

PHILIPS

Lighting: Growth in Luminaires

Rene van Schooten

CEO Business Group Professional Luminaires

Lighting and Innovation Analysts' Day

September 28, 2007

Agenda

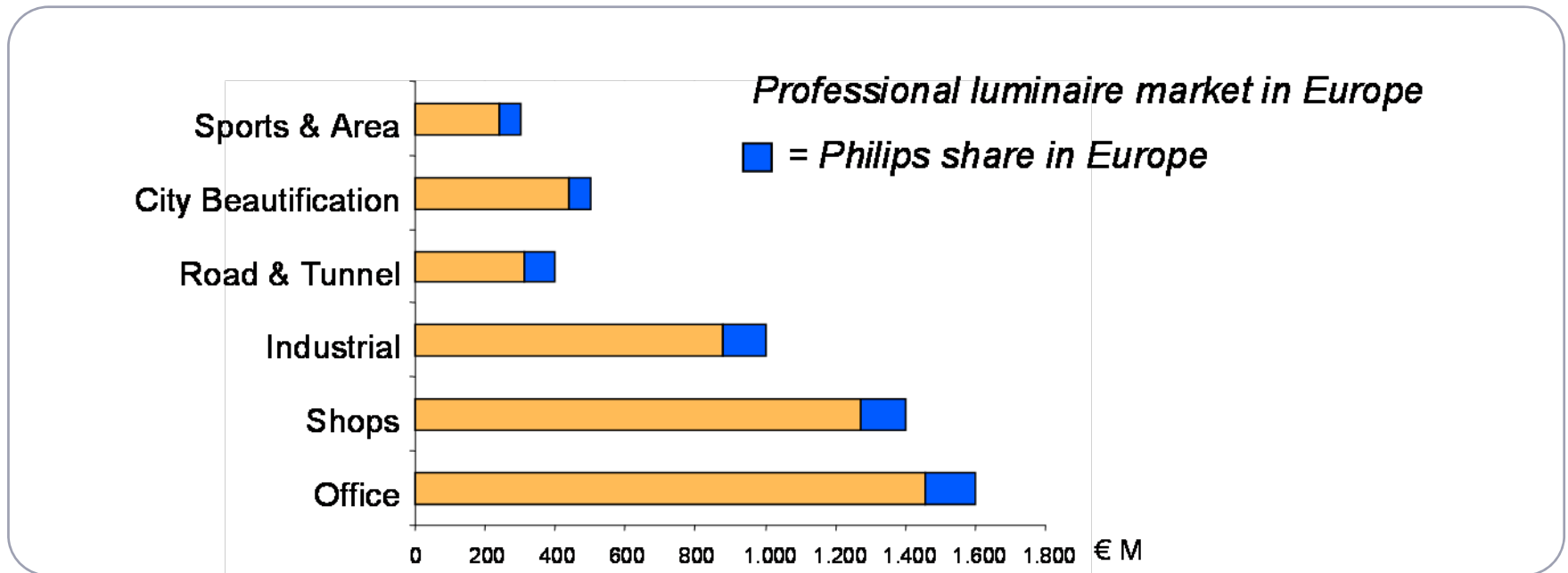
- Philips Lighting Professional Luminaires
 - Regional expansion from strong European base
- Market driven
 - Sports lighting
- Business opportunities:
 - Energy saving solutions
 - Ambience creation
- Solid State Lighting
 - Market driven projects
 - Role of Color Kinetics

Philips Professional Luminaires:

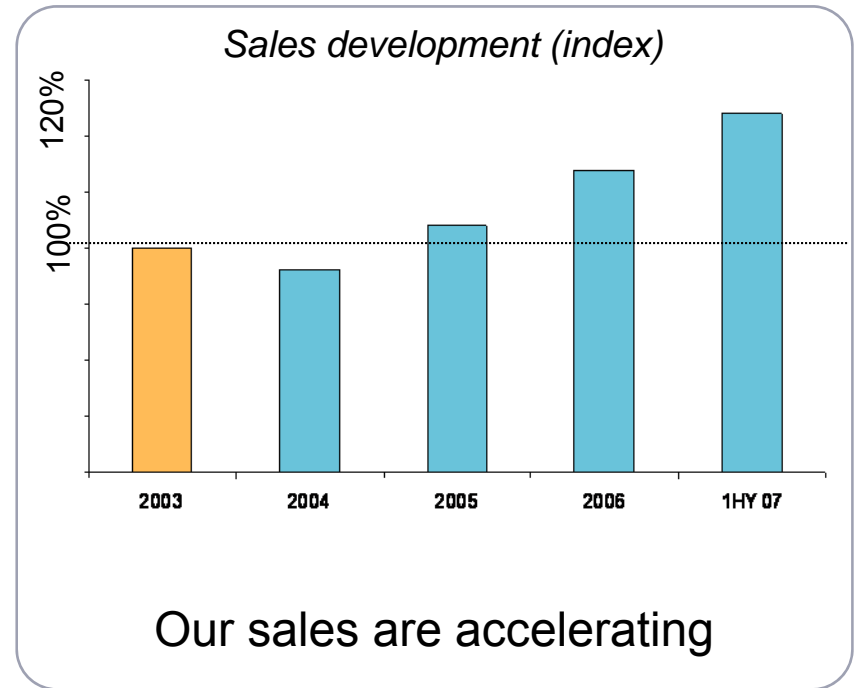
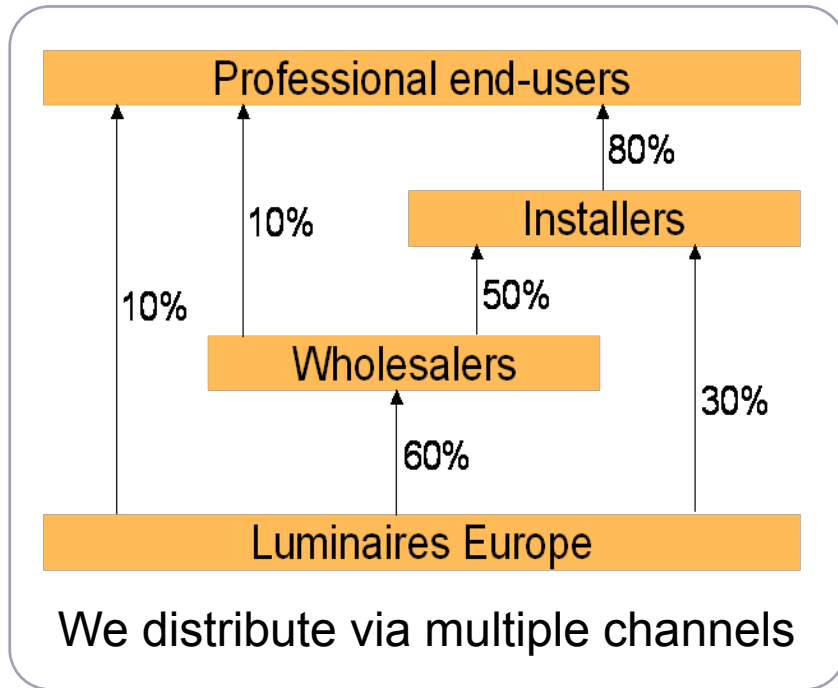
who we are today

We develop, manufacture and purchase, sell and distribute professional luminaire systems.

