. Group results Q4 2013 and annual results
3. Accelerate! Change and performance
4. Philips Business System and Path-to-Value
5. Group and sector overview

Management update Q4 2013: Group

Sales & order intake

- **Comparable** sales increased by **7%** year-on-year to reach EUR **6.8 billion**
- Comparable sales growth was **8%** in Consumer Lifestyle and Lighting
- Healthcare comparable sales grew by **4%**, equipment order intake declined by 1%
- Comparable sales in growth geographies up **15%**

EBITA & Adjusted EBITA¹

- EBITA amounted to EUR **884 million**, **13.0%** of sales and included EUR 31 million of restructuring and acquisition-related charges. Q4 2012 EBITA was a loss of EUR 50 million and included EUR 348 million of restructuring and acquisition-related charges
- Adjusted EBITA improved by 20% to EUR **915 million**, **13.5%** of sales, from 11.3% in Q4 2012, driven by stronger operational results across all sectors

Cost savings & Net Income

- Total gross overhead cost savings ahead of plan, at EUR **1,066 million** to date
- Net income was EUR **412 million**, compared to a loss of EUR 420 million in Q4 2012

Asset management & ROIC

- Inventories as a % of sales improved by 40 basis points to 13.9%
- Free Cash Flow was an inflow of EUR **608 million** compared to an inflow of EUR 753 million in Q4 2012
- ROIC improved to 15.3%, compared to 7.3% excluding the CRT fine² in Q4 2012

Others

- By Q4 2013 completed 7% of the EUR 1.5 billion share buy-back program started in October 2013

Improved earnings in all sectors; growth geographies drive sales increase

¹ Adjusted EBITA in Q4 2013 excludes restructuring and acquisition-related charges of EUR 31 million

² European Commission fine related to Cathode-Ray Tubes, a business divested by Philips in 2011. Philips has appealed the decision. Charges were taken in Q4 2012
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 Q4 2013: Healthcare

Order intake (OI)

- Currency-comparable equipment order intake declined by **1%**
- Excluding multi-year deals in Q4 2012 equipment order intake increased by 1%
- Patient Care & Clinical Informatics grew by low-single-digit and Imaging Systems showed a low-single-digit decline

Sales

- **Comparable** sales up **4%** driven by increases in all businesses
- Customer Services grew by high-single-digit. Home Healthcare Solutions increased by mid-single-digit. Patient Care & Clinical Informatics and Imaging Systems showed a low-single-digit growth

EBITA & Adjusted EBITA¹

- EBITA was EUR **541 million**, or **19.1%** of sales, up from 14.1% in Q4 2012
- Adjusted EBITA increased to **19.0%** of sales, compared to 18.0% in Q4 2012. The 100 bps improvement was due to overhead cost reductions

Net Operating Capital (NOC)

- NOC decreased by EUR 67 million to EUR **7.4 billion** on a currency comparable basis
- Inventories as a % of sales improved by 30 basis points

Others

- The number of employees decreased by 452 compared to Q4 2012. This includes 705 employees from divestments, partially offset by a sales force increase in Asia Pacific

Mid-single-digit growth; Operational earnings improve by 100 bps

¹ Adjusted EBITA in Q4 2013 excludes a net release of EUR 3 million of restructuring provisions

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 Q4 2013: Consumer Lifestyle

Sales

- **Comparable** sales grew by **8%** compared to Q4 2012
- Double-digit growth was seen at Domestic Appliances. Health and Wellness recorded high-single-digit growth and Personal Care grew by mid-single-digit

EBITA & Adjusted EBITA¹

- EBITA was EUR **187 million**, or **13.1%** of sales, up from 9.2% in Q4 2012
- Adjusted EBITA increased to **13.4%** of sales, from 11.3% in Q4 2012. The improvement of 210 bps was driven by higher gross margins across all businesses
- Stranded costs from discontinued operations decreased from EUR 14 million last year to EUR 6 million in Q4 2013

Net Operating Capital (NOC)

- NOC increased by EUR 117 million to EUR **1.3 billion** on a currency comparable basis, largely driven by higher working capital and a reduction in provisions
- Inventories as a % of sales improved by 90 basis points

Other

- The number of employees increased by 1,312 year-on-year, due to insourcing of production and expansion of our sales-related activities in the Domestic Appliances and Health & Wellness businesses, mainly in the Asian region

High-single-digit growth; Operational earnings improve by 210 bps

¹ Adjusted EBITA in Q4 2013 excludes restructuring and acquisition-related charges of EUR 5 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 Q4 2013: Lighting

Sales

- **Comparable** sales increased by **8%** year-on-year
- Lumileds and Automotive grew double-digits while Light Sources & Electronics and Professional Lighting Solutions achieved mid-single-digit growth. Consumer Luminaires sales declined by low-single-digit
- LED-based sales grew **48%** compared to Q4 2012 and represent **34%** of Lighting sales

EBITA & Adjusted EBITA¹

- EBITA amounted to EUR **218 million**, or **9.5%** of sales, compared to a loss of EUR 28 million in Q4 2012
- Adjusted EBITA increased to **10.4%** of sales compared to 7.9% in Q4 2012, driven by higher gross margins and overhead cost reductions

Net Operating Capital (NOC)

- Inventories as a % of sales improved by 30 basis points year-on-year
- NOC increased by EUR 28 million to EUR 4.5 billion on a currency comparable basis, mainly driven by a reduction in provisions

Others

- The number of employees has decreased by 3,334 compared to Q4 2012 mainly due to the rationalization of the industrial footprint

High-single-digit growth; Operational earnings improve by 250 bps

¹ Adjusted EBITA in Q4 2013 excludes restructuring and acquisition-related charges of EUR 22 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 Q4 2013: by Geography

Growth Geographies¹

- Group comparable sales grew by **15%**, driven by double-digit growth in all sectors
- China, Latam, Africa and Middle East & Turkey grew by double-digits
- Healthcare comparable equipment order intake grew by low-single-digit, mainly due to strong performances in China, Latam and Asean

North America

- Group comparable sales were **in line** with Q4 2012. Low-single-digit growth in Consumer Lifestyle was offset by a low-single-digit decrease in Healthcare. Lighting sales were flat compared to Q4 2012
- Healthcare comparable equipment order intake increased by **1%**, driven by low-single-digit growth in Patient Care & Clinical Informatics. Imaging Systems order intake declined by low-single-digit

Western Europe

- Group comparable sales grew by **3%**. Lighting recorded mid-single-digit growth while Healthcare and Consumer Lifestyle grew by low-single-digit.
- Healthcare comparable equipment order intake declined by 12%. Excluding multi-year deals in Q4 2012 equipment order intake declined by 5%

3rd consecutive quarter of double-digit sales increase 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")

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Key Financials Summary – Q4 2013 and FY 2013

EUR million

	Q4 2012	Q4 2013	FY 2012	FY 2013
Sales	6,759	6,799	23,457	23,329
EBITA	(50) ¹	884 ¹	1,106 ²	2,451 ²
Financial income and expenses	(39)	(77)	(329)	(330)
Income tax	(27)	(168)	(185)	(466)
Net income (loss)	(420)	412	(30)	1,172
Net Operating Capital	9,316	10,238	9,316	10,238
Net cash from operating activities	1,056	905	2,082	1,138
Net capital expenditures	(303)	(297)	(455)	(966)
Free cash flow	753	608	1,627	172

¹ 4Q13 includes on balance EUR (31)M of gains and charges while 4Q12 includes on balance EUR (815)M gains and charges

² 2013 includes on balance EUR (49)M of gains and charges while 2012 includes on balance EUR (865)M gains and charges

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 – Q4 2013

EUR million

	Q4 2012	Q4 2013	% nom	% comp
Healthcare	2,918	2,828	(3)	4
Consumer Lifestyle	1,385	1,428	3	8
Lighting	2,262	2,306	2	8
Innovation, Group & Services	194	237	22	15
Philips Group	6,759	6,799	1	7

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 – FY 2013

EUR million

	2012	2013	% nom	% comp
Healthcare	9,983	9,575	(4)	1
Consumer Lifestyle	4,319	4,605	7	10
Lighting	8,442	8,413	0	3
Innovation, Group & Services	713	736	3	(2)
Philips Group	23,457	23,329	(1)	3

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 geography – Q4 2013

EUR million

	Q4 2012	Q4 2013	% nom	% comp
Western Europe	1,769	1,820	3	3
North America	2,015	1,899	(6)	0
Other mature geographies	609	546	(10)	5
Growth geographies ¹	2,366	2,534	7	15
Philips Group	6,759	6,799	1	7

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 by geography – FY 2013

EUR million

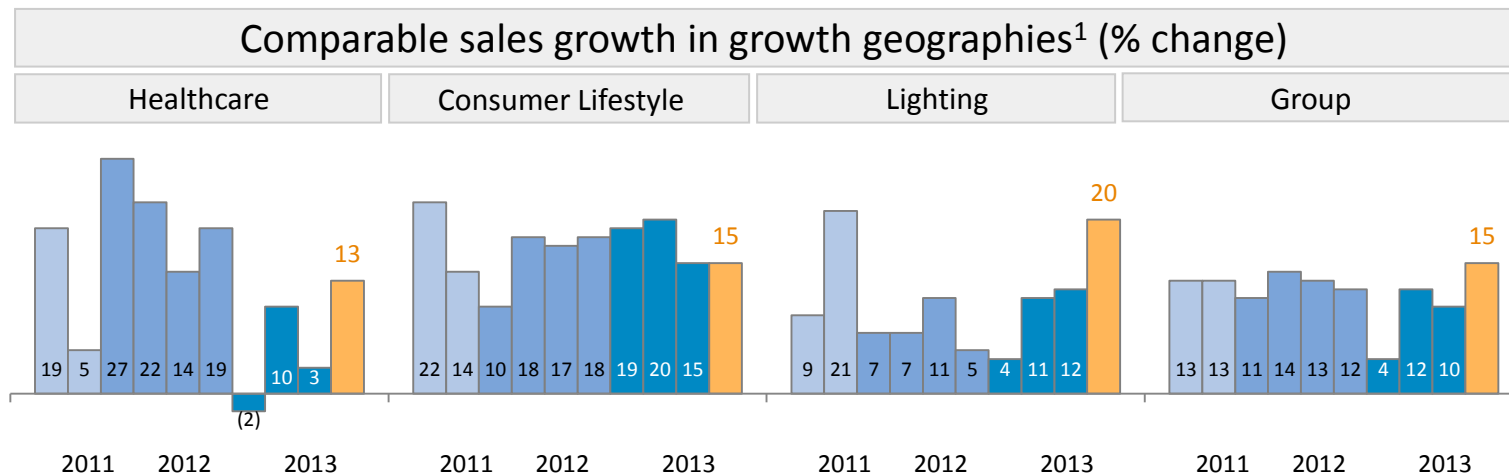
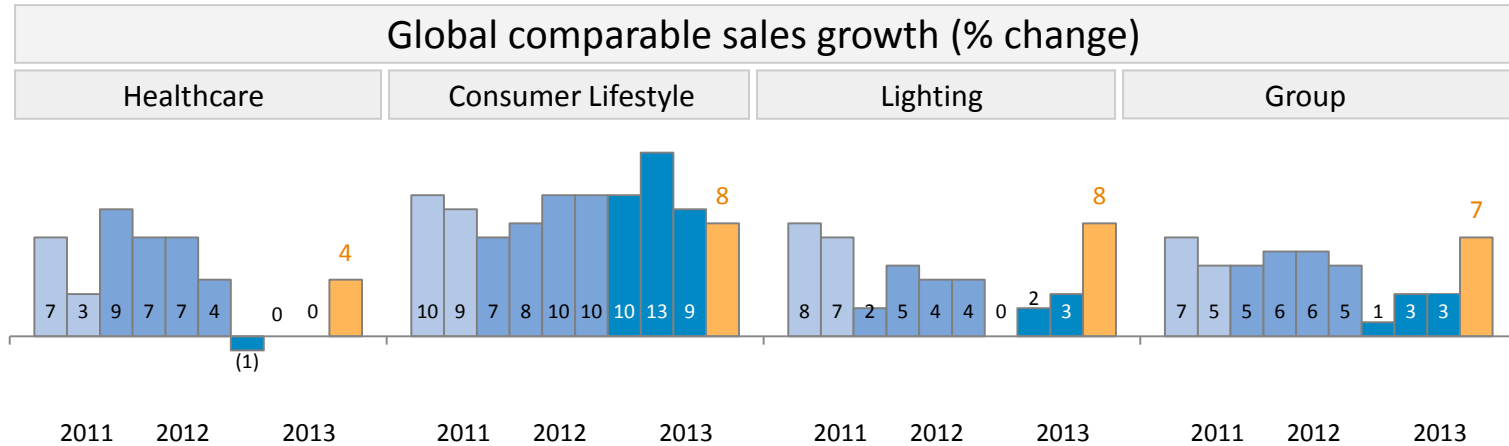
	2012	2013	% nom	% comp
Western Europe	5,872	5,871	0	0
North America	7,470	7,041	(6)	(2)
Other mature geographies	2,065	1,914	(7)	5
Growth geographies ¹	8,050	8,503	6	11
Philips Group	23,457	23,329	(1)	3

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 development

Trend Q3 2011 – Q4 2013

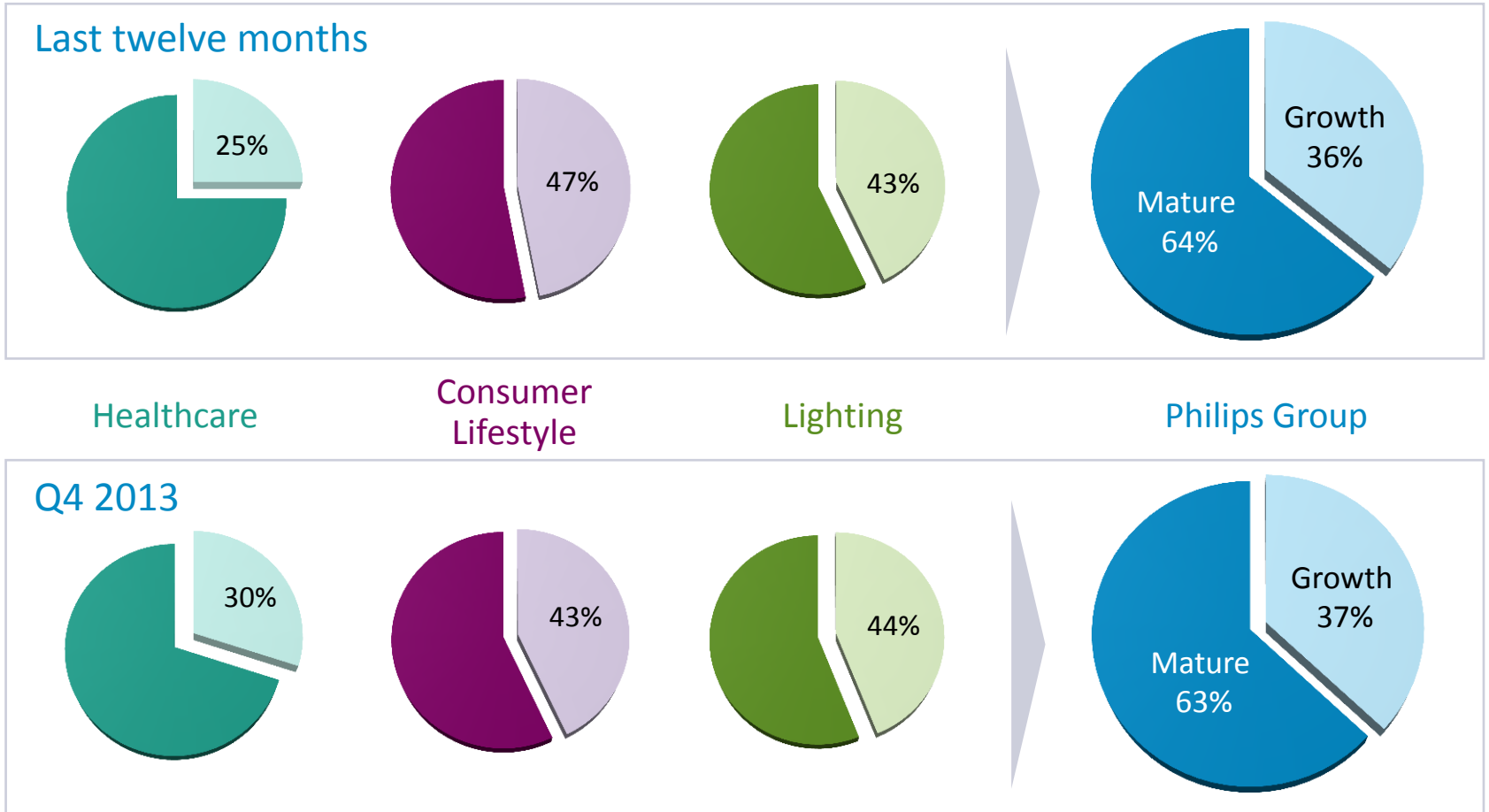


¹ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

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 in growth geographies¹

Last twelve months and Q4 2013



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 – Q4 2013

EUR million

	Q4 2012		Q4 2013	
		as % of sales		as % of sales
Healthcare ¹	411	14.1%	541	19.1%
Consumer Lifestyle ²	127	9.2%	187	13.1%
Lighting ³	(28)	(1.2)%	218	9.5%
Innovation, Group & Services ⁴	(560)	-	(62)	-
Philips Group	(50)	(0.7)%	884	13.0%

¹ 4Q13 includes a net release of EUR 3M of restructuring provisions; 4Q12 includes EUR (114)M of charges

² 4Q13 includes EUR (5)M of restructuring and acquisition-related charges; 4Q12 includes EUR (30)M of charges

³ 4Q13 includes EUR (22)M of restructuring and acquisition-related charges; 4Q12 includes EUR (185)M of charges and a EUR (22)M loss on the sale of industrial assets

⁴ 4Q13 includes EUR (7)M restructuring charges; 4Q12 includes EUR (19)M restructuring charges and 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 - 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 – FY 2013

EUR million

	2012		2013	
		as % of sales		as % of sales
Healthcare ¹	1,226	12.3%	1,512	15.8%
Consumer Lifestyle ²	456	10.6%	483	10.5%
Lighting ³	128	1.5%	695	8.3%
Innovation, Group & Services ⁴	(704)	-	(239)	-
Philips Group	1,106	4.7%	2,451	10.5%

¹ 2013 includes on balance EUR 82M of gains and charges; 2012 includes on balance EUR (134)M of gains and charges

² 2013 includes on balance EUR (13)M of gains and charges; 2012 includes on balance EUR 104M of gains and charges

³ 2013 includes on balance EUR (90)M of gains and charges; 2012 includes on balance EUR (396)M of gains and charges

⁴ 2013 includes on balance EUR (28)M of gains and charges; 2012 includes on balance EUR (439)M of gains and charges

Please refer to slide 100 for details

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 – Q4 2013

EUR million

	Q4 2012		Q4 2013	
		as % of sales		as % of sales
Healthcare ¹	525	18.0%	538	19.0%
Consumer Lifestyle ²	157	11.3%	192	13.4%
Lighting ³	179	7.9%	240	10.4%
Innovation, Group & Services ⁴	(96)	-	(55)	-
Philips Group	765	11.3%	915	13.5%

¹ 4Q13 excludes a net release of EUR 3M of restructuring provisions; 4Q12 excludes EUR (114)M of charges

² 4Q13 excludes EUR (5)M of restructuring and acquisition-related charges; 4Q12 excludes EUR (30)M of charges

³ 4Q13 excludes EUR (22)M of restructuring and acquisition-related charges; 4Q12 excludes EUR (185)M of charges and a EUR (22)M loss on the sale of industrial assets

⁴ 4Q13 excludes EUR (7)M restructuring charges; 4Q12 excludes EUR (19)M restructuring charges and 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 - 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 – FY 2013

EUR million

	2012		2013	
		as % of sales		as % of sales
Healthcare ¹	1,360	13.6%	1,430	14.9%
Consumer Lifestyle ²	352	8.2%	496	10.8%
Lighting ³	524	6.2%	785	9.3%
Innovation, Group & Services ⁴	(265)	-	(211)	-
Philips Group	1,971	8.4%	2,500	10.7%

¹ 2013 excludes on balance EUR 82M of gains and charges; 2012 excludes on balance EUR (134)M of gains and charges

² 2013 excludes on balance EUR (13)M of gains and charges; 2012 excludes on balance EUR 104M of gains and charges

³ 2013 excludes on balance EUR (90)M of gains and charges; 2012 excludes on balance EUR (396)M of gains and charges

