Royal Philips

Fourth Quarter and Full Year 2015 Results

Information booklet

January 26th, 2016

innovation + you

PHILIPS

Important information

Forward-looking statements

This document and the related oral presentation, including responses to questions following the presentation, contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future EBITA and future developments in our organic business. By their nature, these statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these statements.

These factors include, but are not limited to, domestic and global economic and business conditions, developments within the euro zone, the successful implementation of our strategy and our ability to realize the benefits of this strategy, our ability to develop and market new products, changes in legislation, legal claims, changes in exchange and interest rates, changes in tax rates, pension costs and actuarial assumptions, raw materials and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where Philips operates, industry consolidation and competition. As a result, Philips' actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see the Risk management chapter included in the Annual Report 2014 and the "Risk and uncertainties" section in the semi-annual financial report for the six months ended June 30, 2015.

Third-party market share data

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

Use of non-GAAP Information

In presenting and discussing the Philips' financial position, operating results and cash flows, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. A reconciliation of such measures to the most directly comparable IFRS measures is contained in our Annual Report 2014. Further information on non-GAAP measures can be found in our Annual Report 2014.

Use of fair-value measurements

In presenting the Philips' financial position, fair values are used for the measurement of various items in accordance with the applicable accounting standards. These fair values are based on market prices, where available, and are obtained from sources that are deemed to be reliable. Readers are cautioned that these values are subject to changes over time and are only valid at the balance sheet date. When quoted prices or observable market data are not readily available, fair values are estimated using valuation models, which we believe are appropriate for their purpose. Such fair value estimates require management to make significant assumptions with respect to future developments, which are inherently uncertain and may therefore deviate from actual developments. Critical assumptions used are disclosed in our Annual Report 2014. Independent valuations may have been obtained to support management's determination of fair values.

All amounts are in millions of Euro's unless otherwise stated. All reported data is unaudited. Financial reporting is in accordance with the accounting policies as stated in the Annual Report 2014, unless otherwise stated. The presentation of certain prior-year information has been reclassified to conform to the current-year presentation.

Content

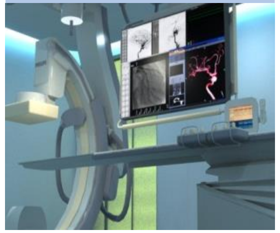
PHILIPS

Company Overview

Philips

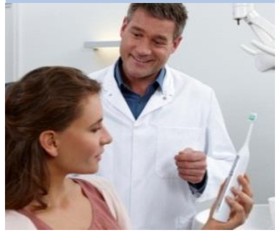
Businesses[1, 2]

Healthcare



46%

Consumer Lifestyle



23%

Lighting

31%

Geographies[1]

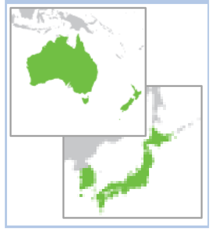
Western Europe

24%

North America

33%

Other Mature Geographies



8%

Growth Geographies[3]

35%

Since 1891
€24.2 billon sales in 2015, 70% B2B
~104,000 employees in over 100 countries

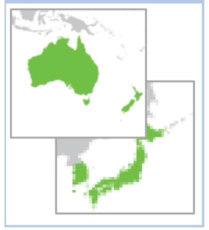
50% of the portfolio has global leadership positions
€1.9 billon R&D spend in 2015 and ~76,000 patent rights
More than 1/4 of revenues from recurring revenue streams

[1] Based on sales last 12 months December 2015. [2] Excluding Central sector (IG&S).
[3] Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.

PHILIPS

Healthcare

What we do. Where we are.

Healthcare							
Businesses[1]				Geographies[1]			
Imaging Systems	Healthcare Informatics, Solutions & Services	Patient Care & Monitoring Solutions	Customer Services	Western Europe	North America	Other Mature Geographies	Growth Geographies[2]
							
37%	6%	31%	26%	19%	45%	11%	25%

€10.9
Billion sales in 2015

40,000+
People employed worldwide in 100 countries

10%
of sales invested in R&D in 2015

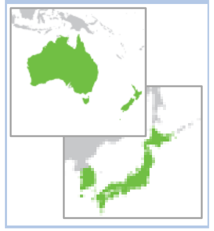
450+
Products & services offered in over 100 countries

[1] Based on sales last 12 months December 2015.
[2] Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.

PHILIPS

Consumer Lifestyle

What we do. Where we are.

Consumer Lifestyle						
Businesses[1, 2]			Geographies[1]			
Personal Care	Health & Wellness	Domestic Appliances	Western Europe	North America	Other Mature Geographies	Growth Geographies[3]
						
33%	24%	42%	27%	18%	7%	48%

€5.3
Billion sales in 2015

16,000+
People employed worldwide

6%
of sales invested in R&D in 2015

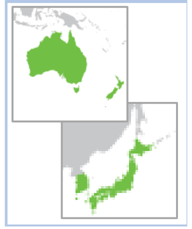
55%
of green product sales in 2014

[1] Based on sales last 12 months December 2015. [2] Other category (1%) is omitted from this overview.
[3] Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel.

PHILIPS

Lighting

What we do. Where we are.

Lighting						
Businesses[1]			Geographies[1]			
Light Sources & Electronics	Professional Lighting Solutions	Consumer Luminaires	Western Europe	North America	Other Mature Geographies	Growth Geographies[2]
						
57%	37%	6%	30%	27%	3%	40%

€7.4
Billion sales in 2015

33,000+
People employed worldwide in 60 countries

4%
of sales invested in R&D in 2015

72%
of green product sales in 2014

~ 75%
of sales is B2B

~ 48%
of sales is LED lighting[3]

[1] Based on sales last 12 months December 2015. [2] Growth geographies are all geographies excluding USA, Canada, Western Europe, Australia, New Zealand, South Korea, Japan and Israel. [3] Based on Q4 2015.

PHILIPS

Content

Continuing our multi-year *Accelerate!* journey to drive value creation

Accelerate!

Initiate new growth engines
- Invest in adjacencies
- Seed emerging business areas

Expand global leadership positions
- Invest to strengthen our core businesses
- Resource allocation to right businesses & geographies

Transform to address underperformance
- Turnaround or exit underperforming businesses
- Productivity & margin improvements
- Rebuild culture, processes, systems & capabilities
- Implement the Philips Business System

2011 2016

PHILIPS

Creating two focused companies to capture highly attractive market opportunities

Strategic benefits of the separation

- Establishing two focused winning companies
- Immediate opportunities to capture growth in attractive end-markets in transition
- Unique portfolio, insights and capabilities

Royal Philips

Focused on the EUR 140+ billion HealthTech opportunity

Serving the Health Continuum

Leveraging strengths of Healthcare and Consumer Lifestyle

EUR 16.8 billion sales 2015[1]

Philips Lighting

Focused on the EUR 65+ billion Lighting opportunity

Establishing stand-alone Lighting structure

LED Components & Automotive

EUR 7.4 billion sales 2015[2]

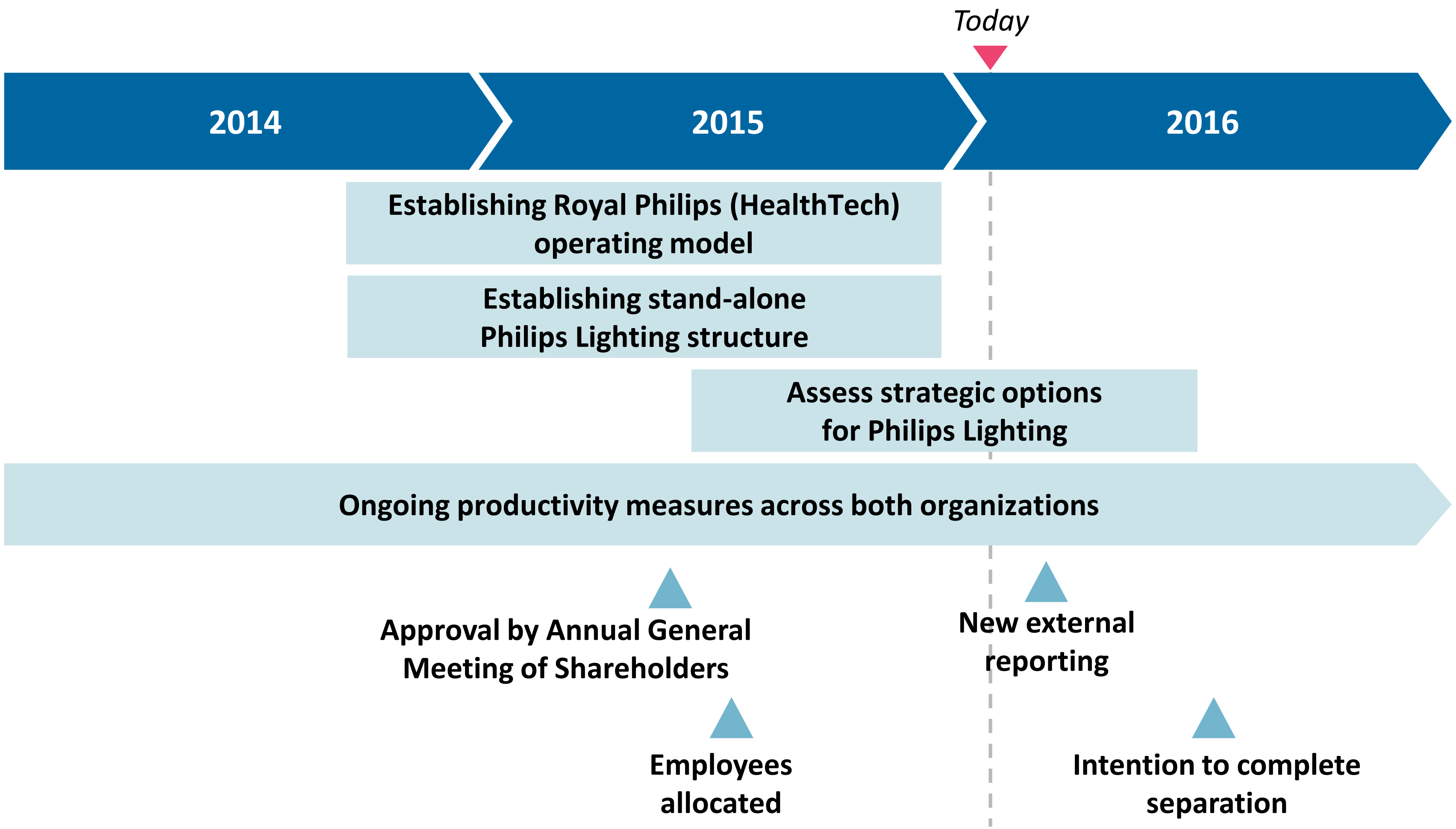
Operational benefits of the separation

- Higher growth and profitability
- Improved customer focus in attractive markets
- Faster decision making
- Lean overhead structure, less management layers
- Focused management
- Focused balance sheets and capital allocation policies
- Enable investments in growth

[1]Including IG&S revenue allocation. [2]Excluding LED Components & Automotive.

