

PHILIPS

sense and simplicity

Winning in Segments

Marc de Jong

CEO BG Professional Luminaires Philips Lighting

Key takeaways

- Our mission is about **simply enhancing life with light**
- We have the unique ability to balance our **global presence and broad reach** with **local excellence and customized solutions**
- Our **leadership in end-user driven innovation** allows us to win in strategic segments



Our mission is about
simply enhancing **life**
with **light**



Our unique focus is setting us apart

Philips Lighting: delivering Health and Well-Being



People
focused



Partners in
innovation



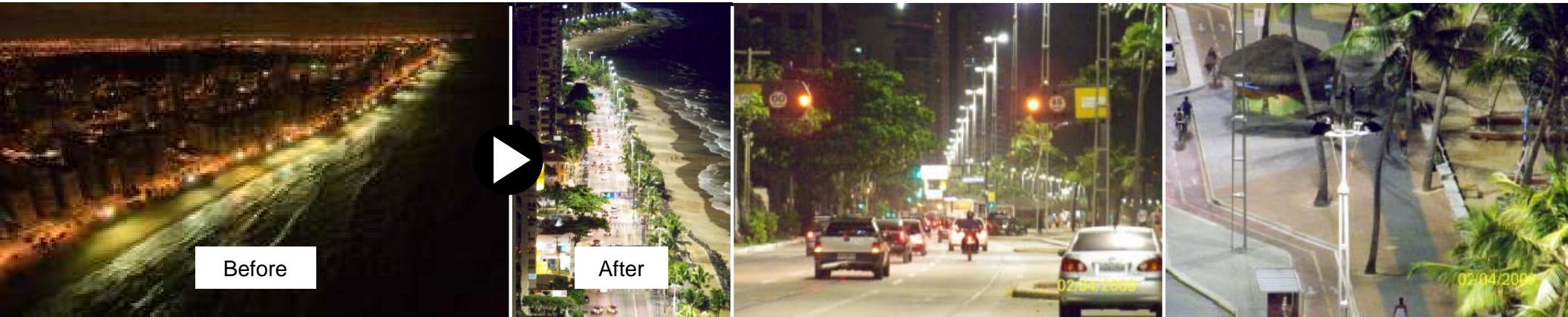
Meaningful
solutions

“Simply enhancing life with light”



More livable and secure cities

A major global business opportunity in the coming decades



People focused

- Increase **safety** with modern light
- Allow more **activity** during the evening at the beach



Partners in innovation

Recife, **State of Pernambuco**, Brazil



Meaningful solutions

Comprehensive city street lighting solution enabled **increased tourism**



More relaxing spaces where and when needed most



People focused

- Allow **personalized atmosphere** setup
- Setup on-demand lighting to **help patients relax**



Partners in innovation



Meaningful solutions

More **relaxed atmosphere** enabled significant **decrease of medical examination failures**

Better working and learning with dynamic lighting



People focused

- **Minimize tiredness** of pupils in classroom
- Implement flexible solution better **suited to children needs**



Partners in innovation

Initial research of UKE (University Hospital) at a **primary school**, in Hamburg



Meaningful solutions

Lighting respecting **daylight rhythms** resulted in better **concentration and performance** of pupils:

- Reading faster: +35%
- Fewer mistakes – 45%
- Calmer +75%

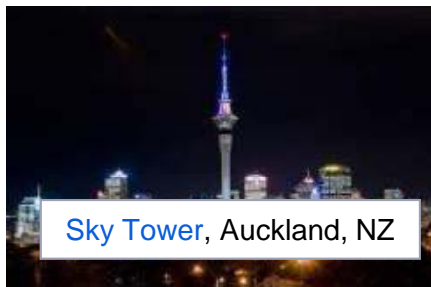
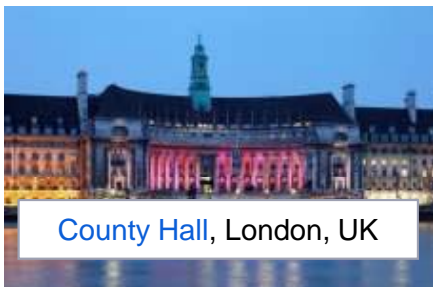
We have the unique ability to balance our global presence and broad reach with local excellence and customized solutions



