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sense **and** simplicity

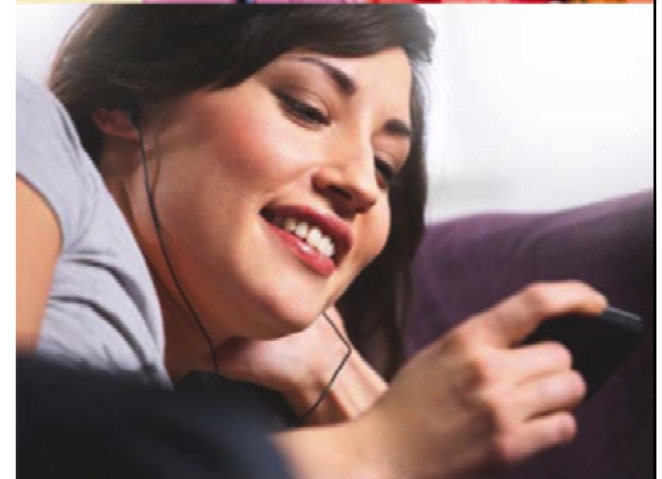
Winning in Professional Segments and Solutions

Marc de Jong
CEO Professional Luminaires business

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Key takeaways

- Professional luminaires (fixtures), controls and lighting solutions offer attractive growth opportunities
- We are uniquely positioned to offer the highest value to our customers with segment specific solutions



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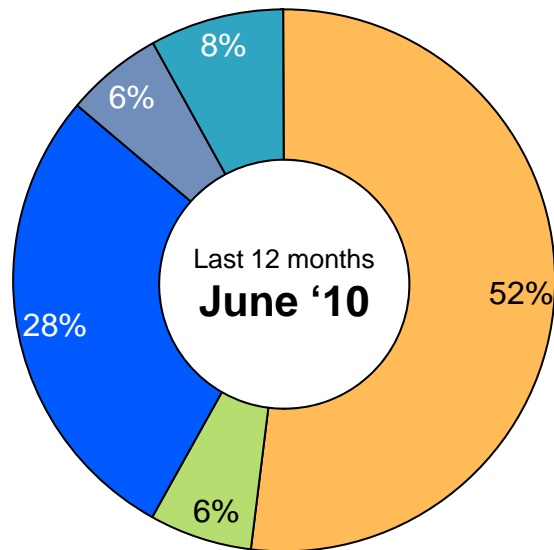
Professional
luminaires, controls
and lighting
solutions offer
attractive growth
opportunities



Large opportunities in professional luminaires and controls market with good growth prospects