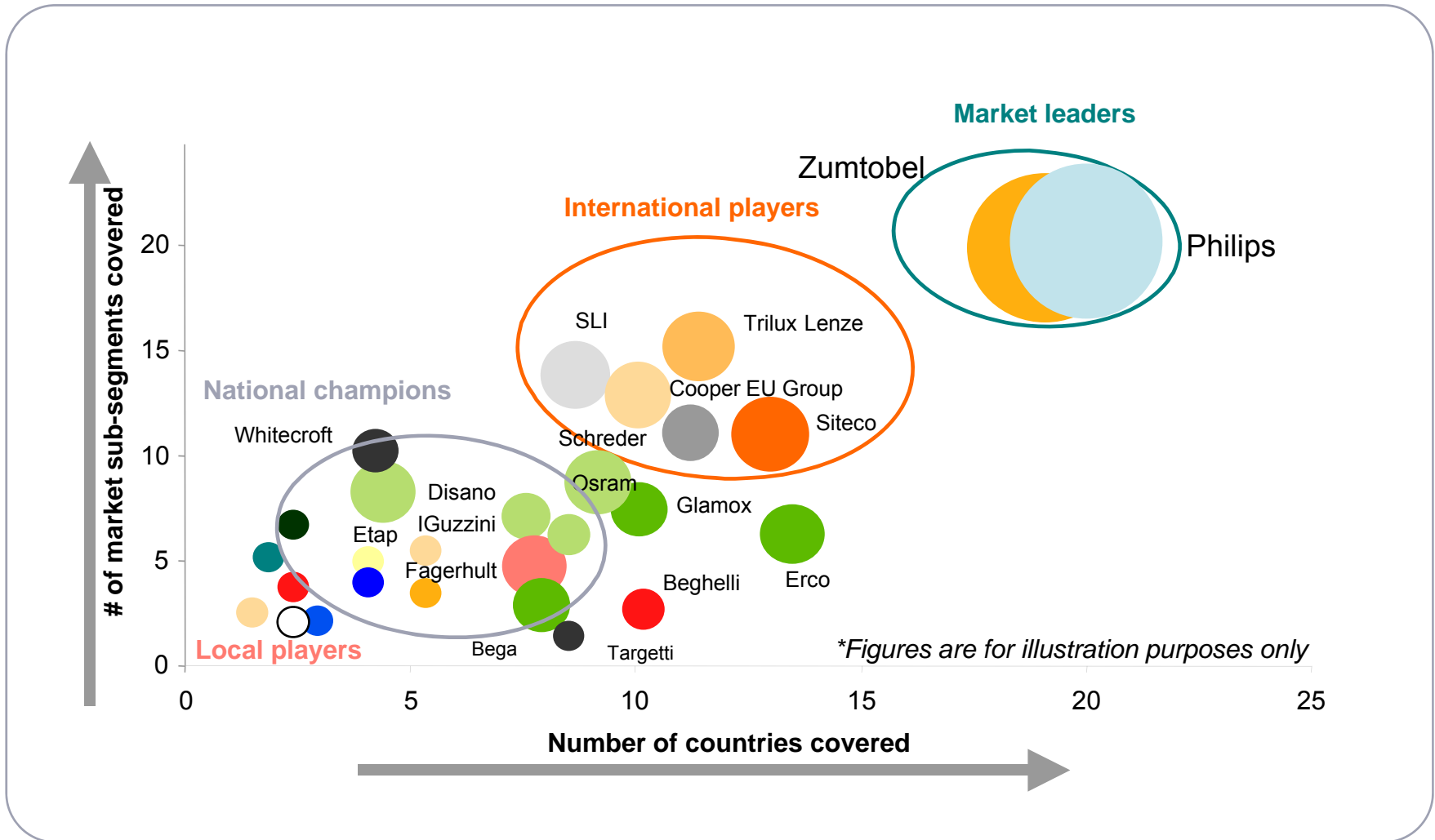
We serve all major indoor and outdoor segments



Philips Professional Luminaires: *who we are today*

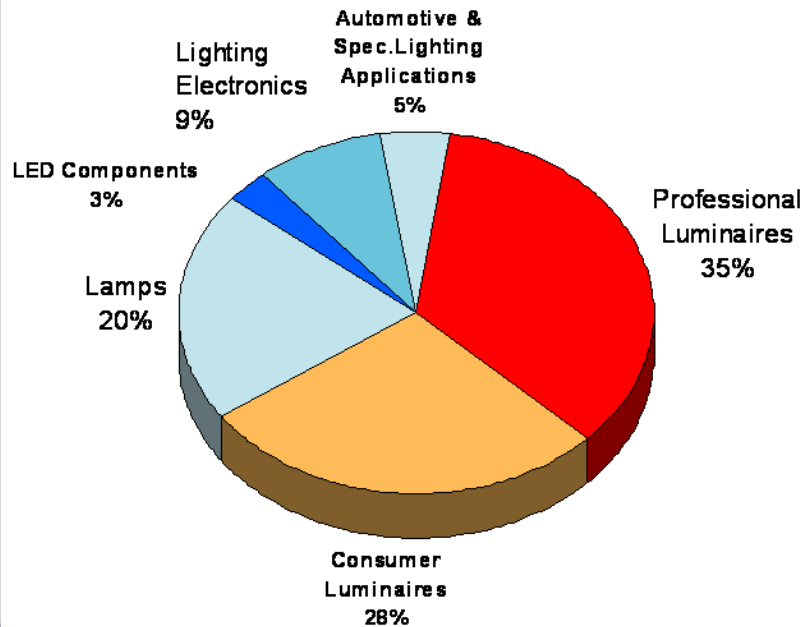


Philips Luminares is no.1 in a fragmented European market rapidly growing, driven by innovation

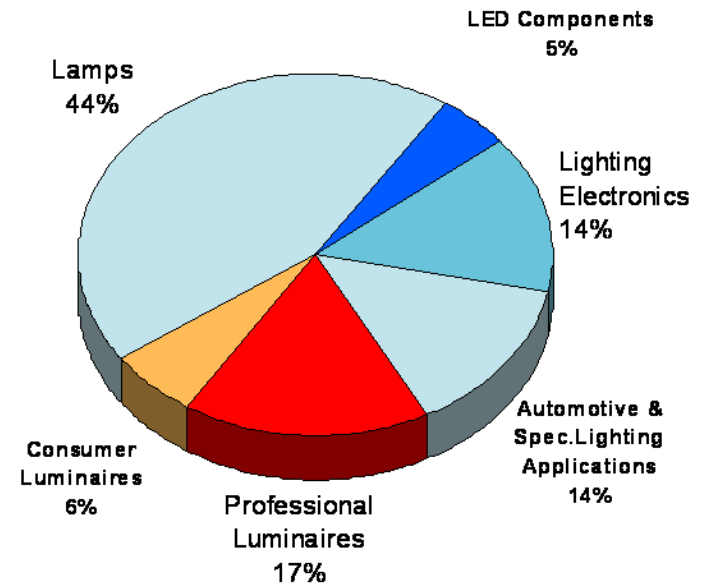


Around 35% of the lighting market of c. € 58B* is in professional luminaires

World market



Philips Lighting



Professional luminaires is only 17 % of Philips Lighting sales (2007)

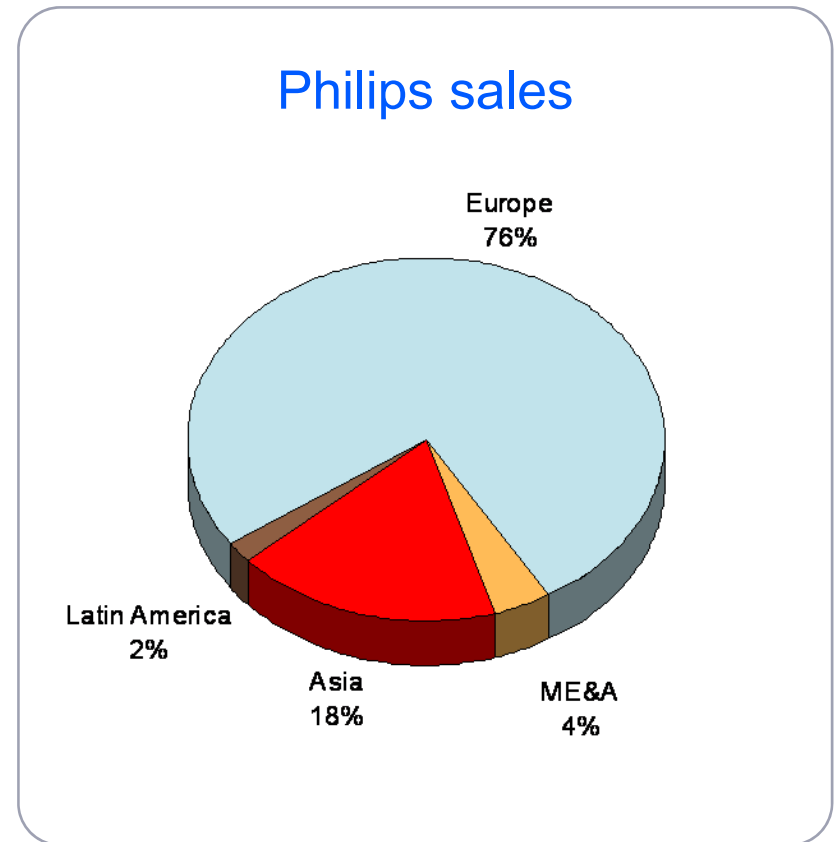
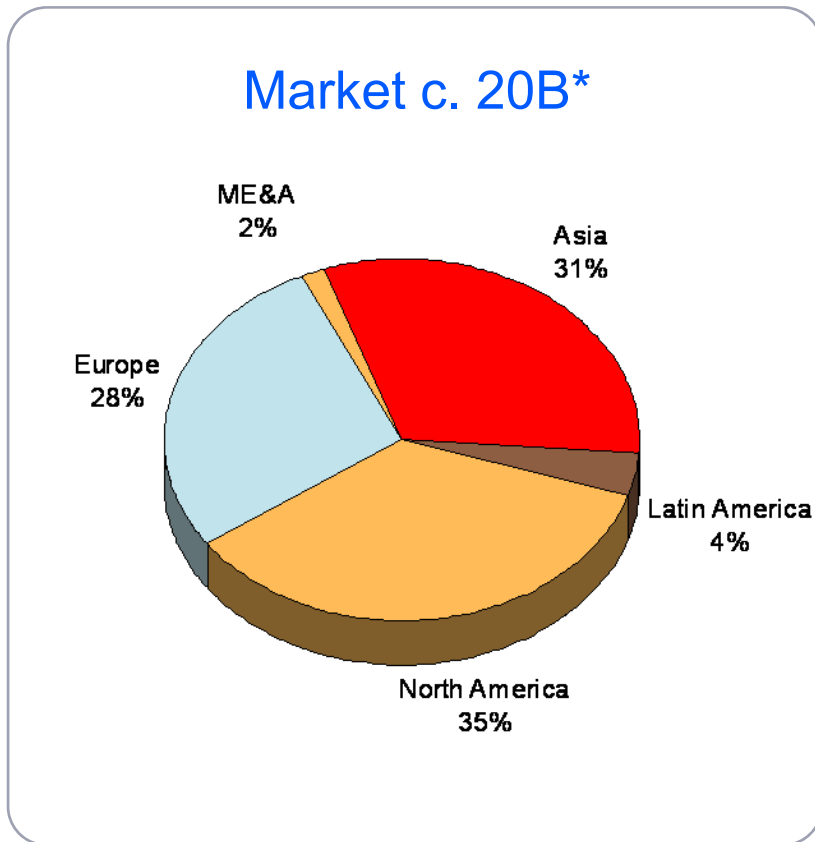
*) 58 B market value measured at supplier level

