

PHILIPS

Driving global scale and category leadership in Personal Care

Caroline Clarke, CEO Personal Care



Key takeaways

- Male Grooming continues to show strong growth with
 - Maximizing lifetime value
 - Recruitment of new users
 - Geographical expansion
- In Beauty categories, we are strengthening our regional leadership positions in Female Depilation, Hair Care and Skin Care
- Our strong innovation pipeline leverages our CAPs¹ and builds market share and brand preference
- Our enabler programs, End2End and DfX², deliver speed, relevance and cost excellence



¹ Capabilities, Assets and Positions

² Design for X; X = cost, quality, manufacturing, etc.

In Male Grooming we drive growth through maximizing lifetime value and recruiting new users

Maximizing lifetime value



- Global leader in electric Male Shaving & Grooming with >40% market share¹
- Preferred electric brand with >60% brand loyalty¹
- Superior propositions continue to drive loyalty and trade-up in shaving

Growing penetration in existing markets



- >50% of men combine facial styling with shaving²
- New propositions recruit young and dual users
- 40% of SensoTouch and AquaTouch users recruited from blade²

Accelerating geographic expansion with local relevance



- City-tier expansion in China
- Driving growth in Brazil and India based on styling trends
- Locally relevant campaigns with celebrity endorsement

¹ Source: GfK, Nielsen, MAT June 2013

² Ipsos U&A 2012

Our strong innovation pipeline leverages our CAPs¹ and builds market share and brand preference

Maximizing lifetime value



- Proprietary know-how in rotary systems deliver next generation shaving propositions
- Innovations beyond product:
 - Philips personalized digital Grooming guide

Growing penetration in existing markets



- New, convenient and precision Grooming tools
 - Laser Guided Beard trimmer
 - Styleshaver increases market share in Germany by 10 percentage points
- Click&Style range attracts >30% young consumers², the world's first mobile enabled interactive video experience

Accelerating geographic expansion with local relevance



- Entry-level China propositions drive # of outlets and increase volume share in <199RMB by 4 percentage points
- New, entry-level, wet and dry 2 and 3 header propositions launching in growth geographies

¹ Capabilities, Assets and Positions

² US online consumer registration data

Source: GfK, Nielsen, MAT June 2013, Philips online consumer registrations

We are driving strong leadership positions in Beauty

Female Depilation



- Lumea #1 in IPL¹ depilation in Europe with 40% market share
- Extend IPL¹ depilation to different price segments
- Expand into new geographies with successful IPL¹ depilation portfolio

Hair Care



- #1 Position in China and volume leader in dryers in Europe
- Smart technology leveraging hero product innovations
 - e.g. Sensors to protect healthy hair
- Breakthrough innovation in straightening

Skin Care



- Skin devices category grows ~14% per year
- VisaPure launched in 15 markets
- Consumer satisfaction >4.6/5 across markets. Most preferred cleansing brush by Cosmopolitan readers in France²
- Bring new professional technologies into the home e.g. microdermabrasion

¹ Intense Pulsed Light

² Online Retailers Rating & Reviews

Source: GfK, Nielsen, MAT June 2013

Accelerate! is our key enabler for leadership in Personal Care

End2End programs reduce time-to-market and improve relevance



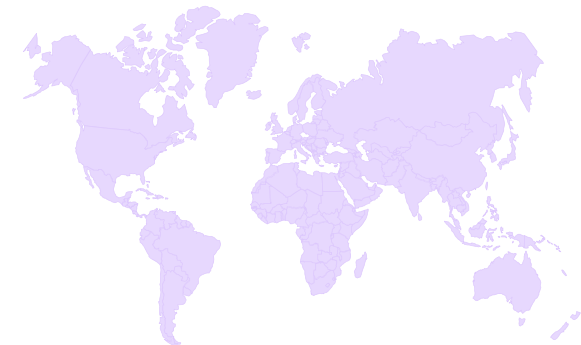
- 60% reduction in time to market (China)
- 18% inventory reduction (North America)
- Customer partnership: Walmart
 - Youth propositions for <25s
 - CareTouch razor for African American target group
- Local for local approach China Hair Care

DfX¹ program to deliver cost excellence



- DfX¹ approach now in place to deliver further savings
- Cost excellence to deliver right propositions at right price for our consumers
 - E.g. China low-end at 99RMB with 40% cost reductions

Geographic leadership positions



- 85% of Personal Care sales are from BMC² leadership positions
- Total global Personal Care market share increased by 0.8 percentage points

¹ Design for X; X = cost, quality, manufacturing, etc.

