

PHILIPS

sense and simplicity

Royal Philips Electronics

First Quarter 2010

Information booklet

April 19th, 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, 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 2009 and 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. 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 Q1 2010

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

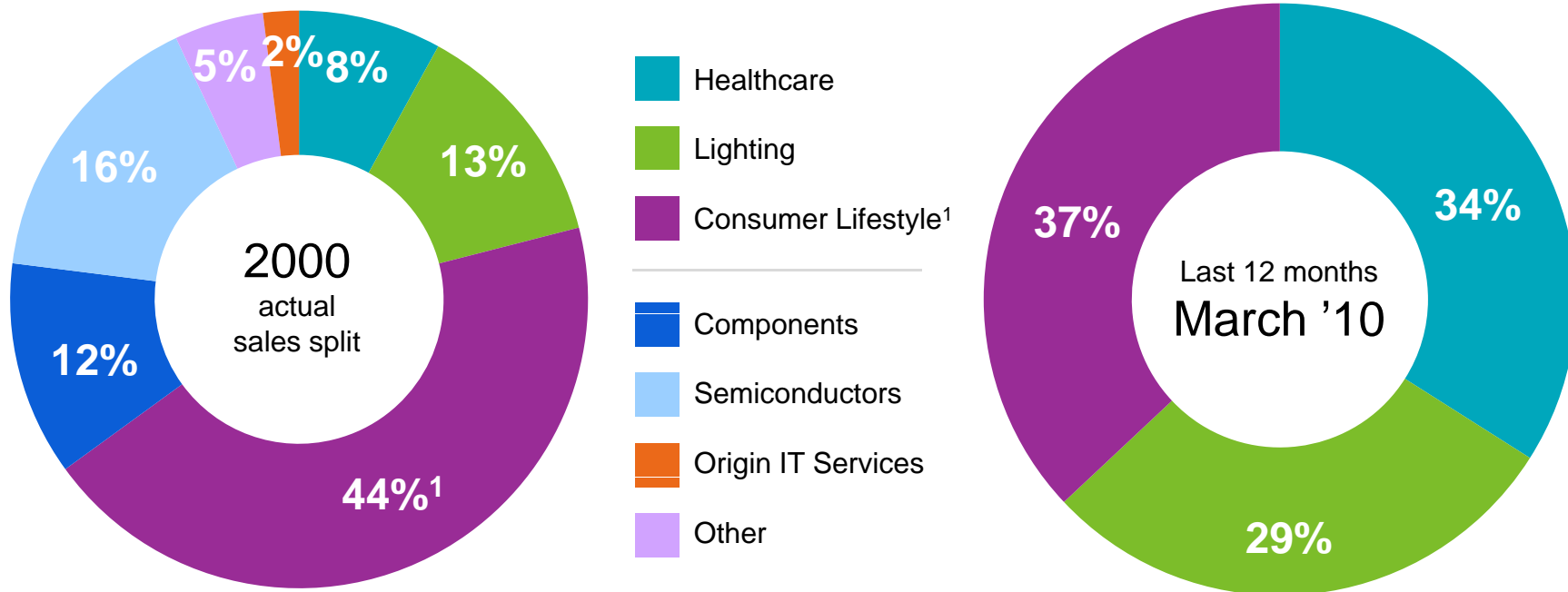
48,000 patent rights – 35,000 registered trademarks –

56,000 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 2000 includes the former DAP and Consumer Electronics divisions

Portfolio leverages critical global trends

Fundamental growth trends

Global trends



Population growth, aging, higher healthcare aspirations and lifestyle related diseases mean that *healthcare costs will become unsustainable*



Increased welfare and changing lifestyles will drive *consumer focus on health and well-being*



The fundamental need to reduce our eco-footprint drives demand for *energy efficiency and sustainability*



The lighting industry will face a massive shift from conventional to *digital, dynamic lighting* and the entry of new, non-traditional players



The relative importance of *emerging markets* in the world economy continues to rise

Our opportunities

- Efficient health diagnostics and treatment
- Home healthcare
- Healthy lifestyle and preventive health
- Personal well-being
- Light for health and well-being
- Energy efficient lighting
- Emerging markets
- Sustainability

Well positioned through focus on health & well-being

Synergies across the portfolio

Our mission

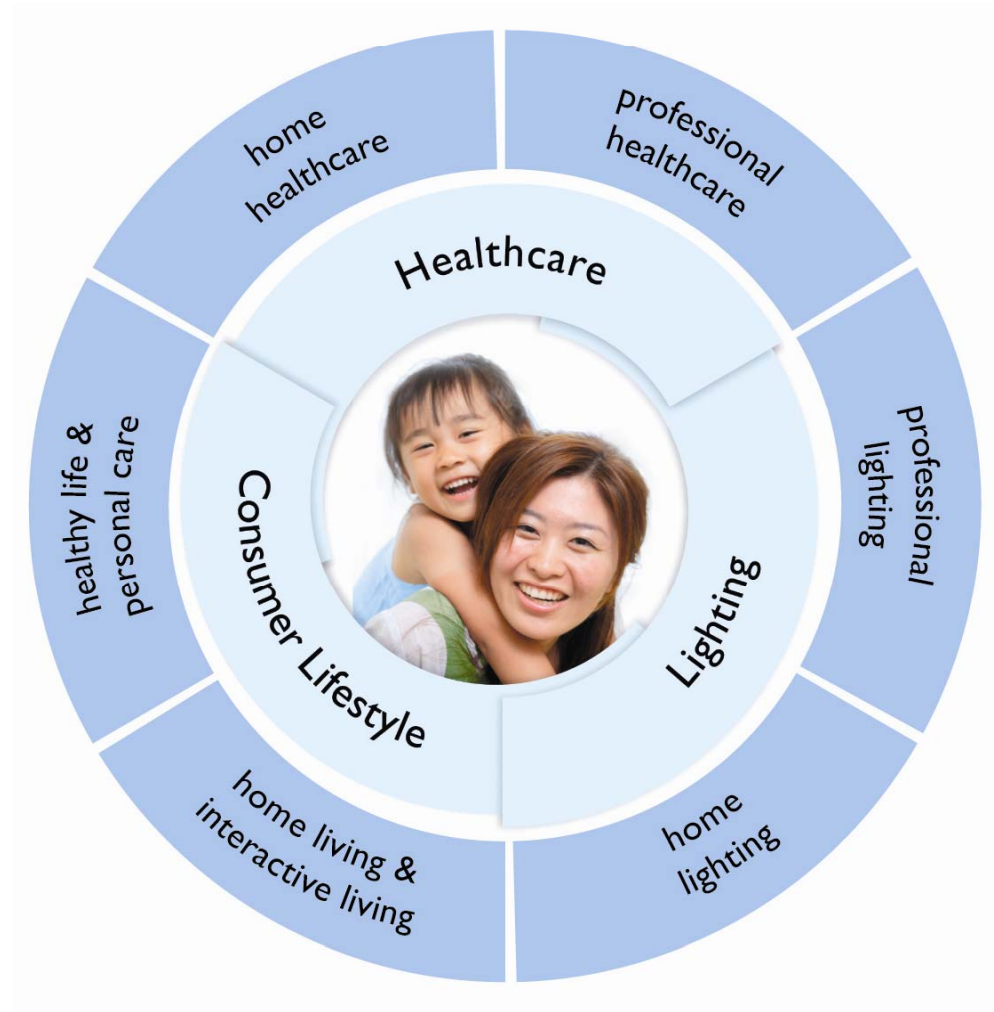
Improving people's lives

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

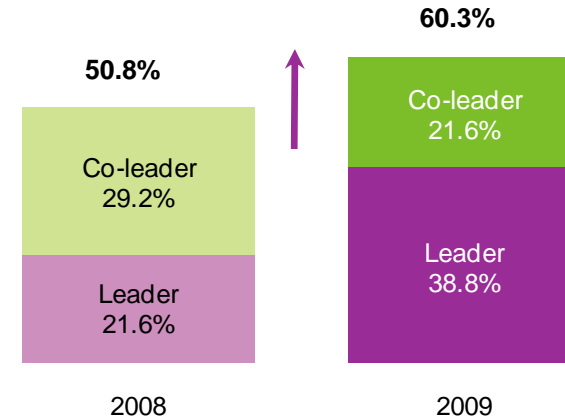
- By understanding and anticipating their needs
- By sharing our insights
- By providing the right products and solutions

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%

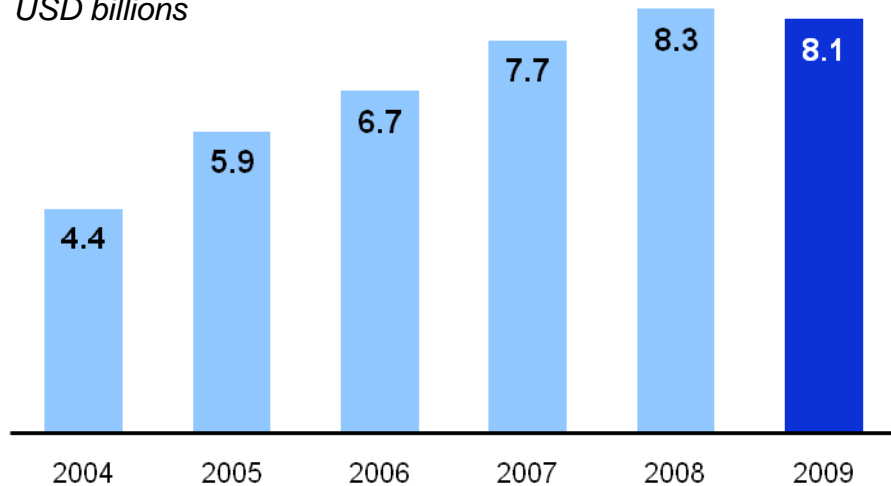





Moved up to world's 42nd most valuable brand in 2009

Up from 43rd in 2008

Value of the Philips brand*

USD billions



<p>*because children love learning, but hate paying attention.</p>  <p>PHILIPS sense and simplicity</p>	<p>*because when it comes to matters of the heart, men and women differ.</p>  <p>PHILIPS sense and simplicity</p>	<p>*because the problem with exercise is a lack of time, not energy.</p>  <p>PHILIPS sense and simplicity</p>
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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

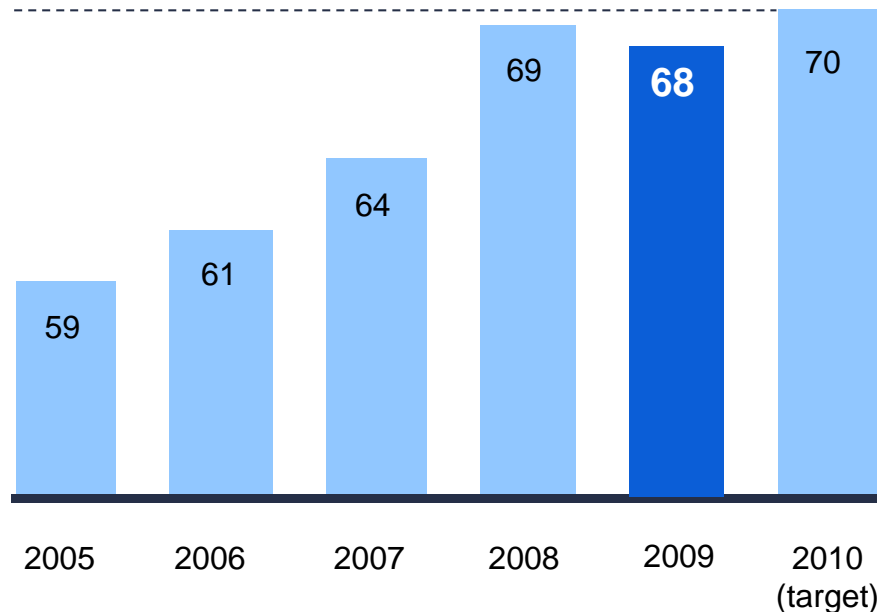
¹ Source: Interbrand Brand Valuation 2009

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

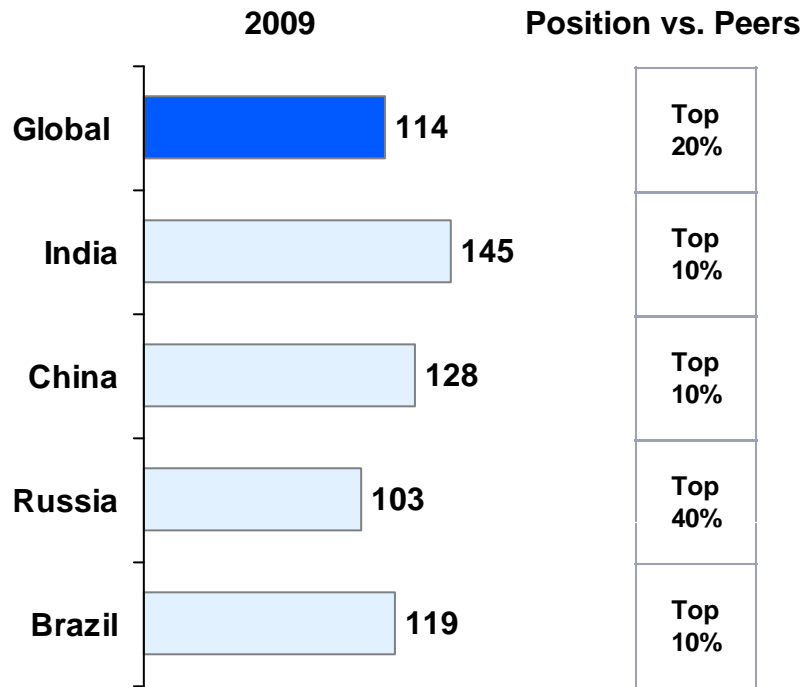
- Opened more than 100 exclusively branded stores in China and India
- Established an Imaging Systems Industrial Campus in Suzhou, China

¹ Source: TNS Consumer Heart BEAT brand equity study 2009

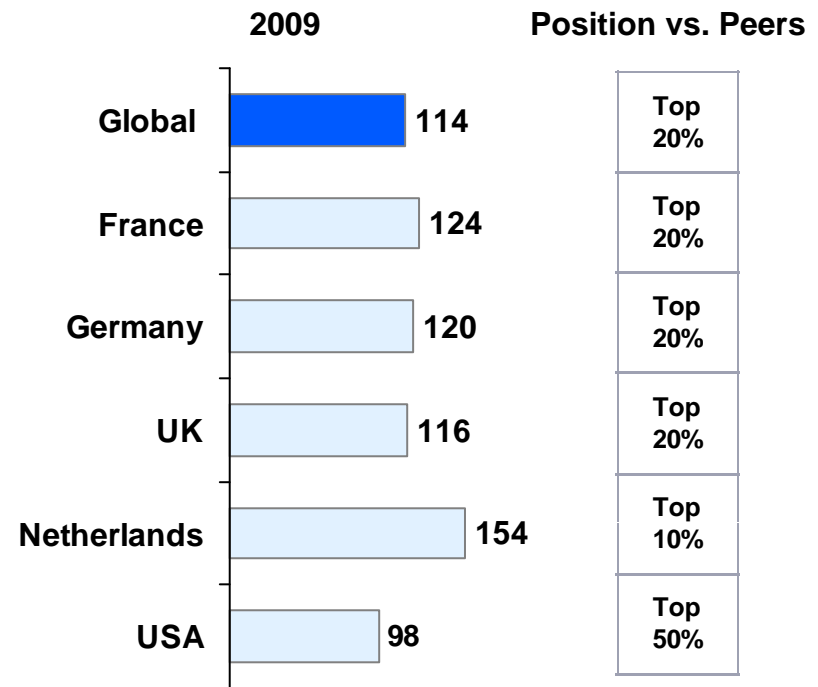
Emerging markets B2C

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



Success of EcoVision4

Our Green Product sales represented around 30% of sales in 2009, 3 years ahead of our 2012 target. And we will complete our 2012 goal of cumulative EUR 1 billion of Green Investment in 2010.