Professional Luminaires and controls: growing share of our business

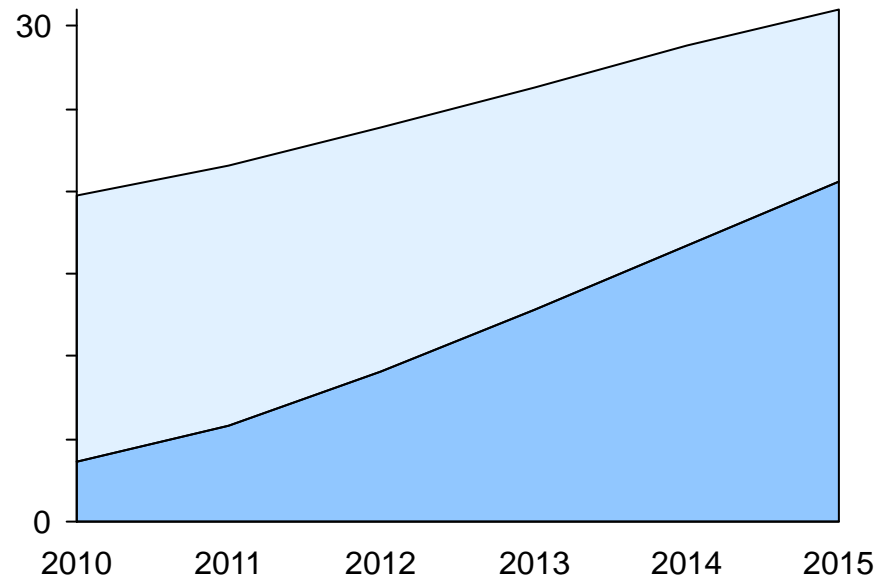
Total sales
€ 7.2 Bln



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

Professional luminaires and controls: strong growth opportunity

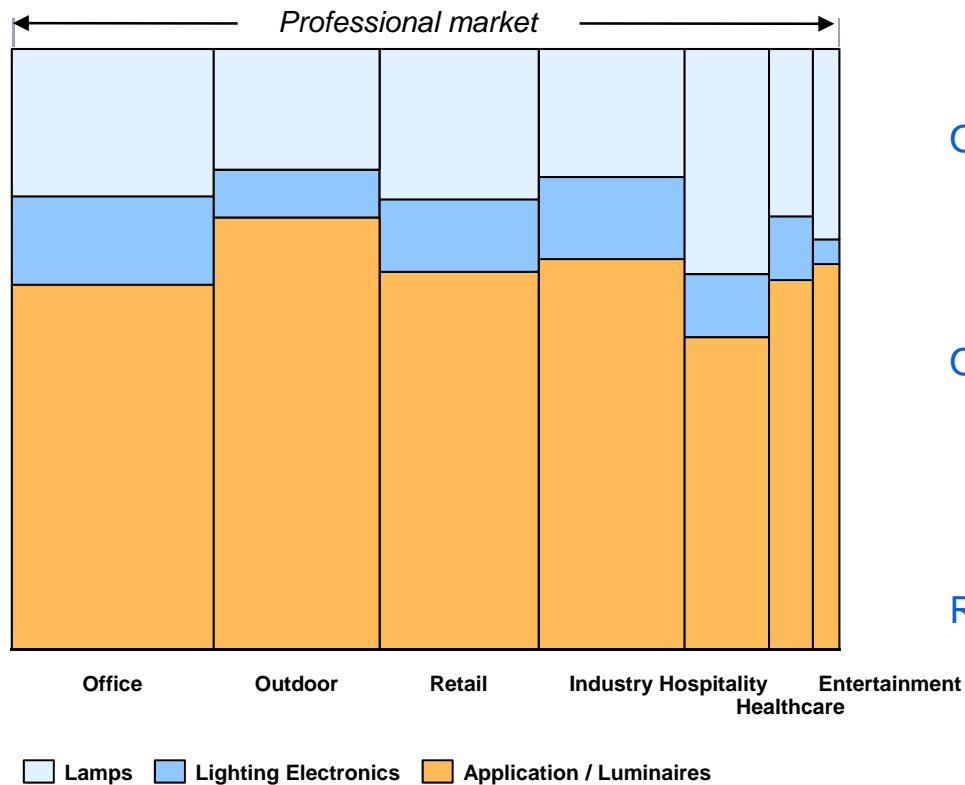
Global market size € Bln



- Conventional lighting
- LED lighting

Office, Outdoor and Retail are the biggest segments in professional market

Total market size in 2010*: 25-30 €Bn



Biggest segments in professional market

Office



Outdoor



Retail



* General illumination

Source: Philips Lighting global market study 2009, updated for 2010

Offices: Great opportunities for intelligent energy efficient solutions



Altering the way we work

These days, only 50% of office space is allocated to personal work spaces.

Space expresses identity

Good design, management and use of space can improve an organization's performance by up to 15%.

Companies are experiencing economic pressure

Lighting makes up about 35% of energy consumption in offices, making it one of the most attractive ways to save energy.

Transforming the way we consume energy

75% of all office lighting is based on outdated energy inefficient lighting.

Outdoor: Favorable economic and regulatory trends driving opportunities in outdoor



Cities want to establish identity

€ 5.5 billion was invested in outdoor lighting in 2009 alone.



Cities want to enhance safety on the streets

Getting street lighting right is now used as a key means to increase safety on the streets



Artificial light is disturbing a delicate balance

19% of all the energy consumed worldwide comes from lighting.



Governments are tightening restrictions

188 countries have already shown their commitment or support for the UN's Kyoto Protocol.

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Retail: The retail industry is going through a transformation, offering great opportunities



The “triple bottom line” – people, planet and profit – is redefining sustainability

87% of worldwide retail lighting sales are energy efficient

Today’s shopping experience is multi-channel and personal

Retailers strive to maximize consumer brand relationships.

