

PHILIPS

sense **and** simplicity

Royal Philips Electronics

Fourth Quarter and Annual Results 2009

Information booklet

January 25th, 2010

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. We caution readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements.

Examples of forward-looking statements include statements made about our strategy, estimates of future sales growth, future EBITA, future cost savings and future developments in our organic business as well as the benefit of future acquisitions, and our capital position. By their nature, forward-looking 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 forward-looking statements.

These factors include, but are not limited to, domestic and global economic and business conditions, particularly in light of the ongoing recessionary condition prevailing in many markets, 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. Additional risks and factors are identified in our Annual Report for the fiscal year ended December 31, 2008, our Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (the "SEC"), which is available on the SEC's website at www.sec.gov, and the "Risk and uncertainties" section in our semi-annual financial report for the six months ended June 28, 2009. Readers should consider the disclosures in these reports and any additional disclosures that we have made or may make in documents that we have filed or furnished to the SEC or may file with or furnish to the SEC or other regulatory authorities. Any forward-looking statements made by or on our behalf speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect any changes in expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Third-party market share data

Statements regarding market share, including those regarding Philips' competitive position, contained in this document are based on outside sources such as research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Philips, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

IFRS basis of presentation

The financial information included in this document is based on International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (IFRS), unless otherwise indicated. As used in this document, the term EBIT has the same meaning as Income from operations (IFO).

Use of non-GAAP Information

In presenting and discussing the Philips Group's financial position, operating results and cash flows, management uses certain non-GAAP financial measures like: comparable growth; EBITA; NOC; net debt (cash); free cash flow; and cash flow before financing activities. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent GAAP measures. In our Quarterly report we've included a reconciliation of such non-GAAP financial measures to the most directly related GAAP measures.

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 observable market data does not exist, fair values are estimated using valuation models, which we believe are appropriate for their purpose. 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 the financial statements. In certain cases, independent valuations are obtained to support management's determination of fair values.

1. Philips Strategy and Investment Proposition

2. Group results Q4 2009 and annual results 2009

3. Healthcare, Consumer Lifestyle and Lighting

PHILIPS

A well-respected, blue-chip company for over 100 years

Founded in 1891

Headquartered in Amsterdam, the Netherlands

Sales over EUR 23 billion (USD 32 billion)

30% in emerging economies

Emerging Markets

30% of sales generated in Emerging Markets

Globally recognized brand (world top 50)

Our brand value almost doubled to \$8.1bn since 2004

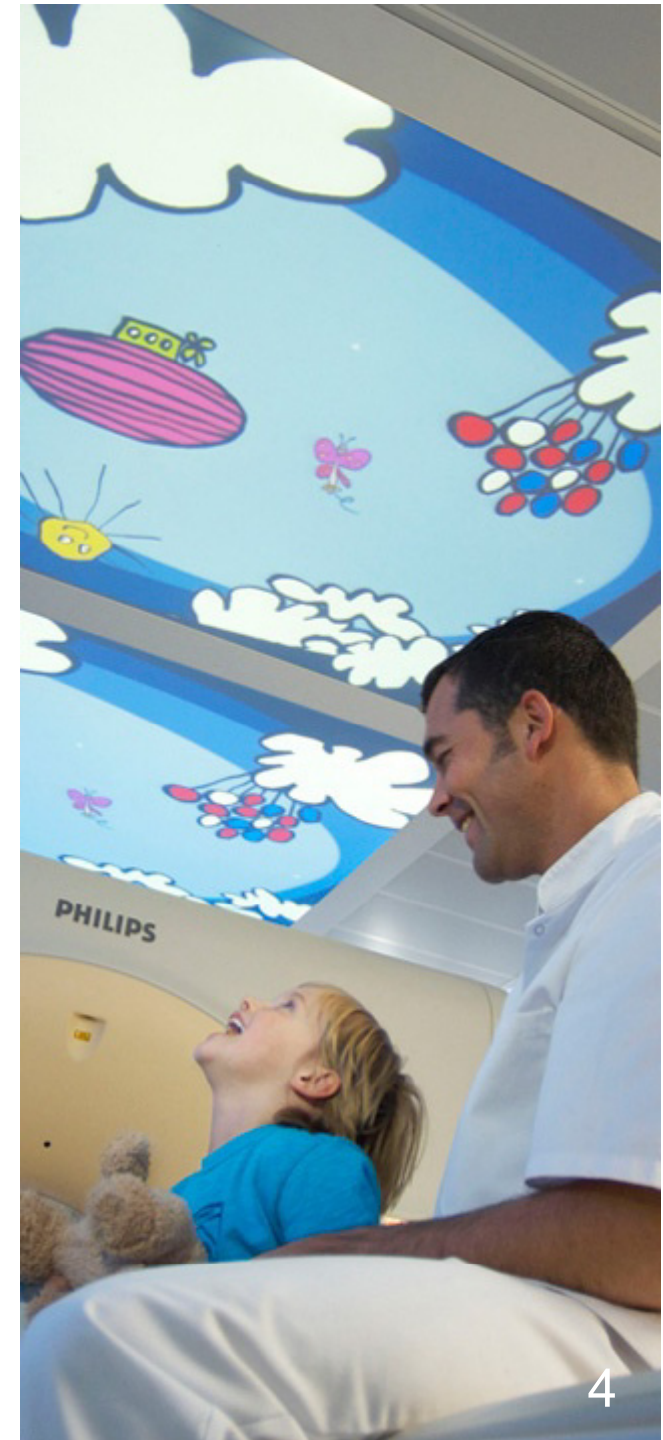
116,000 employees

Sales and service outlets in over 100 countries

€1.6 billion investment in R&D, 7% of sales

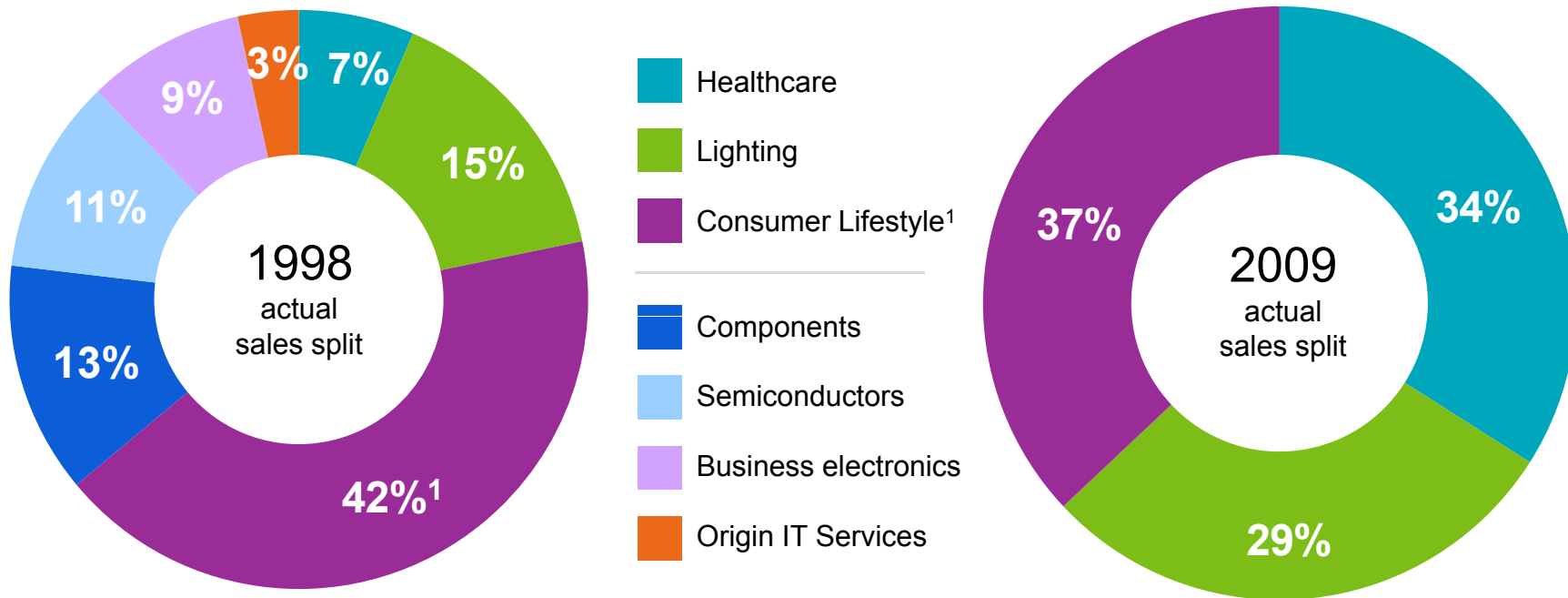
55,000 patent rights – 33,000 registered trademarks –

49,000 design rights



Building a leading company in Health and Well-being

Over the past decade we have fundamentally simplified our business portfolio, investing proceeds from disposals in our Healthcare, Consumer Lifestyle and Lighting businesses



¹ Consumer Lifestyle in 1998 includes the former DAP and Consumer Electronics divisions

PHILIPS

Our Health & Well-being portfolio leverages critical global trends

We have chosen our three markets well

Aging population

The number of people aged over 60 will double from 500m today to 1 billion by 2015.

Emerging markets

99% of future population growth will be in emerging markets. Emerging & developing economies are expected to account for 2/3rd of global GDP by 2016.

Empowered consumers

Consumers are increasingly focused on their Health and Well-being and look for products that fit their lifestyle

Climate change and sustainable development

19% of global electricity consumption is used for lighting. Energy efficient lighting can save 40%...or 600 power stations worth of energy!



Well positioned through focus on Health & Well-being

Synergies across the portfolio

Our mission

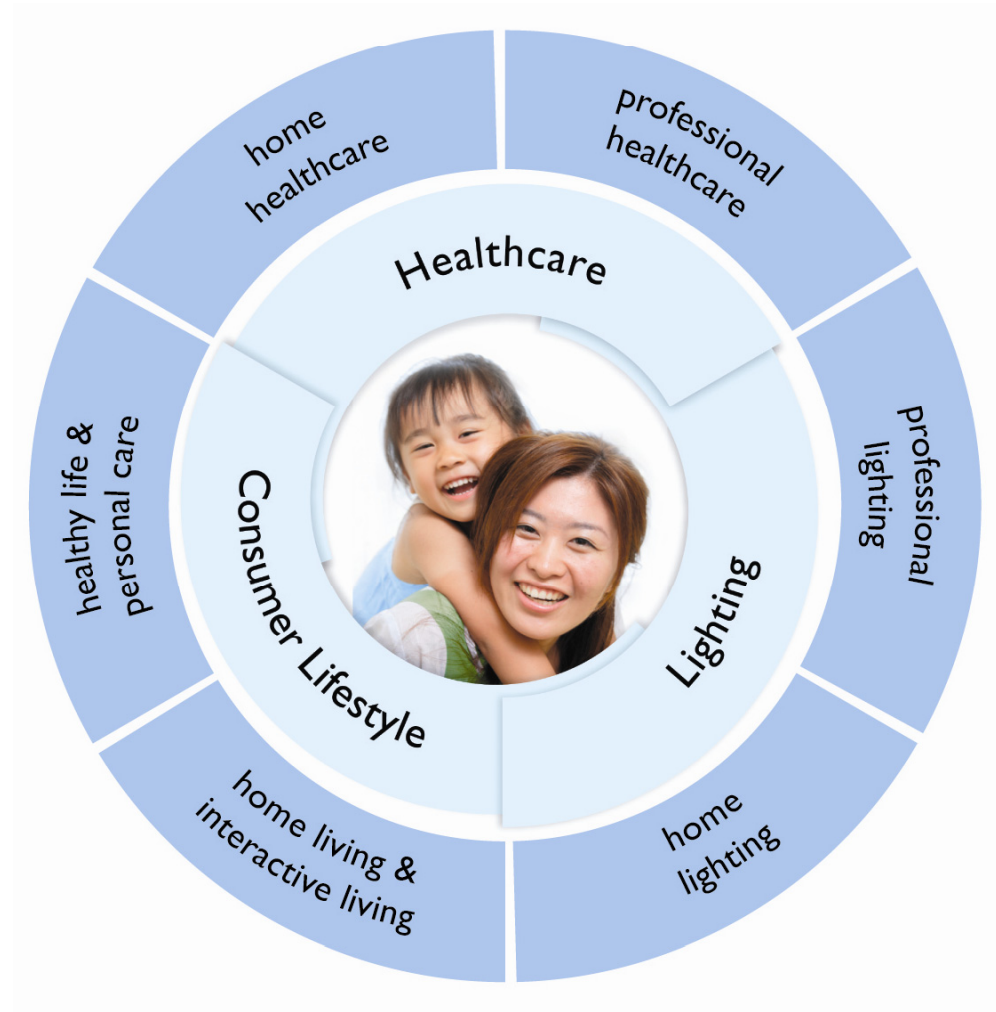
Improving people's lives

Our promise

"Sense and simplicity"

Our company

- Common, end-user driven innovation process
- Strong global brand
- Channel access and global presence
- Engaged workforce
- Technology, know-how and strong IP positions
- Economies of scale e.g. Shared service centers



PHILIPS

Our competitive difference will make us win

Innovation process

We follow a rigorous process to create meaningful innovations

Driving customer loyalty

We build customer loyalty to promote growth and profitability

Creating brand value

Driven by our brand promise “sense and simplicity”

Philips people

We develop highly engaged “Philips people”

Emerging markets

We keep on expanding our global footprint



Close customer relationships

Creating promoters of our brand

Customer loyalty

Is fundamental to growth and profitability.

We win the trust of customers and partners

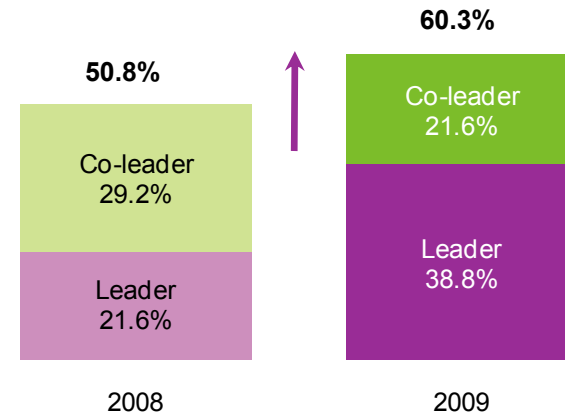
- By understanding and anticipating their needs
- By sharing our insights
- By providing the right products and solutions

We monitor our effectiveness

With the Net Promoter Score based on a simple question:
“Would you recommend us to a friend or colleague?”

Closer customer relationships in 2009

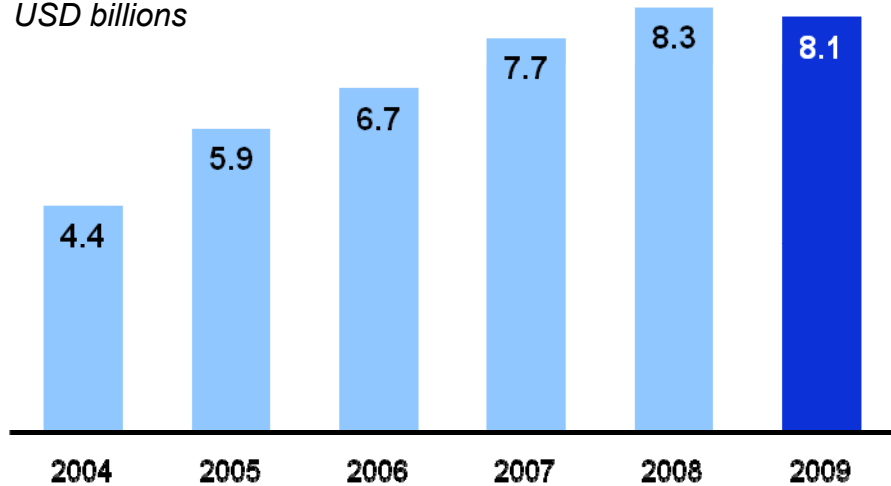
Strengthened our relationships and increased Net Promoter Score leadership positions to over 60%



Moved up to world's 42nd most valuable brand in 2009

Up from 43rd in 2008

Value of the Philips brand*
USD billions



*because children love learning, but hate paying attention.




PHILIPS
sense and simplicity

*because when it comes to matters of the heart, men and women differ.



PHILIPS
sense and simplicity

*because the problem with exercise is a lack of time, not energy.



PHILIPS
sense and simplicity

A strong brand drives sales

A significant amount of sales is attributable to the brand alone:

- Healthcare 29%
- Consumer Lifestyle 24%
- Lighting 21%

High brand value¹ growth

Philips brand value, as measured by Interbrand, grew more than twice as fast as that of closest competitors. It has increased by 85% within a 5-year period (2004-2009), due largely to our Healthcare and Lighting businesses

Strong internal brand

78% of employees are “proud to work for Philips”

Brand campaign 2009

Developing thought leadership in health and well-being and making our trusted brand promise of ‘sense and simplicity’ meaningful in this area

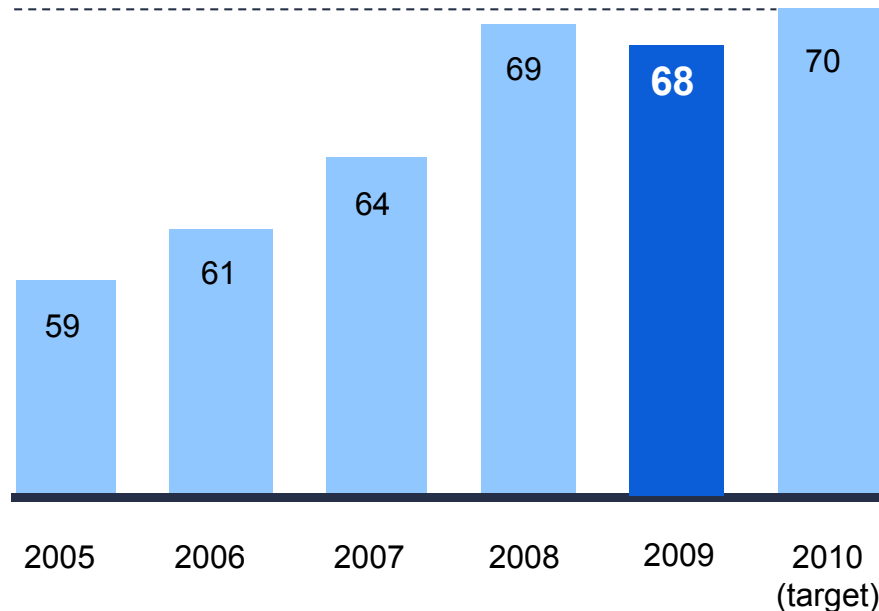
¹ Source: Interbrand Brand Valuation 2009

Philips people

Strong leadership, a highly engaged workforce

Employee Engagement Index

High performance benchmark



A strong leadership team

60 culturally diverse top leaders focus on driving our global businesses to reach their short and long term goals.

