



May 16, 2016

Royal Philips and Philips Lighting announce indicative price range and offer size of planned IPO of Philips Lighting and publication of prospectus

Amsterdam, the Netherlands – Koninklijke Philips N.V. (“Royal Philips”) and Philips Lighting NewCo B.V. (“Philips Lighting” or the “Company”) today announced the indicative price range and offer size for the planned Initial Public Offering (the “IPO” or the “Offering”) of Philips Lighting on Euronext Amsterdam and the publication of the prospectus. The IPO consists of an offering of 25% of Philips Lighting’s issued and outstanding ordinary shares (the “Shares”) held by its sole shareholder Royal Philips. Listing of and first trading in the Shares on Euronext Amsterdam are expected on Friday, 27 May 2016.

Offering highlights

- Royal Philips is offering 37.5 million existing Shares held by it, which represent 25% of the Company’s Shares.
- The indicative price range for the Offering is set at between €18.50 - €22.50 (inclusive) per offered Share (the “Offer Price Range”), implying a market capitalisation of €2.78 - €3.38 billion and implied enterprise valuation, including debt and debt-like items, of €4.32 - €4.92 billion¹.
- In addition, Royal Philips has granted the Underwriters (as defined in the prospectus), as part of the Offering, an over-allotment option for up to an additional 15% of the number of offered Shares (the “Over-Allotment Shares”). The offered Shares and the maximum number of Over-Allotment Shares together represent 28.75% of the Company’s Shares.
- On the basis of the Offer Price Range, the proceeds of the Offering (before underwriting commissions and offering expenses) would be approximately €694 - €844 million prior to any exercise of the over-allotment option, or approximately €798 - €970 million assuming full exercise of the over-allotment option. Royal Philips will receive the net proceeds of the Offering.
- Royal Philips and Philips Lighting will be subject to a lock-up of 180 days and the Philips Lighting Board of Management will be subject to a lock-up of 360 days, subject to certain customary exceptions. Royal Philips aims to sell all of its remaining shares over the next several years as Royal Philips will focus on its HealthTech businesses.
- The IPO consists of an offering to institutional and retail investors in the Netherlands and to certain qualified institutional investors in various other jurisdictions.
- Up to 10% of the Offering is reserved for preferential allocation to retail investors in the Netherlands and each retail investor will be allocated the first 250 (or fewer) Shares for which such investor applies, which may be reduced pro rata in case the retail demand exceeds 10% of the Offering.

¹ Implied enterprise valuation range comprised of market capitalisation range of €2.78 - €3.38 billion plus net financial debt of €950 million, net pension liability of €486 million (including retiree medical liabilities and adjusted for pension related deferred tax assets of €101 million) and non-controlling interest of €110 million. The implied enterprise valuation presented in this release reflects Royal Philips views and is calculated on the basis of the estimated share price range and in addition, certain other assumptions including as to the net financial indebtedness of the Company. Royal Philips has included this measure because it believes that it is an external valuation measure used by certain market participants and it is useful to provide insight in how the enterprise value of Philips Lighting is built up. Implied enterprise valuation, however, is not an IFRS accounting measure and should not be considered as a substitute for financial measures computed in accordance with IFRS. Further, implied enterprise valuation may not be indicative of the future price of the Shares. Implied enterprise valuation may not be calculated in the same manner or on a consistent basis with respect to all companies. As a result, implied enterprise valuation may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the implied enterprise valuation included in this release.

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- The offer and subscription period commences at 9:00 CEST today and is expected to end at 17:30 CEST on Wednesday, 25 May 2016 for retail investors and at 12:00 CEST on Thursday, 26 May 2016 for institutional investors. The timetable of the Offering may be accelerated or extended.
- The final offer price is expected to be announced and allocation is expected to take place on Thursday, 26 May 2016 PM CEST. Prior to allocation, the offer price range and the number of offered Shares may be changed.
- Listing of and first trading in the Shares (on an “if-and-when-delivered” basis) on Euronext Amsterdam under the symbol “LIGHT” are expected on Friday, 27 May 2016.
- Closing and settlement of the Offering and the start of unconditional trading in the Shares is expected to take place on Tuesday, 31 May 2016.
- The prospectus relating to the Offering as approved by the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, the “AFM”) is available on the Philips Lighting website (www.lighting.philips.com/main/company).
- Royal Philips has appointed Goldman Sachs International and J.P. Morgan Securities plc as Joint Global Coordinators and Joint Bookrunners for the Offering. Citigroup Global Markets Limited, ING Bank N.V., Morgan Stanley & Co. International plc and Société Générale Corporate & Investment Banking are acting as Joint Bookrunners. ABN AMRO Bank N.V. and Coöperatieve Rabobank U.A. are acting as Co-Bookrunners. N M Rothschild & Sons Limited is acting as financial adviser to Royal Philips. ING Bank N.V. is acting as Listing & Paying Agent and Retail Coordinator. Goldman Sachs International will act as Stabilization Manager on behalf of the Underwriters (as defined in the prospectus).