Retailers’ formats are extending and specializing

Formats are more targeted than ever before.

Retail businesses are managing operational complexity

Management must “think big” while adopting small-business flexibility, responsiveness and focus.

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We are uniquely
positioned to offer
the highest value
to our customers
with segment
specific solutions



We combine our strengths to win in all the segments we serve

Our building blocks

Strong customer and brand franchise

Global presence

Unique go-to-market model

Customer centric innovation

Scale and customization

Leading green portfolio

Our unique position

We are the leading lighting brand globally with high appreciation from our customers

Our global scale and reach positions us to serve global customers

We combine segment focus with going to end-users direct and via trade, specifiers and partners (“4 cylinder” approach)

Innovating around our customers to create value

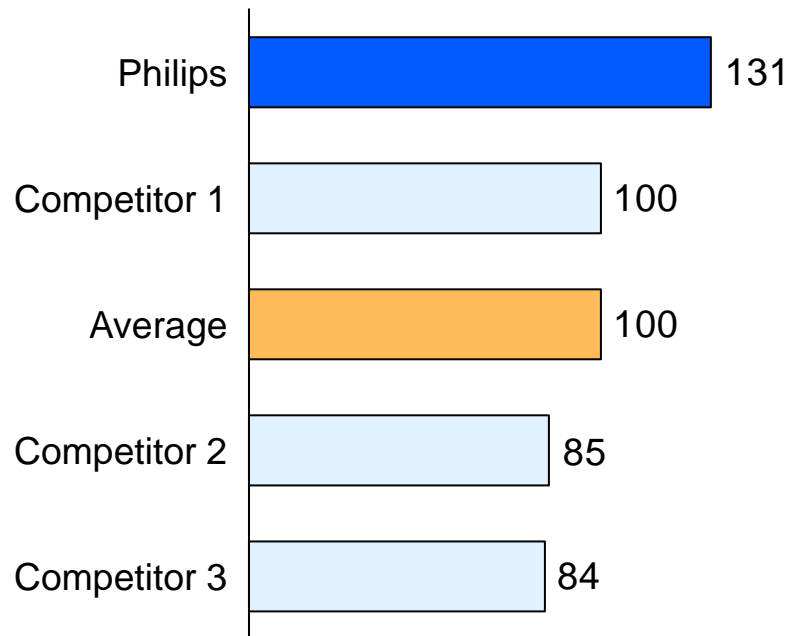
We innovate on platforms that we use as modular building blocks in both standard and customized portfolios

We are the global leader across the entire value chain in energy efficient products and solutions

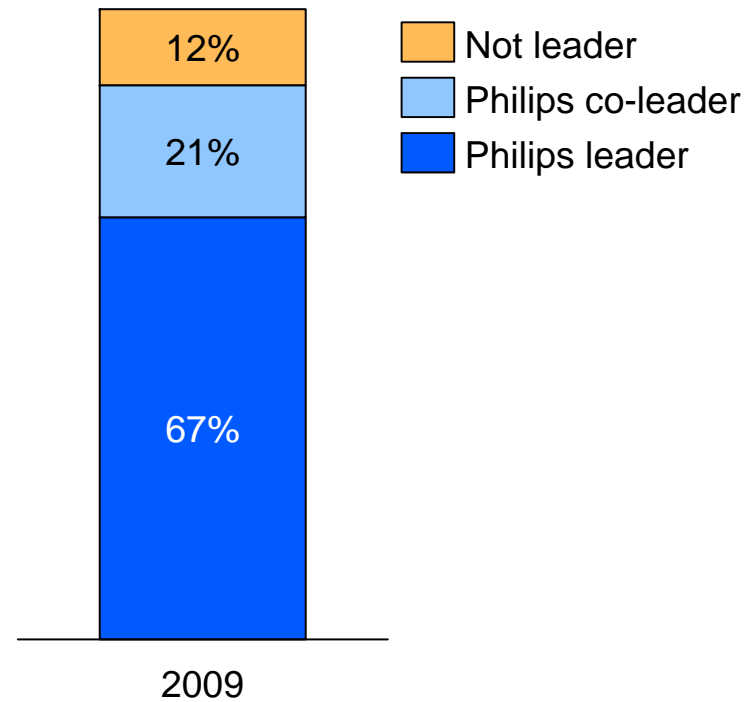
We are the leading lighting brand globally with high appreciation from our customers

