

PHILIPS

sense and simplicity

Consumer Lifestyle tomorrow

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

Domestic Appliances & Personal care



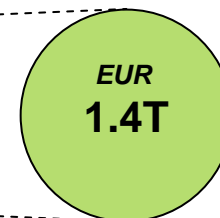
Consumer Electronics



Consumer Lifestyle

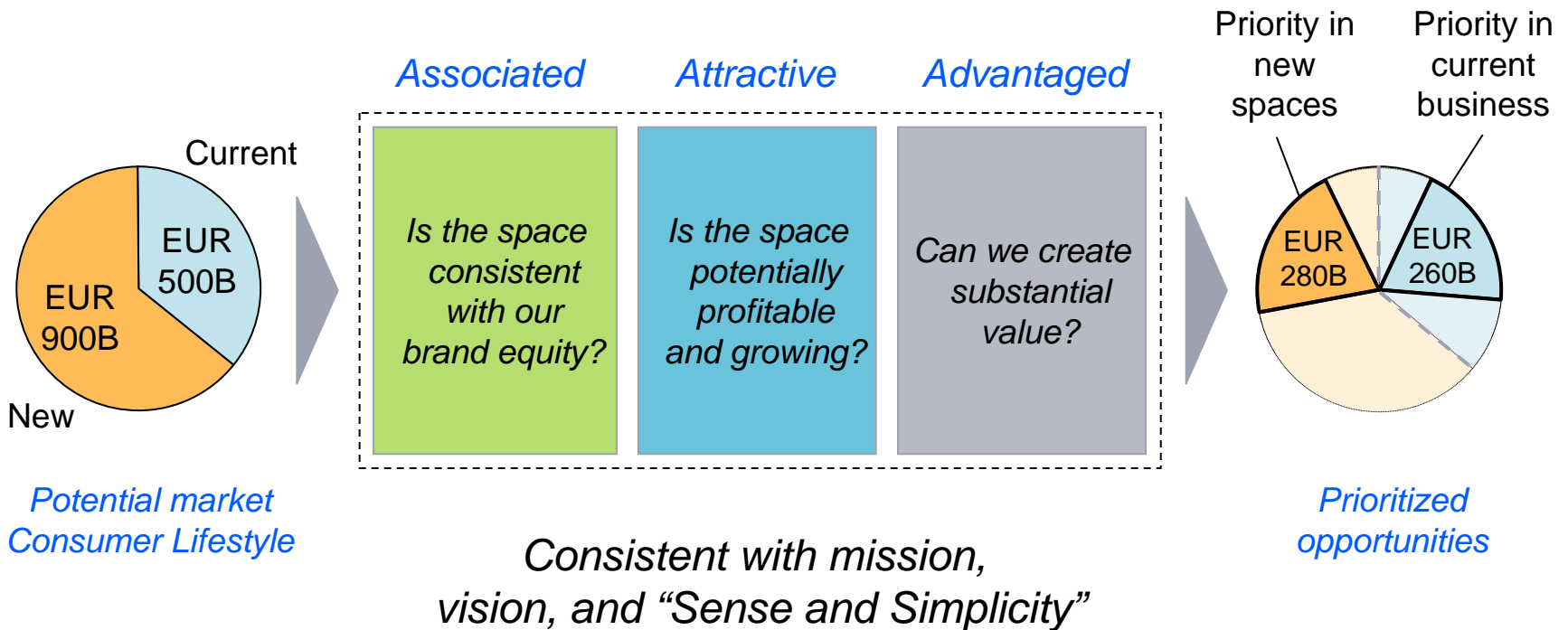


Potential market
DAP & CE



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

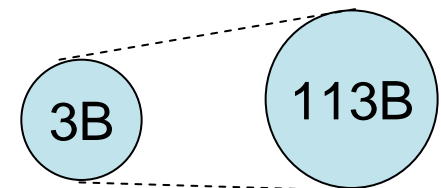
Growth platform **Healthy life**

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"> Baby bottles Monitoring 	1.5B	7B	<ul style="list-style-type: none"> Sleep Feeding babies/toddlers Safety Development Personal care 	
Oral Healthcare	<ul style="list-style-type: none"> Electric toothbrushes 	1.5B	9B	<ul style="list-style-type: none"> Hybrid manual toothbrushes Cleaning <ul style="list-style-type: none"> Specialty rinse Plaque removers Teeth whitening Oral diagnostics 	
Sleep	<ul style="list-style-type: none"> Wake-up light 	0.2B	6B	<ul style="list-style-type: none"> Enhanced going to sleep and wake up products Improved sleep efficiency devices <ul style="list-style-type: none"> Sleep timers / monitors Smart beds 	

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"> • Intimate massagers • Infertility / sexual dysfunction • Avoid unwanted pregnancy • Fertility monitoring • Pregnancy monitoring 	 
Preventive Health Diagnostics	6B	8-12%	5-15%	<ul style="list-style-type: none"> • OTC devices <ul style="list-style-type: none"> – Diabetes monitors – Cholesterol measuring strips – Blood pressure monitors – Pregnancy monitoring strips 	 
Fitness & Exercise	8B	~3%	5-20%	<ul style="list-style-type: none"> • Integrated exercise equipment for the home and at fitness centers • Monitoring and diagnostic of fitness regime through equipment • Coaching and feedback of fitness status • Workout ambiance creation 	  
Lifestyle diagnostics and coaching	2B	7-10%	10-20%	<ul style="list-style-type: none"> • Platform for monitoring and coaching better lifestyles: <ul style="list-style-type: none"> – Activity monitors – Heart monitors – Respirator trainers – Weight watching – Fitness trainers 	  