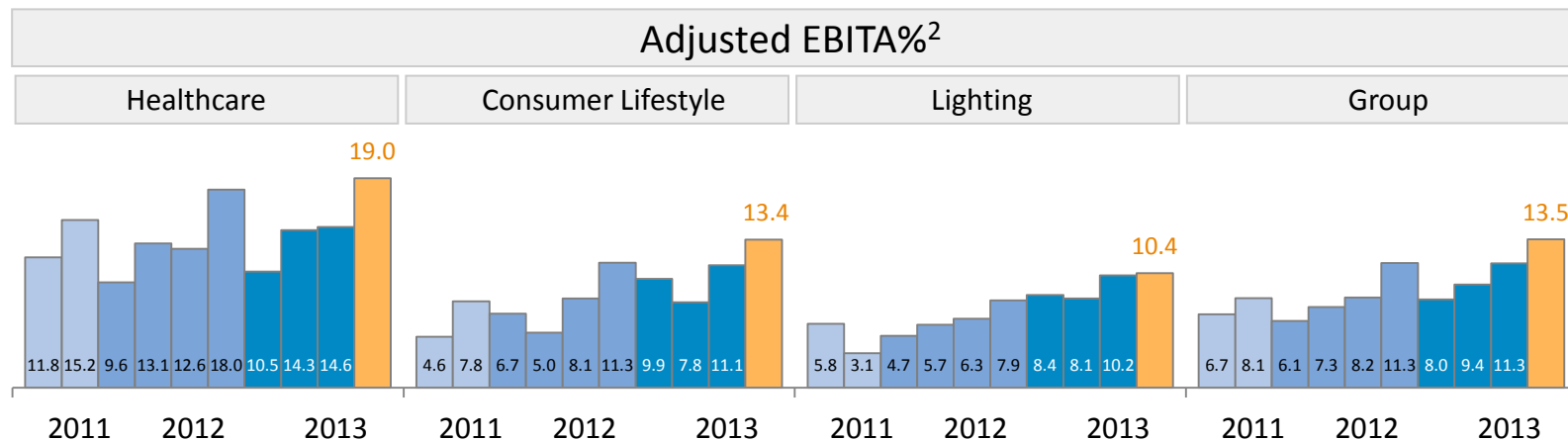
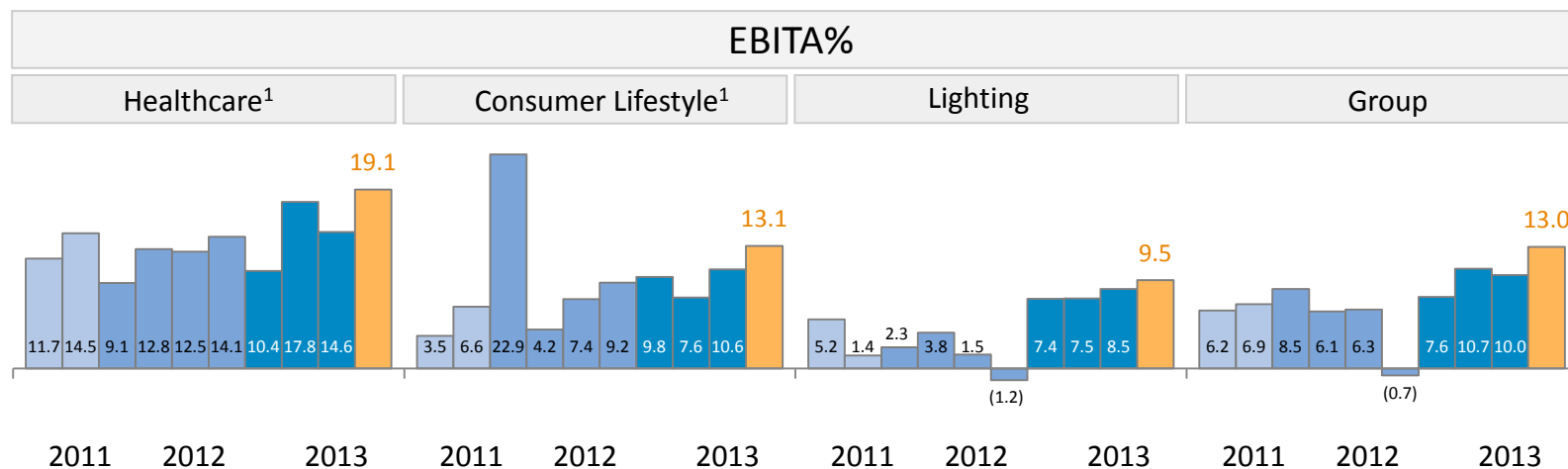
⁴ 2013 excludes on balance EUR (28)M of gains and charges; 2012 excludes on balance EUR (439)M of gains and charges

Please refer to slide 100 for details

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 Q3 2011 – Q4 2013

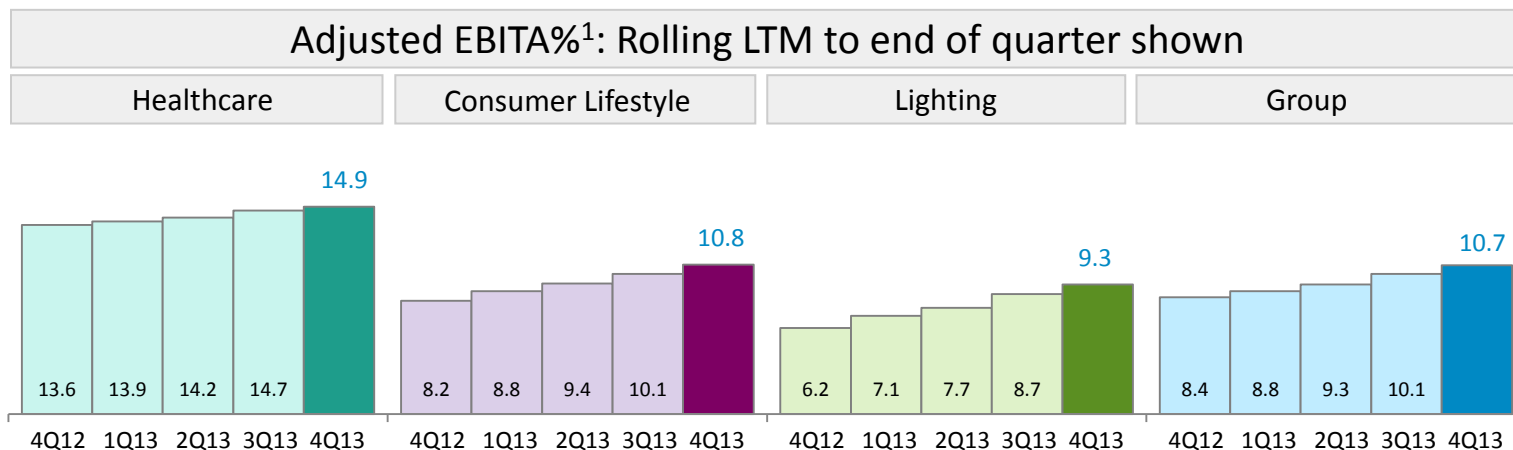
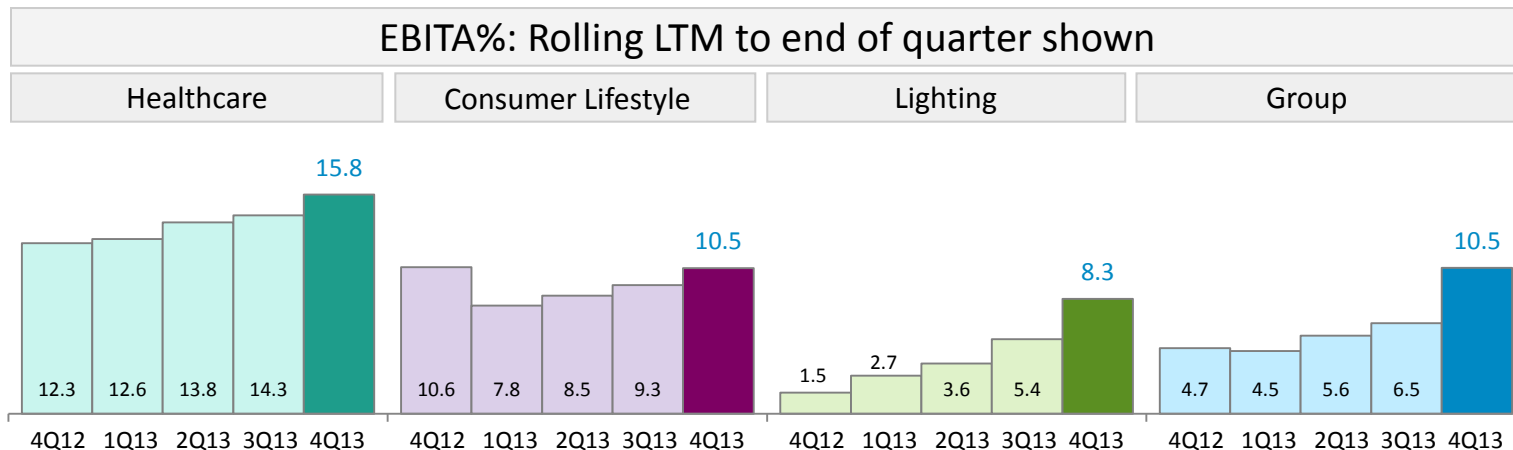


¹ Healthcare EBITA Q2 2013 includes a EUR 82 million gain from past-service pension costs in the US and the sale of a business; Consumer Lifestyle EBITA Q1 2012 includes a EUR 160M gain from the Senseo transaction ² Adjusted EBITA is EBITA corrected for incidental charges (details on slide 100)

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

Rolling last 12 months

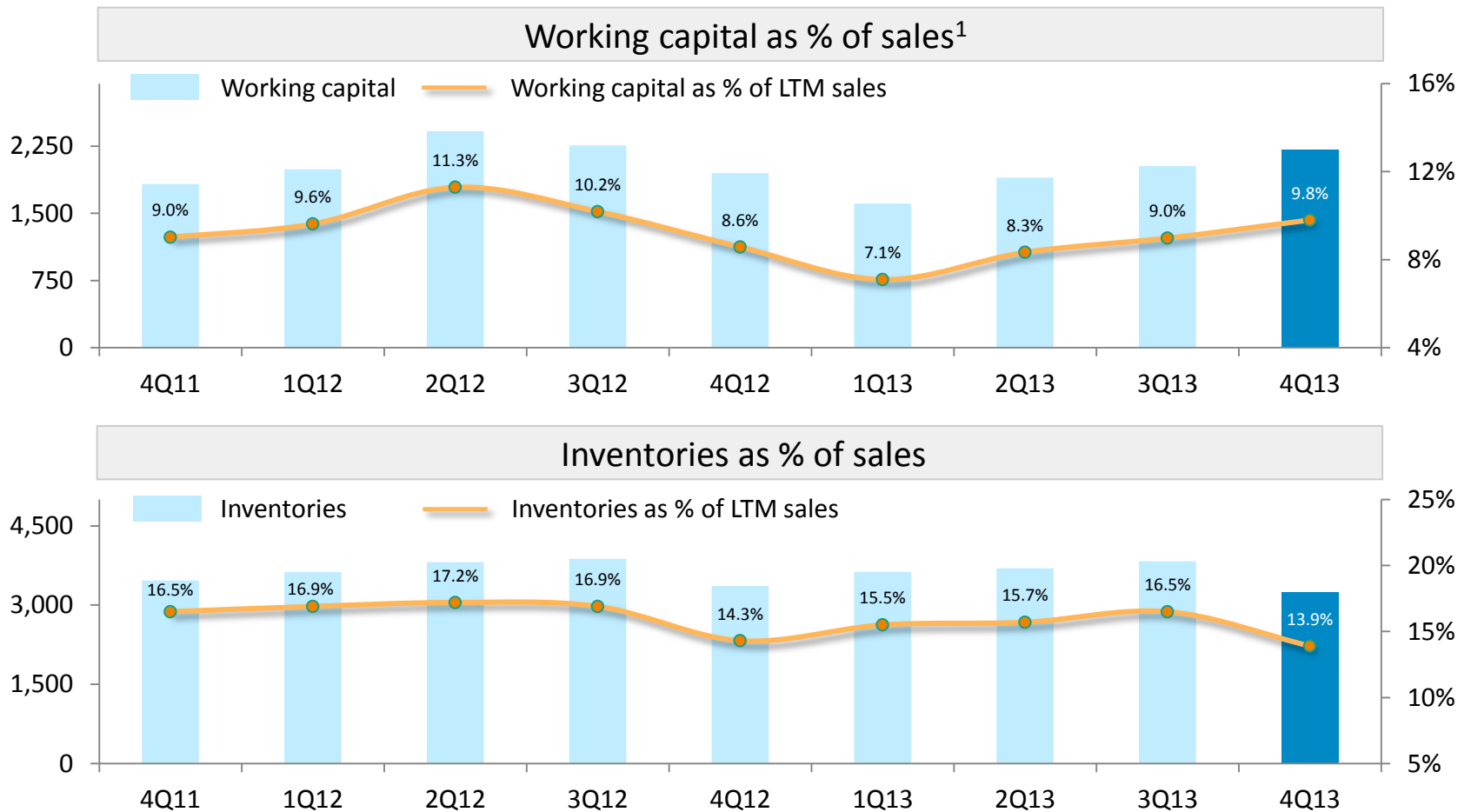


¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 100)

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 two years

EUR million



¹ Working capital as % of sales of Healthcare, Consumer Lifestyle and Lighting; excluding central sector IG&S. Working capital includes residual balance of discontinued operations

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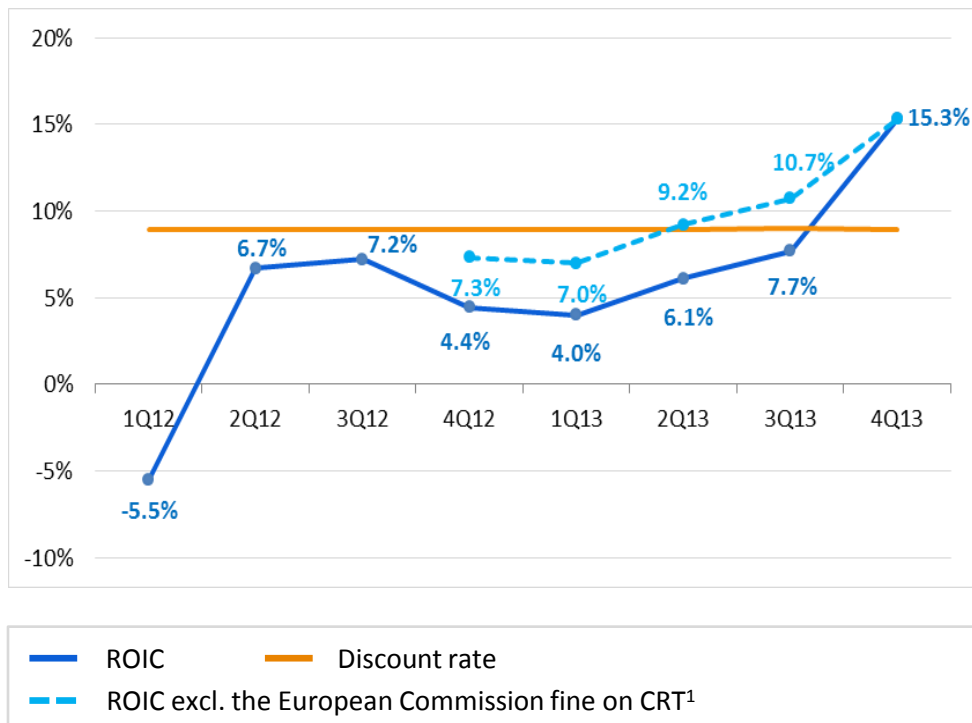
Free Cash Flow – Q4 2013

EUR million

	Q4 2012	Q4 2013
Net income from continuing operations	(435)	422
Fixed assets depreciation, amortization, and impairments	382	403
Impairment of goodwill and other non-current financial assets	2	32
(Income) loss from investments in associates	(4)	47
Changes in working capital, of which:	780	(170)
- changes in receivables and other current assets	(82)	(109)
- changes in inventories	411	497
- changes in accounts payable, accrued and other liabilities	451	(558)
Changes in non-current receivables, other assets and other liabilities	(136)	3
Increase in provisions	322	49
Others	145	119
Net cash flow from operating activities	1,056	905
Purchase of intangible assets/ Expenditures on development assets	(104)	(121)
Capital expenditures on property, plant and equipment	(212)	(181)
Proceeds from disposals of property, plant and equipment	13	5
Net capital expenditures	(303)	(297)
Free Cash Flow	753	608

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)



- ROIC improved to 15.3% in Q4 2013, from 10.7% in Q3 2013 and 7.3% in Q4 2012 excluding the European Commission fine on CRT¹
- We exceeded our mid-term ROIC target of 12-14%, mainly due to:
 - Improved earnings in all sectors
 - Lower fixed assets and lower average Net Operating Capital
- ROIC in Q1 2012 was impacted by impairment charges of 2011. Excluding these charges, ROIC was 6.6%
- Discount rate is 9.0%

Notes:

Philips calculates ROIC % as: EBIAT/ NOC

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

EBIAT are earnings before interest after tax; reported tax used to calculate EBIAT

¹ CRT=Cathode-Ray Tubes, a business divested by Philips in 2001. Philips has appealed the decision. Charges were taken in Q4 2012.

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Philips' debt has a long maturity profile

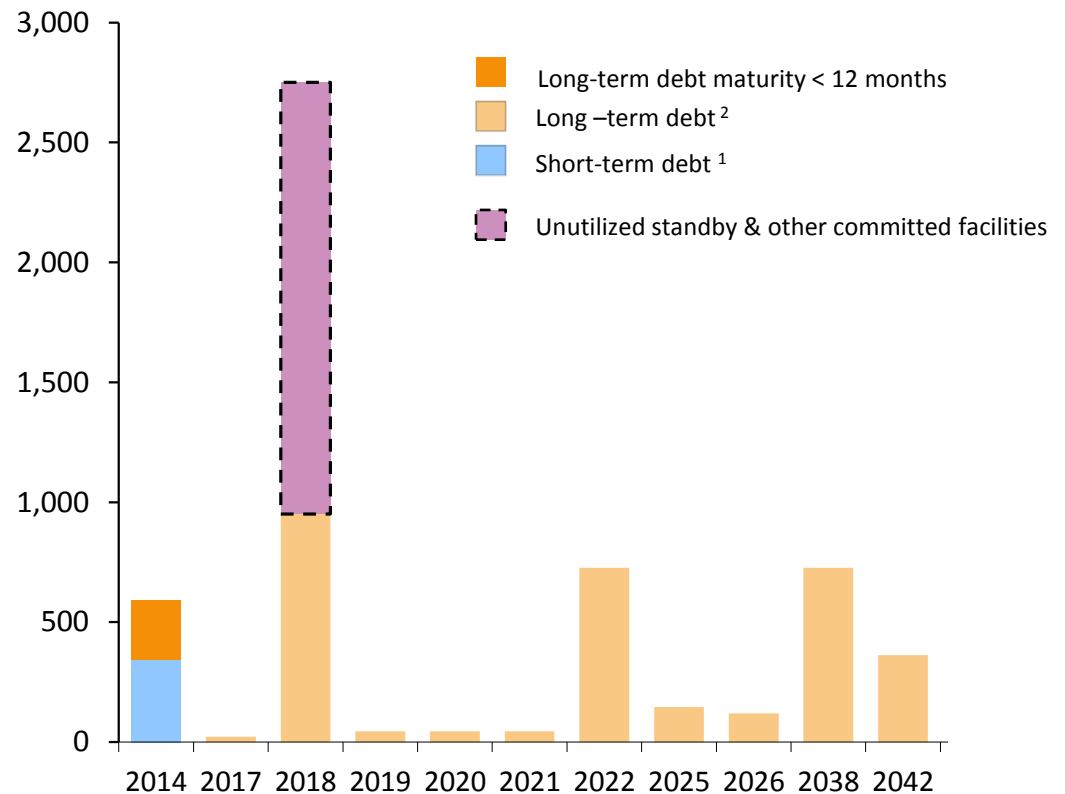
Characteristics of long-term debt

- Maturities up to 2042
- Average tenor of long-term debt is 12.2 years
- No financial covenants

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

Debt maturity profile as of December 2013

Amounts in EUR millions

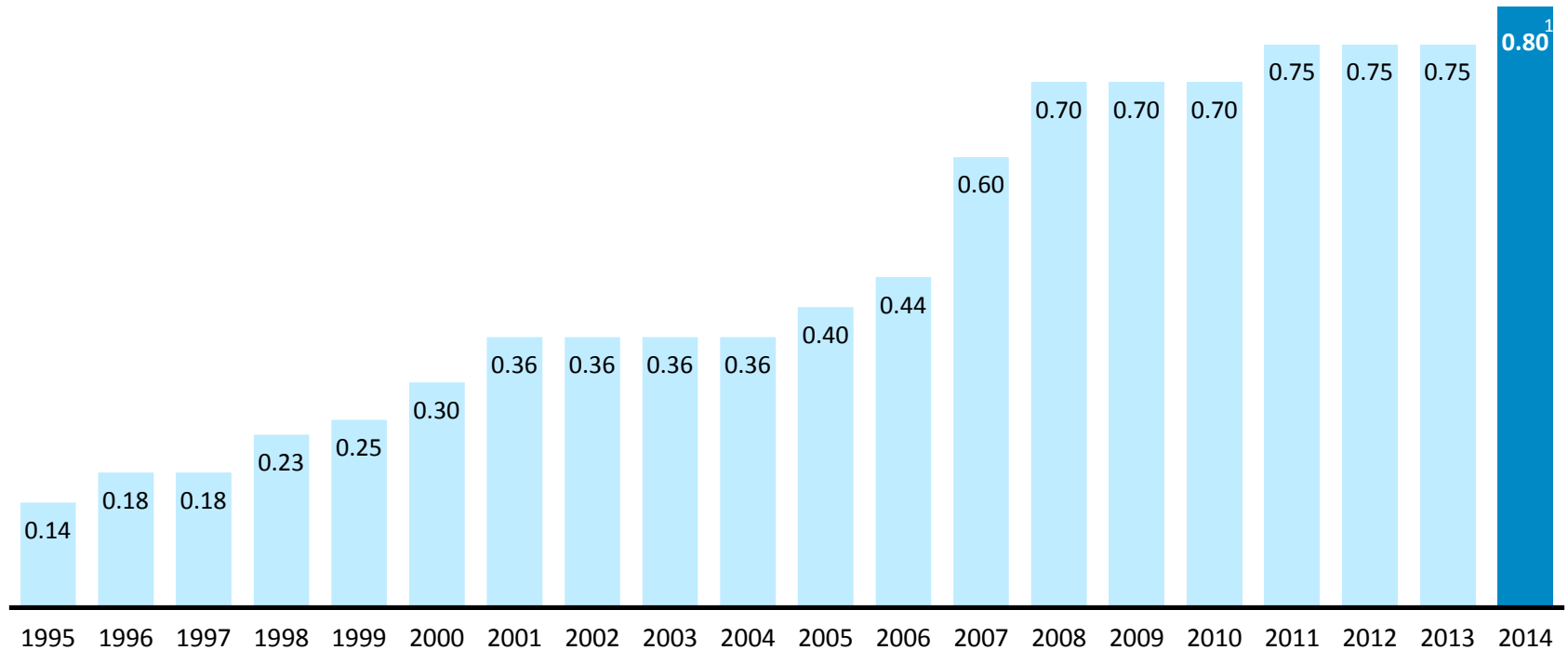


¹ Short term debt consists mainly of local credit facilities that are being rolled forward on a continuous basis

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.”