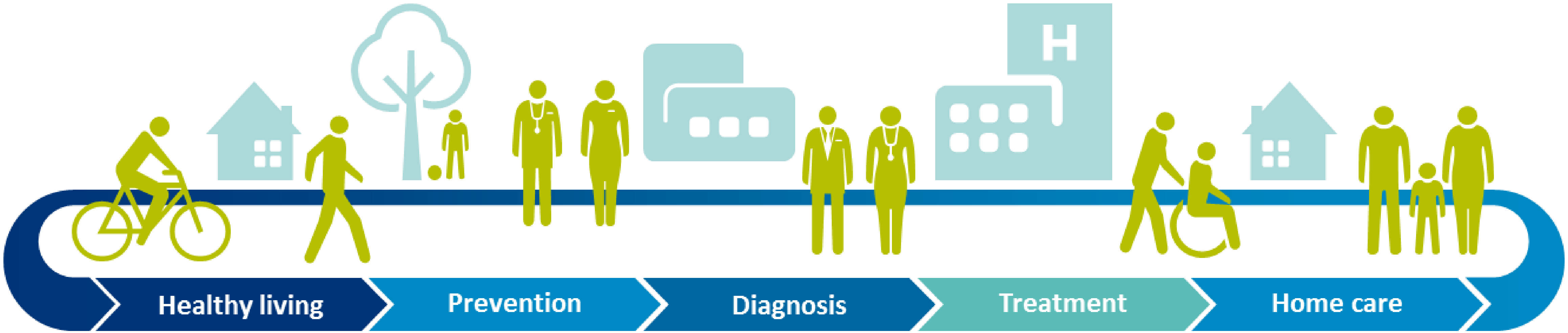
PHILIPS

We are well on our way to create two winning standalone companies



HealthTech: a EUR 140+ billion market opportunity

Philips indicative addressable market 2014[1] and approximate CAGR 2014–18



Healthy living	Prevention	Diagnosis	Treatment	Home care
EUR 35+ billion	**EUR 15+ billion**	**EUR 35+ billion**	**EUR 15+ billion**	**EUR 15+ billion**
CAGR ~4%	CAGR >10%	CAGR ~6%	CAGR ~7%	CAGR >10%

Monitoring, informatics and connected care

EUR 25+ billion
CAGR ~4%

Mid to high-single-digit market growth

[1] Source: Philips Internal Study based on external sources such as COCIR, NEMA, Soreon, IBIS World.

Profound market trends are driving the HealthTech opportunity

Healthy living → Prevention → Diagnosis → Treatment → Home care

Monitoring, informatics and connected care

Consumers increasingly engaged in their health

+

Shift to value-based healthcare will reduce waste, increase access and improve outcomes

+

Care shifting to lower cost settings and homes

We see two major opportunities for Philips:

- "Industrialization of care": enabling providers to deliver lower-cost care and better outcomes
- "Personalization of care": driving convergence of professional healthcare and consumer health

We build off strong leadership positions

Healthy living

Global leader[1]
Male electric shaving

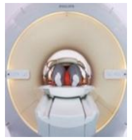
#1 in China
Air

Prevention

Global leader
Power toothbrush

Global leader
Mother & Childcare

Diagnosis



Global top 3
Diagnostic imaging

Global leader
Ultrasound

Treatment

Global leader
Image-guided interventions

Home care

Global leader
Sleep & Respiratory Care

#1 in North America
Home Monitoring

Monitoring, informatics and connected care

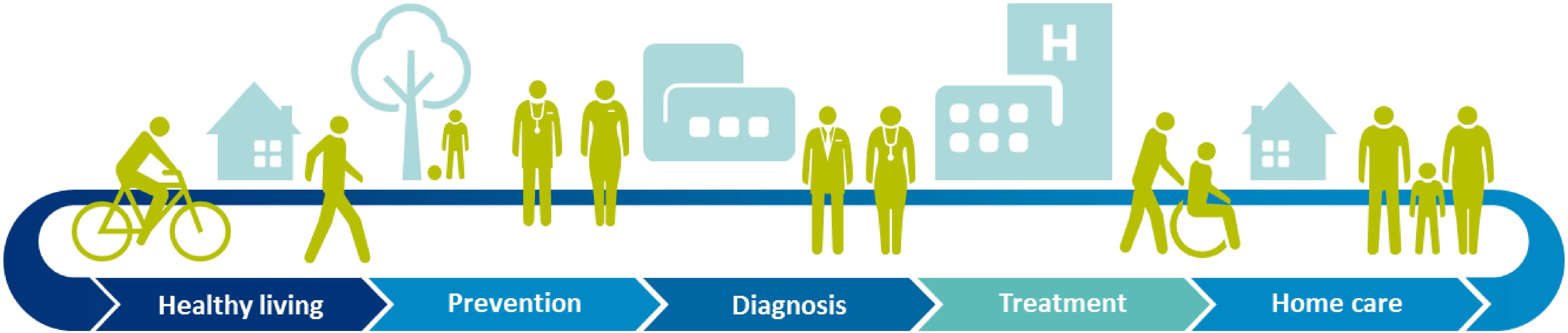
Global leader
Patient Monitoring

#1 in North America
Cardiology Informatics

[1] Global leader: #1 or #2 position in the global market.

Source: GfK, Nielsen, Euromonitor, Frost and Sullivan, Home Healthcare TBS, PCMS market insight.

We target healthcare customer and consumer needs along the Health Continuum



Healthy living	Prevention	Diagnosis	Treatment	Home care
Help people to live a healthy life in a healthy home environment	Enable people to manage their own health	Ensure first time right diagnosis with personalized and adaptive care pathways	Enable more effective therapies, faster recovery and better outcomes	Support recovery and chronic care at home

Monitoring, informatics and connected care

Improve population health outcomes and efficiency through integrated care, real-time analytics and value-added services

PHILIPS

We have a unique position to tap into the HealthTech opportunity

We deliver **leading solutions** that improve **personalized health outcomes** and drive **better productivity** along the Health Continuum, building on our strengths:

Deep consumer and customer insights

Advanced technology and world class design capabilities

Deep clinical know-how and rich data sets

Broad channel access in home and clinical environment

Digital analytics and **clinical decision support** expertise

Trusted solutions partner with **strong Philips brand**

HealthSuite digital platform enabling solutions along the Health Continuum

Our focus on multi-year strategic partnerships to optimize care

Example - Westchester Medical Center Health Network

Customer needs

- Transformation into a regional health network and integrated health provider
- Financial security and sustainable growth through performance and business model innovation
- Access to new technology and global best practices, with a focus on delivering care as close to home as possible

Philips – Solution & results

- USD 500 million, 15-year Enterprise Managed Services agreement
- Technology and services across portfolio: imaging, monitoring, tele-health, PACS, operations management, clinical and business consulting, education and IT integration
- Embedded Philips team
- Expansion opportunities
- Transform to new, consumer-centric care models

Content

PHILIPS

We are the clear global leader in lighting

Share of Lighting sales[1]

Components	Light Sources	Luminaires	Systems	Services

LED Components

Automotive

Lamps

38%
Global leader with #1 market share in every region

LED

18%
Global leader, with #1 market share in Europe and Americas

Luminaires, Systems and Services
for professional and home

44%
(Professional 37%, Home 7%)

Global leader
#1 market share in Professional in Europe, LatAm and Asia-Pacific[2]
and
Top 3 in Home in Europe and Asia-Pacific[2]

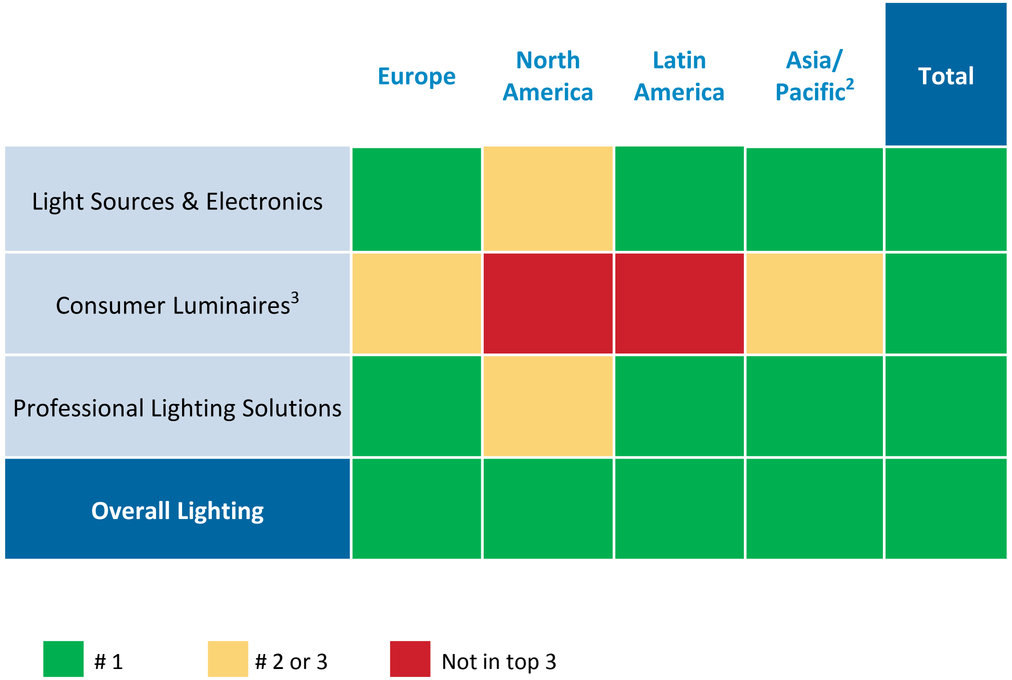
- Leading positions in conventional and key growth businesses
- Global reach with unmatched channel strength, brand value 3x higher than the next competitor
- Recognized track record of innovation and strong patent portfolio
- Leading the transformation to LED, Systems & Services

[1] Sales last 12 months December 2015; excluding LED components and Automotive. [2] Excluding Japan.
Source: 2014 Interbrand valuation study, TNS HeartBeat customer, consumer survey, customer panels, industry associations and internal analysis.