A high performance workforce

The annual 'employee engagement index' polling over 90,000 of the Philips workforce is touching the high performance benchmark of the 3rd party agency managing the survey.

Living the values

Philips has four simple values which 'live' within the company and drive the actions of our people.

An eye on the leaders of tomorrow

We structurally manage our talent, offering fast-track, stretch opportunities for top performers to ensure a quality succession pipeline for our leadership team.

A strong position in emerging markets

Represents a significant and growing part of our global footprint



Emerging markets represent 30% of sales

In Healthcare double-digit growth in sales and order intake

High corporate brand equity¹

Consistently among the top-ranking players:
India: top 10%, China: top 10%,
Russia: top 40%, Brazil: top 10%

Championing growth with dedicated strategies

Based on local market insights, supported by increased marketing investments.

Increasing our footprint

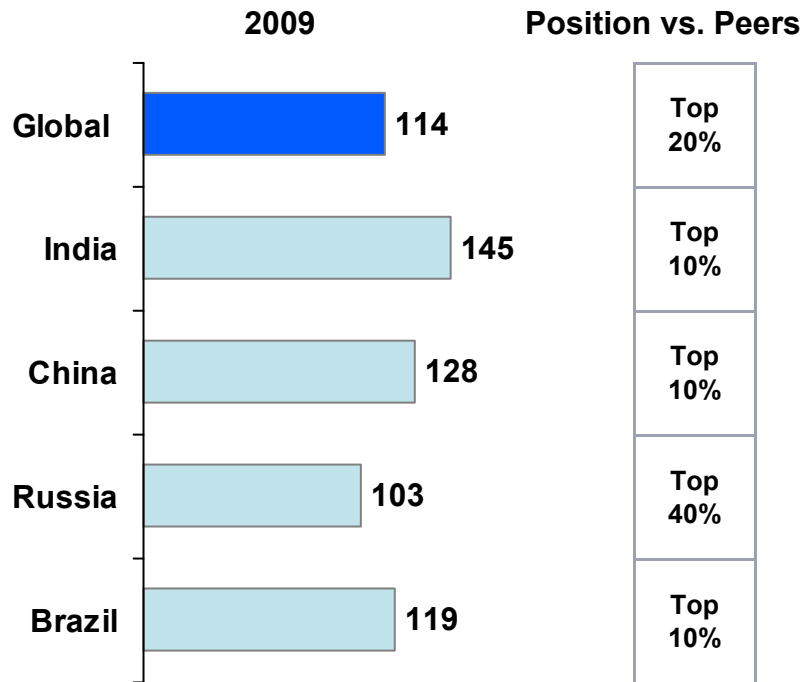
- Opened more than 100 exclusively branded stores in China and India
- Established an Imaging Systems Industrial Campus in Suzhou, China

¹ Source: TNS Consumer Heart BEAT brand equity study 2009

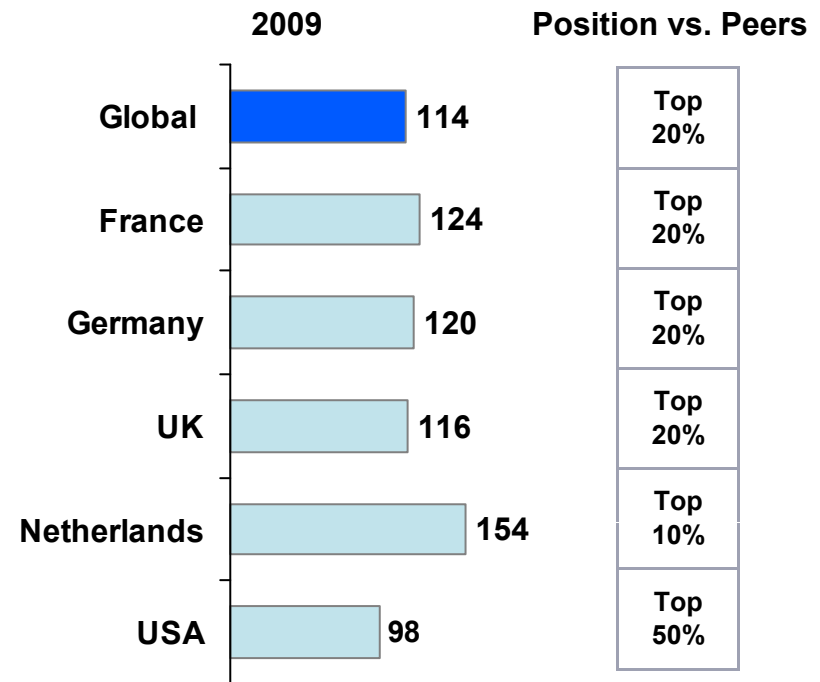
Emerging markets B2C

Continued strong brand equity in Emerging Markets means we are well-pointed to accelerate growth

**Corporate brand equity index, 2009
BRIC Markets**



**Corporate brand equity index, 2009
Mature Markets**



Sustainability as a driver for growth



Our commitment

One of the strategic drivers behind our targets is a commitment to sustainability and making a difference in energy efficiency

EcoVision4 program

A clear example of how we are driving business growth through Sustainability is the launch of our EcoVision4 program in 2007.

Targets for the period 2007 – 2012¹

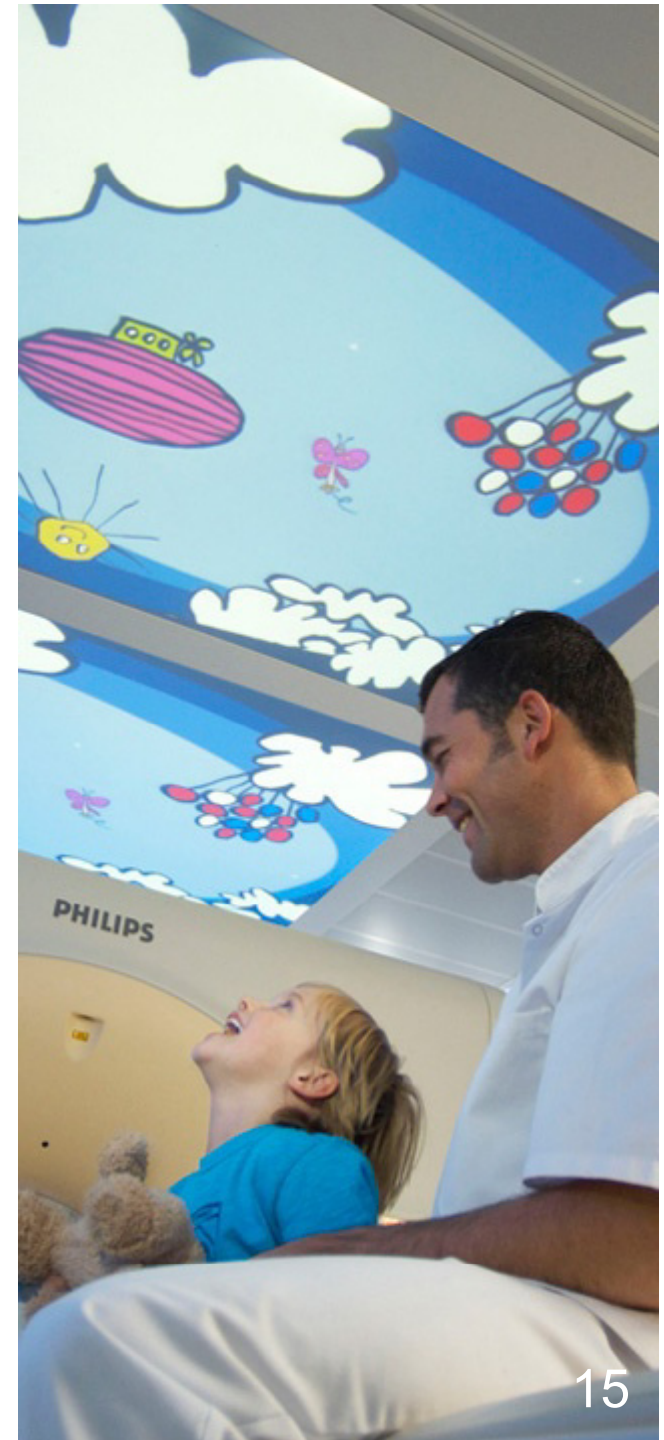
- Generate 30% of revenues from Green Products up from 15%
- Double our investment in Green Innovations to a cumulative EUR 1 billion
- Further increase the energy efficiency of our operations by 25%

¹ We will give a full update of our integrated financial, social and environmental report on February 22

Philips investment proposition

“We believe that due to macro trends, the demand for **healthcare**, especially outside the hospital, **healthy lifestyle** and high quality, **energy efficient lighting** will grow by 6% per annum and will yield double digit EBITA margins.

We have therefore **centered our portfolio on the leading businesses in these markets**. We have consequently divested our portfolio of semiconductor and electronic components related businesses, including participations, and **reinvested** half the proceeds in **acquiring further leading businesses in these target markets**, with Genlyte and Respironics as the most important proof-points; the other half of the proceeds was used to **return cash to shareholders** while **retaining a strong balance sheet.**”



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Headlines in Quarter 4

- Strongly improved performance across all sectors
- Comparable sales on par with Q4 2008; sales in emerging markets up 8%
- EBITA improves to 9.1% of sales; adjusted EBITA of 12.3% at record level
- Operating cash flow of EUR 1.4 billion, once adjusted for legal settlement in North America
- Net income of EUR 260 million, driven by strong improvement in operational earnings and significantly lower charges
- Proposed dividend maintained at EUR 0.70 per share

Key Financials Summary – Q4 2009 and FY 2009

EUR million

	Q4 2008	Q4 2009	FY 2008	FY 2009
Sales	7,623	7,263	26,385	23,189
EBITA	26 ¹	662 ¹	744 ²	1,050 ²
Financial income and expenses	(705) ³	(78) ³	88	(166)
Income tax	(117)	(230)	(256)	(100)
Net income (loss)	(1,179)	260	(92)	424
Net Operating Capital	14,069	12,649	14,069	12,649
Net cash from operating activities	1,761	935	1,648	1,545
Net capital expenditures	(294)	(209)	(875)	(682)
Free cash flow	1,467	726	773	863

1 - 4Q09 includes on balance EUR (232)M of gains and charges while 4Q08 included in total EUR (419)M gains and charges

2 - 2009 includes on balance EUR (423)M of gains and charges while 2008 included in total EUR (818)M gains and charges

3 - 4Q09 includes a negative amount of EUR (15)M relating to TPV option fair-value adjustment while 4Q08 included a positive amount of EUR 6M for TPV option fair-value adjustment and in total EUR (629)M impairment losses related to NXP, LG Display, Pace Micro Technology and Toppoly.

Sales by sector – Q4 2009

EUR million

	Q4 2008	Q4 2009	Sales growth composition (in %)			
			Nom	currency	portfolio	Comp
Healthcare	2,569	2,405	(6)	(5.6)	-	(1)
Consumer Lifestyle	2,989	2,903	(3)	(3.4)	(0.4)	1
Lighting	1,939	1,846	(5)	(4.2)	(0.7)	0
GM&S	126	109	(13)	(1.5)	(0.6)	(11)
Group sales	7,623	7,263	(5)	(4.3)	(0.3)	0

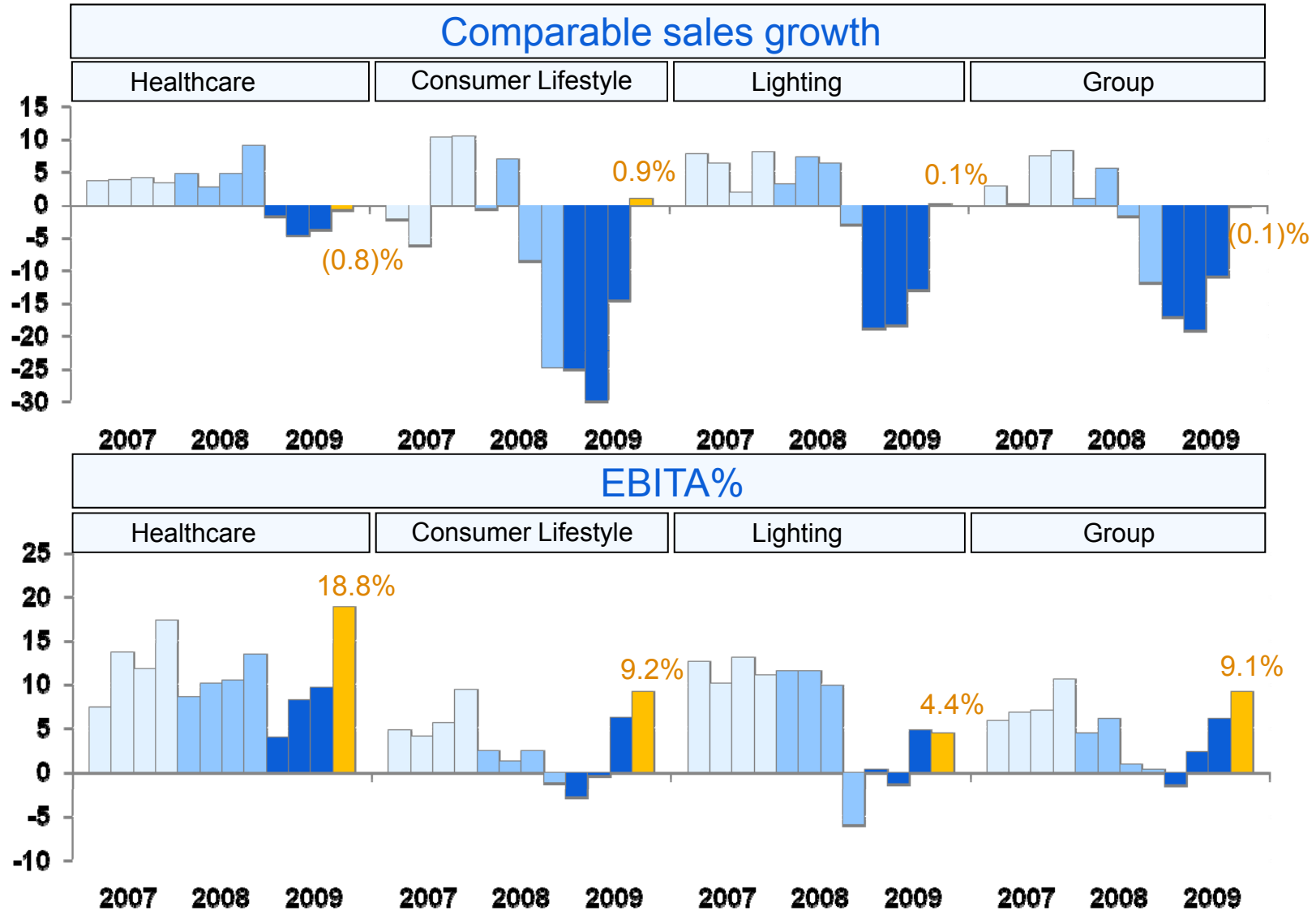
Sales by sector – Full Year 2009

EUR million

	FY 2008	FY 2009	Sales growth composition (in %)			
			Nom	currency	portfolio	Comp
Healthcare	7,649	7,839	2	2.6	2.6	(3)
Consumer Lifestyle	10,889	8,467	(22)	(0.8)	(5.0)	(17)
Lighting	7,362	6,546	(11)	1.0	0.5	(13)
GM&S	485	337	(30)	0.1	(0.2)	(30)
Group sales	26,385	23,189	(12)	0.7	(1.4)	(11)

Sales Growth and EBITA Margin Development

Comparable sales growth and EBITA%



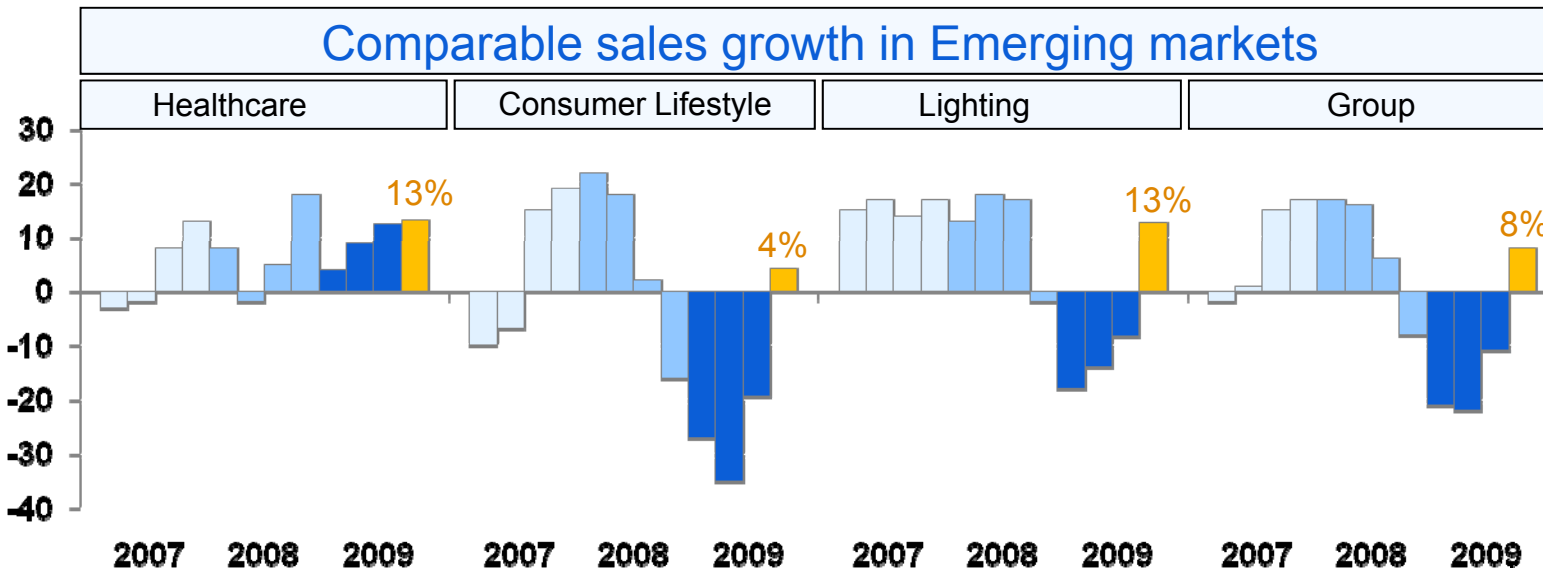
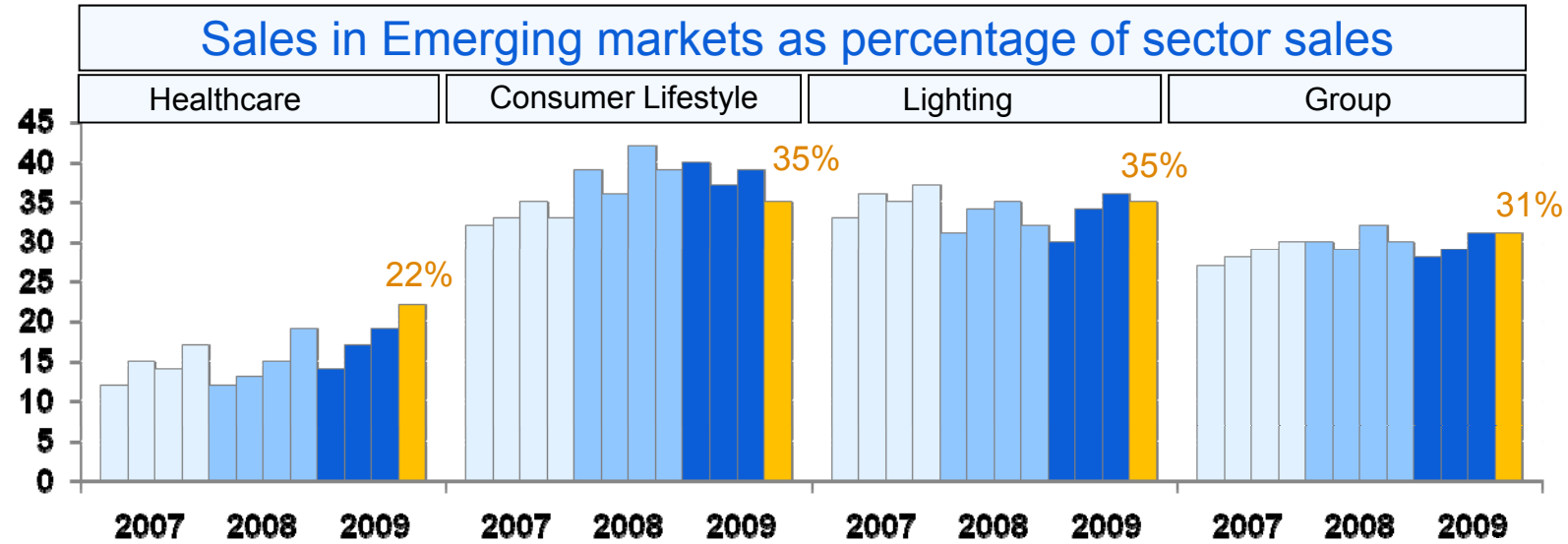
Sales by market cluster – Q4 2009