Luminaires systems & controls play a crucial role in transformation towards SSL

- We offer lighting solutions to show new use of light
- Market driven innovation close to end user
- Giving direction in developing SSL technology
- Having footholds in all major markets



Around 72% of professional luminaire market is outside Europe



Growth opportunity for Philips based on strength in Europe (and Asia)

*) 20 B market value measured at supplier level

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Lighting segments in which we operate

Segment-Marketing & Sales approach (direct contact with end-user)



Shops



Offices

Healthcare



Industry



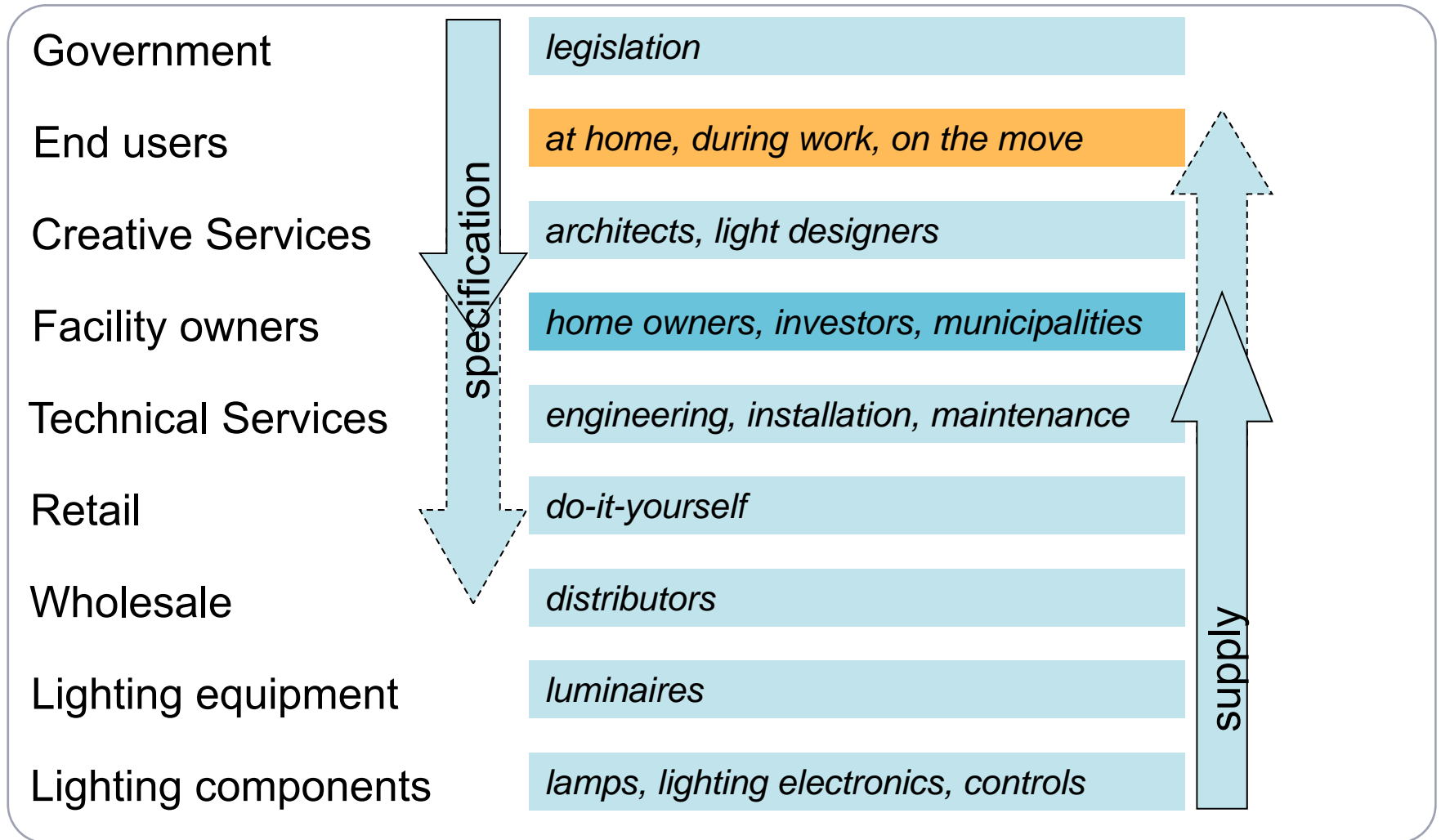
Road

City Beautification



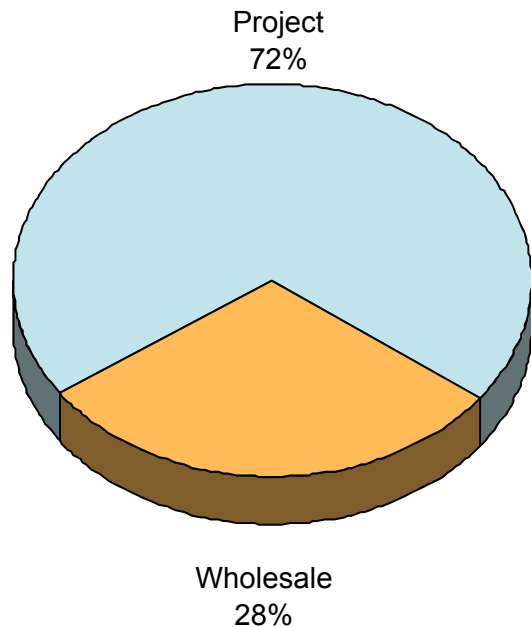
Sports & Open Areas

With customer relations across the value chain



72% of sales is in direct contact with end-users

Philips Luminiare sales



