

# PHILIPS

sense and simplicity

Consumer Lifestyle tomorrow

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CEO Consumer Lifestyle

Last year we stated the DAP and CE integration would bring us new opportunities for profitable growth

Domestic Appliances & Personal care



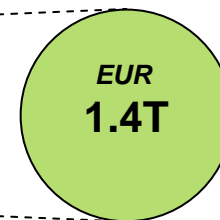
Consumer Electronics



**Consumer Lifestyle**

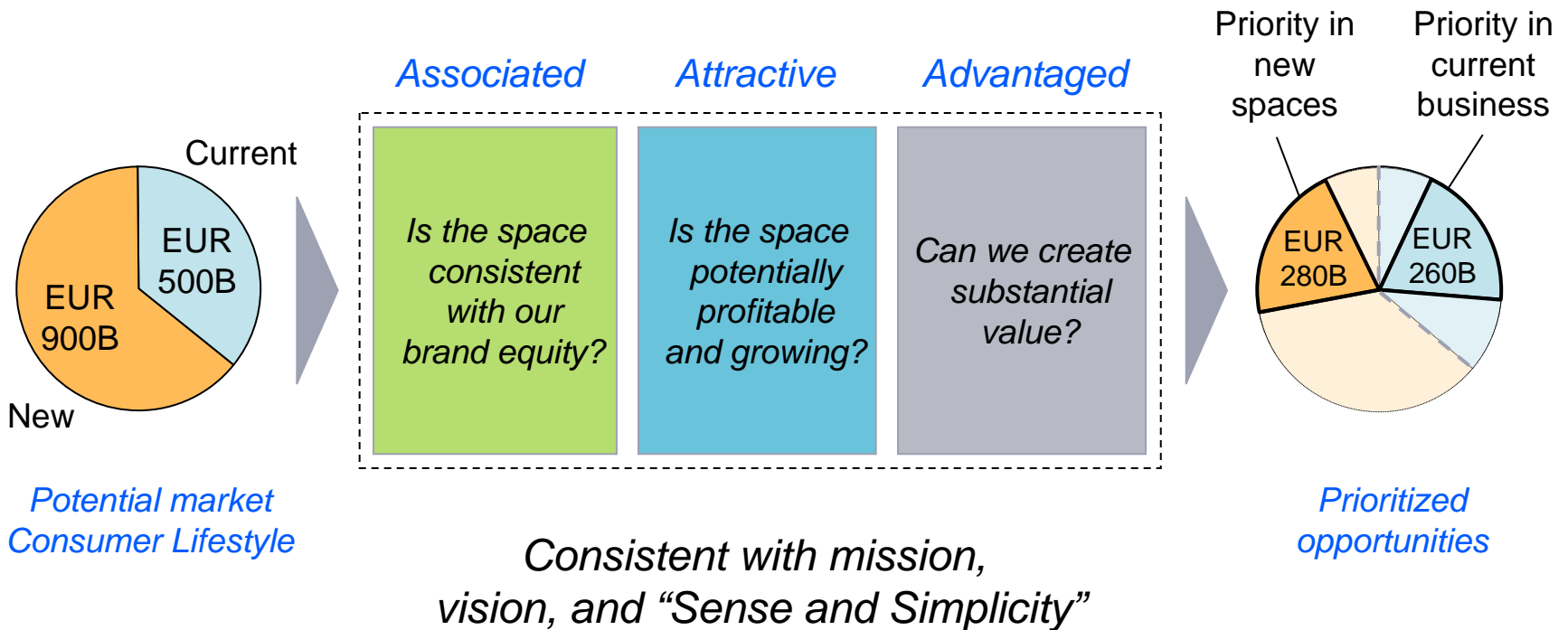


Potential market  
DAP & CE



Potential market  
Consumer Lifestyle

Within these growth opportunities, we have prioritized where we will focus



# Some of the items that have been excluded

- Apparel
- Watches
- Cosmetics
- OTC pharmaceuticals
- Laundry machines
- Furniture
- Mobile phones
- Navigation
- Digital Cameras
- Printers, Fax, Copy machines



Based on our prioritization, we defined four lifestyle platforms for profitable growth