EUR million

	Q4 2008	Q4 2009	% nom	% comp
Western Europe	2,834	2,832	(0)	0
North America	2,178	1,794	(18)	(10)
Other mature markets	370	416	12	12
Emerging markets	2,241	2,221	(1)	8
Group sales	7,623	7,263	(5)	0

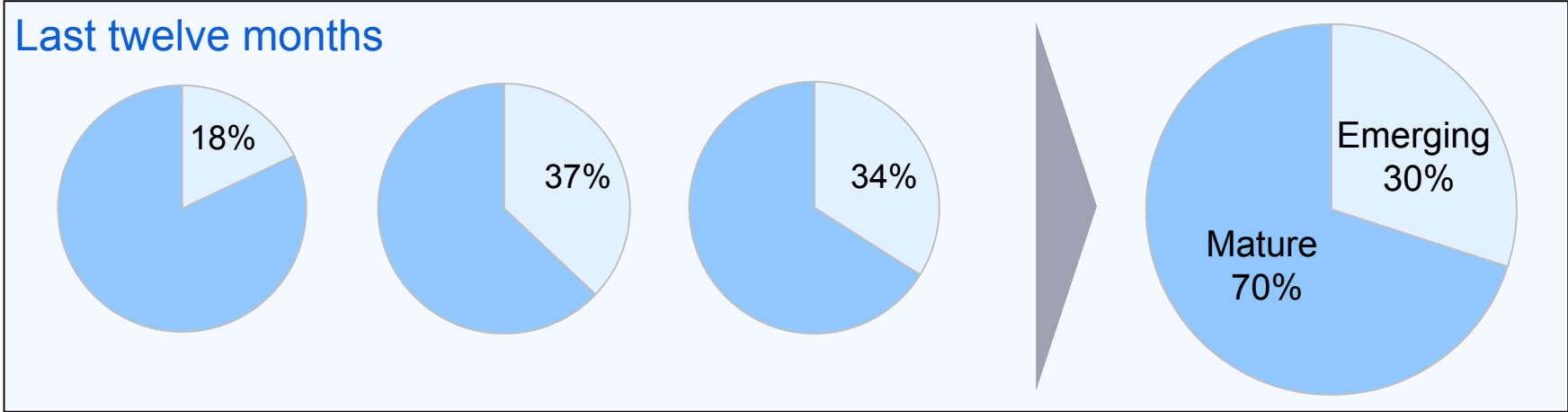
Emerging Markets Sales: trend through Q4 2009

Sales growth in emerging markets



Emerging Markets – Q4 2009 and FY 2009

Sales in emerging markets

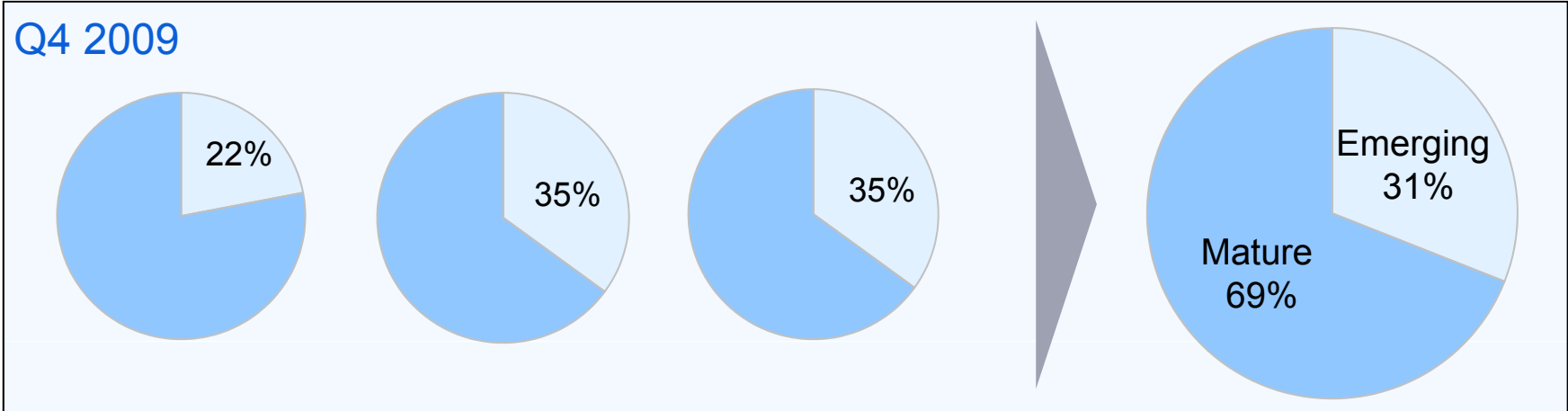


Healthcare

Consumer Lifestyle

Lighting

Philips Group



EBITA by sector – Q4 2009

EUR million

	Q4 2008	Q4 2009
Healthcare	343 ¹	452 ¹
Consumer Lifestyle	(36) ²	266 ²
<i>of which Television</i>	(154)	29
Lighting	(115) ³	82 ³
GM&S	(166) ⁴	(138) ⁴
Philips Group	26	662
as % of sales	0.3%	9.1%

1 - 4Q09 includes EUR (27)M of restructuring and acquisition-related charges ; 4Q08 included on balance EUR (82)M charges

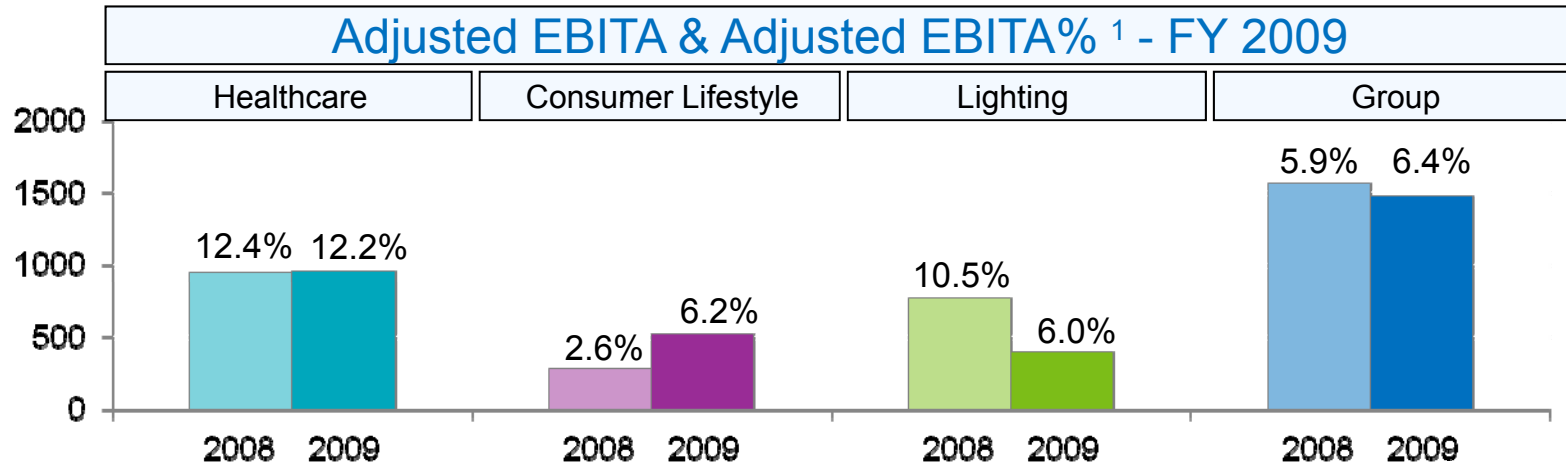
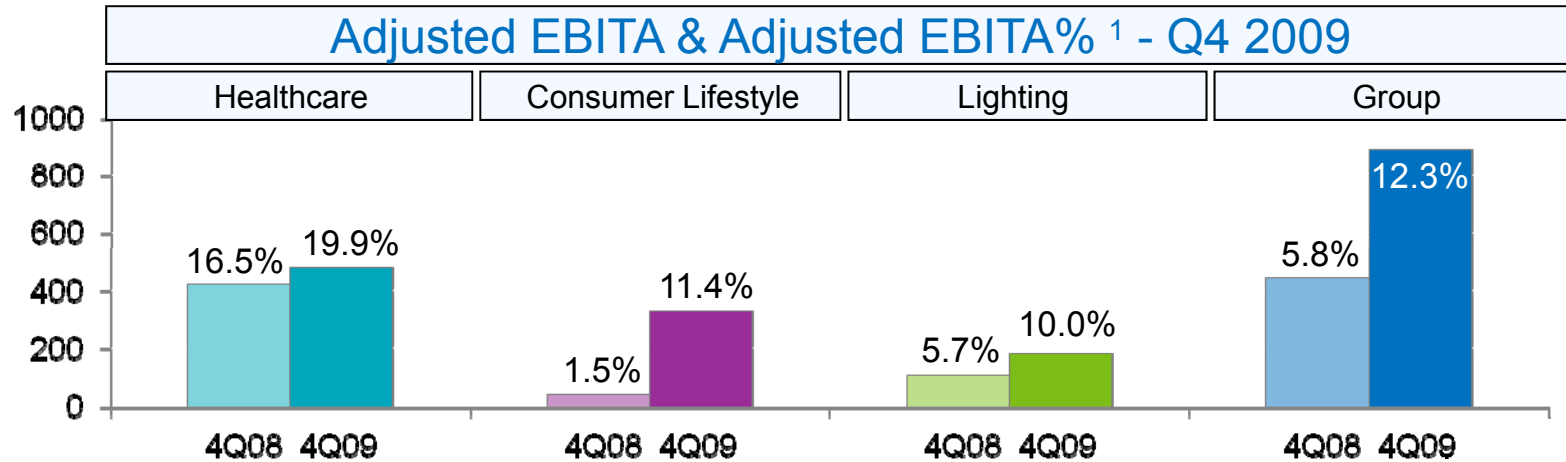
2 - 4Q09 includes EUR (64)M of restructuring and acquisition-related charges; 4Q08 included on balance EUR (82)M charges and a EUR 2M gain on the sale of our Set-Top Box activity

3 - 4Q09 includes EUR (103)M of restructuring and acquisition-related charges; 4Q08 included EUR (226)M charges

4 - 4Q09 includes EUR (36)M restructuring, EUR (46)M of incidental assets write-offs, including EUR (26)M for Corporate Investments and a EUR 44M gain from post-retirement benefit curtailment; 4Q08 included EUR (31)M restructuring charges

Adjusted EBITA Development: Q4 2009 and FY 2009

EUR million



1 - Net adjustment based on the following incidentals (in EUR million)

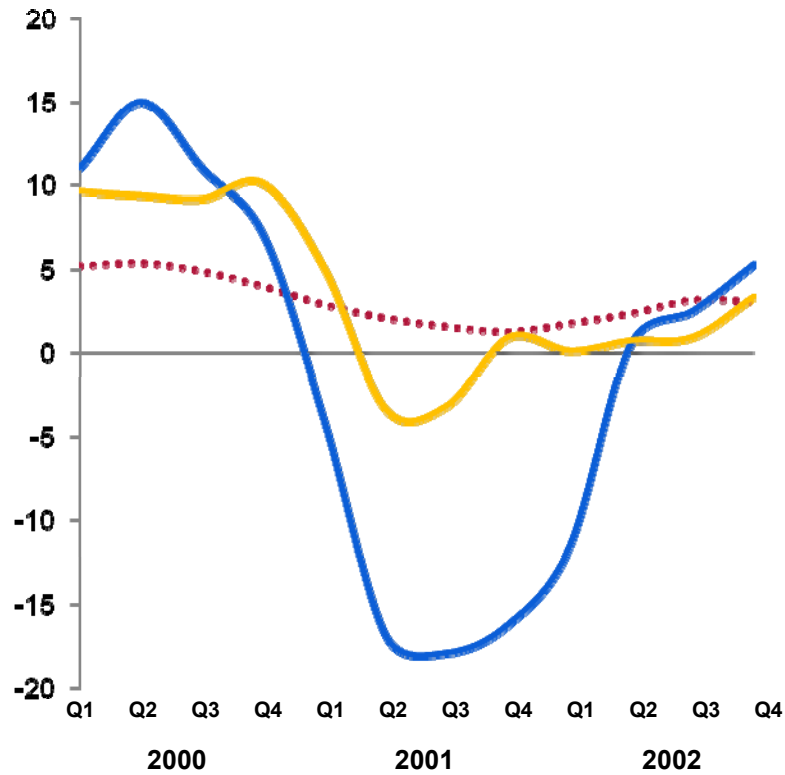
Q4 2009	:	(82)	(27)	(80)	(64)	(226)	(103)	(419)	(232)
FY 2009	:	(108)	(106)	(156)	(183)	(290)	(247)	(818)	(423)

A more resilient company in much tougher times

- Global GDP growth¹
- Comparable sales growth²
- Adjusted EBITA³

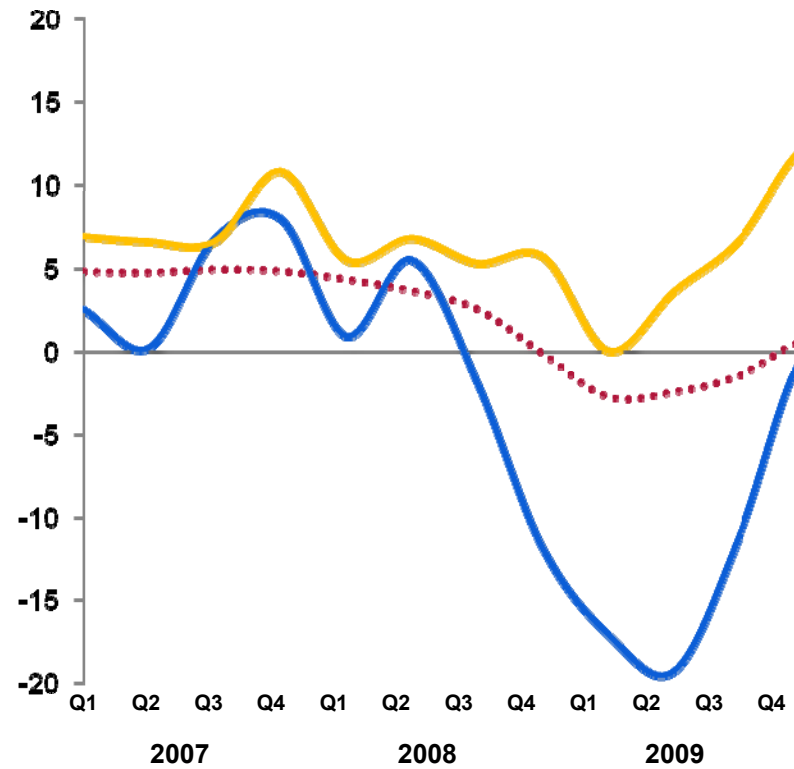
Previous crisis

Numbers in %



Current crisis

Numbers in %



¹ Real GDP growth; Source: EIU

² Comparable sales growth, quarter on quarter

³ EBITA excluding restructuring, acquisition-related and other charges

Fixed costs are structurally being reduced

In view of macro-economic developments, Philips accelerated their planned initiatives to further increase organizational effectiveness and to lower fixed cost by streamlining operations and simplifying the structure.

Our restructuring plans announced since 2008 will lead to a reduction in our 2010 fixed cost base of well over EUR 700 million compared to the run rate in 2008. The expected restructuring costs for full year 2010 amount to EUR 150-250 million.