Key strength is acquisition of medium and large projects

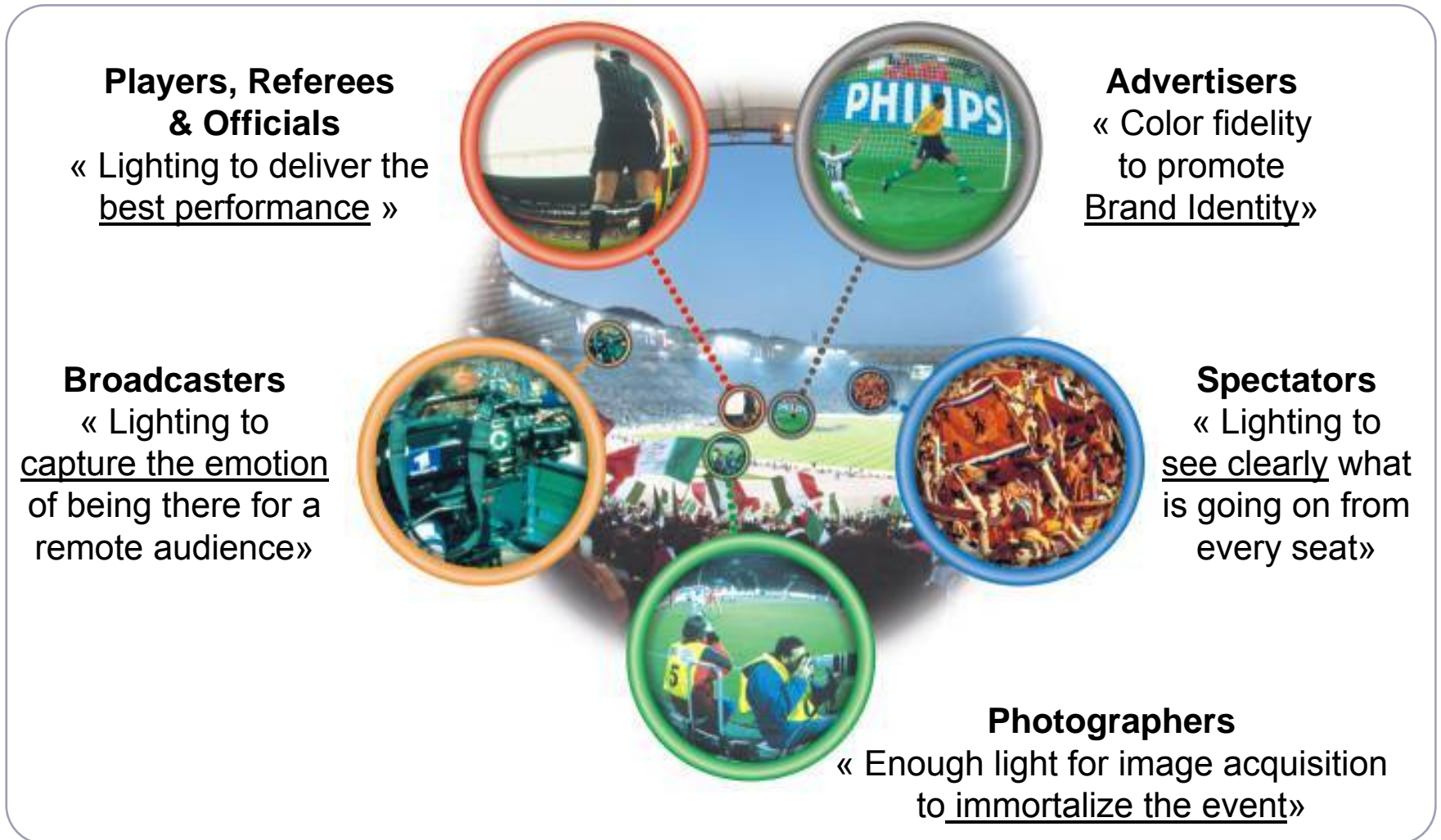
Direct contact with specifiers, lighting designers, architects, investors, in key growth segments

Direct contact drives and fuels end-user driven innovation for entire Lighting group

Only 28% of business generated by wholesale

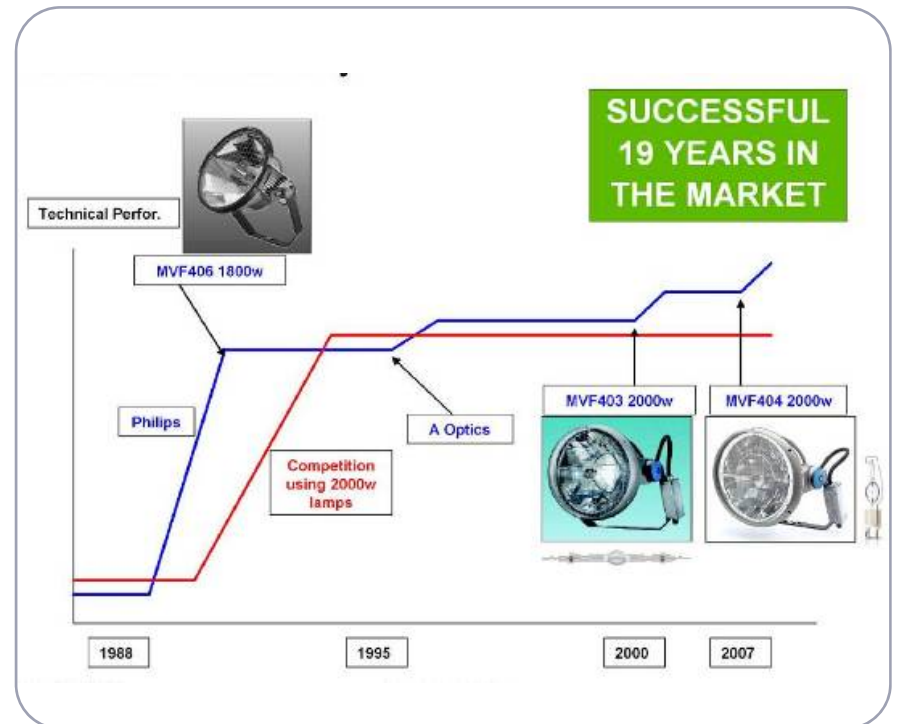
Understanding end-used needs to create innovative lighting solutions

Example: sports lighting



Successful launch of the new ArenaVision floodlight to maintain market leadership

- **1988:** revolution in sports lighting when first ArenaVision MVF406 launched with 1800W lamp
- **1995:** ArenaVision upgraded with 7 reflectors instead of 5 for increased efficiencies
- **2000:** launch of 2kW version with higher lumen output
- **2007:** introduction of new 2 kW version with single ended compact lamp and mono-block axial optics offering **unrivalled efficiency**

