

PHILIPS

Lighting Strategy: Shaping the future

Insight into Philips Lumileds Lighting

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LUMILEDS
LIGHT FROM SILICON VALLEY

Philips Lumileds Vision

We enable customers to innovate in their markets,
creating **never-before-possible** lighting solutions.

Philips Lumileds Company Profile

- Heritage

- 1968 Began as a Hewlett Packard Division
- 1999 Lumileds Lighting formally founded
 - 50/50 Joint Venture between Agilent Technologies and Philips Electronics.
- 2005 Royal Philips Electronics acquires Agilent Technologies' shares in Lumileds Lighting

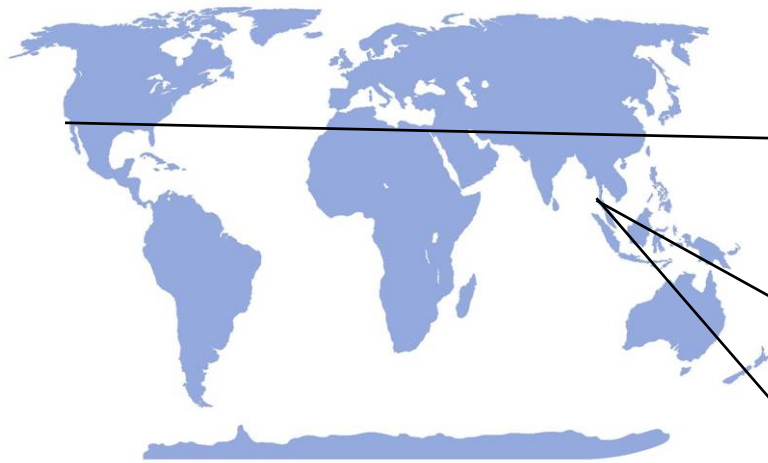
- Corporate Statistics

- World's fastest growing LED company
- Risen from 9th largest in 2000 to 3rd largest in 2006
- Approximately 2,300 employees worldwide
- Leading intellectual property holder and generator for power LED technology
- Company is growing fast, is very profitable and is cash generative

Philips + Lumileds: A powerful combination

- Access to and coordination of advanced technologies, research and resources reduces duplication of effort and speeds SSL technology invention and product development
 - Philips leadership in phosphor
 - Philips leadership and experience in manufacturing processes
 - Philips leadership in lighting technologies
- Closer working relationship with business groups speeds development of products in key growth markets

Philips Lumileds Facilities



- **San Jose Headquarters**
 - Wafer Growth, R&D, Engineering, Sales & Marketing, Technical Marketing and Support
- **Penang, Malaysia**
 - Package Assembly and Test, R&D
- **Singapore (2007)**
 - Wafer fabrication, Engineering
- **Best, The Netherlands**
 - R&D- LED Systems Integration, Sales and Marketing, Technical Marketing and Support
- **Tokyo, Japan**
 - Sales and Marketing, Technical Marketing and Support



Philips Lumileds Technology Supremacy

- **Materials**

- Leader in AlInGaP IP and technology (red, amber)
- Leader in InGaN IP and technology (blue, green and white)
- Leader in phosphor IP and technology (white LEDs)

- **Packaging**

- Power LED IP and technology (LUXEON®)
- Leader in thermal, optic and materials IP and technology for high performance packaging
- Leader in IP and technology for lumen maintenance

- **Leader in LED-Based System Integration for Applications**

- Flat panel displays and projection
- Functional flash for cell phones
- Automotive front, forward, interior and rear lighting
- LUXEON®-based light sources with proprietary intelligent binning
- Reference designs and IP (Optical, Mechanical, Thermal, Drivers)

Philips Lumileds Power LED Leadership

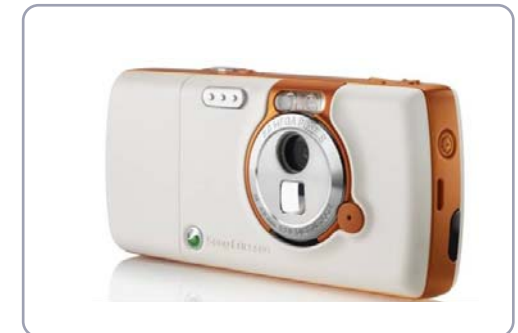
- Performance leadership: Lumens/Watt, Lumens/\$, Lumens/mm²
- Lifetime leadership: 70% lumen maintenance at 50,000 hours
- Quality of Light: Most uniform white light output
Finest warm-white LED available, 90+ CRI
- Packaging leadership: Thermal, optical, robustness, build quality