Unmatched global presence, local excellence

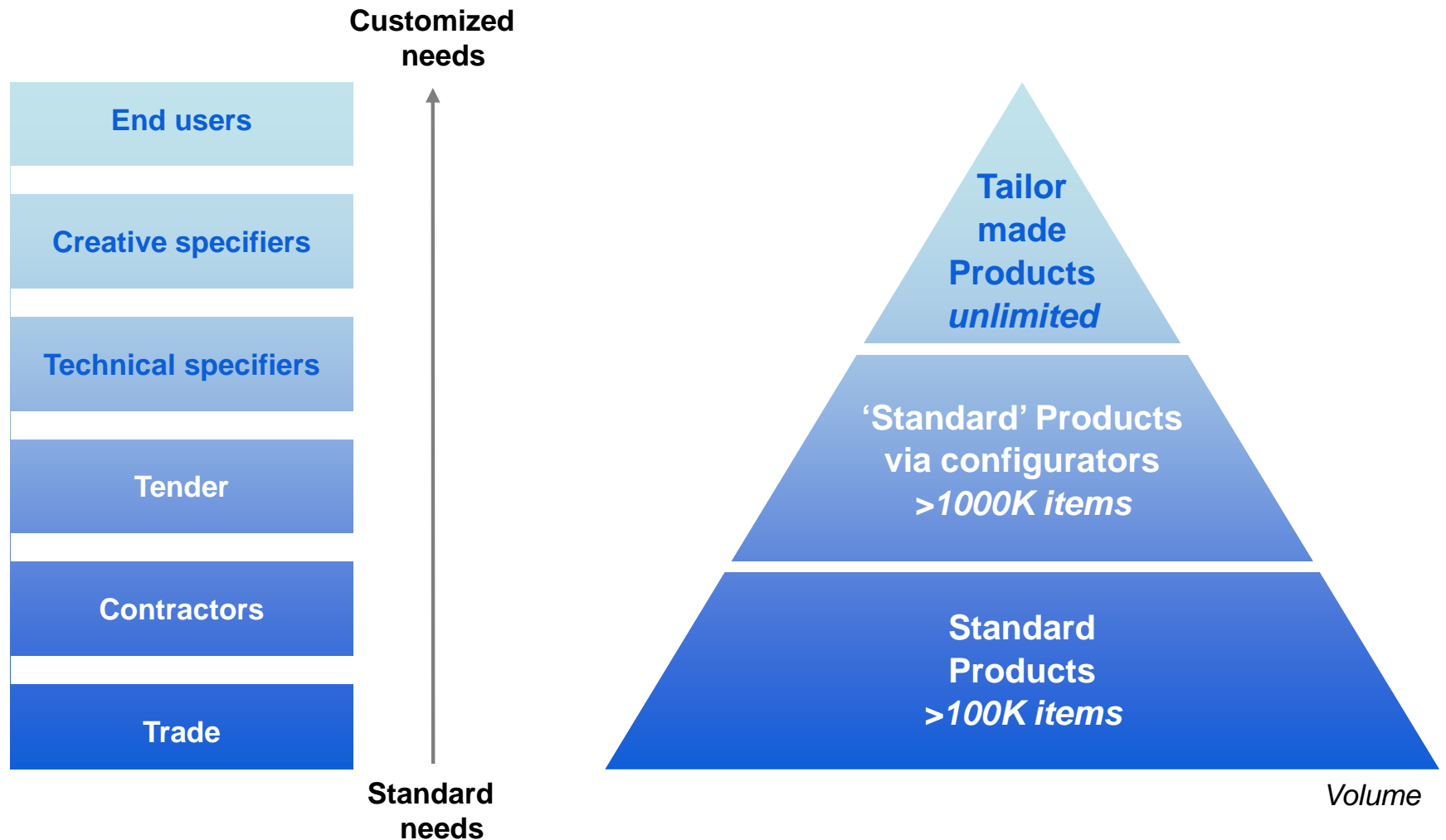
We are the only truly **global** lighting solutions company

We are also providing **local** excellence, rewarded with multiple #1 positions, incl. in **India** and **China**



Broadest product range, customized solutions

Enabled by our unique relationship with all distribution stakeholders



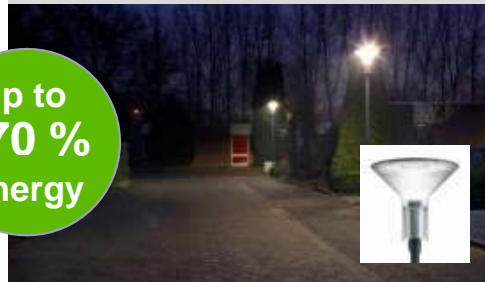
The expert across the whole value chain

Our unique integration capability allows us to offer the most efficient solutions