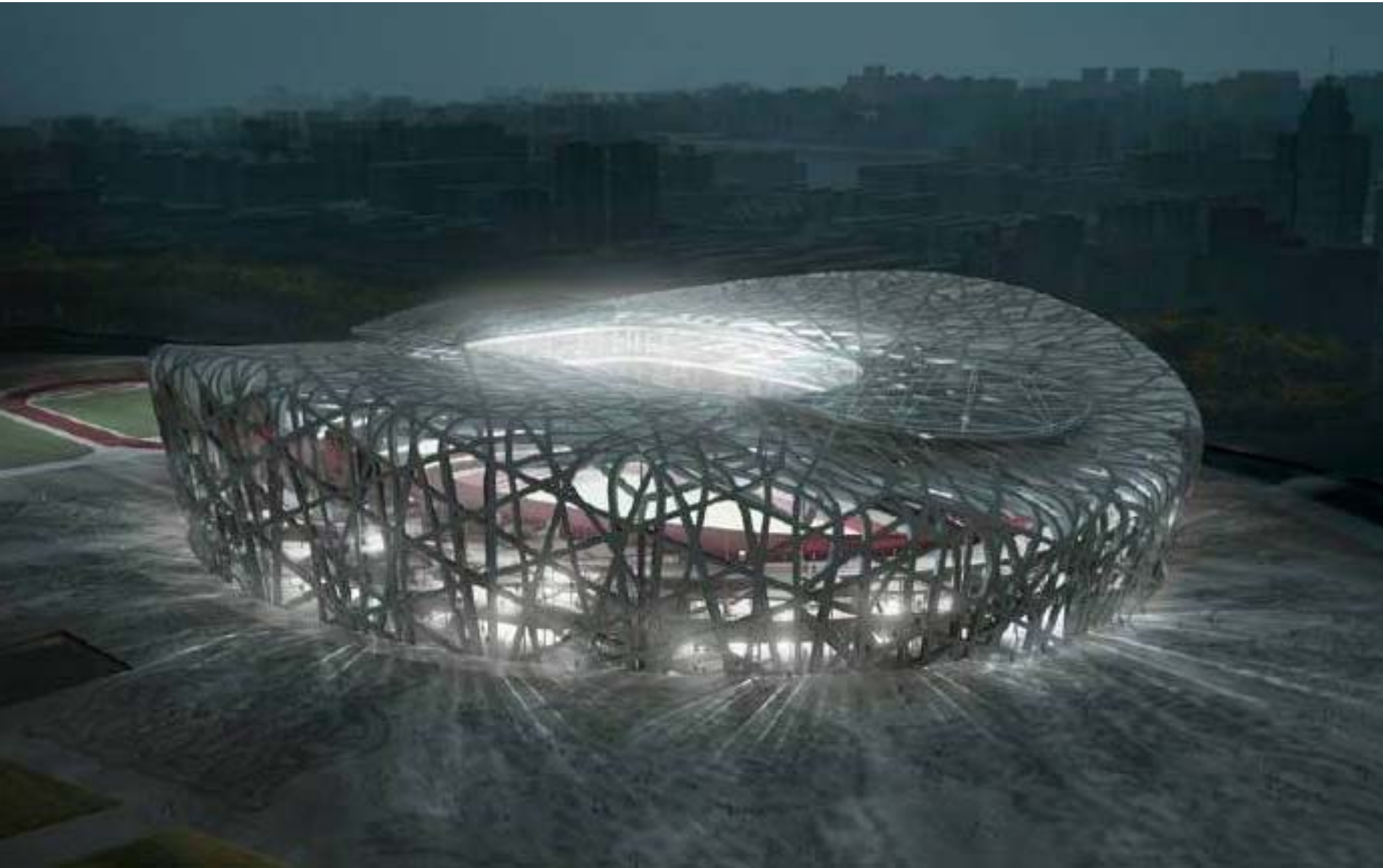


Philips Lighting: world leader in sports lighting we have leading share % of sport venues

- **Summer Olympic Games in Beijing 2008**
 - Majority of Beijing Olympics (finalization stage)
- **Asian Games in Doha 2006**
 - 88% (14 venues out of 16)
- **FIFA WorldCup in Germany 2006**
 - 67% (8 venues out of 12)
- **Mediterranean Games in Spain 2005**
 - 100% (12 venues out 12)
- **Summer Olympic Games in Athens 2004**
 - 85% (28 venues out 33)

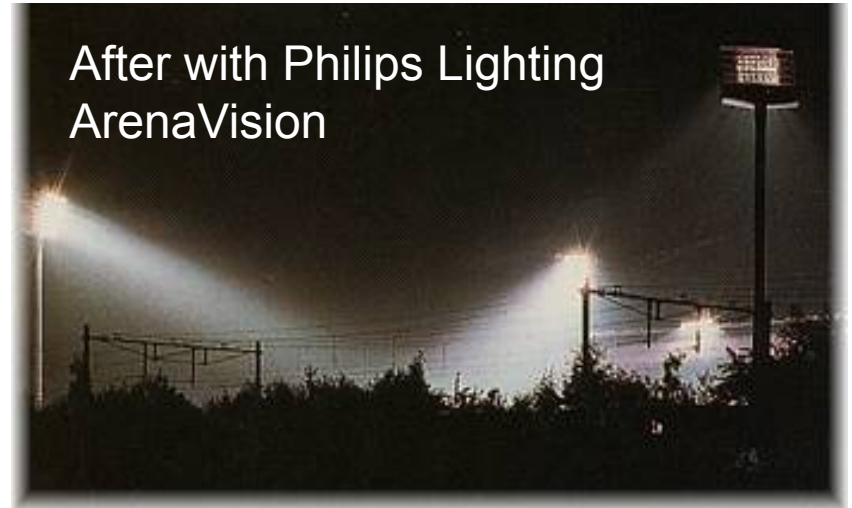
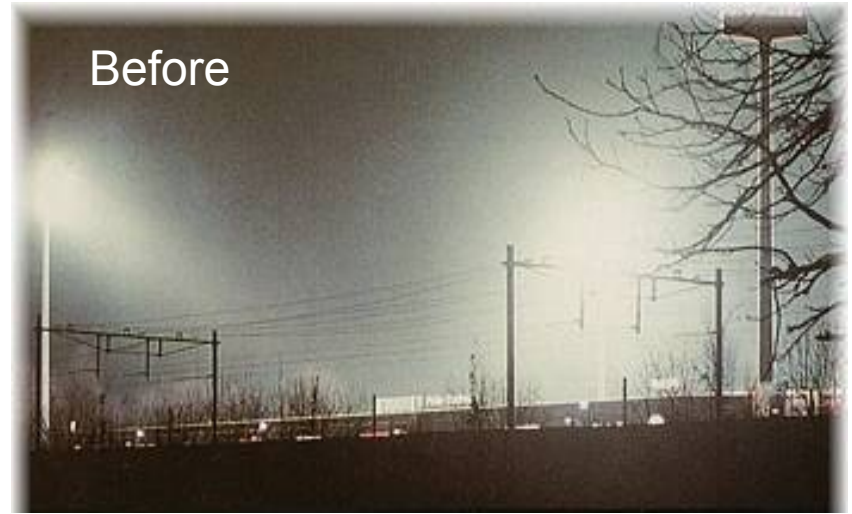


Sports lighting: Beijing 2008 Olympic stadium



Sports lighting: sustainable lighting solutions

- Minimize energy consumption (more efficient luminaires)
- Reduce light pollution (better control of light)

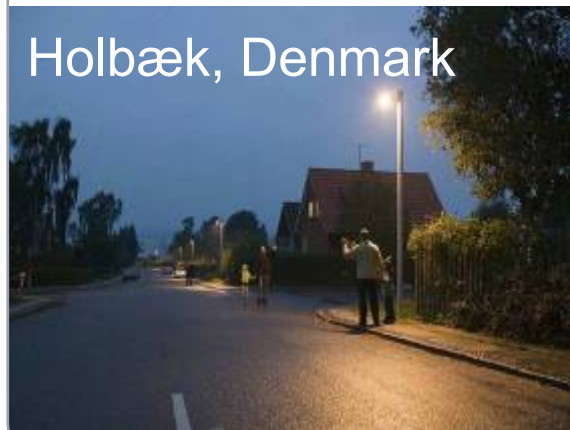


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Energy Saving Opportunity: street lighting

CosmoPolis systems: a global success



Energy saving: CosmoPolis systems

Breskens, The Netherlands



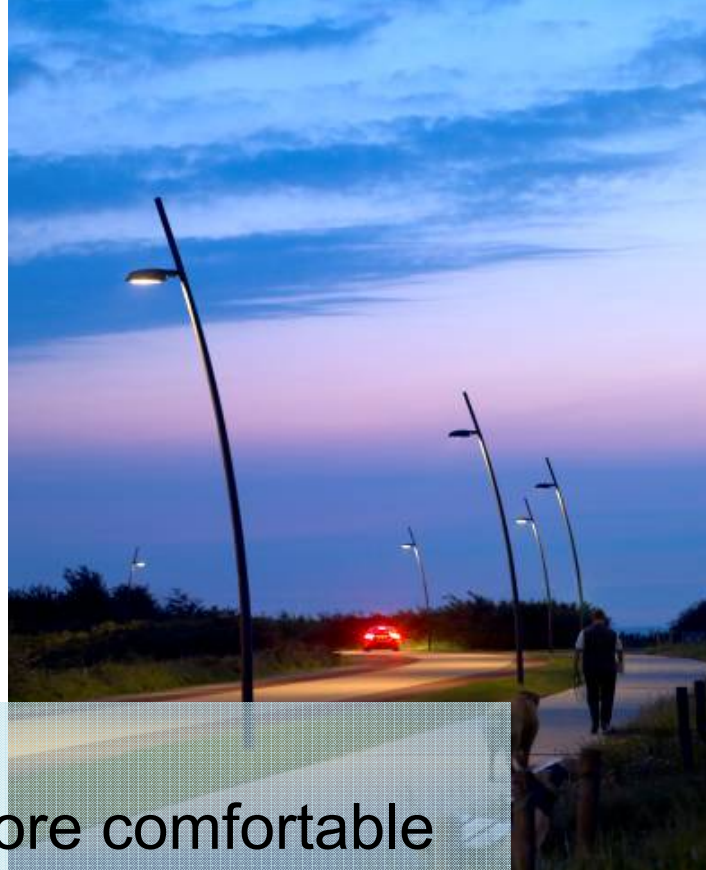
Old installation

95W SON system (yellow light)



New installation

66W CosmoPolis (white light)