Restructuring <i>EUR million</i>	Cost ¹				Cash out 2009	Benefit ² <i>compared to 2008 baseline</i>		
	FY2008	4Q09	FY2009	1Q10E		4Q09	FY2009	1Q10E
Healthcare	(63)	(10)	(43)	(14)	(61)	37	105	45
Consumer Lifestyle	(198)	(54)	(120)	(15)	(109)	69	200	69
Lighting	(245)	(96)	(225)	(15)	(116)	32	82	44
GM&S	(31)	(36)	(62)	-	(37)	15	31	15
TOTAL	(537)	(196)	(450)	(44)	(323)	153	418	173

¹ These numbers exclude acquisition-related charges of EUR 130M for FY2008 and EUR 101M for FY2009

² For 2009 actual benefit realized per quarter see slide 72

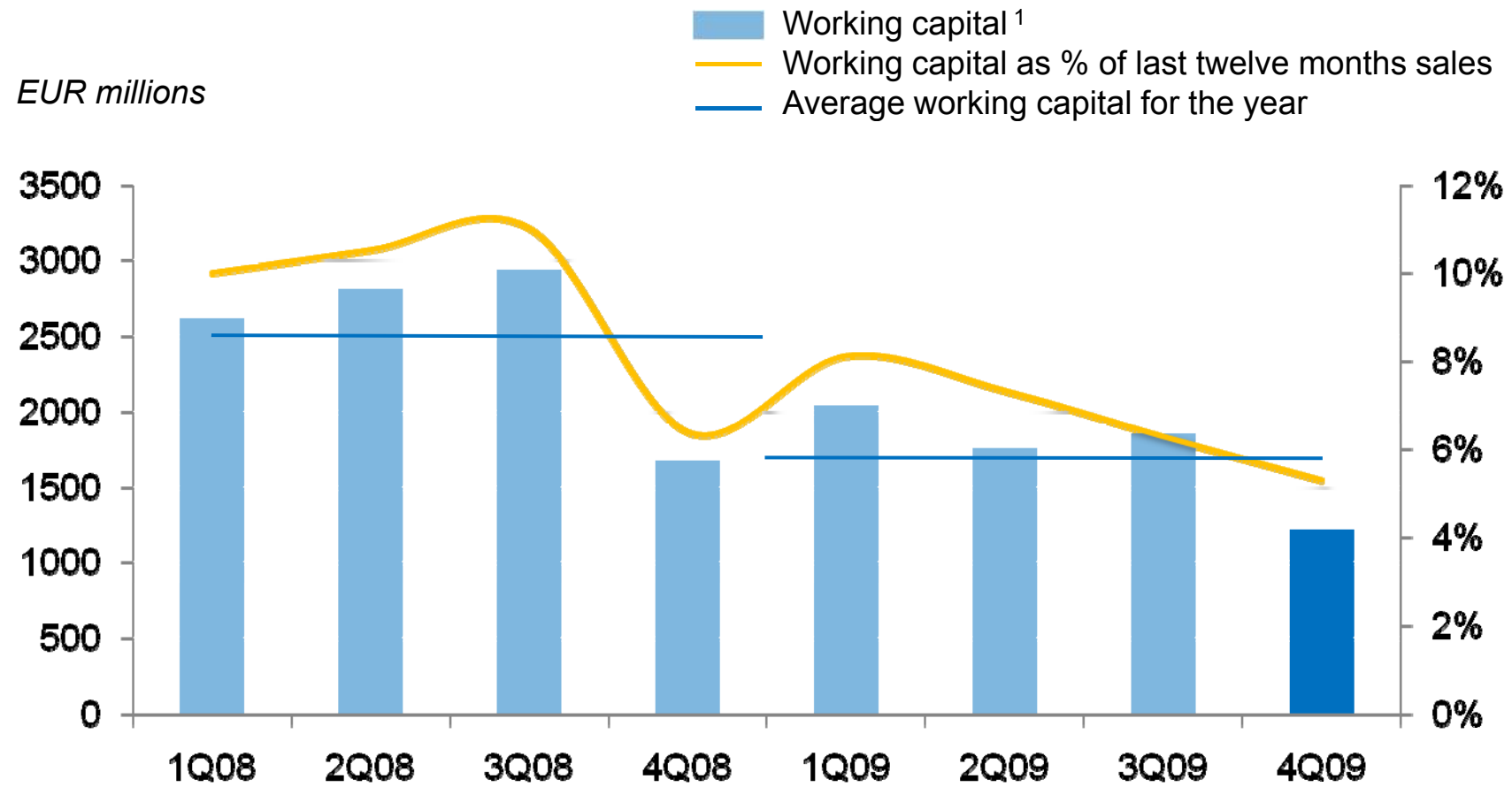
Cash Flow from continuing operations – Q4 2009

EUR million

	Q4 2008	Q4 2009
Net income from continuing operations	(1,172)	251
Depreciation / amortization / impairments	1,435	435
Net gain on sale of assets	33	(13)
Changes in Working Capital, of which:	1,462	606
- changes in Net inventories	740	540
- changes in Accounts receivable	646	365
- changes in Accounts payable	76	(299)
Other	3	(344)
Cash flow from operations	1,761	935
Expenditures on development assets	(17)	(59)
Gross capital investments	(256)	(151)
Acquisitions / divestments / other	(66)	72
Cash flow before financing activities	1,422	797

Continued strict cash flow management

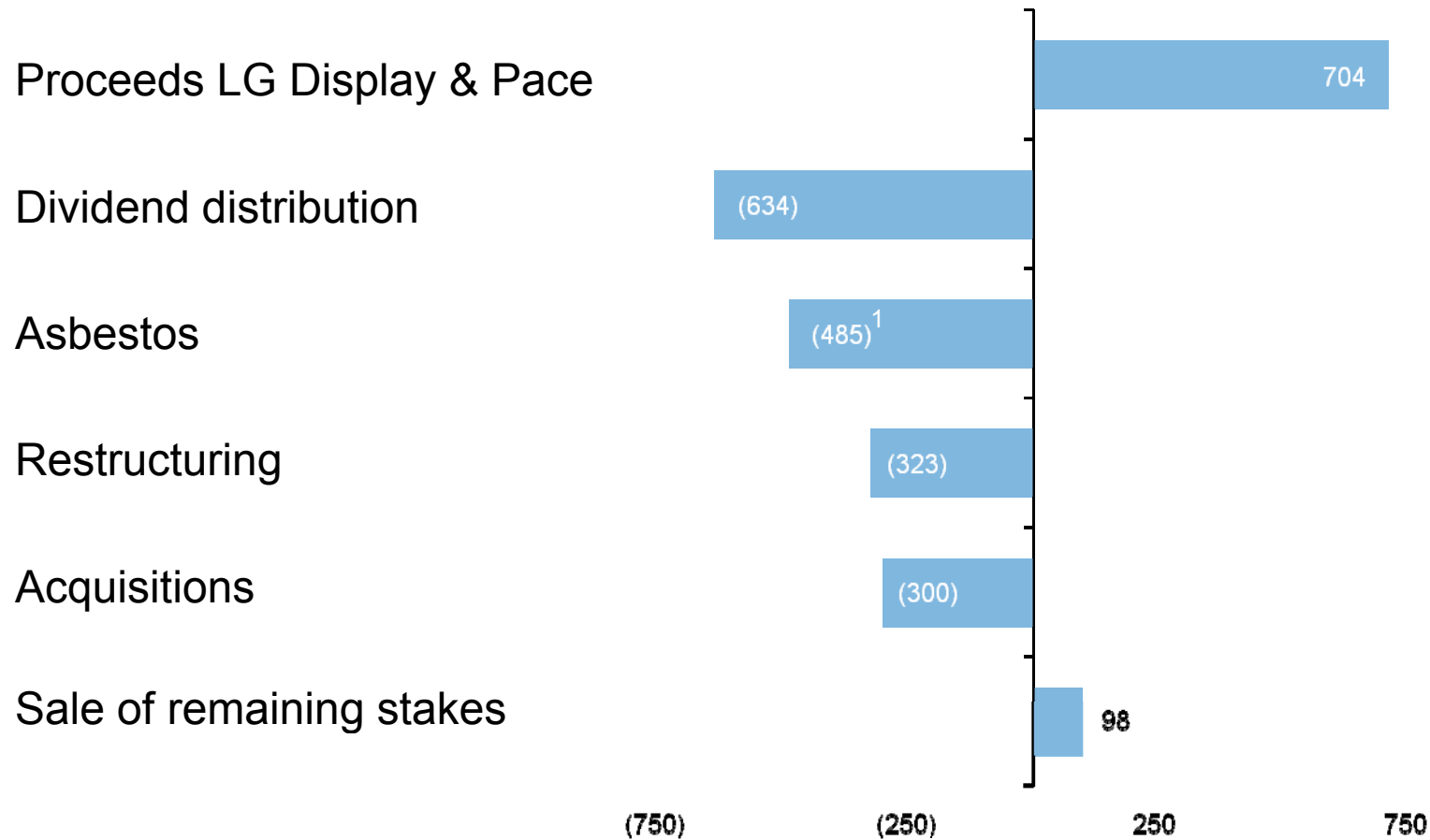
Structural reduction in working capital turns



¹ Working Capital of Healthcare, Consumer Lifestyle and Lighting; excluding central sector GM&S

Major items impacting cash flow in 2009

EUR million



¹ Working Funding of the asbestos personal injury trust of USD 900M (EUR 599M at ECB fixing of November 30: 1.5023) occurred on November 30th 2009. Insurance recoveries in 2009 amounted to EUR 114M leading to a net cash out of EUR 485M.

Main remaining financial assets

EUR million

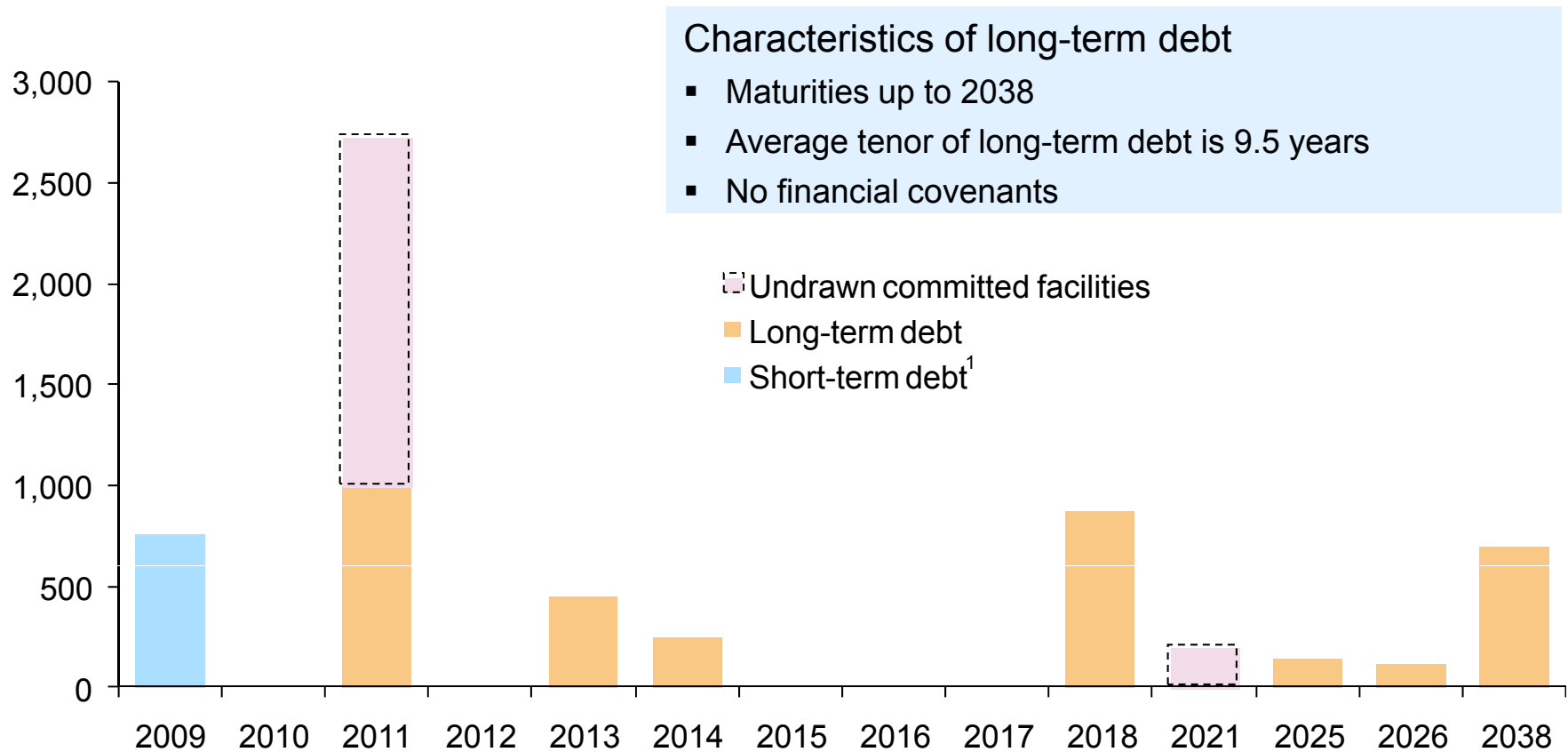
Financial assets	Participation	Book Value	Value Dec- 2009
	% of total	in EUR million	in EUR million
TPV Convertible		170	170
TPV Share	12.4%	119	113
NXP	19.8%	207	207
CBay convertible note		63	63
TCL	6.3%	27 ¹	85
TPO	16.1%	29 ¹	81
Total		615	719

¹ Acquisition value of available for sale securities

First long-term debt maturing as of 2011

Debt maturity profile as of December 2009

Amounts in EUR millions

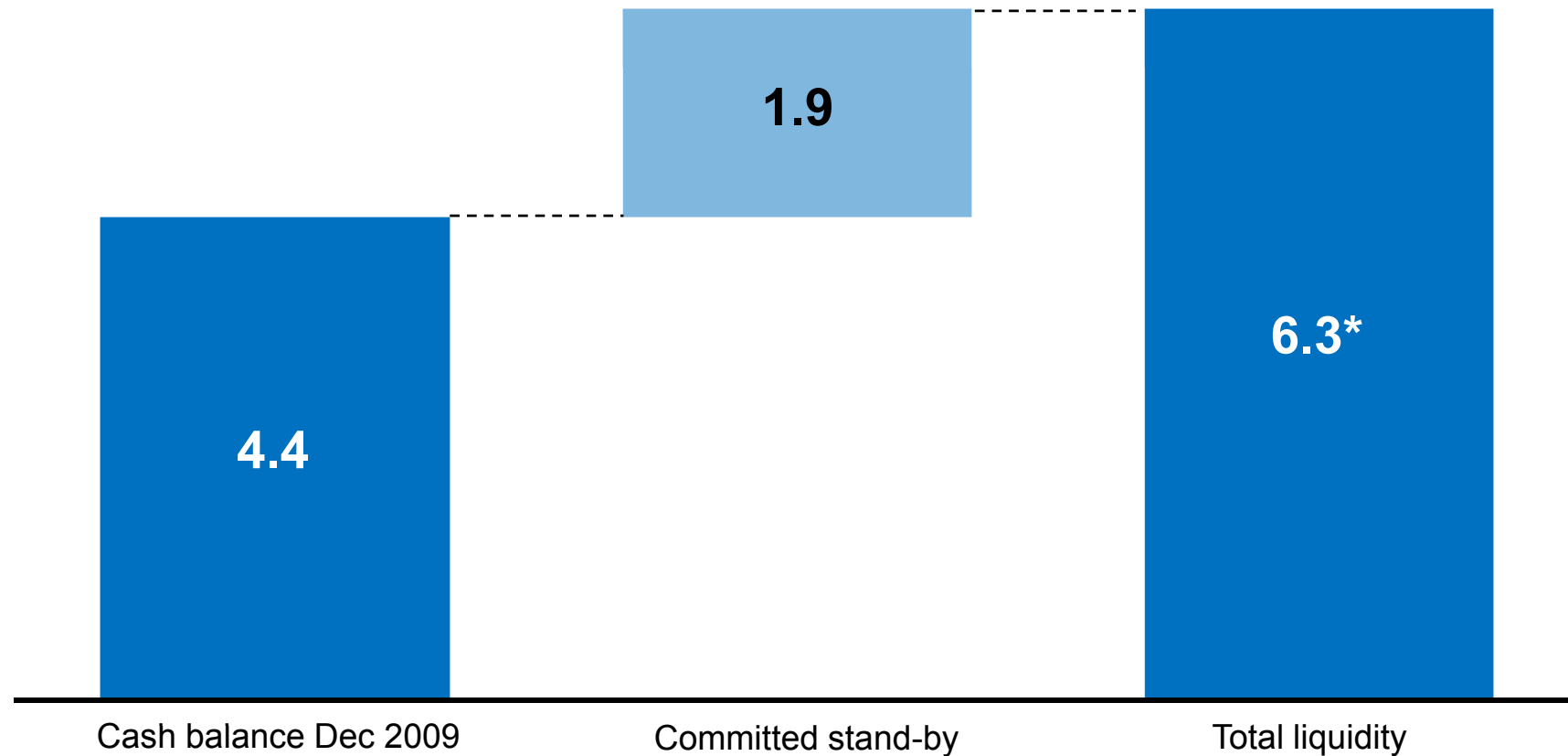


¹ Short term debt consists mainly of local credit facilities that are being rolled forward on a continuous basis.

We ended 2009 with a strong liquidity position

Structural improvements in asset management position as well for the future

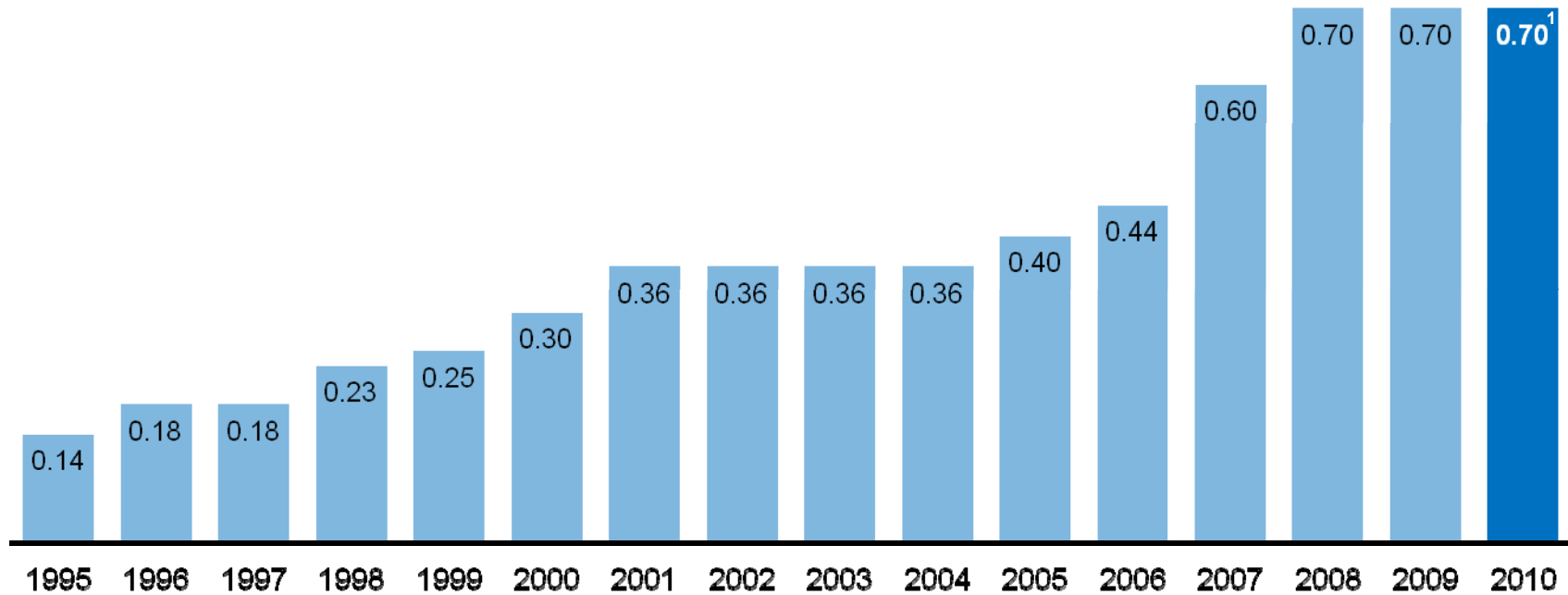
Amounts in EUR billions



* Excluding uncommitted credit lines

A history of sustainable dividend growth

EUR cents per share



“Our aim is to sustainably grow our dividend over time. Philips’ present dividend policy is based on an annual pay-out ratio of 40 to 50% of continuing net income.”