Launch of our EcoVision5 program

A clear example of how we continue to drive business growth through Sustainability is the launch of our EcoVision5 program in 2010.

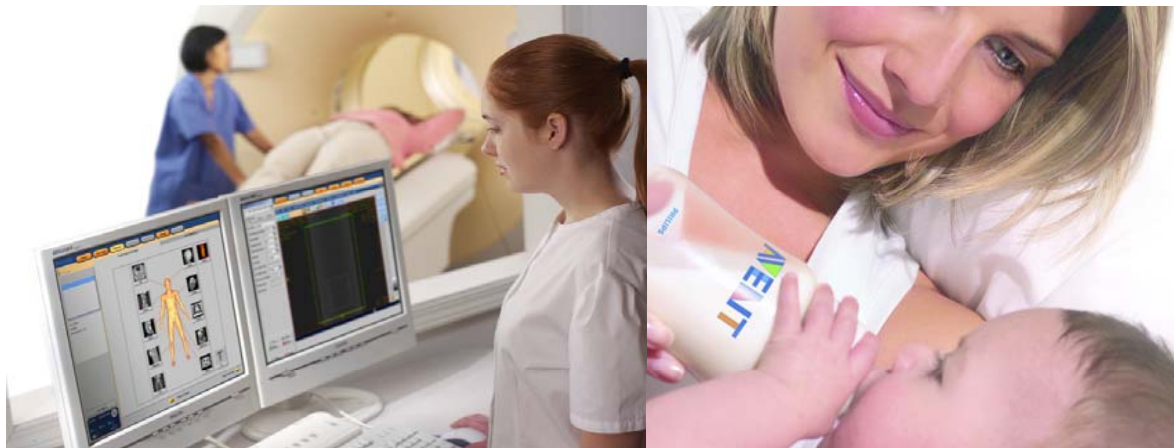
Targets for the period 2010 – 2015

- To bring care to 500 million 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

Philips investment proposition

Strategy and main financial objectives

“Philips’ strategy is to become the leading company in health and well-being. We believe that a steadily growing demand for healthcare, a healthy lifestyle and energy-efficient lighting solutions will – driven by an aging population, increased environmental awareness and expanding emerging markets – allow Philips to generate double-digit EBITA margins.”



Main financial objectives:

- Comparable sales growth **well in excess of global GDP**
- Adjusted Group **EBITA margin to 10% of sales or better** of which:

Healthcare	15-17%
Consumer Lifestyle	8-10%
Lighting	12-14%

- Generate a **return on invested capital of 12-13%**

1. Philips Strategy and Investment Proposition

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Headlines in Quarter 1

- First-quarter sales of EUR 5.7 billion and EBITA of EUR 504 million
- Comparable sales up 12%; growth in all sectors, led by Lighting at 18%
- 22% growth in emerging markets
- 20% growth of equipment order intake at Healthcare
- EBITA of EUR 504 million, or 8.9% of sales; Consumer Lifestyle's adjusted EBITA hit 8.2% for the last twelve months
- Net income of EUR 201 million

Key Financials Summary – Q1 2010

EUR million

	Q1 2009	Q1 2010
Sales	5,075	5,677
EBITA	(74) ¹	504 ¹
Financial income and expenses	(41) ²	(69) ²
Income tax	171	(126)
Net income (loss)	(57)	201
Net Operating Capital	14,592	13,451
Net cash from operating activities	(306)	28
Net capital expenditures	(161)	(179)
Free cash flow	(467)	(151)

1 - 1Q10 includes on balance EUR (50)M of charges while 1Q09 included in total EUR (77)M of charges

2 - 1Q10 included a positive amount of EUR 81M related to LG Display dividend/ sale of shares and an impairment loss of EUR (48)M related to NXP

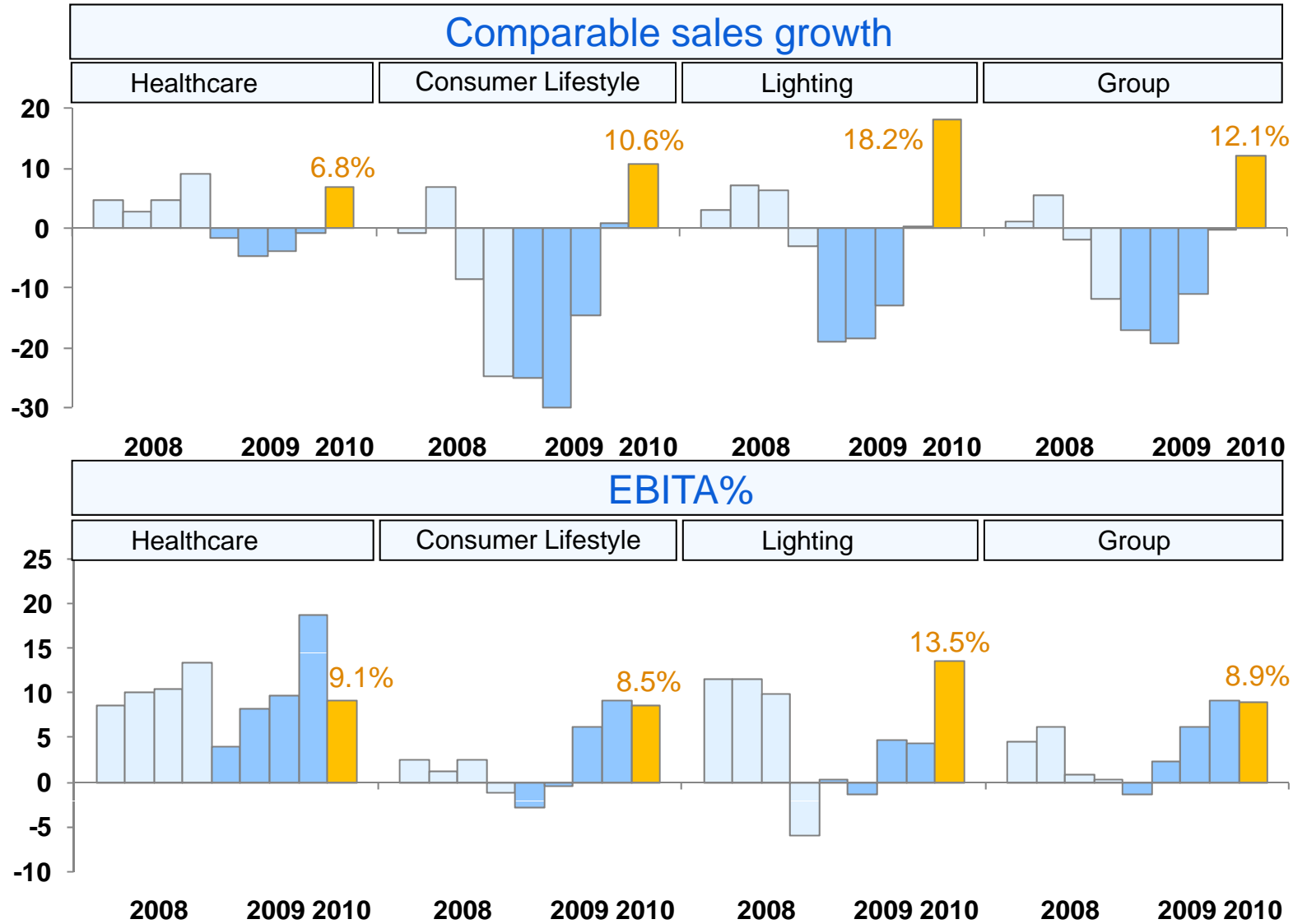
Sales by sector – Q1 2010

EUR million

	Q1 2009	Q1 2010	Sales growth composition (in %)			
			Comp	currency	portfolio	Nom
Healthcare	1,741	1,821	7	(2.1)	(0.1)	5
Consumer Lifestyle	1,756	1,942	11	1.0	(1.0)	11
Lighting	1,504	1,810	18	0.1	2.0	20
GM&S	74	104	49	(0.5)	(8.0)	41
Group sales	5,075	5,677	12	(0.3)	0.1	12

Sales Growth and EBITA Margin Development

Comparable sales growth and EBITA%



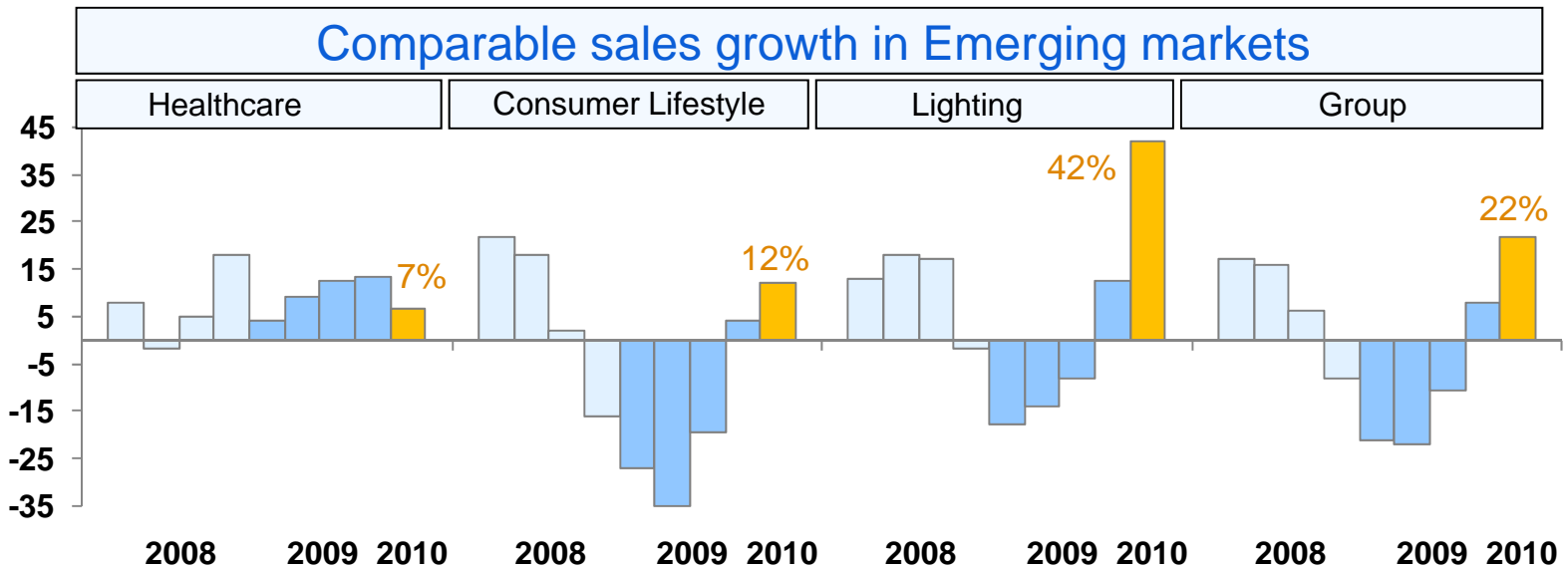
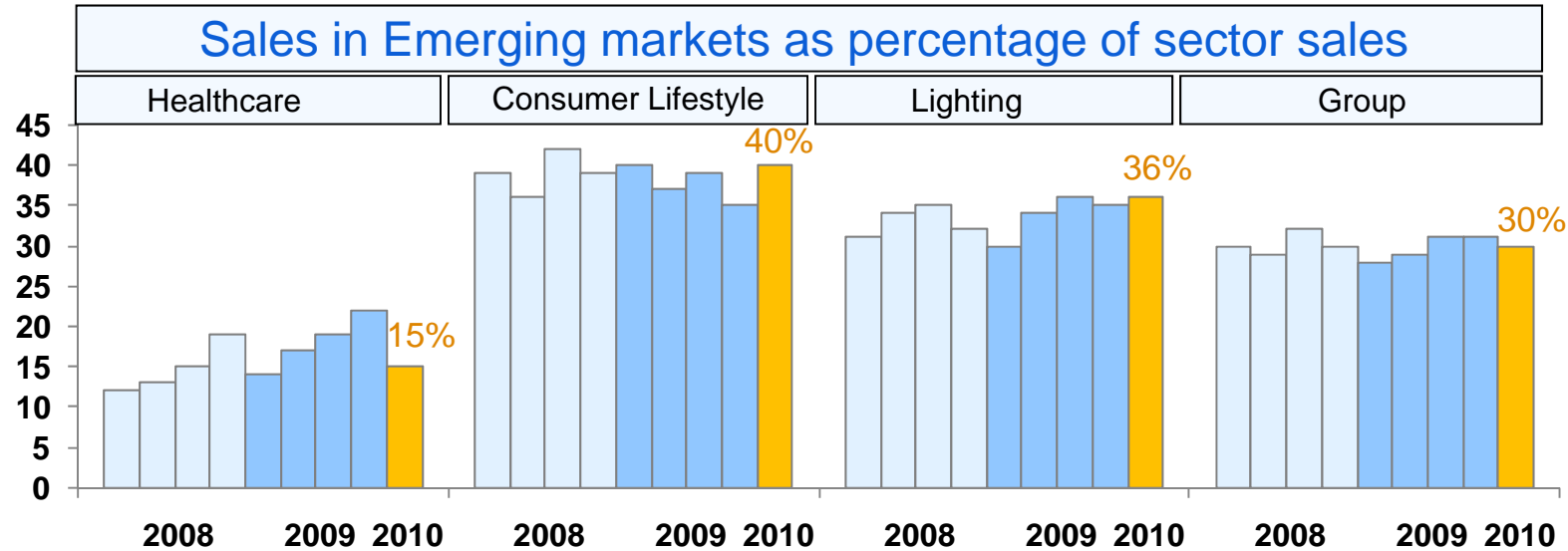
Sales by market cluster – Q1 2010

EUR million

	Q1 2009	Q1 2010	% nom	% comp
Western Europe	1,820	1,919	5	5
North America	1,587	1,599	1	4
Other mature markets	244	427	75	58
Emerging markets	1,424	1,732	22	22
Group sales	5,075	5,677	12	12