PHILIPS

We have leadership positions across all regions

Market share per Business Group and region – 2015[1]



- More than 2x bigger than next competitor[4]
- #1 in LED lighting and Conventional lighting
- #1 in connected lighting, systems and services[5]
- Market share in LED is higher than in conventional

[1] Source: Customer panels, industry associations and internal analysis (based on Sales last 12 months September 2015). [2] Excluding Japan. [3] #1 position globally as nearest competitors play only on specific regions; Excluding private labels. [4] Excluding segments which are not comparable to Philips Lighting. [5] Source: Markets and Markets, Global smart lighting market (2013–18).

Our Lighting strategy and operational plan drive growth and cash flow generation

Optimize cash from Conventional to fund growth

- Our industrial setup is flexible to cater for the conventional market decline dynamics

Fuel growth in LED, Systems and Services

- Innovate in LED products to outgrow market
- Lead the shift to Systems
- Capture adjacent value through new Services business models

Boost performance and execution

- Be our customers' best business partner locally, leveraging our global scale
- *Accelerate!* our operational excellence improvement journey

Lighting: attractive and growing EUR 65+ billion market

Key macro trends drive market growth

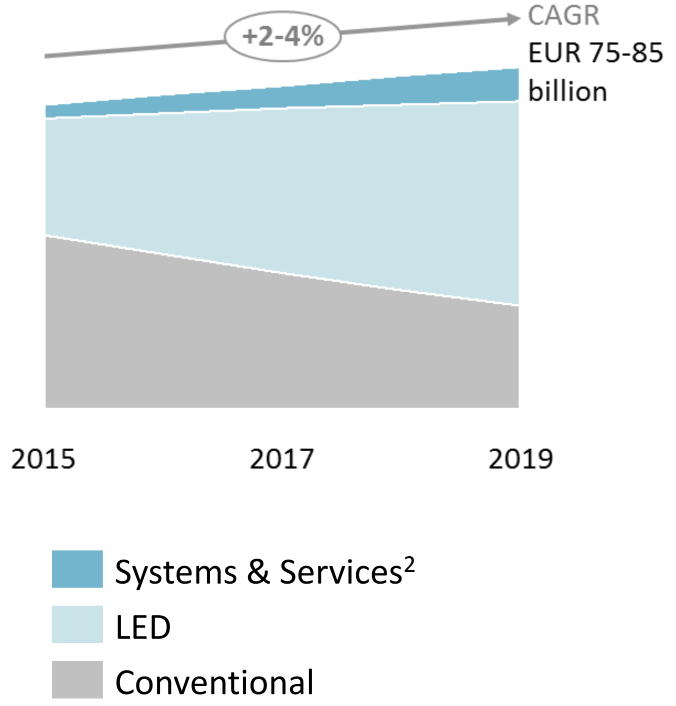
The world needs more light

The world needs more energy efficient light

The world needs more digital light

Overall market expected to grow 2–4%, with significant underlying shifts

Global lighting market forecast[1]



2015 - 2019 CAGR[1]

1	Conventional products	Mid-teens decline
2	LED products	Mid-teens growth
3	Systems & Services[2]	Systems: 20% to 25% Services[3]: 40% to 45%

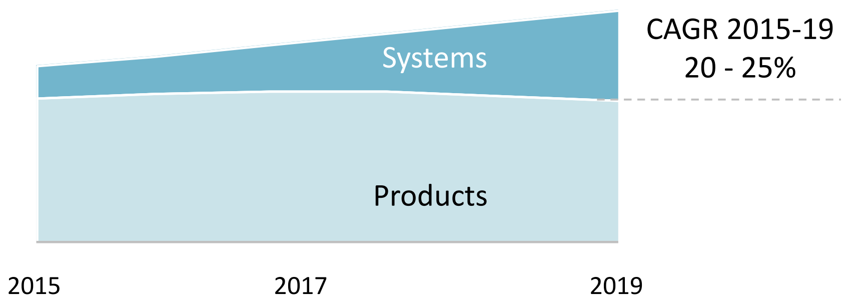
 [1] Source: BCG (converted into euros using 1.3269 EURUSD FX rate). Excluding LED components and Automotive market. [2] Only professional market and lifecycle data-enabled services.

PHILIPS

Double-digit growth in systems & services improves overall lighting market attractiveness

Systems will expand the addressable market by EUR 3 - 4 billion

Professional lighting solutions market forecast

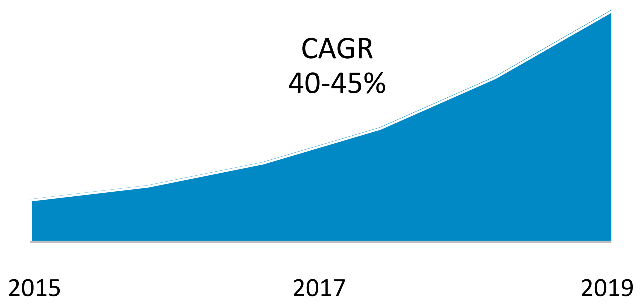


Expected to represent 40% of the professional market by 2018

- Leverage lighting assets in new ways
- Value beyond illumination and improved customer business performance

Data-enabled services will further expand the market by EUR 1 billion

Data-enabled services market forecast



Data transmitted through digital light points enables asset-light services

- Data can be analyzed to provide actionable insights
- Optimized management and monitoring of performance

Uniquely positioned to capture the high growth and accretive market opportunities of systems and services

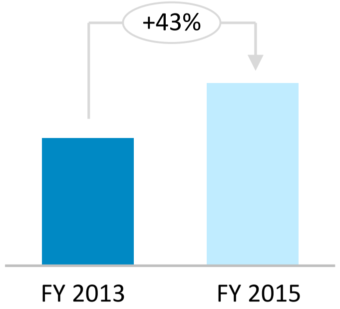
 Note: Systems installation market excluded in addressable market, where we mainly leverage our partner network. Source: Philips internal study, expert interviews.

PHILIPS

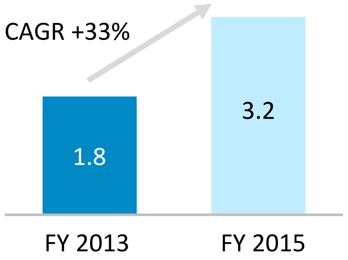
We are the leading LED lighting company

Increased R&D investment in LED leading to improved results

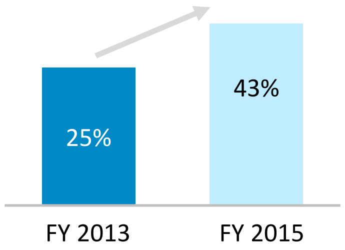
R&D spend LED Indexed



LED sales increase (in EUR billion)



LED as a % of Lighting sales



Increased focus on LED portfolio developments

- We lead the technological revolution by investing significantly in LED R&D
- Total LED sales ~ EUR 3.2 billion in FY 2015
- LED revenue growth and cost productivity gains improve profitability

Leveraging Intellectual Property

- Scope: LED Controls and Basic Optics
- Philips Lighting Patent Portfolio:

  - 90% LED and digital related, - 10% Conventional related
- 1400 Rights licensed
- Licensing program has more than 600 licensees

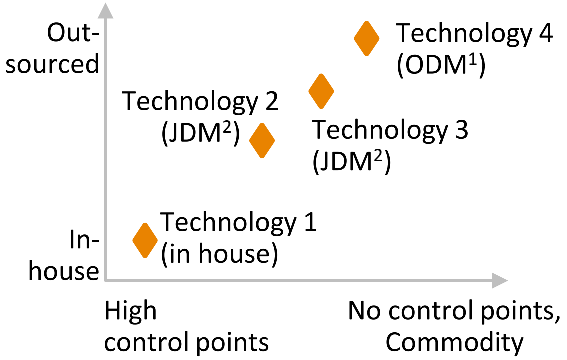
 Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.

PHILIPS

LED lamps margins improve as we focus on cost down and differentiating innovations

Model is optimized to reduce costs

Manufacturing model metrics (indicative)



- Selectively outsource technologies as they commoditize
- Innovative products and control points remain in house

Differentiation through innovation

Warm glow

- Replicates the effect of a dimmed halogen or incandescent lamp

The classic LED bulb

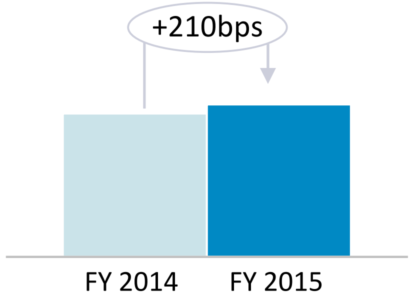
- Produced and launched in Europe at <EUR 5
- Frosted incandescent look and feel through the use of glass bulb

EcoFit LEDtube

- Open-up trade retail channel in Asia with affordable price point
- Direct retrofit, no installation hassle

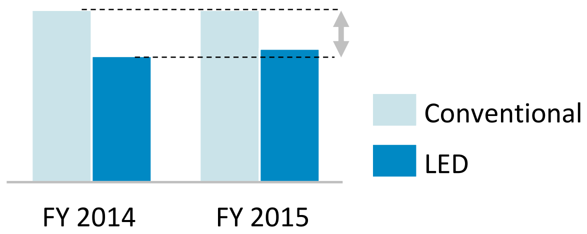
Measures are paying off

Adjusted gross margin LED Lamps



Gross margin difference of LED vs. Conventional lamps is narrowing

Adjusted gross margin

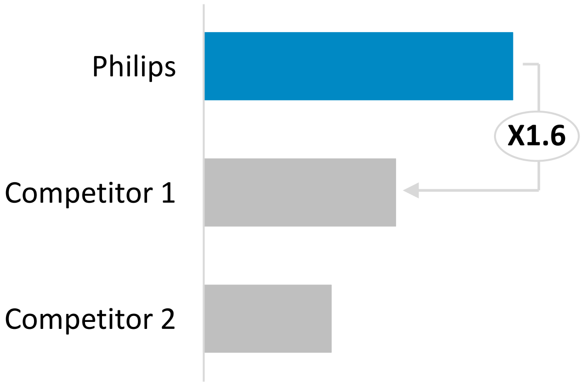


 [1] Original Design Manufacturing. [2] Joint Development Manufacturing. [3] After rebates in selected states.