¹ Elective dividend, proposal subject to approval in the General Shareholders Meeting on March 25th, 2010

Philips Pensions Plans: Full Year Update

EUR million

	December 31, 2008		June 30, 2009		December 31, 2009	
	Funded Status	Balance sheet position	Funded Status	Balance sheet position	Funded Status	Balance sheet position
Netherlands Pre-paid pension asset	2,619	1,837	1,549	0	2,658	1,497
Other major plans	(1,373)	<u>(1,373)</u>	(1,926)	<u>(1,926)</u>	(1,703)	<u>(1,703)</u>
Net balance sheet position major plans		464		(1,926)		(206)
Funded status minor plans		<u>(301)</u>		<u>(199)</u>		<u>(338)</u>
Net balance sheet position		163		(2,125)		(544)

- The amount of prepaid pension asset is an estimate of the future benefits from pension fund surpluses
- Prepaid pension asset was zero in Q2, 2009 due to decrease in pension assets and the movements of key assumptions i.e. inflation and expected returns on plan assets
- Based on the funded status of the Netherlands' plan as at December 31st, 2009 a prepaid pension asset is again being recognized in the net balance sheet and directly recorded in equity

2009 acquisitions at a glance

Healthcare

May-2009	Traxtal	Clinical Care Systems	Become one of the leading solution providers for image guided medical procedures
Jul-2009	InnerCool	Clinical Care Systems	Broaden offering in emergency care by adding body temperature management

Consumer Lifestyle










Jul-2009	Saeco	Domestic Appliances	Expand in high-growth, high-margin espresso market with strong products range
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Lighting

Feb-2009	Ilti Luce	Professional Luminaires	Enhance ability to offer unique indoor architectural lighting solutions
Mar-2009	Dynalite	Lighting Electronics	Provide further offering in lighting control systems for integral energy management
Apr-2009	Selecon	Professional Luminaires	Strengthen the breadth of solutions in the theatrical and architectural market
Jul-2009	Teletrol	Lighting Electronics	Adds to portfolio of intelligent light and energy management solutions

Management agenda 2009

Staying the course

Drive performance	Accelerate change	Implement strategy
Relentlessly manage cash through the year 	Organize around customers and markets thereby improving Net Promoter Score 	Further build the Brand in the Health and Well-being space 
Proactively align cost structure with market conditions and increase productivity 	Increase Employee Engagement to high performance level and implement “Leading to Win” 	Continue to re-allocate resources to growth opportunities and emerging markets, including selective M&A 
Manage risks and opportunities in a balanced way to strengthen our market positions 	Accelerate sector transformation programs 	Increase revenue derived from leadership positions 

Our 3 key financial performance metrics: Revenue, EBITA, Free Cash Flow

Our 3 non - financial performance metrics: Net Promoter Score, Employee Engagement, Productivity

Management agenda 2010

The leading company in Health and Well-being

Drive performance	Accelerate change	Implement strategy
<p>Drive top-line growth and market share</p> <p>Continue to reduce costs and improve cost agility</p> <p>Further increase cash flow by managing cash aggressively</p>	<p>Increase customer centricity by empowering local markets and customer facing staff</p> <p>Increase number of businesses with NPS co/leadership positions</p> <p>Increase employee engagement to high performance level</p>	<p>Increase our market position in emerging markets</p> <p>Drive key strategy initiatives for each sector</p> <ul style="list-style-type: none"> • Move towards leadership position in imaging • Grow Home Healthcare • Grow Health and Wellness • Manage TV to profitability • Become lighting solutions leader in outdoor • Grow consumer luminaires • Optimize lamps lifecycle <p>Leverage Sustainability as an integral part of our strategy</p>

Our 3 key financial performance metrics: Revenue, EBITA, Free Cash Flow

Our 3 non - financial performance metrics: Net Promoter Score, Employee Engagement, Productivity

1. Philips Strategy and Investment Proposition

2. Group results Q4 2009 and annual results 2009

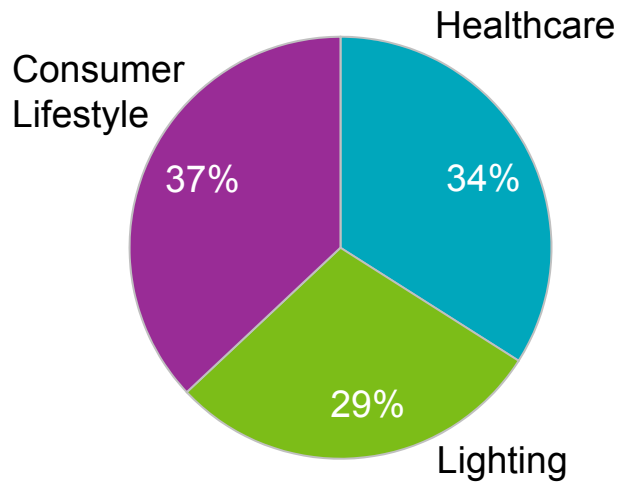
3. Healthcare, Consumer Lifestyle
and Lighting

Our focused Health & Well-being portfolio: Healthcare, Consumer Lifestyle and Lighting

Full Year 2009

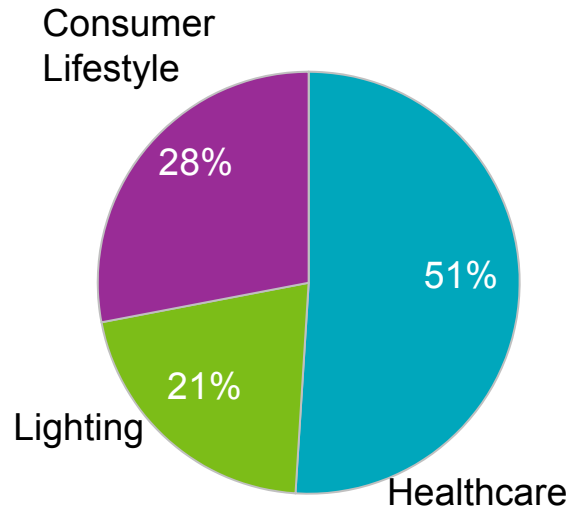
Sales

100% = EUR 22.9B ¹



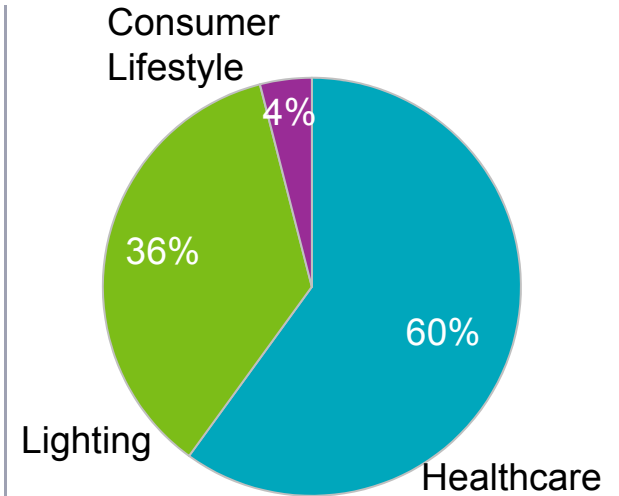
Adjusted EBITA

100% = EUR 1.9B ^{1, 2}



Net Operating Capital

100% = EUR 14.2B ¹



¹ Excluding Central sector (GM&S)

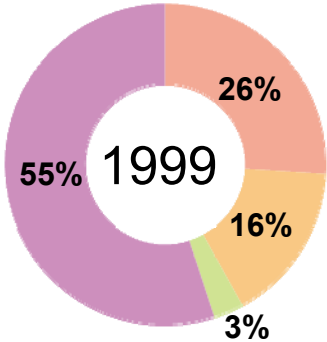
² EBITA adjustments based on the following charges; for Healthcare EUR 106M, for Consumer Lifestyle EUR 183M and for Lighting EUR 247M of charges are excluded.

PHILIPS

The power of Healthcare

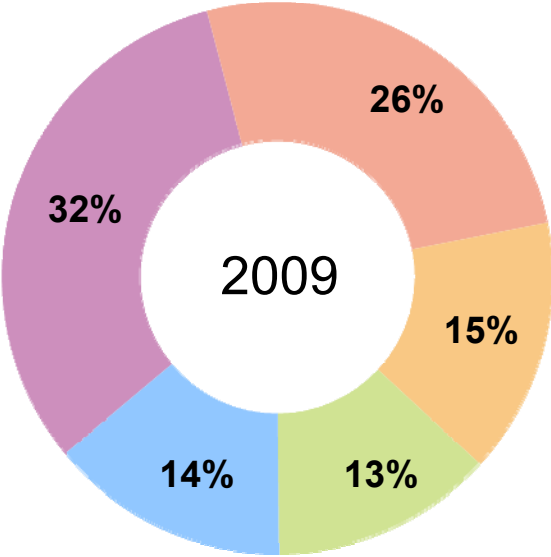
Further strengthening our global leadership

Total sales EUR 2.5 billion



- Imaging
- Customer service
- Clinical care
- Healthcare informatics and patient monitoring
- Home healthcare solutions

Total sales EUR 7.8 billion



Target margin 15-17%



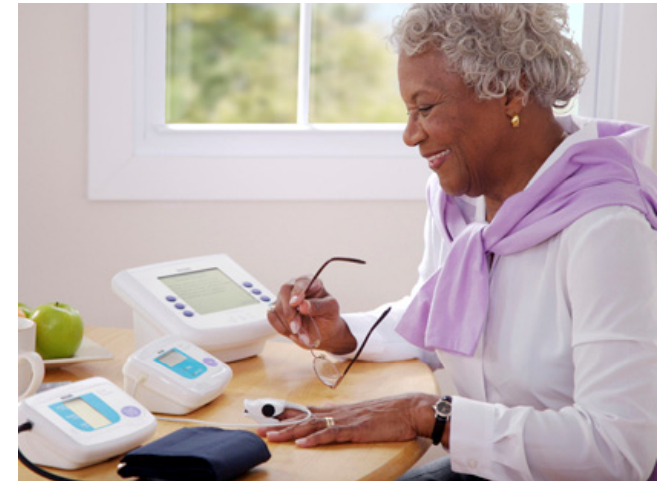
Healthcare opportunities

Global trends

- Ageing population leading to a spike in chronic diseases
- Urbanization and rise of emerging markets leading to lifestyle changes, fueling cardiovascular illnesses and respiratory and sleeping disorders

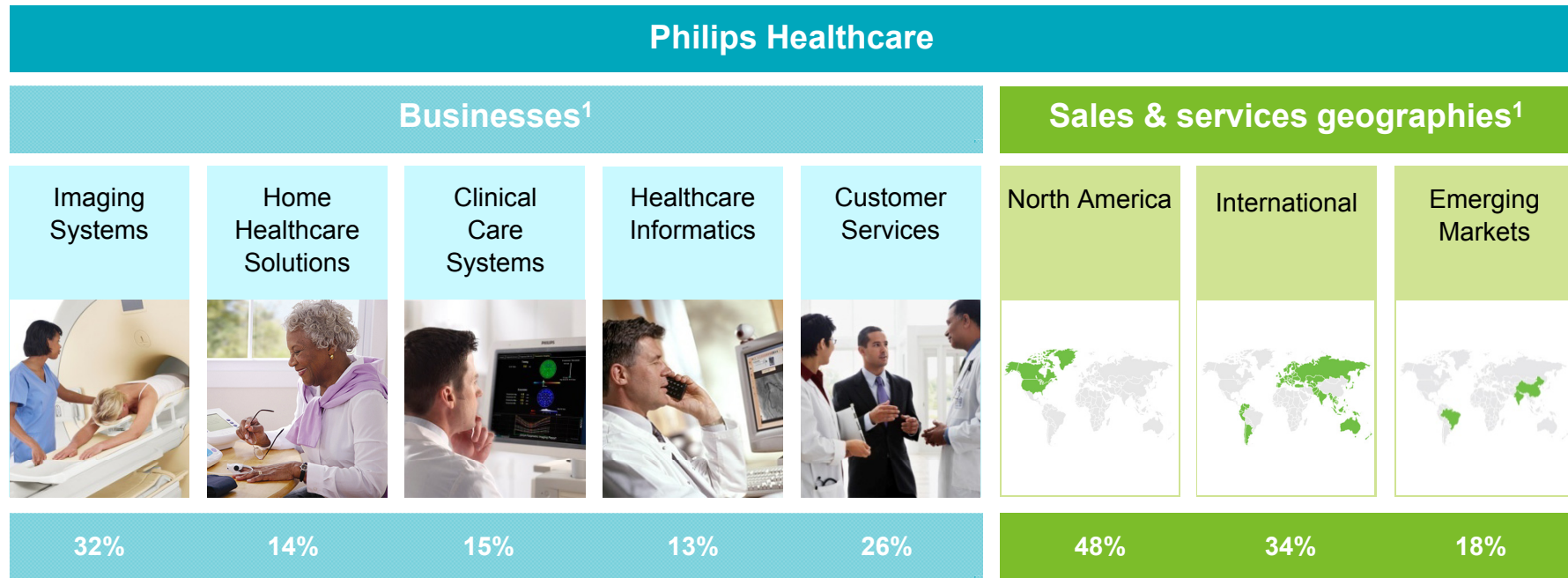
Priorities

- Move towards leadership position in Imaging Systems:
 - New products addressing the needs of customers in all segments – such as breakthrough PET/CT system and value 16 slice CT scanner – well perceived
 - New Industrial Campus for Imaging Systems in China
- Grow our Home Healthcare business:
 - Recent launch of a new Philips Respironics sleep therapy product range
 - Philips Lifeline will introduce its next generation medical alert service in the first quarter of 2010



Depth and reach of Philips Healthcare

What we do. Where we are.



€7.8
Billion sales
in 2009

34,000+
People employed
worldwide in 100 countries

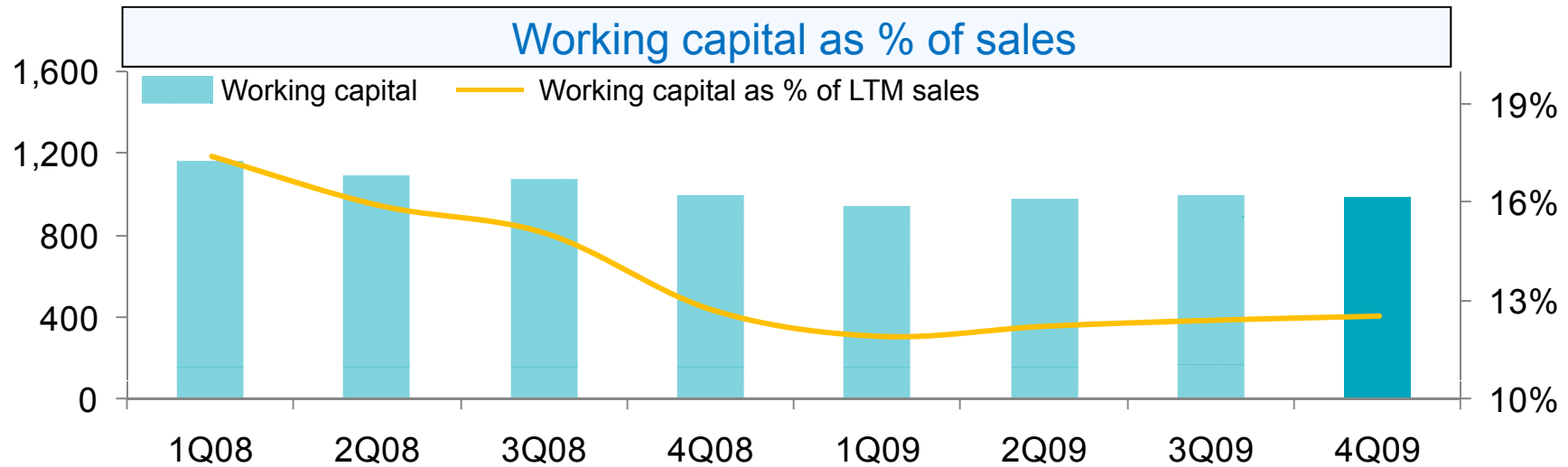
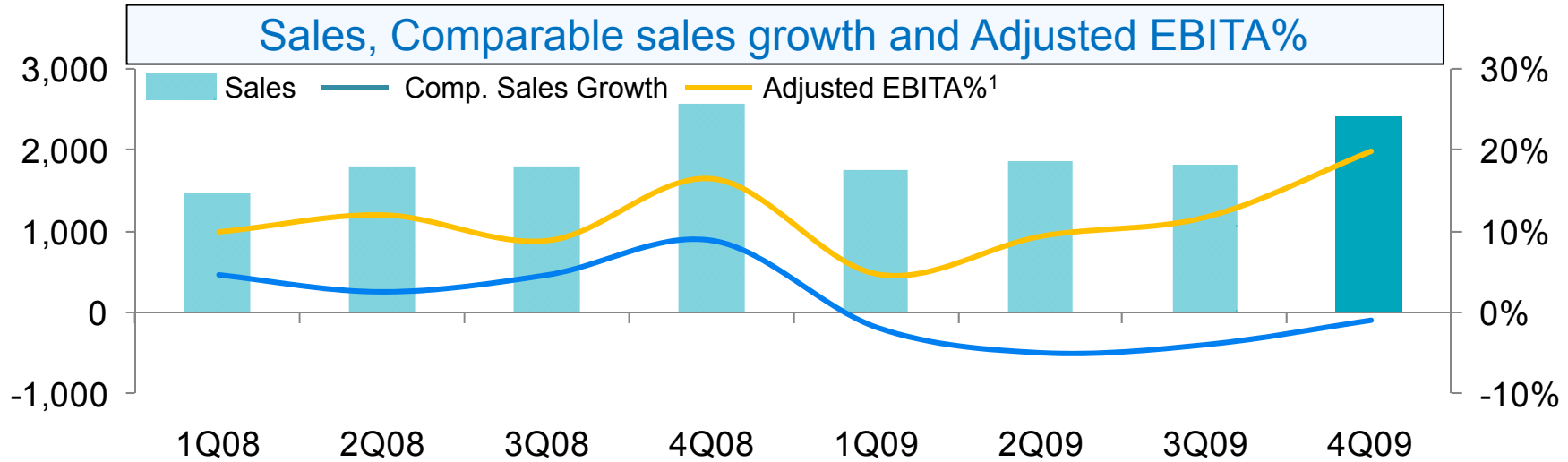
9%
of sales invested in R&D
in 2009