Update funded status pension plans (IFRS basis)

EUR million	December 31, 2012 (re-stated for IAS19R)		December 31, 2013	
	Funded Status	Balance sheet position	Funded Status	Balance sheet position
Netherlands Prepaid pension asset ¹	777	0	555	0
Other major plans	<u>(1,237)</u>	<u>(1,823)</u>	<u>(984)</u>	<u>(1,412)</u>
Major plans	(460)	(1,823)	(429)	(1,412)
Minor plans	<u>(202)</u>	<u>(199)</u>	<u>(205)</u>	<u>(205)</u>
Total	(662)	<u>(2,022)</u>	(634)	<u>(1,617)</u>

- In 2013, the total funded status improved due to favorable discount rates for the main Defined Benefit (DB) plans. This improvement was partially offset by a EUR 200 million longevity adjustment in the Netherlands in Q4 2013. The Balance sheet position improved as higher interest rates lowered the net present value of the liabilities and, to a lesser extent, negatively affected the market value of the plan assets
- 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 With the objective to mitigate the company's financial exposure to its pension plans, a new funding agreement for the Netherlands pension plan has become effective per January 1, 2014

² DBO= Defined Benefit Obligation

Disciplined Capital Use

- Invest in high ROIC organic growth opportunities and selected value creating bolt-on acquisitions
- Maintain our A3/A- rating
- We are committed to a stable dividend policy with a 40% to 50% pay-out of continuing net income
- We will drive higher capital efficiency and cash flow yields through improved working capital turns and CAPEX discipline
- 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
- Additionally, capital will be used to mitigate risk and return capital to shareholders over time

Agenda

1. Management update
2. Group results Q4 2013 and annual results
3. Accelerate! Change and performance
4. Philips Business System and Path-to-Value
5. Group and sector overview



Accelerate! change and performance program

Objectives achieved between 2011-2013 ✓ Complete/operational ➤ Continued transformation focus

Customer Centricity

- ✓ 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

Resource to Win

- ✓ Granular plans to increase number of BMC¹'s in which we are an outright leader
- Increase performance adherence to plan per BMC¹ > 80%
- ✓ Execute on strategic workforce plan for growth markets
- ✓ Targeted investment step-ups made (EUR 200 million) to gain market leadership

End2End Execution

- 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

Growth and Performance Culture

- ✓ Introduced new behaviors to drive new ways of working
- Team 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

Operating Model

- ✓ Simplify the organization and reduce overhead and support costs by EUR 1 billion
- Implement the Philips Business System in the organization
- ✓ Performance Management for BMC¹'s implemented
- ✓ Implement collaborative P&L between businesses & markets with clear accountability

Supported by strong change and program management office to ensure execution



Accelerate! change and performance program

2014-2016 unlock full potential faster

Dark blue indicates quarter over quarter improvement
+ New objective vs. 2011-2013

<p>Customer Centricity</p>		<ul style="list-style-type: none"> • 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 + • Expansion into adjacent and new growth markets to drive growth
<p>Resource to Win</p>		<ul style="list-style-type: none"> • Increase performance adherence to plan per BMC¹ > 80% • Targeted investment step-ups to gain market leadership + • Build BMC¹ capabilities with global tools, training, and ways of working deployment
<p>End2End Execution²</p>		<ul style="list-style-type: none"> + • Productivity gains of 100 bps margin impact to be achieved by 2016 <ul style="list-style-type: none"> - Transform customer chains to 4 Lean business models - Roll-out new integrated IT landscape which will fundamentally simplify the way of working - Reduce Cost of Non Quality by 30% , Inventory reduction by 20% • Accelerate innovation time to market by av. 40%; Increase customer service >95% + • EUR 1 billion via Design for Excellence (DfX) over the period 2014-2016
<p>Growth and Performance Culture</p>		<ul style="list-style-type: none"> • Team transformation workshops to enable culture change • Quarterly pulse check to check for effectiveness of the above + • Build a University to increase learning and competency development across Philips + • Excellence practices to increase operational performance; Lean skills for all employees
<p>Operating Model²</p>		<ul style="list-style-type: none"> + • Simplify the organization and reduce overhead and support costs by EUR 1.5 billion • Implement the Philips Business System in the organization + • Continue to transform Finance, HR, and IT to increase productivity and effectiveness + • Align all employees to common performance management objectives and measures

Supported by dedicated senior Transformation Leadership to ensure execution

¹ BMC = Business Market Combination

² Achievement reset to reflect 2016 targets; Please refer to slide 50 for the reconciliation of the related gross savings and investments



Accelerate! is improving the way we do business

Innovation: Air purification China

Through our entrepreneurial and customer centric innovation approach, a new Air Purifier range was successfully launched in China. Its locally relevant value proposition and innovative technologies drove strong customer preference, resulting in a 7-point market share increase. We were also able to reduce time to market by 50% through a simplified production methodology.



End2End transformation: Lighting Brazil

Through our End2End transformation program, we improved the product introduction process and worked closely with customers to renew our Lighting portfolio in Brazil. This resulted in a 19% reduction in the number of SKUs¹, 45% reduction in time to market and 20% sales volume increase, as well as improved customer service levels.



Customer value chain: Imaging Systems North America

To enable us to tailor propositions to different decision makers in the healthcare customer landscape, we improved the entire customer value chain of our Interventional X-ray business in North America. This resulted in new ways of doing business including full product-service solutions that maximize customer value, thereby increasing our win rate by 6% in selected North American accounts.



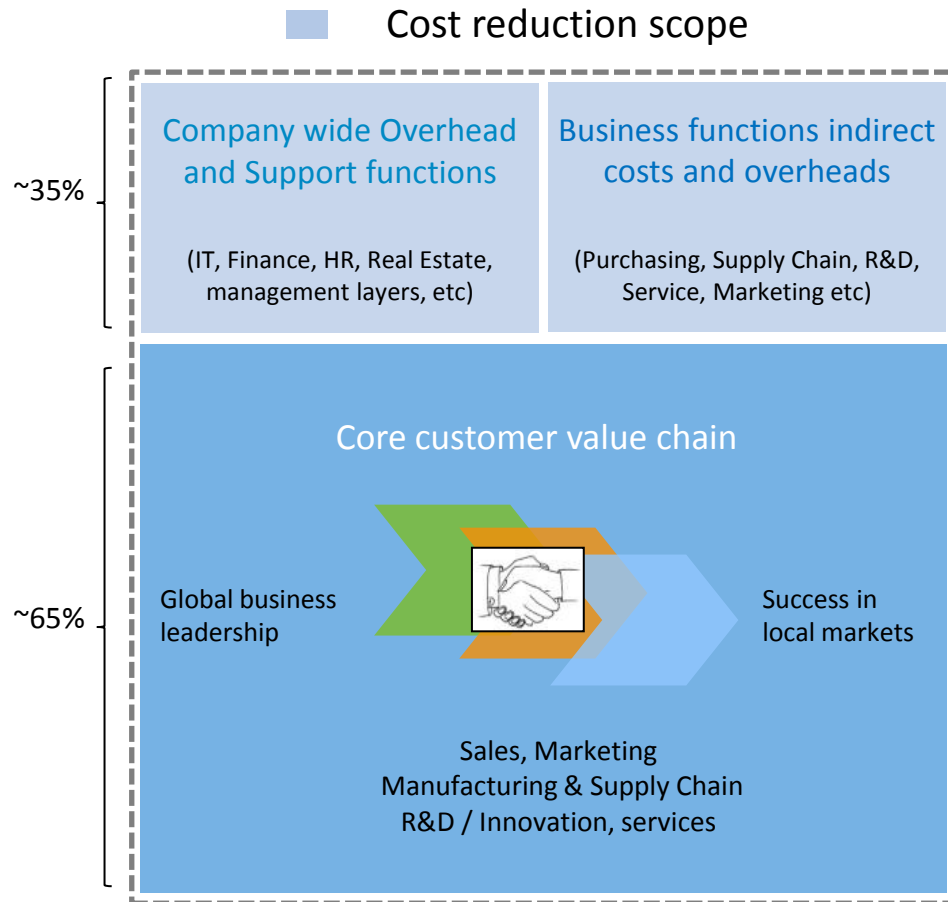
Lean market-to-order: France

By applying Lean, Philips Healthcare redesigned and simplified its way of working and operating procedures in France. An agile and effective Market-to-Order process was implemented, reducing the time for developing quotations and technical proposals by 85%, with 92% of commercial offers being delivered within 5 days.





Cost reduction program targeting overhead & indirect costs will bring EUR 1.5 billion in savings by 2015



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*
- Increased savings based on 2013 baseline
- Focus on sustainable structural savings instead of “variable” costs



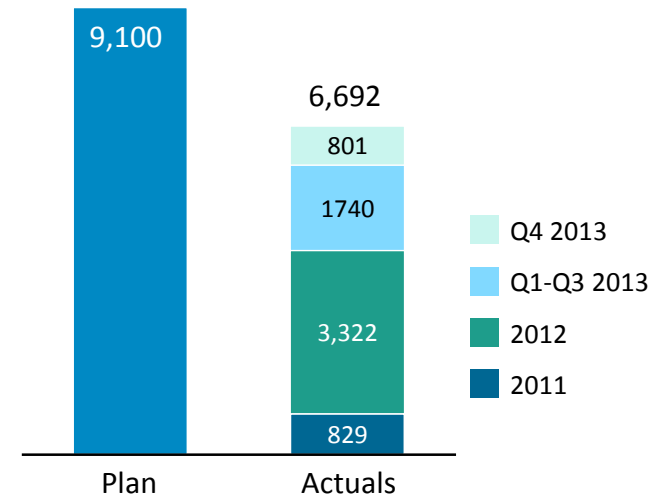
EUR 1.5 billion cost reduction program

Program started in Q3 2011, expected to be completed by 2015

EUR million	Gross savings ¹						
	2011 Actual (A)	2012 Actual (B)	FY 2013 Actual (C)	Total Actual (A+B+C)	Total 2013 Plan	Total 2014 Plan	Total 2015 Plan
TOTAL	25	400	641	1,066	1,000	1,250	1,500

Approximately 74% of the targeted headcount reduction completed by 2013

EUR million	Annual restructuring costs and investments							
	2011 Actual	2012 Actual	YTD 3Q13 Actual	4Q13 Actual	FY 2013 Actual	2013 Plan	2014 Plan	2015 Plan
Restructuring	(37)	(238)	(43)	(29)	(72)	(65)	(100)	(100)
Investments	(37)	(128)	(98)	(39)	(137)	(140)	(160)	(185)
TOTAL	(74)	(366)	(141)	(68)	(209)	(205)	(260)	(285)



¹ "Cumulative gross savings" has been changed to "Gross savings" as of Q2 2013 and historical figures have been restated where necessary

Note - The above figures have been adapted to exclude results related to the Audio, Video, Multimedia and Accessories business of :

Total savings of EUR 46M, annual restructuring costs in 2012 of EUR 11M and EUR 3M in 2013, investments of EUR 1M in 2013 and a headcount reduction of 99 employees

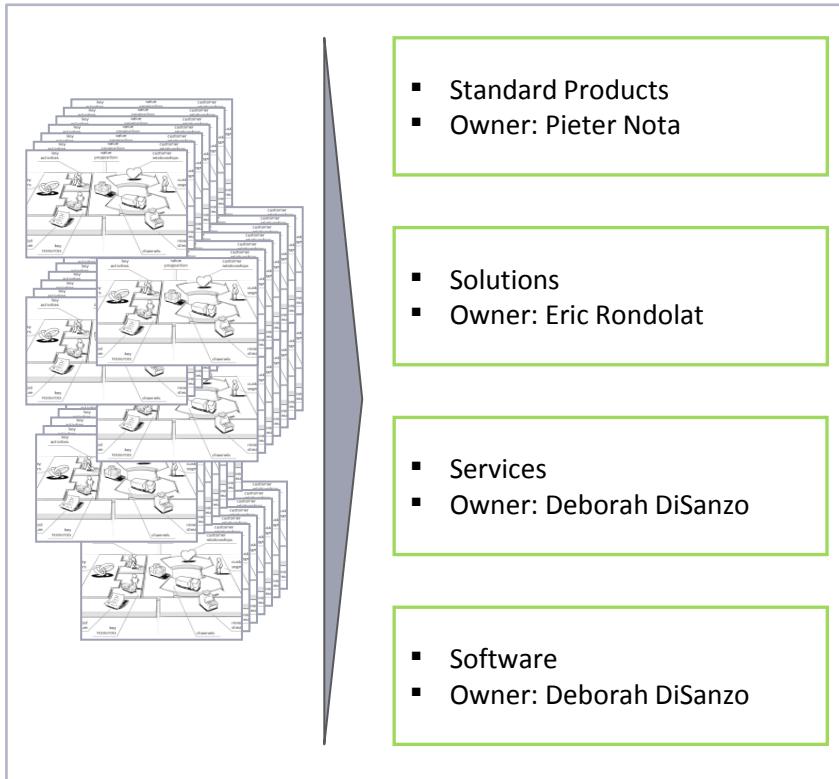


Overhauling our business model architecture

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

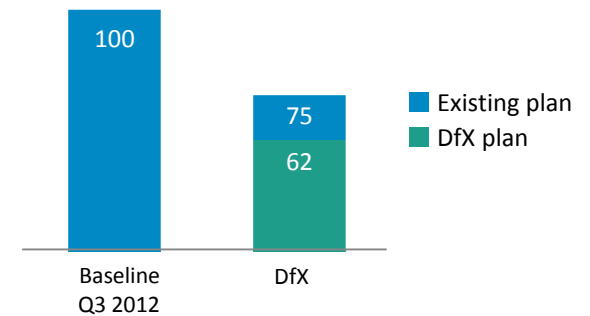


Applying DfX in the product creation process

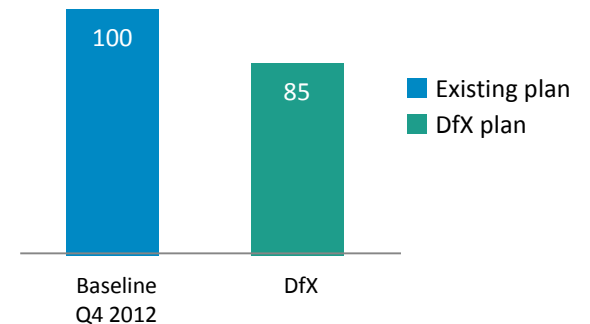
Design for X; X = cost, quality, manufacturing etc.

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



DfX challenges the value chain of products, drives decisions & follow-through

Agenda

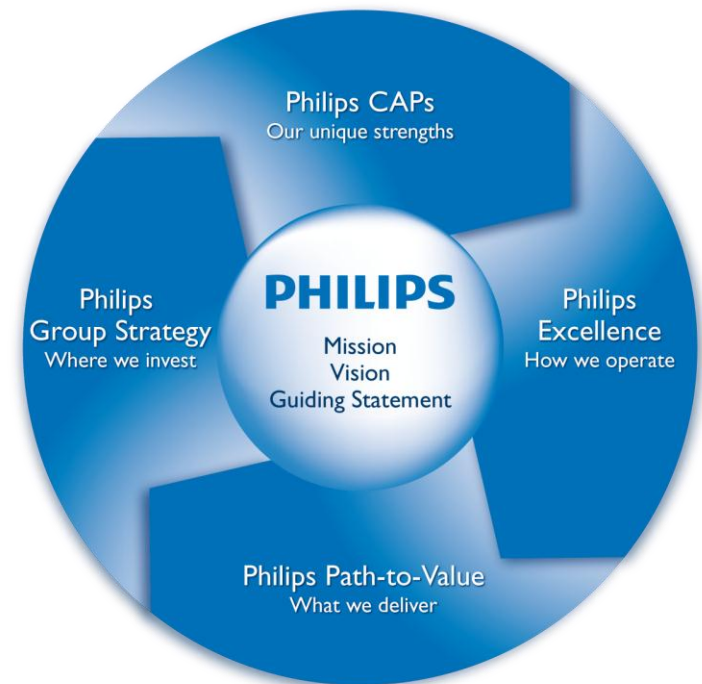
1. Management update
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We are implementing the Philips Business System

Our repeatable system to unlock and deliver value

The Philips Business System enables us to:

- Manage our portfolio with **granular value creation plans** for every business
- Leverage our differentiating Capabilities, Assets and Positions to drive **global scale** and **local relevance**
- Be a **learning organization** that delivers with **speed** and **excellence** to our customers
- Live a **growth** and **performance** culture
- Deliver **increasing value** in a **repeatable** manner



Mega trends create great opportunities for profitable growth

Mega Trends



- Growing and aging population with more chronic diseases
- Growing demand for integral value-based healthcare solutions



- Growth geographies¹ with growing middle class
- Rising health & well-being consciousness



- The world needs more light and energy efficient lighting
- Digitalization driving demand for integrated lighting solutions

Sizeable Opportunities

- Around 65% of deaths globally are due to chronic and non-communicable diseases
- World's population of people 60 years+ doubled since 1980; forecast to reach 2 billion by 2050

- The global middle class is expected to increase from 1.8 billion in 2009 to 4.9 billion by 2030
- Aging population, high obesity rates, and a raised awareness of un-healthy foods

- Urbanization leading to 3 billion more people in cities by 2050
- LED to be 45-50% of the market by 2016, as inefficient technologies are being phased out

¹ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
Sources: World health organization, Agriculture and Agri-food Canada, OECD observer, and Philips Lighting global market study

Our business domains play right into these megatrends

Mega Trends



- Growing and aging population with more chronic diseases
- Growing demand for integral value-based healthcare solutions



- Growth geographies¹ with growing middle class
- Rising health & well-being consciousness



- The world needs more light and energy efficient lighting
- Digitalization driving demand for integrated lighting solutions

Our Business Domains

Healthcare

- Imaging systems for diagnostics and therapy
- Patient care for hospital and home
- Clinical Informatics & consulting services

Consumer Lifestyle

- Personal health & well-being appliances and services

Lighting

- Light sources
- Lighting applications, systems and services

Each of our ~40 businesses has a granular value creation roadmap towards 2016 targets and beyond

Our Business domains



Imaging Systems for diagnostics and therapy

Patient care for hospital and home

Clinical Informatics & consulting services

Personal health & well-being appliances and services

Light sources

Lighting applications, systems and services

IP licensing

Emerging businesses

Our Businesses

- Radiology modalities & applications
- Ultrasound Imaging
- Image guided interventional therapy
- Acute and therapeutic care products
- Sleep & respiratory care
- Hospital and home patient monitoring
- Clinical informatics applications
- Healthcare consulting services
- Male Grooming, Beauty
- Oral Healthcare, Mother & Childcare
- Kitchen Appliances, Garment Care, Coffee
- Conventional lamps and drivers
- LED lamps, drivers and modules
- Lumileds, Automotive, OLED
- Professional Lighting Systems and Controls
- Consumer Luminaires
- IP and Brand licensing
- Various

Our value creation levers

- Lean out & address under-performance issues
- Speed up innovation
- End2End business model redesign
- Exploit Philips' global footprint for geographical adjacencies (spottiness)
- Strong focus on growth geographies¹
- Fill out logical product adjacencies
- Emerging businesses fitting our CAPs²

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

² Capabilities, Assets and Positions

Example value creation approach: Ultrasound

Domain

Imaging Systems for diagnostics and therapy

Business

Ultrasound Imaging



The new era in advanced Ultrasound Philips EPIQ with anatomical intelligence

Value creation roadmap

Treat Ultrasound as a growth business and re-invest to expand:

- Leverage India R&D and China operations to expand value segment
- Develop channels in growth geographies to capture opportunities from mega trends
- Strengthen solutions approach by adding clinical decision support through anatomical intelligence
- Develop adjacency into services and new business models allowing remote diagnostics
- Grow partnerships in interventional applications and therapies

Business Assessment

Healthy and profitable business, leadership in the premium segment

Market Insights

- Ultrasound will have wider clinical applications in healthcare
- Profitable value segment will be key to further value creation

