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sense and simplicity

Winning in Emerging Markets

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GM Asia Commercial Lighting

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Key takeaways

- Emerging Markets are growing strongly and becoming increasingly important for our business
- We are uniquely positioned to win in Emerging Markets

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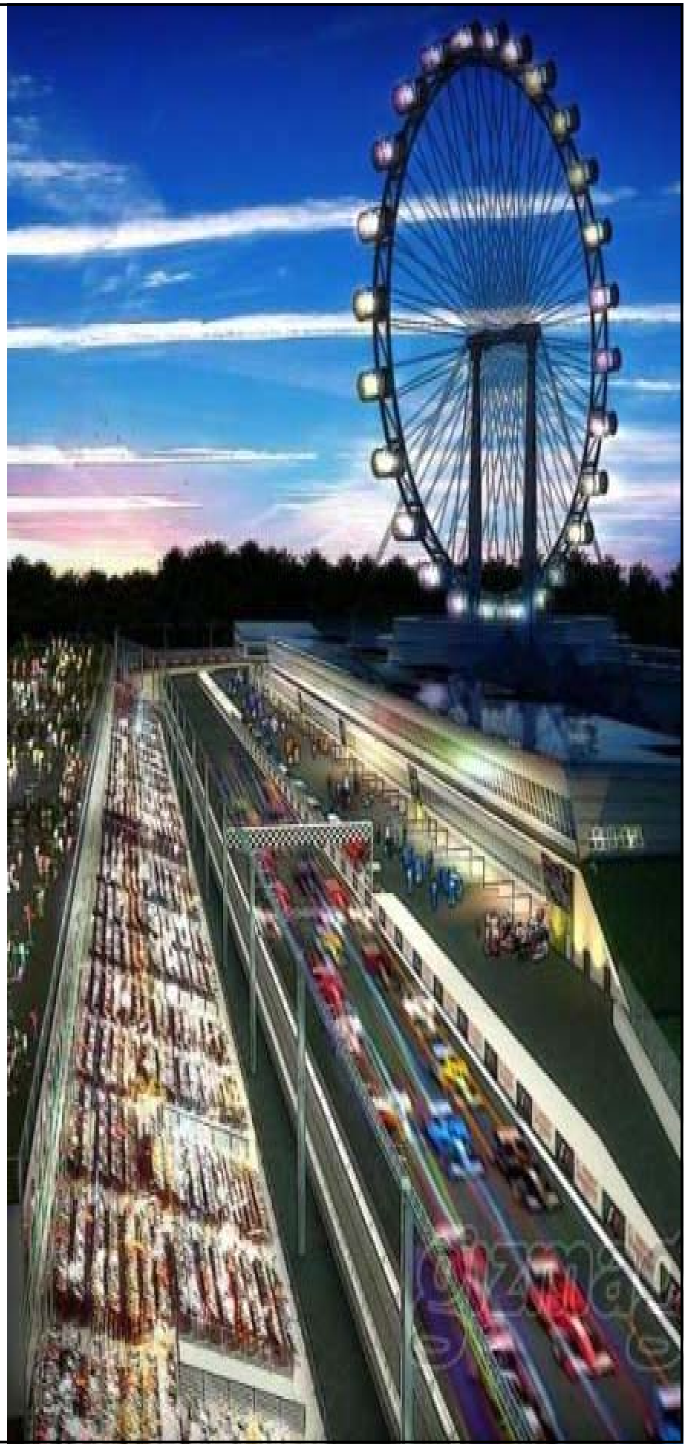
Great opportunity in Emerging Markets