² Business Market Combination

Source: GfK, Nielsen, MAT June 2013

Key takeaways

- Male Grooming continues to show strong growth with
 - Maximizing lifetime value
 - Recruitment of new users
 - Geographical expansion
- In Beauty categories, we are strengthening our regional leadership positions in Female Depilation, Hair Care and Skin Care
- Our strong innovation pipeline leverages our CAPs¹ and builds market share and brand preference
- Our enabler programs, End2End and DfX², deliver speed, relevance and cost excellence



¹ Capabilities, Assets and Positions

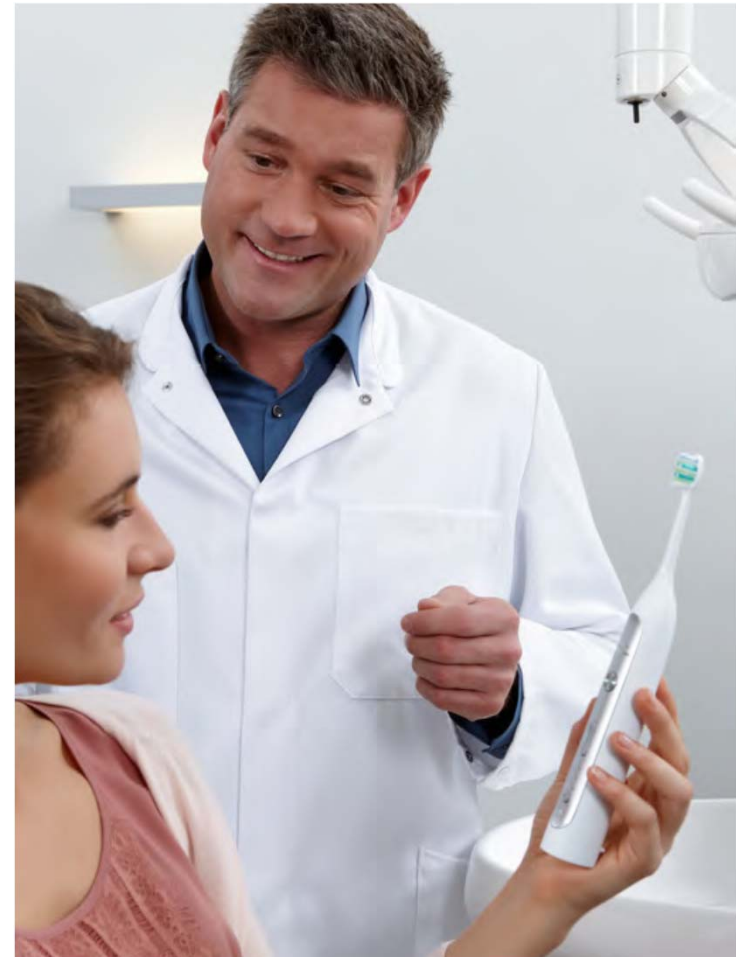
² Design for X; X = cost, quality, manufacturing, etc.

Driving global scale and category leadership in Oral Healthcare
Egbert van Acht, CEO Health & Wellness