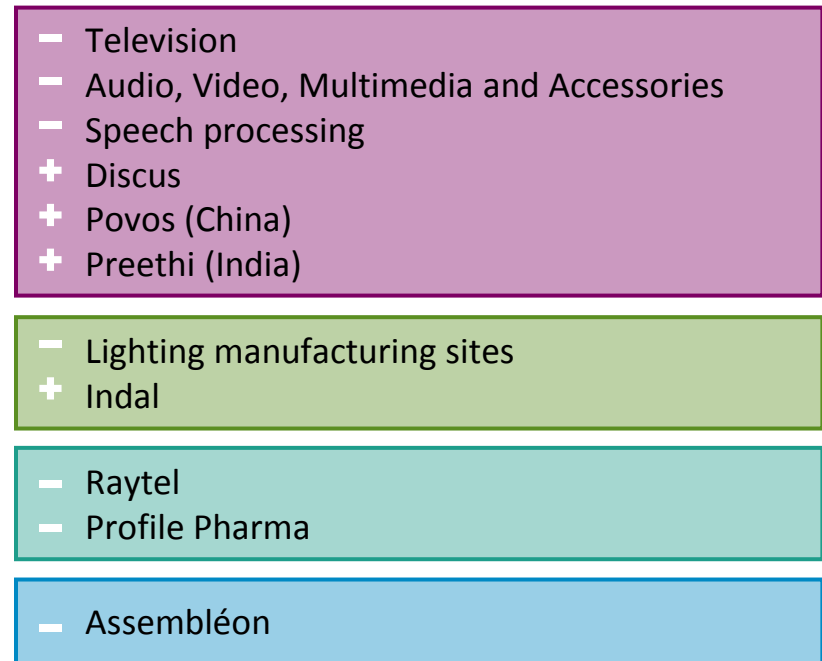
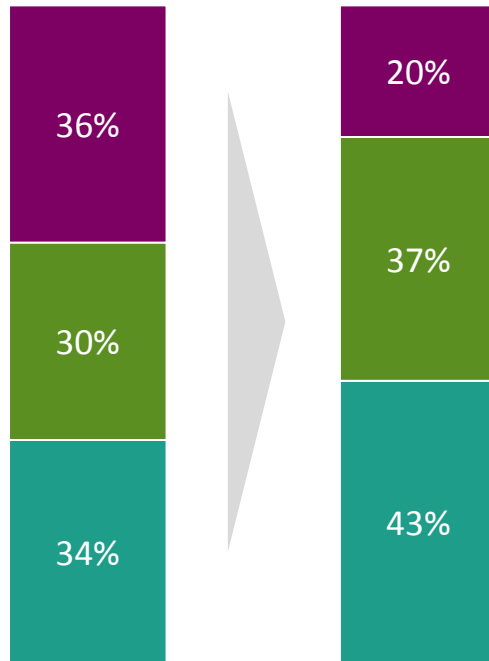
We made significant portfolio changes

Resulting in a better growth platform with higher profit potential

Group Sales Mix

1st Jan 2011

Dec '13
last twelve months



■ Healthcare
 ■ Lighting
 ■ Consumer Lifestyle
 ■ Group
 + Acquisition
 - Divestment

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

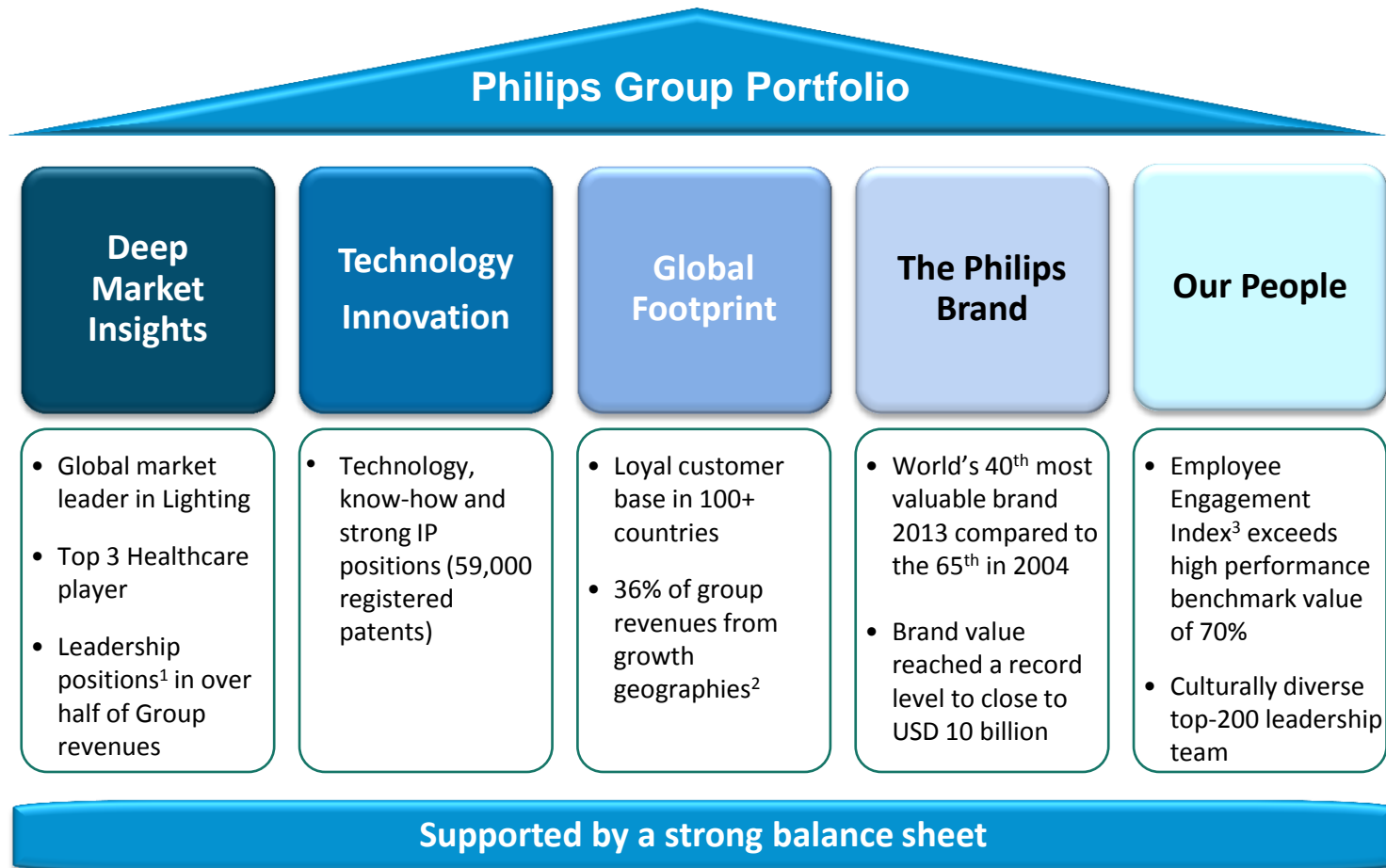


Global
Professional
Luminaires



Global
High Power LEDs

Our differentiating Capabilities, Assets and Positions



¹ Global #1 position in the market

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

³ Based on annual Philips' Employee Engagement Survey

Our Path-to-Value is clearly mapped out



Initiate new growth

- Invest in adjacencies to core
- Seed emerging business areas

Expand leadership positions

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

Close performance gaps

- Productivity & margin improvements
- Turnaround underperforming units
- Portfolio correction
- Lean processes, real time IT

2011

2016

2013 Financial targets achieved

Financial performance 2013			
	Target ¹	Actual	
Sales growth CAGR	4 - 6%	4.5%	✓
Group Reported ² EBITA as % of sales	10 - 12%	10.5%	✓
- Healthcare businesses	15 - 17%	15.8%	✓
- Consumer Lifestyle businesses	8 - 10%	10.5%	✓
- Lighting businesses	8 - 10%	8.3%	✓
Group ROIC ³	12 - 14%	15.3%	✓

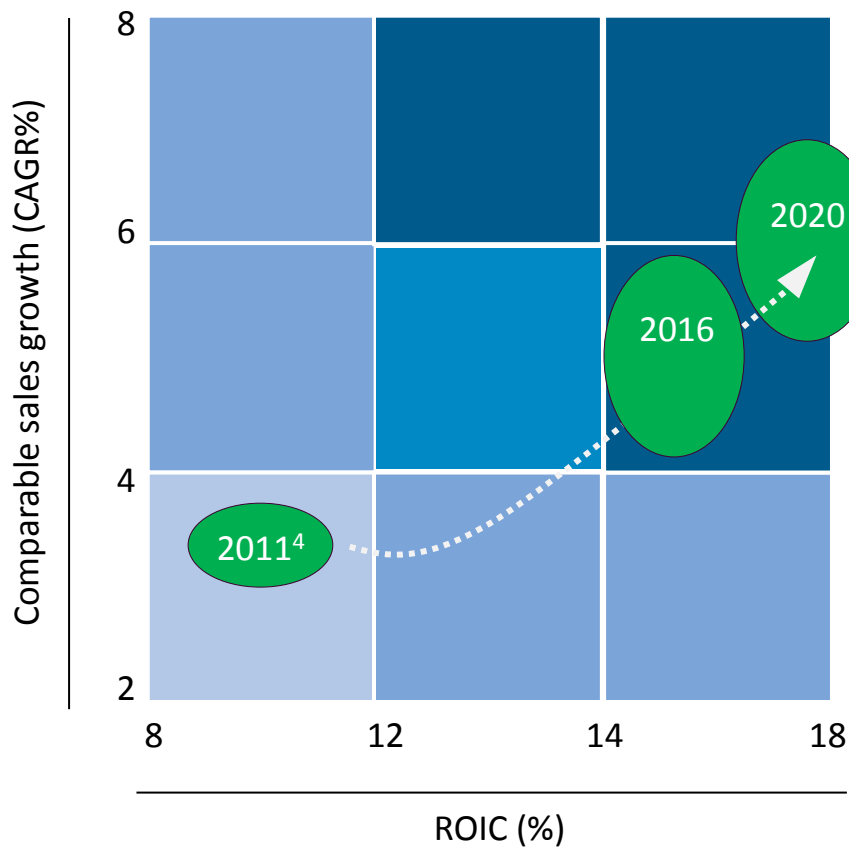
¹ Mid-term financial targets set in 2011

² Including restructuring and acquisition-related charges

³ Excluding M&A impact

Next steps on our Path-to-Value

Philips Performance Box



Financial targets 2016

Sales growth CAGR ¹	4 - 6%
Group Reported ² EBITA as % of sales	11 - 12%
- Healthcare businesses	16 - 17%
- Consumer Lifestyle businesses	11 - 13%
- Lighting businesses	9 - 11%
Group ROIC ³	>14%

¹ Assuming real GDP growth of 3-4%

² Including restructuring and acquisition-related charges

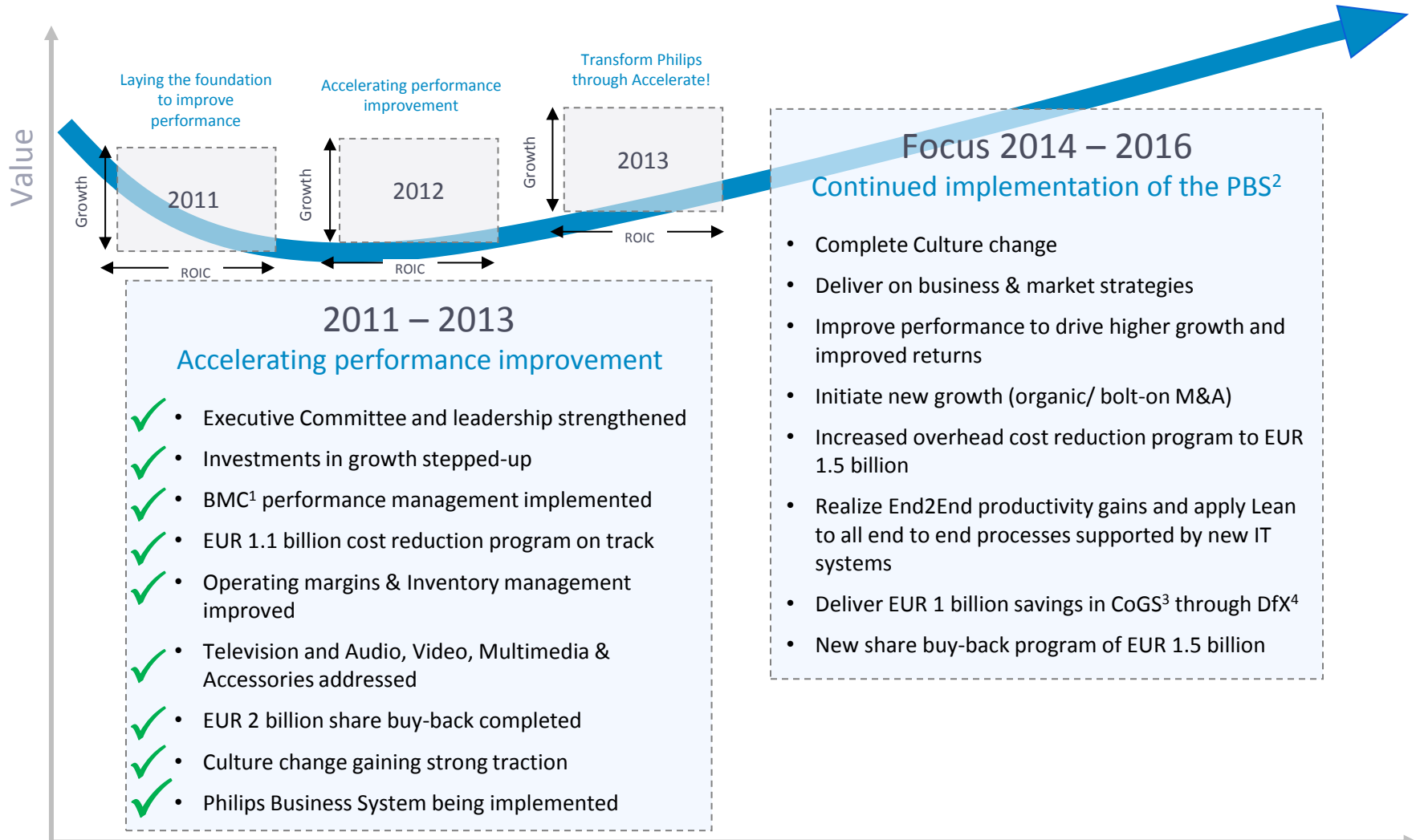
³ Excluding M&A impact

⁴ 2011 is Comparable Sales Growth % instead of CAGR%. 2011 according to portfolio at that time

Accelerate! delivers growth and profitability improvements supporting 2016 targets and beyond

Categories	Measures	Margin Impact 2016 ¹	
Productivity	<ul style="list-style-type: none"> Overhead cost reduction program increased from EUR 1.1 billion to EUR 1.5 billion by 2015 EUR 1 billion through Design for Excellence (DfX) between 2014-2016 contributing to gross margin expansion End2End productivity gains to be achieved by 2016 	<p>>100 bps</p> <p>100-200 bps</p> <p>>100 bps</p>	
	Additional Productivity Improvements		300-400 bps
	Investments in productivity	<ul style="list-style-type: none"> Incremental one-time restructuring costs, investments to upgrade IT systems, and re-engineer end to end processes between 2014-2016 	- 50 bps
Investments in growth	<ul style="list-style-type: none"> Incremental investments in new (organic) growth in adjacencies with returns after 2016 	- 100 bps	
Contingency	<ul style="list-style-type: none"> Contingencies to cater for moderate fluctuations in market growth and price erosion compared to our assumptions 	- 50 bps	
Net Improvement in 2016 Reported EBITA		100-200 bps	

The Accelerate! journey will continue...



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We are a global diversified technology company

We manage a dynamic portfolio of ~40 businesses serving attractive markets of Healthcare, Personal health & well-being and Lighting



€23.3 billion sales in 2013 enabled by the **~115,000 people employed**



Over **50%** of the **portfolio** has **global leadership positions**



€1.7 billion annual investments in **innovation** and **~59,000 patents**



More than **1/4** of revenues from **recurring revenue** streams



Market **reach in over 100 countries** across the world



More than **1/3** of the revenue from **growth geographies**¹

We have created a clear direction for the company

Mission

- Improving people's lives through meaningful innovation

Vision

- To make the world healthier and more sustainable through innovation
- To improve the lives of 3 billion people a year by 2025
- To offer the best place to work for people who share our passion
- To deliver superior value for our customers and shareholders

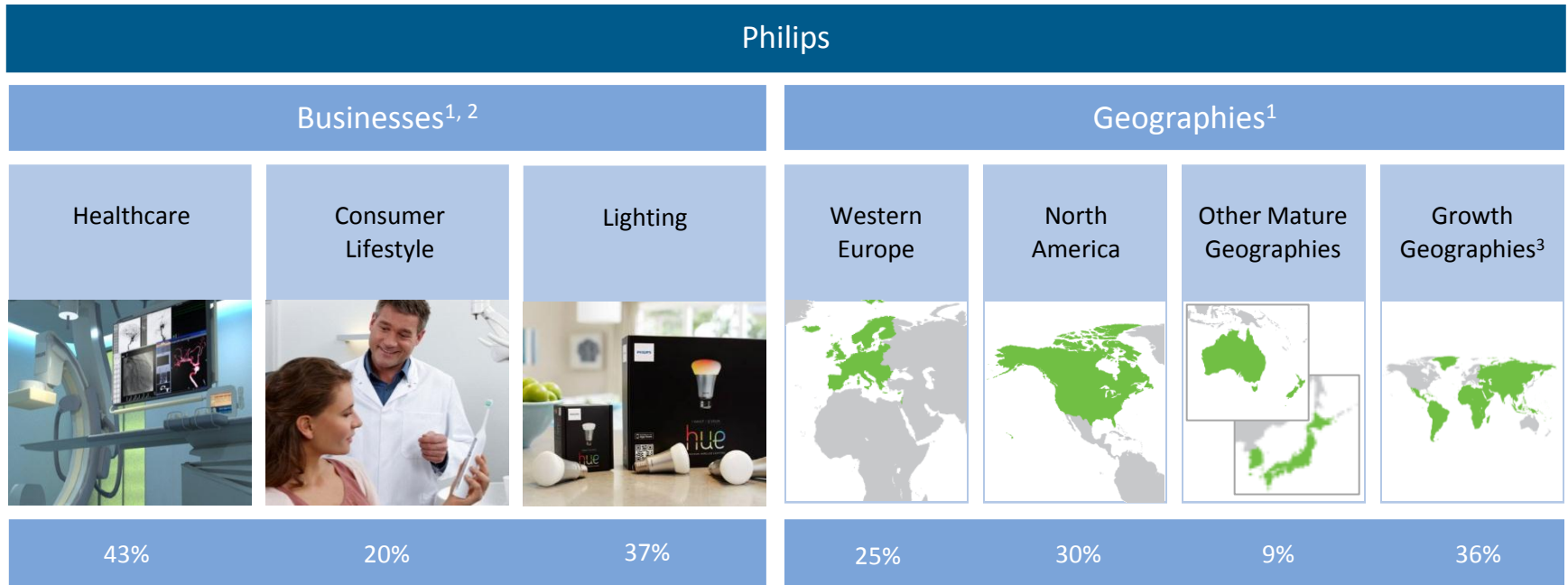
Guiding Statement

- Manage a dynamic portfolio of technology businesses which we build to global leadership performance
- We create value through our ability to innovate with local relevance and global scale, leveraging our capabilities and deep customer insights
- The Philips Business System enables us to deliver superior results as an agile, Lean, and learning organization

Brand Promise

- We deliver innovation that matters to you

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



Since 1891

Headquarters in Amsterdam, the Netherlands

€23.3 Billion

Sales in 2013.
Portfolio consists of ~70% B2B businesses

~115,000

People employed worldwide in over 100 countries

\$9.8 Billion

Brand value in 2013

7% of sales invested

in R&D in 2013
59,000 patent rights,
35,000 trademark rights,
81,000 design rights

¹ Based on sales full year 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 51% of sales in 2013, up from 40%¹ of sales 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

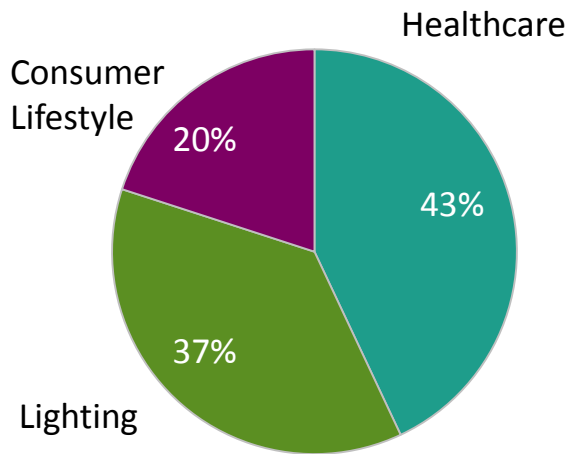
- Philips received the VBDO Responsible Supply Chain Management Award for the sixth consecutive time and the “Crystal” Award for the most transparent Annual Report (incl. Sustainability) by the Dutch Ministry of Economic Affairs (both times ranked first among the forty largest publicly listed Dutch companies)
- Philips was recognized as a leader in the Carbon Disclosure Project for the third consecutive year on both performance and disclosure
- Philips signed a partnership agreement with the Ellen MacArthur Foundation to leverage the benefits of the Circular Economy
- Philips has been recognized in Interbrand’s annual ranking of the top 50 Best Global Green Brands, moving up eight places to the 23rd position
- 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

