

# PHILIPS

sense and simplicity

## Driving New Value Creation through Solutions and Applications

Marc de Jong  
General Manager Professional Luminaires, Philips Lighting

**PHILIPS**

### Key takeaways

- We are **uniquely positioned** to seize **attractive opportunities** in LED lighting solutions
- Resource to win in **LED solutions and go-to-market** capabilities
- **Accelerate!** will enable us to generate **returns that are accretive to Philips Lighting**



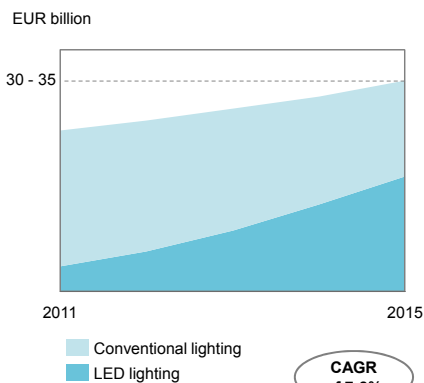
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## Applications and solutions market offers attractive growth opportunities

Strong growth in professional luminaires and controls market<sup>1</sup>



<sup>1</sup> Excluding services market  
Source: Philips Lighting global market study 2010, updated for 2011

Growth faster than GDP, driven by...

- Accelerated renovation for energy efficiency
- Construction investments in growth geographies
- LED driving new applications and additional value for customers
- Rise of dynamic, intelligent lighting systems

...confirming the strategic importance of this market

- Over 70% of total general illumination market and this share will increase
- Fragmented, traditional market with opportunity for "glocal" player to innovate and provide integrated solutions

## This market requires a segment specific approach

"Enhancing life with light" means different things to different customers



## We drive deep segment dedication from insights to innovation to go-to-market

- In-depth **understanding of the customer needs** and the players **ecosystem** (incl. partnership development)



- Dedicated **segment innovation** teams addressing specific customer needs

SchoolVision

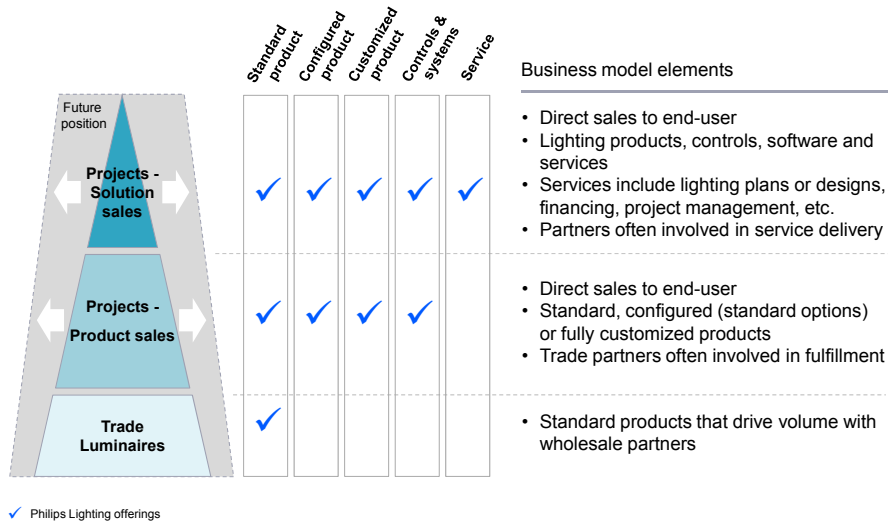


PureDetail

- Dedicated **segment go-to-market teams** with end-user focus and driving all 4 cylinders



## We serve customers with different business models and have a clear focus to grow in solutions

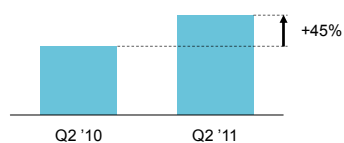


## We expect the demand for solutions to rapidly grow

### Why customer want solutions

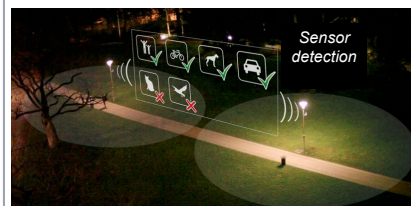
- One stop-shop
- Optimized solutions provide additional benefits vs. components
- LED, controls and connectivity enable new solutions
- Increasing cost focus drives demand for financing and energy performance contracts

### Global turnkey project & services sales



### LumiMotion

- Pedestrian traffic dependent light levels
- Allows safety for pedestrians, additional energy savings and reduced light pollution
- Delivered as turnkey project to customer, including maintenance



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### Our competitive advantages help us grow faster than the market

- 1 Leading lighting brand globally



- 5 Deep application knowledge, strong IP and technical competence.