Key takeaways

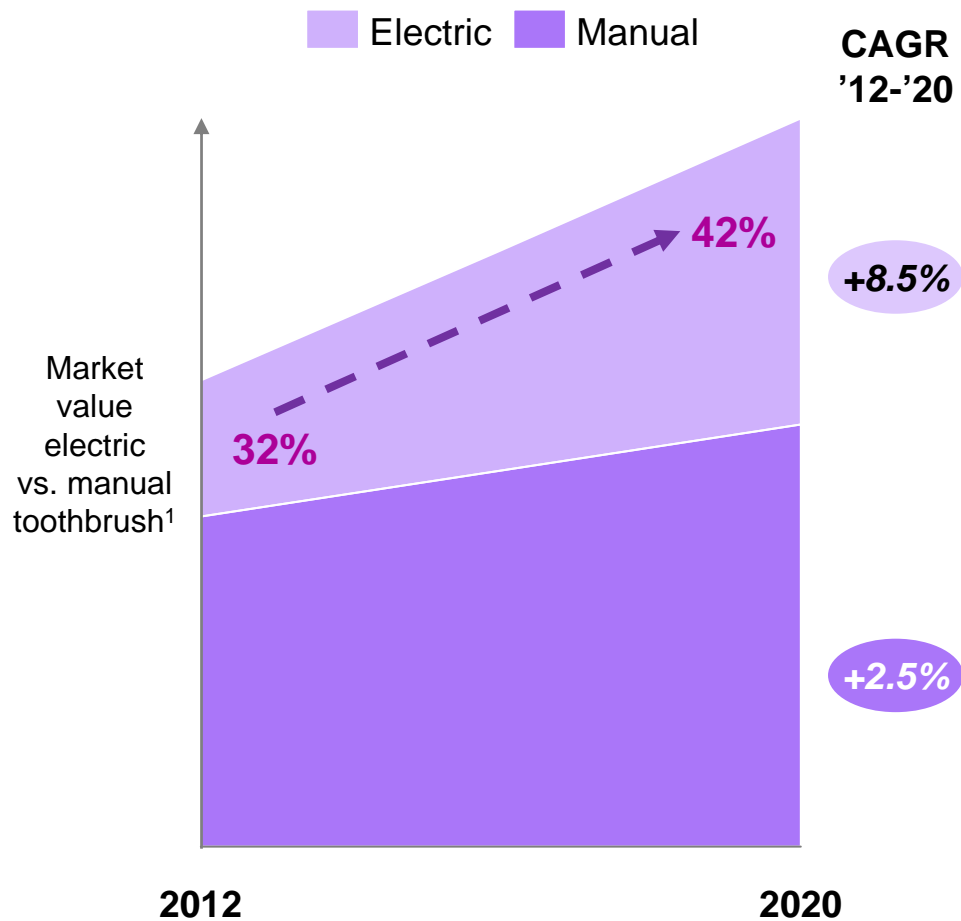
- The Oral Healthcare market has significant value creation potential
- We are driving conversion from manual to electric tooth brushing
- We have a strong and broad innovation portfolio based on smart technology
- We leverage our CAPs¹ in the BMCs² to further build global leadership positions



¹ Capabilities, Assets and Positions

² Business Market Combinations

The Electric Oral Healthcare market has significant potential
 Electric growth rate 8.5% versus 2.5% for manual



Electric toothbrushes expected to grow from 32% in 2012 to 42%² of the total brushing market value by 2020

Market trends will drive conversion:

- Increasing consumer need for “a healthy & beautiful smile” and social confidence
- Increasing evidence that oral healthcare links to overall health (e.g. heart health)
- More dental professionals recommend electric toothbrushes over manual
- Key industry players are stepping up effort to accelerate conversion

84% of the world’s population still brushes manually

¹ Source: Euromonitor and internal estimate

² Internal estimate

We are driving conversion from manual to electric brushing

Increase penetration in existing markets



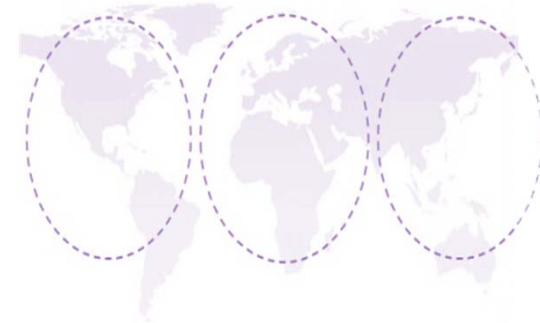
- New entry-level offering PowerUp preferred by 75% of manual users
- Expansion into new channels
- 4 new campaigns with celebrities

Broaden innovation portfolio



- New Flexcare Platinum: Innovative pressure sensor technology to protect gums
- Price points range from \$19.99 to over \$200
- New launches in whitening and interdental cleaning

Geographical expansion



- Expansion of our proven business model to 14 key markets is ongoing
- #1 in US, Japan & China, strong #2 in Germany
- 2 full points of share growth globally¹