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

Last twelve months

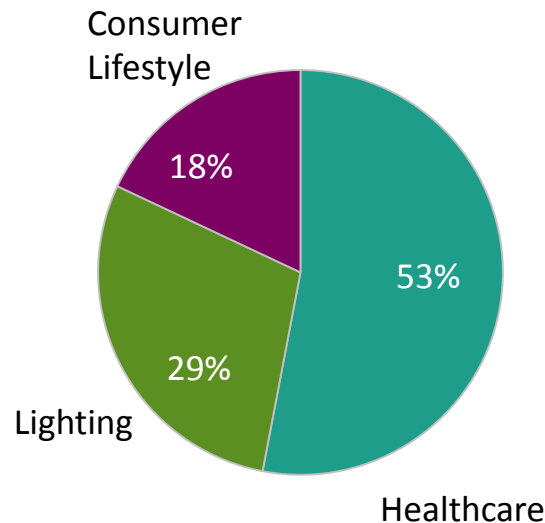
Sales

100% = EUR 22.6B¹



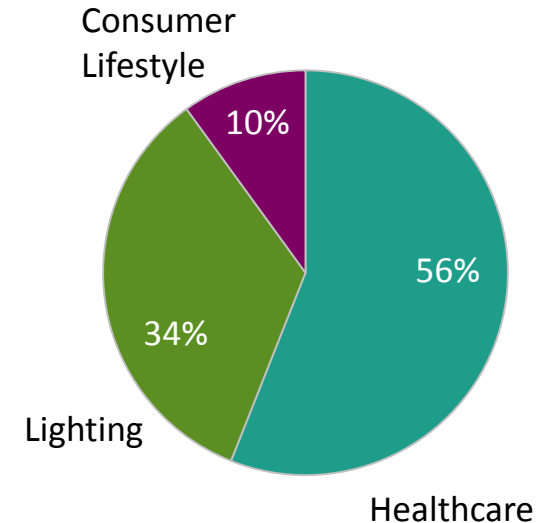
Adjusted EBITA

100% = EUR 2.7B^{1, 2}



Net Operating Capital

100% = EUR 13.2B¹



¹ Excluding Central sector (IG&S)

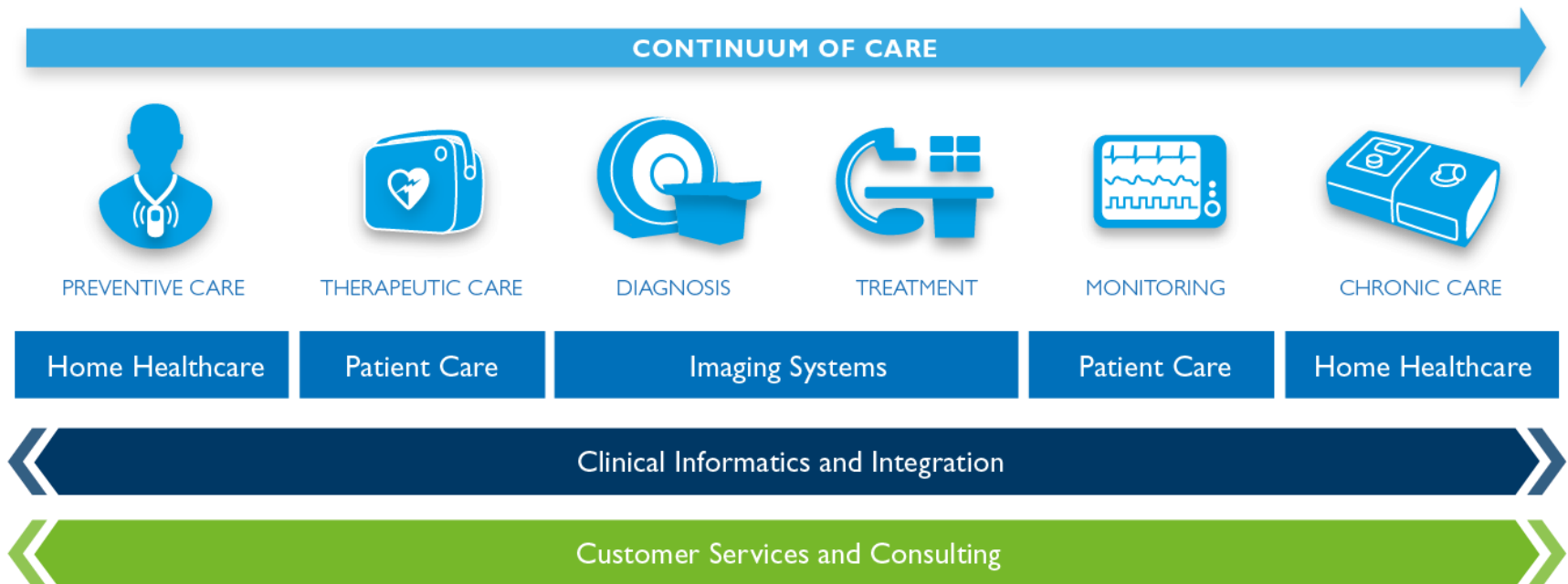
² EBITA adjustments based on the following gains/ charges: for Healthcare EUR 82M, Consumer Lifestyle EUR (13)M and Lighting EUR (90)M

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")

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

What we do. Where we are.

Philips Healthcare

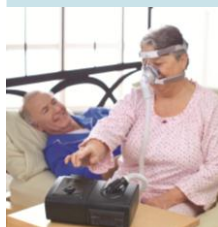
Businesses¹

Imaging Systems



37%

Home Healthcare Solutions



14%

Patient Care & Clinical Informatics



23%

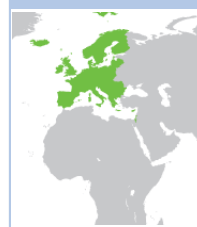
Customer Services



26%

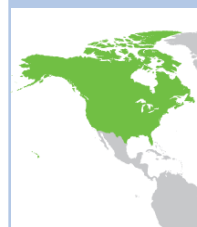
Geographies¹

Western Europe



20%

North America



43%

Other Mature Geographies



12%

Growth Geographies²



25%

€9.6

Billion sales in 2013

37,000+

People employed worldwide in 100 countries

8%

of sales invested in R&D in 2013

450+

Products & services offered in over 100 countries

¹ Based on sales full year 2013

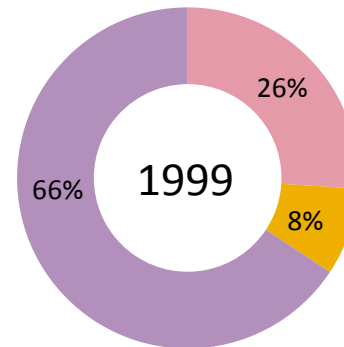
² Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

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")

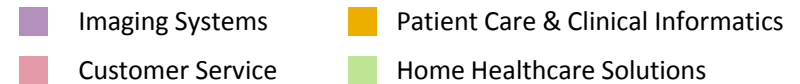
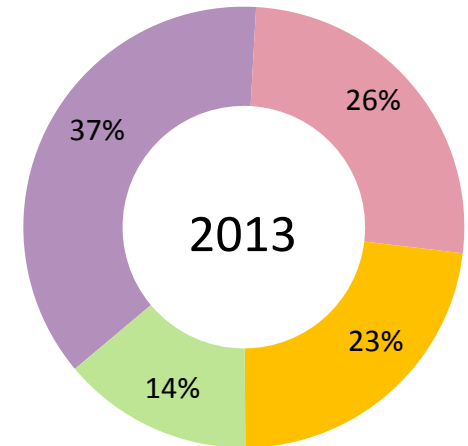
Healthcare: Accelerate performance

- Driving to co-leadership in Imaging Systems and leadership in Patient Care & 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 9.6 billion



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 geographies¹

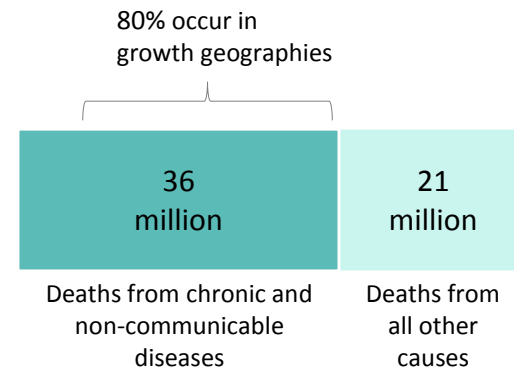
An aging population

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

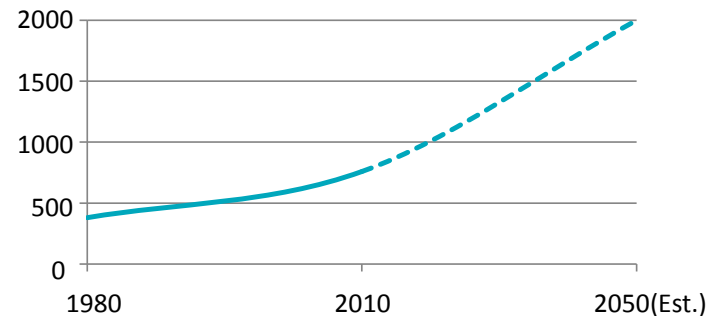
Access to care and clinician shortage

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

Causes of death globally (2008)



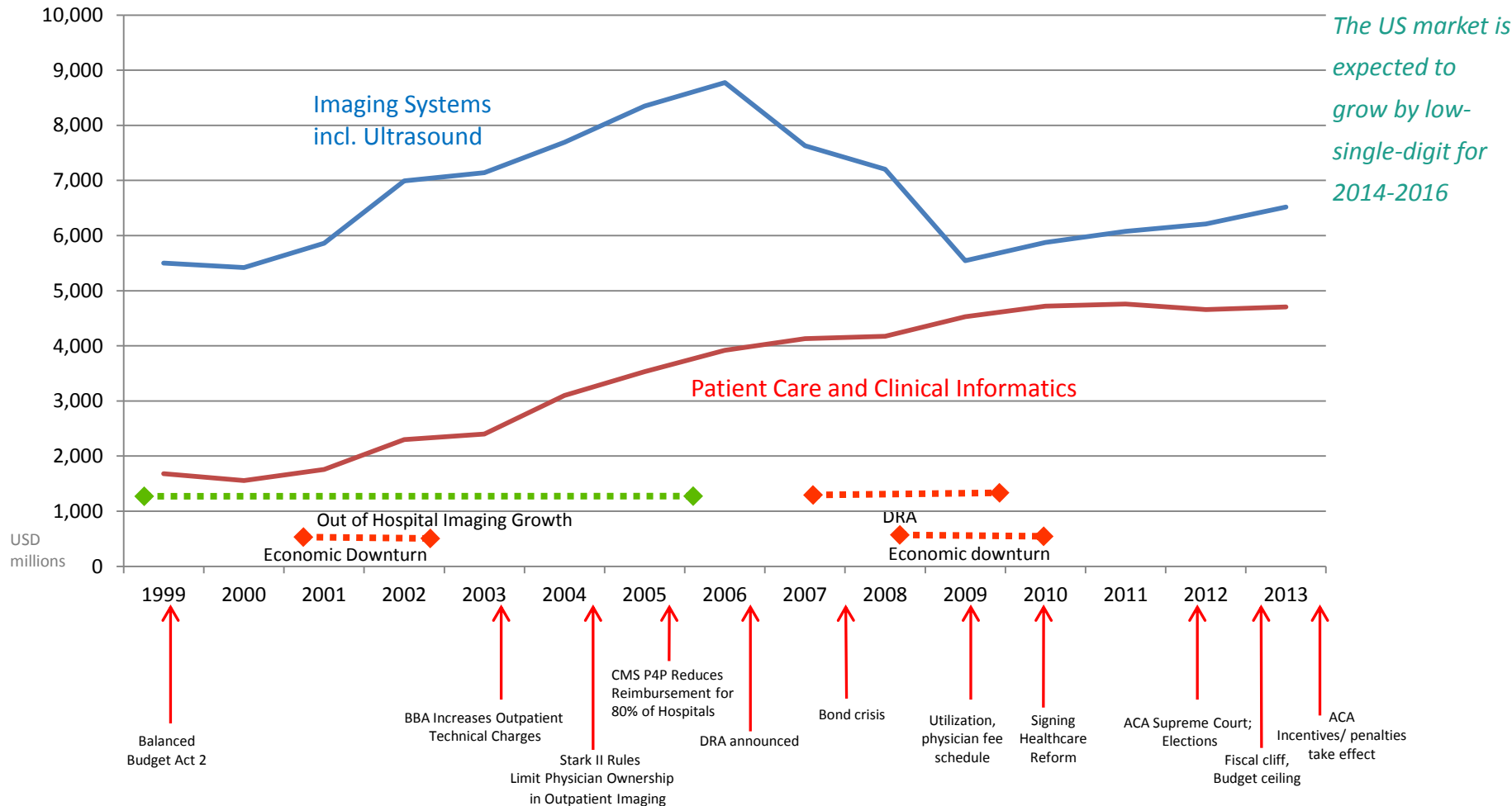
World population age 60+ (Millions)



¹ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel
Source: World Health Organization data and statistics http://www.who.int/gho/ncd/mortality_morbidity/en/index.html, <http://www.who.int/features/factfiles/ageing/en/index.html>, and <http://www.who.int/workforcealliance/media/qa/01/en/>

Health care historical market development

North America Market Size / Growth and Impacts



Health care market developments in the US

Short Term

	Imaging Systems	Patient Care & Clinical Informatics	Home Healthcare Solutions
• Economy	neutral	neutral	neutral
• Medical Device Excise Tax	unfavorable	unfavorable	N.A.
• CB2 in HHS ¹	N.A.	N.A.	unfavorable
• Capital spending hospitals	neutral	positive	N.A.
• Sequestration	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	Competitive Bidding 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	Included a 2% reduction in Medicare payments that remains in place with the budget agreement. Minor overall impact on growth

Health care market developments in the US

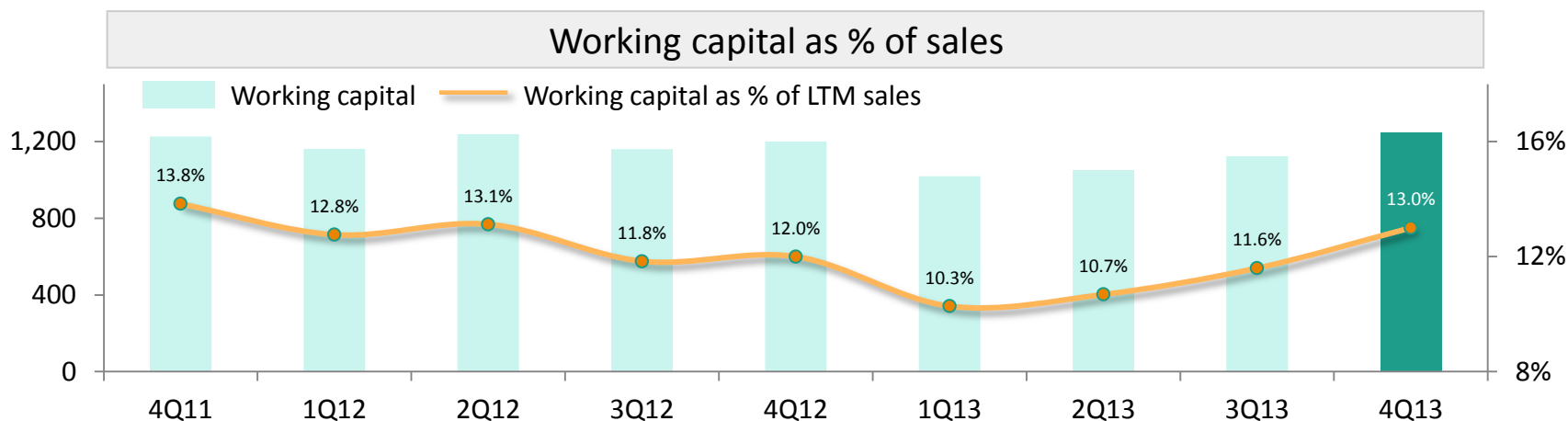
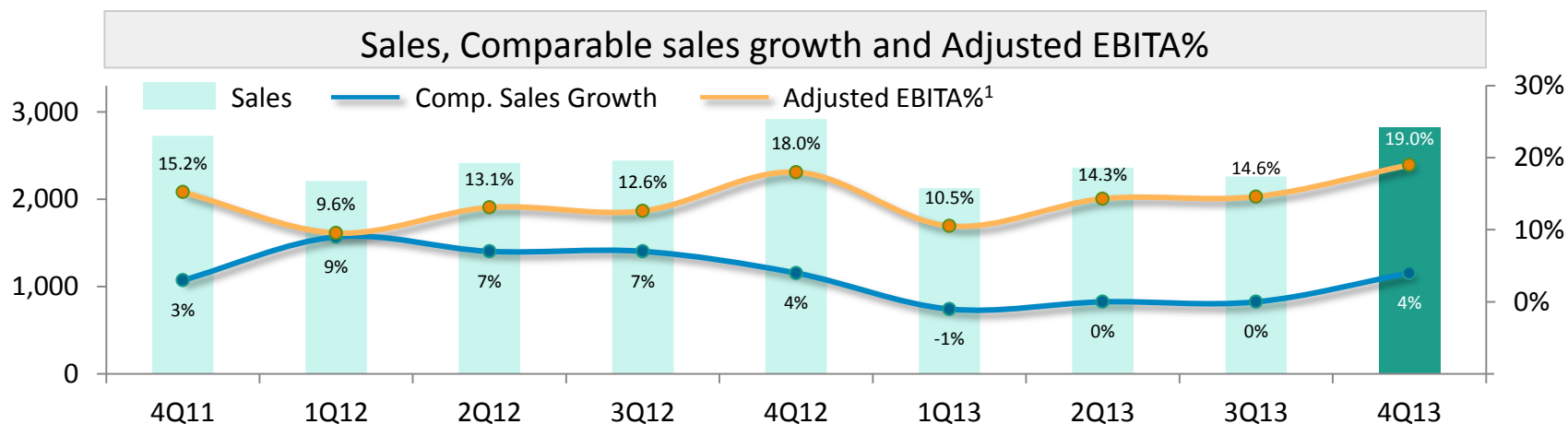
Mid to Long- Term

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

ACA Implementation (Affordable Care Act)	<ul style="list-style-type: none"> • 25-30 million additional patients into the health care system • Payments linked to quality improvements and lower integral patient cost vs. 'Fee for Service' model • Drive for more cost efficient care settings: "Hospital-to-Home" • Reimbursement and other cuts will have an overall negative impact on Imaging Systems, relatively neutral impact on other businesses
Meaningful use	Favorable to PCCI business
Improved quality of care at lower cost	Reimbursement changes will increase need for solutions and consulting services; positive impact for PCCI and HHS businesses; 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 100)

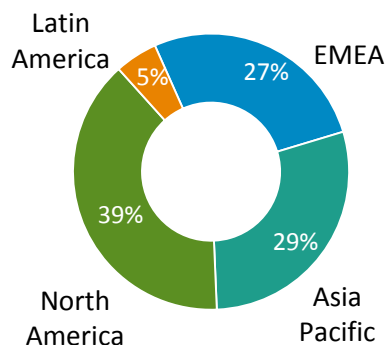
Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 "Significant Accounting Policies")

Healthcare: Q4 2013 Sector analysis

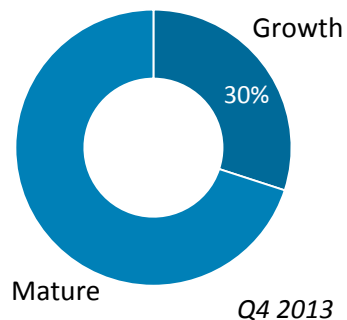
Key figures (in EUR million)

	4Q12	4Q13	FY2013
Sales	2,918	2,828	9,575
<i>% sales growth comp.</i>	4	4	1
EBITA	411	541	1,512
<i>EBITA as % of sales</i>	14.1	19.1	15.8
EBIT	361	477	1,315
<i>EBIT as % of sales</i>	12.4	16.9	13.7
NOC	7,976	7,437	7,437
Employees (FTEs)	37,460	37,008	37,008