**Healthy life**



**Personal care**



Consumer Lifestyle



**Home living**



**Interactive living**

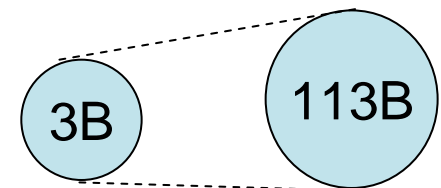
# Growth platform **Healthy life**

*A holistic approach to consumer health and wellbeing*






*Current  
addressed  
market (EUR)*

*Potential  
market size  
(EUR)*













Health is not merely a matter of the body anymore. Health increasingly needs to be approached in a **holistic** way. It involves **mental** and **physical** health and having healthy and caring **relationships**, as well as people's daily habits and **behavioral** patterns.





# Healthy life – significant upside potential in expanding current categories in adjacent spaces

<i>Current Categories</i>	<i>Current Activities</i>	<i>Current Addressed market (EUR)</i>	<i>Potential Market size (EUR)</i>	<i>Potential growth opportunities</i>	<i>Players in the space</i>
Mother & Child Care	<ul style="list-style-type: none"> <li>Baby bottles</li> <li>Monitoring</li> </ul>	1.5B	7B	<ul style="list-style-type: none"> <li>Sleep</li> <li>Feeding babies/toddlers</li> <li>Safety</li> <li>Development</li> <li>Personal care</li> </ul>	
Oral Healthcare	<ul style="list-style-type: none"> <li>Electric toothbrushes</li> </ul>	1.5B	9B	<ul style="list-style-type: none"> <li>Hybrid manual toothbrushes</li> <li>Cleaning                             <ul style="list-style-type: none"> <li>Specialty rinse</li> <li>Plaque removers</li> </ul> </li> <li>Teeth whitening</li> <li>Oral diagnostics</li> </ul>	
Sleep	<ul style="list-style-type: none"> <li>Wake-up light</li> </ul>	0.2B	6B	<ul style="list-style-type: none"> <li>Enhanced going to sleep and wake up products</li> <li>Improved sleep efficiency devices                             <ul style="list-style-type: none"> <li>Sleep timers / monitors</li> <li>Smart beds</li> </ul> </li> </ul>	

# Healthy life – attractive new growth engines in the long term (1)

<i>New Categories</i>	<i>Potential market size (EUR)</i>	<i>Growth (CAGR range)</i>	<i>Margin (range)</i>	<i>Potential growth opportunities</i>	<i>Players in the space</i>
Relationship Care	12B	20-30%	12-20%	<ul style="list-style-type: none"> <li>• Intimate massagers</li> <li>• Infertility / sexual dysfunction</li> <li>• Avoid unwanted pregnancy</li> <li>• Fertility monitoring</li> <li>• Pregnancy monitoring</li> </ul>	 
Preventive Health Diagnostics	6B	8-12%	5-15%	<ul style="list-style-type: none"> <li>• OTC devices               <ul style="list-style-type: none"> <li>– Diabetes monitors</li> <li>– Cholesterol measuring strips</li> <li>– Blood pressure monitors</li> <li>– Pregnancy monitoring strips</li> </ul> </li> </ul>	 
Fitness & Exercise	8B	~3%	5-20%	<ul style="list-style-type: none"> <li>• Integrated exercise equipment for the home and at fitness centers</li> <li>• Monitoring and diagnostic of fitness regime through equipment</li> <li>• Coaching and feedback of fitness status</li> <li>• Workout ambiance creation</li> </ul>	  
Lifestyle diagnostics and coaching	2B	7-10%	10-20%	<ul style="list-style-type: none"> <li>• Platform for monitoring and coaching better lifestyles:               <ul style="list-style-type: none"> <li>– Activity monitors</li> <li>– Heart monitors</li> <li>– Respirator trainers</li> <li>– Weight watching</li> <li>– Fitness trainers</li> </ul> </li> </ul>	  