¹ Source: Nielsen, GfK, MAT June 2013 vs. MAT June 2012

We leverage our CAPs¹ in the BMCs² to further build global leadership positions

Strong, loved brand built on superior products



- #1 Brand in premium and sonic segments³
- Innovation driven by consumer insight and clinical expertise; average 4.6 star rating on Amazon

Professional endorsement built on clinical performance



- #1 Recommended Sonic Toothbrush Worldwide³
- Clinical studies prove performance and superiority

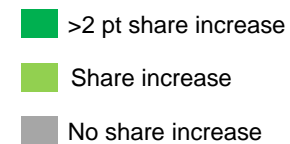
Smart technology and health knowledge



- Large and growing number of technology patents
- Innovation process built on validated consumer needs and insights unique to Philips
- Leveraging clinical expertise and resources with Philips Healthcare

Proven business model to more BMCs² has consistently delivered market share increases

| | 2010 | 2011 | 2012 |
|----|-------------|-------------|-------------|
| 1 | Green | Green | Green |
| 2 | Green | Green | Green |
| 3 | Grey | Green | Green |
| 4 | Grey | Green | Green |
| 5 | Grey | Green | Green |
| 6 | Green | Green | Light Green |
| 7 | Grey | Grey | Green |
| 8 | Light Green | Green | Grey |
| 9 | Green | Light Green | Green |
| 10 | Grey | Grey | Green |
| 11 | Light Green | Light Green | Light Green |
| 12 | Light Green | Light Green | Light Green |
| 13 | Grey | Light Green | Light Green |
| 14 | Grey | Light Green | Light Green |



¹ Capabilities, Assets and Positions

² Business Market Combinations

³ Source: Nielsen, GfK, ZYK. Premium: <70 EUR

We are winning in our largest BMC¹ North America...

Expanding distribution



- Philips Sonicare PowerUp Battery launched in manual aisle
- Massive launch support e.g. 15,000 displays
- Expanded +15% dentist coverage

Broaden innovation portfolio



- New product launches include:
 - Flexcare Platinum
 - 5 new brush heads
 - New Airfloss
- Launch of new Philips Zoom Teeth Whitening range

Attract new users



- Fully integrated celebrity campaign with Maria Menounos
- Superiority claims based on clinical proof

...and our accelerated investments are delivering results in Japan, Germany & China

Japan – 2nd largest market
+8.0% value share points¹



- Increasing #1 market share position
- New distribution in 6,800 outlets drugstores
- Strong in-market performance of new premium ranges

Germany – 3rd largest market
+7.1% value share points¹



- Celebrity Sylvie campaign very effective
- Increased distribution by over 10% points
- Growth of Philips Zoom Teeth Whitening by + 68%

China – growing fast
+4.3% value share points²



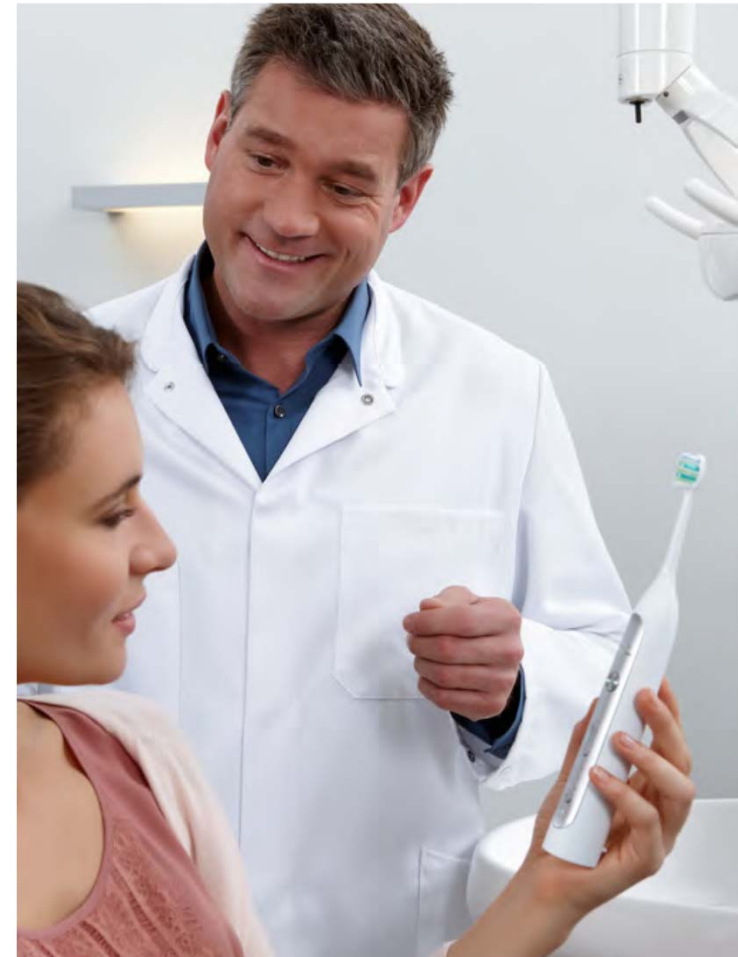
- #1 market share in electric toothbrushes²
- Most recommended brand by dental professionals
- Leveraging Philips brand and extensive distribution network