Efficient luminaires

*CitySoul, CitySpirit LED,
Mini Iridium*

Up to
- 70 %
energy



- 52 %
energy



HSBC Center
Hong Kong

Efficient light sources

*Cosmopolis quality
white light systems,
Lumileds LEDs*

Up to
- 48 %
energy



Up to
- 50 %
energy

Efficient controls

*Starsense 2,
telemangement system,
Constant Light Output*



- 85 %
energy



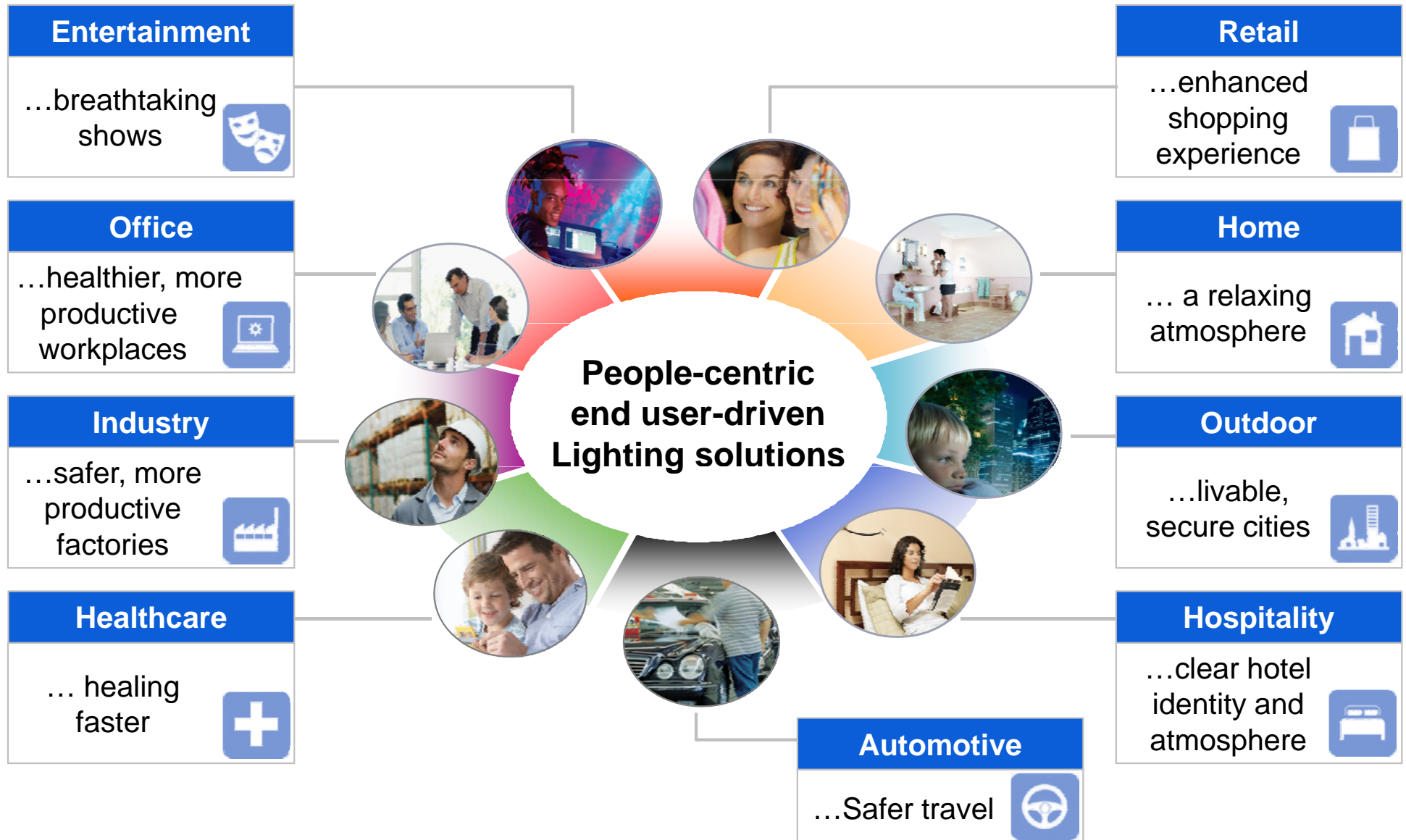
The Venetian
Macao, China

Our leadership in end-user driven innovation allows us to win in strategic segments