Ø 30% energy saving

Ø People feel safer and more comfortable

Cosmopolis also makes inroads in Asia

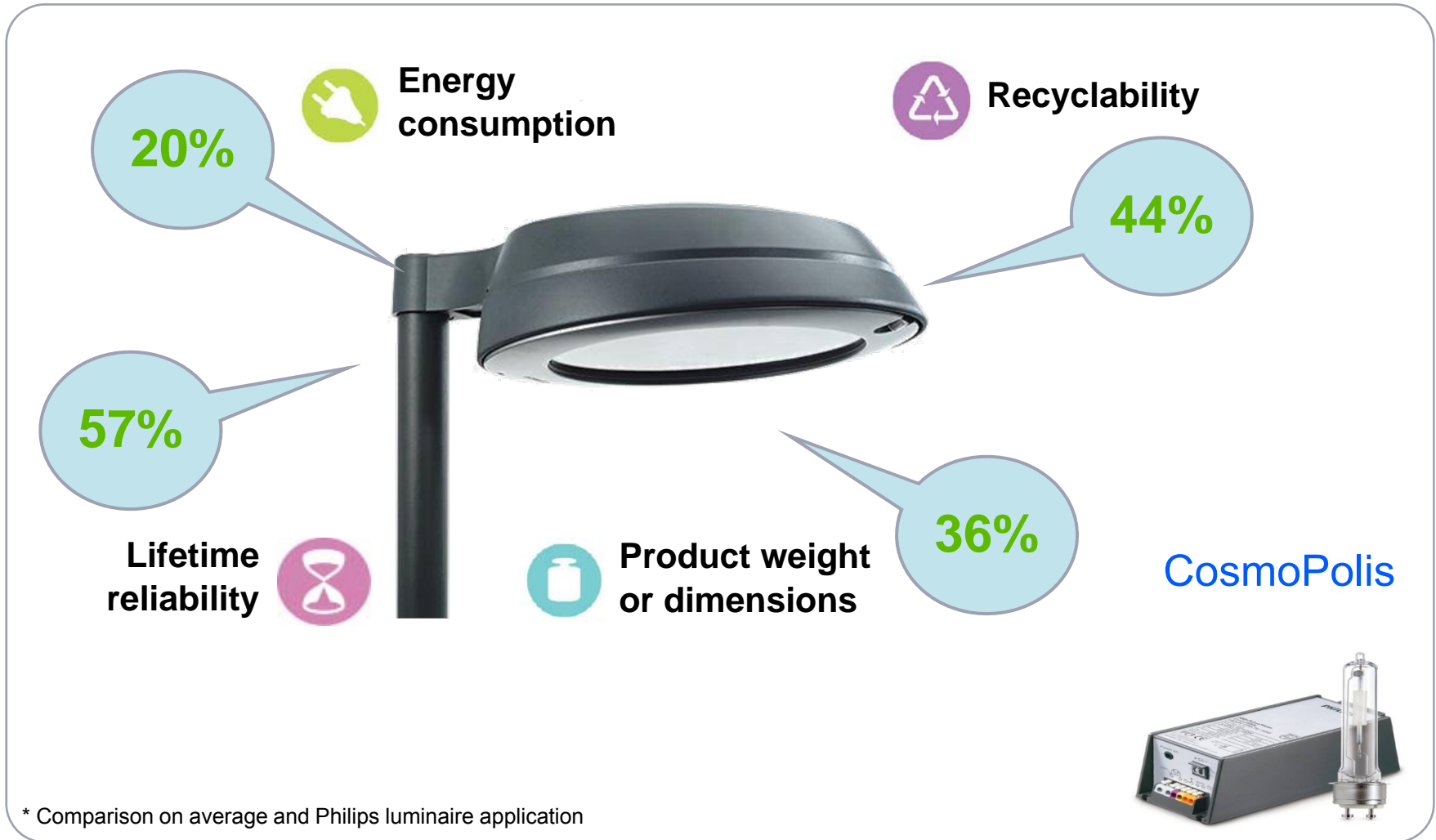
Example: Zhongshansi Road, Congqing:

44% energy saving with improved light quality



250W SON replaced by 140 W Cosmopolis system without changing the poles.

New CitySoul for urban lighting a Green Flagship range



* Comparison on average and Philips luminaire application

Improving the quality of urban life while reducing energy consumption



Value proposition for each one in the value chain

Example: Urban Lighting that enhances City Life

Citizen:



City Council:



Installer:



Insights:

I wish to live in city in which I and my children feel safe, comfortable and at ease at nighttime when going out.

I want our citizens to feel safe and enjoy living in our city.
I want to attract new people from outside.
While reducing energy consumption and CO₂ emission.

I want to be assured I install lighting systems that return profit and are free of hassle during and after installation

City



Experience city identity
Melting Cultures
City Marketing
Orientation

People



The city is about people
Making connections
Safety
Personal city

Light



Advanced Lighting Solutions
Sustainability
Multi-purpose
Context

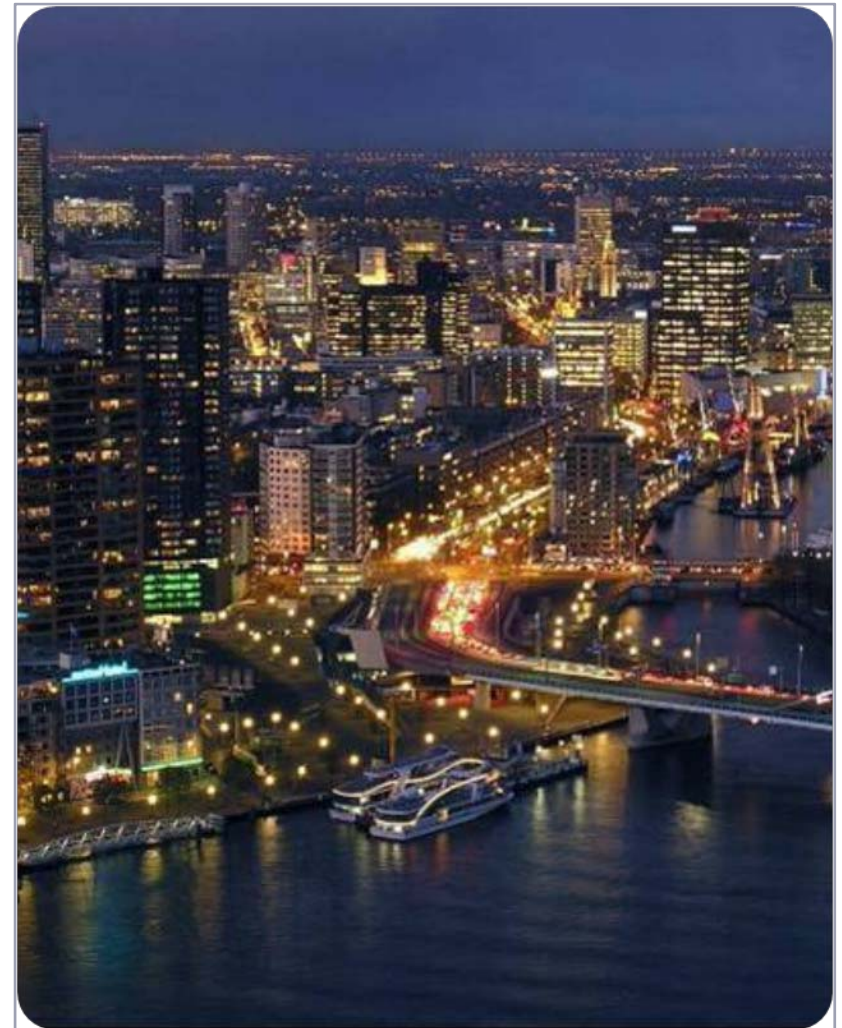


city.people.light forum 2007

Rotterdam, 23-24 May



- 100 independent lighting research projects analysed
- 14 world-renowned architects interviewed
- 40 international stakeholders brainstorming during the City Foresight workshops in Europe, North America and Asia
- 200 future urban lighting concepts
 - A unique opportunity to network with >400 high-level professionals from all over the world
 - Experience future lighting concepts through an interactive conference, exhibition and entertainment program



TRANSITIONS light on the road

2007

Milano

Rotterdam

Germany:

Hamburg and Munich

Paris

Poland:

Warsaw

Wroclaw

Brussels

2008

Denmark

Finland

Spain

United Kingdom



Understanding architects ...

to build the applications of the future



BDP Lighting
London
Martin Lupton
Mark Ridler



Mansilla+Tuñón Arquitectos
Madrid
Luis Mansilla
Emilio Tuñón



ONL
[Oosterhuis_ Lénárd]
Rotterdam
Kas Oosterhuis
Ilona Lénárd



Fabio Novembre
Milano
Fabio Novembre



Lichtkunstlicht
Berlin
Andreas Schulz
Thomas Möritz



Henning Larsen Architects
Copenhagen
Lars Steffensen
Mikkel Eskildsen
Christian Andresen

By reaching out to the creative community ...
to build the applications of the future