Performance remains strong in conventional and our industrial setup is flexible to cater to the market decline

#1 in conventional lamps and drivers

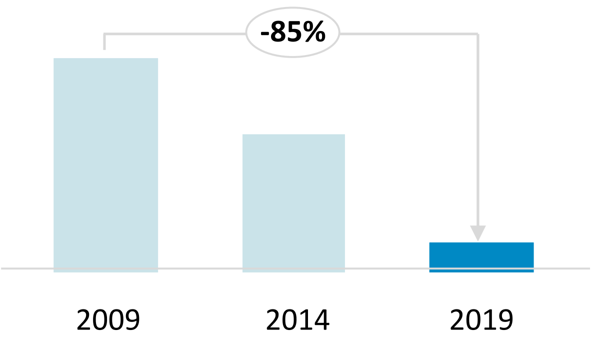
Market share[1]



- Capture value by leveraging our:
  - Global market presence
  - Leading technology, trusted brand
  - Extensive customer channels

We adapt capacity in response to market demand

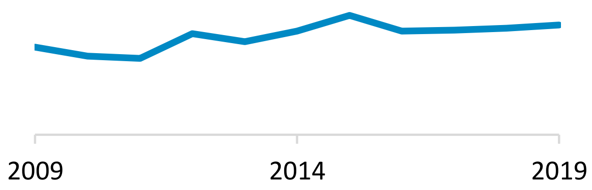
# of manufacturing sites, LS&E[2]



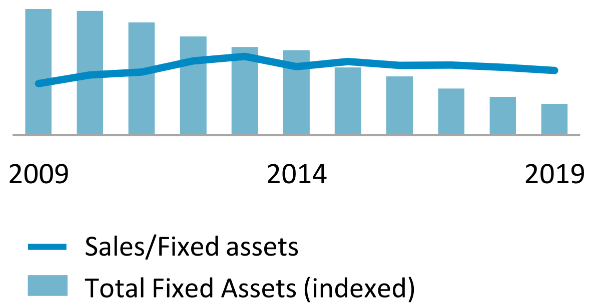
- Ability to adjust capacity with a 3-month lead time
- Closure of sites accelerated in line with market demand

Measures deliver positive results

Free Cash Flow to sales ratio, conventional lamps and drivers



Fixed asset turnover ratio, conventional lamps and drivers



 [1] Source: competitors filings and reports. [2] Light Sources & Electronics.

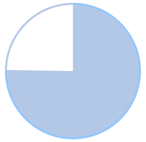
PHILIPS

Content

PHILIPS

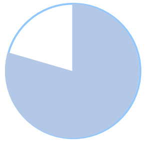
Accelerate! driving further change and performance

Customer Centricity



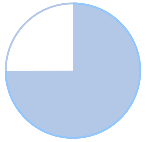
- Increase local relevance of product portfolio
- Focused Business-to-Government sales channel; Develop digital and CRM capabilities
- Enhance sales capabilities for Solutions, Systems and Services
- Expansion into adjacent and new growth markets to drive growth

Resource to Win



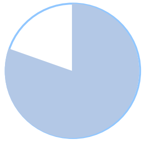
- Increase performance adherence to plan per BMC (Business Market Combination) > 90%
- Targeted investments to drive value creation and extend market leadership
- Strengthen BMC capabilities with global tools, training and ways of working

End2End Execution



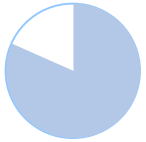
- Non-overhead productivity gains of 100 bps margin impact to be achieved by 2016
  - Transform customer chains to 4 Lean business models
  - Roll-out new integrated IT landscape
  - Reduce Cost of Non Quality by 30%, Inventory reduction by 20%
- Accelerate innovation time to market by avg. 40%; Increase customer service to >95%
- EUR 1 billion via Design for Excellence (DfX) over the period 2014-2016

Growth and Performance Culture



- Focus on the 6 competencies that will accelerate our transformation
- Run and measure monthly performance dialogues to take ownership for the transformation
- Build Philips University to increase learning and competency development
- Excellence practices to increase operational performance; Lean skills for all employees
- Increase Employee Engagement in markets

Operating Model



- Simplify and de-layer organization, reduce overhead costs by EUR 1.8 billion
- Implement the Philips Business System in the organization
- Continue to transform Finance, HR and IT to increase productivity and effectiveness
- Align all employees to common performance management objectives

Supported by dedicated senior Transformation Leadership to ensure execution

PHILIPS

Productivity programs continue to improve operational performance

(EUR million)	**2011-14 Actual**	**2015 Plan**	**2015 Actual**	**2016 Plan**
Incremental gross overhead cost savings in the period	1,335	265	290	200
Procurement[1]	284	~300	379	~340
End2End productivity gains[1]	79	~80	187	~90
Restructuring - Accelerate	(456)	(75)	(96)	(50)
Investments[2]	(433)	(185)	(191)	(140)

All savings numbers are gross numbers

Accelerate!

[1] The program started in 2014. [2] Investments to enable overhead cost savings as well as on the overall execution of the *Accelerate!* transformation.

Note - The above figures have been adapted to exclude results related to the Audio, Video, Multimedia and Accessories and the combined businesses of Automotive and Lumileds.

PHILIPS

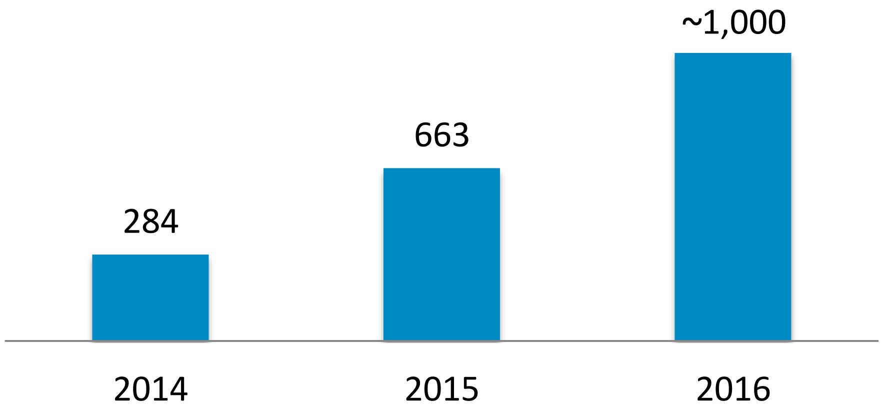
On track to achieve procurement transformation targets

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

- End2End approach to product creation, with one integrated procurement team, supply chain, R&D, marketing, finance and the supplier upfront to drive breakthrough cost savings through:
  - Value engineering
  - Re-design the purchasing value chain
  - Leveraging global spend
- Cost savings can be achieved in mature products, i.e. products being manufactured 5+ years, as well as new product introductions
- Funnel of opportunities targeting additional cumulative savings of EUR 1 billion over the period 2014 to 2016

Cumulative procurement gross savings

EUR million



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

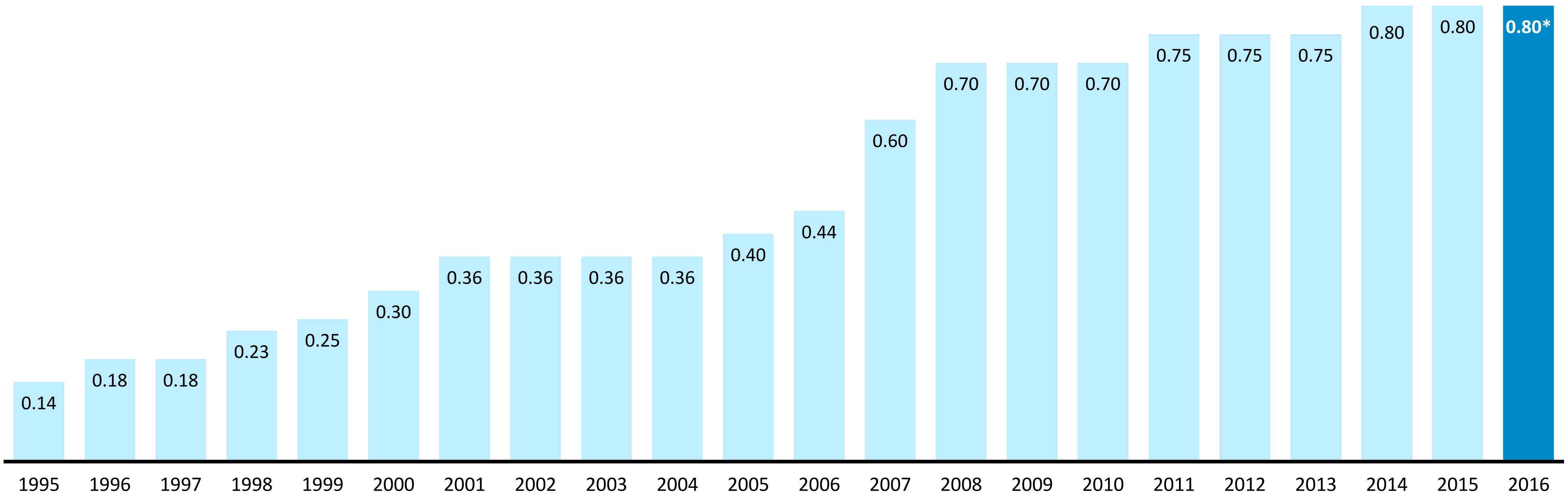
PHILIPS

Capital allocation

- Continue to invest in high ROIC organic growth opportunities to strengthen each business
- Disciplined but more active approach to M&A, with a focus on HealthTech, while continuing to adhere to strict return hurdles
- Committed to a strong investment grade credit rating
- Committed to dividend-stability and a 40% to 50% pay-out of continuing net income
- Complete the current EUR 1.5 billion share buyback program by October 2016