Strong brand equity¹ (total Philips Lighting)

Corporate Brand Equity Index¹



High Net Promoter Score² results across the globe (Luminaires)

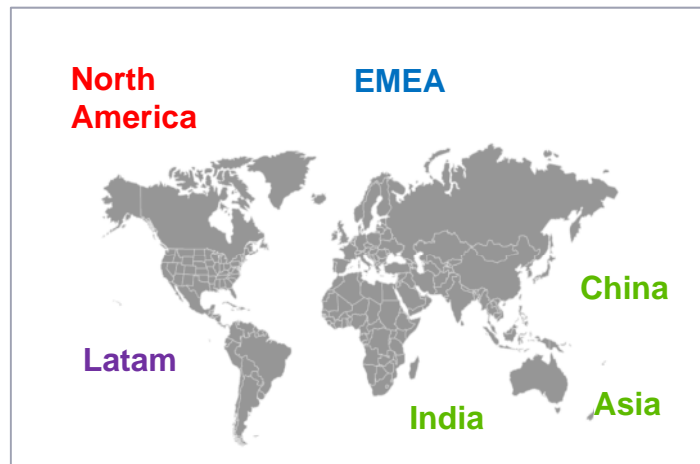


1. Source: Heart BEAT 2010. Brand Equity Philips Lighting
2. Global net promoter score Philips Lighting Luminaires

Our global scale and reach positions us to serve global customers

We have global coverage

Global:
Digital EMS, ODM supply base



Local:
local workshops/partners for design, customization approach, local assembly partners

We manage global accounts



Philips is C&A's sole lighting partner since many years, providing lamps and luminaires in all regions (>1.200 stores) and actively supports C&A in its Asia expansion.



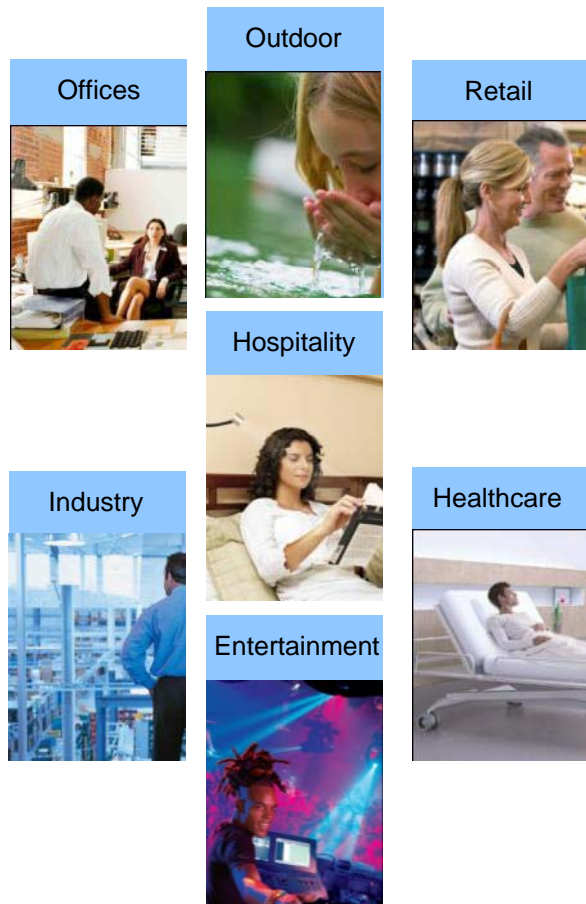
Philips provides Shell in Asia and Europe (>40.000 stores) with total lighting solutions ranging from under canopy lighting to retail space lighting and actively supports Shell in its transition towards LED.



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We combine segment focus with going to end-users direct and via trade, specifiers and partners

4 cylinder approach



Trade

Specifiers

End users

Partners

Trade: Reinforced collaboration with wholesalers and distributors

Specifiers: Strengthened specifier approach; understanding the needs of architects and designers and aligned ways of working

End-users: Innovation, marketing, account management, commercial and technical support all organized around segments

Partners: Partner with other players to deliver the best possible solution for end-users

Customer centric and open innovation

Unmatched strength in innovation...