450+
Products & services
offered in over 100 countries

¹ Full Year 2009

Healthcare: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 71)

Healthcare: Q4 2009 Sector analysis

EUR million

Key figures

	4Q08	4Q09	FY2009
Sales	2,569	2,405	7,839
<i>% sales growth comp.</i>	9	(1)	(3)
EBITA	343	452	848
<i>EBITA as % of sales</i>	13.4	18.8	10.8
EBIT	279	392	591
<i>EBIT as % of sales</i>	10.9	16.3	7.5
NOC	8,785	8,434	8,434
Employees (FTEs)	35,551	34,296	34,296

Sales per region	4Q09	Emerging markets
Latin America	6%	
Europe/Africa	32%	
North America	41%	
Asia Pacific	21%	
		22%
		Mature

Financial performance

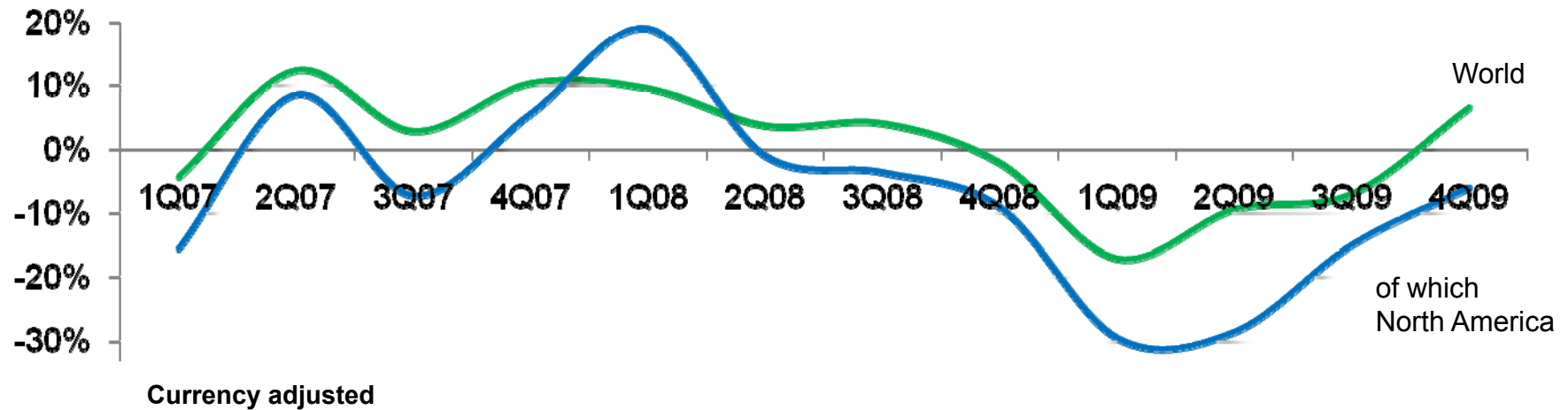
- Currency-comparable equipment order intake increased 7% year-on-year, with improvements across all businesses. Higher orders at Imaging Systems, Clinical Care Systems and Healthcare Informatics were driven by strong intake in international markets. Growth in international markets was driven by both emerging and mature markets. North American market declines were less severe than in prior quarters.
- Comparable sales were 1% lower year-on-year. Sales growth at Home Healthcare Solutions and Customer Services was offset by declines at Imaging Systems and Patient Monitoring. Comparable sales in international markets rose, mainly in emerging markets; sales decreased in North America.
- EBITA amounted to EUR 479 million, or 20% of sales, excluding EUR 27 million of restructuring and acquisition-related charges. The comparable figure in Q4 2008, excluding EUR 82 million restructuring and acquisition-related charges, was EUR 425 million, or 16.5% of sales. EBITA improved across all businesses, notably at Imaging Systems, mainly driven by strict cost management and ongoing improvements in higher-margin businesses like Customer Services and Home Healthcare Solutions.

Looking ahead

- Philips Lifeline will introduce its next-generation medical alert service in the first quarter of 2010. Reflecting Philips' commitment to support independent living for seniors and the chronically ill, the enhanced service will provide even greater benefits for those seeking to age in place.
- No material restructuring or acquisition-related charges are expected in Q1 2010.

Healthcare: Equipment order intake

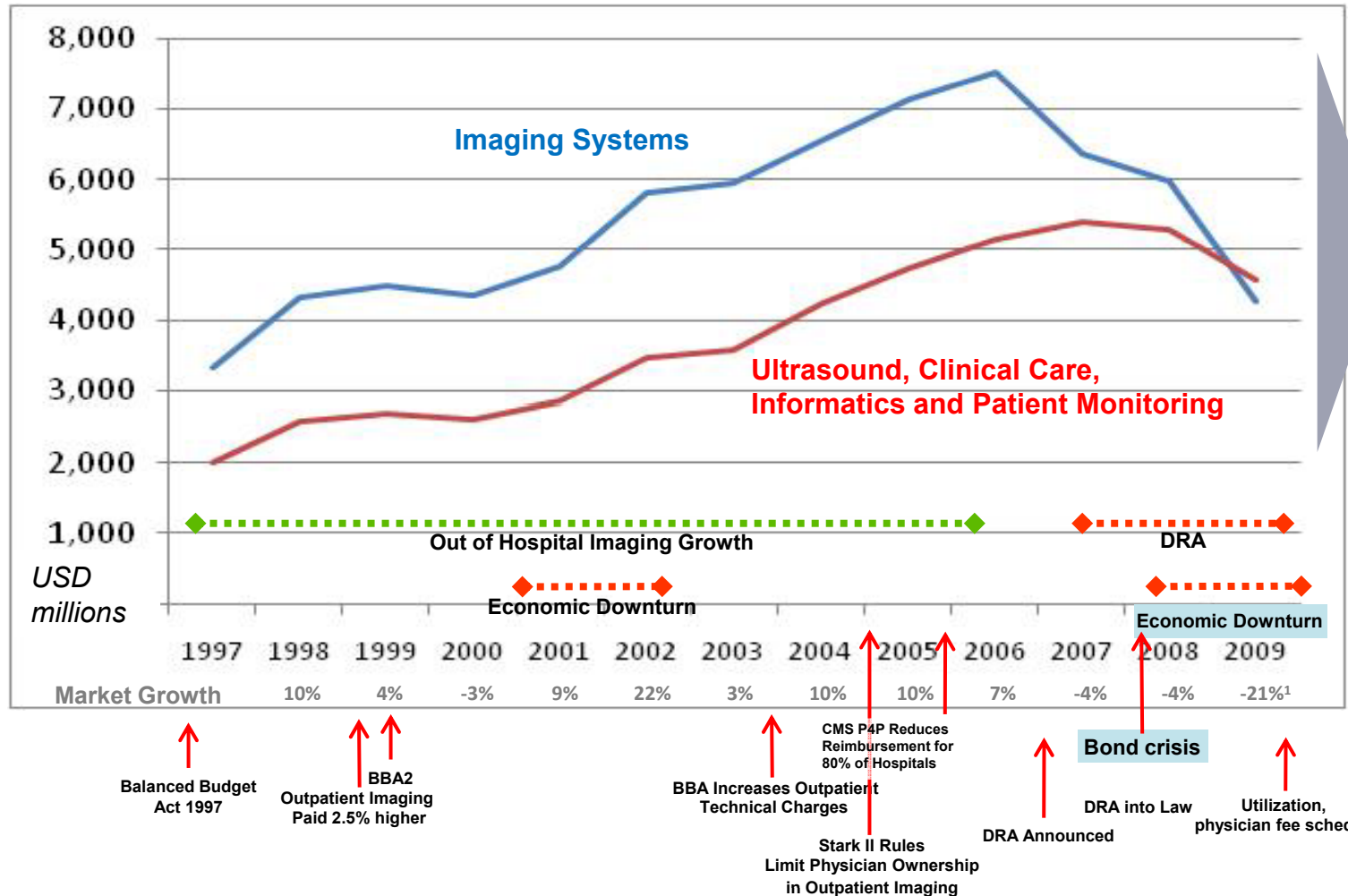
An improving trend in recent quarters



Currency adjusted order intake only relates to the Imaging Systems, Clinical Care Systems and Healthcare Informatics/Patient Monitoring businesses which account for approximately 60% of the Healthcare portfolio.

Healthcare historical market development

North America Market Size/Growth and Impacts



Philips current expectation for the US Imaging Systems market for 2010 is flat and thereafter 1-2% growth

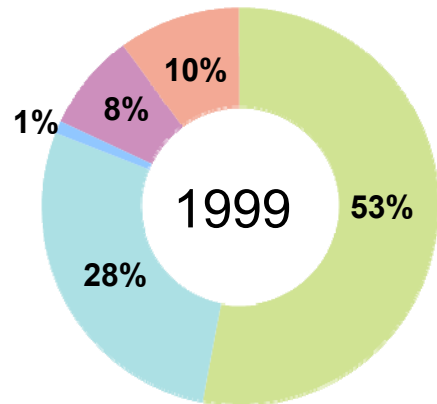
Legislative actions and recent economic turmoil combine to impact healthcare market over time.

¹ 2009 market growth is a preliminary figure

The power of Consumer Lifestyle

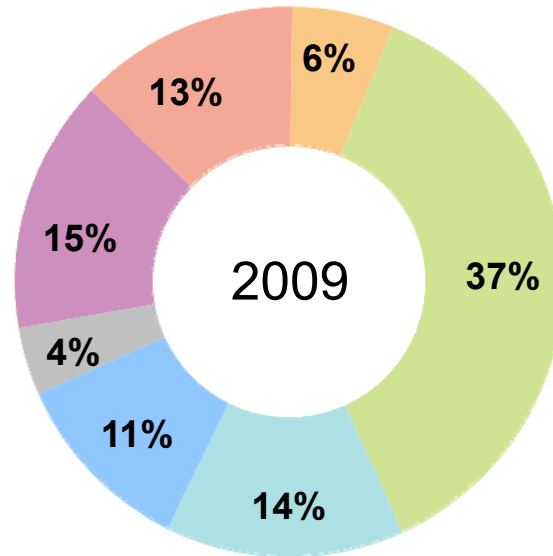
Focusing on differentiating profitable businesses

Total sales EUR 9.5 billion



- Domestic appliances
- Shaving & beauty
- Health & wellness
- Television
- Audio & video multimedia
- Peripherals & accessories
- Other incl. Licenses

Total sales EUR 8.5 billion



Target margin 8-10%



Consumer Lifestyle opportunities

Global trends

- Consumers are increasingly focused on their Health and Well-being
- The already substantial middle and upper income segments of Emerging Markets are growing fast
- Back to basics: consumers want simple propositions from trusted brands

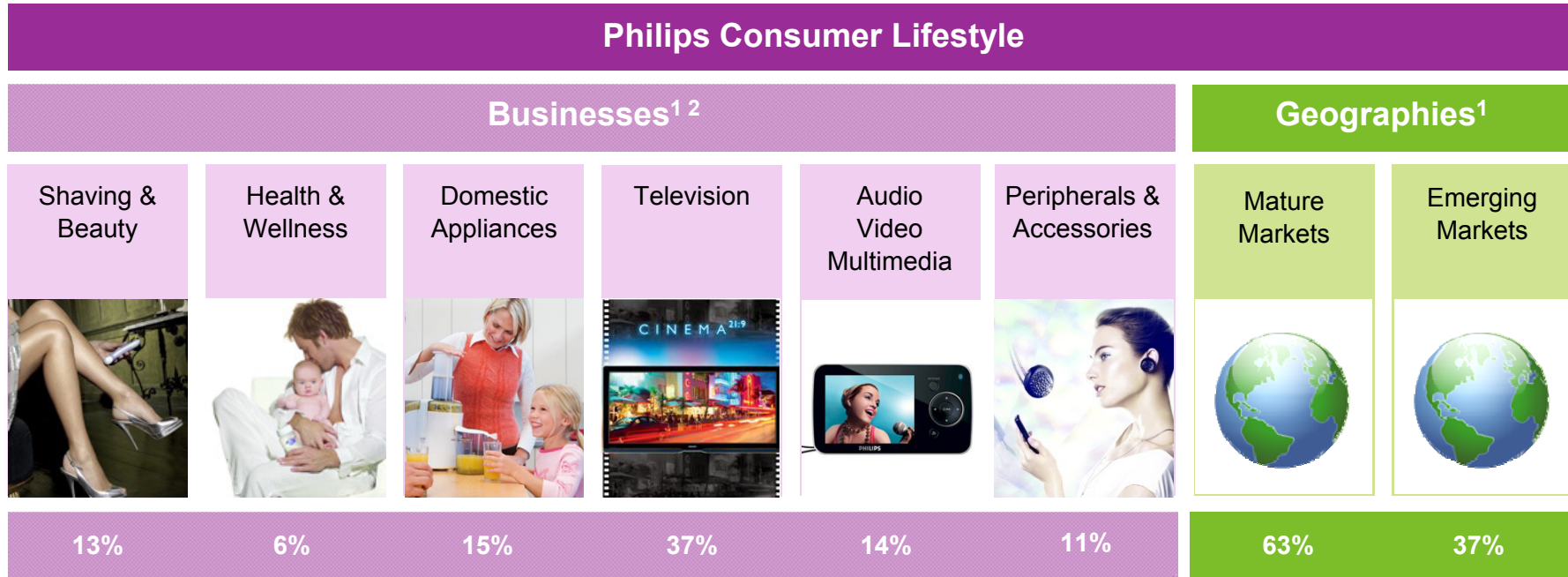
Priorities

- Accelerate growth in four defined value spaces: Healthy Life; Personal Care; Home Living; Interactive living
- Maximize Health and Wellness opportunity
- Invest and prioritize Asia-first innovations for local and global markets
- Improve market shares in BRIC and key markets
- Manage TV to profitability for the year



Consumer Lifestyle

What we do. Where we are.



€8.5
Billion sales
in 2009

18,000+
People employed
worldwide

5%
of sales invested
in R&D in 2009

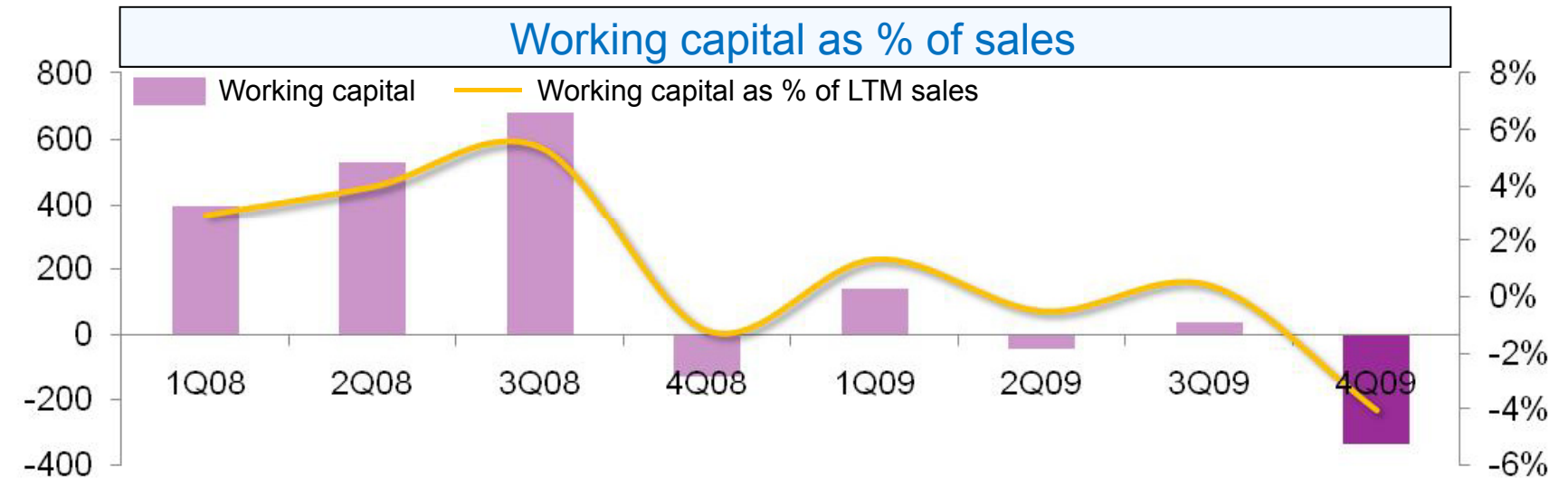
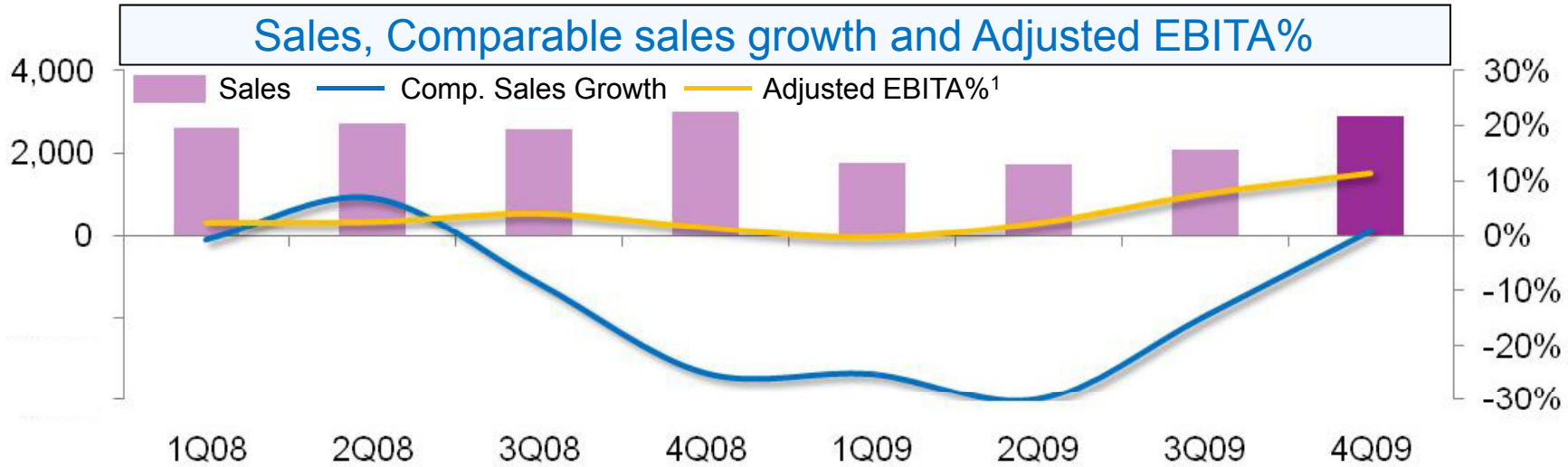
€0.4
Billion negative NOC
for TV end 2009