A history of sustainable dividend growth

EUR per share



We are committed to dividend-stability and a 40% to 50% pay-out of continuing net income

 Note: Elective dividend, proposal subject to approval in the General Shareholders Meeting on May 12th, 2016

PHILIPS

Content

PHILIPS

Performance by sector – Q4 2015

Key Highlights

- Comparable equipment order intake up 15%
- Comparable sales up 2%
- Adj. EBITA margin of 11.9%, up 50 bps compared to Q4 2014
- Gross overhead, Dfx and End2End productivity savings amounted to EUR 160 mln in the quarter
- Inventories amounted to 14.2% of sales[1], down 110 bps compared to Q4 2014
- Free Cash inflow of EUR 740 mln, compared to EUR 559 mln inflow in Q4 2014
- ROIC was 10.2% excluding charges related to Pension settlements in the US and the UK

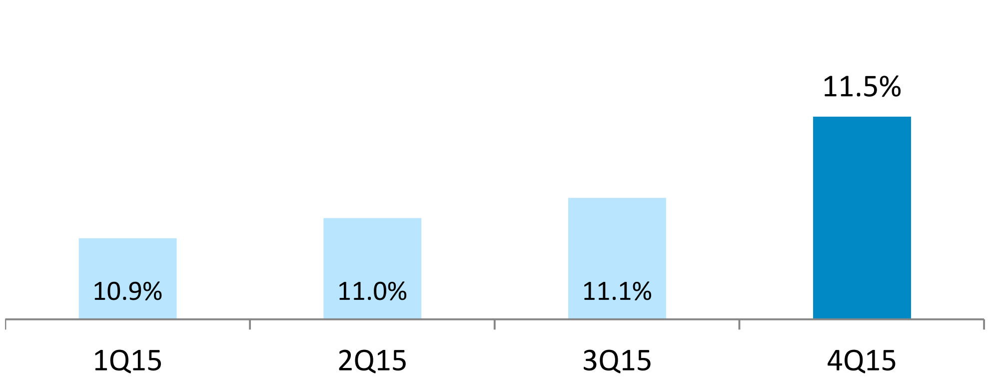
	Sales (EUR mln)	CSG	Adj. EBITA margin	Variance (bps)	EBITA margin	Variance (bps)
Healthcare	3,270	3%	15.8%	100	13.2%	(50)
Consumer Lifestyle	1,663	6%	17.8%	180	14.9%	(150)
Lighting	2,026	(2)%	10.5%	150	7.5%	950
IG&S	136	(11)%	-	-	-	-
Philips	**7,095**	**2%**	**11.9%**	**50**	**3.7%**	**(30)**

[1] Inventories as a % of sales excludes inventories and sales related to acquisitions, divestments and discontinued operations.

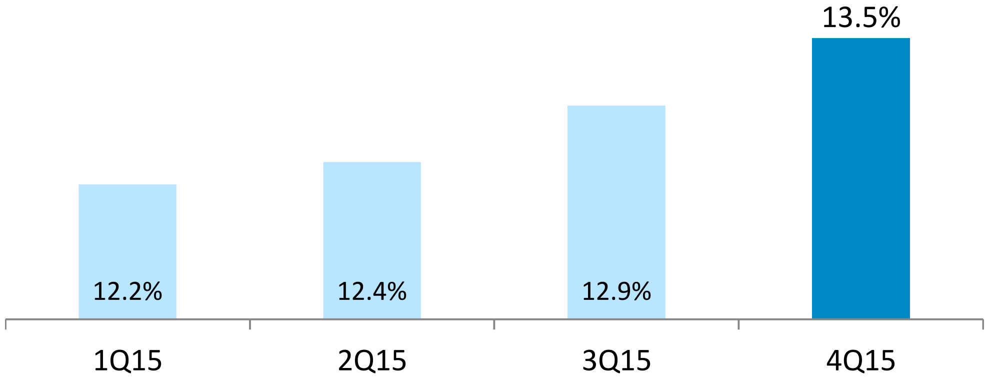
Adjusted EBITA[1] margin development

Rolling last 12 months

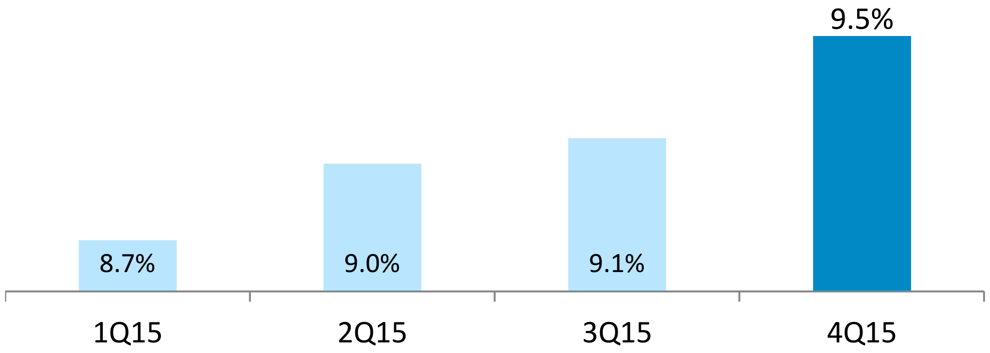
Healthcare



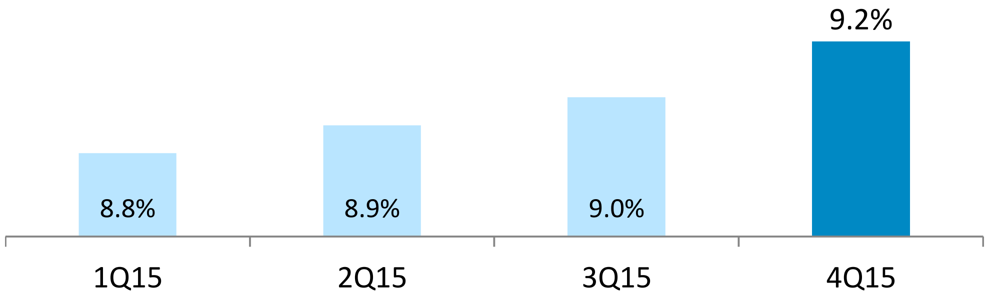
Consumer Lifestyle



Lighting



Philips



[1] Adjusted EBITA is EBITA excluding restructuring, acquisition-related charges and other items (details on slide 47).

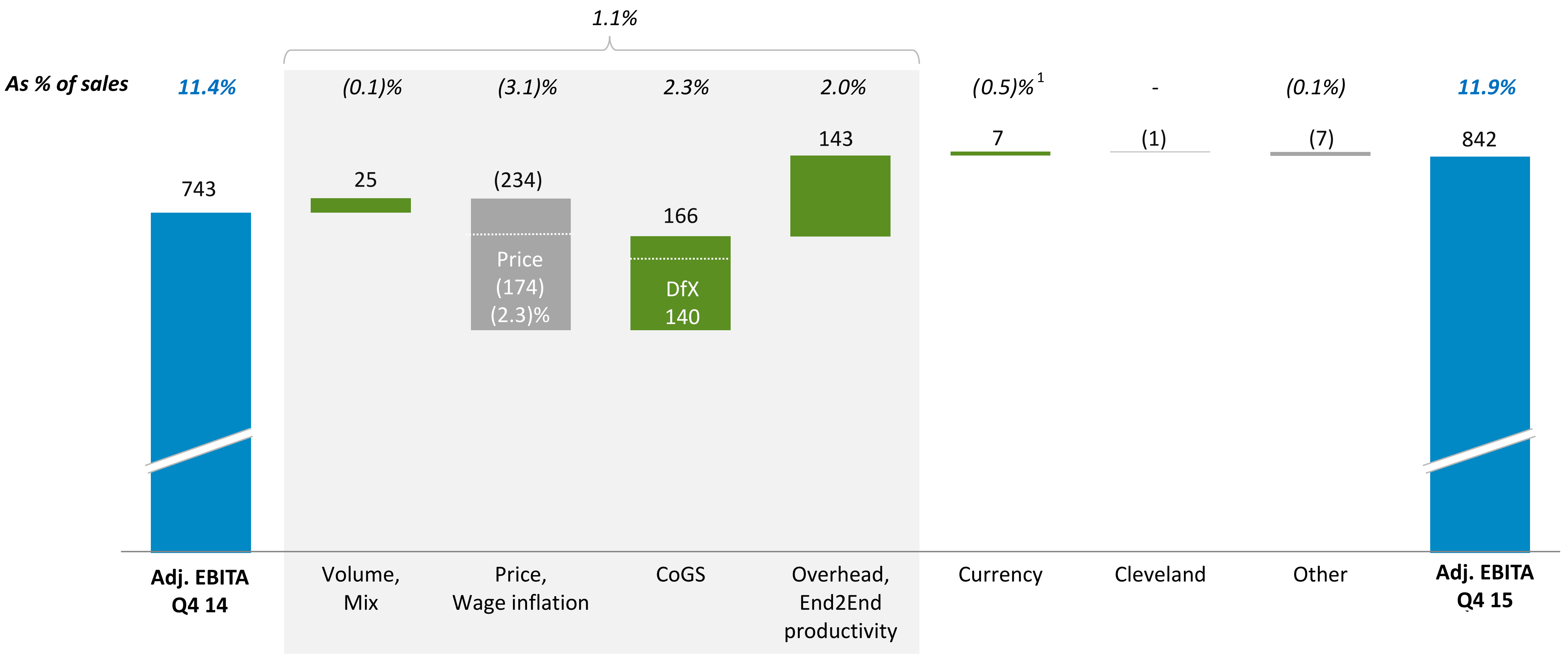
Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.