1. We work closely with **customers and end-users** to innovate meaningful solutions

2. Through **open innovation** we work closely with partners to create the best solution for the end-user

3. We build on a strong **technology and IP** position and have a proven capability for innovation

4. We innovate **beyond technology** taking into account the larger customer challenge and designing the best lighting solution

...Unlocking value for clients

With **Estee Lauder** we developed scene setting for their “foundation fitting rooms”



Together with **Somfy** we create total solutions that integrate artificial with daylight controls in offices.



Unique, dynamic, color LED lighting capabilities for **CK** and **VariLight** customers



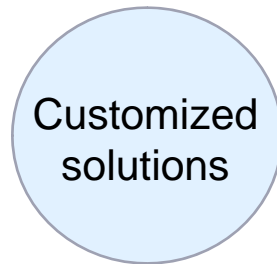
With **ESCO's** we roll-out new business models that includes performance contracting and financing



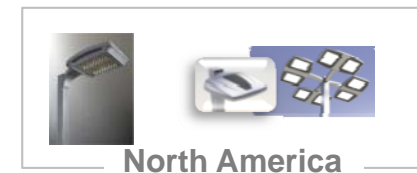
We create global platforms that we use as modular building blocks



customer



regional



global

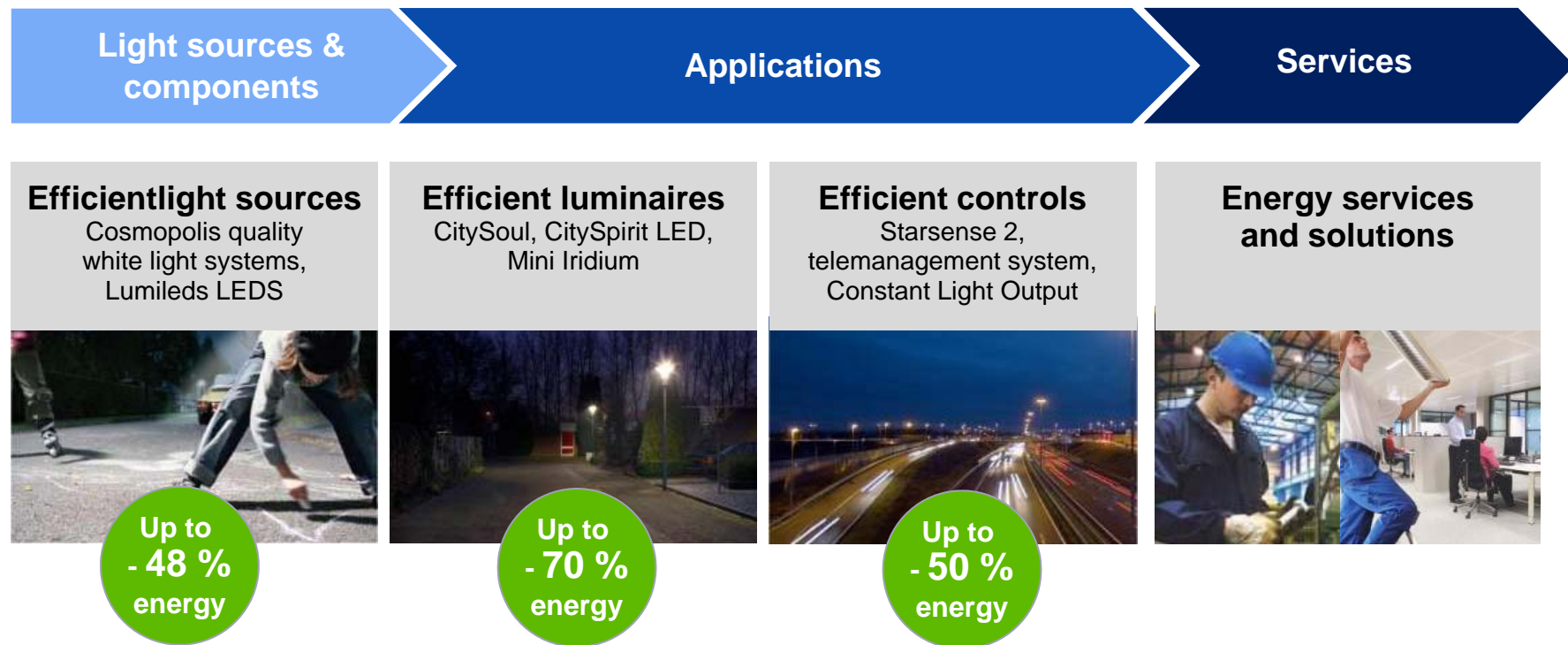


LEDGINE

Platforms

- Reliable component in solution
- Ongoing improvement and cost down management
- Flexibility in customization
- Upgradability

We are the global leader across the lighting value chain in energy efficient products and solutions



Office solutions: offering the highest value to our customers

Qatar National Convention Centre



- Opening in 2011, the Qatar National Convention Centre will be an unparalleled convention facility, boasting iconic design and cutting edge facilities in a world-first green-technology venue.
- Philips provides turnkey architainment lighting system including system design, hardware (controls/luminaires), programming, commissioning, training and project management.

Dalian JinShi Building



- Philips worked together with a property developer at the Jinshi high technology zone to design and realize (July 2010) a building that stands out for sustainability (energy saving) and innovation.