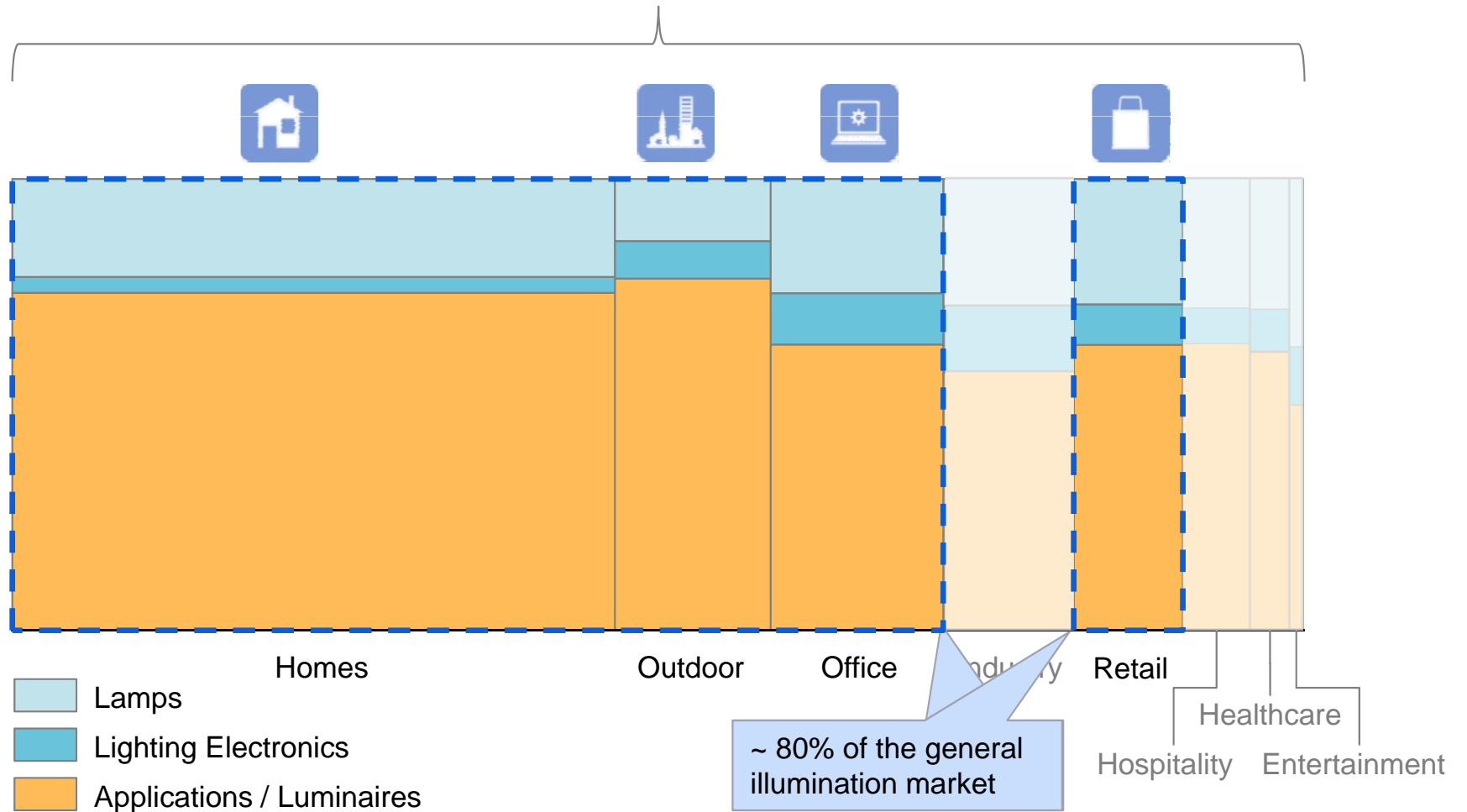
Philips Lighting: simply enhancing life with light

What lighting means for Health and Well-Being...



Home, Outdoor and Office are the biggest segments

Total market size*: 45-50 B€

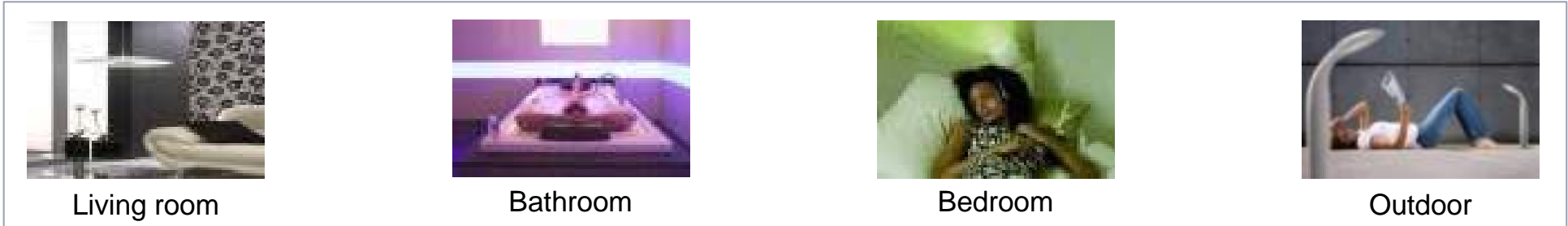


Source: Philips Lighting
 * General illumination



Capturing the opportunity of Home lighting

Sub-segments



Living room

Bathroom

Bedroom

Outdoor

Customer insights

- Activity x Room defines lighting solution
- Consumers buy on design
- The home can be the gravity center for ambience creation as well as the space personal health & well-being space

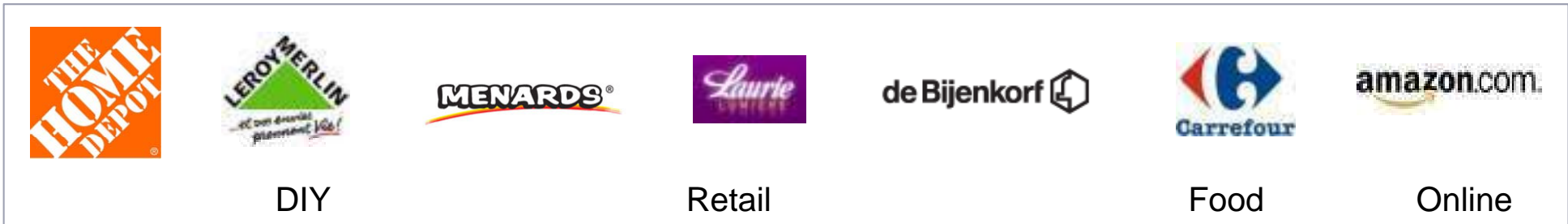
Philips strengths

- Global presence in a scattered competition
- Leveraging strengths of consumer luminaires and lamps
- House of brands

Key metrics

- '09 Market Size: Euro 20-25 B
- '09 Market Share: 6% - 9%

Customers



DIY

Retail

Food

Online



Winning in the consumer / home segment by increasing our reach and our impact

From single region, channel and category...