Sales per region



Growth Geographies¹



Financial performance

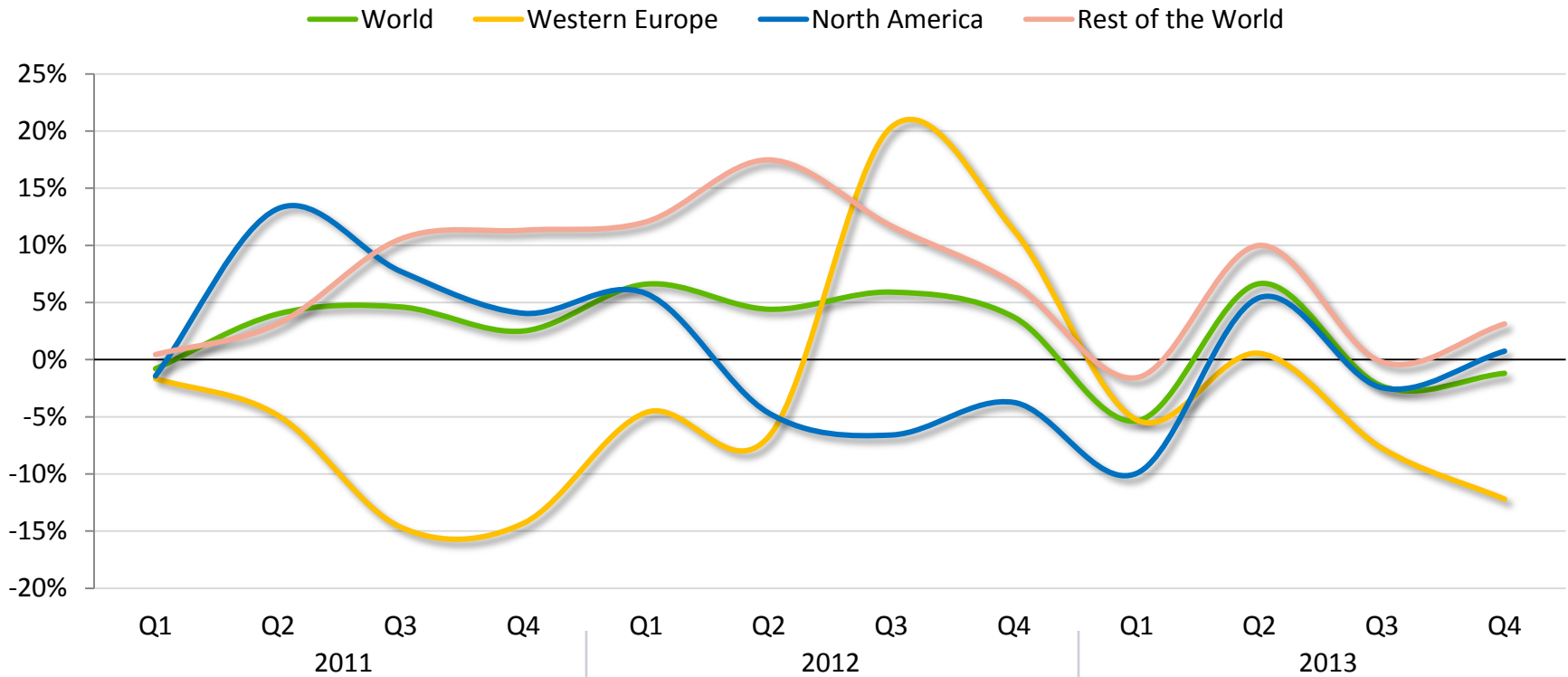
- Currency-comparable equipment orders declined 1% year-on-year. Patient Care & Clinical Informatics recorded low-single-digit growth, while Imaging Systems posted a low-single-digit decline. Equipment order intake in growth geographies showed low-single-digit growth, mainly due to strong growth in China and Latin America, which was partially offset by a double-digit decline in Russia & Central Asia. North America showed low-single-digit growth, while Western Europe recorded a double-digit decline and other mature geographies achieved high-single-digit growth.
- Comparable sales showed 4% growth year-on-year. Customer Services achieved high-single-digit growth, while Home Healthcare Solutions posted mid-single-digit growth. Imaging Systems and Patient Care & Clinical Informatics recorded low-single-digit growth. Comparable sales in growth geographies showed double-digit growth, with strong growth in China and Latin America, partly offset by a decline in Russia & Central Asia. Western Europe recorded low-single-digit growth, while other mature geographies achieved mid-single-digit growth and North America recorded a 1% decline.
- EBITA amounted to EUR 541 million, or 19.1% of sales, compared to EUR 411 million, or 14.1% of sales, in Q4 2012. Excluding restructuring and acquisition-related charges, EBITA amounted to EUR 538 million, or 19.0% of sales, compared to EUR 525 million, or 18.0% of sales, in Q4 2012. The increase was mainly due to overhead cost reductions.
- Inventories as a percentage of sales improved by 0.3 percentage points year-on-year. Net operating capital, excluding a negative currency translation effect of EUR 472 million, decreased by EUR 67 million to EUR 7.4 billion. This decrease was largely driven by lower fixed assets.
- Compared to Q4 2012, the number of employees decreased by 452. This decrease includes 705 employees from divestments, partially offset by an increase in the sales force in Asia Pacific.

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 intake¹

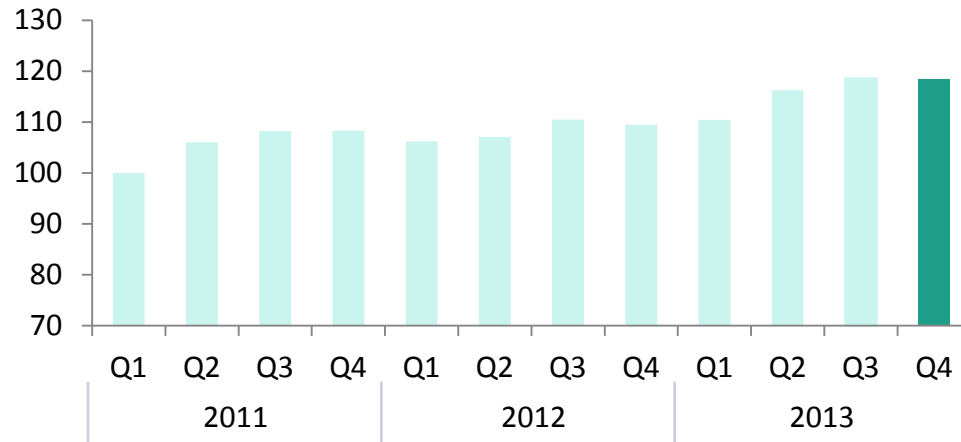


Currency adjusted order intake only relates to the Imaging Systems and Patient Care & Clinical Informatics businesses

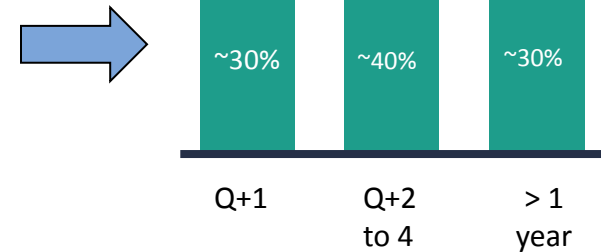
¹ For comparability purposes, prior-period equipment order intake has been restated where necessary

Healthcare: Equipment order book

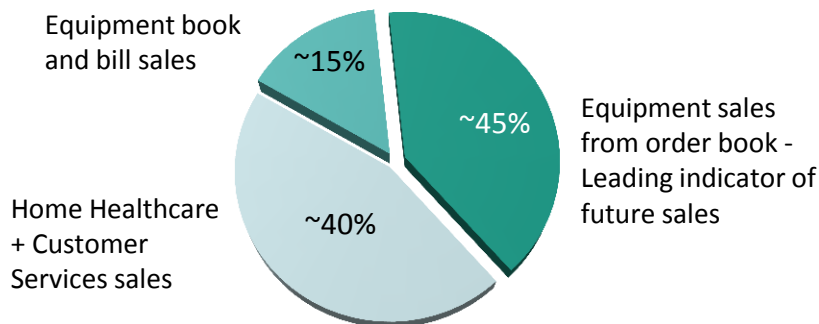
Indexed Equipment Order Book Development



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



- Approximately 70% of the current order book results in sales within next 12 months

Philips Consumer Lifestyle Guiding Statement

We deliver innovative Personal Health and Well-being appliances and services.

We leverage deep consumer insights and smart technology.

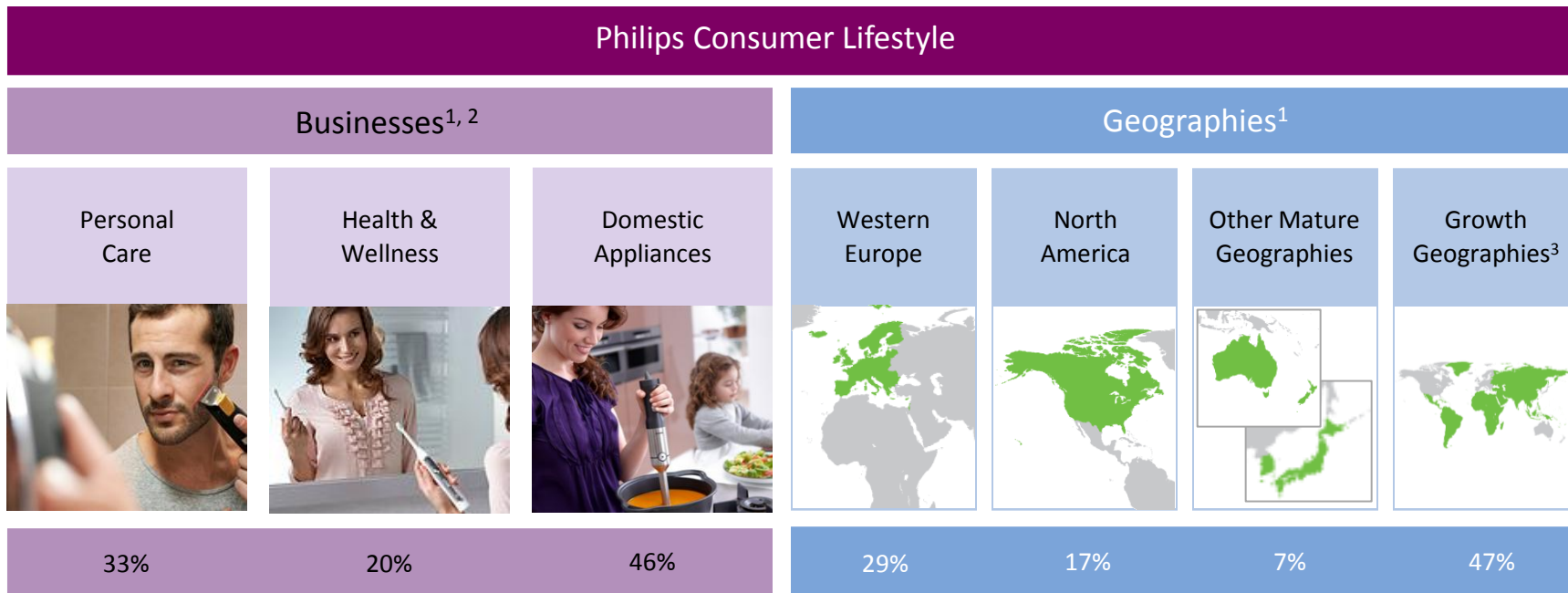
We are committed to deliver the best customer experience and be the preferred brand where we compete.

In combination with our global scale, local market relevance and superior execution, this enables us to create long term value.



Consumer Lifestyle

What we do. Where we are.



€4.6

Billion sales
in 2013

17,000+

People employed
worldwide

6%

of sales invested in
R&D in 2013

49%

of green product
sales in 2013

¹ Based on sales full year 2013

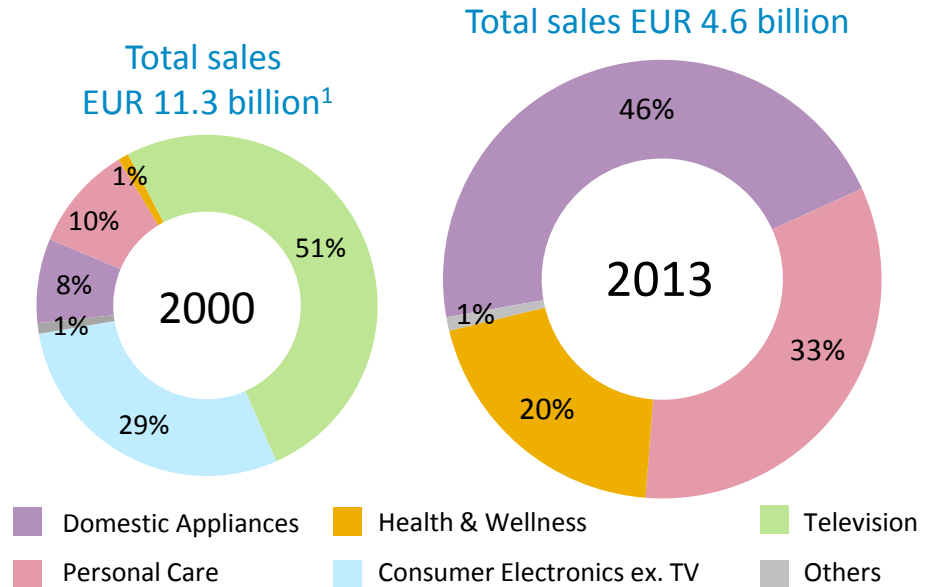
² Other category (1%) is omitted from this overview

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

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")

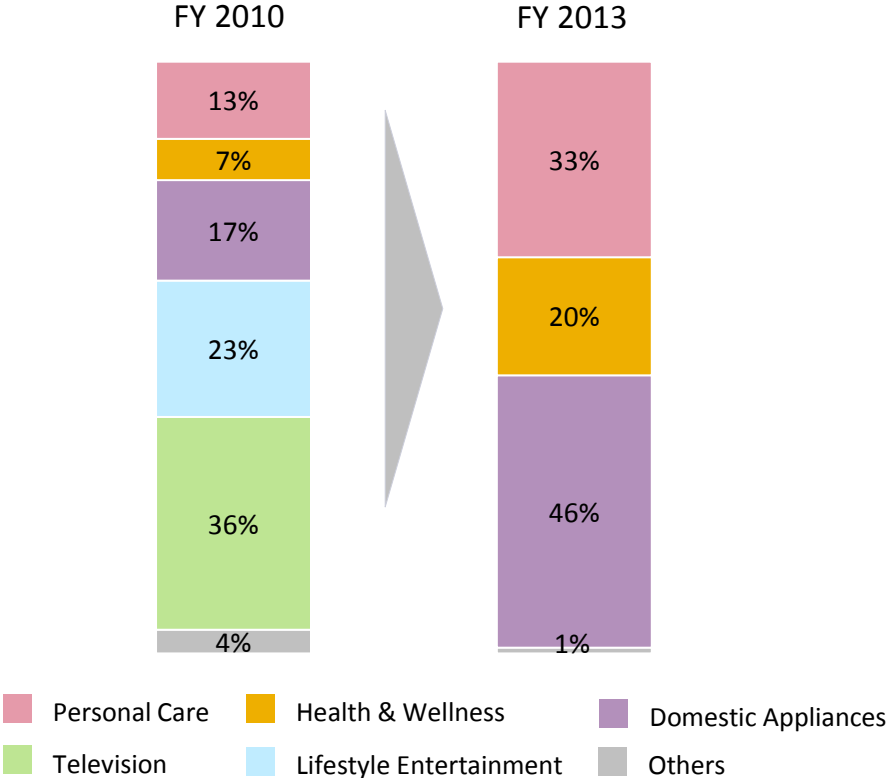
Consumer Lifestyle: delivering strong growth and improving profitability

- Renewed portfolio further focusing on Personal Health and Well-being
- Strengthening core businesses through locally relevant innovations, global platforms and addressing geographical white spots
- Expanding to new business adjacencies in the domain of Personal Health and Well-being

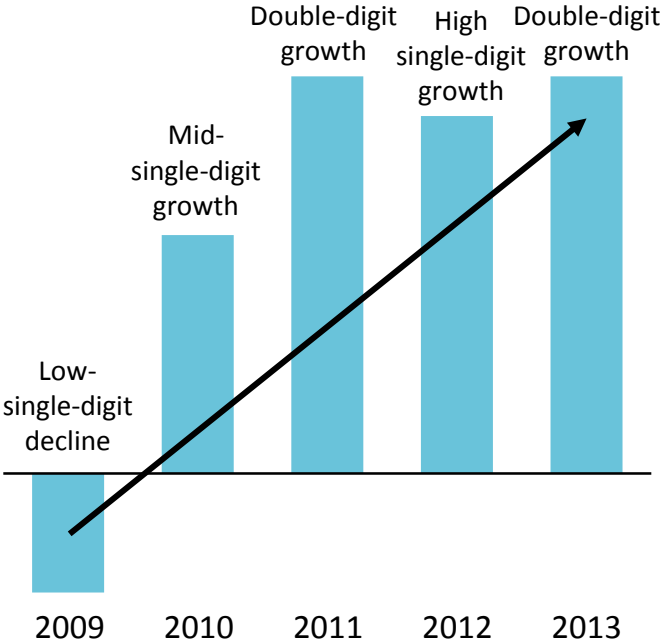


After significant portfolio rationalization we are further focusing on Personal Health and Well-being

Consumer Lifestyle Sales Mix

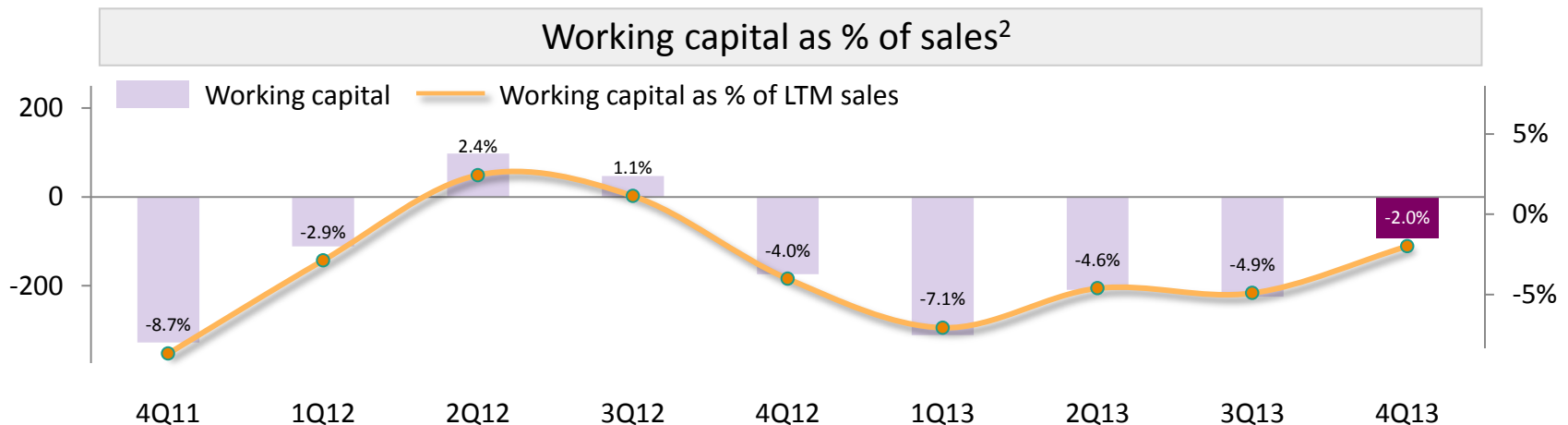
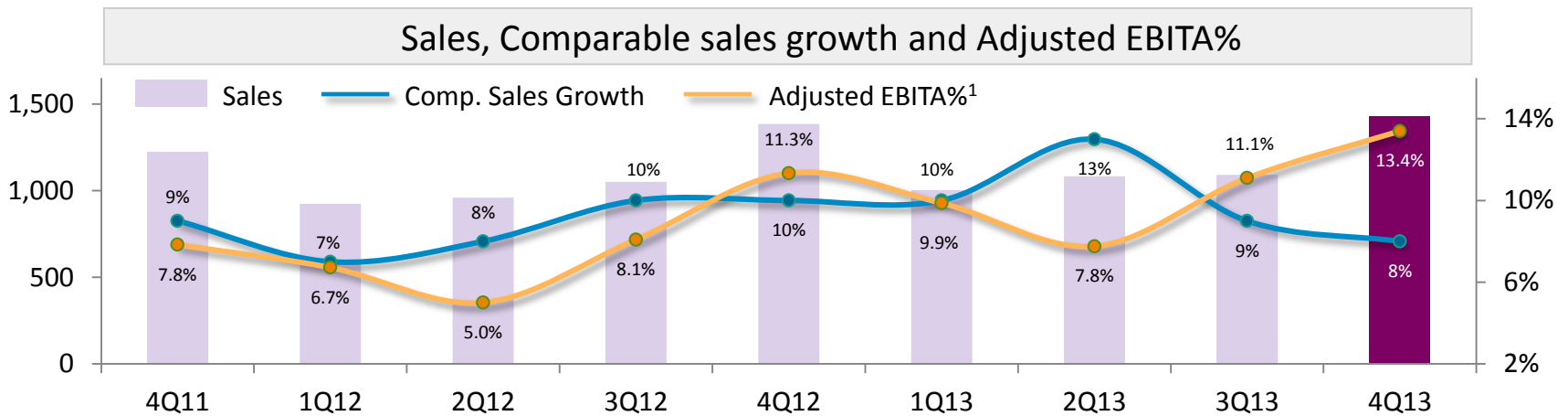


We see strong growth in the Consumer Lifestyle portfolio



Consumer Lifestyle: Financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 100)

² Working capital includes residual balance of discontinued operations

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")

We are further building our leadership positions in these categories

Personal Care



Male Grooming

- 40% of SensoTouch and AquaTouch users recruited from blade, in total recruited 5% new shaving users this year¹
- Increasing our share in the total Male Grooming market (including blade), strengthening our leading position
- Further strengthening leadership in China; expanding into lower tier cities



Beauty

- Leadership positions² in Hair Care in growth geographies³
- Continuing to strengthen #1 position in Intense Pulsed Light (IPL) hair removal in Europe
- VisaPure cleansing brush successfully launched in 20 markets