# Healthy life – attractive new growth engines in the long term (2)

New Categories	Potential market size (EUR)	Growth (CAGR range)	Margin (range)	Potential growth opportunities	Players in the space
Eye Care	47B	3-4%	20-30%	<ul style="list-style-type: none"> <li>Contact lenses and aftercare products</li> <li>Smart vision correction devices</li> <li>Eye protection devices</li> </ul>	
Hearing Aids	3B	4-5%	18-20%	<ul style="list-style-type: none"> <li>Over the counter hearing aids</li> <li>Amplification</li> <li>Healthy headsets</li> <li>Hearing protection</li> <li>Noise cancelation</li> </ul>	
Learning for pre-school and seniors	8B	~5%	10-15%	<ul style="list-style-type: none"> <li>For senior: smart exercise mats, visual and audio aids</li> <li>For pre school children: Learning boxes, iRobot teacher, Language trainers</li> </ul>	
Stress relief & relaxation (beyond massagers)	5B	4%	10%	<ul style="list-style-type: none"> <li>Relaxation-enhancing devices                             <ul style="list-style-type: none"> <li>Spa treatment at home</li> <li>Office range</li> </ul> </li> </ul>	

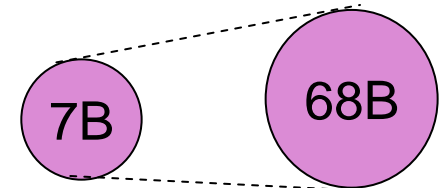
## Growth platform **Personal care**

*Addressing the consumer need to look good and feel great*




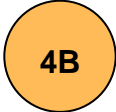


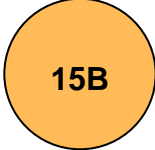

*Current  
addressed  
market (EUR)*

*Potential  
market size  
(EUR)*

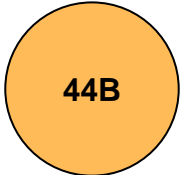

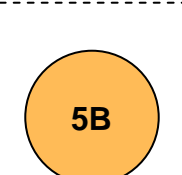



The notion of beauty has evolved into the appreciation of **expression** in more general terms, as the one-dimensional beauty ideal is now being challenged. Beauty is increasingly seen as something that comes from within. It is about feeling **confident** in who you are, and it can be **nurtured** by good care of yourself.

# Personal care – significant upside potential in expanding current categories in adjacent spaces

<i>Current Categories</i>	<i>Current Activities</i>	<i>Current Addressed market (EUR)</i>	<i>Potential Market size (EUR)</i>	<i>Potential growth opportunities</i>	<i>Players in the space</i>
Hair care	<ul style="list-style-type: none"> <li>• Dryers</li> <li>• Stylers</li> </ul>	 <p>2B</p>	 <p>4B</p>	<ul style="list-style-type: none"> <li>• Extending current product ranges</li> <li>• professional line</li> <li>• Hair sets</li> <li>• Hair accessories</li> <li>• Specific hair problems</li> </ul>	
Shaving & grooming	<ul style="list-style-type: none"> <li>• Mens grooming</li> <li>• Shaving</li> <li>• Depilation</li> </ul>	 <p>5B</p>	 <p>15B</p>	<ul style="list-style-type: none"> <li>• Extending current product ranges</li> <li>• Wet &amp; dry shaving</li> <li>• Shaving accessories &amp; consumables</li> </ul>	

# Personal care – attractive new growth engines in the long term

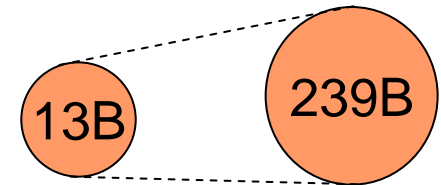
New Categories	Potential market size (EUR)	Growth (CAGR range)	Margin (range)	Potential growth opportunities	Players in the space
Skin care	 <p>44B</p>	~10%	15-25%	<ul style="list-style-type: none"> <li>• Acne</li> <li>• Wrinkles</li> <li>• Cosmetic beauty</li> <li>• Rejuvenation</li> <li>• cleansing</li> </ul>	
Hands & Feet	 <p>5B</p>	3%-10%	5%-7%	<ul style="list-style-type: none"> <li>• Manicure</li> <li>• Pedicure</li> <li>• Nail treatment</li> <li>• Accessories</li> <li>• Consumables</li> </ul>	

# Growth platform **Home living** *Creating a comfortable place to live*







*Current  
addressed  
market (EUR)*

*Potential  
market size  
(EUR)*
















The home increasingly reflects people's **identity** and preferred way of living. From a safe haven for daily routines, the home is turning into a **comfortable** and **inviting** place where life is happening.