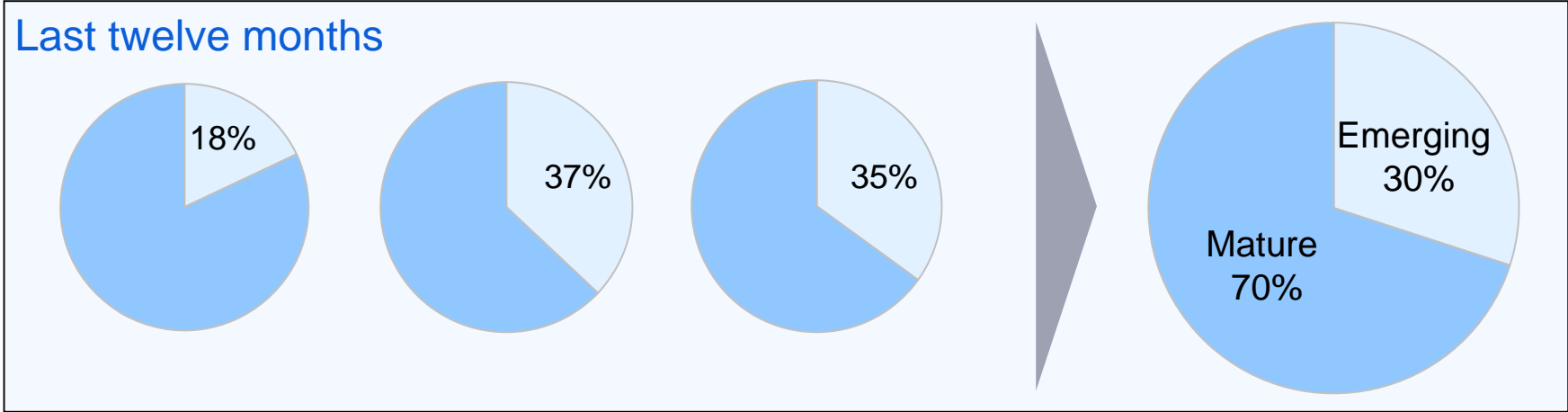
Emerging Markets Sales: trend through Q1 2010

Sales growth in emerging markets



Emerging Markets – Q1 2010 & last twelve months

Sales in emerging markets

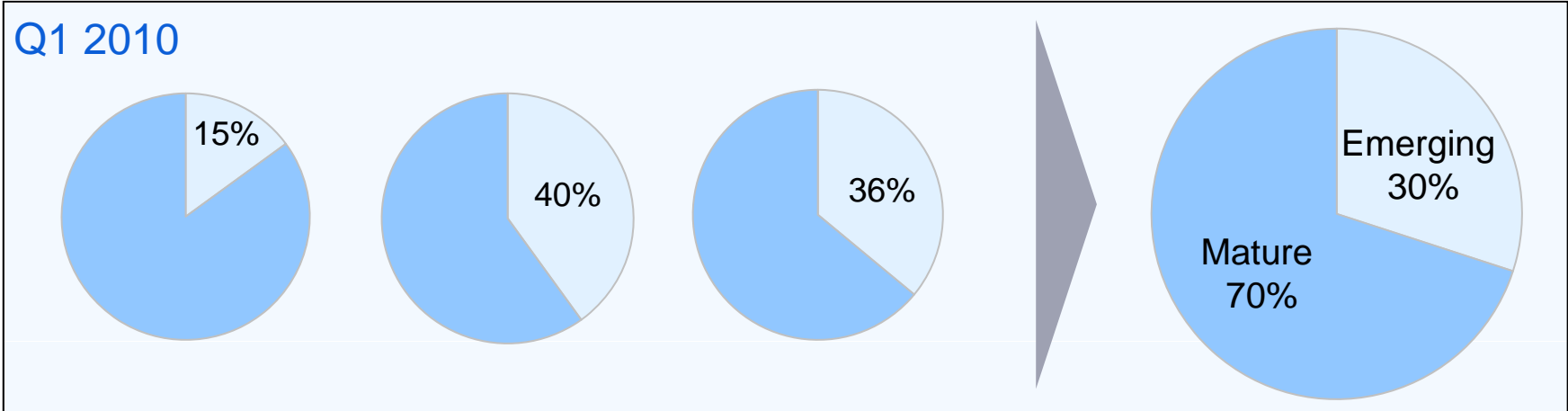


Healthcare

Consumer Lifestyle

Lighting

Philips Group



EBITA by sector – Q1 2010

EUR million

	Q1 2009	Q1 2010
Healthcare	68 ¹	166 ¹
Consumer Lifestyle	(49) ²	166 ²
<i>of which Television</i>	(83)	(19)
Lighting	5 ³	245 ³
GM&S	(98)	(73)
Philips Group	(74)	504
as % of sales	(1.5)%	8.9%

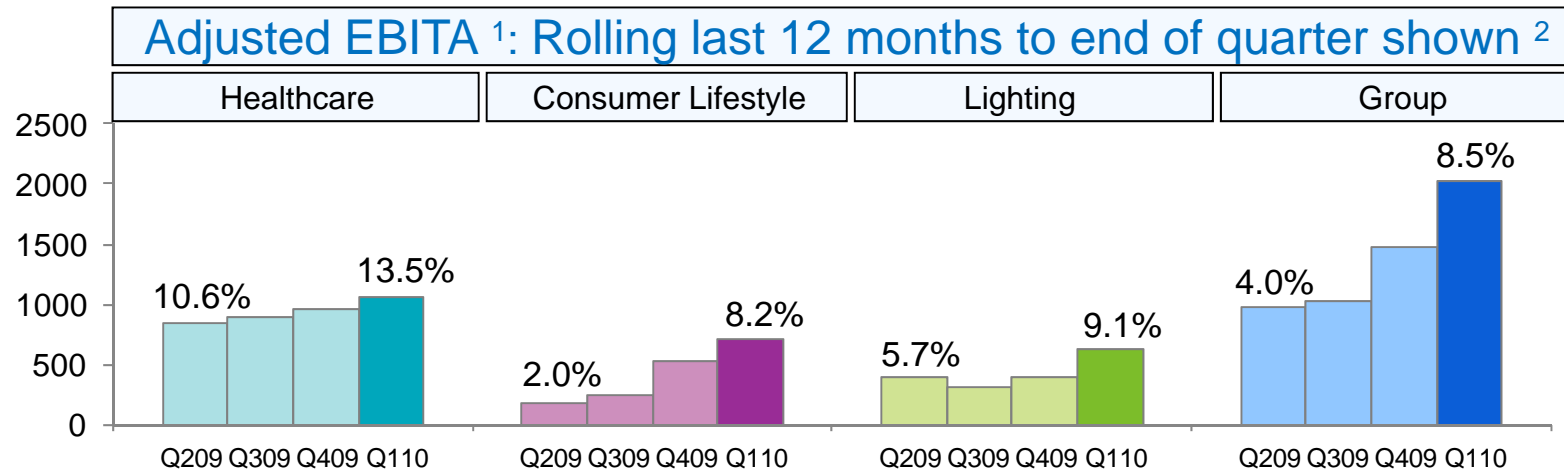
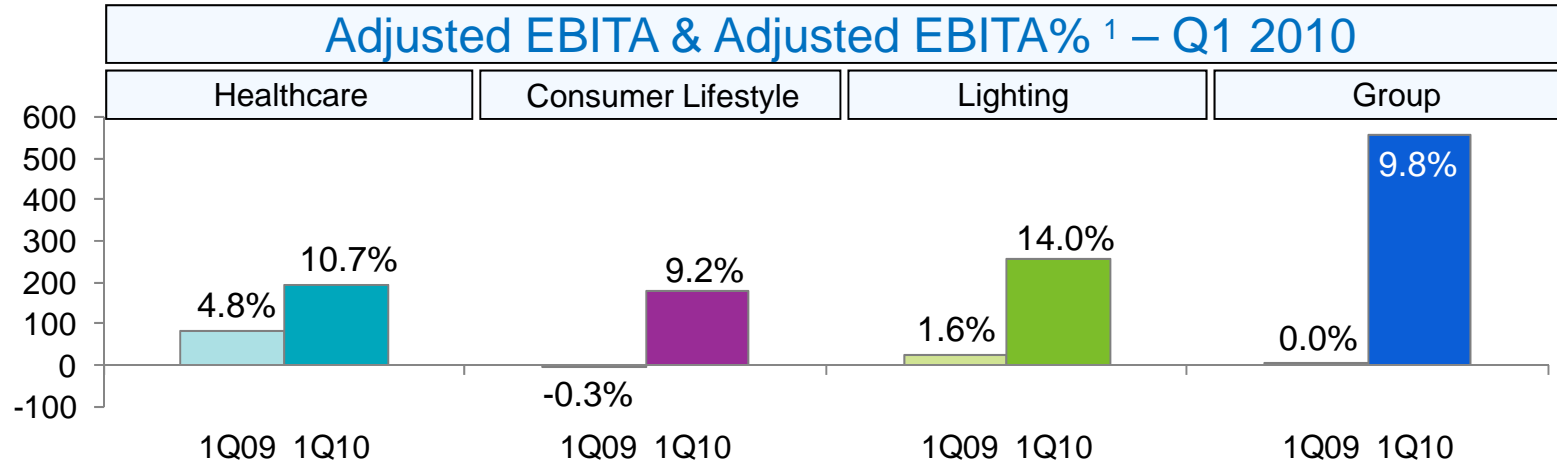
1 - 1Q10 includes EUR (29)M of restructuring and acquisition-related charges; 1Q09 included on balance EUR (15)M charges

2 - 1Q10 includes EUR (13)M of restructuring and acquisition-related charges; 1Q09 included on balance EUR (43)M charges, including EUR (30)M provision for product recall Senseo

3 - 1Q10 includes EUR (9)M of restructuring and acquisition-related charges; 1Q09 included EUR (19)M charges

Adjusted EBITA: Q1 2010 & last twelve months

EUR million

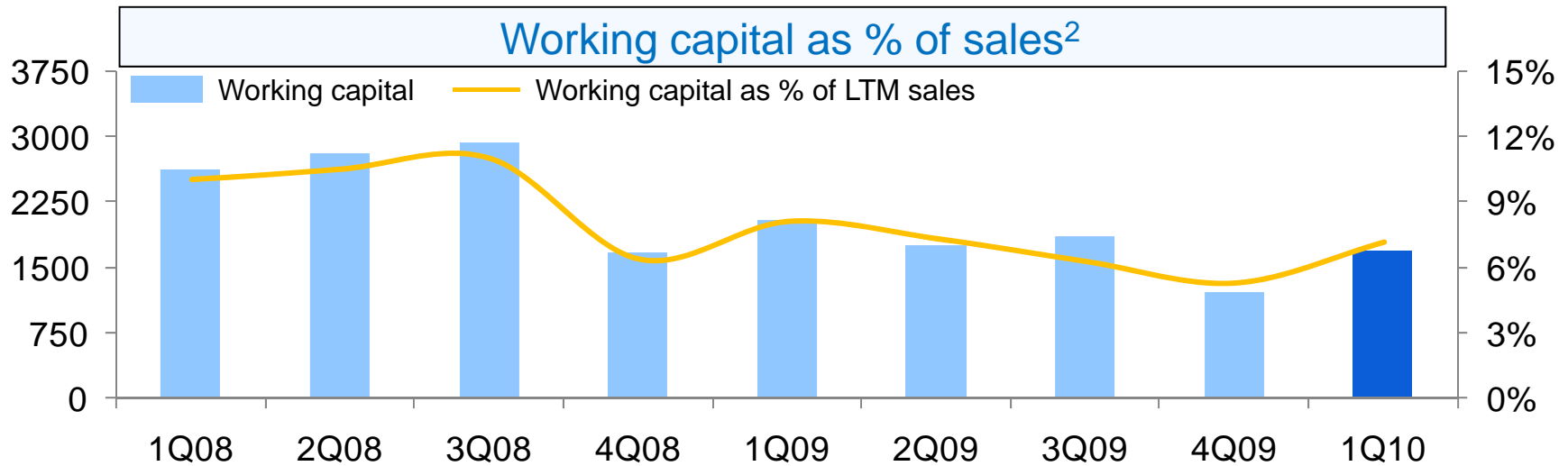
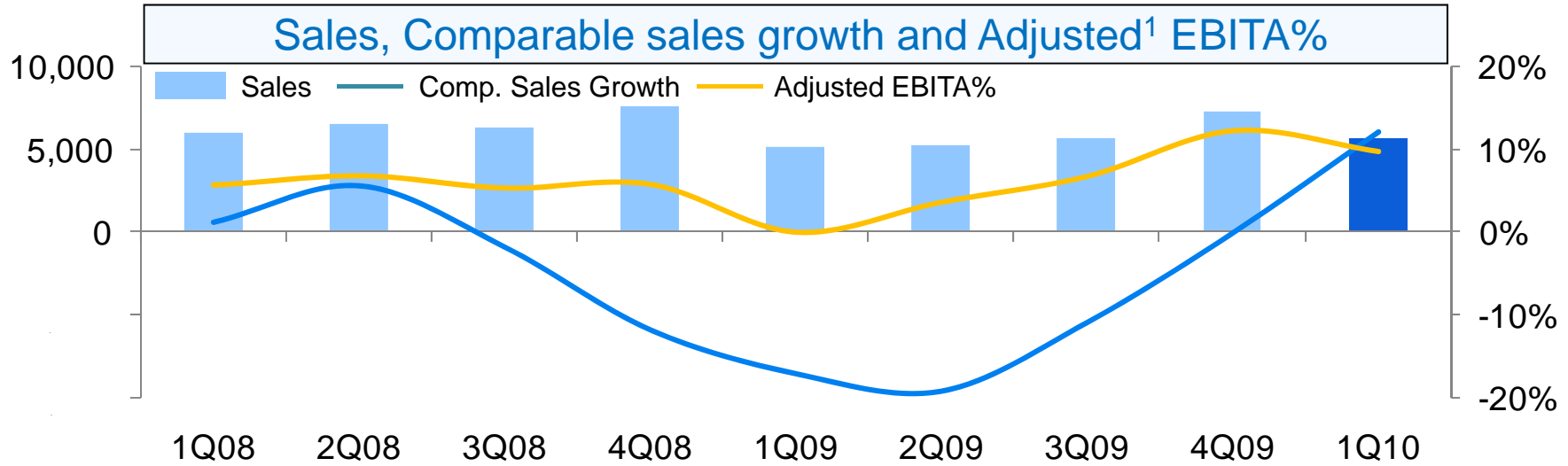


¹ Adjusted EBITA is EBITA corrected for incidental charges (details 2008 in quarterly information booklet Q4 2009 and details 2009/ 2010 in this quarterly information booklet slide 65)

² The lower chart shows the last twelve months adjusted EBITA ending in each of the four quarters shown

Philips: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details in quarterly information booklet slide 65)

² Working Capital as % of sales of Healthcare, Consumer Lifestyle and Lighting; excluding central sector GM&S

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. Restructuring costs for the full year 2010 are now expected to be towards the upper end of the original EUR 150m -250m range.