1999	LUXEON® I	First power LED on the market
2002	LUXEON® V	First 100+ lumen LED
2003	LUXEON® III	First variable current, high-power LED
2003	LUXEON® Warm White	First high CRI, low CCT LED
2004	LUXEON® I	First power LED qualified and implemented for automotive front lighting
2004	LUXEON® DCC	First RGB array for backlighting
2004	LUXEON® Flash	First functional LED Flash
2006	LUXEON® K2	First power LED that can operate without a heatsink
2006	LUXEON® K2	First 1000mA power LED
2006	LUXEON® Flash	First to demonstrate xenon performance in cell phone applications



Philips Lumileds high-growth markets

- Automotive
 - Front and forward
 - Rear-of-vehicle
 - Interior
- Displays
 - LCD TVs
 - Rear projection television
 - Computer and portable
- Camera Phone Flash

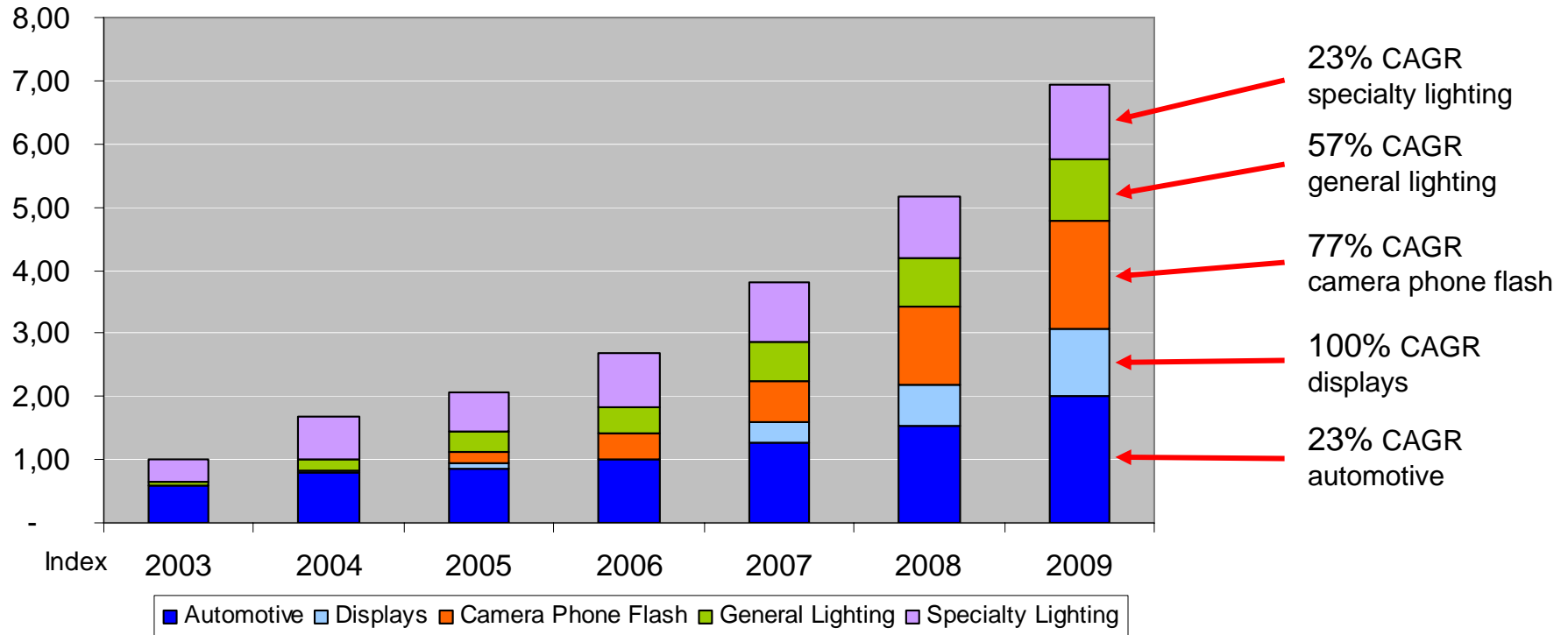


Philips Lumileds high-growth markets

- General Lighting/Illumination
 - Landscape, Architectural, Illumination
- Specialty Lighting
 - Portable, Signaling, EVL, Signage, Medical/Dental, 100s of others



Sales expectations for Philips Lumileds high growth markets



Not Just Technology . . .

Strong Sales and EBIT Growth

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 F</u>	<u>CAGR</u>
Sales	\$207M	\$290M	\$313M	\$400M	25%
EBIT	\$32M	\$69M	\$58M	\$100M	46%
EBIT %	15%	24%	19%	25%	

EBIT based on pre-acquisition accounting

Substantial R&D Commitment

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 F</u>
Investment	\$34M	\$45M	\$49M	\$60M
% of Sales	17%	16%	16%	15%

Never before possible

Technology Supremacy

Operational Excellence

Breathtaking Growth

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