¹ Source: GfK YTD June 2013

² Source: ZYK YTD June 2013

Key takeaways

- The Oral Healthcare market has significant value creation potential
- We are driving conversion from manual to electric tooth brushing
- We have a strong and broad innovation portfolio based on smart technology
- We leverage our CAPs¹ in the BMCs² to further build global leadership positions



¹ Capabilities, Assets and Positions

² Business Market Combinations



Driving global scale and category leadership in Domestic Appliances

Murali Sivaraman, CEO Domestic Appliances



Key takeaways

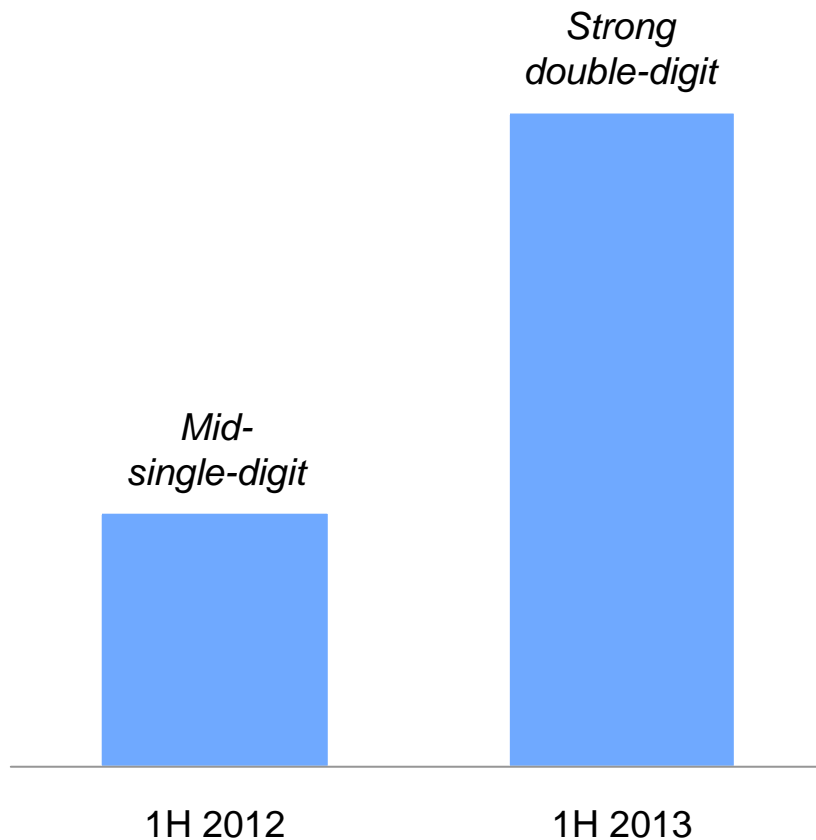
- Domestic Appliances is delivering double-digit growth and improving profitability
- Kitchen Appliances continues to strengthen its global leadership through locally relevant innovations
- Bolt-on acquisitions are enriching our innovation pipeline and delivering synergies
- We are leveraging our CAPs¹ to build a leading position in the fast growing Air Purification market in China



Domestic Appliances is delivering double-digit growth and improving profitability