Sales by geography – Q4 2015

	Sales (EUR mln)	Nominal growth	CSG	Share of Philips sales
Western Europe	1,767	(1)%	(3)%	25%
North America	2,327	17%	2%	33%
Other Mature Geographies	493	9%	1%	7%
Growth Geographies[1]	2,508	8%	6%	35%
Philips	**7,095**	**9%**	**2%**	**100%**

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

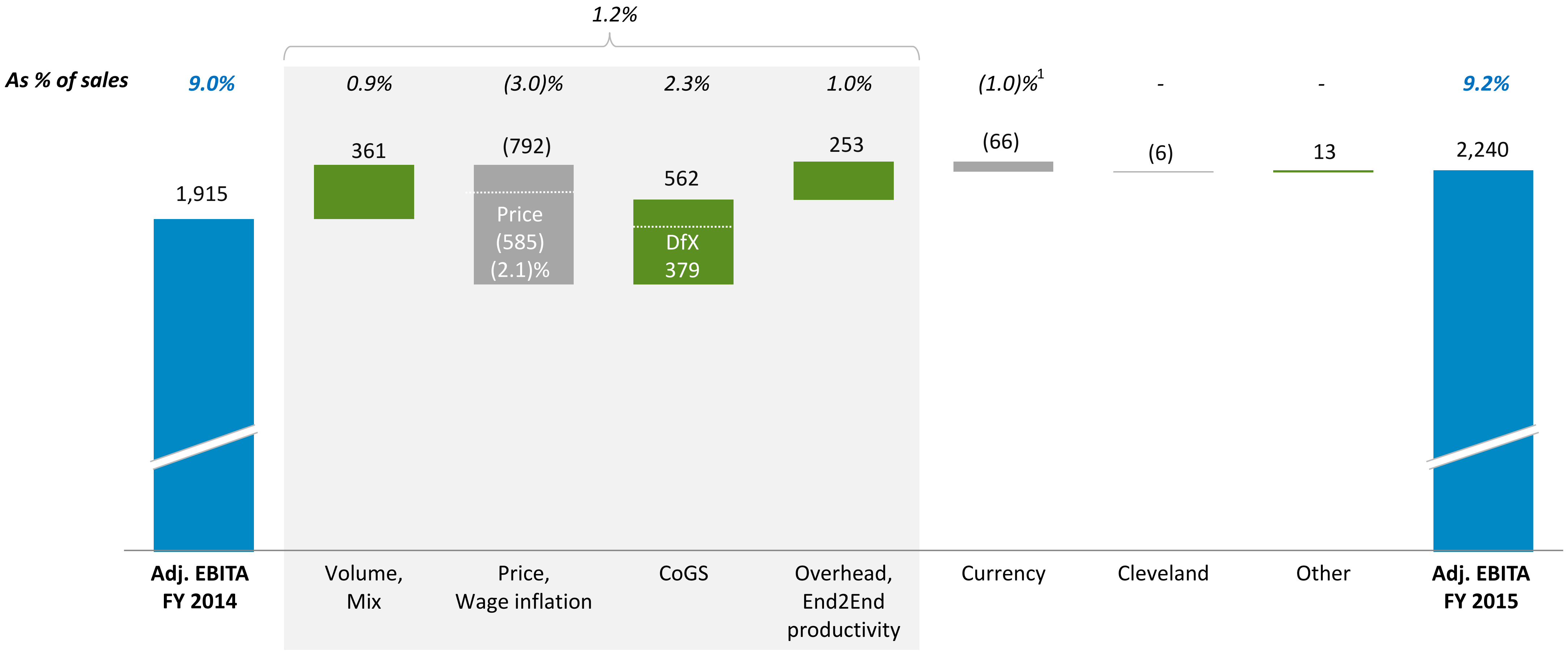
Accelerate! improved operational performance and offset headwinds in Q4 2015



[1] Net effect of currency impact on sales and EBITA.

PHILIPS

Accelerate! improved operational performance and offset headwinds in 2015

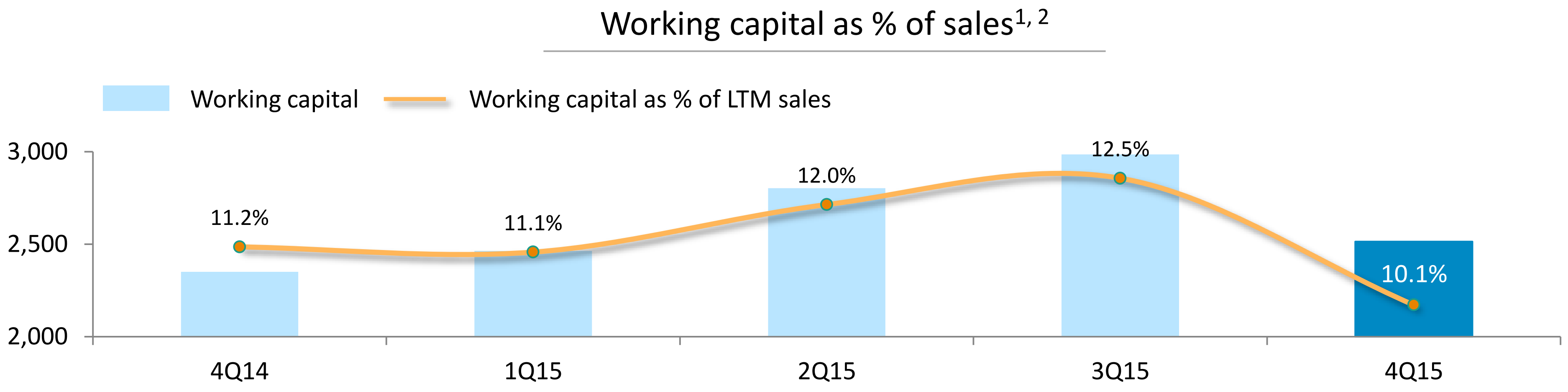


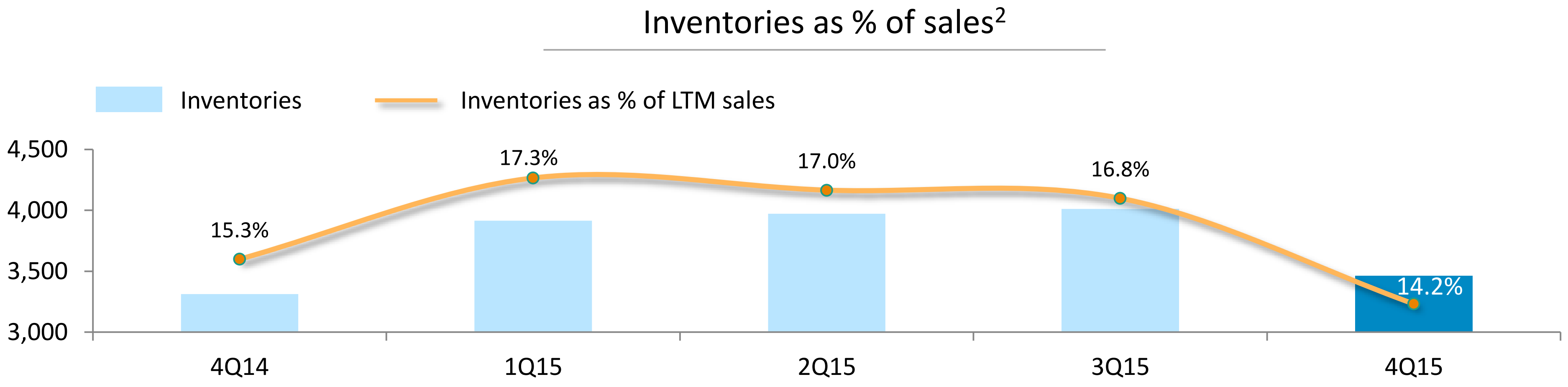
[1] Net effect of currency impact on sales and EBITA.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.

Working capital & inventories

EUR million

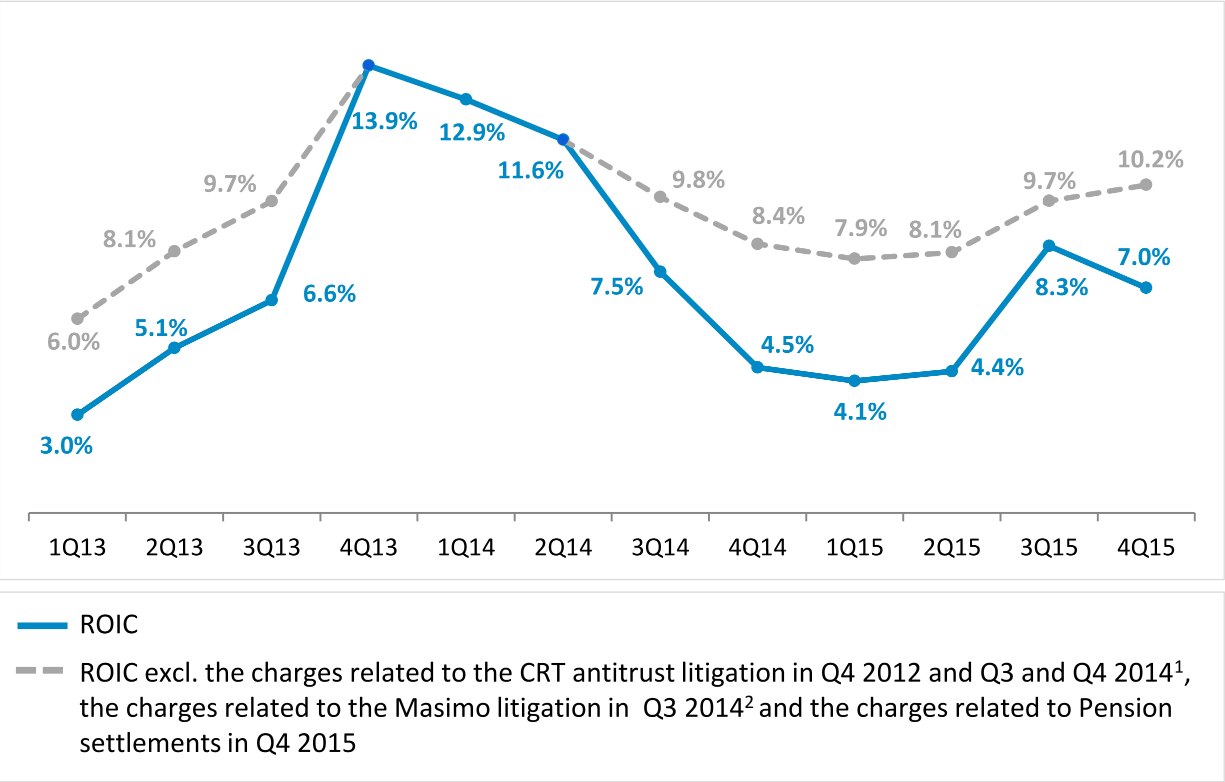




[1] Working capital as % of sales of Healthcare, Consumer Lifestyle and Lighting; excluding IG&S. [2] Working capital as a % of sales and Inventories as a % of sales exclude acquisitions, divestments and discontinued operations.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.