# Home living – significant upside potential in expanding current categories in adjacent spaces

Current Categories	Current Activities	Current Addressed Market (EUR)	Potential Market size (EUR)	Potential growth opportunities	Players in the space
Beverage	<ul style="list-style-type: none"> <li>• Senseo</li> <li>• Espresso</li> <li>• Perfect Draft</li> </ul>	2B	3B	<ul style="list-style-type: none"> <li>• Regional roll out</li> <li>• Tea</li> <li>• Soft drinks</li> </ul>	
Kitchen appliances	<ul style="list-style-type: none"> <li>• Blenders</li> <li>• Mixers</li> <li>• Toasters</li> <li>• Fryers</li> <li>• Coffeemakers</li> <li>• Water cookers</li> </ul>	5B	13B	<ul style="list-style-type: none"> <li>• Regional product innovations e.g.               <ul style="list-style-type: none"> <li>• Rice cookers</li> <li>• Bread makers</li> </ul> </li> <li>• Product line extensions</li> <li>• Outdoor cooking</li> </ul>	
Garment care	<ul style="list-style-type: none"> <li>• Travel irons</li> <li>• Ironing systems</li> <li>• Steam irons</li> </ul>	2B	4B	<ul style="list-style-type: none"> <li>• Boards</li> <li>• Gentle washing</li> <li>• Refresh hangers</li> <li>• Drying</li> </ul>	
Floor care	<ul style="list-style-type: none"> <li>• Handhelds</li> <li>• Cylinders</li> </ul>	4B	9B	<ul style="list-style-type: none"> <li>• Regional product innovations</li> <li>• Line extension</li> <li>• Wet/dry cleaning</li> <li>• Window cleaning</li> <li>• Furniture cleaning</li> <li>• Polishing/waxing</li> <li>• Outdoor cleaning</li> </ul>	

# Home living – many new growth engines in the long term (1)

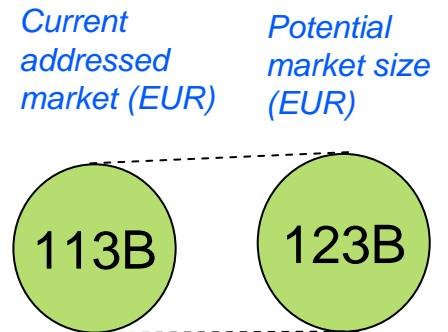
New Categories	Potential market size (EUR)	Growth (CAGR range)	Margin (range)	Potential growth opportunities	Players in the space
Water	12B	10-20%	5-15%	<ul style="list-style-type: none"> <li>Water purification</li> <li>Water filtering</li> <li>Clean water</li> <li>Water nutrition</li> <li>Heating/Cooling</li> </ul>	  
Air	3B	5-10%	7-10%	<ul style="list-style-type: none"> <li>Air purification</li> <li>Air treatment</li> <li>Air humidifiers</li> <li>Heating/Cooling</li> </ul>	 
Home improvement and gardening	53B	4%	10-15%	<ul style="list-style-type: none"> <li>Power tools</li> <li>Electric garden equipment</li> <li>Safety equipment</li> </ul>	  
Home control	11B	5-10%	5-10%	<ul style="list-style-type: none"> <li>Integrated control of devices</li> <li>Automatic adaption to routines/needs</li> <li>Soft security solutions</li> </ul>	 
Energy management	~3B	5-7%	7-10%	<ul style="list-style-type: none"> <li>Home energy generation solutions</li> <li>Monitoring energy (management)</li> <li>Energy efficient devices</li> <li>Solar/wind energy at home</li> </ul>	  <small>Wireless Monitoring Authority pty ltd</small> 