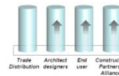
- 2 Global scale and reach positioning us to serve global customers.



- 6 Vertical integration in LED and global LED platforms



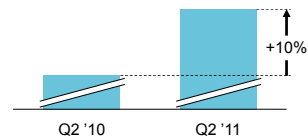
- 3 Strong relationships with end-users, trade, specifiers and installers



- 4 Global scale and local responsiveness



Global professional luminaires and controls sales



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## We will leverage Accelerate! to drive speed, flexibility and cost-efficiency

Accelerate	Actions and results
<b>Resource to win</b>	<ul style="list-style-type: none"> <li>• Drive growth by stepping-up investments in R&amp;D (system development) and sellex (solution selling) to be a first mover in lighting solutions</li> </ul>
<b>Customer centricity</b>	<ul style="list-style-type: none"> <li>• Empowering Business Market Combinations (local/regional marketing and innovation) to increase speed to market</li> <li>• Capabilities for customization with leading customers</li> </ul>
<b>End-to-end</b>	<ul style="list-style-type: none"> <li>• Go-to-market time already reduced by up to 50% while increasing # of product introductions by 50-100%.</li> <li>• End-to-end planning, forecasting and supply process to drive down inventories and increase customer service (95%&gt;)</li> </ul>
<b>Cost reduction</b>	<ul style="list-style-type: none"> <li>• Simplify the organization and take cost out</li> <li>• Industrial footprint rationalization (from &gt;40 sites in 2011 to &lt; 30 sites in 2015)</li> </ul>
<b>Global Leverage</b>	<ul style="list-style-type: none"> <li>• Develop global platforms and products to increase speed and efficiency of local innovation and customization</li> <li>• 3 Global Development Centers as local hub with global leverage (specialism)</li> </ul>

## We are investing to build solutions capabilities

### Build leading solution portfolio

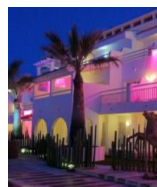
- Develop solution propositions
- Strengthen key enablers:
  - Controls
  - Software
  - Services



Municipality Salobre, Spain

### Build solution capabilities

- Deploy Philips Lighting Solutions in local organizations
- Train sales force
  - Consultative selling
  - Project management
  - Risk management



Ushuaia hotel Ibiza, Spain

### Create and manage the ecosystem

- Ramp up capabilities through selective M&A
- Set up local partnerships for
  - Market access
  - Service delivery



Elite Hotels Sweden

## Common LED platforms driving scale, speed and rapid cost down in our LED luminaires portfolio

### Why platforms

- Efficient local product families and customization
- Upgradability
- Scale
- Product lifecycle decoupled from component lifecycle
- Lumileds design-in across wide product portfolio



- Competitive advantage vs. smaller, non vertically-integrated players

	Platforms	Products / region	(# families supported)
Office & Industry	Area	NA	14
	Point	EMEA	11
	Line	APR	9
	Edgelit Downlights Mixing Chamber Ledgine		
Retail & Hospitality	Area	NA	2
	Spot Reflector	EMEA	6
	Integrated Spot	APR	1
Outdoor	Ledgine	NA	25
	PrismHP	EMEA	24
	Vertical Glow	APR	7

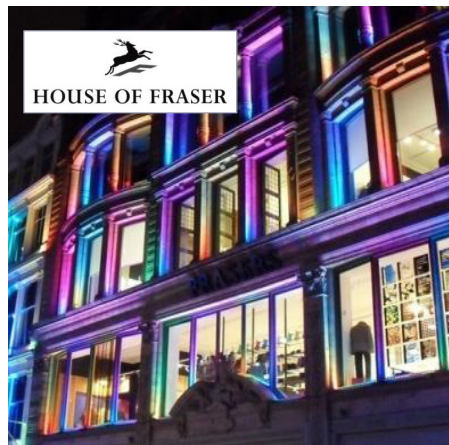
## House of Fraser in London, UK

### LED solution benefits:

- Reduction of energy consumption by an estimated 27% (£1.3M per annum)
- Reduction in carbon footprint
- Improved visual quality within stores
- Enhanced exterior appearance

### Project scope:

- 30 Stores turnkey delivered
- 5 year warranty
- 5 year financing
- Incl., for each store: energy survey, solution design and installation of all lighting (interior and exterior)





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### London Borough's Of Croydon & Lewisham, UK



#### CityTouch:

- Innovative lighting management system
- Allows municipalities to remotely monitor and control street lighting...
- ... While reducing energy consumption and CO<sub>2</sub> emissions

#### At Skanska:

- Will install over 42,000 light points
- Philips was specified by the installer to the Municipality
- Installation financed by PFI (Private Finance Initiative)
- 25yrs contract with municipality

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