- This resulted in the first total LED solution office building in Asia with nearly 2800pcs of LuxSpace, 360pcs of Coreview, 408pcs of eW Downlight and thousands of CK covers installed. In terms of quantity, this is the largest installation of LuxSpace until now.

Outdoor solutions: offering the highest value to our customers

1000 Villages (China)



- Philips will participate in the 1000-Village Solar LED program, an initiative launched by The Climate Group and the One Foundation to provide rural communities in China with energy-efficient solar-powered public lighting.
- As part of the program Philips provided customized intelligent solar LED road lamp in the village of Guiyang which combines light control with time control to optimize the harnessing of sunlight during overcast and rainy days in the area.

Donbass Arena in Donetsk



- Donbass Arena is homebase of Shakhtar Donetsk and a EURO 2012 stadium with total capacity of 50.000 spectators.
- Philips will provided integrated solution for all lighting (i.e. pitch, façade, indoor and area) and digital displays. This includes consulting, concept design, turnkey delivery and maintenance.
- Part of solution is interconnected platform for media displays inside the venue (incl. pitch advertisement).

Retail solutions: offering the highest value to our customers

Prada



- The Philips Ambiscene concept for Prada delivers dynamic, flexible light to enhance curb appeal and a truly inviting in-store ambience
- Projects realized in China, Hong Kong and Taiwan. Further global roll-out planned for US and Australia
- Philips provides technical design and delivery in collaboration with Prada engineering department and lighting designers (Studio Baciocchi and Mario Nanni)

Dollar Tree

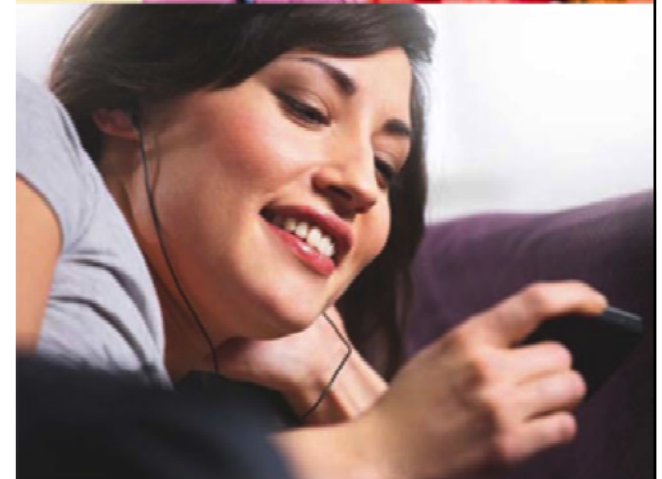


- Multi-site remote control of lighting and HVAC providing energy savings and benefits from demand-response and load-shedding utility programs
- Full assessment, installation and maintenance services
- Dollar Tree 4000 has stores in US and is expanding rapidly (300+ stores per year). 1000+ stores currently deployed. Expectation of 300+ additional store deployments in 2010

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