# Home living – many new growth engines in the long term (2)

New Categories	Potential market size (EUR)	Growth (CAGR range)	Margin (range)	Potential growth opportunities	Players in the space
House ware	30B	7%	~5-10%	<ul style="list-style-type: none"> <li>• Pots</li> <li>• Pans</li> <li>• Plates</li> <li>• Cutlery</li> </ul>	  
Large kitchen appliances	90B	6%	5-10%	<ul style="list-style-type: none"> <li>• Cooking grills</li> <li>• Ovens</li> <li>• Microwaves</li> <li>• Refrigerators</li> <li>• Burners</li> <li>• Hoods</li> </ul>	   
Outdoor cooking	8B	10-25%	5-15%	<ul style="list-style-type: none"> <li>• Outdoor kitchen</li> <li>• Barbeques</li> <li>• Outdoor grills</li> <li>• Outdoor accessories</li> </ul>	  

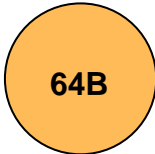
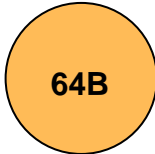

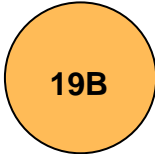
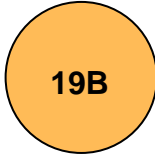

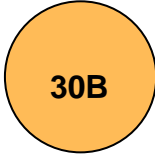
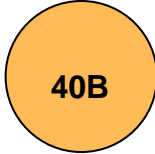

# Growth platform **Interactive living**

*Sharing life experiences through entertainment and information*



The way we deal with media, communication and entertainment content is rapidly changing. We have shifted from being consuming audiences to interactive contributors that love to **share and connect** with others. It is often the sharing with others that makes us enjoy **entertainment and information**

# Interactive living – selective choices to expand current categories

<i>Current Categories</i>	<i>Current Activities</i>	<i>Current Addressed Market (EUR)</i>	<i>Potential Market size (EUR)</i>	<i>Potential growth opportunities</i>	<i>Players in the space</i>
TV	<ul style="list-style-type: none"> <li>• Flat TV</li> <li>• LCD</li> </ul>	 <p><b>64B</b></p>	 <p><b>64B</b></p>	<ul style="list-style-type: none"> <li>• Room solutions</li> <li>• Cinema experience</li> <li>• Family entertainment</li> <li>• Connecting friends and family</li> <li>• Integrated solutions</li> </ul>	
AVM	<ul style="list-style-type: none"> <li>• Home cinema systems</li> <li>• Mainstream Audio/Video</li> <li>• Portable Audio/Video</li> </ul>	 <p><b>19B</b></p>	 <p><b>19B</b></p>	<ul style="list-style-type: none"> <li>• Free your music</li> <li>• Entertainment on the go</li> <li>• Integrated solutions</li> </ul>	
P&A	<ul style="list-style-type: none"> <li>• Mobility</li> <li>• PC peripherals</li> <li>• Photoframe</li> </ul>	 <p><b>30B</b></p>	 <p><b>40B</b></p>	<ul style="list-style-type: none"> <li>• Sector wide accessories</li> <li>• Mobility accessories</li> <li>• Multimedia accessories</li> </ul>	

## Our game plan to aim at 5% EBITA in TV

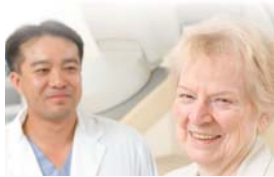
- From scale to value
- Value through differentiation
- Focus on:
  - our areas of strength (fortress Europe and BRIC)
  - areas with growth potential (from 37% to 44% of TV market value)
- Lower our cost base while maintaining speed and innovation by strategic partnerships with fewer suppliers
- Further derisk through application of brand licensing models
- Push premium (focus on Ambilight)

## Consumer lifestyle –

*A key player in the health and wellbeing area*

### Healthcare

Home  
Healthcare



### Consumer Lifestyle

Healthy  
life



€113 B

Personal  
care



€68 B

Home  
living



€239 B

Interactive  
living



€123 B

### Lighting

Consumer  
Lighting



# Create a Consumer Lifestyle powerhouse

*By making and executing clear strategic choices and driving relentlessly for costs, organization and investment discipline*

- Portfolio management – progressively shifting focus from cleaning to consolidating global and regional leadership positions
- Pursue strategic acquisitions and alliances - select a few platforms and build further in identified spaces
- Focus on and continue to drive emerging markets
- Continue to invest at competitive level in Advertising and R&D, leveraging our marketing excellence and discipline
- Maintain rigorous cost and organizational discipline to build a more flexible, faster and innovative sector