Restructuring <i>EUR million</i>	Cost ¹				Cash out Q110	Benefit ² <i>compared to 2008 baseline</i>		
	FY2008	FY2009	1Q10	2Q10E		FY2009	1Q10	2Q10E
Healthcare	(63)	(42)	(20)	(65)	(3)	105	39	45
Consumer Lifestyle	(198)	(120)	(10)	(10)	(15)	200	69	75
Lighting	(245)	(225)	(5)	(35)	(30)	82	41	45
GM&S	(31)	(63)	-	-	(3)	31	9	10
TOTAL	(537)	(450)	(35)	(110)	(51)	418	158	175

¹ These numbers exclude acquisition-related charges of EUR 130M for FY2008, EUR 101M for FY2009 and EUR 16M for 1Q10

² For 2009 actual benefit realized per quarter see slide 66

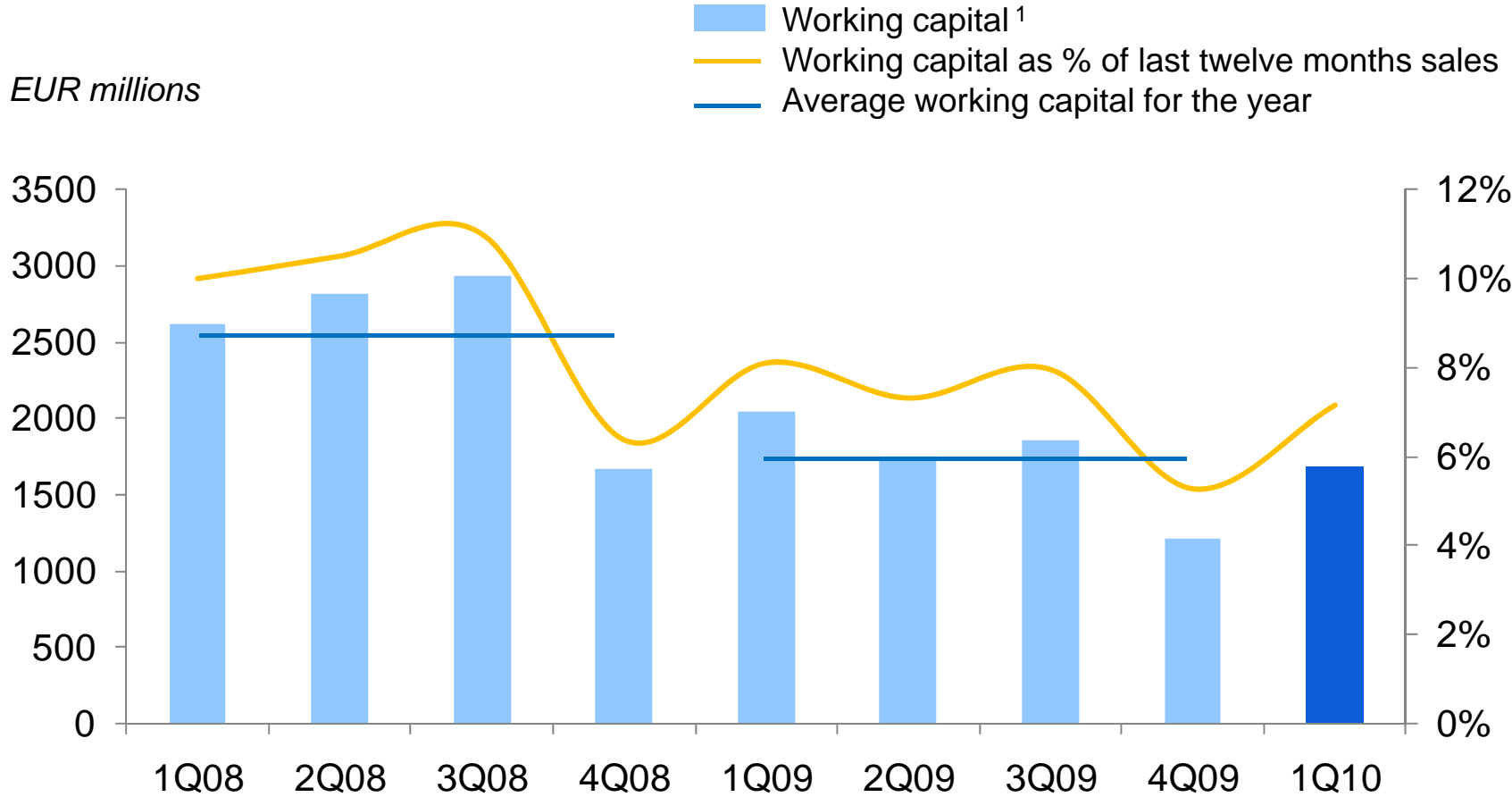
Cash Flow from continuing operations – Q1 2010

EUR million

	Q1 2009	Q1 2010
Net income from continuing operations	(57)	201
Depreciation / amortization / impairments	381	338
Net gain on sale of assets	(73)	(6)
Changes in Working Capital, of which:	(325)	(352)
- changes in Net inventories	102	(239)
- changes in Accounts receivable	523	92
- changes in Accounts payable	(950)	(205)
Other	(232)	(153)
Cash flow from operations	(306)	28
Expenditures on development assets	(34)	(54)
Gross capital investments	(112)	(138)
Acquisitions / divestments / other	575	83
Cash flow before financing activities	123	(81)

Continued strict cash flow management

Structural reduction in working capital turns

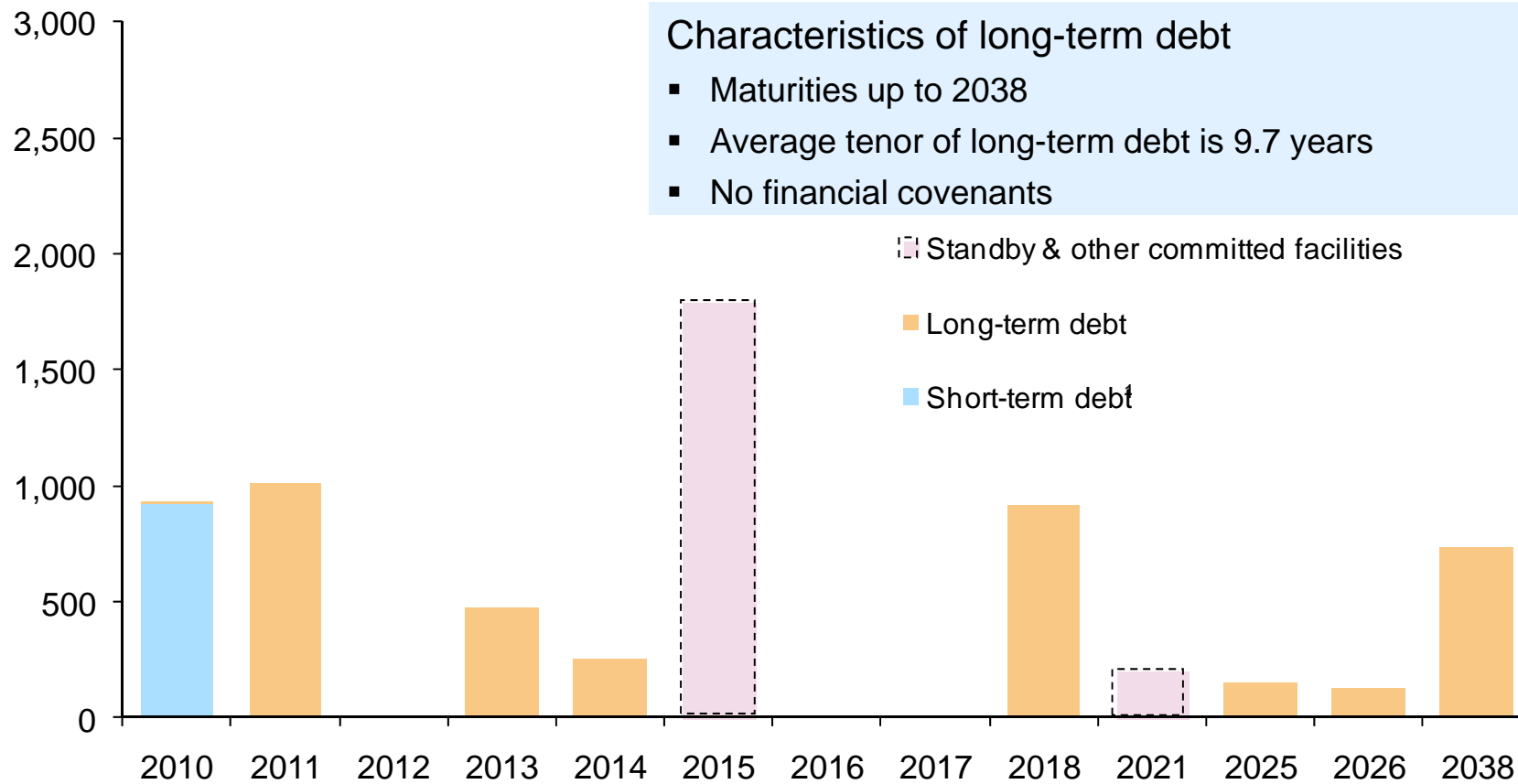


¹ Working Capital of Healthcare, Consumer Lifestyle and Lighting; excluding central sector GM&S

First long-term debt maturing as of 2011

Debt maturity profile as of March 2010

Amounts in EUR millions

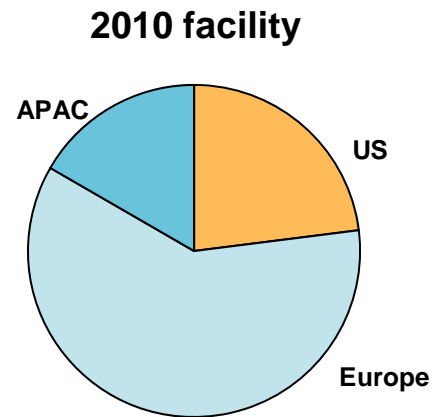
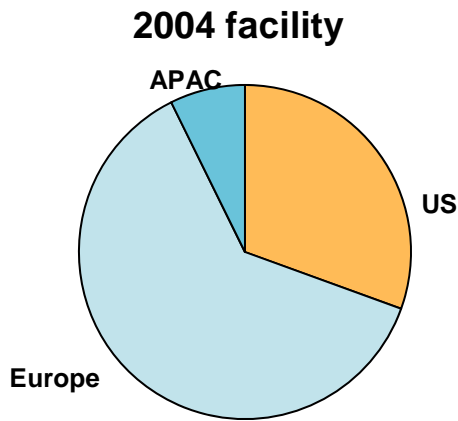


¹ Short term debt consists mainly of local credit facilities that are being rolled forward on a continuous basis.

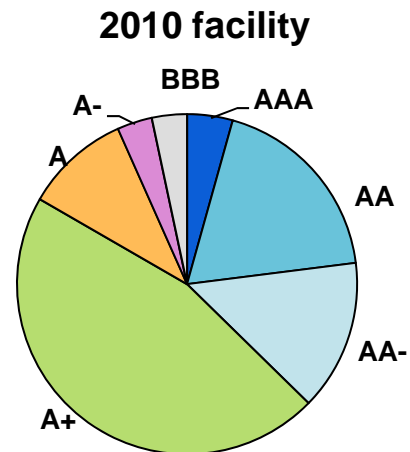
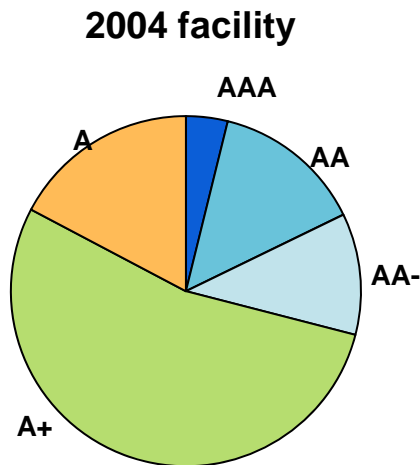
PHILIPS

Standby facility renewed in Q1: improved geographical diversification and credit quality of participating banks

Banks by geographical distribution

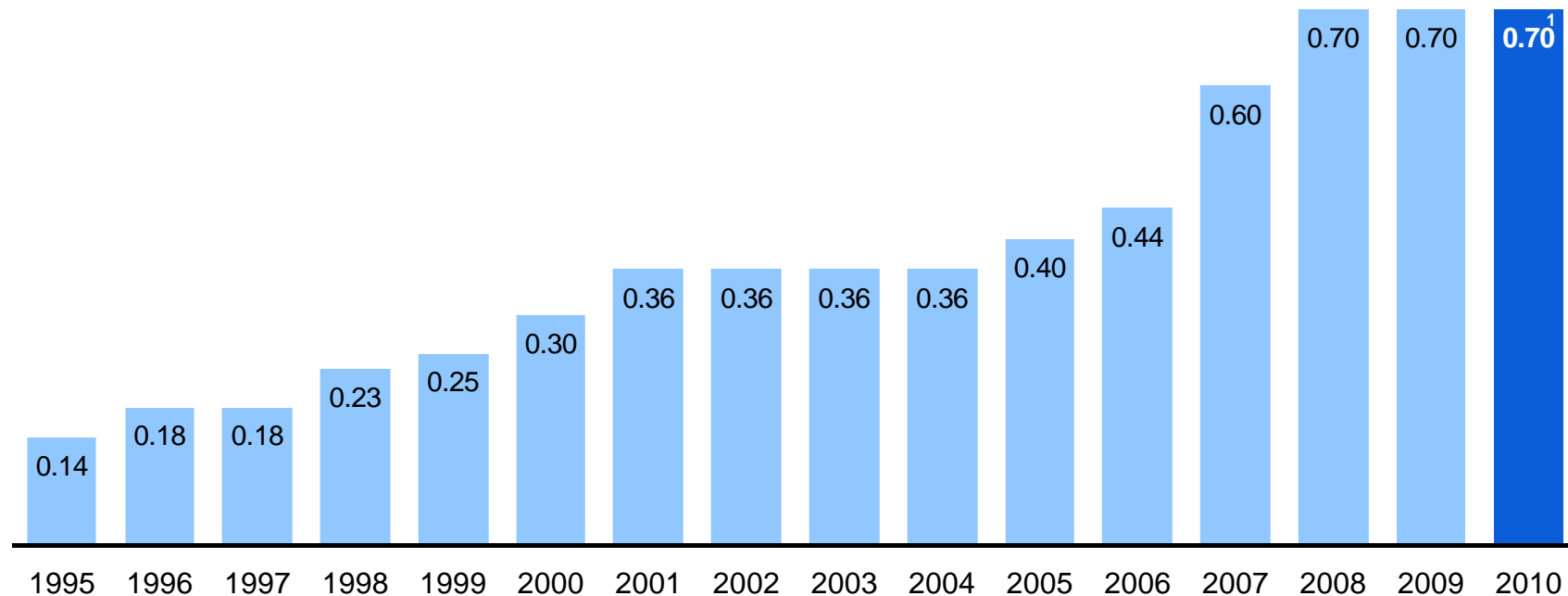


Banks by credit rating distribution



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 approved during the General Shareholders Meeting on March 25th, 2010

Last twelve months 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
Feb-2010	Somnolyzer	Home Healthcare	Somnolyzer 24x7 automated-scoring solution that can improve the productivity of sleep centers

Consumer Lifestyle

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

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
Feb-2010	Luceplan	Consumer Luminaires	Iconic brand in the premium design segment for residential applications

Remark: dates refer to announcement date of acquisition

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 Q1 2010

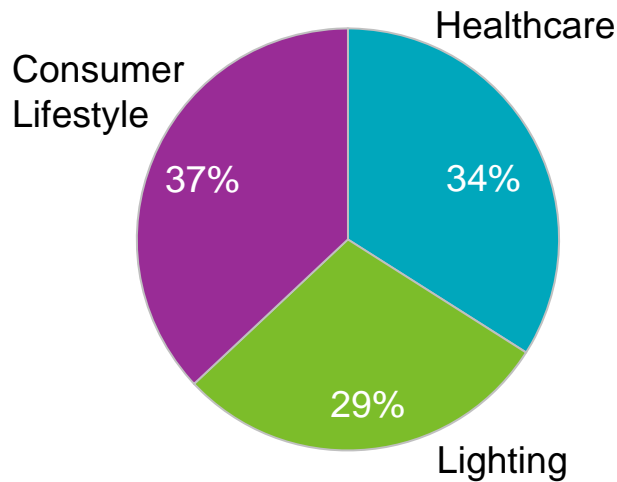
3. Healthcare, Consumer Lifestyle
and Lighting