Development of Return on Invested Capital (ROIC)



- ROIC was 10.2% in Q4 2015, excluding charges related to Pension settlements in the US and the UK
- This compares to 9.7% in Q3 2015 and to 8.4% in Q4 2014, excluding the charges related to the CRT antitrust litigation[1] and the charges related to the jury verdict in the Masimo litigation[2]
- The net operating capital prior to Q4 2014 still includes Lumileds and Automotive whereas the EBIAT of those businesses have been excluded from all periods shown

Notes:
Philips calculates ROIC % as: EBIAT/ NOC
Quarterly ROIC % is based on LTM EBIAT and average NOC over the last 5 quarters
EBIAT are earnings before interest after tax; reported tax used to calculate EBIAT

[1] CRT = Cathode-Ray Tubes, a business divested by Philips in 2001. [2] Philips will pursue all relevant avenues of appeal.

PHILIPS

Financial calendar 2016

February 23	Annual Report 2015
April 25	First quarter results 2016
May 12	Annual General Meeting of Shareholders
July 25	Second quarter results 2016
September 13	Capital Markets Day
October 24	Third quarter results 2016

PHILIPS

Appendix

Key financials summary

EUR million

	Q4 2014	Q4 2015	FY 2014	FY 2015
Sales	6,536	7,095	21,391	24,244
Adjusted EBITA	743[1]	842[2]	1,915[3]	2,240[4]
EBITA	262	263	821	1,372
Financial income and expenses	(78)	(128)	(301)	(369)
Income taxes	(16)	(152)	(26)	(239)
Net income	134	(39)	411	659
Net Operating Capital	8,838	11,096	8,838	11,096
Net cash flow from operating activities	841	956	1,303	1,167
Net capital expenditures	(282)	(216)	(806)	(842)
Free cash flow	559	740	497	325

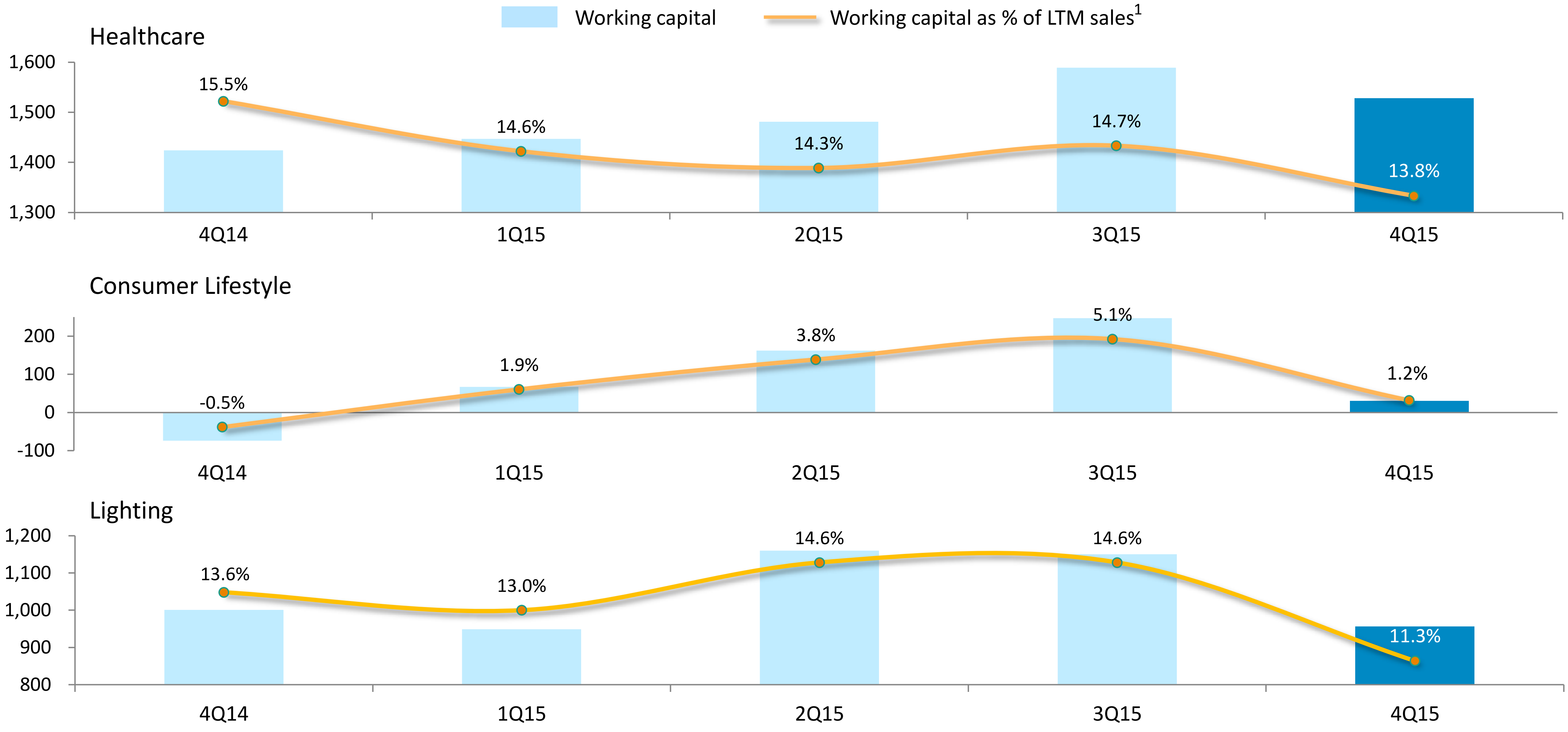
[1] Q4 2014 excludes EUR (279)M of restructuring and acquisition-related charges and EUR (202)M other incidentals. [2] Q4 2015 excludes EUR (150)M of restructuring and acquisition-related charges and EUR (429)M other incidentals.
[3] 2014 excludes EUR (434)M of restructuring and acquisition-related charges and EUR (660)M other incidentals. [4] 2015 excludes EUR (283)M of restructuring and acquisition-related charges and EUR (585)M other incidentals.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.

PHILIPS

Working capital per business sector

EUR million



[1] Working capital as a % of sales excludes acquisitions, divestments and discontinued operations.

Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.

PHILIPS

Gross capital expenditures & Depreciation by sector

EUR million

	Gross CapEx[1]				Depreciation[1]			
	Q4 2014	Q4 2015	FY 2014	FY 2015	Q4 2014	Q4 2015	FY 2014	FY 2015
Healthcare	41	50	127	155	39	61	148	201
Consumer Lifestyle	46	42	109	107	35	31	113	114
Lighting	32	26	84	88	104	38	212	143
IG&S	34	60	117	172	37	36	119	124
Philips	**153**	**178**	**437**	**522**	**215**	**166**	**592**	**582**

[1] Capital expenditures and depreciations on property, plant and equipment only.

PHILIPS

Development cost capitalization & amortization by sector

EUR million

	Capitalization				Amortization			
	Q4 2014	Q4 2015	FY 2014	FY 2015	Q4 2014	Q4 2015	FY 2014	FY 2015
Healthcare	66	64	221	237	48	54	166	203
Consumer Lifestyle	15	13	57	51	10	10	32	38
Lighting	6	6	23	24	10	7	33	29
IG&S	52	14	96	63	0	1	0	1
Philips	**139**	**97**	**397**	**375**	**68**	**72**	**231**	**271**

PHILIPS

Restructuring, acquisition-related charges and other items

in EUR million	1Q14	2Q14	3Q14	4Q14	**2014**	1Q15	2Q15	3Q15	**4Q15**	**2015**
Acq.-related charges	-	-	-	(1)	**(1)**	(24)	(23)	(38)	**(22)**	**(107)**
Restructuring	(21)	1	(3)	(46)	**(69)**	(6)	2	(2)	**(55)**	**(61)**
Other Incidentals	-	-	(415)[1]	16	**(399)**	(28)	-	(31)[4]	**(8)**	**(67)**
Healthcare	(21)	1	(418)	(31)	**(469)**	(58)	(21)	(71)	**(85)**	**(235)**
Acq.-related charges	-	(1)	1	(1)	**(1)**	-	-	-	**-**	**-**
Restructuring	-	-	(5)	(3)	**(8)**	(1)	1	-	**(36)**	**(36)**
Other Incidentals	-	-	-	11	**11**	-	-	-	**(13)**	**(13)**
Consumer Lifestyle	-	(1)	(4)	7	**2**	(1)	1	-	**(49)**	**(49)**
Acq.-related charges	(2)	(2)	(8)	(7)	**(19)**	(1)	(2)	(1)	**(2)**	**(6)**
Restructuring	(28)	(20)	(22)	(156)	**(226)**	(24)	(10)	(14)	**(45)**	**(93)**
Other Incidentals	-	-	-	(55)	**(55)**	-	-	-	**(14)**	**(14)**
Lighting	(30)	(22)	(30)	(218)	**(300)**	(25)	(12)	(15)	**(61)**	**(113)**
Restructuring	-	(4)	(41)	(65)	**(110)**	(2)	8	4	**10**	**20**
Other Incidentals	-	-	(43)[2]	(174)	**(217)**	(11)	(27)	(59)	**(394)**[5]	**(491)**
IG&S	-	(4)	(84)	(239)	**(327)**	(13)	(19)	(55)	**(384)**	**(471)**
Total Acq.-related charges	(2)	(3)	(7)	(9)	**(21)**	(25)	(25)	(39)	**(24)**	**(113)**
Total Restructuring	(49)	(23)	(71)	(270)	**(413)**	(33)	1	(12)	**(126)**	**(170)**
Total Other Incidentals	-	-	(458)	(202)[3]	**(660)**	(39)	(27)	(90)	**(429)**	**(585)**
Grand Total	(51)	(26)	(536)	(481)	**(1,094)**	(97)	(51)	(141)	**(579)**	**(868)**

[1] Q3 2014 includes EUR (366)M charges related to the jury verdict in the Masimo litigation and EUR (49)M of mainly inventory write-downs related to the Cleveland facility. [2] Q3 2014 includes EUR (43)M provisions related to CRT. [3] Q4 2014 includes EUR (201)M of charges related to CRT, a EUR 67M past-service pension cost gain in the Netherlands and EUR (68)M of impairment and other charges related to industrial assets at Lighting. [4] Q3 2015 includes EUR (31)M related to a legal matter. [5] Q4 2015 includes EUR (345)M related to pension settlements in the US and the UK.