... to multi regions, channels and categories



Increase our reach

One region
Europe



Multiple regions:
Europe
Asia
Latin America
North America



One single channel
Do it Yourself - DIY



Multi channel:
DIY
Food
Lifestyle and specialist
Online

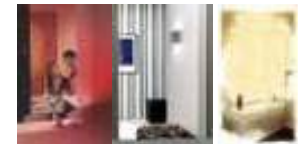


Increase our impact

One single category
Functional



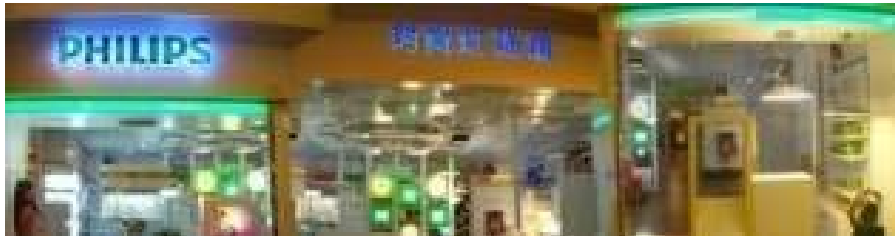
Multiple categories:
Functional
Scene Setting
Well-being





Moving from Europe to a global footprint, with a multi-channel reach

Opening Philips branded stores in China and India...



... And a multi-channel reach

DIY 25% of market:

- Maintain number1 position in Europe
- Grow Latin America and USA



Retail / Lifestyle 65% of market:

- Main focus for growth
- Key for innovations and design



Food 4% of market:

- Key for Lamps



Online 2% of market:

- Good growth opportunities



Enabling customized lighting in all rooms

From functional to ambiance/scene setting lighting

Multiple customer needs depending on room and activity

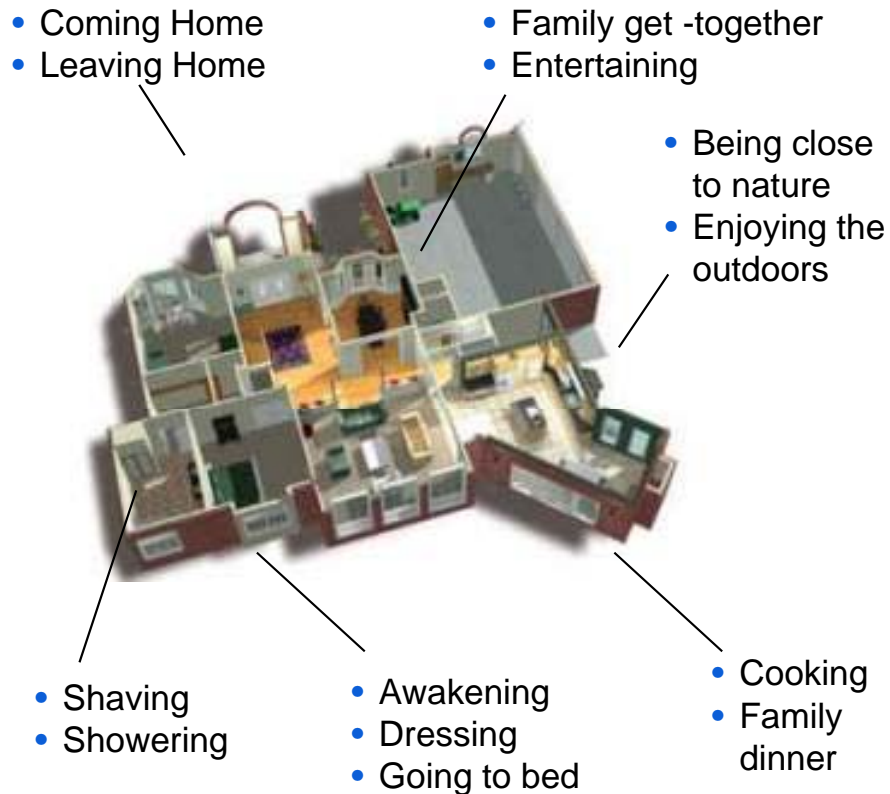


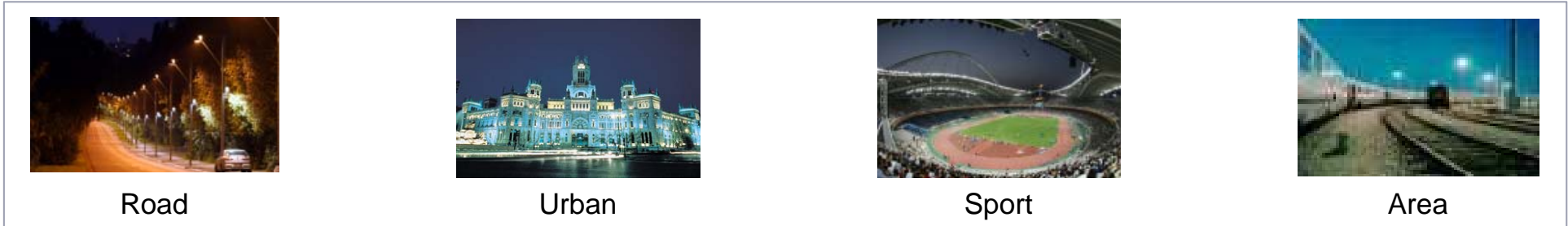
Illustration with the Living room and the Bathroom





Philips Lighting is the leader in Outdoor lighting

Sub-segments



Road

Urban

Sport

Area

Customer insights

- Improve Liveability & Identity of Cities
- Change in Function of Light towards Enabling Darkness when possible
- Environmental Legislation
- Environmental Care beyond Energy Saving
- Increasing relevance of Total Cost of Ownership (TCO) versus Initial cost.

Philips strengths

- Great Lighting expertise
- Turnkey Solutions
- City Beautification
- Energy Saving solutions
- Smart LED solutions

Key metrics

- '09 Market Size: Euro 6-7 B
- '09 Market Share: 18% - 21%

Customers





Increasing safety and sustainability

Road way in Eskiltuna, Sweden



People focused

- Increase **safety** on road through more efficient lighting
- Provide solution to **minimize light pollution**
- Allow **maintenance cost reduction**



Partners in innovation



Meaningful solutions

5000 Selenium HID lights allowing:

- **50% energy savings**
- **focused lighting** for low light pollution
- **Easy to change/upgrade** luminaires

*Compared to conventional technology, majority of road was not illuminated before



Philips lights 70% of the World Heritage Monuments

Powered by innovative, dynamic LED solutions





More lively sport events with Philips turnkey solutions

Caja Magica, Madrid



People focused

- Provide **turnkey project management**
- Enable **comprehensive customer experience**
- Enable **energy savings**



Partners in innovation

Truly One Philips

approach, involving:

- **Lighting:** pitchlighting, Office lighting
- **Consumer Lifestyle:** Aurea, Ambilight
- **Healthcare:** Defibrillators



Meaningful solutions

Turnkey solution, including:

- **Installation and project management**
- Maintenance
- Software packages
- **Financing**



Philips Lighting is pushing for accelerated renovation in Office lighting

Sub-segments



Education



Government



Multinational HQ



Finance & business

Customer insights

- Renovation cycles are stimulated by government packages
- Multinational offices need to live up to companies "green" claims
- Need for more ergonomic workplaces, allowing better productivity of workers
- Multinational HQs are the flagship of companies and need to convey dynamism and innovation through lighting

Philips strengths

- Accelerated Renovation Programs
- Energy Saving / Green Solutions
- Company on stage
- Healthier and more productive workspaces
- Daylight rhythm lighting

Key metrics

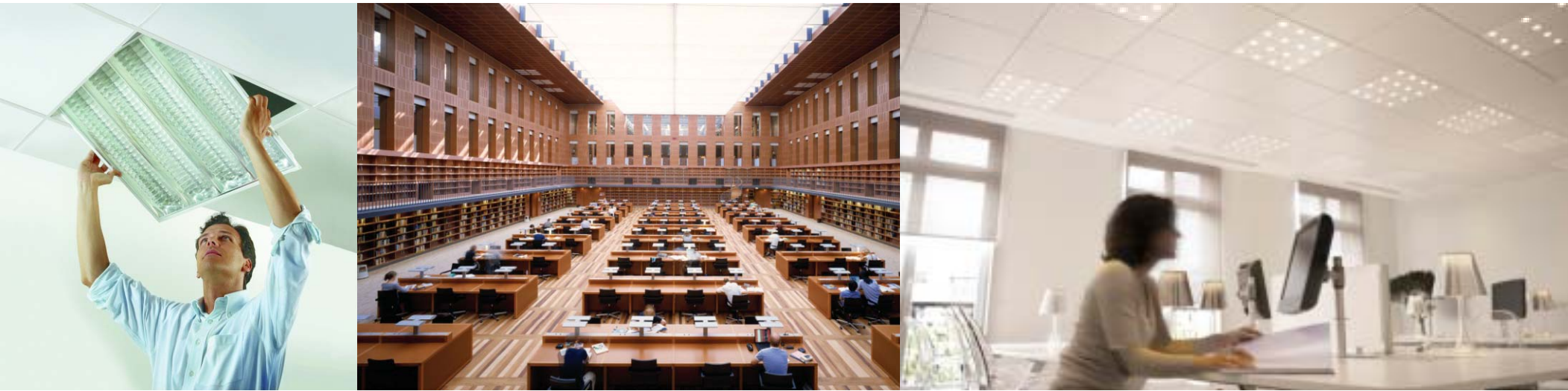
- '09 Market Size
Euro 6-7 B
- '09 Market Share:
16% - 19%