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

Last twelve months

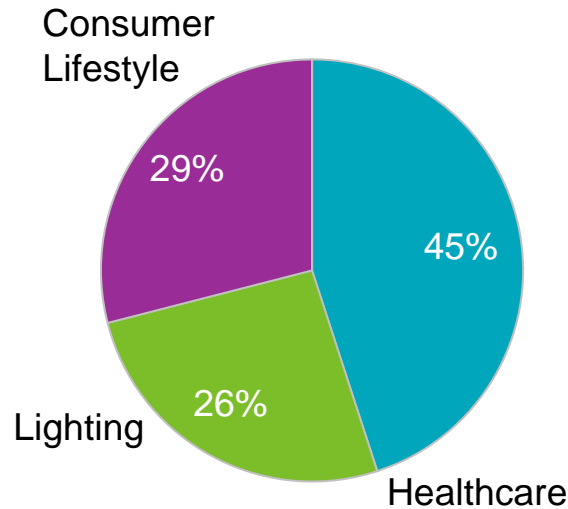
Sales

100% = EUR 23.4B ¹



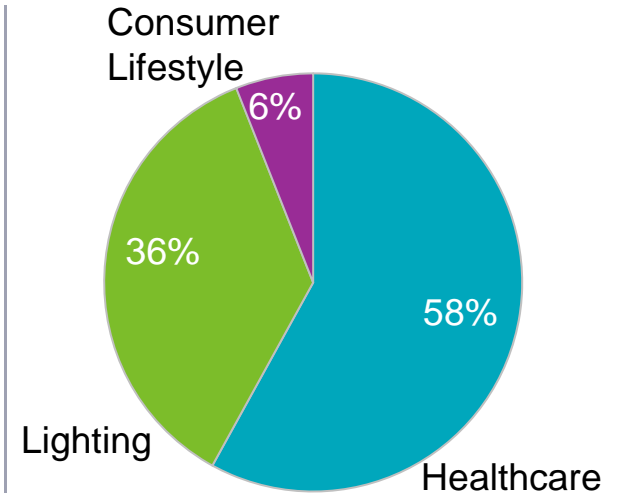
Adjusted EBITA

100% = EUR 2.4B ^{1, 2}



Net Operating Capital

100% = EUR 15.3B ¹



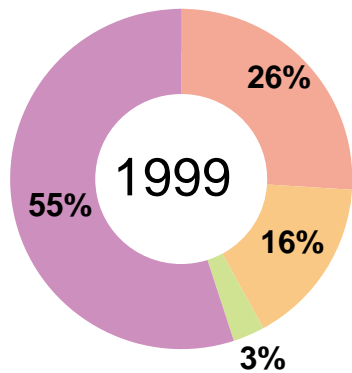
¹ Excluding Central sector (GM&S)

² EBITA adjustments based on the following charges; for Healthcare EUR 120M, for Consumer Lifestyle EUR 152M and for Lighting EUR 236M of charges are excluded.

The power of Healthcare

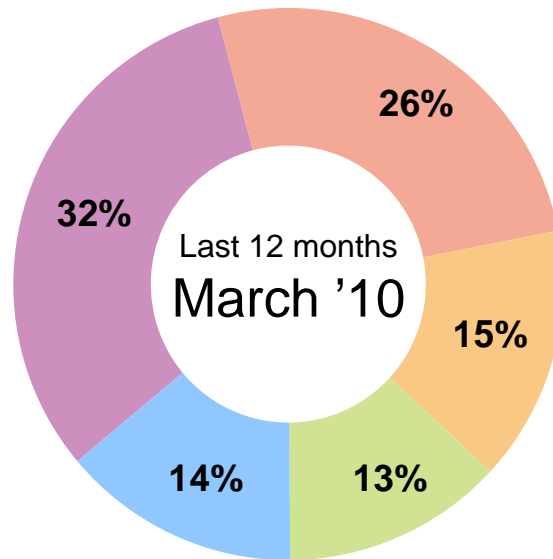
Further strengthening our global leadership

Total sales EUR 2.5 billion



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

Total sales EUR 7.9 billion



Target margin 15-17%



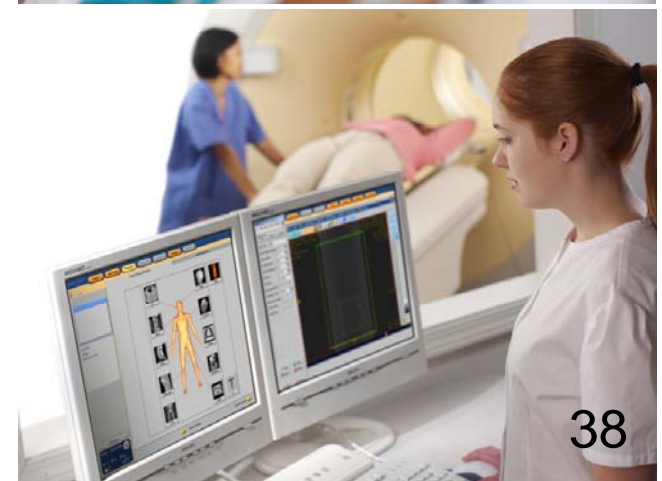
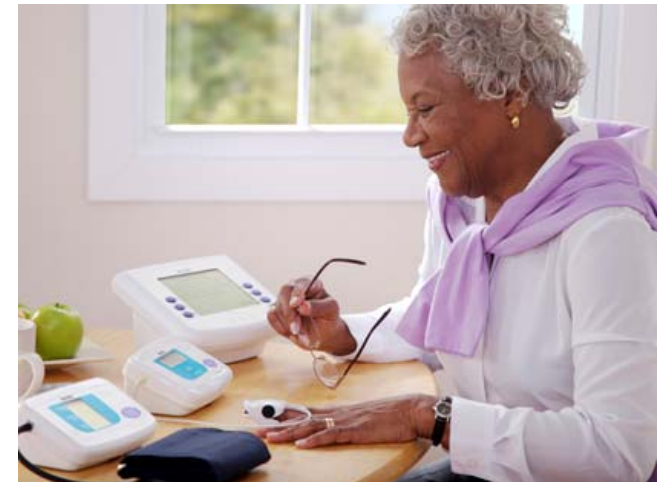
Healthcare opportunities

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

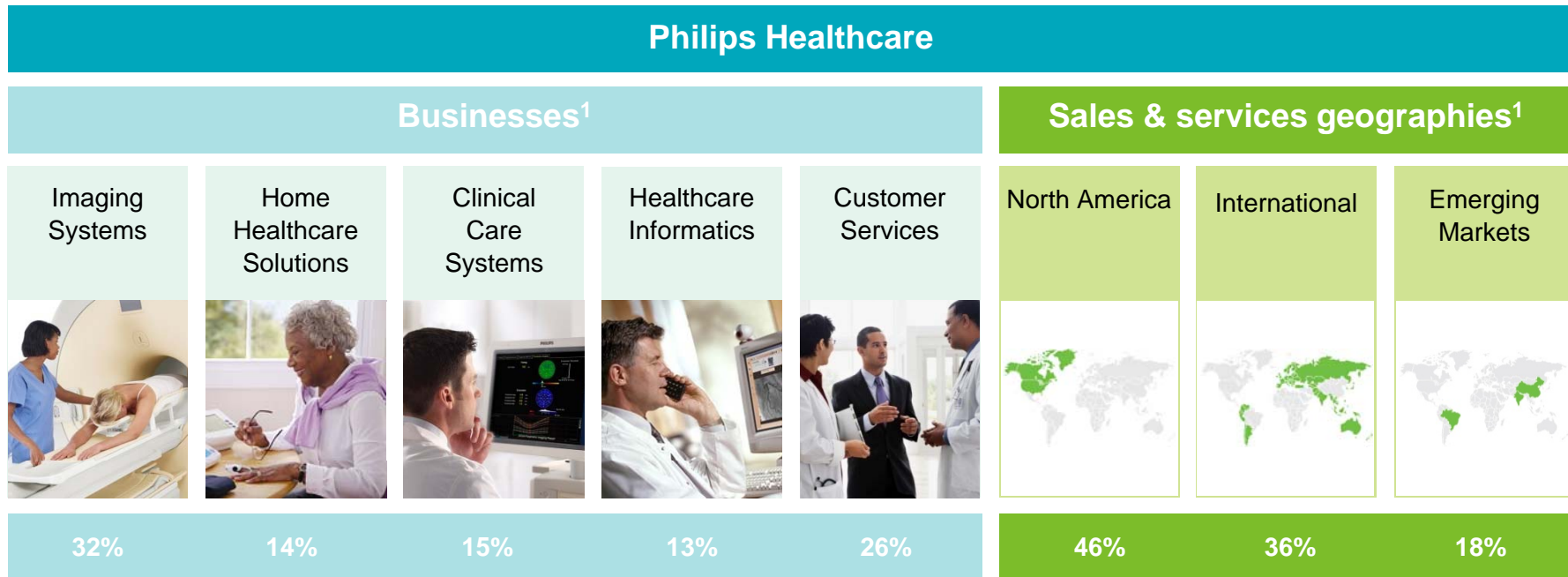
Priorities

- 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:
 - Launch of a new Philips Respironics sleep therapy product range end of 2009
 - Philips Lifeline introduced 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

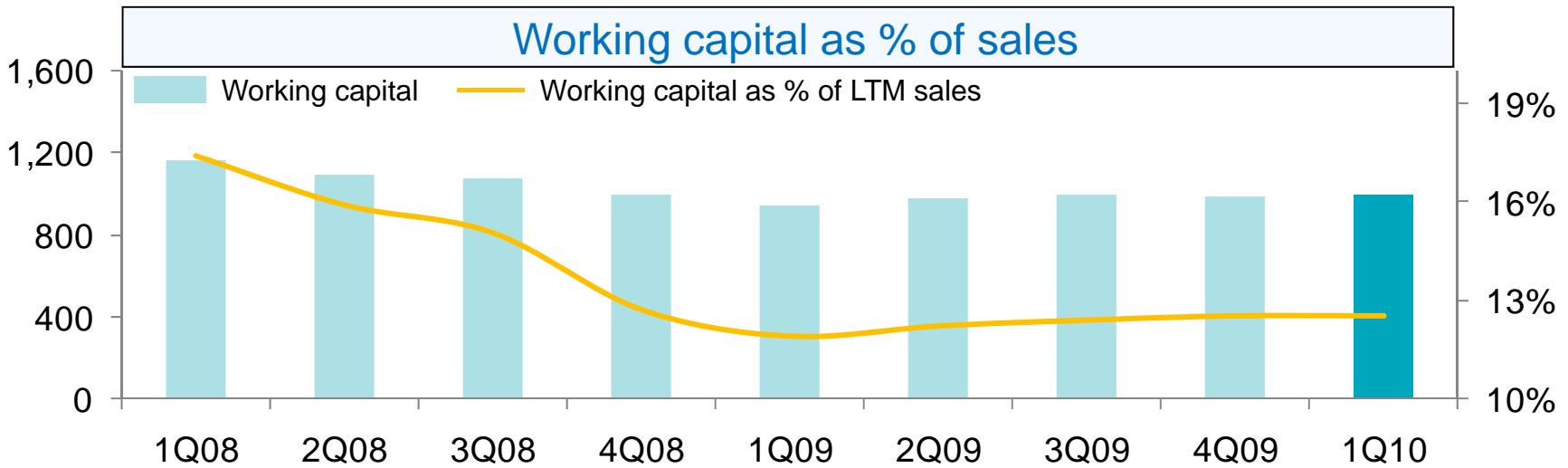
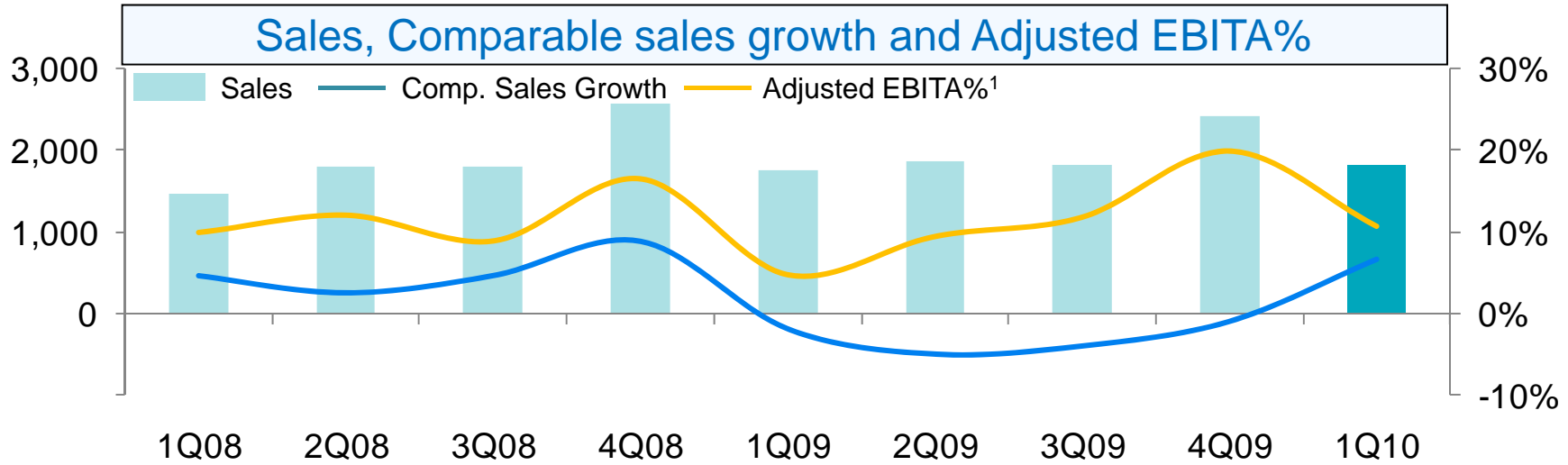
450+

Products & services offered in over 100 countries

¹ Last 12 months March 2010

Healthcare: key financials over the last two years

EUR million



¹ Adjusted EBITA is EBITA corrected for incidental charges (details on slide 65)

Healthcare: Q1 2010 Sector analysis

EUR million

Key figures

	1Q09	4Q09	1Q10
Sales	1,741	2,405	1,821
<i>% sales growth comp.</i>	(2)	(1)	7
EBITA	68	452	166
<i>EBITA as % of sales</i>	3.9	18.8	9.1
EBIT	1	392	103
<i>EBIT as % of sales</i>	0.1	16.3	5.7
NOC	8,957	8,434	8,831
Employees (FTEs)	34,960	34,296	34,381

Sales per region	1Q10	Emerging markets
Latin America	4%	
Europe/Africa	26%	15%
North America	48%	
Asia Pacific	22%	
Mature		

Financial performance

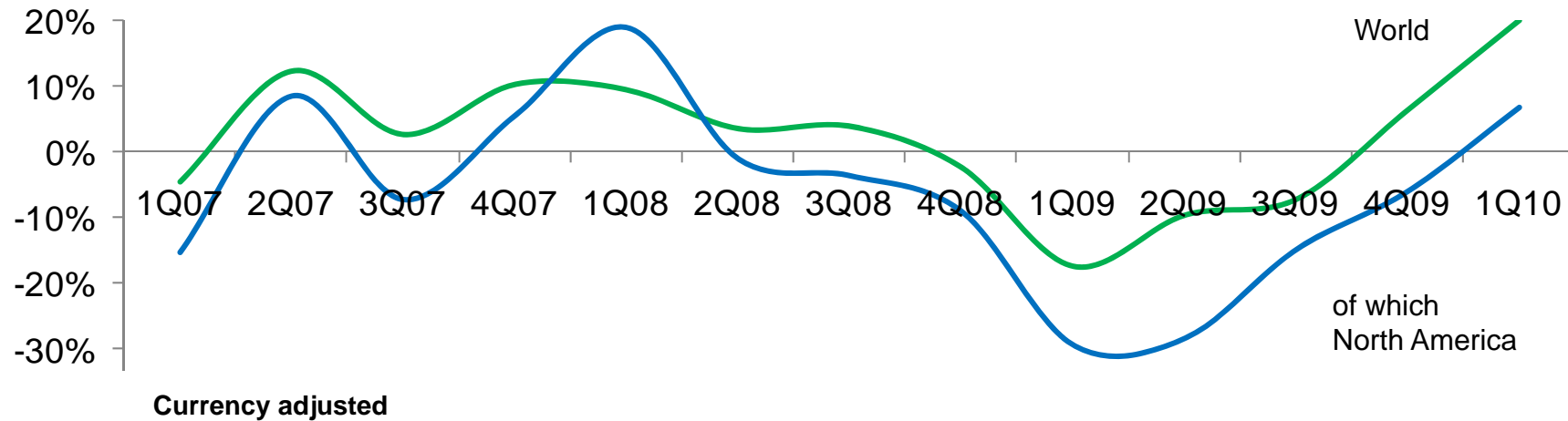
- Currency-comparable equipment order intake increased by 20% year-on-year, largely driven by IS and Clinical Care Systems. From a regional perspective, order intake showed 30% growth in markets outside NA (both emerging markets and mature markets), while in the US, equipment orders were 7% higher comparably, the first increase since Q3 2008.
- Comparable sales increased by 7% year-on-year, with higher sales in all businesses. Notable growth was seen at Customer Services and Clinical Care Systems. From a regional perspective, markets outside NA grew by 16%, driven largely by emerging markets. Comparable sales in NA declined 4% from Q1 2009 as a result of the lower order intake last year.
- EBITA increased by EUR 98 million year-on-year to EUR 166 million, or 9.1% of sales. Excluding restructuring and acquisition-related charges of EUR 29 million, EBITA amounted to EUR 195 million, or 10.7% of sales, compared to EUR 83 million, or 4.8% of sales, in Q1 2009. The improvement was driven by Customer Services, Imaging Systems and Healthcare Informatics, through margin improvement and strict cost management; it also included approximately EUR 15 million of incremental fixed-cost coverage from a comparatively high number of production days in the quarter.