Spring of light



Post Digital



A city for everyone



Philips testing & demonstrating outdoor lighting

Outdoor Lighting Application Center – OLAC (Miribel - France)



OLAC August 2005



OLAC Now

Designing with light in the OLAC (Miribel)



Understanding shoppers and retailers ...

need for flexible ambience creation



...through extensive research

- Consumer research
 - Analyzing shoppers motivations and habits
 - Assessing consumers conscious and subconscious reactions to shop lighting
- Market research
 - Through agencies such as Synovate, Philips Design and, various trend watchers
- Constant dialogue with retailers and retail specialists (incl. Pilot stores)



AmbiScene

Flexible ambience creation with lighting

- **Flexible**
 - Match lighting to certain collections, target customers, shopping moods, time of day, promotional theme, weather outside, etc
- **Easy**
 - Change at a push on a button
 - No distractions for staff



Enticing brand identities



Exciting retail promotions

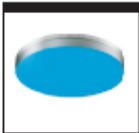


AmbiScene: flexible ambience creation *driving the creation of a luminaires & controls portfolio*

RGB products



LEDline
Linear
floodlight range
www.philips.com/ledline



Origami
Limitless and uniform lighting tiles
www.philips.com/origami



Strato
Modular light ceiling
www.philips.com/strato



Fiorenza
Projector LED
www.philips.com/rainbow



Fugato
Downlight LED
www.philips.com/rainbow



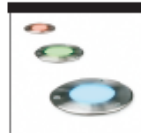
SceneOn recessed system
Modular recessed luminaire system
See page: 16



Effect luminaire
Fully dynamic plug-and-play
T5 wallwasher See page: 18
www.philips.com/effectluminaires



Dynafood LED
Wallwasher floodlight
See page: 22
www.philips.com/dynafood



Marker LED
Ground or wall markers
See page: 24
www.philips.com/markerled

Dynamic Lighting products



Savio
Luminaire range for task
and general lighting
www.philips.com/savio



Strato
Modular light ceiling
www.philips.com/strato

Special effects products



Effect Luminaire
Projector with water, fire
or oil projections.
See page: 20
www.philips.com/effectluminaires



Effect Luminaire
Projector with personalized gobo
See page: 20
www.philips.com/effectluminaires

Lighting controls



ColourChaser wheel
DMX controller
www.philips.com/colourchaser



ColourChaser DMX
DMX controller
www.philips.com/colourchaser



Views and solutions
Philips Lighting - April 2007

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Solid State Lighting brings architecture alive

Sharjah Tajseel UAE



Solid State Lighting creates city identity

VRT Tower Brussels, Belgium



Solid State Lighting creates city identity

Bosphorus Bridge Istanbul, Turkey



Solid State Lighting creates city identity

Coliseum, Hong Kong



Solid State Lighting creates city identity

O2 dome in London



Solid State Lighting fosters creativity & flexibility

Actura hot water cistern Ostersund, Sweden



Creating memorable moments for Hotel guests

Dorint Hotel, Eindhoven, The Netherlands



Creating memorable moments for Hotel guests

Hotel "Kemi Showcastle", Finland

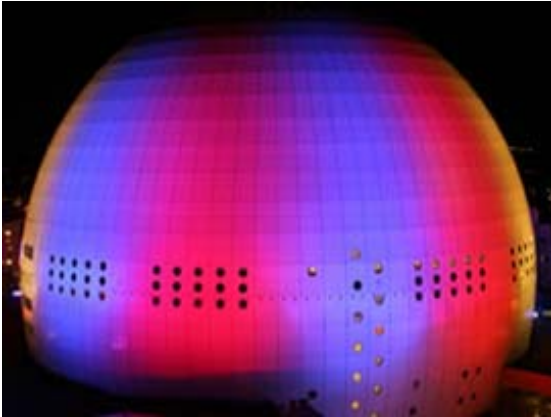


Solid State Lighting enables communication



Recent acquisition: Color Kinetics

Lighting Systems



Architecture



Hospitality



Entertainment



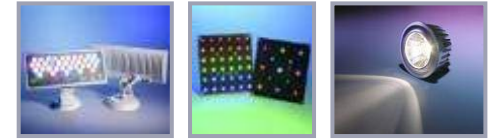
Retail



Video with Light



About Color Kinetics

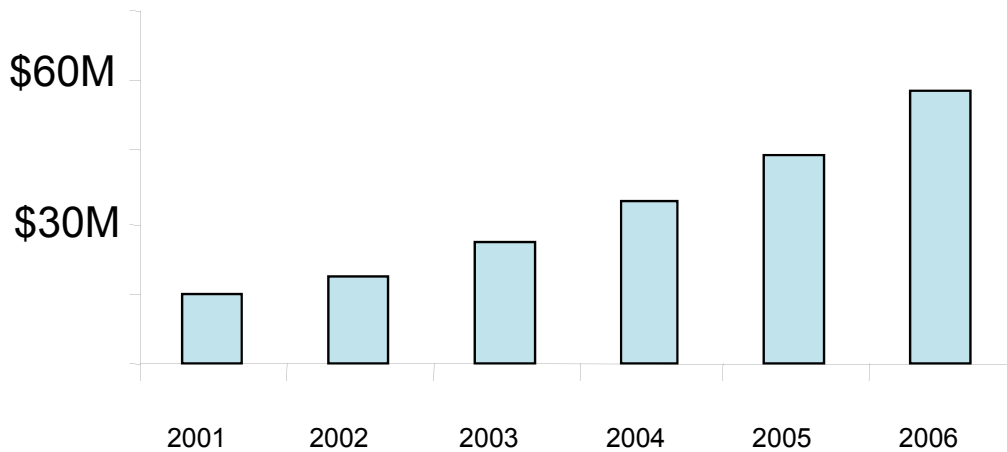


Founded	1997, HQ in Boston, MA, USA
IPO	June 22, 2004
Business Focus	Design, market, license and sell LED based lighting systems and proprietary technologies
Target Markets	High performance color lighting market, specialty white light market, high volume simplified white light market
Customer Base	Over fifteen thousand installations worldwide
Financials	Revenue of \$40M for Q2YTD'07 with EPS of \$0.10; 17 consecutive profitable quarters
Management	Seasoned leadership in engineering, operations, lighting industry sales, and marketing
Employees	152 worldwide at March 31, 2007
IP	73 patents, ~ 160 pending; cover core digital intelligence and control technology for Intelligent LED Lighting and other applications

Color Kinetics:

leader in intelligent Solid State Lighting

Lighting Systems Revenue 31% CAGR



High Profile Installations



BOSTONIAN



Philips and Color Kinetics together market leader in intelligent Solid State Lighting

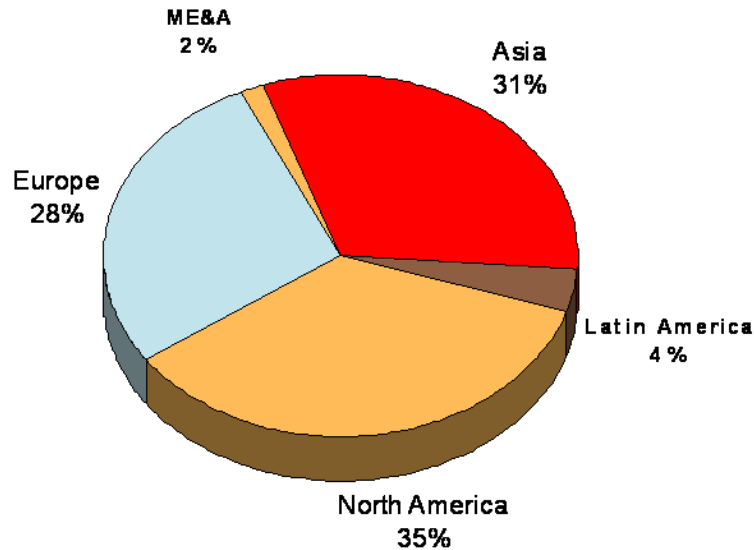
- Combination strengthens Philips' LED portfolio, technology base and intellectual property position
- Philips' global infrastructure will fuel growth.
- Builds on Lumileds and TIR Systems acquisitions in the sector.
- Leadership in the North American SSL luminaires market
- Enhance Philips' position in future energy-efficient lighting solutions, using LED sources