Philips Lighting highlights

- Philips Lighting is a global market leader in the general lighting market with a unique competitive position and recognized expertise in the development, manufacturing and application of innovative lighting products, systems and services.
- The Company has been innovating and leading the lighting industry through many technological changes and has established a track record in conventional and LED lighting products, systems and services.
- The Company will use the ‘Philips’ brand on its products, systems and services, which enjoys a long history and has developed significant brand value over time driven by Philips Lighting’s reputation for innovation, understanding of customer needs, quality and range of propositions.²
- Philips Lighting, with its registered headquarters in Eindhoven, the Netherlands, has a highly skilled international senior management team with a broad range of relevant industry and functional knowledge and geographic backgrounds.
- The Company has a track record of earnings improvement through proactive cost control, and strong free cash flow generation.
- For the year ended 31 December 2015, Philips Lighting generated €7,465 million of sales and Adjusted EBITA³ of €547 million, representing an Adjusted EBITA ratio⁴ of 7.3% of sales.

² Under the trademark license agreement, Royal Philips has licensed certain trademarks to Philips Lighting, including the Philips trademark, the Philips shield emblem and the brand line “innovation and you”. The license was granted for a period of ten years. The term may be extended with two periods of five years if certain financial targets in terms of net turnover are met and provided that Philips Lighting as licensee has acted in compliance with the conditions of the trademark license agreement. The Company has also secured the right to use the Philips company name for a period of 18 months after the date that it is no longer controlled by Royal Philips.

³ The Company defines adjusted EBITA as Income from Operations (EBIT) excluding amortization and impairments of acquired intangible assets and goodwill, restructuring costs, acquisition-related charges and other significant incidental charges attributable to cost of sales, selling expenses, R&D expenses and general and administrative expenses.

⁴ The Company defines adjusted EBITA ratio as adjusted EBITA divided by sales.

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Income from Operations (EBIT) amounted to €331 million for the year ended 31 December 2015.

- At the time of the IPO, the Company is expected to have a net financial indebtedness of approximately €950 million representing approximately 1.5x 2015 EBITDA.⁵
- Philips Lighting is targeting an annual dividend pay-out ratio of 40% to 50% of continuing net income⁶ to be paid out in cash and the Company expects to make its first dividend payment in 2017, which will be based on the results over the full year 2016.

Frans van Houten, CEO of Royal Philips: "Today's announcement is an important next step in the planned Initial Public Offering of Philips Lighting on Euronext Amsterdam, signalling that the process is well on track. I am convinced that as separately listed companies, Royal Philips and Philips Lighting will be even better equipped to focus on innovation, entrepreneurship and long-term value-creating growth opportunities."

Eric Rondolat, CEO of Philips Lighting: "The interest we have received from the investor community in Philips Lighting is very encouraging. As a standalone, listed company we will be committed to further expanding our global market-leading position in the general lighting market, driving the transition to LED and connected lighting systems and services, and delivering on our financial outlook. With a strong cash flow generation, we believe we present a solid investment case. We look forward to sharing our plans with investors in the coming weeks."

Anticipated IPO timetable

Subject to acceleration or extension, the timetable below sets forth certain expected key dates for the Offering:

- The Offer Period commences today, on Monday 16 May 2016 at 9:00 CEST (for both institutional and retail investors).
- Expected end of the offering to retail investors is Wednesday 25 May 2016 at 17:30 CEST.
- Expected end of the institutional offering is Thursday 26 May 2016 at 12:00 CEST.
- Pricing and allocation are expected to take place on Thursday 26 May 2016 PM CEST.
- Listing of and first trading in the Shares (on an "if-and-when-delivered" basis) on Euronext in Amsterdam under the symbol "LIGHT" are expected on Friday, 27 May 2016.
- Closing and settlement of the Offering and the start of unconditional trading in the Shares is expected to take place on Tuesday, 31 May 2016.

Risk factors

Investing in the Shares of Philips Lighting involves certain risks. A description of these risks, which include risks relating to the Company's business, the Shares and the Offering is included in the prospectus relating to the Offering.

Availability of the prospectus

The Offering is being made only by means of a prospectus. Copies of the prospectus, subject to applicable securities law restrictions, can be obtained on the Philips Lighting website

⁵ Philips Lighting realised Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of €646 million for the year ended 31 December 2015.

⁶ Continuing net income is defined as recurring net income from continuing operations, or net income excluding discontinued operations and excluding material non-recurring items.

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(www.lighting.philips.com/main/company). The prospectus can also be found on the websites of the AFM (www.afm.nl) and of Euronext Amsterdam N.V. (www.euronext.com).

Earlier announcements related to the Offering

On 3 May 2016, Royal Philips and Philips Lighting announced the intention to launch an Initial Public Offering and listing of Philips Lighting on Euronext Amsterdam. The press release is available on the Philips Lighting website (www.lighting.philips.com/main/company).