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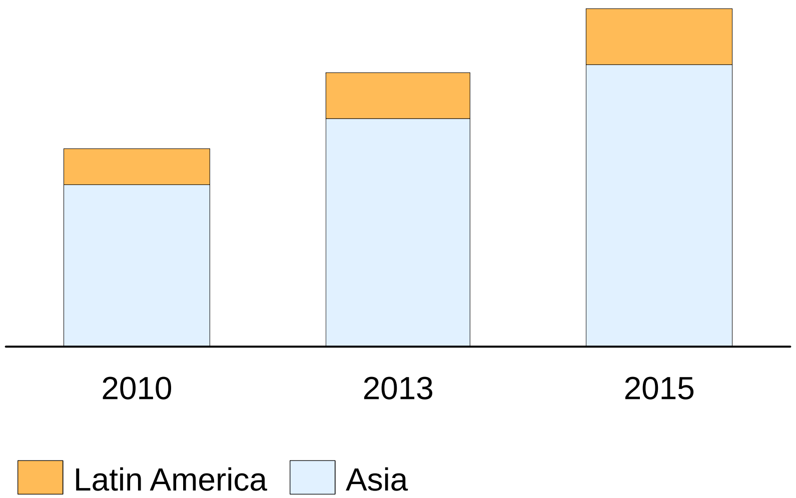
Great opportunity in Latin America and Asia

Positive long term trends in Asia

- Robust growth in GDP with an average growth rate of 8%-10%/yr[1]
- Growing population across Asia
- Increasing urbanization and the need for better infrastructure
- Switch to LED
- Increasing end-user awareness on energy efficiency, driven by legislation

Particularly large market growth in Asia

Latin America and Asia* market sales in € Mln



1) Source: EIU

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

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Asia Pacific Region: different from rest of the world

Differences offer great opportunity

Rapid urbanization and mega cities


Short renovation cycle < 2 years for Asian retailers


Adoption of LED technology led by government agenda


Retail infrastructure - dominated by small independents


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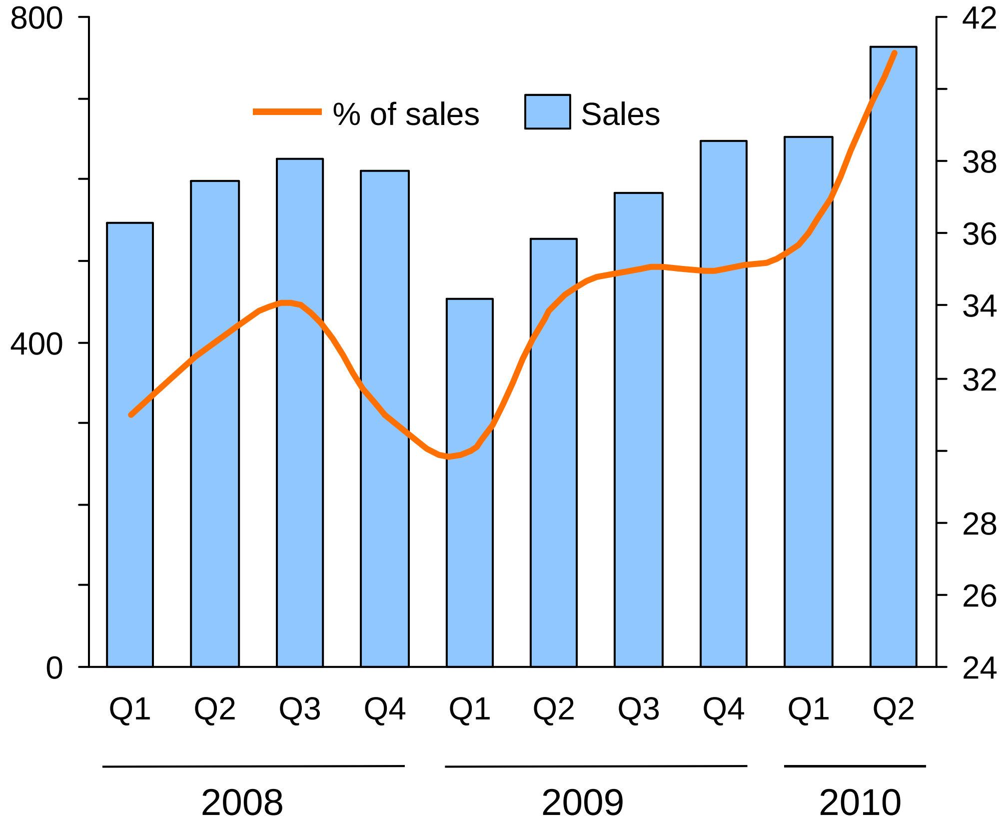
Emerging markets a stronghold for Philips Lighting