Looking ahead

- Philips will introduce a new cardiograph system designed to meet the needs of high-volume hospitals in emerging markets. Developed and manufactured in China, the globally-available product will enable the use of gender-differentiated criteria to diagnose heart disease in women.
- Restructuring and acquisition-related charges in Q2 2010 are expected to total around EUR 70 million.

Healthcare: Equipment order intake

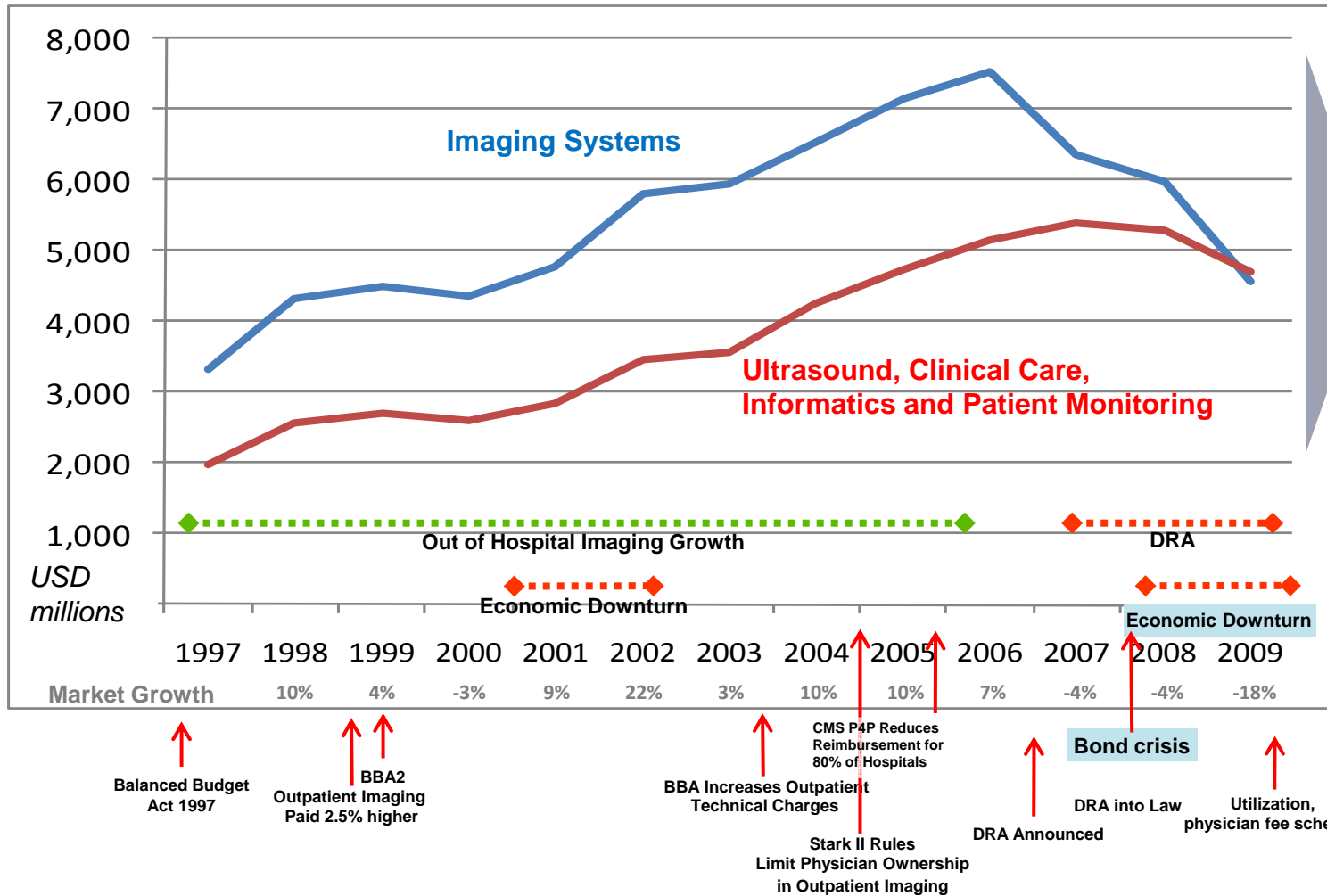
An improving trend in recent quarters



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



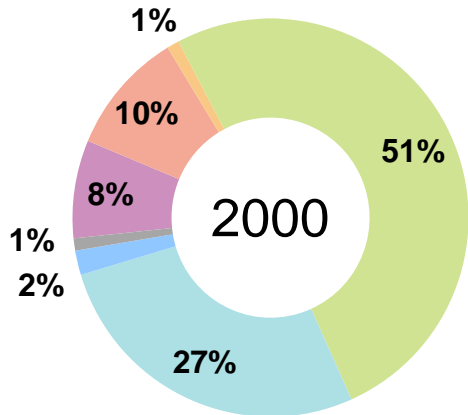
Philips current expectation for the US Imaging Systems market for 2010 is flat and thereafter 1-2% growth

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

The power of Consumer Lifestyle

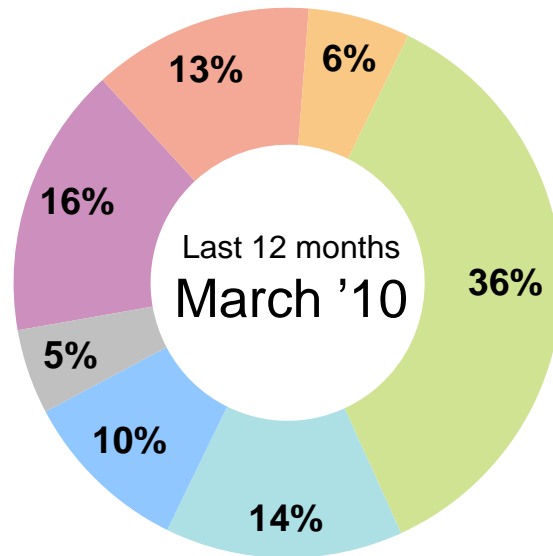
Focusing on differentiating profitable businesses

Total sales EUR 11.3 billion¹



- Domestic appliances
- Personal Care
- Health & wellness
- Television
- Audio & video multimedia
- Accessories
- Other incl. Licenses

Total sales EUR 8.7 billion



Target margin 8-10%

¹ DAP and Mainstream part of Consumer Electronics only



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

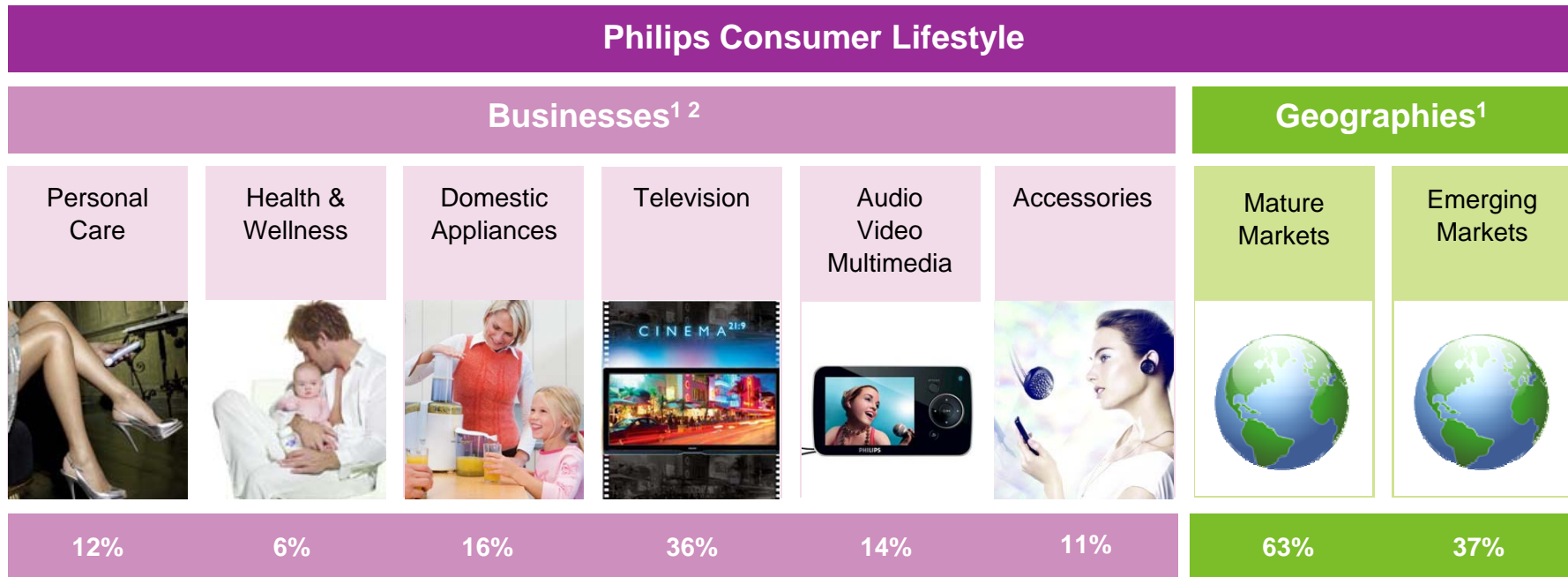
Priorities

- 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

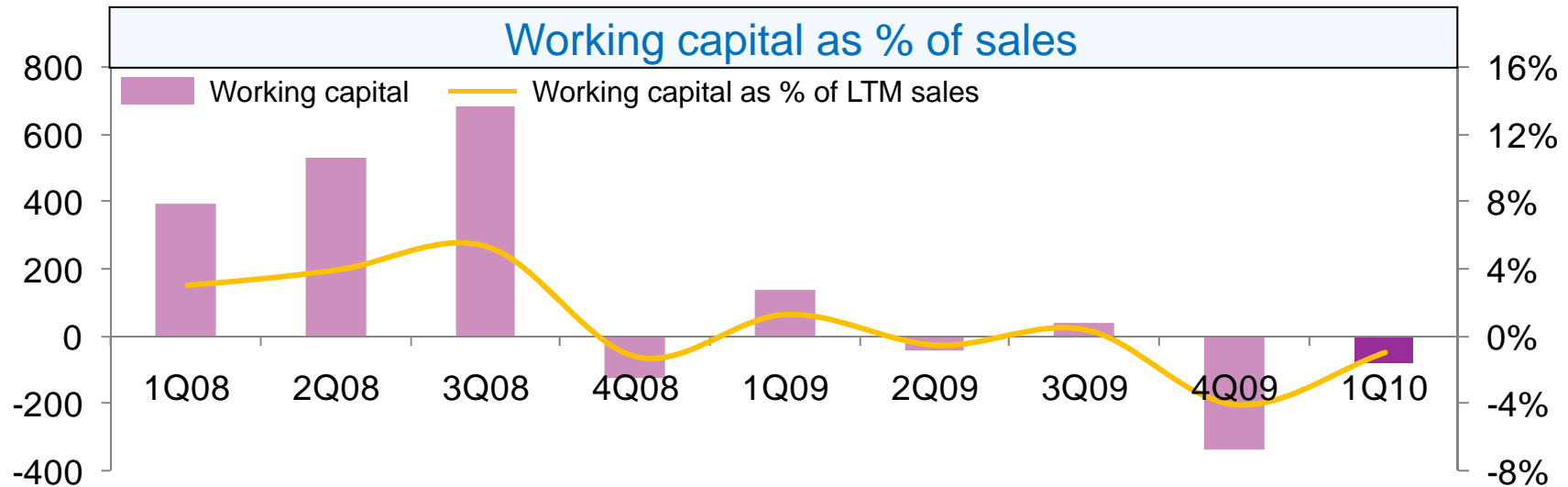
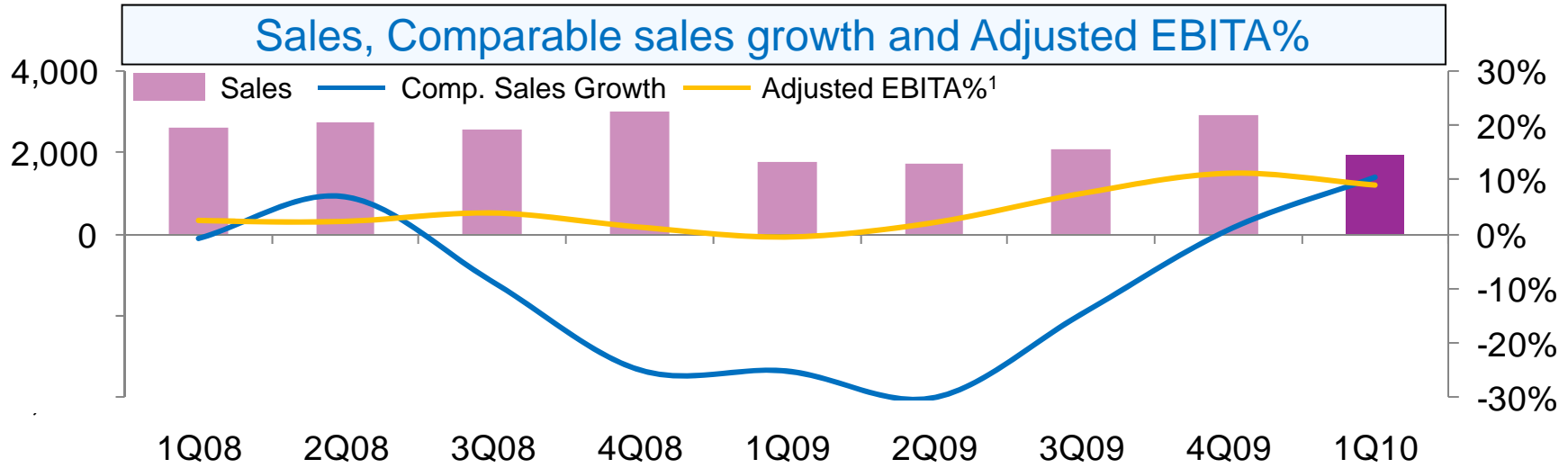
€0.4
Billion negative NOC
for TV end 2009