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For information about the offering:

If Dutch retail investors have questions in relation to the Offering, they can call the following toll-free number: 00800 3816 3816. Direct number for institutional investors: +44 207 019 7134. This shareholder information line is available from 9:00 to 17:00 CEST from 16 May 2016 until 27 May 2016.

Please note that, for legal reasons, this information line will only be able to provide information contained in this prospectus and will be unable to give advice on the merits of the offering or provide financial, legal, tax or investment advice.

For further information, please contact:

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About Royal Philips

Royal Philips (NYSE: PHG, AEX: PHIA) is a leading health technology company focused on improving people's health and enabling better outcomes across the health continuum from healthy living and prevention, to diagnosis, treatment and home care. Philips leverages advanced technology and deep clinical and consumer insights to deliver integrated solutions. The company is a leader in diagnostic imaging, image-guided therapy, patient monitoring and health informatics, as well as in consumer health and home care. Headquartered in the Netherlands, Philips posted 2015 sales of €24.2 billion and employs approximately 105,000 employees with sales and services in more than 100 countries.

About Philips Lighting

Philips Lighting is a global leader in lighting products, systems and services. Our understanding of how lighting positively affects people coupled with our deep technological know-how enable us to deliver digital lighting innovations that unlock new business value, deliver rich user experiences and help to improve lives. Serving professional and consumer markets, we sell more energy efficient LED lighting than any other company. We lead the industry in connected lighting systems and services, leveraging the Internet of Things to take light beyond illumination and transform homes, buildings and urban spaces. In 2015, we had sales of EUR 7.4 billion and employed 33,000 people worldwide.

Important Information

This document and the information contained herein are not for distribution in or into the United States of America (including its territories and possessions, any state of the United States of America and the District of Columbia) (the "United States"), Canada, Australia or Japan. This document does not constitute, or form part of, an offer to sell, or a solicitation of an offer to purchase, any securities (the "Shares") of Philips Lighting Newco B.V. and, after its conversion, Philips Lighting N.V. (the "Company") in the United States. The Shares of the Company have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Any sale in the United States of the securities mentioned in this communication will be made solely to "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the Securities Act.

The Company has not authorized any offer to the public of Shares in any Member State of the European Economic Area other than the Netherlands. With respect to any Member State of the European Economic Area, other than the Netherlands, and which has implemented the Prospectus Directive (each a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of Securities requiring publication of a prospectus in any Relevant Member State. As a result, the Shares may only be offered in that Relevant Member State (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or (ii) in any other circumstances falling within Article 3(2) of the Prospectus Directive. For the purpose of this paragraph, the expression "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable the investor to decide to exercise, purchase or subscribe for the Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended,

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including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

This document does not constitute a prospectus within the meaning of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) and does not constitute an offer to acquire securities. Any offer to acquire Shares will be made, and any investor should make his investment, solely on the basis of information that is contained in the prospectus made generally available in the Netherlands in connection with such offering. Copies of the prospectus may be obtained at no cost from the Company or through the website of the Company.

In the United Kingdom, this communication is only being distributed to, and is only directed at “qualified investors” (as defined in section 86(7) of the Financial Services and Markets Act 2000) who are (i) investment professionals falling within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); or (ii) persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Any person who is not a relevant person should not take any action on the basis of this communication and should not act or rely on it or any of its contents.

Forward-looking Information

This document contains forward looking statements that reflect Royal Philips’ and the Company’s intentions, beliefs, or current expectations about and targets for the Company’s future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates, including with respect to the completion and timing of the potential IPO and Listing and the subsequent sell down of the majority holding of Royal Philips. Forward-looking statements involve all matters that are not historical facts. Philips Lighting has tried to identify forward-looking statements by using words as “may”, “will”, “would”, “should”, “expects”, “intends”, “estimates”, “anticipates”, “projects”, “believes”, “could”, “hopes”, “seeks”, “plans”, “aims”, “objective”, “potential”, “goal” “strategy”, “target”, “continue”, “annualized” and similar expressions or negatives thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risks and uncertainties. The forward-looking statements are based on the Company’s beliefs, assumptions and expectations regarding future events and trends that affect the Company’s future performance, taking into account all information currently available to the Company, and are not necessarily indicative or guarantees of future performance and results. These beliefs, assumptions and expectations can change as a result of possible events or factors, not all of which are known to the Company or are within the Company’s control. If a change occurs, the Company’s business, financial condition, liquidity, results of operations, anticipated growth, strategies or opportunities may vary materially from those expressed in, or suggested by, these forward-looking statements. In addition, the forward-looking estimates and forecasts reproduced in this document from third-party reports could prove to be inaccurate. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing the Company, and its subsidiaries. Investors or potential investors should not place undue reliance on the forward-looking statements in this document. In light of the possible changes to the Company’s beliefs, assumptions and expectations, the forward-looking events described in this document may not occur. Additional risks currently not known to the Company or that the Company has not

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considered material as of the date of this document could also cause the forward-looking events discussed in this document not to occur. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law. The prospectus also contains a detailed description of risks related to investing in Philips Lighting shares.