Emerging markets increasingly important for Philips Lighting

Philips emerging markets sales in € Mln



Emerging markets sales grew from 31% of our global sales in Q1 2008 to over 40% of our global sales in Q2 2010

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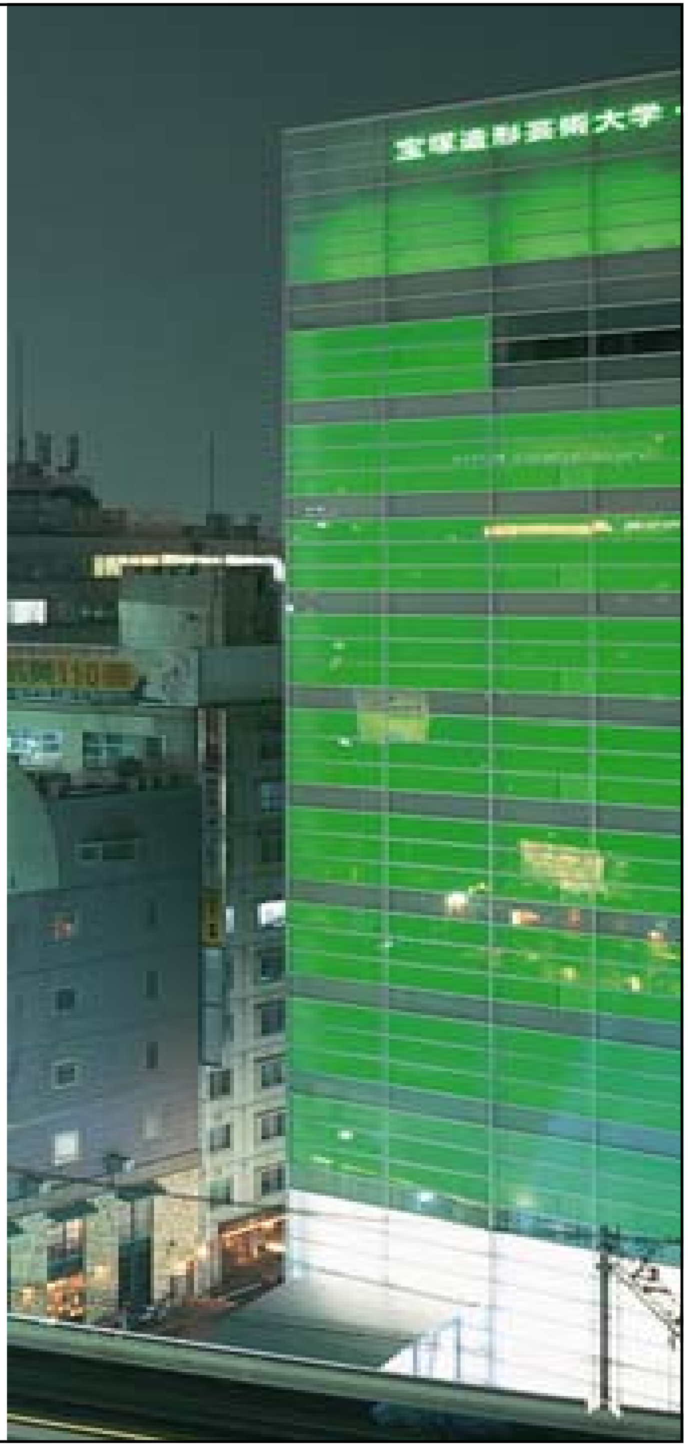
We are uniquely positioned to win in Emerging Markets



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Uniquely positioned to win in Emerging Markets

Our building blocks	Our unique position
Brand and Net Promoter Score	We have a leading brand and very strong Net Promoter Scores
Distribution	We have an extensive distribution coverage in key emerging markets
Branded stores	Rolling out a network of branded stores to capture consumer market growth
Consumer engagement	Engaging consumers through off-line and online programs
Key account management	Driving growth in professional markets through a key account approach
Turnkey projects & services	Expanding into turnkey projects and services
Strong and dedicated portfolio	Strong portfolio in consumer and professional markets through use of global platforms and local for local development

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We have a leading brand and very strong Net Promoter Scores