Customers





Bringing energy efficiency to existing offices through accelerated renovation



People focused

- Leverage **government stimulus packages**
- Decrease **Total Cost of Ownership** of building light
- Increase workers **health and well being** through more efficient lighting
- Support “**green**” claims



Partners in innovation



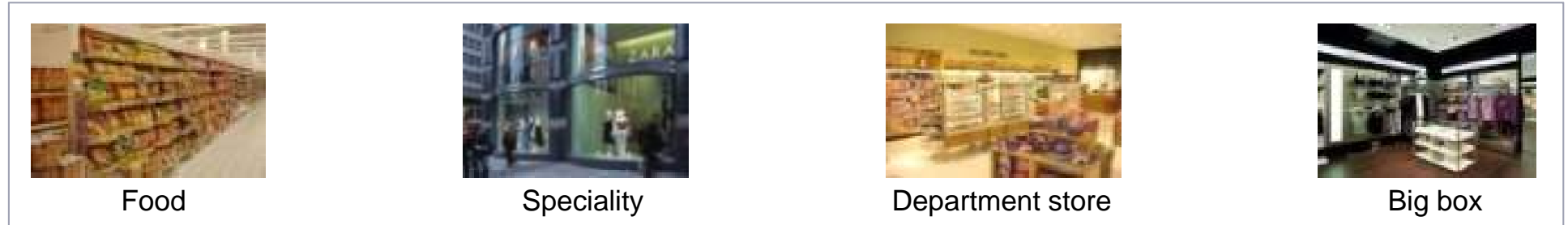
Meaningful solutions

- Increased workers **productivity** through efficient lighting
- Up to **70% energy savings** with LED



Philips Lighting is driving innovation in retail lighting

Sub-segments



Food

Speciality

Department store

Big box

Customer insights

- Construction & renovation cycles are pushed back
- Retail wants and/or needs to be “Green”
- Emerging middle class in Asia
- Generation Y uses all channels (online & brick), need for improved shopping experience
- Increasing possibilities, but with increasing complexity

Philips strengths

- Accelerated Renovation Programs
- Energy Saving / Green Solutions
- Ambiance creation
- Innovative Intelligent and LED solutions
- Turn key solutions

Key metrics

- '09 Market Size
Euro 5-6 B
- '09 Market Share:
16% - 19%

Customers



Energy saving solutions all over the world



People focused

- Functional lighting for more visible, attractive and **easy to find products**
- Low-temperature lighting for **better food conservation**
- **Energy savings**



Partners in innovation



Meaningful solutions

- **Preferred partner** for hypermarkets chains all around the globe
- LED-based luminaires allow **energy savings** and better control of temperature
- **Customized** LED freezer display lighting solutions



Specialty Retail: capturing the opportunity in Asia



Fila flagship store
Shanghai, China



Louis Vuitton,
Hong Kong

People focused

- Attract **more shoppers** through eye-catching store exterior lighting
- Enhance **shopping experience** (in changing rooms, etc.) to turn shopper into customer
- **Brand differentiation**



Partners in innovation

- Leverage **capabilities from other regions:**
- R&D
 - Lighting design
 - Portfolio creation
 - International key account management