Health & Wellness



Oral Healthcare

- Enhancing geographic growth with strong market share increase outside US
- Converting more manual users to electric, entering manual aisle with PowerUp battery in the US
- Launching new FlexCare Platinum, high consumer ratings



Mother & Child Care

- Natural range launched globally, with significant profitability improvement
- Strengthening geographic footprint with strong growth in key markets such as China
- #1 Market position in many markets

¹ Based on top 10 BMC's (Business Market Combination) sell-in volumes corrected for average shaver lifetime

² Global or Regional #1 or #2 position

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

Source: GfK, Nielsen, YTD and MAT June 2013

We are further building our leadership positions in these categories

Domestic Appliances



Kitchen Appliances

- Double-digit growth in 2013 driven by strong innovation
- Acquisitions and local product creation drive a significant increase of new product offers
- Leadership in key markets strengthened through local relevance



Garment Care

- Optimal Temp innovation (non-thermostat iron) confirms global leadership in steam generators
- Locally relevant innovations like steamers drive leadership in China and expand portfolio globally



Coffee

- Revamped full automatic Espresso portfolio and strong product pipeline enables us to win in the espresso domain
- Regaining espresso market share in the #1 espresso market, DACH¹
- Ready to work with new owners of D.E. Master Blenders 1753, further building the Senseo business
- Created an alliance with Tchibo for our Saeco brand in espresso capsules

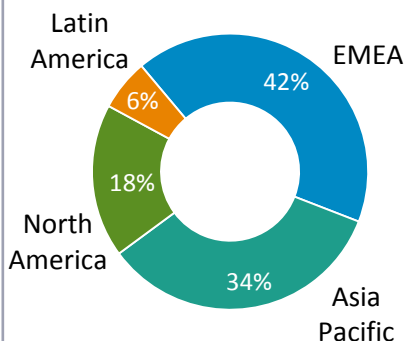
¹ Germany, Austria, Switzerland
Source: GfK, Nielsen, YTD and MAT June 2013

Consumer Lifestyle: Q4 2013 Sector analysis

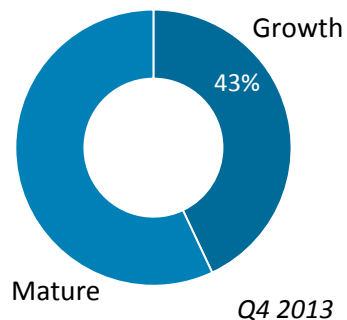
Key figures (in EUR million)

	4Q12	4Q13	FY2013
Sales	1,385	1,428	4,605
<i>% sales growth comp.</i>	<i>10</i>	<i>8</i>	<i>10</i>
EBITA	127	187	483
<i>EBITA as % of sales</i>	<i>9.2</i>	<i>13.1</i>	<i>10.5</i>
EBIT	113	174	429
<i>EBIT as % of sales</i>	<i>8.2</i>	<i>12.2</i>	<i>9.3</i>
NOC	1,205	1,261	1,261
Employees (FTEs)	16,542	17,854	17,854

Sales per region



Growth Geographies¹



Financial performance

- Comparable sales increased by 8%. Double-digit comparable sales growth was seen at Domestic Appliances, Health & Wellness showed high-single-digit growth, and Personal Care recorded mid-single-digit growth. Consumer Lifestyle achieved a double-digit comparable sales increase in growth geographies and low-single-digit growth in mature geographies. Western Europe and North America showed low-single-digit growth.
- EBITA amounted to EUR 187 million, or 13.1% of sales, compared to EUR 127 million, or 9.2% of sales, in Q4 2012. Excluding restructuring and acquisition-related charges, EBITA was EUR 192 million, or 13.4% of sales, compared to EUR 157 million, or 11.3% of sales, in Q4 2012. The improvement of 2.1 percentage points was largely attributable to improved gross margins across all businesses.
- EBITA included EUR 6 million of net costs formerly reported in the Audio, Video, Multimedia and Accessories business (Q4 2012 included EUR 9 million related to the Audio, Video, Multimedia and Accessories business and EUR 5 million related to the Television business).
- Net operating capital, excluding a negative currency translation effect of EUR 61 million, increased by EUR 117 million year-on-year. The increase was largely driven by higher working capital and a reduction in provisions. Inventories as a percentage of sales improved by 0.9 percentage points year-on-year, driven by reductions at Personal Care and Domestic Appliances.
- The number of employees increased by 1,312 year-on-year, as a result of insourcing of production and expansion of sales-related activities in the Domestic Appliances and Health & Wellness businesses, mainly in the Asian region.

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")

Philips Lighting Guiding Statement

We are improving people's lives with light by delivering unique value and energy efficient solutions to consumers and professional customers, every day, everywhere.

We are using deep customer insights and technological innovations, coupled with our trusted brand and global leadership positions, to lead the digital lighting revolution.

Our **4** pillar strategy: a clear Path-to-Value



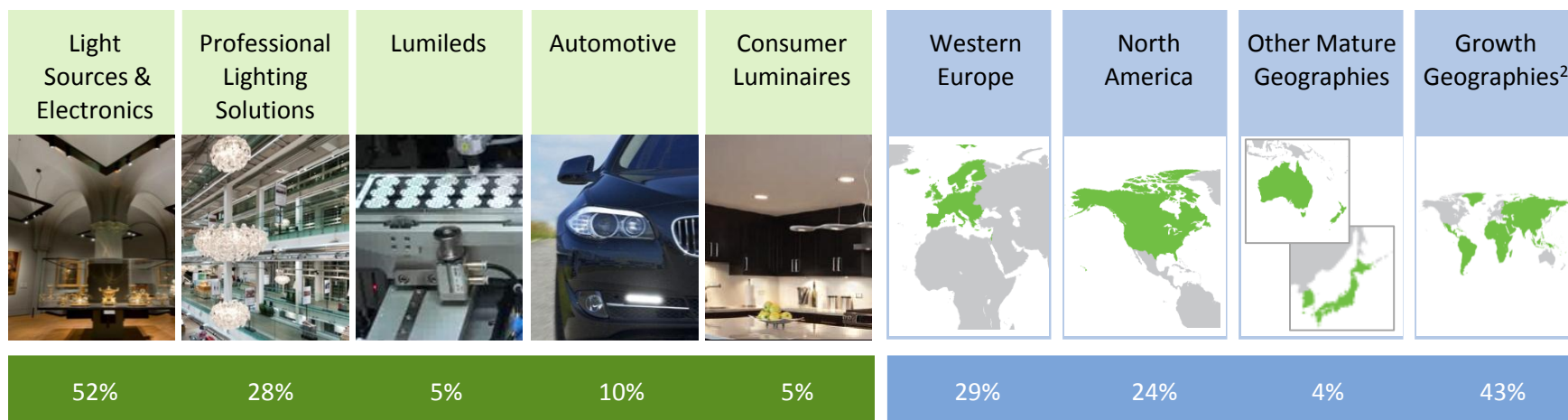
Lighting

What we do. Where we are.

Philips Lighting

Businesses¹

Geographies¹



€8.4

Billion sales
in 2013

46,000+

People employed
worldwide in 60 countries

5%

of sales invested in
R&D in 2013

80,000

Products & services
offered in 2013

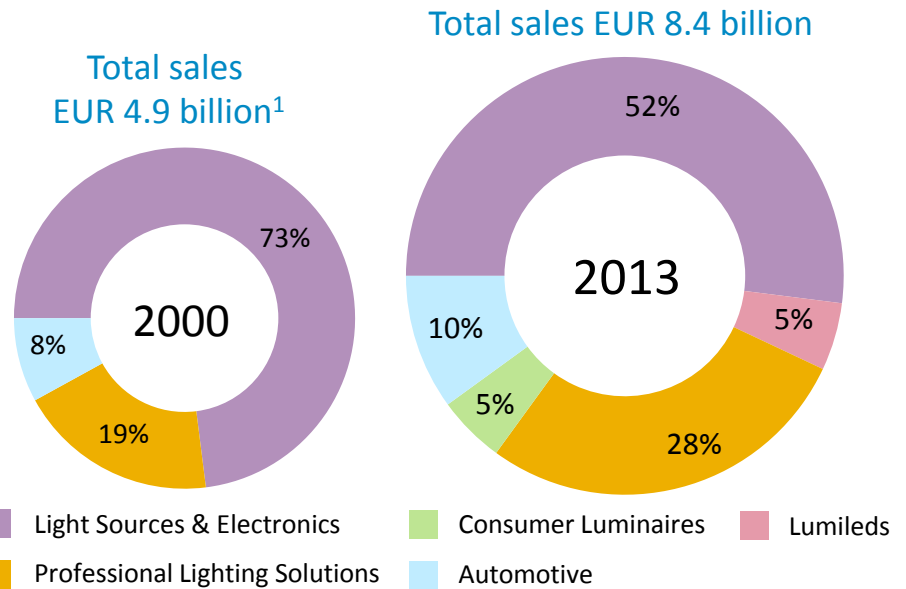
¹ Based on sales full year 2013

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, systems & services

- Shape the future of Digital lighting through game-changing innovation, systems and services
- Margin management, structural cost savings and rationalize industrial footprint
- Continue improving performance and execution to extract long term value

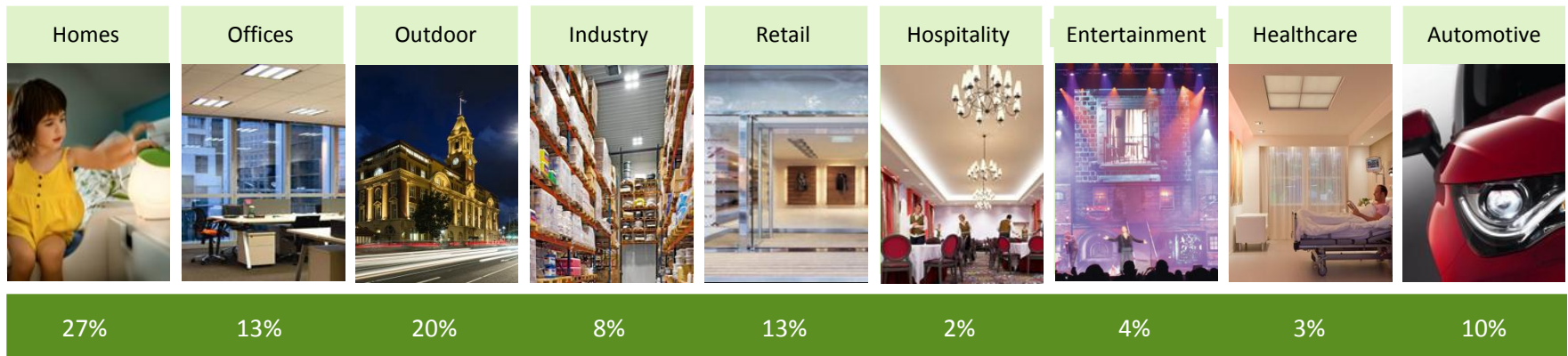


We increase our focus towards the people we serve

Further strengthening our global leadership in Lighting

Philips Lighting

Customer Segments¹



- ~ 75%¹ of Lighting sales is B2B
- ~ 34%² of Lighting sales is LED lighting

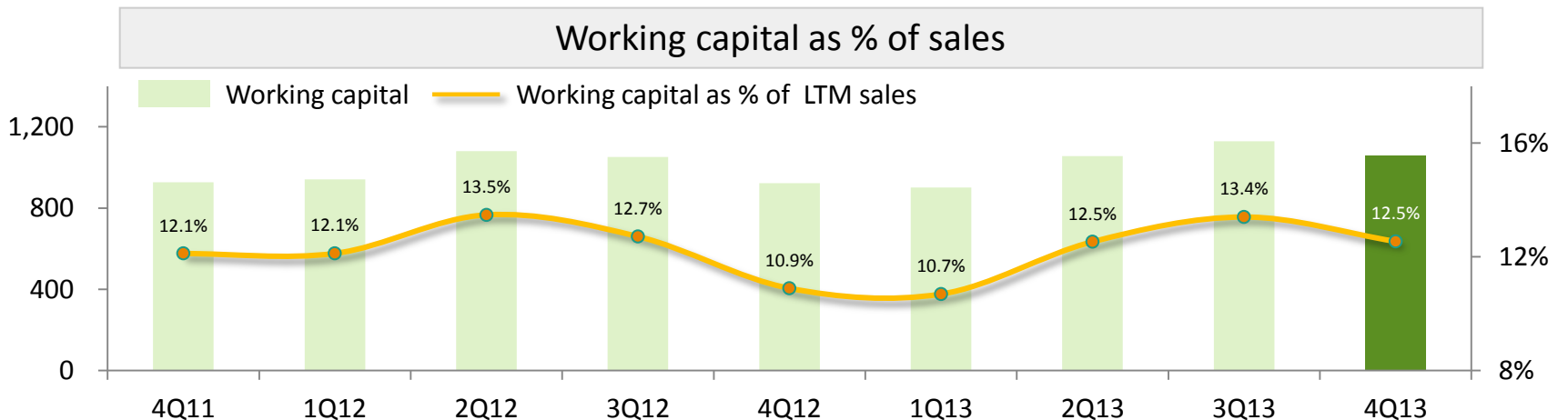
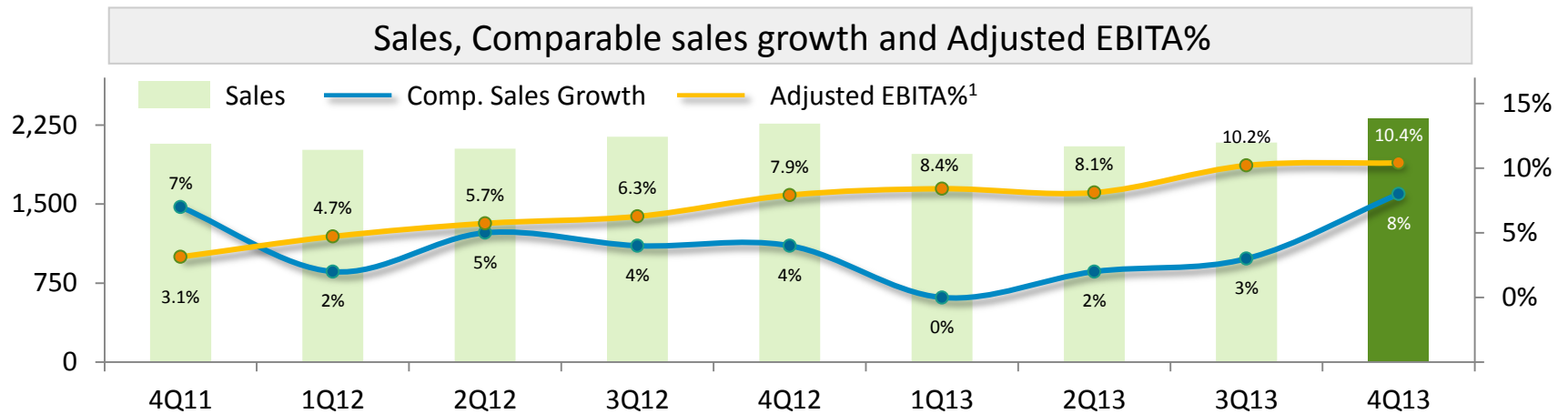
¹ Indicative split based on full year 2013

² Based on Q4 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 100)

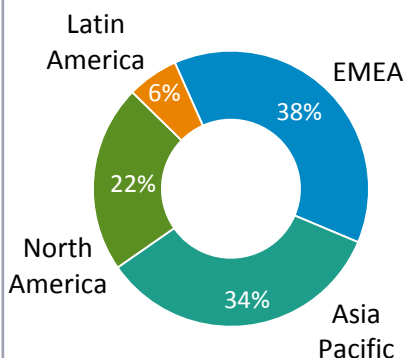
Note - Prior-period financials revised for discontinued operations, the adoption of IAS19R and for restatements included in the Annual Report 2012 (please refer to the Annual Report section 12.10 "Significant Accounting Policies")

Lighting: Q4 2013 Sector analysis

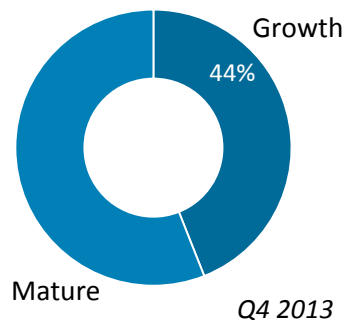
Key figures (in EUR million)

	4Q12	4Q13	FY2013
Sales	2,262	2,306	8,413
<i>% sales growth comp.</i>	4	8	3
EBITA	(28)	218	695
<i>EBITA as % of sales</i>	(1.2)	9.5	8.3
EBIT	(88)	124	489
<i>EBIT as % of sales</i>	(3.9)	5.4	5.8
NOC	4,635	4,462	4,462
Employees (FTEs)	50,224	46,890	46,890

Sales per region



Growth Geographies¹



Financial performance

- Comparable sales were 8% higher year-on-year. Light Sources & Electronics and Professional Lighting Solutions achieved mid-single-digit growth while Lumileds and Automotive showed double-digit growth. Consumer Luminaires recorded a low-single-digit decline. Excluding OEM Lumileds sales, comparable sales showed a double-digit increase in growth geographies and a low-single-digit increase in mature geographies. LED-based sales grew 48% compared to Q4 2012, and now represent 34% of total Lighting sales, compared to 25% in Q4 2012.
- EBITA amounted to EUR 218 million, or 9.5% of sales, compared to a loss of EUR 28 million in Q4 2012. Earnings in Q4 2013 were impacted by restructuring and acquisition-related charges of EUR 22 million (Q4 2012: EUR 207 million, including a EUR 22 million loss on the sale of industrial assets). EBITA, excluding restructuring and acquisition-related charges and other losses, was EUR 240 million, or 10.4% of sales, compared to EUR 179 million, or 7.9% of sales, in Q4 2012. The year-on-year EBITA increase was driven by higher gross margins and overhead cost reductions.
- EBIT amounted to EUR 124 million, which includes an impairment charge of EUR 58 million related to customer relationships and goodwill at Consumer Luminaires.
- Net operating capital, excluding a negative currency translation effect of EUR 201 million, increased by EUR 28 million year-on-year. The increase was mainly due to a reduction in provisions. Inventories as a percentage of sales improved by 0.3 percentage points year-on-year.
- Compared to Q4 2012, the number of employees decreased by 3,334, mainly due to the rationalization of the industrial footprint.

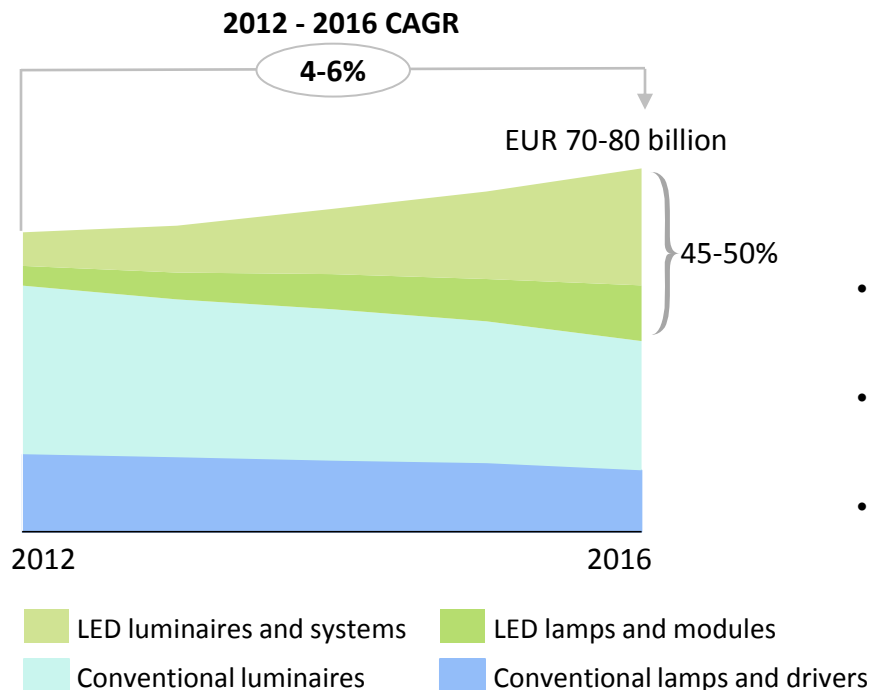
¹ Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel

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")

The lighting market is fundamentally attractive with expected growth of 4-6% CAGR until 2016

The lighting market is growing steadily - attractive profit pool will drive value creation

Global lighting product-related market forecast¹:



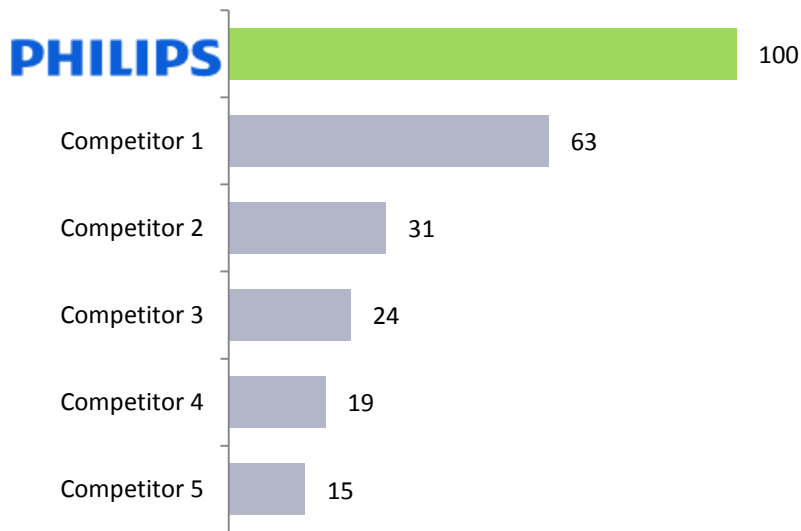
We are pushing the boundaries of lighting by driving innovative systems and services

- Overall global product-related lighting market offers sustainable long-term growth, driven by 3 majors trends:
 - The world needs more light
 - The world needs more energy-efficient light
 - The world needs more digital light
- Conventional lighting is contracting by mid-single-digit CAGR (2012-2016)
- LED penetration progressing fast at +34% CAGR (2012-2016)
- Added value of systems and services delivering significantly higher margin profile and additional opportunity to current product-related market

We are the global leader in lighting

We are the largest lighting company in the world ...