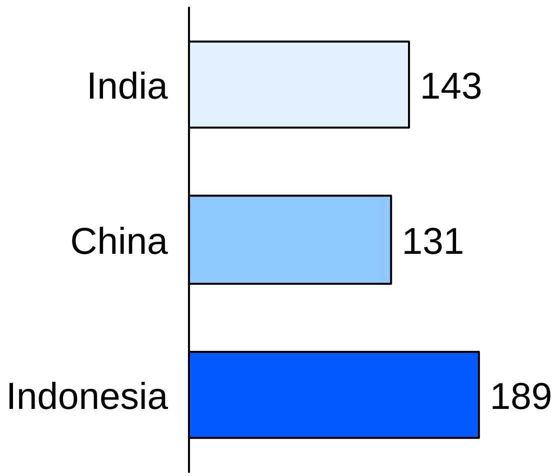
Leading position in Asia across categories[1]

Category	Asia/ Pacific*
Lamps	
Consumer Luminaires	
Professional Luminaires	
Lighting Electronics	
Automotive	
LED components	
Overall Lighting	

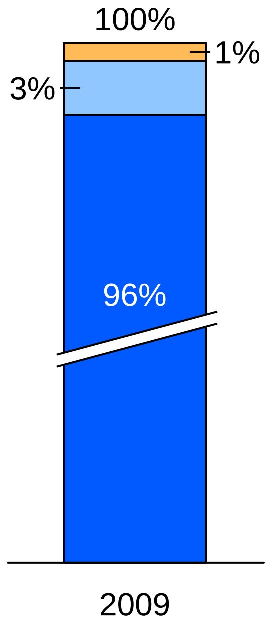
number 1
number 2 or 3
not in top 3

Strong brand equity across Asia[2]

2010 brand equity



Unmatched net promoter score[3]…



Not leader
Philips co-leader
Philips leader

1.Source: Customer panels and Industry associations
2.Source: 2010 Heart beat report, TNS data
3.NPS score based on survey in India, China, Thailand

We have an extensive distribution coverage in key emerging markets

Examples

- **China**
  - 25.000 outlets
  - Strong coverage in 4 metros and 32 main cities
  - Expanding in 2nd and 3rd tier cities, opened 19.000 outlets in last 3 years (25 per day!)
- **India:**
  - 400.000 Philips outlets
  - 1 million selling points through wholesale
- **Indonesia**
  - 60.000 Philips outlets

Rolling out a network of branded stores to capture consumer market growth

Branded shops: 200+ and growing

- We are rapidly increasing our retail presence for consumer lighting in Asia
- We are increasing our market penetration through expansion in tier-2 and tier-3 cities, which are largely untapped

Store-in-store: 1400+ and growing

- We are improving the retail experience we deliver to our consumers from our branded stores

Engaging consumers through off-line and online programs

Off-line consumer activation programs

Retail experience

Print/ Editorial

Engaging Interior Designers

Online activation by building on our consumer lifestyle platform

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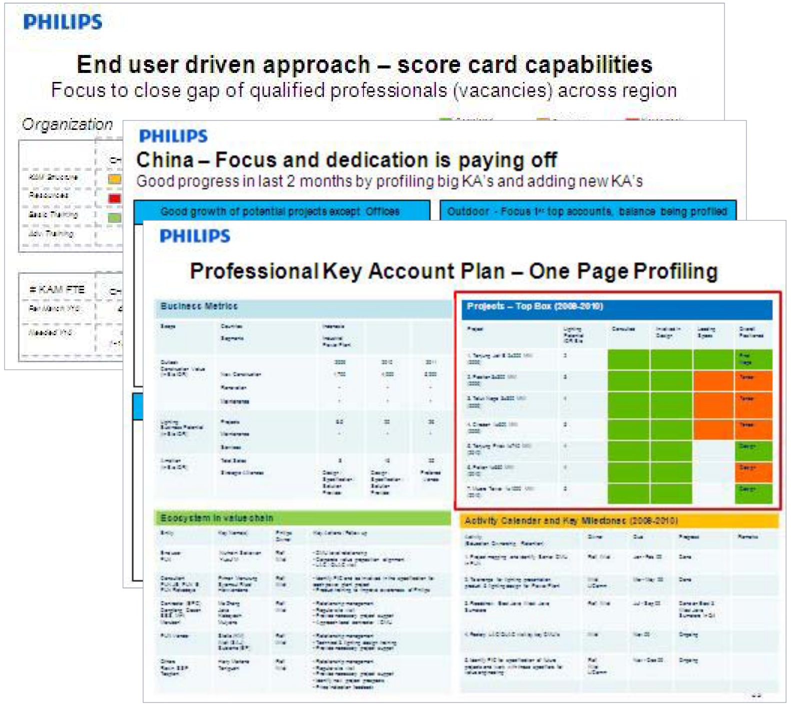
Driving growth in professional markets through a key account approach