¹ Full Year 2009

² Other category (4%) is mainly license income and is omitted from this overview

Consumer Lifestyle: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 71)

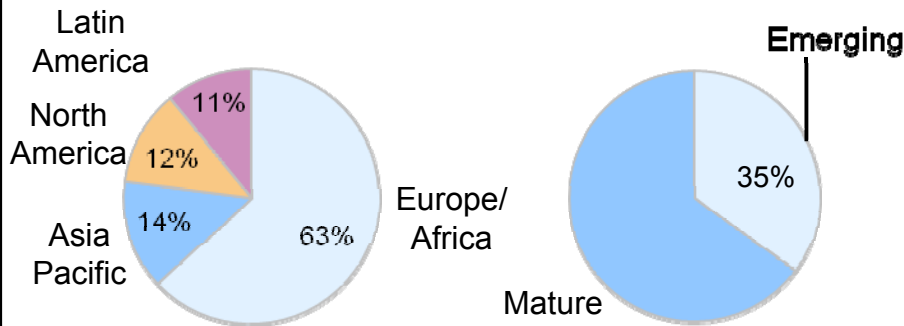
Consumer Lifestyle: Q4 2009 Sector analysis

EUR million

Key figures

	4Q08	4Q09	FY2009
Sales	2,989	2,903	8,467
<i>% sales growth comp.</i>	(25)	1	(17)
EBITA	(36)	266	339
<i>EBITA as % of sales</i>	(1.2)	9.2	4.0
EBIT	(40)	260	321
<i>EBIT as % of sales</i>	(1.3)	9.0	3.8
NOC	798	625	625
Employees (FTEs)	17,145	18,389	18,389

Sales per region 4Q09 Emerging markets



Financial performance

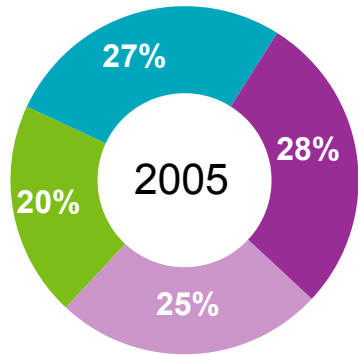
- Comparable sales grew 1% year-on-year, following double-digit declines in the first three quarters of the year. The growth was driven by Television, H&W, Shaving & Beauty and Domestic Appliances. Saeco sales were slightly ahead of plan. While low single-digit sales growth was achieved in emerging markets, this was largely offset by lower sales in North America; sales in Europe were flat.
- EBITA profitability for the sector improved to 9.2% of sales compared to -1.2% in Q4 2008. Adjusted EBITA, excluding restructuring and acquisition-related charges, increased from 1.5% in Q4 2008 to 11.4%. Television was profitable for the first time in 2009, driven by 7% comparable sales growth, a higher Ambilight share of sales, strict margin management and a reduction of the fixed cost base. Encouragingly, the non-Television product portfolio reached an adjusted EBITA margin of 16.3%, up from 8.4% in 2008.
- Net operating capital declined by EUR 173 million year-on-year, primarily due to managed reductions in working capital, notably inventories and accounts receivable.
- Headcount increased by 1,244 due to the acquisition of Saeco.

Looking ahead

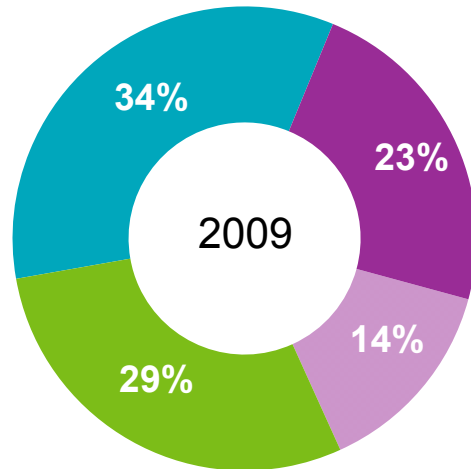
- After successfully launching in France, Philips AVENT will further roll out its Combined Steamer and Blender. A breakthrough innovation in the toddler food preparation segment, it is the only product in the market that allows parents to prepare healthy, delicious meals in a simple and quick way.
- In a step to further enable consumers to customize products before purchase, Philips will launch an online customization service for its Senseo coffee machine. When buying their appliance, consumers will be able to choose from a wide range of colors and patterns to create a unique look to match their personal style.
- No material restr. or acq.-related charges are expected in Q1 2010.

Television within Philips

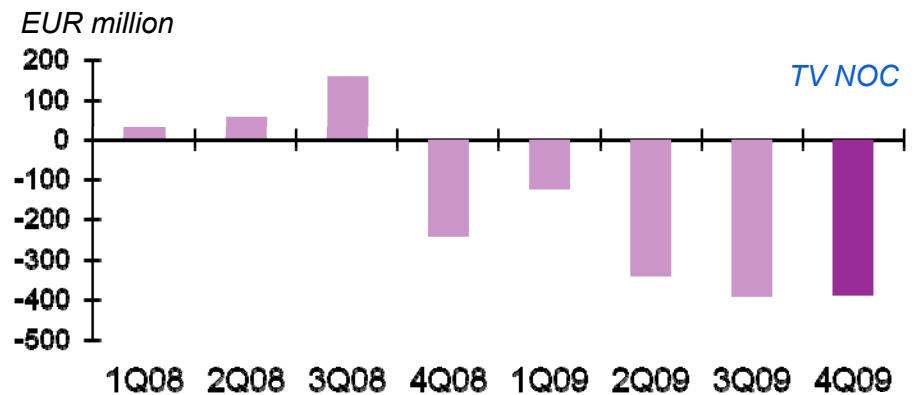
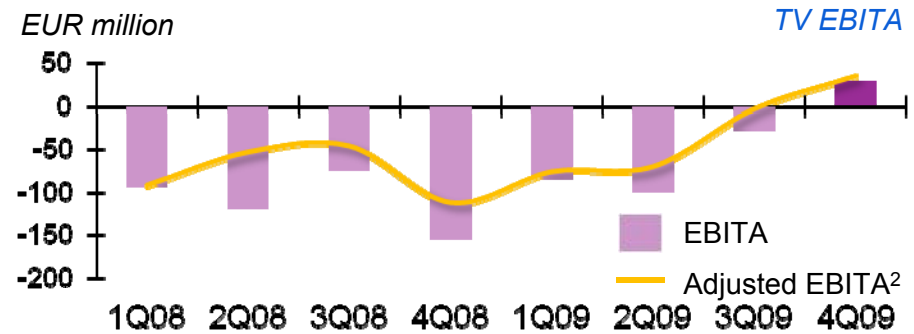
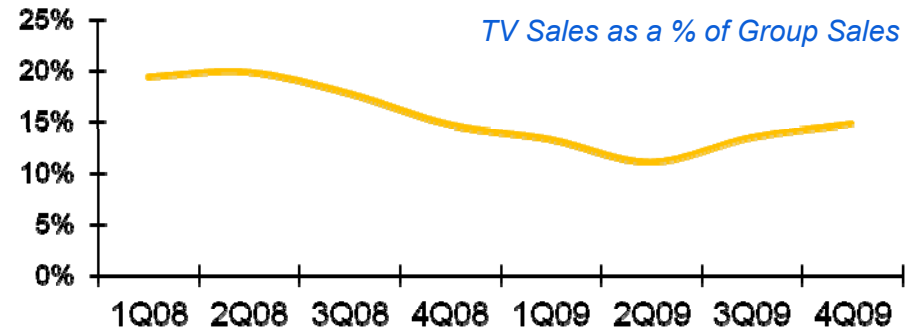
Total sales EUR 23.7 billion¹



Total sales EUR 22.9 billion¹



- Healthcare
- CL excluding TV
- Television
- Lighting

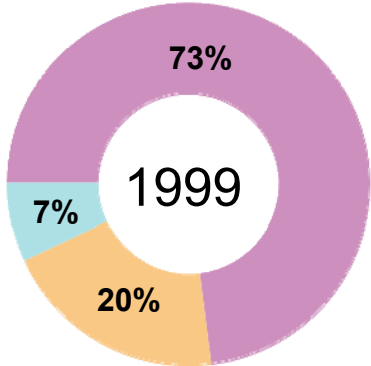


¹ Sales in sectors which are still in portfolio, excluding central sector (GM&S)
² Adjusted EBITA is EBITA corrected for restructuring charges (details on slide 71)

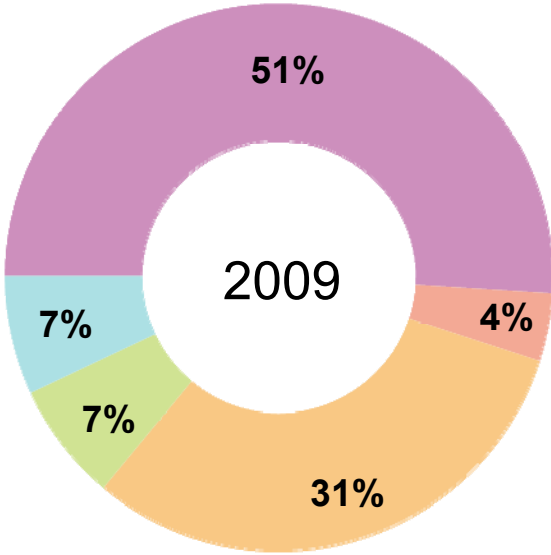
The power of Lighting

Focusing on differentiating profitable businesses

Total sales EUR 4.5 billion



Total sales EUR 6.5 billion



- Lamps & lighting electronics
- Professional luminaires
- Consumer luminaires
- Automotive
- Packaged LEDs (Lumileds)

Target margin 12-14%



Lighting opportunities

Global trends

- Ongoing urbanization and globalization
- Increasing need for energy efficient solutions
- Fast growing global illumination market, partly driven by expanding renovation market
- Rapid adoption of LED-based lighting solutions worldwide

Priorities

- Launch new professional solutions with specific emphasis on being a leader in professional outdoor lighting solutions
- Substantially grow home lighting solutions business for consumers
- Develop and market new forms of versatile and energy efficient LED innovations
- Maximize the profitability of our conventional lighting business



We increase our focus towards the people we serve
Further strengthening our global leadership in Lighting



€6.5
 Billion sales
 in 2009

51,000+
 People employed
 worldwide in 60 countries

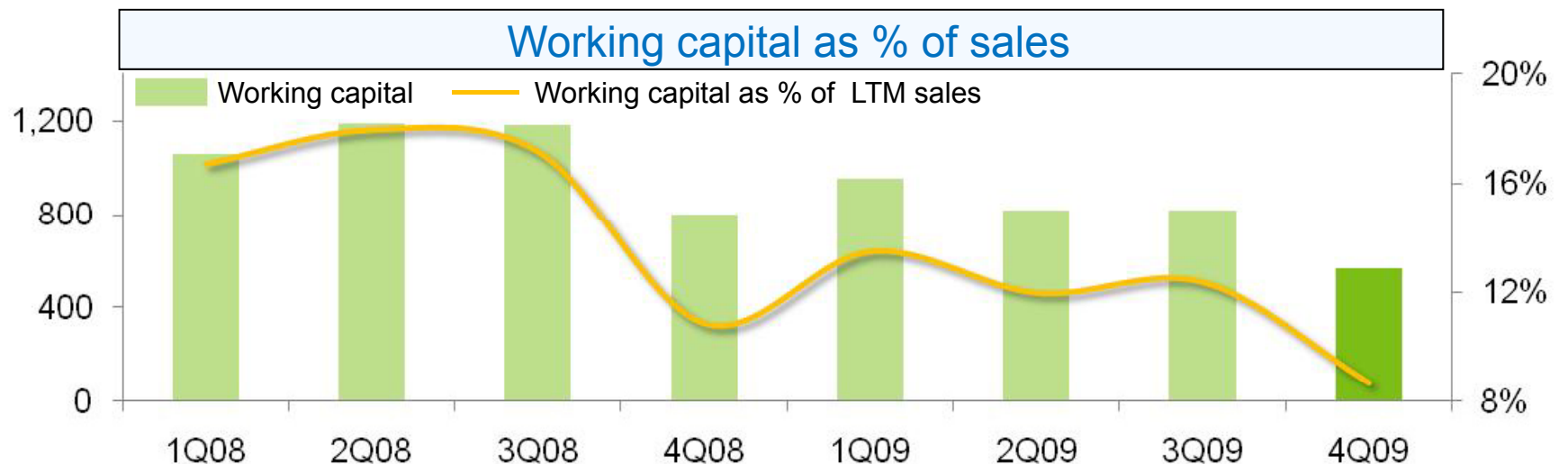
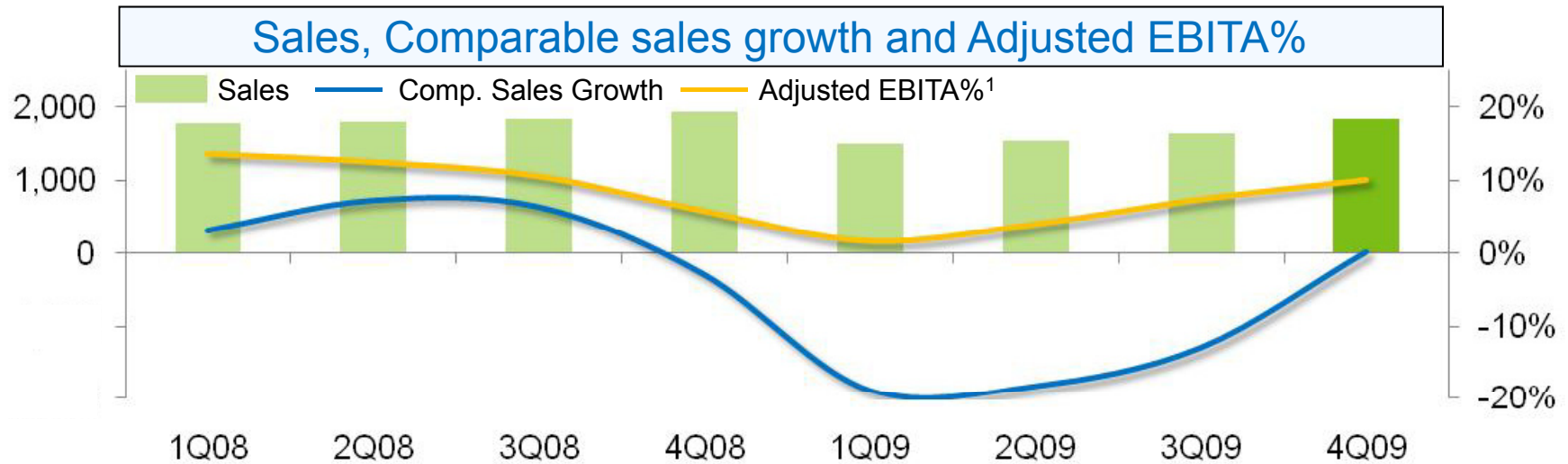
5%
 of sales invested
 in R&D in 2009

80,000+
 Products & services
 offered in 2009

¹ Indicative split

Lighting: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 71)

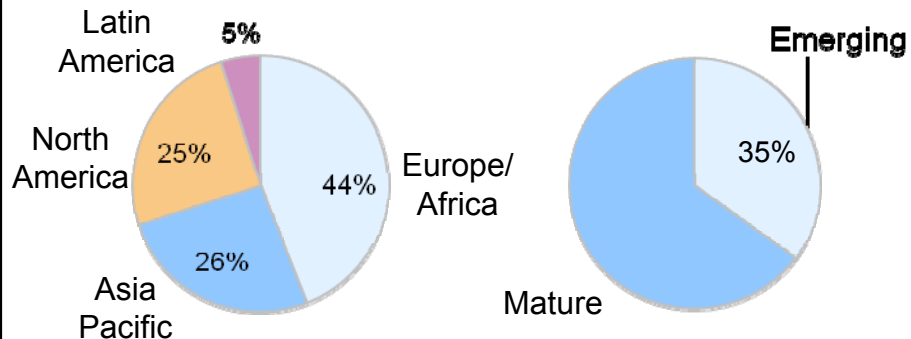
Lighting: Q4 2009 Sector analysis

EUR million

Key figures

	4Q08	4Q09	FY2009
Sales	1,939	1,846	6,546
<i>% sales growth comp.</i>	<i>(3)</i>	<i>0</i>	<i>(13)</i>
EBITA	(115)	82	145
<i>EBITA as % of sales</i>	<i>(5.9)</i>	<i>4.4</i>	<i>2.2</i>
EBIT	(376)	41	(16)
<i>EBIT as % of sales</i>	<i>(19.4)</i>	<i>2.2</i>	<i>0.2</i>
NOC	5,712	5,104	5,104
Employees (FTEs)	57,367	51,653	51,653

Sales per region 4Q09 Emerging markets



Financial performance

- On a comparable basis, sales growth in emerging markets – particularly Asia and Latin America – was offset by a sales decline in North America; sales in Western Europe were flat. This quarter saw LED-based products exceed 10% of total sector sales for the first time.
- Spectacular sales growth was seen at Lumileds, while Automotive sales also grew strongly, driven by Asia and Western Europe. The Lamps business benefited from growth in sales of energy-efficient lamps driven in part by the phase-out of incandescent lamps. This sales growth was partly offset by moderate double-digit declines at Professional Luminaires, which is heavily dependent on the depressed commercial construction market.
- EBITA was EUR 197 million higher than in Q4 2008, largely driven by higher operational earnings in almost all businesses, primarily due to cost reduction measures, improved factory loading and EUR 123 million lower restructuring and acquisition-related charges. Excluding these items, EBITA amounted to 10% of sales, compared to 5.7% in Q4 2008.
- Net operating capital decreased by EUR 608 million to EUR 5.1 billion year-on-year, mainly driven by improved working capital management and lower capital investments.
- Headcount decreased by some 5,700 as a consequence of reduced manufacturing capacity and staff reductions.

Looking ahead

- Lighting will bring a range of new LED lamps and LED- powered professional and consumer luminaires to markets around the world.
- No material restructuring or acquisition-related charges are expected in Q1 2010

Lighting: the worlds #1 lighting company



¹ Excluding Japan

LED: the future of lighting

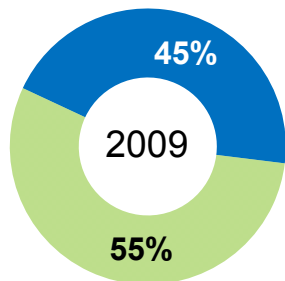
Expect exponential growth

The move to LED will increasingly drive growth in the general lighting market in the years ahead, notably in luminaires. LED also offers an opportunity to create additional value across the innovation chain.