Domestic Appliances is delivering double-digit growth

Comparable Sales Growth %



Performance drivers

- Locally relevant innovations delivering double-digit growth:
 - Acquisition enabled innovations: China, Russia and India
 - New product introductions: SoupMaker, Noodle Maker, Steam Generators
 - Entry into new geographies: Airfryer Japan
 - Entry into adjacent spaces: Air Purification China
- Innovations and scale lead to a step-up in profitability:
 - Innovations delivering improved margins
 - Growth enabled operational leverage driving efficiencies in Sellex and R&D

Kitchen Appliances continues to strengthen its global leadership through locally relevant innovations

Global network of product creation hubs



- Significant step-up in locally relevant innovations and reduced time to market
- Enabling double-digit growth, market share gains and improved profitability

Locally relevant innovation



- Growth geography product creation hubs drive global growth
- RiceCooker becomes MultiCooker in Russia
- Soy Milk Maker in China becomes SoupMaker in Europe

Local activation creates relevance for global portfolio



- Local market insights lead to positioning of Airfryer as “Nonfryer” in Japan
- Japan emerging as a leading market for Airfryer platform¹

¹ Airfryer platform supports both Airfryer and Nonfryer product range

Bolt-on acquisitions are enriching our innovation pipeline and delivering synergies

Povos China



- Completing portfolio in local staples increases coverage of the China KA¹ market to ~95%
- Enabling high double-digit growth and market share gains

Preethi India



- Doubling mixer grinder range under Philips brand pan-India
- Enabling market share gains and further consolidating our market share leadership

Synergies

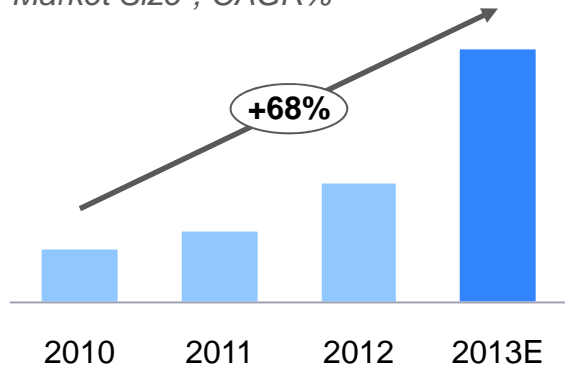


- Acquisition-to-date delivering on synergies
 - Povos enabled innovations in China, Russia, India, Brazil, Europe and ASEAN

We are building a leading position in the emerging and fast growing Air Purification market in China

Very strong market growth

Market Size¹, CAGR%



- Consumers increasingly want to be in control of air quality in their homes
- Expect more than doubling of market size from 2012 to 2013

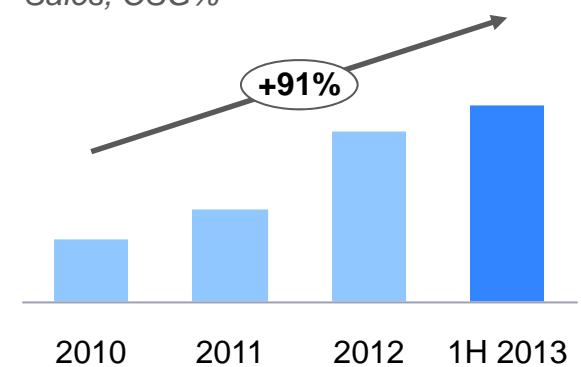
Winning by leveraging our CAPs²



- Trusted Philips brand
- Locally relevant technology innovation (formaldehyde filter, digital sensing and feedback)
- Market access and channel activation

High double-digit growth enables market leadership

Sales, CSG%



- Triple-digit growth in 2013 YTD
- Market share of ~40%¹
- Twice the size of the next competitor (RMS >2)³

¹ Source: ZYK and GFK

² Capabilities, Assets and Positions

³ Relative Market Share

Key takeaways

- Domestic Appliances is delivering double-digit growth and improving profitability
- Kitchen Appliances continues to strengthen its global leadership through locally relevant innovations
- Bolt-on acquisitions are enriching our innovation pipeline and delivering synergies
- We are leveraging our CAPs¹ to build a leading position in the fast growing Air Purification market in China



PHILIPS