¹ Last twelve months March 2010

² Other category (5%) 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 65)

Consumer Lifestyle: Q1 2010 Sector analysis

EUR million

Key figures

	1Q09	4Q09	1Q10
Sales	1,756	2,903	1,942
<i>% sales growth comp.</i>	<i>(25)</i>	<i>1</i>	<i>11</i>
EBITA	(49)	266	166
<i>EBITA as % of sales</i>	<i>(2.8)</i>	<i>9.2</i>	<i>8.5</i>
EBIT	(53)	260	157
<i>EBIT as % of sales</i>	<i>(3.0)</i>	<i>9.0</i>	<i>8.1</i>
NOC	1,052	625	959
Employees (FTEs)	16,270	18,389	18,563

Sales per region	1Q10	Emerging markets
Latin America	11%	
North America	13%	
Asia Pacific	20%	
Europe/Africa	56%	

Financial performance

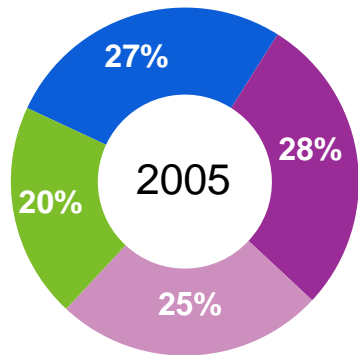
- Comparable sales grew 11%, driven by higher sales in most businesses, notably TV, Health & Wellness and Licenses.
- Double-digit sales growth was visible in the emerging markets, particularly in Latin America, China and Eastern Europe. Western Europe saw single-digit growth.
- EBITA improved by EUR 215 million year-on-year, driven by higher operational earnings in all businesses, in particular at Television, and EUR 70 million higher income at Licenses, largely due to a different seasonality. Q1 2009 EBITA included a EUR 30 million product recall provision.
- Q1 2010 included restructuring and acq.-related charges of EUR 13 million, in line with Q1 2009. Excluding these charges, adjusted EBITA in Q1 2010 amounted to 9.2% of sales.
- Net operating capital decreased by EUR 93 million, as the increase in assets following the Saeco acquisition was more than offset by reductions in working capital.
- Total headcount increased, mainly due to the Saeco acquisition.

Looking ahead

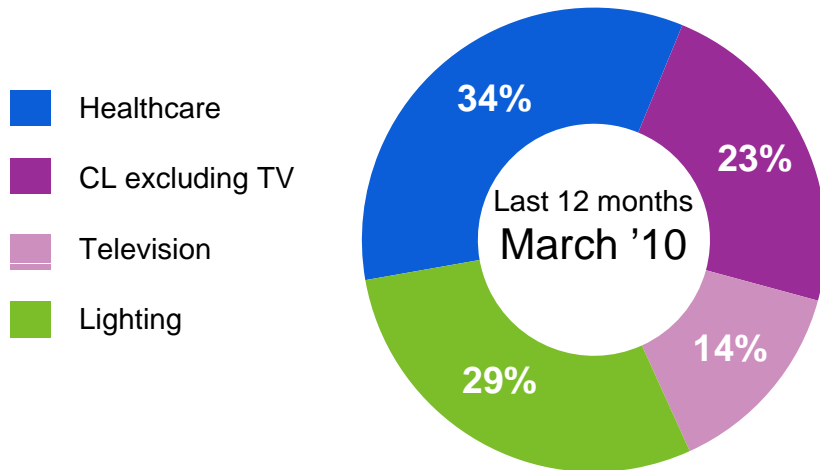
- Sales at Television are expected to grow substantially in Q2 2010, spurred by soccer's upcoming World Cup.
- Advertising and promotional spend for the sector is expected to be structurally increased to support future growth.
- Due to seasonality, license income is expected to be low in Q2 2010.
- Consumer Lifestyle expects to incur restructuring and acquisition-related charges of EUR 20 million in Q2 2010.

Television within Philips

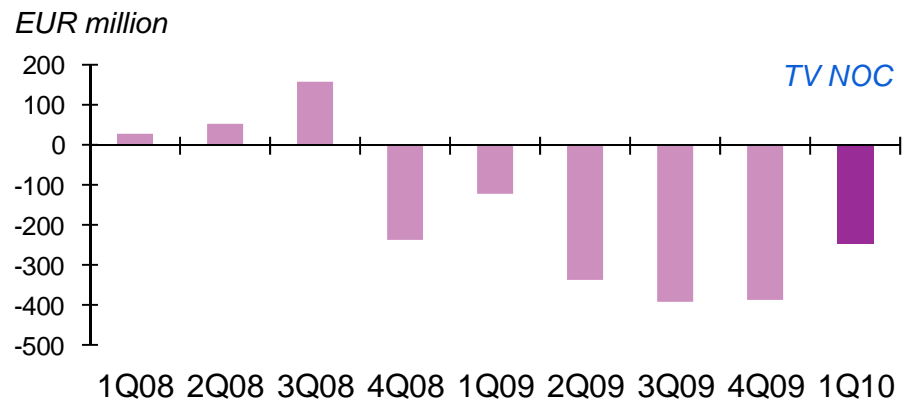
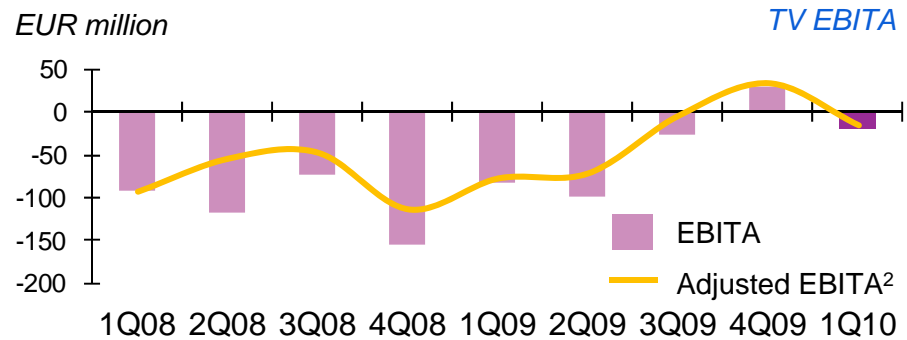
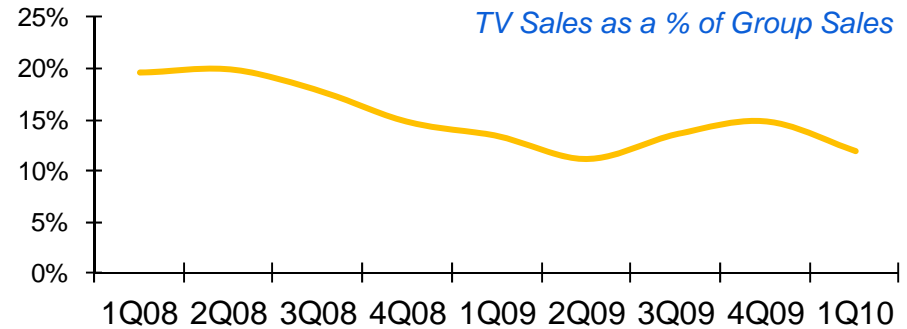
Total sales EUR 23.7 billion¹



Total sales EUR 23.4 billion¹



- Healthcare
- CL excluding TV
- Television
- Lighting



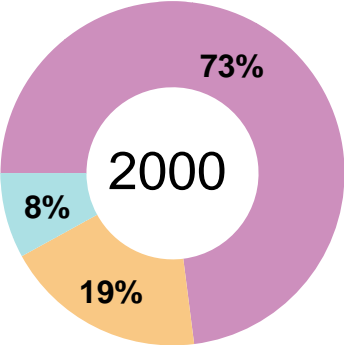
¹ Sales in sectors which are still in portfolio, excluding central sector (GM&S)

² Adjusted EBITA is EBITA corrected for restructuring charges (details on slide 65)

The power of Lighting

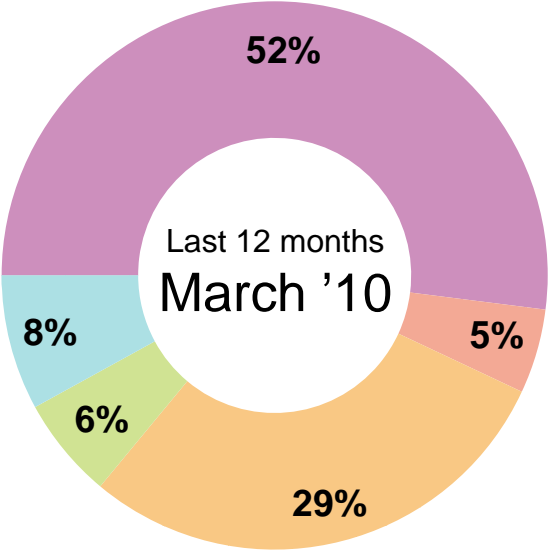
Simply enhancing life with light

Total sales EUR 4.9 billion¹



- Lamps & lighting electronics
- Professional luminaires
- Consumer luminaires
- Automotive
- Packaged LEDs

Total sales EUR 6.9 billion



Target margin 12-14%

¹ Excluding batteries EUR 0.2 billion



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

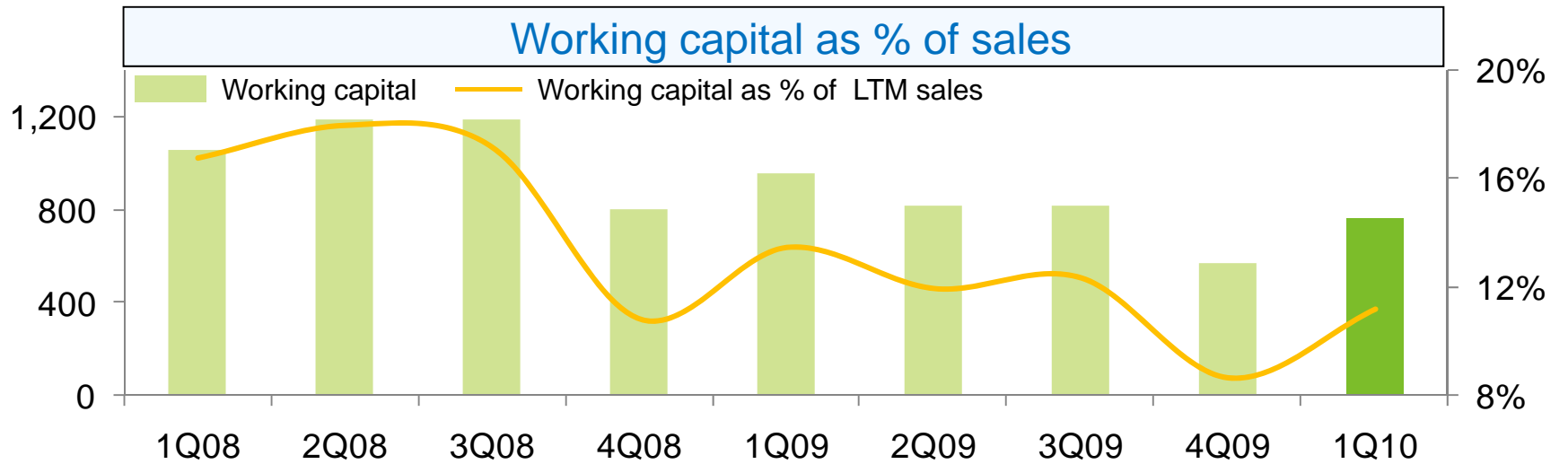
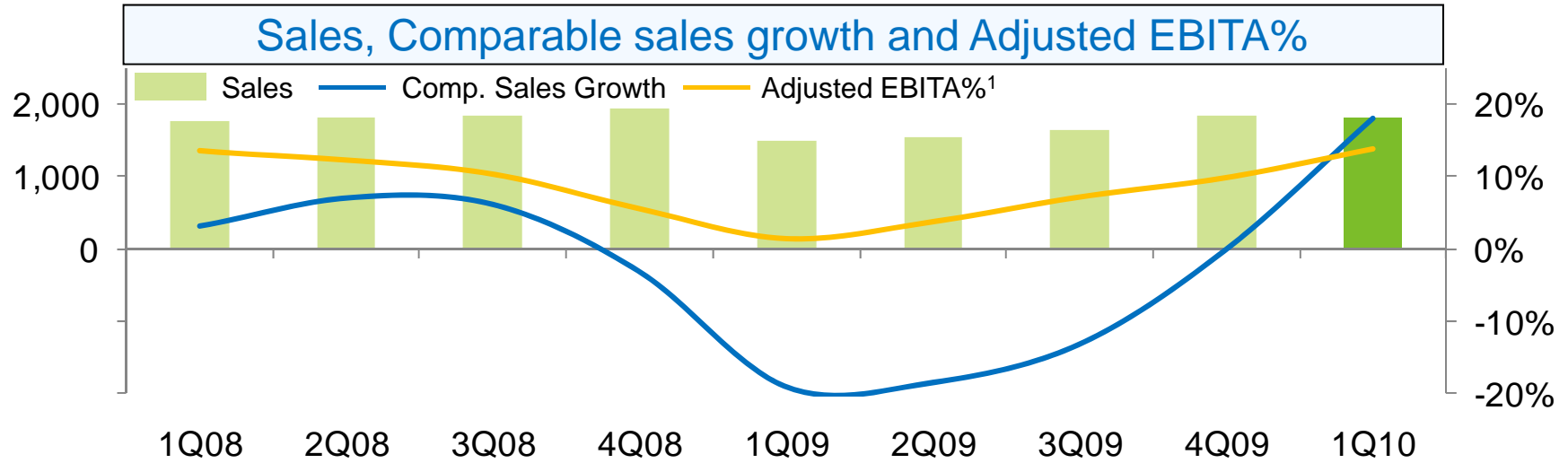
5%
 of sales invested
 in R&D in 2009

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 65)

Lighting: Q1 2010 Sector analysis

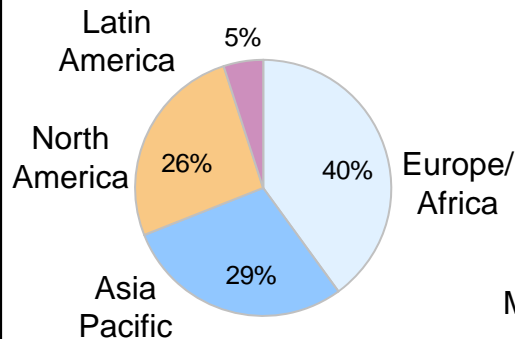
EUR million

Key figures

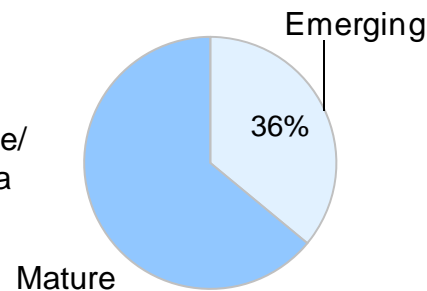
	1Q09	4Q09	1Q10
Sales	1,504	1,846	1,810
<i>% sales growth comp.</i>	<i>(19)</i>	<i>0</i>	<i>18</i>
EBITA	5	82	245
<i>EBITA as % of sales</i>	<i>0.3</i>	<i>4.4</i>	<i>13.5</i>
EBIT	(36)	41	204
<i>EBIT as % of sales</i>	<i>(2.4)</i>	<i>2.2</i>	<i>11.3</i>
NOC	5,964	5,104	5,528
Employees (FTEs)	52,766	51,653	51,527

Sales per region

1Q10



Emerging markets



Financial performance

- Comparable sales increased 18% year-on-year, driven by strong growth across most businesses. Lumileds saw a three-fold increase in sales. Automotive and Lamps also delivered strong growth, supported by restocking in some channels in Europe. From a regional perspective, significant growth was seen in China, India and Latin America.
- EBITA, excluding restructuring and acquisition-related charges of EUR 9 million (Q1 2009: EUR 19 million), was EUR 230 million higher than in Q1 2009. The strong year-on-year EBITA improvement was largely driven by higher sales, an improved product mix, fixed-cost savings and a legal settlement. Profitability in the quarter was also supported by approximately EUR 20 million of incremental fixed-cost coverage from a comparatively high number of production days in the quarter.
- Employees decreased by 1,239 y-on-y with a decline in perm. employees partly offset by an increase in temporary labor.