Entry in US market by Color Kinetics acquisition

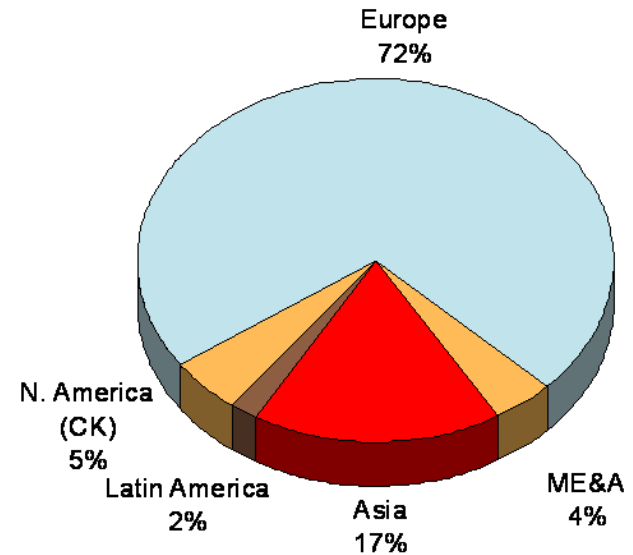
Leading in Solid State Lighting controllable systems

Market c. 20B*



*) 20 B market value measured at supplier level

Philips sales *



* Q2 YTD '07: Sales Color Kinetics Pro Forma included

35% of professional luminaire market in N. America

City Beautification:

Taishin Bank Tower, Taipei, Taiwan



**Lighting design by
Fisher Marantz Stone**



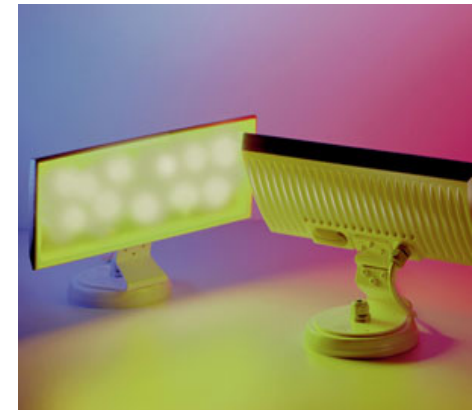
**Color Kinetics
ColorBlast® 12**

City Beautification:

Crown Fountain at Millennium Park, Chicago, IL, USA



**Lighting design by
Schuler Shook**



**Color Kinetics
ColorBlast® 12**

City Beautification:

The London Eye, London, UK



**Lighting design by
Kevin Dyer, British
Airways London Eye**



**Color Kinetics
ColorCast® 14**

Shops:

La Rinascente, Milan, Italy



**Lighting design by
Cibic & Partners**



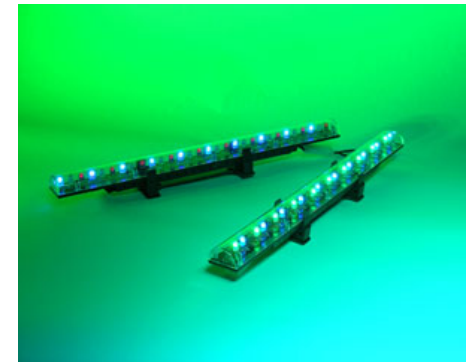
**Color Kinetics
iColor Flex® SL**

Shops:

Lacoste, Multiple USA Locations



**Lighting design by
David Apfel
Lighting Design**



**Color Kinetics
iColor Cove® QL**

Entertainment:

The Hollywood Bowl, Los Angeles, CA, USA



**Lighting design by
Jay Winters,
JK Design Group**



**Color Kinetics
iColor Cove[®] MX
Powercore**

Entertainment:

Lake of Dreams, Wynn Las Vegas, Las Vegas, NV, USA



**Lighting design by
Patrick Woodroffe
Lighting Design**



**Color Kinetics
C-Splash 2**

Translating the success in the SSL project business to the trade channels...

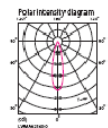


Spot LED 1 x K2

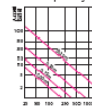
The absence of UV and IR makes the spot perfect to light sensitive objects such as books, watches and fabrics from a short distance, distances of 10 cm to 1 meter between spot and objects are preferred. For bigger distances the 3 x K2 Spot LED is available. The miniaturised Spot LED has an extreme long lifetime that allows new design possibilities for showcases, paintings or even as a reading light.



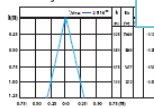
B6G401 1 x LXK2-P14-U00 MB



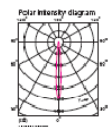
Visual impact diagram



Beam diagram



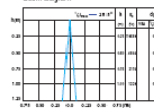
B6G401 1 x LXK2-P14-U00 NB



Visual impact diagram



Beam diagram

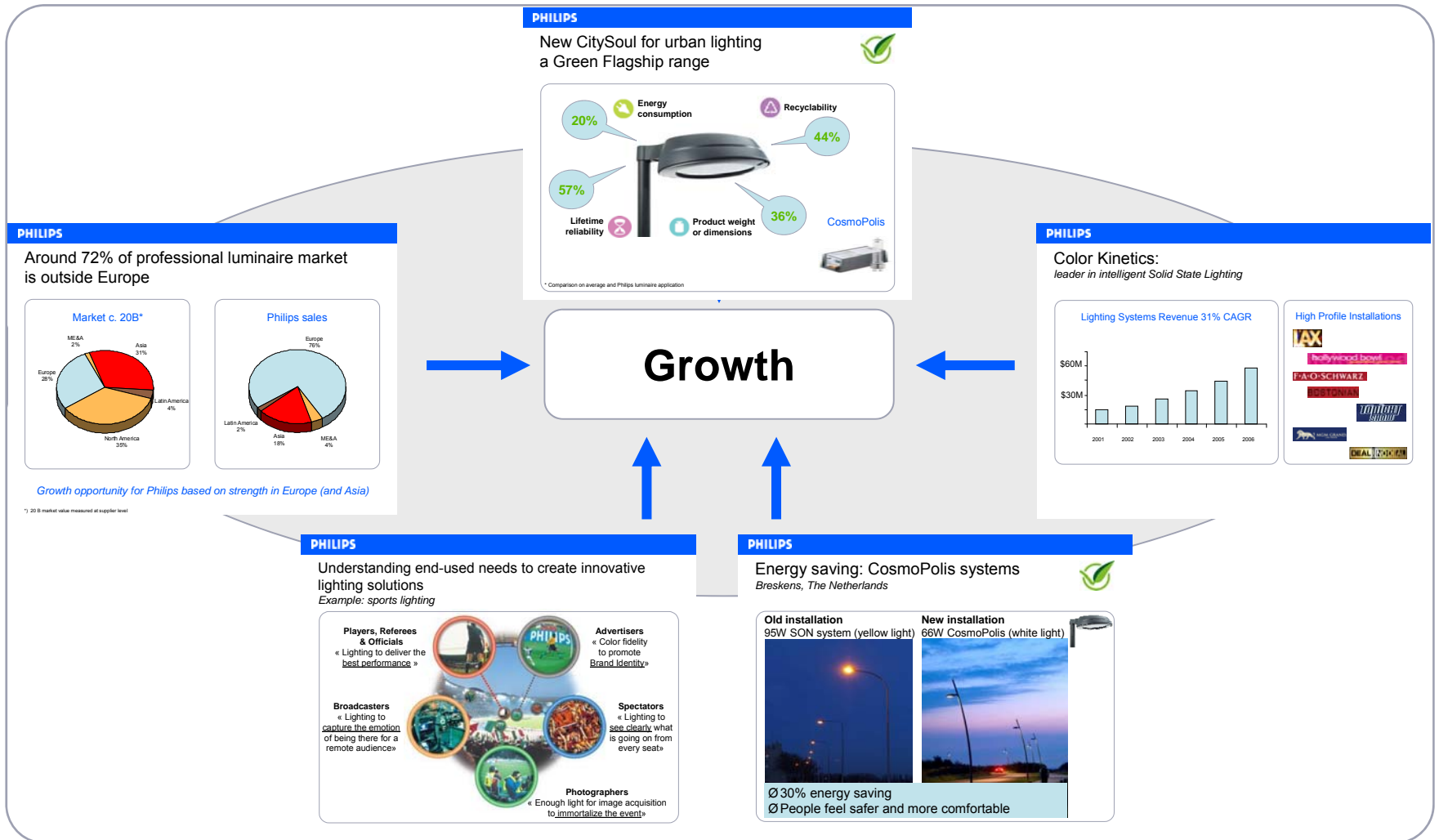


Sparkling and sustainable

Philips Spot LED projectors and downlights

PHILIPS
sense and simplicity

To realize our ambitions also within Lighting we drive all levers of sustainable, profitable growth



PHILIPS

sense and simplicity