Philips is the fastest and broadest player in both light sources and solutions offering LED lamps, LED luminaire solutions as well as a LED licensing program. Philips is currently the world's largest power LED company. Leading company in illumination segments, leader in consumer mobile phone camera flash and automotive LED signaling.

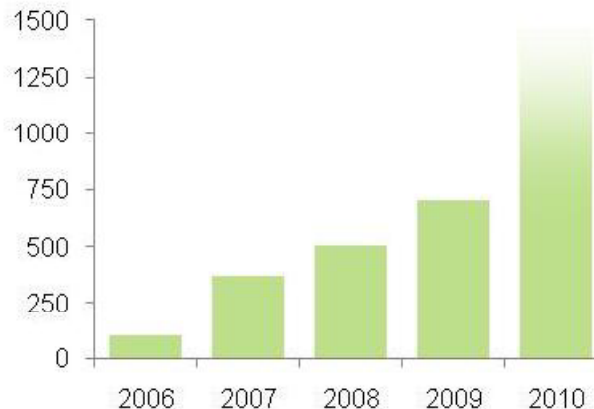
LED sales as a percentage of Lighting sales was over 8% in 2009.

Total sales EUR 0.6 billion



- Packaged LEDs (Lumileds)
- LED Lamps and Luminaires

Growth LED Lamps and Luminaires¹

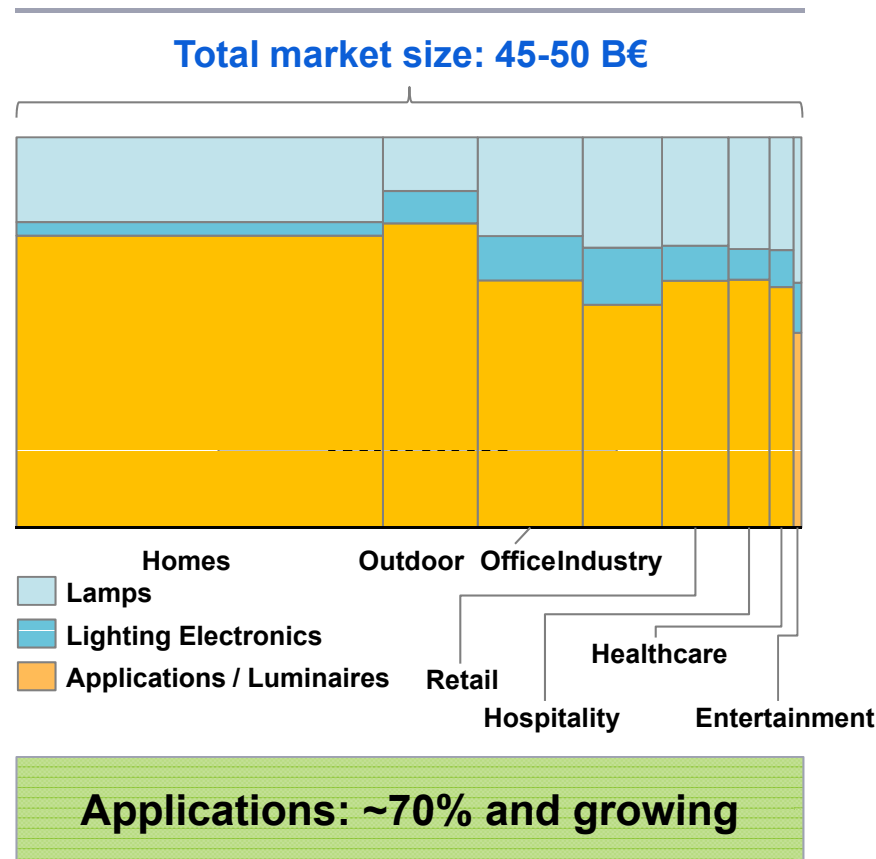


¹ - Indexed Growth, base 2006 = 100

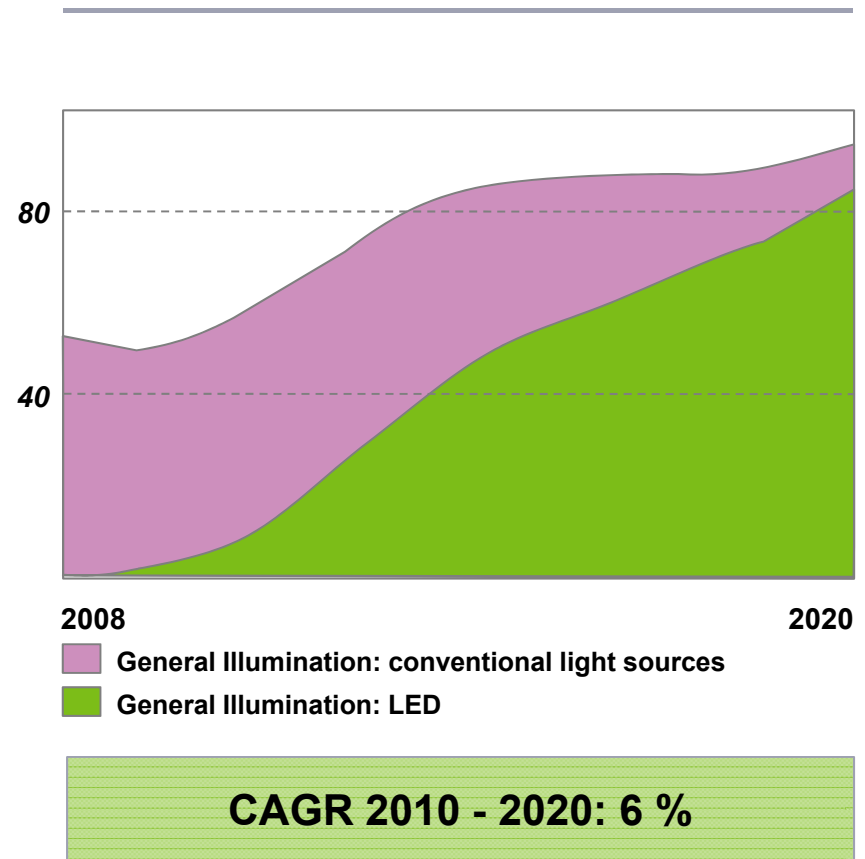


Lighting: the general illumination market will grow over the next decade

2009 general illumination market overview¹



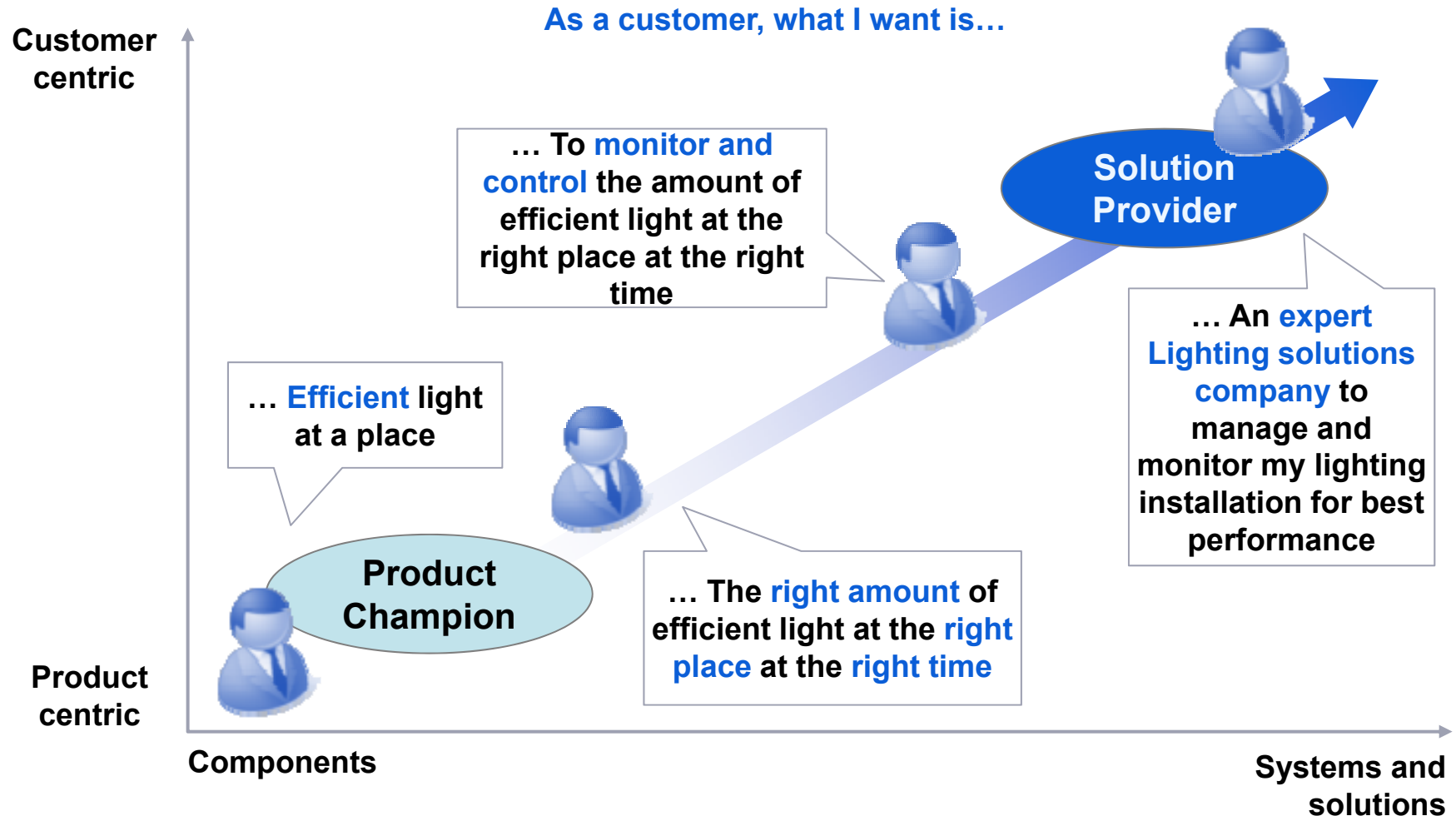
Value (global, B€)



¹ Overview excludes Automotive and Entertainment
Source: Philips Lighting

Lighting: solutions is the right business for the future

In line with evolving customer needs



Group Management & Services

Adding value to the businesses

Corporate Technologies

Philips Corporate Technologies encompasses Corporate Research, Intellectual Property & Standards (IP&S) and Applied Technologies

Corporate & Regional Costs

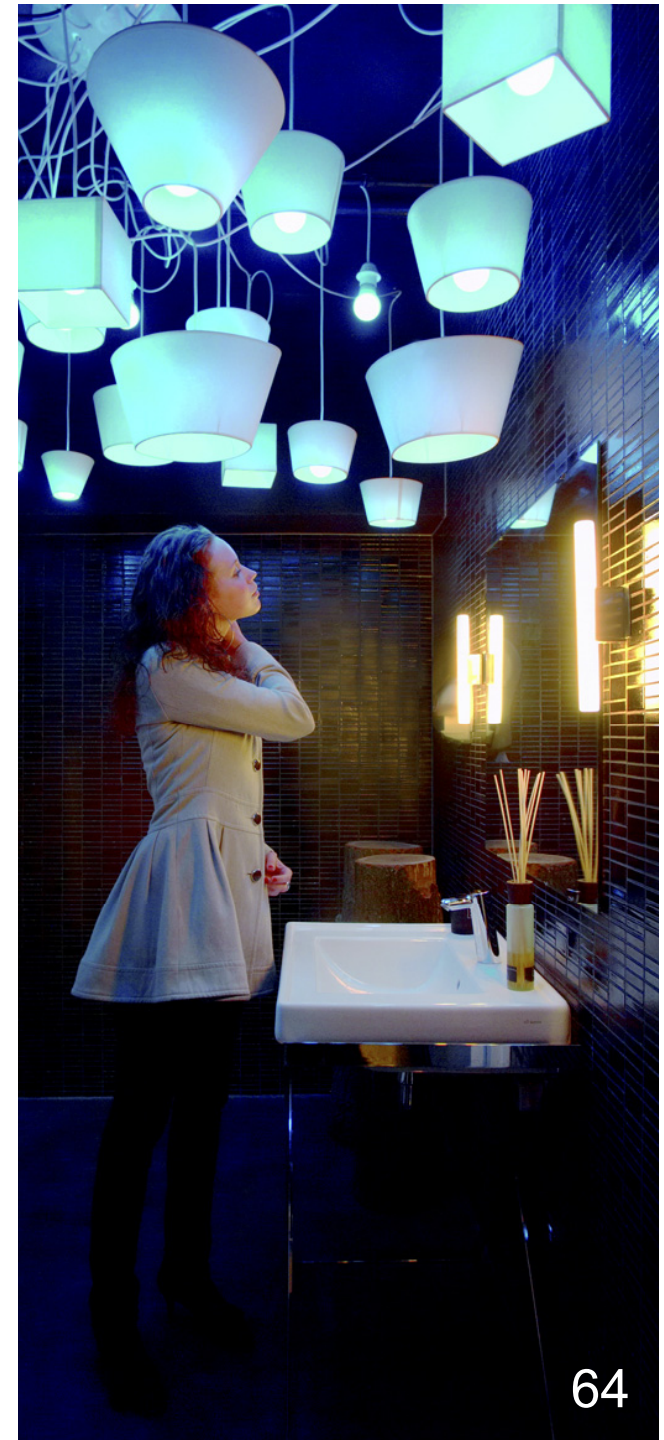
Corporate center; Countries & regions and Brand campaign expenditures

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, New venture integration and Philips Design



Sector analysis Q4 – Group Management & Services

EUR million

Key figures

	4Q08	4Q09	FY2009
Sales	126	109	337
<i>% sales growth comp.</i>	<i>(44)</i>	<i>(11)</i>	<i>(30)</i>
Corporate Technologies	(39)	(34)	(162)
Corporate & Regional Costs	(79)	(65)	(174) ¹
Pensions	12	51	142
Service Units and Other	(60)	(90)	(88) ¹

EBITA	(166)	(138)	(282)
EBIT	(166)	(138)	(282)
NOC	(1,226)	(1,514)	(1,514)
Employees (FTEs)	11,335	11,586	11,586

Financial performance

- EBITA included a EUR 44 million release of a post-retirement benefit provision, offset by EUR 46 million of asset write-offs, including EUR 26 million for Corporate Investments.
- Earnings included EUR 36 million restructuring charges, mainly at Corporate Investments, Research and Design, compared to EUR 31 million in Q4 2008.
- Adjusted for these charges, the total net costs for Group Management & Services amounted to EUR 100 million, EUR 35 million less than in Q4 2008, primarily due to higher license income and lower overhead costs.
- Following US District Court affirmation of TH Agriculture & Nutrition's ('THAN') plan of reorganization, Philips has funded an asbestos personal injury trust with USD 900 million (around EUR 600 million gross). With this payment, which was already provided for, Philips has settled its current and future THAN-related legal obligations for asbestos.

Looking ahead

- Compared to EUR 400 million in 2009, the normalized cost level of Group Management & Services is expected to total EUR 300 million for the full year 2010.
- In Q1 2010, total costs for the sector are foreseen at around EUR 90 million.

¹ EUR 42M Brand Campaign costs moved from Service Units and Other to Corp. & Regional costs category (correction compared with original release)

PHILIPS

sense and simplicity

Appendix

Development cost capitalization & amortization by sector

EUR million

	Capitalization		Amortization	
	Q4 2008	Q4 2009	Q4 2008	Q4 2009
Healthcare	17	18	41	16
Consumer Lifestyle	(3)	20	32	21
Lighting	1	19	34	15
GM&S	2	2	5	7
Group	17	59	112	59

Fixed assets expenditures & Depreciation by sector¹

EUR million

	Gross CapEx		Depreciation	
	Q4 2008	Q4 2009	Q4 2008	Q4 2009
Healthcare	67	42	42	58
Consumer Lifestyle	52	34	48	40
Lighting	75	50	148	99
GM&S	62	25	29	37
Group	256	151	267	234

¹ Excluding software related capital expenditures and depreciation

Fixed assets expenditures & Depreciation by sector¹

EUR million

	Gross CapEx		Depreciation	
	2008	2009	2008	2009
Healthcare	206	164	139	187
Consumer Lifestyle	171	137	170	145
Lighting	305	165	329	311
GM&S	88	58	88	103
Group	770	524	726	746

¹ Excluding software related capital expenditures and depreciation

Restructuring, acquisition-related and other charges

EUR million

	1Q08	2Q08	3Q08	4Q08	2008	1Q09	2Q09	3Q09	4Q09	2009
Acq.-related charges	(19)	(35)	(17)	(19)	(90)	(15)	(14)	(17)	(17)	(63)
Restructuring				(63)	(63)		(10)	(23)	(10)	(43)
Other Incidentals			45		45					-
Healthcare	(19)	(35)	28	(82)	(108)	(15)	(24)	(40)	(27)	(106)
Acq.-related charges					-			(6)	(10)	(16)
Restructuring		(70)	(46)	(82)	(198)	(13)	(30)	(23)	(54)	(120)
<i>of which TV</i>		(63)	(26)	(41)	(130)	(6)	(28)	(22)	(5)	(61)
Other Incidentals		36	4	2	42	(30)	(17)			(47)
Consumer Lifestyle	-	(34)	(42)	(80)	(156)	(43)	(47)	(29)	(64)	(183)
Acq.-related charges	(18)	(11)	(4)	(7)	(40)	(3)	(6)	(5)	(7)	(22)
Restructuring	(12)	(7)	(7)	(219)	(245)	(16)	(76)	(37)	(96)	(225)
Other Incidentals	(5)				(5)					-
Lighting	(35)	(18)	(11)	(226)	(290)	(19)	(82)	(42)	(103)	(247)
Restructuring				(31)	(31)		(12)	(14)	(36)	(62)
Other Incidentals	(13)	39	(259)		(233)		90	87	(2)	175
GM&S	(13)	39	(259)	(31)	(264)	-	78	73	(38)	113
Grand Total	(67)	(48)	(284)	(419)	(818)	(77)	(75)	(38)	(232)	(423)

Note - 2008 numbers have been adjusted to IFRS / other incidentals are disclosed in quarterly published reports

Restructuring benefits 2009

EUR million

Our restructuring plans announced since 2008 will lead to a reduction in our 2010 fixed cost base of well over EUR 700 million compared to the run rate in 2008. The overview below provides the 2009 benefits per quarter compared to 2008 baseline.

	Benefit <i>compared to 2008 baseline</i>				
	1Q09	2Q09	3Q09	4Q09	2009
Healthcare	17	23	28	37	105
Consumer Lifestyle	32	38	61	69	200
Lighting	10	15	25	32	82
GM&S	5	5	6	15	31
TOTAL	64	81	120	153	418

PHILIPS