Engaging end-users and key accounts…

- Focus on governments and international accounts in establishing long lasting partnerships
- Strategic discussions with mayors and government officials at the highest level to promote LED in outdoor
- Large opportunity in government sponsored energy efficiency programs and stimulus package

… while tracking progress

- Profiling of key accounts per segments
- Pipeline tracking
- Capability built up assessment and training



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Expanding into turnkey projects and services

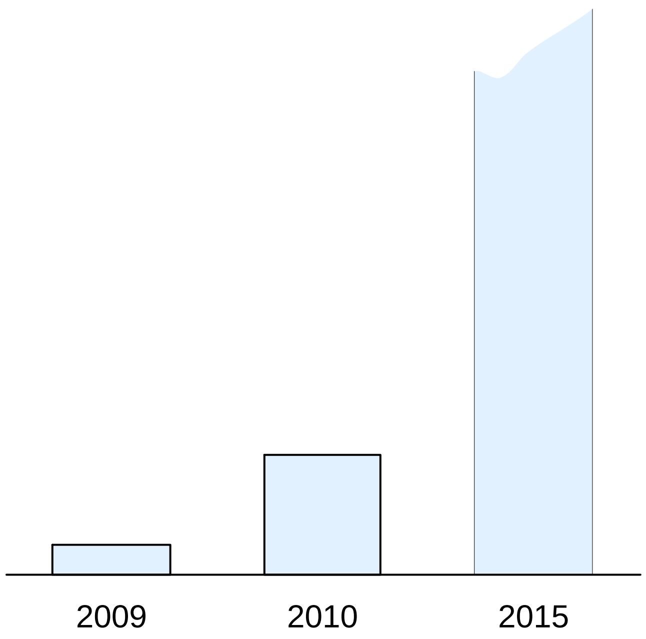
Large opportunity in turnkey projects and services

Expanding in turnkey projects and services

- Leveraging on end-user key account approach
- Capabilities built up by acquiring and training resources
- Establish partners network locally (3rd party sourcing, contractors, financing partners)

As a driver for future growth

Indexed sales growth[1]



1. Base year 2009 = 100

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Turnkey project & services: Examples

Innovation through new business models

Examples

Commonwealth games lighting India

LED freezer lighting Hong Kong

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Strong portfolio in consumer and professional markets

Use of global platforms and local for local development

Use of global platforms as well as local for local development

- Leveraging global supply and technology platforms
- Offer global as well as regional designs/styles
- Local R&D teams that develop products and applications in the regions for the local market
- Using design – enabled by technologies as differentiator
- Focus on innovative LED portfolio

Strong conventional and LED offering in consumer and professional markets

Dedicated portfolio for local consumer markets

Wide portfolio in both conventional as well as LED for local professional market

Range of conventional Applications for retail

Ledgine: Asia

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We are building on our success in Asia

Both in consumer and professional markets

Korea
Consumer LED

India
Light lounges

China
LED Roadlighting

Argentina
Palacio de Justicia de la Nación

China
Guangzhou TV Tower

Indonesia
Suramadu Bridge

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Key takeaways

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Philips Lighting in summary

- We came out of the crisis as a stronger company and have a structurally better business
- The lighting market is set to grow and offers exciting opportunities
- We have the strength and strategy to win in the LED light source business while continuing to leverage our conventional lighting portfolio
- We are very well positioned to create value with segment specific lighting solutions, powered by LED ,controls and products designed around the customer
- Our track record and expected market growth in Emerging Markets provide a unique platform for further expansion
- In the context of Vision 2015 Lighting significantly contributes to the overall Philips growth, with a reported EBITA aspiration level of 12%-14%

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