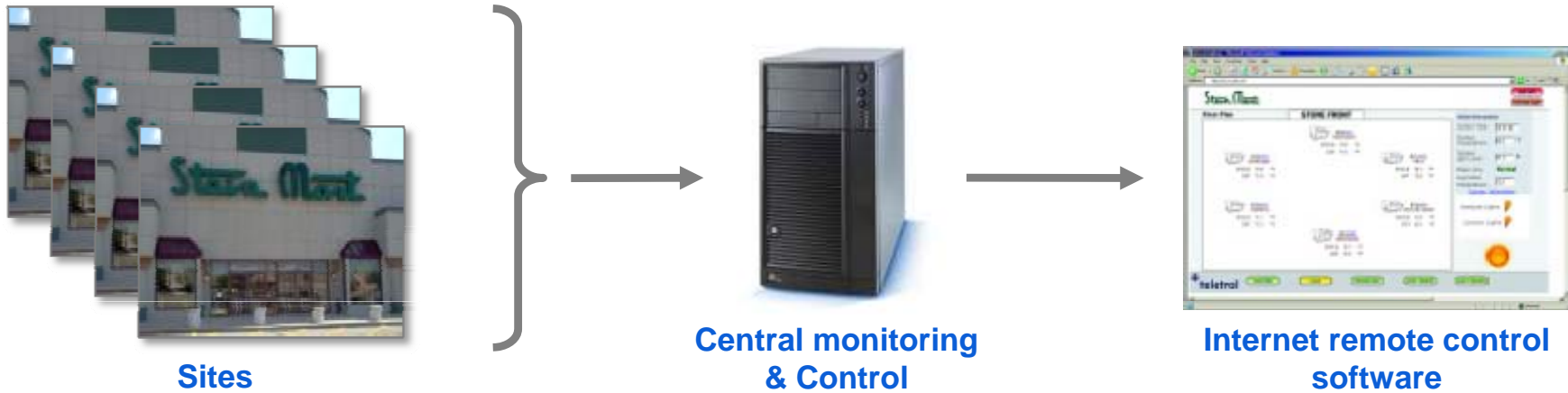
Meaningful solutions

- Store management solutions** including functional white display lighting and color lighting



Enable multi-site, intelligent control solutions

Stein Mart department store, 260 stores in 30 states in the US



People focused

- Develop an **intuitive user interfacing**
- **Free local personnel from operations** functions
- **Strengthen brand** through consistent shopper experience throughout US



Partners in innovation

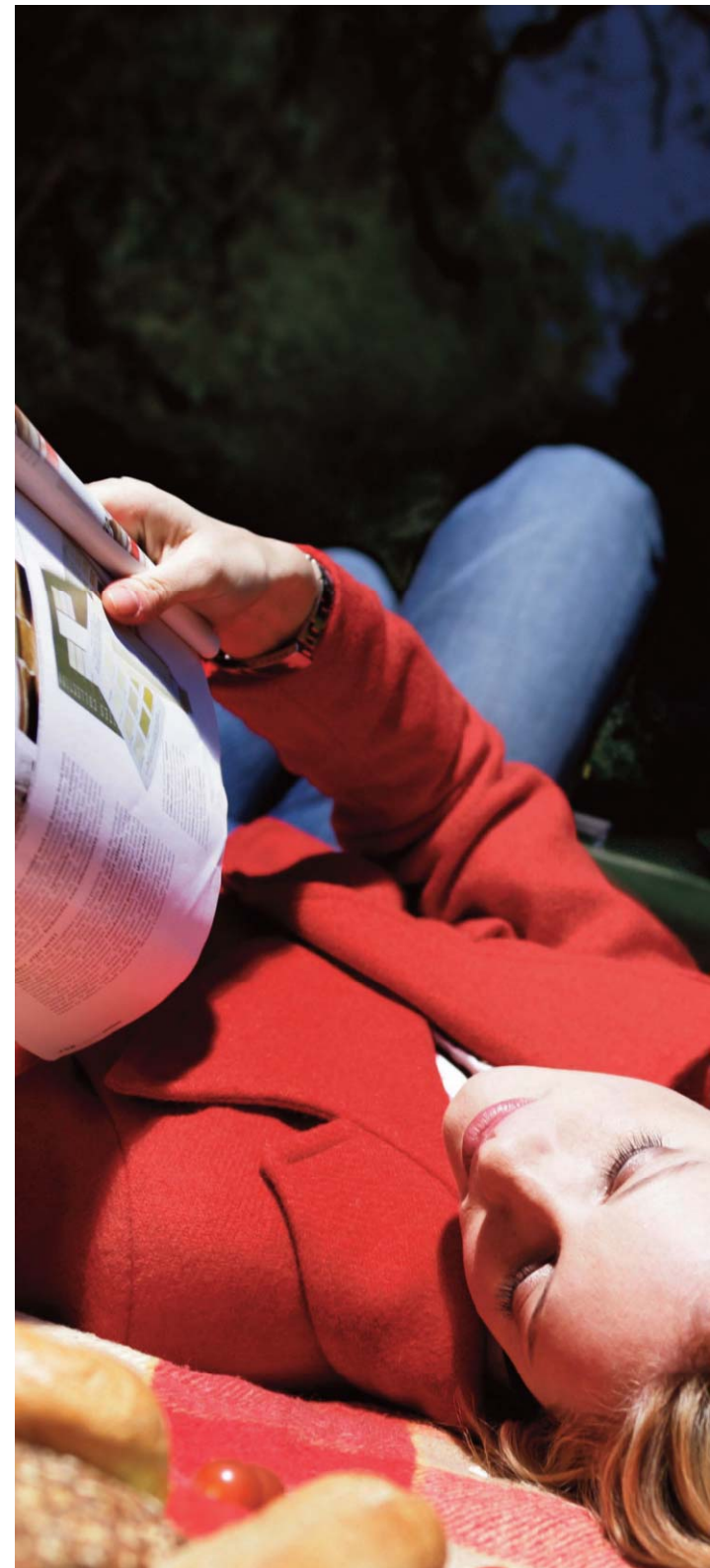


Meaningful solutions

- **Remote management of multiple sites**
- Instant **multi-site scene setting** for seasonal themes

Key takeaways

- Our mission is about **simply** enhancing **life** with **light**
- We have the unique ability to balance our **global presence and broad reach** with **local excellence and customized solutions**
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Q&A

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