Update funded status pension plans (IFRS basis)

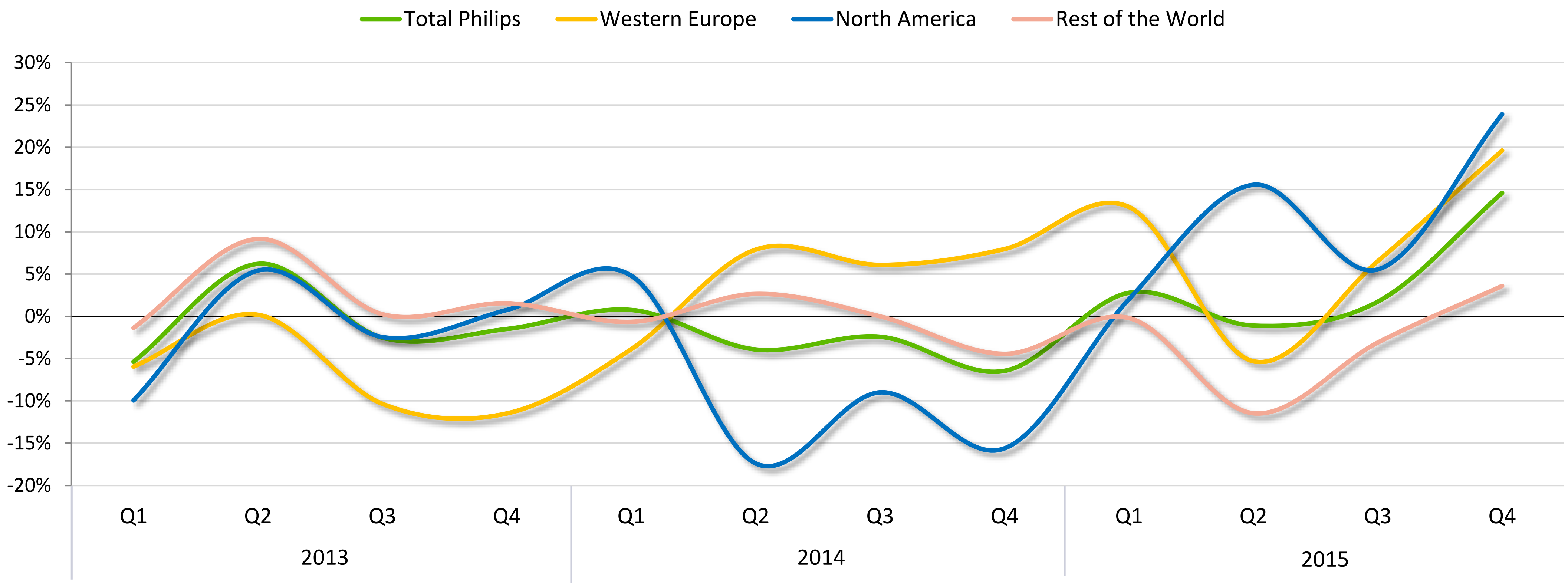
EUR million	Funded status			Balance sheet position		
	December 2014	September 2015	December 2015	December 2014	September 2015	December 2015
Major plans	(992)	(1,176)	(1,593)	(1,783)	(1,790)	(1,683)
Minor plans	(226)	(227)	(224)	(227)	(229)	(224)
Total	**(1,218)**	**(1,403)**	**(1,817)**	**(2,010)**	**(2,019)**	**(1,907)**

The total funded status decreased in December 2015 due to the settlement of the UK Defined benefit plan. This did not impact the balance sheet position as the balance surplus in the UK was never recognized (asset-ceiling test).

PHILIPS

Healthcare: order intake[1]

Quarterly currency adjusted order intake growth



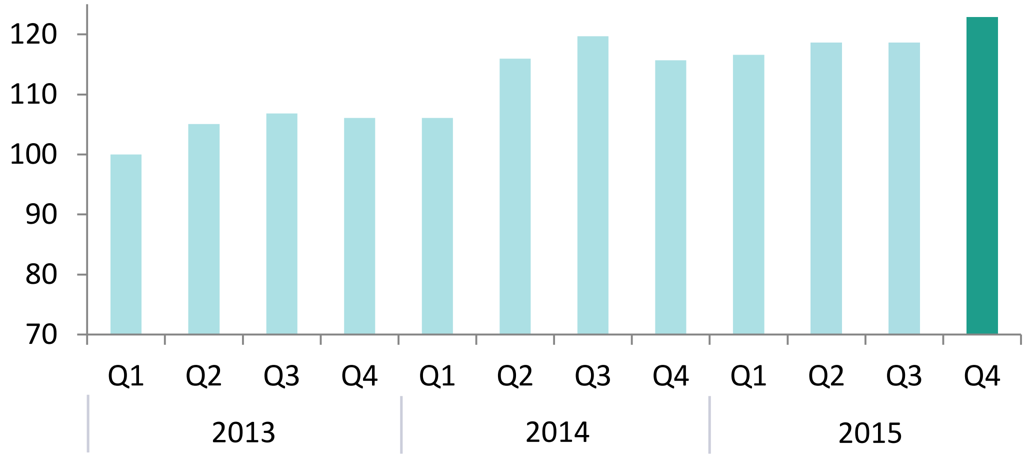
Currency adjusted order intake only relates to the Imaging Systems, Patient Care & Monitoring Solutions and the Healthcare Informatics, Solutions & Services businesses

[1] Order intake includes equipment and software orders. Prior-period information has been restated for a voluntary order intake policy change.

PHILIPS

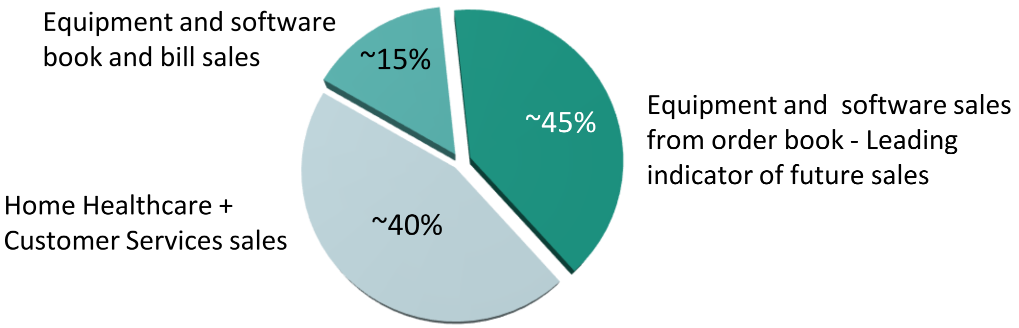
Healthcare: order book

Indexed order book[1] development



Typical profile of order book conversion to sales

Quarter end order book is a leading indicator for ~45% of sales the following quarters



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

[1] Order intake includes equipment and software orders. Prior-period information has been restated for a voluntary order intake policy change.

PHILIPS

Historical key figures – Philips Lighting

Year	Sales (EUR mln)	CSG	Adj. EBITA (EUR mln)	Adj. EBITA margin	EBITA (EUR mln)	EBITA margin	Cash flow before financing activities	LED sales as % of total
2012	7,303	3.6%	458	6.3%	69	0.9%	314	18%
2013	7,145	1.3%	653	9.1%	580	8.1%	418	25%
2014	6,869	(2.6)%	593	8.6%	293	4.3%	442	34%
2015	7,411	(2.8)%	707	9.5%	594	8.0%	642	43%

 Note - Prior-period financials have been restated for the treatment of the combined businesses of Automotive and Lumileds as discontinued operations.

Updated reporting structure

Philips					
HealthTech				Lighting	Corporate items[1]
1 Personal Health	Diagnosis & Treatment	2 Connected Care & Health Informatics	Other		
Personal Care	Diagnostic Imaging	Patient Care & Monitoring Sol.	Royalties	Conventional Lamps & Electronics	Legacy litigation
Domestic Appliances	Ultrasound	Healthcare Informatics, Sol. & Services	Central research	LED Lamps & Electronics	Separation cost
Health & Wellness	Image-Guided Therapy	Population Health Management 3	Emerging businesses	Professional Luminaires, Systems & Services	
Sleep & Respiratory Care			Unallocated overhead	Home Luminaires & Systems	
				Other	

Focus of external reporting

1. Healthy Living and Prevention & Home Care have been merged into one segment named Personal Health
2. Monitoring Informatics & Connected Care has been renamed Connected Care & Health Informatics
3. A new business group has been created within CC&HI which includes Hospital-to-Home, Home Monitoring as well as Personal Health Solutions (previously part of Prevention & Home Care)

Historical comparable numbers under new reporting structure will be provided prior to the Q1 2016 results publication

[1] Corporate items not related to Lighting.

PHILIPS

Initial reporting structure as provided at CMD

Philips

HealthTech					Lighting	Corporate items[1]
Healthy Living	Prevention & Home Care	Diagnosis & Treatment	Monitoring, Informatics & Connected Care	Other		
Personal Care Domestic Appliances	Health & Wellness Personal Health Solutions Sleep & Respiratory Care	Diagnostic Imaging Ultrasound Image-Guided Therapy	Patient Care & Monitoring Sol. Healthcare Informatics, Sol. & Services	Royalties Central research Emerging businesses	Conventional lamps LED lamps, drivers & modules Professional Lighting Solutions Home Other	Legacy litigation Separation cost

Focus of external reporting

Historical comparable numbers under new reporting structure will be provided prior to the Q1 2016 results publication

[1] Corporate items not related to Lighting.

PHILIPS

PHILIPS