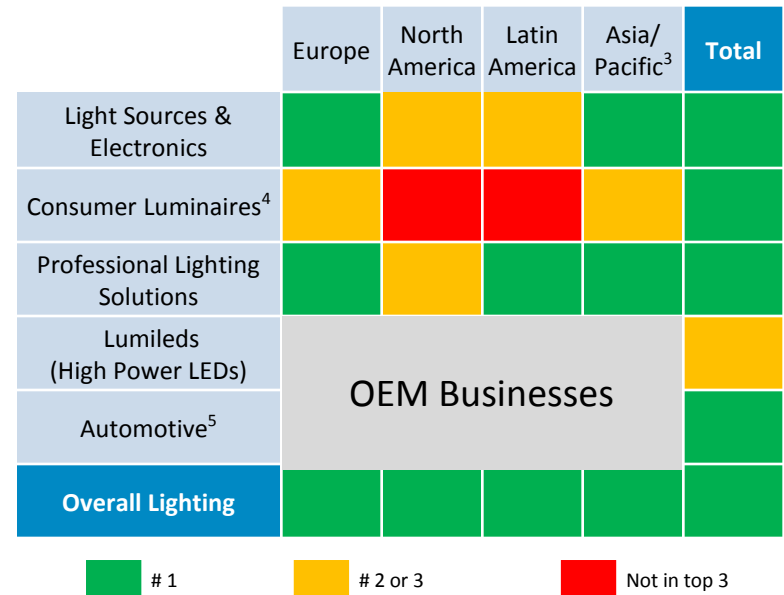
Indexed sales of Philips Lighting and Top 5 competitors¹



We are #1 in sold LED lighting globally

... with market leadership positions across all categories and regions

Market share per Business Group by Region as per Q3 2013²



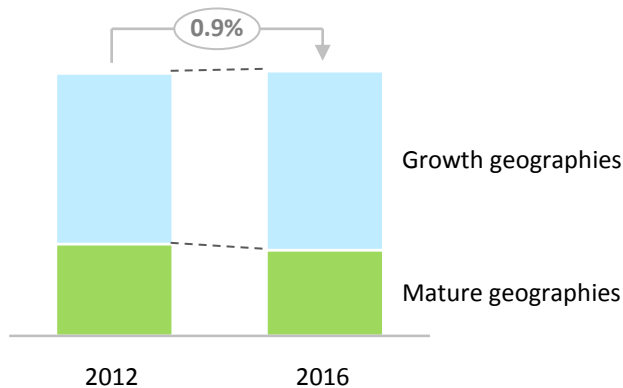
Our market share in LED is higher than in conventional

¹ Sales for competitors based on latest fiscal year ² Source: customer panels, industry associations and internal analysis ³ Excluding Japan ⁴ #1 position globally as nearest competitors play only on specific regions ⁵ Excluding Interior Lighting

Continue to be in the best position to capture value in the conventional market...

Conventional market will remain sizeable for many years...

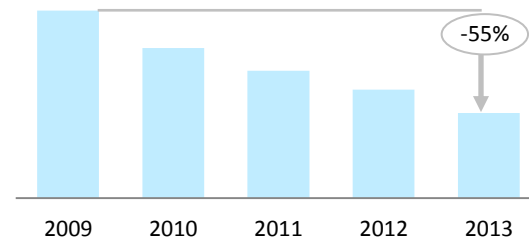
Global Conventional Light sources installed base¹
In units x Bn



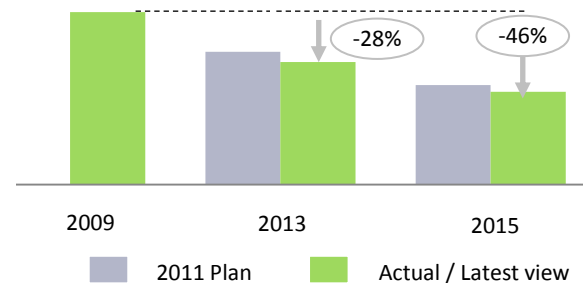
- Conventional market has a significant installed base and growing demand from growth geographies³
- Conventional market will represent around 50% of total lighting market revenue by 2016

Rationalizing our product portfolio by reducing number of SKUs in our conventional business

of conventional SKUs² in portfolio
Indexed



Pro-actively rationalizing our industrial footprint faster than sales reduction



¹ Source: Philips Lighting global market study 2013

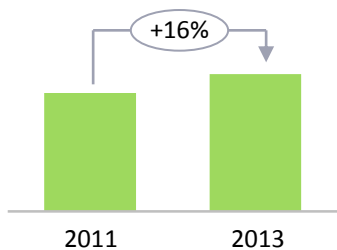
² SKUs = Stock Keeping Units

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

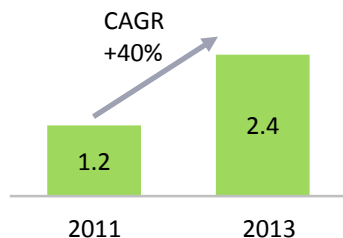
We are the leading LED lighting company

Increased R&D investment in LED leading to improved results

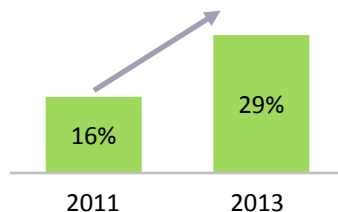
R&D spend LED Indexed



LED sales increase (in EUR billion)



LED as a % of Lighting sales



Increased focus on LED products & portfolio developments

- We lead the technological revolution by investing significantly in LED R&D
- Total LED sales ~ EUR 2.4 billion FY 2013
- LED revenue growth and cost productivity gains will improve profitability

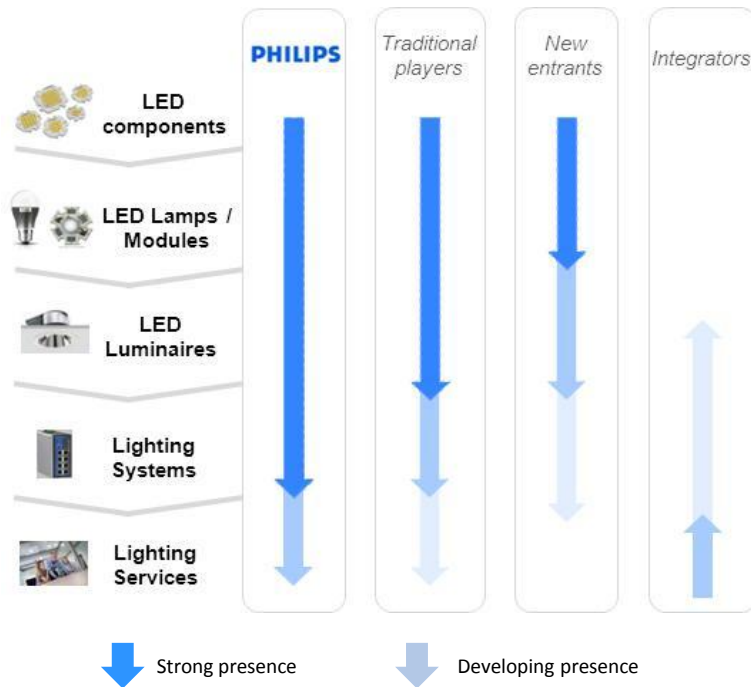
Leveraging Intellectual Property

- 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 380 licensees

... and we are shaping the future of Digital lighting

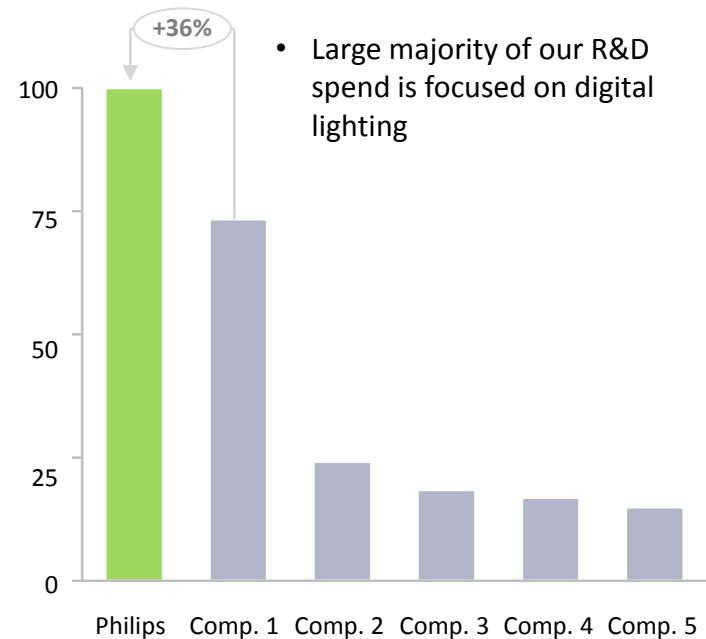
We have a unique competitive position in LED lighting

Market presence in the digital value chain¹:



We spend 36% more on R&D than our closest competitor

Total Lighting R&D Spending Index (Philips = 100)²



¹ Source: 2012 Competitors' annual reports, LEDs magazine, LEDinside.com

² Source: 2012 Competitors' annual reports, Digitimes Research, March 2013, internal estimates, excluding General Electric and Japanese lighting companies for lack of data

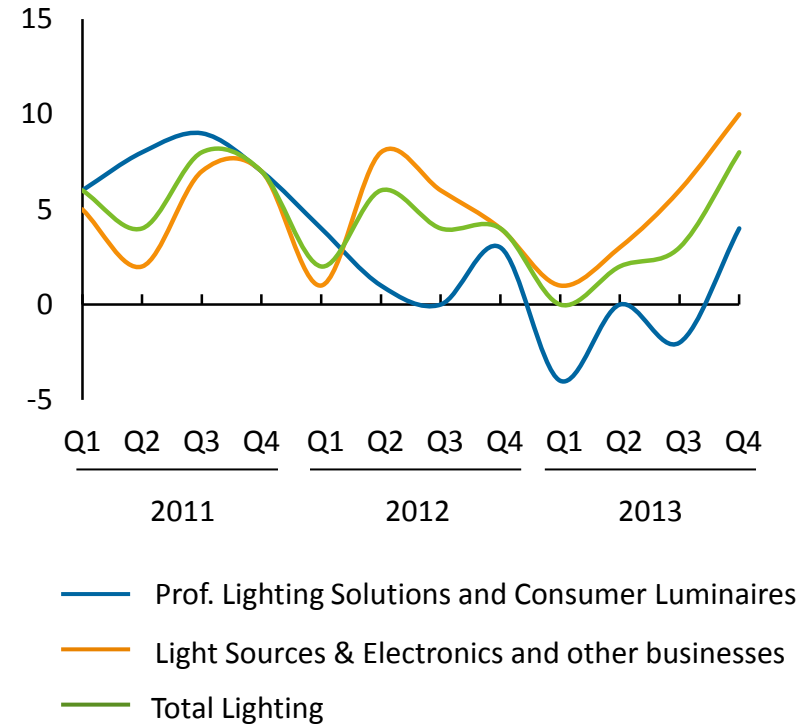
Weakness in non-residential construction markets in mature geographies impacts growth

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%

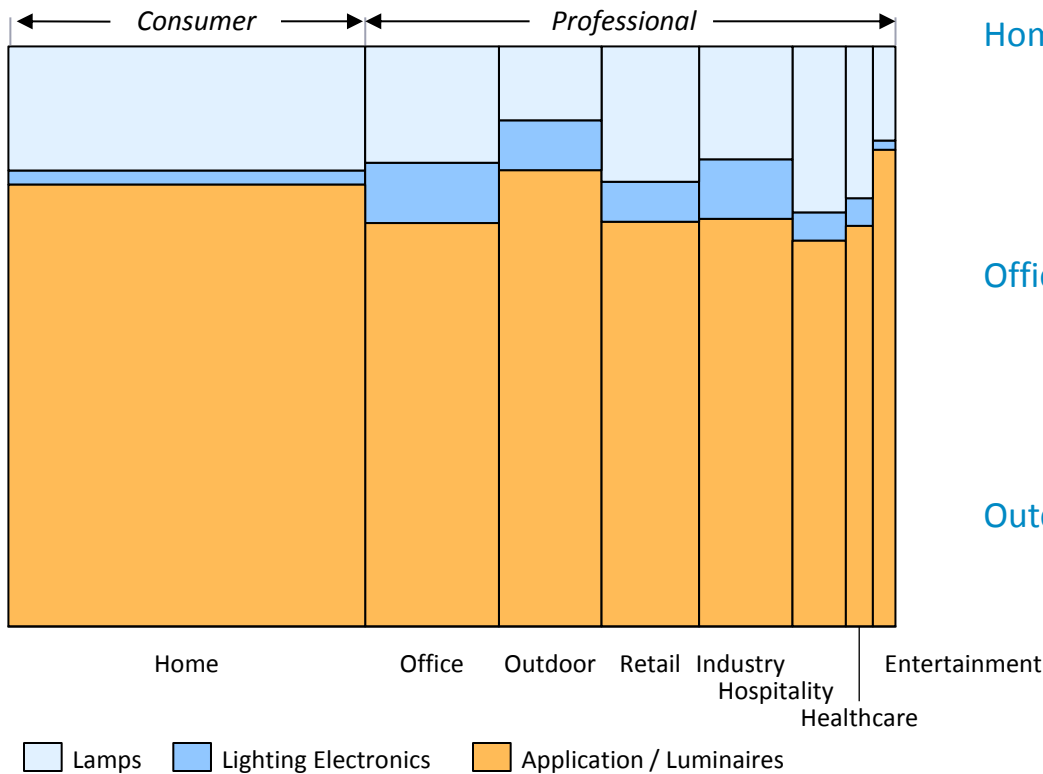
Comparable sales growth % 2011-2013



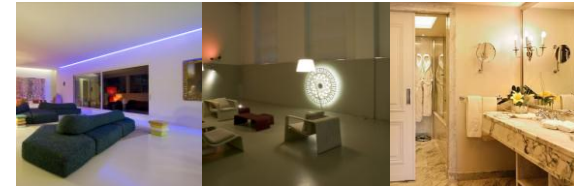
Home, Office, and Outdoor are the biggest segments Professional is the largest channel

Total market size in 2013¹: EUR 60-65 billion

Biggest segments



Home



Office



Outdoor



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

Innovation, Group & Services

Group Innovation

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

IP Royalties

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

Group and Regional Costs

Group headquarters and country & regional overheads

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

Innovation, Group & Services: Q4 2013 Sector analysis

Key figures (in EUR million)

	4Q12	4Q13	FY2013
Sales	194	237	736
<i>% sales growth comp.</i>	<i>(3)</i>	<i>15</i>	<i>(2)</i>
EBITA:			
Group Innovation	(39)	(42)	(134)
IP Royalties	80	122	312
Group & Regional Costs	(61)	(72)	(175)
Accelerate! investments	(35)	(34)	(137)
Pensions	0	(4)	(41)
Services Units & Other	(505)	(32)	(64)
<hr/>			
EBITA	(560)	(62)	(239)
EBIT	(562)	(62)	(242)
NOC	(4,500)	(2,922)	(2,922)
Employees (FTEs)	11,856	12,937	12,937

Financial performance

- Sales increased from EUR 194 million in Q4 2012 to EUR 237 million in Q4 2013, due to higher IP royalties related to one-time patent settlements in our Blu-ray and TV licensing programs.
- EBITA amounted to a net cost of EUR 62 million, including EUR 7 million of net restructuring charges (Q4 2012: EUR 19 million). The EBITA net cost of EUR 560 million in Q4 2012 included a EUR 313 million impact of the European Commission fine and EUR 132 million of provisions related to various legal matters. EBITA, excluding restructuring charges, the European Commission fine and the provisions related to various legal matters, improved by EUR 41 million compared to Q4 2012, mainly due to higher IP royalty income.
- EBITA of Service Units and Other included EUR 21 million of net costs formerly reported in discontinued businesses (Q4 2012 included EUR 13 million related to the Audio, Video, Multimedia, and Accessories business and EUR 3 million related to the Television business).
- Net operating capital, excluding a positive currency translation effect of EUR 110 million and the European Commission fine of EUR 509 million, increased by EUR 959 million year-on-year, mainly due to an increase in working capital, a decrease in pension liabilities, an increase in the value of currency hedges as well as a reclassification of real estate assets from the sectors to the Service Units.
- Compared to Q4 2012, the number of employees increased by 1,081, primarily driven by a shift of employees to central Human Resource and Research activities as well as an increase in temporary workers in the IT Service Units.

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")

Appendix

Financial calendar 2014¹

February 25	Annual Report 2013
April 22	First quarter results 2014
May 1	Annual General Meeting of Shareholders 2014
July 21	Second quarter and semi-annual results 2014
September 23-24	Capital Markets Days on all 3 business sectors
October 20	Third quarter results 2014

Depreciation and amortization

EUR million

	Q4 2012	Q4 2013	FY 2012	FY 2013
Depreciation of property, plant and equipment	185	176	677	632
Amortization of software	12	11	45	39
Amortization of other intangible assets	126	143	458	432
Amortization of development costs	59	73	218	246
Philips Group	382	403	1,398	1,349

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	
	Q4 2012	Q4 2013	Q4 2012	Q4 2013
Healthcare	41	47	50	40
Consumer Lifestyle	41	49	29	34
Lighting	96	59	85	73
IG&S	34	26	21	29
Group	212	181	185	176

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	
	2012	2013	2012	2013
Healthcare	135	131	200	160
Consumer Lifestyle	128	135	104	108
Lighting	290	223	298	270
IG&S	108	98	75	94
Group	661	587	677	632

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	
	Q4 2012	Q4 2013	Q4 2012	Q4 2013
Healthcare	66	64	37	46
Consumer Lifestyle	9	11	8	13
Lighting	18	15	14	14
IG&S	14	12	-	-
Group	107	102	59	73

Development cost capitalization & amortization by sector

EUR million

	Capitalization		Amortization	
	2012	2013	2012	2013
Healthcare	246	252	128	154
Consumer Lifestyle	37	43	39	37
Lighting	66	62	51	55
IG&S	14	24	-	-
Group	363	381	218	246

Restructuring, acquisition-related and other incidentals

<i>EUR million</i>	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Acq.-related charges	(5)	(4)	(4)	(5)	(18)	(3)	(2)	(1)	-	(6)
Restructuring	(4)	(4)	1	(109)	(116)	1	2	-	3	6
Other Incidentals	-	-	-	-	-	-	82	-	-	82
Healthcare	(9)	(8)	(3)	(114)	(134)	(2)	82	(1)	3	82
Acq.-related charges	(6)	(5)	(2)	(5)	(18)	(1)	-	(1)	(1)	(3)
Restructuring	(5)	(3)	(5)	(25)	(38)	-	(3)	(4)	(4)	(11)
Other Incidentals	160 ¹	-	-	-	160	-	1	-	-	1
Consumer Lifestyle	149	(8)	(7)	(30)	104	(1)	(2)	(5)	(5)	(13)
Acq.-related charges	(3)	(3)	(3)	(5)	(14)	(1)	(1)	(2)	-	(4)
Restructuring	(21)	(35)	(65)	(180)	(301)	(18)	(22)	(34)	(22)	(96)
Other Incidentals	(25)	-	(34)	(22)	(81)	-	10	-	-	10
Lighting	(49)	(38)	(102)	(207)	(396)	(19)	(13)	(36)	(22)	(90)
Restructuring	1	(40)	2	(19)	(56)	3	-	1	(7)	(3)
Other Incidentals	37	25	-	(445) ²	(383)	-	6	(31)	-	(25)
IG&S	38	(15)	2	(464)	(439)	3	6	(30)	(7)	(28)
Total Acq.-related charges	(14)	(12)	(9)	(15)	(50)	(5)	(3)	(4)	(1)	(13)
Total Restructuring	(29)	(82)	(67)	(333)	(511)	(14)	(23)	(37)	(30)	(104)
Total Other Incidentals	172	25	(34)	(467)	(304)	-	99 ³	(31)	-	68
Grand Total	129	(69)	(110)	(815)	(865)	(19)	73	(72)	(31)	(49)

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

³ Includes a EUR 78M past-service pension cost gain in the US (EUR 61M in Healthcare, EUR 1M in Consumer Lifestyle, EUR 10M in Lighting and EUR 6M in IG&S) and a EUR 21M gain on the sale of a business in Healthcare

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")

Acquisitions at a glance

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