Looking ahead

- The city of Tilburg in the Netherlands is the first municipality in Europe to decide to fully change its street lighting to LED solutions. In addition, Philips expects to sell a significant number of installations in 2010.
- Through the continued introduction of new LED-based consumer and outdoor lighting solutions, Philips expects to further strengthen its position in both fields in 2010.
- At Light+Building 2010, Philips announced the introduction of a range of new LED-enabled lighting propositions for professional and consumer segments.
- Restructuring and acquisition-related charges in Q2 2010 are expected to total around EUR 35 million.

Lighting: the worlds #1 lighting company



¹ Excluding Japan

LED: the future of lighting

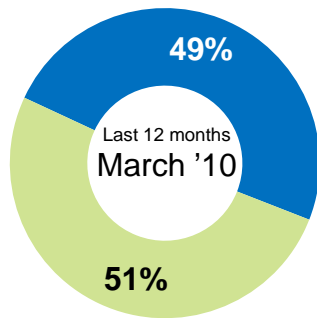
Expect exponential growth

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.

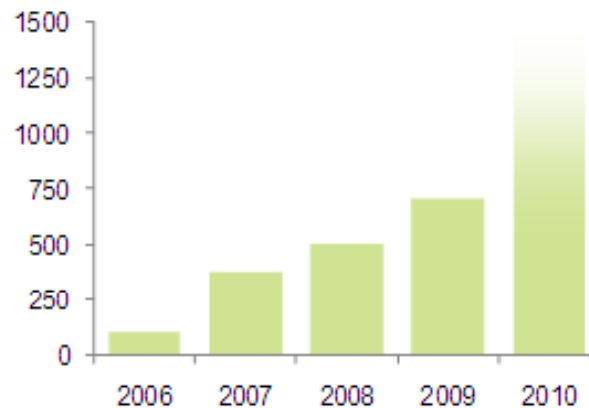
LED sales as a percentage of Lighting sales were 10% over the last twelve months.

Total sales EUR 0.7 billion



- Packaged LEDs
- LED Lamps and Luminaires

Growth LED Lamps and Luminaires¹

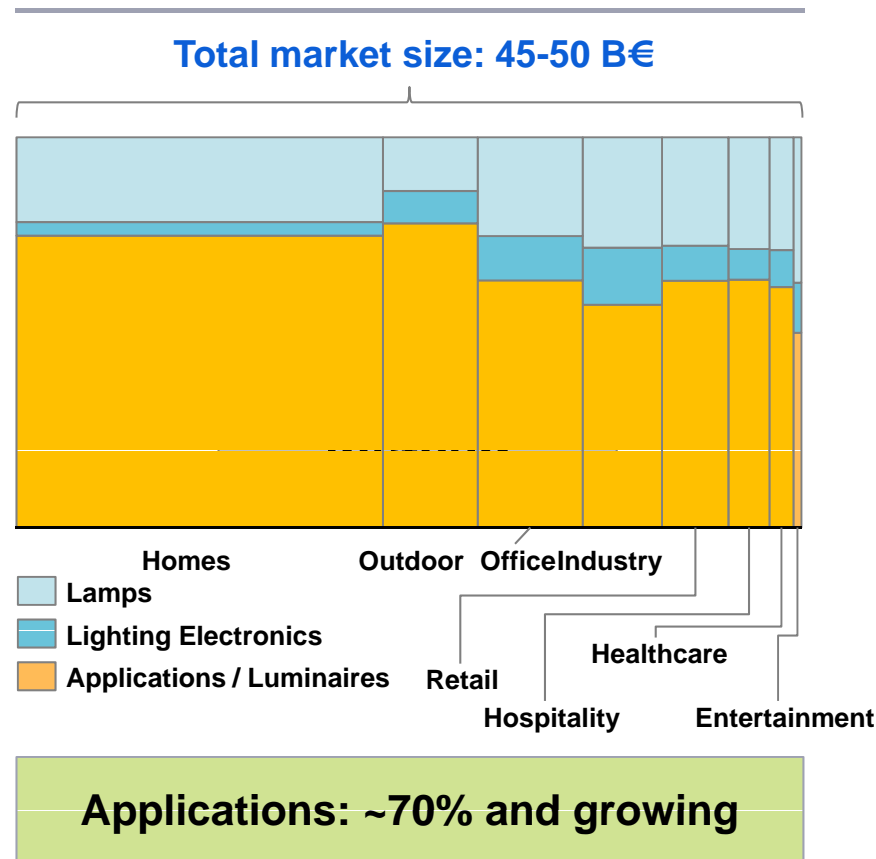


1 - Indexed Growth, base 2006 = 100

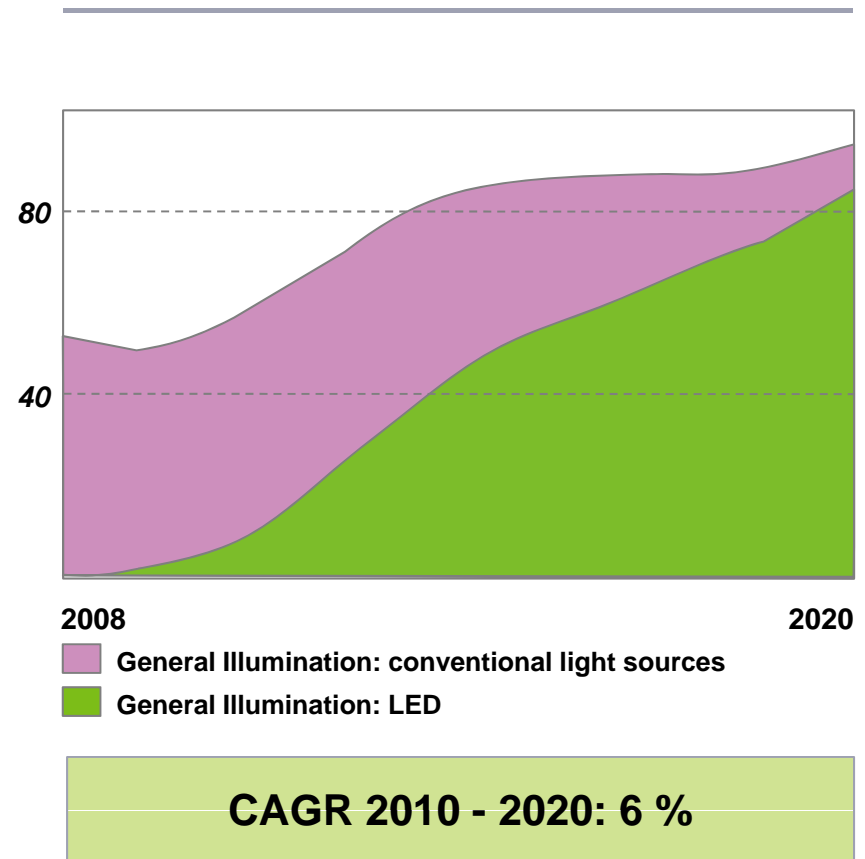


Lighting: the general illumination market will grow over the next decade

2009 general illumination market overview¹



Value (global, B€)



¹ Overview excludes Automotive and Entertainment
Source: Philips Lighting

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

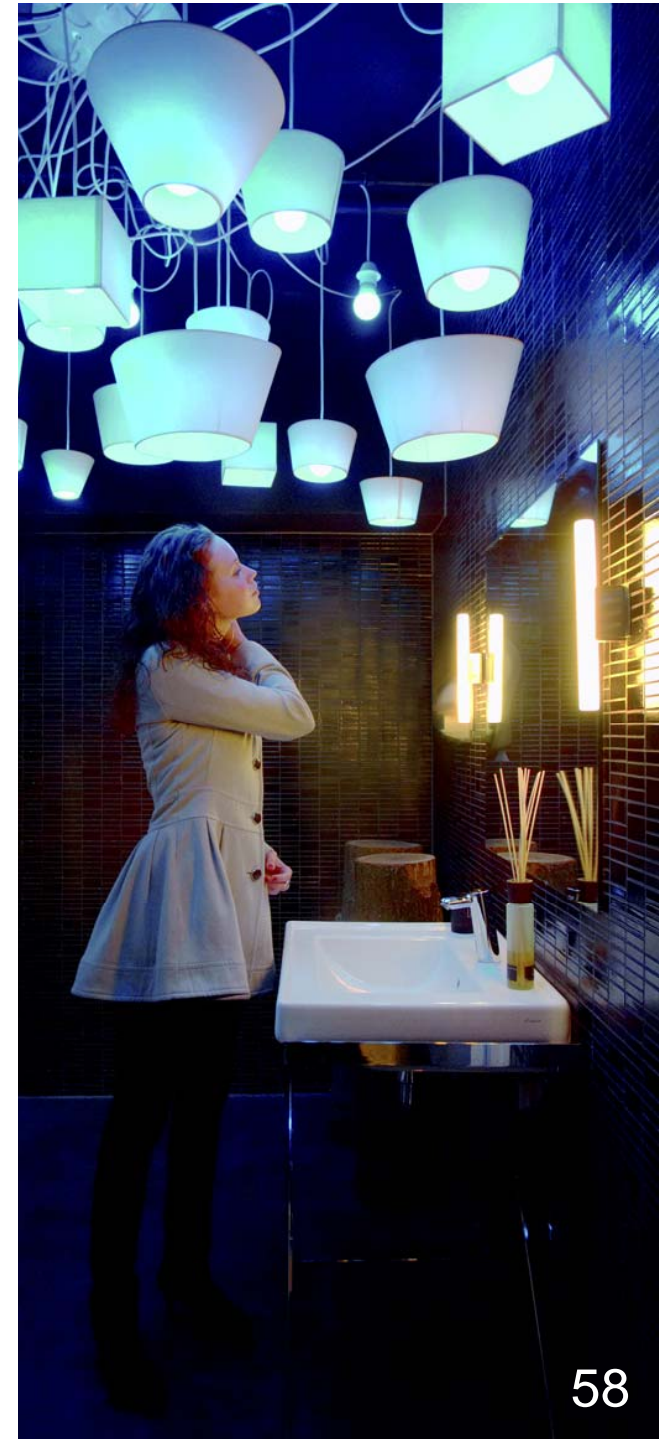
Corporate center; Countries & regions and Brand campaign expenditures

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 Q1 – Group Management & Services

EUR million

Key figures

	1Q09	4Q09	1Q10
Sales	74	109	104
<i>% sales growth comp.</i>	<i>(38)</i>	<i>(11)</i>	<i>49</i>
EBITA:			
Corporate Technologies	(39)	(34)	(11)
Corporate & Regional Costs	(35)	(65)	(31)
Pensions	(8)	51	(6)
Service Units and Other	(16)	(90)	(25)

EBITA	(98)	(138)	(73)
EBIT	(98)	(138)	(75)
NOC	(1,381)	(1,514)	(1,867)
Employees (FTEs)	12,186	11,586	11,715

Financial performance

- Sales increased from EUR 74 million in Q1 2009 to EUR 104 million, driven by improved sales and higher license revenues.
- EBITA amounted to a net cost of EUR 73 million, an improvement of EUR 25 million year-on-year. This was largely attributable to higher license income, improved earnings at Assembléon and lower R&D costs.

Looking ahead

- Net costs for the Group Management & Services sector in Q2 2010 are expected to total EUR 70 million.

PHILIPS

sense and simplicity

Appendix

Development cost capitalization & amortization by sector

EUR million

	Capitalization		Amortization	
	Q1 2009	Q1 2010	Q1 2009	Q1 2010
Healthcare	16	24	16	14
Consumer Lifestyle	12	19	22	19
Lighting	5	9	2	5
GM&S	2	1	-	-
Group	35	53	40	38

Fixed assets expenditures & Depreciation by sector¹

EUR million

	Gross CapEx		Depreciation	
	Q1 2009	Q1 2010	Q1 2009	Q1 2010
Healthcare	34	34	40	43
Consumer Lifestyle	27	41	34	35
Lighting	38	51	58	62
GM&S	13	12	22	21
Group	112	138	154	161

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	330	311
GM&S	88	58	89	103
Group	770	524	728	746

¹ Excluding software related capital expenditures and depreciation

Restructuring, acquisition-related and other charges

EUR million

	1Q09	2Q09	3Q09	4Q09	2009	1Q10
Acq.-related charges	(15)	(14)	(17)	(18)	(64)	(9)
Restructuring		(10)	(23)	(10)	(42)	(20)
Other Incidentals					-	
Healthcare	(15)	(24)	(40)	(27)	(106)	(29)
Acq.-related charges			(6)	(10)	(16)	(3)
Restructuring	(13)	(30)	(23)	(54)	(120)	(10)
<i>of which TV</i>	(6)	(28)	(22)	(5)	(61)	(4)
Other Incidentals	(30)	(17)			(47)	
Consumer Lifestyle	(43)	(47)	(29)	(64)	(183)	(13)
Acq.-related charges	(3)	(6)	(5)	(7)	(21)	(4)
Restructuring	(16)	(76)	(37)	(96)	(225)	(5)
Other Incidentals					-	
Lighting	(19)	(82)	(42)	(103)	(246)	(9)
Restructuring		(12)	(14)	(36)	(63)	
Other Incidentals		90	87	(2)	175	
GM&S	-	78	73	(38)	112	-
Grand Total	(77)	(75)	(38)	(233)	(423)	(50)

Restructuring benefits 2009 and 2010

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 and 2010 realised benefits per quarter compared to 2008 baseline.

	Benefit <i>compared to 2008 baseline</i>					
	1Q09	2Q09	3Q09	4Q09	FY 2009	1Q10
Healthcare	17	23	28	37	105	39
Consumer Lifestyle	32	38	61	69	200	69
Lighting	10	15	25	32	82	41
GM&S	5	5	6	15	31	9
TOTAL	64	81	120	153	418	158

PHILIPS