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

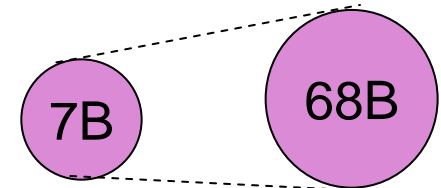
Growth platform **Personal care**

Addressing the consumer need to look good and feel great




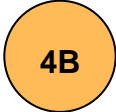


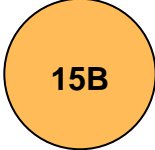

*Current
addressed
market (EUR)*

*Potential
market size
(EUR)*

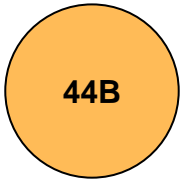

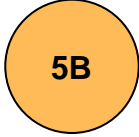



The notion of beauty has evolved into the appreciation of **expression** in more general terms, as the one-dimensional beauty ideal is now being challenged. Beauty is increasingly seen as something that comes from within. It is about feeling **confident** in who you are, and it can be **nurtured** by 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"> • Dryers • Stylers 	 <p>2B</p>	 <p>4B</p>	<ul style="list-style-type: none"> • Extending current product ranges • professional line • Hair sets • Hair accessories • Specific hair problems 	
Shaving & grooming	<ul style="list-style-type: none"> • Mens grooming • Shaving • Depilation 	 <p>5B</p>	 <p>15B</p>	<ul style="list-style-type: none"> • Extending current product ranges • Wet & dry shaving • Shaving accessories & consumables 	

Personal care – attractive new growth engines in the long term

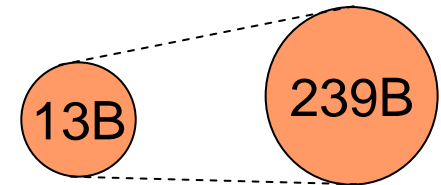
New Categories	Potential market size (EUR)	Growth (CAGR range)	Margin (range)	Potential growth opportunities	Players in the space
Skin care	 <p>44B</p>	~10%	15-25%	<ul style="list-style-type: none"> • Acne • Wrinkles • Cosmetic beauty • Rejuvenation • cleansing 	
Hands & Feet	 <p>5B</p>	3%-10%	5%-7%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

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.

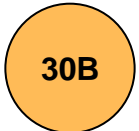



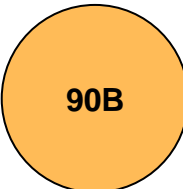







Home living – significant upside potential in expanding current categories in adjacent spaces

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

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"> Water purification Water filtering Clean water Water nutrition Heating/Cooling 	  
Air	3B	5-10%	7-10%	<ul style="list-style-type: none"> Air purification Air treatment Air humidifiers Heating/Cooling 	 
Home improvement and gardening	53B	4%	10-15%	<ul style="list-style-type: none"> Power tools Electric garden equipment Safety equipment 	  
Home control	11B	5-10%	5-10%	<ul style="list-style-type: none"> Integrated control of devices Automatic adaption to routines/needs Soft security solutions 	 
Energy management	~3B	5-7%	7-10%	<ul style="list-style-type: none"> Home energy generation solutions Monitoring energy (management) Energy efficient devices Solar/wind energy at home 	  <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	 <p>30B</p>	7%	~5-10%	<ul style="list-style-type: none"> • Pots • Pans • Plates • Cutlery 	  
Large kitchen appliances	 <p>90B</p>	6%	5-10%	<ul style="list-style-type: none"> • Cooking grills • Ovens • Microwaves • Refrigerators • Burners • Hoods 	   <p>B/S/H/</p>
Outdoor cooking	 <p>8B</p>	10-25%	5-15%	<ul style="list-style-type: none"> • Outdoor kitchen • Barbeques • Outdoor grills • Outdoor accessories 	  

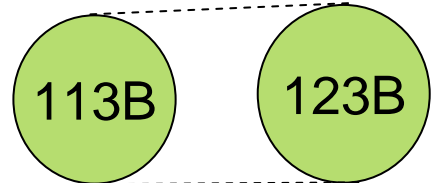
Growth platform **Interactive living**

Sharing life experiences through entertainment and information



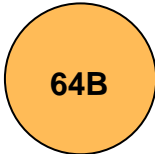
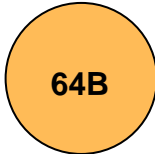

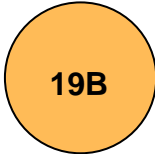
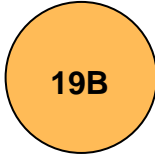

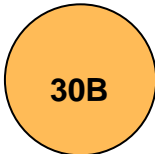
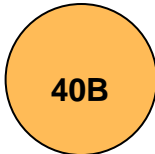

*Current
addressed
market (EUR)*

*Potential
market size
(EUR)*



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

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

Our game plan to aim at 5% EBITA in TV

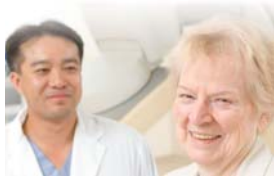
- From scale to value
- Value through differentiation
- Focus on:
 - our areas of strength (fortress Europe and BRIC)
 - areas with growth potential (from 37% to 44% of TV market value)
- Lower our cost base while maintaining speed and innovation by strategic partnerships with fewer suppliers
- Further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

